

## PGG Wrightson Guidance Upgrade

Chief Executive Mark Dewdney announced today that PGG Wrightson (PGW)\* expects its full year Operating EBITDA\*\* will be in the \$65 to \$68 million range, up from the previous guidance of \$61 to \$67 million indicated in April.

Mr Dewdney said, "Our New Zealand earnings continue to exceed expectations. A strong autumn sales season in New Zealand underpins this earnings performance, and shows the resilience of PGW in spite of the challenging conditions being experienced in some agri-sectors.

"We now expect that our Retail business will improve on last year's record Operating EBITDA. This will be a fantastic achievement given the cautious spending from our dairy clients over the year. This will be a result of the positive momentum we have sustained with customers and staff, and in part our exposure to sectors that have had a strong year, such as horticulture and beef.

"Livestock has also outperformed expectations, nevertheless, we expect they will report a small drop in earnings this year due to lower volumes of dairy herd sales. The earnings of our other Rural Services business units should generally be in line with the previous year, with the exception of Water. As expected, reduced demand for new pivot irrigation installations will lower Water's contribution to Group earnings.

"We expect our Seed and Grain Group will increase their earnings from last year's strong result. Another lift in Australian earnings, and a solid New Zealand contribution, will offset the weaker South American result. In April, we signalled that flooding in Uruguay and the region will impact demand and earnings for our South American business. We now expect the impact to this year's result to be slightly less than we anticipated, however our caution remains in respect to the extent of longer-term impacts on farmer confidence in the region. While soybean prices have risen in response to the crop damage, it is too early to tell whether this increase is enough to restore future farm revenues and spending to their pre-flood levels.

"Overall, at the Group level, our Operating EBITDA for the year to 30 June 2016 will reflect two opposing forces. On the one hand tougher market conditions, particularly in the New Zealand dairy sector and in South America; on the other, the hard work we are putting into improving and growing PGW continues to pay off and we are benefiting from our market position in the agri-sectors that have been performing strongly.

"Looking ahead, we expect market conditions to remain challenging over our 2017 financial year. The dairy sector will remain tough with many dairy farmers facing their third consecutive unprofitable season and it remains uncertain as to how quickly Uruguay will recover from the weather-related events it has endured during the last year. Despite these challenges we believe we can still continue to grow market share and margins in many of the sectors in which we operate."

Chairman Alan Lai said that "it was pleasing to see the business continue to perform well despite the tougher trading conditions. It is a real testament to our most important asset, our staff, who are highly engaged and performing really well supporting clients and winning business."

PGW expects to announce its full year results on 9 August 2016 with details of the announcement to be confirmed closer to the time.

### Further information:

Mark Dewdney, Chief Executive Officer  
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\*All references to PGG Wrightson Limited or the Group refer to the Company, its subsidiaries and interests in associates and jointly controlled entities.

### \*\*Disclosure Statement: Non-GAAP profit reporting measures:

PGW's standard profit measure prepared under New Zealand GAAP is "profit/(loss) for the period". PGW has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. They also represent some of the performance measures required by PGW's debt providers. For a more comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy "Non-GAAP Accounting Information" available on our website ([www.pggwrightson.co.nz](http://www.pggwrightson.co.nz)).

*Non-GAAP profit measures are not prepared in accordance with NZ IFRS and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by PGW in accordance with NZ IFRS.*

**PGW's definition of non-GAAP profit measures used in this document:**

**Operating EBITDA:** *Earnings before net interest and finance costs, income tax, depreciation, amortisation, the results from discontinued operations, fair value adjustments and non-operating items.*