

19 February 2019

## Joint Venture Condition Confirmation and Trading Update

DLF Seeds A/S has confirmed another condition in the agreement for sale and purchase of PGG Wrightson Seeds Holdings Limited (PGW Seeds) relating to counterparty consents required from research and development joint venture partners.

PGG Wrightson Limited (PGW)\*\* Chief Executive, Ian Glasson said that “this was further good news following the recent clearance decisions issued by the New Zealand Commerce Commission and the Australian Competition and Consumer Commission last week. While we were always confident that this condition would be satisfied it is nevertheless pleasing to have that formally confirmed.”

The transaction for the sale of PGW Seeds now only remains conditional upon New Zealand Overseas Investment Office approval and the completion of required regulatory filings in Uruguay.

Mr Glasson said “In December 2018 we flagged challenging market conditions, particularly in South America where Seed and Grain operate, and to a lesser extent here in New Zealand. For the New Zealand-based Rural Services businesses (Agency, Retail and Water, and Other) this was largely due to a later start to spring sales and a delayed recovery following heavy rainfall in the last few months of 2018 across the country. With another two months of trading behind us it has become apparent that the Rural Services businesses are about five million behind FY2018 performance at an Operating EBITDA\* level for the same period (HY2018: \$23.36 million).”

“Given that the majority of our trading for the Retail business (more than 85 percent) occurs in the first half of the financial year it now appears unlikely that these earnings will be recovered over the remainder of FY2019. In addition, our Water business continues to be negatively impacted by the lack of on farm development.”

“This softening in performance is also partly attributable to the impact of weak international demand for wool and a slow start to the spring season in the rural real estate sector.”

“However, as previously noted, the sale of the Seed and Grain business to DLF Seeds remains on track with recent confirmations of regulatory conditions in New Zealand and Australia and the consents of our R&D joint venture partners coming through. We expect that the remaining conditions will also be confirmed in the near future.”

“It is worth noting that we will be reporting the Seed and Grain business as a discontinued operation in our half year results that we will announce next week, with the assets and liabilities of that business being reported as held for sale. On completion of the sale of the Seed and Grain business PGW expects to record a capital gain of at least \$120 million which would flow through to net profit after tax.”

PGW will be announcing its half year results on 27 February 2019.

### **For all media enquiries please contact**

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\*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.

\*\*PGW has used non-GAAP profit measures when discussing financial performance in this document. For a 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)).