

18 April 2019

## Overseas Investment Office approves sale of PGG Wrightson Seeds Holdings Ltd to DLF Seeds A/S

The New Zealand Overseas Investment Office has given approval for the sale of PGG Wrightson Seeds Holdings Limited (PGW Seeds) to Danish based DLF Seeds A/S, a global seeds group.

This was the final condition precedent that remained and PGG Wrightson Deputy Chair, Trevor Burt said that it was pleasing that the transaction can now move forward to settlement.

“It is anticipated that the transaction will settle either at the end of April or May 2019 subject to working through settlement practicalities which are currently under consideration given the limited business days remaining with the Easter break and other public holidays during the remainder of the month.”

“We announced previously that the agreed headline price for the Seed and Grain business was \$434 million (including net debt of \$21 million) and would result in a sale price of \$413 million. After the sale proceeds are received on settlement and debt repaid, PGW would expect to have a cash surplus of circa \$210 million (subject to transaction completion timing, working capital requirements that can fluctuate materially through the annual cycle and other transaction wash-up items). Following settlement of the Seed and Grain transaction we would expect to report a capital gain on sale in excess of \$120 million which will flow through to net profit after tax. The options for a capital return to shareholders being contemplated by the Board would allow PGW to reset its debt position and right-size its corporate operations for the business going forward.” Mr Burt said.

PGW Chief Executive Ian Glasson said, “This is an excellent outcome for PGW, our people and our customers as the agreement provides for an ongoing close working relationship between PGW Rural Services and PGW Seeds. We are excited about the partnership and the strategic potential in the continuing alliance and the benefits which will flow through to our customers and other stakeholders. Our immediate focus will now move to completing settlement and ensuring a smooth transition to the separate business structures.”

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