PGG WRIGHTSON LIMITED

ANNUAL SHAREHOLDERS' MEETING

Riccarton Park, Christchurch
9.30am Tuesday 30 October 2018

Welcome – Trevor Burt

Slide 2 – Agenda

Slide 3 – Introduce Board of Directors

Slide 4 – On stage today

Slide 5 – Also in attendance

Slide 6 – Opening formalities

Notice of Meeting

Minutes

2018 Annual Report

GAAP and non-GAAP performance measures

Please note that we will refer to both GAAP and non-GAAP performance measures. We use Operating earnings before interest, tax, depreciation and amortisation or Operating EBITDA as a key measure of performance and I encourage you to refer to our full accounts for details of how this relates to GAAP measures.

Slide 7 – Business of the meeting

We have now covered the opening formalities and will move to the general business of the meeting. I will begin by providing an overview of the 2018 financial year and then I will hand over to Chief Executive Ian Glasson.

Ian will provide the financial and operational highlights for individual businesses within the Company. Ian will also summarise how our business is tracking in the current financial year and discuss our forecast guidance for the full year to 30 June 2019.

I will then provide an update on the strategic review which PGW commenced in October 2017. This will include a brief outline of the details of the proposed sale by PGW of all of the shares in PGG Wrightson Seeds Holdings Limited to DLF Seeds A/S under the Agreement for Sale and Purchase of shares dated 4 August 2018.

An opportunity for questions and discussion will follow before we move to the formal business of resolutions that will be put to the meeting. As outlined in the Notice of Meeting the business of the meeting comprises three ordinary resolutions relating to the reappointment of directors and authorising the Board to determine our auditor's fees, which will be followed by a special resolution in relation to the Seeds transaction.

Slide 8 – Retirement of Chairman

Before I move to summarising the 2018 financial year, I wish to advise that PGG Wrightson Chairman Alan Lai yesterday announced his intention to retire from the Board.

In the interim, existing Director, Joo Hai Lee has been appointed as Chair effective from 31 October with Trevor Burt continuing as Deputy Chair.

A review of the Board's composition and governance would be undertaken and the market would be updated on outcomes in due course.

On behalf of the Board, I wish to offer our sincere thanks to Alan for his leadership and dedication since his appointment as a Director in 2009, and wish him all the very best for the future.

Slide 9– Deputy Chair's address

It is my pleasure to address you today and acknowledge the outstanding trading result for FY2018 and the progress that has been made on delivering our strategy.

Slide 10 – PGW repeats record operating performance

Operating EBITDA was $70.2 million.

It is very pleasing to have seen a significant increase in PGW's Operating EBITDA for the year and especially gratifying to have matched 2016's record result. In October 2017 we forecast a range of $65 to $70 million and we exceeded the top end of this range.

Net profit after tax was $18.9 million, which was down on the previous year due to a number of one-off items including a provision for the remediation costs of historical liabilities under the Holidays Act 2003. FY2017 also benefited from significant capital gains on the sale of property which were not repeated. With our property divestment programme largely complete these one-off gains were much lower in FY2018.

On 14 August we declared a fully imputed dividend of 1.25 cents per share, which was paid on 3 October 2018. This brought the total fully-imputed dividends paid for the FY2018 year to 3.00 cents per share.

The Board and I are pleased with the operational performance of the company which has led to a commendable result given some challenging market and environmental conditions.

Finally, on behalf of the Board I would acknowledge the effort and commitment of our staff in delivering this strong performance.

Slide 11 - Ian Glasson – Chief Executive Officer

Slide 12 – The year in review

Allow me to reiterate some of the operating highlights Trevor noted.

This is an excellent trading result for PGW, one that we can be proud of.

In particular it shows the strength of PGW's rural services businesses. Almost all of our New Zealand businesses were up on last year, with most achieving double-digit earnings growth.

In general, the New Zealand agriculture sector was strong over the course of our 2018 financial year. In addition, our trading result reflects our broad-based exposure to New Zealand agriculture and our staff's passion and commitment to the sector. We differentiate ourselves in the market through our technical expertise. Strategically we've focussed on employing the best people in the field and supporting them with innovative and effective tools. This allows them to add value to our customers' operations. Throughout 2017/2018 we've continued to invest in our people and our systems so we can maintain the momentum we've built over recent years with our suppliers and our clients, and continue to grow operating earnings for our shareholders.

Looking back on FY2018, conditions were positive for most of our New Zealand clients. The Ministry for Primary Industries estimates that dairy export revenues increased 14 percent in 2018, meat and wool sector export revenues increased 12 percent and horticulture export revenues increased 6 percent.

However, these overall figures belie the challenges that many of our clients faced.

The impact of adverse weather conditions is always a factor in our performance and FY2018 was no exception. In New Zealand we saw wet conditions delay spring in most parts of the country, which was followed by hot dry conditions in December 2017 and January 2018. Thankfully, drought conditions broke in February. The impact of these extreme conditions, while largely positive for kiwifruit and apples, adversely affected vegetable and arable production.

Dairy production volume for the 2017/18 season is estimated to have fallen by 1 percent from the previous year. During the dry conditions of December and January the fall in production was expected to be higher, but the mild autumn helped dairy production recover towards the end of the season. In contrast, red meat production was largely unaffected.

A key event which impacted the New Zealand rural community in 2018, was the establishment of Mycoplasma bovis. Also known as M bovis, it is a bacterium associated with a plethora of diseases in cattle – both dairy and beef – that reduce production. While commonplace in herds throughout the world, New Zealand had until now been free of this costly disease. In July 2017 the Ministry of Primary Industries confirmed M bovis was in New Zealand, and in May 2018, the Government agreed a phased eradication programme with the sector.

We've mobilised an M bovis response team within PGW; it's working through our various touchpoints with New Zealand farmers to enhance our processes so we can play our part in combatting this disease.

Slide 13 to 14 – 2018 Highlights

I'd also like to spend a few minutes talking about some of the operational highlights we achieved over the year:

- In August 2018 we announced the conditional sale of PGW Seeds to DLF Seeds – there will be more on this later in the meeting.
- Seed and Grain continues to innovate and launched several exciting new cultivars to market this year in both New Zealand and Australia. All products were well received by growers.
- Despite a tough year overall, in March 2018 the Real Estate team sold a kiwifruit orchard pure production block in Te Puke for the highest price paid in New Zealand per canopy hectare of $1.12 million.
- The Agency group delivered a record result with Operating EBITDA up 12 percent on their outstanding result in FY2017.

- Fruitfed Supplies continues to grow the bottom line due to the combination of a strong horticulture sector and a leading market position.
- *Go*-Beef and *Go*-Lamb products continue to grow strongly. During the year over 288,000 sheep and over 41,000 cattle entered the scheme.
- This year as part of the roll out of the Health, Safety and Wellbeing Strategy, over 520 PGW employees completed the cognitive behavioural safety programme Zero Incident Process or ZIP.

These achievements are just some of the reasons why we believe PGW continues to improve its performance.

It is great to be able to stand before you today to say that this hard work is continuing to translate into positive financial returns for our shareholders.

Slide 15 to 16 – Group financial results

As I mentioned earlier, perhaps the most pleasing aspect of the 2018 financial year was the achievement of a record result of $70.2 million for Operating EBITDA.

Since 2013 PGW has grown Operating EBITDA by 48 percent or 10 percent compound annual growth rate (CAGR).

We will now turn our focus to our three operating groups.

First we will look at the Agency Group.

Slide 17 – Agency operating group

The Agency Group comprises the Livestock, Wool, Real Estate and Insurance businesses.

Agency's Operating EBITDA increased $2.1 million (or 12 percent) over 2018 to $20.1 million. Revenues were 2 percent up on last year.

The Livestock business, which is the largest unit within Agency, matched last year's record Operating EBITDA as higher sheep prices offset both lower dairy tallies and reduced live export activity. Our *Go* range of livestock grazing products continues to be really well received in the marketplace. While this is a profitable product range for us, it is capital intensive. Had we allocated more capital to it, I've no doubt it would have grown even more strongly.

At the New Zealand Agricultural Fieldays in June this year we previewed bidr – our exciting new online trading platform for livestock that we expect to launch early next year. So far the effects of M bovis on livestock trading volumes has been minimal but we are keeping a watching brief on developments to assess any longer term implications for us.

Our Wool business bounced back strongly from their disappointing FY2017 year. Crossbred wool prices have been depressed for the better part of two years, but with prices having now stabilised, albeit at lower levels, the stockpile of 2017 has started to clear and volumes have returned to normal.

Our Real Estate business was one of the few New Zealand businesses that were down on last year. The first six months were challenging for the team, with the weather, along with a number of factors including tighter bank lending conditions affecting buyer confidence. We saw a strong improvement, with an incredible effort from our PGW Real Estate team, in the second six months as the rural sector regained momentum. Our Lifestyle, Residential and Rural categories maintained their market share positions throughout the year with some regions showing signs of improvement.

Our Aon referral insurance business performed well and broadly in line with the corresponding period last year.

Overall, another excellent year for Agency, contributing an extra $2.1 million of Operating EBITDA.

Slide 18 – Retail and Water operating group

The Retail and Water group includes; Rural Supplies, Fruitfed, Agritrade and Water.

Retail and Water had another spectacular year.

Operating EBITDA increased $5.5 million to $23.8 million – a 30 percent increase.

Retail performed extremely well and contributed to half of the improvement. With activity high across the key dairy, meat & wool and horticulture sectors, revenues were 9 percent up. The Rural Supplies categories of bulk stockfood, calf milk replacer, agchem, seed and fertiliser all grew strongly.

As we head into the 2019 financial year we have a current backdrop of commodity prices which are resulting in generally good economic producer returns. There are good indications that farmers are continuing maintenance programs, along with increased demand for calf milk replacer and fencing requirements. We also expect to see on-going capital developments in horticulture.

For Fruitfed Supplies, the combination of a strong horticulture sector and a leading market position, continues to grow the bottom line. Agritrade, our distribution business, continued to grow by both expanding its range of products and increasing sales of those products.

The business has over the last few years been investing in both people and digital infrastructure. Retail's point of difference in the marketplace is our technical offering and the service we provide through our tech team, our infield team and key accounts team. During 2018 we started rollout of our new Retail Management Systems. Our new point of sale system will allow us to better understand our customers and their needs. This technology will provide a basis for a greatly improved e-commerce offering for our customers. This, together with the continued development of our on farm decision management tools, will provide the platform for other digital developments for Retail, which is all aimed at enhancing customer experience and engagement, and reinforcing our leading market position.

The Water business continues to be challenged by the lack of on farm development. This has been driven by delays in approved schemes, as well as uncertainty around planned schemes. The new policy approach is impacting farmer sentiment and expenditure in this area. Despite these challenges it is very pleasing to see Water improving its Operating EBITDA and this accounts for half of the $5.5 million improvement in the overall Retail and Water result.

Turning now to the Seed and Grain Group.

Slide 19 – Seed and Grain operating group

Seed and Grain's Operating EBITDA reduced by $1.4 million (or 4 percent) to $35.6 million. Revenues were 4 percent higher than last year.

Our New Zealand business was the standout performer for Seed and Grain over 2018. We saw strong sales volumes across the board in all product categories except fodder beet. Autumn 2018 saw a favourable sowing window and a significant catch-up of the two previous seasons.

We note the challenge that arose with the inadvertent substitution of HT swede variety. We have been working closely with our customers and we will continue to provide support until this matter is resolved.

Seed and Grain have launched several exciting new products recently, one of which was a raphanobrassica. This product offers some unique attributes in water use efficiency and grazing flexibility. The first fully-commercial year for Pallaton Raphno® was 2018. Demand was very strong and it quickly sold out.

In September 2017 we launched our Ecotain® environmentally functional programme. This programme includes plantain cultivars which are marketed under the brand Ecotain® environmental plantain. These specific cultivars of plantain have been shown to significantly reduce the amount of nitrate leached through the soil. Ecotain® environmental plantains have been commercially available since early 2018 and their release has been met with strong demand to date.

In contrast to the generally positive market conditions in New Zealand, conditions were extremely challenging in both South America and Australia. Dry conditions in New South Wales and Queensland reduced sales within these states significantly. Victoria, South Australia, Tasmania and the South of Western Australia did benefit from an autumn break to the drought and managed to achieve average sales. Turf and revegetation sales continues to grow in Australia.

A big proportion of the Argentinean pampas, most of Uruguay and the southern states of Brazil suffered one of the worst droughts in many years. Given that these areas were still suffering the effects of the 2016 floods, our South American business did well to achieve what they did in the face of adversity. With the increase in New Zealand Operating EBITDA largely offsetting the weakness in Australia and South America, overall the Seed and Grain business fell just short of last year’s result.

On 6 August we announced that we had entered into a conditional agreement with DLF Seeds to divest our Seed and Grain business.

Trevor Burt will provide more detail about this during the strategic review later in the meeting, meanwhile I will provide a guidance update and outlook for PGW for FY2019 which we announced on 11 October.

Slide 20 – First quarter FY2019 / Outlook for full year 2019

Following last year's record result for the Agency group we expect the Livestock and Wool businesses to continue to perform well. However, New Zealand's rural real estate market remains soft which continues to make trading conditions difficult for the Real Estate business.

The Retail and Water group produced an outstanding result in FY2018 and we expect slightly improved Operating EBITDA this year. Indicators suggest that the horticulture sector's impressive performance is set to continue which bodes well for another good year for Fruitfed Supplies. The Retail business will continue to benefit from its position of technical excellence in the marketplace supported by the expansion of key product lines.

As elsewhere in New Zealand, the spring activity has been delayed slightly for the Seed and Grain group. As a result of the lift in activity in recent weeks, we are optimistic about the performance of the New Zealand business in the year ahead. In contrast, continued drought conditions across key regions in Australia are expected to impact earnings. Also, while the Seed and Grain business has made significant investments in South America to set up core infrastructure as a platform for future growth, there are emerging liquidity issues in the rural sector in Uruguay which are likely to impact the FY2019 Operating EBITDA. At this early stage we expect the performance of Seed and Grain to be in line with last year's results.

It is against this backdrop that we have forecast our 2019 earnings and we are forecasting another good year for PGW.

We are forecasting our full year operating EBITDA to 30 June 2019 to be approximately $70 million; similar to the strong result achieved in 2018.

Note that to facilitate comparison with the prior year's trading, this forecast is on a consistent basis with reported FY2018 results; although the transaction for the proposed sale of its Seed and Grain business to DLF seeds A/S announced on 6 August will substantially change the form of PGW's reporting of financial results.

We are optimistic about the prospects for our trading performance for the year ahead and we have confidence that we can match last year's performance at an Operating EBITDA level. It is early days, as the first quarter is traditionally a quiet trading period and we have seen a late start to spring, however activity has picked up across the business during October.

Whilst it is too early in the year to forecast net profit after tax (NPAT) with accuracy, we have previously announced that upon a successful completion of the Seed and Grain business during FY2019 we would expect a net capital gain of more than $120 million which would flow through NPAT.

As always, we will keep the market informed as the season develops.

Trevor Burt

Slide 21 – Update on the strategic review

Sale of PGW Seeds

The Board announced the strategic review at last year's Annual Shareholders' Meeting and a lot of work has been undertaken in the time since. On 4 August 2018 PGW entered into a conditional agreement to sell the PGG Wrightson Seeds Holdings Limited (PGW Seeds) business to DLF Seeds A/S (DLF Seeds), a leading global seeds group based in Denmark.

I won't summarise the transaction in detail given that you already have quite extensive information set out in the explanatory notes that accompany the Notice of Meeting and in the KordaMentha Independent Appraisal Report. At a summary level however, I would note that this transaction delivers compelling value to PGW while also enabling the PGW Seeds business to benefit significantly from being part of a global seeds operation.

Importantly the transaction also provides for an ongoing close working relationship between PGW and PGW Seeds.

<u>Significant commercial opportunities</u>

This transaction follows the continuing trend of consolidation in the international seeds industry and there are clear benefits that arise for both PGW and PGW Seeds.

Ownership of PGW Seeds by DLF Seeds would expand the opportunities to commercialise the intellectual property of the collective businesses.

DLF Seeds has a strong northern hemisphere presence and PGW Seeds has a strong southern hemisphere market presence. The opportunities arising from the synergy of market coverage, intellectual property and operations are significant.

DLF Seeds' global presence will open up new markets and geographies, increasing royalties coming into New Zealand, and also demonstrate the benefits of the research and development focus of PGW Seeds' business.

The agreement provides for an ongoing close working relationship between PGW and PGW Seeds. A distribution agreement allows for 'business as usual' for PGW operational staff across all parts of the Group. Our customers would see very little change in the way we work together to support their farming operations. In addition, the PGW Seeds brand will remain.

Intellectual property

PGW Seeds has joint ventures with a range of research and development partners who share or licence intellectual property with PGW Seeds. These joint venture partners include Grasslands Innovation, Endophyte Innovation and Forage Innovations.

Should the sale of PGW Seeds be approved, the royalties from these joint ventures will continue to flow back to New Zealand. An example of this is Pallaton Raphno®, a raphanobrassica developed in New Zealand by PGW Seeds, now sold in Australia. This cultivar has sales attracting royalties which are returned to New Zealand by PGW Seeds and our joint venture partner Forage Innovations which is partly Crown owned.

The strategic review continues

The transaction remains subject to a number of conditions precedent and both PGW and DLF Seeds are diligently working towards satisfying these conditions.

Assuming the conditions are satisfied and the transaction is completed, the significant cash contribution creates options for the PGW Board to consider as part of its ongoing strategic review. These options include:

- making a non-taxable distribution to shareholders of up to NZ$292 milliion;
- exploring growth options as well as the optimal structure for what already is a strong rural services business.

The PGW Board will continue to work with Credit Suisse (Australia) Ltd and First NZ Capital Ltd on the strategic review to explore options for PGW's business, growth opportunities, capital and balance sheet requirements and potentially shareholding structure.

Meanwhile it is business as usual for PGW and its customers.

Slide 22 – Questions and discussion

Slide 23 – Resolutions

Slide 24 and 25 – Resolution 1: Kean Seng U

Slide 26 and 27 – Resolution 2: Ronald Seah

Slide 28 and 29 – Resolution 3: Auditor's Remuneration

Slide 30 and 31 – Special resolution

Slide 32 – Move resolutions

Slide 33 – General business