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## PGG Wrightson Acquires Strategic Interest in Uruguay

PGG Wrightson has agreed to purchase fifty percent of the shares of Agrocentro Uruguay with a target settlement date of 31 August 2015. The transaction involves an upfront payment and a capped earn out component over the next three years based on the performance of the business.

Agrocentro Uruguay is a rural servicing company that commenced business in the East of Uruguay in early 2007. It was established to provide agricultural sales, support and rural services focused on achieving improved profitability for farmers. It has four different business units consisting of retail and distribution of agricultural inputs, farming, logistics and consulting. The business has approximately 120 staff, including 28 agronomists and veterinarians and a very proactive and skilled management team. Agrocentro Uruguay currently has eight retail branches and is well configured for further growth.

Agrocentro Uruguay pioneered the development of advanced technology systems in meat production and forage based seed production and is a market leader in the sale of inputs and services. The business has achieved impressive growth. PGG Wrightson Seeds has been a key strategic partner and has supported Agrocentro Uruguay from its conception. Agrocentro Uruguay is PGG Wrightson Seeds' largest customer in South America. It is also the biggest seed producer for PGG Wrightson Seeds and an important seed processor.

PGG Wrightson's Group General Manager of Seed & Grain, John McKenzie said "this investment makes good strategic sense for both parties. We have had a long standing and successful relationship and we understand the business. We have common goals for the future and this alignment of interests sets the business up well for future growth and complements PGG Wrightson's existing South American operations very well."

PGG Wrightson's Chief Executive, Mark Dewdney commented that "the transaction presented PGG Wrightson with the opportunity to consolidate the growth the business has experienced in South America while importantly also creating a platform for future growth. The transaction secures a strong position in retail distribution while also cementing a key strategic alliance. It aligns with our growth strategy for South America and also complements the recent investment we have made in the construction of our new warehousing and logistics facilities in Montevideo."

Mr McKenzie noted that "following settlement, PGG Wrightson and Agrocentro Uruguay will continue operating as they do today, as two separate companies. However, the businesses will work together collaboratively to consolidate their operations where this makes sense to provide better and more efficient service to farmers. We expect that this strengthening of our partnership will in time result in improved services, logistics, product development, technology transfer and new business that will help to develop and grow the Uruguayan agricultural sector.

### **Further information:**

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