



Half Year Results Presentation

For the six months ended 31 December 2019

Helping grow the country

Key Points

- Strong performances in our Fruitfed Supplies and Livestock businesses.
 - bidr® (PGW's online auction trading platform) grown to six accredited agencies independent of PGW.
- Impressive growth in PGW Livestock's innovative *Go* livestock products, which were launched as a pilot programme in 2015.
 - *Go-Lamb*: in December the millionth lamb was purchased.
 - *Go-Beef*: equally impressive growth.
- Retail and Water group revenue was up \$5.0 million on same period last year.
 - Fruitfed Supplies remains well placed to benefit from this growth as it builds on its reputation as the market leader in delivering technical expertise, products and service.
- The distribution arrangements between PGW Retail and PGG Wrightson Seeds continues to operate seamlessly since the divestment of the Seed and Grain business in May last year.

Financial Reporting Changes

- Financial reporting has changed due to:
 1. The impact of the new lease accounting standard (NZ IFRS 16):
 - The lease standard was adopted from 1 July 2019 using a modified retrospective approach, meaning the change only impacts the current period and not the comparative period's profit and loss, cash flow and statement of financial position.
 - For the half-year to 31 December 2019 operating leases are now recognised on balance sheet with a right of use asset and corresponding lease liability recorded. Rental payments for operating leases are now treated as an interest and principal repayments with an associated depreciation on the right of use assets.
 2. The sale of the Seed and Grain business:
 - For the Statement of Profit and Loss for the comparative period ended 31 December 2018, we have removed the impact of Seed & Grain from the respective profit or loss lines and disclosed Seed & Grain's result in a separate discontinued operations line.
 - The comparative periods include the Seed & Grain business up until the date of sale.

Trading Performance & Capital Return

- Half year Operating EDITDA of \$34.5 million was 33% higher than the comparative period at \$23.7 million (excluding the impact of NZ IFRS 16).
- Net profit after tax of \$12.8 million; up \$12.5 million from the comparative period which included the results of the Seed and Grain business classified as a discontinued operation.
- In August 2019 PGW made a capital return to shareholders of \$234.0 million and declared a dividend payment of 7.5 cents per share (\$5.7 million).

Half Year Result Operating EBITDA - Three Year Summary

	HY 2018 (\$ million)	HY 2019 (\$ million)	HY 2020 ⁴ (\$ million)
Retail and Water	23.6	23.0 ¹	31.1
Agency	4.6	1.6 ²	6.4
Other	-4.8	-6.8 ³	-3.0
Rural Services	23.4	17.8	34.5

¹ A \$1.8 million one-off claim event cost which was not recoverable.

² Negatively impacted by Wool and Real Estate trading, and a first half timing delay for our Livestock business.

³ Increase due to strategic review costs.

⁴ Including NZ IFRS 16.

Interim Dividend

- An interim dividend of 9 cents per share has been declared.
- Dividend to be fully imputed.
- To be paid on 3 April 2020 to shareholders on the share register on 6 March 2020.

Outlook For FY2020 (Full Year to 30 June 2020)

- The Directors are pleased with the progress achieved in the first half and the financial results.
- At this early stage, the Directors currently expect Operating EBITDA from continuing businesses for the full year to be around \$30 million excluding changes due to the lease accounting standard. The Directors note there are still many months of trading to complete and there could be some volatility to earnings due to the impacts of COVID-19 on agricultural trade flows.

Disclaimer

This presentation has been prepared by PGG Wrightson ("PGW") with due care and attention.

The Half Year Results 2020 are to 31 December 2019.

Forward looking statements regarding the potential future performance of PGW have been expressed by management using information currently available. These are based on current expectations, estimates and assumptions and do not guarantee or predict future performance.

Actual results may differ from those predicted as there are a number of uncertainties and risks beyond PGW's control that may affect the results.

Please read this presentation in conjunction with Half Year Results 2020 Announcement and Report.