

9 May 2019

## CEO succession and capital distribution

### **Leadership Succession**

PGG Wrightson Limited\* (PGW) Chair, Rodger Finlay announced today that “Following the recent settlement of the sale of the Seed and Grain business to DLF Seeds A/S, its Chief Executive, Ian Glasson would be stepping down on 31 May 2019 and an internal appointment would be made with Stephen Guerin taking on the role from 1 June 2019.”

“Settlement of the sale of the Seed and Grain business was a significant milestone for PGW and would result in some material changes for the business. Importantly, PGW would continue to provide the strongest nationwide rural services offering in New Zealand and remain a significant listed entity on NZX with revenue of circa \$800 million. However, PGW is now a smaller and less complicated business with all its operations located within New Zealand.”

“With these changes, it was important that we review PGW’s corporate leadership structure. To this end I am pleased to announce that Stephen Guerin will lead the business as CEO. Stephen is currently the Group General Manager of Retail and Water, having led the Retail business for the last eight years. It is especially pleasing that PGW had such a strong internal candidate to assume the CEO role. Stephen has an established track record having been with the business for thirty one years and having served in a number of leadership roles including as manager of the Fruitfed Supplies for four years.”

“On behalf of the Board, I would like to sincerely thank Ian Glasson and acknowledge his outstanding leadership of the company through the strategic review and subsequent sale of the Seed and Grain business which was a very complex transaction. Ian will step down as CEO at the end of the month and assist with a short transition and handover through to the end of his contract.”

### **Corporate Structure Review**

“The PGW Board is also reviewing the corporate service structure for the business to ensure that we have an efficient model going forward that will best serve our customers and operations. As previously indicated, we will consult with the business in relation to any proposed changes that arise from that review and we would hope to be in a position to announce outcomes from that work-stream before the end of the financial year on 30 June 2019.”

### **Proposed Capital Distribution to Shareholders**

“The Board has also determined that it intends to recommend a capital return of \$235 million be made to shareholders which should equate to approximately 31 cents per share. The proposed capital distribution would be implemented by way of a pro-rated share buyback pursuant to a court approved scheme of arrangement that would be tabled for consideration at a shareholders meeting and would require approval by special resolution of shareholders.”

“In recommending this distribution, the Board has evaluated a range of options considered as part of the strategic review. On settlement of the Seed and Grain business PGW repaid its bank facilities while the Board assessed the appropriate quantum of the capital return. Prior to making a formal recommendation to shareholders, new bank facilities will be arranged and shareholders will be provided with detailed explanatory information to assess the merits of the proposal. These materials will inform PGW shareholders about the proposed capital distribution and the pro-forma financial position of the company post-distribution. Shareholders will have this information prior to being called to vote in respect of the scheme proposal. Details relating to the dates for dispatch of materials will be announced in the coming weeks.”

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## Outlook

“Looking ahead at market conditions for the remainder of FY2019 the signals are somewhat mixed and we remain cautious about the remainder of the year as was noted at the half-year announcement. Farmer hesitancy in the cattle livestock market due to the unusual season and Mycoplasma bovis will continue to be a risk factor for the business, particularly during the remainder of May and June, which are important contributors to the earnings of our Livestock business. Accordingly, Rural Services’ full year Operating EBITDA\*\* for FY2019 is now expected to be near the lower end of our guidance range of \$25 to \$30 million. Net earnings will benefit from the capital gain on sale of the Seed and Grain business, expected to be circa \$120 million.” Mr Finlay said.

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

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\*All references to PGG Wrightson Limited or the Group refer to the Company, its subsidiaries and interests in associates and jointly controlled entities.

\*\*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 at [www.pggwrightson.co.nz](http://www.pggwrightson.co.nz)