

PGG Wrightson Earnings Guidance Update

Chief Executive Ian Glasson today reaffirmed PGG Wrightson's (PGW)* earnings guidance for the 2018 financial year. PGW expects its full year Operating EBITDA** to 30 June 2018 to be in the previously-announced guidance range of \$65 to \$70 million; an increase on 2017's \$64.5 million.

Mr Glasson said that "Overall, the agricultural sector in New Zealand remains robust and is having a profitable year with solid production and good prices.

PGW's Australian and South American businesses have faced tough conditions, with both regions being too dry to meet their sales targets. Despite these headwinds we continue to expect an increase in overall Operating EBITDA for PGW this year, with PGW sharing in the broader prosperity in the NZ agriculture sector, highlighting the resilience of its diversified business model."

Mr Glasson noted with respect to the recent Mycoplasma bovis outbreak that "Despite having little effect on PGW's financial performance to date, PGW is working closely with its customers to monitor the impact on the broader sector."

Mr Glasson also reaffirmed PGW's expectation that reported net profit after tax (NPAT) from normal trading was forecast to be approximately 25% lower than last year's \$46.3 million given that there would not be the benefit of significant property sales (FY2017, \$8.7 million) in the current financial year. "The recent dip in the value of the New Zealand dollar means our export currency hedges are likely to mark-to-market as an unrealised loss." Mr Glasson explained. "There are also non-trading items outside Operating EBITDA that have the potential to impact reported NPAT in FY2018. For example, as is the case with many large NZ employers, PGW is continuing to work through a process to quantify the cost of historical liabilities under the Holidays Act 2003.

In October 2017 it was announced that the Board had made a joint appointment of Credit Suisse (Australia) Ltd and First NZ Capital Ltd as financial advisers to assist with a strategic review of PGW's business, its growth opportunities, capital and balance sheet requirements, and potentially shareholding structure. Mr Glasson noted that the strategic review was progressing well and it was hoped that PGW would be in a position to comment further on outcomes from this work later in the year.

Expected earnings for the year ended 30 June 2018, by segment

	Expected change from FY17	Key driver over FY18
Operating EBITDA		
Seed and Grain	Similar	NZ strength offset by Australian and South American weakness
Retail and Water	Higher	Continued growth in NZ Retail and some recovery in Water
Agency	Higher	Recovery in wool auction volumes
Total Group	Higher	
Net profit after tax (reported)	Lower	Reduced property gains on sale, costs associated with the potential Holidays Act remediation, mark-to-market losses on currency hedges

PGW expects to announce its full year results on 14 August 2018 with details of the announcement to be confirmed closer to the time.

Ian Glasson
Chief Executive Officer

15 June 2018

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

****Disclosure Statement: Non-GAAP profit reporting measures:**

PGW's standard profit measure prepared under New Zealand GAAP is "profit/(loss) for the period". PGW has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. They also represent some of the performance measures required by PGW's debt providers. For a more comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy "Non-GAAP Accounting Information" available on our website (www.pggwrightson.co.nz).

Non-GAAP profit measures are not prepared in accordance with NZ IFRS and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by PGW in accordance with NZ IFRS.

PGW's definition of non-GAAP profit measures used in this document:

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.*