PGG Wrightson set to better last year's strong result

PGG Wrightson Ltd* (PGW) today confirmed it believes it can increase Operating EBITDA** for the current year and better the $58.7 million Operating EBITDA achieved in the year to 30 June 2014.

"While the reduction in the forecast dairy pay-out for the current season creates a significant degree of uncertainty the outlook for our core sheep, beef, arable, horticulture and viticulture markets is positive." CEO Mark Dewdney told shareholders at the Annual Shareholder Meeting in Napier today. "Confidence in these sectors remains high supported by solid prices, a lower NZ dollar, and, so far at least, generally good weather.

Growth within these sectors (plus growth in Australia and South America) will continue to be a major focus for the company and should offset some of the weakness expected in the dairy sector from falling milk prices."

"Spring and autumn are the two key periods for this business. So, while it remains too early to have high levels of certainty around how the year will play out, and noting the impact in dairy, I'm pleased to advise that based on a strong first quarter, current conditions and performance, we still believe we can increase our Operating EBITDA for the current year and better the $58.7 million Operating EBITDA achieved in the year to 30 June 2014", said Mark Dewdney.

PGW Chairman, Alan Lai, announced that a clear and aspirational strategy has been articulated for the business and approved by the Board. "We look forward to seeing the implementation of this plan in the current financial year and beyond. The Board is confident that the strategy has the business focused on the right areas and believes that it achieves the right balance between operational execution, continuous improvement and growth."

"As we worked through our strategic planning", Mark Dewdney elaborated, "three key themes emerged: Improving our business, Growing our business and looking for Game-changers that will allow us to meet our changing customer needs and stay ahead of our competitors.

"Our core strengths in sheep, beef, arable, horticulture, viticulture, livestock and wool trading and agronomy will remain at the heart of our strategy. On top of these we see several areas where we have the ability to grow our business further."

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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.

****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 Financial 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 finance costs, income tax, depreciation, amortisation, the results of discontinued operations, fair value adjustments, non-operating items and equity accounted earnings of associates.*

GAAP to non-GAAP reconciliation:

($m)	*Jun - 2014*	*Jun-2013*
Profit/(loss) for the period (GAAP, commonly referred to as Net Profit after Tax)	***42.3***	***(306.5)***
Add (Profit)/loss from discontinued operations (net of income tax)	*(0.9)*	*1.6*
Add Income tax (income) / expense	*8.5*	*5.0*
Add Net interest and finance costs	*7.9*	*9.4*
Add Depreciation and amortisation expense	*11.2*	*7.7*
Add Fair value adjustments (income) / expense	*(1.3)*	*1.9*
Add Non operating items (income) / expense	*(6.4)*	*7.1*
Add Impairment losses on goodwill	*0.0*	*321.1*
Deduct Equity accounted earnings of associates	*(2.5)*	*(1.5)*
Operating EBITDA	***58.7***	***45.8***