PGG Wrightson

Growing expertise.

2010 Annual Results

Heritage Hotel, Auckland
13 August 2010

Helping grow the country

Agenda

- **Introduction and Overview**
  - Sir John Anderson, Chairman
- **Strategy and Operational Review**
  - Tim Miles, Managing Director
- **Financial overview and Outlook**
  - Jason Dale, Group GM Transformation and Strategy

2010 Annual Results

- **A Foundation for Growth**
- Strategy
- Operational Review
- Financial Review
- Outlook.

Building a foundation for growth

Update since Investor Presentations November 2009

- In November 2009 PGG Wrightson came to investors with a focus on:
  - Raising substantial new capital
  - Having new significant investors in place
  - Change in Governance.

- At 30 June 2010 we had:
  - ✓ Restructured the balance sheet
  - ✓ Management and Board changes
  - ✓ A clear vision and strategic direction
  - ✓ Operational reorganisation creating two clear launch pads for growth.

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Strategy: business configured around two core groupings

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AgriTech (IP & Growth)

- Price relative to value proposition
- Wholesale distributor
- High quality
- Low volume turnover
- Growth engine
- High investment/return
- IP driven business
- International focus

AgriServices (Customers & Distribution)

- Limited ability to price differentiate
- End customer distributor
- High quality service and products required
- High volume turnover
- Focused on delivery and costs
- Limited IP
- NZ centric
- Finance enabled

Supply chain differentiator for both businesses

Strategic direction in summary

- Reallocation of resources to businesses where most customer and shareholder value is created
- This will underpin enhanced group profitability and long term sustainability, to the benefit of its Clients/customers, staff and shareholders
- AgriServices : high level opportunities around improving efficiency,
  - Driving customer relationships and supply chain development.
  - Evolve from ‘transaction-by-transaction’ to ‘trusted advisor’.
  - Opportunity for future consolidation.
- Finance is a key enabler to AgriServices and an important differentiator
- AgriTech: unlocking value through targeted focus.
  - Returns are underpinned by IP, technology and expertise.
  - Growth is from export of IP and capabilities into new markets, and further expansion in South America and Australia.
  - Requires ongoing investment into R&D and new market development.

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Supporting the strategy

- Key management changes to support strategic direction:

  - **John McKenzie**: appointed in June as Group GM, AgriTech.

    John is the former PGW Group GM Seed, Grain and Nutrition and is the founder of specialist proprietary forage seed company Agricom Ltd
  - **Michael Thomas**: appointed in early July as Group GM, AgriServices.

    Michael is the former PGW Group GM Financial Services and has held Group GM positions at Landmark – Australia's largest Agri-business with 400 stores.
  - **Jason Dale**: Group GM, Transformation and Strategy with immediate effect.

    Jason is the current CFO and his role will now focus on execution of strategy and change management programmes for the business
  - **Rob Woodgate**: new CFO with immediate effect.

    Rob is currently Group Financial Controller and has worked closely with Jason and the management team through the capital raise and more recently on the business strategy. He has held a number of senior finance roles in NZ and UK.

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Annual Results

Year on year comparison

GROUP	2010 $m's	2009 $m's	Variance %
Revenue	1,151.1	1,280.4	(10.1)
EBITDA	70.5	81.1	(13.1)
Underlying net profit after tax	25.3	(66.4)	
Net buildings depreciation and company tax impact	2.0	nil	
Reported net profit after tax	23.3	(66.4)	

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AgriTech
Seeds and Grain (not including South America)

	June 2010 $m's	June 2009 $m's	June 2008 $m's
Revenue	254.6	240.3	234.2
EBITDA	33.6	31.7	30.6

- Excellent performance given trading conditions
- New Zealand:
  - widespread adoption of key endophyte Technology AR37
  - Rolleston distribution centre built and in process of commissioning
- Australia
  - Adoption of new products in new markets
  - Building a stronger team in Australia
- International
  - Meeting all revenue and EBIT targets despite depressed global markets
- R&D
  - Grasslands Innovation Shareholders Agreement
- Grain
  - Allied (Te Awamutu) grain drying and storage site purchased.

AgriTech
Agrifeeds

	June 2010 $m's	June 2009 $m's	June 2008 $m's
Revenue	43.6	72.6	57.3
EBITDA	5.2	9.8	3.8

- Challenge of an excellent growing season which saw reduced need for supplementary feed
- Poor early dairy payout impacted cash flow for first six months, with pressure on early season volumes which saw molasses at 56% of year prior
- Positives:
  - Dairy budgets reflective of higher announced payout.

AgriTech

South America (excluding corporate costs South America)

	June 2010 NZ$m's	June 2009 NZ$m's	June 2008 NZ$m's
Revenue	84.1	76.0	49.9
EBITDA	5.5	6.2	4.4

- Successful year of commencing seed business in Brazil, with registration of seed cultivars
- 8% improvement in local currency trading results though impacted by NZ $ conversion rates
- Continue to build and support best technology package for key customers in Uruguay and Argentina
- R&D – Development of R&D farms in East and Northern Uruguay.

AgriServices
Merchandising

	June 2010 $m's	June 2009 $m's	June 2008 $m's
Revenue	541.7	668.1	614.7
EBITDA	22.2	26.1	26.3

- Performance reflects tentative spending by farmers and grower clients given liquidity environment
- Fruitfed maintained or grew share in key markets such as vegetables, though viticulture spend was down significantly
- Aggressive competitor pricing to reduce inventories.

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AgriServices
Livestock

	June 2010 $m's	June 2009 $m's	June 2008 $m's
Revenue	87.4	76.0	78.8
EBITDA	12.6	12.7	16.7

- Unusual market conditions with excellent pastoral production in first six months allowing farmers to hold stock, followed by six months of drought and heavy rain conditions
- Annual NZ dairy stock trading well behind previous years
- Reduced tallies across all major species
- AgOnline gaining momentum
- Increased dairy live export opportunities to Asia.

AgriServices
Finance

	June 2010 $m's	June 2009 $m's	June 2008 $m's
Revenue	59.7	59.8	53.0
EBITDA	13.3	10.9	9.2

- Strong financial result in current climate
- Achieved a first time BB(stable) credit rating from Standard & Poors
- Received a substantial refund of Crown Guarantee fees based on credit rating achievement
- Excellent support from retail investors with a 15% increase in deposits since November 09
- Record reinvestment rates recorded during the year, averaging nearly 80%
- An increase in impairments reflecting dairy sector volatility during the year
- A 5% reduction of assets reflecting reduced appetite in term loans, with more focus on working capital finance.

AgriServices
Comments on other Operating Units

- Real Estate – 28% decline in net units sold from 2009 though continued to hold leading position in rural property. Continued strong focus on cost reduction
- I & P – difficult year on back of reduced dairy payout, flat lifestyle market and stagnant bank lending. New installations down 76% year on year. Product mix switch to higher margin service revenue
- Insurance – new business generation has yielded 10% improvement.

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Financial Review

Comparative to Prospective Financial Information (PFI)

GROUP	Actual $m's	PFI $m's	Variance $m's	2009 $m's
Revenue	1,151.1	1,107.7	43.4	1,280.4
EBITDA	70.5	73.4	(2.9)	81.1
Adjusted net profit after tax[1]	25.3	24.1	1.2	(66.4)
Net profit after tax	23.3	24.1	(0.8)	(66.4)
Net Debt (excluding Finance)	186.7	135.4	51.2	412.8

[1] Includes $2m adjustment to Deferred Tax expense reflecting Government's announcement on building depreciation and changes to company income tax

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Financial Review

Comparative year on year performance

GROUP	June 2010 $m's	June 2009 $m's	Variance %
Revenue	1,151.1	1,280.5	(10.1)
EBITDA	70.5	81.1	(13.1)
Segmental EBITDA			
AgriServices	34.9	42.1	(17.1)
AgriTech	42.4	44.9	(5.6)
	77.3	87.0	(11.1)

Financial Review

Operating Cash Flow

GROUP	2010 $m's	2009 $m's
Receipts from customers	1,144.5	1,269.1
Dividends received	0.5	0.7
Interest received	69.9	59.6
Cash In	**1,214.9**	**1,329.4**
Payments to suppliers & employees	(1,083.6)	(1,250.7)
Interest paid	(76.3)	(62.1)
Income tax paid	(11.7)	(4.4)
Cash Out	**(1,171.6)**	**(1,317.2)**
Net Cash from operating activities	**43.3**	**12.2**

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Financial Review

Balance Sheet

GROUP	2010 $m's	2009 $m's
Current assets	485.2	467.3
Non-current assets	511.6	512.7
Finance receivables	530.1	564.1
Total assets	**1,526.9**	**1,544.1**
Current liabilities	(251.6)	(704.5)
Non-current liabilities	(221.7)	(21.1)
Finance liabilities	(418.1)	(427.6)
Total liabilities	**(891.4)**	**(1,153.2)**
Total equity	**635.5**	**390.9**

Outlook

- Expectation of a trading performance to be largely in line with the prior financial year with some upside potential, particularly in light of international economic trends

- At NPAT level, taking into account reduced interest costs, we expect an improved performance.

Thank you

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Questions