PGG Wrightson results show sustained momentum

GROUP OPERATING EBITDA UP
↑$10.7 million (+18%)

FINAL DIVIDEND OF 2 cents PER SHARE, FULLY IMPUTED

PGG Wrightson Ltd* (PGW) today announced its third straight year of earnings growth with an 18% uplift in Operating EBITDA.

For the year ending 30 June 2015, PGW achieved operating earnings before interest, tax, depreciation and amortisation (Operating EBITDA excluding earnings of associates)** of $69.5 million, up from $58.7 million for the prior financial year. The company also announced that it will pay a fully imputed dividend of 2 cents per share, which will be paid on 1 October 2015. This will bring the total fully imputed dividends paid for the year to 4 cents per share.

Chief Executive Mark Dewdney said "This is a very strong result given challenges facing some sectors of New Zealand agriculture over much of the year. PGW is not immune to the challenges being experienced in some sectors, but the diversified portfolio of our agriculture business offers a degree of protection from cyclical volatility in any individual sector. This is demonstrated by recently released Statistics NZ data that show dairy exports declining 24% in the same period that the value of fruit exports reached an all-time high, up almost 20% from a year earlier.

"Just as importantly, the improvements in operating performance that we are delivering continue to boost the bottom line and sustain the momentum PGW has generated in recent years.

"Challenging market conditions in the dairy sector have resulted in reduced demand for some of our lower margin activity such as grain, fertilizer and supplementary feed, and this partly explains the flat revenue year on year. Despite the dairy sector challenge in the second half, most of our individual business unit financial results have improved. These results come through a combination of PGW having a clear strategic focus, highly engaged and stable staff, the strongest product portfolio in the market, backed by deep technical expertise and a constant focus on building extremely close relationships with our customers." Mr Dewdney said.

The increase in Operating EBITDA contributed to a net profit after tax of $32.8 million. "This is lower than last year," Mr Dewdney explained, "because last year's number benefited from a low effective tax rate and a number of non-operating gains that weren't repeatable, such as the gain on sale of our investment in 4Seasons Feeds Limited."

Regarding the larger business units, Operating EBITDA excluding earnings of associates for Retail increased 7%, Livestock increased 15% and Seed & Grain increased 19% year on year.

RETAIL OPERATING EBITDA UP ↑7%

LIVESTOCK OPERATING EBITDA UP ↑15%

SEED & GRAIN OPERATING EBITDA UP ↑19%

Chairman, Alan Lai said "The Board and I are very pleased with the financial result, and also with the progress PGW has made on delivering its "One PGW" strategy. Important milestones such as the recently announced investment in Agrocentro Uruguay and Grainland in Australia are strengthening our future growth potential."

In concluding, Mr Dewdney said "The headwinds facing the dairy sector made increasing this result in the 2016 financial year a genuine stretch target. Further improvements will be made within the business and we will continue to look for new growth opportunities. Given the current volatility in a number of markets, and the need to assess the likely impact of this on PGW's clients, it is the company's intention to defer providing a forecast for the current fiscal year until the annual shareholders meeting in October."

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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:

***EBITDA:** Earnings before net finance costs, income tax, depreciation and amortisation and the results from discontinued operations.*

***Operating EBITDA excluding earnings of associates:** Earnings before net finance costs, income tax, depreciation, amortisation, the results from discontinued operations, fair value adjustments, non-operating items and equity accounted earnings of associates.*

***Operating EBITDA including earnings of associates:** Earnings before net finance costs, income tax, depreciation, amortisation, the results from discontinued operations, fair value adjustments and non-operating items.*

GAAP to non-GAAP reconciliation:

($m)	*Jun-2015*	*Jun-2014*
Profit/(loss) for the period (GAAP, commonly referred to as Net Profit after Tax)	***32.8***	***42.3***
Deduct Profit from discontinued operations (net of income tax)	*(0.1)*	*(0.9)*
Add Income tax expense	*16.2*	*8.5*
Add Net interest and finance costs	*10.8*	*7.9*
Add Depreciation and amortisation expense	*7.9*	*11.2*
EBITDA	*67.5*	*69.0*
Add Fair value adjustments expense / (income)	*0.0*	*(1.3)*
Add Non-operating items expense / (income)	*2.1*	*(6.4)*
Operating EBITDA including earnings of associates	***69.6***	***61.3***
Deduct Equity accounted earnings of associates	*(0.2)*	*(2.5)*
Operating EBITDA excluding earnings of associates	***69.5***	***58.7***