PGG Wrightson Reports Improved First Half Result

PGG Wrightson Limited (NZX:PGW) today announced an increased profit of $4.8 million for the six months to 31 December 2012, up from $3.1 million a year ago. PGW also reported strong cash flows from operating and investing activities, delivering a combined total of $24.4 million (up from $6.0 million last year). This result follows a strong profit for the full year to 30 June 2012 announced last August and has allowed the company to halve its net debt position over the course of the last 12 months. PGW Managing Director, George Gould, credited the improvement to stronger operating earnings across all major businesses along with working capital efficiencies and collection of the Crafar Farms debt in December.

In line with the dividend policy announced in December, directors have declared a fully imputed dividend of 2.2 cents per share which will be paid to shareholders registered at the record date of 14 March 2013. The dividend will be paid on 28 March 2013.

Mr Gould said that the improved earnings reflected strong operating performance across all major activities of the company. “The tougher conditions being faced by farmers clearly impact on some areas of our business, but overall our businesses have performed strongly and most have lifted earnings year-on-year,” Mr Gould said.

“We are especially pleased with the performance of our New Zealand Seed, Retail, Wool and Irrigation & Pumping businesses – all of which showed sizeable gains.”

Mr Gould said he was pleased with progress being made in PGG Wrightson Rural Supplies and Fruitfed Supplies, both being retail businesses facing intense competition from farmer owned co-operatives.

“Our job is to add value to our farmer clients, helping them make their farming businesses more profitable. If we do add value, there is worthwhile margin for us, and the track record shows we are achieving success on this front.”

“It’s about having the best rural servicing reps across all businesses, in every region throughout New Zealand.”

“While our trading businesses such as Livestock, Grain and Real Estate are more susceptible to overall market conditions, their underlying performance remains solid. In Livestock, our tallies remain broadly in-line with last year but the decline in sheep and deer values impacted on earnings.”

“Our investment in R&D continues to underpin the performance of our Seeds businesses and we achieved outstanding growth in sales from the newly launched CleanCrop™ Brassica system and continue to see strong growth from the AR37 range of rye-grass seeds. Confirmation last week of arrangements for the Primary Growth Partnership for Seed and Nutritional Technology Development were positive and will be valuable in further enhancing our R&D programmes.”

Revenue for the Retail business is not directly comparable to last year due to a move to transacting some categories as an agent rather than a principal. This did not impact on profit but resulted in a $91.2 million reduction in stated revenue.

For more information, please contact:

George Gould, Managing Director | +64 21 220 2342

Email: Corporate Communications | info@pggwrightson.co.nz