PGG Wrightson Limited

Briefing on 2009 results

Keith Smith

Chairman

Overview – Trading Environment

- Most challenging operating environment in all countries
  - Worst global recession in 70 years
- Very strong trading performance in first half
- Very difficult operating environment in second half but especially the last quarter
  - Significant slowdown in activity with dairy farmers and dramatic reduction in Fonterra payout announced for the current season
  - Sheep and beef farmers better placed but cautious about future
  - Farmers reduced spending to address returns on farm
  - Fierce competition in last quarter increased pressure on margins
- Strategies reviewed and confirmed for current climate
  - Driving value from the existing business
  - Focused on efficiency and cost reduction
- Positive medium-term outlook for agriculture
  - Improvement in commodity markets is inevitable and will favour quality producers
  - PGW well-placed to take advantage of increased need for global food production

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Overview – Key Events

- Governance
- Capital Structure
- Banking
- Operating Model

- 2009 Results

  Two items had major impact on 2009 Financial Results

  - SFF Settlement $49.6m
  - NZ Farming Systems Uruguay investment writedown $39.2m

Tim Miles

Managing Director

Summary of 2008/09 Year

- Strong trading performance despite difficult environment
  - Seed, Grain and Nutrition business ahead of prior year
  - Rural Supplies revenue up year-on-year
  - Steady progress in South American business
  - Continued market support for Finance company
- Strengthened people capability – 80% of management team changed
- Second half trading environment was tough
  - Global economic environment – farmer sentiment
  - Softening of dairy

  Some offsetting factors
  - Uplift in meat prices – especially lamb
  - Lower interest rates
- Have taken and are taking steps to improve efficiency

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Financial Overview

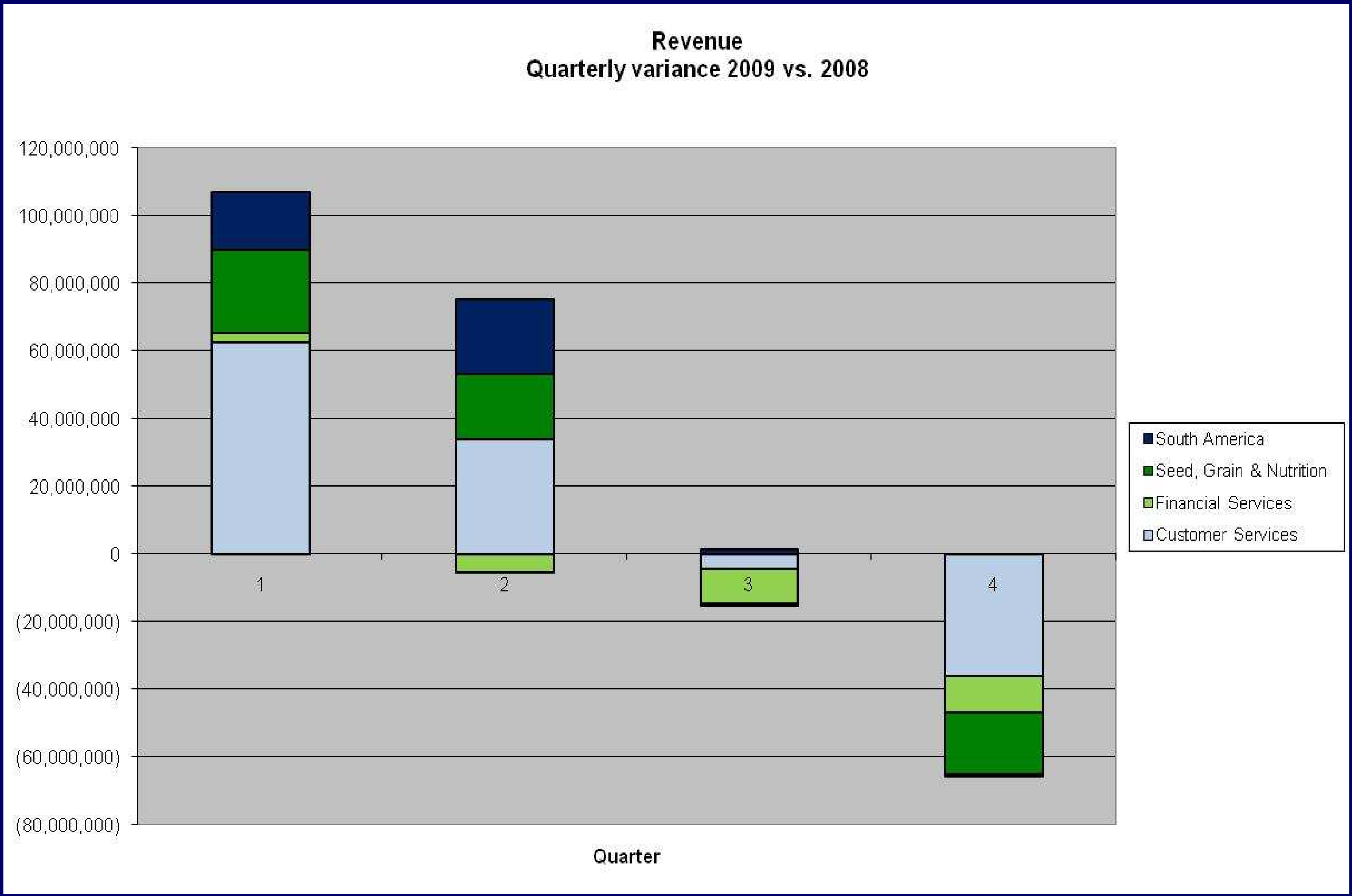
2009 vs 2008

	Jun 2009 $m	Jun 2008 $m	% Increase
Revenue	1,293.1	1,196.9	8%
EBITDA	76.7	84.1	-9%

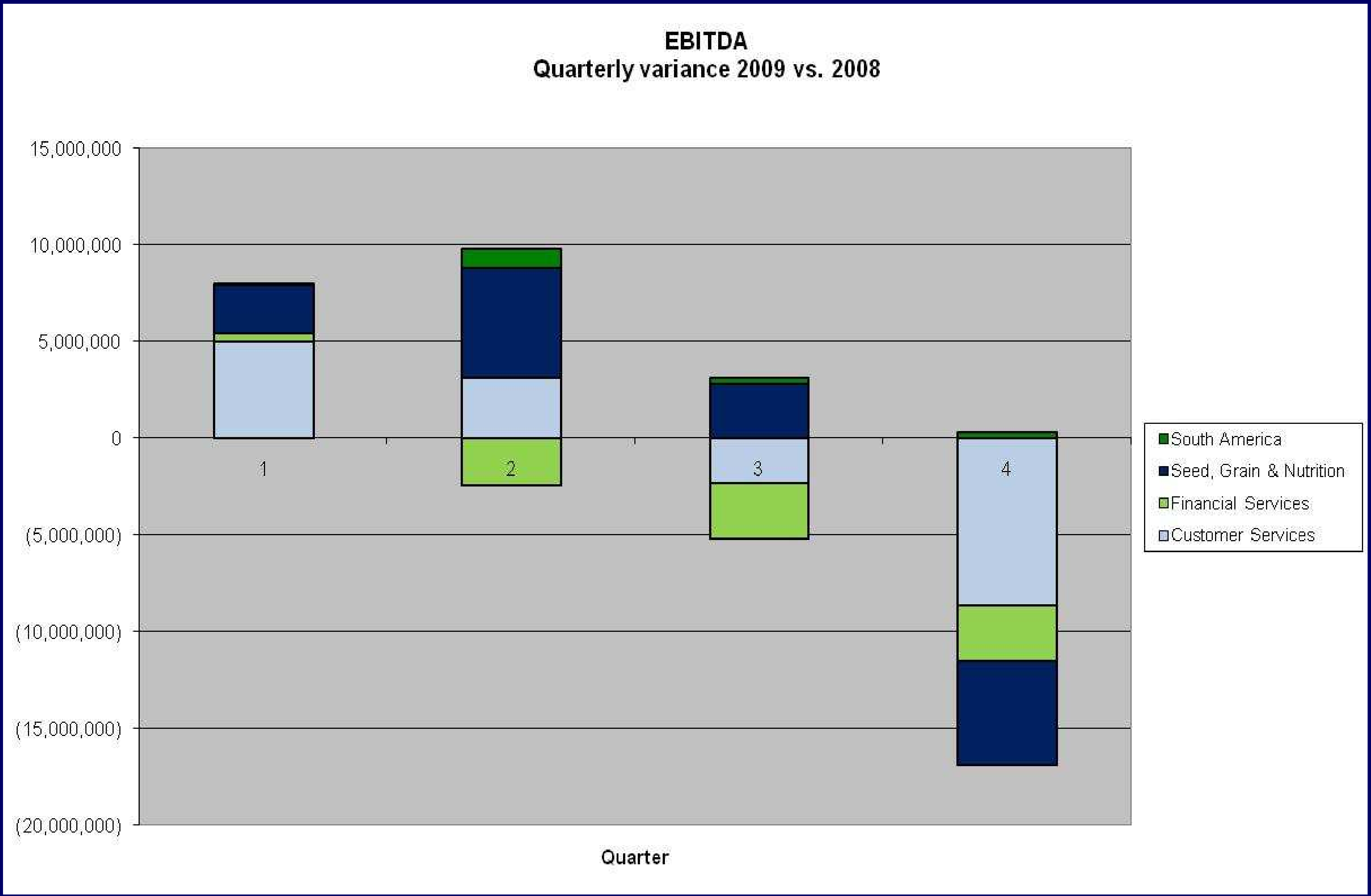
*excl wool

		Revenue	EBITDA
Customer Services	Rural Supplies	↑	↓
	Fruitfed	↑	↑
	Livestock	↑	=
	Export Livestock	↓	↓
	Irrigation	↑	↑
Financial Services	Finance	↑	↑
	Funds Management	=	↓
	Real Estate	↓	↓
	Insurance	↑	↑
Seed, Grain and Nutrition	Seeds	↑	↑
	Animal Nutrition	↑	↑
	Training	↓	↓
South America	South America	↑	↑
	Group	↑ 8%	↓ -9%

Financial Overview



Financial Overview



Customer Services Overview
*Excl Wool

EBITDA of $33.7m (2008 $36.5m)
REVENUE of $777.1m (2008 $720.8m)

- Further strong performance from Fruitfed
- Rural supplies revenue up despite reduction in farmer spend
- Solid Livestock contribution in difficult conditions
- Initiatives:
  - Reorganisation of Regional operations to increase focus on customers and frontline decision making
  - Development of online trading for livestock (*Agonline*)
  - Appointment of new specialist advisers – e.g. Animal Nutrition
  - Closure of Livestock operations in Australia
  - Establishment of Wool Partners International

Financial Services Overview

EBITDA of $15.2m (2008 $22.9m)
REVENUE of $94.0m (2008 $117.5m)

- PWF
  - Strong growth in lending, deposits and earnings in PWF
  - Reinvestment rate at 74% through period
  - Crown Deposit Guarantee
  - $100m bond issue completed successfully
  - $108.5m undrawn bank lines
  - Assets under management grew by 16%
- Insurance JV growth continues – EBITDA up 15%
- Real Estate contribution down $9m reflecting the market
  - Market share increased to record 33.6%
  - Cost structure streamlined to align with market
  - Positioned to benefit from improvement in conditions
  - Australian real estate business closed

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Seed, Grain and Nutrition Overview

EBITDA of $43.2m (2008 $37.6m)
REVENUE of $360.1m (2008 $335.6m)

- Business grew despite economic conditions
- Australian seeds business impacted by drought, Victorian bushfires and exposure to dairy
- Strong demand for Seeds business in New Zealand in first half, satisfactory autumn sales particularly of proprietary cultivars
- Acquisition of Stephen Pasture Seeds to increase scale and reach in Australia
- Ongoing research on enhanced pasture species and grasses suited to warmer climates, drought, pest resistance
- Grain traded in line with strong 2008
- Rapid Animal Nutrition growth with demand for molasses from dairy

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South America Overview

EBITDA of $4.6m (2008 $2.9m)
REVENUE of $95.6m (2008 $55.6m)

- Business impacted by worst drought in 30 years
- Seeds and Livestock businesses in Uruguay performed above expectations – Rural Supplies affected by reduced farmer spending
- Disappointing year in Argentina – impacted by country's economic and political issues
- Opportunity to provide on-farm products to Uruguayan farmers who recognise productivity investment potential
- New acquisitions successfully integrated
- Focus on cost reductions
- Business positioned to take advantage of improving conditions

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Strategic Overview

Driving better operational performance by doing more with what we have …

- Increased focus on customer service offerings
  - Regional managers appointed to provide local leadership and move decision making closer to the customer
  - Presenting unified PGW face to Customers
  - Implementation of our key account management strategy
  - Drive greater levels of cross-selling

Strategic Overview

Driving better operational performance by doing more with what we have …

- Improving operational efficiency
  - Approximately 10% reduction in headcount – 6.5% salary reduction
  - Focus on releasing working capital; inventory and debtors
  - Transportation
    - standardised fleet –annualised savings of $550,000
    - fuel - 27% reduction in fuel use
    - travel – 25% reduction in travel costs
  - Procurement

- More to come

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Strategic Overview

More focused on cash generation from our business portfolio …

- Streamlining the portfolio of businesses
  - Exited non-performing businesses – Aust Livestock and Real Estate, Export Livestock

- Retaining businesses with strong cashflow
- Focus on NZ business with significant bottom-line growth potential – Nutrition, Seeds
- Building our investment in IP and expertise – Fruitfed, Seeds

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Jason Dale

Chief Financial Officer

Financial Overview

Reconciliation of Operating Profit to Reported NPAT

	2009 ($m)	2008 ($m)
EBITDA	**76.7**	**89.2**
Discontinued business	4.3	-5.3
Depreciation/amortisation	-6.5	-6.1
EBIT	**74.5**	**77.8**
Interest	-31.4	-22.6
Taxation	-13.1	-22.3
NOPAT	**30.0**	**32.9**
NZS performance fee (pre-tax)	-	17.8
NZS share revaluation	-39.2	18.9
SFF	-49.6	-
Capital gain on sale of wool business	17.6	-
Other*	-25.2	3.6
NPAT	**-66.4**	**73.2**

* Other reflects IFRS fair value adjustments, writedowns and equity earnings from associates

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Financial Overview

Impact of IFRS valuation requirements

- Non recurring profitability include:
  - Non cash - mark to market adjustment resulted in a writedown on New Zealand Farming Systems Uruguay (NZS) shares ($39.2m).
  - There were positive one-off gains principally related to capital gains from the sale of the Wool business $17.6 million
  - This was offset by additional non-cash fair value adjustments related to the revaluations of Financial Instruments, Assets held for sale and other investments etc

- These assets will be valued at fair value/ market value each reporting period.

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Operating Cash Flow

	2009 ($m)	2008 ($m)
Receipts from customers	1,269.1	1,212.0
Dividends received	0.7	0.8
Interest received	59.6	53.2
Cash in	1,329.4	1,266.0
Payments to suppliers and employees	-1,211.0	-1,161.2
Interest paid	-62.1	-59.7
Income tax paid	-4.4	-18.9
Cash out	-1,277.4	-1,239.8
Total	**52.0**	**26.3**

Change in Working Capital was a key contributor to the improvement in operating cash flows, especially the collection of accounts receivable.

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Financial Overview

Balance Sheet

	2009 per Financial Statements	2009 Restated	2008 per Financial Statements
	$m	$m	$m
Current assets	494.0	494.0	497.1
Non-current assets	490.2	490.2	467.4
Finance receivables	559.9	559.9	507.0
Total assets	**1,544.1**	**1,544.1**	**1,471.5**
Current liabilities	704.5	328.6	372.9
Non-current liabilities	21.1	397.0	306.2
Finance liabilities	427.6	427.6	311.9
Total liabilities	**1,153.2**	**1,153.2**	**991.0**
Total equity	**390.9**	**390.9**	**480.5**

	2009 per Financial Statements	2009 Restated	2008 per Financial Statements
	$m	$m	$m
Bank debt - current	505.574	150.575	174.294
Bank debt - term	-	375.966	304.000
Junior debt	20.966	20.966	-
Total debt	**526.540**	**526.540**	**478.294**

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Capital Management Plan

- Debt covenants waived for 30 June 2009
- Revised package agreed with the banking syndicate for PGW Group
- Requirement for repayment of $200m by 31 March 2010
- Continuation of initiatives to repay banking syndicate from the ongoing Amortisation Programme announced earlier in the year
- UBS and First NZ Capital appointed to assist the Company to consider the potential for sale of selected non-core assets and equity raising

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Revised Banking Package

The Company bank syndicate facilities include:

- A term debt facility of $197.9 million that matures on 31 August 2012 (previously $275 million expiring by 30 September 2011).
- An amortising debt facility of $200 million due to be repaid by 31 March 2010 (previously $125 million expiring by 31 December 2010).
- A working capital facility of $75 million that matures on 31 August 2011, with the limit and term reviewed annually (previously $75 million expiring 30 April 2010).
- Overdraft and guarantee facilities of approximately $40 million.
- In addition, South Canterbury Finance has agreed to extend its debt until 28 February 2013.

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Ongoing Amortisation Programme

- Continuing focus on existing business efficiencies
- Amortising debt facility repayment programme
  - Operating cashflow
    - Target nil cash dividends
    - Cost savings
  - Working capital initiatives – operating cashflow $52m vs $26m
  - Ongoing disposal of sundry surplus assets

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Keith Smith
Chairman

Distribution

The Board decided that there would be no further dividend declared in relation to the 2008/09 year.

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Closing

- Company looking to address the challenges and is dealing with the current environment
- Global outlook unpredictable, but agriculture will be strong in medium-term
  - Improvement in commodity markets is inevitable and will favour quality producers
  - PGW well-placed to take advantage of increased need for global food production

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Outlook

- Market conditions for the rest of 2009 expected to be similar to today – may be some improvement in 2010.
- Notwithstanding guidance provided previously on the FY10 financial year the following significant events have occurred since that announcement:
  - Farmer sentiment dropped dramatically
  - Fonterra payout announcement
  - Exchange rate
- Offset in part by positive news such as the auction price for whole milk powder announced by Fonterra in early August.
- Therefore the Company is not able to provide a reliable prediction of earnings at this time.

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