PGG Wrightson Limited

Briefing on Half Year Results
Six months to 31 December 2009

PGG Wrightson


Keith Smith
Chairman
PGG Wrightson

Overview

- Trading conditions are tight, but in line with our expectations for the period.
- Capital raise activity completed, including repayment of the amortised debt facility of $200m, three months earlier than required.
- New cornerstone shareholder – Agria, a welcome addition to the register.
- Strengthened Balance Sheet provides a stable platform for the future, able to withstand future volatility.
- Focus in the business on the right model for the future, and on cash generation.
- Liquidity and therefore activity in agriculture affected by generally tight credit and lending environment.

Recapitalisation of PGG Wrightson

PGG Wrightson (PGW or the Company) raised $250.7m of new capital (before fees and costs) to repay debt and increase equity in PGG Wrightson Finance through:

- $36.2m placement of ordinary shares to Agria Corporation at $0.88 per share
- $180.7m 9 for 8 renounceable rights issue at $0.45 per share
  - Agria subscribed to its full rights entitlement and purchased additional rights from Rural Portfolio Investments to reach 19.0% after the rights issue
  - Pyne Gould Corporation (PGC) subscribed for its full rights entitlement to 18.3%
  - Rural Portfolio Investments sold a substantial portion of its entitlement and held 12.56% of the shares after the capital raise
  - In January, Agria invested the NZ$ equivalent of US$25m (NZ$33.8m) in Convertible Redeemable Notes in PGW, with proceeds to be invested in PWF.

$70m additional debt reduction is planned over FY2010 (excluding PGWF related cash flows) through other initiatives including operating cash flows, working capital, NZFSU receivable, and sale of non-core assets.

Governance

As of 1st March

- Sir John Anderson will be appointed as a Director and Chairman
- Keith Smith will remain on the Board as an independent Director
- Craig Norgate, Baird McConnon and Murray Flett will retire from the Board.
- Alan McConnon will be appointed to the Board as RPI's nominated Director.

As previously announced

- Agria previously nominated two directors in Guanglin (Alan) Lai, Chairman of Agria, and Xie Tao, Chief Executive of Agria.
- PGC previously nominated their second director to the board in George Gould, joining Bruce Irvine

Governance (continued)

With effect from 1st March, the Board will be comprised as follows;

Sir John Anderson (Chairman)

Sir Selwyn Cushing

Keith Smith

Bill Thomas

George Gould

Bruce Irvine

Xie Tao

Guanglin (Alan) Lai

Alan McConnon

Tim Miles (Managing Director)


Tim Miles
Managing Director
PGG Wrightson

Half Year Highlights

Customer Services

- Restructuring service delivery around advice from experienced and skilled locally-based staff.
- Enhanced our account management approach.

Seeds, Grain and Nutrition

- Seed & Grain performed strongly with sales performance similar to last year through the first half.
- In January we completed the acquisition of Allied Grain Cooperative’s Te Awamutu grain drying and storage site.
- Development of new seed logistics centre at our Rolleston facility.

Half Year Highlights (continued)

Financial Services

- Confirmed capital injection of approximately $33.8m to PGG Wrightson Finance following the issue of Convertible Redeemable Notes by PGG Wrightson to Agria Corporation.
- Reinvestment rates were at industry-leading levels at the long run average of 77%.
- Establishment of new syndicated wholesale bank lines totalling $150m and extending to 2012.
- In January, became the first financial institution to offer Excluded Securities to Depositors (ie. outside the Retail Deposit Guarantee Scheme).
- Last week received a rating of BB (stable) from Standard & Poor’s, allowing PGG Wrightson Finance to apply for the extended Government Guarantee Scheme.

Half Year Highlights (continued)

Financial Services (continued)

- Insurance earnings increased during a period when on-farm discretionary spend was being revised downwards.
- Real Estate took action to minimise costs whilst maintaining structure and market presence, the business is positioned well for the future.

Operating Results

Year on Year Movements

	Dec 2009 $m	Dec 2008 $m	Dec 2007 $m	Dec 2006 $m
Revenue	583.25	735.27	619.77	542.37
EBITDA	24.97	45.13	29.55	27.07
Full Year EBITDA	73.41	80.94	83.58	67.32
H1 as % of FY	34%	56%	35%	40%

Customer Services

'000s	Dec 2009	Dec 2008	Dec 2007*	Dec 2006*
Sales	364,770	481,765	385,940	357,601
EBITDA	10,468	21,011	14,458	14,755

* Adjusted for Wool

Rural Supplies & Fruitfed

•EBITDA back 26% ($6.4m) against a strong Dec 08 operating performance with different expectations on milk payouts.

•Revenues down due to a reduction in discretionary spending in pastoral and viticulture down turn impacting on Fruitfed. Despite tough trading environment margins have held firm. At the same time the business has focused on inventory management.

•Demand for viticulture produce slumped and with it the capital spend on new developments. Dec 08 impacted by significant spend on wind machines with $16.3m of sales, this subsequently reduced to $0.3m sales in Dec 09, impacting earnings by approx $1.7m.

•Continued push into vegetable sector.

Customer Services (continued)

‘000s	Dec 2009	Dec 2008	Dec 2007*	Dec 2006*
Sales	364,770	481,765	385,940	357,601
EBITDA	10,468	21,011	14,458	14,755

* Adjusted for Wool

Livestock

•Excellent growing conditions have impacted livestock trading, farmers retaining animals to rebuild capital stock post 07/08 drought. Market share maintained despite reduced volume in the first six months. Strong prices mitigated some of the reduced tallies.

•Sheep tallies back 875,000 from Dec 08, with an abundance of feed throughout the country, coupled with lower than expected future schedule prices.

•Cattle tallies back 54,000 from Dec 08. As with Sheep, the feed conditions were good with little trading in the first half.

•Livestock EBITDA back $2m and $3m on 2007 and 2006 respectively.

Irrigation & Pumping

•There was a significant slowdown as a result of lowered dairy payout and tight credit conditions.

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Financial Services

'000s	Dec 2009	Dec 2008	Dec 2007	Dec 2006
Sales	41,076	50,448	52,831	39,542
EBITDA	7,307	8,412	10,426	8,886

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•Revenues held firm with industry-leading re-investment rates with high net interest margins maintained throughout the half.

•EBITDA performance was strong despite cost increases of $4.6m attributable to significant provisioning and fees relating to the government guarantee scheme.

Real Estate

•Real Estate took action to minimise costs whilst maintaining structure and market presence, the business is positioned well for the future.

Insurance & Funds Management

•Both businesses performed well, combined EBITDA was $0.4m up on Dec 08.

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Seed, Grain and Nutrition

‘000s	Dec 2009	Dec 2008	Dec 2007	Dec 2006
Sales	122,001	145,675	122,380	102,994
EBITDA	12,930	17,268	8,019	8,131

Seed & Grain

•Overall sales up 5%, margin back slightly on mix, against Dec 08 on a difficult trading environment. NZ forage sales showed solid volumes, in Dec 08 brassica volumes were strong these yielded good margins. AU trading was on target with favourable weather conditions and confidence returning to the market.

•Grain volumes similar to last year, margin back on last year. Dec 08 margins were strong due to timing of maize processing/drying activity.

Agri-Feeds

•Nutrition revenues significantly down on last year with molasses volumes down from 18,000 tonnes in Dec 08 to 8,500 tonnes. The 2008 activity was supported by higher milk payouts. Margins had been maintained.

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South America

‘000s	Dec 2009	Dec 2008	Dec 2007	Dec 2006
Sales	52,832	55,302	16,097	2,626
EBITDA	3,306	2,308	1,316	802

South America

- Revenues in USD were up $3.4m, EBITDA in USD was up by $1m. Half of the earnings increase stemmed from Seeds reducing cost of goods sold across categories, and a movement to higher margin products including summer crops and pasture seed.
- Riegoriental established Oct 2008. The full half year impact of this, along with Romualdo Rodriguez, accounts for the remaining uplift in USD performance.
- When converted to NZD, the exchange rate movement dilutes the USD uplift. The average NZD/USD rate changed from 0.65 (half to Dec 08) to 0.70 (half to Dec 09)*

* Average interbank rate published by oanda.com

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Significant Events

Subsequent to Period End

Board changes to:

- PGG Wrightson
- Appointment of two independents to PGG Wrightson Finance

$33.8m of additional equity into PGG Wrightson Finance (now $100m total equity).

Repayment of $22.8m subordinated facility to South Canterbury Finance.

PGG Wrightson Finance secured a BB (stable) rating from Standard & Poor's, allowing the company to enter into the extended Government Guarantee Scheme from October.

Outlook

First six months in line with expectations for the period as per our Offer Document.

January EBITDA also in line with Offer Document's expectations for the month.

Big earnings months of March, April and May are still to come.

Balanced outlook:

- Credit availability to agriculture generally
- Good rain and water storage in most of Australia
- Mixed sector performance – generally positive
- Implementing initiatives outlined in the Offer Document

Working on co-operation agreement initiatives with Agria.

Expectation remains broadly consistent with the Offer Document.

Jason Dale
Chief Financial Officer

PGG Wrightson

Earnings Overview

Unaudited	Dec 2009 $m	Dec 2008 $m	Dec 2007 $m	Dec 2006 $m
Revenue	**583.3**	**735.3**	**619.8**	**542.4**
Cost of sales	(448.2)	(578.9)	(482.2)	(412.1)
Gross profit	**135.1**	**156.4**	**137.6**	**130.3**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**24.9**	**45.1**	**29.5**	**27.1**
Depreciation and amortisation expense	(3.6)	(3.3)	(2.9)	(3.2)
Results from operating activities	**21.3**	**41.8**	**26.6**	**23.9**
Equity accounted earnings of associates	0.8	0.9	0.6	0.7
Non-operating items	(0.2)	(8.1)	6.1	10.1
NZFSU performance fee	-	-	11.9	-
Fair value adjustments	6.6	(47.2)	9.0	-
Net interest and finance costs	(24.2)	(15.8)	(10.2)	(9.6)
Income tax expense	(0.2)	(1.0)	(9.4)	(4.5)
Profit from continuing operations	**4.1**	**(29.4)**	**34.6**	**20.6**
Profit/(loss) from discontinued operations (net of income tax)	-	(3.4)	-	-
Profit for the period	**4.1**	**(32.8)**	**34.6**	**20.6**

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Balance Sheet Review

Unaudited	Dec 2009 $m	Dec 2008 $m
Current Assets		
Cash and equivalents	36.2	17.8
Trade and other receivables	303.8	306.6
Finance receivables	418.0	342.7
Inventories	176.6	180.2
Other	21.1	19.9
Total Current Assets	**955.7**	**867.2**
Non Current Assets		
Other Investments	92.3	89.9
Finance Receivables	133.3	176.0
Other	408.8	427.9
Total Non Current Assets	**634.4**	**693.8**
Current Liabilities		
Debt due within 1 year	53.6	427.8
Accounts Payable and Accruals	214.9	213.2
Finance Current Liabilities	341.0	278.7
Other	3.2	13.6
Total Current Liabilities	**612.7**	**933.3**
Non Current Liabilities		
Long Term Debt	299.9	0.0
Finance Term Liabilities	64.4	187.5
Other	16.8	26.5
Total Non Current Liabilities	**381.1**	**214.0**
Net Assets	**596.3**	**413.7**

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Cash flow from Operations

Unaudited	Dec 2009 $m	Dec 2008 $m
EBITDA	**24.9**	**45.1**
Depreciation and amortisation expense	(3.6)	(3.3)
Equity accounted earnings of associates	0.8	0.9
Non-operating items	(0.2)	(8.1)
Fair value adjustments	6.6	(47.2)
Net interest and finance costs	(24.2)	(15.8)
Income tax expense	(0.2)	(1.0)
Profit/(loss) from discontinued operations	-	(3.4)
Profit for the period	**4.1**	**(32.8)**
Depreciation and amortisation, Fair Value adjustments	(2.9)	51.1
Net (profit) on sale of assets/shares	(2.9)	(16.0)
Bad & Doubtful Debts	3.4	0.8
Other non-cash/non-operating (inc deferred tax)	0.3	(6.4)
	(2.1)	**29.6**
Movements in working capital		
(Inc)/dec in Inventories	30.8	4.4
(Inc)/dec in Receivables	(115.6)	(76.5)
Inc/(dec) in Payables	43.9	23.1
Inc/(dec) in Income Tax Payable	(0.3)	3.5
	(41.3)	**(45.5)**
Net Cash flow from Operating Activities	**(39.3)**	**(48.7)**

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Chairman
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Dividend Policy

- As stated in the Offer Document for the recent Rights Issue, the Board decided that there would be no interim or final dividend declared for FY2010.
- It is expected that dividends will resume in the FY2011 financial year.

Closing

- Solid financial position
- Strong platform for performance and growth
- Focus on
  - Cash generation
  - Business model for the future
- Immediate outlook is difficult to predict,
  - Credit to farmers is currently tight
  - Commodity markets stabilising
- We are confident that PGW is well-positioned for the medium to long term
  - New Zealand agriculture key to New Zealand's performance