PGG Wrightson

PGG Wrightson Trading Update

PGG Wrightson Limited (PGW) has today provided an earnings guidance update.

Earnings before interest, tax and depreciation for the financial year ending 30 June 2013 is forecast to be in the range of $48 - $40 million as compared with $55 million for the corresponding period last year.

The three main factors contributing to the change in earnings have been climatic conditions across Australia and New Zealand, lower livestock values and when compared to the last financial year, less earnings from Agri-feeds post disposal to the 4Seasons Feeds Limited joint venture.

Climatic extremes in Australia with two record wet years followed by record-breaking high temperatures this year have frustrated the company's efforts to build earnings in Australia. Consequently, the Australian seed business, whilst important to the group strategically, is not forecast to contribute significantly to group earnings this year.

Climatic conditions in New Zealand have also been a factor with the whole of the North Island and much of the South Island in one of the most extensive droughts on record.

PGW Managing Director, George Gould said that livestock values have been in decline since the beginning of the current financial year, first in sheep and more latterly in beef, deer and dairy.

"While volumes and market share remain solid, prices are back approximately 30% compared with last year and this has had a material impact on group earnings. The business of PGG Wrightson reflects to a great degree the fortune of our farmer clients and this has been an extremely difficult trading year, which is forecast to impact on PGG Wrightson's final result." Mr Gould said.

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