



PGG Wrightson Limited Annual Meeting 2007





***Bill Baylis
Chairman***


PGG Wrightson



Barry Brook
Chief Executive Officer


PGG Wrightson

Overview

- Operating conditions
- Financial performance
- Operating performance
 - Rural Services
 - Financial Services
 - Technology Services
- The future

Operating Conditions

- Rising NZ dollar
- Reductions in product prices
- Impact on farmer confidence
- Reduced farm investment
- Later...
 - Improved economic climate for dairy farmers
 - Food prices driven up by global influences
 - No positive flow on to meat and horticultural product prices yet

Financial Performance



<u>\$ Million</u>	<u>2007</u>	<u>2006</u>
Revenue	1,035	848
NPATA	41.4	37.6
NPAT	26.2	27.0
EBITA	63.8	54.5
Operating cashflow	41.1	12.4

Business Group Earnings

<u>\$ Million</u>	<u>2007</u>	<u>2006</u>
Rural Services	26.8	30.0
Technology Services	32.8	24.1
Financial Services	17.6	15.2
Corporate Costs	(13.4)	(14.9)
TOTAL	63.8	54.4

Balance Sheet

<u>\$ Million</u>	<u>2007</u>	<u>2006</u>
Assets	1,150	1,120
Liabilities	736	709
Total debt	305	268




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Rural Services

Livestock

- Reduced sheep tallies and prices
- Market share stable
- Velvet and standardbred performed well

Wool

- Improved market share
- Farmers retaining wool for better prices
- Lower volume sold

Rural Supplies

- Sales maintained in competitive market
- Margins squeezed
- Significant change to the business

Rural Services

Fruited Supplies

- Continued strong performance
- Maintained market share and margin
- Acquired Shepherds AgHort Supplies

Irrigation and Pumping

- Exceeded expectations

Financial Services

PGG Wrightson Finance

- Loan portfolio expanded 22% to \$402m
- Client understanding and knowledge
- New products for specific client needs

Real Estate

- Increased market share
- Australian branch established
- TradeMe marketing connection
- Partnership with Savills plc in UK

Insurance

- Building relationships – Aon jv / clients

Financial Services

Funds Management

- Establishment of NZ Farming Systems Uruguay
- \$170m raised in IPO and placement
- Significant fees to PGW from commercial contracts
- Rapid progress with implementation



Technology Services

Seeds & Grain

- Proprietary seed sales positive
- Growth in turf and grain sales
- Increased sales in Australia despite drought
- Acquired Auswest Seeds

South America

- Record proprietary seed sales in South America
- Increases in Chile and Argentina
- Acquired
 - 51% shareholding in Alfalfares
 - Minority interest in Wrightson PAS
 - AgarCross from DuPont

Technology Services

Research

- Partnership with Crop and Food Research

Animal Nutrition (Agri-feeds)

- Time Capsule manufacturing facility commissioned
- Acquired 4 Seasons molasses business

Agriculture NZ

- Exceeded expectations

Animal Health

- Improved consultancy business
- Acquired Fecpak

The Future

- PGW a serious player on world stage
- Just the beginning...
- Entering a golden period of NZ agriculture
- Growth in Asian demand for animal protein
- More US land switching to ethanol
- Farmers using grassfed systems will benefit
 - in New Zealand
 - in South America

The Future

- Changes in New Zealand too
- Opportunities from dairy boom
- Farm businesses are larger
- Specialisation growing trend
- Our priority is to meet needs of customers



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