

# PGG Wrightson Limited Annual Meeting 2011

Hawke's Bay Opera House, Hastings  
2 November 2011

# Agenda

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*Sir John Anderson*

1. Welcome and Introductions
2. Formalities
3. Chairman's Address

*Rob Woodgate*

4. Financial Review

*George Gould*

5. Managing Director's Address
6. Outlook

*Sir John Anderson*

7. Questions and discussion
8. Business Resolutions.

# Directors

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- Sir John Anderson, Chairman
- Sir Selwyn Cushing
- Bruce Irvine
- Alan Lai
- Keith Smith
- Bill Thomas
- Tao Xie (XT).

# Senior Management

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- George Gould, Managing Director
- Rob Woodgate, CFO
- Julian Daly, General Counsel & Company Secretary
- Stephen Guerin
- Cedric Bayly
- Nigel Thorpe
- Brent Sycamore
- Tom Mowat.

# Formalities

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- Notice of Meeting
- Minutes
- Proxies
- Annual Financial Statements.

# Chairman's Address

## Sir John Anderson

# Overview

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- Back to basics: getting the right people in the right places
- Key managerial changes in core businesses
- Expansion of AgriTech businesses
  - Keith Seeds, Australia, November 2010
  - Southedge Seeds, Australia, May 2011
- Sale of PGG Wrightson Finance to Heartland, 31 August.





# Financial Overview

- EBITDA (ex-Finance) of \$49.4 million from operating revenue of \$1.2 billion
- Trading results for Rural Supplies and Livestock on target
- Wet spring and summer conditions in Australia; Canterbury earthquakes
- NPAT impacted by one-off provisions including:
  - revaluation of the company's wool interests
  - Provision for payments made to Silver Fern Farms
- Sale of Finance to Heartland at NTA
- Strengthened balance sheet and reduced bank debt which at end June stood at \$124.5 million.

30 June 2011 (\$m)	Jun- 11	Jun-10
Revenue	1,243.4	1,091.4
Cost of sales	(967.2)	(827.2)
Gross profit	276.2	264.2
<b>EBITDA</b>	<b>49.4</b>	<b>57.2</b>
Equity accounted earnings of associates, non operating items and fair value adjustments	(47.0)	8.3
Net interest and finance costs	(28.1)	(36.5)
<b>Profit for the period</b>	<b>(30.7)</b>	<b>23.3</b>

# Divisional Overview

## AgriServices

- Results supported by positive performances by Livestock and Rural Supplies
- Renewed confidence in farm expenditure positive for Real Estate and I&P
- Positive performance from Uruguay

## AgriTech

- September earthquake impacted costs offsetting positive brassica sales
- Australian unseasonal rain impacted results
- Positive year on year improvement from Agri-feeds

30 June 2011 (\$m)	2011		2010	
	Revenue	EBITDA	Revenue	EBITDA
Livestock	139.6	16.4	87.3	12.6
Merchandising	566.4	24.2	541.7	22.2
Other	114.9	(10.2)	66.2	(8.0)
<b>AgriServices</b>	<b>820.9</b>	<b>30.4</b>	<b>695.2</b>	<b>26.8</b>
Seeds & Grain	328.0	28.4	322.3	31.7
Agri-feeds	55.7	5.5	43.6	5.2
South America	95.7	4.2	85.5	3.8
<b>AgriTech</b>	<b>479.4</b>	<b>38.0</b>	<b>451.4</b>	<b>40.7</b>
Other	2.8	(19.0)	11.6	(10.3)
<b>Results from operating activities</b>	<b>1,243.4</b>	<b>49.4</b>	<b>1,091.4</b>	<b>57.2</b>

# Balance Sheet

- Increases in trade receivables to \$230 million related to the inclusion of Wool in the Group numbers and higher debtors balances in South America. The rest of the group was similar in performance to last year
- The situation is similar with inventories (\$230.3 million) with the Group holding approximately \$10 million of wool at the end of the year
- The increase in fixed assets attributed to acquisitions in Keith Seeds, Corson Maize and SouthEdge Seeds.

30 June 2011 (\$m)	Jun-11	Jun-10
Current assets	583.4	905.1
Non-current assets	447.9	621.8
Total assets	1,031.3	1,526.9
Current liabilities	266.2	613.0
Non-current liabilities	160.7	278.5
Total liabilities	426.9	891.4
Total equity	604.3	635.5

\* PGG Wrightson Finance not included

# Managing Director's Address

## George Gould



# Strategy

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## Back to Basics

- ✓ Need to support our core businesses:
  - Livestock
  - Rural Supplies and Fruitfed
  - Seeds, Grain and Agri-feeds
  - Wool
  
- ✓ While growing aligned businesses:
  - Real Estate
  - Irrigation & Pumping
  - Insurance
  - Ag NZ
  
- ✓ Greater responsiveness to clients.

# Senior Management Team

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**John McKenzie**  
Group GM: AgriTech



**Cedric Bayly**  
GM: Wool



**Nigel Thorpe**  
GM: Livestock



**Stephen Guerin**  
GM: Rural  
Supplies/Fruitfed  
Supplies



**Carlos Miguel de León**  
Group GM: Uruguay



**Rob Woodgate**  
CFO



**Stu Cooper**  
GM: Real Estate



**Julian Daly**  
General Counsel &  
Company Secretary

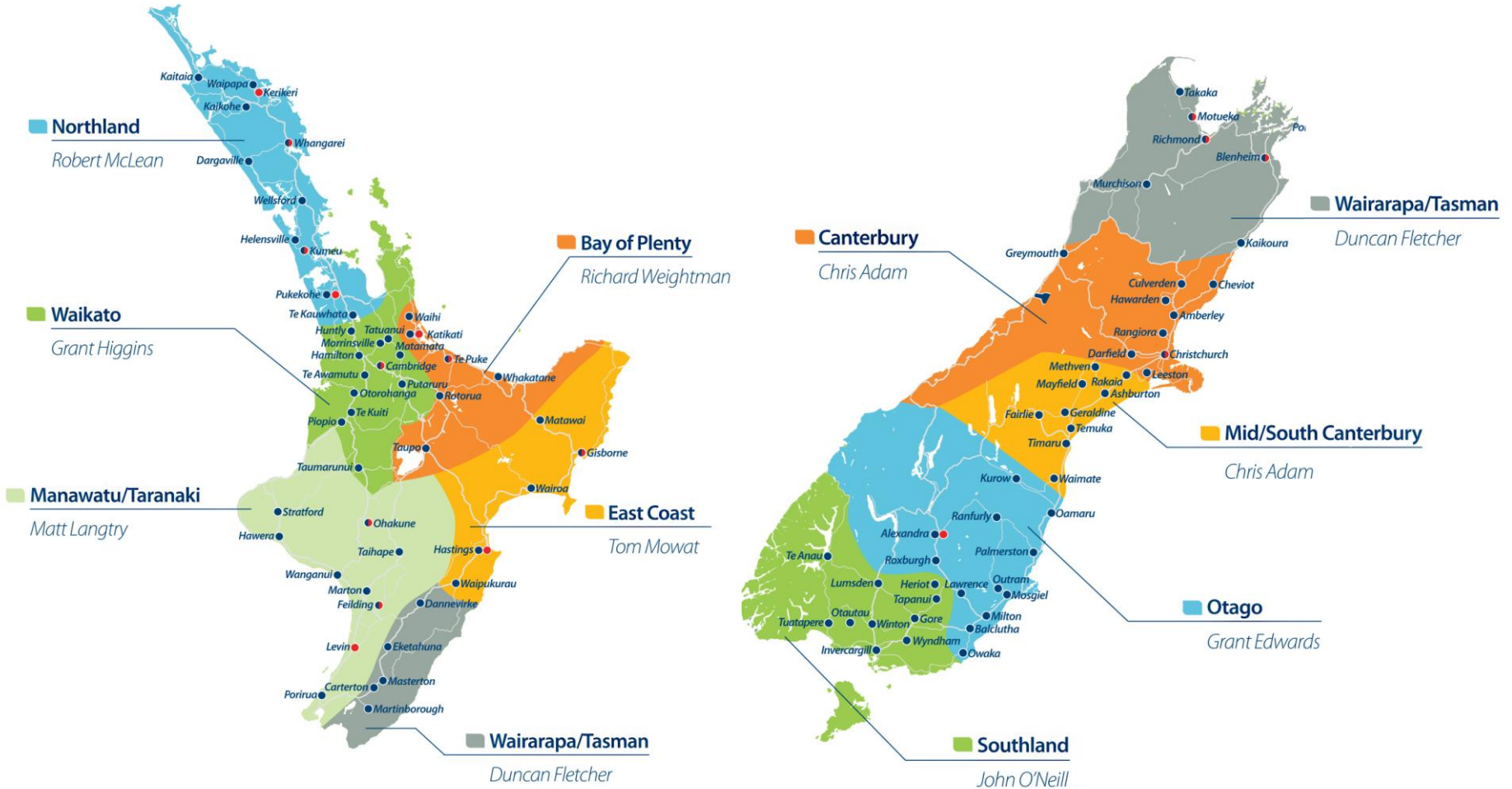


**John Parker**  
GM: I & P



**Colin Spence**  
GM: Ag NZ

# Senior Management Team - Regional





# AgriServices

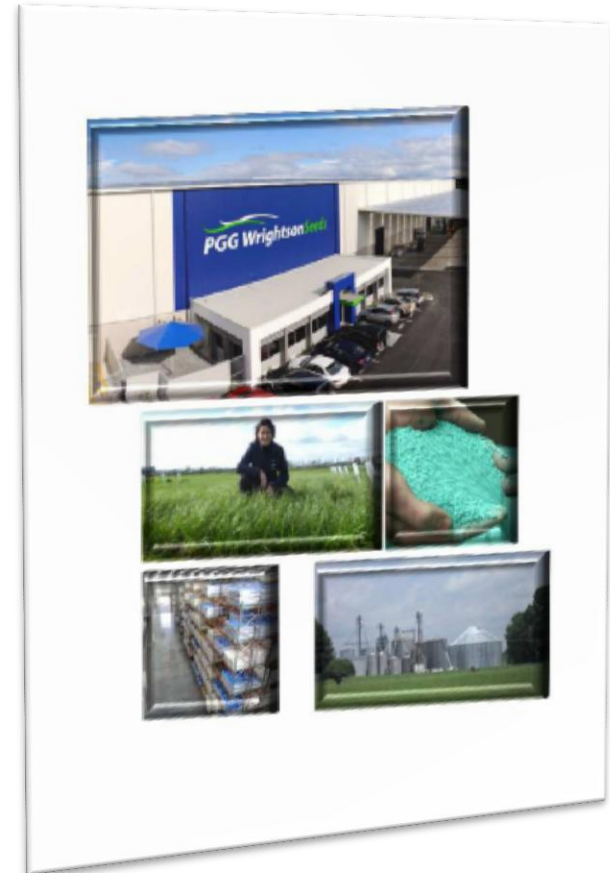
- **Rural Supplies & Fruited**
  - Positive performance built on farmer confidence and market share gains
  - Focus on 'people' capability and technical skills through training
  - Working to upgrade and refurbish stores and distribution
- **Livestock**
  - Still buoyant market conditions on tight supply
  - Focus on growing share of dairy market via new people assets
  - Agonline gaining traction
  - Pursuing live export opportunities into Asia
- **Wool**
  - Refocused on wool brokering and handling
- **Irrigation & Pumping**
  - Good volume growth on positive dairy payout
- **Real Estate**
  - Steady sales improvement with volumes up 34% on medium size farm sales
- **Uruguay**
  - Continued positive performance.





# AgriTech

- **Seeds**
  - Returns in 2011 disrupted by Canterbury Earthquake though brassica sales into the first quarter have been good
- **Australia**
  - A positive quarter with performance meeting or exceeding expectation across all businesses
- **South America**
  - Continued positive and pleasing growth
- **Grain**
  - New wheat and triticale cultivars to market
  - New silo at Walton maize processing – NZ's biggest
- **Agri-feeds**
  - Good progress with rollout of RumenX and Time Capsule.



# Outlook

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- Aware that seasonal impacts can have a profound impact
- Positive start to the current financial year
- Budgeting for improved returns.

**Questions and Discussion.**

# Business of the Meeting

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- To re-elect Bruce Irvine as a director
- To re-elect Bill Thomas as a director
- To elect Wah Kwong Tsang as a director
- To elect Greg Campbell as a director
- To elect Dr Zhi-Kang Li as a director.
- To authorise the directors to fix the remuneration of the auditors.