

PGG Wrightson Guidance Update

Chief Executive Mark Dewdney announced today that PGG Wrightson (PGW)* expects its full year Operating EBITDA** to be in the bottom half of the previously-announced guidance range of \$62 to \$68 million. As a consequence PGW also expects net profit after tax to also be towards the lower end of the previously-announced guidance range of \$46 to \$51million.

Mr Dewdney explains, "We advised at the start of the year that we expected the 2017 financial year to be a tougher year than 2016. Prior to autumn we were tracking ahead of our forecasts, but the weather across New Zealand in this final quarter of our financial year has put a dampener on our 2017 earnings expectations. April was very wet for most of the country and this made crops difficult to harvest and paddocks challenging to work. Our business that has been most affected is New Zealand Seed and Grain. For our Grain business, lower harvest yields have reduced earnings from our processing and drying facilities. For Seed, autumn demand for our seed products has been less than expected as many farmers have simply been unable to complete their re-grassing and autumn pasture renewal plans. While we did see some lift in activity into May as the country started to dry out, falling temperatures brought the autumn planting season to its inevitable close.

"As always in a diversified business like ours there are some silver linings. Livestock in particular is having a strong final quarter as strong international demand for protein and lower stock numbers have combined to push livestock prices above previous expectations."

"Retail traded extremely well given the challenging weather. With spring being the key trading period for our Rural Supplies business they were less affected by the April rains.

"There are some signs of improving confidence in a number of key agricultural sectors, and the early indications for our 2018 financial year are looking encouraging. Our 2016 earnings were a record, and we are hoping that FY18 will be close to that again." Mr Dewdney said.

Expected earnings for the year ended 30 June 2017, by operating business unit

	Expected change from FY16	Key driver over FY17
Operating EBITDA		
NZ Seed and Grain	Lower	Low dairy payout expectations at the start of the year and a very wet April
Australia	Lower	Mild summer and decreasing dairy returns affect sales in Victoria
South America	Higher	Recovery from flood-affected FY16
<hr/>		
Seed and Grain	Lower	
<hr/>		
Retail	Higher	Market share gains in key agronomy inputs and growth in horticultural inputs
Water	Lower	Lack of new irrigation schemes and low dairy payout expectations at the start of the year
<hr/>		
Retail and Water	Lower	
<hr/>		
Livestock	Higher	Higher stock prices
Wool	Lower	Fewer bales sold as sellers reluctant to meet lower market prices
Real Estate	Similar	
Finance and Insurance	Similar	
<hr/>		
Agency	Lower	
<hr/>		
Total Group	Lower	Expected to be towards the lower end of the previous \$62m to \$68m range
<hr/>		
Net profit after tax	Higher	Gains on sale of property over FY2017

Chairman Alan Lai said "PGW is performing well despite the challenging conditions. When we began the 2017 financial year we expected the low commodity prices at the time to reduce farmer spending and lead to a dip in Operating EBITDA. What we could not foresee was the inclement weather over our final quarter, which is likely to push PGW towards the bottom of the guidance range. Despite these challenges PGW expects to post a credible result that will demonstrate the strength and stability that has been built into the business over recent years."

PGW expects to announce its full year results on 8 August 2017 with details of the announcement to be confirmed closer to the time.

Further information:

Mark Dewdney, Chief Executive Officer
Phone 027 248 3151

14 June 2017

*All references to PGG Wrightson Limited or the Group refer to the Company, its subsidiaries and interests in associates and jointly controlled entities.

****Disclosure Statement: Non-GAAP profit reporting measures:**

PGW's standard profit measure prepared under New Zealand GAAP is "profit/(loss) for the period". PGW has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. They also represent some of the performance measures required by PGW's debt providers. For a more comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy "Non-GAAP Accounting Information" available on our website (www.pggwrightson.co.nz).

Non-GAAP profit measures are not prepared in accordance with NZ IFRS and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by PGW in accordance with NZ IFRS.

PGW's definition of non-GAAP profit measures used in this document:

Operating EBITDA: *Earnings before net interest and finance costs, income tax, depreciation, amortisation, the results from discontinued operations, fair value adjustments and non-operating items.*