

7 August 2017

Historical Segment Reporting: FY2013 to HY2017

PGG Wrightson Limited (PGW) intends to update the presentation of the '*Segment Report*' contained in its Financial Statements when it releases its financial results for the year ended 30 June 2017. The updated presentation will enhance the transparency of information regarding the financial performance of PGW's operating segments.

The updated presentation differs from previous reporting in two ways:

1. The reported operating segments will correspond to the reporting structure announced earlier in the 2017 financial year. The Rural Services segment is now split into two segments: *Agency* and *Retail and Water*. The third segment remains *Seed and Grain*.
2. Approximately two-thirds of the costs that were reported in the non-operating segment '*Other*' have been internally allocated across the three operating segments.

PGW will announce its 2017 full year results on 8 August 2017. To familiarise shareholders and the market with the new segment reporting format prior to this results announcement, unaudited comparison data for the periods 1 July 2013 to 31 December 2016 are attached.

Note that the total PGW Group consolidated Revenues and Operating Earnings Before Interest, Tax, Depreciation and Amortisation (Operating EBITDA) do not change due to the new format.

Attachment:

- Segment Report, FY2013 to FY2016
- Segment Report, HY2013 to HY2016

Further information:

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PGG Wrightson Limited

Segment Report

Four year summary (Historic) for the year ended / as at 30 June

(a) Operating Segments

The Group has three primary operating segments: Agency, Retail and Water and Seed & Grain that are the Group's strategic divisions. Agency and Retail and Water operate within New Zealand. Seed & Grain primarily operates within New Zealand with additional operations in Australia and South America.

These three operating segments offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. There is a Group General Manager for each segment. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Chief Executive Officer or Chairman of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

- **Agency.** Includes rural Livestock trading activities, Export Livestock, Wool, Insurance, Real Estate and Finance Commission.
- **Retail and Water.** Includes the Rural Supplies and Fruited retail operations, PGG Wrightson Water, AgNZ (Consulting), Agritrade and ancillary sales support, supply chain and marketing functions.
- **Seed and Grain.** Includes Australasia Seed (New Zealand and Australian manufacturing and distribution of forage seed and turf), Grain (sale of cereal seed and grain trading), South America (various related activities in the developing seeds markets including the sale of pasture and crop seed and farm inputs, together with operations in the areas of livestock, real estate and irrigation), and other Seed & Grain (research and development, international, production and corporate seeds). Also included 4Seasons Feed until its sale in May 2014.

Other. Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, Human Resource (HR) and other support services including corporate property services and include adjustments for discontinued operations (PGW Rural Capital Limited) and consolidation adjustments.

Assets allocated to each business unit combine to form total assets for the Rural Services and Seed & Grain business segments. Certain other assets are held at a Corporate level including those for the Corporate functions noted above.

"Other" cost allocation

The group allocates certain corporate costs where they can be directly attributed to the operating segment or attributed based on the use of the following methods:

- IT hardware, support, licence and other costs attributed on a per user basis.
- Property costs allocated, where not directly attributable, on a property space utilisation basis.
- Business operations costs (Accounts Payable, Accounts Receivable, Credit Services, Call Centre) allocated based on FTE usage by each operating segment, transactional volumes or, for Credit, allocated based on the operating segment to which the overdue accounts relate.

In addition, various Finance and HR costs are either directly borne by each operating segment or allocated based on FTE usage. The Group Finance, Risk and Assurance, Treasury, HR, Credit and the Executive Team functions continue to be reported outside of the operating segments, as did AgNZ (training) until its closure in December 2016.

(b) Four year historic operating segment information

	Agency				Retail and Water				Seed & Grain				Other				Total			
	Unaudited Jun 2016 \$000	Unaudited Jun 2015 \$000	Unaudited Jun 2014 \$000	Unaudited Jun 2013 \$000	Unaudited Jun 2016 \$000	Unaudited Jun 2015 \$000	Unaudited Jun 2014 \$000	Unaudited Jun 2013 \$000	Unaudited Jun 2016 \$000	Unaudited Jun 2015 \$000	Unaudited Jun 2014 \$000	Unaudited Jun 2013 \$000	Unaudited Jun 2016 \$000	Unaudited Jun 2015 \$000	Unaudited Jun 2014 \$000	Unaudited Jun 2013 \$000	Unaudited Jun 2016 \$000	Unaudited Jun 2015 \$000	Unaudited Jun 2014 \$000	Unaudited Jun 2013 \$000
Total segment revenue	228,236	217,960	212,564	205,862	550,064	578,413	549,506	478,572	453,168	451,021	494,997	476,760	2,075	5,597	5,810	7,345	1,233,544	1,252,991	1,262,876	1,168,538
Intersegment revenue	-	-	-	-	-	-	-	-	(51,920)	(50,156)	(43,494)	(36,691)	-	-	-	-	(51,920)	(50,156)	(43,494)	(36,691)
Total external operating revenues	228,236	217,960	212,564	205,862	550,064	578,413	549,506	478,572	401,248	400,865	451,503	440,068	2,075	5,597	5,810	7,345	1,181,624	1,202,835	1,219,383	1,131,847
Operating EBITDA	18,181	17,387	17,019	15,668	20,178	22,759	19,176	15,023	41,862	37,970	33,921	24,055	(10,040)	(8,485)	(8,848)	(7,466)	70,181	69,631	61,268	47,280
Non-operating items	(3,171)	(40)	170	(103,837)	25	64	1,008	(74)	(418)	346	3,377	(221,107)	7,716	(5,505)	(829)	(4,843)	4,151	(5,134)	3,726	(329,861)
Fair value adjustments	458	(24)	1,388	(2,228)	-	-	-	181	(19)	-	11	(3,220)	(670)	1	(78)	1,700	(232)	(23)	1,322	(3,567)
Depreciation and amortisation expense	(1,257)	(1,251)	(1,089)	(1,163)	(1,489)	(1,382)	(1,353)	(1,166)	(4,397)	(3,478)	(3,296)	(3,550)	(2,027)	(1,837)	(5,504)	(1,762)	(9,170)	(7,948)	(11,242)	(7,642)
EBIT	14,211	16,072	17,487	(91,559)	18,714	21,441	18,831	13,963	37,027	34,838	34,014	(203,822)	(5,022)	(15,825)	(15,258)	(12,372)	64,930	56,526	55,073	(293,790)
Net interest and finance costs	(395)	(463)	(80)	(741)	(1,304)	1,241	(625)	-	(3,845)	(6,760)	(2,905)	1,915	(4,931)	(4,798)	(4,326)	(7,276)	(10,474)	(10,780)	(7,937)	(6,102)
Profit/(loss) from continuing operations before income taxes	13,815	15,609	17,407	(92,301)	17,411	22,682	18,206	13,963	33,182	28,079	31,109	(201,907)	(9,953)	(20,623)	(19,585)	(19,648)	54,456	45,746	47,137	(299,892)
Income tax (expense) / income	(6,013)	(6,541)	(7,243)	(5,600)	(8,203)	(9,369)	(8,847)	(7,595)	(10,262)	(10,072)	(9,780)	(6,284)	14,013	10,661	18,153	14,450	(10,466)	(15,321)	(7,717)	(5,029)
Profit/(loss) from continuing operations	7,802	9,068	10,164	(97,901)	9,208	13,313	9,359	6,369	22,920	18,007	21,329	(208,191)	4,060	(9,962)	(1,432)	(5,198)	43,990	30,425	39,420	(304,921)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	(211)	142	898	(1,584)	(211)	142	898	(1,584)
Net profit after tax	7,802	9,068	10,164	(97,901)	9,208	13,313	9,359	6,369	22,920	18,007	21,329	(208,191)	3,849	(9,820)	(533)	(6,782)	43,779	30,567	40,318	(306,505)
Segment assets	126,566	110,256	113,615	101,127	139,670	158,965	131,678	114,881	363,538	338,905	314,359	339,389	32,262	42,457	72,318	59,100	662,035	650,583	631,970	614,497
Investment in equity accounted investees	-	-	-	-	-	-	-	-	16,322	1,766	1,274	4,146	1,678	83	90	63	18,000	1,849	1,364	4,210
Assets held for sale	56	-	-	-	764	-	-	-	-	11	11	-	4,794	509	1,157	801	5,613	521	1,168	801
Total segment assets	126,621	110,256	113,615	101,127	140,434	158,965	131,678	114,881	379,860	340,683	315,644	343,535	38,733	43,049	73,566	59,964	685,648	652,953	634,502	619,508
Segment liabilities	(72,844)	(80,540)	(86,387)	(74,968)	(77,573)	(85,040)	(60,922)	(51,700)	(184,747)	(162,122)	(150,683)	(153,267)	(77,752)	(57,883)	(66,808)	(83,467)	(412,917)	(385,585)	(364,800)	(363,402)

Reclassification

Due to the reclassification of the return on plan assets portion of the defined benefit pension expense from non operating items to reserves, the non operating items, income tax expense and net profit after tax for the 2014, 2015 and 2016 years differs from those previously reported. The cumulative impact of the reclassifications for these years was \$0.07 million.

PGG Wrightson Limited

Segment Report

Five year summary (Historic) for the six months ended / as at 31 December

(a) Operating Segments

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Other. Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, Human Resource (HR) and other support services including corporate property services and include adjustments for discontinued operations (PGW Rural Capital Limited) and consolidation adjustments.

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In addition, various Finance and HR costs are either directly borne by each operating segment or allocated based on FTE usage. The Group Finance, Risk and Assurance, Treasury, HR, Credit and the Executive Team functions continue to be reported outside of the operating segments, as did AgNZ (training) until its closure in December 2016.

Other costs including non-operating items, fair value adjustments, net interest and finance costs, income tax expense as well as the reporting of discontinued operations are not fully allocated by the group. Accordingly, these items have not been fully allocated across the operating segments.

	Agency					Retail and Water					Seed & Grain					Other					Total				
	Unaudited Dec 2016 \$000	Unaudited Dec 2015 \$000	Unaudited Dec 2014 \$000	Unaudited Dec 2013 \$000	Unaudited Dec 2012 \$000	Unaudited Dec 2016 \$000	Unaudited Dec 2015 \$000	Unaudited Dec 2014 \$000	Unaudited Dec 2013 \$000	Unaudited Dec 2012 \$000	Unaudited Dec 2016 \$000	Unaudited Dec 2015 \$000	Unaudited Dec 2014 \$000	Unaudited Dec 2013 \$000	Unaudited Dec 2012 \$000	Unaudited Dec 2016 \$000	Unaudited Dec 2015 \$000	Unaudited Dec 2014 \$000	Unaudited Dec 2013 \$000	Unaudited Dec 2012 \$000	Unaudited Dec 2016 \$000	Unaudited Dec 2015 \$000	Unaudited Dec 2014 \$000	Unaudited Dec 2013 \$000	Unaudited Dec 2012 \$000
Total segment revenue	91,415	101,496	102,419	92,970	101,053	348,569	351,150	365,963	330,778	289,900	203,521	201,419	215,240	233,362	216,127	685	2,930	2,733	2,712	4,007	644,190	656,994	686,355	659,822	611,087
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	(36,419)	(33,929)	(31,656)	(24,930)	(21,967)	-	-	-	-	-	(36,419)	(33,929)	(31,656)	(24,930)	(21,967)
Total external operating revenues	91,415	101,496	102,419	92,970	101,053	348,569	351,150	365,963	330,778	289,900	167,102	167,490	183,584	208,433	194,159	685	2,930	2,732	2,712	4,007	607,771	623,066	654,699	634,892	589,120
Operating EBITDA	2,012	3,649	2,942	1,485	349	18,922	21,460	23,371	18,613	15,811	8,613	10,317	12,266	9,694	7,343	(3,565)	(4,490)	(4,779)	(6,231)	(4,810)	25,982	30,936	33,799	23,560	18,693
Non-operating items	745	(3,245)	(39)	(5)	(36)	67	(3)	5	(206)	(3)	(117)	(397)	(159)	(974)	(1,867)	(166)	5,649	(60)	(2,599)	(1,025)	529	2,004	(253)	(3,785)	(2,931)
Fair value adjustments	17	400	282	1,641	203	-	-	-	(251)	(81)	(300)	-	-	1,747	(666)	-	-	-	-	(33)	(283)	400	282	3,136	(577)
Depreciation and amortisation expense	(561)	(644)	(638)	(547)	(605)	(863)	(736)	(697)	(601)	(612)	(2,658)	(1,735)	(1,640)	(1,645)	(1,833)	(1,106)	(996)	(732)	(905)	(896)	(5,188)	(4,111)	(3,708)	(3,698)	(3,945)
EBIT	2,213	161	2,547	2,574	(88)	18,126	20,720	22,678	17,555	15,115	5,537	8,185	10,467	8,821	2,978	(4,837)	162	(5,571)	(9,735)	(6,764)	21,040	29,229	30,120	19,214	11,240
Net interest and finance costs	1,133	(172)	(233)	(215)	(99)	592	(1,017)	468	-	-	(1,437)	(218)	(700)	(4,143)	(843)	(1,799)	(2,113)	(2,798)	(3,196)	(4,525)	(1,511)	(3,520)	(3,263)	(7,554)	(5,467)
Profit/(loss) from continuing operations	3,346	(11)	2,314	2,358	(187)	18,719	19,704	23,146	17,555	15,115	4,100	7,967	9,766	4,678	2,134	(6,636)	(1,951)	(8,369)	(12,931)	(11,289)	19,529	25,709	26,858	11,660	5,773
Income tax (expense) / income	(1,925)	(917)	(1,965)	(1,280)	(1,074)	(7,411)	(7,105)	(7,955)	(5,450)	(6,134)	(2,831)	(5,650)	(5,780)	(1,531)	(2,204)	7,605	6,229	7,506	6,712	8,468	(4,562)	(7,443)	(8,194)	(1,549)	(944)
Profit/(loss) from continuing operations	1,421	(928)	349	1,078	(1,261)	11,307	12,598	15,191	12,105	8,980	1,269	2,318	3,986	3,147	(69)	969	4,278	(863)	(6,218)	(2,821)	14,966	18,266	18,664	10,111	4,829
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	76	162	1,353	-	12	76	162	1,353	-
Net profit after tax	1,421	(928)	349	1,078	(1,261)	11,307	12,598	15,191	12,105	8,980	1,269	2,318	3,986	3,147	(69)	981	4,354	(701)	(4,865)	(2,821)	14,979	18,342	18,825	11,464	4,829
Segment assets	114,302	101,209	99,946	92,683	187,731	241,042	254,955	276,248	239,592	198,713	324,871	323,815	299,671	315,863	523,539	38,588	55,555	50,921	46,858	70,506	718,803	735,533	726,787	694,996	980,489
Investment in equity accounted investees	-	-	-	-	30	-	-	-	-	-	19,862	16,947	1,603	5,295	1,816	1,323	90	59	68	136	21,185	17,038	1,663	5,363	1,982
Assets held for sale	88	-	-	-	-	264	-	-	-	-	5,497	-	11	-	-	2,310	1,557	-	21	4,801	8,160	1,557	11	21	4,801
Total segment assets	114,391	101,209	99,946	92,683	187,761	241,306	254,955	276,248	239,592	198,713	350,230	340,762	301,285	321,157	525,355	42,222	57,203	50,980	46,948	75,443	748,148	754,128	728,460	700,380	987,272
Segment liabilities	(43,903)	(47,612)	(62,616)	(58,606)	(59,784)	(150,193)	(154,112)	(161,545)	(138,451)	(137,706)	(161,806)	(156,230)	(146,064)	(146,527)	(115,395)	(116,362)	(124,213)	(97,264)	(95,243)	(90,002)	(472,263)	(482,166)	(467,489)	(438,826)	(402,887)

Reclassification

Due to the reclassification of the return on plan assets portion of the defined benefit pension expense from non operating items to reserves, the non operating items, income tax expense and net profit after tax for the 2014, 2015 and 2016 years differs from those previously reported. The cumulative impact of the reclassifications for these years was \$0.07 million.