

Trading Results and Outlook

PGG Wrightson (PGW) has revised its outlook to reflect the difficult trading conditions in the first half of the year and a slower than planned recovery in the agriculture sector. At the mid-point of the year, EBITDA projection for the full year, after adjusting for the management contract with NZ Farming Systems Uruguay (NZFSU), is between \$58m - \$61m (\$70.5m reported for 2009/10), subsequently NPAT has been revised downwards to \$15m - \$18m (\$23.3m reported for 2009/10).

In August of this year PGW announced the disposal of the management contract with NZFSU. This had the effect of removing \$3.9m EBITDA when comparing year on year performance. In addition, PGG Wrightson Finance (PWF) is forecast to increase provisioning, with two large dairy loans representing the majority of the provisions taken. The expectation is that PWF will maintain positive earnings for the fiscal year.

PGW's business is seasonal in nature, with more than 70% of revenues and profit accruing in the second half of the year. First half EBITDA performance is projected to be behind the same period last year by approximately 40%. The second half shows PGW Group performance in line with the same period last year.

Trading conditions in the sector have been difficult, with poor weather conditions at the start of the first quarter slowing on farm expenditure. Meanwhile, Fonterra's \$6 plus guidance per kgMS, and latterly \$6.90 per kgMS, has yet to be felt in terms of inputs and capital expenditure.

Earlier in the year we announced two key acquisitions; Keith Seeds in Australia and Corson Maize Seed division in New Zealand. The Seed division's performance is weighted to the summer and autumn periods, and the outlook over this timeframe is positive in terms of the key New Zealand, Australian and South American markets.

Bank debt at the end of the first quarter was \$157m after PGW received \$19.7m from Olam's takeover offer of NZFSU at 70 cents per share. There will be further debt reduction on settlement of the outstanding NZFSU performance fees and the management contract internalisation. This would see debt reduced to approximately \$133m by the end of December 2010. The Group continues to remain compliant with the banking covenants for its respective banking facilities.

Half year results

PGW's interim results for the half year ending 31 December 2010 will be released to the NZX at 8:30am, on Wednesday 23 February 2011.

Managing Director Replacement

The Board has made progress in their process to identify a replacement Managing Director, and expects to provide an update on this in the first quarter of the New Year.

Further enquiries:

Media:

Brent Melville
Head of Corporate Communications
+64 27 555 9677
bmelville@pggwrightson.co.nz

Investors:

Rob Woodgate
Chief Financial Officer
+64 27 4588534
rwoodgate@pggwrightson.co.nz