PGG Wrightson delivers strongest result for several years

PGG Wrightson Ltd* (PGW) today announced its strongest operating result for several years with a 28% uplift in Operating EBITDA.

For the period ending 30 June 2014, PGW achieved operating earnings before interest, tax, depreciation and amortisation (Operating EBITDA)** of $58.7 million, up from $45.8 million for the prior financial year. Revenue was up eight per cent and after factoring in last year's goodwill impairment, the $42.3 million net profit after tax was $27.6 million ahead of the 2013 result. Cash from operating activities grew by $15.5 million to $54.8 million.

The company will pay a fully imputed dividend of 3.5 cents per share which will be paid to shareholders registered as at the record date of 26 August 2014. The dividend will be paid on 3 October 2014.

This distribution is inclusive of a final dividend of 2.5 cents per share and an additional special dividend component of 1 cent per share to recognise the strong cash flows in the past year. This will bring the total dividends paid for the full year to 5.5 cents per share.

"PGW continues to represent a leading option for investors looking for broad based exposure to New Zealand agriculture, and the commercialisation of agri-technologies to our growing international markets. This year's strong financial result demonstrates the overall strength of the company.

"We have developed strategies to grow our business based around our clients' business needs. This financial result suggests those plans are on track and are delivering real benefits for our clients, staff and shareholders.

"New Zealand agriculture has performed strongly over the last year. Our size, products and geographic reach, technical expertise, and dedicated staff allowed PGW to capitalise on that" said Mark Dewdney, who commenced as Chief Executive Officer on 1 July 2013.

Mark Dewdney said the company has recently undertaken a significant exercise to refresh the PGW Group strategic plan. "This plan is now being implemented at both the PGW Group and individual business unit level. Our business unit strategies provide clear direction on how we see the markets in which we operate, and how we are responding to capitalise on the opportunities available to PGW. The strategic initiatives have been embraced positively by the business. The company will outline the key elements of the plan to shareholders and the market in coming months."

"We see an exciting phase where PGW can look to increase investment in its people, product, service and technology offering. We are challenging every business unit to grow market share. The outlook for our core sheep, beef, arable, horticulture and viticulture markets is positive and will continue to be a major focus for the company, and in addition we are going to put more emphasis on the dairy, water and agronomy sectors in New Zealand. We also see potential to grow strongly in South America and our other international markets."

PGW's balance sheet remains strong and this enabled the company to make strategic investments in Water Dynamics and AG Property Holdings during the year.

PGW Chairman, Alan Lai, commented, "We continue to see significant improvements across all aspects of the company. The management team has been given a challenge to grow the business. Mark has an engaged and passionate group of people working with him. The Board is aligned to the strategy and believes that PGW can capitalise on its unique position in the agriculture sector in New Zealand and other markets in which it operates internationally."

Mr Lai also noted that the Board was pleased to announce Trevor Burt's appointment as Deputy Chairman. "Trevor has been a director of PGW since December 2012 and is well placed to support the company from his Christchurch base where PGW's head office is also located. The Board and I welcome the additional cover Trevor will be able to provide the business as Deputy Chairman."

In concluding, Mark Dewdney said that "PGW was confident that it could deliver further increases on this year's Operating EBITDA result through the delivery of its strategy. However, given the volatility in the forecast dairy price at the current time, and the need to assess the likely impact for PGW's clients and the sector, it was the company's intention to provide a forecast for the current fiscal year at the time of the Annual Shareholders Meeting in October."

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*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 Financial 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 finance costs, income tax, depreciation, amortisation, the results of discontinued operations, fair value adjustments, non-operating items and equity accounted earnings of associates.*

GAAP to non-GAAP reconciliation:

($m)	***Jun - 2014***	***Jun-2013***
Profit/(loss) for the period (GAAP, commonly referred to as Net Profit after Tax)	***42.3***	***(306.5)***
Add (Profit)/loss from discontinued operations (net of income tax)	*(0.9)*	*1.6*
Add Income tax (income) / expense	*8.5*	*5.0*
Add Net interest and finance costs	*7.9*	*9.4*
Add Depreciation and amortisation expense	*11.2*	*7.7*
Add Fair value adjustments (income) / expense	*(1.3)*	*1.9*
Add Non operating items (income) / expense	*(6.4)*	*7.1*
Add Impairment losses on goodwill	*0.0*	*321.1*
Deduct Equity accounted earnings of associates	*(2.5)*	*(1.5)*
Operating EBITDA	***58.7***	***45.8***