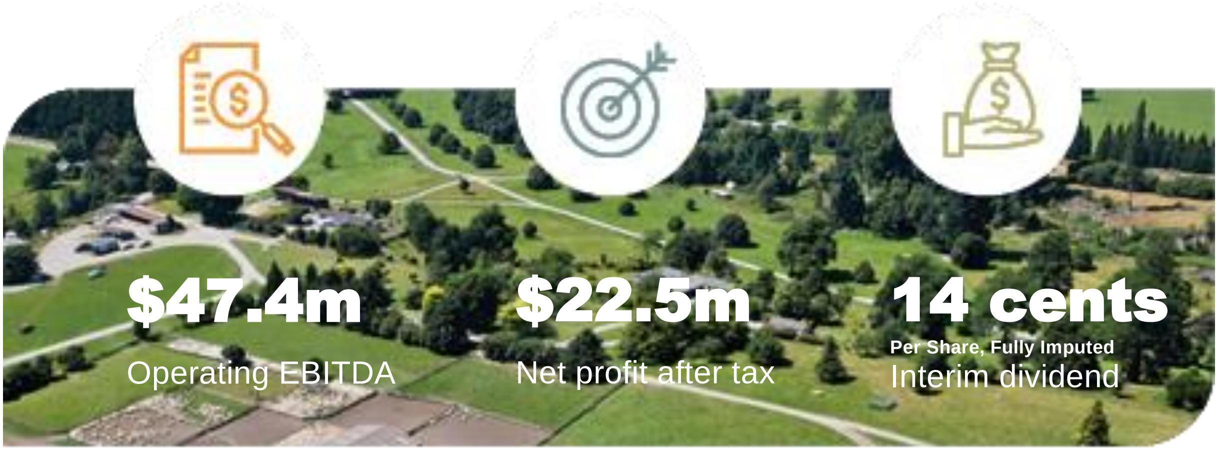
22 FEBRUARY 2022

NZX Announcement

PGG Wrightson announces record FY22 half year result and upgrades guidance



Results Summary & Dividend

PGG Wrightson Limited ("PGW")* today announced its results for the first half of FY22.

Highlights of the first six months to 31 December 2021 included:

- Revenue of $552.4 million (up $53.0 million or 11%)
- Operating EBITDA** of $47.4 million (up $7.8 million or 20%)
- Net Profit after Tax ("NPAT") of $22.5 million (up $5.5 million or 32%)
- Total Shareholder Returns*** of +55%
- Increased fully imputed interim dividend of 14 cents per share
- Record first half year result with very strong performances from our Retail and Real Estate businesses
- Strong balance sheet that continues to support growth ambitions for the business and renewed and extended bank facilities
- Increased Operating EBITDA guidance for the full year of around $62 million

PGW Chairman, Rodger Finlay reported that "These record results for PGW are extremely pleasing and reflect excellent performance of the business over the period. Our impressive results are a testament to the incredible efforts of all staff in a very disruptive half year."

"PGW has delivered Operating EBITDA of $47.4 million, up $7.8 million or 20 percent on the prior corresponding period. Revenue was $552.4 million (up $53.0 million or 11 percent) and NPAT from continuing operations was $22.5 million, up 32 percent."

"During the year we launched our strategy reset and outlined our PGW Group Strategic Priorities that will direct our focus, differentiate our offering, and strengthen our position as a market leader in our sector."

Mr Finlay said, "Following the pleasing performance of the business over the first half the Board declared an increased fully imputed interim dividend of 14 cents per share which will be paid on 1 April 2022 to shareholders on PGW's share register as at 5pm on 28 March 2022."

First Half Trading Performance

PGW's Chief Executive Officer, Stephen Guerin commented that "Commodity prices in general and across the sector for New Zealand primary exports remain positive. Whilst a degree of volatility in international markets continues with disrupted supply chains, inflationary pressures and a global pandemic, our business is diversified and continues to adapt to our clients' and market needs. Our focus remains to add value to our clients' businesses by supplying products and services and providing the best technical advice."

Retail & Water

"The first six months of the 2022 financial year have resulted in the strongest first half trading for Retail and Water on record. All businesses traded well ahead of last year which included new highs for some months. Operating EBITDA for the Retail & Water group was $43.7 million (up $10.1 million or 30 percent) and revenue was $469.0 million, (up $55.6 million or 13 percent) on the strong performance in the first half last year."

"Our market share remains strong in our key market segments, and we continue to pursue targeted growth. We remain focused on our clients and our strong culture, and our technical expertise is recognised by our clients as a key point of difference. We continue to see new clients coming into stores or contacting our rep force and asking them to come on farm or orchard."

"Given current supply chain challenges PGW has been actively seeking to mitigate supply risks. We have seen clients buying products earlier than usual to either lock in lower prices or secure product availability. The cost of moving products through the supply chain is increasing due to inflated freight charges. To ease the supply chain risks, we have been sourcing products earlier and are carrying more inventory, as well as working closely with our suppliers on product forecasts and availability."

Agency

"Trading for our Agency group delivered an Operating EBITDA of $7.4 million for the first six months, (a reduction of $1.9 million compared with the same period last year), and revenue was $82.2 million (which was slightly lower than the prior comparative period)."

"Livestock activity for the first six months has been impacted by wet weather conditions in the North Island and COVID-19 restrictions including saleyard closures during Alert Level 4. During the period we have continued to re-invest in the business through upgrades to our saleyard network and investment in new technologies to assist our agents better service their clients."

"Our Velvet business has seen some shipping challenges late in the second quarter but overall strong velvet pricing and an improvement in venison prices bodes well for deer farmers."

"Two new GO-STOCK products were launched in recent months. Our new GO-BEEF PRIME and GO-DAIRY MAX & LIGHT products are proving popular and contributed to the overall GO-STOCK balance increasing by over $5 million compared to the comparative period. A lot of clients use the product year-on-year which is a welcome signal that GO-STOCK is seen by many as an integral part of their farming operations."

"bidr®'s hybrid auctions are seeing growing usage with dairy herd dispersals and deer sales, in addition to stud bull and ram sales. Since the launch of saleyard livestreaming during the last six months, bidr®'s user base has grown by 30 percent, with buyers seeing the benefits of nationwide reach."

"The first half of the financial year saw substantial growth in rural real estate sales. It is the best result for rural sales we have seen in many years and has been significant in heartland rural areas. Our market share increased throughout the country and noticeably in the South Island."

"Our Lifestyle and Residential sales are on par with the prior comparative period which is encouraging especially given the shortage of listings and the competitive environment we are operating in."

"The merino wool season was well supported by garment trade contracts and solid auction prices. However, crossbred wool values continue to be depressed and are accentuated by shipping challenges and impacts of the pandemic felt in manufacturing and retail markets worldwide."

Cashflow and Debt

"Cashflow from operating activities saw a $17.0 million outflow, following investments in working capital including the carrying of higher levels of inventory and higher tax payments. Capital expenditure was broadly in line with the prior comparative period at $1.7 million."

"Net interest-bearing debt as at 31 December 2021 was $46.9 million. PGW renewed and extended its favourable bank facilities for a three-year term in late 2021."

Website Refresh

"Towards the end of 2021 we launched our refreshed Online Account Services Portal which provides clients access to their statement and invoice details. The refreshed portal provides enhanced functionality, better visibility, and improved site navigation, as well as the opportunity for us to add new features and functionality in the future."

"Our new corporate website has a contemporary design, is more intuitive, easier to navigate, and provides an enhanced experience for users."

Deloitte Top 200

"We are proud to have been nominated as a finalist for the 2021 Deloitte Top 200 'Most Improved Performance Award' which recognises an outstanding improvement in performance among New Zealand's largest businesses. In selecting nominees, the judges look at the relative improvement in all performance indicators, the source of the improvement, and other ways the organisation has changed and the impact of these changes."

Outlook and Guidance Upgrade

Mr Finlay noted "The Directors are pleased with our first half results and are encouraged by the positive outlook for the New Zealand agricultural and horticultural sectors. There continues to be high overseas demand for red meat, a record pay-out forecast for dairy, and demand for horticultural exports remain buoyant. The Ministry for Primary Industries is predicting New Zealand's food and fibre export values will exceed a new high of $50 billion in the year to 30 June 2022. This context at a macro level provides us with confidence that our clients and the sector are well placed as we look towards the remainder of this financial year and in the medium term."

"As a business, PGW is performing well and is clear about its strategic priorities. Conscious of potential COVID disruption we are executing upon our plans effectively and seeing quality growth in our business and earnings. Based upon this solid platform the Board has determined to again raise our full year guidance for the year ending 30 June 2022 to around $62 million at an Operating EBITDA level."

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

** 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.

*** Total Shareholder Return (TSR) is calculated based on the movement in share price during the 6 months to 31 December 2021, plus the dividend (cents per share) paid, divided by the opening share price.

PGW has used non-GAAP profit measures when discussing financial performance in this document. For a 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)