



18 APRIL 2024

PGW Guidance Update

Operating EBITDA forecast for FY24 to be around \$43 million

PGG Wrightson Limited¹ (PGW) announced today it has revised its Operating EBITDA² to be around \$43 million (from \$50 million) for the financial year to 30 June 2024.

PGW Chair, Garry Moore said that “Since releasing our half-year results in February, trading conditions have deteriorated because of market conditions that are impacting the whole of the agricultural sector. Features that are contributing to the restrained spend patterns we are seeing include:

- Drought conditions with soil moisture deficits against historic averages across much of the East Coast, Tasman and Northland over the first quarter of 2024.
- Weak sheep meat demand from China and increased supply culminating in lower farmgate returns.
- Interest rates and input costs remain elevated, impacting on-farm and on-orchard profitability with clients looking to reduce debt and defer spend.
- Although the harvest season has been broadly positive there is a time lag in the conversion cycle before farmers and growers see the financial benefits from their harvest production.

Whilst we have seen a slight uptick in farmer and grower confidence in recent months, this is off a low base and sentiment in the sector remains subdued. This manifests in reduced investment and spend decisions on farm and orchard. Consequently, we are seeing some clients defer spend where they can and hold off on discretionary items. In this context PGW’s outlook for the remainder of the financial year remains cautious.

Despite the present difficult market conditions, we remain positive about the prospects for the sector over the medium to longer term and have confidence that PGW is well placed to support our clients through these challenging times and beyond. As a business, PGW does well when our clients prosper and consequently the converse is true that when times are tough for our clients this also impacts our performance. Notwithstanding the difficult trading conditions, PGW continues to maintain and grow share in the markets in which we operate.”

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¹ All references to PGG Wrightson Limited refer to the company, its subsidiaries and interests in associates and jointly controlled entities.

² Operating EBITDA: Earnings before net interest and finance costs, income tax, depreciation, amortisation, the results from discontinued operations, impairment and fair value adjustments and non-operating items. PGW has used non-GAAP profit measures when discussing financial performance in this document. Please refer to our full accounts for details of how Operating EBITDA relates to GAAP. 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).