



PGG Wrightson

NZX Announcement

25 OCTOBER 2023

PGW Guidance Update

Operating EBITDA forecast for year to 30 June 2024 to be around \$52 million

PGG Wrightson Limited¹ (PGW) Acting Chair, U Kean Seng, commented today that “There is a significant degree of volatility in the global economy and international markets currently. The effects of New Zealand’s monetary policy are also being felt with inflation levels beginning to trend lower but with elevated interest rates raising borrowing costs.

While some parts of the rural sector are recovering from last summer’s cyclones there is also concern about the potential for drought conditions in the coming months due to El Niño weather patterns. Demand in key export markets has declined and China’s economic recovery remains subdued. These factors combine to hamper confidence and reinforce cautiousness as farmers and growers anticipate the impacts on the profitability of their business operations.

Although the sector faces a challenging year, this is nevertheless balanced by strong medium to longer-term fundamentals. We expect to see improvement as the economies of our key export markets recover. The global population and demand for protein is projected to show continued growth and the fundamentals for the agri-sector remain sound.

The Ministry for Primary Industries is projecting steady growth for New Zealand’s primary exports with annual revenue expected to reach \$62 billion by 2027. As a market leader in the agricultural sector, PGW is in a strong position operationally to support our clients grow their businesses as they respond to this uptick in demand.

On balance, we remain cautious about the financial year ahead given the mixed signals in the macroeconomic environment. Trading for the first quarter was back on last year and was influenced by these factors and a subdued real estate market.

PGW is forecasting an Operating EBITDA² result for the year to 30 June 2024 of around \$52 million. As noted earlier, while the medium to long-term sector fundamentals remain strong, our short-term Operating EBITDA is expected to be back from last year’s strong Operating EBITDA result of \$61.2 million based upon our current assessment of a more challenging operating environment. However, it is early in our financial year, and we will be in a better position to assess the full year forecast again after the spring trading period.”

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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).