



14 OCTOBER 2024

PGW Guidance Update

FULL YEAR OPERATING EBITDA FORECAST TO BE AROUND \$51 MILLION

PGG Wrightson Limited¹ (PGW) Chair, Garry Moore, announced today that “the Board has determined to provide forecast guidance of around \$51 million at an Operating EBITDA² level for the financial year to 30 June 2025.

Looking ahead, the rural servicing market in New Zealand remains relatively challenged. Geopolitical tensions are contributing to cautiousness in the market and a slower than expected recovery in New Zealand’s key export market, China continues to dampen commodity prices.

Sheep farmers are facing challenging market conditions with soft returns. Flock numbers are estimated to have reduced by 4.3 per cent, down to 23.3 million, with breeding ewe and trading sheep stock numbers falling. The lamb processing season has started in recent days with all eyes on export returns given the focus on the pre-Christmas processing for northern hemisphere markets for Christmas and the Chinese New Year. The difficulties faced in the sheep meat market were brought home in the recent announcement of proposed job losses and closure of Alliance’s Smithfield freezing works in Timaru.

There are however some positive indicators that suggest we are perhaps beginning to see the start of a turnaround:

- Confidence has been returning to the dairy sector with Fonterra providing a positive lift in their forecast milk payout range released in September.
- This confidence is seeing increased enquiry and activity in our Real Estate business for dairy and dairy support properties.
- Beef prices are strong with export demand supporting a positive outlook. We are also seeing a greater number of calves being reared as farmers look to respond to this demand.
- Horticultural crops saw good quality yields in the past harvest season with kiwifruit seeing some 50 million more trays than the previous year. While grape crop yields were back in the most recent season, they were of exceptional quality. These factors bode well for confidence returning to the horticulture sector as growers receipt payments from their export customers.

Given these mixed signals, and the fact that it remains very early in the key spring growing season, we remain cautious about the financial year ahead. Currently we are forecasting an Operating EBITDA for the year to 30 June 2025 of around \$51 million. However, we will be in a better position to reassess our 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).