

Wrightson Limited

Briefing on Half-Year Results
Six Months to 31 December 2004

Agriculture. It's our culture.



PROGRAMME

Overview
Outlook

Keith Smith

Financial

Mike Sang

Operating performance
Operating conditions
Priorities
Offer for Williams & Kettle

Barry Brook

Questions and discussion

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Keith Smith Chairman

Overview
Outlook

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OVERVIEW

- Strong improvement in earnings
- Operating conditions generally favourable, with strong international commodity prices, but high NZ dollar
- Internal improvements well under way
- Offer for Williams & Kettle launched

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OVERVIEW

- Re-establishment of the Finance business accelerated
- Partnership with Aon to improve position in the Insurance business
- Sale of the potato seeds business
- Business improvement initiatives under way – reflecting a strong focus from Board and management on the basics

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OVERVIEW

- Merger with Williams & Kettle – friendly approach based on working together
- Harnesses the strengths of both companies
- Creates a company that can improve service to clients and opportunities for staff
- Fully priced – needs to happen quickly to ensure retention of clients and staff

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OUTLOOK

- Continuation of reasonable operating conditions if:
 - Rural commodity prices remain good
 - No further material rise in NZD
- Weather – wet start to summer
- Still forecasting \$18.0m from recurring activities
 - Plus approx. \$8.0m in one-off gains

Mike Sang
General Manager Finance &
Operations

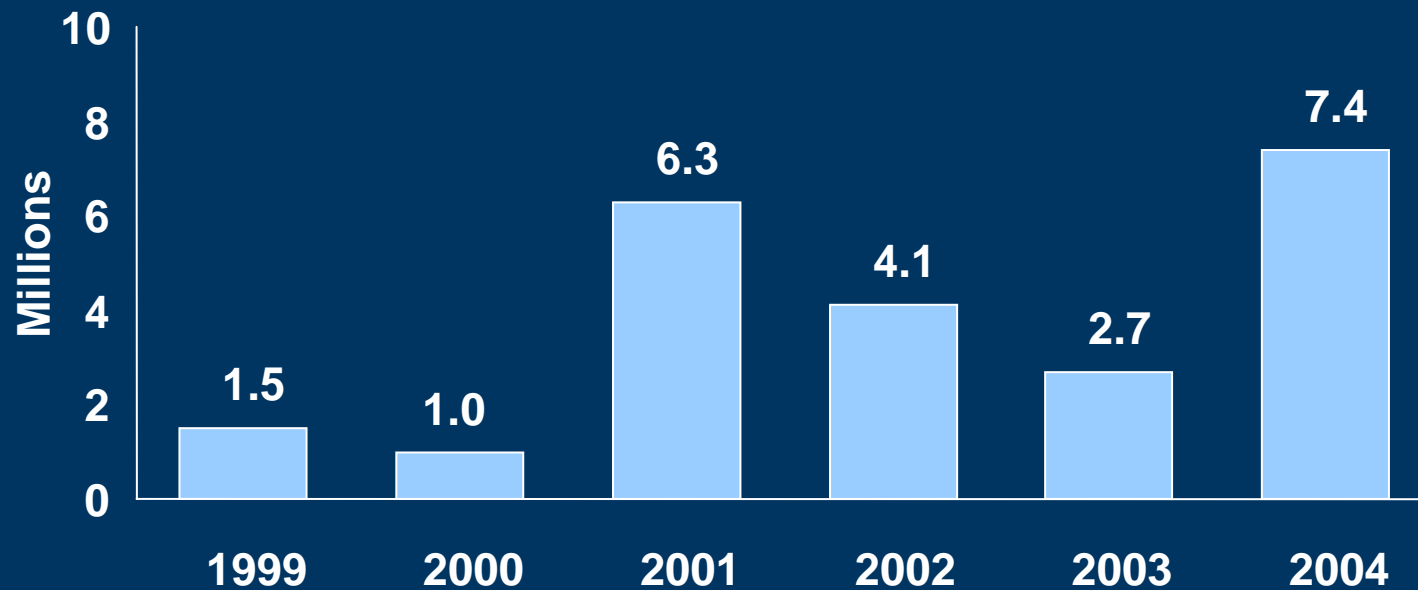
Financial

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NET PROFIT AFTER TAX

GROUP REPORTED NPAT
6 months to 31 December

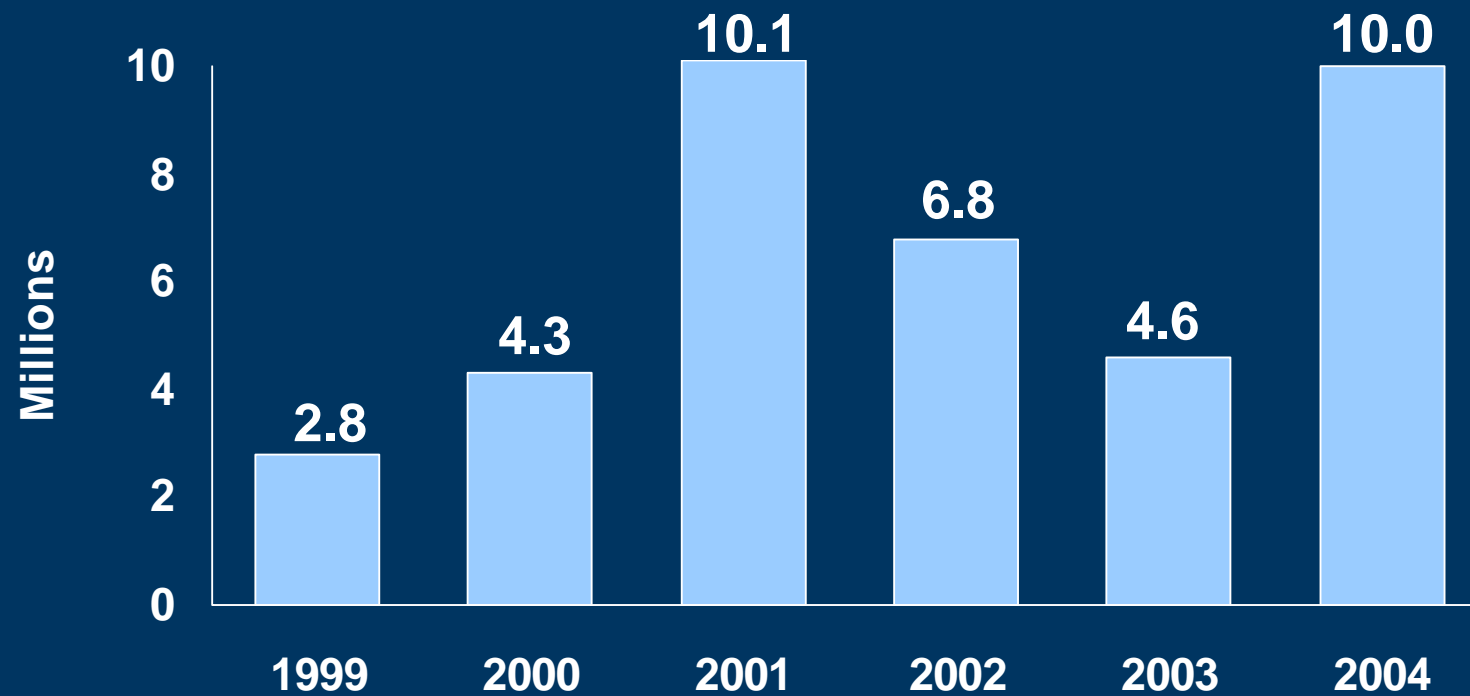


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EARNINGS BEFORE INTEREST AND TAX

GROUP REPORTED EBIT
6 months to 31 December



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EARNINGS

	<u>HY05</u> \$m	<u>HY04</u> \$m
NPAT	\$7.4	\$2.7
Material one-offs	\$5.0 ¹	\$1.3 ²
Adjusted NPAT	<u>\$2.4</u>	<u>\$1.3</u>

- (1) Gain from sale insurance business to partnership with Aon
- (2) Reversal of surplus property provision

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UNDERLYING PERFORMANCE

	<u>HY05</u> \$m	<u>HY04</u> \$m
EBIT	\$10.0	\$4.6
Material one-offs	\$5.0	\$1.3
Genesis ³	-\$0.9	-\$0.7
Adjusted EBIT	<u>\$5.9</u>	<u>\$4.0</u>

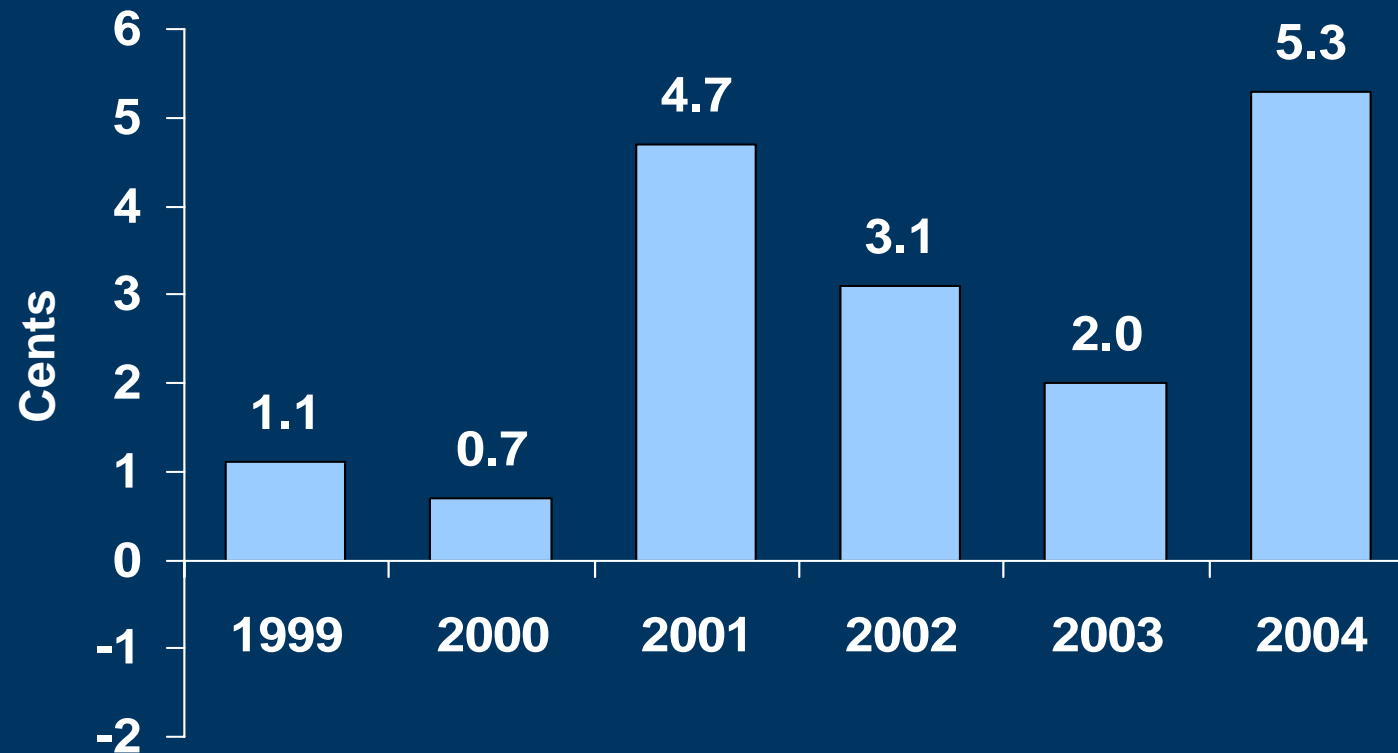
(3) Further write down of Genesis Research and Development Corporation Limited investment

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EARNINGS PER SHARE

Six months to 31 December

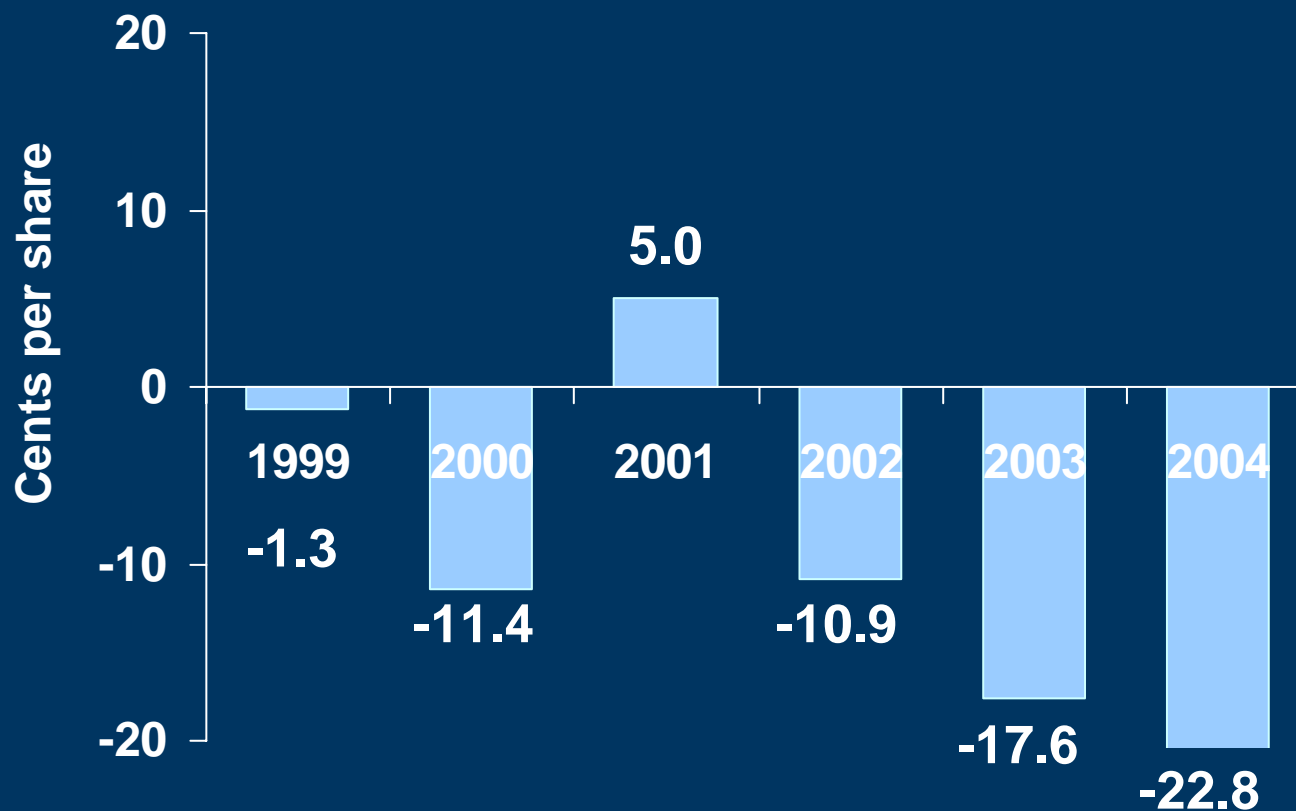


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CASH FLOW FROM OPERATIONS

Six months to 31 December



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BALANCE SHEET

	<u>31.12.04</u>	<u>31.12.03</u>
Total debt	\$76.7m	\$25.3m
Total assets	\$297.4m	\$235.1m
Gearing	25.8%	10.8%

Increase reflects:

- 19.9% of Williams & Kettle
- Finance receivables
- Working capital

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BALANCE SHEET

- Gearing remains conservative at this level
- Undrawn funding lines of \$30.0m – comfortably in excess of requirements
- Outcome of offer for Williams & Kettle will shape the balance sheet to a significant extent
- Ongoing performance enhanced by operational improvements and synergies

Barry Brook
Chief Executive Officer

Operating performance
Operating conditions
Priorities
Williams & Kettle

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BUSINESS UNIT PERFORMANCE

Livestock and Wool EBIT up \$2.0m to \$0.3m

- Good livestock prices
- High international commodity prices, but high NZD
- Exports increased by strong demand from China for dairy cattle
- Rangiuru live weight selling centre completed
- Wool volumes down slightly due to high NZD
- NZ Wool Handlers implemented and operating

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BUSINESS UNIT PERFORMANCE

Seeds and Grain EBIT up \$1.9m to \$4.2m

- Improved sales in Australia and NZ
- Successful launch of new varieties
- Pasture Partners™ progressing well
- Successful launch of summer crops in Uruguay

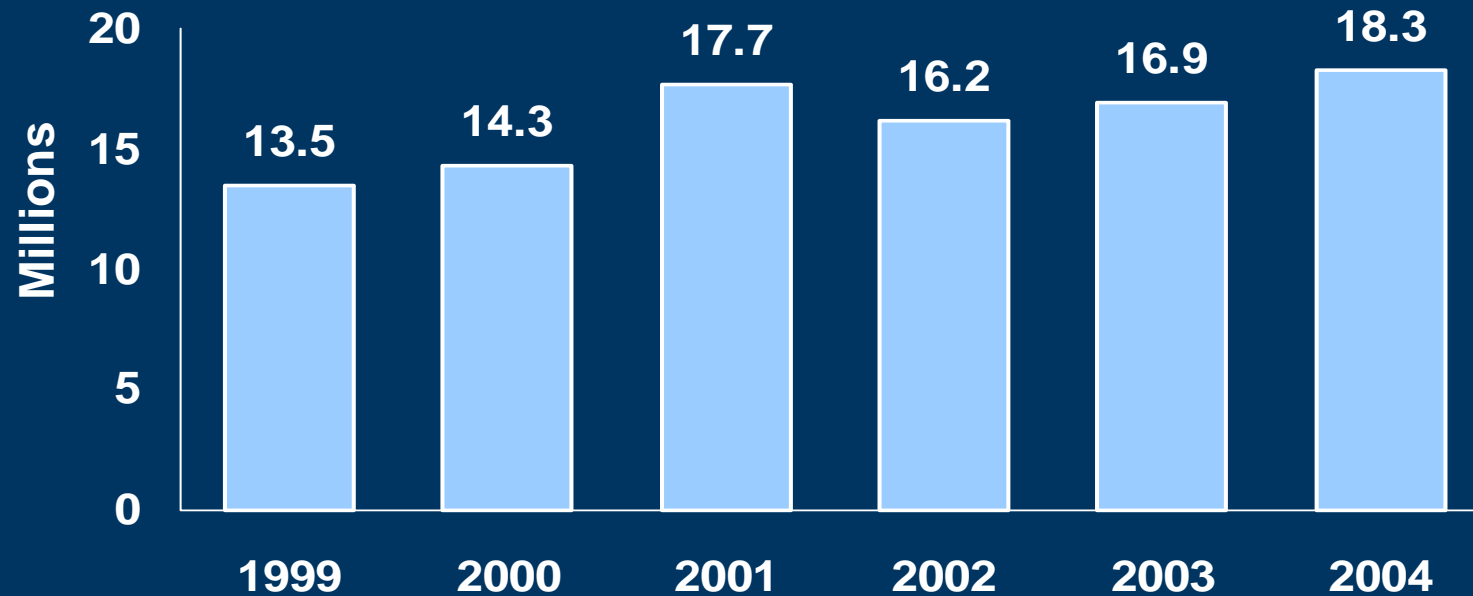
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BUSINESS UNIT PERFORMANCE

PROPRIETARY SEED SALES

Six months to 31 December



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BUSINESS UNIT PERFORMANCE

Rural Supplies EBIT down \$1.0m to \$0.7m

- Pressure on revenue through competition
 - Lower margins on fertiliser
 - Through-store turnover reduced
- Operational initiatives being implemented
 - Category management decentralised
 - On-farm sales force increased
 - Sales planning processes restructured
 - Freight and delivery contracts renegotiated
- Targeting improvement in second half-year

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BUSINESS UNIT PERFORMANCE

Financial Services EBIT up \$4.8m to \$7.0m

- Re-establishment of Wrightson Finance continues:
 - Systems development
 - Recruitment
 - Deposits being taken but initial uptake slow
- Growth in Real Estate
 - New offices opened and sales team increased
 - Marketing approach further developed
- Insurance
 - Aon/Wrightson partnership - \$5.0m net gain

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BACK TO BASICS

- Focus on frontline staff and client needs
- Overheads and internal processes reviewed to support back to basics approach
 - Disestablishment of Solutions business unit
 - Refocusing of Consulting on servicing clients
 - Review and reduction of corporate costs
 - Review under way of IT and telephony costs
- Little impact in HY1 – more expected in HY2

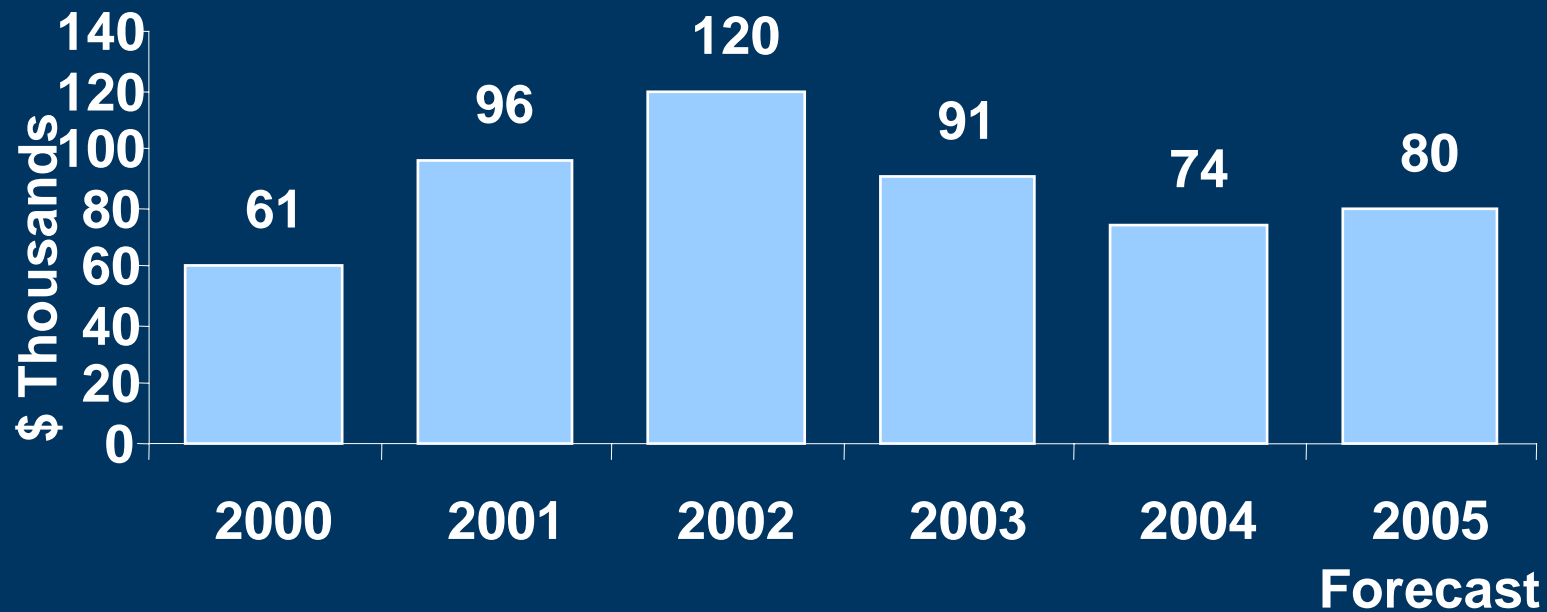
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OPERATING CONDITIONS

SHEEP AND BEEF FARM PROFITABILITY

Year end at June



Source: Meat and Wool Innovation

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PRIORITIES

- Continue progress on internal business improvement
- Complete the merger with Williams & Kettle and retain staff and clients

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WILLIAMS & KETTLE TAKEOVER

- Joint Board with three Williams & Kettle directors
- Operate a second North Island region, with Williams & Kettle branding
- Fruitfed Supplies to operate as now
- Any disruption to clients minimised
- Decision-making driven by 'best of breed' approach
- Synergy opportunities in support functions, freight & logistics, procurement, store networks, IT & telephony

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QUESTIONS & DISCUSSION

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