

# Wrightson Limited

## Results Announcement Year to 30 June 2005

Agriculture. It's our culture.

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**Wrightson**

# PROGRAMME

- Introductions
- Chairman's Overview – Keith Smith
- CEO Review – Barry Brook
- Financial Overview – Mike Sang
- Chairman's Summary
- Questions

# CHAIRMAN'S OVERVIEW

*Keith Smith*



# CHAIRMAN'S OVERVIEW

- Focus on clients improved
- Business simplified
- Strategic positioning significantly advanced
- Underlying earnings increased
- More improvement achievable

DRIVEN BY FOCUS ON NEEDS OF CLIENTS

# CHIEF EXECUTIVE'S REVIEW

*Barry Brook*



# SUMMARY

- Improved operating performance
- Continuing strength in commodity prices
- NZ\$ /US\$ exchange rate impacting on some businesses
- Weather conditions affected production
- Williams & Kettle integration



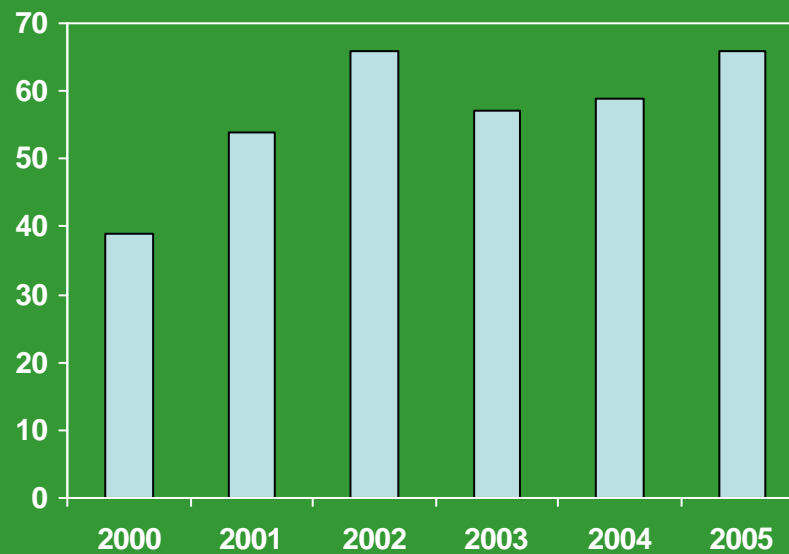
# AVERAGE VALUE PER HEAD OF LIVESTOCK HANDLED

## 12 months to June 2005

Ave. Beef Cattle Values \$



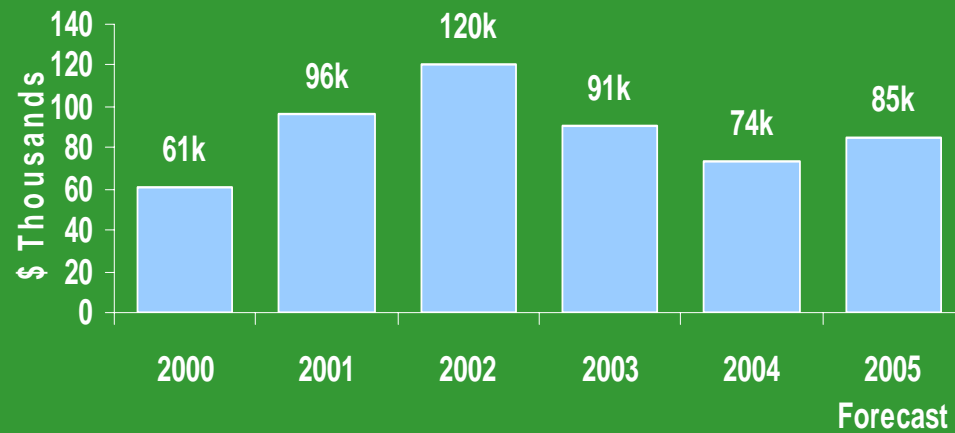
Ave. Sheep Values \$



# FARM RETURNS

12 months to 30 June

## Sheep and Beef



## Dairying

Cents per Kilo of Milk Solids



Source: Meat and Wool Innovation

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# LIVESTOCK & WOOL

- Strong dairy herd sales and tallies
- Record cattle exports
- High dollar caps wool prices
- NZ Wool Handlers first full year very satisfying



# RURAL SUPPLIES

- Focus on lifting performance
  - Sales focus improving
  - Supplier arrangements renegotiated
  - Logistics reviewed
  - Systems improvement with W&K
  - New POS implemented
- Earnings steady
  - margins pressure on fertiliser



# FINANCE

- Focus on infrastructure development
- Recruitment of experienced finance managers
- \$45 million bond issue
- Product development and roll-out
  - Transaction banking
  - Deposit taking established
  - Support systems implemented
- Loan book up \$43m to \$60m



# REAL ESTATE

- Buoyant conditions overall
- Focus on core rural market
- Expansion in Lifestyle & Residential
- Improved sales and marketing
- Brand & positioning attracts good agents



# INSURANCE

- AON JV implemented successfully
- Brokers supportive
- Stronger platform for growth
- Wider product range
- Sustained earnings post transition



# SEED AND GRAIN

- Proprietary seed growth
- Australian sales improve
- New products eg Extreme AR6
- Summer crops in Uruguay
- Grain investment for future growth



# PROPRIETARY SEED SALES

## 12 months to June



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# W&K INTEGRATION

- Client reaction positive
- Field staff/client relationships intact
- Manager appointments made
- Suppliers supportive; contracts in place
- Store mergers complete by September
- Systems integration going to plan

# 2005/06 STRATEGIC PRIORITIES

- Achieve merger with PGG
- Fully realise merger benefits from W&K
- Continue pursuit of efficiencies in various businesses
- Grow the Finance Business
- Improve performance in Rural Supplies

# FINANCIAL OVERVIEW

*Mike Sang, GM Finance & Operations*

# FINANCIAL HIGHLIGHTS

EBIT	\$29.1m	+ 76% Up from \$16.5m
NPAT	\$20.5	+ 99% Up from \$10.3m
Operating cash flow	\$17.0m	+ 87% Up from \$9.1m
Dividend	14 cps	+ 22% Up 2.5 cents (10.5 cents per share final dividend, to give 14 cents for the year)

# EARNINGS

12 months to 30 June

## NPAT



## EBIT



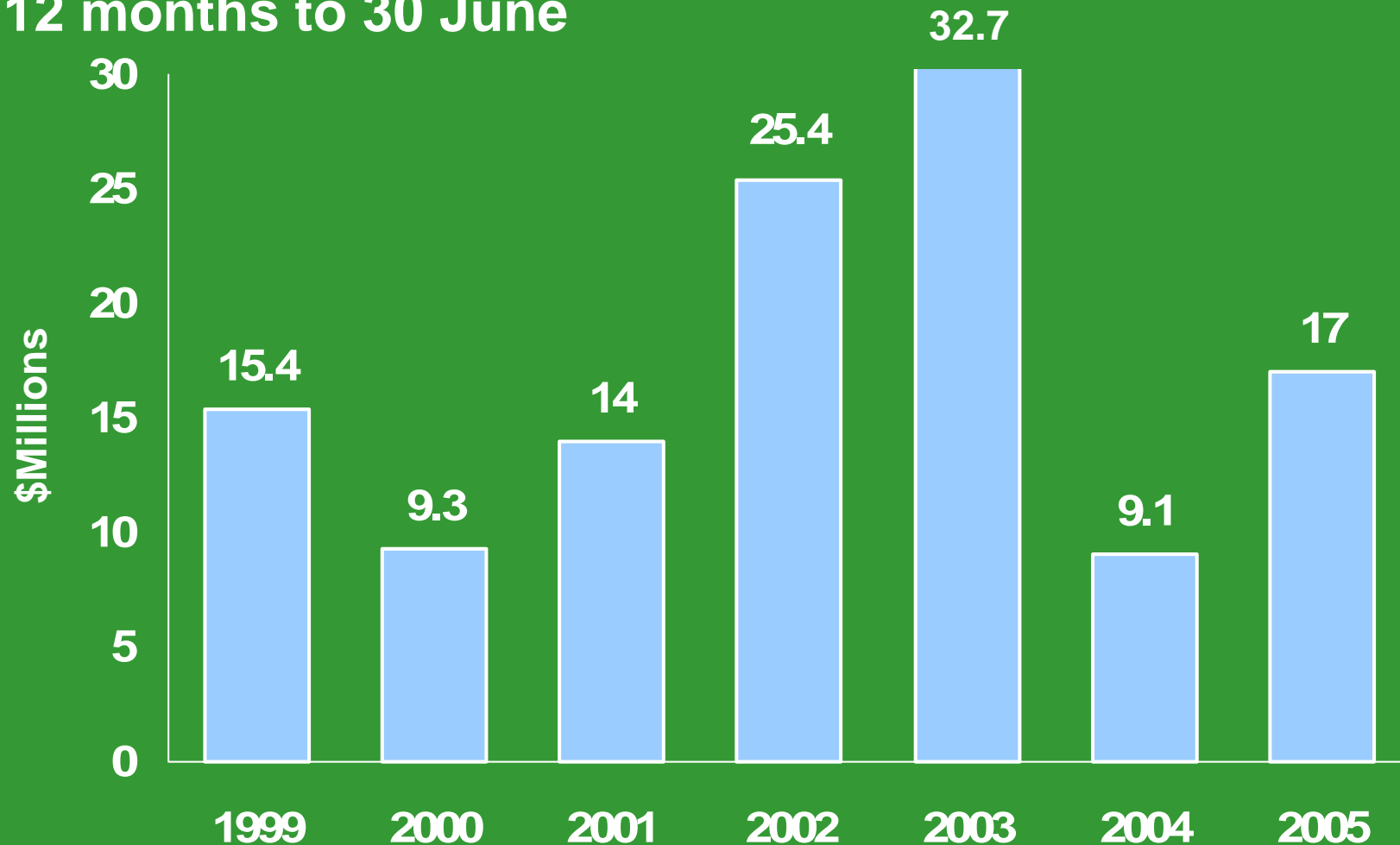
# EARNINGS PER SHARE & DIVIDEND (Cents)



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# CASH FLOW FROM OPERATIONS

12 months to 30 June



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# UNDERLYING PERFORMANCE

## 12 months to 30 June

<b>Reported NPAT</b>	<b>\$20.5m</b>	
<b>Deduct net capital gains:</b>		
• Insurance, Forestry, Potato and Genesis	} (\$4.0m)	
<b>Add back one offs and discontinued:</b>		
• Restructuring costs, TVCs etc		
<b>Add back net W&amp;K impact:</b>		
• Earnings, Interest and Merger costs		
<b>Adjusted operating NPAT (excluding W&amp;K)</b>	<b>\$16.5m</b>	

# BUSINESS UNIT PERFORMANCE

12 months to 30 June

	<u>Earnings Before Interest &amp; Tax</u>		
	2002/3	2003/4	2004/5
Livestock/Wool	6.2	5.2	8.5
Rural Supplies	3.7	1.5	1.6
Seed & Grain	12.0	11.9	16.5
Financial Services	3.5	4.0	11.6
Other Businesses & Admin Costs	0.6	(6.1)	(9.1)*
	_____	_____	_____
<b>TOTAL</b>	<b>\$26.0m</b>	<b>\$16.5m</b>	<b>\$29.1m</b>

\*Includes all restructuring and merger costs

# GEOGRAPHIC IMPACTS

12 months to 30 June

	<u>2004/05</u>	<u>2003/04</u>
New Zealand	\$16.9m	\$7.7m
Australia	\$3.0m	\$2.1m
Uruguay	\$0.6m	\$0.5m
<b>NET PROFIT AFTER TAX</b>	<u>\$20.5m</u>	<u>\$10.3m</u>



# DEBT



Total Assets increased from \$255m to \$469m

# CHAIRMAN'S SUMMARY

*Keith Smith*



# UPDATE ON MERGER TIMETABLE

- Remains on track
- Important to progress quickly
- Documents to shareholders mid-August
- Shareholder vote early September
- Merger target late September



# QUESTIONS AND DISCUSSION



# Wrightson Limited

## Results Announcement Year to 30 June 2005

