

# Media & Broker Presentation

26 February 2008



Pyne Gould Corporation

**Interim Results to 31 December 2007**

# Agenda

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- **PGC Performance and Highlights**

**Sam Maling (Chairman)**

- **Individual Business Performances**

**Brian Jolliffe (Managing Director)**

- **Financials**

**Alan Williams (Chief Financial Officer)**

- **Summary and Outlook**

**Sam Maling**

- **Questions**



Pyne Gould Corporation

# PGC Performance and Highlights



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# Half Year Highlights

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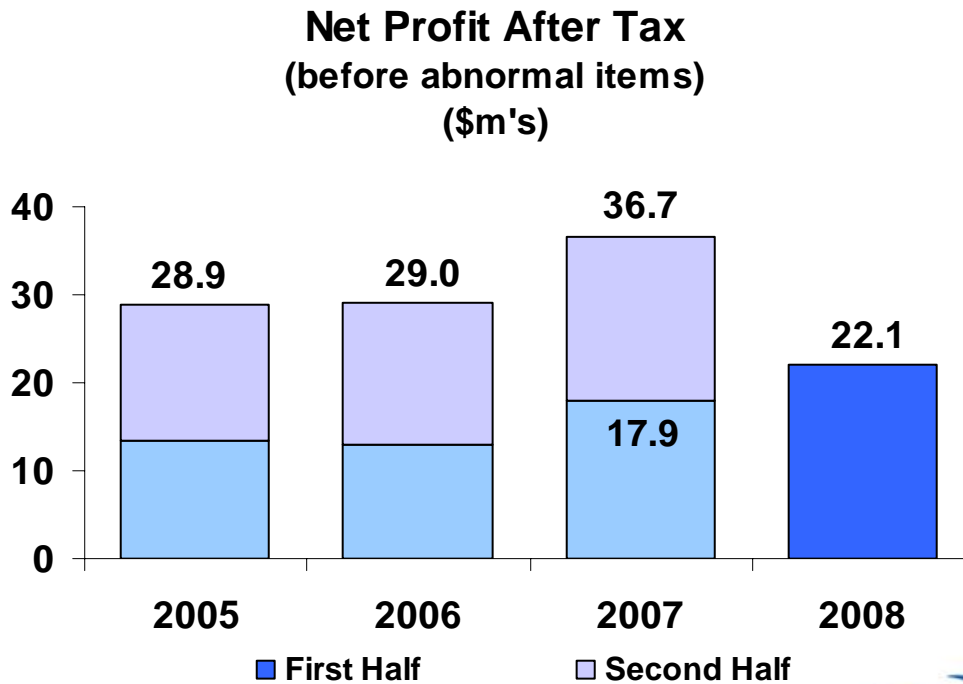
- Net profit up 23% to \$22.1m (last year \$17.9m)
- Interim dividend increased to 10 cents (last year 9 cents)
- MARAC up 11% to \$14.0m
- Perpetual Trust up 19% to \$1.8m
- PGG Wrightson contribution of \$7.5m (last year \$4.6m)



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# Financial Result

- Net profit after tax of \$22.1m (\$17.9m)

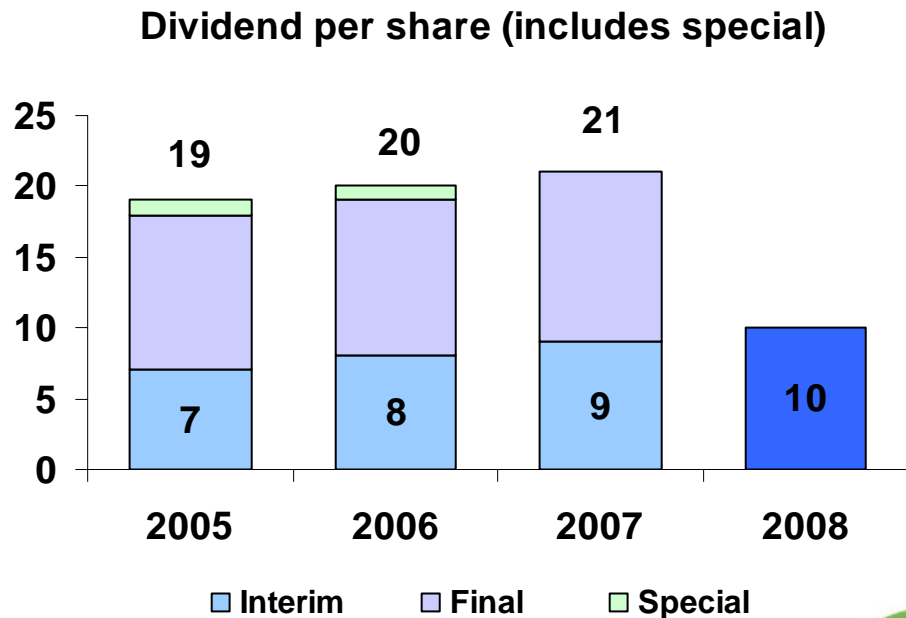


  
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2007 & 2008 years are reported under IFRS standards

# Dividend

- Interim dividend of 10 cps (last year 9 cps)
- Fully imputed



# Individual Businesses Performance



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**MARAC**<sup>®</sup>  
MEANS FINANCE

The logo features the word "MARAC" in a bold, dark blue, sans-serif font. The letter "A" is stylized with a light blue arrow pointing to the right. Below "MARAC" is the tagline "MEANS FINANCE" in a smaller, dark blue, sans-serif font. The entire logo is centered on a white rectangular background.

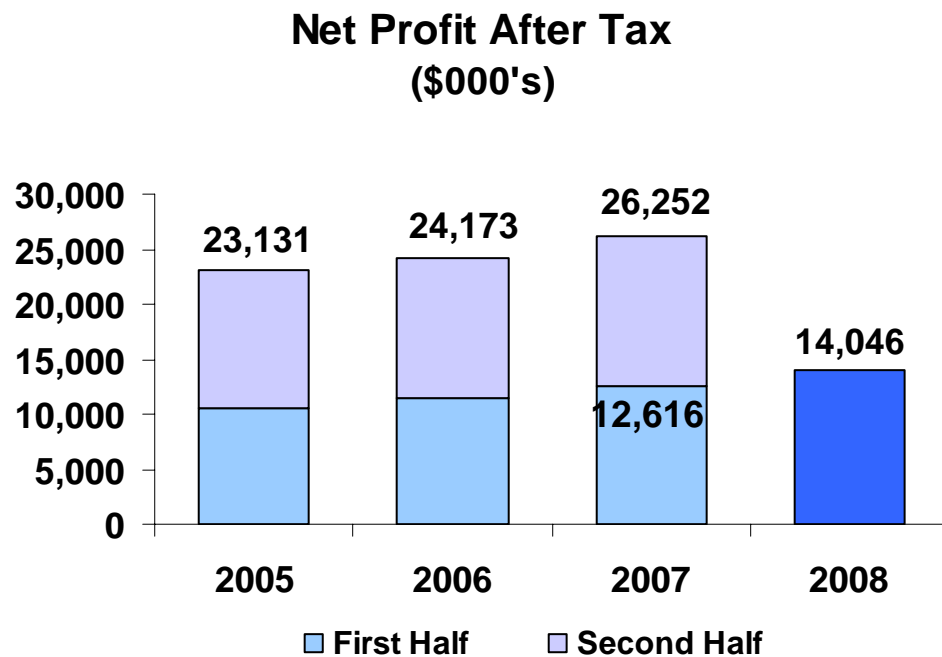
# MARAC Finance

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- Net profit after tax up 11% to \$14.0m
- Finance receivables up 11% in the 6 months to \$1.5bn
- Growth across most Business units
- Development of new funding initiatives
- Quality in credit remains a feature

# Net profit after tax

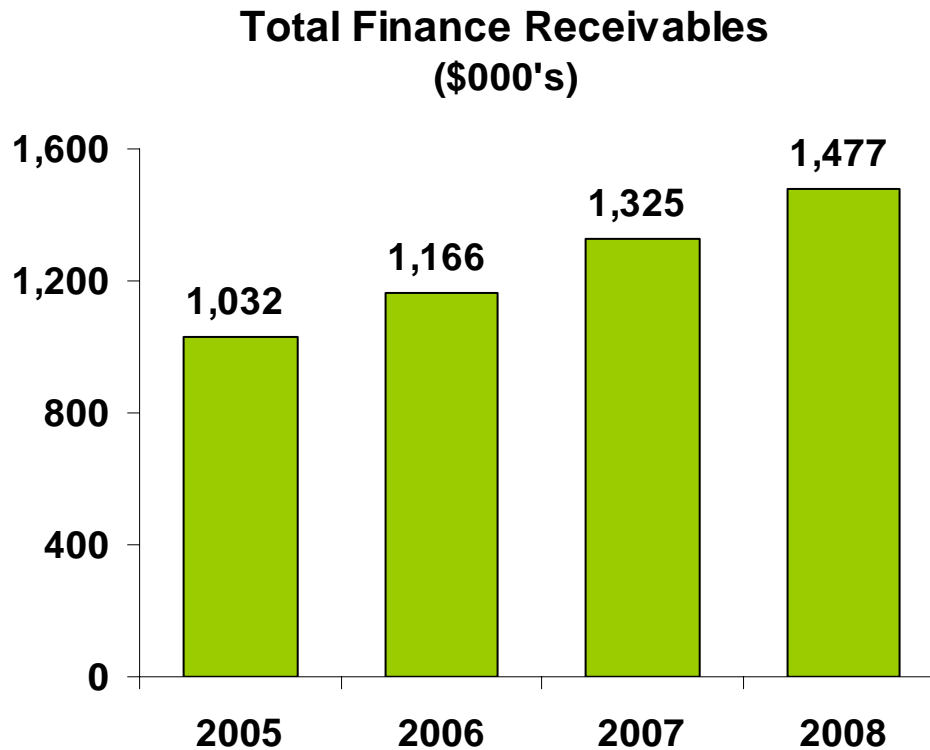
- Up 11% to \$14.0m
- Net operating revenue growth of 20%



2007 & 2008 years are reported under IFRS standards

# MARAC Finance receivables

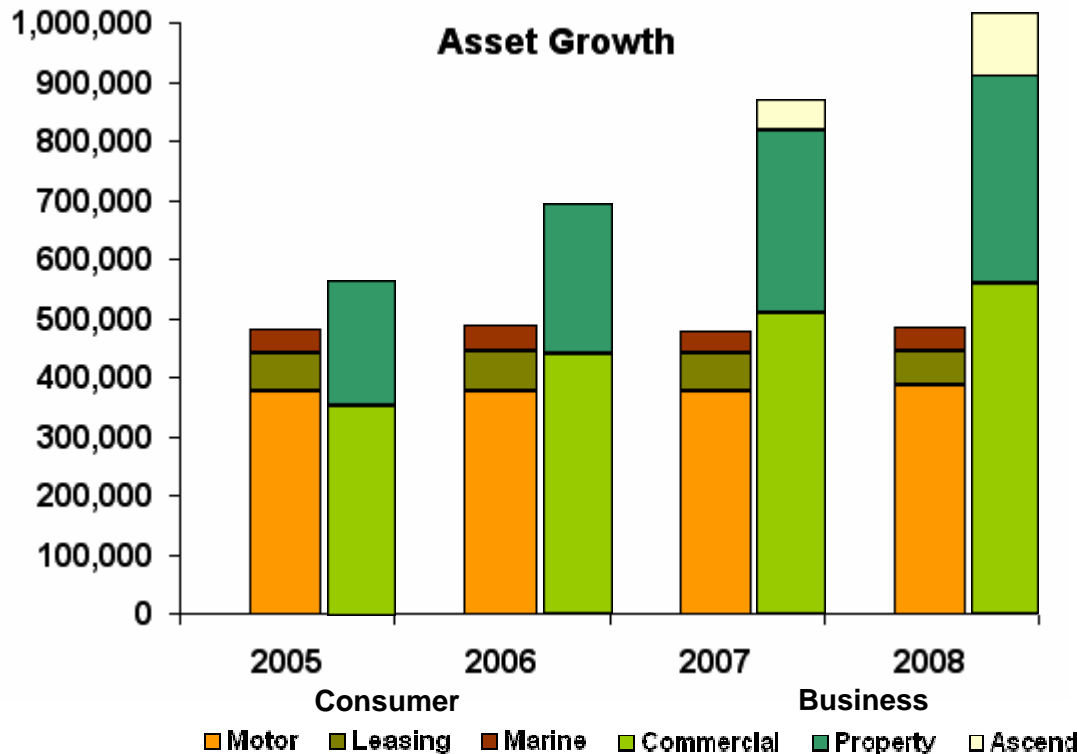
- Up 11% in the 6 months to \$1.5bn



2007 & 2008 years are reported under IFRS standards

# MARAC Finance receivables

- Growth focus continues in Business with Ascend now well established
- Consumer has seen some growth

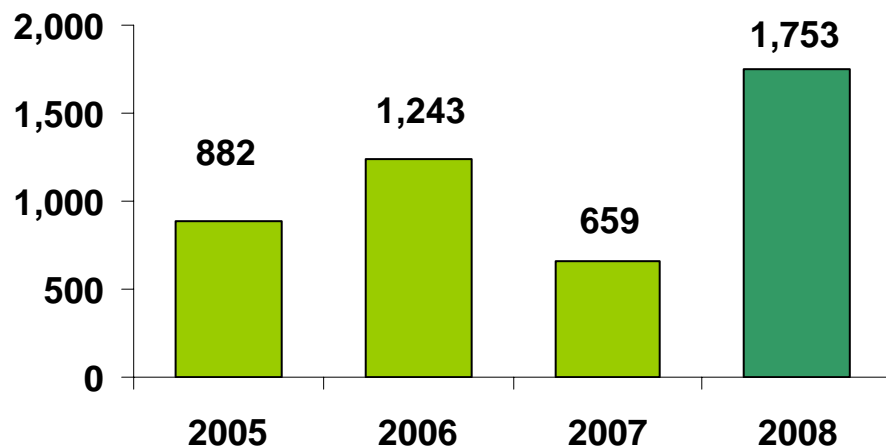


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# Impaired asset expenses

- Credit quality focus continues
- First half impaired asset expense \$1.8m
- Arrears position below 0.5%

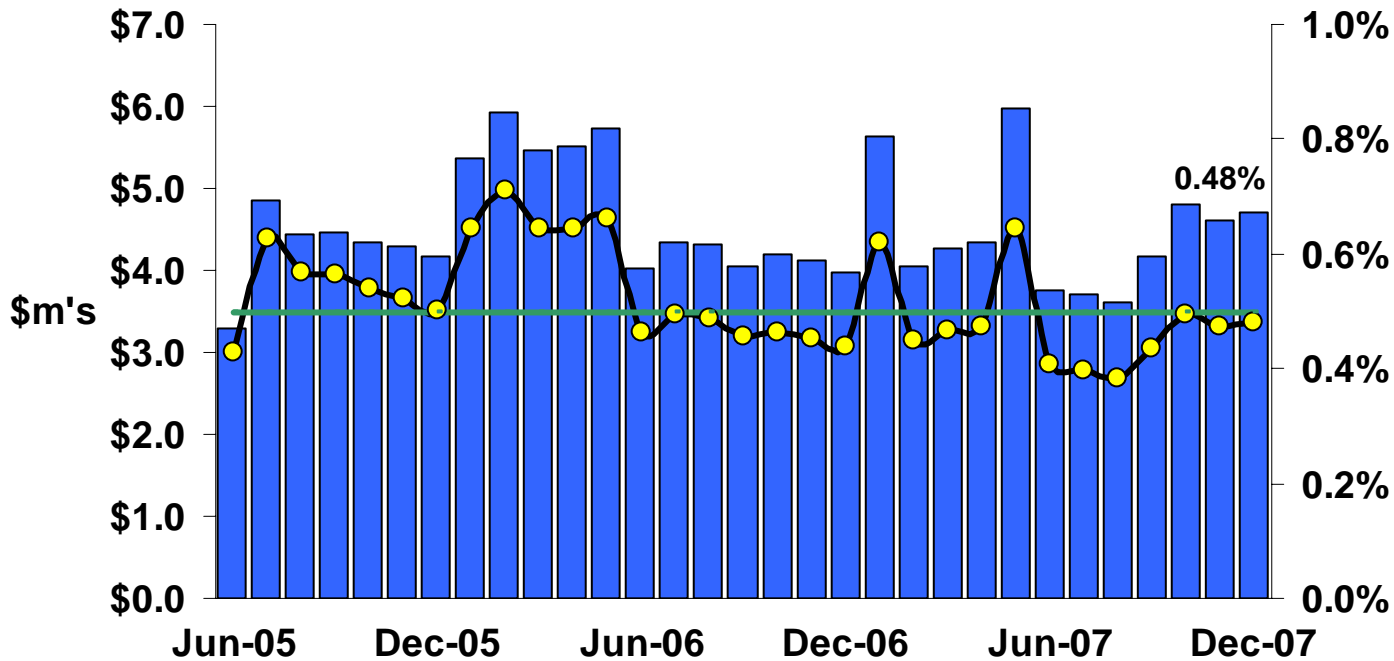
Impaired Asset Expense  
First Half (\$000's)



2007 & 2008 years are reported under IFRS standards

# Credit arrears – all divisions

- Focus on credit quality continues
- All ledgers below 1% arrears
- A feature of quality business writings and targeted sectors



# Ascend Finance

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- **New division of MARAC commenced 1 February 2007**
- **Aimed at higher return commercial, consumer and property**
- **At 31 December receivables had reached \$100m**
- **Feasibility parameters all achieved**
- **Further growth expected**

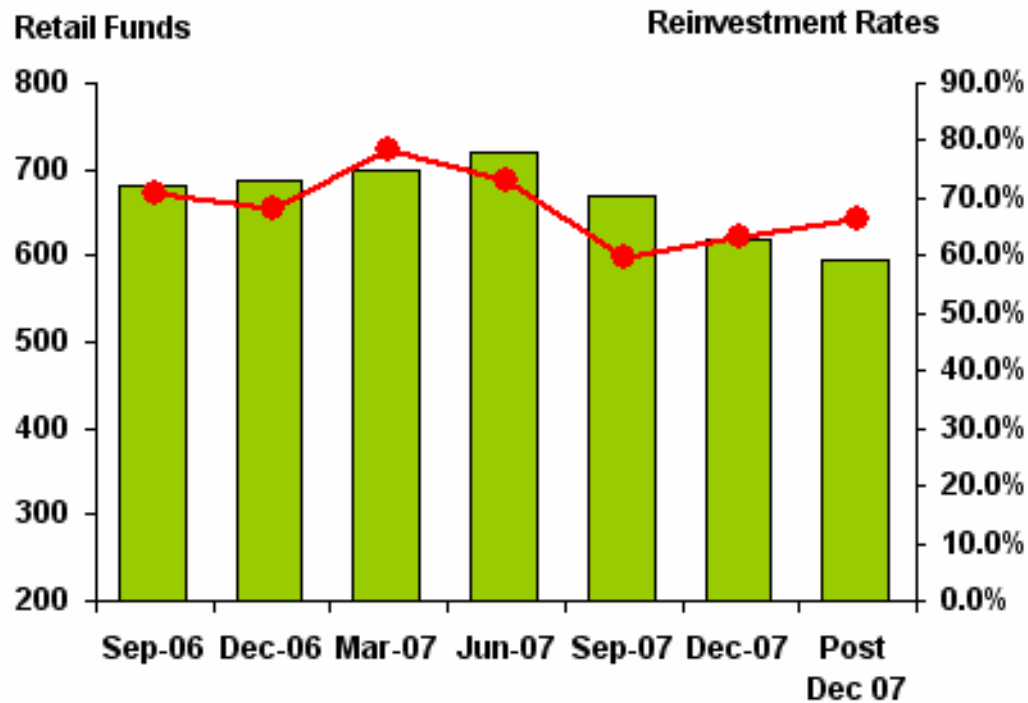
# Funding environment

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- Industry issues locally coupled with global credit challenges
- MARAC's "Investment grade" rating from Standard and Poors reaffirmed (October)
- Retail funding only affected
- New funding channels have been developed

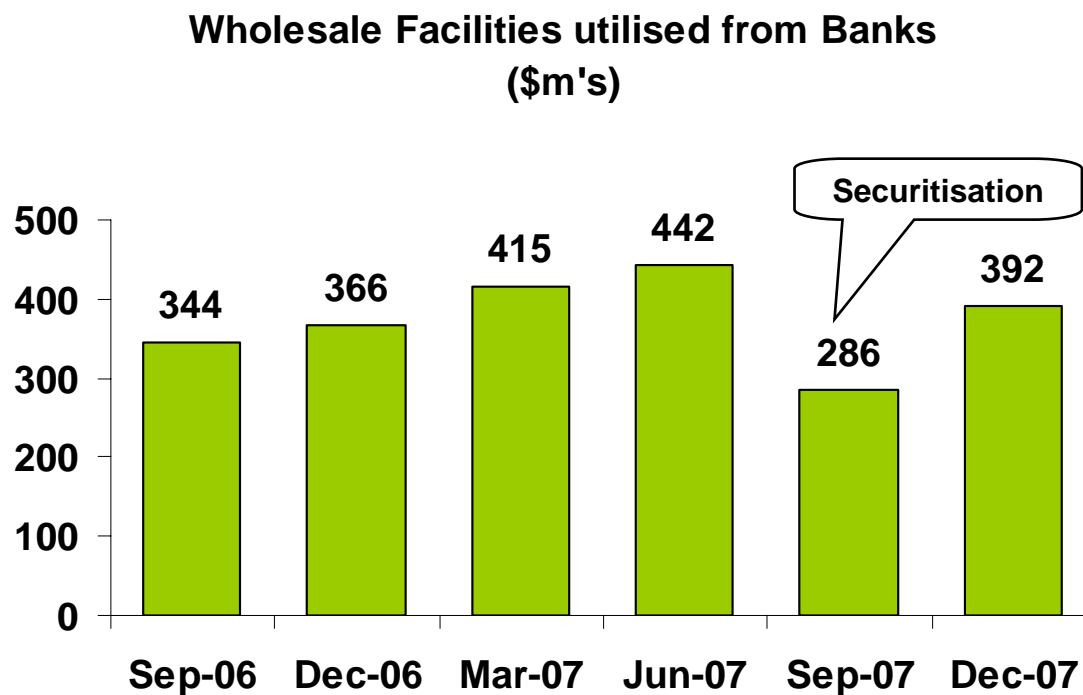
# Retail funding growth

- Customer loyalty keeps reinvestment rate up
- New funds have slowed



# Wholesale funding (banks)

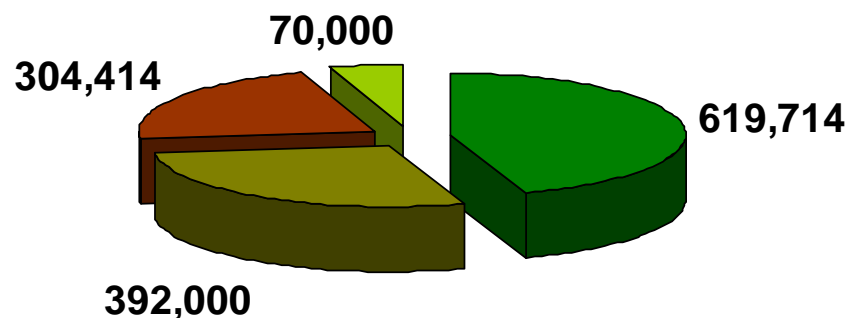
- Utilisation reduced following securitisation



# Funding sources 31 December 2007

- Retail reduced to 45%
- Wholesale from Banks reduced to 33%
- Securitisation of \$300m added in August 2007

Funding Sources - December 2007  
(\$000's)



■ Retail ■ Bank ■ Securitisation ■ Undrawn Facilities

# Funding – new facilities

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- **New syndicated bank facility being finalised**
  - Includes all major New Zealand banks
  - Will enable growth through 2008 and provide greater liquidity
- **Additional initiatives being developed**

# MARAC current business position

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- **Current market is providing significant opportunities**
- **Credit quality remains sound**
- **Significant initiatives implemented for funding. More to be finalised.**
- **Organic growth strategies still the feature of strategy**
- **Some pressure on margins is occurring from global “credit crunch”**
  - **we are proactively increasing our prices**



Perpetual Trust



# Perpetual Trust Limited

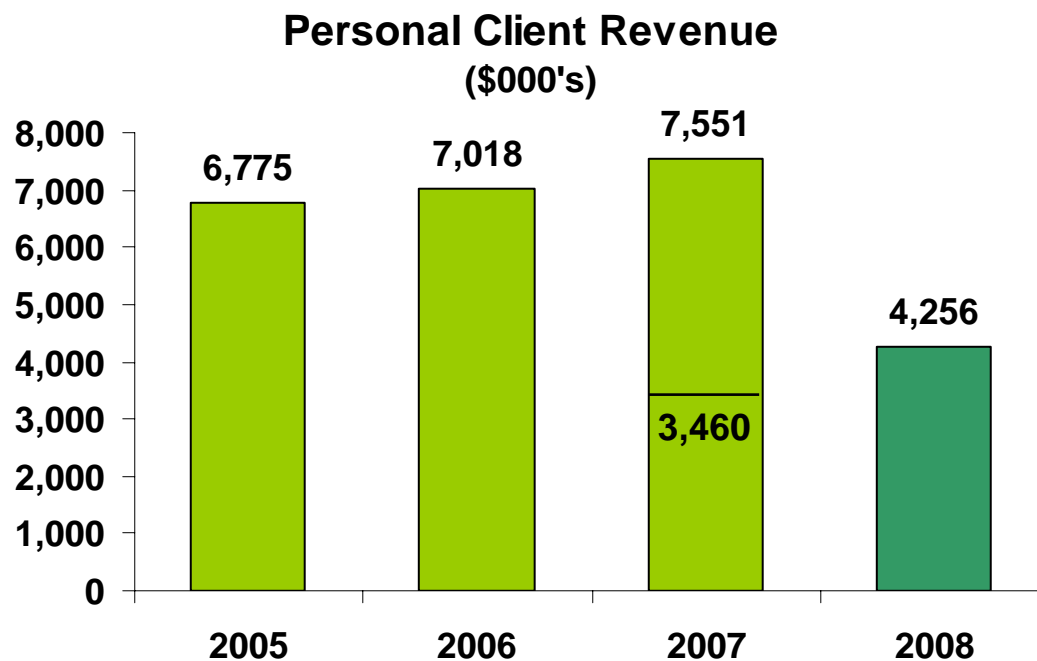
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- Net operating surplus of \$1.8m up 19% on last year
- Revenue growth up 17% over same period last year
- Revenue growth spread across all divisions



# Perpetual - personal

- New Trusts and Investment Advisory major contributors
- New and revised wills investment for the future



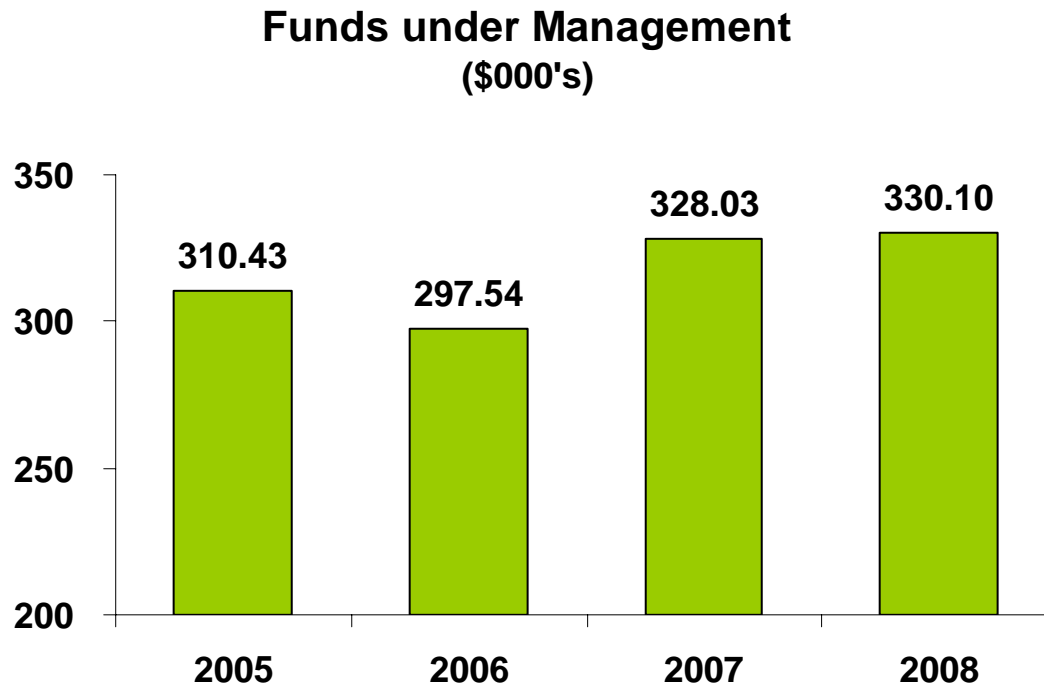
2007 & 2008 years are reported under IFRS standards



Perpetual Trust

# Perpetual – managed funds

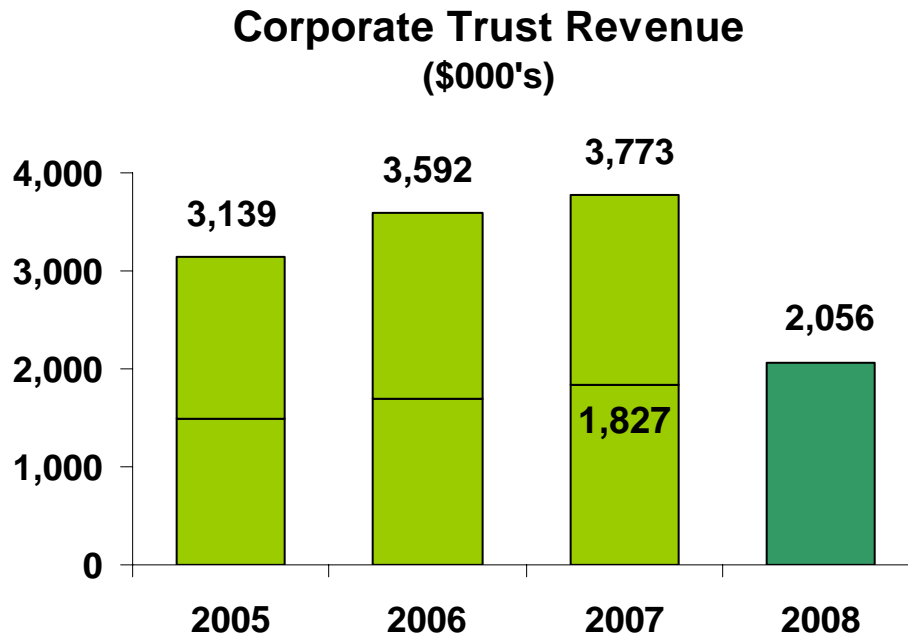
- Modest growth
- Positioned for expected growth



Perpetual Trust

# Perpetual - corporate

- Revenue up 13%
- Spread from new clients and existing
- Increased market share in retirement villages



2007 & 2008 years are reported under IFRS standards



Perpetual Trust

# Perpetual Trust - current business position

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- Business has increasing revenues which are expected to continue
- Strong and increasing client base
- Positioned for growth in funds business



Perpetual Trust



# PGG Wrightson Limited

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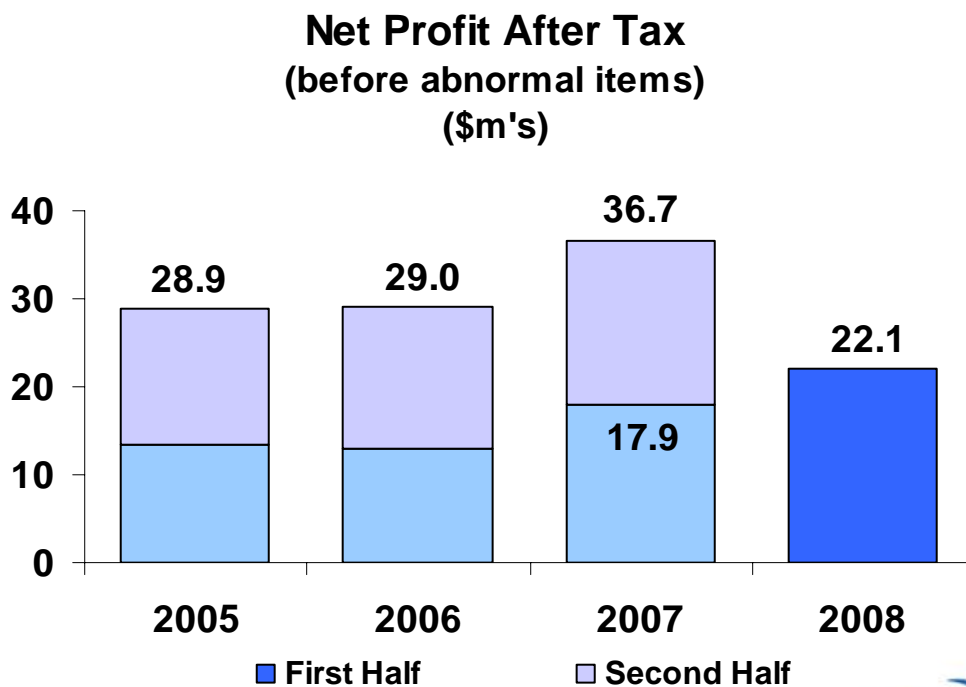
- Net profit after tax \$34.6m (last year \$20.6m)
- Improving performance in most businesses notwithstanding poor sheep prices
- Strong returns from the early success of NZ Farming Systems Uruguay
- Fundamentals for the outlook in agriculture remain strong
- Contribution to PGC \$7.5m (last year \$4.6m)



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# PGC Financials

- Strong growth in first half profits

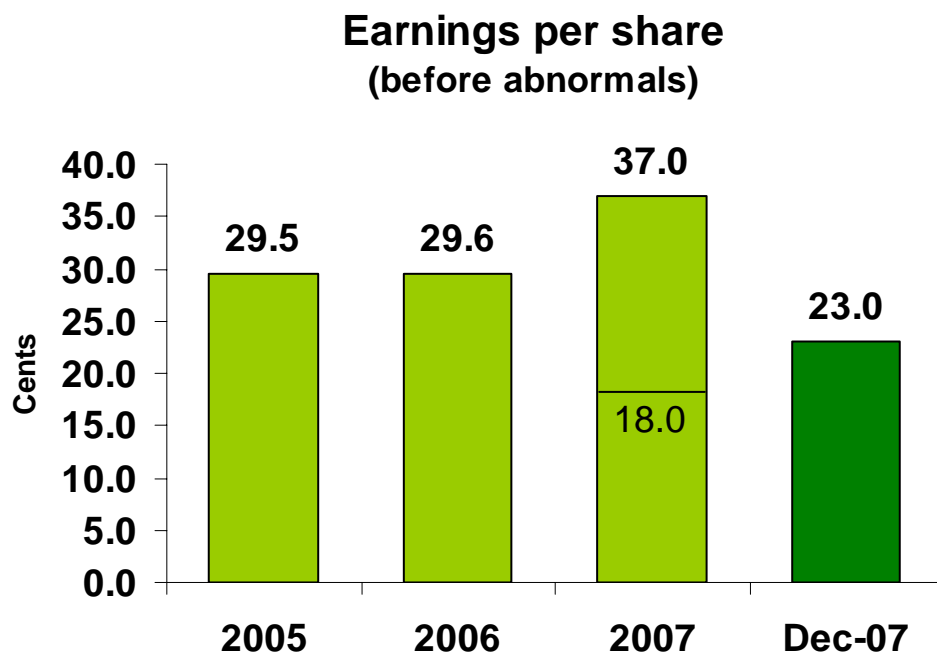


  
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2007 & 2008 years are reported under IFRS standards

# Earnings Per Share

- Ongoing increase in Earnings Per Share
- Generated across all business units

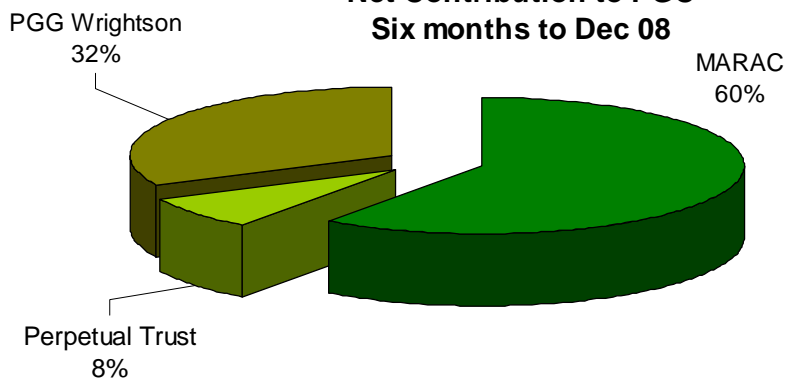


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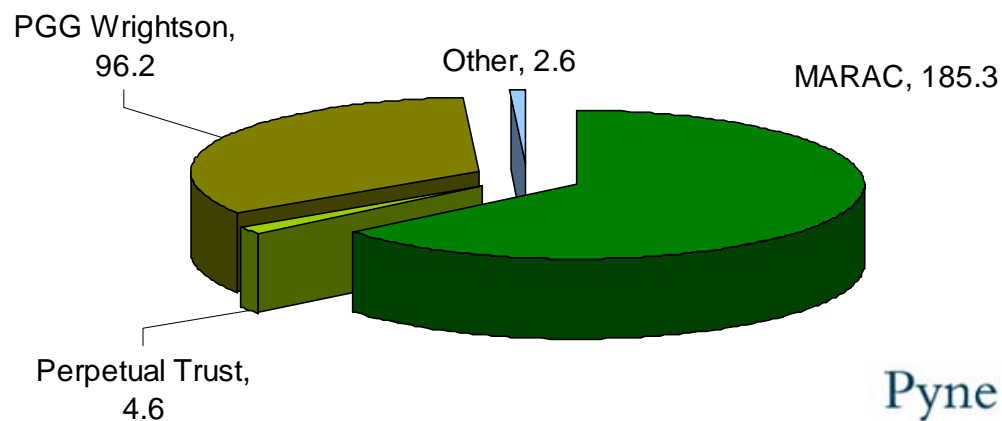
2007 & 2008 years are reported under IFRS standards

# Contribution to earnings

**Net Contribution to PGC  
Six months to Dec 08**

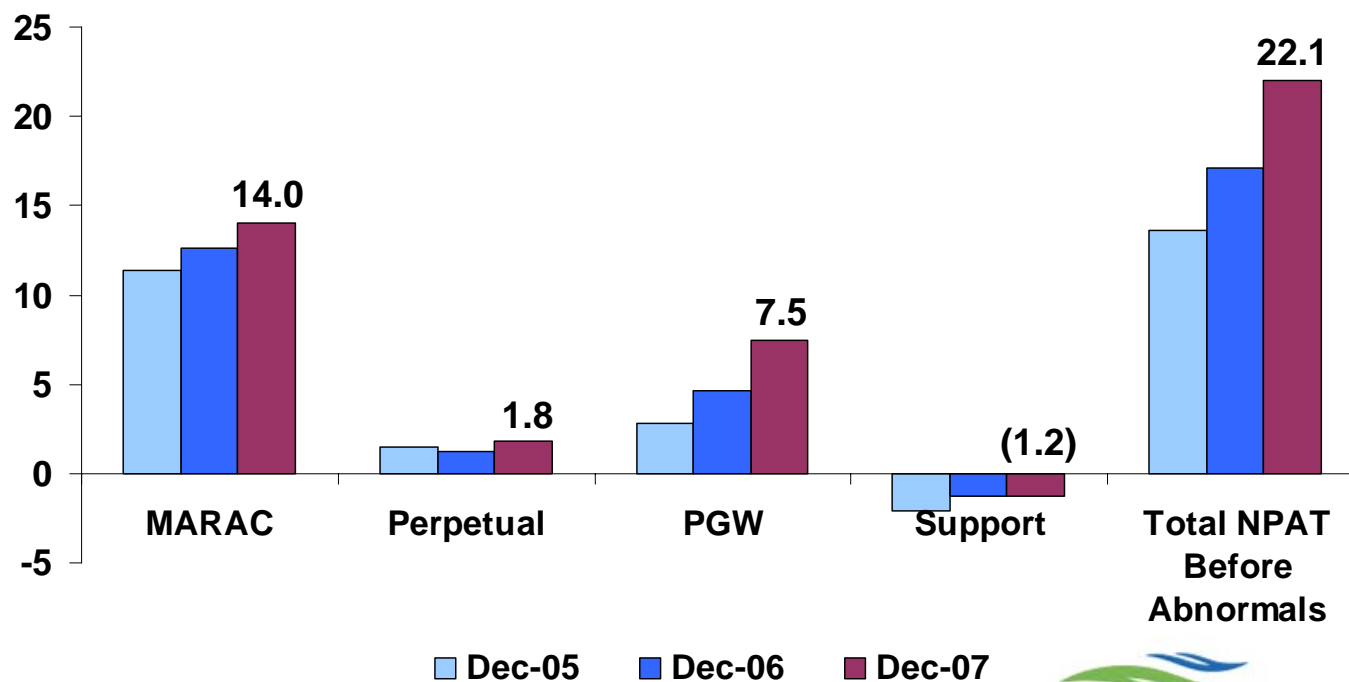


**PGC Investment  
(\$m)**



# Earnings Growth

## Business Contributions



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2007 & 2008 years are reported under IFRS standards

# IFRS at PGC

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- Improved disclosure standards
- Some classification changes
- Timing and recognition (+/- \$1-2m pa)
- Permanent profitability changes (+\$6m)



Pyne Gould Corporation



# Pyne Gould Corporation



# Summary – Pyne Gould Corporation

## MARAC

- Growth continues and opportunities are significant
- New funding initiatives are mitigating “retail changes”
- Margins are tightening

## Perpetual

- Revenue and growth expected to continue
- Positioned for further growth

## PGG Wrightson

- Outlook for agriculture remains strong
- PGW reaffirmed its outlook for year end

## **FULL YEAR OUTLOOK**

*– Expected to be above last year*



Pyne Gould Corporation



# Pyne Gould Corporation

