

Media & Broker Presentation

Annual Result to 30 June 2006



Pyne Gould Corporation

Agenda

- **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**

PGC Performance and Highlights



Pyne Gould Corporation

Annual Highlights

- **Group Net Profit after tax of \$66.3m**
- **Net Profit after tax, before abnormals \$29.0m**
- **Dividend increased to 20 cents per share**
- **A 5% increase in net profit by MARAC to \$24.2m**
- **A 32% increase in net profit for Perpetual Trust to \$3.0m**
- **A contribution of \$6.7m from PGG Wrightson (\$9.5m last year)**
- **MARAC received an “Investment Grade” rating from Standard and Poor’s**
- **Merger of Pyne Gould Guinness with Wrightson to form PGG Wrightson completed**

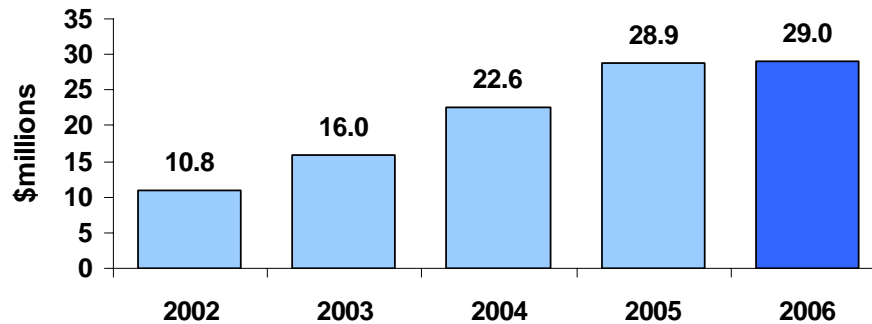


Pyne Gould Corporation

Financial Result

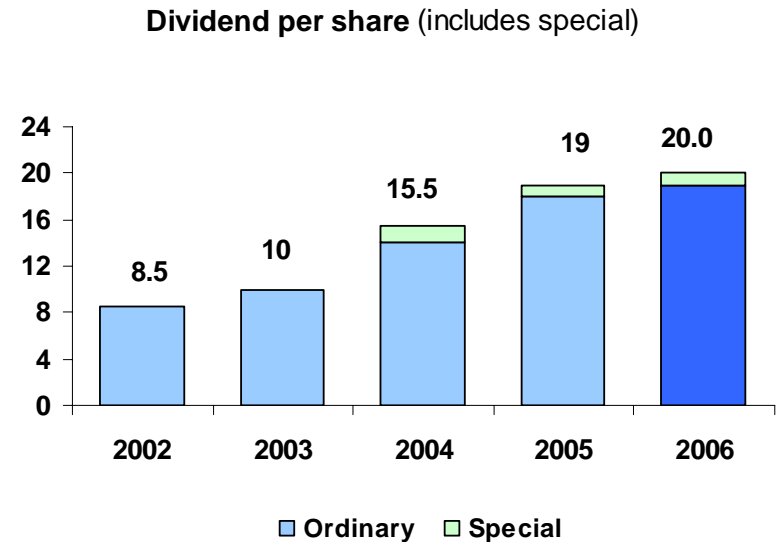
- Net profit after tax of \$66.3 (\$30.2m), an increase of 120%
- Result includes \$37.3m (\$1.3m) of abnormal items
- Operating profit before abnormals \$29.0m

Net Profit After Tax (before abnormals)



Dividend

- Special dividend of 1 cps
- Interim dividend of 8 cps
- Final dividend of 11 cps
- Total dividend of 20 cents
- All fully imputed for tax



Individual Business Performances

Brian Jolliffe



Pyne Gould Corporation



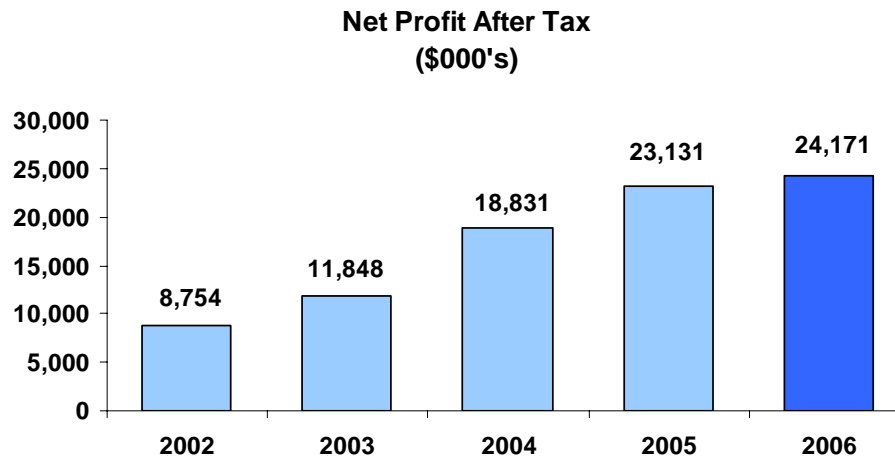
MARAC[®]
MEANS FINANCE

MARAC

- Net profit after tax up 5% from \$23.1m to \$24.2m
- Finance assets up 13% to \$1.165bn
- “Investment Grade” Standard and Poor’s rating received
- New “Dynamic Provisioning” introduced

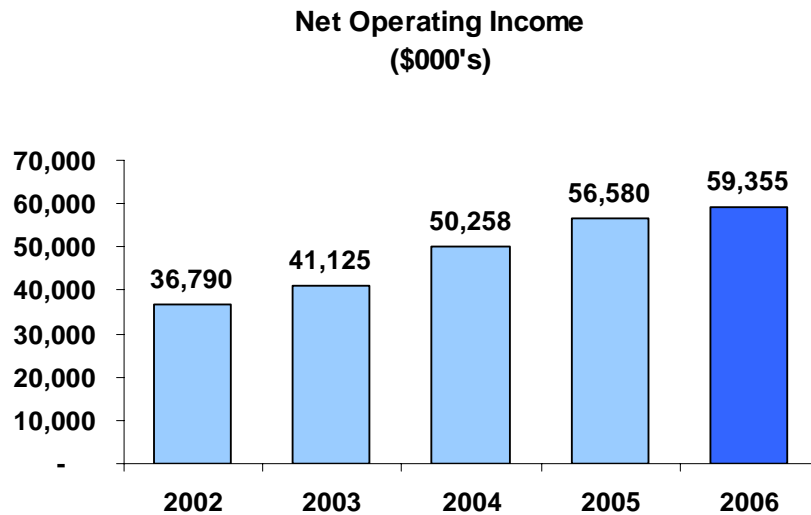
Net Profit After Tax

- Up 5% to \$24.2m
- Revenue growth up 5% to \$59m
- Target segments at finer margins
- Further gains in efficiency
- Impaired asset expense remains low



Net Operating Income

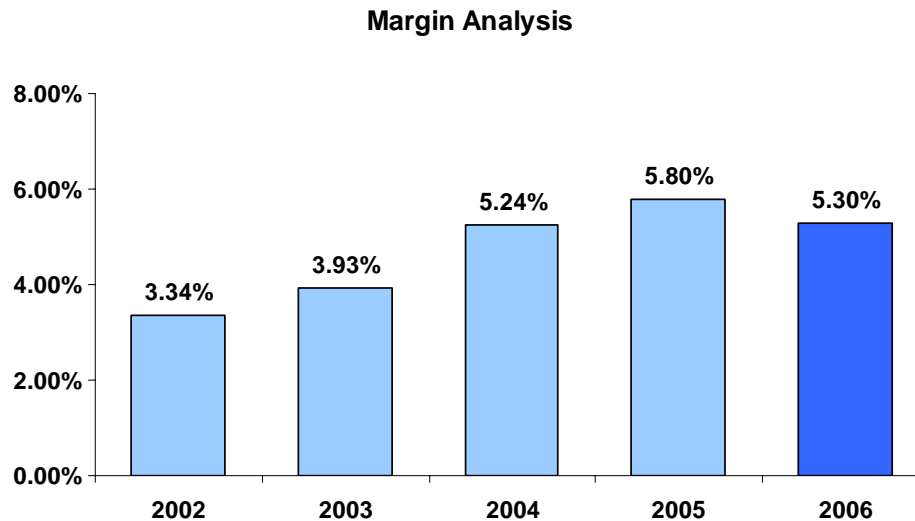
- Up 5% to \$59.4m
- Strong contribution from fee income continues



Margin Analysis

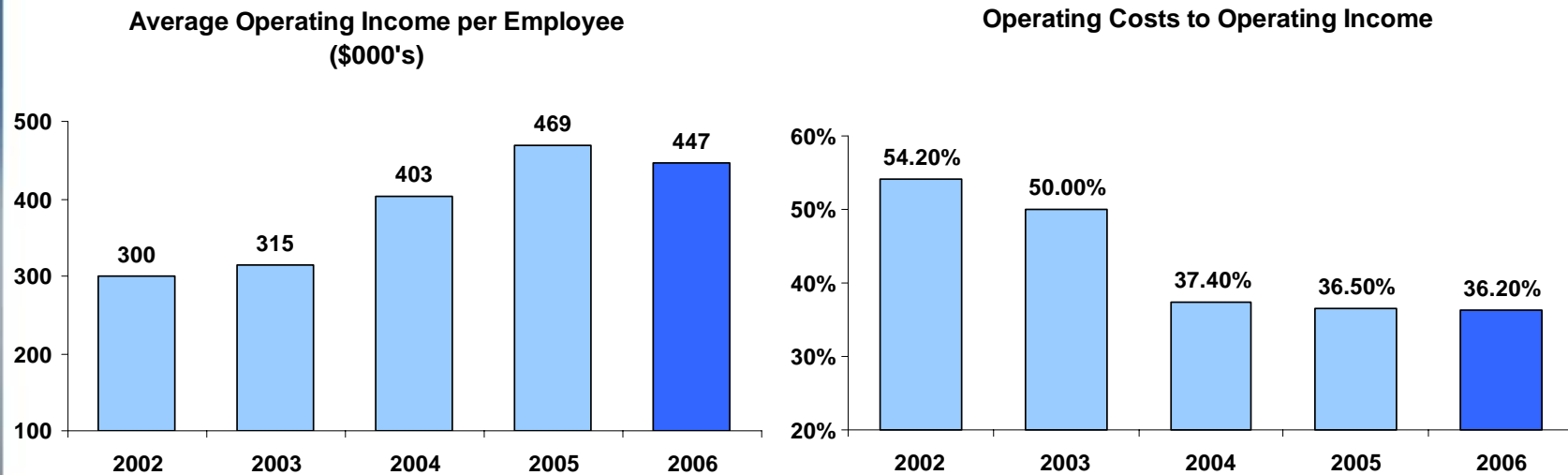
(Net Operating Income / Ave Finance Assets)

- Margin down slightly to 5.30%
- Driven from:
 - Strategic growth in quality segments
 - Increased funding costs
 - Establishing new relationships



Efficiency

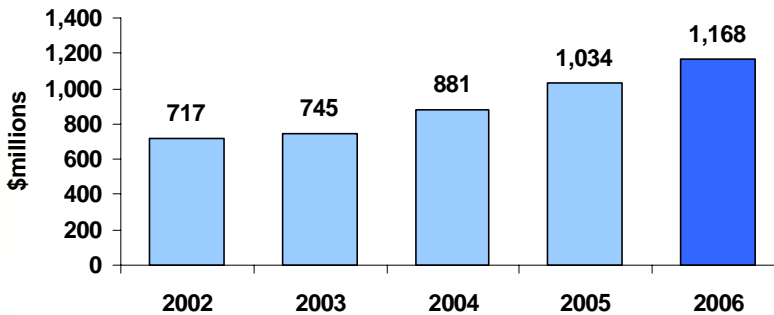
- Improved efficiency to new benchmarks



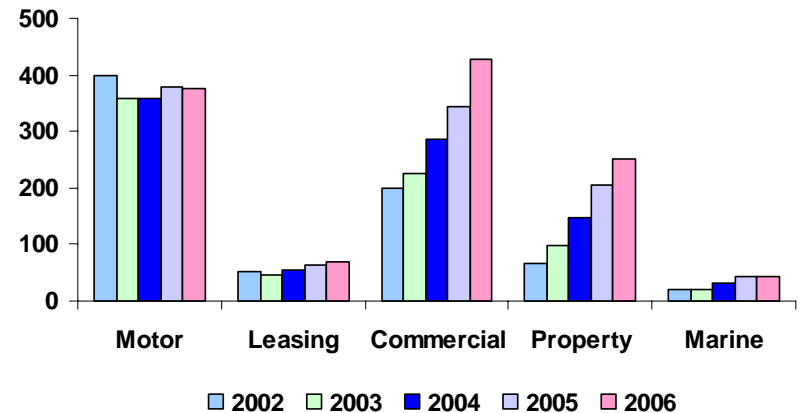
MARAC Finance Receivables

- Up 13% to \$1.165bn
- Commercial growth strategy continues

Total Finance Receivables

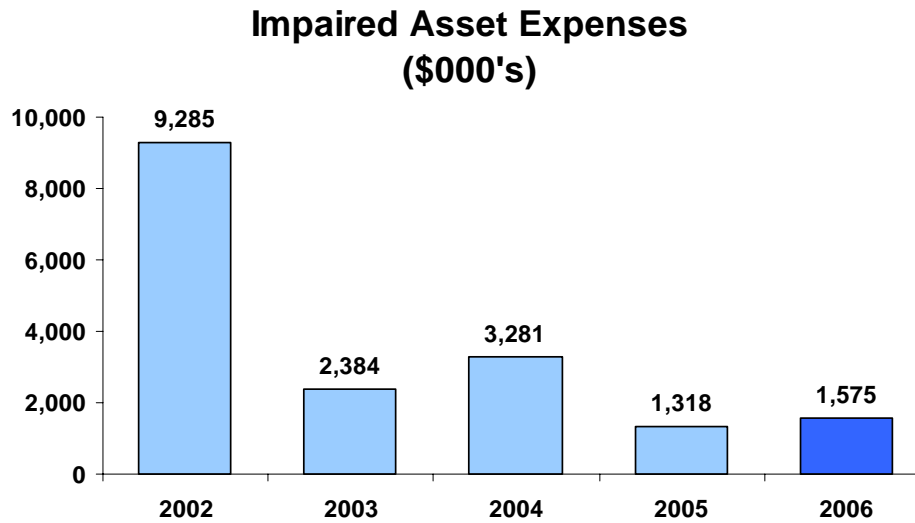


Asset Growth



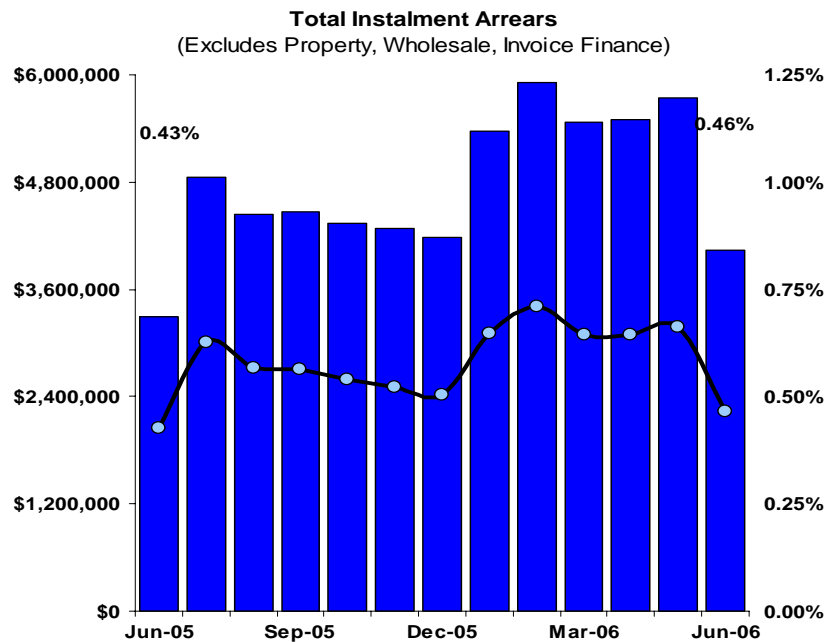
Impaired Asset Expenses

- Credit quality focus
- Arrears position maintained within benchmarks
- Impaired asset expense at 0.14% of receivables



Credit Arrears – All Divisions

- Significant focus on credit quality continues
- All ledgers below 1% arrears
- A feature of quality business writings



Provisioning

- **Dynamic Provisioning introduced**
- **Preparation for IFRS**

Installment Loans

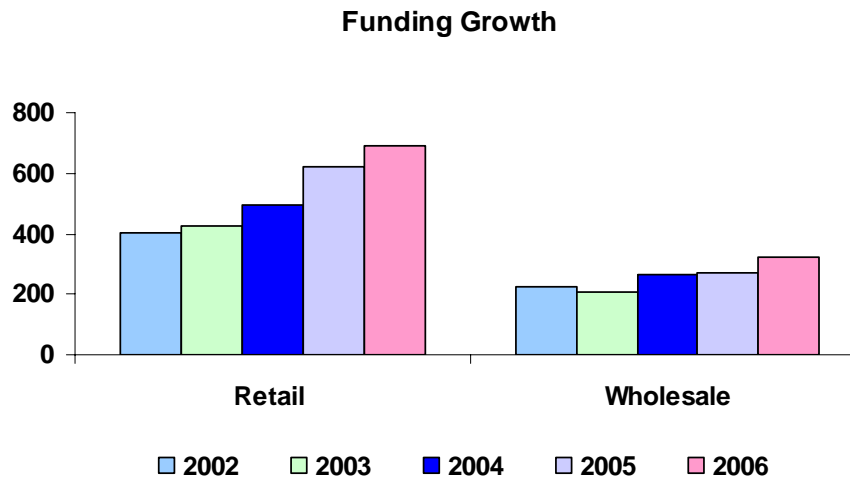
- **Based on actual ledger experience**
 - **Probability of Default**
 - **Actual write off experiences**

Relationship Loans

- **Based on a risk grading model**
 - **Individual characteristics of loans**
 - **Loss factors**
 - **Regular review**
- **Actual result \$1.8m less provisions**

Funding the Business

- “Investment Grade” Rating from Standard and Poor’s
- Reinvestment rates continue at historical highs
- New investor groups now evident



Commercial

“Asset growth of 24% to \$428m”

Strategy

- **Broadening business through new relationships and new dealers**
- **Regional expansion to gain further traction**
- **Wider product offerings**
 - **Invoice Finance**

Outlook Positive

Motor

“Continues at quality end of market”

Strategy

- **Diversify distribution to new customers and dealers**
- **Further develop direct financing**
- **Lease business**
 - **a focus on residual values**
- **Cross sell of insurance products**

Outlook – Neutral in a changing market place

Marine and Leisure

“ Subdued market – Assets up 5% at \$45m

Strategy

- Development of our Campervan business
- Cementing of relationships in a challenging market

Outlook - Neutral

Property

“ Strong growth up 22% to \$251m”

Strategy

- Existing relationship focused
- Concentrating on quality opportunities
- NZ wide expansion

Outlook – Neutral – Prudential Guideline

Kiwibank / MARAC Partnership

“Announced today”

Motor

- Agreed to provide “Kiwibank Vehicle finance” product for Kiwibank
 - MARAC expertise
 - Kiwibank branded, marketed and promoted

Commercial

- Commercial plant and equipment finance for business
 - Referral of business to MARAC

MARAC Current Business Position

- **Growth still evident**
- **Excellent credit position in cycle**
- **Distribution channel development focus**
- **Leverage Standard and Poor's Rating**
- **Sound business strategies to develop the business further**

Overall Outlook – Solid performance – Some growth



Perpetual Trust

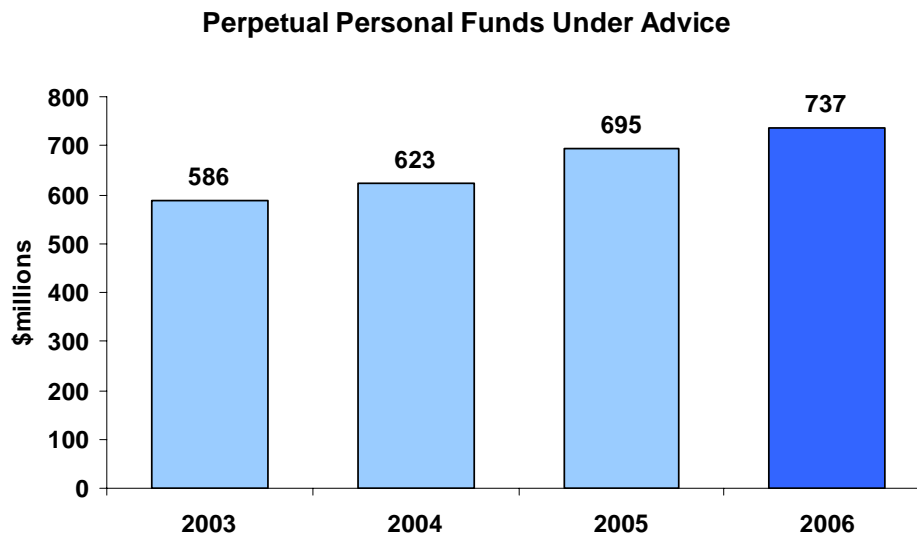
Perpetual

- Net operating profit of \$3.0m, 32% up on last year
- Operating costs contained
- Revenue grew by 16% to \$19.8m
- Two new funds launched
- New Chief Executive Officer for Perpetual



Personal Wealth Management and Advice

- Focus on quality service and referral relationships
- 6% growth in funds under advice



Managed Funds

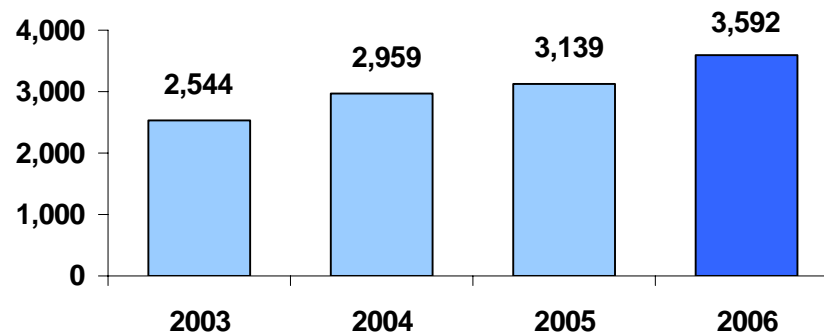
- Funds under management at similar levels
- Funds rationalised for 2007 tax changes (closed 7, launched 2)
- Aria Fund and NZ/Australian Share Fund launched
- Focus on distribution



Corporate Trust

- Revenue up 14% over last year and up 67% since 2002
- Funds under supervision over \$18bn
- Focus on competitive service and new business

Perpetual Corporate Trusts Revenue
(\$000's)



Perpetual

Current Business Position

- **Growing revenue and costs controlled**
- **Valuable satisfied client base**
 - **Personal clients 94% would recommend to others**
 - **Corporate clients 98% would recommend to others**
- **Improved offering – service levels and new products**
- **Growth in managed funds post tax changes**
- **New CEO, Louise Edwards, part of the turnaround team**

Outlook - Positive



Perpetual Trust

The logo for PGG Wrightson features a stylized graphic of two curved lines, one blue and one green, above the company name. The name is written in a bold, italicized, blue sans-serif font.

PGG Wrightson

PGG Wrightson

- Company achieved an audited new profit of \$27.0m
- Contributed \$6.7m to the PGC result, compared to \$9.5m last year
- Merger completed
- Trading conditions deteriorated during latter months

Merger

- **Merger completed and behind us**
- **Two key objectives delivered**
 - **Implement quickly**
 - **Maintain business as usual**

Tougher Trading Conditions

Rural Services Division

- Farm incomes were down
 - NZ\$ and commodities
- Reduced demand for farm inputs
- Lower sheep and beef tallies

Finance Division

- Asset growth and extension of services across the country

Seeds & Grain

- Domestic targets achieved
- International sales reduced
 - Australian drought

Financials

Alan Williams



Pyne Gould Corporation

PGC Financials

- Financial Result
- PGG Deconsolidated
- Abnormal Items
- Key Ratios and Statistics

Net profit after taxation	2006	2005
	\$000	\$000
MARAC	24,171	23,131
Perpetual	2,976	2,248
PGG Wrightson	6,693	9,458
Other Operations	(4,853)	(5,984)
NPAT Bfr Abnormal Gain	28,987	28,853
Abnormal Gain	37,329	1,318
Net Profit After Taxation	66,316	30,171

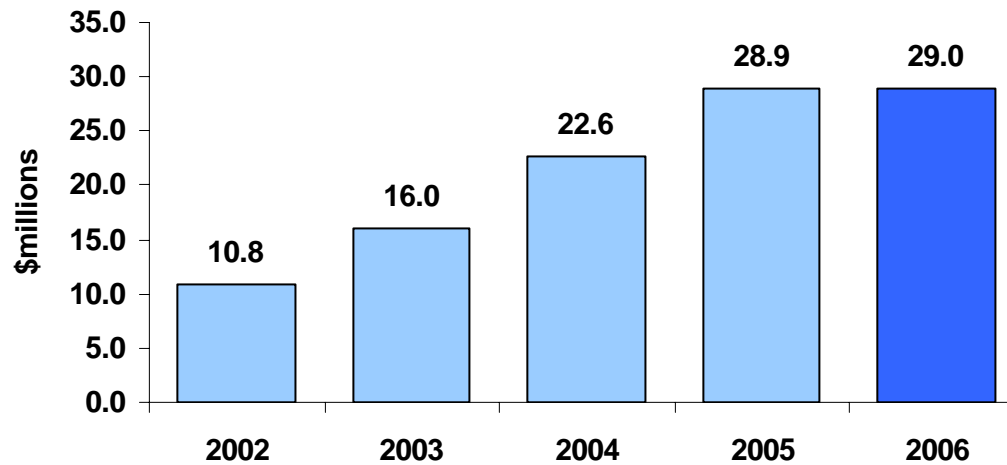


Pyne Gould Corporation

Net Operating Profit before Abnormals

- Net profit before tax at similar level to last year
- All subsidiaries performing strongly
- PGG Wrightson result not at previous years levels, ready to deliver

Net Profit After Tax (before abnormals)

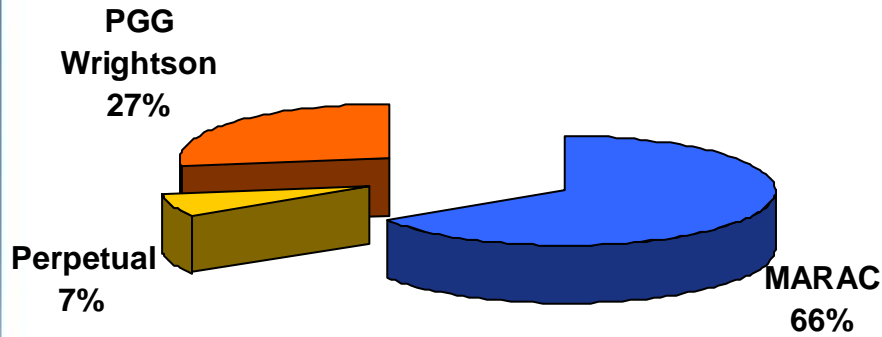


Pyne Gould Corporation

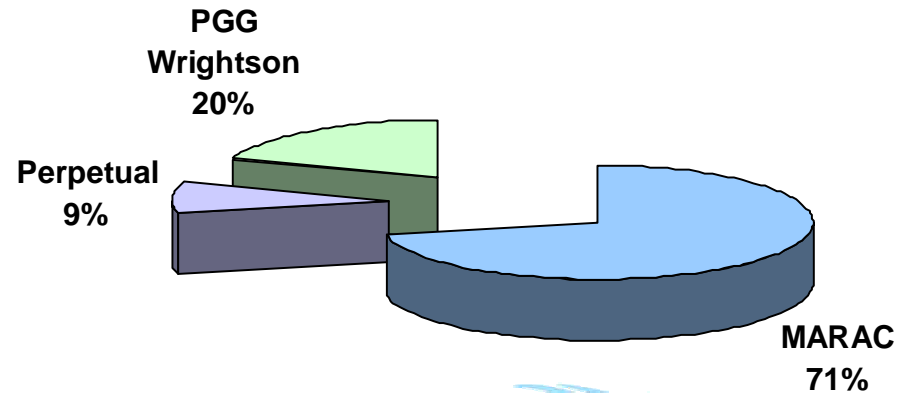
Net Contribution

(excluding abnormal items)

PGC Net Contribution
2005



PGC Net Contribution
2006



Abnormal Item

- **\$37.3m gain recognised on sell down of holding in PGG**
 - **PGC held 55% of PGG**
 - **PGG issues 169m shares to purchase 100% of Wrightson**
 - **Issue dilutes PGC holding by 60% (55% to 22%)**
 - **Fair value of PGC's 33% dilution is therefore crystallised by the value paid for Wrightson**
 - **Cost is 60% of PGC's BV v Price received is 22% of Wrightson FV**



Summary and Outlook

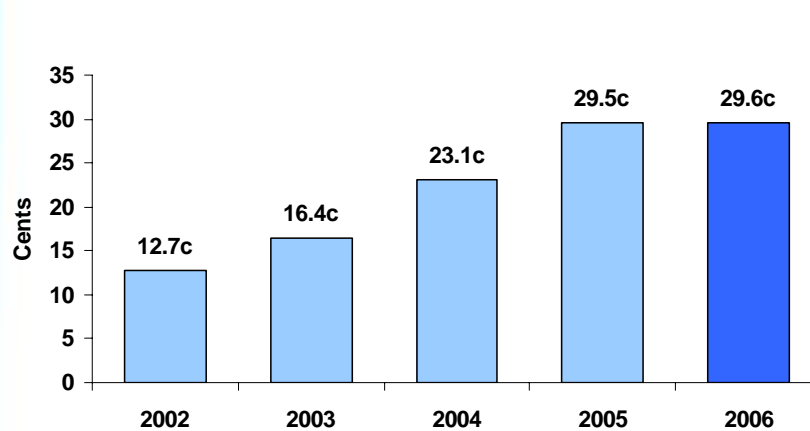
Sam Maling



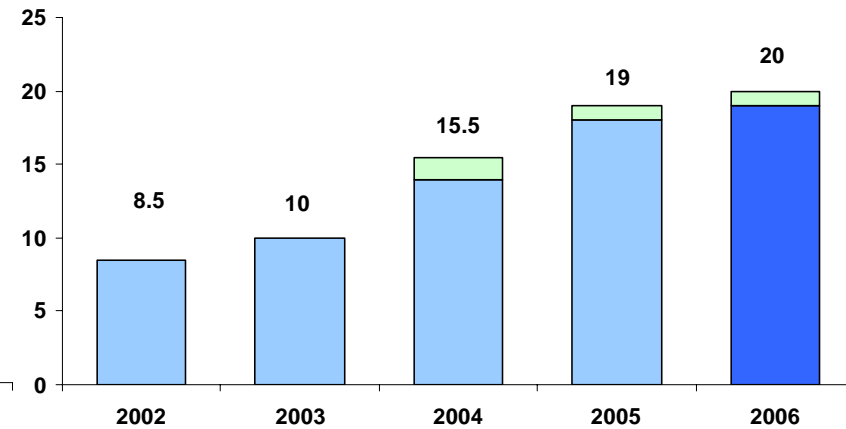
Pyne Gould Corporation

Investment Track Record

Earnings per share (before abnormals)

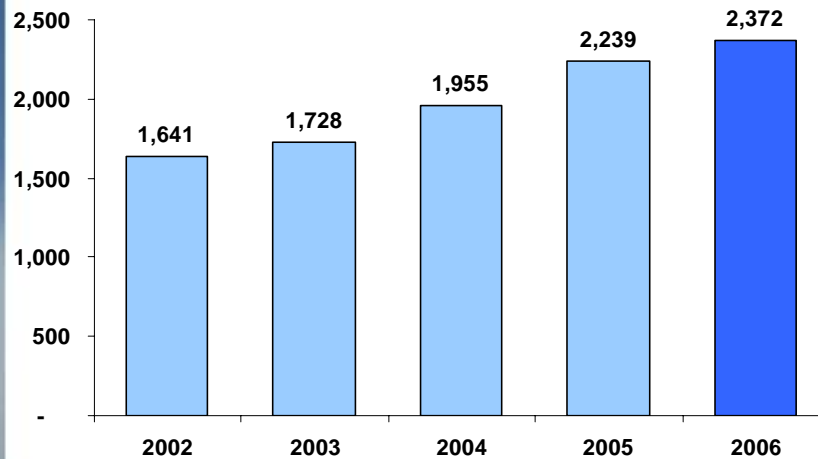


Dividend per share (includes special)

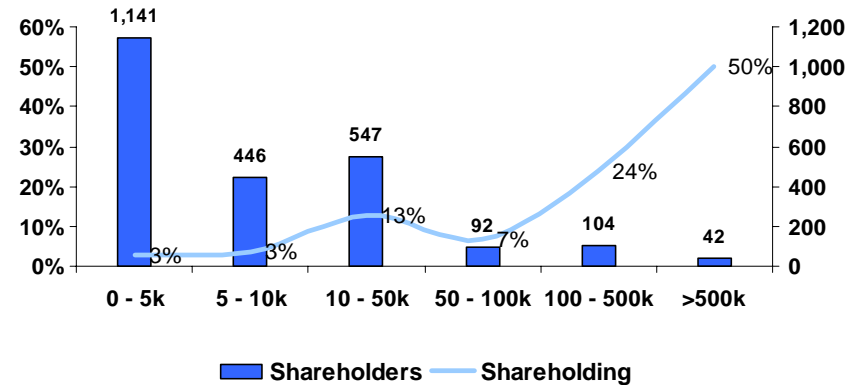


Share Register

Number of Shareholders



Spread of Shareholders



Summary – Pyne Gould Corporation

MARAC

- Motor & Marine and Leisure markets slow, Commercial robust
- Sound strategies in place
- Focus on distribution
- Overall growth expected

Perpetual

- Well positioned
- Revenue growth planned

PGG Wrightson

- Merger completed
- Market conditions expected to improve

OPTIMISTIC OVERALL OUTLOOK



Pyne Gould Corporation



Pyne Gould Corporation