

# Annual General Meeting

1 November 2007



Pyne Gould Corporation

# PGC Performance and Highlights



Pyne Gould Corporation

# Annual Highlights

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- **Group net profit after tax of \$30.6m**
- **Dividend increased to 21 cents per share**
- **Record results again for both MARAC and Perpetual Trust**
- **A 10% increase in net profit by MARAC to \$26.5m**
- **A 39% increase in net profit for Perpetual Trust to \$3.6m**
- **A reduced contribution of \$5.8m from PGG Wrightson (\$6.7m last year)**

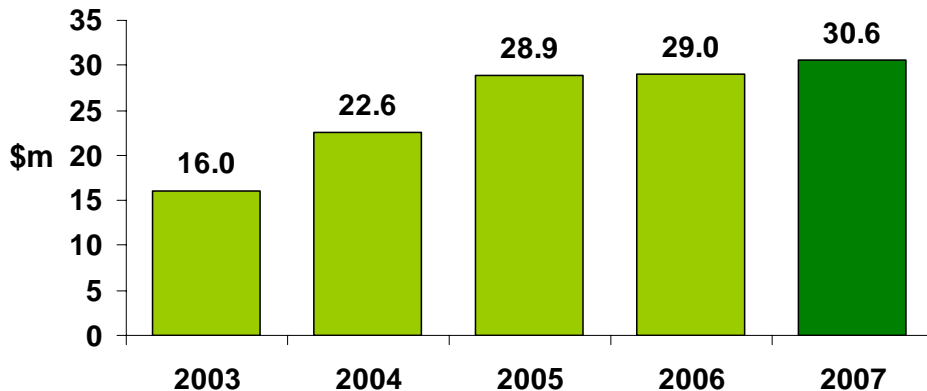


Pyne Gould Corporation

# Financial Result

- Net profit after tax of \$30.6m (\$29.0m), an increase of 6%
- There were no abnormal items (\$37.3m last year)

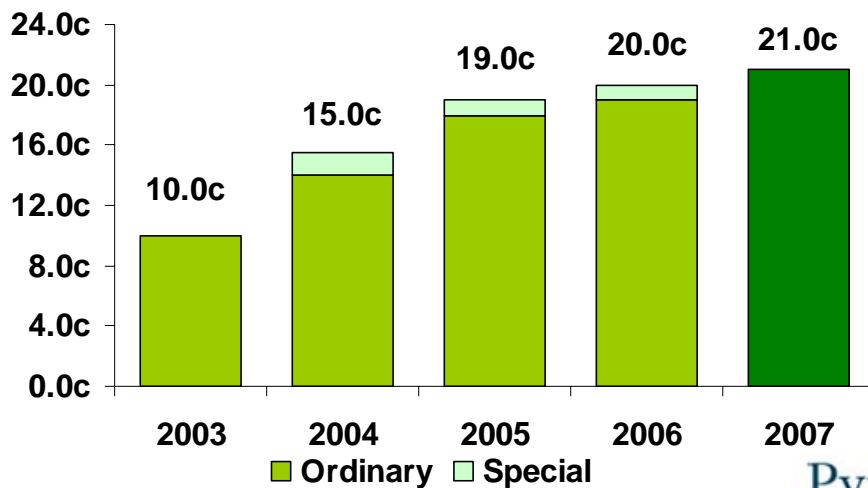
Net Profit After Tax  
(before abnormal)



# Dividend

- Total dividend of 21 cents
- Interim dividend of 9 cps, final dividend of 12 cps
- All fully imputed for tax

**Dividend Per Share  
(includes special)**



# Individual Businesses Performance

**Brian Jolliffe**



Pyne Gould Corporation



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, integrated into its shape. Below "MARAC" is the tagline "MEANS FINANCE" in a smaller, dark blue, all-caps, sans-serif font. The entire logo is centered on a white rectangular background.

# MARAC

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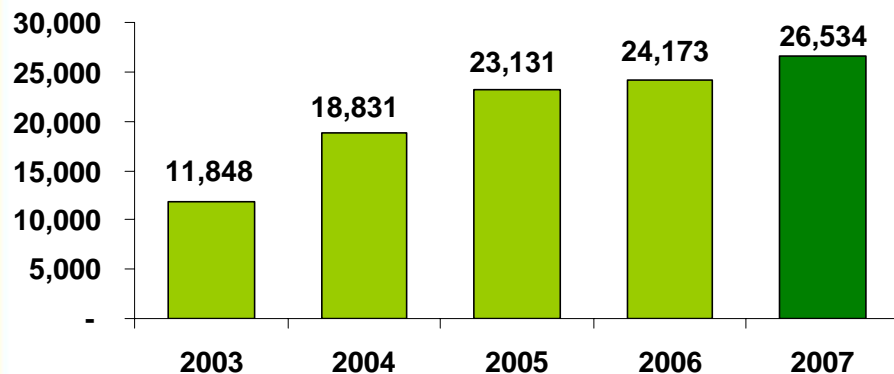
- Net profit after tax up 10% from \$24.2m to \$26.5m
- Finance assets up 14% to \$1.3bn
- New lending distribution and products added
- A new business – Ascend Finance created
- A new funding source added (post balance date)



# Net profit after tax

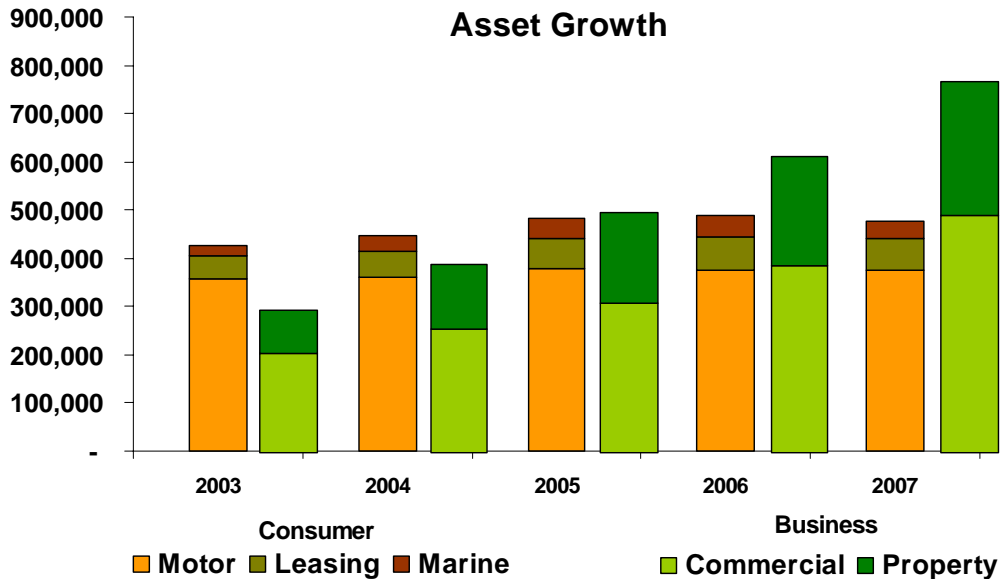
- Up 10% to \$26.5m
- Net operating income up 6%
- Targeted quality segments at finer margins
- Efficiency maintained despite increased investment
- Impaired asset expense (bad debts) remains low

Net Profit After Tax  
(\$000's)



# Finance receivables

- Up 14% to \$1.3bn
- Segment growth occurred in line with our strategy
- Business growth focus continues

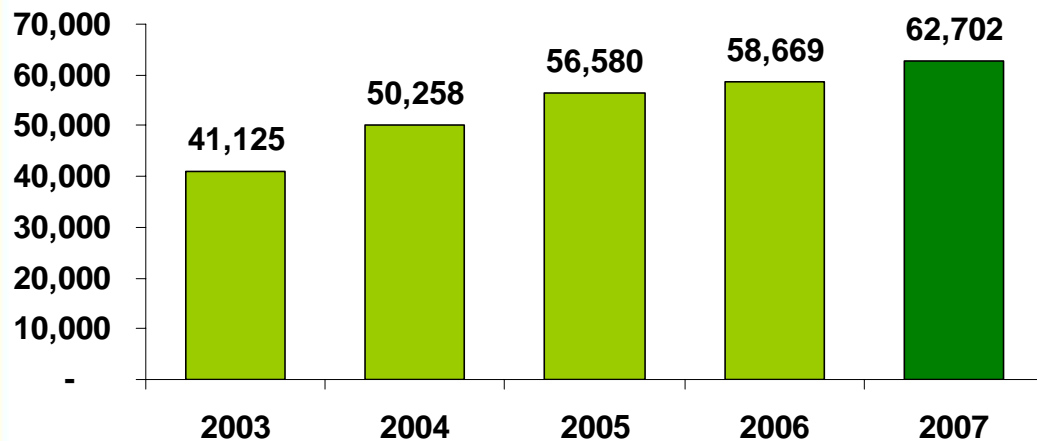


# Net operating income

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- Up 6% to \$62.7m
- Strong contribution from fee income continues

Net Operating Income  
(\$000's)

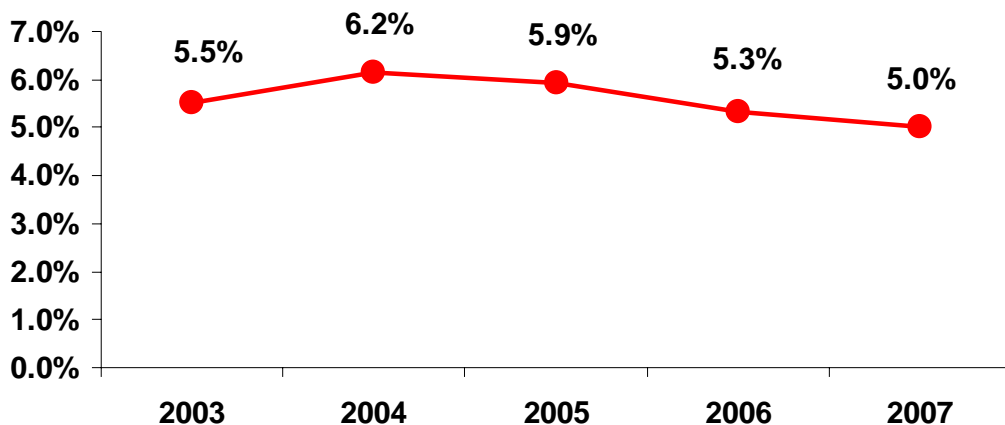


# Margin analysis

(Net Operating Income / Ave Finance Assets)

- Margin down slightly to 5.0%
- Driven by:
  - Strategic growth in quality segments
  - Competition remains strong in these segments
  - Increased funding costs – interest rates up

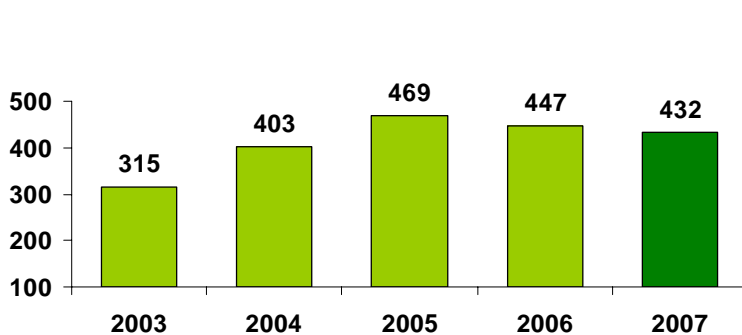
Margin Analysis



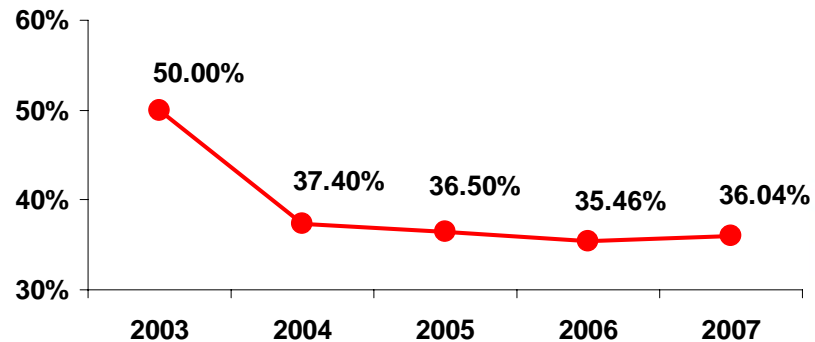
# Efficiency

- Efficiency essentially maintained
- Increased employees and further business investment

Average Operating Income per Employee  
(\$000's)



Operating Costs to Operating Income



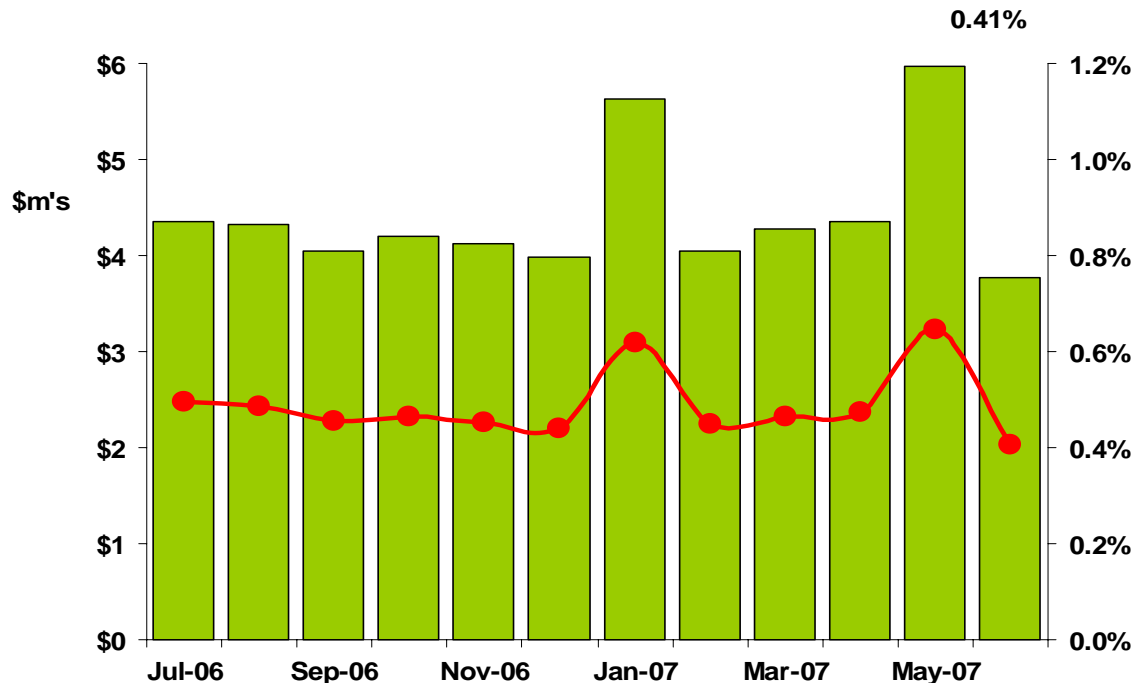
# Credit arrears – all divisions

(Instalment loans)

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

## Total Instalment Arrears

In respect to total instalment loans outstanding \$926m

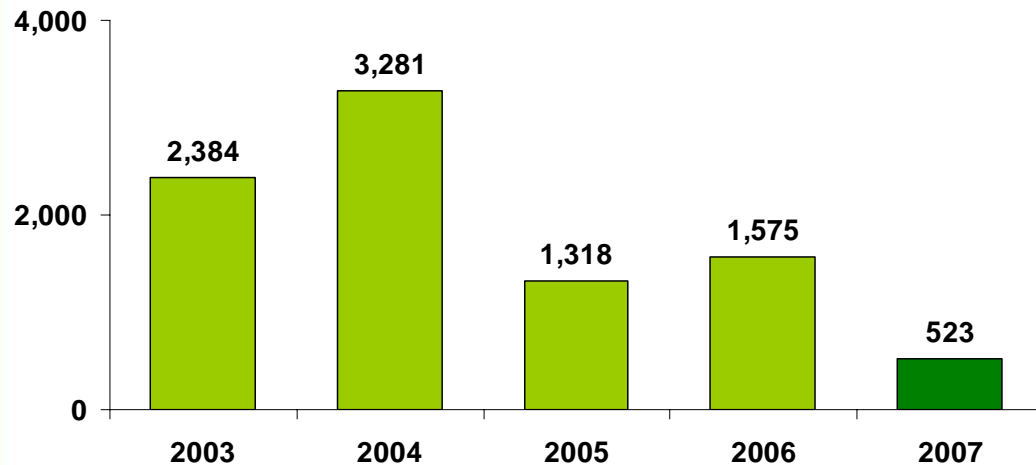


# Impaired asset expenses

(Bad debts, recoveries, provisions)

- Credit quality focus
- Arrears position maintained
- Impaired asset expense at 0.04% of finance receivables \$1.3bn

Impaired Asset Expenses  
(\$000's)



# New lending distribution / products added

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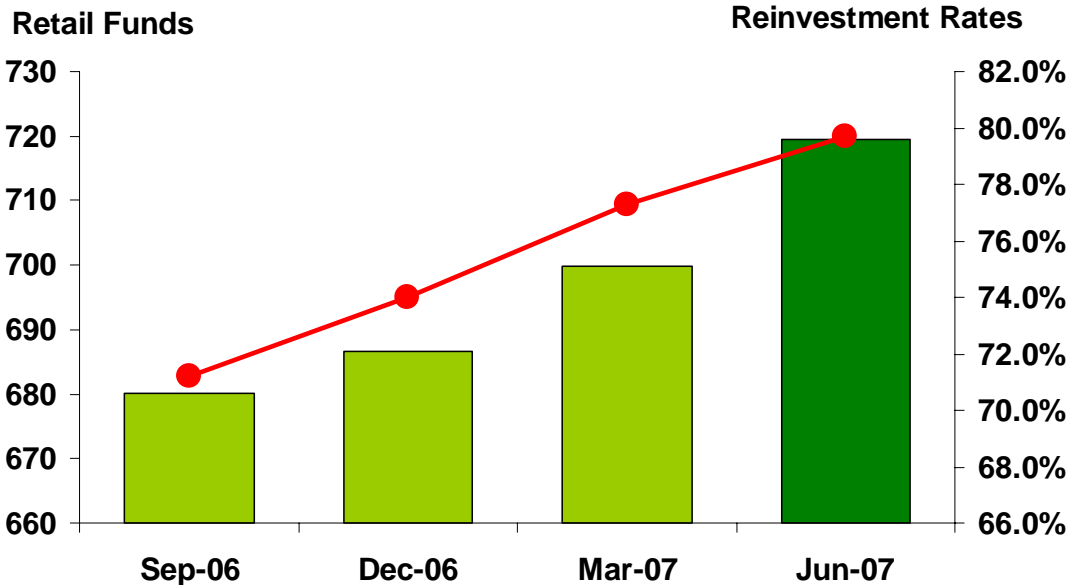
- **Kiwibank - commenced November 2006**
  - **Vehicle finance - 25% of MARAC Direct business in recent months**
  - **Commercial Plant & Equipment referrals - still developing**
- **i-finance - web based distribution in association with ACP Media's "Autotrader"**
  - **Concept well proven**
  - **Looking to increase volume**
- **New web based technology platform developed for dealers and vendors**



- **Commenced February 2007**
- **Represented Northland, Auckland, Hamilton, Tauranga, Palmerston North, Dunedin**
- **Wider representation being sought**
- **Targeting different markets than traditional MARAC**
- **Covers both Business (including Property) and Consumer**
- **Early results better than expected**

# Retail investments

- Growth continued throughout the year
- Reinvestment rates remain strong
- Investment Grade credit rating from Standard & Poor's has assisted



# **New securitisation element added to funding** (post balance date)

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- **Securitisation of \$300m completed 17 August 2007**
- **Developed in association with Westpac Institutional Bank**
- **Established to enable additional funding diversification**
- **Cross section of assets included**

# Business division summary

(Includes Commercial, Plant & Equipment, Property Finance and Ascend Finance division)

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- Asset growth of 25% to \$849m achieved
- Additional growth expected in current year

## Strategy

- Continue diversification of origination into New Zealand wide business
- Ascend finance to develop to a full section
- Broaden customer base and expand further product offerings

# Consumer division summary

(Includes Motor Vehicle, Leasing, MARAC Direct, Marine & Leisure and Insurance)

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- Assets of \$478m with quality continuing
- Distribution, efficiency and cross sell focus

## Strategy

- Enhance technology developments
- Newer partner arrangements to become mainstream
- Additional “partnering” arrangements pursued

# MARAC current business summary

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- Growth still evident in the market and our businesses
- Credit quality focus will continue
- Margin pressure is not expected to ease
- First quarter results were sound
- Sector uncertainty may create wider opportunity

*Overall Outlook – Continuing business growth and sound financial performance*



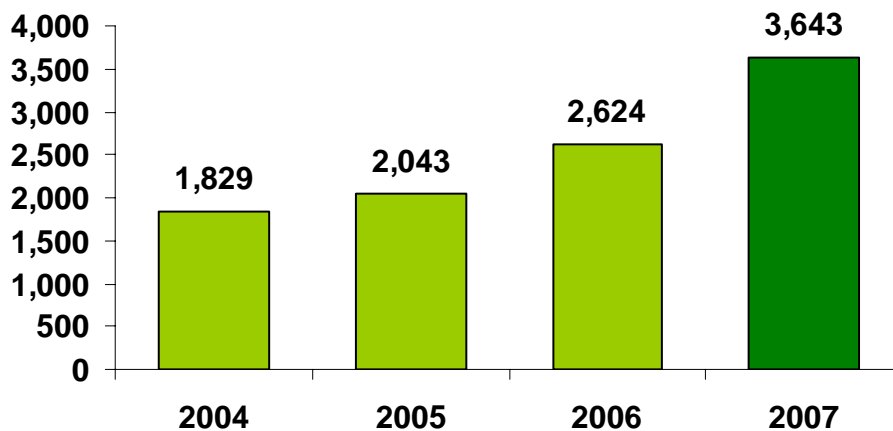
Perpetual Trust

# Perpetual Trust net profit after tax

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- Net operating profit of \$3.6m, 39% up on last year

Net Profit After Tax



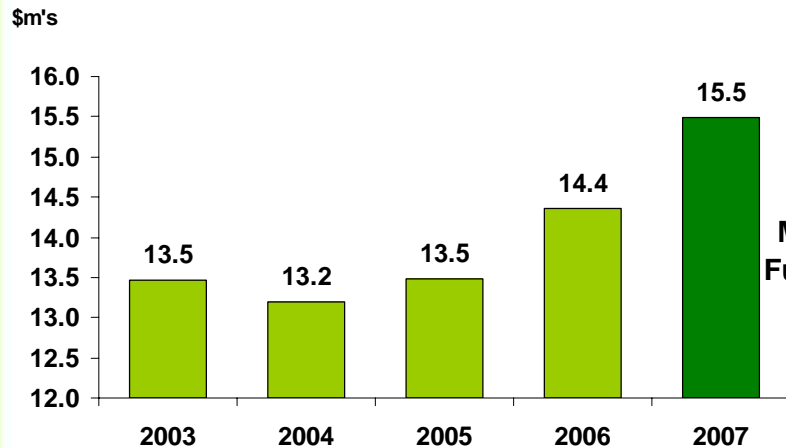
Perpetual Trust



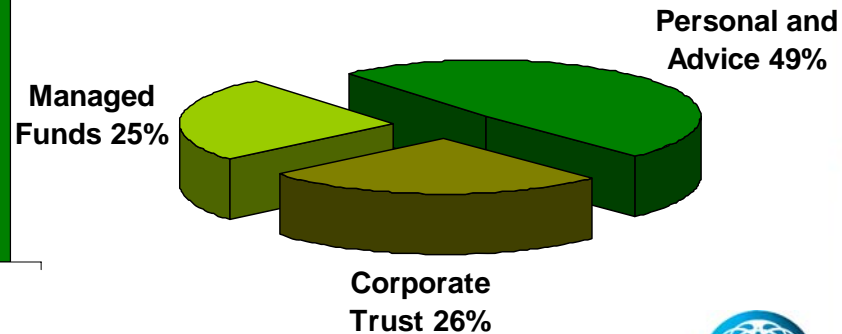
# Perpetual Trust revenue

- Revenue growth of 8% to \$15.5m
- Revenue growth was across all divisions

Total Revenue



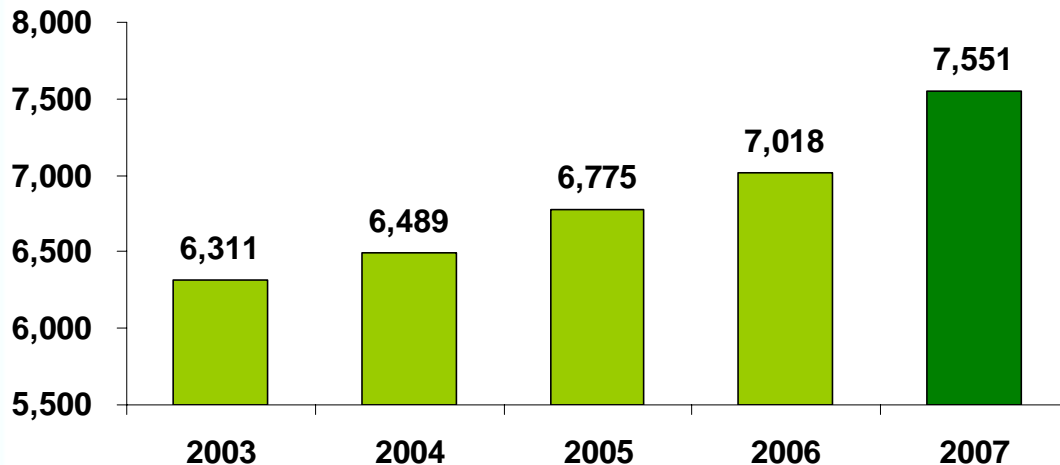
Revenue Breakdown



# Personal wealth management and advice

- Revenue growth 8% to \$7.5m
- 21% growth in funds under advice, and client numbers up 20%
- New trusts up 62% by number, Wills new and revised up 38%
- Focus on quality service and referral relationships

Personal Client Revenue  
(\$000's)

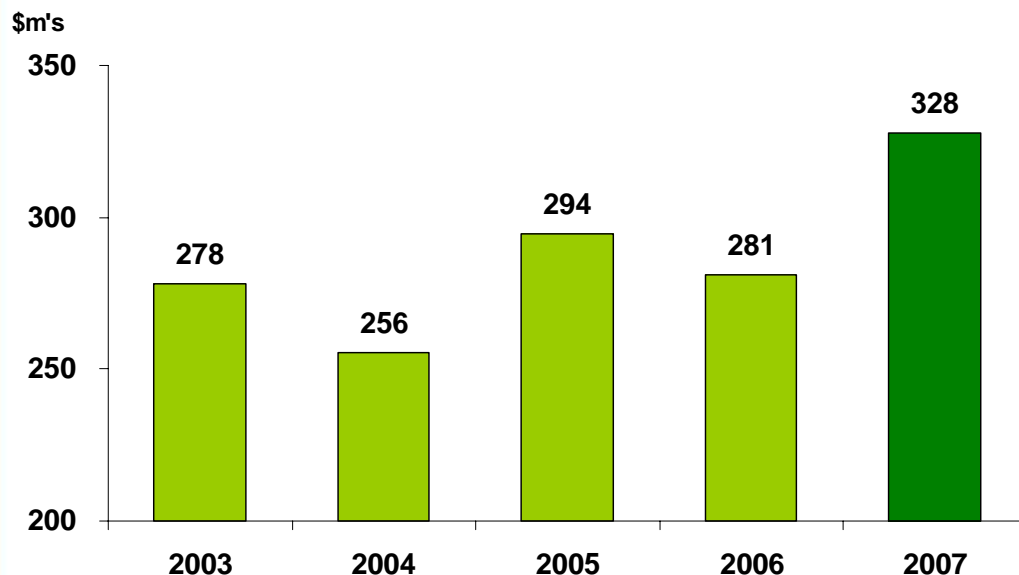


Perpetual Trust

# Managed funds

- Funds under management increased 10% to \$328m
- Further rationalisation of smaller funds completed
- The newer Aria Fund and NZ/Australian Share Fund achieved steady inflows
- Focus on positioning for pending tax changes in October

Funds under Management



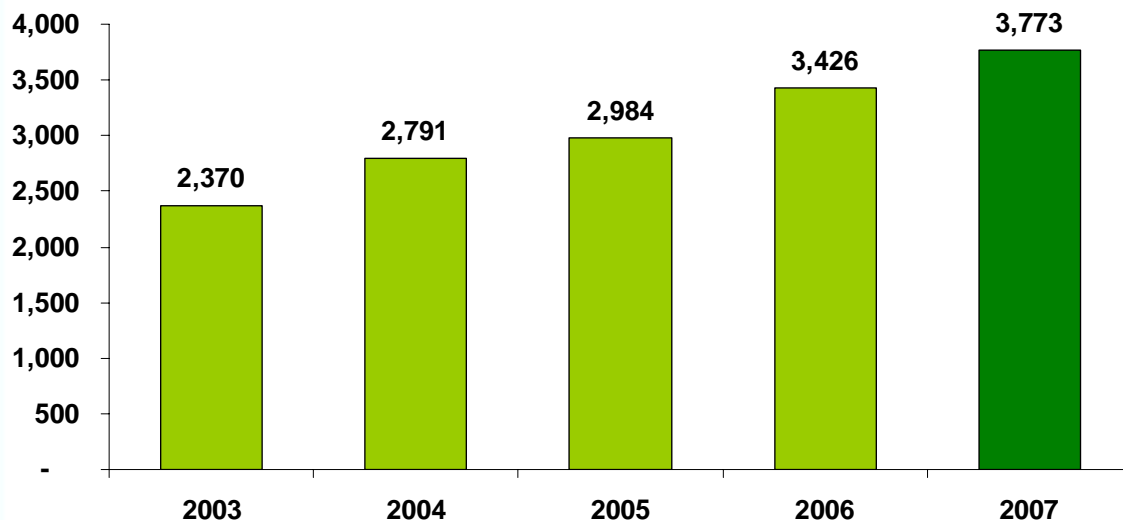
Perpetual Trust

# Corporate trust

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- Revenue up 10% over last year
- Funds under supervision over \$19bn
- Focus on competitive service and new business – Retirement Villages act / opportunity

Corporate Trust Revenue  
(\$000's)



Perpetual Trust

# Perpetual Trust summary

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## Current Business Position

- Growing revenue expected to continue
- Further diversification in distribution being targeted
- Growth in managed funds post tax changes

*Overall Outlook – Revenue and profit growth expected*



Perpetual Trust

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

***PGG Wrightson***



# PGG Wrightson

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- Company achieved an audited net profit after tax of \$26.2m
- Contributed \$5.8m to the PGC result, compared to \$6.7m last year
- NZ Farming Systems Uruguay Fund launched
- Trading conditions deteriorated during the year

# Tougher trading conditions experienced

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- New Zealand dollar impact and interest rates
- Prices at farm gate down – dairy exception
- Farmer and grower confidence reduced
- Reduced on farm investment / increasing costs



# Summary and Outlook - PGC

## MARAC

- Business division robust, Consumer division a little slower
- Liquidity strong with diversified funding in place
- Credit focus on quality continues
- Overall business growth expected and result solid

## Perpetual

- Well positioned
- Revenue and profit growth expected

## PGG Wrightson

- Market conditions expected to improve especially dairy
- Positioned well to benefit from market improvements

**OPTIMISTIC OVERALL OUTLOOK**

  
Pyne Gould Corporation



# Pyne Gould Corporation

