

Media & Broker Presentation

28 August 2007

Annual Results to 30 June 2007



Pyne Gould Corporation



Agenda

- **PGC Performance and Highlights**
 - Sam Maling (Chairman)
- **Individual Businesses Performance**
 - Brian Jolliffe (Managing Director)
- **Financials**
 - Alan Williams (Chief Financial Officer)
- **Summary and Outlook**
 - Sam Maling
- **Questions**

PGC Performance and Highlights



Pyne Gould Corporation



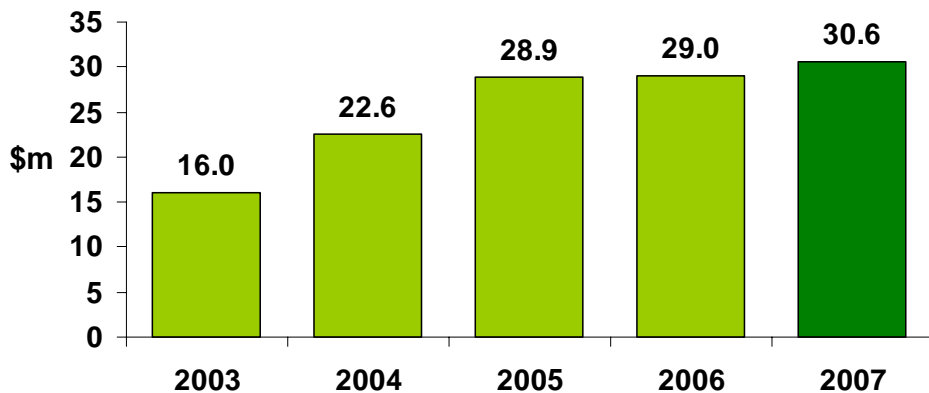
Annual Highlights

- **Group net profit after tax of \$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)**

Financial Result

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

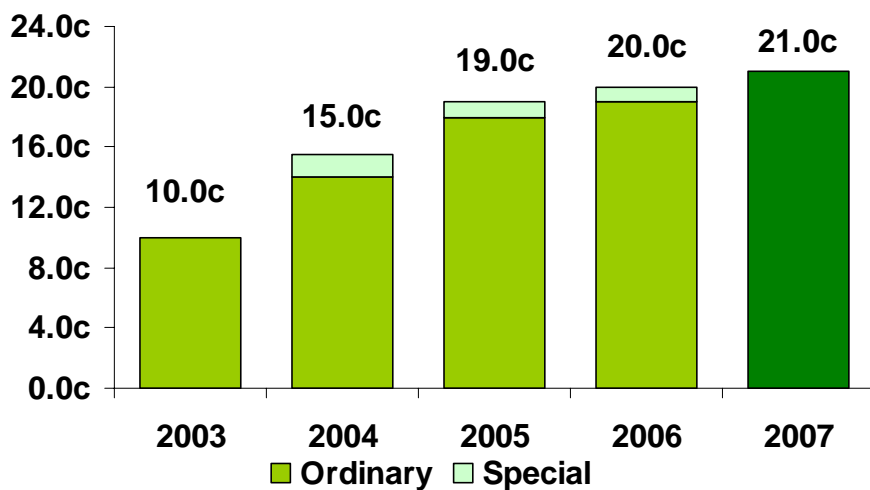
**Net Profit After Tax
(before abnormal)**



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[®]
MEANS FINANCE

The logo features the word "MARAC" in a bold, blue, sans-serif font. The letter "A" is stylized with a blue and light blue graphic element that resembles a mountain peak or a stylized letter. Below "MARAC" is the tagline "MEANS FINANCE" in a smaller, blue, sans-serif font. The entire logo is centered on a white background.

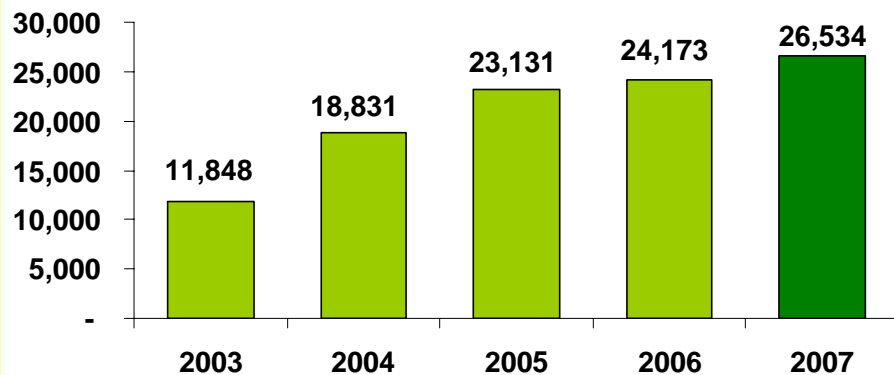
MARAC

- 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

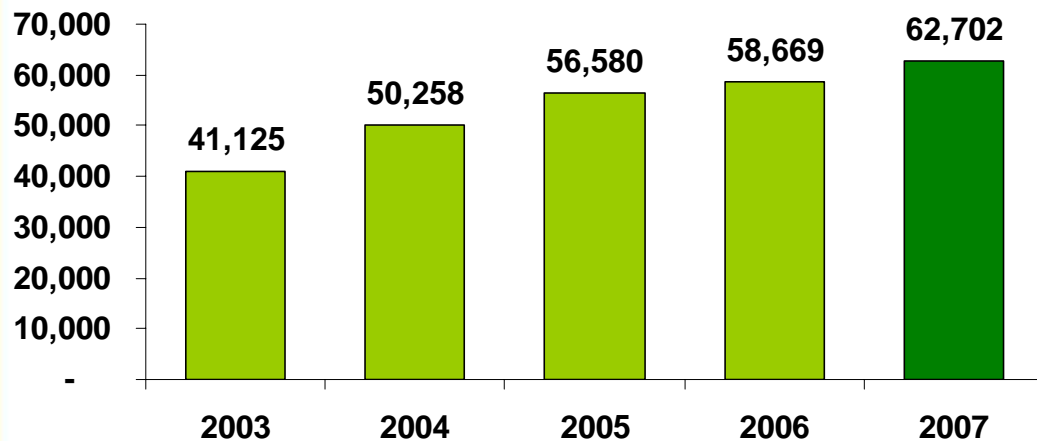
Net Profit After Tax
(\$000's)



Net operating income

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

**Net Operating Income
(\$000's)**

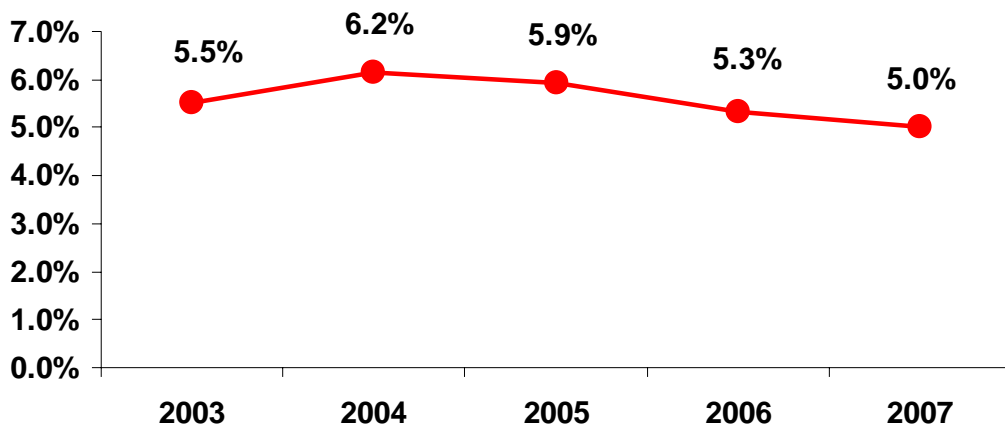


Margin analysis

(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

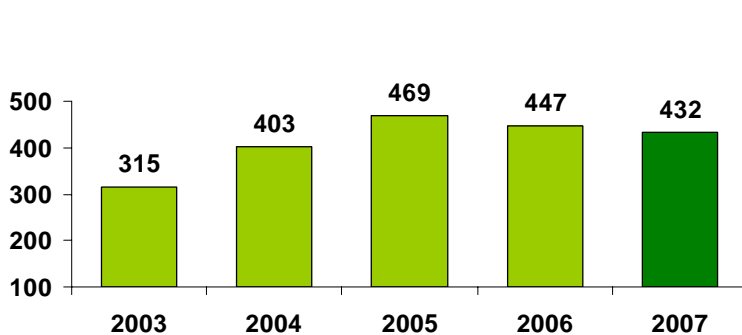
Margin Analysis



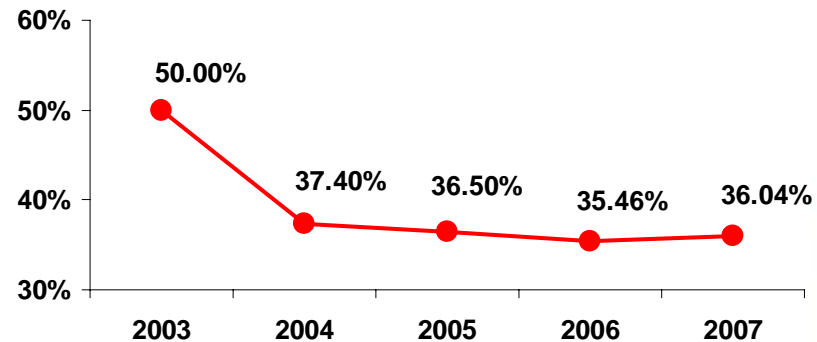
Efficiency

- Efficiency essentially maintained
- Increased employees and further business investment

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

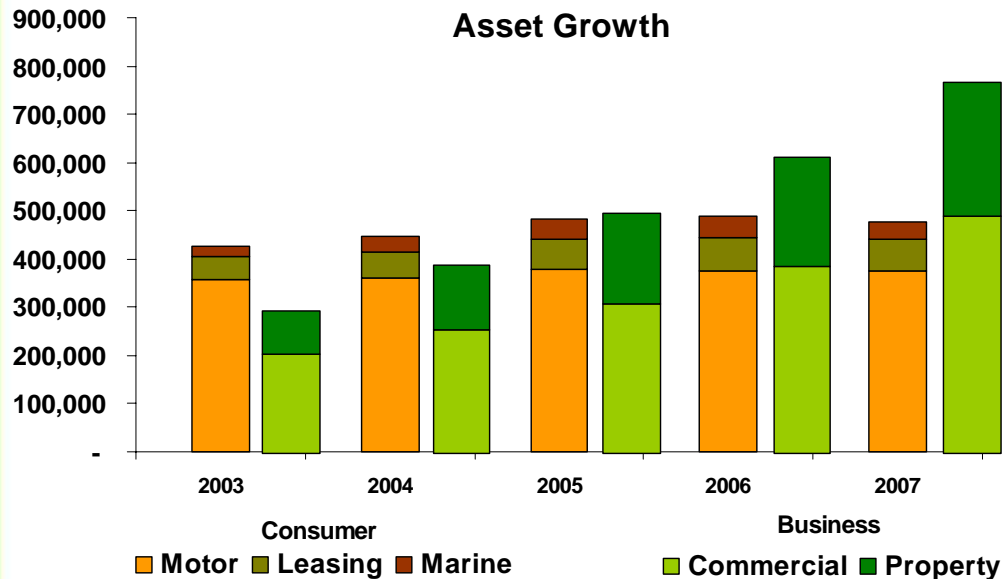


Operating Costs to Operating Income



Finance receivables

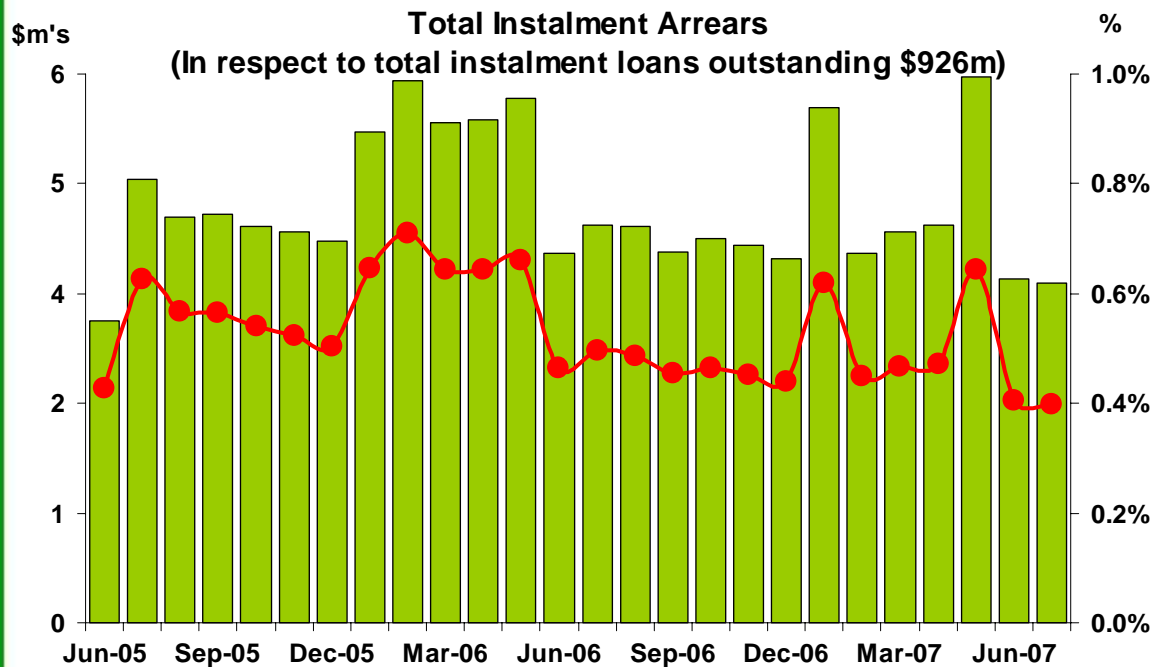
- Up 14% to \$1.3bn
- Segment growth occurred in line with our strategy
- Business growth focus continues



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

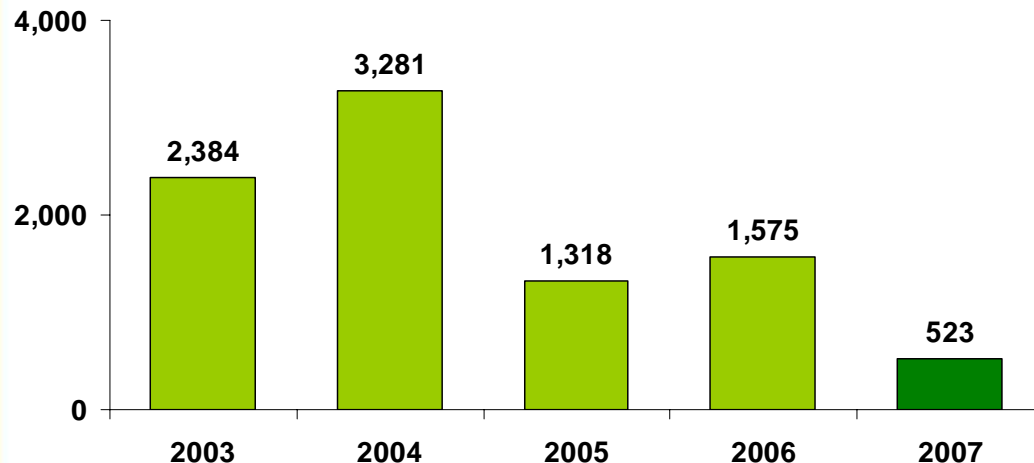


Impaired asset expenses

(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

- **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**

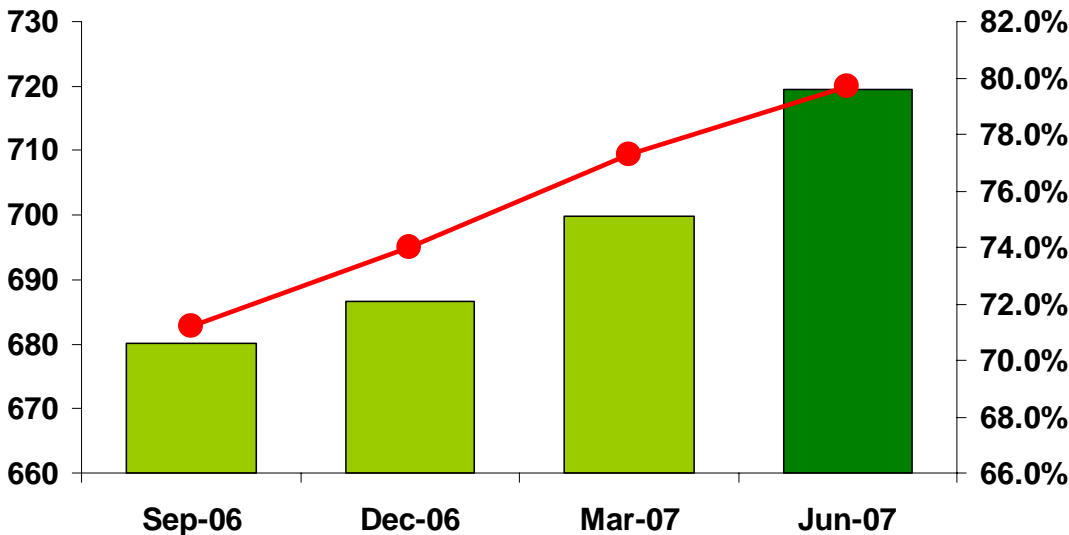
Funding the business

- MARAC continues to receive strong support from investors
- “Investment Grade Rating” from Standard & Poor’s has assisted with transparency
- Third funding source added (post balance date)

Retail investments

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

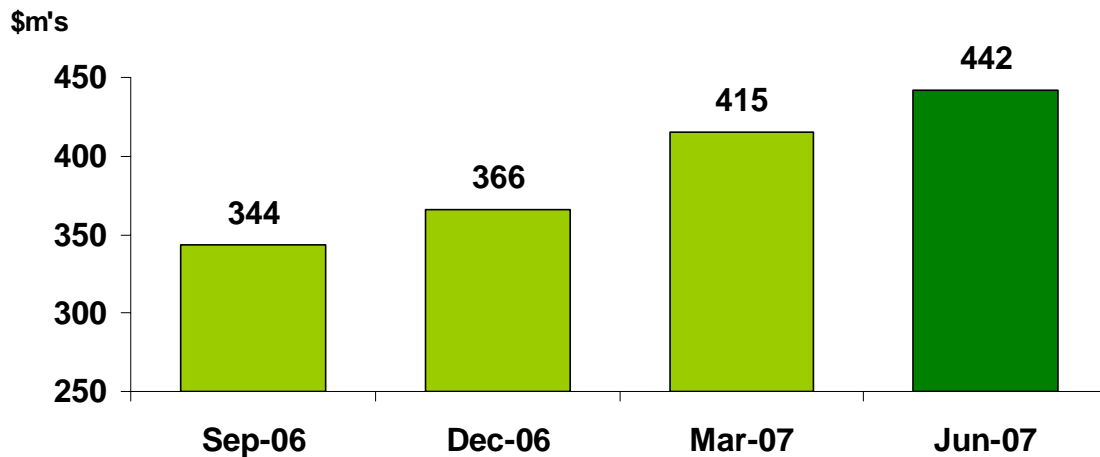
Retail Funds



Banks support

- Additional bank funding provided
- Especially evident during past four months pending new funding source

Wholesale Bank Funding



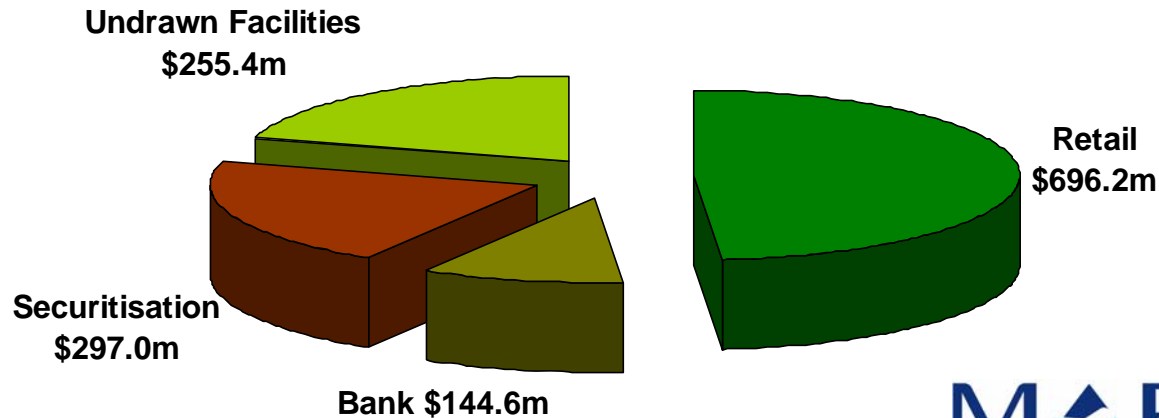
New securitisation element added to funding (post balance date)

- **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**

Funding summary at 23 August 2007

- Total liquidity at 23 August 2007 - \$255m
- Enjoy confidence of our investors and our banks
- Active treasury management of interest rate and asset and liability matching

Funding Growth



Business division summary

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

- 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)

- 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

- **Industry issues have occurred in the market**
 - **The industry is an essential financier for business and consumers**
 - **We pursued our Standard & Poor's credit rating**
 - **We support additional regulations**
- **Diversification in lending and funding are key differentiators for MARAC**
- **Quality throughout our business is the focus**
- **We have no related party lending**

MARAC current business summary

continued

- Growth still evident in the market and our businesses
- Credit quality focus will continue
- Margin pressure is not expected to ease

Overall Outlook – Continuing business growth and profit expected



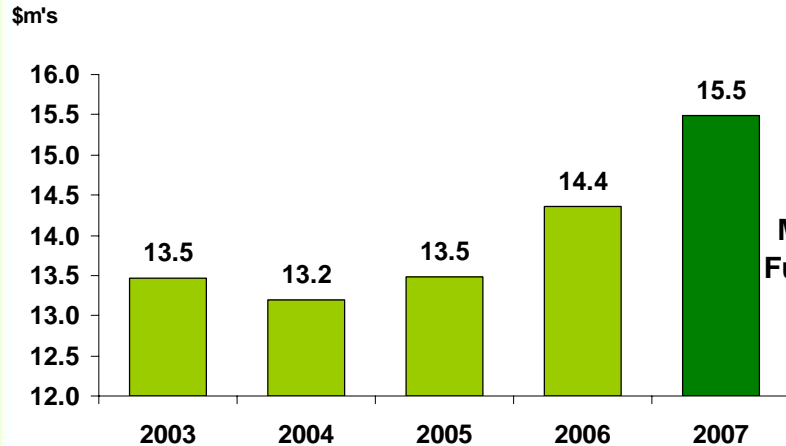
Perpetual Trust



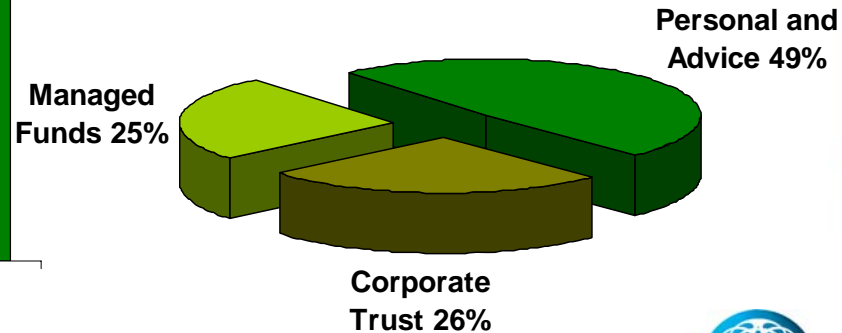
Perpetual

- Net operating profit of \$3.6m, 39% up on last year
- Revenue growth of 8% to \$15.5m
- Revenue growth was across all divisions

Total Revenue



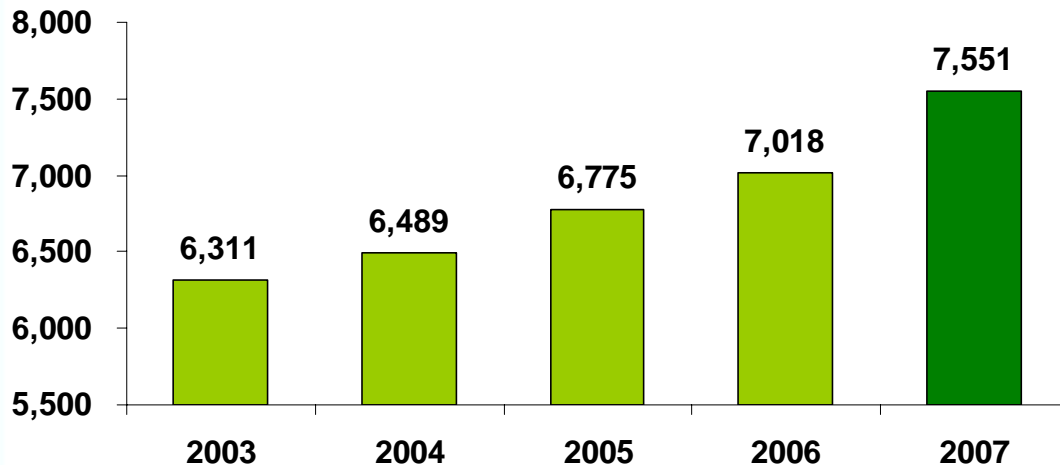
Revenue Breakdown



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)

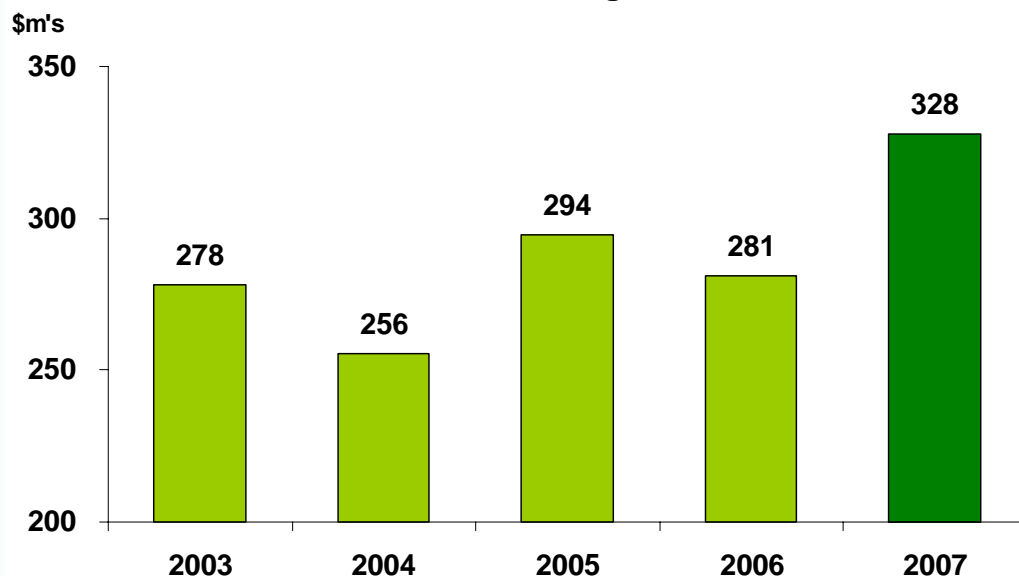


Perpetual Trust

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

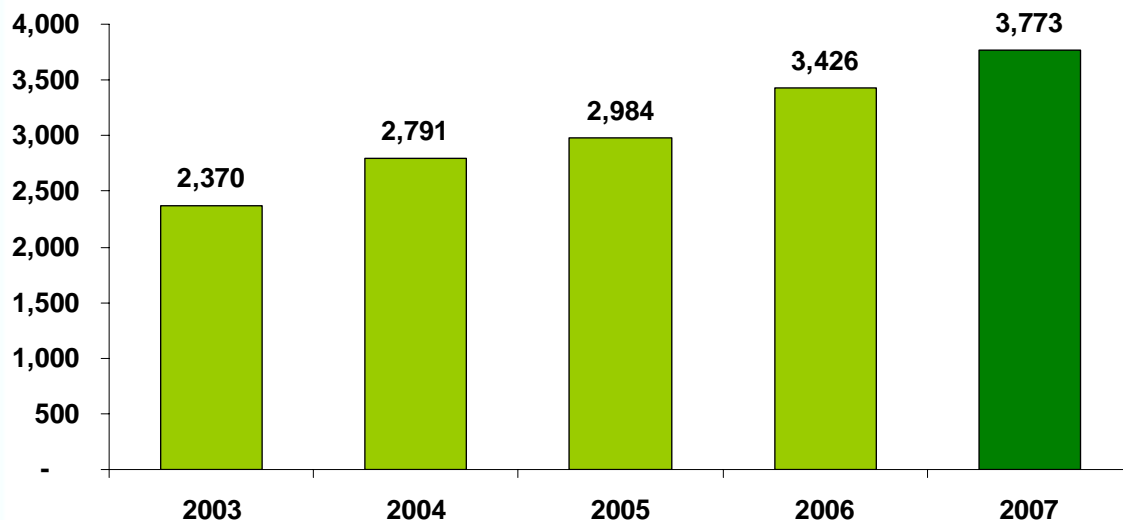


Perpetual Trust

Corporate trust

- 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

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



PGG Wrightson

**PGG Wrightson announced their results on
16th August 2007**

- **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

- 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

Financials

Alan Williams



Pyne Gould Corporation



PGC financials

- **Financial result**
- **IFRS conversion**
- **Key ratios and statistics**

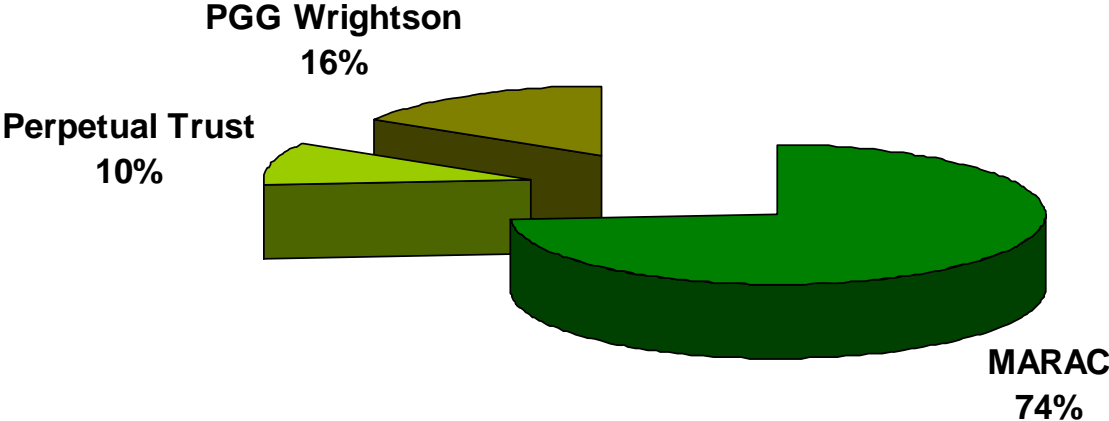
PGC result summary

Net Profit After Taxation	2007	2006	2005
	\$000	\$000	\$000
MARAC	26.5	24.2	23.1
Perpetual Trust	3.6	2.6	2.2
PGG Wrightson	5.8	6.7	9.5
Other Operations	-5.3	-4.5	-5.9
NPAT before Abnormals	30.6	29.0	28.9
Abnormal Gain	0.0	37.3	1.3
Net Profit After Taxation	30.6	66.3	30.2

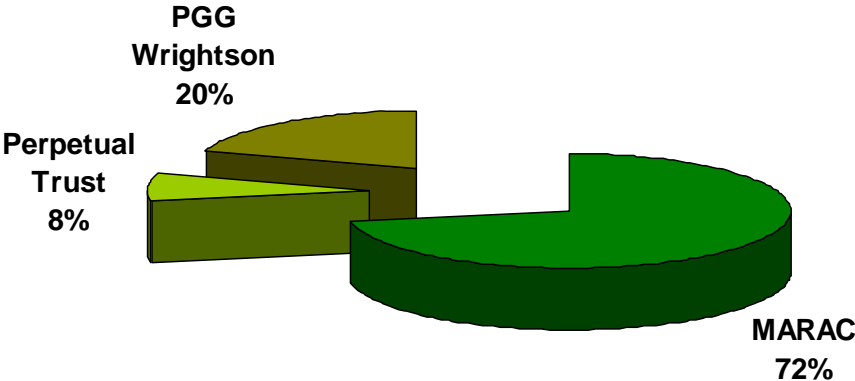
Net contribution

(excluding abnormal items)

Net Contribution to PGC 2007



Net Contribution to PGC 2006



PGC result summary

Consolidated Balance Sheet	2007	2006	2005
	\$000	\$000	\$000
Current Assets	1331.6	1169.6	1359.4
Non-current Assets	112.5	116.9	61.2
Total Assets	1444.1	1286.5	1420.6
Total Liabilities	1212.7	1065.9	1195.6
Minority Interests			50.8
Shareholder Equity	231.4	220.6	174.2

PGC parent

Parent Balance Sheet	2007	2006	2005
	\$000	\$000	\$000
Investment in Subs	111.0	110.5	102.7
Investment in PGW	89.2	89.7	57.8
Building	3.0	3.3	3.7
Total Assets	203.2	203.5	164.2
Bank debt	17.5	17.5	21.0
Other debt	2.0	2.0	1.8
Total Liabilities	19.5	19.5	22.8
Shareholder Equity	183.7	184.0	141.4

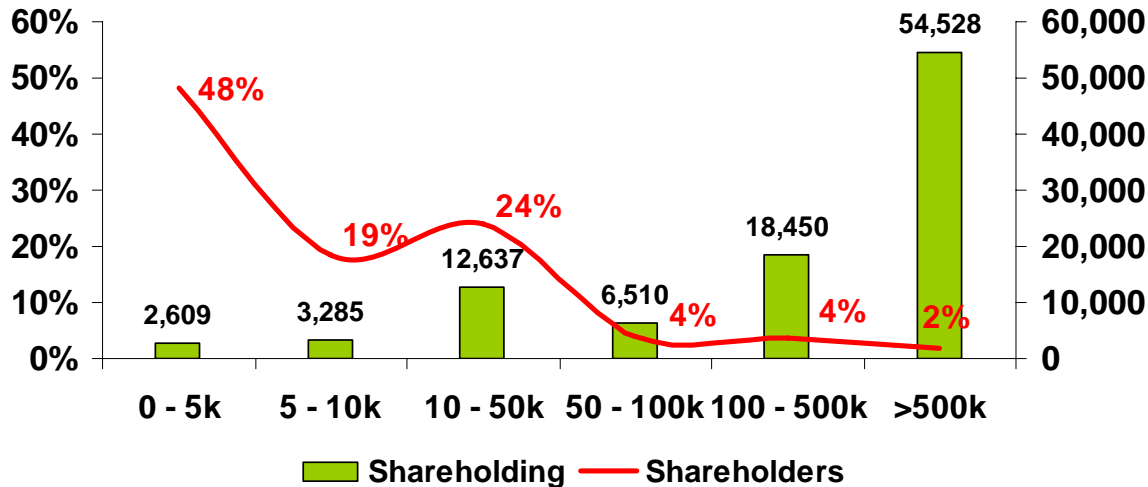
IFRS conversion

- **Project is now complete**
- **Main areas of impact**
 - **Spreading of fee income and brokerage costs**
 - **Treatment of impaired assets**
 - **Fair valuing of interest rate derivatives**
 - **Impairment testing of investments**
- **Impact of IFRS**
 - **Profit uplift of \$2.9m for 2007 financial year**
 - **From \$30.6m to \$33.5m**

Share register

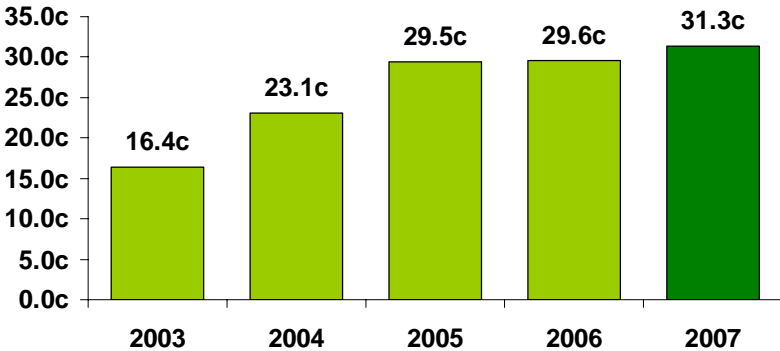
- Shareholding stable with 2300 shareholders
- Large number of smaller shareholdings
- 50 largest shareholders hold 56% of share capital

PGC Shareholder Spread

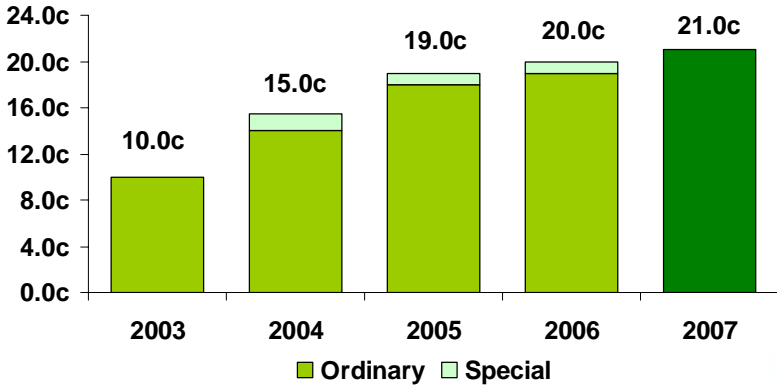


Investment track record

**Earnings Per Share
(before abnormals)**



**Dividend Per Share
(includes special)**



Summary and Outlook

Sam Maling



Pyne Gould Corporation



Pyne Gould Corporation

- **Founded in 1919**
- **Finance has been a key to all our businesses since inception**
- **Governance standards**
 - **Board quality / independence**
 - **Our people**
 - **NZX listing in 2004**
- **All stakeholders can assess our businesses and performance based on disclosure and total transparency**

Summary and Outlook - Pyne Gould Corporation

MARAC

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

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

