

Fisher & Paykel Finance Holdings Limited Group

Fisher & Paykel Appliances Holdings Limited
Investor Day Presentation

Wednesday 7 December 2011

The logo for Fisher & Paykel Finance, featuring the company name in a stylized font with a circular graphic element behind it.

Fisher & Paykel
Finance

Alastair Macfarlane

F&P Finance Group

F&P Finance Group is a financial services business with nearly 40 years track record of success

Background

- Finance business dates back to early 1970's
- Leading provider of Point of Sale finance
- Delivers innovative credit products and services

Financial Position

- Owned 100% by FPAH
- Shareholder investment \$204m
- Acquired Farmers Finance 2003 \$188m

Distribution Platform

- 460,000 customers, circa 10,000 retail channels
- Strong and established merchant and dealer relationships
- NZ household penetration circa 35%

Culture of quality & conservative risk appetite

- Best practice consumer credit policies and procedures
- Values based people culture
- Measured and calculated decision making

Balance Sheet

- Significant and diversified funding sources
- Solid capital base
- Diversified asset portfolio

Governance Standards

- Consistently high standards achieved
- FPF regulated as NBDT
- Disciplined risk management focus



F&P Finance Group

Long term financial stability

10 year annual average ROI of 17% (normalised)

Profitable performance in
volatile market conditions

	EBIT	Change
FY07	\$29.2m	
FY09	\$21.1m	-28%
FY11	\$34.7m	+64%

Sustainable and resilient business
through financial crisis

Bank funding strengthened and maintained
Investor confidence continues
FPF Long term Credit Rating consistent throughout (BB Stable)

Solid foundation for growth

SHF \$204m
Total Assets \$805m
Revenue \$145m
Funding facilities \$670m plus retail deposits

Financial Performance

Core business focus and sound risk management strategies driving strong results

- EBIT⁽¹⁾ : FY11 \$34.7m, 1HFY12 \$18.4m, FY12 guidance \$32m

- EBITDA⁽¹⁾ 5 year trend :

FY07 → FY09 : Decline 25%

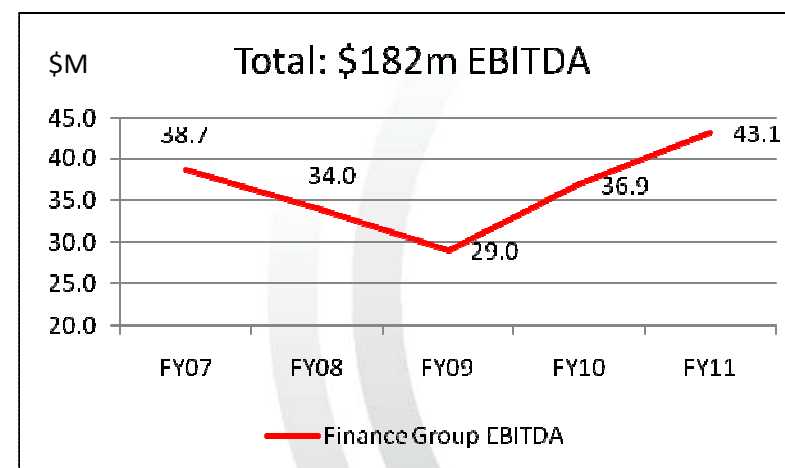
FY09 → FY11 : Uplift 48%

- Gross Receivables :

FY07 → FY10 : Growth 16% (FY10 \$641m)

FY10 → FY11 : Decline 2% (FY11 \$628m)

FY07 → FY11 : Q Card growth 69%, Farmers Card growth 18%



- Balance Sheet⁽¹⁾ : FY11 Return on equity 18% (FY07 → FY11 Average 17%)
- Cashflow to FPAH : FY07 → FY11: \$115m (Dividends, Subvention, and Interest)

Experienced Board & Management Team

Board of Directors Significant Board Experience

John Gilks
 •Chairman
 •Former FPAH Deputy Chair
 •Former CEO of MTF
 •Professional Director
 •Chairman Queenstown Airport

Hugh Rennie QC
 •Independent Director since 2010
 •Former Director Fletcher Challenge, BNZ Finance
 •Various public sector appointments
 •Former Chairman, Broadcasting Corp NZ, Forth Estate
 •Member Board of NZ Institute of CA's

Carlos da Silva
 •Independent Director since 2010
 •Former Partner of Deloitte
 •Former Chairman Greenlea Group
 •Director and advisor to various other companies

Gary Paykel
 •Director since 1988
 •Previous Chairman FPAH
 •Chairman F&P Healthcare

Stuart Broadhurst
 •Director since 2011
 •Joined FPA 1988
 •Appointed CEO of FPA 2009

Alastair Macfarlane
 •Managing Director since 2001
 •Joined FPF 1988
 •Previous : Citibank, & KPMG London, USA, NZ



Senior Executive Team Wide range of skills and knowledge

Previous

Ian McGregor
CFO (2010)

•Fonterra Treasury
 •BNZ Head Market Risk
 •Lloyds Bank (London)
 •BZW (London)
 •NAB Treasury

Greg Shepherd
COO (2005)

•Westpac – Head of MMM & Broker Channels
 •BNZ – Head of Lending Services, Regional Mgmt, Product & Marketing

Sarah O'Connor
CHRO (2010)

•Joined Farmers 2001
 •ANZ operational mgmt

Adrian Lichkus
CRO (2006)

•Westpac
 •Auckland District Health Board
 •Deloitte

Sarah Carstens
General Counsel & Company Secretary (2009)

•ANZ / UDC
 •Buddle Findlay, Minter Ellison
 •Linklaters, London

Colin Smith
CIO (2010)

•Manukau City CIO
 •3i plc. London

Governance & Risk Management

- The F&P Finance Group operates as an independently funded autonomous business
- Separate Board of Directors from FPAH – 2 Independent Directors
- No related party lending transaction by FPF
- Risk Management standards benchmarked to industry best practice
- FPF preparing to become a fully licenced NBDT
- CISL applied to become licensed Insurer
- Management committee structures aligned to business risks
- Sound and proven B₂B₂C business model
- Asset quality proactively managed – consistent prudent provision ratio
- Liability and Asset maturities well matched together with approved Treasury policies

Major Strengths – Strong culture of success

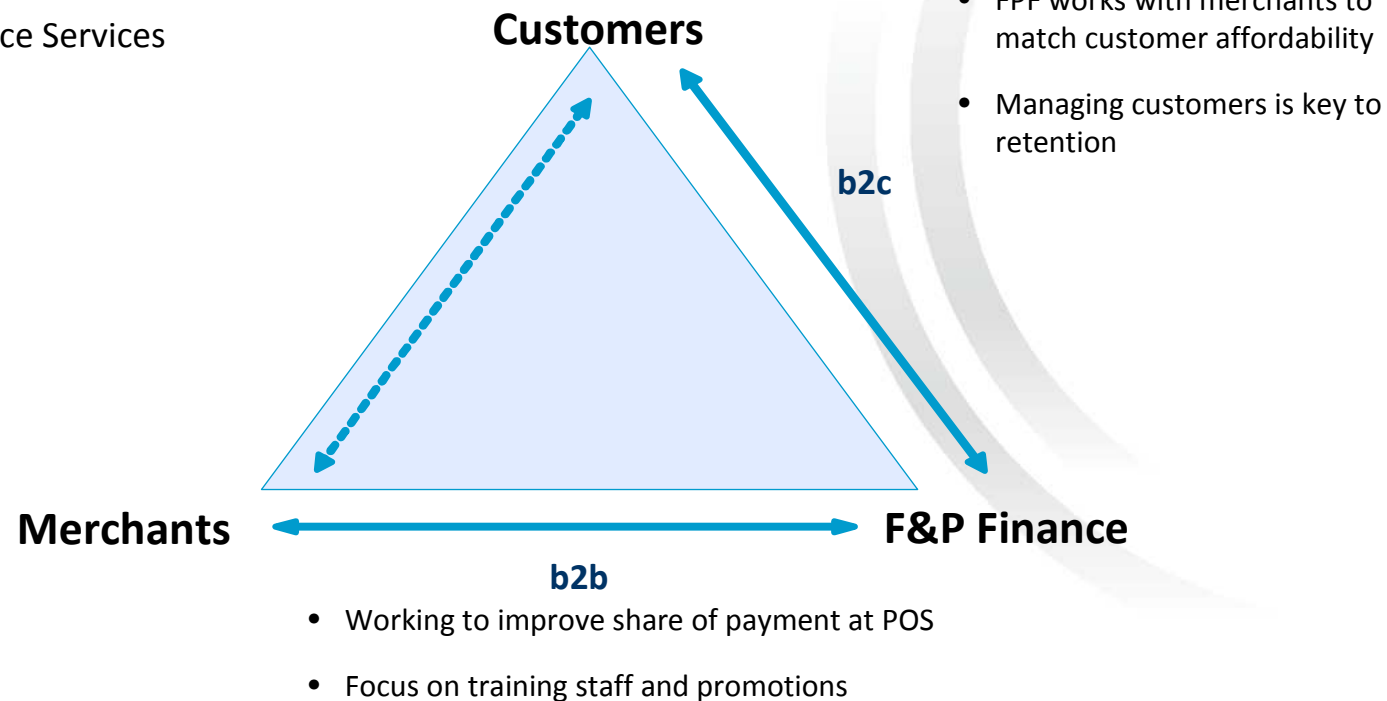
- Management experience and industry knowledge
- Consistent long term focus on Core Business
- Quality Risk Management disciplines
- Sound credit origination and account management
- Diversity of asset risk and credit lending – geographic and demographic
- Reliable and predicable positive cashflow model. \$580m per annum customer inflow
- Well funded with robust liquidity management
- Commitment to best practice governance standards
- Values based people culture – strong focus on staff engagement

Celebrating Success with Awards

- Winners of HR Institute Wellness Programme 2011
- Direct Marketing Association finalists 2010 Supreme Award
- Contact Centre: > 100 seats finalists 2009
- NZ Print Awards: Gold Medal Award 2010 (marketing campaigns)

Essence of our Business

- Providing affordable payment options to help customers buy the things that matter.
- Tailoring financial solutions at Point of Sale offering :
 - Revolving Credit
 - Structured Credit
 - Insurance Services



Key Finance Products

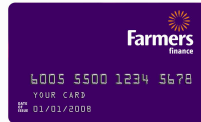


CONSUMER INSURANCE SERVICES LTD

Insurance & Warranty

- Goods & payment protection policies
- Q, FC and Smiths channels
- Warranty exit October 2011

- 285,000 policies
- Non interest income contributor



Farmers Card

- Unsecured revolving credit
- Up to 55 days interest free
- Supports 20% - 22% of FTC sales
- TPM – 30% of New Business
- Accepted at over 10,000 outlets

- \$200m receivables
- \$240m volume
- 250,000 active cardholders



Q Card

- Multiple finance plans
- Interest free, Interest bearing, Delayed payments, Structured payments, Eftpos
- 90 days interest free – Q EFTPOS
- 3% minimum repayment
- Annual fees

- \$300m receivables
- \$215m volume
- 150,000 active cardholders



Smiths City

- Relationship since 1990
- Instore finance
- Revolving and Structured credit
- "Easy Pay" offering
- Interest free and Interest bearing
- Reseller of Insurance

- \$75m receivables
- 50,000 customers



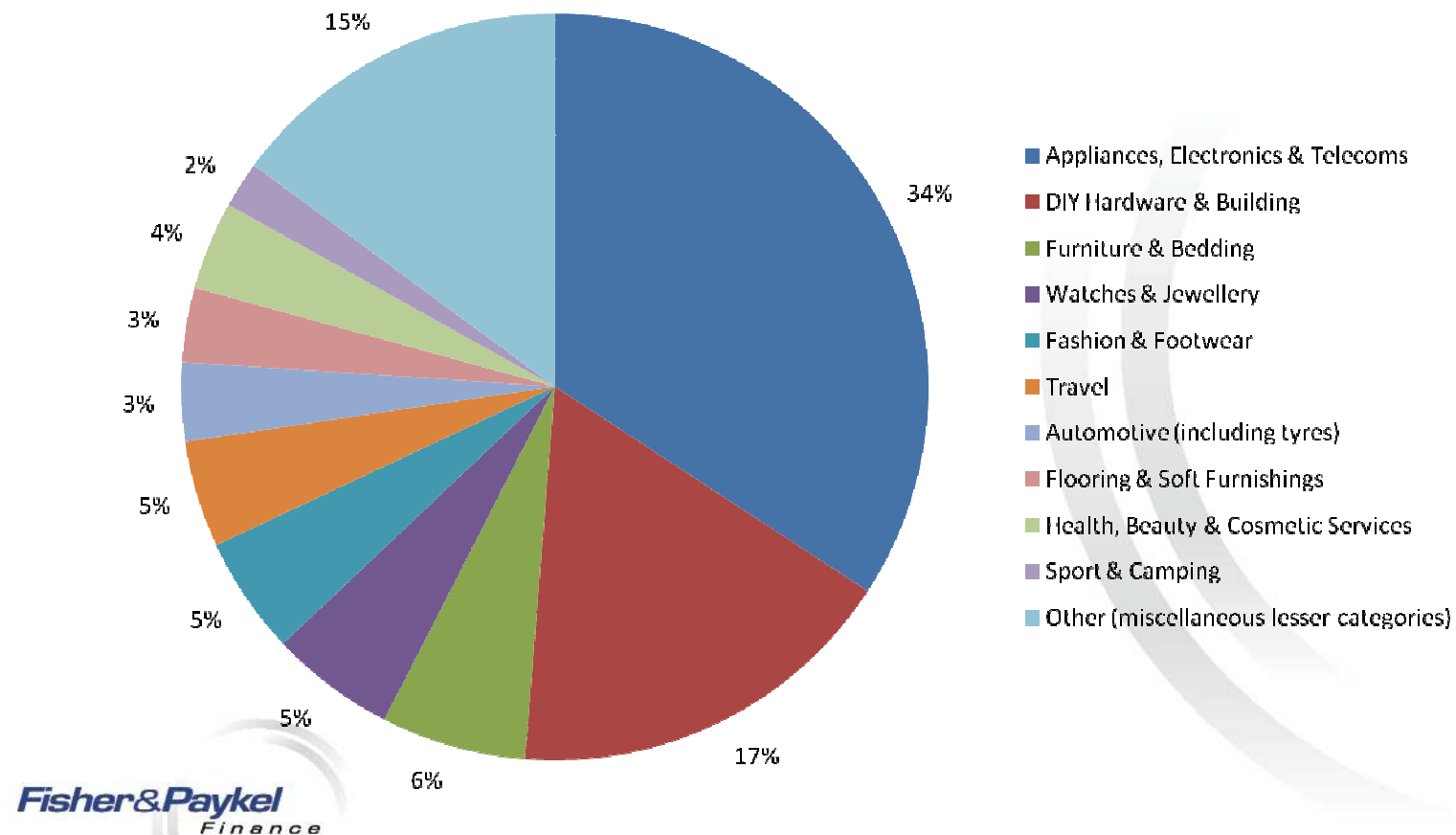
Equipment Leasing

- Rental
- Fixed Term Loans
- SME market
- 3 year leasing terms
- Tax benefits for business
- Cashflow benefits

- \$40m receivables
- Long term maturities
- 300 dealers
- 11,000 customer accounts

Key Metrics

Q Card Retail Categories – Market Penetration (Business written)



12 months September 2011

Q Card Merchants

Get a great Q Card deal at thousands of places nationwide.










Visit www.qcard.co.nz/storefinder for the full list of Q Card retailers.

For buying the things that matter.

Building the Q Card Brand

Merchant Growth

- Year on year growth from existing Merchants
- Partnering with our merchants on joint marketing initiatives/promotions
- Exclusive and Preferred supplier agreements with key merchants
- Merchant Acquisition
 - Lumino
 - Bay Audiology
 - Husqvarna
 - Target Furniture
- Harvey Norman – lost business \$50m p.a being replaced with growth from other merchants. Q Card 28% growth YOY

	↑ 125%
	↑ 43%
	↑ 39%
	↑ 37%
	↑ 22%
	↑ 78%
	↑ 111%

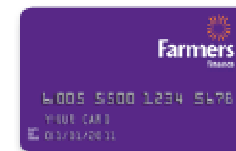
New Business Growth year on year Apr-Oct 2011

Farmers Card Merchants

Your Farmers Card is welcome at over 8,000 places nationwide.



www.farmerscard.co.nz



Key Competition & Strategies to Compete

Competition

- Other finance companies
 - GE Money, Finance Now, Gilrose
- Banks – Credit Cards
- Cash and direct debit
- Personal loans

Strategies

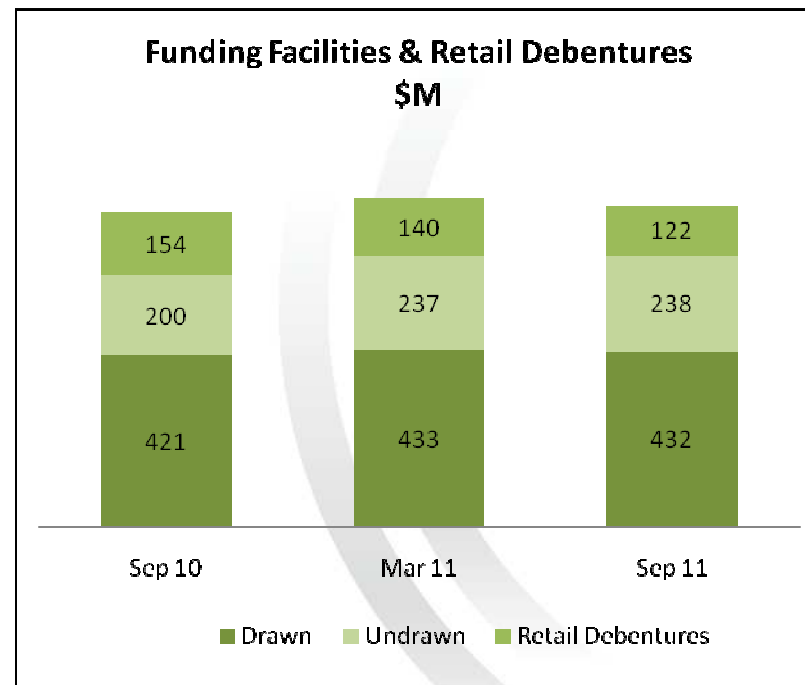
- Developing and maintaining strong partnerships with merchants
- Helping customers with affordable options to buy the things they need
- Customer segmentation, promotions, and direct marketing campaigns
- Achieving a customer acquisition and retention approach
- Focusing on delivering Value not competing on Price

Culture of Credit Quality Delivers Results

- Conservative credit approval rates (65% - 80%)
- Intense focus on fraud prevention circa \$1m p.a. savings
- Effective collection strategies – technology solutions
- Focus on rehabilitation and retention strategies
- Declining arrears – Bad Debt Expense Ratio now 1.9% (FY11 3.1%)
- Christchurch performance on track – resilient customer base
- Scorecard rebuild and enhancements completed – new technologies
- Behavioural scoring going forward – predictive strategies
- Positive credit reporting going forward – value adding
- Continuous investment in credit - critical component

Significant Diversified Funding from Banks, Institutions & Retail Investors

- Broad diversification
- Continuing strong Bank support
- Well supported A1+ rated CP programme by Institutions
- Retail funding softening
 - Ceased offering Guarantee deposits June 11
 - Crown Guarantee terminates December 2011
 - Debentures covered 160% by committed undrawn facilities
- Surplus Liquidity \$283m (Sept 11)
- Other funding sources being considered



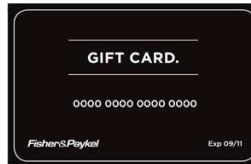
Strategies for Growth

Investment in quality is the key

- Strengthening Brands and Company image
- Introducing innovative product development initiatives
- Enhancing systems to support products and services
- Refining credit policies and processes
- Developing people and talent management
- Strengthening the balance sheet to Investment Grade

Growth Opportunities

- Broadening merchant reach 15% → 20% in 2 years
- Targeting new retail channels – Health, Agri sectors
- Promoting customer loyalty to retailers
- White labelling for retail stores
- Gift and cash Card offerings
- Delivering further technology solutions to customers – digital (on-line)
- Undertaking acquisitions of core receivables



Outlook for FY12 and Beyond

- F&P Finance Group FY12 EBIT guidance normalised \$32m achievable
 - 2H FY12 performance dependent on retail consumer spending, economic growth, interest rates, and impact of Global events
- Investment continuing in :
 - New finance products
 - Increasing merchant reach
 - Market sector penetration
 - Systems enhancements
 - Credit initiatives
 - Brand development
 - Customer driven promotions
 - Our people
- Assessing value adding acquisitions
- Remaining focused on core activities
- Capitalising on industry knowledge
- Maintaining sound funding and stable financial position

Disclaimer

This presentation has not taken into account any particular investors investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Fisher & Paykel Appliances Holdings Limited and its subsidiaries.

All currencies are expressed in New Zealand dollars unless otherwise stated

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