



SHAREHOLDER DAY  
DECEMBER 2019



# Agenda

- Introduction and Welcome
- Half Year Result
- Private Investments Update
  - Bio-Strategy, John Chesterfield
  - Other Companies, Mark Dossor
- Listed Investments
- Company Structure and Shareholder Issues
- Questions

# Half Year Result

\$m	Sep 2019	Sep 2018
Operating earnings	2.6	4.1
Public investments revaluation	7.8	3.0
Private fund investments revaluation	1.0	0.5
Operating costs	(0.9)	(0.8)
One off costs	0.0	(2.7)
<b>Comprehensive income</b>	<b>10.5</b>	<b>4.1</b>

- Portfolio value is \$260m or \$14.68 per share, this is up from \$14.40 at March and includes paying a dividend of \$0.36.
- This represents a gain of 4.2% after tax for the six months to September.

# Current private investment portfolio

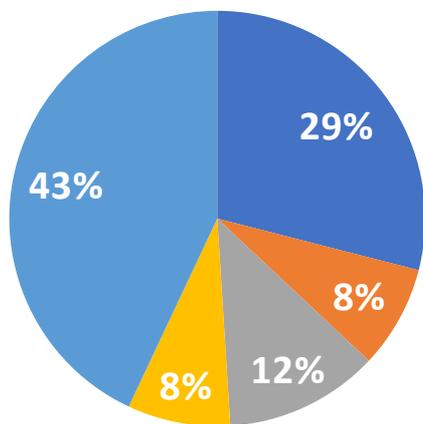
Yield companies

Growth companies

							
Competition	High	Low	Med	Med	Med	Low	High
Scalability	✓	✓	✓	✓✓	✓✓✓	✓✓	✓✓✓
Result against expectations	→	↓	↓	↓	↑	↑	→
Expected FY20 rev growth	+8%	+5%	+8%	+2%	+16%	+22%	+13%
Economic resilience	✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓

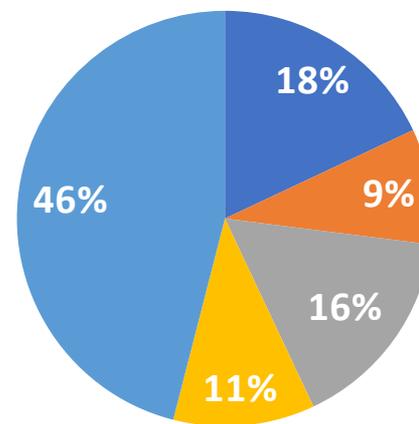
# Asset allocation

May



- Cash
- Property
- NZ Equities
- Global Equities
- Private Investments

November

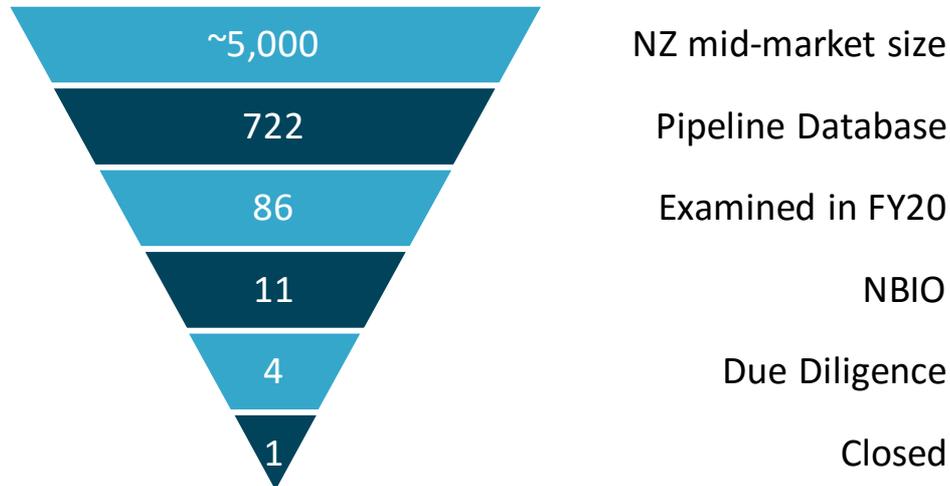


- Cash
- Property
- NZ Equities
- Global Equities
- Private Investments

# Investment deal flow

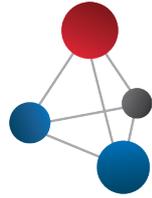
- We have seen a large number of new private opportunities but not concluded any in the last six months.
- Of the four that went through due diligence, one did not proceed, we are actively considering two and one was completed.
- Most of the opportunities have been within the food, horticulture, tourism, retirement and financial services sectors.
- Based on the pipeline, we remain positive about the opportunities in 2020.

## New Opportunities # of deals in FY20



# Bio-Strategy – John Chesterfield





**bio-strategy**  
delivering technology

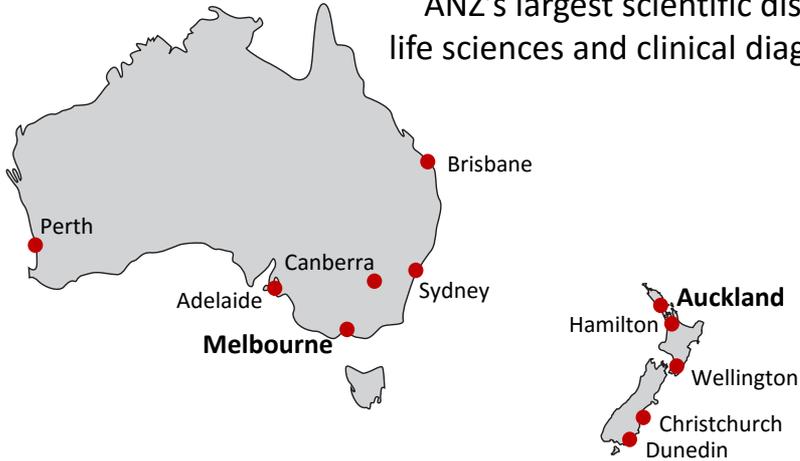


[www.bio-strategy.com](http://www.bio-strategy.com)

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# What we do & where we operate

ANZ's largest scientific distributor to the  
life sciences and clinical diagnostics markets



## Market segments



Life  
Sciences



Medical &  
Healthcare



Environment &  
Agriculture



Industrial &  
Manufacturing

## Product categories



Instrumentation



Technical Service



Consumables



Reagents & Assays



Chemicals

# Bio-Strategy Value Creation



Principals / Suppliers

Customers



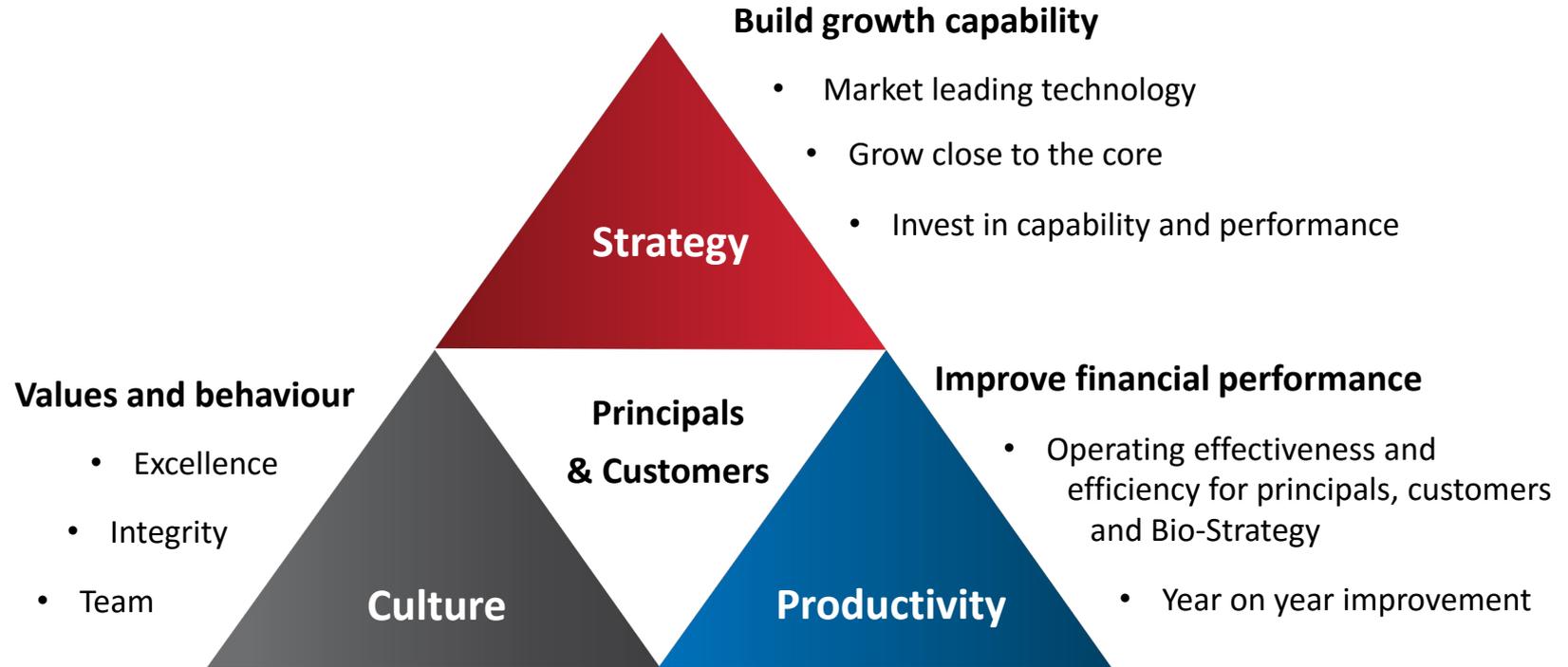
**270** principals and suppliers

**2,700** customers

**105** customer and principal facing technical specialists

**4,000** after sales instrument service jobs each year







- **Market Growth**

- ✓ Increase share of wallet from existing core customers.
- ✓ Complimentary technology, products and market segments to consolidate customer positions and strengthen representation to principals.
- ✓ Increase volume through low cost electronic channels.
  - **Critical Success Factor: Year on Year revenue growth.**



- **Productivity**

- ✓ Process efficiency improvements to reduce variable costs and expand margins.
- ✓ Fixed cost reduction projects.
  - **Critical success factor: Fixed cost to gross margin ratio.**



- **Culture**

- ✓ Enhanced focus on risk culture and drivers.
- ✓ Identifying, growing and developing critical talent for the future.
- ✓ Profitable growth is everyone's business.
  - **Critical Success Factor: Employee Engagement (NPS).**

- Founded in 2011, Partners Life provides life, trauma, disability and medical insurance.
- Annual premium income has grown from nil in 2011 to \$251m in FY18 – the company’s written new business has averaged ~\$40m per year since founding.
- Strong new business market share has been aided by developing strong relationships in the advisor network and banks retreating/divesting from the market.
- New business market share is ~24% and heading towards the #2 provider of life cover in New Zealand.

### Investment overview

Date of investment	2011-15
Rangatira shareholding	4.4%
Initial investment	\$13.6m
IRR since investment	10.5%

- Rainbow's End is a theme park situated in Manukau that we acquired in 2013.
- The company has invested in numerous new attractions since that time to boost patronage.
- The new Playlab facility is growing in attendance. It is pay-to-play and includes virtual reality, virtual sword fighting, e-sports and escape rooms.
- YTD result in line with last year but performance impacted by poor weather in July and August, and a lightning strike in September.

### Investment overview

Date of investment	2013
Rangatira shareholding	100%
Initial investment	\$13.3m
IRR since investment	7.1%

- With over 700 systems sold, Magritek is the market leader in desktop NMR spectrometers.
- Strong year with 22% revenue growth and even stronger profit growth.
- Two competitors have launched a new product, but we believe that Magritek's is superior and can compete well.
- We expect to open a new plant in Aachen, Germany with a considerable increase in capacity in January 2020.

### Investment overview

Date of investment	July 2013
Rangatira share (diluted)	22%
Total investment	\$6.8m
IRR since investment	12.6%

- Impacted by declining China visitor numbers, although other markets are making up some of the short fall.
- Management have done well to focus on both costs and revenue per customer to maintain profits at historical levels.
- Early work has begun to look at reconfiguring the site to increase capacity and create a separate premium product.
- We expect a competitor to enter the market in 2022 targeting premium customers.

### Investment overview

Date of investment	1972
Rangatira shareholding	51%
Initial investment	\$41k
IRR since 2003	9.3%

- Showing stable revenues, a good outcome given the underlying market is contracting as multinationals centralise business in Australia and Asia.
- APC continues to be a leader in New Zealand, winning awards regularly for in-store display work. Main categories include healthcare, wine, food & beverage, confectionary, cosmetics, technology and other FMCG categories.
- Has invested in a new printer and is investigating entering another adjacent market to provide some growth.

### Investment overview

Date of investment	1999
Rangatira shareholding	100%
Initial investment	\$4.6m
IRR since investment	12.1%



- Performance has improved significantly from 12 months ago. This is largely through the strengthening of sales team and distribution to both food service and supermarkets.
- A focus on a smaller number of key products has contributed to improving margins.
- Still significant capacity in the plant.
- Earnings have recovered, but still work to do to grow market share.

### Investment overview

Date of investment	Dec 2017
Rangatira shareholding	50%
Initial investment	\$5.32m
IRR since investment	7.5%

# Listed Investments

- Our NZ Income allocation has performed well to date due to a high electricity allocation.
- October was weak due to the announcement of the potential smelter closure.
- Most of our International allocation is managed by Intermede, a London based investment manager focused on high quality, high return companies.
- The portfolio is structured to be as resilient as possible to a major correction in 2020 such as the outcome of the US elections or a worsening in China/US trade relations.

YTD Sep 2019	\$m	TSR	Benchmark
NZ Income	28.5	20.7%	12.3%
NZ Growth	11.3	9.2%	12.3%
NZ Trading	1.5	11.9%	12.3%
International	29.8	9.0%	10.6%
<b>Total</b>	<b>71.1</b>	<b>13.3%</b>	<b>11.6</b>

# Property & Other



## **Domett Properties**

- Heller's Kaipoi manufacturing plant, including three residential homes – leased to Heller's to 2029.
- Vacant land adjacent to Heller's plant.

## **New Zealand Pastures (Agriculture)**

- Currently looking at selling properties.

## **Southern Cross (Horticulture)**

- 27 Hectares development Gold Kiwifruit orchard. Planting underway and construction on time and budget.
- Currently reviewing another site for development with same investor group.

# General Issues

- Company structure
- Recent share trading



Q&A

