

27 July 2012

Equity Trustees Unaudited Full Year Results Profit Increase Despite Challenging Conditions

Equity Trustees Limited (ASX: EQT) today released its unaudited financial results for the year to 30 June 2012.

The unaudited operating profit before tax and net profit after tax are both ahead of the prior year by 2%, summarised as follows:

	12 months to 30 June 2012	12 months to 30 June 2011	% Change
	\$m	\$m	
Operating revenue	43.0	39.2	10
Operating expenses	(31.9)	(28.4)	(13)
Operating profit before tax	11.1	10.8	2
Income tax expense	(3.1)	(3.0)	
Operating profit after tax	8.0	7.8	2
Non-operating items (net of tax)	0.4	0.4	
Net profit after tax	8.4	8.2	2
Earnings Per Share (cents)	96.74	97.01	
Dividend per share (full year, fully franked)	85c	100c	

Equity Trustees' Chairman, Mr Tony Killen, said the Group was very pleased to exceed the prior year net profit after tax despite a continuation of depressed market conditions.

"Although there were some positive signs in the equity markets early in the first quarter, the remainder of the year continued to show volatility within a narrow band, and in fact the ASX averaged approximately 9.5% lower than in the previous year with a corresponding impact on much of our revenue base. Notwithstanding these conditions, the Group has increased revenue in total by a healthy 10%, and although this includes the impact of acquisitions we are particularly pleased that we managed to create 3% organic revenue growth in the year."

Managing Director, Robin Burns added: "We are mindful that recent acquisitions, together with other strategic initiatives, have increased expenses by 13%. One impact of the acquisitions we have made over recent years is that we now need to review the design and structure of our administration, technology services, systems and processes, aiming for increased efficiency and system consolidation. Although this review will need some capex to release value we expect that it will provide material benefits to the Group over the next two years and into the future. As a further step, we have decided to have a pay freeze this year across the entire company, in order to protect margins as much as possible in these difficult market conditions and contain cost pressures."

Mr Burns added: "Effective 1 August 2012, the Group will operate via two business units. The Superannuation and Private Clients business units will now be combined to create a single

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new unit, Private Wealth Services, headed by the newly appointed Geoffory Rimmer. We see this as a significant step towards our long-term strategic goals.”

Mr Killen added: “The unaudited 2012 profit, which maintains earnings per share around 97 cents per share, notwithstanding a 2.1% increase in volume weighted shares on issue, will enable the Group to maintain a full year dividend payout ratio of 88%, which is at the upper end of the stated range of 70 to 90%. This will result in an expected final dividend of 45 cents, resulting in a fully franked full year dividend of 85 cents. In this climate, we are happy to support shareholders with a continuing high dividend payout ratio.”

Formal confirmation of the final dividend will be made when the audited 2012 results are announced on 30 August 2012.

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