29 August 2013

Equity Trustees Audited Full Year Results
Increase in Profit and Fully Franked Final Dividend

Equity Trustees Limited (ASX: EQT) today confirmed its full year financial results and final dividend, which are unchanged from the unaudited results announced on 1 August 2013.

Operating profit before tax is ahead of the prior year by 18%. Net profit after tax is up 3% after taking account of the costs to date of the offer for TRU. The results are summarised as follows:

	12 months to 30 June 2013 $m	**12 months to 30 June 2012 $m**	**% Change**
Operating revenue	46.8	43.0	9
Operating expenses	(33.9)	(32.0)	(6)
Operating profit before tax	**12.9**	**11.0**	**18**
Income tax expense	(3.6)	(3.1)	
Operating profit after tax	**9.3**	**7.9**	**18**
Non-operating items (net of tax)	0.5	0.5	
TRU Acquisition costs (nil tax benefit)	(1.1)	-	
Net profit after tax	**8.7**	**8.4**	**3**
Earnings Per Share (cents)	**96.65**	**96.74**	**-**
Dividend per share (full year, fully franked)	92c	85c	8
Operating Margin	27.7%	25.6%	

EQT's Chairman, Mr Tony Killen, said, "In light of these results we are pleased to confirm an increase in the final dividend, to 50 cps, up 5c on last year's final. Taken with the increased interim dividend this means that shareholders will receive a total dividend for the year of 92 cps, compared to 85 cps last year, an increase of 8.2%. The final dividend will be fully franked and as usual we will be offering our dividend reinvestment plan (DRP) - an attractive avenue for shareholders to continue to invest in the company. In accordance with our plan to increase capital in anticipation of a new regulatory requirement, we are also finalising arrangements for the DRP to be underwritten at a discount of 3.5%."

"Based on the last traded share price, the full year fully franked dividend yield is approximately 6%, which we believe compares well with other companies in our sector."

Mr Killen added, "A good increase in the operating margin is reflected in the strong gain in operating profit before tax, although our bottom line number has been affected by the substantial expenses associated with our bid to take over The Trust Company (ASX:TRU). Both our Private Wealth Services (PWS) and Corporate Services (CFFS) units have performed well and overall there was strong growth in total funds under management and administration, as well as organic growth in client numbers."

The Trust Company

Regarding the company's takeover offer for TRU Mr Killen said, "As announced recently, we are currently engaging with TRU to exchange information that will help each company assess relevant aspects of the other's position and operations. We appreciate that the timetable for the takeover process has extended, as the ACCC is now expected to state its position on Perpetual's (ASX:PPT) competing offer, in mid-September. This will in turn delay the process for sending PPT's Scheme documents to TRU shareholders."

"Meanwhile we encourage TRU shareholders to remain engaged and to consider what we strongly believe is our more attractive proposal. We are convinced that by accepting our offer instead TRU shareholders will benefit much more significantly in the long run compared to PPT's offer. We remind TRU shareholders that accepting our offer now still enables them to vote in any Scheme which might ultimately come forward"

Business progress

EQT's Managing Director, Mr Robin Burns, said, "One of the most pleasing aspects of our operating result in the year was the 9% revenue growth. Although we had to absorb significant expense to be ready on time to implement the extensive list of changes arising from FoFA and Stronger Super, and some costs associated with implementing our major projects, we managed to restrict operating expense growth to 6%, and as a result our operating margin grew to 27.7%. I also want to highlight that we achieved over $1b in net inflows to the EQT co-branded managed funds in the year, a 110% lift on the prior period."

Mr Burns added, "In June we announced that AON Hewitt had selected EQT to provide an estate planning referral service for its advisers. We are in discussion with a number of other advisory networks to provide a similar service. We have also recently won significant new business in the RSE space, an area which shows promising growth prospects."

"We initiated a significant IT and administration operational enhancement project just over 12 months ago, called Project Foundation, and I am happy to confirm that this project is on track and on budget. Another major project to generate significant business growth in private wealth services is now in place and we are seeing early positive outcomes. Developments such as the AON Hewitt relationship are a good pointer to our confidence in this project's ability to create revenue and earnings growth, and build a healthy base for EQT for the years ahead."

Mr Burns said, "With strong growth in operating profits, improved margins, a good yield, attractive RoE, positive cash flow, debt-free balance sheet and strong development potential we can be optimistic about the company's future. Regardless of the outcome of the TRU takeover the company can look forward with enthusiasm. Given the company's record, initiatives under way and the opportunities ahead in our industry sector I am confident that Equity Trustees will continue to perform well on behalf of all our stakeholders."

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Equity Trustees Limited (EQT)

Full Year Results to 30 June 2013

Overview – FY2013

- Operating profit increased by 18%, Net profit after tax up 3%.
- Revenue growth of 9% - all organic, improvement in operating margin – to 27.7%, up 2.1%.
- Both major business activities grew revenue, major gain was in CFFS.
- Total dividend increased by 8% to 92¢ per share, fully franked.
- Business restructuring implemented to enhance operational efficiency and sharpen focus on private wealth management.
- Project Foundation initiated to improve administration processes and IT platforms for efficiency gains and enhance capacity for growth – meeting goals.
- Major business development and growth project under way in PWS. Distribution arrangement signed.
- Launched takeover bid for The Trust Company.
- Net inflows to co-branded funds exceeded $1b – up >100%.
- Improvement in overall staff satisfaction score.
- Preparation for regulatory reforms.
- Debt-free balance sheet – strong cash position.

Overview – group results

	2013 $m	2012 $m	Change
Operating revenue	46.8	43.0	9 %
Operating expenses	(33.9)	(32.0)	(6 %)
Operating profit before tax	**12.9**	**11.0**	**18 %**
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Operating profit after tax	**9.3**	**7.9**	**18 %**
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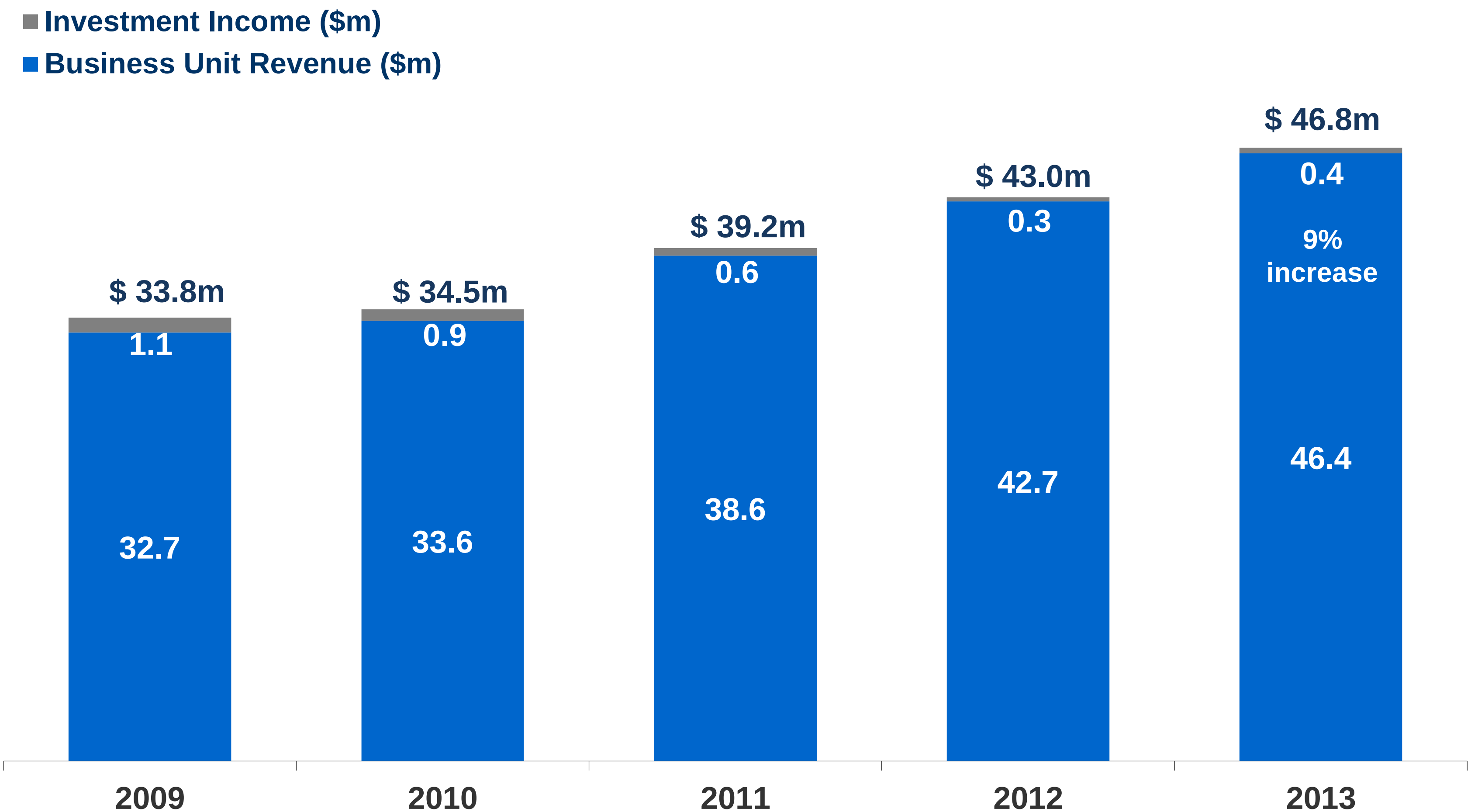
TRU Acquisition cost *(nil tax benefit)*	(1.1)	-	
Net profit after tax	**8.7**	**8.4**	**3 %**

Earnings per share *(cents)*	**96.65¢**	**96.74¢**
Dividend per share *(full-year, fully franked)*	**92¢**	**85¢**
Operating margin *(pre-tax, excluding non-operating items)*	**27.7%**	**25.6%**

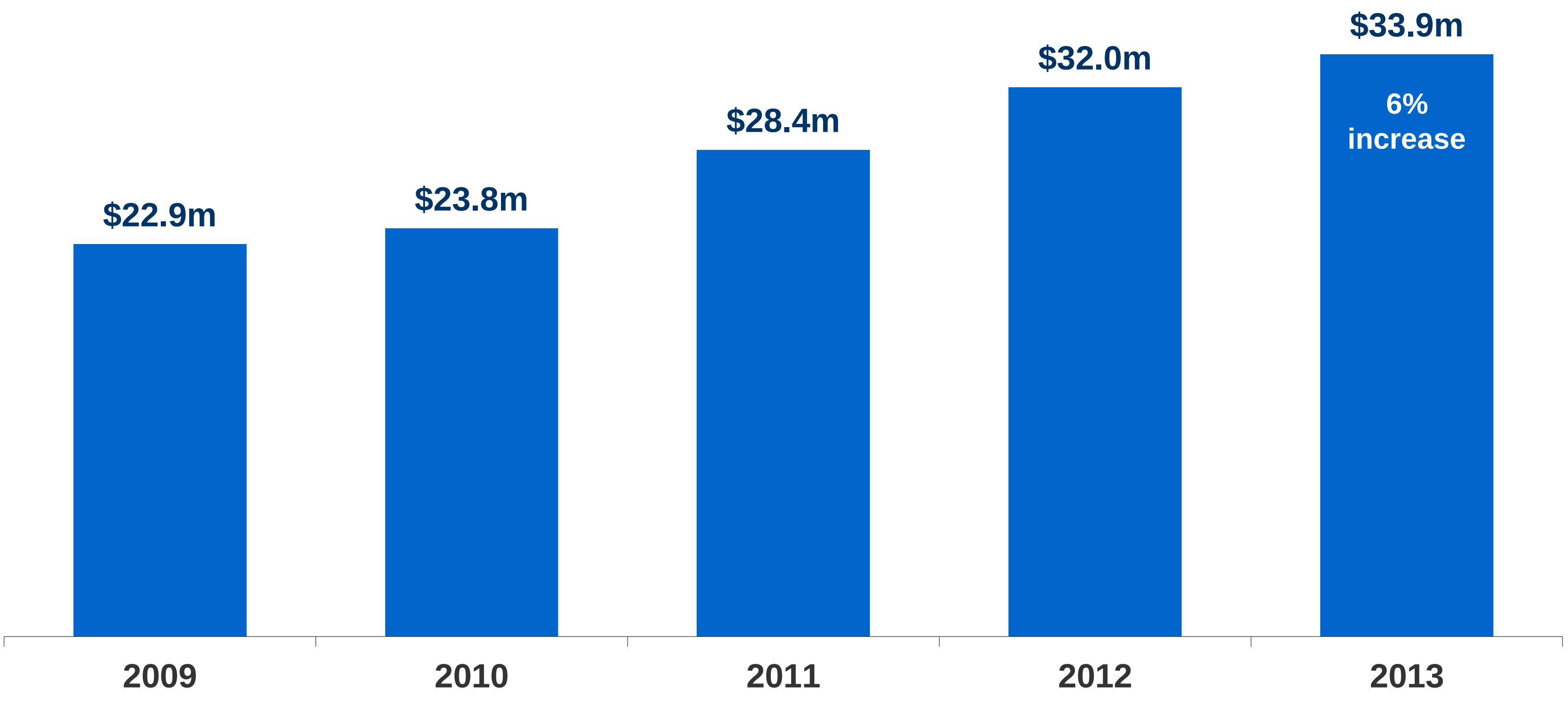
Revenue

Revenue increased 9%
(excludes profit on sale of investments)

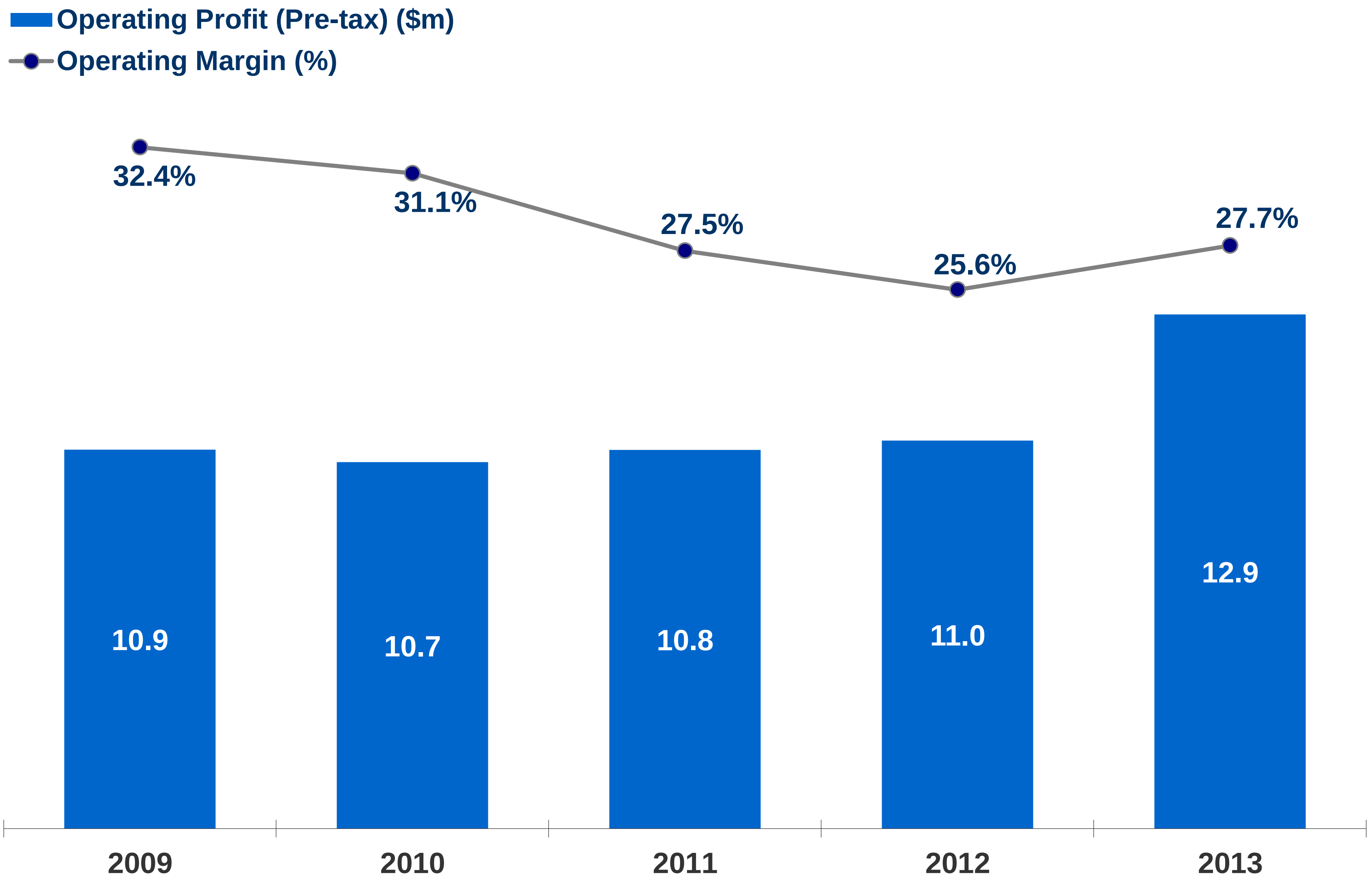


Expenses

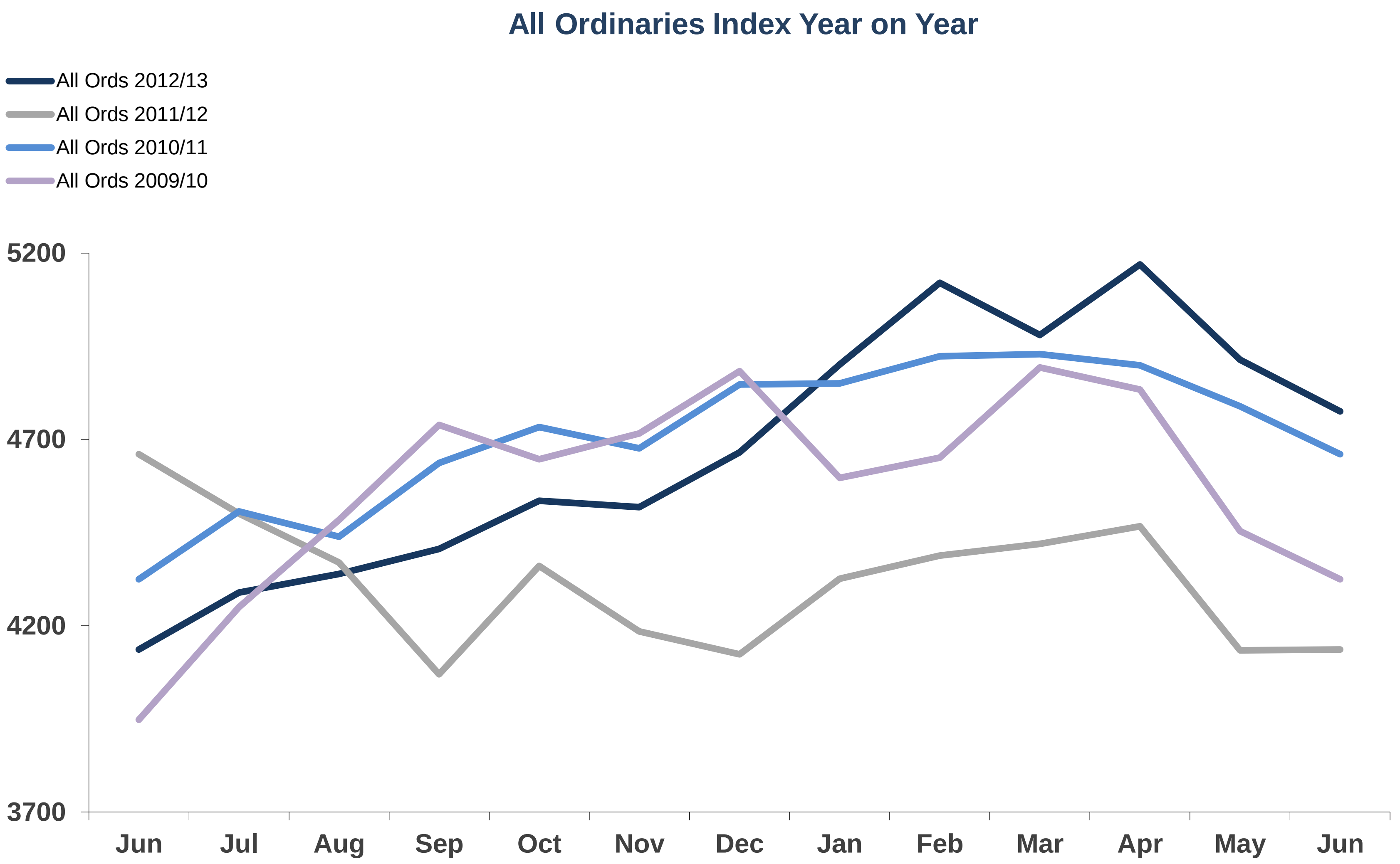
Operating costs ($m)



Operating margin

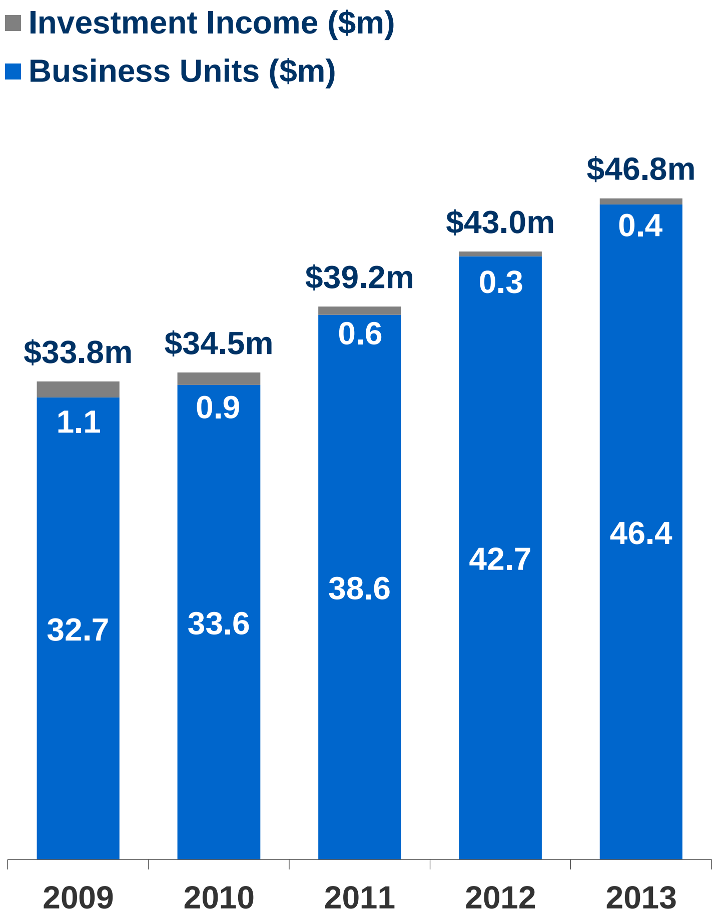


All Ordinaries Year on Year Comparison

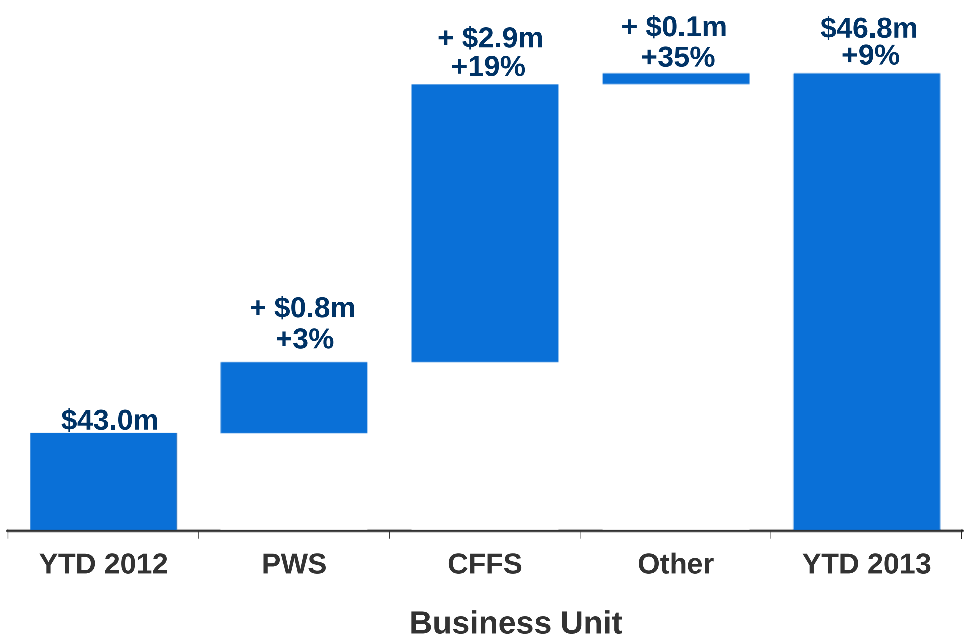


Operating revenue – change

Operating revenue up 9% to $46.8m
(Excludes profit on sale of investments)

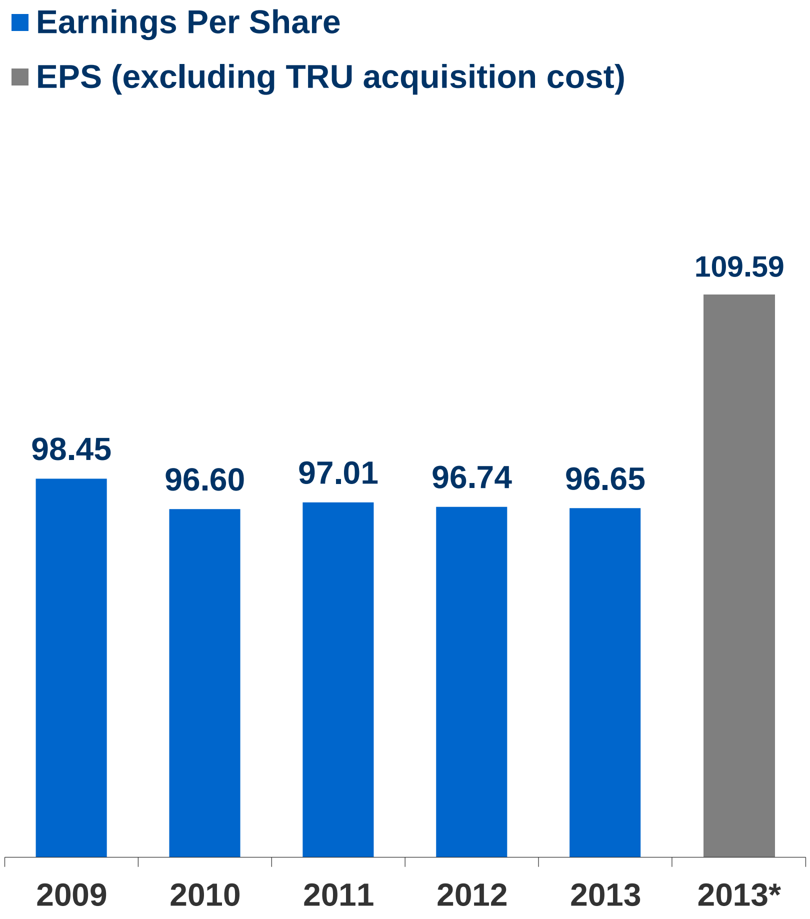


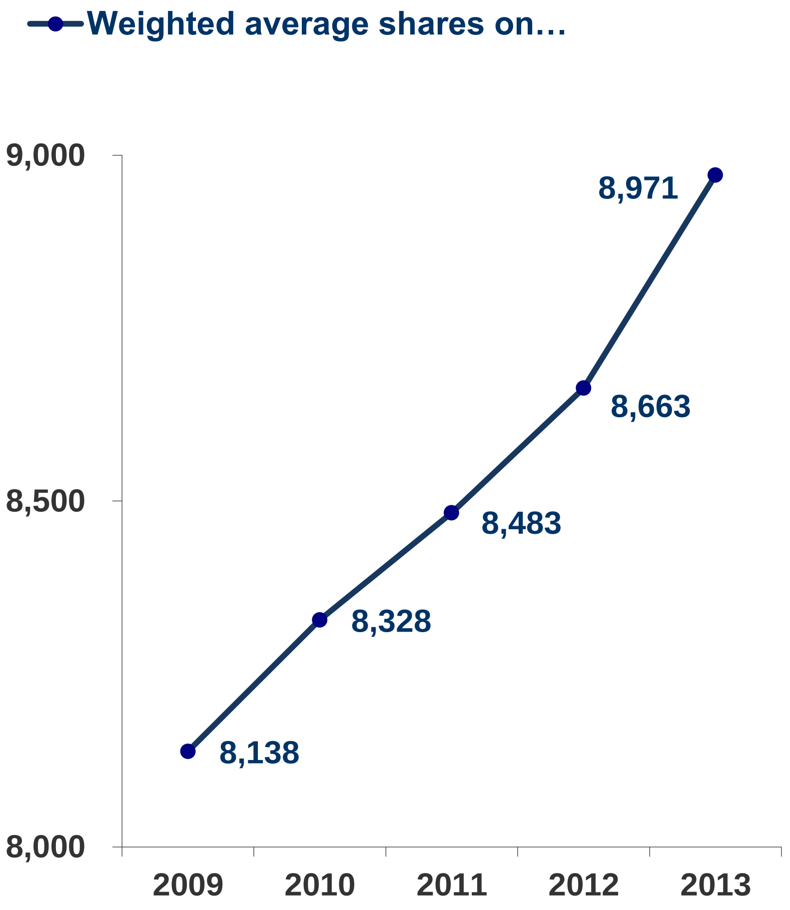
Operating revenue movement compared to prior year



Reported earnings per share

Reported earnings per share at 96.65¢ per share



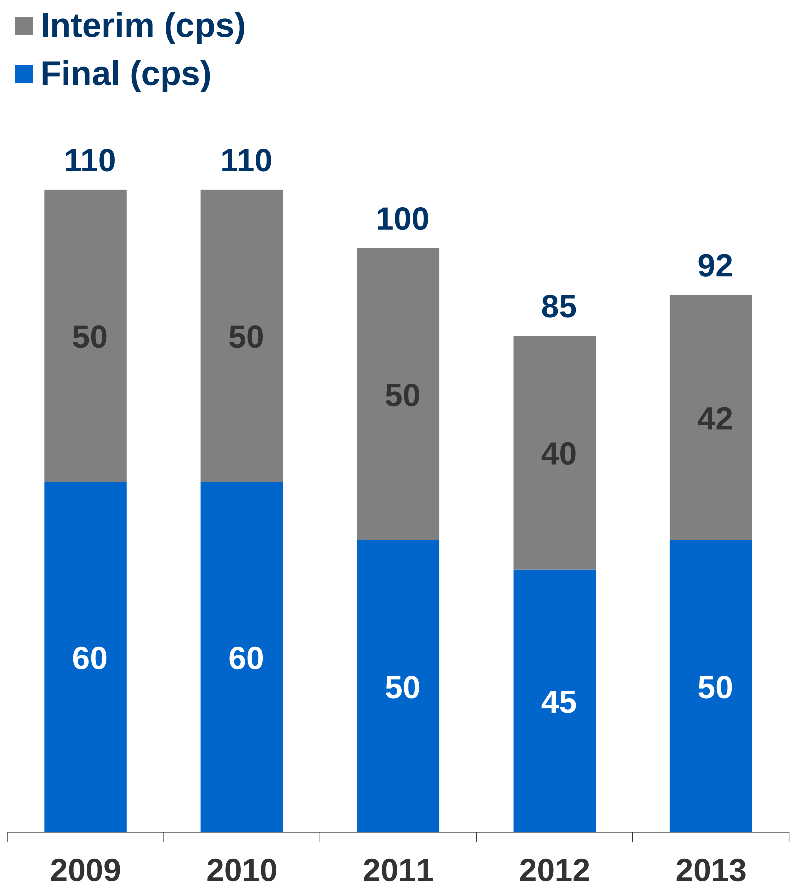


* 2013 EPS, excluding TRU acquisition costs

Returns to shareholders

Full-year, fully-franked dividend

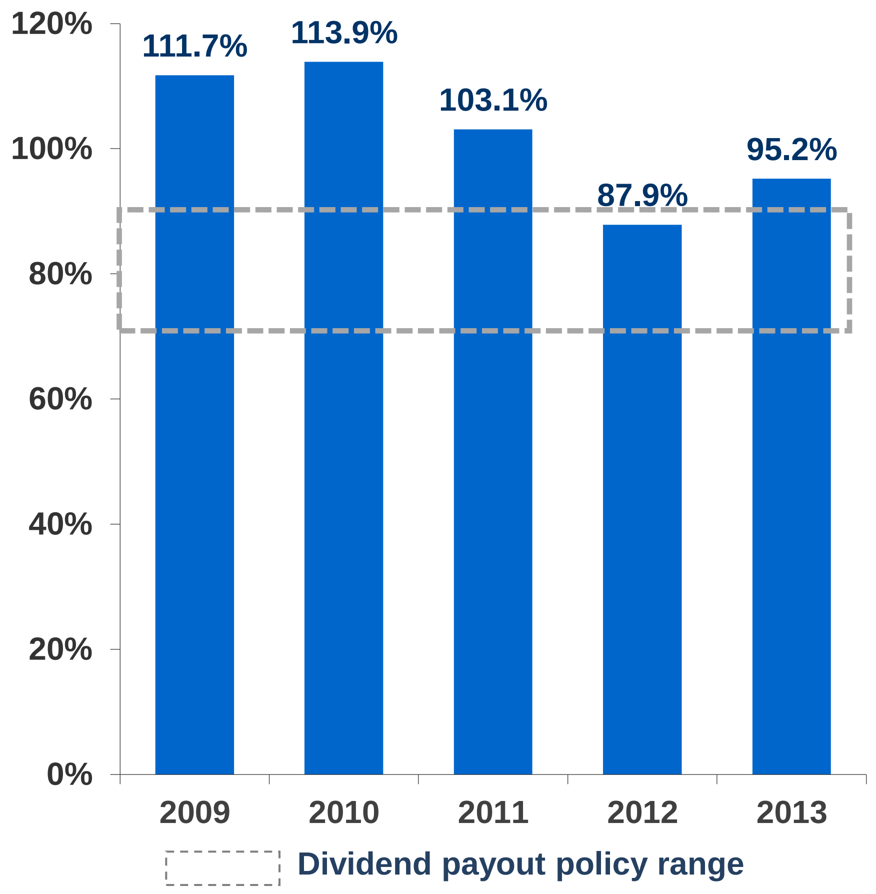
Reflecting a current yield of approximately 6% before franking credits



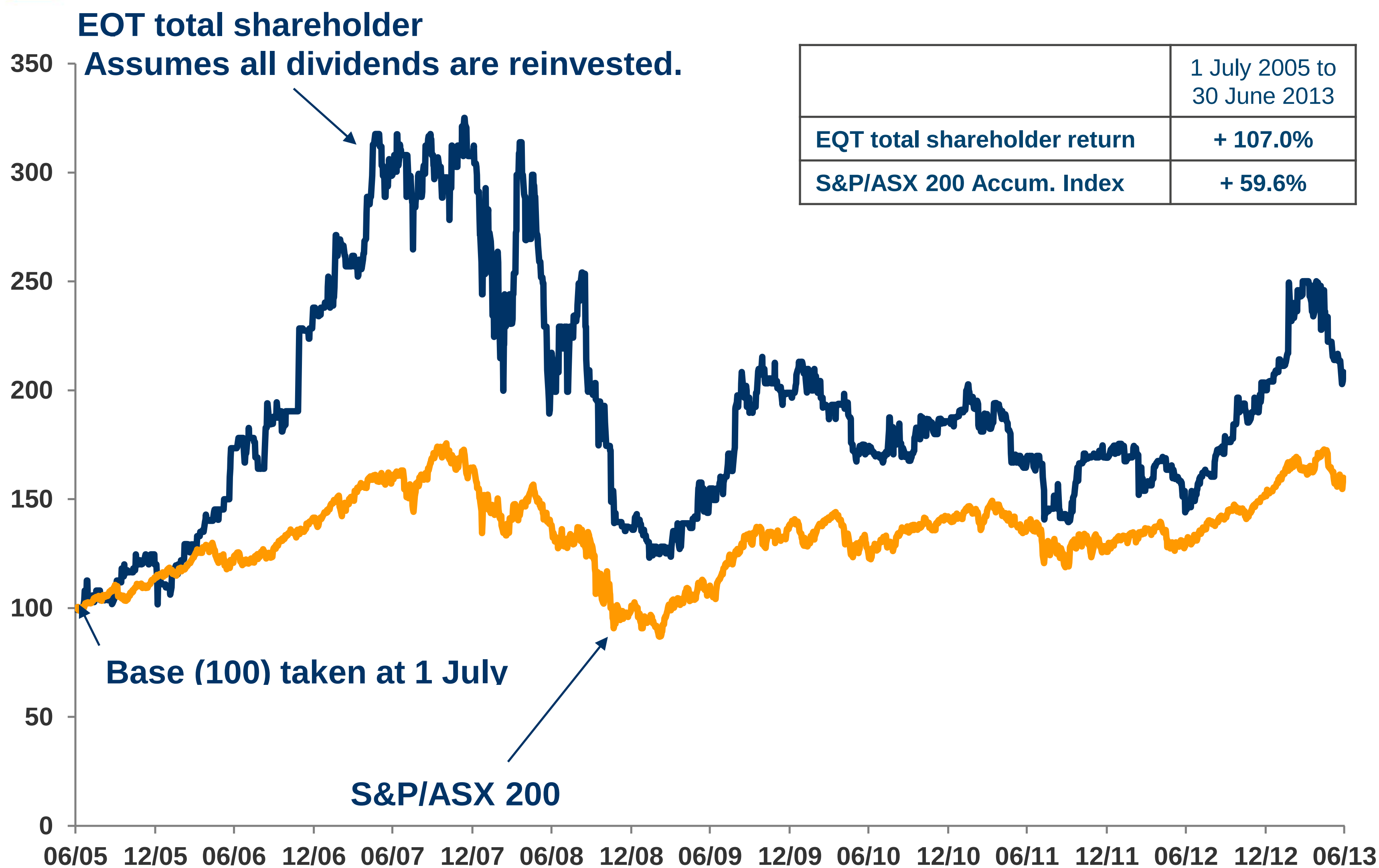
Full-year dividend as percentage of NPAT

2013: Excludes TRU Acquisition Costs.

Target Ratio: 70-90% of NPAT



Sustained shareholder return



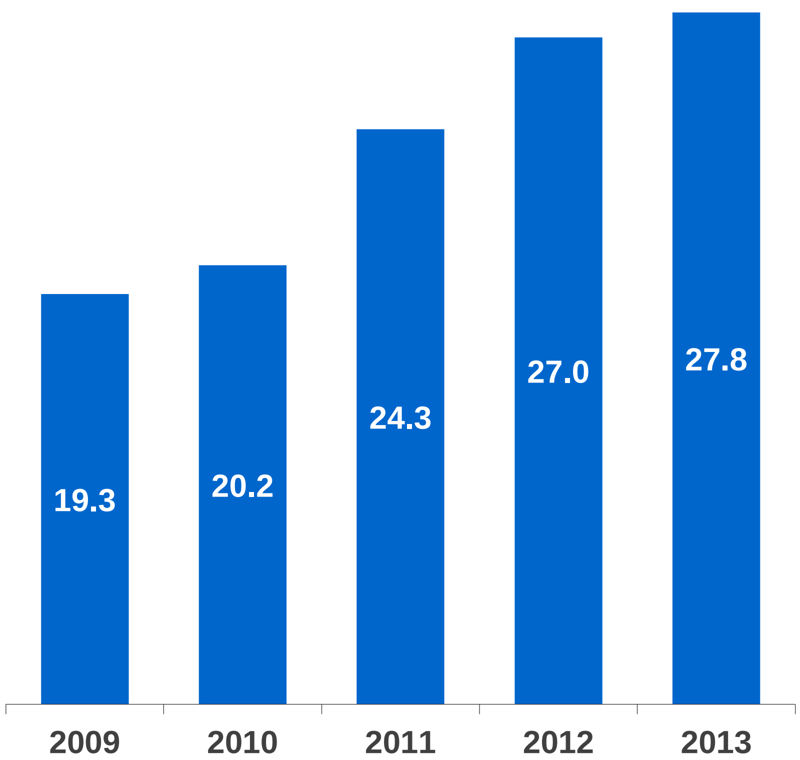
	1 July 2005 to 30 June 2013
EQT total shareholder return	**+ 107.0%**
S&P/ASX 200 Accum. Index	**+ 59.6%**

Business units – operations & performance

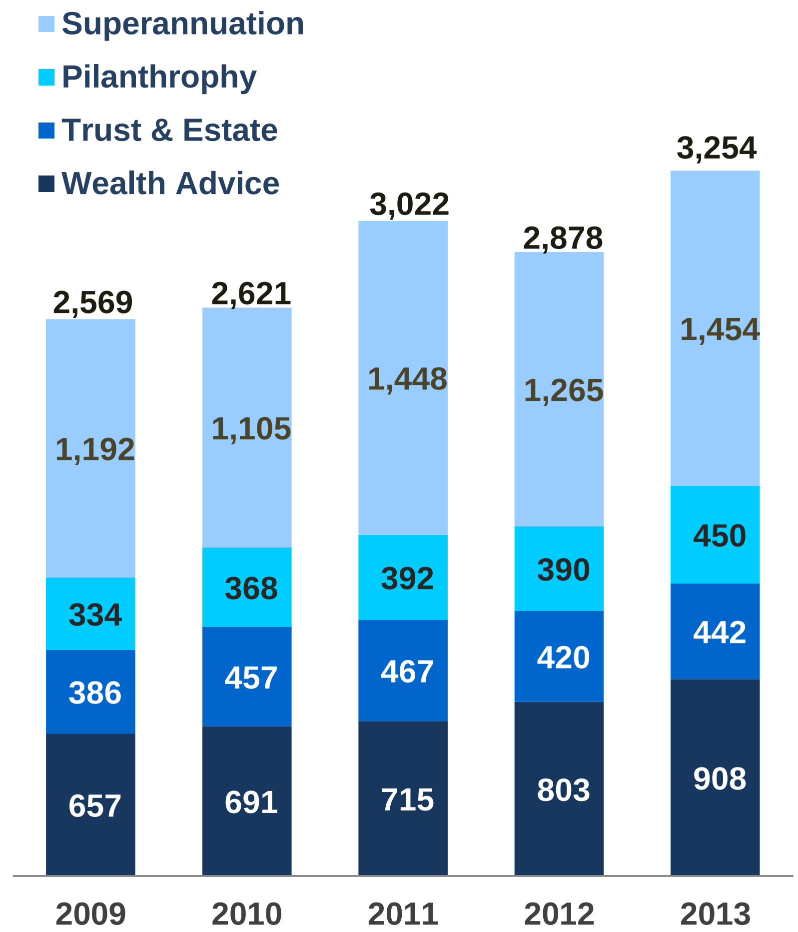
Business unit	Key services	Target market / channel	Revenue 2013 vs 2012	FUM/FUA 2013 vs 2012
Private Wealth Services (PWS)	• Personal Estates & Trusts • Philanthropy • Wealth management • Asset management • Aged care advisory services • Employer and personal superannuation	• Private clients • Business to business referrals • Small-medium size corporates • Members • External distribution via planning networks	$27.8m + 2.7%	$3,254m + 13.1%
Corporate Fiduciary & Fund Services (CFFS)	• Distribution • Product management for EQT co-branded funds (managed by external specialists) • Responsible entity	• Platforms/IDPS • Financial planners • Investment managers	$18.6m + 18.6%	$29,033m + 37.6%

Business unit overview – PWS

Operating revenue up 2.7% to $27.8m



FUM/FUA at 30 June 2013 up 13.1% to $3,254m

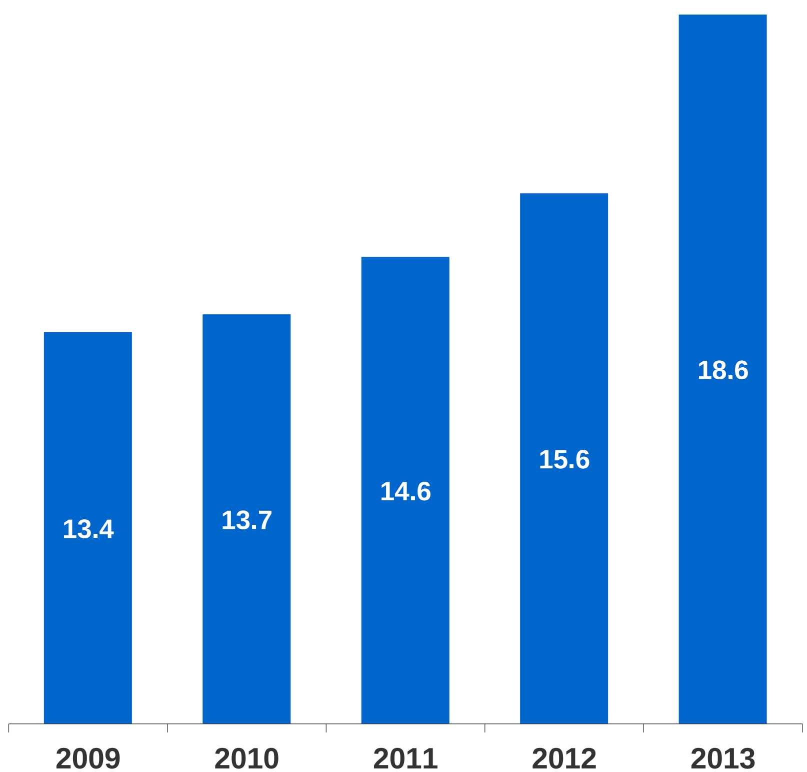


Business unit overview – PWS

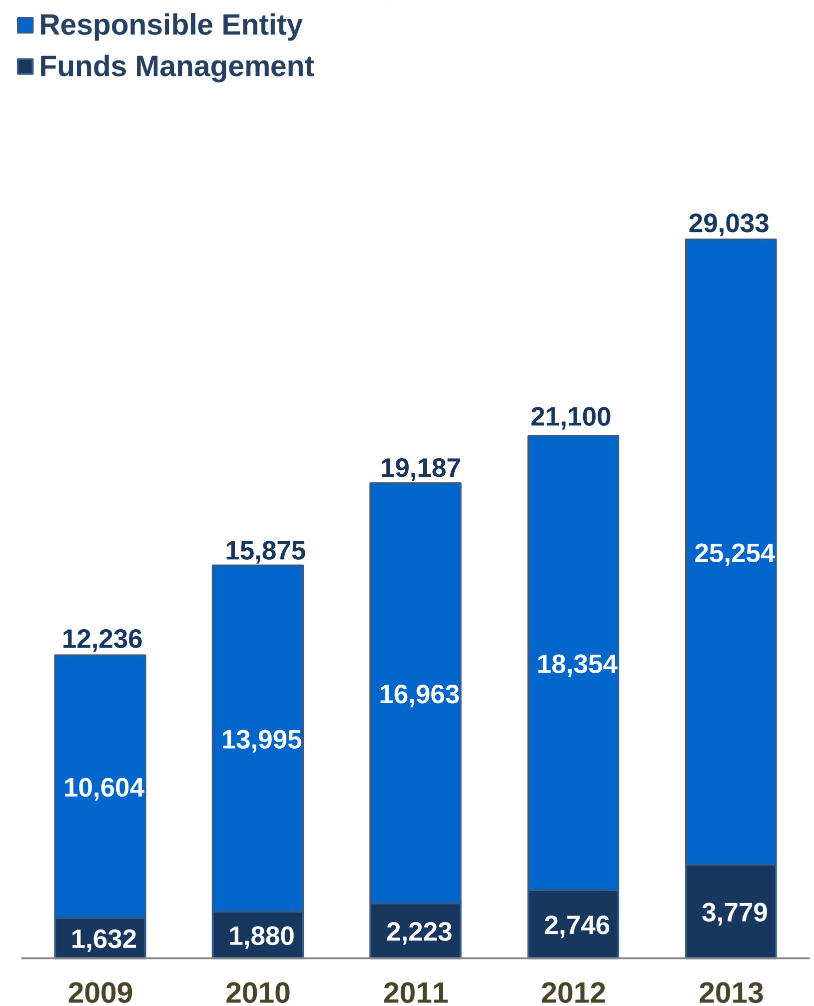
2013 highlights	• PWS revenue up 3%, all organic, despite some lines experiencing reductions, partly due to external factors. • Major development and growth project launched – multi-period, to improve distribution, cross-sell, revenue per client. • New asset management team recruited – enhance brand, goal to grow FUM. • Major effort required to prepare for FoFA and Stronger Super. • External estate planning and will writing referral relationship initiated – EQT being written into a significant proportion - will bank growth.
2014 outlook	• Leverage enhanced capability in asset management. • Improve operational efficiency through streamlined licensing structure and processes. • Continued drive to cement long-term revenue streams though improved estate planning services and marketing to referral sources. • Introduction of a Mysuper product to facilitate focus on retention and advice. • Co-location of private wealth services in Kew with aged care services to improve client experience and enhance cross-sell.

Business unit overview – CFFS

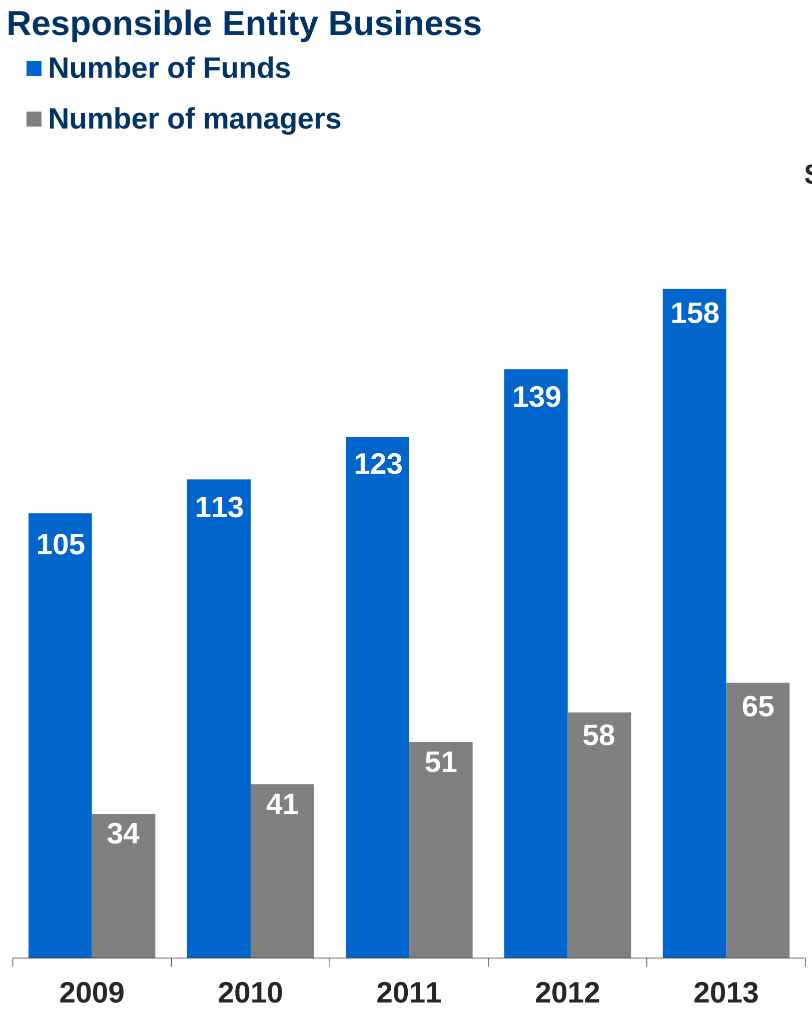
Operating revenue up 18.6% to $18.6m

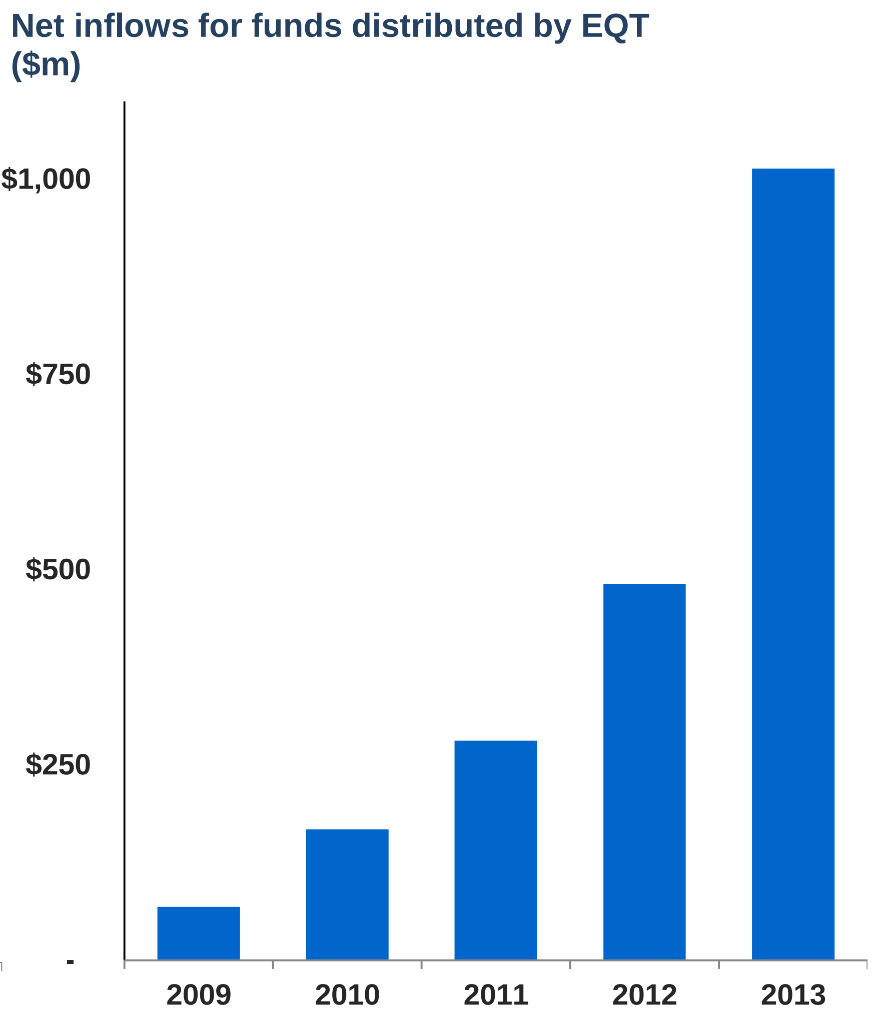


FUM/FUA at 30 June 2013 up 37.6% to $29,033m



Business unit overview – CFFS





Business unit overview – CFFS

2013 highlights	**In Corporate Fiduciary Services:** • Added a net 19 funds, servicing a net increase of 7 managers. (Closed 14 unviable funds, ended 8 manager relationships.) • Expanded Sydney team – closer manager relationships and new business development activities. • Broader range of fund styles/classes. **In Funds Distribution:** • Co-branded funds generated strong net inflows – up 110% from the previous year, >$1b. • Inflows still heavily skewed towards defensive assets. • PIMCO named as Money Management/Lonsec fixed interest manager of the year. • Dundas Global Investors signed for retail distribution deal – emerging market space.
2014 outlook	• New RE opportunities still coming through – global marketing effort will be maintained. • Well positioned to benefit if flows return to growth asset classes. • Defensive asset funds still likely to perform strongly in flows in current conditions. • Continue to work on key account relationships in distribution.

Business update and summary

The environment

- FoFA and Stronger Super (MySuper & SuperStream) impacts still being absorbed. Increased business complexity and costs. Consolidation drive eased.
- CAMAC review of philanthropy roles – report issued, complex and challenging recommendations, any practical impact in immediate future appears unlikely.
- Despite some market gains investor confidence remains low, defensive asset classes dominating flows.
- Acquisition opportunities still arising.
- EQT’s business model and brand naturally aligned to the higher wealth clients with more complex needs.
- Need for advice and the total wealth to be advised on (and transitioned) will both grow. Increasing professionalism of planners good for consumers, trend towards open architecture models.
- Australia is still seen as an attractive market by many global businesses who service the wealth management/funds management industry.

Directions

- Significant growth opportunity in private wealth management services. Increasing revenue per client, distribution, and growth in will bank are key goals.
- Progression of Project Foundation – increases efficiency, improves controls, gives room for growth at lower marginal cost.
- Implementation of new advice model and Stronger Super changes. Intention to increase trustee-for-partner services.
- Continuing growth in RE roles expected. Adding of Dundas to distribution line-up fills a gap and positions for return of flows to growth classes.
- Pursue TRU takeover with vigour. Assess other opportunities.
- Increasing capital to meet new ASIC requirements at July 2014. Based on current projections to 30 June 2014, and assuming that the 2013 final and 2014 interim dividends are fully underwritten, additional capital in the range of $7 to $9mil will be required. Initiatives to ensure we meet this requirement within the required timeframe are being pursued and we will keep the market informed. We are confident of maintaining a satisfactory return on capital.
- Enhanced asset management capability – goals are retention and increase in external FUM.
- Good market for recruitment.
- Impact of industry regulatory changes should provide a positive long-term environment for trustee companies.

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