EQT Holdings Limited
ASX Announcement

1 September 2016

FY16 Investor Presentation - Updated

Please be advised that further to the ASX announcement released yesterday entitled '2016 Full Year Results Announcement & Presentation' some minor changes and additional information has been included in the presentation's slides numbered 7, 11, 12 and 13.

A revised investor presentation is attached.

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Equity Trustees was established in 1888 to provide independent and impartial trustee and executor services to help families throughout Australia protect their wealth. As one of Australia's largest listed independent trustees, we offer a diverse range of services to individuals, families and corporate clients including aged care advice, asset management, estate planning, philanthropic services and responsible entity services for external fund managers.

EQT Holdings Limited is a public company listed on the Australian Securities Exchange (ASX: EQT).

EQT Holdings Limited (Equity Trustees)
Investor Presentation
Full Year Results to 30 June 2016

Mick O’Brien, Managing Director
Philip Gentry, Chief Financial Officer

1 September 2016

Agenda

Overview

Financials

Strategy Update and Outlook

Q & A

Overview

Solid underlying result

- Underlying organic revenue growth 6%
- Operating Profit Before Tax (OPBT) down 5%
- FUMAS* up 16% to $65b

Result reflects business transition

- Exit from non-core activities
  - Funds distribution / Superannuation administration
- Investment in business
  - Corporate restructure / Superannuation upgrade / Risk and assurance upgrade

Well positioned for growth – targeting significant improvement FY17 NPAT

- Positive early momentum
- Building on successful ANZ Trustee integration
- Further upside from operating model review

*FUMAS: Funds under management, administration, advice and supervision

Equity Trustees strategy

Building for growth

- Attractive market **opportunities**
- Clear **growth drivers** in each business
- Equity Trustees aims to be the **market leader** in chosen parts of the wealth value chain
  - Corporate Trustee Services (CTS)
    - Responsible entity services
  - Trustee & Wealth Services (TWS)
    - Philanthropic business
    - Compensation Trusts
    - Indigenous Trusts
    - Trustee for Partner roles in superannuation
- **Strongly positioned** to deliver

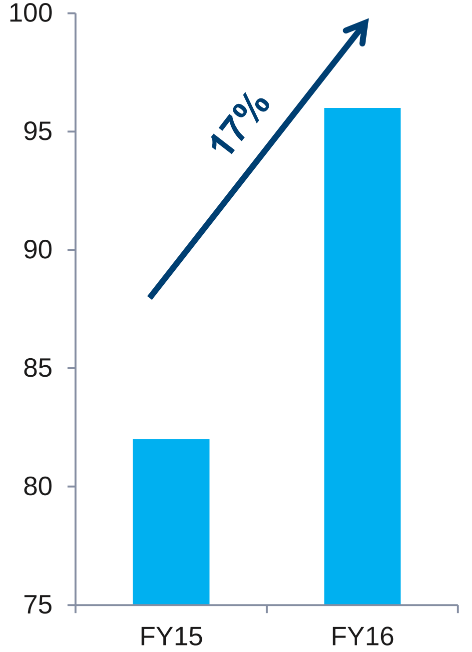
Building the platform for growth

- Equity Trustees **undertook a key restructure and other initiatives** in FY16 to streamline and reposition the business for growth:
  - Corporate restructure – new holding company
  - Repricing of superannuation and outsourcing of superannuation administration
  - Exiting funds distribution
- **Operating model review** is ready for implementation
  - Simplifying the business
  - Improving productivity
  - Enhancing customer outcomes
- **Sound** capital position provides security and flexibility
- **Strong leadership**
  - Refreshed and experienced management team
  - Capable, experienced Board

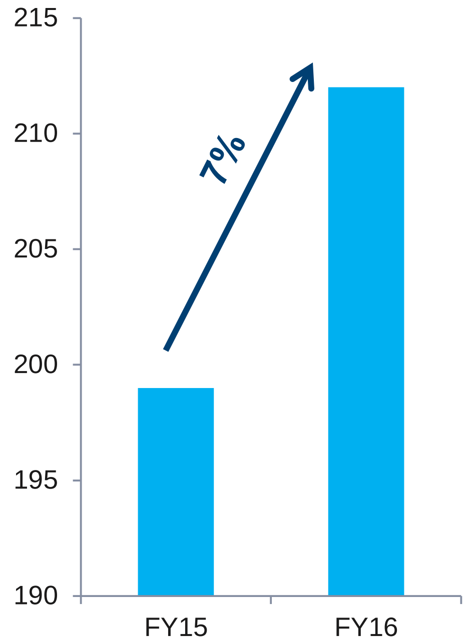
CTS growth highlights

EQUITY Trustees

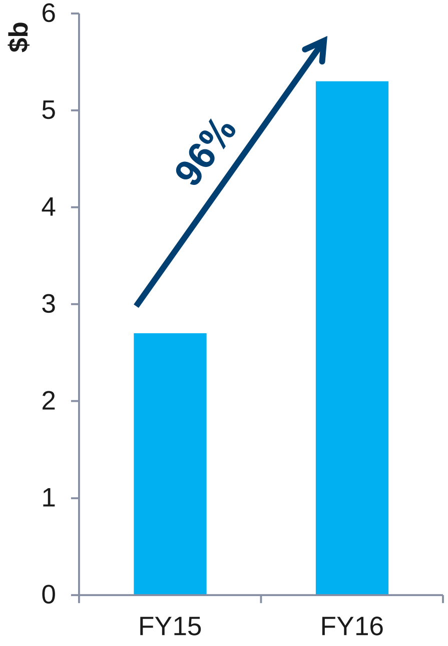
No. Managers



No. Funds



New Clients FUS*



*FUS: Funds under supervision

TWS growth highlights

EQUITY Trustees

Superannuation

Superannuation business upgrade

- Focus on EQT core capabilities – Trustee, Custodian, Funds Management
- Administration out-sourced
- Consolidation of funds
- Simplification of products
- Competitive pricing

$750m ⬆

additional funds managed by Equity Trustees

Trustee for partner strategy

- Encouraging pipeline of opportunities

Private Clients

8 new **Compensation Trusts** ⬆ **8%** *

156 **estate management clients** – up 3%

35 new **advice clients** ⬆ **9%***

83 new **Testamentary Trusts** – up 9%*

*% Increases are based on total client numbers

Philanthropy

⬆ **13** new **Perpetual Charitable Trust Clients** (up from long-term average of 3 to 4 p.a.)

Implementation of **new Grant and Program Evaluation Strategy** to strengthen client proposition

$71m

distributed via ~3,000 individual grants, donations and distribution

Financials

Philip Gentry, Chief Financial Officer

Group financial performance

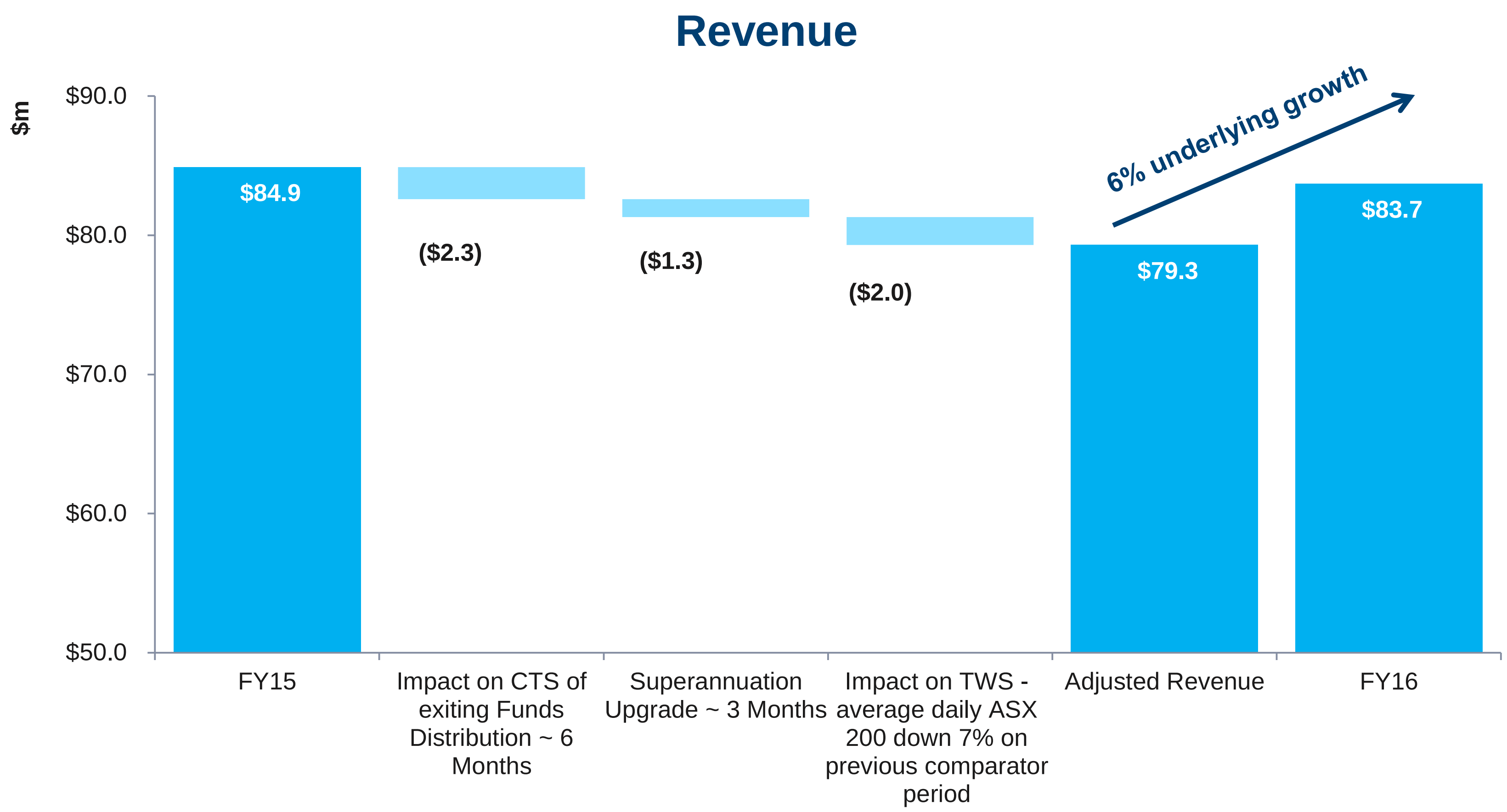
	FY16 $m	FY15 $m	FY16 v FY15 %
Revenue	**83.7**	84.9	(1.4)
Operating Expenses	**57.0**	56.7	0.5
OPBT	**26.7**	28.2	(5.1)
Projects	**6.4**	4.0	58.4
Redundancy	**1.4**	-	100.0
NPBT	**18.9**	24.2	(21.7)
Tax	**5.6**	7.2	(21.9)
NPAT	**13.3**	17.0	(21.6)
OPAT*	**18.8**	19.8	(5.1)
Diluted EPS on OPAT (cps)	**93.9**	101.9	(7.9)
Diluted EPS on NPAT (cps)	**66.5**	87.2	(23.7)
Dividends (cps)	**68.0**	94.0	(27.7)
ROE on OPAT (%)	**7.8**	8.2	(0.4)

Key Points

- **Solid underlying** revenue growth offset by exit from funds distribution, upgrading of superannuation business and adverse equity markets
- **Disciplined** expense control
- **One-off** projects largely complete
- **Final dividend of 34cps** in line with interim dividend

*OPAT is OPBT tax affected

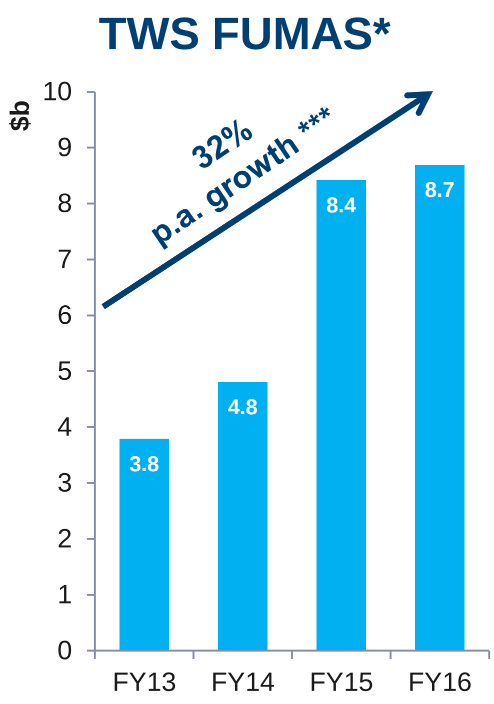
Solid underlying revenue growth

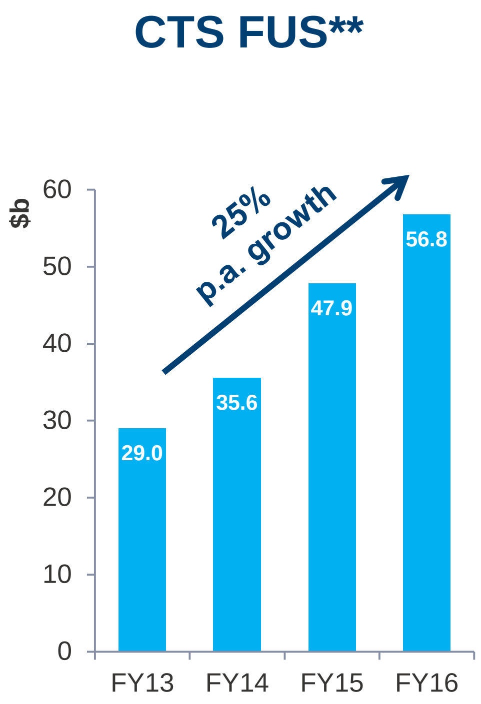


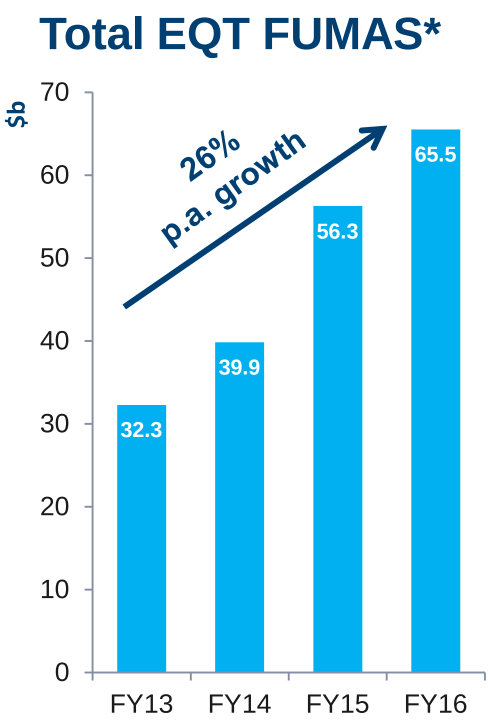
PCP: Prior corresponding period

Strong growth in funds

Strong growth in funds under management, administration, advice and supervision







*FUMAS: Funds under management, administration, advice and supervision
**FUS: Funds under supervision
***Note – Increase in TWS FUMAS from FY14 to FY15 was largely due to the acquisition of ANZ Trustees

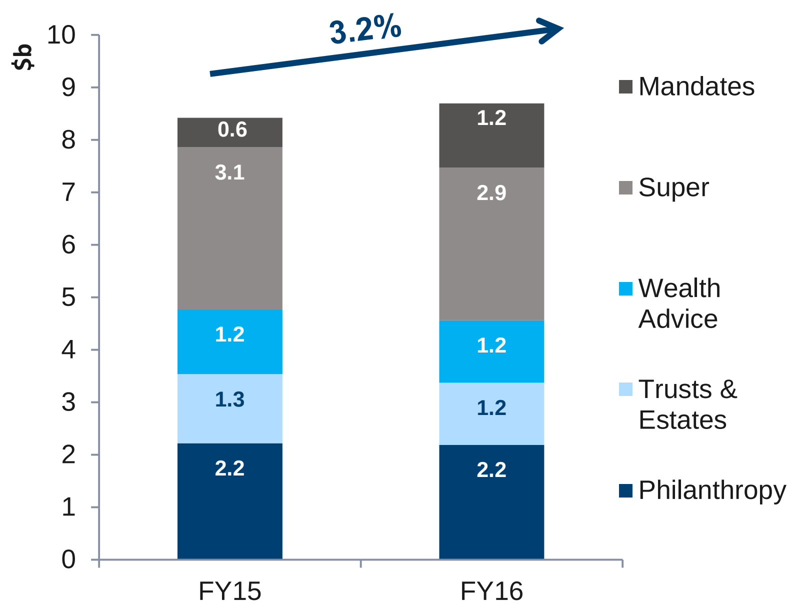
TWS performance

Organic growth offset by superannuation upgrade and declining equity markets.

Summary Profit or Loss

	FY16 $m	FY15 $m	Change %
Operating revenue	58.3	60.0	(2.8)
Operating expenses	44.1	43.2	2.1
OPBT	14.2	16.8	(15.5)

TWS FUMAS*



*FUMAS: Funds under management, administration, advice and supervision

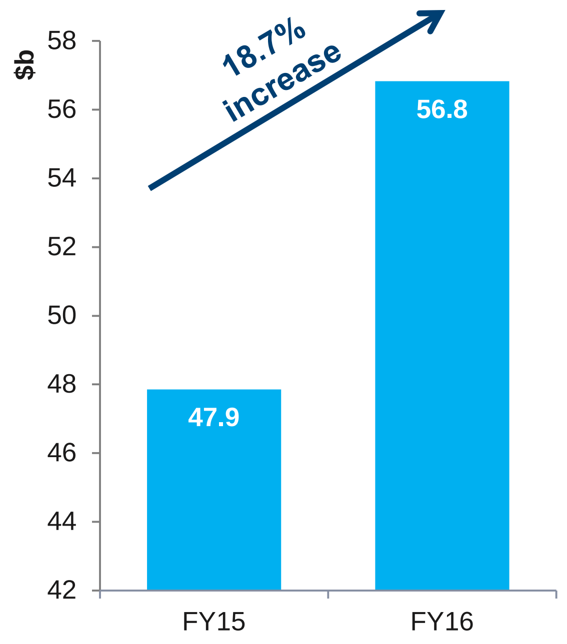
CTS performance

Organic growth offsets exit of funds distribution

Summary Profit or Loss

	FY16 $m	FY15 $m	Change %
Operating revenue	24.1	23.7	1.7
Operating expenses	12.9	13.5	(4.4)
OPBT	**11.2**	**10.2**	**9.8**

CTS FUS*



*FUS: Funds under supervision

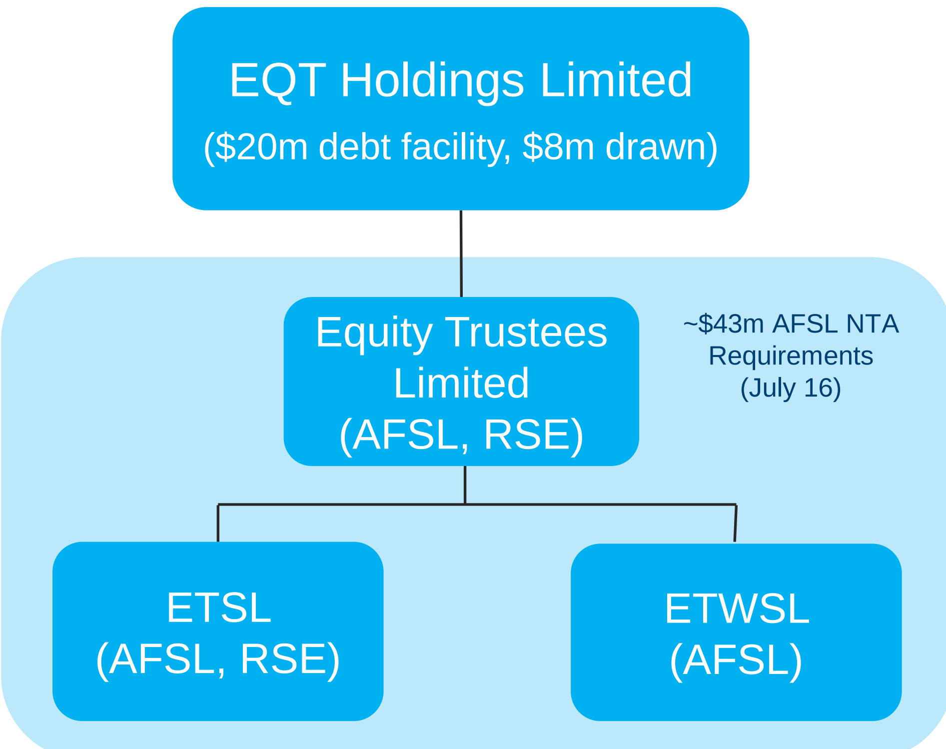
Balance sheet strength provides security and flexibility

Consolidated Balance Sheet Summary	FY16	FY15
	$m	$m
Assets		
Cash and cash equivalents	48.7	25.0
Trade receivables and accrued income	16.8	16.3
Goodwill and intangible assets	185.5	188.9
Investments and Other Assets	6.8	22.0
Total Assets	257.8	252.2
Liabilities		
Trade payables and other liabilities	7.0	9.1
Borrowings	8.0	-
Other non-current liabilities	2.0	2.1
Total Liabilities	17.0	11.2
Net Assets	**240.8**	**241.0**
Total Equity	**240.8**	**241.0**

- Low gearing (Debt to Equity 3.3%)
- Surplus borrowing capacity
- Substantial headroom in covenants

Strong capital position

Equity Trustees has ~$53m regulatory capital in key licenced entities and can comfortably meet its expected regulatory capital needs



Regulatory capital holding*	~$53m
Regulatory capital requirement	~$43m
Buffer	**~$10m**

*Effective 1 July 2016

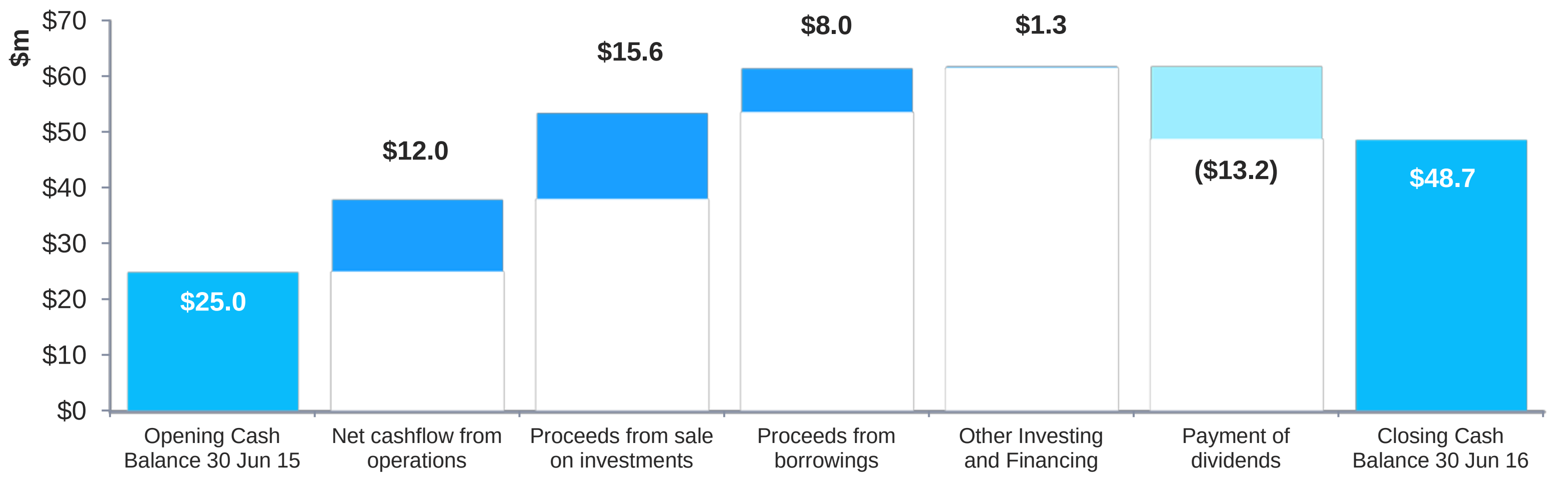
Note: Indicative schematic – not all subsidiaries included. ETWSL - Equity Trustees Wealth Services Limited. ETSL - Equity Trustees Superannuation Limited

Capital management opportunities

- **Capital requirement** of ~$43m to be held 50% in cash and 100% liquid assets (ASIC requirement)
  - Buffer also held in liquid assets
- **Additional streamlining** of structures and consolidation of licences has the potential to reduce capital requirements by ~$4m to $5m in the near term
- A 10% sustained increase in revenue requires an additional ~ $2m to $3m in **longer term regulatory capital**
- Dividend policy to payout 70% to 90% of reported NPAT expected to provide sufficient **retained earnings to fund organic growth**
- Debt funding arrangements provide **additional flexibility** to support regulatory capital needs

High cash flow conversion

FY16 Cash Flow Bridge



Dividend policy to pay out 70 to 90% of NPAT

Key initiatives on track

- Corporate Restructure and Superannuation Upgrade **complete**
- Business Assurance Project **on track** to complete by December 2016

Project ($m)	Actual FY16	1HFY17 Forecast	Total
Corporate restructure	0.9	-	0.9
Superannuation upgrade	2.6	-	2.6
Business assurance (enhancing risk and regulatory management)	2.0	1.0	3.0
Other	0.9	-	0.9
Total	6.4	1.0	7.4

Non project ($m)	Actual FY16
Non project restructuring / redundancy	1.4

Group wide operating model review on track

Objective

- **Optimise** combination of roles, skills, structures, processes, and technologies to **deliver maximum value** in client outcomes, efficiency and shareholder returns

Scope

- All end-to-end operational processes and activities that contribute to the **delivery of products and services to clients** – 80% completed

Timetable

- Phase 1 review and recommendations finalised by **August 2016**
- Implementation of initiatives to commence in **September 2016**

Status

- **On track** and self funding
- Initial analysis indicates material **opportunities** for improvement in productivity and client outcomes.
- Targeting \$2m to \$3m productivity improvement progressively over the next 12 to 18 months

Summary

- Current **one-off key initiatives largely completed**
  - Strengthening corporate structure, risk management framework and upgrading superannuation business
- Strong organic **growth momentum**
- Expect **organic growth** to offset impact of funds distribution exit and superannuation upgrade (~$3.5m to $4.0m net earnings impact in FY17)
- Group operating model review targeting **productivity improvements** and enhanced **customer outcome**
- **Fully funded** capital position and capacity to support growth plans
- Targeting **significant improvement** in reported NPAT in FY17

Strategy update and outlook

Mick O'Brien, Managing Director

Equity Trustees strategy

Building for growth

Equity Trustees aims to be the market leader in key parts of the wealth value chain

- **Wealth protection**: Acting as responsible entity, superannuation trustee, executor and services in funds management and custody
- **Wealth transition**: Services in wills, estate planning, trusts, philanthropy, powers of attorney

Growth drivers

- **Building** the platform – restructure and reposition
- **Driving** organic growth – FUMAS* and margins
- **Expansion** opportunities in core markets and businesses – bolt on, geographic

*FUMAS: Funds under management, administration, advice and supervision

An attractive and growing opportunity

Increasing shift towards wealth protection and transfer driven by

- Demographic changes due to ageing population

  "~500,000 currently over age 85 - will double in 20 years…3.5% CAGR"[1]

- Unprecedented wealth of Australians

  "Inter-generational wealth transfer projected to be $85b p.a. in 2030"[2]

- Changing wealth plans as wealth grows

  Increasing trend to philanthropy

- Ongoing growth in mandated superannuation

  "1.1x GDP to peak at 1.6x GDP in 20 years"[3]

1. ABS Population Projections 2012 Base
2. Source: AMP Natsem Income and Wealth Report
3. Rice Warner Ageing and Capital Flows

TWS growth focus

- Grow our **long-term**, **enduring** revenue base through targeted initiatives
  - Build and capitalise on high value Will Bank
    - 30,000 Wills with an estimated $20b plus assets
- Target top 1 or 2 **position in selected growth markets**, including:
  - Living donors for our philanthropy business
  - Compensation trust clients
  - Indigenous trusts
  - Trustee for Partner roles in the superannuation business
- **Preferred choice** by advisers for their best clients requiring the highest level of trust
- The delivery of **client centric services** that enable cross referrals to all parts of our business

Philanthropic services business model

Understanding clients' philanthropic goals and needs

Perpetual charitable trust (testamentary)

Charitable ancillary funds – private or public (active philanthropy)

STRATEGIES

Investment

Philanthropy

Money prudently invested

Capital growth

Income for charitable distribution

$70m+p.a.

Varied objectives including (for example):

- Identifying new cures and vaccines
- Improved quality of life of older Australians
- Improved educational outcomes for disadvantaged youth

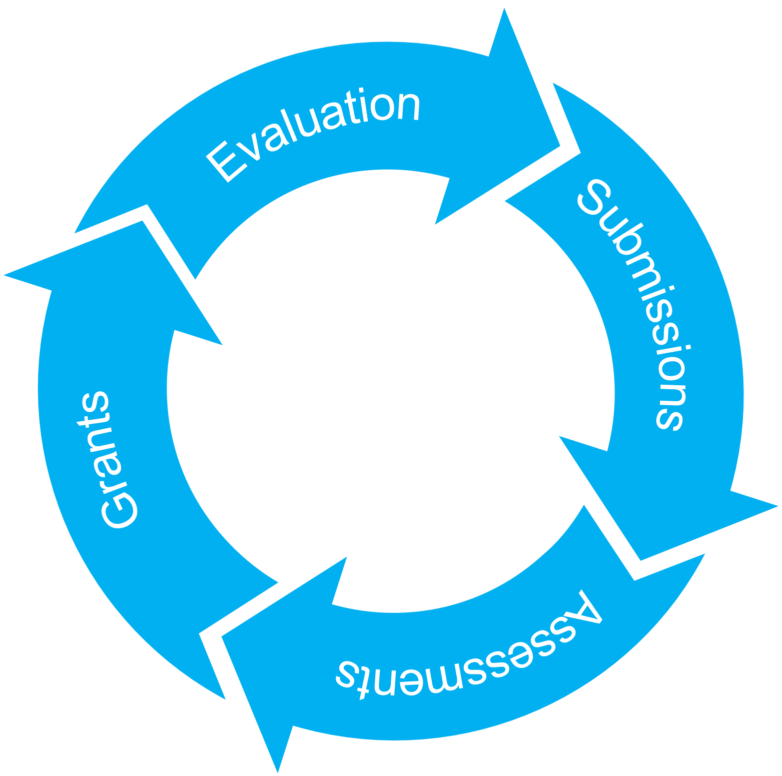
Equity Trustees service

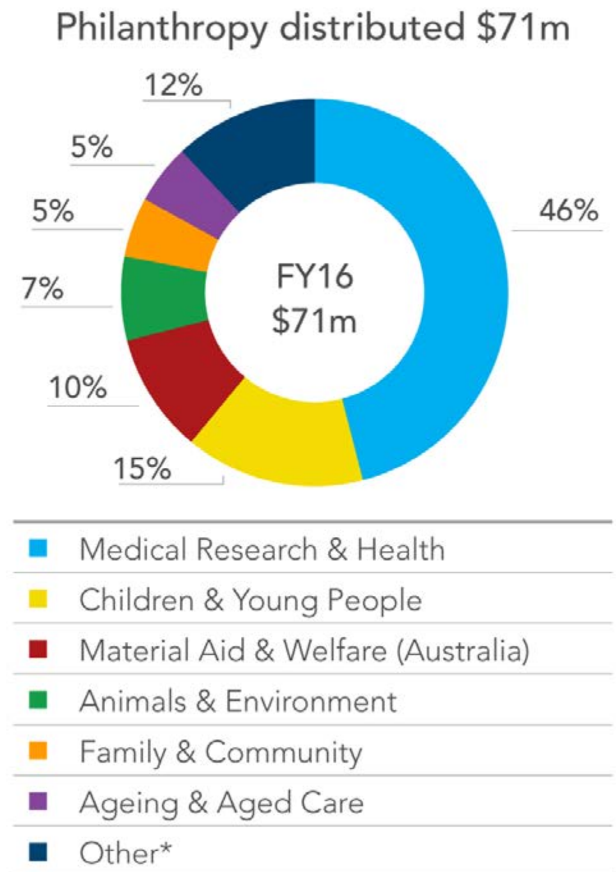
Investment outcomes

Social outcomes

Philanthropy grants and process

Process





*Other includes faith-based, arts, women, disability, material aid and welfare (international).

Note: Indigenous granting included in each category.

TWS – upgraded superannuation business

Improved member outcome

Where we add value
- Superannuation trustee services
- Custody
- Asset management

Leveraged the administration skills of KPMG

Created scale through the integration of two funds to $2bn

Now more competitive and positioned for growth

- Via identification and matching our strengths to the superannuation value chain

- Exited administration
- Reduced risks

- Scale has significantly reduced member fees
- Member retention is expected to improve

- More Competitive product and pricing
- Lead the *Trustee for Partner* market

Superannuation growth initiatives

Key drivers for growth in FY17

Superannuation Trustee Services	• Seek greater market share in existing $10b+ Trustee for Partner market • Preferred supplier of Superannuation trustee services

Trustee for Partner	• Leverage our trusted brand and strong balance sheet to create the 3rd pillar in Superannuation by partnering with:
	  • Promoters, administrators, employers and other providers
	  • Superannuation fund providers where trusteeship is not core

Fund consolidation	• Provide pathway for the funds who seek to consolidate via the master trust • Leverage Equity Trustees' in-house asset management
Other opportunities	• Seek other integration opportunities for the master trust

Recent successes

3 funds to 13 funds in 2 years

Master Trust consolidation from $1.1b to $1.9b in FY16

TWS has strong, enduring revenue streams supported by high client retention

Revenue type	Enduring	Maintainable	Fixed-fee
Revenue term[1]	10 years to everlasting	10+ years	Transactional
% TWS revenue	65%	32%	3%
Comments	• Philanthropic trusts, PUFs and PAFs • Testamentary trusts • Compensation trusts • Taxation services • Estate management	• Wealth management • Indigenous trusts • Superannuation	• Estate planning • Aged care advice and placement

1 Reflects average historical experience

CTS continues to have substantial growth opportunities

Growth opportunity	Strategy
New product designs	Attribution Managed Investment Trust (AMIT) Collective Investment Vehicle (CIV): prioritise additional fund structuring opportunities in the Australian market for existing clients
SPV & funds of one (F1)	Leverage CTS’ experience and relationships with investment managers and service providers to build new innovative funds
New markets corporate trustee	• Business continues to grow strongly – 150%+ revenue growth in FY16 vs. FY15 • Proposed further expansion in FY17 (Sydney) • New client portal being developed
Asian expansion	• Growing demand from clients based in Asia • Increased presence to be developed in the region • Recent wins in Singapore and Korea is building momentum

CTS growth initiatives

- **Expanding** into growth markets
  - Bespoke and structured corporate trustee services
  - Responsible Entity in Asia
- Significant **opportunities** with fund structures (AMIT/CIV)
- **Early wins in FY17** – 7 new managers, 18 new funds
- Targeting to more than double FUS* **over the next 5 years**

*FUS: Funds under supervision

Equity Trustees – focus on six key drivers

- Increase total FUMAS*
- Growing sales value
- Enhancing operating margin
- Improve customer satisfaction
- Lifting employee engagement
- Deepening community impact

EPS growth and ROE

*FUMAS: Funds under management, administration, advice and supervision

Conclusion and outlook

1. Attractive industry fundamentals
2. Good growth in organic revenue – encouraging start to FY17
3. Capitalising on recent investments
   - One-off Corporate Restructure
   - Superannuation Upgrade
   - Risk and Assurance Upgrade project on track
4. Leader in chosen sectors of the wealth management value chain
5. Targeting significant improvements in reported NPAT in FY17

Questions

EQUITY
Trustees

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Appendix

Estate planning and philanthropic services drive enduring revenues