



Equity Trustees

INVESTOR PRESENTATION

RESULTS FOR YEAR ENDED 30 JUNE 2019

Mick O'Brien, Managing Director
Philip Gentry, Chief Financial Officer and Chief Operating Officer

21 AUGUST 2019



AGENDA

- (1) 2019 IN REVIEW**
- (2) FINANCIALS**
- (3) STRATEGY UPDATE AND OUTLOOK**
- (4) QUESTIONS**



2019 IN REVIEW



STRONG FY19 AND WELL POSITIONED FOR CONTINUED GROWTH

- Continuing strong performance in changing environment
- Consistent underlying organic growth
- Poised for new growth phase, with pipeline of opportunities under development
- Investing now to support this growth
- Delivering for all stakeholders



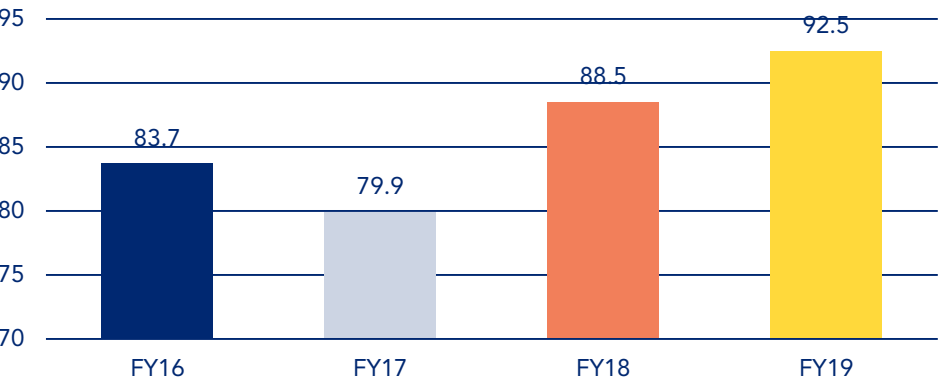
CONTINUING STRONG PERFORMANCE IN CHANGING ENVIRONMENT

- Net profit up 12.7% to \$22.2m
- Revenue up 4.6%
- Disciplined expense management – increase 2.4%
- Basic earnings per share up 11.7% to 108.6 cents
- Total dividend for the year 90 cents, up 9.8%
- All areas of business experiencing good growth

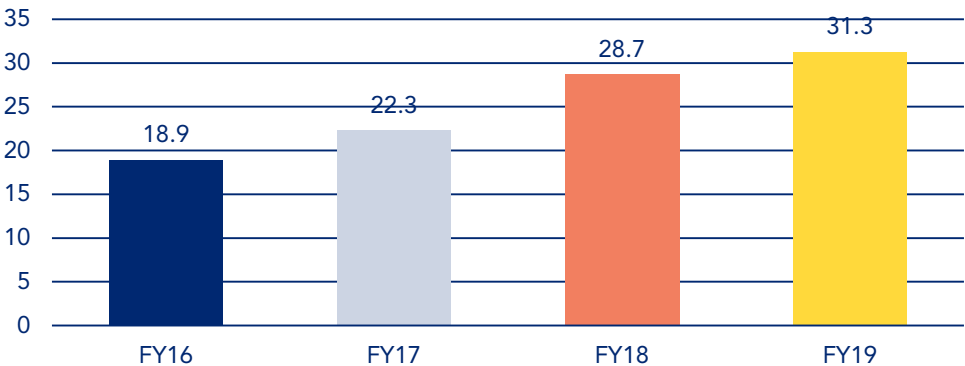
CONSISTENT IMPROVEMENT IN PERFORMANCE



TOTAL REVENUE **\$92.5M**

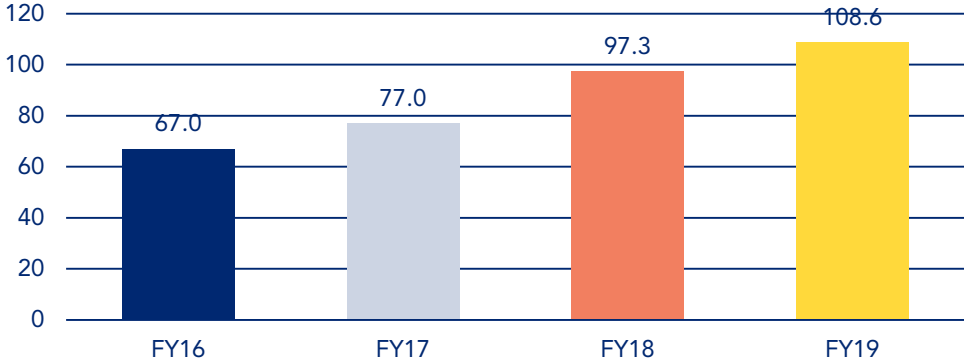


NPBT **\$31.3M**



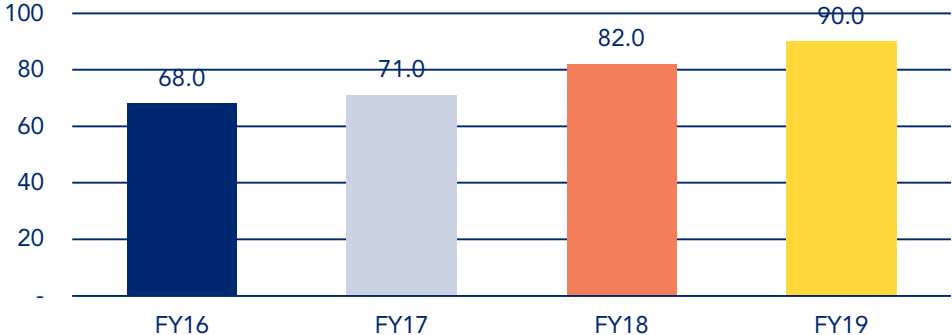
108.6CENTS

EARNINGS PER SHARE

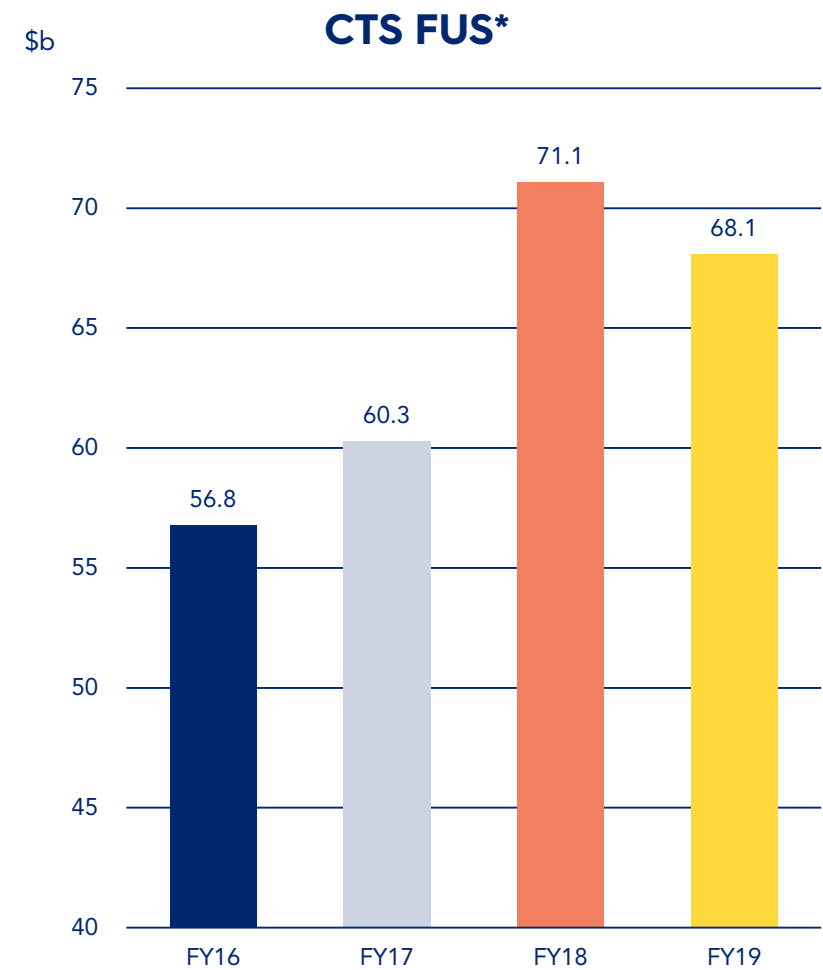
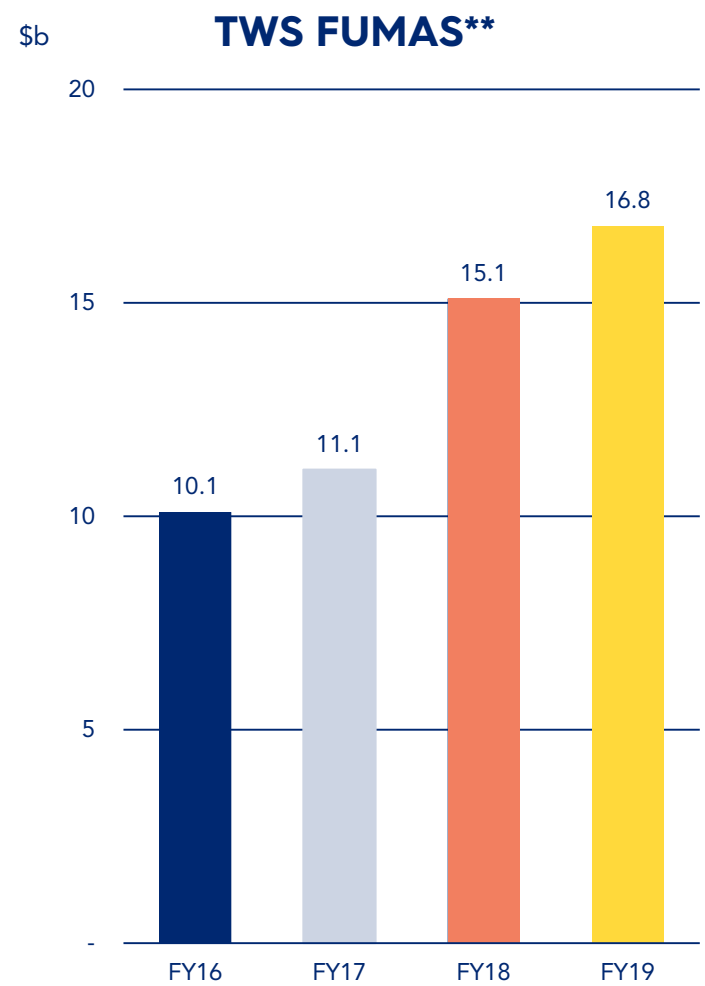


90CENTS

DIVIDENDS



FUMAS ON GROWTH TRAJECTORY



- FUMAS down slightly to \$84.9b, principally reflecting one-off client changes in 1H19
- Good growth in 2H19 and trending upwards

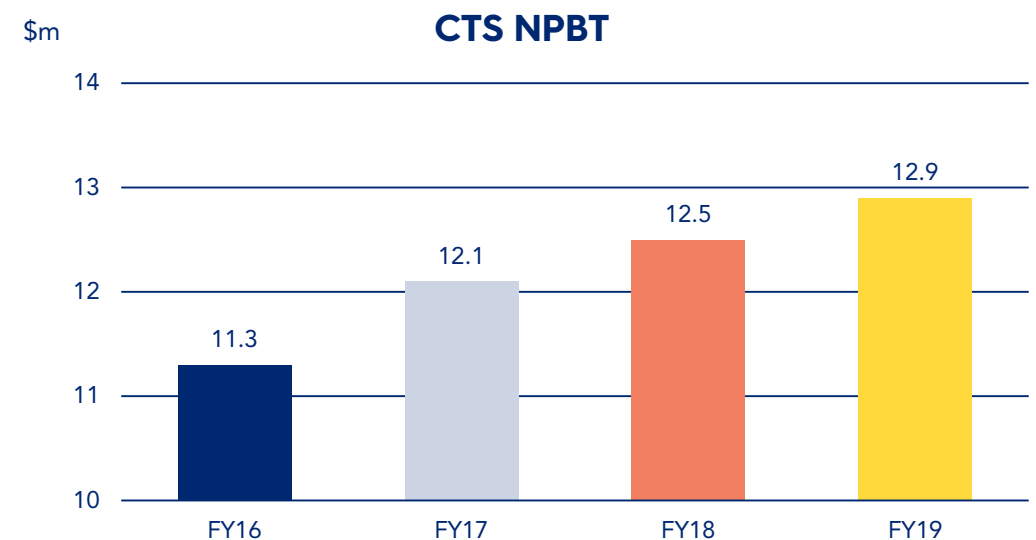
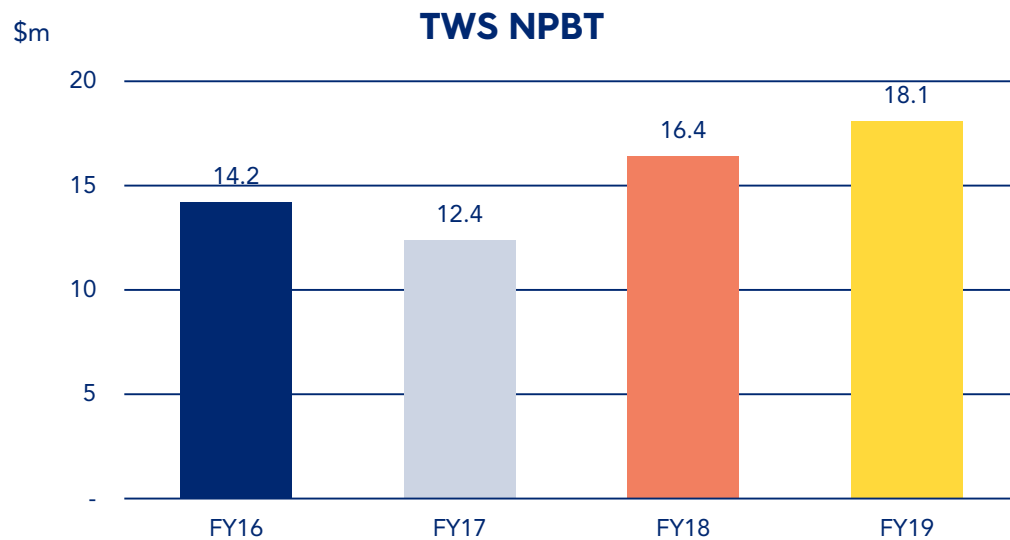
* FUS: Funds under supervision
**FUMAS: Funds under management, administration, advice and supervision

Note: Excludes UK/Ireland client FUS

CONSISTENT ORGANIC GROWTH



SOUND PERFORMANCES FROM CORE BUSINESSES TWS AND CTS



Acquisitions and partnerships delivering:

- Equity Trustees (UK and Europe Ltd) expanding footprint
- Zurich Australian Superannuation Pty Ltd fully integrated and on track



ORGANIC GROWTH CONTINUING

- EQT strategy to become Australia's leading trustee
- Changing industry environment continues to support independent trustee model
 - ~ 99% of all assets in Australia's superannuation system are overseen by an "internal" trustee - as a truly independent provider, EQT is well placed to benefit from any shift from an in-house to outsourced model
 - Royal Commission findings add further support
 - Increasing interest in our independent, specialist trustee proposition
- Organic growth will also come from
 - Entering new market segments
 - Improving internal cross-sell
 - Winning new contracts in the UK/Ireland market



POISED FOR CONTINUING GROWTH

- Investing heavily in capability and technology to support further growth
 - Key board and management appointments
 - Targeted technology investment
 - Continuing emphasis on governance and risk management to underpin performance
- Organic growth supplemented with non-organic initiatives
 - Selective M&A – Zurich Australian Superannuation Pty Ltd
 - Strong balance sheet
 - Flexibility to fund opportunities
 - Expanded markets - Ireland

DELIVERING FOR ALL STAKEHOLDERS

T1

IMPROVING
CLIENT
SATISFACTION

T2

LIFTING
EMPLOYEE
ENGAGEMENT

T3

GROWING
SHAREHOLDER
VALUE

T4

DEEPENING
COMMUNITY
IMPACT



MEASUREMENT:

T1

Net promoter score
Net loyalty score

T2

Engaged and
enabled staff

T3

Earnings per
share growth and FUMAS
growth

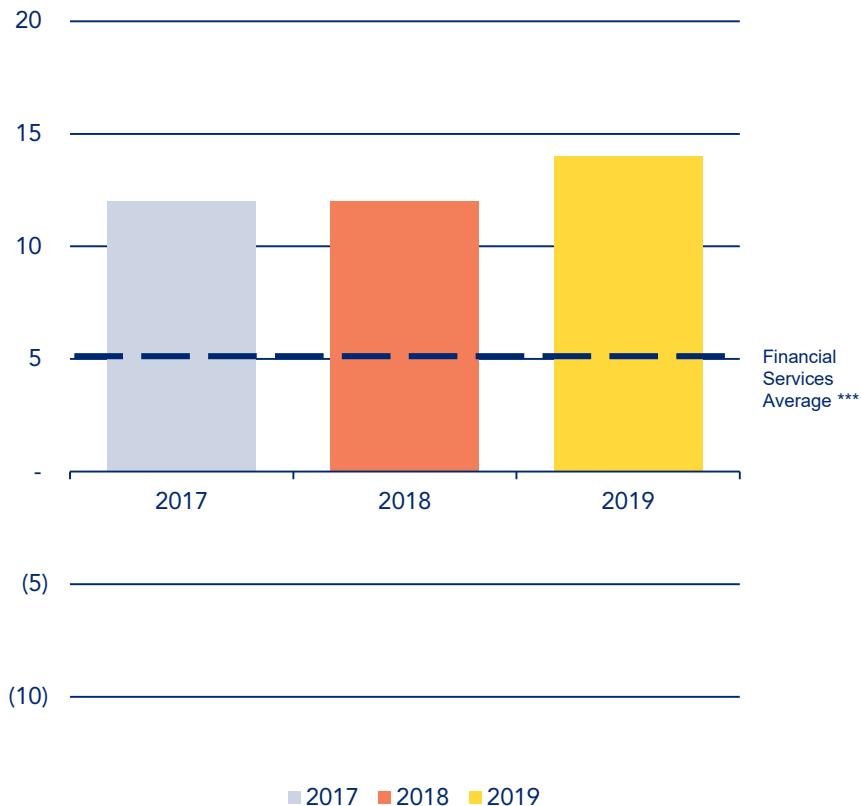
T4

Granting and volunteering

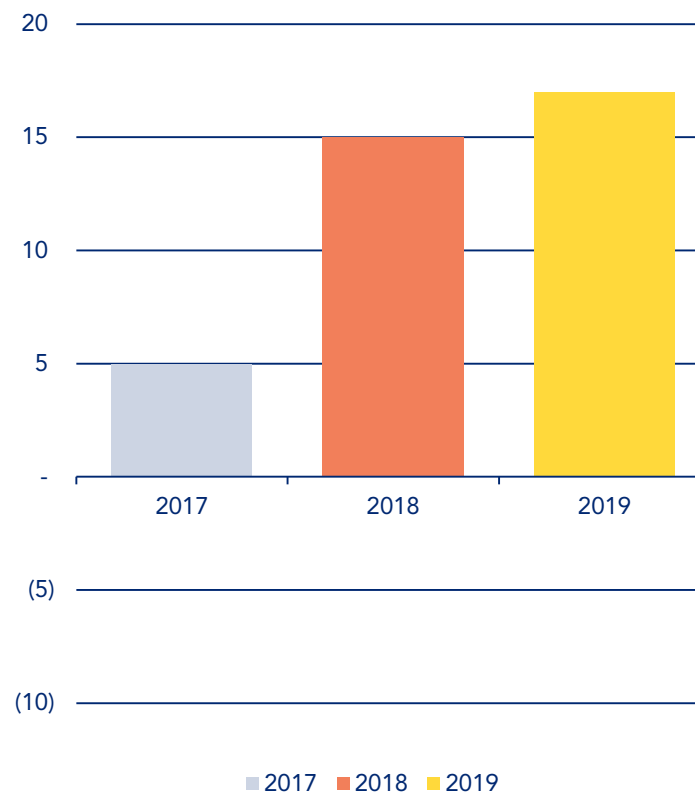


T1 – IMPROVING CLIENT SATISFACTION

NET PROMOTER SCORE (NPS)



NET LOYALTY SCORE (NLS)



- Digital strategy focused on significantly improved client experience
- Investment in business development, front-line capabilities and enhanced client reporting

*Net Promoter score – net measure of clients willing to recommend EQT

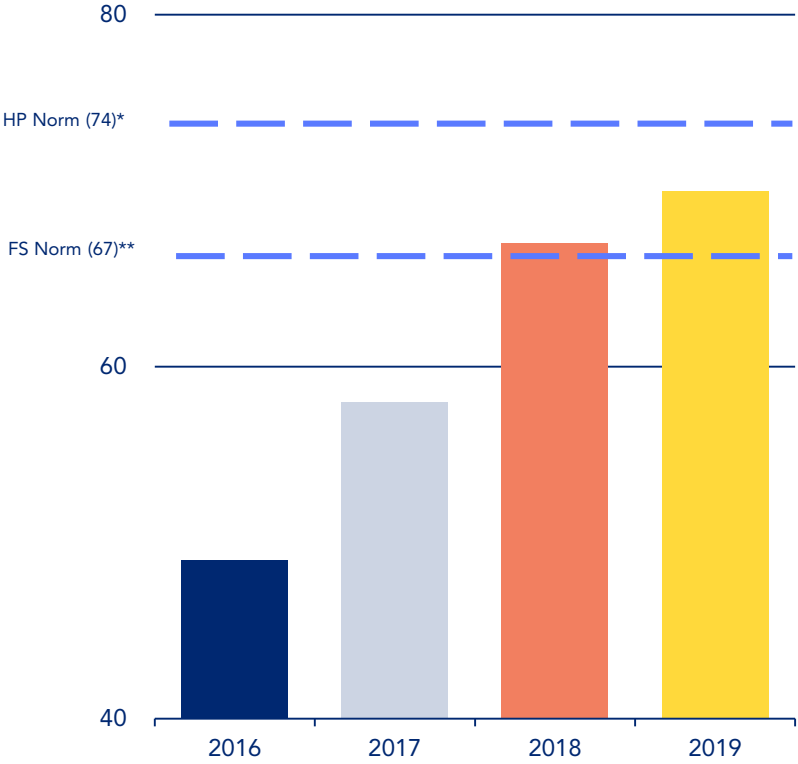
**Net Loyalty score – net measure of clients prepared to purchase another EQT product or service.

*** Roy Morgan Advocacy report, Financial Institutions. Monthly report – February 2019 (<http://www.roymorgan.com/findings/7918-banking-nps-201903290530>)

T2 – LIFTING EMPLOYEE ENGAGEMENT

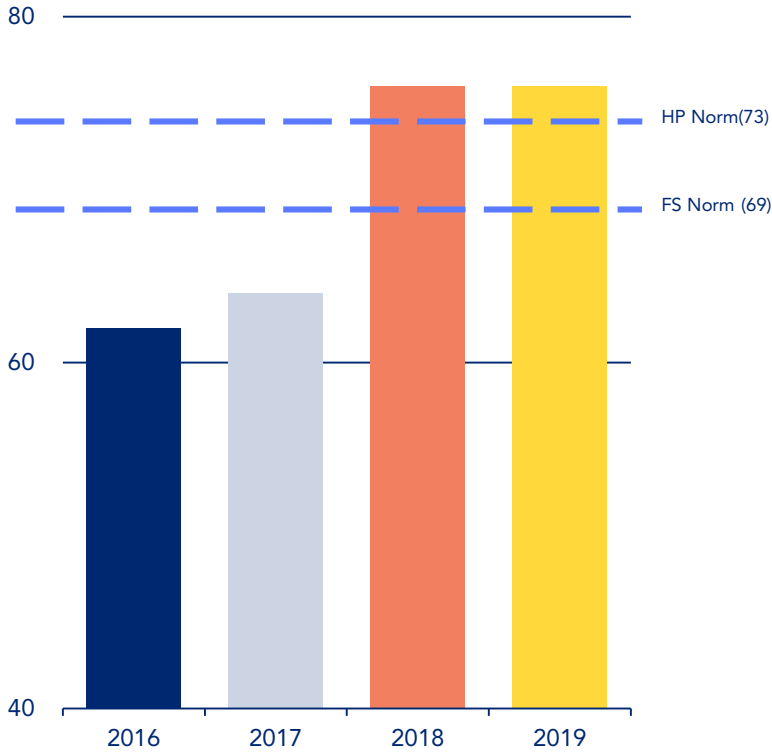


EMPLOYEE ENGAGEMENT



* High Performing Norm
** Financial Services Norm

EMPLOYEE ENABLEMENT

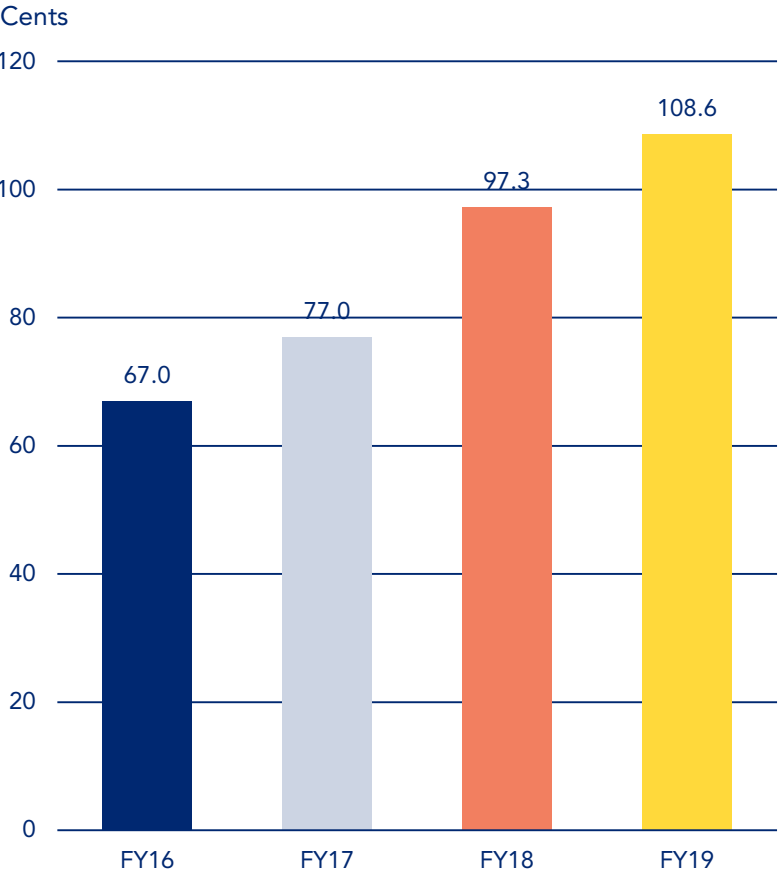


WORK, STRUCTURE
AND PROCESS

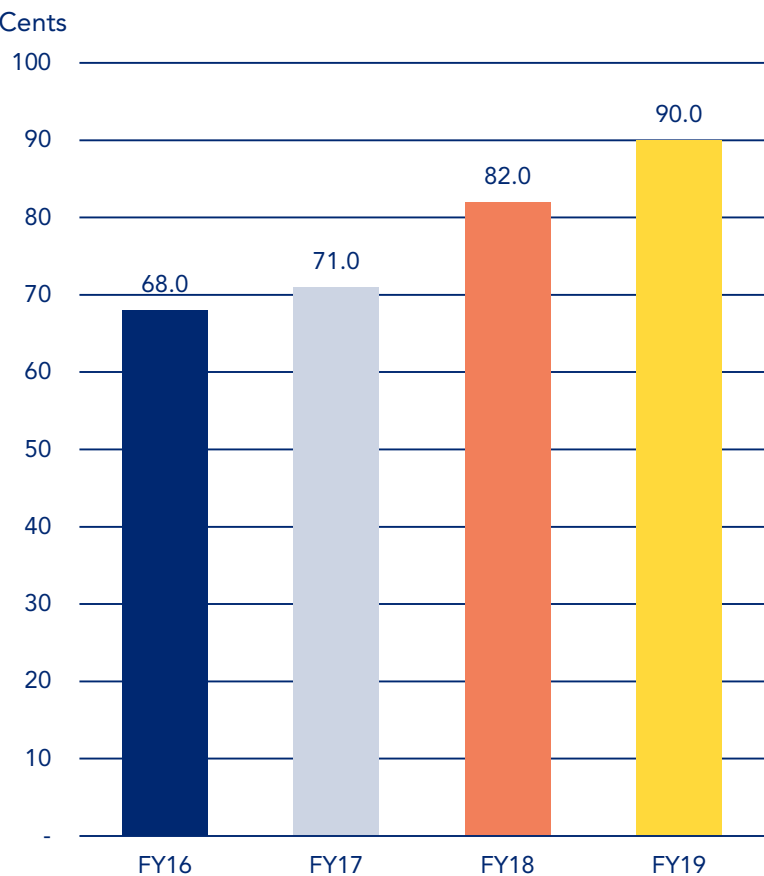
T3 – GROWING SHAREHOLDER VALUE



EARNINGS PER SHARE



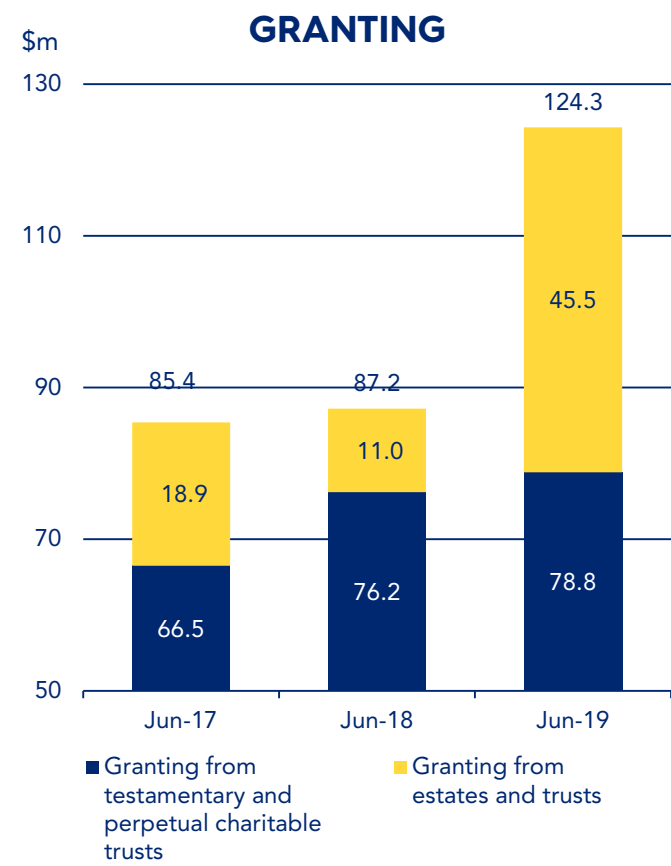
DIVIDENDS



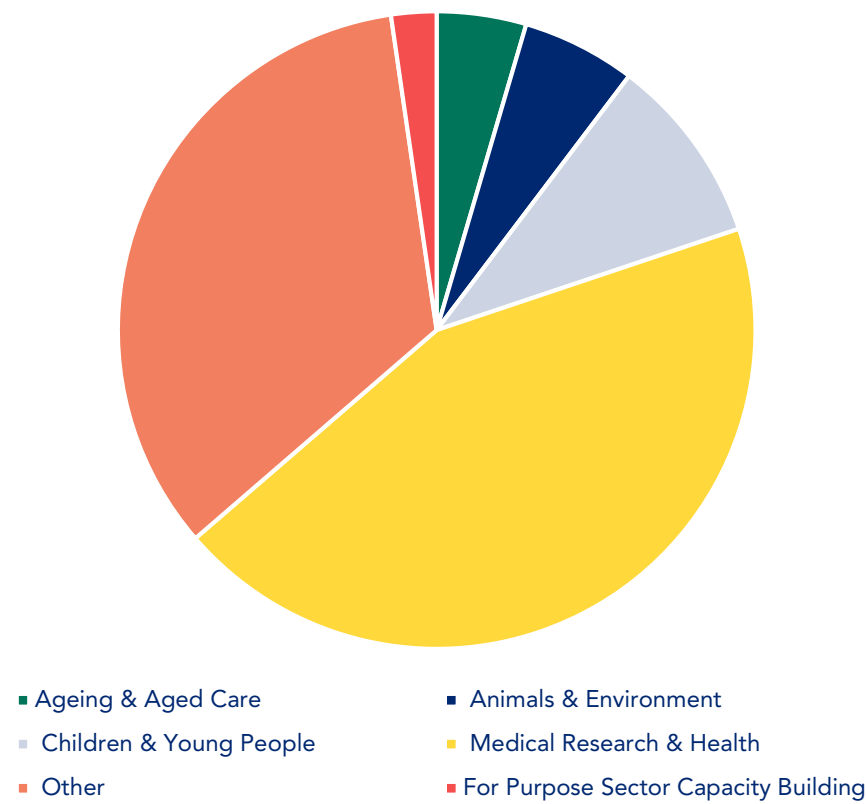
- Consistent lift in earnings per share and dividends
- Dividend payout ratio of 82.9%



T4 – DEEPENING COMMUNITY IMPACT



CHARITABLE TRUSTS BY GRANT TYPE



- Annual granting program to ~3,000 beneficiaries
- 450+ hours volunteer leave

* This includes \$78.8m from charitable trusts and \$45.5m in one off payments directly from Estates and Trusts



FINANCIALS



STRONG FINANCIAL PERFORMANCE

YEAR ENDED 30 JUNE	FY19	FY18
Total revenue (\$m)	92.5	88.5
Expenses (\$m)	61.2	59.7
Net Profit Before Tax (NPBT \$m)	31.3	28.7
NPBT margin (%)	33.9	32.5
Effective Tax rate (%)	31.8	32.4
Net Profit After Tax (NPAT \$m)	22.2	19.7

Earnings Per Share (EPS) (cents)	108.61	97.27
Diluted EPS on NPAT (cents)	107.85	96.89
Dividends (cents per share)	90	82
Return on Equity (ROE) (% p.a.)	8.1	7.7

FY19 VS FY18 %
▲ 4.6
▲ 2.4
▲ 9.1
▲ 4.3
▼ (1.9)
▲ 12.7

- Solid revenue growth
- Driven by organic growth, strategic initiatives and markets
- Disciplined approach to expenses
- Increase in NPBT margin to 33.9%
- Solid increase in NPAT, EPS and dividend

HALF ON HALF PERFORMANCE



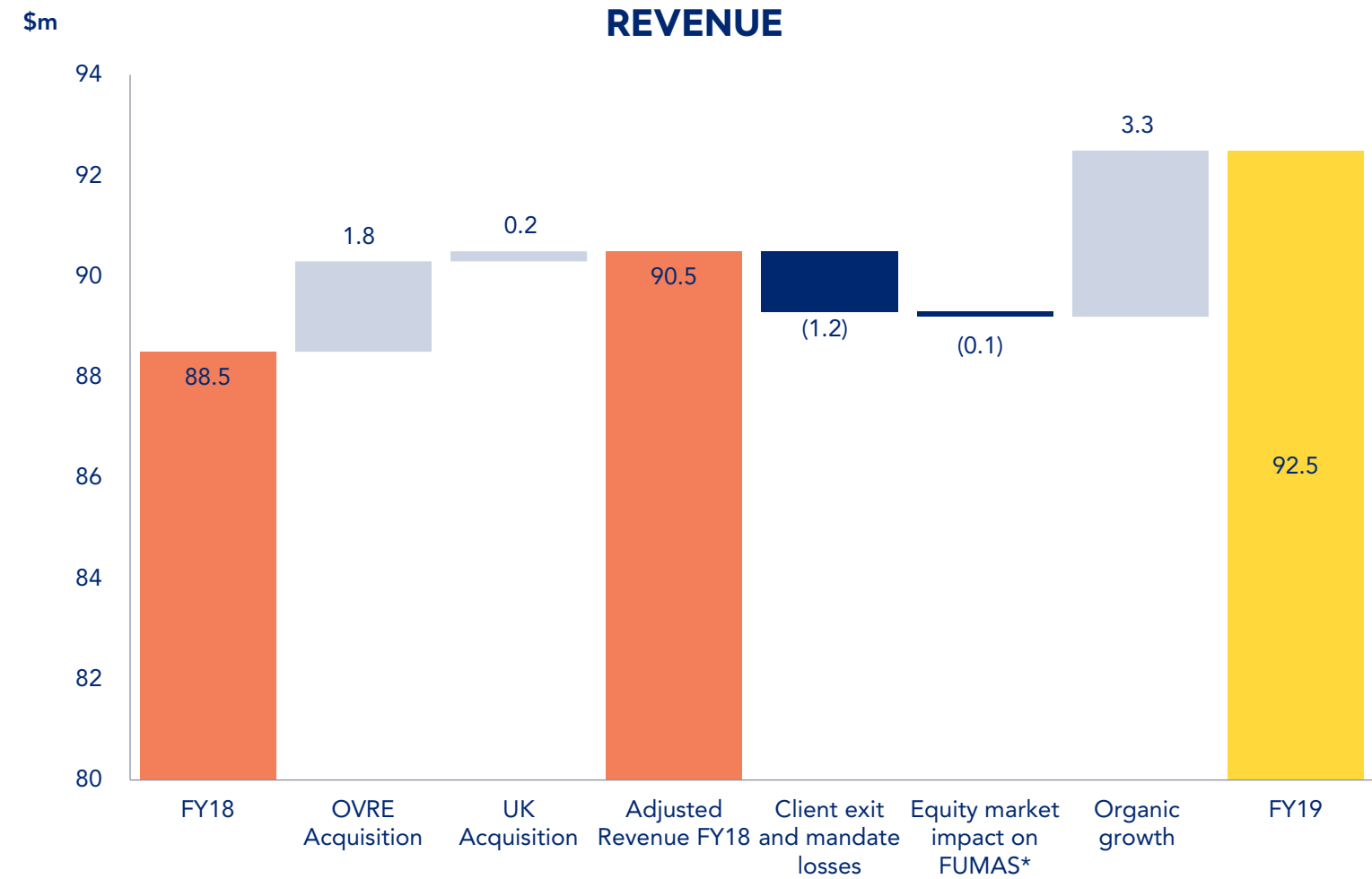
YEAR ENDED 30 JUNE	2H19	1H19	2H18	1H18
Total revenue (\$m)	46.2	46.3	45.3	43.2
Expenses (\$m)	31.1	30.1	30.6	29.2
Net profit before tax (NPBT \$m)	15.1	16.2	14.7	14.0
NPBT margin (%)	32.7	35.0	32.5	32.4
Net profit after tax (NPAT) and non-controlling interests (\$m)	11.0	11.2	10.0	9.6
Dividends (cents per share)	46	44	42	40

Slower 2H19 due to:

- Full half impact of CTS client mandate losses
- TWS - PC seasonality and one offs ~ \$1m combined adverse impact
- Increasing investment in the business



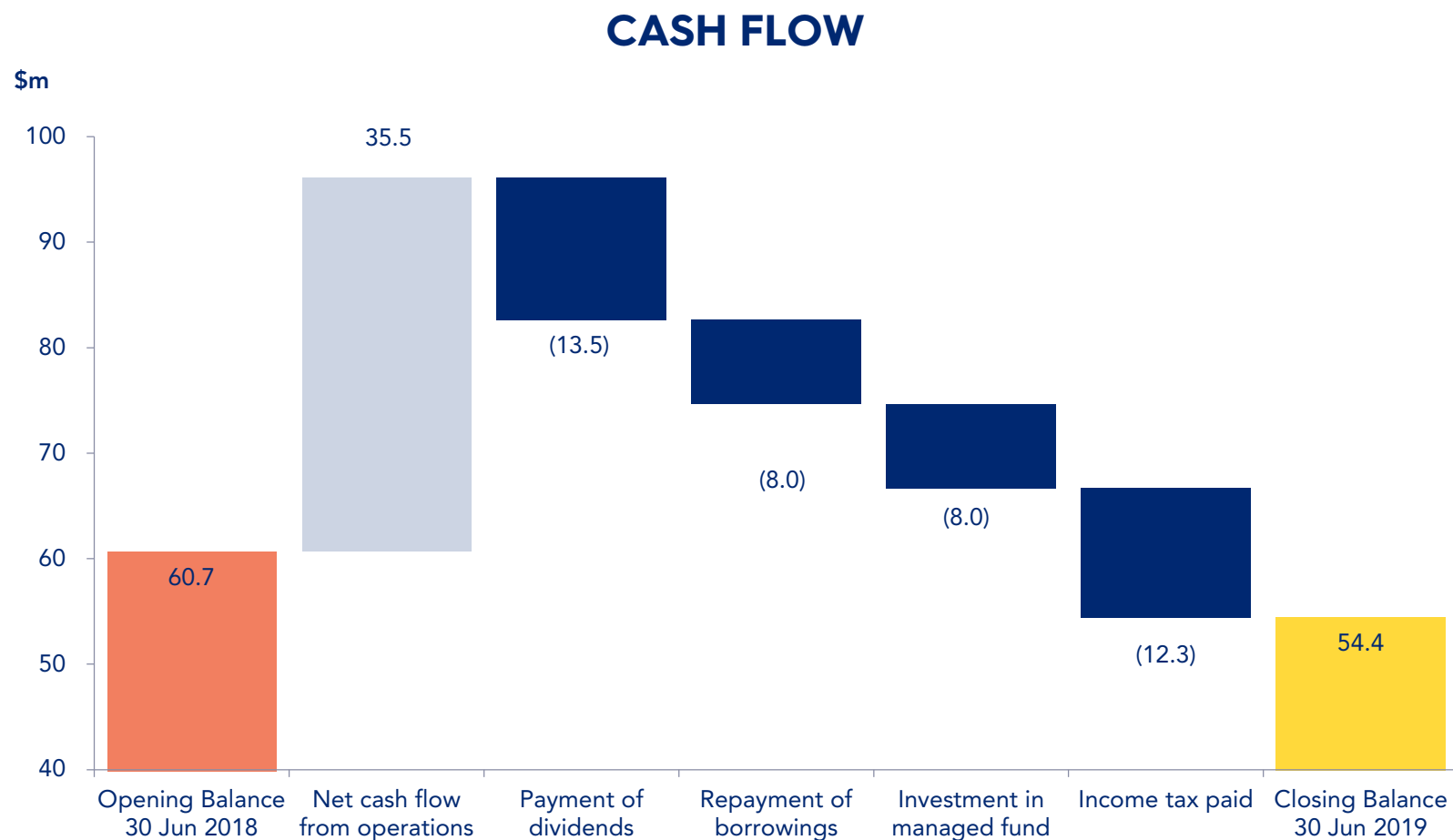
SOLID UNDERLYING REVENUE GROWTH



- 4.6% headline growth in revenue
- 3.6% underlying organic revenue growth
- Market impact limited (on average)

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

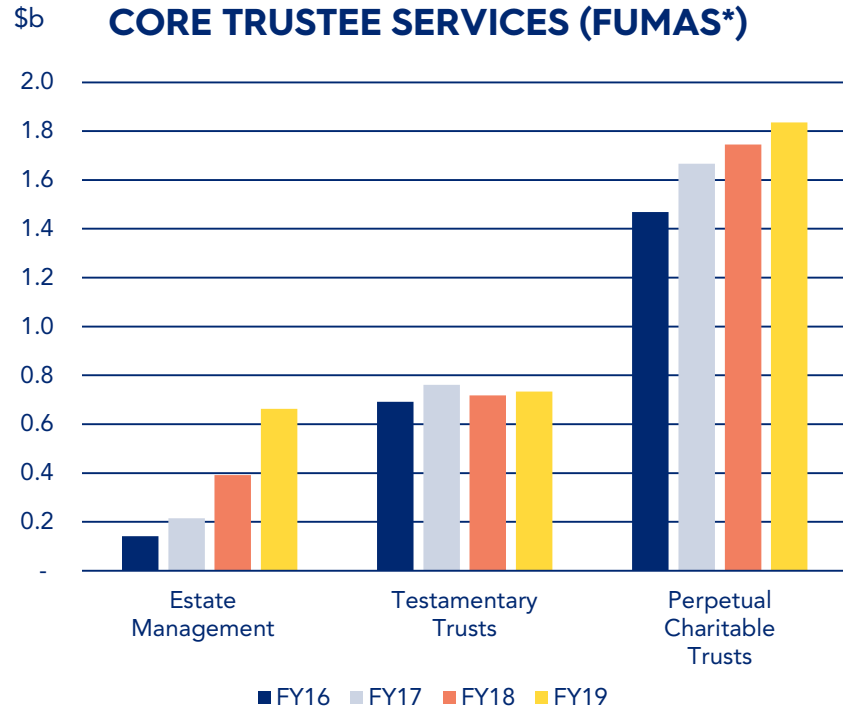
STRONG OPERATING CASH FLOW



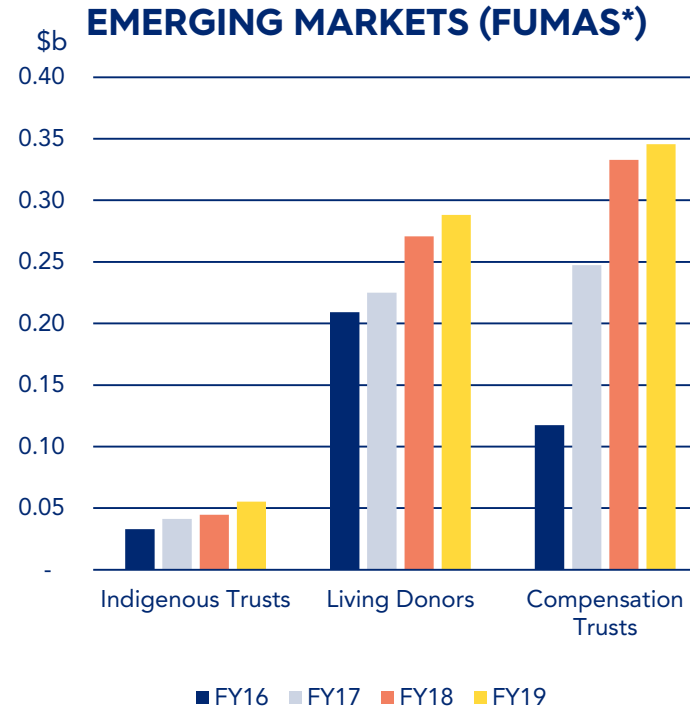
- Pre-tax operating cash flow up 12.0% on pcp
- Consistent, high quality cash generation
- Cash principally used for debt reduction, tax payments and dividends
- Negligible bad debts



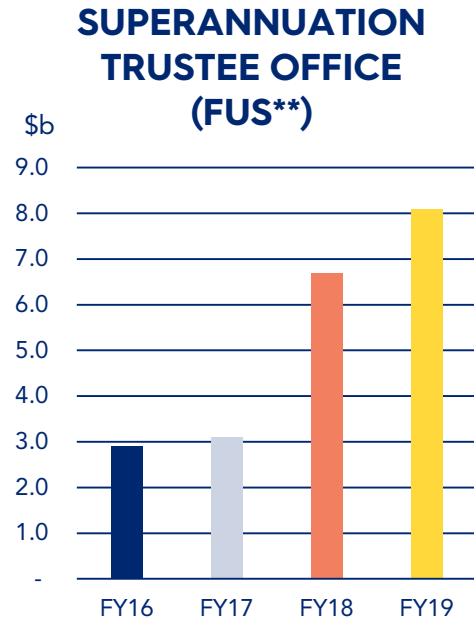
TWS HIGHLIGHTS



- Focus on high value, complex estates
- 10 new perpetual charitable trusts and living donors
- 20 new advice clients



- Two new Indigenous trusts - good growth and significant opportunities
- 10 new compensation trusts - 8% increase on prior period

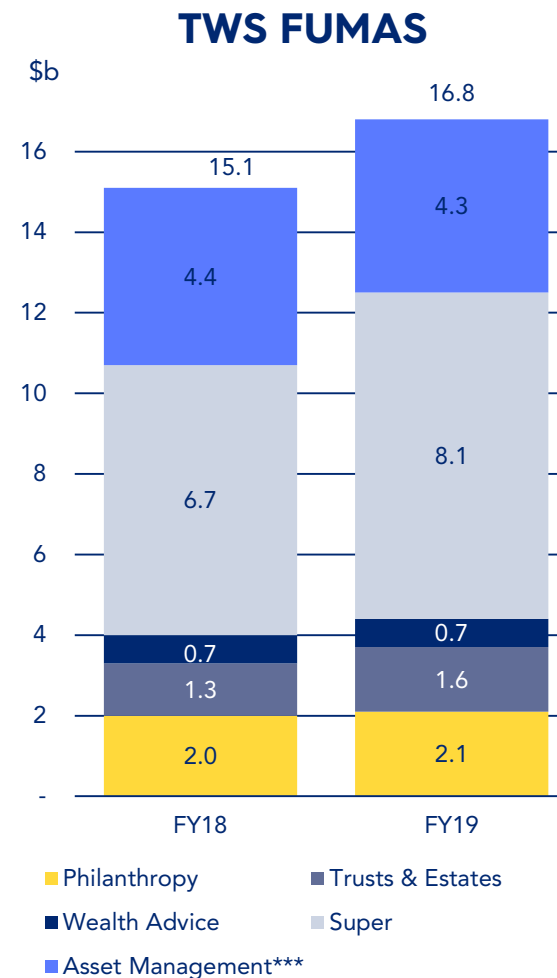
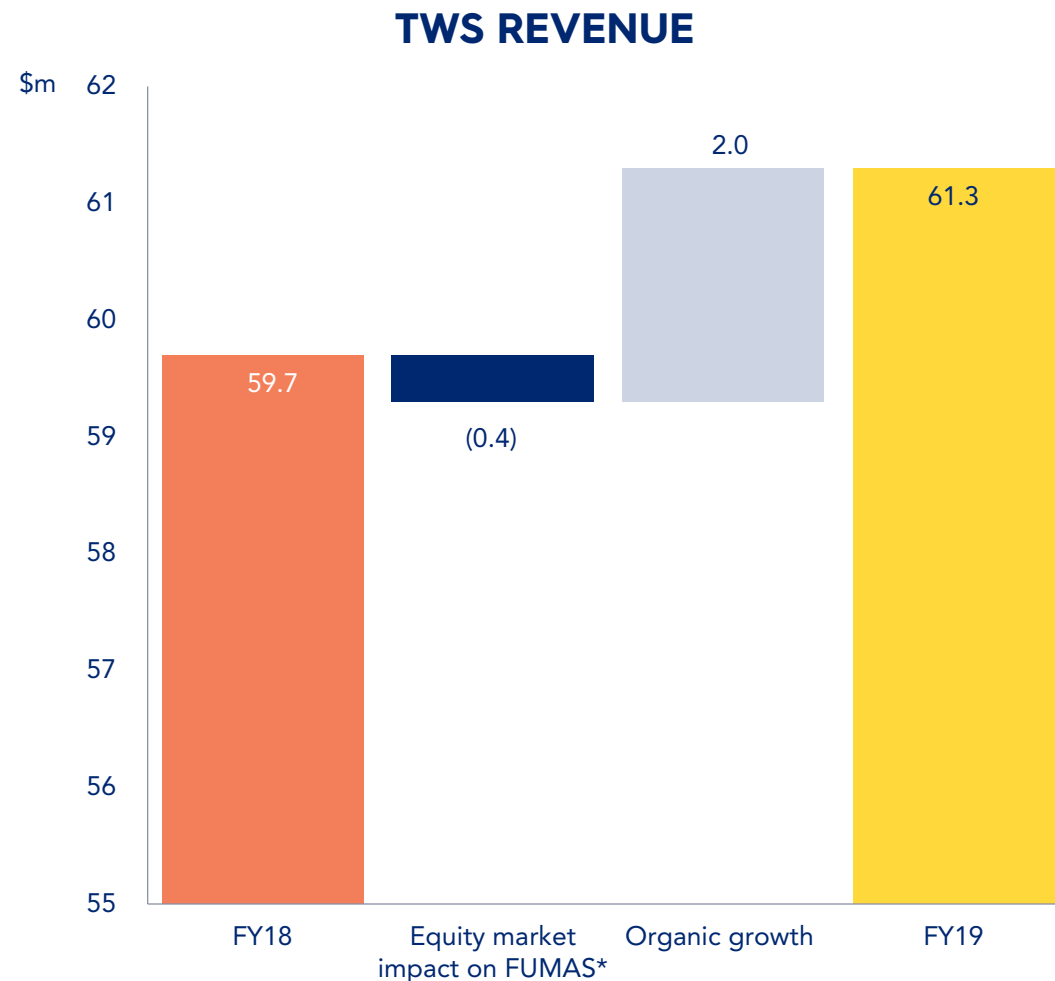


- Zurich Australian Superannuation increased FUS by \$1b

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

**FUS: Funds under supervision

IMPROVED TWS PERFORMANCE



- Headline revenue up 2.8%
- Significant growth in superannuation FUS from ZAS** acquisition/appointment
- Underlying revenue up 3.4%
- Negative market impact (on average)

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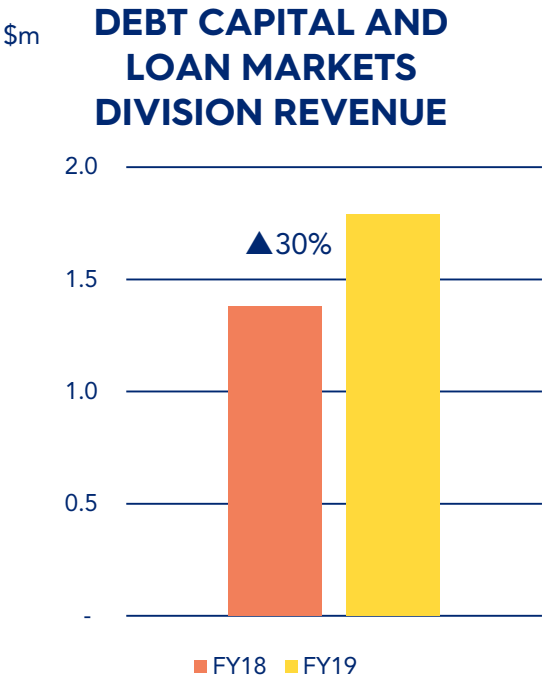
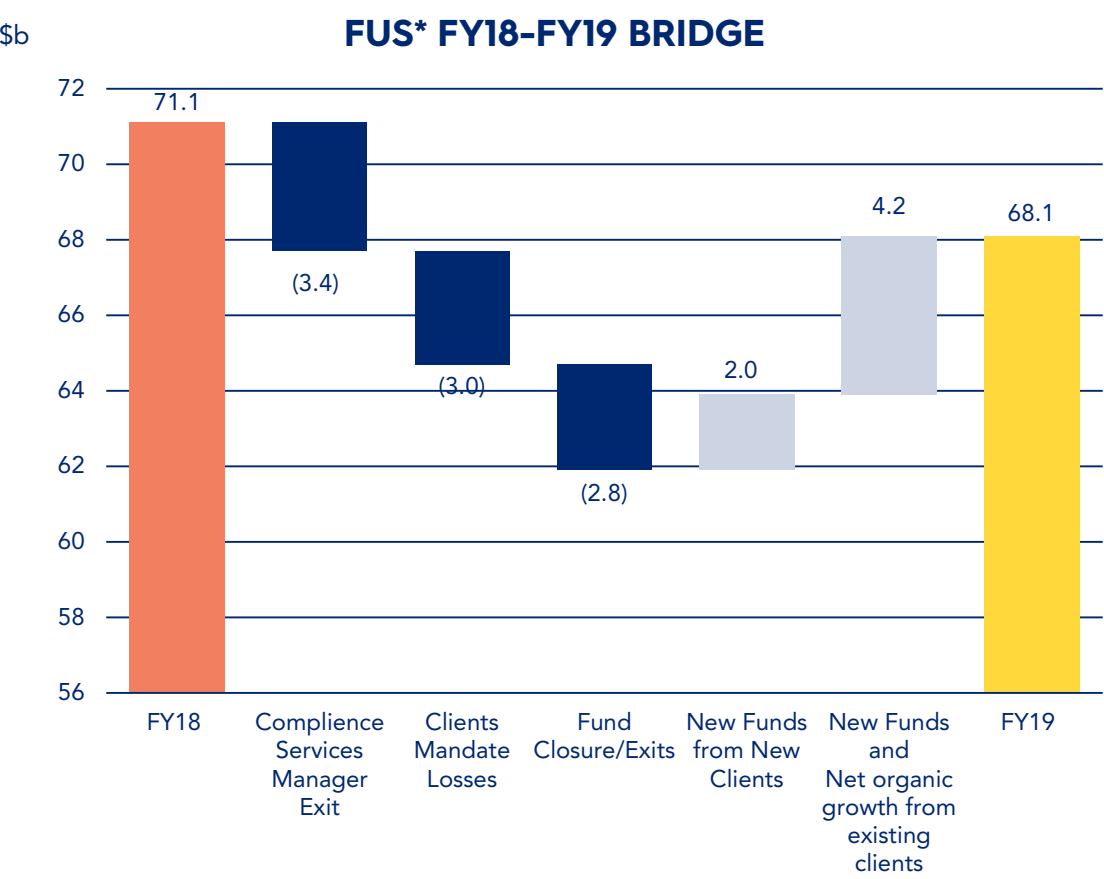
** Zurich Australian Superannuation

***Asset Management includes TWS Investment Mandates, Superannuation Mandates and Common Funds

CTS HIGHLIGHTS



CONTINUING GOOD UNDERLYING MOMENTUM



- Good momentum in a relatively new business, albeit from a low base

NEW CLIENTS INCLUDE

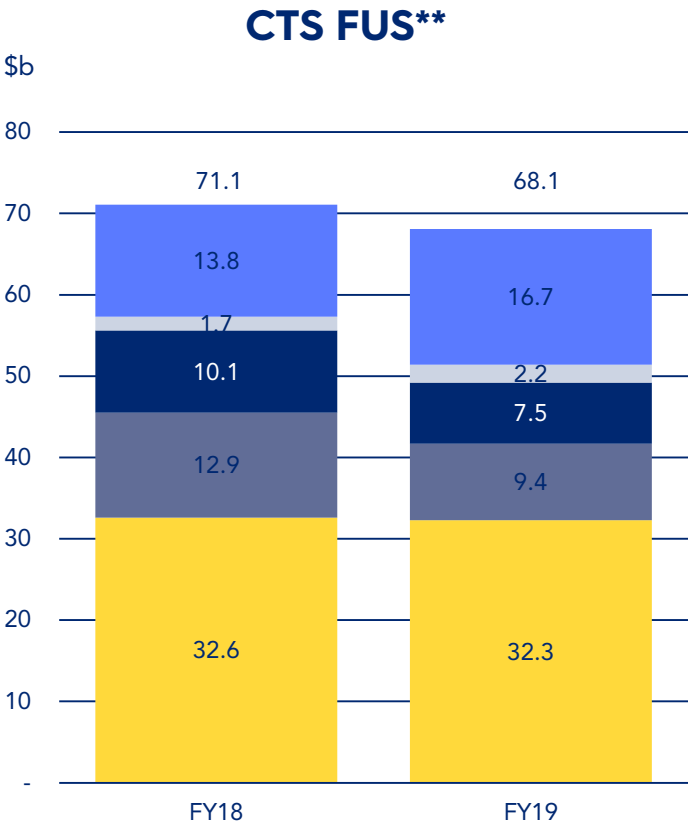
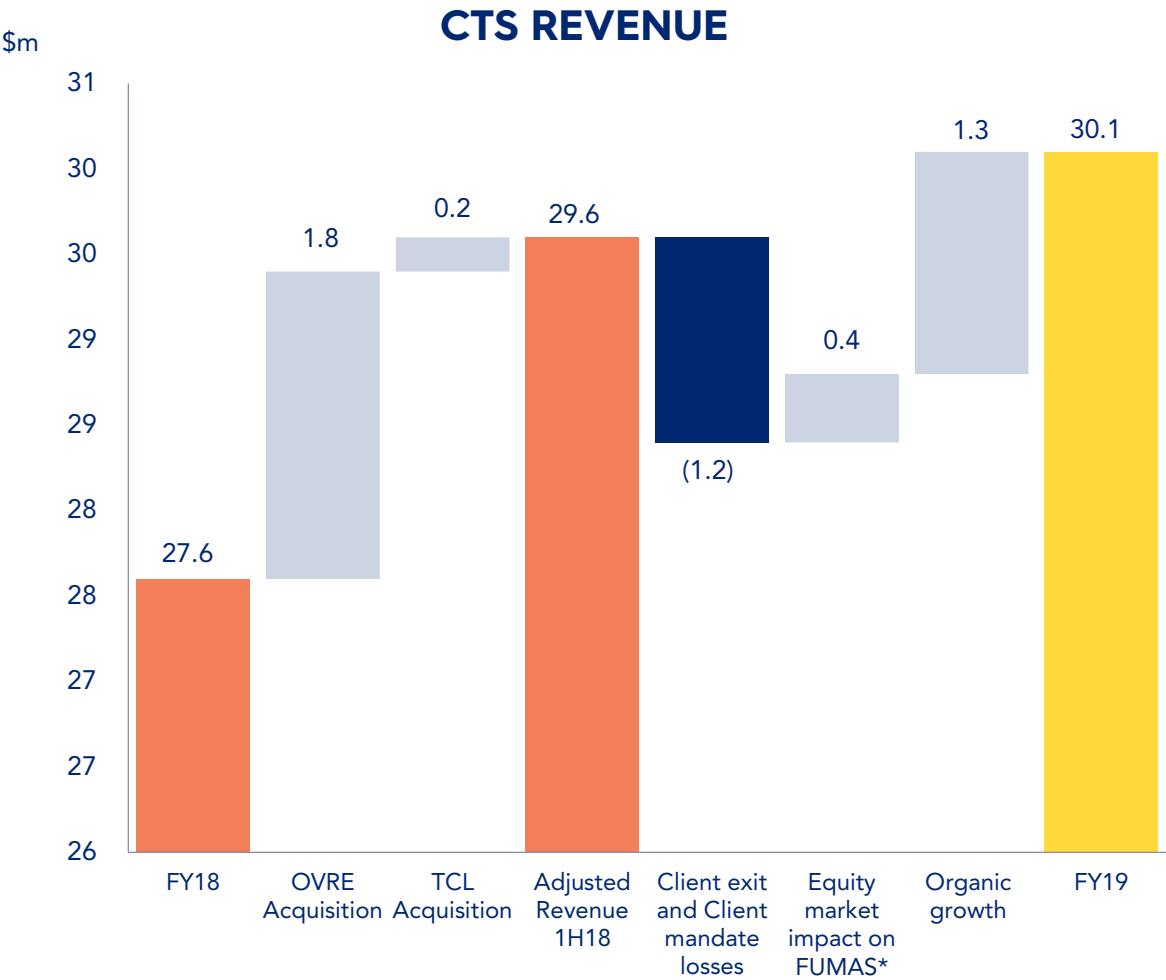
AUSTRALIA

Federation
Regal Funds Management
Auctus
Western Asset Management
Swiss-based alternatives asset manager

UNITED STATES OF AMERICA

Heitman

SOLID CTS PERFORMANCE



- Headline revenue up 8.9% supported by acquisitions and new clients
- Underlying organic revenue growth of 4.4%
- Impacted by loss of one client (Compliance Services) and another client's significant loss of mandates

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



BALANCE SHEET STRENGTH

PROVIDES SECURITY AND FLEXIBILITY

\$M	FY19	1H19	FY18
Assets			
Cash and liquid investments	69.8	65.6	67.8
Trade receivables and accrued income	22.1	23.7	23.5
Goodwill and intangible assets	210.9	211.9	213.1
Other assets	6.8	7.2	7.6
Total assets	309.6	308.4	312.0
Liabilities			
Trade payables and other liabilities	10.8	9.4	14.7
Borrowings	12.0	16.0	20.0
Other non-current liabilities	23.5	24.1	23.4
Total liabilities	46.3	49.5	58.1
Net Assets	263.3	258.9	253.9
Total Equity	263.3	258.9	253.9

- Reduced debt 40% to \$12m over the year
- Debt to equity 4.6%
- Substantial headroom in covenants
- Surplus borrowing capacity
- Flexibility to take advantage of growth opportunities
- Contingent liability disclosed in financial statements*

* A contingent liability has been disclosed in the financial statements relating to an objection process with the ATO, regarding the tax treatment of an acquisition made in 2011. EQT believes it has correctly calculated the deduction made in respect of this acquisition, and had received tax advice to that effect. A possible outflow that may occur as a result of this matter is in the range of nil to \$2.8m. The objection process remains underway and EQT maintains the view that the potential outflow will ultimately not be payable.



STRONG CAPITAL POSITION

- ASIC has granted approval for the transfer of former OVRE clients to Equity Trustees Limited. This transition is expected to be completed by December 2019 and will release \$2-3m of capital
 - Consolidation of licences has potential to reduce capital requirements by a further \$5m in the medium term
 - A 10%* increase in revenue for CTS requires an additional ~\$3m in longer term regulatory capital. TWS doesn't require additional regulatory capital
 - Dividend policy to pay out 70% to 90% of reported NPAT – expected to provide sufficient retained earnings to fund regulatory capital for organic growth
 - Debt facility of A\$40m provides additional flexibility to support regulatory capital needs or selective investment/acquisition
- Comfortably meeting regulatory capital requirements
 - Opportunities for further capital efficiency

* Based on current portfolio of funds and activities



SUMMARY

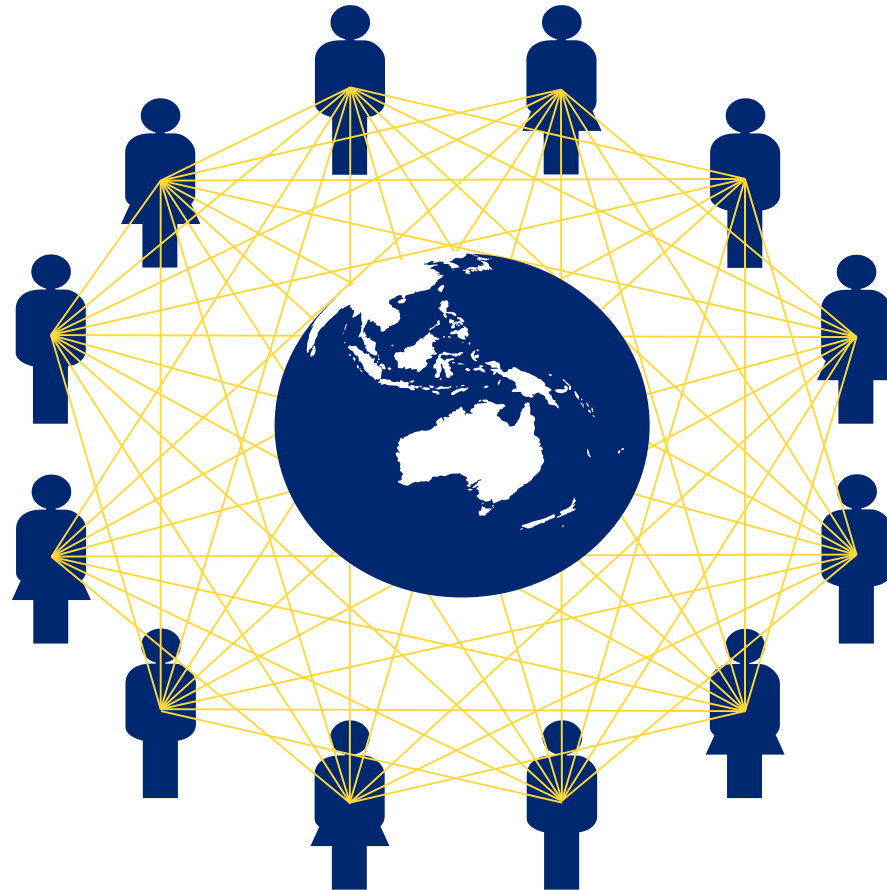
CONTINUING IMPROVEMENT IN FINANCIAL PERFORMANCE

- Sound revenue growth
- Operating margins enhanced
- Disciplined expense management
- Significant increase in NPAT, EPS and dividends
- Balance sheet strength and capacity to support growth plans
- Improvement across all T4 measures – delivery for all stakeholders



STRATEGY UPDATE AND OUTLOOK

CLEAR STRATEGY – TO BE AUSTRALIA'S LEADING TRUSTEE COMPANY





FAVOURABLE INDUSTRY DYNAMICS

- Underpinned by demographic and industry trends
 - Ageing, wealthier population with more complex needs
 - Mandated superannuation flows support ongoing growth
- Boosted by industry transformation
 - Continued pressure on financial services organisations to address conflicts
 - Acquisitions and divestments creating further opportunities for outsourced specialist trusteeship
- Global opportunities
 - Regulatory trends towards increased independence
 - Opportunities to cross-sell to EQT global client base

**INDUSTRY TRENDS
CONTINUE TO
FAVOUR
INDEPENDENT
TRUSTEE MODEL**

INVESTING TO SUPPORT FURTHER GROWTH - PEOPLE



EQT HOLDINGS LIMITED BOARD

- Tim Hammon, NED – appointed 1 December 2018

EQUITY TRUSTEES SUPERANNUATION LIMITED

- Tony Lally, Chairman – appointed 1 June 2018
- Sue Everingham, NED – appointed 15 February 2019

CORPORATE

- Owen Brailsford, Chief Risk Officer – appointed 18 February 2019

ASSET MANAGEMENT

Experienced asset management leadership team appointed to deliver excellent investment returns to clients

CORPORATE TRUSTEE SERVICES

Expanding our global footprint with new hires in the UK and Ireland to support growth

TRUSTEE & WEALTH SERVICES

PRIVATE CLIENTS

Increased expertise and specialisation in philanthropy, indigenous trusts and compensation trusts to strengthen client proposition

SUPERANNUATION TRUSTEE OFFICE

Specialists in superannuation trusteeship, client account management, insurance, claims and fund accounting recruited to enhance capability and support growth

~ \$2M PER ANNUM INCREASE IN PEOPLE INVESTMENT



INVESTING TO SUPPORT GROWTH - TECHNOLOGY

VISION: TO CREATE PERSONALISED MULTI-CHANNEL INTERACTIONS WITH CLIENTS

DELIVERED IN FY19

- Consistent client engagement by all business units through the use of Salesforce CRM
- Streamlining of front office processes through workflow in Salesforce & XPLAN
- Delivered capability to interrogate and analyse the digitized Will Bank
- Robotic process automation (RPA) successfully replacing multiple processes
- Enhanced cyber security capabilities
- Reduction in the complexity of IT infrastructure

FOCUS FOR FY20 – FY22

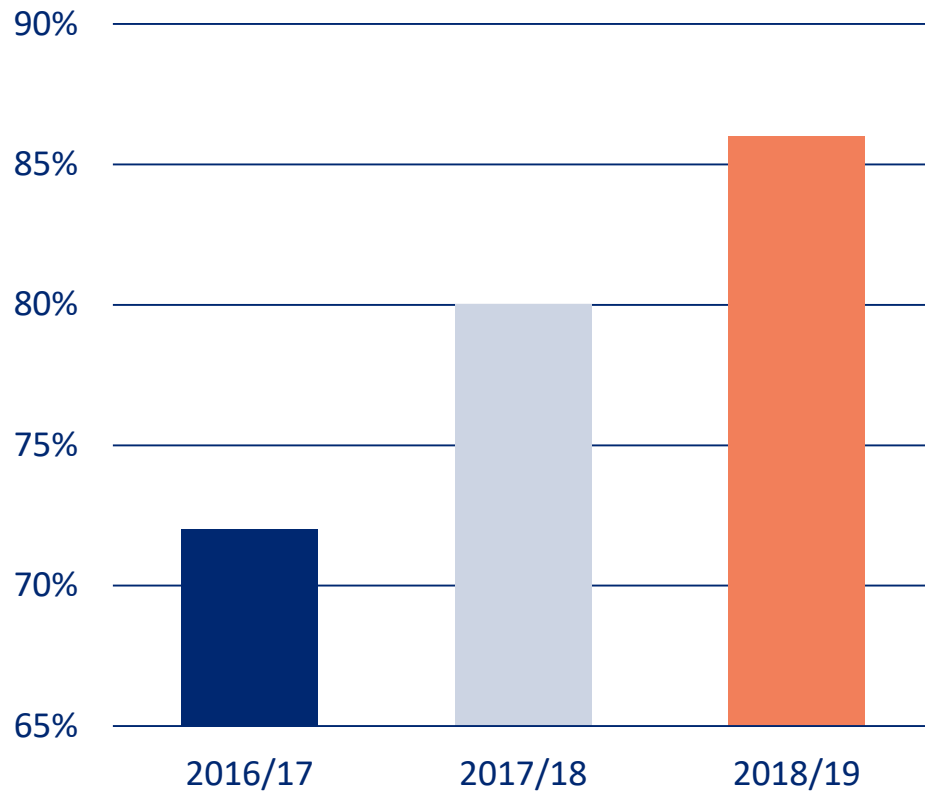
- Continue to invest in enhancing cyber security
- Streamline internal processes via implementation of more RPA, straight through processing and workflow
- Self service online portals for both private clients and B2B partners
- Platform solutions to support servicing of new TWS clients (e.g. Indigenous Trusts, active philanthropists)
- Implement superannuation trustee data warehouse to enhance capabilities to improve member outcomes
- Implement solutions that utilise distributed ledger technology (DLT) and artificial intelligence (AI) to improve client outcomes

~ \$1M PER ANNUM INCREASE IN TECHNOLOGY INVESTMENT

IMPROVING RISK CULTURE – ORGANISATION WIDE



RISK CULTURE - PROPORTION OF POSITIVE RESPONSES*



* across EQT averaged across all questions

- Significant investments in senior risk management capability
 - EQTH Board Risk Committee
 - ETSL Board Risk Committee
 - UK and Ireland Boards
 - New Chief Risk Officer – Owen Brailsford
 - Enhancing Line 1 and Line 2 risk management capability
- Risk and compliance measures in management KPI's
- Cultivating constructive, 'no surprises' relationships with regulators

TWS PRIVATE CLIENT FOCUS



ESTATE PLANNING

- Leveraging will bank for growth
- Focus on strategic partnerships

ESTATE MANAGEMENT

- Focus on beneficiary experience
- Create increased cross-sell opportunities

FUNDS MANAGEMENT

- Invest in strengthening the team and capability

ADVICE

- Leverage high client satisfaction to cross-sell other services
- Embed advice offering into estate management process to grow client numbers

PHILANTHROPY SERVICES

- Leverage leading granting expertise to grow living philanthropists and not-for-profit investment offerings
- Capitalise on estate planning and advice relationships to promote philanthropic services
- Publish our Giving Review to showcase our capability and scale

TRUST MANAGEMENT

- Targeting specialist areas – compensatory trusts, indigenous trusts
- Improved service delivery model



EMPOWERING INDIGENOUS COMMUNITIES

CONTRIBUTE TO GREATER SOCIAL AND ECONOMIC PARITY BETWEEN OUR FIRST AUSTRALIANS AND THE BROADER COMMUNITY

- Reconciliation Action Plan
 - Endorsed by Reconciliation Australia
 - Completed first full year
 - Providing trustee and investment management services to Aboriginal and Torres Strait Islander communities
 - Directing philanthropic funds to a wide variety of programs
- Established Aboriginal and Torres Strait Islander Advisory Committee with three eminently qualified external members - Adrian Appo OAM, Lisa Derschaw and Kim Bridge
- Won two new accounts in the Pilbara – our first in this most important area

**OUR AIM IS TO
BUILD CAPACITY
AND EMPOWER
ABORIGINAL
COMMUNITIES
TO INCREASE
PARTICIPATION IN THE
MANAGEMENT
OF THEIR WEALTH**



TWS SUPERANNUATION TRUSTEE OFFICE FOCUS

SPECIALIST, INDEPENDENT TRUSTEE

- Leveraging the strength of our business model and brand as Australia's leading specialist independent trustee
- Providing trusteeship to superannuation originators where trustee services are not core
- The prevalence of vertical integration and potential conflicts of interest are driving a strong appetite for our specialist, independent fund governance capability
- Strong pipeline of opportunities - investing materially in this business
- Maintaining an operationally independent trustee office for the benefit of members
- Investing "ahead of the curve" in people and digital platforms in anticipation of growth



PROVIDING INDEPENDENT, SPECIALIST TRUSTEE AND FIDUCIARY SERVICES

- Growing existing business
 - Continuing promotion of core RE service to existing and new fund managers
 - Capitalising on trend for quality fund managers to enter Australian retail market
 - Using our specialist expertise to structure attractive trust solutions for superannuation funds
 - Acquisition of OVRE business now fully integrated
 - Focusing on larger scale opportunities as fund managers and promoters consider a simpler specialist outsourced model
- Continuing to extend into new markets in Australia
 - Structured finance offerings (securitisations, debt offers and real estate trusts)
 - Early wins encouraging and building momentum
 - Significant new clients in Listed Investments Trusts – Neuberger Berman, Regal, Partners Group



UK/IRELAND BUILDING MOMENTUM

- Significant European opportunities in funds governance
- Equity Trustees (UK and Europe) (formerly Treasury Capital Ltd) starting to deliver
 - Winning new large US and UK fund manager clients
- Ireland expansion well underway
 - License application for the Irish Management Company approved by the Central Bank of Ireland
 - Dublin office opened February 2019
 - Initial staff appointed
 - Ireland operations well underway
- Combined UK / Ireland targeting significant improvement in FY20 and profitability in FY21
- Breadth of services means we are well placed for any Brexit outcome



CONSISTENTLY STRONG PERFORMANCE IN CHANGING ENVIRONMENT

- Substantial lift in financial performance
 - NPAT, revenue, earnings per share and dividend all higher
 - Strong operating cash flow
 - Result built on fundamentals
 - Margins increased despite volatile markets
 - Acquisitions, partnerships delivering
 - Disciplined expense management
- Delivering for all stakeholders



WELL POSITIONED FOR CONTINUED GROWTH

- Good momentum and clear growth agenda
 - Committed and engaged workforce
 - Attractive industry fundamentals – Australia and overseas
 - Leveraging core strengths and capabilities to grow organically and through partnerships and acquisitions
 - Investing in people and technology
 - Investment to support growth and pipeline of opportunities – expect earnings growth weighted to the second half
 - Market volatility will continue to influence outcomes
 - Encouraging outlook for the remainder of FY20 and beyond



QUESTIONS



**THANK
YOU**

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