



Equity Trustees

INVESTOR PRESENTATION

RESULTS FOR HALF-YEAR ENDING 31 DECEMBER 2019

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

26 FEBRUARY 2020



AGENDA

- (1) OVERVIEW**
- (2) FINANCIALS**
- (3) STRATEGY UPDATE AND OUTLOOK**
- (4) QUESTIONS**



OVERVIEW



STRONG GROWTH TRAJECTORY

DELIBERATE STRATEGY TO INVEST FOR GROWTH

- Funds under management, administration and supervision (FUMAS) up 43.7% to \$111.1 billion
- Revenue up 5.6% to \$48.9 million
- Expenses up 6.9% to \$29.6 million
 - Investing for growth
- Net profit after tax attributable to shareholders up 2.3% to \$11.5 million
- Interim dividend up 3 cents to 47 cents per share
- Balance sheet remains strong
- Delivering with purpose for all stakeholders

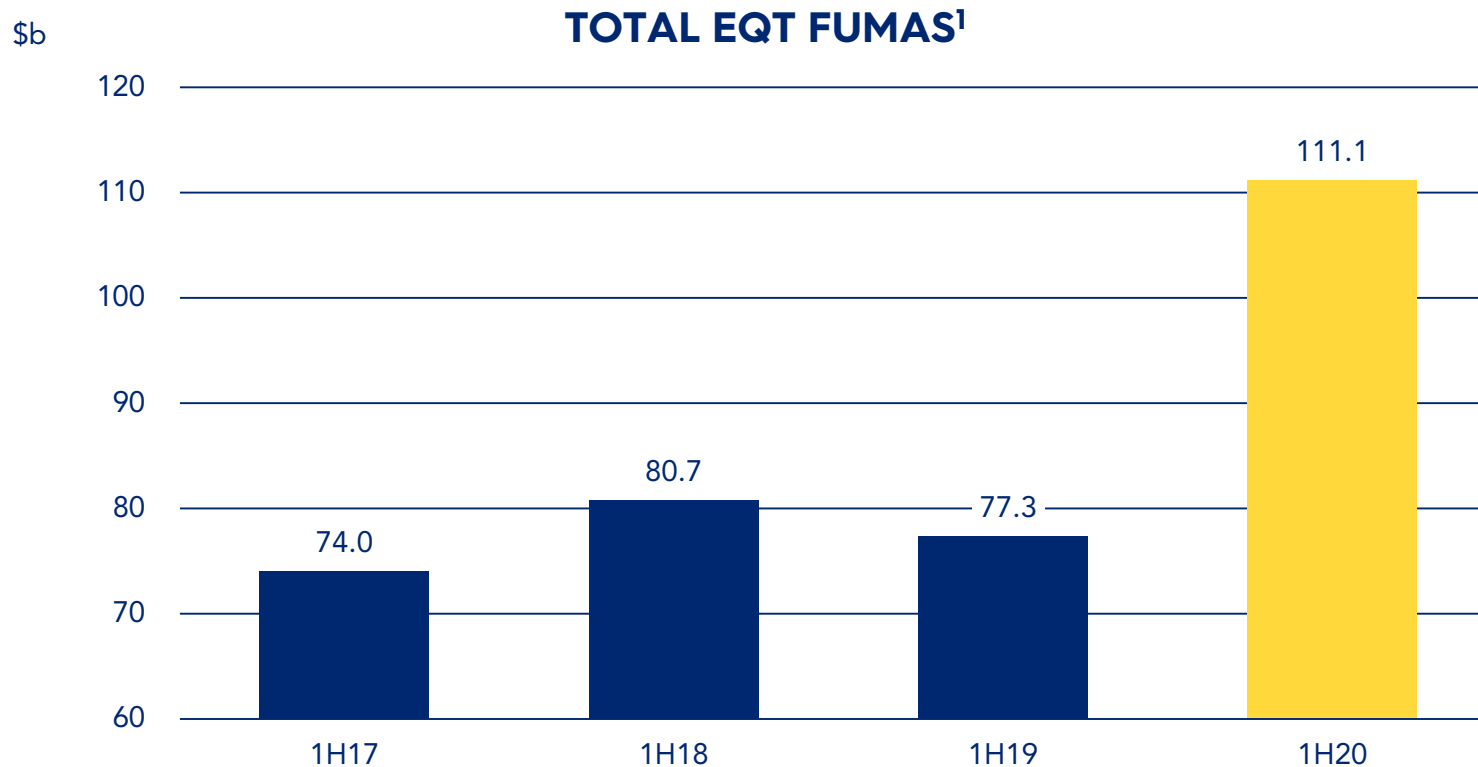


INVESTING FOR GROWTH

PEOPLE AND TECHNOLOGY INVESTMENT TO MANAGE GROWTH

- Investing substantially in resources to enable Equity Trustees to capitalise on continued change in financial services
 - Equity Trustees' strengths as a respected and capable trustee are being increasingly recognised
 - Capability is in high demand
 - Opportunities are considerable as the industry restructures
 - Investment in people and technology ensures Equity Trustees is well positioned to seize these opportunities as they arise
 - Involves higher costs in short-term, but still performing well and long-term benefits should be significant
- Remaining true to our purpose
- Strategy is delivering

FUMAS NOW EXCEEDS \$100B, UP 43.7%



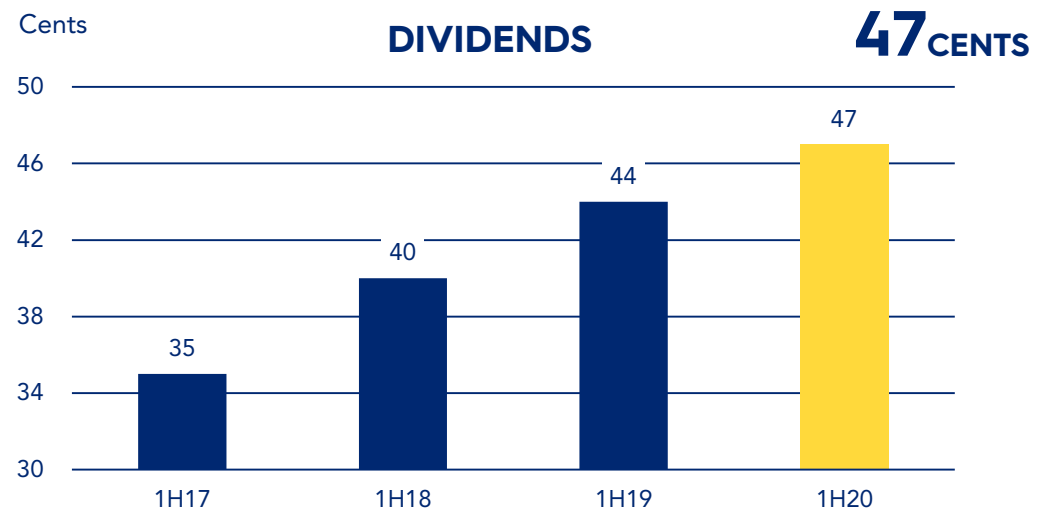
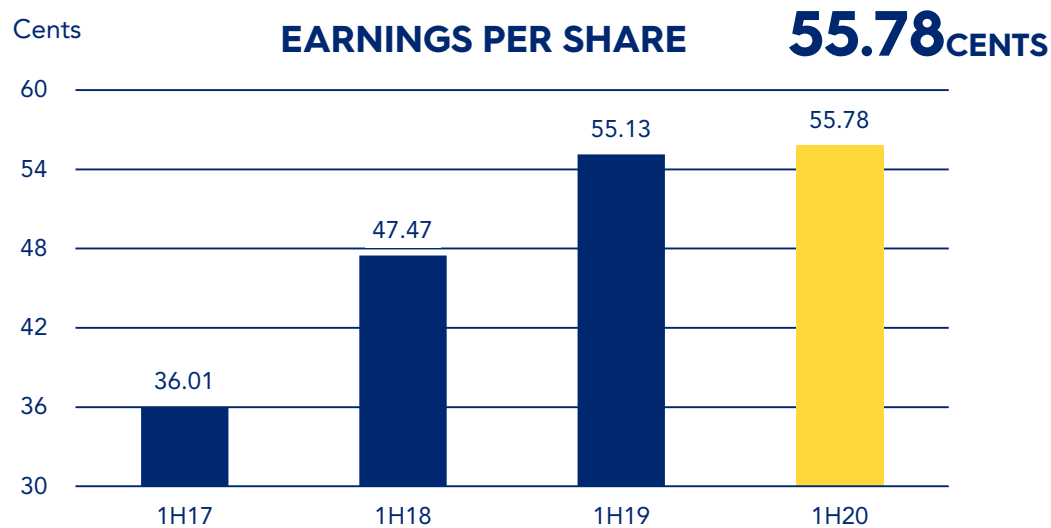
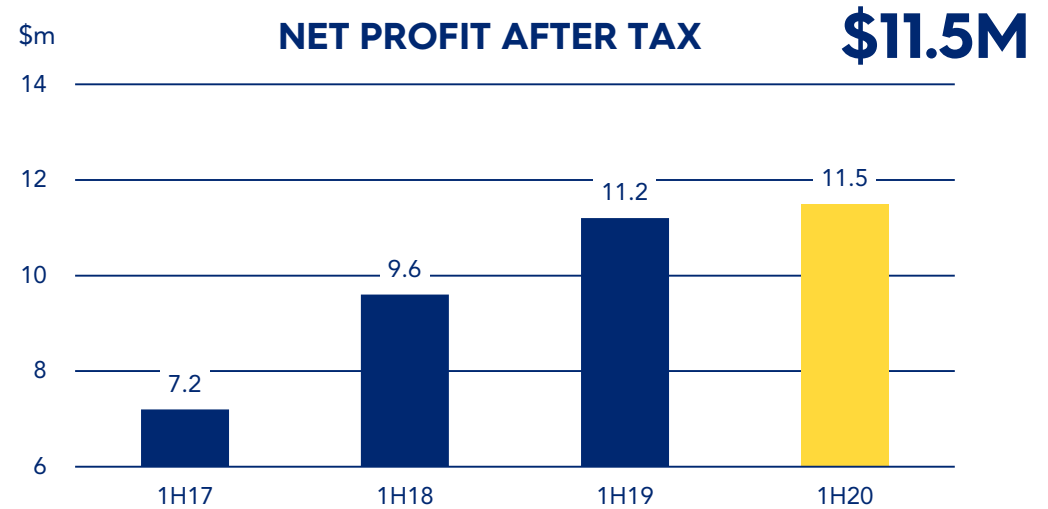
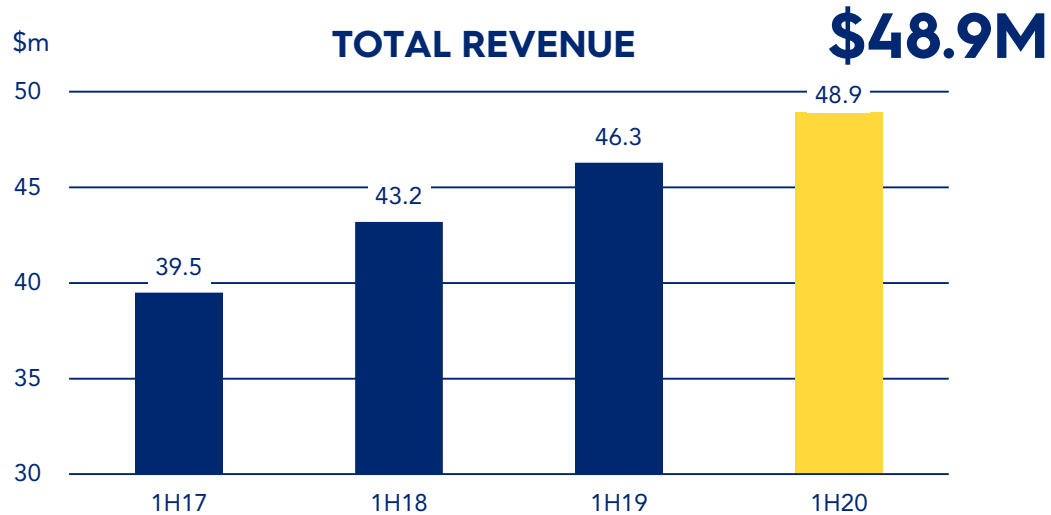
- Major appointments secured over the last half-year total almost \$19b of funds and are expected to contribute ~\$2.5m in annualised revenue²

- FUMAS up significantly in both Trustee and Wealth Services (TWS) and Corporate Trustee Services (CTS)
- Appointment of ETSL as Trustee of AIA/CMLA super funds ~\$4.5b
- Appointment of EQTL as Trustee of AIA/CMLA funds ~ \$10.5b
- Appointed as ACD to suite of River and Mercantile funds ~\$3.9bn.
- Appointed as RE to LIT for Partners Group

¹ FUMAS: Funds under management, administration, advice and supervision

² Annualised Revenue is measured in its first full year and increases in future years

CONSISTENT IMPROVEMENT AT ALL LEVELS



DELIVERING FOR ALL STAKEHOLDERS

STEADY IMPROVEMENT IN ALL TARGETS

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

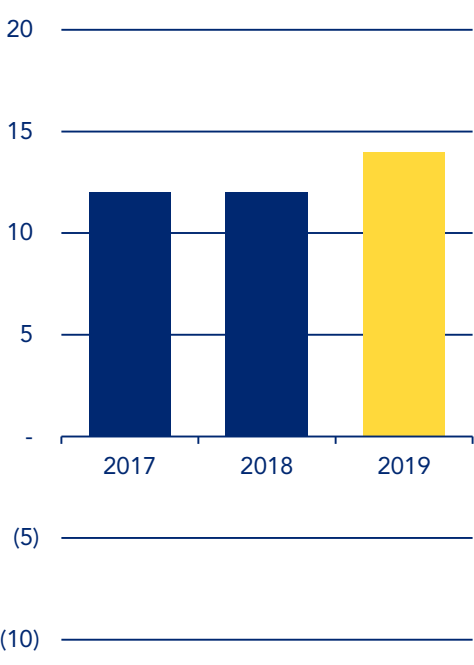
Granting and
volunteering

T4 TARGETS - DELIVERING FOR ALL STAKEHOLDERS

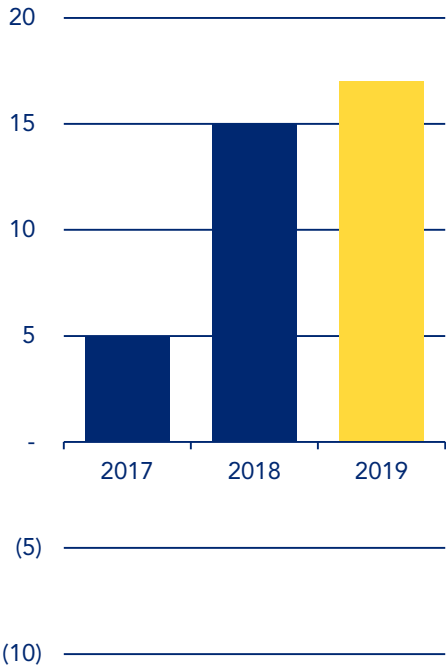


(T1)

NET PROMOTER SCORE (NPS)

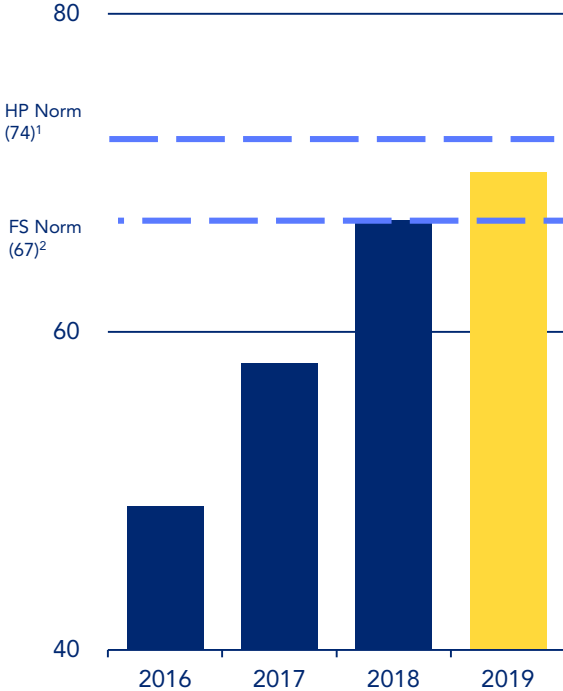


NET LOYALTY SCORE (NLS)

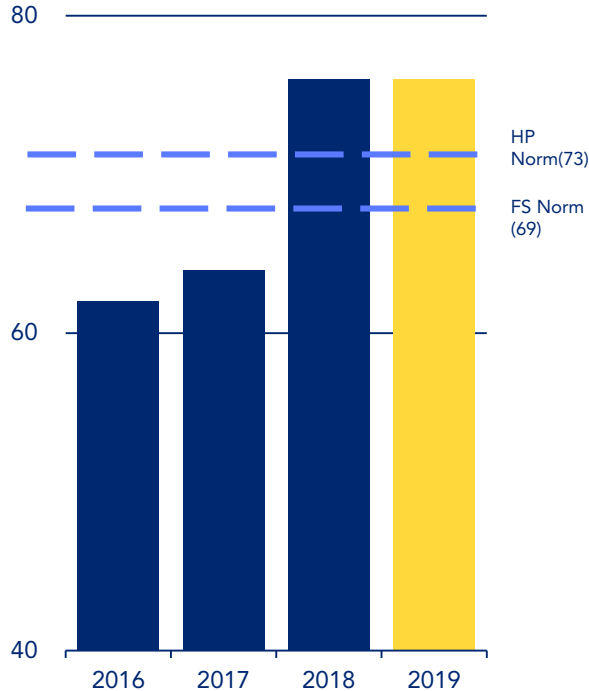


(T2)

EMPLOYEE ENGAGEMENT



EMPLOYEE ENABLEMENT



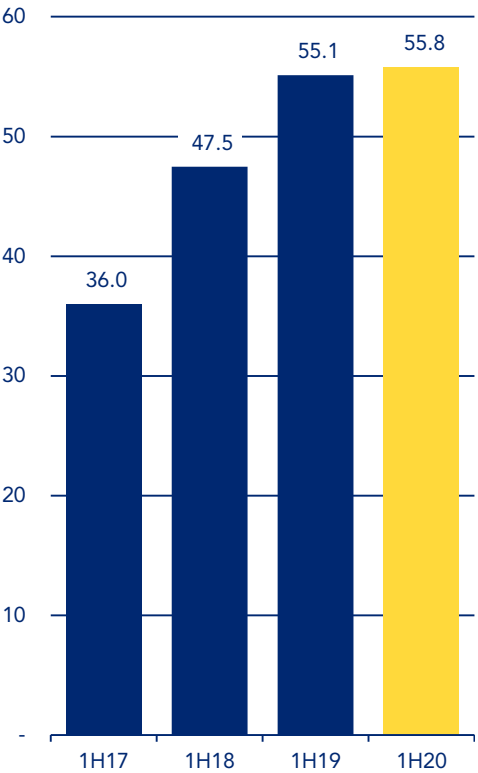
¹High Performing Norm
²Financial Services Norm

T4 TARGETS - DELIVERING FOR ALL STAKEHOLDERS

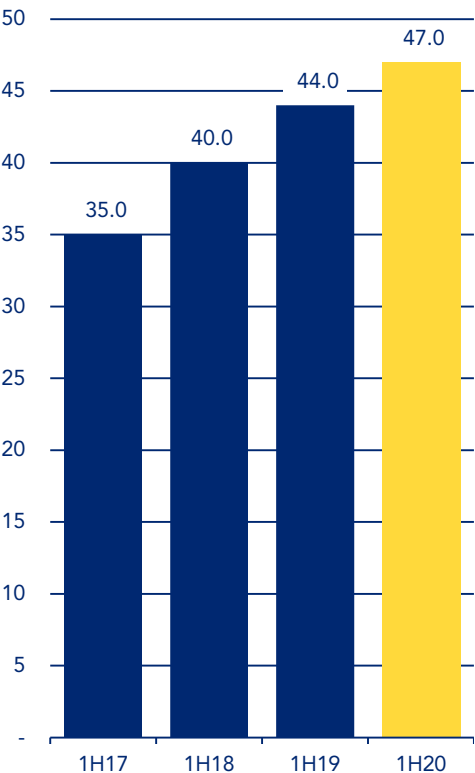


(T3)

Cents **EARNINGS PER SHARE**



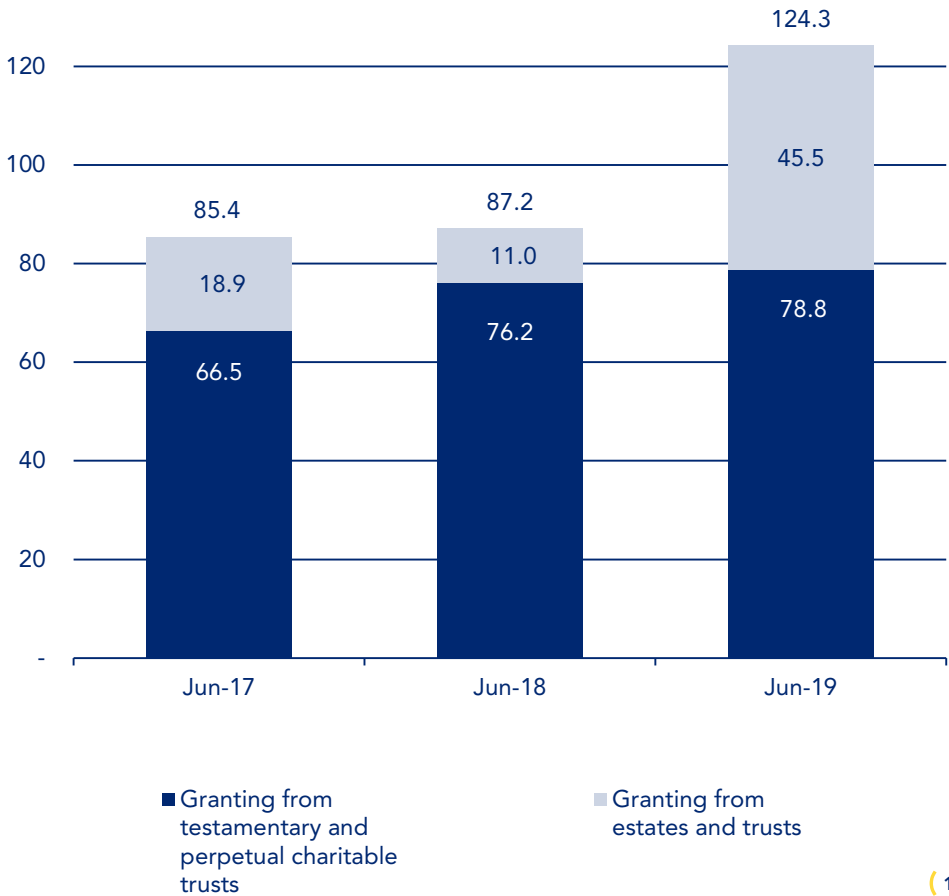
Cents **DIVIDENDS**



(T4)

\$m

GRANTING





FINANCIALS



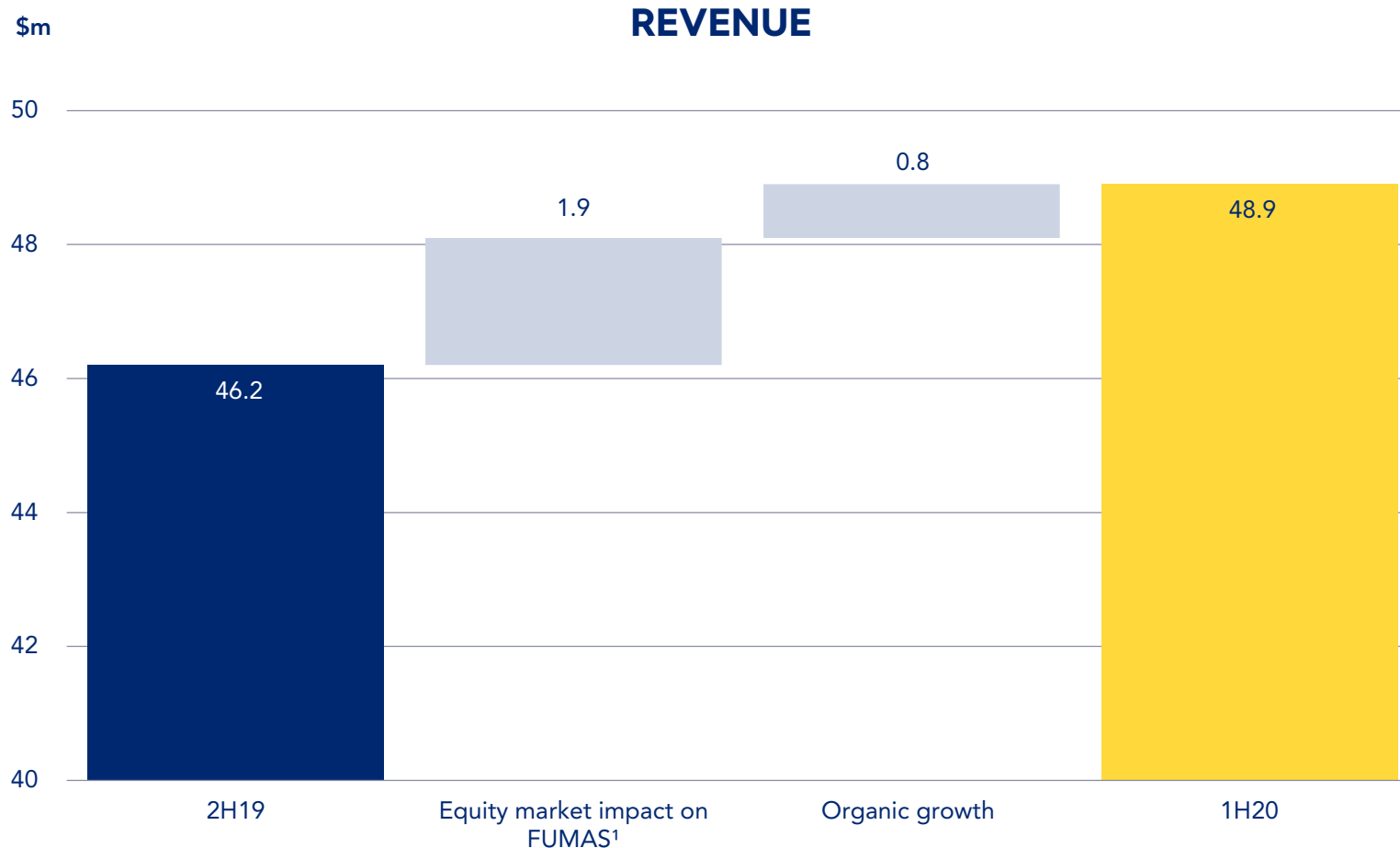
POSITIVE FINANCIAL PERFORMANCE

	1H20	1H19		1H20 VS. 1H19 %
Total revenue (\$m)	48.9	46.3	▲	5.6
Expenses (\$m)	29.6	27.8	▲	6.9
Finance costs (\$m)	0.5	0.4	▲	16.3
Depreciation and amortisation (\$m)	2.6	1.9	▲	30.2
Net profit before tax (NPBT \$m)	16.2	16.2		-
NPBT margin (%)	33.1	34.9	▼	(5.2)
Effective tax rate (%)	31.0	32.7	▼	(4.9)
Net profit after tax (NPAT) and non-controlling interests (\$m)	11.5	11.2	▲	2.3
Earnings per share (EPS) (cents)	55.78	55.13	▲	1.2
Diluted EPS on NPAT (cents)	55.41	54.81	▲	1.1
Dividends (cents per share)	47	44	▲	6.8
Return on equity (ROE) (% p.a.)	8.5	8.7	▼	(2.3)

- Solid revenue growth
- Principally driven by organic growth, strategic initiatives and markets
- Increased expenses reflect investment to support growth
- NPBT margin slightly down to 33.1% reflecting increased investment
- Moderate increase in NPAT, EPS and dividend



SOLID REVENUE GROWTH



5.8% revenue growth driven by:

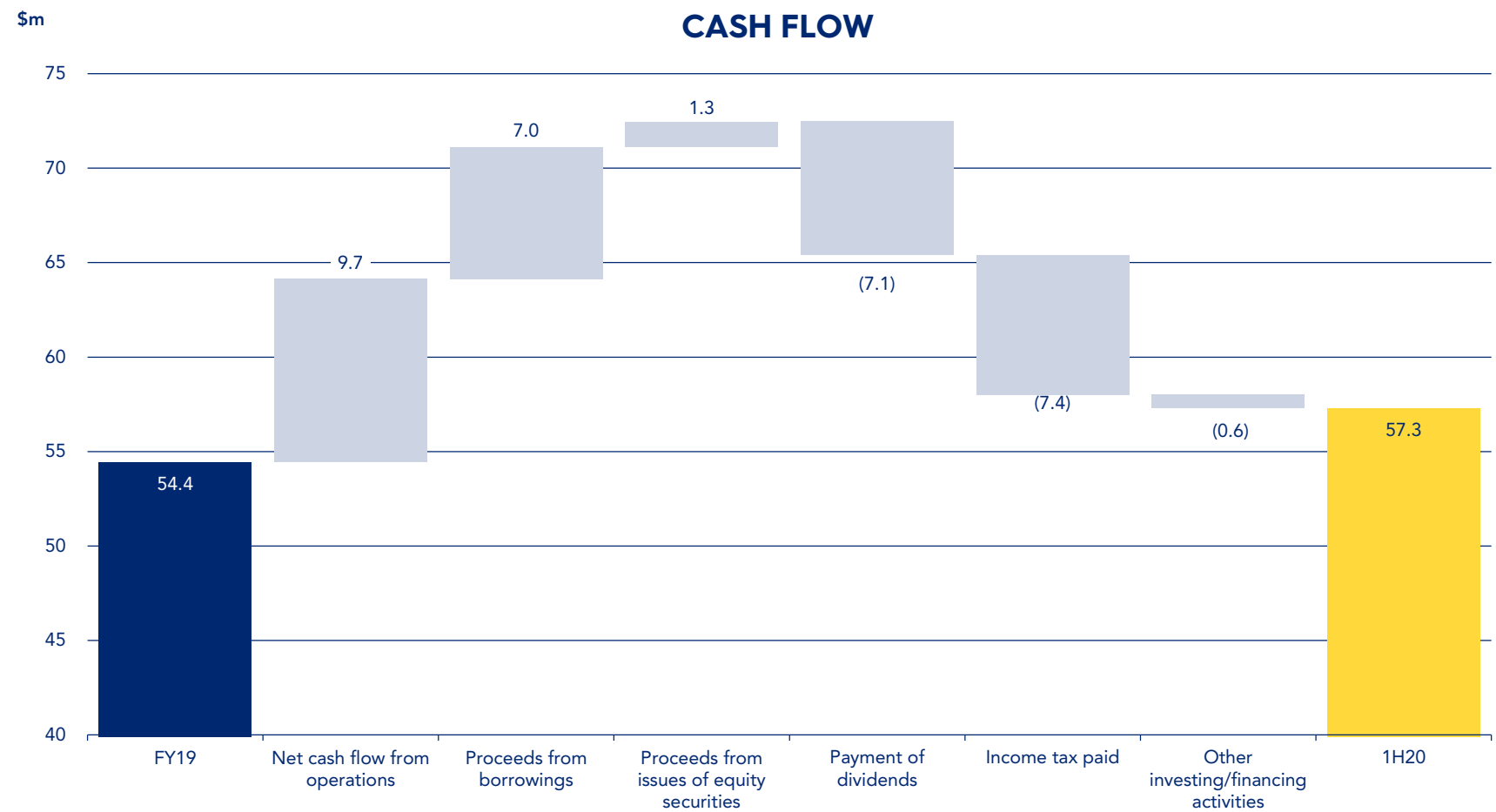
- Good organic revenue growth, especially in TWS
- Positive markets assisting FUMAS growth, particularly in CTS

¹ FUMAS: Funds under management, administration, advice and supervision

-Market impact on FUMAS links 50% of TWS revenue to the average ASX200 and approx. 50% of CTS revenue to the average MSCI World and ASX200 index.

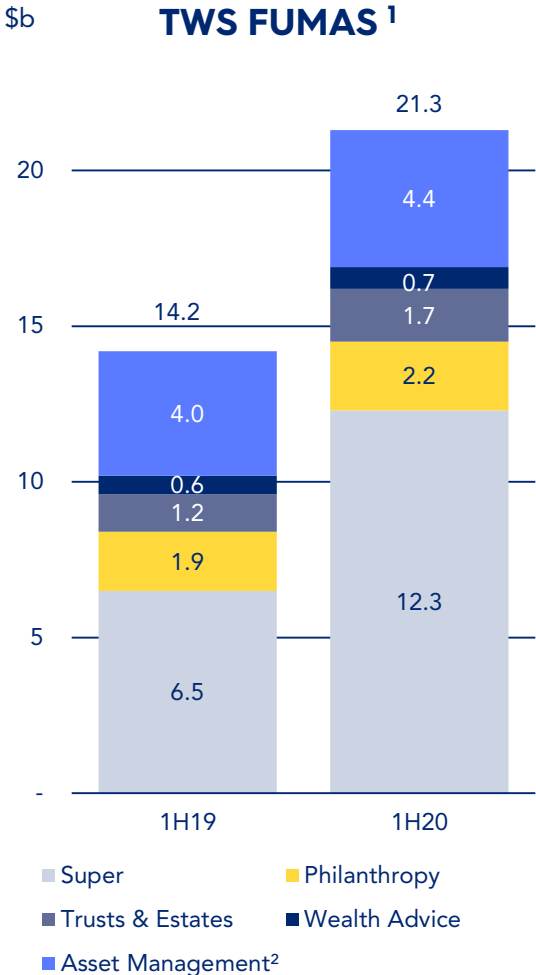
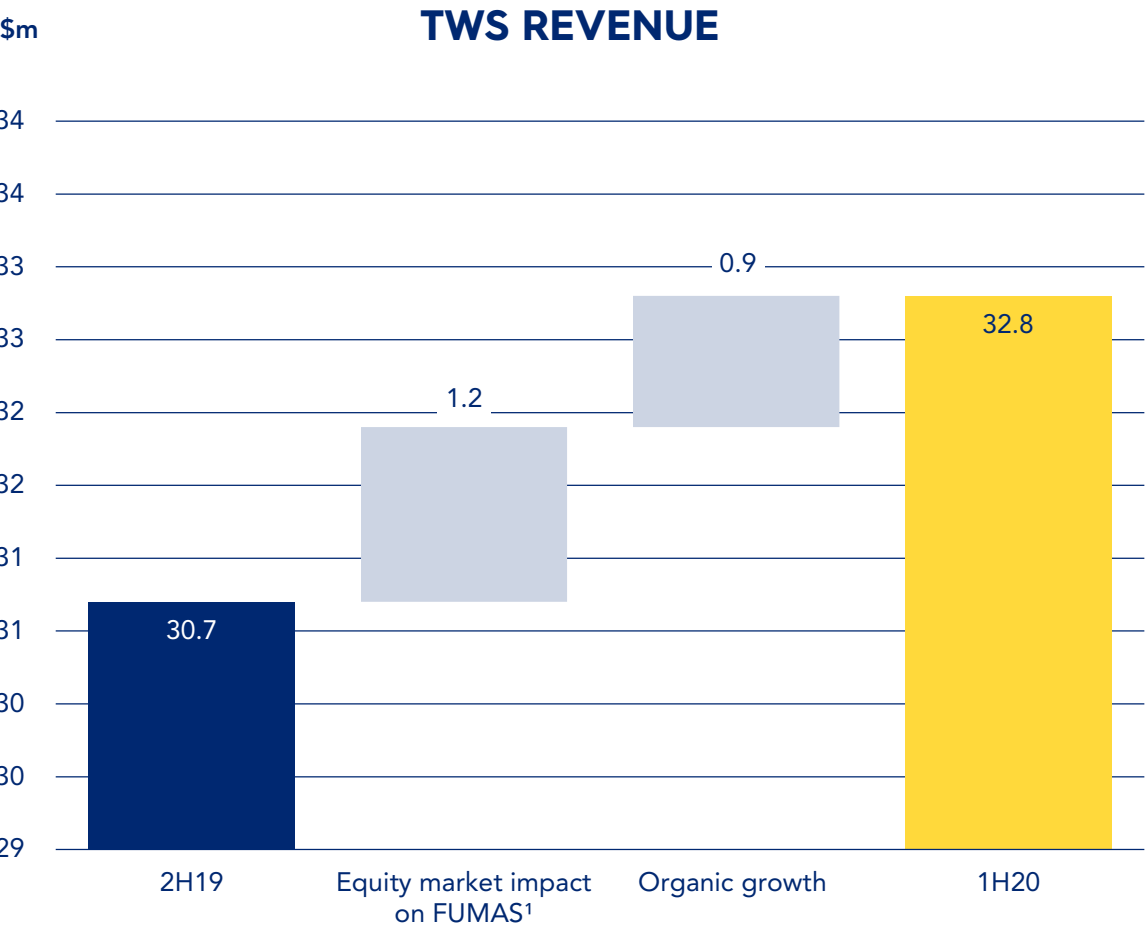
-Exchange rates are not considered

STRONG OPERATING CASH FLOW



- Consistent, high quality cash generation
- Cash principally used for tax payments and dividends
- Negligible bad debts
- Borrowings modestly increased to support Superannuation Trustee activity

TWS - GOOD MOMENTUM



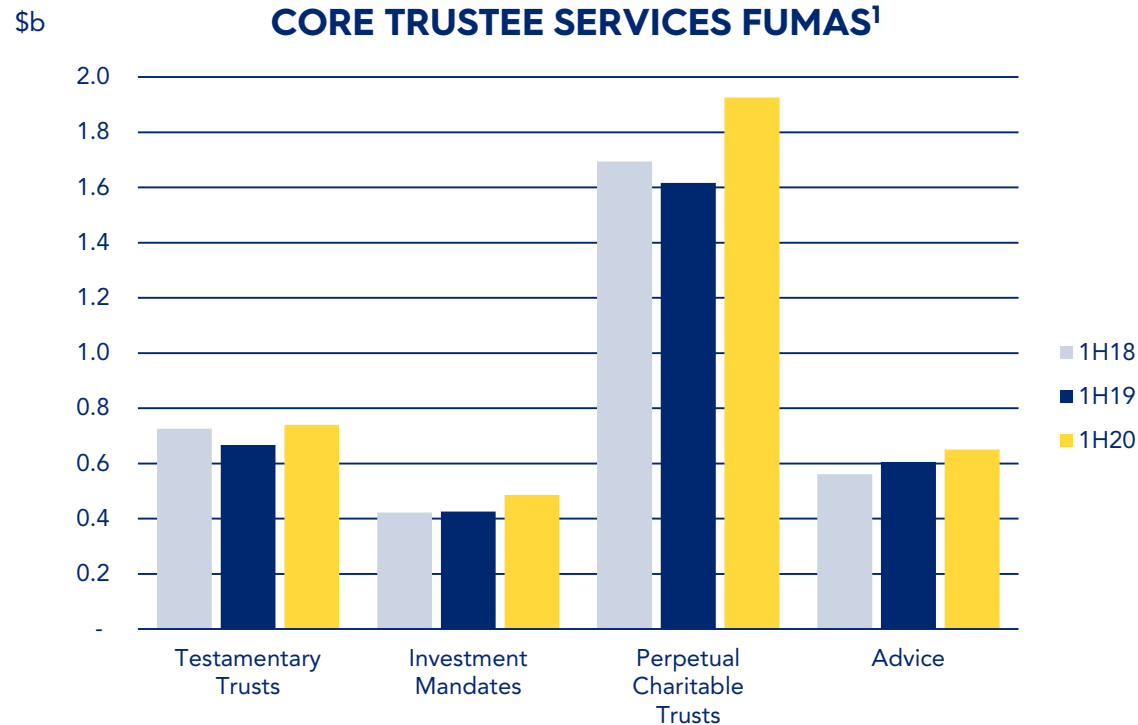
- Revenue up 6.8%
- Driven by good organic growth and positive equity markets
- Material increase in FUMAS, especially superannuation

¹ FUMAS: Funds under management, administration, advice and supervision

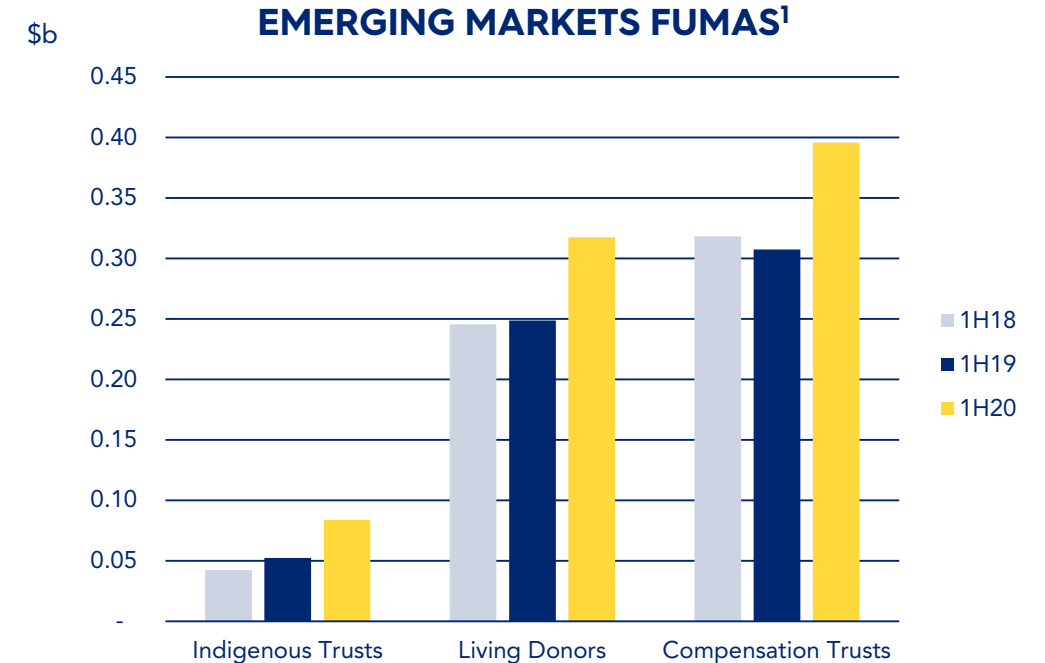
² Asset Management includes TWS Investment Mandates, Superannuation Mandates and Common Funds



TWS PRIVATE CLIENT BUSINESS – STRONG GROWTH



- Focus on high value, complex estates
- Good investment management performance
- 5 new Perpetual Charitable Trusts ²
- Steady growth in Advice FUMAS

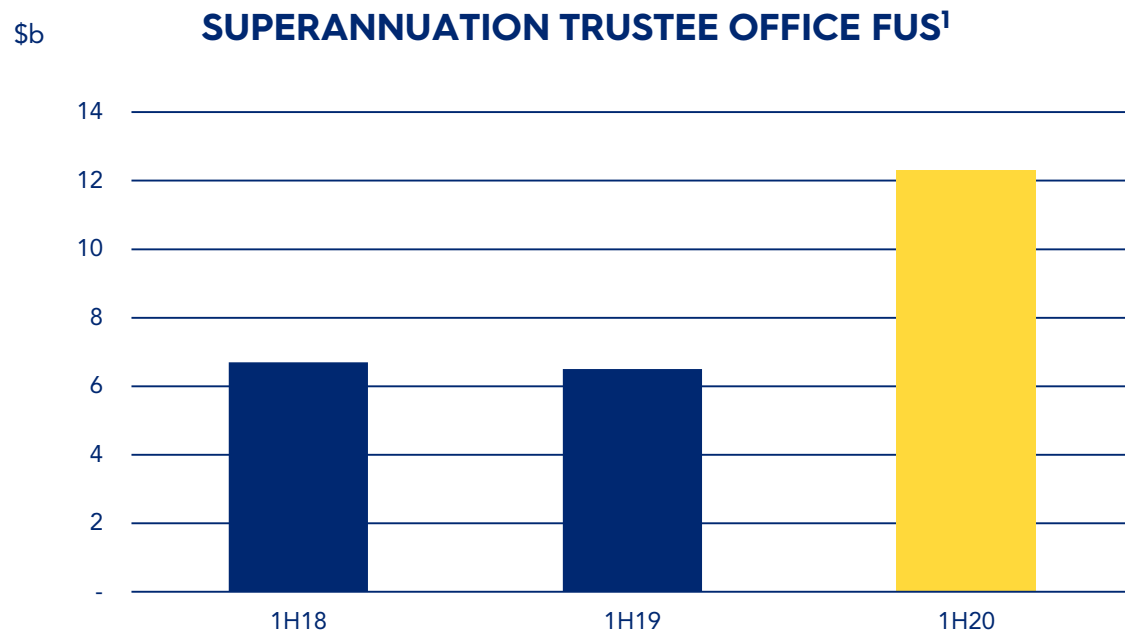


- Indigenous trusts – FUM up 60% on pcp - good growth and significant opportunities
- Living donor clients FUM up 28% on pcp - recent investment showing promise
- 21 new compensation trusts and FUM up 29% on pcp

¹ FUMAS: Funds under management, administration, advice and supervision

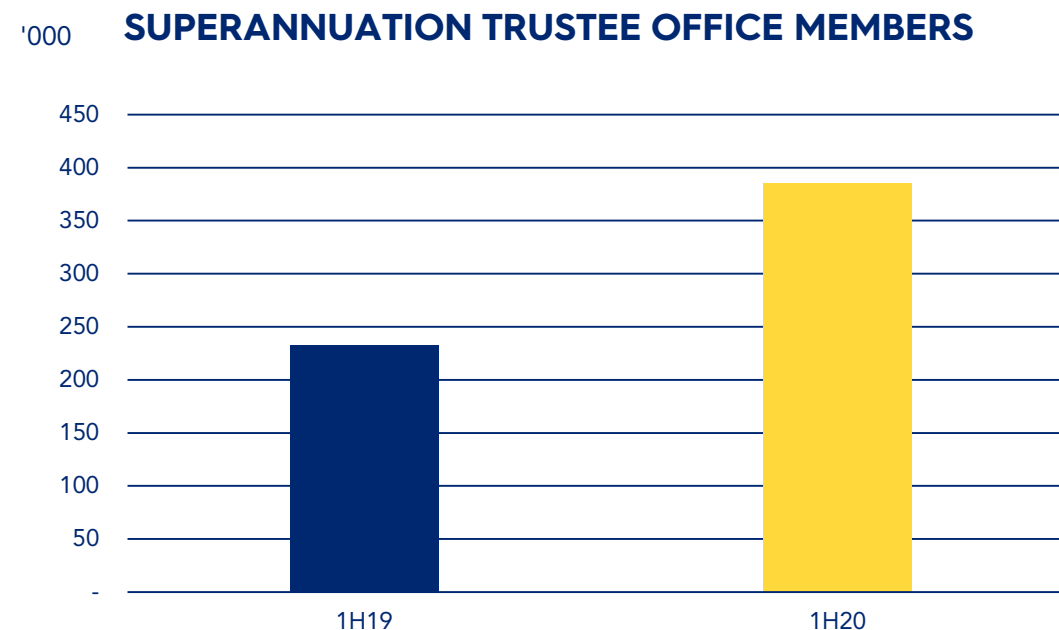
² during the year to 31 December 19

TWS SUPERANNUATION BUSINESS – STEADY GROWTH



Major appointments over the last 12 months include:

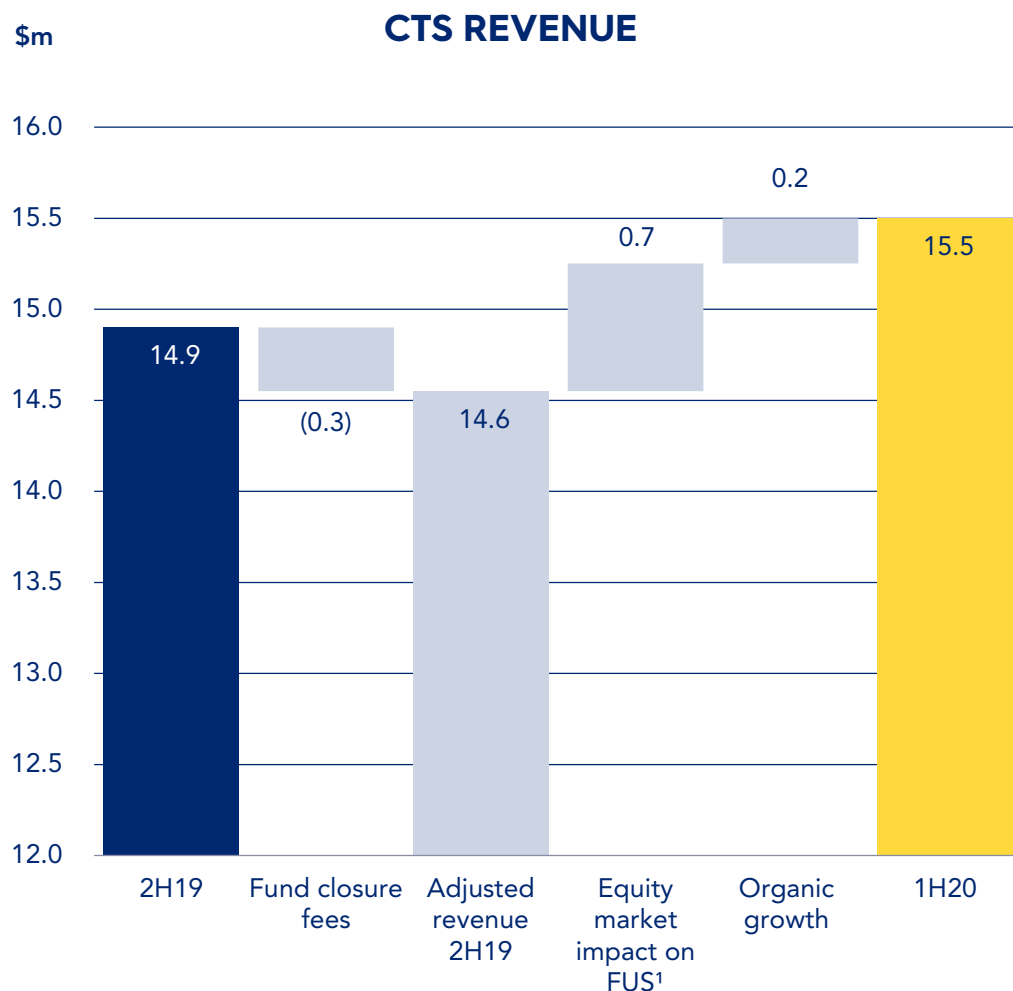
- Zurich Superannuation Master Fund ~\$1.0b
- AIA/CMLA ~\$4.5b (now \$3.9b post transfers to ATO).



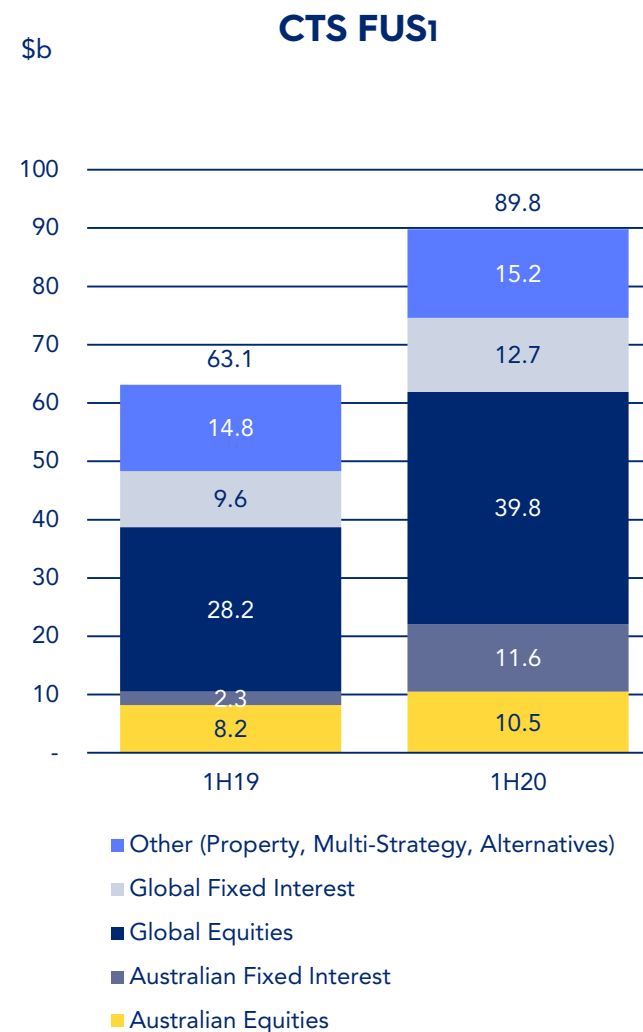
- AIA/CMLA added ~750K members to our existing membership of ~240k members
- ~ 600k of those new members from the Eligible Rollover Fund transferred to the ATO.

¹ FUS: Funds under supervision

CTS – SOLID PERFORMANCE

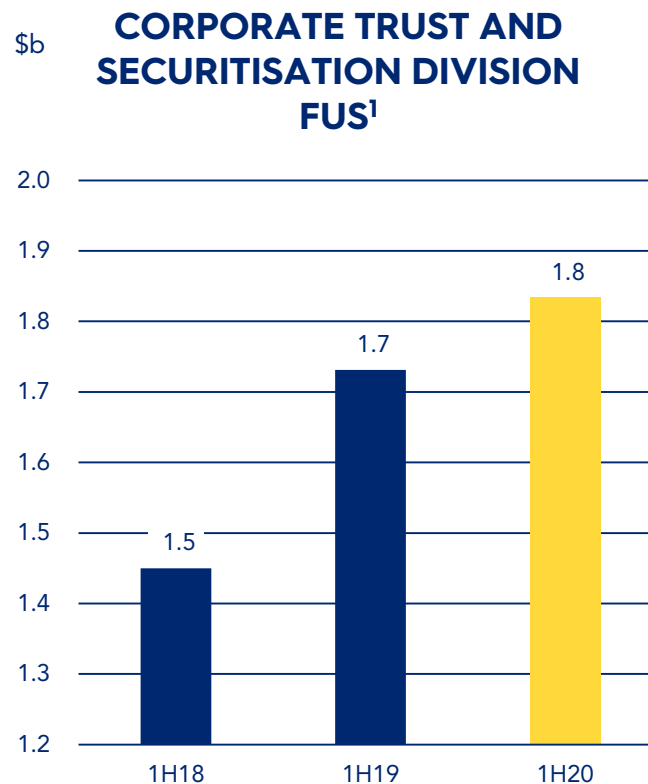
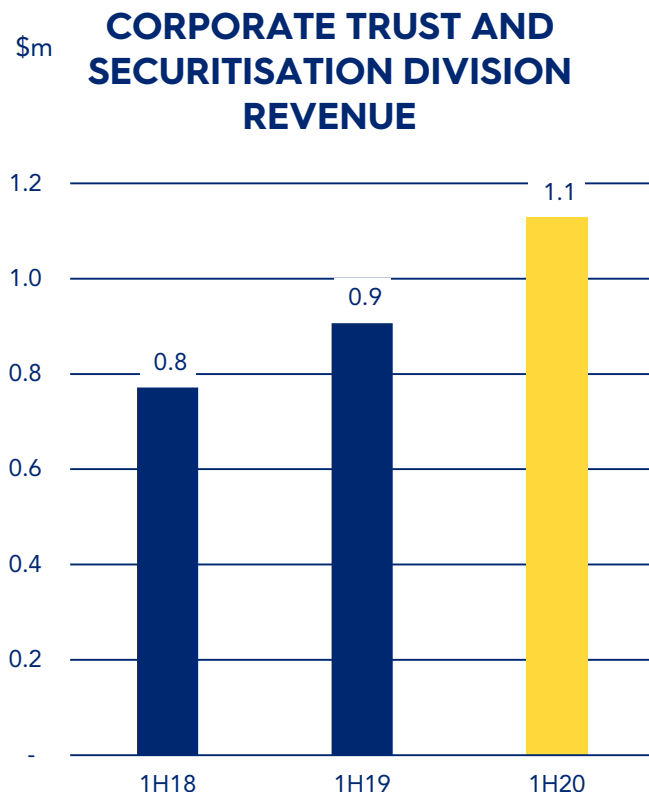


¹ FUS: Funds under supervision



- Headline half on half revenue growth of 4.2%
- Underlying organic revenue growth positive
- Growth supported by strong global equity markets
- New Clients include:
- In Australia
 - CMLA, DMP, Ethical Partners, Fawkner, Longreach and Spitfire
- In The United Kingdom
 - River and Mercantile
 - Alliance Bernstein

CTS – CORPORATE TRUST AND SECURITISATION DIVISION



- Positive momentum in a relatively new business
- Credit licence granted by ASIC to enhance product suite
- First securitisation deal with EQT acting as Trust Manager (as well as issuer & Security Trustee) closed and funded
- Strong pipeline

¹ FUS: Funds under supervision



BALANCE SHEET STRENGTH

PROVIDES SECURITY AND FLEXIBILITY

	31-DEC-19	30-JUN-19	31-DEC-18
	\$M	\$M	\$M
Assets			
Cash and liquid investments	72.6	69.8	65.6
Trade receivables and accrued income	29.4	22.1	23.7
Goodwill and intangible assets	209.5	210.9	211.9
Other assets	15.3	6.8	7.2
Total assets	326.8	309.6	308.4
Liabilities			
Trade payables and other liabilities	9.7	10.8	9.4
Borrowings	19.0	12.0	16.0
Other non-current liabilities	30.1	23.5	24.1
Total liabilities	58.8	46.3	49.5
Net Assets	268.0	263.3	258.9
Total Equity	268.0	263.3	258.9

- Debt to equity 7.1%
- Substantial headroom in covenants
- Surplus borrowing capacity
- Flexibility to take advantage of growth opportunities
- Contingent liability disclosed in financial statements¹

¹ 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 \$3.0m. The objection process remains underway and EQT maintains the view that the potential outflow will ultimately not be payable.



STRONG CAPITAL POSITION

- Low gearing, healthy liquidity and net cash positive position
 - Planned transfer of former OneVue RE clients to Equity Trustees Limited has released ~\$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 regulatory capital. TWS doesn't require additional regulatory capital¹
 - 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 provides additional flexibility and selective investment/acquisition capacity
- Comfortably meeting regulatory capital requirements
 - Opportunities for further capital efficiency

¹Based on current portfolio of funds and activities



SUMMARY

FINANCIAL PERFORMANCE REMAINS POSITIVE DESPITE HIGH INVESTMENT

- Good revenue growth
- Increase in NPAT and dividend
- Businesses performing well
- Growing pipeline of organic and inorganic opportunities
- Significant investment in resources underpinning ability to seize opportunities
- Balance sheet strength and capital capacity to support growth plans



STRATEGY UPDATE AND OUTLOOK



**Our vision is to be Australia's
leading trustee company**

**A company with purpose,
forming trusted relationships to
look after the interests of
beneficiaries, members and
investors**



EQUITY TRUSTEES STRENGTHS ARE INCREASINGLY RECOGNISED

INDUSTRY UPHEAVAL IS HIGHLIGHTING THE VALUE OF EXPERTISE, INDEPENDENCE AND GOOD GOVERNANCE

EXPERTISE

- 130 years plus of providing trustee and executor services to families and businesses throughout Australia
- Deep in-house skill and capability that is difficult to replicate

INDEPENDENCE

- Representing the interests of investors, unitholders and members is our core business
- Independent trustee model is increasingly sought after as financial services industry evolves

GOVERNANCE

- Leaders in trust, risk management and fiduciary responsibility



OPPORTUNITIES ARE CONSIDERABLE AS INDUSTRY RESTRUCTURES

INDEPENDENCE AND EXPERTISE ARE IN DEMAND

- Industry transformation with flight to independence and quality
- Regulatory concern driving business to professional specialists
- Divestments creating opportunities for out-sourced specialist trusteeship
- Continued pressure on financial services organisations to address conflicts
- Demographic trends continue to support business model
- Global opportunities to leverage Equity Trustees capability



WELL POSITIONED TO CAPITALISE ON OPPORTUNITIES

SUBSTANTIAL INVESTMENT IN PEOPLE AND TECHNOLOGY

PEOPLE

- Building skill base and capability to manage incoming business
- Key hires across management and client-facing personnel
- Maintaining quality and competitive edge

TECHNOLOGY

- Technology enhancements to improve productivity, service delivery and quality

FINANCIAL CAPACITY

- Strong balance sheet enables us to fund investment and acquisitions
- Involves higher costs in short-term but still performing well and long-term benefits should be significant

TWS PRIVATE CLIENT FOCUS



ESTATE PLANNING

- Leveraging will bank for growth
- Focus on distribution and strategic partnerships

ADVICE

- Leverage high client satisfaction to cross-sell other Equity Trustees services
- Embed advice offering into estate management and testamentary trust processes to grow client numbers

PHILANTHROPY SERVICES

- Leverage
 - leading granting expertise to grow living philanthropists
 - not-for-profit investment offerings
- Capitalise on estate planning and advice relationships to promote philanthropic services
- Publish our Giving Review to showcase our scale and capability
- Annual Giving Program at record high of \$124.3 million in donations

ESTATE MANAGEMENT

- Focus on beneficiary experience
- Create increased cross-sell opportunities
- Deployed new platform

FUNDS MANAGEMENT

- Invest in continued strengthening of the team and capability
- Leverage strong philanthropic market position

TRUST MANAGEMENT

- Targeting specialist areas – compensatory trusts, indigenous trusts
- Improved service delivery model
- Significant investment in people and capability



TWS SUPERANNUATION FOCUS

SPECIALIST, INDEPENDENT TRUSTEE

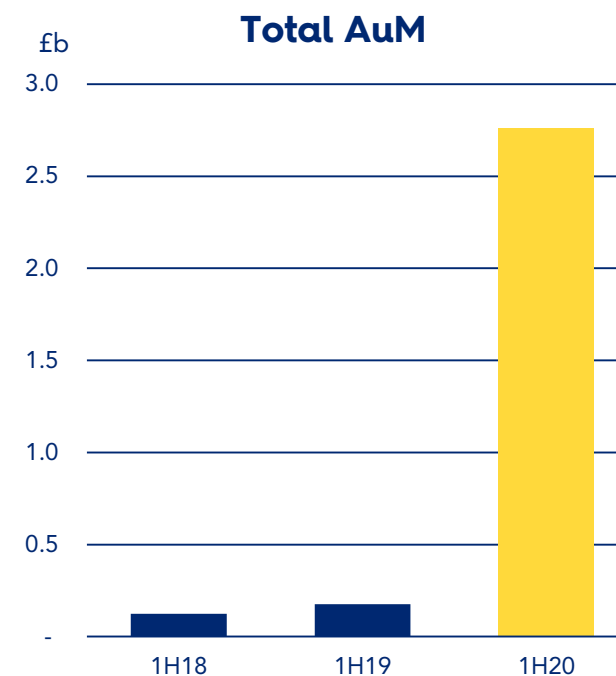
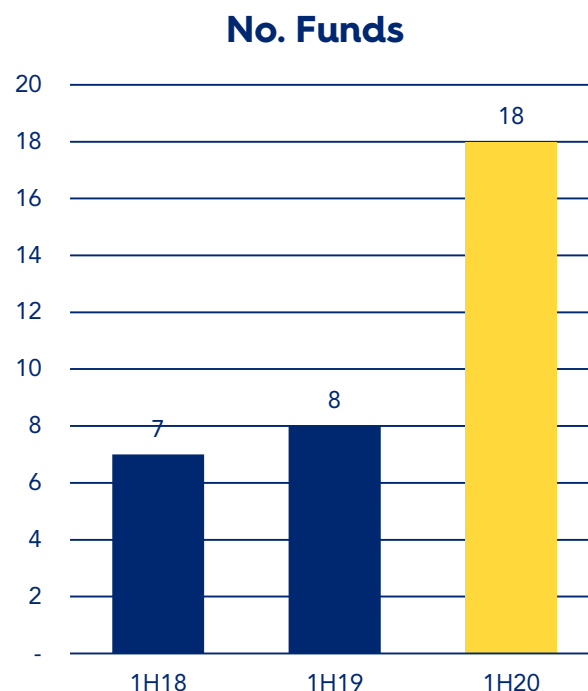
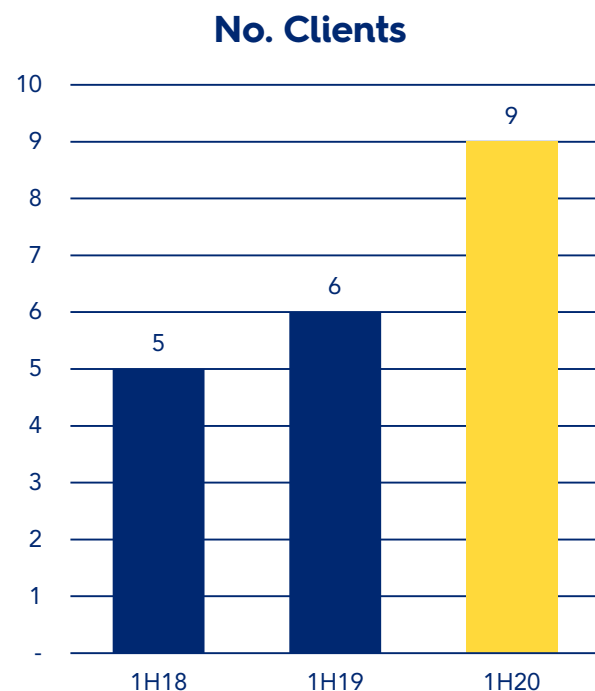
- Leveraging the strength of our business model and brand as Australia's leading specialist independent trustee
- Providing trusteeship to superannuation funds where trustee services are not core
- The prevalence of vertical integration and potential conflicts of interest are driving a strong appetite for our specialist, independent fund governance capability
- Strong pipeline of opportunities - investing materially in our 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 Responsible Entity 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
 - 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 (debt offers, securitisations 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



- Lead indicators of new clients and funds beginning to accelerate
- Increased staffing from 6 to 12 to support growth
- Alliance Bernstein and River and Mercantile, key new appointments
- Pipeline of significant new opportunities in the half-year ahead

SUPPORTING AUSTRALIAN COMMUNITY AFTER BUSHFIRES



TRUSTS ESTABLISHED AND LISTED IN TAX ACT IN RECORD TIME

As a result of the tragic bushfires, Equity Trustees established two perpetual charitable trusts with the Business Council of Australia to help communities around the country recover from disaster and emergency events.

AUSTRALIAN VOLUNTEER SUPPORT TRUST

To assist the families of any recognised emergency services volunteer in Australia who tragically loses their life through their volunteer work when responding to a disaster after 1 July 2019.

Advisory Panel¹

- The Hon Jeff Kennett AC (chair)
- Jennifer Westacott AO
- David Gonski AC
- Dame Quentin Bryce AD CVO
- Lisa Paul AO

COMMUNITY REBUILDING TRUST

Established with the broader aim of supporting the rebuilding of community assets, the CRT will be part of a larger Community Rebuilding Initiative.

Advisory Panel¹

- General Sir Peter Cosgrove AK, CVO, MC (chair)
- Tony Shepherd AO
- Jennifer Westacott AO
- Yvonne von Hartel AM
- John Anderson AO
- Rebecca Frizelle
- Danny Gilbert AM
- Richard Goyder AO
- Katie Page
- Tim Reed

¹Places reserved for representatives of emergency services volunteer organisations

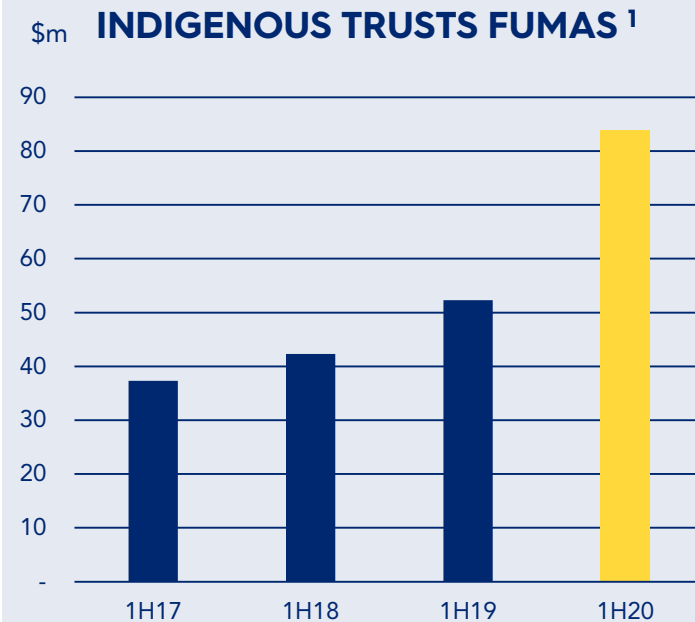
EMPOWERING INDIGENOUS COMMUNITIES

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

- Reconciliation Action Plan
 - Endorsed by Reconciliation Australia
 - Completed second 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 four eminently qualified external members - Adrian Appo OAM, Lisa Derschaw, Kim Bridge and Ian Hamm
- 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



GOOD PIPELINE OF OPPORTUNITIES



¹ FUMAS: Funds under management, administration, advice and supervision



POSITIVE OUTLOOK

CLEAR GROWTH AGENDA

- Industry transformation providing more opportunities
- Investing in people and technology to ensure we can capitalise on them
- Pursuing growth organically and inorganically
- Strengths as a respected and capable trustee increasingly recognised, with capability in high demand
- Benefits of investment are expected to flow in the year ahead
- Market volatility will continue to influence outcomes
- Encouraging outlook for the remainder of FY20 and beyond



QUESTIONS



THANK YOU

DISCLAIMER



Mick O'Brien, Managing Director, has authorised that this document be given to the ASX.

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