



Equity Trustees Limited
Half Year Results to
31 December 2009

Overview



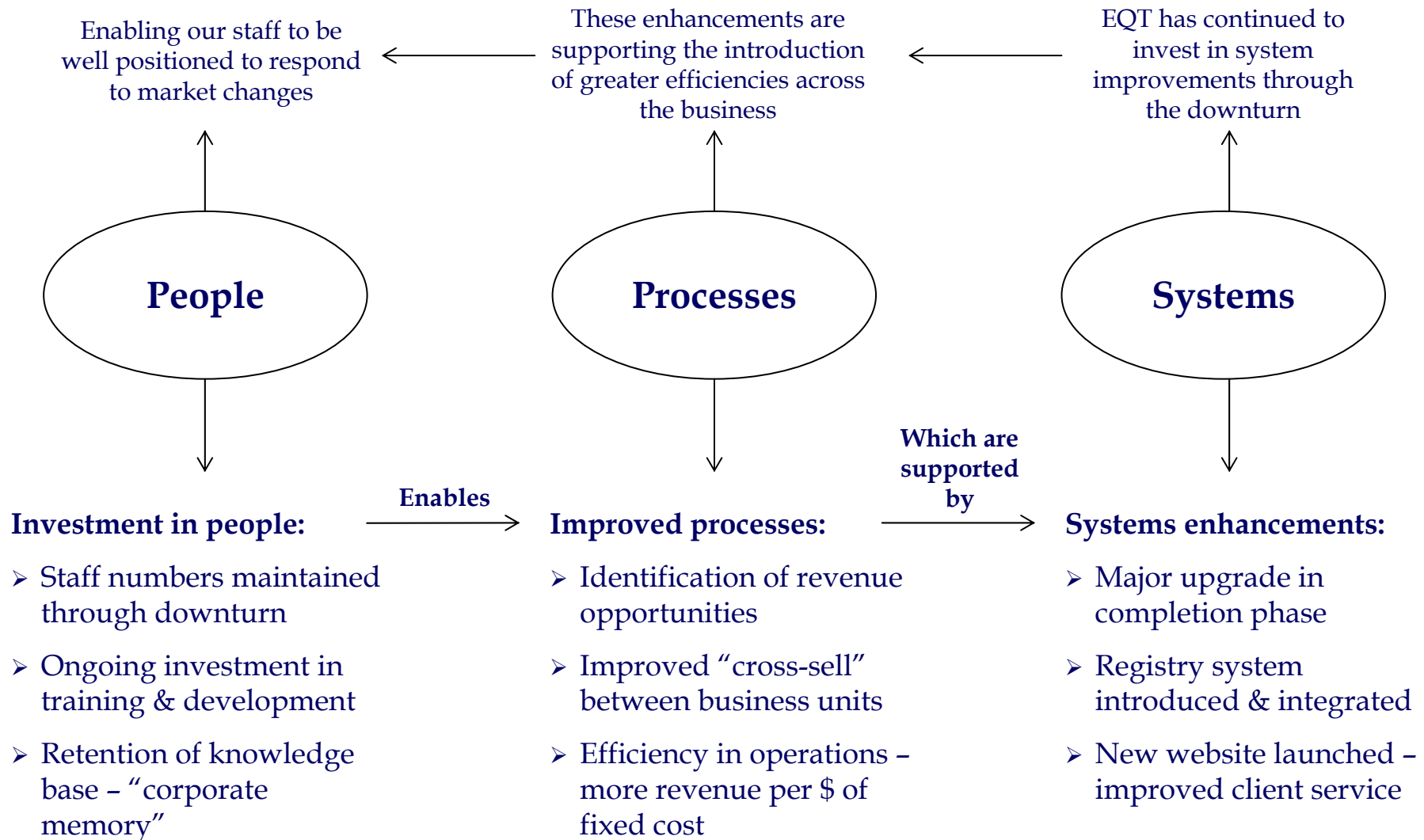
- Results in-line with January announcement and ahead of previous forecast.
- Markets impacting financial performance however strong underlying profitability levels maintained.
- New business generation supporting operating revenue.
- Strong cash flow generation from operating activities.
- Discretionary expenditure well managed – costs held constant.
- Strong performance from Private Client business unit.
- Interim, fully franked dividend maintained at prior year level.
- Balance sheet strength – strong net asset base, cash reserves.
- No debt.
- Business well positioned to emerge from global financial crisis.

Overview – Half-Year group results



	6 months to 31 Dec 2009 \$m	6 months to 31 Dec 2008 \$m	
Operating revenue	16.9	18.1	(6.8%)
Operating expenses	(12.0)	(12.0)	0.0%
Operating profit (pre-tax)	4.9	6.1	(20.4%)
Income tax expense	(1.5)	(1.9)	
Operating profit after tax	3.4	4.2	(19.0%)
Net profit from sale/write-down of investments (net of tax)	0.3	(0.1)	
Net profit after tax	3.7	4.1	(10.8%)
Earnings per share (basic)	44.23¢	50.86¢	(13.0%)
Dividend per share (full-year, fully franked)	50¢	50¢	Maintained
Operating margin <small>(pre-tax, excluding gains on the sale of investments)</small>	28.7%	33.6%	

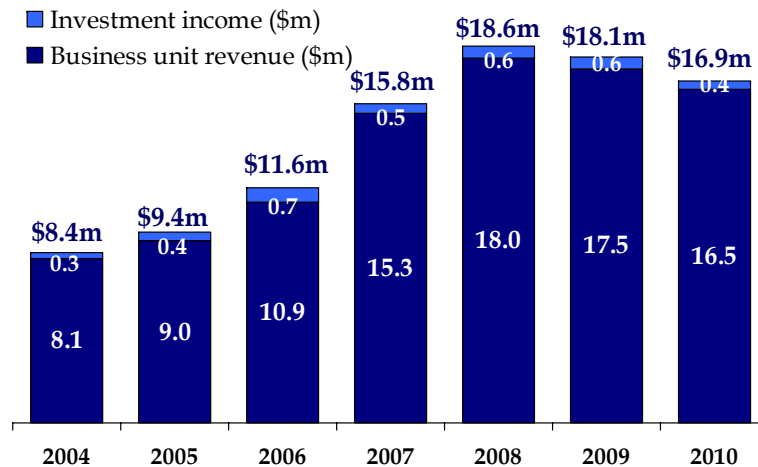
People, processes & systems = IP



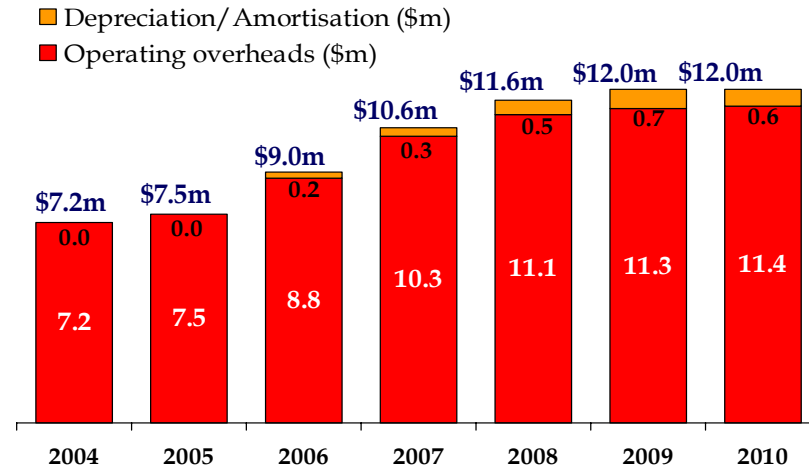
Operating results – 1st Half Comparison



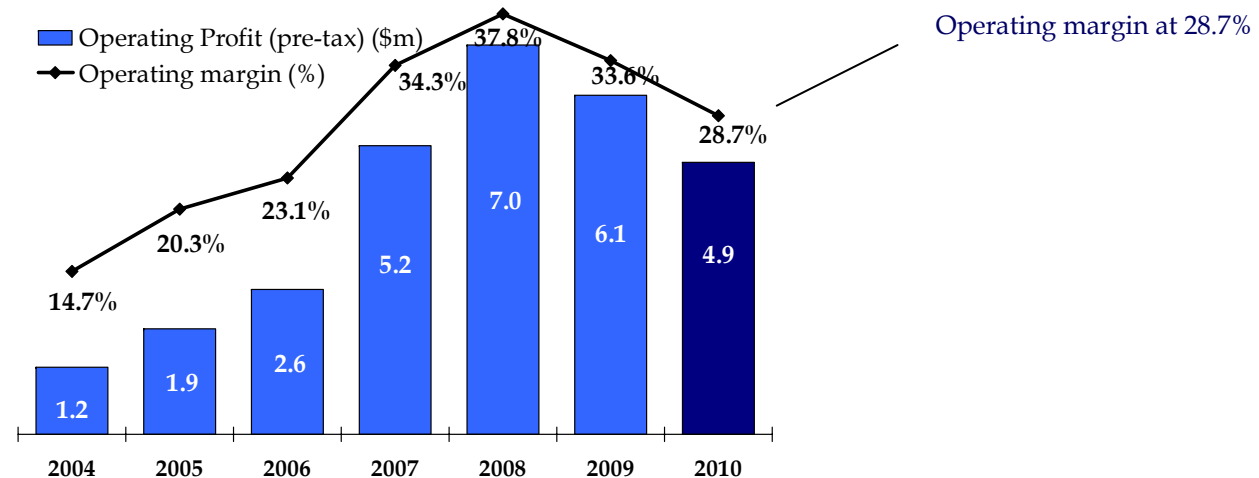
Operating revenue down 6.8% to \$16.9m



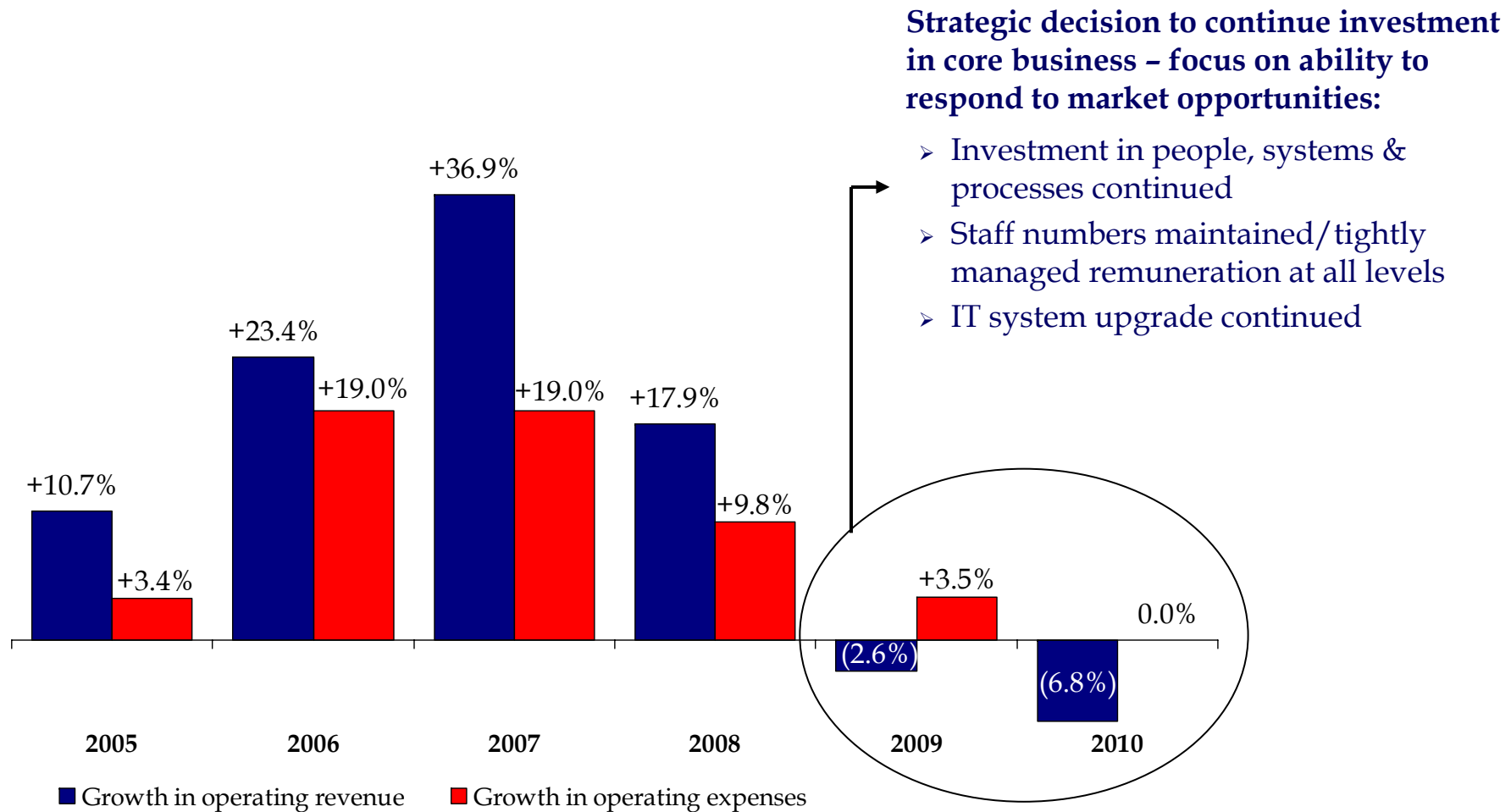
Operating expenses constant at \$12.0m



Operating profit (pre-tax) down 20.4% to \$4.9m



Operating revenue & expense variance – 1st Half Comparison

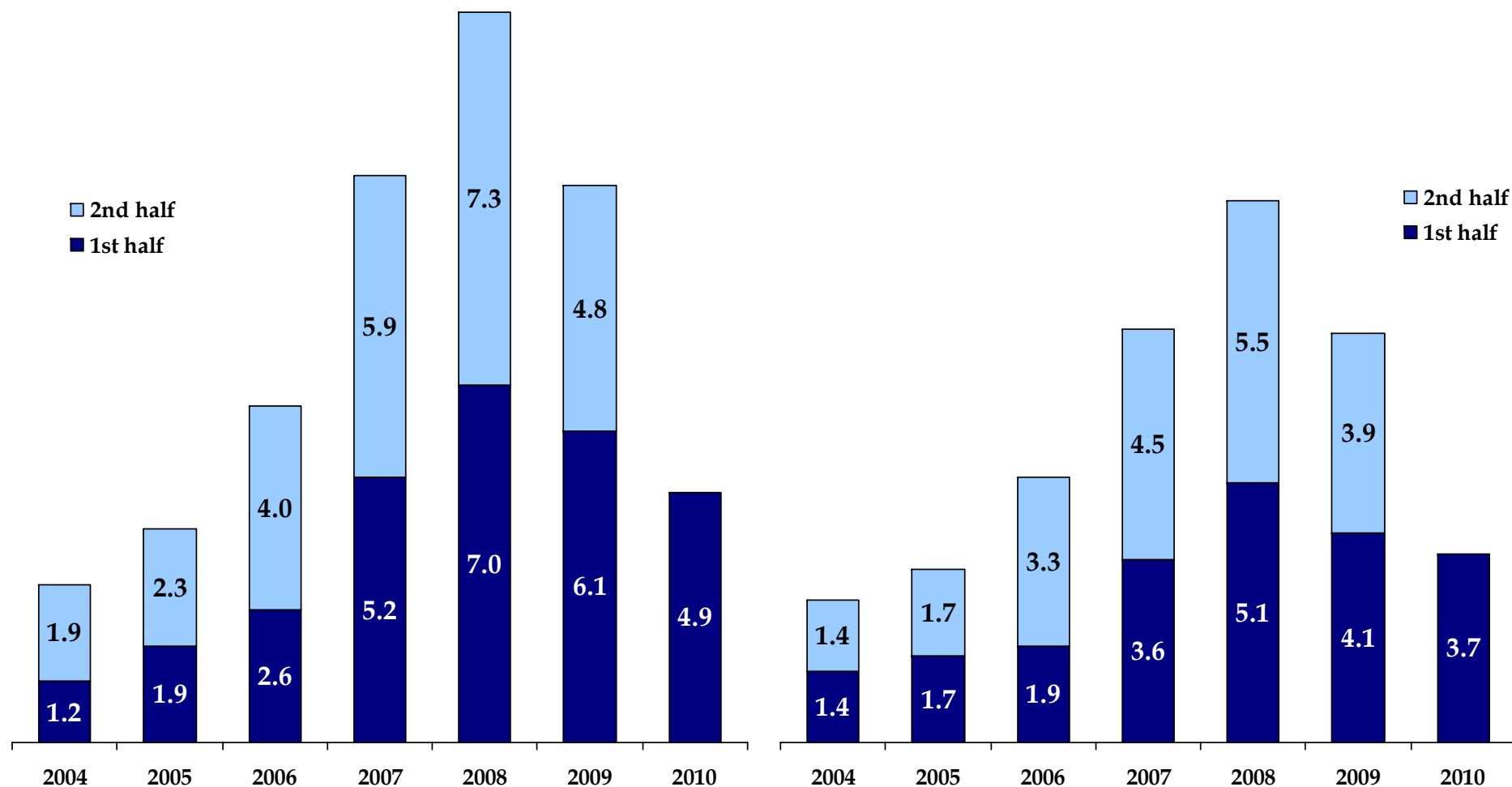


Profitability



Operating profit (pre-tax)

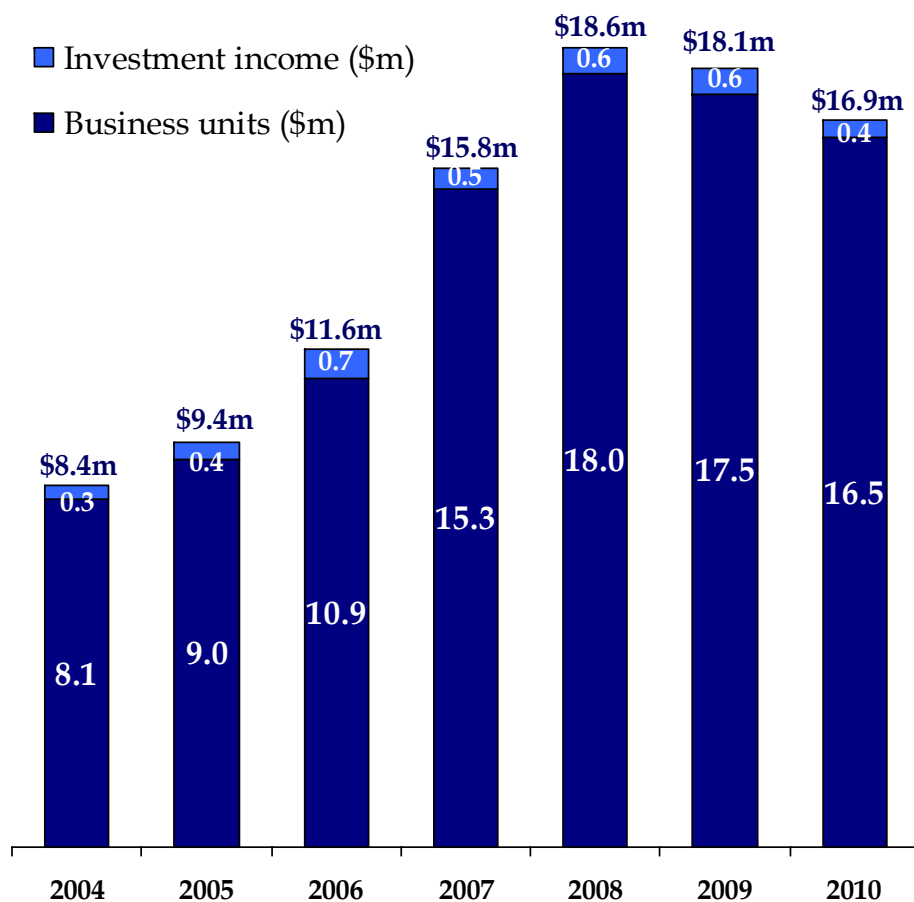
Net profit (post-tax)



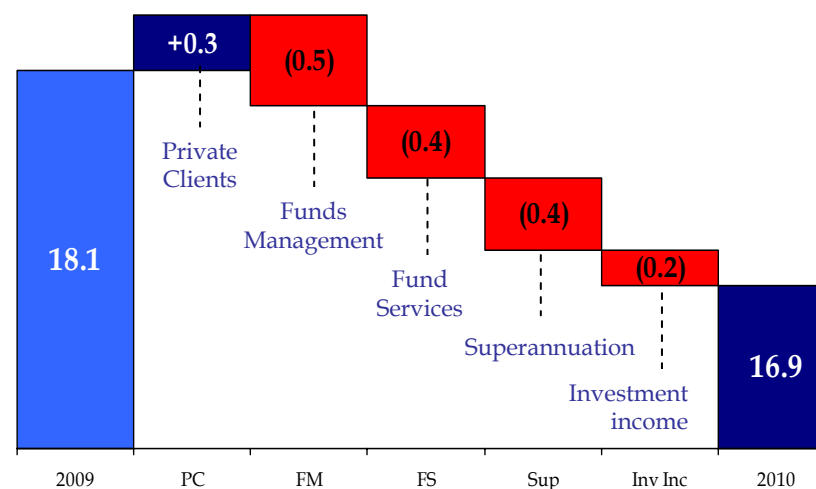
Operating revenue – composition 1st Half Comparison



Group operating revenue down 6.8% to \$16.9m



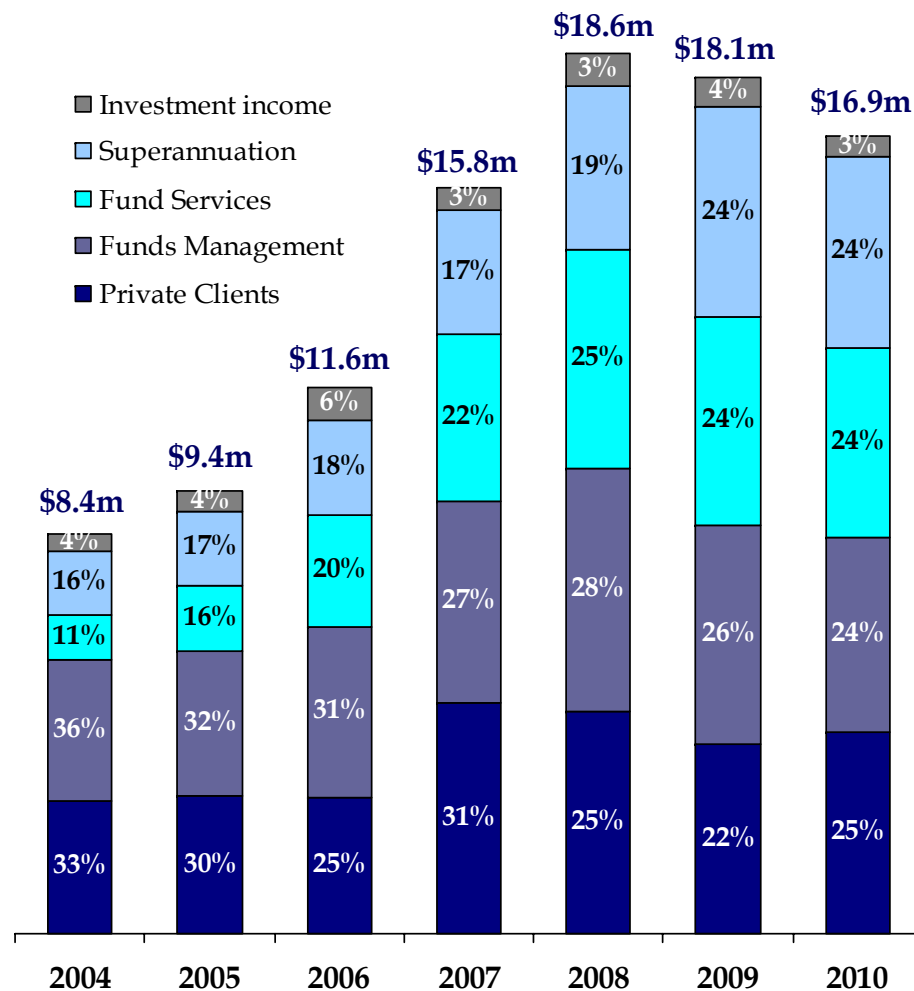
Variance – 2010 vs 2009 (\$m)



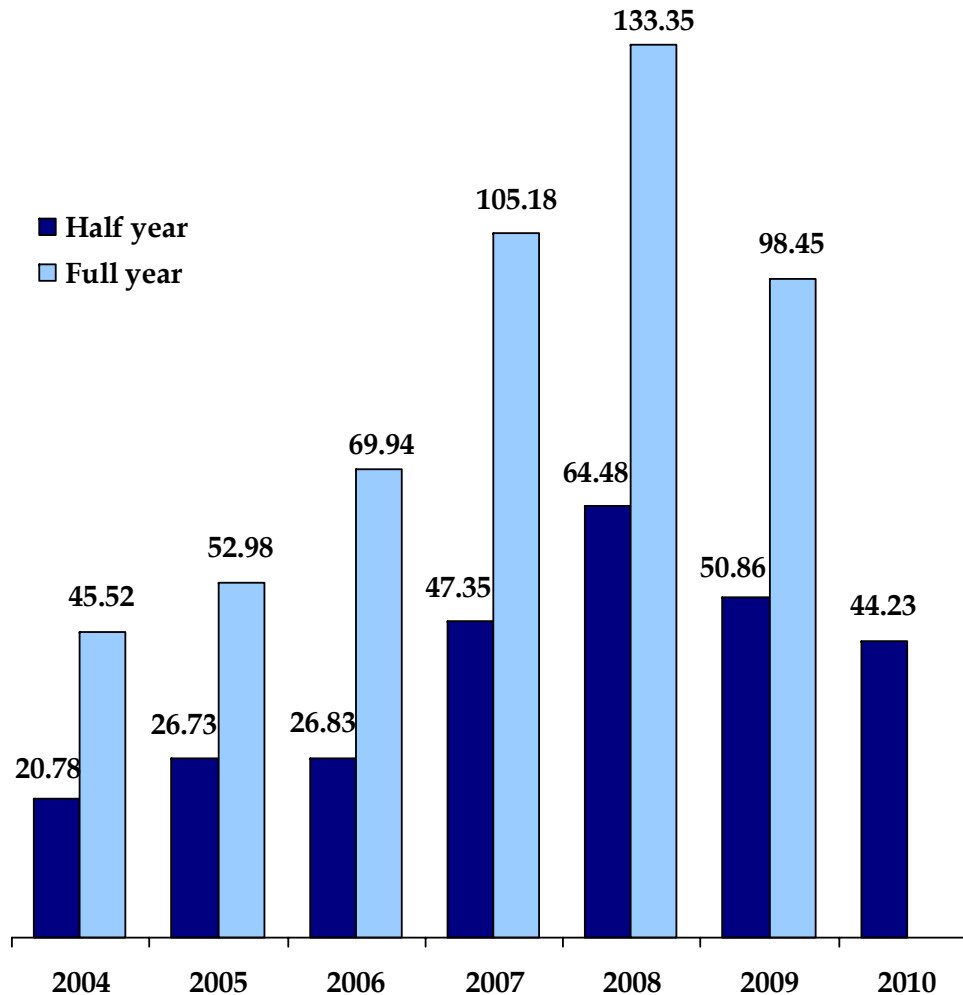
Operating revenue – composition 1st Half Comparison



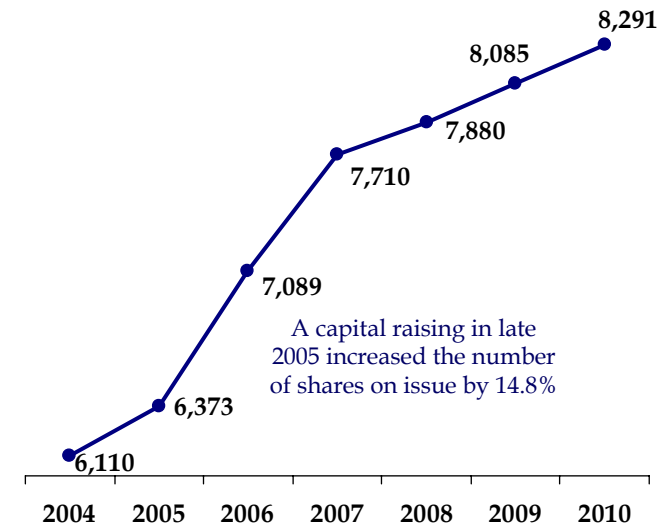
- An even spread of revenue across business units



Earnings per share



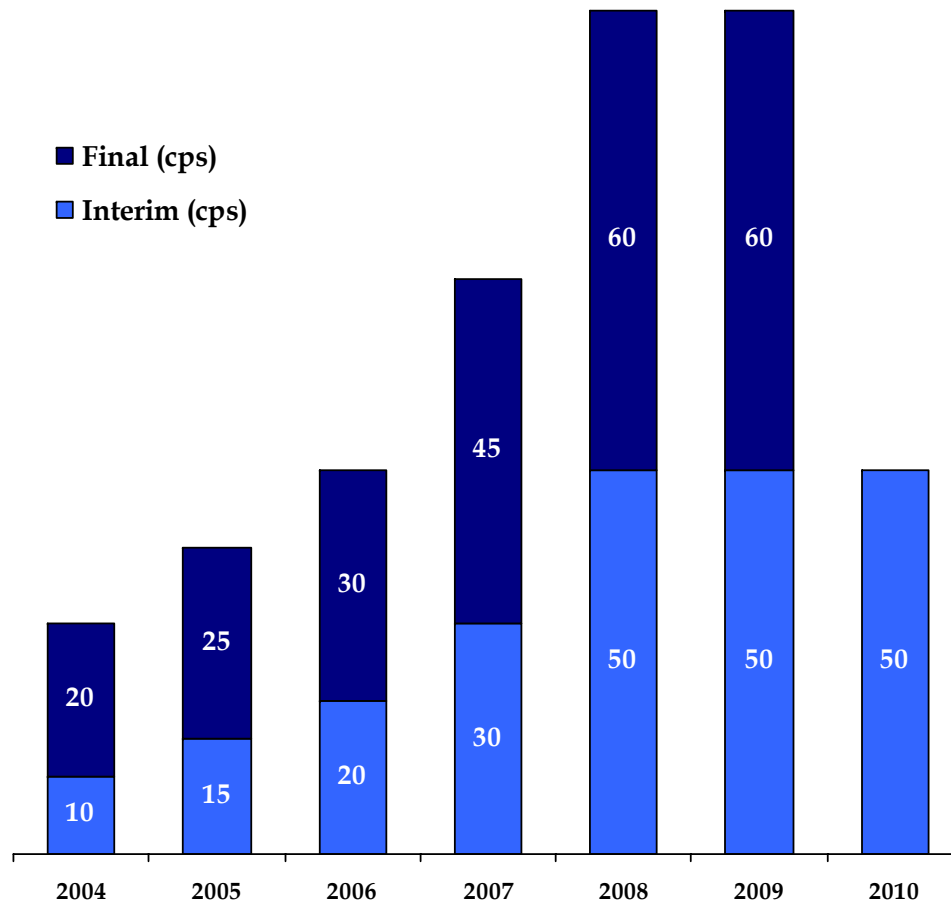
Weighted average shares on issue ('000)



Returns to shareholders



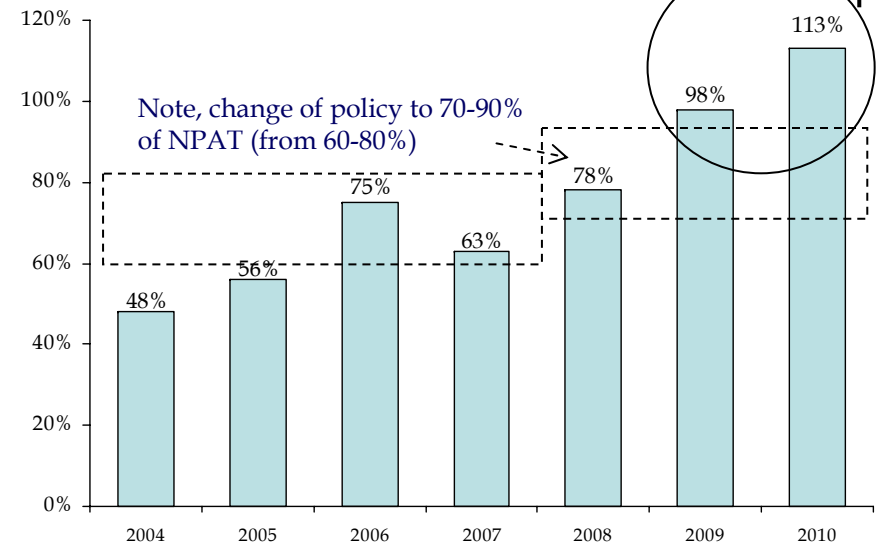
Fully-franked dividends



Strategic decision to maintain dividend at the same level as the prior year. This reflects:

- Confidence in the prospects of the business
- Ongoing strong cash flow generation
- Strong balance sheet – nil debt
- High level of franking credits
- Reward to shareholders in difficult times

Interim dividend as percentage of EPS



Note, change of policy to 70-90% of NPAT (from 60-80%)

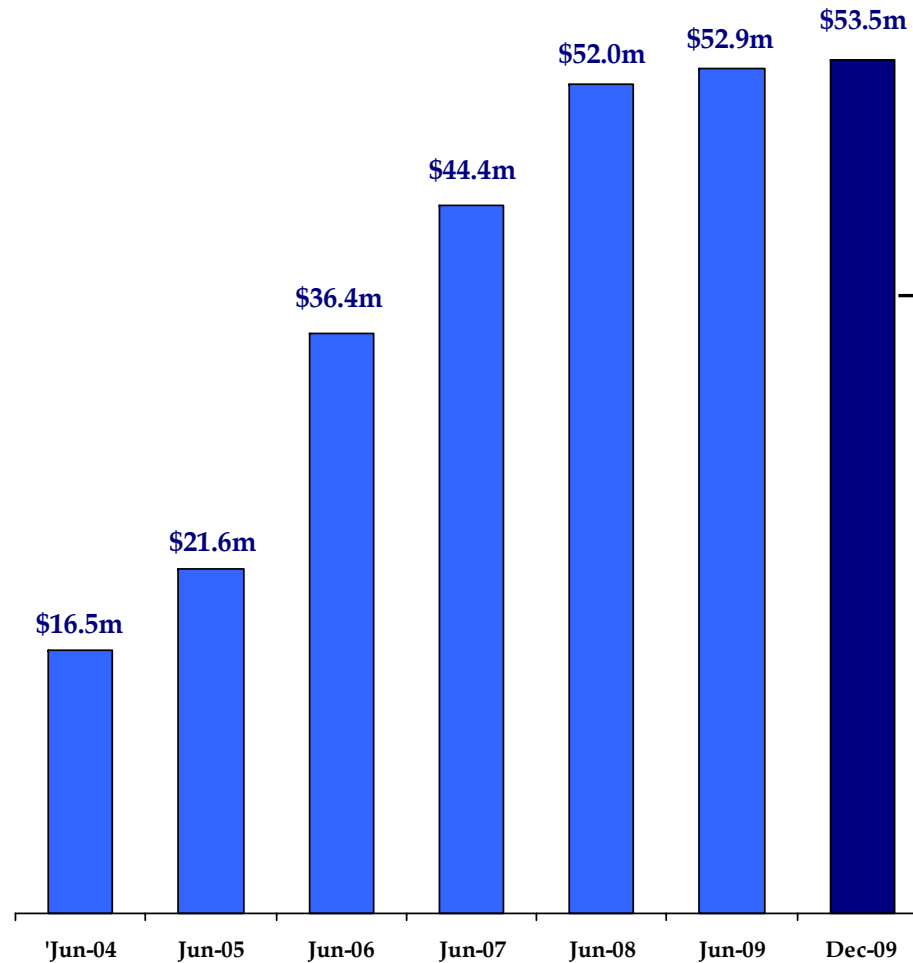
Dividend payout policy range

Note, ignores policy in respect of gains on the sale of investments

Balance sheet

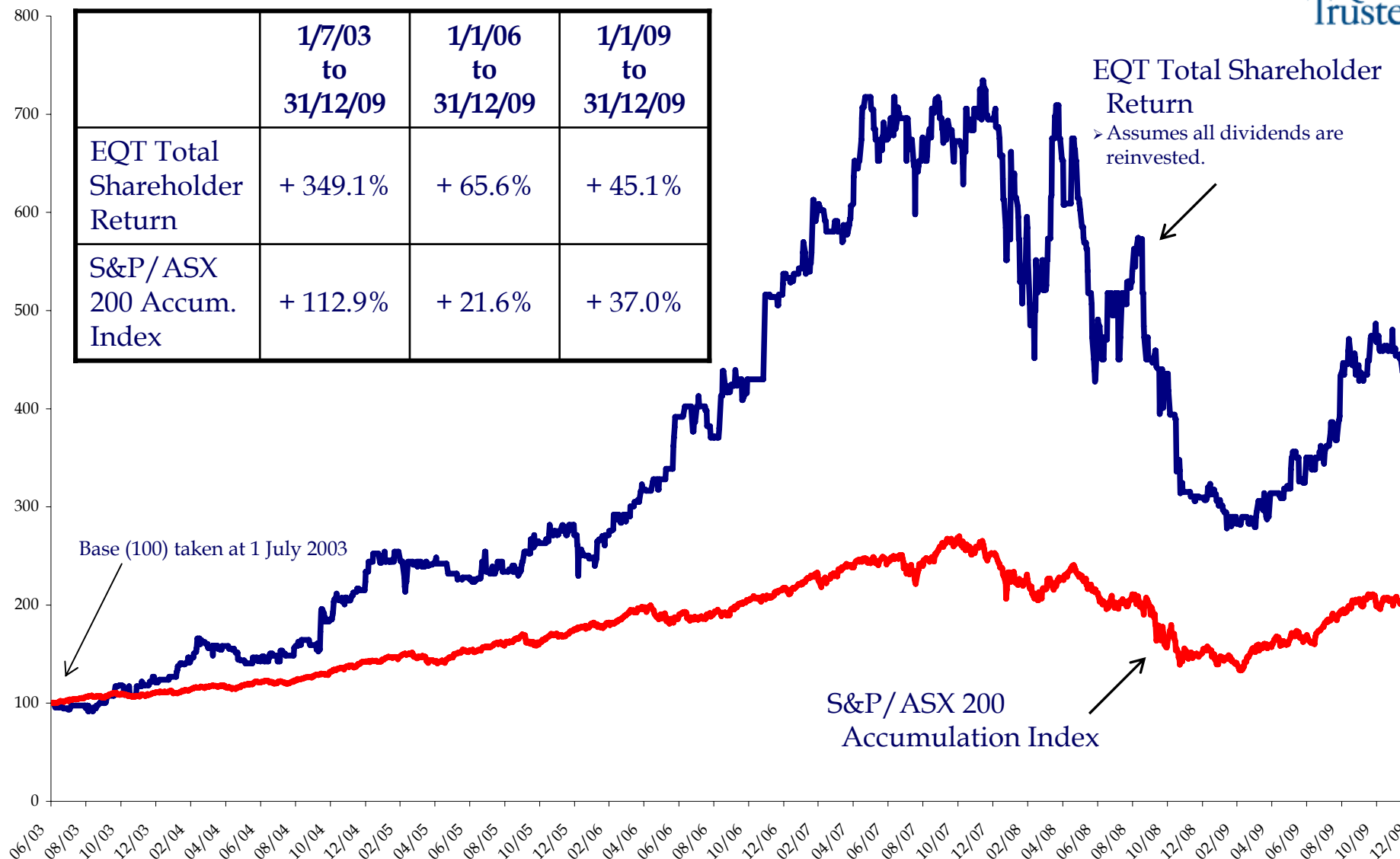


- Strong net asset base. Nil debt.



- No impairment charges on past acquisitions
- Minimal mark to market impact on investment portfolio

Sustained share price outperformance



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Business units – operations & performance



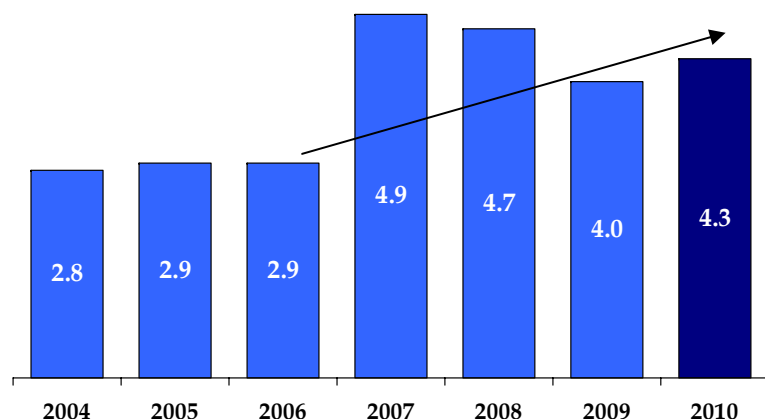
Business unit	Key services	Target market	6 months to 31 Dec 2009 Revenue	6 months to 31 Dec 2009 FUM/AUM
Private Clients	<ul style="list-style-type: none"> ➤ Wealth Management ➤ Personal superannuation ➤ Asset Management ➤ Trusts & Estates ➤ Philanthropy ➤ Tax 	Private investors	\$4.3m +7.0%	\$1,295m +18.8%
Funds Management	<ul style="list-style-type: none"> ➤ Sales & marketing ➤ Product management for EQT co-branded funds (managed by external specialists) 	<ul style="list-style-type: none"> ➤ Platforms/IDPS ➤ Financial planners 	\$4.1m (11.8%)	\$2,181m +10.5%
Fund Services	<ul style="list-style-type: none"> ➤ Responsible entity ➤ RSE ➤ Corporate trustee ➤ Specialist trustee 	<ul style="list-style-type: none"> ➤ Investment managers ➤ Superannuation funds ➤ Corporates 	\$4.0m (8.8%)	\$14,316m +28.7%
Superannuation	Full service master trusts – <ul style="list-style-type: none"> ➤ Wealthpac ➤ Freedom of Choice ➤ Templetons 	Small-medium size corporates	\$4.1m (8.8%)	\$622m +13.7%

Business unit overview - Private Clients

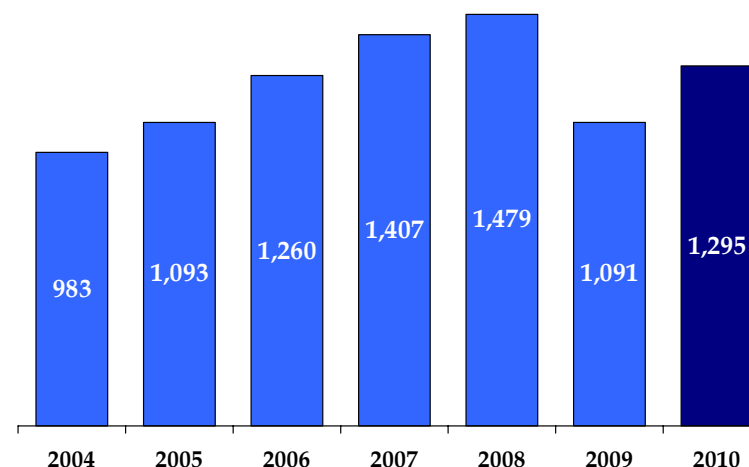


Operating revenue

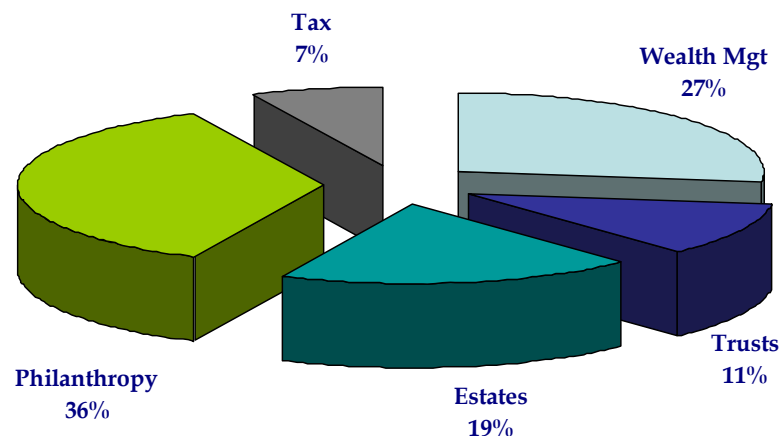
Consistent revenue performance
resulting from sales focus – growth
in client base



Assets under management



Even contribution across business unit



1st half performance

- Increase in client numbers boosts year-on-year revenue
- Inflows to Asset Management
- Consistent demand for fiduciary services

2nd half outlook

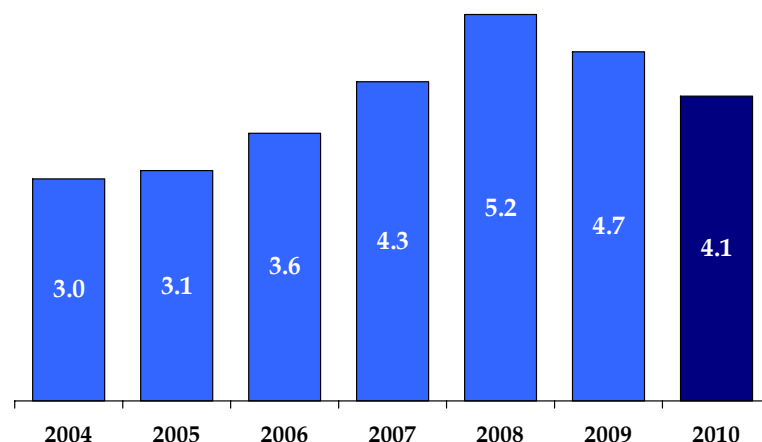
- Ongoing sales focus – personal clients and B2B relationships
- Opportunities from National Trustee Company regulation
- Positioned for any improvement in asset values

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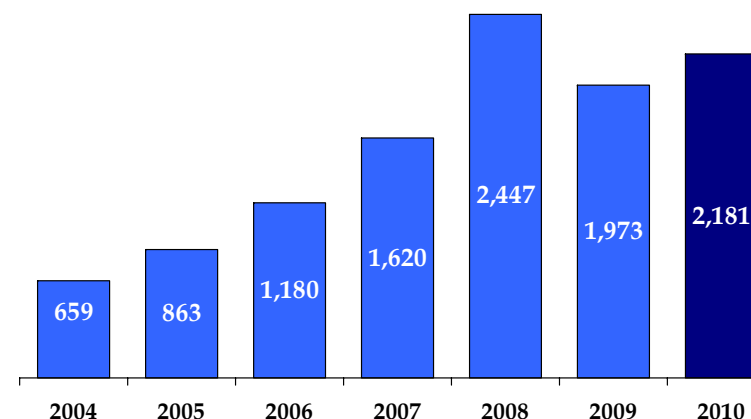
Business unit overview – Funds Management



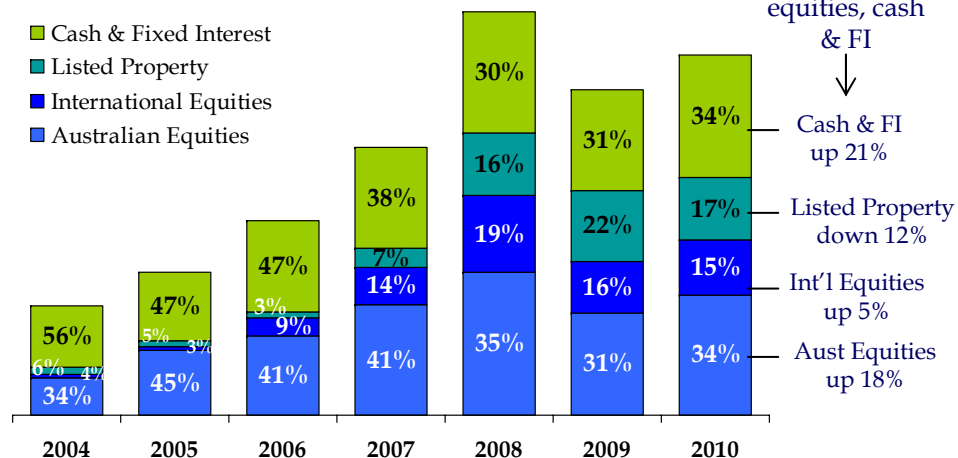
Operating revenue



Funds under management



Diversified across major asset classes



1st half performance

- Positive net inflows offset by margin contraction (flows into fixed interest funds)
- Positive flows also in Australian and International equities
- IDPS/Platform accounts for 71% of total FUM

2nd half outlook

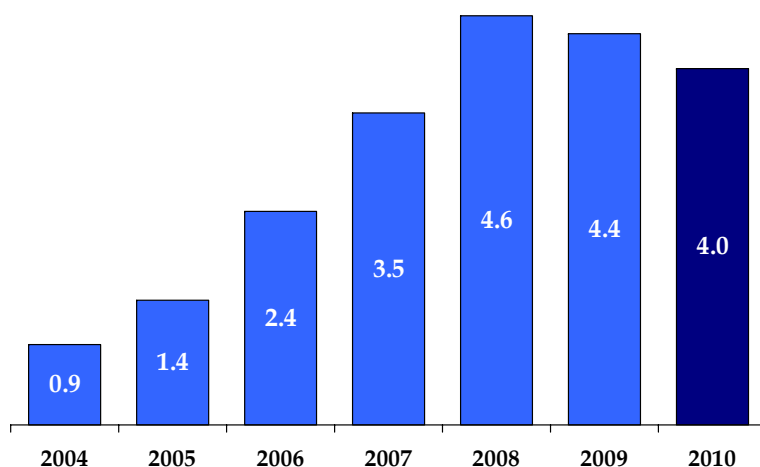
- Breadth of investment offering enables proactive response to market movement/demand
- Promotion of in-house Australian equities team

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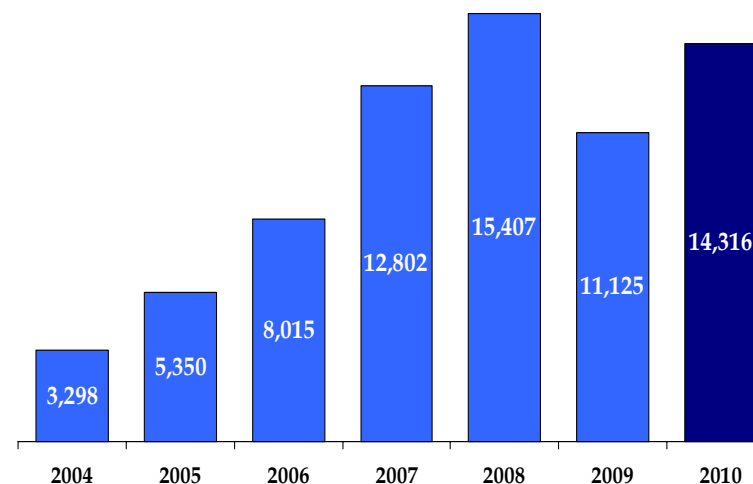
Business unit overview - Fund Services



Operating revenue



Funds under administration



1st half performance

- Demand for new funds in wake of GFC – domestic and global managers = growth in FUA
- No exposure as RE to failed assets/funds

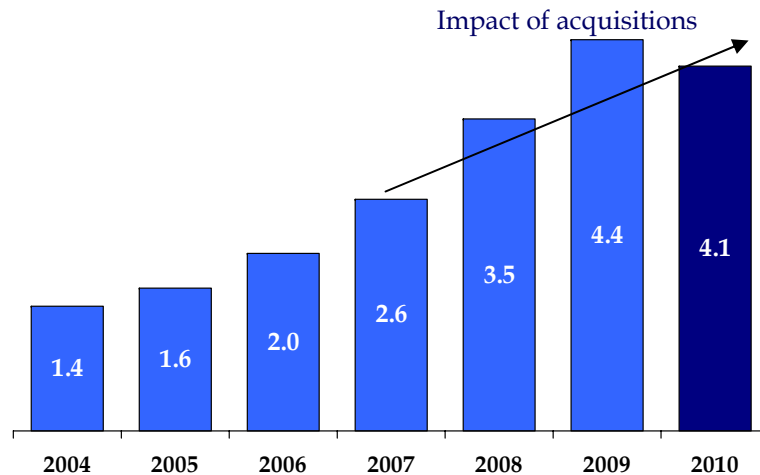
2nd half outlook

- Pipeline remains strong – referral/reputation as source of demand
- Risk management overlay – resources devoted to quality appointments

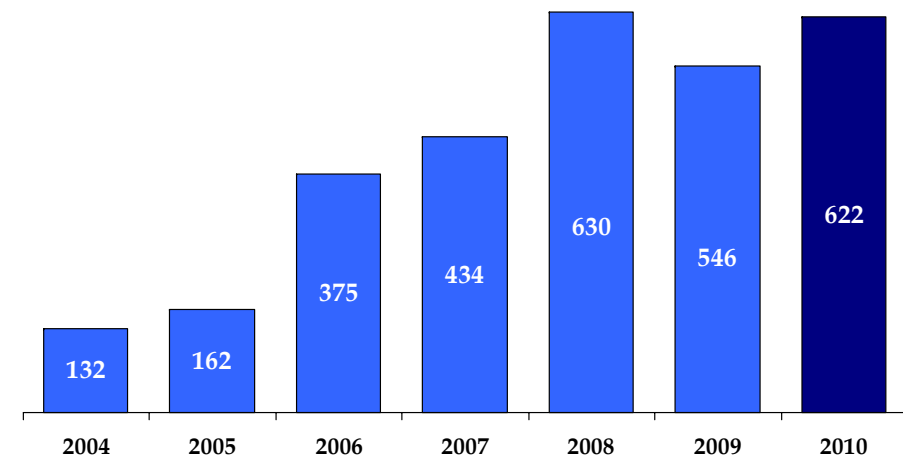
Business unit overview - Superannuation



Operating revenue



Funds under management



1st half performance

- Streamline of operations - consolidation of multiple brands/distribution channels
- Strong new client uptake through Freedom of Choice platform (corporate and personal clients)

2nd half outlook

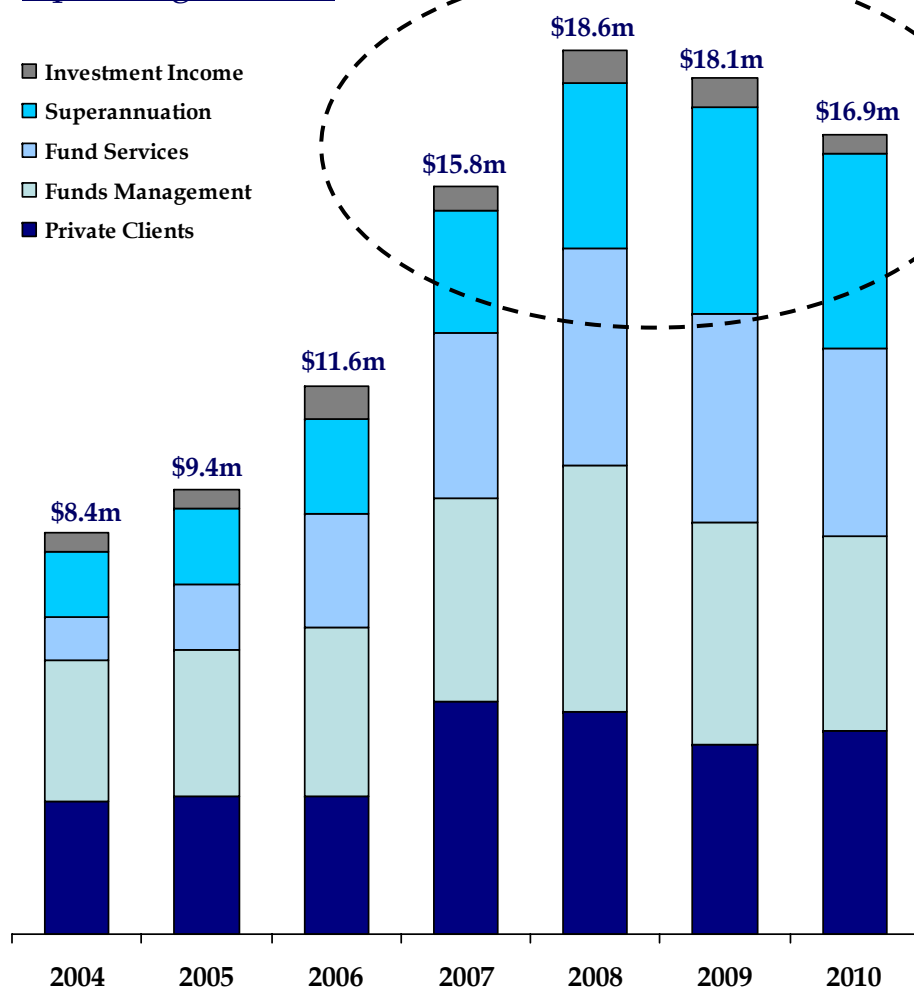
- Flexibility of operations will enable efficient response to any regulatory changes
- Ongoing push into Victorian and Queensland markets

Revenue & FUM - 1st Half Comparison



Operating revenue

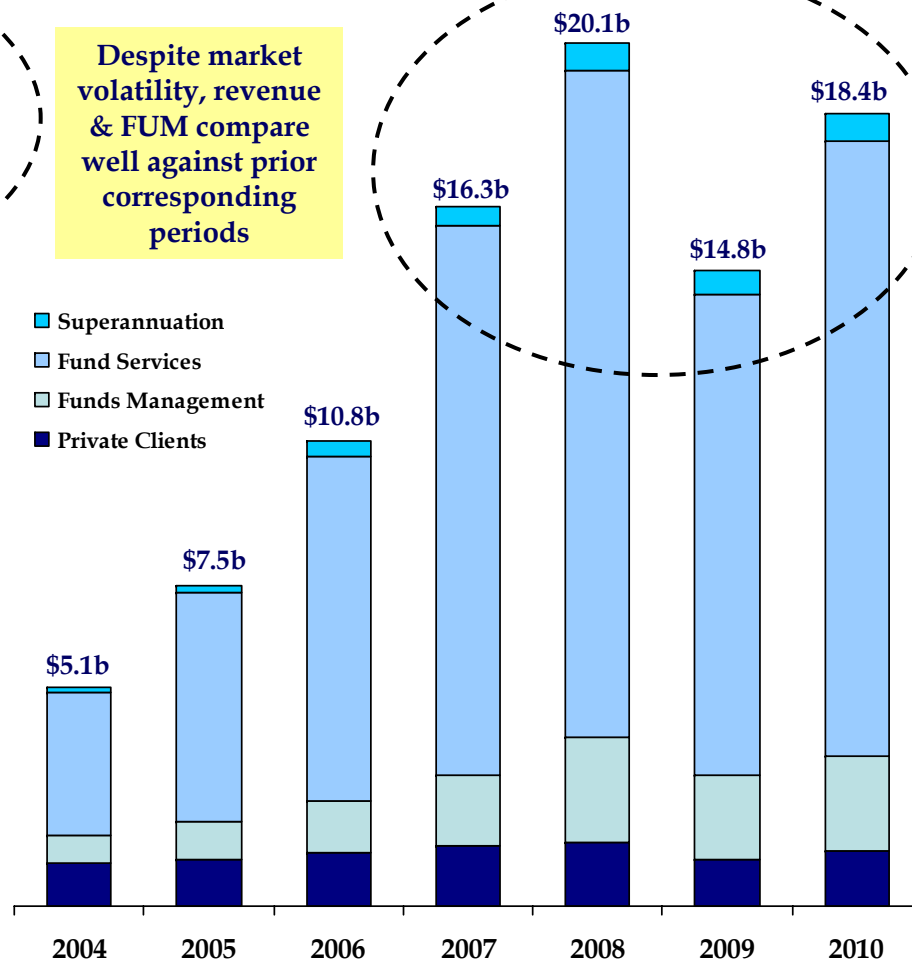
- Investment Income
- Superannuation
- Fund Services
- Funds Management
- Private Clients



Funds under management

Despite market volatility, revenue & FUM compare well against prior corresponding periods

- Superannuation
- Fund Services
- Funds Management
- Private Clients



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Business update



Regulatory changes

- Government and industry inquiries being monitored. EQT will participate through industry channels. EQT is well positioned to respond to change.
- National Trustee Company legislation anticipated late in current financial year. EQT has been an active participant in industry consultation with government.

Acquisitions

- Cautious approach taken through market downturn.
- Increasing volume of opportunities emerging. EQT continues to monitor and engage. Balance sheet strength will support appropriate opportunities.

Managing Director

- Peter Williams retiring at end of February 2010. Robin Burns will assume role on 1 March.
- Peter leaves the business in very strong shape to address future opportunities. Robin has extensive experience gained in a range of senior roles in the financial services industry and will lead the company in the next phase of its growth.

Summary and outlook



Company base is solid:

- Decline in operating revenue reflective of market conditions. Improvement seen in latter months of the period.
- Decision to maintain investment in people, processes and systems impacts short-term profitability but will benefit in the longer-term.
- Business units established, performing well and have good relationships with key clients.
- Private Client business unit performance reflects focus on sales & marketing.
- Management team has a proven track record in delivering returns to shareholders. Transition to new Managing Director has been smooth.
- Strong cash reserves.
- No debt.

Outlook for 2nd half:

- Company strategic direction is well established and has withstood market volatility.
- Any sustained market recovery will enhance sales and marketing opportunities and will be reflected in financial performance.



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