

Equity Trustees Limited
Full Year Results to
30 June 2011

Overview – FY2011



- Adverse conditions in investment markets affected business performance.
- All business units remain solidly profitable, although some margin pressure.
- Organic FUM/revenue growth varied across business lines.
- Final dividend reduced to match circumstances and be closer to long-term policy.
- Restructured business to enhance client relationship management and focus on risk management & compliance.
- Two acquisitions in last 12 months – first one (Apex Super) bedded down and EPS positive.
- EQT Aged Care Services (acquired advisory business) being integrated – specialised and attractive niche.
- IT platform project completed – on budget, achieved scope.
- Strong new business flows/leads in some revenue lines – varies by sector.
- Regular flow of acquisition opportunities for assessment.

Overview - group results



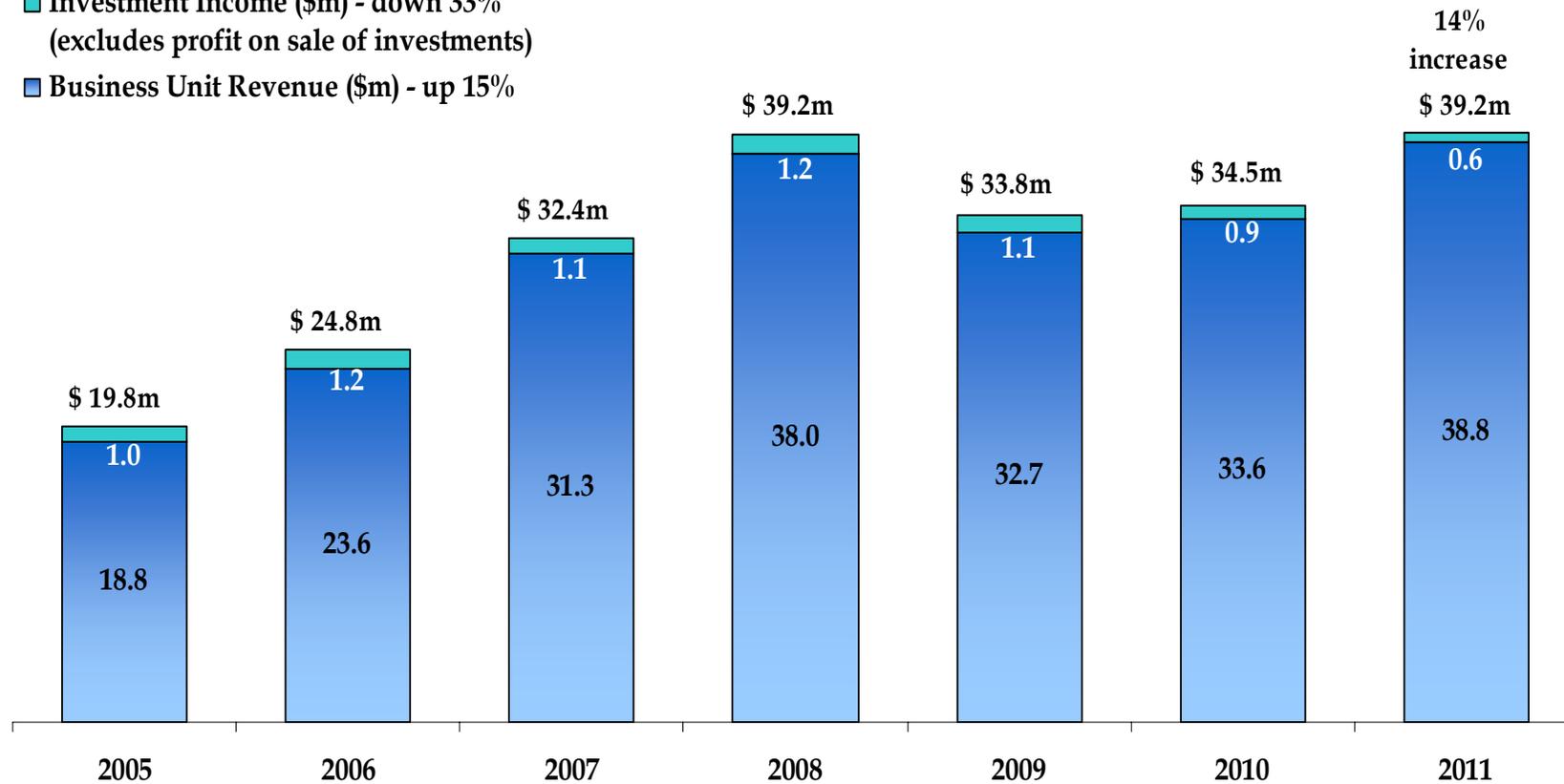
	2011 \$m	2010 \$m	Change
Operating revenue	39.2	34.5	14%
Operating expenses	(28.4)	(23.8)	(19%)
Operating profit before tax	10.8	10.7	1%
Income tax expense	(3.0)	(3.2)	
Operating profit after tax	7.8	7.5	3%
Net profit from sale of investments (net of tax)	0.4	0.5	
Net profit after tax	8.2	8.0	2%
Earnings per share (cents)	97.01¢	96.60¢	
Dividend per share (full-year, fully franked)	100¢	110¢	
Operating margin (pre-tax, excluding gains on the sale of investments, including non-recurring costs)	27.5%	31.1%	

Revenue



Revenue increased 14%

- Investment Income (\$m) - down 33%
(excludes profit on sale of investments)
- Business Unit Revenue (\$m) - up 15%

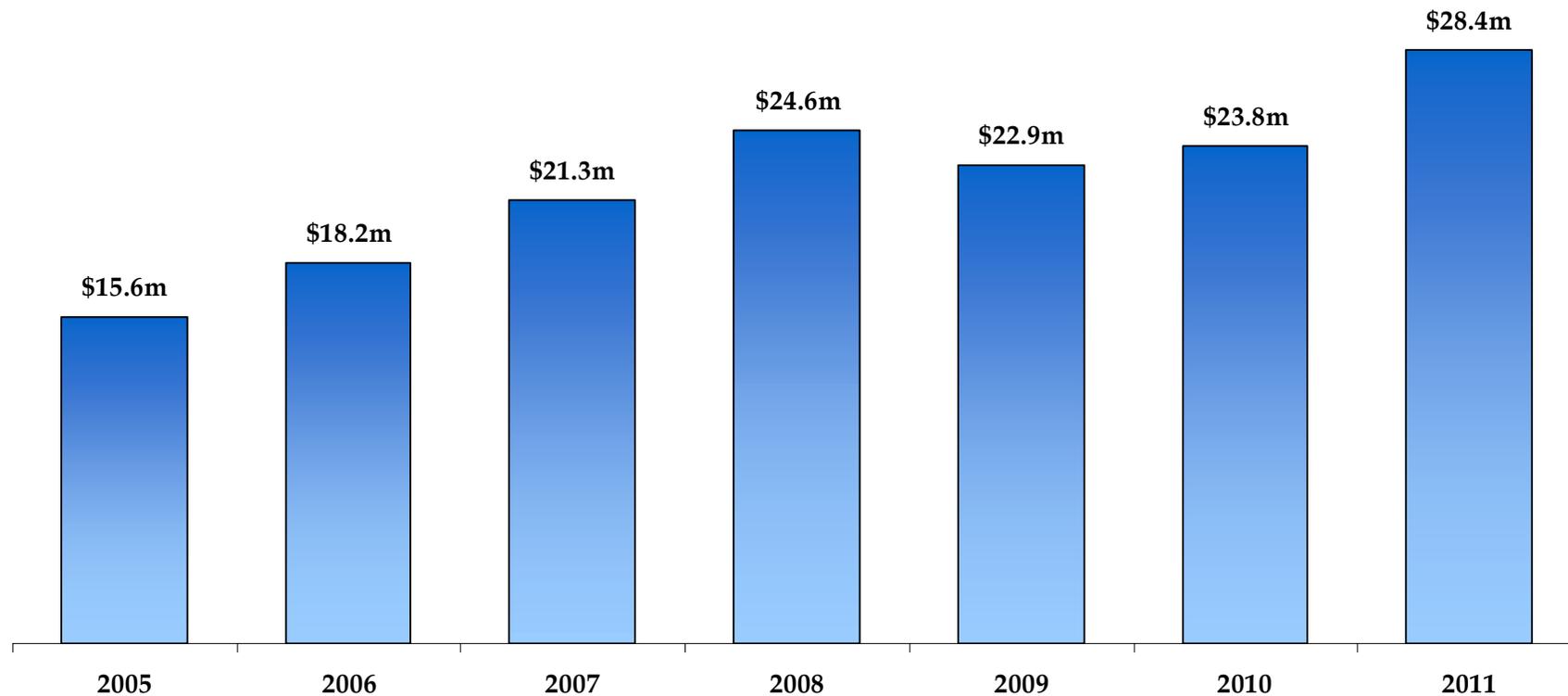


Expenses



Operating costs (\$m)

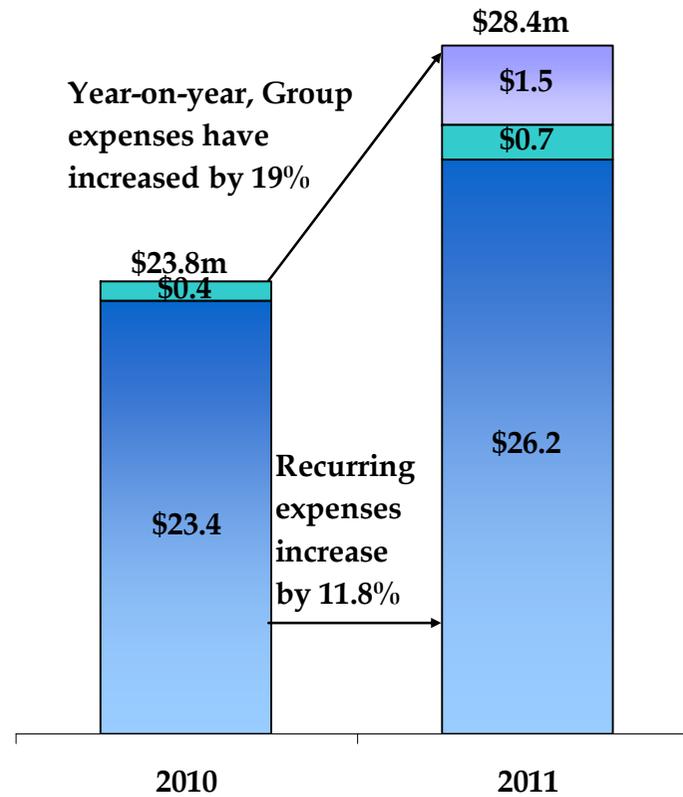
(Refer to subsequent page for detail)



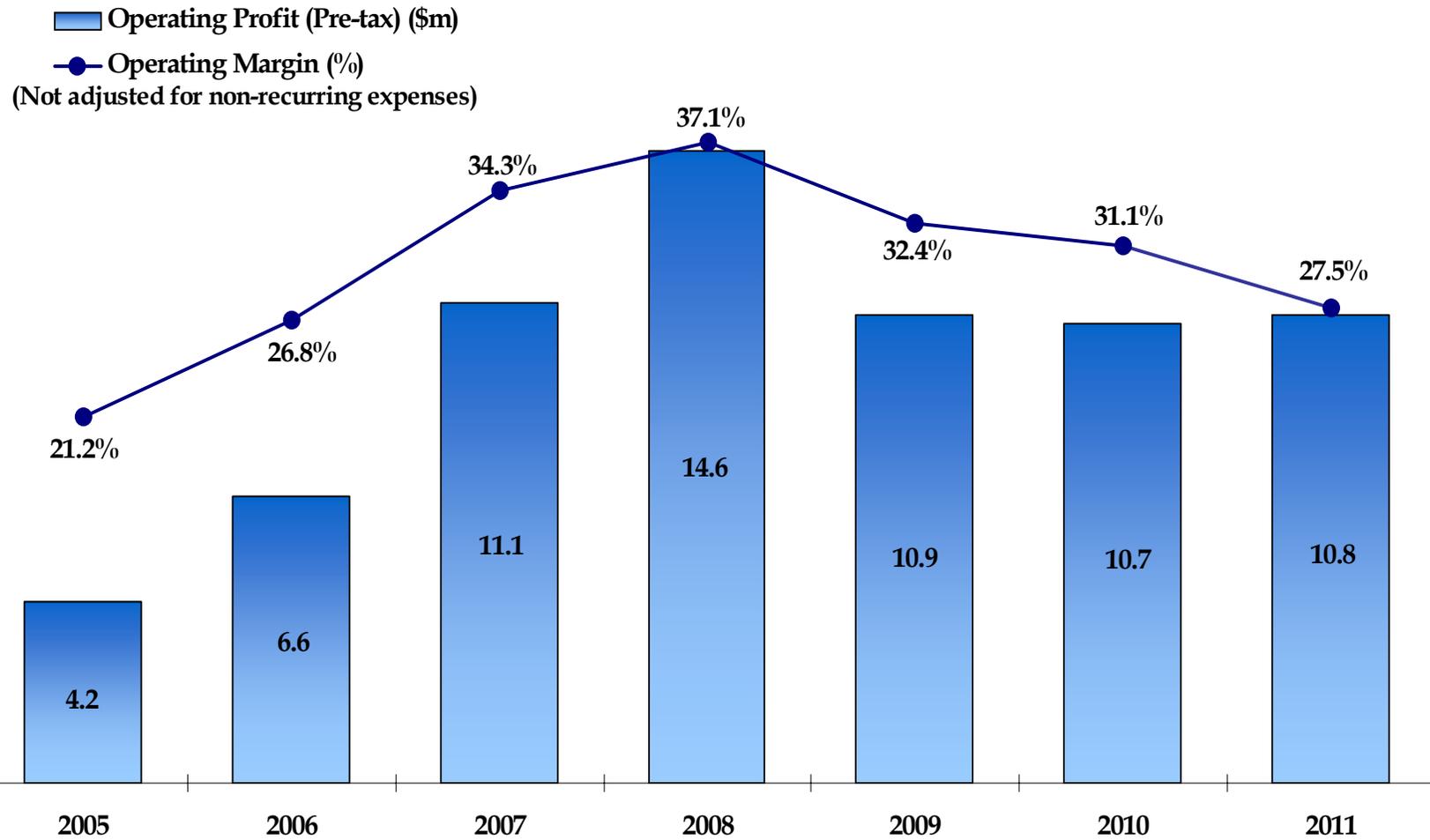
Expense composition



- Apex Recurring Expenses (8 mths) (\$m)
- Non-Recurring Expenses (\$m)
- Recurring Expenses (\$m)



Operating margin

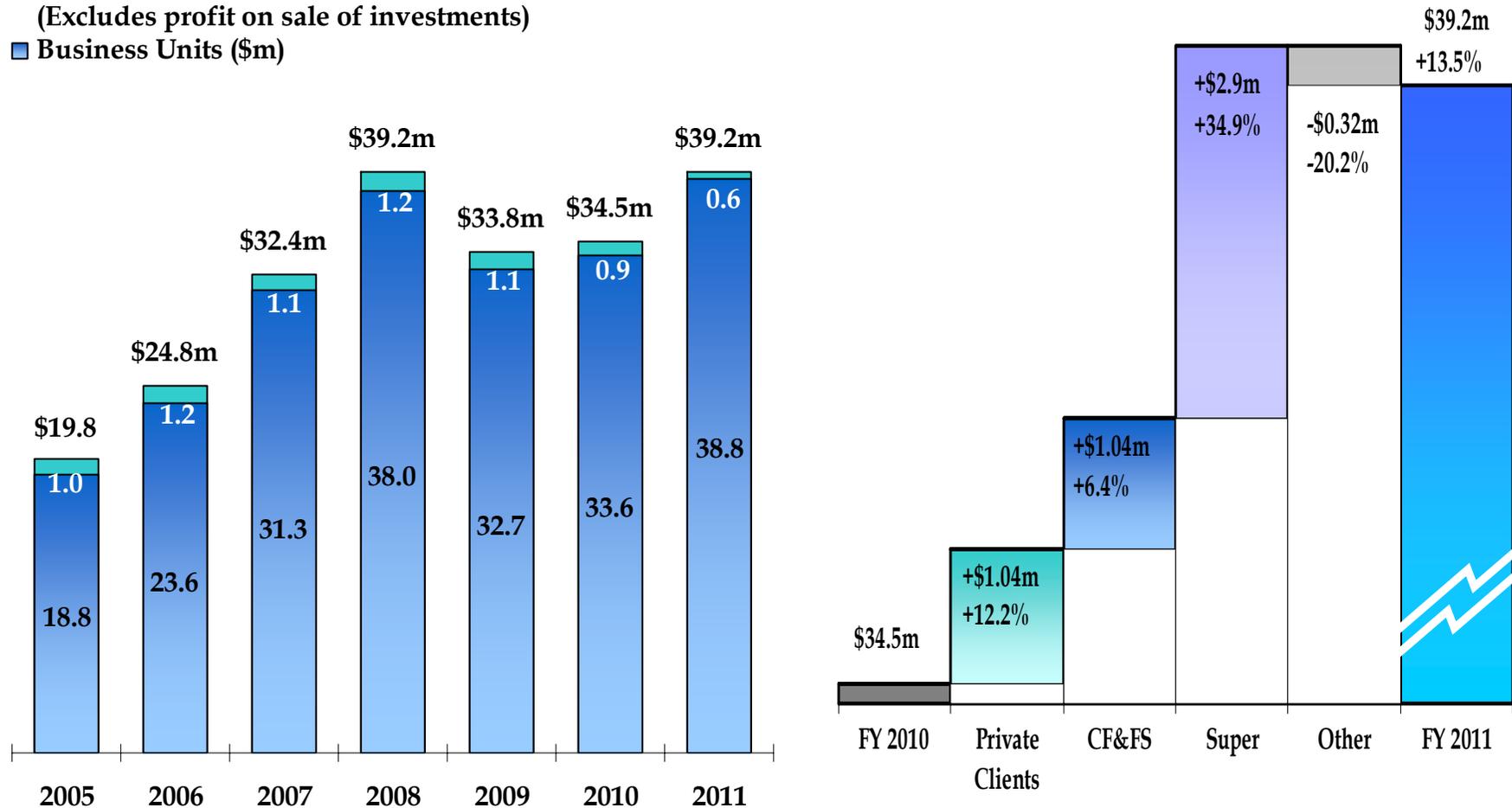


Operating revenue - change

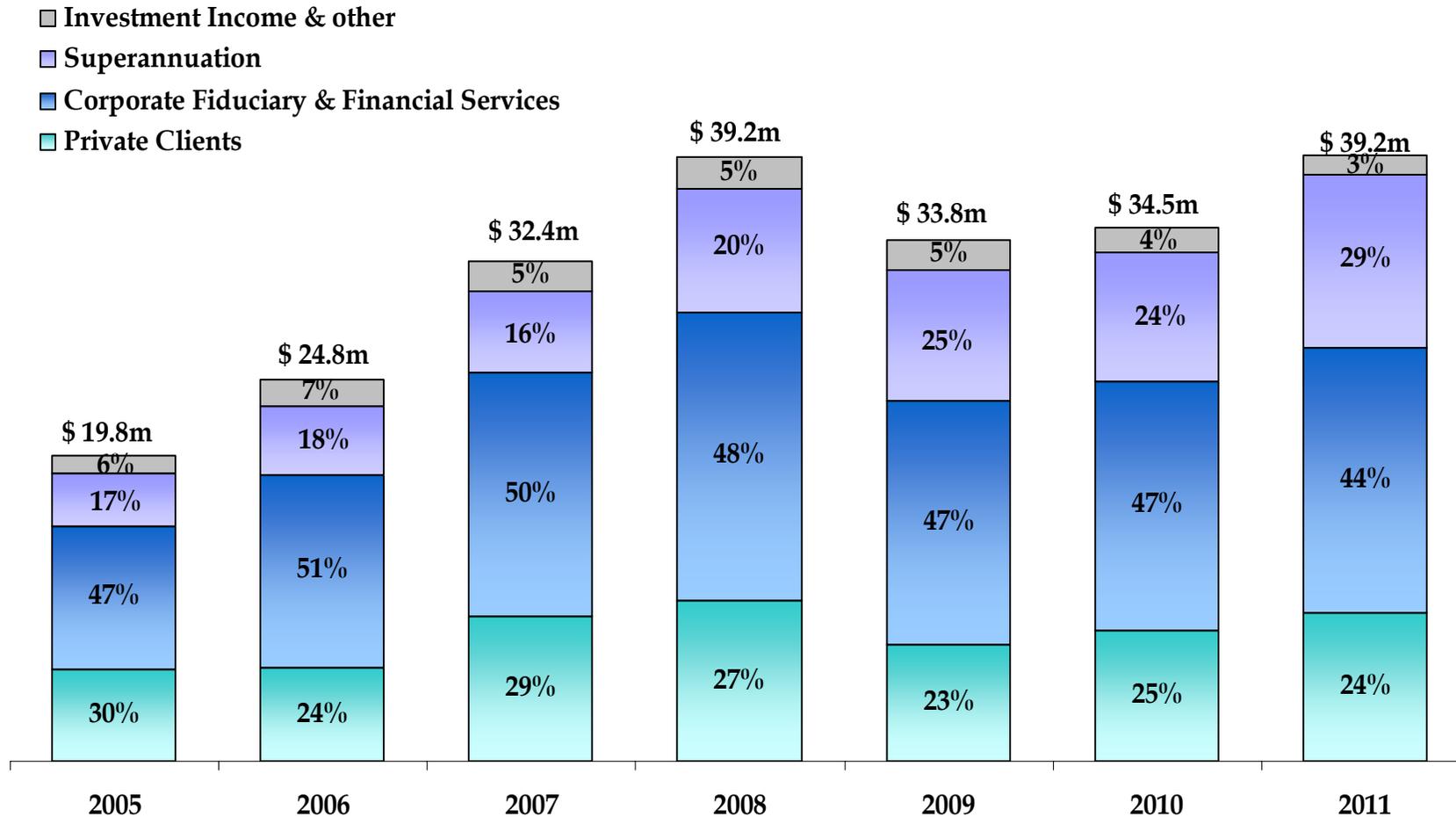


➤ Operating revenue up 14% to \$39.2m

- Investment Income (\$m)
(Excludes profit on sale of investments)
- Business Units (\$m)



Operating revenue - composition

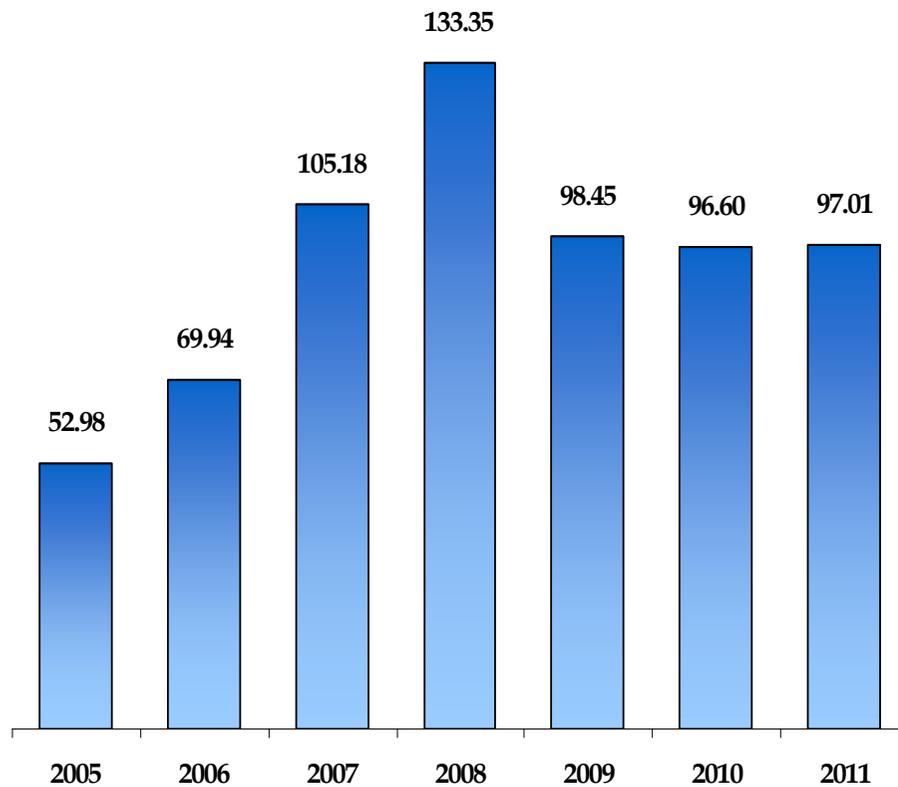


Reported Earnings per Share

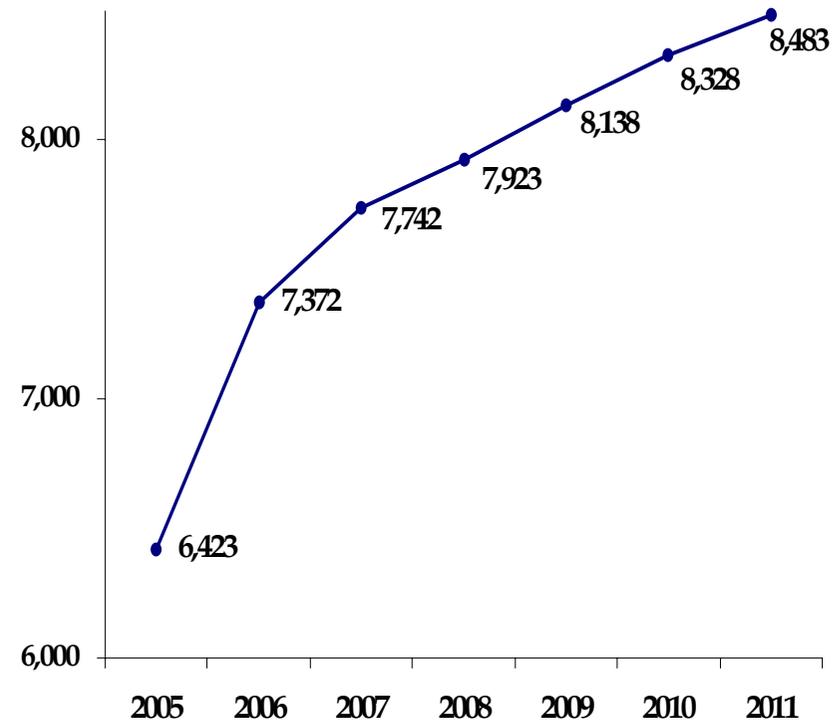


➤ Reported Earnings per Share up 0.42% to 97.01¢ per share

■ Earnings Per Share



—● Weighted average shares on issue ('000)

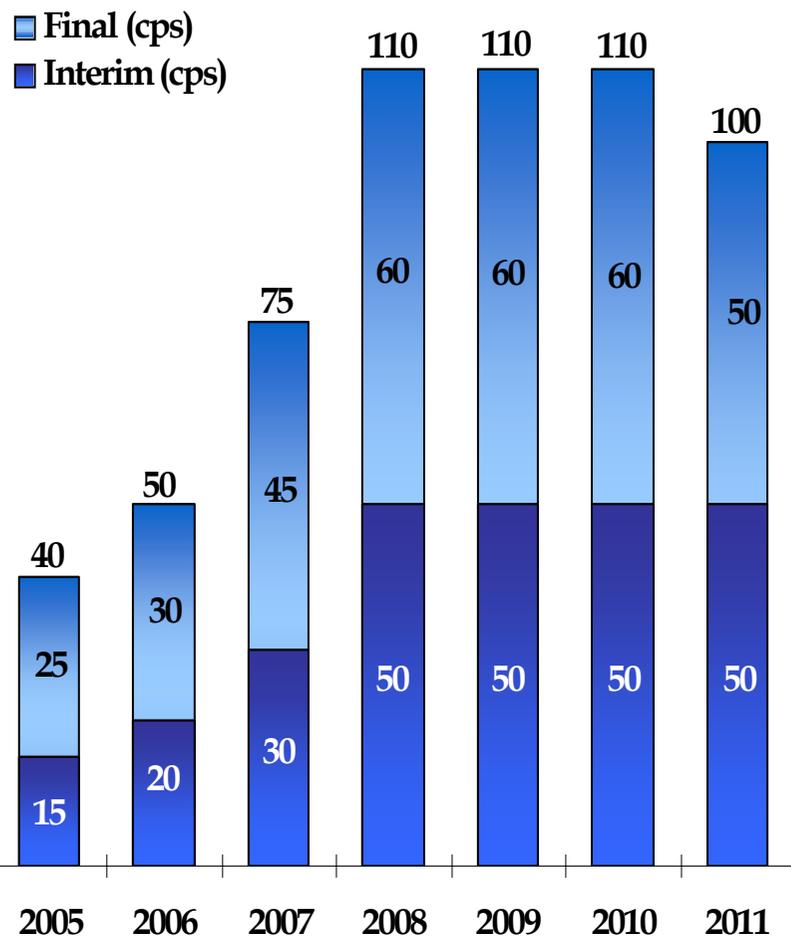


Returns to shareholders



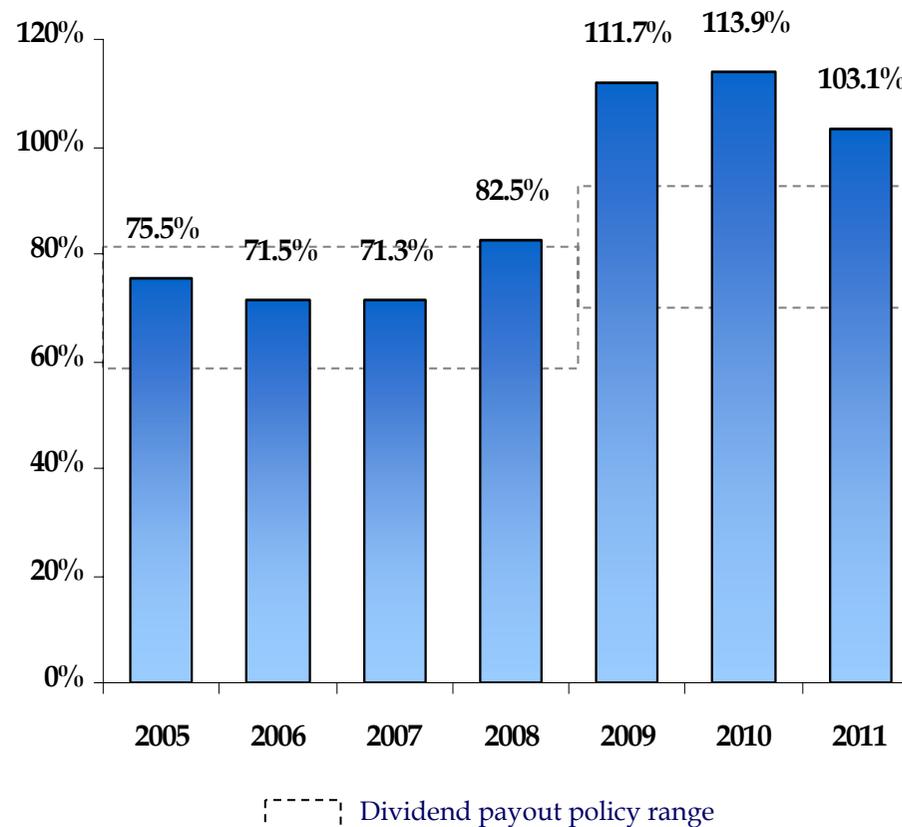
➤ Full-year, fully-franked dividend

- Reflecting a current yield of approximately 7.4% before franking credits



Full-year dividend as percentage of NPAT

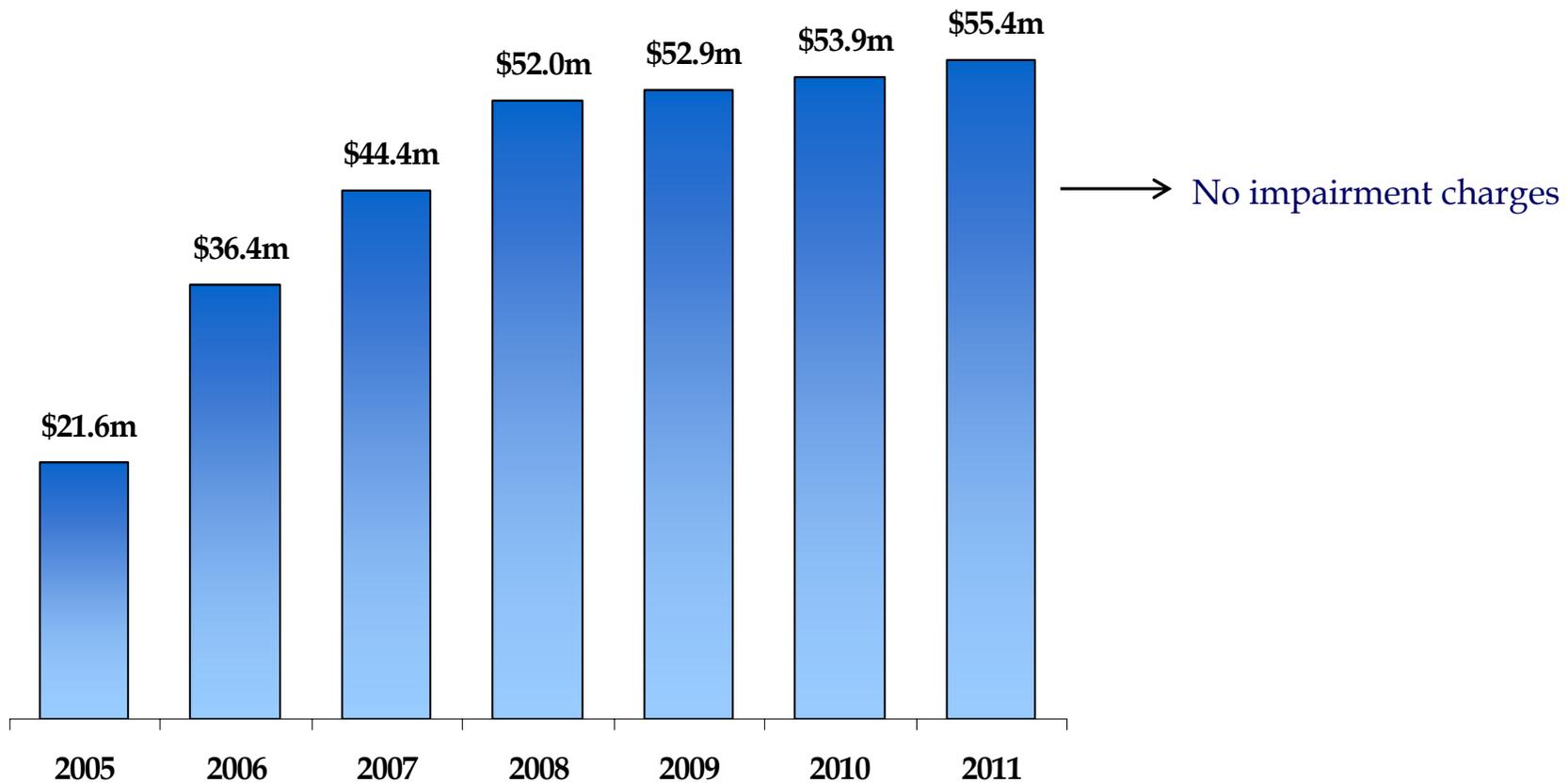
Note, change of policy to 70-90% of NPAT (from 60-80%)



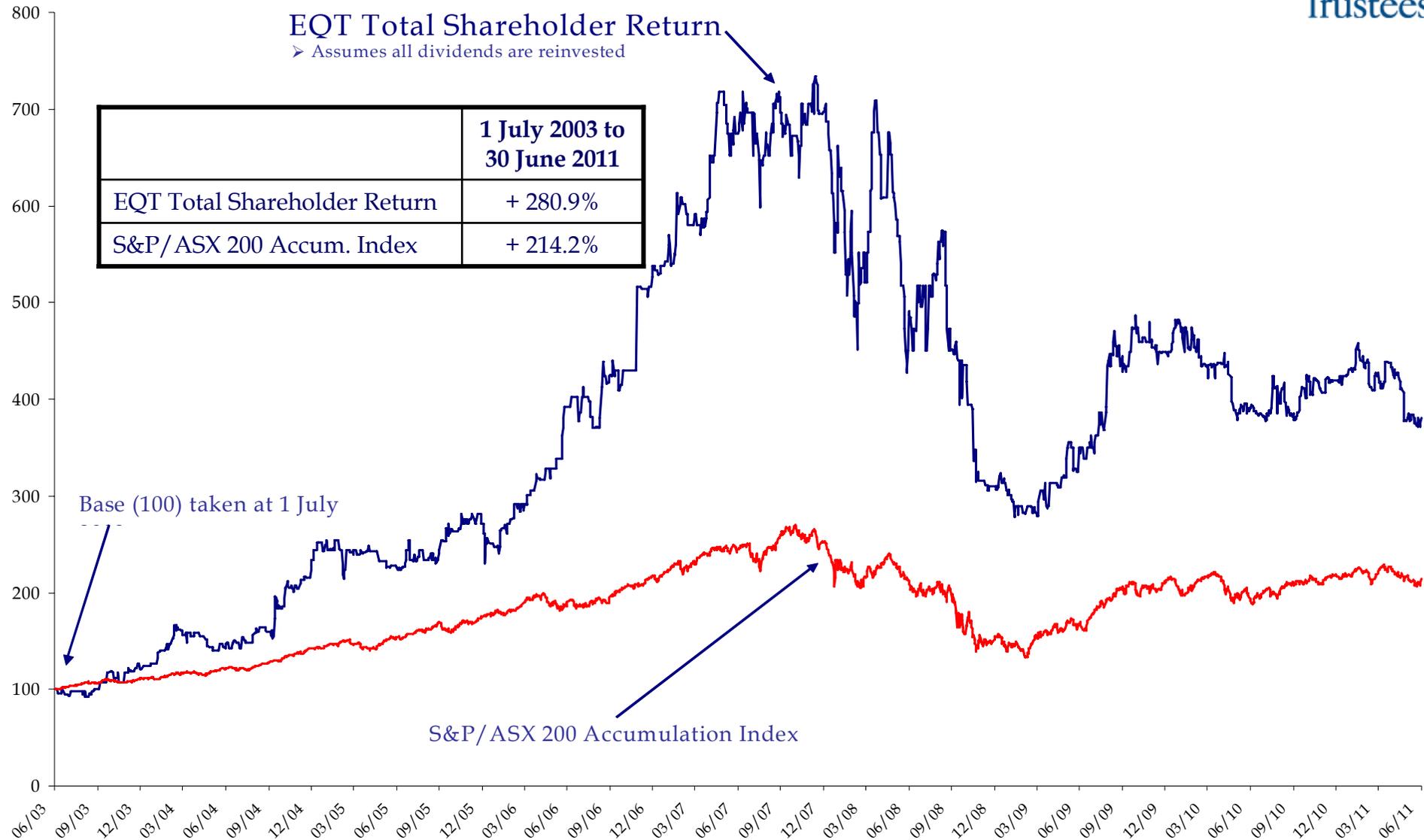
Net asset base



- Strong net asset base. Nil debt.



Sustained shareholder return



Trusted since 1888

Business units – operations & performance



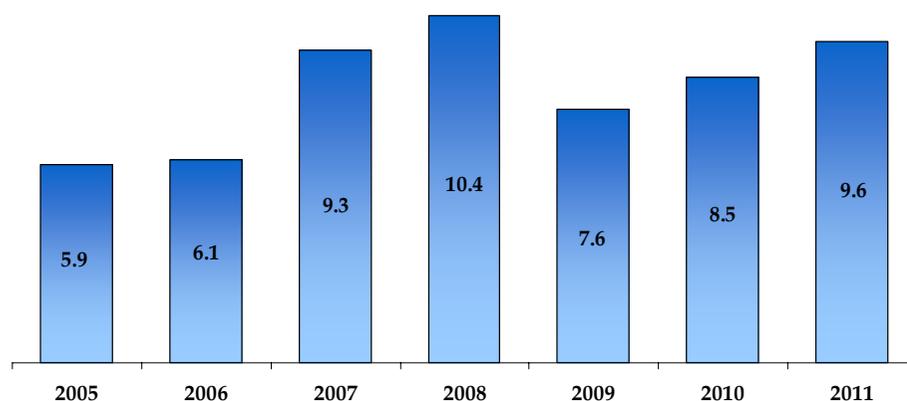
Business unit	Key services	Target market / channel	2011 Revenue, vs 2010	2011 FUM/FUA, vs 2010
Private Clients	<ul style="list-style-type: none"> ➤ Trusts & Estates ➤ Philanthropy ➤ Wealth Management ➤ Asset Management 	<ul style="list-style-type: none"> ➤ Private clients ➤ Business to business referrals 	<p>\$9.6m +12.2%</p>	<p>\$1,312m +4%</p>
Corporate Fiduciary & Fund Services	<ul style="list-style-type: none"> ➤ Distribution ➤ Product management for EQT co-branded funds (managed by external specialists) ➤ Responsible entity 	<ul style="list-style-type: none"> ➤ Platforms/IDPS ➤ Financial planners ➤ Investment managers 	<p>\$17.2m +6.4%</p>	<p>\$19,484m +20.5%</p>
Superannuation	<ul style="list-style-type: none"> Full service master trusts - ➤ Wealthpac ➤ Freedom of Choice ➤ Apex 	<ul style="list-style-type: none"> ➤ Small-medium size corporates ➤ Members 	<p>\$11.2m +34.9%</p>	<p>\$979m +56.9%</p>

Business unit overview - Private Clients

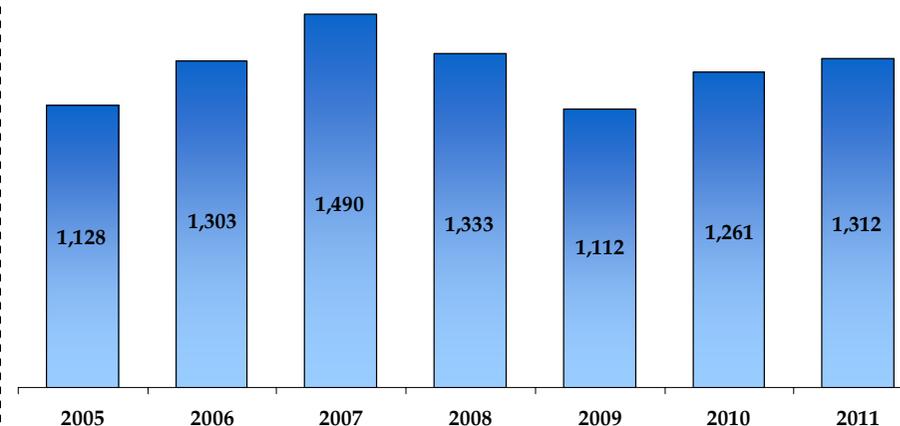


Operating revenue up 12.2% to \$9.6m

Significant one-off →



FUM/FUA at 30 June 2011 up 4% to \$1,312m



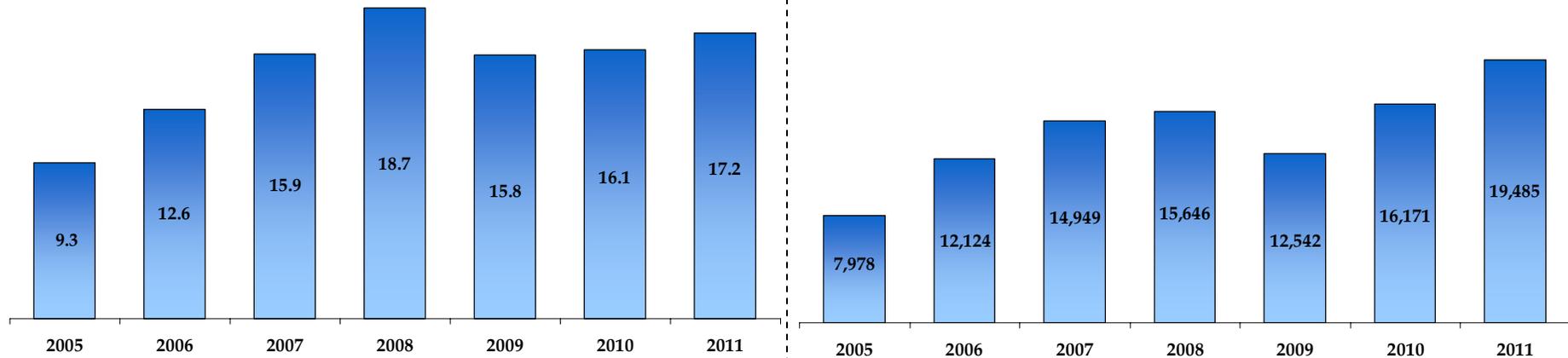
2011 highlights	<ul style="list-style-type: none"> • Successful year in Wealth Management client numbers. • Good performance across Estates, Trusts and Philanthropy. • Customer survey revealed very positive engagement and loyalty.
2012 outlook	<ul style="list-style-type: none"> • Bedding down systems for new regulatory regime. • Focus on referral networks and B2B development. • Integration of aged care advisory business, plan for future development.

Business unit overview – CF&FS



Operating revenue up 6.4% to \$17.2m

FUM/FUA at 30 June 2011 up 20.5% to \$19.485m

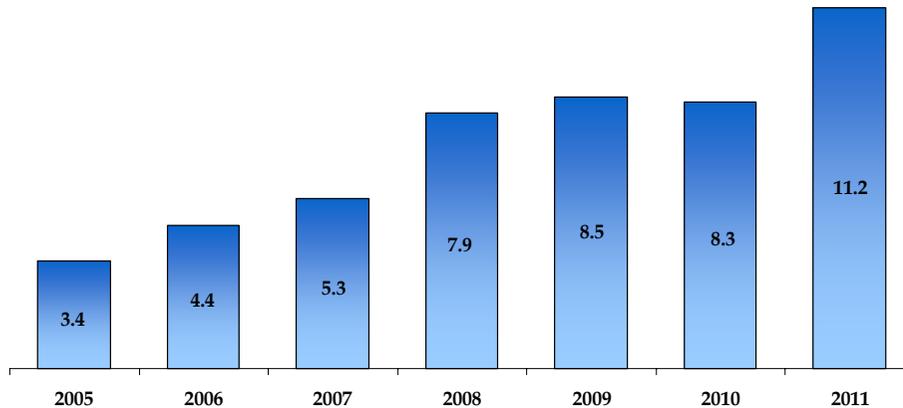


<p>2011 highlights</p>	<ul style="list-style-type: none"> • Strong net inflows to badged funds – but skewed to defensive assets. • Growth in RE clients – added 6 new managers and 15 new funds. • Interest in Australian market from offshore remains positive.
<p>2012 outlook</p>	<ul style="list-style-type: none"> • Market volatility to remain significant factor – flows likely to reflect. • Solid organic growth in RE activity but FUA/revenue affected by markets. • Competition remains keen – margins challenged in some cases. • Capital backing proposals to be monitored – may assist larger players.

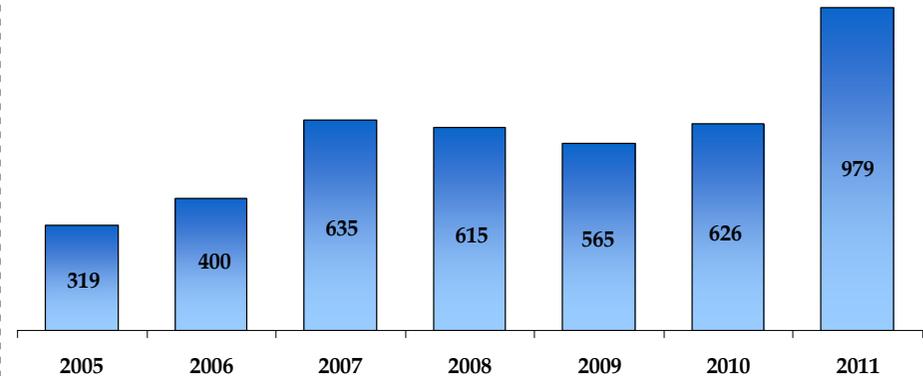
Business unit overview - Superannuation



Operating revenue up 34.9% to \$11.2m



FUM at 30 June 2011 up 56.9% to \$979m



<p>2011 highlights</p>	<ul style="list-style-type: none"> • Integration of OAMPS super, renamed Apex, builds scale, transition complete. • Launch of SimpleWRAP. • Strong relative investment performance.
<p>2012 outlook</p>	<ul style="list-style-type: none"> • Monitor Stronger Super changes. • Gain full benefits of improved scale. • Pursue 'one-off' development opportunities.

Business Update And Summary



The Environment

- Regulatory changes still flowing – FoFA, Stronger Super (MySuper & SuperStream), ASIC CP140 (capital for REs), tax changes for MIS. Mix of opportunities and challenges, but increased business complexity.
- Markets – volatile start to FY2012, investors nervous, industry is experiencing very skewed flows and low margin products dominating.
- Many acquisition opportunities in wealth management sector being presented, but not easy to value in such a volatile environment and ownership by a trustee company is often a more difficult concept for advisors to grasp.
- Demographic factors remain a positive for ‘traditional’ trustees business activities.
- Overall growth in industry FUM via mandated flows, increased saving rate (and increased SGC), creates a positive environment for corporate business lines.
- Impact of increased regulation and other factors to result in greater industry consolidation, both vertically and horizontally, across broad wealth management sector.

Summary



The Business

- Diversified revenue streams – all business units profitable, supported by a mix of in-house and out-sourced service functions.
- Continued focus on maximising efficiency and maintaining in-house activity where there is competitive advantage/reason for retaining expertise.
- Some years ahead of peers in certain internal functionality.
- Focus on expense control to reflect challenging revenue scenarios, but pursuit of long-term growth opportunities requires continued investment in client acquisition and development.
- Stable, experienced team but also increasing focus on institutionalising processes to protect risk management, expertise and client relations.

Summary



The Business (continued)

- New business generation and opportunities strong in most business areas.
- Alert to potential acquisition opportunities, with disciplined selection and valuation criteria. Demonstrated ability to efficiently manage bolt-ons.
- Exploring additional revenue generating/service enhancing possibilities leveraging off existing expertise and functions.
- Consistent strategic direction over medium – long term. Impact of industry regulatory changes should provide positive opportunities for Trustee companies.



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