Equity Trustees

INVESTOR PRESENTATION

RESULTS FOR YEAR ENDING 30 JUNE 2018

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

22 AUGUST 2018

AGENDA

(1) 2018 IN REVIEW

(2) FINANCIALS

(3) STRATEGY UPDATE AND OUTLOOK

(4) QUESTIONS

2018 IN REVIEW

STRONG IMPROVEMENT IN PERFORMANCE

- Net profit up 28% to $19.7m
- Revenue up 11%
- Disciplined expense management – increase 3.8%
- FUMAS* up 21% to $86.2b – a record
- Basic earnings per share up 26% to 97.3 cents
- Total dividend for the year 82 cents, up 15.5%
- All areas of business experiencing strong growth
- Delivering for all stakeholders

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

MOMENTUM BUILDING

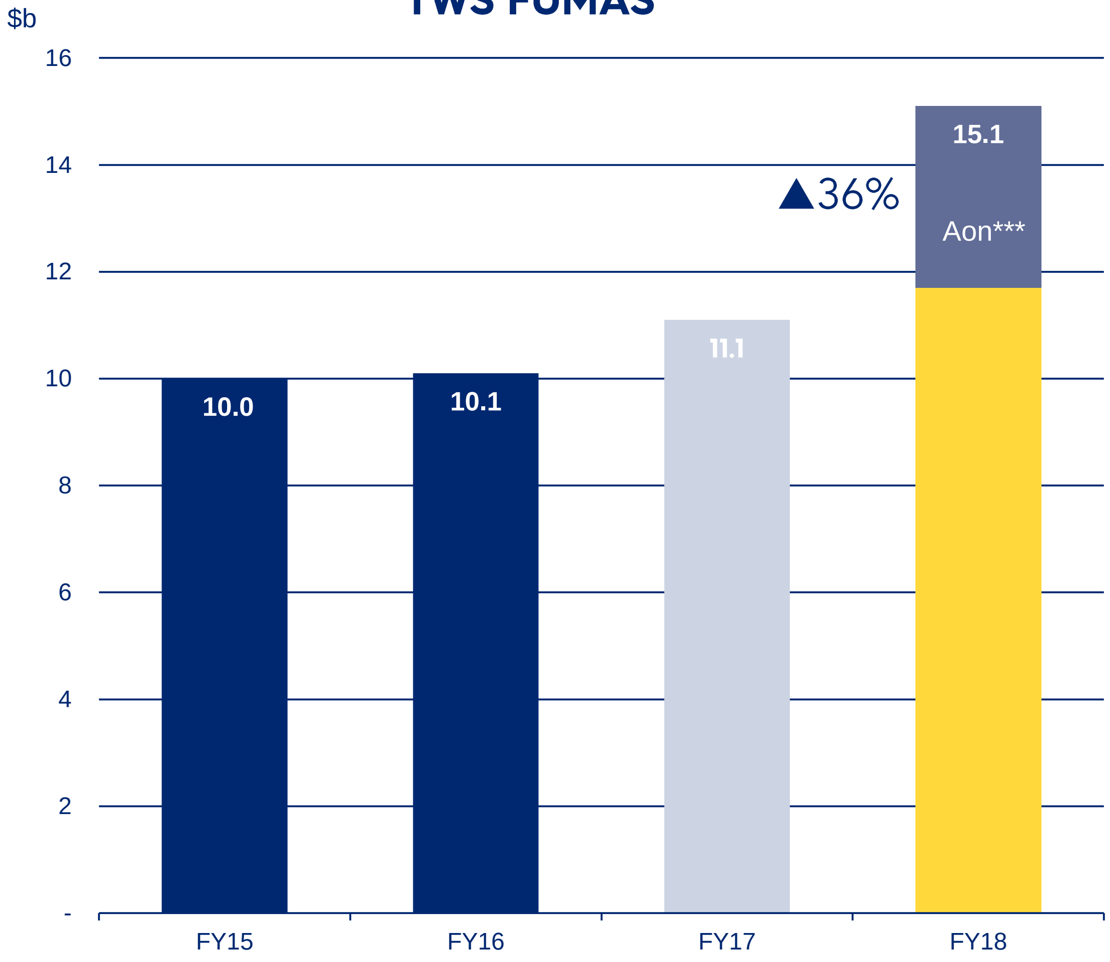
DRIVEN BY ORGANIC GROWTH, PARTNERSHIPS AND ACQUISITIONS

- Core businesses performing strongly
  - Significantly improved Trustee and Wealth Services (TWS) performance
  - Continued, consistent Corporate Trustee Services (CTS) performance
- Acquisitions and partnerships delivering
  - Sandhurst acquisition fully integrated and performing well
  - Majority shareholding in UK-based Treasury Capital Ltd (TCL) – tapping into global expansion opportunity
  - Aon Master Trust appointment – doubles size of super trustee business
  - Acquisition of OV* Responsible Entity (RE) business – cements EQT as Australia's Leading RE
- Industry environment favours specialist trustee model
- Significant improvement in staff engagement and good progress in client satisfaction

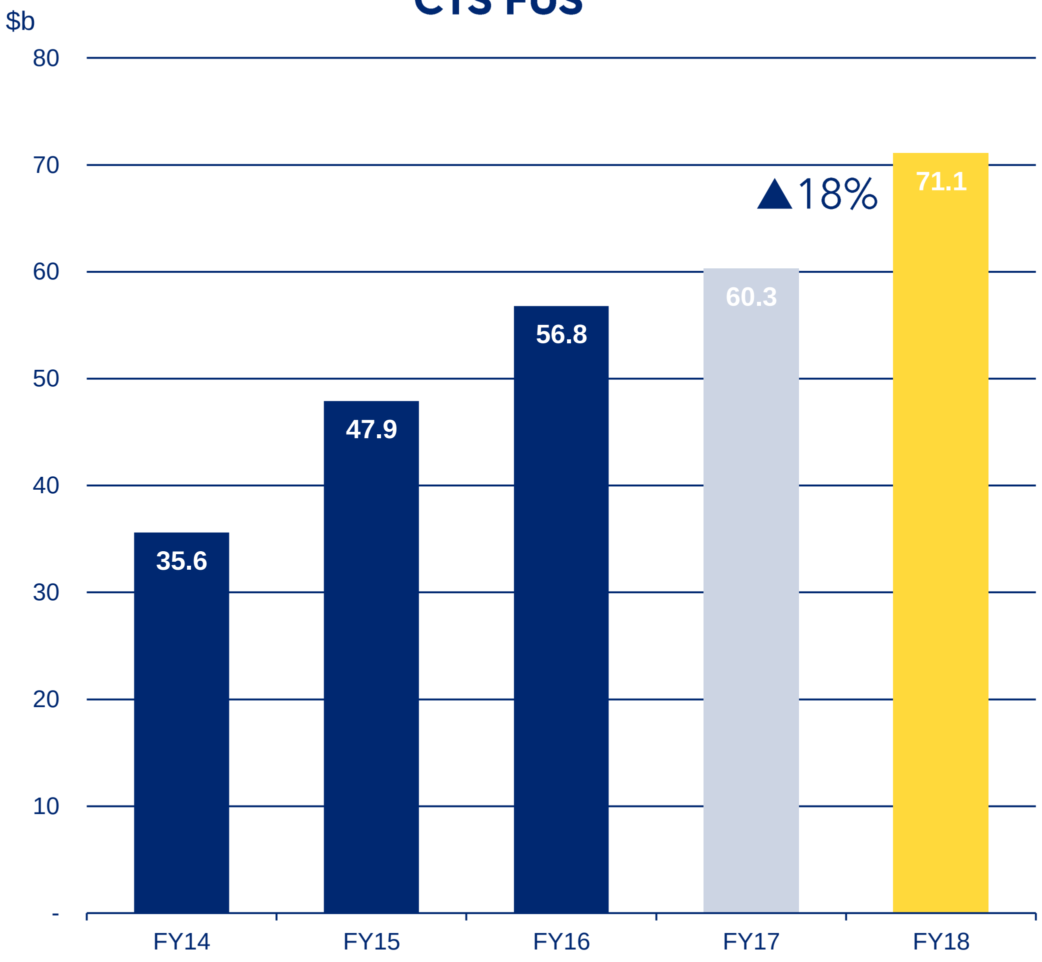
*OneVue

GROWTH IN FUNDS TO RECORD LEVELS

TWS FUMAS**



CTS FUS*



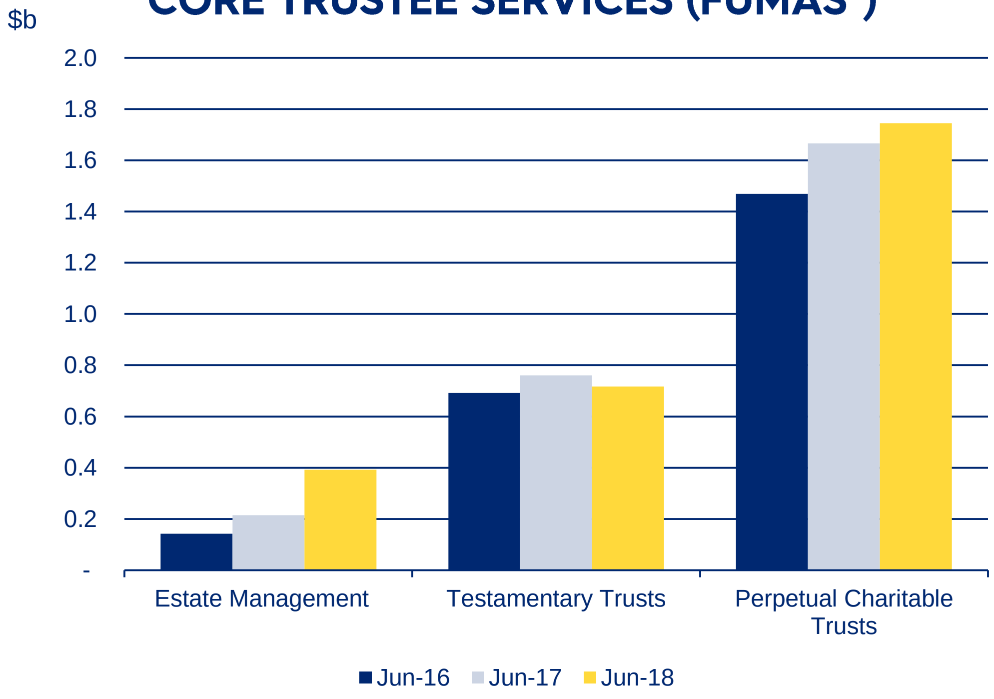
* FUS: Funds under supervision
**FUMAS: Funds under management, administration, advice and supervision
*** Reflects appointment as Trustee of the Aon MasterTrust

Note: TWS FUMAS has been updated to more accurately reflect underlying product data with prior periods restated accordingly.

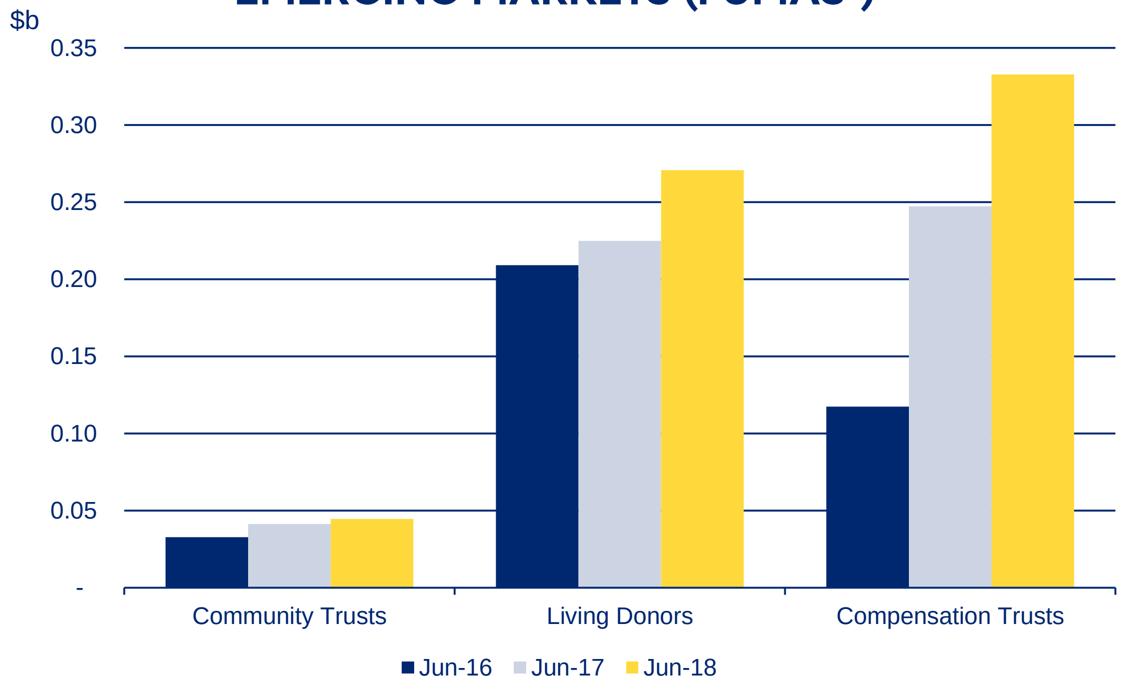
Note: Excludes TCL client FUS

TWS HIGHLIGHTS

CORE TRUSTEE SERVICES (FUMAS*)



EMERGING MARKETS (FUMAS*)



- 33 new Testamentary trusts partially offset by vesting of a small number of large trusts
- 7 new perpetual charitable trusts, 1% increase
- Focus on high value, complex estates

- Community trusts – early growth, and promising potential
- 13 new living donor clients, 6% increase
- 11 new compensation trusts, 9% increase

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

CTS HIGHLIGHTS

NO. OF MANAGERS	NO. OF FUNDS
137	296
▲24.5%	▲12.1%

Note: Excludes TCL clients

NEW CLIENTS INCLUDE:

AUSTRALIA

CITADEL
NEWGATE
PRIME
RAM
REDPOINT
SMARTER MONEY
SUPERVISED

GLOBAL

CONTRARIUS
MILFORD
QUADRANT
RIVER & MERCANTILE

CLARITY OF PURPOSE: T4 TARGETS

T1
IMPROVING CLIENT SATISFACTION

T2
LIFTING EMPLOYEE ENGAGEMENT

T3
GROWING SHAREHOLDER VALUE

T4
DEEPENING COMMUNITY IMPACT

MEASUREMENT:

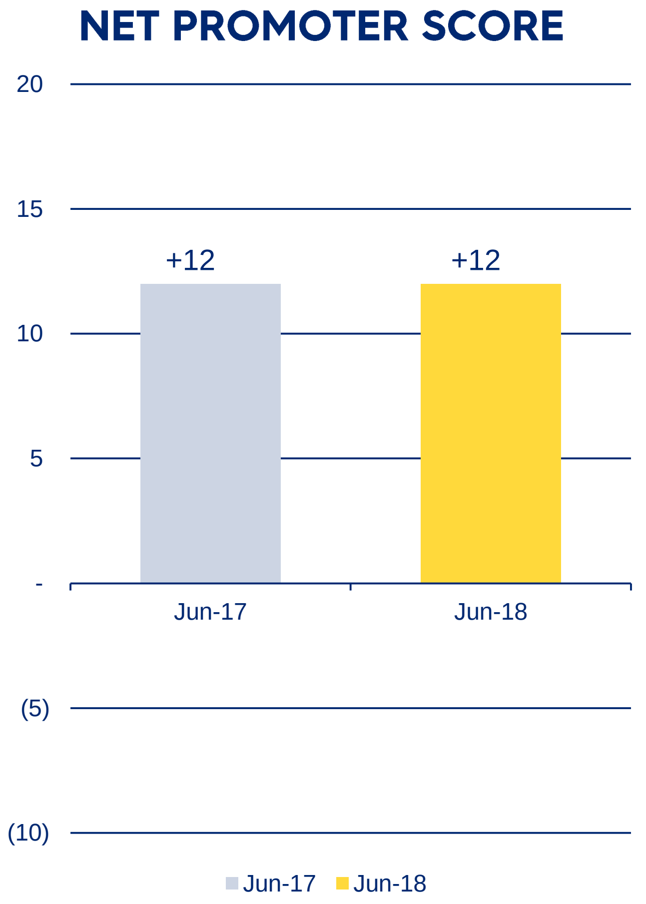
T1
Net promoter score
Net loyalty score

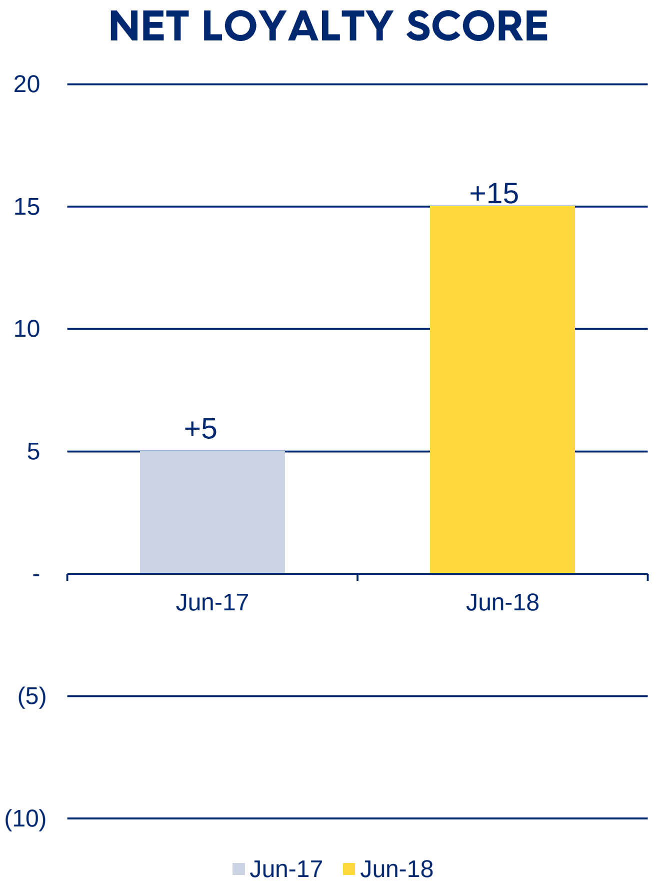
T2
Engaged and enabled staff

T3
Earnings per share growth and FUMAS growth

T4
Granting and volunteering

T1 – IMPROVING CLIENT SATISFACTION



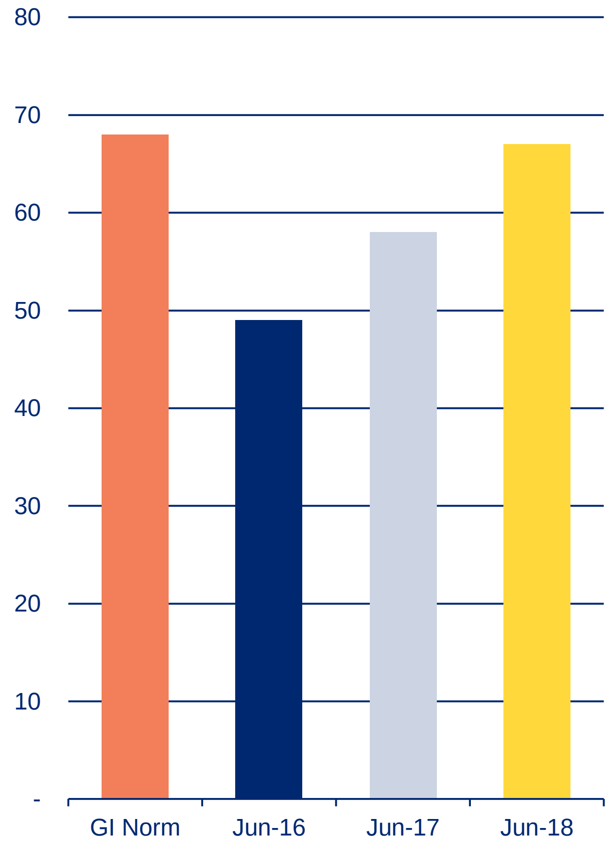


- Digital strategy focused on significantly improved client experience
- Investment in business development, front-line capabilities and enhanced client reporting

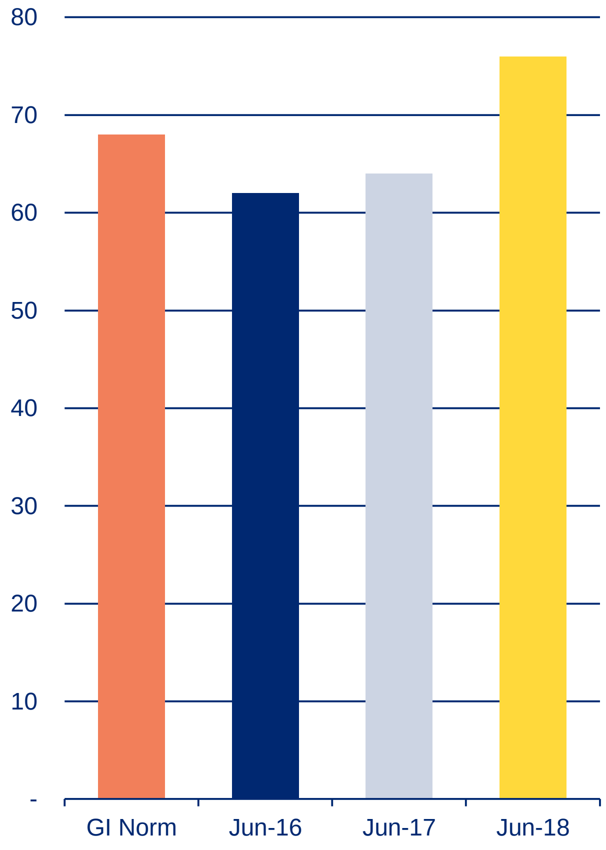
*Net Promoter score – net measure of clients willing to recommend EQT
**Net Loyalty score – net measure of clients prepared to purchase another EQT product or service.

T2 – LIFTING EMPLOYEE ENGAGEMENT

ENGAGED



ENABLED



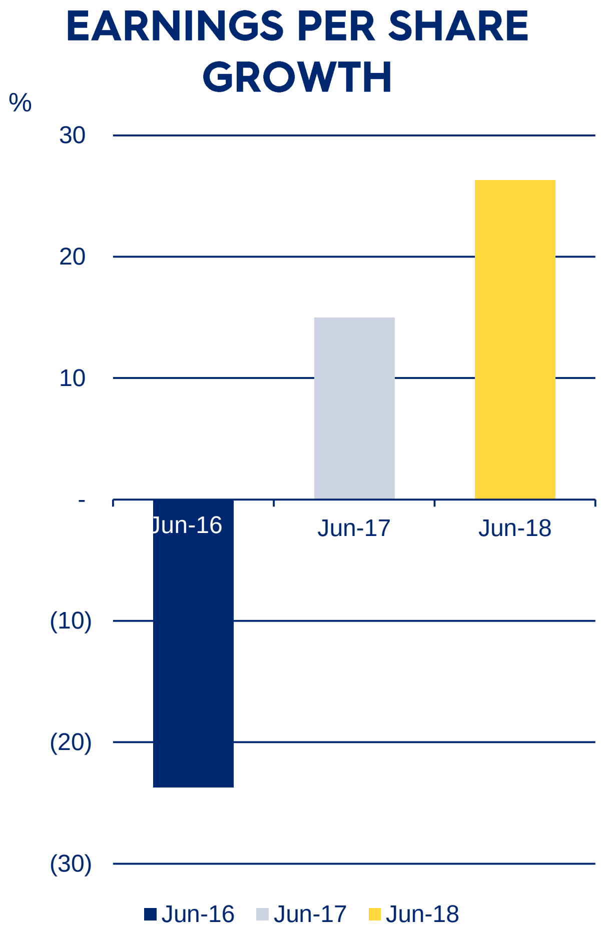
TRAINING

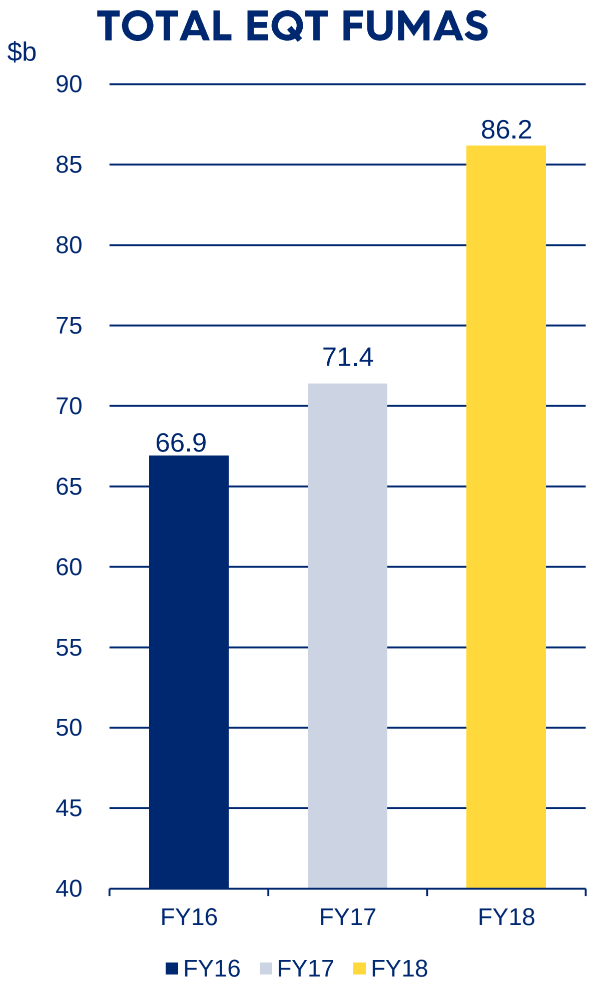
PAY & BENEFITS

COLLABORATION

PERFORMANCE MANAGEMENT

T3 – GROWING SHAREHOLDER VALUE

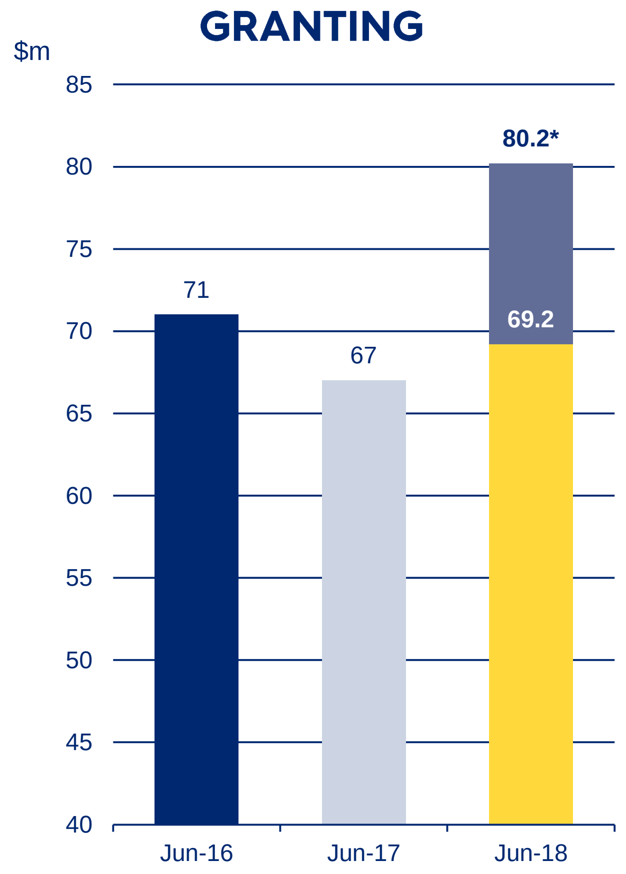


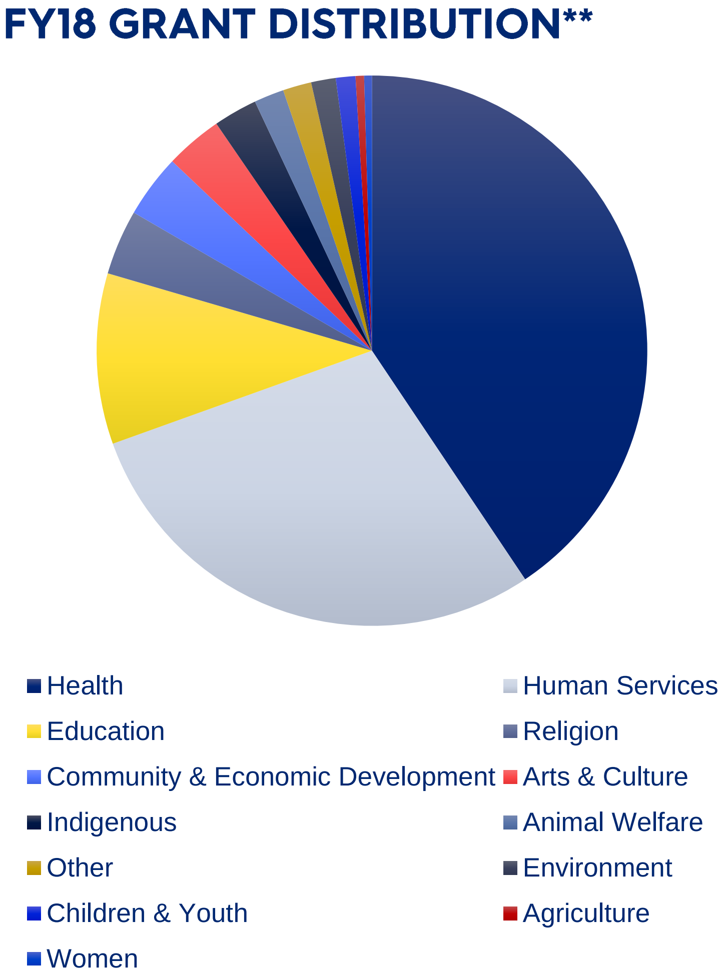


- Substantial lift in net profit after tax and earnings per share
- 21% increase in FUMAS

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

T4 – DEEPENING COMMUNITY IMPACT





- Annual granting program to over 2,000 beneficiaries
- Implementation of work place giving and volunteering program for staff

* This includes $69.2m from charitable trusts and $11m in one off payments directly from Estates and Trusts
** This is a breakdown of charitable trusts only

FINANCIALS

STRONG FINANCIAL PERFORMANCE

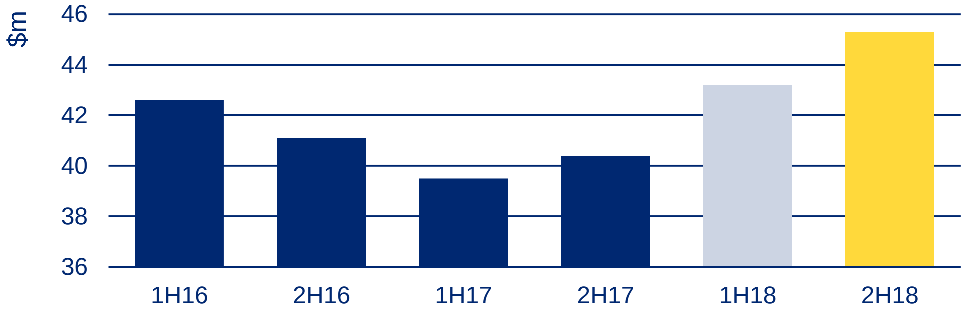
YEAR ENDED 30 JUNE	2018	2017		2018 VS 2017
Total revenue ($m)	**88.5**	79.9	▲	10.8%
Operating expenses ($m)	**58.5**	54.6	▲	7.1%
Non-operating expenses ($m)	**1.3**	3.0	▼	56.7%
Net Profit Before Tax (NPBT $m)	**28.7**	22.3	▲	28.7%
NPBT margin (%)	**32.4**	27.9	▲	16.1%
Effective Tax rate (%)	***32.4***	*30.9*	▲	*4.9%*
Net Profit After Tax (NPAT $m)	**19.7**	15.4	▲	27.9%
Earnings Per Share (EPS) (cents)	**97.27**	77.00	▲	26.3%
Diluted EPS on NPAT (cents)	**96.89**	76.90	▲	26.0%
Dividends (cents per share)	**82**	71	▲	15.5%
Return on Equity (ROE) (% p.a.)	**7.8**	6.3	▲	23.8%

- Strong revenue growth driven by organic growth, strategic initiatives and positive markets
- Disciplined approach to expenses
- Non-operating expenses materially reduced
- Significant increase in NPBT margin to 32.4%
- Strong increase in NPAT and dividend

STRONG HALF ON HALF FINANCIAL PERFORMANCE

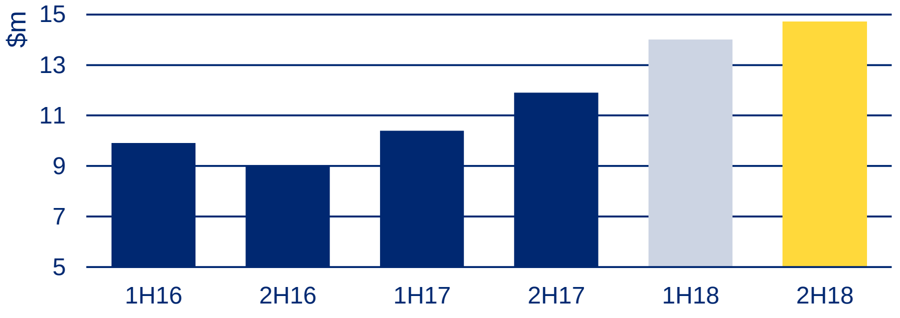
TOTAL REVENUE

$45.3M



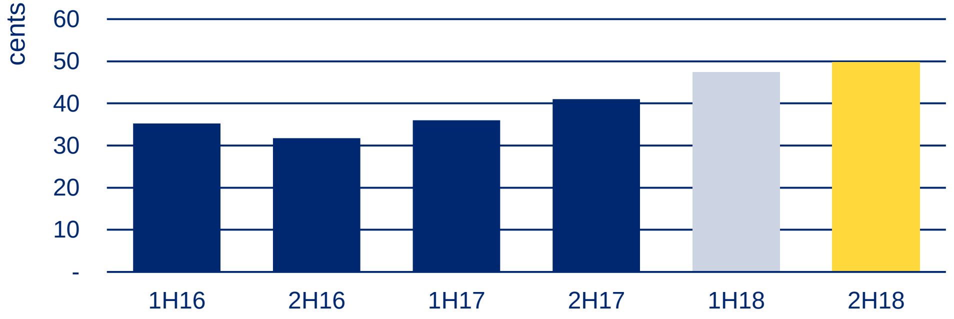
NET PROFIT BEFORE TAX (NPBT)

$14.7M



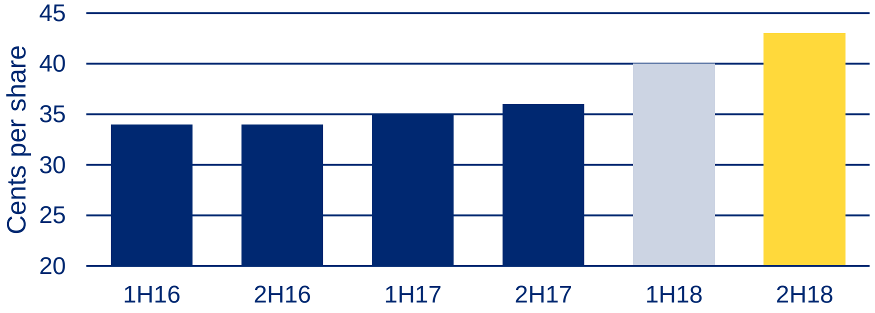
EARNINGS PER SHARE (EPS) (CENTS)

49.8CENTS

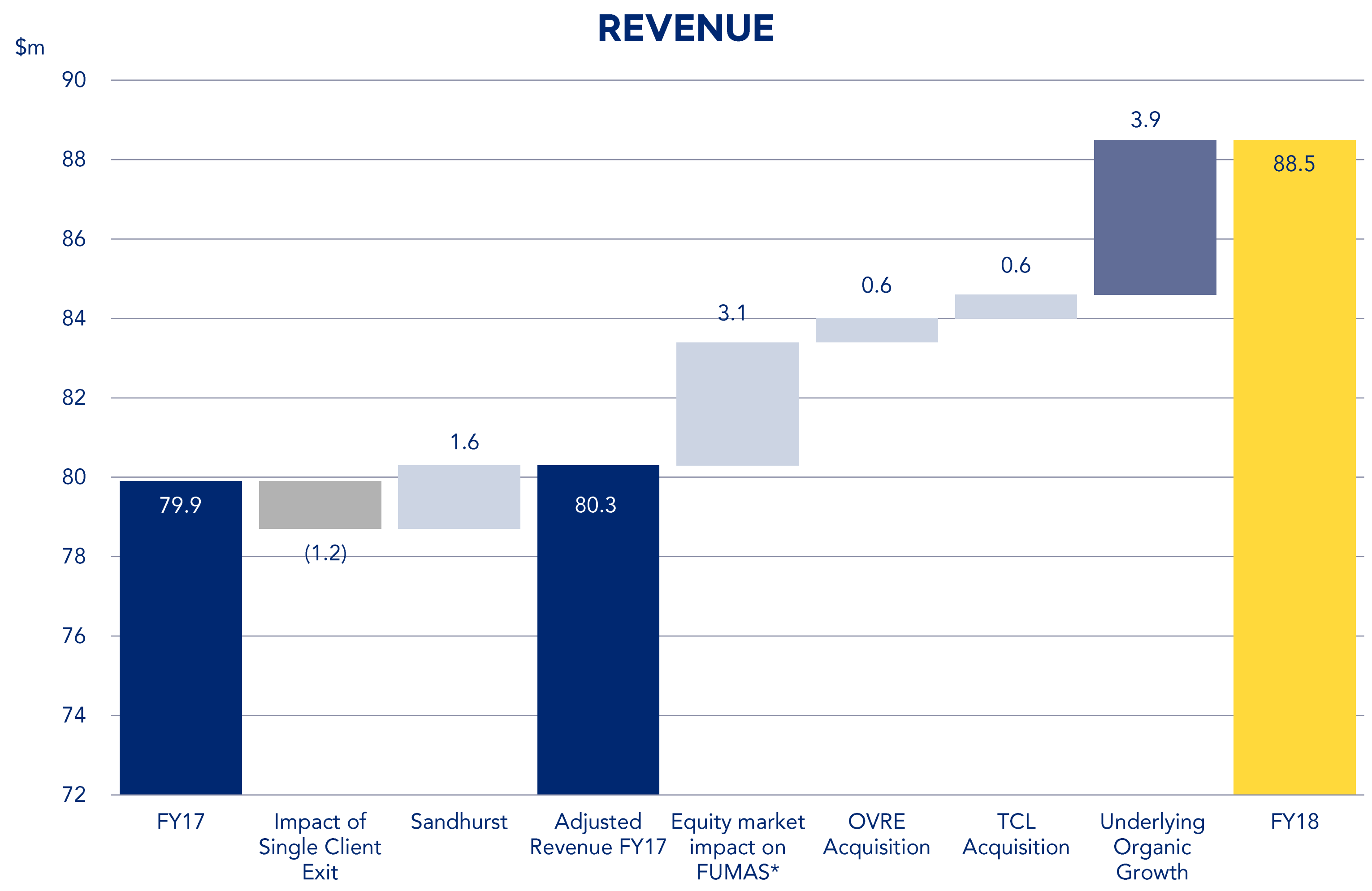


DIVIDENDS (CPS)

42CENTS



SOLID UNDERLYING REVENUE GROWTH



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

10.8% HEADLINE GROWTH IN REVENUE DRIVEN BY 3 KEY SOURCES:

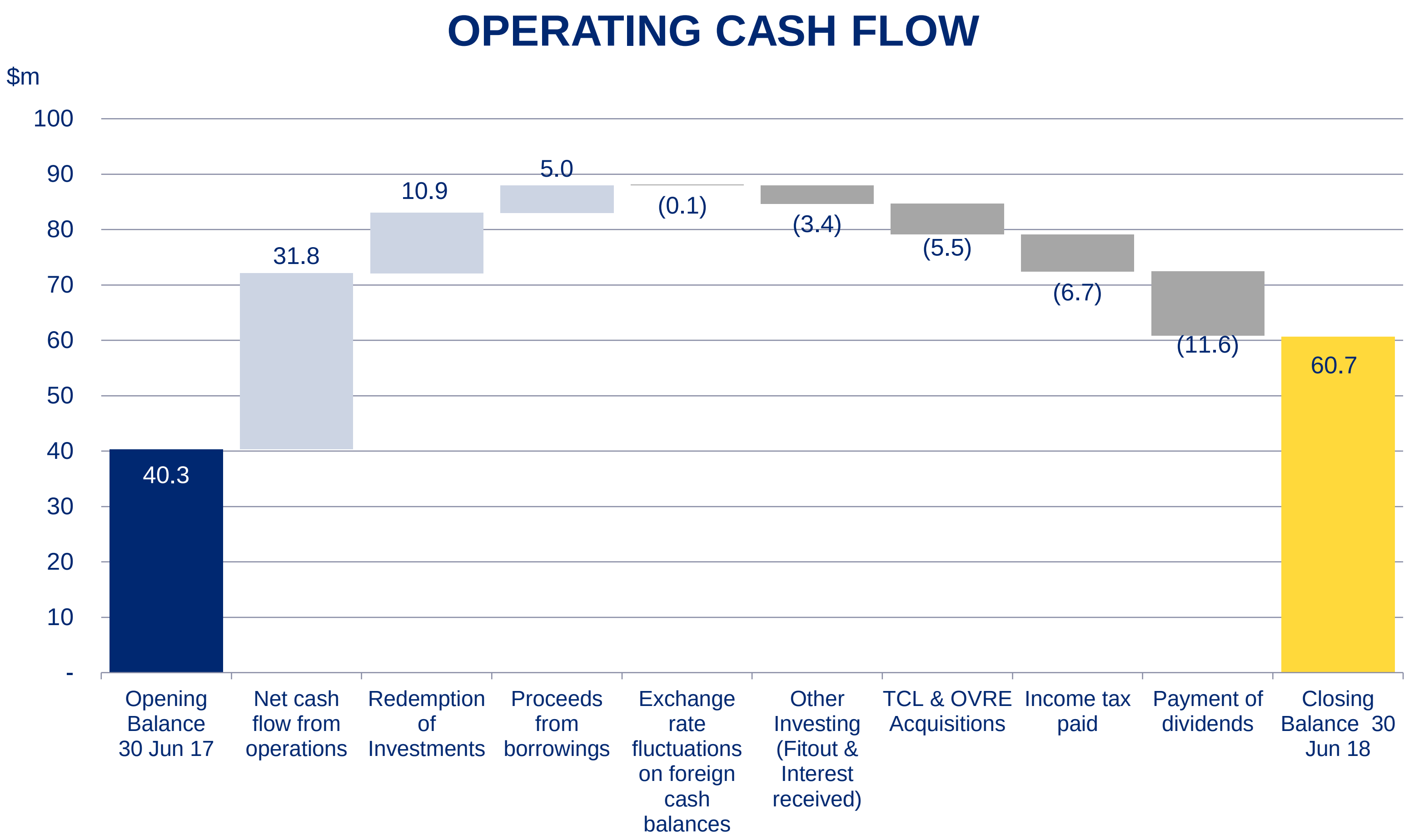
- 4.9% underlying organic revenue growth
- ~4% market growth
- Significant revenue contribution from acquisitions more than offsetting single client exit

NON-OPERATING EXPENSES MATERIALLY REDUCED

NON-OPERATING EXPENSES	2018 $M	2017 $M	2016 $M
M&A Activity	0.8	0.3	1.0
Restructuring costs	0.3	1.6	2.3
Business Assurance Project	-	0.7	1.9
Other	0.2	0.4	2.6
Total	1.3	3.0	7.8

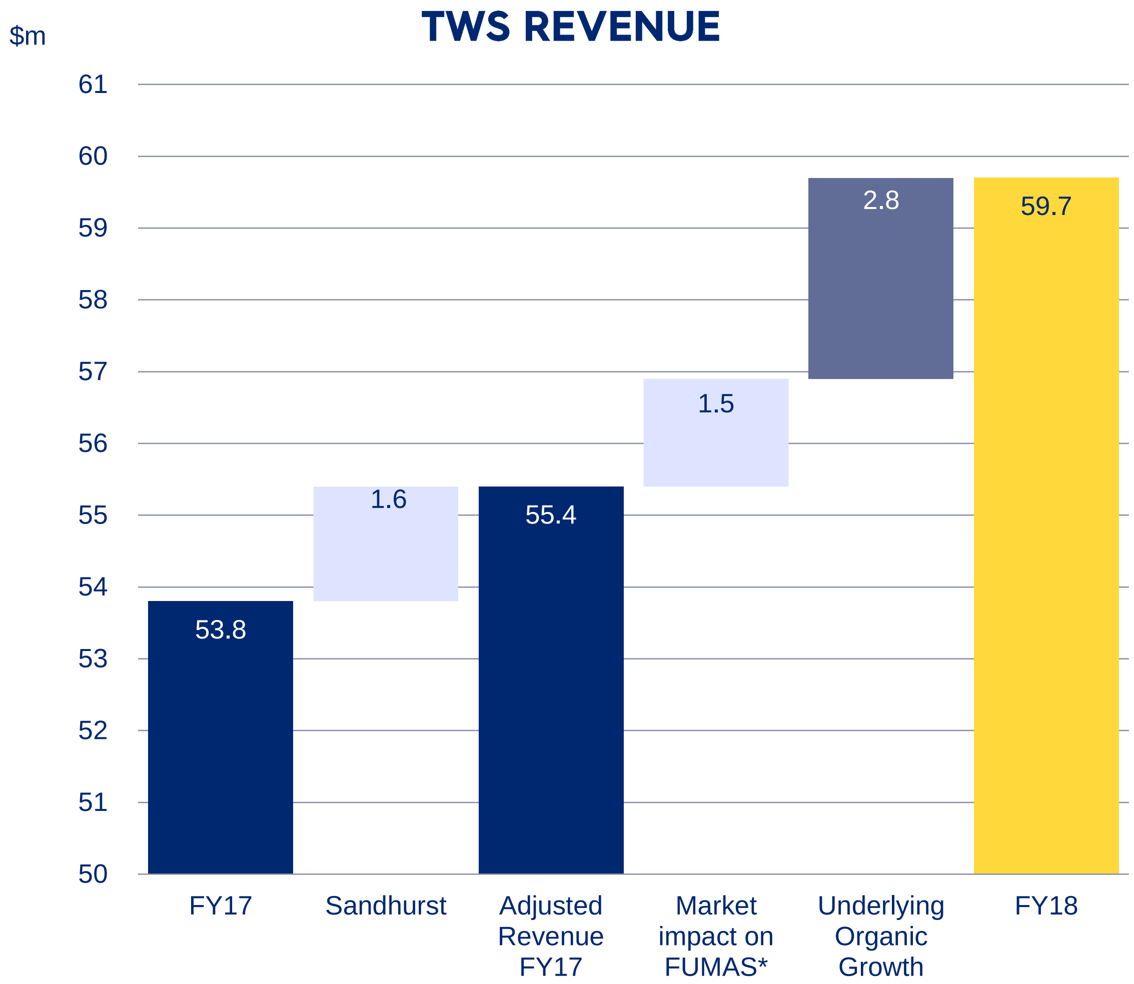
- M&A expenses in 2018 reflect OV RE and Treasury Capital Limited acquisitions
- Non-operating expenses reduced dramatically over the last two years

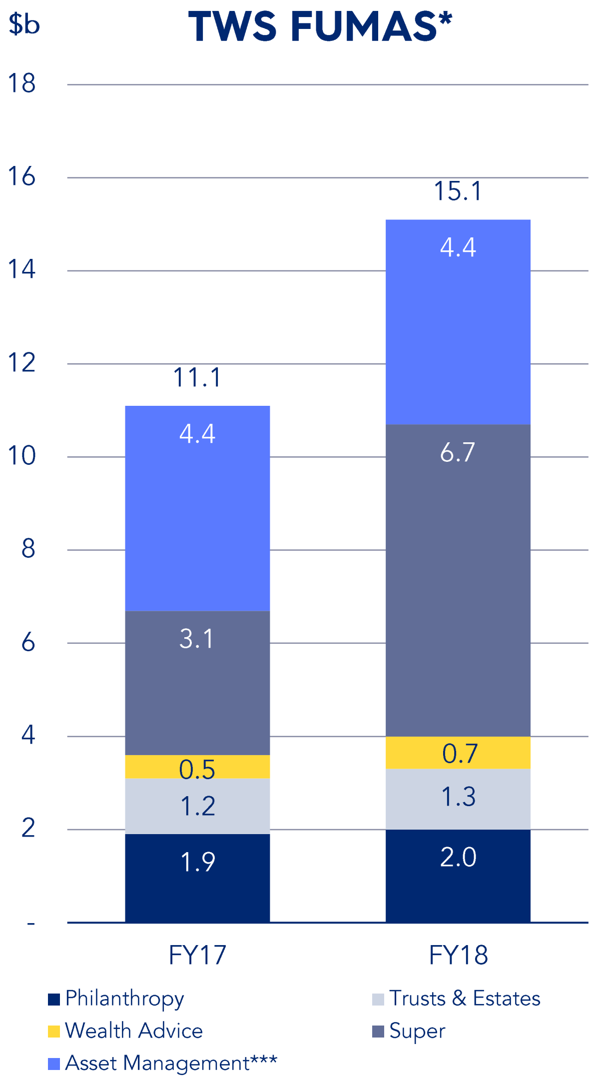
STRONG OPERATING CASH FLOW



- Consistent, high quality cash generation
- Cash principally utilised to fund acquisitions, office fit out, tax payments and dividends
- Negligible bad debts

SIGNIFICANTLY IMPROVED TWS PERFORMANCE

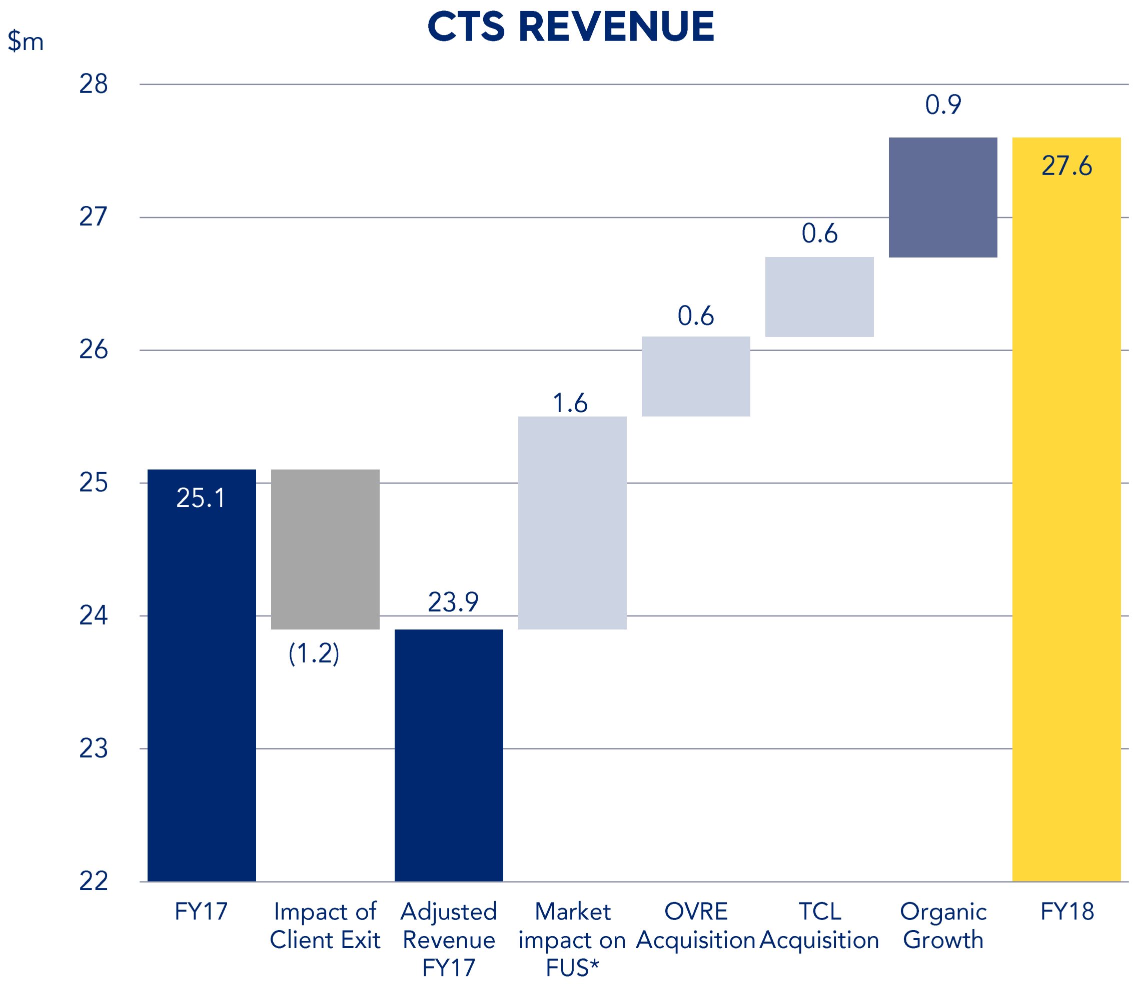


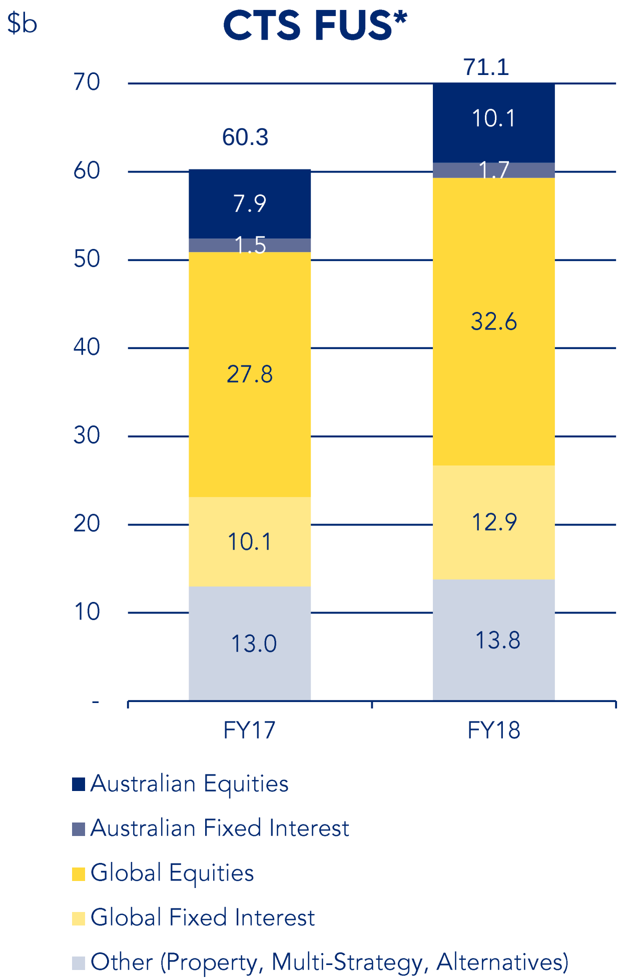


- 11% headline growth in revenue supported by a full year contribution from Sandhurst Estates and Trusts and positive markets
- Healthy 5% underlying organic growth assisted in particular by Aon Trusteeship appointment

*FUMAS: Funds under management, administration, advice and supervision
***Asset Management includes TWS Investment Mandates, Superannuation Mandates and Common Funds
Note: TWS FUMAS has been updated to more accurately reflect underlying product data with prior periods adjusted accordingly.

SOLID CTS PERFORMANCE





- 18% Increase in FUS
- 10% Headline increase in revenue with contribution from acquisitions offsetting client exit

* FUS: Funds under supervision

BALANCE SHEET STRENGTH

PROVIDES SECURITY AND FLEXIBILITY

	30 JUNE 18 $M	31 DEC 17 $M	30 JUNE 17 $M
Assets			
Cash and liquid investments	**67.8**	56.2	58.4
Trade receivables and accrued income	**23.5**	22.3	17.9
Goodwill and intangible assets	**213.1**	211.2	210.4
Other assets	**7.6**	8.2	5.4
Total assets	**312.0**	297.9	292.1
Liabilities			
Trade payables and other liabilities	**14.7**	7.1	10.2
Borrowings	**20.0**	15.0	15.0
Other non-current liabilities	**23.4**	25.7	21.7
Total liabilities	**58.1**	47.8	46.9
Net assets	**253.9**	250.1	245.2
Total equity	**253.9**	250.1	245.2

- Low gearing – debt to equity 7.9%
- 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 $2.2m. The objection process remains underway and EQT maintains the view that the potential outflow will ultimately not be payable.

STRONG CAPITAL POSITION

- Planned transfer of former OVRE clients to Equity Trustees Limited will release ~ $3m of capital over the next 6 months
- 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 renewed for 3 year term and limit increased to A$40m - provides additional flexibility to support regulatory capital needs or selective investment/acquisition

* Based on current portfolio of funds and activities

- Comfortably meeting regulatory capital requirements
- Opportunities for further capital efficiency

SUMMARY

SUBSTANTIAL IMPROVEMENT IN FINANCIAL PERFORMANCE

- Strong revenue growth
- Disciplined expense management
- Operating margins enhanced
- Significant increase in NPAT and dividends
- Benefits flowing from corporate restructure and operating model review
- Strategic initiatives OVRE, TCL and Aon Trusteeship delivering
  - Expected to be comfortably single digit accretive in FY19
- Balance sheet strength and capital capacity to support growth plans

STRATEGY UPDATE AND OUTLOOK

CLEAR SINGLE-MINDED PURPOSE: BEING AUSTRALIA'S LEADING SPECIALIST TRUSTEE COMPANY

FAVOURABLE INDUSTRY DYNAMICS

- Underpinned by demographic and industry trends
  - Ageing, wealthier population with more complex needs
  - Mandated superannuation flows ensure ongoing growth
- Boosted by industry transformation
  - Emerging trend for corporates to outsource specialist trustee role
  - Financial services industry concerns re independence will favour EQT
- Global opportunities
  - Global funds market is over US$70 trillion and growing steadily
  - Regulatory drive for increased independence
  - Opportunities to cross-sell to EQT global client base

A COMPREHENSIVE GROWTH AGENDA

UNWAVERING FOCUS ON TRUST, GOVERNANCE, RISK MANAGEMENT AND FIDUCIARY RESPONSIBILITY

EQT'S SERVICES ARE BUILT ON A FOUNDATION OF TRUST AND GOVERNANCE

- Our core business is providing fiduciary services
  - Trustee services for private clients
  - Responsible entity and trustee services for fund managers, superannuation promoters and corporates
- Our proposition is valued more highly than ever
  - Our model means we don't provide services or products that compete with our clients or partners
  - We fulfil an important role in the industry, as we represent the interests of investors, unitholders and members
- Key advantages of our model for clients and partners include
  - Access to professional expertise of specialist trustee – best practice model
  - Assists in achieving structural independence and reducing conflicts of interest
  - Simplifies business and enables focus on core business
  - Allows us to be responsive to current issues
  - Reduces risks
  - Generates efficiencies and cost savings

COMMITMENT TO RECONCILIATION

CONTRIBUTE TO GREATER EQUALITY IN SOCIAL AND ECONOMIC OUTCOMES BETWEEN OUR FIRST AUSTRALIANS AND THE BROADER COMMUNITY

- Reconciliation Action Plan endorsed by Reconciliation Australia
- Equity Trustees provides trustee and investment management services to Aboriginal and Torres Strait Islander communities
- Equity Trustees directs philanthropic funds to a wide variety of programs assisting our First Australians
- Our aim is to build capacity and empower Aboriginal communities to increase participation in the management of their wealth

DEVELOPING OUR DATA AND DIGITAL CAPABILITY

OUR VISION:

TO CREATE PERSONALISED MULTI-CHANNEL INTERACTIONS WITH CLIENTS

ENHANCED CLIENT ENGAGEMENT

Updated implementation of client engagement platform across entire business, improving client engagement and delivering efficiencies

ROBOTIC PROCESS AUTOMATION (RPA)

Implementation of RPA software to automate repetitive or inefficient processes allowing staff to focus on clients

ESTATE MANAGEMENT AND ESTATE PLANNING

Digitising key processes to enhance client experience and employee productivity

WILL BANK DIGITISATION

Digitisation of the Will Bank to enable us to better understand clients' needs and facilitate regular engagement with Estate Planning clients

TWS PRIVATE CLIENT FOCUS

- **Estate planning**
  - Digitisation of Will bank and implementation of document management system to offer broader client proposition
  - Distribution focus on will reviews and strategic partnerships
- **Estate management**
  - Focus on beneficiary experience
  - Create increased cross-sell opportunities
- **Trust management**
  - Targeting specialist areas – compensatory trusts, community trusts
- **Advice**
  - Leverage high client satisfaction to cross-sell other EQT products and services
- **Philanthropy services**
  - Leverage our leading granting expertise and thought leadership to grow living philanthropists and not-for-profit investment offerings
  - Capitalise on estate planning and advice relationships to promote philanthropic services
- **Funds Management**
  - Invest in strengthening the team and capability

TWS SUPERANNUATION TRUSTEE SERVICES FOCUS

SPECIALIST, INDEPENDENT TRUSTEE

- Leveraging the strength of our business model and brand as Australia's leading specialist independent trustee
- Partnering with superannuation fund providers where trustee services are not core
- EQT assumes responsibility for trustee services while partners manage the superannuation offer and distribution
- The prevalence of vertical integration and potential conflicts of interest have driven increasing interest in our specialist, independent fund governance capability
- Strong pipeline of opportunities
- Appointment as Trustee to the Aon MasterTrust and Aon Eligible Rollover Fund
  - Doubles funds under trusteeship
  - Strong endorsement of our specialist, independent trustee strategy

CTS FOCUS

PROVIDING INDEPENDENT, SPECIALIST TRUSTEE AND FIDUCIARY SERVICES

- **Grow existing business**
  - Continuing promotion of core RE service to existing and new fund managers
  - Capitalise on trend for quality Australian managers to enter retail market
  - Utilise our specialist expertise to structure attractive solutions for superannuation fund providers
  - Be leading edge with Corporate Collective Investment Vehicle (CCIV) regulatory change
  - Acquisition of OVRE business further builds CTS scale, contributing:
    - 28 managed investment schemes and ~$2.7 billion funds under supervision
- **Extend into new markets in Australia**
  - Structured finance offerings (securitisations, debt offers and real estate trusts)
- **Grow offshore**
  - Leverage skills in global fiduciary market
  - Capitalise on increasing demand for independent fiduciary services
  - Approved by ASIC to pilot Asian funds passport

SIGNIFICANT GLOBAL OPPORTUNITY

INDUSTRY TRENDS IN EQT'S FAVOUR

- **Fiduciary going global**
  - Global funds market is over US$70 trillion
  - Most funds management industry services are now largely global, eg. custody, investment management and audit
- **Strong rationale for independent fiduciary**
  - Regulatory driven – demand for increased independence
  - Global connectivity, consistent service levels, established substance, proven risk and compliance frameworks
- **Significant opportunity for EQT**
  - Acquisition of majority stake in Treasury Capital Ltd
  - Business development generating good engagement and momentum –new clients include Copia, Ardevora and Mainstream
  - Opportunity to cross-sell to EQT global client base
  - Become the 'fiduciary of choice' for investment managers

WELL POSITIONED FOR CONTINUED GROWTH

- Substantial lift in financial performance
  - NPAT, revenue, earnings per share and dividend all higher
  - Result built on fundamentals
  - Strong organic growth
  - Benefits from restructuring being realised
  - Expenses well managed
  - Increasing contribution from acquisitions and partnerships
- Good momentum and clear growth agenda
  - Committed and engaged workforce
  - Attractive industry fundamentals – Australia and overseas
  - Leveraging core strengths and capabilities to grow organically through partnerships and acquisitions
  - Encouraging outlook for FY19 and beyond

(QUESTIONS)

THANK YOU

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