

27 February 2014

Equity Trustees – Strong Half Year Result

Equity Trustees Limited (ASX: EQT) today releases its audited results for the six months to 31 December, and confirms a strong lift in half year revenue of 16.4% and a 22.1% increase in net profit after tax compared with the prior corresponding period.

	6 months to 31 Dec 2013	6 months to 31 Dec 2012	% Change Fav (Unfav)
	\$m	\$m	
Operating Revenue	26.1	22.5	16.4
Operating Expenses	(19.3)	(16.5)	(17.3)
Operating profit before tax	6.8	6.0	14.0
Income Tax Expense	(1.9)	(1.7)	
Operating profit after tax	4.9	4.3	14.3
Non-operating items (net of tax)	0.5	0.1	
Net profit after tax	5.4	4.4	22.1
<hr/>			
Earnings Per Share (cents)	58.3	49.3	18.2
<hr/>			
Interim Fully Franked Dividend (cents)	46.0	42.0	9.5

EQT Chairman Mr Tony Killen described the result as good. “The result is very pleasing, especially given that it was achieved during a period when there was significant time and resources allocated to important revenue, regulatory and efficiency projects as well as the Trust Company initiative.”

Earnings per share has lifted by 18.2%, from 49.3 to 58.3 cents per share.

Mr Killen confirmed that the interim fully franked dividend will be lifted by 9.5%, from 42 to 46 cents per share, representing a payout ratio of 79% on NPAT, but 86% on the underlying operating earnings, which is consistent with the corresponding prior half year.

Managing Director Mr Robin Burns added: “The investment in business development and operational efficiency initiatives is beginning to pay off. I am pleased that we continue to see good progress made in each of our business units, with underlying client activity strong and growth strategies successfully implemented.”

He added: “We have maintained a healthy operating margin of 26%, achieved further growth in total Funds under management and administration which at December were 31% higher than the previous December, and a strong balance sheet with no debt. We are well placed and confident about our ability to continue to grow the company in both the corporate services and private wealth sectors and provide attractive rewards for all stakeholders.”

For further information, please contact:

Robin Burns
Managing Director
Equity Trustees Limited

Phone: 61 3 8623 5201
Fax: 61 3 8623 5200
Email: rburns@eqt.com.au

Terry Ryan
Chief Financial Officer
Equity Trustees Limited

Phone: 61 3 8623 5372
Fax: 61 3 8623 5399
Email: tryan@eqt.com.au

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Equity Trustees Limited (EQT)

Half Year Results to 31 December 2013



EQT at a glance



- **Founded 1888**
- **ASX market cap \$220m** (at \$22.70)
- **1,600 shareholders; 50% retail**
- **220 employees in 4 locations**
- **Two revenue business units:**
 1. Private Wealth Services
 2. Corporate Fiduciary & Fund Services
- **Total funds under management, administration and advice: \$37,132m**

Who are our core clients?

High Net Worth (HNW)

Independent Financial Advisers (IFAs)

Employer & corporate superannuation administrators

Not-for-profit organisations

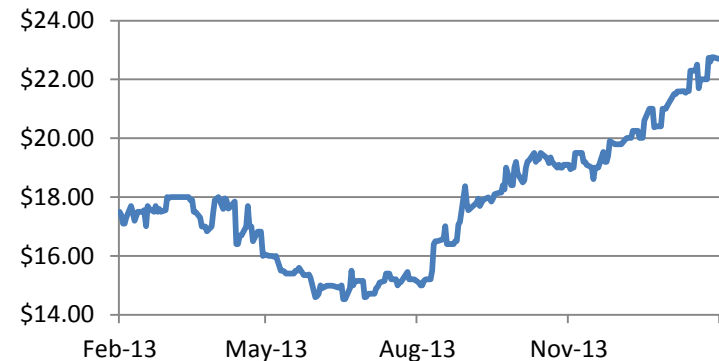
Charities

Solicitors

Fund managers

Individuals without capacity

12 month share price performance



Board

Tony Killen OAM	Chairman
Robin Burns	MD & CEO
David Groves	Deputy Chairman
Alice Williams	NED
Hon. Jeffrey Kennett AC	NED
Anne O'Donnell	NED
Kevin Eley	NED
Terry Ryan	CFO & Co. Secretary

Overview – HY to 31 Dec 2013

- ✓ **Revenue +16.4%**
 - ✓ **Operating margin 26.1%**
 - ✓ **Operating Profit before tax +14.0%**
 - ✓ **EPS +18.2%**
 - ✓ **Interim Dividend +9.5%**
 - ✓ **FUM/A increase 31.3%**
 - ✓ **Strong Balance Sheet**
- Both Business Units generated an organic increase in revenue
 - Investment in efficiency and business growth
 - Margin maintained at 26%
 - Strong EPS gain and lift in fully franked dividend
 - Debt-free balance sheet
 - FUM/A increased by \$8.9b
 - Cash & Term Deposits - \$15m
 - Total Shareholders Equity - \$75m
 - Return on Equity (annualised) – 15.7%

Overview – HY group results



	Half Year 31 Dec 2013 \$m	Half Year 31 Dec 2012 \$m	Change Fav/(Unfav)
Operating revenue	26.1	22.5	16.4 %
Operating expenses	(19.3)	(16.5)	(17.3 %)
Operating profit before tax	6.8	6.0	14.0 %
Income tax expense	(1.9)	(1.7)	
Operating profit after tax	4.9	4.3	14.3 %
Non-operating items <i>(net of tax)</i>	0.5	0.1	
Net profit after tax	5.4	4.4	22.1 %
Earnings per share <i>(cents)</i>	58.3¢	49.3¢	18.2 %
Dividend per share <i>(half-year, fully franked)</i>	46¢	42¢	9.5 %

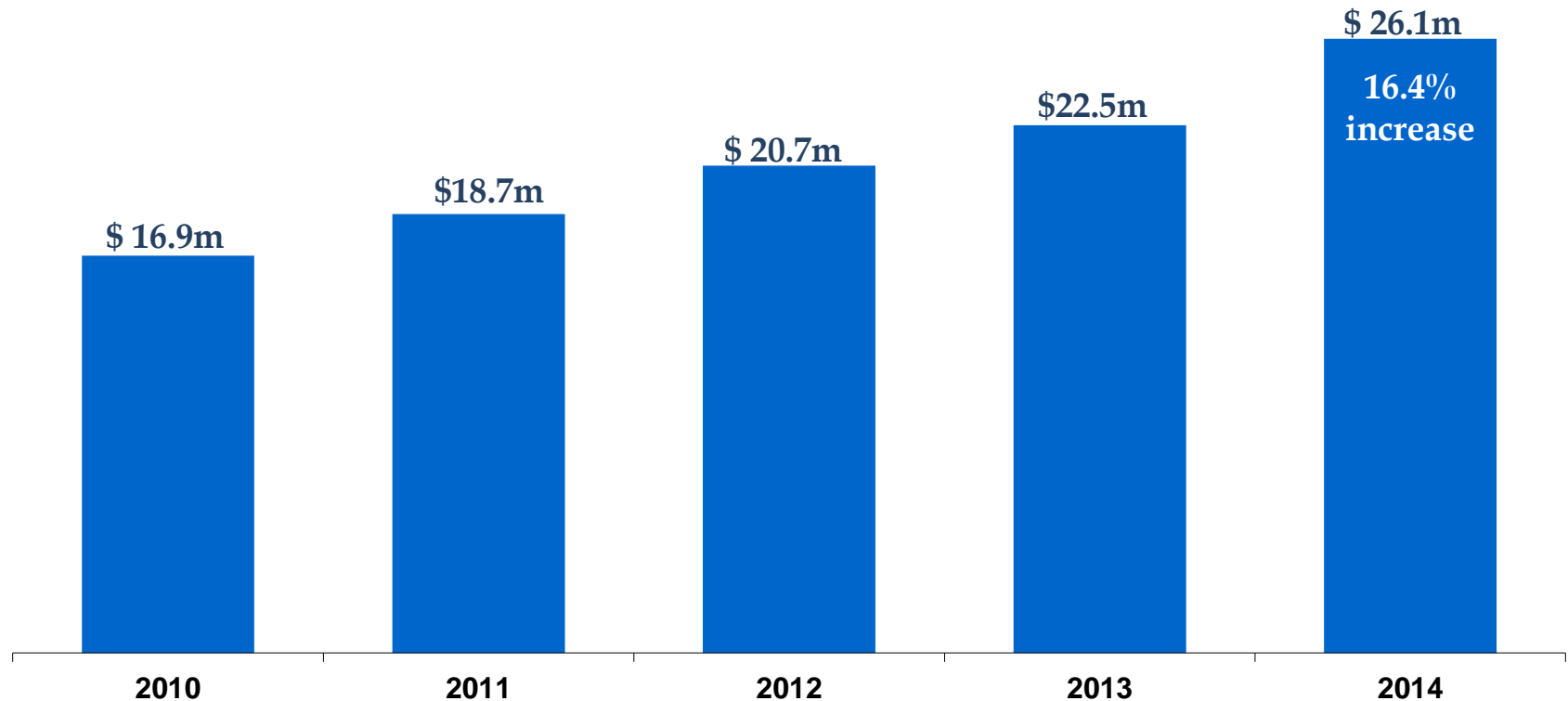
Progress of key internal initiatives

Initiative	Status
1 Private Wealth Services	<ul style="list-style-type: none">• Strategic Business Development Project – positive progress
2 Asset Management	<ul style="list-style-type: none">• New team in place – gaining traction
3 Project “Foundation” <i>(IT/Admin efficiency)</i>	<ul style="list-style-type: none">• On schedule for delivery
4 Restructuring	<ul style="list-style-type: none">• Single group-wide administration and IT support unit formed

HY Revenue



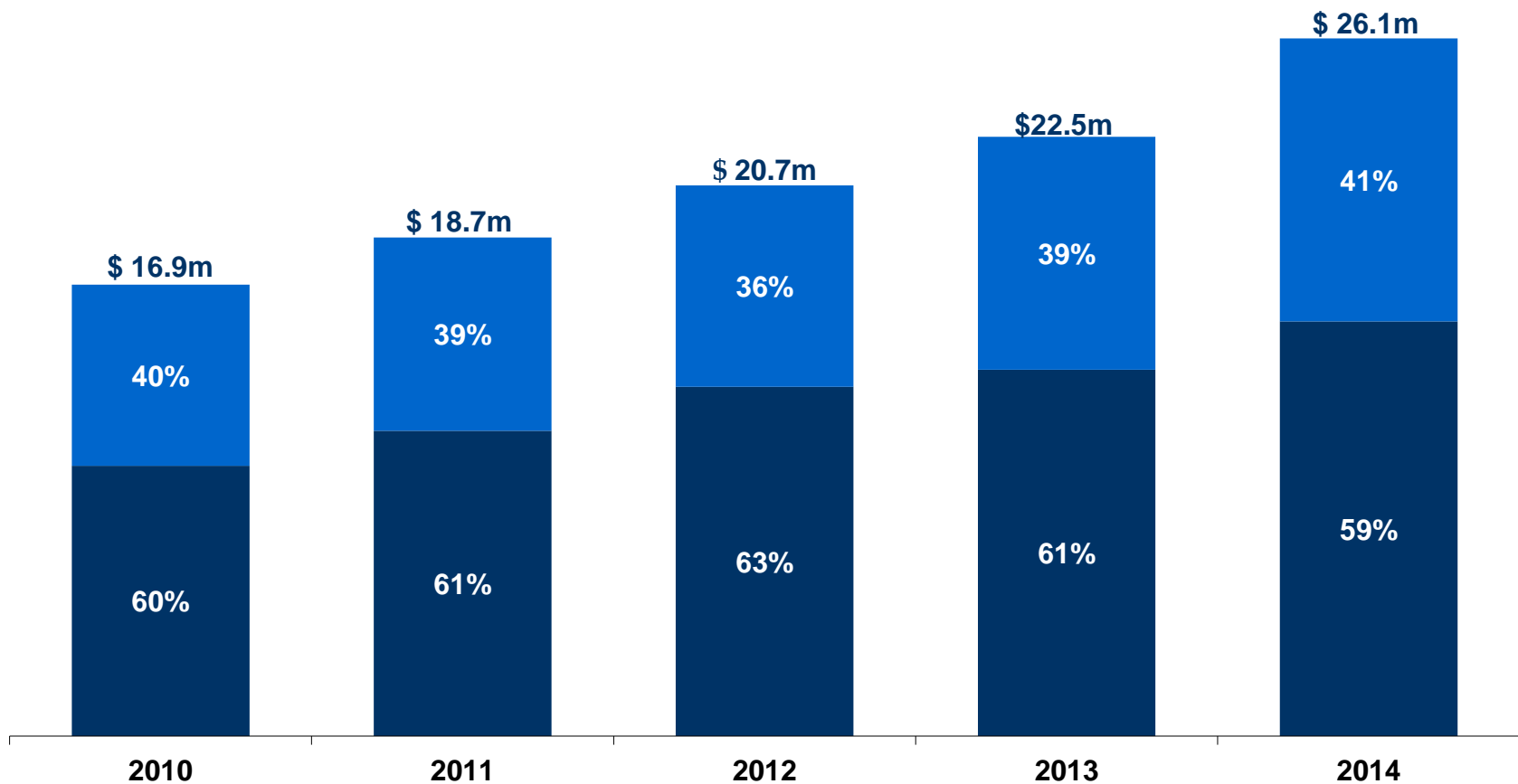
Operating Revenue increased 16.4%



HY Operating revenue – composition

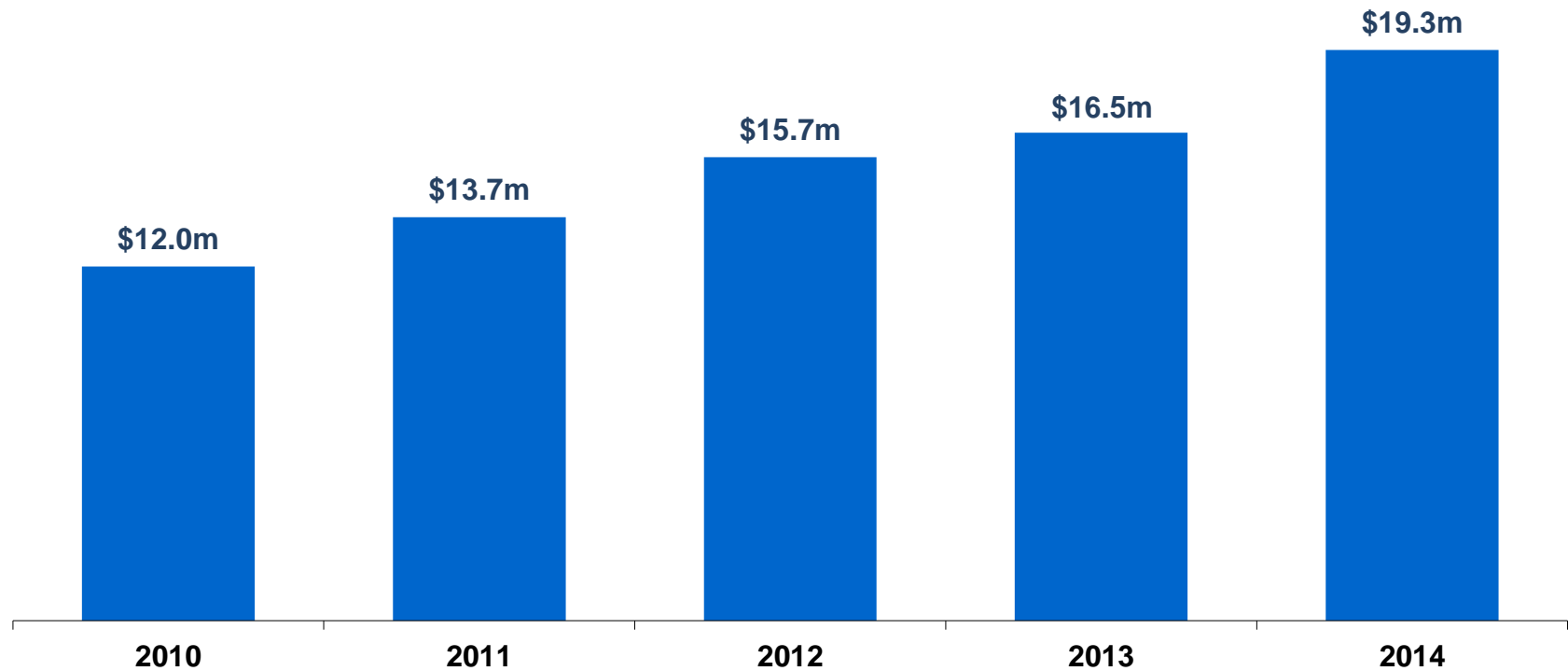


- Corporate Fiduciary & Financial Services
- Private Wealth Services



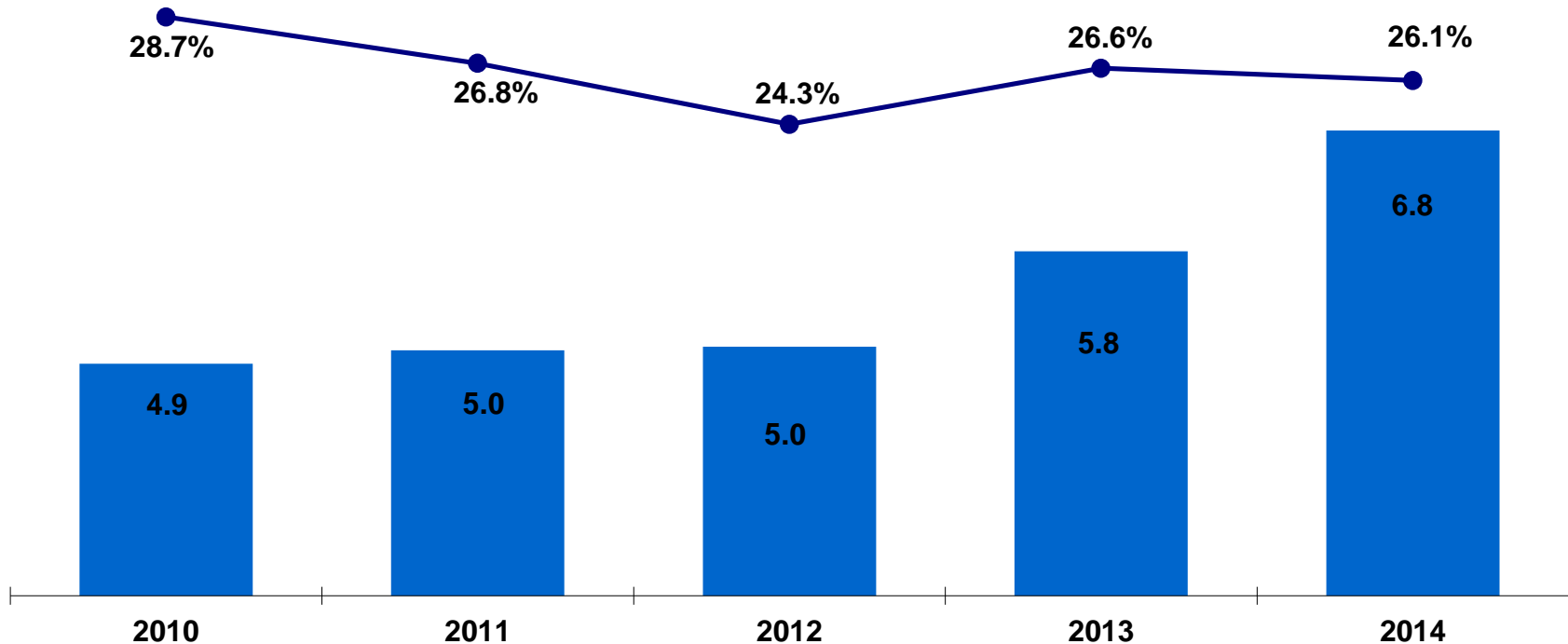
HY Expenses

Operating Expenses increased 17.3%



HY Operating margin

■ Operating Profit (Pre tax) (\$m)
● Operating Margin (%)

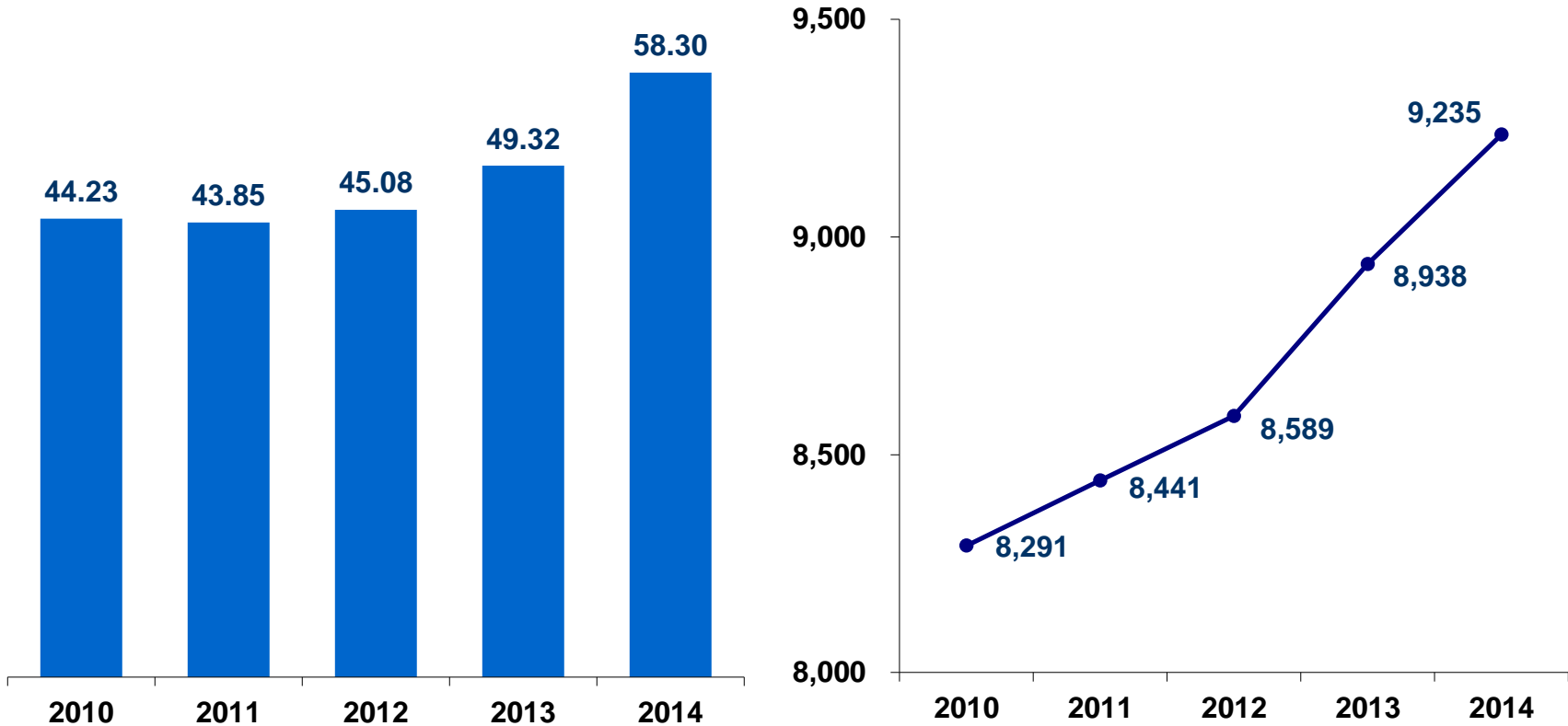


HY Reported earnings per share

Reported earnings per share at 58.3cps

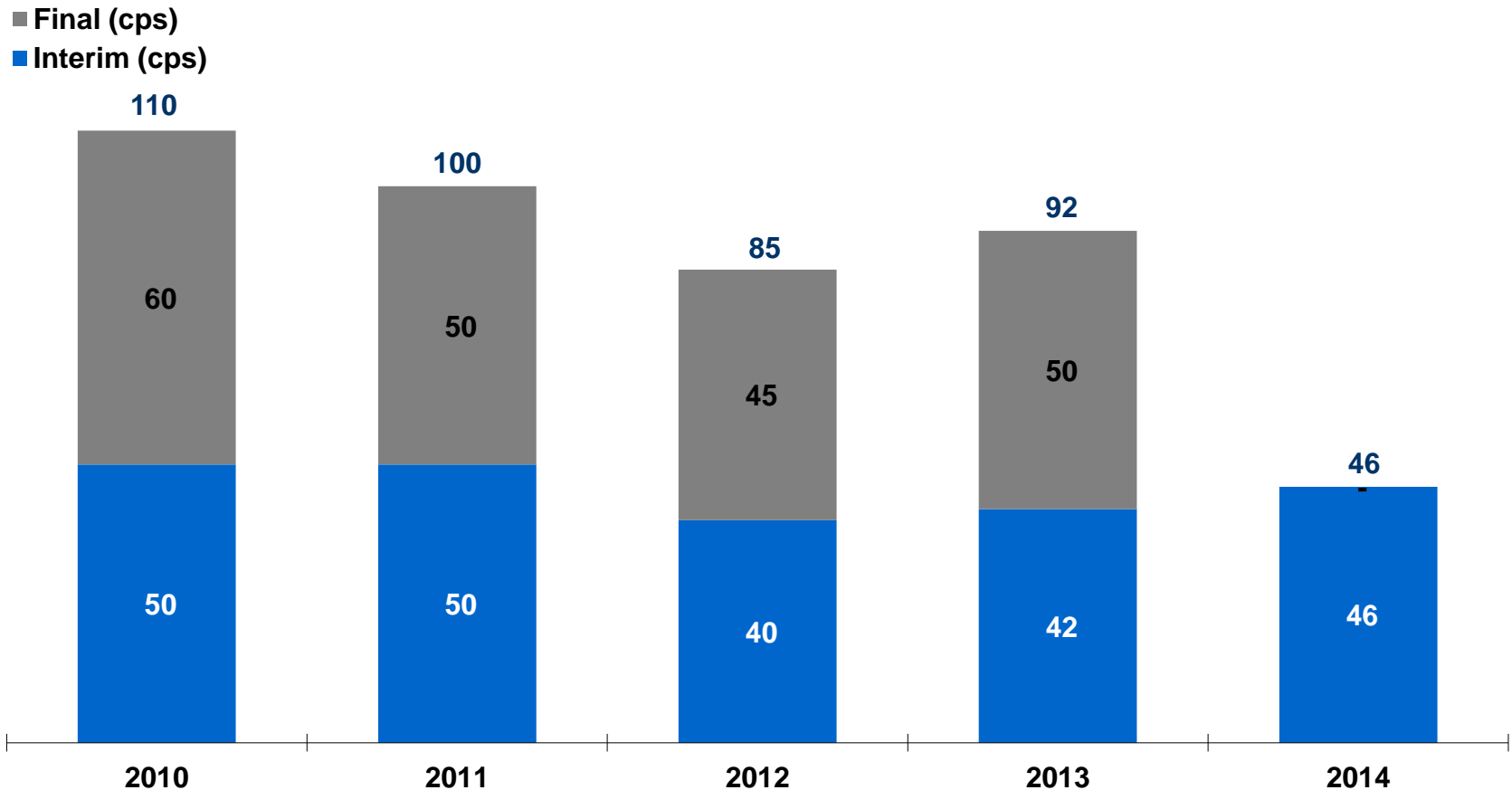
■ Earnings Per Share

● Weighted average shares on issue ('000)

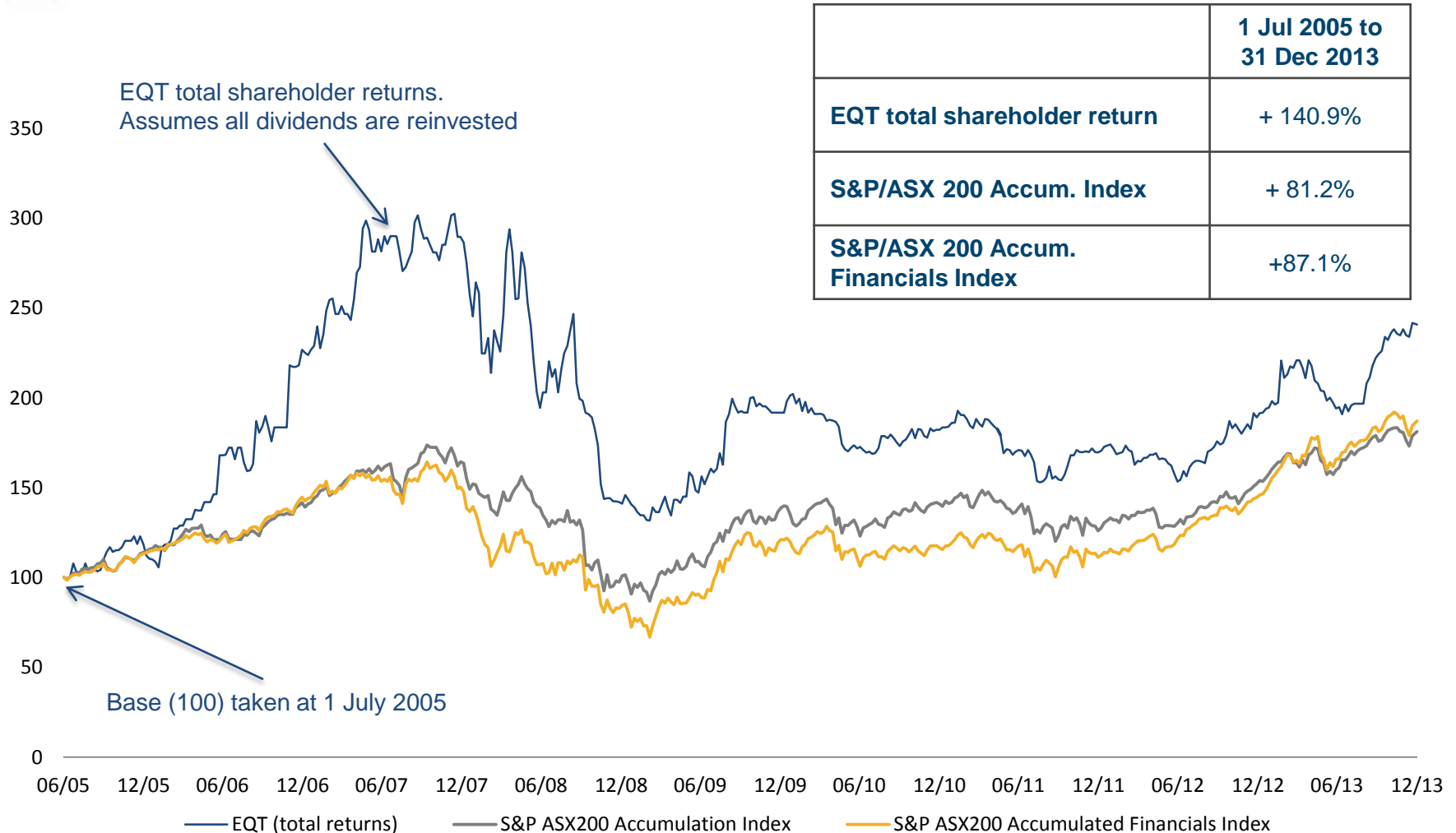


Returns to shareholders

Increased fully-franked interim dividend



Sustained shareholder return



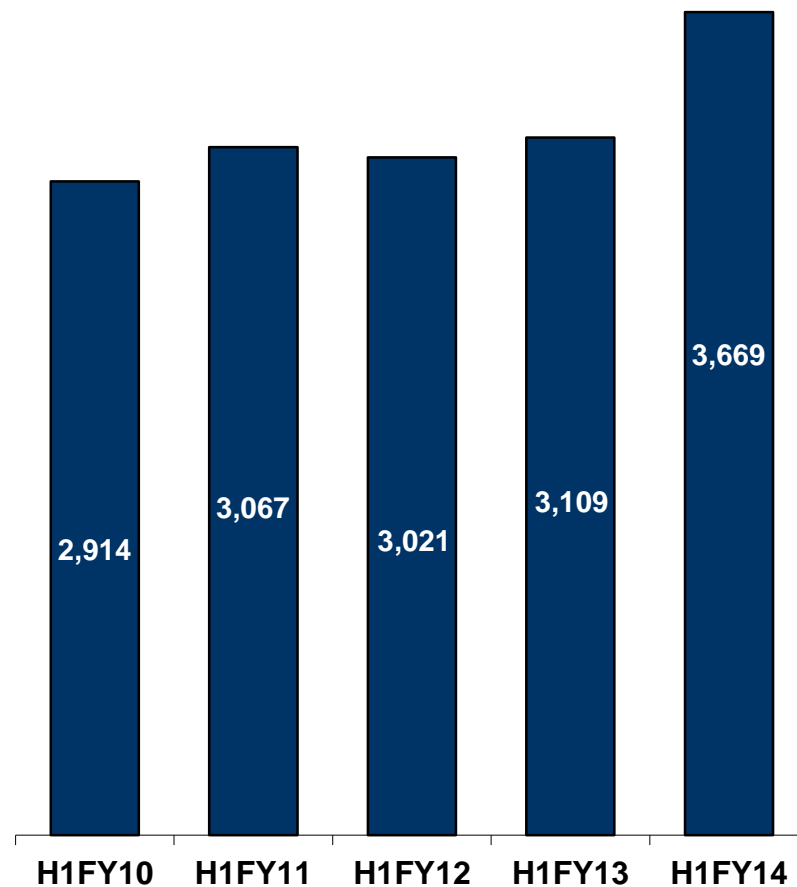
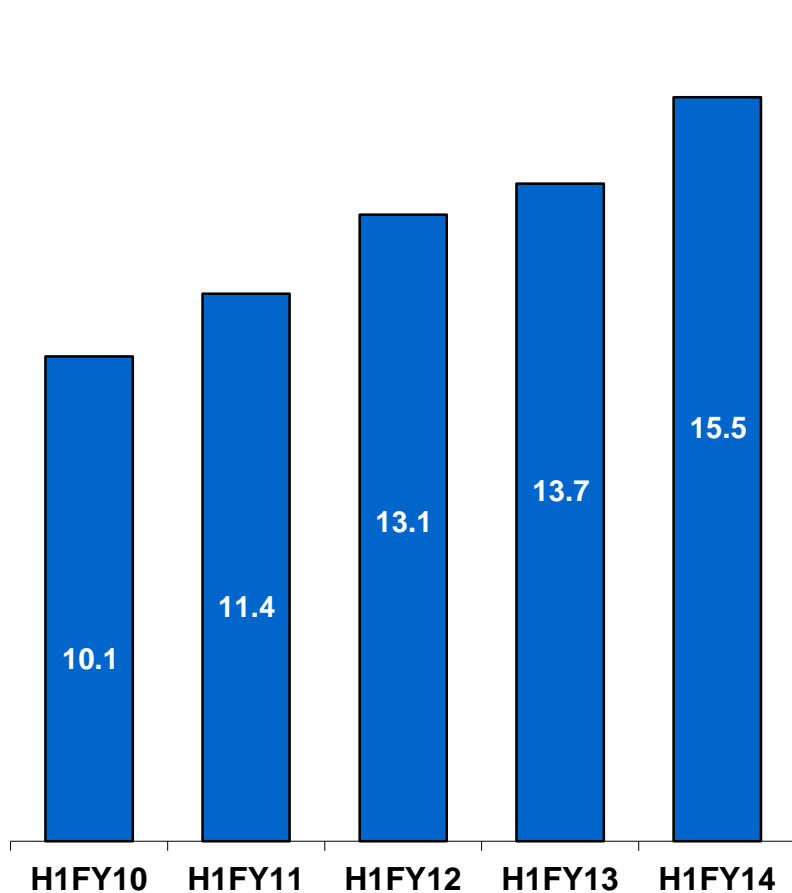
Business units - HY operations & performance

Business unit	Key services	Target market / channel	HY Revenue 31 Dec 13 vs 31 Dec 12	HY FUM/A 31 Dec 13 vs 31 Dec 12
Private Wealth Services (PWS)	<ul style="list-style-type: none"> • Trusts & Estates • Philanthropy • Wealth Management • Aged Care and placement • Asset Management • Portfolio Services <ul style="list-style-type: none"> • Employer Services • WRAP (Personal) 	<ul style="list-style-type: none"> • Private clients • Aged Care clients and facilities • Business to business referrals • Small-medium size corporates • Members 	\$15.5m + 13.6%	\$3,669m + 18.0%
Corporate Fiduciary & Fund Services (CFFS)	<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 	\$10.6m + 21.6%	\$33,463m + 33.0%

Business unit HY overview – PWS

Operating revenue up 13.6% to \$15.5m

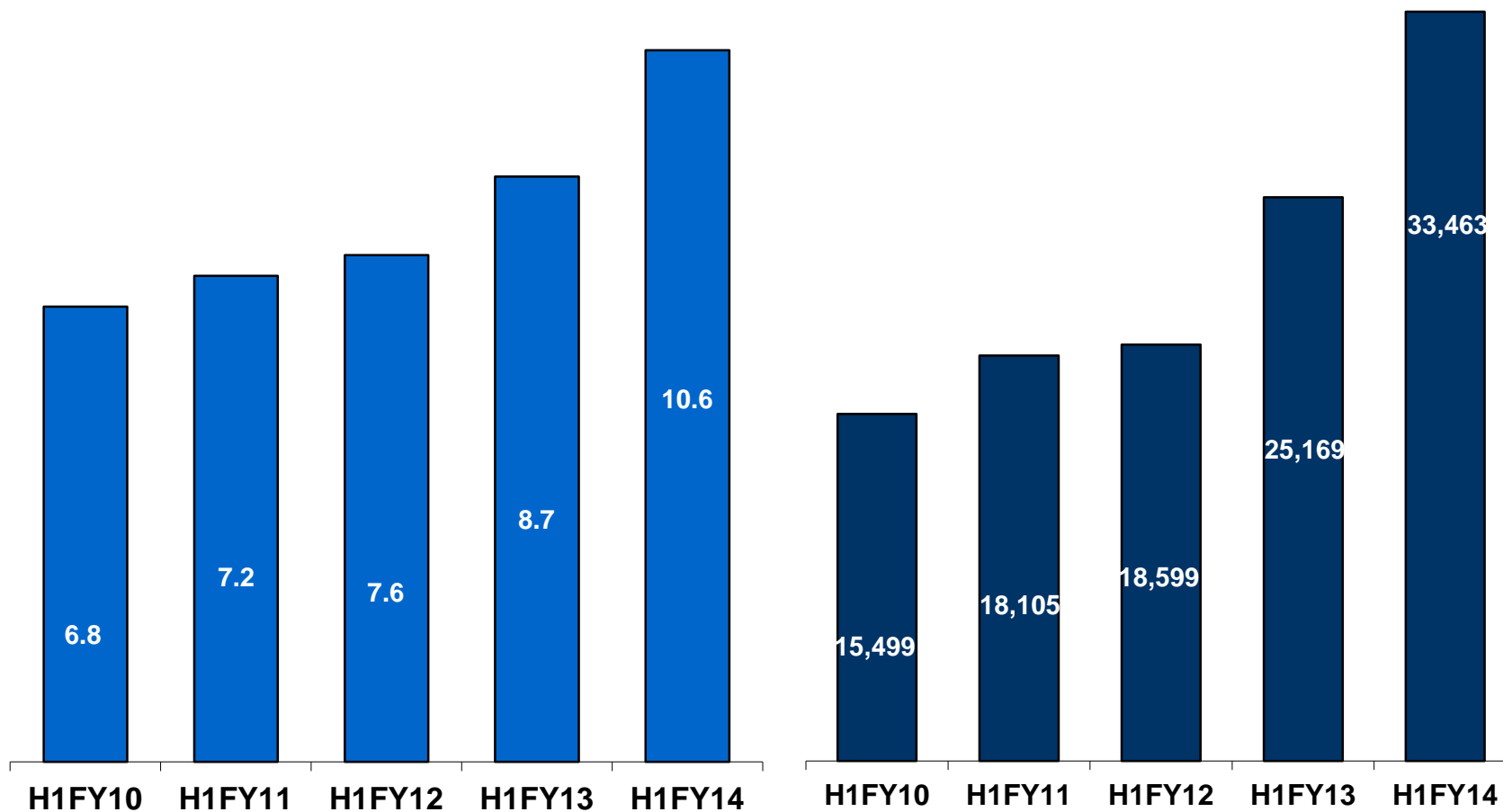
FUM at 31 December 2013 up 18% to
\$3,669m



Business unit HY overview – CFFS

Operating revenue up 21.6% to \$10.6m

FUM at 31 December 2013 up 33% to
\$33,463m



Business HY update and summary

- Business performing strongly - debt free, EPS and dividend increased
- Solid growth in operating performance – organic revenue gains
- Project Foundation implementation set to achieve main objectives by year end
- PWS strategic development plan – consolidating different client-facing models and developing processes for increased volumes
- New location in Kew for Aged Care and other PWS client-facing staff – now completed - focus on improved cross-selling and brand perception
- New business wins, and referral relationships coming on stream
- Material cost and effort incurred for regulatory changes – mostly now completed
- Corporate business performing well in our selected market segments

- Looking ahead -
 - Continued focus on organic growth and development, business efficiency
 - Longer term prospects and market opportunities very compelling
 - Reviewing acquisition opportunities – active but disciplined approach
 - Capital standards – new requirement to apply from 1 July 2015

Disclaimer



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