



# Delivering on our strategy

Investor Presentation – 20 December 2016

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# *Delivering on our strategy*



1. Announced the acquisition of Sandhurst Trustees' Estates business
2. Leader in trustee industry consolidation
3. Group wide operating model review exceeding expectations
4. Summary

# *1. Acquisition of Sandhurst Trustees' Estates business*

# *Growing EQT's Trusts and Estates business*



- Acquisition of Sandhurst Trustees' Estates business announced on 19 December
- Equity Trustees' second acquisition of a Bank owned trustee business
- Equity Trustees commitment to the values of customer service and care means we will retain the presence in the Bendigo region
- Equity Trustees establishes partnership with Bendigo and Adelaide Bank and expects to continue to expand the relationship

# Overview of Sandhurst Trustees' Estates



- Estates business based in Bendigo
- Clients generally located in Northern Victoria
- Acquisition of assets (not an entity):
  - Estate Planning
  - Deceased Estates
  - Ongoing and Perpetual Trusts
  - Agency
  - Common Fund
- 25,000 wills
- \$140m FUM
- 141 Perpetual and Ongoing Trusts
- Currently 19 staff

## *Business offices, Bendigo*



# *Key terms of acquisition*



- Purchase price \$5.0m
- Conditional on ASIC approval (targeting 1Q17)
- 4 month transition plan post-completion
- Low execution risk
  - Utilising EQT's internal expertise to integrate
  - Familiarity with Sandhurst Trustees' estates legacy systems
  - Existing Sandhurst Trustees' estates employees to remain during the transition period (permanent and seconded staff)
- 5 year mutual referral agreement
- Maintaining Bendigo presence

# *EPS accretive in FY18*



- Purchase price will be funded out of existing liquidity and funding arrangements
- No material impact on capital requirements
- Impact in FY18:

Expected Revenue	~\$2m+ p.a.
Increased EBITDA	~\$1m+ p.a.

## *2. A leader in trustee industry consolidation*



# Trustee industry consolidation

Dates	Consolidation		
Previous 30 years	Some industry consolidation of smaller players		
2014	 (Sydney based)	Acquired by	
	 (Bank owned)	Acquired by	
Dec 2016	 Estates Business (Bank owned)	Acquired by	

# *Independent, unconflicted model offers significant business opportunities*



- Equity Trustees' model is to provide specialist trustee and related services to other financial institutions
- Our independence means we can offer financial institutions the opportunity to provide their clients with specialist services, in an unconflicted manner
- Equity Trustees seeks to be the leading specialist trustee in Australia and we are well positioned for future consolidation in the industry

## *Key distribution relationships*



### *3. Operating Model Review exceeding expectations*

# *Operating Model Review exceeding expectations*



- Group wide Operating Model Review announced in June 2016 is being delivered
  - Phase 1 has delivered annualised productivity gains of \$2.4m, expected to be realised by FY18 (originally targeting \$2m-\$3m from both Phases 1 & 2)
  - One-off costs of ~\$1.3m offset by benefits generated in FY17
  - Phase 2 now underway – expected to see further improvements
- Work on Phase 2 focusing on:
  - Assessment of outsourcing opportunities for certain operational activities
  - Improving client support
  - Improving product analytics to better target product development initiatives for clients
- Operating Model Review is part of Equity Trustees' strategy to build its platform for growth and:
  - Take advantage of market opportunities
  - Improve outcomes for customers

## 4. *Summary*

# *Summary update*



- Sandhurst Trustees' Estates acquisition expected to be EPS accretive in FY18
- Equity Trustees is well-placed in the consolidating trustee industry
- Operating Model Review exceeding expectations
- FY17 is a transition year - encouraging outlook for FY18 and beyond

## 5. *Questions*

# *Disclaimer*



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