

24 February 2017

EQT Holdings Limited – improved half-year result as business transition nears completion

- Net profit after tax \$7.2m, up 3%*
- Strong momentum with underlying revenue growth up 7%*
- Funds under management, administration, advice and supervision \$72.5b, up 26%*
- Final dividend 35c, up 1 cent

EQT Holdings Limited (ASX: EQT), the holding company for Equity Trustees, today reported a steady profit for the half year to 31 December 2016, reflecting the restructure of the business to position it for growth.

EQT Managing Director Mick O'Brien said solid underlying revenue growth and disciplined expense control had largely offset the costs of the business transition during the half.

"A 23% increase in funds under management, strong growth in Corporate Trustee Services, improving momentum in Trustee and Wealth Services and tighter cost control reflect good underlying improvement in the businesses," Mr O'Brien said.

A dividend for the half of 35 cents per share, fully franked, had been declared. This is 1 cent higher than the 2016 interim dividend and reflects the positive outlook.

Mr O'Brien said the headline revenue and operating profit results were impacted by the exit from non-core businesses as part of the business transition.

"EQT continues to target a significant improvement in net profit after tax for the full year," Mr O'Brien said.

"The first phase of the operating model review, which has identified \$2.7 million in annualised cost savings, has been completed ahead of schedule and those gains are beginning to accrue.

"The restructure is nearing completion and the benefits are expected to emerge in the second half of FY17.

"We expect further gains will be achieved as the remaining review recommendations are implemented over the next six to 12 months."

Mr O'Brien explained the acquisition of the Sandhurst Estates business announced during the half was in line with the company's strategic growth plan and was expected to strengthen EQT's presence in the market.

"Sandhurst Estates is an excellent business and we expect it to make a positive contribution to earnings from FY18," he said.

EQT has also today announced the appointment of a new non-executive Board director, Jim Minto effective 1 March 2017.

EQT Holdings Limited

ASX Announcement



Mr O'Brien said EQT seeks to be the leading specialist trustee company in Australia and is well positioned for future consolidation in the industry.

"Our independence and clear focus means we can offer financial institutions the opportunity to provide their clients with specialist services, in an unconflicted manner.

"The outlook for EQT is very positive given the strong industry fundamentals driven by demographic and structural changes," he said.

With the release of the results, EQT shareholders have received an invitation to consider donating part or all of their cash dividend payments to the [Equity Trustees Foundation](#), supporting the Company's commitment to empowering change in the community, and building a philanthropic culture.

"We have a long history of providing trustee services and managing charitable foundations. Our Empowering Change philanthropy program is responsible for distributing more than \$70m to not-for-profits and charitable causes annually. Part of our commitment to philanthropy includes our Foundation – and we are pleased to invite shareholders to support our Company commitment," Mr O'Brien concluded.

*On previous corresponding period

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EQT Holdings Limited is the listed holding company for Equity Trustees, established in 1888 to provide independent and impartial trustee and executor services to help families throughout Australia protect their wealth. As one of Australia's largest independent trustees, Equity Trustees offers a diverse range of services to individuals, families and corporate clients including asset management, estate planning, philanthropic services and responsible entity services for external fund managers.

This ASX announcement was prepared by EQT Holdings Limited and is only provided for information purposes. It does not contain investment recommendations or provide investment advice.



EQT Holdings Limited (Equity Trustees)

Investor Presentation Half-Year Results to 31 December 2016

Mick O'Brien, Managing Director

Philip Gentry, Chief Financial Officer and Chief Operating Officer

24 February 2017

Agenda



Overview



Financials



Sandhurst Trustees Estates Acquisition Update



Strategy and Outlook



Q & A

Overview



- Solid underlying result #
 - Underlying revenue growth 6.8%
 - Net profit after tax (NPAT) up 2.9% to \$7.2m
 - FUMAS* up 26% to \$72.5b
 - Dividend up 3.0% to 35 cents per share
- Result reflects business transition
 - Exit from non-core activities, i.e. funds distribution / super administration
 - Investment in business
 - Corporate restructure / superannuation upgrade / risk upgrade
- On growth trajectory
 - Strong Corporate Trustee Services (CTS) performance
 - Improving Trustee & Wealth Services (TWS) momentum
 - Acquisition of Sandhurst Estates business earnings accretive in FY18
 - Operating Model Review exceeding expectations

Compared with the prior corresponding period (PCP)

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

Building the platform for growth



- Equity Trustees undertook a restructure and other initiatives in FY16 to streamline and reposition the business for growth:
 - Corporate restructure – new holding company
 - Repricing of superannuation and outsourcing of superannuation administration
 - Exiting distribution of third party funds
- Operating Model Review instigated in July 2016 now in implementation stage
 - Simplifying the business and improving productivity
 - \$2.7m of annualised cost savings to date
 - Enhancing customer outcomes
- Sound capital position provides security and flexibility
- Strong leadership
 - Refreshed and experienced management team
 - Strengthened Board
 - Glenn Sedgwick – Appointed 8 August 2016
 - Appointment of Jim Minto effective the 1 March 2017

Equity Trustees strategy

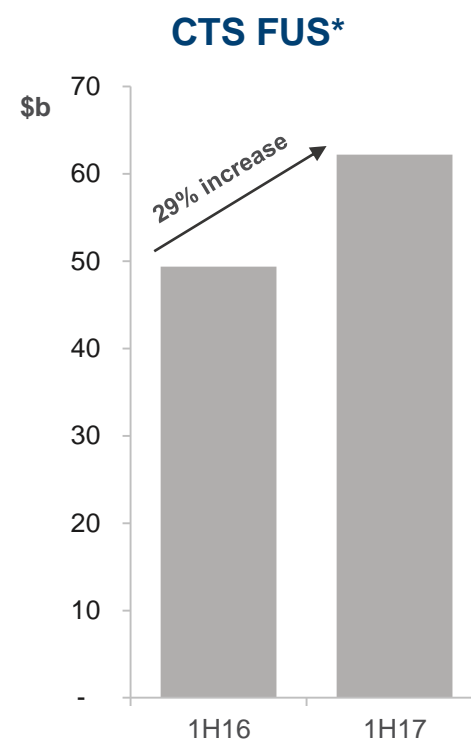
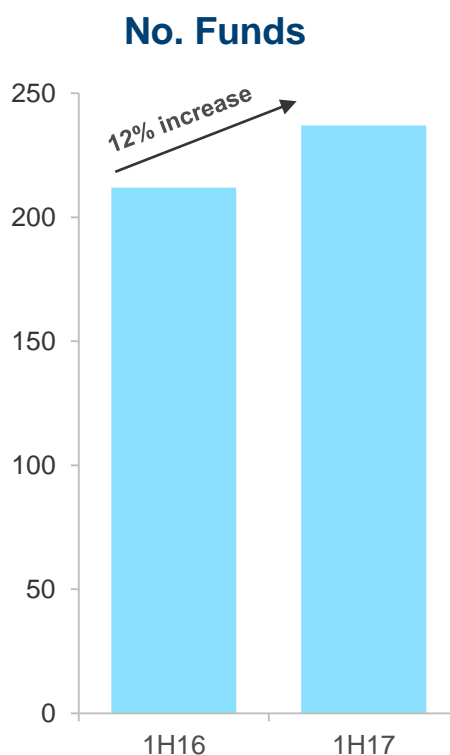
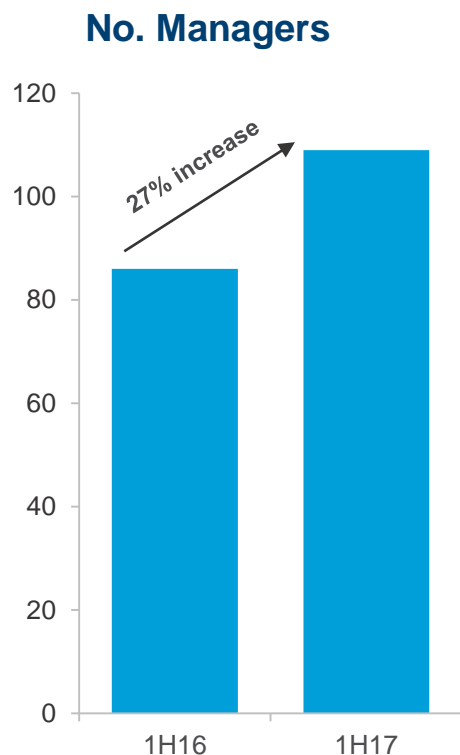


- Pursuing attractive market opportunities
- Clear growth drivers in each business
- Equity Trustees aims to be the market leader in chosen parts of the wealth value chain
 - Corporate Trustee Services
 - Responsible entity services
 - Trustee & Wealth Services
 - Private clients
 - Traditional trustee services
 - Philanthropic business
 - Compensation trusts
 - Indigenous trusts
 - Superannuation
 - Trustee-for-Partner
- Strongly positioned to deliver

CTS growth highlights



New fund manager clients include Mittleman, Pentalpha, Mirae, Wellington, Pzena, APSEC, Colonial First State (Infrastructure), GESB, Loftus Peak and Viburnum



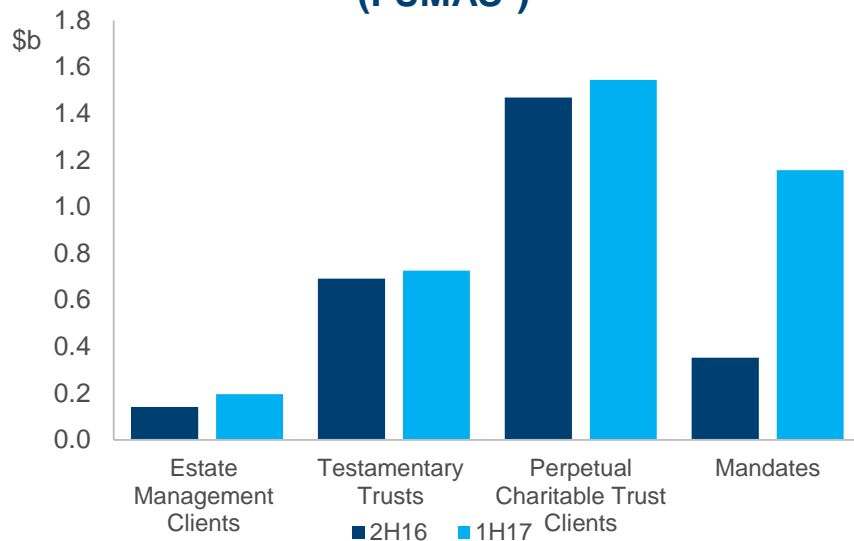
*FUS: Funds under supervision

TWS growth highlights



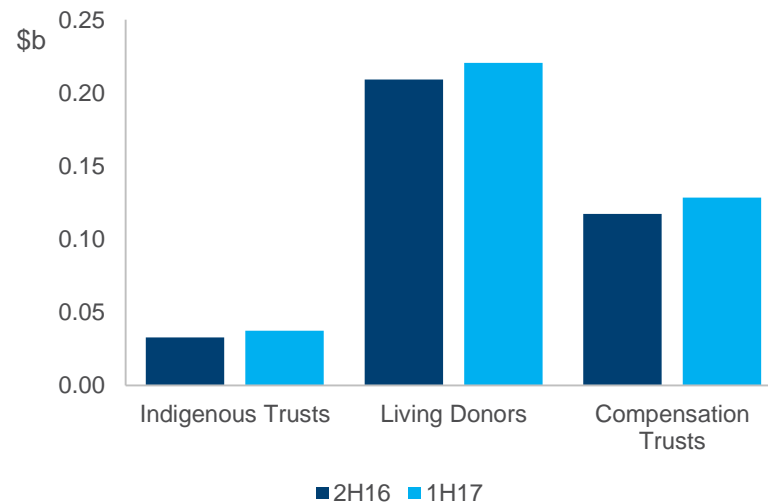
Improving momentum in both traditional and emerging trustee services

Traditional Trustee Services (FUMAS*)



- 13 new Perpetual Charitable Trusts, 3% increase
- 50 new Testamentary Trusts, 7% increase
- Average Estate administered up 58% in size

Emerging Trustee Services (FUMAS*)



- 6 new living donor clients, 3% increase
- 1 new Indigenous trust, 13%** increase
- 6 new compensation trusts, 13% increase

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

**We are appointed trustee but are awaiting the funding of the trust

Financials

Philip Gentry

Chief Financial Officer and Chief Operating Officer



Group financial performance



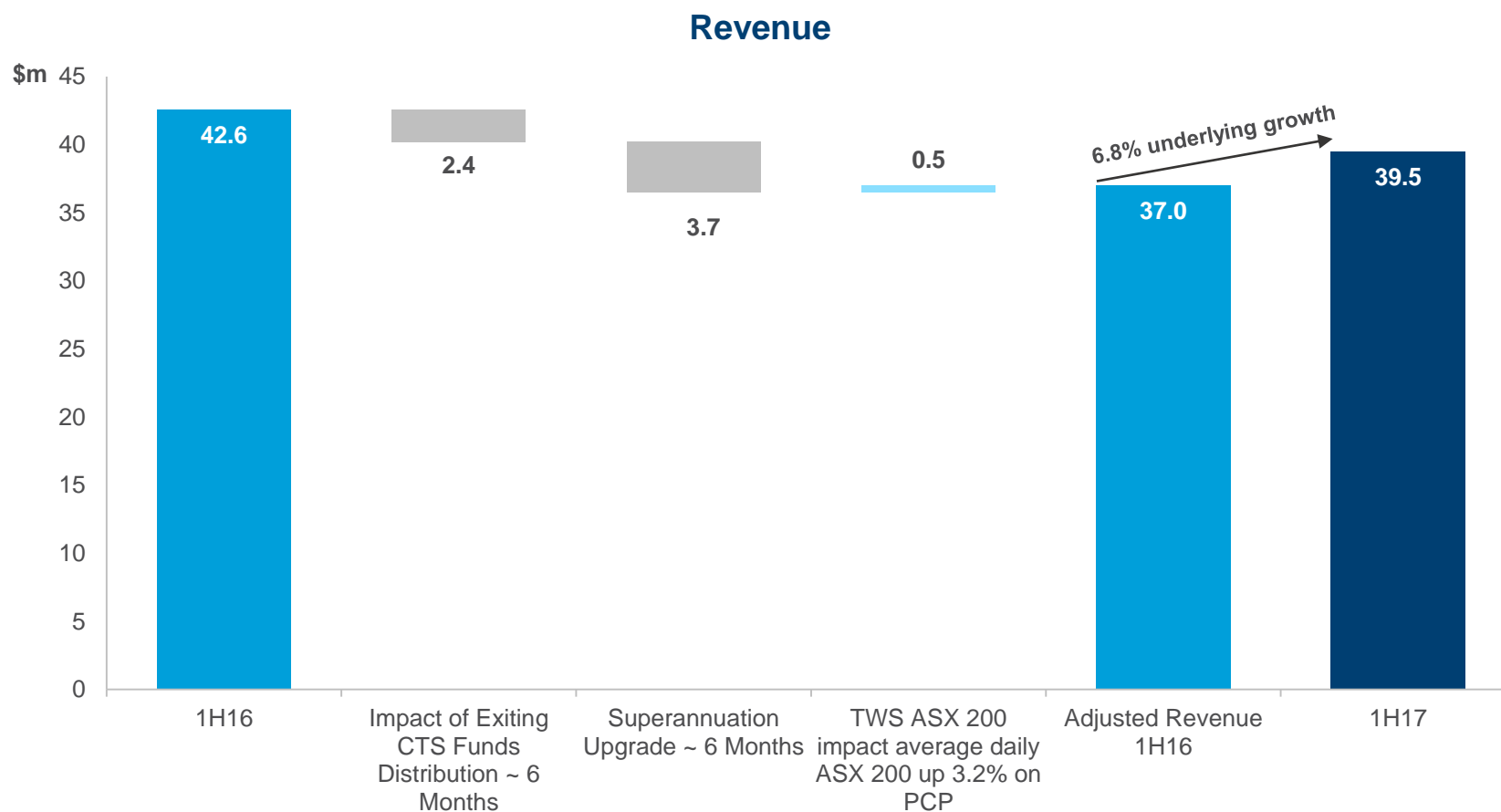
	1H17 \$m	1H16 \$m	1H17 v 1H16 %
Revenue	39.5	42.6	(7.3)
Operating Expenses	27.0	28.5	(5.3)
OPBT	12.5	14.1	(11.3)
Projects	1.2	3.1	(61.3)
Redundancy	0.9	1.1	(18.2)
NPBT	10.4	9.9	5.1
Tax	3.2	2.9	10.3
NPAT	7.2	7.0	2.9
OPBT Margin %	31.6	33.1	(1.5)
NPBT Margin %	26.3	23.2	3.1

	1H17	1H16	1H17 v 1H16 %
Earnings per share (cents)	36.01	35.25	2.2
Diluted EPS on NPAT (cents)	35.98	35.10	2.5
Dividends (cents)	35	34	3.0

- Transition year with solid underlying revenue growth offset by exit from funds distribution and upgrade of superannuation business
- Disciplined expense control
- One-off projects well executed and largely complete
- Interim dividend of 35 cps up 3%

Solid underlying revenue growth

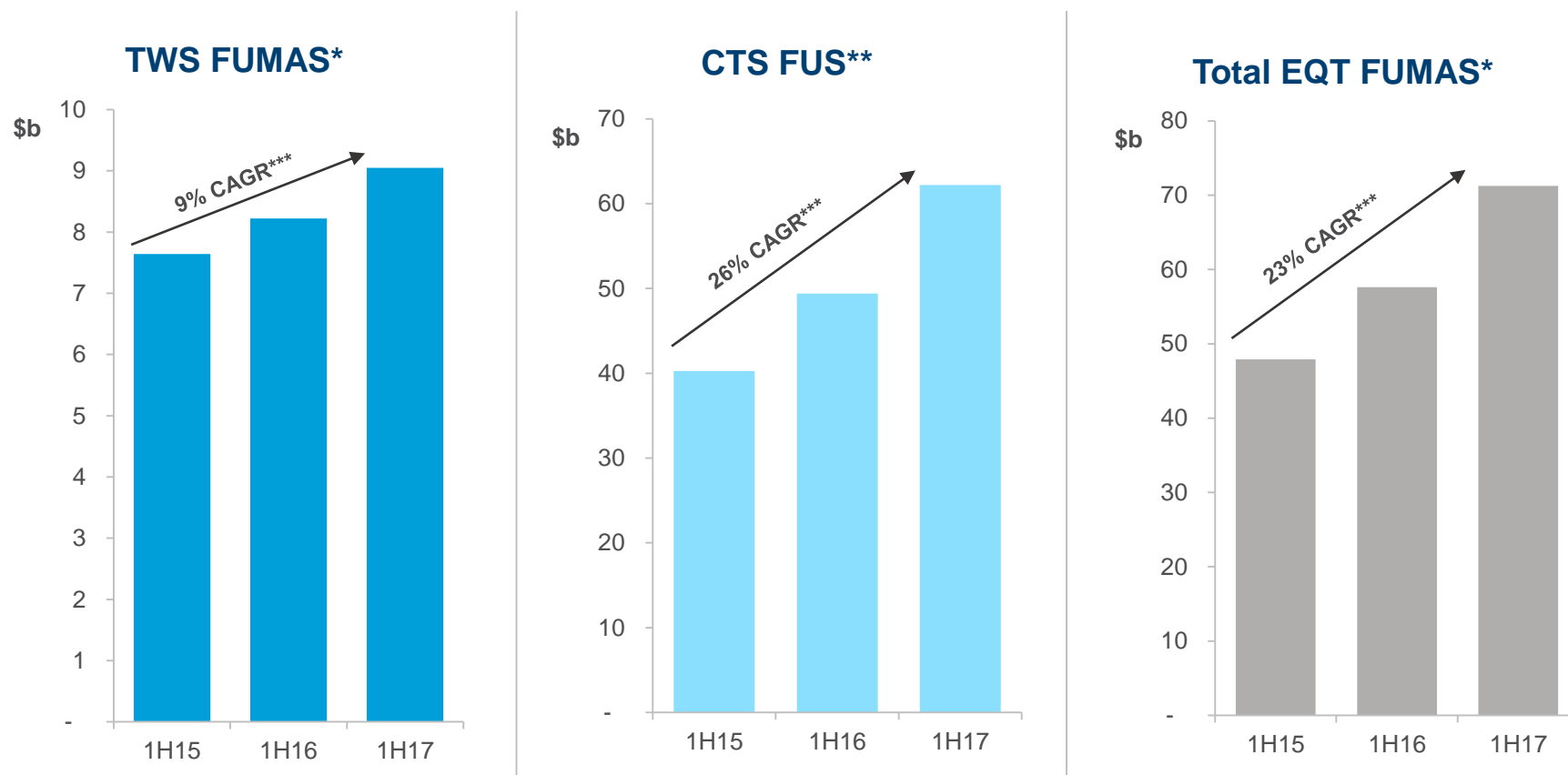
Organic growth partially offsetting exit of funds distribution and superannuation upgrade



Continuing strong growth in funds



Strong growth in funds under management, administration, advice and supervision



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

**FUS: Funds under supervision

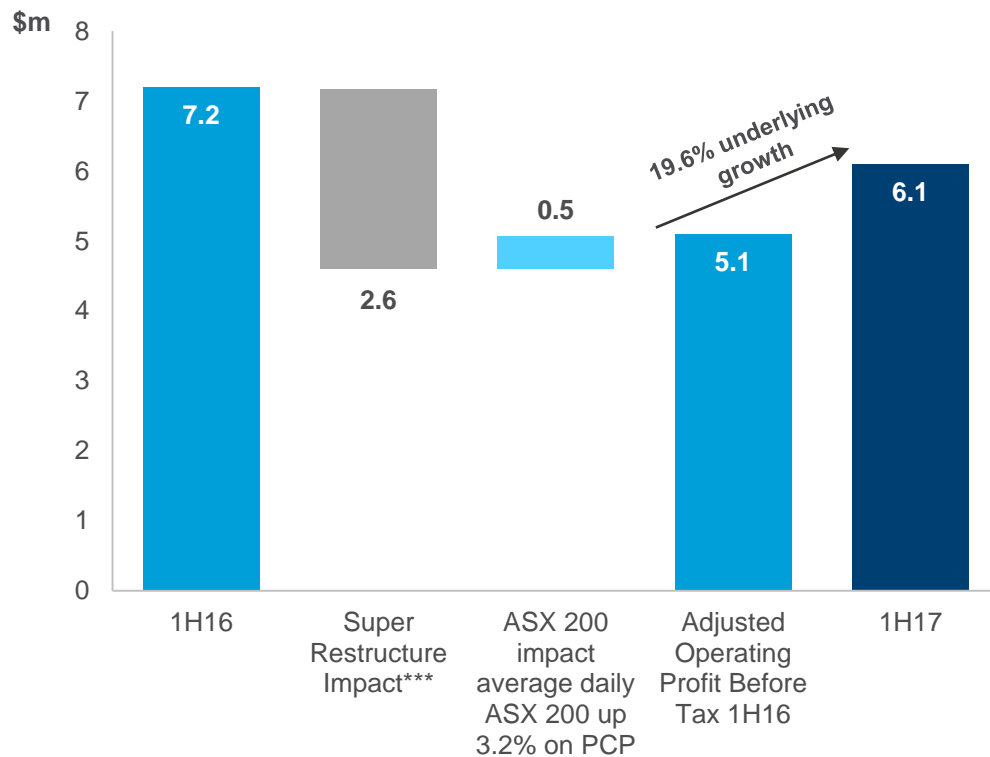
***CAGR Compound annual growth rate

TWS performance

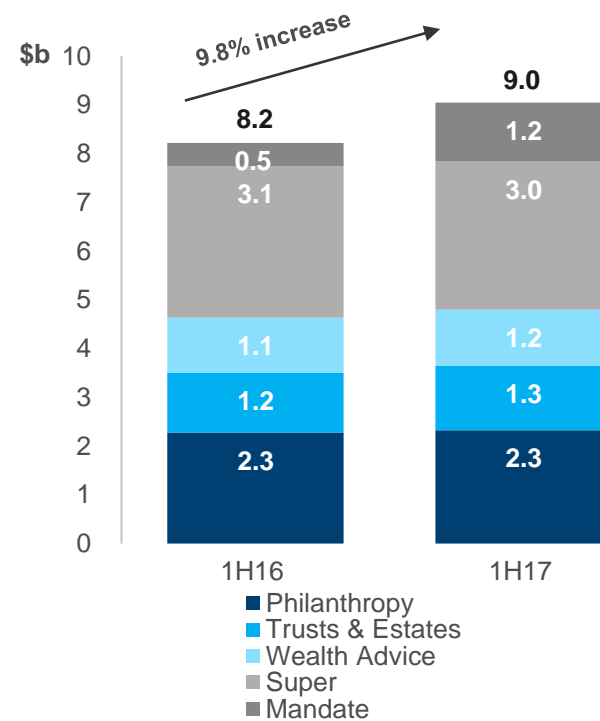


Organic growth to offset superannuation restructure and repricing over next 6 – 12 months

TWS OPBT*



TWS FUMAS**



*OPBT: Operating profit before tax

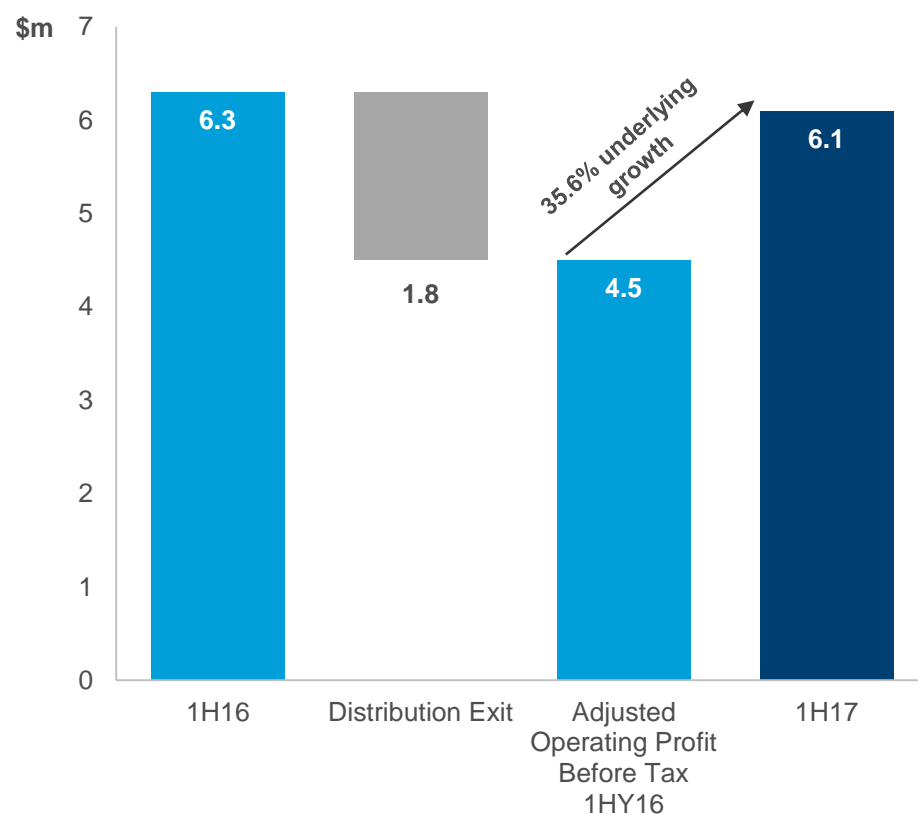
**FUMAS: Funds under management, administration, advice and supervision

*** Note super upgrade impact only has 9 month impact for the full year

CTS performance

Strong organic growth largely offsets exit of funds distribution

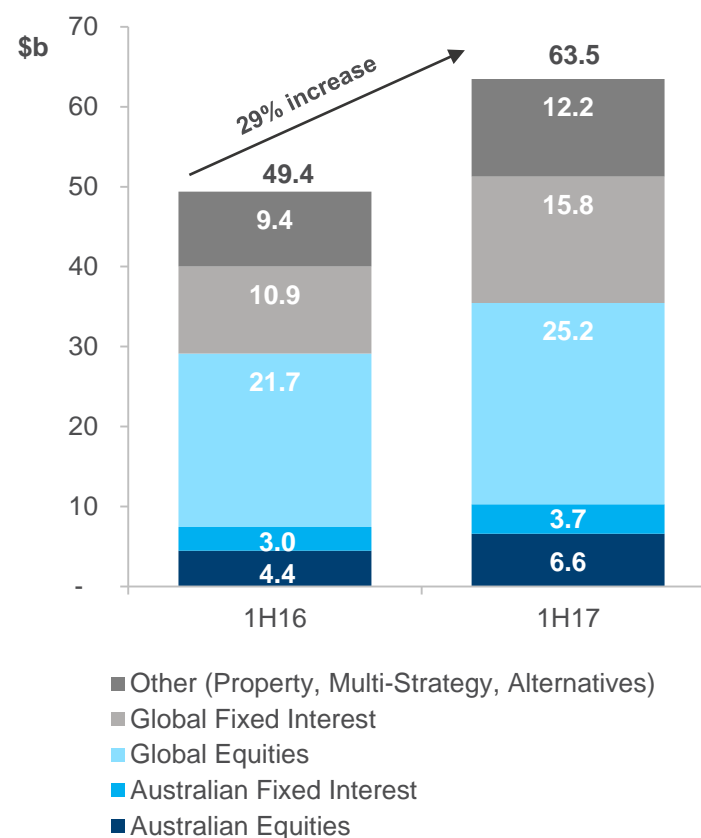
CTS OPBT*



*OPBT: Operating profit before tax

**FUS: Funds under supervision

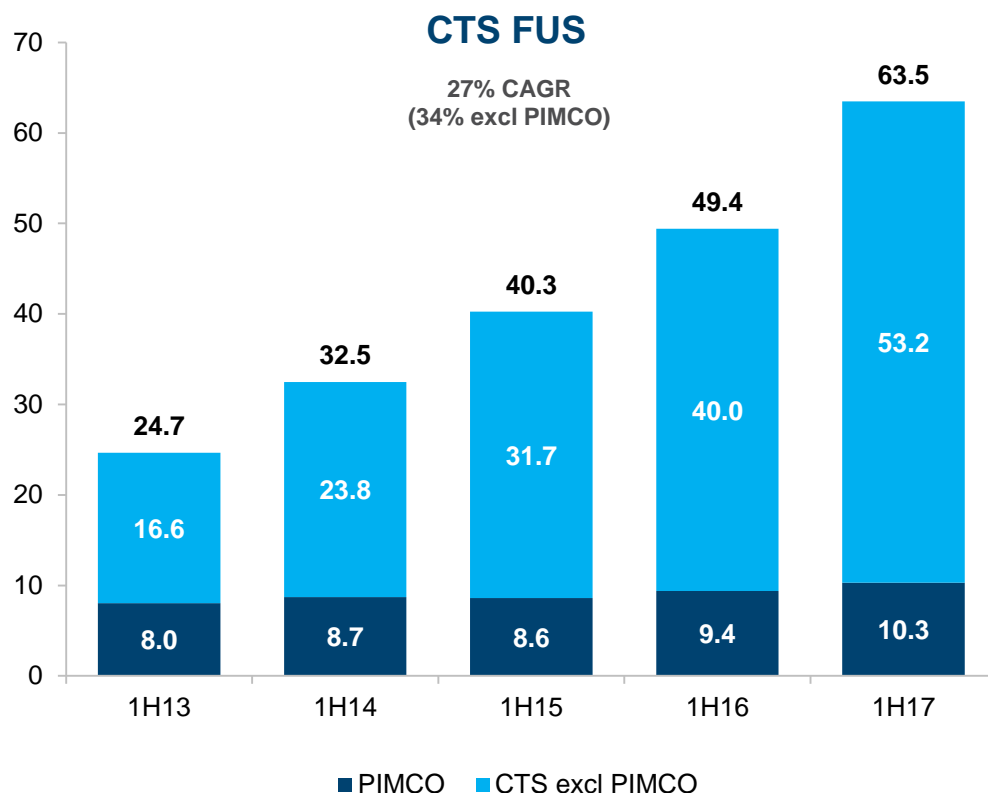
CTS FUS*



Consistent growth track record



Expect growth momentum to replace PIMCO revenue within 6 – 12 months



- \$63.5b FUS*
- Focus on core fiduciary
- FUS*
 - RE / Trustee \$62.6b
 - Corporate Trust \$0.9b
- PIMCO exit from March 2017

*FUS: Funds under supervision

Balance sheet strength provides security and flexibility



Consolidated Balance Sheet Summary	31-Dec-16 \$m	30-Jun-16 \$m	31-Dec-15 \$m
Assets			
Cash and cash equivalents	52.2	48.7	26.4
Trade receivables and accrued income	20.4	16.8	19.4
Goodwill and intangible assets	184.9	185.5	188.0
Investments and other assets	5.0	6.8	16.9
Total assets	262.5	257.8	250.7
Liabilities			
Trade payables and other liabilities	5.3	7.0	7.3
Borrowings	12.0	8.0	1.0
Other non-current liabilities	2.6	2.0	2.0
Total liabilities	19.9	17.0	10.3
Net Assets	242.6	240.8	240.4
Total Equity	242.6	240.8	240.4

- Low gearing
(Debt to Equity 5%)
- Surplus borrowing capacity
- Substantial headroom in covenants

Strong capital position



- Comfortably meets regulatory capital requirements
- Capital requirement to be held 50% in cash and 100% liquid assets (ASIC requirement)
 - Buffer also held in liquid assets
- Additional streamlining of structures and consolidation of licences has the potential to reduce capital requirements by ~\$4m to \$5m in the near term
- A 10%* sustained increase in revenue for CTS requires an additional ~ \$3m in longer term regulatory capital
- Dividend policy to payout 70% to 90% of reported NPAT expected to provide sufficient retained earnings to fund organic growth
- New and increased debt funding arrangements provide additional flexibility to support regulatory capital needs or selective investment / acquisition

Key initiatives on track

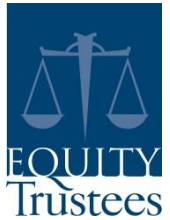


Projects Costs (\$m)	1H17	2H16	1H16
Business Assurance Project	0.7	0.7	1.2
Operating Model Review	1.3	-	-
Corporate Restructure	-	0.2	0.7
Superannuation Restructure	-	1.3	1.3
M&A / Other	0.1	0.6	0.4
Non Projects Costs (\$m)	1H17	2H16	1H16
Non Project restructuring / redundancy	-	0.8	0.6
Total Non Operating Items	2.1	3.6	4.2

- Corporate Restructure and Superannuation Upgrade complete
- Business Assurance Project complete
- Operating Model Review in implementation
- 2H17 one-off costs expected to be significantly lower than 1H17

Note: some prior period information has been restated to improve comparability

Operating Model Review exceeding expectations



- Group wide Operating Model Review announced in June 2016 is delivering
 - Annualised productivity gains of \$2.7m, to be realised by FY18
 - One-off costs of ~\$1.3m offset by benefits generated in FY17
 - Phase 2 now underway – expected to see further incremental improvements
- Phase 2 focusing on:
 - Assessment of outsourcing opportunities
 - Improving client support
 - Improving product analytics to better target product development initiatives for clients

Summary



- One-off key initiatives completed
 - Strengthening corporate structure, risk management framework and upgrading superannuation business
- Strong organic growth momentum
- Expect organic growth and productivity improvements over FY17 to significantly offset earnings impact of funds distribution exit and superannuation upgrade
- Group Operating Model Review targeting productivity improvements and enhanced customer outcomes is ahead of plan
- Fully funded capital position and capacity to support growth plans
- Targeting significant improvement in reported NPAT in FY17

Sandhurst Trustees' Estates Acquisition Update

Mick O'Brien

Managing Director



Growing Equity Trustees 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 community
- Equity Trustees establishing partnership with Bendigo and Adelaide Bank and expects to continue to expand the relationship

Overview of Sandhurst Trustees' Estates



141
Perpetual and
Ongoing Trust Clients

25,000
WILLS

\$140m
FUM



Estate Planning



Deceased Estates



Ongoing and
Perpetual Trusts



Agency and
Power of Attorney



Common Fund

Key terms of acquisition



- Purchase price \$5.0m
- Conditional on ASIC approval - targeting March 2017
- 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

Earnings per share 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.

Strategy update and outlook

Mick O'Brien

Managing Director



Equity Trustees strategy



- Equity Trustees aims to be the market leader in key parts of the wealth value chain
 - Wealth protection – acting as responsible entity, superannuation trustee, executor, powers of attorney and services in funds management advice and custody
 - Wealth transition – services in wills, estate planning, trusts, philanthropy
- Growth drivers
 - Building the platform – restructure and reposition
 - Driving organic growth – FUMAS* and margins
 - Expansion opportunities in core markets and businesses – bolt on, geographic

Attractive market opportunities



TWS Private Clients

Demographic changes due to ageing population “~500,000 currently over age 85 - will double in 20 years...3.5% CAGR”¹

Financial Wealth transition
“Inter-generational wealth transfer projected to be \$85b p.a. in 2030”²

Rising wealth driving increased philanthropy and living donor interest

Growing opportunities in Indigenous and compensation trusts

TWS Superannuation

Growth in mandated superannuation
“1.1x GDP to peak at 1.6x GDP in 20 years”³

Superannuation growth exceeds Australia Capital Market growth leading to increased use of global asset classes

Corporate Trustee Services

Independent, unconflicted model offers significant business opportunities



- Equity Trustees' model is to provide specialist trustee and related services to other financial institutions
- We 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



TWS growth focus



- Preferred choice by advisers for their best clients requiring the highest level of trust
- The delivery of client centric services that enable cross referrals to all parts of our business
- Grow our long-term, enduring revenue base through targeted initiatives
 - Build and capitalise on high value Will Bank
 - 30,000 Wills with an estimated \$20b plus assets
 - Sandhurst Estates acquisition will add an additional 25,000 Wills
- Target top 1 or 2 position in selected growth markets, including:
 - Living donors for our leading philanthropy business
 - Compensation trust clients
 - Indigenous trusts

Superannuation growth initiatives



- Consolidate our position as the leading brand for independent superannuation trustee services
- Increase our market share of the Trustee-for-Partner market
- Successfully won and signed a new fund (~ \$500m) subject to conditions
- Further progress on large strategic inorganic opportunities

CTS continues to have substantial growth opportunities



Growth opportunity	Strategy
New product designs	<ul style="list-style-type: none">• Attribution Managed Investment Trust (AMIT) Collective Investment Vehicle (CIV): provide new fund structuring opportunities in the Australian market for existing clients
SPV & funds of one (F1)	<ul style="list-style-type: none">• Leverage CTS' experience and relationships with investment managers and service providers to build new innovative funds
New markets – corporate trustee appointments	<ul style="list-style-type: none">• Proposed further expansion in FY17 (Sydney)• New client portal being developed
Asian expansion	<ul style="list-style-type: none">• Growing demand from clients based in Asia• Increased presence to be developed in the region• Wins in Singapore and Korea building momentum

Six key drivers



T1 Increase total FUMAS*

\$72.5b at 31 Dec 16



T2 Growing sales value

Under development



T3 Enhancing operating margin

31.6% at 31 Dec 16



**EPS
growth
and
ROE**



T4 Improve customer satisfaction

Surveying in Q2



T5 Lifting employee engagement

55% at Jan 17



T6 Deepening community impact

\$71m in 2016

Conclusion and outlook



- Attractive industry fundamentals
- Good organic growth in underlying revenue
- Capitalising on recent investments
 - One-off Corporate Restructure, Superannuation Upgrade
 - Risk and Assurance Upgrade
 - Operating Model Review achieved \$2.7m in annualised savings ahead of schedule
- Leader in chosen sectors of the wealth management value chain
- Sandhurst Trustees' Estates acquisition improves scale on trusts and estates business
- On track for significant improvement in NPAT in FY17
- Encouraging outlook for FY18 and beyond

Q & A



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