



EQT Holdings Limited (Equity Trustees) Investor Presentation

**Results for year ending
30 June 2017**

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

25 August 2017



Agenda



2017 in Review

Financials

Strategy Update

Summary and Outlook

Questions



2017 in Review

Mick O'Brien, Managing Director



Overview



Year of achievement following business transition

- Significant improvement in performance
 - Businesses performing strongly
 - Increased profit
 - Reduced costs
 - Strong underlying funds management growth
- Successful business transition
 - Corporate restructure completed and delivering higher than anticipated returns
 - Sandhurst acquisition complete and earnings accretive FY18
 - Board strengthened
- Forging ahead: a growth agenda
 - Attractive industry fundamentals
 - Leveraging our core strengths and capabilities
 - Pursuing growth – organic, partnerships and acquisitions

Significant improvement in performance



- Very strong Corporate Trustee Services (CTS) performance
- Improving Trustee & Wealth Services (TWS) momentum
- Reduction in both operating and one-off costs
- Significant improvement in staff and client engagement
- ~ \$67m in philanthropy grants
- FUMAS* up 6.4% to \$69.7b
- Net profit after tax (NPAT) up 16.2% to \$15.4m
- Basic EPS up 15.0% to 77 cents
- Total dividend for the year of 71 cents, up from 68 cents in 2016

Positioned for growth



- Leaner and more focused after restructure and other initiatives
 - Targeted initiatives over 12-18 months to streamline and reposition business for growth
 - Risk assurance investment and upgrade
 - Repositioning of superannuation to create competitive trustee offer
 - Exited distribution of third party funds to focus on fiduciary services
 - Operating Model Review complete
 - Improved productivity - \$2.7m of annualised cost savings
- Successful integration of Sandhurst Estates acquisition
- Strong balance sheet and low gearing
- Focused leadership team
 - Refreshed and experienced management team
 - Strengthened Board
 - Glenn Sedgwick – appointed 8 August 2016
 - Jim Minto – appointed 1 March 2017
- Hon. Jeff Kennett AC to succeed Tony Killen OAM as Chairman from October 2017

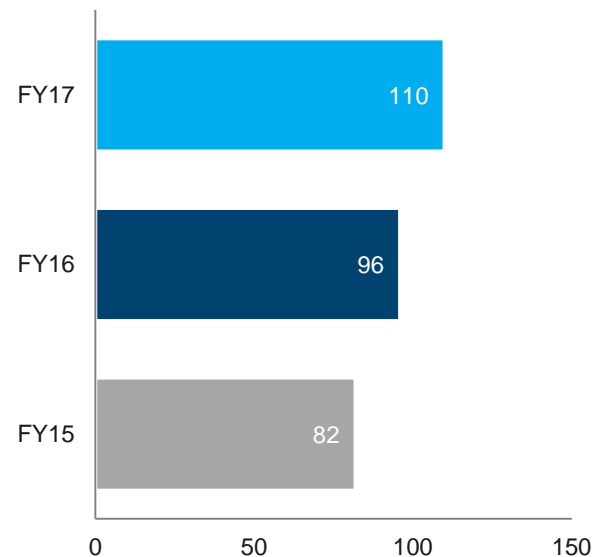
CTS highlights



Very Strong organic growth

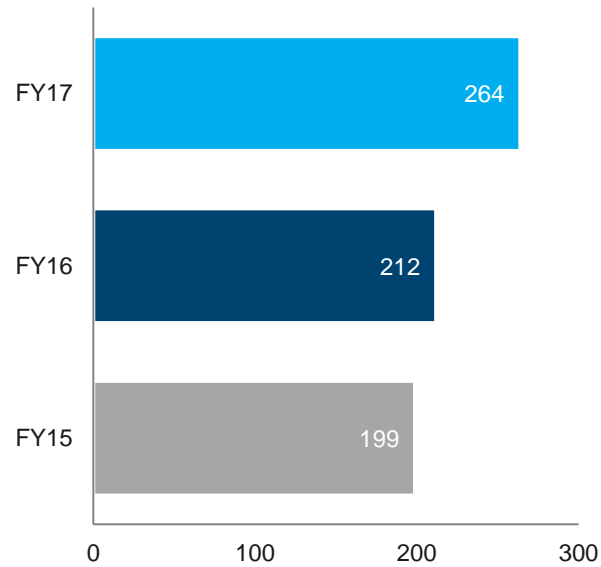
No. of Managers

↑ 15% on prior year



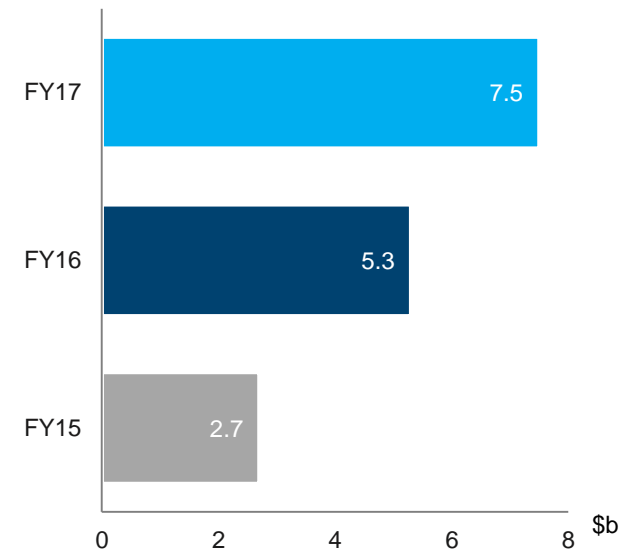
No. of Funds

↑ 25% on prior year



New Funds FUS*

↑ 42% on prior year



*FUS: Funds under supervision originated from new clients in FY17

CTS new clients in 2017

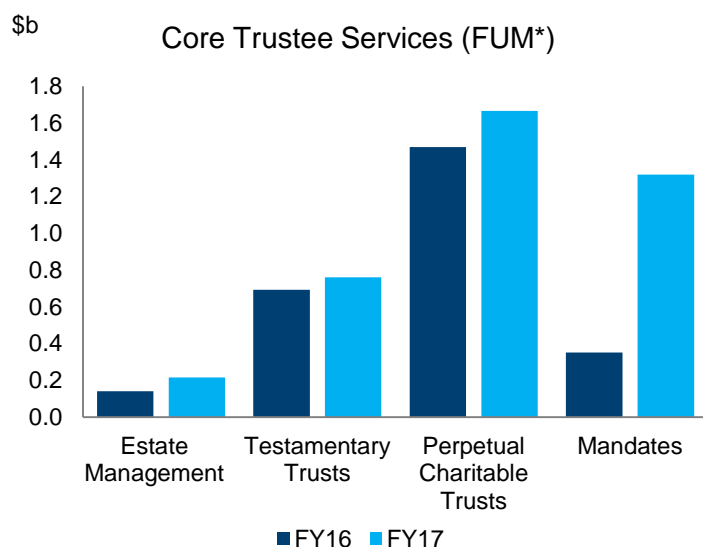


	Australia	Global
New Clients	APSEC Artesian Colonial First State Global Asset Management (Unlisted Infrastructure) Cooper Investors JCP Investment Partners L1 Capital Pentalpha Viburnum	GQG Partners Mirae Asset Global Investments Mittleman Pzena Sanlam Private Wealth
Additional Funds	Allan Gray Eight Investment Partners MLC Private Equity Paradice Watermark	GAM Orbis Partners Group Robeco Standard Life Investments

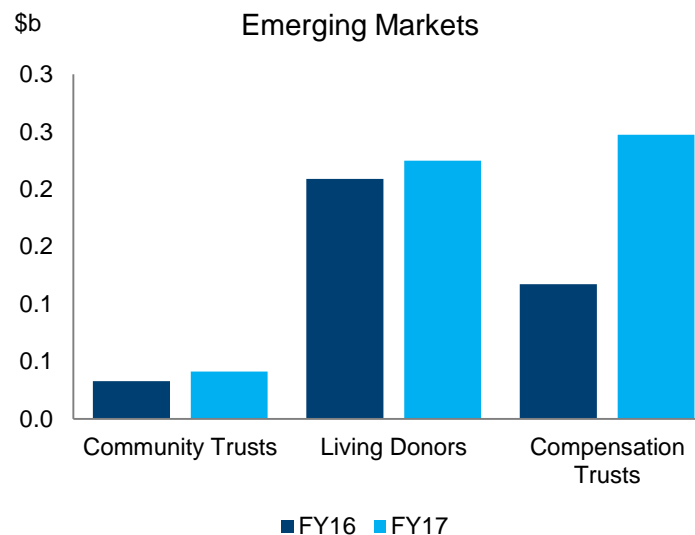
TWS highlights



Improving momentum in both core and emerging trustee services



- Estates administered up 79%
- 87 new testamentary trusts, 9% increase
- 14 new perpetual charitable trusts, 3% increase



- Community trusts – early growth
- 13 new living donor clients, 8% increase
- 20 new compensation trusts, 33% increase







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

Sandhurst Estates integration complete



- Purchase price \$5.0m – funded out of existing liquidity and funding arrangements
- No material impact on capital requirements
- Transition and integration successfully completed on time and on budget
- Five year mutual referral agreement with Bendigo and Adelaide Bank
- Maintaining Bendigo presence
- EPS accretive in FY18
 - Increased Revenue ~\$2m+ p.a.
 - Increased EBITDA ~\$1m+ p.a.

Performance drivers

			Actual FY16	Actual FY17	% Change
T1		Improve client satisfaction	n/a	NPS +12	n/a
T2		Lifting employee Engagement	49%	58%	+18%
T3		Increase total FUMAS	\$65.5b	~\$68.4b	+6% (Norm ¹ +26%)
T4		Growing sales value	Under construction and a focus for FY18		
T5		Enhancing operating margin	32%	32%	-
T6		Deepening community impact	\$71m	\$67m	-4% (Norm ² +6%)

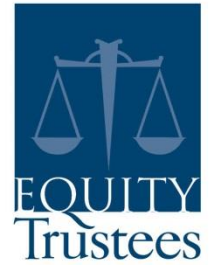


**EPS
Growth**

ROE

¹ Normalised adjusts for the loss of \$10.3m client exit

² Normalised adjusts for inclusion of one off grant in FY16 of \$8m



Financials

Philip Gentry, Chief Financial Officer
and Chief Operating Officer



Significant profit improvement

	FY17 \$'m	FY16 \$'m	FY17 v FY16 %
Operating revenue	79.9	83.7	(4.5)
Operating expenses	54.6	57.0	(4.1)
Non-operating expenses	3.0	7.8	(61.3)
Net Profit Before Tax (NPBT)	22.3	18.9	17.7
NPBT margin (%)	27.9	22.6	5.3
Net Profit After Tax (NPAT)	15.4	13.3	16.2
Earnings Per Share (EPS) (cents)	77.00	66.98	15.0
Diluted EPS on NPAT (cents)	76.90	66.47	15.7
Dividends (cps)	71	68	4.4

- Reduced revenue reflects superannuation restructure and exit of funds distribution
- Disciplined approach to expenses
- Non-operating expenses markedly reduced
- NPAT up significantly
- Solid increase in dividend

Key initiatives successfully implemented

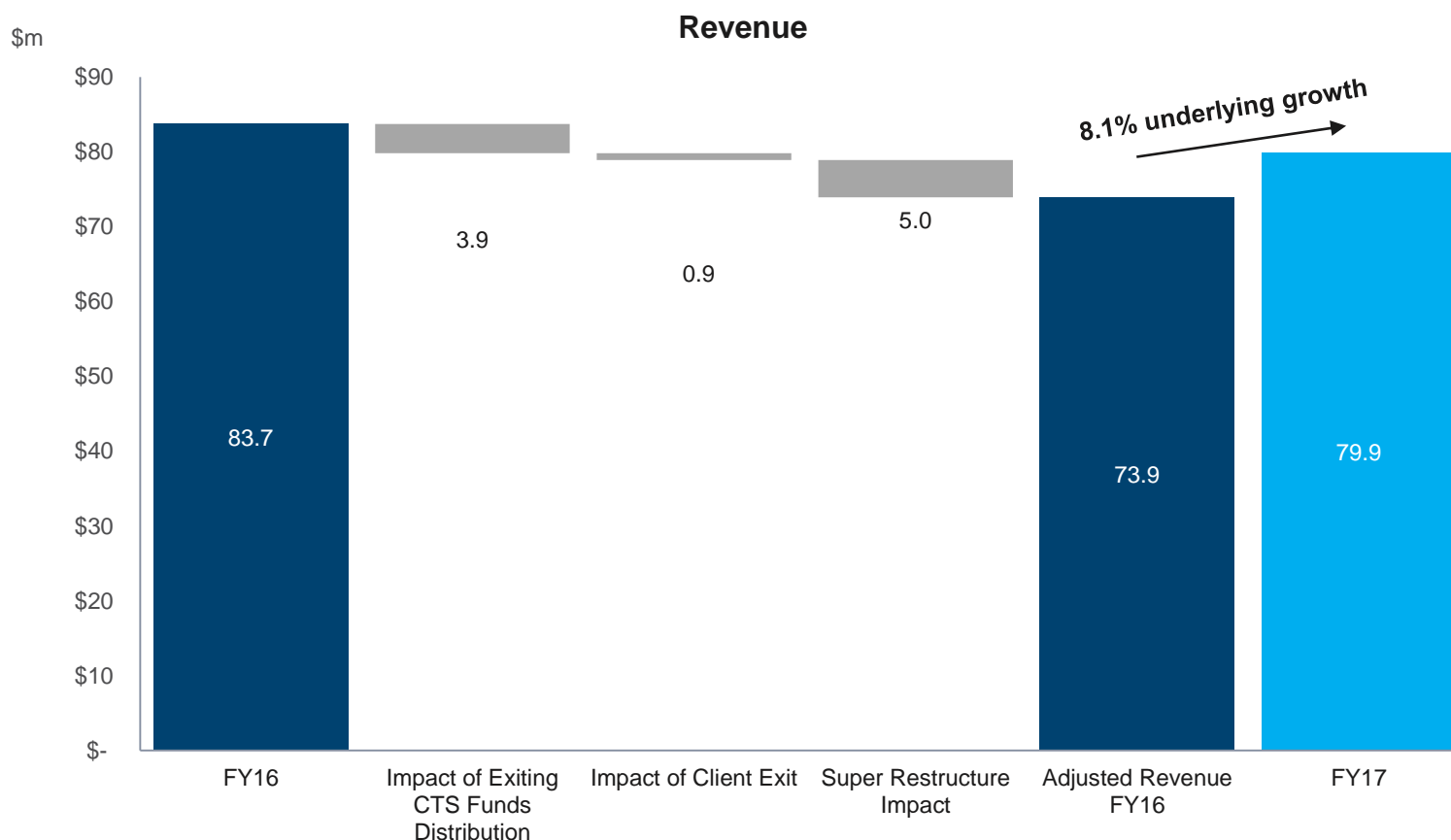


Projects Costs (\$m)	2H17	1H17	2H16	1H16	
Business Assurance Project	-	0.7	0.7	1.2	All completed within time and budget
Operating Model Review	0.3	1.3	-	-	
Corporate Restructure	-	-	0.2	0.7	
Superannuation Restructure	-	-	1.3	1.3	
M&A / Other	0.6	0.1	0.6	0.4	Largely Sandhurst Trustees
Non Projects Costs (\$m)					
Non Project restructuring / redundancy	-	-	0.8	0.6	Non-operating items substantially reduced
Total Non Operating Items	0.9	2.1	3.6	4.2	

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

Solid underlying revenue growth

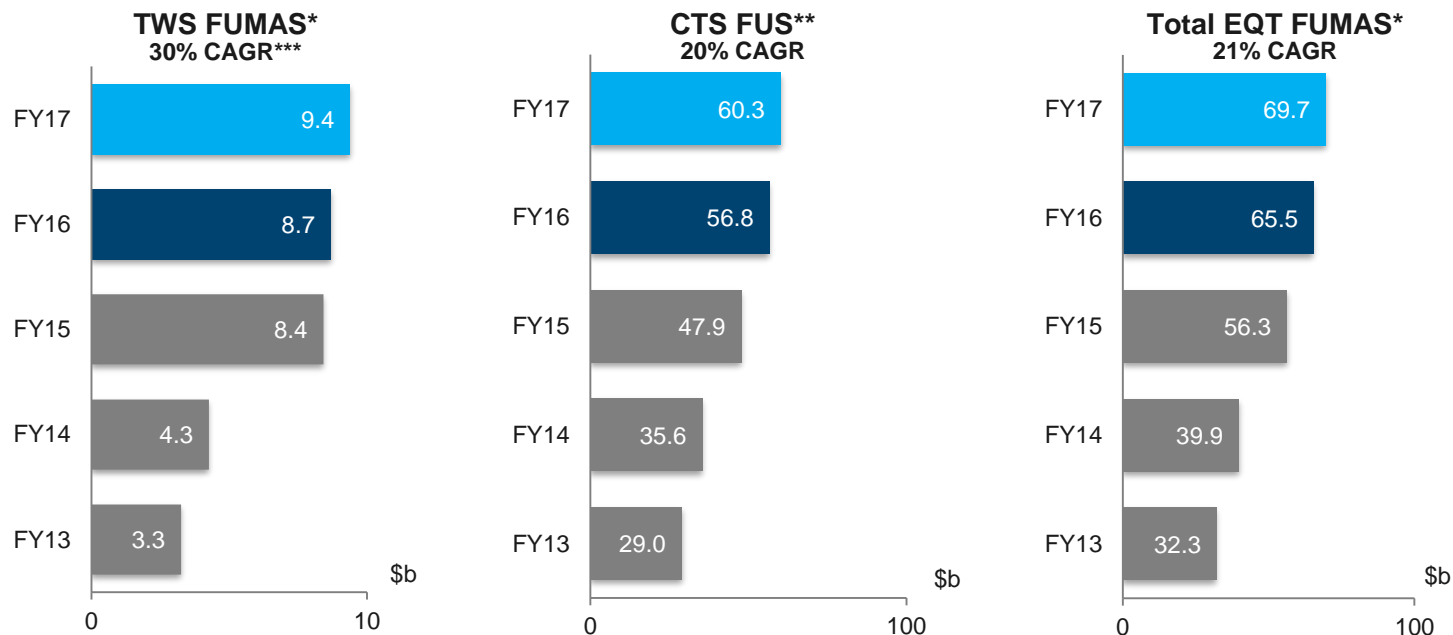
Organic growth partially offsetting exit of funds distribution and superannuation upgrade



Strong growth in funds



Growth in funds under management, administration, advice and supervision



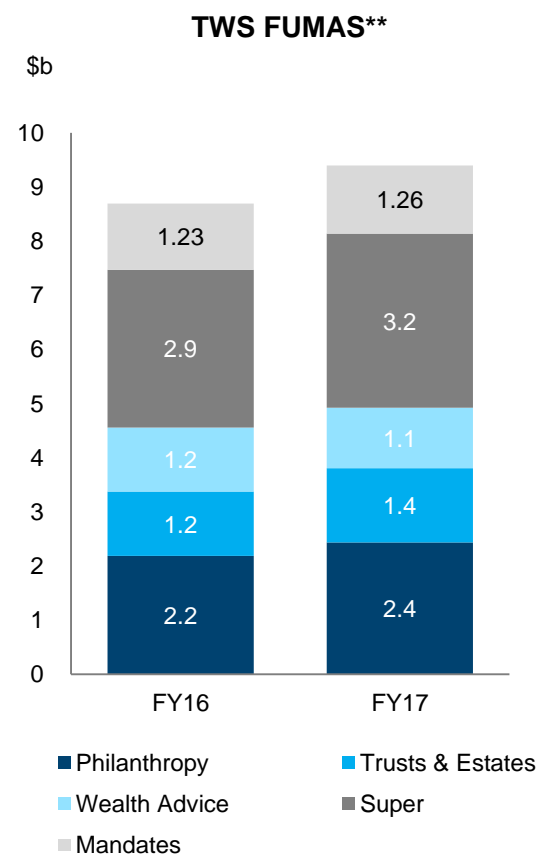
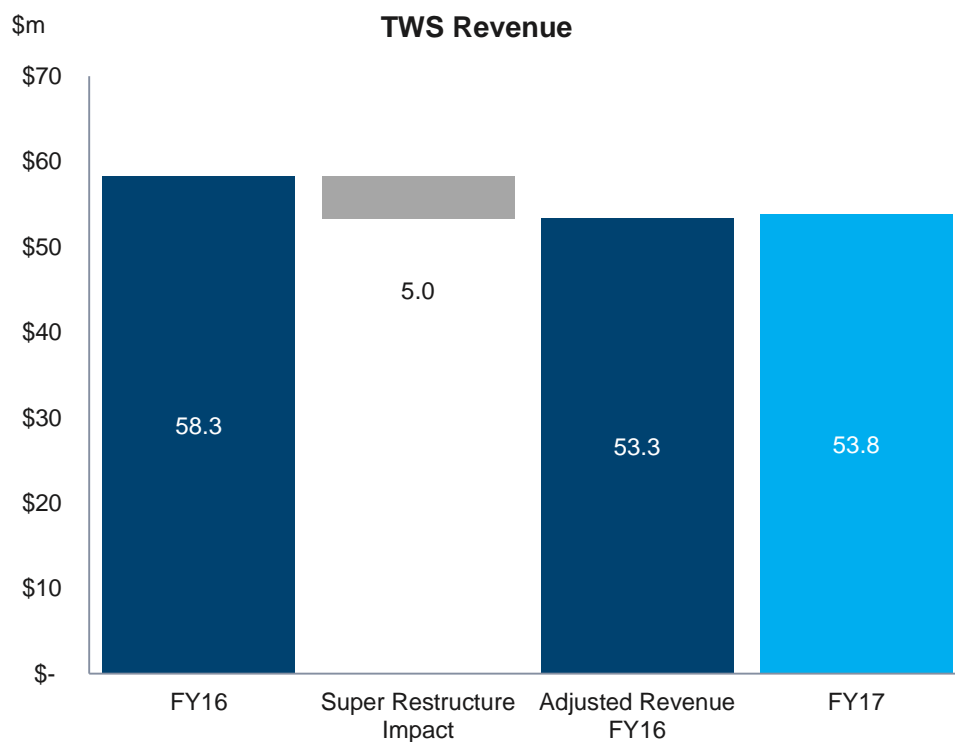
*FUMAS: Funds under management, administration, advice and supervision

**FUS: Funds under supervision

***Note – Increase in TWS FUMAS from FY14 to FY15 was largely due to the acquisition of ANZ Trustees

TWS performance

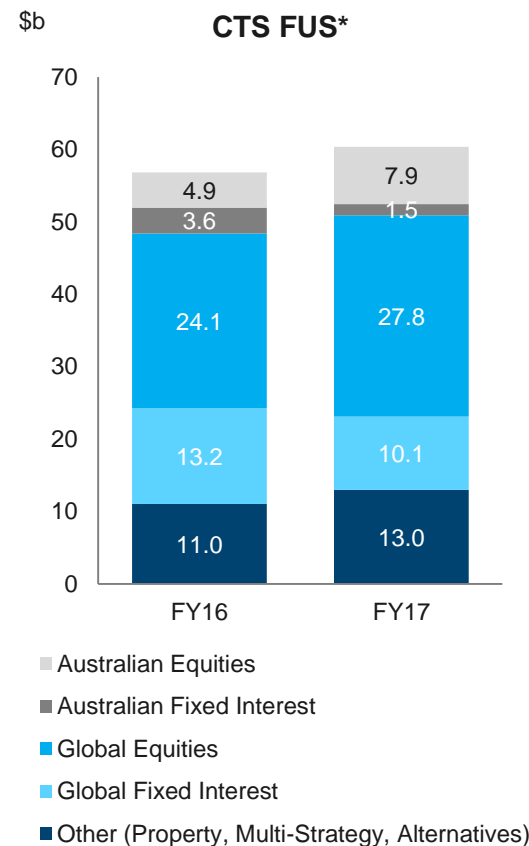
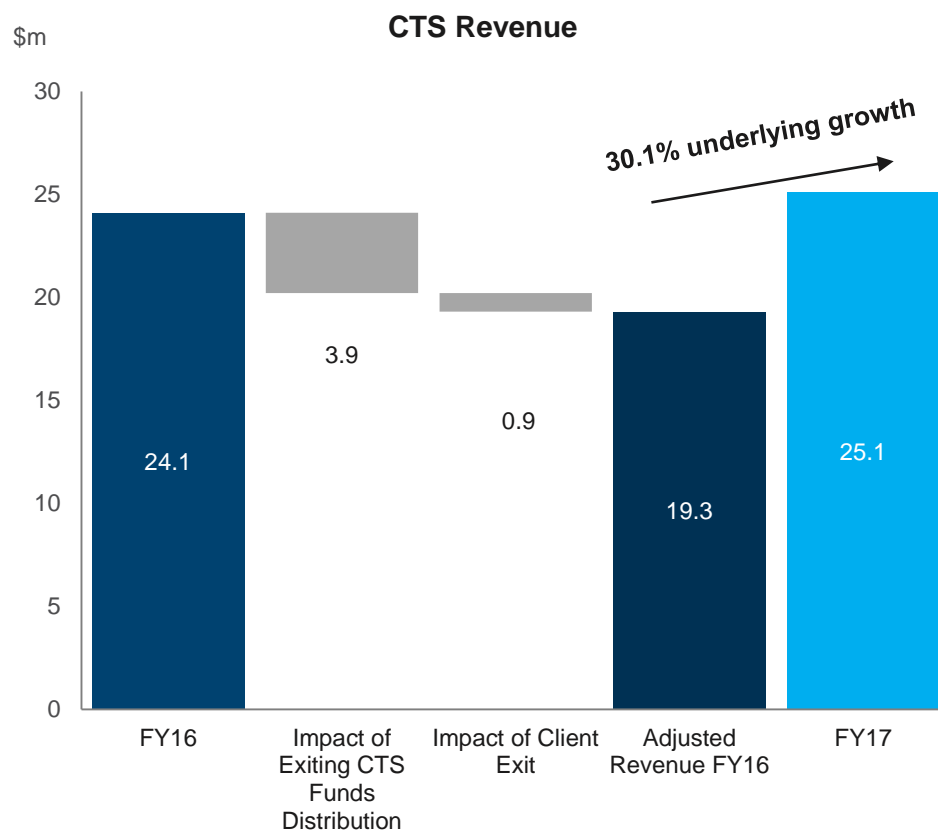
Strong performance by Philanthropy and good overall FUMAS growth offset by Superannuation restructure and lower investment and advice revenue



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

CTS performance

Strong organic growth offsets exit of funds distribution and one client

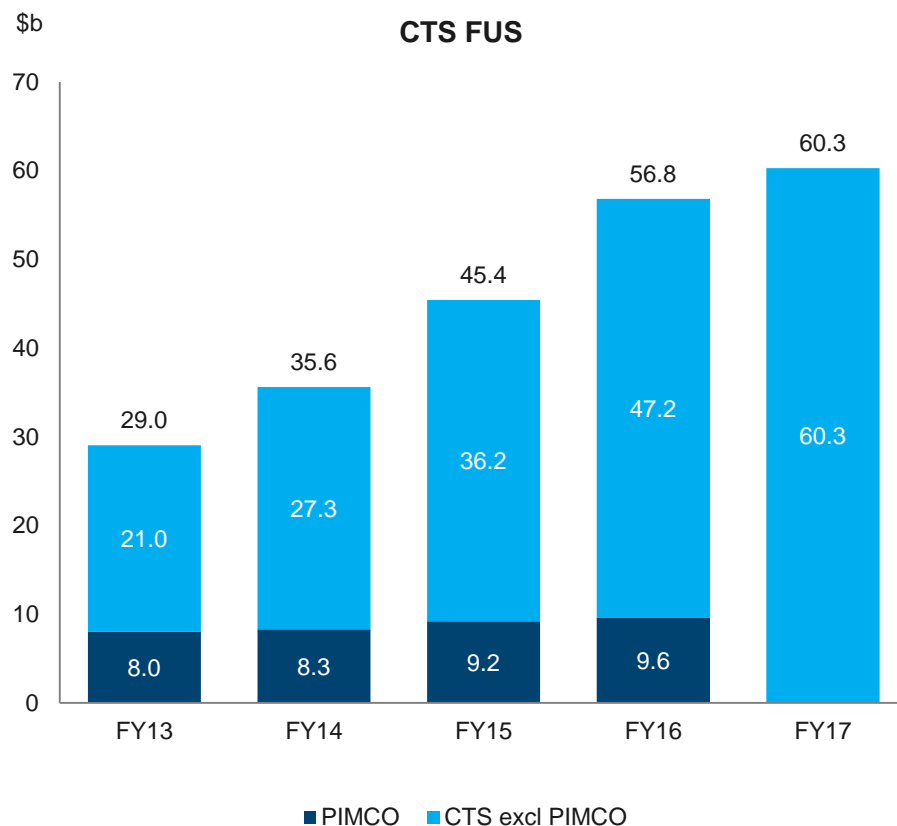


*FUS: Funds under supervision

CTS consistent growth



Strong growth momentum has already replaced lost client FUS



- \$60.3b FUS*
- 30.2% CAGR**
- Client exit from March 2017
- Focus on core fiduciary services

*FUS: Funds under supervision ** excludes PIMCO

Balance sheet strength

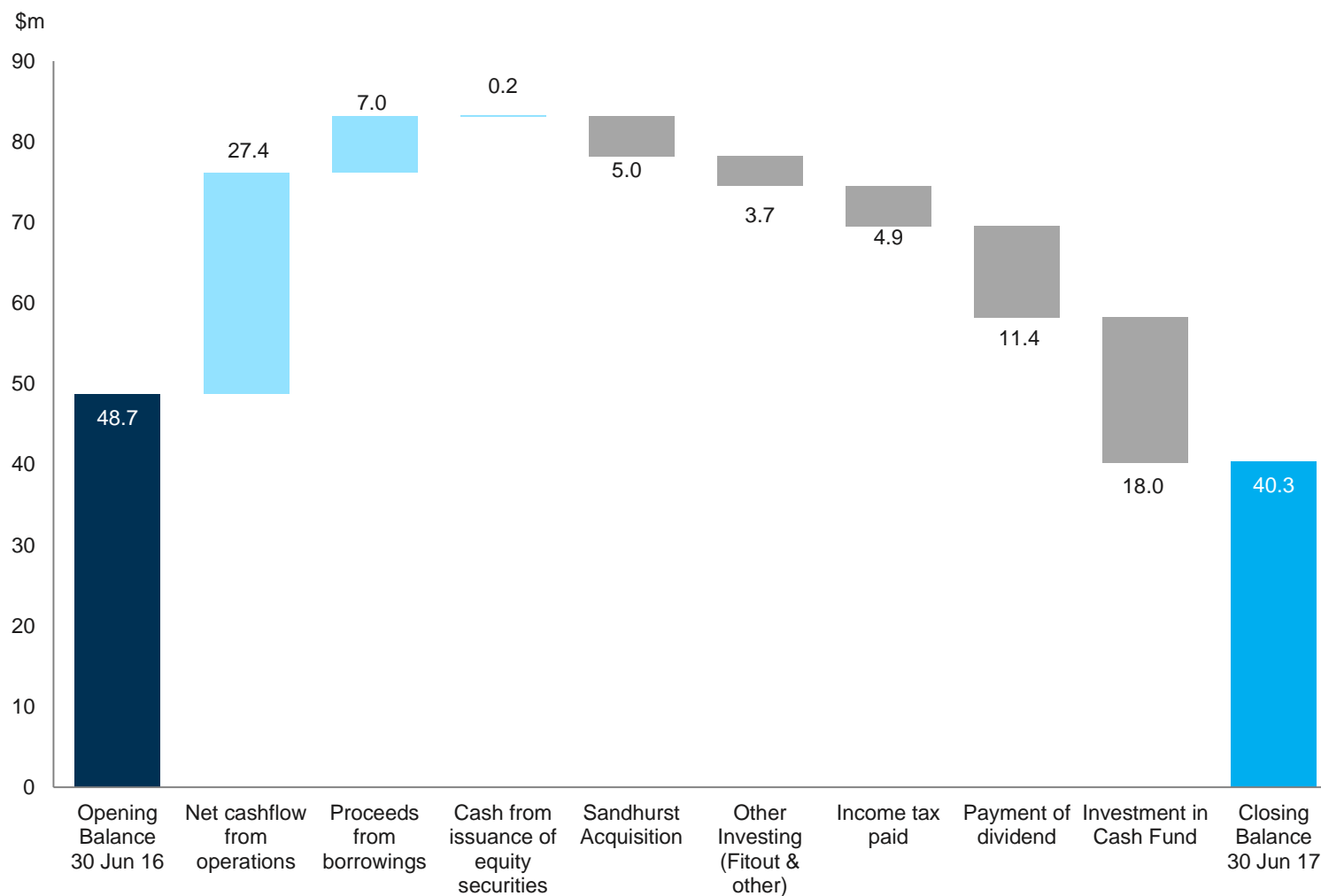
	30-Jun-17 \$'m	31-Dec-16 \$'m	30-Jun-16 \$'m
Assets			
Cash and cash equivalents	58.4	52.2	48.7
Trade receivables and accrued income	17.9	20.4	16.9
Goodwill and intangible assets	210.4	206.2	206.6
Other assets	5.4	2.5	3.3
Total assets	292.1	281.3	275.6
Liabilities			
Trade payables and other liabilities	10.2	5.4	7.0
Borrowings	15.0	12.0	8.0
Other non-current liabilities	21.7	21.3	19.8
Total liabilities	46.9	38.7	34.8
Net Assets	245.2	242.6	240.8
Total Equity	245.2	242.6	240.8

- Low gearing (Debt to Equity 6.1%)

- Substantial headroom in covenants

- Surplus borrowing capacity

Strong operating cash flow



Strong capital position



- Comfortably meet regulatory capital requirements
- Streamlining of structures and entities is improving capital efficiency by ~\$2-3m over time
- Consolidation of licences has the potential to reduce capital requirements by a further \$5m in the longer term
- A 10%* sustained increase in revenue for CTS requires an additional ~ \$3m in longer term regulatory capital
- Dividend policy to pay out 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

* Based on current portfolio of funds and activities

Summary



- Strong improvement in financial performance
- Key initiatives completed
 - Strengthened corporate structure and risk management framework
 - Upgraded superannuation business
 - Group Operating Model Review completed
 - Improved productivity – \$2.7m of annualised cost savings
- Strong organic growth momentum
- Fully funded capital position and capacity to support growth plans
- Encouraging outlook for FY18 and beyond

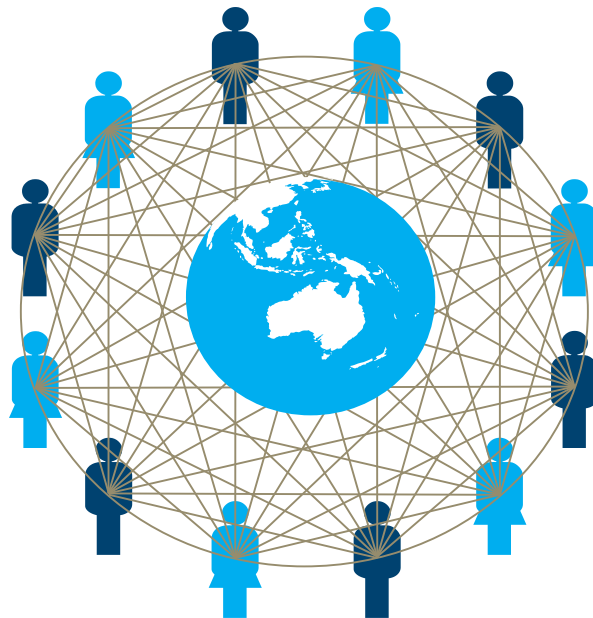


Strategy and Outlook

Mick O'Brien, Managing Director



EQT aims to be
Australia's leading specialist trustee
company



Forging ahead: a growth agenda



- Targeting market leadership in areas of the wealth chain where we have competitive advantage
 - Playing to our strengths
 - Leveraging our unique position and specialist capability
 - The preferred partner of other financial services and legal firms
 - Underpinned by attractive market fundamentals
- Pursuing growth in all lines of business through
 - Organic initiatives
 - Partnerships
 - Acquisitions

Playing to our strengths



Aiming to be market leader in areas of the wealth value chain where we have a competitive advantage

Wealth protection



Providing responsible entity, superannuation trustee, executor, funds management, custody services and corporate trustee appointments

Wealth transition



Providing services in estate planning (Wills, power of attorney), estate management, trust management and philanthropy

Leveraging our unique position



EQT has a unique position that provides an advantage in seeking new opportunities

- Specialist capability and experience focused solely on trusteeship
- Independent, un-conflicted model
 - Not part of a broad-based financial services conglomerate
 - Not competing as a large scale fund manager
 - Not competing as an advice and platform business
- Strongly positions EQT as the preferred partner for other financial services firms

Attractive industry fundamentals



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

More complex family situations requiring increased servicing

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

Opportunities for offshore expansion in fiduciary services
– global FUM ~ US\$70 trillion

Pursuing a clear growth strategy



Organic

- Developing innovative new solutions in key growth areas – living donors
- Targeting new markets where expertise can be applied e.g. compensatory trust clients
- Improved service and cross-sell across our client base
- Aligning our approach to meet increasing market globalisation
- Continuing to modernise the business

Partnerships

- Partnerships to strengthen and continue to grow our core businesses

Acquisitions

- Bolt-on acquisitions of similar businesses in Australia
- Offshore opportunities for Corporate Trustee Services

Estate planning and management

- Leveraging our Will Bank for growth – 50,000 Wills/\$20b+ assets
- Increased engagement with clients to promote products and services

Trustee management

- Targeting specialist areas where expertise can be applied, e.g. compensatory clients
- Dedicated business development employed for each market

Philanthropy services

- Focus on business development and performance
- Capitalise on leading granting expertise to grow Living Donor business
- Capitalise on thought leadership position

Superannuation Services focus



Trustee for Partner

- Leveraging the strength of our brand as the specialist independent trustee
- Partnering with superannuation fund providers where trustee services are not core (promoters, administrators, employers, insurers and other providers)
- EQT assumes responsibility for trustee services and partners manage the superannuation offer and distribution
- Selectively partner with new superannuation providers

Fund Mergers

- For funds with unsustainable business models or no need to stand alone, use extensive experience to merge funds to achieve scale and consolidate service providers, i.e. a Successor Fund Transfer process

Growth of existing business

- Continuing promotion of core Responsible Entity service to existing and new funds managers
- Capitalise on the trend for highest quality Australian managers to enter the retail market
- Utilise our leading expertise to structure convenient solutions for superannuation fund providers, i.e. Funds of One Asset
- Be at the leading edge of product design to assist clients with Attribution Managed Investment Trust (AMIT) and Corporate Collective Investment Vehicle (CCIV) regulatory change
 - Provide fund structures to allow clients to expand their distribution
 - Provide fund structures to open the door to expansion into Asia for local funds managers

Extending into new markets in Australia

- Introduce structured finance offerings (securitisations, debt offers and real estate trusts) to key market participants in Australia

Offshore expansion opportunity

- Global
 - Global funds management market is over US\$70 trillion with a high proportion invested via Collective Investment Vehicles (CIVs)
 - A number of offshore locations are established centres of CIVs – Luxembourg, Dublin, London and Cayman Islands
 - Funds managers domicile funds in these locations to export to multiple distribution markets
- Asia
 - CIVs from global CIV centres can be utilised in Asian markets
 - Australian fund managers can utilise Australian CIVs in countries signed to the Asian Funds Passport – may be slow build
- Approach
 - Exploring small-scale acquisition/partnerships to gain licences and people/capability
 - Leverage our existing offshore client base

Summary and outlook



- Well positioned following restructure and recent investments
- Attractive industry fundamentals
- Leading market positions in chosen sectors of wealth management chain
- Unique proposition that provides specialist advantage
- Good underlying organic growth momentum
- Further opportunities in Australia and offshore
- Encouraging outlook for FY18 and beyond



Questions



Appendix

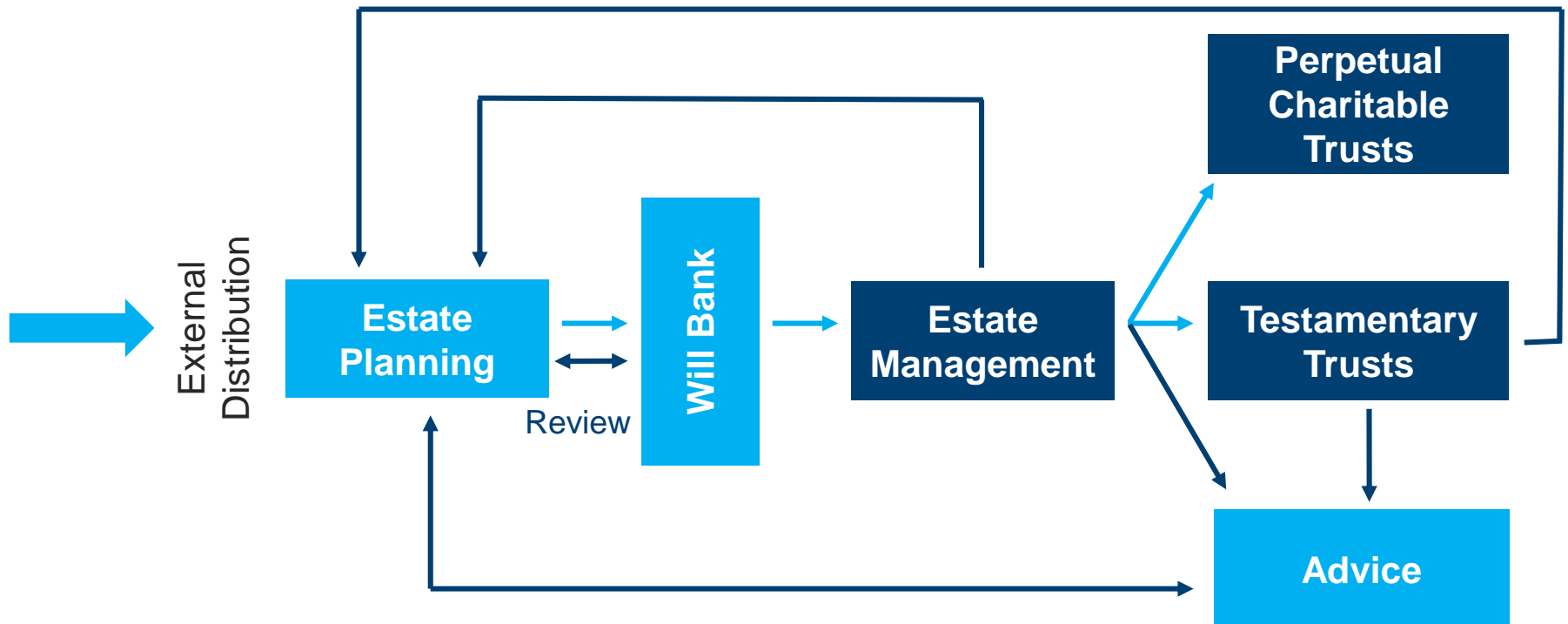


Business units



Business unit	Key services	Target market/channel
Trustee & Wealth Services (TWS)	<ul style="list-style-type: none">• Personal estates & trusts• Philanthropy• Wealth management• Asset management• Community Trust services• Trustee for employer and personal superannuation	<ul style="list-style-type: none">• Private clients• Business-to-business referrals• Small-medium size corporates• Members• B2B partnerships with IFA's and legal community• Aboriginal and Torres Strait Islander communities and their representative organisations
Corporate Trustee Services (CTS)	<ul style="list-style-type: none">• Responsible entity• Fiduciary services for institutional clients	<ul style="list-style-type: none">• Investment managers• Institutional investors• Corporate/Super Funds

Core Trustee Services – Client Lifecycle



Disclaimer



EQT Holdings Limited ABN 22 607 797 615. This document was prepared by EQT Holdings Limited and is only provided for information purposes. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information.

To the maximum extent permitted by law, EQT Holdings Limited, its affiliates and related bodies corporate, and their respective directors, officers and employees disclaim any liability (including without limitation any liability arising from fault or negligence) for any loss arising from any use of the presentation or its contents or otherwise arising in connection with it.

Where forward looking statements have been used in this presentation the information provided is based upon current expectations of future events and is subject to risk, uncertainty and assumptions that could cause actual outcomes to differ from those forecast.



Thank you

