

9 October 2013

## **THE TRUST COMPANY REPORTS \$6.7M OPERATING NET PROFIT AFTER TAX AND INTERIM DIVIDEND OF 17cps.**

Earnings momentum continues:

- 57% (pcp) increase in reported EBITDA to \$10.4 million
- 68% (pcp) increase in operating NPAT to \$6.7m
- 42% (pcp) increase in dividends per share to 17 cents per share

The Trust Company (ASX: TRU) today announced a \$5.2 million Net Profit After Tax (NPAT) for the half year ended 31 August 2013 (1H14) being a 28% increase on the prior corresponding period (pcp). Operating NPAT (which excludes corporate activity costs) for 1H14 was \$6.7 Million, a 68% increase on pcp.

Operating revenue of \$47.1 million for 1H14 was up 12% on pcp. EBITDA for 1H14 increased to \$10.4 million, which represents:

- A 57% increase on reported 1H13 EBITDA
- A 15% increase on normalised 1H13 EBITDA. There are no normalisation adjustments in the 1H14 results.

An interim dividend of 17 cents (fully franked) was declared, which represents:

- 110% dividend payout ratio based on reported NPAT
- 85% dividend payout ratio based on operating NPAT (i.e. excluding corporate activity costs)

Speaking of the 1H14 performance, Mr Shailendra Singh, Chief Executive Officer of The Trust Company said "I am pleased with the earnings momentum across our business. Our client centric approach, strong levels of client advocacy and implementation of FY14 priorities has allowed us to grow revenue across all of our businesses. Across the Group we are very proud of this result particularly with the uncertainty created by the corporate activity."

### **Strong growth in Personal Clients**

In Australia, Personal Client Services has grown revenues 14% on pcp and we have delivered consistent growth over the last 12 months with positive fund flows in Private Clients, Philanthropy and Investment Management.

Personal Client Services has been particularly successful in cross selling our Investment Management services to personal and corporate clients. This half we have also received higher capital commissions from new estates, underpinned by a good level of referrals. The business has continued to grow its referral network increasing our relationships by 50% in the last 6 months with a focus on regional areas. While markets have been stronger than in 1H13, 60% of revenues have come from new business from both existing and new clients.

In New Zealand Personal Client Services revenues has grown 15% on pcp, showing consistent growth over the last twelve months. The New Zealand business has increased its focus on targeting High Net Worth clients and has benefited from strengthening its client offerings and more robust pricing.

Excluding the costs of regulatory change and unfavourable exchange rates, our costs are down pcp. We have delivered a strong EBIDTA result of \$5.8m, a large increase on 1H13.



## **Corporate Clients impacted by regulatory change**

The Corporate Client Services business has delivered 10% revenue growth across Australia and New Zealand, compared to the first half of FY13. In Australia, we have experienced strong repeat business from quality clients across all service offerings. Transactional revenues remain steady as we have remained focused on supporting the key outcomes for our investors. In addition it is pleasing to report that we won the trustee role for the first major hybrid debt deal for 2013.

In New Zealand, we have experienced strong growth in KiwiSaver, maintaining our market leading position and have benefited from stronger equity markets resulting in increased client funds under management.

The pipeline for the business remains solid, underpinned by corporate restructuring, Initial Public Offerings and new fund formation in our regions.

The business has borne the cost of implementing regulatory change as we transform the operating model for our Australian superannuation business to be compliant with the new Stronger Super reforms. This work will continue in the second half, and is expected to be completed by year end.

## **Outlook for FY14**

Our client centric approach, strong advocacy and realisation of benefits from implementing FY14 priorities, positions the business well to maintain revenue and earnings momentum for the full year.

There are emerging signs of improvement in consumer sentiment following the Australian Federal Election.

We are also seeing positive capital flows across all the regions in which we operate. Large global pension funds and our local REIT clients are well capitalised and are continually looking for suitable investment opportunities.

We will continue to support our clients in the execution of their strategies with our broad service offering.

In closing Mr Singh commented "The Trust Company is well placed to grow its earnings. Both our Personal and Corporate businesses operate in growing regions with sound economic fundamentals. We will continue to focus on partnering with our clients to enhance value for both parties."

ENDS

### **For further information, please contact:**

Paul Cheal  
Honner Media  
Ph: +61 2 8248 3752  
E: [paul@honnermedia.com.au](mailto:paul@honnermedia.com.au)

Geoffrey Stirton  
Group Company Secretary  
The Trust Company  
Ph: +61 2 8295 8100



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