



THE TRUST COMPANY

FY13 Results Presentation

15 April 2013

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OUTLINE

FY13 financial results

Corporate Client Services

Personal Client Services

Balance sheet

Dividends

Technology update

Key priorities for FY14

Takeover update

Outlook

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SUMMARY

- Reported net profit after tax of \$11.7 million down 7% on prior year impacted by non-recurring items in the first half
- Normalised net profit after tax up 3% from \$11.6 to \$12.0 million
- 2H13 reported EBITDA of \$10.1 million exceeded guidance provided in October 2012 by over 10%
- 2H13 dividend of 18cps, bringing FY13 dividend to 30cps, exceeding previous guidance of 27-29cps
- Strong operating performance in Corporate Clients leveraging regional trustee offer
- Personal Clients gaining momentum in second half
- Resolution of outstanding issues relating to the Guardian Trust acquisition
- Profitability review completed and initiatives to address performance identified
- Revised approach to technology investment to be adopted in FY14

REVENUE GROWTH MOMENTUM

- Revenue growth driven by Responsible Entity and MITs within Corporate business and Private Clients within Personal business
- Expense increase largely due to non-recurring items:
 - \$1.4 million - client claim
 - \$1.2 million - redundancy costs
 - Normalised cost increase broadly in line with inflation
- Significant items in FY13 include settlement of issues from Guardian Trust acquisition
- Increase in depreciation relates to capital expenditure from Suncorp separation

(A\$m)	FY13	FY12	% change
Operating revenue	85.5	82.8	3%
Operating expenses	(68.9)	(64.4)	7%
Operating EBITDA	16.7	18.5	(10%)
Depreciation/amortisation	(3.1)	(2.6)	19%
Operating EBIT	13.6	15.9	(14%)
Dividend income	1.0	1.1	(3%)
Net interest income	(0.2)	(0.1)	67%
Income tax expense	(4.2)	(4.9)	(14%)
Operating NPAT	10.2	11.9	(14%)
Net significant items (after tax)	1.6	0.6	167%
Reported NPAT	11.7	12.6	(7%)
Basic EPS reported (cents per share)	35.1	38.7	(9%)
Total DPS (cents per share)	30.0	35.0	(14%)
Dividend payout ratio	85%	90%	

Please note totals may not add up due to rounding

SOLID UNDERLYING BUSINESS PERFORMANCE

(A\$m)	FY13	FY12	% change
Reported EBITDA	16.7	18.5	(10%)
- Rent recovery ceasing	-	(0.2)	
- Client claims	1.4	-	
- STI/LTI true up	-	(0.9)	
- Redundancy	1.2	0.5	
Normalisation adjustments	2.6	(0.6)	
Normalised EBITDA	19.3	17.9	8%
Reported NPAT	11.7	12.6	(7%)
Normalised EBITDA adjustments above (after tax)	1.8	(0.4)	
Normalised significant items (after tax)	(1.6)	(0.6)	
Normalised NPAT	12.0	11.6	3%

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STRONG CORPORATE CLIENTS PERFORMANCE

- Strong year for new business with 96 mandates closed, an increase of 40% from FY12
- Continued strong performance in MITs
 - Added 22 new mandates to our portfolio worth over A\$3b
 - First S-REIT regional trustee appointment through AH Trust (Ascendas) IPO
- Substantial growth in relationships developed with Canadian pension funds with 4 further appointments secured
- 3 major IPO's across the Region - Fonterra, Shopping Centres Australia and AH Trust (Ascendas)
- Increased Kiwisaver market share to 50% based on total funds under supervision
- Transactional revenue was lower in 2H13
- New Zealand expense increase, particularly in 1H13, driven by costs of meeting new supervisory standards

(A\$m)	FY13	FY12	% change	2H13	1H13	% change
Revenue						
- Australia	27.4	25.3	8%	13.2	14.2	(7%)
- New Zealand	7.2	7.1	1%	3.8	3.4	12%
Total revenue	34.6	32.3	7%	17.0	17.6	(3%)
Expenses						
- Australia	14.4	14.7	(2%)	7.5	6.9	9%
- New Zealand	4.0	3.5	14%	1.8	2.2	(18%)
Total expenses	18.4	18.1	2%	9.3	9.1	2%
Operating EBITDA						
- Australia	13.0	10.6	23%	5.7	7.3	(2%)
- New Zealand	3.2	3.6	(11%)	2.0	1.2	67%
Total operating EBITDA	16.2	14.2	14%	7.7	8.5	(9%)
Funds under administration/supervision						
	A\$b	A\$b		A\$b	A\$b	
- Australia	107.6	98.0	10%	107.6	100.6	7%
- New Zealand	54.8	49.5	11%	54.8	50.2	9%
Total FUAS	162.4	147.5	10%	162.4	150.8	8%

Please note totals may not add up due to rounding

PERSONAL CLIENTS SHOWING IMPROVEMENT

- Improved performance in 2H13 after a disappointing first half
- Australian Personal Clients normalised EBITDA increased 14%
- Stronger 2H13 performance
 - FUM growth of 10% in 2H13 assisted by stronger markets in both Australia and New Zealand
 - Revenue growth in 2H13 of 9% and 12% respectively
- Contributing to revenue growth in 2H13 were:
 - Good net inflows in Private Clients in a challenging market
 - Enhanced investment management capability leveraged across the Group
- Tighter management of expenses in 2H13 has also contributed to EBITDA
- New Zealand Personal Clients performance was disappointing and repositioning key to future improvement

(A\$m)	FY13	FY12	% change	2H13	1H13	% change
Revenue						
- Australia	30.3	29.4	3%	15.8	14.5	9%
- New Zealand	20.1	20.3	(1%)	10.6	9.5	12%
Total revenue	50.4	49.7	1%	26.4	24.0	10%
Expenses						
- Australia	27.4	24.6	11%	12.9	14.5	(11%)
- New Zealand	17.8	16.5	8%	8.8	9.0	(2%)
Total expenses	45.1	41.1	10%	21.7	23.5	(8%)
Operating EBITDA						
- Australia	2.8	4.8	(42%)	2.8	-	NA
- New Zealand	2.4	3.8	(37%)	1.9	0.5	NA
Total operating EBITDA	5.2	8.5	(39%)	4.7	0.5	NA
Normalisation adjustments						
- Client claim (Aus)	1.4	-	-	-	1.4	-
- STI/LTI true up (Aus)	-	(0.6)	(100%)	-	-	-
- Redundancy costs (Aus)	0.5	-	-	-	0.5	-
- Redundancy costs (NZ)	0.1	0.1	-	-	0.2	-
Total normalised adjustments	2.1	(0.5)	NA	-	2.1	-
Normalised EBITDA						
- Australia	4.8	4.2	14%	2.8	1.9	47%
- New Zealand	2.5	3.8	(34%)	1.9	0.7	171%
Total normalised EBITDA	7.3	8.0	(10%)	4.7	2.6	81%
Funds under management/advice						
	A\$b	A\$b		A\$b	A\$b	
- Australia	3.6	3.2	13%	3.6	3.3	9%
- New Zealand	2.8	2.6	8%	2.8	2.5	12%
Total FUMA	6.4	5.8	10%	6.4	5.8	10%

Please note totals may not add up due to rounding

MODERATE INCREASE IN UNALLOCATED SUPPORT COSTS

- Moderate increase in normalised unallocated support services costs driven by advisory fees and recruitment costs associated with the CEO search

A\$m	FY13	FY12	% change
Operating EBITDA			
- Personal Client Services	5.2	8.5	(39%)
- Corporate Client Services	16.2	14.2	14%
- Unallocated Support Services	(4.8)	(4.3)	12%
Total operating EBITDA	16.7	18.5	(10%)
Normalisation adjustments			
- Personal Client Services	2.1	(0.6)	-
- Corporate Client Services	0.3	-	-
- Unallocated Support Services	0.2	-	-
Total normalisation adjustments	2.6	(0.6)	-
Normalised EBITDA			
- Personal Client Services	7.3	7.9	(9%)
- Corporate Client Services	16.5	14.2	18%
- Unallocated Support Services	(4.6)	(4.3)	7%
Total normalised EBITDA	19.3	17.9	8%

Please note totals may not add up due to rounding

SOLID BALANCE SHEET

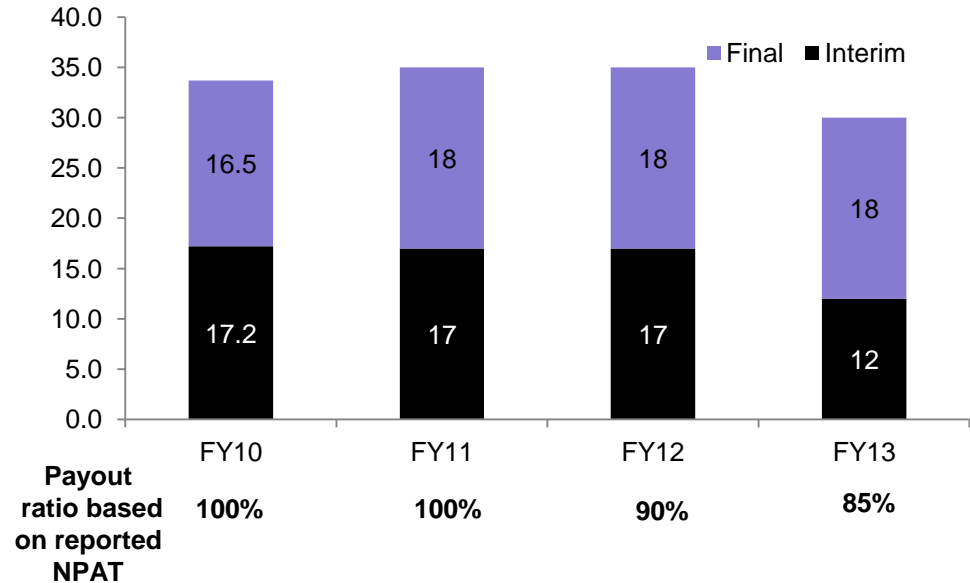
- No impairment to any goodwill
- Good interest cover allowing access to debt capital as needed

(A\$m)	FY13	FY12
Net operating assets	27.0	22.7
Goodwill and Intangible assets	69.2	69.8
EQT Investment	20.3	16.1
Net cash	9.5	9.3
Net assets	126.0	117.9
Net tangible assets per share (A\$)	1.62	1.34
Interest coverage	25x	33x

FY13 DIVIDEND OF 30cps ABOVE GUIDANCE

- FY13 fully franked final dividend of 18cps declared
- Full year dividend of 30cps, exceeding previous guidance of 27-29cps
- Dividend policy of between 80%-100% of reported profits remains in place

FY10 – FY13 Dividends Per Share (cents)



TECHNOLOGY UPDATE

- In October 2011 we announced a systems upgrade based on an integrated technology solution strategy across all aspects of our business with an estimated spend in the order of \$10 million
- Spend related to this project in FY13 was \$1.9 million, of which \$200k was capitalised
- After extensive analysis, Management and the Board determined that the quantum of this investment was not appropriate for a company of our size
- The profitability and broader strategic review completed in 2H13 has better informed our approach to technology needs and investments
- A revised approach to technology expenditure has now been adopted that:
 - Focuses on enhancing growth and the client experience
 - Manages the system upgrade spend as a proportional cost of the operating cost base
 - Reduces total spend through the selective use of outsourcing, partnering and enhancing with key service providers
- Planned expenditure on technology initiatives in FY14 is \$1.2 million, of which \$400k will be capitalised

KEY PRIORITIES FOR FY14

PROFITABILITY ENHANCEMENT

- Improve profitability for Estate Services across Australia and New Zealand
- Improve operational efficiency across the business through continuous process improvement
- Focus on profitable growth in the right markets across Australia and New Zealand
- Leverage regional Corporate Clients model to improve the client offer

REPOSITION NEW ZEALAND PERSONAL CLIENTS

- Finalise and execute revised strategy that sees the business reposition around the high net worth retiree market
- Realign service delivery model to better meet our target client needs
- Leverage Group Investment Capability across New Zealand
- Rollout Engaged Philanthropy model

UPGRADE TECHNOLOGY

- Partner with external provider to launch an investment wrap platform
- Implement time recording systems to support growth of non-market revenue
- Enhance core trust administration platform with the right service providers
- Upgrade Finance & MIS reporting capability to enhance decision making process

TAKEOVER UPDATE

- On 21 February 2013, Equity Trustees Limited (“Equity Trustees”) announced its intention to make an off-market takeover offer for all the issued shares in The Trust Company Limited (the “Offer”). Under the proposed Offer, 33 shares in Equity Trustees shares are to be offered for every 100 shares in The Trust Company
- Equity Trustees’ bidder’s statement was dispatched to shareholders on 5 April 2013
- The Board has reviewed the Equity Trustees Offer in detail and will outline its formal recommendation in The Trust Company’s Target’s Statement, which will be dispatched to shareholders by 19 April 2013
- The Board believes that the Offer materially undervalues the Company and advises shareholders to TAKE NO ACTION and to read the Target’s Statement
- The Target’s Statement will include an Independent Expert’s Report from Lonergan Edwards with their opinion on the Equity Trustees Offer

OUTLOOK

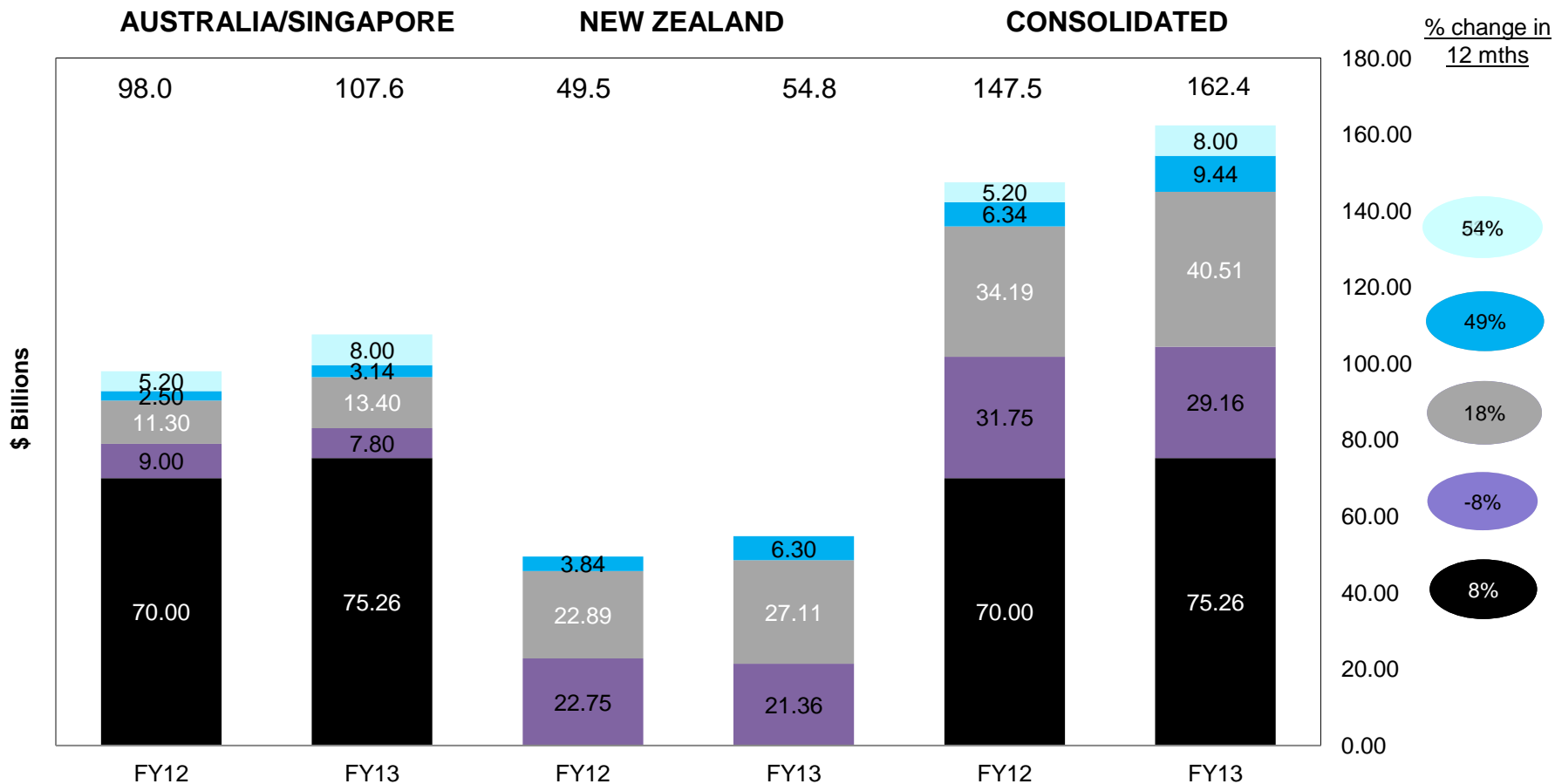
- The outlook for The Trust Company is favourable, with positive momentum having been recently demonstrated in the 2H13 operating results
- FY14 performance will benefit from higher FUM balance at the beginning of the year, any further improvement in equity markets during the year and full year effect of new business growth in FY13
- Further upside to FY14 is expected to also be realised through the implementation of initiatives identified as part of the profitability review
- Profit growth will be skewed towards the second half due to the seasonality of the business, timings of initiatives and defence costs relating to the off-market takeover bid by Equity Trustees
- In our view, consumer sentiment remains cautious from the Global Financial Crisis experience and uncertain political environment in Australia
- The current level of regulatory change and activity is expected to continue



APPENDIX

CORPORATE CLIENTS FUM

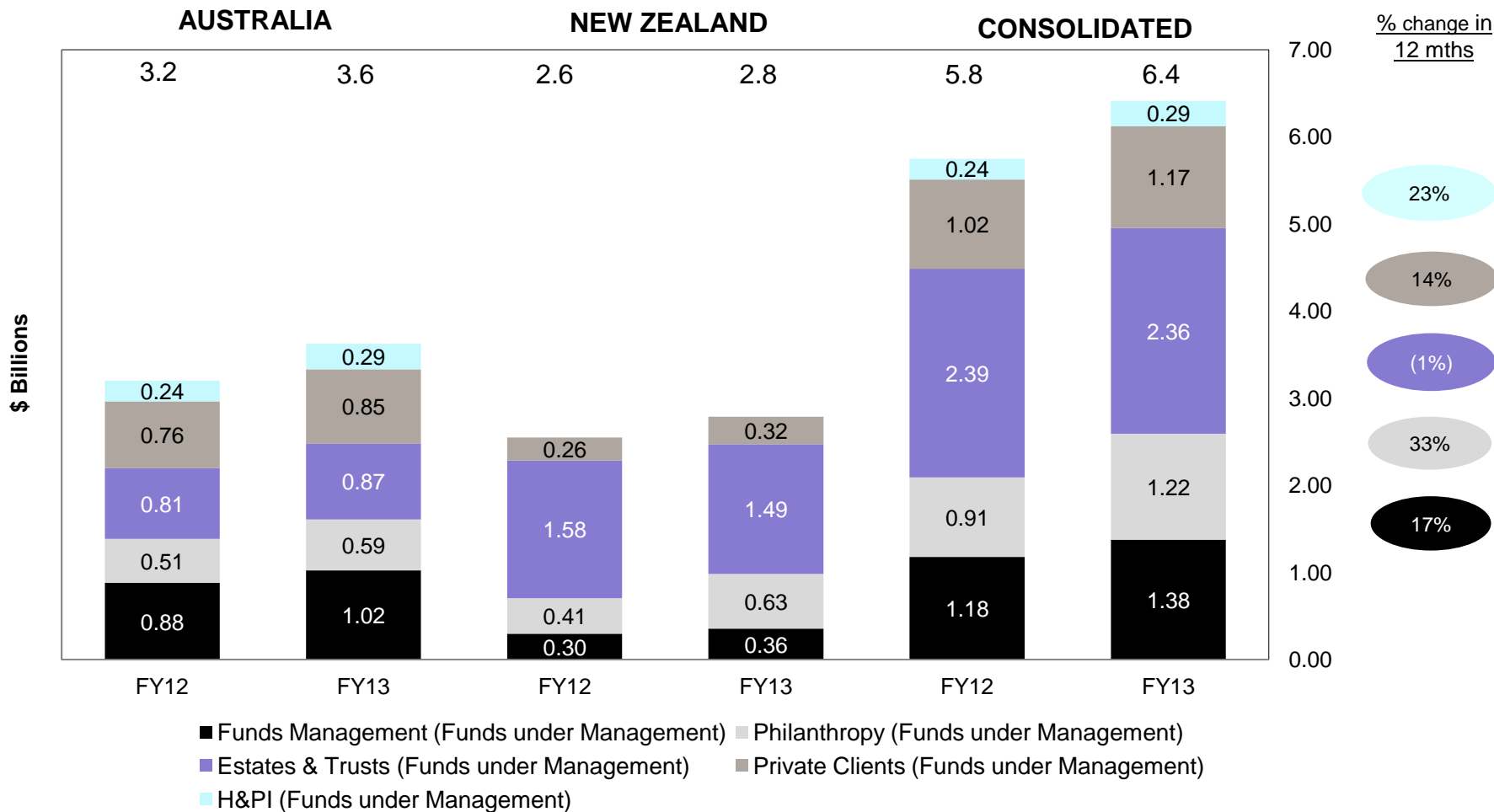
FY12 to FY13 A\$b



- Custody (Funds under Administration)
- Debt Capital Mkts / Securitisation (NZ only) (Funds under Supervision)
- RE / Corporate Trusts (Funds under Supervision)
- Super / Kiwisaver (NZ only) (Funds under Supervision)
- Singapore (Funds under Supervision)

PERSONAL CLIENTS FUMAS

FY12 to FY13 A\$b



MARKET MOVEMENT

- Following further review, it has been assessed that a 1% movement in equity markets impacts Group revenue by approximately \$100k in the context of the current market
 - The changing mix of equity, cash and property assets under supervision means this relationship is non-linear

AUSTRALIA – ASX200

