

2 July 2013

**THE TRUST COMPANY LIMITED  
2013 ANNUAL GENERAL MEETING  
CHAIRMAN'S ADDRESS**

**Our financial performance**

The Trust Company reported \$11.7m Net Profit After Tax for the financial year ended 28 Feb 2013. Earnings for the first half were disappointing impacted by some non-recurring items. However, we were encouraged by the positive momentum demonstrated across the business in the second half of the financial year. Dividends for the year were 30 cents per share on a fully franked basis.

The Corporate business delivered another strong performance and there were early signs of improvement in the Personal Clients business particularly in response to our enhanced investment management capability.

**Corporate activity**

As most of you will be aware, on 21 February 2013 we received notice of a takeover bid for our company from Equity Trustees. Following this announcement, The Trust Company was approached by a number of parties expressing interest in the company.

Following a comprehensive process to maximise value for shareholders, the Board determined that the proposal from Perpetual was the most attractive and was in shareholders' best interests.

Consequently on 7 May 2013, The Trust Company announced that it had entered into a Scheme Implementation Agreement with Perpetual to implement a proposal from them to acquire all of the shares in The Trust Company.

On 21 June 2013, Equity Trustees announced it was increasing its takeover offer for our company. As part of this announcement, Equity Trustees revised its

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estimate of expected cost synergies from \$8 million per annum to \$11 million per annum, with potential total synergies of \$15 million per annum (including revenue synergies). As announced on 27 June 2013, The Trust Company would like to better understand the basis for Equity Trustees' revised synergy estimate as this is critical in determining the potential value of the revised takeover offer from Equity Trustees. The Board of The Trust Company has engaged Ernst & Young to assist it with this synergy assessment exercise, which is expected to take 2 weeks. Perpetual has accepted our invitation to participate in this synergy estimate review process with Ernst & Young.

I refer shareholders to our release of 27 June where we commented on some of the statements made by EQT in its 21 June announcement which we believe to be inaccurate and without sound basis – we believe it is important that shareholders take note of our comments – they form part of the Second Supplementary Target's Statement to be mailed to all shareholders later this week.

We will keep you updated on developments relating to corporate activity as and when they occur.

## **Outlook**

Outlook for the current financial year looks favourable. We are encouraged by our operating results for the first quarter of the current financial year which have continued the momentum established in the second half of FY13. Reported profit will be impacted by costs associated with the corporate activity.

## **Our Shareholders**

Over the course of the past 12 months we have engaged extensively with many of our shareholders regarding strategy and structure - we acknowledge their input & thank them for it. We have taken careful account of their advice & observations which have helped inform us in making decisions which we believe to be in the best interests of our shareholders.



## **Our Staff**

The current corporate activity makes it an uncertain time for our staff. In this context it is important that we recognise the outstanding contribution made by our most important asset – our staff. So capably led by our CEO, Shailendra Singh, they have remained focussed on things within their control. It is this focus and commitment that has underwritten the positive momentum in our operating earnings.

## **Our Board**

During FY13 we embarked on a major Board renewal programme & had identified a number of new directors to replace existing directors during FY14. Understandably, the takeover bid by EQT necessitated that we defer this process.

In relation to my role as Chair, I had originally intended standing down at this AGM being the end of my current term. However, given the current corporate activity and our recent change of CEO's, I was asked by my Board to stand for re-election to provide continuity during this period of uncertainty created by the corporate activity. This I agreed to do for no longer than one year from today's AGM.

We were fortunate that, prior to the EQT bid, Catherine McDowell had agreed, in principle, to join us effective 2 April – today we take the opportunity to publicly welcome her. As you will have read in the Notice of Meeting, Catherine has spent much of her vocational life deeply engaged in the global private wealth and trustee industries. Her background makes her an ideal Director of the Trust Company. She has already made a meaningful contribution around our Board table including taking the Chair of our wholly owned subsidiary, New Zealand Guardian Trust. You will hear from her shortly when the Resolution concerning her re-election as a Director is put to the meeting – she will tell you a little about herself and her relevant experiences.

We were well advanced in discussions with other potential non executive Directors when EQT announced its intention to make a takeover bid for our Company on 21 February this year. These discussions were put on hold pending the outcome of the current corporate activity.



The continued support of my fellow Directors during these challenging times is greatly appreciated by me. They are a continual source of wise counsel. Their commitment to the Company is exemplary always remaining focused on the best interests of all stakeholders

**ENDS**

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**THE  
TRUST  
COMPANY**



# THE TRUST COMPANY

## **Annual General Meeting Presentation**

2 July 2013

Bruce Corlett, Chairman

Shailendra Singh, Chief Executive Officer

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# OUTLINE

Key highlights of FY13

Q1 FY14 Highlights

Progress on FY14 priorities

Outlook

# KEY HIGHLIGHTS OF FY13

- 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



# Q1 HIGHLIGHTS

## CORPORATE

- 31 deals closed in first quarter
- Good levels of business flows in Custody and KiwiSaver
- Significant new RE mandate from existing client New Forests
- Continue to grow through strong client advocacy – 66% repeat business in Managed Investment Trusts (MIT)
- Visited all Singapore based MIT clients

## PERSONAL

- Continued momentum from 2H13 into Q1 across Australia and New Zealand resulting in good revenue growth
- Increase in pipeline of opportunities from existing clients and alliance partners
- Enhanced investment management offer continues to be leveraged across Australia and New Zealand
- Good flows in Philanthropy business
- On track to meet regulatory reforms - Future of Financial Advice (Aus) and Anti Money Laundering (NZ)

**Staff remain focused and committed to delivering for clients, evidenced in continued business growth**

# FY14 PRIORITIES UPDATE

PRIORITIES	PROGRESS TO DATE
<ul style="list-style-type: none"><li>• <b>Profitability enhancement</b></li></ul>	<ul style="list-style-type: none"><li>• Townsville office closed</li><li>• Restructured our estates offer across Australia and New Zealand to increase margins</li><li>• Implemented a number of continuous process improvement quick wins resulting in on-going cost savings</li><li>• Brisbane office relocating to CBD to be closer to target clients and referrers</li></ul>
<ul style="list-style-type: none"><li>• <b>Reposition New Zealand Personal Clients</b></li></ul>	<ul style="list-style-type: none"><li>• Well advanced in formulating overall New Zealand strategy</li><li>• Search underway for New Zealand country head</li><li>• Project well advanced to roll out Engaged Philanthropy</li></ul>
<ul style="list-style-type: none"><li>• <b>Upgrade technology</b></li></ul>	<ul style="list-style-type: none"><li>• Client requirements identified and shortlist of investment wrap service providers finalised</li><li>• Number of quick wins implemented for our core trust administration platform resulting in better data access to facilitate client communications</li><li>• Time recording implemented in parts of Corporate business</li></ul>

# OUTLOOK

- The outlook for The Trust Company is favourable. We have maintained positive momentum in Q1 FY14
- FY14 performance will benefit from higher FUM balance at the beginning of the year, full year effect of new business growth in FY13 and further upside from the implementation of initiatives identified as part of the profitability review
- In the current environment of volatile equity markets, we expect cautious consumer sentiment to continue
- Regulatory reforms continue to challenge our industry – Stronger Super, MySuper, FOFA and AML