



THE TRUST COMPANY

1H14 Results Presentation

9 October 2013

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OUTLINE

1H14 Results Summary

FY14 Priorities Update

Financial Overview

Personal Client Services

Corporate Client Services

Balance Sheet

Dividends

Corporate Activity

Outlook

Appendices

1H14 RESULTS SUMMARY

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 17cents

Revenue growth of 12% across all businesses and regions

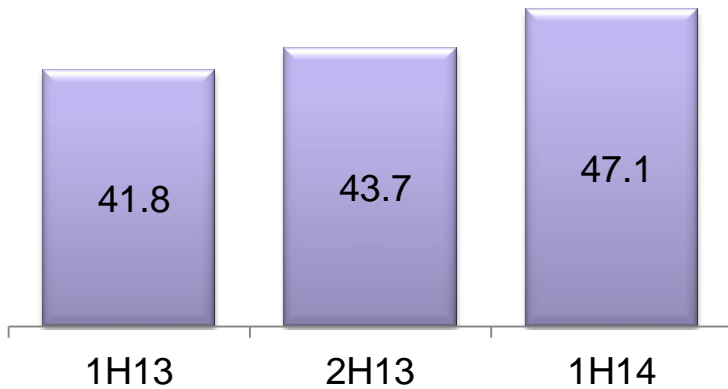
Clients and staff continue to be engaged and resilient under corporate activity

Implementation of FY14 key priorities broadly in line with plan. Some initiatives have been impacted by the corporate activity

GOOD EARNINGS MOMENTUM

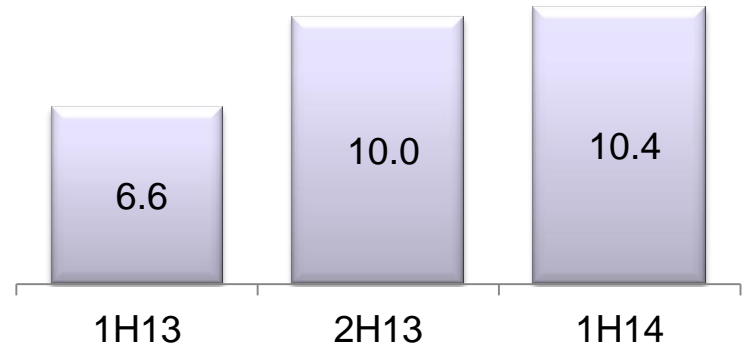
Revenue (\$M)

PCP % Change:
Reported 12%



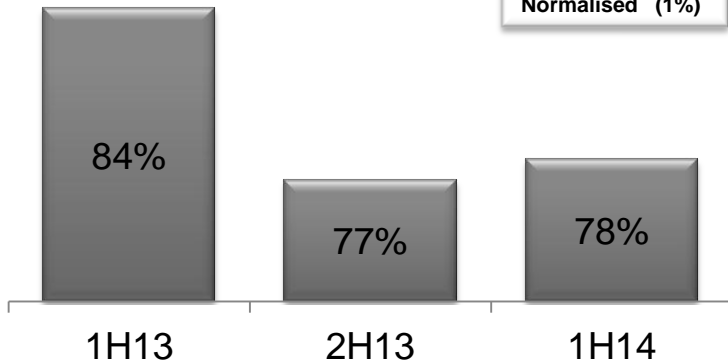
EBITDA (\$M)

PCP % Change:
Reported 57%
Normalised 15%



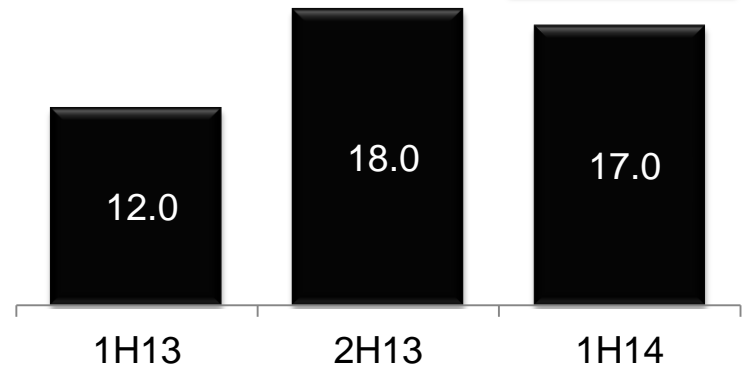
Cost to income ratio

PCP % Change:
Reported (7%)
Normalised (1%)



DPS (cents)

PCP % Change:
Reported 42%



FY14 PRIORITIES UPDATE

PRIORITIES

PROGRESS TO DATE

Profitability enhancement

- Townsville office closed
- Estate services gross margin increased by 10% in Aus. Enhanced estate planning service with revised pricing in NZ
- Implemented continuous process improvements to enhance productivity

Reposition New Zealand Personal Clients

- Well advanced in formulating overall New Zealand strategy
- Ian Burns appointed EGM & New Zealand Country Head
- Roll out of Engaged Philanthropy commenced

Upgrade technology

- Progressing work to migrate to a wrap platform when corporate activity is finalised
- Enhanced client reporting from our core personal and corporate platforms
- The finance system upgrade is in final stages of testing

SOLID OPERATING NPAT

- Strong revenue growth
- Costs flat before impact of regulatory change
- Corporate activity costs reported as significant items
- No normalisation adjustments in 1H14, with Operating NPAT up 68%

(A\$m)	1H14	1H13	% Change
Operating revenue	47.1	41.8	12%
Operating expenses	(36.7)	(35.2)	4%
Operating EBITDA	10.4	6.6	57%
Depreciation/amortisation	(1.6)	(1.5)	5%
Operating EBIT	8.8	5.1	72%
Dividend income	0.6	0.5	11%
Net interest income	0.0	0.1	NA
Income tax expense	(2.8)	(1.7)	62%
Operating NPAT	6.7	4.0	68%
Net significant items (after tax)	(1.5)	0.1	Large
Reported NPAT	5.2	4.1	28%
Basic EPS reported (cents per share)	15.5	12.1	28%
Total DPS (cents per share)	17.0	12.0	42%
Dividend payout ratio ⁽¹⁾	110%	100%	

Please note totals may not add up due to rounding
 (1) Payout ratio of 85% before corporate activity costs

STRONG GROWTH IN PERSONAL CLIENTS

Revenue growth underpinned by:

- Aus** • Good net flows in Private Clients (\$56m) and Investment Management (\$96m)
 - Higher capital commissions in Estates & Trusts with strong referrals
 - Markets up 18% pcp
 - \$13m net flows in Philanthropy
- NZ** • Focus on target HNW clients and benefits from value based pricing
 - Continued Revenue growth over last 12 months

Continued cost containment despite regulatory change and exchange rates.

Strong client advocacy - 8 out of 10 Australian clients 'likely to refer'

(A\$m)	1H14	1H13	% change
Revenue			
- Australia	16.5	14.5	14%
- New Zealand	10.9	9.5	15%
Total revenue	27.4	24.0	14%

Expenses			
- Australia	12.4	14.5	(14%)
- New Zealand	9.3	9.0	3%
Total expenses	21.6	23.5	(8%)

Operating EBITDA			
- Australia	4.2	-	NA
- New Zealand	1.6	0.5	220%
Total operating EBITDA	5.8	0.5	Large

Normalisation adjustments			
- Client claim (Aus)	-	1.4	
- Redundancy costs (Aus)	-	0.5	
- Redundancy costs (NZ)	-	0.2	
Total normalised adjustments	-	2.1	

Normalised EBITDA			
- Australia	4.2	1.9	121%
- New Zealand	1.6	0.7	129%
Total normalised EBITDA	5.8	2.6	123%

Funds under management/advice		
- Australia	A\$b	A\$b
- New Zealand	3.8	3.3
Total FUMA	6.3	5.8

Please note totals may not add up due to rounding

CORPORATE CLIENTS IMPACTED BY REGULATORY CHANGE

Revenue growth from:

- Aus**
- Strong repeat business in RE & Custody
 - 57 deals YTD
 - Steady transactional revenues

- NZ**
- Growth in KiwiSaver maintaining market leading position
 - Positive underlying growth in client FUM

- Sing**
- 10 new clients (vs 5 in pcp), including 2 new S-REITs mandates

Australian expenses significantly impacted by:

- New operating model in super business responding to major regulatory changes (\$1.6m)
- Legal fees defending class actions (\$0.6m) arising from conduct 2005 - 2009
- These factors will continue to impact in 2H14, with regulatory change project in super completed by year end

(A\$m)	1H14	1H13	% change
Revenue			
- Australia	14.9	14.2	5%
- New Zealand	4.5	3.4	32%
Total revenue	19.4	17.6	10%

Expenses			
- Australia	10.0	6.9	45%
- New Zealand	2.1	2.2	(5%)
Total expenses	12.1	9.1	33%

Operating EBITDA			
- Australia	4.9	7.3	(33%)
- New Zealand	2.4	1.2	100%
Total operating EBITDA	7.3	8.5	(14%)

Funds under administration/supervision		
	A\$b	A\$b
- Australia	119.0	100.6
- New Zealand	72.1	50.2
Total FUAS	191.1	150.8

Please note totals may not add up due to rounding

MODERATE INCREASE IN UNALLOCATED SUPPORT COSTS

- Increase in unallocated support costs reflects investment in legal, risk & compliance activities

A\$m	1H14	1H13	% change
Operating EBITDA			
- Personal Client Services	5.8	0.5	Large
- Corporate Client Services	7.3	8.5	(14%)
- Unallocated Support Services	(2.7)	(2.3)	17%
Total operating EBITDA	10.4	6.6	57%

Normalisation adjustments

- Personal Client Services	-	2.1	
- Corporate Client Services	-	0.3	
- Unallocated Support Services	-	-	
Total normalisation adjustments	-	2.4	

Normalised EBITDA

- Personal Client Services	5.8	2.6	123%
- Corporate Client Services	7.3	8.8	(17%)
- Unallocated Support Services	(2.7)	(2.3)	17%
Total normalised EBITDA	10.4	9.0	15%

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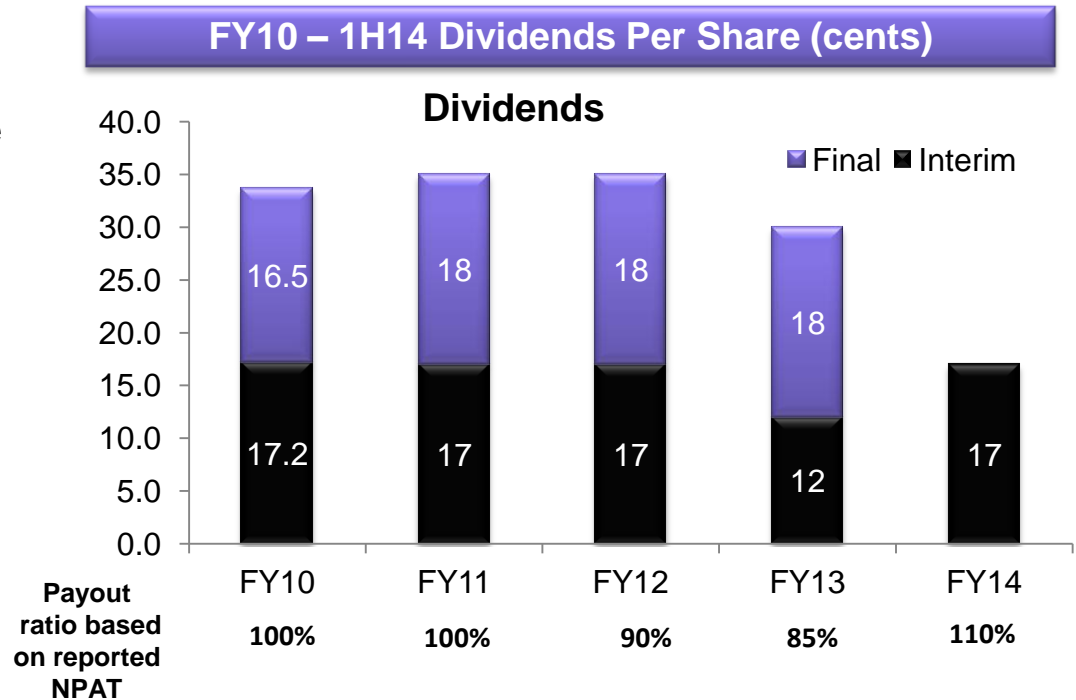
SOLID BALANCE SHEET

- No impairment to goodwill
- Good interest cover
- Restructuring plans underway to meet new regulatory capital requirements in custody business from 1 July 2014

(A\$m)	1H14	FY13	1H13
Net operating assets	23.6	27.0	27.0
Goodwill and Intangible assets	71.4	69.2	68.1
EQT Investment	18.1	20.3	14.6
Net cash	13.3	9.5	5.4
Net assets	126.4	126.0	115.1
Net tangible assets per share (A\$)	1.57	1.62	1.40
Interest coverage	33x	25x	18x

1H14 DIVIDEND OF 17cps

- 1H14 fully franked final dividend of 17cps declared
- 110% of reported profits (85% before corporate activity costs)



CORPORATE ACTIVITY

Significant corporate interest in The Trust Company

- Since February 2013, five publicly announced proposals from three different suitors

Perpetual Scheme – **RECOMMENDED BY TRU BOARD***:

- All requisite regulatory approvals have been received
- Scheme Booklet expected to be dispatched in the coming weeks
- Scheme Meeting expected to be held in late November (Tentatively 28th November)

Revised Equity Trustees Offer – **REJECT**

- **DO NOT RESPOND** and **DO NOTHING** in relation to all documents sent to you by Equity Trustees

*In the absence of a superior proposal and subject to the independent expert opinion that the Perpetual Scheme is in the best interests of shareholders in The Trust Company

OUTLOOK

- Emerging signs of improvement in consumer sentiment post Australian Federal Election
- Good levels of capital flow across the regions
- The outlook for The Trust Company is favourable, with continued positive momentum in 1H14
- Continue to focus on our clients and staff to maintain earnings momentum

APPENDICES

SOLID UNDERLYING BUSINESS PERFORMANCE

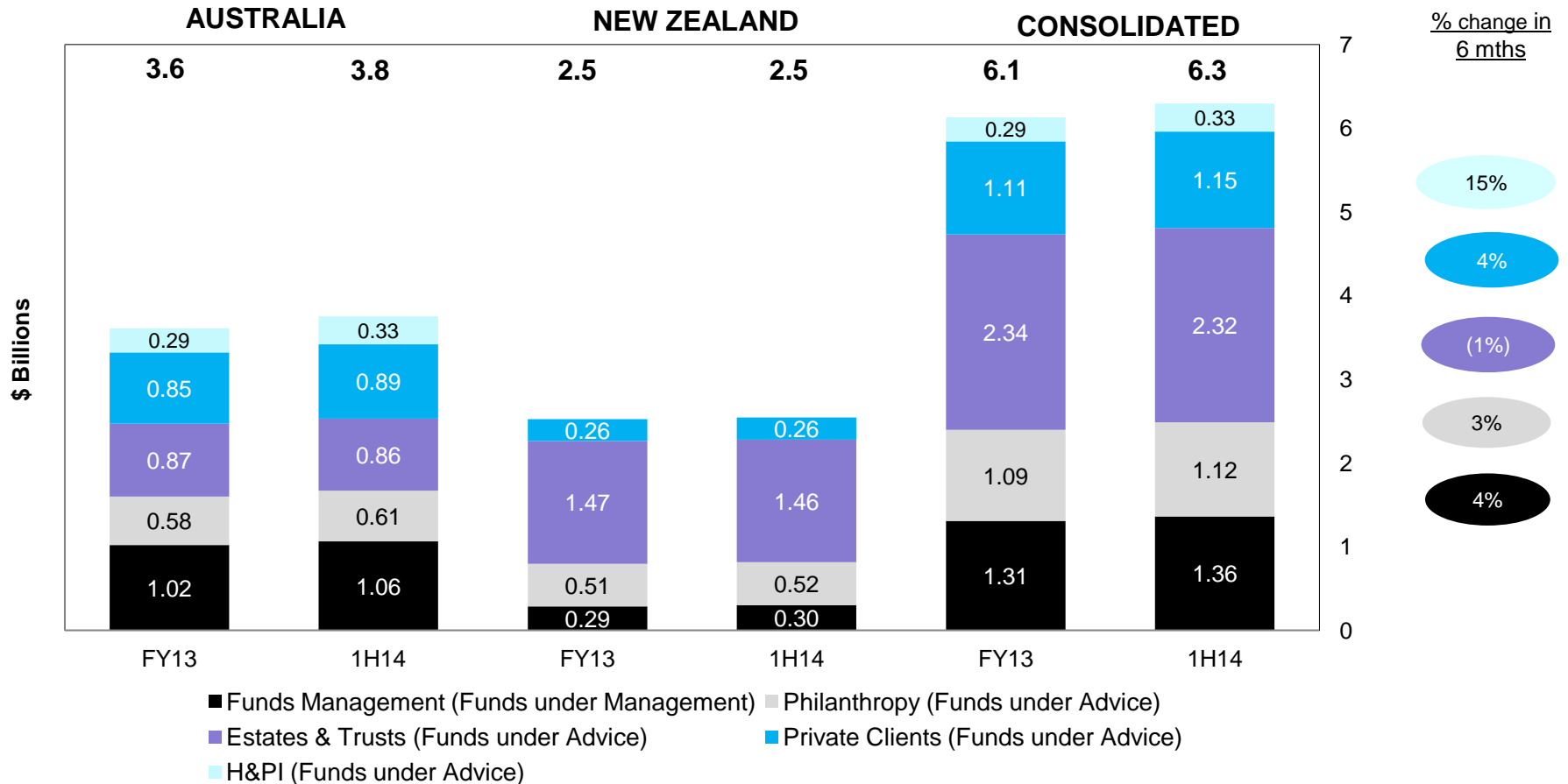
(A\$m)	1H14	1H13	% change
Reported EBITDA	10.4	6.6	57%
- Client claims	-	1.4	
- Redundancy	-	1.0	
Normalisation adjustments	-	2.4	
Normalised EBITDA	10.4	9.0	15%

Reported NPAT	5.2	4.1	28%
Normalised EBITDA adjustments above (after tax)	-	1.7	
Normalised significant items (after tax)	1.5	(0.1)	
Normalised NPAT	6.7	5.7	18%

Please note totals may not add up due to rounding

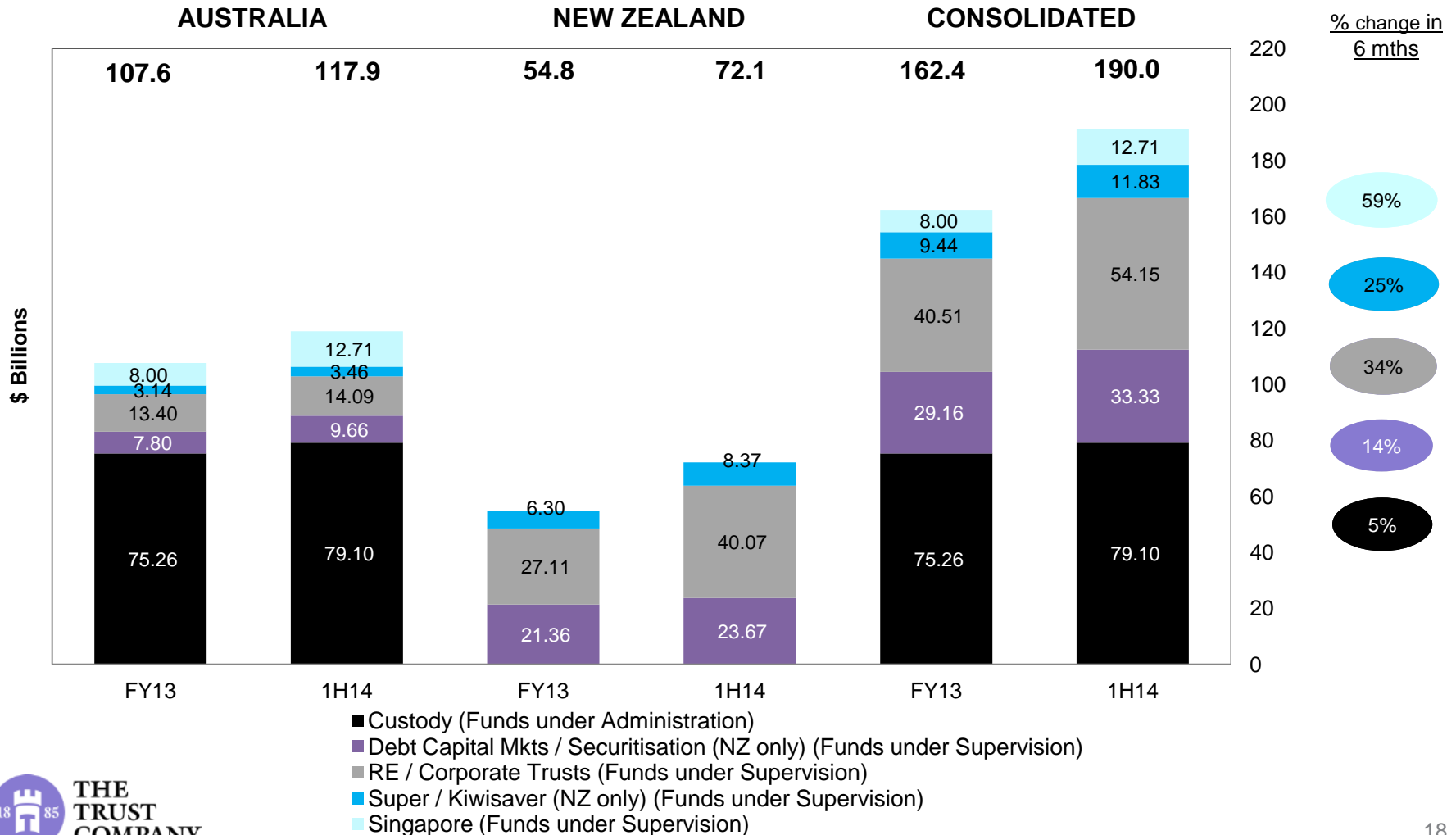
PERSONAL CLIENTS FUM & FUA

FY13 to 1H14 A\$b



CORPORATE CLIENTS FUA & FUS

FY13 to 1H14 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

