

29 February 2016

## Half Year Result, correction to one slide of the shareholder presentation

EQT Holdings Limited advises a correction to a slide in the Half Year Result shareholder presentation publicised on Thursday, 25 February. The categorisation of certain figures on slide 16 of the shareholder presentation was incorrect. While the total actual and forecast one-off costs are unchanged, the timing of the costs is slightly different from that depicted. A replacement presentation with the correct figures is appended.

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EQT Holdings Limited is a publicly listed company on the Australian Securities Exchange (ASX: EQT).

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# EQT Holdings Limited (EQT)

First half results to 31 December 2015

Revised 29 February 2016

# Agenda



## Summary

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## Group Performance

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## Business Unit Performance

- Trustee & Wealth Services (TWS)
  - Corporate Trustee Services (CTS)
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## Conclusion

# *Solid 1H Performance*



## **Summary**

- Group Operating Profit up 4% to \$14.1m and Net Profit after Tax \$7.0m
- Solid growth in core business with FUM/A up 19% to \$56.9b and Group Operating Margin of 33% maintained
- Scheme of Arrangement to improve flexibility of capital structure implemented
- Three key projects on track to strengthen EQT's foundation for the future
- 1H Dividend at 34 cps, fully franked – reflects current period one-off costs and more volatile markets

# Overview – 1H Group Results



	1H FY2016 \$m	1H FY2015 \$m	Change
Operating revenue	42.6	41.1	3.6%
Operating expenses	(28.5)	(27.6)	3.3%
<b>Operating profit before tax</b>	<b>14.1</b>	<b>13.5</b>	<b>4.2%</b>
Income tax expense	(3.9)	(3.8)	
<b>Operating profit after tax</b>	<b>10.2</b>	<b>9.7</b>	<b>4.2%</b>
Amortisation of intangibles (nil tax)	(0.7)	(0.8)	
Non-operating items (net of tax)	(2.5)	(1.3)	
<b>Net profit after tax</b>	<b>7.0</b>	<b>7.6</b>	<b>(8.6%)</b>
<b>Earnings per share (cents)</b>	<b>35.25¢</b>	<b>39.77¢</b>	
<b>Underlying earnings per share (cents)</b>	<b>51.19¢</b>	<b>50.65¢</b>	
<b>Dividend per share (fully franked)</b>	<b>34¢</b>	<b>46¢</b>	
<b>Operating margin (%)</b>	<b>33.1%</b>	<b>32.8%</b>	

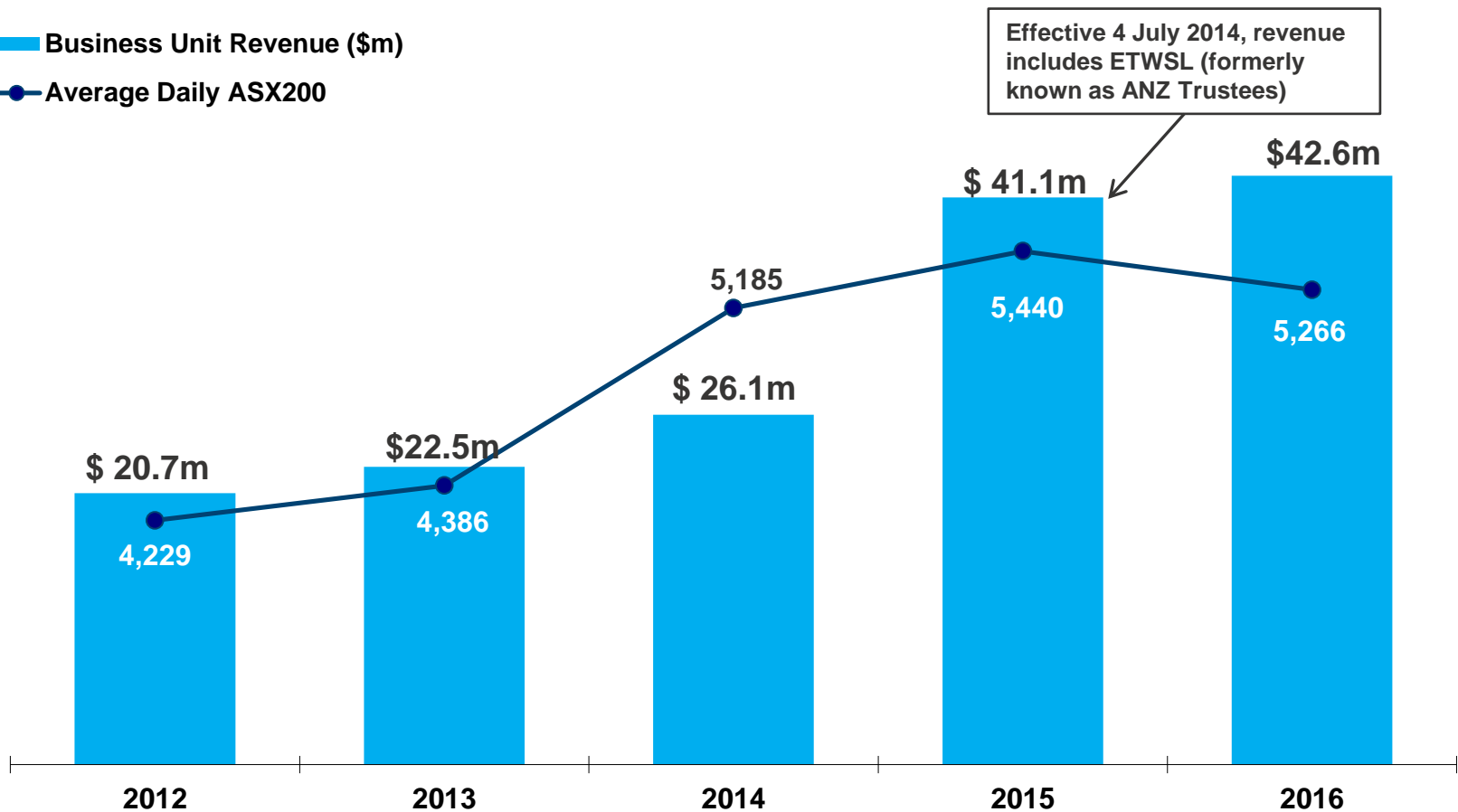
# 1H Revenue up 4% in Declining Equity Markets



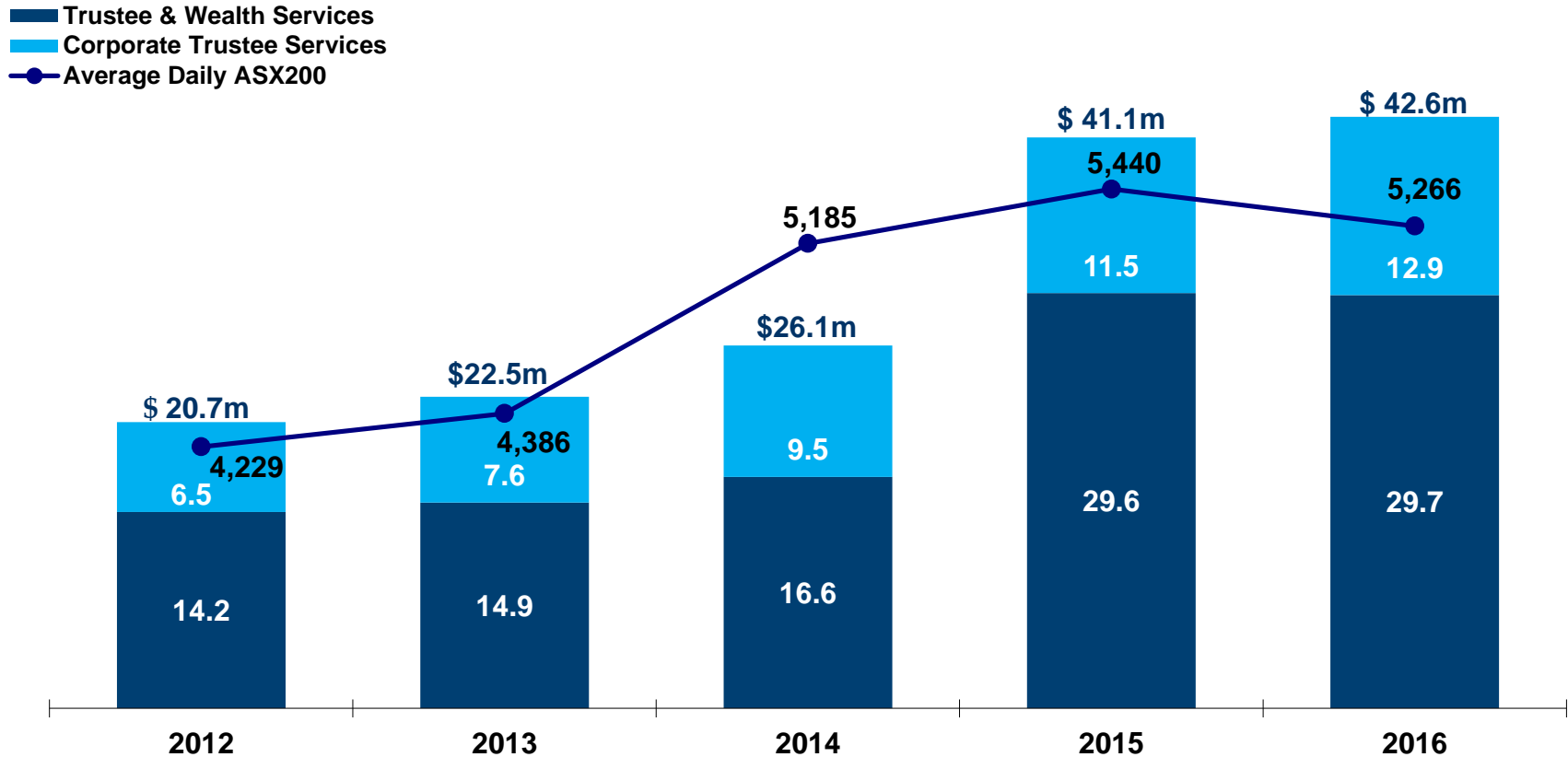
## Operating revenue up 4% to \$42.6m

Business Unit Revenue (\$m)

Average Daily ASX200



# 1H Revenue – Composition

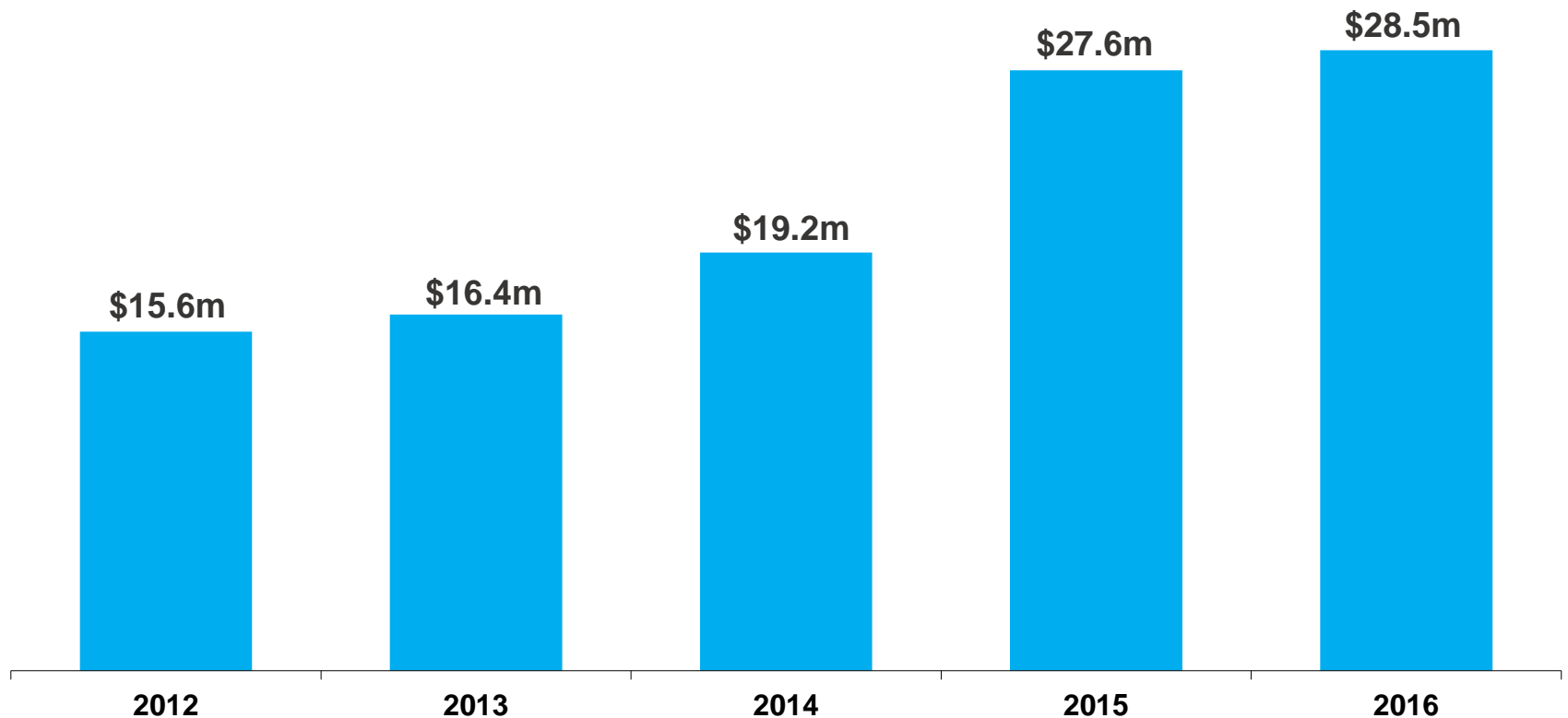


- CTS: +/-1% change in global equity markets = ~ +/- 0.5% change in revenue  
 +/-1% change in A\$ = ~ +/- 0.70-0.75% change in revenue
- TWS: +/-1% change in ASX = ~ +/- 0.5-0.6% change in revenue

# 1H Operating Expense Growth Contained to 3 %

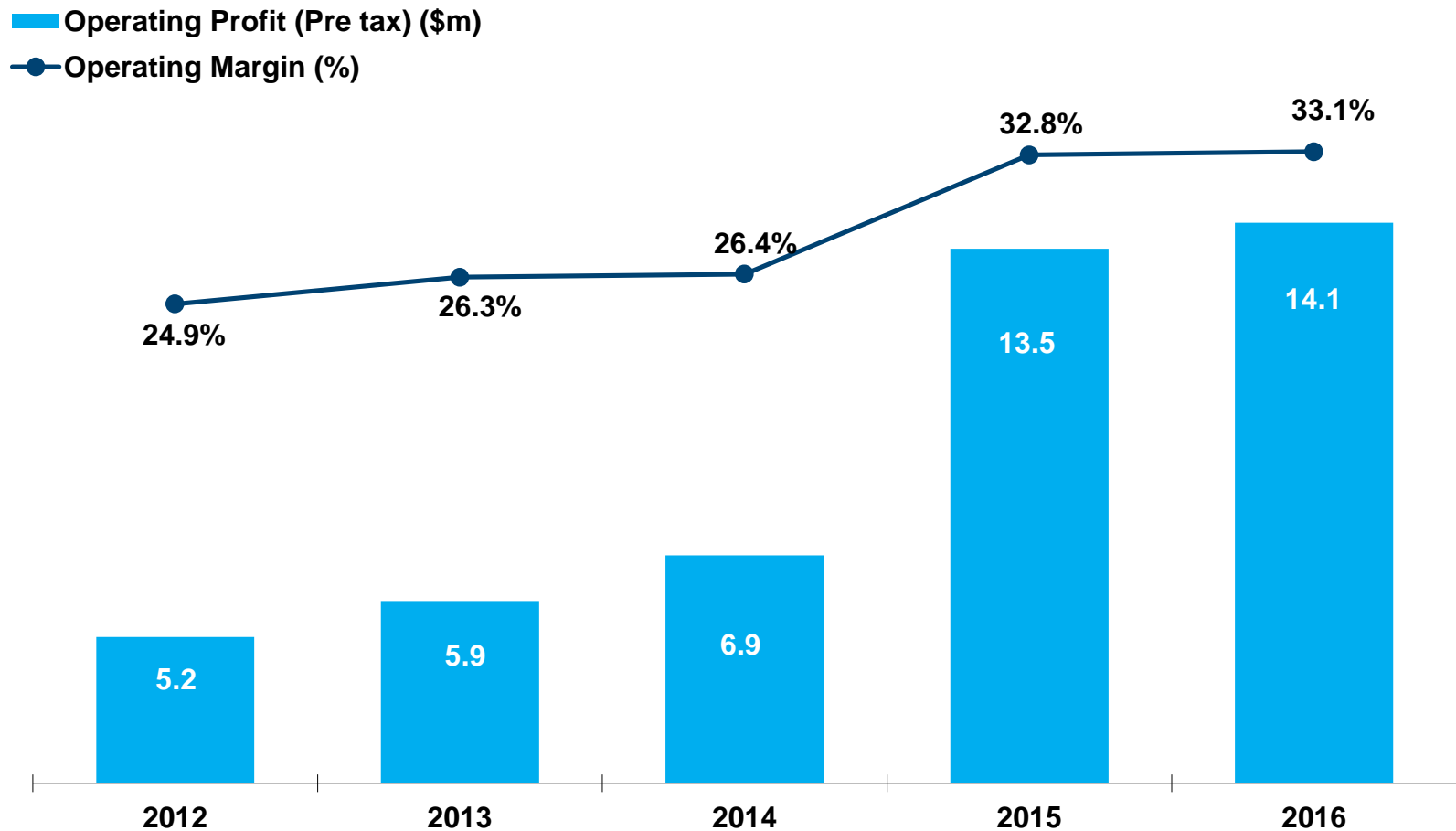


- Operating expenses up 3% to \$28.5m
- Includes restructuring costs





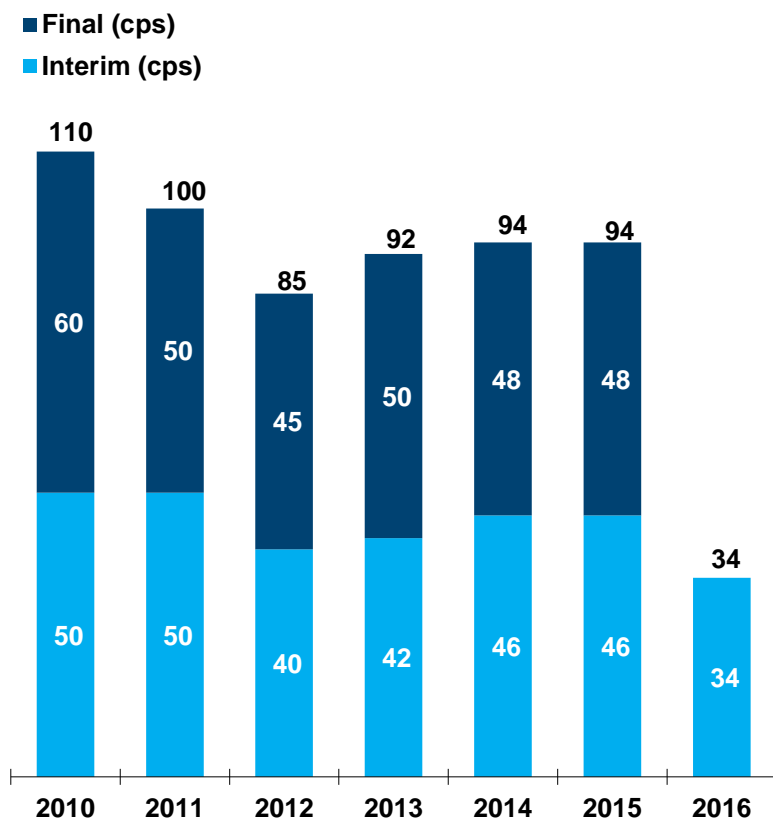
# Strong Operating Margin Maintained



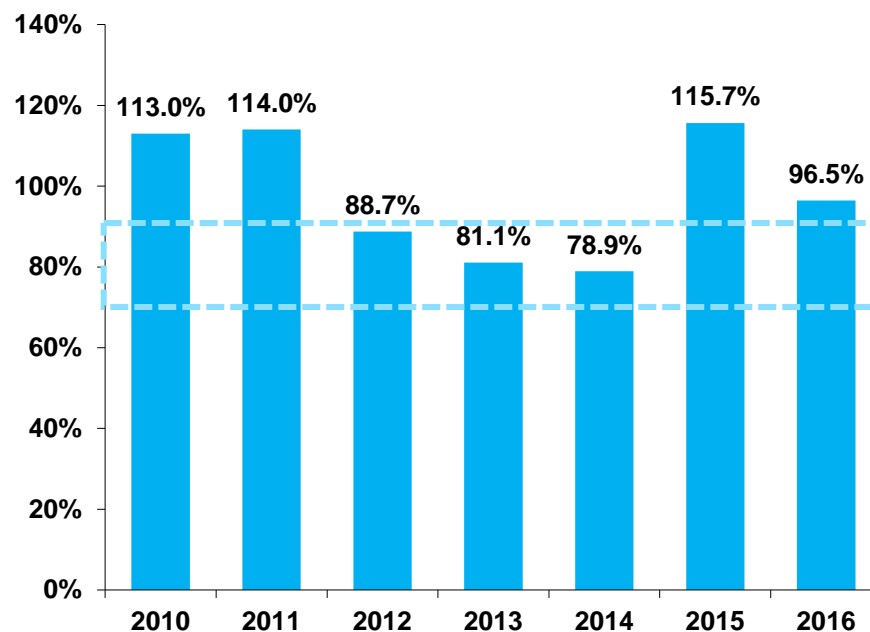
# Returns to Shareholders



## Dividend history



## First half dividend as percentage of reported EPS



Dividend payout policy range

# *Business Units – 1H Performance*



**Trustee & Wealth Services (TWS)**

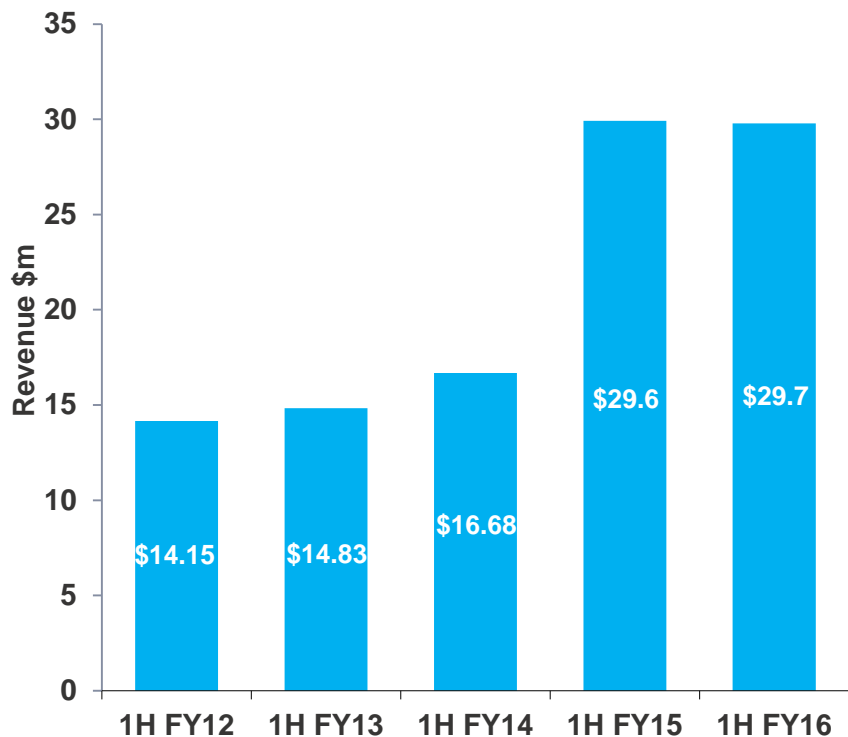
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**Corporate Trustee Services (CTS)**

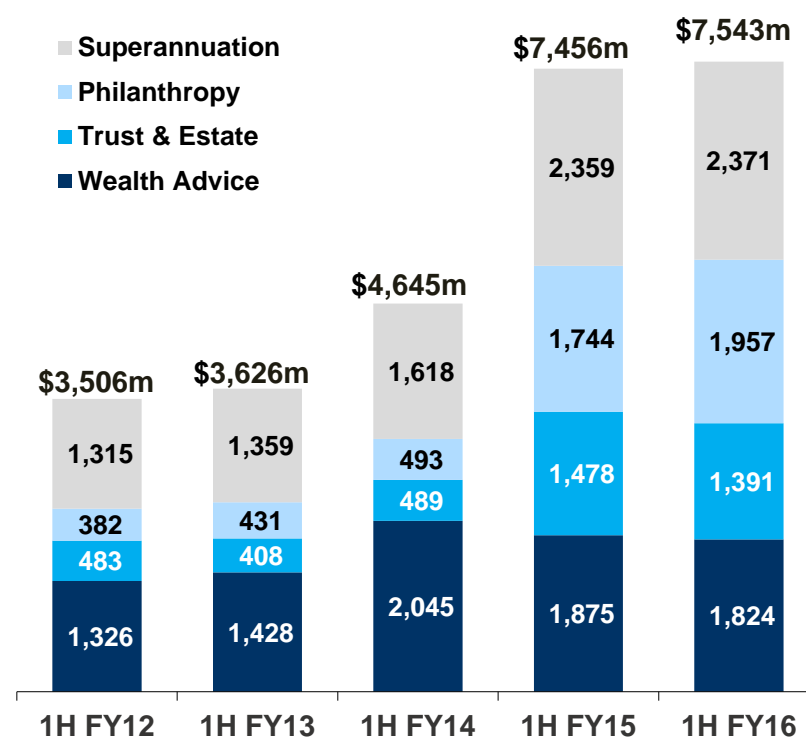
# Business Unit 1H Overview – TWS



## Underlying growth offset by declining markets



## FUM/A at 31 December 2015 up 1% to \$7.5b



Note: FUM/A categorised by individual business

# *Repositioning the Superannuation Business for Growth*



- Pursuing scale through the integration of EQT Super funds with KPMG Executive fund
- Outsourcing administration to KPMG – focus on growing FUM as Trustee, Custodian and Asset Manager
- Building specialist capability to continue to grow superannuation business through Trustee for Partner strategy (refer to FUM/A increase – slide 11)
- Decrease in revenue through exit of superannuation administration and insurance to be offset by consolidation of smaller funds, asset management opportunities and new business
- Reduction in regulatory risk and avoids future substantial cost impost from stronger super

# Business Unit 1H Overview – TWS



Operating revenue

**\$30m**

FUM/A now totals

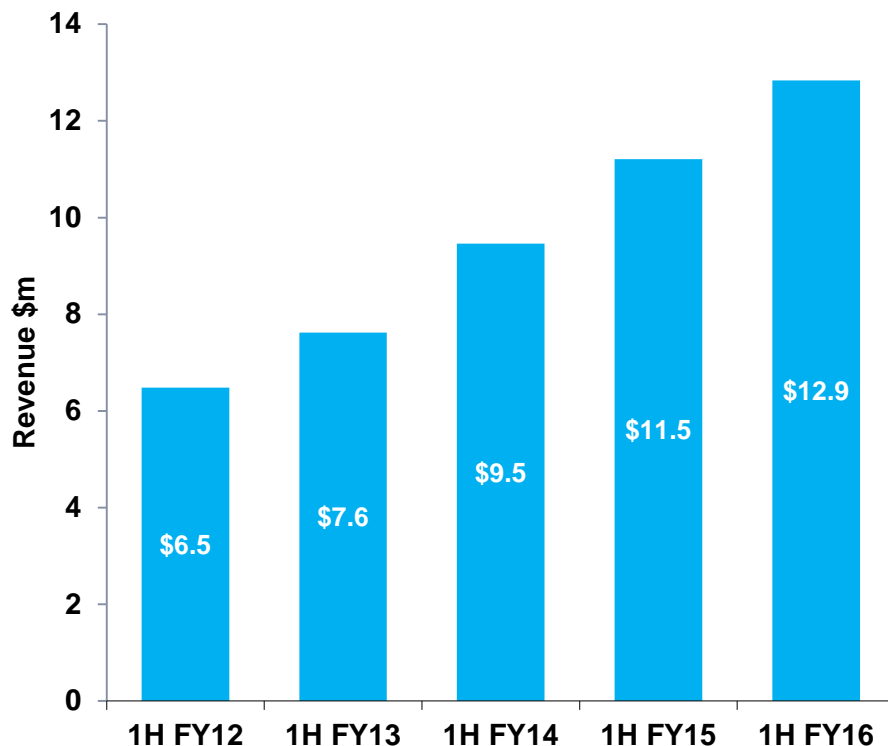
**\$7.5b**

- Strong growth in compensation trusts through external referral networks
- External referrals for estate planning up 25%
- Campaign to internal will bank clients underway
- Superannuation Trustee business continues to perform well through the establishment of Superannuation Portfolio Services and Trustee for Partner strategy
- Excellent client retention from acquired base, almost 100% and ANZ relationship working well
- Deploying Client Centric Operating Model
- Organic revenue growth offsetting exit of superannuation administration (3 months reduction of revenue in FY16) and volatile markets

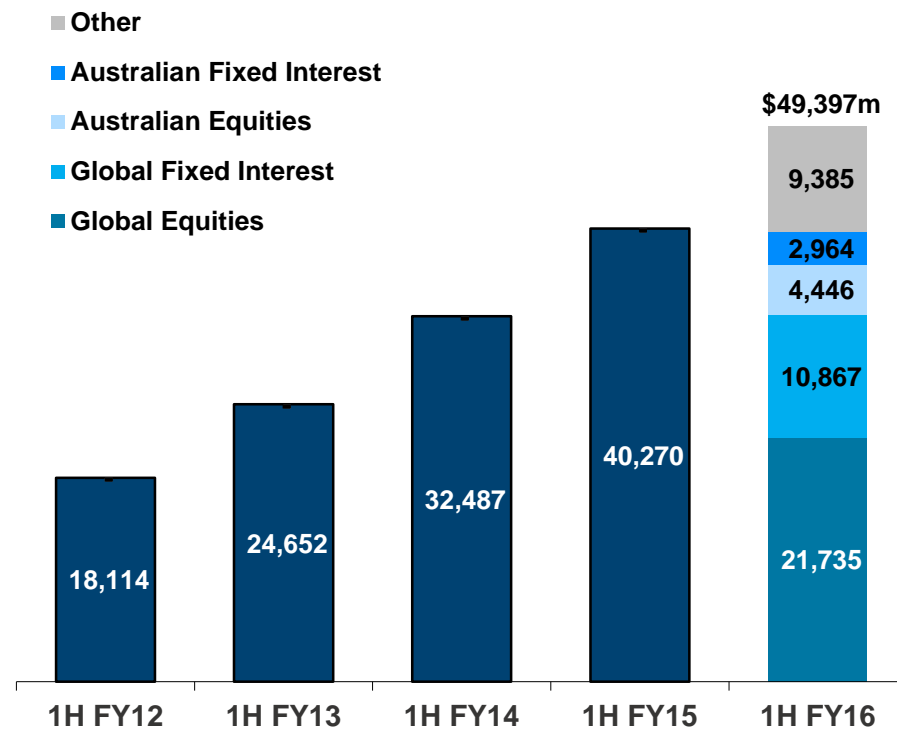
# Business Unit 1H Overview – CTS



## Operating revenue up 12.2% to \$12.9m



## FUM/A at 31 December 2015 up 22.7% to \$49.4b



- Exit of distribution business represents loss of retail margin on ~ \$4.4b (but keeping Responsible Entity margin)
- Strong organic customer growth – expected to replace distribution margin within 6-12 months

# Business Unit 1H Overview – CTS



Operating revenue  
up by  
**12.2%**  
to **\$12.9m**

FUM/A up by  
**22.7%** to  
**\$49.4b**

- Acting as fiduciary for 212 funds across 86 fund manager clients; a net increase of 13 funds and 4 clients
- FUM from new clients of \$2.6b
- Further expansion and diversification in range of fiduciary roles
- PIMCO and SG Hiscock internalised sales & distribution operations (Responsible Entity roles retained)
- Expecting core organic revenue growth to offset loss of distribution revenues



# Building a Foundation for Growth

## Key Projects on track



One-off Key Projects (\$'m)	Actual	Forecast	Forecast
	1H FY16	2H FY16	1H FY17
Corporate Restructure	0.75	0.32	-
Superannuation Restructure	1.25	1.05	-
Business Assurance (Enhancing Risk & Regulatory Management)	1.21	1.29	0.75
Other	0.35	0.40	0.20
<b>Total</b>	<b>3.56</b>	<b>3.06</b>	<b>0.95</b>
Tax	(1.07)	(0.92)	(0.29)
<b>Total (net of tax)</b>	<b>2.49</b>	<b>2.14</b>	<b>0.66</b>

# *Business Assurance Project: Building for Growth*



Continuing to address the rapidly changing and increasingly complex regulatory and compliance environment:

- Enhancing the Risk Management and Regulatory Compliance framework to ensure EQT remains highly competent in Risk Management
- Updating and harmonising all policies, procedures and practices enterprise wide
- Robust foundation to respond to the challenges in a volatile and fast changing market
- Project completion by December 2016

# Conclusion



- Clear strategy with good momentum in core business
- Corporate Trustee Services
  - Achieving strong organic growth with significant FUM and new customer increases
- Trustee & Wealth Services
  - Growth in core business enduring revenues partially offset by the decline in equity markets
  - Growth through Trustee for Partner strategy and cross-sell of core products to expanded client base progressing well
- Organic revenue growth expected to broadly offset exit of CTS distribution business and repositioning of superannuation business in FY16
- Key projects to improve flexibility of capital structure along with enhancing the risk management, regulatory and compliance framework are on track and creating a stronger foundation for growth

# *Appendices*

1. Business Units
2. Full Year Dividend payout ratio
3. Cash Flow

# Appendix 1: Business Units

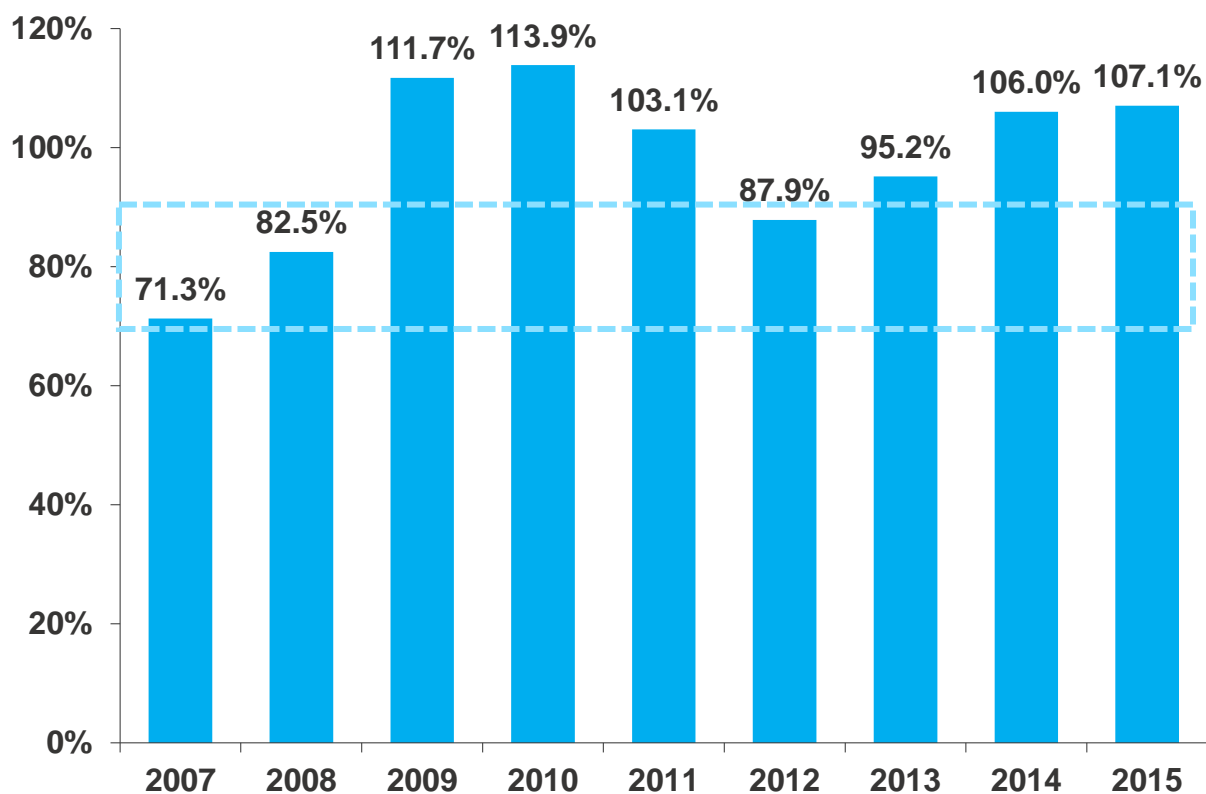


Business unit	Key services	Target market / channel
<b>Trustee &amp; Wealth Services (TWS)</b>	<ul style="list-style-type: none"><li>• Personal estates &amp; trusts</li><li>• Philanthropy</li><li>• Wealth management</li><li>• Asset management</li><li>• Aged care advisory services</li><li>• Trustee for employer and personal superannuation</li></ul>	<ul style="list-style-type: none"><li>• Private clients</li><li>• Business to business referrals</li><li>• Small-medium size corporates</li><li>• Members</li><li>• External distribution via planning networks</li></ul>
<b>Corporate Trustee Services (CTS)</b>	<ul style="list-style-type: none"><li>• Responsible entity</li><li>• Fiduciary services for institutional clients</li></ul>	<ul style="list-style-type: none"><li>• Investment managers</li><li>• Institutional investors</li><li>• Corporate/Super Funds</li></ul>

# Appendix 2: Full-year dividend as percentage of reported EPS

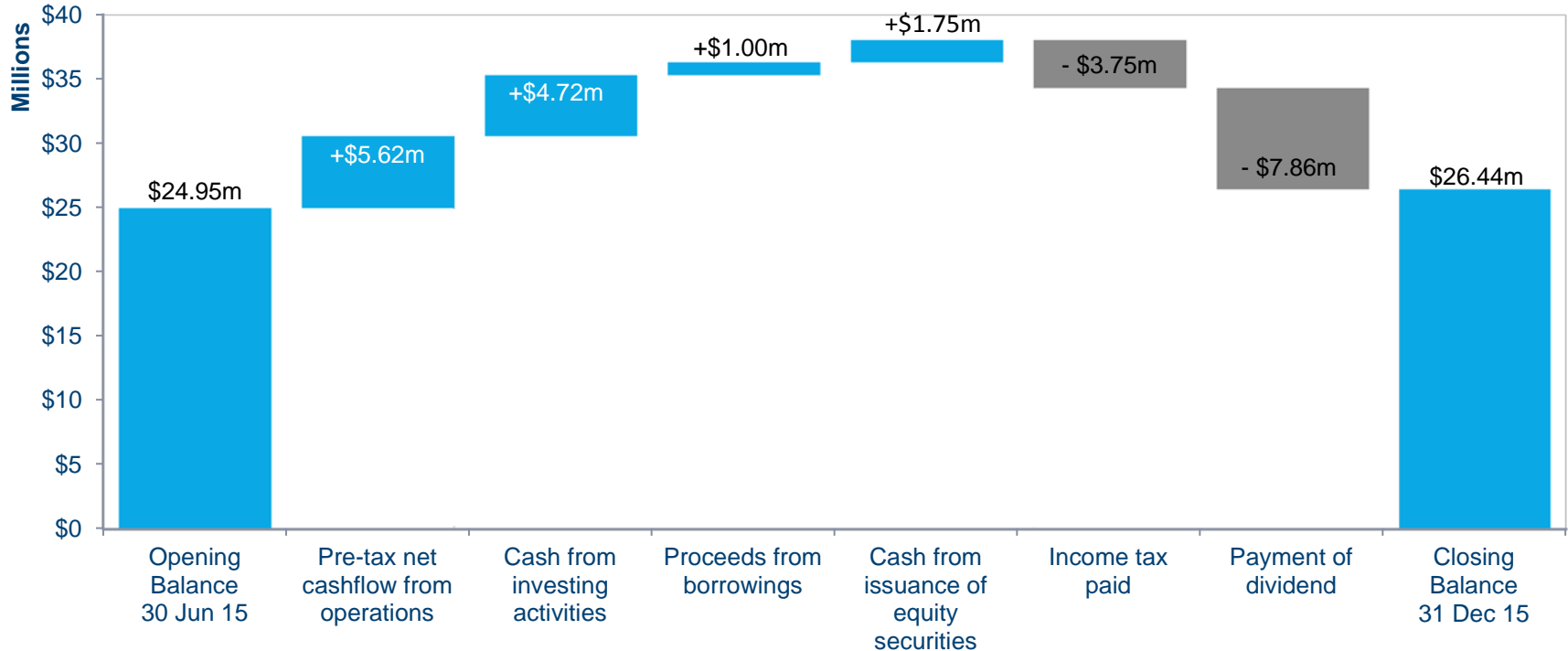


■ Dividend payout ratio on Reported NPAT EPS  
Target Ratio: 70-90% of NPAT



▭ Dividend payout policy range

# Appendix 3: Strong Operating Cash Flow



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