Equity Trustees

EQT HOLDINGS LIMITED
ASX ANNOUNCEMENT

22 February 2024

Transforming Equity Trustees delivers strong earnings uplift

Underpinned by good organic growth

- Funds under management, administration and supervision at $183.5 billion, up 18% on the prior corresponding period (PCP)
- Revenue at $83.9 million, up 37% on PCP, reflecting a six month contribution from the AET acquisition and strong organic growth
- Underlying net profit of $17.9 million, up 25% on PCP and steady compared with the second half of FY23
- Higher expenses reflect successful filling of employment vacancies to manage growth and recruitment post-Covid
- Statutory net profit up 65% at $12.6 million, incorporating AET integration and technology transformation costs and the impact of the UK/Ireland exit
- Increased dividend 51 cents per share, reflecting strong cash flow and overall business growth
- Balance sheet remains strong with low gearing and healthy levels of liquidity
- Positive outlook driven by industry tailwinds and group transformation

EQT Holdings Limited (ASX: EQT), the holding company for Equity Trustees, today announced strong increases in revenue and funds under management, administration and supervision (FUMAS) for the six months ended 31 December 2023. Revenue was $83.9 million, up 8.1% on previous half and 37.3% on PCP. FUMAS increased 18.0% on PCP to $183.5 billion.

Underlying net profit was $17.9 million, up 24.8% on PCP, while statutory net profit of $12.6 million reflected costs associated with the integration of Australian Executor Trustees (AET), technology transformation and the impact of UK/Ireland exit.

The Board declared a fully franked interim dividend of 51 cents per share, up one cent on the previous half and two cents on PCP.

Board Chair Carol Schwartz AO said: “Equity Trustees continues to grow, becoming a stronger and more diversified business following our acquisition of AET and several years of significant investment in technology and people.

“Our outstanding people and new technology platforms will drive ongoing growth and position us well for the future as we settle into our position as Australia’s leading provider of trustee services.”

Managing Director Mick O’Brien said: “The year is off to an encouraging start, with strong uplifts in FUMAS and revenue across all our business lines.

“The integration of AET is proceeding well, our business organisational structure is more cohesive, and our new technology platforms are providing better service and enhanced capability to drive growth.

“Equity Trustees is transforming into a larger, dynamic and balanced business, without losing any of our expertise and values.

"While expenses were higher, this reflected inflationary pressures and our ongoing investment in people and technology, including recruitment post-Covid to fill employment vacancies. We now have historically low vacancy rates across the group, which has been important during this peak integration and development cycle.

"Expense growth is expected to moderate significantly following the integration of AET, completion of the major technology projects, exit of the UK and Ireland businesses and the settling of employment vacancy rates.

Mr O'Brien said the core businesses continued to perform well.

Corporate & Superannuation Trustee Services (CSTS), reporting for the first time as a combined entity and excluding the UK/Ireland operations, delivered revenue of $34.5 million, up 14.2 % on PCP. This reflects good organic growth across all business streams and a positive contribution from global investment markets.

Mr O'Brien said: "Notwithstanding more volatile markets and less certain economic conditions, the outlook for CSTS is favourable, supported by government-mandated superannuation, ongoing fund innovation and increasing recognition of our outsourced independent trustee model."

Trustee & Wealth Services (TWS) delivered a significant uplift in revenue to $49.5 million, 60.6% up on PCP, driven by strong underlying organic growth across core services and a full six-month contribution from the AET acquisition.

Mr O'Brien said: "TWS is going from strength to strength, with the acquisition of AET transforming its geographic reach and breadth of services. The integration is on track and synergies remain ahead of original expectations.

"We expect traditional trustee services will continue to benefit from an ageing demographic and increasing levels of intergenerational wealth transfer."

Mr O'Brien said the outlook for the group remained positive.

"Despite uncertain economic and global conditions our businesses remain robust and ready to drive consistent organic growth.

"Our operating cashflow generation is strong and our balance sheet remains conservative, with low gearing and good flexibility to take advantage of future opportunities.

"The investments we have made provide us with a strong competitive foundation and position us well for continued growth and a stronger more sustainable future."

FURTHER INFORMATION

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Equity Trustees was established in 1888 for the purpose of providing independent and impartial Trustee and Executor services to help families throughout Australia protect their wealth. As Australia's leading specialist trustee company, we offer a diverse range of services to individuals, families and corporate clients including asset management, estate planning, philanthropic services and Responsible Entity (RE) services for external Fund Managers. Equity Trustees is the brand name of EQT Holdings Limited (ABN 22 607 797 615) and its subsidiary companies, publicly listed company on the Australian Securities Exchange (ASX: EQT) with offices in Melbourne, Bendigo, Sydney, Brisbane, Perth and London