

## **Equity Trustees Limited**

### **2011 AGM Chairman Speech**

#### **Slide 1:**

1. Shareholders, ladies and gentlemen, good morning. My name is Tony Killen, I have the honour of being your Chairman.
2. On behalf of my fellow directors, executives and all staff of Equity Trustees it gives me great pleasure to welcome you to the 2011 annual general meeting of the company. We have a quorum present and I declare the meeting open.
3. On the basis that the notice of meeting has previously been circulated I propose that it be taken as read.
4. We have received an apology from Mr John Crutch and Mr Peter Williams. Are there any apologies from the floor?

#### **Slide 2:**

5. I would like to introduce my colleagues on the Board. The Board is unchanged since the last AGM but two impending changes will be noted as we proceed through the meeting.
6. Mr Robin Burns has been our Managing Director since March 2010.
7. Mr David Groves, a Director since November 2000, is our Deputy Chairman and is also Chairman of our Audit & Compliance Committee.
8. Mr John McConnell joined our Board in January 2002 and is a member of the Audit & Compliance Committee. John is retiring from the Board at the close of business today and I will have more to say about that in due course.
9. The Honourable Jeffrey Kennett AC joined the Board in September 2008 and is a member of the Remuneration and HR Committee;

10. Ms Anne O'Donnell is attending her second AGM as a director having joined the Board in September 2010. Anne is a member of the Audit & Compliance Committee.
11. I am very pleased that Ms Alice Williams, who was unable to attend the AGM last year due to ill health, has been back with us since early this year. Alice joined the Board in September 2007 and is Chair of the Remuneration and HR Committee.
12. Joining the Board at the front of the room is our Chief Financial Officer and Company Secretary, Mr Terry Ryan.
13. I also take the opportunity to welcome in the audience today Mr Craig Henderson from Allens Arthur Robinson, our legal advisers and Mr Gary McLean from Deloitte, our auditors. We have long standing relationships with both firms and I thank them for their ongoing support and assistance.

### **Slide 3: Agenda**

14. This is the agenda for our meeting today. First, I will provide an overview of the financial year to 30 June 2011 and some commentary on the outlook for the current financial year. Then the Managing Director will discuss in more detail our operational performance in the year under review. The formal business of the meeting will follow - there are four items - and there will then be an opportunity for questions. Finally, after the close of the meeting we will serve light refreshments at the rear of this room and you will have an opportunity to meet informally with the directors and management of the company.

### **Slide 4: Annual Report and Shareholder Review**

15. As you know, we have a two tiered approach to the company's reporting to shareholders.

16. On the right of the screen is the Shareholder Review. This is a condensed version of the Annual Report containing a detailed review of the operating performance of the company and is sent to all shareholders.
17. On the left of the screen is the Annual Report. This is sent only to those shareholders who request it. As a matter of interest, only 14% of shareholders requested a hardcopy of the full report, much the same as last year.
18. It seems clear that the great majority of shareholders are content to rely on the Review, supplemented if necessary by access to the electronic copy of the Report on the Company's website.

#### **Slide 5: S&P/ASX200 Accum Index vs. MSCI ex Australia**

19. As a broadly based financial services company, EQT's financial performance is heavily influenced by the state of investment markets, which continue to be fragile.
20. This slide illustrates movements in the Australian and global stockmarkets as measured by the MSCI World ex Aust Index. The continuing volatility in stockmarkets is quite obvious in the gyrations in value within and between comparatively brief periods. Sentiment is poor, undermined by continuing political dysfunction in Europe and the US in grappling with the key economic issues. Forecast growth has been wound back in most regions. Our own market has fallen from trading at a forward earnings multiple of around 12.5 to 13 at the start of the year to around 10.5 times now, well below its average of 14 over the last 15 years, and typically a Buy signal for the long term investor. Indeed there are recent signs within our own business that interest in investing in Australia is strong, demonstrated by the activity we see in international fund managers seeking to establish new funds or businesses here. At the retail level however, defensive assets are still preferred, clearly illustrated by net funds flow in our Funds Management business.

### **Slide 6: FM Funds Flow Slide**

21. This slide shows net fund flows over the past four years. These funds are sourced predominantly from master trust platforms, the domain of the retail investor. The preference for cash and fixed interest over growth assets is clear, and continues to be apparent in the first quarter of the current year. This is something of a two-edged sword for us. On the one hand it is pleasing these net flows are strongly positive – it demonstrates that we have a suite of products which can be marketed successfully regardless of the investment cycles. On the other hand, the flow was again skewed to products or services which generate lower margins.

### **Slide 7 – Overview FY2011**

22. Given the difficult business conditions the outcomes achieved in the year under review reflect highly on our management team and staff. They have again demonstrated a capacity to manage the short term pressures thrown up by the difficult operating environment balanced against the pursuit of our longer term goals. Profits grew, albeit modestly. All business units were profitable. Two significant acquisitions were made, both immediately earnings accretive. Settlement of both with cash – one pre and one post balance date - coupled with continuing economic uncertainty, caused us to trim the final dividend to maintain the health of our balance sheet, which has no debt. We completed the latest upgrade to our systems, continuing our investment for the longer term good of the business. With his senior management team the Managing Director completed his first full review of the company's Strategic Plan, as a result of which we continue to be confident we have sound and sustainable long term strategies to guide the future development of the business.

### **Slide 8: Profitability**

23. Profit after tax grew by 2% for the year – and we had to work hard to achieve this result. The Operating Margin declined from 31.1% to 27.5%. Expenses grew faster than revenues after the pay freeze of 2009/10 and

after several one – off expense items were incurred in the year under review. Return on Shareholders' Funds was 15%, the same outcome achieved now in each of the last 3 years. The Board regards these metrics as important barometers of the progress of the company.

#### **Slide 9: Shareholder Dividends**

24. In 2010 and 2009 we decided to maintain the dividend at the same level as in 2008, despite the step back in profits. In deciding this we felt that with a large balance of franking credits, no acquisitions on the horizon, substantial cash available, and taking a somewhat sanguine view of the prospect of earlier recovery from the effects of the GFC than has in fact taken place, we could afford to maintain dividends at then current levels. Well, we did so for 2 years but when it came to deciding the Final Dividend for the year under review, we considered that with economic uncertainty extending now into a third year, and recent acquisitions eating into our cash resources, it was no longer prudent to maintain such a policy. Thus the reduction in the Final Dividend, and stated resolve to manage future dividends within the published policy of a pay-out ratio of 70-90%.

#### **Slide 10: Dividend Payout Ratio**

25. This change of approach in no way signals any less confidence in the fundamentals of the business. We also still have a strong franking account credit balance which is capable of supporting fully franked dividends at or around current levels for the foreseeable future.

#### **Slide 11: Share Price performance – diversified financials**

26. Although the longer term Total Shareholder Return (TSR) for EQT continues to exceed that of the market as a whole, recent share price performance has been disappointing. But then the Diversified Financials Index, which represents financial services companies with which EQT may be compared, has itself underperformed the market, as exemplified in these graphs.

### **Slide 12: Shareholder returns**

27. Cold comfort though it may be, our performance against the more directly comparable of our peers amongst the Diversified Financials is in fact more than competitive, as this chart illustrates. The comparison is sensitive to the time periods selected, so we have shown two starting points, 1 July 2005 and 1 July 2006. In both cases the EQT returns are competitive.

### **Slide 13: Recent Acquisitions**

28. Growth by acquisition is an important strategic objective for Equity Trustees and we are continually assessing potential opportunities. At last year's AGM I outlined the then-pending acquisition of the OAMPS superannuation master trust, subsequently completed as planned on 1 November 2010. OAMPS, since renamed Apex, has proved to be an excellent acquisition. It was earnings accretive from day one and in fact provided a better outcome for the eight months to 30 June than we had assumed in our pre-acquisition modelling. The integration and transition into our existing Equity Super business proceeded smoothly. This was yet another demonstration of our capacity to successfully execute a planned acquisition and a credit to the staff involved.
29. A second acquisition was completed just after the year end, when on 1 August we completed the purchase of a specialised aged care advisory business known as Lifetime Planning and Tender Living Care. This business will be a strong complement to our existing Wealth Management and Personal Estates & Trusts operations.
30. The aged care advice sector is already exhibiting a strongly growing demographic which we expect will grow even more strongly over the next few decades. It is also subject to a complex and changing regulatory and funding regime and relies on being able to build strong relationships with clients based on integrity, service and expertise. Lifetime Planning and Tender Living Care have outstanding reputations and networks within their target sector in Victoria and have exhibited corporate values and culture that fit closely with our own approach. There is ample scope to expand the

business in Victoria with EQT's backing, and we see the potential to grow the business interstate in due course. We welcome the Lifetime Planning and Tender Living Care employees to our company and are pleased that they have all elected to join us. This acquisition has also been earnings accretive from the outset.

### **Slide 13: The Board**

31. Last year I reported that the Board had been actively engaged in reviewing its performance against best practice governance guidelines and had completed a formal performance appraisal, conducted by an external consultant, the second such formal appraisal in three years. Conclusions were generally positive. This year we have reviewed our progress against the suggestions for improvement from last year's report, and regularly discuss ways in which we can streamline or enhance the Board's deliberative processes in oversight of the business.
32. I have commented on previous occasions that your directors are very diligent, work extremely well as a team, and that it is a pleasure to chair meetings of the Board. I am pleased to be able to state confidently that this remains the case and that our Board discussions are conducted amicably, but with rigour, insight and an unyielding focus on stakeholder interests and on keeping management up to the mark.
33. We have a clear view of the skills we wish to maintain around the Board table as well as a timetable for orderly renewal as we face retirements from the Board in the normal course of events.
34. John McConnell is to retire at the close of business today, after almost 10 years on the Board. John has been the most diligent of directors. In each of the last 3 years he has attended an average of 40 formal meetings of the company's directors, I won't say putting the rest of us to shame but certainly leading very much by example. In particular, his central role on the Board Audit & Compliance Committee, a most demanding responsibility, throughout the whole of his period on the Board, is gratefully

acknowledged. John has the scar tissue of the veteran banker that he is, which he has brought to bear on our more difficult discussions. Outside of meetings he has been a ready source of constructive advice both to fellow directors and management in furtherance of the company's goals. John, we wish you well in retirement. Thank you for your wonderful contribution to our Company's progress these past 10 years. I ask shareholders and guests to join me in extending our appreciation to John in the usual way.

35. Ahead of John's planned retirement we retained specialist consultants to help us recruit another non-executive director. We established a set of desired criteria for the role and we believe we cast a sufficiently wide net to find a number of well-qualified potential candidates. At the end of the process the Board was pleased to be able to conclude that Kevin Eley was our preferred candidate and delighted that Kevin accepted our invitation to join the company.
36. Kevin is a Chartered Accountant and was a director and CEO of HGL Ltd from 1985 to October last year, at which time he stepped down as CEO but remains on the Board as a non executive. HGL is a listed company, with a market capitalisation of \$65million, which sources leading branded products for specialist markets. He has experience in the financial services industry and in addition to his role at HGL currently serves as a non-executive director of Kresta Holdings and previously MMC Asset Management. Kevin had over 10 years of experience in management consulting, financing and corporate advice at a major international chartered accounting firm and two investment banks. Kevin will join the Board with effect from 25 November and will be nominated for election at the AGM next year, in accordance with our company constitution.

#### **Slide 14: Looking Ahead**

37. Looking ahead, it seems the only thing we can say with any certainty is that there is no certainty. GDP growth forecasts are positive, albeit moderated from earlier levels, yet share markets are priced for extremely low or even negative growth. The politicians and bureaucrats in Europe

and the US continue to struggle to put in place the appropriate fiscal and monetary settings to reinstate the confidence investment markets rely on. Retail investors remain risk averse, not at all confident that a sustained recovery from the after effects of the 2007/8 credit crisis is anywhere near in sight. For the month of August, two of Australia's largest retail platforms reported 40%, in the case of one, and 51% in the case of the other, of fund inflows were directed to cash/term deposits.

38. Although both economically and structurally, Australia is better placed than most of the developed economies, we are not immune from the global difficulties. And we have home grown influences on consumer confidence in the form of the exigencies of minority government, doubts about political leadership, and fears about the impact of major reforms currently being pursued. It is fair to say that in many ways overall business conditions feel as difficult as they have done at any time since the global financial crisis first started to emerge.
39. That said, our profits in the first 3 months of the new financial year are basically in line with the profits in the same period last year. All business units are contributing positively.
40. Despite the current challenging business conditions, the long view remains positive for our company. The overall scale of the financial services industry in Australia and its projected growth rates are strong positives for our business, as are prevailing demographic trends. We occupy profitable niches in key market segments. As investment markets come back to some sense of normality, continued good planning and sound management should enable us to grow the company once again for the benefit of all stakeholders.
41. Finally, once again I think it appropriate to acknowledge and congratulate our management and staff at this meeting. The company's success relies on the initiative, skills and competitive drive of our people. I am pleased to say they have responded magnificently to the challenges thrown up by the operating environment and I thank them on your behalf.

42. I now invite the Managing Director to address the meeting. Thank you.

**Slide 15: Mr. Robin Burns, MD EQT**

**2011 AGM Managing Director Presentation**

**Mr Robin Burns takes the lectern.**

43. Thank you Chairman.

**Slide 16: Overview FY2011**

44. The generally difficult business conditions that we experienced in the year to June 2011 have already been noted by the Chairman so I will not revisit those in any detail. The Shareholder Review already mentioned contains a significant amount of explanation and examination of our operations and activities, and I will therefore try not to repeat too much of that in my presentation.

45. As has been our experience in the last few financial years the performance of each of our main business revenue lines varied, as each of them faced specific market conditions and challenges. We achieved good organic revenue growth in some main areas of activity and in total we enjoyed a 14% lift in operating revenue, although a substantial part of that arose from the Apex acquisition part way through the year. However, in both our private client and corporate services units we generated revenue growth through our continuing business development activities. On a combined basis the private client and corporate business units achieved approximately a 7% organic revenue lift.

46. Expenses grew by 19%, again through a combination of both organic activity and the acquisition. This was a significant increase and I will discuss it in more detail later.

47. Our second recent acquisition will be a positive contributor in the current year, and EQT Aged Care Services (as the umbrella entity for the Lifetime

Planning and Tender Living care operations) is already demonstrating that it has significant scope to be a very positive long-term opportunity for the group. It operates in a specialised niche that possesses a very attractive demographic structure and that links well with our existing activities.

48. In previous reports we have highlighted the significant project, over a number of years, to upgrade our base IT operating system for trustee activities. Although this project took longer to complete than we had originally planned I am pleased to report that it is now in all essential regards complete and that we are running our core trustee operations and reporting on this new system. This will stand us in good stead in terms of operating efficiency, increased capacity and strengthened risk management processes in the coming years.
49. In basic measures of financial durability such as cash flow and the strength of the balance sheet, Equity Trustees remains in a healthy position.
50. We made a number of changes in the internal organisation of the group in the year, to better facilitate the pursuit of our strategic and corporate goals. Where material and relevant I will note these as I progress through this presentation.

#### **Slide 17: S&P/ASX All Ords. Year on Year**

51. The factors linking our revenue to equity market values are quite complex to isolate and explain succinctly. Revenue is affected not just by absolute market values, but by total inflows of money into investment markets and the relative flows into different asset classes. There is consequently no easy formula to calculate accurately what our revenue will be relative to investment market movements, but we can use the ASX200 index as a proxy for these factors and our overall business conditions. In very general

terms we estimate that our revenue could be impacted by approximately \$200,000 by a 1% change in the ASX.

52. As you can see from this graph, the index has been through significant volatility in recent financial periods, which is continuing. The red line is the index throughout the year ended June 2009, which graphically illustrates the impact of the credit crisis. In 2010, the orange line, we started off feeling relatively optimistic that markets were recovering some ground but the year was patchy thereafter and ended on a significant down trend. This pattern was largely repeated in 2011, the green line. And in the current year we are again starting off with a sharp market decline. Each year we determine our revenue projections based on an assumed start point for the ASX and an assumed growth rate, and in the last two years these assumptions have been proved too optimistic. When equity markets stage a sustained recovery, which at some stage will come, we'd expect to see a significant reflection in the revenue lines.

#### **Slide 18: Share price performance, diversified financials**

53. The Chairman has already referred to the performance of the Diversified Financials sector over the longer term compared to the overall index and the banks. This chart shows very clearly the scale of this divergence over recent months. Our sector is down around 25-30% since January and EQT's share price reflects this. Whilst we would all of course like to see a stronger share price it was probably not realistic to assume that we'd be able to maintain for a sustained period the earnings multiple of over 25 that the share price attained in 2007-2008. Our current multiple, at approximately 12 to 13, is similar to that of comparable entities.
54. Although the banks have recently held up better than diversified financials they still trade on a lower multiple, and we believe that low investor confidence and market volatility are the factors underlying the general sectoral decline.

### **Slide 19: Expense Management, composition and change**

55. Expenses grew significantly in the year, but a number of different factors underlie the increase. Firstly, the operating expenses in the Apex business for 8 months represented about one third of that increase. What we've termed 'non-recurring' costs represented another substantial slice – this category includes items such as the legal and advisory costs incurred in the Apex acquisition and some doubling up of employment costs during the parallel run of the two IT systems in the last stages of the upgrade project. The third element was the increase in normal recurring costs, mostly in employment or employment-related items. As previously noted we returned to a regular annual remuneration review in July 2010, and in addition staff and executives earned some performance-related incentive payments in the year – higher than the payments made in the comparable period. This last item can be better regarded as a variable expense, as the conditions for incentive payments are set annually and whether they are achieved will depend on actual outcomes.
56. Some of the increases in employment costs also related to a number of new roles in the group, mostly in 'front office' or transaction-related positions. For example, we created two new business-to-business marketing positions in the year, which were our first ever in the respective areas of focus and these will pay off over this and coming periods. Adding these sorts of roles is important if the group is to take advantage of the significant opportunities available and manage successfully towards long-term goals.
57. Over 60% of our operating expenses are for employment costs. I spoke last year about the need to attract and retain experienced, skilled and motivated employees as a strategic imperative for a business like Equity Trustees. Therefore in July 2011 we again implemented an annual pay review, recognising that these difficult business conditions are now in effect our 'normal' and that we need to reward and remunerate staff relative to market pay, as well as to our own circumstances.

### **Slide 20 Business Units, Operations & Performance**

58. This slide summarises some of the key measures of our revenue generating units for the year to June 2011, and gives an overall idea of how they performed.
59. I'll speak separately about each of these in more detail immediately following this, but will highlight here one of the organisational changes I referred to earlier. In previous periods we operated two separate business units that focused on providing services to corporate clients. However, as the clients of one unit were all also clients of the other, and the senior client relationship staff operate closely together, we decided to combine the two units into one with effect from 1 January this year. This was done to facilitate closer and more effective relationship management, better alignment of the services we provide and recognise the reality of the way we look after these clients. Dedicated personnel continue to provide the different day-to-day services for our corporate clients, but they now work under a unified management structure.
60. The new combined unit is known as Corporate Fiduciary & Financial Services and provides responsible entity services as well as retail distribution for a number of fund managers.

### **Slide 21: Business Unit Overview, Private Clients**

61. The Private Client unit continues to demonstrate solid performance and organic growth despite the conditions. The total of funds under management and administration at the end of the period grew, but this number contains both long-term funds that we manage over multiple periods, such as philanthropic trusts, and the value of estates under administration, which fluctuates with the flow of business and is short term. The growth in revenue is therefore a better indicator of progress, and this was 12.2%.

62. The aged care advisory business that was referred to earlier will form part of the Wealth Management unit, which itself sits within Private Clients.
63. In a number of areas the Private Clients unit had a good year: an increase in new deceased estates; a record year for new clients in wealth management services; the first steps in building a wealth management client list in our Brisbane office; five new perpetual charitable trusts established; and an excellent result from our first ever client satisfaction survey.

### **Slide 22: Business Unit Overview, Corporate Fiduciary and Financial Services**

64. In this business unit, by contrast, the total of funds under management and administration is an important indicator of overall growth and development. As you can see the total at the end of June was up 20.5% over the previous year end, but this increase did not accrue smoothly throughout the year and the balance between higher-margin growth asset classes and lower-margin defensive classes continued to move more towards the latter.
65. Consequently revenue growth was more muted at 6.4%, but unlike many financial services companies we did see good net inflows during the period, and this has continued so far into the current year.
66. We added ten new managers and twelve new funds in our responsible entity business and at the year end we were RE for 123 funds and 51 managers, compared to 113 funds and 41 managers at the end of June 2010. Our role as a distributor of funds was recognised with a nomination for the fourth consecutive year as S&P Product Distributor of the year and a key client, PIMCO, was again nominated as Fund Manager of the Year.

### **Slide 23: Business Unit Overview, Superannuation**

67. The superannuation business unit spent a significant amount of time and energy in the year on the inwards transition and integration of the acquired Apex business. This was accomplished on time and very effectively, and is a credit to the employees and managers involved. Our focus can now return more intensely to the development and growth of the business and positioning for a post 'Stronger Super' world.
68. The Apex acquisition was about building scale in super and leveraging efficiency in our existing operations. Superannuation will continue to be a very attractive segment to take part in as total invested assets continue to grow into the years ahead, and as private provision for retirement, rather than reliance on the government's aged pension, becomes more significant.
69. We supported, as the administration and platform supplier, the launch of a full service, simple and transparent administration wrap service named simpleWRAP, late in the period. If this is successful it will represent a diversification of our business in advance of any competitive challenges that Stronger Super may eventually bring.
70. We are of course in favour of any changes that enhance investor or superannuation fund member outcomes. However, we do reserve judgement at this stage on whether the mix of measures to improve system efficiency, and significant changes to default super, to be introduced by the Stronger Super legislation, will ultimately prove beneficial for members. A focus on fees, which a number of well-credentialed commentators believe is likely to be the essence of MySuper, places less emphasis on the far more important element of investment returns. Of course fees should be as low as possible, but commensurate with a balanced approach to the main priorities that a super fund member should be pursuing. A low-cost, restricted investment regime which drives services and performance down to the lowest common denominator is unlikely to be in all members' best interests over the long term. Therefore

we will wait to see what MySuper actually turns out to look like after a few years of implementation before judging its success.

71. In anticipation of some of these issues we continue to make operational improvements to our super products and services and our additional scale will help us continue to compete effectively.

#### **Slide 24: Support Services**

72. Each of the support service business units is as integral to the overall success of the business as the revenue units.
73. It has already been mentioned that the new back office system implementation has been completed in all effective regards. This will provide our basic operating platform for some time to come, but the next stage is to consolidate and integrate the other IT platforms and systems that we run into a unified and logical whole that will help maximise efficiencies and provide capacity. We run a number of different operating systems and associated modules or add-ons in areas such as client information and relationship management, workflow management, provision of advice and so on, and bringing these into a planned and unified model for the long term will be a significant project spanning multiple periods.
74. During the year we created a new group-level function to supervise legal, risk management and compliance activities across all our businesses. As a fiduciary organisation, responsible for managing or administering billions of dollars of other people's money, and in an increasingly intensely regulated environment, the legal, risk management and compliance tasks are a very high priority.
75. Adopting for these particular functions a single entity-wide approach is an important step in the continuous process of maintaining and developing appropriate standards and processes as the environment becomes more complex, regulated and litigious.

76. At the same time we made a number of other changes in our internal group structure to facilitate a more matrix-style approach to managing the support units across all activities, and I expect this will continue in the near future.

### **Slide 25: Business Update**

77. The Chairman has already commented on first quarter profit performance compared to the prior year.
78. We have continued to see good new business leads or generation in a number of our revenue lines in the private client and corporate units. Fund inflows, however, are still skewed very heavily to lower-margin products and competitive pressure in some areas remains keen. Markets in the early months of the current financial year have demonstrated considerable volatility, which is a negative influence on our business and growth.
79. Net funds inflow for our EQT-badged funds is up compared to the prior year first quarter, probably in contrast to many industry participants. A number of companies in our sector are reducing staff numbers as a result of the conditions and poor business flows or lower funds under management. Many industry executives expect these conditions to prevail for some time.
80. Overall, our total of funds under management and administration at the end of the September quarter was down approximately 4% compared to the position for the same measure at 30 June 2011. This is despite our generating positive net flows in retail badged products and reasonable new business activity.
81. Last year I spoke about what were then known as the Cooper review into superannuation, the Ripoll review of the financial advice industry and the Henry tax review. I reiterate that as a company we support changes that will help deliver a better system and outcomes for investors and fund members. Some of the Cooper Review's recommendations have been

adopted in the 'Stronger Super' draft provisions and these have been discussed widely. The Ripoll review into advice has been developed into the Future Of Financial Advice, or FoFA, reforms, some parts of which are now in draft legislation. Each of Stronger Super and FoFA will have significant long-term impact on the financial services industry, but we believe that Equity Trustees will be well placed to play a profitable and successful role in the industry into the future. Overall, the demographic forces at play in the financial services industry mean that it will continue to grow in size and to provide many opportunities for successfully competing companies to meet objectives for clients, shareholders and staff.

82. We continue to see opportunities presented to us to take part in the consolidation of the financial advice industry, but so far have not seen one in which we can easily tick off all the significant criteria we want to achieve. Nevertheless there are high-quality financial advice businesses that could meet our criteria and if a suitable opportunity arises to crystallise a transaction with one of these we will actively consider it. We are also of course still very much open to 'bolt on' acquisitions that expand scale in an existing activity or deliver a complementary service or product line.
83. The group's 'step-growth' strategy, which has been in place for some time, is in our view still appropriate and we remain open to acquisition opportunities that meet our financial objectives and fit our approach to doing business.

### **Slide 26: Summary (1)**

84. In summary, we have diversified revenue streams and each of our revenue business units is profitable and operating in an attractive market sector, although conditions vary in each case depending on a number of external factors.
85. The group is weathering a difficult period well, and although we would all of course like to see an environment more like that of a few years ago we have to accept that the spectacular revenue and profit growth of the mid

2000s may now be seen as an aberration, rather than normal operating conditions. Given this, we need to keep looking to the long-term and continue to develop the business for success in the future as well as focus on results today.

86. The company is debt-free, which places us in an innately strong financial position, and our key resource, other than the brand name and what it stands for – our staff – are capable, experienced, enthusiastic and are very focused on business growth and development.
87. Equity Trustees is leveraged to the overall growth of the financial services industry in Australia. Our corporate businesses, which focus on providing services to fund managers, will benefit from our position as a leading responsible entity in a globally attractive market. Our private client businesses are poised to benefit from the forecast substantial wealth transfers between generations and from being able to provide advice and assistance to the many individuals who want and need advice for wealth transition, wealth management and in aged care provision from a reputable, independent company. In superannuation we have improved the scale of our business, are in the process of developing what we hope will become an alternative revenue stream and will be able to compete effectively in a large segment undergoing substantial change but also very substantial growth.
88. The group's overall strategic approach has been well established for a number of years, but is regularly reviewed. We may well continue to experience volatile market conditions for some time, and these do affect our business growth and margins, but we are reliably profitable and are positioned to deal with the challenges and changes in our industry and regulatory environments, and to reward our shareholders and other stakeholders.
89. Despite the difficult conditions of the last few periods we have been able to demonstrate organic revenue growth in key activities and the ability to

complete strategic, earnings-accretive acquisitions that build on existing strengths and capabilities.

90. We need to balance investment to maximise efficiency and long-term business development with the desire to maximise today's returns, and this compromise is of course at the heart of a great many business decisions. Looking back over the last year at Equity Trustees, as well as previous periods, I think we have achieved a good balance in this and I am confident that we should continue to do so. Part of the challenge for the current period is to continue to drive the focus on business efficiency and long term growth, but keep expenses tightly managed and reflective of revenue flows.
91. Finally, I'd again like to note the contribution of our staff. The business cannot succeed without them – in fact we have no business without them – and although our industry presents specific challenges and the recent conditions could easily affect motivation and enthusiasm it is to the team's credit that their drive for business growth, success, efficiency and returns remains strong and undiluted.
92. Thank you.

**Mr Killen resumes the lectern.**

**Slide 27: Agenda (Agenda slide)**

93. Thank you Robin.

**Slide 28: Items of ordinary business**

94. There are four items of formal business to be referred to today's meeting. The first of these is to receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2011. The second is to adopt the remuneration report for year ended 30 June 2011. The third is to consider the election of directors. The fourth is to

consider the grant of a long-term incentive award to the Managing Director.

**Slide 29: Items of ordinary business – Item 1**

95. The first Item of business is to receive and consider the Financial Statements and the Reports of the Directors and Auditor for the year ended 30 June 2011.
96. The Financial Statements have been formally approved by the board, audited and lodged with the ASX and ASIC. Therefore, at today's meeting the financial statements are final and presented for your consideration. There is no vote required for this item of business.
97. I would also note that in accordance with the Corporations Act, questions to the auditor, Deloitte, may be submitted to the company in advance of the AGM. I can confirm that no such questions have been received.
98. I therefore invite questions from shareholders, proxyholders and authorised representatives of shareholders.
99. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
100. Any questions or comments?

<Pause>

101. Thank you.

102. The Financial Statement and the Reports of the Directors for the year ended 30 June 2011 have been received and considered.

### **Slide 30: Items of ordinary business – Item 2**

103. The 2<sup>nd</sup> Item of business is to adopt the Remuneration Report for the year ended 30 June 2011.
104. The Remuneration Report is contained in the Directors' Report set out in detail on pages 6 to 13 of the Annual Report. This is an opportunity for shareholders to discuss the Remuneration Report and to vote upon it. This is a non-binding vote, the result of which your directors would, if necessary, take into account in their approach to future remuneration reviews. Shareholders may be aware that recent legislation was introduced, known as the 'two strikes' rule. Basically, this rule means that if the Remuneration Report receives two 'No' votes of 25% or more, over two consecutive AGM's, the directors must stand for re-election. At EQT, we are confident that remuneration levels are reasonable and incentives correlate with trading performance.
105. Before opening up the matter for discussion I would like to make a number of introductory remarks.

### **Slide 31: Remuneration**

106. Shareholders may recall that in the wake of the GFC a pay freeze was instituted for all staff in 2009. We returned to a normal pay review cycle with effect from 1 July 2010. This is one of the factors that underlie the comparison between expenses for the year to June 2011 compared to the prior period.
107. In addition, because profit objectives were not met in 2010, Short Term Incentives were not payable in respect of that year. Instead, a modest one off payment was granted to all staff in recognition of their commitment during a period of great challenge for the company.

108. The results in the year to June 2011 did meet pre-defined targets and objectives, thus triggering the payment of STI awards at more customary levels, another factor in expense comparisons between 2010 and 2011.
109. So far as the long term incentives are concerned we have continued to issue LTI Awards to executives each year because we believe in the value of longer term alignment of the interests of management and shareholders. The Awards constitute an opportunity to receive shares in the company provided pre-determined performance hurdles are met. Actual outcomes for executives over the early years of this plan have been mixed. For the second year in a row now no shares were earned by any executive. I should point out here that while we may vary the terms and conditions of a particular series in light of prevailing operating conditions, once those terms and conditions are set, there is no change made to qualifying criteria when final assessment is made of the outcomes for executives. Furthermore, I note that the Series 7 LTI Awards issued in August of this year, were made with the same qualifying conditions as Series 6 last year.
110. The difficult operating environment forced us to make two decisions impacting both executives and staff in relation to share awards this year. We reduced the number of LTI Awards for Series 7 issued to executives, and did not this year make an allocation of shares to staff under the Employee Share Acquisition Plan.
111. The Board believes that the executive and employee remuneration arrangements are appropriately balanced between long and short term outcomes, with variable incentives for performance meeting and exceeding pre-defined objectives, and an appropriate linkage to shareholder returns.
112. So far as the Board is concerned, there were no increases to directors' fees in the year under review and the fees have now been unchanged for three years. As a consequence, in July fees were reviewed by reference to external benchmarks and increases made to the fees of all directors

with effect from 1 July, 2011. The new fees are contained within the overall limit last approved by shareholders in 2008.

### **Slide 32: Tracking Remuneration vs Dividends**

113. This chart illustrates the relationship between remuneration paid to the top executives in the company, the fees paid to directors and dividends paid to shareholders, using 2004 as the base year. The chart compares the cumulative growth in remuneration year by year, with the cumulative growth in dividends paid. The values in the chart are multiples of the values applying in the base year. This makes it clear that the growth in dividends paid to shareholders over the period has significantly exceeded the growth in the remuneration for either the executive or the Board.
114. I commend the Remuneration Report for adoption by shareholders and open up the matter for discussion.
115. I invite questions from shareholders, proxyholders and authorised representatives of shareholders.
116. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
117. Are there any questions or comments?

<Pause>

118. Thank you.

**Slide 33: Items of ordinary business – Item 2: Proxies received**

119. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.

120. In accordance with new legislation, Key Management Personnel (KMP's), which includes directors, and their respective related parties, are excluded from voting on the Remuneration Item. These votes have been excluded from the proxies submitted.

121. In accordance with the rules contained in the Proxy Form, any undirected votes in favour of the Chairman are automatically voted For this Item.

<Pause>

122. I would now like to put this resolution to a vote. Please note this is a non-binding vote, however, as mentioned earlier, we note the potential impact of the 'two strikes' policy.

123. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

124. For all those in favour, please raise your hand.

<Count>

125. For those against, please raise your hand.

<Count>

126. I declare that the resolution is passed.

127. Thank you.

### **Slide 34: Items of ordinary business – Item 3 Re-election of Directors**

128. In relation to this item of business you would be aware from the Notice of Meeting that in accordance with Rule 49 of the company's constitution two Directors are retiring and, being eligible, are offering themselves for re-election.
129. David Groves and Jeffrey Kennett are both endorsed by the Board for re-election and continue to make valued and insightful contributions to the company's governance, strategic direction and operational performance.

### **Slide 35: Item of ordinary business – Item 3(a) Re-election of Mr DF Groves**

130. Item 3(a) is the re-election of Mr DF Groves
131. I invite questions from shareholders, proxyholders and authorised representatives of shareholders.
132. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
133. Are there any questions or comments?

<Pause>

134. Thank you

### **Slide 36: Proxies received – Re-Election of Mr DF Groves.**

135. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.
136. In relation to the Open votes, the directors of EQT hold proxies totalling 403,953 shares, which we intend to vote in Favour of the re-election of Mr Groves.

<Pause>

137. I would now like to put this resolution to a vote.

138. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

139. For all those in favour, please raise your hand.

<Count>

140. For those against, please raise your hand.

<Count>

141. I declare that the resolution is passed.

142. Thank you.

**Slide 37: Items of ordinary business – Item 3(b) Re-election of The Hon Jeffrey G Kennett AC**

143. Item 3(b) is the re-election of The Hon Jeffrey G Kennett AC

144. I invite questions from shareholders, proxyholders and authorised representatives of shareholders.

145. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.

146. Are there any questions or comments?

<Pause>

147. Thankyou

**Slide 38: Proxies received – Re-Election of The Hon Jeffrey G Kennett**  
**AC**

148. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.

149. In relation to the Open votes, the directors of EQT hold proxies totalling 412,195 shares, which we intend to vote in Favour of the re-election of Mr Kennett.

<Pause>

150. I would now like to put this resolution to a vote.

151. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

152. For all those in favour, please raise your hand.

<Count>

153. For those against, please raise your hand.

<Count>

154. I declare that the resolution is passed.

155. Thankyou.

**Slide 39: Items of Special business – Item 4**

156. Item 4 is the approval of the Long Term Incentive Award for the Managing Director, Series 2011/12, with a commencement date of 1 July 2011.

157. The directors regard a long term incentive plan as a key component of the Managing Director's remuneration. It directly links his rewards to the

outcomes for shareholders, taking into account as it does growth in both earnings per share and TSR.

**Slide 40: MD s LTI 2011/12 Series**

158. The performance measures - 50% relative TSR and 50% EPS – and the qualifying criteria, are the same as last year. However the quantum of the opportunity is less, at 54% of TEC it is 10% less than the 60% previously awarded. As I noted in the earlier discussion on the remuneration report, LTI awards for executives, including Mr Burns, have been reduced to reflect the company's performance in 2011.

159. The fine detail of the arrangement is fully outlined in the Notice of Meeting so I won't go into any more detail here.

160. I invite questions from shareholders, proxyholders and authorised representatives of shareholders.

161. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.

162. Are there any questions or comments?

<Pause>

163. Thank you

**Slide 41: Proxies received – Long-term incentive award to MD**

164. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.

165. Mr Burns and his respective related parties are excluded from this vote.

166. In relation to the Open votes, the directors of EQT hold proxies totalling 139,066 shares, which we intend to vote in Favour of the Long Term Incentive Award for the Managing Director,

<Pause>

167. I would now like to put this resolution to a vote.

168. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

169. For all those in favour, please raise your hand.

<Count>

170. For those against, please raise your hand.

<Count>

171. I declare that the resolution is passed.

172. Thank you.

### **Slide 42: Agenda**

173. I would now like to ask if there are any questions from shareholders present today that have not been addressed thus far.

<Pause>

174. Thank you

### **Slide 43: Logo**

175. That concludes the formal agenda items at today's AGM

176. As mentioned at the beginning of the meeting I would now like to invite you to join us for some light refreshments at the rear of this room. Thank you for your attendance and support at today's meeting. I declare the meeting closed at       pm.



# *2011 Annual General Meeting*



*28<sup>th</sup> October 2011*

# Board of Directors



**Mr JA (Tony) Killen OAM**  
*Non Executive Director Chairman*



**Mr Robin Burns**  
*Managing Director*



**Mr David Groves**  
*Non Executive Director  
Deputy Chairman*



**Mr John McConnell**  
*Non Executive Director*



**Ms Alice Williams**  
*Non Executive Director*



**The Hon Jeffrey  
Kennett AC**  
*Non Executive Director*



**Ms Anne O'Donnell**  
*Non Executive Director*

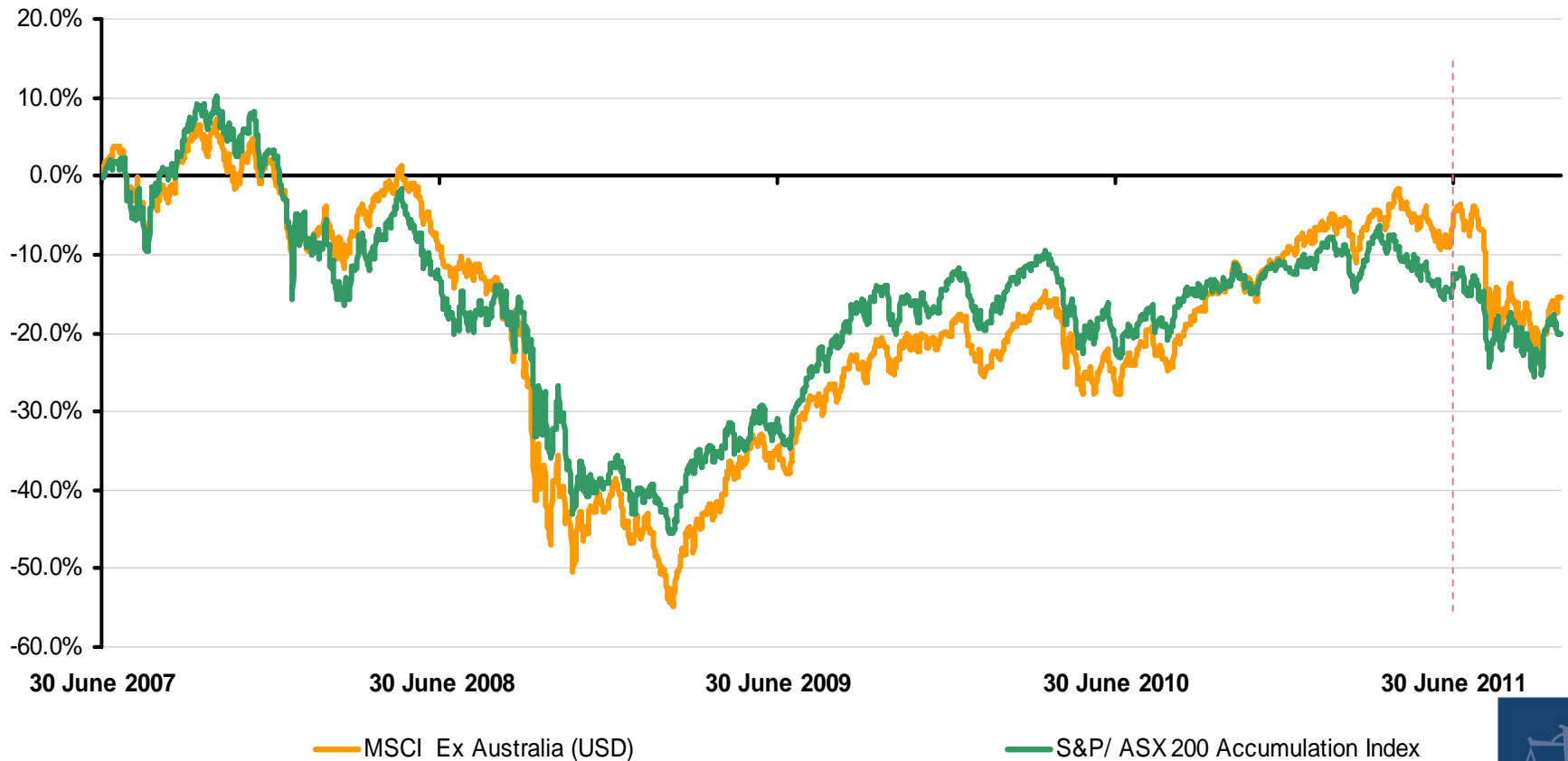
# Agenda

1. Overview and highlights      Mr Tony Killen
2. Operational performance      Mr Robin Burns
3. Items of business      Mr Tony Killen
4. Questions

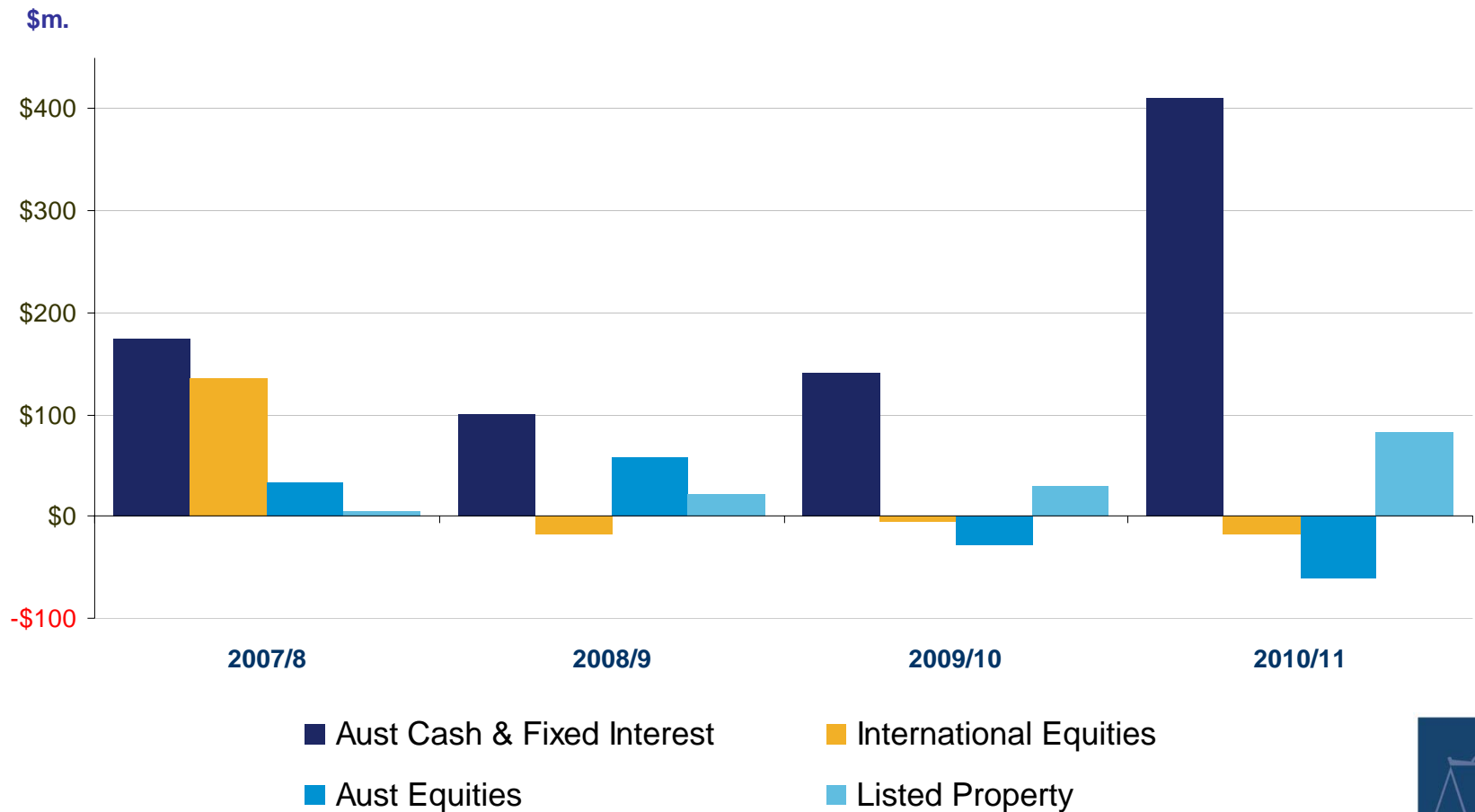
# 2011 Shareholder Review and Annual Report



# Sharemarket performance. S&P/ASX200 Accum Index vs. MSCI ex Australia



# External net flows to EQT retail funds

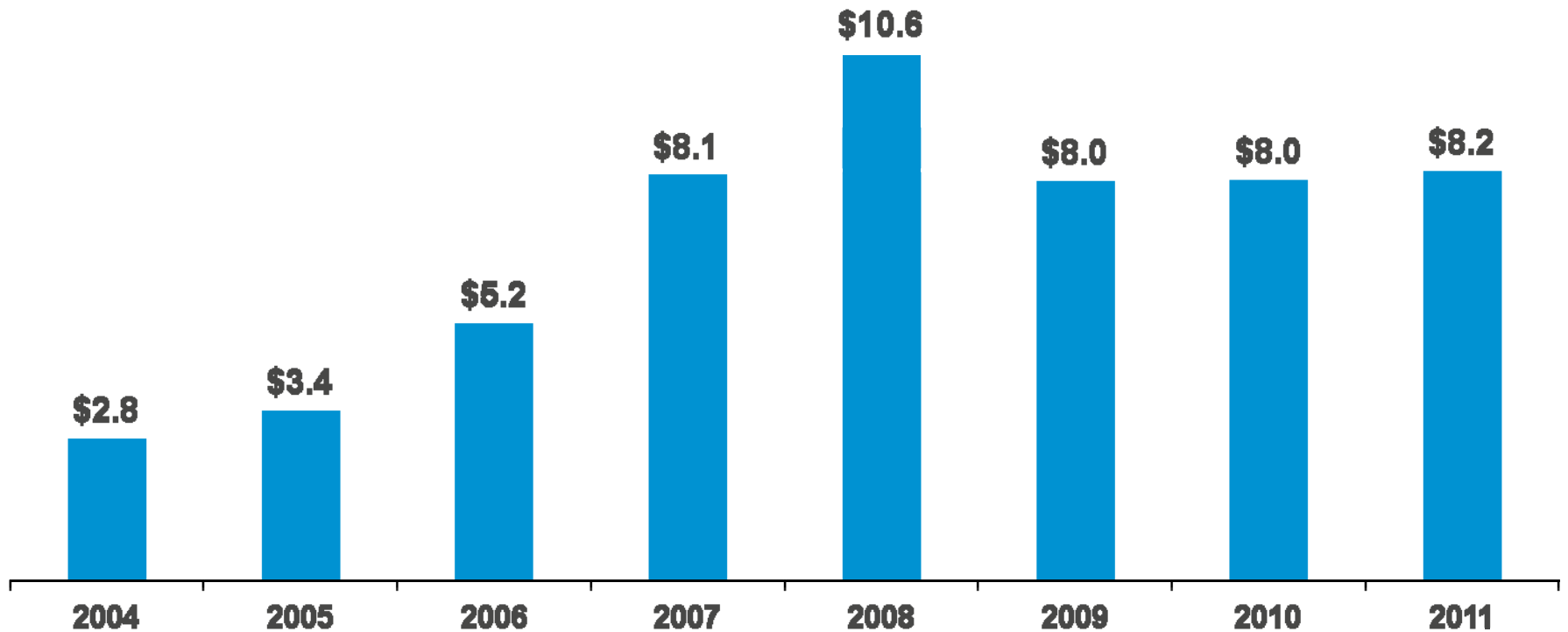


# Overview – FY2011

- Profit growth despite difficult conditions.
- All revenue business units profitable.
- Two acquisitions – one completed, one in progress at 30 June 2011.
- 100¢ full-year, fully franked dividend, reduced by 10¢ from 2010.
- Strong balance sheet, nil debt.
- Systems upgrade completed.
- Board confident that the company has a sustainable and sound long term plan that will deliver to stakeholder expectations.

# Profitability

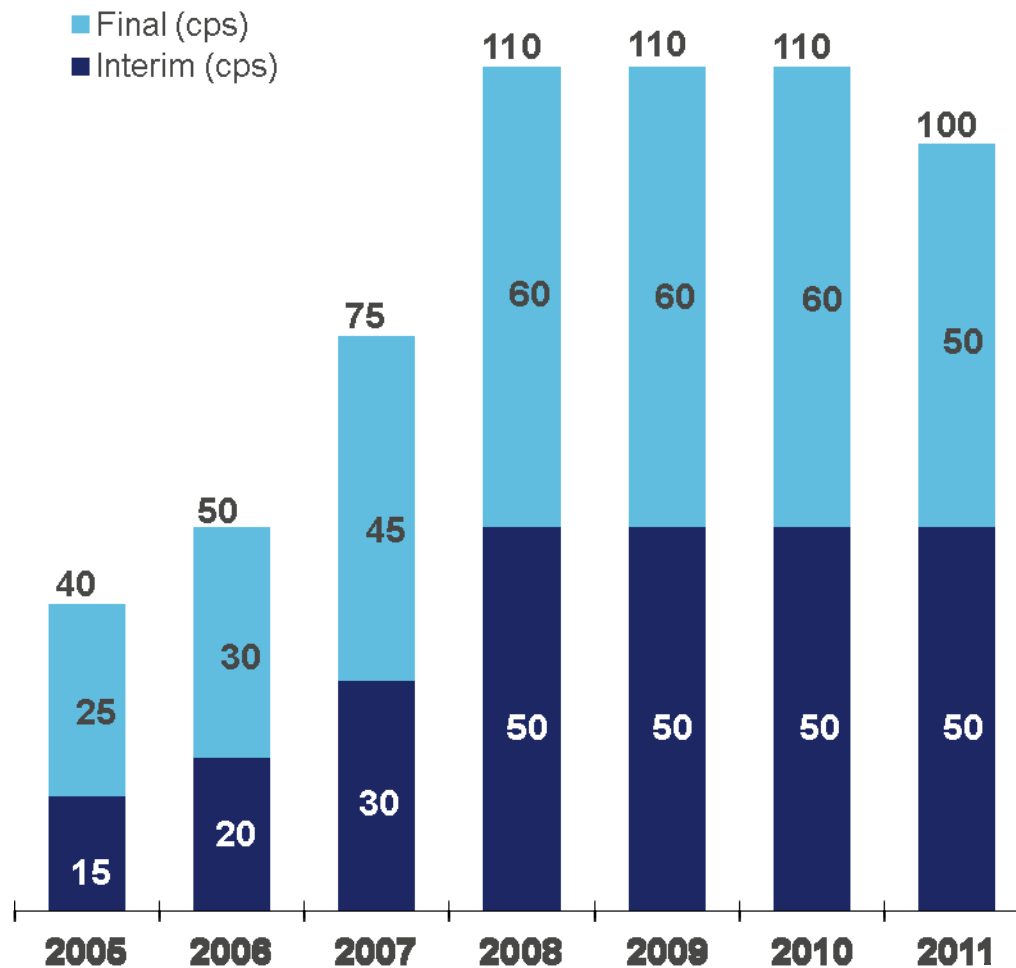
**Net profit after tax up at \$8.2m**  
*(includes profit on sale of investments)*



# Shareholder Dividends

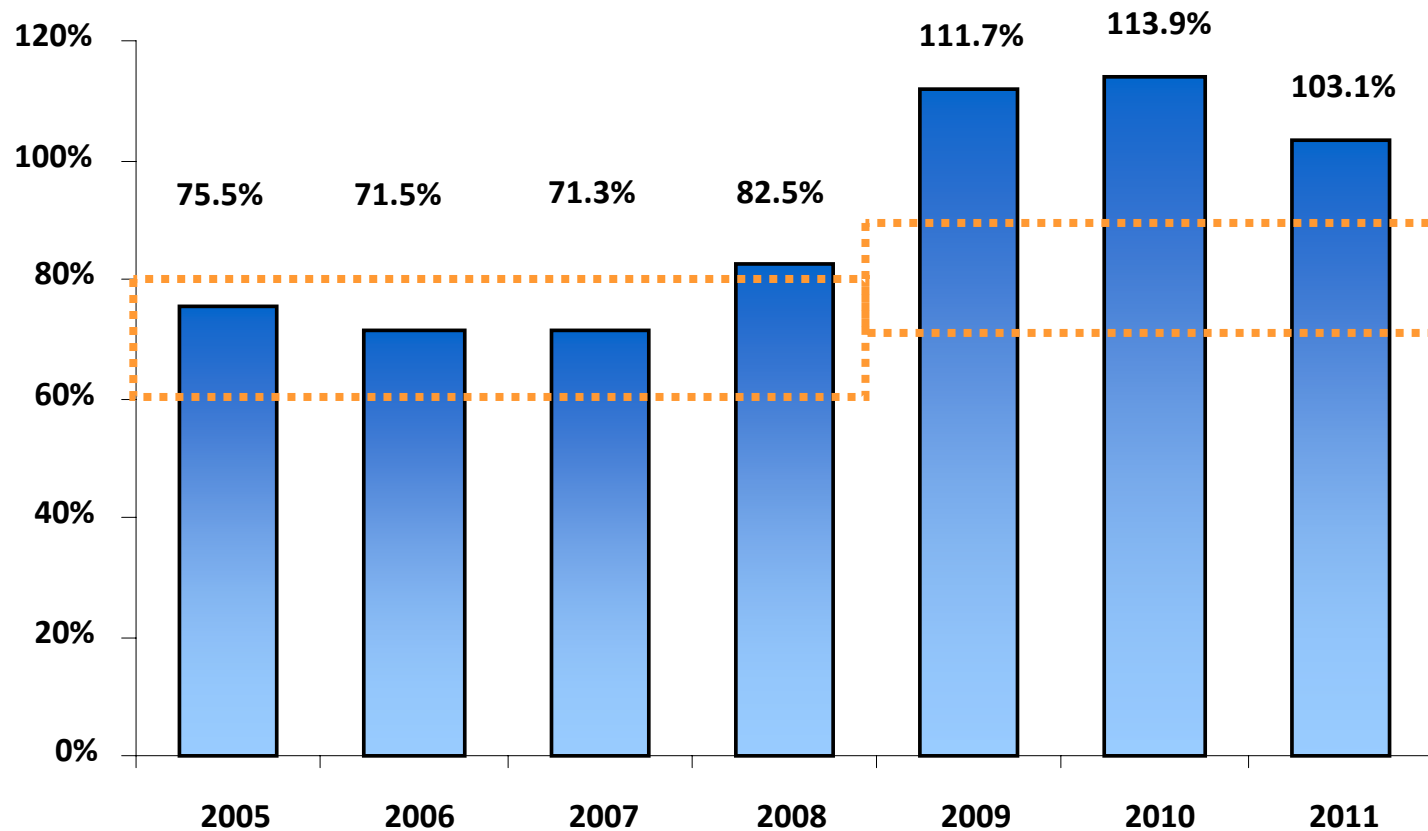
## Full-year, fully-franked dividend

Reflecting a current yield of approximately 8.0% before franking credits



# Dividend payout ratio

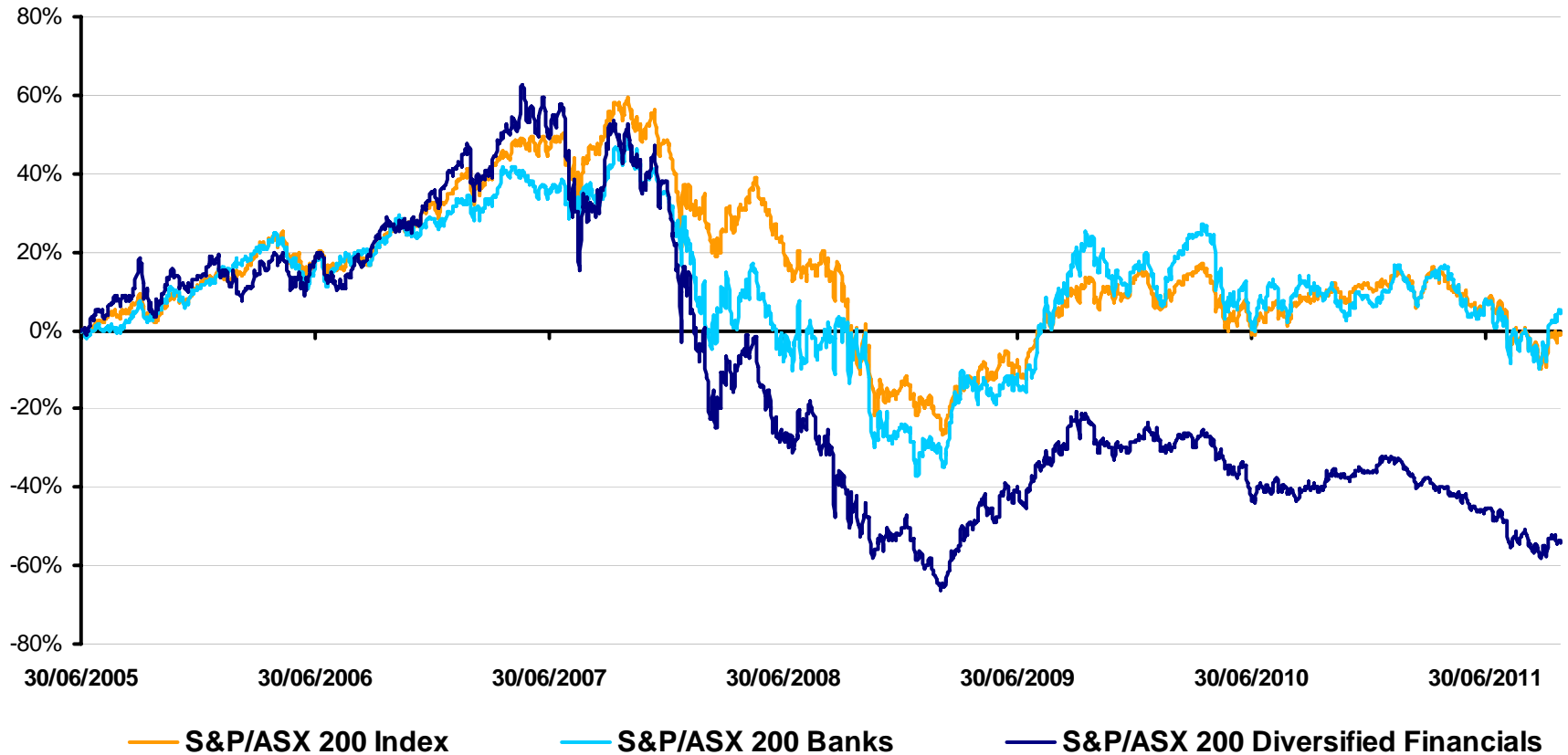
Full-year dividend as percentage of EPS



 Dividend payout policy range

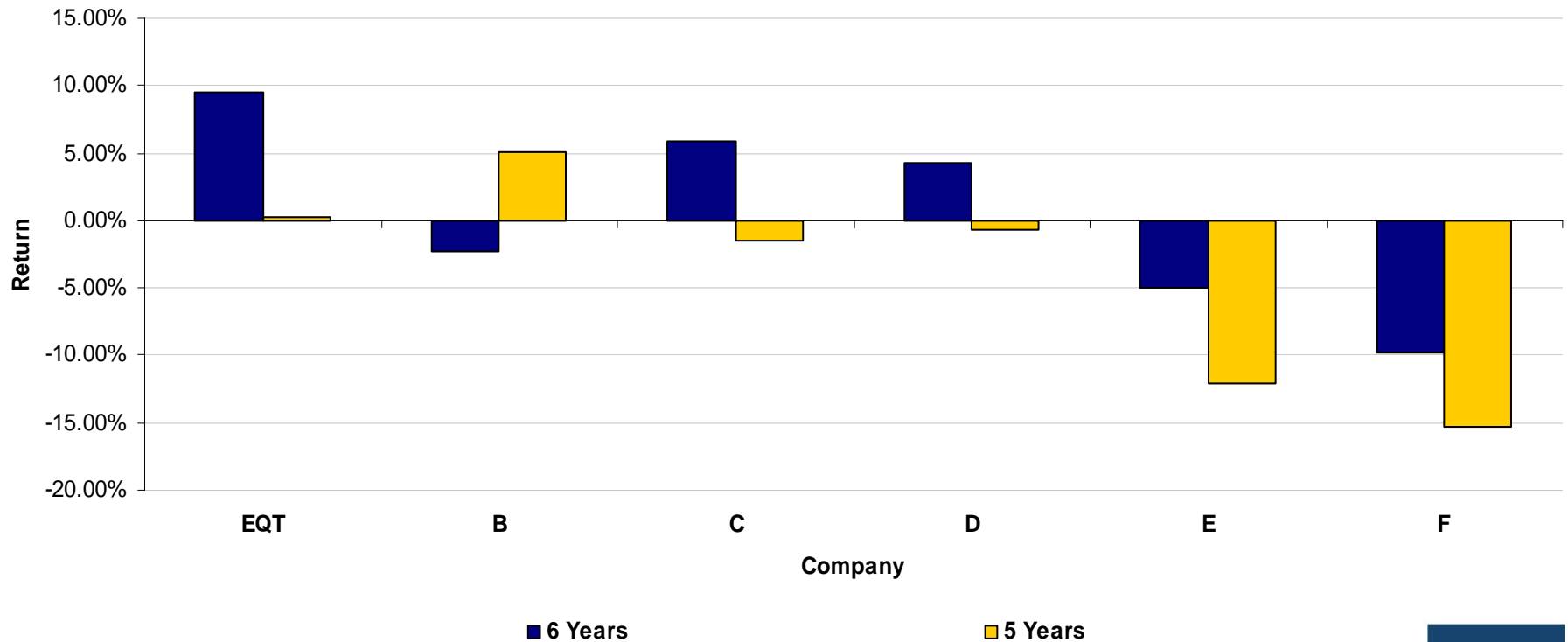


# Share price performance - diversified financials



# Shareholder Returns

*5 Year and 6 Year Total Shareholder Returns as at 30 June.  
EQT and five comparable organisations*



# *Recent acquisition – OAMPS Superfund*

- Completion of OAMPS super fund (renamed Apex) acquisition as planned on 1 November 2010. \$265m FUM.
- Profitable from day one and generated better performance than expected in first 8 months.
- Transition and integration complete.
- Lifetime Planning and Tender Living Care acquired 1 August 2011. Cost \$1.4m approx., earnings accretive immediately.
- LTP/TLC operates in attractive aged cared advisory segment.
- Business has values and approach that fit EQT's existing standards.
- Strong complement to existing Wealth Management and Estates & Trusts activities.

# The Board

- Formal performance appraisal in March 2010 – overall conclusion was positive – tracking progress on suggestions. Board actively reviewing deliberative processes to enhance focus on strategic issues.
- Succession planning process is in place – based on desired skills mix and timetable for renewal.
- John McConnell retiring after 9 years – Board appreciates John’s impressive contribution and specialist knowledge.
- Kevin Eley to join in November. Attractive mix of relevant experience and board skills.
- Used external specialist resource to ensure widest possible range of potential candidates and fit with key criteria.

# Looking ahead

## **Outlook for 2012**

- Economic conditions still difficult in some major economies – continues to impact confidence, equity markets, investors and therefore fund flows.
- Despite Australia's better position, same factors affecting business conditions here.
- Long term outlook for financial services industry here very positive, major regulatory reforms will shape the industry but EQT well placed.
- Business fundamentals strong – strategic plan and approach still relevant and balanced.
- First quarter results tracking close to prior year.
- Volatile markets create uncertainty – sustained recovery not evident yet.
- Continue to look for growth or acquisition opportunities.





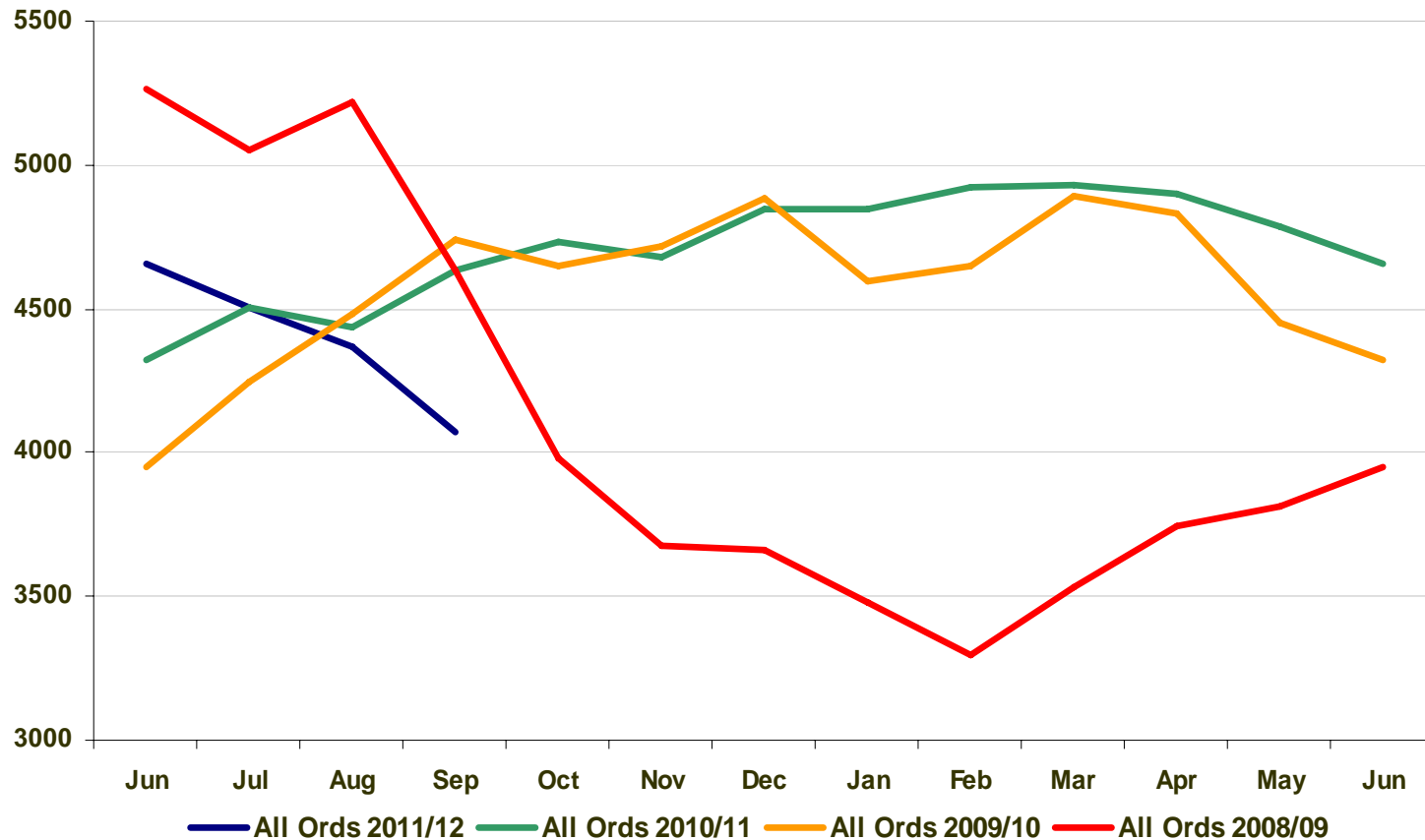
***Mr Robin Burns***  
*Managing Director*  
*Equity Trustees Limited*



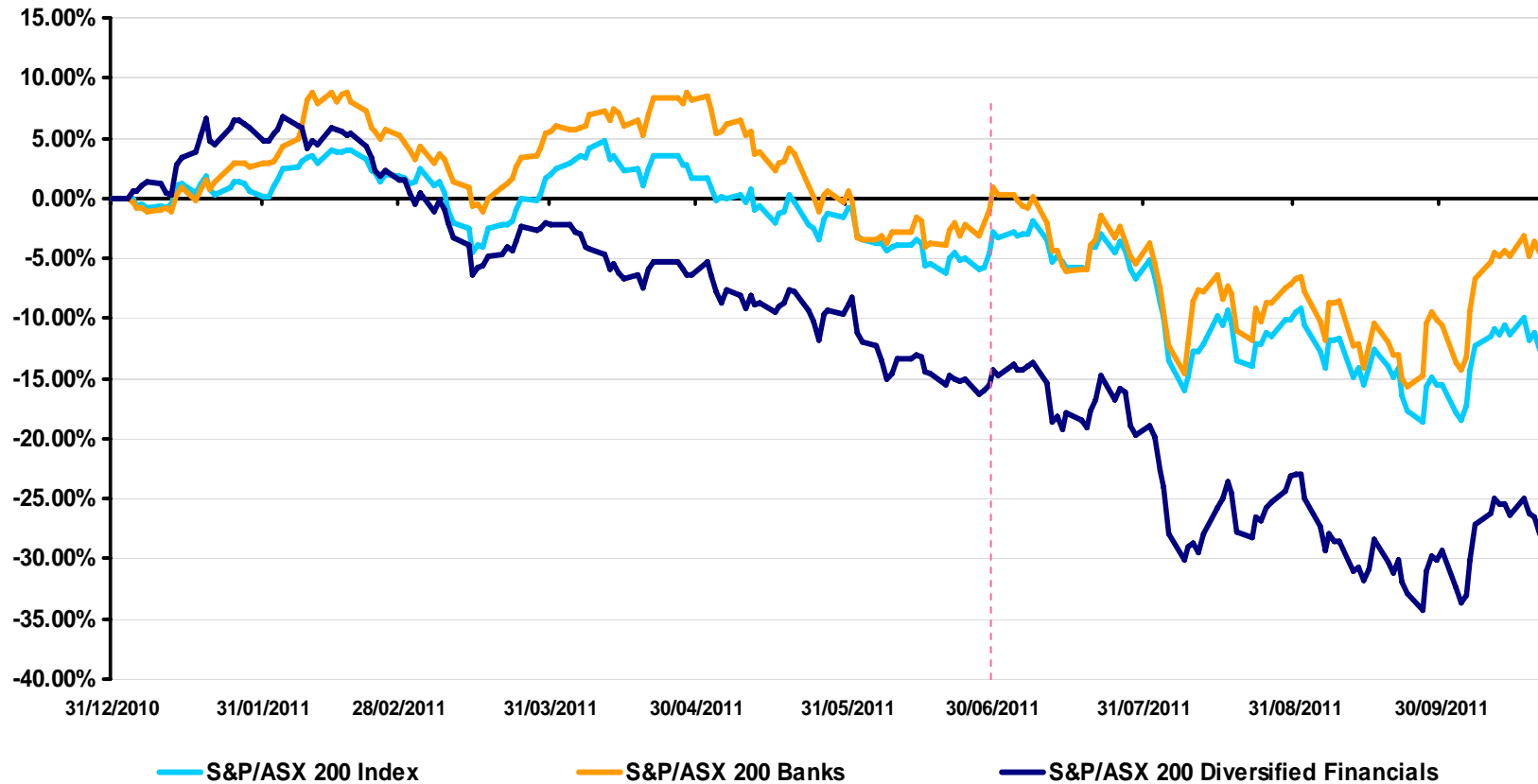
# Overview – FY2011

- Revenue growth 14% – mix of organic (Private Clients, Corporate) and acquired.
- Expenses grew 19% – comprises recurring, non-recurring and acquired.
- Mixed conditions affected revenue units performances – overall margin healthy.
- Base IT operating platform upgrade completed – efficiency gains, increased capacity, strengthened processes.
- Strong cash flow generation from operating activities. Balance sheet healthy.
- Changes in group organisation structure.

# S&P/ASX All Ordinaries Index – Year on Year

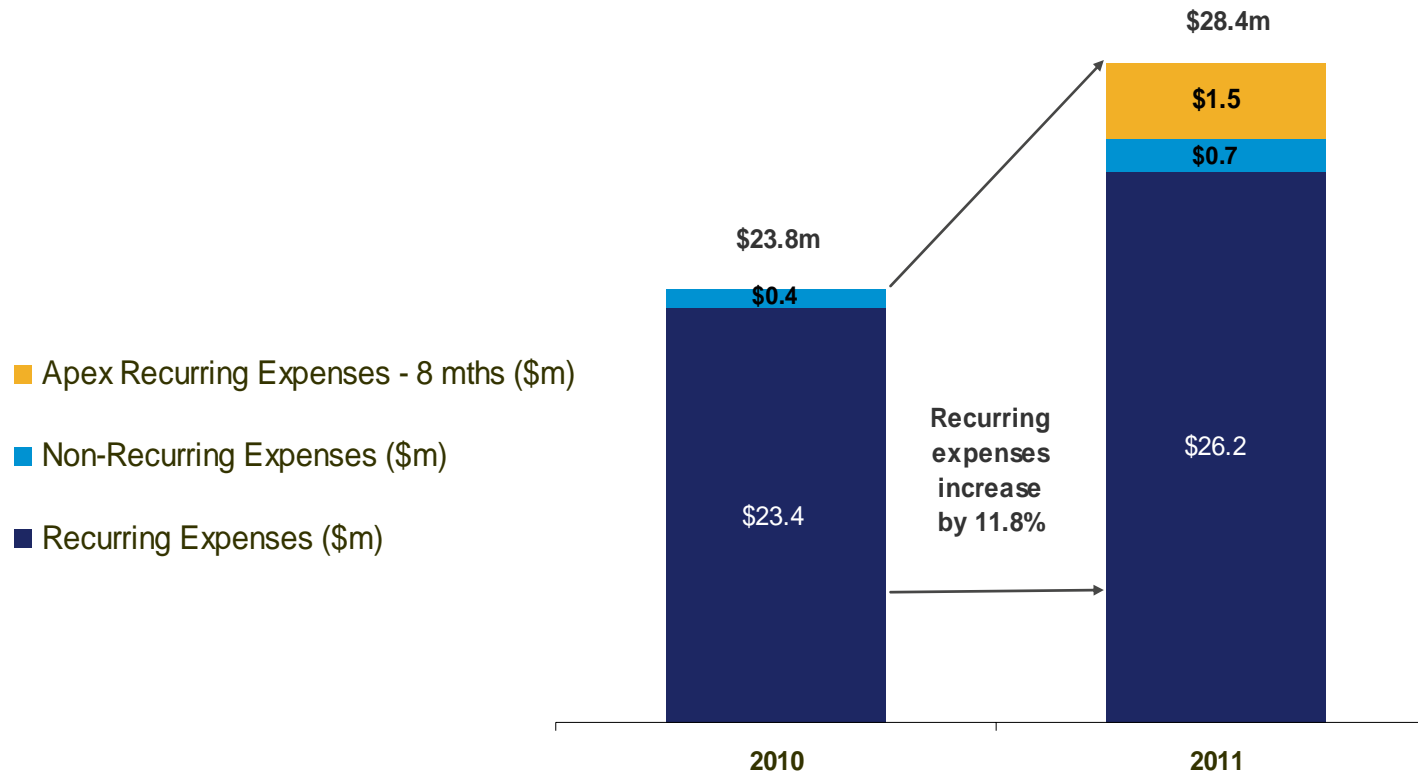


# Share price performance - diversified financials



# Expense composition

Year-on-year, Group expenses have increased by 19%



# Business units – activities and key measures

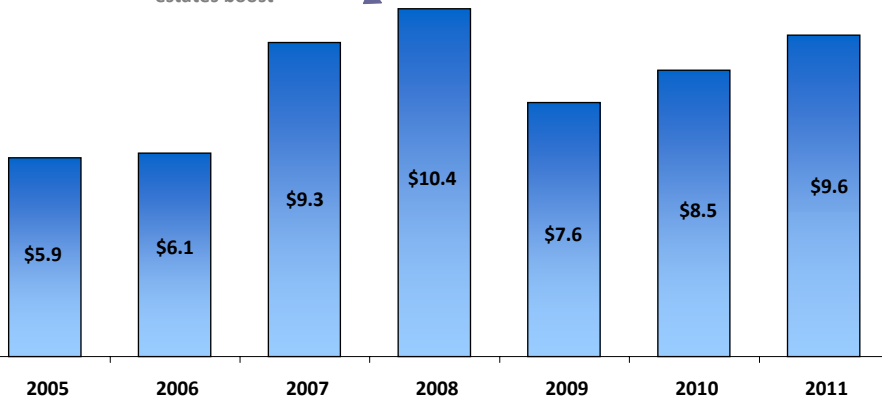
Business unit	Key services	Target market / channel	2011 Revenue, vs 2010	2011 FUM/FUA, vs 2010
Private Clients	<ul style="list-style-type: none"> <li>• Trusts &amp; Estates</li> <li>• Philanthropy</li> <li>• Wealth Management</li> <li>• Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>• Private clients</li> <li>• Business to business referrals</li> </ul>	\$9.6m +12.2%	\$1,312m +4%
Corporate Fiduciary & Fund Services	<ul style="list-style-type: none"> <li>• Distribution</li> <li>• Product management for EQT co-branded funds (managed by external specialists)</li> <li>• Responsible entity</li> </ul>	<ul style="list-style-type: none"> <li>• Platforms/IDPS</li> <li>• Financial planners</li> <li>• Investment managers</li> </ul>	\$17.2m +6.4%	\$19,484m +20.5%
Superannuation	Full service master trusts <ul style="list-style-type: none"> <li>• Wealthpac</li> <li>• Freedom of Choice</li> <li>• Apex</li> </ul>	<ul style="list-style-type: none"> <li>• Small-medium size corporates</li> <li>• Members</li> </ul>	\$11.2m +34.9%	\$979m +56.9%

# Business unit overview – Private Clients

Operating revenue up 12.2% to \$9.6m

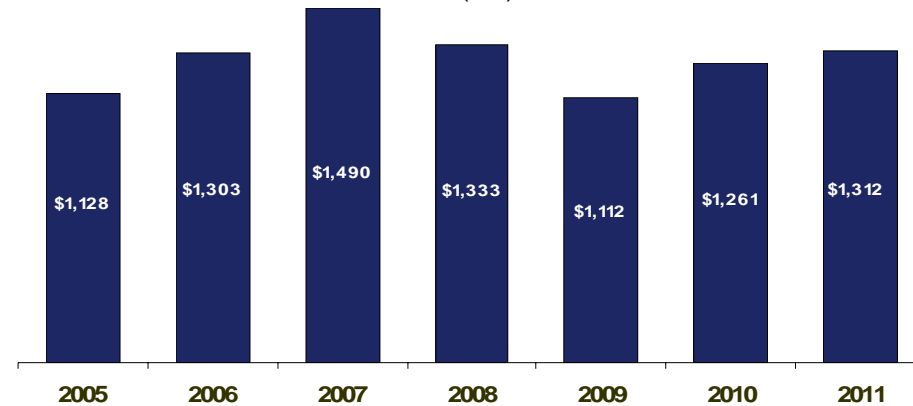
Significant one-off estates boost

(\$m)



FUM/FUA at 30 June 2011 up 4.0% to \$1,312m

(\$m)



## 2011 highlights

- Successful year in Wealth Management client numbers.
- Good performance across Estates, Trusts and Philanthropy.
- Customer survey revealed very positive engagement and loyalty.

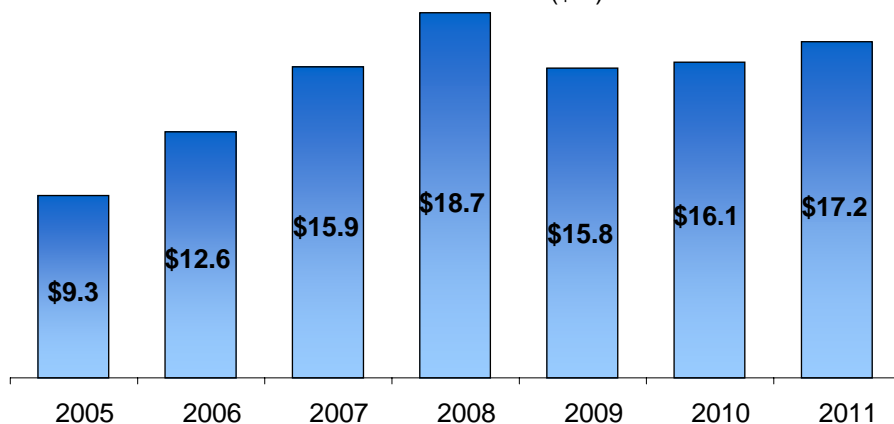
## 2012 outlook

- Bedding down systems for new regulatory regime.
- Focus on referral networks and B2B development.
- Integration of aged care advisory business, plan for future development.

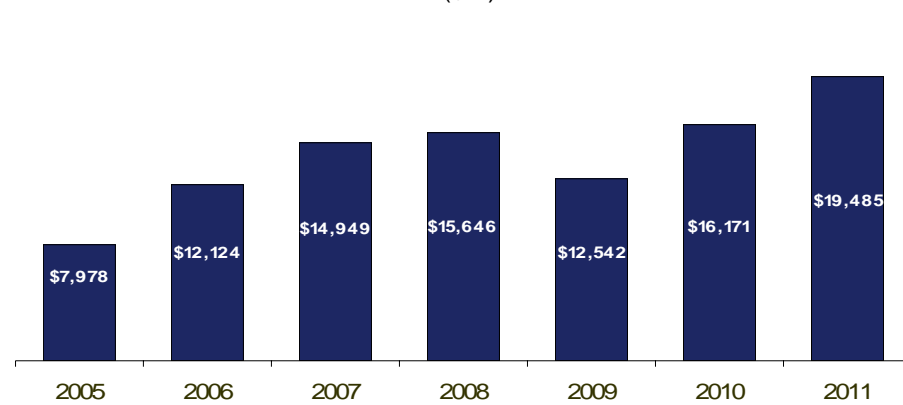


# Business unit overview – CF&FS

Operating revenue up 6.4% to \$17.2m  
(\$m)



FUM/FUA at 30 June 2011 up 20.5% to \$19,485m  
(\$m)



## 2011 highlights

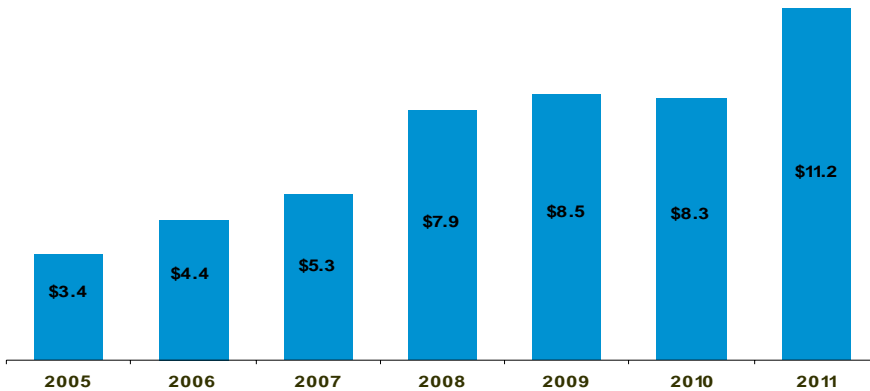
- Strong net inflows to badged funds – but skewed to defensive assets.
- Growth in RE clients – added 10 new managers and 12 new funds.
- Interest in Australian market from offshore remains positive.

## 2012 outlook

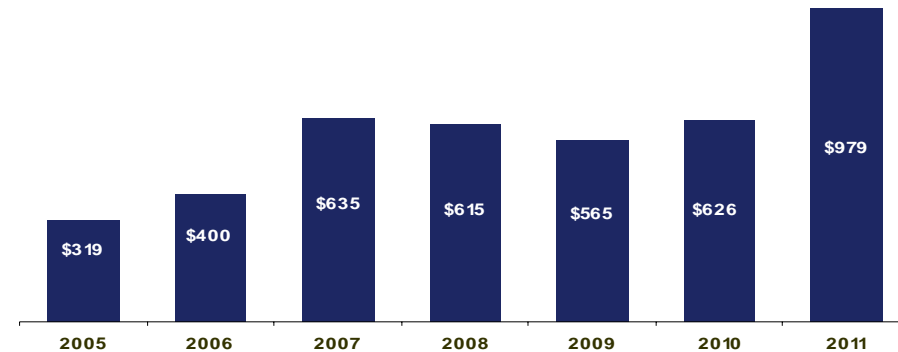
- Market volatility to remain significant factor – flows likely to reflect.
- Solid organic growth in RE activity but FUA/revenue affected by markets.
- Competition remains keen – margins challenged in some cases.
- Capital backing proposals to be monitored – may assist larger players.

# Business unit overview – Superannuation

Operating Revenue up 34.9% to \$11.2m  
(\$m)



FUM at 30 June 2011 up 56.9% to \$979m  
(\$m)



## 2011 highlights

- Integration of OAMPS super, renamed Apex, builds scale, transition complete.
- Launch of SimpleWRAP.
- Strong relative investment performance.

## 2012 outlook

- Monitor Stronger Super changes.
- Gain full benefits of improved scale.
- Pursue 'one-off' development opportunities.

# Support Services

- Support services provided by Corporate, Human Resources, Business Systems & Technology, Marketing, Operations, Legal, Risk Management & Compliance and Internal Audit are all integral parts of the business.
- Next major project – consolidate and integrate currently disparate IT platforms and systems into unified and sustainable whole.
- New group-wide support unit created 1 January – Legal, Risk Management & Compliance.
- Other changes made to facilitate group-wide approach and management approach – maximise efficiency, risk management, resource allocation.

# *Business update*

- New business leads, generation continuing in private client and corporate services.
- Fund inflows entirely skewed to defensive lower-margin classes, but strong.
- Market volatility and low confidence affecting business conditions – industry experiencing retrenchment.
- Stronger Super, FoFA legislation beginning to emerge – add cost, complexity but overall industry dynamics very positive for the long term.
- Open to acquisitions – strategic and bolt-ons both attractive. Consolidation in wealth management industry may provide opportunities
- Step-growth strategic approach re-validated and remains appropriate.
- Integration of Lifetime Planning and Tender Living Care to be a focus in early months.

# Summary

- Diversified revenue streams, all profitable and in attractive segments.
- Group weathering a difficult period well – challenging conditions and volatile markets may be the norm for some time.
- Need to continue to develop and invest for the long term, but cognisant of current results and disciplines.
- Key resources are brand and people.
- Group is leveraged to overall course of financial services industry – years of strong growth ahead, but very competitive and industry consolidation is occurring.
- Our specific sectors should provide attractive opportunities – high quality advice/services for individuals at key life cycle stages, and corporates attracted to one of the few positive national markets.

# Agenda

1. Overview and highlights Mr Tony Killen
2. Operational performance Mr Robin Burns
- ➔ Items of business Mr Tony Killen**
4. Questions

# *Items of business*

## ***Item 1***

To receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2011.

## ***Item 2***

To adopt the remuneration report for year ended 30 June 2011.

## ***Item 3***

To consider the election of directors.

## ***Item 4***

To consider the grant of a long-term incentive award to the Managing Director.

# *Items of ordinary business – Item 1*

## ***Item 1***

To receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2011.

# *Items of ordinary business – Item 2*

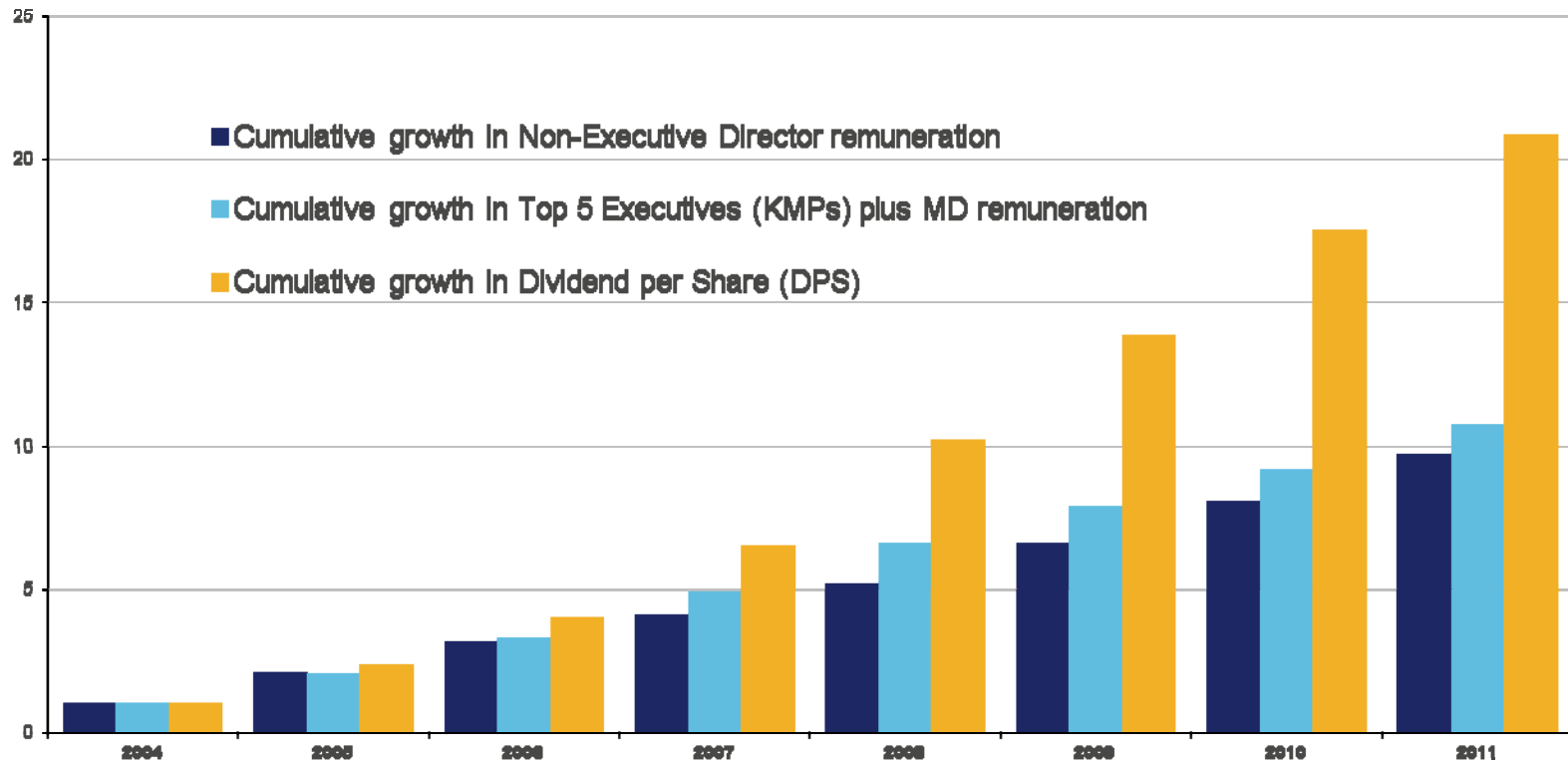
## ***Item 2***

To adopt the remuneration report for year ended 30 June 2011.

# Remuneration

- No Short Term Incentives paid for 2008/09 or 2009/10, and 38% of maximum pool paid in 2011.
- Long Term Incentive allocations each year:
  - Series 1 Earned (ended 30/6/08)
  - Series 2 Partially Earned (ended 30/6/09)
  - Series 3 Not Earned (ended 30/6/10)
  - Series 4 Not Earned (ended 30/6/11)
  - Series 5 Under Assessment-Unlikely (ended 30/6/12)
  - Series 6 Under Assessment (ended 30/6/13)
  - Series 7 Under Assessment (ended 30/6/14)
- Equity Share Acquisition Plan not awarded in 2011 (after 8 consecutive years).
- Share Acquisition Plan launched in 2010. \$5000 p.a. may be salary sacrificed to buy EQT shares.

# Tracking remuneration vs DPS



## Item 2 – proxies received

### *To adopt the remuneration report for year ended 30 June 2011*

In respect of item 2 of ordinary business, the following proxies have been received:

For	Against
<b>3,365,356</b>	<b>226,985 (6.25%)</b>

# *Items of ordinary business – Item 3*

## ***Item 3***

To consider the election of directors.

# *Items of ordinary business – Item 3*

## ***Item 3(a):***

To consider the re-election of Mr D F Groves

# Item 3(a) – proxies received

## *To consider the re-election of Mr D F Groves*

In respect of item 3(a) of ordinary business, the following proxies have been received:

	For	Against
Mr D F Groves	4,135,560	3,182

Open (held by EQT directors) = **403,953**

# *Items of ordinary business – Item 3*

## ***Item 3(b):***

To consider the re-election of The Hon J G Kennett AC

# Item 3(b) – proxies received

## *To consider the re-election of The Hon J G Kennett AC*

In respect of item 3(b) of ordinary business, the following proxies have been received:

	For	Against
The Hon J G Kennett AC	4,054,942	80,814

Open (held by EQT directors) = **412,195**

# *Items of special business – Item 4*

## ***Item 4:***

To consider the grant of a long-term incentive award to Managing Director.

# Managing Director's LTI. 2011/2012 Series

- Quantum: 54% of TEC (\$450k) = \$243k
- Measures: 50% TSR / 50% EPS
- Vesting Scales over 3 years:

## **TSR**

- |   |      |
|---|------|
| • Less than 50 <sup>th</sup> percentile | Nil  |
| • 50 <sup>th</sup> percentile           | 50%  |
| • 75 <sup>th</sup> percentile and above | 100% |

## **EPS**

- |   |      |
|---|------|
| • Less than 5% (15% over 3 years)       | Nil  |
| • 5% p.a. (15% over 3 years)            | 25%  |
| • 15% p.a. and above (45% over 3 years) | 100% |

# Item 4 – proxies received

*To consider the grant of a long-term incentive award to Managing Director.*

In respect of item 4 of special business, the following proxies have been received:

For	Against
<b>3,823,320</b>	<b>230,032</b>

Open (held by EQT directors) = **139,066**

# Agenda

1. Overview and highlights Mr Tony Killen
2. Operational performance Mr Robin Burns
3. Items of business Mr Tony Killen

 **Questions**



*Thank you*

