



**Equity Trustees Limited**  
**Full Year Results to**  
**30 June 2007**

# Equity Trustees



*An independent Australian based financial services firm that is increasing its market presence and generating improved returns.*

Our performance is based upon:

- Well developed revenue streams
- Clear performance indicators
- An established growth strategy

# Strategic direction

2004

Recovery

Cultural change.  
Improvement in  
processes  
enabling better  
quality business.

2005/06

Organic  
Growth

Improvement in  
profit margins  
through  
efficiency gains.

2006/07 →

Step  
Growth

Development of appropriate  
marketing, merger and  
acquisition opportunities.

# Agenda



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Themes – 2006/07

Financial performance

Operating performance

Acquisitions

Outlook

*Trusted since 1888*

# Agenda

## ✓ Themes – 2006/07

Financial performance

Operating performance

Acquisitions

Outlook

# Themes - 2006/07



Record full year result:

- Record group operating revenue
- Record group operating profit
- Record net profit after tax
- Record operating margin
- Record earnings per share
- Record dividend per share

# Themes – 2006/07



Growth in all business units

Prudent approach to costs

Investment in people

Eastern seaboard expansion

Acquisition activity

# Agenda

Themes – 2006/07

✓ **Financial performance**

Operating performance

Acquisitions

Outlook

# Overview



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	<b>2007</b>	<b>2006</b>	<b>Variance</b>
Group operating revenue <sup>(1)</sup>	\$32.4m	\$24.8m	↑ 30.8%
Group operating profit (pre tax) <sup>(1)</sup>	\$11.1m	\$6.6m	↑ 67.7%
Group operating profit (after tax) <sup>(1)</sup>	\$7.7m	\$4.7m	↑ 61.3%
Net profit (after tax)	\$8.1m	\$5.2m	↑ 58.0%
Earnings per share (basic)	105.18¢	69.94¢	↑ 50.4%
Dividend per share <sup>(2)</sup>	75¢	50¢	↑ 50.0%
Operating margin <sup>(3)</sup>	34.3%	26.8%	↑ 28.0%

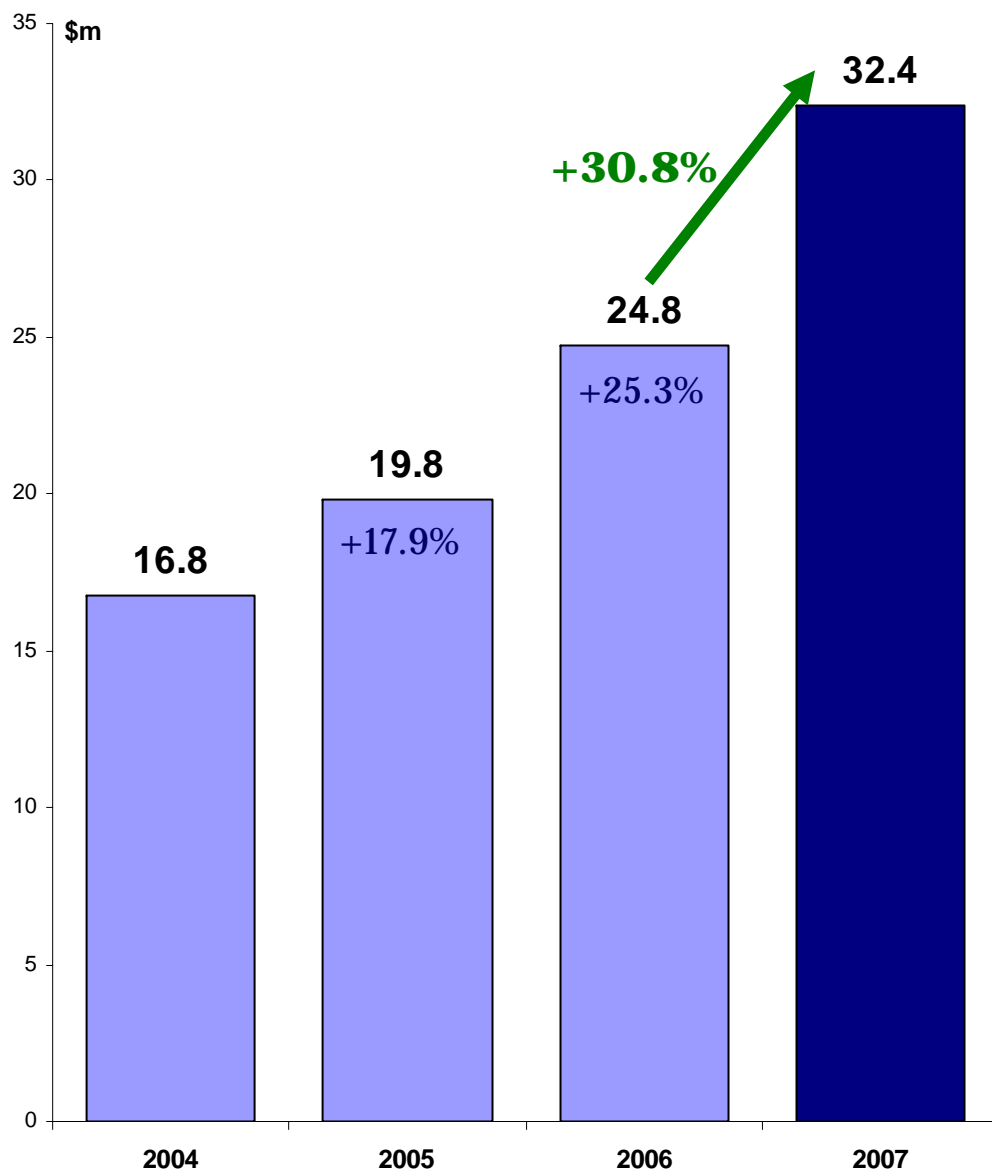
(1) Excludes profit on the sale of investments

(2) Reflects full year fully-franked dividend

(3) Pre-tax, excluding profit on the sale of investments

# Operating revenue

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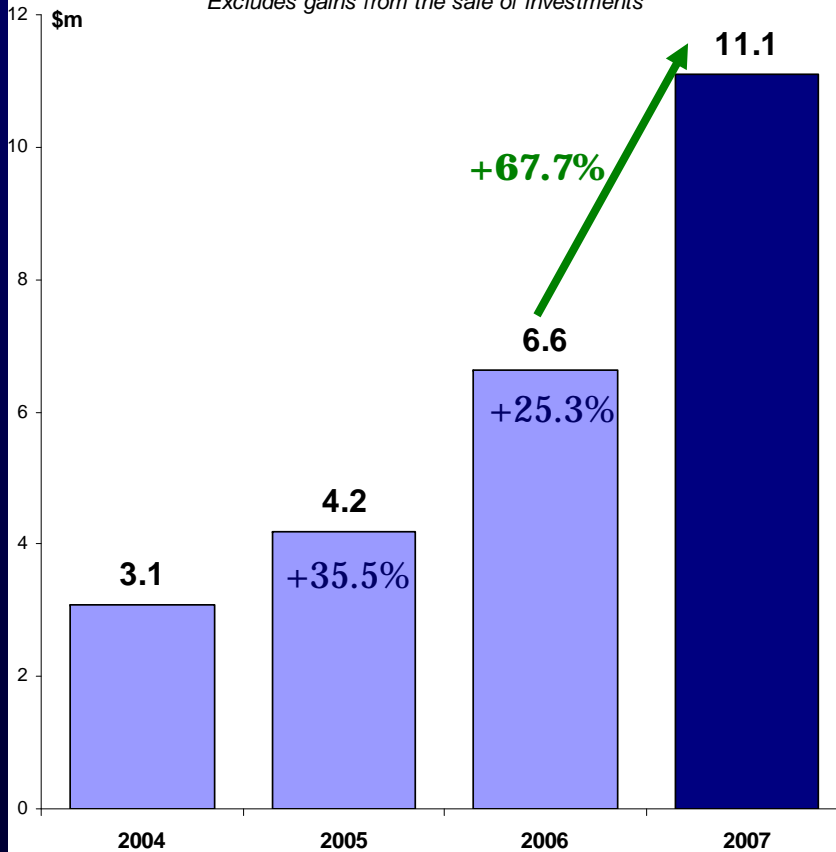
- Growth across all business lines
- Benefiting from past investment in systems, marketing and people
- Positive impact of regulatory changes
- Favourable market conditions
- Excludes gains from sale of investments

# Profitability

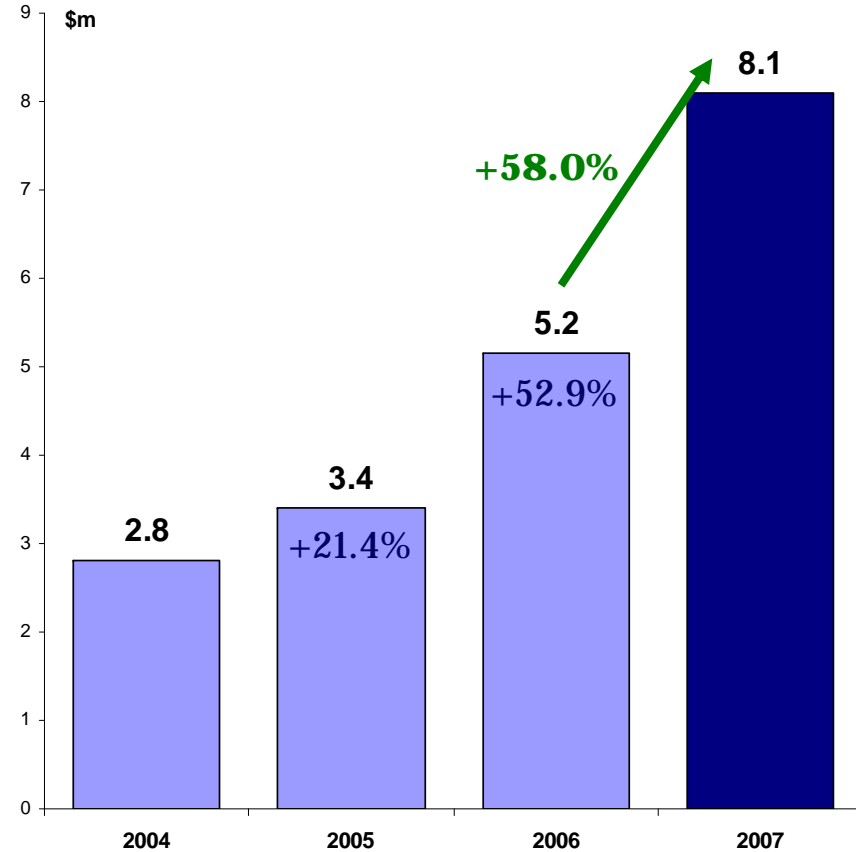


## Operating profit pre-tax (\$m)

*Excludes gains from the sale of investments*

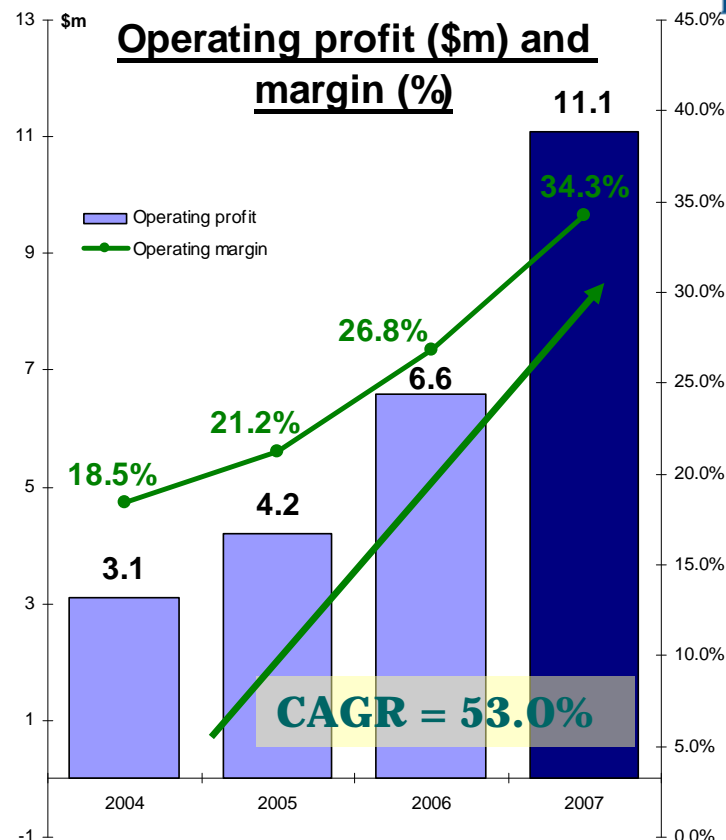
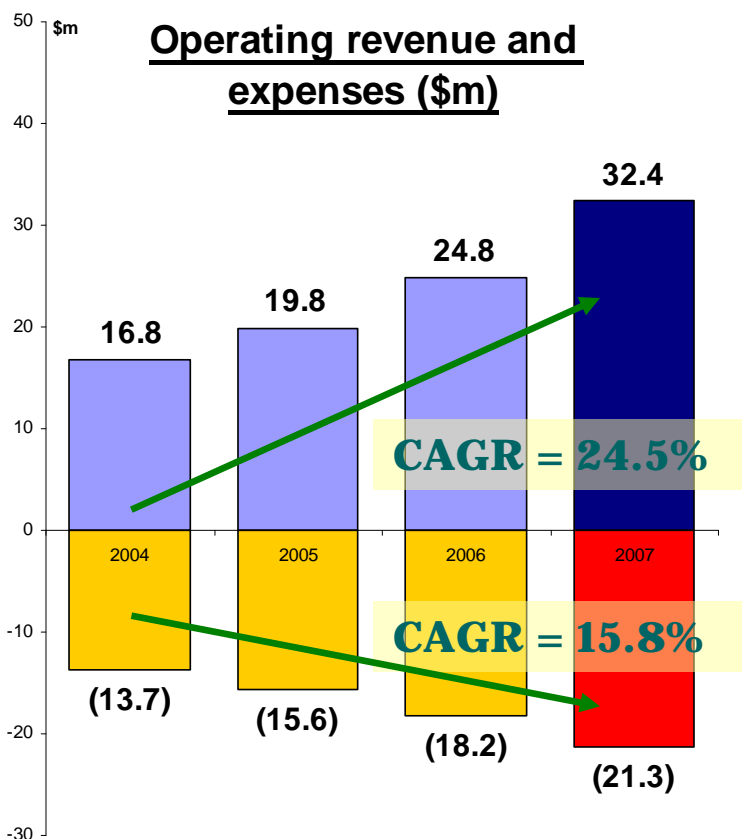


## Net profit after-tax (\$m)



- Strong growth in operating revenue
- Prudent approach to cost control

# Operating margin

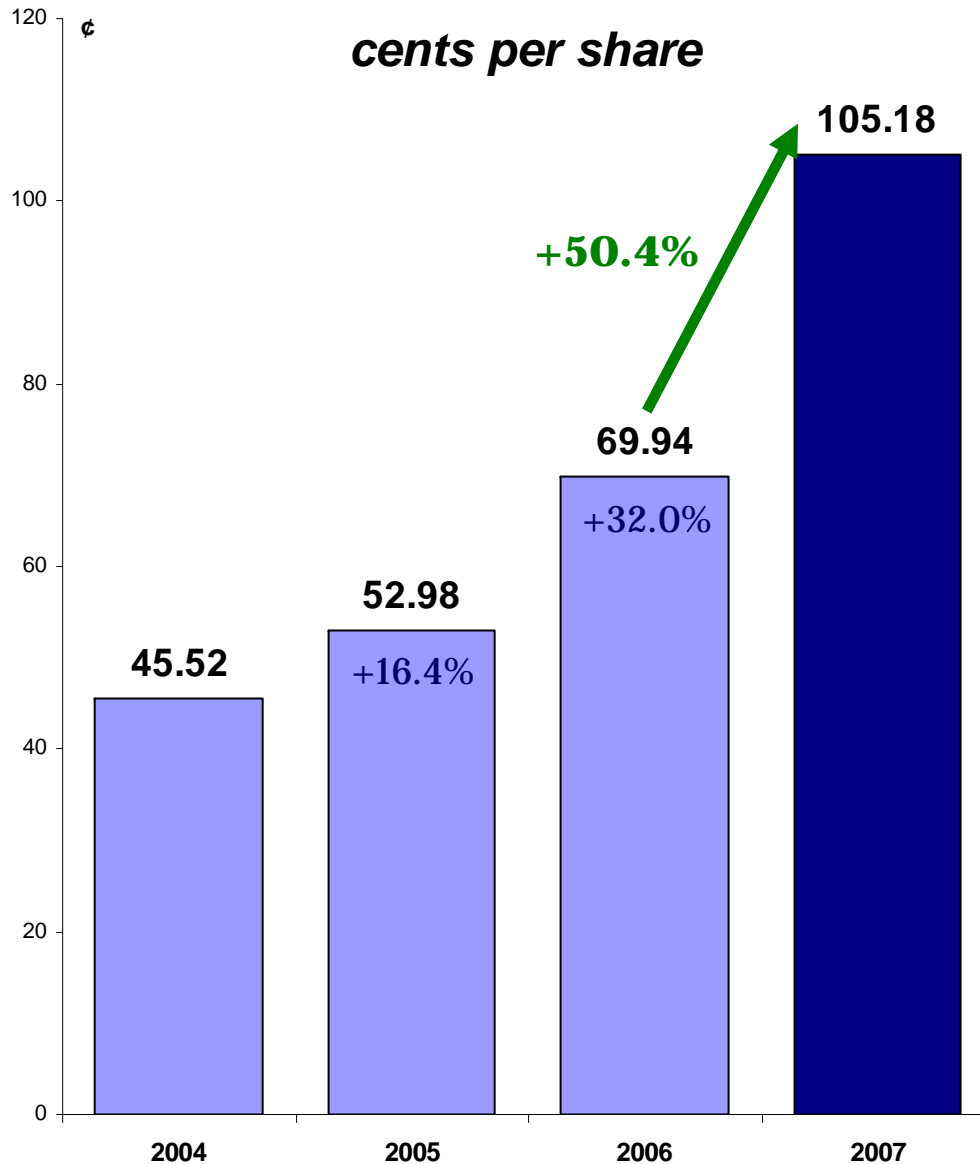


	2004	2005	2006	2007	CAGR
Operating revenue	\$16.8m	\$19.8m	\$24.8m	\$32.4m	24.5%
Operating expenses	\$13.7m	\$15.6m	\$18.2m	\$21.3m	15.8%
Operating profit	\$3.1m	\$4.2m	\$6.6m	\$11.1m	53.0%
Operating margin	18.5%	21.2%	26.8%	34.3%	

*CAGR = Compound Annual Growth Rate*

# Earnings per share

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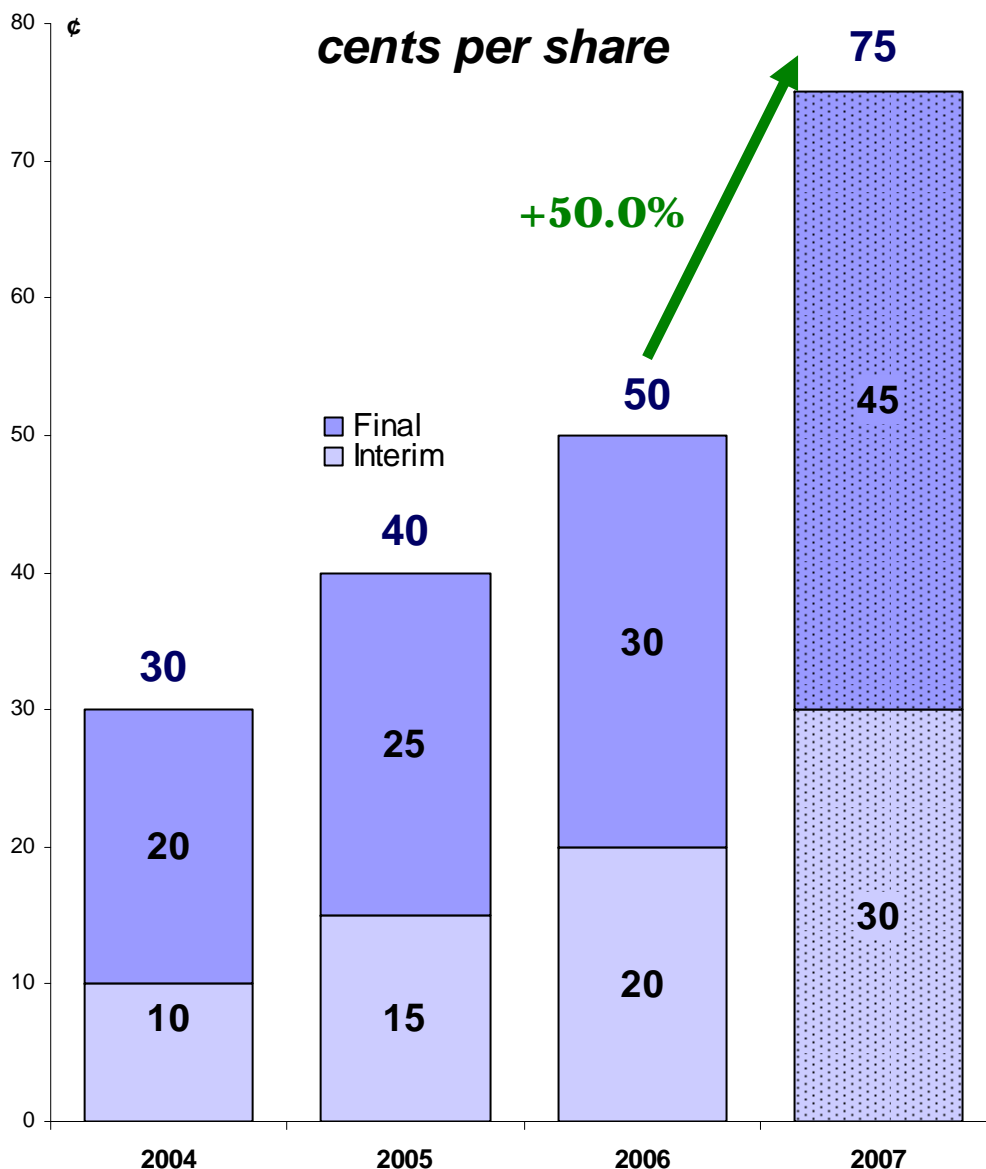


## Weighted average number of shares on issue

2004	<b>6.18m</b>
2005	<b>6.42m</b>
2006	<b>7.37m*</b>
2007	<b>7.74m</b>

\* Note – a capital raising in late 2005 increased the number of shares on issue by 14.8%

# Dividends



- Dividend payout ratio is at the upper end of the stated target range – being **60-80%** of Operating Profit after Tax (excl gains on the sale of investments)
- Dividends remain **fully franked** @ 30% tax rate
- Franking balance at 30 June 2007 = **\$5.8m** (up 36.7%)



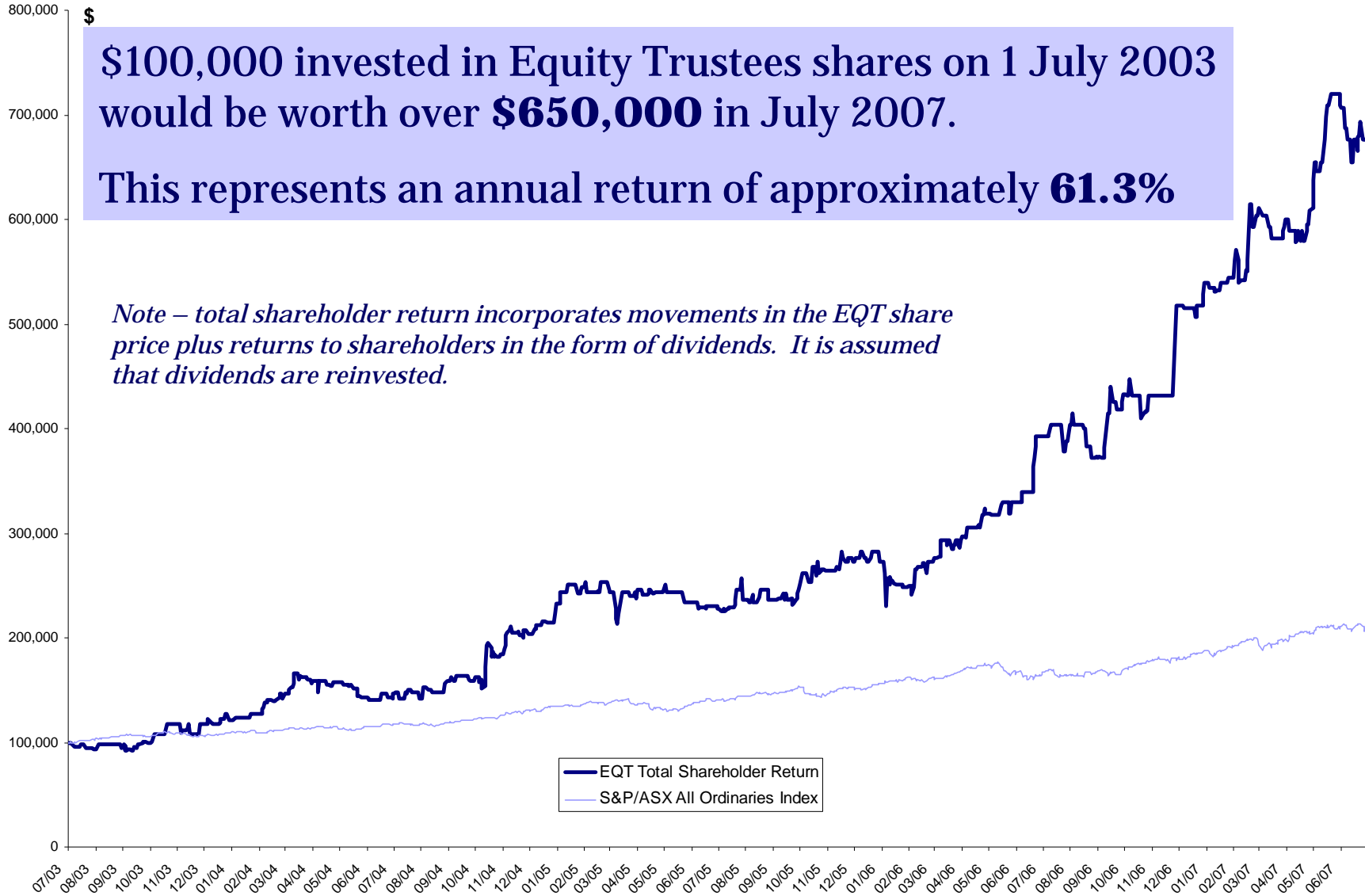
# Total shareholder return

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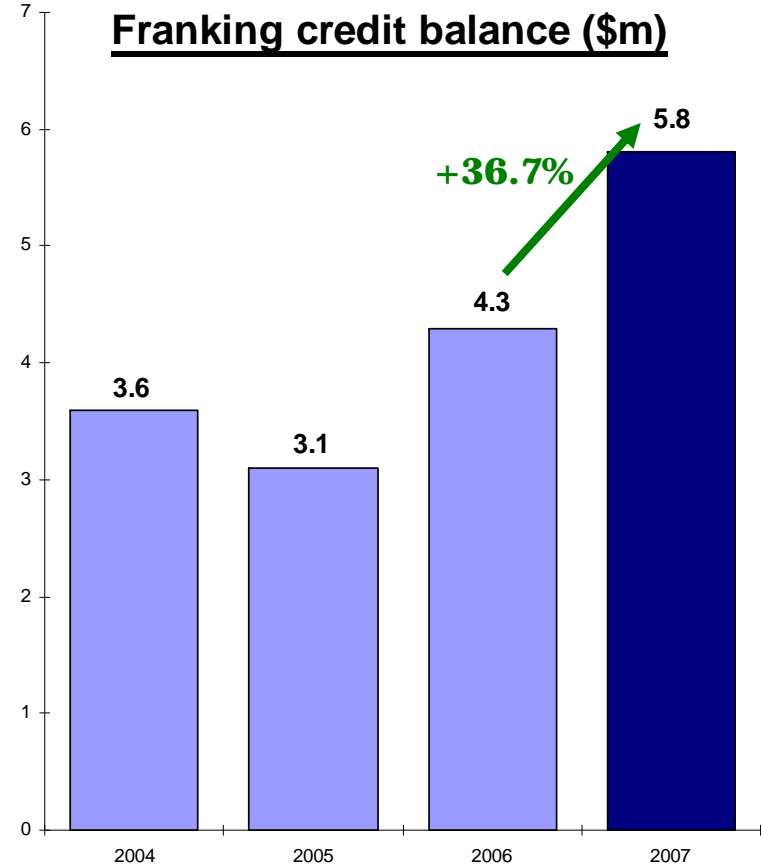
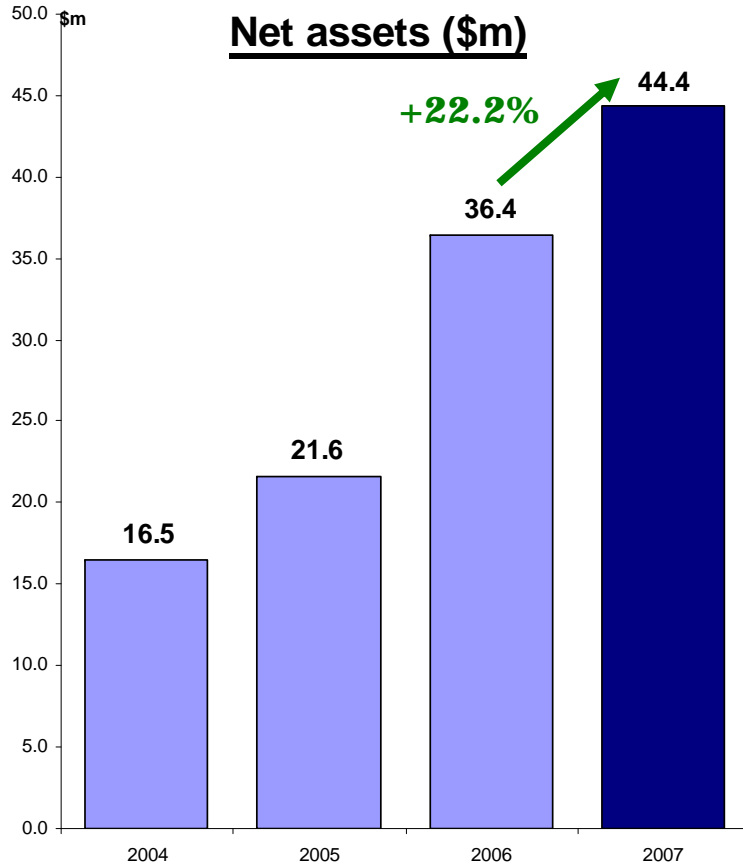
\$100,000 invested in Equity Trustees shares on 1 July 2003 would be worth over **\$650,000** in July 2007.

This represents an annual return of approximately **61.3%**

*Note – total shareholder return incorporates movements in the EQT share price plus returns to shareholders in the form of dividends. It is assumed that dividends are reinvested.*



# Balance sheet



- Investment portfolio reflects unrealised gains (net of tax) of \$4.2m (\$3.4m in 2006) – included in investment revaluation reserve
- Reserve requirements more than adequately met through net asset position and liquid reserves

# Agenda



Themes – 2006/07

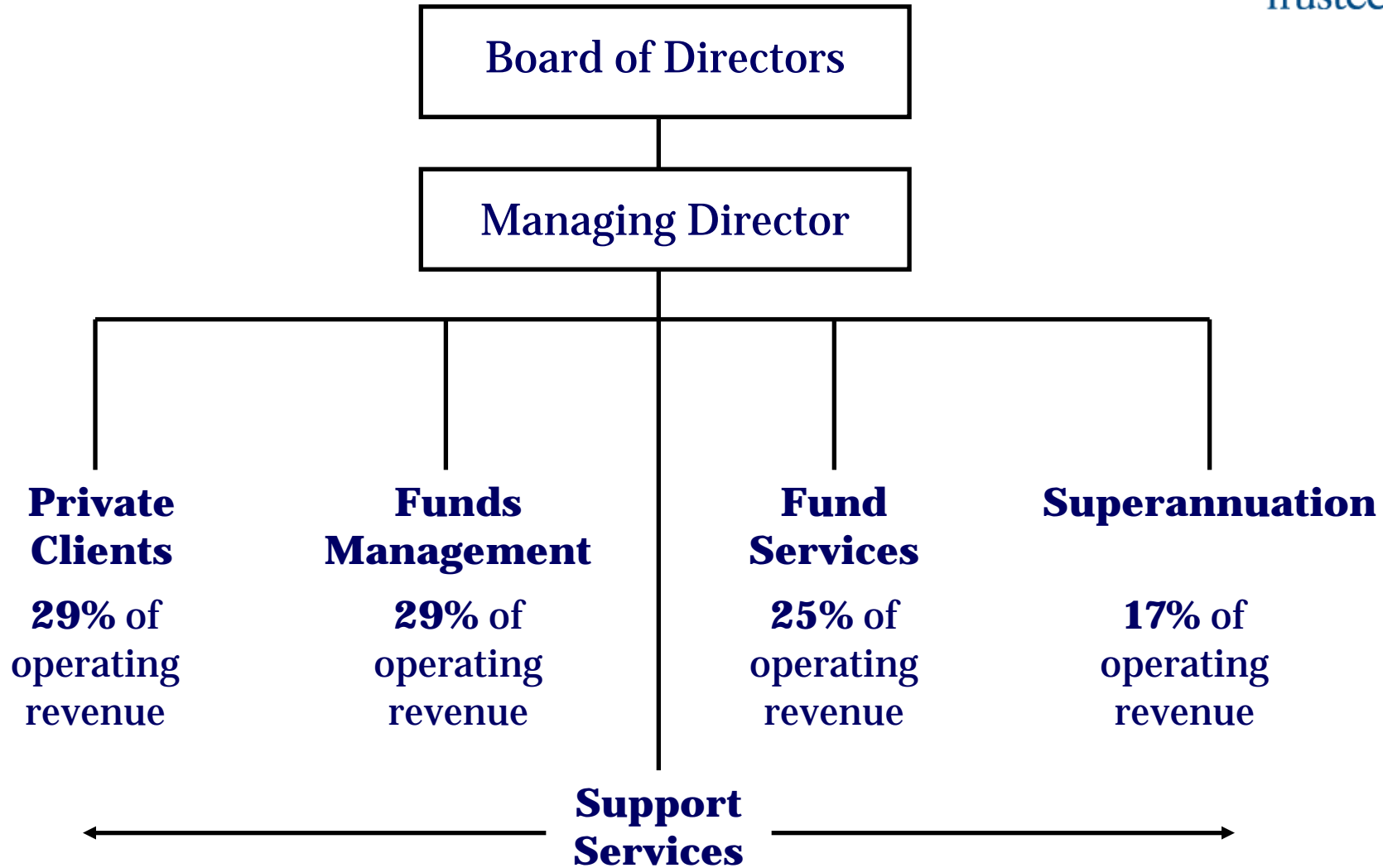
Financial performance

✓ **Operating performance**

Acquisitions

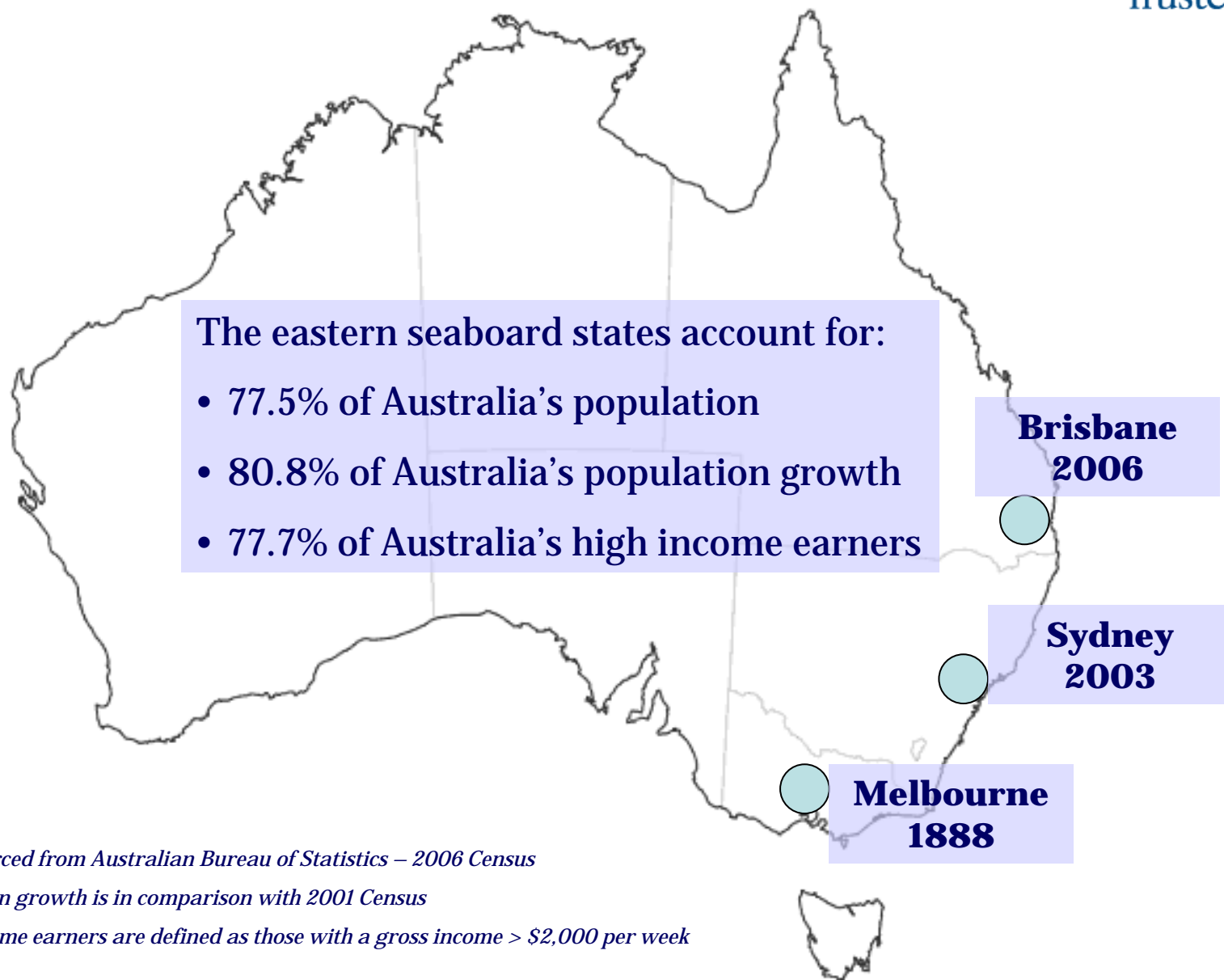
Outlook

# Company overview



An uncomplicated structure designed for efficiency

# Eastern seaboard



*Data sourced from Australian Bureau of Statistics – 2006 Census*

*Population growth is in comparison with 2001 Census*

*High income earners are defined as those with a gross income > \$2,000 per week*

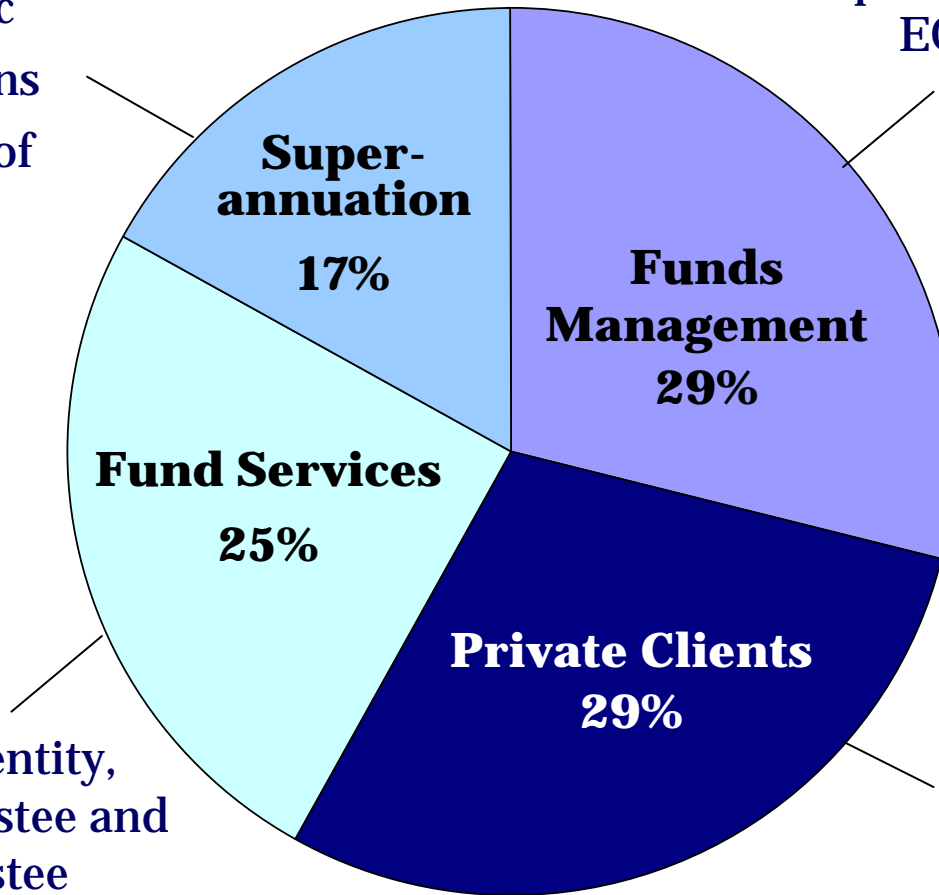
# Business unit overview



Corporate superannuation:

- Wealthpac
- Templetons
- Freedom of Choice

Sales & marketing + product management for EQT co-branded funds managed by external specialists



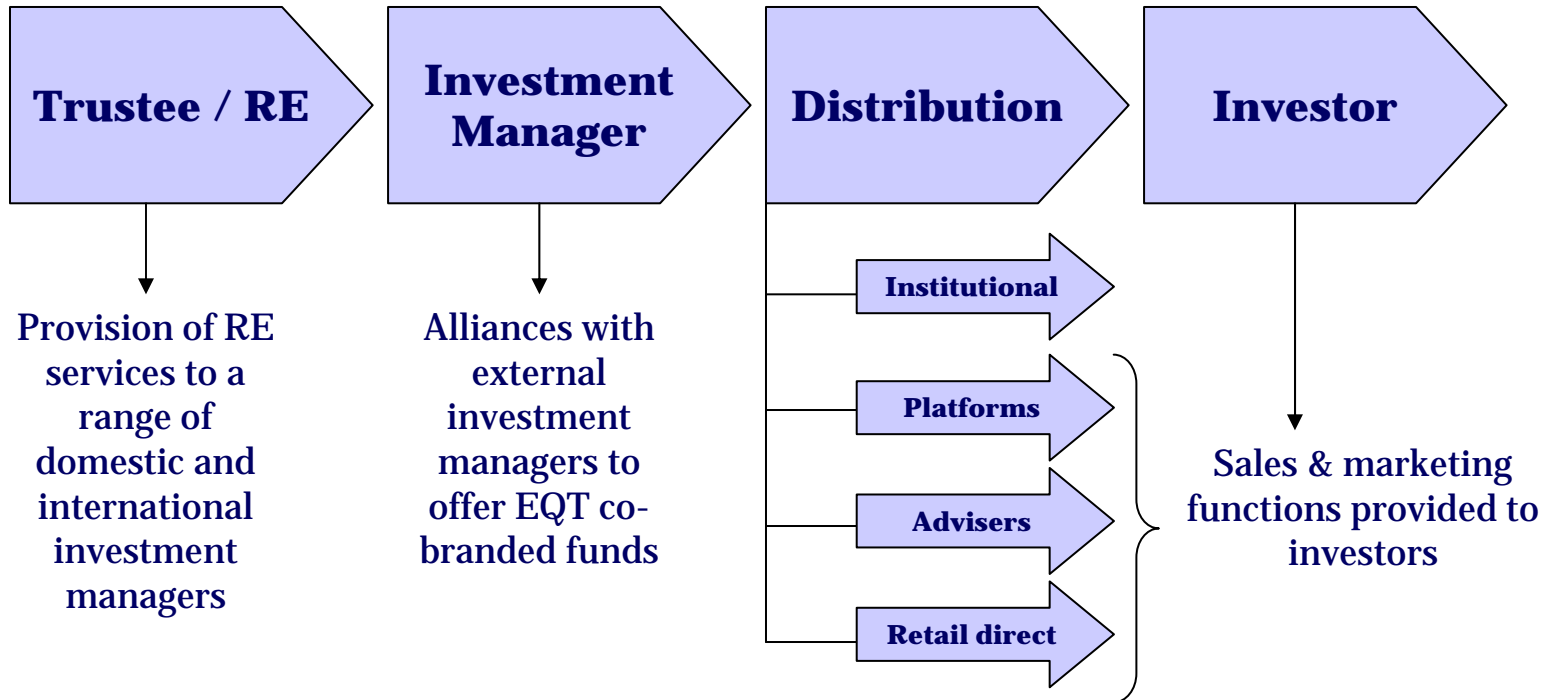
Responsible entity, corporate trustee and specialist trustee appointments

Wealth management solutions – asset management, trusts, estates, generational planning, tax & philanthropy

*Percentages refer to proportion of 2007 operating revenue contributed by each business unit*

# Funds Management

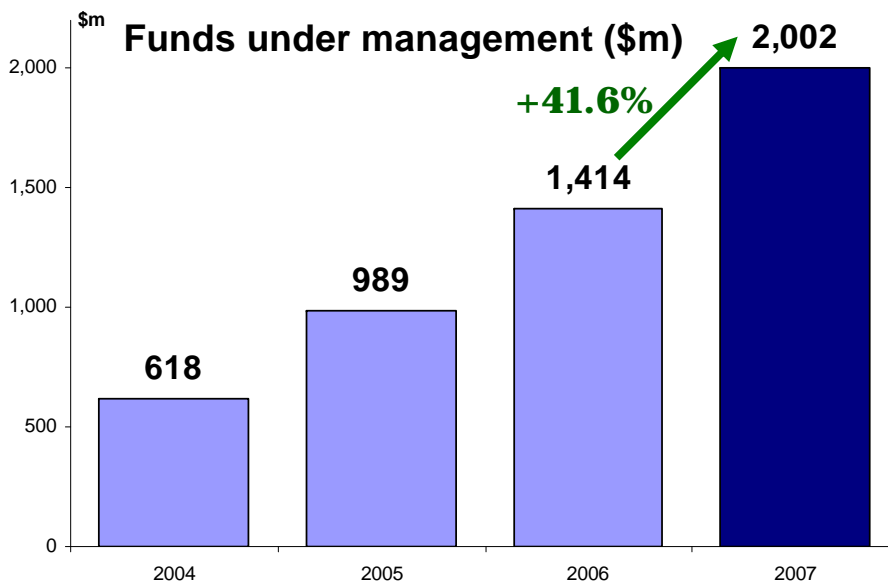
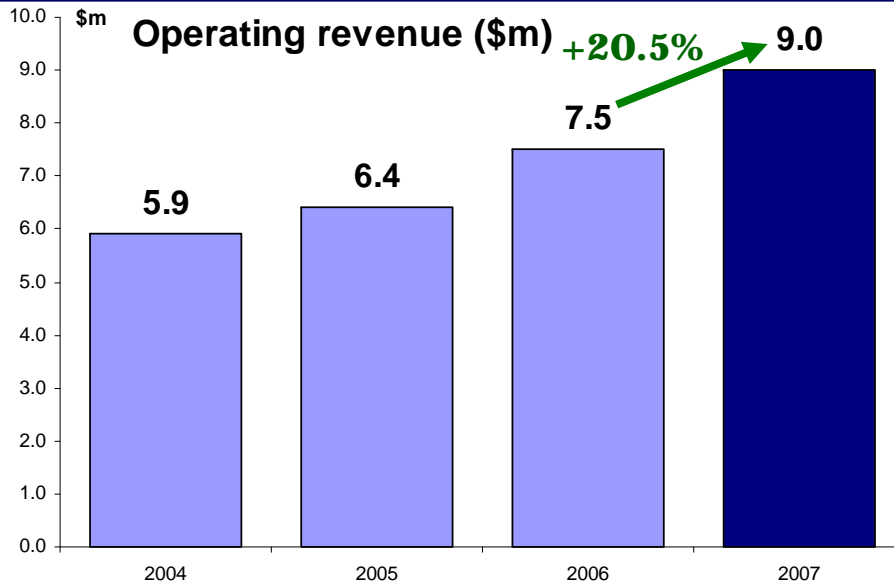
## A strategic approach to the value chain



An ability to add value in combination with external parties (investment managers) for investors

# Funds Management

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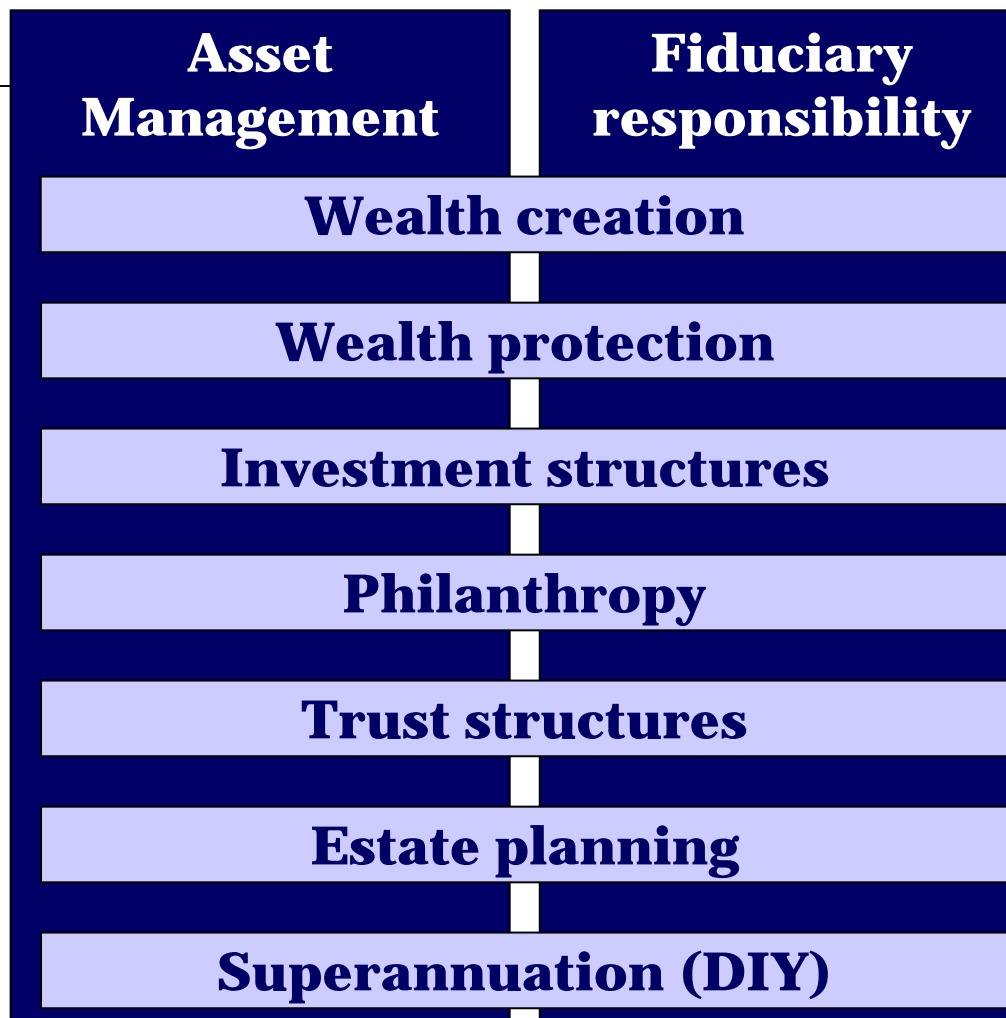


- Strong net FUM inflows
- Focus on IDPS presence
- Good relationships with external managers
- Expanded BDM presence (eastern seaboard)
- Focus on margin protection

# Private Clients



Generates investment returns relative to client risk profile

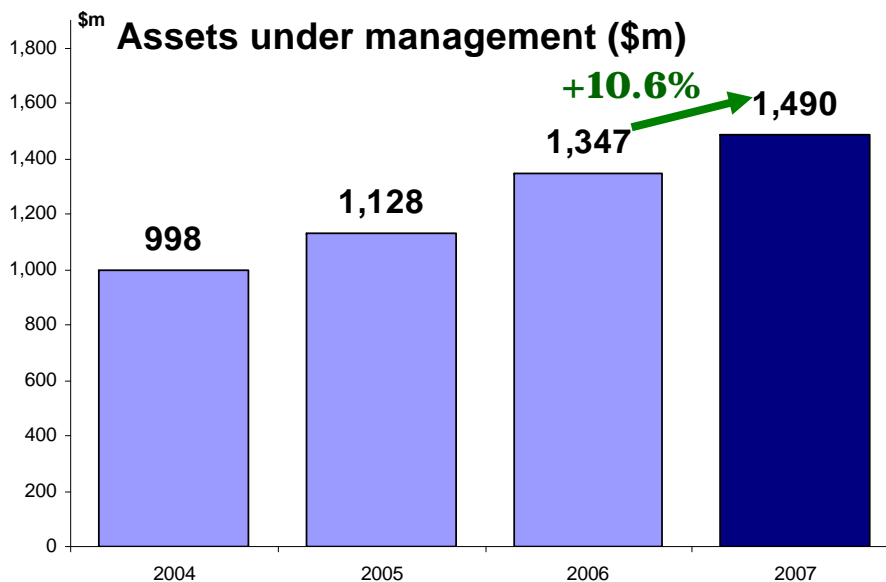
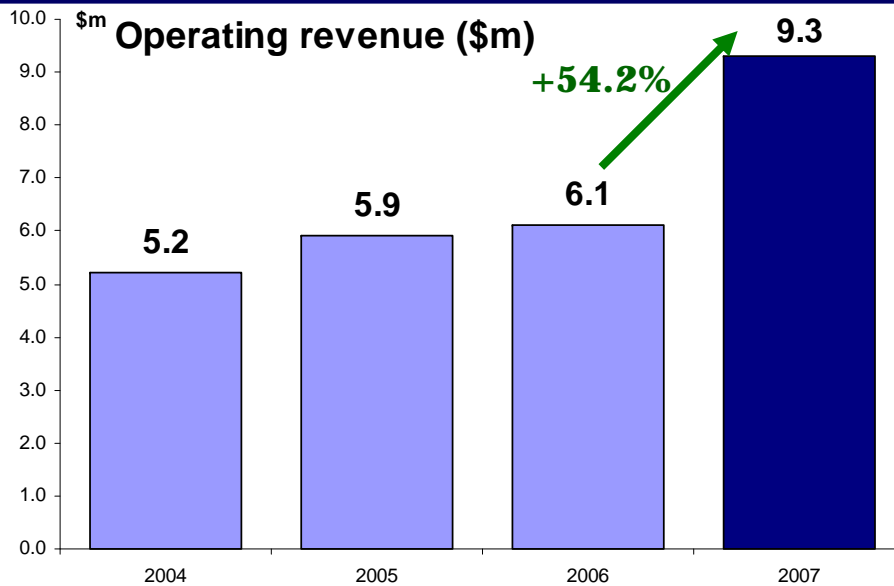


Trustee heritage is the basis of all client interaction

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# Private Clients

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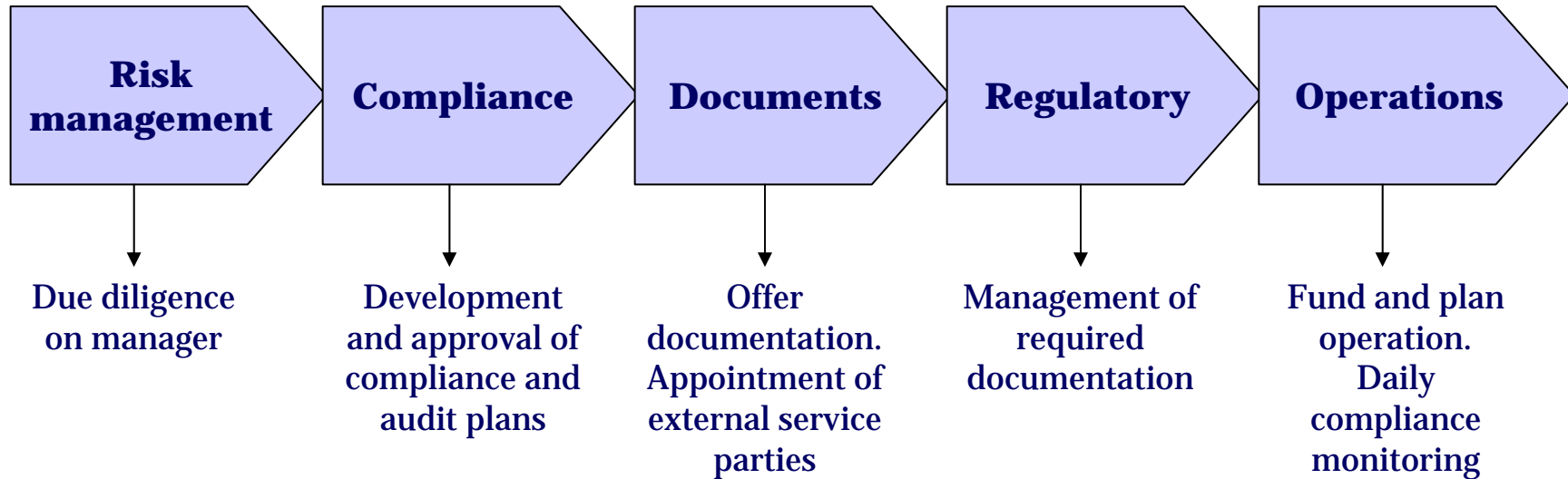


- Impact of fee improvements
- Focus on building portfolio management services – cross-sell
- Consistent growth from trusts and estates
- Strong philanthropy offering
- Asset management delivering returns

# Fund Services



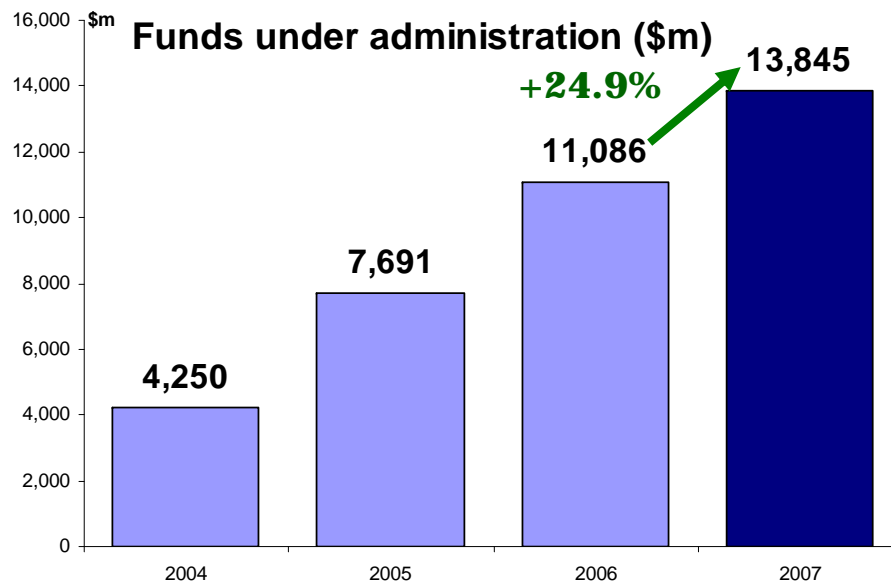
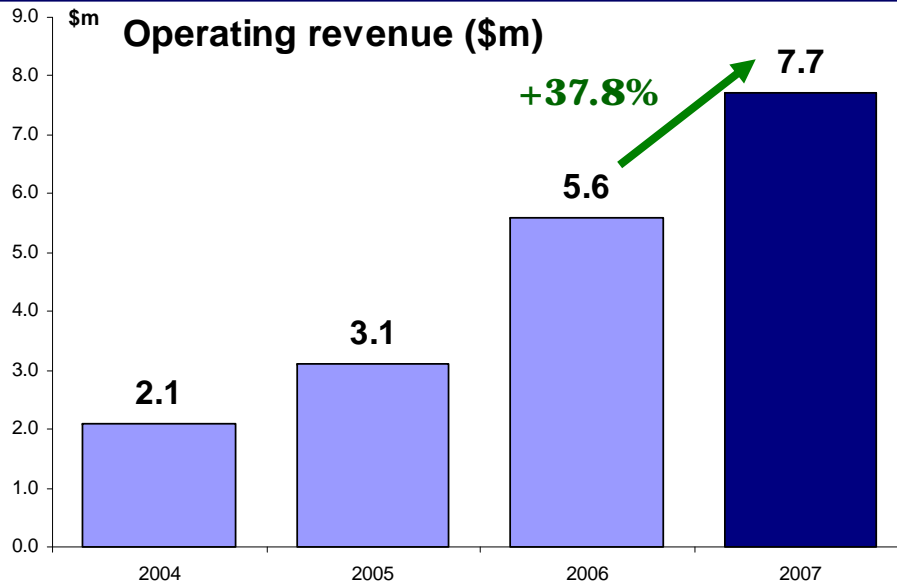
## Responsible Entity service chain



**EQT Fund Services**

# Fund Services

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- Consistently strong demand for RE expertise
- Domestic and global fund managers
- > 30 managers  
>100 funds
- Building depth in corporate and superannuation trustee skill base

# Superannuation

Focus on superannuation services

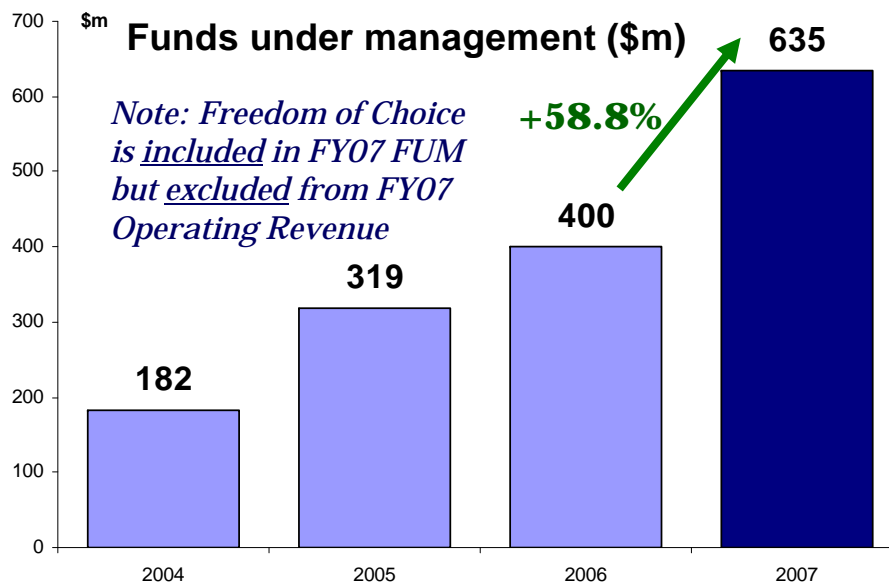
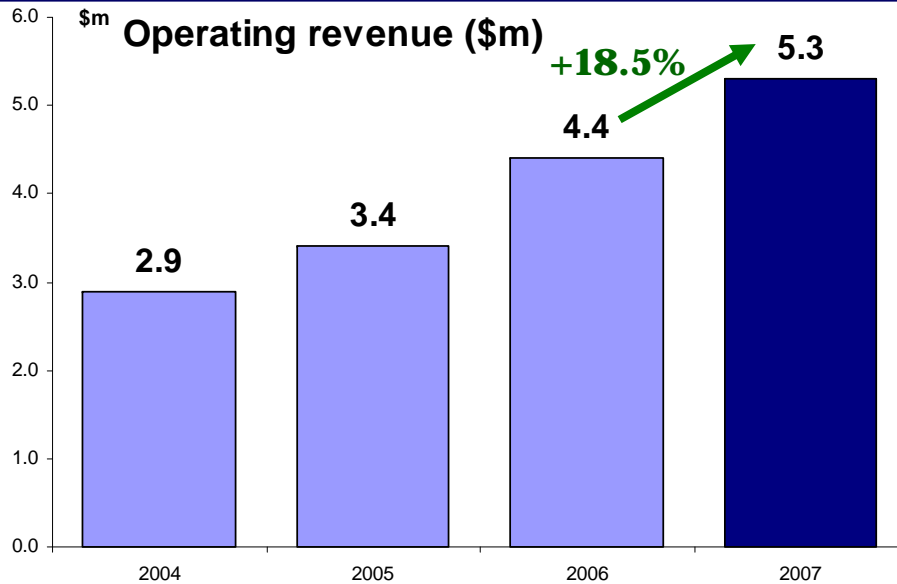
- Wealthpac master-trust (acquired in 2003)
- Templetons master-trust (2005)
- Freedom of Choice master-trust (2007)



# Superannuation



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- Sydney base with eastern seaboard reach
- Equity Trustees brand introduced
- Increased resources for sales & marketing
- FUM growth resulting from distribution focus
- Freedom of Choice acquisition undertaken (not reflected in 06/07 performance)

# Support services



- Continuing to invest in the business
- Right people, right systems to match business requirements
- Marketing activity lifting profile
- IT projects delivering scale & efficiency
- Process improvement in all business lines

# Agenda



Themes – 2006/07

Financial performance

Operating performance

✓ **Acquisitions**

Outlook

# Acquisitions



## Strategy

- Flexibility in approach
- Consistent with existing business lines
- Eastern seaboard focus
- Clearly measurable returns

## Capability

- Consistent pipeline being reviewed
- In-house assessment process
- Quick turnaround – deal & integration

# Acquisitions

## Freedom of Choice



- Expands superannuation offering
- \$150m+ in FUM
- Integration nearing completion

Two small “bolt-ons” for the superannuation business are nearing due diligence

# Agenda

Themes – 2006/07

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✓ **Outlook**

# Outlook



Continue to push organic growth in all business lines

Seeking acquisitions where appropriate

Investments in people, systems and process improvements

Market movements can affect performance

Focus on key KPIs:

- Revenue
- Margin

# Outlook

Market dynamics remain favourable:

- Superannuation contributions = growth
- “Better Super” = opportunity
- Volatility → investors seeking safety
- Risk management processes are critical
- Diversification of revenue streams

# Summary



Strong year all-around

Performance from all business units

Margin growth reflects efficiency

Step growth under way – eg: FoC

Eastern seaboard expansion – Qld office

Investment in people and system resources

