



# **Equity Trustees Limited**

**Half-Year Results to**

**31 December 2006**

# Themes



- Record first half-year result
- Achieved through:
  - Growth across all business units
  - Cost management
  - Favourable market conditions
- Strategy delivering growth
- Benefiting from legislative changes
- Further expansion to come in 2007

# A record 1<sup>st</sup> half....

|                               | 2007    | vs 2006  |
|-------------------------------|---------|----------|
| Revenue                       | \$15.8m | +36.9% ↑ |
| Reported Profit (post-tax)    | \$3.7m  | +91.9% ↑ |
| Underlying Profit (post-tax)* | \$3.7m  | +53.3% ↑ |
| EPS                           | 47.35¢  | +76.0% ↑ |
| DPS (fully franked)           | 30¢     | +50.0% ↑ |

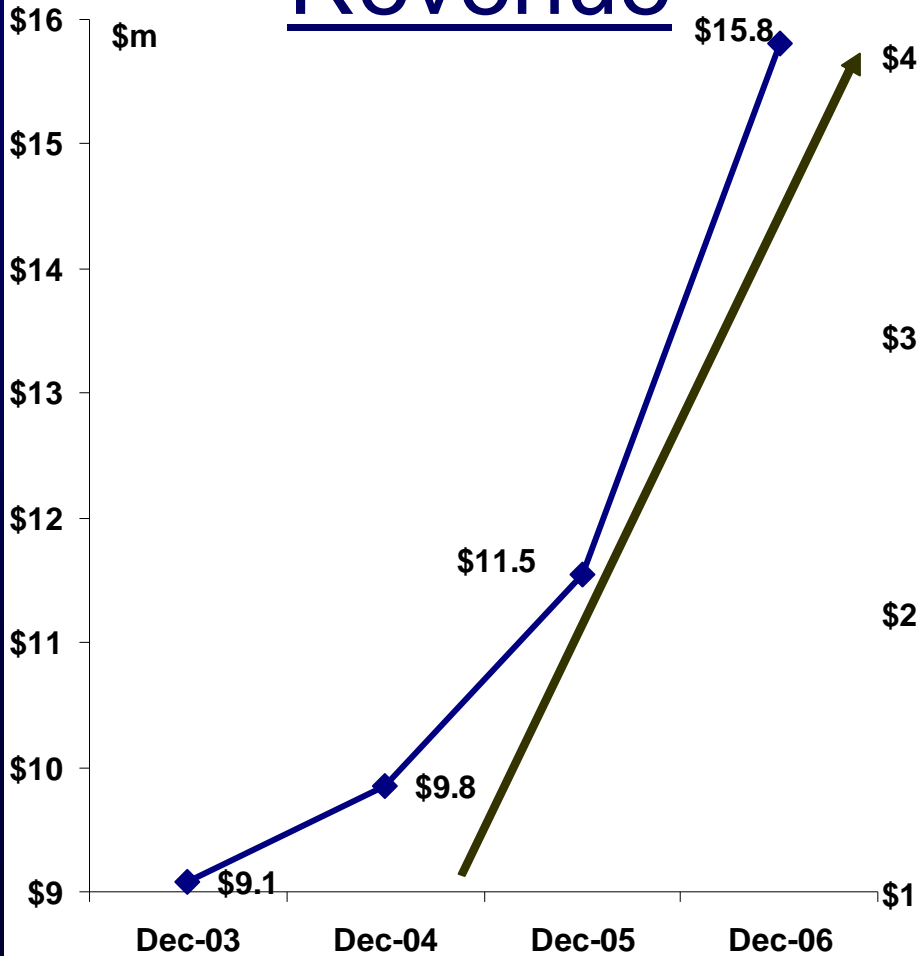
\* Excludes the impact of legal costs in 2006 relating to the previous acquisition (\$478,443)

# Historical Comparison

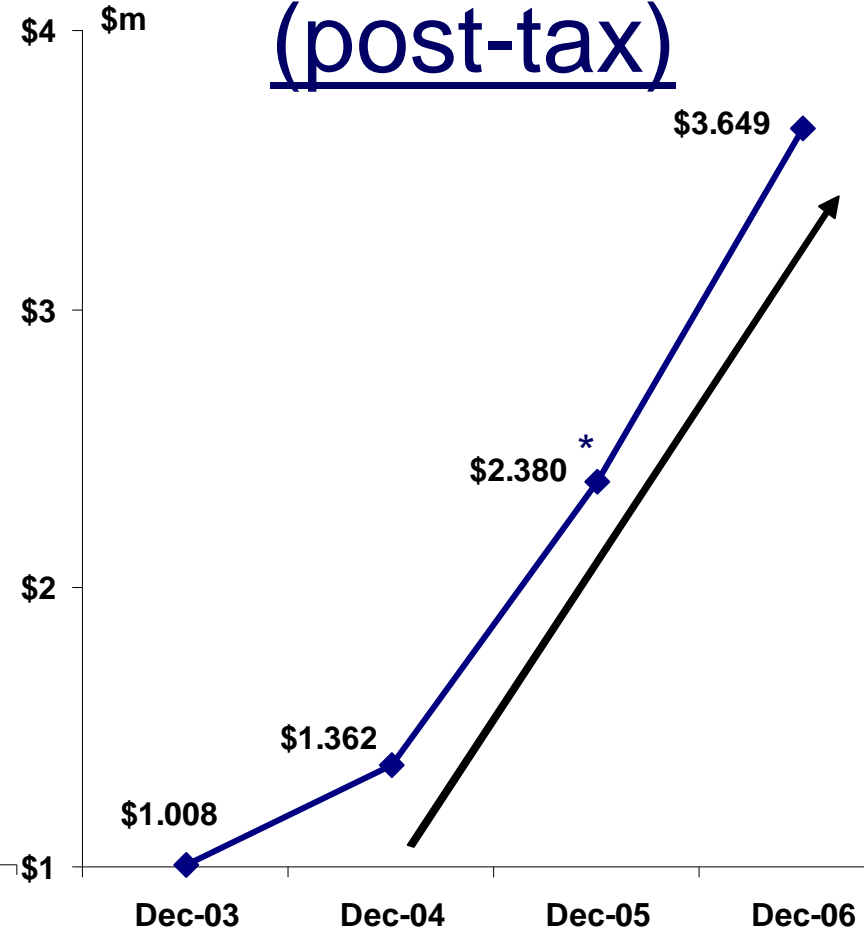


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## Revenue



## Underlying Profit (post-tax)



\* Excluding legal costs of the Wealthpac acquisition

# Achieved through...

- Growth in all business units
- Cost management - sensible approach
- Implementation of strategy
- Strategy delivering growth
- Expansion plans being executed
- Sales and Marketing focus
- Focus on operating margin....

|  | Dec '06 | Dec '05 | Dec '04 |
|--|---------|---------|---------|
| Pre- Tax Margin<br>(underlying profit) | 33.2%   | 27.1%   | 20.2%   |

# Business Units

|                  |  |
|------------------|--|
| Funds Management | <ul style="list-style-type: none"> <li>• Sales &amp; marketing function for EQT branded funds</li> <li>• Support to fund managers</li> </ul> |
| Private Clients  | <ul style="list-style-type: none"> <li>• Wealth management</li> <li>• Trusts &amp; estates</li> <li>• Philanthropic services</li> </ul>      |
| Fund Services    | <ul style="list-style-type: none"> <li>• Responsible entity roles</li> <li>• Corporate trusts</li> <li>• Approved trustee roles</li> </ul>   |
| Superannuation   | <ul style="list-style-type: none"> <li>• Master-trust</li> <li>• Approved trustee</li> <li>• DIY (through Private Clients)</li> </ul>        |

# Revenue



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| Business Unit                         | Revenue        | VS<br>Dec05   | Comments  |
|---------------------------------------|----------------|---------------|---|
| <b>Funds Management</b>               | \$4.3m         | +17.3%        | <ul style="list-style-type: none"> <li>• <b>Good FUM inflows</b></li> <li>• <b>Overcoming margin squeeze</b></li> <li>• <b>Strong funds' performance</b></li> </ul>             |
| <b>Private Clients</b>                | \$4.9m         | +70.4%        | <ul style="list-style-type: none"> <li>• <b>Impact of fee improvements</b></li> <li>• <b>Well positioned for DIY Super</b></li> <li>• <b>Portfolio Manager focus</b></li> </ul> |
| <b>Fund Services</b>                  | \$3.5m         | +50.3%        | <ul style="list-style-type: none"> <li>• <b>Strong demand from existing and new clients for RE services</b></li> <li>• <b>Consistent corp trust business</b></li> </ul>         |
| <b>Superannuation</b>                 | \$2.6m         | +29.0%        | <ul style="list-style-type: none"> <li>• <b>Focus on brand</b></li> <li>• <b>Increase in master-trust FUM</b></li> <li>• <b>Solid operating base</b></li> </ul>                 |
| Investment income<br>(excl inv gains) | \$.49m         | -25.3%        |   |
| <b>Total</b>                          | <b>\$15.8m</b> | <b>+36.9%</b> |   |

# Earnings per share

- Change in shares on issue - 6 months to 31/12/06

|   |                  |
|---|------------------|
| Opening balance at 1/7/06                     | <b>7,683,444</b> |
| Issues under employee and share purchase plan | 5,665            |
| Dividend reinvestment plan                    | 49,384           |
| <b>Closing balance at 31/12/06</b>            | <b>7,738,493</b> |

- Earnings per share (half-year results):

| <i>¢ per share</i> | <b>Dec<br/>06</b> | <b>Dec<br/>05</b> | <b>Dec<br/>04</b> | <b>Dec<br/>03</b> |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| Basic              | <b>47.35</b>      | 26.83             | 25.04             | 20.78             |

# Dividends



- **30¢ per share**, fully franked
- **Dividend Reinvestment Plan** reactivated
- **DRP shortfall underwritten**
- At December 2006, franking credit balance = **\$5.6m** (vs \$4.3m as at Dec 2005)
- **Dividends declared (historical comparison)**

| <i>¢ per share</i> | <b>Dec 06</b> | <b>Dec 05</b> | <b>Dec 04</b> | <b>Dec 03</b> |
|--------------------|---------------|---------------|---------------|---------------|
| Interim Dividend   | <b>30</b>     | 20            | 15            | 10            |

# Balance Sheet

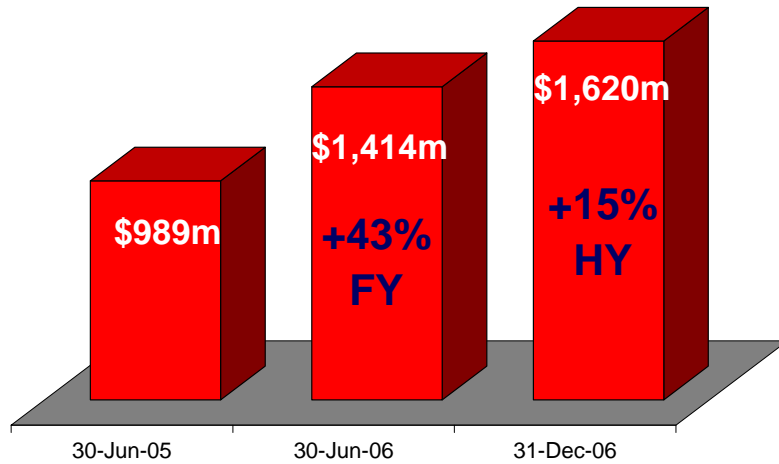


- Shareholders funds up \$3.2m to **\$39.5m**
- Investment portfolio includes unrealised gains of \$5.7m (vs \$4.9m at Dec 05)
- Reserve requirements more than adequately met through net asset position and liquid reserves
- Free-cash position strong for M&A activity

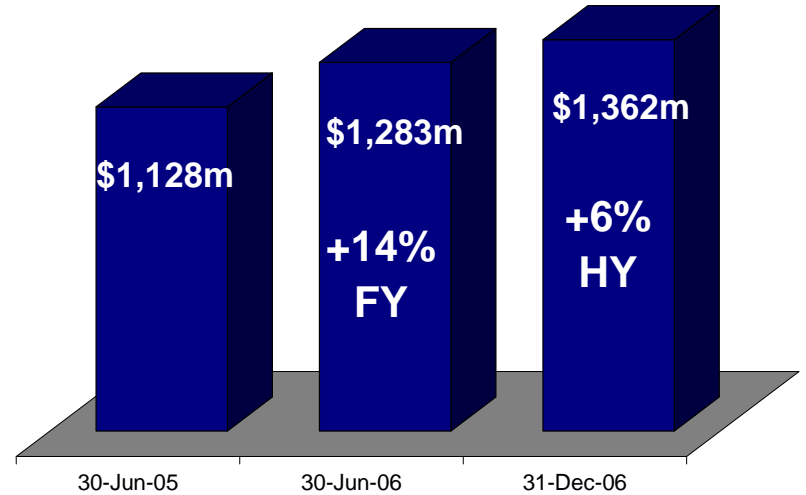
# FUM



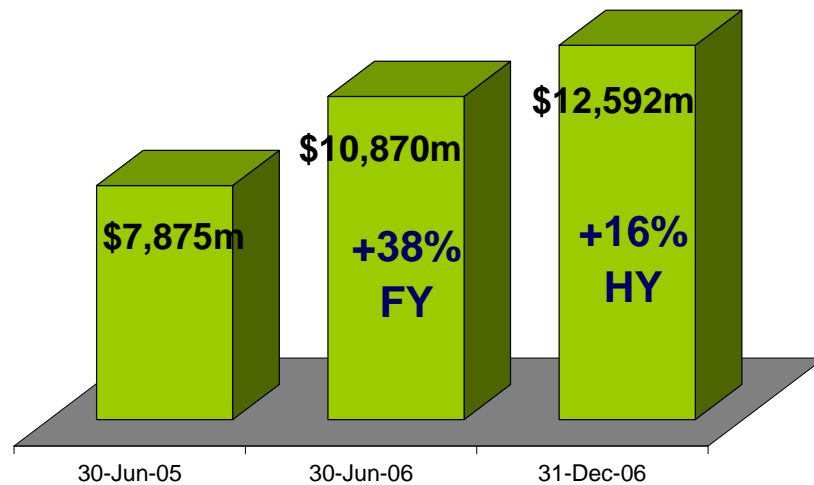
## Funds Management Retail / IDPS



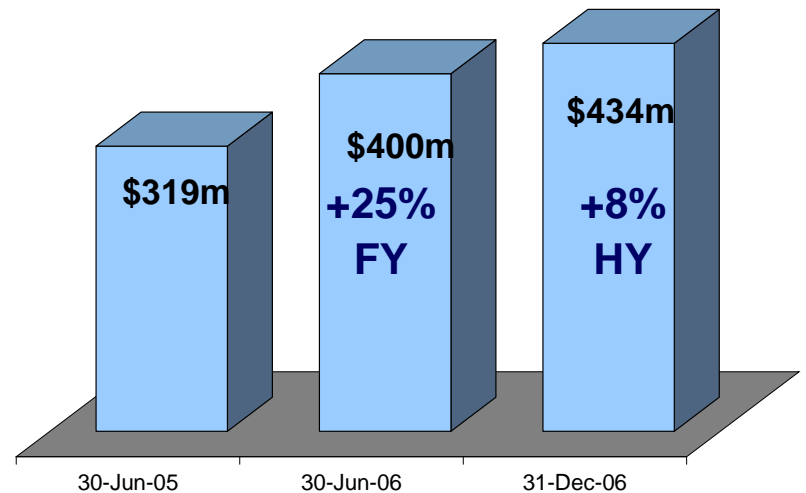
## Private Clients



## Fund Services

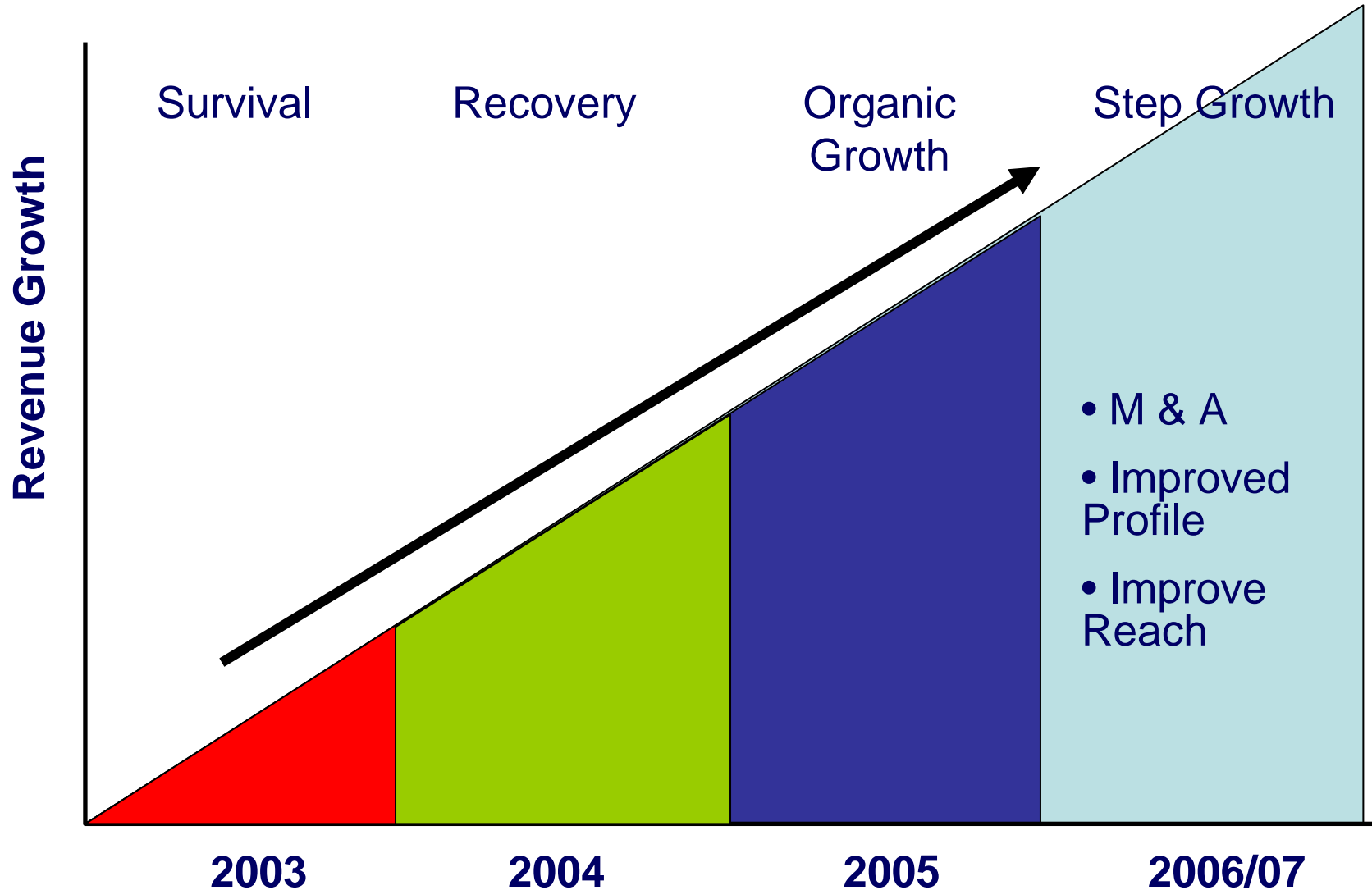


## Superannuation



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# Strategy Update



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# Improve Reach



- In negotiations to purchase Superannuation Freedom of Choice Master trust and IDPS from Australian Unity
- Equity Trustees Superannuation Ltd to build Sydney base for superannuation and funds management sales
- Manager appointed to generate growth in Queensland market in key business units

# Outlook



- Business units to capitalise on first half result
- Develop further acquisition opportunities
- Positioned for superannuation changes
- Leverage Queensland opportunities through the new office/presence
- Operating environment remains favourable for all business units
- Inclusion in the All Ords. index from March '07
  - In the absence of any significant market fluctuations, we forecast a year-on-year increase in underlying after-tax profit in excess of 30%

# Share price



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