

27 August, 2015

Full Year Results - Increased Profit, Successful Acquisition

Equity Trustees Limited (ASX: EQT) today confirmed its full year financial results and final dividend.

Operating profit after tax is ahead of the prior year by 104%. The results are summarised as follows:

	12 months to 30 June 2015	12 months to 30 June 2014	% Change
	\$m	\$m	
Operating revenue	84.9	53.3	59%
Operating expenses	(55.3)	(38.9)	(42%)
Operating profit before tax	29.6	14.4	106%
Income tax expense	(8.4)	(4.0)	
Operating profit after tax	21.2	10.4	104%
Non-operating items (net of tax)	(4.2)	(0.7)	
Net profit after tax	17.0	9.7	75%
Earnings Per Share (cents)	87.80	88.64	
Dividend per share (full year, fully franked)	94	94	
Operating Margin	35%	27%	

EQT's Chairman, Mr Tony Killen, commented, "The 2015 year has been a very important and successful one for Equity Trustees. Operating profit after tax is up 104% over the prior year, and if we look to longer term outcomes, over 10 years our total shareholder return is 212%. The integration of ANZ Trustees (now known as Equity Trustees Wealth Services Limited – ETWSL) has been successfully completed and both our business lines continued to generate substantial organic revenue growth."

Managing Director, Robin Burns, commented that: "We have been very pleased with the successful completion of the integration project and that we have achieved the goals we set out during the acquisition process – in the timetable, synergies and costs to complete. As I said at the time, the business we acquired is a very close fit with our long-term strategic plan and came across with a high-quality client and revenue base. We have also been pleased with the continuing relationship with the ANZ bank."

Mr Burns also noted that: "The company continued to invest significantly in developing growth initiatives, and as a result positive traction in new private client numbers has been evident, which augurs well for the business' longer term health. This investment phase is also taking place in a number of key support functions, consistent with the company's expanded scope, scale and complexity, and is expected to continue in the current period."

He added, "I'd particularly like to commend the Corporate Trustee Services team, which has again achieved very strong organic growth in clients and funds under management and administration, and is expanding its range of services."

It was also pleasing to note that our operating margin for the year was 35%, well up on the pre-acquisition figure last year of 27%."

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Equity Trustees Release



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Mr Killen confirmed a fully franked final dividend of 48cps, resulting in an unchanged full year dividend of 94 cps. The company will again be offering the dividend reinvestment plan (DRP) - an attractive avenue for shareholders to continue to invest in the company at a discount of 1.25%.

Mr Killen added, "Following the completion of the most significant transaction in the company's history, and with the growth initiatives we have in place that will build on a very sound operating base, I am confident that Equity Trustees is well placed to continue to perform well on behalf of all our stakeholders."

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Equity Trustees is a publicly-listed company on the Australian Stock Exchange (ASX: EQT) with offices in Melbourne, Sydney, Brisbane and Perth.

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2015

FULL YEAR RESULTS TO 30 JUNE 2015

Summary of Performance

- Overview – FY 2015
- Overview Group Results
- Operating Revenue
- Operating Margin
- Reported Earnings per Share

Shareholder Return

- Return to Shareholders
- Sustained Shareholder Return

Business Unit Performance

- Operations and Performance
- Overview – Trustee Wealth Services (TWS)
- Overview – Corporate Trustee Services (CTS)
- New Client Focus, and Key Capabilities

Summary and Directions

Business Units



Business unit	Key services	Target market / channel
Trustee & Wealth Services (TWS) (including ETWSL)	<ul style="list-style-type: none">• Personal estates & trusts• Philanthropy• Wealth management• Asset management• Aged care advisory services• Employer and personal superannuation	<ul style="list-style-type: none">• Private clients• Business to business referrals• Small-medium size corporates• Members• External distribution via planning networks
Corporate Trustee Services (CTS)	<ul style="list-style-type: none">• Responsible entity• Distribution• Product management for EQT co-branded funds (managed by external specialists)	<ul style="list-style-type: none">• Investment managers• Platforms/IDPS• Financial planners

Overview – FY2015



Operating profit (after tax) ↑ **104%**

Net profit (after tax) ↑ **75%**

Operating margin up **8%** to **35%**

**TWS AND CTS
EXPERIENCED
STRONG ORGANIC
REVENUE GROWTH**

Group Organic Revenue growth of **15%**

**Full year fully franked
dividend per share**

94¢

Overview – FY2015



- Successful integration of ANZ Trustees – cost synergies achieved, under budgeted integration cost
- Continuing investment in support function capability
- Distribution partnerships in TWS generated large increase in new clients
- CTS business FUM/A up 28%

Overview – Group Results

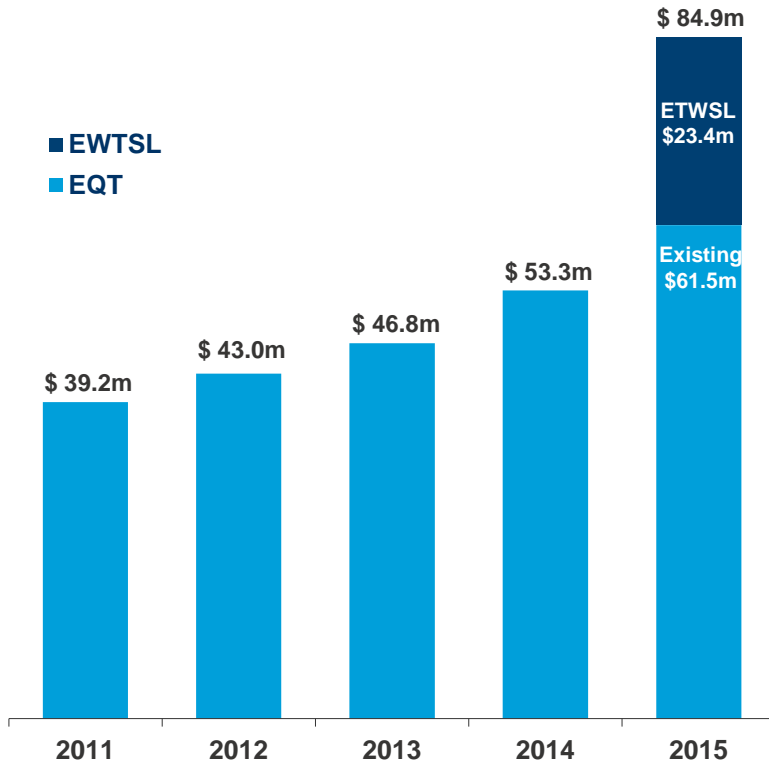


	2015 \$m	2014 \$m	Change
Operating revenue	84.9	53.3	59%
Operating expenses	(55.3)	(38.9)	(42%)
Operating profit before tax	29.6	14.4	106%
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Net profit after tax	17.0	9.7	75%
Earnings per share (cents)	87.80¢	88.64¢	
Dividend per share (full-year, fully franked)	94¢	94¢	
Operating margin (pre-tax, excluding non-operating items)	35%	27%	

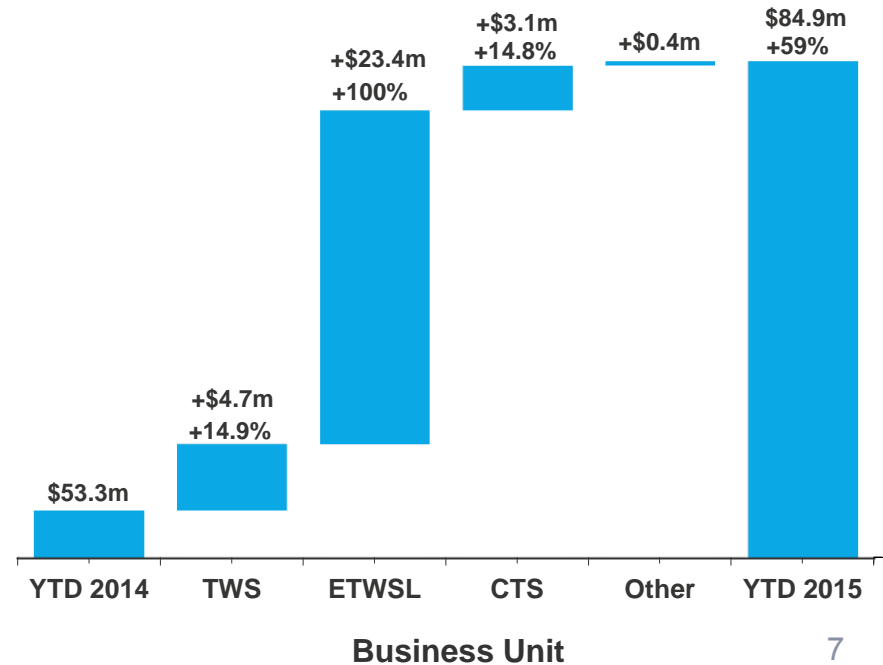
Operating Revenue



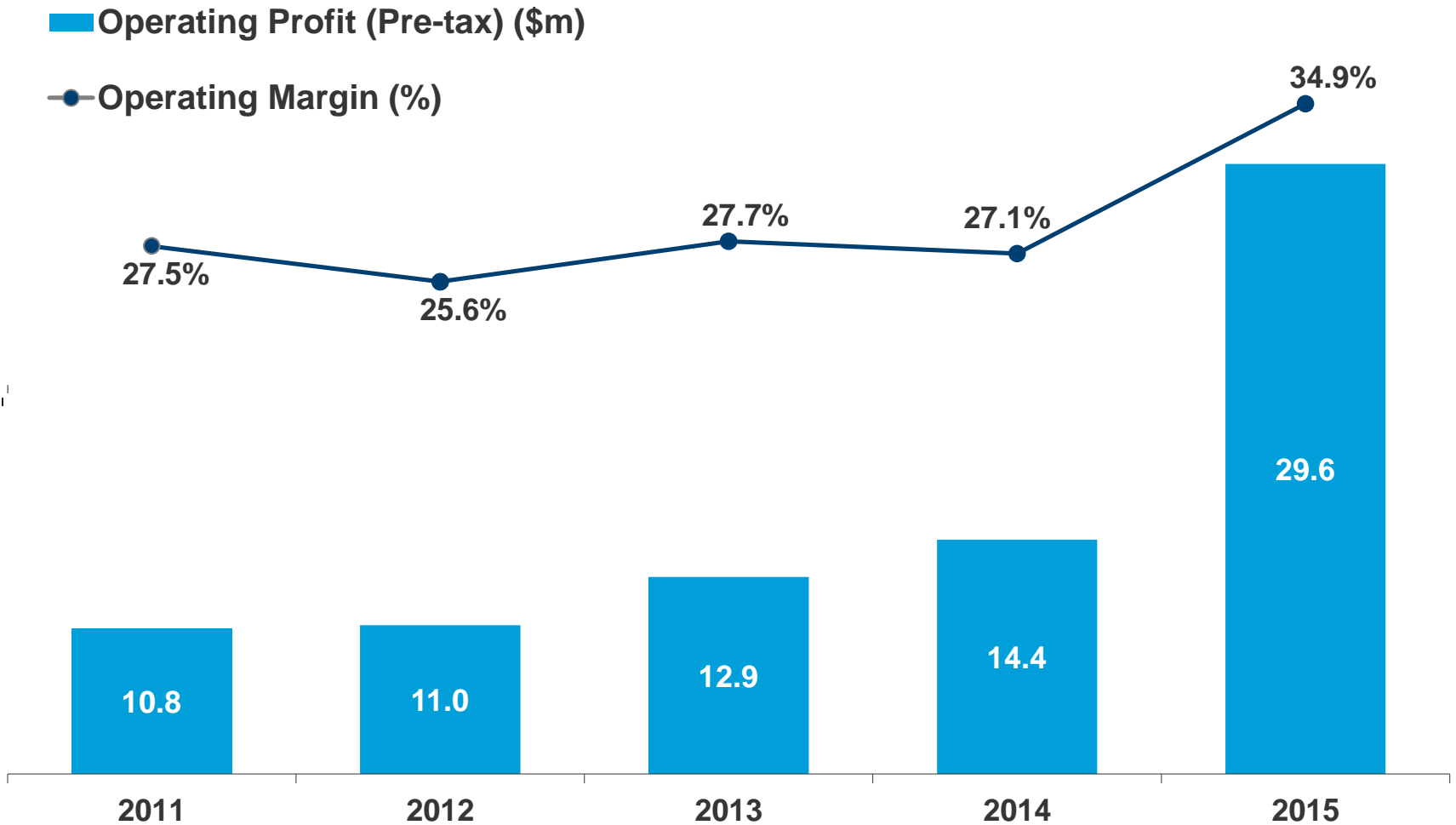
Operating revenue up
59% to \$84.9m



Operating revenue movement
compared to prior year



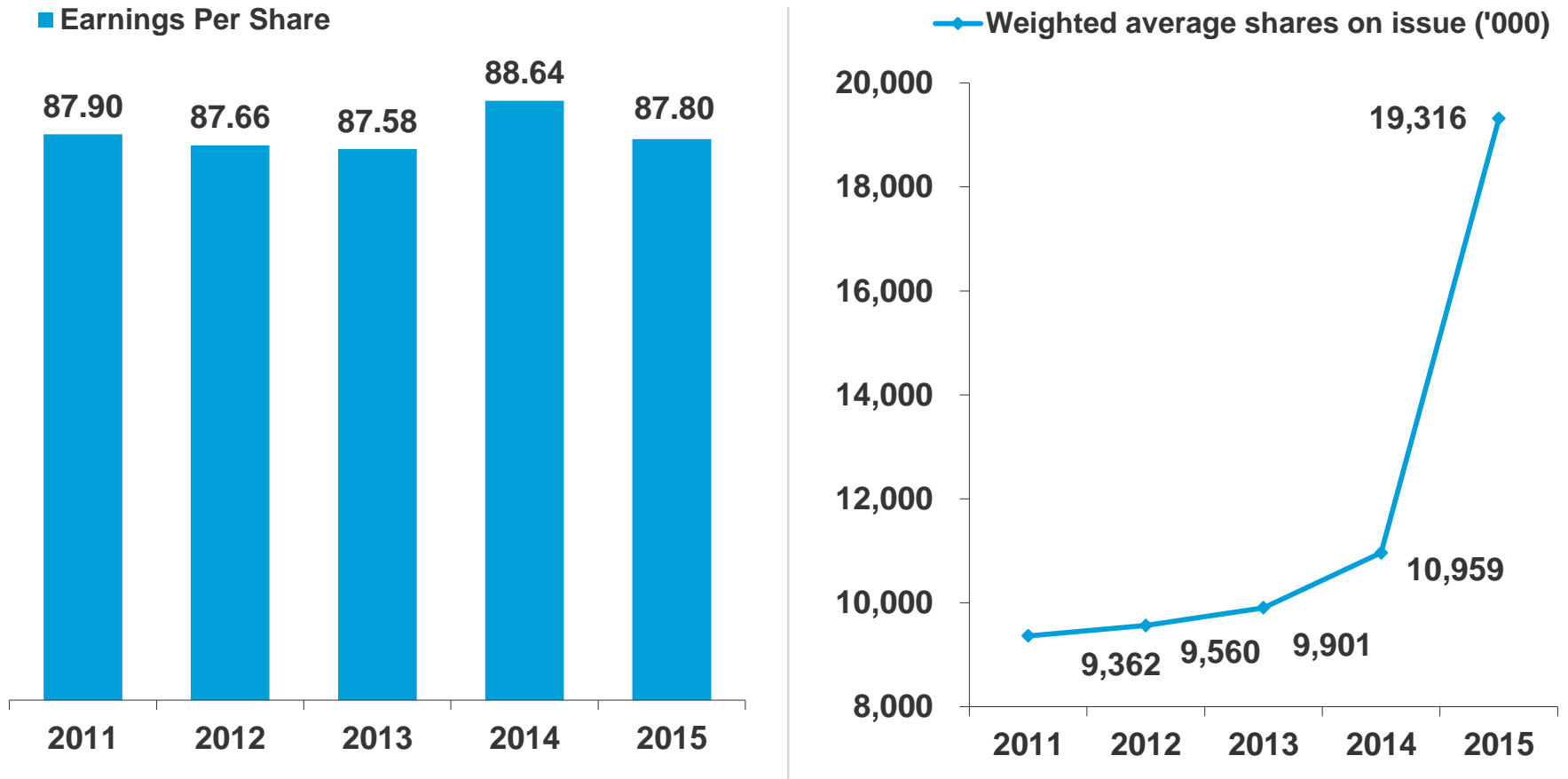
Operating Margin



Reported Earnings per Share



Reported earnings per share at 87.80¢ per share



Note: 2010 to 2013 EPS and Weighted average shares on issue have been restated to reflect the Rights issue in April/May 2014.

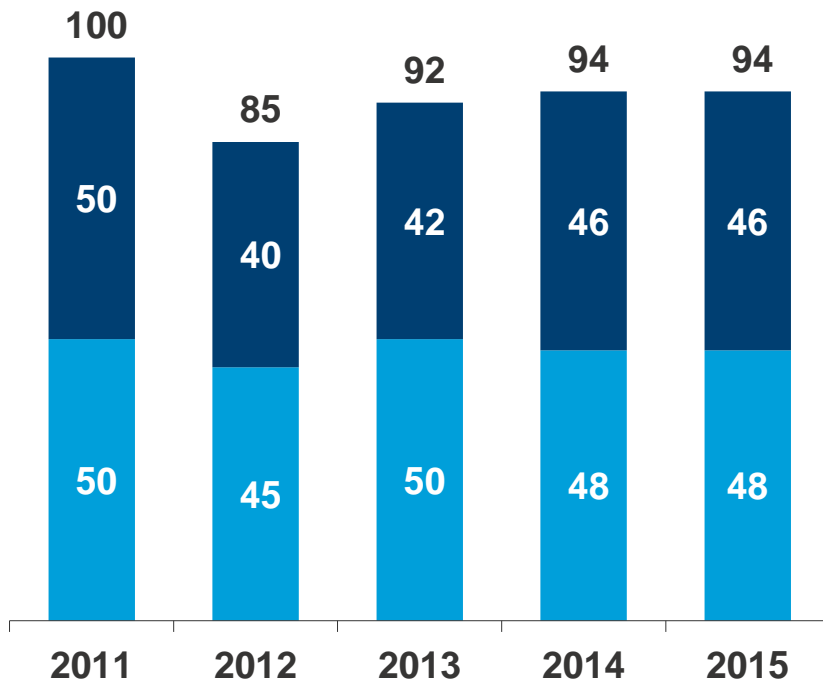
Returns to Shareholders



Full-year, fully-franked dividend

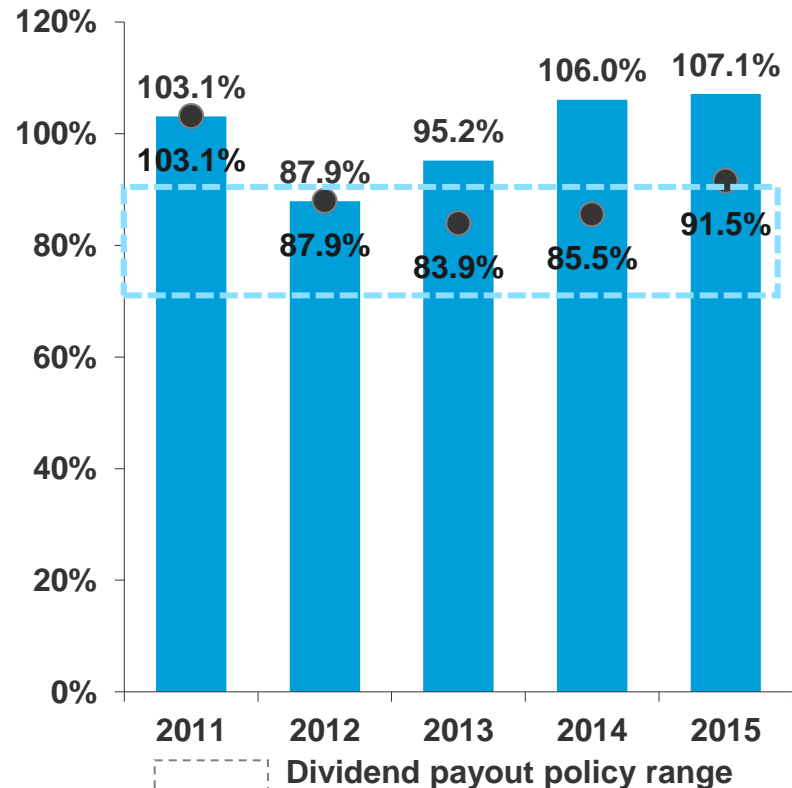
Reflecting a current yield of approximately 4% before franking credits

- Interim (cps)
- Final (cps)

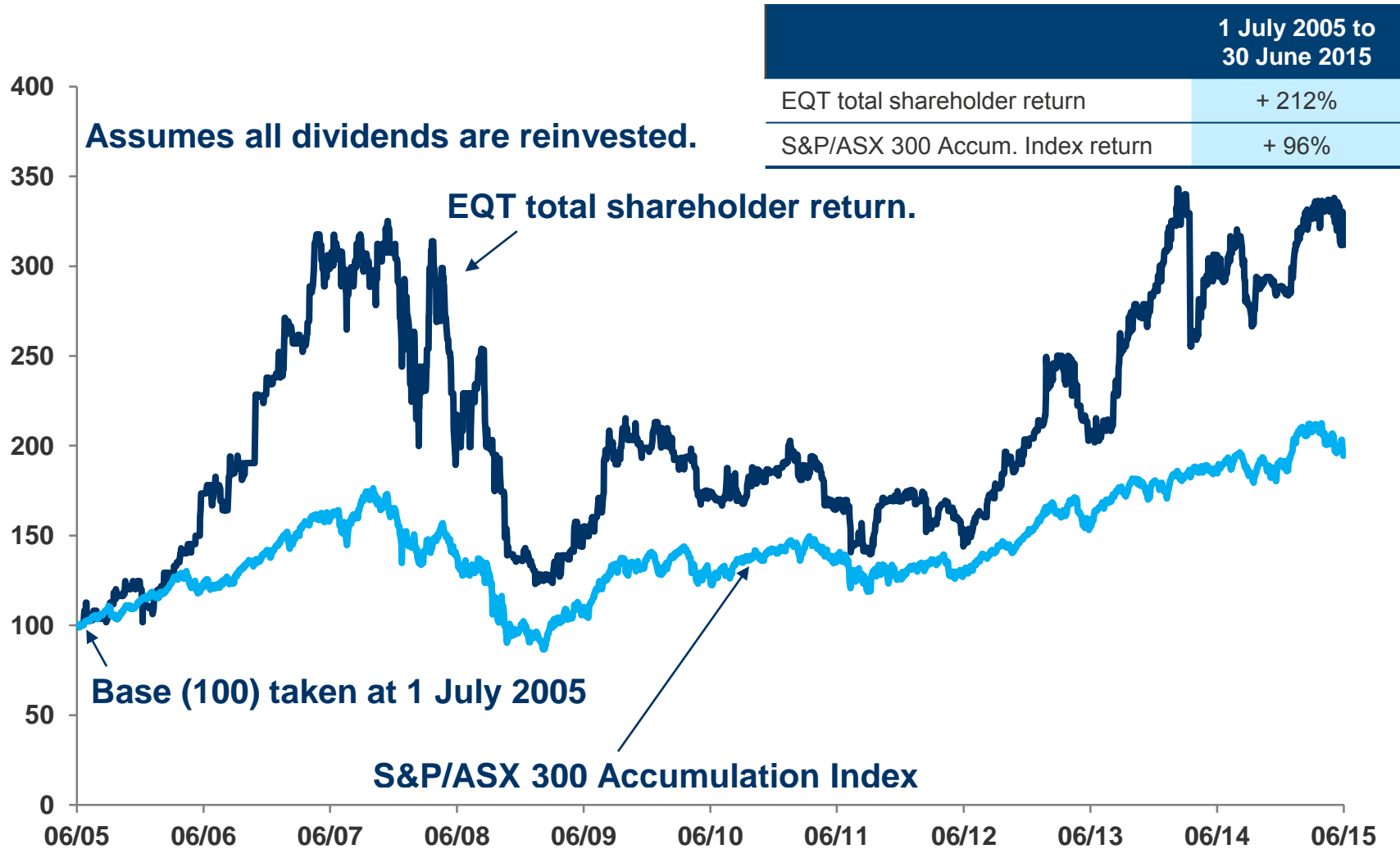


Full-year dividend as percentage of reported EPS

- Dividend payout ratio on Reported NPAT EPS
- Dividend payout ratio on Underlying EPS



Sustained Shareholder Return



Business Units - Performance

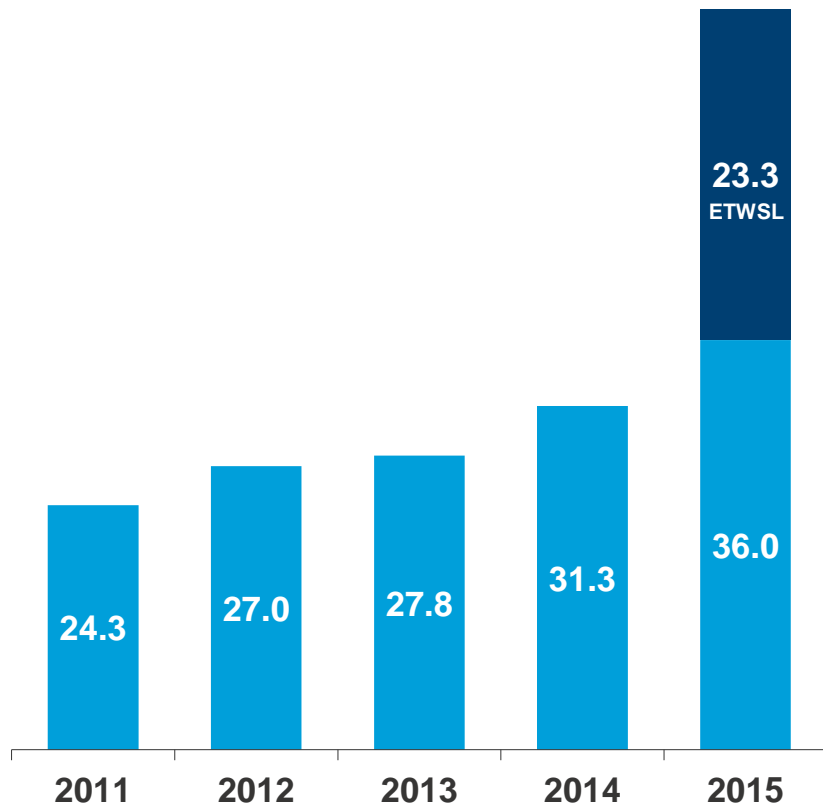


Business unit	Results
Trustee & Wealth Services (TWS) (including ETWSL)	<ul style="list-style-type: none">• BU Revenue \$59.9m – Up 89%• Profit contribution \$16.2m• Margin 27%• FUM/FUA \$7.8b – Up 81%
Corporate Trustee Services (CTS)	<ul style="list-style-type: none">• BU Revenue \$24.9m – Up 17%• Profit contribution \$12.0m• Margin 48%• FUM \$45.4b – Up 28%

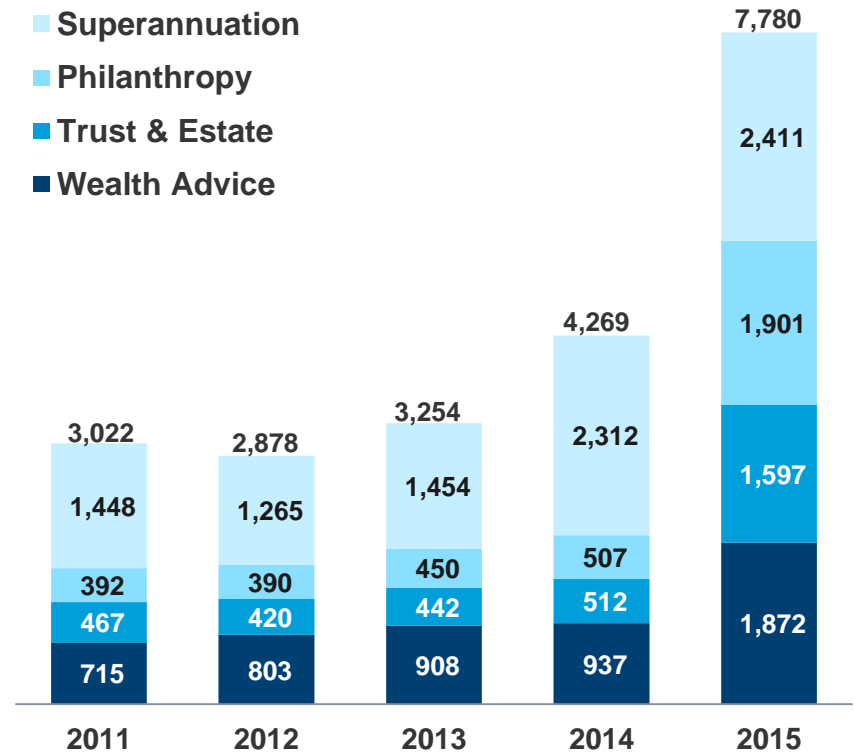
Business Unit Overview – TWS



**Operating revenue up
90% to \$59.3m
(excluding share of Interest Income)**



**FUM/A at 30 June 2015 up
81% to \$7.8b**



Business Unit Overview – TWS



Operating revenue in existing BU up

↑
to **15%**
\$36m

FUM/A now totals

\$7.8b

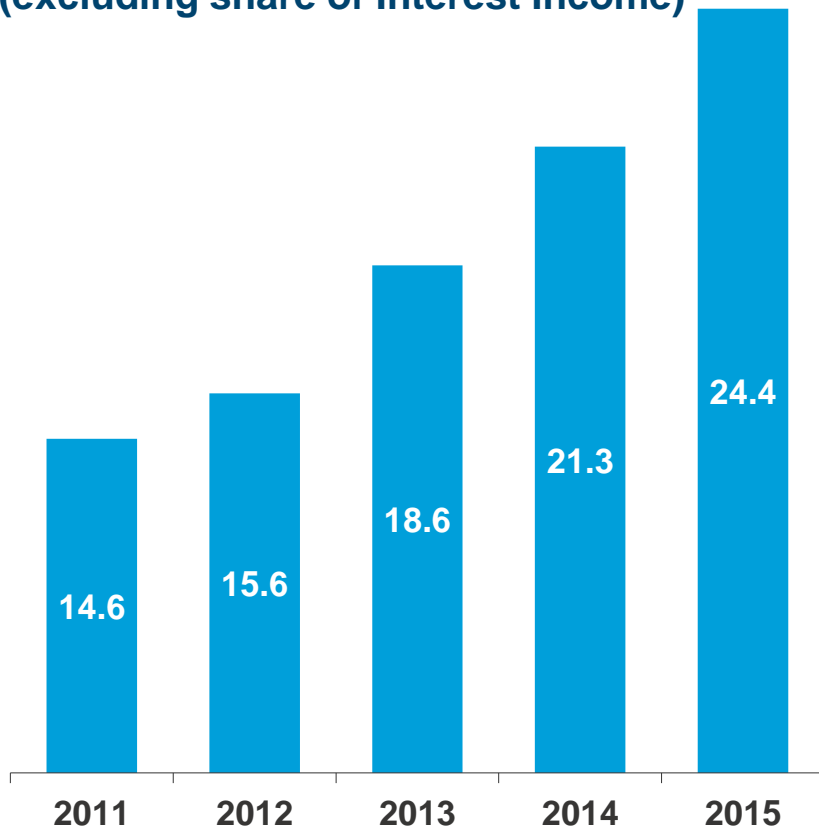
across combined business

- External referral relationships resulted in 110% increase in new estate planning clients
- 5 new business wins in RSE roles
- Generating external client referrals from growing relationships with advisory networks
- Asset management team produced strong performance, especially noted for clients transitioned across
- Organic achievements - as well as very substantial effort for integration project
- Excellent client retention from acquired base, effectively 100%
- Significant increase in philanthropy business, 5% over budget
- Private Client advice revenue up 20% year on year
- Focus for FY16 is generating revenue synergies and new business

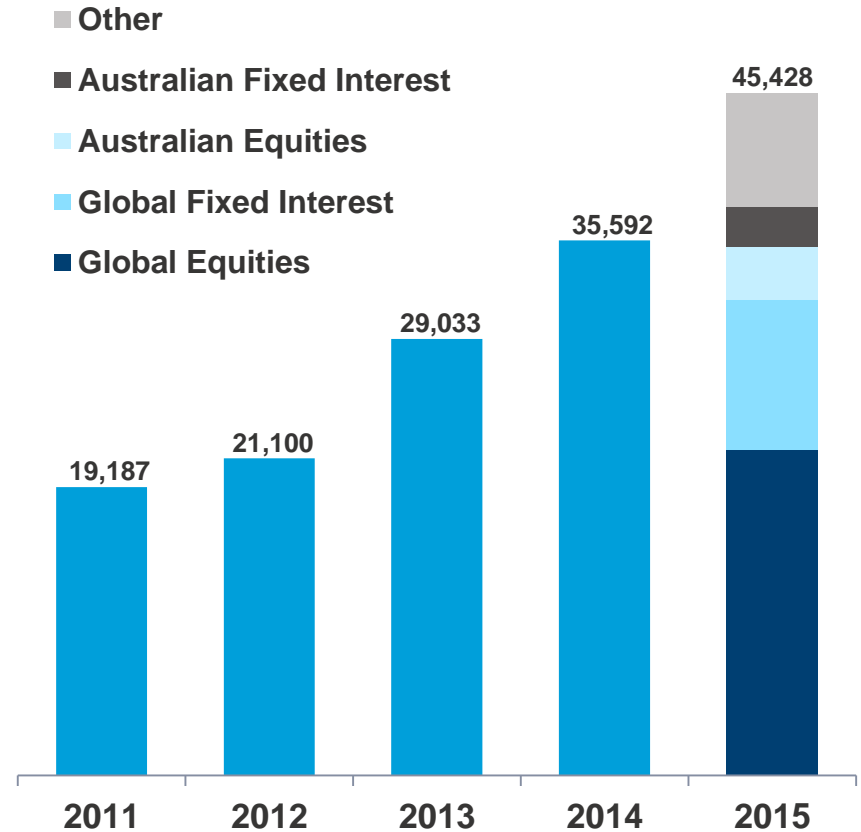
Business Unit Overview – CTS



**Operating revenue up
14.8% to \$24.4m
(excluding share of Interest Income)**



**FUM/A at 30 June 2015 up 28%
to \$45.4b**

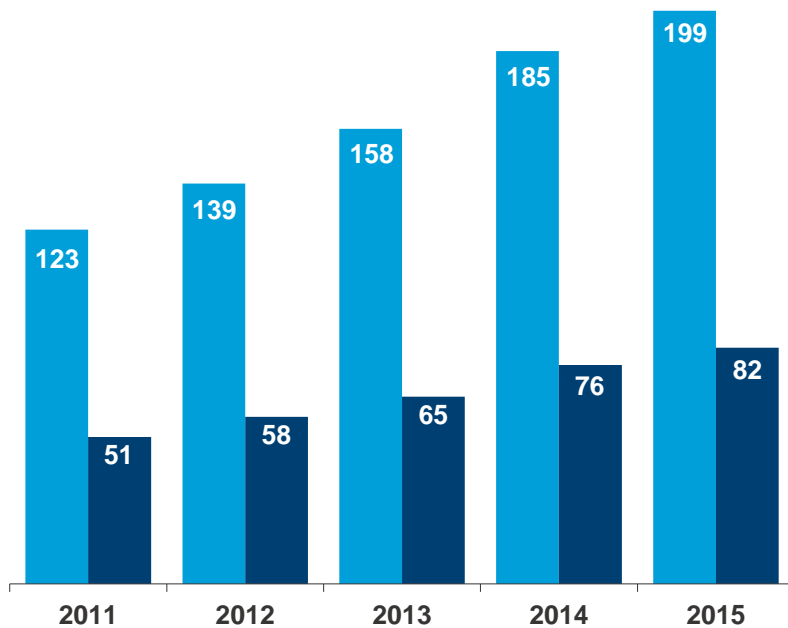


Business Unit Overview – CTS

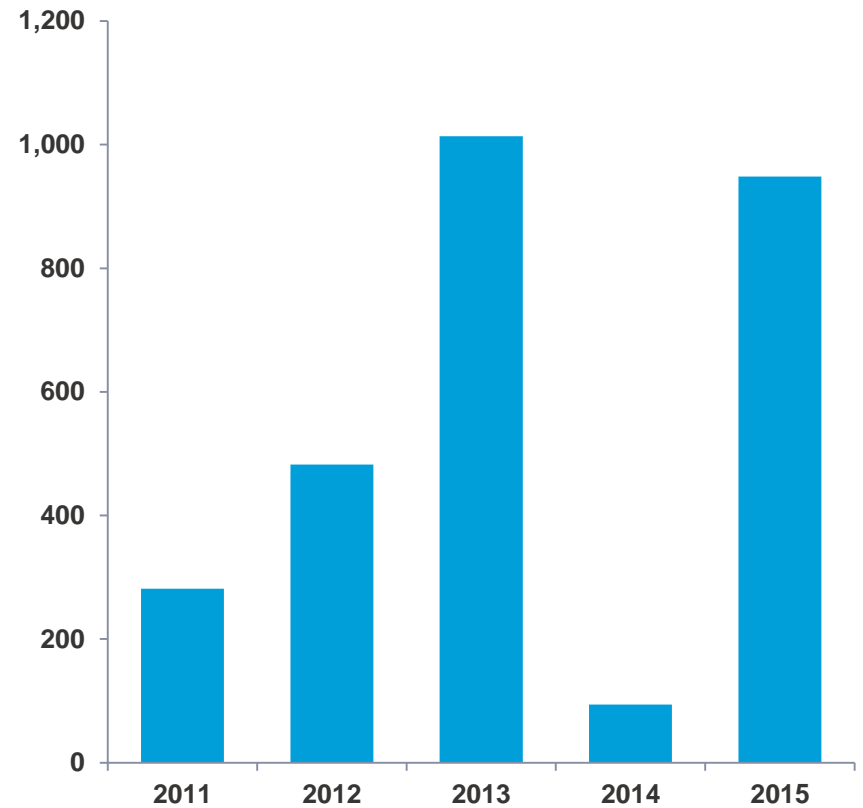


Responsible Entity Business

- Number of Funds
- Number of managers



Net flows for funds distributed by EQT (\$m)



Business Unit Overview – CTS

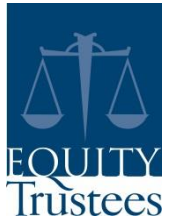


Operating revenue
up by
14.8%
to **\$24.4m**

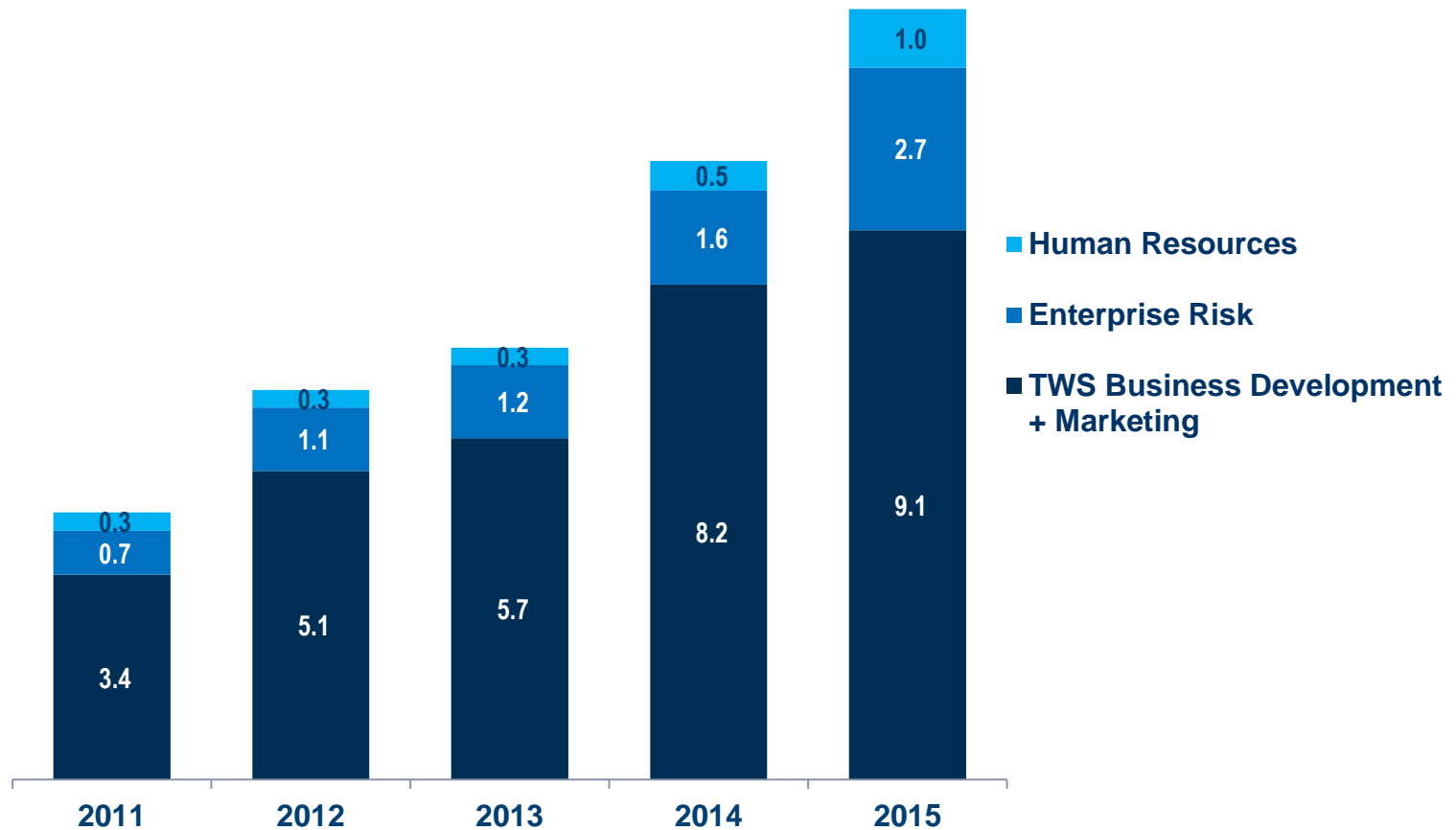
FUM/A up by
28% to
\$45.4b

- Acting as RE/fiduciary for 199 funds, up by net 14 (27 new, less 13 fund closures)
- 82 fund manager clients, up by net 6 (11 new, less 5 exited relationships)
- Further expansion in range of fiduciary roles undertaken
- Net inflows to co-branded (distributed) funds \$949m, driven by defensive assets growth
- PIMCO awarded Morningstar Fixed Interest Manager of Year. SGH ICE awarded Morningstar and Money Management Small Companies Fund of Year
- Flow of opportunities remains strong. PIMCO's decision to take distribution in-house will affect revenue

New Client Focus and Key Capabilities



Focused Expenditure (\$m)



Business Summary and Directions



- Underlying business continuing to perform well in chosen sectors
- Integration project completed – focus now on revenue growth
- Relationship with ANZ Bank working well
- Significant operational restructure projects now completed
- Material investment in increased capabilities, compliance framework and depth of resources in support business units continues
- Faced headwinds in some business lines
- Margin improved as expected, post integration

Business Summary and Directions



- Distribution strategies implemented and working in TWS, to redress long-standing deficiency
- Capital and group operating structure project under way
- TWS positioned to benefit from referral relationships, impending wealth transition between generations, growth in independent RSE roles
- CTS to benefit from growth in industry, overseas manager interest, expansion in lines of business
- EQT is prepared to actively pursue suitable corporate opportunities

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