20 February 2025

Equity Trustees continues strong organic growth as transformation nears completion

- Funds under management, administration and supervision (FUMAS) for continuing operations hits a new record at $224 billion, up 25.8% on the prior corresponding period (pcp)
- Revenue from continuing operations was up 6.5% on pcp to $89.4 million, reflecting solid organic growth in both TWS and CSTS and the delivery of AET revenue synergies
- Expenses from continuing operations increased by 12% due to non recurring costs associated with the AET integration and the exit of the AET platform business. Increased people costs and the transition to an outsourced custody model also contributed to the increase
- As a consequence, statutory net profit after tax for continuing operations was $12.9 million, down 11.3% on pcp but was 10.6% up on 2H24
- A Dividend of 55 cents per share has been declared, up 4 cents on pcp, reflecting strong cash flow and confidence in underlying business
- AET integration successfully completed on time and on budget and delivering synergies in excess of original expectations
- Discontinued UK business in final stages of wind down
- Balance sheet remains strong with low gearing and healthy liquidity
- Positive outlook for 2H25 with operating and transformation expenses expected to materially decrease by ~$6m and continued positive industry dynamics impacting asset valuation and flows

EQT Holdings Limited (ASX: EQT) today announced strong increases in revenue and funds under management, administration and supervision (FUMAS) and steady profit for the six months ended 31 December 2024.

Continuing operations FUMAS increased 25.8% on pcp to $224 billion and revenue was $89.4 million, up 6.5% on pcp, reflecting strong organic growth, particularly in the Corporate Trustee Services business, and favourable equity markets.

Expenses from continuing operations increased by 12% due to the the non-recurring costs associated with the AET integration, the exit of the AET legacy platform business, increased costs relating to people, financing and the transition to an oursourced custody model.

As a consequence, statutory net profit after tax from continuing operations was $12.9 million, down 11.3% on pcp and up 10.6% on 2H24. Underlying net profit after tax was $16.4 million, down 7.4% on pcp.

The Board declared a fully franked interim dividend of 55 cents per share, up 4 cents on pcp.

Board Chair Carol Schwartz AO said: “This has been a transformational half for Equity Trustees as we completed the AET acquisition, exited UK/Ireland and continued to invest in modern technology systems.”

“I’m proud that we achieved all these milestones while continuing to grow our business.

“Equity Trustees is the independent market leader in Australian trustee services, with majority market shares in key growth areas.”

Managing Director Mick O'Brien said: "The half was significant for achieving strong organic growth while continuing to build capacity to support future growth, including significant investment in technology systems and people.

"This investment has necessarily incurred expenses, including the AET integration, and we expect expenses to materially decrease in the second half.

"The business is now ready to leverage organic growth from the integrated business, driven by our specialist expertise using new technology, and we are well positioned to drive growth in earnings and dividends for our shareholders."

Corporate & Superannuation Trustee Services (CSTS), delivered revenue of $38.3 million, up 11% on pcp. This reflects strong organic growth across all business streams and a positive contribution from global investment markets.

Mr O'Brien said: "CSTS delivered a strong new business pipeline during the half and this is expected to continue, with a number of significant opportunities under development.

"CSTS continues to enjoy leadership positions in its key lines of business and the Superannuation Trustee Services business is seeing increasing interest from a variety of participants across the industry."

Trustee & Wealth Services (TWS) delivered revenue of $50.9 million, up 2.9% on pcp, reflecting organic growth, synergies associated with AET and buoyant investment markets.

Mr O'Brien said: "This is a pleasing result, particularly when we have balanced the AET integration, a major programme of technology change and the outsourcing of the majority of TWS custody arrangements.

"TWS will now be actively focussed on top-line growth, including the development of digitally enabled channels for a number of its major services. Recent investments in technology will enable opportunities not previously available for TWS in this space."

Outlook

Mr O'Brien said: "The outlook remains positive, with the transformed business poised to capitalise on favourable industry dynamics and leading positions in key markets.

"We anticipate a return to profit growth in the second half of the financial year, barring any unforeseen material market disruption or other impacts.

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

The EQT Holdings Limited Board has authorised that this document be given to the ASX

FURTHER INFORMATION

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