

20 February 2020

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
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Perpetual Half Year Financial Results

The following announcements to the market are provided:

- Appendix 4D
- ✓ **1H20 ASX Announcement**
- 1H20 Results Briefing
- Half Yearly Report and Accounts
- Operating and Financial Review – 31 December 2019

Yours faithfully,



Chris Green
Company Secretary
(Authorising Officer)

20 February 2020

ASX Announcement

Perpetual reports 1H20 results

- NPAT of \$51.6 million, a decrease of 14% on 1H19 impacted by net outflows, lower performance fees, and investment in strategic growth initiatives
- Fully franked interim dividend of 105 cents per share representing a payout ratio of 95%
- Disciplined investment to leverage brand and distribution capabilities including the recently announced acquisition of US-based ESG specialist, Trillium Asset Management and the establishment of a US-based distribution team
- 13 consecutive halves of positive flows in Perpetual Private, successful acquisition of Priority Life, a Melbourne-based specialist risk advisory firm and continued growth in new advisers joining Perpetual
- Strong growth in Perpetual Corporate Trust across all lines of business

Perpetual Limited (Perpetual) has delivered results for the six months to 31 December 2019 with statutory net profit after tax (NPAT) of \$51.6 million, down 14% and an underlying profit¹ of \$56.2 million, down 7% as the Company repositions the business for growth.

The interim dividend of 105 cents per share fully franked is in line with Perpetual's dividend policy.

Commenting on the half year result and outlook, Perpetual's Chief Executive Officer and Managing Director, Rob Adams said, "During the first half of the year, regulatory, macro and geopolitical influences continued to disrupt the financial services industry, impacting the asset management and advice sectors. The diversity of our three businesses enabled us to adapt and position the Group for sustainable growth while remaining focused on supporting our clients and their needs.

"Significant progress was made this half to streamline the entire business. Our operating model review has repositioned all areas of the business to execute our strategy and has allowed us to invest in growth initiatives that will deliver new earning streams in the future.

"We continue to reposition and invest in our business to exploit opportunities for quality, sustainable growth. The recent announcement of our acquisition of Trillium Asset Management, a leading pioneer in ESG investing, is an important first step for us as we execute our strategy of adding world-class investment capabilities and expanding our geographic reach.

"In Perpetual Private, we completed the acquisition of Priority Life and continued to add high quality advisers, growing our adviser numbers by 24% since 1H19²."

Business Unit Overview

Perpetual Investments

In 1H20, Perpetual Investments' profit before tax (PBT) was \$37.2 million, which was \$9.3 million or 20% lower compared to 1H19. PBT was impacted by a decrease in revenue due to lower average funds under management (FUM) and lower performance fees earned.

Mr Adams commented, "While the business experienced challenging conditions with elevated markets offset by net outflows, it was pleasing to report positive flows during the second quarter, with cash and

¹ Underlying profit excludes significant items

² Inclusive of six specialist Priority Life advisers

fixed income now representing more than one third of our total FUM. This demonstrates the strength of our capabilities beyond Australian equities.

“Our acquisition of Trillium Asset Management will enable us to better meet the evolving expectations of our stakeholders as the ESG revolution continues with demand for investments providing both positive returns and a positive long-term ESG impact.

“As previously announced, Adam Quaife, our new Global Head of Distribution commenced in December. Adam has run successful asset management distribution teams in Australia, the Middle East, Europe and Asia. In addition, I am delighted to announce that Chuck Thompson has joined Perpetual to head our distribution build-out across the Americas. Like Adam, I have had the pleasure of working with Chuck previously. Chuck ran Henderson’s US distribution team for 15 years, building a US\$20 billion business over that time. To have Distribution leadership of such proven quality like Adam and Chuck driving our growth into key markets previously untapped by Perpetual is an exciting development.”

Perpetual Private

Perpetual Private’s PBT was \$17.4 million, \$5.2 million or 23% lower than 1H19, due to increased investment in strategic initiatives, including acquisition expenses related to Priority Life and additional staff costs to support the future growth of the business.

Mr Adams said, “Perpetual Private has delivered 13 consecutive halves of positive flows, along with continued client growth within the high net worth segment despite the dislocation in the broader advice industry. This continued growth is testament to the trust in the Perpetual brand and the strength of our business model and our deep and long-lasting relationships.”

“Our client focused business model and disciplined approach, combined with new opportunities arising from industry dislocation, have enabled us to continue to attract quality advisers and clients. We welcomed 7 of the 16 new advisers over the first half, bringing our total number of advisers to 72² at the end of December. Our pipeline of new advisers continues to build.

“The acquisition of Priority Life, a Melbourne-based specialist risk advisory business with a strong focus on medical practitioners and professionals, further strengthened our risk advisory capability, facilitating deeper engagement with our private clients. As part of this acquisition we welcomed six specialist advisers to Perpetual.

“Another key part of Perpetual Private is our philanthropic business which held \$3.0 billion in funds under advice for charitable trusts and endowment funds at the end of the first half. We are proud to be one of Australia’s largest managers of philanthropic funds.”

Perpetual Corporate Trust

Perpetual Corporate Trust’s PBT was \$27.5 million, which was \$5.1 million or 23% higher than 1H19. The result was driven by solid growth within commercial property and managed investment funds, together with higher asset prices.

“Perpetual Corporate Trust experienced strong growth in 1H20. We remain industry leaders within our core Debt Markets Services and Managed Funds Services businesses, as we continue to deliver innovative solutions to our clients.

“2019 saw the largest issuance of public securitisation since the GFC with a total of A\$45.7 billion placed in the public Australian securitisation market³. Our Debt Markets Services business benefited from growth in non-ADI lending while Managed Funds Services experienced ongoing demand from global investors.

“Through innovation and the development of digital products and platforms, our Data and Analytics Solutions business experienced ongoing demand from clients for digital solutions to supplement our core fiduciary roles,” Mr Adams said.

³ Westpac, Australian Securitisation – 2019 Year in Review – 2020 Year Ahead, 13 December 2019

- Ends -

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About Perpetual

Perpetual is an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information, please visit www.perpetual.com.au