

22 February 2018

PERPETUAL LIMITED

1H18 RESULTS

Six months to 31 December 2017

Geoff Lloyd

Chief Executive Officer & Managing Director

Gillian Larkins

Chief Financial Officer

ABN 86 000 431 827

Perpetual 



GEOFF LLOYD
CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR

Perpetual 



1H18: DIVERSIFICATION DELIVERING PROFIT

NPAT



3%

on 1H17

DPS

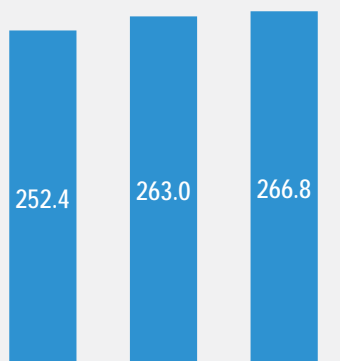


4%

on 1H17

Revenue (\$m)

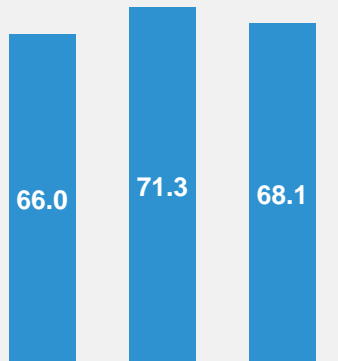
+6%



1H17 2H17 1H18

NPAT (\$m)

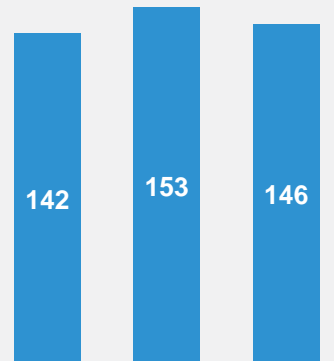
+3%



1H17 2H17 1H18

EPS (NPAT, CPS)

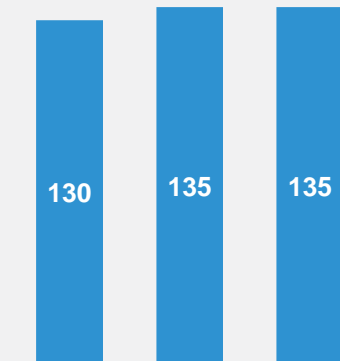
+3%



1H17 2H17 1H18

DPS (CPS)

+4%



1H17 2H17 1H18

1H18 OVERVIEW: A DIVERSIFIED BUSINESS WITH A CLEAR FOCUS

VISION | Australia's largest and most trusted independent wealth manager

PERPETUAL INVESTMENTS

\$32.8b
FUM



Maintaining leadership in Australian equities while growing other asset classes

PERPETUAL PRIVATE

\$13.7b
FUA



Targeted High Net Worth (HNW) segment strategy

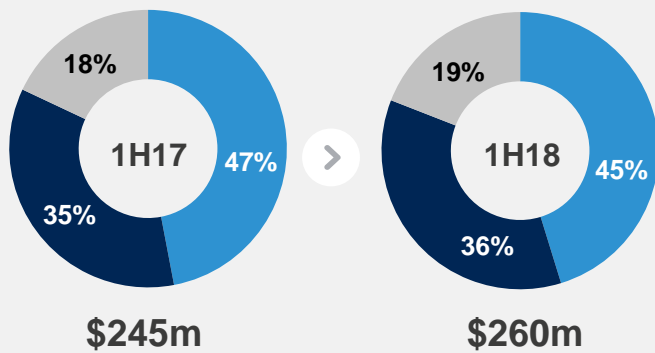
PERPETUAL CORPORATE TRUST

\$662b
FUA

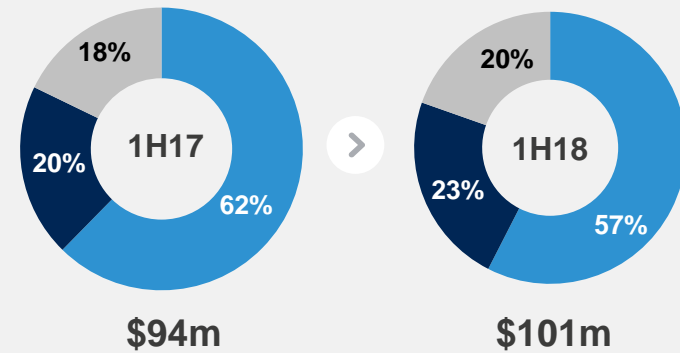


Leading corporate trustee extending into adjacent markets

Revenue¹ 6% on 1H17



PBT¹ 7% on 1H17

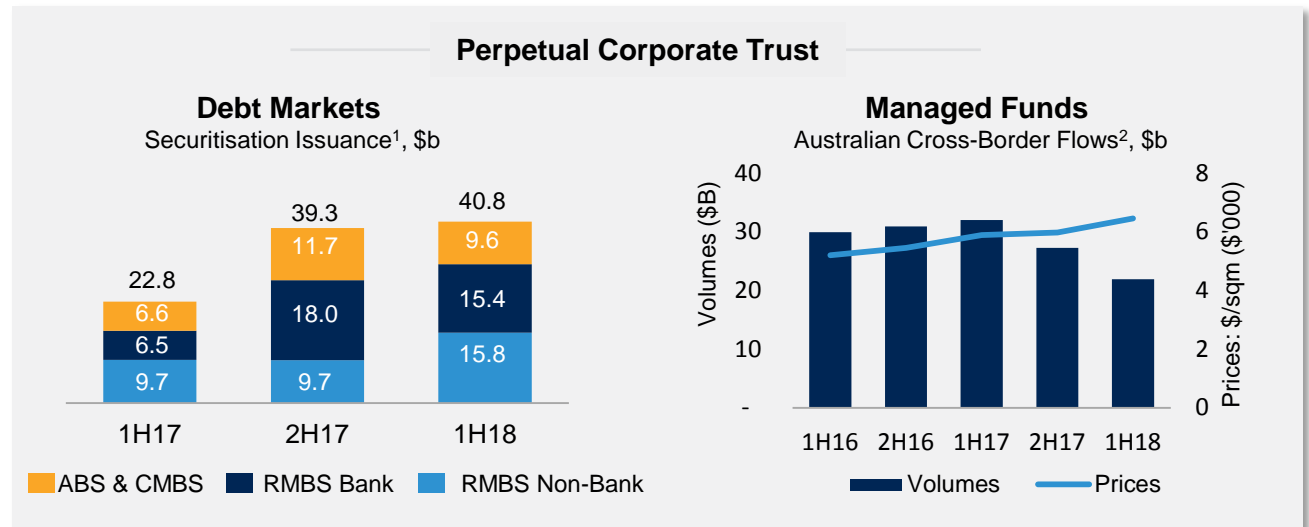
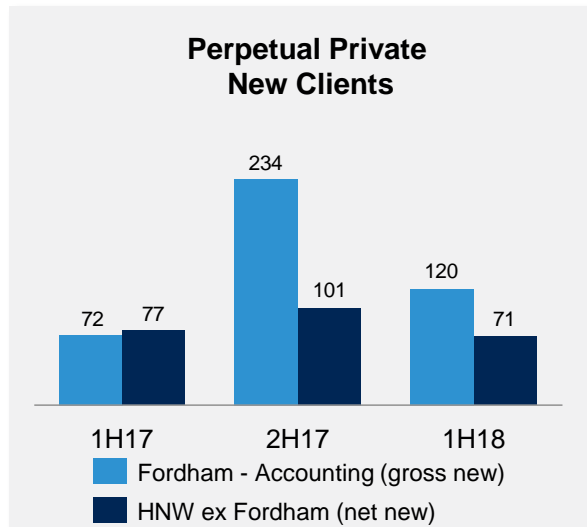
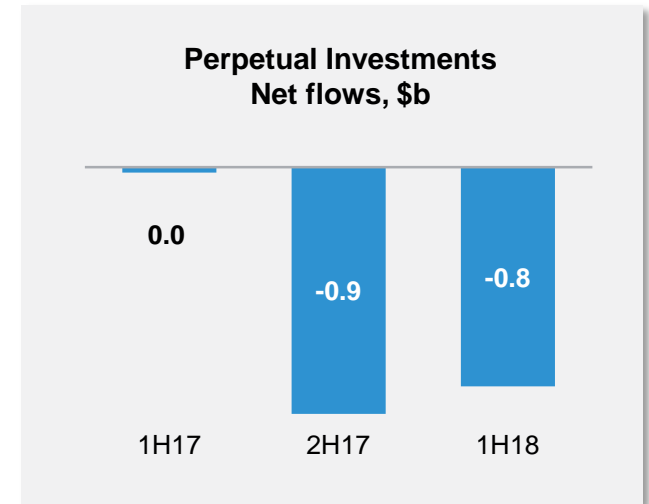
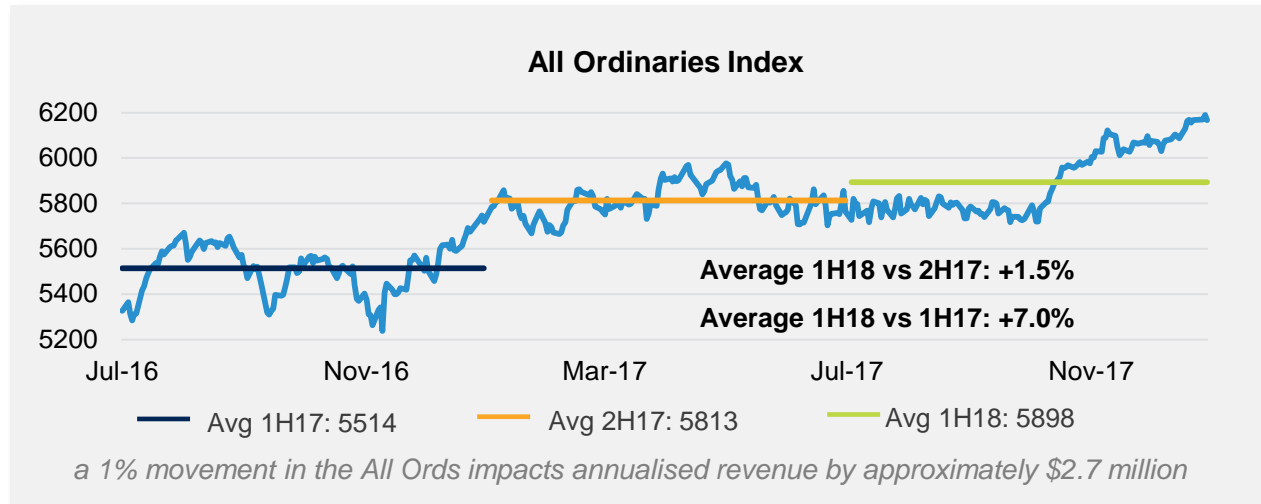


Perpetual Investments Perpetual Private Perpetual Corporate Trust

1. Excludes Group Support Services

1H18 DRIVERS

STRONG MARKETS AND ASSET VALUES, CLIENT GROWTH AND SECURITISATION ISSUANCE



1. New securitisation issuance where PCT appointed Securitisation Trustee; 2. Australia All Property Types Cross-Border Volume (\$b) & \$/sqm (\$'000); Source: Real Capital Analytics, Inc.

PERPETUAL INVESTMENTS

EXTENSIONS GAINING TRACTION

Majority of funds 1st or 2nd quartile for 1H18

Money Magazine Winner 2018 Best Fund Manager

100% of funds above median over 7 years



Australian Equities

- Investment performance improving in Australian Equities: majority of funds above benchmark for the half
- 2017 Professional Planner | Zenith award winner for Australian Equities – Small Cap and Alternative Strategies
- Performance fees earned on Pure Equity Alpha and Pure Microcap funds



Global Equities

- Global Share Fund delivers above benchmark performance over 1, 2, 3, 5 & 7 years
- Performance fees earned on Global Share Fund
- Global Ethical mandate seeded



Credit and Fixed Income

- Consistently strong performance: all strategies above benchmark over all time horizons
- Positive net flows in the half



Multi Asset

- Recommended ratings across our suite of Multi Asset products
- Diversified Real Return Fund added to 1st major institution APL and 1 major platform

1H18 AWARDS



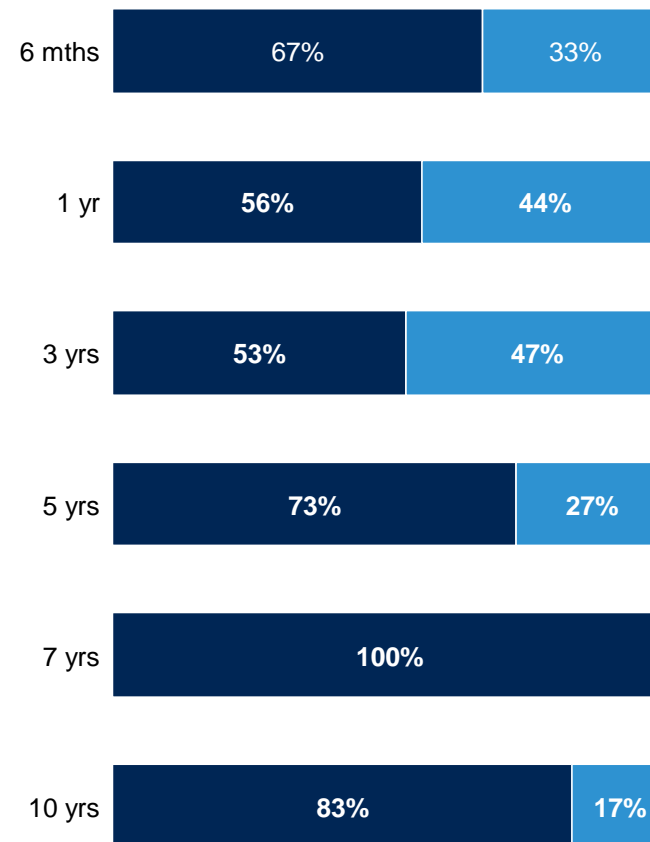
PERPETUAL INVESTMENTS

STRONG LONG-TERM INVESTMENT PERFORMANCE

Quartile Rankings¹ periods ending December 2017

		6mths	1 yr	3 yrs	5 yrs	7 yrs	10 yrs
Australian Equities	Perpetual W Australian	2	4	4	4	2	1
	Perpetual W Concentrated Equity	1	3	3	2	1	1
	Perpetual W Ethical SRI	4	4	1	1	1	1
	Perpetual W Geared Australian	1	1	1	1	1	4
	Perpetual W Industrial	4	4	4	2	1	1
	Perpetual W SHARE-PLUS Long-Short	1	1	2	1	1	1
	Perpetual W Smaller Companies	4	2	3	2	2	1
	Perpetual Pure Equity Alpha	4	4	4	3		
	Perpetual Pure Microcap	3	1	1			
Global Equities	Perpetual Global Share Fund - Class A	2	2	1			
	Perpetual Global Share Fund - Hedged	1	1				
Multi Asset	Perpetual W Balanced Growth	2	3	3	3	1	1
	Perpetual W Conservative Growth	2	3	3	2	1	1
	Perpetual W Diversified Growth	3	4	4	2	1	1
	Perpetual Diversified Real Return	2	2	2	4	2	
Credit and Fixed Income	Perpetual W Diversified Income	1	1	2	2	2	3
	Perpetual Active Fixed Interest	1	1	1	1	1	1
	Perpetual Pure Credit Alpha	1	2	1	1		

% of funds quartile ranking over 6 months – 10 years¹



■ 1st & 2nd quartile ■ 3rd & 4th quartile

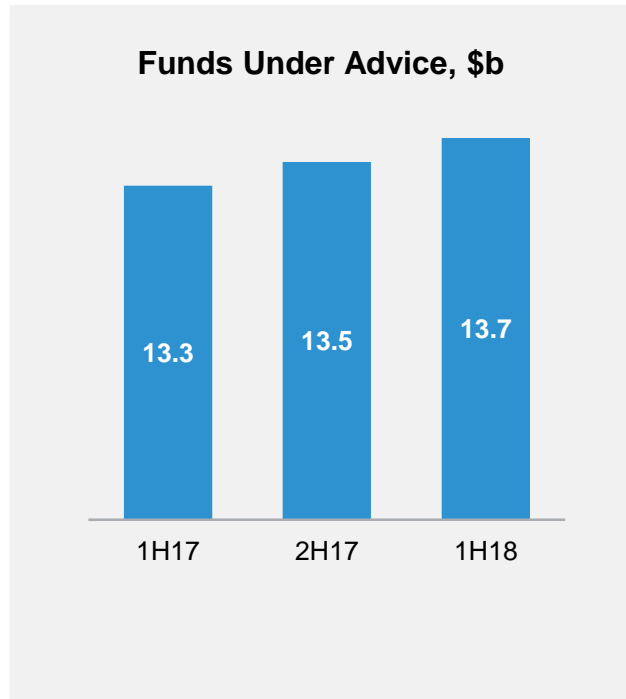
1. Perpetual flagship funds included in the Mercer wholesale surveys – quartile ranking.

Note: Returns for the Global Share Fund now reflect class A units launched in 2014. Returns reported in previous periods reflected gross returns for the Global Share Pool

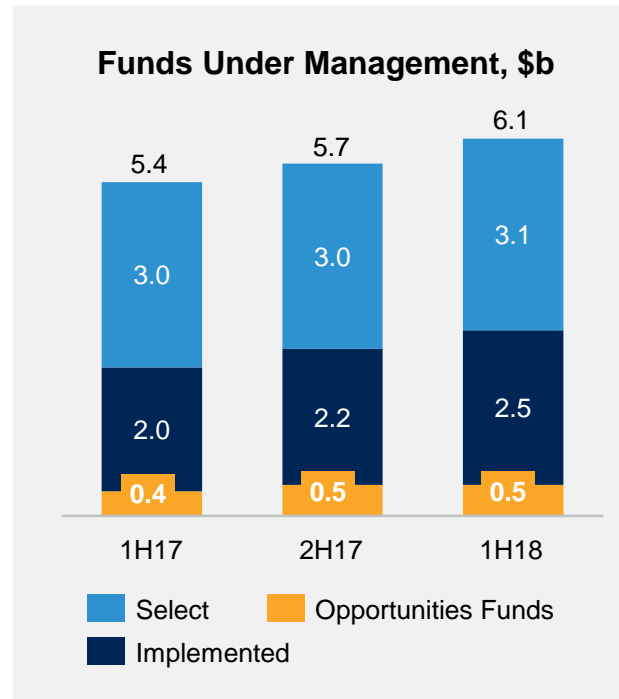
PERPETUAL PRIVATE

STRATEGY DELIVERING STRONG PROFIT GROWTH

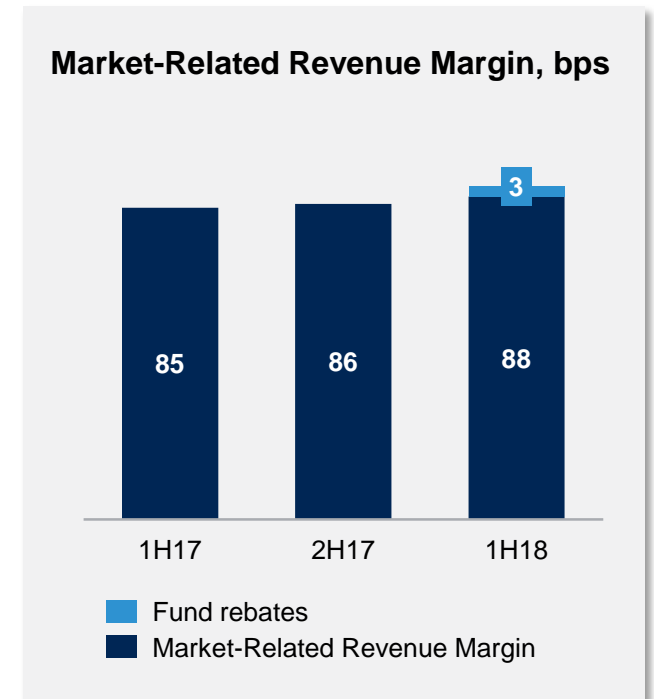
3% growth in Funds Under Advice vs 1H17



13% growth in PP Funds Under Management vs 1H17

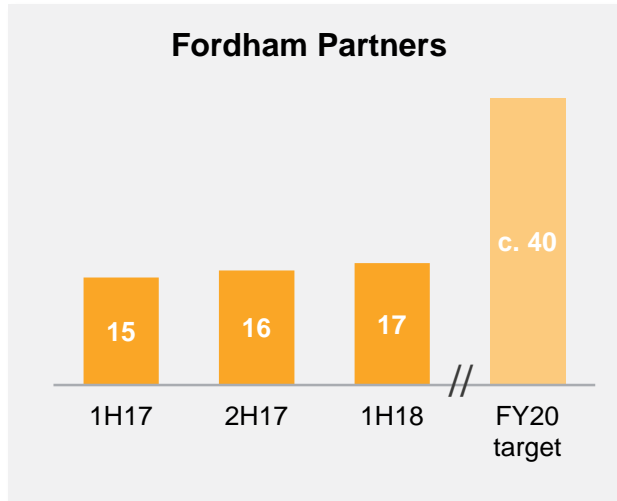
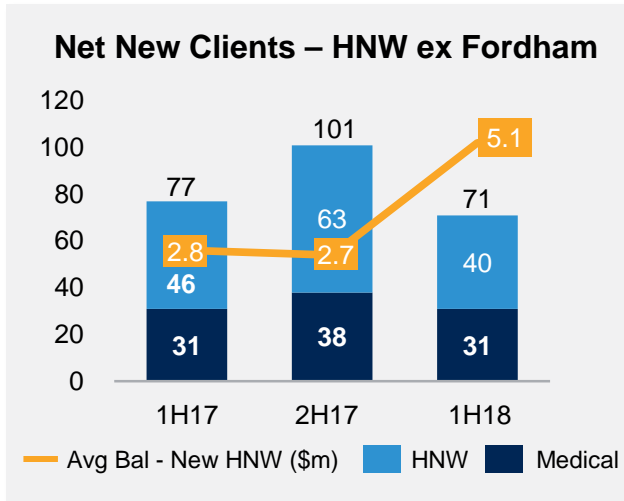
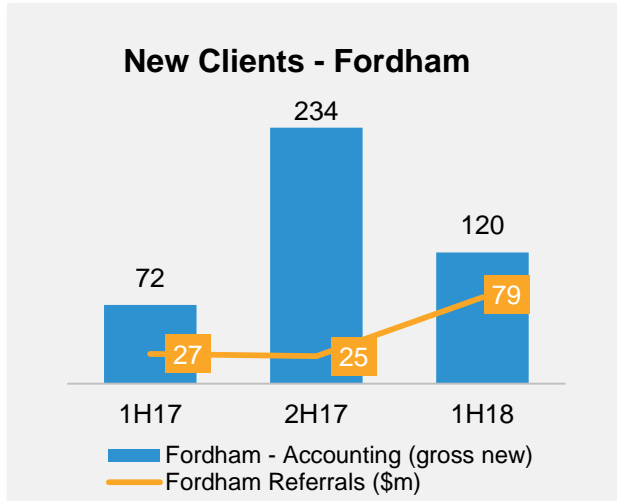
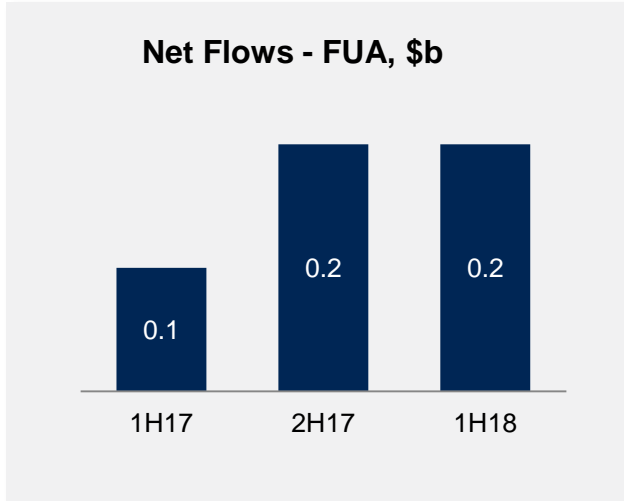


Market-related revenue margin improving



PERPETUAL PRIVATE

STRATEGY DELIVERING STRONG PROFIT GROWTH



9 consecutive halves of positive net flows



Continued new client growth across HNW and Fordham



Fordham again largest referral partner to Advice business

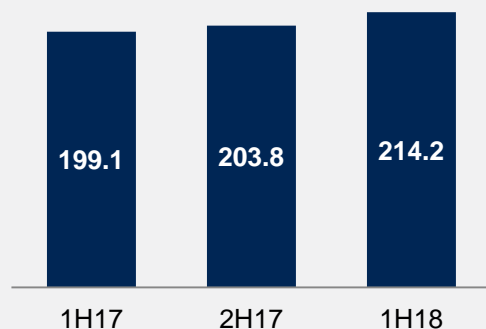


Average FUA balance for new HNW clients \$5.1m

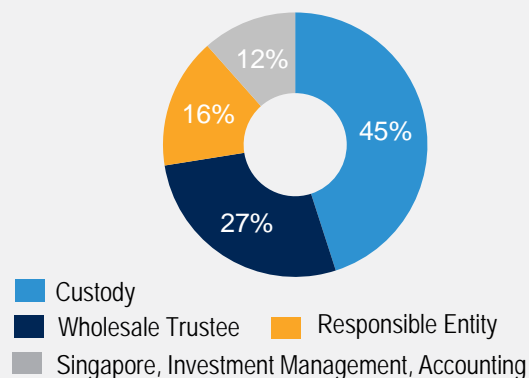
PERPETUAL CORPORATE TRUST – MANAGED FUND SERVICES

MEANINGFUL CONTRIBUTION

Managed Fund Services FUA, \$b



Managed Fund Services, Revenue Breakdown



- Managed Fund Services growing strongly
- Inbound capital flows remain strong and high asset prices driving improved revenue growth
- Singapore operations continuing strong FUA growth: 24% CAGR since 1H13

SIGNIFICANT TRANSACTIONS 1H18



MCP Master Income Trust - ASX listed investment trust providing direct exposure to Australian Corporate Debt

\$515m FUM

Responsible Entity and Custody



Singapore REIT IPO of US Office Property Portfolio of 11 assets across seven key growth markets in USA.

US \$829.4m AUM

S-REIT Trustee



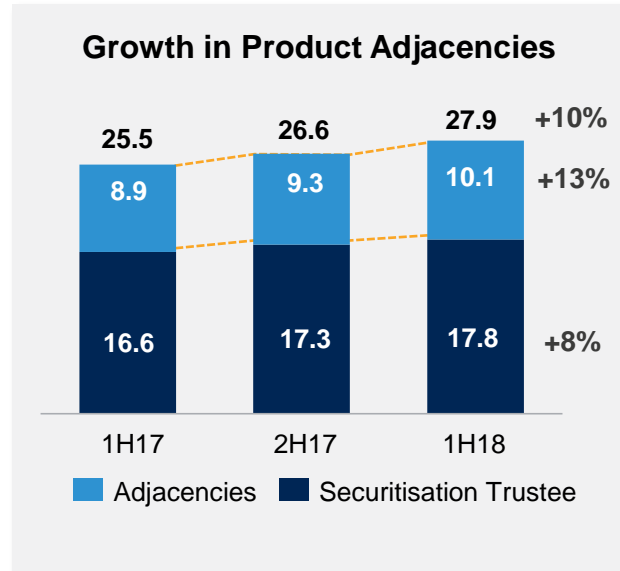
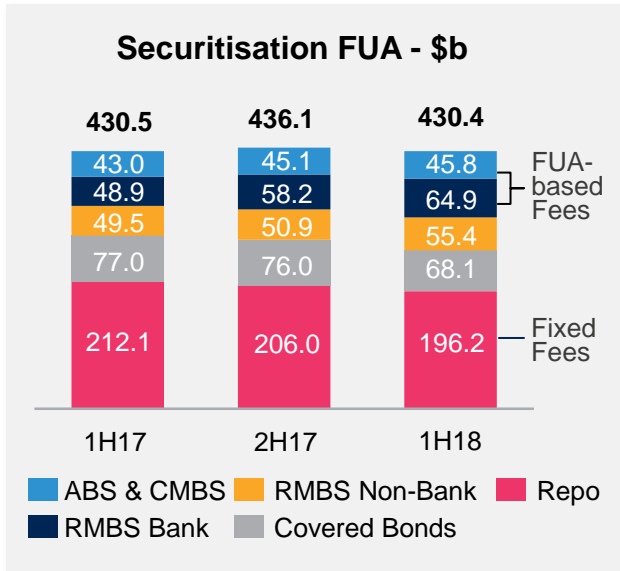
Singapore REIT IPO of European Commercial Property Portfolio of 74 assets across five countries

EUR \$1.4b AUM

S-REIT Trustee

PERPETUAL CORPORATE TRUST - DEBT MARKETS SERVICES

CONSISTENT GROWTH IN 1H18



- Securitisation markets continue to improve
- Strong issuance of higher-margin bank and non-bank RMBS in 1H18
- 22% growth in higher margin RMBS and ABS FUA
- Extension products of Trust Management, Standby Servicing, Document Custody and Data Services continue to grow

SIGNIFICANT TRANSACTIONS 1H18



Residential mortgage-backed securities
SMHL Series Securitisation Fund 2017-1

\$1.5b FUA

Trustee, Security Trustee, Data Services &
Custodian



Residential mortgage-backed securities
Apollo Series 2017-2 Trust

\$1.5b FUA

Trustee, Security Trustee and
Data Services



Residential mortgage-backed securities
Securitized Australian Mortgage Trust 2017-1

\$1.6b FUA

Trustee, Security Trustee, and
Data Services

Note: \$17.9bn (2H17: \$18.0bn) Corporate Securities FUA was previously reported under Managed Funds Services and is now reported under Debt Market Services. There is no impact on reported revenue.



GEOFF LLOYD

CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR

Perpetual 

FINANCIALS

GILLIAN LARKINS
CHIEF FINANCIAL OFFICER

Perpetual 

FINANCIAL PERFORMANCE – GROUP

UNDERLYING PROFIT SUPPORTED BY ONGOING COST DISCIPLINE

For the period	1H18 \$m	2H17 \$m	1H17 \$m	1H18 v 2H17	1H18 v 1H17
Operating revenue	266.8	263.0	252.4	1%	6%
Total expenses	165.3	165.7	160.7	0%	(3%)
Underlying profit after tax (UPAT) for continuing operations	71.5	71.3	65.7	0%	9%
Significant items	(3.5)	-	0.4	na	na
Net profit after tax (NPAT)¹	68.1	71.3	66.0	(4%)	3%
UPBT Margin on revenue (%)	38%	37%	36%	1%pts	2%pts
Diluted EPS on UPAT (cps)	153.0	152.6	140.7	0%	9%
Diluted EPS on NPAT (cps)	145.5	152.6	141.5	(5%)	3%
Dividends (cps)	135	135	130	0%	4%
Return on Equity on NPAT (%)	21%	23%	22%	(2%pts)	0%pts

Key themes

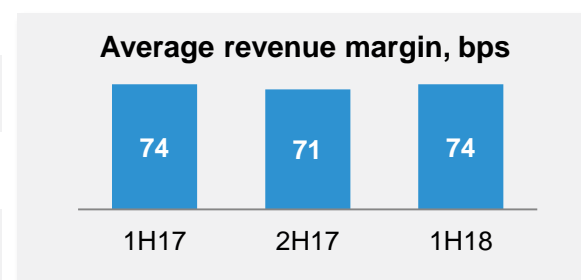
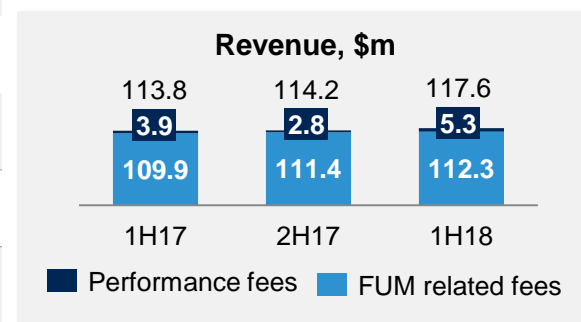
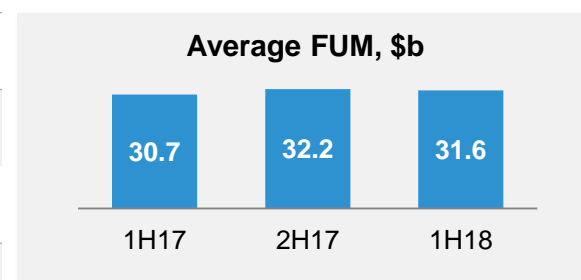
- Operating revenue increase supported by higher equity markets
- Total expenses reflect cost discipline within 2-4% range
- Cost to income ratio of 62% in 1H18 versus 64% in 1H17
- Fully franked full-year dividend up 4%

1. Attributable to equity holders of Perpetual Limited.

PERPETUAL INVESTMENTS

REVENUE MARGINS MAINTAINED

For the period	1H18 \$m	2H17 \$m	1H17 \$m	1H18 v 2H17	1H18 v 1H17
Revenue	117.6	114.2	113.8	3%	3%
Operating expenses	(54.9)	(52.1)	(50.9)	(5%)	(8%)
EBITDA ¹	62.7	62.1	63.0	1%	(0%)
Depreciation & amortisation	(1.3)	(1.3)	(1.3)	0%	0%
Equity remuneration	(3.4)	(3.2)	(2.8)	(7%)	(20%)
Profit before tax	58.1	57.7	58.8	1%	(1%)
PBT Margin on revenue (%)	49%	51%	52%	(2%pts)	(3%pts)
Closing FUM (\$b)	32.8	31.4	31.9	4%	3%
Average FUM (\$b)	31.6	32.2	30.7	(2%)	3%
Net flows (\$b)	(0.8)	(0.9)	(0.0)	11%	na
Average FUM revenue margin (bps)	74bps	71bps	74bps	3bps	0bps

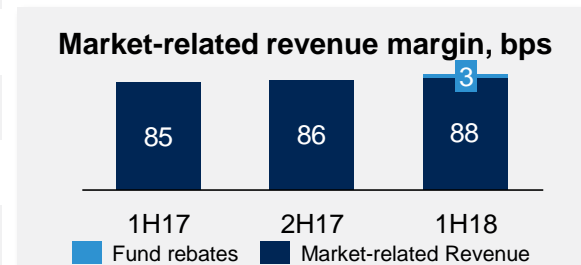
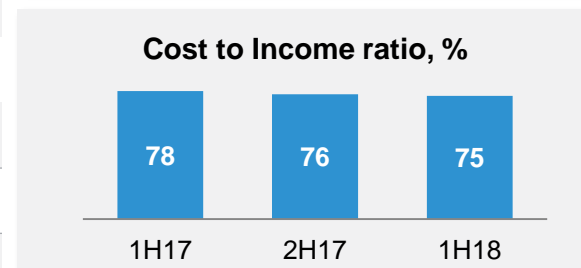
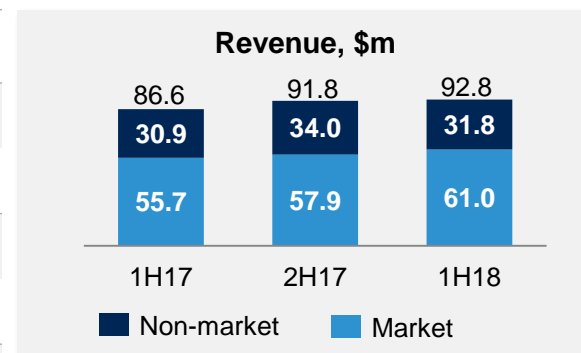


1. EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

PERPETUAL PRIVATE

CONTINUED STRONG PROFIT GROWTH

For the period	1H18 \$m	2H17 \$m	1H17 \$m	1H18 v 2H17	1H18 v 1H17
Market related revenue	61.0	57.9	55.7	5%	10%
Non-market related revenue	31.8	34.0	30.9	(6%)	3%
Total revenues	92.8	91.8	86.6	1%	7%
Operating expenses	(63.6)	(62.9)	(61.1)	(1%)	(4%)
EBITDA ¹	29.2	29.0	25.5	1%	15%
Depreciation & amortisation	(4.4)	(5.0)	(5.0)	12%	12%
Equity remuneration	(1.6)	(2.1)	(1.7)	25%	6%
Profit before tax	23.1	21.8	18.7	6%	24%
PBT Margin on revenue (%)	25%	24%	22%	1%pts	3%pts
Closing FUA (\$b)	13.7	13.5	13.3	2%	3%
Average FUA (\$b)	13.4	13.3	13.0	1%	3%
Net flows (\$b)	0.2	0.2	0.1	0%	100%
Market related revenue margin (bps)	91bps	86bps	85bps	5bps	6bps

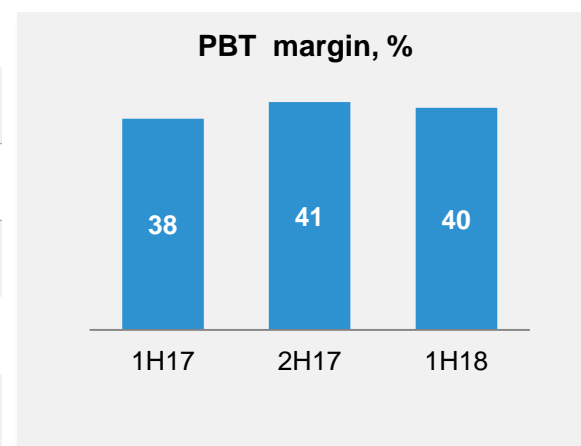
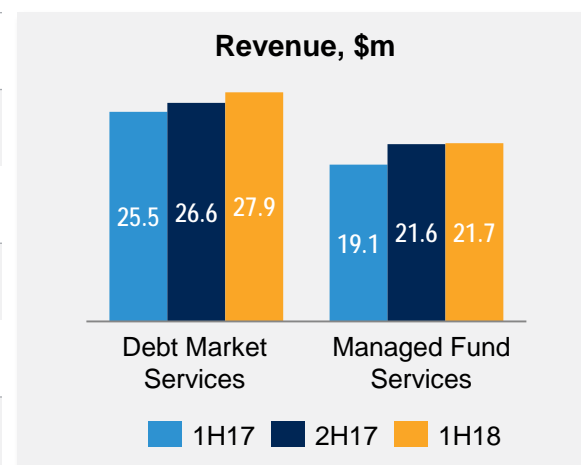


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PERPETUAL CORPORATE TRUST

RESULT SUPPORTED BY FAVOURABLE MARKET CONDITIONS

For the period	1H18 \$m	2H17 \$m	1H17 \$m	1H18 v 2H17	1H18 v 1H17
Debt Market Services revenue	27.9	26.6	25.5	5%	10%
Managed Fund Services revenue	21.7	21.6	19.1	0%	14%
Total revenues	49.6	48.2	44.5	3%	11%
Operating expenses	(25.9)	(24.2)	(24.1)	(7%)	(8%)
EBITDA ¹	23.7	24.0	20.5	(1%)	16%
Depreciation & amortisation	(3.1)	(3.2)	(3.0)	1%	(3%)
Equity remuneration	(0.7)	(0.9)	(0.6)	22%	(11%)
Profit before tax	19.8	19.9	16.8	(0%)	18%
PBT Margin on revenue (%)	40%	41%	38%	(1%pts)	2%pts
Closing FUA (\$b) - Debt Market Services	448.3	454.1	445.0	(1%)	1%
Closing FUA (\$b) - Managed Funds Services	214.2	203.8	199.1	5%	8%

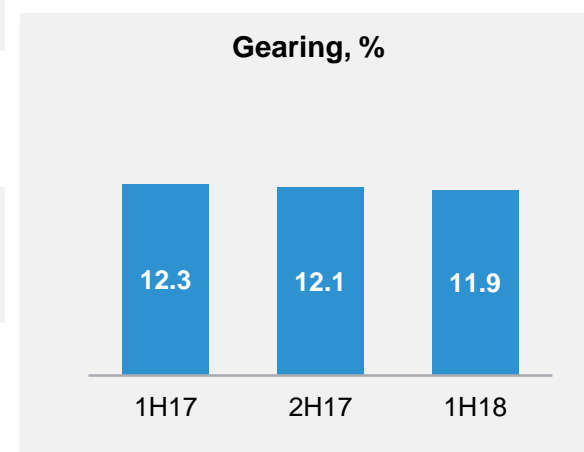
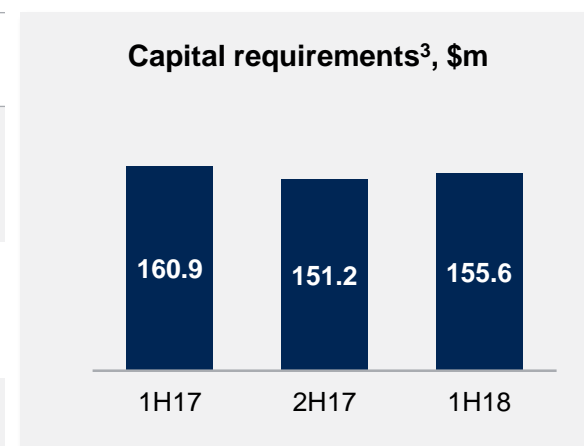


1. EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

BALANCE SHEET

CAPACITY TO PURSUE GROWTH OPPORTUNITIES

As at the period ended	1H18 \$m	2H17 \$m	1H17 \$m	1H18 v 2H17	1H18 v 1H17
Net cash (\$m) ¹	183.1	236.5	169.5	(23%)	8%
Goodwill and other intangibles ² (\$m)	340.2	350.4	341.2	(3%)	(0%)
Net tangible assets (\$m)	306.8	284.0	277.1	8%	11%
Net tangible assets per share (\$)	\$6.59	\$6.10	\$5.95	8%	11%
Corporate debt to capital ratio (%)	11.9%	12.1%	12.3%	(2%)	(3%)
Interest coverage (times)	76x	77x	61x	(1%)	25%



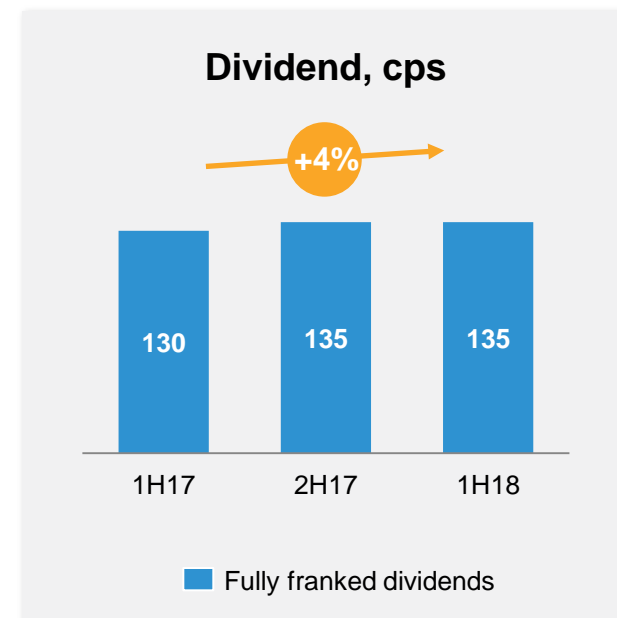
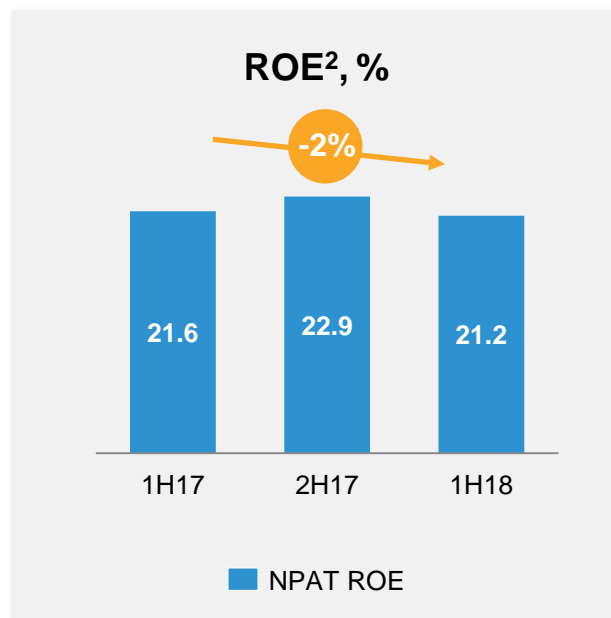
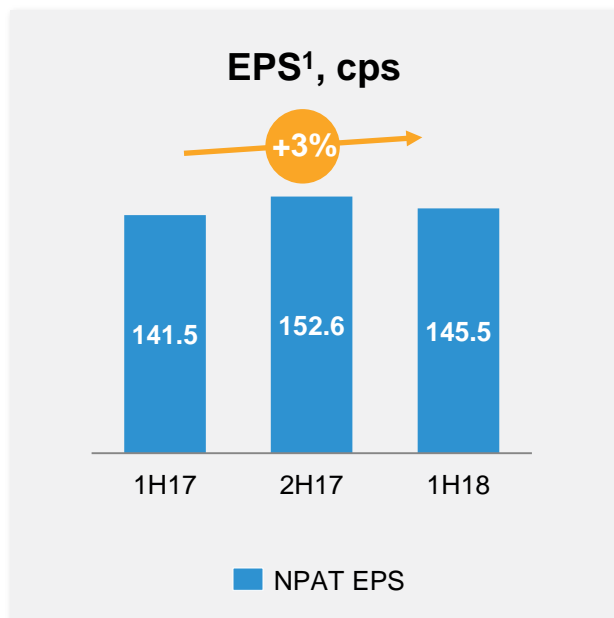
1. Cash and cash equivalents less corporate loan facility

2. Intangibles comprise intangible assets plus deferred tax assets less deferred tax liabilities.

3. Operational risk including regulatory capital requirements.

FINANCIAL PERFORMANCE

SUSTAINED DIVIDEND PAYOUT



FY18 Interim Dividend
135 cps

Payout ratio³
92.4%

Dividend payable
26 March

1. Fully diluted.
2. ROE is calculated using NPAT attributable to equity holders of Perpetual Limited for the period divided by average equity attributable to equity holders of Perpetual Limited.
3. Dividends paid/payable as a proportion of NPAT based on ordinary fully paid shares at the end of each reporting period.



1H18: DIVERSIFICATION DELIVERING PROFIT

NPAT



3%

on 1H17

DPS

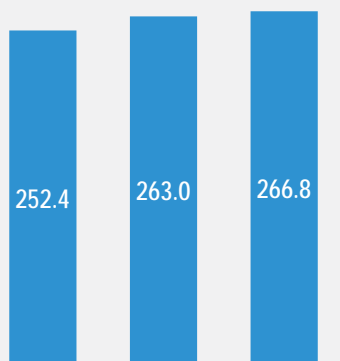


4%

on 1H17

Revenue (\$m)

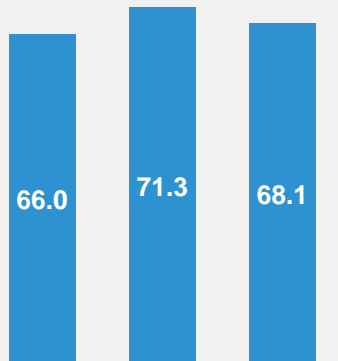
+6%



1H17 2H17 1H18

NPAT (\$m)

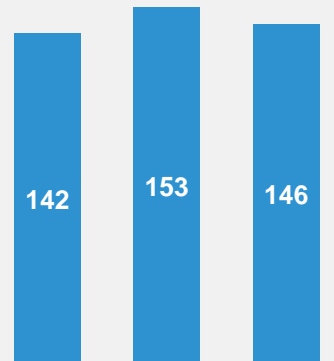
+3%



1H17 2H17 1H18

EPS (NPAT, CPS)

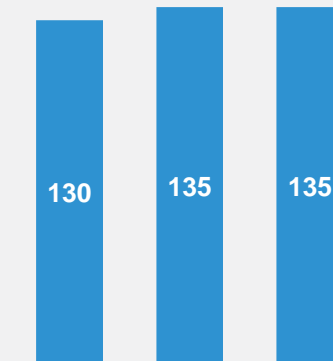
+3%



1H17 2H17 1H18

DPS (CPS)

+4%



1H17 2H17 1H18

CONTACTS

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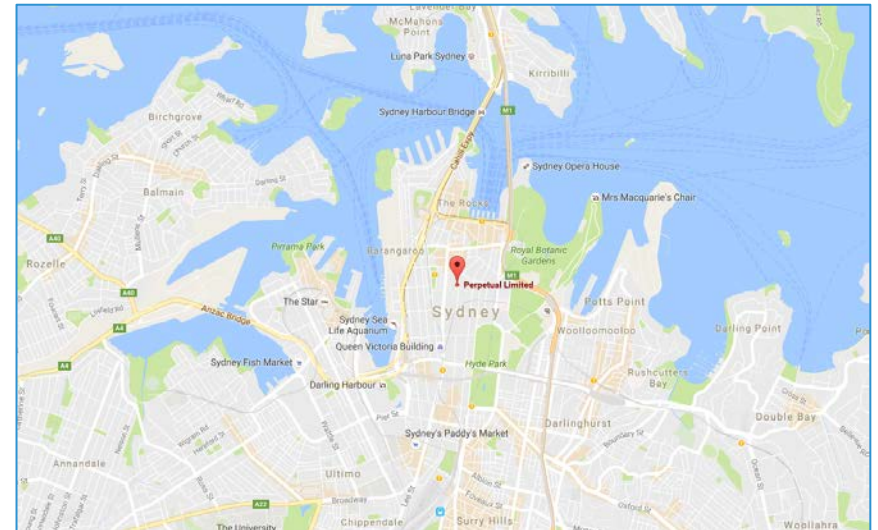
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Investor Relations Administration

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📍 Level 18 Angel Place, 123 Pitt Street
SYDNEY NSW 2000 Australia



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, go to www.perpetual.com.au

DISCLAIMER

Important information

The information in this presentation is general background information about the Perpetual Group and its activities current as at 22 February 2018. It is in summary form and is not necessarily complete. It should be read together with the company's audited consolidated financial statements lodged with ASX on 22 February 2018. The information in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account your financial objectives, situation or needs. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

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UPAT attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with the AICD/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. UPAT attributable to equity holders of Perpetual Limited has not been reviewed by the Group's external auditors, however the adjustments to NPAT attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been reviewed.

Nothing in this presentation should be construed as either an offer to sell or solicitation of an offer to buy or sell Perpetual Limited securities in any jurisdiction.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated. All references to NPAT, UPAT etc. are in relation to Perpetual Limited ordinary shareholders. Certain figures may be subject to rounding differences.

Note:

- 1H18 refers to the financial reporting period for the six months ended 31 December 2017
- 2H17 refers to the financial reporting period for the six months ended 30 June 2017
- 1H17 refers to the financial reporting period for the six months ended 31 December 2016 with similar abbreviations for previous and subsequent periods.
- FY17 refers to the financial reporting period for the twelve months ended 30 June 2017 with similar abbreviations for previous and subsequent periods.