

19 August 2021

ASX Announcement

Perpetual Limited announces 2021 Full Year Results

- FY21 underlying profit after tax (UPAT)¹ of A\$124.1 million, an increase of 26% on FY20, including positive impact of transformational Trillium and Barrow Hanley acquisitions
- Fully franked final ordinary dividend of A\$0.96 per share which brings the total FY21 dividend to A\$1.80 per share, up 16% on FY20
- Total assets under management (AUM) was A\$98.3 billion²
- Newly formed Perpetual Asset Management International delivers underlying profit before tax of A\$40.7 million, with record ESG inflows for Trillium and the build-out of Perpetual's global distribution team ahead of plan
- Perpetual Asset Management Australia delivers underlying profit before tax of A\$42.2 million and outstanding investment performance during the year, with all funds outperforming their relative benchmarks³
- Perpetual Private delivers underlying profit before tax of A\$35.0 million, an increase of 8% on the prior period, driven by higher market related revenues and positive net flows
- Perpetual Corporate Trust has another strong year, delivering underlying profit before tax of A\$63.8 million, an increase of 9% on FY20

Perpetual Limited (Perpetual) (ASX: PPT) has today announced its results for the full year ended 30 June 2021, delivering UPAT of A\$124.1 million, an increase of 26% on FY20. This result reflects the impact of increased AUM following the acquisitions of Trillium Asset Management (Trillium) and Barrow Hanley Global Investors (Barrow Hanley), improved performance fees and strong contributions from Perpetual Corporate Trust and Perpetual Private. Statutory net profit after tax (NPAT) was A\$74.9 million, down 9% on the prior year and includes a number of one-off items associated with acquisition and integration costs.

FY21 revenue was up 31% to A\$640.6 million, reflecting higher levels of AUM from the 12 and seven month contributions from Trillium and Barrow Hanley respectively, as well as increased performance fees due to strong relative fund performance within Perpetual Asset Management Australia.

The Board has determined to pay a final dividend of A\$0.96 per share, resulting in a fully franked total dividend for the full year of A\$1.80, representing a payout ratio of 82%⁴ of UPAT for the 12 months ended 30 June 2021. This is in line with Perpetual's policy to pay dividends within a range of 60% to 90% of UPAT on an annualised basis.

Commenting on the full year results, Perpetual Chief Executive Officer and Managing Director, Rob Adams, said, "We delivered solid results in FY21, with a strong uplift in earnings. The year was truly transformational for Perpetual and saw our continued evolution from a largely Australian focused business with A\$28.4 billion in AUM, to now managing close to A\$100 billion in AUM, with a global footprint, a global client base and a strong forward-looking growth profile.

¹ UPAT is NPAT adjusted to remove significant items which do not reflect the normal operating activities and are material in nature. Refer to Appendix B of the Operating and Financial Review (OFR) for the 12 months ended 30 June 2021 for the definition of UPAT and reconciliation to NPAT

² Perpetual's total AUM were A\$98.3 billion as at 30 June 2021. AUM translated at AUD:USD 0.75 as at 30 June 2021. Perpetual Asset Management Australia and Perpetual Asset Management International AUM is combined

³ As at 30 June 2021. Past performance is not indicative of future performance. The product disclosure statements (PDS) of any funds should be considered before deciding whether to acquire or hold units. All relevant PDS are available on Perpetual's website www.perpetual.com.au.

Perpetual Asset Management Australia funds are not for distribution or release in the United States. See www.perpetual.com.au

⁴ Payout ratio of final dividend was 76% of UPAT

“Our FY21 financial performance reflects the positive impacts of our transformational acquisitions. Despite an external environment that continued to present uncertainty due to the impacts of COVID-19, all four of our operating divisions made strong progress with our strategic priorities and investments in growth initiatives.

“At 30 June, the Group maintained its strong balance sheet which positions us to drive organic growth and take advantage of inorganic opportunities to add further depth and breadth of capability to our offerings globally.”

Business Unit Overviews

Perpetual Asset Management International

Perpetual Asset Management International (PAMI), our new international division comprising the Trillium and Barrow Hanley businesses, delivered total revenue of A\$139.2 million and underlying profit before tax of A\$40.7 million. This included a seven month contribution from Barrow Hanley.

AUM for PAMI totalled A\$73.6 billion (US\$55.3 billion)⁵ at period end, benefiting from positive market movements, strong investment performance, with Barrow Hanley capabilities in particular delivering some outstanding results, and positive net flows for Trillium.

Mr Adams said, “Our first year of Perpetual’s ownership of Trillium has been a highlight, with the business recording its highest net flows in its history. We are also particularly pleased with Barrow Hanley’s strong investment performance over the period, with 92% of equity strategies and 77% of fixed income strategies exceeding their respective benchmarks over one year⁶ and the pipeline of opportunities is building as a result.

“We made good progress on product initiatives, as well as accelerating the build-out of our global distribution capabilities, with senior appointments in key regions and offices established in the US, the UK and in Europe.

“In extending Trillium’s increased commitment to the UK and European markets, our newly formed investment team in Edinburgh, led by respected investor Ian Warmerdam, has successfully launched the Trillium ESG Global High Conviction Strategy. This strategy uniquely combines Trillium’s in-depth integrated ESG approach and commitment to advocacy with Ian’s proven investment process.

“We are also pleased to announce the recent appointment of Jan Hein Alfrink as Director, Institutional Business Development, based in Amsterdam. Jan joins us from GAM Investment Management where he spent 10 years, most recently as Head of Distribution responsible for business development and client relationship management covering institutional and wholesale segments across Europe. We are very much looking forward to having someone of Jan’s calibre in the team to help grow our presence across core European markets.”

Perpetual Asset Management Australia

Perpetual Asset Management Australia (PAMA) delivered total revenue of A\$165.7 million, down 5% on FY20, and underlying profit before tax of A\$42.2 million, 24% lower than FY20. The decrease on FY20 was largely driven by a decline in average AUM due to net outflows and prior period distributions, as well as legacy product repricing, partially offset by higher performance fees and positive investment markets. AUM for PAMA at the end of FY21 was A\$24.8 billion, 8% higher than FY20.⁷

⁵ Total AUM translated at AUD:USD 0.75 as at 30 June 2021

⁶ Past performance is not indicative of future performance. The product disclosure statement for each of these strategies should be considered before deciding whether to acquire or hold units. The PDS for these funds are available on Barrow Hanley’s website www.barrowhanley.com

⁷ FY20 closing AUM has been re-presented for Trillium, which is now reported under Perpetual Asset Management International AUM

Mr Adams said, “While it has been disappointing to see continued net outflows during the year, it was encouraging to see positive net flows in the final quarter. It has been pleasing to see the strong performance delivered for our clients by all of our Australian-based investment teams, with many of our capabilities recording their best year since inception and all of our funds performing above their respective benchmarks.

“Our Australian Equity team remained focused on their value approach, benefiting from the shift towards value stocks that occurred during the year. Our credit and fixed income funds delivered another strong year of performance, as did our Multi-Asset and Global Innovation teams. The strong performance across all asset sectors over the year positions us well to improve our net flows in FY22 and beyond.

“During the year, we launched two new Trillium branded ESG strategies for the Australian market and the multi-asset Perpetual ESG Real Return Fund, all of which have attracted interest from clients. Our new product pipeline for FY22 is exciting and we will build on this momentum.”

Perpetual Private

Perpetual Private (PP) delivered total revenue of \$183.8 million, relatively unchanged from FY20, and underlying profit before tax of A\$35.0 million, 8% higher than FY20. The increase on FY20 was mainly driven by higher market related revenue due to higher average equity markets and positive net flows. This was partially offset by non-market related revenue which was impacted by the economic slow-down and a low interest rate environment. Funds under advice was a record A\$17.0 billion at year-end, up 19% on FY20, driven by positive market performance and strong net flows, in particular, from our successful adviser growth strategy.

Mr Adams said, “Our adviser growth strategy has experienced positive inflows of funds under advice since the inception of the strategy, helping to deliver PP’s eighth consecutive year of positive net flows. We are well poised to build on the results of this strategy this year, supported by our enhanced family office and ultra-high net worth offering, which is gaining momentum.

“Our acquisition of fast-growing Jacaranda Financial Planning announced last week provides us with a high-quality financial planning business with FUA of \$915 million that will gain real leverage from Perpetual’s existing business infrastructure, enhancing their already strong growth profile. This transaction is entirely in line with our strategy of bringing the industry’s best advisers to Perpetual, providing an improved growth profile for both firms.”

Perpetual Corporate Trust

Perpetual Corporate Trust (PCT) delivered total revenue of \$134.9 million, an increase of 7% from FY20, and underlying profit before tax of A\$63.8 million, 9% higher than FY20. The result was driven by continued growth across PCT’s key business lines. Funds under administration was A\$922.8 billion, down 2%, primarily due to a decline in bank RMBS issuance.

Mr Adams said, “Our market-leading Debt Markets Services (DMS) and Managed Funds Services (MFS) businesses achieved strong gains during the year, extending mandates with both new and existing clients.

“Our Data & Analytics Solutions (DAS) business continues to win new clients across data services and roundtables. DAS officially launched Perpetual Digital, enabling our clients to successfully implement their digital transformation strategies.”

Outlook

Commenting on the outlook, Mr Adams said, “FY21 saw an improvement in market conditions and investor confidence which has both accelerated a shift to value investing and added further strength to the ever-increasing focus on sustainability and ESG from asset owners. While the external environment continues to face some challenges as a result of an uneven global recovery from the pandemic, we enter FY22 with positive momentum across all our businesses and we are well placed to benefit from both of these thematic to support our growth.

“Together with our strong balance sheet, our unique combination of businesses and continued execution of our strategy, Perpetual is poised to drive improved organic growth and to capitalise on a pipeline of further acquisition opportunities that complement or add scale to our market-leading businesses.”

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