

30 August 2018

PERPETUAL LIMITED

FY18 RESULTS

Twelve months to 30 June 2018

Chris Green
Interim Chief Executive Officer

Gillian Larkins
Chief Financial Officer

ABN 86 000 431 827

Perpetual 

CHRIS GREEN

INTERIM CHIEF EXECUTIVE OFFICER

Perpetual 



FY18: DIVERSIFICATION DELIVERING TO STAKEHOLDERS

\$140.2 m
NPAT

↑ **2%**

on FY17

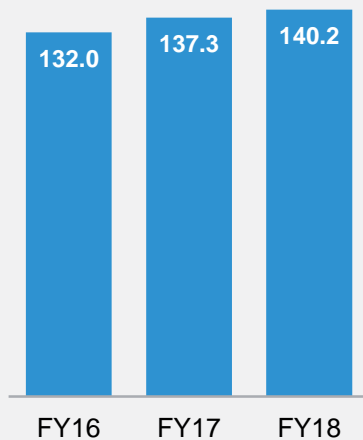
\$2.75
DPS

↑ **4%**

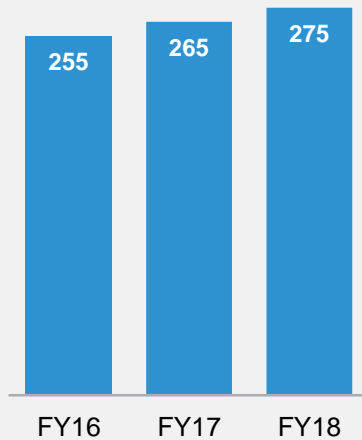
on FY17

Shareholders

NPAT (\$m)

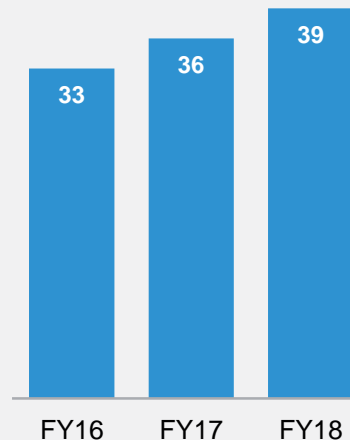


DPS (CPS)



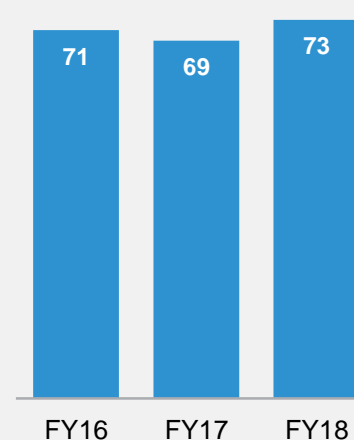
Clients

NPS¹



People

Engagement



1. NPS FY17 Actual outcome : 38 re-baselined for new target markets: 36

FY18 OVERVIEW: A DIVERSIFIED BUSINESS WITH A CLEAR FOCUS

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

PERPETUAL INVESTMENTS

\$30.8b
FUM



Offering investment products across a range of asset classes and distribution channels

PERPETUAL PRIVATE

\$14.1b
FUA



Delivering tailored financial and advisory services to high net worth individuals and philanthropic institutions

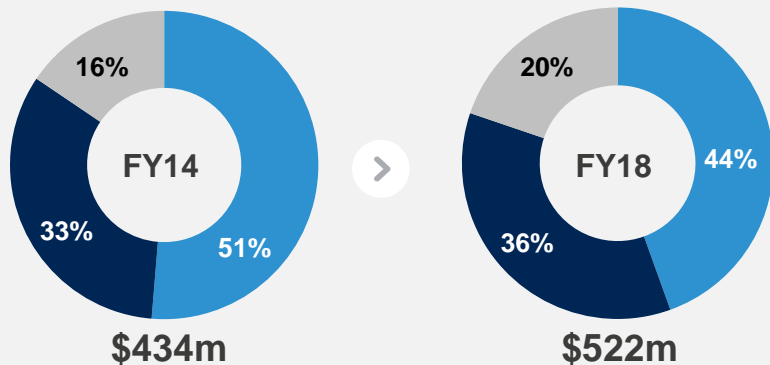
PERPETUAL CORPORATE TRUST

\$693b
FUA

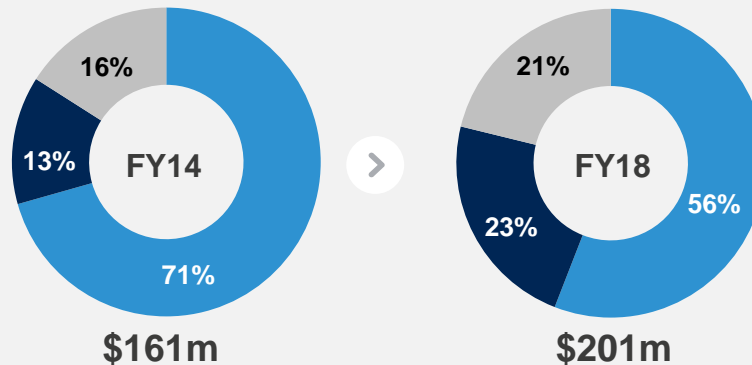


Providing trustee and fiduciary services to institutional clients

Revenue¹



Profit Before Tax¹



■ Perpetual Investments ■ Perpetual Private ■ Perpetual Corporate Trust

1. Excludes Group Support Services

INITIATIVES

ONGOING INVESTMENT FOR FUTURE GROWTH

PERPETUAL INVESTMENTS



Extending into new products

- Launched Ethical SRI Credit Fund
- Seeded new incubation funds
- Global Share Fund and Perpetual Equity Investment Company received “recommended” ratings from Lonsec¹
- Dynamic Fixed Income and High Grade Treasury Funds received “recommended” ratings from Zenith²

PERPETUAL PRIVATE



Transforming the client experience

- Successful pilot of financial planning software automating the delivery of tailored statements of advice
- Centralising trustee payments reducing processing times
- Redesigning the customer onboarding experience

PERPETUAL CORPORATE TRUST



Investing in the core and in extensions

- Investing in automation tools to improve business processes
- Partnering with major bank to extend ABSPerpetual Business Intelligence platform capabilities
- Recognised as the leading independent Singapore REIT Trustee



Brand and Client Experience: continued improvement in NPS across the group demonstrates clients are our greatest advocates



Engaged workforce: 73% staff engagement places Perpetual in the top quartile of Australian companies

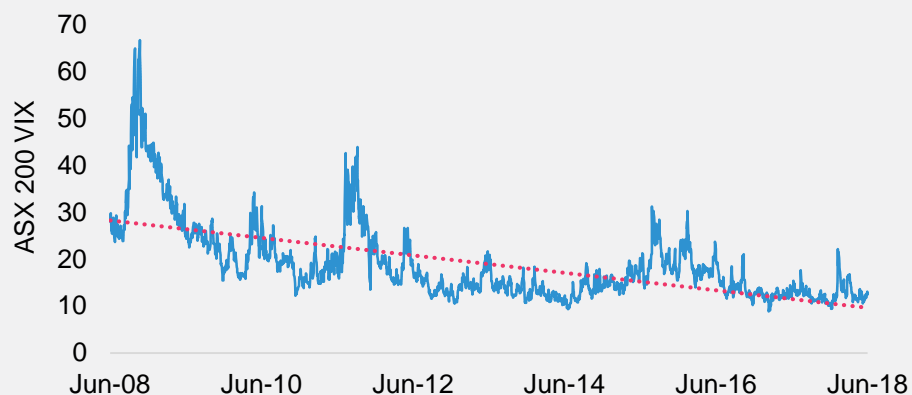
¹ A Lonsec “recommended” indicates that Lonsec has a strong conviction the financial product can generate returns in line with its relevant objectives

² A Zenith “recommended” indicates that products are deemed strong investments with their respective asset class, typically rating first quartile on most criteria.

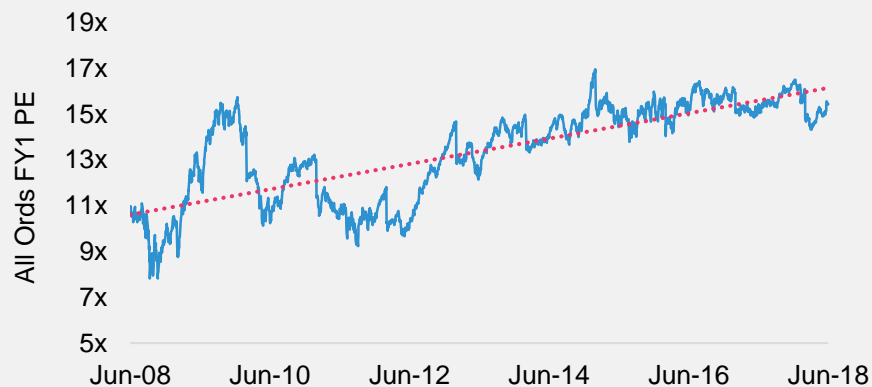
CURRENT MARKET CONDITIONS

COMMITTED TO VALUE INVESTING

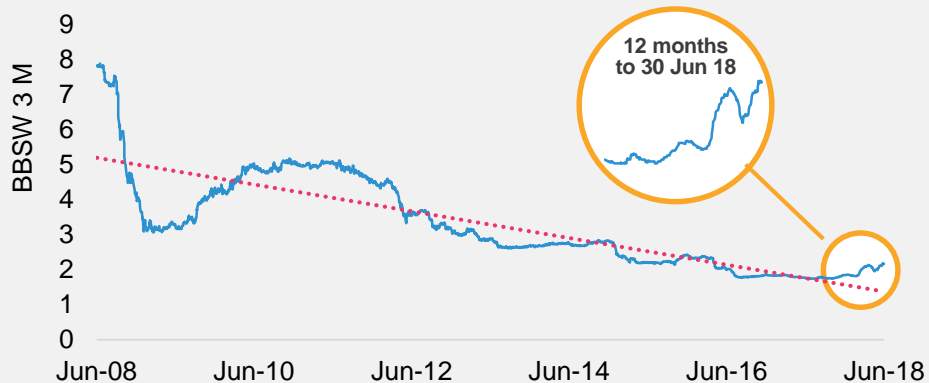
Subdued volatility ¹



Valuations remain elevated ²



Prolonged low interest rate environment ³



The **current market cycle** has been unusually long and protracted and continues to favour **growth style over value investing**



Value investing tends to outperform amid increased volatility: volatility is historically low



PI remains committed to its investment philosophy and toward **active value** and **quality**



Despite challenges, **PI maintained market position in Australian equities** over the past 12 months⁴

1. ASX 200 VIX
2. All Ords FY1 PE.

3. Bank Bill Swap Rate (BBSW) 3 month.

4. As at 31 March 2018 data as reported in NMG Consulting Managed Fund Review prepared for Perpetual July 2018.

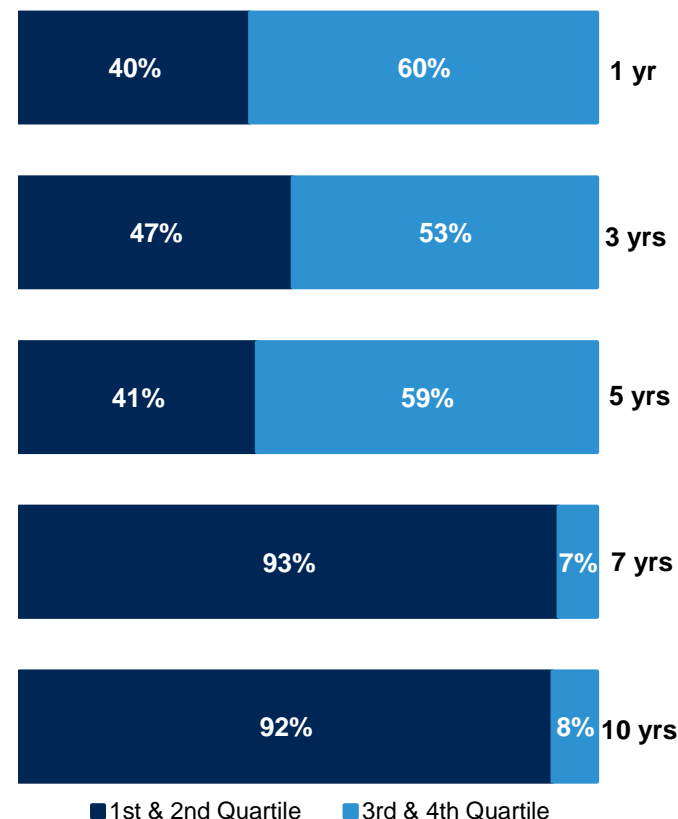
PERPETUAL INVESTMENTS

TRUE TO STYLE DELIVERS LONG-TERM PERFORMANCE

Quartile Rankings¹ periods ending June 2018

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

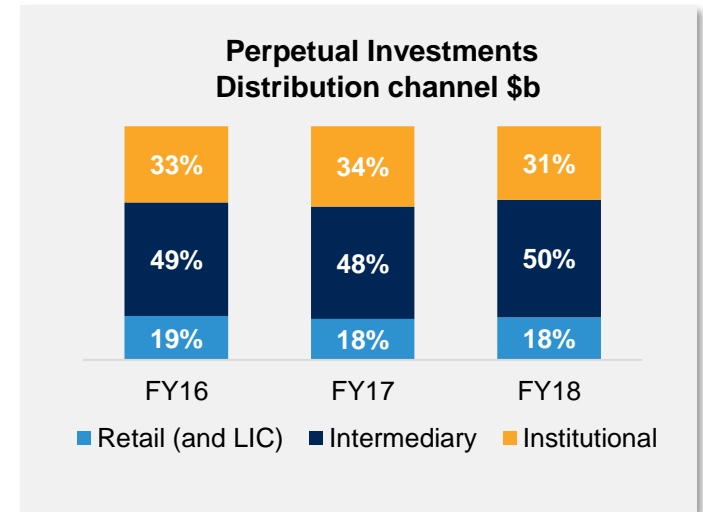
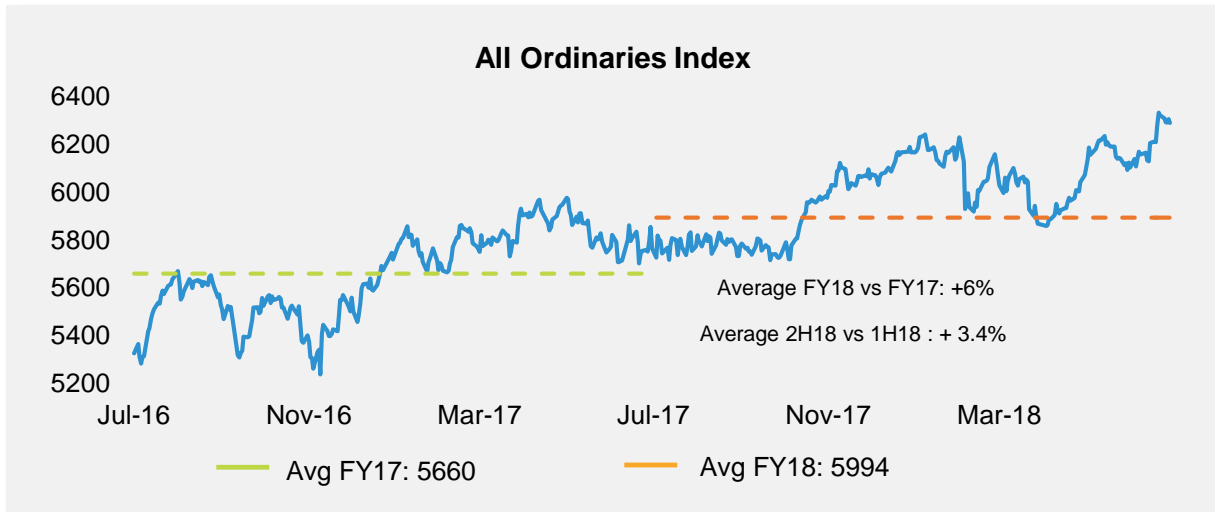
% of funds quartile ranking over 1 year – 10 years



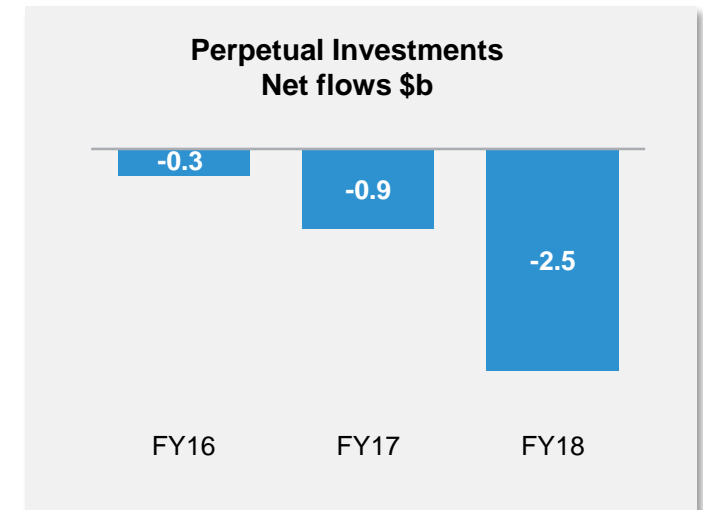
1. Perpetual funds included in the Mercer wholesale survey – quartile ranking.
 2. From March 2018 the Share Plus Fund is no longer included in Mercer Survey. Quartiles have been estimated.
 3. Mercer institutional survey - Australian Shares Absolute Return (Net) universe which is not an official Mercer universe release

PERPETUAL INVESTMENTS

STRONG MARKET OFFSET BY INSTITUTIONAL OUTFLOWS



- Market remains elevated with Average All Ordinaries **up 6%** from FY17
- **Net outflows of \$2.5bn** impacted by **Institutional client** redemptions from Australian equities
- **\$0.5bn of net flows** into product extensions¹



¹ Product extensions include Global Equity, Pure Credit Alpha and Diversified Real Return funds

PERPETUAL PRIVATE

SEGMENTATION STRATEGY DRIVING CLIENT AND FUA GROWTH



BUSINESS OWNERS

Leading Referral Source

- **190** new Fordham clients
- **9%** Revenue growth
- **17** Partners across the Eastern seaboard
- **\$130 million** FUA referred



ESTABLISHED WEALTHY

Protecting & growing wealth across generations

- **120** net new clients
- Lead source of FUA
- **\$2.6 billion** philanthropic FUA
- **\$121 million** philanthropic funds distributed to not-for-profits



PROFESSIONALS

High Accumulation Potential

- **17** courses held nationally in FY18 by the Private Practice with **72%** of attendees interested in strategic financial advice or estate planning

Financial Advice

Wills, Estates and Trusts

Philanthropy

Tax & Accounting

Funds Management

PERPETUAL PRIVATE

STRATEGY DELIVERING POSITIVE FLOWS AND REFERRALS



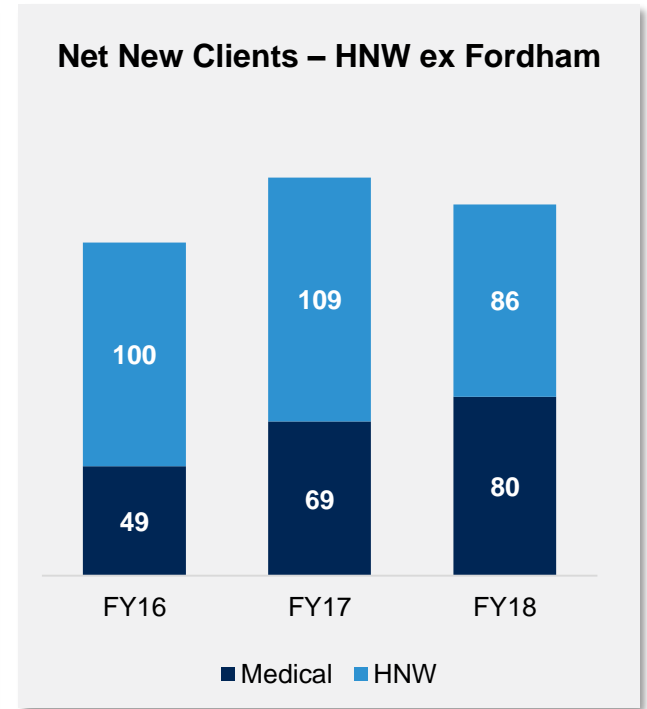
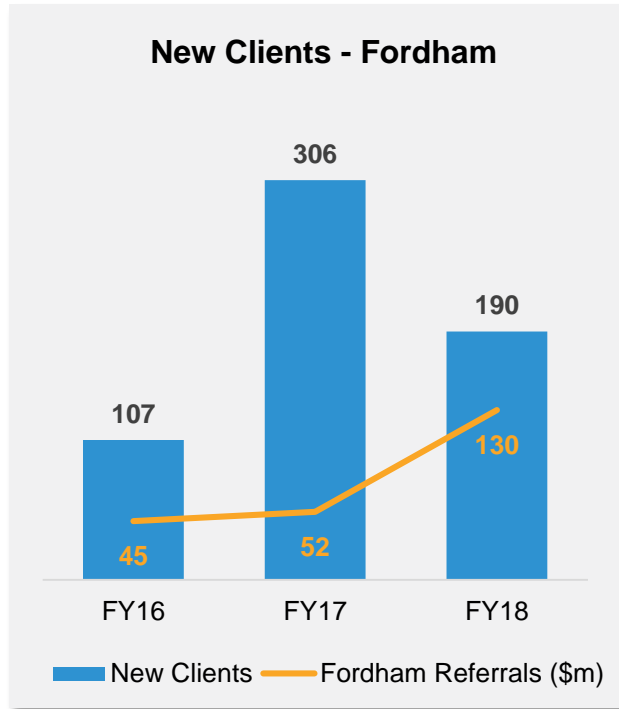
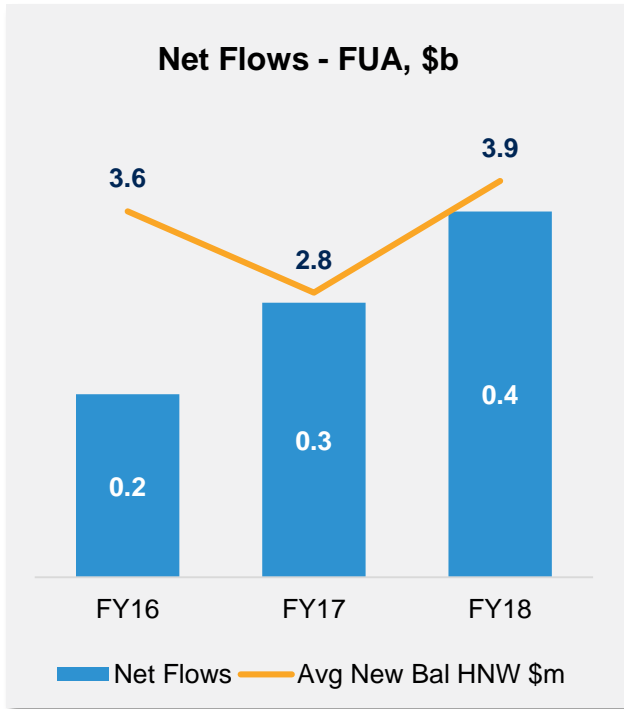
Average FUA balance for new HNW clients \$3.9m



Fordham continues to be the largest referral partner to Advice business



New client growth across HNW and Fordham continues



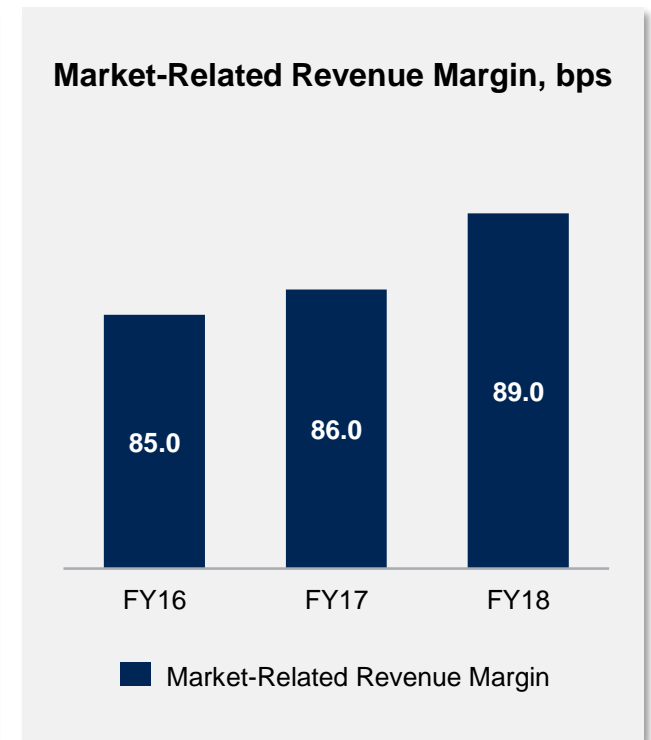
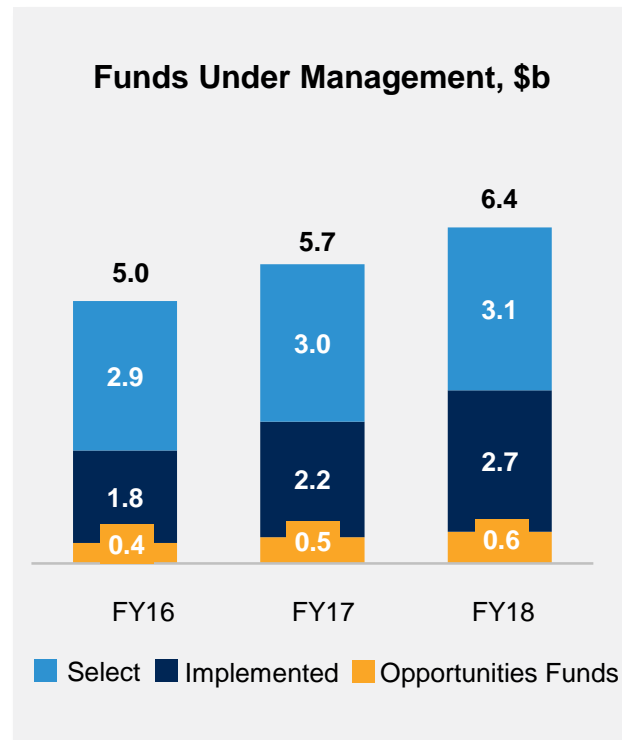
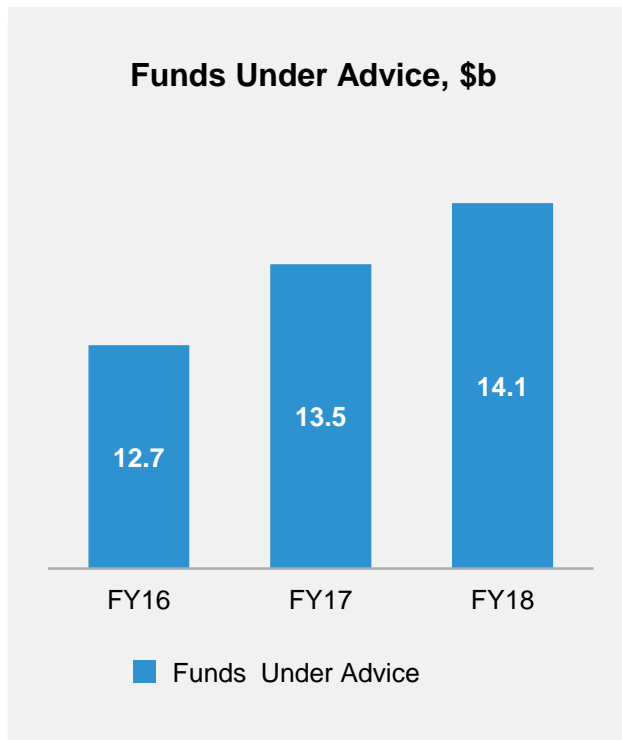
PERPETUAL PRIVATE

STRATEGY DELIVERING POSITIVE FLOWS AND REFERRALS

5 years of positive net flows, 4% growth in Funds under Advice vs FY17

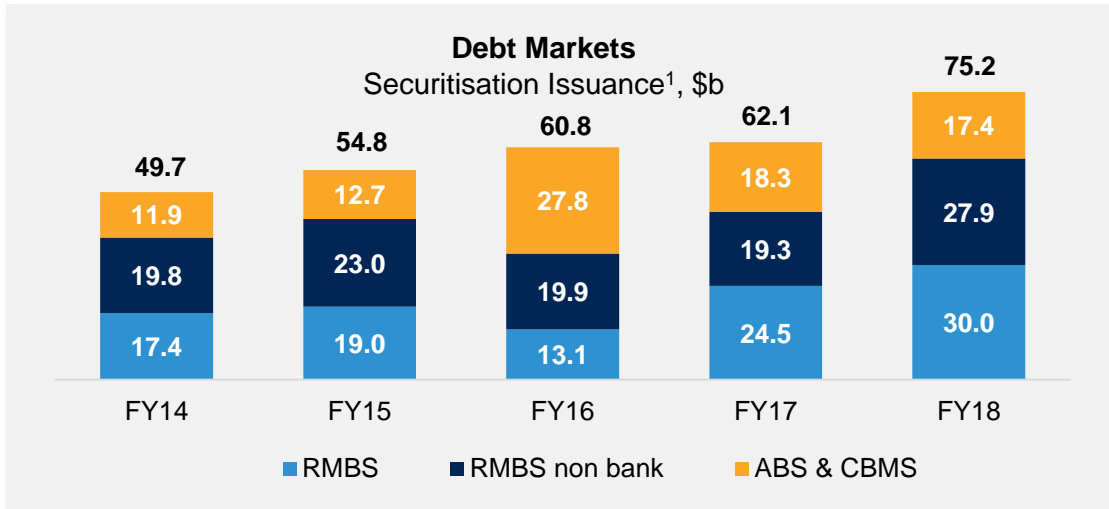
12% growth in PP Funds Under Management vs FY17

Market-related revenue margin maintained

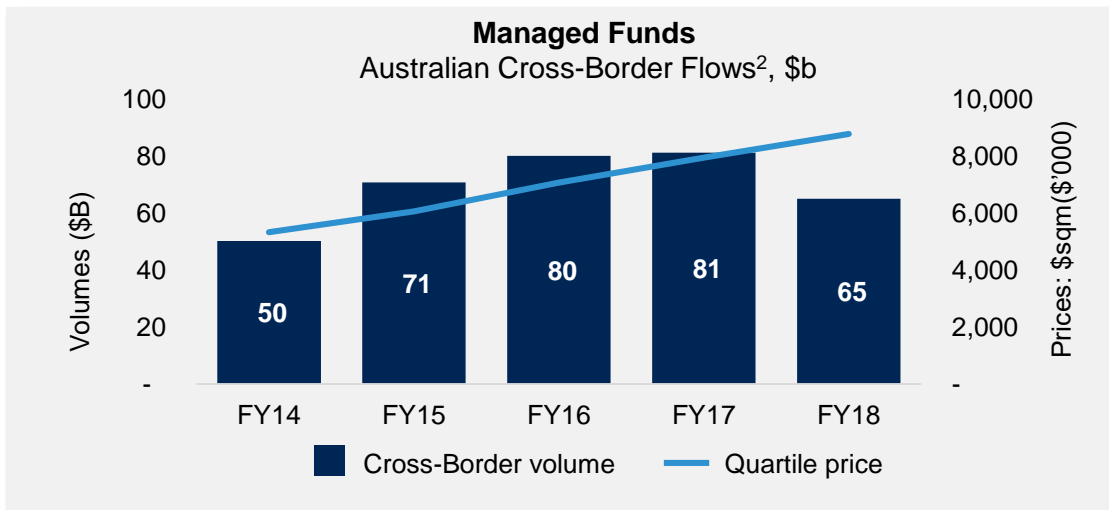


PERPETUAL CORPORATE TRUST

SECURITISATION ISSUANCE REMAINS STRONG ACROSS ALL ASSET CLASSES



21% increase in issuance volumes with strong growth in RMBS issuance by banks and non-banks.

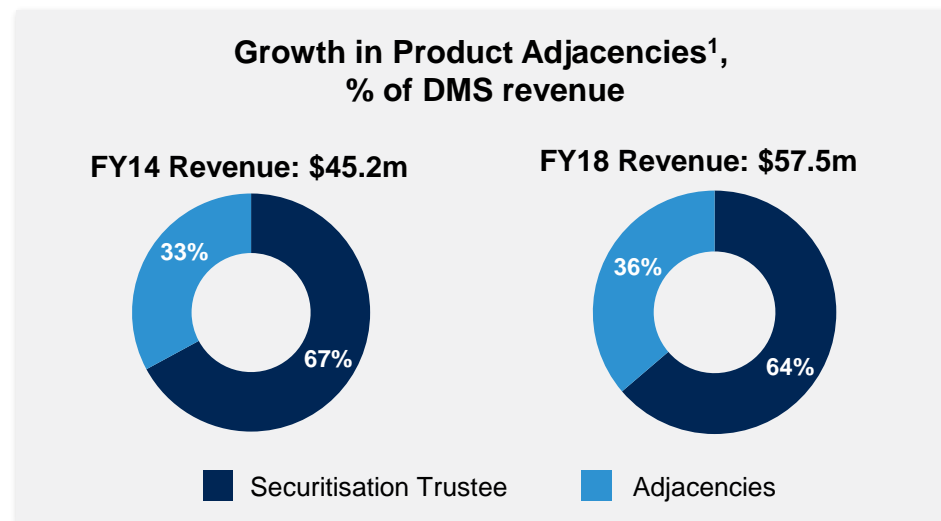
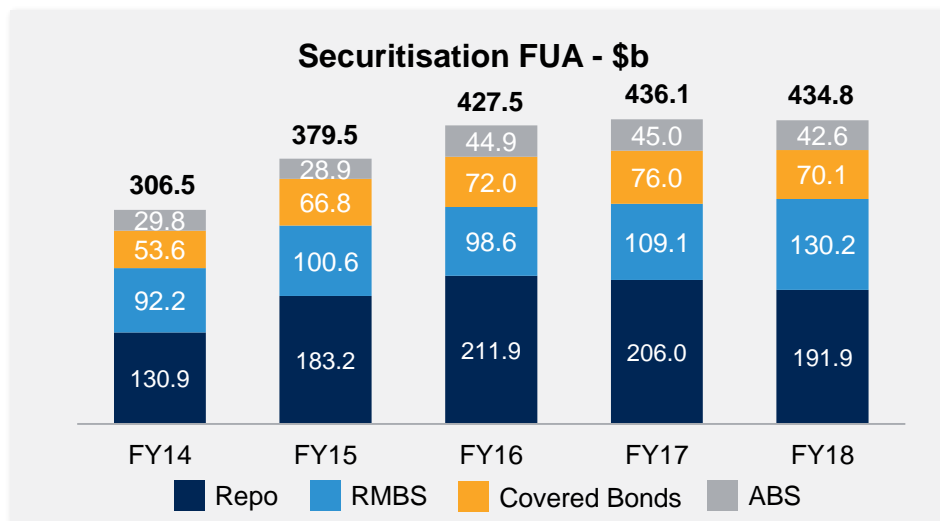


Asset prices driving revenue growth despite lower volumes of cross border flows

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 CORPORATE TRUST – DEBT MARKET SERVICES

CONTINUED GROWTH IN PRODUCT ADJACENCIES



SIGNIFICANT TRANSACTIONS FY18



Residential mortgage-backed securities
Firstmac Mortgage Funding Trust No. 4
Series 2-2018

\$1b FUA

Security Trustee, Custodian, Standby
Servicer, Standby Trustee



Residential mortgage-backed securities
Liberty Series 2018-1

\$1.5b FUA

Security Trustee, Custodian,
Standby Trustee, Standby Servicer
& Standby Manager



Residential Mortgage Backed Pass-
Through Floating Rate Securities
Series 2018-1 REDS Trust

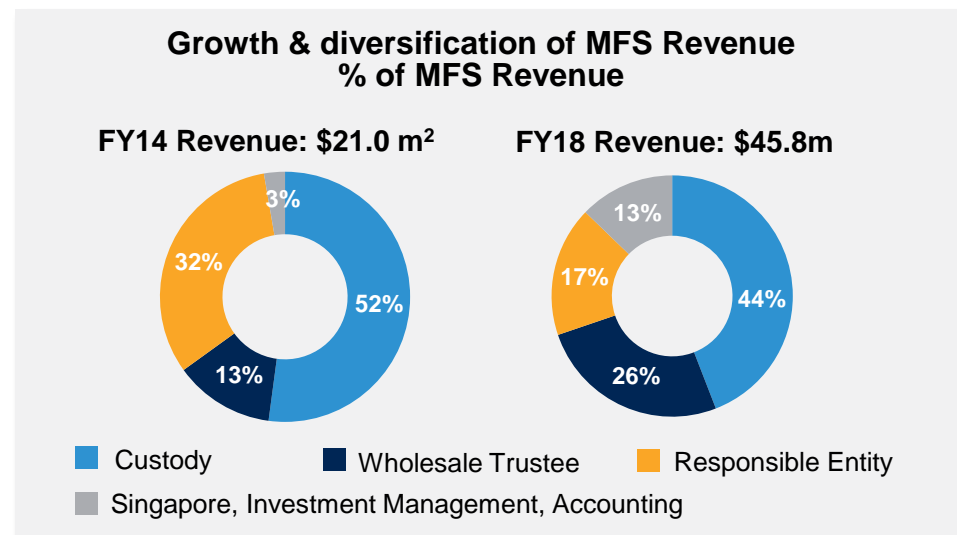
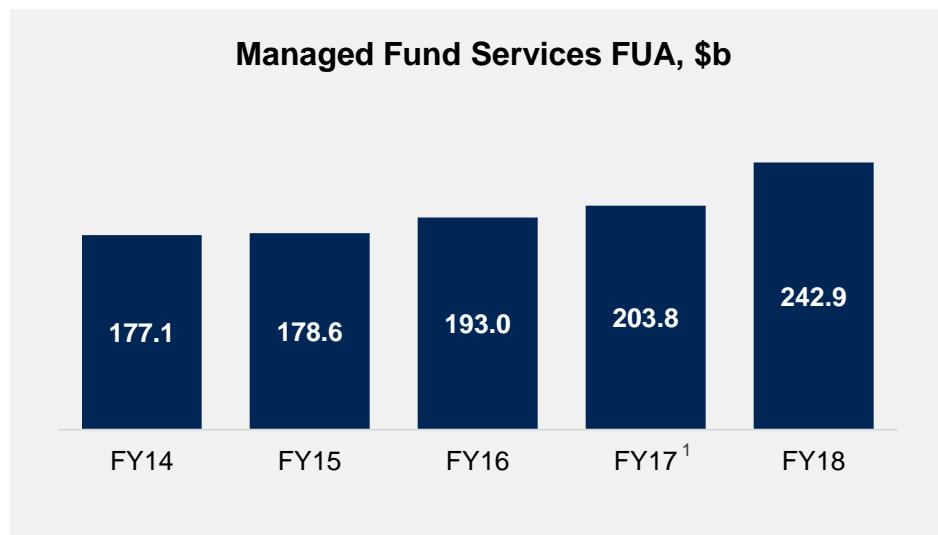
\$1b FUA

Trustee, Security Trustee, Custodian,
Data Services

¹ Adjacencies includes document custody, accounting services, corporate & structured finance, trust management, standby servicing and CT management

PERPETUAL CORPORATE TRUST – MANAGED FUND SERVICES

LEVERAGING STRONG MARKET POSITION



SIGNIFICANT TRANSACTIONS FY18



Replacement trustee for Singapore REIT with 30 retail assets across Indonesia

\$2b AUM

S-REIT Trustee



Replacement trustee for Singapore REIT with 20 healthcare assets in Indonesia, Singapore and South Korea

\$1.4b 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

¹ 2017 Managed Fund Services FUA has been restated to exclude \$18billion reclassified to Debt Market Services FUA 2. FY14 Excludes revenue from divested businesses.



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\$140.2 m
NPAT

↑ 2%

on FY17

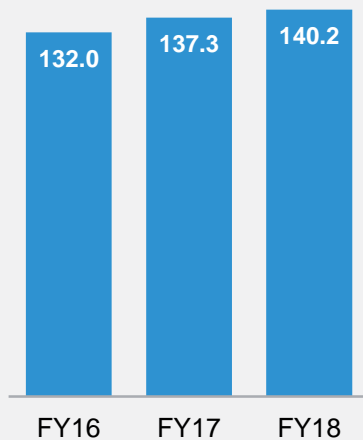
\$2.75
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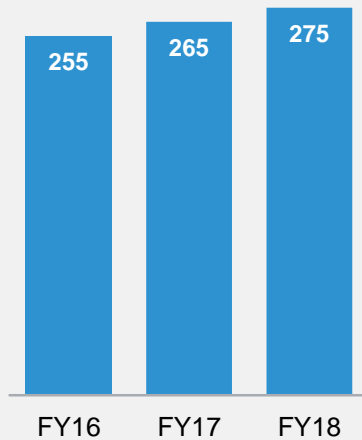
on FY17

Shareholders

NPAT (\$m)

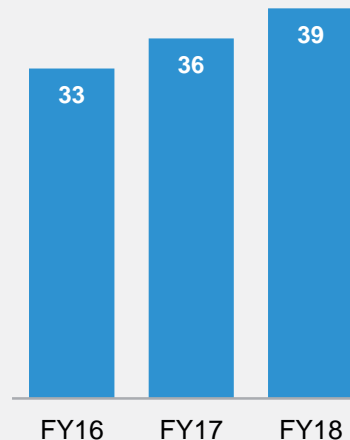


DPS (CPS)



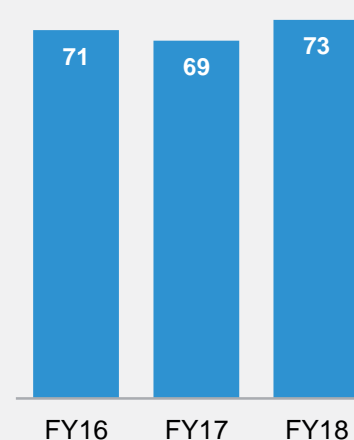
Clients

NPS¹



People

Engagement



1. NPS FY17 Actual outcome : 38 re-baselined for new target markets: 36

FINANCIALS

GILLIAN LARKINS
CHIEF FINANCIAL OFFICER

Perpetual 

FINANCIAL PERFORMANCE – GROUP

For the period	FY18 \$m	2H18 \$m	1H18 \$m	FY17 \$m	FY18 v FY17
Operating revenue	533.7	266.9	266.8	515.4	4%
Total expenses	(337.4)	(172.2)	(165.3)	(326.4)	(3%)
Underlying profit after tax (UPAT) for continuing operations	139.0	67.4	71.5	136.9	1%
Significant items	1.3	4.7	(3.5)	0.4	NM
Net profit after tax (NPAT)¹	140.2	72.2	68.1	137.3	2%
UPBT Margin on revenue (%)	37	36	38	37	-
Diluted EPS on UPAT (cps)	296.8	144.0	153.0	293.2	1%
Diluted EPS on NPAT (cps)	299.5	154.1	145.5	293.9	2%
Dividends (cps)	275	140	135	265	4%
Return on Equity on NPAT (%)	21.6%	22.1%	21.2%	22.1%	(0.5%pts)



Key themes

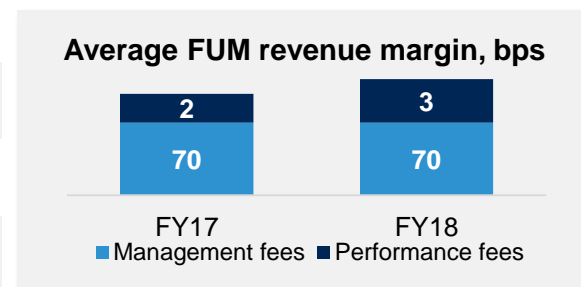
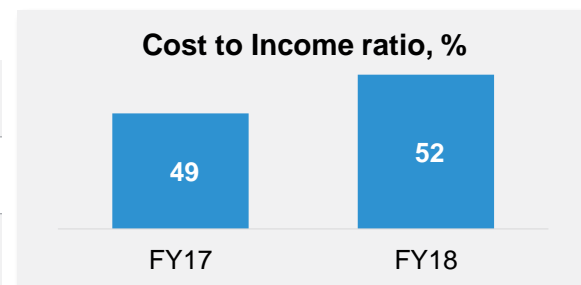
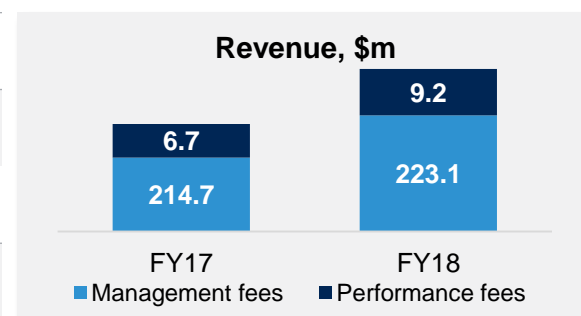
- Business diversification delivers 4% revenue growth
- Costs managed within 2-4% range.
- One-off Tax provision reversal assisted NPAT for the half
- Fully franked full-year dividend up 4%

1. Attributable to equity holders of Perpetual Limited.

PERPETUAL INVESTMENTS

MAINTAINING MARGINS

For the period	FY18 \$m	2H18 \$m	1H18 \$m	FY17 \$m	FY18 v FY17
Revenue	232.3	114.6	117.6	228.1	2%
Operating expenses	(110.5)	(55.6)	(54.9)	(103.0)	(7%)
EBITDA ¹	121.8	59.1	62.7	125.1	(3%)
Depreciation & amortisation	(2.4)	(1.2)	(1.3)	(2.6)	6%
Equity remuneration	(6.9)	(3.5)	(3.4)	(6.0)	(15%)
Profit before tax (PBT)	112.5	54.4	58.1	116.5	(3%)
PBT Margin on revenue (%)	48	47	49	51	(3% pts)
Closing FUM (\$b)	30.8	30.8	32.8	31.4	(2%)
Average FUM (\$b)	31.5	31.5	31.6	31.5	0%
Net flows (\$b)	(2.5)	(1.7)	(0.8)	(0.9)	Large
Average FUM revenue margin (bps)	73	73	74	72	1

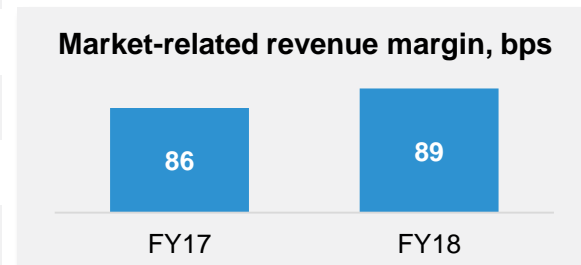
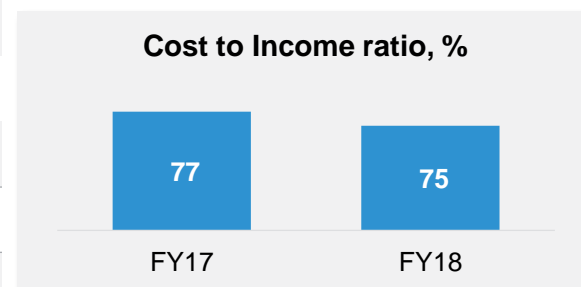
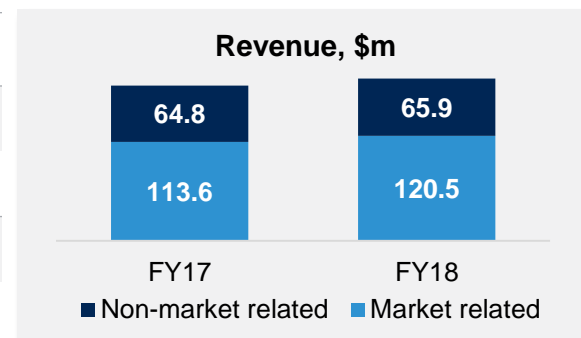


1. EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

PERPETUAL PRIVATE

CONTINUED REVENUE AND PROFIT GROWTH

For the period	FY18 \$m	2H18 \$m	1H18 \$m	FY17	FY18 v FY17
Market related revenue	120.5	59.5	61.0	113.6	6%
Non-market related revenue	65.9	34.2	31.8	64.8	2%
Total revenues	186.4	93.7	92.8	178.4	5%
Operating expenses	(128.4)	(64.8)	(63.6)	(124.0)	(4%)
EBITDA ¹	58.0	28.9	29.2	54.4	7%
Depreciation & amortisation	(9.0)	(4.6)	(4.4)	(10.1)	11%
Equity remuneration	(3.0)	(1.3)	(1.6)	(3.9)	24%
Profit before tax	46.1	23.0	23.1	40.5	14%
PBT Margin on revenue (%)	25	25	25	23	2% pts
Closing FUA (\$b)	14.1	14.1	13.7	13.5	5%
Average FUA (\$b)	13.6	13.8	13.4	13.3	2%
Net flows (\$b)	0.4	0.2	0.2	0.3	33%
Market related revenue margin (bps)	89	86	91	86	3

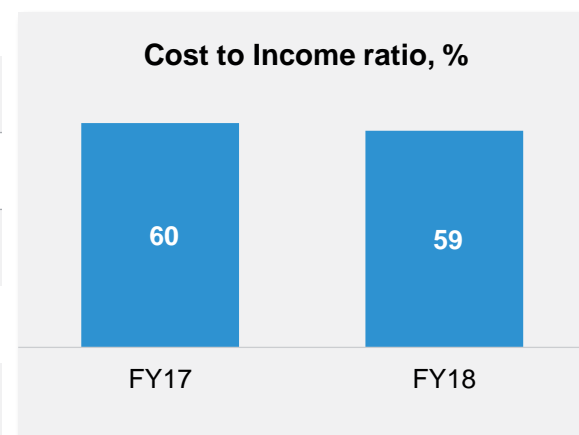
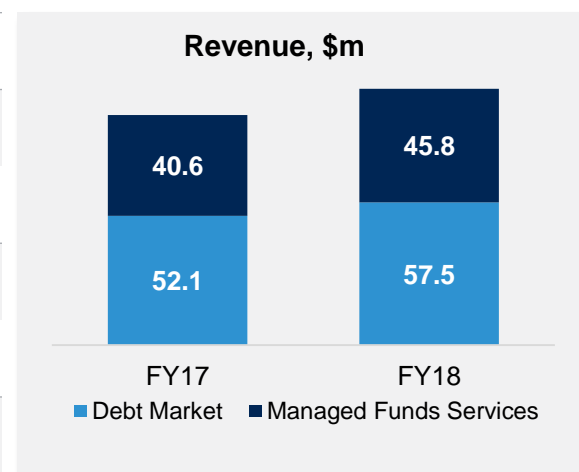


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PERPETUAL CORPORATE TRUST

ONGOING REVENUE AND PROFIT GROWTH

For the period	FY18 \$m	2H18 \$m	1H18 \$m	FY17 \$m	FY18 v FY17
Debt Market Services revenue	57.5	29.6	27.9	52.1	11%
Managed Fund Services revenue	45.8	24.1	21.7	40.6	13%
Total revenues	103.3	53.7	49.6	92.7	11%
Operating expenses	(53.2)	(27.3)	(25.9)	(48.3)	(10%)
EBITDA ¹	50.1	26.4	23.7	44.4	13%
Depreciation & amortisation	(6.5)	(3.4)	(3.1)	(6.2)	(5%)
Equity remuneration	(1.0)	(0.3)	(0.7)	(1.6)	35%
Profit before tax	42.6	22.8	19.8	36.7	16%
PBT Margin on revenue (%)	41	42	40	40	1% pts
Closing FUA (\$b) - Debt Market Services ²	450.3	450.3	448.3	454.1	(1%)
Closing FUA (\$b) - Managed Funds Services ²	242.9	242.9	214.2	203.8	19%



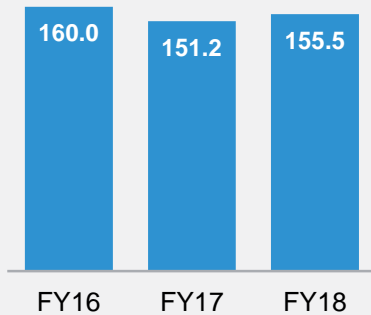
1. EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

2. 2017 Debt Market Services FUA have been restated to include \$18 billion of FUA previously included in Managed Fund Services.

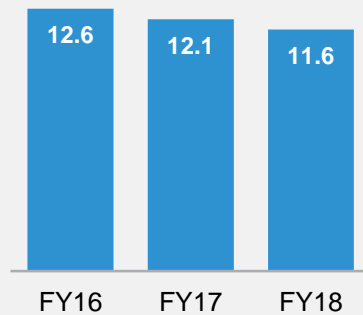
KEY PERFORMANCE INDICATORS

BALANCE SHEET STRENGTH AND SUSTAINED DIVIDEND PAYOUT

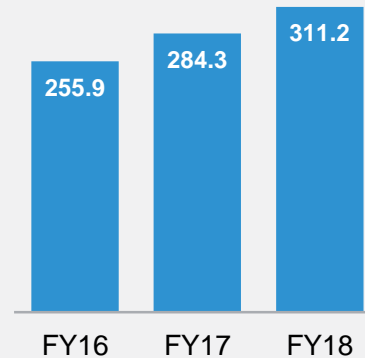
Regulatory Capital¹



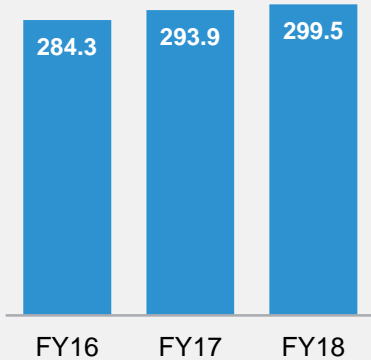
Gearing Ratio²



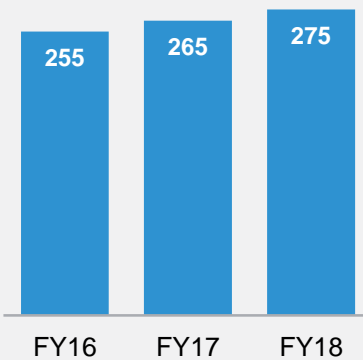
Net Tangible Assets



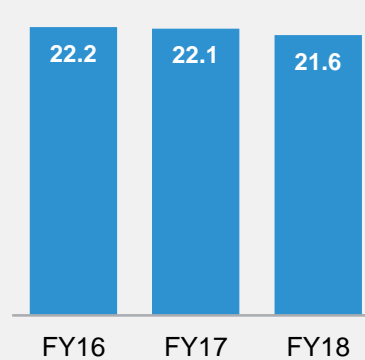
EPS³, cps



DPS, cps



ROE⁴ %




**FULLY FRANKED
DIVIDENDS**
\$2.75


PAYOUT RATIO⁵
91%


**DIVIDEND
PAYABLE**
8 October

1. Operational risk including regulatory capital requirements 2. Corporate Debt ÷ (Corporate Debt + Equity) 3. Fully diluted 4. 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 5. Dividends paid/payable as a proportion of NPAT on ordinary fully paid shares at the end of each reporting period.



FY18: DIVERSIFICATION DELIVERING TO STAKEHOLDERS

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NPAT

↑ **2%**

on FY17

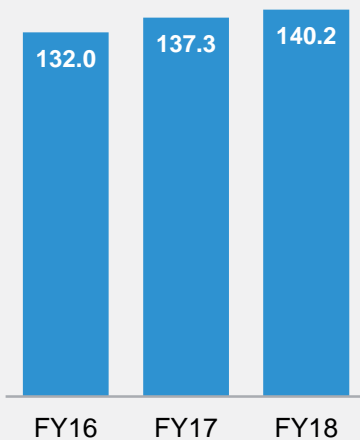
\$2.75
DPS

↑ **4%**

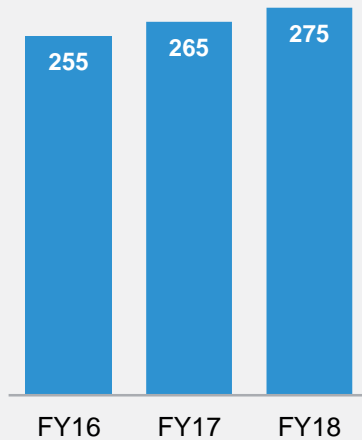
on FY17

Shareholders

NPAT (\$m)

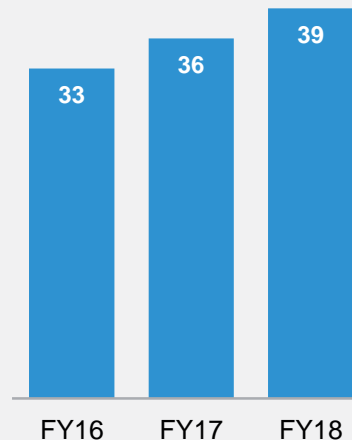


DPS (CPS)



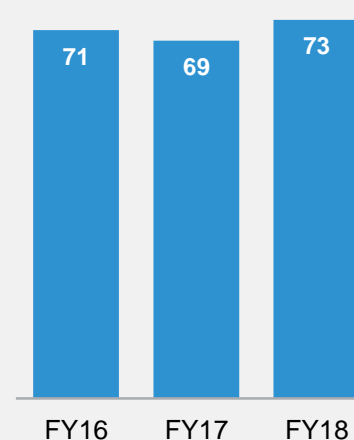
Clients

NPS¹



People

Engagement



1. NPS FY17 Actual outcome : 38 re-baselined for new target markets: 36

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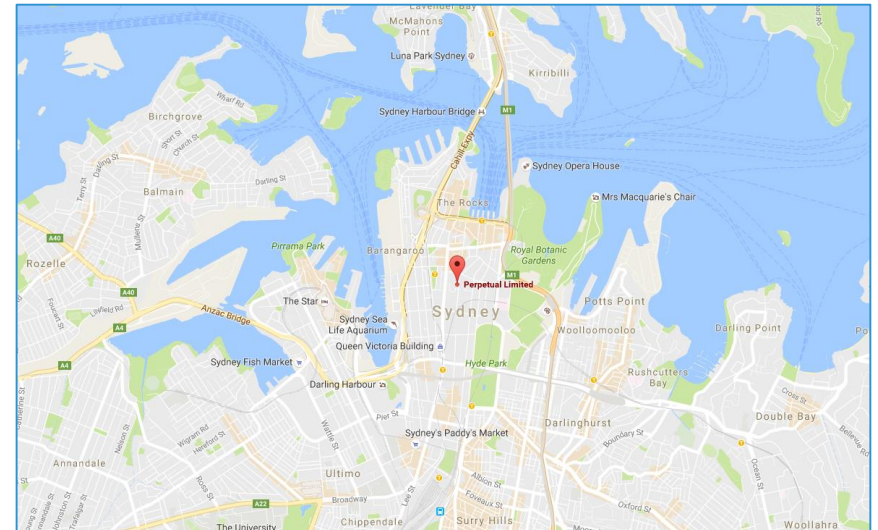
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About Perpetual

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, 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 30 August 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 30 August 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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Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the consolidated entity as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. UPAT attributable to equity holders of Perpetual Limited has not been reviewed or audited by our external auditors; however, the adjustments to net profit after tax attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been reviewed. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

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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:

- FY18 refers to the financial reporting period for the twelve months ended 30 June 2018 with similar abbreviations for previous and subsequent periods.
- 1H18 refers to the financial reporting period for the six months ended 31 December 2017 with similar abbreviations for previous and subsequent periods
- 2H18 refers to the financial reporting period for the six months ended 30 June 2018 with similar abbreviations for previous and subsequent periods