

22 August 2019

ASX Announcement

Perpetual announces 2019 Full Year Results

- FY19 NPAT of \$115.9 million, a decrease of 17% on FY18, impacted by lower performance fees, net outflows and increased investment in strategic initiatives
- Fully franked full year dividend of \$2.50 per share representing a 100% payout ratio
- Continued investment across Perpetual Investments, Perpetual Private and Perpetual Corporate Trust to support future growth
- Successful launch of the Perpetual Credit Income Trust (ASX:PCI), raising \$440 million
- Sixth consecutive year of positive net flows in Perpetual Private and successful implementation of new professional services model
- Continued growth in Perpetual Corporate Trust including acquisition of RFi Analytics, a data analytics business

Perpetual Limited (Perpetual) has delivered results for the year ended 30 June 2019 with a statutory net profit after tax (NPAT) of \$115.9 million, down 17% with revenue of \$514.1 million, down 4% on FY18.

The Board has determined to pay a final dividend of \$1.25 per share, delivering a full year fully franked dividend of \$2.50 per share, 9% lower compared to FY18.

Commenting on the full year result, Chief Executive Officer and Managing Director, Rob Adams said, "The financial services industry experienced significant disruption during the 2019 financial year. Along with many of our peers, our business was impacted by market uncertainty and a challenging operating environment.

"We continued to invest in our brand and across the business to adapt to this evolving backdrop and remain focused on developing and deepening our client relationships.

"With a strong and stable balance sheet, we have been active in our exploration of inorganic growth opportunities, diligent in our assessment of them, and disciplined in our decision making. We remain committed to creating value for our shareholders and pursuing opportunities aligned with our strategic objectives.

"We will continue to vigorously pursue strategic options to deliver quality, sustainable growth."

Business Unit Overview

Perpetual Investments

In FY19, Perpetual Investments' profit before tax (PBT) was \$79.9 million, which was \$32.6 million or 29% lower compared to FY18. PBT was impacted by a decrease in revenue due to lower average funds under management (FUM) and lower performance fees earned.

Mr Adams commented, "The business was challenged by market uncertainty combined with fund outflows experienced throughout the year. It was also impacted by prolonged low volatility, record low interest rates, and an extended market cycle favouring passive and growth investment styles meaning our value style underperformed when compared to the broader peer group.

“We raised the maximum \$440 million for the new Perpetual Credit Income Trust (ASX:PCI), and successfully raised an additional \$101 million for the Perpetual Equity Investment Company (ASX:PIC), demonstrating strong demand for our investment expertise.

“Building on our commitment to our value style investment approach, we will remain focused on expanding our asset management capabilities in FY20.”

Perpetual Private

Perpetual Private’s profit before tax was \$41.2 million, 11% lower than FY18, a stable result in challenging market conditions. The decrease was largely due to increased investment in strategic initiatives to support future business growth and non-recurring revenue in FY18. Perpetual Private’s funds under advice (FUA) at the end of FY19 was \$14.8 billion, 5% higher than FY18, primarily driven by higher equity markets and positive net flows.

Mr Adams said, “We have observed many players exiting the wealth industry, and financial advisers being displaced on a weekly basis. In contrast, Perpetual Private is well positioned to take advantage of this dislocation and added 5 new quality advisers in the second half.

“We have transformed Perpetual Private’s client offer to provide holistic advice in a professional services model. The new model provides greater transparency in structure and seamless access for clients to a team of experts to meet their advice needs.

“Perpetual Private experienced its sixth consecutive year of positive flows, along with continued new client growth within our chosen high net worth segments. Fordham remains the lead referral source to our advice business.

“Philanthropy is a fundamental part of Perpetual’s heritage, where our strategic approach is to ensure our clients are maximising the potential of their giving and are able leave a legacy. Our philanthropic business now holds \$2.9 billion in FUA for charitable trusts (including endowment funds), private and public ancillary funds.”

Perpetual Corporate Trust

Perpetual Corporate Trust’s profit before tax was \$47.7 million, which was \$5.1 million or 12% higher than FY18. The result was driven by continued revenue growth in both Debt Market Services and Managed Fund Services, supported by ongoing activity within its core markets, together with higher asset prices.

“Perpetual Corporate Trust experienced strong growth in FY19. We continue to provide new solutions for long established clients in debt capital markets while attracting new business from the global asset management sector.

“The acquisition of the RFi Analytics business in December last year was a key driver for the increase in our Debt Market Services revenue, providing further growth in our data management capabilities.

“In today’s markets, more than ever, clients are looking for comprehensive reporting and analytics to meet their strategic needs. Perpetual Corporate Trust delivers unrivaled expertise and solutions to our clients, as demonstrated by being the leading provider of corporate trustee services to the managed funds industry and debt markets in Australia,” Mr Adams said.

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About Perpetual

Perpetual is a diversified 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