

24 February 2022

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Via electronic lodgement

Perpetual Half Year Financial Results

Please find attached the following announcements for release to the market:

Appendix 4D

✓ **1H22 ASX Announcement**

1H22 Results Briefing

Half Yearly Report and Accounts

Operating and Financial Review – 31 December 2021

This release has been authorised by the Board of Directors of Perpetual Limited.

Yours faithfully



Sylvie Dimarco
Company Secretary

24 February 2022

ASX Announcement

Perpetual Reports First Half 2022 Results
Strategic investments delivering strong earnings growth

- NPAT of A\$59.3 million, an increase of 113% on prior corresponding period (PCP)
- UPAT¹ of A\$79.1 million, up 54%, driven by earnings growth across all four divisions
- Fully franked interim dividend declared of \$1.12 per share, up 33% on PCP
- Solid performance across all divisions with strategic organic and inorganic growth initiatives delivering continued momentum
 - Perpetual Asset Management International UPBT up 205% on PCP
 - Perpetual Asset Management Australia UPBT up 42% on PCP
 - Perpetual Private UPBT up 56% on PCP
 - Perpetual Corporate Trust UPBT up 19% on PCP
- Strategy to build a global asset management business, adding new investment and distribution capabilities continues to be executed
- Strong balance sheet and financial position provides capacity to pursue further organic and inorganic growth opportunities
- Confidence and positive momentum going into 2H22, with FY22 expense guidance reaffirmed

Perpetual Limited (Perpetual) (ASX:PPT) today announced its results for the six months ended 31 December 2021 (1H22), recording a net profit after tax (NPAT) of A\$59.3 million, up 113% on the prior corresponding period and an underlying profit after tax (UPAT) of A\$79.1 million, up 54% on the prior corresponding period. 1H22 operating revenue was up 37% on the prior corresponding period to A\$384.9 million, primarily driven by the full contribution of Barrow Hanley Global Investors (Barrow Hanley) in 1H22, strong relative investment performance, higher average equity markets and continued growth in both Perpetual Corporate Trust and Perpetual Private.

Commenting on the half year performance, Perpetual CEO and Managing Director, Mr Rob Adams, said, “We are delivering solid earnings growth across our business, with all four of our operating divisions demonstrating positive momentum. Pleasingly, we are making substantial progress in executing the Group’s strategic priorities with both organic and inorganic investments supporting solid growth in underlying profit and improved returns to shareholders.

“Our two asset management divisions, Perpetual Asset Management International (PAMI) and Perpetual Asset Management Australia (PAMA) have continued to perform well, maintaining their disciplined investment approaches, positioning us extremely well to benefit from a rotation to value across global equity markets. The launch of several exciting new offerings in the US, Europe and Australia, combined with continued strong investment performance and favourable market dynamics, is generating growing interest in our investment capabilities across the Group.

“Our diversified business model has gone from strength to strength, generating both reliable and growing returns while also providing Perpetual with a clear point of differentiation in the market. Perpetual Private’s (PP) Adviser Growth Strategy continues to deliver results, with PP recording positive net flows for the 17th consecutive half and total flows from our new advisers now exceeding A\$1 billion, while Perpetual Corporate Trust (PCT) continues to build on its demonstrated delivery of long-term growth, capitalising on new growth opportunities across its suite of services, with our successful acquisition of Laminar Capital leading to the launch of Perpetual Digital during the period.”

¹ UPAT is NPAT adjusted to remove significant items which do not reflect the normal operating activities and are material in nature. Refer to the Operating and Financial Review (OFR) for the six months ending 31 December 2021 for the definition of UPAT and reconciliation with NPAT.

Overview of Results

FOR THE PERIOD	1H22	2H21 ²	1H21 ²	1H22 v	1H22 v
	\$M	\$M	\$M	2H21	1H21
Operating revenue	384.9	359.9	280.6	7%	37%
Total expenses	(275.3)	(260.9)	(210.4)	(6%)	(31%)
Underlying profit before tax (UPBT)	109.6	99.1	70.3	11%	56%
Tax expense	(30.5)	(27.6)	(19.0)	(11%)	(61%)
Underlying profit after tax (UPAT)¹	79.1	71.5	51.3	11%	54%
Significant items ³	(19.8)	(26.5)	(23.4)	26%	16%
Net profit after tax (NPAT)	59.3	45.0	27.9	32%	113%

- Underlying profit after tax (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 ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. Refer to Appendix B of the Operating and Financial Review for a reconciliation of the adjustments between Statutory Accounts and the OFR. UPAT 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.
- Prior periods comparative has been restated due to a change in accounting policy on the treatment of Software-as-a-service (SaaS) costs. Refer to Section 5-2 in the Financial Statements.
- Significant items include transaction and integration costs, non-cash amortisation of intangibles, unrealised gains/losses on financial assets and accrued incentive compensation liability. For more information, please see the Operating and Financial Review.

Divisional Performance

Perpetual Asset Management International

PAMI, comprising of Trillium Asset Management (Trillium) and Barrow Hanley, recorded a UPBT of A\$31.9 million for the half ended 31 December 2021, 5% higher relative to 2H21 (the first full six-month contribution since the Barrow Hanley acquisition completed on 17 November 2020) and 205% higher than 1H21. PAMI assets under management (AUM) were A\$77.2 billion (US\$56.2 billion)² as at 31 December 2021, up from A\$66.5 billion (US\$51.2 billion) on the prior corresponding period.

Mr Adams said, "PAMI has delivered a solid first half financial performance with both Trillium and Barrow Hanley building on their growth in AUM since their respective acquisition dates. Trillium, in particular, has delivered another outstanding period of positive flows, taking growth in their AUM to over 70% in US dollar terms³ since acquisition, validating our decision to focus on capturing flows from the fast-growing and global ESG megatrend. Consistent flows into Barrow Hanley's Global Equities strategies are encouraging and are partially offsetting outflows from the lower margin US equity and fixed income strategies which we previously foreshadowed.

"The increased capacity and capability of our international distribution team is supporting the growth of both Barrow Hanley and Trillium through our entry into important new geographies and channels. Most recently, the creation of a new mutual fund structure enables PAMI to enter the large intermediary segment of the US market, supported by a strong product pipeline that will include additional mutual fund launches in this calendar year. This, combined with the recent launch of a UCITS structure for distribution across Europe and Asia, will continue to underpin PAMI's improving net flows."

² Total AUM translated at AUD:USD 0.7271 as at 31 December 2021.

³ As at 31 December 2021, Trillium's AUM from all sources, all regions, had grown by 73.5% in US dollar terms of 63.9% in Australian dollars since acquisition.

Perpetual Asset Management Australia

PAMA recorded UPBT of A\$26.4 million for the half year ended 31 December 2021, 42% higher than 1H21, primarily driven by strong relative investment performance, positive net flows, higher average equity markets and lower variable remuneration. PAMA AUM was A\$25.6 billion as at 31 December 2021, up from A\$22.7 billion on the prior corresponding period.

Mr Adams said, “PAMA continued its positive net flow momentum during the half with positive net flows into our Credit and Fixed Income and our Multi Asset strategies offsetting outflows in our domestic equities funds. The positive flows, combined with the excellent outperformance⁴ from our investment teams, which are also starting to benefit from the rotation to value, contributed to a very pleasing first half performance.

“Consistent with our strategic objective to develop in-demand contemporary solutions to make it easier for clients to access our funds, PAMA launched two Exchange Traded Managed Funds (or Active ETFs) during the period which provide investors with exposure to ESG and innovation themes via the ASX.”

Perpetual Corporate Trust

PCT’s UPBT for the half was A\$37.1 million, an increase of 19% on the prior corresponding period and 14% higher than 2H21. The strong financial performance was driven by continued growth across all three of PCT’s businesses. Funds under administration (FUA) were A\$990.4 billion as at 31 December 2021, up 6% from the prior corresponding period.

Following the acquisition of leading debt markets and advisory business, Laminar Capital during the half year period, a new standalone division, Perpetual Digital, was created within PCT. Perpetual Digital combines Perpetual’s existing holistic and growing range of intelligence and data-oriented products with Laminar Capital’s specialist offerings.

Mr Adams said, “The integration of Laminar Capital is progressing according to plan and is expected to be earnings accretive in FY22, as we bring it under the Perpetual Digital banner. We are already seeing the benefits of our standalone digital offering with a number of new services launched early this calendar year and new client mandates secured. We are very excited about the compelling opportunities ahead.

“Meanwhile our core market-leading Debt Markets Services (DMS) and Managed Funds Services (MFS) businesses recorded robust gains during the period, extending mandates with both new and existing clients to support FUA growth.”

Perpetual Private

PP’s UPBT for the half was A\$23.9 million, 56% higher than the prior corresponding period, driven by positive net flows, strong relative investment performance and higher market related revenue, supported by the continuing success of the Adviser Growth Strategy and the acquisition of Jacaranda Financial Planning. Non-market revenues also contributed to the strong first half performance, with higher insurance revenue partly offsetting the impact of the low interest rate environment. Funds under advice as at 31 December 2021 were A\$19 billion, up from A\$15.5 billion at the end of the prior corresponding period.

Mr Adams said, “PP delivered an outstanding first half performance underpinned by strong organic growth in both market and non-market related revenues and through the acquisition of Jacaranda Financial Planning, which was completed during the period.

⁴ As at 31 December 2021. Past performance is not an indicator 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. PAMA funds are not for distribution or release in the United States.

“Our acquisition of Jacaranda materially bolsters our Adviser Growth Strategy and increases the trajectory of our FUA toward the \$20 billion milestone. Its integration is progressing to plan, enabling the business to benefit from PP’s existing infrastructure which will support future growth.

“When combined with positive flows from our existing adviser base, it has been another strong quarter. Our Adviser Growth Strategy has delivered consistent positive inflows since its inception, now exceeding A\$1 billion.

“During the half, PP also continued its strong support of the community, particularly for non-government and charitable organisations who are providing valuable assistance to communities impacted by COVID-19 lockdowns.”

Dividends

The Board announced an interim fully franked ordinary dividend for 1H22 of 112 cents per share to be paid on 1 April 2022.

This represents a payout ratio of 80% for the six months ended 31 December 2021. This is in line with Perpetual’s dividend policy to pay dividends within a range of 60% to 90% of UPAT on an annualised basis and maximising returns to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the interim dividend. No discount will apply and the DRP will be met by issuing new shares.

Outlook

Commenting on the outlook, Mr Adams said, “We enter the second half with ongoing positive momentum across each of our divisions. We are confident that our strategy and evolving business model, along with our world-class investment capabilities and growth capacity, place us in a strong position to continue to scale globally.

“Current and expected market conditions appear likely to suit the value style investment approaches of Perpetual’s Australian Equities team and the teams at Barrow Hanley, both having delivered strong results for investors over many decades. Our positioning in ESG investment is delivering results and investor interest is high, as evidenced by Trillium’s strong growth. PCT goes from strength to strength across all its business lines, and PP’s long run of positive net flows is set to continue.

“Together with our strong balance sheet and ongoing progress with our global distribution strategy, Perpetual is well positioned to drive organic growth, and to capitalise on further acquisition opportunities that together deliver greater shareholder returns.

“As previously indicated, we reaffirm our FY22 operating expense growth guidance⁵ of between 18% - 22%.”

-Ends-

Investor Briefing

⁵ As per guidance at FY21 on 19 August 2021, and the update in the Q1 2022 announcement dated 21 October 2021, this guidance excludes performance fee expense.



Perpetual will hold an investor briefing to present its results at 11:30am AEDT today.

If you would like to join the briefing, please either join the webcast or use the dial-in details below:

Webcast: <https://edge.media-server.com/mmc/p/e39koybz>
Dial in: +61 1800 093 431
Conference code: 59319806#

For more information please contact:

Investors:

Susie Reinhardt
Head of Investor Relations
Tel: +61 401 399 781
susie.reinhardt@perpetual.com.au

Media:

Jon Snowball
Domestique
Tel: +61 477 946 068
jon@domestiqueconsulting.com.au