

24 August 2023

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

## Perpetual FY23 Financial Results

The following announcements to the market are provided:

- FY23 Appendix 4E
- ✓ FY23 ASX Announcement
- FY23 Full Year Statutory Accounts
- FY23 Results Presentation
- FY23 Operating and Financial Review
- Appendix 4G
- FY23 Corporate Governance Statement

Yours faithfully,



Sylvie Dimarco  
Company Secretary  
(Authorising Officer)

24 August 2023

ASX Announcement

Perpetual Limited  
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## Perpetual Reports Full Year 2023 Results *Revenue and underlying earnings uplift following Pental acquisition*

- Perpetual Limited's total Assets under Management (AUM) was \$212.1 billion
- FY23 NPAT of \$59 million
- FY23 UPAT<sup>1</sup> of \$163.2 million
  - Asset Management UPBT of \$132.7 million, up 29% on FY22
  - Strong Corporate Trust performance with UPBT of \$81.6 million, up 12% on FY22
  - Wealth Management delivered UPBT of \$47 million, up 6% on FY22
- Fully franked final dividend of \$0.65 per share and total FY23 dividends of \$1.55 per share
- Integration of Pental progressing well and on track to realise \$80 million in run rate synergies by January 2025
- FY24 expense growth guidance of 27%-31%, factoring in a full year's contribution from Pental and a focus on simplification across all businesses
- Simplified global asset management structure to enhance focus, efficiency and accountability also announced today

Perpetual Limited (Perpetual Group) (ASX:PPT) today announced its results for the full year ended 30 June 2023 (FY23). Underlying profit after tax (UPAT) was \$163.2 million, 10% higher than the prior corresponding period. Statutory net profit after tax (NPAT) was \$59 million, 42% lower than FY22, primarily reflecting transaction and integration costs related to the acquisition of Pental Group (Pental) which completed in January 2023.

Operating revenue for the year was \$1,013.8 million, an increase of 32% on FY22, reflecting the five-and-a-half-month contribution of Pental, and growth in both the Corporate Trust and Wealth Management businesses.

The Board has determined to pay a final dividend of \$0.65, 40% franked. Total dividends for the year were \$1.55, representing a payout ratio of 76% of 2H23 UPAT, and 78% of the full year UPAT<sup>2</sup>.

Commenting on the full year performance, Perpetual Group CEO and Managing Director, Rob Adams, said: "Perpetual Group is now a transformed business following the acquisition of Pental. Today we are a diversified financial services company with three distinct, market leading divisions, which now includes a truly global Asset Management business.

"The acquisition of Pental doubled the Group's AUM and has created a global leader in multi-boutique asset management. We have a richness of investment talent across our seven<sup>3</sup> boutique firms around the world, managing a diversified array of quality investment capabilities with substantial capacity for future growth.

<sup>1</sup> 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 twelve months ending 30 June 2023 for the definition of UPAT and reconciliation with NPAT.

<sup>2</sup> inclusive of Q2 earnings of PDL

<sup>3</sup> Includes Perpetual, Pental, Barrow Hanley, J O Hambro, Trillium, TSW and Regnan. Regnan AUM combined with J O Hambro.  
Perpetual Limited ABN 86 000 431 827

“Volatile global equity markets and cautious investor sentiment towards equities resulted in disappointing results in revenue and underlying profit in our Asset Management business. However, this was partially offset by the strength of our diversified business with continued growth in our Corporate Trust and Wealth Management businesses, both of which benefited from their exposure to non-equity market linked revenues.

“While our Asset Management business experienced difficult market conditions throughout the year, impacting our net flows, our investment performance has remained strong, with 78%<sup>4</sup> of strategies outperforming their benchmark over the important three year time horizon.

“Following a period of inorganic growth, today we have announced a refreshed strategy which will have us focused on unlocking the growth potential across our businesses while simplifying the way we operate to create a stronger Perpetual for the future.

“In line with this, today we separately announced changes to the Group Executive team and a simplified asset management structure and leadership, creating a more focused and efficient operating model with stronger end-to-end accountability to unlock future growth.

“We remain fully focused on delivering long-term shareholder value and ensuring our three high-quality divisions deliver on their potential.”

## Overview of Results

FOR THE PERIOD	FY23 \$M	FY22 \$M	FY23 v FY22
Operating revenue	1,013.8	767.7	32%
Total expenses	(794.6)	(566.5)	(40%)
<b>Underlying profit before tax (UPBT)</b>	<b>219.2</b>	<b>201.2</b>	<b>9%</b>
Tax expense	(56.0)	(53.0)	(6%)
<b>Underlying profit after tax (UPAT)<sup>a</sup></b>	<b>163.2</b>	<b>148.2</b>	<b>10%</b>
Significant items <sup>b</sup>	(104.2)	(47.0)	(122%)
<b>Net profit after tax (NPAT)</b>	<b>59.0</b>	<b>101.2</b>	<b>(42%)</b>

- a. 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.
- b. 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.

<sup>4</sup> Outperformance presented on a gross of fees basis. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. The disclosure document or product disclosure statement (PDS) of any of the investment strategies should be considered before deciding whether to acquire or hold units in any strategy. Target Market Determinations for the Perpetual funds are available on [www.perpetual.com.au](http://www.perpetual.com.au) or calling 1800 022 033. Target Market Determinations for the Pandal Funds are available on [www.pandalgroup.com](http://www.pandalgroup.com) or 1300 346 821. Refer to Perpetual's, Pandal's, Barrow Hanley's or Trillium's websites for further performance information.

## Business Unit Overview

### Asset Management

Asset Management reported underlying profit before tax of \$132.7 million, 29% higher than FY22, driven by the contribution from the newly acquired boutiques, J O Hambro Capital Management (J O Hambro), Pental Regnan and TSW, as part of the Pental Group transaction. FY23 revenue for Asset Management was \$600.4 million.

Total AUM was \$212.1 billion, up from \$90.4 billion at the end of FY22. Excluding Pental's opening AUM of \$110.2 billion, AUM increased by \$11.5 billion driven by strong investment performance, positive market movements, together with positive foreign exchange rates movements, partially offset by \$8.1 billion net outflows over the year.

Mr Adams said, "Looking forward, with our strong relative investment performance, combined with our materially improved global distribution coverage, we remain confident of unlocking growth from our differentiated portfolio of boutique asset managers over time.

"Whilst our net outflows for FY23 were disappointing, we continue to be encouraged by the trajectory of flows across several capabilities, including Barrow Hanley which improved its overall flow profile on the back of demand for its global and emerging markets strategies combined with a moderation in US equities outflows."

### Corporate Trust

Corporate Trust's UPBT for the year was \$81.6 million, an increase of 12% on the prior corresponding period. The robust financial performance was driven by growth across all three of PCT's business lines. Funds under Administration (FUA) were \$1.16 trillion as at 30 June 2023 up 6% from the prior corresponding period.

Mr Adams said, "Our Corporate Trust business continues to scale and deliver stable returns, showing resilience despite softer mortgage and property markets. The increase in revenue from Debt Markets Services was supported by growth in the securitisation portfolio from new and existing clients, as well as higher document custody volumes and additional new clients in trust management. Growth in Managed Funds Services was driven by continued market activity across both Australia and Singapore.

"Our decision nearly two years ago to create a standalone digital business division within Corporate Trust is delivering results. Laminar Capital continues to attract significant new clients and to win more work from its existing clients, supporting Perpetual Digital's impressive growth trajectory."

### Wealth Management

Wealth Management (formerly Perpetual Private) delivered UPBT of \$47.0 million, 6% higher than the prior corresponding period. The increase was driven by Fordham's strong performance and growth from specialist risk advisory business, Priority Life. Growth from non-market linked revenues offset weaker market related revenues which were impacted by lower average equity markets (compared to FY22) and prior year repricing. Wealth Management's FUA at the end of FY23 was \$18.5 billion, 6% higher than FY22 primarily due to positive net flows supported by organic growth in the Native Title and not for profit segments, investment performance and an improvement in equity market improvements in the second half.

Mr Adams said, "Our Wealth Management business saw a strong rebound in non-market linked revenues with Fordham and our Priority Life business delivering double-digit revenue growth, demonstrating the benefit of our diversified business model during a turbulent market period.

“Despite the more challenging market environment, we have been able to increase our funds under advice through both organic growth and the strong contributions from our acquired businesses.”

## Pendal Synergies Integration Update

The acquisition of Pendal Group was successfully implemented on 23 January 2023 with 98% of consenting clients<sup>5</sup> approving the transaction.

Mr Adams said, “In a short period of time we have made strong progress in bringing together two iconic firms to create a global multi-boutique asset manager of scale with a broad diversity of high-quality investment capabilities, stronger distribution reach across all key markets and significant capacity for future growth.

“After increasing our synergy target by a third in April, the integration of Pendal is tracking to plan. As at financial year end, we have realised \$29 million of the \$80 million in run rate synergies targeted by January 2025 and expect to achieve at least \$40 million by the one-year anniversary of the deal’s completion.”

## Dividends

The Board has determined to pay a final dividend of \$0.65 per share on 29 September 2023, resulting in a total dividend for the full year of \$1.55 per share.

This represents a payout ratio of 78%<sup>6</sup> of UPAT for the 12 months ended 30 June 2023 and 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 final dividend. No discount will apply and the DRP will be met by issuing new shares.

## Expense Guidance

Perpetual today provided total expense growth guidance<sup>7</sup> of between 27% and 31% for FY24. This includes a full 12-months of Pendal’s expenses.

## Outlook

Commenting on the outlook, Mr Adams said, “Perpetual Group has entered the new financial year with momentum across the business. Our refreshed strategy, announced today, is centred on driving returns from the investments we have made in recent years, while also simplifying our business to build a stronger, better Perpetual.

“In Asset Management, the operating environment is expected to continue to be challenging with investor caution towards equities, asset allocation shifts and higher interest rates globally. Our focus is on successfully integrating Pendal into our business, delivering the committed synergies of \$80 million by January 2025 and improving net flows with an operating model primed to unlock growth on a global scale.

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<sup>5</sup> Clients requiring consent for acquisition of Pendal Group.

<sup>6</sup> Inclusive of Q2 earnings of Pendal Group.

<sup>7</sup> This excludes remuneration expenses related to performance fees and is based on the following exchange rates: AUD:USD of 0.67 and AUD:GBP of 0.54. Note that expenses can fluctuate depending exchange rates, interest rates and variable remuneration impacted by movements in AUM.

“In both Corporate Trust and Wealth Management, we expect to continue to benefit from the positive momentum from the expansion of products and services we have invested in over recent years.

-Ends-

## Investor Briefing

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

If you would like to join the briefing, please register to join the webcast via the link below:

Webcast: <https://edge.media-server.com/mmc/p/fkxnodqv>

If you would like to ask questions, please join the teleconference via the link below:

Teleconference registration:

<https://register.vevent.com/register/Blb4cb825d555c4cad9db09ec785166fda>

## For more information please contact:

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## About Perpetual Group

Perpetual Limited (Perpetual Group) is an ASX listed (ASX:PPT) global financial services firm operating a multi-boutique asset management business, as well as wealth management and trustee services businesses.

Perpetual Group owns leading asset management brands including Perpetual, Pental, Barrow Hanley, J O Hambro, Regnan, Trillium and TSW.

Perpetual Group's wealth management business services high-net worth clients, not for profits, and private businesses through brands such as Perpetual Private, Fordham and Jacaranda Financial Planning.

Perpetual Group's corporate trust division provides services to managed funds, the debt market and includes a growing digital business, encompassing Laminar Capital.

Headquartered in Sydney, Perpetual services its global client base from offices across Australia as well as internationally from Asia, Europe, the United Kingdom and United States.