



ASX Announcement

Annual General Meeting 2013

- FY13 strong result due to Transformation 2015 being on track and delivering for shareholders
- Outlook positive reflecting the underlying improvements to the business and stronger equity markets
- 1H14 UPAT guidance range of \$45m-\$50m

31 October 2013

Shareholders of Perpetual Limited (Perpetual) attending its 50th Annual General Meeting in Sydney today will receive an overview of the Company's strong performance in 2013 and improved outlook for FY14.

Perpetual's Chairman, Peter Scott and Chief Executive Officer and Managing Director Geoff Lloyd will update shareholders on the significant progress in FY13 and the successful execution of the Transformation 2015 strategy.

This includes \$37 million of annualised before tax cost savings in FY13, in line with expectations of \$50 million of annualised savings per annum on completion by the end of FY14.

In his preview of today's presentation, Mr Scott said the strong results reflected the success of the Transformation 2015 strategy which had not only reduced cost but had fundamentally changed many of Perpetual's processes providing an enhanced service for clients.

FY13 Results overview

On 29 August 2013, Perpetual reported that the net profit after tax for the year was \$61.0 million, this compared to \$26.7 million in the previous year, an increase of 128%. UPAT was \$75.9 million, up 16% on the prior year.

Substantially improved dividend for shareholders

Mr Scott said: "Perpetual is delivering better and more focussed services for our clients as we grow the business. As a result we are delivering improved returns for shareholders.

"The Board determined to pay a final, fully franked dividend of 80 cents per share for FY13. This brought total fully franked dividends for the financial year to 130 cents per share. That's up 40 cents per share or an increase of 44% on the previous year.

"While delivering a strongly improved dividend, Perpetual has maintained a prudent balance sheet; gearing remains low and our cash flow is strong."

Towards fundamental change

Transformation 2015 was launched in June last year to simplify, refocus, and to grow Perpetual's business.

The program is now 75% complete and we are on track to meet the three year timetable. The remaining tasks and the increasing focus on growth initiatives will take longer to implement than the early wins relating to cost reduction.

The key highlights in FY13 include:

- In the first 12 months over \$37 million of annualised before tax cost savings delivered, this involved a reduction in full-time equivalent headcount of 535 at the end of July 2013
- Three non-core businesses sold to streamline and focus Corporate Trust's operations
- Outsourced IT infrastructure to a respected specialist provider and rolling out a new and enhanced fiduciary and wrap service for Perpetual Private; and
- A new and smaller executive leadership team focussed on success across all aspects of the transformation of Perpetual.

Mr Lloyd said: "The Transformation program has driven very pleasing results. All the key indicators show a strong result for the year, but more importantly, they are also a good indicator of a sustainable future for Perpetual. We have built good momentum going into the 2014 financial year.

"With Perpetual leaner and now more agile we are able to turn our focus more and more on the growth agenda."

The Trust Company acquisition

The progress made through Transformation 2015 enables Perpetual to pursue disciplined acquisition opportunities. The Perpetual proposal to acquire The Trust Company Limited (announced in May 2013) has received the full support of The Trust Company Board, and The Trust Company shareholders are due to vote on the proposal on 28 November 2013.

Mr Lloyd said the proposed acquisition was financially compelling, with annualised synergies of at least \$15 million before tax expected two years after completion. It is also expected to enhance value for both sets of shareholders over the medium and longer term by bringing together two highly complementary and respected businesses.

The combination of the two businesses is expected to deliver greater scale and capabilities across each of Perpetual's three business units.

An improved position

"Over the past year in delivering on Transformation 2015 we have built a more resilient, focussed and profitable company," said Mr Scott.

"I believe Perpetual is now in a far better position to deliver growth and returns for shareholders.

"We have made significant changes to business processes and cost structure. These changes underpin efficiency and our ability to respond to a changing market place."

Mr Lloyd expressed his confidence in the strong performance of the Company and the positive outlook for the future of Perpetual. He said FY13 was a good start on the journey to achieving the vision to become Australia's largest independent wealth manager of choice

He added: "Perpetual is significantly more streamlined than it was just 12 months ago and we are clearly more profitable.

"We are cautiously optimistic about market conditions and while investor confidence has some way to go to a full recovery, the underlying drivers for the industry are stronger than they have been for some years.

"We are seeing positive signs for the business. The improving trend we have experienced in Perpetual Investments has continued into October which has seen net inflows from investors into our equity strategies.

“We will maintain our rigorous focus on strategy and discipline to ensure we deliver growth for shareholders, while protecting and building the wealth of our clients.”

Outlook for 1H14 positive

Building on positive fund flows for the first quarter, Mr Lloyd said the outlook for the first half of FY14 is positive.

In this review, Mr Lloyd gave guidance on Perpetual’s expected underlying profit after tax (UPAT) from continuing operations for the six months ending 31 December 2013 (1H14).

Mr Lloyd said: “Based on financial markets at the end of October 2013, we expect underlying profit after tax for 1H14 to be in the range of \$45 million - \$50 million.”

This outlook is subject to there being no material deterioration in the financial markets and business conditions over the remainder of calendar 2013.

“This compares favourably to UPAT of \$35.1 million for the first six months of the last financial year, and \$40.8 million for the six months ended 30 June 2013. Our 1H14 outlook represents a significant improvement on the same period last year.

“This outlook reflects the significant underlying improvements we have made to the business together with the benefits of stronger equity markets,” said Mr Lloyd.

For further information, please contact:

Investors:

Mike Woods
General Manager Investor Relations & Group Treasurer
Perpetual Limited
Tel: 02 9229 3449

Media:

Anne-Marie Baker
Manager Corporate Communications
Perpetual Limited
Tel: 02 9229 3181

Jessica Richards
Manager Corporate Communications
Perpetual Limited
Tel: 02 9229 9893

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.