ASX Announcement

Strong improvement in results as Transformation 2015 delivers

- **Transformation 2015 program, cost discipline, stronger equity markets and improving flows result in strong financial performance**
- **FY13 statutory NPAT of $61.0m, up 128% on FY12**
- **FY13 UPAT of $75.9m, up 16% on FY12**
- **Fully franked FY13 final dividend of 80 cents per share**

29 August 2013

Perpetual Limited (Perpetual) today announced a Statutory Net Profit After Tax[i] (NPAT) for the twelve months to 30 June 2013 (FY13) of $61.0m, up 128% on FY12. Underlying Net Profit After Tax[ii] (UPAT) was $75.9m, up 16% on FY12. The result reflects the benefits from the first year of realised cost savings under Transformation 2015 and improving market conditions.

The Board has determined to pay a FY13 final fully franked dividend of 80 cents per share, bringing total fully franked dividends for FY13 to 130 cents per share, up 40 cents per share or 44% on FY12.

Results Overview

Perpetual's CEO and Managing Director Geoff Lloyd commented that the operating environment for Perpetual in FY13 was improving with the average All Ords around 9% higher than during FY12.

"We have progressed our Transformation 2015 program as quickly as we can to ensure that our operating platform is competitive and well positioned to capitalise on improving markets. We have seen indications this year that an improvement is coming."

"Our underlying profitability reflects the first full year of a focused and leaner business model. The change has been fundamental and our progress is on track. Whilst the program activities are 75% complete, we are on track to deliver the full program benefits", Mr Lloyd said.

A key driver for our businesses is funds flow and despite industry net in-flows remaining well below pre-GFC levels, the Australian funds management industry (ex-cash) returned to net cumulative inflows for the twelve months to March 2013.[iii] Perpetual has experienced a positive trend in fund flows in the second half of FY13.

"The change in fund flows is important, not only because of the impact on our business, but also because it indicates gradually improving investor sentiment. We have also seen a measured decline in market volatility, which is positive for investor confidence." Mr Lloyd said.

Transformation 2015

The program has continued to be implemented well and in accordance with initial expectations. Across the group this year the transition of IT arrangements and the introduction of the new client platform into Perpetual Private have been the most significant and consuming parts of the program. The planned headcount reductions have occurred, with 808 full time equivalents (FTEs) as at the end of July 2013, down by 535, since the end of FY12.

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The next stages of Transformation 2015 will include the last stage of the IT outsourcing as well as a focus on reducing the Group's property footprint, corporate entities and funding structures.

"We remain confident that the Transformation program is the best way to prepare Perpetual for the increasingly competitive financial services market and we remain convinced we can achieve our aim of simplifying, refocusing and growing our businesses," commented Mr Lloyd.

Potential Acquisition of The Trust Company

The execution of a scheme implementation agreement with The Trust Company was announced on 7 May 2013, and The Trust Company board continues to recommend the Perpetual scheme. Perpetual is seeking to acquire The Trust Company to achieve strategic benefits across each business division. The transaction would also fulfil one of the objectives of Transformation 2015, to grow the Group through a complementary acquisition.

"The potential acquisition of The Trust Company has come at an opportune time. The Trust Company perfectly fits our growth strategy – it is a business that we know well and is complementary to each of our businesses. Importantly, it is also financially compelling, as we estimate it would be EPS accretive[iv] in the first year of ownership", said Mr Lloyd.

"The Trust Company's board is supportive of Perpetual's offer, however, there are still a number of issues to cover and we continue to approach this growth opportunity in a financially disciplined manner," Mr Lloyd said.

Business Unit Overview

Perpetual Investments
Perpetual Investments' profit before tax for FY13 was $87.2 million, 21% higher than in FY12. The benefit of reduced expenses together with a strong performance in equity markets has improved profit margins on revenue from 38% in FY12 to 45%[v] in FY13.

"Net flows improved significantly this year, in fact, in the second half of the financial year, our Australian equity funds returned to net inflows for the first time since the second half of 2006. At the same time, our investment management team have again delivered outstanding investment returns to our clients – across both the retail and institutional client base and across all asset classes," said Mr Lloyd.

At the end of FY13, FUM was $25.3 billion, an increase of 12% from the end of FY12. This growth was underpinned by the improvement in equity markets but offset by net outflows of $1.8 billion, a substantial reduction from the $4.1 billion in net outflows in FY12.

In FY13, the reinvigorated sales and distribution strategy has started to have a positive impact, with many of Perpetual's funds recently being included on many model portfolios and approved product lists. In commenting on this development, Mr Lloyd said "the consistent success of the Perpetual Investments team has been recognised by clients and industry alike. We are very proud to once again be named Fund Manager of the Year for 2013 by both Morningstar and the AFR's Smart Investor".

Perpetual Private
Perpetual Private has seen the implementation of a new client platform, the restructuring of its advice model and a significant reduction in personnel this year. All of these changes are paving the way for a new and more efficient financial services business targeting high net worth individuals. Its profit before tax result was $9.2 million, 11% higher than in FY12.

Funds under advice (FUA) in the business were $9.0 billion at the end of FY13, up 13% from $8.0 billion at the end of FY12 as a result of the improved equity market conditions and improved net flows. Key accomplishments for the year include an improvement in net flows by $300 million and a full year's contribution from the new Super Wrap product which was launched in April 2012 with FY13 sales of around $200 million.

In April 2013, the business completed the roll-out of the new enhanced portfolio wrap service. The completion of the two year project, known as Project ICE (Improving the Client Experience) fundamentally modernises the business' service offering. The market-leading platform can administer master fund, wrap and fiduciary activity, and caters for a diverse range of assets, essential prerequisites for high net worth and fiduciary clients. It has been designed to support the current and foreseeable future needs of the business. The Perpetual Private portfolio wrap service will significantly improve the client experience by offering sophisticated web-based reporting and self-service capabilities.

"Perpetual Private is well placed to accelerate its growth and profitability from a market backdrop where volatility remains subdued and a turnaround in investor sentiment continues," said Mr Lloyd.

Corporate Trust

Corporate Trust's FY13 profit before tax was $18.3 million, which was $0.9 million or 5% higher than in FY12. Corporate Trust grew its Funds under Administration by 20% during the course of the year due to strong issuance in Covered Bonds and improved issuance in RMBS.

Corporate Trust's focus on new clients in Trust Services and Fund Services has increased total client numbers by 18 and 14 respectively during the course of the year.

The business generated a profit margin on revenue of 37% in FY13, which represented a 400 basis points improvement on FY12. This improvement in profit was the result of Transformation 2015 savings and cost benefits associated with the divestment of non-core businesses. The divested businesses comprised a third party registry, the Perpetual Lenders Mortgage Services business, and a loan servicing business.

Pleasing progress and results, but more work to do

In concluding his overview of FY13, Mr Lloyd noted that despite improving markets and the good progress with the Transformation 2015 program, there is still more work to realise the opportunity Perpetual has in the market place. "Investor sentiment is still fragile. Volatility, although easing, is still impacting flows across the industry. Perpetual's balance sheet is strong and I'm pleased with the positive momentum to improve the business. Our business strategy is not to rely on a market led recovery but to continue to build growth within our core businesses and maintain our strict cost disciplines."

FY13 Final Dividend details

- Final dividend : 80 cents per share, fully franked
- Full year dividend: 130 cents per share
- Full year dividend payout ratio: 90%
- Ex-dividend date: 6 September 2013
- Record date: 12 September 2013
- Dividends payable: 4 October 2013
- Dividend Reinvestment Plan (DRP)[vi] operational for FY13 final dividend
- It is the Company's intention that shares to satisfy the DRP will be acquired on-market and transferred to DRP participants
- DRP shares allocated at the Average Market Price as defined in the DRP terms
- No discount applicable to the Average Market Price.

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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

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[i] Attributable to equity holders of Perpetual Limited
[ii] 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 the AICD/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. UPAT attributable to equity holders of Perpetual Limited has not been audited by the Group's external auditors; however the adjustments to NPAT attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been audited.
[iii] Source: Flows: Plan for Life March 2013 (note: excludes Mandate data)
[iv] EPS accretive on an underlying profit after tax basis
[v] Calculated as profit before tax divided by revenue
[vi] The Group's DRP terms can be found at http://shareholders.perpetual.com.au/Shareholder services/Dividend Reinvestment Plan