

Perpetual Limited

1H15 results: six months to 31 December 2014

Geoff Lloyd

CEO & Managing Director

Gillian Larkins

Chief Financial Officer

26 February 2015

ABN 86 000 431 827

Perpetual 

1H15 OVERVIEW

Strategy delivering sustained growth



Strong results with positive flows, net new clients and increased returns to shareholders

Transformation 2015 (T15) strategy will complete with continuing benefits to cost to income ratio

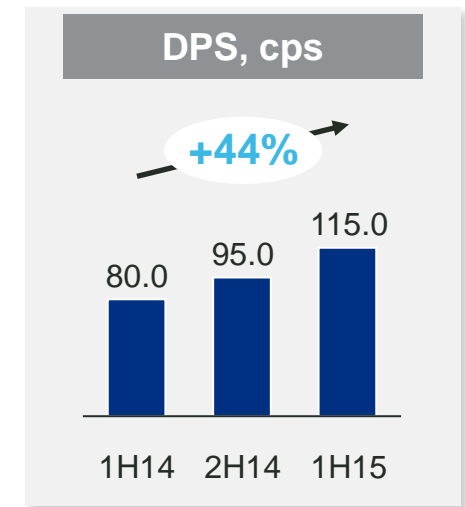
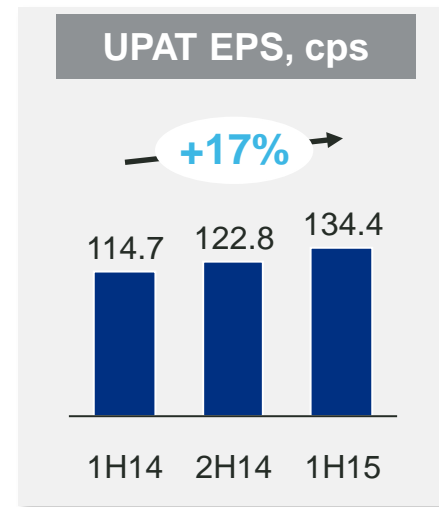
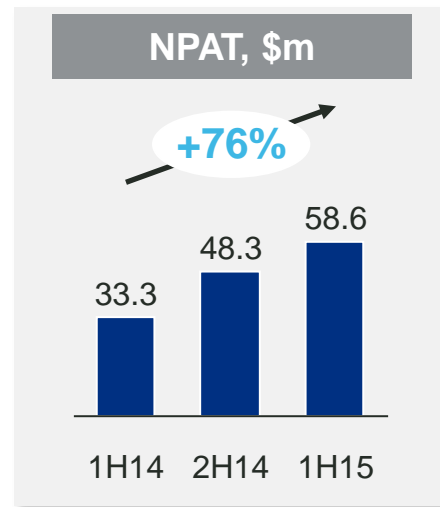
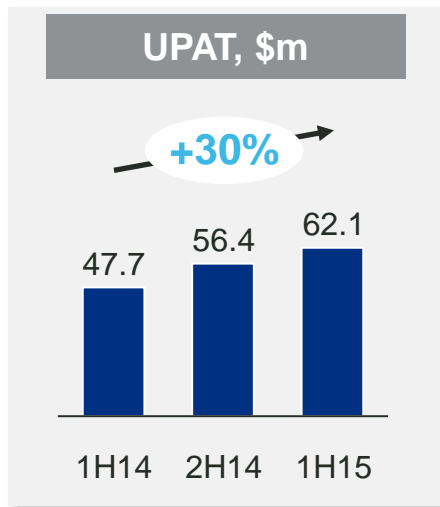
Positive momentum in global equities and successful launch of Perpetual Equity Investment Company

The Trust Company (TrustCo) integration to deliver revised synergies and complete earlier

Revenue momentum in Perpetual Private and Perpetual Corporate Trust

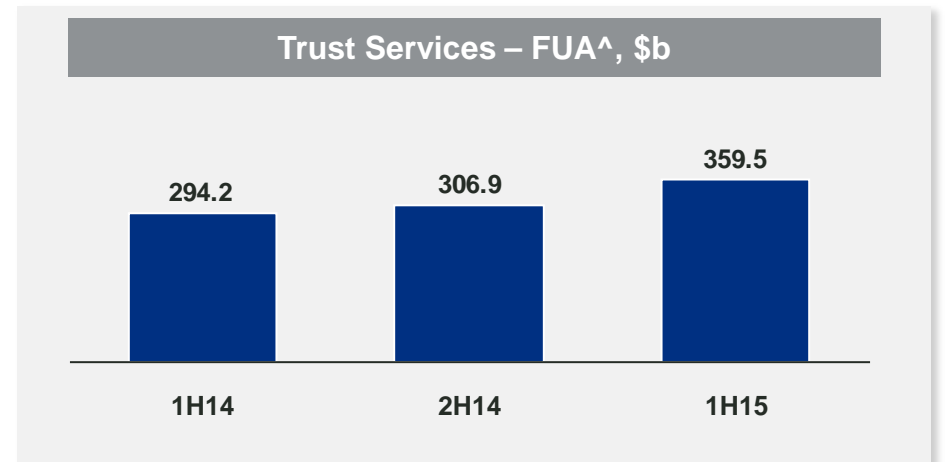
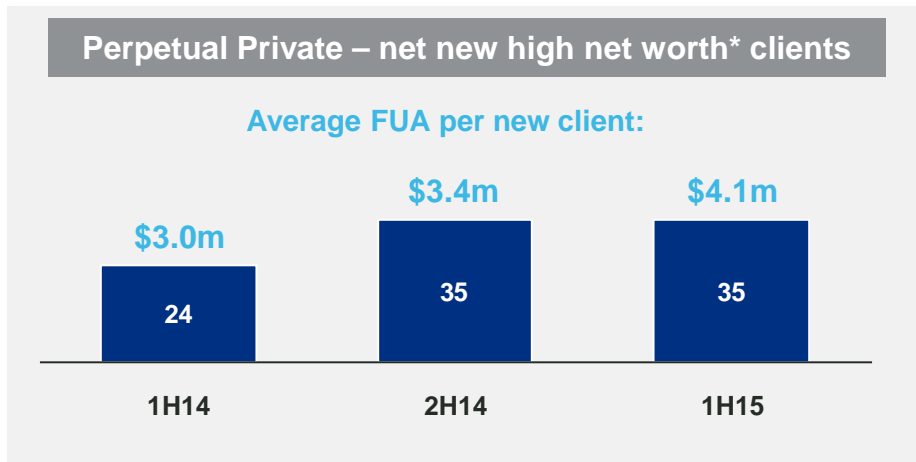
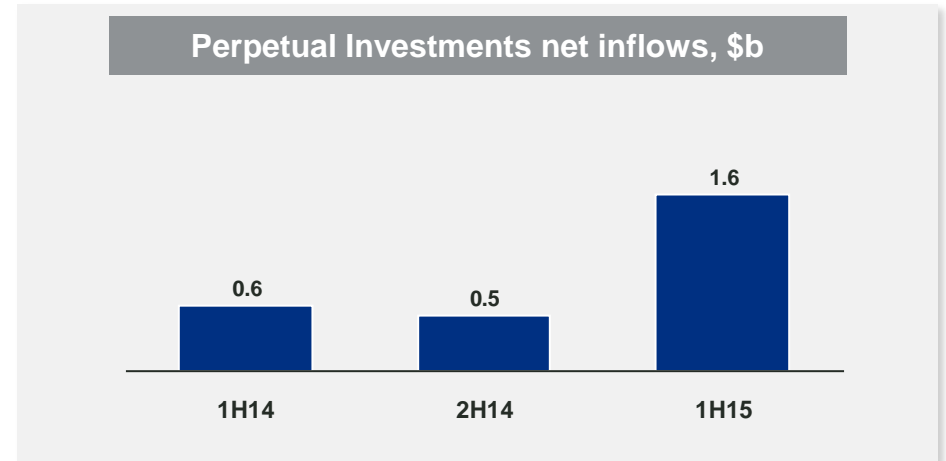
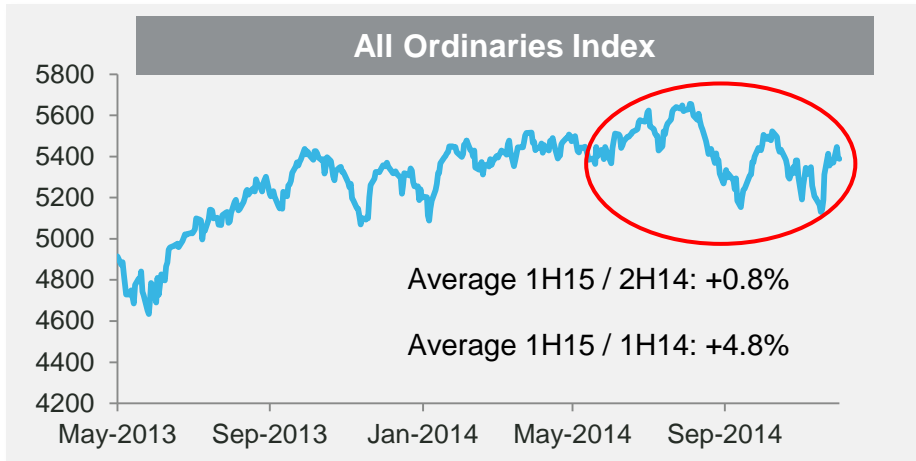
1H15

Strategy delivering strong returns



1H15 RESULTS – GROWTH HIGHLIGHTS

Major drivers were acquisition, growth in flows and new clients



* High net worth clients must have a portfolio balance with Perpetual Private of at least \$1m.
 ^ FUA is funds under administration.

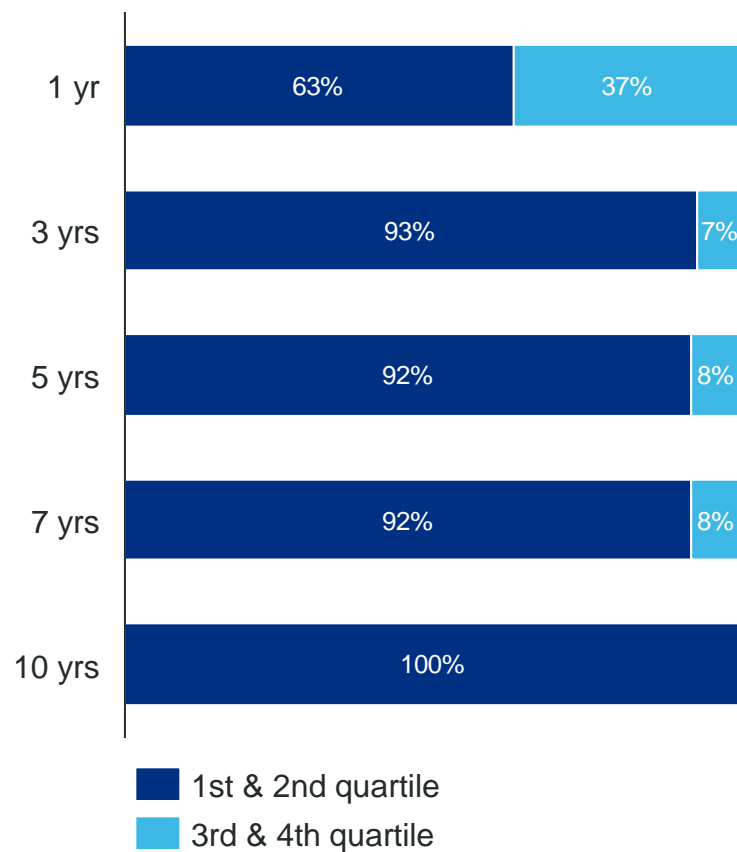
PERPETUAL INVESTMENTS

Strong investment performance

QUARTILE RANKINGS[^] periods ending December 2014

	1Yr	3Yrs	5Yrs	7Yrs	10Yrs
Perpetual W Australian	4	2	1	1	1
Perpetual W Concentrated Equity	2	1	1	1	1
Perpetual W Ethical SRI	1	1	1	1	1
Perpetual W Geared Australian	4	1	1	1	1
Perpetual W Industrial	1	1	1	1	2
Perpetual W SHARE-PLUS Long-Short	1	1	1	1	2
Perpetual W Smaller Companies	2	2	1	1	1
Perpetual W International Share	2	4	4	2	2
Perpetual Global Share Fund	1	1			
Perpetual Pure Equity Alpha	1	-	-	-	-
Perpetual W Balanced Growth	4	2	1	1	2
Perpetual W Conservative Growth	3	2	1	1	1
Perpetual W Diversified Growth	4	2	2	1	2
Perpetual W Diversified Income	2	2	2	3	-
Perpetual Active Fixed Interest	1	1	1	1	-
Perpetual Diversified Real Return	4	1	-	-	-

FUND WEIGHTED % OF FUNDS OVER 1 – 10 YEARS



[^] Perpetual flagship funds included in the Mercer wholesale surveys – quartile rankings.

PERPETUAL INVESTMENTS

Positive net inflows



Total net flows across all strategies of **\$1,633m**

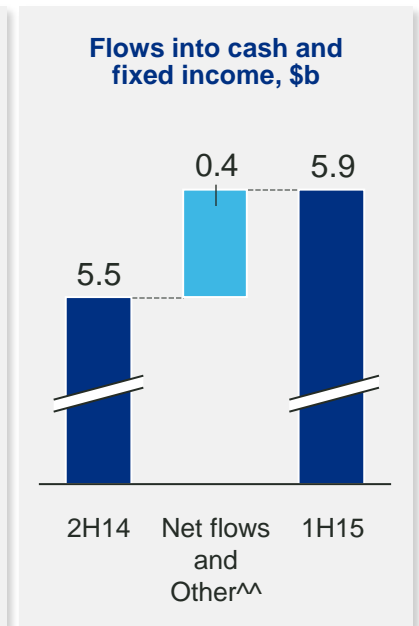
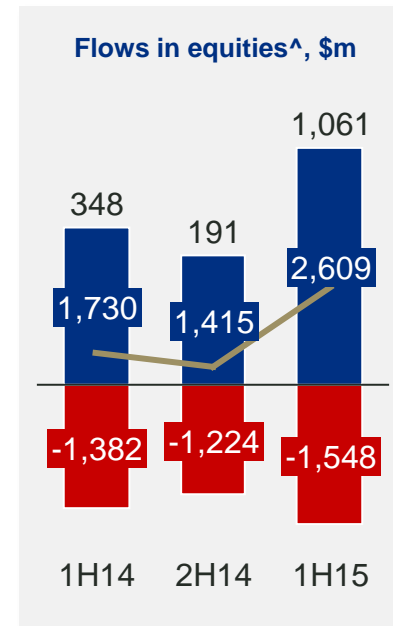
Net flows in equities[^] of **\$1,061m**

More than **\$250m** from successful launch of Perpetual Equity Investment Company

More than \$630m of FUM in Perpetual Global Share Fund following move in mandate from previous manager

Recommended rating for the Perpetual Global Share Fund, Zenith, January 2015

Investment grade rating, for Perpetual Diversified Strategies, Zenith, January 2015



[^] Includes Australian Equities, Global Equities and PEIC.

^{^^} 'Other' includes changes in asset value, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds.

NEW HEAD OF EQUITIES APPOINTED

Orderly transition plan in place

Head of Equities

Paul Skamvougeras

Head of Equities
Portfolio Manager – Concentrated Equity, Pure Equity Alpha

Portfolio Managers

Nathan Parkin

Deputy Head of Equities
Portfolio Manager – Australian Share, Ethical SRI, Geared Australian Share

Anthony About

Portfolio Manager – SHARE-PLUS Long-Short

Anthony Cay

Portfolio Manager – The Trust Company Income, Industrial Share (30%)

Jack Collopy

Portfolio Manager – Smaller Companies, Pure Microcap, Pure Value

Vince Pezzullo

Portfolio Manager – Industrial Share (70%), Direct Equity Alpha, Listed Investment Companies

Garry Laurence

Portfolio Manager – Global Share

Analysts

Andrew Corbett

Global Resources Analyst

Nick Corkill

Equities Analyst

Maryanne Drewe

Equities Analyst

Joshua Hain

Equities Analyst

Nathan Hughes

Equities Analyst

Alex Hurrell

Equities Analyst

Carly Turner

Equities Analyst

Andrew Blakely

Global Energy Analyst

Andrew Plummer

Global Analyst

Thomas Rice

Global Analyst

Rosemary Tan

Global Analyst

Average years in industry = 15

Average years with Perpetual = 7

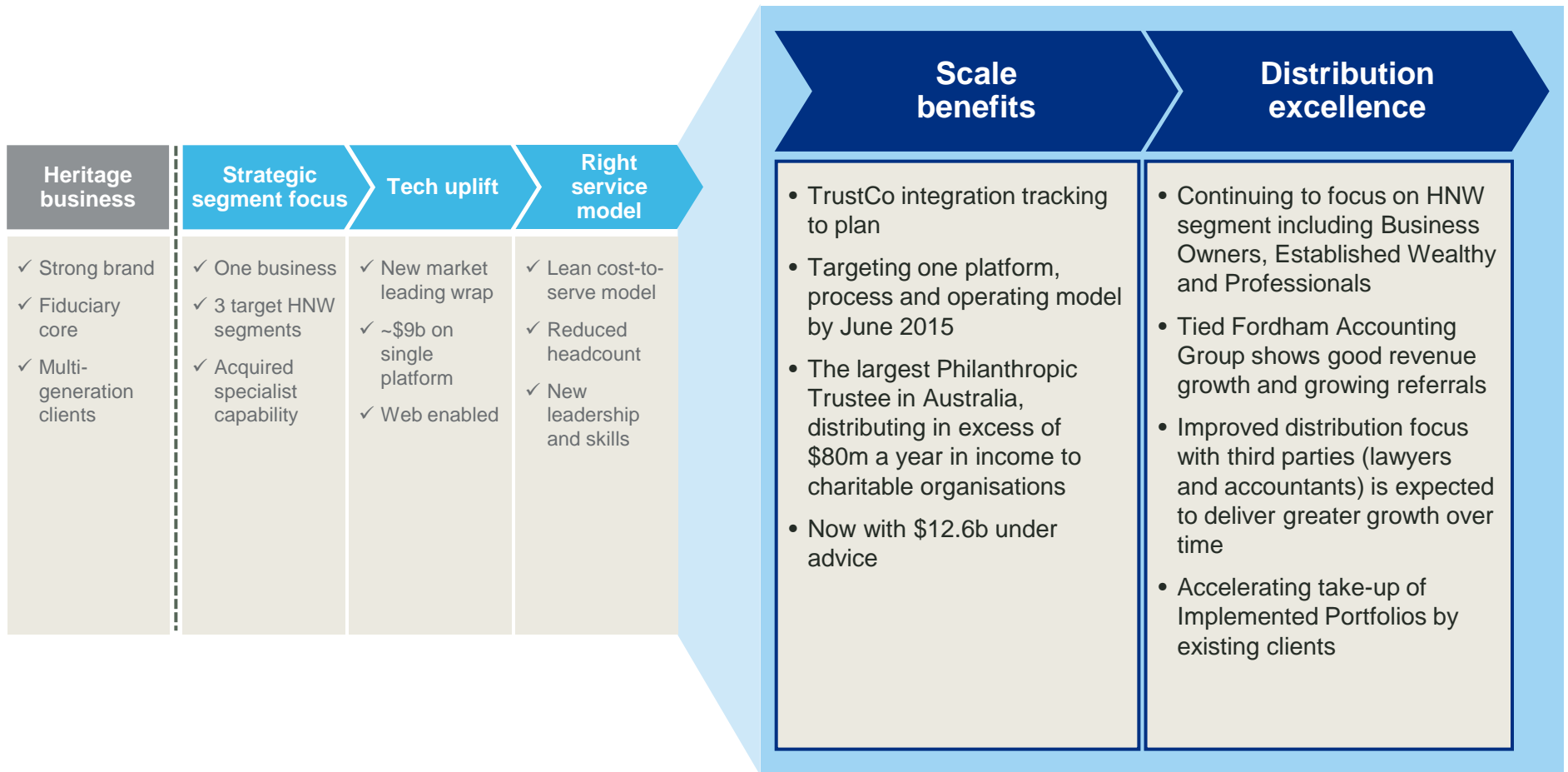
Leadership transition plan

Australian Equities portfolio responsibilities	By 31 March
Head of Equities leadership and management responsibilities	By 30 June
Global Equities responsibilities	By 30 September

PERPETUAL PRIVATE

Improving business performance

VISION: AUSTRALIA'S LEADING INDEPENDENT HNW BUSINESS



PERPETUAL PRIVATE

Strategy delivering growth

Delivering on strategy – PBT +257% on 1H14 and +16% on 2H14

Revenue growth continues with accelerated take-up of Implemented Portfolios coupled with growth in Fordham and Estate Administration

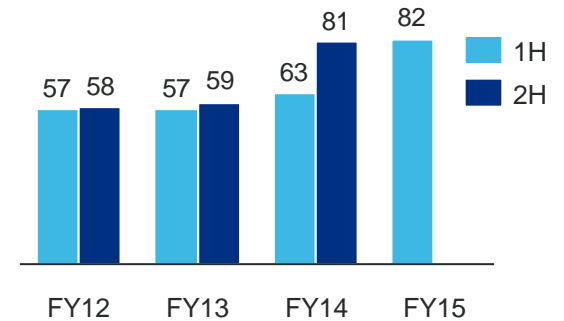
TrustCo integration on track with one platform model expected to complete in June 2015, margins improving as synergies continue to come through

Net client growth continues as the business shifts to focus on improving distribution through key channels

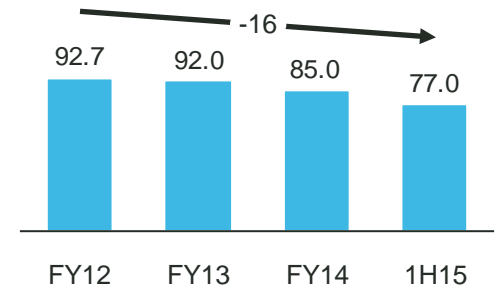
#1 in funds under advice per client, #2 in funds under advice per adviser[^]

FOFA – clearer landscape, plays to Perpetual Private's existing strengths

Revenue, \$m



Cost to income ratio, %



[^] Money Management Top 100 Dealer Group Survey, 2014.

PERPETUAL CORPORATE TRUST

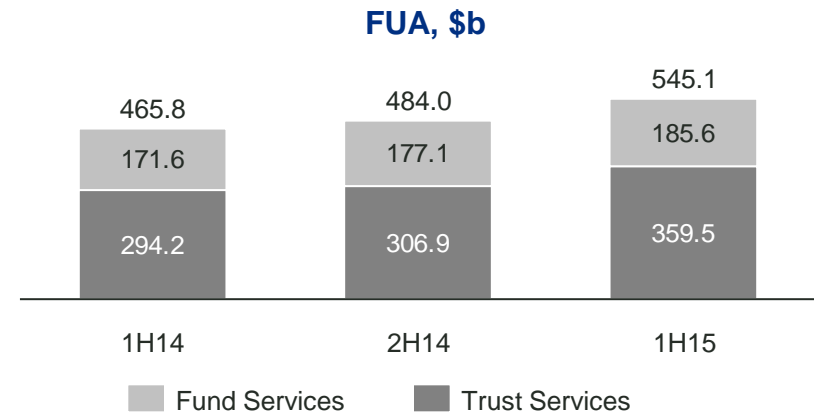
Diversified business with a leading market position

Integration benefits of TrustCo acquisition evidenced by strong performance in Fund Services – revenue +8% on 2H14

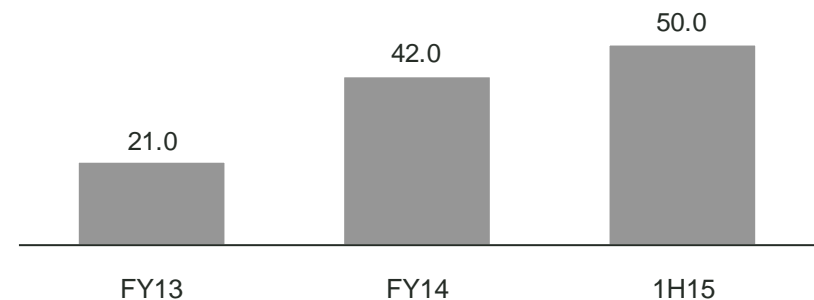
Trust Services supported by strengthening securitisation market although back book run-off continues to be elevated

Investments in Trust Management and Data Services providing new revenue in Trust Services

Perpetual Corporate Trust has been able to capitalise on strong international flows into property and infrastructure


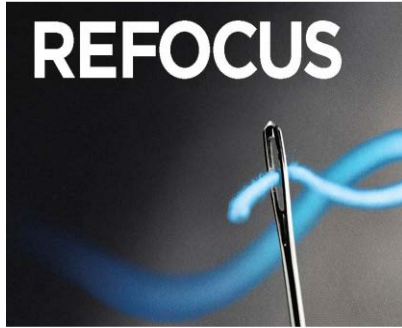



New Trusts per year (Fund Services)



T15 STRATEGY – THE TRUST COMPANY SCORECARD

Program to complete early and on track for target synergies

	FY14	PROTECT	1H15	ALIGN	2015 ONE COMPANY
 <p>SIMPLIFY</p>	<ul style="list-style-type: none"> ✓ Single Executive Team ✓ New organisation structure in place ✓ All staff notified of impact to their role ✓ Divested EQT holding 		<ul style="list-style-type: none"> ✓ Reduce central cost (HR, Finance, Marketing) ✓ Combine and simplify core processes and policies for Group functions 		<p>On Track: Reduce property footprint</p> <ul style="list-style-type: none"> ✓ Consolidate and reduce corporate entities and structures
 <p>REFOCUS</p>	<ul style="list-style-type: none"> ✓ Single client service offering for all new PCT clients ✓ Design brand strategy and commence execution ✓ Detailed integration planning complete across all Business Units ✓ Single product and wrap offering in place for all new PP advice clients 		<ul style="list-style-type: none"> ✓ Migrate IT infrastructure to outsource provider ✓ Integrated investment / product suite in PP ✓ Single client service offering for all PCT clients in place 		<ul style="list-style-type: none"> ✓ Consolidate and simplify IT applications <p>On Track: Single platform and client service offering for all clients in PP in place</p> <p>Ongoing: Integrated Personal Trustee and Philanthropy operations</p> <ul style="list-style-type: none"> ✓ Brand strategy complete
 <p>GROW</p>	<p>Ongoing: Accelerate PCT growth in Singapore</p>		<ul style="list-style-type: none"> ✓ PI FUM increase through The Trust Company integration via PP ✓ PCT outsourced RE service compliance frameworks aligned ✓ PCT Asia product offering finalised <p>Ongoing: Accelerate PCT growth in Singapore</p>		<p>On Track: Increased revenue in PP due to scale benefits of combined FUA</p> <p>On Track: PCT FUA increase through expanded service offering</p> <p>Ongoing: Accelerate PCT growth in Singapore</p>

Note: PCT = Perpetual Corporate Trust; PP = Perpetual Private; PI = Perpetual Investments

PERPETUAL – BEYOND T15

T15 STRATEGY

FIX TO GROW

✓ T15 FOUNDATIONS DELIVERED

Strong team



Simple business



The right capabilities



Lean & effective business model



Focused on client needs



**VISION:
AUSTRALIA'S LARGEST AND MOST TRUSTED
INDEPENDENT WEALTH MANAGER**

LEAD & GROW



Lead in core



Extend into adjacencies



Explore new opportunities

FINANCIALS

Gillian Larkins
Chief Financial Officer

Perpetual 

FINANCIAL PERFORMANCE – GROUP

Strong results, disciplined execution of strategy

For the period ended	1H15 \$m	2H14 \$m	1H14 \$m	1H15 v 2H14	1H15 v 1H14
Operating revenue	244.5	238.5	202.1	3%	21%
Total expenses	(156.6)	(158.8)	(135.0)	1%	(16%)
Underlying profit before tax (UPBT)	87.9	79.7	67.1	10%	31%
Underlying profit after tax (UPAT) for continuing operations	62.1	56.4	47.7	10%	30%
Significant items	(3.5)	(8.1)	(14.4)	57%	76%
Net profit after tax (NPAT)¹	58.6	48.3	33.3	21%	76%
UPBT Margin on revenue (%)	36	33	33	3	3
Diluted EPS on UPAT (cps)	134.4	122.8	114.7	9%	17%
Diluted EPS on NPAT (cps)	126.8	105.1	80.1	21%	58%
Dividends (cps)	115.0	95.0	80.0	21%	44%
Return on Equity on UPAT (%)	22	21	23	1	(1)

KEY THEMES:

- Increase in operating revenue mainly due to higher average FUM and FUA
- Total expenses improved by 1% on 2H14
- Cost to income ratio 64% in 1H15 versus 67% in 2H14
- 1H14 includes one month of TrustCo
- NPAT up 21% on prior half

¹ Attributable to equity holders of Perpetual Limited.

FINANCIAL PERFORMANCE

Significant items

For the period ended	1H15 \$m	2H14 \$m	1H14 \$m	1H15 v 2H14	1H15 v 1H14
UPAT	62.1	56.4	47.7	10%	30%
Transformation costs	-	(7.4)	(6.9)	(100%)	(100%)
TrustCo Integration Costs	(6.9)	(3.8)	(6.2)	82%	11%
TrustCo due diligence and transaction costs	-	(0.3)	(4.1)	(100%)	(100%)
Gain on disposal businesses	0.1	1.0	-	(90%)	-
Operating income from discontinued operations	-	1.6	0.4	(100%)	(100%)
Non recurring tax benefits items	-	-	1.2	-	(100%)
Gain on disposal/impairment of investments & associates	3.3	0.8	1.2	313%	175%
NPAT to Perpetual ordinary shareholders	58.6	48.3	33.3	21%	76%

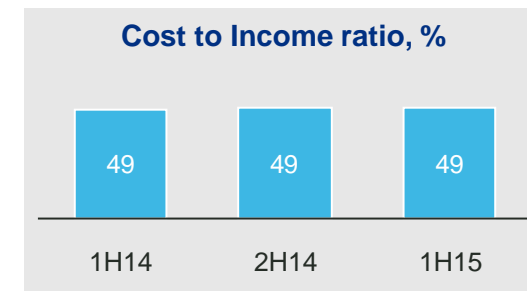
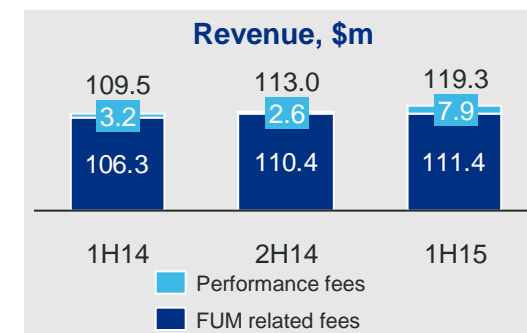
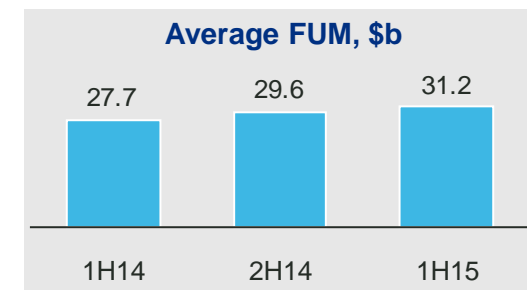
KEY THEMES:

- Lower significant items booked for the half
- \$6.9m spend on TrustCo integration
- Approximately \$3.0m gain on closure of the Perpetual Global Resource Fund

PERPETUAL INVESTMENTS

Strengthening flows

For the period ended	1H15 \$m	2H14 \$m	1H14 \$m	1H15 v 2H14	1H15 v 1H14
Revenue	119.3	113.0	109.5	6%	9%
Operating expenses	(53.2)	(49.2)	(48.1)	(8%)	(11%)
EBITDA ¹	66.1	63.8	61.4	4%	8%
Depreciation & amortisation	(0.6)	(0.7)	(0.8)	14%	25%
Equity remuneration	(5.2)	(5.7)	(4.4)	9%	(18%)
Profit before tax	60.3	57.4	56.2	5%	7%
PBT Margin on revenue (%)	51	51	51	-	-
Closing FUM (\$b)	31.8	29.8	29.1	7%	9%
Average FUM (\$b)	31.2	29.6	27.7	5%	13%
Net flows (\$b)	1.6	0.5	0.6	1.1	1.0
Average FUM revenue margin (bps)	76	75	78	1	(2)

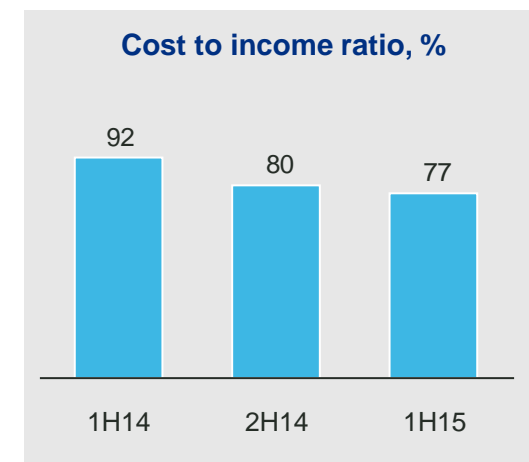
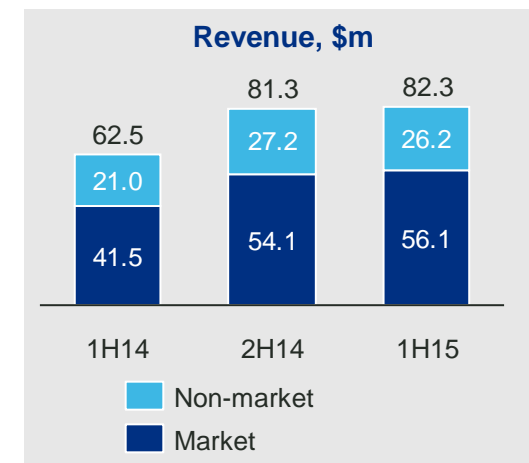


¹ EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

PERPETUAL PRIVATE

Benefits of scale drive improved margins

For the period ended	1H15 \$m	2H14 \$m	1H14 \$m	1H15 v 2H14	1H15 v 1H14
Market related revenue	56.1	54.1	41.5	4%	35%
Non-market related revenue	26.2	27.2	21.0	(4%)	25%
Total revenues	82.3	81.3	62.5	1%	32%
Operating expenses	(57.5)	(58.9)	(52.3)	2%	(10%)
EBITDA ¹	24.8	22.4	10.2	11%	143%
Depreciation & amortisation	(4.5)	(4.4)	(3.7)	(2%)	(22%)
Equity remuneration	(1.4)	(1.7)	(1.2)	18%	(17%)
Profit before tax	18.9	16.3	5.3	16%	257%
PBT Margin on revenue (%)	23.0	20.0	8.5	300bps	1450bps
Closing FUA (\$b)	12.6	12.6	12.6	-	-
Average FUA (\$b)	12.8	12.6	9.7	2%	32%
Net flows (\$b)	0.1	0.1	0.1	-	-
Market related revenue margin (bps)	88	86	85	2	3

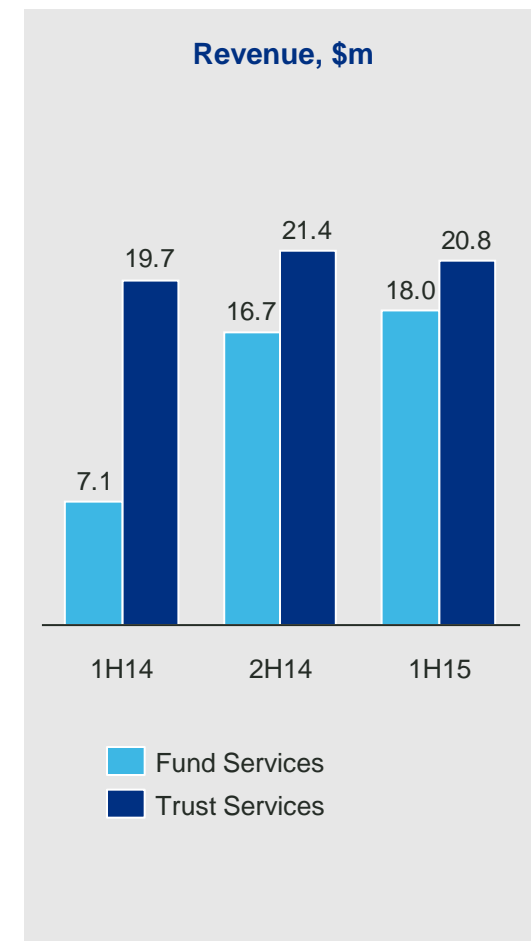


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PERPETUAL CORPORATE TRUST

Growth in Fund Services

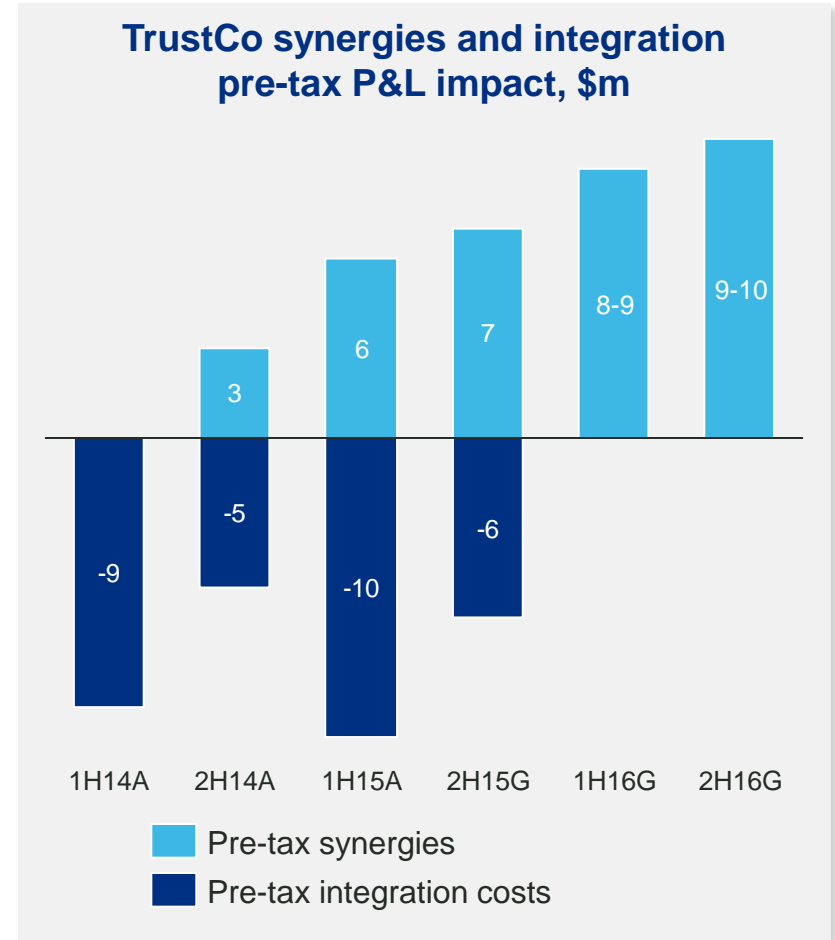
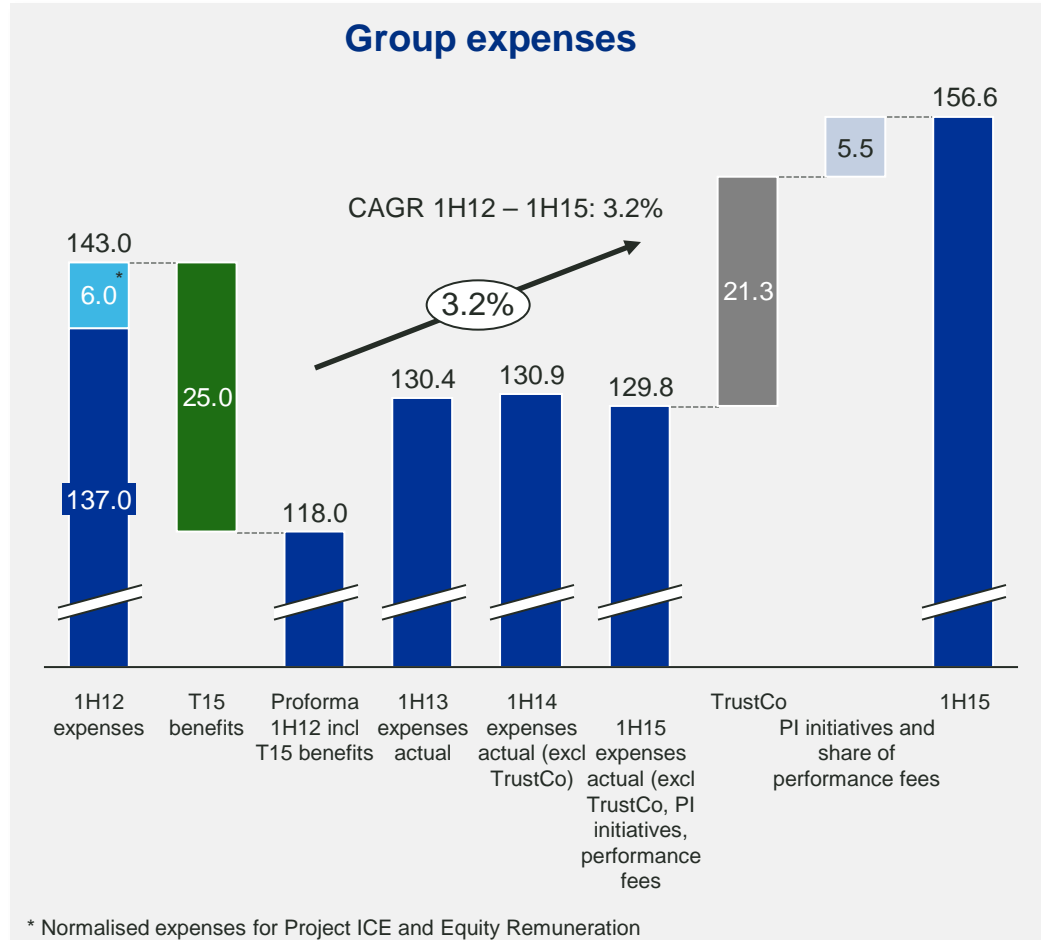
For the period ended	1H15 \$m	2H14 \$m	1H14 \$m	1H15 v 2H14	1H15 v 1H14
Trust services revenue	20.8	21.4	19.7	(3%)	6%
Fund services revenue	18.0	16.7	7.1	8%	154%
Total fiduciary services revenue	38.8	38.1	26.8	2%	45%
Sold Business RSE	0.5	2.1	0.4	(76%)	25%
Total revenues	39.3	40.2	27.2	(2%)	44%
Operating expenses	(22.5)	(22.8)	(15.4)	1%	(46%)
EBITDA ¹	16.8	17.4	11.8	(3%)	42%
Depreciation & amortisation	(2.0)	(2.1)	(0.6)	5%	(233%)
Equity remuneration	(0.5)	(0.6)	(0.2)	17%	(150%)
Profit before tax	14.3	14.7	11.0	(3%)	30%
PBT Margin on revenue (%)	36	37	40	(1)	(4)
Closing FUA (\$b) – Trust Services	359.5	306.9	294.2	17%	22%



¹ EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

FINANCIAL PERFORMANCE

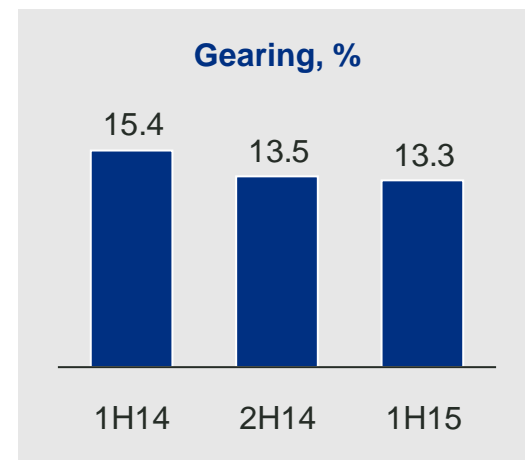
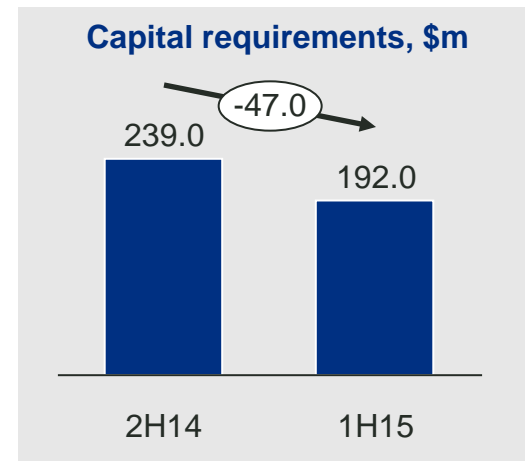
Expenses



FINANCIAL PERFORMANCE

Lower capital requirements

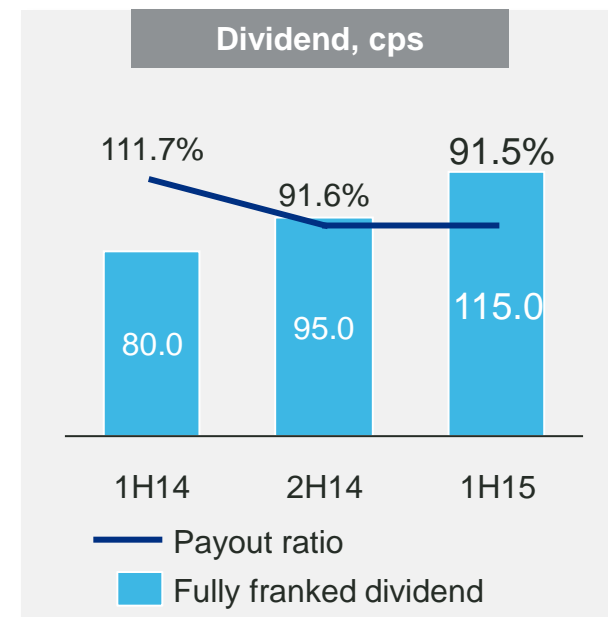
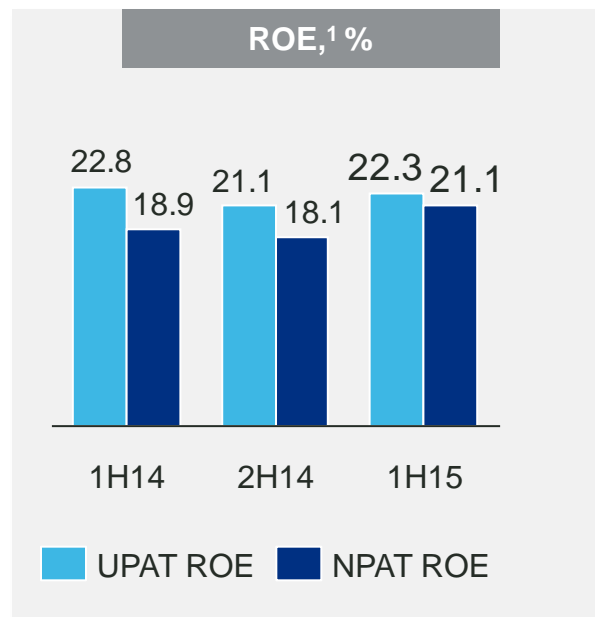
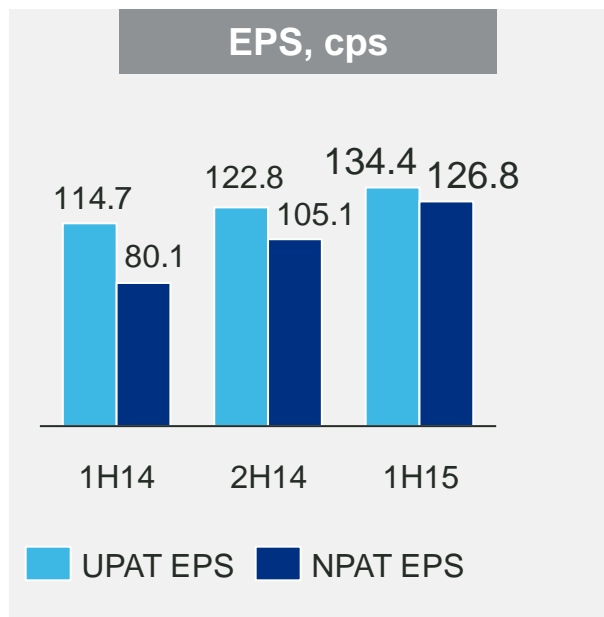
At the end of period	1H15	2H14	1H14
Cash & Liquid investments (\$m)	316.0	327.9	248.5
Corporate debt (\$m)	(87.0)	(87.0)	(97.0)
Net cash (\$m)	229.0	240.9	151.5
Goodwill and other intangibles* (\$m)	340.0	344.6	385.9
Net tangible assets (\$m)	227.3	211.8	148.3
Net tangible assets per share (\$)	4.88	4.55	3.19
Corporate debt to capital ratio (%)	13.3	13.5	15.4
Interest coverage (times)	48	37	60



* Intangibles comprise intangible assets plus deferred tax assets less deferred tax liabilities.

FINANCIAL PERFORMANCE

1H15 dividend up 44% on 1H14 and fully franked



Fully franked dividend of
115 cps

Payout ratio² of
91.5%

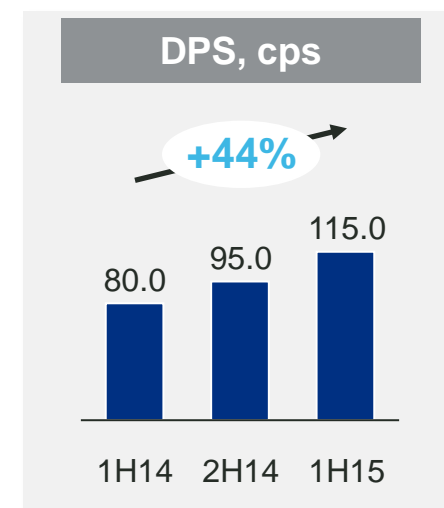
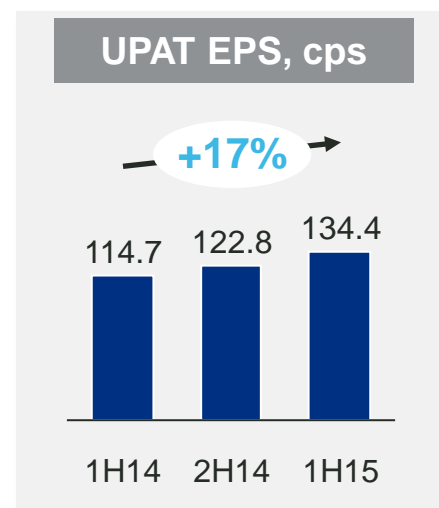
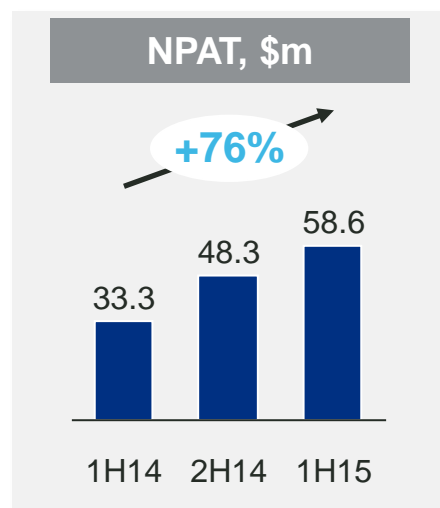
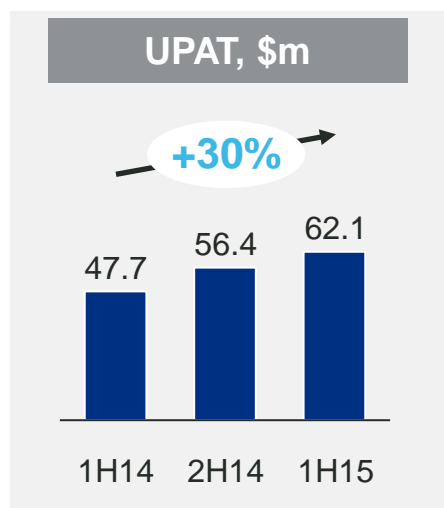
Dividend payable on
27 March

¹ ROE is calculated using UPAT or NPAT attributable to equity holders of Perpetual Limited for the period divided by average equity attributable to equity holders of Perpetual Limited.

² Dividends paid/payable as a proportion of NPAT.

1H15

Strategy delivering strong returns



Fully franked dividend of
115 cps

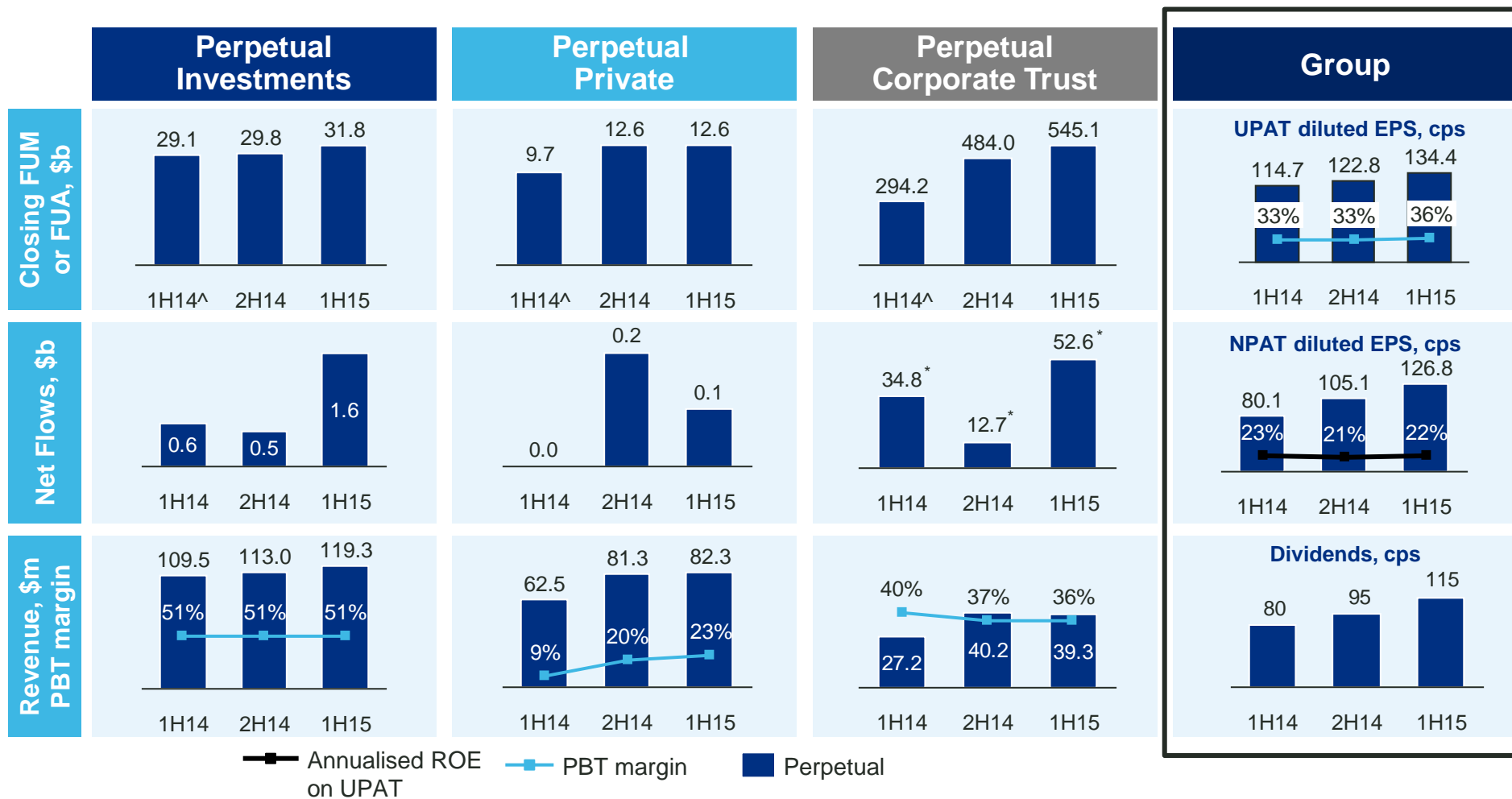
Payout ratio¹ of
91.5%

Dividend payable on
27 March

¹ Dividends paid/payable as a proportion of NPAT.

APPENDIX

FINANCIAL PERFORMANCE



[^] Excludes financial information relating to TrustCo.
^{*} Trust Services net flows only.

PERPETUAL PRIVATE

Business background

Leading HNW Advice Fiduciary & Trustee Business

- One of Australia's leading and most experienced strategic advice and licensed trustee companies
- Funds under advice in excess of \$12.6b
- Serving the needs of High Net Worth Australians, including Business Owners, Established Wealthy and Professionals

Comprehensive Client Proposition

- Supporting clients through key life stages
- Specialist capability in Private Trustee Services including, Private Trustee, Philanthropic, Estate Administration, Strategic Advice, Business Advice and Compensation Management

Premium SME & Accounting Business

- A key foundation of the HNW offering is Fordham Accounting Group
- Fordham serves over 600 business owners, predominantly in Victoria
- Starting with business advice, Fordham works with Perpetual Private to meet all its clients' personal advisory needs

Profitable & Growing Business

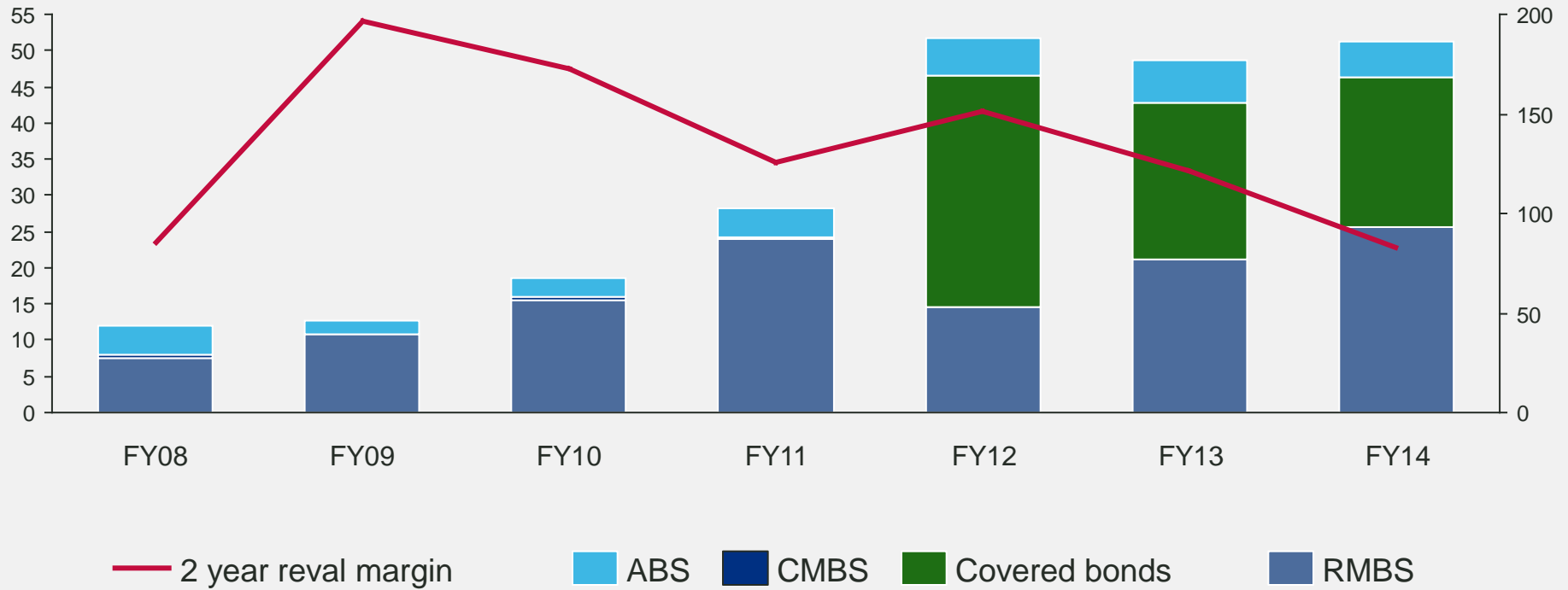
- Perpetual Private's strategic focus on HNW clients coupled with its scalable platform and acquisition of TrustCo have created a profitable business with scale
- Cost to Income ratio has declined from 92% in 1H14 to 77% 1H15
- Revenue growth from nearly all segments of the business

Well positioned to address key trends

- Specialist capability in Trustee, Philanthropic and tailored Financial Management
- Well placed to address key trends including an aging population, growing wealth in the population and increased demand for both business and financial advice

PERPETUAL CORPORATE TRUST

Securitisation Issuance, \$b Revaluation Margin, bps



CONTACTS

Chief Executive Officer & Managing Director

Geoff Lloyd
geoff.lloyd@perpetual.com.au
T: +612 9229 9078

Chief Financial Officer

Gillian Larkins
gillian.larkins@perpetual.com.au
T: +612 9229 3547

General Manager Investor Relations & Corporate Finance

Neil Wesley
neil.wesley@perpetual.com.au
T: +612 9229 3449

Investor Relations Administration

Michelle Rayner
michelle.rayner@perpetual.com.au
T: +612 9229 3331

Level 12 Angel Place, 123 Pitt Street
SYDNEY NSW 2000 Australia

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

DISCLAIMER

Important information

The information in this presentation is general background information about the Perpetual Group and its activities current as at 26 February 2015. It is in summary form and is not necessarily complete. It should be read together with the company's unaudited condensed consolidated financial statements lodged with ASX on 26 February 2015. The information in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account your financial objectives, situation or needs. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

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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 reviewed 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 reviewed.

Nothing in this presentation should be construed as either an offer to sell or solicitation of an offer to buy or sell Perpetual Limited securities in any jurisdiction.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated. All references to NPAT, UPAT etc. are in relation to Perpetual Limited ordinary shareholders. Certain figures may be subject to rounding differences.

Note:

- 1H13 refers to the financial reporting period for the six months ended 31 December 2012
- 2H13 refers to the financial reporting period for the six months ended 30 June 2013
- 1H14 refers to the financial reporting period for the six months ended 31 December 2013
- 2H14 refers to the financial reporting period for the six months ended 30 June 2014
- 1H15 refers to the financial reporting period for the six months ended 31 December 2014
- FY13 refers to the financial reporting period for the twelve months ended 30 June 2013,
- FY14 refers to the financial reporting period for the twelve months ended 30 June 2014, with similar abbreviations for previous and subsequent periods