

28 February 2024

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
- ✓ **1H24 ASX Announcement**
- 1H24 Results Presentation
- Half Yearly Report and Accounts
- Operating and Financial Review – 31 December 2023

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

Yours faithfully



Sylvie Dimarco  
**Company Secretary**

28 February 2024

ASX Announcement

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## Perpetual Reports First Half 2024 Results

### *Resilient revenue and underlying profit growth*

- 1H24 NPAT of A\$34.5 million, up 29% on 1H23
- 1H24 UPAT<sup>1</sup> of A\$98.2 million, up 46% on 1H23
  - Asset Management total AUM was A\$213.9 billion, up 128% on 1H23, and UPBT was A\$95.8 million, up 165% on 1H23, mainly due to the inclusion of Pental Group
  - Continued growth in Wealth Management with UPBT of A\$26 million, up 18% on 1H23
  - Corporate Trust remains resilient in higher interest rate environment, recording UPBT of A\$40.8 million, marginally down on 1H23 due to investment in technology infrastructure
- An interim dividend of A\$0.65 per share declared, 35% franked
- Integration of Pental progressing well – year 1 synergy target exceeded and on track to realise A\$80 million in run-rate synergies by January 2025
- FY24 total expense growth guidance<sup>2</sup> reaffirmed
- Strategic Review to explore the benefits of unlocking value for shareholders through the separation of its Corporate Trust and Wealth Management businesses, announced in December, is progressing

Perpetual Limited (Perpetual) (ASX:PPT) today announced its results for the half year ended 31 December 2023 (1H24). Underlying profit after tax (UPAT) was A\$98.2 million, 46% higher than the prior corresponding period as a result of the Pental acquisition and higher Wealth Management earnings. Statutory net profit after tax (NPAT) was A\$34.5 million, 29% higher than 1H23, primarily reflecting the Pental acquisition including associated integration costs.

Operating revenue for the half year was A\$657.8 million, an increase of 69% on 1H23, reflecting a full 6-month contribution of Pental Group, growth from Corporate Trust and stronger non-market revenues in Wealth Management.

The Board has determined to pay an interim dividend of A\$0.65 per share, 35% franked, representing a payout ratio of 75% of UPAT.

Commenting on the first half performance, Perpetual CEO and Managing Director, Mr Rob Adams, said: “Perpetual’s first half financial performance reflected the increased scale of our Asset Management business and the resilience in both our Corporate Trust and Wealth Management businesses as we navigated a more challenging operating environment, while also integrating Pental.

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<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 six months ending 31 December 2023 for the definition of UPAT and reconciliation with NPAT.

<sup>2</sup> FY24 expense growth guidance is for expense growth at the upper end of 27% - 31% growth

“The first half of 2024 represented the first full six-month contribution from Pandal Group. The Group’s AUM stability over the last six months reflects the benefits of our larger, more diverse total AUM base as a global multi-boutique asset manager, benefitting from investment market growth and the strong investment performance delivered to our clients.

“The integration of the Pandal businesses is progressing well and we have exceeded our first-year target of \$40 million in run-rate synergies, allowing us to focus on further synergy realisation, simplification and, targeted market and channel expansion.

“In Wealth Management, we have seen strong organic growth across the business, particularly in the high-net-worth advice segment and in our accounting practice, Fordham, underpinning strength in the business through a higher interest rate environment. In Corporate Trust, we have benefited from a return of non-bank lenders to the securitisation market, as well as new business growth from existing clients in the Managed Funds division, while also being able to invest in technology infrastructure for our own platforms and in new products for our clients.”

## Overview of Results

FOR THE PERIOD	1H24	2H23	1H23	1H24 v	1H24 v
	\$M	\$M	\$M	2H23	1H23
Operating revenue	657.8	625.5	388.3	5%	69%
Total expenses	(522.4)	(496.3)	(298.3)	5%	(75%)
<b>Underlying profit before tax (UPBT)</b>	<b>135.3</b>	<b>129.2</b>	<b>90.0</b>	<b>5%</b>	<b>50%</b>
Tax expenses	(37.2)	(33.0)	(23.0)	13%	(62%)
<b>Underlying profit after tax (UPAT)<sup>a</sup></b>	<b>98.2</b>	<b>96.2</b>	<b>67.0</b>	<b>2%</b>	<b>46%</b>
Significant items <sup>b</sup>	(63.6)	(63.9)	(40.3)	(0%)	(58%)
<b>Net profit after tax (NPAT)</b>	<b>34.5</b>	<b>32.2</b>	<b>26.8</b>	<b>7%</b>	<b>29%</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, strategic review 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.

## Business Unit Overviews

### Asset Management

Asset Management reported underlying profit before tax (UPBT) of A\$95.8 million, 165% higher than 1H23 (-1% on 2H23), driven by the contribution of Pandal Group, as well as positive market movements and net inflows in Barrow Hanley. 1H24 Asset Management revenue was A\$439.6 million, an increase of 142% on 1H23 (+5% on 2H23).

Total AUM<sup>3</sup> was A\$213.9 billion at 31 December 2023, an increase of A\$1.8 billion on 2H23, as a result of improvement in equity markets and investment performance, partially offset by net outflows.

<sup>3</sup> For AUM in the US region, a conversion rate of AUD:USD - 0.68 at 31 December 2023 was used, for EUKA AUM, a conversion rate of AUD:GBP - 0.54 at 31 December 2023 was used.

Mr Adams said, “Asset Management’s performance reflects our global presence and increased scale with the contribution of Pandal Group to the business.

“Net outflows in J O Hambro and TSW were disappointing, with client allocations impacting as well as performance in specific J O Hambro strategies. We are very focused on working closely with our boutiques to improve client retention and drive new client inflows, to demonstrate the benefits of our global distribution team.

“Importantly, now just over three years’ post acquisition, we continue to be encouraged by the growing level of investor support for Barrow Hanley’s Global and International equities strategies, with ~A\$2.5 billion in net flows in those strategies over the half.

“The strong relative investment performance across all boutiques, with 78%<sup>4</sup> of strategies outperforming benchmark over the three-year period to 31 December 2023, is a testament to the quality of our investment teams and a key indicator for future growth.”

## Corporate Trust

Corporate Trust reported UPBT of A\$40.8 million, down 2% on the prior corresponding period, driven by a tougher market environment for Debt Market Services as well as higher operating expenses associated with investments in technology infrastructure to support growth. Corporate Trust’s total Funds Under Administration (FUA) were ~A\$1.2 trillion as at 31 December 2023, up 5% on 1H23.

Mr Adams said, “Our Corporate Trust business continues to demonstrate resilience in the higher interest rate environment. The Managed Funds Services segment saw growth in revenue of 5% through the period, while Debt Market Services revenue was flat due to intense competition from the major banks in the lending market and softer average FUA.

“The focus in our digital business has been on replacing our core legacy technology with a new Cloud SaaS platform and launching new products. We continue to attract clients for our Treasury and Finance Intelligence (TFI) product and we are seeing strong market interest for a new Fixed Income Intelligence product, which launches an international bond capability this month.”

## Wealth Management

Wealth Management delivered UPBT of A\$26.0 million, 18% higher than the prior corresponding period. The increase was driven by organic growth across all segments, supported by a strong performance from Fordham and contributions from Jacaranda servicing the pre-retiree segment.

Wealth Management’s Funds Under Advice (FUA) as at 31 December 2023 was \$19.1 billion, 7% higher than 1H23, underpinned by positive net flows, investment performance and improving equity markets.

Mr Adams said, “Our Wealth Management business continued to deliver strong organic growth with all divisions contributing to deliver 18% growth in underlying profit before tax.

“Pleasingly, the business has now delivered over a decade of net inflows and our FUA continued to grow steadily in the half, supported by an improvement in equity markets.”

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<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

## Strategic Review

On 6 December 2023, the Board announced a Strategic Review to explore the benefits of unlocking additional value for Perpetual shareholders through the separation of Perpetual's Corporate Trust and Wealth Management businesses and creating a more focused Asset Management business.

The Perpetual Board is pleased with the progress of the review to date.

## Pendal Group synergies and integration update

The integration of Pendal Group<sup>5</sup> has progressed well, with synergies tracking ahead of plan. For the period to 31 December 2023, Perpetual achieved A\$56.8 million in annualised synergies, exceeding its target of 50% of A\$80 million<sup>6</sup> in synergies by year 1 (January 2024).

Mr Adams said, "We have brought together two iconic firms and created a global multi-boutique asset manager of scale with high-quality investment competencies, substantial capacity for growth, with broad distribution reach across key regions and channels. The integration is progressing well, and we are pleased to have exceeded our targeted A\$40 million synergies in the first year."

## Dividends

The Board has determined to pay a 35% franked interim dividend of A\$0.65 per share.

This represents a payout ratio of 75% of UPAT for the 6 months ended 31 December 2023 and is in line with the Board's policy to target a dividend payout ratio within a range of 60% to 90% of UPAT on an annualised basis.

## FY24 Expense Guidance

FY24 total expense growth has been reaffirmed. Total expense growth is expected to be at the upper end of 27% - 31% (including 12 months of Pendal's expenses) for FY24, noting that weakness in the Australian dollar benefits Perpetual's offshore revenues, but applies upward pressure on the Group's international expense base.

## Outlook

Commenting on the outlook, Mr Adams said, "Perpetual Group has three quality businesses with scale and significant revenue streams that have enabled it to operate through a challenging environment for financial services businesses.

"We remain focused on delivering synergies and improving overall net flows in our Asset Management business as well as unlocking benefits from simplifying our business and successfully completing the Strategic Review to unlock value for our shareholders."

-Ends -

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<sup>5</sup> Pendal Group was acquired in January 2023

<sup>6</sup> Perpetual's target is to deliver \$80 million in run-rate synergies by January 2025.

## Investor Briefing

Perpetual will hold an investor briefing to present its results at 11:00am AEDT 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/gsnq3of5>

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

<https://register.vevent.com/register/Blba1fcaf5a5b94f919ea81f1e2c43dfc9>

### 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.