

29 August 2024

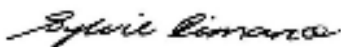
ASX Limited  
ASX Market Announcements Office  
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Sydney NSW 2000

## Perpetual FY24 Financial Results

The following announcements to the market are provided:

- FY24 Appendix 4E
- ✓ FY24 ASX Announcement
- FY24 Full Year Statutory Accounts
- FY24 Results Presentation
- FY24 Operating and Financial Review
- Appendix 4G
- FY24 Corporate Governance Statement

Yours faithfully,



Sylvie Dimarco  
Company Secretary  
(Authorising Officer)

**29 August 2024**

ASX Announcement

## Perpetual Reports Full Year 2024 Results

- FY24 UPAT<sup>1</sup> of A\$206.1 million, up 26% on FY23
  - Asset Management total AUM was A\$215 billion, up 1% on FY23; UPBT was A\$200.4 million compared to \$132.7 million in FY23 driven by a full 12-month contribution from Pental Group
  - Continued growth in Wealth Management with UPBT of A\$54 million, up 15% on FY23, due to continued strength in non-market revenues
  - Corporate Trust also delivered growth, recording UPBT of A\$85 million, up 4% on FY23, while investing in technology infrastructure
- Statutory results impacted by an impairment announced on 26 August 2024, as well as one-off costs related to integration of Pental Group and Perpetual's Strategic Review
- A final dividend of A\$0.53 per share declared, 50% franked
- Pental synergy program completed ahead of schedule, realising in excess of the targeted A\$80 million in run-rate synergies
- Estimated cash proceeds for shareholders from the Scheme of Arrangement (Scheme) with KKR between A\$8.38 - A\$9.82 per share<sup>2</sup>
- Simplification program announced to deliver annualised cost reductions of between A\$25 million and A\$35 million per annum, before tax, over two years
- Orderly Board changes in anticipation of the completion of the transaction with Perpetual's Chairman, Tony D'Aloisio, retiring following completion of the Scheme in early 2025 and current Deputy Chairman, Gregory Cooper assuming the role of Chairman

Perpetual Limited (ASX:PPT) (Perpetual) today announced its financial results for the full year ended 30 June 2024 (FY24). Underlying profit after tax (UPAT) was A\$206.1 million, 26% higher than the prior corresponding period, as a result of a full 12-month contribution from the Pental Group as well as stronger earnings in both Wealth Management and Corporate Trust.

Factoring in previously announced impairments of A\$547.4 million and other significant items, the Group reported a statutory loss after tax of A\$472.2 million.

Operating revenue for FY24 was A\$1,335 million, an increase of 32% on FY23, reflecting a full 12-month contribution of Pental Group and stronger revenues in Wealth Management and Corporate Trust.

The Board has determined to pay a final dividend of A\$0.53 per share, 50% franked. Total dividends for the financial year were A\$1.18, representing a payout ratio of 65% of UPAT for FY24.

Commenting on the full year performance, Perpetual CEO and Managing Director, Mr Rob Adams said, "Perpetual's full year 2024 financial performance reflected the increased scale of our Asset

<sup>1</sup> UPAT is Net (loss)/profit after tax (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 2024 for the definition of UPAT and reconciliation with NPAT.

<sup>2</sup> Based on a number of assumptions, including tax, transaction and separation costs, and debt. The estimate of tax and duties is based upon the opinion of our external advisers and engagement with tax authorities. See footnote 7 for more detail.

Management business and the continued growth in both our Wealth Management and Corporate Trust businesses.

“In Asset Management, while we have seen some of the positive impact of the incorporation of Pental Group into our business, our performance in FY24 was impacted by larger than anticipated net outflows, which was clearly disappointing.

“Outflows were concentrated in J O Hambro’s Global and International Select strategies as well as its UK Dynamic strategy following the departure of a portfolio manager. We also experienced net outflows in TSW’s International equities capability, driven by partial redemptions from clients due to portfolio rebalancing and asset allocation shifts. The combination of previous outflows and these outflows over the year led to the decision to impair the value of the goodwill in both the J O Hambro and TSW boutiques by A\$547.4 million.

“Notwithstanding this, our total Assets Under Management (AUM) in Asset Management increased to A\$215.0 billion over the year, supported by an improvement in equity markets and robust investment performance across many of our boutique teams.

“The integration of Pental and the associated synergy program is essentially completed, with our target of A\$80 million in run-rate synergies exceeded seven months early. The acquisition has helped underpin stable revenue margins in Asset Management by providing greater diversity of revenue streams across our investment management capabilities, regions and channels.

“In Wealth Management, we have seen strong organic growth across the business, particularly in our non-market revenue and in our accounting practice, Fordham. In Corporate Trust, we have delivered a resilient performance as we continued to invest in a new technology infrastructure that benefits our platforms and our clients, while delivering top-line revenue growth leveraging our position as a leading trustee and securitisation service provider.”

### Overview of Results

FOR THE PERIOD	FY24 \$M	FY23 \$M	FY24 v FY23
Operating revenue	1,335.0	1,013.8	32%
Total expenses	(1,051.4)	(794.6)	(32%)
<b>Underlying profit before tax (UPBT)</b>	<b>283.6</b>	<b>219.2</b>	<b>29%</b>
Tax expenses	(77.4)	(56.0)	(38%)
<b>Underlying profit after tax (UPAT)<sup>a</sup></b>	<b>206.1</b>	<b>163.2</b>	<b>26%</b>
Significant items <sup>b</sup>	(678.3)	(104.2)	Large <sup>c</sup>
<b>Net (loss)/profit after tax</b>	<b>(472.2)</b>	<b>59.0</b>	<b>Large</b>

- 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.
- 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.
- Large is defined as a percentage change that exceeds +/- 200%.

## Business Unit Overviews

### Asset Management

Asset Management reported underlying profit before tax (UPBT) of A\$200.4 million, compared to \$132.7 million in FY23, driven by the contribution of Pental Group, as well as positive market movements. Asset Management revenue was A\$887.6 million, an increase of 48% on the prior corresponding period. The business reported stable average revenue margins of 41 bps, and within the equities asset class, average revenue margins increased 2% on FY23.

Total AUM<sup>3</sup> was A\$215.0 billion at 30 June 2024, an increase of A\$2.9 billion on FY23, supported by an improvement in equity markets, investment outperformance, positive currency movements, partially offset by net outflows.

Mr Adams said, “The financial results in Asset Management reflect our global footprint and increased scale with the full 12-months’ contribution of Pental Group this financial year. Investment performance across all boutiques has been robust, with 66%<sup>4</sup> of strategies outperforming benchmark over the three-year period to 30 June 2024, highlighting the diversification and quality of our investment strategies and professionals.

“During the year, net outflows in J O Hambro, TSW and Trillium were disappointing, impacted by the timing of several institutional client redemptions, as well as the departure of a portfolio manager in J O Hambro. In Barrow Hanley, we saw solid client interest in global and emerging market and fixed income strategies, with net inflows into those capabilities of A\$3.4 billion over the year.

“In Australia, we saw positive momentum in net flows, driven by Perpetual’s Australian credit & fixed income capabilities and improving net flows in Australian Equities. Pental was impacted by small institutional client losses and a superfund client merger.

“We also delivered a key initiative through the year to bring together our multi-boutique teams across Perpetual and Pental, to create a single Perpetual multi-asset team uniquely positioned to leverage the breadth of underlying investment capabilities across the multi-boutique offering.

“Through the year we have refreshed some of our most senior leadership positions in distribution and are actively engaged across client channels, with A\$3 billion in new institutional clients wins<sup>5</sup> expected to fund this quarter and, additional wins across various equity strategies and boutiques expected to fund in the first two quarters of the new financial year.”

### Wealth Management

Wealth Management delivered UPBT of A\$54.0 million, 15% higher than the prior corresponding period. The increase was driven by continued growth across all business segments, ongoing contributions from Jacaranda in the pre-retiree segment and, a strong performance from Fordham.

Wealth Management’s Funds Under Advice (FUA) as at 30 June 2024 was A\$19.8 billion, 7% higher than FY23, underpinned by investment performance, improving equity markets and net inflows.

<sup>3</sup> For AUM in the US region, a conversion rate of AUD:USD – 0.66 at 30 June 2024 was used, for EUKA AUM, a conversion rate of AUD:GBP – 0.52 at 30 June 2024 was used.

<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 Pental Funds are available on [www.pentalgroup.com](http://www.pentalgroup.com) or 1300 346 821. Refer to Perpetual’s, Pental’s, Barrow Hanley’s or Trillium’s websites for further performance information.

<sup>5</sup> As disclosed in the Q4 Business Update dated 24 July 2024

Mr Adams said, “Our Wealth Management business performed strongly this year, delivering organic growth across a number of segments, supporting an increase of 15% underlying profit before tax. The business has now delivered over a decade of annual net inflows, as well as continued FUA growth, an important sign of the strength and quality of our offering.”

### Corporate Trust

Corporate Trust reported UPBT of A\$85 million, up 4% on the prior corresponding period, driven by a growth across all three business lines and despite higher operating expenses associated with investments in technology infrastructure to retire legacy systems and to support growth. Corporate Trust’s total Funds Under Administration (FUA) were ~A\$1.2 trillion as at 30 June 2024, up 4% on FY23.

Mr Adams said, “Our Corporate Trust business continues to perform steadily in the higher interest rate environment. All three business lines recorded growth, with Debt Market Services stable, Managed Funds Services benefiting from continued activity in commercial property and solid growth within Perpetual Digital.

“During the year, we completed a multi-year project to replace our core legacy technology with new technology infrastructure, which will underpin efficiencies in our business and also enable us to continue to develop and improve our client services.”

### Dividends

The Board has determined to pay a 50% franked final dividend of A\$0.53 per share.

Total dividends for the year were A\$1.18 per share which represents a payout ratio of 65% of UPAT for the 12 months ended 30 June 2024 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.

### Pendal Group synergies and integration update

The integration of Pendal Group<sup>6</sup> is essentially completed, with Perpetual realising \$81.6 million in synergies since the transaction closed, exceeding its target of A\$80 million run-rate synergies by January 2025. Over the period, Perpetual has successfully completed the global reorganisation of the Asset Management business and rationalisation of its product, platform and property footprint.

Mr Adams said, “We have brought together two iconic firms and created a high-quality asset manager of scale with exceptional investment professionals, diversified investment strategies and global distribution reach. While the formal integration of Pendal Group has largely been completed, and our targeted synergies surpassed, we will continue to find opportunities to simplify our Asset Management business and drive efficiency improvements.”

### Strategic Review, Scheme of Arrangement and estimated proceeds from the transaction

On 8 May 2024, Perpetual announced the completion of its Strategic Review. The Board determined that a demerger and subsequent separation of the Wealth Management and Corporate Trust businesses from the Asset Management business would provide superior value for shareholders. If approved, Perpetual will become a standalone, focused asset management business with the scale, quality investment teams, global distribution and strong balance sheet.

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<sup>6</sup> Pendal Group was acquired in January 2023.

On 8 May 2024, Perpetual entered into a Scheme Implementation Deed with an affiliate of Kohlberg Kravis Roberts & Co L.P. (together with its affiliates, "KKR") to acquire 100% of Wealth Management and Corporate Trust via a Scheme of Arrangement<sup>7</sup>.

Perpetual continues to engage with tax authorities to seek confirmation of the tax outcomes of the transaction to both Perpetual and its shareholders.

Based on a number of assumptions and opinion of our external advisers, estimated net cash proceeds from the transaction are expected to be in the range of A\$8.38 to A\$9.82 per share<sup>8</sup>.

A transition services agreement (TSA) that will be in place with KKR following completion is expected to cover a material portion of stranded costs over an 18-month period (with two six-month extensions available) from completion.

Estimated stranded costs from the transaction are expected to be approximately \$75 million per annum, before tax. Approximately \$50 million per annum of these costs will be covered by the TSA. Costs will be actively reduced as services transition to KKR.

A Scheme Booklet with further details will be made available to shareholders in advance of a Scheme Meeting which is expected to be held in early 2025.

### **Simplification program to build an efficient operating structure**

A simplification program is underway to deliver cost reductions of between A\$25 million and A\$35 million per annum, before tax, over two years to create a simplified, focused Asset Management business. The program will be phased with \$7.5 million - \$10 million of annualised cost reductions expected to be realised in FY25 and A\$17.5 million - A\$25 million of annualised cost reductions in FY26.

Expense growth guidance for FY25 is between 2-4% growth in total expenses, including the expense initiatives announced today. The expected expense growth is driven by continued growth in Wealth Management and Corporate Trust.

### **Leadership and Board changes**

On 21 August 2024, Perpetual announced that it had appointed Bernard Reilly to succeed Rob Adams as CEO and Managing Director of Perpetual Limited.

Mr Reilly has more than 30 years' experience in international and domestic asset management, banking and finance sectors. He was formerly Chief Executive Officer of Australian Retirement Trust, the \$300 billion superfund formed in February 2022 through the merger of Sunsuper and Qsuper.

Mr Reilly will commence on 2 September 2024.

Today Perpetual also announced orderly changes to the Board in anticipation of completing the transaction with KKR and the transition to a single purpose asset management business.

Perpetual Chairman Tony D'Aloisio AM intends to retire from the Perpetual Board following implementation of the Scheme of Arrangement with Kohlberg Kravis Roberts & Co. L.P. (KKR) in

<sup>7</sup> Which is subject to satisfaction of a number of conditions precedent including regulatory, court and shareholder approval

<sup>8</sup> The estimated net cash proceeds reflect Perpetual's current knowledge and understanding and is based on a number of assumptions, including tax and duties, transaction and separation costs, debt and net debt adjustments. The estimate of tax and duties is based upon the opinion of our external advisers and engagement with tax authorities to date. The engagement with tax authorities is not yet complete. The final tax outcome will be dependent upon a number of matters, including agreeing specific outcomes of the transaction with tax authorities (which could differ from the current estimated range). The estimate is subject to further work and update as the tax and duty position is finalised.

early 2025. Mr Gregory Cooper, appointed Deputy Chairman in May 2024, will assume the role of Chairman on Tony D'Aloisio's retirement.

Independent Non-Executive Directors, Mr Ian Hammond and Ms Nancy Fox AM, will retire at the Annual General Meeting (AGM) on 17 October 2024 in accordance with Perpetual's Board rotation policy. Mr Hammond and Ms Fox have been on the Board since 2015 and Chair the Audit, Risk & Compliance Committee (ARCC) and the People & Remuneration Committee (PARC), respectively. Ms Fiona Trafford-Walker will chair the PARC following Ms Fox's retirement at the AGM. Perpetual is in the final stages of the recruitment for Mr Hammond's replacement and will make that announcement in time for voting at the AGM.

## Outlook

Commenting on the outlook, Mr Adams said, "As a Group, these three high-quality businesses have managed through the challenging environment. The planned demerger of our Wealth Management and Corporate Trust will provide each business the focus and capital needed to grow in their respective markets.

"Perpetual remains focused on the successful delivery of the transaction and becoming a successful standalone Asset Management business with the strategic focus, quality teams, balance sheet strength and distribution reach to deliver growth for clients and shareholders over time."

## Investor Briefing

Perpetual will hold an investor briefing to present its results at 11:00am 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/uywa26ow>

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

<https://register.vevent.com/register/Bled82dd813f8d4654904254ec830e668f>

-Ends -

**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.

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