

RESPONSIBILITY AND CONSISTENCY

CHAIRMAN'S REPORT

Dear Shareholder

Our FY18 results reflect the central tenets of how we operate – discipline and consistency. These principles, coupled with the strength of our diversified business, are never more important than when facing challenging conditions.

On behalf of your Board, I am pleased to report that Perpetual ended the 2018 Financial Year well, with a strong balance sheet and low debt. While continuing to operate in market conditions characterised by low growth and interest rates, our FY18 net profit after tax (NPAT) was 2% higher than in FY17 and has grown year-on-year since 2013.

YOUR DIVIDEND

In line with our commitment to providing a sustainable dividend, we are pleased to have delivered shareholders a final dividend of 140 cents per share. The dividend is fully franked, providing you with tax-effective income.

The total dividend for the year was 275 cents. This was a further 4% lift in the dividend per share, which has increased year-on-year for six consecutive years.

The payout represents 91% of FY18 NPAT, within our goal of paying 80% to 100% of statutory NPAT on an annualised basis.

Once again, the dividend will be fully franked.

Diluted earnings per share (on NPAT) rose 1.9% on FY17.

GROWING A DIVERSIFIED BUSINESS

Our results continue to reflect the strength of our diversified business.

Perpetual Investments remains one of Australia's most highly regarded investment managers. Whilst net flows were impacted by market conditions and investment performance, there has been pleasing support for our extension initiatives, with greater momentum in global equities and multi asset strategies, and very strong support for Perpetual's Pure Credit Alpha Fund.

Perpetual Private and Perpetual Corporate Trust have again both delivered solid growth in FY18, with new client growth in their core businesses as well as extensions. With clear strategies delivering results for clients and shareholders, both businesses are investing in modernisation programs aimed at delivering ongoing productivity gains, digital client solutions and an ever-improving client experience.

STAYING TRUE TO VALUE INVESTING

Perpetual Investments has a long history of delivering fund outperformance for investors through the implementation of its active value investment approach. We believe strongly in value investing, and this has been a challenging time for our style.

As we have for more than 50 years, we continue to act responsibly and consistently with investments managed on behalf of our clients and unitholders. Perpetual is always true to label, respectful of our clients' objectives when investing, and incredibly clear on what they expect of us.

The stability of our client relationships and their increased advocacy of our brand over the past year indicate they continue to support our disciplined approach.



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LEADERSHIP CHANGE

Your new CEO, Rob Adams commenced with Perpetual on 24 September. Rob is an exceptional leader with three decades of local and global experience in financial services including funds management, financial advice and fiduciary services. A proven leader, he will be a great fit for Perpetual.

Rob has a track record of leading successful teams and diligently building and growing businesses organically and through acquisition. This will suit the next stage of the development of our core offerings and global initiatives.

The Board wishes to recognise the contribution of Geoff Lloyd, who stepped down this year after six years as CEO and eight with Perpetual. Geoff led the company through transformational change, laid solid foundations for the future and consistently delivered for our people, clients and shareholders.

The Board is also grateful to Chris Green, Group Executive of Perpetual Corporate Trust, for stepping into the role of Interim CEO through the leadership transition period. Thank you.

The strength and stability of our relationships with shareholders and clients is never more important than in the market conditions we face. On behalf of the Board, thank you to the Executive Leadership Team, and all employees at Perpetual, for their consistent and diligent focus on our clients and their prosperity. The results we deliver for shareholders are a direct reflection of their efforts and the high level of engagement by all employees in driving these outcomes.

Importantly, thank you to you, our shareholders, for your continued support to the Board and to this great company.

Finally, you may be aware of progress with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Let me assure you that your Board and each of our divisions are closely monitoring developments and, as necessary, will respond to any recommended changes.



Tony D'Aloisio

Chairman

2018 GROUP HIGHLIGHTS

Perpetual's diversification strategy continued to underpin results. For successive years, shareholders have benefited from profitable growth, increased revenues and improved dividends.

UNDERLYING PROFIT AFTER TAX

for the year ended
30 June (\$m)

2014	106.2
2015	133.7
2016	128.2
2017	136.9
2018	139.0

NET PROFIT AFTER TAX (NPAT)

for the year ended
30 June (\$m)

2014	81.6
2015	122.5
2016	132.0
2017	137.3
2018	140.2

RETURN ON EQUITY - NPAT

for the year ended
30 June (%)

2014	19.0
2015	21.7
2016	22.2
2017	22.1
2018	21.6

EARNINGS PER SHARE - NPAT VERSUS DIVIDENDS

for the year ended
30 June (cents per share)

2014	186	175
2015	265	240
2016	284	255
2017	294	265
2018	299	275

□ Earnings per share (NPAT)

■ Dividends

LETTER FROM THE CEO



Dear Shareholder

I am both humbled and excited to be writing to you having just joined Perpetual as CEO. Throughout my career in Australian financial services, I have closely observed Perpetual and worked directly and indirectly with many of the talented people within the business. To now lead the group is a real privilege.

My humility stems from the chance to lead our team of custodians of Perpetual's heritage, brand, reputation and 'fiduciary DNA'. It's clear from my early engagement with many of our clients and external stakeholders that these factors, among others, make Perpetual different from other financial services groups in a highly compelling way.

My excitement comes from the prospect of growing the business over the coming years for the benefit of shareholders, clients and employees. My early observation is that our three main divisions – Perpetual Investments, Perpetual Private and Perpetual Corporate Trust – have solid core businesses, each with their own distinct tailwinds and potential headwinds. The FY18 results your Chairman outlines in his letter reflect this and will be discussed in more detail at our Annual General Meeting in November. However, there are also opportunities for growth, organically and inorganically, through a local and global lens. I will be considering these with determination and sharp focus over the coming months.

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I look forward to keeping you informed of our progress and taking on board your observations as our valued shareholders.

Finally, I would also like to recognise the contribution of Chris Green, who held the position of Interim CEO before my arrival. I really appreciate the role he played in enabling a smooth transition.

Rob Adams
Chief Executive Officer
and Managing Director

275 cents

PERPETUAL'S TOTAL FULLY FRANKED
DIVIDEND FOR FY18 WAS UP 4%

\$112.5m

PERPETUAL INVESTMENTS WAS
IMPACTED BY CHALLENGING
CONDITIONS IN FY18, DELIVERING
PROFIT BEFORE TAX OF \$112.5 MILLION,
DOWN 3% ON FY17

\$46.1m

PERPETUAL PRIVATE HAD A STRONG
YEAR, WITH PROFIT BEFORE TAX OF
\$46.1 MILLION, UP 14% ON FY17

\$42.6m

PERPETUAL CORPORATE TRUST
DELIVERED ANOTHER STRONG
RESULT, WITH PROFIT BEFORE TAX
OF \$42.6 MILLION, UP 16% ON FY17

CORPORATE RESPONSIBILITY

Bringing together the core principles of sustainable business practices and sound governance enables us to focus on delivering long-term outcomes for our clients.



PEOPLE

- Perpetual was recognised by the Workplace Gender Equality Agency as both a Pay Equity Ambassador and Employer of Choice for Gender Equality. Women in leadership roles increased to 35%, our target is 40% by 2020.
- Employee engagement levels rose to their highest in more than a decade and are in the top quartile of all Australian and New Zealand organisations¹.
- Perpetual launched its Domestic and Family Abuse Policy to support all employees who may be affected.



COMMUNITY

- Perpetual's Stretch Reconciliation Action Plan continues our focus on strengthening relationships with Aboriginal and Torres Strait Islander peoples and organisations. This is demonstrated by celebrations of National Reconciliation Week and NAIDOC and our corporate partnership with Jawun.
- In partnership with the Stanford Center on Philanthropy and Civil Society, Perpetual continues to raise awareness of the risks, challenges and opportunities in the digital age. In FY18, this included taking ten not-for-profit leaders to Stanford University to build their capability in tackling society's toughest challenges.
- Perpetual Foundation turns 20 in 2018 and has grown to more than \$260 million.
- The Perpetual Ethical SRI Credit Fund launched in June 2018, investing in a diverse range of income generating, ethical and socially responsible assets.



GOVERNANCE

- Perpetual complies with all ASX principles and through its Continuous Disclosure Policy is committed to giving all shareholders timely and equal access to information.
- Perpetual maintains Board member independence. The majority of the Board are Non-executive independent Directors, and 29% are female directors.
- Perpetual's Code of Conduct applies to all Directors, executives and employees and is designed to assist them in making ethical business decisions.



ENVIRONMENT

- Perpetual discloses its management of carbon and climate risks to the Carbon Disclosure Project annually. This voluntary disclosure raises Company-wide awareness to act on climate change, enhancing our long-term sustainability and profitability.
- To play our part reducing the amount of plastic reaching landfill or the oceans, we are phasing out the use of approximately 8,800 plastic bottles per year in our Sydney head office.

1. Aon Hewitt research

For more details on Perpetual's Corporate Responsibility, go to perpetual.com.au/Corporate-Governance

CONTACT DETAILS

PERPETUAL SHAREHOLDER INFORMATION LINE

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SHAREHOLDER CALENDAR*

FINAL DIVIDEND PAYMENT

8 October 2018

ANNUAL GENERAL MEETING

1 November 2018

INTERIM PROFIT AND DIVIDEND ANNOUNCEMENT

21 February 2019

FINAL PROFIT AND DIVIDEND ANNOUNCEMENT

29 August 2019

AGM DETAILS

1 November 2018
10am AEDT
Perpetual, Level 18, 123 Pitt Street
Sydney NSW 2000

WANT TO READ ABOUT PERPETUAL'S MARKET VIEWS AND INSIGHTS?

Visit the Perpetual website at
perpetual.com.au/insights

*Please note these dates are subject to change.