

Pendal Group Limited  
Level 14, The Chifley Tower  
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Sydney NSW 2000  
Australia  
ABN 28 126 385 822

**PENDAL**  
GROUP

4 November 2022

Company Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**Pendal Group Limited (PDL) Full Year Profit Announcement for  
the twelve months ended 30 September 2022**

The following documents are attached for lodgement:

- ☐ Appendix 4E
- ☐ ASX Announcement
- ☐ Analyst Presentation
- ☒ **Shareholder Update**
- ☐ Annual Report
- ☐ Appendix 4G
- ☐ Corporate Governance Statement
- ☐ Sustainability Report

Yours sincerely



Authorising Officer

Joanne Hawkins  
Group Company Secretary  
Pendal Group Limited  
Tel: +61 2 9220 2000

# ASX Announcement

## Pendal Group Shareholder Update

4 November 2022

Dear Shareholder,

I am pleased to report Pendal has delivered a solid full-year result for the year ending 30 September 2022, with growth achieved in revenue, underlying earnings per share, underlying profit after tax and operating margin.

### Financial Year 2022 Results Overview

- **Underlying profit after tax (UPAT)** improved by 17% to \$194.2m
- **Statutory Net Profit After Tax (NPAT)** declined by 32% to \$112.8m, primarily due to significant seed investment gains in 2021 that reversed in 2022 as global equity markets declined
- **Underlying earnings per share** up 5% to 50.7 cents per share
- **Operating revenue** increased by 8% to \$629.7m, reflecting the first full-year contribution from Thompson, Siegel and Walmsley (TSW), a US value-oriented investment manager acquired in 2021
- **Operating margin** increased to 36%, up one percentage point on the prior year, supported by TSW's higher operating margin and tight cost management across the Group.

The 2022 financial results reflected Pendal management team's ability to respond swiftly to changing market conditions and to take tight control of costs. Also, our acquisition of TSW has delivered both financially and through improved diversification.

Nevertheless, Pendal was not immune from the effects of rising geopolitical tensions and potential inflation-induced recessions during the year. Subsequently, investors remained cautious, cutting asset values and fund inflows worldwide.

As a result, during the year the Group's funds under management (FUM) declined by 25 per cent to \$104.5 billion (2021: \$139.2 billion), impacted by a weaker market environment and net outflows of \$14.0 billion, with all regions adversely impacted.

Considering difficult trading conditions and subsequent pressure on revenue, costs were managed prudently, while measured investment in key growth initiatives across global distribution, product and the Group's operating infrastructure continued.

In Europe, we enhanced our regulatory licence and established offices in Munich and Paris to better serve clients in the region and we expanded our distribution network in the US, following the acquisition of TSW. Our marketing leadership was strengthened in the UK and US and we ran a high-profile impact-investing brand campaign in Australia.

We expanded our product range into new markets globally, rolling out the Global Select Fund in Australia, Regnan Equity Impact Solutions in Australia and the US, and the Regnan Sustainable Water and Waste Fund in Europe.

During the period, we successfully migrated the Pendal Australia middle and back-office functions to Northern Trust and completed the transition of all support services in Australia from Westpac to new

providers, a significant achievement. Additionally we made steady progress in the migration of UK and US middle office to Northern Trust.

We made progress on our global diversity, equity and inclusion framework; updated remuneration structures in the UK to align with market practice and regulatory changes; and enhanced our talent development.

### **Perpetual's proposed acquisition of Pental on track**

On 25 August 2022, Pental's Board agreed to enter into a Scheme Implementation Deed with Perpetual Limited (Perpetual) under which Perpetual would acquire 100% of Pental's shares by way of a Scheme of Arrangement. The Scheme Consideration comprises 1 Perpetual share for every 7.5 Pental shares plus \$1.976 cash, which will be adjusted downwards for the final FY22 dividend paid by Pental.

Following Perpetual's initial approach at the beginning of April this year, the Board received an improved proposal, which was the result of extensive engagement between the two companies.

The Board recommends Pental shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interest of Pental's shareholders.

A Scheme Booklet, which will provide more details on the offer is expected to be issued in November ahead of the Scheme Meeting, which is targeted for December 2022.

### **Dividend**

The amount of the final dividend was considered having regard to the proposed Scheme and expected timing of implementation if approved, noting that the cash component of the Scheme consideration will be reduced by the amount of the final dividend. Accordingly, the Board has declared a final FY22 dividend of 3.5 cps, fully franked.

This brings total dividends for the year to 24.5 cps and a full year payout ratio of 48 per cent. The final dividend will be paid on 15 December 2022 to ordinary shareholders on record date 2 December 2022.

### **Outlook**

The proposed acquisition by Perpetual is expected to position the business to accelerate growth. Our shareholders can continue to benefit through the scrip component of the Scheme consideration.

While challenging trading conditions remain, we strongly believe that combining two of Australia's largest ASX-listed asset managers makes strategic and financial sense.

The transaction is progressing well, and my fellow Board Directors and I encourage you to vote in favour of Perpetual's proposed offer at the upcoming Scheme Meeting in the absence of a superior proposal.

Your sincerely,



**Deborah Page AM**  
Chairman

This announcement has been authorised for release by the Board of Pental Group Limited.