

18 – 19 November 2015

MORGAN STANLEY ASIA-PAC SUMMIT 2015

PERPETUAL LIMITED

Geoff Lloyd

Chief Executive Officer & Managing Director

Gillian Larkins

Chief Financial Officer

ABN 86 000 431 827

Perpetual 

AGENDA



Overview and strategy



Financials

PERPETUAL LIMITED

Australia's largest and most trusted independent wealth manager

ONE PERPETUAL

**SPECIALISED ASSET
MANAGEMENT**

**PERSONAL ADVISORY TO
TARGETED HIGH NET WORTH
SEGMENTS**

**CORPORATE
FIDUCIARY SERVICES**

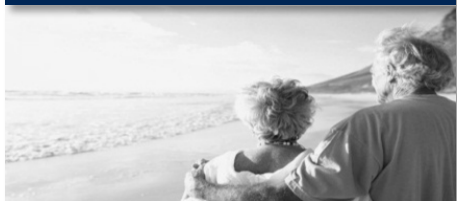
FOUNDATIONS

- Heritage of 129 years
- Perpetual brand
- Independence
- Fiduciary culture and client focus
- Multi-generational clients
- Leading client advocacy
- Proven investment process
- Depth of money management talent
- Leading long-term investment performance

MACRO AND STRATEGIC THEMES

Investment themes

'Retirement boom'



'Margin pressure'



'New portfolio paradigm'



'Super system concentrated among majors'



'Game changing technology'



'Global village'



Opportunities

- **Growth and concentration in super** driving overall market
- **Active investment of assets widened from Australian Equities** to include Global Equities, Credit and Multi Asset strategies
- **Growth in wealth of HNW** and growing away from mass affluent
- **Ageing demographic driving need for broader advice**
- **Increasing demand for specific services and products** that are valued and attract a premium
- **New digital capabilities and channels** facilitate access to grow new clients and the retention of existing clients
- **Increased global demand** for quality Australian assets

**LEAD&
GROW**



AUSTRALIAN CONTEXT

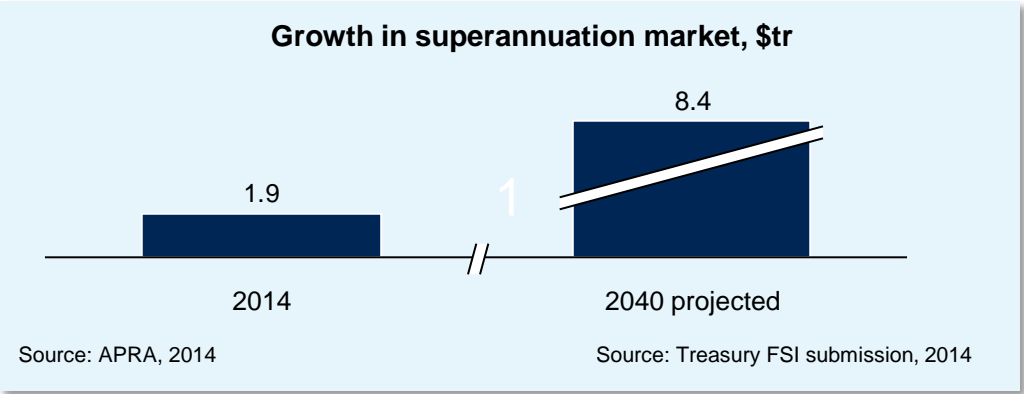
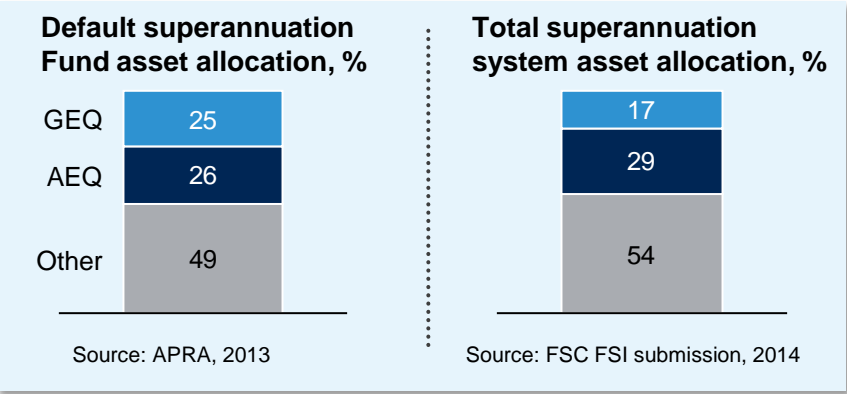
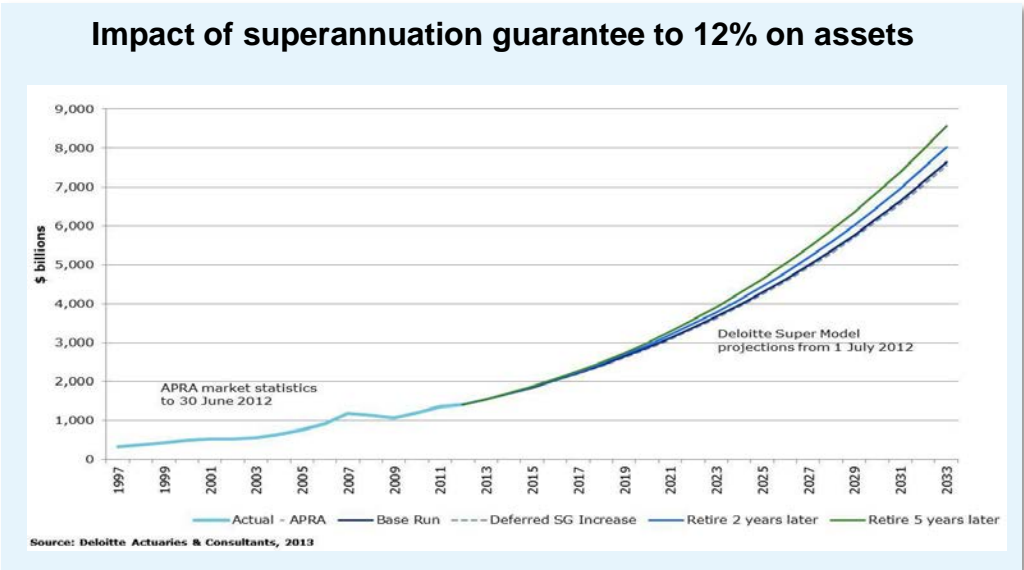
AUSTRALIAN FUNDS MANAGEMENT INDUSTRY IS UNDERPINNED BY A MANDATORY SUPERANNUATION SYSTEM

4th largest pension market in the world by assets with over A\$1,9b[^]

Pension funds have a high allocation to equities

Current low interest rate environment influencing the pursuit of dividend yield

Regulatory and technological changes provide challenges and opportunities



* Source: Treasury Financial Services Inquiry submission, 2014
[^] APRA superannuation statistics, December 2014

PERPETUAL'S STRATEGY



LEAD in core businesses



EXTEND into adjacent markets



EXPLORE new opportunities

GOALS

PEOPLE

Employee Engagement

CLIENTS

Client Advocacy

SHAREHOLDERS

NPAT growth

Vision

Australia's largest
and **most trusted**
independent
wealth manager

Values



Excellence

Delivering exceptional outcomes



Integrity

Doing what's right



Partnership

Succeeding together

STRATEGY FOCUSED ON TARGETED CLIENTS AND SEGMENTS

Business	Target clients	Segments	Needs
Perpetual Investments	Professional investment decision-makers	Institutional super funds	Scale, long term performance, strategic partnerships, consultant ratings
		Multi-manager funds	Reputation, performance, proven investment capability
		Dealer group researchers	Trusted brand, strong performance, research house ratings
		Discretionary advisers (IFAs)	Trusted brand, strong performance, quality service and support
Perpetual Private	High Net Worth Individuals	Professionals	Strategic advice to convert high income into wealth, tax & accounting
		Business owners	Business planning, tax & accounting, cash flow management, strategic advice
		Established wealthy	Strategic advice through entire lifecycle
Perpetual Corporate Trust	Treasurers and asset managers	Major banks and non-bank lenders	Independent trustee service for securitisation
		Managers of unregulated and regulated funds	Custodial, trustee and responsible entity services from an independent trustee
		Issuers of and investors in RMBS, ABS and Covered Bonds	Data on the quality of underlying assets driven by regulatory requirements

PERPETUAL INVESTMENTS

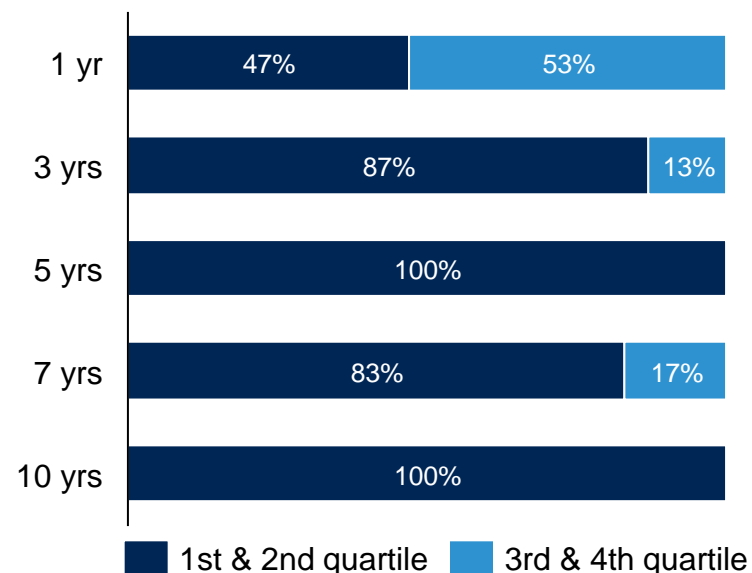
PERPETUAL INVESTMENTS – STRONG INVESTMENT PERFORMANCE

Perpetual Investments is one of Australia's leading Australian equities managers and also manages investments in other asset classes including fixed income, multi asset and global equities. It will seek to maintain its leadership position in Australian equities and move into logical, adjacent products and strategies.

QUARTILE RANKINGS[^] periods ending June 2015

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

FUND WEIGHTED % OF FUNDS OVER 1 – 10 YEARS

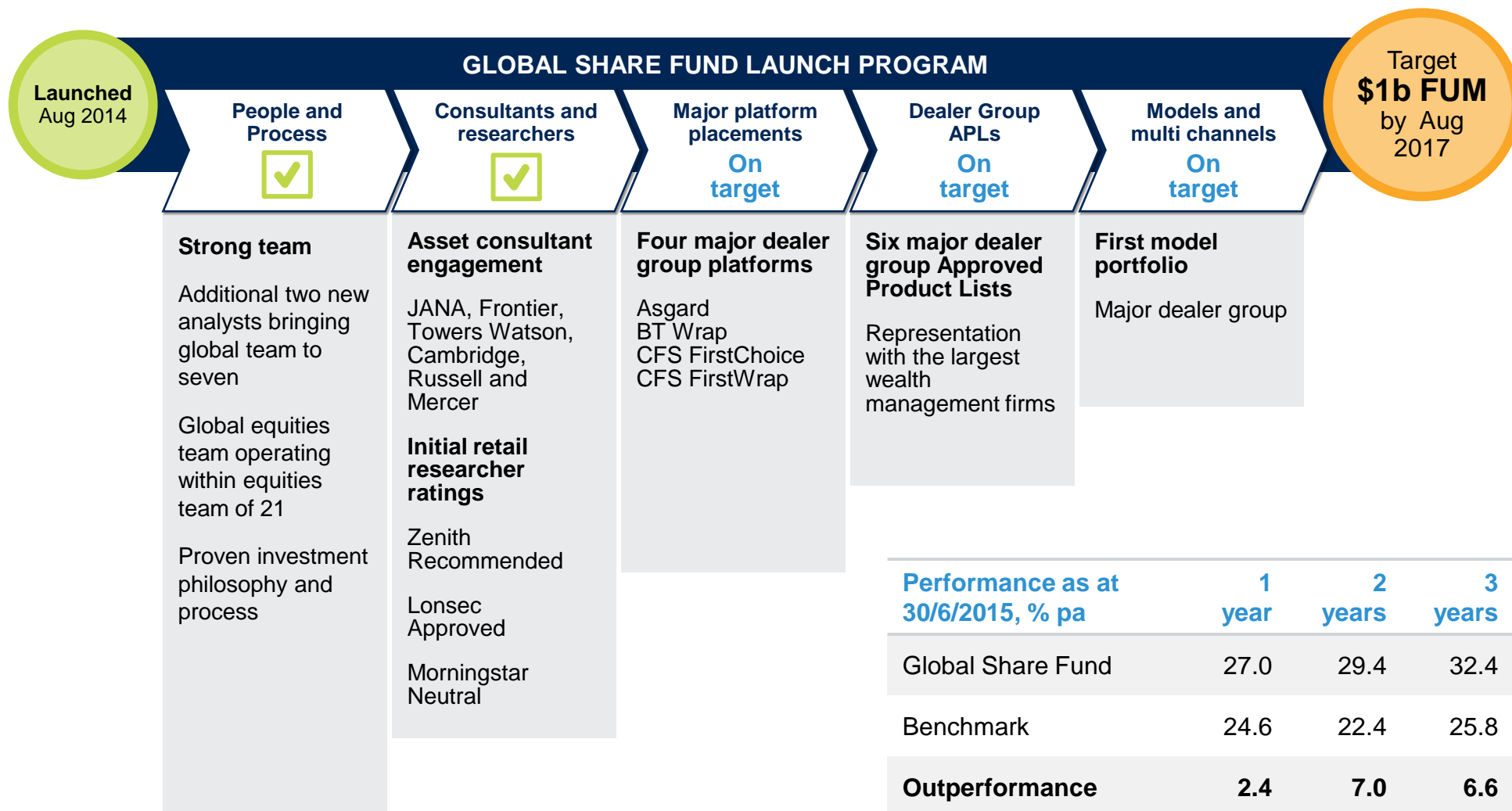


Strategic focus on flows and margins

FUM as at 30 September 2015 of **\$28.4b**

PERPETUAL INVESTMENTS

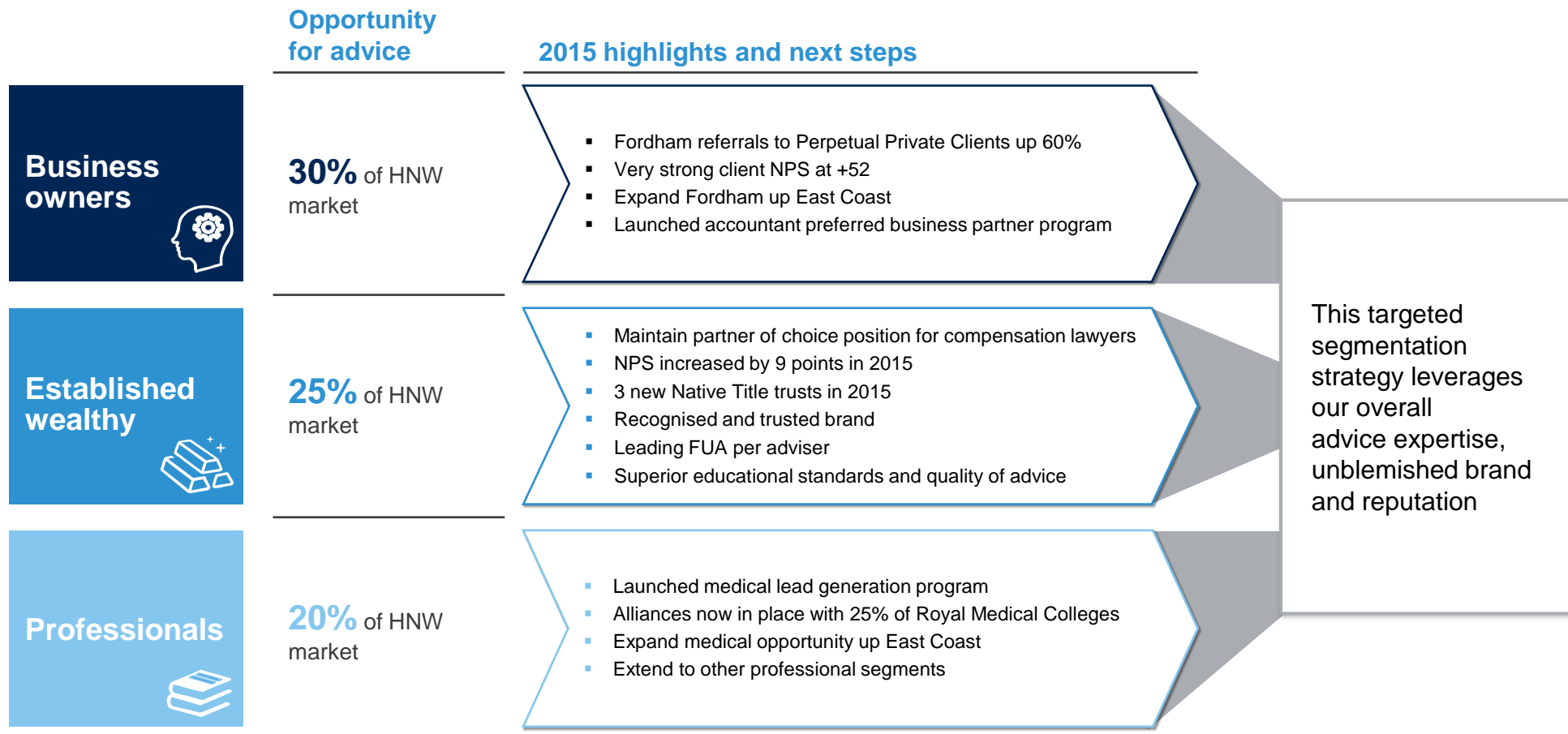
EXTEND INTO GLOBAL EQUITIES



PERPETUAL PRIVATE

HNW SEGMENT REPRESENTS 80%¹ OF THE TOTAL \$5B ADVICE REVENUE POOL

Perpetual Private is a leading provider of financial solutions for high net worth individuals in targeted segments of business owners, established wealthy and professionals. It is also a leading provider of wealth solutions for not-for-profit organisations and is one of the largest managers of philanthropic funds. Its strategic objective is to maintain its leading position in these segments.



¹Bain analysis.

Note:

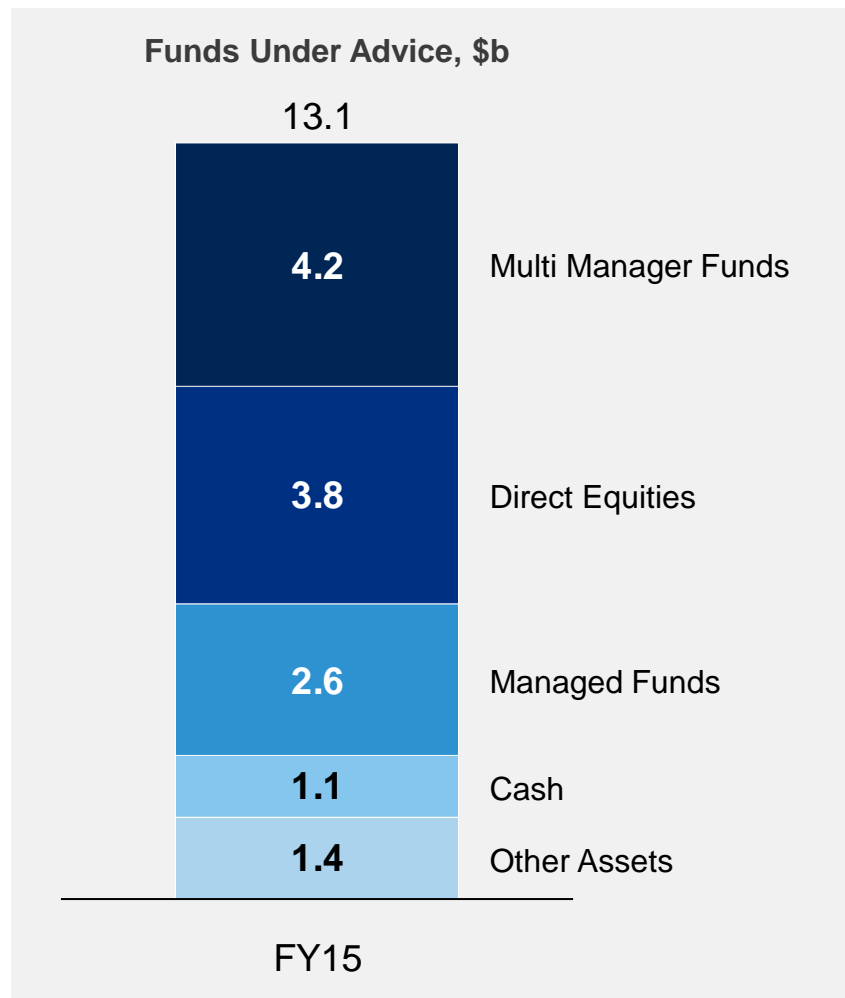
10 Professionals – with income in excess of \$400k per annum (e.g. medical specialists, barristers)

Business Owners (with EBIT of >\$1m)

Established Wealthy – with income of \$400k+ pa and/or investable assets of \$1m+

PERPETUAL PRIVATE

INDEPENDENT WEALTH MANAGEMENT



Performance of Flagship Strategies

PERFORMANCE – JUNE 2015	1 YR (%)	3 YR (%)	5 YR (%)
Multi Manager – Balanced	9.9	14.2	10.7
Composite Benchmark	10.7	13.4	10.3
Excess Return	-0.8	0.8	0.4
Direct Equities ASX 100 Core	7.7	17.1	10.9
Benchmark ASX100	6.1	15.8	10.2
Excess return	1.6	1.3	0.7
Managed Funds - Balanced	9.4	12.2	10.1
Composite Benchmark	8.0	10.3	8.8
Excess return	1.4	1.9	1.3

PP FUA managed by Perpetual Investments

	\$B
Institutional Mandate	2.2
Wholesale Funds	0.4
TOTAL	2.6

Performance is net of underlying manager fees, gross of advice fees, administration fees and tax.

PERPETUAL CORPORATE TRUST

LEVERAGE LEADERSHIP INTO HIGH MARGIN ADJACENCIES

Perpetual Corporate Trust is a leading provider of corporate trustee services. The business comprises of Trust Services and Fund Services providing services to debt capital markets and the funds management sector respectively. Its strategic objective is to harness and reinforce the economics of its market leading businesses.

Segment	Today	Opportunity	Comment
Debt Capital Markets			
Trustee for securitisation	FUA grew from \$307bn to \$380bn (23%)	<ul style="list-style-type: none"> Continued credit growth Book sales eg GE/Esanda 	Growing market and leading position
Trust management	Revenue growth of 15%	<ul style="list-style-type: none"> Increasing propensity to outsource 	Attractive new service for existing client base
Data services - New offer	28 issuers signed up to RBA reporting solution – over 90% of issuers	<ul style="list-style-type: none"> Grow subscriptions for ABSPerpetual reporting and analytics solutions Develop tools to support new asset classes and markets 	Quality data will drive demand for further extensions
Funds Management			
Trustee for real assets	FUA grew from \$24.5bn to \$33.3bn (36%)	<ul style="list-style-type: none"> Growing offshore demand for Australian Real Assets 	Growing market and dominant position and growth in extensions
Responsible Entity Services	Number of clients grew by 15%	<ul style="list-style-type: none"> Increasing propensity to outsource Strong pipeline 	Opportunity to increase market share in growing market and derive scale benefits

FINANCIALS

GILLIAN LARKINS
CHIEF FINANCIAL OFFICER

Perpetual 

FINANCIAL PERFORMANCE – GROUP

INCREASE IN NPAT AND DIVIDENDS

For the period	FY15 \$m	2H15 \$m	1H15 \$m	FY14 \$m	FY15 v FY14
Operating revenue	497.1	252.6	244.5	440.6	13%
Total expenses	(312.8)	(156.2)	(156.6)	(293.8)	(6%)
Underlying profit after tax (UPAT) for continuing operations	130.5	68.4	62.1	104.1	25%
Significant items	(8.0)	(4.5)	(3.5)	(22.5)	64%
Net profit after tax (NPAT) ¹	122.5	63.9	58.6	81.6	50%
UPBT Margin on revenue (%)	37	38	36	33	4
Diluted EPS on UPAT (cps)	282.6	148.1	134.4	237.8	19%
Diluted EPS on NPAT (cps)	265.3	138.5	126.8	186.4	42%
Dividends (cps)	240.0	125.0	115.0	175.0	37%
Return on Equity on UPAT (%)	23	24	22	24	(1)

KEY THEMES:

- Operating revenue increased due to higher average FUM and FUA for the year
- Total expenses increased 6%, with 3% attributed to business as usual
- Cost to income ratio of 63% in FY15 versus 67% in FY14
- FY14 included seven months of TrustCo
- Fully franked dividend up 37%

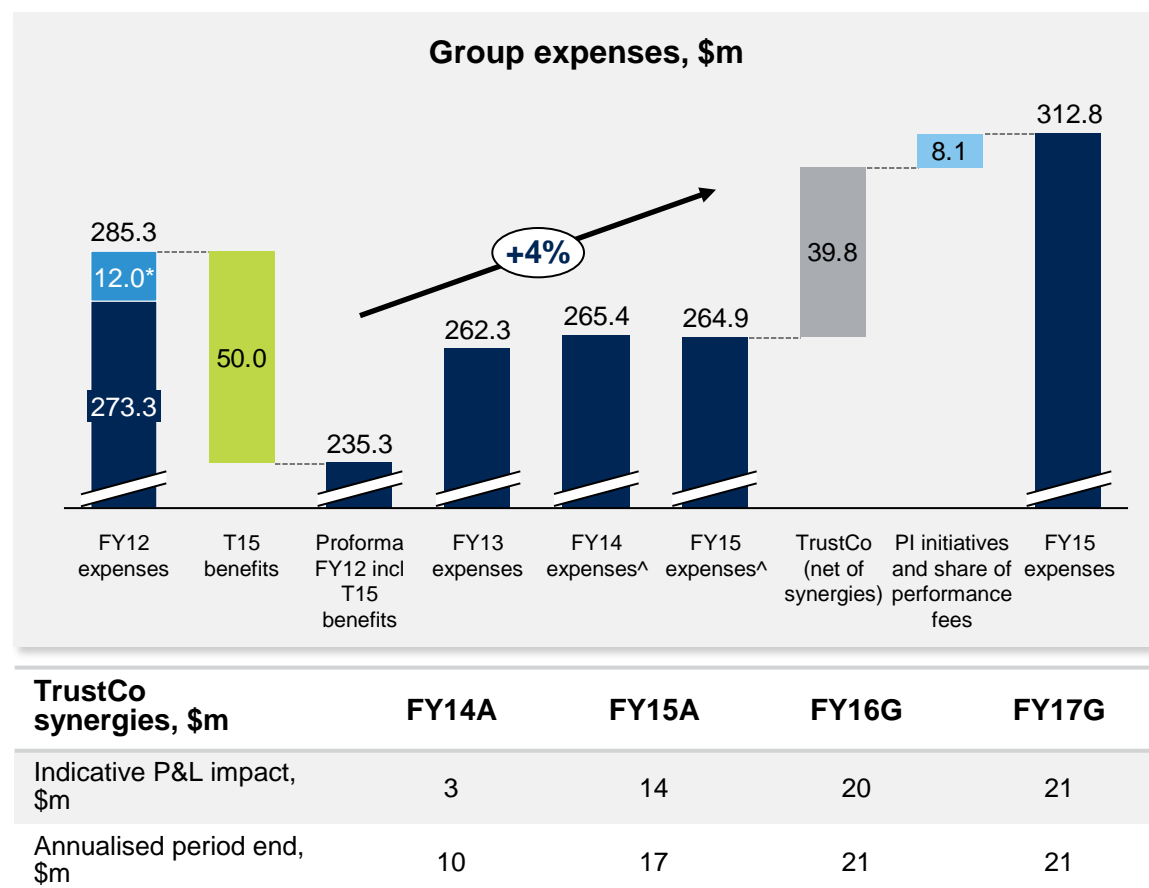
¹ Attributable to equity holders of Perpetual Limited.

FINANCIAL PERFORMANCE

SIGNIFICANT ITEMS, EXPENSES AND TRUSTCO SYNERGIES

For the period	FY15 \$m	FY14 \$m
Transformation costs	-	(14.3)
TrustCo integration costs	(11.3)	(10.0)
TrustCo due diligence and transaction costs	-	(4.4)
Gain on disposal businesses	0.1	1.0
Operating income from discontinued operations	-	2.0
Non recurring tax benefits items	-	1.2
Gain/(loss) on disposal/impairment of investments & associates	3.2	2.0
Significant items	(8.0)	(22.5)

* Normalised expenses for Project ICE and Equity Remuneration.
^ Excluding TrustCo.



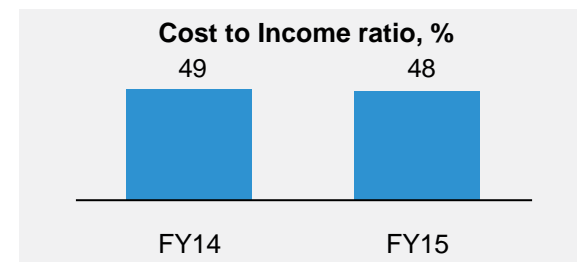
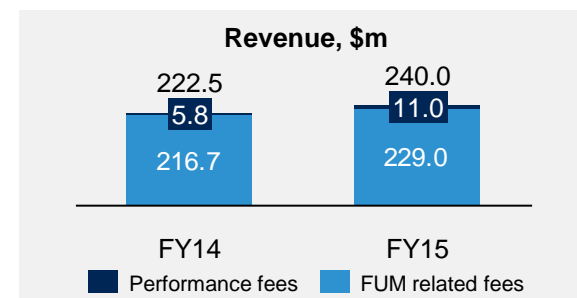
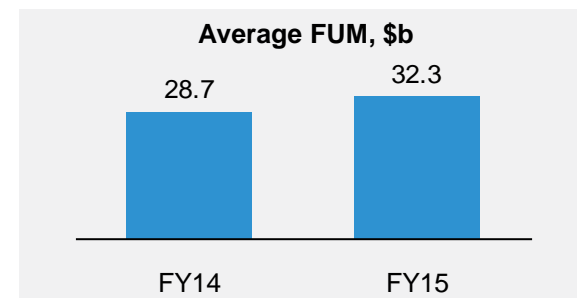
Note: Percentage increase represented in group expenses is CAGR.



PERPETUAL INVESTMENTS

HIGHER AVERAGE FUM AND IMPROVED PBT

For the period	FY15 \$m	2H15 \$m	1H15 \$m	FY14 \$m	FY15 v FY14
Revenue	240.0	120.7	119.3	222.5	8%
Operating expenses	(104.9)	(51.7)	(53.2)	(97.3)	(8%)
EBITDA ¹	135.1	69.0	66.1	125.2	8%
Depreciation & amortisation	(1.5)	(0.9)	(0.6)	(1.5)	-
Equity remuneration	(8.0)	(2.8)	(5.2)	(10.1)	21%
Profit before tax	125.6	65.3	60.3	113.6	11%
PBT Margin on revenue (%)	52	54	51	51	1
Closing FUM (\$b)	30.2	30.2	31.8	29.8	1%
Average FUM (\$b)	32.3	33.3	31.2	28.7	13%
Net flows (\$b)	0.3	(1.3)	1.6	1.1	(73%)
Average FUM revenue margin (bps)	74	72	76	76	(2)



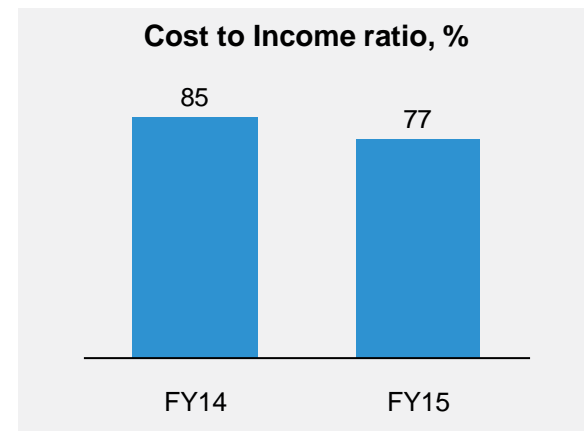
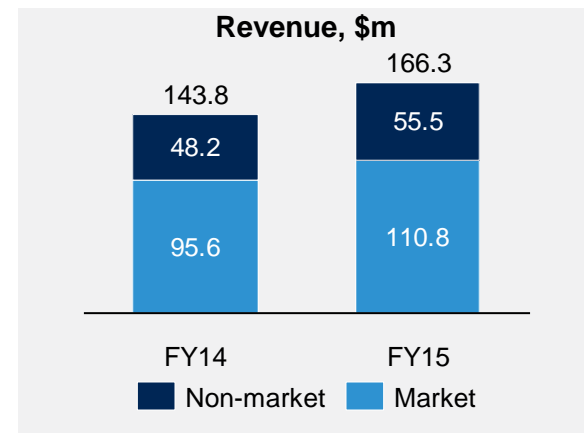
¹ EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.



PERPETUAL PRIVATE

BENEFITS OF SCALE AND GROWTH IN FLOWS

For the period	FY15 \$m	2H15 \$m	1H15 \$m	FY14 \$m	FY15 v FY14
Market related revenue	110.8	54.7	56.1	95.6	16%
Non-market related revenue	55.5	29.3	26.2	48.2	15%
Total revenues	166.3	84.0	82.3	143.8	16%
Operating expenses	(116.7)	(59.2)	(57.5)	(111.2)	(5)%
EBITDA ¹	49.6	24.8	24.8	32.6	52%
Depreciation & amortisation	(9.0)	(4.5)	(4.5)	(8.1)	(11)%
Equity remuneration	(3.1)	(1.7)	(1.4)	(2.9)	(7)%
Profit before tax	37.5	18.6	18.9	21.6	74%
PBT Margin on revenue (%)	23	22	23	15	8
Closing FUA (\$b)	13.1	13.1	12.6	12.6	4%
Average FUA (\$b)	13.0	13.1	12.8	11.2	16%
Net flows (\$b)	0.3	0.2	0.1	0.2	50%
Market related revenue margin (bps)	85	83	88	86	(1)

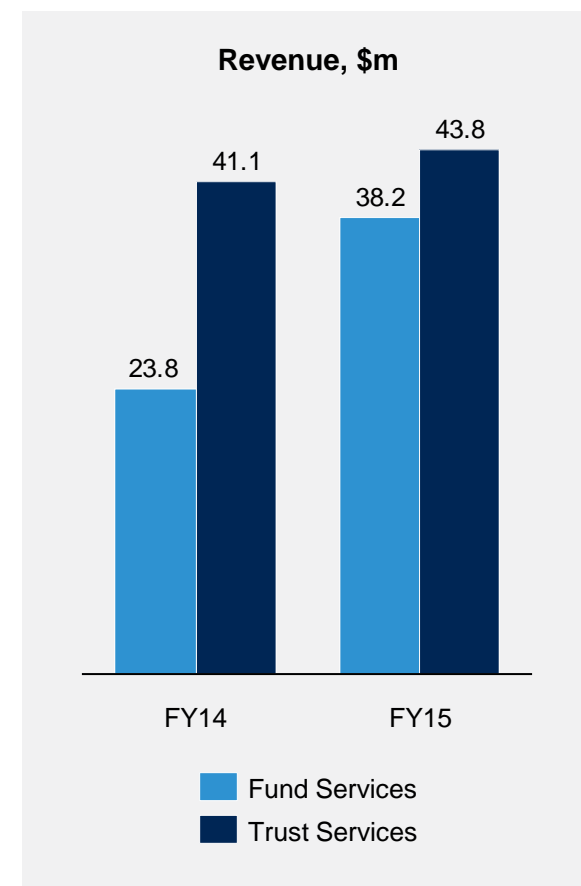


¹ EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.

PERPETUAL CORPORATE TRUST

GROWTH IN FUND SERVICES

For the period	FY15 \$m	2H15 \$m	1H15 \$m	FY14 \$m	FY15 v FY14
Trust services revenue	43.8	23.0	20.8	41.1	7%
Fund services revenue	38.2	20.2	18.0	23.8	61%
Total fiduciary services revenue	82.0	43.2	38.8	64.9	26%
Sold Business RSE	0.5	-	0.5	2.5	(80%)
Total revenues	82.5	43.2	39.3	67.4	22%
Operating expenses	(46.0)	(23.5)	(22.5)	(38.2)	(20%)
EBITDA ¹	36.5	19.7	16.8	29.2	25%
Depreciation & amortisation	(4.1)	(2.1)	(2.0)	(2.7)	(52%)
Equity remuneration	(1.1)	(0.6)	(0.5)	(0.8)	(38%)
Profit before tax	31.3	17.0	14.3	25.7	22%
PBT Margin on revenue (%)	38	39	36	38	-
Closing FUA (\$b) – Trust Services	379.6	379.6	359.5	306.9	24%



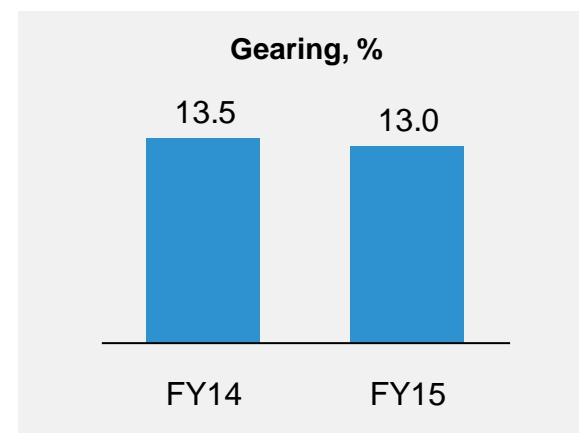
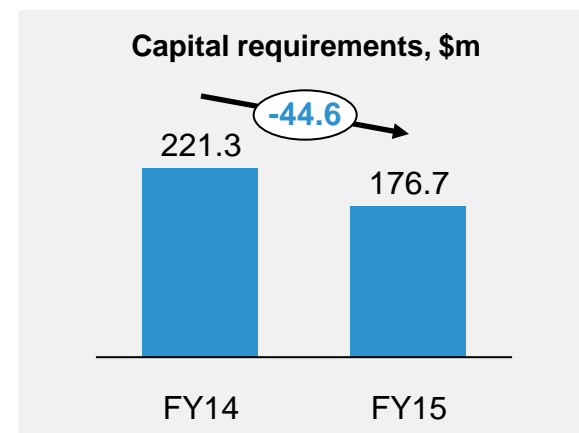
¹ EBITDA represents earnings before interest costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense, and significant items.



BALANCE SHEET

STRENGTH PROVIDES OPPORTUNITIES

For the period ended	FY15 \$m	FY14 \$m
Cash & Liquid investments (\$m)	341.4	327.9
Corporate debt (\$m)	(87.0)	(87.0)
Net cash (\$m)	254.4	240.9
Goodwill and other intangibles* (\$m)	343.4	344.6
Net tangible assets (\$m)	240.3	211.8
Net tangible assets per share (\$)	5.16	4.55
Corporate debt to capital ratio (%)	13.0	13.5
Interest coverage (times)	51	44

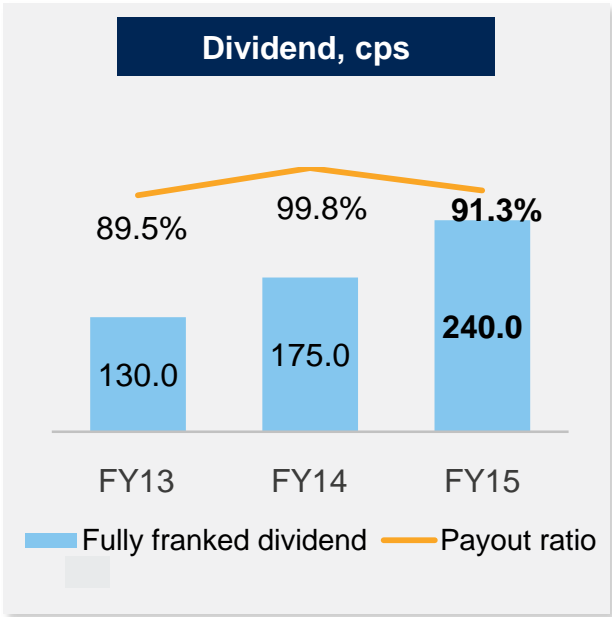
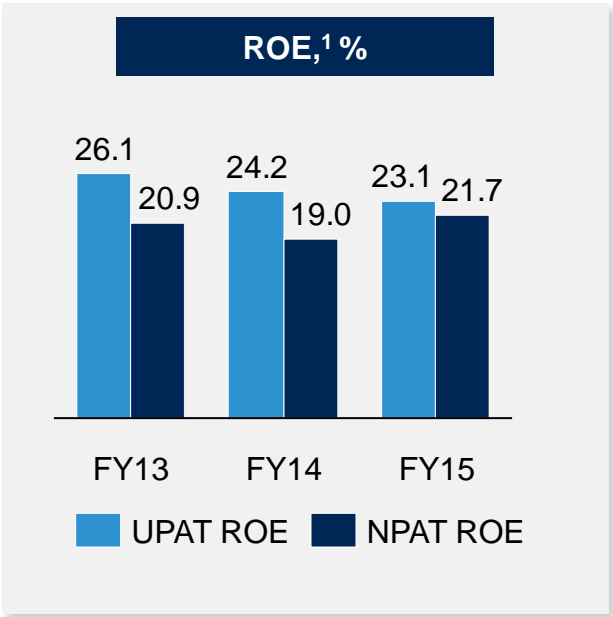
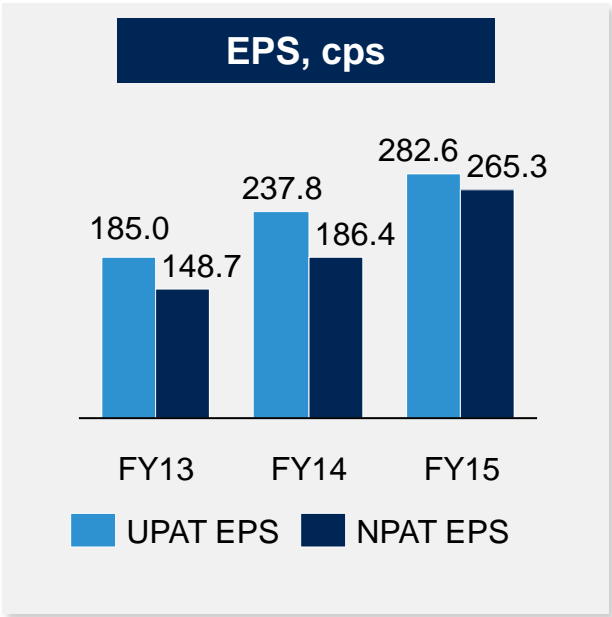


* Intangibles comprise intangible assets plus deferred tax assets less deferred tax liabilities.



FINANCIAL PERFORMANCE

SUSTAINED DIVIDEND GROWTH OVER THREE YEARS



Fully franked dividend of
240 cps

Payout ratio² of
91.3%

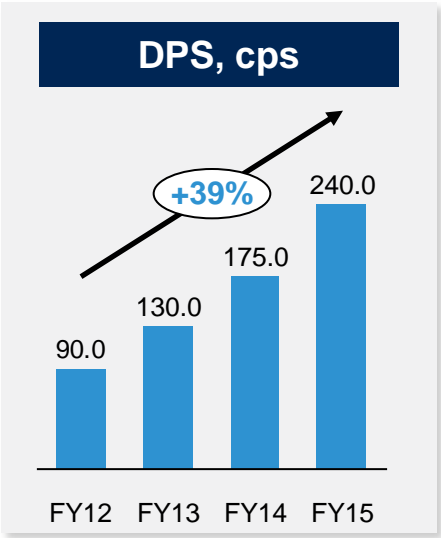
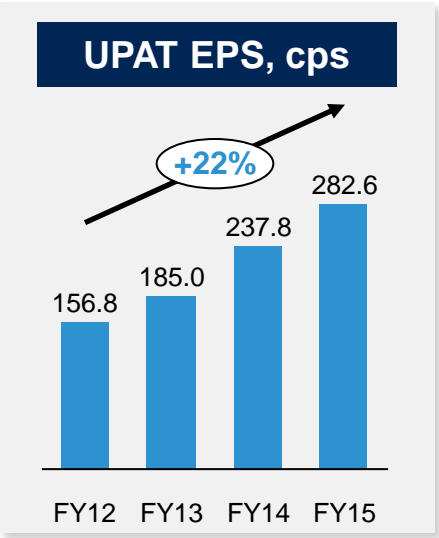
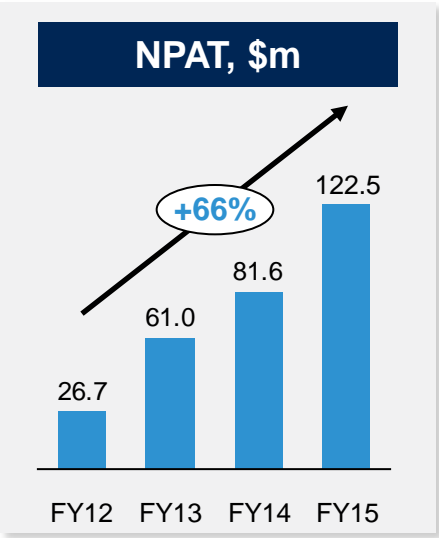
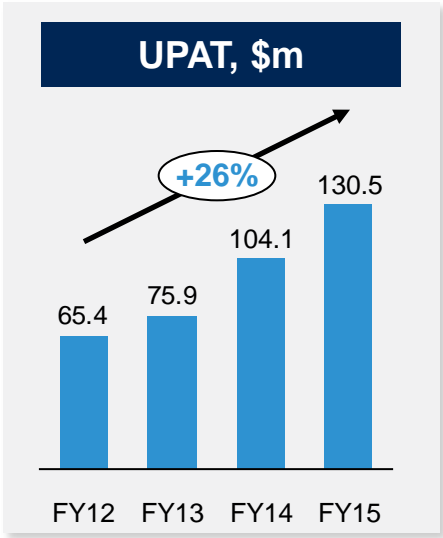
Dividend payable on
25 September

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.



OVERVIEW OF THE LAST FOUR YEARS

STRATEGY DELIVERED STRONG EARNINGS AND RETURNS



Note: Percentage increases represented are CAGR.

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

Rochelle Vidler
rochelle.vidler@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 27 August 2015. It is in summary form and is not necessarily complete. It should be read together with the company's audited consolidated financial statements lodged with ASX on 27 August 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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This presentation contains forward looking statements. These forward looking statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events and is, however, subject to risks, uncertainties, contingencies and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. The Perpetual Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this review, subject to disclosure requirements applicable to the Group.

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:

- 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
- 2H15 refers to the financial reporting period for the six months ended 30 June 2015
- 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
- FY15 refers to the financial reporting period for the twelve months ended 30 June 2015, with similar abbreviations for previous and subsequent periods.