



# 2009 Full Year Results Announcement

Presentation to investors and  
analysts

19 August 2009

ABN 86 000 431 827



# Agenda

- ▶ **■ Group highlights – David Deverall**
  - Financial results – Roger Burrows
  - Strategy – David Deverall
  - Summary – David Deverall



# Overview

- **Tough year**
- **Result in line with guidance and market consensus**
  - Underlying profit of \$65.7 million after tax
- **We positively influenced what we could control**
  - Costs, capital, business mix
  - Customer service, investment performance, brand health
- **Well positioned for market recovery**
  - Enhanced competitive position
  - Improving investor confidence
  - Market share opportunities



# Responded to market challenges

## Reduced costs

- Cut underlying cash operating expenses by \$40 million or 15%
  - capped board and executive remuneration
  - reduced headcount
  - significant reduction in short-term incentives



## Strengthened capital

- Revised dividend policy
  - transition to between 80-100% of NPAT
- Introduced Dividend Reinvestment Plan
- Liquid funds well in excess of regulatory capital requirements



## De-risked business

- Reduced EMCF exposure to risk assets
  - mitigated EMCF P&L and cash flow volatility
- Suspended PPI new issuances
  - no longer using Perpetual balance sheet to fund lending
- Made acquisitions to diversify revenues
- Exited some businesses/products



# Enhanced our competitive position

Focused customer service

- Increased customer engagement at time of uncertainty
- Enhanced front and back office despite cost reductions
  - myClient investment to improve customer service
  - significant improvement in 2009 year end process
  - previous investment in new registry system ‘paying dividends’



Generated superior ‘alpha’

- Strong investment performance against benchmark
  - market-leading ‘alpha’ generation
  - equates to \$800 million of additional FUM for our customers



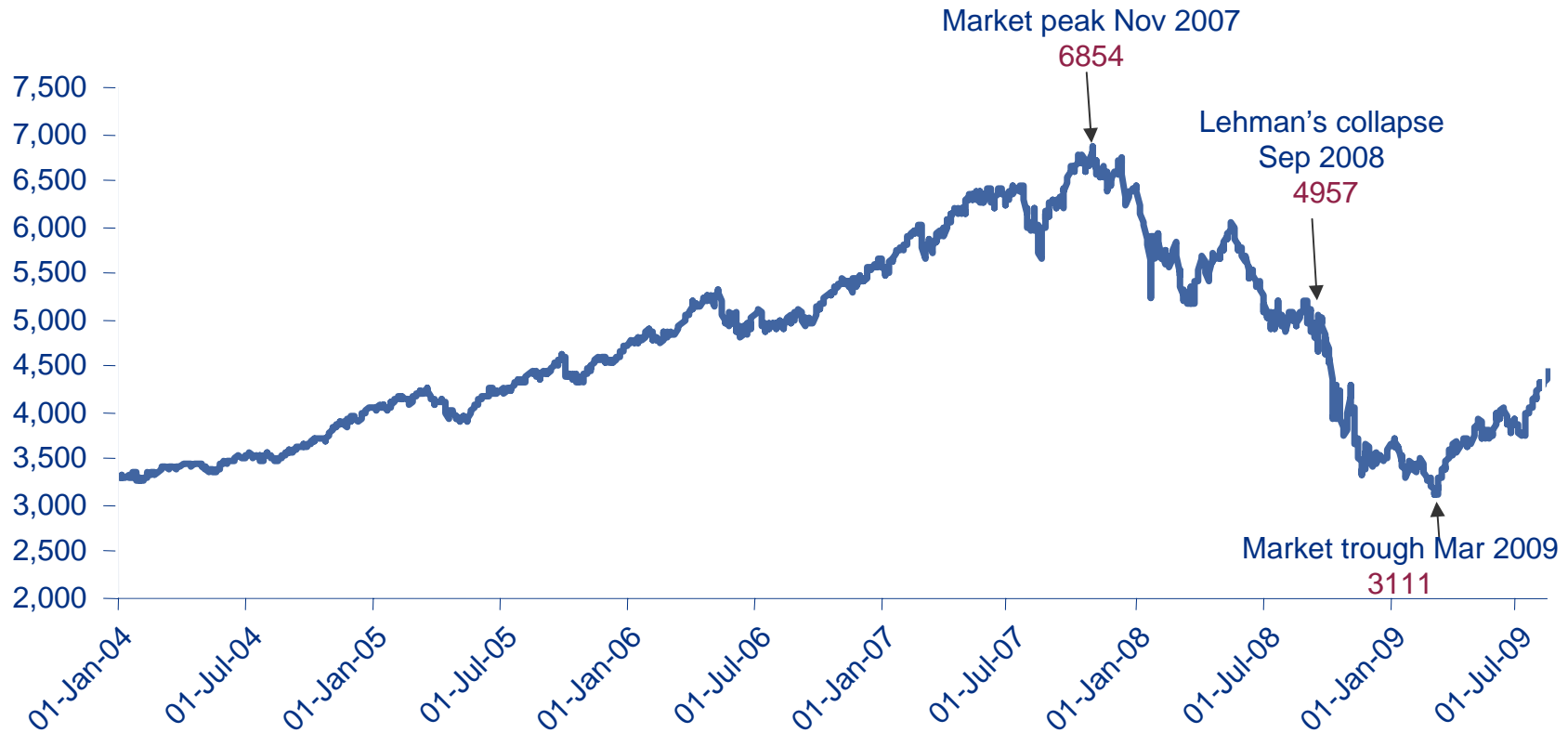
Strengthened brand equity

- Our consistency a strong source of customer reassurance
- Highly awarded in all core businesses
- Perpetual brand stronger than ever



# Massive fall in equity market

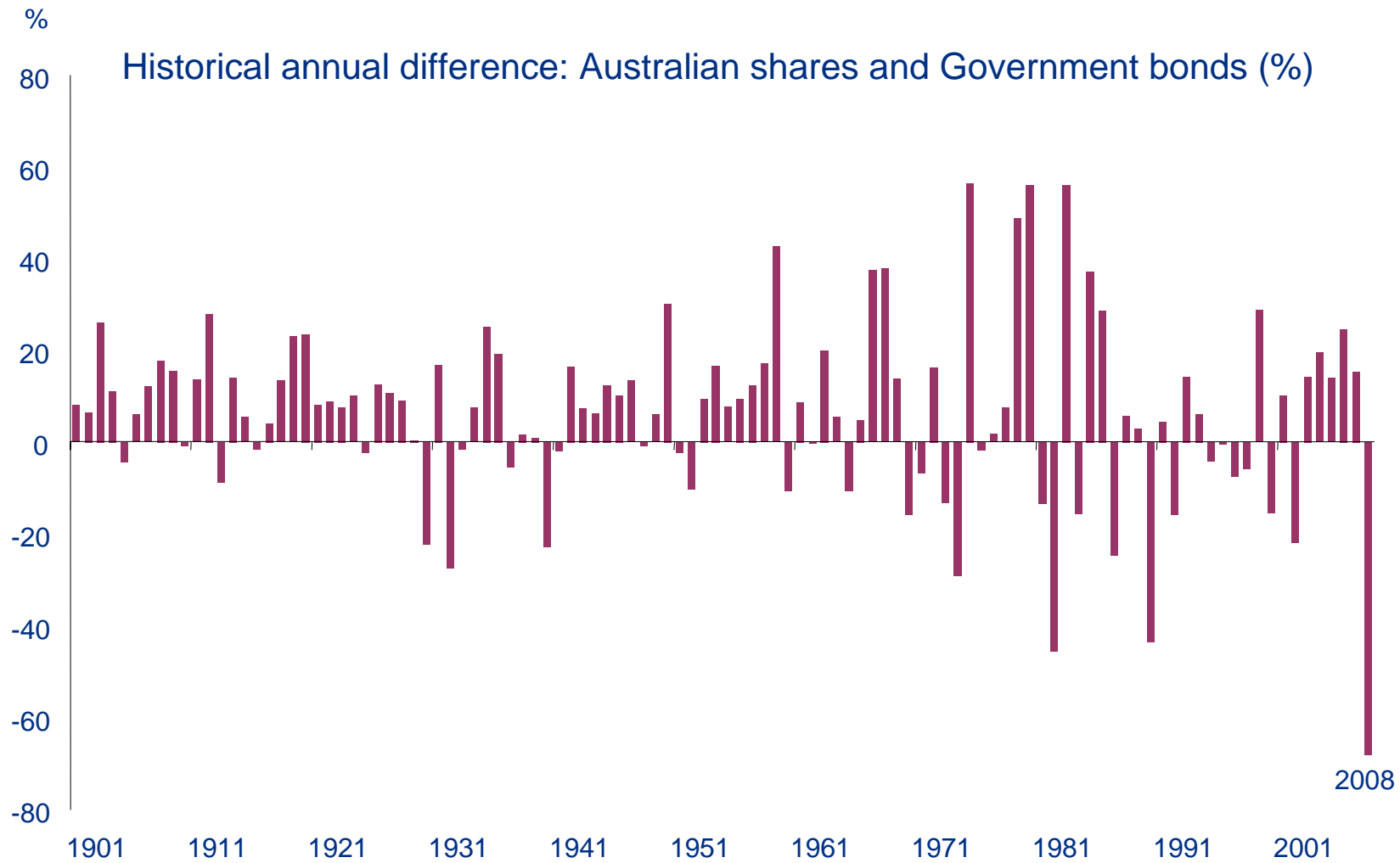
ASX All Ordinaries Index (2004-2009)



Source: Australian Securities Exchange



# Worst year on record for attractiveness of equities

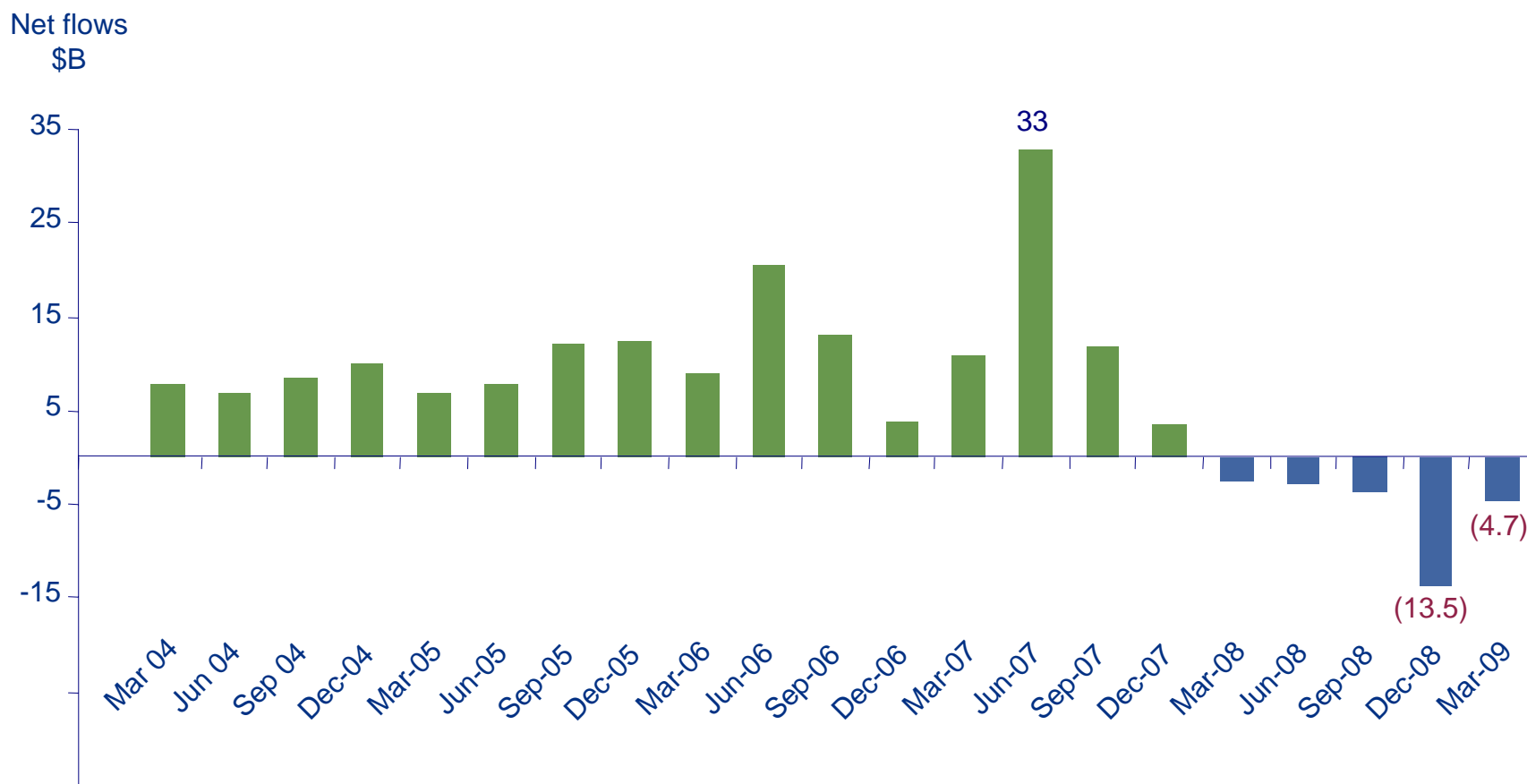


Source: UBS



# Funds management industry in outflow

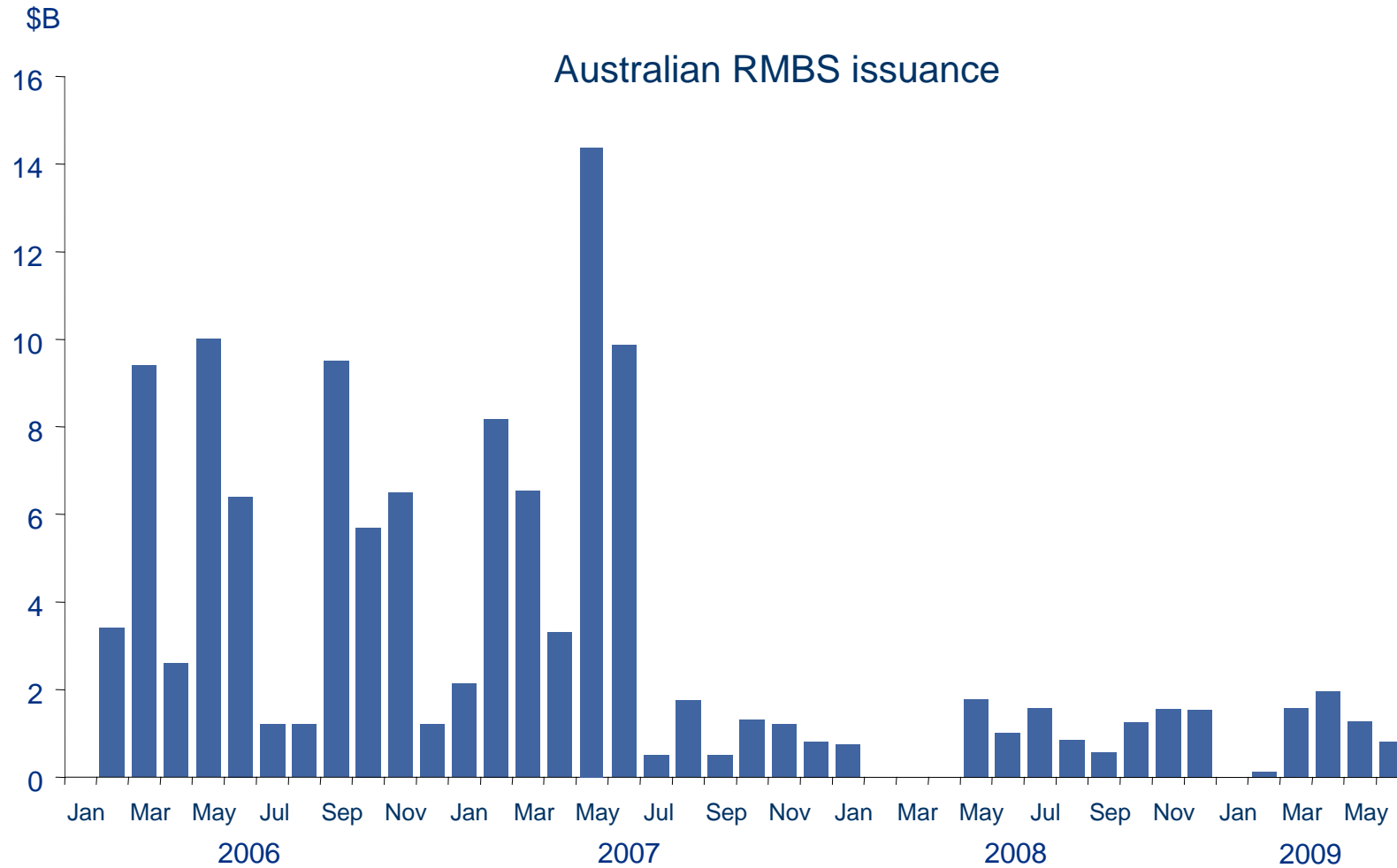
Total market quarterly flows since March 2004



Source: Plan for Life, June 2009



# Securitisation market effectively closed



Source: Perpetual and Standard & Poor's

## Profit result in line with market guidance

For year ended 30 June	2009 \$M	2008 \$M	Change %
Underlying profit before tax	98.2	193.6	(49)
<b>Underlying profit after tax</b>	<b>65.7</b>	<b>133.5</b>	<b>(51)</b>
Gain / (loss) on sale of investments	(6.1)	21.1	~
EMCF losses	(13.8)	(25.8)	~
Restructuring	(8.1)	-	~
<b>Net profit after tax</b>	<b>37.7</b>	<b>128.8</b>	<b>(71)</b>
Underlying EPS	156¢	321¢	(51)
Total dividend per share	100¢	330¢	(70)

# Our operating businesses



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## Perpetual Investments underlying profit before tax down on lower revenue

	2009 \$M	2008 \$M	Change %
Total revenues	203.0	294.5	(31)
Profit before tax	59.0	147.0	(60)

# FUM down 14% at 30 June 2009; average FUM down 28%

Year ended 30 June	2008 \$B	Net flows \$B	Other <sup>(1)</sup> \$B	2009 \$B
Retail	7.2	(0.6)	(0.8)	5.8
Intermediary (masterfund and wrap)	14.8	(1.1)	(1.8)	11.9
Institutional	8.3	1.0	(0.8)	8.5
<b>All channels</b>	<b>30.3</b>	<b>(0.7)</b>	<b>(3.4)</b>	<b>26.2</b>
Australian equities	19.7	(0.7)	(3.0)	16.0
Global equities	1.5	-	(0.1)	1.4
Cash and fixed interest	7.5	0.1	(0.1)	7.5
Other	1.6	(0.1)	(0.2)	1.3
<b>All asset classes</b>	<b>30.3</b>	<b>(0.7)</b>	<b>(3.4)</b>	<b>26.2</b>

<sup>(1)</sup> Includes reinvestments, distributions, income and asset growth

# FUM up 7% since 31 December 2008; funds in positive flows

	31 Dec 2008 \$B	Net flows \$B	Other <sup>(1)</sup> \$B	30 June 2009 \$B
Retail	5.7	(0.2)	0.3	5.8
Intermediary (masterfund and wrap)	11.4	(0.2)	0.7	11.9
Institutional	7.5	0.5	0.5	8.5
<b>All channels</b>	<b>24.6</b>	<b>0.1</b>	<b>1.5</b>	<b>26.2</b>
Australian equities	14.6	(0.3)	1.7	16.0
Global equities	1.4	0.1	(0.1)	1.4
Cash and fixed interest	7.4	0.3	(0.2)	7.5
Other	1.2	-	0.1	1.3
<b>All asset classes</b>	<b>24.6</b>	<b>0.1</b>	<b>1.5</b>	<b>26.2</b>

<sup>(1)</sup> Includes reinvestments, distributions, income and asset growth

# Excellent short & long-term performance relative to benchmark

Excess investment performance – gross as at 30 June 2009

Annualised	Australian Equities				Global Equities
	Industrial Share Fund	Australian Share Fund	Small Companies Fund	Concentrated Equity Fund	International Share Fund
3 months	+2.27%	+0.72%	-5.97%	+2.84%	-1.68%
1 year	+6.98%	+2.84%	+3.08%	+8.36%	+6.89%
3 years	+4.14%	+1.33%	+3.56%	+4.27%	+2.19%
5 years	+2.60%	+1.85%	+0.46%	+2.53%	na
7 years	+3.22%	+2.79%	+1.70%	+3.82%	na
10 years	+4.46%	+4.19%	+8.75%	na	na
Since inception	+3.59%	+3.62%	+7.77%	+5.43%	+1.09%

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# Perpetual Investments business update

Fund Manager of the Year – 2009 AFR Smart Investor Blue Ribbon Awards

## Australian Equities

- Increased market share
  - net institutional inflows
  - maintained pricing
  - retained rating
- Stable and committed team

## Global Equities

- Consistent, healthy inflows in second half
  - continued good investment performance
  - improved ratings from key research houses
  - inflows from retail clients
  - institutional mandates totalling \$150 million

## Income & Multi-sector

- Strong investment performance relative to competitors
- Mortgage fund outflows of \$0.4 billion
  - prudently managed in extremely difficult environment

## Superannuation & Investment Solutions

- Launched WealthFocus Investment Advantage
  - industry first, tax efficient retail master trust
  - Investment Trends December 2008 Platform Report: 'Best New Technical Functionality'
- Acquired leading SMSF administrator smartsuper





## Perpetual Private Wealth underlying profit before tax down on lower revenues

	2009 \$M	2008 \$M	Change %
Total revenues	85.7	104.9	(18)
Profit before tax	29.1	46.4	(37)

# Perpetual Private Clients' FUA down 12%

Year ended 30 June	2008 \$B	Net flows \$B	Acquired FUA <sup>(1)</sup> \$B	Other <sup>(2)</sup> \$B	2009 \$B
Financial Advisory					
– Superannuation	2.7	(0.1)	0.2	(0.4)	2.4
– Non-superannuation	2.0	(0.1)	-	(0.1)	1.8
	<b>4.7</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.5)</b>	<b>4.2</b>
Fiduciary Services					
– Philanthropic	1.1	-	-	(0.1)	1.0
– Trust and estates	1.9	-	-	(0.3)	1.6
	<b>3.0</b>	<b>-</b>	<b>-</b>	<b>(0.4)</b>	<b>2.6</b>
<b>Total FUA</b>	<b>7.7</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.9)</b>	<b>6.8</b>

<sup>(1)</sup> Includes FUA acquired through the purchase of Financial Pursuit in April 2009

<sup>(2)</sup> Includes reinvestments, distributions, income & asset growth

# Private Wealth business update

Improved  
adviser  
productivity tools

- Introduced myClient
  - market-leading client management system
  - further enhancements in 2010

Pursued  
inorganic growth  
opportunities

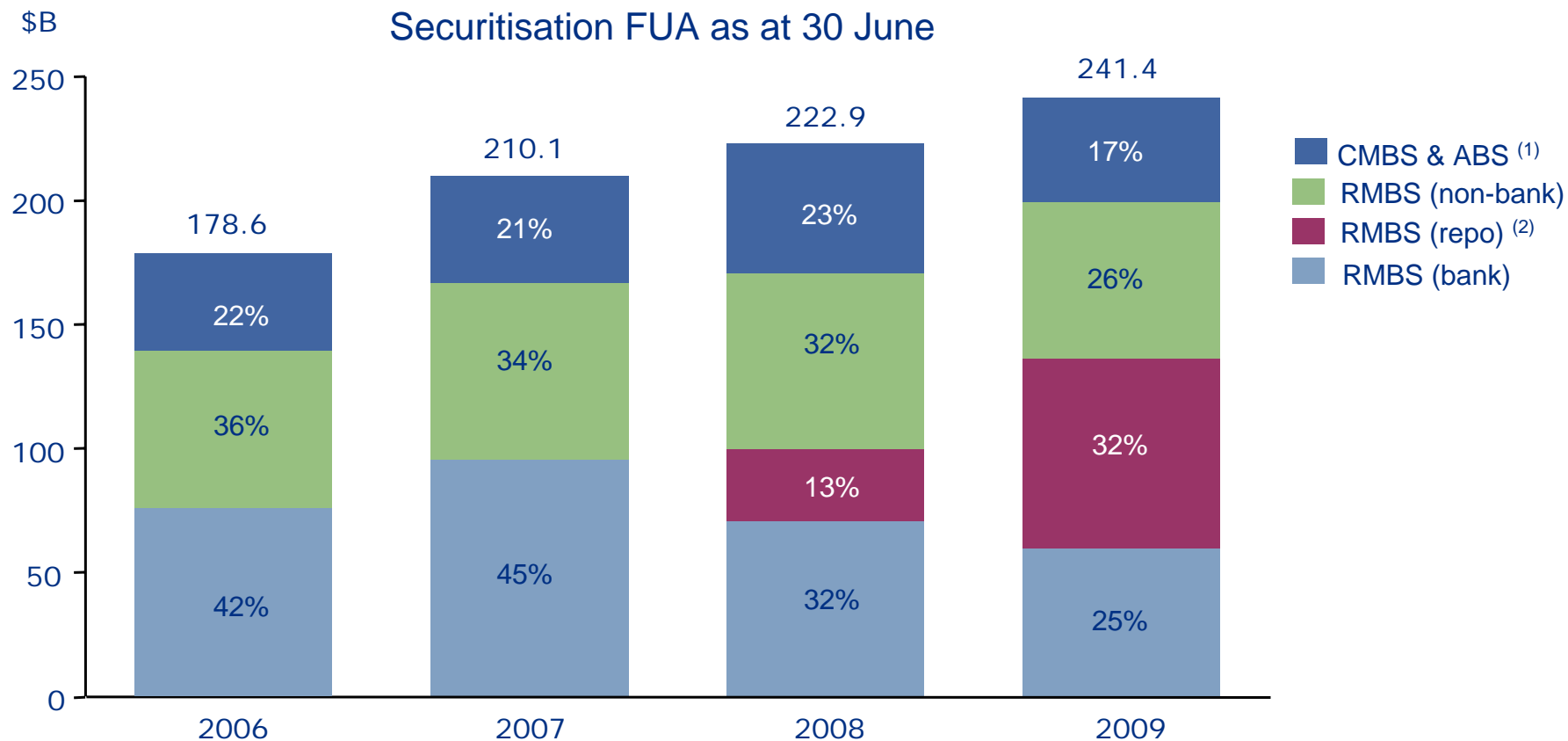
- Acquired Financial Pursuit
  - \$170 million in FUA
- Market consolidation presenting opportunities not available 18 months ago
- Currently engaged with a number of potential small acquisitions



## Corporate Trust underlying profit up 22% driven by cost efficiencies

	2009 \$M	2008 \$M	Change %
Total revenues	80.3	84.2	(5)
Profit before tax	36.1	29.5	22

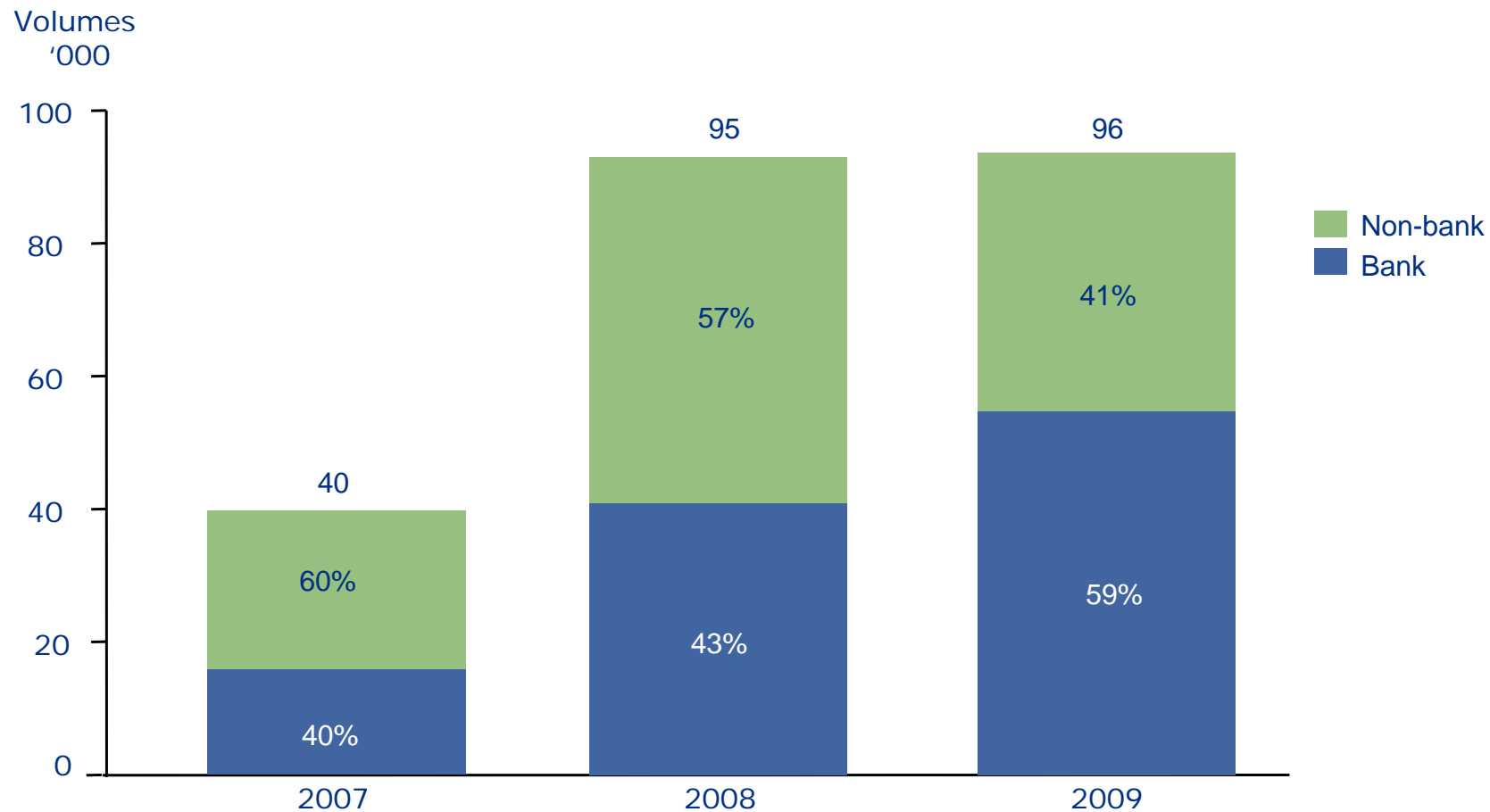
# Perpetual Corporate Trust FUA boosted by repo issuances



(1) Commercial mortgage backed securities (CMBS) and other asset backed securities (ABS)  
 (2) Repo issuances are residential mortgage backed securities (RMBS) internally securitised by banks and eligible for repurchase funding with the RBA

# Mortgage Services volumes shifting to banking clients

PLMS volumes as at 30 June



# Corporate Trust business update

## Trust & Fund Services

- New sources of business
  - new private and Government deals
  - active intervention in series of high profile scheme collapses on behalf of unit holders
  - strong reputation has created demand from banks and insolvency experts

## Mortgage Services

- Strong market share of non-bank clients
- Securing new banking clients
  - increased banking versus non-banking clients from 43% to 59%
- Mortgage & Finance Industry Association: 'Support Services Provider of Year'

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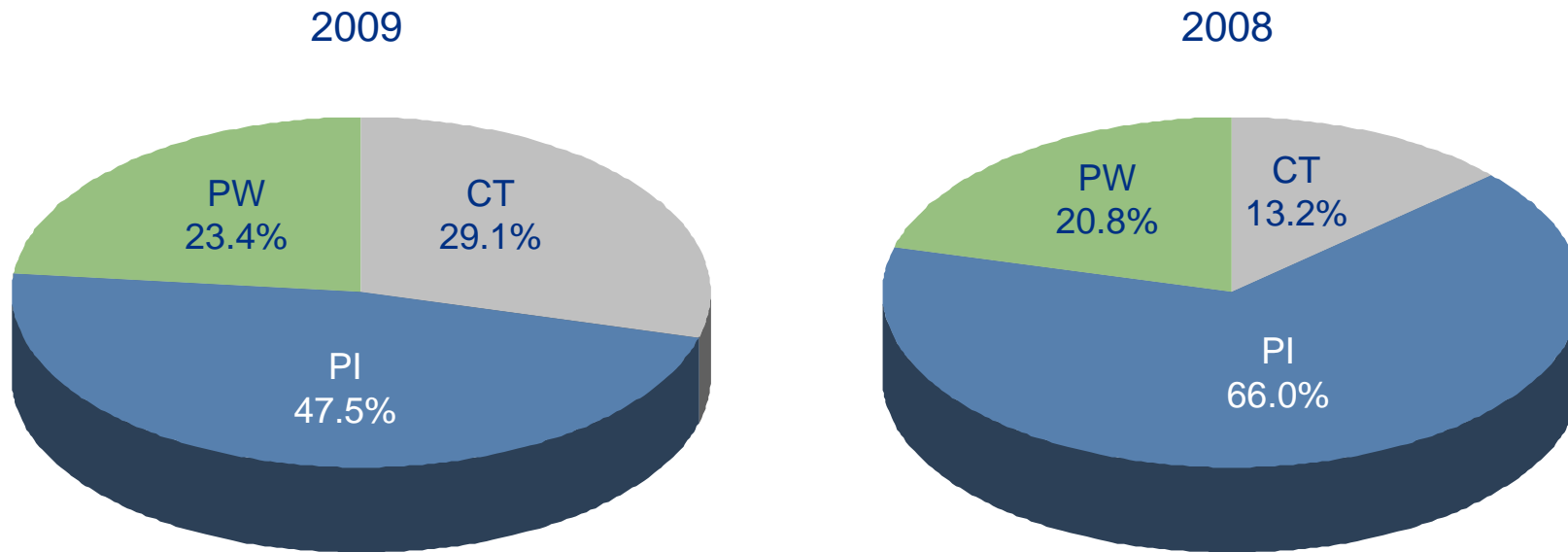
## Result in line with guidance

For 12 months to 30 June	2009 \$M	2008 \$M	Change %
Total revenue	375.1	495.7	(24)
Operating expenses	(239.4)	(268.6)	11
<b>EBITDA <sup>(1)</sup></b>	<b>135.7</b>	<b>227.1</b>	<b>(40)</b>
Amortisation and depreciation	(13.2)	(9.8)	35
Equity remuneration amortisation	(21.8)	(20.4)	7
Interest expense	(2.5)	(3.3)	(24)
<b>Underlying profit before tax <sup>(1)</sup></b>	<b>98.2</b>	<b>193.6</b>	<b>(49)</b>
<b>Underlying profit after tax</b>	<b>65.7</b>	<b>133.5</b>	<b>(51)</b>

<sup>(1)</sup> Excludes gain/(loss) on sale of investments, EMCF losses and restructuring costs

# Business diversity underpins result

Contribution to underlying profit before tax

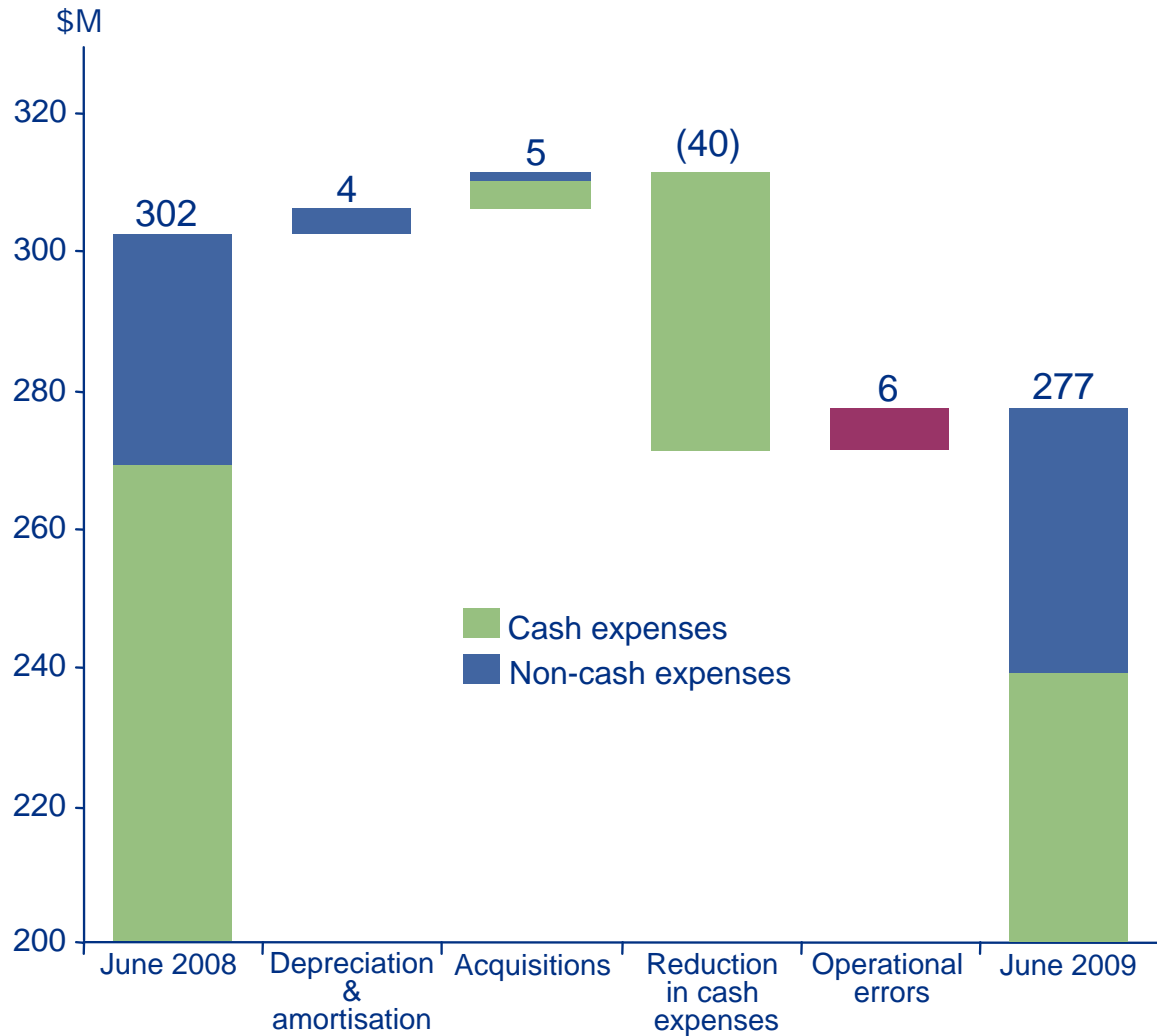


PI = Perpetual Investments  
PW = Private Wealth  
CT = Corporate Trust

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# Expense reductions on track



## Key commentary

- \$40 million or 15% reduction in cash expenses
  - approximately 30% variable expenses
- Cost savings offset by:
  - investment in systems
  - acquisitions
  - operational errors
- Savings mainly flow to 2010
  - some prudent reinvestment

# Significant items

For the 12 months to 30 June	2009 \$M	2008 \$M	Change %
Underlying profit after tax	65.7	133.5	(51)
Gain/(loss) on sale of investments	(6.1)	21.1	~
Restructuring	(8.1)	-	~
EMCF losses	(13.8)	(25.8)	~
Net profit after tax	37.7	128.8	(71)

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## EMCF: portfolio de-risked: expect to recover losses as securities mature

For 12 months to 30 June	2009 \$M	2008 \$M
Realised losses	(4.0)	(5.7)
Hedging gains/(losses)	4.0	(3.3)
Mark-to-market losses	(27.4)	(27.9)
Hold to maturity gains	7.7	-
Profit/(loss) before tax impact	(19.7)	(36.9)
Tax benefit	5.9	11.1
<b>Loss after tax impact</b>	<b>(13.8)</b>	<b>(25.8)</b>

### Key commentary

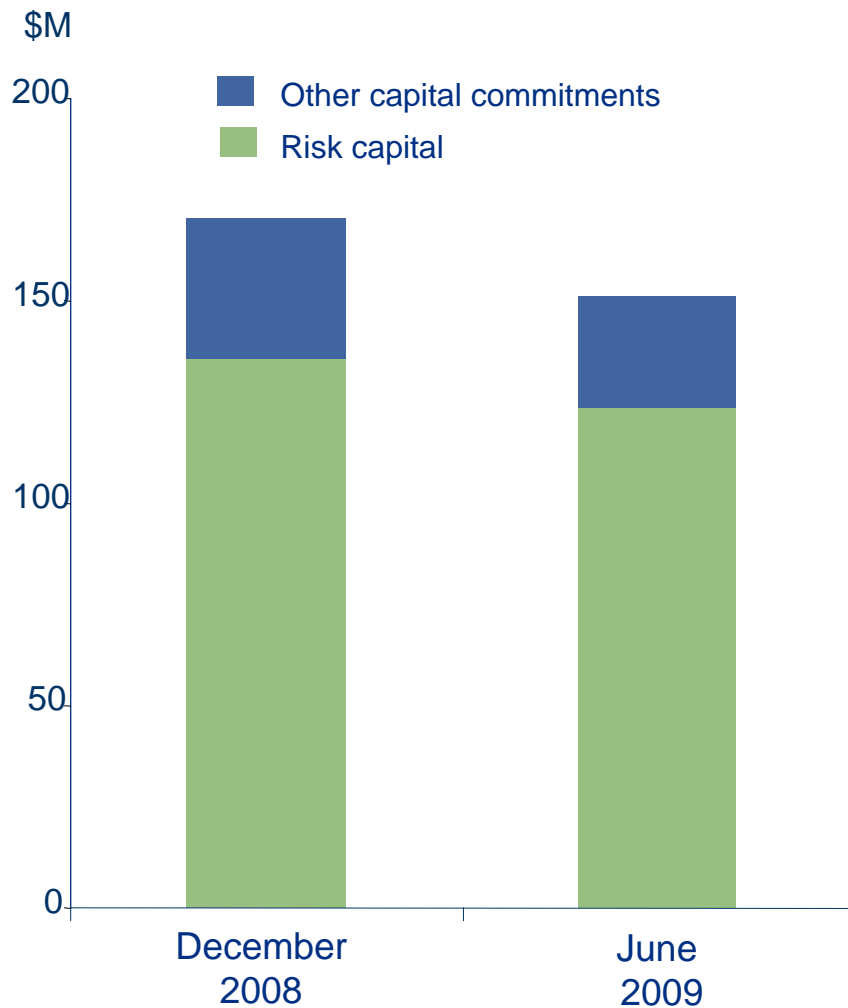
- Changed EMCF valuation methodology to de-risk volatility from the total return swap
  - reflects hold to maturity strategy for portfolio
- High quality portfolio
  - de-risking as maturing assets reinvested in cash
  - cash 30% of portfolio
- Credit markets stabilised
  - some improvement since March 2009

## Strengthened/more flexible balance sheet absorbed full impact of downturn

	30 Jun 2009 \$M	31 Dec 2008 \$M	30 Jun 2008 \$M
Cash holdings	146.1	107.7	183.1
Investments at market value	36.7	60.5	77.0
Liquid assets	182.8	168.2	260.1
Net assets	290.0	261.0	314.4
<b>Key financial ratios</b>			
Liquid assets per share	\$4.30	\$4.00	\$6.19
Gross debt <sup>(1)</sup> to (book equity + debt <sup>(1)</sup> )	13.4%	14.7%	12.5%
Interest coverage (operating EBITDA) times	54	51	69

<sup>(1)</sup> Excludes structured investment liabilities

# Level of capital required decreasing as balance sheet is de-risked



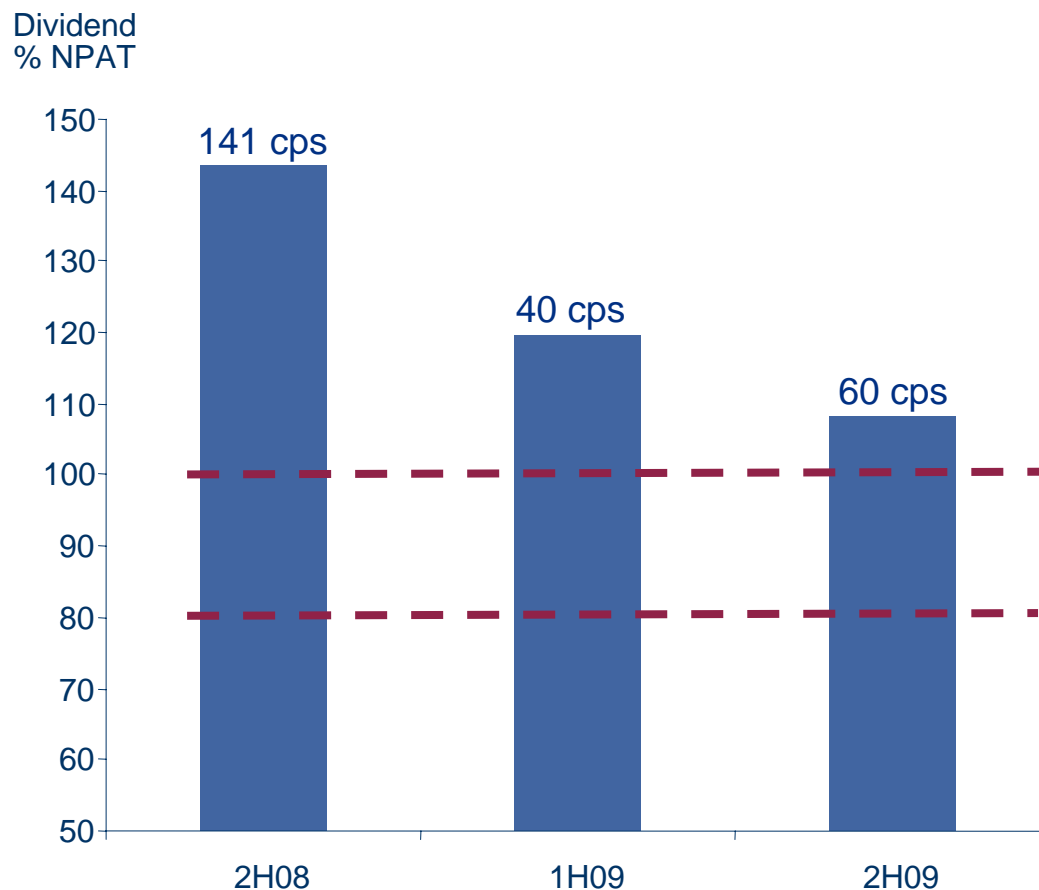
## Key commentary

- Strengthened and flexible balance sheet
- Risk capital calculated on Basel II basis
  - over 2 x regulatory capital requirements
- Total capital requirement \$151 million at June 2009
- Available liquid funds in excess of capital requirements



# Transitioning to dividend payout ratio of 80-100% of NPAT

Dividend payout ratio



## Key commentary

- Final dividend 60 cps
- Represents 108% payout ratio
  - continued transition to revised policy announced in February 2009
- Previous policy based on 90% payout of cash earnings
  - dividends in excess of actual profits





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- ▶ ■ **Strategy – David Deverall**
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# Our vision

To be the leading provider of wealth management services  
to financially successful investors and their advisers  
and the leading corporate trustee

Product  
manufacturing  
excellence

Supplier of choice  
to financially  
successful  
investors and their  
advisers

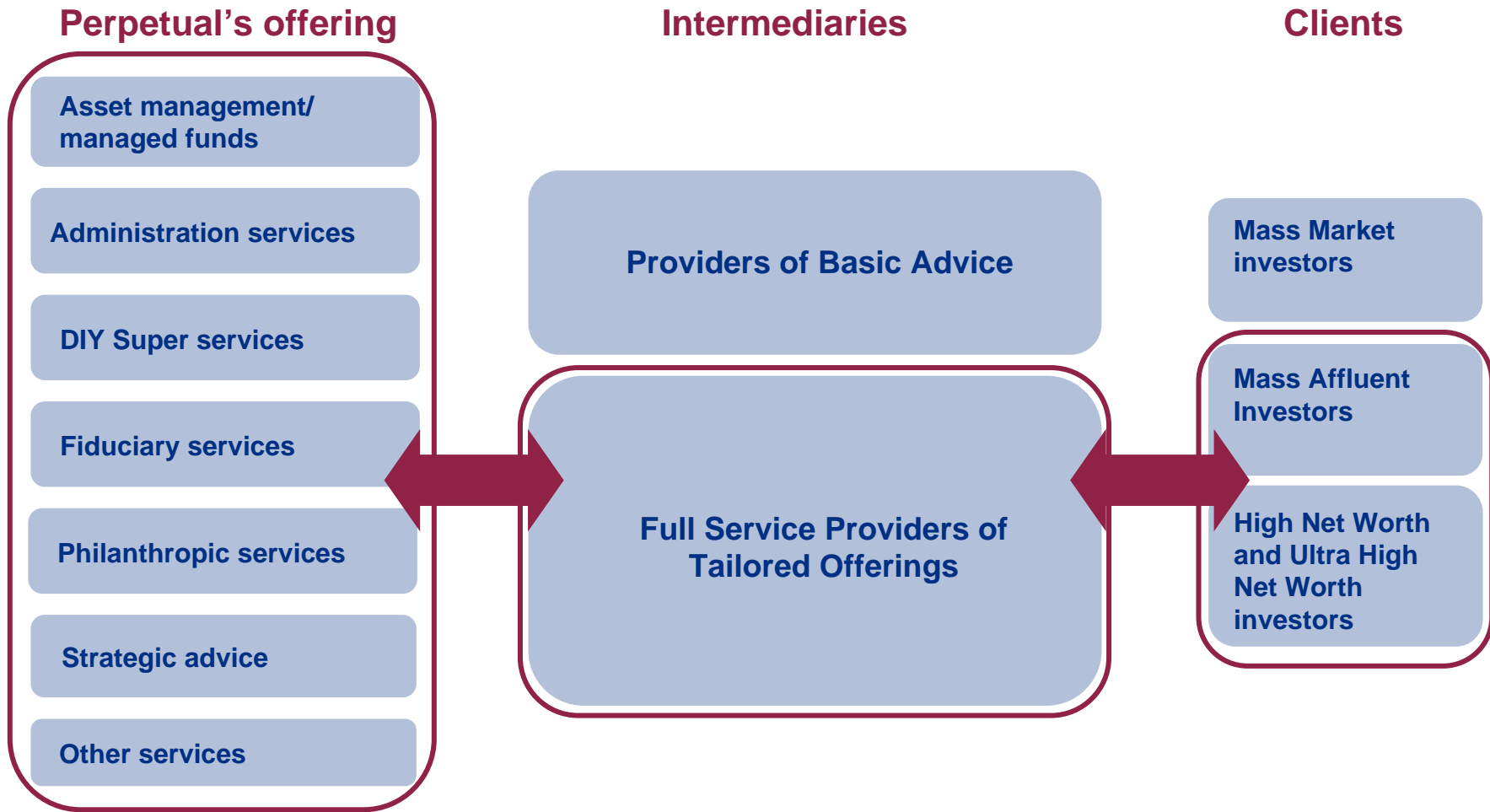
Leading adviser to  
high net worth  
investors

Leading corporate  
trustee



# We will broaden access to our products and services

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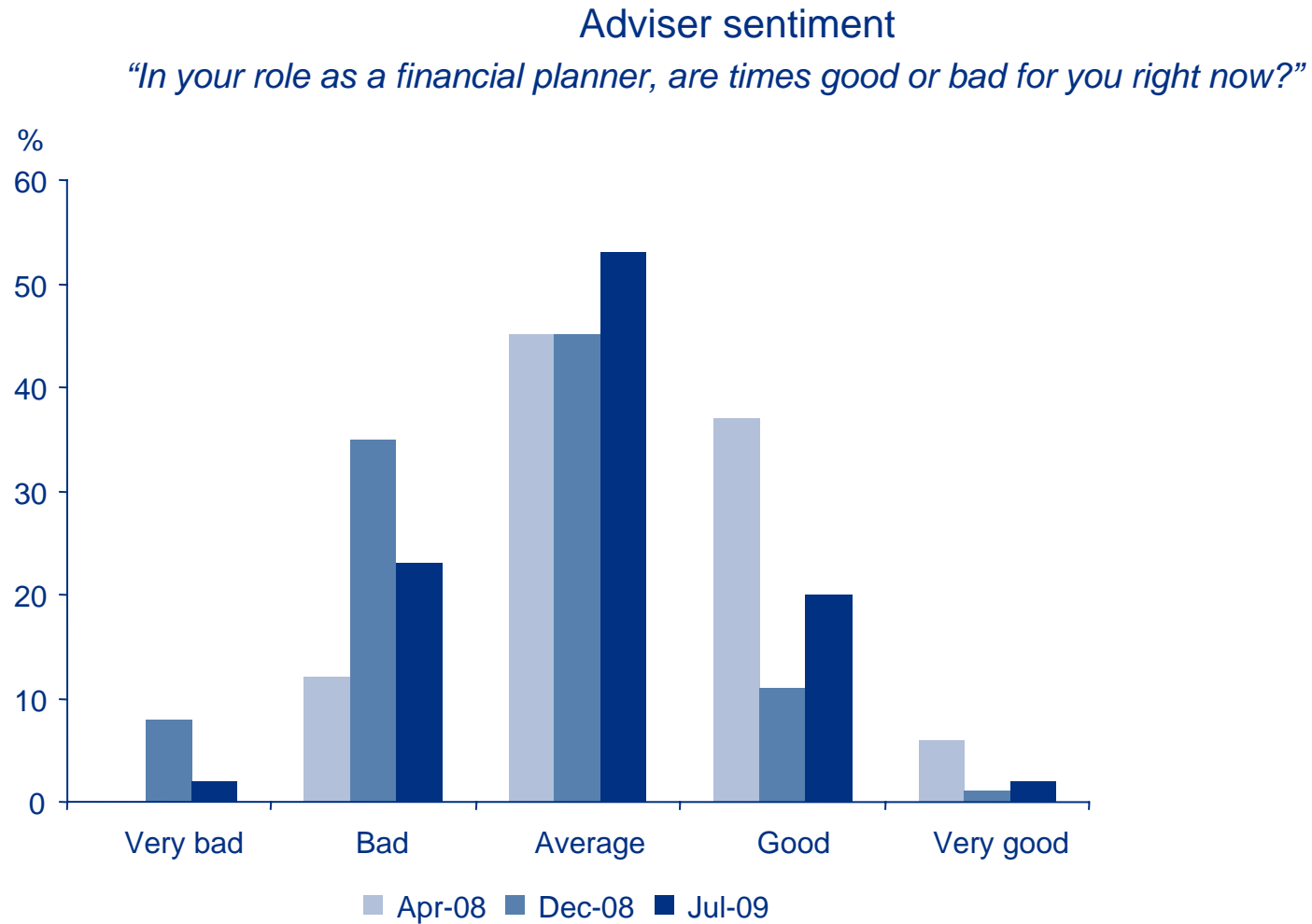
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# Adviser sentiment turning

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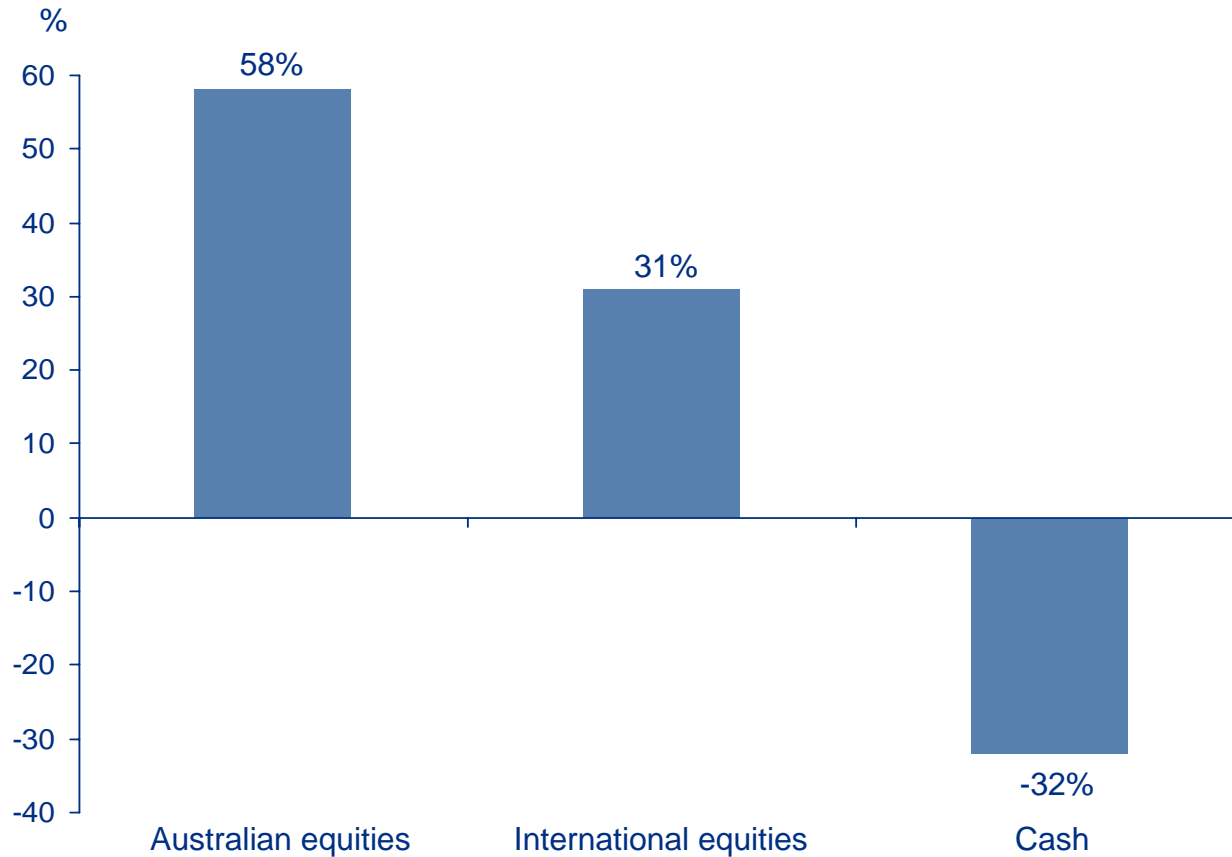


Source: Wealth Insights Adviser Sentiment Survey



# Advisers predict the potential 'dash from cash'

Net increase in advisers' forecast changes to asset classes  
June 2009

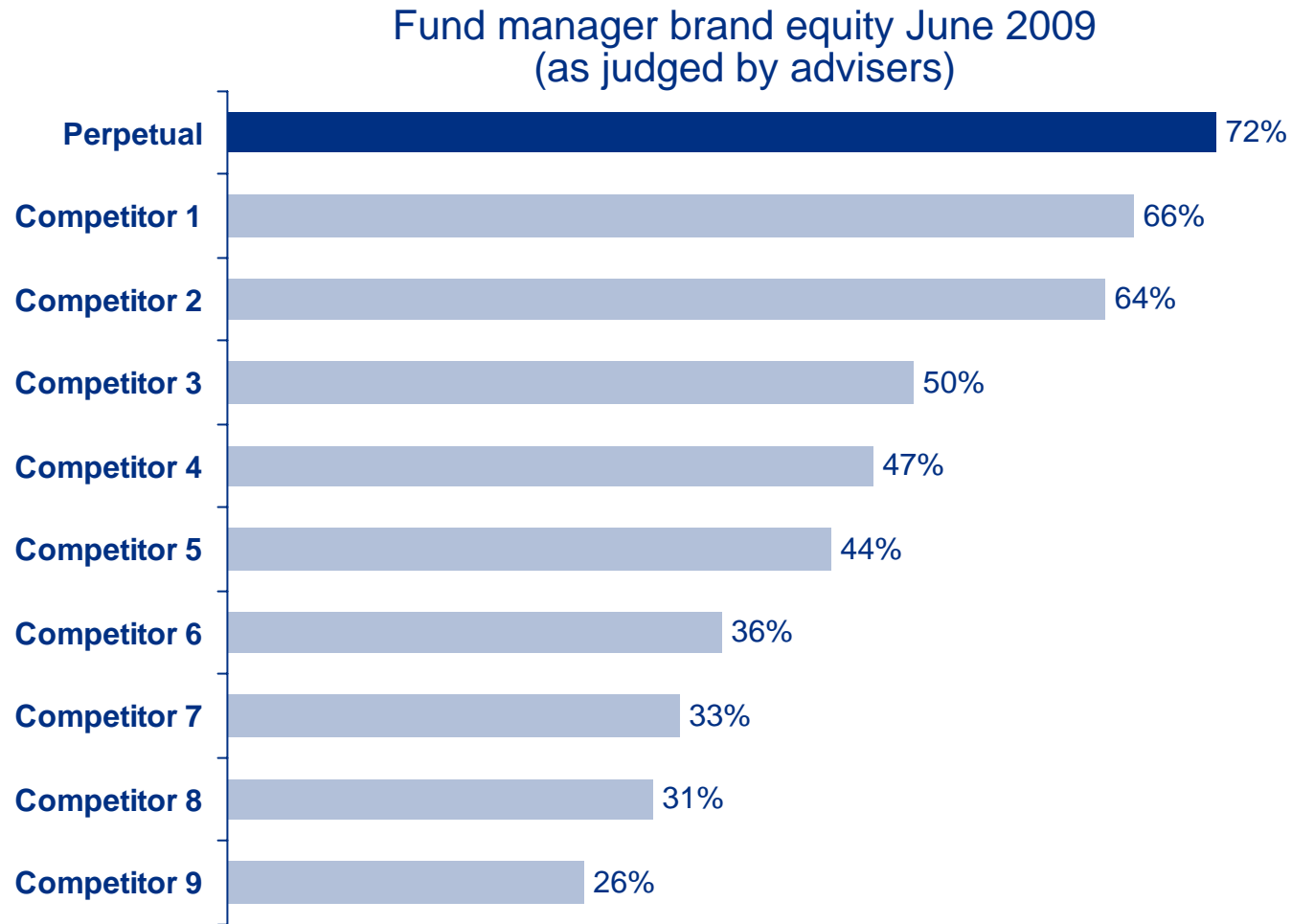


Source: Wealth Insights Adviser Market Trends



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# Our brand positions us well



Source: Wealth Insights Adviser Brand Tracking 2009



# Summary

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  - Underlying profit of \$65.7 million after tax
- **We positively influenced what we could control**
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