



FY10 Results
for 12 months ended
30 June 2010

David Deverall
Chief Executive Officer

Roger Burrows
Chief Financial Officer

24 August 2010

ABN 86 000 431 827



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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.



Agenda

- Group highlights – David Deverall
- Financials – Roger Burrows
- Strategy update and summary – David Deverall



FY10 Overview

- **Solid increase in full year profit**

– Underlying Profit After Tax	\$72.8m (FY09: \$65.7m)	+11% yoy
– Net Profit After Tax	\$90.5m (FY09: \$37.7m)	+140% yoy

- **Improved market conditions**

- Rising markets and cost initiatives deliver increased operating leverage in Perpetual Investments
- Investor confidence improving but still fragile and remains cautious
- Fund flows improving but still well short of pre-GFC levels
- Good progress on our strategy to grow Private Wealth and Corporate Trust

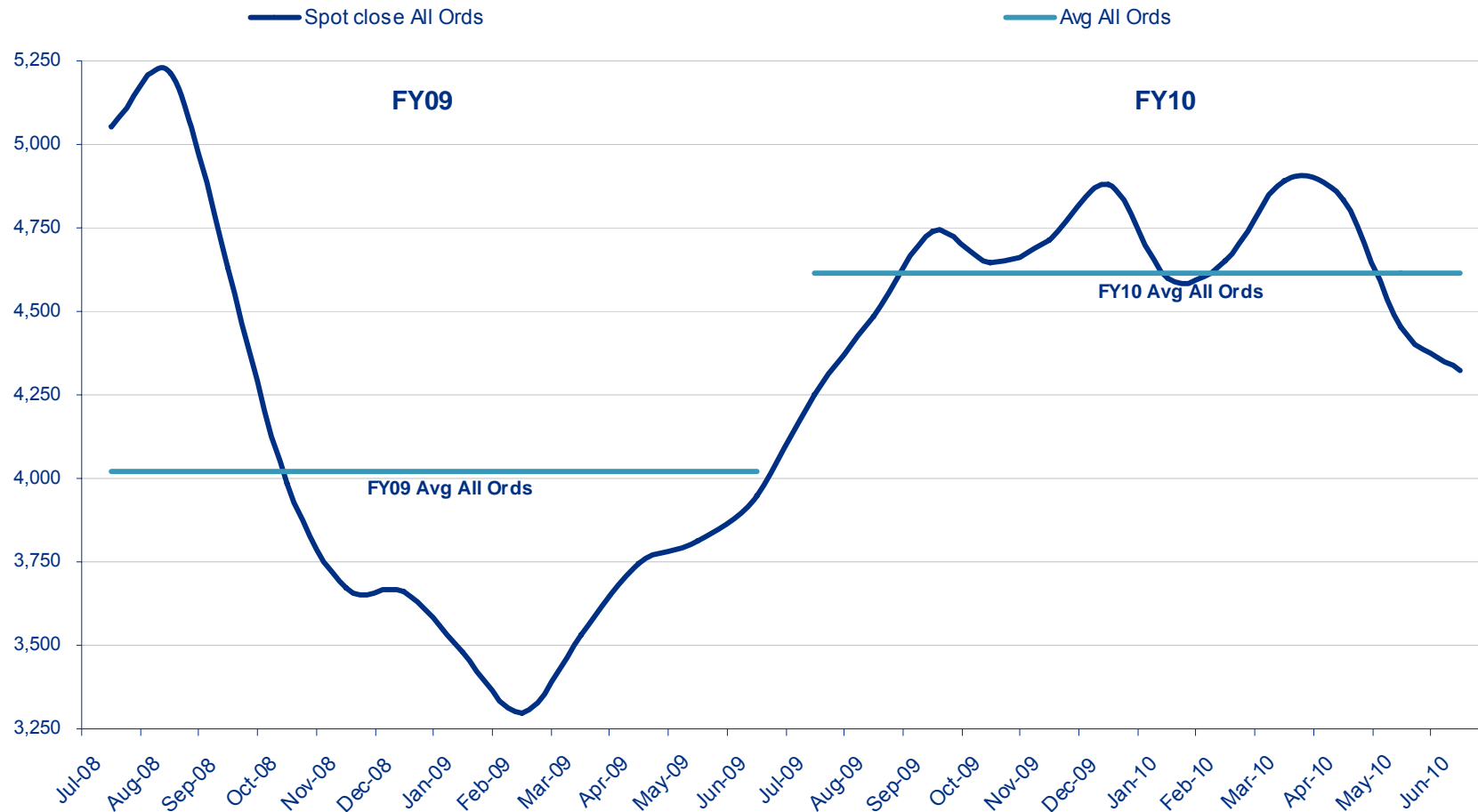
- **Increased financial strength**

- **FY10 full year fully franked dividends of 210 cents (FY09: 100 cents), up 110%**

- FY10 final fully franked dividend 105 cents (FY09: 60 cents)



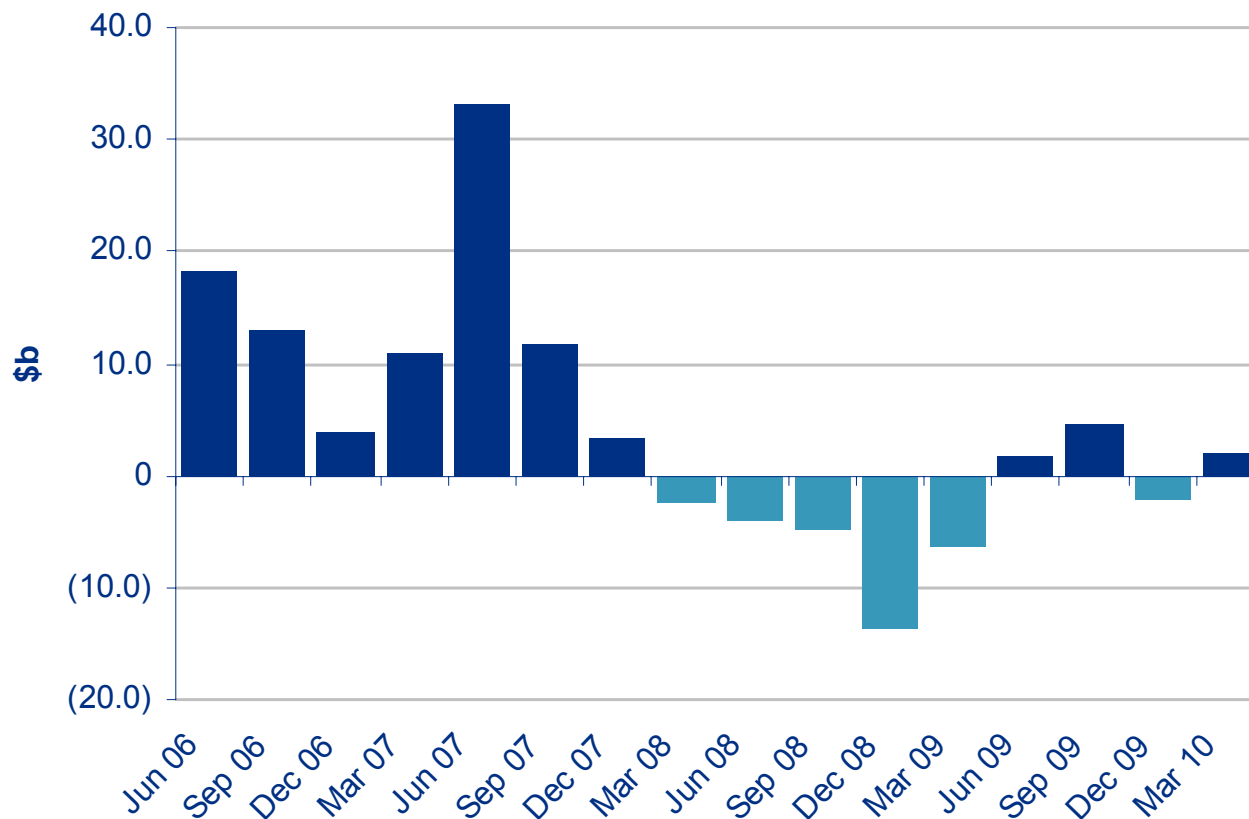
Equity markets rebound in FY10 – demonstrating our operating leverage to rising markets



At 30 June 2010 a 1% movement in the All Ordinaries Index changes annualised revenue by approx. \$2.0m - \$2.5m (1H10: \$1.5m - \$2.0m)

Industry back in inflow in FY10, but not yet back to historic levels

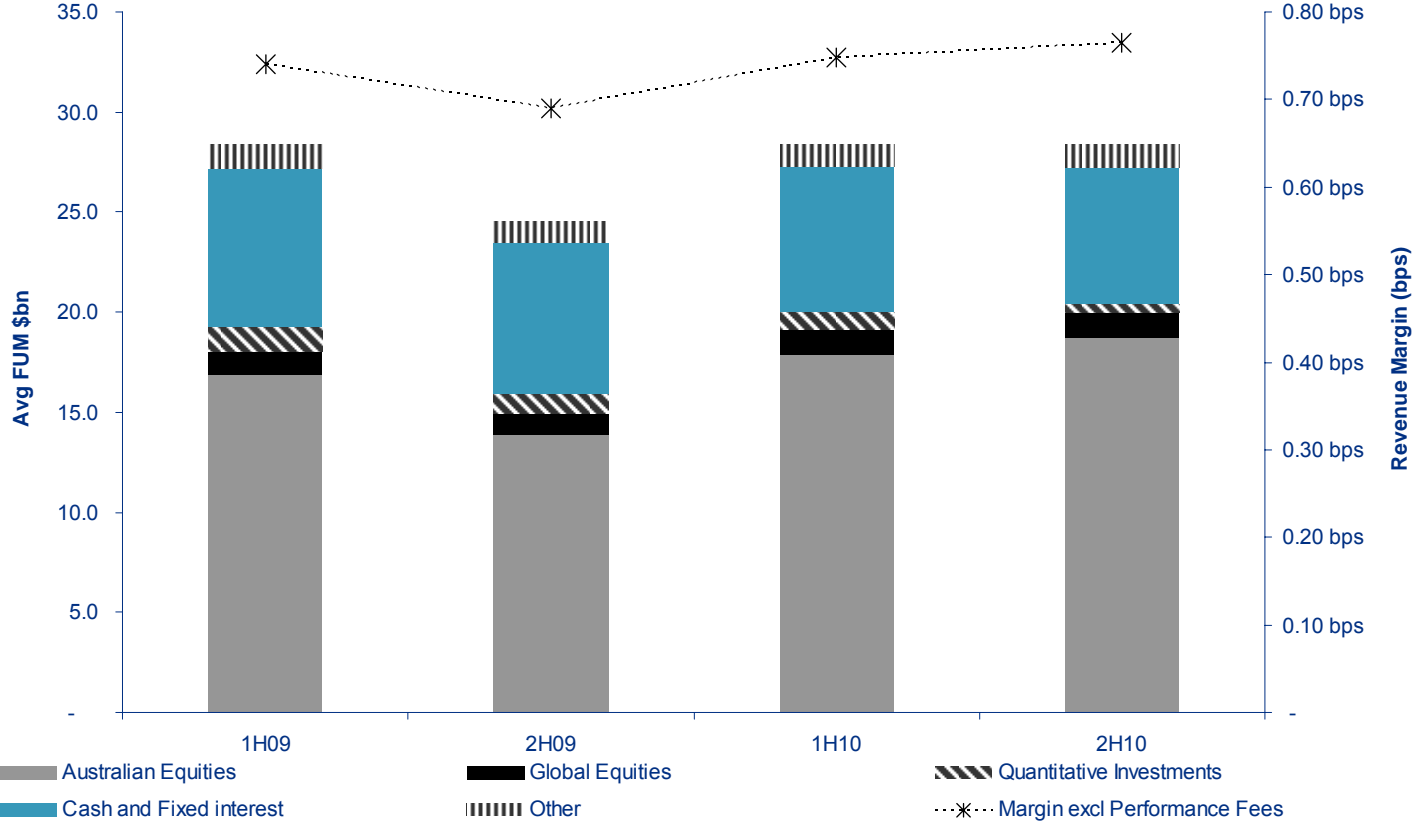
Total market quarterly net flows since June 2006



Source: Latest available data – Plan for Life (March 2010)

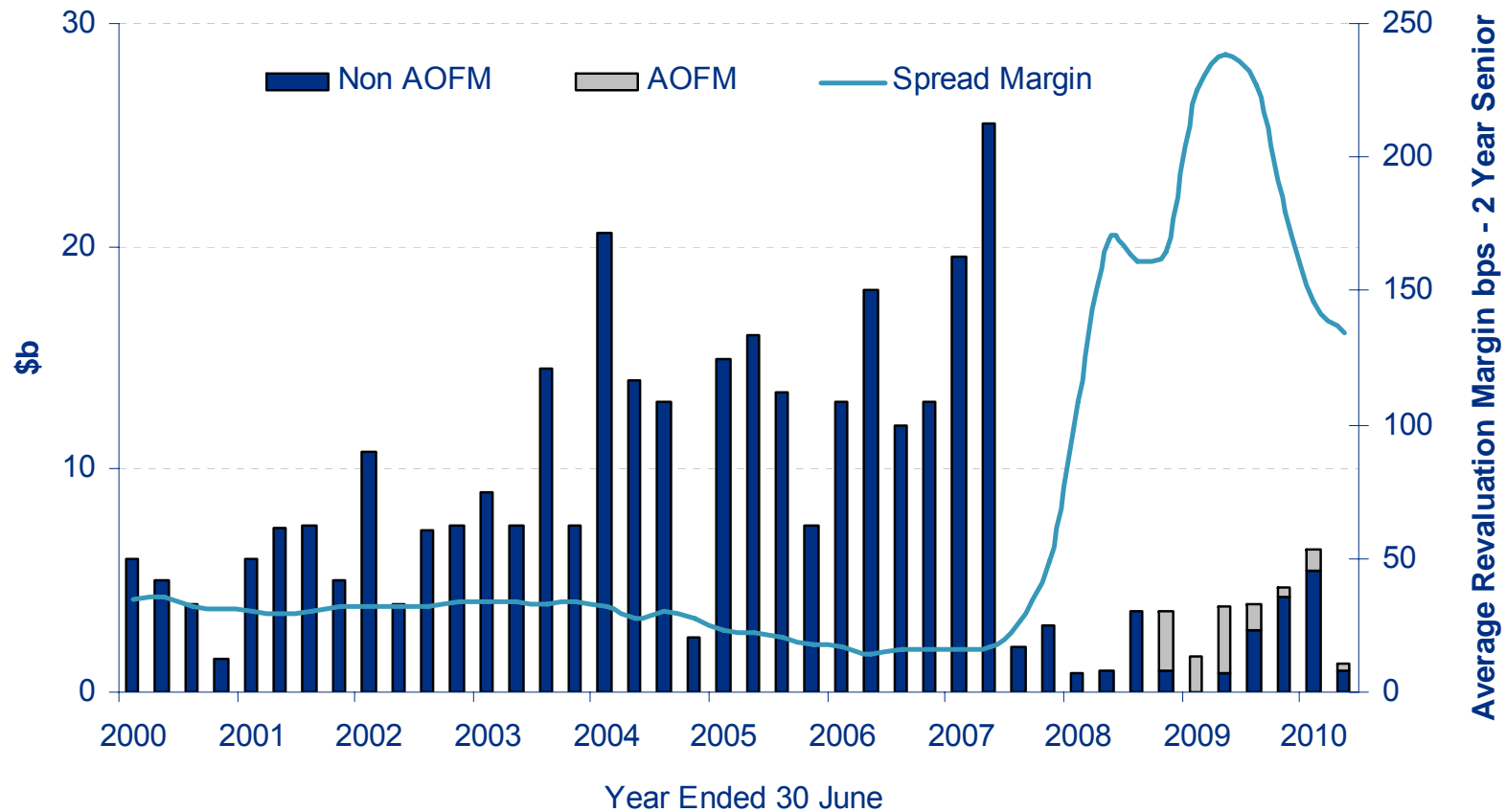


Group average FUM up 7% in FY10; revenue margins have expanded



Securitisation issuance showing signs of improvement as spreads contract and end investors return to market

RMBS issuance (quarterly)



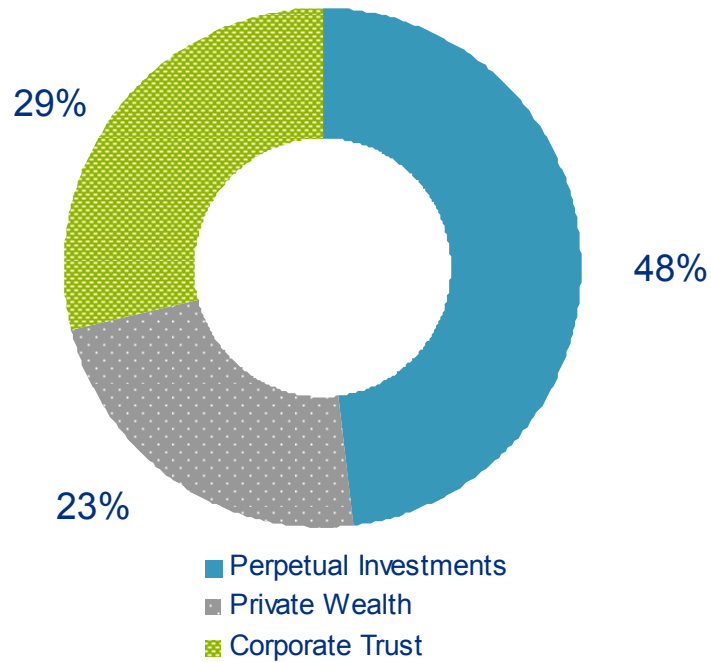
Source: RBA, Australian Office of Financial Management (AOFM), S&P, Macquarie Bank and Perpetual

Earnings momentum returned in FY10

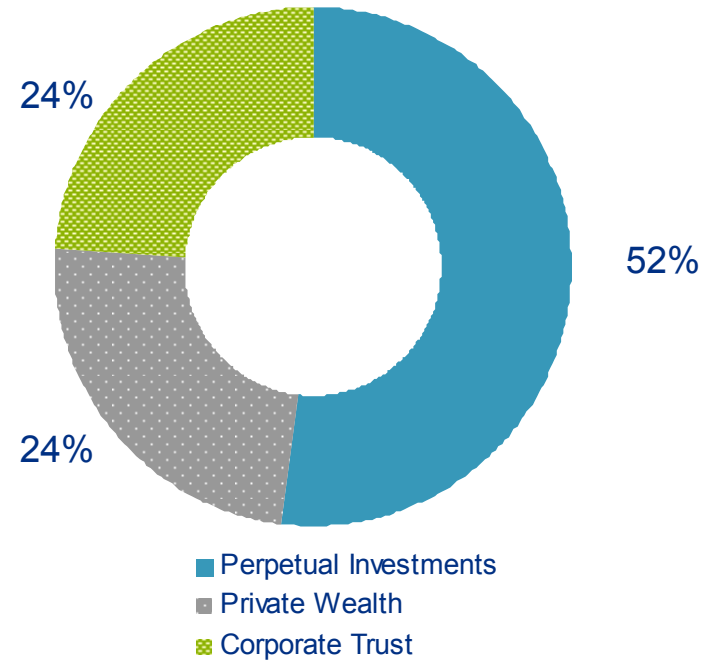
	FY09 \$m	FY10 \$m	FY10 v FY09
UPAT	65.7	72.8	11%
Significant items	(28.0)	17.7	
NPAT	37.7	90.5	140%
Diluted EPS on NPAT (cps)	89.4	210.5	135%
Dividend per Ordinary Share (cps)	100.0	210.0	110%
Annualised ROE on NPAT (%)	12.5	27.9	

Perpetual Investments represents around 50% of the business unit profit pool mix

FY2009 Profit before tax



FY2010 Profit before tax



Perpetual Investments demonstrated clear operating leverage

	FY09 \$m	FY10 \$m	FY10 v FY09
Revenue	203.0	216.9	7%
Operating expenses	(118.1)	(114.5)	3%
EBITDA ⁽¹⁾	84.9	102.4	21%
Depreciation & equity remuneration	(25.9)	(30.3)	(17%)
Profit before tax	59.0	72.1	22%
Margin on revenue	29%	33%	
Closing FUM (\$b)	26.2	26.9	3%
Average FUM (\$b)	25.0	26.8	7%
Average revenue margin ⁽²⁾ (bps)	68	72	+4

Key themes:

- Operating leverage to rising markets
- Good cost management
- Active equities strategies in net inflow
- Good demand for higher margin products
- Increased underlying revenue margin
- Talented, stable and well-recognised fund management team

(1) EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible asset, equity remuneration expense and significant items

(2) Excluding performance fees

Perpetual Investments' strong record of outperformance

Excess performance⁽¹⁾ above benchmark

Annualised returns	Industrial Share Fund	Australian Share Fund	Small Companies Fund	Concentrated Equity Fund	International Share Fund
1 year	+0.07%	+5.90%	+14.64%	+2.80%	-0.36%
3 years	+4.07%	+4.13%	+6.13%	+5.83%	+2.43%
5 years	+2.57%	+2.53%	+4.17%	+3.76%	+1.20%
7 years	+2.40%	+2.66%	+2.49%	+2.68%	N/A
10 years	+4.46%	+4.21%	+8.28%	+5.06%	N/A

⁽¹⁾ Gross p.a. as at end June 2010

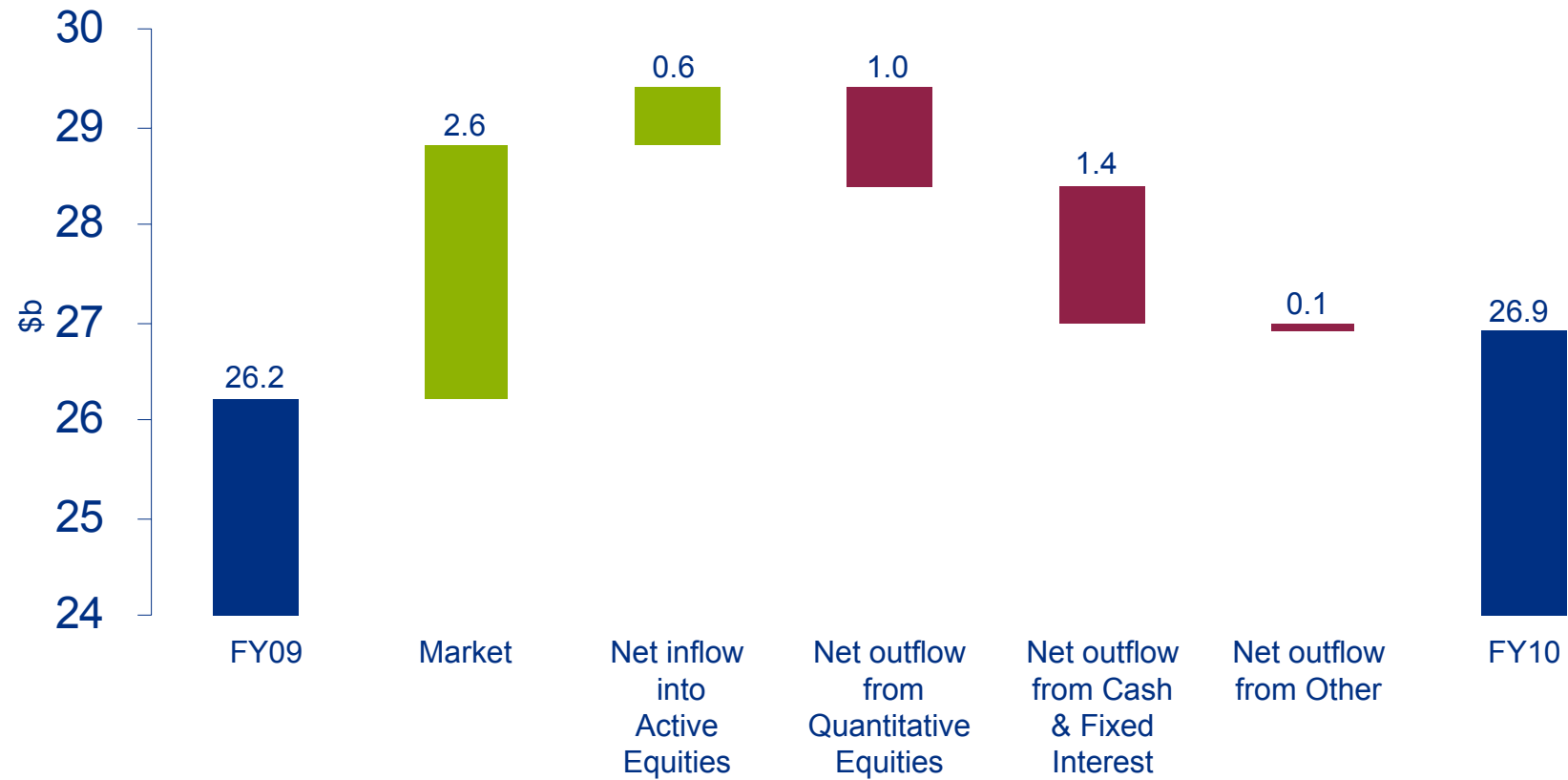
Perpetual Investments' FUM up, driven by positive markets

	FY09 \$b	Net flows \$b	Market ⁽¹⁾ \$b	FY10 \$b
Institutional	8.5	(1.2)	0.8	8.1
Intermediary (master fund and wrap)	11.9	(0.3)	1.3	12.9
Retail (including Direct)	5.8	(0.4)	0.5	5.9
All channels	26.2	(1.9)	2.6	26.9
Australian equities	16.0	(0.4)	1.9	17.5
Global equities	1.4	-	-	1.4
Equities	17.4	(0.4)	1.9	18.9
Cash and fixed interest	7.5	(1.4)	0.6	6.7
Other	1.3	(0.1)	0.1	1.3
All asset classes	26.2	(1.9)	2.6	26.9

⁽¹⁾ Includes reinvestments, distributions, income and asset growth



Revenue margin growth driven by inflow into active equities



Substantial turnaround in net flows in active equities

Equity net fund flows			
	FY09 \$b	FY10 \$b	FY10 v FY09
Active strategies	(0.6)	0.6	1.2
Quantitative strategies	(0.1)	(1.0)	(0.9)
Total	(0.7)	(0.4)	0.3

Perpetual Private Wealth profit driven by operating leverage

	FY09 \$m	FY10 \$m	FY10 v FY09
Revenue	85.7	111.6	30%
Operating expenses	(52.2)	(73.9)	(42%)
EBITDA ⁽¹⁾	33.5	37.7	13%
Depreciation & equity remuneration	(4.4)	(5.1)	(16%)
Profit before tax	29.1	32.6	12%
Margin on revenue	34%	29%	
Closing FUA (\$b)	6.8	8.3	22%
Average FUA (\$b)	6.9	8.1	17%

Key themes:

- Operating leverage to rising markets in underlying business
- Two acquisitions during FY10 made small contribution to profit before tax
- Increase in non-FUA revenue from acquisitions
- Expect stronger contribution from completed acquisitions in FY11
- In discussions with other market participants

⁽¹⁾ EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible asset, equity remuneration expense and significant items

Perpetual Private Wealth FUA up 22%, driven by acquisitions

	FY09 \$b	Net flows \$b	Acquired ⁽¹⁾ \$b	Market ⁽²⁾ \$b	FY10 \$b
Financial advisory:					
▪ Superannuation	2.4	-	0.7	0.2	3.3
▪ Non-superannuation	1.8	-	0.2	0.2	2.2
	4.2	-	0.9	0.4	5.5
Fiduciary services:					
▪ Philanthropic	1.0	-	-	0.1	1.1
▪ Trust and estates	1.6	-	-	0.1	1.7
	2.6	-	-	0.2	2.8
Total funds under advice	6.8	-	0.9	0.6	8.3

⁽¹⁾ Includes FUA acquired through the purchase of Grosvenor Financial Services in September 2009 and Fordham Business Advisors in January 2010

⁽²⁾ Includes reinvestments, distributions, income and asset growth

Corporate Trust expanded into new business initiatives

	FY09 \$m	FY10 \$m	FY10 v FY09
Revenue	80.3	87.5	9%
Operating expenses	(40.7)	(51.9)	(28%)
EBITDA ⁽¹⁾	39.6	35.6	(10%)
Depreciation & equity remuneration	(3.5)	(3.3)	6%
Profit before tax	36.1	32.3	(11%)
Margin on revenue	45%	37%	
Average FUA (\$b)	241.4	210.5	(13%)
Number of PLMS matters	95,687	199,257	108%

Trust & Fund Services

- Subdued RMBS market conditions led to lower FUA
- Maintained market share
- Deal pipeline slowly returning

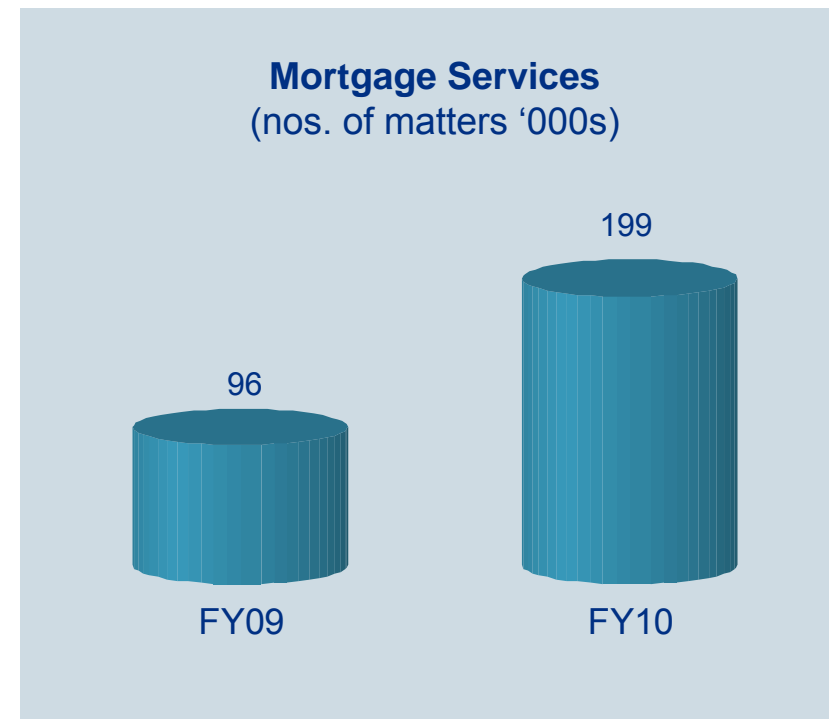
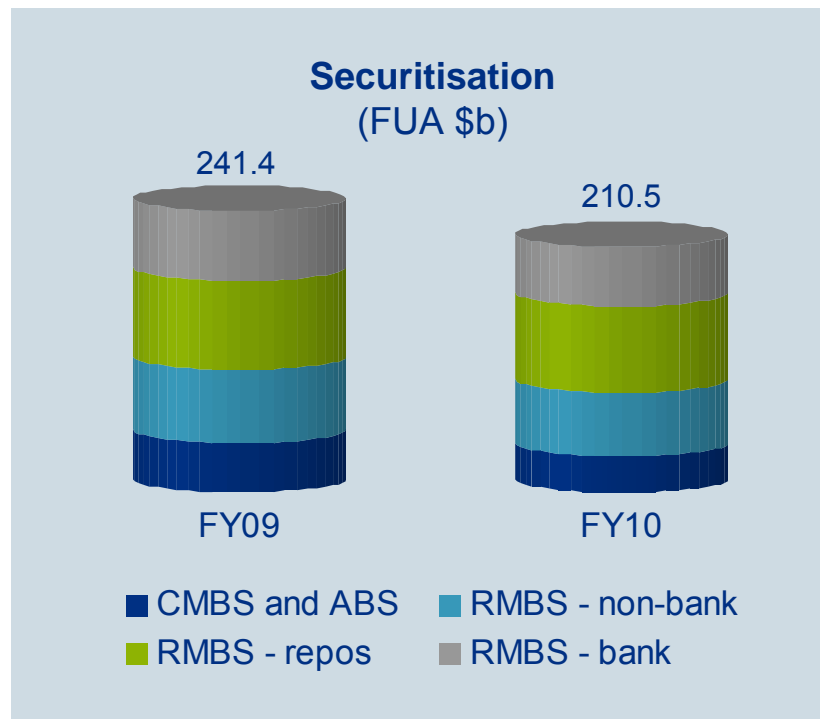
Mortgage Services

- PLMS volumes doubled in FY10
- FY10 impacted by one-off costs associated with steep increase in demand in 2H10
- Focus now shifting to profitability from growth

⁽¹⁾ EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible asset, equity remuneration expense and significant items

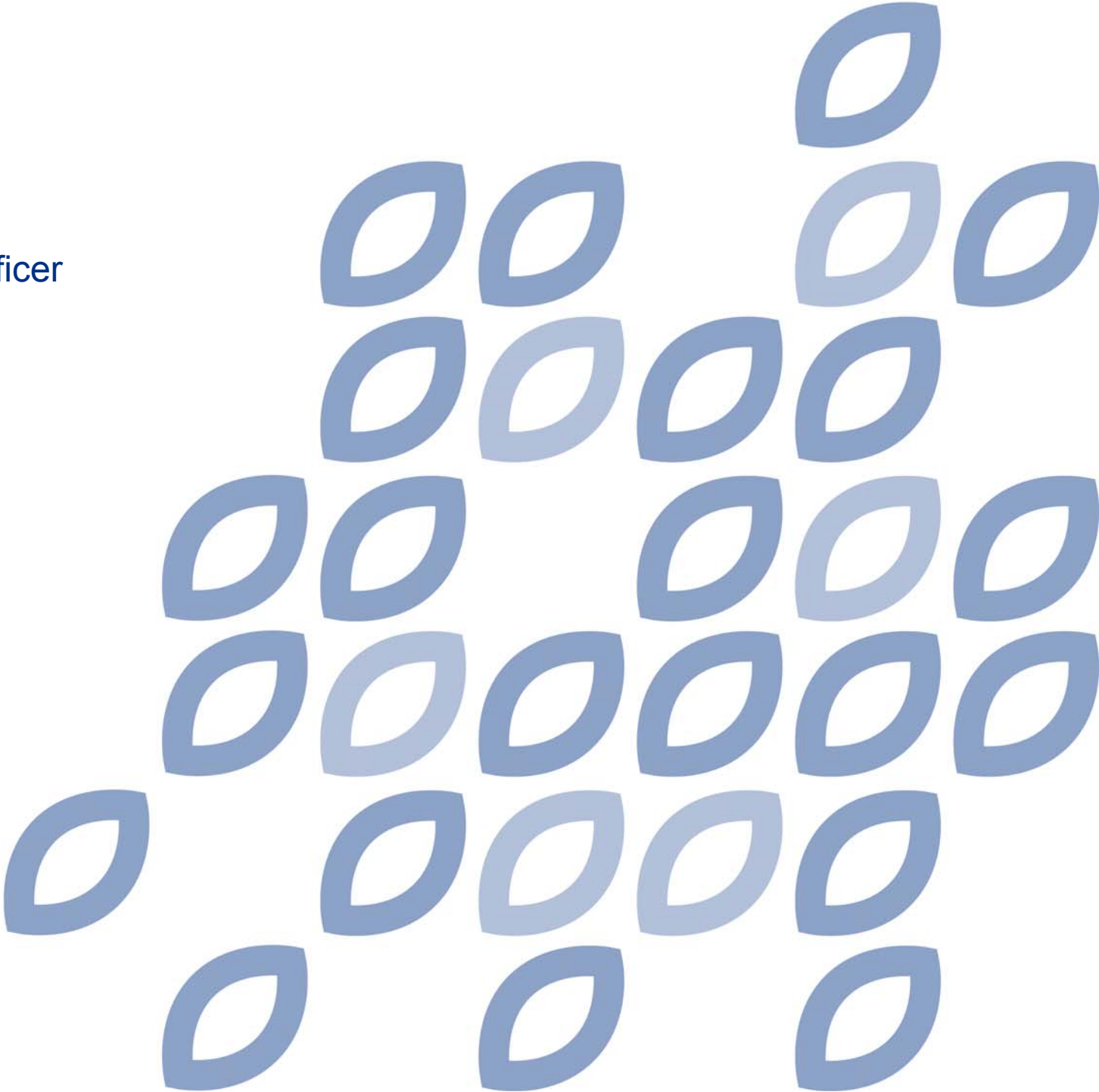
Mortgage Services driving revenue growth in Corporate Trust

	FY09 \$m	FY10 \$m	FY10 v FY09
Trust & Fund Services	58.4	55.6	(5%)
Mortgage Services	21.9	31.9	46%
Total revenues	80.3	87.5	9%



Financials

Roger Burrows
Chief Financial Officer



Improved financial performance

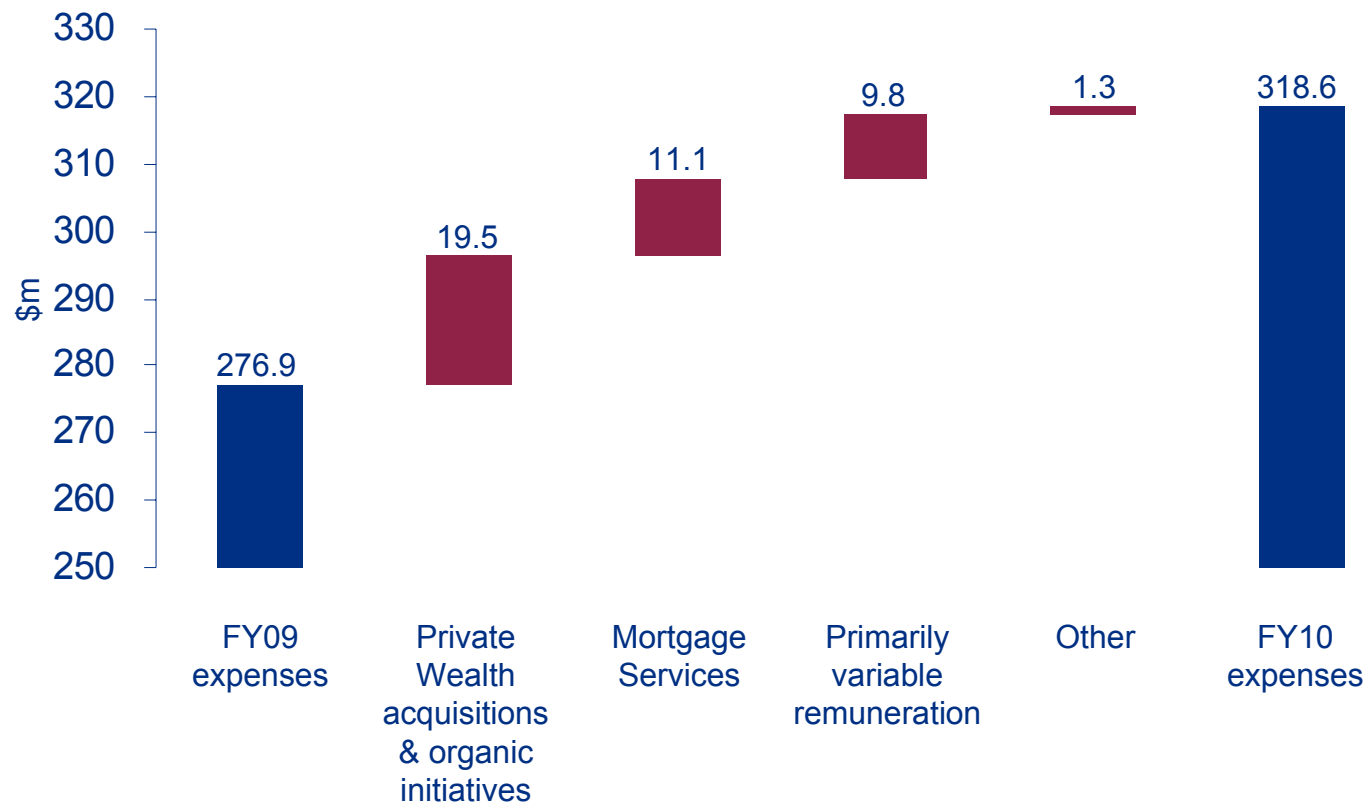
	FY09 \$m	FY10 \$m	FY10 v FY09
Operating revenue	375.1	426.3	14%
Operating expenses	(239.4)	(274.3)	(15%)
EBITDA⁽¹⁾	135.7	152.0	12%
Depreciation & amortisation	(13.2)	(14.7)	(11%)
Equity remuneration	(21.8)	(26.8)	(23%)
EBIT	100.7	110.5	10%
Interest expense	(2.5)	(2.8)	(12%)
Profit before tax	98.2	107.7	10%
Net cash from operating activities	62.7	152.6	143%

(1) EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible asset, equity remuneration expense and significant items

Significant items impacted by recovery of EMCF prior period losses

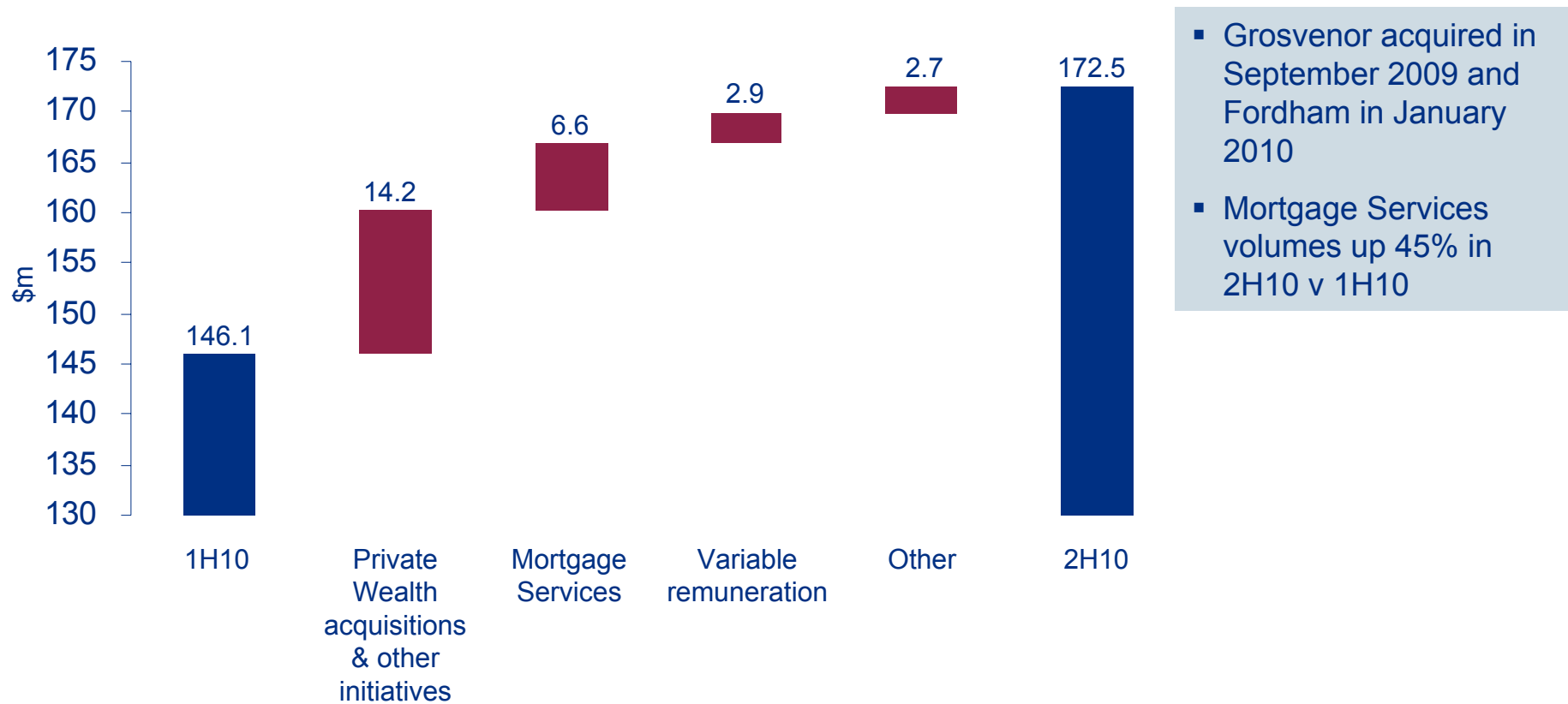
	FY09 \$m	FY10 \$m	FY10 v FY09
Profit before tax	98.2	107.7	10%
Tax expense	(32.5)	(34.9)	(7%)
UPAT	65.7	72.8	11%
EMCF gains/losses	(13.8)	20.3	-
Gain/(loss) on sale/impairment of investments	(6.1)	(2.6)	57%
Restructuring costs	(8.1)	-	-
NPAT	37.7	90.5	140%

Group expenses increased as a result of acquisitions and organic investment



- Expense discipline maintained savings
- Have reinvested in business
- M&A execution and organic business development add to FY09 expenses base
- Increased remuneration expense is linked to financial performance – variable cost

Growth initiatives responsible for increased expenses in 2H10 v 1H10

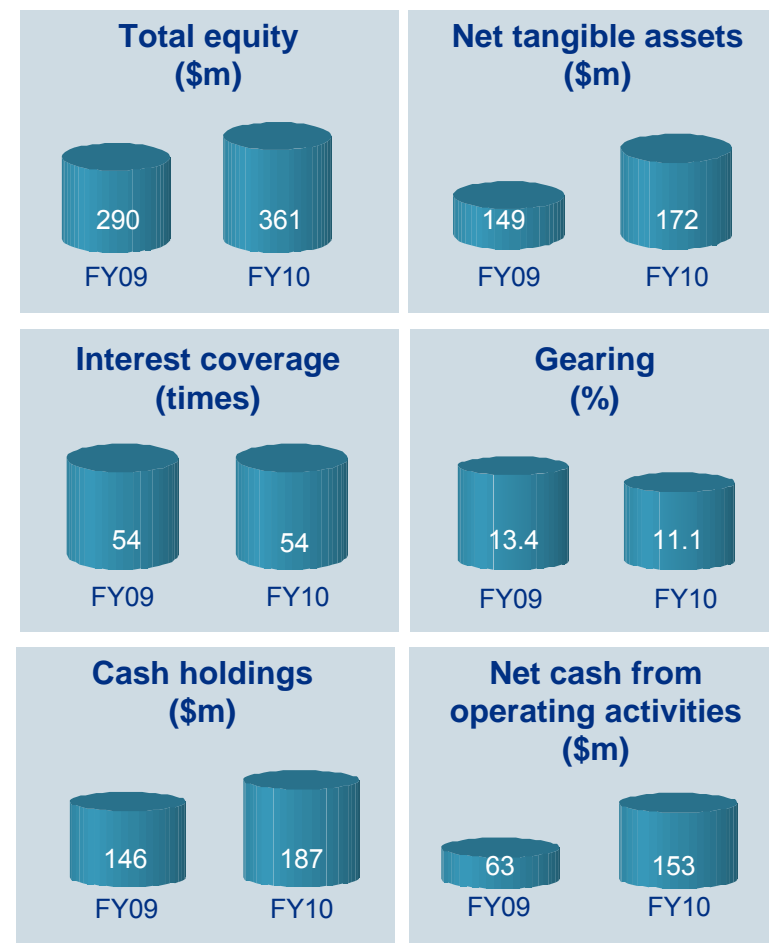


- Grosvenor acquired in September 2009 and Fordham in January 2010
- Mortgage Services volumes up 45% in 2H10 v 1H10

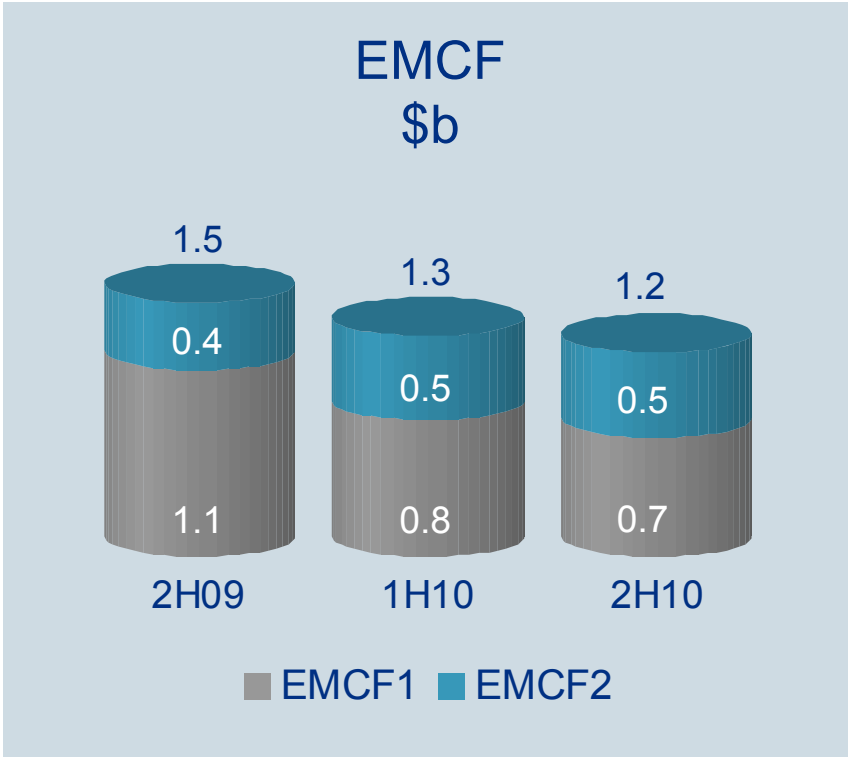


Financial strength continued to improve in FY10

	FY09 \$m	FY10 \$m
Total equity	290.0	361.0
Less: Intangibles	140.9	189.5
Net tangible assets	149.1	171.5
Corporate debt	45.0	45.0
Corporate debt to capital ratio	13.4%	11.1%
Interest coverage	54x	54x
Net cash from operating activities	62.7	152.6
Cash holdings	146.1	187.5



Continuing to de-risk balance sheet to counterparty credit risk



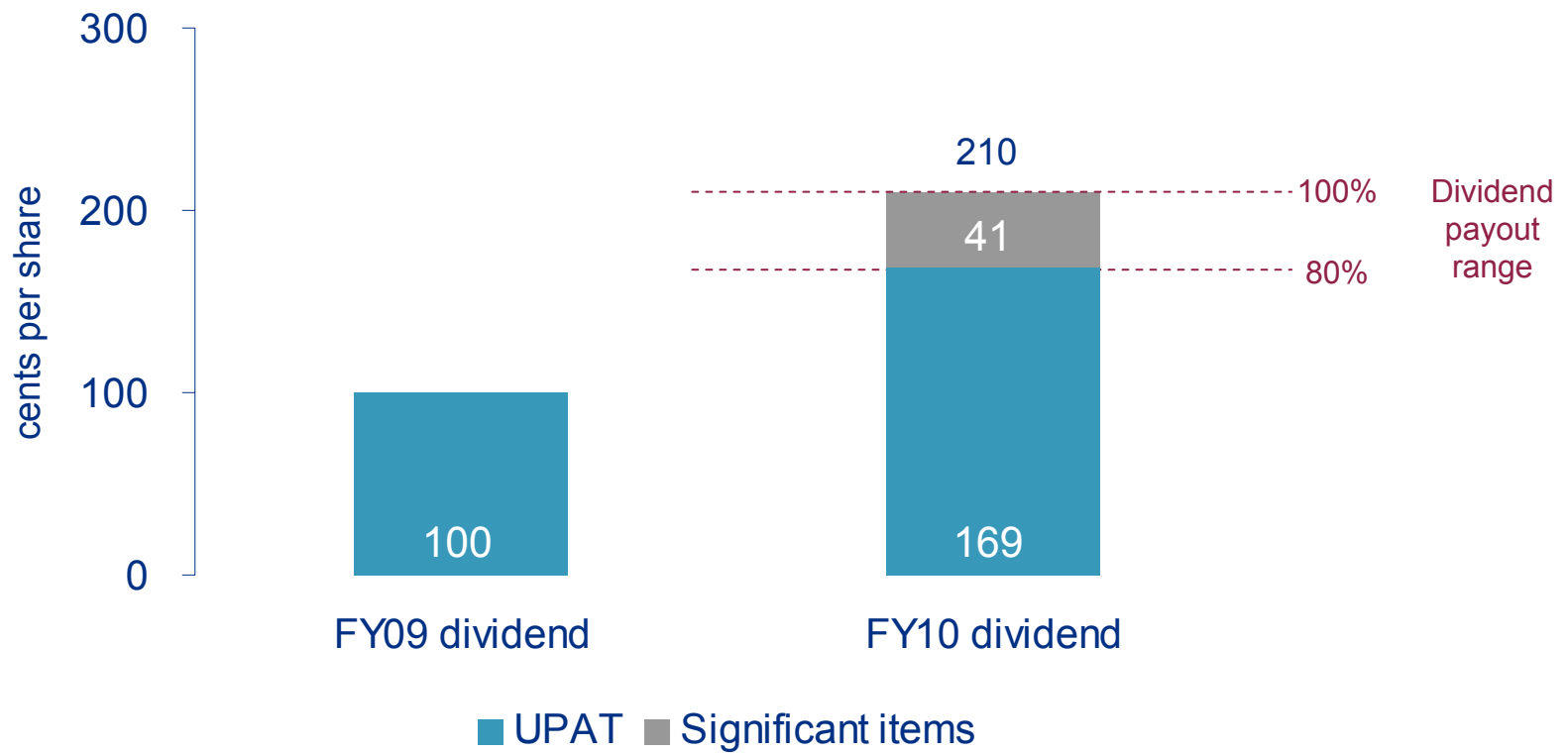
Redeployed risk capital to invest in our operating businesses

Risk capital requirements reflect changing business needs

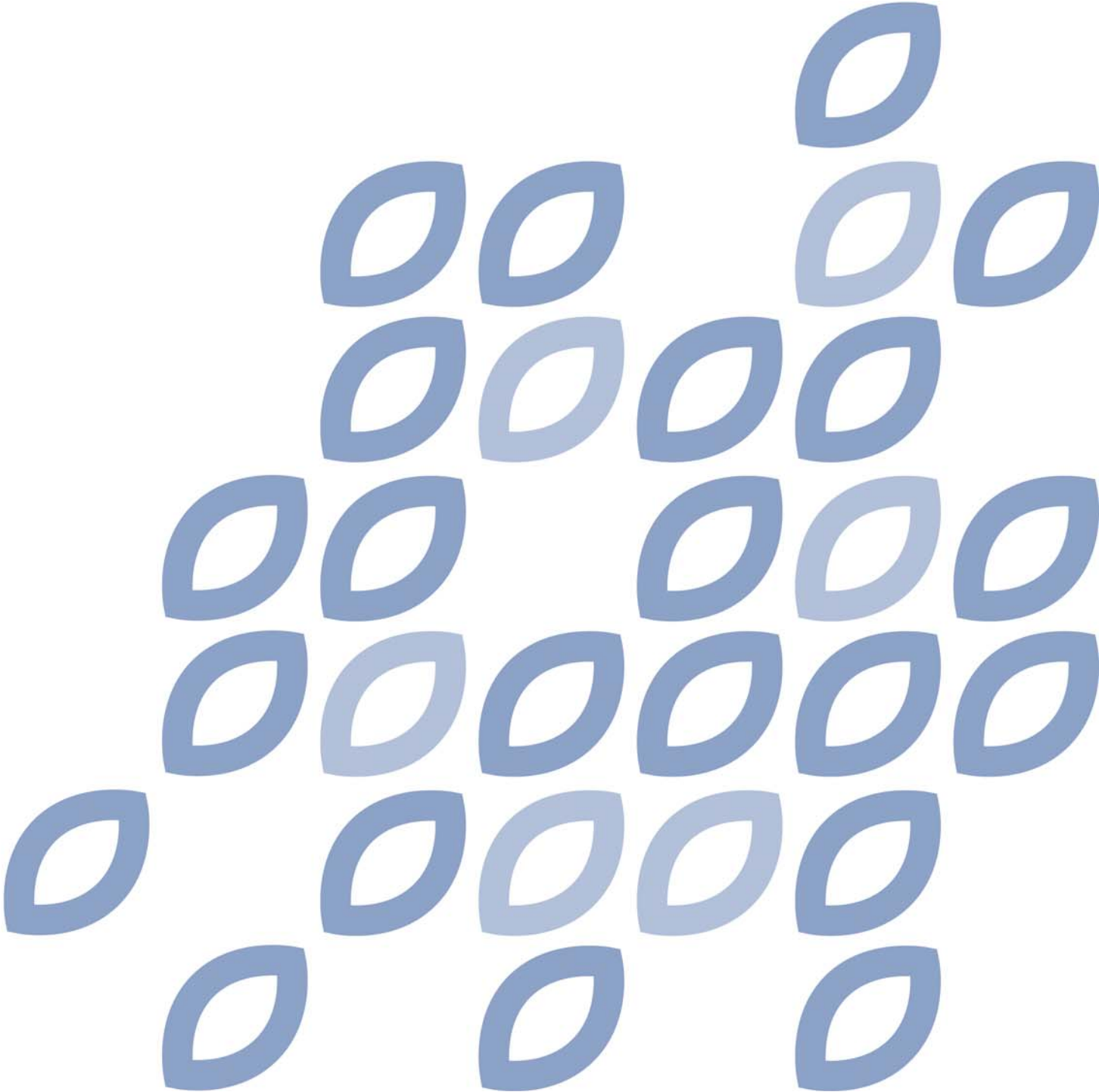
As at end of	2H09 \$m	1H10 \$m	2H10 \$m
Liquid assets	165	203	212
Risk based capital	151	177	141
Coverage ratio	1.09x	1.15x	1.50x

Liquid assets = cash + 50% of liquid investments

UPAT underpins the FY10 dividend



Strategy update
and summary



Implementation of strategy – examples

Product and service excellence

- Pure Value Fund successful
- Outstanding investment performance
- Seeded new incubation funds
- Major investment in philanthropy
- Investment in Private Clients research capability

Supplier of choice to financially successful investors and their advisers

- #1 brand position with advisors
- #1 share of flows for single manager Australian equities

Leading adviser to high net worth investors

- Integration of recent acquisitions Fordham and Grosvenor progressing on track
- Team continues to evaluate pipeline of high quality advisory practices
- Continued improvement in client management systems

Leading corporate trustee

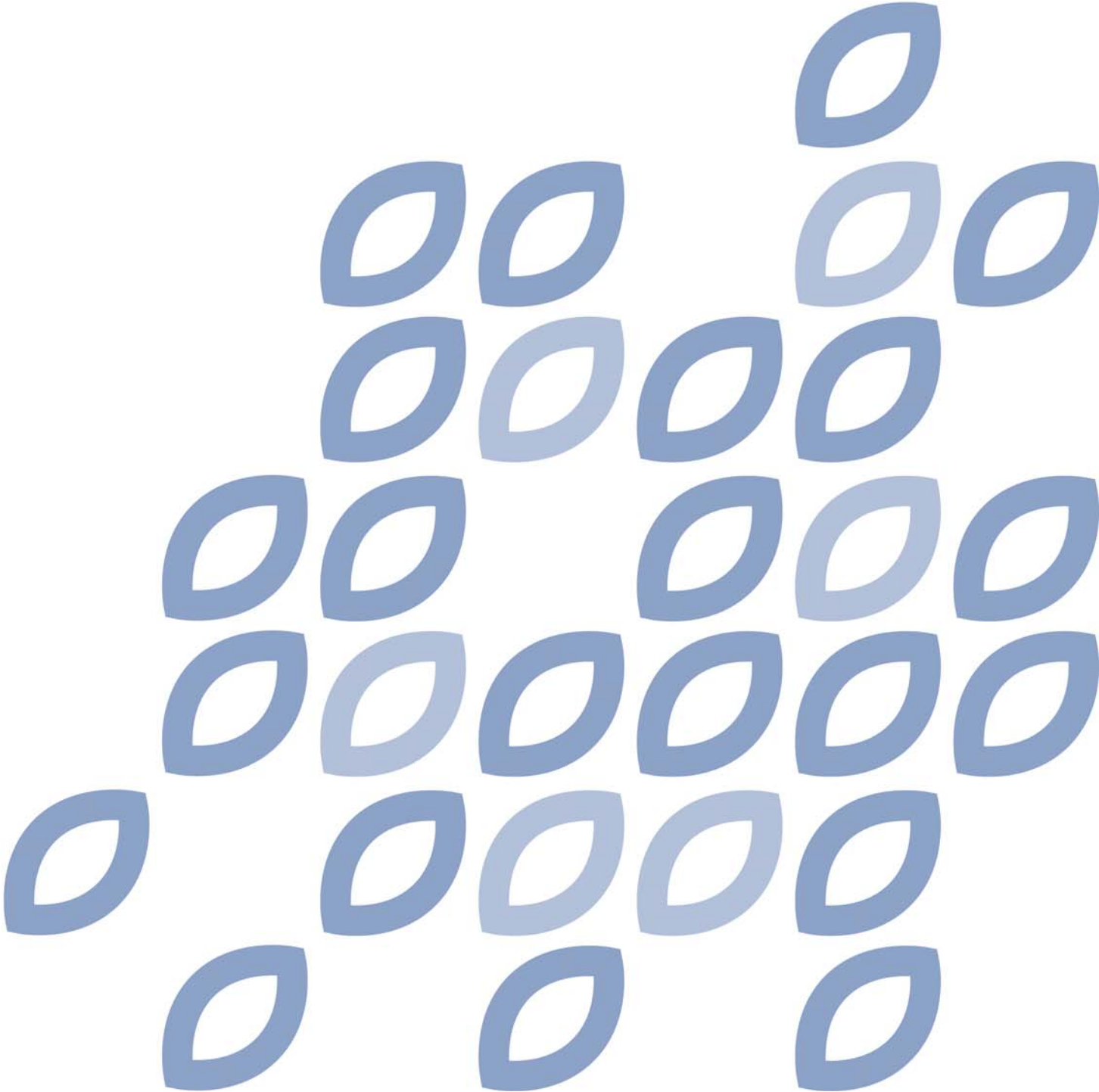
- #1 trustee for securitisation
- Strong share of new issuance of RMBS
- Strong growth in volumes of Mortgage Services business

Summary and outlook

- **Solid increase in full year profit**
- **Improved market conditions**
- **Increased financial strength**
- **FY10 full year fully franked dividends of 210 cents**
- **Markets are inherently uncertain and regulatory environment has created additional challenges. However, we believe we are well positioned given:**
 - our brand;
 - our people;
 - focus on Mass Affluent/High Net Worth segment; and
 - proven products and services
- **Next market update – AGM 26 October 2010**



Appendix



DRP details

	2H09	1H10	2H10
Fully franked dividend	\$0.60	\$1.05	\$1.05
DRP participation rate	13%	13%	TBA
Ex-dividend date			1 September
Record date/DRP election by 5.00 pm AEDT			7 September
DRP pricing period starts			8 September
DRP pricing period ends			21 September
Payment date			28 September
Allocation Price			Average Market Price less 2.5% discount

New shares will be issued to DRP participants

For DRP Rules go to <http://shareholders.perpetual.com.au> and select Shareholder services

