1H11 Results
for six months ended
31 December 2010

Presented by:
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Roger Burrows

23 February 2011

ABN 86 000 431 827

Disclaimer

Important information

The information in this presentation is general background information about the Perpetual group and its activities current as at 23 February 2011. It is in summary form and is not necessarily complete. It should be read together with the company's half year accounts lodged with ASX on 23 February 2011. 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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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.

Note:
- 1H10 refers to the financial reporting period for the six months ended 31 December 2009
- 2H10 refers to the financial reporting period for the six months ended 30 June 2010
- 1H11 refers to the financial reporting period for the six months ended 31 December 2010
- FY11 refers to the financial reporting period for the twelve months ending 30 June 2011

Agenda

▪ Group highlights	David Deverall	Managing Director until 23/2/11
▪ Financials	Roger Burrows	Chief Financial Officer
▪ Remarks	Chris Ryan	CEO & Managing Director from 23/2/11

1H11 Overview

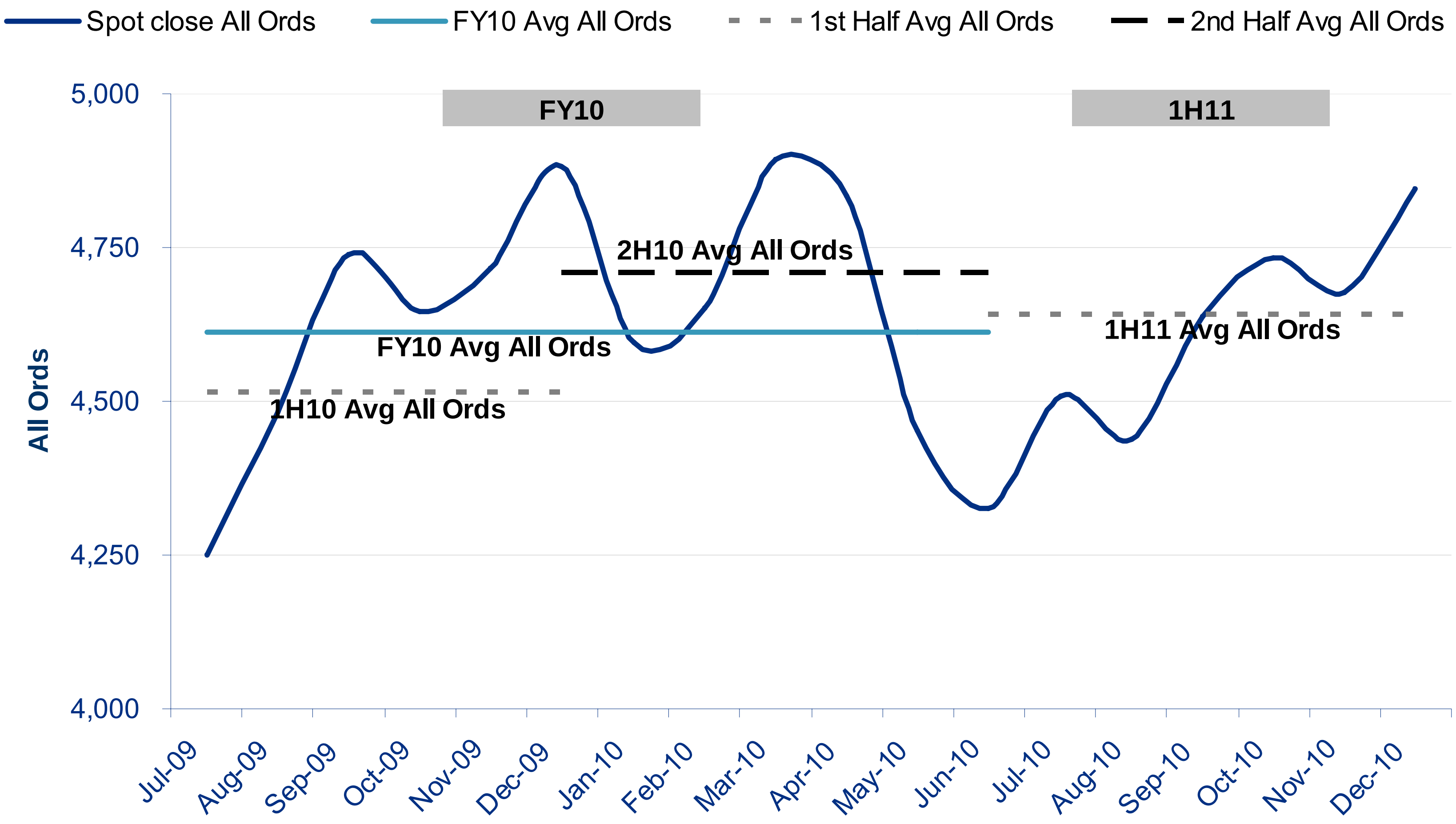
- **1H11 Underlying Profit After Tax $41.0m up 13% (1H10:$36.4m) driven by:**
  - **Benefits of rebound in equity and credit markets during the period**
  - **Private Wealth acquisitions**
  - **Improved performance from Mortgage Services**
  - **Reduction in equity remuneration expense**

- **1H11 Net Profit After Tax $35.0m fell 29% (1H10: $49.2m) due to:**
  - **Reducing profits from recovery of prior period EMCF losses**
  - **KKR takeover response costs**
  - **Impairment charge of smartsuper intangible asset**

- **Increased financial strength**

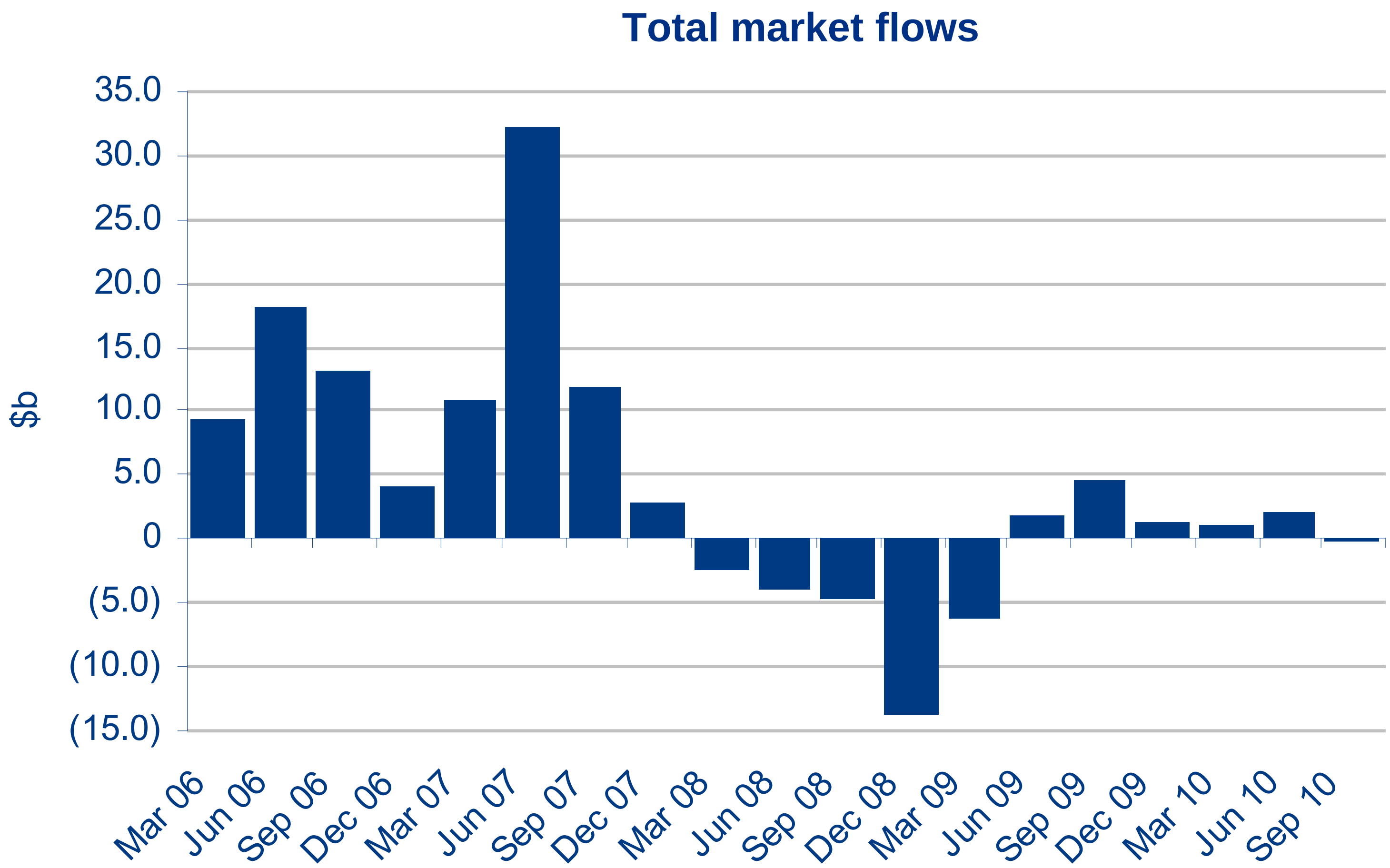
- **FY11 interim dividend 95 cps fully franked (FY10 interim:105 cps fully franked)**

Average equity markets flat over 1H11



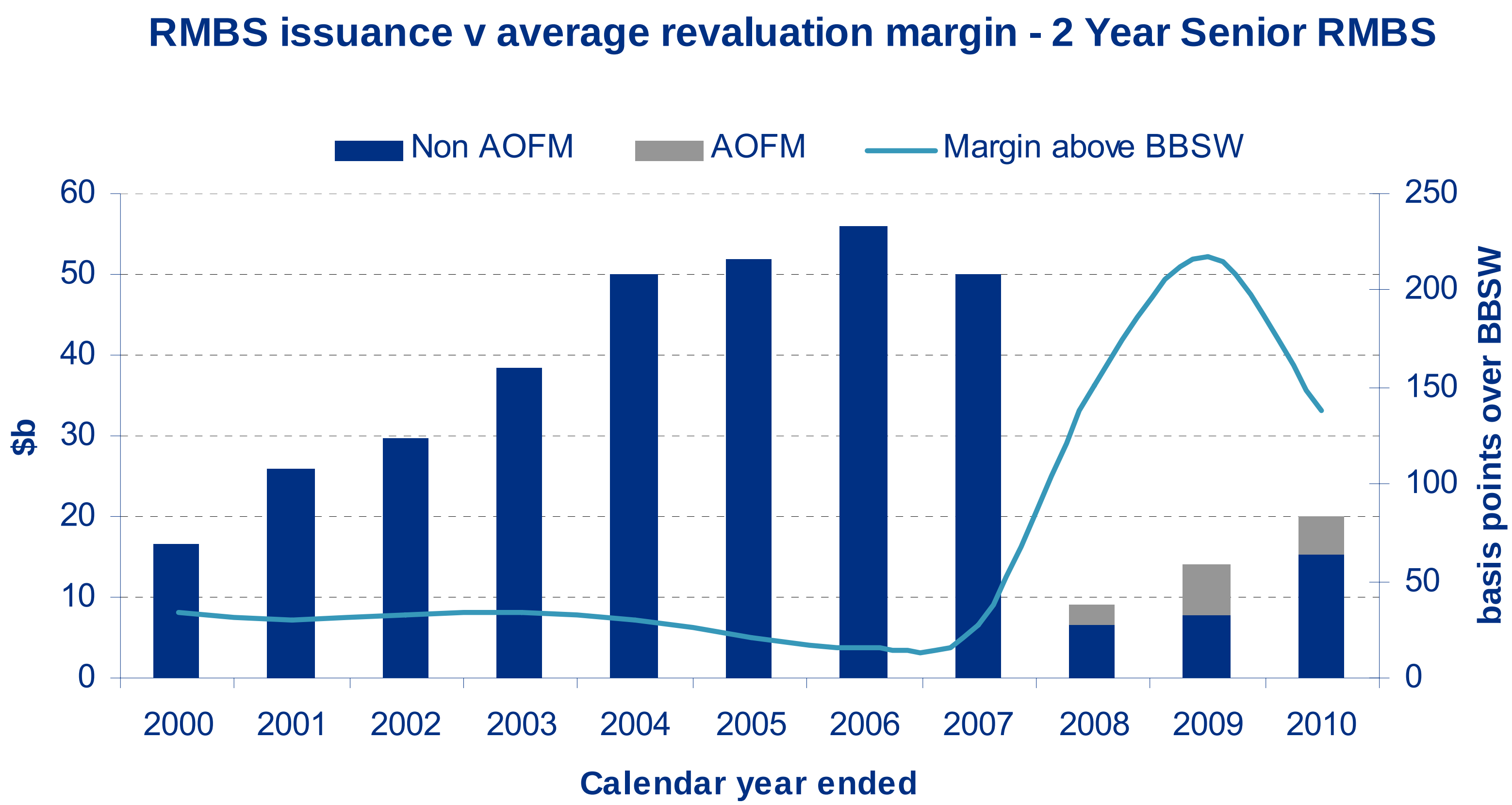
All Ords refers to the S&P/ASX All Ordinaries Price Index

Industry inflows yet to recover



Source: Plan for Life September 2010

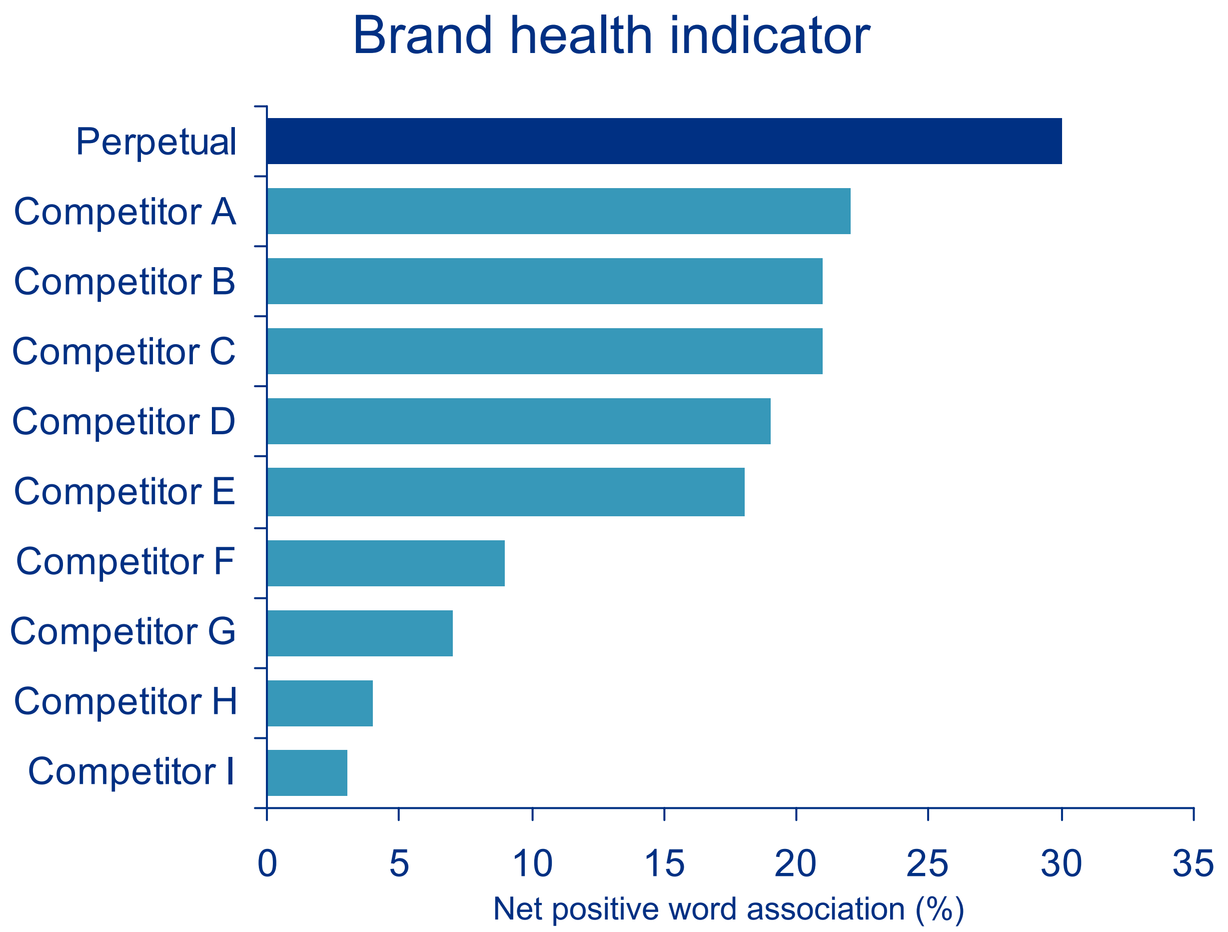
Securitisation issuance continues its slow and modest recovery



Source: www.AOFM.gov.au; S&P, Macquarie Bank and Perpetual

Perpetual

Our brand health amongst advisors remains ahead of market



Source: Wealth Insights – Dec 10

Momentum in underlying profit

For the 6 month period	1H10 $m	2H10 $m	1H11 $m	1H11 v 1H10
Underlying profit after tax (UPAT)	**36.4**	**36.4**	**41.0**	**13%**
Significant items	12.8	4.9	(6.0)	
Net profit after tax (NPAT)	**49.2**	**41.3**	**35.0**	**(29%)**
Diluted EPS on UPAT (cps)	85.1	84.1	93.9	10%
Annualised ROE on UPAT (%)	22.9	20.6	22.6	
Dividend fully franked (cps)	105.0	105.0	95.0	(10%)

Perpetual Investments – healthy revenue margin and good cost discipline

For the 6 month period	1H10 $m	2H10 $m	1H11 $m	1H11 v 1H10
Revenue	111.5	116.2	112.8	1%
Operating expenses	(56.2)	(61.7)	(60.7)	(8%)
EBITDA	55.3	54.5	52.1	(6%)
Depreciation, amortisation & equity remuneration	(14.6)	(15.7)	(9.2)	37%
Profit before tax	**40.7**	**38.8**	**42.9**	**5%**
Margin on revenue	37%	33%	38%	
Closing FUM ($b)	29.3	26.9	27.5	(6%)
Average FUM ($b)	28.4	28.4	27.5	(3%)
Average revenue margin (bps)	75	78	79	5%

Key themes:

- 1H11 revenue benefited from rebound in markets
- 1H11 v 2H10 operational expenses held flat
- Money Magazine Fund Manager of the Year
- Launched Secured Private Debt Fund

Perpetual Investments – outperformance maintained

Excess investment performance p.a. – gross as at end December 2010						
Period	**Industrial Share Fund**	**Australian Share Fund**	**Small Companies Fund**	**Concentrated Equity Fund**	**International Share Fund**	**Diversified Income Fund**
1 year	+0.94%	+4.61%	+13.30%	+2.08%	-3.88%	+5.73%
3 years	+3.34%	+4.30%	+7.95%	+5.18%	+1.71%	-0.53%
5 years	+2.14%	+2.29%	+5.60%	+3.09%	+0.67%	-0.68%
7 years	+1.84%	+2.45%	+3.80%	+2.03%	N/A	N/A
10 years	+3.56%	+3.60%	+7.73%	+4.44%	N/A	N/A

FUM benefits from improved equity markets – offsetting outflows from lower margin products

At end of	1H10 $b	2H10 $b	Net flows $b	Other [1] $b	1H11 $b
Institutional	8.7	8.1	(0.5)	0.7	8.3
Intermediary	14.2	12.9	(0.6)	0.8	13.1
Retail	6.4	5.9	(0.2)	0.4	6.1
All channels	**29.3**	**26.9**	**(1.3)**	**1.9**	**27.5**
Australian equities	19.8	17.5	(0.1)	1.7	19.1
Global equities	1.6	1.4	(0.1)	-	1.3
Equities	21.4	18.9	(0.2)	1.7	20.4
Cash & fixed interest	6.6	6.7	(1.0)	0.1	5.8
Other	1.3	1.3	(0.1)	0.1	1.3
All asset classes	**29.3**	**26.9**	**(1.3)**	**1.9**	**27.5**

[1] Includes reinvestments, distributions, income and asset growth

Private Wealth profit up

For the 6 month period	1H10 $m	2H10 $m	1H11 $m	1H11 v 1H10
Total revenues	41.8	59.0	56.9	36%
Operating expenses	(28.8)	(41.7)	(41.7)	(45%)
EBITDA	13.0	17.3	15.2	17%
Depreciation, amortisation & equity remuneration	(2.3)	(2.8)	(3.6)	(57%)
Profit before tax	**10.7**	**14.5**	**11.6**	**8%**
Margin on revenue	26%	25%	20%	
Closing FUA ($b)	8.1	8.3	8.8	9%
Average FUA ($b)	7.8	8.5	8.5	9%

Key themes:

- Acquisitions drive increase in revenue in 1H11 versus 1H10
- 1H11 profit before tax up 17% on 1H10 after adjusting for acquisition costs & changes in 1H11 expense allocations
- Fordham & Grosvenor integrations on track

Private Wealth acquisitions are performing and diversifying our revenues

For the 6 month period	1H10 $m	1H11 $m	1H11 v 1H10
Market related revenue	33.5	39.4	18%
Non-market related revenue	8.3	17.5	111%
Total revenues	**41.8**	**56.9**	**36%**

Key themes:

- Non-market revenue driven by acquisitions that provide tax and accounting services
- Non-market related revenue in 1H11 was 31% of total revenues versus 20% in 1H10

Perpetual

Integration on track

	Grosvenor	Fordham
Date acquired	September 2009	January 2010
Synergies:		
– 1H11 annualised run rate to date	$0.5m	$1.3m
Client retention rate	98%	99%
Premises	January 2011	May 2010
Expected combined FY11 EBITDA before integration costs	$8 to 9 million	

Private Wealth FUA increases in response to improved equity markets

At end of	1H10 $b	2H10 $b	Net flows $b	Other [1] $b	1H11 $b
Financial advisory:					
▪ Superannuation	2.9	3.3	(0.1)	0.3	3.5
▪ Non-superannuation	2.3	2.2	-	0.1	2.3
	5.2	**5.5**	**(0.1)**	**0.4**	**5.8**
Fiduciary services:					
▪ Philanthropic	1.2	1.1	-	0.1	1.2
▪ Trusts and estates	1.7	1.7	-	0.1	1.8
	2.9	**2.8**	**-**	**0.2**	**3.0**
Total Funds under Advice	**8.1**	**8.3**	**(0.1)**	**0.6**	**8.8**

[1] Includes reinvestments, distributions, income and asset growth

Corporate Trust – FUA run-off rate slows and PLMS financial performance improving

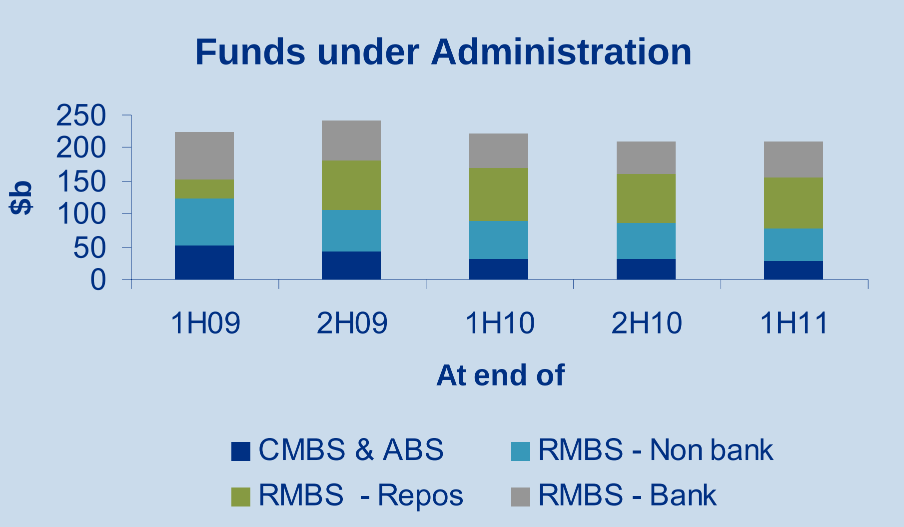
For the 6 month period	1H10 $m	2H10 $m	1H11 $m	1H11 v 1H10
Total revenues	41.6	45.9	52.3	26%
Operating expenses	(22.2)	(29.7)	(32.2)	(45%)
EBITDA	19.4	16.2	20.1	4%
Depreciation, amortisation & equity remuneration	(1.6)	(1.7)	(1.2)	25%
Profit before tax	**17.8**	**14.5**	**18.9**	**6%**
Margin on revenue	43%	32%	36%	
Closing FUA ($b)	222.4	210.5	209.4	(6%)
PLMS matters ('000s)	81	118	131	62%

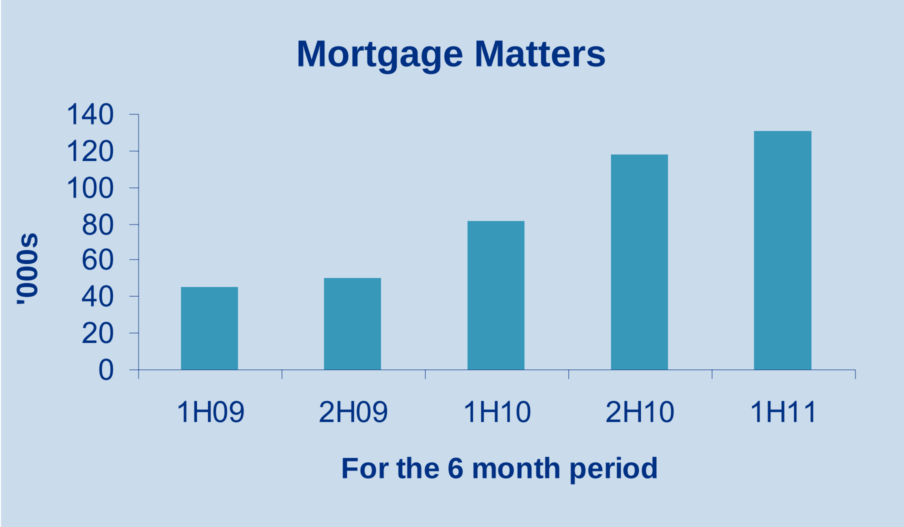
Key themes:

- Trust & Fund Services:
  - Decline in revenue reducing in response to improving FUA run-off rate
  - Benefited from increase in new issuance and higher interest rates slowing principal repayment rates
  - Maintained market share
- Mortgage Services:
  - Improved underlying performance
  - Volume up on run rate benefit of business secured in FY10
  - 1H11 includes $2m one-off fee income
  - Continued focus on process and profitability improvements

Mortgage Services revenue benefits from run rate growth of business secured in FY10

For the 6 month period	1H10 $m	1H11 $m	1H11 v 1H10
Trust & Fund Services	27.9	26.9	(4%)
Mortgage Services	13.7	25.4	85%
Total revenues	**41.6**	**52.3**	**26%**





Financials

Roger Burrows
Chief Financial Officer

Improved underlying performance

For the 6 month period	1H10 $m	2H10 $m	1H11 $m	1H11 v 1H10
Revenue	200.1	226.2	227.1	13%
Operating expenses	(124.6)	(149.7)	(150.6)	(21%)
EBITDA	75.5	76.5	76.5	1%
Depreciation & amortisation	(7.0)	(7.7)	(7.4)	(6%)
Equity remuneration	(13.3)	(13.5)	(8.4)	37%
EBIT	55.2	55.3	60.7	10%
Interest expense	(1.2)	(1.6)	(1.6)	(33%)
UPBT	**54.0**	**53.7**	**59.1**	**9%**

Key themes:

- 1H11 v 1H10 opex up due to Private Wealth acquisitions & business investment and growth in mortgage service volumes
- 1H11 v 2H10 opex broadly in line
- 1H11 equity remuneration lower than 1H10 mainly due to acceleration of expenses in 2H10

Significant items impacts NPAT

For the 6 month period	1H10 $m	2H10 $m	1H11 $m	1H11 v 1H10
UPBT	**54.0**	**53.7**	**59.1**	**9%**
Tax expense	(17.6)	(17.3)	(18.1)	(3%)
UPAT	**36.4**	**36.4**	**41.0**	**13%**
Profit/(loss) on investments	1.7	(4.3)	1.6	
EMCF recoveries	11.1	9.2	6.0	(46%)
KKR takeover response costs	-	-	(3.0)	
Goodwill impairment	-	-	(10.6)	
NPAT to Perpetual ordinary shareholders	**49.2**	**41.3**	**35.0**	**(29%)**

Key themes:

- Lower tax rate in 1H11 due to prior over provision. Excluding over provision rate was around 32%
- EMCF profit unwind continues at reducing rate
- $3.0m after tax one-off costs associated with response to KKR takeover proposal
- $10.6m after tax expense relating to impairment of smartsuper goodwill

Non-cash goodwill impairment charge of $10.6m after tax

- smartsuper, acquired in September 2008, is a SMSF administration provider based in Sydney
- smartsuper revenue represents <1% of Group revenues
- Regular review of assets ascertained that the business is unlikely to achieve the long-term growth that had been forecast
- Even though service levels have continued to improve and client feedback continues to be positive, the ability to maintain profit margins and growth are being challenged by what is proving to be a very competitive environment
- Goodwill for smartsuper now 100% written off
- Management determined that no other impairment charges were required

Financial strength continued to improve

	1H10 $m	2H10 $m	1H11 $m
Total equity	348	361	372
Less: Intangibles[(1)]	(184)	(190)	(171)
Net tangible assets	**164**	**171**	**201**
Net tangible assets per share	$3.80	$3.95	$4.56
Corporate debt	$45m	$45m	$45m
Corporate debt to capital ratio	11.5%	11.1%	10.8%
Interest coverage	63x	48x	48x
Cash & Liquid investments	$227m	$237m	$232m
EMCF assets	$1.3b	$1.2b	$1.0b
PPI loans	$199m	$189m	$160m
Risk-based capital coverage ratio	1.15x	1.50x	1.38x
Cash flow from operations	$66m	$87m	$25m

[(1)] Intangibles comprise: Intangible assets plus deferred tax assets less deferred tax liabilities

Key themes:

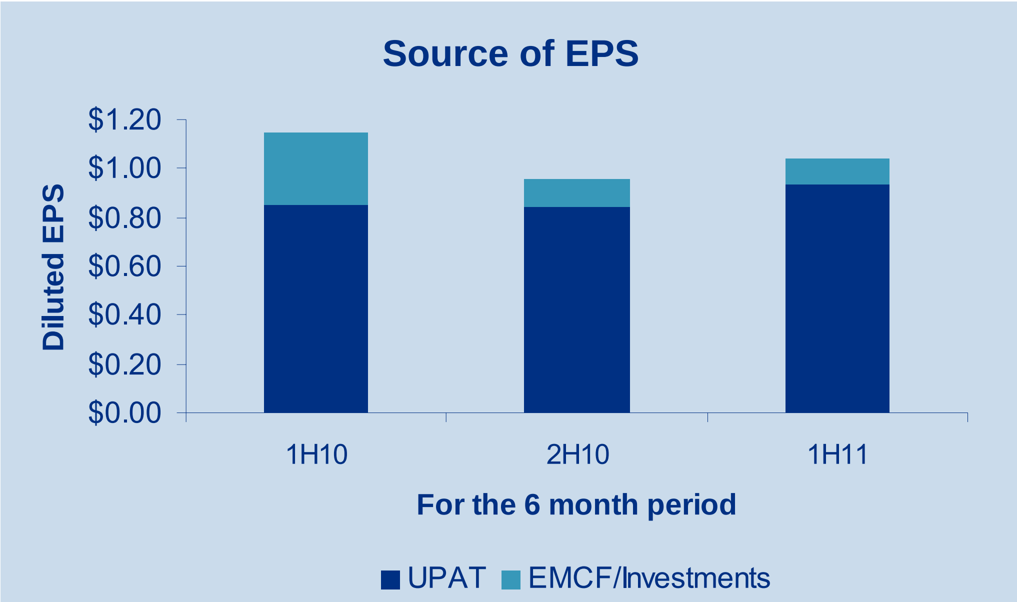
- NTA per share up 15% due to increase in Total equity and reduction in Deferred tax assets
- Interest coverage remains very strong at 48x
- Group Liquidity remains strong
- Continuing to reduce Group exposure to credit risk assets
- Cash flow from operations impacted by timing of payments driven by the improvement in Group financial performance (tax payments & variable remuneration) and reduction in EMCF loss recoveries
- Operating cash flow typically skewed to second half of financial year

Risk capital requirements reflect growth in business

At end of	1H10 $m	2H10 $m	1H11 $m
Liquid assets	203	212	204
Risk based capital	177	141	148
Coverage ratio	1.15x	1.50x	1.38x

Liquid assets = cash + 50% of liquid investments

FY11 interim dividend 95 cps fully franked equivalent to 92% payout ratio on 1H11 NPAT excluding goodwill impairment



Key Themes:

- 1H11 EPS based on UPAT up 10% and 12% over 1H10 and 2H10 respectively
- 1H11 NPAT reduced by $10.6m non-cash impairment charge and does not materially affect the Group's liquidity, cash flows, or current or future operations
- Board has excluded the impact of the impairment charge on NPAT in determining the FY11 interim dividend
- As foreshadowed, profit contribution from EMCF expected to continue to decline

Summary

- 1H11 UPAT up 13% on 1H10 and 2H10
- 1H11 NPAT adversely impacted by non-cash impairment charge
- Improving market conditions but investors and advisors remain cautious
- Increased financial strength
- Fully franked dividend of 95 cents given steady underlying performance and financial strength
- We believe we remain well positioned given:
  - Our brand
  - Our people
  - Focus on mass affluent/high net worth client segment
  - Proven products and services
- Next scheduled update – Chairman's letter in May 2011

Comments

Chris Ryan
Chief Executive Officer &
Managing Director

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