

MEDIA RELEASE

Perpetual increases dividend – continues record profit growth

Perpetual Trustees Australia Limited today announced a record operating profit for the half-year to 31 December 2002, and increased its interim dividend by 20 percent.

Profit after tax and before realised gains on sale of investments was \$33.4 million, compared to \$25.9 million for the corresponding period last year—an increase of 29 percent.

The group's net profit after tax (including gains on sale of investments) was \$43.3 million, compared to \$39.5 million for the same period last year.

Perpetual's chairman Mr Charles Curran, said that the board increased the interim dividend by 20 percent to 60 cents per share fully franked, up from 50 cents last year. The board also confirmed, as part of its medium term capital management program, its intention to pay a special, fully franked dividend of 50 cents per share in June 2003 and again in June 2004.

“Despite extremely challenging market conditions, we are pleased to report another record profit result by the Perpetual group, and to continue our track record of increasing profit and dividends.

“Our solid financial position gives confidence to our clients and provides us with a high degree of flexibility to enhance shareholder value through exploiting growth opportunities, paying fully franked regular and special dividends, and buying back the company's shares when appropriate.

“The group has the financial capability to grow organically and also to seek out acquisition opportunities that meet our investment criteria. It is pleasing to achieve a strong start to the 2003 financial year despite difficult business conditions and to lay the foundation for a satisfactory full year result,” Mr Curran said.

Commenting on operations, Perpetual's managing director Mr Graham Bradley said that the good result reflected continuing growth in the group's core businesses of wealth management and corporate trust, and careful management of operating expenses.

“Revenues for the half-year increased by 10 percent to \$130.5 million—up from \$118.5 million in the prior corresponding period. Our improved profitability resulted in higher earnings before interest, tax, depreciation and amortisation (EBITDA) which increased by 21 percent from \$46.9 million in the corresponding period last year to \$56.8 million.

“Perpetual Investments achieved strong investment performance despite turbulence in world equity markets. Our quality management, investment process, and funds management team were again recognised this month when Perpetual was named the Morningstar Australian Equities Fund Manager of the Year for the third consecutive year, and was also named the Morningstar Australian Equities - Smaller Companies Fund Manager of the Year 2002,” Mr Bradley said.

“Retail and masterfund funds under management increased from \$13.4 billion at 30 June 2002, to \$14.3 billion at 31 December 2002. Adverse market movement reductions were more than offset by strong retail and masterfund net inflows of \$1.6 billion during the period. Total funds managed by Perpetual Investments were \$17.6 billion as at 31 December 2002. However since this date markets have further eroded asset values and we have experienced a reduction in institutional funds in the order of \$500 million.

“Our Personal Financial Services business attracted an additional 285 new portfolio management accounts from clients who entrusted a further \$170 million to our care. Our advisory business, based on salaried advisers who charge professional fees, remains robust and we continue to build our capability in superannuation, portfolio management and back office administration.”

Mr Bradley said that Corporate Trust continued its strong growth during the half-year with securitisation funds under administration increasing from \$52 billion at 30 June 2002 to \$60 billion at 31 December 2002.

“ASX Perpetual Registrars has made sound progress despite lower activity in capital markets, and is beginning to realise the benefits of its investment in the OSCAR share registry system. Revenues for ASX Perpetual Registrars were \$25.0 million, up 14 percent on the prior corresponding period.

“Equity markets have continued to decline over recent months and we are approaching the immediate future with some caution. However, we believe Perpetual’s core strengths and strategies are fundamentally suited to these uncertain times.

“Our independence, our experienced professional staff, our commitment to quality service, our reputation for integrity in dealing with clients and careful expense management should enable us to report in August an increased full year operating profit,” Mr Bradley said.

-o0o-

For further information, please contact:

Mr Graham Bradley
Managing Director
Perpetual Trustees Australia Limited
Ph: (02) 9229 9087

Released by:

Hayley Morris
Corporate Communications Manager
Perpetual Trustees Australia Limited
Ph: (02) 9229 3936 (w)
0407 789 018 (m)

26 February 2003