

MEDIA RELEASE

Perpetual lifts operating profit by 16 percent, lifts dividend

Despite the difficult operating environment, Perpetual has reported an increase in after tax operating profit of 16.2 percent to \$68.2 million for the year ending 30 June 2003.

Net gains realised on the sale of investments were \$10.0 million, increasing net profit to \$78.2 million for the year, up from \$75.6 million in the previous year.

The board has declared an increased final dividend of 70 cents per share fully franked at 30 percent, payable on 3 September (record date 18 August), up from 60 cents last year. This brings regular dividends for the 2003 financial year to \$1.30 per share (\$1.10 in 2002). In addition to regular dividends, shareholders also received a special dividend of 50 cents per share paid in June.

The board has confirmed its intention to pay a special dividend of not less than 50 cents per share in June 2004, in addition to the regular interim and full year dividends for the 2004 year.

Perpetual's chairman, Mr Charles Curran said that, in view of the difficult business environment, the full year result was a good one, with increased revenues and careful expense management combining to produce improved profitability for the group.

"Perpetual continues to be in a very sound financial position. At 30 June 2003, the group had cash holdings of \$113.2 million, an investment portfolio valued at \$102.1 million. Our cash holdings and the market value of our investment portfolio equate to approximately \$5.70 per share.

"Our sound financial position, coupled with a healthy dividend franking account, provides us with the flexibility to enhance shareholder value by exploiting growth opportunities, paying fully franked regular and special dividends, and buying back Perpetual shares when appropriate," he said.

"The coming year will again be a challenging one for the wealth management industry. The level of the group's earnings growth in 2004 will be largely determined by the rate of further improvement in market conditions and investor confidence. Perpetual enjoys a strong position in markets with long term growth prospects.

Commenting on the retiring managing director, Mr Curran said Graham Bradley has made a significant contribution to the growth and development of Perpetual as the leading independent fund manager, personal wealth manager and corporate trustee in Australia.

"During his eight years as managing director, Graham Bradley has developed and led a team which has increased Perpetual Investments' funds under management from \$2.4 billion in 1995 to more than \$17.4 billion currently. Group operating profit has increased from \$11.0 million in 1995 to \$68.2 million in the year to June 2003," Mr Curran said.

Reporting his final result as managing director, Mr Graham Bradley said that this was the group's eighth consecutive year of increased profits and, during this time, operating profits have grown at a compound rate of over 26 percent per annum.

"Revenues for 2003 were \$265.0 million, an increase of 8.6 percent, which was a good result in a year that has been a testing one for the Australian wealth management industry.

“Highlights for the year include the very strong fund performance by Perpetual Investments. This is the second consecutive year of declining markets during which Perpetual has generated positive returns for investors in our Australian equity funds,” Mr Bradley said.

“Our flagship Industrial Share Fund produced a return for 2003 of 4.9 percent (pre-fees) compared to the S&P/ASX 300 Industrials Accumulation Index return of -1.0 percent. This fund is one of our most popular with retail investors and it has now earned a positive return for 21 consecutive financial years – a fantastic track record.

“At 30 June 2003 Perpetual Investments had \$17.4 billion under management. Retail funds and masterfunds under management increased from \$13.4 billion at 30 June 2002 to \$15.2 billion at 30 June 2003. Institutional funds under management declined from \$6.0 billion at 30 June 2002 to \$2.2 billion, due to the previously reported loss of institutional mandates. Perpetual Investments’ operating revenues for the year were \$146.5 million, up from \$132.8 million last year, an increase of 10.3 percent,” Mr Bradley said.

“Despite weak equity markets, Personal Financial Services achieved revenues of \$65.6 million, comparable to last year. The division added some \$760 million in gross new fund inflows in 2003, including more than 560 new portfolio management accounts, valued at \$315 million.

“Corporate Trust had another strong year, with revenues increasing from \$36.6 million to \$41.9 million. Securitisation funds under administration grew to \$71.2 billion, an increase of 36 percent. We gained several major new clients during the year, including SG, Merrill Lynch, Investec and FirstMac,” Mr Bradley said.

“Our joint venture company ASX Perpetual Registrars was adversely affected by subdued trading conditions, although revenue grew by 12 percent to \$48.9 million. Our share of ASX Perpetual’s net loss was \$0.6 million for the year. ASX Perpetual won significant new clients during the year, including Brambles Industries, John Fairfax Holdings, Australian Agricultural Company and, most recently, Westpac Banking Corporation.”

Mr Bradley said that, despite challenging near-term market conditions, he believes Perpetual has a very bright future.

“Perpetual’s independence, its team based culture, the experience and dedication of its people, and its proven investment process, position the group well to benefit from a return of retail investor confidence and more favourable equity market conditions. Looking forward, I believe Australians will seek sound financial advice and quality management of their assets from trusted organisations such as Perpetual.

“It has been a great privilege and professionally rewarding to lead Perpetual as managing director during the past eight years and I wish Perpetual continuing success for the future,” Mr Bradley said.

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Editor’s Note: Perpetual has made available its full 2003 annual report on its website today (www.perpetual.com.au). For further information, please contact:

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