

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

Monday, 19 August 2019

Perpetual Equity Investment Company Limited announces an increased dividend and reports \$15.2 million profit for financial year 2019 (FY19)

FY19 Summary:

- Net profit after tax (NPAT) of \$15.2 million and an operating profit before tax of \$16.3 million
- A fully franked final dividend of 3.4 cents per share, a 9.7% increase on the interim dividend paid in the first half of the financial year (1H19)
- Successful capital raising of \$101.2 million
- Net Tangible Assets (NTA) after tax per share of \$1.12 as of 30 June 2019 ^{1, 2}
- Investment portfolio performance for the 12 months to 30 June 2019 was 4.3% ^{2, 3}

The Perpetual Equity Investment Company Limited (ASX:PIC; the Company) has announced its 2019 financial year (FY19) result, posting an operating profit after tax of \$15.2 million and an operating profit before tax of \$16.3 million for the 12 months ended 30 June 2019.

The Board has declared a fully franked final dividend of 3.4 cents per share, providing a 9.7% increase on the interim dividend announced in February 2019. This brings the total dividends declared for FY19 to 6.5 cents per share fully franked, an increase of 3.2% from FY18, reflecting the Company's commitment to paying a regular dividend to shareholders.

Chairman Nancy Fox said, "The Board is pleased to deliver a solid dividend for the 2019 financial year, providing consistent reliable income to our investors. The Board recognises the importance of franking credits to many of the Company's shareholders and will continue to pass on this value to shareholders."

The dividend reinvestment plan (DRP) is available to shareholders and will operate at a 2.5% discount for this year's final dividend. The last election date for the DRP is 4 October 2019.

PIC performance and market conditions

The PIC portfolio delivered a return of 4.3% for the 12 months to 30 June 2019 ^{2, 3}. As at 30 June 2019, the portfolio held 78.3% in Australian listed securities, 4.5% in global listed securities and 17.2% in cash.

The Board acknowledges FY19 was a disappointing year for investment performance relative to the benchmark and from a total shareholder return perspective. However, it remains confident in the Manager's ability to actively navigate markets and continue to deliver consistent long-term financial results for investors through market cycles.

¹ 'After tax' refers to tax paid and provisions for deferred tax on unrealised gains and losses in the Company's investment portfolio.

² NTA is calculated as at the end of day on the last business day of the month.

³ Returns have been calculated on the growth of NTA after taking into account all operating expenses (including management fees) and assuming reinvestment of dividends and excluding tax paid. Any provisions for deferred tax on unrealised gains and losses are excluded. Past performance is not indicative of future performance.

The uncertainty created by the Federal election and the Labor party's proposals on franking credits earlier in the year impacted share prices across the listed investment company (LIC) sector, with investors remaining cautious until the outcome was determined. This resulted in most of the LIC sector trading at a discount to NTA.

Ms Fox commented, "The Company is currently trading at a discount to NTA, which the Board is committed to closing. The discount to NTA provides investors with the opportunity to gain exposure to a high-quality portfolio of stocks at a price less than their market value, as well as an attractive grossed up fully franked dividend."

PIC Portfolio Manager Vince Pezzullo said, "Shareholders can be confident the Company's portfolio will continue to hold high quality businesses – solid companies that are making money, with strong balance sheets and sound management. Current market conditions are seeing many participants too focused on what can go right, with little consideration for risk and what can go wrong. We are disappointed in the performance this year but remain committed to our disciplined investment process, which provides shareholders with conservative and consistent management of their money."

Capital raising

During the first half of FY19, PIC raised \$101.2 million in an offer which generated a 20% increase in shareholders over the financial year.

"The Board was pleased with the strong support for the capital raising from new and existing shareholders. This further demonstrates what the Company has to offer and what investors are looking for – access to a concentrated and actively managed portfolio of quality securities, with an emphasis on delivering a sustainable income stream.

"The proceeds from the capital raising have allowed the Company to take advantage of market opportunities throughout the financial year to provide investors with access to high-quality investments," commented Ms Fox.

2019 Investor Roadshow

The Board would like to extend an invitation to all shareholders and interested parties to attend the 2019 annual investor roadshow being held in capital cities throughout October and November 2019. Please visit <https://www.perpetualequity.com.au/> to register.

- Ends -

For further information, please contact:

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The issuer of the securities referred to in this publication is Perpetual Equity Investment Company Limited ACN 601 406 419. Further information on PIC is available at www.perpetualequity.com.au.

PIC's investment portfolio is managed by Perpetual Investment Management Limited (ACN 000 866 535 AFSL 234426) (PIML), part of the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries). This information has been prepared by PIML. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of PIC's securities. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

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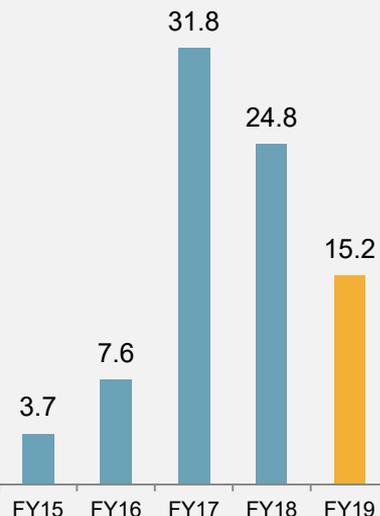
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FULL YEAR 2019 RESULTS OVERVIEW

DELIVERING A REGULAR FULLY FRANKED DIVIDEND STREAM

PERPETUAL
EQUITY
INVESTMENT
COMPANY

NPAT, \$m



DIVIDEND PER SHARE, CENTS PER SHARE (CPS)



3.4cps

Fully franked final
dividend

8.8%*

Gross dividend
yield

\$15.2m

Operating profit
after tax

\$1.12[^]

Net tangible assets
(NTA) after tax
per share

Source: Perpetual Equity Investment Company Limited (PIC) as at 19 August 2019.

* Based on the total grossed up dividends of 9.1 cents per share (grossed up to take franking credits into account), and the closing share price of \$1.04 as at 28 June 2019. Note: the interim dividend was fully franked at a tax rate of 27.5% and the final dividend was fully franked at a tax rate of 30%.

[^] 'After tax' refers to tax paid and provisions for deferred tax on unrealised gains and losses in the Company's investment portfolio. NTA is calculated as at the end of day on the last business day of the month.

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