

21 February 2023

Perpetual Equity Investment Company Limited announces record interim dividend; 1H23 results with NPAT up 58%

1H23 Summary:

- Record fully franked interim dividend of 3.3 cents per share
- Net operating profit after tax of \$34.5 million, a 58% increase on 1H22
- Annual dividend yield of 5.7% and a grossed up dividend yield of 8.1%¹
- Investment portfolio performance for the six months to 31 December 2022 was 9.9%, outperforming the benchmark by 0.3%²
- Investment portfolio performance over five years of 8.8% p.a., outperforming the benchmark by 1.7% p.a.²

The Perpetual Equity Investment Company Limited (ASX:PIC; the Company) has announced an operating profit before tax of \$46.4 million and an operating profit after tax of \$34.5 million for the six months to 31 December 2022. The operating profit after tax is a 58% increase on 1H22, reflecting the Company's strong investment performance and ongoing commitment to effective capital management.

The Board has declared its highest interim dividend since inception in 2014. The fully franked interim dividend of 3.3 cents per share is an increase from the 1H22 interim dividend of 2.8 cents per share and consistent with the size of the 2H22 2.8 cents per share final and the 0.5 cents per share special dividend. The interim dividend equates to an annual dividend yield of 5.7% and a grossed up dividend yield of 8.1%¹. The dividend reinvestment plan (DRP) is available to shareholders for the interim dividend.

Commenting on the Company's performance, Chairman Nancy Fox said, "The strong half-year result is a testament to the Manager's active management style and skill in navigating all market conditions to deliver 9.9%² investment portfolio performance for the six months to 31 December 2022. Combined with the Board's prudent management of the profit reserves, we are proud to deliver dividends which translate to an attractive yield to our shareholders.

"The lift in the interim dividend further strengthens our track record of paying fully franked dividends twice a year to shareholders. At the same time, we are focused on maintaining a healthy profit reserve to deliver a sustainable income stream to our shareholders over the long-term. This is particularly so given the ever-more volatile and unpredictable broader economic environment. The Company's profit reserve is \$107.0 million after the payment of the interim dividend which equates to 4.3 years dividend coverage.³"

¹ Yield is calculated based on the dividends announced in the prior 12 months, being a total of 6.6 cents per share and the closing share price of \$1.165 as at 31 December 2022. Grossed up yield takes into account franking credits at a tax rate of 30%.

² The benchmark is the S&P/ASX 300 Accumulation Index. 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.

³ Profit reserve of \$107.0 million as at 31 December 2022 after taking into account the estimated payment of the interim dividend. This equates to 28.4 cents per share and represents 4.3 years dividend coverage based on a total dividend payment of 6.6 cents per share per annum. This does not take into account any changes to share capital in the future. No representation is made in relation to the payment of future dividends, which will be at the discretion of the Company's Board.

PIC performance and market conditions

The PIC portfolio delivered a return of 9.9% for the six months to 31 December 2022, outperforming the benchmark by 0.3%². Excess investment returns versus the benchmark over three year (6.2%), five-year (1.7%) and seven year (1.3%) periods reinforces the Company's objective to deliver long-term capital growth over minimum five-year investment periods⁴.

PIC Portfolio Manager, Vince Pezzullo said, "Throughout 2023 we will get a much clearer picture as to just how far central banks will go in terms of their economic tightening measures, how much that will impact investors and consumers, and ultimately how markets react and respond to these measures over the short to medium term.

"In addition to these macroeconomic factors there are also other elements at play including the reopening of China following lengthy COVID-19 restrictions, deglobalisation, decarbonisation and ongoing geopolitical friction, all of which have flow-on effects across almost every industry.

"As an active value manager, we will continue to keep the PIC portfolio carefully balanced between cyclical and quality value to ensure we are well positioned to capitalise on the opportunities that arise in volatile markets."

As at 31 December 2022, the portfolio held 80.3% in Australian listed securities, 16.6% in global listed securities and 3.1% in cash.

Key dates

Interim Dividend

- Ex date Monday, 27 March 2023
- Record date Tuesday, 28 March 2023
- DRP election date Wednesday, 29 March 2023
- Payment date Tuesday, 18 April 2023

- Ends -

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The issuer of the securities referred to in this announcement is Perpetual Equity Investment Company Limited ACN 601 406 419 (PIC). Further information on PIC is available at <http://www.perpetualequity.com.au/>.

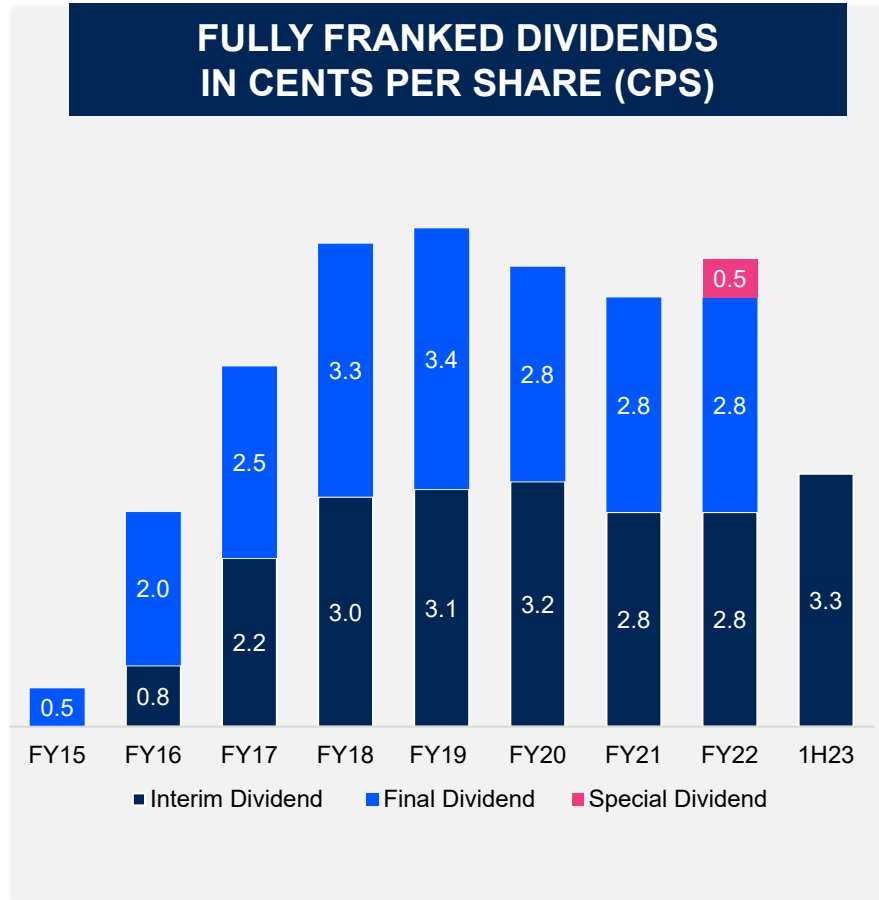
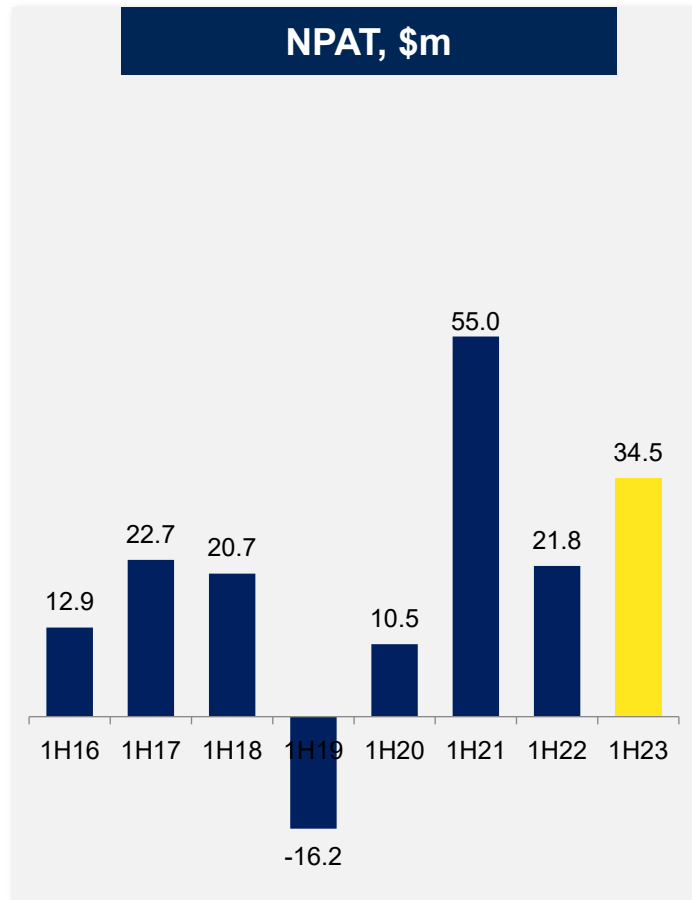
PIC's investment portfolio is managed by Perpetual Investment Management Limited (ACN 000 866 535 AFSL 234426) (PIML), part of the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries). This information has been prepared by PIML. It is general information only and is not intended 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. Past performance is not indicative of future performance.

This information is believed to be accurate at the time of compilation and is provided in good faith. Neither PIC, PIML, nor any company in the Perpetual Group guarantees the performance of or any return on an investment made in PIC.

⁴ Please see PIC's investment performance details: <https://www.perpetualequity.com.au/tools-and-resources/research-reports>

1H23 Results Overview

Delivering long-term sustainable dividends for our shareholders



1H23 HIGHLIGHTS

5.7%¹

Annual dividend yield

8.1%¹

Grossed-up dividend yield

9.9%²

Investment portfolio performance 6 months to 31 December 2022

28.4 cps³

Profit reserve

Source: Perpetual Equity Investment Company Limited (PIC) as at 31 December 2022.

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