

Pendal Group Limited
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Sydney NSW 2000
Australia
ABN 28 126 385 822

PENDAL
GROUP

5 November 2021

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Pendal Group Limited Full Year Profit Announcement for the 12 months ended 30 September 2021

The following documents are attached for lodgement:

Appendix 4E

ASX Announcement

Annual Report

Analyst Presentation



Shareholder Update

Appendix 4G

Corporate Governance Statement

Corporate Sustainability Report

Yours sincerely



Authorising Officer

Joanne Hawkins
Group Company Secretary
Pendal Group Limited
Tel: +61 2 9220 2000

Shareholder Update

5 November 2021

Pendal Group (ASX: PDL) Full Year 2021 Financial Results

Dear Shareholder,

The financial year 2021 has been one of accelerated change around the globe and Pendal Group (Pendal) has taken change in its stride and emerged from the financial year confidently, delivering a strong result reflecting the strength of our diversified business model and the successful execution of our strategy for growth.

Statutory Net Profit After Tax (Statutory NPAT) increased by 42 per cent to \$164.7 million, compared to the previous corresponding period (pcp), reflecting growth in fee revenue on increased funds under management (FUM) and favourable mark-to-market movements on the Group's seed investments.

Underlying Profit After Tax (UPAT) increased during the year to \$165.3 million, up 25 per cent compared to pcp. This increase reflects a substantial uplift in annuity income from base management fees, a four-fold increase in performance fees and the step-change in FUM as a result of the acquisition in July of Thompson, Siegel & Walmsley (TSW), a US-based value-oriented investment management company.

The acquisition of TSW has created immediate value and more than doubled the Group's US FUM. The acquisition is expected to deliver double digit EPS accretion in the first full-year post-completion.

The TSW acquisition also creates a long-term opportunity to generate new FUM by doubling Pendal's addressable market in the US and creating the ability to bring both TSW and JOHCM investment strategies to clients through an expanded distribution network.

Results overview

	FY20	FY21	FY21 v FY20
Statutory NPAT	\$116.4m	\$164.7	42%
UPAT	\$132.6m	\$165.3	25%
Average FUM	\$94.8b	\$107.9b	14%
Fee revenue	\$474.8m	\$581.9m	23%
Base management fees	\$458.1m	\$522.8m	14%
Performance fees	\$13.4m	\$57.5m	>100%
Base management fee margin	48bps	48bps	Steady
Operating expenses	\$306.9m	\$377.8m	23%
Operating profit	\$167.9m	\$204.1m	22%
Operating margin %	35%	35%	Steady
Underlying EPS	41.1 cps	48.2 cps	17%
Total Dividends	37.0 cps	41.0 cps	11%
Closing FUM	\$92.4b	\$139.2b	51%

The Board has declared a final dividend of 24.0 cps, bringing total dividends for FY21 to 41.0 cps, an 11 per cent increase on FY20. The final dividend will be 10 per cent franked and paid on 16 December 2021 to ordinary shareholders on record date 3 December 2021.

Business Overview

With the strongest 12-month growth in global equity markets for 30 years, Pental's scale and diversified global business means we have been well positioned to benefit, delivering a significant increase in FUM, revenue, profitability and shareholder returns.

Conversely, it has been another challenging year for individuals, businesses and society as the impact of COVID-19 continued, however with the rollout of vaccines a pathway to normality has opened up. Nonetheless, it has affected the rhythm of our lives and operation of our businesses, creating both complexity and uncertainty.

Pental remains committed to creating a secure, flexible workplace that supports our people and safeguards their physical and mental wellbeing as well as their continued ability to serve our clients.

In the US, Europe, UK and Asia our offices have in the last three months largely returned to normal working arrangements. In Australia, with the achievement of the requisite vaccination rates, our team is beginning to return to the office again.

There has been heightened volatility in client sentiment and changes to investment strategy preferences. However, our people have continued to service and support our clients, delivering robust investment across a broad range of our strategies. As a business we have made important strides during the year to better position us to take advantage of emerging opportunities and drive efficiencies, in order to deliver long-term shareholder value.

Summary

2021 has been a year of progress with a meaningful uplift in earnings and dividends for our shareholders.

Over the past 12 months we have invested in developing our global distribution capability, optimising our global operating platform and expanding our product offering. Importantly, the TSW acquisition, enhances our growth trajectory and diversifies our product set and distribution network in the world's largest equity market.

We start the new financial year with equity markets near all-time highs. However, we see pressure on flows, particularly in the institutional channel. While this may have short-term effects, we are confident that changes made to our sales leadership during the year and ongoing development of our US and European distribution strategy will support future growth.

Our core strategic priorities have been developed to create the best possible environment for our investment teams to thrive, which in turn produces superior results for our clients and shareholders.

I encourage you to review Pental Group's Financial Year 2021 results in more detail, and to access our 2021 Annual Report, on our website: www.pentalgroup.com or under announcements on the ASX website: www.asx.com.au.

Yours sincerely



James Evans
Chairman