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PENDAL
GROUP

10 May 2022

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

**Pendal Group Limited (PDL) Interim Profit Announcement for
the six months ended 31 March 2022**

The following documents are attached for lodgement:

- Interim Financial Report and Appendix 4D
- ASX Announcement**
- Analyst Presentation
- Shareholder Update

Yours sincerely



Authorising Officer

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Group Company Secretary
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ASX Announcement

Pendal Group Half Year 2022 Financial Results

- Delivering solid financial results with robust growth achieved in key metrics
 - Underlying EPS up 34% vs pcp
 - Underlying profit after tax (UPAT) up 59% vs pcp; statutory NPAT up 8% vs pcp
 - Interim dividend of 21.0 cps, up 24% vs pcp
- Positive shift in revenue mix supporting stable base management fee margins of 48bps
- Prudent cost management contributing to improved operating margin of 42% (up 5% on pcp)
- TSW integration progressing well
- Progressing strategic initiatives across global distribution, product, infrastructure and talent.

Sydney, Australia 10 May 2022 - Pendal Group Limited (“Pendal” or “the Group”) (ASX: PDL), a leading independent global investment manager, today announced its half-year financial results, which delivered solid growth in underlying earnings per share, revenue and underlying profit for the six months ending 31 March 2022. The results were supported by a full six-month contribution from US-based investment manager Thompson, Siegel & Walmsley (“TSW”) acquired by Pendal in the second half of the 2021 financial year.

Results overview

	1H21	1H22	1H22 v 1H21
Fee revenue	\$277.0m	\$362.6m	31%
Operating expenses	\$174.4m	\$209.6m	20%
<i>Operating margin</i>	<i>37%</i>	<i>42%</i>	<i>+5%</i>
UPAT	\$82.6m	\$131.4m	59%
Statutory NPAT	\$89.9m	\$96.7m	8%
Underlying EPS	25.5 cps	34.3 cps	34%
Dividend	17.0 cps	21.0 cps	24%
Average FUM	\$97.1b	\$133.3b	37%

Robust growth achieved in key metrics

The Group’s underlying earnings per share for the period increased 34% to 34.3 cents per share (cps) from 25.5 cps in the prior corresponding period (pcp).

Underlying profit after tax (UPAT) increased 59% to \$131.4 million, while statutory NPAT was \$96.7 million up 8% from \$89.9 million in pcp.

Revenue for the half year increased 31% to \$362.6 million. Base management fees were \$317.7 million, up 35% on 1H21, as average FUM increased by 37% to \$133.3 billion, reflecting the acquisition of TSW and supported by higher global equity markets. Average base management fee margins were 48 basis points, in line with the 2021 financial year. Performance fees realised during the period were \$44.5 million, an uplift of 8% on pcp.

Excluding TSW, Pendal’s base management fees margins were slightly higher at 51 basis points compared to 49 basis points in pcp, reflecting the positive shift in Pendal’s revenue mix during the period.

Operating expenses increased by 20% to \$209.6 million which includes the full contribution of TSW in the period. Excluding TSW, operating expenses were approximately 4% higher as a more prudent approach was taken to cost management to reflect trading conditions. The Group's operating margin increased to 42%, up five percentage points on pcp.

Pendal Group CEO, Nick Good, said: "Pendal Group has delivered a solid first-half result in a tough environment for asset managers. We delivered healthy growth in revenue, underlying EPS, UPAT and the interim dividend.

"While continuing to invest in our business, we have taken a more disciplined approach during the period, in response to the current market environment and tempered investor confidence.

"Pendal acquired TSW in 2021, materially enhancing and diversifying our US product range. We have seen TSW's value strategies outperform in the past quarter, and despite cautious US investor sentiment, TSW's international strategies have seen inflows.

"The integration of TSW is tracking well. The teams are working well together under single US leadership, while maintaining investment independence, which is core across Pendal Group. Execution of a coordinated sales strategy has begun, with cross-selling opportunities emerging, reflecting the complementary nature of our expanded set of investment capabilities," he said.

Progressing strategic initiatives

"Our targeted set of strategic initiatives are designed to enhance our existing global distribution footprint and extend product diversification in growth areas, such as impact and thematic investing. Furthermore, we continue to invest in our global infrastructure to leverage Pendal's expanded scale, drive efficiencies and deliver a world-class operating platform for fund managers and clients," Mr Good said.

Key developments during the period included:

Distribution

- Gained EU MiFID license approval and established office in Paris
- Strengthened US, UK & European marketing and distribution teams

ESG / RI

- Launched Regnan Sustainable Water & Waste fund in UK & Europe with early client support
- Attracted positive flows in to the Regnan Global Equity Impact Solutions strategy in all regions

People & platform

- Commenced transition of Australian business to new global custodian, Northern Trust
- Deepened senior executive expertise adding leaders in HR, Operations and Investments.

Capital management

Pendal is a highly cash generative business with a strong balance sheet that provides significant flexibility to pursue both growth and capital management initiatives for the benefits of shareholders.

Recognising that Pendal's share price was undervalued by the market, the Board undertook a capital management review at the beginning of 2022. As announced on 12 April 2022, it determined an \$100 million on-market buy-back was the most efficient way to deliver an earnings per share accretive return of capital to shareholders. A combination of surplus cash and other financial assets will be used to fund the buy-back.

Pendal's Board also remains committed to a dividend policy that sees shareholders rewarded via regular dividends and has declared an interim dividend for the 2022 financial year of 21 cps, up 24%

from 17 cps on pcp. The dividend is to be paid to shareholders at record date 20 May 2022 and remains within the Group's annual payout ratio of 80 to 95% of UPAT.

Outlook

"We remain focused on implementing our multi-year growth strategy, and believe it is prudent to continue to adopt a nimble approach in managing costs against the ongoing backdrop of geopolitical uncertainties and economic pressures," said Mr Good.

"While I am pleased with the progress made over the past six months, there is still more to do. Our priorities are to fully leverage our global distribution footprint, deliver long-term investment performance across a diversified, forward looking product set and to provide a platform that enables our teams to deliver exceptional client outcomes.

"Pental is home to some of the most respected investment talent in the world. We have a dynamic and respectful culture that recognises and values our employees' individuality, many skill sets and rewards them for their success. We remain fully committed to providing an environment where they can flourish while ensuring we deliver investment excellence to our clients and strive to maximise value for our shareholders," he said.

Investor presentation webcast

Pental's Chief Executive Officer, Nick Good, and Chief Financial Officer, Cameron Williamson, will provide an investor update at 10:00am (AEST time) on 10 May 2022. The presentation can be streamed live via webcast at <https://webcast.openbriefing.com/8656/>

An archived webcast will be available on the Pental Group website at <https://investors.pentalgroup.com/Investor-Centre/> following the event.

ENDS

This announcement is authorised for release by the Board of Directors of Pental Group Limited.

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About Pental Group Limited

Pental Group (Pental) is an independent global investment manager focused on delivering superior investment returns for clients through active management. Pental manages A\$124.9 billion in FUM (as at 31 March 2022) through J O Hambro, Europe, UK & Asia; JOHCM USA; Pental Australia; Regnan and Thompson, Siegel & Walmsley (TSW).

Pental operates a multi-boutique style business across a global marketplace through a meritocratic investment-led culture. Its experienced, long-tenured fund managers have the autonomy to offer a broad range of investment strategies with high conviction based on an investment philosophy that fosters success from a diversity of insights and investment approaches.

Listed on the Australian Securities Exchange since 2007 (ASX: PDL), the company has offices in Sydney, Melbourne, London, Dublin, Prague, Singapore, New York, Boston, Richmond and Berwyn.

For further information about Pental Group, please visit <https://www.pentalgroup.com/>

Appendix: UPAT to Statutory NPAT reconciliation

\$m	1H21	1H22
Statutory NPAT	89.9	96.7
Add back (Deduct):		
Amortisation and impairment of intangibles ¹	5.3	17.3
Net (gains)/losses on financial assets ²	(15.2)	23.0
Transaction and integration costs ³		1.0
Adjust for tax effect	2.6	(6.6)
Underlying Profit After Tax (UPAT)	82.6	131.4

¹ Amortisation and impairment of intangibles relates to fund and investment management contracts, and trademarks.

² Net gains or losses on financial assets held at FVTPL primarily relate to seed investments in pooled funds managed by Pental Group.

³ Transaction and integration costs relate to the acquisition of TSW.