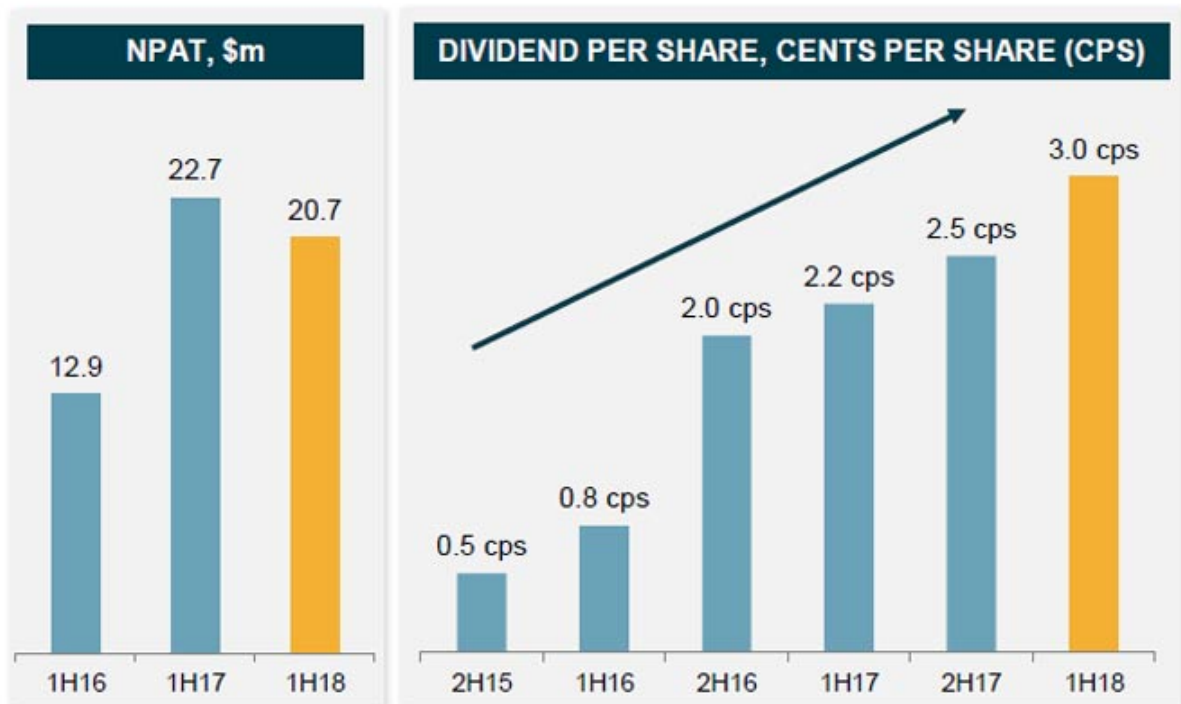


Perpetual Equity Investment Company posts \$20.7 million 1H18 profit; delivers increased returns to shareholders

19 February 2018



1H18 Highlights:

- Strong operating profit after tax of \$20.7m

- A fully-franked interim dividend of 3.0 cents per share, a 36% increase on 1H17
- Investment portfolio performance for the 6 months to 31 December 2017 was 10.4%, outperforming the benchmark by 1.8%¹.
- The Net Tangible Asset backing per share was \$1.153 after tax² as at 31 December 2017

The Perpetual Equity Investment Company Limited (ASX:PIC) has announced a strong result for the six months to 31 December 2017, with operating profit before tax of \$28.4 million and operating profit after tax of \$20.7 million.

The PIC Board also announced a fully franked interim dividend of 3.0 cents per share, a 36% per cent increase on 1H17, highlighting the strong financial position of the company. The dividend will be paid on 11 April 2018.

PIC Chairman Nancy Fox said: "The Board is pleased to once again announce an increased interim dividend. It is in line with our objective to pay a sustainable income stream for our investors, and importantly, is a result of the way we have prudently managed the company since its listing.

"The Company has a healthy profit reserve which combined with the franking account balance puts it in a good position to continue to meet this objective."

The fully franked interim dividend will provide shareholders with an annual dividend yield of 5.0% and a gross dividend yield (taking franking credits into account) of 7.2%³.

The dividend reinvestment plan (DRP) is available to shareholders for the interim dividend. The plan will operate at a 2.5% discount. The last election date for the DRP will be 22 March 2018.

PIC performance and recent market volatility

The PIC portfolio performed strongly for the six months to 31 December 2017, returning 10.4%, outperforming the benchmark by 1.8%¹. As at 31 December 2017, the portfolio held 66% in Australian listed securities, 19% in global listed securities and 15% in cash.

Commenting on recent market volatility, PIC Portfolio Manager Vince Pezzullo said: "The sudden surge in market volatility has highlighted that many asset prices have been artificially inflated by trillions of dollars in monetary stimulus and ultra-low interest rates as central banks have tried to reignite sluggish economies.

As a value investor volatility can provide increased opportunities to buy companies at attractive valuations. We have remained disciplined and maintained appropriate cash reserves, which not only provides a buffer to a market downturn, but also gives us the opportunity to move quickly and purchase stocks that meet our quality filters.

"We will continue to focus on finding companies with sound management, conservative debt levels, a strong business and recurring earnings that we believe are undervalued by the market.

This patient approach allows us to find both local and global businesses that deliver strong returns for the portfolio,” said Mr Pezzullo.

Half Year Results Teleconference

The Board would like to extend an invitation to all shareholders and interested parties to register for our Half Year Results teleconference on Wednesday, 7 March 2018 at 12.00PM (noon).

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.

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1. Returns have been calculated on the growth of Net Tangible Assets (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 set up costs and on unrealised gains and losses are excluded. The benchmark is the S&P/ASX 300 Accumulation Index. Past performance is not indicative of future performance.
2. ‘After tax’ refers to after tax paid and provisions for deferred tax on set-up costs and on unrealised gains and losses in the company’s investment portfolio.
3. Yield is calculated using the 2H17 dividend, the 1H18 dividend and the 12 February 2018 share price of \$1.09. Grossed up yield takes franking credits into account.