

Coronation delivers strong growth in revenue and profit

R522 million cash returned to shareholders

13 November 2007

Coronation Fund Managers today announced a strong set of results for the 2007 financial year, entrenching its position as one of the country's leading fund management companies.

All business areas recorded high rates of growth against a backdrop of favourable domestic market conditions. Total assets under management increased by 33% to R134 billion for the financial year to September 2007, from R101 billion at 30 September 2006.

Revenue increased by 36% to R962 million from R706 million in 2006. Profit for the year increased by 45% to R285 million. Headline earnings per share increased by 53% to 79.6 cents and diluted headline earnings per share by 55% to 72.7 cents. The total distribution for the year increased by 25% to 67 cents per share.

Coronation will be returning R522 million to shareholders in 2007 through a share buy-back of R300 million and a cash distribution of R222 million.

Thys du Toit, outgoing CEO of Coronation Fund Managers commented: ***"The strength of investment performance across all client portfolios reflects our philosophy of investing with a long-term time horizon. Our clients have enjoyed exemplary returns over all periods confirming Coronation's status as one of the top performing fund managers in South Africa."***

Coronation has along with the industry experienced net outflows compounded by Coronation's relatively mature market share. The outflows are mainly due to contractual dissaving leading to withdrawals from group retirement plans to individual retirement plans and other saving products and the asset allocation consequences of an equity bull market which saw a transfer to cash positions once portfolios reached their 75% equity cap.

Du Toit continued: ***"While we traditionally have been known as domestic balanced and domestic equity managers, many of our newer investment initiatives have been performing well, in particular our fixed interest unit as well as our hedge fund products."*** The Coronation Granite Fixed Income Fund won the 'South Africa Hedge Fund Award' for the Best Fixed Income Hedge Fund for 2006.

Domestic retail assets grew by 44%, surpassing the industry growth rate of 30%, bringing total assets under management to R25.7 billion from R17.8 billion in 2006. Coronation's share of new cash flows into long-term single manager funds for the year ended 30 September 2007, totalled R4.5 billion, which represents a 19% share of investment flows into this market.

Investment performance remains exceptional. In the financial year Coronation took 2nd place in the Personal Finance/Raging Bull Unit Trust Company of the Year Award for 2006 and six 'Best in Sector' awards at the 2007 Financial Mail/Standard & Poor's Fund Awards where Coronation was also named runner-up in the Best Larger Group category.

All funds in the core fund range rank 1st in their respective peer groups since inception. The popularity of the Coronation Strategic Income Fund places it as the largest managed income fund in South Africa, and the Coronation Capital Plus Fund retains its position as the largest absolute return fund in the country.

"We are particularly pleased with Coronation International, our global multi-manager business, which increased assets under management by a 46%, to end the year at \$1.75 billion up from \$1.2 billion last year. This is partly due to new investment mandates sourced from Southern Africa," Du Toit says.

This growth in assets is mainly attributable to inflows of \$416 million to the Coronation Global Equity Fund of Funds, which comfortably outperformed the benchmark MSCI World Index for the year and is well positioned in its peer group for further growth. All funds across both the traditional and alternative fund ranges produced favourable returns in extremely volatile global market conditions.

Du Toit commented: *"The strength of our business is reliant on the diversity, collective energy, passion and excellence of our people; this is supported by 55% of our total SA staff complement being black.*

Our effective direct staff shareholding is now 31%, up from 28% in 2006. The Imvula Trust, our equity empowerment partner, the beneficiaries of which are all current and future black staff, has a net asset value of R152 million, up from R86 million in 2006."

The total black staff shareholding in Coronation is 13%.

"Coronation remains focused on fund management. Since inception we have strengthened our foothold in each of our chosen markets and are confident in the sustainability of our business.

Naturally a significant portion of our revenue is attributable to the level of financial markets. Though performance of the domestic equity market over the past five years has been exceptional, the renewed vulnerability in the outlook for financial markets suggests cautious revenue and profit growth expectations going forward." Du Toit concluded.

CEO designate Hugo Nelson became CEO on 8 November 2007. Thys du Toit will remain an executive director of Coronation with a primary focus on opportunities to diversify revenue streams in the retail business.

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