



15 February 2017

## **IOOF 2017 Half Year Financial Result**

### **Continued focus on core businesses and organic growth, with strong cash flow generation and continued positive fund flows**

IOOF Holdings Limited (ASX: IFL; OTC: IOOFY) today announced a Statutory Net Profit After Tax of \$74.2 million, Underlying Net Profit After Tax of \$79.4 million, and fund flows of \$1.4 billion. Funds under Management, Administration and Advice (FUMA) increased to \$109.4 billion.

#### **Result Highlights**

- Continuing positive net flows totalling \$1.4 billion, up 46% vs pcp including:
  - Positive Platform flows of \$401 million, up 173% on pcp and the 16<sup>th</sup> consecutive quarter of positive net flows
  - Positive Advice flows of \$865 million, up 17% on pcp
- Strategic initiatives focused on core wealth management businesses, with divestments of several small non-core assets delivering profits totalling \$17.4 million
- FUMA up by 5% over the period to \$109.4 billion
- Strong cash conversion with post-tax operating cash flow of \$79.9 million
- Interim dividend of 26 cents per share fully franked, representing a 98% payout ratio
- Strong balance sheet with low net debt of \$14.8 million
- Successful implementation of cultural initiatives such as ClientFirst and the IOOF Advice Academy

IOOF Managing Director, Christopher Kelaher commented, “Strong inflows in continuing tough market conditions, and regulatory uncertainty, are testament to the strength and resilience of the business.

“We are reshaping the business through selective divestments and acquisitions, strengthening our focus on our core wealth management business and positioning IOOF for further growth. In this half, we divested several small non-core businesses, realising a profit of \$17.4 million.

“Through the half we have continued investment in our cultural initiatives, such as ClientFirst and the IOOF Advice Academy, to deliver superior service to our clients. Our recent platform consolidation, supported by the quality of advice, has seen significant growth in total platform flows, increasing by 173% vs pcp to \$401 million this half. This is particularly pleasing considering that Australian industry platform flows are down approximately 40% in the last year<sup>1</sup>.

“This result shows the value of our diversified business model. We have seen record levels of interest in our advice group and have received in excess of 30 applications from experienced advisers from other institutional licensees.”

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<sup>1</sup> Source: Morningstar Asset Flows, funds under administration for platforms, September 2015 – September 2016

## **Continued positive net flows**

IOOF delivered Platform net flows of \$401 million, the 16<sup>th</sup> consecutive quarter of positive platform net flows. Advice flows of \$865 million continued a trend of improving flows into IOOF's brands.

Mr Kelaher commented, "The high level of flows into our advice businesses shows the support for our client-facing advice model and the benefit of offering differentiated and complementary value propositions through our brand suite.

"The continued trend of net flows into our flagship platforms is particularly pleasing, and illustrates that our platforms perform well alongside our advice business."

FUMA was \$109.4 billion at 31 December 2016, increasing by \$5.3 billion over the six months.

## **Reshaping the business for future growth continues**

During the period, IOOF continued to reshape the business through selective, strategic divestments and acquisitions. Several small non-core businesses were divested, generating profits totalling \$17.4 million, in addition to \$8.1m profits from similar activities over the last twelve months.

Mr Kelaher commented, "The sale of non-core businesses over the last two years heightens our focus on building our core wealth management capabilities where we see prime opportunities to generate organic growth.

"We have also continued our focus on cultural initiatives to drive excellence and growth. Momentum has accelerated on ClientFirst initiatives and the rollout of the IOOF Advice Academy, expanding its reach to more IOOF Advice brands."

## **Dividends**

The Directors of IOOF have declared a fully franked 26 cents per share interim dividend to be paid on 30 March 2017. The record date is 9 March 2017.

## **Outlook**

Mr Kelaher commented, "Our continued strong flows in the face of turbulent market conditions highlights the strength of our business. Our continuing focus on reshaping the business and building out our core wealth management capabilities through strategic acquisitions and divestments, and the implementation of cultural initiatives, plays to the long term growth outlook for the Australian wealth management industry.

"Our scale, diversification and balance sheet strength places us in a strong position to pursue future growth opportunities as the rationalisation of the industry continues."

-ENDS-



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## About IOOF Holdings Limited

IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

IOOF provides advisers and their clients with the following services:

- **Financial Advice and Distribution** services via our extensive network of financial advisers and stockbrokers;
- **Platform Management and Administration** for advisers, their clients and hundreds of employers in Australia;
- **Investment Management** products that are designed to suit any investor's needs; and
- **Trustee Services** including estate planning and corporate trust services.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

