



8 August 2017

IOOF 2017 Financial Result

Consistent execution of advice-led strategy delivers strong financial performance

Result overview

- UNPAT of **\$169.4 million** (2H16/17: **\$90.0 million, up 13%** vs 1H16/17)
- Final proposed fully franked dividend per share of **27 cents per share – up 4%** vs 1H16/17
- **\$4.6 billion** net inflows **up 156%**
 - **\$976m** from 33 new advisers joining to 30 June
- Statutory profit¹ of **\$116.0 million**
- Disciplined cost control - **reduced** operating expenditure by **\$12.6m – down 8%** vs 1H16/17
- Platform net operating margin **increased 4bps**, gross margin **increased 2bps** vs 1H16/17
- **Acquisition** of National Australia Trustees Limited **adds scale & national, specialist** Trustee capabilities

IOOF Holdings Limited (ASX: IFL; OTC: IOOFY) today announced Underlying Net Profit After Tax of \$169.4 million, net inflows of \$4.6 billion and a final proposed fully franked dividend of 27 cents per share. Funds under Management, Administration and Advice (FUMA) increased to \$115.0 billion, up \$10.8 billion vs 2016.

IOOF Managing Director, Christopher Kelaher commented, “Meeting our commitments to clients, advisers and shareholders has delivered this strong financial result. With our advice-led strategy, there is positive momentum in each of our businesses. During the year, we achieved outstanding funds growth, exceptional cost control and our underlying performance metrics are on an upward trajectory. Our strong balance sheet will allow us to capitalise on future growth opportunities when they arise.

“Our multi-brand model and unique open architecture makes IOOF an extremely attractive alternative for advisers looking to partner with a non-bank aligned dealer group. In addition, we have delivered on implementation of strategic initiatives - including ClientFirst and the IOOF Advice Academy - ensuring we are providing the level of service that often exceeds advisers’ and their clients’ expectations.

“Recently, 14 of the top 50 advisers in Barron’s inaugural survey of Australian financial advisers were IOOF employed or aligned. This was the highest number achieved by any institution. This fantastic result showcases that our advisers are delivering high quality financial advice and superior outcomes for their clients.”

¹ Statutory profit attributable to owners of the Company from continuing operations

Organic growth momentum accelerated

IOOF recorded an 18th consecutive quarter of positive Platform net inflows with \$1.2 billion of net inflows, up 130% vs 2016. Advice net inflows of \$3.0 billion, up 131% vs 2016, included \$976 million from 33 new advisers joining IOOF from another licensee.

Mr Kelaher said, "Our adviser numbers are growing, which appears to be counter to industry trend. Flagship platform net inflows of \$1.2 billion demonstrate that service excellence results in significantly increased flows."

Platform margins increased

Platform margins in the second half improved by 4 basis points on a net operating basis. Mr Kelaher noted, "The return of significant operating leverage allows IOOF to benefit from both organic funds growth momentum and positive tailwinds from equity markets."

Signature cost discipline

Diligent cost management remains a key focus of the business. The cost savings from platform rationalisation completed in June 2016 have exceeded initial expectations. IT investment in prior periods has delivered further efficiencies. Expenses were reduced by \$9 million when compared to prior year and the second half cost-to-income ratio improved substantially from 58.9% to 53.3%.

Mr Kelaher commented "Cost control has always been a signature element of our performance. Selective investments made in previous periods ensure we have a sustainable business for the future and are showing considerable financial benefit. We continue to look for ways to deliver superior service to our clients using agile, cost effective and efficient ways."

Capital management provides significant capability for growth

The company's balance sheet strength is underpinned by strong cash flow generation. This, has resulted in no net debt and a debt to equity ratio of 13.3%.

"Our balance sheet strength puts us in an exceptional position to actively engage in strategic acquisitions when the opportunity arises" said Mr Kelaher.

The Directors of IOOF have declared a fully franked 27 cents per share final dividend, representing a 90% payout ratio, to be paid on 1 September 2017. The record date will be 18 August 2017.

Outlook

Mr. Kelaher said, "Commitment to consistent execution of our advice-led strategy means all key metrics are trending in the right direction: growing adviser numbers; extremely strong net inflows; and productivity initiatives, which are all delivering financial benefits.

"Supported by positive industry fundamentals and demographic trends, IOOF's unique positioning in the industry sees us well placed to deliver positive long-term outcomes for our advisers, their clients and our shareholders. As the industry continues to consolidate, there is ample opportunity for acquisitive growth to augment our significant organic growth momentum. We have an exceptional track record of delivering value-accretive acquisitions and have the scale, experience and, importantly, financial strength, to take advantage of these opportunities."

-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 compensation trusts, estate planning and corporate trust services.

Further information about IOOF can be found at www.ioof.com.au

