2020 first half results

Renato Mota, CEO
David Coulter, CFO

18 February 2020

Business update

Renato Mota, CEO

Foundation for transformation

Financial highlights

Statutory NPAT **$115.0 million**	› Significant profit on sale of Ord Minnett
UNPAT from continuing operations **$56.6 million**	› Funds growth offset by Protecting Your Super impacts and margin compression › Gross margin impacts during 1H20 from legislative changes and competitive dynamics › Additional 3 months of ownership of ANZ Aligned Licensees (ALs) - ($11.3m) after tax loss vs 1H19 ($5.2m) › 1H20 ANZ P&I economic interest via coupon - $5.7m vs 1H19, $20.2m after tax › 1H20 uplift in governance costs - ($5.2m)
Underlying NPAT **$61.4 million**	› Discontinued operations (Ord Minnett and Perennial Value Management)
FUMA up 5.2% from 30 June **$145.7 billion**	› Net inflows of $1.5b › Market movements of $6.7b
Attracting net inflows: • Platform **$756 million** • Advice **$985 million**	› Strong flows via Shadforth Portfolio Service (SPS) › Expansion of ClientFirst operating model › Launch of eXpand
Fully franked interim dividend per share **16.0cps**	› 92% payout ratio › Payment date 16 March 2020

Note: All comparisons to prior comparative period unless otherwise stated

Strategic priorities – transforming with purpose

Stabilise

- **Regulatory deliverables:**
  - 31 December 2019 APRA key license conditions - all requirements implemented
  - ASIC Royal Commission referral - no further action
- **Advice review ongoing:** no change to advice remediation provision based on review performed to date
- **Strengthening our governance capability:** Establishment of Office of the Responsible Entity commenced
- **People & Culture:**
  - Reshaped business, new industry environment
  - Executive review completed

Transform

- **Grow:**
  - Completion of ANZ P&I (P&I) transaction in February 2020 with purchase price reduced by $125m (13%)
  - Step-change in scale drives benefits for clients and accretion for shareholders
  - Revised cost synergies of $68m pre-tax p.a. (from $65m pre-tax p.a) to be realised in full from 1 July 2023
- **Focus:**
  - Reshaping the business to focus on core
  - Net proceeds from divestments of subsidiaries $105.0m post tax received in the half
  - Significant opportunity to streamline advice licensees
- **Simplify:**
  - Removing operational complexity - delivering efficiencies
  - Consolidating to one platform - Project Evolve on track for completion by end 2021

Business highlights

Segment	Financial Advice	Portfolio & Estate Administration	Investment Management	Ex-ANZ Wealth Management
Highlights	› Advice-led strategy attracting advisers -11 new advice practices joining in 2Q20 › Open architecture a key differentiator and provides choice to clients › Growth in revenue underpinned by greater focus on client service	› $756m in net inflows › Launch of Shadforth Portfolio Service - delivering significant flows › Launch of eXpand to Bridges advisers in September 2019 › Investment in governance through people, systems and capability	› Top 10 Performing Growth Fund – 1 year to December 2019[1] › Complementary business with no exposure to institutional volatility and key person risk › Increased adviser penetration	› Additional 3 months of loss making ALs vs pcp › Integration of ANZ ALs creating best of breed systems and processes › Debt note interest of $8.2m pre-tax received in 1H20 vs $28.9m pcp
UNPAT*	$26.4m	$33.0m	$19.6m	($5.0m)

Sustainability through economic diversity

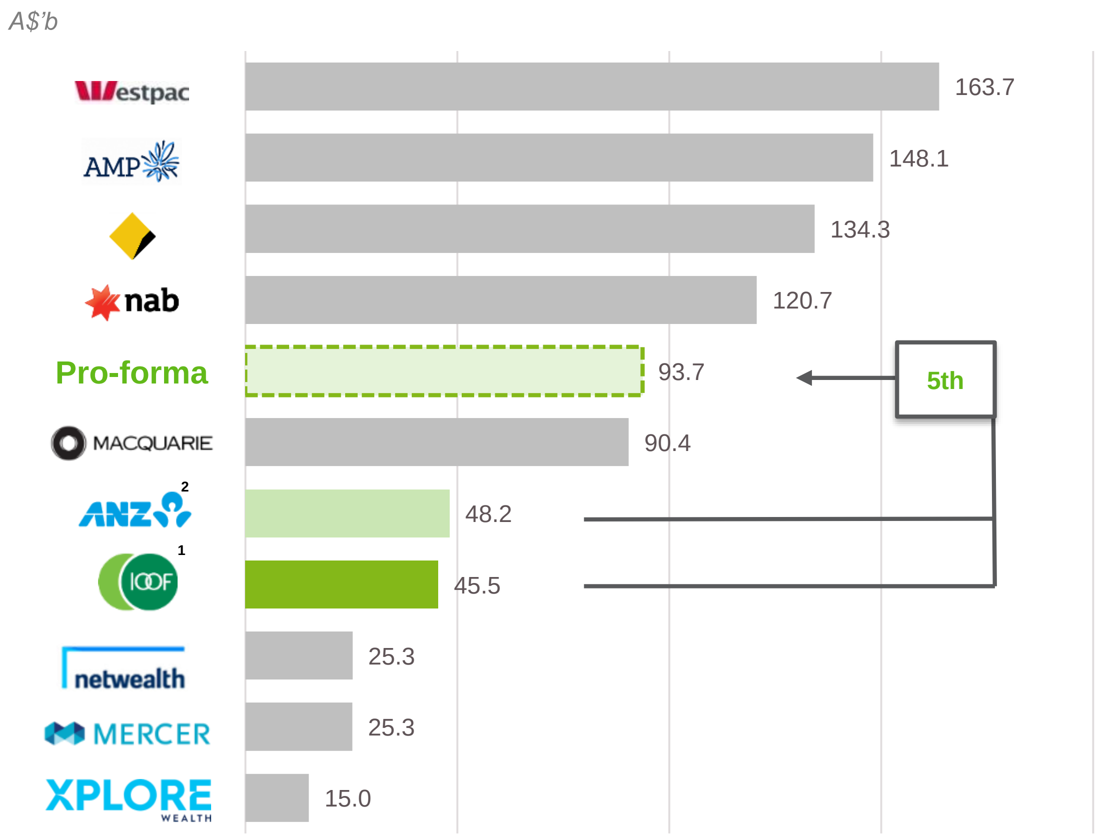
* Sum of total UNPAT from continuing operations equates to $56.6m when Corporate segment is included – 1H20 UNPAT: ($17.4m)

1. *Chantwest*

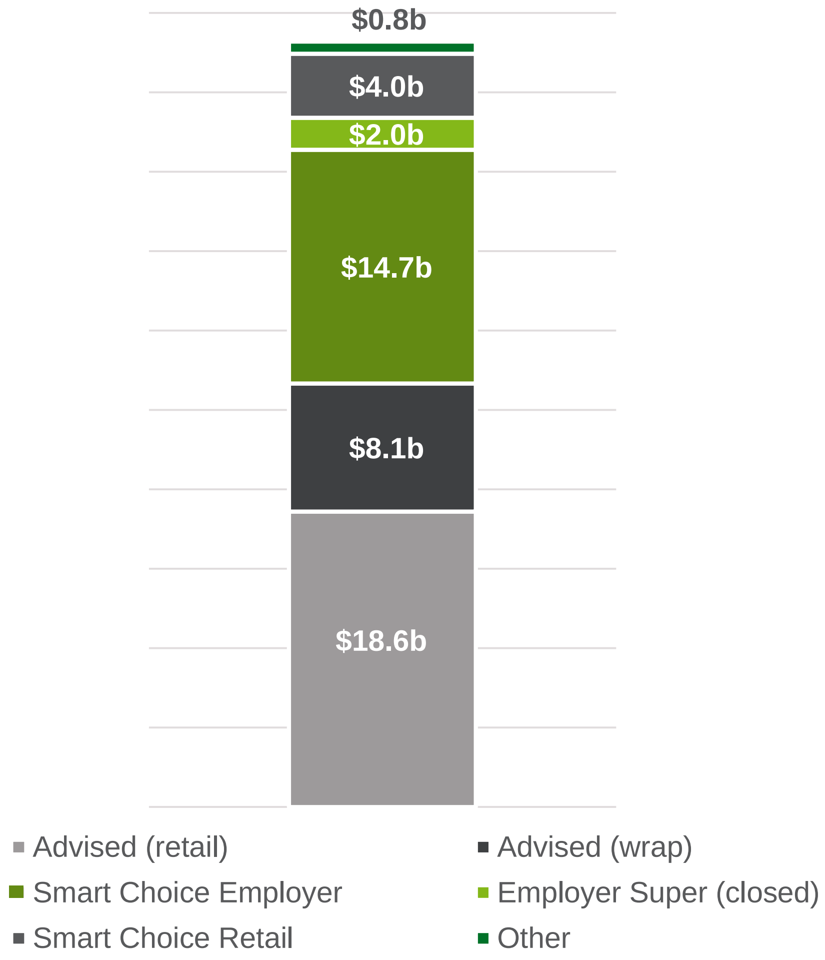
P&I – Transforming scale and reach

The transaction positions IOOF as the 5th largest platform provider by FUAdmin

Platform (FUAdmin)



Total P&I FUAdmin at 31 December 2019 - $48.2b



Source: Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds data as at September 2019

1. For IOOF, FUAdvice and FUAdmin numbers have been sourced from the FUMA update for period ended 31 December 2019
2. ANZ P&I FUAdmin sourced from ANZ as at 31 December 2019

Highly complementary business delivering economies of scale

	Ex-ANZ Aligned Licensees	Ex-ANZ P&I	
	Financial Advice	**Portfolio & Estate Administration**	**Investment Management**
Purchase price	**$25m** Completed 3 October 2018	**$825m** Completed 1 February 2020 (reduced from $950m)	
Business Overview	• Four aligned advice licences[1]	• Platform business across retail (advised and direct) and employer super	• In-house multi-manager asset management and research team
FUMA at 31 December 2019	FuAdvice - $18.0b	FUAdmin - $48.2b[2]	FUM - $26.8b[3]
UNPAT 1H20	**($11.0m)** *Excludes coupon interest*	**$42.3m** *Includes impact from Protecting Your Super, the removal of insurance admin fees and the removal of legacy commissions*	
Gross margin %	0.11%	0.40%	
Cost to income %	n/a[4]	61.4%	

1. *Includes Elders Financial Planning which is 51% owned by millennium3 Financial Services.*
2. *Source: ANZ*
3. *Source: ANZ. Investment Management FUM are included within the Platforms FUAdmin.*
4. *Not applicable as results in negative ratio*

Advice review progress – methodical disciplined approach

Timeline of key events

Feb 2019

Roll out of ASIC 515 Standards

- Announced advice review underway
- Appoint PwC to assist in independent review of client files and assessment of provision
  - Develop KRIs consistent with ANZ AL methodology
  - Identify target advisers
  - Independent review of target adviser files
  - Estimate remediation
  - Estimate program costs

Jun 2019

Advice provision $223m raised
Product remediation complete - expensed $12m

- Establish IOOF Advice Remediation Governance Forum
- Final validation work for targeted advisers due March 2020
- Broader testing identifies no further systemic issues
- Initial process focused on Shadforth and Bridges - no further issues identified to date
  - Structured independent remediation program set up under Deloitte

Feb 2020

No change to advice provision raised based on work concluded to date

- Lonsdale and Consultum review to commence

Jun 2020

- Expect to commence remediation payments

No change to the remediation provision based on work performed to date

Financial Results

David Coulter, CFO

Financial results overview

$'m	1H20	2H19	1H19	Change on PCP	
Statutory NPAT	**$115.0m**	($47.1m)	$135.4m	($20.4m)	-15.1%
Underlying NPAT	**$61.4m**	$98.1m	$99.9m	($38.6m)	-38.6%
Underlying NPAT from continuing operations	**$56.6m**	**$90.8m**	**$93.1m**	**($36.4m)**	**-39.1%**
Underlying EPS from continuing operations (cents)	**16.2cps**	25.9cps	28.5cps	(12.3cps)	-43.1%
Cost to income ratio (%)	**57.8%**	53.5%	51.6%	-6.2%	12.1%
Dividend per share (cents)	**16cps**	19cps	25.5cps	(9.5cps)	-37.3%

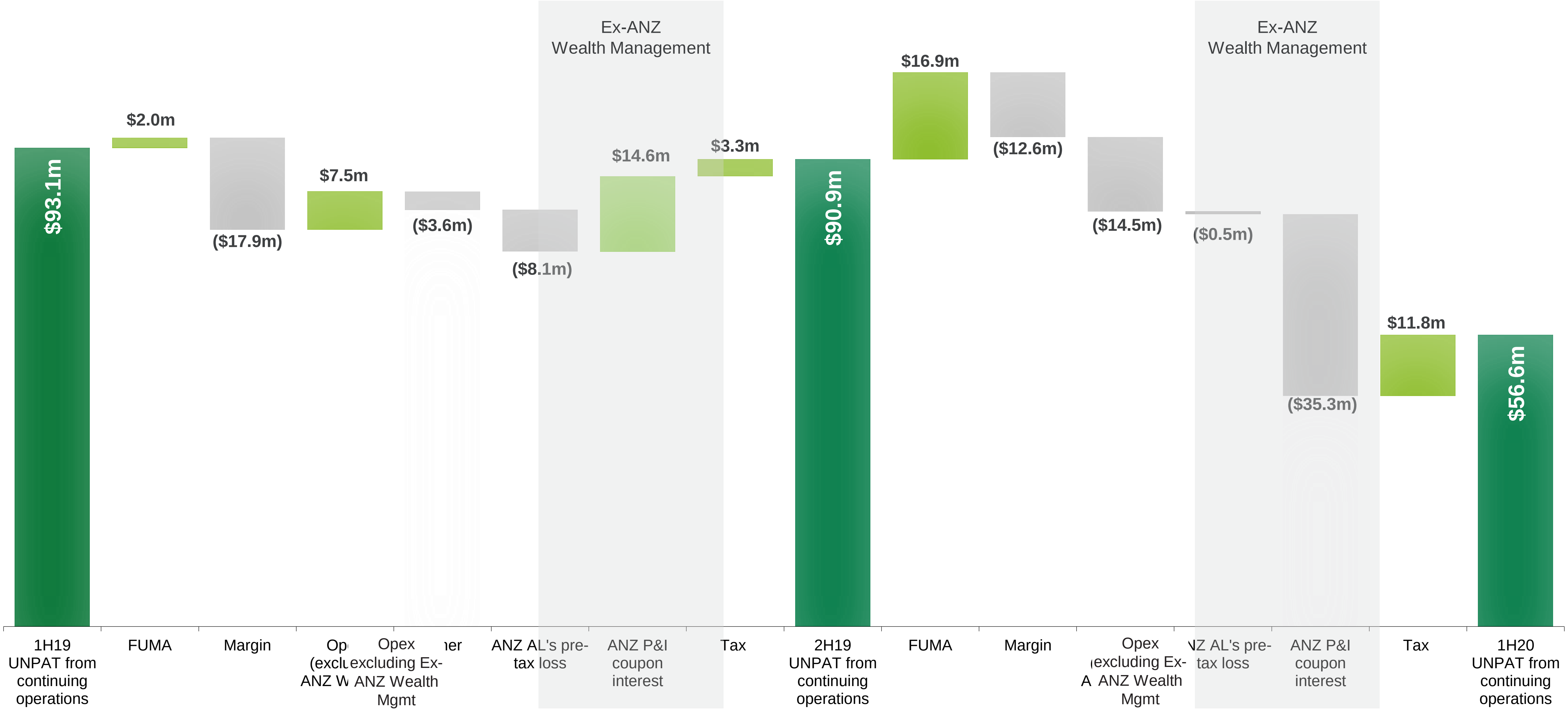
Profit and loss breakdown

	1H20	2H19	1H19	Change on pcp $'m	Change on pcp %
Gross Margin	249.3	243.7	255.5	(6.2)	-2.4%
Other Revenue	5.9	8.5	6.6	(0.7)	-10.5%
Operating Expenditure	(164.2)	(158.3)	(149.9)	(14.2)	9.5%
Equity Accounted Profits	(0.1)	0.0	0.0	(0.1)	Large
Net Non Cash	(12.4)	(5.0)	(8.9)	(3.6)	40.2%
Underlying EBITA	78.4	89.5	103.3	(24.8)	-24.0%
Net Interest	0.9	36.5	27.7	(26.7)	-96.6%
Income Tax & NCI	(22.7)	(34.6)	(37.9)	15.2	-40.0%
UNPAT from continuing operations	56.6	90.8	93.1	(36.4)	-39.1%
Discontinued Operations	4.7	7.2	6.9	(1.8)	-31.8%
Underlying NPAT	61.4	98.1	99.9	(38.6)	-38.6%

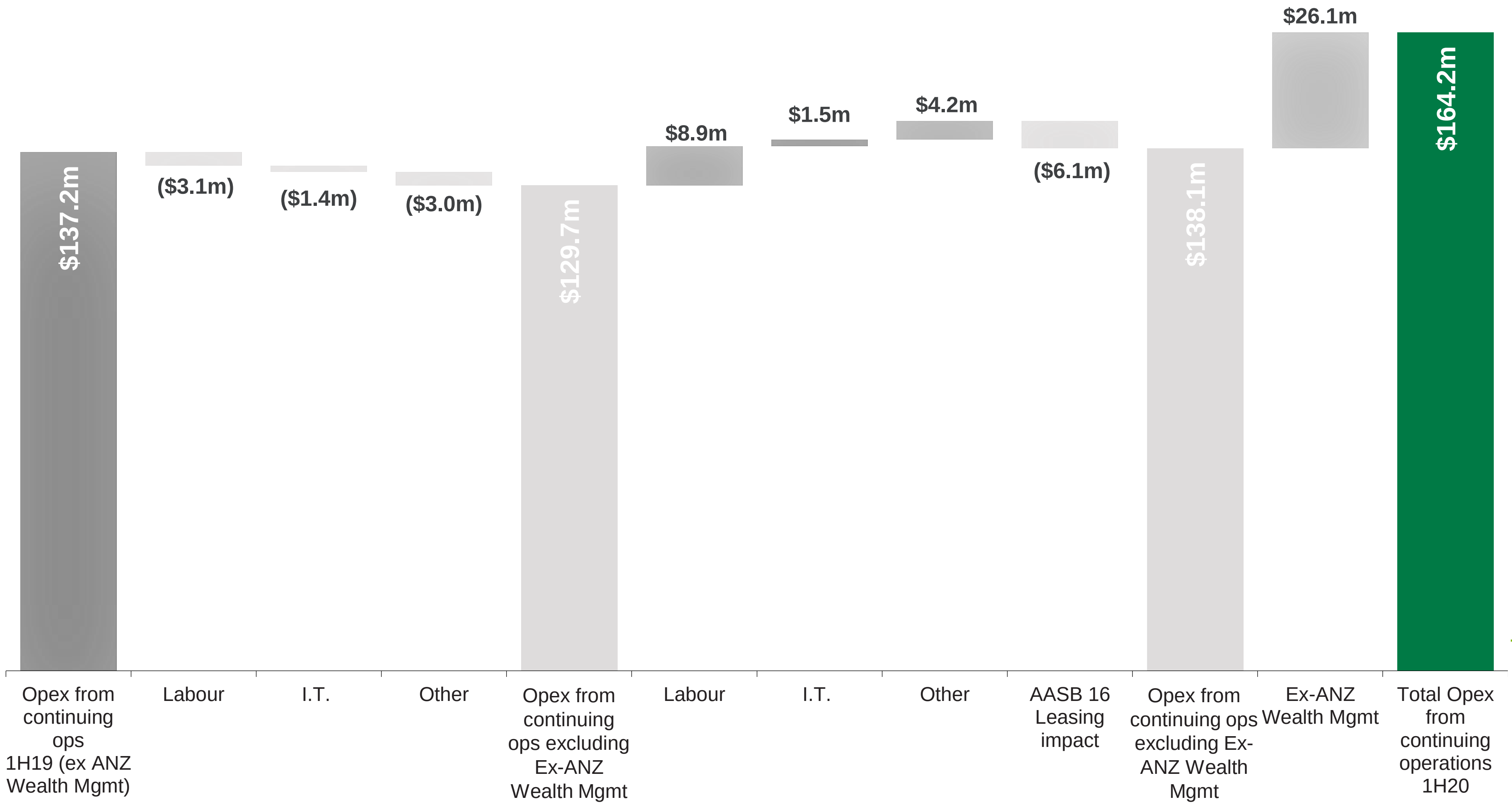
- Legislative change impact ($7.2m)
- Uplift in governance ($5.2m) in 1H20
- Additional 3 months of ANZ AL opex; 1H20 ($26.1m) vs 1H19 ($13.1m)
- 1H20 ANZ P&I economic interest via coupon $8.2m vs 1H19, $28.9m pre-tax
- Additional 3 months of loss making ANZ AIs - ($16.1m) pre-tax loss vs 1H19 ($7.5m)
- 1H20 Ord Minnett UNPAT $3.7m, Perennial Value Management UNPAT $1.0m

1H20 and 1H19 financial information presented on a continuing basis unless otherwise stated.

Group UNPAT analysis



Governance uplift impacts costs

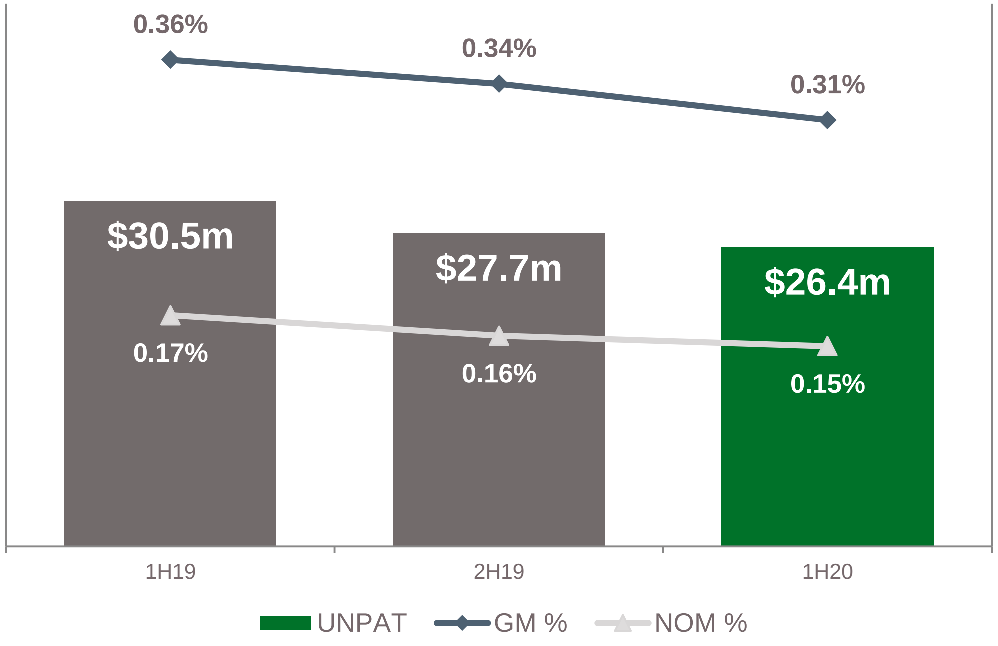


- Labour cost increase relating to Governance uplift $2.7m for implementation of the OST and additional Risk & Compliance FTE
- Labour cost increase $1.4m relating to salaried Bendigo FP staff now within Bridges
- 1H20 Ex-ANZ Wealth Management expenses broadly in line with 1H19 run rate - substantial opportunity to streamline the business

Financial Advice

- Open architecture remains a competitive advantage
- Gross margin has been adversely impacted by repricing of third party administrator revenue share
- Shadforth advisers have increased their clients' weighting to IOOF portfolio administration
- Expenditure reduced in line with an increasing share of managerial and compliance oversight occurring within the ex-ANZ Wealth Management segment
- Non cash items adversely impacted profitability due to adoption of AASB 16

$m	1H20	2H19	1H19
Revenue	**193.1**	193.3	195.1
Direct Costs	**(100.5)**	(102.5)	(97.4)
Gross Margin (GM)	**92.6**	90.8	97.7
GM %	**0.31%**	0.34%	0.36%
Other Revenue	**3.6**	3.1	4.3
Share of equity profit/loss	**(0.1)**	0.0	0.0
Operating Expenditure	**(52.7)**	(52.6)	(55.6)
Net Non Cash	**(5.0)**	(1.9)	(2.5)
Net Interest	**(0.3)**	0.1	0.0
Income Tax Expense/N.C.I	**(11.6)**	(11.8)	(13.5)
UNPAT	**26.4**	27.7	30.5
Average FUAdv ($b)	**58.5**	53.7	54.0
NOM %	**0.15%**	0.16%	0.17%

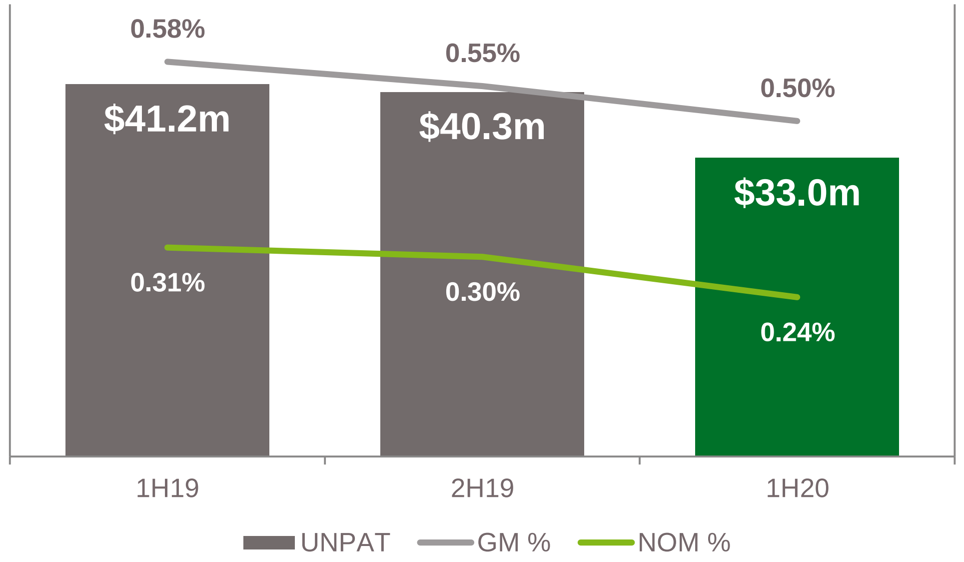


Note: Segment results include inter-segment revenues and expenses eliminated on consolidation

Portfolio and Estate Administration

- Launch of SPS generating significant net inflows
- Net operating revenue reflected growth in average FUA tempered by the impact of basis points margin reduction. Basis point margin outcomes are largely the result of client preference for contemporary lower priced services
- No revenue derived from cash spread
- Increased expenditure primarily from increased governance via implementation of the Office of the Superannuation Trustee and additional Risk and Compliance FTE
- Non cash items adversely impacted profitability due to adoption of AASB 16

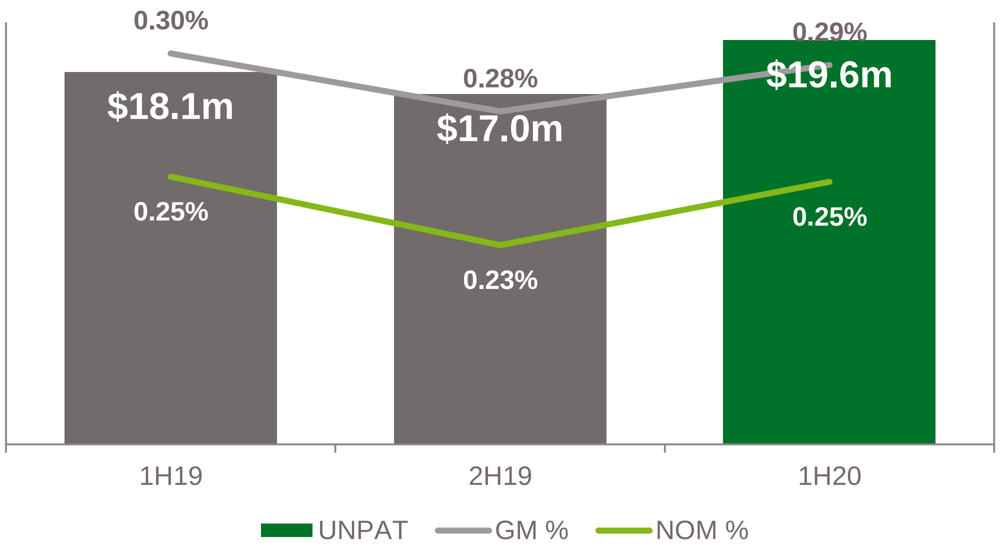
$m	1H20	2H19	1H19
Revenue	**208.8**	203.4	211.2
Direct Costs	**(96.6)**	(89.8)	(90.8)
Gross Margin (GM)	**112.2**	113.6	120.4
GM %	**0.50%**	0.55%	0.58%
Operating Expenditure	**(58.9)**	(52.3)	(56.6)
Net Non Cash	**(5.8)**	(3.4)	(4.3)
Income Tax Expense/N.C.I	**(14.6)**	(17.6)	(18.3)
UNPAT	**33.0**	40.3	41.2
Average FUAdm ($b)	**44.8**	41.8	40.8
NOM %	**0.24%**	0.30%	0.31%



Investment Management*

- Multi-manager business model benefits from platform scale without being exposed to institutional volatility and key person risk
- Gross margin improved in line with market based growth in average funds flowing largely from improved platform FUMA

$m	1H20	2H19	1H19
Revenue	**54.9**	52.8	50.0
Direct Costs	**(20.3)**	(22.4)	(17.2)
Gross Margin (GM)	**34.6**	30.4	32.7
GM %	**0.29%**	0.28%	0.30%
Operating Expenditure	**(5.2)**	(5.6)	(5.2)
Net Non Cash	**(1.1)**	(0.4)	(1.4)
Income Tax Expense/N.C.I	**(8.6)**	(7.4)	(8.2)
UNPAT	**19.6**	17.0	18.1
Average FUM ($b)	**23.3**	22.2	21.8
NOM %	**0.25%**	0.23%	0.25%



* Segment presented on a continuing operations basis. Excludes Perennial Value Management share of equity profit/loss.

Ex-ANZ Wealth Management (excludes P&I)

$m	1H20	2H19	1H19
Revenue	**106.4**	102.3	49.9
Direct Costs	**(97.0)**	(93.9)	(45.7)
Gross Margin (GM)	**9.4**	8.4	4.1
GM %	**0.11%**	0.10%	0.10%
Other Revenue	**1.2**	4.7	1.5
Operating Expenditure	**(26.1)**	(28.6)	(13.1)
Net Non Cash	**(0.6)**	(0.1)	(0.0)
Net Interest	**8.2**	43.5	28.9
Income Tax Expense/N.C.I	**2.9**	(7.3)	(6.4)
UNPAT	**(5.0)**	20.6	15.0
Average FUM ($b)	**16.8**	16.7	17.0
NOM %	**-0.18%**	-0.19%	-0.17%

- 6 months 1H20 v 3 months 1H19
- Margin impact of loss making acquisition flows through to Group, but will be offset in 2H20 by synergies and business mix upon acquisition of ANZ P&I
- Coupon reset to 2% from 11 May 2019

Ex-ANZ P&I Historical unaudited proforma information

$m	1H20	2H19	1H19
Gross Margin (GM)	**151.9**	154.3	161.2
GM %	**0.40%**	0.43%	0.44%
Other Revenue	1.9	2.6	2.4
Operating Expenditure	(93.3)	(88.0)	(89.9)
Income Tax Expense	(18.1)	(20.7)	(22.1)
UNPAT	**42.3**	48.2	51.6
Average[1] FUAdmin ($b)	48.5	47.1	47.3
Average[1] FUManagement ($b)	26.8	25.6	25.4
Total Average FUA + FUM ($b)	75.2	72.7	72.7
NOM %	**0.16%**	0.19%	0.20%
Cost to income ratio %	61.4%	57.1%	55.7%

› Blended portfolio administration and investment management business

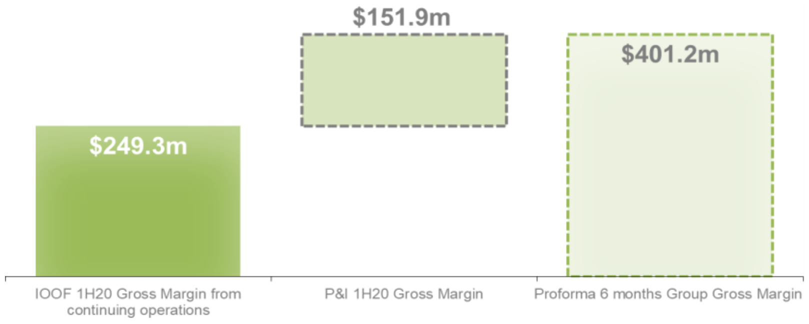
› IOOF equivalents (Portfolio Admin + IM):
- GM 0.43% p.a
- NOM 0.24% p.a
- Cost to Income 43.7%

› Overlay of $55m pa synergies to this proforma:
- Operating expenditure $65.8m
- NOM 0.24% p.a
- Cost to Income 42.8%

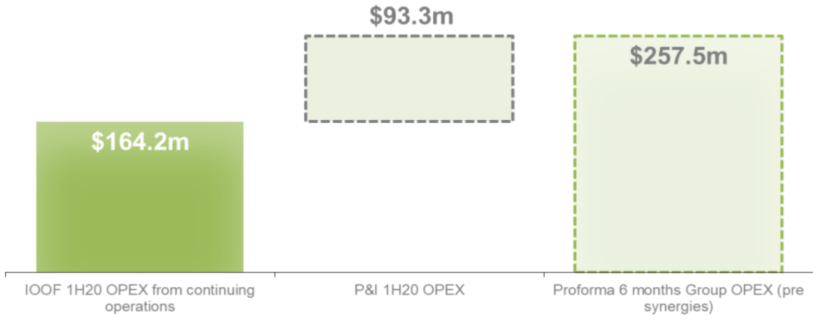
Source: ANZ. Unaudited. All amounts proforma.
1. Averages calculated as a two point average from closing FuA and FuM at end of preceding period

Proforma IOOF Group with P&I – 6 months pre synergies

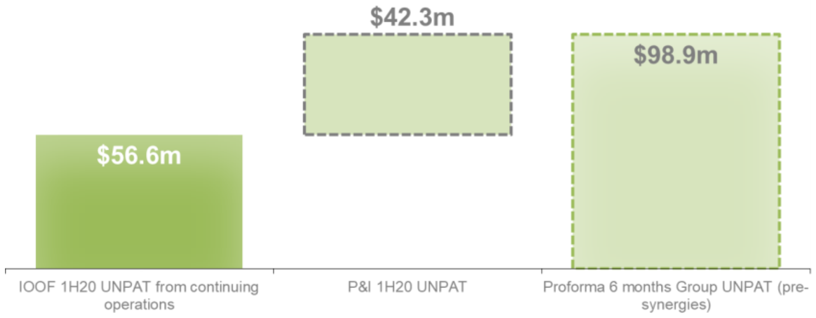
Gross Margin



Operating Expenses

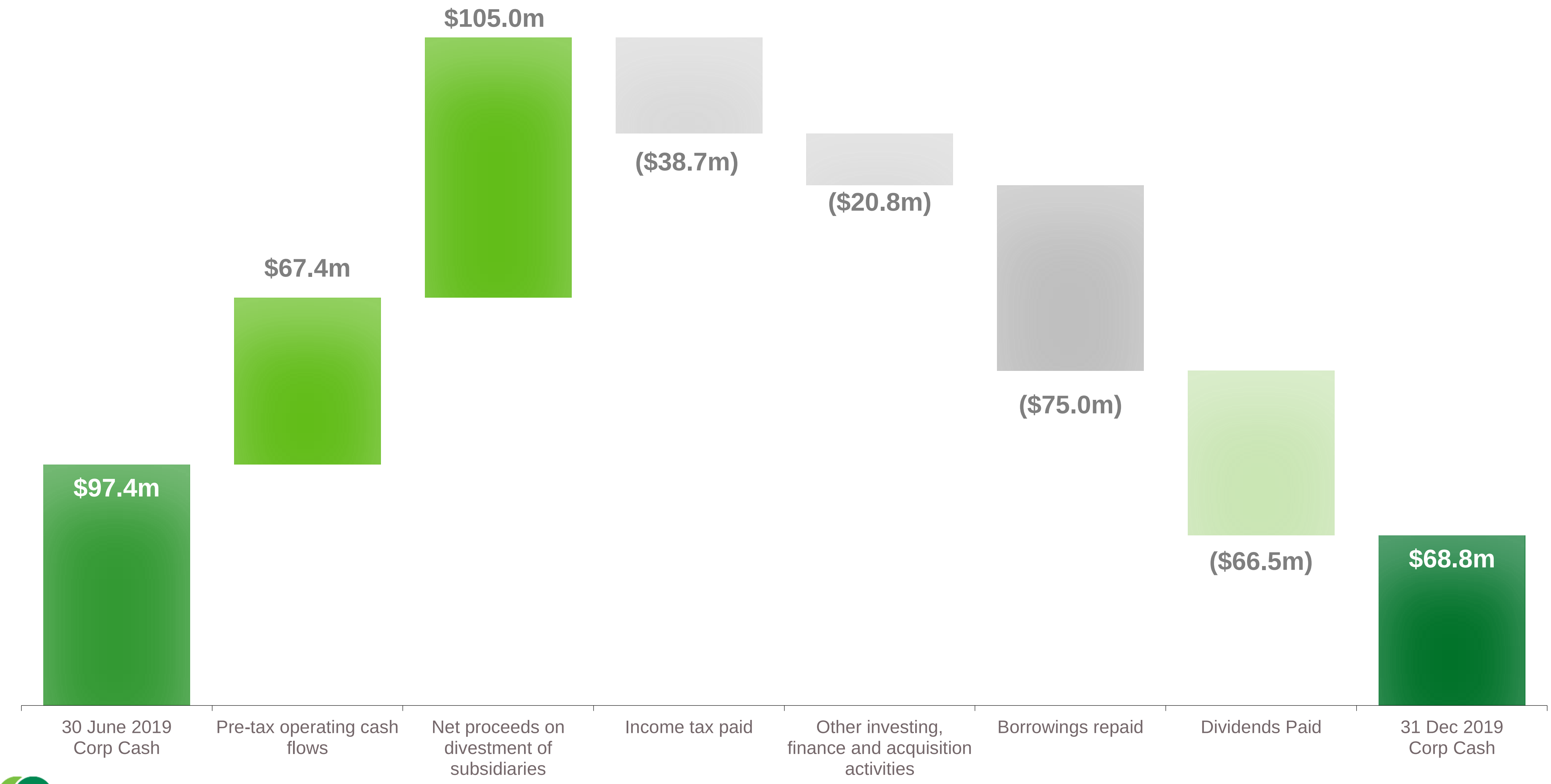


UNPAT



Key steps in separation and integration	• Embedding activities, processes and procedures undertaken pre-Completion • ANZ to provide transitional services under a Transitional Services Agreement including technology support • Rationalisation of products and services commences • Realisation of cost synergies and revenue improvements over relevant period
Separation and integration spend	• $34.7m pre-tax integration costs incurred to date – no change to $130m overall forecast costs • This means $95.3m of pre-tax separation and integration costs to be incurred post-completion
Synergy expectations	• Revised cost synergies of $68m pre-tax p.a. (from $65m pre-tax p.a) • $13m already realised by ANZ – additional $55m to be realised by IOOF • Cost synergies are expected to be realised in full from 1 July 2023

Divestment proceeds applied to borrowings



Refer to note 1.1 of statutory financial statements for reconciliation of corporate cash to statutory cash

Priorities and outlook

Renato Mota, CEO

Transformation through focus and simplification

Continuing industry trends

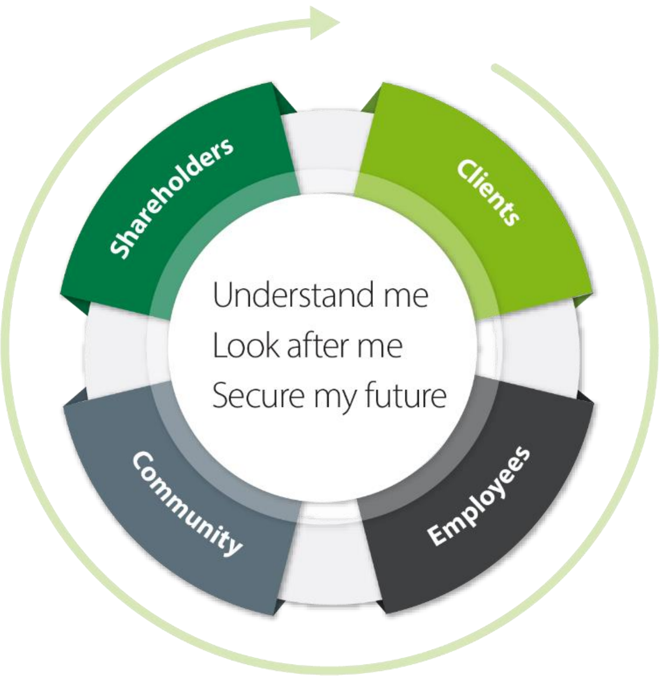
Increasing per capita wealth	Aging population with complex needs	Structural industry disruption

Strategy | Delivering advice-led wealth management

Phase	Stabilise	Transform	Prosper
Capabilities	› Purpose driven culture › Uplift governance capabilities › Capital management	› Integration of P&I › Platform simplification › Reinvention of advice	› Scalable, efficient model › Best in class organisational capabilities › Advice advocacy and trusted reputation
Governance	**Culture and Conduct**		

Purpose | **understand me, look after me, secure my future**

Purpose driven governance and culture



Our IOOF Forum
March 2020

Executive Team appointments

David Chalmers Chief Financial Officer	Spark NZ | iSelect | Macquarie
Lawrence Hastings Chief Legal Officer	ANZ Wealth | Clayton Utz
Adrianna Bisogni Group Company Secretary	McMillan Shakespeare | UniSuper | IOOF
Melissa Walls Chief People Officer	AusNet | NAB

IOOF Foundation

Transformational strategic focus

Stabilise | **Transform** | Prosper

P&I integration	EVOLVE 21	Advice 2.0
Satisfy client needs while lowering the cost to serve Broaden reach and deepen relationships	Simplify the platform suite to one contemporary and simplified platform offering Focus on service excellence	Deliver more accessible and cost effective financial advice Make the financial advice segment economically viable on a standalone basis
GROW	**SIMPLIFY**	**FOCUS**

Simplifying P&I

Stabilise | Transform | Prosper

Transaction completion
1 February 2020

January

January
(to be confirmed)

Timeline of key events

2019 | 2020 | 2021 | 2022 | 2023

Share Sale Agreement (SSA)
ANZ Owned / operated

Transitional Services Agreement (TSA)
IOOF Owned / ANZ Infrastructure

IOOF
Infrastructure

$68m p.a cost synergies to be realised in full by 1 July 2023

ANZ

Regular pre-completion meetings

1 February 2020 completion)

Learn and understand operational and member environment

January
(to be confirmed)

IOOF

Project Evolve

Complete build-out of ASIS operating platform

Approx. **$10m** p.a. in recurring cost savings post completion of Project Evolve

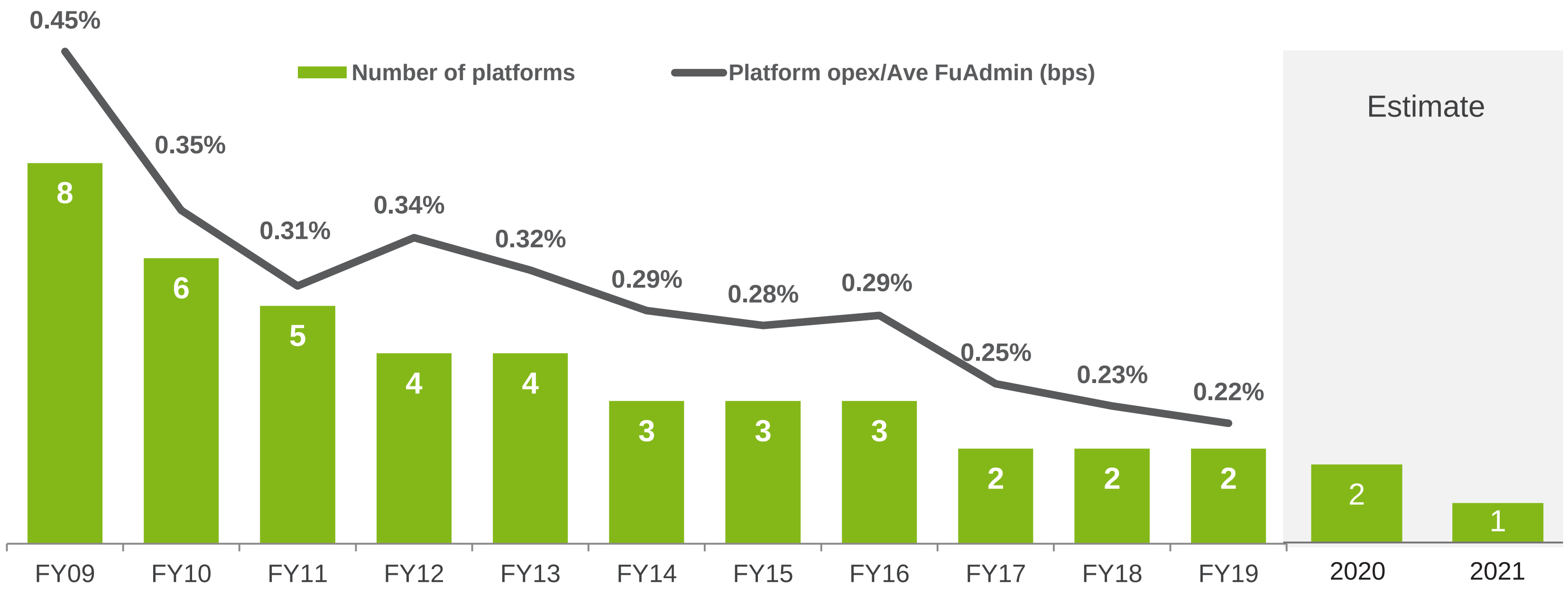
Future state

P&I Integration Planning

Creation of single ecosystem

Executing on known simplification path

Stabilise | Transform | Prosper



Over 100 releases per month

Key releases in current quarter

- SMSF IDPS account structure
- Managed Accounts
- Corporate actions
- Enhanced reporting & data feeds

Driving operational efficiencies and service excellence

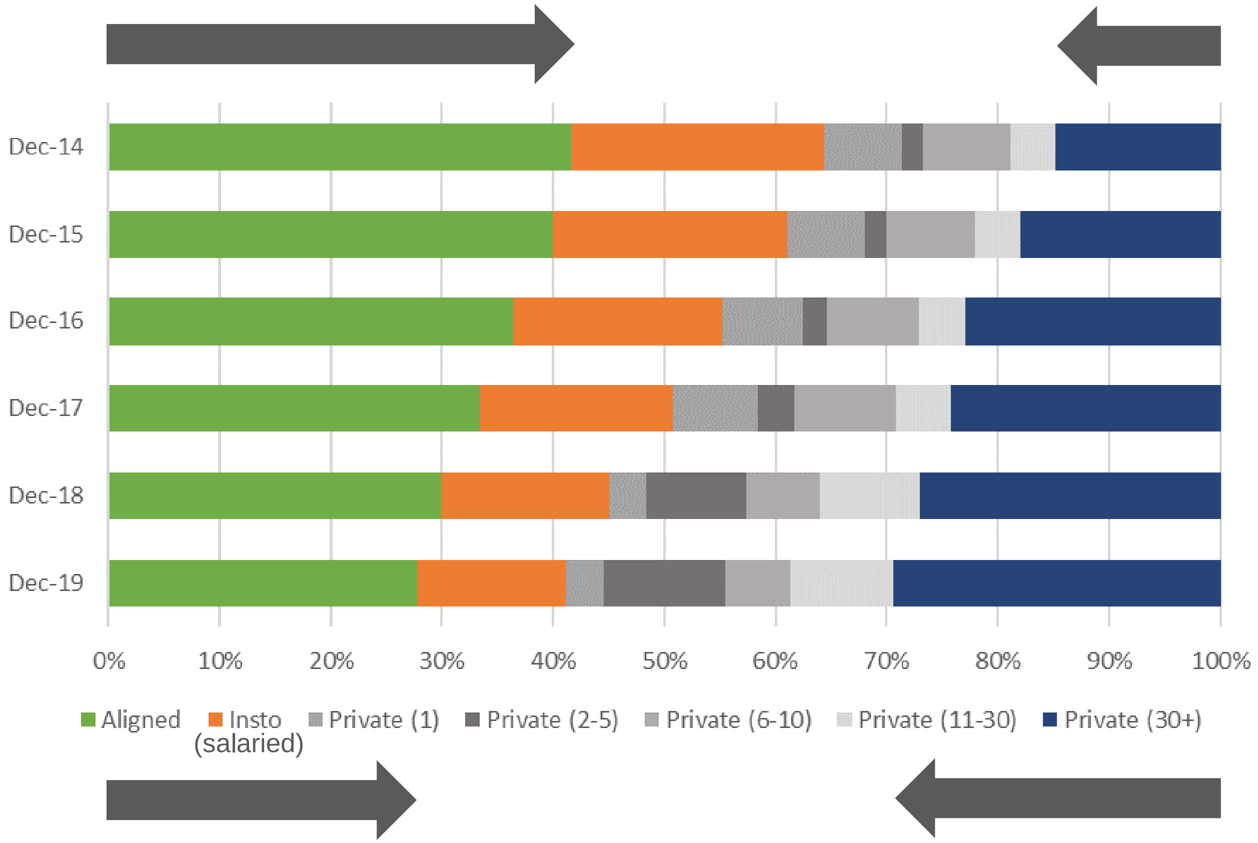
Advice – strong change agenda

Stabilise | Transform | Prosper

IOOF – Positioning for change

Advisers	1,443[1]
Grandfathered commissions exposure	<5%
Annual Client Agreements	1 January 2020

Industry dynamics



Market for licensee support remains strong

Source: Adviser Ratings Adviser Musical Chairs Report Quarter 4, 2019

1. Excludes Ord Minnett

Creating Australia's leading advice-led wealth manager

Positive industry fundamentals	› Systems growth 8-10% CAGR › Societal need for financial advice › Ageing population with complex needs that remain unmet › Emerging opportunities from structural industry disruption
Value through scale	› $145.7b in FUMA ($220.7b proforma including P&I) › 2nd largest advice business with 1,443 advisers[1] › 5th largest platform provider by FUAdmin, post completion of P&I › Economies of scale to drive synergies
Simplification	› Delivering efficiencies and improved client outcomes › Maximising value of future investment profile › Improved governance and sustainability
Focus	› Clear strategy, transforming with purpose › Leveraging benefits of unique market position › Maximise value from transformative opportunity set

IOOF's purpose

understand me
look after me
secure my future

clients | **employees** | **community** | **shareholders**

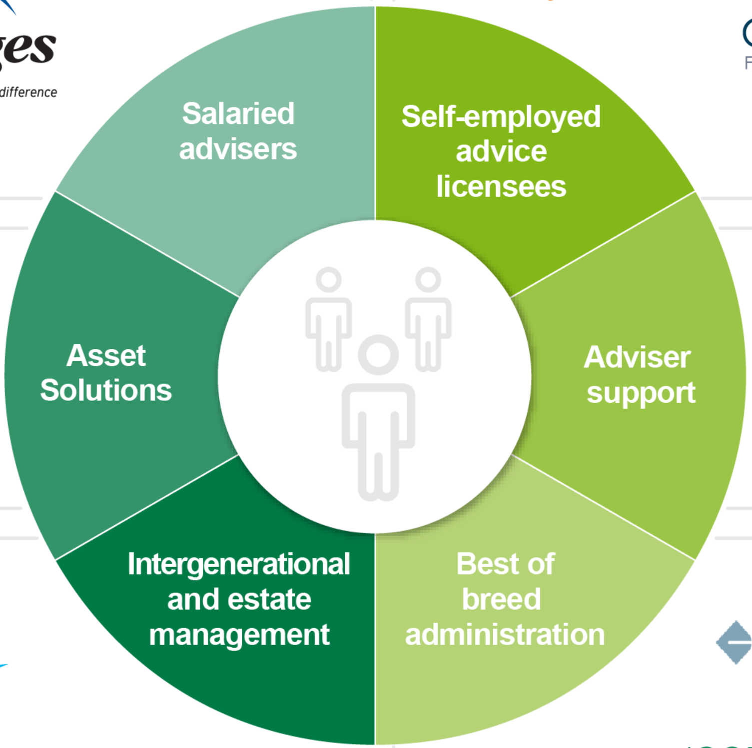
1. Excludes Ord Minnett

DRAFT

Questions?

IOOF

Appendix A | Diversified business model focused on client outcomes



shadforth Financial Group

Bridges financial advice makes a difference

millennium3 leadership | advice | community

Consultum Financial Advisers

Bridges financial advice makes a difference

LONSDALE

financialservicespartners

RI advice Retirement Advice Specialists

IOOF **MultiMix**

IOOF **MultiSeries**

IOOF **WealthBuilder**

- Adviser Assistance Proram
- IOOF Advice Academy
- IOOF Alliances
- IOOF Tech Connect
- FASEA transition support

- Wills and estate planning
- Compensation trusts
- Native title services
- Philanthropy

Australian Executor Trustees

BT Financial Group

Colonial First State

MACQUARIE

IOOF **Pursuit**

IOOF **Employer Super**

Business model at 31 December 2019

Appendix B | P&I - Transformational acquisition to deliver significant benefits

IOOF

Financial Advice

shadforth Financial Group | Lonsdale | Consultum Financial Advisers

IOOF Alliances | Bridges

Ex-ANZ Aligned Licensees

Completed 3 October 2018 - $25 million purchase price

millennium3 leadership | advice | community

RI advice | financialservicespartners

Portfolio & Estate Administration

IOOF Pursuit | Project Evolve

IOOF Employer Super

Investment Management

IOOF MultiMix

IOOF MultiSeries

IOOF WealthBuilder

Ex-ANZ P&I

Completed 1 February 2020 - $825 million purchase price

Smart Choice Retail | Smart Choice Employer

OneAnswer Frontier | Grow Wrap and Oasis

OptiMix

Shared Services

IOOF

Finance | HR | Legal, Risk & Compliance | Corporate Marketing

ANZ

Finance | HR | Legal, Risk & Compliance | Corporate Marketing

Culture and Conduct

Purpose | **understand me, look after me, secure my future**

Appendix C | Statutory NPAT reconciliation

($'m)	1H20	1H19
Profit attributable to Owners of the Company	115.0	135.4
Discontinued operations	-87.0	-65.3
Profit from continuing operations attributable to Owners of the Company	27.9	70.1
Underlying net profit after tax pre-amortisation (UNPAT) adjustments:		
Amortisation of intangible assets	18.3	19.0
Acquisition costs - Acquisition advisory	0.4	1.7
Acquisition costs - Integration preparation	8.9	6.5
Acquisition costs - Finance costs	0.1	0.4
Termination payments	2.7	0.3
Profit on divestment of assets	-0.3	-0.4
Non-recurring professional fees paid	4.4	0.2
Unwind of deferred tax liability recorded on intangible assets	-4.9	-5.0
Remediation costs	1.5	3.8
Governance uplift costs	3.2	0.0
Other	0.7	0.1
Income tax attributable	-6.4	-3.7
UNPAT from continuing operations	56.6	93.1
UNPAT from discontinued operations	4.7	6.9
UNPAT	61.4	99.9

Appendix D | Discontinued operations

$'m	1H20	2H19	1H19
Ord Minnett			
Revenue	17.7	32.8	32.6
Direct Costs	(9.6)	(17.6)	(17.6)
Gross Margin (GM)	**8.1**	**15.2**	**15.0**
GM %	**0.27%**	**0.30%**	**0.32%**
Other Revenue	11.3	20.4	17.4
Operating Expenditure	(10.5)	(21.9)	(19.2)
Net Non Cash	(1.2)	(0.4)	(0.3)
Net Interest	(0.0)	0.2	0.3
Income Tax Expense/N.C.I	(4.0)	(6.7)	(6.4)
UNPAT	**3.6**	**6.8**	**6.6**
Average FUA ($'b)	11.2	10.1	9.2
Net Operating Margin %	**0.29%**	**0.27%**	**0.28%**
Corporate Trust			
Revenue	-	2.0	4.4
Direct Costs	(0.0)	(1.9)	(2.8)
Gross Margin (GM)	**(0.0)**	**0.0**	**1.5**
GM %			
Operating Expenditure	(0.0)	(0.1)	(1.7)
Net Non Cash	-	-	(0.0)
Net Interest	-	-	0.0
Income Tax Expense/N.C.I	-	-	0.0
UNPAT	**(0.0)**	**(0.1)**	**(0.2)**
Perennial Value Management			
Share of equity profit/loss	1.0	0.5	0.4
UNPAT	**1.0**	**0.5**	**0.4**
UNPAT from discontinued operations	**4.7**	**7.2**	**6.9**

Appendix E | Segment performance – corporate and other

$'m	1H20	2H19	1H19
Corporate			
Revenue	0.4	0.2	0.2
Direct Costs	-	0.2	0.2
Gross Margin (GM)	**0.4**	**0.4**	**0.4**
Other Revenue	1.2	0.8	1.2
Operating Expenditure	(21.3)	(19.2)	(19.9)
Net Non Cash	0.1	0.7	(0.7)
Net Interest	(6.9)	(7.0)	(1.2)
Income Tax Expense/N.C.I	9.2	9.5	8.5
UNPAT	**(17.4)**	**(14.8)**	**(11.7)**

Appendix F

	1H20 P&EA $'m	1H20 IM $'m	1H20 FAD $'m	1H20 Ex-ANZ WM $'m	1H20 Corp $'m	1H20 GROUP CONTINUING TOTAL $'m	1H19 GROUP CONTINUING TOTAL $'m
Gross Margin							
Management and Service fees revenue	204.3	51.3	185.4	99.4	-	500.6	447.9
Other Fee Revenue	4.5	3.6	7.7	7.0	0.4	23.1	16.7
Service and Marketing fees expense	(92.6)	(17.0)	(94.7)	(96.1)	-	(260.5)	(196.7)
Other Direct Costs	(3.9)	(3.3)	(5.8)	(1.0)	-	(14.0)	(12.4)
Amortisation of deferred acquisition costs	(0.0)	-	-	-	-	0.0	(0.1)
Total Gross Margin	**112.2**	**34.6**	**92.6**	**9.4**	**0.4**	**249.1**	**255.5**
Other Revenue							
Stockbroking revenue	-	-	1.7	0.0	-	1.6	2.3
Stockbroking service fees	-	-	(0.6)	-	-	(0.6)	(0.6)
Dividends and distributions received	-	-	0.0	-	0.8	0.8	0.7
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	-	-	-	-	0.0	0.0	(0.0)
Profit on sale of financial assets	-	(1.0)	0.2	-	-	(0.8)	49.0
Other revenue	-	-	2.5	1.1	0.4	4.1	4.3
Other Revenue adjustments	-	1.0	(0.2)	-	-	0.8	(49.4)
Total Other Revenue	**-**	**-**	**3.6**	**1.2**	**1.2**	**5.9**	**6.6**
Equity Accounted Profits							
Share of profits of associates and jointly controlled entities accounted for using the equity method	-	-	(0.1)	-	-	(0.1)	0.0
Total Equity Accounted Profits	**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**	**0.0**
Operating Expenditure							
Salaries and related employee expenses	(17.3)	(1.8)	(33.2)	(14.1)	(41.2)	(107.7)	(95.8)
Employee defined contribution plan expense	(1.4)	(0.2)	(2.4)	(1.2)	(3.4)	(8.5)	(7.3)
Information technology costs	(0.5)	(0.2)	(4.2)	(3.6)	(10.9)	(19.5)	(17.7)
Professional fees	(0.2)	(0.2)	(1.3)	(1.6)	(3.2)	(6.5)	(4.5)
Marketing	(0.5)	(0.1)	(2.5)	(2.0)	(1.4)	(6.6)	(5.6)
Office support and administration	(0.1)	(0.0)	(1.6)	(2.0)	(5.0)	(8.8)	(7.2)
Occupancy related expenses	(0.0)	(0.0)	(0.7)	(0.6)	(1.7)	(3.1)	(8.9)
Travel and entertainment	(0.6)	(0.1)	(0.6)	(0.9)	(1.4)	(3.6)	(3.2)
Corporate recharge	(38.1)	(2.7)	(6.3)	-	47.1	(0.0)	0.4
Total Operating Expenditure	**(58.9)**	**(5.2)**	**(52.7)**	**(26.1)**	**(21.3)**	**(164.2)**	**(149.8)**
Loss on disposal of non-current assets	-	-	(0.0)	-	-	(0.0)	(0.1)
Total Operating Expenditure	**(58.9)**	**(5.2)**	**(52.7)**	**(26.1)**	**(21.3)**	**(164.2)**	**(149.9)**
Net non cash (Ex. Amortisation from acquisitions)							
Share based payments expense	(0.6)	(0.5)	(0.6)	(0.1)	0.1	(1.8)	(4.4)
Depreciation of property, plant and equipment	(4.8)	(0.6)	(4.4)	(0.5)	0.0	(10.3)	(4.1)
Amortisation of intangible assets - IT development	(0.4)	-	-	-	-	(0.4)	(0.4)
Total Net non cash (Ex. Amortisation from acquisitions)	**(5.8)**	**(1.1)**	**(5.0)**	**(0.6)**	**0.1**	**(12.4)**	**(8.9)**
Net Interest							
Interest income on loans to directors of controlled and associated entities	-	-	-	-	0.1	0.1	0.1
Interest income from non-related entities	0.0	-	0.1	8.2	0.4	8.7	32.4
Finance Costs	(0.0)	-	(0.3)	(0.0)	(7.5)	(7.8)	(4.8)
Total Net Interest	**(0.0)**	**-**	**(0.3)**	**8.2**	**(6.9)**	**0.9**	**27.7**
Income Tax & NCI							
Non-controlling Interest	-	-	0.0	0.6	-	0.6	0.1
Income tax expense net	(14.6)	(8.6)	(11.6)	2.4	9.2	(23.3)	(38.0)
Total Income Tax & NCI	**(14.6)**	**(8.6)**	**(11.6)**	**2.9**	**9.2**	**(22.7)**	**(37.9)**
Underlying NPAT excluding Discontinued Operations	**33.0**	**19.6**	**26.4**	**(5.0)**	**(17.4)**	**56.6**	**93.1**
Discontinued Operations - Corporate Trust						(0.0)	(0.2)
Discontinued Operations - Ord Minnett						3.6	6.6
Discontinued Operations - Perennial Value Management						1.0	0.4
Underlying NPAT (pre-amortisation of intangible assets)						**61.3**	**99.9**

Note: Segment results include inter-segment revenues and expenses eliminated on consolidation

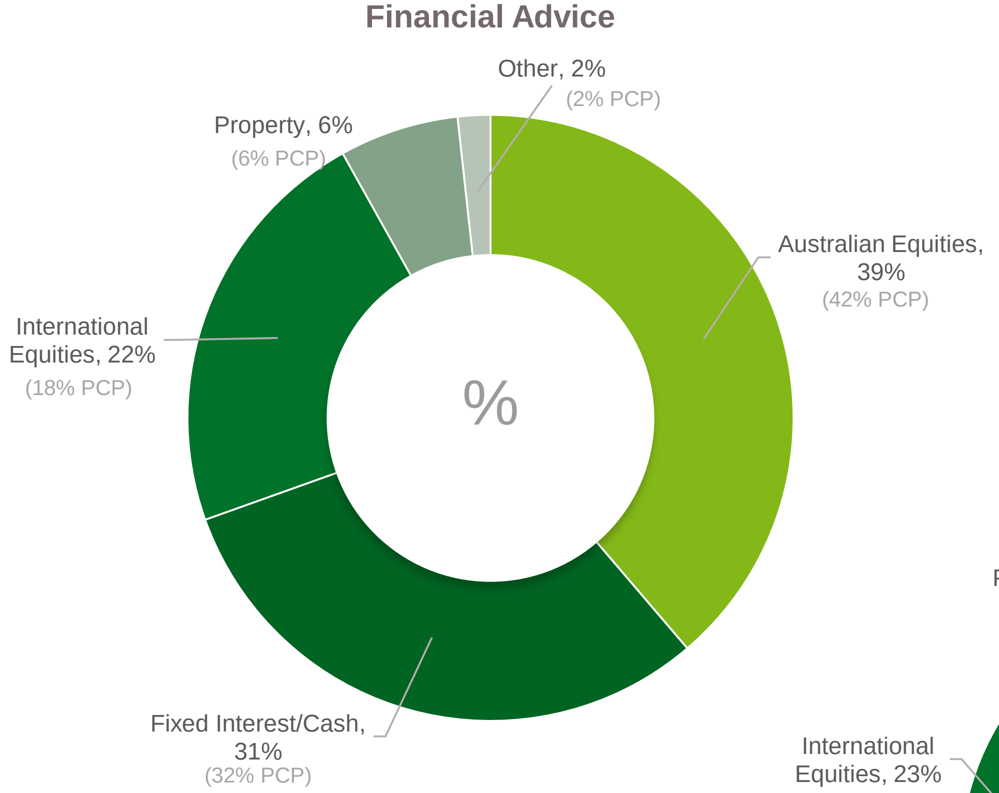
Appendix G | EPS

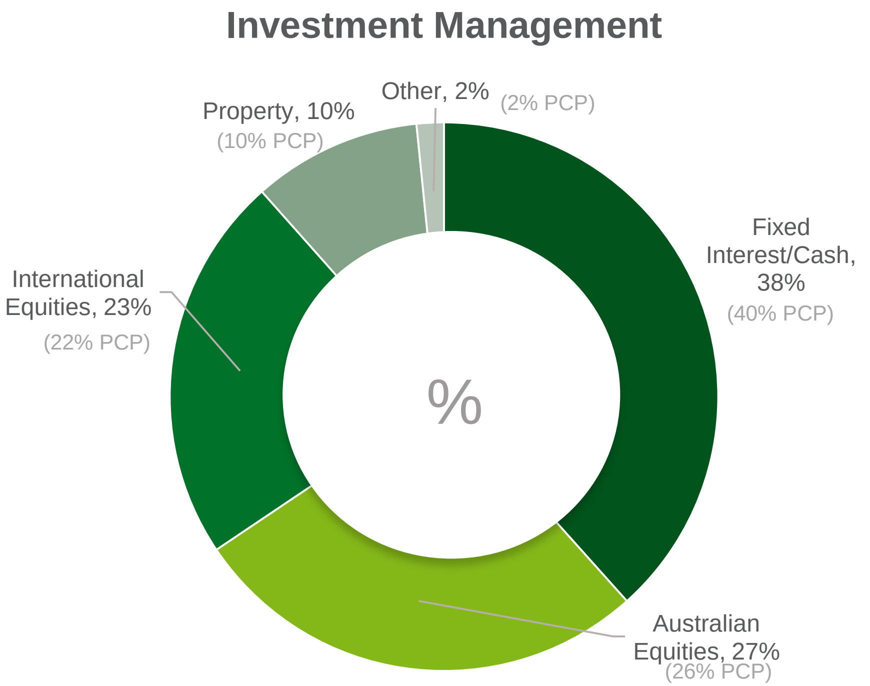
IFL - Averaged Weighted Number of Shares on Issue EARNINGS PER SHARE CALCULATION Half year ended 31 December 2019					
Ordinary Shares Weighted Average - Opening Balance					351,076,027
From	To	Days	Share Issue	Shares on Issue	
01-Jul-19	31-Dec-19	184	-	351,076,027	
				351,076,027	
Weighted average treasury shares on issue					1,014,460
Ordinary Shares - Closing Balance					**351,076,027**
Weighted Average					**350,061,567**

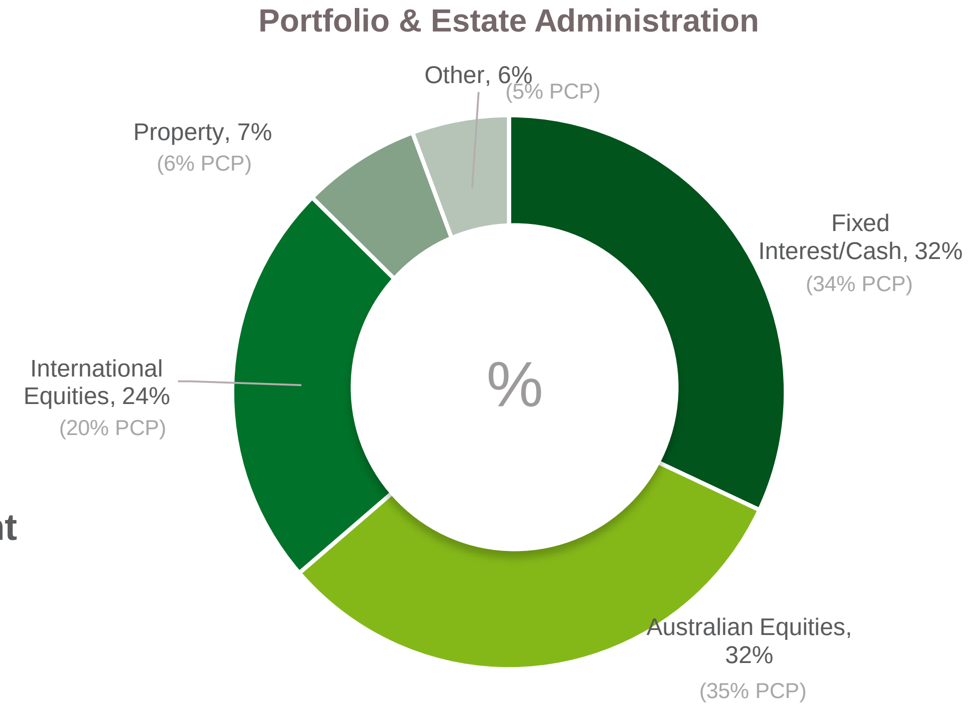
UNPAT

Net Profit Attributable to Members of the parent entity from continuing operations	**$ 56.6m**
Basic Earnings Per Share (cps)	**16.2cps**

Appendix H | Segment asset allocations at 31 December 2019







Appendix I | Explanation of items removed from UNPAT

In calculating its Underlying Net Profit After Tax pre-amortisation (UNPAT), the Group reverses the impact on profit of certain, predominantly non-cash, items to enable a better understanding of its operational result. A detailed explanation for all significant items is provided below.

Amortisation of intangible assets: Non-cash entry reflective of declining intangible asset values over their useful lives. Intangible assets are continuously generated within the IOOF Group, but are only able to be recognised when acquired. The absence of a corresponding entry for intangible asset creation results in a conservative one sided decrement to profit only. It is reversed to ensure the operational result is not impacted. The reversal of amortisation of intangibles is routinely employed when performing company valuations. However, the amortisation of software development costs is not reversed in this manner.

Acquisition costs - Acquisition advisory: One off payments to external advisers for corporate transactions, such as the acquisition of the ANZ OnePath pensions and investments (ANZ P&I) business (prior comparative period (pcp): ANZ Aligned Dealer Groups (ANZ ADGs)), which were not reflective of conventional recurring operations.

Acquisition costs - Integration preparation: Staff and specialist contractor costs related to integration preparation for the acquisition of the ANZ ADGs and planned acquisition of the ANZ P&I business.

Acquisition costs - Finance costs: Costs of securing finance for the acquisition of the ANZ ADGs and substantial economic completion of the ANZ P&I business.

Termination payments: Facilitation of restructuring to ensure long term efficiency gains which are not reflective of conventional recurring operations.

Profit on divestment of assets: Divestments of non-core businesses, client lists and associates.

Non-recurring professional fees paid: Payment of certain legal costs that are not reflective of conventional recurring operations.

Appendix I | Explanation of items removed from UNPAT (cont'd)

Unwind of deferred tax liability recorded on intangible assets: Acquired intangible asset valuations for AASB 3 Business Combinations accounting are higher than the required cost base as set under tax consolidation rules implemented during 2012. A deferred tax liability (DTL) is required to be recognised as there is an embedded capital gain should the assets be divested at their accounting values. This DTL reduces in future years at 30% of the amortisation applicable to those assets which have different accounting values and tax cost bases. The recognition of DTL and subsequent reductions are not reflective of conventional recurring operations and are regarded as highly unlikely to be realised due to the IOOF Group's intention to hold these assets long term.

Remediation costs: Remediation costs that arose outside the ordinary course of business.

Governance uplift costs: Costs incurred in undertaking projects that are outside the ordinary course of business.

Other: Losses on divestment of non-current assets.

Income tax attributable: This represents the income tax applicable to certain adjustment items outlined above.

Appendix J | Definitions

TERM	DEFINITION
AL	Aligned Licensee
Cost to Income Ratio	Ratio of underlying expenses relative to underlying operating revenues exclusive of the benefit funds and discontinued operations
FUMA	Funds Under Management, Administration and Advice
Net Operating Margin	Ratio of underlying revenues excluding net interest less underlying operating expenses relative to FUMA
PCP	Prior Comparative Period – Six months to 31 December 2018
UNPAT	Underlying Net Profit After Tax Pre Amortisation, see Appendix I for a detailed explanation of reconciling line items
Underlying EBITA	Underlying Earnings Before Interest, Tax and Amortisation
Underlying EPS	Calculated with the same average number of shares on issues as the statutory EPS calculation utilising UNPAT as the numerator, a detailed calculation is provided in Appendix G
VWAP	Volume Weighted Average Price

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Forward-looking statements in this presentation are based on IOOF’s current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond IOOF’s control and could cause actual results, performance or events to differ materially from those expressed or implied. These forward-looking statements are not guarantees or representations of future performance and should not be relied upon as such.

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Thank you!

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