



# Annual results

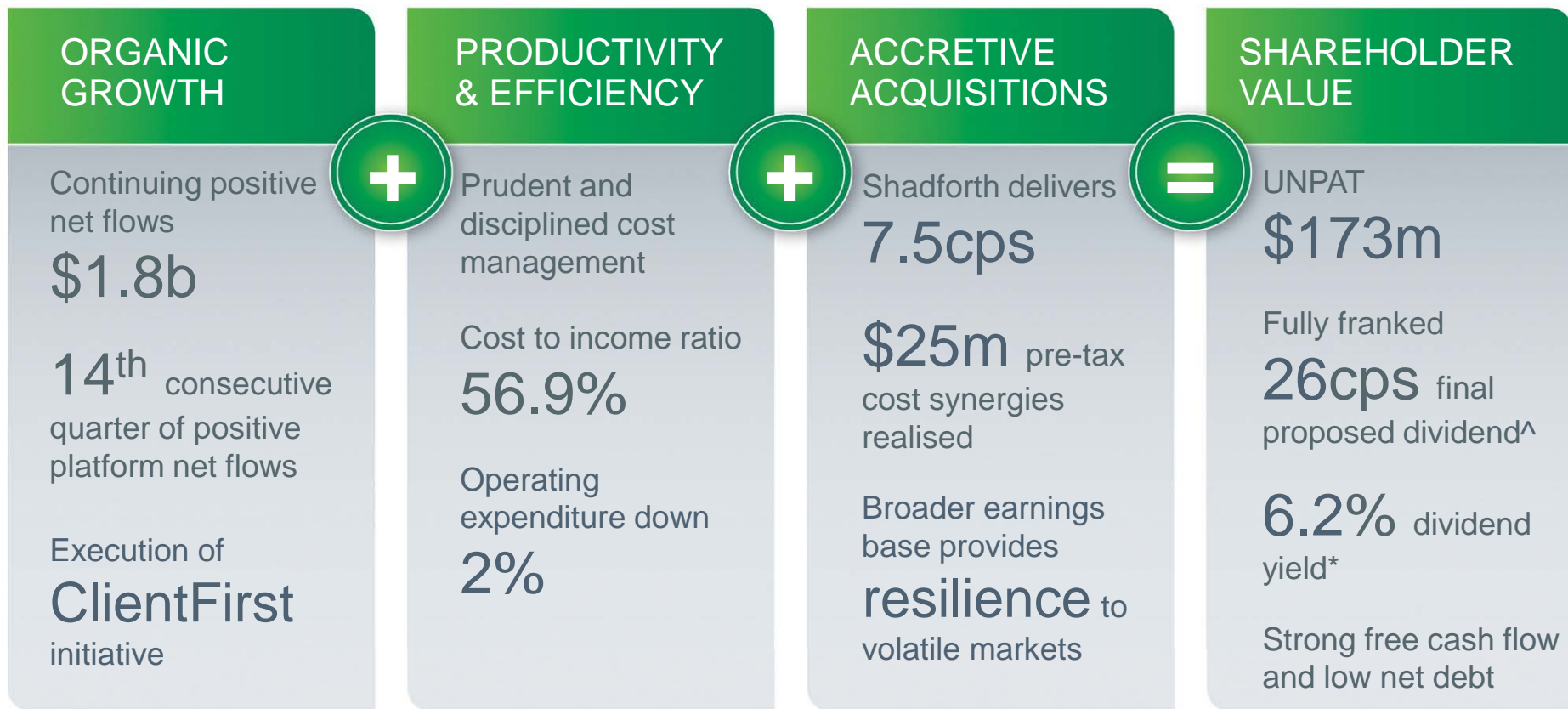
## 30 June 2016

**Christopher Kelaher**, Managing Director

**David Coulter**, Chief Financial Officer

9 AUGUST 2016

# Creating shareholder value



## STRATEGIC FOCUS

ClientFirst

Advice Academy

Open architecture

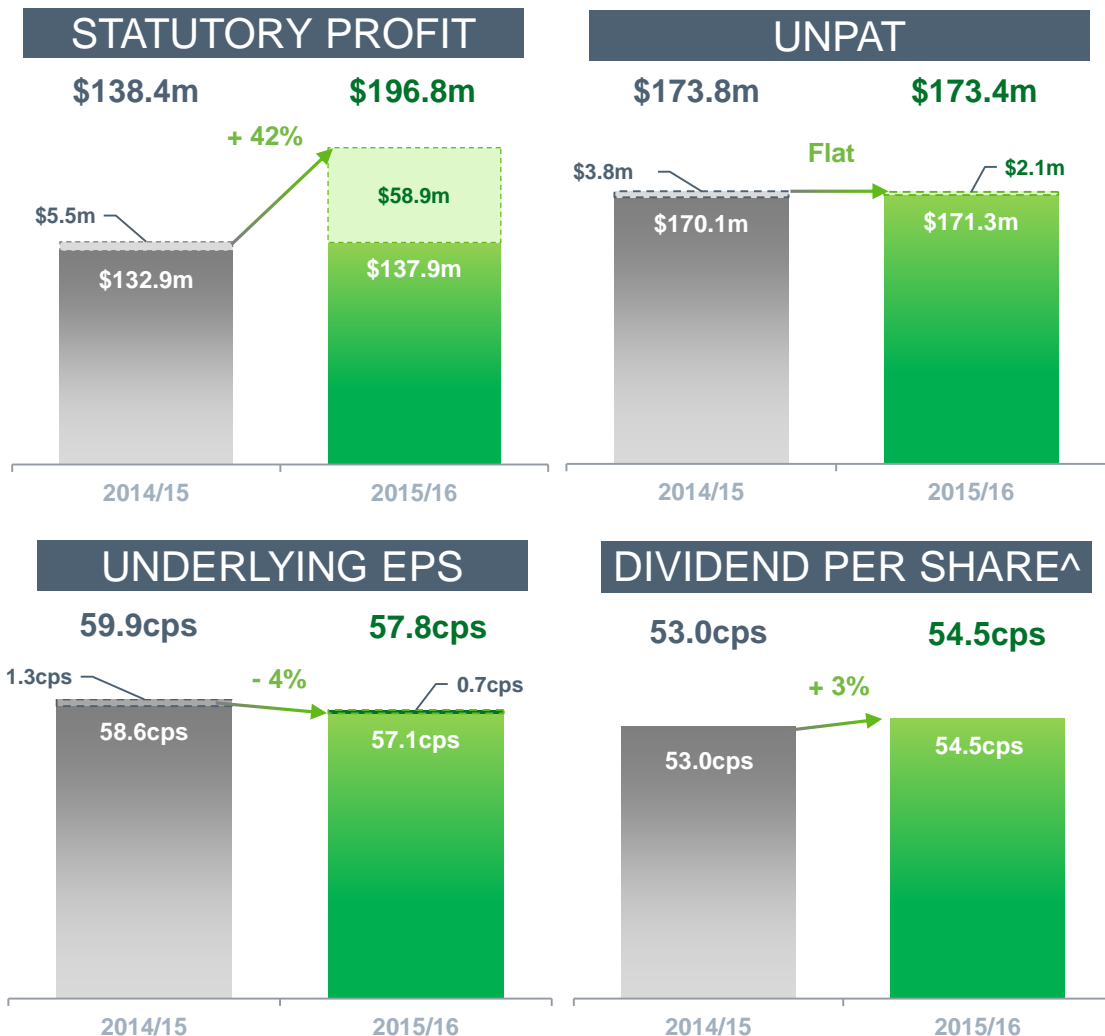
Corporate culture

**WELL POSITIONED TO PURSUE FUTURE OPPORTUNITIES**

<sup>\*</sup> Based on 20 day VWAP to 5 August 2016

<sup>^</sup> Proposed final dividend, subject to finalisation of audited statutory financial statements

# Resilient performance



- UNPAT of \$173.4m
- Broadened earnings base provides resilience against volatile market conditions
- Dividend yield in excess of 5% in last 5 halves
- Low net debt - well positioned to pursue future opportunities

Note: 2014/15 comparatives throughout this presentation have been restated to re-classify discontinued operations

<sup>^</sup> Proposed final dividend, subject to finalisation of audited statutory financial statements

Legend: Dashed line = 2014/15 contribution from discontinued ops; Dotted line = 2015/16 contribution from discontinued ops

# Continued strong flows performance

	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Opening FUMA	\$103,439m	\$104,707m	\$100,353m	\$77,110m
Flagship Platform net flows	\$315m	\$291m	\$856m	\$860m
Platform (Transition) net flows	\$67m	(\$144m)	\$0m	(\$42m)
<b>Total Platform net flows</b>	<b>\$383m</b>	<b>\$147m</b>	<b>\$856m</b>	<b>\$818m</b>
Investment Management net flows*	(\$71m)	\$44m	\$371m	\$403m
Funds Under Advice net flows^	\$542m	\$741m	\$1,270m	\$884m
Acquired FUMA	-	-	-	\$19,542m
Investment returns / Other	(\$165m)	(\$2,200m)	\$1,858m	\$1,596m
<b>Closing FUMA</b>	<b>\$104,128m</b>	<b>\$103,439m</b>	<b>\$104,707m</b>	<b>\$100,353m</b>
<b>Average FUMA</b>	<b>\$102,658m</b>	<b>\$104,887m</b>	<b>\$104,786m</b>	<b>\$95,586m</b>

- Major platform consolidation complete
- Fourteenth consecutive quarter positive net platform flows
- Strong advice flows
- Financial Advice has similar scale to Platform business
- Low margin corporate super account impact stemmed in second half of 2016
- Platform flows down ~30%# across sector

\* Shadforth Investment Management 2015/16 net flows \$132m

^ Shadforth Advice 2015/16 net flows \$266m

# Source: Morningstar Asset Flows, funds under administration for platforms, March 2015 – March 2016

# Delivering scale and choice across the value chain



\* Corporate segment 2015/16 UNPAT (\$23.5m), 2014/15 (\$22.3m). Discontinued operations contribution to 2015/16 UNPAT \$2.1m, 2014/15, \$3.8m.

Note: FUMAS figures as at 30 June 2016

# Focussing on core capabilities

## PLATFORM TRANSFORMATION

### TPS TO IOOF PURSUIT TRANSITION

- Completed June 2016
- \$7.1b of client funds in 40,000 client accounts transferred
- Estimated reduction in operating expenditure to be realised during 2018

## BUSINESS SIMPLIFICATION

### PERENNIAL DIVESTMENTS

- \$56.4m post-tax profit realised on sale
- 2 Perennial boutiques divested November 2015, 1 in November 2014, 1 in October 2014
- Reshaping our investment management business; reducing “key-man” risk and exposure to volatile institutional funds flow

### OTHER TRANSACTIONS

- 5 x businesses, 3 x associates, 24 x client lists
- 2015/16 profit on sale of assets, \$8.1m (excluded from UNPAT)

## FOCUS ON CORE WEALTH MANAGEMENT BUSINESSES

# Shadforth – Australia's premier HNWI advisor



Shadforth is a leading client focused advice and wealth management firm

Achieved \$25m pre-tax cost synergies - \$10m in excess of targeted \$15m

## STRATEGIC

Complementary revenue stream  
Diversified earnings base  
Best Advice adopted across group

## FINANCIAL

7.5cps accretive in 2015/16  
UNPAT up 22% on PCP\*  
\$16.7m incremental pre-tax cost synergies realised

## OPERATING

Strong net advice flow of \$266m  
New CEO and stable management team

\* Comparative amounts include the July 2014 Shadforth result to provide a 12 month comparison. IOOF acquired Shadforth in August 2014.



# Financials

**David Coulter**  
Chief Financial Officer



# Financial overview

	2015/16	2014/15	CHANGE ON PCP	
Statutory NPAT	<b>\$196.8m</b>	\$138.4m	\$58.5m	42%
Statutory Basic EPS (cents)	<b>65.7cps</b>	47.7cps	17.9cps	38%
Underlying EBITA	<b>\$239.5m</b>	\$237.9m	\$1.6m	1%
Underlying NPAT*	<b>\$173.4m</b>	\$173.8m	\$(0.4m)	0%
Underlying EPS (cents) <sup>#</sup>	<b>57.8cps</b>	59.9cps	(2.1cps)	-4%
FUMA	<b>\$104.1b</b>	\$104.7b	\$(0.6b)	-1%
Gross Margin %	<b>0.51%</b>	0.53%	-0.02%	-4%
Net Operating Margin %	<b>0.24%</b>	0.24%	-0.01%	-2%
Cost to Income %	<b>56.9%</b>	57.8%	-0.9%	1%
Dividend per share (cents) <sup>~</sup>	<b>54.5cps</b>	53.0cps	1.5cps	3%

\* Discontinued operations UNPAT impact – 2015/16: \$2.1m; 2014/15: \$3.8m

# Discontinued operations Underlying EPS impact – 2015/16: 0.7cps; 2014/15: 1.3cps

~ Proposed final dividend, subject to finalisation of audited statutory financial statements

# P&L breakdown

	2015/16 \$'m	2014/15 \$'m	CHANGE ON PCP	
			\$'m	%
Gross Margin	533.9	535.3	(1.4)	0%
Other Revenue	39.3	42.3	(3.0)	-7%
Operating Expenditure	(326.9)	(334.9)	8.0	2%
Equity Accounted Profits	4.8	6.5	(1.6)	-25%
Net Non Cash	(11.6)	(11.3)	(0.3)	3%
<b>Underlying EBITA</b>	<b>239.5</b>	<b>237.9</b>	<b>1.6</b>	<b>1%</b>
Net Interest	(2.4)	(4.3)	1.9	-44%
Income Tax & NCI	(65.9)	(63.6)	(2.3)	4%
<b>UNPAT excl. Discontinued Operations</b>	<b>171.3</b>	<b>170.0</b>	<b>1.3</b>	<b>1%</b>
Discontinued Operations	2.1	3.8	(1.7)	-44%
<b>Underlying NPAT</b>	<b>173.4</b>	<b>173.8</b>	<b>(0.4)</b>	<b>0%</b>
Significant Items/Amortisation	23.5	(35.4)	58.9	166%
<b>Statutory NPAT</b>	<b>196.8</b>	<b>138.4</b>	<b>58.5</b>	<b>42%</b>

- Prudent and disciplined cost management remains a key feature

*Detailed list and explanation of reconciling items provided in Appendix B and Appendix N*

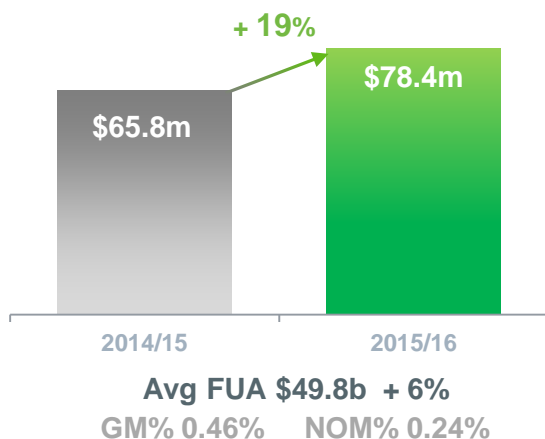
# Strong net debt position

	2015/16	2014/15
Gross Borrowings	207.0m	207.8m
Net Debt	20.0m	57.3m
Debt to Equity	13.0%	13.2%
Net debt to Underlying EBITDA (times)	0.1	0.2

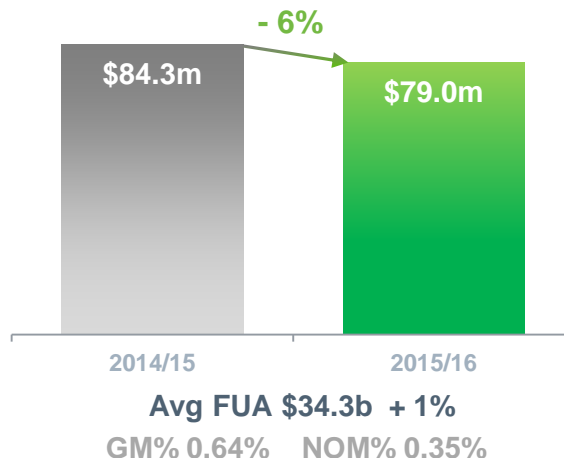
- Strength provides security and ability to capitalise on opportunities
- Borrowings primarily used to fund acquisitions (DKN, Plan B and Shadforth)
- Surplus borrowing capacity and substantial headroom in covenants

# Segment performance

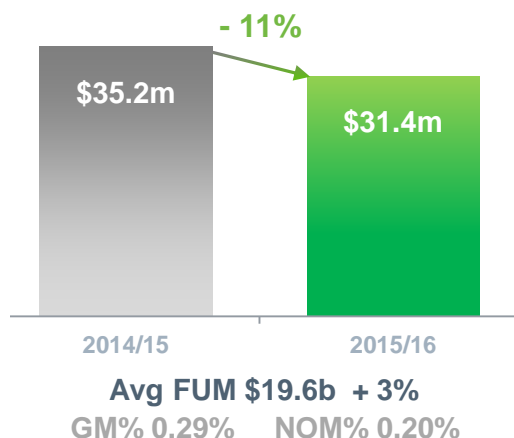
## FINANCIAL ADVICE



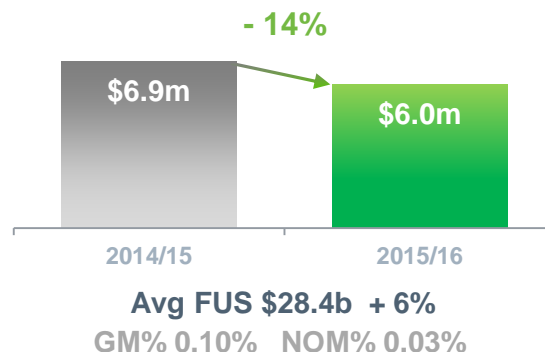
## PLATFORM



## INVESTMENT MGMT\*



## TRUSTEE



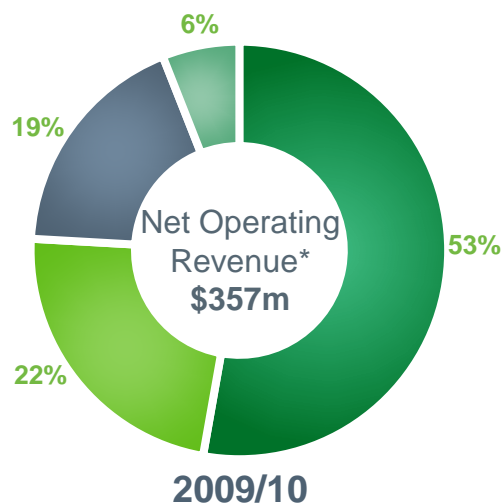
- Enhanced performance in advice attributable to synergies extracted from the Shadforth acquisition combined with strong net inflows
- Timely acquisitions have broadened and diversified our earnings, building resilience for periods of market volatility
- Reinvesting in core businesses

\* Investment Management segment results are shown exclusive of the divested Perennial business

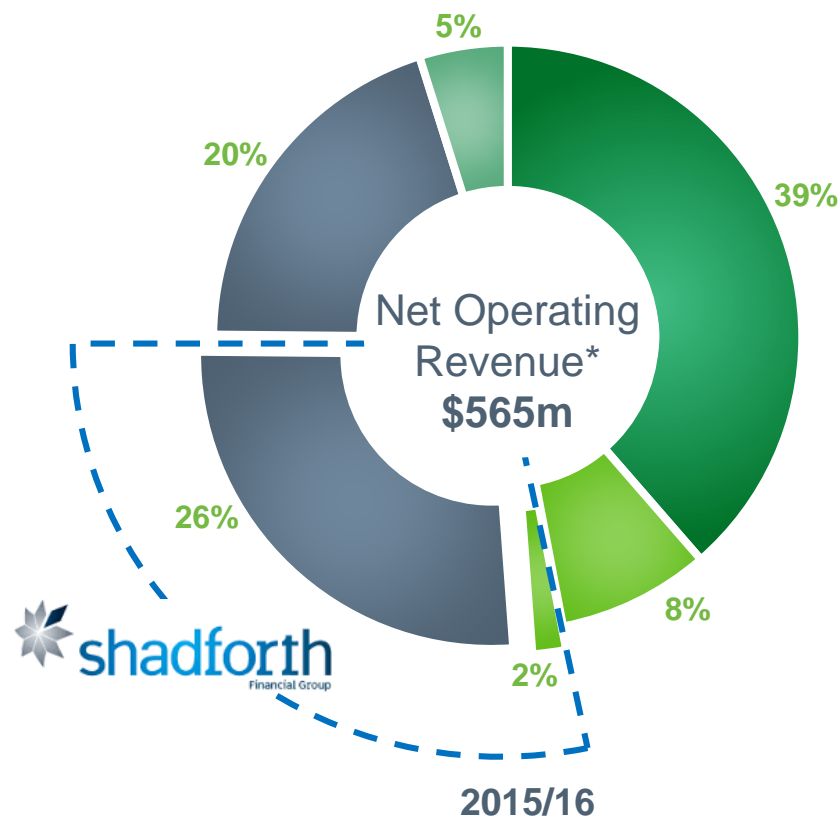
# Accretive acquisitions growing and diversifying earnings

## KEY BENEFITS

Higher quality recurring revenue  
Broader earnings base from client diversification  
Strengthened balance sheet



Strengthened revenue base



 **shadforth**  
Financial Group

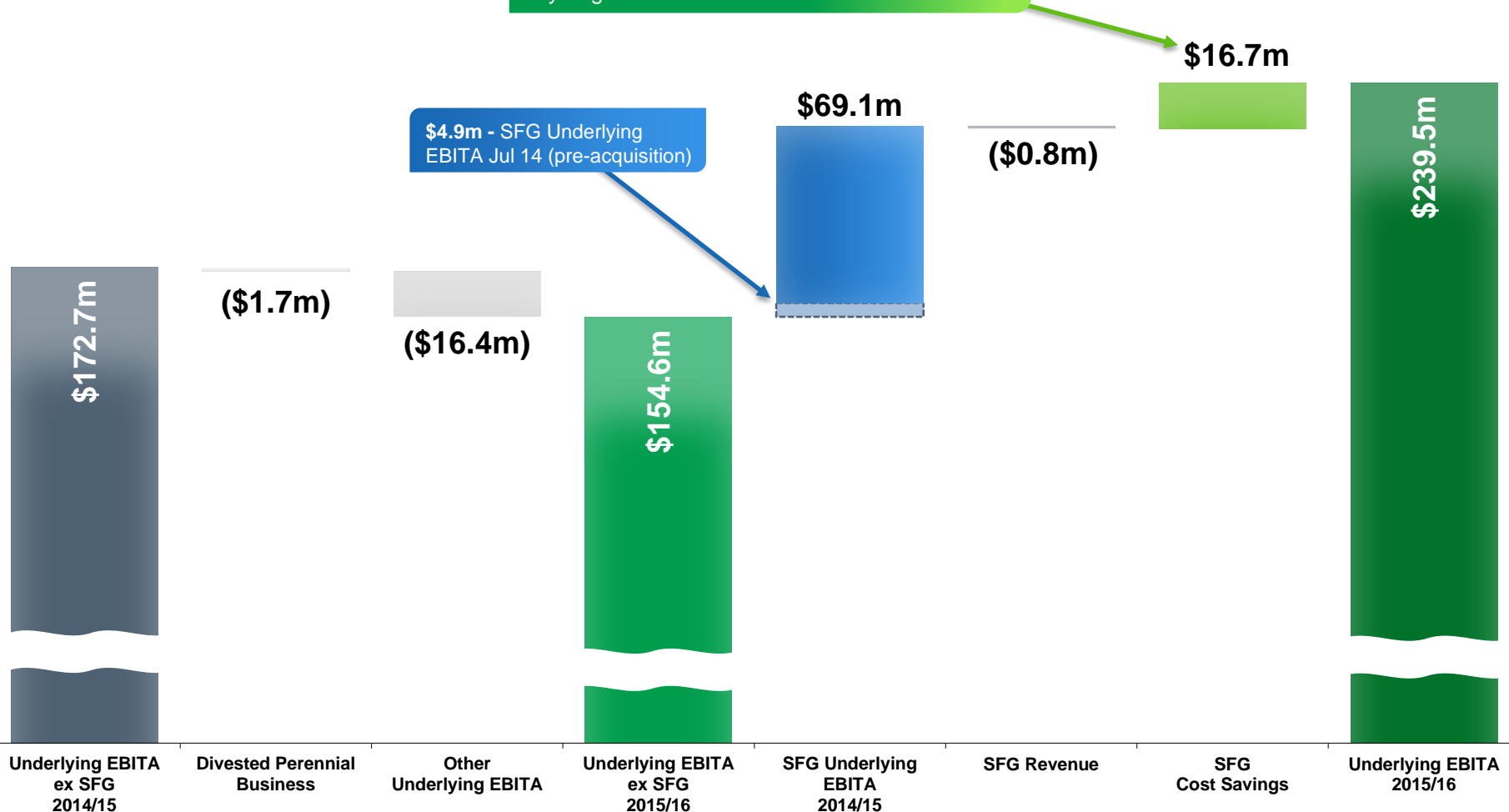
- Platform
- Investment Management
- Financial Advice
- Trustee

\* Excludes corporate and other segment

# Successful M&A offsets adverse investment markets

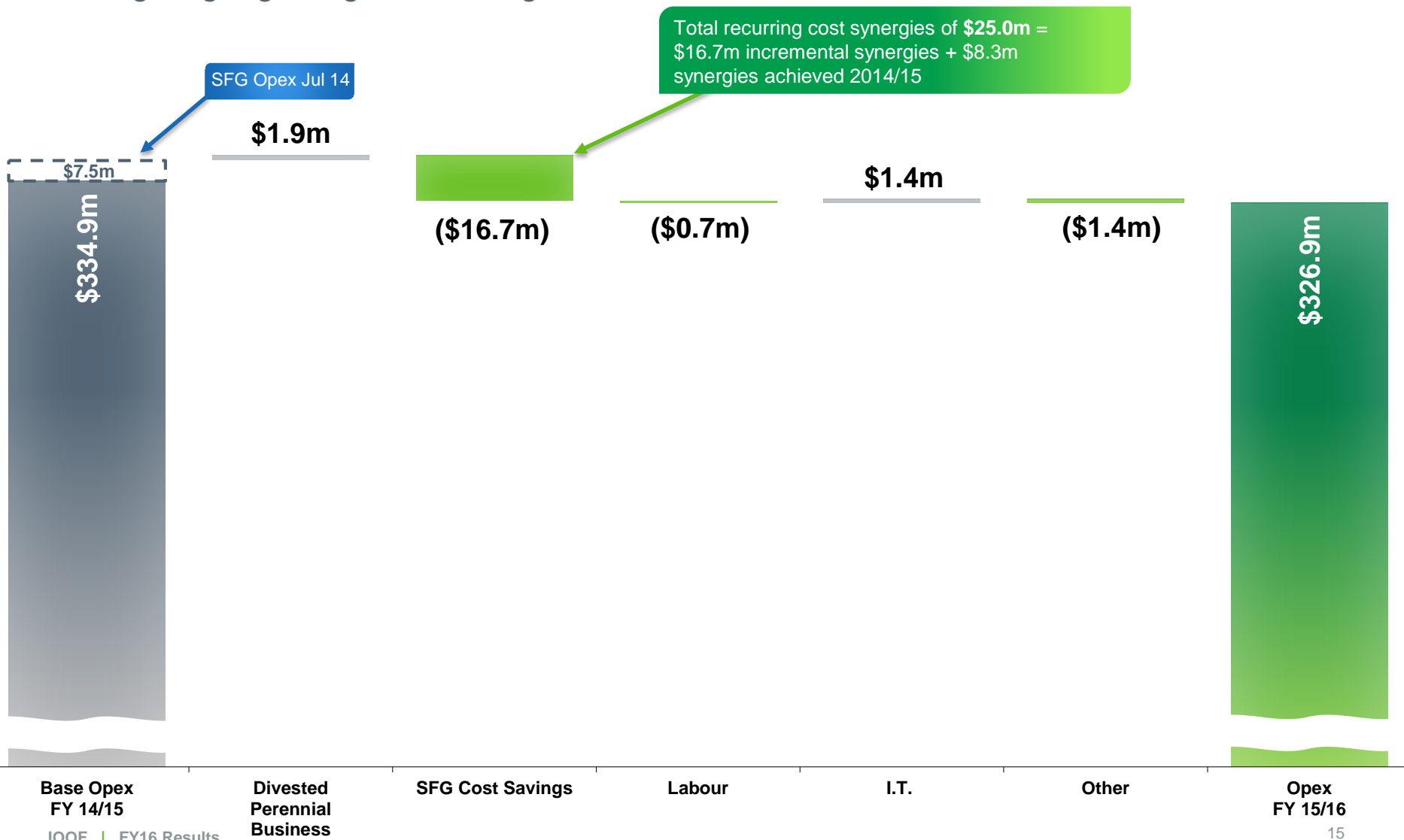
- Synergies realised through increased scale and removal of duplicated functions

Total recurring cost synergies of **\$25.0m** =  
\$16.7m incremental synergies + \$8.3m  
synergies achieved 2014/15

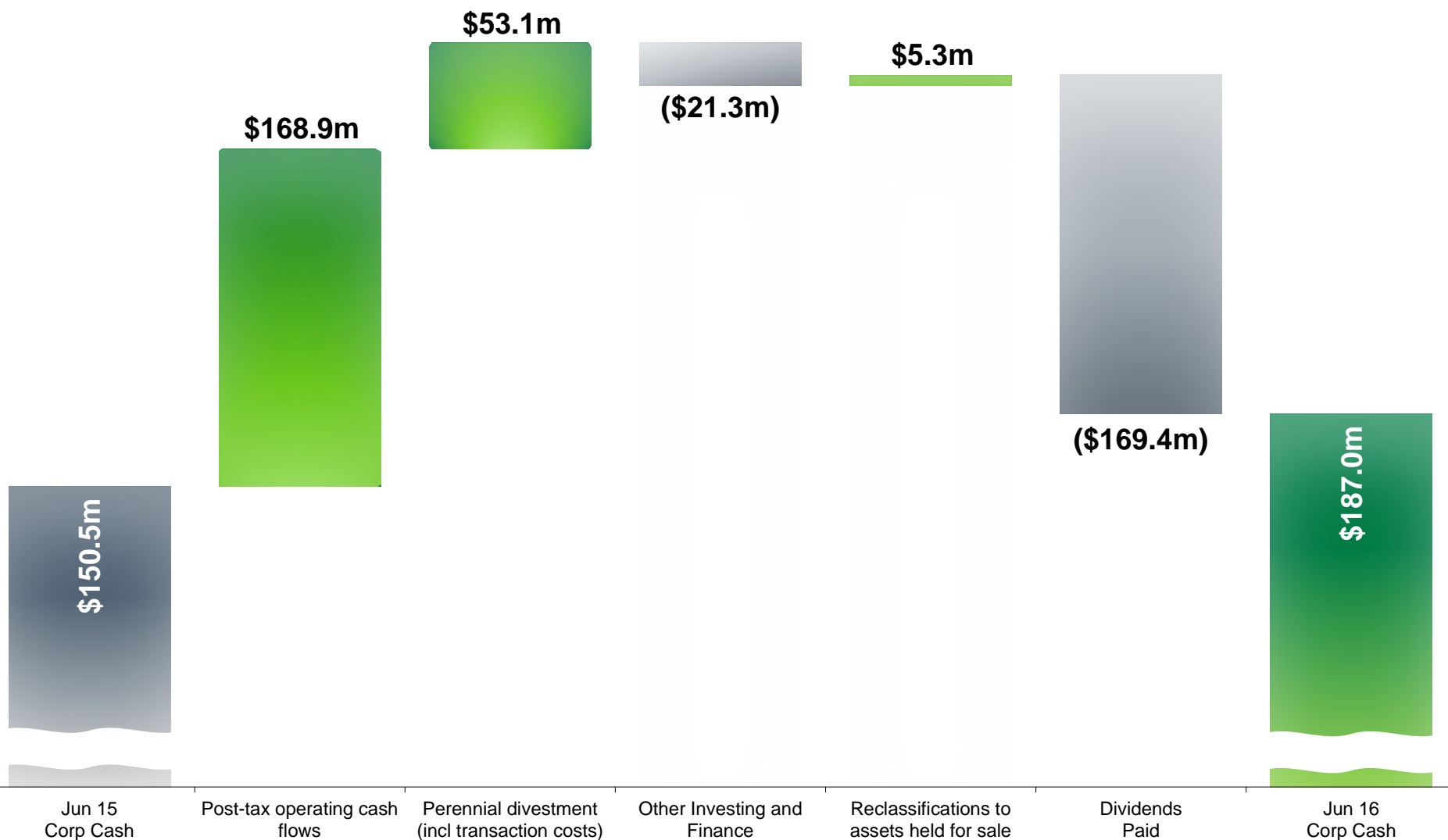


# Disciplined management of costs

- Targeting organic growth through IT investment

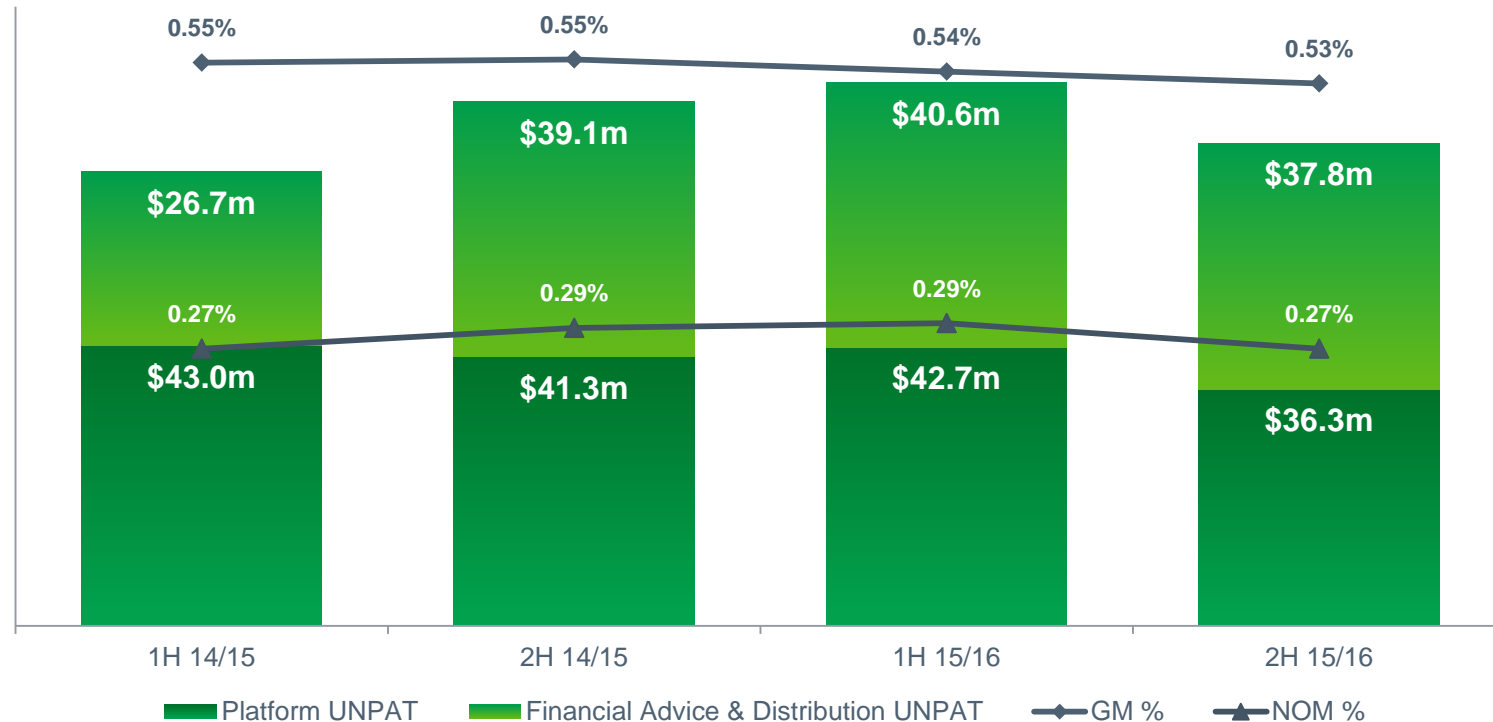


# High dividend yield from strong free cash flow



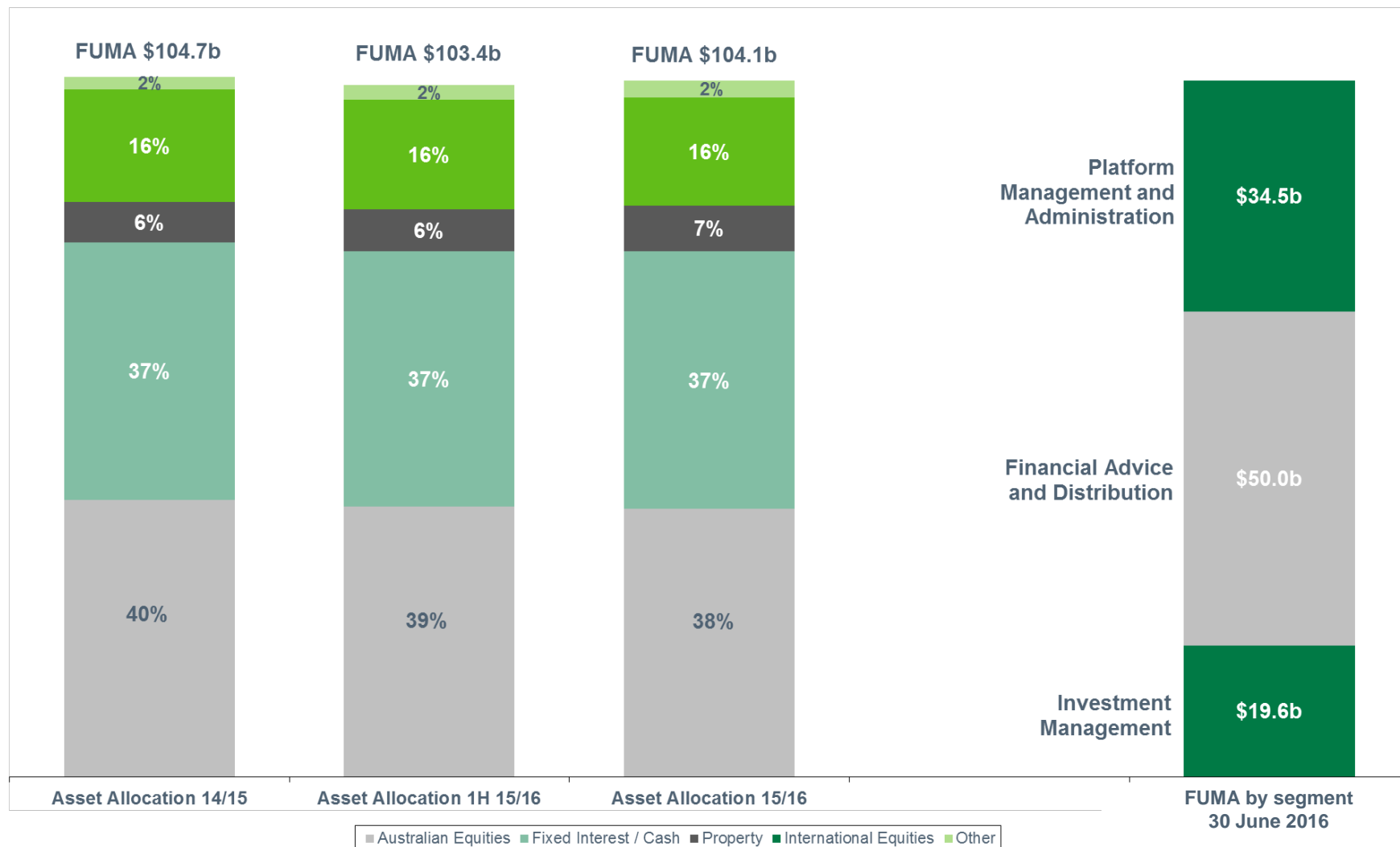


# Advice complements platform to provide stability



- One of Australia's largest ever platform consolidations completed June 2016
- Group profitability reinvested in customer service initiatives and supporting IT to build a platform for future organic growth
- Margin is not simply about competition – newer products are more cost efficient

# Group asset allocation





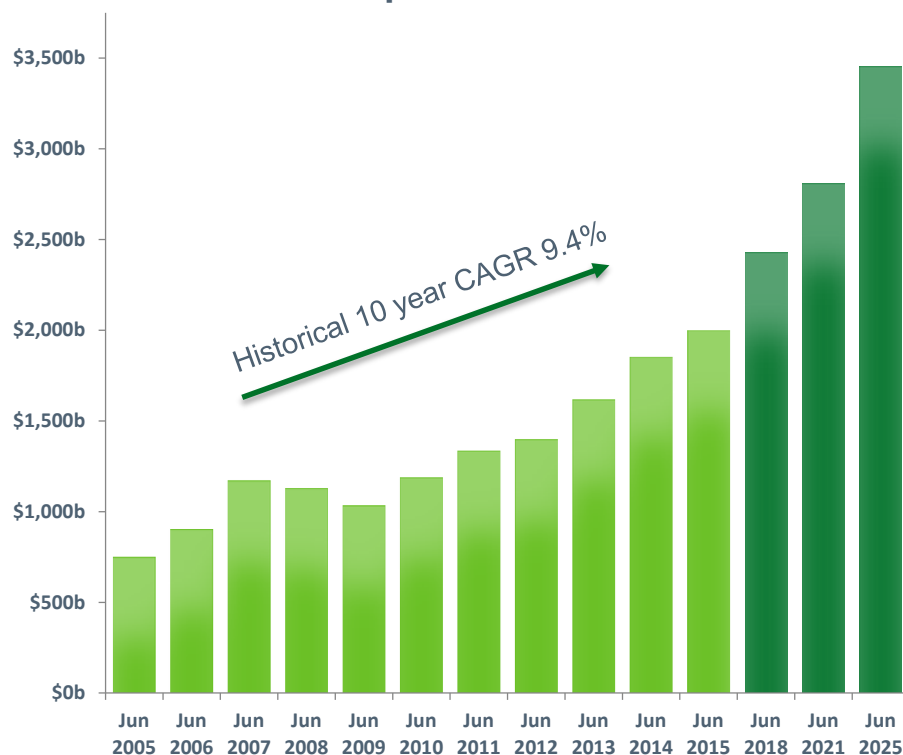
# Strategy and outlook

**Christopher Kelaher**  
Managing Director

# Positive industry fundamentals

## Industry fundamentals underpinned by growing superannuation system

Total superannuation assets\*

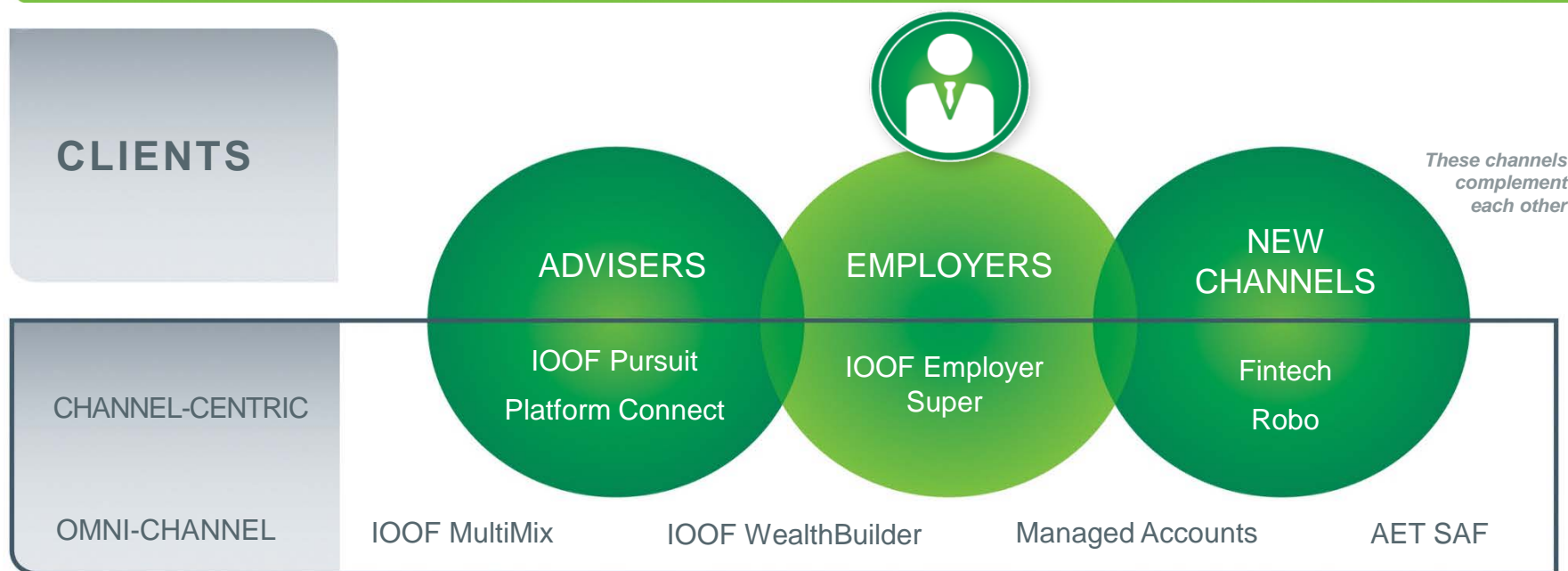


- Strong bi-partisan political support and increasing economic imperative for financial independence
- Compulsory superannuation regime has underpinned CAGR of 9.4%^ in Australian superannuation assets over past decade
- Ageing population
- High per capita wealth
- Increasing complexity drives need for advice
- Significant intergenerational wealth transfers occurring

\* KPMG Supertrends, May 2015 and APRA statistics

^ To 30 June 2015

# Platform - foundation operating model



Differentiated by	Independence	Making complex easy	Open architecture	Anticipating customer needs
	<ul style="list-style-type: none"> <li>Acting in clients best interest, agnostic to product choice</li> <li>Non-bank aligned offering choice of products though open architecture model</li> </ul>	<ul style="list-style-type: none"> <li>Platform consolidation reduces complexity and duplication</li> <li>Business simplification allows for focus on core capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Choice across independent advisers, platforms, insurance and investment services</li> <li>Ease of access to third party products and services</li> </ul>	<ul style="list-style-type: none"> <li>Analytics driven, client centric focus</li> <li>ClientFirst initiative ensuring clients interests are first</li> <li>Agile and modular IT allows for flexibility in responding to client needs</li> </ul>

Supported by a culture of	Agility	Empowerment	Collaboration	Client First	Advocacy of advice
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# Enabling open architecture through agile IT delivery

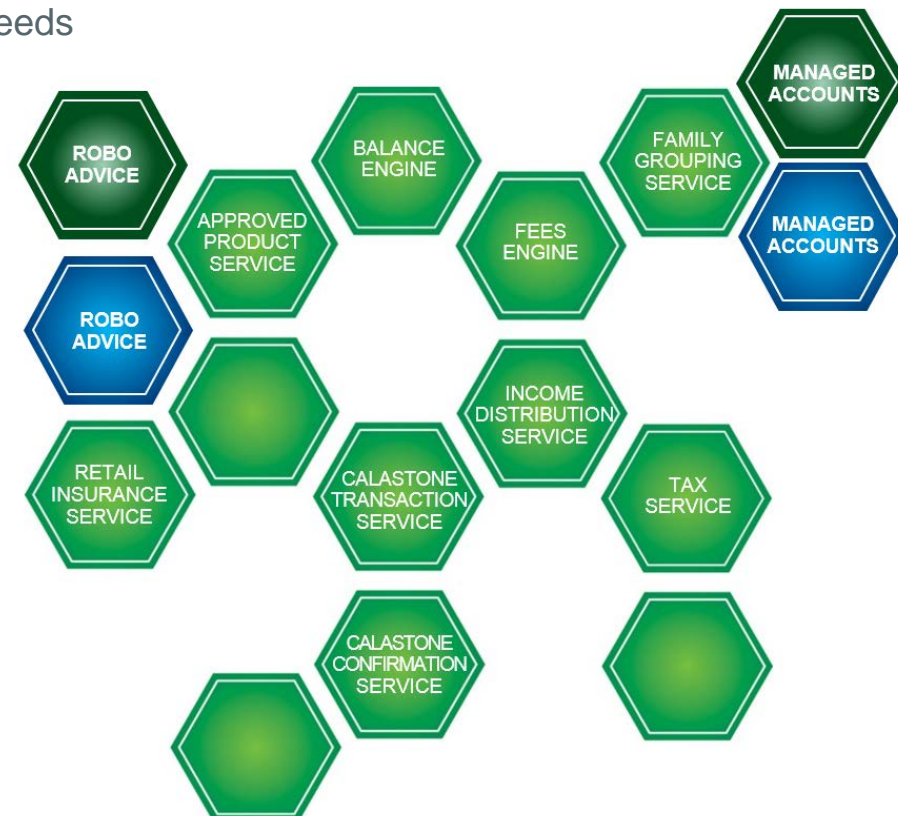
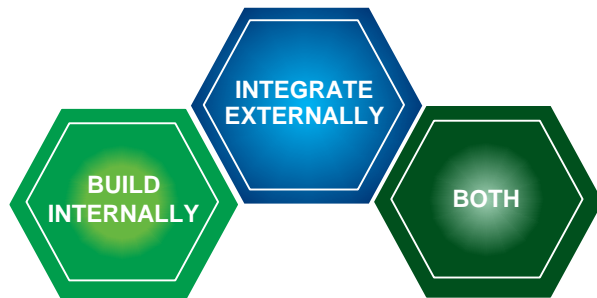
## Requirements for a quality platform

Able to:

- service various client needs
- handle volume and scale
- operate multiple products
- change quickly to meet regulatory and client needs
- integrate with other solutions and services

Must be very stable to operate and highly secure

With our platform we also have choice...



# Building IOOF's client centric culture



## CLIENTFIRST

Making a difference by delivering “what really matters”  
Delivering corporate client value through insights



## INNOVATION

Anticipating change and challenging the status quo



## IOOF ADVICE ACADEMY

Pre-eminent training and coaching resource for the  
financial planning industry  
Goals-based client engagement model



## GOVERNANCE

Group-wide governance balancing obligations, risk and  
business priorities

**BUILDING PEOPLE AND LEADERSHIP CAPABILITIES TO SUCCEED**

# Summary

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- IOOF continues to deliver
  - Strong cash flow conversion
  - Reliable cost control
  - Consistently high dividend payout ratio & strong dividend yield
  - Low gearing
  - Diversified earnings base
- Client centric, customer focus
- Well positioned for short term volatility
- Positive long term fundamentals
- Attractive M&A environment



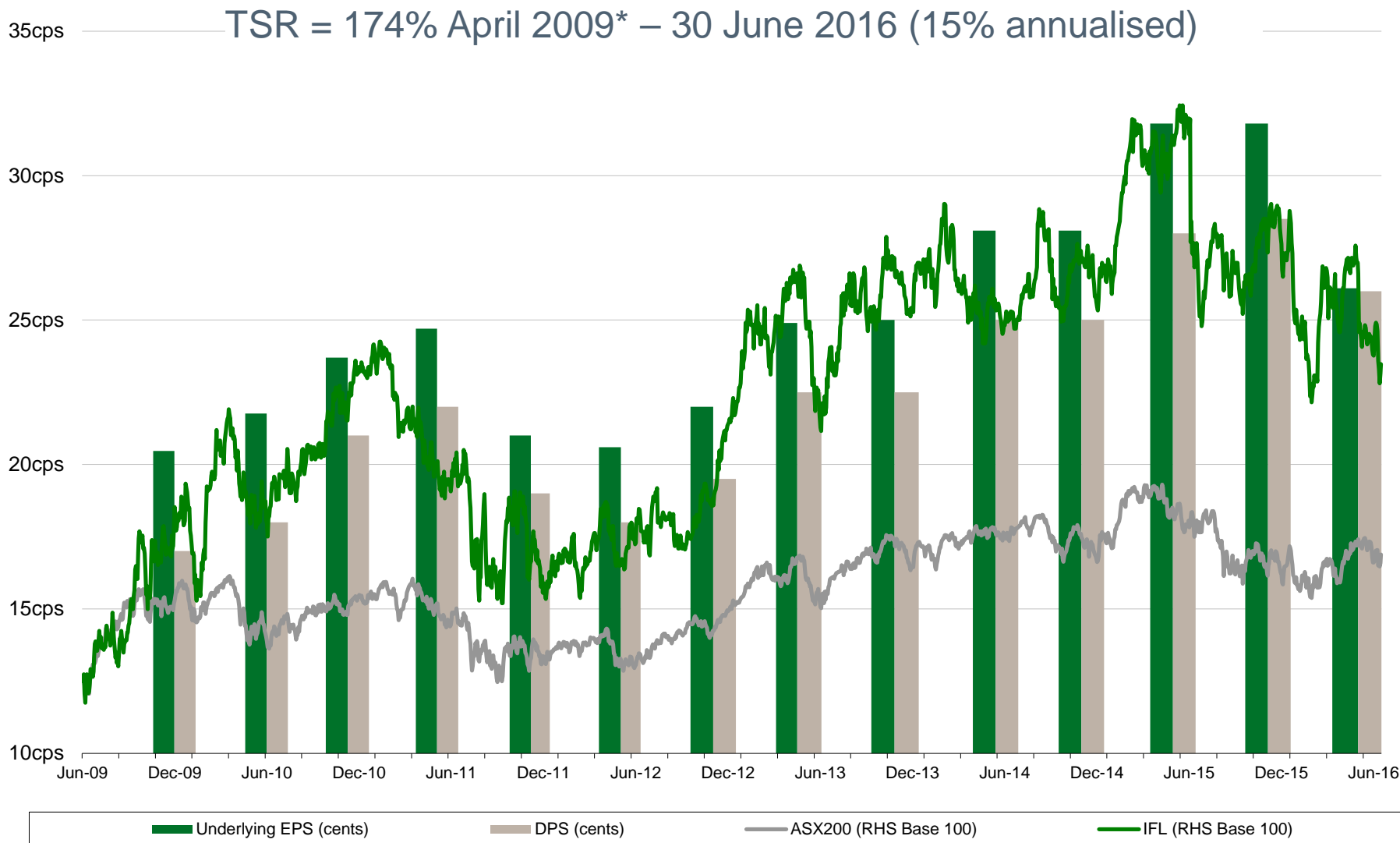


Creating financial independence since 1846



# Appendices

# APPENDIX A: TSR



\* From date of transformative acquisition of Australian Wealth Management

## APPENDIX B: Statutory NPAT reconciliation

	2015/16 \$'m	2014/15 \$'m
<b>Statutory NPAT</b>	<b>196.8</b>	<b>138.4</b>
Amortisation of intangible assets	39.7	38.6
Acquisition and divestment transaction costs	1.5	6.4
Termination and retention incentive payments	6.0	5.9
Onerous contracts	1.0	2.1
Impairment of Plan B brand name	-	1.4
Gain on disposal of subsidiaries	(72.0)	(2.2)
Profit on sale of assets	(8.1)	0.6
Non-recurring professional fees	5.1	-
Unwind of deferred tax liability recorded on intangible assets	(10.1)	(9.7)
Reinstatement of Perennial non-controlling interests	(0.8)	(1.8)
Income tax attributable	14.3	(6.0)
<b>UNPAT</b>	<b>173.4</b>	<b>173.8</b>

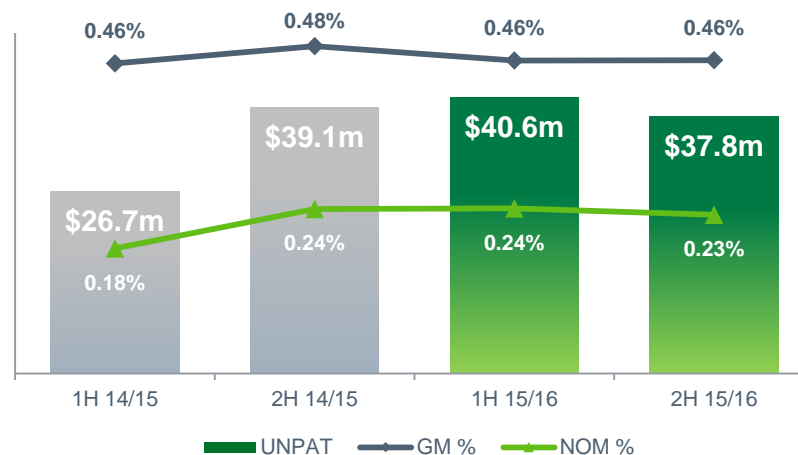
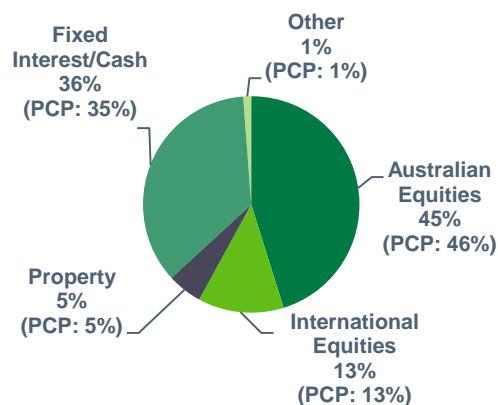
- Perennial divestment, amortisation and Shadforth integration have had a material impact on statutory NPAT

*Detailed explanation of each reconciling line item provided in Appendix N*

# APPENDIX C: Segment performance – Financial Advice & Distribution



\$'m	2015/16	2014/15	CHANGE ON PCP (%)	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	354.5	345.5	3%	173.5	181.0	180.8	164.7
Direct Costs	(125.3)	(124.2)	-1%	(60.9)	(64.4)	(62.2)	(62.1)
<b>Gross Margin (GM)</b>	<b>229.2</b>	<b>221.3</b>	<b>4%</b>	<b>112.6</b>	<b>116.6</b>	<b>118.7</b>	<b>102.6</b>
<b>GM %</b>	<b>0.46%</b>	<b>0.47%</b>		<b>0.46%</b>	<b>0.46%</b>	<b>0.48%</b>	<b>0.46%</b>
Other Revenue	36.0	35.7	1%	17.2	18.8	17.6	18.1
Share of Equity profit/loss	1.1	1.5	-21%	0.5	0.6	0.7	0.7
Operating Expenditure	(147.7)	(157.4)	6%	(73.3)	(74.4)	(77.4)	(80.0)
Net Non Cash	(4.0)	(4.9)	19%	(1.8)	(2.2)	(2.2)	(2.7)
Net Interest	0.7	0.8	-5%	0.4	0.4	0.4	0.4
Income Tax Expense/N.C.I	(37.0)	(31.1)	-19%	(17.8)	(19.2)	(18.7)	(12.4)
<b>UNPAT</b>	<b>78.4</b>	<b>65.8</b>	<b>19%</b>	<b>37.8</b>	<b>40.6</b>	<b>39.1</b>	<b>26.7</b>
Average FUA (\$'b)	49.8	47.2		49.2	50.5	49.8	44.7
<b>Net Operating Margin %</b>	<b>0.24%</b>	<b>0.21%</b>		<b>0.23%</b>	<b>0.24%</b>	<b>0.24%</b>	<b>0.18%</b>



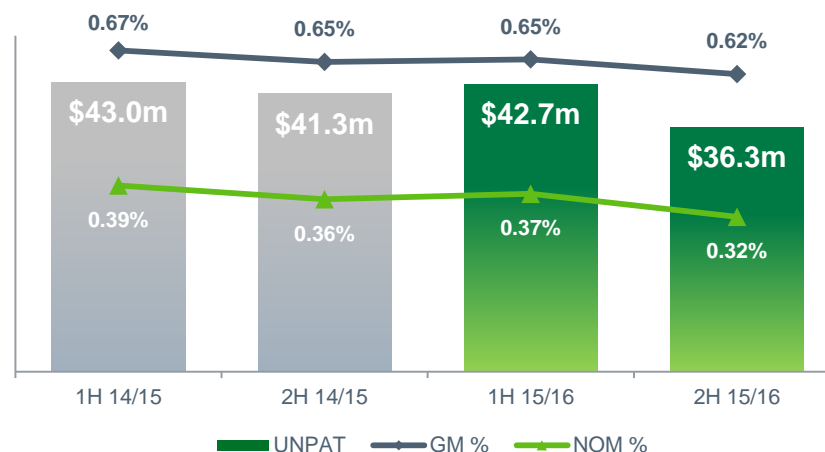
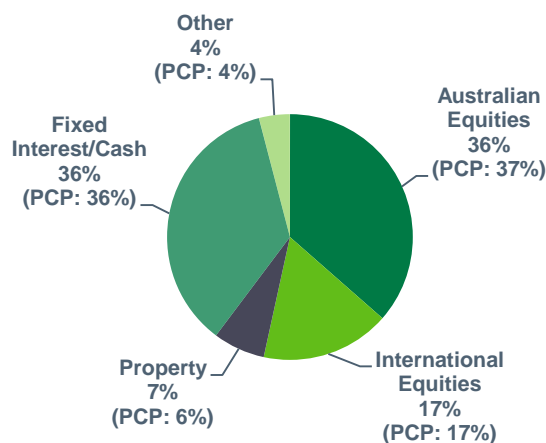
# APPENDIX D: Segment performance – Shadforth contribution to Financial Advice & Distribution segment



\$'m	SHADFORTH YoY		SHADFORTH HoH				OTHER FAD YoY		OTHER FAD HoH			
	2015/16	2014/15	2H 15/16	1H 15/16	2H 14/15	1H 14/15	2015/16	2014/15	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	158.6	149.7	75.8	82.7	82.1	67.6	195.9	195.8	97.7	98.2	98.7	97.1
Direct Costs	(9.9)	(10.6)	(4.0)	(5.9)	(5.6)	(4.9)	(115.4)	(113.6)	(56.9)	(58.5)	(56.5)	(57.1)
<b>Gross Margin (GM)</b>	<b>148.6</b>	<b>139.1</b>	<b>71.8</b>	<b>76.8</b>	<b>76.4</b>	<b>62.7</b>	<b>80.6</b>	<b>82.2</b>	<b>40.8</b>	<b>39.8</b>	<b>42.2</b>	<b>40.0</b>
<b>GM %</b>	<b>1.02%</b>	<b>1.07%</b>	<b>1.00%</b>	<b>1.04%</b>	<b>1.05%</b>	<b>1.09%</b>	<b>0.23%</b>	<b>0.24%</b>	<b>0.24%</b>	<b>0.22%</b>	<b>0.24%</b>	<b>0.24%</b>
Other Revenue	1.4	2.5	0.7	0.7	1.9	0.6	34.5	33.2	16.5	18.0	15.7	17.5
Share of Equity profit/loss	0.2	0.2	0.1	0.1	0.1	0.1	0.9	1.2	0.4	0.5	0.6	0.6
Operating Expenditure	(73.9)	(82.5)	(36.4)	(37.6)	(41.5)	(41.0)	(73.8)	(74.8)	(36.9)	(36.8)	(35.9)	(39.0)
Net Non Cash	(0.9)	(1.1)	(0.4)	(0.5)	(0.6)	(0.5)	(3.0)	(3.8)	(1.4)	(1.6)	(1.6)	(2.2)
Net Interest	0.1	(0.1)	0.0	0.0	0.0	(0.1)	0.6	0.8	0.3	0.3	0.3	0.5
Income Tax Expense/N.C.I	(22.6)	(17.3)	(10.7)	(11.9)	(11.2)	(6.1)	(14.4)	(13.8)	(7.1)	(7.3)	(7.5)	(6.3)
<b>UNPAT</b>	<b>52.9</b>	<b>40.8</b>	<b>25.2</b>	<b>27.7</b>	<b>25.2</b>	<b>15.6</b>	<b>25.5</b>	<b>25.1</b>	<b>12.6</b>	<b>12.9</b>	<b>13.9</b>	<b>11.1</b>
Average FUA (\$'b)	14.5	14.2	14.4	14.6	14.6	13.7	35.3	34.2	34.8	35.8	35.1	33.2
<b>Net Operating Margin %</b>	<b>0.52%</b>	<b>0.45%</b>	<b>0.50%</b>	<b>0.54%</b>	<b>0.51%</b>	<b>0.39%</b>	<b>0.12%</b>	<b>0.12%</b>	<b>0.12%</b>	<b>0.12%</b>	<b>0.13%</b>	<b>0.11%</b>

# APPENDIX E: Segment performance - Platform

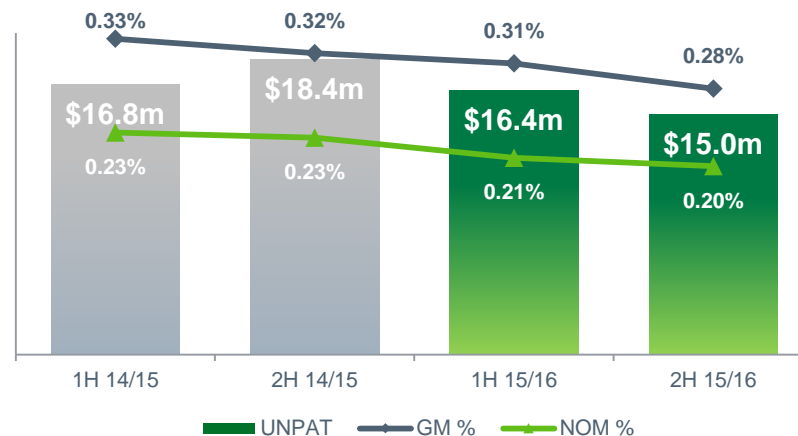
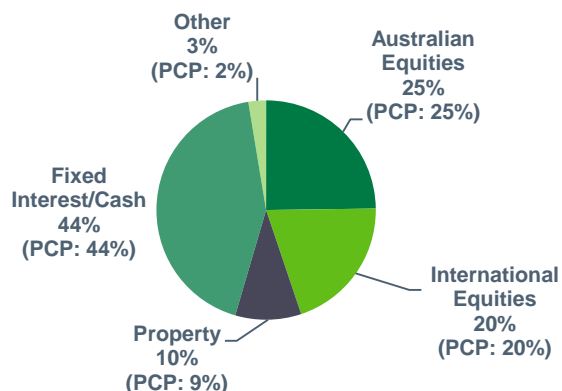
\$'m	2015/16	2014/15	CHANGE ON PCP (%)	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	399.9	411.3	-3%	193.1	206.8	207.4	203.9
Direct Costs	(181.7)	(188.6)	4%	(88.0)	(93.7)	(95.3)	(93.3)
<b>Gross Margin (GM)</b>	<b>218.2</b>	<b>222.7</b>	<b>-2%</b>	<b>105.1</b>	<b>113.1</b>	<b>112.1</b>	<b>110.6</b>
<b>GM %</b>	<b>0.64%</b>	<b>0.66%</b>		<b>0.62%</b>	<b>0.65%</b>	<b>0.65%</b>	<b>0.67%</b>
Other Revenue	0.4	-	-	-	0.4	-	-
Share of Equity profit/loss	-	(0.0)	-	-	-	-	(0.0)
Operating Expenditure	(99.4)	(96.1)	-3%	(50.4)	(49.0)	(49.7)	(46.4)
Net Non Cash	(5.3)	(4.3)	-22%	(2.6)	(2.7)	(2.4)	(1.9)
Net Interest	0.0	-	-	0.0	0.0	-	-
Income Tax Expense/N.C.I	(34.8)	(37.9)	8%	(15.8)	(19.1)	(18.7)	(19.2)
<b>UNPAT</b>	<b>79.0</b>	<b>84.3</b>	<b>-6%</b>	<b>36.3</b>	<b>42.7</b>	<b>41.3</b>	<b>43.0</b>
Average FUA (\$'b)	34.3	33.9		34.1	34.6	35.0	32.8
<b>NOM %</b>	<b>0.35%</b>	<b>0.37%</b>		<b>0.32%</b>	<b>0.37%</b>	<b>0.36%</b>	<b>0.39%</b>



# APPENDIX F: Segment performance – Investment Management



\$'m	2015/16	2014/15	CHANGE ON PCP (%)	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	101.2	109.8	-8%	47.6	53.6	56.6	53.2
Direct Costs	(43.4)	(48.0)	9%	(20.5)	(23.0)	(25.0)	(22.9)
<b>Gross Margin (GM)</b>	<b>57.7</b>	<b>61.8</b>	<b>-7%</b>	<b>27.1</b>	<b>30.7</b>	<b>31.6</b>	<b>30.3</b>
<b>GM %</b>	<b>0.29%</b>	<b>0.33%</b>		<b>0.28%</b>	<b>0.31%</b>	<b>0.32%</b>	<b>0.33%</b>
Other Revenue	1.9	6.2	-70%	(0.0)	1.9	3.2	3.0
Share of Equity profit/loss	3.7	5.1	-27%	1.5	2.2	2.4	2.6
Operating Expenditure	(19.7)	(24.1)	18%	(7.9)	(11.8)	(12.0)	(12.0)
Net Non Cash	(1.4)	(1.1)	-27%	(0.7)	(0.7)	(0.6)	(0.5)
Net Interest	1.2	0.4	218%	0.8	0.4	0.2	0.1
Income Tax Expense/N.C.I	(12.0)	(13.1)	8%	(5.9)	(6.2)	(6.4)	(6.7)
<b>UNPAT</b>	<b>31.4</b>	<b>35.2</b>	<b>-11%</b>	<b>15.0</b>	<b>16.4</b>	<b>18.4</b>	<b>16.8</b>
Average FUM (\$'b)	19.6	19.0		19.4	19.8	20.0	18.0
<b>Net Operating Margin %</b>	<b>0.20%</b>	<b>0.23%</b>		<b>0.20%</b>	<b>0.21%</b>	<b>0.23%</b>	<b>0.23%</b>





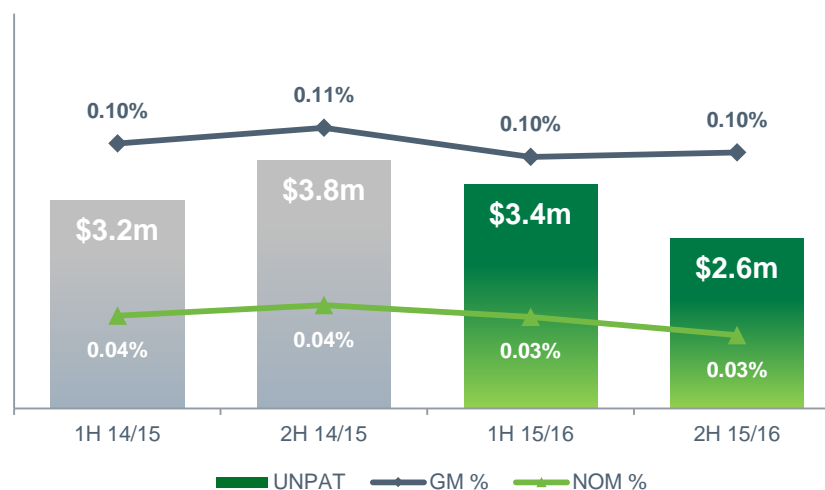
# APPENDIX G: Segment performance – Shadforth contribution to Investment Management segment



	SHADFORTH YoY		SHADFORTH HoH				OTHER IM YoY		OTHER INVESTMENT MGMT HoH			
\$'m	2015/16	2014/15	2H 15/16	1H 15/16	2H 14/15	1H 14/15	2015/16	2014/15	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	20.8	18.0	10.3	10.5	10.1	7.8	80.4	91.9	37.2	43.1	46.5	45.4
Direct Costs	(10.4)	(10.0)	(5.3)	(5.1)	(5.8)	(4.1)	(33.0)	(38.0)	(15.2)	(17.8)	(19.2)	(18.8)
<b>Gross Margin (GM)</b>	<b>10.4</b>	<b>8.0</b>	<b>5.0</b>	<b>5.4</b>	<b>4.3</b>	<b>3.7</b>	<b>47.3</b>	<b>53.8</b>	<b>22.0</b>	<b>25.3</b>	<b>27.2</b>	<b>26.6</b>
<b>GM %</b>	<b>0.16%</b>	<b>0.13%</b>	<b>0.15%</b>	<b>0.16%</b>	<b>0.13%</b>	<b>0.15%</b>	<b>0.37%</b>	<b>0.41%</b>	<b>0.35%</b>	<b>0.38%</b>	<b>0.41%</b>	<b>0.41%</b>
Other Revenue	-	0.0	-	-	0.0	-	1.9	6.2	(0.0)	1.9	3.2	3.0
Share of Equity profit/loss	-	-	-	-	-	-	3.7	5.1	1.5	2.2	2.4	2.6
Operating Expenditure	(2.0)	(2.7)	(0.9)	(1.0)	(1.3)	(1.4)	(17.8)	(21.3)	(6.9)	(10.8)	(10.7)	(10.6)
Net Non Cash	0.0	(0.0)	0.0	0.0	(0.0)	(0.0)	(1.4)	(1.1)	(0.7)	(0.7)	(0.6)	(0.5)
Net Interest	-	-	-	-	-	-	1.2	0.4	0.8	0.4	0.2	0.1
Income Tax Expense/N.C.I	(2.5)	(1.6)	(1.2)	(1.3)	(0.9)	(0.7)	(9.5)	(11.5)	(4.6)	(4.9)	(5.5)	(6.1)
<b>UNPAT</b>	<b>5.9</b>	<b>3.7</b>	<b>2.9</b>	<b>3.1</b>	<b>2.1</b>	<b>1.6</b>	<b>25.4</b>	<b>31.5</b>	<b>12.1</b>	<b>13.4</b>	<b>16.3</b>	<b>15.2</b>
Average FUM (\$'b)	6.7	6.2	6.7	6.7	6.5	5.9	12.9	13.2	12.7	13.2	13.5	13.0
<b>Net Operating Margin %</b>	<b>0.13%</b>	<b>0.08%</b>	<b>0.12%</b>	<b>0.13%</b>	<b>0.09%</b>	<b>0.09%</b>	<b>0.24%</b>	<b>0.29%</b>	<b>0.24%</b>	<b>0.25%</b>	<b>0.30%</b>	<b>0.29%</b>

# APPENDIX H: Segment performance – Trustee

\$'m	2015/16	2014/15	CHANGE ON PCP (%)	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	29.6	27.8	6%	14.7	14.9	14.7	13.1
Direct Costs	(2.2)	0.0	LARGE	(1.4)	(0.8)	0.1	(0.0)
<b>Gross Margin (GM)</b>	<b>27.4</b>	<b>27.8</b>	<b>-1%</b>	<b>13.3</b>	<b>14.1</b>	<b>14.8</b>	<b>13.1</b>
<b>GM %</b>	0.10%	0.10%		0.10%	0.10%	0.11%	0.10%
Other Revenue	-	0.0	-	-	-	0.0	-
Share of Equity profit/loss	-	-	-	-	-	-	-
Operating Expenditure	(18.6)	(17.7)	-5%	(9.5)	(9.1)	(9.2)	(8.5)
Net Non Cash	(0.2)	(0.2)	-36%	(0.1)	(0.1)	(0.1)	(0.1)
Net Interest	0.0	-	-	-	0.0	-	-
Income Tax Expense/N.C.I	(2.6)	(3.0)	14%	(1.1)	(1.5)	(1.6)	(1.3)
<b>UNPAT</b>	<b>6.0</b>	<b>6.9</b>	<b>-14%</b>	<b>2.6</b>	<b>3.4</b>	<b>3.8</b>	<b>3.2</b>
Average FUS (\$'b)	28.4	26.9		27.6	29.3	27.9	25.7
<b>Net Operating Margin %</b>	<b>0.03%</b>	<b>0.04%</b>		<b>0.03%</b>	<b>0.03%</b>	<b>0.04%</b>	<b>0.04%</b>



# APPENDIX I: Segment performance – Corporate & Other



\$'m	2015/16	2014/15	CHANGE ON PCP (%)	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	0.7	0.9	-13%	0.3	0.4	0.4	0.4
Direct Costs	0.4	0.4	-9%	0.3	0.2	0.2	0.2
<b>Gross Margin (GM)</b>	<b>1.2</b>	<b>1.3</b>	<b>-6%</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
Other Revenue	1.4	1.1	24%	0.1	1.3	0.4	0.7
Share of Equity profit/loss	-	-	-	-	-	-	-
Operating Expenditure	(41.5)	(39.9)	-4%	(20.6)	(20.9)	(20.3)	(19.7)
Net Non Cash	(0.7)	(0.8)	10%	(0.3)	(0.5)	(0.4)	(0.4)
Net Interest	(4.3)	(5.3)	20%	(2.3)	(2.0)	(2.6)	(2.7)
Income Tax Expense/N.C.I	20.5	21.5	-4%	8.8	11.7	10.2	11.3
<b>UNPAT</b>	<b>(23.5)</b>	<b>(22.3)</b>	<b>-5%</b>	<b>(13.6)</b>	<b>(9.8)</b>	<b>(12.1)</b>	<b>(10.2)</b>

# APPENDIX J: Shadforth contribution to Corporate & other segment

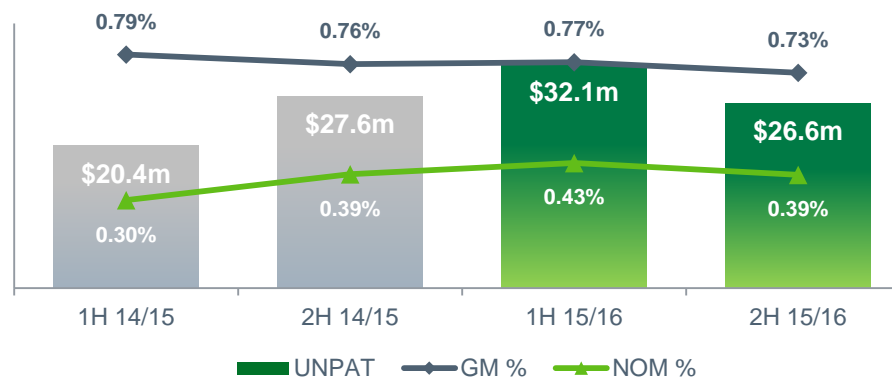


\$'m	SHADFORTH YoY		SHADFORTH HoH				OTHER CORPORATE YoY		OTHER CORPORATE HoH			
	2015/16	2014/15	2H 15/16	1H 15/16	2H 14/15	1H 14/15	2015/16	2014/15	2H 15/16	1H 15/16	2H 14/15	1H 14/15
Revenue	0.0	(0.0)	-	0.0	-	(0.0)	0.7	0.4	0.3	0.4	0.4	0.4
Direct Costs	-	0.4	-	-	0.4	(0.0)	0.4	(0.2)	0.3	0.2	(0.2)	0.2
<b>Gross Margin (GM)</b>	<b>0.0</b>	<b>0.4</b>	<b>-</b>	<b>0.0</b>	<b>0.4</b>	<b>(0.0)</b>	<b>1.1</b>	<b>0.2</b>	<b>0.6</b>	<b>0.6</b>	<b>0.2</b>	<b>0.6</b>
Other Revenue	1.1	0.2	(0.0)	1.1	0.1	0.1	0.2	0.3	0.1	0.2	0.3	0.6
Share of Equity profit/loss	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenditure	0.0	0.1	0.0	0.0	0.1	(0.0)	(41.5)	(20.4)	(20.6)	(20.9)	(20.4)	(19.7)
Net Non Cash	(0.2)	(0.0)	(0.1)	(0.1)	0.1	(0.1)	(0.6)	(0.5)	(0.2)	(0.3)	(0.5)	(0.3)
Net Interest	0.3	(0.8)	0.3	0.0	(0.4)	(0.3)	(4.3)	(2.2)	(2.6)	(2.0)	(2.2)	(2.4)
Income Tax Expense/N.C.I	(1.5)	0.4	(1.9)	0.3	0.2	0.2	20.2	10.1	10.7	11.4	10.1	11.0
<b>UNPAT</b>	<b>(0.3)</b>	<b>0.3</b>	<b>(1.7)</b>	<b>1.4</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(24.8)</b>	<b>(12.4)</b>	<b>(12.0)</b>	<b>(11.2)</b>	<b>(12.4)</b>	<b>(10.1)</b>

# APPENDIX K: Shadforth

Please note that the Shadforth results detailed below are now shown as part of our Financial Advice & Distribution, Investment Management and Corporate and Other segments

\$'m	2015/16	2014/15*	CHANGE ON PCP (%)	2H 15/16	1H 15/16	2H 14/15	1H 14/15*
Revenue	179.4	182.0	-1%	86.2	93.2	92.3	89.8
Direct Costs	(20.3)	(22.2)	9%	(9.3)	(11.0)	(11.0)	(11.2)
<b>Gross Margin (GM)</b>	<b>159.1</b>	<b>159.8</b>	<b>0%</b>	<b>76.9</b>	<b>82.2</b>	<b>81.2</b>	<b>78.7</b>
<b>GM %</b>	<b>0.75%</b>	<b>0.78%</b>		<b>0.73%</b>	<b>0.77%</b>	<b>0.76%</b>	<b>0.79%</b>
Other Revenue	2.7	2.8	-3%	0.9	1.8	2.0	0.8
Share of Equity profit/loss	0.2	0.2	-9%	0.1	0.1	0.1	0.1
Operating Expenditure	(75.9)	(92.6)	18%	(37.3)	(38.6)	(42.7)	(49.9)
Net Non Cash	(1.2)	(1.2)	1%	(0.5)	(0.7)	(0.6)	(0.6)
Net Interest	0.4	(0.9)	148%	0.4	0.1	(0.4)	(0.5)
Income Tax Expense/N.C.I	(26.7)	(20.2)	-32%	(13.8)	(12.8)	(11.9)	(8.2)
<b>UNPAT</b>	<b>58.7</b>	<b>48.0</b>	<b>22%</b>	<b>26.6</b>	<b>32.1</b>	<b>27.6</b>	<b>20.4</b>
Average FUMA (\$'b)	21.1	20.4		21.1	21.3	21.1	19.6
<b>Net Operating Margin %</b>	<b>0.41%</b>	<b>0.34%</b>		<b>0.39%</b>	<b>0.43%</b>	<b>0.39%</b>	<b>0.30%</b>



\* Comparative amounts include the July 2014 Shadforth result to provide a 12 & 6 month comparison. IOOF acquired Shadforth in August 2014.

APPENDIX L  
RECONCILIATION OF SEGMENTS TO STATUTORY FINANCIALS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FULL YEAR ENDED 30 JUNE 2016



	Financial report ref	Platform \$'m	Investment Management \$'m	Financial Advice & Distribution \$'m	Trustee Services \$'m	Corporate and other \$'m	Discontinued Operations \$'m	2015/16 \$'m	Discontinued Operations \$'m	2014/15 \$'m
<b>Gross Margin</b>										
Management and Service fees revenue	2-3	394.1	99.3	331.8	25.4	-	10.4	778.7	31.6	781.3
Other Fee Revenue	2-3	5.8	1.8	22.7	4.2	0.7	0.2	35.1	0.1	39.2
Service and Marketing fees expense	2-4	(176.1)	(36.4)	(114.1)	(0.0)	0.4	(3.1)	(254.6)	(9.9)	(261.0)
Other Direct Costs	2-4	(4.4)	(7.0)	(10.6)	(2.2)	0.0	(0.3)	(24.1)	(0.8)	(22.2)
Amortisation of deferred acquisition costs	2-4	(1.3)	-	(0.6)	-	-	-	(1.1)	-	(2.0)
<b>Total Gross Margin</b>		<b>218.2</b>	<b>57.7</b>	<b>229.2</b>	<b>27.4</b>	<b>1.2</b>	<b>7.2</b>	<b>533.9</b>	<b>21.0</b>	<b>535.3</b>
<b>Other Revenue</b>										
Stockbroking revenue	2-3	-	-	74.1	-	-	-	73.8	-	73.2
Stockbroking service fees expense	2-4	-	-	(41.7)	-	-	-	(41.7)	-	(41.7)
Dividends and distributions received	2-3	-	(0.0)	0.0	-	0.8	-	0.8	-	0.8
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	2-3	-	-	-	-	(0.0)	-	(0.0)	-	0.0
Profit on sale of financial assets	2-3	-	72.4	7.6	-	0.3	-	80.2	-	2.1
Other revenue	2-3	0.4	1.9	3.5	-	0.5	(1.1)	6.3	(4.0)	9.4
Other Revenue adjustments	Below	-	(72.4)	(7.6)	-	(0.3)	-	(80.2)	-	(1.6)
<b>Total Other Revenue</b>		<b>0.4</b>	<b>1.9</b>	<b>36.0</b>	<b>-</b>	<b>1.4</b>	<b>(1.1)</b>	<b>39.3</b>	<b>(4.0)</b>	<b>42.4</b>
<b>Equity Accounted Profits</b>										
Share of profits of associates and jointly controlled entities accounted for using the equity method	SOCI*	-	3.7	1.1	-	-	-	4.8	-	6.5
<b>Total Equity Accounted Profits</b>		<b>-</b>	<b>3.7</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.8</b>	<b>-</b>	<b>6.5</b>
<b>Operating Expenditure</b>										
Salaries and related employee expenses	2-4	(12.3)	(6.6)	(85.0)	(11.4)	(84.7)	(1.4)	(200.0)	(6.5)	(206.7)
Employee defined contribution plan expense	2-4	(1.0)	(0.5)	(6.1)	(0.9)	(6.3)	(0.1)	(14.8)	(0.3)	(14.3)
Information technology costs	2-4	(2.3)	(0.9)	(14.5)	(0.6)	(32.1)	(0.2)	(50.3)	(0.8)	(50.6)
Professional fees	2-4	(0.3)	(0.4)	(2.5)	(0.1)	(4.2)	(0.1)	(7.5)	(0.2)	(7.1)
Marketing	2-4	(1.1)	(0.2)	(5.1)	(0.2)	(2.6)	(0.0)	(9.3)	(0.0)	(9.8)
Office support and administration	2-4	(0.3)	(0.6)	(7.3)	(0.4)	(9.9)	(0.0)	(18.5)	(0.1)	(17.8)
Occupancy related expenses	2-4	(0.0)	(0.4)	(10.1)	(0.1)	(9.6)	-	(20.3)	(0.3)	(22.3)
Travel and entertainment	2-4	(0.9)	(0.2)	(2.2)	(0.4)	(2.4)	(0.0)	(6.1)	(0.2)	(6.2)
Corporate recharge	N/A	(81.2)	(10.0)	(14.7)	(4.5)	110.4	-	0.0	-	(0.0)
Other	2-4	-	0.0	0.0	-	-	(0.0)	0.0	0.1	(0.1)
<b>Total Operating Expenditure</b>		<b>(99.4)</b>	<b>(19.7)</b>	<b>(147.6)</b>	<b>(18.6)</b>	<b>(41.4)</b>	<b>(1.9)</b>	<b>(326.8)</b>	<b>(8.3)</b>	<b>(334.9)</b>
Loss on disposal of non-current assets	2-4	-	(0.0)	(0.1)	-	(0.1)	-	(0.2)	-	(0.1)
<b>Total Operating Expenditure</b>		<b>(99.4)</b>	<b>(19.7)</b>	<b>(147.7)</b>	<b>(18.6)</b>	<b>(41.5)</b>	<b>(1.9)</b>	<b>(326.9)</b>	<b>(8.3)</b>	<b>(335.0)</b>
<b>Net non cash (Ex. Amortisation from acquisitions)</b>										
Share based payments expense	2-4	(0.5)	(0.3)	(0.4)	(0.0)	(0.7)	(0.0)	(2.0)	(0.1)	(3.5)
Depreciation of property, plant and equipment	2-4	(3.0)	(1.1)	(3.6)	(0.2)	(0.0)	-	(7.9)	(0.0)	(6.1)
Amortisation of intangible assets - IT development	2-4	(1.7)	-	-	-	-	-	(1.7)	-	(1.7)
<b>Total Net non cash (Ex. Amortisation from acquisitions)</b>		<b>(5.3)</b>	<b>(1.4)</b>	<b>(4.0)</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(0.0)</b>	<b>(11.6)</b>	<b>(0.1)</b>	<b>(11.3)</b>
<b>Net Interest</b>										
Interest income on loans to directors of controlled and associated entities	2-3	-	0.3	-	-	0.1	-	0.3	-	0.4
Interest income from non-related entities	2-3	0.0	1.0	0.8	0.0	2.9	0.0	4.7	0.1	4.0
Finance Costs	SOCI*	-	-	(0.1)	-	(7.3)	-	(7.4)	-	(8.7)
<b>Total Net Interest</b>		<b>0.0</b>	<b>1.2</b>	<b>0.7</b>	<b>0.0</b>	<b>(4.3)</b>	<b>0.0</b>	<b>(2.4)</b>	<b>0.1</b>	<b>(4.3)</b>
<b>Income Tax &amp; NCI</b>										
Non-controlling Interest	SOCI*	-	-	(2.6)	-	-	-	(2.6)	-	(2.2)
Income tax expense	SOCI*	(34.8)	(27.2)	(33.7)	(2.5)	30.6	(1.2)	(67.5)	(3.3)	(45.7)
Income tax expense/NCI adjustments	Below	(0.0)	15.2	(0.7)	(0.1)	(10.1)	(0.8)	4.2	(1.8)	(15.7)
<b>Total Income Tax &amp; NCI</b>		<b>(34.8)</b>	<b>(12.0)</b>	<b>(37.0)</b>	<b>(2.6)</b>	<b>20.5</b>	<b>(2.0)</b>	<b>(65.9)</b>	<b>(5.0)</b>	<b>(63.6)</b>
<b>Underlying NPAT excl. Discontinued Operations</b>		<b>79.0</b>	<b>31.4</b>	<b>78.4</b>	<b>6.0</b>	<b>(23.5)</b>	<b>2.1</b>	<b>171.3</b>	<b>3.8</b>	<b>170.0</b>
Discontinued Operations	2-2							2.1		3.8
<b>Underlying UNPAT (pre-amortisation of intangible assets)</b>								<b>173.4</b>		<b>173.8</b>
<b>Significant Items</b>										
Acquisition and divestment transaction costs	2-2, 2-4							(1.5)		(6.4)
Termination and retention incentive payments	2-4							(6.0)		(5.9)
Recognition of Shadforth onerous lease contracts	N/A							(1.0)		(2.1)
Impairment of Plan B brand name	N/A							-		(1.4)
Gain on disposal of subsidiaries and associates	2-3							72.0		2.2
Profit on sale of assets	N/A							8.1		(0.6)
Non-recurring professional fees	N/A							(5.1)		-
<b>Income tax expense/NCI adjustments</b>										
Unwind of deferred taxes on intangible assets	N/A							10.1		9.7
Reinstatement of Perennial non-controlling interests								0.8		1.8
Recognition of previously uncertain tax position	2-4							-		-
Income tax attributable								(14.3)		6.0
<b>Total Significant Items - Net of Tax</b>								<b>63.2</b>		<b>3.2</b>
Amortisation of intangible assets								(39.7)		(38.6)
<b>Reported Profit/(Loss) per financial statements</b>								<b>196.8</b>		<b>138.5</b>

\* SOCI = Statement of Comprehensive Income

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

# APPENDIX M: EPS

IFL - Average weighted number of shares on Issue					
EARNINGS PER SHARE CALCULATION					
Year ended 30 June 2016					
Ordinary Shares Weighted Average - Opening Balance					300,133,752
From	To	Days	Share Issue	Shares on Issue	
01-Jul-15	30-Jun-16	366	-	300,133,752	300,133,752
Weighted average treasury shares on issue					295,755
<b>Weighted average shares on issue</b>					<b>299,837,997</b>
Ordinary Shares - Closing Balance					300,133,752
Total shares for Basic EPS calculation					299,837,997
				Underlying NPAT	Statutory NPAT
Net Profit Attributable to Members of the parent entity				\$173.4	\$196.9
<b>Basic Earnings Per Share</b>				<b>57.8</b>	<b>65.7</b>

# APPENDIX N: 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 and divestment transaction costs:** One off payments to external advisers in pursuit of corporate transactions, such as the acquisition of Shadforth and divestment of certain Perennial subsidiaries, which were not reflective of conventional recurring operations.

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

**Onerous contracts:** Non-cash entry to record the estimated present value of expected costs of meeting the obligations under terminated information technology contracts associated with platform rationalisation (2015: Shadforth lease contracts). For these contracts, the costs exceed the economic benefits expected to be received.

**Impairment of Plan B brand name:** Non-cash entry which reflects a one-off decision to cease use of the Plan B brand given the cost and promotional advantages afforded by the acquisition of Shadforth and its brand. The entry is not related to the conventional recurring operations of the IOOF Group.

**Gain on disposal of subsidiaries:** During the period, the IOOF Group divested its interests in Perennial Fixed Interest and Perennial Growth Management to Henderson (2015 Perennial Real Estate Investments and Perennial International Equities Management).

**(Profit)/loss on sale of assets:** Divestments of non-core businesses, client lists and associates.

**Non-recurring professional fees:** Costs relating to specialist service and advice providers enlisted to assist the Group in better informing key stakeholders. These services were required following negative media allegations. In particular, but not limited to, process review, senate inquiry support, government relations, litigation defence and communications advice. It is not anticipated that this type and level of support will be required on a recurrent basis.

**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 newly legislated 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 disposed of at their accounting values. This DTL reduces in future periods at 30% of the amortisation applicable to those assets which have different accounting values and tax cost bases. The recognition of DTL and subsequent period 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.

**Reinstatement of Perennial non-controlling interests:** Embedded derivatives exist given the IOOF Group's obligation to buy-back shareholdings in certain Perennial subsidiaries if put under the terms of their shareholders' agreements. International Financial Reporting Standards deems the interests of these non-controlling holders to have been acquired. Those interests must therefore be held on balance sheet as a liability to be revalued to a reserve each reporting period. In calculating UNPAT, the non-controlling interest holders share of the profit of these subsidiaries is subtracted from the IOOF Group result as though there were no embedded derivatives to better reflect the current economic interests of Company shareholders in the activities of these subsidiaries.

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



# APPENDIX O: Definitions

TERM	DEFINITION
Cost to Income Ratio	Ratio of underlying expenses relative to underlying operating revenues exclusive of the benefit funds and discontinued operations
Flagship Platforms	IOOF Employer Super, The Portfolio Service, IOOF Pursuit
FUMA	Funds Under Management, Administration and Advice
FUMAS	FUMA plus Funds Under Supervision, primarily Corporate Trust clients
Net Interest Cover	Ratio of Earnings Before Interest, Tax, Depreciation and Amortisation relative to the sum of Interest Received and Interest and Other Costs of Finance Paid per the Consolidated Statement of Comprehensive Income
Net Operating Margin	Ratio of underlying revenues including share of associate profits, excluding net interest less underlying operating expenses relative to FUMA
PCP	Prior Comparative Period – Full year to 30 June 2015
Return on Equity	Calculated by dividing annualised UNPAT by average equity during the period
TSR	Total Shareholder Return – change in share price plus dividends paid per share in a given period
UNPAT	Underlying Net Profit After Tax Pre Amortisation, see Appendix N 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 M.
VWAP	Volume Weighted Average Price

# Important disclaimer

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