IOOF FY17 Results

8 August 2017

Result overview

Consistent execution of advice-led wealth management strategy **delivers**

- UNPAT of **$169.4m** (2H16/17: **$90.0m, up 13% vs** 1H16/17)
- Final proposed fully franked dividend per share of **27cps** – **up 4%** vs 1H16/17
- **$4.6 billion** net inflows **up 156%**
  - **$976m** from **33** new advisers joining to 30 June
- Disciplined cost control - **reduced** operating expenditure of **$12.6m** vs 1H16/17
- Platform net operating margin **increased 4bps**, gross margin **increased 2bps** vs 1H16/17
- Group gross margin **stable**, net operating margin **increased 3bps** vs 1H16/17
- **Acquisition** of National Australia Trustees Limited adds **scale** & enhanced **national presence** offering **specialist** Trustee capabilities

IOOF FY17 Results | Advice-led strategy delivers

Christopher Kelaher | Managing Director

Operating leverage sees all segments improving half on half

Financial Advice & Distribution

FY17 UNPAT: $76.4m

2H16/17: **$39.8m** 1H16/17: **$36.6m**

FUA: A$57.2b up 14%

- Investing in multi-brand strategy and nationwide presence >1,000 advisers
- 100 advisers to go through the IOOF Advice Academy in 2017/18
- Margins impacted by new business growth and prior period divestments

Platform

FY17 UNPAT: $77.3m

2H16/17: **$41.7m** 1H16/17: **$35.5m**

FUAdmin: A$37.2b up 8%

- Operating leverage returns via margin improvement
- Consolidation of flagship platforms completed in June 2016
- Reinvesting in the customer experience

Investment Management

FY17 UNPAT: $32.7m

2H16/17: **$16.8m** 1H16/17: **$15.9m**

FUM: A$20.6b up 5%

- Award winning multi-manager investment solutions through IOOF MultiSeries and IOOF MultiMix
- Highly efficient cost to income ratio
- Disciplined management of fund manager fees

Trustee Services

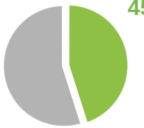
FY17 UNPAT: $6.7m

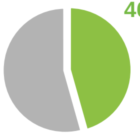
2H16/17: **$3.7m** 1H16/17: **$3.0m**

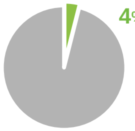
FUS: A$32.2b up 20%

- Acquisition of NATL adds scale, specialist capabilities & enhanced national presence
- Strong long term sector growth prospect - leading participant in a consolidating industry

Contribution to FY17 UNPAT[1]







1. *Sum of total contribution equates to 100% when Corporate segment (FY17 UNPAT: ($23.7 million) is included*

Organic growth augmented by growing number of advisers

	2H16/17	1H16/17	2H15/16	1H15/16
Opening FUMA	**$109,395m**	$104,128m	$103,439m	$104,707m
Flagship Platform net inflows	**$832m**	$356m	$315m	$291m
Platform (Transition) net inflows	**($14m)**	$45m	$67m	($144m)
Total Platform net inflows	**$818m**	$401m	$383m	$147m
Platform pension payments	**($392m)**	($353m)	($375m)	($340m)
Investment Management net inflows	**$304m**	$94m	($71m)	$44m
Funds Under Advice net inflows	**$2,098m**	$865m	$542m	$741m
Investment returns / Other	**$2,744m**	$4,259m	$212m	($1,860m)
Closing FUMA	**$114,967m**	$109,395m	$104,128m	$103,439m
Average FUMA	**$112,232m**	$106,786m	$102,658m	$104,887m

Full year net inflows **up 156%** to **$4.6b**

Platform net inflows **up 130%** to **$1.2b**

Platform net flows down ~21%# across sector

 # Source: Morningstar Asset Flows, funds under administration for platforms, March 2016 – March 2017

Growth drivers for IOOF

Industry fundamentals
Positive industry tailwinds and demographic trends
- ✓ SG growth to 12%
- ✓ 8-10% system CAGR

Adviser numbers
Growing adviser numbers bringing additional net inflows
- ✓ ~50 new advisers against industry trend

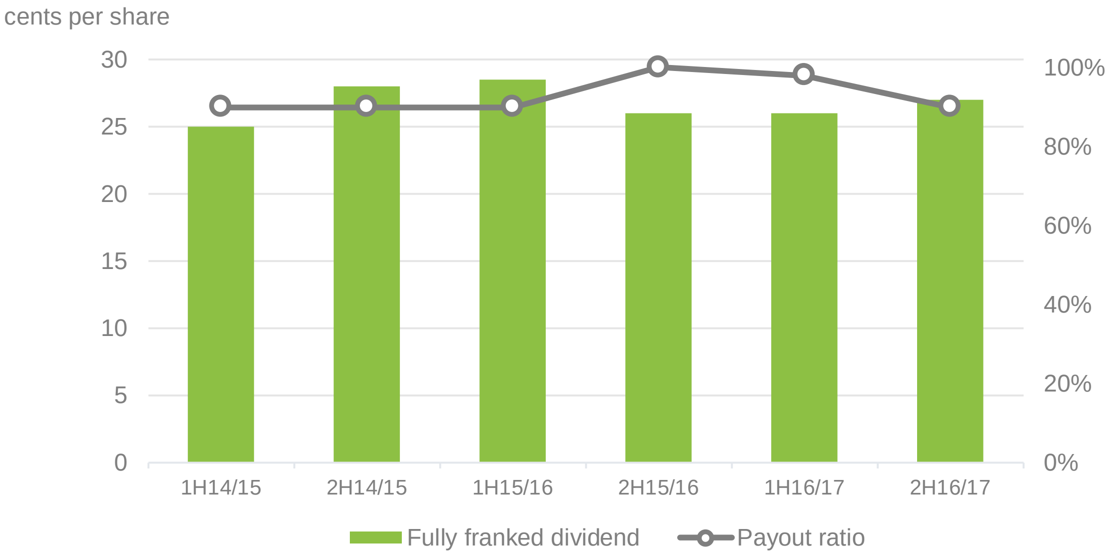
Client satisfaction
Attraction of clients to goals based advice and superior service
- ✓ Strong organic net inflows
- ✓ Barron's ratings - 14 of the top 50

Acquisitions
Strategic acquisitions in complementary businesses
- ✓ Unmatched track record in accretive acquisitions

Market performance
Revenue generation from investment market valuations
- ✓ $7b increase to FUMA in FY17 principally due to market

Delivering consistent returns to shareholders

DIVIDEND ANALYSIS



- 2H16/17 dividend of **27cps** fully franked
- Consistent returns at the top end, or exceeding, **60-90%** payout ratio
- Dividend yield **5.4%***
- Payment date **1 September** 2017

** Based on 20 day VWAP to 3 August 2017*

IOOF FY17 Results | Financials

David Coulter | Chief Financial Officer

Positive momentum

	2H16/17	1H16/17	FY17	2H15/16	1H15/16	FY16	CHANGE ON PY	
Underlying EBITA	$129.7m	$111.7m	**$241.3m**	$110.8m	$128.7m	**$239.5m**	$1.8m	1%
Underlying NPAT*	$90.0m	$79.4m	**$169.4m**	$78.0m	$93.3m	**$171.3m**	($1.9m)	-1%
Underlying EPS (cents)~	30.0cps	26.5cps	**56.5cps**	26.0cps	31.8cps	**57.1cps**	(0.6cps)	-1%
FUMA	$115.0b	$109.4b	**$115.0b**	$104.1b	$103.4b	**$104.1b**	$10.8b	10%
Average FUMA	$112.2b	$106.8b	**$109.5b**	$102.7b	$104.9b	**$103.8b**	$5.7b	6%
Gross Margin %	0.48%	0.48%	**0.48%**	0.51%	0.52%	**0.51%**	(0.03%)	-7%
Net Operating Margin %	0.24%	0.21%	**0.23%**	0.22%	0.25%	**0.24%**	(0.01%)	-4%
Cost to Income %	53.3%	58.9%	**56.1%**	58.5%	55.5%	**56.9%**	(0.9%)	-1%
Dividend per share (cents)	27.0cps	26.0cps	**53.0cps**	26.0cps	28.5cps	**54.5cps**	(1.5cps)	-3%
Statutory NPAT from continuing operations^`	$41.8m	$74.2m	**$116.0m**	$62.9m	$75.1m	**$137.9m**	$(22.0m)	-16%

** Discontinued operations UNPAT impact – 1H15/16, $2.1m; all other periods presented, $nil*
~ Discontinued operations Underlying EPS impact – 1H15/16, $0.7cps; all other periods presented, $nil
^ Discontinued operations Statutory NPAT impact – 1H15/16, $58.9m; all other periods presented, $nil
` Attributable to the Owners of the Company

P&L breakdown

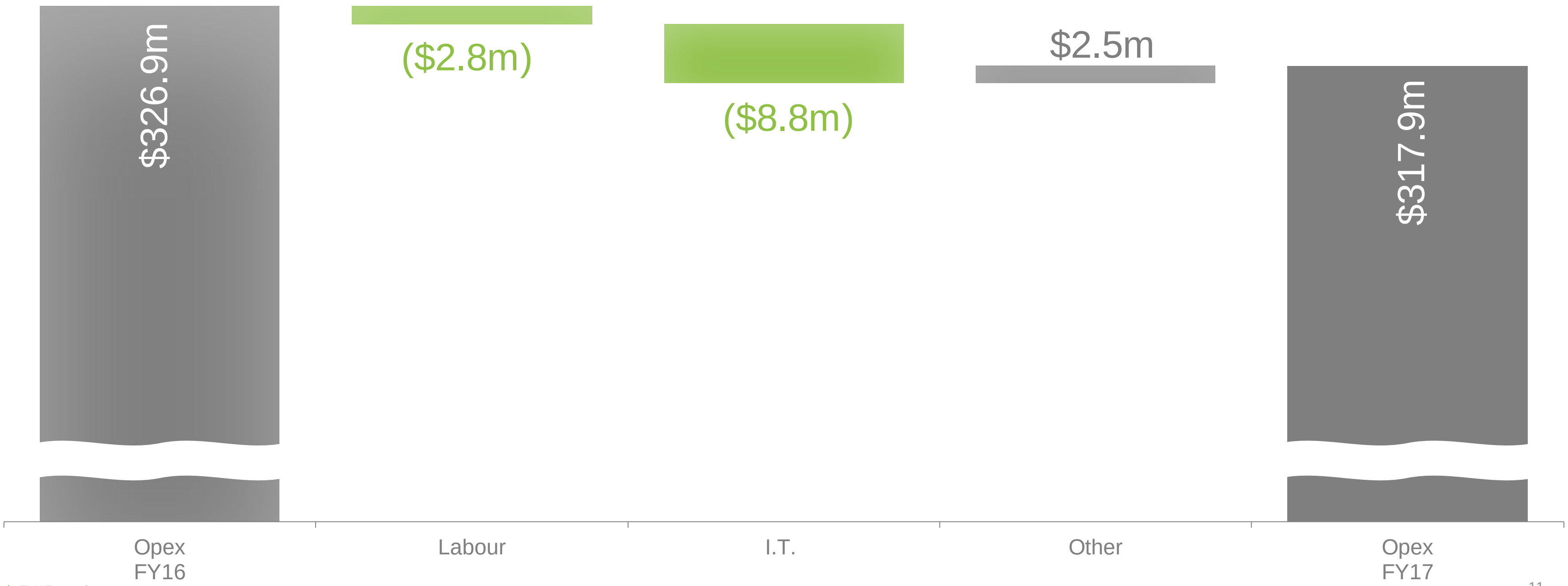
$'m	2H16/17	1H16/17	FY17	2H15/16	1H15/16	FY16	CHANGE ON PY	
Gross Margin	266.7	257.6	**524.4**	258.8	275.1	**533.9**	(9.5)	-2%
Other Revenue	19.3	22.8	**42.1**	17.2	22.1	**39.3**	2.8	7%
Operating Expenditure	(152.6)	(165.3)	**(317.9)**	(161.7)	(165.2)	**(326.9)**	(9.0)	-3%
Equity Accounted Profits	1.3	2.1	**3.5**	2.0	2.8	**4.8**	(1.4)	-28%
Net Non Cash	(5.1)	(5.6)	**(10.7)**	(5.5)	(6.1)	**(11.6)**	(0.9)	-8%
Underlying EBITA	129.7	111.7	**241.3**	110.8	128.7	**239.5**	1.8	1%
Net Interest	(1.4)	(1.0)	**(2.5)**	(1.1)	(1.3)	**(2.4)**	(0.1)	-3%
Income Tax & NCI	(38.3)	(31.2)	**(69.5)**	(31.7)	(34.1)	**(65.9)**	(3.7)	-6%
UNPAT from continuing operations	90.0	79.4	**169.4**	78.0	93.3	**171.3**	(1.9)	-1%
Discontinued Operations	-	-	**-**	-	2.1	**2.1**	(2.1)	-100%
Underlying NPAT	90.0	79.4	**169.4**	78.0	95.4	**173.4**	(4.0)	-2%
Significant Items/Amortisation	(48.2)	(5.2)	**(53.4)**	(15.1)	38.6	**23.5**	(76.8)	-327%
Statutory NPAT	41.8	74.2	**116.0**	62.9	134.0	**196.8**	(80.9)	-41%
Profit from divestments	-	-	**-**	-	(58.9)	**(58.9)**	(58.9)	-100%
Statutory NPAT from continuing operations`	41.8	74.2	**116.0**	62.9	75.1	**137.9**	(22.0)	-16%

Detailed list and explanation of reconciling items provided in Appendix B and Appendix G

` Attributable to the Owners of the Company

Disciplined management of costs

- IT investment reduced significantly in 2H16/17
- Labour cost reduction due to ~40 FTEs exiting in late November 2016 post platform rationalisation
- Other – targeted M&A support, consolidation of property footprint, external website development



Strong net debt position

$'M	30 Jun 17	30 June 16
Gross Borrowings	**206.9**	207.0
Net Debt	**(1.3)**	20.0
Debt to Equity (%)	**13.3%**	13.0%
Net debt to Underlying EBITDA (times)	**0.0**	0.1

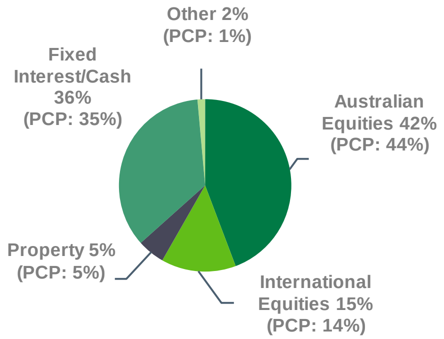
- Strength provides security and ability to capitalise on M&A opportunities
- Surplus borrowing capacity and substantial headroom in covenants
- Restructuring facilities for longer tenor

Financial Advice | IOOF's clear differentiator

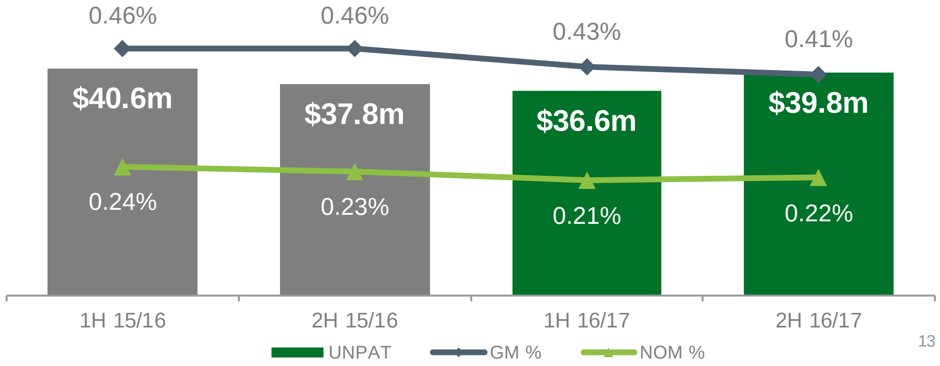
- Strong growth in FUAdv due to growth in adviser numbers and the appeal of open architecture
- Open architecture allows IOOF to capture significant additional FUAdv at no incremental expense
- Divestment impact removed - FY17 vs FY16 like for like
  - GM $221.9m vs $214.7m – up 3%
  - UNPAT $75.8m vs $73.8m – up 3%
  - NOM% 0.22% vs 0.22%
  - GM% 0.41% vs 0.43%

$'M	FY17	FY16	2H16/17	1H16/17	2H15/16	1H15/16
Revenue	**354.9**	354.5	**180.7**	**174.2**	173.5	181.0
Direct Costs	**(130.2)**	(125.3)	**(67.6)**	**(62.7)**	(60.9)	(64.4)
Gross Margin (GM)	**224.7**	229.2	**113.1**	**111.5**	112.6	116.6
GM %	**0.42%**	0.46%	**0.41%**	**0.43%**	0.46%	0.46%
Other Revenue	**40.2**	36.0	**18.8**	**21.4**	17.2	18.8
Share of equity profit/loss	**0.8**	1.1	**0.4**	**0.4**	0.5	0.6
Operating Expenditure	**(148.8)**	(147.7)	**(71.8)**	**(77.0)**	(73.3)	(74.4)
Net Non Cash	**(3.2)**	(4.0)	**(1.6)**	**(1.6)**	(1.8)	(2.2)
Net Interest	**0.5**	0.7	**0.2**	**0.3**	0.4	0.4
Income Tax Expense/N.C.I	**(37.9)**	(37.0)	**(19.4)**	**(18.5)**	(17.8)	(19.2)
UNPAT	**76.4**	78.4	**39.8**	**36.6**	37.8	40.6
Average FUAdv ($'b)	**53.6**	49.8	**55.4**	**51.9**	49.2	50.5
NOM %	**0.22%**	0.24%	**0.22%**	**0.21%**	0.23%	0.24%

ASSET ALLOCATION



MARGIN ANALYSIS



Platform | Operating leverage returns

- Average FUAdmin benefited from significantly improved organic growth as a result of
  - transfer of Bridges clients to Pursuit
  - increased native title and compensation trust administration
  - positive investment returns
- Return of operating leverage reflected in improved second half margins
- Significantly reduced expenses following platform rationalisation and higher IT investment in prior periods

$'M	FY17	FY16	2H16/17	1H16/17	2H15/16	1H15/16
Revenue	**393.8**	399.9	**200.6**	**193.2**	193.1	206.8
Direct Costs	**(181.4)**	(181.7)	**(91.9)**	**(89.5)**	(88.0)	(93.7)
Gross Margin (GM)	**212.5**	218.2	**108.7**	**103.7**	105.1	113.1
GM %	**0.59%**	0.64%	**0.60%**	**0.58%**	0.62%	0.65%
Other Revenue	**-**	0.4	**-**	**-**	-	0.4
Operating Expenditure	**(95.9)**	(99.4)	**(46.1)**	**(49.8)**	(50.4)	(49.0)
Net Non Cash	**(5.4)**	(5.3)	**(2.6)**	**(2.7)**	(2.6)	(2.7)
Net Interest	**0.0**	0.0	**0.0**	**0.0**	0.0	0.0
Income Tax Expense/N.C.I	**(33.9)**	(34.8)	**(18.3)**	**(15.7)**	(15.8)	(19.1)
UNPAT	**77.3**	79.0	**41.7**	**35.5**	36.3	42.7
Average FUAdmin ($'b)	**36.0**	34.3	**36.7**	**35.2**	34.1	34.6
NOM %	**0.32%**	0.35%	**0.34%**	**0.30%**	0.32%	0.37%

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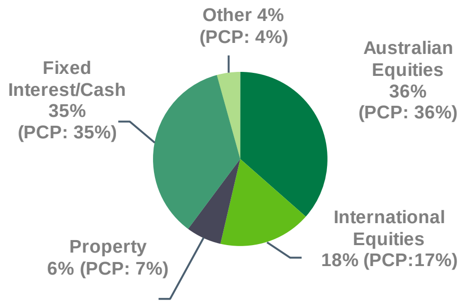

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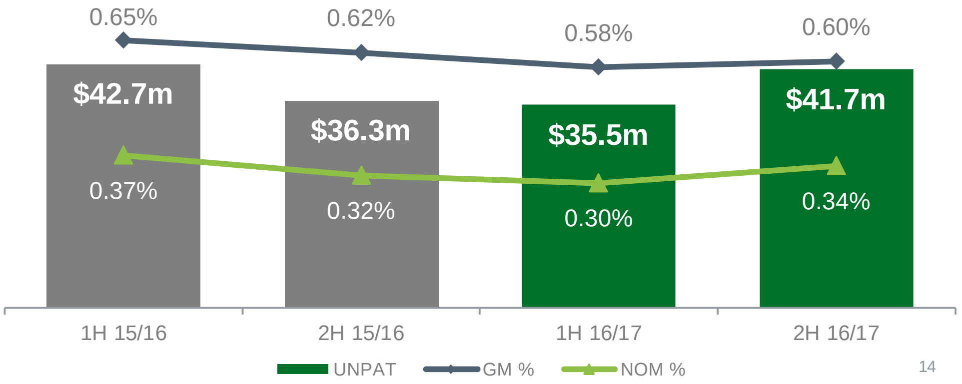
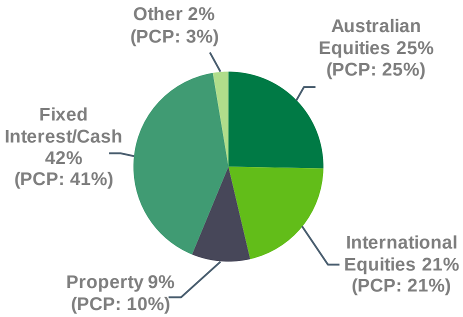


Investment Management | Consistent complementary business

- Gross margin stable with broadly equivalent average funds and margins across both years
- Multi-manager business model is unaffected by trends on active to passive
- Expenses benefit from lower group charges following the divestment of Perennial
- Slight impact from PVM underperformance

$'M	FY17	FY16	2H16/17	1H16/17	2H15/16	1H15/16
Revenue	**84.1**	101.2	**41.4**	**42.7**	47.6	53.6
Direct Costs	**(26.6)**	(43.4)	**(11.6)**	**(15.0)**	(20.5)	(23.0)
Gross Margin (GM)	**57.5**	57.7	**29.8**	**27.7**	27.1	30.7
GM %	**0.29%**	0.29%	**0.30%**	**0.28%**	0.28%	0.31%
Other Revenue	**0.1**	1.9	**0.0**	**0.0**	(0.0)	1.9
Share of equity profit/loss	**2.7**	3.7	**0.9**	**1.7**	1.5	2.2
Operating Expenditure	**(14.3)**	(19.7)	**(7.0)**	**(7.3)**	(7.9)	(11.8)
Net Non Cash	**(0.7)**	(1.4)	**(0.3)**	**(0.4)**	(0.7)	(0.7)
Net Interest	**0.4**	1.2	**0.2**	**0.3**	0.8	0.4
Income Tax Expense/N.C.I	**(13.0)**	(12.0)	**(6.8)**	**(6.1)**	(5.9)	(6.2)
UNPAT	**32.7**	31.4	**16.8**	**15.9**	15.0	16.4
Average FUM ($'b)	**19.9**	19.6	**20.2**	**19.7**	19.4	19.8
NOM %	**0.22%**	0.20%	**0.23%**	**0.21%**	0.20%	0.21%

ASSET ALLOCATION



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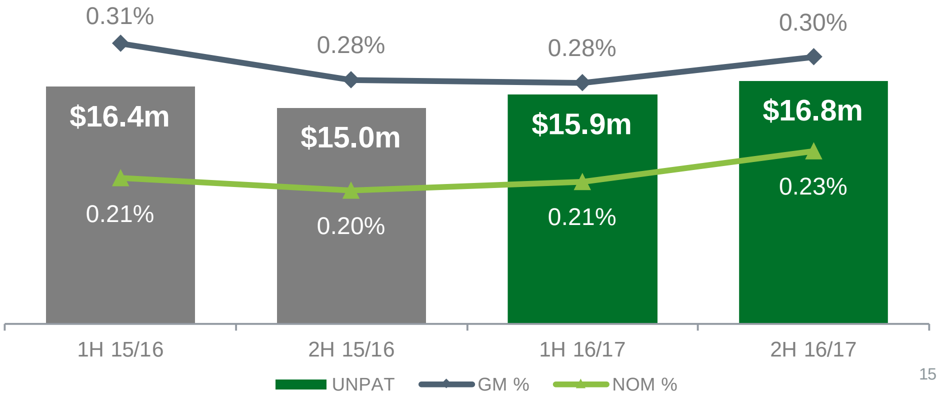


Trustee | Acquisition to enhance organic upturn

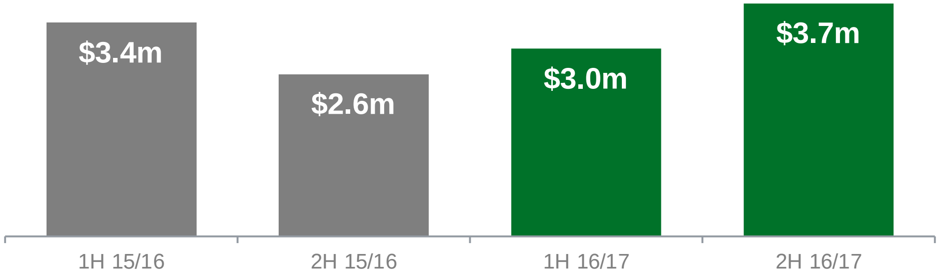
- Revenue increase in line with higher client numbers
- Improved contribution from compensation and native title businesses
- Trustee capability directs administration funds from IDPS, native title, compensation & philanthropic trusts to IOOF platforms
- Reduced expenses resulted from stronger alignment with the broader Group operating model

$'M	FY17	FY16	2H16/17	1H16/17	2H15/16	1H15/16
Revenue	**30.8**	29.6	**15.4**	**15.4**	14.7	14.9
Direct Costs	**(2.3)**	(2.2)	**(1.0)**	**(1.3)**	(1.4)	(0.8)
Gross Margin (GM)	**28.5**	27.4	**14.4**	**14.1**	13.3	14.1
Operating Expenditure	**(18.3)**	(18.6)	**(8.8)**	**(9.5)**	(9.5)	(9.1)
Net Non Cash	**(0.6)**	(0.2)	**(0.3)**	**(0.3)**	(0.1)	(0.1)
Net Interest	**(0.0)**	0.0	**(0.0)**	**(0.0)**	-	0.0
Income Tax Expense/N.C.I	**(2.9)**	(2.6)	**(1.6)**	**(1.3)**	(1.1)	(1.5)
UNPAT	**6.7**	6.0	**3.7**	**3.0**	2.6	3.4
Average FUS ($'b)	**30.2**	28.4	**30.7**	**29.7**	27.6	29.3

Acquisition of National Australia Trustees Limited[1]

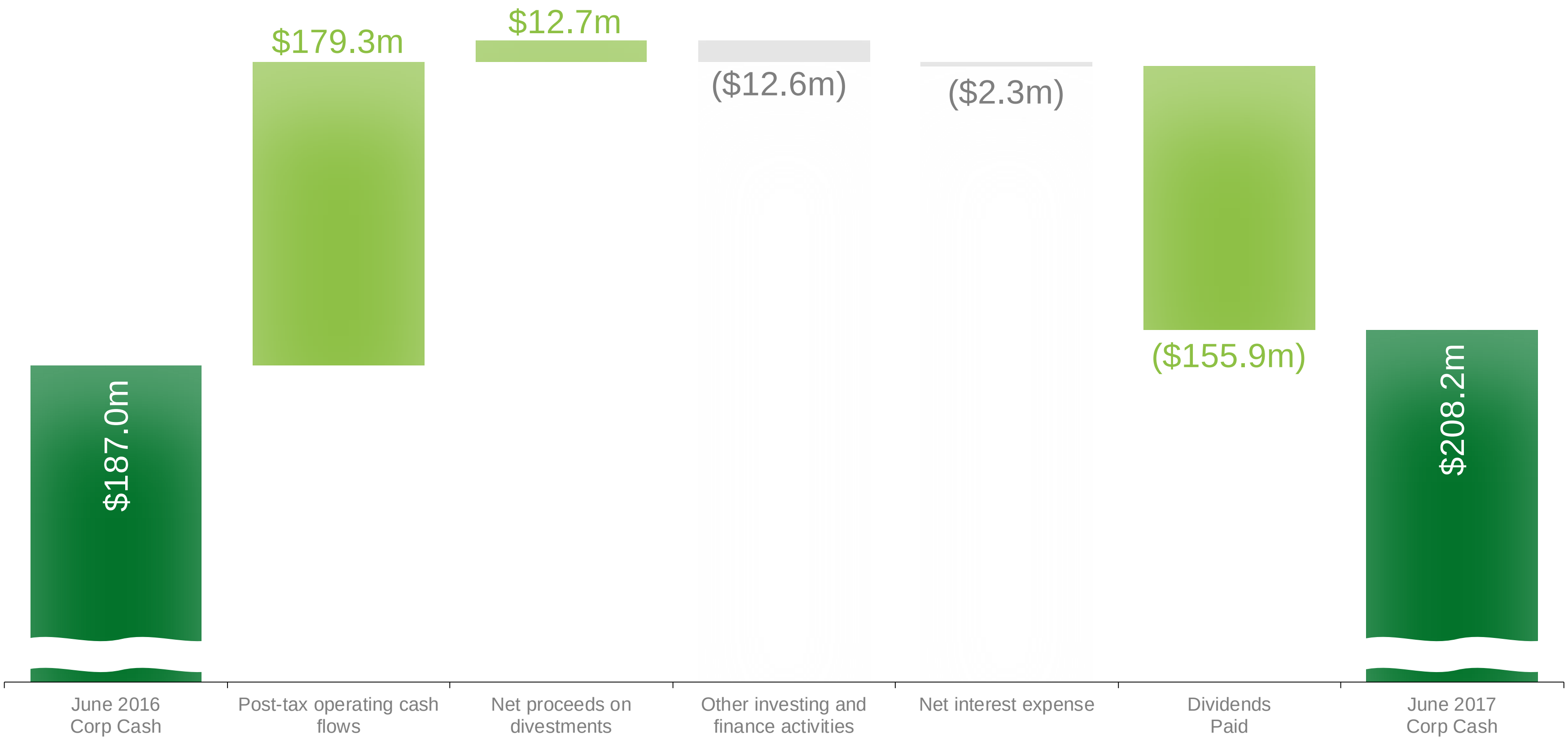
- IOOF will become Australia's largest (by FUM) compensation trust provider
- Greater scale and more specialist product offerings
- Building out our East Coast distribution network

UNPAT ANALYSIS



1 No impact on FY16/17 financials

Strong free cash flow generates high dividends



IOOF FY17 Results | Strategy & Outlook

Christopher Kelaher | Managing Director

Positive fundamentals and demographic trends are opportunities for growth

Industry fundamentals

12%
9%

Compulsory SG contribution legislated to increase to 10% from July 2021 and to 12% from July 2025

Strong bi-partisan political support and increasing economic imperative for financial independence

Positive reforms pending on modern awards

Demographic trends

Significant intergenerational wealth transfers occurring

Ageing population

High per capita wealth

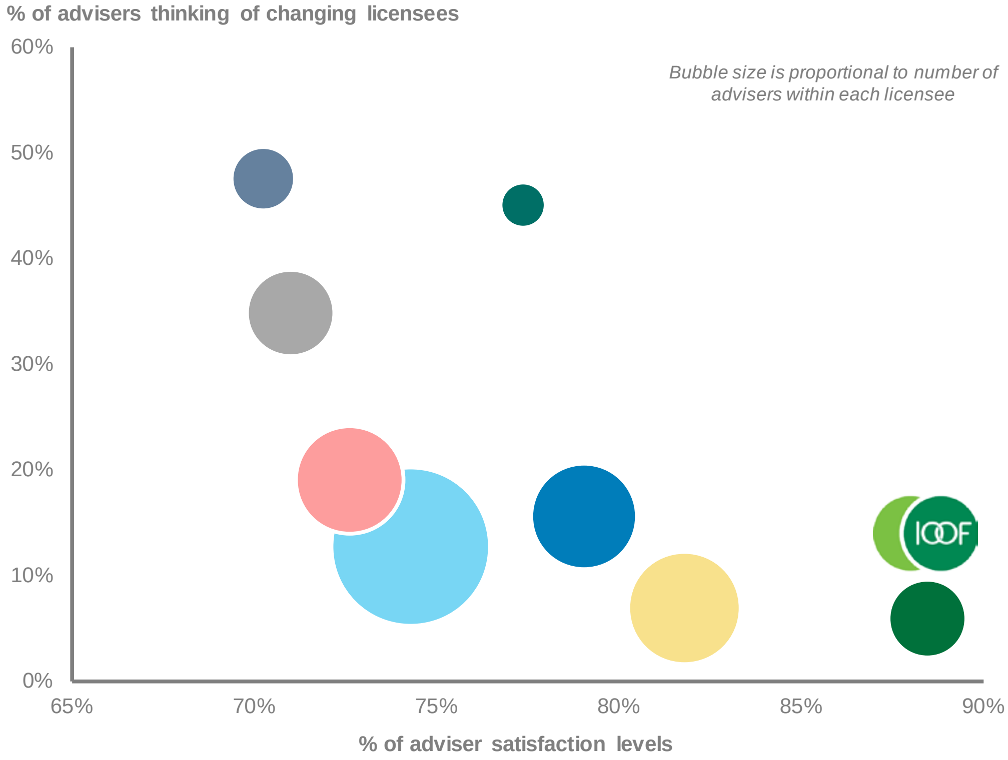
IOOF **well positioned**

- IOOF Advice Academy
- Non-bank aligned
- Scale & choice with open architecture
- Differentiated model with complementary value propositions
- ClientFirst culture
- Balance sheet strength and demonstrated execution capability to capitalise on opportunities

Increased complexity and constant change drives need for financial advice

Organic growth bolstered by adviser retention and attraction

IOOF **leads the industry** in adviser satisfaction

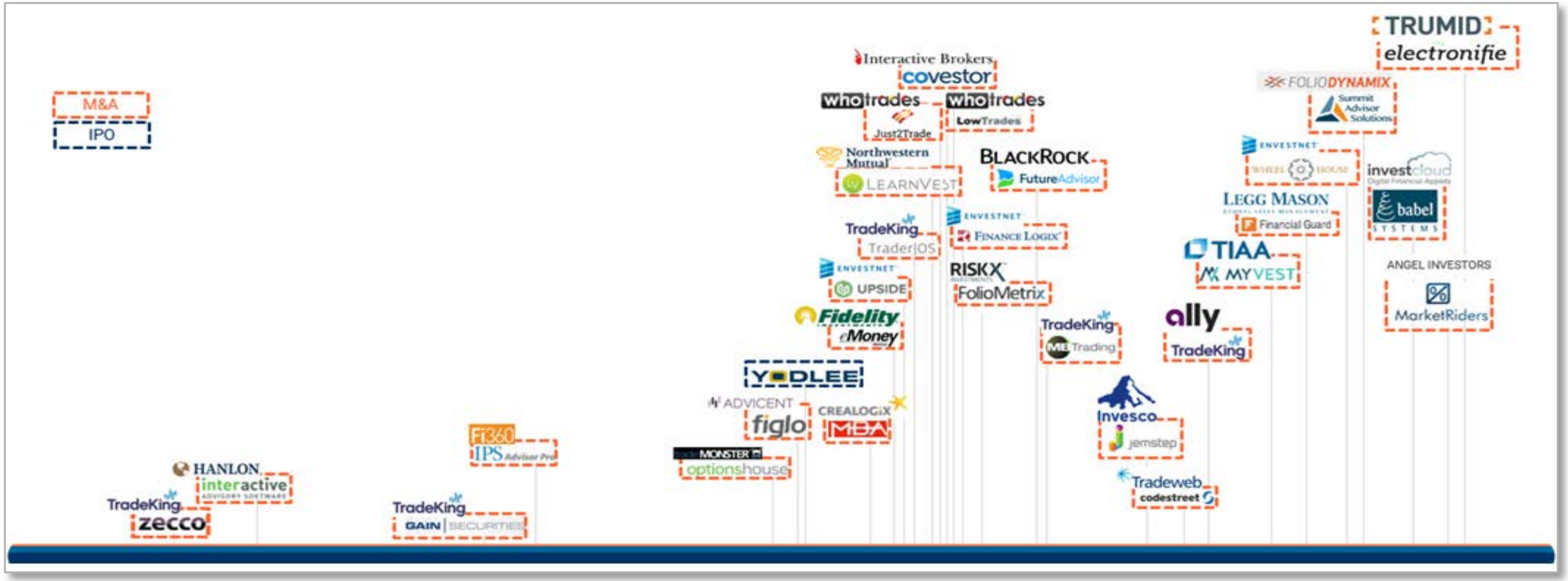


Source: Survey by Adviser Ratings Research 2016, IOOF analysis

- Differentiated vs our peers by our **advice-led** strategy
- Organic growth momentum building with **$4.6b** of net inflows
- Adviser numbers **growing** - 33 advisers joined IOOF since 31 December 2016 bringing total of **$976 million**
- Platform rationalisation continues, next phase underway - supporting **stronger organic growth**
- Uncertainty in the industry (eg Banks exiting Wealth) creates **opportunity**

Robo advice is an opportunity for incumbent players

- Landscape is conducive to M&A – offshore experience suggests start-ups usually acquired by incumbent institutions
- A key driver in reinventing client interaction – can work to incumbents' advantage
- Transforms the economics of capital market access
- Reducing the cost of data insights
- Removing friction and improving relevance to individual client cohorts



Source: CB Insights

ClientFirst | Continued online enhancements driving efficiencies

2016

FEBRUARY ✓
Pursuit investment menu expanded with addition of 33 hybrids

✓ MARCH
Pursuit allows ROA/TEF details to be entered on trades on Portfolio Online

APRIL ✓
Pursuit online maturing investments

JUNE ✓
Pursuit online withdrawals

JUNE ✓
Annuities and twice monthly term deposits available

JULY ✓
Pursuit online standing instructions

SEPTEMBER ✓
Pursuit online Re-weight / Auto-reweight

DECEMBER ✓
Pursuit online pension form

2017

APRIL ✓
Additional capital gains reporting

MAY ✓
Enhanced Centrelink Schedule reporting

JUNE ✓
New deposits tracking and reporting

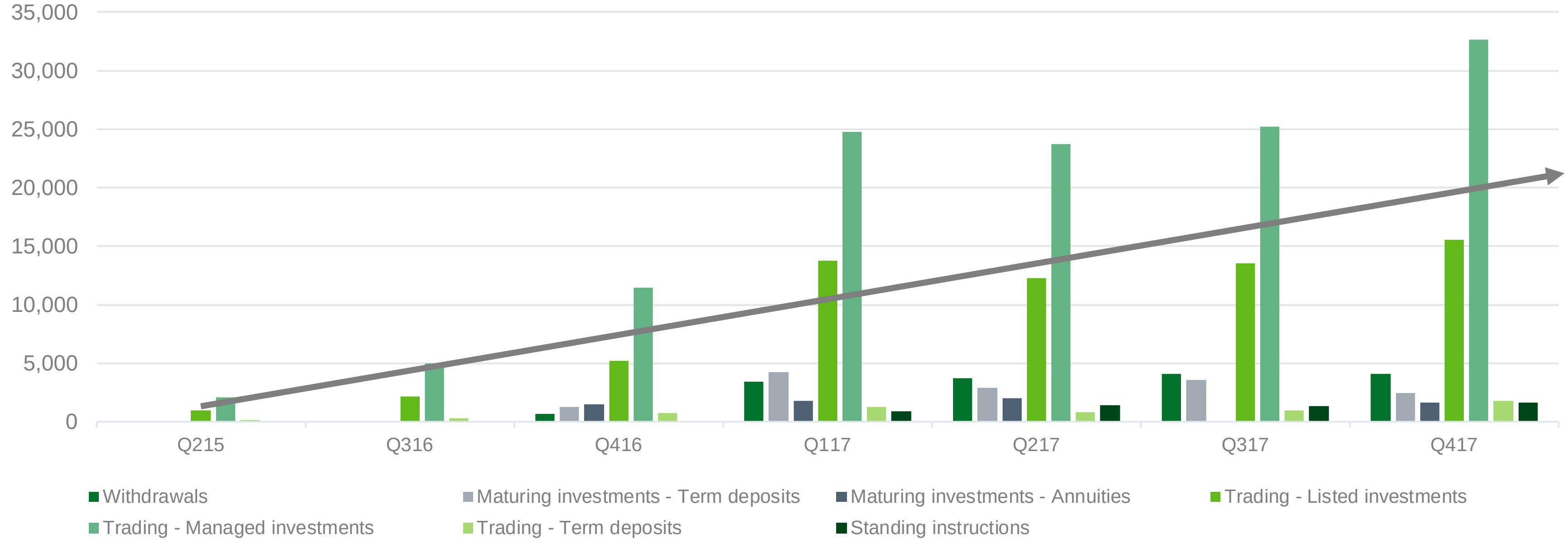
JULY ✓
Improved online withdrawals

JULY ✓
Additional fees and performance reporting

ClientFirst | Online transacting

Continuing positive trend towards online empowers our people to improve the quality of direct engagement

ONLINE TRANSACTING



The Result | Summary

Consistent execution of advice-led wealth management strategy **delivers**

- Solid UNPAT of **$169.4m,** improved **EBITA**
- Final proposed fully franked dividend per share of **27cps**
- **$4.6 billion** net inflows **up 156%**

Future outlook

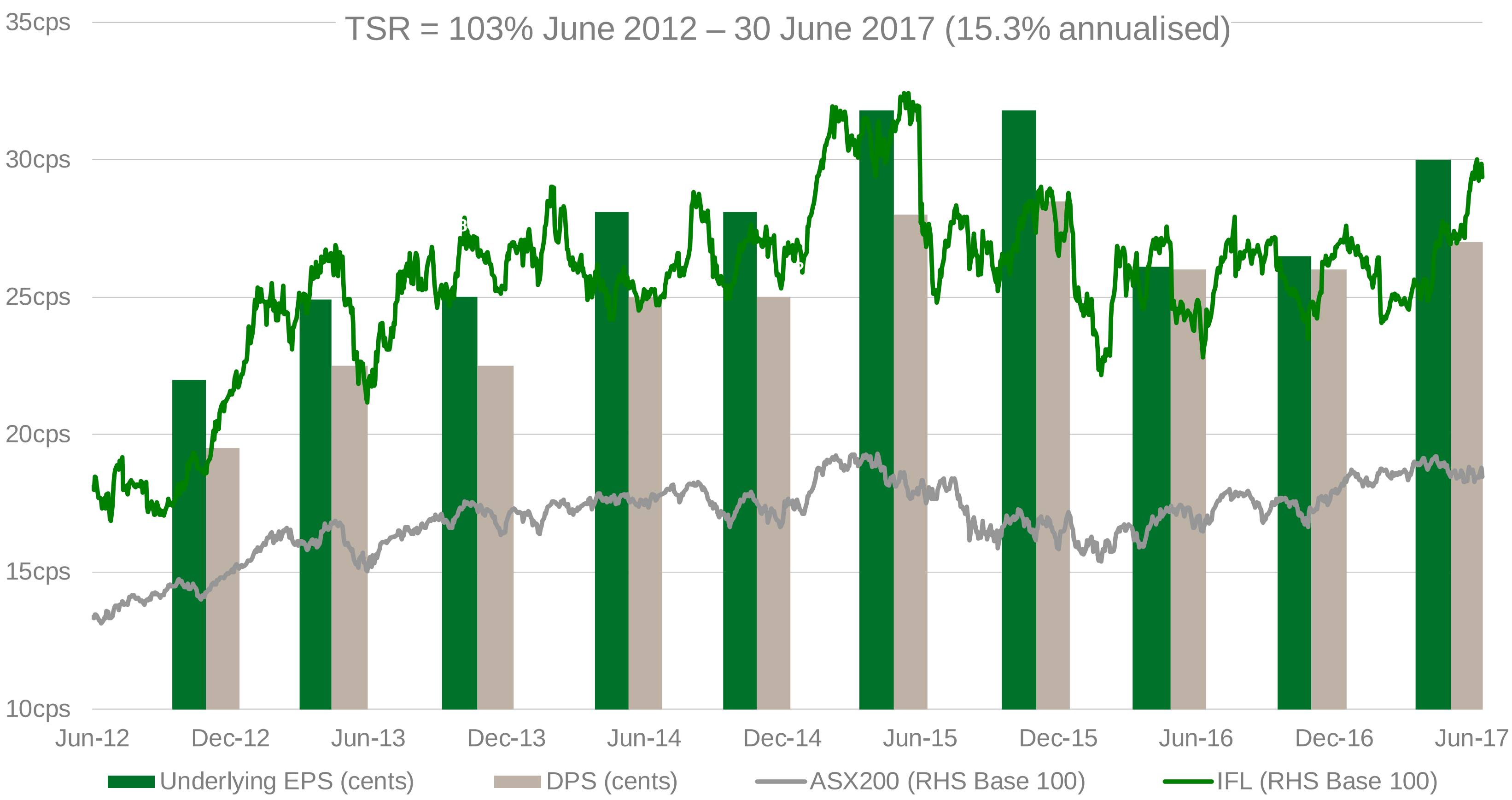
- **Further** net inflows with system tailwinds, **differentiated** superior service culture and **growing** adviser base
- Continued best in sector **cost control**
- Platform operating margin **supported** by ongoing cost efficiency
- Strong balance sheet to enable **accretive acquisitions**

Meeting our commitments to clients, advisers, community and shareholders

Creating financial independence since 1846

Appendices

APPENDIX A | Total Shareholder Return

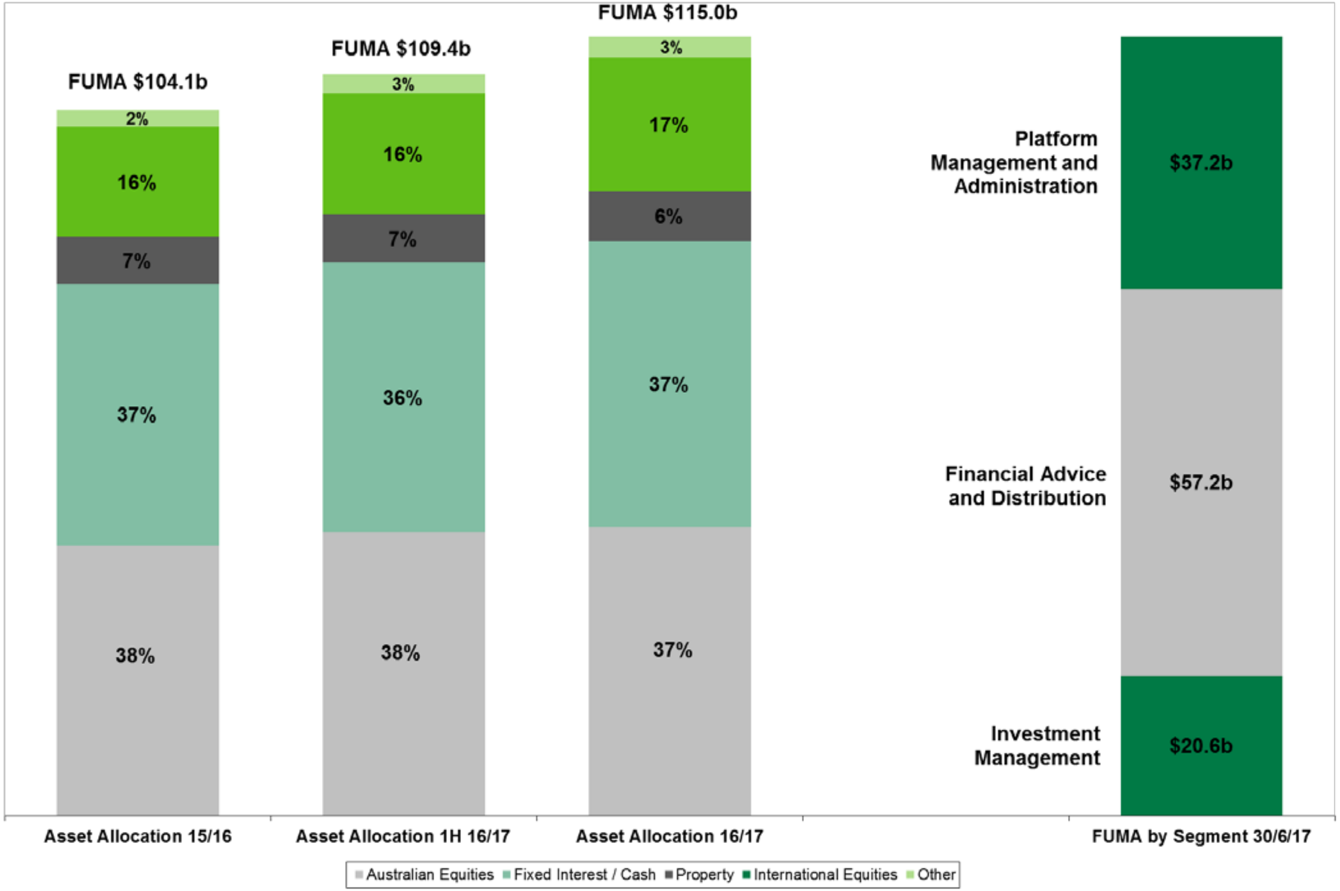


APPENDIX B | Statutory NPAT reconciliation

$'m	2H16/17	1H16/17	FY16/17	2H15/16	1H15/16	FY15/16
Statutory NPAT from continuing operations	41.8	74.2	**116.0**	62.9	75.1	**137.9**
Profit from divestments	-	-	**-**	**-**	58.9	58.9
Statutory NPAT	41.8	74.2	**116.0**	**62.9**	**134.0**	**196.8**
Acquisition and divestment transaction costs	-	-	**-**	1.0	0.5	1.5
Termination and retention incentive payments	0.9	3.2	**4.1**	1.8	4.1	6.0
Onerous contracts	-	-	**-**	1.0	-	1.0
Impairment of goodwill	38.6	-	**38.6**	-	-	-
Gain on disposal of subsidiaries and associates	-	(6.3)	**(6.3)**	0.0	(72.0)	(72.0)
Profit on divestment of assets	(0.8)	(11.1)	**(11.9)**	(5.1)	(3.0)	(8.1)
Non-recurring professional fees	0.0	2.0	**2.0**	2.0	3.1	5.1
Acquisition tax provision release	(5.7)	-	**(5.7)**	-	-	-
Unwind of deferred taxes on intangible assets	(5.0)	(5.0)	**(10.1)**	(5.0)	(5.0)	(10.1)
Reinstatement of Perennial non-controlling interests	-	-	**-**	-	(0.8)	(0.8)
Income tax attributable	0.8	3.2	**4.0**	(0.2)	14.5	14.3
Amortisation of intangible assets	19.4	19.3	**38.6**	19.7	20.0	39.7
Discontinued operations	-	-	**-**	-	(2.1)	(2.1)
Underlying NPAT from continuing operations	90.0	79.4	**169.4**	**78.0**	**93.3**	**171.3**

Detailed explanation of each reconciling line item provided in Appendix G

APPENDIX C | Group asset allocation



APPENDIX D | Segment performance – Corporate & Other

$'M	FY16/17	FY15/16	2H16/17	1H 16/17	2H 15/16	1H 15/16
Revenue	0.6	0.7	0.4	0.3	0.3	0.4
Direct Costs	0.4	0.4	0.2	0.2	0.3	0.2
Gross Margin (GM)	1.0	1.2	0.6	0.5	0.6	0.6
Other Revenue	2.1	1.4	0.6	1.4	0.1	1.3
Share of equity profit/loss	-	-	-	-	-	-
Operating Expenditure	(40.7)	(41.5)	(19.0)	(21.7)	(20.6)	(20.9)
Net Non Cash	(0.8)	(0.7)	(0.3)	(0.5)	(0.3)	(0.5)
Net Interest	(3.4)	(4.3)	(1.8)	(1.6)	(2.3)	(2.0)
Income Tax Expense/N.C.I	18.2	20.5	7.8	10.4	8.8	11.7
UNPAT	(23.7)	(23.5)	(12.1)	(11.5)	(13.6)	(9.8)

APPENDIX E
DETAILED BREAKDOWN

	FY16/17 FAD $'m	FY16/17 Platform $'m	FY16/17 IM $'m	FY16/17 Trustee $'m	FY16/17 Corp $'m	FY16/17 Group TOTAL $'m	FY15/16 Disc ops $'m	FY15/16 Group TOTAL $'m
Gross Margin								
Management and Service fees revenue	338.7	387.6	81.9	27.0	-	759.7	10.4	778.7
Other Fee Revenue	16.2	6.2	2.1	3.8	0.6	28.9	0.2	35.1
Service and Marketing fees expense	(121.1)	(175.6)	(20.3)	(0.0)	0.4	(241.2)	(3.1)	(254.6)
Other Direct Costs	(8.8)	(5.2)	(6.3)	(2.3)	(0.0)	(22.6)	(0.3)	(24.1)
Amortisation of deferred acquisition costs	(0.4)	(0.6)	-	-	-	(0.5)	-	(1.1)
Total Gross Margin	**224.7**	**212.5**	**57.5**	**28.5**	**1.0**	**524.4**	**7.2**	**533.9**
Other Revenue								
Stockbroking revenue	85.7	-	-	-	-	85.5	-	73.8
Stockbroking service fees	(48.5)	-	-	-	-	(48.5)	-	(41.7)
Dividends and distributions received	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	-	-	-	-	0.1	0.1	-	(0.0)
Profit on sale of financial assets	11.3	-	6.9	-	-	18.2	-	80.2
Other revenue	3.0	-	0.1	-	1.2	4.3	(1.1)	6.3
Other revenue adjustments	(11.3)	-	(6.9)	-	-	(18.2)	-	(80.2)
Total Other Revenue	**40.2**	**-**	**0.1**	**-**	**2.1**	**42.1**	**(1.1)**	**39.3**
Equity Accounted Profits								
Share of profits of associates and jointly controlled entities accounted for using the equity method	0.8	-	2.7	-	-	3.5	-	4.8
Total Equity Accounted Profits	**0.8**	**-**	**2.7**	**-**	**-**	**3.5**	**-**	**4.8**
Operating Expenditure								
Salaries and related employee expenses	(84.2)	(15.1)	(5.7)	(11.7)	(81.2)	(197.9)	(1.4)	(200.0)
Employee defined contribution plan expense	(5.8)	(1.1)	(0.3)	(1.0)	(6.0)	(14.1)	(0.1)	(14.8)
Information technology costs	(14.6)	(1.4)	(0.9)	(0.5)	(24.2)	(41.5)	(0.2)	(50.3)
Professional fees	(3.8)	(0.3)	(0.6)	(0.0)	(6.2)	(11.0)	(0.1)	(7.5)
Marketing	(5.3)	(1.0)	(0.1)	(0.2)	(1.9)	(8.5)	(0.0)	(9.3)
Office support and administration	(6.7)	(0.3)	(0.3)	(0.4)	(9.4)	(17.1)	(0.0)	(18.5)
Occupancy related expenses	(9.5)	(0.0)	(0.1)	(0.1)	(12.2)	(22.0)	-	(20.3)
Travel and entertainment	(2.2)	(1.0)	(0.2)	(0.5)	(2.1)	(5.9)	(0.0)	(6.1)
Corporate recharge	(16.7)	(75.8)	(6.1)	(3.9)	102.5	-	-	0.0
Other	(0.0)	-	(0.0)	-	(0.0)	(0.0)	(0.0)	0.0
Total Operating Expenditure	**(148.8)**	**(95.9)**	**(14.3)**	**(18.3)**	**(40.7)**	**(317.9)**	**(1.9)**	**(326.8)**
Loss on disposal of non-current assets	-	-	-	-	-	-	-	(0.2)
Total Operating Expenditure	**(148.8)**	**(95.9)**	**(14.3)**	**(18.3)**	**(40.7)**	**(317.9)**	**(1.9)**	**(326.9)**
Net non cash (Ex. Amortisation from acquisitions)								
Share based payments expense	(0.1)	(0.2)	(0.2)	(0.0)	(0.8)	(1.3)	(0.0)	(2.0)
Depreciation of property, plant and equipment	(3.1)	(3.5)	(0.5)	(0.6)	-	(7.6)	-	(7.9)
Amortisation of intangible assets - IT development	-	(1.7)	-	-	-	(1.7)	-	(1.7)
Total Net non cash (Ex. Amortisation from acquisitions)	**(3.2)**	**(5.4)**	**(0.7)**	**(0.6)**	**(0.8)**	**(10.7)**	**(0.0)**	**(11.6)**
Net Interest								
Interest income on loans to directors of controlled and associated entities	-	-	0.2	-	0.0	0.3	-	0.3
Interest income from non-related entities	0.6	0.0	0.2	-	3.3	4.1	0.0	4.7
Finance Costs	(0.0)	-	-	(0.0)	(6.8)	(6.8)	-	(7.4)
Total Net Interest	**0.5**	**0.0**	**0.4**	**(0.0)**	**(3.4)**	**(2.5)**	**0.0**	**(2.4)**
Income Tax & NCI								
Non-controlling Interest	(3.9)	-	-	-	-	(3.9)	-	(2.6)
Income tax expense	(32.5)	(33.7)	(13.0)	(2.8)	22.4	(59.6)	(1.2)	(67.5)
NCI adjustments	-	-	-	-	-	-	(0.8)	
Income tax expense adjustments	(1.5)	(0.2)	(0.0)	(0.1)	(4.3)	(6.1)	-	4.2
Total Income Tax & NCI	**(37.9)**	**(33.9)**	**(13.0)**	**(2.9)**	**18.2**	**(69.5)**	**(2.0)**	**(65.9)**
Underlying NPAT from continuing operations	**76.4**	**77.3**	**32.7**	**6.7**	**(23.7)**	**169.4**	**2.1**	**171.3**
Discontinued Operations						-		2.1
Underlying NPAT (pre-amortisation of intangible assets)						169.4		173.4
Significant Items								
Acquisition and divestment transaction costs						-		(1.5)
Termination and retention incentive payments						(4.1)		(6.0)
Onerous contracts						-		(1.0)
Impairment of goodwill						(38.6)		-
Gain on divestment of subsidiaries						6.3		72.0
Profit on divestment of assets						11.9		8.1
Non-recurring professional fees						(2.0)		(5.1)
Acquisition tax provision release						5.7		-
Income tax expense/NCI adjustments								
Unwind of deferred taxes recorded on intangible assets						10.1		10.1
Reinstatement of Perennial non-controlling interests						-		0.8
Income tax attributable						(4.0)		(14.3)
Total Significant Items - Net of Tax						(14.8)		63.2
Amortisation of intangible assets						(38.6)		(39.7)
Reported Profit/(Loss) per financial statements						116.0		196.8

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

APPENDIX F | EPS

IFL - Average weighted number of shares on Issue					
EARNINGS PER SHARE CALCULATION					
Full year ended 30 June 2017					
Ordinary Shares Weighted Average - Opening Balance					**300,133,752**
From	**To**	**Days**	**Share Issue**	**Shares on Issue**	
01-Jul-16	30-Jun-17	365	-	300,133,752	300,133,752
Weighted average treasury shares on issue					313,731
Weighted average shares on issue					**299,820,021**
Ordinary Shares - Closing Balance					300,133,752
Total shares for Basic EPS calculation					299,820,021

	Underlying NPAT	Statutory NPAT
Net Profit Attributable to Members of the parent entity	$169.4m	$116.0m
Basic Earnings Per Share	**56.5cps**	**38.7cps**

APPENDIX G | 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.

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

Gain on divestment of subsidiaries: During the year, the IOOF Group divested its interests in Perennial Investment Management Ltd to Perennial Value Management Ltd. The IOOF Group also partially divested a subsidiary (2016: Perennial Fixed Interest and Perennial Growth Management).

Profit on divestment 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 IOOF 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. Costs were predominantly in the prior year.

Acquisition tax provision release: The acquisition of DKN in the 2012 financial year necessitated recognition of a provision related to an uncertain tax position. This was recognised at estimated fair value, however the provision was revalued to nil during the current year as it was adjudged that a present obligation no longer existed. This was a one-off, non-cash, non-operational increment to the group's statutory profitability.

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.

Acquisition and divestment transaction costs: In 2016, one off payments to external advisers in pursuit of corporate transactions, such as the divestment of certain Perennial subsidiaries, which were not reflective of conventional recurring operations.

Impairment of goodwill: A non-cash impairment of $38.6m has been recognised in relation to goodwill allocated to PVM and its subsidiaries. Reduced profitability from both lower revenue and higher costs has led to calculated value-in-use declining to below the carrying value of the aggregate goodwill and investment balances. Revenue decline has arisen due to institutional outflows. These outflows reflect changing market dynamics where larger institutions now weight a greater proportion of funds to indexed products. This has combined with below benchmark performance in 2012 which adversely affected 3 and 5 year fund performance numbers. Higher costs resulted from an absence of operations scale and subsidisation following the divestment of other Perennial entities as PVM moved to virtually complete autonomy during the current year.

Onerous contracts: In 2016, 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. For these contracts, the costs exceed the economic benefits expected to be received.

Reinstatement of Perennial non-controlling interests: In 2016, embedded derivatives existed 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 year. 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.

APPENDIX H | 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, IOOF Pursuit. The Portfolio Service consolidation into IOOF Pursuit completed June 2016.
FUMA	Funds Under Management, Administration and Advice
FUMAS	FUMA plus Funds Under Supervision, primarily Corporate Trust clients
Net Operating Margin	Ratio of underlying revenues excluding net interest less underlying operating expenses relative to FUMA
PY	Prior Year – Full year to 30 June 2016
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 G 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 F
VWAP	Volume Weighted Average Price

Important disclaimer

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