



16 February 2018

IOOF 1H18 Financial Result

Momentum in underlying business and transformative acquisition underpins long-term growth

Result overview

- UNPAT of **\$94.8 million - up 19%**¹
- Interim fully franked dividend per share of **27 cents per share – up 4%**
- **\$1.6b net inflows** in six months - **up 15%**
- **Disciplined** cost control - **reduced** operating expenditure **\$8.9m**
- Cost to income ratio **53.8%**, **improved 9%**
- Group net operating margin **23bps**, **increased 2bps**
- **Transformational** acquisition of **ANZ Wealth Management** announced 17 October 2017 – **progressing as planned with no change** to targeted completion date

IOOF Holdings Limited (ASX: IFL; OTC: IOOFY) today announced Underlying Net Profit After Tax of \$94.8 million and an interim fully franked dividend of 27 cents per share. Funds under Management, Administration and Advice (FUMA) increased strongly to \$120 billion, including net inflows of \$1.6 billion, up 15% vs 1H17.

IOOF Managing Director, Christopher Kelaher commented, “This half sees another period of strong inflows and continued attraction of talented advisers. Proactively managing our portfolio of businesses, robust organic growth and positive markets have provided ongoing momentum to each of our businesses. The acquisition of ANZ Wealth Management will bring unique opportunities for long-term growth.

Organic growth momentum continues

Advice net inflows were \$1.2 billion, up 40% vs 1H17. IOOF recorded a 20th consecutive quarter of positive platform net inflows with \$617 million of net inflows, up 54% vs 1H17.

Mr Kelaher said, “Organic growth is a key part of our advice-led strategy. Advice inflows are particularly pleasing and show the benefits of operating multiple client value propositions supported by our open architecture approach. Strong net inflows of \$1.2 billion across our flagship platform demonstrate that consistent investment in technology and service excellence results in significantly increased flows.

“Pleasingly, group net operating margin increased by 2 bps to 23 bps. Our continual focus on efficiency of service delivery through the capability and empowerment of our people is supported by open architecture, modular technology and efficient processes. This means we are able to succeed in the face of systemic challenges in the industry.”

¹ All comparatives are to prior comparative period (pcp) 1H17 unless otherwise stated

Signature cost management

Diligent cost management remains a key focus of the business. Expenses were reduced by \$8.9 million vs 1H17 and the cost-to-income ratio has improved substantially from 58.9% to 53.8%.

Mr Kelaher said “As with prior results, cost control remains a significant feature. Our scale combined with efficient ways of working means that we can deliver superior service for our advisers and their clients while prudently managing our cost base.”

ANZ Wealth Management progress is well advanced

In October 2017, IOOF announced that it had entered into an agreement with Australia and New Zealand Banking Group Limited (ANZ) to acquire ANZ’s OnePath pensions and investments business and aligned dealer groups (ANZ Wealth Management).

Mr Kelaher commented, “This acquisition cements IOOF’s position as Australia’s leading advice-led wealth manager and is a natural fit with IOOF’s business model. It presents a unique opportunity for IOOF to significantly increase scale, create value from synergies and partner with an iconic Australian institution.”

The transaction strengthens IOOF’s position as the second largest advice business in Australia and positions us as the fifth largest platform provider.

Mr Kelaher noted, “This acquisition will be transformative for IOOF. The completion phase of the acquisition is progressing as planned. I am confident that this acquisition will deliver significant benefits for our staff, advisers, clients and shareholders.”

Returns to shareholders

The Directors of IOOF have affirmed their commitment to maintaining the dividend per share at 27 cents per share as announced at the time of the ANZ Wealth Management acquisition. A fully franked 27 cents per share interim dividend has been declared, representing a 100% payout ratio, and will be paid on 14 March 2018. The record date will be 26 February 2018.

Outlook

Mr. Kelaher said, “Our unwavering commitment to our advice-led wealth management strategy via both acquisitive and organic growth has delivered a very strong financial result. Our ClientFirst approach continues to deliver for our advisers, clients and shareholders and distinguishes us from our peers.

“With the ANZ Wealth Management acquisition on the horizon, we are in a fantastic position to continue to continue to grow well into the future.”

-ENDS-

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About IOOF Holdings Limited

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

IOOF provides advisers and their clients with the following services:

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

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

