



9 August 2016

## IOOF 2016 Financial Result

### **IOOF delivers a resilient result demonstrating continued positive flows, strong cost management and a record full year dividend<sup>1</sup>**

IOOF Holdings Limited (ASX: IFL, OTC: IOOFY) today announced a Statutory Net Profit After Tax of \$196.8 million, up 42% on the previous year, Underlying Net Profit after Tax (UNPAT) of \$173.4 million, in line with the previous year, and strong net fund flows of \$1.8 billion.

#### **Highlights**

- Statutory Net Profit after Tax of \$196.8 million, up 42% on previous year
- Underlying Net Profit after Tax of \$173.4 million - in line with May 2016 guidance
- Continuing positive net flows totaling \$1.8 billion including:
  - 14<sup>th</sup> consecutive quarter of Platform positive net flows
  - Positive Advice net flows of \$1.3 billion
- Shadforth fully integrated delivering 7.5 cps accretion and cost synergies of \$25 million, significantly exceeding target of \$15 million
- Strategic initiatives focusing on core Wealth Management businesses, including a ~\$7b platform consolidation
- Strong balance sheet with net debt reduced to \$20 million
- Proposed final dividend of 26 cents per share<sup>1</sup>, fully franked, and a record dividend for the full year of 54.5 cents per share an increase of 3% on the previous year
- Significant progress on client centric initiatives

IOOF Managing Director, Christopher Kelaher commented, "This is a pleasing result in the face of turbulent market conditions. IOOF's enhanced scale and diversified revenue streams have delivered continued positive fund flow in Advice and Platforms, with total net flows of \$1.8 billion. We continue to strengthen our core Wealth Management offering through pursuing Platform consolidation and business simplification, while maintaining a strong balance sheet which sees us well positioned us to take advantage of future growth opportunities."

#### **Strong Net Flows**

IOOF recorded the 14th consecutive quarter of positive net flows in Platforms and net flows for the year of \$1.3 billion through Advice channels. Advice flows included \$266 million through the Shadforth business.

Mr Kelaher, said, "Our ongoing success in attracting positive net flows is particularly pleasing given the volatile market conditions, particularly during the second half of the year."

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<sup>1</sup> Subject to finalisation of the company's audited statutory financial statements

## **Shadforth Acquisition Complete**

The integration of Shadforth, acquired by IOOF in August 2014, was successfully completed during the first half of the financial year. \$25 million in full year pre-tax cost synergies were achieved, substantially exceeding expectations of \$15 million.

Mr Kelaher, said, “Shadforth, Australia’s premier High Net Worth Individual advisor, has delivered access to the most highly coveted segment in the advisory market and increased our recurring revenues. Pleasingly, the successful acquisition has delivered 7.5 cps accretion for shareholders.”

## **Focus on Core Capabilities**

Mr Kelaher further said, “The ongoing simplification of our core Wealth Management business continues. Initiatives undertaken during the year included platform consolidation and the divestment of non-core businesses.”

During the year the company transferred \$7.1 billion of client funds and 40,000 client accounts from its TPS platform to the market-leading Pursuit platform. This is expected to deliver ongoing benefits through reduced operating costs and removal of duplication.

## **Cost Management and Balance Sheet**

Diligent cost management remains a key focus of the business. During the year operating costs were reduced by 2% and the cost-to-income ratio improved to 56.9%, compared to 57.8% in FY15.

The company’s balance sheet strength is underpinned by strong cash flow generation. This, in addition to \$66 million after tax profits from divestments, facilitated a reduction in net debt to \$20 million and a healthy debt to equity ratio of 13%.

## **Dividends**

The Directors of IOOF have proposed a fully franked 26 cents per share final dividend to be paid on 13 October 2016<sup>1</sup>. The record date will be 30 September 2016.

The proposed total dividend for the year will be a record dividend of 54.5 cps an increase of 3% on the previous year.

## **Outlook**

Mr. Kelaher said, “Our scale and revenue diversification underpins the resilience of our business and positively positions us to build on our strong flows momentum. We continue to focus on building-out our core Wealth Management business through simplification, strategic divestments and continued implementation of ‘ClientFirst’ initiatives.

“The fundamentals for our industry are positive and there is a strong pipeline of growth opportunities. Our track record of accretive acquisitions, effective integration and extraction of synergies, combined with our financial strength, places us in a strong position to pursue future growth opportunities.”

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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 independent 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 estate planning and corporate trust services.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

