



IOOF FY18 Results

7 August 2018



Consistent execution of advice-led strategy

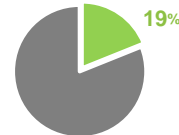
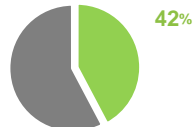
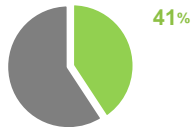
- Record UNPAT of **\$191.4m** – **up 13%**
- Final fully franked dividend of **27 cents per share**
- **\$5.8b** net inflows – **up 28%**
- Reliable recurring cost management
 - **Reduced** operating expenditure by **\$9.4m**
 - Cost to income ratio **53.1%**, improved **5%**
- **Margin unchanged** – group net operating margin **23bps**
- **Accelerated** economic completion of ANZ Wealth Management
- NATL acquisition completed, fully integrated and **delivering synergies**

Note: All comparisons are to prior comparative period (pcp) FY17 unless otherwise stated

Significant UNPAT growth delivers record result

Financial Advice	Platform	Investment Management	Trustee Services
<p>FY18 UNPAT: \$78.0m</p> <p>FY17: \$76.4m: up 2%</p> <ul style="list-style-type: none"> • Advice-led strategy attracts advisers - significant incremental FUA • Offering choice via unique open architecture – acting in clients’ best interests • 12 of top 50 advisers per Barrons – focusing on quality of financial advice 	<p>FY18 UNPAT: \$81.0m</p> <p>FY17: \$77.3m: up 5%</p> <ul style="list-style-type: none"> • Cost reduction of \$6.4m - benefitting from prior periods’ focus on on-line transacting capability • \$1.6b net inflows to IOOF platforms • MDA on IOOF Pursuit launched 2 July 2018 	<p>FY18 UNPAT: \$36.7m</p> <p>FY17: \$32.7m: up 12%</p> <ul style="list-style-type: none"> • IOOF MySuper offering 1st quartile per SuperRatings¹ • Highly rated multi-manager investment solutions through IOOF MultiSeries and IOOF MultiMix • Complementary business with no exposure to institutional volatility and key person risk 	<p>FY18 UNPAT: \$9.0m</p> <p>FY17: \$6.7m: up 34%</p> <ul style="list-style-type: none"> • NATL acquisition synergies <ul style="list-style-type: none"> – \$1.6m in FY18 – ~\$5m annualised recurring • Ability One acquired July 2018 • AET is now largest compensation trust provider in Australia

Contribution to FY18 UNPAT²

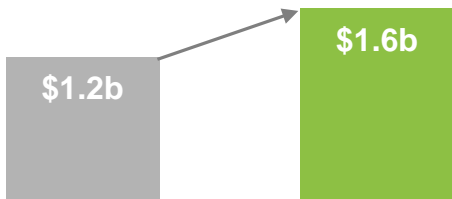


1. SuperRatings MySuper Fund Crediting Rate Survey 1st quartile performance for 1 year and 3 years to 30 June 2018. Master Trusts only.

2. Sum of total contribution equates to 100% when Corporate segment is included - FY18 UNPAT: (\$13.3 million)

Strong flows momentum complemented by growing adviser numbers

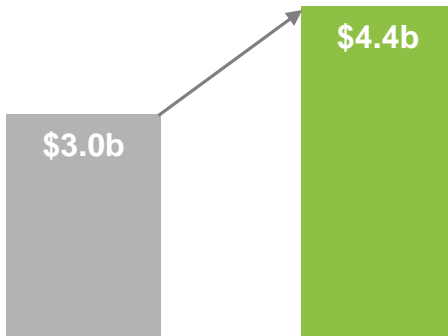
Platform net inflows
+34%



■ FY17 ■ FY18

- ✓ 6 consecutive years of net inflows

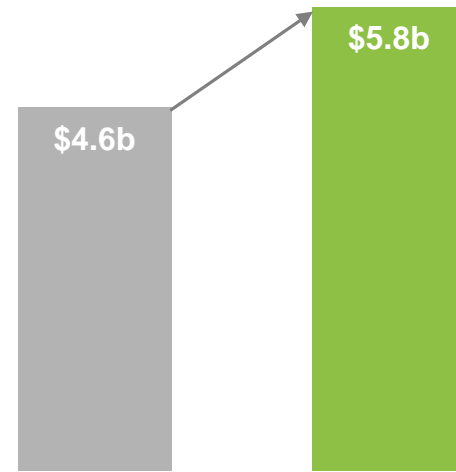
Advice net inflows
+48%



■ FY17 ■ FY18

- ✓ Open architecture and acting in clients' best interests

Total net inflows
+28%

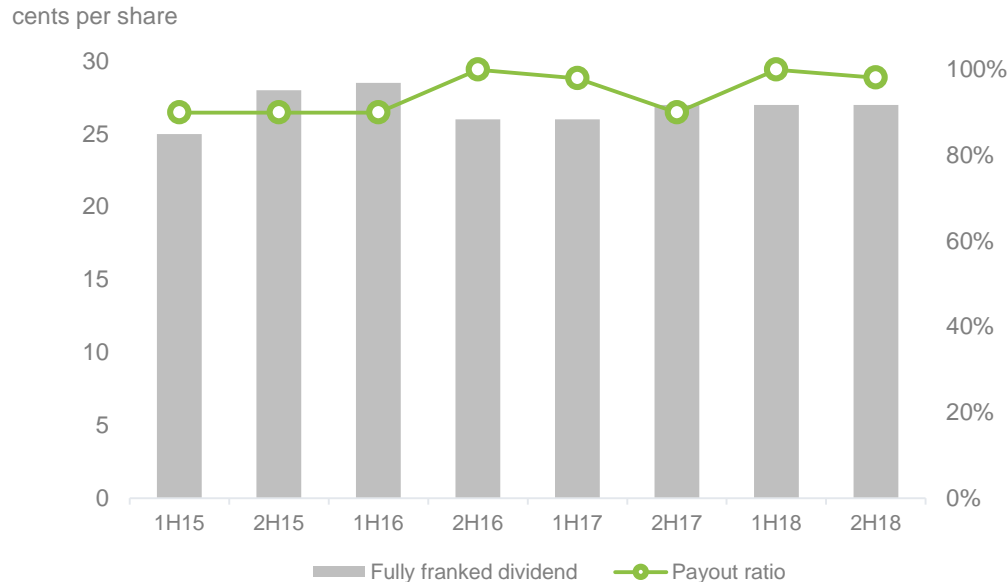


■ FY17 ■ FY18

- ✓ Advisers continue to be attracted to IOOF licences

Delivering for our shareholders

DIVIDEND ANALYSIS



- **Commitment** to shareholders following Oct 2017 equity raise
- 2H18 final dividend of **27cps** fully franked
- Dividend commitment results in **98% payout ratio** in 2H18
- Record date **21 August** 2018
- Payment date **4 September** 2018



IOOF FY18 Results | Financials

David Coulter | Chief Financial Officer

Record result highlights

	2H18	1H18	FY18
Underlying NPAT	\$96.6m	\$94.8m	\$191.4m
Underlying EBITA	\$132.9m	\$130.3m	\$263.3m
Underlying EPS (cents)	27.5cps	29.8cps	57.3cps
Cost to Income %	52.5%	53.8%	53.1%
FUMA	\$125.9b	\$120.0b	\$125.9b
Net Operating Margin %	0.23%	0.23%	0.23%
Dividend per share (cents)	27.0cps	27.0cps	54.0cps
Statutory NPAT [*]	\$43.1m	\$45.2m	\$88.3m

	2H17	1H17	FY17	CHANGE ON PY	
	\$90.0m	\$79.4m	\$169.4m	\$22.1m	13%
	\$129.7m	\$111.7m	\$241.3m	\$21.9m	9%
	30.0cps	26.5cps	56.5cps	0.8cps	1.4%
	53.3%	58.9%	56.1%	-2.9%	-5%
	\$114.6b	\$109.4b	\$114.6b	\$11.3b	10%
	0.24%	0.21%	0.23%	0.00%	0%
	27.0cps	26.0cps	53.0cps	1.0cps	2%
	\$41.8m	\$74.2m	\$116.0m	(\$27.7m)	-24%

^{*} Attributable to the Owners of the Company

P&L breakdown

\$'m	2H18	1H18	FY18
Gross Margin	266.8	266.9	533.8
Other Revenue	22.5	23.8	46.4
Operating Expenditure	(152.1)	(156.4)	(308.5)
Equity Accounted Profits	1.2	1.3	2.5
Net Non Cash	(5.6)	(5.3)	(10.9)
Underlying EBITA	132.9	130.3	263.3
Net Interest	6.1	1.2	7.3
Income Tax & NCI	(42.5)	(36.7)	(79.1)
Underlying NPAT	96.6	94.8	191.4
Significant Items/Amortisation	(53.5)	(49.6)	(103.1)
Statutory NPAT*	43.1	45.2	88.3

2H17	1H17	FY17
266.7	257.6	524.4
19.3	22.8	42.1
(152.6)	(165.3)	(317.9)
1.3	2.1	3.5
(5.1)	(5.6)	(10.7)
129.7	111.7	241.3
(1.4)	(1.0)	(2.5)
(38.3)	(31.2)	(69.5)
90.0	79.4	169.4
(48.2)	(5.2)	(53.4)
41.8	74.2	116.0

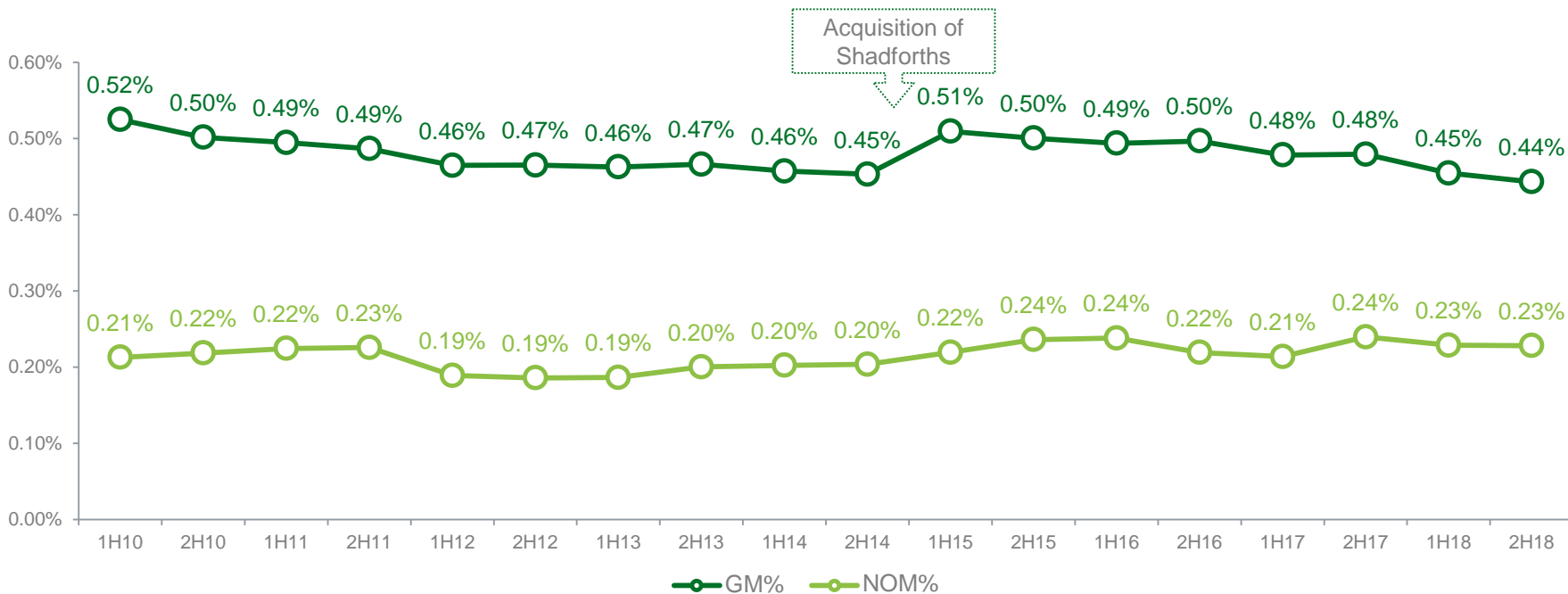
CHANGE ON PY	
9.4	2%
4.2	10%
9.4	3%
(1.0)	-27%
(0.2)	-2%
21.9	9%
9.8	LARGE
(9.6)	-14%
22.1	13%
(49.7)	-93%
(27.7)	-24%

* Attributable to the Owners of the Company

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

Group Margins | Longer time series analysis

- Gross margin outcome a function of product mix shifts and relative line of business contribution
- Net operating margin stable and sustainable ⇒ Active management of portfolio of businesses



Note: Presented including discontinued operations to show a like for like comparison over a longer time series. Perennial Value Management FUM has been excluded as equity accounted profits excluded from Gross and Net Operating Margin calculation

Disciplined management of costs

- Labour - slight increase due to higher rates of pay and shift to employee labour for IT - offset by lower staff numbers following platform rationalisation efficiencies
- IT - return to conventional recurring spend following completion of client experience enhancement initiatives and shift from external consultants to employees
- Other – reduction in professional fees and administration expenses

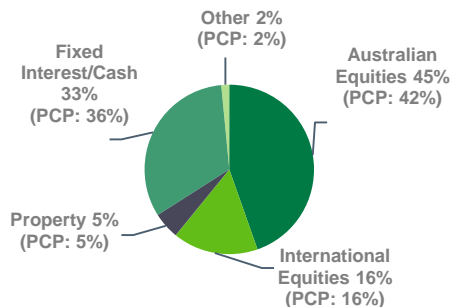


Financial Advice | Open architecture

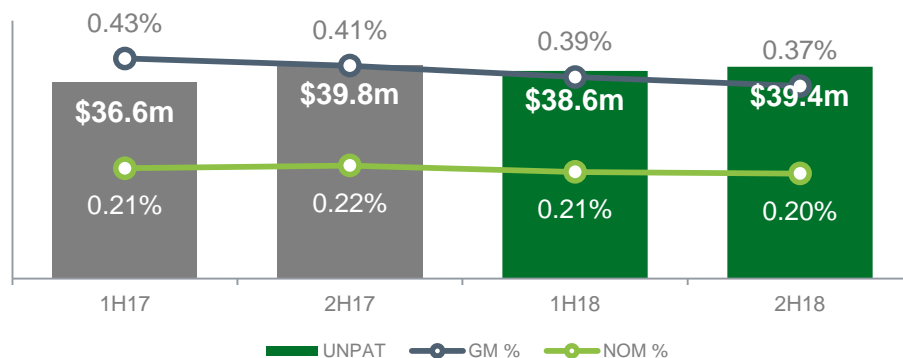
- Open architecture allows IOOF to capture significant additional FUAdvice
- Successful addition of advisers has brought new revenue streams, albeit at a dilutive margin in % terms of average funds
- Other revenue benefitting from improved Ord Minnett performance

\$'m	FY18	FY17	2H18	1H18	2H17	1H17
Revenue	380.3	354.9	192.3	188.0	180.7	174.2
Direct Costs	(153.1)	(130.2)	(79.3)	(73.8)	(67.6)	(62.7)
Gross Margin (GM)	227.2	224.7	113.0	114.1	113.1	111.5
GM %	0.38%	0.42%	0.37%	0.39%	0.41%	0.43%
Other Revenue	44.5	40.2	21.7	22.8	18.8	21.4
Share of equity profit/loss	0.7	0.8	0.4	0.4	0.4	0.4
Operating Expenditure	(149.5)	(148.8)	(73.1)	(76.5)	(71.8)	(77.0)
Net Non Cash	(4.2)	(3.2)	(2.3)	(2.0)	(1.6)	(1.6)
Net Interest	0.7	0.5	0.4	0.3	0.2	0.3
Income Tax Expense/N.C.I	(41.3)	(37.9)	(20.8)	(20.5)	(19.4)	(18.5)
UNPAT	78.0	76.4	39.4	38.6	39.8	36.6
Average FUAdv (\$'b)	59.5	53.6	61.0	58.0	55.4	51.9
NOM %	0.21%	0.22%	0.20%	0.21%	0.22%	0.21%

ASSET ALLOCATION



MARGIN ANALYSIS

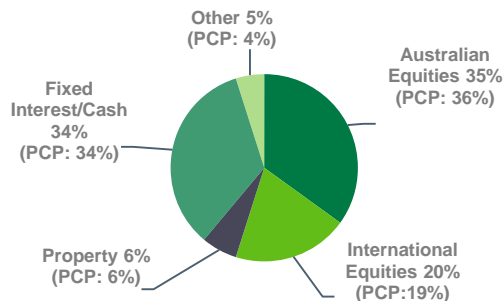


Platform | Diligent cost management

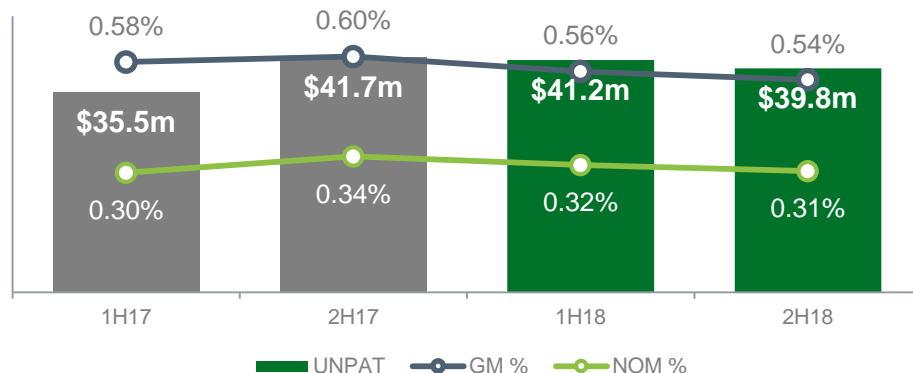
- Average FUAdmin shows significantly improved organic growth and positive investment returns
 - funds diminution in high priced transition platforms;
 - partly offset by high growth in platforms priced at contemporary competitive fee scales
- Lower costs following platform rationalisation and IT investment in prior periods
- Operating margin stable at **32bps** - high funds growth with more efficient delivery

\$'m	FY18	FY17	2H18	1H18	2H17	1H17
Revenue	393.2	393.8	194.4	198.8	200.6	193.2
Direct Costs	(183.2)	(181.4)	(90.7)	(92.5)	(91.9)	(89.5)
Gross Margin (GM)	210.0	212.5	103.7	106.3	108.7	103.7
GM %	0.55%	0.59%	0.54%	0.56%	0.60%	0.58%
Other Revenue	0.1	-	-	0.1	-	-
Operating Expenditure	(89.5)	(95.9)	(44.4)	(45.1)	(46.1)	(49.8)
Net Non Cash	(4.4)	(5.4)	(2.3)	(2.2)	(2.6)	(2.7)
Net Interest	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax Expense/N.C.I	(35.1)	(33.9)	(17.2)	(17.9)	(18.3)	(15.7)
UNPAT	81.0	77.3	39.8	41.2	41.7	35.5
Average FUAdmin (\$'b)	38.2	36.0	38.8	37.7	36.7	35.2
NOM %	0.32%	0.32%	0.31%	0.32%	0.34%	0.30%

ASSET ALLOCATION



MARGIN ANALYSIS

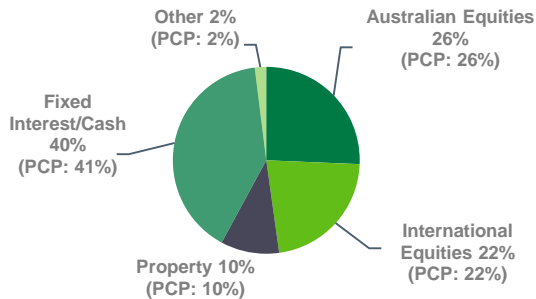


Investment Management | Consistent complementary business

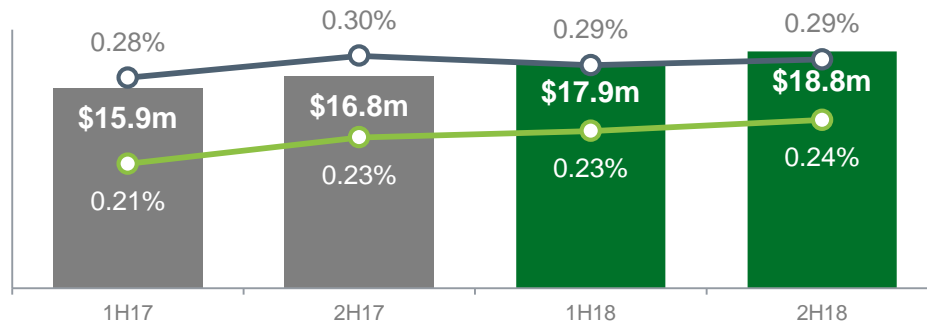
- Overall outcome improved in line with market based growth in average funds
- Multi-manager business model is unaffected by trends on active to passive
- Decreased operating expenditure resulted from the divestment of Perennial Investment Management Limited
- Performance 1st quartile for MySuper offering per SuperRatings¹

\$'m	FY18	FY17	2H18	1H18	2H17	1H17
Revenue	73.4	84.1	37.0	36.3	41.4	42.7
Direct Costs	(11.5)	(26.6)	(5.6)	(5.9)	(11.6)	(15.0)
Gross Margin (GM)	61.9	57.5	31.5	30.4	29.8	27.7
GM %	0.29%	0.29%	0.29%	0.29%	0.30%	0.28%
Other Revenue	-	0.1	-	-	0.0	0.0
Share of equity profit/loss	1.8	2.7	0.8	1.0	0.9	1.7
Operating Expenditure	(11.4)	(14.3)	(5.5)	(5.9)	(7.0)	(7.3)
Net Non Cash	(0.6)	(0.7)	(0.3)	(0.3)	(0.3)	(0.4)
Net Interest	-	0.4	-	-	0.2	0.3
Income Tax Expense/N.C.I	(15.0)	(13.0)	(7.7)	(7.3)	(6.8)	(6.1)
UNPAT	36.7	32.7	18.8	17.9	16.8	15.9
Average FUM (\$'b)	21.2	19.9	21.5	20.8	20.2	19.7
NOM %	0.24%	0.22%	0.24%	0.23%	0.23%	0.21%

ASSET ALLOCATION



MARGIN ANALYSIS



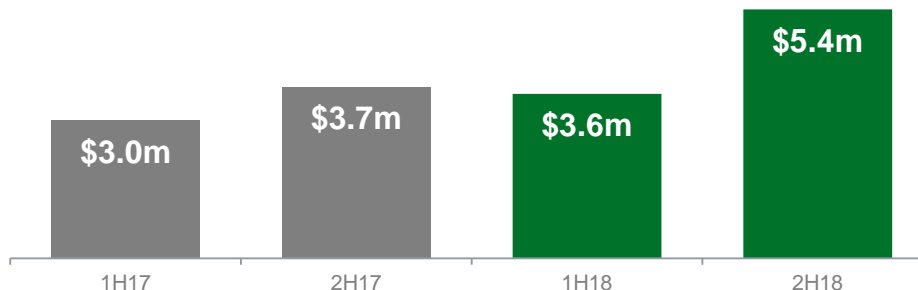
1. SuperRatings MySuper Fund Crediting Rate Survey 1st quartile performance for 1 year and 3 years to 30 June 2018. Master Trusts only.

Trustee | Acquisition enhances organic growth

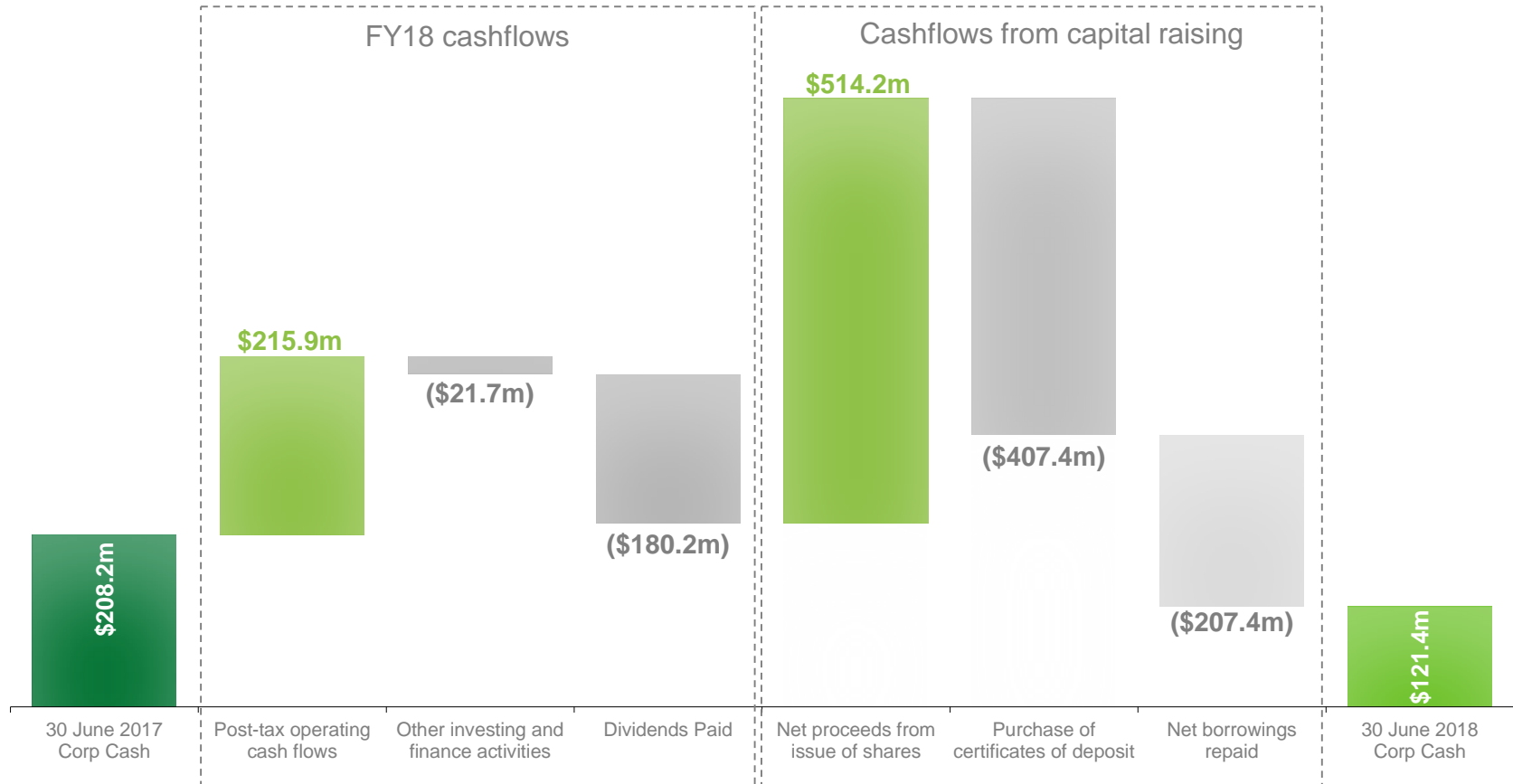
- Revenue increase supported by higher customer numbers and NATL contribution
- Increase in costs following NATL acquisition, but synergies realisation driving higher profitability
 - \$1.6m in FY18 cost synergies
 - ~\$5m annualised recurring costs and revenue synergies
- Trustee capability directs administration funds from IDPS, native title, compensation & philanthropic trusts to IOOF platforms

\$'m	FY18	FY17	2H18	1H18	2H17	1H17
Revenue	37.5	30.8	19.9	17.6	15.4	15.4
Direct Costs	(3.9)	(2.3)	(1.8)	(2.1)	(1.0)	(1.3)
Gross Margin (GM)	33.6	28.5	18.2	15.5	14.4	14.1
Operating Expenditure	(20.2)	(18.3)	(10.1)	(10.1)	(8.8)	(9.5)
Net Non Cash	(0.6)	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)
Net Interest	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)
Income Tax Expense/N.C.I	(3.9)	(2.9)	(2.3)	(1.5)	(1.6)	(1.3)
UNPAT	9.0	6.7	5.4	3.6	3.7	3.0
Average FUS (\$'b)	33.7	30.2	34.5	32.9	30.7	29.7

UNPAT ANALYSIS



Strong operating cash flow and prudent capital management





IOOF FY18 Results | Strategy, Outlook & ANZ Wealth Management

Christopher Kelaher | Managing Director

Growth drivers for IOOF



Industry fundamentals

Positive industry tailwinds and demographic trends

- ✓ Australian super system third best in the world per Mercer¹
- ✓ SG growth to 12%
- ✓ 8-10% system CAGR



Adviser numbers

Growing numbers of quality advisers bring additional net inflows

- ✓ 12 of the top 50 per Barrons – top performer 2nd year running
- ✓ Education standards to increase professionalism across the industry



Client satisfaction

Attraction of clients to goals based advice and superior service

- ✓ Modular, micro-service IT architecture enables superior service delivery
- ✓ IOOF Pursuit ranked 5th of 17 platforms for overall satisfaction per Wealth Insights



Acquisitions

Unmatched track record of strategic acquisitions in complementary businesses

- ✓ Transformational ANZ Wealth Management acquisition – accelerated completion
- ✓ NATL completed ahead of schedule and synergies of \$1.6m delivered



Market performance

Revenue generation from investment market valuations

- ✓ \$7b increase to FUMA in FY18 due to market movement

Well positioned to address industry challenges

Open architecture | Scale provider | Well capitalised

<p>Industry structure</p>	<p>IOOF will continue to advocate strongly for a regulatory framework which makes appropriate financial advice, provided by well capitalised, reputable, compliant license holders, available to as many Australians as possible.</p> <p>“ASIC noted that vertical integration can provide economies of scale and other benefits to both the customer and the financial institution. Consumers might choose advice from large vertically integrated firms because they seek that firm's products due to factors such as convenience and access, and recommendations of 'in-house' products may be appropriate.” <i>- ASIC Media Release 18-019MR</i></p>
<p>Grandfathered commissions</p>	<ul style="list-style-type: none"> • Not expected to be material • Proactive in moving clients from legacy to contemporary platforms - contemporary platforms are more cost effective • IOOF's salaried advisers do not receive commissions
<p>Budget changes</p>	<ul style="list-style-type: none"> • Not expected to be material
<p>Industry fee changes</p>	<ul style="list-style-type: none"> • IOOF's platform pricing remains competitive • Price is one factor in why advisers choose a platform • IOOF is providing superior service through our ClientFirst approach

ANZ Wealth Management | Accelerated economic completion

1

Overview

IOOF has entered into a non-binding term sheet with Australia and New Zealand Banking Group Limited (ANZ) in respect of implementing an accelerated economic completion of the acquisition of ANZ's One Path Pensions and Investments (ANZ P&I) business and full legal ownership of ANZ's Aligned Dealer Groups (ADGs).

2

Highlights

IOOF and ANZ are negotiating final legally binding arrangements to give effect to the following agreed outcomes:

- Full legal ownership of ANZ ADGs from 1 October 2018.
- Substantial economic completion of the ANZ P&I business will also be brought forward to 1 October 2018 through:
 - an initial payment by IOOF of \$800m to ANZ; and
 - ANZ to pay a return to IOOF equivalent to 82% of the economic interests in the ANZ P&I business from 1 October 2018.

Final completion of the acquisition of the ANZ P&I business acquired by IOOF will take place after successful completion of a successor fund transfer (which separates the ANZ P&I business products from OnePath Life), which is expected to occur towards the end of March 2019.

3

Financial Impact

Assuming stable economic conditions more generally, the accelerated completion date and partial payment to ANZ is expected to deliver Earnings Per Share broadly in line with forecasts previously disclosed on 17 October 2017, upon initial announcement of the transaction being;

Anticipated mid single digit EPS accretion in FY2019, expected to increase to ~15%+ in the first full year and over ~20%+ thereafter

Result summary

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

- UNPAT of **\$191.4m, up 13%**
- Final fully franked dividend per share of **27cps – commitment to delivering value to shareholders**
- **Platform** inflows \$1.6b **up 34%**; **advice** inflows \$4.4b, **up 48%**
- **Net inflows, open architecture** and **growing** adviser base
- Best in sector **cost management**
- **Accelerated completion** of **transformational acquisition** of ANZ Wealth Management

Meeting our commitments to clients, advisers, community and shareholders



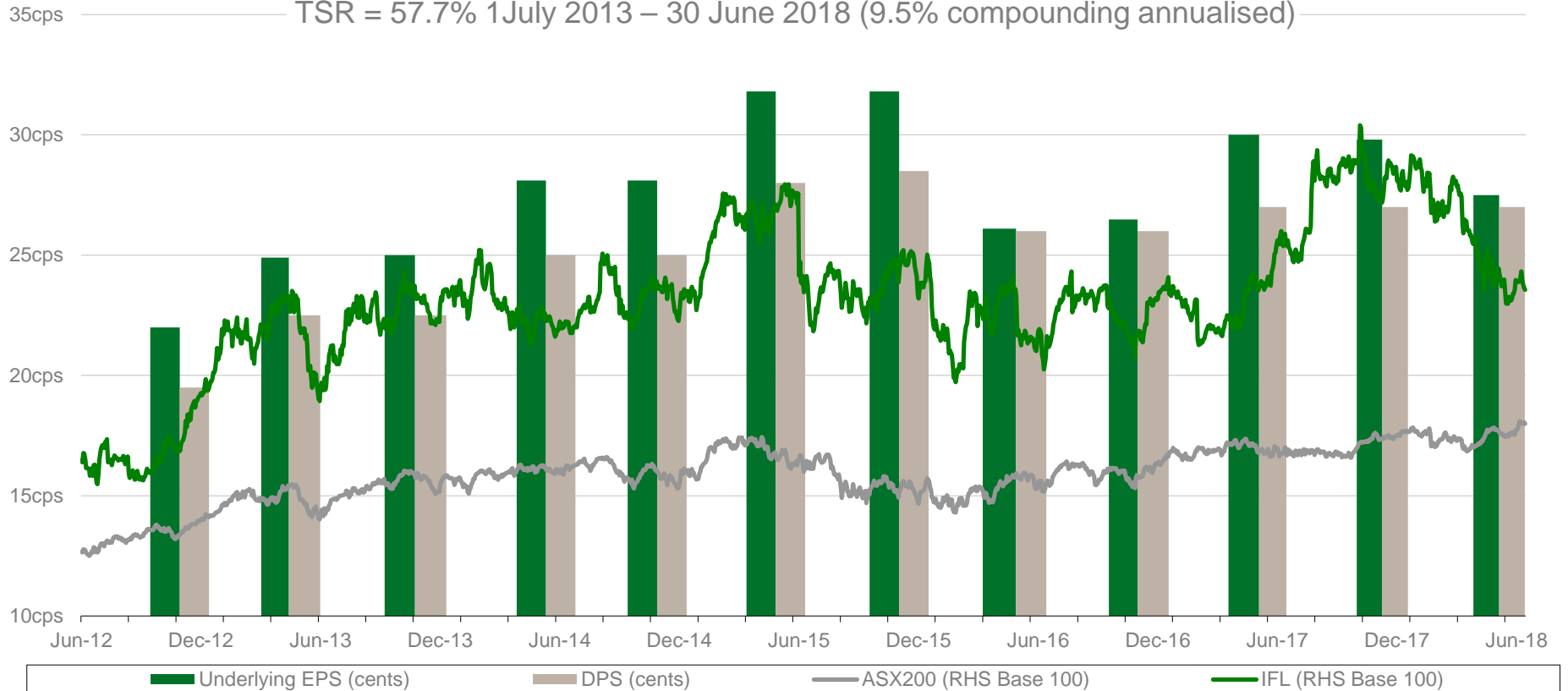
Creating financial independence since 1846



Appendices

APPENDIX A | Total Shareholder Return

TSR = 57.7% 1 July 2013 – 30 June 2018 (9.5% compounding annualised)

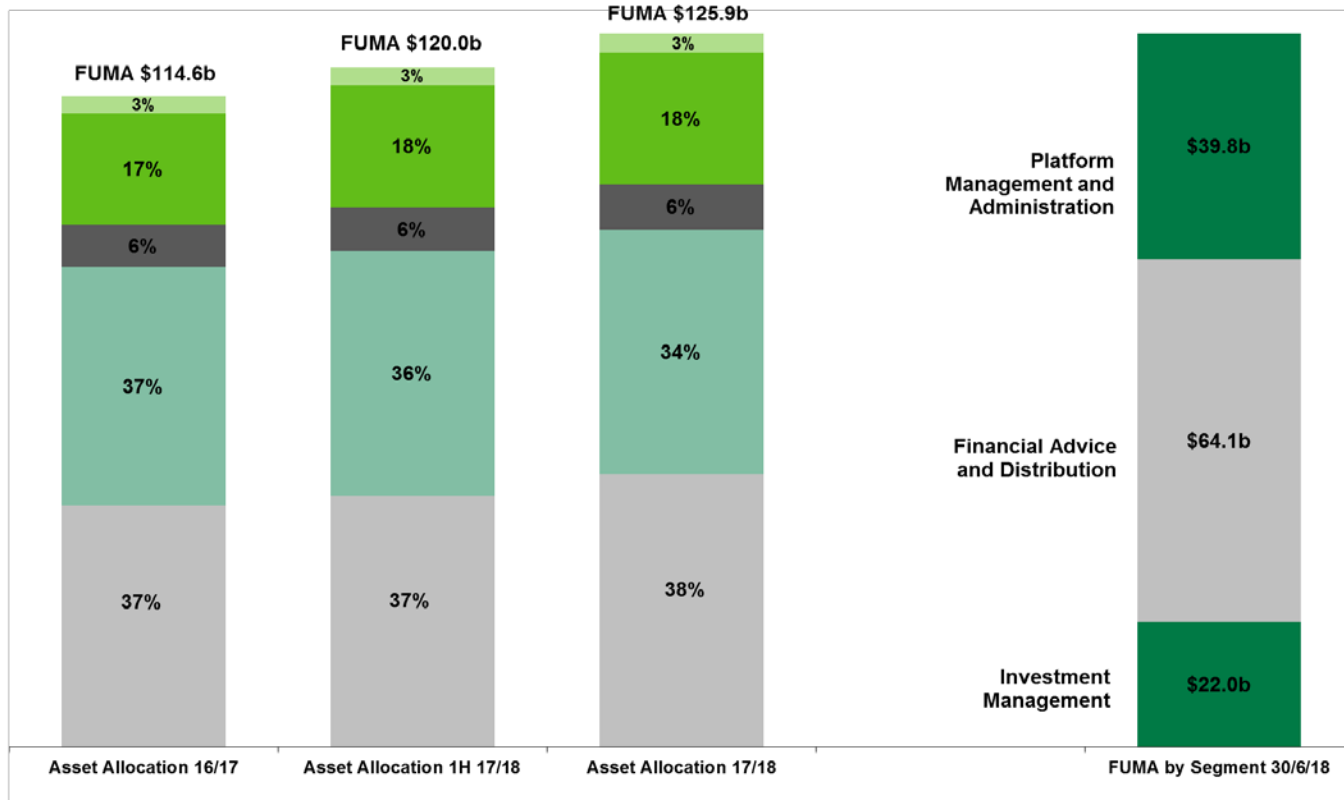


APPENDIX B | Statutory NPAT reconciliation

	FY18	FY17
Profit attributable to Owners of the Company	88.3	116.0
Underlying net profit after tax (UNPAT) adjustments:		
Amortisation of intangible assets	39.4	38.6
Acquisition costs - Acquisition advisory	5.4	-
Acquisition costs - Integration preparation	5.0	-
Acquisition costs - Finance costs	6.7	-
Onerous contracts	2.3	-
Termination payments	2.1	4.1
Profit on divestment of subsidiaries	(0.1)	(6.3)
Profit on divestment of assets	(2.6)	(11.9)
Non-recurring professional fees (recovered)/paid	(0.9)	2.0
Impairment of goodwill	28.3	38.6
Unwind of deferred tax liability recorded on intangible assets	(10.2)	(10.1)
Settlement of legal claims	44.3	-
Other	1.2	-
Acquisition tax provision release	-	(5.7)
Income tax attributable	(17.8)	4.0
UNPAT	191.4	169.4

Detailed explanation of each reconciling line item provided in Appendix G

APPENDIX C | Group asset allocation



APPENDIX D | Segment performance – Corporate & Other

\$'M	FY18	FY17
Revenue	0.5	0.6
Direct Costs	0.4	0.4
Gross Margin (GM)	0.9	1.0
Other Revenue	2.0	2.1
Share of equity profit/loss	-	-
Operating Expenditure	(37.9)	(40.7)
Net Non Cash	(1.0)	(0.8)
Net Interest	6.6	(3.4)
Income Tax Expense/N.C.I	16.1	18.2
UNPAT	(13.3)	(23.7)

	2H18	1H18	2H17	1H17
	0.3	0.3	0.4	0.3
	0.1	0.2	0.2	0.2
	0.4	0.5	0.6	0.5
	0.9	1.0	0.6	1.4
	-	-	-	-
	(19.0)	(18.9)	(19.0)	(21.7)
	(0.4)	(0.6)	(0.3)	(0.5)
	5.7	0.9	(1.8)	(1.6)
	5.5	10.6	7.8	10.4
	(6.8)	(6.5)	(12.1)	(11.5)

APPENDIX E



Gross Margin

Management and Service fees revenue	387.7	71.0	365.0	33.3	-
Other Fee Revenue	5.5	2.4	15.3	4.2	0.5
Service and Marketing fees expense	(177.8)	(6.8)	(143.6)	(0.0)	0.4
Other Direct Costs	(5.0)	(4.7)	(9.3)	(3.9)	(0.0)
Amortisation of deferred acquisition costs	(0.4)	-	(0.2)	-	-

Total Gross Margin

Other Revenue

Stockbroking revenue	-	-	96.5	-	-
Stockbroking service fees	-	-	(55.2)	-	-
Dividends and distributions received	-	-	0.0	-	1.1
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	-	-	-	-	0.1
Profit on sale of financial assets	-	-	2.8	-	-
Other revenue	0.1	-	3.2	-	0.8
Other Revenue adjustments	-	-	(2.8)	-	-

Total Other Revenue

Equity Accounted Profits

Share of profits of associates and jointly controlled entities accounted for using the equity method	-	1.8	0.7	-	-
--	---	-----	-----	---	---

Total Equity Accounted Profits

Operating Expenditure

Salaries and related employee expenses	(17.3)	(4.4)	(86.4)	(13.8)	(78.1)
Employee defined contribution plan expense	(1.3)	(0.3)	(5.9)	(1.0)	(5.5)
Information technology costs	(0.4)	(0.6)	(13.8)	(0.6)	(18.6)
Professional fees	(0.4)	(0.2)	(3.4)	(0.0)	(4.9)
Marketing	(1.0)	(0.1)	(5.6)	(0.3)	(1.8)
Office support and administration	(0.0)	(0.2)	(7.2)	(0.5)	(6.1)
Occupancy related expenses	(0.0)	(0.0)	(9.9)	(0.1)	(13.3)
Travel and entertainment	(0.6)	(0.1)	(2.2)	(0.4)	(2.2)
Corporate recharge	(68.5)	(5.4)	(15.1)	(3.5)	92.6
Other	-	-	-	-	-

Total Operating Expenditure

Loss on disposal of non-current assets	-	-	(0.0)	-	(0.0)
--	---	---	-------	---	-------

Total Operating Expenditure

Net non cash (Ex. Amortisation from acquisitions)

Share based payments expense	(0.4)	(0.1)	(1.3)	(0.0)	(1.0)
Depreciation of property, plant and equipment	(3.6)	(0.5)	(3.0)	(0.6)	-
Amortisation of intangible assets - IT development	(0.5)	-	-	-	-

Total Net non cash (Ex. Amortisation from acquisitions)

Net Interest

Interest income on loans to directors of controlled and associated entities	-	-	-	-	0.3
Interest income from non-related entities	0.0	-	0.7	-	8.4
Finance Costs	-	-	(0.0)	(0.0)	(2.1)

Total Net Interest

Income Tax & NCI

Non-controlling Interest	-	-	(5.3)	-	-
Income tax expense	(35.0)	(14.9)	(34.6)	(3.7)	29.0
NCI adjustments	-	-	-	-	-
Income tax expense adjustments	(0.1)	(0.1)	(1.4)	(0.1)	(13.0)

Total Income Tax & NCI

Underlying NPAT excluding Discontinued Operations

	FY17/18	FY17/18	FY17/18	FY17/18	FY17/18
	Platform \$'m	IM \$'m	Advice \$'m	Tstee \$'m	Corp \$'m
Gross Margin					
Management and Service fees revenue	387.7	71.0	365.0	33.3	-
Other Fee Revenue	5.5	2.4	15.3	4.2	0.5
Service and Marketing fees expense	(177.8)	(6.8)	(143.6)	(0.0)	0.4
Other Direct Costs	(5.0)	(4.7)	(9.3)	(3.9)	(0.0)
Amortisation of deferred acquisition costs	(0.4)	-	(0.2)	-	-
Total Gross Margin	210.0	61.9	227.2	33.6	0.9
Other Revenue					
Stockbroking revenue	-	-	96.5	-	-
Stockbroking service fees	-	-	(55.2)	-	-
Dividends and distributions received	-	-	0.0	-	1.1
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	-	-	-	-	0.1
Profit on sale of financial assets	-	-	2.8	-	-
Other revenue	0.1	-	3.2	-	0.8
Other Revenue adjustments	-	-	(2.8)	-	-
Total Other Revenue	0.1	-	44.5	-	2.0
Equity Accounted Profits					
Share of profits of associates and jointly controlled entities accounted for using the equity method	-	1.8	0.7	-	-
Total Equity Accounted Profits	-	1.8	0.7	-	-
Operating Expenditure					
Salaries and related employee expenses	(17.3)	(4.4)	(86.4)	(13.8)	(78.1)
Employee defined contribution plan expense	(1.3)	(0.3)	(5.9)	(1.0)	(5.5)
Information technology costs	(0.4)	(0.6)	(13.8)	(0.6)	(18.6)
Professional fees	(0.4)	(0.2)	(3.4)	(0.0)	(4.9)
Marketing	(1.0)	(0.1)	(5.6)	(0.3)	(1.8)
Office support and administration	(0.0)	(0.2)	(7.2)	(0.5)	(6.1)
Occupancy related expenses	(0.0)	(0.0)	(9.9)	(0.1)	(13.3)
Travel and entertainment	(0.6)	(0.1)	(2.2)	(0.4)	(2.2)
Corporate recharge	(68.5)	(5.4)	(15.1)	(3.5)	92.6
Other	-	-	-	-	-
Total Operating Expenditure	(89.5)	(11.4)	(149.5)	(20.2)	(37.9)
Loss on disposal of non-current assets	-	-	(0.0)	-	(0.0)
Total Operating Expenditure	(89.5)	(11.4)	(149.5)	(20.2)	(37.9)
Net non cash (Ex. Amortisation from acquisitions)					
Share based payments expense	(0.4)	(0.1)	(1.3)	(0.0)	(1.0)
Depreciation of property, plant and equipment	(3.6)	(0.5)	(3.0)	(0.6)	-
Amortisation of intangible assets - IT development	(0.5)	-	-	-	-
Total Net non cash (Ex. Amortisation from acquisitions)	(4.4)	(0.6)	(4.2)	(0.6)	(1.0)
Net Interest					
Interest income on loans to directors of controlled and associated entities	-	-	-	-	0.3
Interest income from non-related entities	0.0	-	0.7	-	8.4
Finance Costs	-	-	(0.0)	(0.0)	(2.1)
Total Net Interest	0.0	-	0.7	(0.0)	6.6
Income Tax & NCI					
Non-controlling Interest	-	-	(5.3)	-	-
Income tax expense	(35.0)	(14.9)	(34.6)	(3.7)	29.0
NCI adjustments	-	-	-	-	-
Income tax expense adjustments	(0.1)	(0.1)	(1.4)	(0.1)	(13.0)
Total Income Tax & NCI	(35.1)	(15.0)	(41.3)	(3.9)	16.1
Underlying NPAT excluding Discontinued Operations	81.0	36.7	78.0	9.0	(13.3)

FY17/18	FY16/17
Group TOTAL \$'m	Group TOTAL \$'m
777.6	759.7
27.8	28.9
(248.3)	(241.2)
(23.0)	(22.6)
(0.3)	(0.5)
533.8	524.4
96.3	85.5
(55.2)	(48.5)
1.1	0.8
0.1	0.1
2.8	18.2
4.0	4.3
(2.8)	(18.2)
46.4	42.1
2.5	3.5
2.5	3.5
(200.0)	(197.9)
(13.9)	(14.1)
(34.0)	(41.5)
(9.0)	(11.0)
(8.7)	(8.5)
(14.0)	(17.1)
(23.3)	(22.0)
(5.6)	(5.9)
(0.0)	-
-	(0.0)
(308.5)	(317.9)
-	(0.0)
(308.5)	(317.9)
(2.7)	(1.3)
(7.6)	(7.6)
(0.5)	(1.7)
(10.9)	(10.7)
0.3	0.3
9.1	4.1
(2.1)	(6.8)
7.3	(2.5)
(5.3)	(3.9)
(59.1)	(59.6)
-	-
(14.7)	(6.1)
(79.1)	(69.5)
191.4	169.4

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

IFL - Average weighted number of shares on Issue
EARNINGS PER SHARE CALCULATION
Full year ended 30 June 18

Ordinary Shares Weighted Average - Opening Balance

From	To	Days	Share Issue	Shares on Issue
01-Jul-17	23-Oct-17	115	-	300,133,752
24-Oct-17	20-Nov-17	28	43,478,261	343,612,013
21-Nov-17	30-Jun-18	222	7,464,014	351,076,027
				351,076,027
				(381,098)
Weighted average shares on issue				334,072,041

Ordinary Shares - Closing Balance

	Underlying NPAT	Statutory NPAT
Net Profit Attributable to Members of the parent entity	\$191.4m	\$88.3m
Basic Earnings Per Share	57.3cps	26.4cps

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.

Acquisition costs - Acquisition advisory: One off payments to external advisers for corporate transactions, being the acquisition of AET Services (NATL) and planned acquisition of ANZ Wealth Management, which were not reflective of conventional recurring operations.

Acquisition costs - Integration preparation: Staff and specialist contractor costs related to integration preparation for the planned acquisition of ANZ Wealth Management.

Acquisition costs - Finance costs: Costs of securing finance for the planned acquisition of ANZ Wealth Management.

Onerous contracts: Non cash entry to record the estimated present value of expected costs of meeting the obligations under contracts where the costs exceed the economic benefits expected to be received pursuant to the contracts.

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

Profit on divestment of subsidiaries: The IOOF Group partially divested a subsidiary during the year. (Prior year: Perennial Investment Management Ltd and partial divestment of a subsidiary).

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

Non-recurring professional fees (recovered)/paid: Recovery of certain litigation related prior year costs via successful insurance claim. (Prior year: 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. This type and level of support was not required on a recurrent basis).

Impairment of goodwill: A non-cash impairment of \$28.3m has been recognised in relation to goodwill allocated to Perennial Investment Partners Limited (Prior year: \$38.6m). Reduced profitability from lower revenue 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 below benchmark performance in certain core products and changing market dynamics, where larger institutions now weight a greater proportion of funds to indexed products.

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.

Settlement of legal claims: Provision for settlement of plaintiff claims in certain of the legal proceedings to which Australian Executor Trustees Limited is party in connection with its role as debenture trustee of Provident Capital Limited.

Other: Deferred consideration devaluation relating to prior periods' divestment of Perennial and other businesses.

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 released as it was adjudged that a present obligation no longer existed. This was a one-off, non-cash, non-operational increment to the IOOF Group's statutory profitability.

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

APPENDIX H | Definitions

TERM	DEFINITION
ADG	Aligned Dealer Group
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.
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
PCP	Prior Comparative Period – Twelve months to 30 June 2017
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

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.

IOOF undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this presentation, subject to disclosure requirements applicable to IOOF.

Information and statements in this presentation do not constitute investment advice or a recommendation in relation to IOOF or any product or service offered by IOOF or any of its subsidiaries and should not be relied upon for this purpose. Prior to making a decision in relation to IOOF's securities, products or services, investors or clients and potential investors or clients should consider their own investment objectives, financial situation and needs and obtain professional advice.



Creating financial independence since 1846