

IOOF HOLDINGS (IFL)

7 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Revenue (\$m)	919.1	907.5	+1%
Funds Under Management (FUM) (\$b)	125.9	114.6	+10%
Net Operating Margin %	0.23%	0.23%	unchanged
Underlying EBITA	263.3	241.3	+9%
Underlying Net Profit After Tax (\$m)	191.4	169.4	+13%
Underlying NPAT consensus (\$m)	191.6		
Final Dividend (\$)	0.27	0.27	unchanged

IOOF Holdings (IFL) well positioned to address industry change, solid result

- **Aussie based financial service provider and wealth manager, IOOF Holdings (IFL)** recorded a fall of 24% in Net profit for the full 2018 year. The company's revenue increased by 1% over the term and Fund under Management (FUM) increased again over the year. FUM up 10% with the largest proportion of fund inflows came from advice inflows increasing \$4.4 billion or up 48% and platform inflows added \$1.6 billion up 34%. IOOF's Platform unit listed significant improvement in organic growth and positive investment returns despite flat revenue from the unit and gross margins falling slightly.
- IFL's Investment Management unit revenue and costs fell, especially operating expenditure after the divestment of Perennial Investment Management Limited over the period. Despite the divestment of Perennial Investment, IFL management confirmed the business had listed strong organic growth over the year.
- Strong cost management especially operating costs helped to increase margins and improve IFL's cost-to-income ratio from 56.1% to 53.1%, helped by a fall in professional fees and admin expenses. IOOF did say that they had seen higher rates of pay and shift to employee labour for IT - offset by lower staff numbers following platform rationalisation efficiencies.
- The company's annual profits was hit by the settlement for a class action against over the 2012 Provident collapse, at a cost of \$44 million. IOOF said it has accelerated the completion of transformational acquisition of ANZ Wealth Management with full legal ownership of ANZ ADGs from 1 October 2018. IFL still expects anticipated mid-single digit EPS accretion in FY2019, expected to increase to ~15%+ in the first full year and over ~20%+ thereafter.
- IFL will pay a second half dividend of \$0.27, in line with market expectations and commitment given to shareholders following IFL's capital raising in October 2017, the dividend will be paid on 4 September 2018.

Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814 ("CommSec") is a wholly owned, but non-guaranteed, subsidiary of the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and both entities are incorporated in Australia with limited liability. This information is directed and available to and for the benefit of Australian residents only and is not a recommendation or forecast. This information has been prepared without taking account of the objectives, needs, financial and taxation situation of any particular individual. For this reason, any individual should, before acting on the information on this site, consider the appropriateness of the information, having regard to their own objectives, needs, financial and taxation situation, and, if necessary, seek appropriate independent financial, foreign exchange and taxation advice. CommSec, and its related bodies corporate, do not accept any liability for any loss or damage arising out of the use of all or any part of this information. We believe that this information is correct as at the time of its compilation, but no warranty is made as to its accuracy, reliability or completeness.