



3 February 2020

IOOF completes purchase of ANZ P&I and provides 1H20 guidance

IOOF Holdings Ltd (IOOF) today announced the completion of the acquisition of the Australia & New Zealand Banking Group Limited (ANZ) Pensions and Investments business (P&I). Final completion occurred on Friday evening, 31 January 2020.

The economics of the P&I business flow to IOOF from 1 February 2020.

A renegotiated sale price of \$825m for the P&I business, down \$125m (15.2%) from the original \$950m, was announced to the ASX on 17 October 2019¹.

IOOF CEO Renato Mota commented, “The acquisition of P&I will play a key role in the transformation of IOOF into Australia’s leading advice-led wealth management business. In the face of a dynamic and competitive market, scale, economic diversity and business resilience are important contributors to the success of any business transformation.”

“The acquisition provides a base from which we can simplify the combined businesses, driving efficiencies and improving outcomes for members, clients and shareholders. The acquisition of P&I is expected to be significantly EPS accretive.”

“The wealth management industry remains of vital importance to Australian communities and IOOF’s strategy is focused on serving this need and the growth of prosperity for all Australians”.

Key P&I financial information

- As at 31 December 2019, the P&I business had Funds under Administration of \$48.2 billion and Funds under Management of \$26.8 billion². Underlying Net Profit After Tax (UNPAT) for the P&I business for the half year ended 31 December 2019 was \$42.3 million³.
- The annualised pro forma financial performance of the P&I business and the ex-ANZ Aligned Licensees (ANZ Wealth Management), which are both now owned by IOOF, is estimated to be approximately \$63 million per annum, which is consistent with the Adjusted FY2017A UNPAT disclosed at the time the transaction was initially announced on 17 October 2017⁴.
- The annualised pro forma financial performance of ANZ Wealth Management referred to above includes the adverse impact to revenue of structural and legislative changes to the industry to date. This includes the impact from Protecting Your Super, the removal of insurance admin fees and the removal of grandfathered commissions.
- IOOF has revised its estimated cost synergies to \$68 million pre-tax p.a. (from \$65 million pre-tax p.a.). An estimated \$13 million p.a. of those savings have been achieved by ANZ prior to completion. Cost synergies are expected to be realised in full from 1 July 2023.
- Given the expectation on synergies above, the acquisition is expected to deliver significant earnings per share (EPS) accretion in excess of that disclosed at the time of the initial announcement of the transaction⁵.

¹ Source: IOOF update on acquisition of ANZ P&I. Available [here](#).

² Source: ANZ. Unaudited.

³ Source: ANZ. Unaudited.

⁴ Source: IOOF to acquire ANZ’s OnePath Pensions and Investments business and Aligned Dealer Groups, page 15. Available [here](#).

⁵ Source: IOOF to acquire ANZ’s OnePath Pensions and Investments business and Aligned Dealer Groups, page 7. Available [here](#). Assumes no material degradation in economic or market conditions.

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Further information in relation to the P&I transaction will be provided at IOOF's first half financial result.

1H20 guidance

IOOF expects UNPAT for the half year to 31 December 2019 to be in the range of \$61 million to \$63 million (unaudited). On a continuing operations basis (excluding Ord Minnett, AET Corporate Trust and Perennial Value Management) the UNPAT range is expected to be \$56 million to \$58 million (unaudited).

IOOF CEO Renato Mota commented "The impact of the step down in the ANZ P&I coupon interest and additional months' ownership of ex-ANZ Advice Licensees were in line with our expectations. During the period we also experienced some gross margin re-set from both regulatory and competitive dynamics, in addition to a greater investment in governance."

IOOF will be reporting its result for the six months to 31 December 2019 at 11am on 18 February 2020.

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About IOOF Holdings Ltd

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** services via our extensive network of financial advisers;
- **Portfolio & Estate Administration** for advisers, their clients and hundreds of employers in Australia; and
- **Investment Management** products that are designed to suit any investor's needs

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

