

31 August 2015

Australian Ethical Reports Solid Full Year Results

32% increase in FUM, steady increase in revenue

Financial highlights (all comparisons to year ended 30 June 2014):

- Net profit after tax (NPAT) of \$1.970 million (down 23%)
- Underlying profit after tax¹ (UPAT) of \$2.454 million (down 21%)
- Revenues of \$21.2 million (up 6%)
- Total expenses of \$19.2m (up 11%)
- Final ordinary dividend of 120 cents per share, fully franked

Operating highlights:

- Group funds under management of \$1.167bn (up 32%)
- Net inflows of \$179m (up from \$92m, an increase of 96%)
- Superannuation membership at 21,196 members (up 20%)
- Top quartile investment performance for a number of our funds

Australian Ethical Investments (ASX: AEF) today announced its financial results for the year ended 30 June 2015, reporting net profit after tax (NPAT) of \$1.970 million.

The 23% decrease on the previous corresponding period is due to three main factors: a reduction in fees at the beginning of the financial year on its superannuation fund as part of an ongoing fee reduction strategy, issues arising from the transition to a new remuneration structure, and a further impairment on the Company's property in Canberra.

Revenue increased 6% to \$21.2 million, up from \$20 million recorded for the previous corresponding period.

Funds under management increased 32% to \$1.167 billion, up from \$887 million in the previous year. FUM growth has been driven by a combination of new inflows and asset management performance.

Net inflows almost doubled to \$179 million for the year, up 96% on last year's net inflows of \$92 million.

The progressive reduction of superannuation fees over the medium term continues to have a significant impact on revenues. These fee reductions have contributed to the increased net inflows and offset the impact of the fee reduction. This will lead to a better, long term, sustainable business with far greater impact.

Other contributors to growth have been the increased demand for ethical investing, investment performance, innovative product design and improvements to the online application and consolidation processes.

"This has been a year of significant growth and success for us," said Australian Ethical Managing Director Phil Vernon.

¹ Refer reconciling table in the Shareholder Newsletter.

“Our investment performance has been strong, net inflows are virtually double the previous year and our client numbers have grown dramatically.

“More and more people are making ethical choices in their daily consumer purchases and we are seeing this flow on to their investment and savings decisions.

“We are also seeing the results of a period of operational review and renewal in recent years. The changes we made to the senior leadership team, remuneration structure, competitiveness of our products and business strategy continue to play out, and are reflected in our growth,” Mr Vernon added.

“We are pleased to maintain our dividend during this transitional period”.

The company retains a strong balance sheet with cash reserves of \$12.2 million and no debt.

Final dividend:

Directors have declared a fully franked final dividend of \$1.20 per share for the full year ended 30 June 2015, bringing the total dividend for the year to \$2.00 per share (2014: \$2.00 per share). The record date for the dividend will be 16 September 2015 with payment due on 30 September 2015.

Outlook:

“The market for ethical investment continues to grow as investors and consumers come to the realisation that they can invest ethically while achieving strong and consistent returns.

“As investors become more frustrated with the lack of political action on climate change, they are looking for opportunities to use the power of their investments to drive positive change in the economy.

“Australian Ethical’s unique approach to investing aligns ethical values to investment decisions and this is a key point of difference for us.

“In addition to our continued focus on implementing strategic initiatives to increase our competitiveness, including reducing our superannuation fees and our operating expenses over the coming year, we expect to see another strong year of growth ahead,” Mr Vernon said.

About Australian Ethical

Australian Ethical is Australia’s leading ethical wealth manager. Since 1986, Australian Ethical has provided investors with wealth management products that align with their values and deliver strong returns. Investments are guided by the Australian Ethical Charter which both shapes its ethical approach, and underpins the Company’s culture and vision.

Australian Ethical has approximately \$1.2 billion in funds under management, across superannuation and managed funds.

Visit: www.australianethical.com.au

Media inquiries: Rebecca Piercy, Honner: 0422 916 422