

Australian Ethical Investment Limited
Earnings guidance
 ASX ANNOUNCEMENT

2018 Earnings guidance

Australian Ethical Investment Limited (ASX: AEF) advises that Net Profit after Tax (NPAT) for the 6 months ending 31 December 2017 is expected to be between \$1.6 and \$2.3 million, a mid-point increase of 245.8% on the 6 months ended 31 December 2016. Underlying Profit after Tax (UPAT) is expected to be between \$1.6 and \$2.3 million, a mid-point decrease of 14.5%.

Significant items impacting guidance

Unit price remediation

The increase in forecast NPAT is due primarily to a lower than otherwise NPAT for the prior corresponding period due to remediation and project costs related to unit pricing errors in respect of our superannuation fund.

Staff Costs

The decrease in forecast UPAT is due primarily to an increase in staff costs due to increased resources in key operational, risk and compliance and sales and marketing roles in order to effectively manage our business in line with our growth. These have been progressively recruited throughout the 2017 financial year and first half of 2018.

Reconciliation of UPAT and NPAT

Underlying Profit after Tax (UPAT) for the 6 months ended 31 December 2016 varied from NPAT. FY17 NPAT and UPAT were reconciled as follows:

	H1 17 (\$'000)	H1 18 (this guidance) (\$'000)	% Increase/ (Decrease)
Net profit after tax	564	1,950	245.8%
Adjustments			
- add back employment restructure expenses	250	-	
- add back further provision for remediation	1,045	-	
- add back unit pricing project costs	1,160	-	
Tax on Adjustments	(737)	-	
Underlying profit after tax	2,282	1,950	(14.5)%

Explanation of items removed from UPAT

In calculating UPAT we reverse the impact on profit of certain items to provide a better understanding of operational results. Items adjusted include:

- *Employment restructure expenses unrelated to the remediation of unit pricing errors*
- *Costs incurred in relation to investigation and remediation of unit pricing errors*
- *Tax on adjustments: Income tax applicable to some of the adjustment items*

This earnings guidance is based on unaudited management accounts to the end of September 2017. More information will be provided in the announcement of the half year results in February 2018.

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.

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