

# FY18 Full year results

## ASX ANNOUNCEMENT

### Australian Ethical's underlying profit increases 18% to \$5 million

#### Financial highlights (all comparisons to year ended 30 June 2017):

- Underlying profit after tax of \$5.0m (up 18%)
- Consolidated statutory net profit after tax of \$5.1m
- Revenues of \$36.0m (up 27%)
- Operating expenses of \$28.6m (up 28%)
- Final ordinary dividend of 235 cents per share, fully franked
- Strong balance sheet, no gearing

#### Operating highlights:

- Group funds under management of \$2.82bn (up 31%)
- Net inflows of \$519m (up 14%)
- Superannuation membership at 41,518 members (up 17%)
- Flagship Australian Shares Fund outperformed average large cap funds over medium to long term
- Net promoter scores of +53 (Superannuation) and +48 (Managed Funds) among the best in the industry
- Staff engagement score of 78 in Best Employer range
- Strong operating cash flow

Australian Ethical Investment (ASX: AEF) is pleased to announce that underlying profit after-tax for the year ended 30 June 2018 rose 18% to \$5.0 million, driven by strong member growth, strong inflows and positive investment performance.

Consolidated statutory net profit after tax was \$5.1m (2017: \$2.9m), which included the results of The Australian Ethical Foundation Limited ('The Foundation'). Excluding the results of The Foundation, net profit after tax attributable to shareholders rose 71% to \$5.0m.

Revenue increased 27% to \$36.0m, up from the \$28.3m recorded for the previous corresponding period.

Funds under management (FUM) for the full year increased by 31% to \$2.82 billion, up from \$2.15 billion reported for the previous period. The increase was driven by strong member growth, strong inflows, low out flows and positive investment performance.

Membership of Australian Ethical Super grew 17% from the previous corresponding period to 41,518.

"We have had another year of excellent growth across the business. We continue to be one of the fastest growing super funds in Australia<sup>1</sup> with a 17% increase in membership and a 14% increase in net flows", said Australian Ethical Investment Managing Director Phil Vernon.

“People choose Australian Ethical because of our high conviction ethical standards and our long term track record of investment performance. Our customer satisfaction scores and retention rates are among the best in the industry<sup>2,3</sup>.

Operating expenses increased by 28% to \$28.6m, up from \$22.3m for the prior corresponding period. Our expense base has grown at a slightly faster pace than revenue due to our continued investment in the business and our people to ensure our business is positioned strongly for continued growth. A significant portion of this increase relates to the investment in our workforce, primarily due to the full year impact of staff hired in FY17.

## Australian Ethical Foundation Limited (‘The Foundation’)

The Foundation was established in July 2015 as a vehicle to manage the portion of profits to be distributed to charitable, benevolent and conservation causes under the Australian Ethical Constitution. All income received and net assets of The Foundation are restricted to The Foundation’s activities and are not available for distribution to Australian Ethical Investment Limited’s shareholders.

A summary of the profits of the group are:

	2018 (\$m)	2017 (\$m)
Consolidated statutory profit	5.1	2.9
Profit attributable to The Foundation	0.1	0.0
<b>Net profit after tax attributable to shareholders</b>	<b>5.0</b>	<b>2.9</b>

## Final dividend

The Board declared a fully franked final dividend of 235 cents per share for the full year ended 30 June 2018, bringing the total dividend for the year to \$4.00 per share, an increase of 54% on the previous year. The record date for the dividend will be 7 September 2018 and payment is due on 21 September 2018.

## Outlook

“Ethical investing continues to grow as an increasing awareness of sustainability concerns amongst consumers and investors drive demand” said Mr Vernon.

“This has, in turn, brought increased competition in the sector. We welcome this as it is core to our beliefs that all funds consider their social and environmental impact. However, we remain confident of the uniqueness of our offering, particularly against the backdrop of the Royal Commission into financial services.

“At Australian Ethical Investment, we are confident in our high conviction to ethical screening, our professional investment approach and track record, our competitive product suite with a broad selection of options all subject to the same ethical approach and our accessibility through multiple distribution channels.

“We believe that this unique combination of features and strengths continues to position us for future growth.

In FY19 we will continue to invest in our business to best position ourselves for continued sustainable growth. This includes enhancing our digital platform to better integrate customer acquisition, engagement and retention. We will also continue to build brand awareness and extend customer reach.

“We are committed to ensuring that our products are competitive and to pass on the benefits of increasing scale to our customers. Since 2013 our MySuper fees have reduced by more than 50%. In FY19 we are planning fee reductions for a number of our retail managed funds, along with reductions for select options in our super fund.”

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## 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 provide competitive 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 \$2.82 billion in funds under management across superannuation and managed funds.

Visit: [www.australianethical.com.au](http://www.australianethical.com.au)

1. KPMG Super Insights 2018
2. KPMG Super Insights 2018 (as measured by net outflows in 2017)
3. Pollinate Research, March 2018

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