



31 May 2021

## **A New IOOF: MLC acquisition completes**

IOOF Holdings Ltd (IOOF) is pleased to announce the completion of the acquisition of MLC Wealth (MLC) from National Australia Bank Limited (NAB) with effect from 11:59pm on 31 May 2021.

### **Key Points:**

- Establishes IOOF as the wealth management market leader in Australia.
- Doubles the size of the IOOF business to \$494 billion Funds Under Management, Administration and Advice (FUMA)<sup>1</sup>.
- An additional 406 MLC advisers joining IOOF, expanding the scale and reach of the advice business.
- The step-change in scale will over time lower the cost to serve more than 2.2 million IOOF clients and members.
- From today, a single senior leadership and management structure is in place and operational.
- As a result of the consolidation work and planning in advance of completion, IOOF expects to deliver a run-rate of between \$65 million to \$80 million of the estimated \$150 million in cost synergies by the end of FY22.

IOOF CEO, Renato Mota, said, "This acquisition is truly transformational for IOOF as it positions us as the leader of a new era of wealth management in Australia, giving us a strong platform for future growth.

"Today we become a new IOOF. We have the strategic intent, the talent, and now the scale, to deliver our advice-led wealth management proposition to more Australians than ever before. While this acquisition delivers immediate value to our shareholders, we consider its potential for medium and long-term value even more compelling.

"IOOF and MLC share a common purpose to improve the financial wellbeing of all Australians. We also share a client-oriented philosophy and together, we will now be proudly serving over 2.2 million Australians.

"Together, we will deliver clients and members broader access to wide-ranging capabilities and technical expertise, enhanced infrastructure and a strong corporate governance framework. Importantly, this step-change in scale will over time, lower the cost of serving clients and members.

"It will also help us make financial advice more affordable and accessible for the 80% of the population who currently do not seek it out.

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<sup>1</sup> As at 31 March 2021, excludes MLC FUAdvice. Sources: (1) IOOF Q3 2021 Business Update (29 April 2021). Available [here](#). (2) NAB Appendix 4D (released to the ASX 6 May 2021), page 74.



“While the financial services industry in Australia is transforming, the wealth management sector system growth continues to be strong, with a five-year compound annual growth of superannuation assets of 9% per annum<sup>2</sup>. A bigger and better IOOF will be positioned to take advantage of these opportunities by being at the forefront of the industry transformation.”

### **Stronger together**

The acquisition of MLC by IOOF combines two of Australia’s oldest leading wealth managers. Planning for the integration of the two organisations has been completed, which will enable IOOF to expeditiously integrate the businesses, led by IOOF’s dedicated transformation function.

Mr Mota commented, “In place from today is a single senior leadership and management structure, which is streamlined and simplified. Since the announcement of the acquisition, we have worked to identify the right talent to take the company forward. This has involved an assessment of talent and skills of MLC, IOOF, and external candidates. From day one, we now have the go-forward senior management team committed, in place and including senior leaders from MLC.”

Two new senior executive appointments to IOOF’s Executive Team were announced today. Mr. Garry Mulcahy is appointed Chief Asset Management Officer. Garry has a long and extensive career with MLC, including as EGM for Asset Management from 2009 to 2018 and more recently as Group Executive, MLC Asset Management. Garry will be responsible for overseeing IOOF’s return to active investment management. Ms. Sawsan Howard has been appointed Chief Corporate Affairs and Marketing Officer. Sawsan brings over 25 years’ experience across multiple sectors including financial services and government, most recently as General Manager, Brand & Corporate Affairs at AustralianSuper.

There will be 406 MLC financial advisers joining IOOF’s licensees on day one, representing 84% of advisers from MLC advice businesses that were in IOOF’s target set and met onboarding requirements. This is consistent with IOOF’s expectations formed during due diligence.

Mr Mota said, “It has been a priority for IOOF to ensure that those advisers joining the Group with this acquisition, as with the ANZ Wealth acquisition, are aligned with IOOF’s ClientFirst philosophy and our Advice 2.0 response to the transformation of financial advice in Australia.

“We are thrilled to welcome the very talented MLC team to the IOOF family.”

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<sup>2</sup> 5-year compound annual growth of total superannuation assets to March 2021 per APRA Superannuation Statistics.



## Financial Reporting Considerations

- Transaction funding sources and uses are shown in the table below. IOOF will provide an update on leverage at its full year results presentation in August 2021.

Sources	\$ million
Equity issued during 2020	1,044
Subordinated loan notes issued to NAB (see the Schedule for further details)	200
Incremental debt	250
Existing IOOF cash	36
<b>Total sources</b>	<b>1,530</b>

Uses	\$ million
Purchase consideration	1,440
Upfront integration costs and transaction costs	90
<b>Total uses</b>	<b>1,530</b>

- IOOF will incorporate MLC's Funds under Management and Administration into its Q4 Business Update on 29 July 2021. Funds under Advice is not a metric currently reported externally by MLC.
- Internal alignment of reporting, including the re-alignment of year-end for MLC corporate entities to 30 June 2021 (currently 30 September), is in progress.
- IOOF intends to provide pro forma standalone financial results for MLC for the year ended 30 June 2021 at its full year results presentation.
- One-off pre-tax integration and transaction costs of approximately \$360m are expected to be incurred over the period to end FY24.
- Further information in relation to the MLC transaction will be provided at IOOF's Q4 Business Update and at its full year financial results.



## Schedule – Key terms of Subordinated Loan Notes (SLNs)

- SLNs are unsecured subordinated debt obligations of IOOF.
- 1% per annum coupon, payable semi-annually. Step up to 4% per annum if Noteholders request redemption more than 42 months after the issue date and the Company does not redeem.
- 5-year term with an early redemption start period of 42 months from Completion.
- Equity linked redemption linked to any uplift in notional securities over an initial reference price of \$4.42 and subject to downward adjustments for dividends, share and security issues and other adjustments including for restructures.
- IOOF permitted to accelerate redemption after 3 years if VWAP is at least 150% of the reference price or in the case of certain tax changes. Holder permitted to accelerate redemption at any time commencing 42 months after the issue date, subject to Issuer consent, or upon change in control (acquisition by a person of beneficial ownership of 50% or more of the ordinary voting power or outstanding voting shares) or delisting or 15 trading day suspension.

- ENDS -

This announcement was approved for release by the Board of IOOF Holdings Ltd.

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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](http://www.ioof.com.au)

## Important Notice

### *Future performance and forward-looking statements*

This announcement contains certain "forward-looking statements". Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of IOOF and its directors and management.

Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. To the maximum extent permitted by law, IOOF and its directors, officers, employees, agents, associates and advisors disclaim any obligations or undertaking to update publicly any forward-looking statements, whether as a result of new information, future events, or results or otherwise.