

Australian Ethical Investment Limited

Earnings guidance

Increased FuM Drives Higher Revenue

Australian Ethical Investment Limited (ASX:AEF) advises that Net Profit after Tax (NPAT) for the half year ending 31 December 2015 is expected to be between \$1.45 and \$1.75 million; up from the NPAT of \$0.553 million recorded for the six months ended 31 December 2014.

The increase reflects the consistent and strong flows into Australian Ethical's products. An increase in market values and flows outweighed the fee reductions made in July this year, resulting in an increase in forecast revenue of 13% on the prior corresponding period.

Net flows for the six months to 31 December 2015 are expected to be in the order of \$130 million which, if achieved, will be 69% higher than the prior corresponding period. Funds under Management (FuM) at 30 November 2015 was \$1.349 billion. Costs are forecast to be 3% higher than the prior corresponding period.

Underlying Profit after Tax (UPAT) for the half year ending 31 December 2015 is expected to be the same as NPAT, with no adjustments for the period. UPAT for the six months ended 31 December 2014 was \$0.965 million. NPAT and UPAT are reconciled as follows.

	1HFY15 (\$'000)	This guidance 1HFY16 (\$'000)	% Increase/ (Decrease)
Net profit after tax	553	1,590	188%
Add back property devaluation	412	-	
Underlying profit after tax	965	1,590	65%

Explanation of items removed from UPAT

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

- *Property Revaluation: Devaluation of the company's property holding in Canberra.*

This profit expectation is based on unaudited management accounts to the end of October 2015. More information will be provided in the announcement of the half year results to be reported in February 2016.

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Media inquiries: Rebecca Piercy, Honner: 0422 916 422

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