

AFG delivers positive first half operating results

26 February 2016

AFG (ASX: AFG) has today announced its financial results for the first six months of FY2016.

Today's results show the company's continued strength and capacity to deliver solid profit results through increased settlements, improved securitisation margins and growth in the company's own-branded products. AFG has reported a 2016 half year net profit after tax (NPAT) of \$11.7 million, up 27% on the first half FY2015.

AFG Managing Director Brett McKeon said the results are a pleasing reflection of positive results in both the residential and commercial arms of the business.

"AFG's loan book is currently sitting at \$114 billion. Our core residential and commercial businesses both posted solid growth on the same period in 2015, and the higher margin AFG Home Loans business contributed \$2.4m profit before tax in HY16.

"Residential settlements for the first half of 2016 were \$17.7 billion, which is 16% up on the corresponding period last year," said Mr McKeon. "Our commercial business also performed well with \$1.4 billion in settlements - up 35% on the first half of 2015."

"AFG's continued recruitment of top performing brokers across the country is testament to our key strategy of delivering market leading technology and support to our geographically diverse network.

"The past five years has seen consistent growth in both residential and commercial settlements, particularly in the country's biggest markets – New South Wales and Victoria.

Strong growth in the AFG Home Loans business was aided by improved margins with the AFG Securities business and good growth with the AFG Home Loans products. The result reflects 79% profit before tax of full year AFG Home Loans forecast in the company's Prospectus.

Key features of the result compared to the prior corresponding period include:

- HY16 NPAT of \$11.7 million
- HY16 Residential settlements of \$17.7 billion
- HY16 Commercial settlements of \$1.4 billion
- AFGHL contributed \$2.4 million profit before tax in HY16
- Interim dividend of 3c per share (fully franked) to be paid
- AFG's loan book is currently sitting at \$114.5 billion
- Excellent progress against full year key Prospectus forecast KPIs

“Our half year results are further evidence of the positive outlook for the broker distribution channel in the Australian market. The key drivers of the broker value proposition are policy, pricing and service - the right policy for the borrower’s individual circumstances, at the right price, with the lender that can provide the best service to meet the needs of their customer.

“This capability is unique to the broker channel and Australian consumers are voting with their feet. More than half of all Australians taking out a mortgage are doing so with the help of a mortgage broker, and AFG is at the forefront of that movement,” concluded Mr McKeon.

AFG shareholders will be paid a fully franked dividend on 28 March 2016.

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