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AFH Financial Group Plc
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AFH FINANCIAL GROUP PLC
("AFH" or the "Company")

TRADING UPDATE
In line with Expectations, Funded, Acquisitive

The Board of AFH, a leading financial planning led investment management firm, is pleased to announce that it expects the results for the twelve months ended 31 October 2014 to be in line with market expectations.

HIGHLIGHTS:

- **Cash balances in excess of £5m;**
- **AFH well positioned to take advantage of IFA market consolidation;**
- **Seven successful acquisitions financed by positive trading cash-flow over the past 12 months;**
- **Funds Under Management exceeds £900m;**
- **Final results for the year ended 31 October 2014 expected for release in March 2015; and**
- **Board remains confident of prospects for the year ended 31 October 2015.**

During the previous 12 months, the Company has increased its national footprint by completing seven acquisitions, at an average capped consideration of £350,000. Six of these acquisitions were asset purchases. The acquisitions were financed from a positive trading cash flow and from the c. £3m of equity raised by the Company in April 2014 and June 2014. The Company's acquisition model is based on a capped earn out over a two year period with the initial consideration set at approximately 50% of the anticipated total value.

Whilst AFH continues to consolidate its traditional strength in the West Midlands, 2014 marked its expansion into Scotland and East Anglia and further growth in the South West, reflecting the Company's stated expansion strategy. The Board anticipates further expansion of the Company's national presence during 2015 to include acquisitions in London and the South East.

Since AFH's admission to AIM in June 2014, the number and size of potential acquisition targets has grown and the Board considers the Company's pipeline for deals to be healthy, as demonstrated by the recently announced acquisition of Knight O'Byrne.

As at 31 October 2014, the Company had cash balances in excess of £5m and remains well positioned to take advantage of the consolidation activity in the IFA market post Retail Distribution Review (RDR).

During recent months the Board has noted an increase in the size and rate of IFA companies becoming available for purchase, and expects this trend to continue throughout 2015. As a consequence, the Board is considering additional financing options and may use fixed interest instruments, alongside its equity base, to introduce a modest level of gearing into the Company's

balance sheet in the current financial year to take advantage of this developing trend and to potentially enhance the return to shareholders.

The Board remains confident of the Company's prospects for the year ended 31 October 2015 as a result of the performance during 2014 as well as anticipated organic growth expected in 2015 through the Company's existing advisers and the healthy pipeline of prospective acquisitions.

Commenting, Alan Hudson, Chief Executive of AFH, said: **"The Company's results for 2014 will represent another important milestone in AFH's journey to become one of the UK's leading IFAs. The Board continues to execute its strategy of making selective acquisitions and increasing the breadth of AFH's national footprint. I look forward to updating the market in March, a statement which will reflect continued hard work and strong performance during challenging economic times."**

Enquiries:

AFH Financial Group PLC

01527 577 775

Alan Hudson, Chief Executive Officer

Paul Wright, Chief Financial Officer

www.afhfinancialgroup.com

Allenby Capital Limited

020 3328 5656

(Nominated Adviser and Broker)

Nick Naylor

Chris Crawford

Nick Athanas

Yellow Jersey PR Limited

07768 537 739

Dominic Barretto

Kelsey Traynor