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AFH Financial Group Plc  
09 November 2015

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**AFH FINANCIAL GROUP PLC**  
("AFH" or the "Company")

**TRADING UPDATE**  
**Full year results anticipated to be above market expectations**  
**following a strong second half performance**

The Directors of AFH, a leading financial planning led investment management firm, are pleased to announce that it expects the results for the twelve months ended 31 October 2015 to be above market expectations, following a strong second half performance, with a year on year increase in turnover expected to be up over 30%.

**HIGHLIGHTS:**

- Strong H2 2015 with revenues for the full year expected to exceed £20m (H1 2015: £8.22m);
- Cash balances at 31 October 2015 in excess of £3m;
- 11 acquisitions successfully integrated into the Company over the past 12 months;
- AFH well positioned to continue to take advantage of ongoing IFA market consolidation;
- Funds Under Management approaching £2bn at 31 October 2015;
- Final results for the year ended 31 October 2015 expected to be announced in February 2016; and
- Board remains confident of future prospects

During the last 12 months, the Company has enjoyed strong organic growth with a significant increase in its recurring fee income with total revenues for the full year expected to exceed £20m (H1 2015: £8.22m), over a 30% increase year on year. In addition, AFH has increased its national footprint by completing 11 acquisitions at an average capped consideration of £1m. Five of these acquisitions were asset purchases. The acquisitions were financed from a positive trading cash flow and from the equity and unsecured loan stock raised by the Company, during 2014 and in January 2015.

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. During 2015, the Company used a combination of shares and cash to finance its larger acquisitions.

While AFH continues to consolidate in its core region of the Midlands, the focus of acquisitions during 2015 has been in other key regions including the South West, the South East, the Thames Valley and the North, reflecting the Company's stated strategy of building a national footprint.

The purchase of IFS UK Limited ("IFS UK") in April 2015 has been integrated into AFH during H2, as set out in the announcement made in May 2015. The board is delighted with the quality of the advisers who have joined AFH as part of the IFS UK acquisition. The number of advisers who have been authorised under AFH, and hence the price to be paid for IFS UK, has reduced from the maximum level and the exceptional cost of integrating the business is expected to be less than half of the £500,000 provisionally set aside. The value of the investment in IFS UK, together with the maximum deferred

consideration, will be adjusted in the year-end accounts in accordance with IFRS requirements. The transaction has further validated the Company's acquisition model of structuring transactions mitigating the risk to shareholders and ensuring that the acquisition will meet the profitability targets set by the board.

As at 31 October 2015, the Company had cash balances in excess of £3m and remains fully funded to satisfy the deferred consideration liabilities of announced acquisitions as they fall due.

As previously noted, there has been a continued increase in the size and rate of IFA companies becoming available for purchase, and in the potential acquirers entering the market. As a consequence, the Board is considering additional financing options, including further share issues, to take advantage of the pipeline of opportunities and to potentially enhance the return to shareholders.

The Board remains confident of the Company's future prospects, as a result of the performance during 2015 as well as anticipated organic growth expected in 2016 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 2015 are particularly encouraging and 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, increasing the breadth of AFH's national footprint whilst providing a professional and cost effective service to our clients. The Board believes that having proved both the acquisition and integration models AFH is well positioned to take advantage of opportunities as they are presented.**

**"It is pleasing to note the increase in our recurring revenue growth, and we look forward to updating the market in February 2016 at the time of our results. We would like to thank our shareholders and staff without whom we would not be reporting this level of profitable expansion."**

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