

RNS Number : 0238P
AFH Financial Group Plc
14 November 2016

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AFH FINANCIAL GROUP PLC

("AFH" or the "Company")

TRADING UPDATE

Full year results anticipated to be above 2015 levels

AFH, a leading financial planning led wealth management firm, is pleased to announce that it expects the results for the twelve months ended 31 October 2016 to show continued growth driven by higher average levels of revenue generated by its advisers with a year on year increase in turnover expected to be over 15%. At the year end Funds under Management ("FUM") exceeded £2bn, driven by double digit growth in monies invested by existing and new clients.

HIGHLIGHTS:

- **Strong organic growth with revenues for the full year expected to exceed £24m (2015: £21.0m)**
- **Cash balances at 31 October 2016 of £6.7m**
- **Funds Under Management exceeding £2bn at 31 October 2016**
- **Prior year acquisitions successfully integrated and deferred earn outs continue to exceed 90% of maximum price**
- **AFH well positioned to continue to take advantage of ongoing IFA market consolidation;**
- **Strong pipeline of potential acquisitions under negotiation**

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. Total revenues for the full year are expected to exceed £24m (2015: £21.0m), a 15% increase year on year. During the period the Company completed the acquisition of the assets of CRS Financial Planning, an East Anglian based IFA, for a maximum consideration payable of £663,670, adding approximately £25m to AFH's funds under management.

The results will confirm the Company's financial strength, its ability to successfully integrate acquisitions and its acquisitions model, which is self-financing throughout the deferred payment period following the initial cash outlay. During the year the Company paid over £4m in earn out consideration at an average level above 90% of the maximum price negotiated for acquisitions undertaken during prior years, reflecting the strong performance of the acquired businesses within AFH.

During the period AFH maintained a consistent fixed cost base following the heavy investment in people and systems in 2015 whilst continuing to invest in its infrastructure.

The Board's focus on shareholder value has meant that the execution of acquisition opportunities has been slower than previously anticipated, but a strong pipeline of acquisition targets has been developed during the second half of the year with negotiations ongoing.

The Board remains confident of the Company's future prospects, as a result of its performance during 2016 as well as anticipated organic growth expected in 2017 through AFH's existing advisers and the healthy pipeline of prospective acquisitions.

Commenting, Alan Hudson, Chief Executive of AFH, said:

"I am encouraged by the strong progress we are continuing to see. AFH continues to be active in the market to acquire good quality IFAs but remains focussed on ensuring shareholder value. The success and robustness of this policy is reflected in the high level of acquisitions meeting or approaching earn out targets and the strong cash flow generated by the business to finance these earn out liabilities.

