

ASX Announcement

Generation Development Group FY21 Financial Results

26 August 2021

Generation Development Group (ASX:GDG) is pleased to announce its financial results for the full year ended 30 June 2021.

Highlights

Underlying Net Profit After Tax Life / Administration Business \$4.1m Increased by 44% (FY20: \$2.8m)	Revenue \$26.0m Increased by 31% (FY20: \$19.9m)	Product Sales \$404.0m Leader in market inflows with a 42.1% market share
Active Advisers 1,522 Increased by 25% on pcg	Cash at hand \$21.9m as at June 2021	Full year dividend 2.0 cents Dividend paid per share

	FY21 (A\$'000)	FY20 (A\$'000)	Change (%)
Revenue*	26,043	19,900	31
Expenses*	(21,993)	(17,084)	(29)
Underlying NPAT - Life / Administration business	4,050	2,816	44
Income from Associates	580	-	nm
Product development costs (net of tax)	(1,262)	-	nm
Underlying NPAT	3,368	2,816	20

* Underlying excluding Benefit Funds, Ascalon and non-recurring, including income tax benefit

GDG Non-Executive Chairman, Robert Coombe, said, “The 2021 financial year was an exceptional one for us. Despite a challenging work environment for all businesses, our staff have achieved remarkable results as demonstrated by our full year results. We achieved NPAT growth of 44% for the underlying Generation Life investment bond business and increased our FUM by 38% to \$1.79bn. Lonsec continues to deliver and surpass investment expectations. With the anticipated launch of our investment-linked lifetime annuity, we should see a profound transformation of our business in the future.”

Financial

Underlying Life / Administration business NPAT was \$4.1m, a significant increase of 44% from FY20. This was on the back of strong FUM growth and revenue growth of 31% on pcp to \$26m as GDG recorded 42% of market inflows, the highest share among industry peers, lifting GDG's overall market share to 18%.

GDG continues to be well capitalised with a cash balance of \$22m and declared a final FY21 dividend of 1cps for the period.

Operational

GDG continued to develop across several key segments of the business: Approved Product Lists increased by 20% to 505, Active Financial Advisers grew by 25% to 1,522 and new Bond numbers increased by 53% to 14,603 in FY21.

GDG retained Highly Recommended ratings with both Zenith and Lonsec, and continues to be the only investment bond provider in the market to hold both ratings.

Lonsec, in which GDG's original 37% ownership stake has increased to 41% since a selective buy-back was undertaken in July 2021, delivered 14% EBITDA growth and continues to exceed expectations. Notwithstanding this, Lonsec has since developed and implemented a three year accelerated growth strategy.

GDG has achieved successful results with the rollout of innovative and tax-effective investment solutions into the market, including Generation Life's Tax Aware Series. Now accounting for more than 50% of inflows into investment bonds, the Tax Optimised component of the series provides a range of 13 investment options utilising a unique investment process to reduce the impact of tax on investment returns. The company also recently launched the Generation Life Tax Effective Equity Income Fund into both the wholesale and retail markets, providing a tax-effective regular income stream for investors.

These new products solidify Generation Life's position as one of the most innovative and forward-thinking providers of financial solutions.

Generation Life on track to enter retirement market with investment-linked lifetime annuity

A number of key milestones have been achieved in recent months in relation to the development of Generation Life's investment-linked lifetime annuity.

Generation Life is proud to have assembled a team that is experienced in developing innovative superannuation and retirement products, including IT, product development and fund operations specialists. We have also appointed reputable system partners to streamline investment administration and enhance the client experience. Key product features have also been finalised and tested with financial advisers to ensure suitability for Australian retirees, and a range of digital tools and calculators to support advisers are in development.

The product remains on track to enter the retirement market later this year, subject to regulatory approval, with reinsurance arrangements with a global reinsurer imminent.

The post retirement assets market stands at \$566bn and is expected to grow by more than \$25bn annually¹. The product is innovative, providing an investment-linked lifetime income stream to retirees. This gives them the confidence to enjoy their retirement knowing they won't outlive their savings.

GDG Outlook

We have had a strong start to sales in FY22 and subject to market conditions, we expect FY22 sales to exceed FY21. We remain on track for a successful launch of our investment-linked lifetime annuity in Q2 of this financial year.

¹ Deloitte Actuaries & Consultants, 2020



Outthinking today.

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