

ASX Announcement

25 February 2021

Generation Development Group 1H FY21 Financial Results

Generation Development Group (ASX:GDG) is pleased to announce its financial results for the half year ended 31 December 2020.

Highlights:

- Underlying NPAT – Life / Admin business of \$2.12m – up 45% (1H FY20: \$1.46m);
- Revenue of \$12.26m – up 26% (1H FY20: \$9.76m);
- Product sales of \$166m – Leader in market inflows with a 37.3% market share;
- Active advisers of 1,325 – up 22% on pcp;
- \$30.06m cash at hand as at 31 December 2020; and
- Interim dividend of 1.0 cent per share.

Year ended 30 June	1H FY21 (A\$'000)	1H FY20 (A\$'000)	Change (%)
Revenue*	12,262	9,758	26
Expenses*	(10,138)	(8,296)	(22)
Underlying NPAT – Life / Admin business	2,124	1,462	45
Income from Associates	337	-	nm
Product development costs (net of tax)	(230)	-	nm
Underlying NPAT	2,231	1,462	53

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

GDG Non-Executive Chairman, Robert Coombe, said, "Generation Development is quickly positioning itself as a leader in the investment solutions market, and the 1H FY21 results demonstrates rapid progression of the business. Underlying NPAT growth of 45% and FUM growth of 21% to \$1.49b highlights the Company's improved financial performance during the half year. With a growing product offering and the near-term completion of our investment-linked lifetime annuity product, the outlook for GDG is bright and we expect to report increased product sales at the conclusion of FY21."

Financial

Underlying Life / Administration business NPAT was \$2.12m, a significant increase of 45% from 1H FY20. This was on the back of strong FUM growth and revenue growth of 26% on pcp to \$12.26m as GDG recorded 37.3% of market inflows, the highest share among industry peers, lifting GDG's overall market share to 15.4%.

GDG ended the half-year with a healthy cash balance of \$30.06m and declared an interim dividend of 1cps for the period.

Operational

GDG continued to develop across several key segments of the business: Approved Product Lists increased by 16% to 455, Active financials advisers grew by 22% to 1,325 and New Bond numbers increased by 54% to 6,570 during the half-year.

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 has a 37% ownership stake, delivered 48% EBITDA growth and is positioned to continue performing well in the post Royal Commission environment.

GDG launched the Generation Life Tax Aware Series, a unique product suite that offers innovative, tax efficient investment options. Book building for the new Generation Life Equity Income Fund commenced in December 2020 with retail launch expected in April 2021.

Generation Life Investment Linked Annuity Product Development

Development of GDG's new Lifetime Annuity Product continues to progress on time. GDG firmly believes an investment-linked lifetime annuity fills a gap in the market by providing an income for life and real potential for an income stream that grows with the investment markets.

GDG is aiming to be the first to launch a product of this kind and satisfy demand for a lifetime income stream that acts as insurance against outliving savings, covering essential costs and providing peace of mind in retirement. Further to this, it helps investors access the benefits of the age pension.

The current post retirement assets market stands at \$566bn and is expected to grow by more than \$25bn annually¹. Given the size of this opportunity for the Lifetime Annuity Product, a successful launch, could become a company transforming product.

The product is capital light, with completion expected in Q4 CY21 subject to regulatory approval.

GDG Outlook

Subject to market conditions, GDG expects FY21 sales to exceed those of FY20. Successful development of the Generation Life Investment Linked Lifetime Annuity product remains a key focus for GDG.

Authorised by and contact for further information:

Terence Wong
CFO
Telephone: +61 3 8601 2021

¹ Deloitte Actuaries & Consultants, 2020