



2022 financial year results

Presenters:

Grant Hackett OAM

Chief Executive Officer and Managing Director
Generation Life

Terence Wong

Chief Financial Officer
Generation Development Group



The right partner for you:



Lonsec



A transformational year

2022 financial year

\$2,158m

Funds Under Management

Up 20%

\$639m

Investment Bond Sales

Up 58%

\$6.3m

Underlying NPAT (Life/Admin business)

Up 57%

Lonsec Earnings

Underlying EBITDA and NPAT

Up 24% and 48%

\$3,612m

Lonsec Investment Solutions FUM

Up 85%

LifeIncome

Investment-linked lifetime annuity

Launched in March 2022

FY22 Financial result summary

Generation Development Group



	FY22	FY21	Change	Change %
Revenue* (A\$'000)	35,254	26,043	9,211	35
Expenses* (A\$'000)	(28,912)	(21,993)	(6,919)	(31)
Underlying NPAT (A\$'000) – Life/Admin business	6,342	4,050	2,292	57
Investment in associates – share of profit (A\$'000)	2,048	580	1,468	253
Product development costs (net of tax) (A\$'000)	(3,023)	(1,262)	(1,761)	(140)
Underlying profit after tax (A\$'000)	5,367	3,368	1,999	59
DPS (A\$)	0.02	0.02	-	-
FUM (A\$'bn)	2.2	1.8	0.4	20
Cash and cash equivalent** (A\$'000)	17,504	21,903	(4,399)	(20)

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

** Includes term deposits, excluding cash attributable to Benefit Funds

FY22 highlights and key performance measures

Generation Development Group

Life Business FUM

\$2.16 billion
Up 20%

Life Product Sales

\$639 million
Up 58%

Market Share

49% of annual
market inflows (12
months to 31 March
2022)

APL's

546
Up 8%

Product Rating

Investment bonds
Highly Recommended by
Zenith & Lonsec

LifeIncome
Superior 4 stars – SQM

Active Financial Advisers

1,689
Up 11%

New Bond Numbers

21,002
Up 44%

Savings Plan

\$66 million
Up 32%

Investment options

Lifebuilder / Childbuilder /
Funeral Bond
62 Options

Generation Life Tax Effective
Equity Income Fund
1 Option

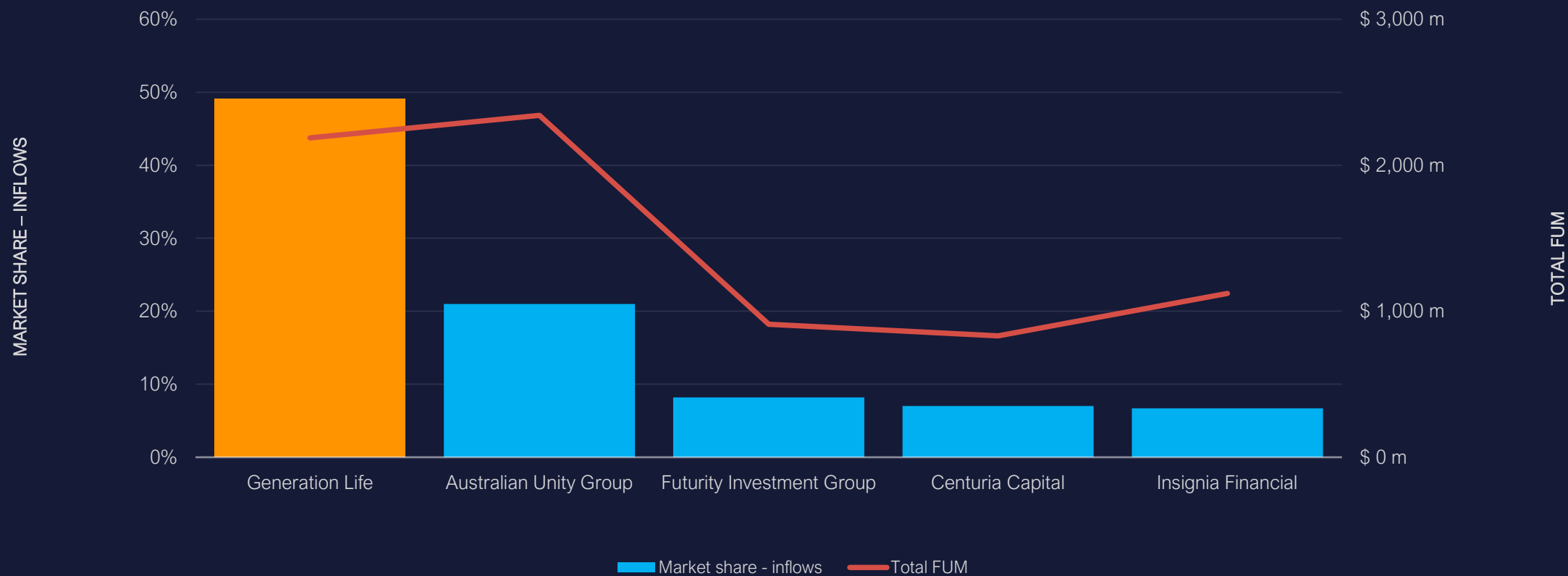
LifeIncome
23 Options

Average Investment Term

17.4 years

No. 1 in inflows

Generation Life 2nd in total FUM



For the 12-month period ended 31 March 2022.
Source: Plan for Life Actuaries & Researchers, Investment Bonds Report for the period ending 31 March 2022



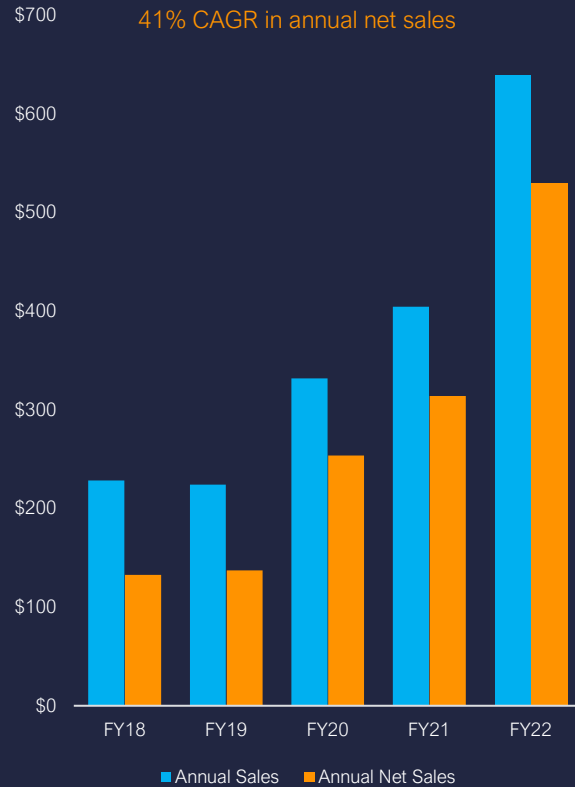
Continued improvements in all key metrics

Generation Life



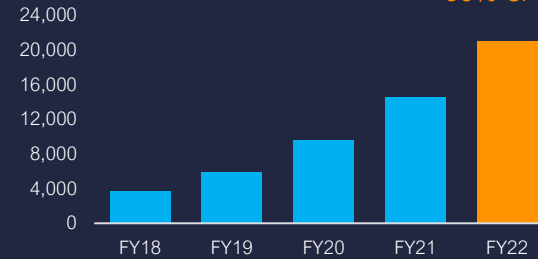
Annual Sales & Net Inflows (\$millions)

29% CAGR in annual sales
41% CAGR in annual net sales



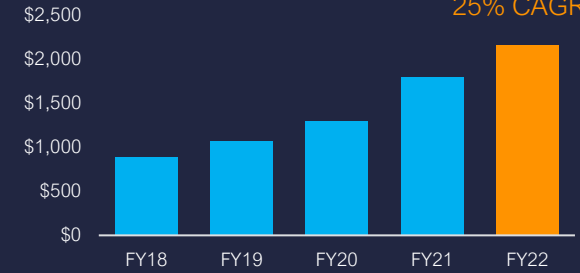
Number of New Applications

55% CAGR



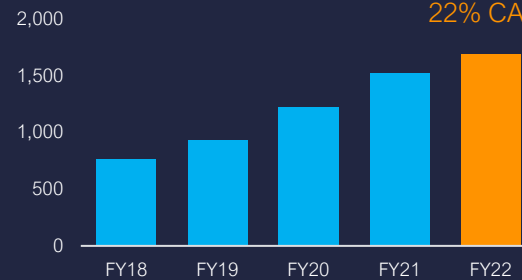
FUM (\$millions)

25% CAGR



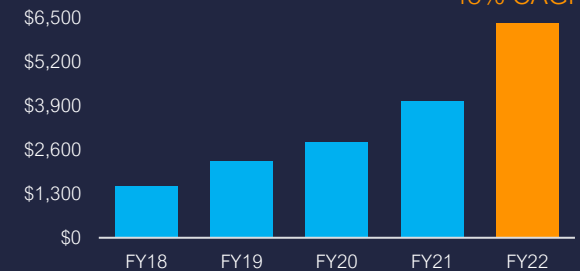
Number of Active Advisers

22% CAGR



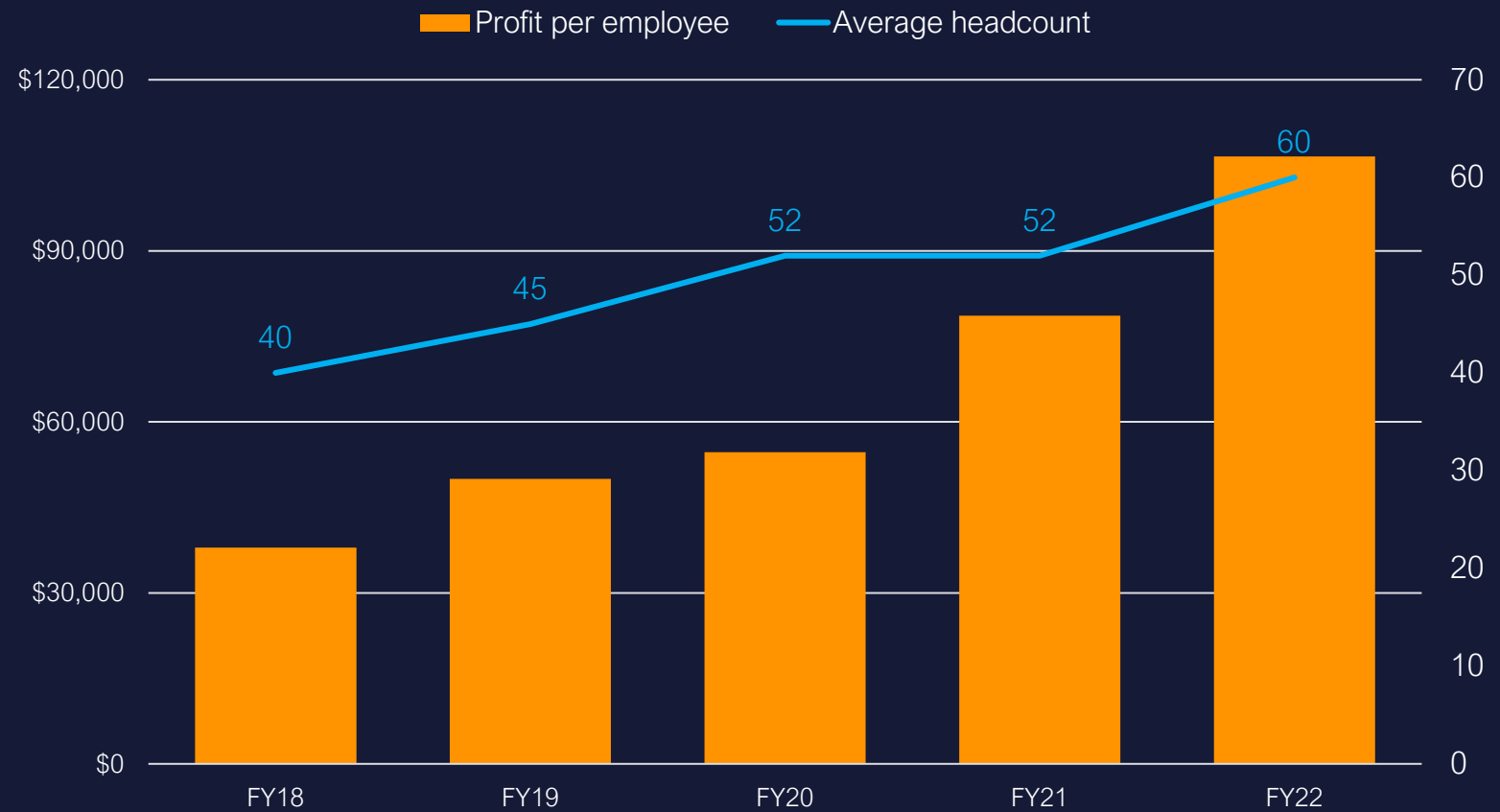
Underlying NPAT (\$ thousands)

43% CAGR



Profit per Employee

Generation Development Group

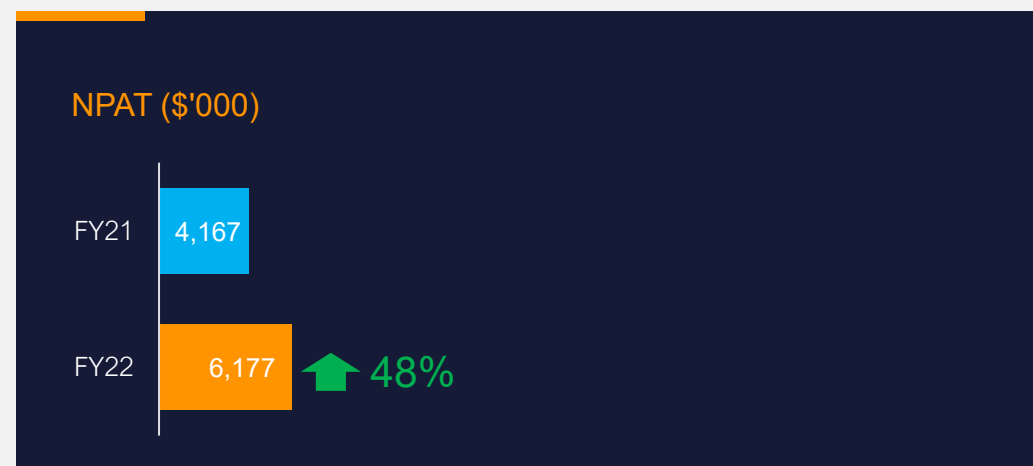
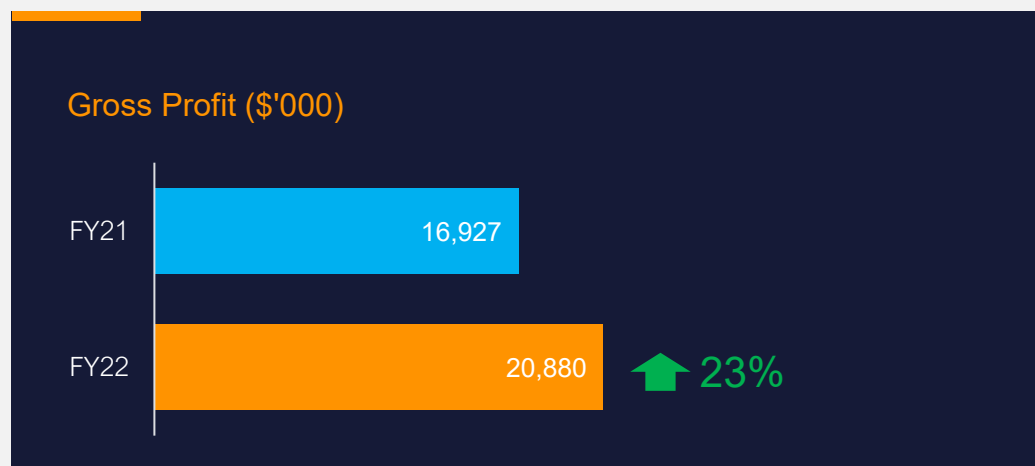
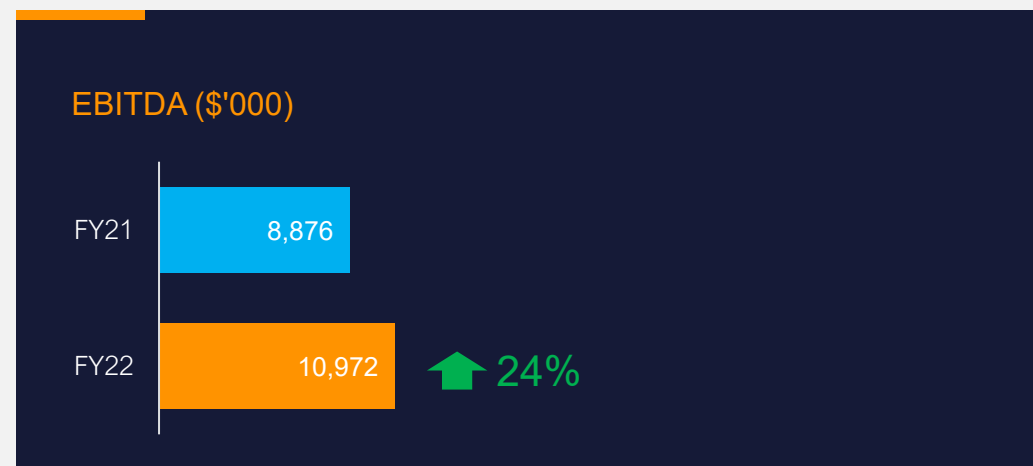
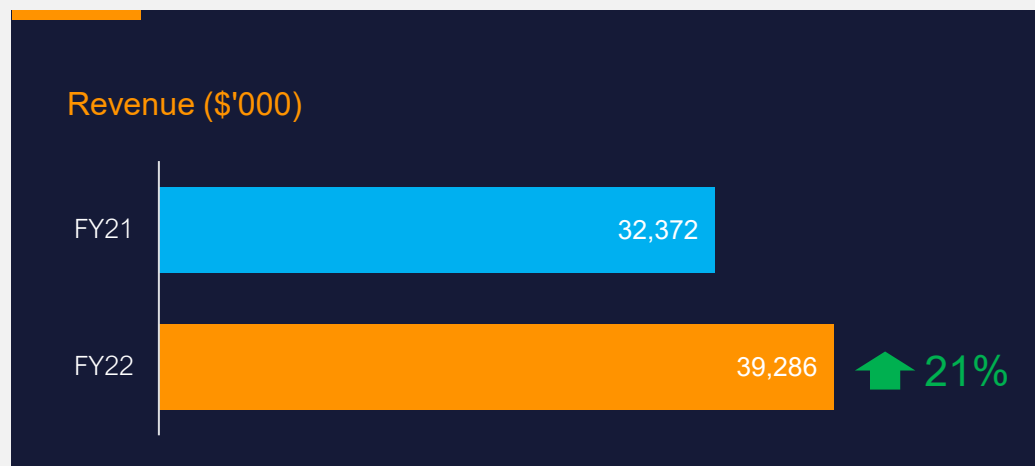


Note: Excludes employees working on annuity product development



Normalised Financial Results FY22 & FY21

Lonsec Group



Key highlights

Lonsec Group

RESEARCH (55% of Lonsec Group gross profit)

157 new products

Revenue Up 18% YOY
Gross profit Up 27% YOY

SUPERRATINGS (23%)

Strong SMART2.0 growth & other product sales

Revenue Up 10% YOY
Gross profit Up 10% YOY

INVESTMENT SOLUTIONS (9%)

FUM \$3.6B Up \$1.6B YOY
Revenue Up 75% YOY
Gross profit Up 170% YOY

iRATE (13%)

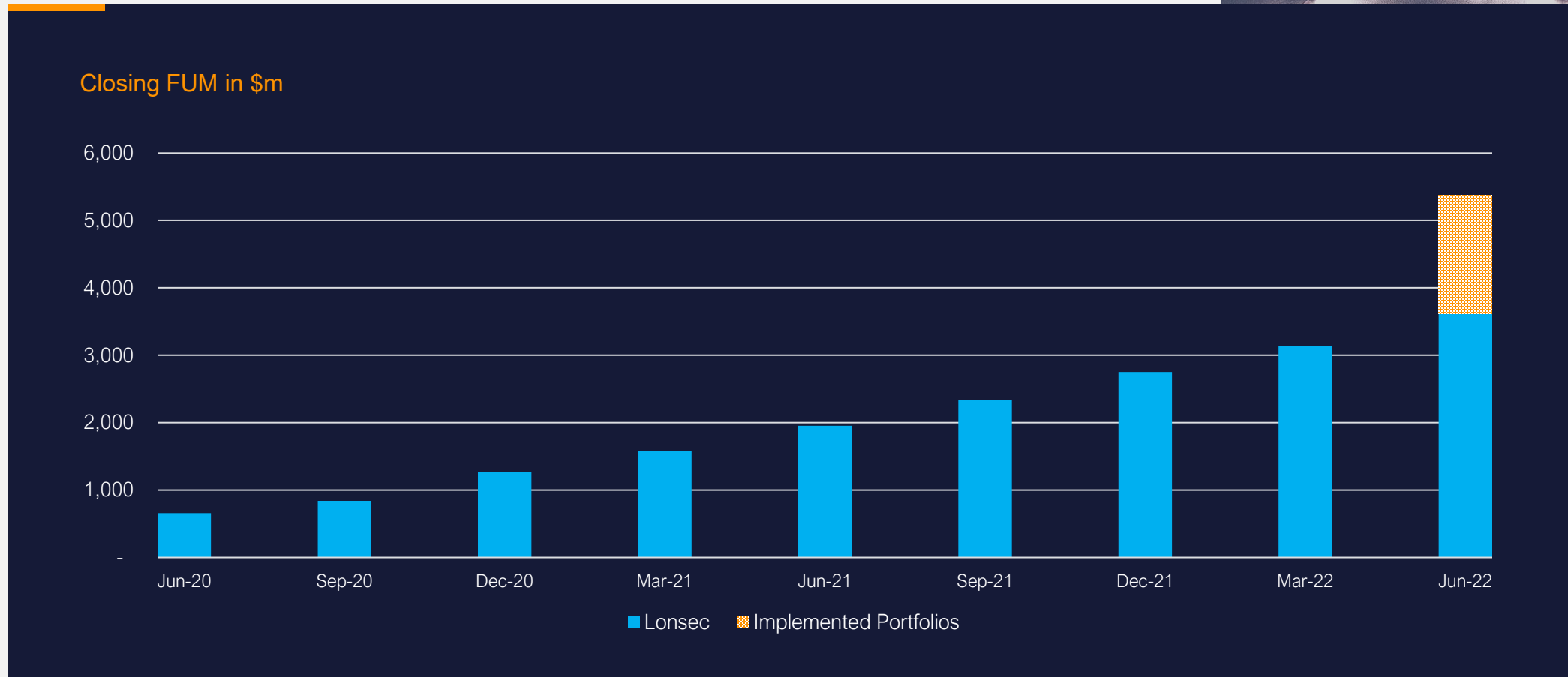
4,600 iRate users

Revenue Up 8% YOY
Gross profit Up 4% YOY



Lonsec Investment Solutions

Implemented Portfolios FUM to be included from August 2022




Lonsec acquired Implemented Portfolios Limited (IPL) on 4 August 2022. The amount in June 2022 represents IPL's FUM when it was not under Lonsec's ownership.



Introducing LifeIncome

Generation Life is proud to be shaping the retirement income landscape with our LifeIncome product, which was launched in March 2022.

By applying our innovative approach to clients' retirement income needs and enabling Australians to focus on enjoying retirement with the confidence of an income guaranteed for life.




**Income guaranteed
for life**



Investment choice



**Concessional social
security treatment**



**Money available to
support beneficiaries**

Key features of Generation Life LifeIncome

An immediate, **investment-linked lifetime annuity**, linked to a single or reversionary life

23 investment options – any combination of investment options can be held at a time

Switch between investment options at any time¹

LifeBooster feature pays a higher income from the start. Choose between two LifeBooster rates of 5% and 2.5%

A **Death Benefit** is payable if an investor passes away within the Death Benefit Period

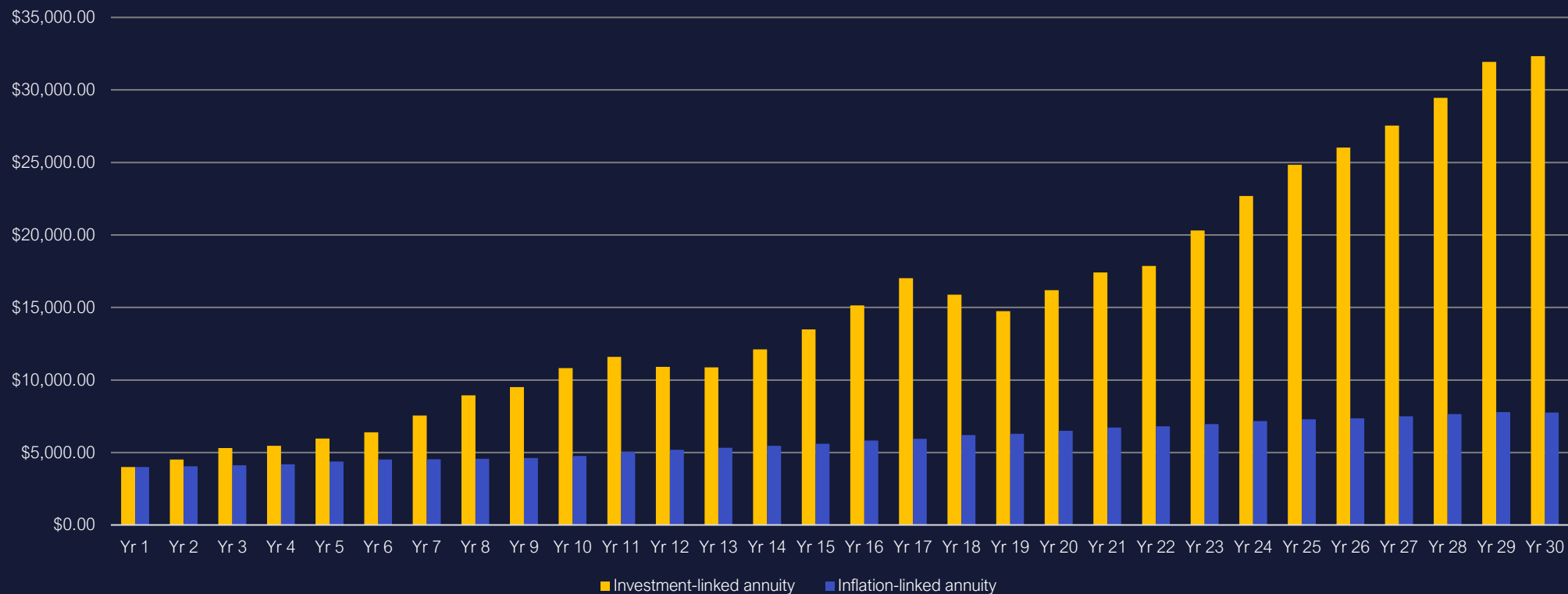
Ability to charge an **initial advice fee** and **ongoing adviser service fee**

6 month 'cooling-off' period inclusive of the statutory 14-day cooling-off period²

Available for super and non-super money to investors aged at least 50 years³

1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. The amount paid back will be the investment amount adjusted for movements in the unit price of the investment option(s) chosen, less any taxes and duties not recoverable by Generation Life, and after deducting income payments already made. Generation Life's management and administration fees and insurance expenses will only be refunded for cancellations within the regulatory 14-day cooling-off period.– refer to the Product Disclosure Statement.
3. For superannuation money, your client must have satisfied a relevant condition of release to access their preserved benefits.

Comparing inflation-linked vs investment-linked lifetime annuity

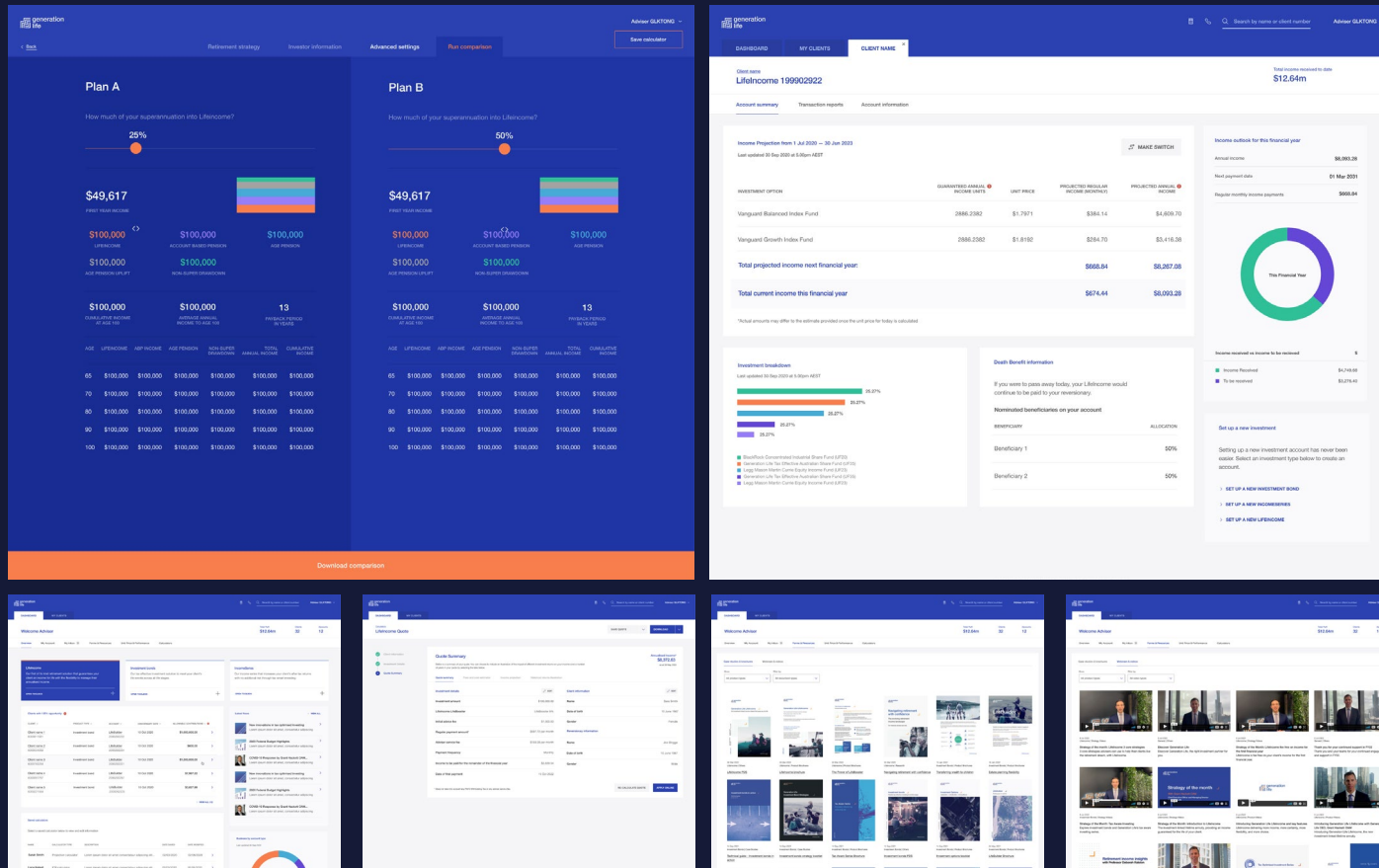


Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year.
- Investment-linked annuity: Balanced portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992. Fees, expenses and costs of 0.92% + investment management cost of 0.27%.
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022.
- Starting income for both annuities \$4,000 for illustrative purposes. Starting incomes for both products could start at different levels, depending on the year of commencement.
- Not indicative of any lifetime annuity solution specifically. Provided as a general example of an investment-linked lifetime annuity only.



Tools to support financial advisers



New PDS, brochures, website, statements and forms

Launched new financial technology capabilities for Lifeline and investment administration

New online tools and support – Calculators, integrated online form, quotation system, reporting, resources and videos

Rated “Superior” by SQM research



Generation Development Group outlook

Continue to **grow overall sales** throughout the year, subject to relatively stable market conditions

Lifeline – Continue to build sales momentum and product enhancements for the recently launched investment linked lifetime annuity offering

Continuing to innovate our investment bond offering and optimise our investment menu

Focusing on execution of Lonsec's Accelerated Growth Plan and integration of Implemented Portfolios Limited

Appendices



Key features of investment bonds

Max tax rate of 30%

No distributions and access to funds at anytime

Tax paid after 10 years - tax advantages pre 10 years

125% advantage

Portability and tax-free transfers

No personal Capital Gains Tax on investment switching

No tax file number required

Creditor protection

Can be structured as a **non-estate asset**



5 key uses of Investment Bonds

Generation Life investment bonds are designed to provide tax-effective investment solutions to help secure a financial future across all generations.

1.

Alternative to superannuation

The most tax effective investment solution after super

2.

Estate planning

Be in control of transferring wealth

3.

Saving for a child

Meeting the rising costs of future generations

4.

Trusts

Reducing distributable income within trusts

5.

Government entitlement

Improving pension entitlements

Our leading investment menu

Investment bonds



At Generation Life, we offer a wide range of investment options to meet investment objectives.

62 investment options across all major asset classes

18 x Diversified	4 x Property
13 x Australian shares	5 x International fixed interest
12 x International shares	2 x Alternatives
6 x Australian fixed interest	2 x Cash and deposits



Our leading investment menu

Lifeline



A wide range of investment options to meet investment objectives. You can hold any combination at any time.

23 investment options across multiple styles

-
- 5 x Single Sector Index funds
 - 8 x Pre Packaged Diversified Models
 - 3 x Lower Volatility Outcome Based Funds
 - 3 x Truly Active Single Sector Funds
 - 1 x Inflation Linked Fund
 - 3 x Responsible Investment funds



Generation Life

Highly recommended for over a decade

The only provider in the market to hold a “Highly Recommended” rating with both Lonsec and Zenith Investment Partners for our Investment Bonds.

Research ratings



Investment Bonds



Investment Bonds
LifeBuilder



Lifeline

Investment bond awards



Note: Zenith rating includes Lifebuilder and Childbuilder



Reconciliation of statutory profit to underlying earnings

Generation Development Group

	FY22	FY21	Change	Change %
Underlying net profit after tax (A\$'000) – Life/Administration business	6,342	4,050	2,265	57
Investment in associates – share of profit (A\$'000)	2,048	580	1,468	253
Product development costs (net of tax) (A\$'000)	(3,023)	(1,262)	(1,761)	(140)
Underlying profit after tax (A\$'000)	5,367	3,368	1,999	59
Other items (net of applicable tax):				
Net gain on sale of Ascalon Capital Limited (Asia)	50	-	50	nm
Ascalon (net) operating costs (A\$'000)*	56	(929)	985	106
Deferred tax on carry-forward losses recognised / (reversed) (A\$'000)	(1,526)	578	(2,104)	(364)
Transaction costs (A\$'000)	(362)	(484)	122	25
Investment in associates – Lonsec's impairment of software (A\$'000)	(1,684)	-	(1,684)	nm
Statutory profit after tax (A\$'000)	1,901	2,533	(632)	(25)

* Gain on acquisition of Ascalon of A\$5.1m in FY19



FUM Growth

Generation Development Group

	FY22	FY21	Change	Change %
Opening FUM (A\$'000)	1792	1,295	497	38
Sales inflow (A\$'000)	639	404	235	58
Investment performance (A\$'000)	(164)	184	(348)	nm
Exits (A\$'000)	(110)	(91)	(19)	(21)
Closing FUM (A\$'000)	2158	1,792	366	20



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