

# DIVERSA

GROUP

26 February 2016

## ASX MARKET RELEASE

### Diversa Group continues on strong growth path

Diversa Limited (ASX: DVA) today announced the release of its results for the half year ended 31 December 2015. Key achievements to note are as follows:

- Total revenue for the half year increased by 92% to \$6.5 million from the prior corresponding period
- EBITDA improvement of \$1.5 million to \$0.9 million from the prior corresponding period
- Maiden profit from operating activities of \$0.4 million
- Funds under trustee, management and administration up 38% to \$7.9 billion from the prior corresponding period
- Strengthened balance sheet with \$7.4m cash reserves (including cash held for regulatory and prudential purposes) at 31 December 2015
- On track to achieve FY16 full year earnings guidance of revenue of \$12.5m to \$13.5m and EBITDA of \$2.0m to \$2.5m.

Diversa has continued to deliver strong growth in its superannuation services business incorporating trustee, administration, fund promotion, insurance and investments management. Growth to date has been both organic and through acquisition. A summary of the financial results for the six months is as follows:

| \$ million                                                                   | 31 Dec 2015<br>6 mths<br>\$'m | 31 Dec 2014<br>6 mths<br>\$'m | Change      |
|------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------|
| Revenue                                                                      | 6.50                          | 3.38                          | 92%         |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b> | <b>0.90</b>                   | <b>(0.58)</b>                 | <b>254%</b> |
| Amortisation and depreciation                                                | (0.52)                        | (0.05)                        |             |
| Results from operating activities                                            | 0.38                          | (0.63)                        | 161%        |
| Net finance income/(expense)                                                 | (0.77)                        | (0.36)                        |             |
| Share of profit of equity accounted investees                                | -                             | 0.06                          |             |
| Loss before tax                                                              | (0.39)                        | (0.93)                        | 58%         |

Revenue has increased as a result of acquisitions completed in prior periods, along with organic growth, primarily in existing client fund growth.

Both of the Group's business units showed strong improvement with the Trustee Services business returning EBITDA of \$1.05m for the period (2014: \$0.16m) and the Superannuation Services business returned EBITDA of \$0.64m for the period (2014: \$235 loss). Unallocated corporate EBITDA was a loss of \$0.79m for the period (2014: \$0.62m loss).

The Group completed the following acquisitions in prior periods, the financial effects of which are evident in the current period:

- the acquisition of The Trust Company (Superannuation) Limited (TTCSL), a third party trustee business which completed on 1 September 2014. Four months of activities were recorded in the prior period compared to 6 months in the current period; and
- the acquisition of a 30% interest in Tranzact Financial Services Pty Limited (TFS) which completed on 1 September 2014, and the acquisition of the remaining 70% on 30 June 2015. In the prior corresponding period the 30% interest in TFS was equity accounted, compared to TFS being consolidated for 6 months in the current period.

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The TFS acquisition was partially funded from equity raised during the period. Integration of the business with the Group's operations is now complete.

Funds under trusteeship, management and administration (FUTMA) have grown from \$6.7 billion at 30 June 2015 to \$7.9 billion at 31 December 2015 due to continuing strong funds inflows to existing client funds and the completion of the TFS acquisition. A summary of the changes in FUTMA is as follows:

| <b>FUTMA SUMMARY<sup>i</sup></b> |                           |                                                |                              |                      |
|----------------------------------|---------------------------|------------------------------------------------|------------------------------|----------------------|
| \$ billion                       | Trustee Services<br>\$'bn | Superannuation Services <sup>ii</sup><br>\$'bn | Investment Services<br>\$'bn | TOTAL FUTMA<br>\$'bn |
| 31 December 2014                 | 5.27                      | 0.33                                           | 0.12                         | 5.72                 |
| 30 June 2015                     | 6.24                      | 0.33                                           | 0.12                         | 6.69                 |
| <b>31 December 2015</b>          | <b>7.00</b>               | <b>0.55</b>                                    | <b>0.37</b>                  | <b>7.92</b>          |
| Change: June to Dec              | 12%                       | 67%                                            | 208%                         | 18%                  |

Graphs displaying the growth in FUTMA, revenue and EBITDA over the last 3 years are included in Appendix 1.

Looking forward, the Group's primary focus is to continue to grow revenue and earnings through actively leveraging the established service infrastructure. Enhancement and re-configuration of the business units will continue, and the Group will also continue to selectively assess acquisition opportunities that would add to its existing operations and scale. Diversa is also re-negotiating its financing facilities in respect of certain regulatory capital requirements.

The Group remains on track to meet its previously released guidance for the full financial year of revenue of \$12.5m - \$13.5m and EBITDA of \$2.0m - \$2.5m.

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#### **About Diversa:**

*Diversa Ltd (ASX: DVA) is an ASX-listed superannuation, insurance and investment company. Diversa provides superannuation trustee, administration, promotion and investment services to wholesale clients such as super fund trustees and super fund promoters, including financial advisers and corporates; and also uses those services to provide superannuation and insurance products directly to its retail clients.*

<sup>i</sup> Some clients are provided more than one service and accordingly may be included in more than one business unit

<sup>ii</sup> Administration may also include promotional activities, product management and insurance administration.

## APPENDIX 1

