

DIVERSA

GROUP

19 May 2016

ASX MARKET RELEASE

INVESTOR PRESENTATION

Attached is a presentation delivered by Mr Vincent Parrott, the Managing Director of Diversa Limited (ASX:DVA) ('Diversa'), today to the Brisbane Investor Conference.

About Diversa:

Diversa Ltd (ASX: DVA) is an ASX-listed superannuation 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.

Diversa Group

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The Superannuation Industry

- Australia has the fourth largest retirement savings pool in the world⁽¹⁾.
- Superannuation assets have experienced a CAGR of over 11% since 2004⁽²⁾.
- As at June 2015 superannuation assets total over \$2 trillion, and are forecast to grow to approximately \$3.7 trillion by 2029⁽³⁾.
- Growth will be driven by government regulation including increasing superannuation guarantee rate and investment returns.
- Sectors
 - SMSF
 - Industry
 - Retail
 - Corporate
 - Public Sector

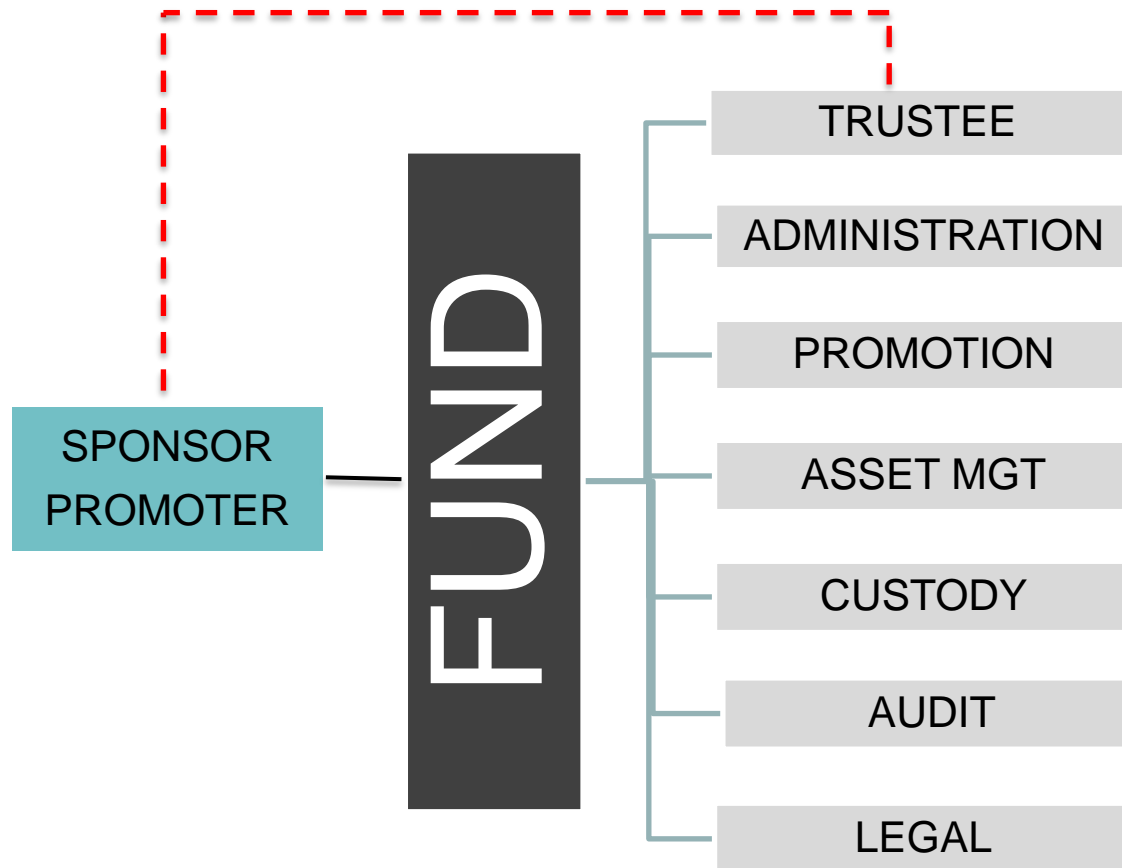
Notes:

(1) Towers Watson Global Pension Asset Study 2015

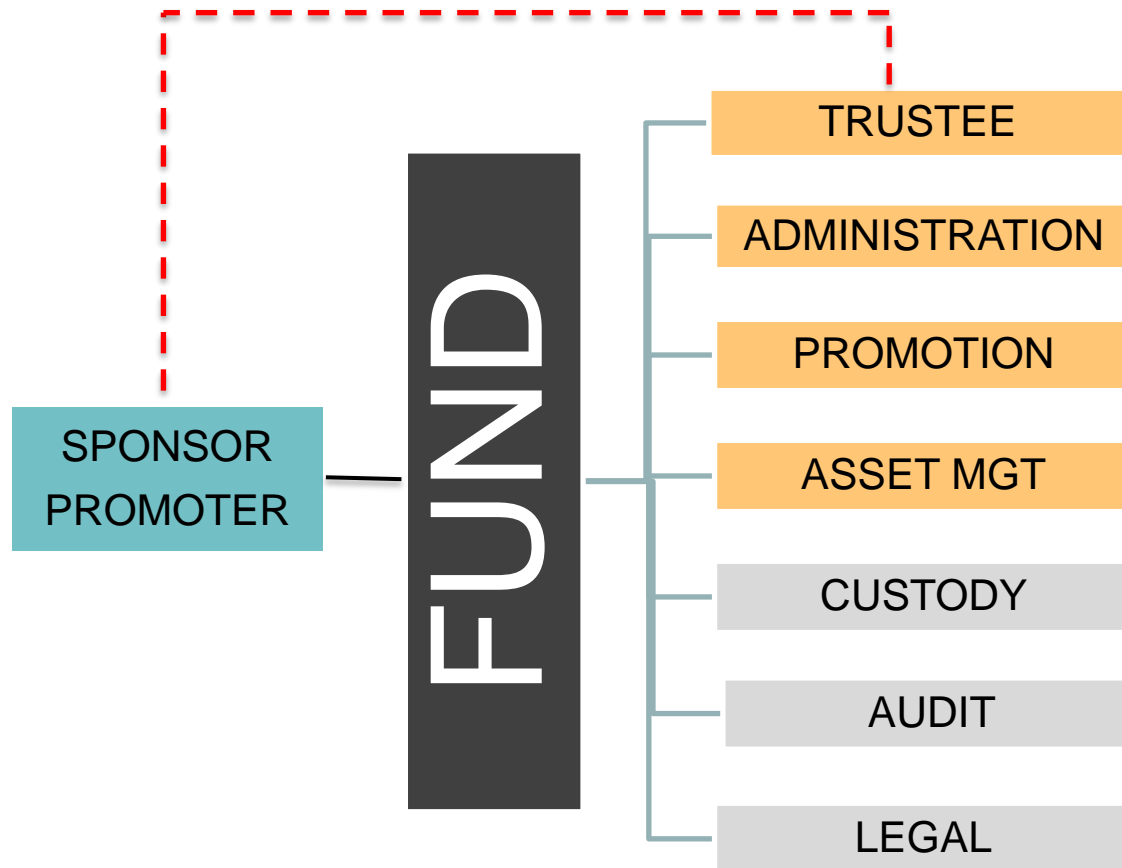
(2) Sourced from APRA Superannuation Quarterly Bulletins

(3) Based on data from Rice Warner 2015

Superannuation Services



Diversa Superannuation Services



In addition the Group also promotes its own public offer superannuation funds.

Diversa Operations

	Trustee Services	Superannuation Services
Services	Act as a third party commercial trustee for a wide range of super funds, including investment consulting services	Provide administration services for super funds, including insurance administration, and promotion and product management services
Employees (FTEs) ⁽³⁾	18	25
No. of Clients ⁽¹⁾	30 funds	4 funds
Total FUTMA ⁽¹⁾	\$7.6bn	\$0.5bn
Projected FY16 revenue ⁽²⁾	\$6.5m+	~\$6.0m

(1) Some clients are provided more than one service and may be included in more than one business unit

(2) Projected revenue for FY16 is estimated on the actual revenue to March 2016

(3) Does not include directors or 3 corporate employees

Above table does not include the Corporate contribution of an EBITDA loss of \$0.7m for the 6 months to Dec 2015

Data is as at 31 March 2016

Diversa Business Model and Strategy

- Revenue is mostly generated as a percentage of funds under trusteeship, management and administration (FUTMA) and to a lesser degree client/member numbers.
- Secure or acquire new clients across the Groups specialist capabilities to leverage the existing service infrastructure.
- Specialist capability has been built to be available to clients separately or in combination.
- This provides the Group with the potential for multiple revenue streams from a single client/fund through cross selling opportunities.
- Trustee service is typically the gateway to introducing additional services to existing clients.
- The Groups trustee service is now the pre-eminent outsourced commercial trustee providing services to APRA regulated funds. We will continue to strengthen and grow this dominant market position.

Target Market

Diversa clients fall mostly in the 'independent' and retail sector of the superannuation market

- Retail superannuation master trusts
 - specifically established to be independent of and compete with the institutionally owned platforms
 - Trustee Services
 - Super Administration
- Smaller corporate, retail or industry super funds
 - specific desire to remain independent of the major groups and large funds
 - Trustee Services
 - Fund Administration
 - Fund Promotion and Product Management
 - Investment Consulting

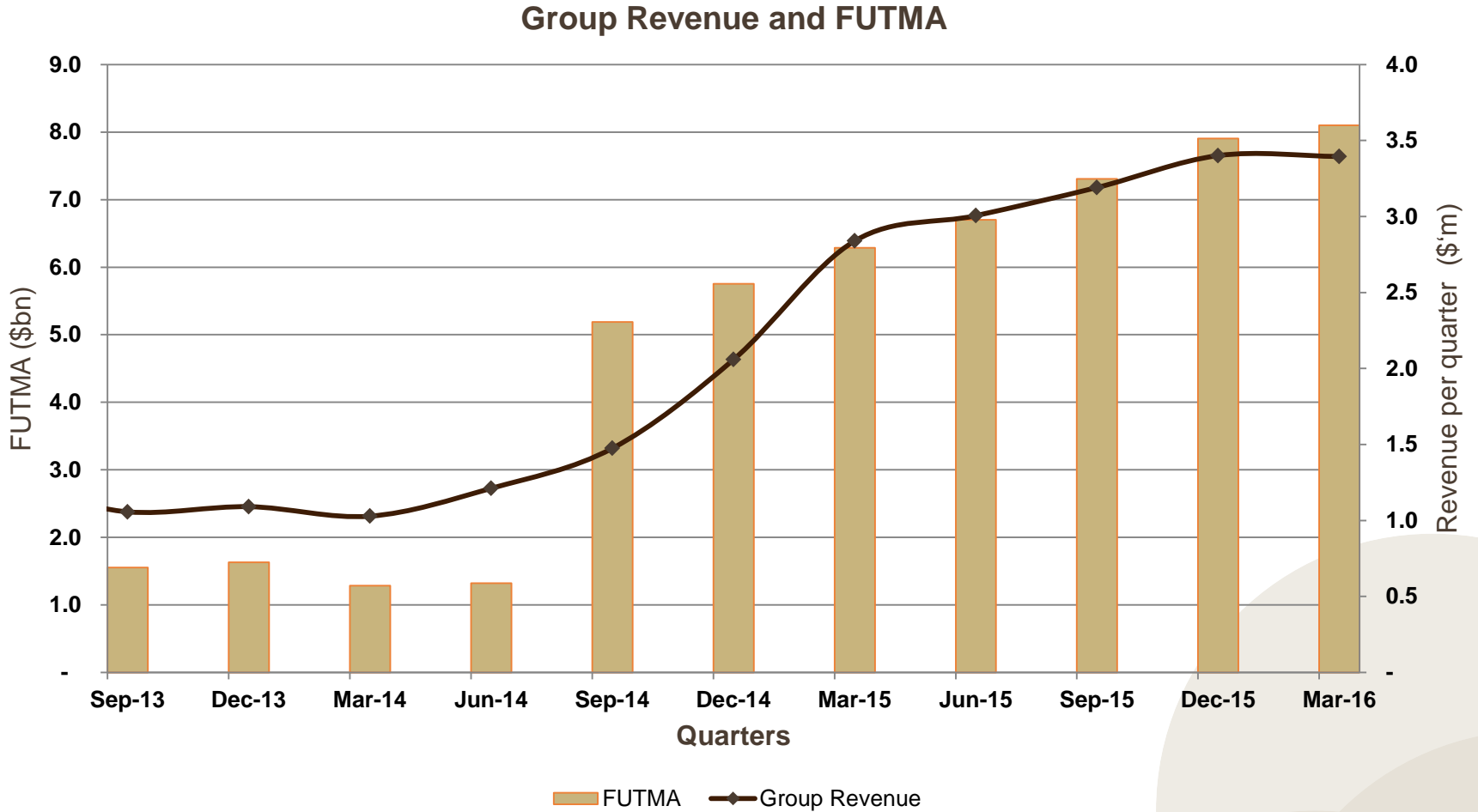
Target Market

- Small employer groups
 - seeking independence from the large industry suppliers
 - Diversa promoted public offer super funds
- Retail superannuation master trusts
 - \$60bn
- Smaller corporate, retail or industry super funds
 - \$20bn
- Small employer groups
 - \$5bn

Recent Achievements

- Transformational period for the Diversa Group
- Increase in FUTMA serviced from \$1.5bn in July 2014 to \$8.1bn in March 2016
- Acquired The Trust Company (Superannuation) Ltd - superannuation trustee services in Sept 2014
- Acquired Tranzact Financial Services Ltd (TFS) - administration, promotion and investment services to the Smartsave 'Member's Choice' Superannuation Master Plan - 30% in Sept 2014 and 70% in June 2015
- Raised approximately \$11.8m in equity capital to complete the above acquisitions in two stages - \$7.4m in July/August 2014 and \$4.4m in June/July 2015
- Completed the integration of the Group's two trustee operations
- Completed the integration of the Group's two super administration operations
- Continued ongoing improvement in underlying financial performance
- Cash flow positive from underlying operations from February 2015

Revenue and FUTMA Growth



Financial performance

Historical financial results & guidance

	2014 \$m	2015 ⁽³⁾ \$m	Dec 2015 6 mths \$m	2016 Guidance
Revenue	4.4	9.5	6.5	12.5 - 13.5
Expenses	(8.3)	(10.5)	(6.1)	
Results from Operating Activities	(3.9)	(1.0)	0.4	
EBITDA ⁽¹⁾	(3.5)	(0.2)	0.9	2.0 - 2.5
Results from underlying operations ⁽²⁾	(1.1)	0.6	1.1	

Notes:

Complete P&Ls for FY2014, FY2015 and 6 mths to Dec 2015 can be found at Appendix 1.

- (1) EBITDA is earnings before interest, tax, depreciation and amortisation
- (2) Results from underlying operations is EBITDA adding back impairment losses and other expenses - which includes non-operating costs related to acquisitions, due diligence and legal costs and other corporate transaction costs and any non-recurring expenses.
- (3) 30% of TFS was acquired on 1 September 2014. This investment was equity accounted during the 6 mths to Dec 2014 then consolidated for the period of Jan to Jun 2015 due to the nature of the contractual arrangements. The remaining 70% was acquired on 30 June 2015.

Financial performance

December 2015 Half Year Results - key points to note for this period:

- 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.

Notes:

Prior corresponding period is the 6 months to December 2014.

Growth

Diversa's growth over the medium term will be driven by:

1. Continued legislated growth in the level of super contributions
 2. Growth in investment markets
 3. Providing further services to existing customers
 4. Market share growth of specific client funds
 5. Increasing the number of employers and retail clients selecting Diversa's superannuation funds
 6. Further acquisition and consolidation within the industry and our target market.
-
- Medium term revenue growth: 10-12%
 - Cost growth: 3-4%
 - EBIT margin: 30-35%

Growth & Outlook

- Trustee Services
 - Current clients have demonstrated strong asset growth⁽¹⁾ with collective increase of 43% in FY2013, 34% FY2014, 33% in FY2015 and 29% (annualised) for the 10 months to April 2016.
 - Has significant market position as largest (by number of clients), and most comprehensively resourced provider of outsourced trustee services.
- Superannuation Services
 - On average one new administration client has been successfully taken on every year over the last 6 years.
 - Integration of the TFS business and the reconfiguration of the operations is largely complete which will enable the Group to increase the number and complexity of new clients taken on in the future.

Capability and capacity in all service offerings are at the highest level since inception.

- FY16 financial outlook guidance provided in August 2015:
 - Revenue: \$12.5m - \$13.5m
 - EBITDA: \$2.0m - \$2.5mCurrently on track to meet this guidance

Notes:

(1) 12 months to 30 June of each respective year, may not have been Diversa clients for the entire period

Investment Highlights

Track Record	Diversa has built a strong service platform and capabilities via acquisition, subsequent enhancement and integration
Large Attractive and Growing Market	Diversa is well placed to capitalise on the continued growth of the superannuation sector
Scalable Infrastructure	Client capture has been increasing steadily. The scalable infrastructure will now enable this to accelerate over the next few years
Improved Financial Position	Profitable underlying business operations enable the strong organisational capability that has been built up over recent periods to be better leveraged for business growth initiatives
Organic Growth	The Group continues to work on a number of additional revenue streams including attracting new clients and revenue growth through offering additional services to existing clients
Growth by Acquisition	Will consider acquisitions which add scale and benefits of synergies to Diversa's existing operations

Corporate Information

Directors	Executives
Ron Dewhurst - Non-executive Chairman	Vincent Parrott - Managing Director
Stephen Bizzell - Non-executive Director	Rob Chmielewski - Head of Trustee Services
Matthew Morgan - Non-executive Director	Andrew de Vries - Head of Super Services
Garry Crole - Non-executive Director	Angus Craig - CFO and Company Secretary
Vincent Parrott - Managing Director	

Shareholders	Number of Shares (m)	%
Directors + Executives	10.6	18%
Thorney Opportunities Ltd	7.8	13%
Empshore Pty Ltd	5.5	9%
Posse Investments	3.0	5%
Other shareholders	32.4	55%
Total	59.3	100%

ASX information	
ASX Code	DVA
Share price ⁽¹⁾	\$0.67
12 month trading range ⁽¹⁾	\$0.42 - \$0.68
Market capitalisation ⁽¹⁾	\$40m

Notes:

(1) as at 18 May 2016

Appendix 1: Financial Results

Financial Period	2014 ⁽¹⁾ 12 mths \$m	2015 ⁽¹⁾⁽³⁾⁽⁴⁾ 12 mths \$m	Dec 2015 ⁽¹⁾ 6 mths \$m
Revenue	4.4	9.5	6.5
Administrative expenses	(1.4)	(2.6)	(1.8)
Amortisation and depreciation	(0.4)	(0.8)	(0.5)
Occupancy expenses	(0.3)	(0.5)	(0.3)
Personnel expenses	(3.9)	(6.2)	(3.4)
Impairment losses	(2.3)	nm ⁽²⁾	nm ⁽²⁾
Other expenses	(0.1)	(0.4)	(0.1)
Results from operating activities	(3.9)	(1.0)	0.4
Net finance expenses	(0.9)	(1.0)	(0.8)
Profit/loss of associates	nm ⁽²⁾	nm ⁽²⁾	-
Loss before income tax	(4.8)	(2.1)	0.4
EBITDA⁽⁵⁾	(3.5)	(0.2)	0.9
Results from underlying operations⁽⁶⁾	(1.1)	0.6	1.1

Notes:

- (1) Audited or audit reviewed financial results as reported to ASX.
- (2) nm means not meaningful: in this case less than \$50k.
- (3) TTCSL was acquired on 1 September 2014 and accordingly 10 months of operations are included in the June 2015 period
- (4) 30% of TFS was acquired on 1 September 2014. This investment was equity accounted during the 6 mths to Dec 2014 then consolidated for the period of Jan to Jun 2015 due to the nature of the contractual arrangements. The remaining 70% was acquired on 30 June 2015.
- (5) EBITDA is earnings before interest, tax, depreciation and amortisation
- (6) Results from underlying operations is EBITDA adding back impairment losses and other expenses - which includes non-operating costs related to acquisitions, due diligence and legal costs and other corporate transaction costs and any non-recurring expenses.

Appendix 1: Balance Sheet

Balance Sheet	30 June 2015 ⁽¹⁾ \$m	31 Dec 2015 ⁽¹⁾ \$m
Current assets	7.3	9.5 ⁽²⁾
Non current assets	13.3	12.1
Total assets	20.6	21.6
Current liabilities	8.0	7.8 ⁽³⁾
Non current liabilities	2.5	2.2 ⁽⁴⁾
Total liabilities	10.5	10.0
Net assets	10.1	11.6
Equity	10.1	11.6

Notes:

- (1) Audited or audit reviewed financial results as reported to ASX.
- (2) Includes \$5.1m held for regulatory and prudential purposes.
- (3) Includes deferred acquisition liabilities of up to \$1.3m and a loan facility for prudential purposes of \$3.8m.
- (4) Includes deferred acquisition liabilities of up to \$2.0m.

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