

MARKET RELEASE

24 February 2014

Steadfast announces solid 1H FY14 results

- **In a strong position to deliver prospectus forecasts for the full year**
- **Interim dividend of 1.8 cents per share, fully franked, to be paid on 14 April**
- **Gross written premiums (GWP) placed by Steadfast Network Brokers up 9.0%**
- **Pro-forma revenue up 6.8%**
- **Pro-forma EBITA (pre Corporate Office expenses) up 14.4%.**

Steadfast Group Limited ("Steadfast") (ASX: SDF) announces half year results for the six months ended 31 December 2013 which reflect solid growth for the business. This places the Company in a strong position to deliver its full year prospectus forecasts.

Mr Robert Kelly, Managing Director & CEO, stated "We are very pleased with the strong result from Steadfast Group Limited which shows growth in all key financial metrics from top line sales to bottom line profit. The growth of the Steadfast Network is also pleasing with the number of brokers increasing to 285 from 279 over the past six months, and offices throughout Australia and New Zealand expanding to 455 from 430."

Mr Kelly noted that "Comparing the performance of the businesses we invested in at the IPO, revenue is up 6.8% and EBITA (pre Corporate Office expenses) is up 14.4%."

He added that "The implementation of our key strategic initiatives is reflected in the recent acquisition of 60% of Protecsure and hubbing arrangements across Australia, including in Sydney, Melbourne, Perth and Brisbane."

1H FY14 pro-forma results¹

IFRS view (\$m)	Actual 1H FY14	Actual 1H FY13	Variance	Prospectus FY14F
Revenue	73.6	69.0	6.8%	152.0
EBITA pre Corporate Office (CO) expenses	33.0	28.9	14.4%	67.9
Net profit after tax (NPAT)	14.5	13.5	7.7%	30.1
EPS (cents)	2.89	2.69	7.7%	6.01
Net profit after tax and before amortisation (NPATA)	18.8	17.0	10.7%	37.8
Cash EPS (cents)	3.75	3.39	10.7%	7.54

Aggregate view (\$m)	Actual 1H FY14	Actual 1H FY13	Variance	Prospectus FY14F
Revenue	188.4	166.1	13.4%	380.6
EBITA pre CO expenses	49.5	44.4	11.6%	103.0

¹ The pro-forma results assume the Pre-IPO Acquisitions and the IPO Acquisitions² have been included for the full reporting period. (All of the planned IPO Acquisitions completed post the IPO on 7 August 2013.) The IFRS view consolidates the acquisitions based on Steadfast's respective equity interest. The Aggregate view consolidates the acquisitions on a full ownership basis (i.e. 100%).

² Where used in this release, "Pre-IPO Acquisitions" and "IPO Acquisitions" have the meaning given in the IPO prospectus.

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Pro-forma IFRS revenue increased by 6.8% compared to 1H FY13 due to 6.4% growth in fees and commissions and an 11.8% rise in Marketing & Administration (M&A) fees. Both revenue items benefited from strong growth in GWP for the Network Brokers, including the Equity Brokers in which Steadfast has an ownership interest. Also driving M&A fee growth were additional strategic partners and more M&A applicable products sold through the Network.

1H FY14 statutory financial results

IFRS view (\$m)	1H FY14	1H FY13
Revenue ¹	73.9	16.1
Adjusted revenue	69.3	16.1
EBITA pre Corporate Office expenses	26.9	7.0
Adjusted EBITA pre Corporate Office expenses	24.5	6.0
Total comprehensive income net of tax	9.4	1.9

¹ Includes \$4.6 million profit from revaluing the fair value of the extra 50% stake acquired in Miramar Underwriting Agency upon becoming a consolidated entity.

Reported total comprehensive income after tax for shareholders of Steadfast for the period was \$9.4 million, most of which will be paid to shareholders in the form of a fully franked interim dividend of 1.8 cents per share, payable on 14 April 2014.

Included in the statutory EBITA were \$2.3 million of due diligence and restructure costs relating to the IPO and a \$5.7 million non-cash share based payment expense for share options for key management personnel of the IPO Acquisitions and executive loans and shares. Management does not expect to report further restructure costs related to the IPO in future periods.

Gross Written Premium (GWP)

GWP placed by the 285 Steadfast Network Brokers (excluding Underwriting Agencies GWP) in 1H FY14 amounted to \$2.0 billion (\$4.0 billion+ annualised), up 9.0% compared to 1H FY13. *Note that Steadfast no longer includes the fire service levy in its reported GWP as it generates no income for brokers and no longer applies in the state of Victoria.*

Mr Kelly commented: "The 9.0% year-on-year growth in GWP placed by Steadfast Network Brokers is due to price and volume increases as well as new brokers joining the Network. It reflects the resilient SME market where our business is focused and is in line with our market outlook for the financial year."

"The solid growth in our Network as well as from Steadfast Group Limited reflects our efforts to continue to enhance the services we provide to our brokers, and expand our strategic relationships with insurers and other parties. Plans to deliver back office cost synergies are progressing well with the completion of four hubs to date (Sydney, Melbourne, Perth and Brisbane) and the common back office platform in its final planning stages."

"We have made one acquisition since the IPO – 60% of Protecsure, an underwriting agency and strategic partner of Steadfast – and purchased the remaining 12.5% of White Outsourcing. We also have a strong pipeline of opportunities but remain committed to following our strict criteria where acquisitions must be EPS accretive to shareholders within the first 12 months. Steadfast is the natural acquirer of Steadfast Network Brokers and a potential acquirer of non-aligned brokers and underwriting agencies."

Balance sheet

The balance sheet as at 31 December 2013 with net assets of over \$516 million, reflects the \$334 million raised from the August 2013 IPO, net of the cash used to pay for the equity stakes in brokers and other businesses and payments to eliminate debt in the holding company. Steadfast has a strong capacity to acquire further businesses, with \$29 million cash and an \$85 million debt facility, together with future retained earnings and equity funding if required.

Dividends

In line with the dividend policy and due to Steadfast's strong capital position, the Board has declared an interim dividend of 1.8 cents per share, fully franked. This dividend is payable on 14 April 2014 and will be eligible for Steadfast's dividend reinvestment plan (DRP). Steadfast plans to issue new shares to satisfy the DRP for the 2014 interim dividend. For more information on the dividend and the DRP, please refer to Steadfast's dividend announcement lodged with the ASX this morning.

Outlook

Broker and underwriting agency revenue for the inception or renewal of insurance policies is recognised based on invoice date, usually in the month prior to policy inception. Typically, a larger proportion of insurance policies are invoiced in June compared to other months. This leads to stronger seasonality in the second half. For example, the 1H/2H IFRS EBITA pre Corporate Office expenses split in FY13 was 47%/53%.

Based on solid 1H FY14 results, acquisitions made to date and the expectation that the second half will be seasonally higher, Steadfast is in a strong position to deliver its prospectus forecasts for the full year.

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast today at 11:00am (Sydney time).

- To participate in the call, please dial 1800 123 296 (toll free Australia only) or +61 2 8038 5221 and quote the conference ID 1129566.
- To access the live webcast, click onto <http://www.openbriefing.com/OB/1337.aspx> or www.steadfast.com.au and find the link in the Investor section.

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About Steadfast

Steadfast, established in 1996, is a provider of services to a network of approximately 285 insurance broker businesses across Australia, New Zealand and Singapore. It operates as both a broker network and a consolidator through its equity interests in a number of independently managed insurance broker businesses. Steadfast also has equity interests in five underwriting agencies and two other complementary businesses, and a 50% interest in Macquarie Premium Funding.

For further information, please visit the Investor section of www.steadfast.com.au.