



29 October 2014

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

2014 AGM Addresses to Shareholders

The Company will address shareholders today at its Annual General Meeting to be held at 10am at the Radisson Blu Plaza Hotel Sydney (Marble Room, Lower Ground Floor), 27 O'Connell Street, Sydney NSW.

Attached is a copy of the Chairman's address, Managing Director & CEO's address and Managing Director & CEO's presentation.

Yours faithfully

A handwritten signature in blue ink that reads "Linda Ellis".

Linda Ellis
Group Company Secretary & General Counsel

About Steadfast Group

Steadfast, established in 1996, is the largest general insurance broker network in Australasia. We are a provider of services to insurance broker business across Australia, New Zealand and in Singapore. Our network of brokers and underwriting agencies generate annual billings of over \$5 billion. Steadfast also operates as a consolidator through its equity interests in a number of insurance broker businesses, a reinsurance broker, underwriting agencies, other complementary businesses and a joint venture in Macquarie Pacific Funding. For further information, please visit the Investor section of our website at www.steadfast.com.au

Steadfast Group Limited

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STRENGTH WHEN YOU NEED IT



2014 AGM Chairman's Address

29 October 2014

Ladies and gentleman:

The 2014 financial year has been a busy and exciting one for Steadfast. We listed on the ASX on 7 August 2013. We maintained our position as the largest general insurance broker network in Australasia; we increased our network brokers; we continued to acquire and be a consolidator of insurance brokers, underwriting agencies and other complementary businesses; and most importantly, we reported pro-forma full year profits above those forecast in our June 2013 IPO Prospectus.

Since year end we have continued to make acquisitions of Network and non Network businesses, including a reinsurance broker, a cluster of authorised representatives and the second largest broker network in New Zealand. At the end of August, we entered into a scheme of arrangement to acquire Calliden for a net purchase price of \$55 million. We will retain eight of their underwriting agencies and on sell the general insurance business to Great Lakes, a wholly owned subsidiary of Munich Re. The scheme of arrangement is subject to Court and shareholder approval and is anticipated to complete in December.

Your directors and management are pleased with the strong financial performance for the 2014 financial year. The statutory results show how dramatically the Group has changed since its ASX listing in August last year. The increase in revenues and profits are due to our strong underlying business and the impact of acquisitions made before, on and after the listing in August last year. If we assume both the pre IPO and the IPO acquisitions were made at the beginning of the 2013 financial year, and exclude non-recurring items, the FY14 pro-forma net profit after tax and before amortisation, was \$41.2 million, an increase of 17% over the prior year and 9% above the IPO Prospectus forecast.

Your Directors declared total dividends for the full year of 4.5 cents per share. This represents 69% of the net profit after tax (on a pro-forma basis), which is in line with our target dividend payout.

Our operational achievements in FY14 revolved around integrating acquisitions, improving margins, managing key risks and building Steadfast for the future through acquisitions and an increase in the broker Network.

The Prospectus issued in June 2013 contained numerous risks that required careful management, in particular the integration of the 62 pre IPO and IPO acquisitions. I am pleased to confirm that we have not had any material issues arise during the past 12 months. This significant achievement is a reflection of the quality of our risk management focus and the close monitoring of all aspects of the businesses we acquired that was put in place by the Steadfast team.

Later this morning shareholders will have the opportunity to ask questions and to vote on the Remuneration Report. The incentive arrangements we have adopted aim to align management's

rewards with the creation of shareholder value. We need to make sure our remuneration policies are competitive so that we can retain and attract the right people. This required the Remuneration & Succession Committee spending considerable time, including obtaining external advice, to ensure that our fixed and at risk remuneration for key management personnel are appropriate and in line with our peer group. As a result, we have adopted short and long term incentives based on earnings per share growth and non-financial objectives tailored for each executive. We have also listened to proxy advisors who have access to the arrangements of numerous companies and made changes to reflect their appropriate suggestions.

The focus for FY15 will be on successfully integrating post IPO acquired businesses, improving margins and looking at further acquisition opportunities. We will continue to enhance the services provided to our Network Brokers and build and develop our relationships with Strategic Partners. We will also continue to work on initiatives to deliver synergies from acquisitions made to date and for the Steadfast Network.

Another focus, particularly for the Board, is on capital management. As the Steadfast team delivered on all key financial expectations in FY14, the Board approved raising the Group's debt levels from the conservative 15%, established for the first year of ASX listing, to 20%. We continue to monitor the Group's capital needs in the light of the many opportunities that are being presented to us. We will not hesitate to ask shareholders for more capital to finance growth where we consider it will be accretive to shareholders.

The Group's first quarter results show that on a like-for-like basis, fees and commissions for our equity brokers are slightly ahead of the same period last year. This combined with improving margins and the contribution from our post IPO acquisitions, gives us the confidence to re-affirm our guidance for the 2015 financial year. Our guidance of cash EPS growth of 10% to 13% excluding Calliden remains unchanged. Robert Kelly will provide more detail on the first quarter and outlook for the current financial year in his address.

To summarise the past financial year. We have established a successful ASX 200 listed company and successfully transformed Steadfast Group into the largest general insurance broker network in Australasia, and a significant co-owner and consolidator of brokers and underwriting agencies in Australia. I would like to congratulate Robert Kelly and his team and the Steadfast Network Brokers who have been instrumental in making this transformation possible. I would also like to thank my fellow Directors for their significant contribution during the year.

Turning to the retirement of Jonathan Upton. On behalf of the Board, Management and the Steadfast Network, I would like to acknowledge his service on the Steadfast Board over the past 10 years and thank him for his enormous contribution to the growth and success of the Group. Jonathan will continue to play an important operational role at Steadfast as the Managing Director of Steadfast IRS and as a Director on both the Steadfast Underwriting Agencies and the Steadfast Insurance Brokers boards.

I will now hand over to our Managing Director & CEO, Robert Kelly, to address the meeting.

Thank you.

2014 AGM Address from the Managing Director & CEO

29 October 2014

Thank you Frank. Good morning everyone.

I am pleased to have this opportunity to outline our business, highlight our 2014 results and provide you with an outlook of the year ahead.

Our business

Steadfast is the largest general insurance broker network in Australasia. We are a service provider to 306 broker businesses and nine underwriting agencies with annual insurance billings of over \$5 billion. We are a significant consolidator in the Australasian market with equity interests in 54 broker businesses, nine underwriting agencies, a life broker, a reinsurance broker and two ancillary businesses. We also own 50% of Macquarie Pacific Funding. The slide shows where we have 500 offices in Australia, New Zealand and Singapore. I will touch briefly on each of our key business units later on in the presentation.

FY14 highlights

In the 2014 financial year, we maintained our position as the largest general insurance broker network in Australasia. Despite a softening market, Steadfast Network Brokers generated gross written premiums of \$4.1 billion, an increase of 5% year-on-year. Annual GWP for the Network which includes our nine underwriting agencies and Allied Insurance Group, rebranded as Steadfast, is currently around \$4.5 billion.

Profits for the year were strong and exceeded IPO prospectus forecasts. Cash EPS, which excludes amortisation and non-recurring items, rose 17% of which 15% was organic and 2% related to acquisitions, and was 9% ahead of the IPO Prospectus forecast.

We continued to be a leading market consolidator by acquiring majority interests in seven insurance brokers and related businesses. On a full year basis, they generate approximately \$450 million in GWP and are expected to contribute EBITA of close to \$9 million net of non-controlling interests.

FY14 earnings resilience

The next slide shows our earnings resilience, in that our growth is not dependent on premium rate rises alone. Looking at the bar chart graph you can see:

- premium rates were down 0.7%; however
- equity broker GWP growth was 0.9%;
- fees and commissions grew 2.8% due to our brokers' flexible fee structure;
- marketing & Administration fees grew 7.4% due to network growth and an increased M&A product range;
- and net profit after tax and amortisation grew 17.3% mainly due to improving margins from across the Group.

We will continue to work on multiple ways to grow our businesses and benefit from the distribution power that is the Steadfast Network.

Steadfast Network Brokers

I would next like to touch briefly on each of our key business units – brokers, underwriting agencies and Macquarie Premium Funding.

The Steadfast Network Brokers remain core to our business model. We provide services to 306 including 54 equity owned brokers. All brokers are treated equally whether we have a stake in them or not. The services we provide to our brokers are paid for by M&A fees collected from our Strategic Partners on strategic products sold by Steadfast Network Brokers. We also profit from our ownership in our equity brokers and are the natural acquirer of further interests in our brokers. Key initiatives we are working on to improve the performance of our brokers include hubbing, Project 360°, Steadfast Direct and financial performance benchmarking.

Steadfast underwriting agencies

Underwriting agencies are a key growth area for Steadfast due to cross selling into the Network and their product acceptance by other insurance distribution sectors. We now have equity interests in nine underwriting agencies that generate over \$200 million of annual GWP. Steadfast has also established Steadfast Placement Solutions to work exclusively with our brokers on hard-to-place risks. Key initiatives for our underwriting agencies include cost savings initiatives from streamlining back office systems, acquisitions of further niche agencies and start-up ventures. Start-ups are a way for us to specifically target underserved niche areas using capital from our Strategic Partners.

Macquarie Pacific Funding

Macquarie Pacific Funding, or MPF, is our joint venture with Macquarie Bank, which funded \$1.5 billion of GWP in the 2014 financial year. Post its acquisition with Pacific Premium Funding in March 2013, MPF is now one of the largest if not the largest premium funder in Australia. Half of its volume is sold through our broker network. Steadfast shares in the profit distribution from the dividends of this company. Key initiatives that MPF is working on include launching new products and features, and improving their margin through cost saving initiatives.

Calliden acquisition proposal

I would now like to update you on our scheme of implementation to purchase Calliden, the ASX listed insurer and its underwriting agencies, and immediately on-sell the insurer and two agencies to Munich Re. The First Court hearing is scheduled for this Friday, the Scheme booklet is due to be published shortly after that, the Calliden shareholder vote is expected in early December and we anticipate the implementation of the scheme to complete just before Christmas.

Calliden's eight agencies complement our diverse mix of niche and specialised agencies. When completed, Steadfast will become one of the largest agency groups in Australia with annual GWP of over \$325 million. We have updated the GWP to include insurance sales from the QUS joint venture. Currently over half of Calliden's agencies' insurance sales are generated through the Steadfast Network, which places us in a strong position to enhance their value. We will also endeavour to develop and strengthen their alliances with other distribution networks and non-aligned brokers as well as insurers.

This transaction will also lead to a stronger partnership with Munich Re and its subsidiary Great Lakes Australia (GLA). By acquiring the general insurance operations of Calliden, GLA would provide our 306 brokers access to products backed by Munich Re, one of the world's leading reinsurance companies.

Acquisition pipeline

Post the IPO, we remained a strong consolidator of brokers and underwriting agencies and completed seven strategic acquisitions.

- Three were underwriting agencies which made us a sizeable player in the underwriting agency market.
- One was a bolt-on acquisition in a niche area – trade credit insurance.
- One was the second largest broker network in New Zealand, rebranded Steadfast, which allows us to replicate our service offering in New Zealand and expand our distribution strength and acquisition pool.
- The largest post IPO acquisition was a network of authorised representatives which provides our smaller brokers with the option of joining an AR network in addition to joining a hub or remaining independent.
- The last acquisition made in August was a re-insurance broker that benefits from our distribution network and Strategic Partner relationships.

With equity interests in 54 of our 306 brokers, we remain a natural acquirer of further interests in Network brokers and a potential acquirer of non-aligned brokers and underwriting agencies. We have very strict acquisition criteria and a comprehensive due diligence process that ensure acquisitions made are the right ones in terms of culture, fit and price.

In terms of the pre and post IPO acquisitions made over 14 months ago, I am pleased to report that any concerns over the impact of Steadfast taking ownership stakes in its brokers were unfounded. The brokers continue to manage the day-to-day aspects of their business – nothing has changed in that respect – and Steadfast is on hand to help them strategically. Most of the acquisitions made were with people with whom we had built up strong relationships and trust. I believe both parties have been pleased with the level of service and co-operation provided in the partnership which is how we view these acquisitions. The brokers remain significant owners and we work together to enhance the value of their business.

FY15 outlook

I would now like to turn to our outlook for FY15. As Frank pointed we achieved slight growth in fees and commissions in the first quarter despite flat GWP growth and a softening market. Given the acquisitions made post the IPO and the trend in operating margin improvements, our FY15 guidance remains unchanged with FY15 cash EPS growth of 10% to 13% excluding Calliden. It is important to note that our post IPO acquisitions are expected to have a greater impact on growth in the second half of the year. Calliden is forecast to generate 10% cash EPS accretion in its first full year excluding expenses and short term integration costs related to the acquisition.

Before I hand back to Frank, I would like to express my thanks to the Steadfast team and acknowledge their dedication and commitment to the Group and its success. This includes the staff, Steadfast Network members, our Strategic Partners, management and the Board. I would also like to thank our shareholders for their continued support. We have created an exciting platform for growth and are looking forward to manifesting this growth in FY15 and beyond.

I will now hand you back to Frank.



Scale.
Strength.
Steadfast.

2014 Annual General Meeting
29 October 2014

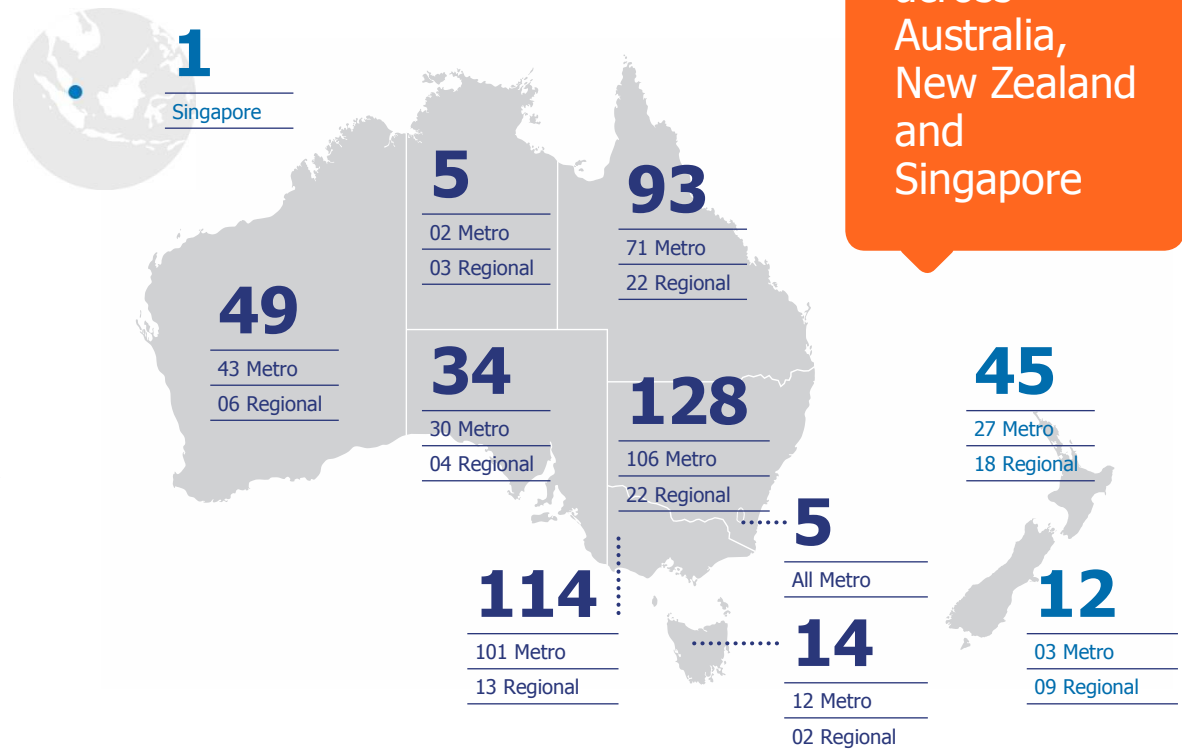
Steadfast 
STRENGTH WHEN YOU NEED IT

Managing Director & CEO

Robert Kelly

LARGEST GENERAL INSURANCE BROKER NETWORK IN AUSTRALASIA¹

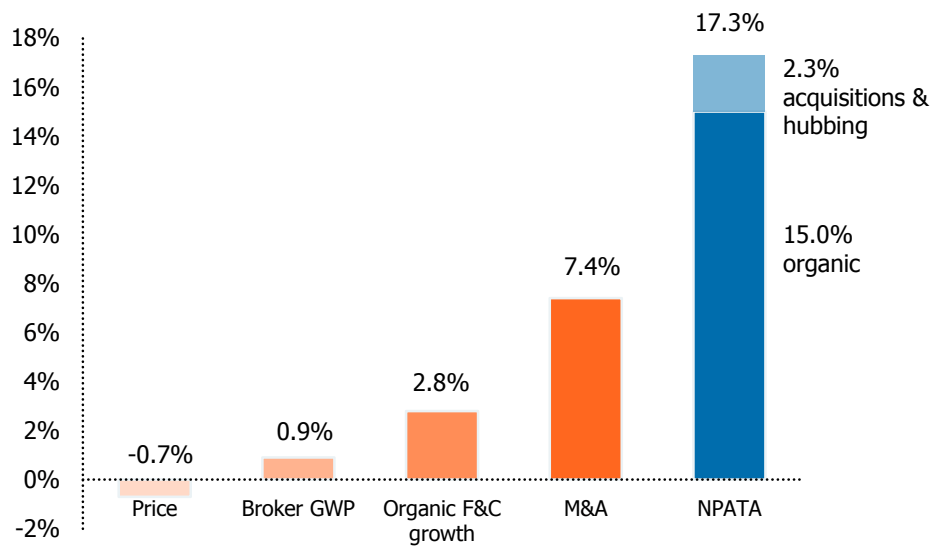
- **Service provider**
to 306 broker businesses in Australia, New Zealand and Singapore and 9 underwriting agencies with annual billings of over \$5 billion
- **Consolidator**
equity interests in 54 broker businesses (after hubbing), 9 underwriting agencies, a life broker, a reinsurance broker and two ancillary businesses
- **50% joint venture in Macquarie Pacific Funding**



Note: 1. Measured by annual premiums placed (22% market share in FY14) and number of licensed brokers (33% market share in FY14) in Australia; *Source: Steadfast and APRA Intermediated General Insurance Statistics, June 2014*

- Maintained market leading broker network position in Australasia
 - Steadfast Network Broker GWP of \$4.1 billion, up 5%
 - Pro-forma Network GWP of \$4.5 billion including Steadfast's nine underwriting agencies and Steadfast in New Zealand, formerly Allied Insurance Group
- Exceeded IPO prospectus forecasts
 - Cash EPS of 8.2 cents, up 17% (15% organic and 2% from acquisitions) and 9% higher than IPO prospectus forecast
- Continued to consolidate market with post IPO acquisitions
 - Seven acquired businesses that generate ~\$450m in GWP and ~\$9m EBITA attributable to the Group on a full year basis

FY14 earnings resilience



Steadfast's rise in profitability is not dependant on premium rate rises

- Despite decline in premium rates, Steadfast showed growth in GWP, fees & commissions, M&A and NPATA in FY14 vs FY13

- 306 Network Brokers (including 54 equity owned brokers) generate annual GWP of \$4.1 billion
- Natural acquirer of equity interests in Network Brokers
- All brokers treated equally
- Services paid for by Marketing & Administration (M&A) fees collected from Strategic Partners on strategic products sold by Steadfast Network Brokers
- Key initiatives: hubbing, Project 360°, Steadfast Direct, financial performance benchmarking

Steadfast is the
LARGEST
general insurance
broker network in
Australasia

- Nine underwriting agencies (including three post IPO acquisitions) generate annual GWP of over \$200 million
- Each agency focuses on a different specific market segment with their own brand
- Agencies distribute products through Steadfast Network, other networks and non-aligned brokers
- Steadfast Placement Solutions (SPS) established to work exclusively with Steadfast Network Brokers on hard-to-place risks
- Key initiatives: cost savings initiatives, acquisitions of further niche agencies and start-up ventures

Steadfast is one of the largest underwriting agency groups in Australia

- Steadfast and Macquarie Bank 50/50 joint venture
- \$1.5 billion GWP funded in FY14
- 50% of MPF volume sold through Steadfast Network Brokers
- Key initiatives: Domestic Funding product (for personal lines insurance), online contract acceptance feature, cost savings initiatives

Macquarie Pacific Funding is one of the largest premium funders in Australia

Calliden acquisition proposal



- Scheme of arrangement to acquire eight underwriting agencies for net \$55m
 - ARGIS Farmpack
 - Builders' Warranty
 - Calliden Home
 - Dawesmotor
 - IUA business interruption
 - Mansions
 - Accident and Health
 - 46.5% of QUS strata (50% voting rights)
- Eight agencies (including 100% of QUS) generate annual GWP of ~\$130m
- Acquisition would make Steadfast the largest underwriting agency group in Australia with annual GWP of over \$335m
- Strengthens relationship with **Munich Re**, one of the world's leading reinsurance companies

First Court date
scheduled for 31
October;
estimated
completion
December 2014

- Strong pipeline of potential acquisitions
- Strict criteria being followed. Acquisitions must be EPS accretive to shareholders within the first 12 months
- Brokers and underwriting agencies are our prime targets

Natural acquirer of further interests in Steadfast Network Brokers and a potential acquirer of non-aligned brokers and underwriting agencies

- First quarter showed flat GWP growth and slight rise in fees & commissions
- FY15 cash EPS growth guidance of 10% to 13% (excluding Calliden) remains unchanged due to strong growth expected from post IPO acquisitions and operating margin improvements
- Calliden expected to generate 10% cash EPS accretion in first full year (FY15 will include expenses of acquisition)

This guidance is subject to the factors in the Important Notice overleaf

Important notice

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Local currencies have been used where possible. Prevailing current exchange rates have been used to convert local currency amounts into Australian dollars, where appropriate.

All references starting with "FY" refer to the financial year ended 30 June. For example, "FY14" refers to the year ended 30 June 2014. All references starting with "1H FY" refer to the financial half year ended 31 December. For example, "1H FY14" refers to the half year ended 31 December 2013.