

MARKET RELEASE

30 August 2013

Steadfast announces FY13 results & reaffirms FY14 forecasts

- **FY13 results slightly ahead of pro-forma and statutory forecasts**
- **Steadfast Network Brokers' gross written premiums increase 10%**

Steadfast Group Limited ('Steadfast') (ASX: SDF) announces full year results for the year ended 30 June 2013 on both a pro-forma and a statutory basis, each of which were slightly ahead of forecasts provided in the Initial Public Offering (IPO) prospectus dated 11 July 2013.

FY13 pro-forma results¹

IFRS view (\$m)	FY13 Actual	FY13 Forecast	Variance
Revenue	144.9	143.6	0.8%
EBITA	57.4	56.4	1.8%
Net profit after tax (NPAT)	28.1	27.2	3.1%
EPS - NPAT	5.6 cps	5.4 cps	3.1%

Aggregate view (\$m)	FY13 Actual	FY13 Forecast	Variance
Revenue	345.9	341.5	1.2%
EBITA pre Corporate Office expense	92.1	90.9	1.3%

¹ The FY13 pro-forma results assume the Pre-IPO Acquisitions and the IPO Acquisitions² have been included for a full year. (All of the planned IPO Acquisitions completed post the IPO.) 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.

Actual FY13 pro-forma results which assume all Pre-IPO Acquisitions and IPO Acquisitions were owned by Steadfast as at 1 July 2012, exceeded management's forecasts in the IPO prospectus as outlined in the table above.

The Pre-IPO Acquisitions completed in FY13 consisted of: Sports Underwriting Agency (equity interest 80%), three broker businesses in Australia (100%) and Rothbury Group, the fourth largest broker in New Zealand (17.9%).

The IPO Acquisitions completed in FY14 on 7 August 2013 included: 58 broker businesses in Australia (equity interests between 25% and 100%), two underwriting agencies (39.5% and 100%), White Outsourcing (87.5%) and Meridian Lawyers (25%). Steadfast also increased its equity stake in Rothbury Group (a further 12.2%).

FY13 statutory financial results

IFRS view (\$m)	FY13	FY12	Variance
Revenue	37.8	34.1	11%
EBITA excluding IPO related costs	12.3	9.7	27%
IPO related costs	(23.8)	-	n/a
Net profit/(loss) after tax	(13.4)	6.2	n/a

FY13 revenue of \$37.8 million included \$24.5 million of Marketing & Administration (M&A) Fees which increased 13% compared to FY12. This growth exceeded the network's gross written premiums (GWP) year-over-year growth of 10% and demonstrates the value Steadfast provides to its insurance underwriters.

The IPO resulted in a number of non-recurring costs totalling \$23.8 million which included a \$10.5 million non-cash expense from the re-weighting of shares (with a corresponding offset to retained profits). Excluding these IPO costs, earnings before interest expense, tax and amortisation expenses (EBITA) was \$12.3 million compared with \$9.7 million in FY12.

As outlined in the IPO prospectus, a loss before tax (including tax from associates and joint venture) of \$15.7 million was forecast for FY13. Due to additional revenue from acquisitions, cost savings and M&A Fees being higher than forecast, the actual loss before tax of \$13.4 million was slightly better than expected.

Gross Written Premium

Gross written premiums placed by the circa 280 Steadfast Network Brokers in FY13 amounted to approximately \$4.0 billion, an increase of 10% compared to \$3.7 billion in FY12.

Mr Robert Kelly, Managing Director & CEO, commented: "The 10% year-on-year growth in GWP placed by Steadfast Network Brokers is very pleasing. It reflects the strong commitment of all the Steadfast Network Brokers who are the core of our business. They give us scale that is difficult to replicate. This, together with our successful listing, places us in a very attractive position for new brokers wanting to join the Steadfast Network. Our network throughout Australia and New Zealand also provides strong distribution for product providers such as insurance companies."

Mr Kelly added: "The IPO listing follows 17 years of building Steadfast Group into Australia's largest broker cluster group and enables us to be an acquirer of insurance brokers, underwriting agencies and a series of ancillary businesses. In addition to acquisitions and the development of our underwriting agencies, we will benefit from economies of scale and some unique back office cost synergies."

Balance sheet

In August 2013, Steadfast raised \$334 million to fund the IPO Acquisitions, pay down debt and create balance sheet capacity to fund future acquisitions. As a result, Steadfast's balance sheet now has net assets of over \$500 million including \$25 million of cash and debt capacity of \$85 million (based on a 15% gearing ratio) to fund future acquisitions.

Outlook for FY14

On the basis of the pro-forma FY13 figures being slightly ahead of forecasts and management's market outlook, Steadfast reaffirms the FY14 pro-forma forecasts outlined in the IPO prospectus including IFRS revenue of \$152.0 million and EBITA of \$60.6 million.

It is important to note that the FY14 pro-forma forecasts are based on the following assumptions:

- the Company listed and completed the IPO acquisitions prior to 1 July 2013;
- organic revenue growth of 5.0% for all brokers (aggregated view);
- margin expansion through revenue growth exceeding net expense growth;
- 35% of M&A Fees rebated to Steadfast Network Brokers (2013: 28%);
- budgeted \$600,000 spend on the development and implementation of a back office platform with no synergies forecast (i.e. all synergies realised will be additional to forecast earnings); and
- no acquisitions in 2014.

For more information:

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Conference call

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call today at 2:00pm (Sydney time). Analysts and investors who wish to participate in the call should dial 1800 123 296 (toll free Australia only) or +61 2 8314 8370 and quote the conference ID 37050180.

The call will also be webcast live at <http://www.openbriefing.com/OB/1201.aspx> or at www.steadfast.com.au in the Investor section.

About Steadfast

Steadfast, established in 1996, is a provider of services to a network of approximately 280 insurance broker businesses across Australia and New Zealand. 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 underwriting agencies and other complementary businesses and a 50% interest in Macquarie Premium Funding.

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