

MARKET RELEASE

23 February 2016

Steadfast announces 26% underlying Cash EPS growth pcp and re-affirms FY16 guidance

1H FY16 vs 1H FY15 financial highlights¹

- Underlying revenue of \$226.1m, up 109%
- Underlying EBITA of \$60.4m, up 73%
- Underlying NPATA of \$37.9m, up 81%
- Underlying Cash EPS² of 5.10 cents per share, up 26%
- Gross written premium placed by Steadfast Network Brokers of \$2.2b, up 2.6%
- Interim dividend (fully franked) of 2.4 cents per share, up 20%
- Statutory NPAT of \$39.0m, up 185%

Steadfast Group Limited ("Steadfast") (ASX: SDF) announces its half year results for the 2016 financial year which show strong revenue and earnings growth.

Managing Director & CEO Robert Kelly commented "We continue to deliver strong earnings growth despite soft market conditions which shows the resilience and diversification of our business and our primarily SME (small to medium size business) customer base.

"The acquisitions made in FY15 are performing ahead of expectations, in particular the Calliden and QBE underwriting agencies. Over the past six months, acquisitions overall have generated synergies of \$1.5 million before tax. We expect further synergies to arise as our agencies expand their presence through the broker channel and into the new markets of New Zealand and Asia.

"On an organic basis, both our brokers and agencies showed a solid performance which was enhanced by a higher volume of sales. Benefits from our cost savings initiatives are starting to materialise in terms of margin improvements which should further materialise in the second half. We continue to work on a programme of synergies for our brokers and agencies with further investment in common broking and accounting IT system development.

"Our strong pipeline of acquisition opportunities in the general intermediary market in Australia continues unabated and we remain disciplined in our due diligence process."

Soft market now flat

GWP placed by Steadfast Network Brokers in 1H FY16 was \$2.2 billion, up 2.6% compared to 1H FY15, driven mainly from new brokers joining the network. This growth excludes the 37 Insight brokers who recently joined the Steadfast Network and who generate annual GWP of \$160 million.

The average policy price for our brokers was up 0.1% compared to the average price in 2H FY15. This supports our position that the market has turned from soft to flat.

GWP placed by Steadfast Underwriting Agencies was \$378 million in 1H FY16, up 273% compared to 1H FY15, enhanced by the Calliden and QBE agency acquisitions. These acquisitions have transformed Steadfast Underwriting Agencies into the largest agency group in Australia based on an annual GWP run rate of \$765 million.

¹ Statutory P&L results have been adjusted to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Underlying P&L results excludes non-trading items.

² Cash EPS represents NPATA per share. Prior period underlying cash EPS adjusted to reflect re-basing of EPS post February/March 2015 1:3 rights issue.

Strong balance sheet

At the end of December 2015, net assets were \$871 million, up from \$842 million at the end of June due to an increase in retained earnings. The corporate gearing ratio was 17% with significant headroom in financial debt covenants. Based on a 25% maximum target gearing ratio and current debt facilities of \$285 million, Steadfast has balance sheet capacity of \$114 million for future acquisitions and deferred consideration.

Dividend

The Board has declared a fully franked interim dividend of 2.4 cents per share, an increase of 20% compared to the 2015 interim dividend. The 2016 interim dividend payout ratio is in line with the target payout ratio of between 65% and 85% of underlying net profit after tax. The interim dividend typically accounts for around 40% of the full year dividend.

The 2016 interim dividend dates are as follows: an ex-dividend date of 8 March 2016, a record date of 9 March 2016, a dividend reinvestment plan (DRP) record date of 10 March 2016 and a payment date of 14 April 2016. The interim dividend is eligible for Steadfast's DRP at no discount. For more information on the interim dividend and the DRP, please refer to Steadfast's Appendix 3A.1: Notification of dividend, lodged with the ASX on 23 February 2016 and on our website.

Outlook

Assuming flat market conditions and no material acquisitions³, management re-affirms FY16 cash EPS growth guidance of between 10% and 14%. This equates to an NPATA of between \$80.0 million and \$83.0 million.

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast today (23 February 2016) at 2.00pm (Sydney time).

- To participate in the call, please dial 1800 123 296 (toll free Australia), 0800 452 782 (toll free New Zealand) or +61 2 8038 5221 (international) and quote the conference ID 3641 5148.
- To access the live webcast, please click onto investor.steadfast.com.au or <http://www.openbriefing.com/OB/2053.aspx>

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About Steadfast

Steadfast, established in 1996, is the largest general insurance broking network and the largest underwriting agency group in Australia and New Zealand. Our network provides services to over 300 broker businesses across Australia, New Zealand and Singapore. Steadfast network brokers and underwriting agencies generated billings of more than \$6 billion for the 12 months ended 30 June 2015. Steadfast also operates as a co-owner and consolidator through its equity interests in a number of broker businesses, underwriting agencies and other complementary businesses. For further information, please visit investor.steadfast.com.au

³ Also refer to the key risks on pages 26-27 of Steadfast's 2015 Annual Report.