

24 August 2018

Steadfast Group Limited FY18 results Investor presentation

Presenters:
Robert Kelly
- Managing Director & CEO
Stephen Humphrys
- Chief Financial Officer



Steadfast
STRENGTH WHEN YOU NEED IT

FY18 investor presentation

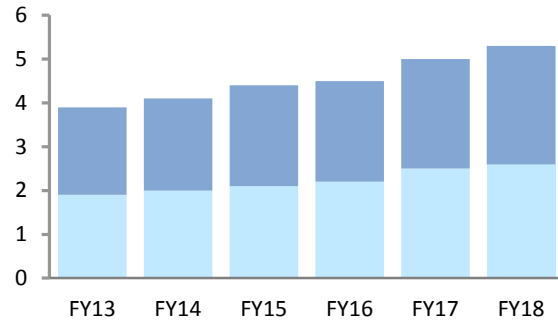
Contents

- Our track record – five years listed on the ASX 3
- Financial and operational highlights 4
- FY18 financial performance 7
- FY19 guidance 12

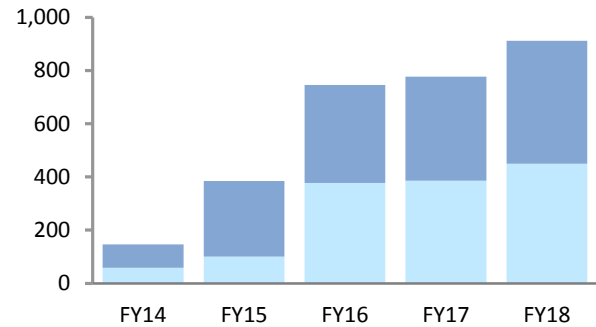
Steadfast Group

Our track record - five years listed on the ASX

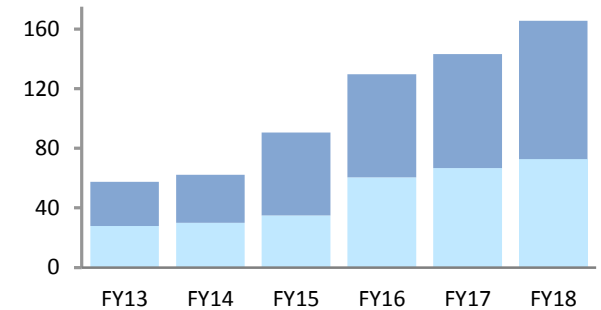
Steadfast Network GWP (\$bn)



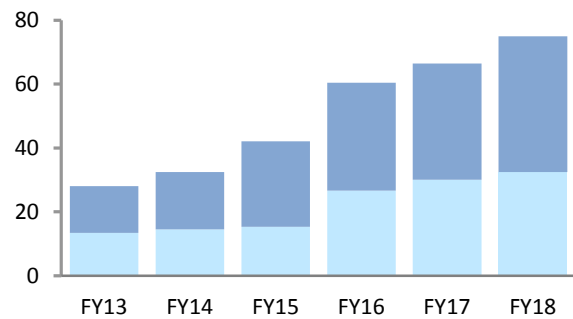
Steadfast Underwriting Agencies GWP (\$m)



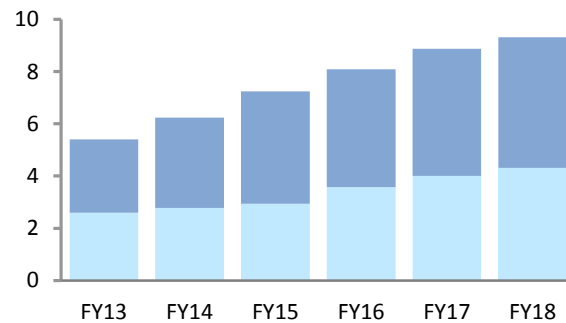
Underlying EBITA (\$m)



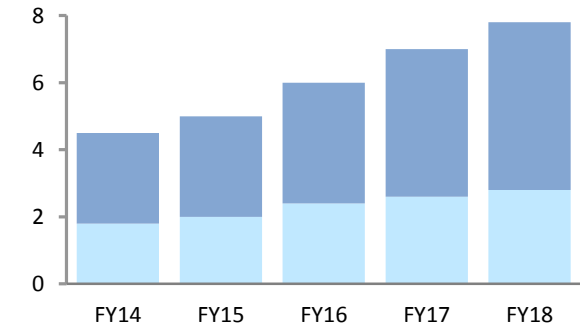
Underlying NPAT (\$m)



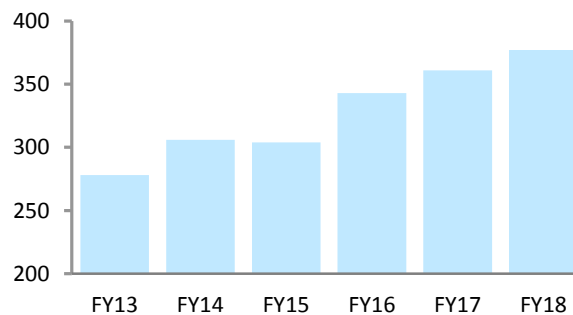
Underlying EPS (NPAT) (cents per share)



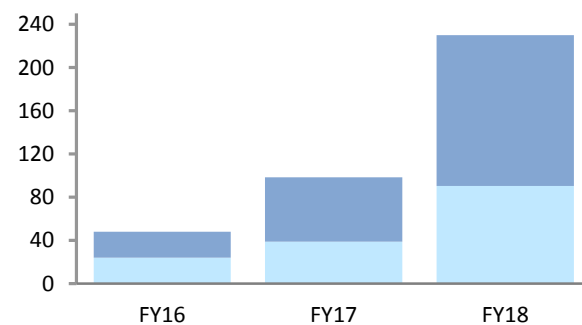
DPS (cents per share)



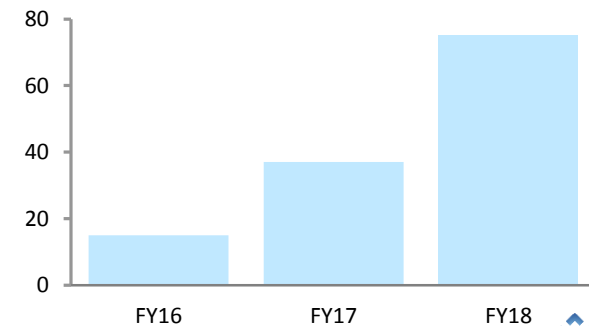
Steadfast Network brokers



Steadfast Client Trading Platform GWP (\$m)



Brokers on INSIGHT



1H 2H

Financial highlights

Strong FY18 performance in-line with upgraded guidance

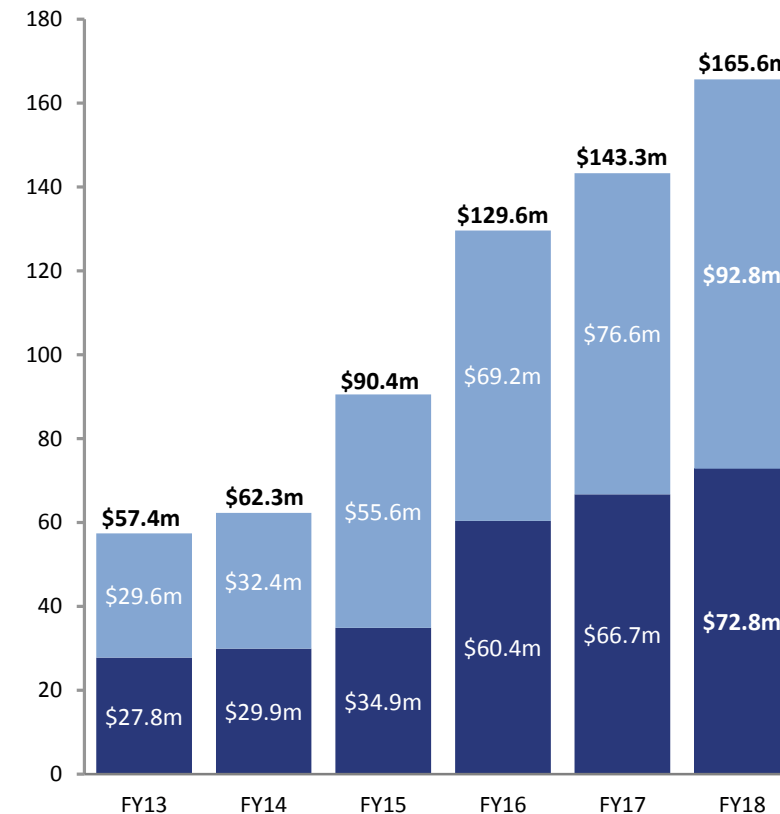
FY18 underlying earnings¹

- EBITA **+15.5%** to **\$165.6** million
- NPAT **+12.9%** to **\$75.0** million
- NPATA² **+11.6%** to **\$97.3** million
- EPS (NPAT) **+9.5%** to **9.71** cents per share
- Final dividend **+6.8%** to **4.7** cents per share
- Total dividend **+7.1%** to **7.5** cents per share
- EBITA margins (aggregated):
 - Equity brokers: **30.5%** (FY17: 30.3%)
 - Underwriting agencies: **44.9%** (FY17: 42.5%)

FY18 statutory earnings

- Statutory NPAT **+13.6%** to **\$75.9** million

Underlying EBITA (\$m)



¹ For statutory reconciliation refer to slides 44 and 45 of the FY18 analyst pack.

² Calculated on a consistent basis since IPO.

Operational highlights

Record premium for Steadfast Network and Underwriting Agencies

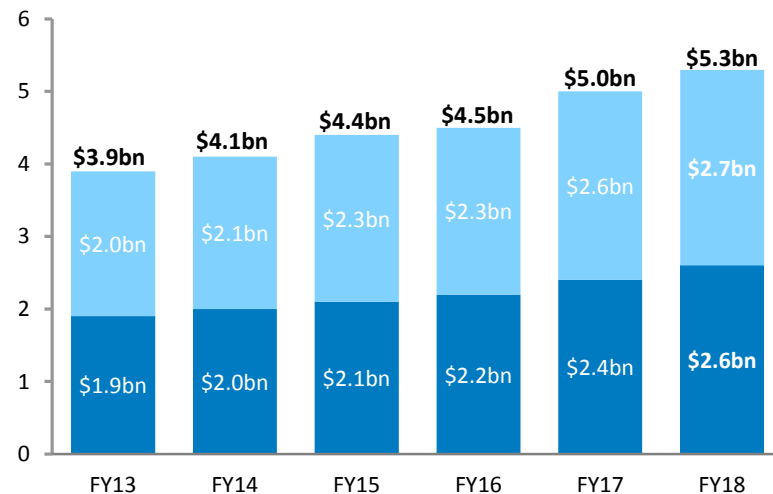
Steadfast Network

- **\$5.3 billion** GWP, **+6%**
 - Driven by price and volume increases and new brokers joining the Network
- **377** brokers in the Network
 - **16** new brokers joined in FY18
- **5%** organic growth in FY18 compared to pcp
 - Driven by business pack, ISR, professional risks and motor lines with liability subdued

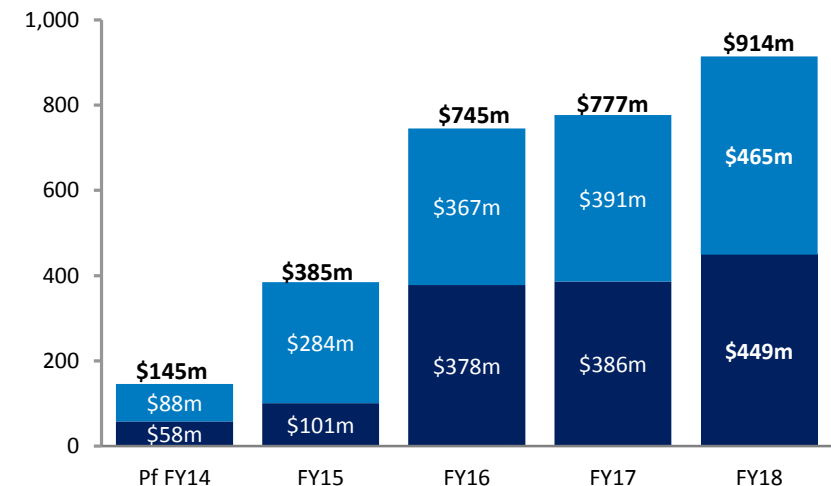
Steadfast Underwriting Agencies

- **\$914 million** GWP, **+18%**
 - Driven by price and volume increases and acquisition growth
- Insurers moving premium prices towards technical levels
- London 'super' binder live on Steadfast Client Trading Platform (SCTP)
 - Strong start, winning market share

Steadfast Network GWP (\$bn)



Steadfast Underwriting Agencies GWP (\$m)



Key initiatives progress

Delivering on long term strategic initiatives

Technology

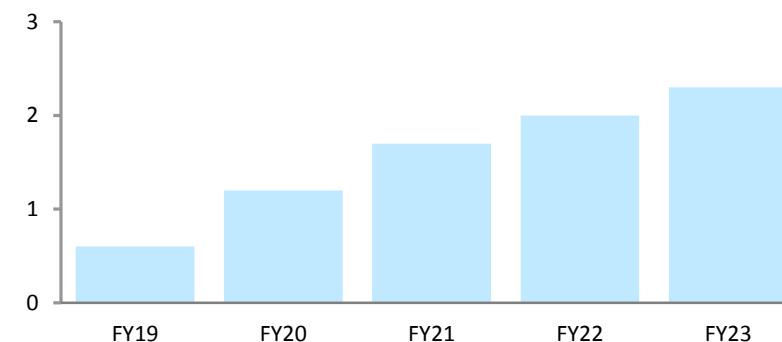
Steadfast Client Trading Platform (SCTP)

- 6 business lines and 14 insurer and underwriting agency partners live on SCTP
 - Including Steadfast Direct (retail home, motor and landlords cover)
- Upcoming activity:
 - CGU committed to join business pack shortly
 - Chubb joins business pack in early 2019
 - Berkley joins liability in Q3 19
 - Allianz joins business pack, commercial property, commercial motor in FY19
 - Zurich joins commercial motor in early 2019
- 5 year target:** \$2.3 billion of GWP and ~\$23 million EBITA contribution per annum by FY23 (after amortisation of ~\$6m per annum) to Steadfast Group
 - Based on 80% of Network GWP being available on SCTP and 60% usage by brokers in Australian Network
 - Driven by increased revenue from M&A fees and equity brokers
 - Continued but declining technology spend on SCTP, INSIGHT and UnderwriterCentral

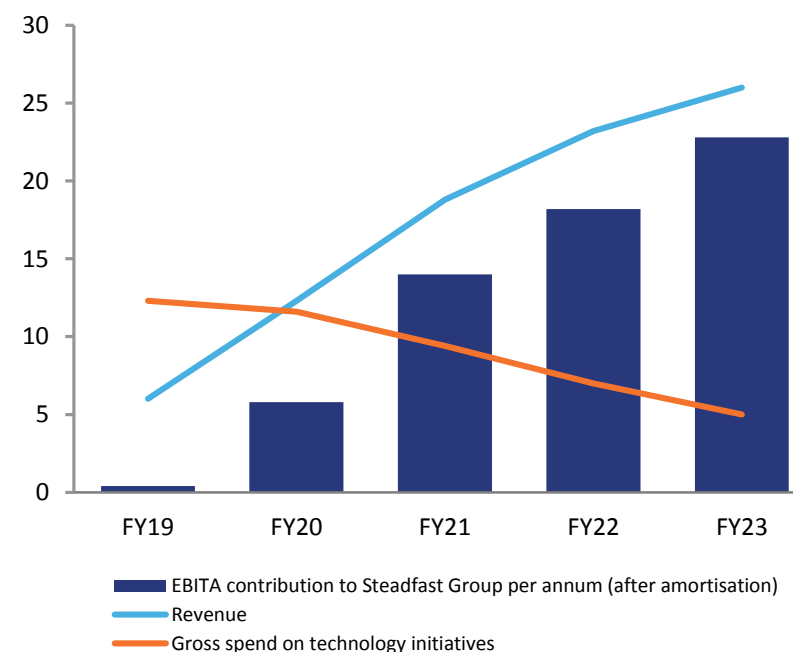
INSIGHT (client relationship management and back office system for brokers)

- 75 brokers live on INSIGHT
- Additional 50 brokers currently contracted to migrate onto INSIGHT

GWP transacted through SCTP (\$bn)



Additional contribution to Steadfast Group from SCTP (\$m)



FY18 financial performance

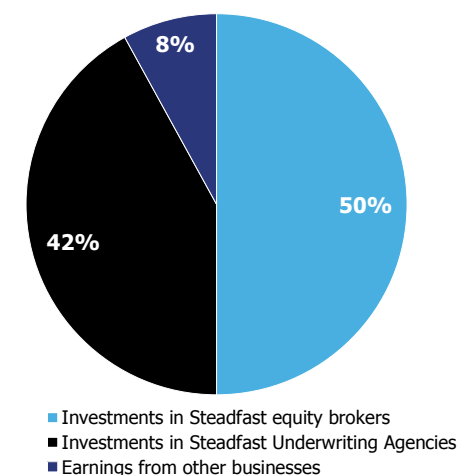
Group financial performance

Strong underlying earnings growth

12 months to 30 June \$ million	Underlying FY18	Underlying FY17	Year-on-year growth %
Revenue (\$m)	582.5	504.1	15.5%
EBITA (\$m)	165.6	143.3	15.5%
NPAT (\$m)	75.0	66.4	12.9%
EPS (NPAT) (cents)	9.71	8.87	9.5%
NPATA ¹ (\$m)	97.3	87.2	11.6%
EPS (NPATA) (cents)	12.60	11.65	8.2%

- Underlying EBITA growth of **\$22.3** million (+15.5%)
 - Organic growth of **\$13.8** million (+9.6%)
 - Acquisition growth of **\$8.5** million (+5.9%)
- 99%** conversion of NPATA into cash
- Unutilised debt facility of **\$109** million available
 - Total Group gearing ratio of **17.5%**, well within board approved maximum of 30%, made up of 25% for Steadfast Group and 5% for subsidiaries

FY18 underlying EBITA mix (IFRS)



¹ Calculated on a consistent basis since IPO.

Equity brokers financial performance

Organic and acquisition growth



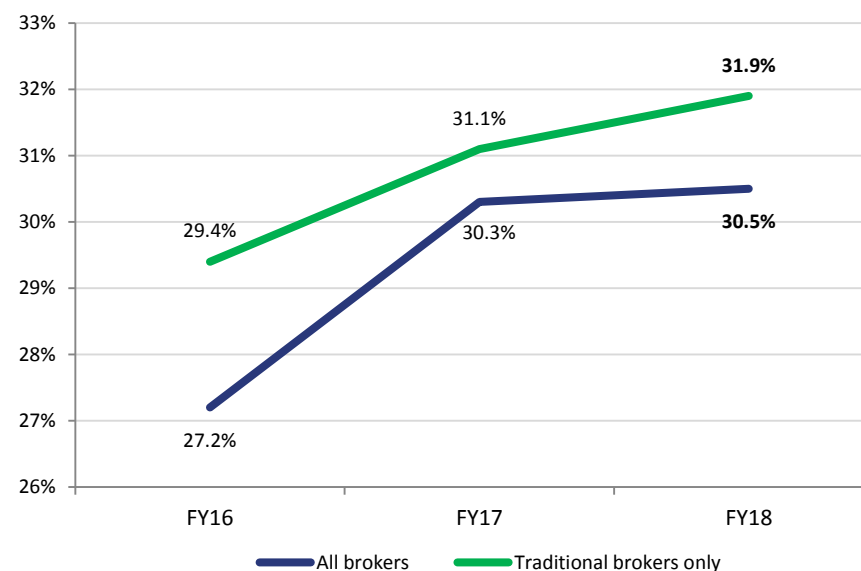
Share of FY18 Underlying EBITA

Equity brokers – consolidated & equity accounted (assuming 100% ownership)

12 months to 30 June, \$ million	Underlying FY18	Underlying FY17	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing ¹ %
Net fees & commissions ²	334.8	303.3	10.4%	5.6%	4.8%
Net revenue²	380.0	347.1	9.5%	5.0%	4.5%
EBITA	116.1	105.1	10.4%	5.8%	4.6%
EBITA ('traditional' brokers only)	89.7	80.2	11.7%	6.0%	5.7%

- EBITA of **\$116.1** million driven by organic and acquisition growth
 - Growth in net fees & commissions due to GWP increases across classes
 - Acquisition of Whitbread Insurance Brokers in Dec 2017
- EBITA margin of **30.5%** up from 30.3% in FY17
 - 0.8%** EBITA margin expansion for 'traditional' general insurance brokers (excludes AR networks and wholesale, life insurance and trade credit brokers)

EBITA margin³: FY16 – FY18



¹ Acquisition growth includes the net effect of acquisitions, divestments, and increased equity stakes.

² Net of third party payments.

³ EBITA margin = EBITA / Net revenue.

Underwriting Agencies financial performance

Strong earnings growth driven by price and volume increases

42 %

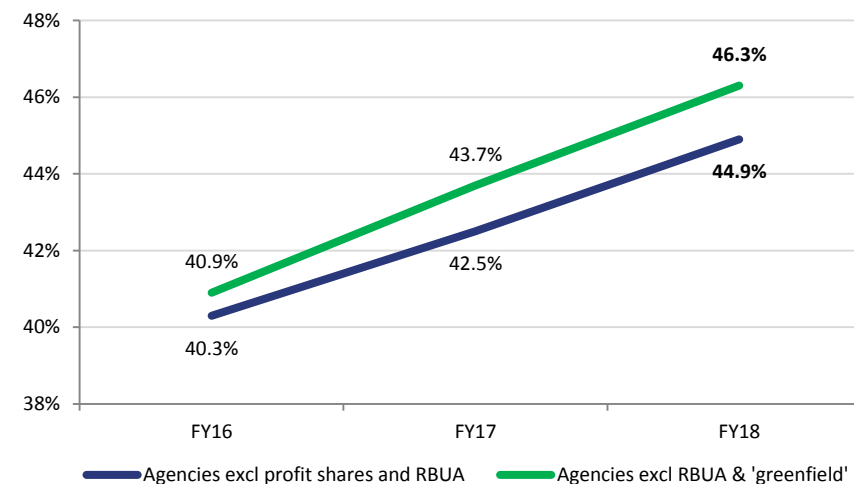
Share of FY18 Underlying EBITA

Agencies – consolidated & equity accounted (assuming 100% ownership)

12 months to 30 June, \$ million	Underlying FY18	Underlying FY17	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing ² %
Net fees & commissions ¹	154.3	133.6	15.5%	13.8%	1.7%
Net revenue¹	159.1	139.0	14.4%	12.8%	1.6%
EBITA	74.6	62.1	20.2%	18.7%	1.5%
EBITA (excl. profit shares, RBUA)	69.0	55.2	24.8%	20.3%	4.5%
EBITA (excl. profit shares, RBUA, investment in 'greenfield' agencies)	68.0	55.1	23.3%	17.7%	5.6%

- Net revenue growth driven by price and volume increases
 - Insurers moving premium prices towards technical levels
- Strong performance with **23.3%** EBITA growth
- 2.4%** EBITA margin expansion driven by strong revenue growth in rising price environment and cost containment
 - 2.6%** expansion when investments in 'greenfield' agencies such as Emergence and Blend are excluded

EBITA margin³: FY16 – FY18



¹ Net of third party payments.

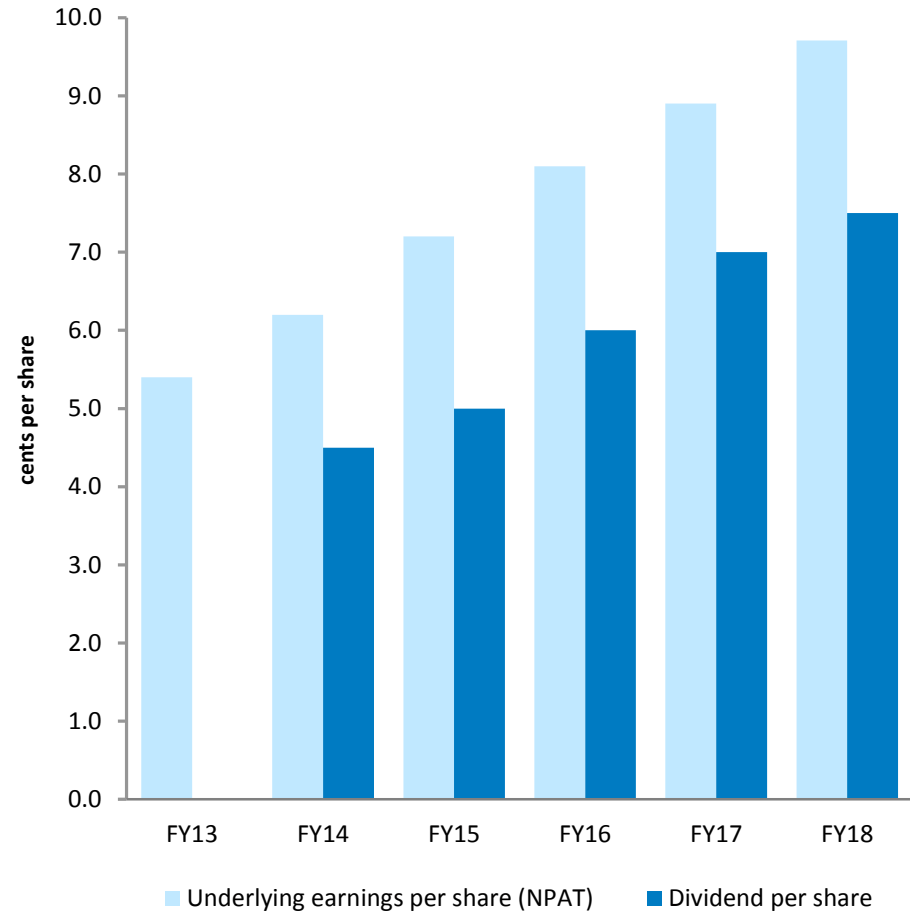
² Acquisition growth includes the net effect of acquisitions, divestments, and increased equity stakes.

³ EBITA margin = (EBITA / Net revenue) after removing profit shares and RBUA closure.

Final FY18 dividend

Final dividend up 7%

- Final FY18 dividend of **4.7** cps (fully franked), **+7%**
- Total FY18 dividend of **7.5** cps (fully franked), **+7%**
 - Total FY18 dividend payout ratio is 79% of underlying NPAT, in line with target of 65% to 85%
- Dividend Reinvestment Plan (DRP) to apply to final FY18 dividend; no discount
 - DRP shares will be acquired on market
- Key dates for final FY18 dividend:
 - Ex date: 29 August 2018
 - Dividend record date: 30 August 2018
 - DRP record date: 31 August 2018
 - Payment date: 20 September 2018



FY19 guidance

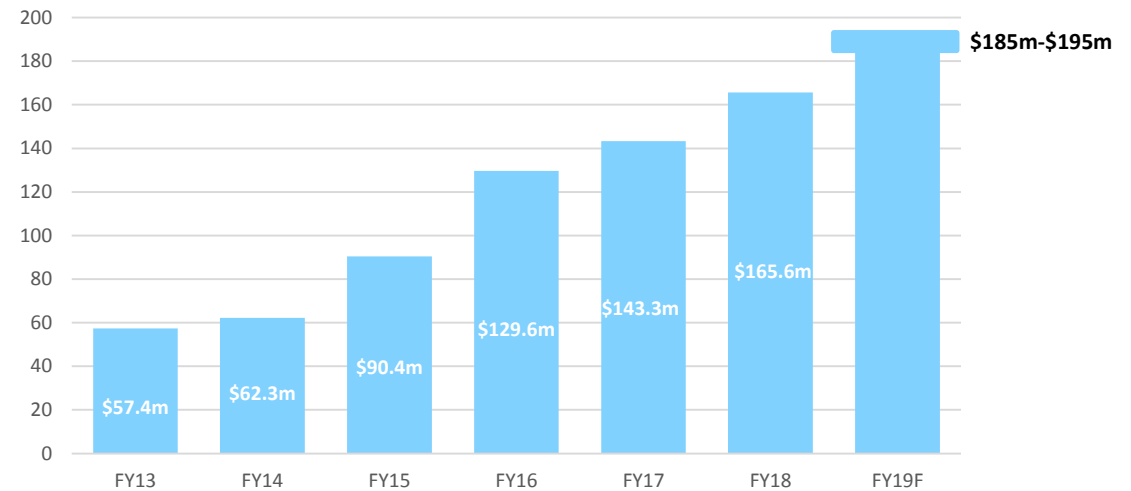
FY19 guidance

Continued growth while implementing technology initiatives

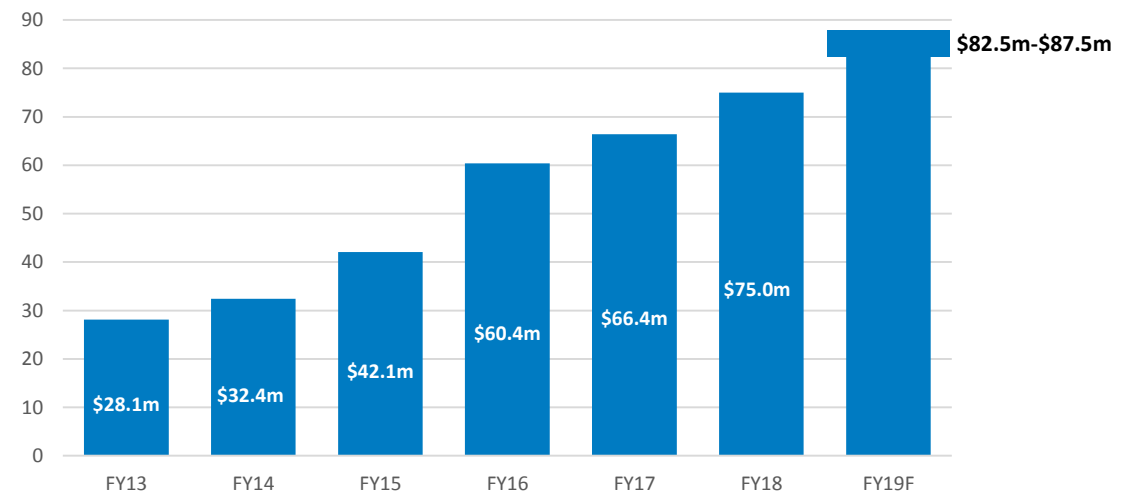
- **FY19 guidance range¹:**
 - Underlying EBITA of \$185 million - \$195 million
 - Underlying NPAT of \$82.5 million - \$87.5 million

- **Guidance subject to:**
 - Insurers continuing to drive moderate premium price increases
 - Increasing contribution from SCTP (see slide 6 for more detail)
 - Ongoing technology investment

Underlying EBITA (\$m)²



Underlying NPAT (\$m)²



¹ Also refer to the key risks on pages 37 – 39 of the Steadfast Group 2018 Annual Report.

² FY13 and FY14 are pro-forma; FY15-FY18 are underlying.

Questions

Important notice

This presentation has been prepared by Steadfast Group Limited (“Steadfast”).

This presentation contains information in summary form which is current as at 24 August 2018. This presentation is not a recommendation or advice in relation to Steadfast or any product or service offered by Steadfast or its subsidiaries and associates. It is not intended to be relied upon as advice to investors or potential investors, and does not contain all information relevant or necessary for an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth). It should be read in conjunction with Steadfast’s other continuous and periodic disclosure announcements filed with the Australian Securities Exchange, ASX Limited, and in particular the Steadfast Group 2018 Annual Report. These disclosures are also available on Steadfast’s website at investor.steadfast.com.au.

To the maximum extent permitted by law, Steadfast, its subsidiaries and associates and their respective directors, employees and agents disclaim all liability for any direct or indirect loss which may be suffered by any recipient through use of or reliance on anything contained in or omitted from this presentation. No recommendation is made as to how investors should make an investment decision. Investors must rely on their own examination of Steadfast, including the merits and risks involved. Investors should consult with their own professional advisors in connection with any acquisition of securities.

The information in this presentation remains subject to change without notice. Steadfast assumes no obligation to provide any recipient of this presentation with any access to any additional information or to notify any recipient or any other person of any other matter arising or coming to its notice after the date of this presentation.

To the extent that certain statements contained in this presentation may constitute “forward-looking statements” or statements about “future matters”, the information reflects Steadfast’s intent, belief or expectations at the date of this presentation. Steadfast may update this information over time. Any forward-looking statements, including projections or guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside Steadfast’s control and may cause Steadfast’s actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Any forward-looking statements, opinions and estimates in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither Steadfast, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. In addition, please note that past performance is no guarantee or indication of future performance. Possible factors that could cause results or performance to differ materially from those expressed in forward-looking statements include the key risks on pages 37-39 of Steadfast Group’s 2018 Annual Report.

Certain non-IFRS financial information has been included within this presentation to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Steadfast uses these measures to assess the performance of the business and believes that the information is useful to investors. Non-IFRS information, including underlying P&L items, pro-forma P&L items, underlying earnings before interest expense, tax and amortisation of acquired intangibles (EBITA), underlying NPAT, underlying net profit after tax but before (pre tax) amortisation (NPATA¹), underlying EPS (NPAT) (NPAT per share) and underlying EPS (NPATA) (NPATA per share), have not been subject to review by the auditors. FY13 and FY14 results are pro-forma and assume the Pre-IPO Acquisitions and the IPO Acquisitions were included for the full reporting period (all of the IPO Acquisitions completed on 7 August 2013). Prior period underlying EPS (NPAT) and underlying EPS (NPATA) have been adjusted to reflect the re-basing of EPS post the February/March 2015 1:3 rights issue. All references to Aggregate refer to the 100% aggregation of all investees’ results regardless of Steadfast’s ownership interest.

This presentation does not constitute an offer to issue or sell securities or other financial products in any jurisdiction. The distribution of this presentation outside Australia may be restricted by law. Any recipient of this presentation outside Australia must seek advice on and observe any such restrictions. This presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of Steadfast.

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. All references starting with “1H” refers to the financial half year ended 31 December. “2H” refers to the financial half year ended 30 June.

¹ Calculated on consistent basis since IPO