

## MARKET RELEASE

24 August 2018

### **Steadfast Group announces full year 2018 results with underlying EBITA up 15.5% and underlying NPAT up 12.9% in-line with guidance**

#### **FY18 financial highlights<sup>1</sup>**

- Underlying revenue of \$582.5m, up 15.5%
- Underlying EBITA of \$165.6m, up 15.5%
- Underlying NPAT of \$75.0m, up 12.9%
- Underlying EPS (NPAT) of 9.71 cents per share, up 9.5%
- Final dividend (fully franked) of 4.7 cents per share (cps), up 6.8% year-on-year
- Total FY18 dividend (fully franked) of 7.5 cps, up 7.1% year-on-year

Statutory NPAT of \$75.9m was up 13.6%, slightly higher than growth in underlying NPAT due to net non-trading gains.

Managing Director & CEO Robert Kelly commented "I am pleased to report an excellent set of results driven by organic and acquisition growth across the Group. Our Steadfast Network brokers delivered record GWP again this year, driven by new brokers joining and mid-single digit price increases by insurers. Our Steadfast Underwriting Agencies had an outstanding year, growing GWP by 18% as insurers move prices back towards technical levels."

"Our FY18 results mark five years since we listed on the ASX. During this time, we have grown underlying EBITA by over \$100 million and underlying NPAT by over \$45 million, rewarding our shareholders with underlying EPS (NPAT) growth of 80% and dividend per share growth of 67%. Our share price has grown from \$1.15 at listing to \$2.81 at 30 June 2018."

#### **Steadfast Network delivers GWP of \$5.3 billion**

The Steadfast Network delivered gross written premium (GWP) of \$5.3 billion, growth of 6%, driven by insurer price rises and new brokers joining the Network. There was organic growth of 5% across the Australian SME portfolio (excluding statutory classes) compared to FY17.

The number of Steadfast Network brokers increased by 16 in FY18, bringing the total to 377 across Australia, New Zealand and Singapore which underlies Steadfast's position as the largest general insurance broker network in Australasia<sup>2</sup>.

#### **Steadfast Underwriting Agencies deliver 18% GWP growth**

Steadfast Underwriting Agencies delivered significant growth in FY18 with GWP of \$914 million, up 18%. This was driven by volume and price increases by insurers, particularly in property and business lines as well as the addition of Axis Underwriting Services in December 2017.

#### **Organic and acquisition growth**

The Group delivered underlying EBITA organic growth of \$13.8 million (+10%) driven by a strong performance from the Group's equity investments in brokers and underwriting agencies.

<sup>1</sup> 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.

<sup>2</sup> Steadfast Group and APRA Intermediated General Insurance Statistics (December 2017).

Underlying EBITA acquisition growth was \$8.5 million (+6%) resulting from 25 equity investments in FY18 with the largest being Whitbread Insurance Group (WIG). WIG was acquired in December 2017 for \$100 million and consists of Whitbread Insurance Brokers, a long-standing member of the Steadfast Network, and Axis Underwriting Services which complements the Group's presence in the commercial and residential strata market.

There continues to be a strong acquisition pipeline which remains subject to the Group's disciplined acquisition criteria and due diligence process.

### **Strong balance sheet to fund future growth**

Steadfast Group has a strong balance sheet positioned to fund future growth with \$109 million of unutilised corporate debt facilities available at 30 June 2018. The total Group gearing ratio was 17.5%, well within the Board-mandated maximum of 30%.

Net assets were \$1.06 billion at 30 June 2018.

### **Total dividend up 7% year-on-year**

The Board has declared a fully franked final dividend of 4.7 cents per share (cps), up from 4.4 cps (+7%) from FY17. The FY18 total dividend (fully franked) of 7.5 cps is up from 7.0 cps (+7%) in the previous year, equating to a dividend payout ratio of 79% of underlying NPAT.

The final dividend dates are as follows:

- Ex-dividend date of 29 August 2018
- Record date of 30 August 2018
- Dividend Reinvestment Plan (DRP) record date of 31 August 2018
- Payment date of 20 September 2018

The final FY18 dividend is eligible for Steadfast's DRP at no discount. For more information on the final dividend and the DRP, please refer to Steadfast's Appendix 3A.1: Notification of dividend, lodged with the ASX on 24 August 2018 and on the investor website.

### **FY19 guidance<sup>3</sup>**

Steadfast Group has provided FY19 guidance of:

- Underlying EBITA of between \$185 million and \$195 million
- Underlying NPAT of between \$82.5 million and \$87.5 million

This guidance is subject to:

- Insurers continuing to drive moderate premium price increases
- Increasing contribution from Steadfast Client Trading Platform
- Ongoing technology investment

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<sup>3</sup> Also refer to the key risks on page 37 – 39 of the Steadfast Group 2018 Annual Report

## Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast today (24 August 2018) at 10.00am (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 9159 819.
- To access the live webcast, please click onto [investor.steadfast.com.au](http://investor.steadfast.com.au) or <http://www.openbriefing.com/OB/2987.aspx>

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## About Steadfast

Steadfast Group, established in 1996, is the largest general insurance broker network and group of underwriting agencies in Australasia. The Steadfast Network provides products and services to over 377 insurance broker businesses across Australia, New Zealand and Asia. Steadfast Network brokers and Steadfast Underwriting Agencies generated billings of more than \$7 billion for the 12 months ended 30 June 2018. Steadfast Group operates as a co-owner and consolidator through its equity interests in a number of broker businesses, underwriting agencies and other complementary businesses. Steadfast Group also has an equity stake in unisonSteadfast, a global general insurance broker network with over 200 brokers in 130 countries.

For further information, please visit [investor.steadfast.com.au](http://investor.steadfast.com.au)

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