

20 February 2019

Steadfast Group

1H19 results

Investor presentation

Presenters:

Robert Kelly - Managing Director & CEO

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1H19 results - investor presentation

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Steadfast Group

Underlying earnings driven by organic and acquisition growth

1H19 underlying earnings¹

- EBITA² **+21.3%** to **\$86.5** million
- NPAT **+17.6%** to **\$38.2** million
- NPATA³ **+16.9%** to **\$50.3** million
- EPS (NPAT) **+12.0%** to **4.83** cents per share
- Interim dividend **+14.3%** to **3.2** cents per share

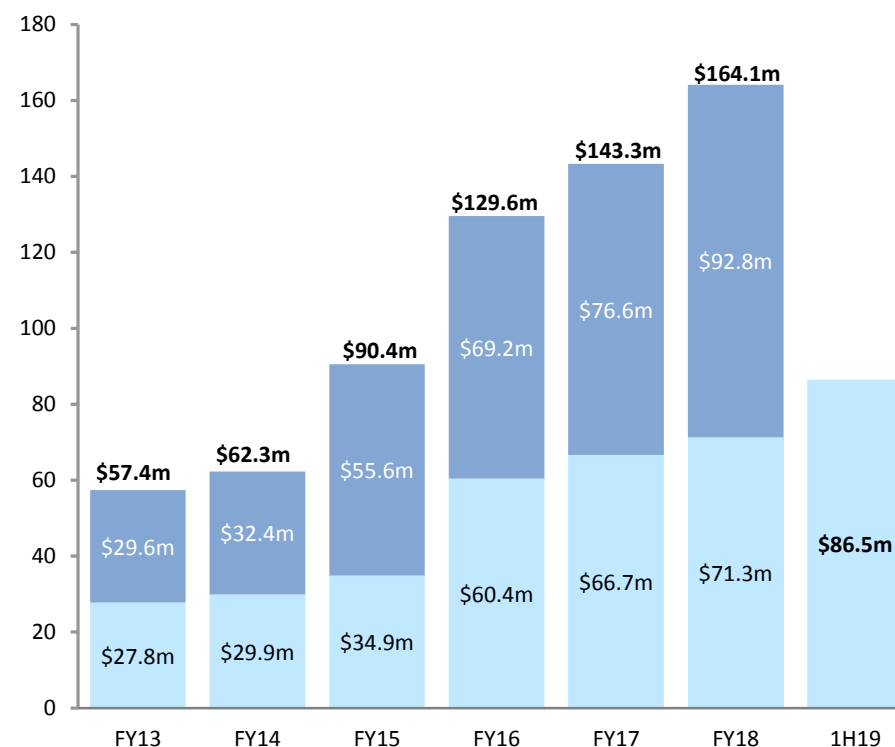
1H19 statutory earnings

- Statutory NPAT **+19.8%** to **\$40.5** million

Royal Commission

- Supportive of recommendations which improve client outcomes - aligns with Steadfast's ethos, offering and processes
- Steadfast's market-leading policy wordings, triage and Steadfast Client Trading Platform support strong client outcomes with non-volume based remuneration and non-variable commission terms
- Industry has three years to work on issues of conflicted remuneration where they exist in general insurance

Underlying EBITA² (\$m)



¹ For statutory reconciliation refer to slides 45 and 46 of the 1H19 analyst pack.

² Excludes impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment

³ Calculated on a consistent basis since IPO.

Steadfast Network and equity brokers

GWP and underlying EBITA growth driven by price and volume

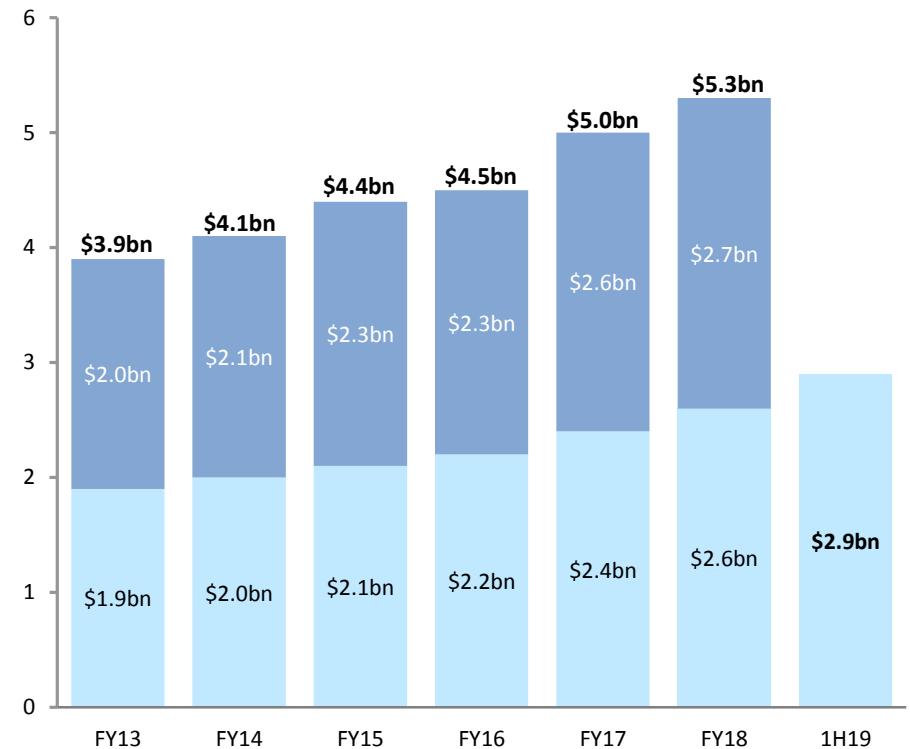
Steadfast Network highlights

- **\$2.9 billion** GWP, **+12%**
 - Driven by price and volume increases and new brokers joining the Network
- **388** brokers in the Network
 - **11** new brokers joined in 1H19
- **7%** organic growth in 1H19 compared to pcp
 - Driven by business pack, ISR, professional risks, motor lines and liability

Equity broker highlights (aggregate)

- Underlying net revenue of **\$205.2 million**, **+16%**
 - Organic growth of **+9%** and acquisition growth of **+7%**
- Underlying EBITA of **\$57.4 million**, **+14%**
 - Organic growth of **+9%** and acquisition growth of **+5%**
- 'Traditional' broker underlying EBITA margin¹ maintained at **29.4%**

Steadfast Network GWP (\$bn)



¹ EBITA margin = EBITA / Net revenue.

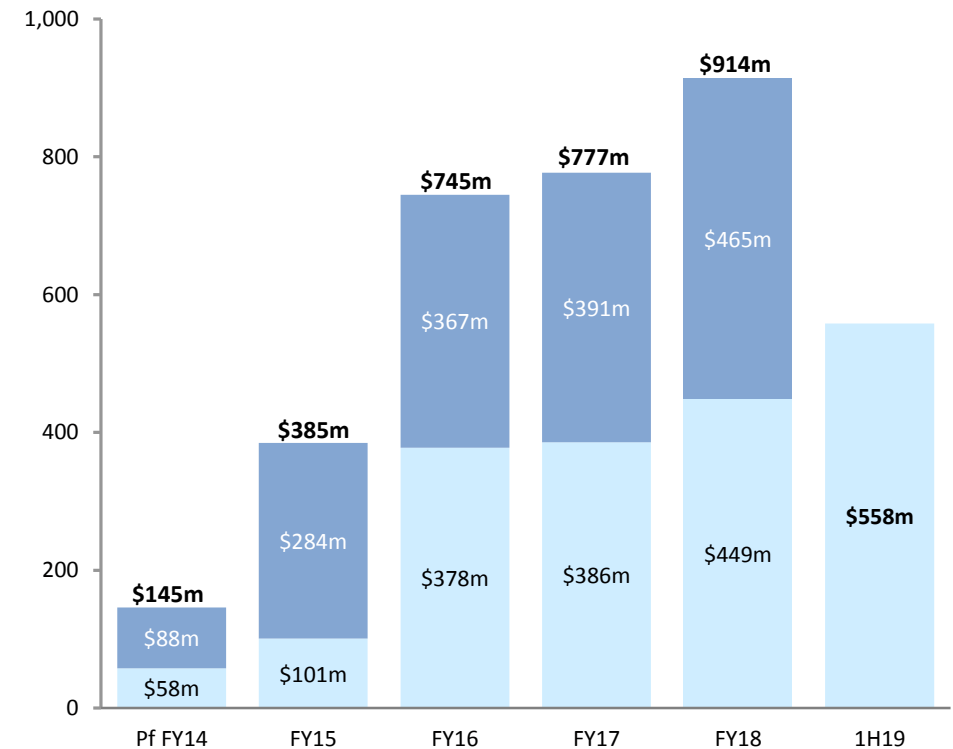
Steadfast Underwriting Agencies

GWP and underlying EBITA growth

Steadfast Underwriting Agencies highlights

- **\$558 million** GWP, **+24%**
 - Primarily driven by price and volume increases with some acquisition growth
- Price rises creating significant opportunities
- Strong performance also due to long-term strategy of closely aligning capacity providers and technology to products
- Underlying EBITA¹ of **\$42.6 million**, **+48.8%** on a like-for-like basis
 - Driven by strong price and volume increases

Steadfast Underwriting Agencies GWP (\$m)



¹ Excludes profit shares, RBUA agency closed in Feb 2018 and investments in 'greenfield' agencies.

Our insurTech

Steadfast Client Trading Platform and INSIGHT

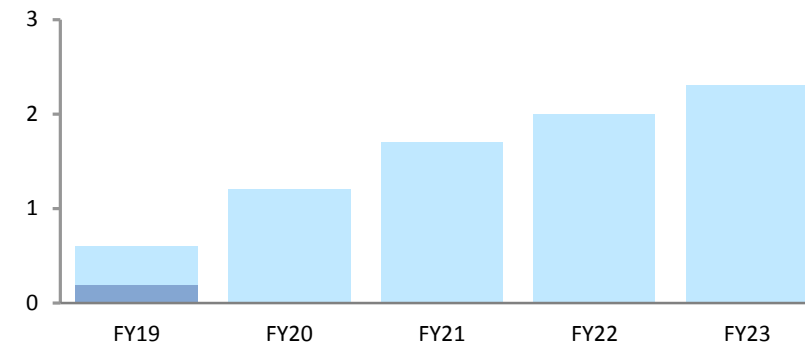
Steadfast Client Trading Platform (SCTP)

- 6 business lines and 13 insurer and underwriting agency partners live on SCTP
- SCTP delivers strong client outcomes, addressing several issues raised by the Royal Commission
 - Genuine contestable marketplace, generating improved pricing competition, coverage and marketing each time a policy is amended or renewed
 - Market-leading policy wording, supported by learnings from Steadfast triage and Erato professional indemnity program
 - Fixed commission rates, all underwriters pay the same for each class with no volume based guarantees
- SCTP usage up 109% with over 300 brokers using the platform
 - Second half weighted due to seasonality and new insurers going live
 - Allianz delayed in joining business pack due to their testing failure, expect to pilot in three months
 - Delay by supporting insurers in launching auto-rater for liability

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

- 90 brokers live on INSIGHT, with over 1,000 users
 - Additional 1,500 users on BrokerPlus, eCclipse and CBN platforms
- Additional 60 brokers committed to migrate onto INSIGHT, ongoing discussions with another 100 brokers

GWP transacted through SCTP (\$bn)



+109%

year-on-year growth in GWP transacted through SCTP

300+

brokers have used the SCTP

SCTP activity

- CGU live on business pack
- Chubb to join business pack in FY20, Allianz hopeful of going live in early FY20
- Auto-rating of liability in Q1 20, Berkley joining
- Zurich joins commercial motor in 2019

1H19 financial summary

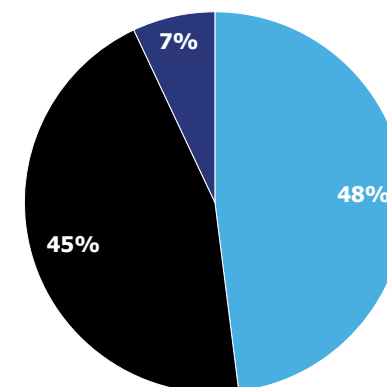
Group financial performance

Strong underlying earnings growth

Six months to 31 December \$ million	Underlying 1H19	Underlying 1H18	Year-on-year growth %
Revenue ¹ (\$m)	320.9	261.8	22.6%
EBITA ¹ (\$m)	86.5	71.3	21.3%
NPAT (\$m)	38.2	32.5	17.6%
EPS (NPAT) (cents)	4.83	4.31	12.0%
NPATA ² (\$m)	50.3	43.0	16.9%
EPS (NPATA) (cents)	6.35	5.71	11.2%

- Underlying EBITA growth of **\$15.2m (+21.3%)**
 - Organic growth of **\$9.5m (+13.3%)**
 - Acquisition growth of **\$5.7m (+8.0%)**
- 124%** conversion of NPATA into cash
- Unutilised debt facility of **\$99m** available
 - Total Group (corporate + subsidiary) gearing ratio of **24.1%**, within board approved maximum of 30%

1H19 underlying EBITA mix



■ Steadfast equity brokers
■ Steadfast Underwriting Agencies
■ Other businesses

¹ Excludes impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment.

² Calculated on a consistent basis since IPO.

Equity brokers financial performance

Organic and acquisition growth



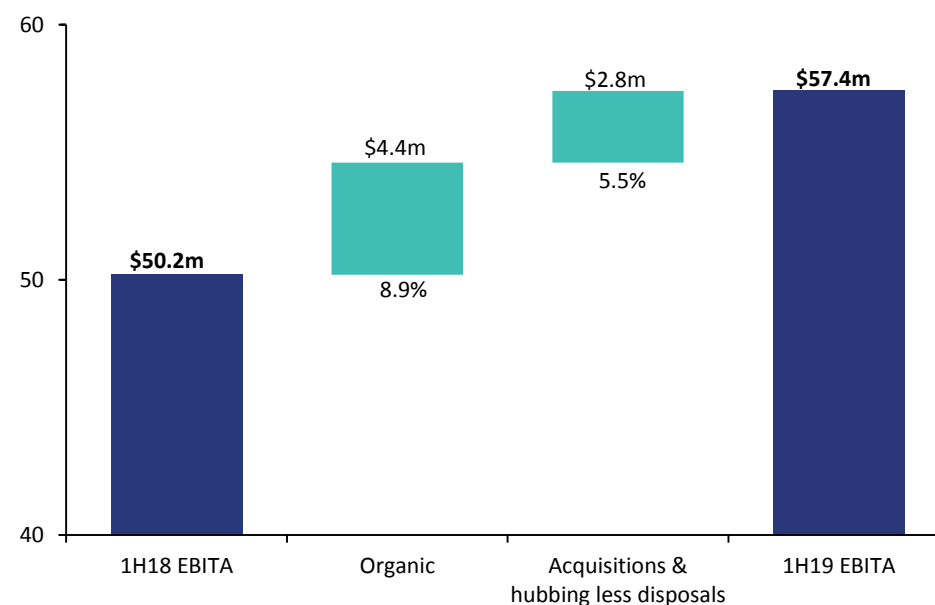
Share of 1H19 underlying EBITA

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

Six months to 31 December \$ million	Underlying 1H19	Underlying 1H18	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing ¹ %
Net revenue ²	205.2	177.4	15.7%	9.0%	6.7%
EBITA	57.4	50.2	14.4%	8.9%	5.5%
Net revenue ('traditional' brokers only) ²	147.6	130.9	12.8%	6.3%	6.5%
EBITA ('traditional' brokers only)	43.3	38.3	13.1%	5.5%	7.6%

- EBITA of **\$57.4m (+14.4%)** from all equity brokers
 - Driven by both organic and acquisition growth
 - Growth in net fees & commissions driven by hardening market and volume growth
- EBITA from 'traditional' brokers of **\$43.3m (+13.1%)** (excludes AR networks and wholesale, life insurance and trade credit brokers)
 - Margin³ maintained at **29.4%**

EBITA growth: 1H18 – 1H19



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.

Steadfast Underwriting Agencies financial performance

Strong organic growth driven by price and volume



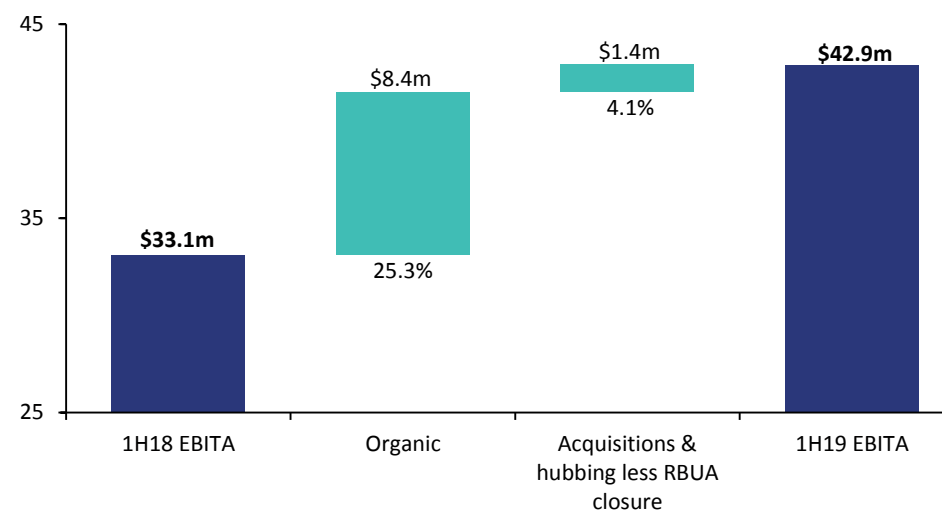
Share of 1H19 underlying EBITA

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

Six months to 31 December \$ million	Underlying 1H19	Underlying 1H18	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing ¹ %
Net revenue ²	92.0	74.5	23.5%	17.6%	5.9%
EBITA	42.9	33.1	29.4%	25.3%	4.1%
Net revenue ² (excl. profit shares, RBUA)	92.5	70.1	31.9%	19.3%	12.6%
EBITA (excl. profit shares, RBUA)	43.3	29.2	48.1%	30.3%	17.8%
Net revenue ² (excl. profit shares, RBUA, investment in 'greenfield' agencies)	88.0	67.3	30.8%	17.7%	13.1%
EBITA (excl. profit shares, RBUA, investment in 'greenfield' agencies)	42.6	28.6	48.8%	30.5%	18.3%

- Net revenue growth driven by strong price and volume increases
 - Insurers continuing to increase premium prices providing opportunities for agencies
- Strong performance led to underlying EBITA growth of **48.8%**
 - Excludes profit shares, RBUA agency closed in Feb 2018 and investments in 'greenfield' agencies

EBITA growth: 1H18 – 1H19



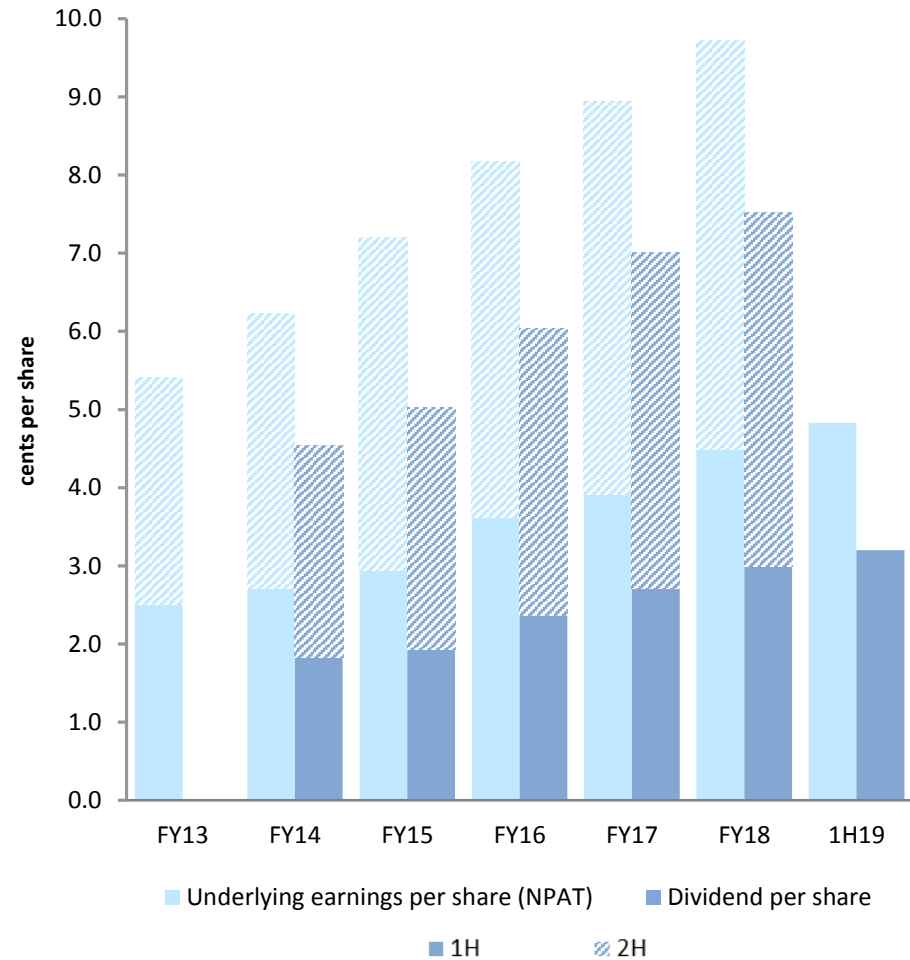
¹ Acquisition growth includes the net effect of acquisitions, divestments, and increased equity stakes.

² Net of third party payments.

Interim FY19 dividend

Interim dividend up 14%

- Interim FY19 dividend of **3.2 cps** (fully franked), up from 2.8 cps in 1H18 (**+14.3%**)
 - FY19 target dividend payout ratio of 65% to 85% of underlying NPAT
- Dividend Reinvestment Plan (DRP) to apply to interim FY19 dividend; no discount
 - DRP shares will be acquired on market
- Key dates for interim FY19 dividend:
 - Ex date: 25 February 2019
 - Dividend record date: 26 February 2019
 - DRP record date: 27 February 2019
 - Payment date: 21 March 2019



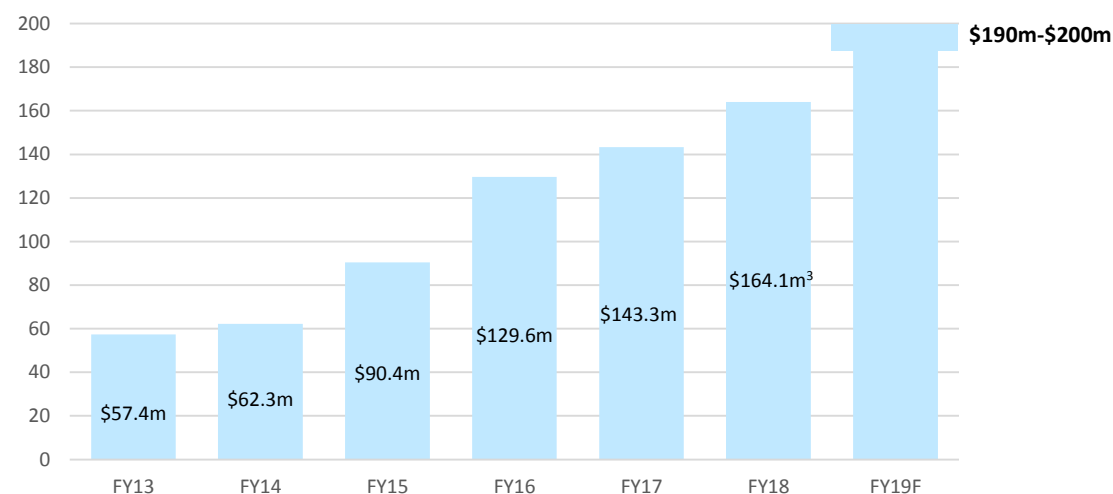
FY19 guidance

FY19 guidance

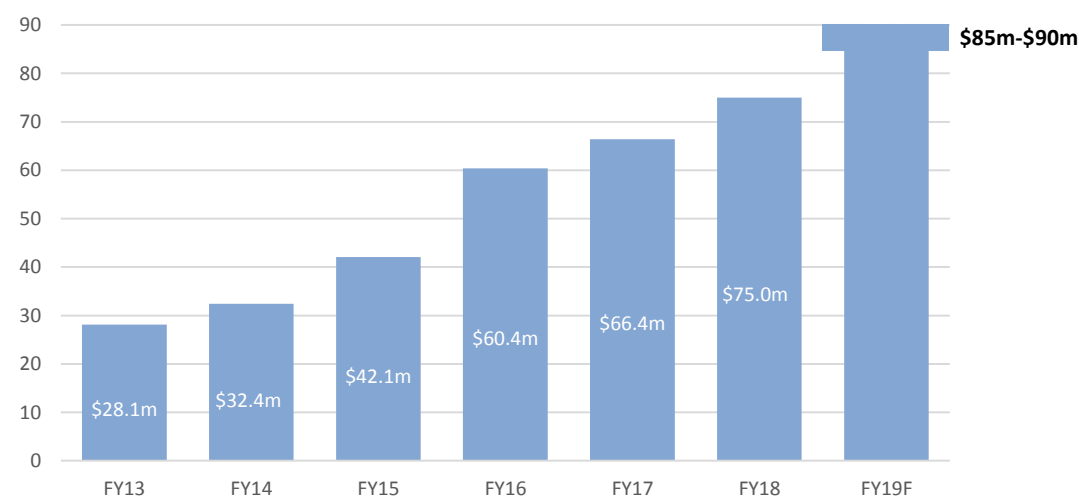
FY19 guidance confirmed

- FY19 guidance range¹:**
 - Underlying EBITA of \$190 million - \$200 million
 - Underlying NPAT of \$85 million - \$90 million
- Strong 1H19 earnings support our FY19 guidance (as upgraded in October 2018)
- Guidance also subject to:**
 - Insurers continuing to drive moderate premium price increases
 - Increasing contribution from SCTP
 - Ongoing technology investment

Underlying EBITA (\$m)²



Underlying NPAT (\$m)²



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

² FY13 and FY14 are pro-forma; FY15-FY19F are underlying.

³ Excludes impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment

Questions

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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. 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