

MARKET RELEASE

21 August 2019

Steadfast Group announces full year 2019 results with underlying EBITA up 17.8% and underlying NPAT up 19.0% and announces \$100m institutional placement and Share Purchase Plan

FY19 financial highlights¹

- Underlying revenue of \$688.3m, up 21.4%
- Underlying EBITA of \$193.3m, up 17.8%
- Underlying NPAT of \$89.2m, up 19.0%
- Underlying EPS (NPAT) of 11.27 cents per share, up 16.0%
- Final dividend (fully franked) of 5.3 cents per share (cps), up 12.8%
- Total dividend (fully franked) of 8.5 cents per share (cps), up 13.3%

Statutory NPAT of \$103.8m was up 36.9%, higher than underlying NPAT due to net non-trading gains.

Managing Director & CEO Robert Kelly commented "This is another strong set of results driven by organic and acquisition growth of our equity brokerages and underwriting agencies.

Steadfast Underwriting Agencies had a very strong year as their niche expertise combined with moderate premium price rises drove an increase in market share. Steadfast equity brokers had strong organic growth and 'traditional' brokers slightly improved margins.

Management remain focussed on delivering further value for shareholders by continuing to convert acquisitions that meet our strict criteria, growing GWP volumes through our proprietary SCTP insurance technology platform, and continuing to provide our network of brokers market leading general insurance solutions to deliver positive client outcomes."

He added "the Steadfast Network had a strong year as a result of premium price and volume increases and new brokerages joining the Network. 21 new brokerages joined the Network in FY19 bringing the total to 398 across Australia, New Zealand and Singapore which further underlines our position as the largest general insurance broker network in Australasia²."

Steadfast Network delivers 16% of GWP growth

The Steadfast Network delivered record gross written premium (GWP) of \$6.1 billion in FY19, growth of 16%. This was driven in part by moderate price increases by insurers, an increase in volumes and new brokerages joining the Network. There was also organic growth of 6% across the Australian SME portfolio (excluding statutory classes) compared to FY18.

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 exclude non-trading items. Underlying EBITA excludes dividend income and mark-to-market impact of investment in Johns Lyng Group

² Steadfast Group and APRA Intermediated General Insurance Statistics (December 2018).

Steadfast Underwriting Agencies delivers \$1.17 billion of GWP

Steadfast Underwriting Agencies delivered over \$1 billion of GWP in FY19 for the first time. This represented growth of 28% over FY18 driven by price increases by insurers and market share growth in the niche areas of coverage offered by the agencies.

Organic and acquisition growth

The Group delivered strong underlying EBITA organic growth of \$17.9 million (+10.9%) in FY19 which was driven by the Group's equity investments in brokerages and a strong performance by the underwriting agencies.

Underlying EBITA acquisition growth was \$11.3 million (+6.9%) in FY19. The Group also acquired the remaining 50% interest in IQumulate Premium Funding (formerly Macquarie Premium Funding).

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

Steadfast Group has a strong balance sheet with net assets of \$1.1 billion. The debt facility has been extended to August 2021, with a Group gearing ratio of 23.9% and unutilised debt capacity of \$90m at 30 June 2019.

Total dividend up 13% year-on-year

The Board has declared a fully franked final dividend of 5.3 cents per share (cps), up from 4.7 cps (+13%) in FY18. The FY19 total dividend (fully franked) of 8.5 cps is up from 7.5 cps (+13%) for the previous year, equating to a dividend payout ratio of 76% of underlying NPAT.

The final dividend dates are as follows:

- Ex-dividend date of 23 August 2019
- Record date of 26 August 2019
- Dividend Reinvestment Plan (DRP) record date of 27 August 2019
- Payment date of 20 September 2019

The final dividend is eligible for Steadfast Group's DRP at no discount. For more information on the final dividend and the DRP, please refer to Steadfast Group's Appendix 3A.1: Notification of dividend, lodged with the ASX on 21 August 2019 and also available on the investor website.

IBNA takeover offer

IBNA Limited (IBNA) is a fellow Australian general insurance broker network with 79 brokerages generating \$1.25 billion of GWP in FY19. Steadfast Group recently announced that it has entered into a Bid Implementation Agreement (BIA) with IBNA under which Steadfast Group agreed to make a takeover offer for up to 100% of the fully paid ordinary shares in IBNA on the terms set out in the BIA. Steadfast Group will be despatching its bidder's statement in relation to the takeover offer to IBNA shareholders on 22 August 2019. IBNA shareholders who accept the takeover offer and apply (or procure their affiliated broker to apply) to join the Network will, upon acceptance by Steadfast, become part of the Network and be able to take advantage of the

160 products and services offered to support their businesses, particularly the insurance technology.

The successful completion of this transaction would continue to enhance the Steadfast Network's presence as the largest general insurance broker network in Australasia³.

Update on potential acquisition of PSF rebate from Steadfast Network brokerages

Steadfast Group recently announced that it would seek expressions of interest from Steadfast Network brokerages to receive Steadfast shares or cash in exchange for renouncing their rights to professional service fee (PSF) rebates from the Group from 1 July 2019, with consideration calculated by reference to PSF rebates for FY19 (PSF Rebate Acquisition). Interest received to date has been positive. The transaction and its final structure, should it proceed, remain subject to further consideration and approval of the Board. More detail regarding this possible transaction will be announced in due course.

\$100m fully underwritten institutional placement and accompanying Share Purchase Plan

Steadfast Group is launching an underwritten institutional placement to existing and new shareholders to raise approximately \$100 million (Placement).

Proceeds will be used to fund further insurance brokerage and underwriting agency acquisitions, for which there continues to be a strong pipeline. It would also be utilised to fund any Steadfast Network brokerages who elect to receive the cash alternative for the PSF Rebate Acquisition.

Shares issued under the Placement will be fully paid and rank equally in all respects with existing Steadfast Group ordinary shares from allotment, however will not be entitled to the FY19 final dividend announced today.

The Placement is being offered at an underwritten floor price of \$3.28 per share (Floor Price), which is the same as the share price at which shares are being issued under the takeover offer for IBNA and the proposed PSF Rebate Acquisition, with the Floor Price representing a 6.5% discount to the dividend adjusted last close price on Tuesday 21 August 2019 of \$3.51 (adjusted for the final dividend).

It is expected that Steadfast Group shares will remain in a trading halt while the Placement is conducted until the market opens on Thursday 22 August 2019, or such time that it is announced to ASX. Settlement of new shares issued under the Placement will occur on Monday 26 August 2019, with allotment scheduled for Tuesday 27 August 2019.

J.P. Morgan Securities Australia Limited, Macquarie Capital (Australia) Limited and UBS AG, Australia Branch are acting as joint lead managers, bookrunners and underwriters for the Placement.

In addition to the Placement, Steadfast Group will offer all eligible existing shareholders (including retail shareholders) on Steadfast Group's share register at 7.00pm on Tuesday 20 August 2019 with registered addresses in Australia or New Zealand the opportunity to apply for new Steadfast Group shares through a non-underwritten Share Purchase Plan (SPP) without brokerage fees.

³ Steadfast Group and APRA Intermediated General Insurance Statistics (December 2018).

Steadfast Group intends to raise a maximum of \$20 million, with the Board to retain discretion as to the final amount of SPP proceeds based on take-up.

The application for new shares under the SPP will be capped at the maximum allowed of \$15,000 per shareholder. The SPP offer period will be open on Thursday 29 August 2019 and close at 5:00pm on Thursday 12 September 2019, subject to Steadfast Group's discretion to amend these dates. Shares issued under the SPP will rank equally with existing shares of Steadfast Group, however will not be entitled to the FY19 final dividend announced today.

The offer price per new share under the SPP will be the lower of (i) the final price achieved under the Placement and (ii) a 1% discount to the volume weighted average price (VWAP) of Steadfast Group shares on the ASX over a 5 trading day period ending on the close of the SPP offer period (Thursday 12 September 2019).

The terms and conditions of the SPP will be set out in an SPP Offer Booklet and despatched to eligible Steadfast Group shareholders by their preferred method of contact as well as a separate announcement to ASX in due course. Participation in the SPP is optional and Steadfast Group reserves the right to scale back any applications under the SPP.

FY20 guidance⁴

Steadfast Group provides FY20 guidance of:

- Underlying EBITA of between \$215 million and \$225 million
- Underlying NPAT of between \$100 million and \$110 million
- Underlying diluted eps (NPAT) growth of 5% to 10%

This guidance is subject to:

- Strategic partners continuing to drive moderate premium price increases;
- Increased contribution from insurTech;
- Ongoing technology investment;
- Minimum 80% acceptance of IBNA takeover offer;
- PSF Rebate Acquisition proceeds with minimum 33% take up by Network brokers (of which 20% request cash)⁵; and
- Completion of a fully underwritten placement to raise approximately \$100 million and accompanying Share Purchase Plan.

Due to accounting standards treatment, FY20 statutory NPAT will be adversely impacted by the IBNA transaction and the PSF Rebate Acquisition (should it proceed), such that an expense will be recorded as a non-trading loss for the consideration offered to these brokerages (as opposed to being capitalised). These expenses will be excluded from the calculation of FY20 underlying NPAT. This will not impact Steadfast Group's ability to pay franked dividends in FY20 under the dividend policy, which is based on underlying NPAT.

⁴ Also refer to the key risks on 48 - 52 of the Steadfast Group 2019 Annual Report

⁵ The PSF Rebate Acquisition and its structure, should it proceed, remains subject to further consideration and approval of the Board

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast today (21 August) 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 9495027.
- To access the live webcast, please click onto investor.steadfast.com.au or <http://www.openbriefing.com/OB/3433.aspx>. A reply of the webcast will be made available on the investor website approximately 48 hours after the initial broadcast.

For more information, please contact:

Robert Kelly
Steadfast Group Limited
Managing Director & CEO
+61 2 9495 6535

About Steadfast Group

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 398 insurance broker businesses across Australia, New Zealand and Asia. Steadfast Network brokers and Steadfast Underwriting Agencies generated billings of more than \$8.4 billion for the 12 months ended 30 June 2019. 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 260 brokers in 135 countries.

For further information, please visit investor.steadfast.com.au

Forward look statements

This market release contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. These forward-looking statements speak only as of the date of this market release, and Steadfast Group does not undertake to publicly update or revise any forward-looking statement. Any forward-looking statements are subject to various risks that could cause Steadfast Group's actual results to differ materially from the results expressed or anticipated in these statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Steadfast Group and its directors and management. Steadfast Group cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this market release will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Important notice

This market release does not constitute investment or financial product advice, nor is it a recommendation to acquire entitlements or shares in Steadfast Group. It is not intended to be used as the basis for making a financial decision, nor is it intended to constitute legal, tax, accounting or other advice. You should make your own enquiries and investigations regarding any investment, and should seek your own professional advice on the legal, financial, accounting, taxation and other consequences of investing in Steadfast Group.

This market release is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission) or any other law. This market release is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction and neither this market release nor anything in it shall form any part of any contract for the acquisition of Steadfast Group shares.

This market release has been prepared for publication in Australia and may not be released to US wires services or distributed in the United States. This market release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction. The securities referred to in this release have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States and, as a result, may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.