

Steadfast Group announces record half year 2021 results with underlying EBITA and underlying NPAT both up 19.3%

1H21 financial highlights¹

- Underlying revenue of \$437.8m, up 6.6%
- Underlying EBITA of \$125.4m, up 19.3%
- Underlying NPAT of \$60.4m, up 19.3%
- Underlying EPS (NPAT)² of 6.98 cents per share, up 17.1%
- Interim dividend (fully franked) of 4.4 cents per share, up 22.2%
- Statutory NPAT of \$73.4m (1H20 loss of \$71.9m)

Mr Robert Kelly, Managing Director & CEO, said "I am once again pleased to report that 1H21 continues our record growth since our August 2013 IPO. Our resilient business model and the stability of our executive team have driven Steadfast's strong financial performance throughout the COVID-19 pandemic.

Our underlying earnings growth for the period was predominately driven by excellent organic growth in the Group's insurance broking and underwriting agencies and our prudent acquisition strategy.

Cash conversion of earnings remains strong, with more than 100% of underlying NPATA converting into cash. This cash has continued to be utilised to fund acquisitions over the period, our technology investment, and facilitated our ability to pay increased dividends to our shareholders.

Steadfast Network gross written premium (GWP) grew by 13.9% to \$4.5 billion in 1H21."

He added "Our track record of earnings growth, continued price increases by insurers, our recent accretive acquisitions and deep pipeline of acquisition opportunities, position Steadfast well to deliver further increases in shareholder value over the long term."

Steadfast Broking delivers 22.9% growth in underlying EBITA

Steadfast Broking revenue increased by 7.5% with 4.2% from organic growth and 3.3% from acquisitions.

Underlying EBITA growth of 22.9% was driven by both organic and acquisition growth, benefiting from the continuation of premium rises by insurers and our continued drive for cost savings within the network. Volumes continued to be stable throughout the period.

Steadfast Underwriting Agencies delivers 15.6% growth in underlying EBITA

Steadfast Underwriting Agencies continue to deliver excellent organic growth, benefiting from higher premium pricing by insurers, cost savings, and an increase in market share.

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.

² 1H20 EPS share count of c.849.5m assumes 1 July 2019 commencement for IBNA and Steadfast PSF Rebate offer.

We experienced growth across most agencies over the period. The business generated \$733 million of GWP, an 8.9% increase over 1H20, driven by organic growth. Underlying EBITA increased by 15.6% during the period.

Strong growth in Group underlying EBITA

The Group delivered strong underlying EBITA growth of 19.3% to \$125.4m primarily achieved by excellent organic growth across all business divisions and supported by insurance broking acquisitions during the period.

Balance sheet

Steadfast Group's balance sheet remains well positioned, with a consolidated gearing ratio of 26% which is below the Board's maximum limit of 30%. The Group has \$97 million of unutilised capacity available to fund future corporate activity. There is significant headroom in the debt covenants.

Interim 1H21 dividend up 22.2%

The Board has declared a fully franked interim dividend of 4.4 cents per share (cps), up from 3.6 cps (+22.2%) in 1H20. FY21 target dividend payout ratio is between 65% and 85% of underlying NPAT.

The final dividend dates are as follows:

- Ex-dividend date of 1 March 2021
- Record date of 2 March 2021
- Dividend Reinvestment Plan (DRP) record date of 3 March 2021
- Payment date of 25 March 2021

The interim dividend is eligible for Steadfast Group's DRP at a 2.0% discount. For more information on the interim dividend and the DRP, please refer to Steadfast Group's Appendix 3A.1: Notification of dividend, lodged with the ASX on 23 February 2021 and also available on the investor website.

FY21 guidance

The Group now expects to deliver at the top end of guidance range based on strong first half trading performance and accretive acquisitions.

Steadfast Group confirms FY21 guidance of:

- Underlying EBITA of between \$245 million and \$255 million
- Underlying NPAT of between \$120 million and \$127 million
- Underlying diluted eps (NPAT) growth of 10% to 15%

Whilst there is uncertainty prevailing in the global economy, the trading conditions experienced in 1H21 provide confidence as to the resilience of the Group's business. However, the guidance range provided is subject to the significant uncertainty surrounding the impact of COVID-19 on the global economy and the impact of any government stimulus measures on the Australasian economy.

Key assumptions³ include:

- Strategic partners continue to implement moderate premium price increases; and
- Ongoing trading conditions mirror the experience of 1H21

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast at 10.30am (AEDT) on Wednesday, 24 February 2021.

- Conference call details

To participate in the call, please pre-register for dial in details using the link <https://s1.c-conf.com/DiamondPass/10011468-as78Ty.html>

- Webcast details

To access the live webcast, please click onto investor.steadfast.com.au or <https://webcast.openbriefing.com/6951/>

A replay of the webcast will be made available on the investor website approximately 48 hours after the initial broadcast.

For more information, please contact:

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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 454 insurance broker businesses across Australia, New Zealand and Asia. Steadfast Network brokers and Steadfast Underwriting Agencies generated billings of over \$10 billion. 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 236 brokers in 130 countries.

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

³ Also refer to the key risks on pages 41 - 43 of the Steadfast Group 2020 Annual Report.