

BUILDING ON OUR STRENGTH

Full Year 2013 Results – 30 August 2013

Presenters

Robert Kelly – Managing Director & CEO

Stephen Humphrys – Chief Financial Officer



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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.

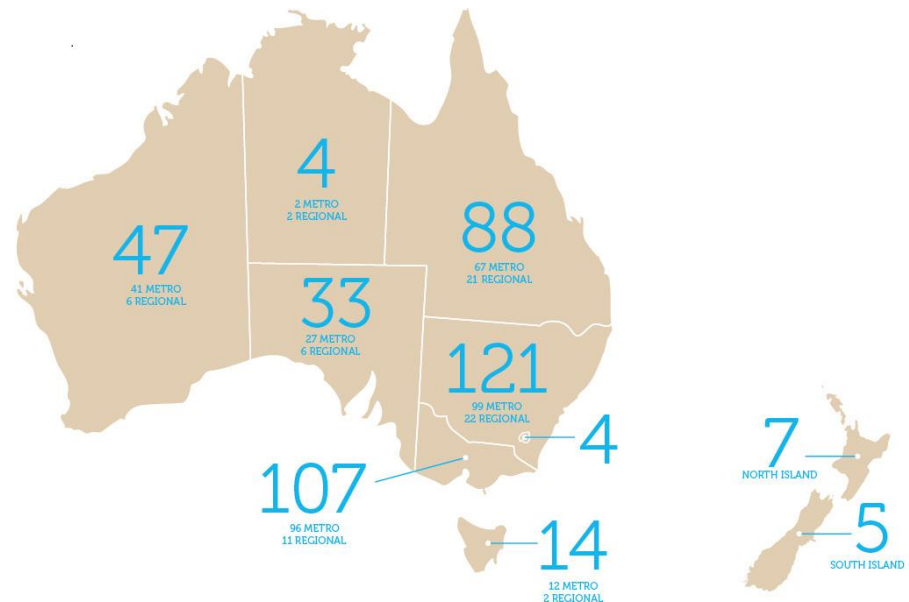
All references starting with "FY" refer to the financial year ended 30 June. For example, "FY13" refers to the year ended 30 June 2013.

- **Who we are**
- **IPO Highlights**
- **Transformation of Steadfast**
- **Steadfast Network Growth**
- **Financial Highlights**
- **Financial information**
- **Growth Strategy & Outlook**

LARGEST general insurance broker network in Australia¹

- ▶ Founded in 1996 as a collective buying and service group for independent brokers
- ▶ Network has grown from 43 to ~280 insurance broker businesses representing \$4.0bn in GWP
- ▶ Equity interests in 62 broker businesses, 4 underwriting agencies and 2 ancillary businesses
- ▶ 50% interest in Macquarie Premium Funding

430 offices across Australia and New Zealand



Note: 1: Measured by annual premiums placed and number of licensed brokers

Initial Public Offering (IPO)



- ✓ **Successfully listed on the ASX on 2 August 2013 under code SDF at IPO price of \$1.15 per share**
- ✓ **Raised \$334 million to help fund IPO Acquisitions¹, retire pre-IPO debt, cover IPO costs and increase balance sheet capacity for future acquisitions**
- ✓ **Completed 100% of the IPO Acquisitions on 7 August 2013**
- ✓ **Listed with no net debt and excess cash position**
- ✓ **Market capitalisation of Steadfast was \$711 million based on a closing share price of \$1.42 on 26 August 2013**

Note: 1: Where used in this presentation, the terms "IPO Acquisitions" and Pre-IPO Acquisitions" have the meaning given in the IPO prospectus dated 11 July 2013

Transformation of Steadfast



Consolidator of insurance broking and complementary businesses in addition to being a broker cluster group

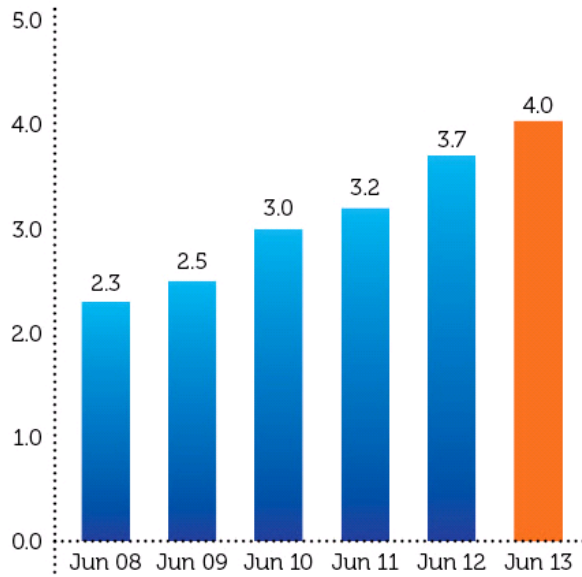
	Steadfast Network	Steadfast Equity Brokers	Steadfast Underwriting Agencies	Premium Funding	Ancillary Businesses
Existing Business	<ul style="list-style-type: none"> ▶ ~280 Steadfast Network Brokers ▶ Services provided to the network include education and training, technical advice, brand and marketing support, information systems and other ongoing support services ▶ Steadfast receives Marketing & Administration Fees from Strategic Partners 	<ul style="list-style-type: none"> ▶ 4 insurance broking businesses (acquired between November 2012 and April 2013) ▶ 3 broker businesses in Australia (100%) ▶ Rothbury Group (17.9% equity interest), the fourth largest insurance broker in New Zealand 	<ul style="list-style-type: none"> ▶ Miramar (50%) ▶ Sports Underwriting Australia (80% acquired in FY13) 	<ul style="list-style-type: none"> ▶ 50% interest in Macquarie Premium Funding ▶ Macquarie Premium Funding acquired Pacific Premium Funding in March 2013 	<ul style="list-style-type: none"> ▶ None
IPO Acquisitions	<ul style="list-style-type: none"> ▶ None 	<ul style="list-style-type: none"> ▶ 58 insurance broking businesses in Australia (equity interests between 25% and 100%) ▶ Rothbury Group (equity interest increased to 30.1%) 	<ul style="list-style-type: none"> ▶ 2 underwriting agencies (39.5% and 100%) ▶ Miramar (shareholding increased to 100%) 	<ul style="list-style-type: none"> ▶ None 	<ul style="list-style-type: none"> ▶ 2 support services businesses ▶ White Outsourcing (87.5%) ▶ Meridian Lawyers (25%)

Steadfast Network growth

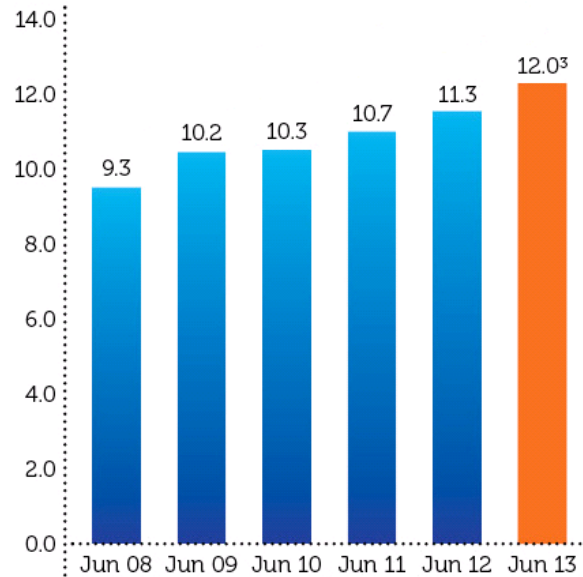


Over the past year, Steadfast Network GWP grew 10% exceeding the 6% annual growth rate of Australian commercial gross earned premiums.

Steadfast Network
Gross Written Premiums
\$ billions



Total Australian commercial lines gross
earned premiums ^{1,2}
\$ billions



Notes: 1: Source: APRA. Commercial lines assumed to be commercial motor vehicles, fire and industrial special risks, marine and aviation, employers' liability, professional indemnity and public and product liability. 2: Premiums calculated for the 12 months to June each year. Premium figures for 2006-2010 based on gross written premiums (gross earned premiums for that period not published by APRA) and based on direct insurers only. Premium figures from 2010 based on gross earned premiums and comprise total industry (direct and reinsurance). 3: Represents forecast for 12 months to June 2013 based on annualised 6 months to December 2012 data.

- ✓ **FY13 pro-forma results slightly ahead of forecasts in IPO prospectus on both an IFRS and an Aggregate basis**
- ✓ **Pro-forma NPAT (IFRS view) of \$28.1 million was 3.1% above IPO prospectus forecast of \$27.2 million**
- ✓ **Marketing & Administration (M&A) Fees increased to \$24.5 million, a 13% increase compared to FY12**
- ✓ **Statutory loss before tax was \$13.4 million, better than the \$15.7 million forecast in the IPO prospectus due to additional revenue from acquisitions, cost savings and M&A Fees being higher than expected**

Financial information

Pro-forma results (Aggregate view)



FY13 pro-forma results (Aggregate view) slightly ahead of IPO forecasts

Profit & Loss (\$ millions)	FY13	FY12	% growth	FY13F	%variance
Revenue					
Consolidated brokers	94.2	92.0	2.4%	94.8	-0.7%
Equity accounted	143.6	135.6	5.8%	142.7	0.6%
Revenue from brokers	237.8	227.6	4.4%	237.5	0.1%
Underwriting agencies	19.7	18.6	6.0%	19.6	0.5%
Ancillary	21.4	18.1	18.4%	20.1	6.4%
Premium funding	37.9	26.9	40.5%	36.7	3.1%
Steadfast	29.1	24.3	19.6%	27.6	5.5%
Total Revenue	345.9	315.5	9.6%	341.5	1.2%
Total EBITA (pre-CO)	92.1	81.6	12.9%	90.9	1.4%
EBITA Margins (pre-CO)					
Consolidated brokers	31%	32%	-1%	31%	0%
Equity accounted	27%	26%	1%	28%	0%
Underwriting agencies	26%	25%	2%	31%	-4%
Ancillary	17%	15%	2%	15%	2%
Premium funding	23%	29%	-6%	21%	2%
Steadfast	22%	6%	16%	19%	3%
Total EBITA margin (pre-CO)	27%	26%	1%	27%	0%

- A number of consolidated brokers have a higher EBITA margin compared to equity accounted brokers, reflecting leverage achieved from size and scale of operations
- Underwriting agencies margin includes non-recurring claims expense of \$600k
- Premium funding margin better than forecast due to better trading results from Pacific Premium acquisition
- Steadfast includes rebates from Steadfast Network Brokers (50% FY12, 28% FY13) and M&A Fees which exceeded forecasts

Note: EBITA margins are pre Corporate Office expenses.

Pro-forma results (IFRS view)



FY13 pro-forma results (IFRS view) slightly ahead of IPO forecasts

Profit & loss (\$ millions)	FY13	FY12	% growth	FY13F	%variance
Fees and commissions	94.6	90.4	4.7%	93.8	0.9%
M&A Fees	24.5	21.7	13.3%	23.9	2.7%
Interest income	2.9	3.9	-25.2%	3.3	-12.1%
Other revenue	22.7	20.5	11.1%	22.6	0.6%
Revenue – Consolidated entities	144.9	136.5	6.2%	143.6	0.8%
Employment expenses	57.4	54.9	4.7%	56.1	2.5%
Occupancy expenses	6.2	6.0	2.3%	6.5	-5.4%
Other expenses	41.1	40.5	1.2%	41.1	-0.1%
Expenses – Consolidated entities	104.7	101.4	3.2%	103.7	1.0%
EBITA – Consolidated entities	40.2	35.1	14.9%	39.9	0.4%
Share of EBITA from associates and joint venture	20.9	19.2	8.5%	20.2	3.4%
EBITA – Pre Corporate Office	61.1	54.3	12.6%	60.1	1.5%
Corporate Office income	-	5.9	n/a	-	n/a
Corporate Office expenses	3.7	1.7	n/a	3.7	n/a
EBITA – Post Corporate Office	57.4	58.5	-1.8%	56.4	1.9%
Net profit after tax	30.6			29.9	2.0%
Non-controlling interests in net profit after tax	2.5			2.7	-8.9%
Net profit attributable to owners of Steadfast Group Limited	28.1			27.2	3.1%
NPAT - EPS	5.6cps			5.4cps	3.1%
Amortisation expense	7.1			7.1	-
Net Profit after Tax and before Amortisation	35.2			34.3	2.5%

vs pro-forma forecasts

- Revenue up 0.8% due to stronger than forecast growth in Fees and commissions and M&A Fees
- EBITA post Corporate Office up 1.9% due to better than forecast revenues and lower than forecast costs

vs FY12 results

- Revenues increased by 6.2% due to 4.7% increase in fees and commissions and 13.3% growth in M&A Fees
- EBITA pre Corp Office increased 12.6% yoy due to leverage from higher revenues and lower costs

Pro-forma balance sheet

Final IPO Price of \$1.15 per share **\$ millions**

Current assets	190.1
Equity accounted investments	140.8
Property, plant and equipment	17.7
Identifiable intangibles	71.7
Goodwill	248.1
Deferred tax assets & other	17.0
Total non-current assets	495.3
Total assets	685.4
Trade and other payables	107.5
Loan and borrowings	0.6
Other	16.6
Total current liabilities	124.7
Loans and borrowings	6.2
Deferred tax liabilities & other	33.3
Total non-current liabilities	39.5
Total liabilities	164.2
Net assets	521.2

- Conservative balance sheet (consolidated basis)
 - \$25 million cash, zero debt at holding company
 - \$6.8 million debt belongs to broker businesses
- Medium term gearing ratio¹ of 15% allows for debt capacity of \$85 million
- Equity accounted investments and goodwill adjusted to reflect Final IPO Price of \$1.15 per share
- Goodwill and intangibles
 - Goodwill subject to annual impairment testing
 - Identifiable intangibles amortised over 10 years

1: Debt divided by total debt and equity.

Statutory results (IFRS view)



FY13 statutory loss (IFRS view) lower than IPO forecasts

Profit & Loss (IFRS view, \$ millions)	FY13	FY12	% growth
Revenue			
M&A Fees	24.5	21.7	13%
Other revenue	13.3	12.4	7%
Total Revenue	37.8	34.1	11%
EBITA excluding IPO related costs	12.3	9.7	27%
IPO and restructuring costs	(23.8)	-	n/a
Net profit/(loss) after tax	(13.4)	6.2	n/a
IPO and restructuring costs (\$ millions)	FY13	Non cash	Non recurring
IPO and due diligence costs	(13.3)	N	Y
Re-weighting costs	(10.5)	Y	Y
Total	(23.8)		

Profit & Loss (IFRS view)

- Statutory M&A Fees same as pro-forma M&A Fees
- Net loss after tax lower than forecast due to additional revenue from acquisitions, cost savings and higher than expected M&A Fees

IPO and restructuring costs

- Further IPO costs forecast in FY14 – majority will be deducted from share capital.
- Includes non cash and non recurring \$10.5 million charge due to re-weighting shares for brokers

Growth strategy & outlook

- ✓ **Organic growth from our extensive distribution network which primarily caters to the commercial segment of the Australian and New Zealand general insurance market**
- ✓ **Delivering synergies from the acquisitions made to date and from the broader Steadfast Network (i.e. back office cost synergies)**
- ✓ **Growth from acquisitions, being the natural acquirer of brokers in the Steadfast Network**
- ✓ **Cross-selling of products and services within the Steadfast Network**
- ✓ **Building on our existing underwriting agencies with particular focus on specialist products and driving down costs**

Back office cost synergies

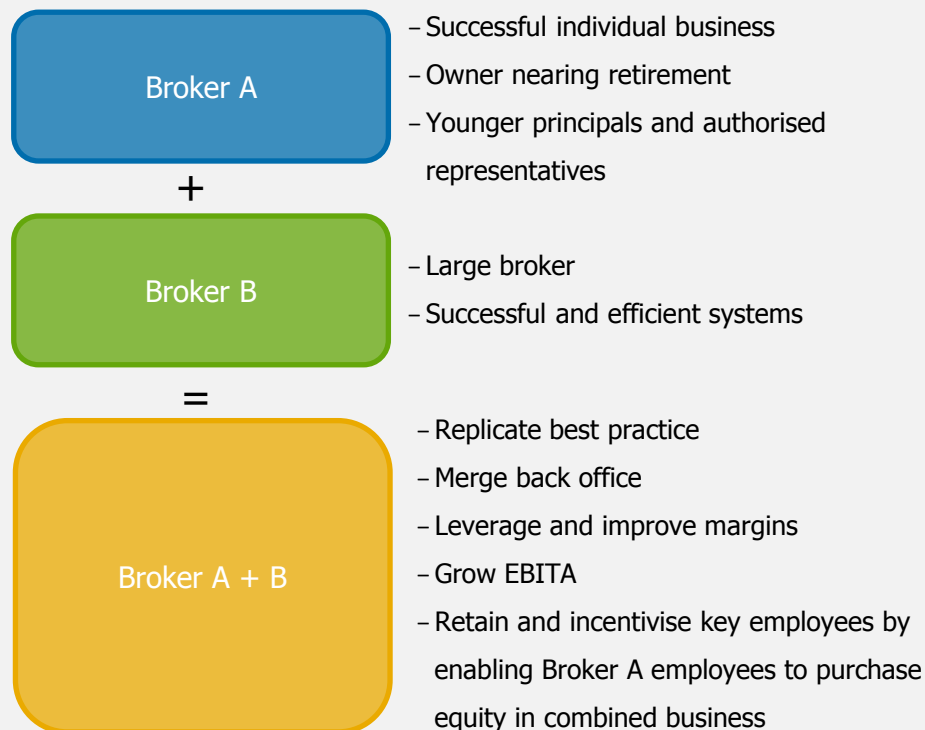


Synergy costs incorporated into FY14 forecasts however related benefits are not

Back office strategy

- Steadfast is developing a common back office platform
 - Operational best practice
 - Pilot in FY14 before rollout
- Approximately \$600,000 of project expenditure provided for in FY14 forecasts
 - No synergy benefits in forecasts
- Leveraging White Outsourcing acquisition to deliver platform

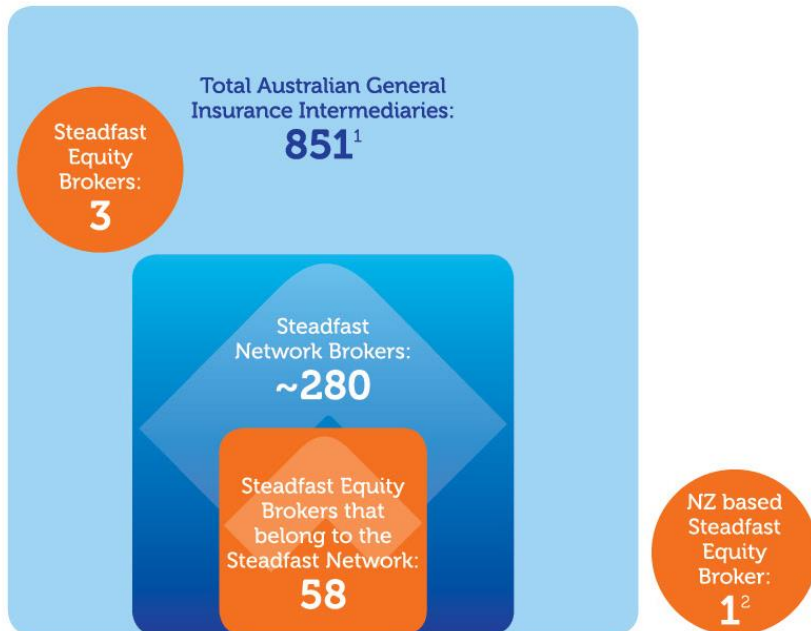
"Hubbing" strategy example



Continued growth by acquisitions



Steadfast is the natural acquirer of further interests in Steadfast Network Brokers



Steadfast Equity Brokers	62 ²
Steadfast Network Brokers	~280
Australian General Insurance Intermediaries	851

Notes:

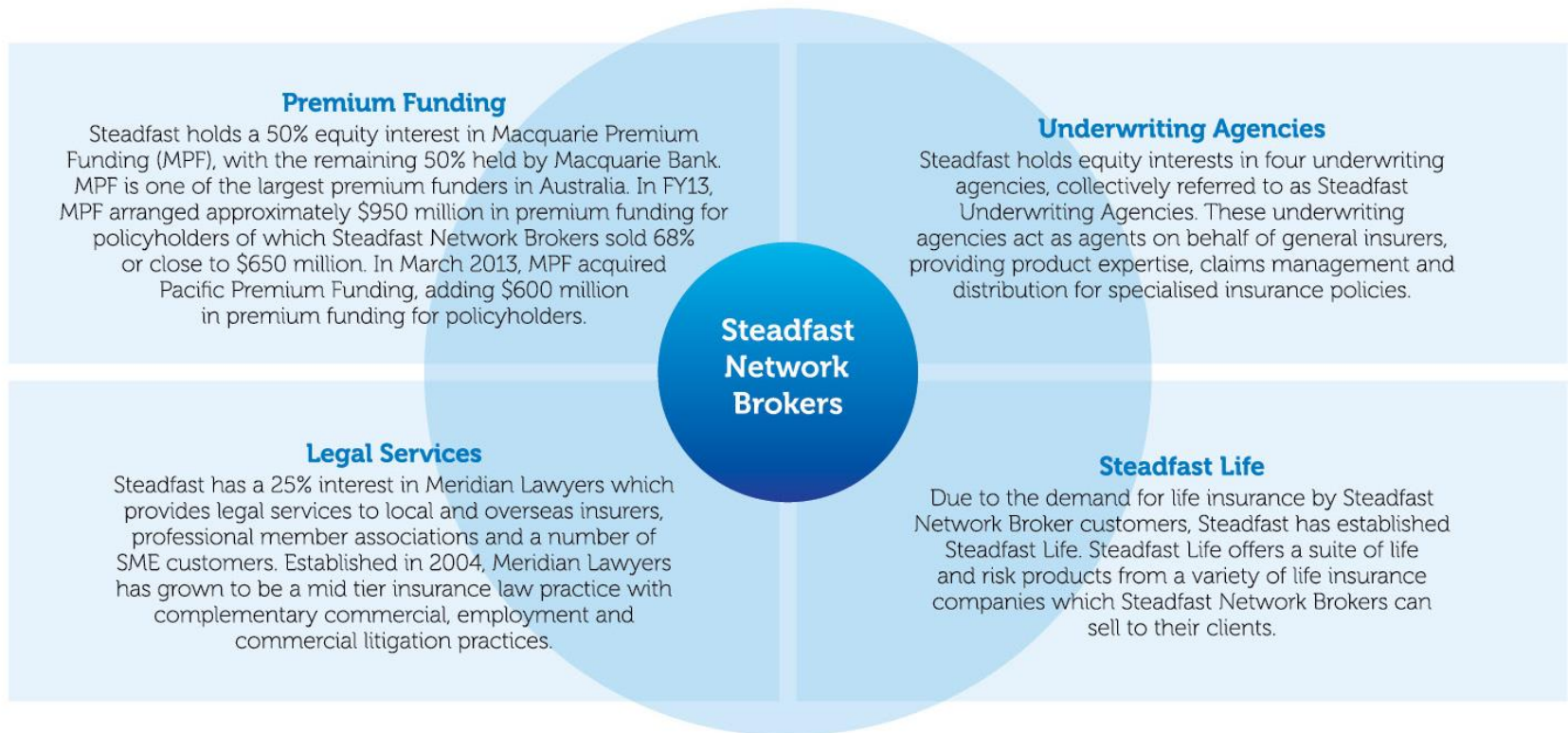
1. APRA Intermediated General Insurance Statistics December 2012 (Issued March 2013).
2. Rothbury Group, a Steadfast Equity Broker, is based in New Zealand.

Acquisition growth criteria³

- Disciplined due diligence process that takes into account both quantitative and qualitative criteria
- Acquisitions expected to be EPS accretive to shareholders within the first 12 months assuming 85% equity funding
- Intend to principally fund via debt and available cash resources in the near term
 - May also use direct equity to further align vendors

Established balance sheet capacity to support acquisitions

- Debt capacity of \$85m due to 15% gearing ratio (=debt/(debt + equity))
- \$25m cash for general corporate purposes and potential future acquisitions



- ✓ **Well placed to grow organically due to network benefits and focus on small to medium enterprise (SME) market**
- ✓ **Foundations in place to be a consolidator and acquirer of broker businesses and builder of our underwriting agencies**
- ✓ **Conservative balance sheet with capacity to fund future acquisitions**
- ✓ **Reaffirming FY14 pro-forma forecasts in the IPO prospectus including IFRS revenue of \$152.0 million and EBITA of \$60.6 million** (which excludes any future acquisitions and potential back office cost synergies)

Q&A

Appendix

Ordinary shares on issue post IPO



millions	No. of ordinary shares ¹
Ordinary shares on issue on completion of the IPO	500.9
Made up of: ²	
Re-weighting Shares	65.6
Executive Shares	10.9
Consideration Shares	134.2
IPO Shares	290.2

- 37% owned by Steadfast brokers and associates, employees, Directors and officers
- 63% free float

Notes: 1: IPO shares were issued at the Final Price of \$1.15 per share. Re-weighting Shares, Executive Shares and Consideration Shares were issued at \$1.00 per share.
2: The description of shares that make up total ordinary shares have the meaning of those terms given in the IPO prospectus.