

MARKET RELEASE

27 August 2014

Steadfast reports strong FY14 results

- Exceeded prospectus forecasts for FY14
- Pro-forma EBITA (pre Corporate Office expenses) up 15.3%
- Pro-forma cash EPS up 17.3%
- Pro-forma revenue from consolidated entities up 11.2%
- Gross written premiums (GWP) placed by Steadfast Network Brokers up 4.7%
- Final dividend of 2.7 cents per share, fully franked, to be paid on 8 October

Steadfast Group Limited ("Steadfast") (ASX: SDF) announces full year results for the 2014 financial year which exceeded June 2013 IPO Prospectus forecasts.

Mr Robert Kelly, Managing Director & CEO, stated "We exceeded Prospectus forecasts despite the insurance market softening towards the end of the financial year. Our pro-forma EBITA (pre Corporate Office expenses) increased 15.3% compared to FY13. This strong performance was helped by solid growth in M&A Fees and higher profit margins for equity brokers."

Mr Kelly added "We have made strong headway with our strategic initiatives focused on creating synergies and growth through acquisitions. Hubs have been finalised in each state of Australia and the Project 360° back office initiative is now in proof of concept with plans to pilot the process with the Sydney hub in FY15. Since the IPO, we have purchased equity interests in seven businesses which, on a full year basis, are expected to contribute around \$450 million in GWP and \$12 million in EBITA. We continue to work on acquisition opportunities as they arise."

FY14 pro-forma results¹

IFRS view (\$m)	Pro-forma Prospectus FY14	Pro-forma Actual FY14	Pro-forma Actual FY13	Pf FY14 & Pf FY13 Variance
Revenue	152.0	173.4	155.9	11.2%
EBITA pre Corporate Office (CO) expenses	67.9	70.4	61.1	15.3%
Net profit after tax (NPAT)	30.1	32.4	28.1	15.5%
EPS (cents)	6.01	6.47	5.60	15.5%
Net profit after tax and before amortisation (NPATA)	37.8	41.2	35.2	17.3%
Cash EPS (cents)	7.54	8.23	7.02	17.3%

Aggregate view (\$m)	Pro-forma Prospectus FY14	Pro-forma Actual FY14	Pro-forma Actual FY13	Pf FY14 & Pf FY13 Variance
Revenue	380.6	403.8	359.4	12.3%
EBITA pre CO expenses	103.0	105.1	92.1	14.1%

¹ The pro-forma results assume the Pre-IPO Acquisitions and the IPO Acquisitions² have been included for the full reporting period. (All of the IPO Acquisitions completed post the IPO on 7 August 2013.) The IFRS view consolidates the acquisitions based on Steadfast's respective equity interest. The Aggregate view consolidates the acquisitions on a full ownership basis (i.e. 100%).

² Where used in this release, "Pre-IPO Acquisitions" and "IPO Acquisitions" have the meaning given in the IPO prospectus.

Pro-forma revenue from consolidated entities increased by 11.2% compared to FY13 based on organic growth of 2.7% and 8.5% growth from acquisitions and hubbing. Marketing & Administration (M&A) Fees were up 9.8% year-on-year reflecting premium growth, new brokers in the Network, additional strategic partners and more M&A applicable products sold through the Network. Steadfast Network Brokers will benefit from increased M&A through their rebates.

FY14 statutory financial results

IFRS view (\$m)	FY14	FY13
Revenue ¹	185.0	37.8
EBITA from core operations (post Corporate Office)	55.2	12.3
Total comprehensive income net of tax	28.1	(13.1)

¹ Revenue includes \$4.6 million profit from revaluing the fair value of the remaining 50% equity interest in Miramar Underwriting Agency.

Our statutory results now contain 11 months of earnings contribution from our IPO Acquisitions. Included in the statutory EBITA are non-recurring items which consist of: \$4.0 million profit on changes in value of investments; \$3.3 million of due diligence and restructure costs relating to the IPO; and \$5.3 million non-cash share based payment expense for share options for key management personnel of the IPO Acquisitions and executive loans and shares.

Gross Written Premium (GWP)

GWP placed by the Steadfast Network Brokers (excluding Underwriting Agencies) in FY14 amounted to \$4.1 billion, up 4.7% compared to FY13. Steadfast no longer includes the fire service levy in its reported GWP. The growth in GWP is despite a small decline in premium rates of 0.7% which was more than offset by volume increases and new brokers joining the Network.

Post IPO Acquisitions

Over the past 12 months, Steadfast purchased equity interests in seven businesses.

Three acquired businesses are underwriting agencies and Strategic Partners: Protecsure (focus on specialised equipment, tradesmen & small business and marine transit), Nautilus Marine (marine and motorcycle) and MECONWinsure (building and construction; hospitality, leisure and entertainment). With these latest acquisitions, Steadfast Underwriting Agencies currently generate around \$200 million of annual GWP and provide a diverse mix of specialty products to sell to the Network as well as to other networks and non-aligned brokers.

Two acquired businesses are Steadfast Network Brokers: IMC and Ausure Group. IMC specialises in trade credit insurance. Ausure Group has been the largest post IPO acquisition to date and is an Authorised Representative network.

Steadfast also acquired Allied Insurance Group, the second largest broker network in New Zealand, which provides Steadfast with a bigger footprint and a potential acquisition pipeline in New Zealand. Steadfast is now the third largest distributor of general insurance products in New Zealand.

The most recent acquisition is a reinsurance broker, which has since been appropriately renamed Steadfast Re. This joint venture introduces a further complementary business to Steadfast insurance products and services. Steadfast plans to help Steadfast Re develop the business by providing access to the 306 Steadfast Network Brokers and enhancing their relationships with Strategic Partners.

Robert Kelly commented "In all the acquisitions we have made post IPO, we met our disciplined acquisitions criteria supporting our FY15 EPS growth outlook."

Robust balance sheet capacity for acquisitions

The balance sheet as at 30 June 2014 had net assets of over \$525 million and debt of \$21 million. Following Steadfast delivering on all key financial expectations for the financial year, the Board raised its conservative 15% gearing level to 20% and hence debt capacity from \$85 million to \$130 million.

Full year total dividend of 4.5 cents per share, in line with dividend policy

The Board has declared a final dividend of 2.7 cents per share, fully franked, payable on 8 October 2014 and eligible for Steadfast's dividend reinvestment plan (DRP). Steadfast plans to issue new shares at a 2.5% discount to satisfy the DRP for the final dividend. For more information on the final dividend and the DRP, please refer to Steadfast's dividend announcement lodged with the ASX this morning.

The final dividend means that the full year 2014 dividend will be 4.5 cents per share or 69% of pro-forma net profit after tax, in line with the Board's target dividend payout range.

Outlook

Steadfast considers insurance pricing to remain under pressure in FY15. However, acquisitions made in the past 12 months and actions taken to date, mean that Steadfast is forecasting cash EPS will increase 10% to 13% year-on-year. This forecast does not include the proposed scheme of arrangement to acquire Calliden Group's eight underwriting agencies announced separately today.

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast today at 11.00am (Sydney time).

- To participate in the call, please dial 1800 558 698 (toll free Australia), 0800 453 055 (toll free New Zealand) or +61 2 9007 3187 and quote the conference ID 812291.
- To access the live webcast, click onto <http://www.openbriefing.com/OB/1464.aspx> or www.steadfast.com.au and find the link in the Investor section.

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About Steadfast Group

Steadfast, established in 1996, is a broker network and provider of services to 306 insurance broker businesses across Australia, New Zealand and in Singapore. Our network of brokers and underwriting agencies generate annual billings of over \$5 billion. Steadfast also operates as a consolidator through its equity interests in a number of insurance broker businesses, a reinsurance broker, underwriting agencies, other complementary businesses and a joint venture in Macquarie Pacific Funding. For further information, please visit the Investor section of our website at www.steadfast.com.au