

MARKET RELEASE

16 February 2015

Steadfast reports 1H FY15 Results and announces Equity Raising for Acquisitions

1H FY15 results highlights

- Fees & commissions up 49.3% on 1H14
- EBITA post Corporate Office expenses up 16.6% on 1H14
- Adjusted cash EPS up 11.5% on 1H14
- Gross written premium ("GWP") placed by Steadfast Network Brokers up 6.1% on 1H14
- Interim dividend of 2.0 cents per share, fully franked, to be paid on 14 April 2015
- Calliden acquisition completed on 23 December 2014

Equity Raising for Acquisitions

- Acquisition of two underwriting agencies and one insurance broker from QBE, and one Steadfast Network Broker (the "Acquisitions")
- Placement and entitlement offer to raise a total of \$300 million to fund the Acquisitions
- Acquisitions expected to deliver further cash EPS accretion of 10% on a full year basis

FY15 cash EPS growth guidance

- Guidance for FY15 cash EPS growth revised upwards to range of 22% to 25%¹ to include Calliden and the Acquisitions, up from previous range of 10% to 13% (excluding Calliden and the Acquisitions)

Steadfast Group Limited ("Steadfast") (ASX: SDF) announces half year results for the 2015 financial year which show strong revenue and earnings growth.

1H FY15 adjusted results²

IFRS view (\$m)	Adjusted 1H FY15 ³	Pro-forma 1H FY14 ⁴	Change
Fees & commissions (\$m)	78.2	52.4	49.3%
EBITA post Corporate Office (\$m)	34.9	29.8	16.6%
NPATA (\$m)	21.0	18.8	11.5%
Cash EPS (cents)	4.18	3.75	11.5%

Strong revenue and profit growth in 1H FY15 was driven by acquisitions made post the August 2013 IPO (excluding Calliden, which was completed on 23 December 2014). These acquisitions include four underwriting agencies, four insurance brokers (including two Steadfast Network Brokers and a reinsurance broker), and the second largest broker network in New Zealand, Allied Insurance Group, which has since been rebranded to Steadfast New Zealand.

¹ Based on FY14 pro-forma cash EPS of 8.23 cents per share adjusted to 7.94 cents per share, using bonus factor to reflect re-basing of EPS as a result of the entitlement offer.

² Non-IFRS financial information including Adjusted P&L items, EBITA, NPATA and Cash EPS provides useful information to measure the financial performance and condition of Steadfast.

³ 1H FY15 results have been adjusted to exclude non-trading items including write back of executive loan provisions, due diligence and restructuring costs, and additional purchase price adjustments.

⁴ The pro-forma results assume the Pre-IPO Acquisitions and the IPO Acquisitions have been included for the full reporting period. (All of the IPO Acquisitions completed 7 August 2013.) Where used in this release, "Pre-IPO Acquisitions" and "IPO Acquisitions" have the meaning given in the IPO prospectus.

1H FY15 statutory results

IFRS view (\$m)	1H FY15	1H FY14
Revenue	108.2	73.6
EBITA from core operations (post Corporate Office)	34.5	24.8
Net profit after tax attributable to Steadfast members	13.7	8.8

Gross Written Premium (GWP)

GWP placed by Steadfast Network Brokers amounted to \$2.1 billion, up 6.1% compared to 1H FY14. The growth in GWP is comprised of organic growth of 1.5% (consisting of an 8.6% rise in volume mitigating a 7.1% decline in price) and growth from acquisitions of 4.6%.

GWP placed by Steadfast Underwriting Agencies was \$101.4 million, up 76% compared to pro-forma 1H FY14 principally due to acquisitions. This GWP figure does not include GWP from the eight Calliden agencies, which are estimated to add an additional ~\$130 million on a full year basis.

Acquisitions and Equity Raising

Steadfast is acquiring two underwriting agencies (Underwriting Agencies of Australia and CHU Underwriting Agencies) and one insurance broker (Body Corporate Brokers) from QBE for \$290 million. Steadfast has also entered into an agreement to buy the Australian and New Zealand business of IC Frith (excluding its warranty business and New Zealand based insurer), a founding member of the Steadfast Network. Together, these businesses add annual GWP of ~\$575 million and EBITA of ~\$40 million⁵.

Robert Kelly, Managing Director & CEO, commented "As the largest broker distributor of UAA and CHU products, Steadfast is the natural acquirer of these businesses. Furthermore, we are the natural acquirer of IC Frith, which was a founding member of the Steadfast Network in 1996. These Acquisitions meet our strict acquisition criteria in terms of fit, culture and EPS accretion for our shareholders."

"Acquiring the QBE agencies along with Calliden's agencies has created the largest group of underwriting agencies in Australasia and brings tremendous scale and depth to Steadfast Underwriting Agencies. On a pro-forma basis, underwriting agencies will make a similar contribution to EBITA (pre Corporate Office expenses) as insurance broking. The pro-forma annual GWP from the group owned underwriting agencies will be approximately \$765 million."

"We welcome UAA, CHU, BCB and IC Frith to the Steadfast Network and anticipate minimal integration risk particularly with respect to the QBE agencies who we have been working with for close to 20 years and which are stand-alone businesses. We also look forward to strengthening our relationship with QBE who will remain the underwriter of both agencies."

To fund these acquisitions, Steadfast is conducting a placement to institutional investors to raise approximately \$89 million, and an accelerated non-renounceable entitlement offer to raise approximately \$211 million at \$1.26 per share (fully underwritten). The expected cash EPS accretion on a full year basis from the Acquisitions and Equity Raising is around 10%.

Additional information on the Equity Raising is included at the end of this release.

⁵ Post sell-down to management of 10% for UAA and 6% for IC Frith and normalised for changes to QBE Agency distribution agreements.

Balance sheet capacity for acquisitions

Due to the increased size of the balance sheet post the Equity Raising, the expected increase in earnings attributable to the Acquisitions and current low borrowing costs, the Board has raised the upper end of Steadfast's target Corporate gearing level to 25% from 20%. This increases debt capacity post the Acquisitions and Equity Raising to \$275 million, with capacity for approximately \$118 million to fund any future acquisitions.

Interim dividend of 2.0 cents per share, in line with dividend policy and up 11% yoy

The Board has declared an interim dividend of 2.0 cents per share, fully franked, payable on 14 April 2015 and eligible for Steadfast's dividend reinvestment plan (DRP). The interim dividend is in line with the Board's target dividend payout range of 65% to 85% of net profit after tax. Steadfast plans to issue new shares at a 2.5% discount to satisfy the DRP for the interim dividend. For more information on the interim dividend and the DRP, please refer to Steadfast's dividend announcement lodged with the ASX this morning.

New shares issued under the Equity Raising will not be eligible for the interim dividend as they will be issued after the dividend record date.

Outlook

Steadfast is revising upwards its guidance for FY15 cash EPS growth to a range of 22% to 25%⁶ to include Calliden and the Acquisitions announced today, up from the previous range of 10% to 13%.

Given the timing of acquisitions made by Steadfast over the past 12 months, FY15 earnings are expected to be much more weighted to the second half compared to prior years. Specifically, the first half/second half NPATA split in FY15 is forecast at ~37%/63% versus 47%/53% in FY14.

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 123 296 (toll free Australia), 0800 452 782 (toll free New Zealand) or +61 2 8038 5221 and quote the conference ID 8777 9780.
- To access the live webcast, click onto <http://www.openbriefing.com/OB/1739.aspx> or <http://investor.steadfast.com.au/Investor-Centre/?page=Results-Centre>.

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⁶ Based on FY14 pro-forma cash EPS of 8.23 cents per share adjusted to 7.94 cents per share, using bonus factor to reflect re-basing of EPS as a result of the entitlement offer.

Additional information on the Equity Raising

As outlined, Steadfast will raise approximately \$300 million through a placement to institutional investors to raise approximately \$89 million (the Placement) and an accelerated non-renounceable entitlement offer to raise approximately \$211 million (Entitlement Offer), (together the Equity Raising). The Entitlement Offer comprises an institutional component (Institutional Entitlement Offer) and retail component (Retail Entitlement Offer).

The Equity Raising is being offered at a price of \$1.26 per share (Offer Price), which represents a discount of:

- 14% to the dividend-adjusted last closing price of Steadfast shares on Friday 13 February 2015; or
- 10% to the theoretical ex-rights price (TERP⁷).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one new Steadfast ordinary share for every three existing Steadfast shares (Entitlement) held at 7.00pm (AEDT) on Thursday, 19 February 2015 (Record Date).

Shares issued under the Equity Raising will be fully paid and rank equally in all respects with existing Steadfast ordinary shares from allotment. Shares issued under the Equity Raising will not be entitled to the interim dividend announced today.

Institutional Offer

Eligible institutional shareholders will be invited to participate in the Institutional Placement and the Institutional Entitlement Offer (together, the Institutional Offer) which will take place from today, Monday, 16 February 2015 to Tuesday, 17 February 2015. Eligible institutional shareholders can choose to take up all, part or none of their entitlement. Institutional entitlements cannot be traded on market.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild at the Offer Price on Tuesday, 17 February 2015.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 23 February 2015 and close at 5.00pm (AEDT) on Wednesday, 4 March 2015.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet ("Information Booklet"), which Steadfast expects to lodge with the ASX on Wednesday, 18 February 2015, in advance of the dispatch date (as detailed further below). For Eligible Retail Shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY[®] or by cheque by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (AEDT) on Wednesday, 4 March 2015. The Information Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on Monday, 23 February 2015.

⁷ The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Steadfast shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Steadfast Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated inclusive of the Placement, and by reference to Steadfast's dividend-adjusted last closing price on Friday, 13 February 2015.

⁸ [®] registered to BPAY Pty Ltd ABN 69 079 137 518.

Offer timetable

Announcement and trading halt	Monday, 16 February 2015
Institutional Placement and Institutional Entitlement Offer opens	Monday, 16 February 2015
Institutional Placement and Institutional Entitlement Offer closes	Tuesday, 17 February 2015
Steadfast shares re-commence trading on ex-entitlement basis	Wednesday, 18 February 2015
Information Booklet lodged with ASX	Wednesday, 18 February 2015
Record Date for the Entitlement Offer (7.00pm AEDT)	Thursday, 19 February 2015
Retail Entitlement Offer opens and despatch of Information Booklet	Monday, 23 February 2015
Settlement of Institutional Placement and Institutional Entitlement Offer	Wednesday, 25 February 2015
Allotment and normal trading of new shares issued under the Institutional Placement and Institutional Entitlement Offer	Thursday, 26 February 2015
Retail Entitlement Offer closes (5.00pm AEDT)	Wednesday, 4 March 2015
Settlement of Retail Entitlement Offer shortfall	Tuesday, 10 March 2015
Allotment of new shares issued under the Retail Entitlement Offer	Wednesday, 11 March 2015
Normal trading of new shares issued under the Retail Entitlement Offer	Thursday, 12 March 2015
Despatch of holding statements	Friday, 13 March 2015
Completion of QBE acquisitions	End of March 2015

All dates and times refer to Australian Eastern Daylight Time. Steadfast reserves the right to amend any or all of these dates and times, to accept late applications either generally or, in particular cases, to withdraw the Entitlement Offer without prior notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The commencement of quotation and trading of Entitlements and New Shares is subject to ASX confirmation.

Further information in relation to the Equity Raising will be set out in an Investor Presentation released today to ASX by Steadfast.

If you believe that you are an Eligible Retail Shareholder and you do not receive a copy of the Information Booklet or your personalised Entitlement and Acceptance Form, you can call the Steadfast Offer Information Line on 1800 810 827 (within Australia) or +61 1800 810 827 (outside Australia) from 8.30am to 5.30pm Monday to Friday until Wednesday, 4 March 2015, when the Retail Entitlement Offer closes.