



# Steadfast Group FY19 results - Analyst pack

21 August 2019

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# FY19 highlights

# Steadfast Group

## Increase in underlying earnings driven by organic and acquisition growth

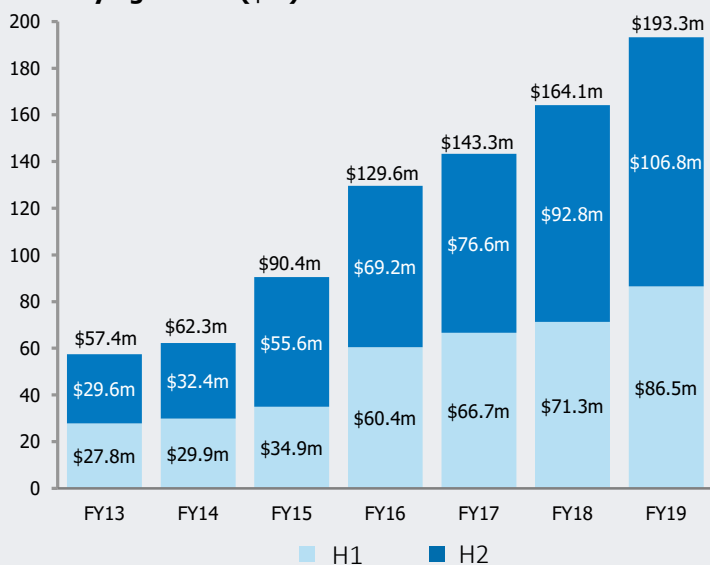
### Underlying earnings<sup>1</sup>

- EBITA<sup>2</sup> **+17.8%** to **\$193.3m**
- NPAT **+19.0%** to **\$89.2m**
- NPATA<sup>3</sup> **+17.3%** to **\$114.1m**
- Diluted EPS (NPAT) **+16.0%** to **11.27 cps**
- Final dividend **+12.8%** to **5.3 cps**
- Total dividend **+13.3%** to **8.5 cps**

### Statutory earnings

- NPAT **+36.9%** to **\$103.8m**

### Underlying EBITA<sup>2</sup> (\$m)



### Organic growth

- Underlying EBITA organic growth **\$17.9m, +10.9%**
- Driven by equity brokers and continued strong performance by the underwriting agencies
- SCTP long term targets remain intact, enhanced by IBNA
  - Below FY19 expectations due to delays from strategic partners

### Acquisition growth

- Underlying EBITA acquisition growth **\$11.3m, +6.9%**
- Driven by broker and agency acquisitions and IQumulate Premium Funding

### Investment activity

- Gross investment of **\$136m** in FY19 (net investment of \$117m)
  - Including CBN, HMIA acquisitions and IQumulate Premium Funding

### Future growth

- Unutilised debt facility of **\$90m** available at 30 June 2019 (plus free cash flow)

<sup>1</sup> For statutory reconciliation, refer to slides 47 and 48.

<sup>2</sup> Excludes impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment.

<sup>3</sup> Calculated on a consistent basis since IPO.

# Steadfast Network and equity brokers

GWP growth from continued moderate price increases from strategic partners

## Financial highlights

- Steadfast Network GWP **+16%** to **\$6.1 billion**
  - Driven by price and volume increases, growth from authorised representatives (AR) and new brokers joining the Network
  - 6%** organic growth for year (excludes statutory classes)
    - Price increases in business pack, ISR, professional risks
- Network GWP is 88% commercial lines, 12% retail

## Gross written premium (\$bn), excl. IBNA acquisition



## Operational highlights

- Growth in Steadfast Network brokers **+21** to **398** (excluding IBNA)
  - 336** brokers in the Australian Network
  - 48** brokers in the New Zealand Network
  - 14** brokers in the Singapore Network
- Significant investment activity in Steadfast Network brokers in FY19
  - 7** new equity holdings, **12** increased equity holdings, **4** hubbed
- Takeover offer for IBNA could add up to **79** brokerages and **\$1.25bn** of GWP if IBNA transaction completes with 100% acceptance
- Steadfast Client Trading Platform FY19 GWP of **\$440 million, +91%**

## Equity broker highlights (aggregate)

- Underlying revenue of **\$459.6 million, +15%**
  - Organic growth of **+8%** and acquisition growth of **+7%**
- Underlying EBITA of **\$128.2 million, +10%**
  - Organic growth of **+6%** and acquisition growth of **+4%**

**FY19 vs FY18**

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**GWP of \$6.1bn vs \$5.3bn**

**+6% organic growth**

**+8% AR network**

**+2% new brokers**

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**+16% total growth**

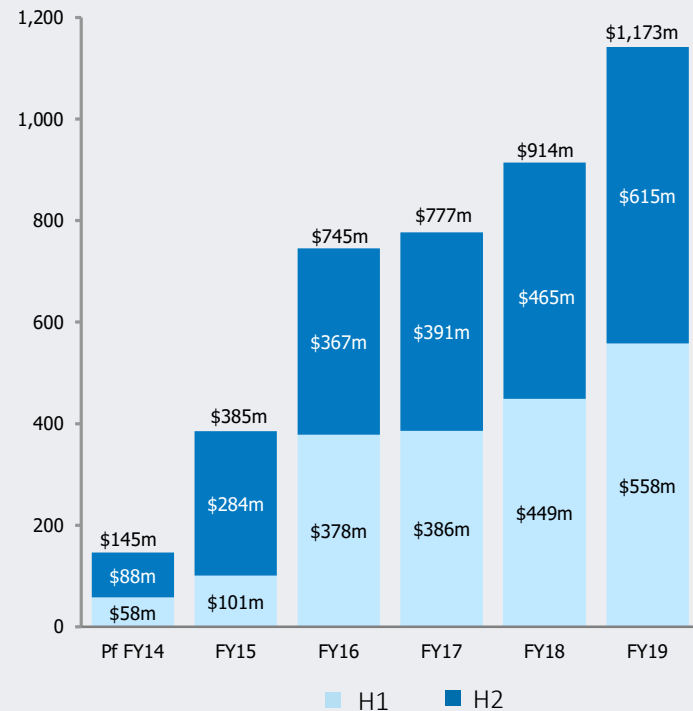
# Steadfast Underwriting Agencies

## Record GWP and underlying EBITA growth

### Financial highlights

- Steadfast Underwriting Agencies GWP **+28%** to **\$1.173 billion**
  - Primarily driven by price and volume uplift, with some acquisition growth
  - Property and business lines particularly strong
- Price rises by insurers created significant opportunities for agencies
- Underlying EBITA of **\$93.3 million, +25%**

### Gross written premium (\$m)



### Operational highlights

- 26 agencies offering over 100 niche products
- Strong performance also due to long-term strategy of closely aligning capacity providers and technology to products in order to benefit from higher premium pricing from strategic partners
- Acquired HMIA, heavy motor vehicle specialist
- Increasing return on investment in 'greenfield' agencies as products gain traction in the market
- London 'super' binder – pressure on remuneration offset by increase in volume
- Four of the London 'super' binder insurance classes are now live on the Steadfast Client Trading Platform

### FY19 vs FY18

GWP of **\$1.173bn vs \$914m**

**+22% organic growth**

**+6% acquisition growth**

**+28% total growth**

# Our insurTech

## Steadfast Client Trading Platform and INSIGHT

### Steadfast Client Trading Platform (SCTP)

- **8** business lines and **13** insurer and underwriting agency partners live on SCTP
- SCTP delivers strong client outcomes, addressing several issues raised by the Hayne Royal Commission
  - Genuine contestable marketplace, generating improved pricing competition, coverage and marketing each time a policy is quoted or renewed
- 80% of Steadfast Network GWP could potentially be transacted on SCTP in Australia, of which 60% is our target to be transacted through SCTP in the next 4 years
- Potential addition of 79 IBNA brokerages and ~\$1.25bn of GWP to Australian network which expands potential user base for SCTP (if IBNA transaction completes with 100% acceptance).
- SCTP usage up 91%, with over 300 brokers using the platform
- Latest developments:
  - Allianz live on business pack
  - Berkley live on liability
  - Chubb in pilot on business pack
  - Investment required to develop auto-rater for insurers for liability and PI
  - NZ roll-out

### INSIGHT (client relationship management and back office system for brokers)

- **112** brokers live on INSIGHT, with over 2,500 licenced users
- Additional **34** brokers committed to migrate onto INSIGHT, ongoing discussions with another **88** brokers

**\$440m**

GWP transacted through SCTP in FY19

**+91%**

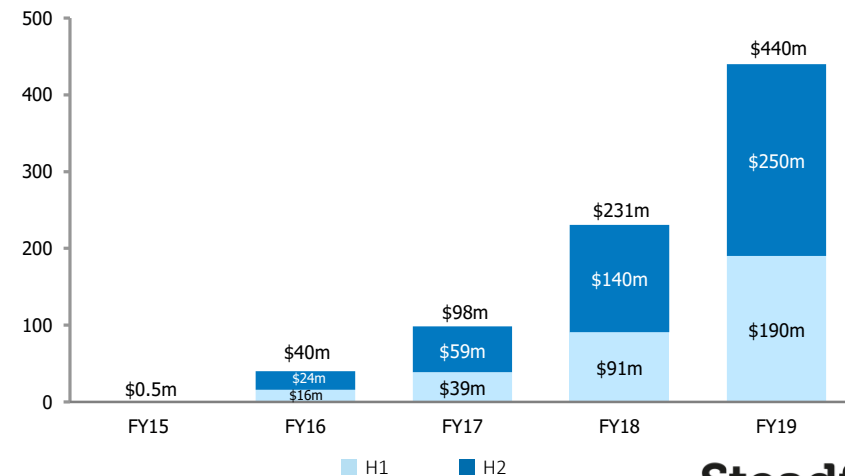
year-on-year growth in GWP transacted through SCTP

**300+**

brokers have used the SCTP

### Steadfast Client Trading Platform (SCTP)

Gross Written Premium (\$m)



A group of business professionals are gathered around a table in a meeting room. A woman in the center is writing in a notebook. The room has large windows in the background. A blue diagonal overlay covers the left side of the image.

# FY19 financial summary



# Group financial performance

## Strong underlying earnings growth

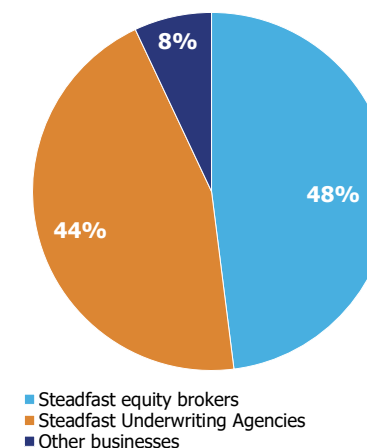
12 months to 30 June \$ million	Underlying FY19 <sup>1</sup>	Underlying FY18	Year-on-year growth %
Revenue <sup>1,2</sup> (\$m)	688.3	567.0	21.4%
EBITA <sup>2</sup> (\$m)	193.3	164.1	17.8%
NPAT <sup>1</sup> (\$m)	89.2	75.0	19.0%
Diluted EPS (NPAT) (cents)	11.27	9.71	16.0%
NPATA <sup>3</sup> (\$m)	114.1	97.3	17.3%
Diluted EPS (NPATA) (cents)	14.42	12.60	14.4%

- Growth across Steadfast Group driven by:
  - Premium price and volume uplift
  - Organic and acquisition growth from equity brokers
  - Particularly strong organic growth from Steadfast Underwriting Agencies
- Full conversion of NPATA into cash
- Statutory NPAT of \$103.8m, including \$14.6m of net non-trading gains

Cash flow summary \$ million	FY19
Operating cash flow	117.7

**Full conversion of NPATA into cash**

**FY19 underlying EBITA mix**



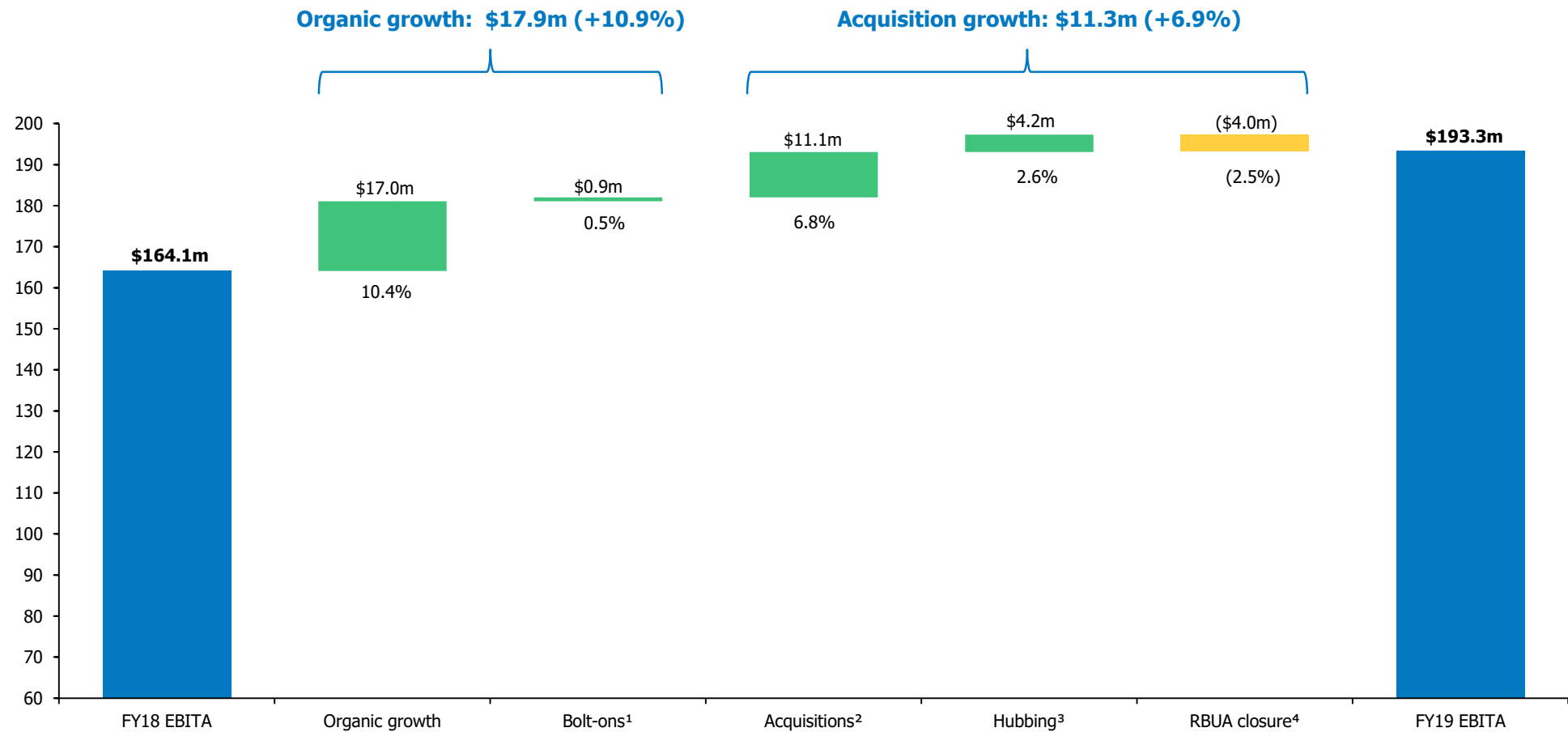
<sup>1</sup> Underlying financial data reconciled to statutory data on slides 47 and 48.

<sup>2</sup> Excludes impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment.

<sup>3</sup> Calculated on a consistent basis since IPO.

# Drivers of 17.8% growth in underlying EBITA

Organic and acquisition growth



<sup>1</sup> Acquisitions completed by existing equity businesses.

<sup>2</sup> New equity businesses.

<sup>3</sup> When two or more equity businesses are merged to create sales and back office cost efficiencies.

<sup>4</sup> Residential Builders Underwriting Agency (RBUA) closed in Feb 2018.

# Equity brokers

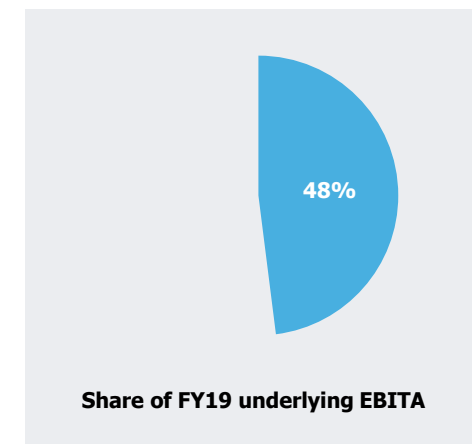
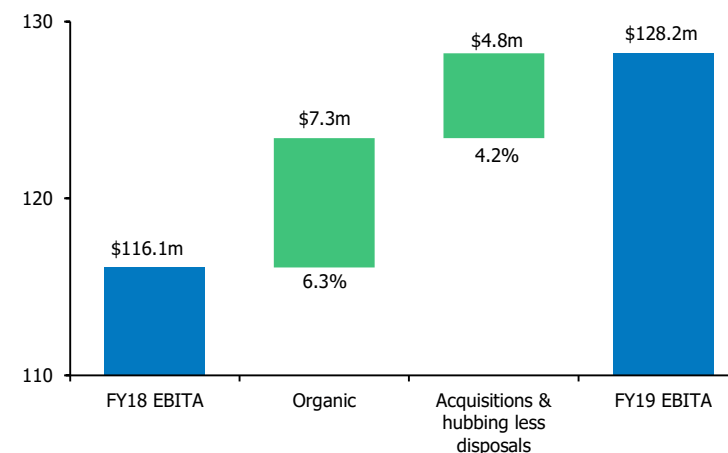
## Organic and acquisition growth

### Equity brokers – consolidated & equity accounted (assuming 100% ownership)

12 months to 30 June \$ million	Underlying FY19	Underlying FY18	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing % <sup>1</sup>
Net fees & commissions <sup>2</sup>	383.4	334.8	14.5%	7.3%	7.2%
Net revenue <sup>2</sup>	433.0	380.0	13.9%	7.0%	6.9%
<b>EBITA</b>	<b>128.2</b>	<b>116.1</b>	<b>10.5%</b>	<b>6.3%</b>	<b>4.2%</b>
Net revenue <sup>2</sup> ('traditional' brokers only)	310.4	281.3	10.3%	5.1%	5.2%
<b>EBITA ('traditional' brokers only)</b>	<b>99.3</b>	<b>89.7</b>	<b>10.8%</b>	<b>5.1%</b>	<b>5.7%</b>

- EBITA of **\$128.2m (+10.5%)** from all equity brokers
  - Driven by both organic and acquisition growth
  - Growth in net fees & commissions driven by hardening market and volume growth
  - Fee & commission split of ~30%/70% in-line with historic average
- EBITA from 'traditional' brokers of **\$99.3m (+10.8%)** (excludes AR networks and wholesale, life insurance and trade credit brokers)

### EBITA growth: FY18 – FY19



# Steadfast Underwriting Agencies

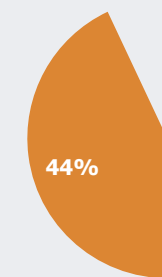
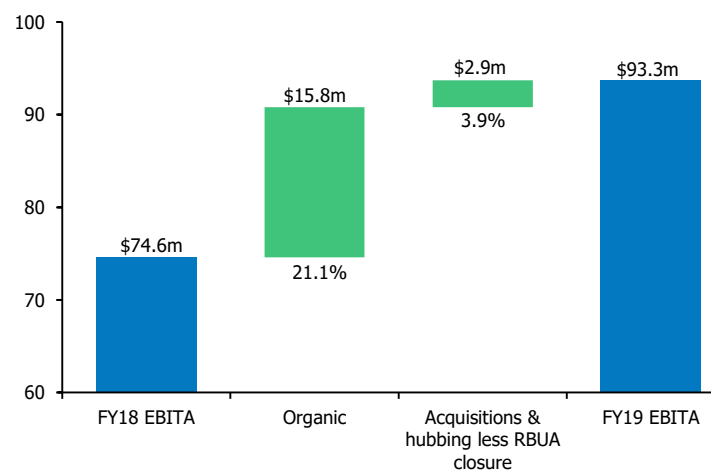
Strong organic growth driven by price and volume

## Steadfast Underwriting Agencies – consolidated & equity accounted (assuming 100% ownership)

12 months to 30 June \$ million	Underlying FY19	Underlying FY18	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing% <sup>1</sup>
Net fees & commissions <sup>2</sup>	188.3	154.3	22.0%	17.6%	4.4%
Net revenue <sup>2</sup>	194.0	159.1	21.9%	17.7%	4.2%
EBITA	93.3	74.6	25.0%	21.1%	3.9%

- Net revenue growth driven by strong price and volume increases
  - Insurers continuing to increase premiums providing opportunities for agencies
- Strong performance led to underlying EBITA growth of **25.0%**

### EBITA growth: FY18 – FY19



Share of FY19 underlying EBITA

# Statutory balance sheet

Strong balance sheet with capacity for future growth

\$ million	30 Jun 19	30 Jun 18
Cash and cash equivalents	117	77
Cash held on trust	427	311
Premium funding receivables	76	-
Trade & other receivables <sup>2</sup>	172	157
<b>Total current assets</b>	<b>792</b>	<b>544</b>
Goodwill	945	816
Identifiable intangibles	193	172
Equity accounted investments	128	146
Other (including PPE, deferred tax assets)	99	68
<b>Total non-current assets</b>	<b>1,365</b>	<b>1,201</b>
<b>Total assets</b>	<b>2,157</b>	<b>1,745</b>
Trade & other payables <sup>2</sup>	510	362
Borrowings	26	1
Premium funding borrowings and payables	70	-
Deferred consideration	28	3
Other (including tax payable, provisions)	41	36
<b>Total current liabilities</b>	<b>675</b>	<b>402</b>
Borrowings	311	218
Deferred consideration	6	1
Deferred tax liabilities – customer relationships	49	45
Remaining deferred tax liability & other	21	22
<b>Total non-current liabilities</b>	<b>387</b>	<b>286</b>
<b>Total liabilities</b>	<b>1,062</b>	<b>688</b>
<b>Net assets</b>	<b>1,095</b>	<b>1,057</b>
Non-controlling interests	80	59

Corporate debt facilities, \$ million	Maturity	Total	Available at 30 Jun 2019
Facility A	Aug 2021	335	69
Facility B	Aug 2021	50	21
<b>Total available</b>		<b>385</b>	<b>90</b>

- Increased debt facilities by \$100m to \$385m in October 2018
- Maturity date extended by one year to August 2021
- Significant headroom in financial debt covenants
- Unutilised debt facility of **\$90m** available at 30 June 2019 for future growth
- Total Group gearing within Board approved maximum:

Gearing ratio	Actual	Max
Total Group <sup>1</sup>	23.9%	30.0%

Total borrowings, \$ million	Total
Group facility borrowings	291
Subsidiary borrowings	46
<b>Total</b>	<b>337</b>

<sup>1</sup> Calculated as corporate plus subsidiary debt but excluding premium funding debt/(corporate plus subsidiary debt but excluding premium funding debt plus equity).

<sup>2</sup> Previously grossed up for insurance premiums due from client to broker, presented on a net basis from FY19

# Acquisition of IQumulate

## Impact on balance sheet and statutory profit

\$ million	Group 30 Jun 19	IQumulate 30 Jun 19 Pro forma impact	Group 30 Jun 19 Pro forma
Cash and cash equivalents	117		117
Cash held on trust	427		427
Premium funding receivables	76	+445	521
Trade & other receivables	172		172
<b>Total current assets</b>	<b>792</b>	<b>+445</b>	<b>1,237</b>
Goodwill	945		945
Identifiable intangibles	193		193
Equity accounted investments	128		128
Other (including PPE, deferred tax assets)	99		99
<b>Total non-current assets</b>	<b>1,365</b>	<b>0</b>	<b>1,365</b>
<b>Total assets</b>	<b>2,157</b>	<b>+445</b>	<b>2,602</b>
Trade & other payables	510		510
Borrowings	26		26
Premium funding borrowings and payables	70	+445	515
Deferred consideration	28		28
Other (including tax payable, provisions)	41		41
<b>Total current liabilities</b>	<b>675</b>	<b>+445</b>	<b>1,120</b>
Borrowings	311		311
Deferred consideration	6		6
Deferred tax liabilities – customer relationships	49		49
Remaining deferred tax liability & other	21		21
<b>Total non-current liabilities</b>	<b>387</b>	<b>0</b>	<b>387</b>
<b>Total liabilities</b>	<b>1,062</b>	<b>+445</b>	<b>1,507</b>
<b>Net assets</b>	<b>1,095</b>	<b>0</b>	<b>1,095</b>
Non-controlling interests	80		80

- Steadfast Group acquired the remaining 50% of Macquarie Premium Funding (renamed IQumulate) late in FY19 to hold 100% - now held on balance sheet as a subsidiary

### Impact on balance sheet

- The acquisition and funding model change will result in up to ~\$515 million of premium funding borrowings and payables (with corresponding receivables) on the Group balance sheet post FY19 year-end (~\$70 million at 30 June 2019)
  - Liabilities only relate to IQumulate receivables, no recourse to Steadfast Group
- Credit risk is mitigated by:
  - Cancellation of policy with funds returning to IQumulate
  - Risk of default carried by trade credit insurers
- Corporate debt financiers carve out IQumulate for financial covenants and lending limits as premium funding secured only over assets held by IQumulate

### Impact on statutory profit

- Accounting standards changed on 1 July 2018 to bring forward revenue recognition for IQumulate
- This will be reversed in FY20 as new funding arrangements take effect – this will negatively impact statutory NPAT in FY20 by \$3m
- This one-off impact will not be included the calculation of FY20 underlying earnings

# Acquisition of professional services fees from IBNA and Network brokerages

## Impact on statutory results

### IBNA

- As previously announced, proposed takeover offer for IBNA for consideration of up to \$70m in Steadfast Group shares
  - Up to 21.4m shares to be issued based on a volume weighted average share price of \$3.28 (as at 26 June 2019)<sup>1</sup>
- IBNA shareholders will receive 2.54 new Steadfast Group shares for every 1 IBNA share (based on the IBNA register as at close of business on 20 August 2019)
- If all IBNA shareholders accepted the offer, there would be c\$8m in annualised underlying EBITA after factoring in costs to service a larger Network
- FY20 guidance assumes a minimum of 80% take up by IBNA shareholders

### Steadfast Network brokerages

- Possible acquisition of PSF fee rebate revenue stream from Steadfast Network brokerages ("PSF Rebate Acquisition")<sup>2</sup>
- Subject to eligibility requirements, proposed that brokerages would have the option of cash or shares as consideration
- Should it proceed and all brokerages take up this offer, Steadfast estimates that total consideration of \$120 million would be payable and it is expected that the acquisition would add c\$14.4 million in annualised underlying EBITA

### Impact of acquisition of IBNA and PSF Rebate Acquisition on statutory results

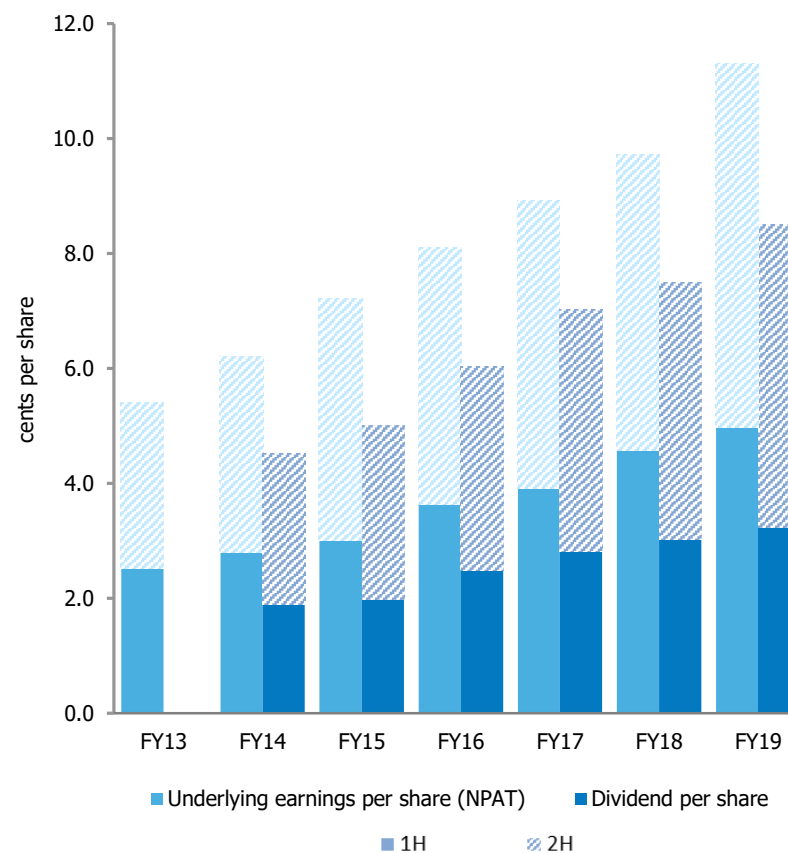
- Typically an acquisition of a business would give rise to intangible assets (customer list, goodwill etc)
- However, it is anticipated that any consideration paid will be expensed under Australian Accounting Standards in the Group's FY20 statutory accounts (and could lead to a statutory loss)
  - This statutory loss will be added back as a non-trading item to calculate underlying FY20 earnings
  - This will not impact Steadfast's ability to pay franked dividends in FY20 under its dividend policy
- If both transactions had 100% take up, the statutory expense would be expected to be \$190m
- Corporate debt financiers have accepted this 'add back' when calculating FY20 financial covenants



# Final FY19 dividend

## Final dividend up 13%

- Final FY19 dividend of **5.3 cps** (fully franked), up from 4.7 cps in FY18, **+12.8%**
- Total FY19 dividend of **8.5 cps** (fully franked), **+13.3%**
  - Final dividend payout ratio of 76%, within target of 65% to 85% of underlying NPAT
- Dividend Reinvestment Plan (DRP) to apply to the FY19 final dividend; no discount
  - DRP shares will be a new issue
- Key dates for final FY19 dividend:
  - Ex date: 23 August 2019
  - Dividend record date: 26 August 2019
  - DRP record date: 27 August 2019
  - Payment date: 20 September 2019





A photograph of three business professionals in a modern office setting. A woman with blonde hair is seated at a desk, looking towards the right. A man with a beard is seated next to her, also looking right. In the foreground, the back of another man's head and shoulders is visible, looking towards the same direction. The office has large windows in the background, and the desk has a keyboard, mouse, and tablet. A large blue diagonal overlay covers the left side of the image, containing white text.

# **FY20 guidance & details of equity raising**

# FY20 guidance

## Continued growth in earnings

### Outlook and assumptions

- 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% requesting cash)<sup>1</sup>; and
- Completion of a fully underwritten placement to raise approximately \$100 million and accompanying Share Purchase Plan<sup>2</sup>.

### Guidance<sup>2,3</sup>

Underlying EBITA	\$215 million – \$225 million
Underlying NPAT	\$100 million - \$110 million
Underlying diluted EPS (NPAT) <sup>4</sup> growth	5% - 10%

<sup>1</sup> The PSF Rebate Acquisition and its structure should it proceed, remains subject to further consideration and approval of the Board

<sup>2</sup> Also see pages 48-52 of the 2019 Annual Report and key risks on slides 28 to 38 of the FY19 investor presentation

<sup>3</sup> Excludes impact from accounting treatment of acquisition of PSF from IBNA and Steadfast Network brokerages, and change to IQumulate funding model

<sup>4</sup> Includes allowance for issue of new shares for the equity raising and IBNA and Steadfast Network transactions

# Details of equity raising

Fully underwritten placement to raise approximately \$100 million

## Potential use of funds

Consideration for possible PSF Rebate Acquisition <sup>1</sup>	\$8 million
Costs of transactions	\$3 million
Available for committed expenditure, future acquisitions and general corporate purposes	\$89 million
<b>Total raised</b>	<b>\$100 million</b>

- Post placement total Group gearing ratio (excluding premium funding debt) is expected to be c.21% (30 June 19 : 23.9%). The pipeline of acquisitions remains strong.

# Appendices

**Steadfast Group (slide 21)**

**Steadfast Network (slide 27)**

**Steadfast Underwriting Agencies (slide 34)**

**Key initiatives (slide 36)**

- **Our insurTech (slide 37)**
- **International footprint (slide 43)**

**FY19 detailed financials (slide 45)**



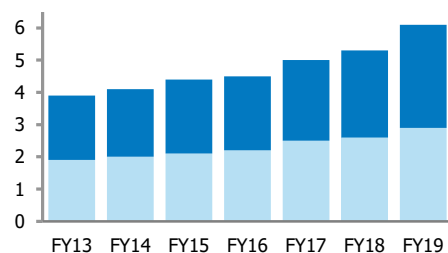


# Steadfast Group

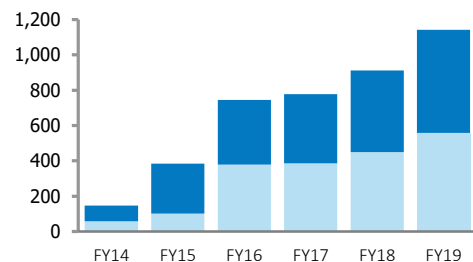
# Steadfast Group

Our track record since listing on the ASX

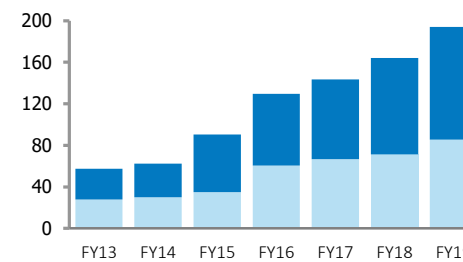
**Steadfast Network GWP (\$bn)**



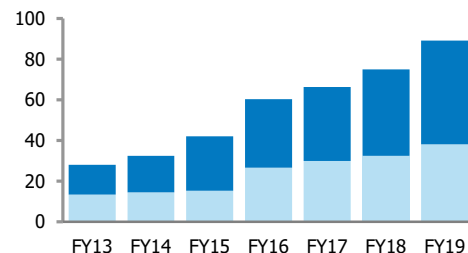
**Steadfast Underwriting Agencies GWP (\$m)**



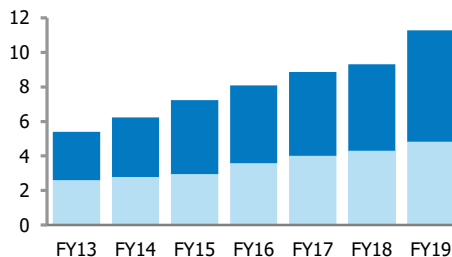
**Underlying EBITA (\$m)**



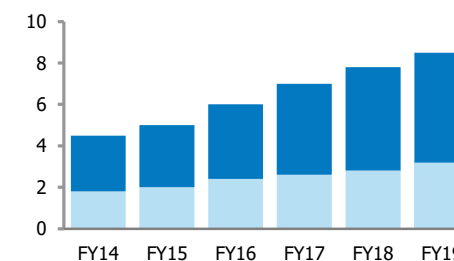
**Underlying NPAT (\$m)**



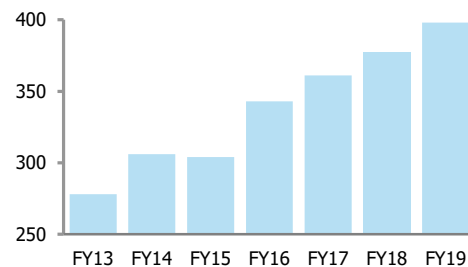
**Underlying EPS (NPAT) (cents per share)**



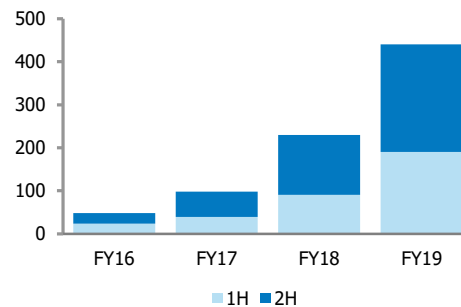
**DPS (cents per share)**



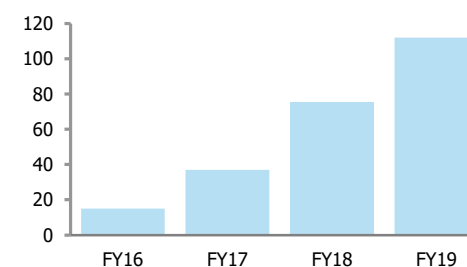
**Steadfast Network brokers**



**Steadfast Client Trading Platform GWP (\$m)**



**Brokers on INSIGHT**

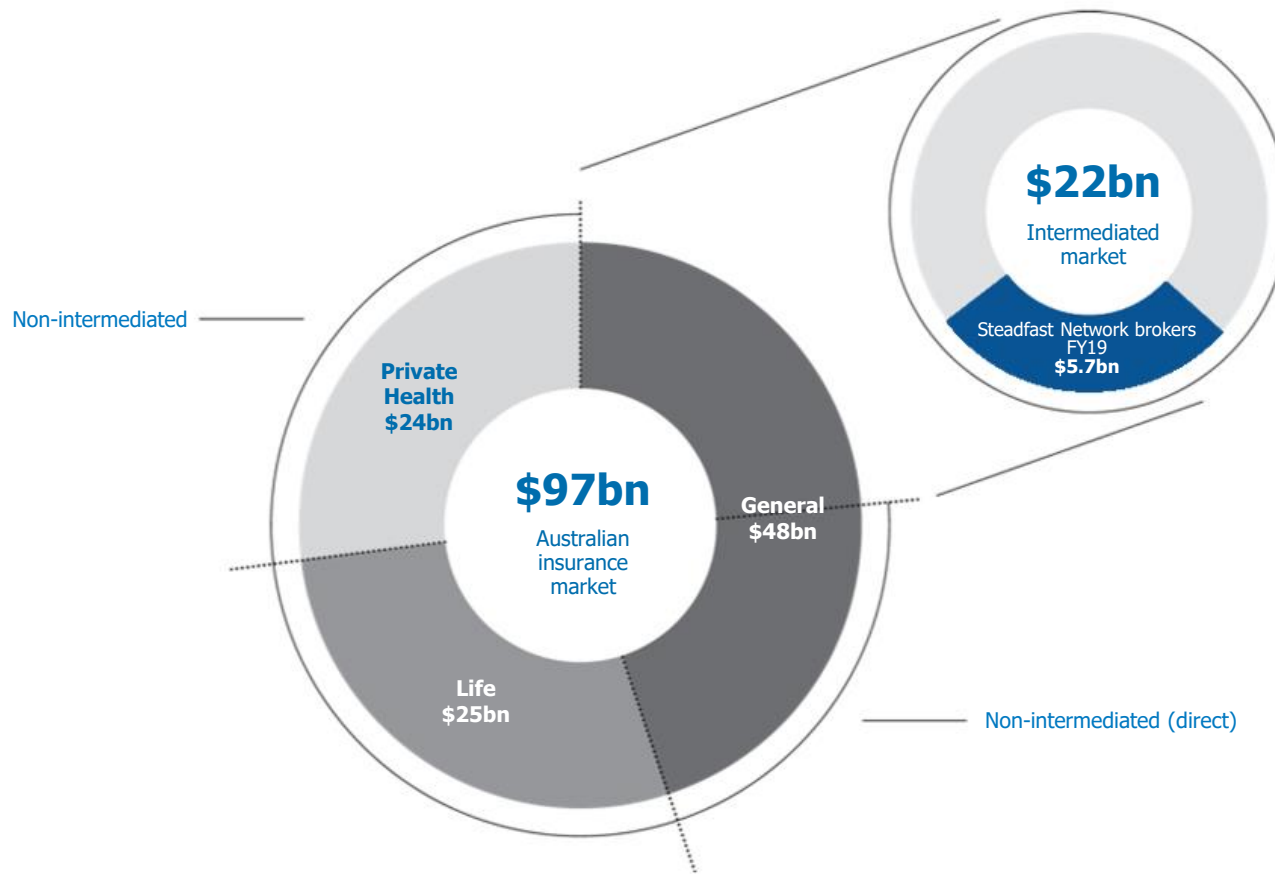


■ 1H ■ 2H

# Our market

\$22 billion of intermediated general insurance GWP written in CY18

## Australian market – gross written premium<sup>1</sup>



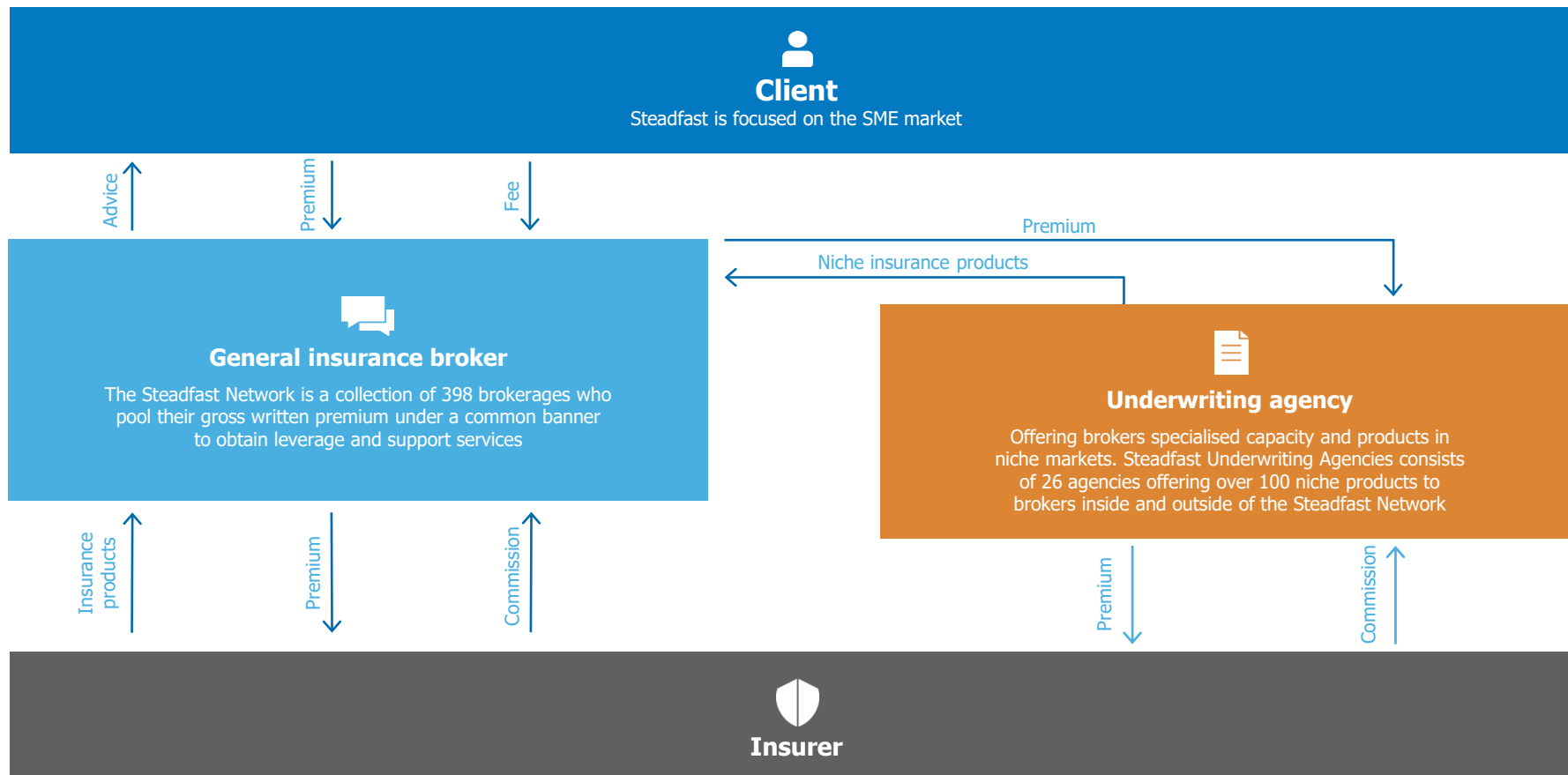
**Steadfast Group is focused on the intermediated general insurance market**

**84% of our client base is small to medium size enterprises (SMEs) with less pricing volatility**

<sup>1</sup> APRA Quarterly General Insurance Performance Statistics (March 2019), Steadfast Group and APRA Intermediated General Insurance Performance Statistics (December 2018).

# Broker and underwriting agency model

Advice based offering primarily focused on SME market





# Steadfast Group

Three business units focused on intermediated general insurance market

## Steadfast Group (listed on ASX)

### Steadfast Network

**398** general insurance brokerages

Steadfast Group has equity holdings in **65** brokerages (all of which are members of the Steadfast Network)

### Steadfast Underwriting Agencies

**26** underwriting agencies

Steadfast Group has equity holdings in all **26** underwriting agencies

### Complementary Businesses

**7** businesses supporting the Steadfast Network and Steadfast Underwriting Agencies including Steadfast Technologies (100% owned)

Mixture of wholly owned, part-owned and joint venture businesses

# Steadfast Group

## Size and scale

### Largest general insurance broker network in Australasia

Annual GWP<sup>1</sup>  
**\$6.1** billion  
 Steadfast Network brokerages

**398**

### Largest group of underwriting agencies in Australasia

Annual GWP<sup>1</sup>  
**\$1.2** billion  
 Underwriting agencies

**26**

**Steadfast Network** collects professional services and other fees

### Complementary businesses

**IQumulate**  
 Premium Funding

100% joint venture in premium funder

**Steadfast Life**

Specialist life insurance broker, 50% owned

**Steadfast**  
 BUSINESS SOLUTIONS

Back-office service provider, 100% owned

**Steadfast**  
 TECHNOLOGIES

**VIRTUAL UNDERWRITER**

**INSIGHT**

**WHO**  
 WORK HEALTH OPTIONS  
 SUPPORT WHAT YOU NEED IT

Work health consultancy, 57% owned

**Steadfast Re**  
 Reinsurance Brokers

Reinsurance broker, 50% owned

**MERIDIAN**  
 LAWYERS

Legal practice, 25% owned

**UNDERWRITER CENTRAL**

Technology service arm, 100% owned



# Steadfast Network

# Steadfast Network

## Largest general insurance broker Network in Australasia

### Steadfast Network

The Steadfast Network has 398 general insurance brokerages in Australia, New Zealand and Singapore who receive superior market access, exclusive products and services backed by the size and scale of the Steadfast Group. Brokers in the Network have access to over 160 products and services which support their business and allow them to focus on their clients' insurance and risk management needs. Key benefits of being a Steadfast Network broker include improved policy wordings, broker services, exclusive access to Steadfast's technology and triage support for challenging claims.

Steadfast Network brokers receive all of these products and services at no cost to them.

Insurer partners have access to over \$6.1 billion of gross written premium from the small-to-medium enterprise market through the Steadfast Network.

Steadfast Group also holds a 40% stake in unisonSteadfast which is separate from the Steadfast Network. unisonSteadfast broker numbers are disclosed separately to the Steadfast Network (see slide 44 for more detail).

### Exclusive to Steadfast Network brokers



**Scale and strength**  
Size gives us strong relationships with insurer partners.



**Products and services**  
Access to over 160 services supporting their business & clients.



**Technology**  
Specialised technology services.



**Helplines**  
Legal, contractual liability, compliance, human resources & technical.



**Steadfast triage**  
Provides expert support across claims, ethics & placement.



**Training and networking events**  
Market-leading professional development through face-to-face & webinars.



**Erato PI program**  
Professional indemnity cover for Steadfast Network brokers.



**Marketing**  
Sales and marketing support.



**Policy wordings**  
Market-leading wordings utilising broker & triage input.



**Market access**  
Access to the leading insurance providers from Australia & around the world.

### Strategy

- Operate a network that is stronger together and the network of choice for brokers
- Build and develop strong relationships with insurers and other strategic partners
- Grow international presence
- Be the best solution for our clients' needs
- Develop leading technology solutions to enable brokers to obtain competitive pricing and terms to retain and attract clients

### Major insurer partners



### Steadfast Network (excl. IBNA)

# \$6.1bn

gross written premium in FY19

# 398

brokerages in the Network

### Premium funding partners



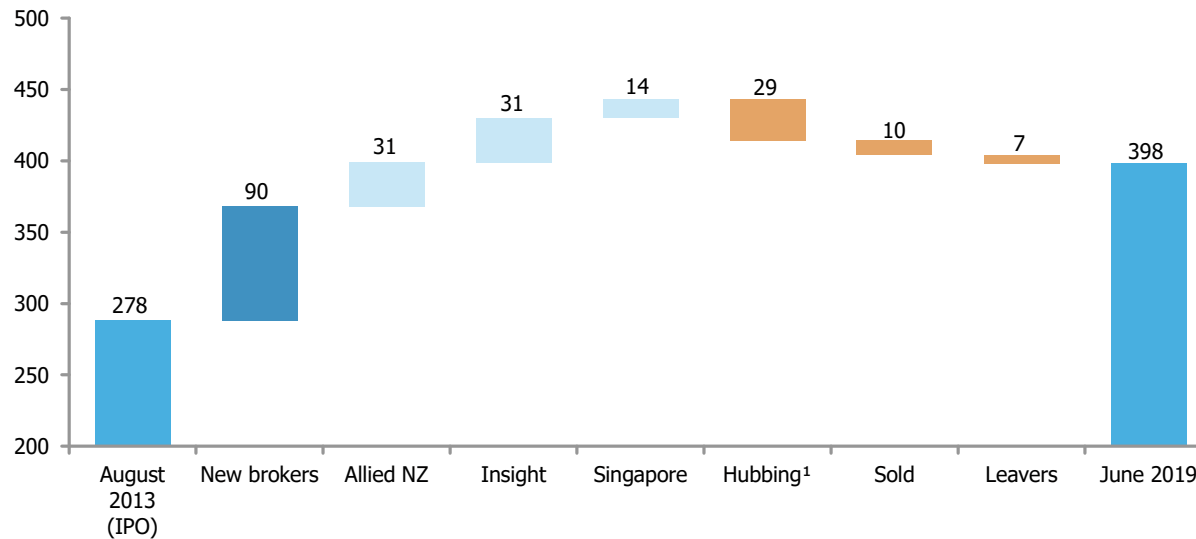
### Strategic partner



# Steadfast Network

165 brokers have joined the Steadfast Network since IPO

Number of Steadfast Network brokers, excluding IBNA

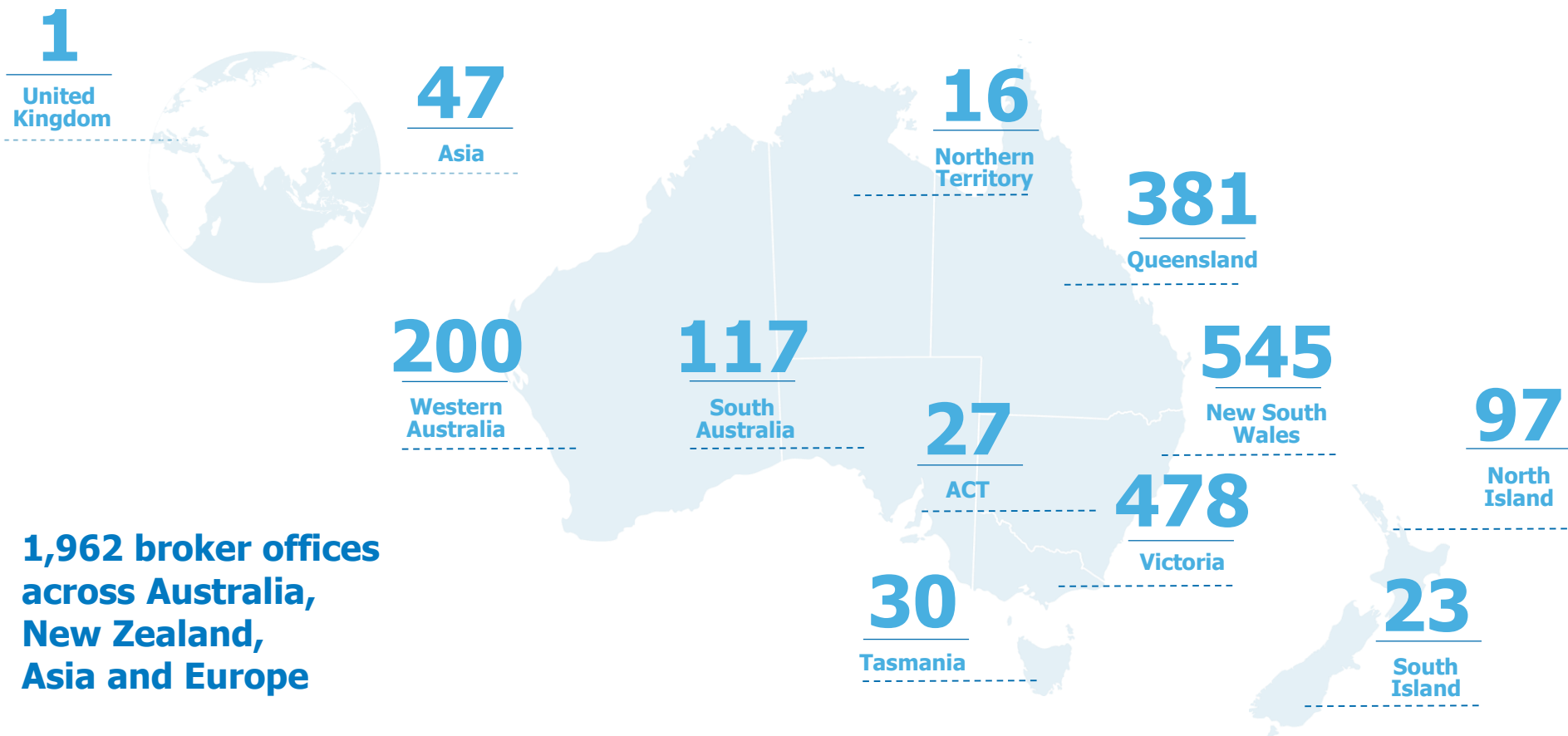


Largest general insurance broker network in Australia with 26% market share by GWP<sup>2</sup>

- 21 brokerages joined in FY19
- 166 brokers have joined and only seven brokerages have left the Network since the IPO
- Over 160 products and services available to the Network
- Steadfast Client Trading Platform and INSIGHT initiatives generating heightened interest in Network value proposition worldwide

# Steadfast Network

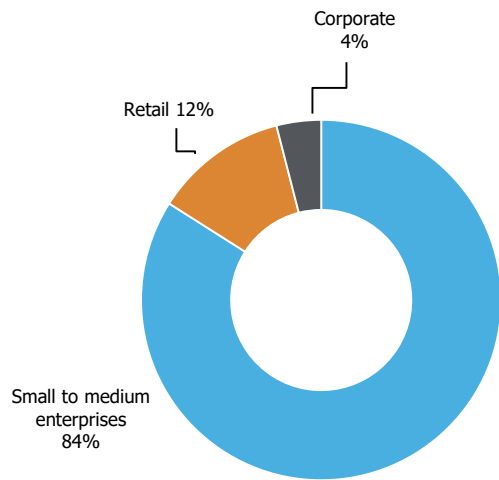
Worldwide broker offices (excluding IBNA and unisonSteadfast)



# Steadfast Network

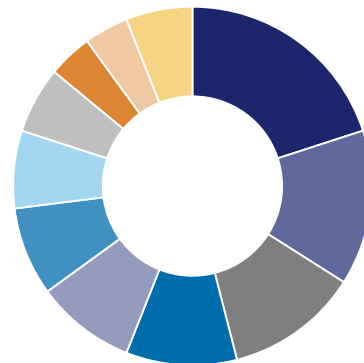
## Australia – resilient SME client base

**GWP mix**<sup>1,2,3</sup>



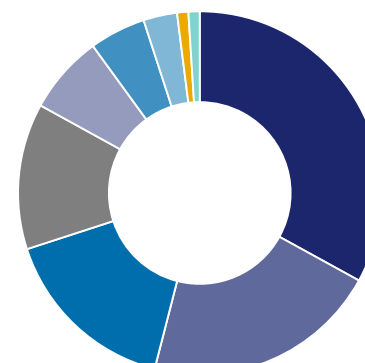
- 88% commercial lines, 12% retail
- 84% of client base relates to small-to-medium size enterprises (SMEs) with less pricing volatility
- Focus is on advice
- Low exposure to Corporate (4%) which is exposed to more significant pricing pressure

**Diversified by product line**



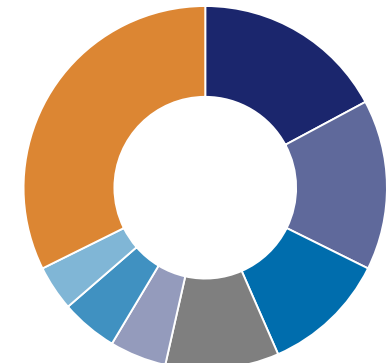
- Business pack 20%
- Commercial motor 14%
- Retail home & motor 12%
- Commercial property & ISR 10%
- Liability 9%
- Professional risks 8%
- Statutory covers 7%
- Strata 6%
- Rural & Farm 4%
- Construction & engineering 4%
- Other 6%

**Diversified by geography**



- VIC 33%
- NSW 21%
- QLD 16%
- WA 13%
- NZ 7%
- SA 5%
- TAS 3%
- ACT 1%
- NT 1%

**Diversified by insurer**



- CGU 17%
- QBE 15%
- Allianz 11%
- Vero 10%
- AIG 5%
- Chubb 5%
- Zurich 4%
- Various underwriting agencies, small insurers, Lloyd's and other small brokers 33%

<sup>1</sup> Based on FY19 GWP excluding New Zealand.

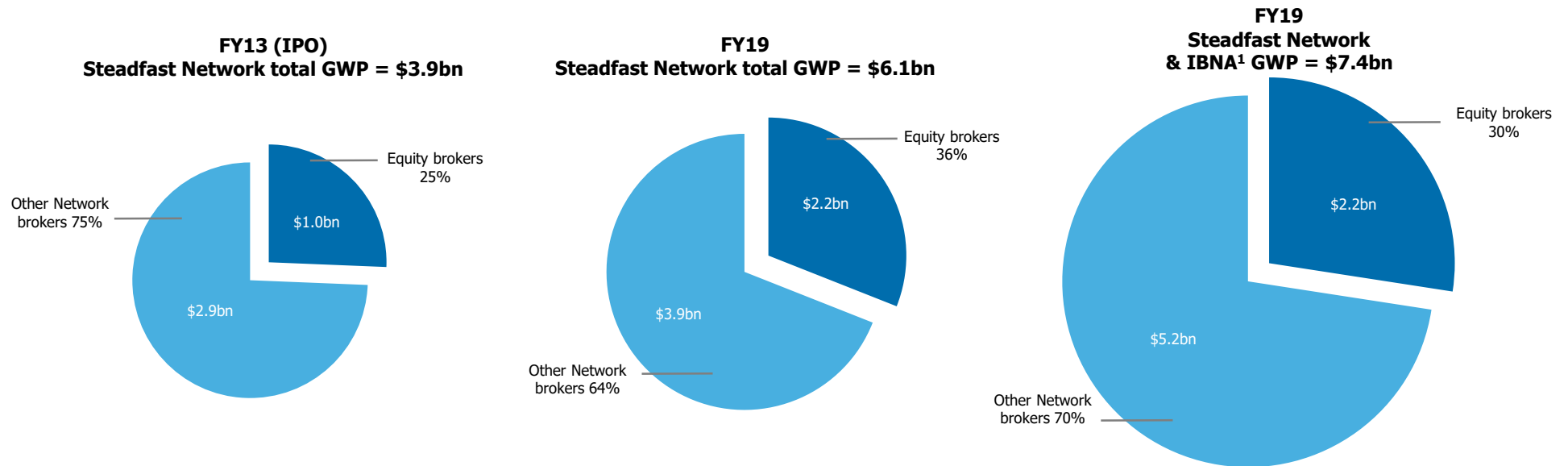
<sup>2</sup> Allocation based on policy size (retail <\$50k, \$50 – \$250k and 250k+).

<sup>3</sup> Metrics above consist of non-IFRS financial information used to measure the financial performance and condition of Steadfast.

# Steadfast Group

## Increasing Steadfast Group's share of growing Network GWP

- The Steadfast Network is a key driver of Steadfast Group
  - Steadfast Group earns professional service fees (PSF) from insurer partners which are used as a revenue stream to provide products and services to the Steadfast Network
  - Steadfast Group has equity holdings in 65 (after hubbing) of the 398 brokerages in the Steadfast Network and receives an ongoing share of dividends from these brokerages



- Growth of the Steadfast Network benefits Steadfast Group
  - Professional Services Fees grow as the Steadfast Network grows
  - Steadfast Group continues to be a natural acquirer of Steadfast Network brokerages



# Investment activity

## Active investment management

	2H19	1H19	2H18	1H18	2H17	1H17	2H16	1H16
Acquisitions (including bolt-ons)	2	5	4	7	2	7	8	2
Increased equity holdings	5	7	4	8	5	7	7	4
Hubbed	3	1	2	-	2	5	1	3

### Equity brokers (including bolt-ons)

- Disciplined acquisition criteria based around cultural fit, strategic alignment and financial performance
- Strong pipeline of potential opportunities in and outside of the Steadfast Network
- CBN authorised representative network acquired October 2018

### Steadfast Underwriting Agencies

- Acquired HMIA in 1H19
  - Specialised heavy vehicle agency

### Complementary Businesses

- Remaining 50% of Macquarie Premium Funding (renamed IQumulate) acquired in 2H19

A woman with short brown hair, wearing a grey blazer, is seated at a table in a meeting. She is looking down at a document held by another person. To her right, a man with glasses and a blue checkered shirt is also looking at the document. The background shows a window with a view of a building. A large blue diagonal shape is overlaid on the left side of the image.

# Steadfast Underwriting Agencies

# Steadfast Underwriting Agencies

26 agencies, over niche 100 products



Complete farm package



Caravans, cabins and trailers



Commercial and residential strata



Accident and health



Base essentials strata



Residential and commercial strata



Home and contents for owner-occupied homes



Specialised and exotic motorcar and motorcycle

EMERGENCE

Emerging risks



Heavy vehicles



Community care entertainment hospitality and security



Business interruption focused on SMEs



Pet wellness and pet insurance



High-value homes



Building and construction industry



SME insurance programs



Recreational hull insurance



Motorcycle insurance



Specialised equipment, tradesmen, small business and marine transit



Marine hull, cargo and transit



Property insurance



Sports and leisure-related businesses



Professionals including engineers, architects and doctors



Hard-to-place and complex risks including environmental liability



Marine hull and other marine industry



Mobile plant and equipment

Steadfast aims to highlight each agency's specialised service by preserving its brand and unique offering which is important as approximately half of our agencies' business is placed with non-Steadfast Network brokers



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# Key initiatives

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Our insurTech (slide 37)

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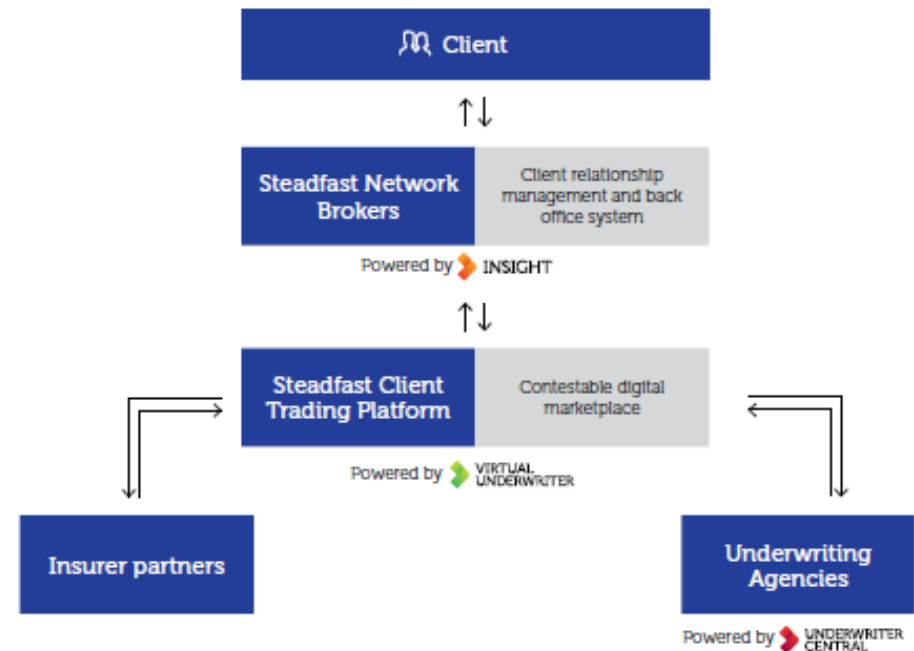
International footprint (slide 43)

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# Our insurTech

## Steadfast Client Trading Platform (SCTP) - benefits for clients, brokers and insurers






































- Market-leading technology – exclusive to Steadfast Network brokers, clients and participating insurers
- **Benefits for clients:**
  - Genuine contestable marketplace generating improved pricing, competition and coverage
  - Market-leading policy wordings
  - Instant policy issue, maintenance and renewal – all on a market contestable basis
  - Supported by Steadfast triage
- **Benefits for brokers:**
  - Automated market access to leading insurers at no access cost
  - Bespoke market-leading policies
  - Fixed commission rates, same for all insurers
  - In-depth data analytics
  - Stimulates advisory discussions with clients
- **Benefits for insurers:**
  - Automated access to Steadfast Network for all policies placed on the platform
  - Significantly reduced technology and distribution costs
  - Data analytics and market insights, live 24/7
  - Updated policy wordings, based on prior claims scenarios



Market-leading policy wordings, non-volume based and non-variable commission terms

# Our insurTech

Insurer and underwriting agency partners on the SCTP

Business pack	Professional risks	Liability	Commercial property & ISR	Commercial motor	Domestic home, motor & landlords
			 2019	 2019	
 Network launch – Aug 2019					
 			 Steadfast Underwriting Agency, London 'super' binder	 2020	
				  2020	
 Pilot July 2019	 Steadfast Underwriting Agency, London 'super' binder	 Steadfast Underwriting Agency, London 'super' binder		 2020	
					
 Steadfast Underwriting Agency, London 'super' binder					
	 2020				
					

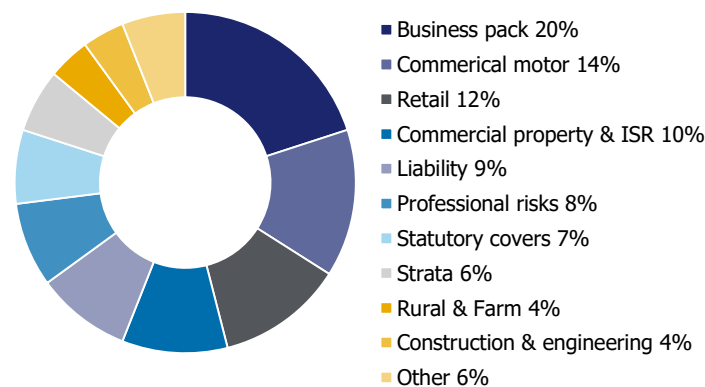
# Our insurTech

## Size of the opportunity

### Potential Steadfast Network GWP that can be transacted on SCTP

- c.80% of Steadfast Network GWP can potentially be transacted through the platform
  - Business pack
  - Commercial motor
  - Commercial property & ISR
  - Liability
  - Professional risks
  - Strata (currently in beta testing)
  - Retail home, motor and landlords
  - Rural and farm under consideration to join SCTP
  
- Some risks are too niche and specialised for the platform

### Steadfast Network GWP (FY19)



### SCTP potential usage<sup>1</sup>

**80%**

Steadfast Network GWP which could potentially be transacted on SCTP in Australia

**60%**

of the 80% of available GWP targeted to be transacted through SCTP in the next 4 years

# Our insurTech

## SCTP implementation and EBITA contribution

### Investment

FY16

FY17

FY18

FY19

### Implementation

FY17

FY18

FY19

FY20

FY21

### EBITA contribution

FY18

FY19

FY20

FY21

beyond

### FY18

- ✓ First revenue from SCTP

### FY19

- ✓ Insurers live on 6 current lines of the platform
- ✓ Increase in revenue from SCTP as broker usage rises

### FY20

- SCTP usage continues to grow
- IBNA brokers join Steadfast Network and expand potential users of SCTP

### FY21 & beyond

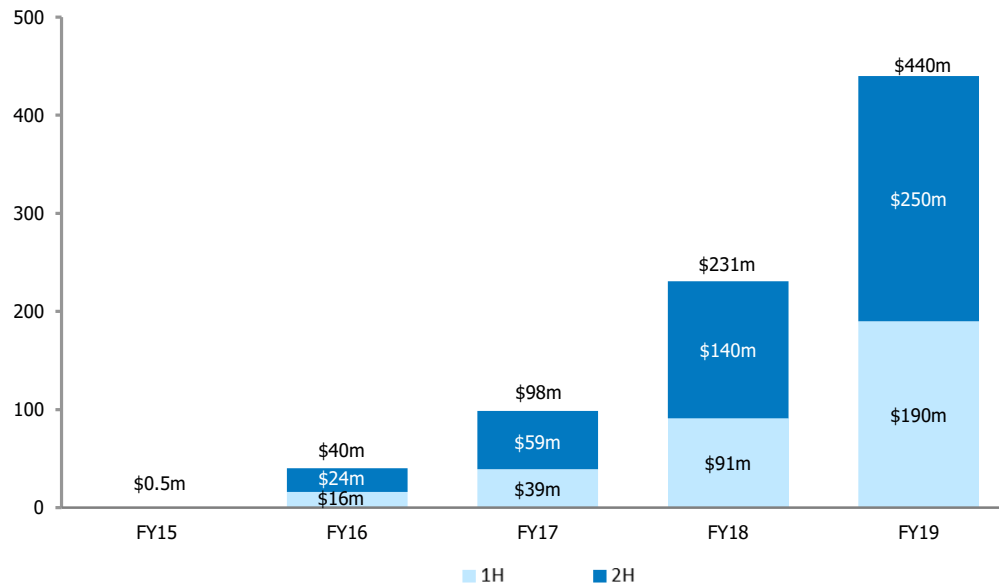
- SCTP moving towards long term target usage
  - 60% of the 80% of available GWP in Australian Network over 4 years
- Net technology spend reaches steady-state level



# Our insurTech

## Steadfast Client Trading Platform

### Steadfast Client Trading Platform (SCTP) Gross Written Premium (\$m)



**FY19 vs FY18**

GWP of \$440m vs \$231m

**+91% growth**

- 8 business lines live on the SCTP, with 13 insurer and underwriting agency partners
- Below FY19 expectations due to delays from strategic partners
- Home, motor and landlord products available to Steadfast Network brokers through the Steadfast Client Trading Platform:
  - Contestable marketplace for home products with AIG and IAL (part of IAG Group) as underwriters on the platform
  - Instalment payments available to clients

# Our insurTech

## Steadfast Technologies - powering the Steadfast Client Trading Platform



The Steadfast Virtual Underwriter is a digital marketplace which provides Steadfast Network brokers with access to a variety of insurance products based on a single agreed question set. The system is integrated with a group of leading insurers and provides an efficient way to rapidly receive a range of insurance quotes in a single view. It displays a comprehensive, side-by-side comparison showing the differences in each insurer's terms, products and services for each quote.

The Virtual Underwriter has been seamlessly integrated with insurer and broker back office management systems, including Steadfast's INSIGHT broker platform. This eliminates costly, time consuming and error prone data re-entry into multiple systems.

### Key advantages:

- **Rapidly generates and compares quotes from different insurer partners without re-keying data into multiple insurer systems**
- **Real-time, straight-through processing throughout the life of a policy**
- **Increased client insights from data analytics**



INSIGHT is a broking platform with a powerful search engine which gives brokers a single view of their clients and an instant view of their business at any time. It is cloud-based, accessible from anywhere and designed as an open platform to enable connectivity to other business applications if required.

There has been strong interest from Steadfast Network brokers wanting to utilise INSIGHT to help manage their business. Steadfast Group is making a significant investment to roll out the platform as it will deliver substantial efficiencies and cost savings for brokers who will be able to remove their dependency on legacy systems.

### Key advantages:

- **Controls, analyses and reports all data**
- **Automated data recovery and back up**
- **Open to interface with other business systems, accounting or other software packages**



UnderwriterCentral is a cloud-based agency management system designed specifically for underwriting agencies. It is an effective, flexible and affordable software solution that allows underwriters to manage the full policy lifecycle, as well as implement underwriting rules, rating and claims management.

UnderwriterCentral is the first platform in the world to electronically interface with Lloyd's of London. This allows underwriting agencies to easily deliver data into the London market adding further efficiencies to the underwriting process.

UnderwriterCentral is available to Steadfast Underwriting Agencies and other underwriting agencies.

### Key advantages:

- **Turnkey solution for underwriting agencies to manage clients, policies and claims**
- **Supports multiple, customised insurance products through its powerful configuration capability**
- **Built-in document management**
- **eCommerce portal capability**

# International footprint

## Steadfast Network model replication

### 1. New Zealand

- 48 brokers in the Network
- NZ\$446m of gross written premium in FY19
- Steadfast Underwriting Agencies building market presence utilising Network distribution
- Strong buy-in from insurer partners
- SCTP introduced

### 2. Asia

- Target Singapore initially
- 14 brokers in the Singapore network
- Local CEO in place
- Two equity investments in Network brokers by Steadfast Group
- Five insurer partners have agreed to:
  - Pay Professional Services fees
  - Issue improved policy wordings
  - Pay increased commission

### 3. London

- Office expanded to meet demand for Lloyd's products
  - Risks suited to Lloyd's market
  - London super binder
- Granted licence to operate as a broker in the UK and a Lloyd's broker internationally
  - Improve Lloyd's access for all agencies and brokers, particularly the unisonSteadfast network



# International footprint

## unisonSteadfast

- Steadfast Group holds a **40%** equity stake in unisonSteadfast
  - One of the world's largest global general insurance broker networks, offering multi-jurisdictional coverage
  - Supervisory board contains two Steadfast Group representatives
  - Medium to long-term strategy

### Recent developments

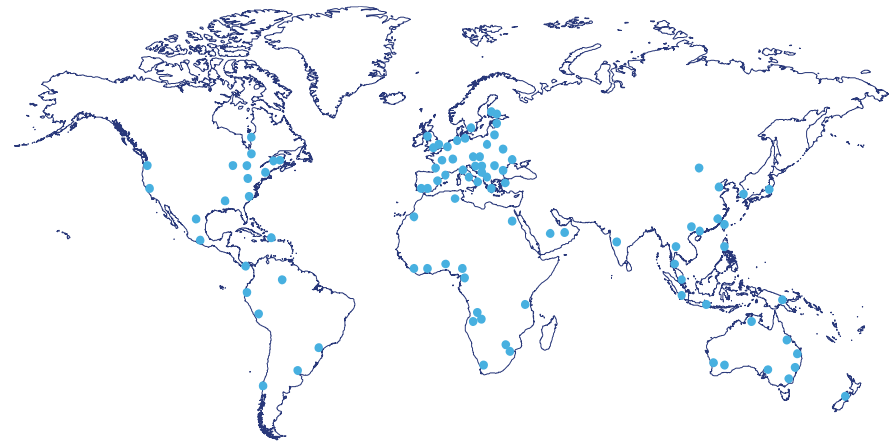
- GWP aggregation
  - GWP data gathered from unisonSteadfast brokers
  - Discussions have taken place with global insurers on aggregation of global GWP
  - Leveraging Steadfast Group's relationships with global insurers
- Access to London market for unisonSteadfast brokers
  - Creation of first revenue stream for Steadfast Group
  - Leveraging London 'super' binder to improve access to key market
- Seeking to increase professional indemnity cover for unisonSteadfast brokers
  - Creation of first new product for unisonSteadfast brokers
  - Leveraging Steadfast's relationship with PI provider

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## 600+

Referrals between the Steadfast Network and unisonSteadfast

### unisonSteadfast global network



A woman with dark hair, wearing a yellow V-neck top, is seated at a conference table in a modern office. She is smiling and looking towards two other people seated across from her. The office has large windows in the background, and the scene is partially obscured by a blue diagonal overlay on the left side.

# FY19 detailed financials

# FY19 detailed financials

## Statutory profit and loss statement

12 months ended 30 June \$ million	FY19	FY18
<b>Revenue</b>		
Professional services fees	87.4	70.6
Revenue from controlled entities	473.9	381.8
Share of profits of associates and joint ventures	14.9	14.5
Other revenue	2.2	1.2
<b>Total revenue</b>	<b>578.4</b>	<b>468.1</b>
<b>EBITA before non-trading items and adjustments for investment in listed securities</b>	<b>193.3</b>	<b>164.1</b>
Dividends and mark to market adjustments for investment in listed securities	0.8	1.5
<b>Total EBITA</b>	<b>194.1</b>	<b>165.6</b>
Amortisation	(28.6)	(25.2)
Finance costs	(14.6)	(10.6)
Income tax expense	(44.0)	(40.9)
<b>Profit after income tax and before non-trading items</b>	<b>106.9</b>	<b>88.9</b>
Net gain on deferred consideration estimates	(0.1)	3.3
Impairments	-	(2.3)
Net gain from change in value and sale of investment in subsidiaries & associates	14.8	0.2
Non-recurring costs from closure of residential builders agency	-	(0.4)
Share-based payment expense on share options and executive loans and shares	-	0.4
Other	0.2	0.3
<b>Net profit after tax before non-controlling interests</b>	<b>121.8</b>	<b>90.4</b>
Non-controlling interests	(18.0)	(14.5)
<b>Net profit after tax attributable to Steadfast members (NPAT)</b>	<b>103.8</b>	<b>75.9</b>
Other comprehensive income after tax	0.8	(0.2)
<b>Total comprehensive income after tax</b>	<b>104.6</b>	<b>75.7</b>

# FY19 detailed financials

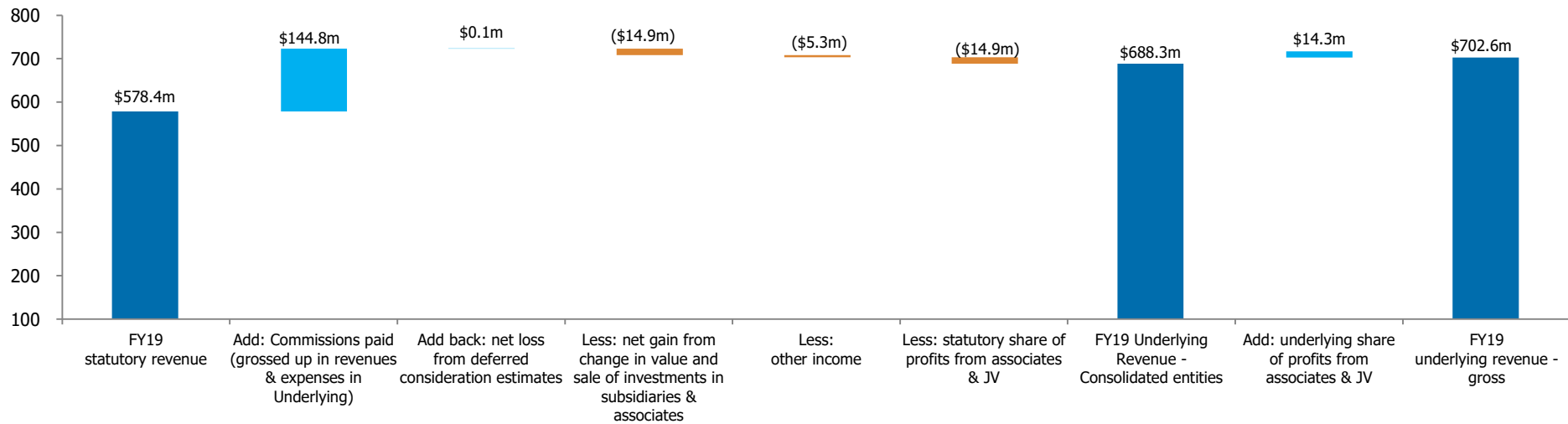
## Statutory vs underlying reconciliation

<b>12 months ended 30 June \$ million</b>	<b>FY19</b>	<b>FY18</b>
Underlying revenue <sup>1</sup>	688.3	567.0
Underlying NPAT	89.2	75.0
Underlying EPS (NPAT)	11.27	9.71
<b>Reconciliation of earnings</b>		
Statutory NPAT	103.8	75.9
Change in value and sale of investments	(14.6)	(0.2)
Share based payment expense on share options on executive loans and shares	-	(0.4)
Deferred consideration adjustments	0.1	(3.1)
Impairments	-	2.3
Non-recurring costs from closure of residential builders agency	-	0.5
Other	(0.1)	-
Underlying NPAT	89.2	75.0
Amortisation	24.9	22.3
Underlying NPATA	114.1	97.3

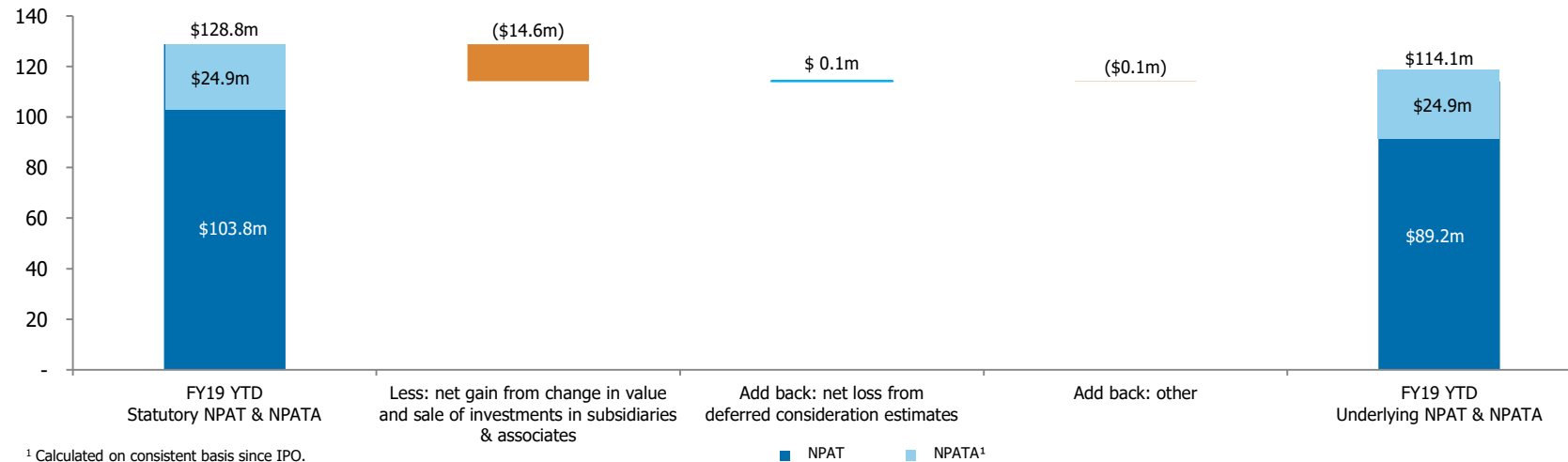
# FY19 detailed financials

## Statutory vs underlying reconciliation

### Revenue reconciliation (\$m)



### NPAT and NPATA reconciliation (\$m)





# FY19 detailed financials

## Underlying revenue and EBITA (aggregate view)

12 months ended 30 June \$ million	Underlying FY19	Underlying FY18	Year-on-year growth %
<b>Gross written premiums</b>			
Brokers <sup>1</sup>	1,787.1	1,676.3	6.6%
Underwriting agencies <sup>2</sup>	1,161.8	884.1	31.4%
<b>Total GWP</b>	<b>2,948.9</b>	<b>2,560.4</b>	<b>15.2%</b>

Revenue	Underlying FY19	Underlying FY18	Year-on-year growth %	Organic growth %	Acquisitions & hubbing growth %
Brokers <sup>3</sup>	459.6	400.0	14.9%	7.5%	7.4%
Underwriting agencies <sup>4</sup>	363.3	292.8	24.1%	18.4%	5.7%
Other <sup>5</sup>	155.4	134.5	15.5%	15.5%	-
<b>Total revenue</b>	<b>978.3</b>	<b>827.3</b>	<b>18.3%</b>	<b>12.7%</b>	<b>5.6%</b>
<b>EBITA</b>					
Brokers	128.2	116.1	10.5%	6.3%	4.2%
Underwriting agencies	93.3	74.6	25.0%	21.1%	3.9%
Other <sup>6</sup>	3.7	6.1	-40.0%	-40.0%	0.0
<b>Total EBITA</b>	<b>225.1</b>	<b>196.8</b>	<b>14.4%</b>	<b>10.4%</b>	<b>4.0%</b>

<sup>1</sup> Excludes large authorised representative networks.

<sup>2</sup> Includes post-acquisition contribution from Steadfast Underwriting Agencies.

<sup>3</sup> Includes gross up of wholesale broker commission expense (\$20.0m in FY18 and \$26.6m in FY19).

<sup>4</sup> Includes gross up of agency commission expense (\$133.6m in FY18 and \$169.2m in FY19).

<sup>5</sup> Other underlying Revenue includes ancillary (\$33.2m in FY19), premium funding (\$52.7m in FY19) and Steadfast Network / Corporate office (\$69.5m in FY19), and excludes the impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment.

<sup>6</sup> Other underlying EBITA includes ancillary (-\$1.9m in FY19), premium funding (\$9.6m in FY19) and Steadfast Network / Corporate office (-\$4.0m in FY19), and excludes the impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment.

# FY19 detailed financials

## Statement of income (underlying IFRS view)

12 months ended 30 June \$ million	Underlying FY19	Underlying FY18	Year-on-year growth %	Organic growth % <sup>2</sup>	Acquisitions & hubbing growth % <sup>3</sup>
Fees and commissions <sup>1</sup>	583.4	492.4	18.5%	8.9%	9.6%
Professional Services and other fees	48.3	40.6	19.0%	19.0%	-
Interest income	8.9	7.1	25.7%	0.6%	25.1%
Other revenue <sup>4</sup>	47.6	27.0	76.7%	18.5%	58.2%
<b>Revenue – Consolidated entities</b>	<b>688.3</b>	<b>567.0</b>	<b>21.4%</b>	<b>10.0%</b>	<b>11.4%</b>
Employment expenses	(222.8)	(184.7)	20.6%	6.7%	13.9%
Occupancy expenses	(18.9)	(16.5)	15.0%	1.8%	13.3%
Other expenses including Corporate Office <sup>1</sup>	(278.1)	(226.3)	22.9%	12.6%	10.3%
<b>Expenses – Consolidated entities</b>	<b>(519.9)</b>	<b>(427.5)</b>	<b>21.6%</b>	<b>9.6%</b>	<b>12.0%</b>
<b>EBITA – Consolidated entities</b>	<b>168.4</b>	<b>139.5</b>	<b>20.7%</b>	<b>11.1%</b>	<b>9.6%</b>
Share of EBITA from associates and joint ventures	25.0	24.6	1.6%	10.1%	(8.5%)
<b>EBITA – excluding mark-to-market of investment in Johns Lyng Group</b>	<b>193.3</b>	<b>164.1</b>	<b>17.8%</b>	<b>10.9%</b>	<b>6.9%</b>
Mark-to-market of investment in Johns Lyng Group	0.8	1.5	(45.3%)		
<b>Total EBITA</b>	<b>194.1</b>	<b>165.6</b>	<b>17.3%</b>		
Net financing expense	(14.6)	(10.6)	38.1%		
Amortisation expense – consolidated entities	(25.7)	(22.0)	16.9%		
Amortisation expense – associates	(2.9)	(3.2)	(9.0%)		
Income tax expense	(44.0)	(40.9)	7.7%		
<b>Net profit after tax</b>	<b>106.9</b>	<b>88.9</b>	<b>20.2%</b>		
Non-controlling interests	(17.7)	(14.0)	26.8%		
<b>Net profit attributable to Steadfast members (NPAT)</b>	<b>89.2</b>	<b>75.0</b>	<b>19.0%</b>		
Amortisation expense – consolidated entities <sup>5</sup>	22.0	19.1	15.1%		
Amortisation expense – associates <sup>6</sup>	2.9	3.2	(9.0%)		
<b>Net Profit after Tax and before Amortisation (NPATA<sup>7</sup>)</b>	<b>114.1</b>	<b>97.3</b>	<b>17.3%</b>		

<sup>1</sup> Wholesale broker and agency commission expense (paid to brokers) included in revenues and other expenses so impact to EBITA is nil (\$126.9m in FY18; \$152.5m in FY19).

<sup>2</sup> Includes bolt-on acquisitions.

<sup>3</sup> Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes. Includes growth from associates converted to consolidated entities.

<sup>4</sup> Excludes impact from dividend income and mark-to-market adjustments for Johns Lyng Group investment

<sup>5</sup> For controlled entities, the amortisation of customer list add back is before 30% tax but after non-controlling interests, to reflect Steadfast Group's proportional share. The balance sheet includes a deferred tax liability to reflect the future non-tax deductibility of amortisation expense.

<sup>6</sup> For associates, amortisation of customer list is not tax effected (per Accounting Standards).

<sup>7</sup> Calculated on a consistent basis since IPO.

# FY19 detailed financials

## Statement of income (underlying IFRS view)

12 months ended 30 June \$ million	Underlying 2H19	Underlying 1H19	Underlying 2H18	Underlying 1H18	Underlying 2H17
Fees and commissions <sup>1</sup>	305.3	278.1	266.6	225.8	212.9
Professional Services and other fees	23.5	24.8	19.8	20.8	16.9
Interest income	4.8	4.1	3.4	3.6	3.3
Other revenue	33.7	13.9	15.4	11.5	14.3
<b>Revenue – Consolidated entities</b>	<b>367.4</b>	<b>320.9</b>	<b>305.3</b>	<b>261.8</b>	<b>247.4</b>
Employment expenses	(117.1)	(105.7)	(96.8)	(87.9)	(79.9)
Occupancy expenses	(10.0)	(8.9)	(8.7)	(7.7)	(7.2)
Other expenses including Corporate Office <sup>1</sup>	(145.5)	(132.7)	(120.2)	(106.1)	(95.5)
<b>Expenses – Consolidated entities</b>	<b>(272.7)</b>	<b>(247.2)</b>	<b>(225.7)</b>	<b>(201.8)</b>	<b>(182.7)</b>
<b>EBITA – Consolidated entities</b>	<b>94.7</b>	<b>73.6</b>	<b>79.6</b>	<b>60.0</b>	<b>64.7</b>
Share of EBITA from associates and joint ventures	12.1	12.9	13.2	11.4	11.9
<b>EBITA</b>	<b>106.8</b>	<b>86.5</b>	<b>92.7</b>	<b>71.3</b>	<b>76.6</b>
Mark-to-market of investment in Johns Lyng Group	1.9	(1.1)	0.0	1.5	-
<b>Total EBITA</b>	<b>108.7</b>	<b>85.4</b>	<b>92.7</b>	<b>72.8</b>	<b>76.6</b>
Net financing expense	(8.4)	(6.2)	(5.2)	(5.4)	(4.8)
Amortisation expense – consolidated entities	(13.3)	(12.4)	(11.7)	(10.3)	(9.5)
Amortisation expense – associates	(1.4)	(1.5)	(1.6)	(1.6)	(1.7)
Income tax expense	(24.6)	(19.4)	(23.6)	(17.2)	(17.1)
<b>Net profit after tax</b>	<b>61.0</b>	<b>45.9</b>	<b>50.7</b>	<b>38.2</b>	<b>43.5</b>
Non-controlling interests	(10.0)	(7.6)	(8.2)	(5.7)	(7.1)
<b>Net profit attributable to Steadfast members (NPAT)</b>	<b>51.0</b>	<b>38.2</b>	<b>42.5</b>	<b>32.5</b>	<b>36.4</b>
Amortisation expense – consolidated entities <sup>2</sup>	11.5	10.5	10.2	8.9	8.1
Amortisation expense – associates <sup>2</sup>	1.4	1.5	1.6	1.6	1.7
<b>Net Profit after Tax and before Amortisation (NPATA<sup>3</sup>)</b>	<b>63.8</b>	<b>50.3</b>	<b>54.3</b>	<b>43.0</b>	<b>46.2</b>
Restated weighted average share #	791.6	792.0	772.0	753.9	748.7
Underlying diluted EPS (NPAT) (cents per share)	6.44	4.83	5.40	4.31	4.86
Underlying diluted EPS (NPATA) (cents per share)	8.07	6.35	6.89	5.71	6.18

<sup>1</sup> Wholesale broker and agency commission expense (paid to brokers) included in revenues and other expenses so impact to EBITA is nil (\$126.9m in FY18; \$152.5m in FY19).

<sup>2</sup> For controlled entities, the amortisation of customer list add back is before 30% tax but after non-controlling interests, to reflect Steadfast Group's proportional share. The balance sheet includes a deferred tax liability to reflect the future non-tax deductibility of amortisation expense. For associates, amortisation of customer list is not tax effected per Accounting Standards.

<sup>3</sup> Calculated on a consistent basis since IPO.

# FY19 detailed financials

## Statutory cash flow statement

\$ million	FY19	FY18
<b>Cash flows from operating activities</b>		
<b>Net cash from operating activities before customer trust accounts movement</b>	<b>117.7</b>	<b>96.1</b>
Net movement in customer trust accounts	43.7	27.1
<b>Net cash from operating activities</b>	<b>161.3</b>	<b>123.2</b>
Gross cash used in investing activities	(139.0)	(162.0)
Cash acquired in acquisitions	91.2	26.9
<b>Net cash used in investing activities</b>	<b>(47.8)</b>	<b>(135.1)</b>
Cash used for dividends	(62.6)	(55.2)
Other	101.1	125.7
<b>Net cash from financing activities</b>	<b>38.5</b>	<b>70.5</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>152.1</b>	<b>58.6</b>
Cash and cash equivalents at 30 June	540.2	387.6
split into: Cash held in trust	427.4	310.9
Cash on hand (net of overdraft)	112.8	76.7

### \$55m free cash flow in FY19

\$117.7m	Cash from operations
(\$62.6m)	Dividends paid
<b>\$55.1m</b>	<b>Free cash flow</b>

**100% conversion  
of NPATA to cash**

# Australian General Insurance Statistics<sup>1</sup>

## Premiums and claims by class of business

Premiums and Claims by class of Business	Houseowners/householders		Domestic motor vehicle		CTP motor vehicle	
	Year End Mar 2018	Year End Mar 2019	Year End Mar 2018	Year End Mar 2019	Year End Mar 2018	Year End Mar 2019
Gross written premium (\$m)	8,436	8,911	9,450	10,046	3,682	3,548
Number of risks ('000)	11,875	12,050	15,398	15,876	15,526	15,111
Average premium per risk (\$)	710	739	614	633	237	235
Outwards reinsurance expense (\$m)	2,556	2,801	1,835	2,015	929	747
Gross earned premium (\$m)	8,591	9,095	9,154	9,832	4,016	3,585
Cession ratio	30%	31%	20%	20%	23%	21%
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	4,367	6,133	6,742	Data not available	2,047	1,745
Gross earned premium (\$m)	8,591	9,095	9,154	9,832	4,016	3,585
Gross loss ratio	51%	67%	74%	77%	51%	49%
Net incurred claims (current and prior years) (\$m)	3,507	4,049	5,557	5,729	1,595	1,681
Net earned premium (\$m)	6,035	6,294	7,319	7,817	3,087	2,838
Net loss ratio	58%	64%	76%	73%	52%	59%
Underwriting expenses (\$m)	1,628	1,689	1,567	1,588	332	278
Net earned premium (\$m)	6,035	6,294	7,319	7,817	3,087	2,838
U/W expense ratio	27%	27%	21%	20%	11%	10%
Net U/W combined ratio	85%	91%	97%	94%	62%	69%

# Australian General Insurance Statistics<sup>1</sup>

## Premiums and claims by class of business

Premiums and Claims by class of Business	Commercial motor vehicle		Fire and ISR		Public and product liability		Professional indemnity	
	Year End Mar 2018	Year End Mar 2019	Year End Mar 2018	Year End Mar 2019	Year End Mar 2018	Year End Mar 2019	Year End Mar 2018	Year End Mar 2019
Gross written premium (\$m)	2,443	2,668	4,051	4,522	2,314	2,453	1,762	2,039
Number of risks ('000)	1,612	1,730	1,523	1,640	9,644	9,602	645	728
Average premium per risk (\$)	1,516	1,542	2,661	2,757	240	255	2,733	2,798
Outwards reinsurance expense (\$m)	354	466	1,810	2,081	588	608	536	592
Gross earned premium (\$m)	2,330	2,587	4,177	4,624	2,291	2,382	1,683	1,870
Cession ratio	15%	18%	43%	45%	26%	26%	32%	32%
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	1,723	1,868	2,517	3,344	1,303	1,678	1,558	2,015
Gross earned premium (\$m)	2,330	2,587	4,177	4,624	2,291	2,382	1,683	1,870
Gross loss ratio	74%	72%	60%	72%	57%	70%	93%	108%
Net incurred claims (current and prior years) (\$m)	1,460	1,500	1,437	1,839	837	994	726	945
Net earned premium (\$m)	1,977	2,121	2,368	2,543	1,704	1,774	1,147	1,278
Net loss ratio	74%	71%	61%	72%	49%	56%	63%	74%
Underwriting expenses (\$m)	506	529	976	1,015	529	519	210	238
Net earned premium (\$m)	1,977	2,121	2,368	2,543	1,704	1,774	1,147	1,278
U/W expense ratio	26%	25%	41%	40%	31%	29%	18%	19%
Net U/W combined ratio	99%	96%	102%	112%	80%	85%	82%	93%

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