

MARKET RELEASE

25 February 2020

Steadfast Group announces half year 2020 results with underlying EBITA up 27.5% and underlying NPAT up 39.1%

1H20 financial highlights¹

- Underlying revenue of \$414.4m, up 29.6%
- Underlying EBITA of \$108.9m, up 27.5%
- Underlying NPAT of \$53.2m, up 39.1%
- Underlying EPS (NPAT)² of 6.26 cents per share, up 29.7%
- Interim dividend (fully franked) of 3.6 cents per share (cps), up 12.5%

As anticipated and previously advised to shareholders, the Group's 1H20 statutory NPAT has been impacted by expensing, in accordance with Australian Accounting Standards, the costs of the purchase of future income streams from the IBNA transaction of \$72.7m (post tax) and the Steadfast PSF Rebate Acquisition of \$60.2m (post tax). As such, the Group recorded a statutory NPAT loss of \$71.9m for 1H20.

Mr Robert Kelly, Managing Director & CEO, said "we are very pleased with the strong growth in underlying revenue and underlying net profit before tax. The acquisitions made during the first half, continued price increases by insurers, our loyal and growing network and a strong pipeline of opportunities gives us confidence in further increasing shareholder value over the long term".

Steadfast Network delivers 32% of GWP growth

The Steadfast Network delivered 32% growth in gross written premium (GWP) to \$3.9 billion in 1H20. This was driven by new Steadfast brokers and IBNA brokers joining the network, continued growth in authorised representative networks and organic growth of 6.5% across the portfolio.

Steadfast Underwriting Agencies delivers 21% growth in GWP

Steadfast Underwriting Agencies delivered 21% growth in GWP to \$673 million in 1H20. This was primarily driven by price and volume uplift and some acquisition growth from the full impact of HMIA.

Strong growth in underlying EBITA

The Group delivered strong underlying EBITA growth of 27.5% to \$108.9m primarily driven by:

- Organic growth contributed \$5.5 million (+6.3%) (prior to technology investment) of the growth in 1H20 which was driven by the Group's equity investments in brokers and a strong performance by the underwriting agencies;
- Acquisition growth contributed \$16.3 million (+18.8%) of the growth in 1H20; and
- \$2.6m (post tax) mark-to-market revaluation of Johns Lyng Group (JLG) investment.

¹ Statutory P&L results have been adjusted to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Underlying P&L results exclude non-trading items.

² EPS share count of c.849.5m shares for the six months commencing 1 July 2019 for IBNA and Steadfast PSF Rebate offer.

Major transactions

During the period the Group acquired IBNA Limited (IBNA), an Australian general insurance broker network with 78 brokerages generating c.\$1.25 billion of GWP annually. This transaction contributed \$4.3m to underlying EBITA growth in 1H20. The successful completion of this transaction enhanced the Steadfast Network's presence as the largest general insurance broker network in Australasia³.

During the period, the Group also completed its PSF Rebate offer to Steadfast Network brokers. The final acceptance rate across the network was marginally above 70%. This transaction contributed \$5.7m to the underlying EBITA growth.

Further business acquisitions within the network contributed \$6.3m to underlying EBITA growth in 1H20.

There continues to be a strong acquisition pipeline which remains subject to the Group's disciplined acquisition criteria and due diligence process.

Balance sheet

Steadfast Group's balance sheet has grown to net assets of \$1.2 billion, an increase of \$119.3m since 30 June 2019 mainly from the issue of shares during the half year. The corporate debt facilities have been increased from \$385m to \$460m, with \$186m unutilised, and a Group gearing ratio of 20.9% as at 31 December 2019. Consolidated premium funding operations expanded to over \$500m of receivables and payables.

Interim dividend up 12.5%

The Board has declared a fully franked interim dividend of 3.6 cents per share (cps), up from 3.2 cps (+12.5%) in 1H19.

The interim dividend dates are as follows:

- Ex-dividend date of 2 March 2020
- Record date of 3 March 2020
- Dividend Reinvestment Plan (DRP) record date of 4 March 2020
- Payment date of 26 March 2020

The interim dividend is eligible for Steadfast Group's DRP at no discount. For more information on the interim dividend and the DRP, please refer to Steadfast Group's Appendix 4D: Notification of dividend, lodged with the ASX on 26 February 2020 and also available on the investor website.

FY20 guidance

Steadfast Group reconfirms top end of FY20 underlying EBITA and NPAT guidance and an uplift in underlying EPS growth to 10 - 15%. Our guidance now excludes the mark-to market adjustments for the Johns Lyng listed investment, which was a gain in 1H20. The uplift in EPS guidance reflects the current guidance and the lower than anticipated share count.

³ Steadfast Group and APRA Intermediated General Insurance Statistics (September 2019).

Steadfast Group provides FY20 guidance⁴ of:

- Underlying EBITA of between \$215 million and \$225 million
- Underlying NPAT of between \$100 million and \$110 million
- Underlying diluted eps (NPAT)⁵ growth of 10% to 15%

This guidance excludes mark-to-market adjustments for Johns Lyng Group investment and is subject to:

- Strategic partners continuing to drive moderate premium price increases; and
- Increased technology spend to cater for expanded network.

As previously advised to shareholders the Group expects to report a statutory loss for the full year due to the expensing of the acquisition cost of the IBNA network and the Steadfast PSF Rebate offer in accordance with accounting standards.

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast today (26 February) at 10.00am (AEDT).

- To participate in the call, please dial +61 2 8038 5221 or the appropriate toll free number listed and quote the conference ID 6349619.

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| United Kingdom | 0808 234 0757 |
| United States | 1855 293 1544 |

- To access the live webcast, please click onto investor.steadfast.com.au or <https://webcast.openbriefing.com/5705/>. A replay of the webcast will be made available on the investor website approximately 48 hours after the initial broadcast.

For more information, please contact:

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⁴ Also refer to the key risks on 48 - 52 of the Steadfast Group 2019 Annual Report

⁵ EPS share count of c.857.2m shares for the full financial year. Includes shares issued in relation to IBNA acquisition and Steadfast PSF Rebate offer, assumed commencement date 1 July 2019.

About Steadfast Group

Steadfast Group, established in 1996, is the largest general insurance broker network and group of underwriting agencies in Australasia. The Steadfast Network provides products and services to 473 insurance broker businesses across Australia, New Zealand and Asia. Steadfast Network brokers and Steadfast Underwriting Agencies generated billings of over \$9 billion. Steadfast Group operates as a co-owner and consolidator through its equity interests in a number of broker businesses, underwriting agencies and other complementary businesses. Steadfast Group also has an equity stake in unisonSteadfast, a global general insurance broker network with over 260 brokers in 135 countries.

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