

Steadfast Group 1H20 Results – Investor Presentation

25 February 2020



Steadfast 
THE STRENGTH YOU NEED

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1H20 Highlights

Increase in underlying NPAT of 39%

Underlying earnings¹

- EBITA **+27.5%** to **\$108.9m**
- NPAT **+39.1%** to **\$53.2m**
- NPATA² **+32.5%** to **\$66.7m**
- Diluted EPS (NPAT)³ **+29.7%** to **6.26 cps**
- Interim dividend **+12.5%** to **3.6 cps**

Statutory earnings¹

- NPAT loss of **\$71.9m** as flagged at FY19 results
- Expensing of consideration for the acquisitions of IBNA (\$72.7m post tax) and the PSF rebate (\$60.2m post tax) (see slide 9 for additional detail)

Broker and underwriting agency growth⁴

- Equity brokers and network aggregate EBITA **+27.4%**
- Underwriting agencies aggregate EBITA **+13.4%**
- SCTP long term growth targets remain on track, with 470 active brokers now using the platform

Acquisition growth

- Completed significant acquisitions of IBNA and Steadfast PSF rebate
- Additional broker and agency acquisitions in ordinary course of business

	1H20 Underlying EBITA contribution	1H20 Underlying EBITA growth
IBNA	\$4.3m	5.0%
Steadfast PSF Rebate	\$5.7m	6.6%
Business acquisitions	\$6.3m	7.2%
Total	\$16.3m	18.8%

Future growth

- Corporate debt facility increased from **\$385m** to **\$460m**
- Unutilised debt facility of **\$186m** available at 31 December 2019 (plus free cash flow)

¹ For reconciliation of statutory to underlying earnings, refer to slides 9 and 37. 1H20 underlying earnings shown above includes mark-to-market adjustment for Johns Lyng investment.

² Calculated on a consistent basis since IPO.

³ Includes shares issued in relation to IBNA acquisition and Steadfast PSF Rebate offer assumed commencement date 1 July 2019.

⁴ Before increased IT expenditure and amortisation of previously capitalised IT expenditure.

Steadfast Network and equity brokers

Growth from IBNA and continued moderate price increases from strategic partners

Financial highlights

- Steadfast Network GWP **+32%** to **\$3.9 billion** driven by:
 - New IBNA members
 - Continued growth from Authorised Representatives networks
 - 6.5%** 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)



1H20 vs 1H19

GWP of **\$3.9bn vs \$2.9bn**

+6.5% organic growth

+4.6% AR network

+1.1% new brokers

+19.6% IBNA

+32% total growth

Operational highlights

- Growth in Steadfast Network brokers **+75** to **473**
 - 410** brokers in the Australian Network
 - 48** brokers in the New Zealand Network
 - 15** brokers in the Singapore Network
- Investment activity in Steadfast Network brokers in 1H20
 - 6** new equity holdings, **10** increased equity holdings, **4** hubbed
- 78** new IBNA brokerages with annual GWP of **\$1.25 billion**
- Steadfast Client Trading Platform GWP **\$287 million, +51%**

Equity broker and network highlights (aggregate)

- Underlying revenue of **\$265.4 million, +13.7%**
 - Organic growth of **+6.9%** and acquisition growth of **+6.7%**
- Underlying EBITA of **\$86.8 million, +27.4%**
 - Organic growth of **+7.2%** and acquisition growth of **+20.2%**

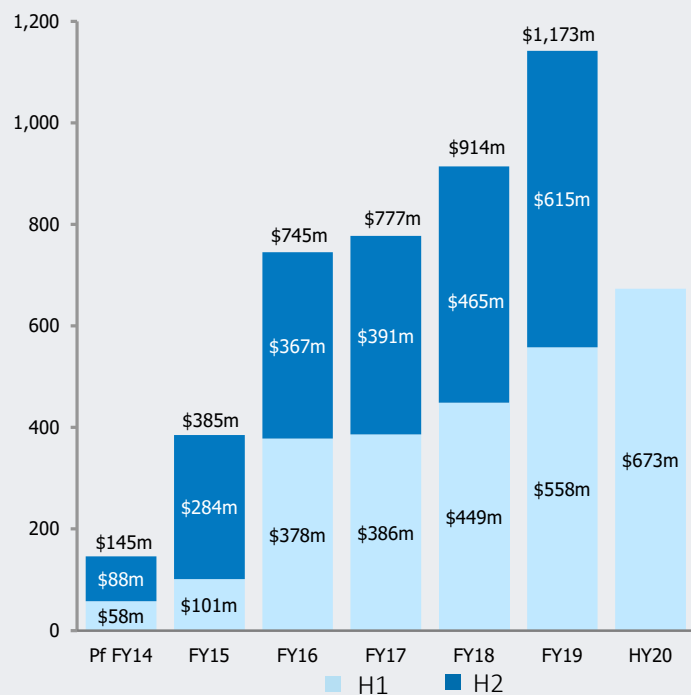
Steadfast Underwriting Agencies

Record GWP and underlying EBITA growth

Financial highlights

- Steadfast Underwriting Agencies GWP **+21%** to **\$673 million**
 - Primarily driven by price and volume uplift, with some acquisition growth from full impact of HMIA
 - Property lines remain strong
- Opportunities for agencies as insurers are repositioning product lines and approach to distribution
- Underlying EBITA of **\$49.1 million, +13.4%**

Gross written premium (\$m)



1H20 vs 1H19

GWP of \$673m vs \$558m
 +19% organic growth
 +2% acquisition growth

+21% total growth

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
- Increasing return on investment in 'greenfield' agencies as products gain traction in the market, for example Emergence (Cyber Security agency) – 41% GWP growth
- 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

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
- Addition of 78 IBNA brokerages and ~\$1.25bn of GWP annually to Australian network expands the user base for SCTP
- SCTP usage up 51%, with over 470 brokers using the platform
- Latest developments:
 - Investing in the development of auto-rater for insurers for liability and PI
 - NZ roll-out continues

INSIGHT (broker management system)

- 128 brokers live on INSIGHT, with over 3,000 licenced users
- Additional 50 brokers committed to migrate onto INSIGHT, ongoing discussions with another 162 brokers

\$287m

GWP transacted through SCTP in 1H20

+51%

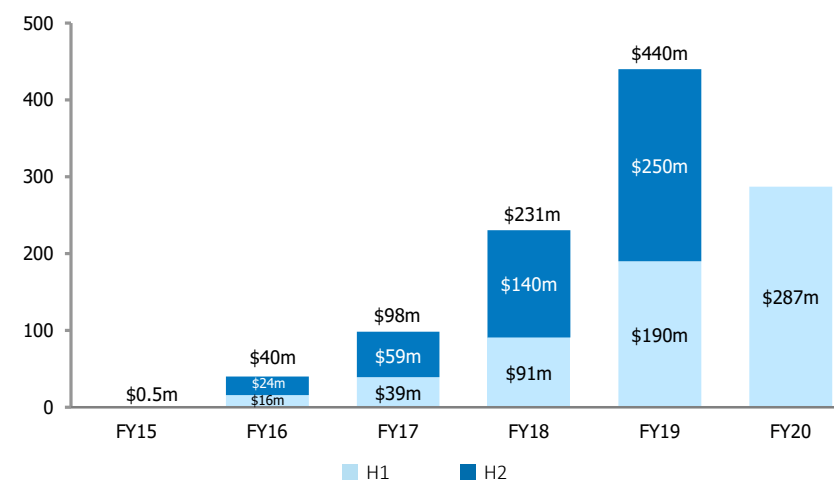
Period-on-period growth in GWP transacted through SCTP


470+

Active brokers on SCTP

Steadfast Client Trading Platform (SCTP)

Gross Written Premium (\$m)





1H20 Financial Summary

Impact of IBNA and Steadfast PSF Rebate offer on financial results

IBNA

- 100% acceptance rate for takeover of IBNA for consideration of \$72.7m (post tax)
- Revenue commenced 1 July 2019
- Acquisition consideration expensed, statutory loss of \$72.7m
- EPS calculation adjusted –
 - normalise this non-recurring expense
 - adjust the share issue to apply from 1 July 2019
- Underlying EBITA contribution for FY20 now forecast to be \$8.3m (previously \$4.8m, assuming 80% take up and commencement mid way through 1H20)
- A small bias towards 1H20 earnings

Steadfast PSF Rebate offer

- c. 70% acceptance rate at a cost of \$60.2m (post tax)
- Revenue commenced 1 July 2019
- Acquisition consideration expensed – statutory loss of \$60.2m
- EPS calculation adjusted –
 - normalise this non-recurring expense
 - adjust the share issue to apply from 1 July 2019
- Underlying EBITA contribution for FY20 now forecast to be \$10.7m (previously \$4.8m was forecast for FY20)
- A small bias towards 1H20 earnings

Reconciliation of statutory NPAT to underlying NPAT

6 months to 31 December \$ million	Statutory vs underlying reconciliation 1H20	Statutory vs underlying reconciliation 1H19
Statutory profit/(loss)	(71.9)	40.5
Adjusted for:		
Add back IBNA acquisition expense	72.7	-
Add back PSF Rebate expense	60.2	-
Less IQumulate accounting standards impact	(2.0)	-
Less other non-trading items	(5.8)	(2.3)
Subtotal	125.1	(2.3)
Underlying NPAT (\$m) including JLG mark-to-market adjustment	53.2	38.2
Add/(less) JLG mark-to-market revaluation	(2.6)	0.8
Underlying NPAT (\$m) – excluding JLG mark-to-market adjustment	50.6	39.1

Group financial performance

Strong underlying earnings growth

Underlying earnings – including JLG mark-to-market

6 months to 31 Dec \$ million	Underlying 1H20 ¹	Underlying 1H19 ¹	Period-on- period growth %
Revenue (\$m)	414.4	319.8	29.6%
EBITA (\$m)	108.9	85.4	27.5%
NPAT (\$m)	53.2	38.2	39.1%
Diluted EPS ² (NPAT) (cents)	6.26	4.83	29.7%
NPATA ³ (\$m)	66.7	50.3	32.5%
Diluted EPS ^{2,3} (NPATA) (cents)	7.85	6.35	23.5%

Historically the results have included JLG mark-to-market adjustment. Going forward underlying financials will exclude mark-to-market impact of JLG investment. Therefore the underlying results have been provided both inclusive and exclusive of the mark-to-market adjustments for JLG investment.

Underlying earnings – excluding JLG mark-to-market

6 months to 31 Dec \$ million	Underlying 1H20 ¹	Underlying 1H19 ¹	Period-on- period growth %
Revenue (\$m)	410.7	321.0	28.0%
EBITA (\$m)	105.2	86.6	21.4%
NPAT (\$m)	50.6	39.1	29.5%
Diluted EPS ² (NPAT) (cents)	5.96	4.93	20.7%
NPATA ³ (\$m)	64.0	51.1	25.2%
Diluted EPS ^{2,3} (NPATA) (cents)	7.54	6.46	16.8%

Cash flow summary \$ million

	1H20
Operating cash flow	\$109.2m
Less IQumulate collections balance date mismatch ⁴	(\$20.6)m
Less lease obligations now classified as financing	(\$5.8)m
Adjusted operating cashflow	\$82.8m

Full conversion of NPATA into cash

¹ Underlying financial data reconciled to statutory data on slides 9 and 37.

² 1H20 EPS share count of c.849.5m assumes 1 July 2019 commencement for IBNA and Steadfast PSF Rebate offer.

³ Calculated on a consistent basis since IPO.

⁴ Instalments collected late December 2019 and paid to financier early January 2020.

Equity brokers and network

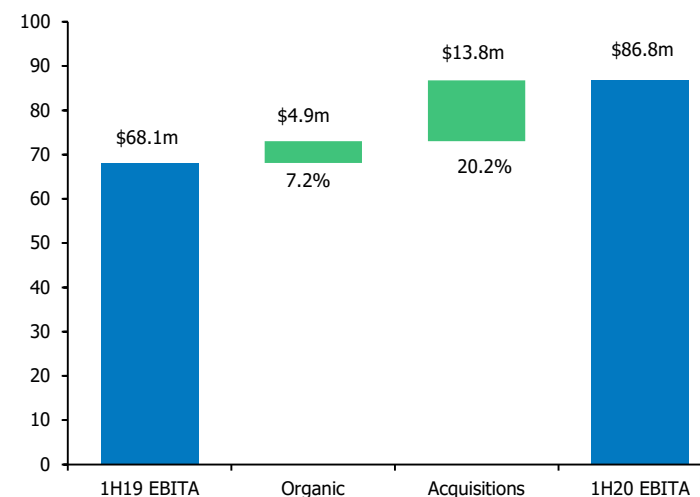
Organic and acquisition growth

Equity brokers and network - consolidated & equity accounted (assuming 100% ownership)

6 months to 31 December 2019 \$ million	Underlying 1H20 ¹	Underlying 1H19 ¹	Period-on-period growth %	Organic growth %	Growth from acquisitions %
Net revenue	265.4	233.5	13.7%	6.9%	6.7%
EBITA	86.8	68.1	27.4%	7.2%	20.2%

- EBITA of **\$86.8m (+27.4%)** from all equity brokers and network
 - Driven by acquisition (including IBNA and Steadfast PSF Rebate offer) and organic growth
 - Growth in revenue driven by hardening market and volume growth
 - Fee & commission split of ~30%/70% in-line with historic average

EBITA growth: 1H19 – 1H20



Steadfast Underwriting Agencies

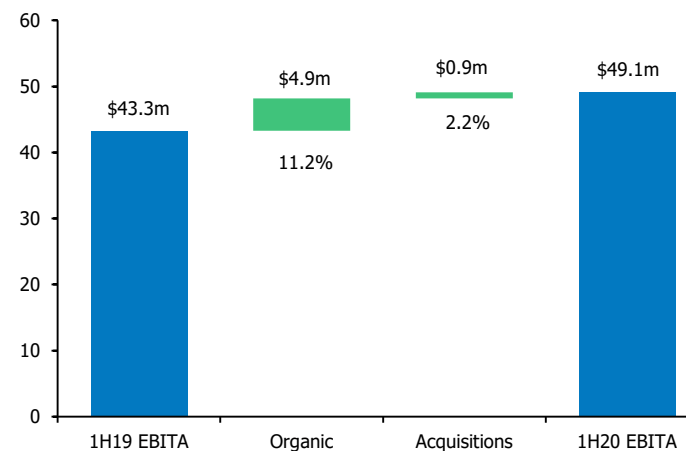
Strong organic growth driven by price and volume

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

6 months to 31 December 2019 \$ million	Underlying 1H20 ¹	Underlying 1H19 ¹	Period-on-period growth %	Organic growth %	Growth from acquisitions %
Net revenue	104.6	92.5	13.1%	11.5%	1.6%
EBITA	49.1	43.3	13.4%	11.2%	2.2%

- Strong uplift across all agencies
- Strong performance led to underlying EBITA growth of **13.4%**

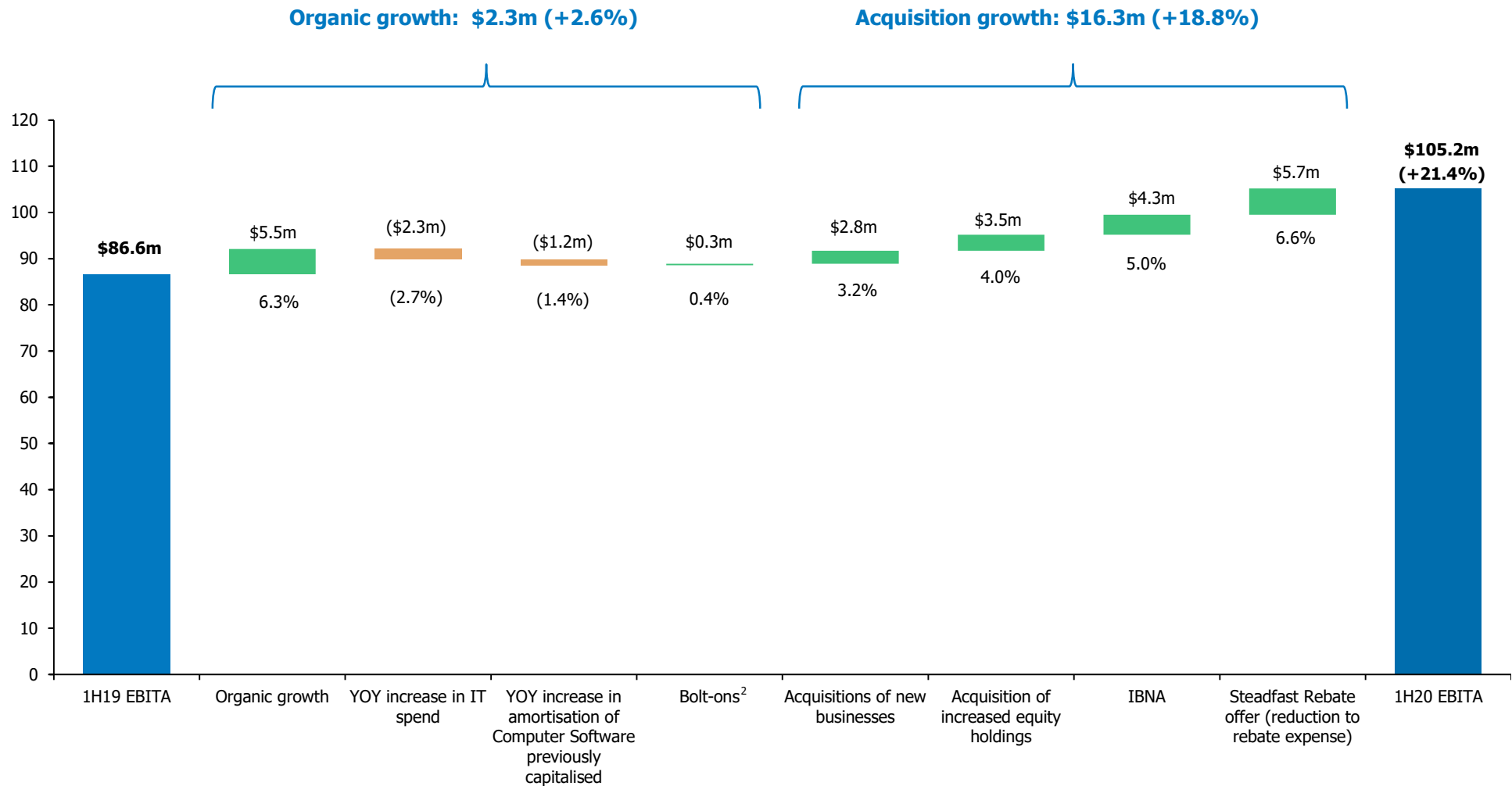
EBITA growth: 1H19 – 1H20



¹ Excludes profit share.

Drivers of 21.4% growth in underlying EBITA¹

Organic and acquisition growth



¹ Excludes impact from mark-to-market adjustments for Johns Lyng Group investment. The JLG dividend is included in Underlying earnings.

² Acquisitions completed by existing equity businesses.

Statutory balance sheet

Strong balance sheet with capacity for future growth

\$ million	31 Dec 2019	30 Jun 19
Cash and cash equivalents	197	117
Cash held on trust	477	427
Premium funding receivables	567	76
Trade & other receivables ²	146	172
Total current assets	1,387	792
Goodwill	963	945
Identifiable intangibles	190	193
Equity accounted investments	118	128
Other (including PPE, deferred tax assets)	168	99
Total non-current assets	1,439	1,365
Total assets	2,826	2,157
Trade & other payables	554	510
Borrowings	21	26
Premium funding borrowings and payables	571	70
Deferred consideration	20	28
Other (including tax payable, provisions)	52	41
Total current liabilities	1,218	675
Borrowings	296	311
Deferred consideration	1	6
Deferred tax liabilities – customer relationships	45	49
Remaining deferred tax liability & other	52	21
Total non-current liabilities	394	387
Total liabilities	1,612	1,062
Net assets	1,214	1,095
Non-controlling interests	69	80

Corporate debt facilities \$ million	Maturity	Total
Facility A - Revolving	Jan 2023	260
Facility B - Revolving	Jan 2025	75
Facility C – Term	Jan 2025	62.5
Facility D - Term	Jan 2027	62.5
Total available		460

- IQumulate now fully reflected in balance sheet, refer slide 15 for further details
- Increased corporate debt facilities from \$385m to \$460m in January 2020
- Significant headroom in corporate debt covenants
- Unutilised corporate debt facility of **\$186m** available at 31 December 2019 for future growth
- Total Group gearing excluding premium funding within Board approved maximum:

Gearing ratio ¹	Actual	Max
Total Group	20.9%	30.0%

Total borrowings \$ million	Total
Group facility borrowings	270
Subsidiary borrowings	47
Total	317

¹ Gearing calculated as debt/(debt + equity). Debt defined as corporate debt+ subsidiary debt excluding premium funding debt.

Acquisition of IQumulate

Impact on balance sheet and statutory profit

\$ million	Group 31 Dec 19	IQumulate 31 Dec 19 Pro forma impact	Group 31 Dec 19 Pro forma	Group 30 Jun 19
Cash and cash equivalents	197	57	140	117
Cash held on trust	477	-	477	427
Premium funding receivables	567	548	19	76
Trade & other receivables	146	5	141	172
Total current assets	1,387	610	777	792
Goodwill	963	24	939	945
Identifiable intangibles	190	10	180	193
Equity accounted investments	118	-	118	128
Other (including PPE, deferred tax assets)	168	4	164	99
Total non-current assets	1,439	38	1,401	1,365
Total assets	2,826	648	2,178	2,157
Trade & other payables	554	22	532	510
Borrowings	21	-	21	26
Premium funding borrowings and payables	571	560	11	70
Deferred consideration	20	-	20	28
Other (including tax payable, provisions)	52	2	50	41
Total current liabilities	1,218	584	634	675
Borrowings	296	-	296	311
Deferred consideration	1	-	1	6
Deferred tax liabilities – customer relationships	45	3	42	49
Remaining deferred tax liability & other	52	2	50	21
Total non-current liabilities	394	5	389	387
Total liabilities	1,612	589	1,023	1,062
Net assets	1,214	59	1,155	1,095
Non-controlling interests	69	0	69	80

Steadfast Group acquired the remaining 50% of Macquarie Premium Funding (renamed IQumulate) late in FY19 to now hold 100%

Impact on balance sheet

- Premium funding borrowings and payables and corresponding receivables now fully disclosed on the Group balance sheet
 - IQumulate borrowings secured by IQumulate assets, 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 from corporate financial covenants



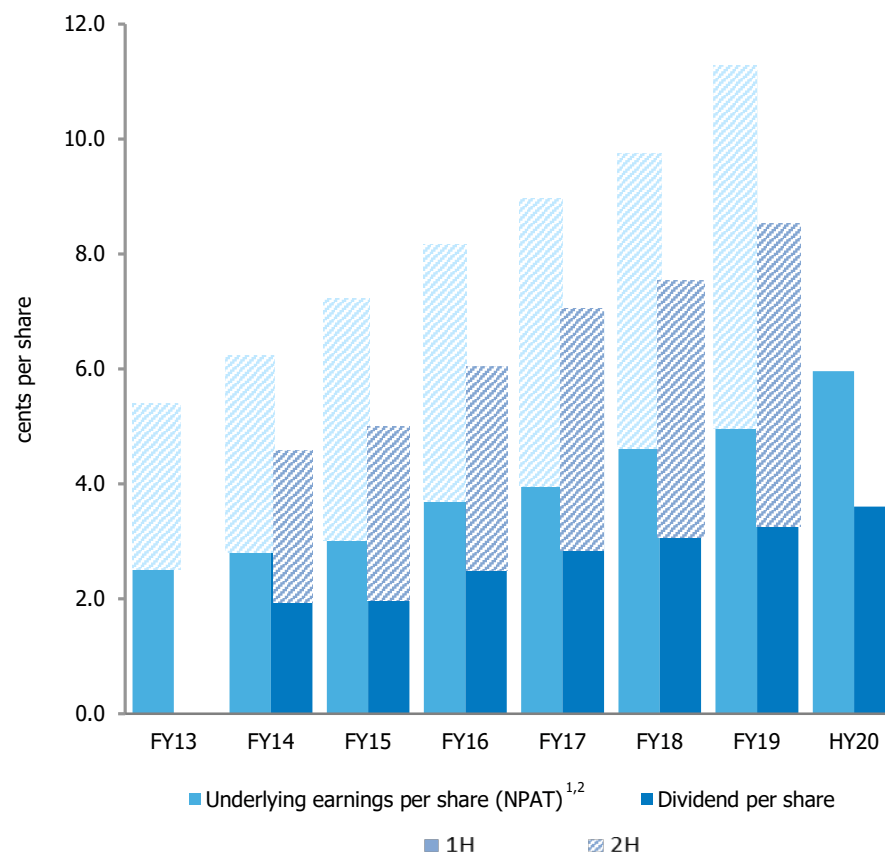
FY20 Guidance

Interim FY20 dividend

Interim dividend up 12.5%

- Interim FY20 dividend of **3.6 cps** (fully franked), up from 3.2 cps in 1H19, **+12.5%**
 - FY20 target dividend payout ratio of 65% to 85% of underlying NPAT
- Dividend Reinvestment Plan (DRP) to apply to interim FY20 dividend; no discount
 - DRP shares will be acquired on market
- Key dates for interim FY20 dividend:

➢ Ex dividend date:	2 March 2020
➢ Dividend record date:	3 March 2020
➢ DRP record date:	4 March 2020
➢ Payment date:	26 March 2020



¹ Excluding JLG mark-to-market adjustment.

² 1H20 EPS share count of c.849.5m shares commencing 1 July 2019 for IBNA and Steadfast PSF Rebate offer.

FY20 guidance

Reconfirm top end of underlying EBITA and NPAT guidance

Underlying EPS growth uplifted to reflect current guidance and the lower than anticipated share count

Guidance now excludes mark-to-market adjustments for Johns Lyng Group

Guidance (excluding JLG mark-to-market)

Underlying EBITA	\$215 million - \$225 million
Underlying NPAT	\$100 million - \$110 million
Underlying diluted EPS (NPAT) ¹ growth	10% - 15%


Reconfirm top end of FY20 EBITA and NPAT guidance even with the removal of mark-to-market adjustments for Johns Lyng Group investment.

YTD EBITA gain \$6.0m; NPAT gain \$4.2m as at 25 February 2020

Outlook and assumptions

- Strategic partners continuing to drive moderate premium price increases; and
- Increased technology spend to cater for expanded network.
- Also refer to the key risks on 48 - 52 of the Steadfast Group 2019 Annual Report.

¹ 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.



Appendices

Steadfast Group (slide 20)

Steadfast Network (slide 24)

Steadfast Underwriting Agencies (slide 30)

Key initiatives (slide 32)

- Our insurTech (slide 33)
 - International Expansion (slide 34)
-

1H20 detailed financials (slide 36)

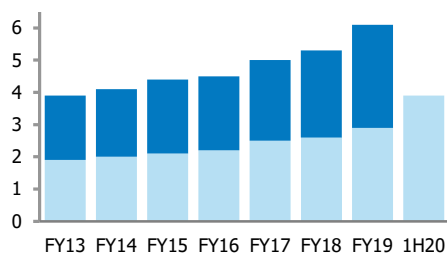


Steadfast Group

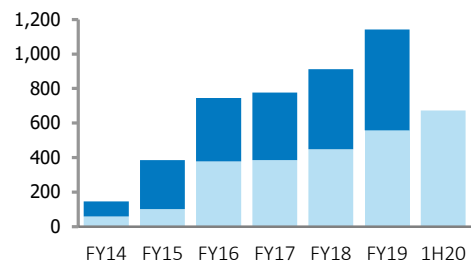
Steadfast Group

Our track record since listing on the ASX

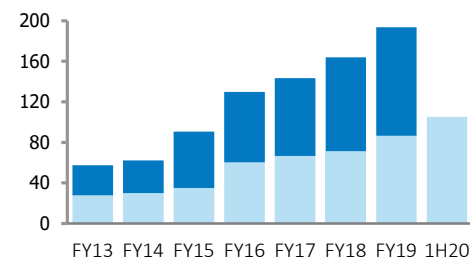
Steadfast Network GWP (\$bn)



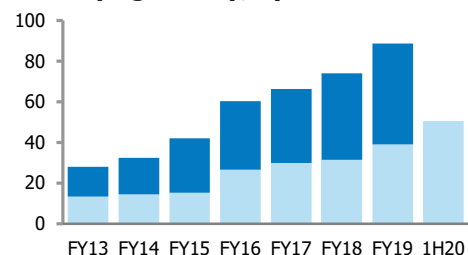
Steadfast Underwriting Agencies GWP (\$m)



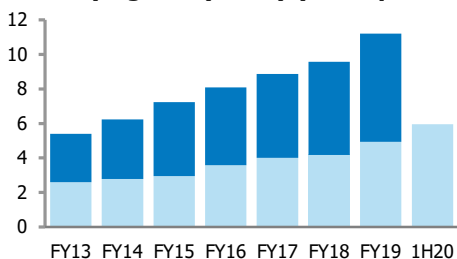
Underlying EBITA (\$m)¹



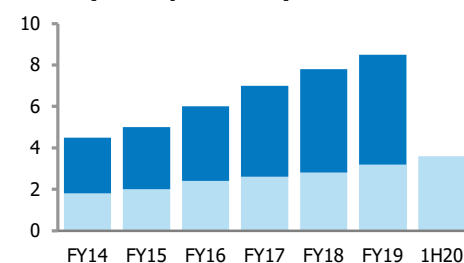
Underlying NPAT (\$m)¹



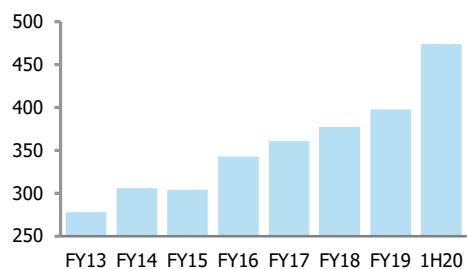
Underlying EPS (NPAT) (cents per share)¹



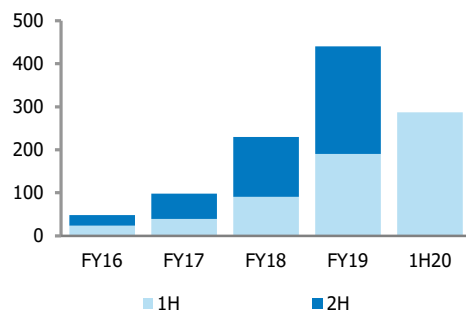
DPS (cents per share)¹



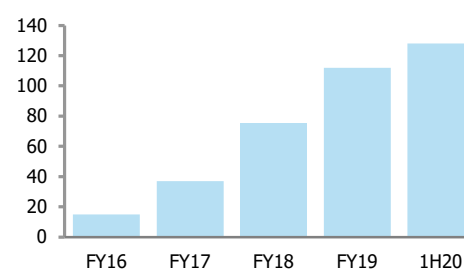
Steadfast Network brokers



Steadfast Client Trading Platform GWP (\$m)



Brokers on INSIGHT



Steadfast Group

Three business units focused on intermediated general insurance market

Steadfast Group (listed on ASX)

Steadfast Network

473 general insurance brokers

Steadfast Group has equity holdings in **62** brokers (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

8 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 GWP¹
\$7.1 billion
 Steadfast Network brokers

473

Largest group of underwriting agencies in Australasia

Annual GWP¹
\$1.3 billion
 Underwriting agencies

26

Steadfast Network collects professional services and other fees

Complementary businesses



100% owned Premium Funder



Specialist life insurance broker,
50% owned



Back-office service provider,
100% owned



Technology service arm,
100% owned



Work health consultancy,
57% owned



Reinsurance broker,
50% owned



Legal practice,
25% owned



Risk consulting,
50% owned

¹ As at calendar year 2019



Steadfast Network

Steadfast Network

Largest general insurance broker Network in Australasia

Steadfast Network

The Steadfast Network has 473 general insurance brokers 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.

Insurer partners have access to over \$7.1 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 35 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

\$7.1bn

gross written premium in CY19

473

brokers in the Network

Premium funding partners



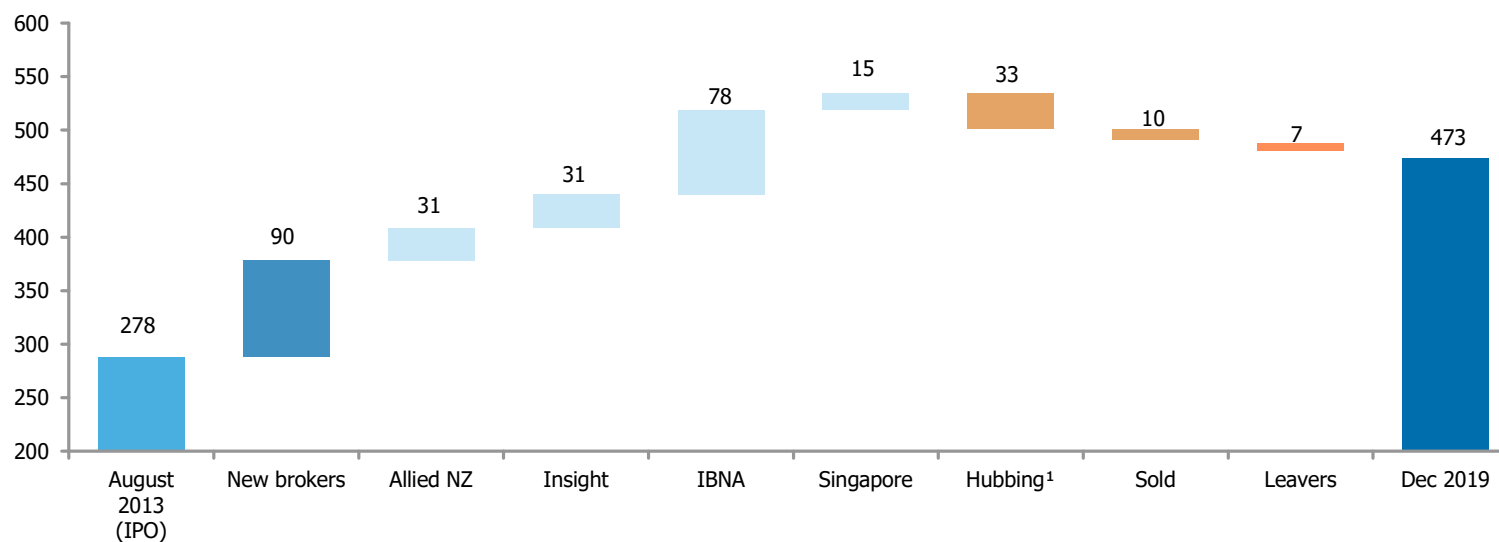
Strategic partner



Steadfast Network

245 brokers have joined the Steadfast Network since IPO

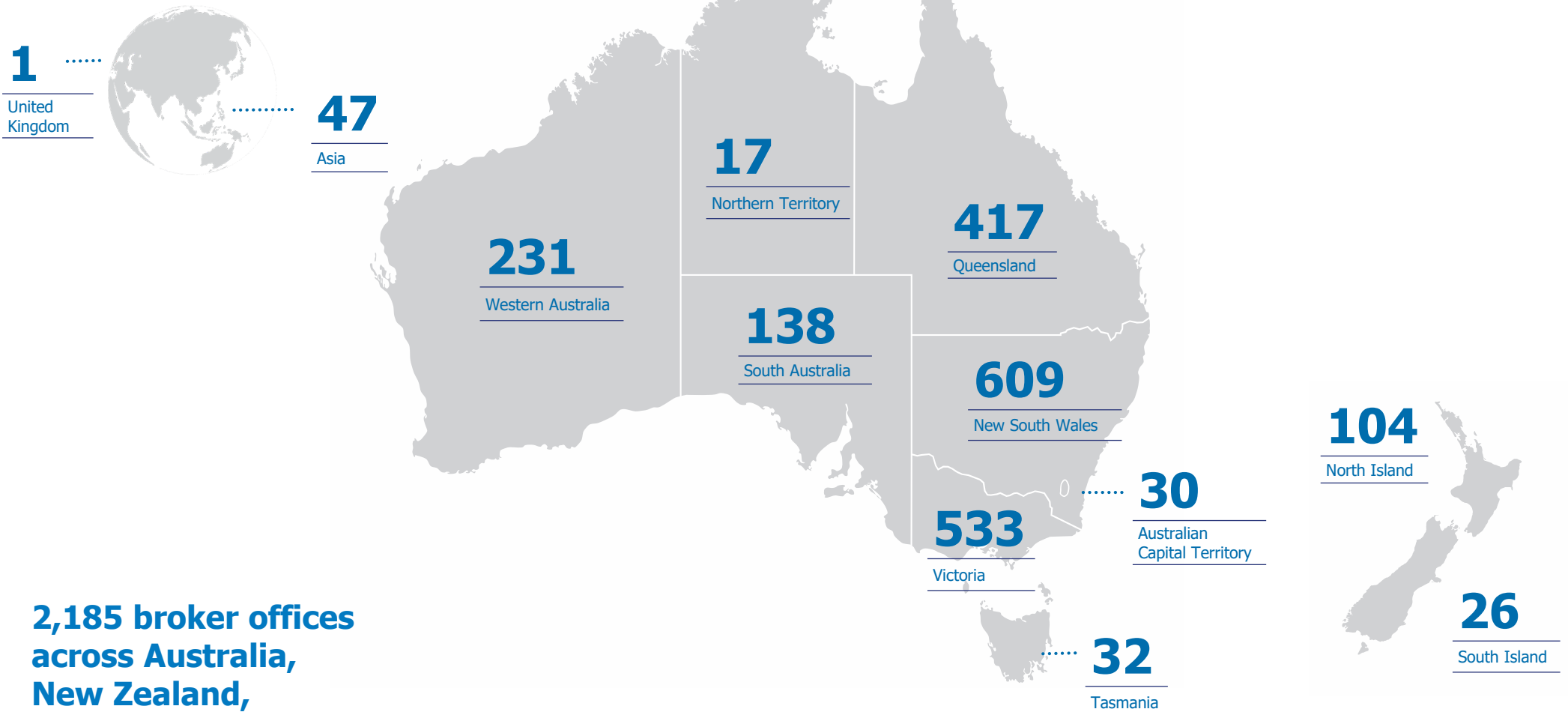
Number of Steadfast Network brokers



- 245 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 unisonSteadfast)

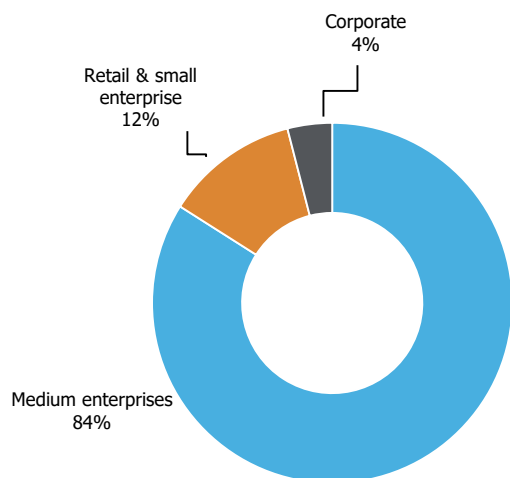


**2,185 broker offices
across Australia,
New Zealand,
Asia and Europe**

Steadfast Network

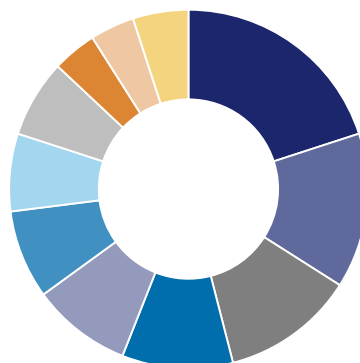
Australia – resilient SME client base

GWP mix^{1,2}



- 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



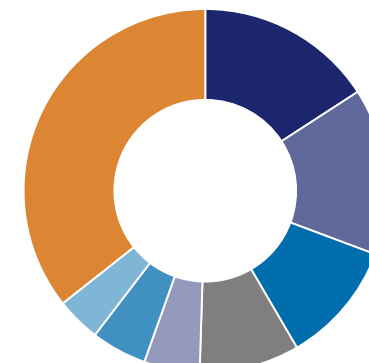
- Business pack 20%
- Commercial motor 14%
- Retail 12%
- Commercial property & ISR 10%
- Liability 9%
- Professional risks 8%
- Statutory covers 7%
- Strata 7%
- Rural & Farm 4%
- Construction & engineering 4%
- Other 5%

Diversified by geography



- VIC 35%
- NSW 21%
- QLD 15%
- WA 13%
- NZ 6%
- SA 5%
- TAS 3%
- ACT 1%
- NT 1%

Diversified by insurer



- CGU 16%
- QBE 15%
- Allianz 11%
- Vero 9%
- AIG 5%
- Chubb 4%
- Zurich 4%
- Various underwriting agencies, small insurers, Lloyd's and other small brokers 36%

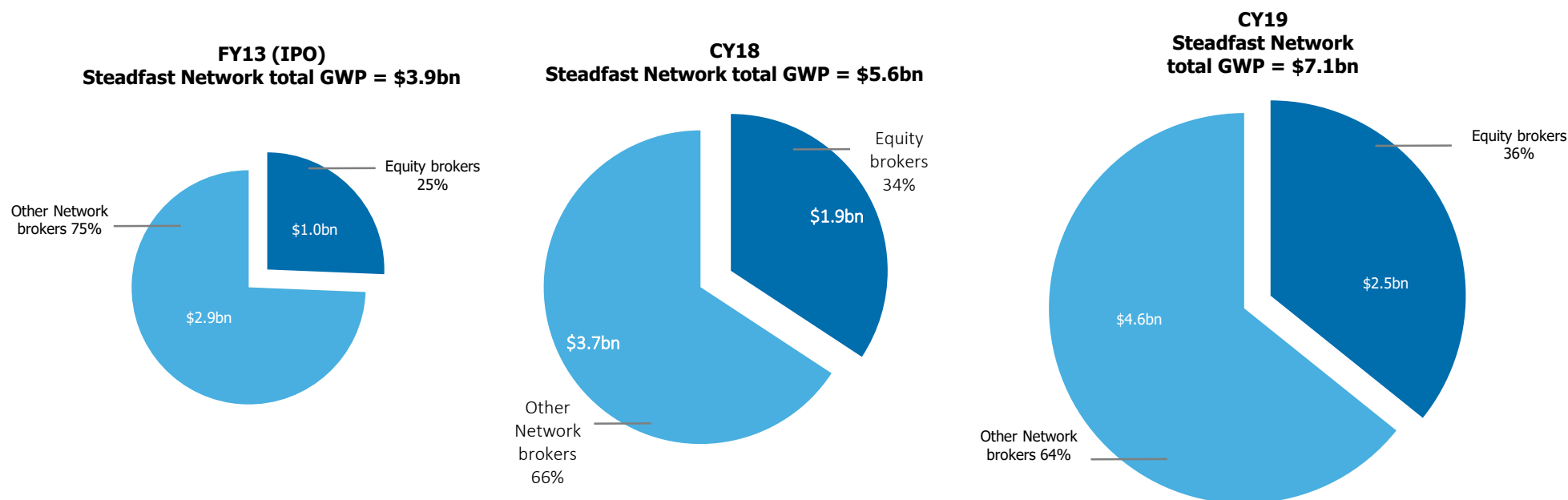
¹ Based on 1H20 GWP.

² Allocation based on policy size (retail and small enterprise < \$50k, medium enterprise \$50 – \$250k and corporate 250k+).

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 62 (after hubbing) of the 473 brokerages in the Steadfast Network and receives an ongoing share of dividends from these brokerages
 - IBNA GWP commenced 1 July 2019 and is expected to contribute \$1.25 billion in FY20



- 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



Steadfast Underwriting Agencies

Steadfast Underwriting Agencies

26 agencies, over 100 niche 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



Emerging risks



Heavy vehicles



Community care entertainment hospitality and security



Business interruption focused on SMEs



Pet Care Made Easy
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



Key Initiatives

Our Insurtech (slide 33)

International footprint (slide 34)

Our insurTech

Insurer and underwriting agency partners on the SCTP

Business pack	Professional risks	Liability	Commercial property & ISR	Commercial motor	Domestic home, motor & landlords

International footprint

Steadfast Network model replication

1. New Zealand

- 48 brokers in the Network
- NZ\$482m of gross written premium in CY19
- Steadfast Underwriting Agencies building market presence utilising Network distribution
- Strong buy-in from insurer partners
- SCTP introduced

2. Asia

- Target Singapore initially
- 15 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

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
 - 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 markets
- Seeking to increase professional indemnity cover for unisonSteadfast brokers
 - Creation of first new product for unisonSteadfast brokers
 - Leveraging Steadfast's relationship with PI provider

600+

Referrals between the Steadfast Network and unisonSteadfast

unisonSteadfast global network





1H20 Detailed Financials

1H20 detailed financials

Reconciliation of statutory to underlying earnings

6 months ended 31 December 2019 \$'000	Total statutory	Reclassifications	Non-trading items	Total underlying
Fees and commissions income	235,093	81,626	-	316,719
Professional Services and other fees	50,442	(17,709)	-	32,733
Premium funding income	37,010	4,086	(1,989)	39,107
Interest income	4,144	-	-	4,144
Share of profits from associates and joint ventures	11,779	(310)	(6,121)	5,348
Mark-to-market of investment in Johns Lyng Group	3,725	-	(3,725)	-
Other revenue	8,705	17,112	(7,805)	18,012
Revenue	350,898	84,805	(19,640)	416,063
Less: share of profits from associates and joint ventures	(11,779)	6,431	-	(5,348)
Revenue – consolidated entities	339,119	91,236	(19,640)	410,715
Employment expenses	(140,932)	9,833	-	(131,099)
Occupancy expenses	(3,928)	(7,057)	-	(10,985)
Other expenses including Corporate Office	(225,804)	(92,897)	145,504	(173,197)
Expenses – Consolidated entities	(370,664)	(90,121)	145,504	(315,281)
EBITA – Consolidated entities	(31,545)	1,115	125,864	95,434
Share of EBITA from associates and joint ventures	16,900	(7,183)	-	9,717
Total EBITA	(14,645)	(6,068)	125,864	105,151
Finance costs – consolidated entities	(7,478)	1,162	-	(6,316)
Finance costs – associates and joint ventures	(230)	17	-	(213)
Amortisation expense – consolidated entities	(18,028)	3,844	-	(14,184)
Amortisation expense – associates and joint ventures	(1,297)	92	-	(1,205)
Income tax benefit/(expense) – consolidated entities	(14,399)	310	(8,472)	(22,561)
Income tax benefit/(expense) – associates and joint ventures	(3,594)	643	-	(2,951)
Net profit after tax	(59,671)	-	117,392	57,721
Non-controlling interests	(12,272)	-	5,152	(7,120)
Net profit after tax attributable to owners of Steadfast Group Limited (NPAT)	(71,943)	-	122,544	50,601

1H20 detailed financials

Statement of income (underlying IFRS view), exclusive of JLG mark-to-market

12 months ended 30 June \$ million	Underlying 1H20	Underlying 1H19	Period-on-period growth %	Organic growth % ²	Acquisitions & hubbing growth % ³
Fees and commissions ¹	316.7	278.1	13.9%	8.7%	5.2%
Professional Services and other fees	32.7	24.8	32.1%	13.5%	18.6%
Interest income	4.1	4.1	1.5%	(10.2%)	11.7%
Other revenue ⁴	57.1	14.0	308.6%	56.0%	252.6%
Revenue – Consolidated entities	410.7	321.0	28.0%	10.9%	17.1%
Employment expenses	(131.1)	(105.7)	24.1%	9.0%	15.1%
Occupancy expenses	(11.0)	(8.9)	23.7%	7.9%	15.8%
Other expenses including Corporate Office ¹	(173.2)	(132.7)	30.5%	17.1%	13.4%
Expenses – Consolidated entities	(315.3)	(247.2)	27.5%	13.3%	14.2%
EBITA – Consolidated entities	95.4	73.7	29.4%	2.9%	26.5%
Share of EBITA from associates and joint ventures	9.7	12.9	(24.4%)	0.5%	(24.9%)
EBITA – excluding mark-to-market of investment in Johns Lyng Group	105.2	86.6	21.4%	2.6%	18.8%
Mark-to-market of investment in Johns Lyng Group	-	-	0.0%		
Total EBITA	105.2	86.6	21.4%		
Net financing expense	(6.5)	(6.2)	5.3%		
Amortisation expense – consolidated entities	(14.2)	(12.4)	14.5%		
Amortisation expense – associates	(1.2)	(1.5)	(21.3%)		
Income tax expense	(25.5)	(19.8)	29.1%		
Net profit after tax	57.7	46.7	23.6%		
Non-controlling interests	(7.1)	(7.6)	(6.7%)		
Net profit attributable to Steadfast members (NPAT)	50.6	39.1	29.5%		
Amortisation expense – consolidated entities ⁵	12.3	10.5	16.4%		
Amortisation expense – associates ⁶	1.2	1.5	(22.1%)		
Net Profit after Tax and before Amortisation (NPATA⁷)	64.0	51.1	25.2%		

¹ Wholesale broker and agency commission expense (paid to brokers) included in revenues and other expenses so impact to EBITA is nil (\$73.3m in 1H19; \$85.7m in 1H20).

² Includes bolt-on acquisitions.

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

⁴ Excludes impact from mark-to-market adjustments of \$3.725m (pre tax) 1H20 and (\$1.200)m (pre tax) 1H19 for Johns Lyng Group investment.

⁵ 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.

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

⁷ Calculated on a consistent basis since IPO.

1H20 detailed financials

Statement of income (underlying IFRS view)

6 months ended 31 December 2019 \$ million	Underlying 1H20	Underlying 2H19	Underlying 1H19	Underlying 2H18	Underlying 1H18
Fees and commissions ¹	316.7	305.3	278.1	266.6	225.8
Professional Services and other fees	32.7	23.5	24.8	19.8	20.8
Interest income	4.1	4.8	4.1	3.4	3.6
Other revenue	57.1	33.7	14.0	15.4	11.5
Revenue – Consolidated entities	410.7	367.4	321.0	305.3	261.8
Employment expenses	(131.1)	(117.1)	(105.7)	(96.8)	(87.9)
Occupancy expenses	(11.0)	(10.0)	(8.9)	(8.7)	(7.7)
Other expenses including Corporate Office ¹	(173.2)	(145.5)	(132.7)	(120.2)	(106.1)
Expenses – Consolidated entities	(315.3)	(272.7)	(247.2)	(225.7)	(201.8)
EBITA – Consolidated entities	95.4	94.7	73.7	79.6	60.0
Share of EBITA from associates and joint ventures	9.7	12.1	12.9	13.2	11.4
EBITA⁴	105.2	106.8	86.6	92.7	71.3
Net financing expense	(6.5)	(8.4)	(6.2)	(5.2)	(5.4)
Amortisation expense – consolidated entities	(14.2)	(13.3)	(12.4)	(11.7)	(10.3)
Amortisation expense – associates	(1.2)	(1.4)	(1.5)	(1.6)	(1.6)
Income tax expense	(25.5)	(24.0)	(19.8)	(23.6)	(16.8)
Net profit after tax	57.7	59.7	46.7	50.7	37.2
Non-controlling interests	(7.1)	(10.1)	(7.6)	(8.2)	(5.7)
Net profit attributable to Steadfast members (NPAT⁴)	50.6	49.6	39.1	42.5	31.5
Amortisation expense – consolidated entities ²	12.3	11.5	10.5	10.2	8.9
Amortisation expense – associates ²	1.2	1.4	1.5	1.6	1.6
Net Profit after Tax and before Amortisation (NPATA^{3,4})	64.0	62.5	51.1	54.3	42.0
Weighted average share # ⁵	849.5	791.6	792.0	772.0	753.9
Underlying diluted EPS (NPAT) (cents per share)	5.96	6.27	4.93	5.40	4.17
Underlying diluted EPS (NPATA) (cents per share)	7.54	7.90	6.46	6.90	5.57

¹ Wholesale broker and agency commission expense (paid to brokers) included in revenues and other expenses so impact to EBITA is nil (\$73.3m in 1H19; \$85.7m in 1H20).

² 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.

³ Calculated on a consistent basis since IPO.

⁴ Excludes impact of \$3.725m (pre tax) from mark-to-market adjustments for Johns Lyng Group investment. Prior periods have also been adjusted.

⁵ Includes shares issued in relation to IBNA acquisition and Steadfast PSF Rebate offer assumed commencement date 1 July 2019.

1H20 detailed financials

Statutory cash flow statement

\$ million	1H20	1H19
Cash flows from operating activities		
Net cash from operating activities before customer trust accounts movement	109.2	62.3
Net movement in customer trust accounts	43.8	13.2
Net cash from operating activities	153.0	75.5
Cash used in PSF Rebate offer	(38.2)	-
Cash used in other investing activities	(24.0)	(103.2)
Cash acquired in acquisitions	7.6	80.2
Net cash used in investing activities¹	(54.6)	(23.0)
Cash used for dividends	(37.0)	(37.3)
Other	72.1	104.4
Net cash from financing activities	35.1	67.1
Net increase/(decrease) in cash and cash equivalents	133.5	119.6
Cash and cash equivalents at 31 December	673.8	507.6
split into: Cash held in trust	477.1	392.8
Cash on hand (net of overdraft)	196.7	114.8

\$45.8m free cash flow in 1H20

Cash from operations	\$109.2m
Less IQumulate collections balance date mismatch ²	(\$20.6)m
Less lease obligations now classified as financing	(\$5.8)m
Adjusted operating cashflow	\$82.8m
Dividends paid	(\$37.0)
Free cash flow	\$45.8m

**> 100% conversion
of NPATA to cash**

¹ Investments in IBNA and Steadfast PSF Rebate offer satisfied by issue of SDF shares are excluded from cash flow statement.

² Instalments collected late December 2019 and paid to financier early January 2020.

Australian General Insurance Statistics¹

Premiums and claims by class of business

Premiums and Claims by class of Business	Houseowners/householders		Domestic motor vehicle		CTP motor vehicle	
	Year End Sept 2018	Year End Sept 2019	Year End Sept 2018	Year End Sept 2019	Year End Sept 2018	Year End Sept 2019
Gross written premium (\$m)	8,663	9,172	9,773	10,324	3,556	3,387
Number of risks ('000)	12,026	12,116	15,751	16,065	16,127	15,190
Average premium per risk (\$)	720	+5.1% 757	620	+3.7% 643	221	+0.9% 223
Outwards reinsurance expense (\$m)	2,648	2,878	1,915	2,076	800	762
Gross earned premium (\$m)	8,816	9,305	9,540	10,145	3,698	3,544
Cession ratio	30%	31%	20%	20%	22%	21%
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	4,532	6,435	8,357	7,694	1,932	2,086
Gross earned premium (\$m)	8,816	9,305	9,540	10,145	3,698	3,544
Gross loss ratio	51%	69%	73%	76%	52%	59%
Net incurred claims (current and prior years) (\$m)	3,593	4,234	5,631	5,877	1,577	1,953
Net earned premium (\$m)	6,168	6,427	7,625	8,070	2,899	2,782
Net loss ratio	58%	66%	74%	73%	54%	70%
Underwriting expenses (\$m)	1,664	1,711	1,558	1,601	298	294
Net earned premium (\$m)	6,168	6,427	7,625	8,070	2,899	2,782
U/W expense ratio	27%	27%	20%	20%	10%	11%
Net U/W combined ratio	85%	92%	94%	93%	65%	81%

Australian General Insurance Statistics¹

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 Sept 2018	Year End Sept 2019	Year End Sept 2018	Year End Sept 2019	Year End Sept 2018	Year End Sept 2019	Year End Sept 2018	Year End Sept 2019
Gross written premium (\$m)	2,563	2,755	4,318	4,878	2,391	2,545	1,947	2,269
Number of risks ('000)	1,687	1,673	1,561	1,660	9,599	9,599	646	731
Average premium per risk (\$)	1,519	+8.4% 1,646	2,767	+6.2% 2,938	249	+6.4% 265	3,015	+2.9% 3,102
Outwards reinsurance expense (\$m)	416	494	1,930	2,163	607	645	554	648
Gross earned premium (\$m)	2,453	2,702	4,371	4,864	2,322	2,453	1,785	2,007
Cession ratio	17%	18%	44%	44%	26%	26%	31%	32%
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	1,775	1,921	2,795	3,397	1,333	2,051	1,905	1,977
Gross earned premium (\$m)	2,453	2,702	4,371	4,864	2,322	2,453	1,785	2,007
Gross loss ratio	72%	71%	64%	70%	57%	84%	107%	98%
Net incurred claims (current and prior years) (\$m)	1,470	1,526	1,550	1,914	870	1,244	829	992
Net earned premium (\$m)	2,037	2,208	2,441	2,701	1,715	1,808	1,231	1,359
Net loss ratio	72%	69%	63%	71%	51%	69%	67%	73%
Underwriting expenses (\$m)	519	547	986	1,048	522	534	233	259
Net earned premium (\$m)	2,037	2,208	2,441	2,701	1,715	1,808	1,231	1,359
U/W expense ratio	25%	25%	40%	39%	30%	30%	19%	19%
Net U/W combined ratio	98%	94%	104%	110%	81%	98%	86%	92%

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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. All references starting with "1H" refers to the financial half year ended 31 December. "2H" refers to the financial half year ended 30 June.

