

24 August 2018

Steadfast Group Limited  
**FY18 results**  
**Analyst pack**



# FY18 analyst pack

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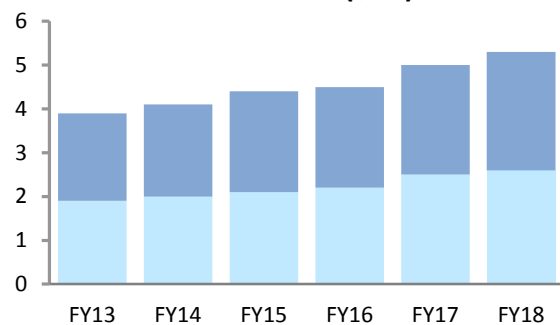
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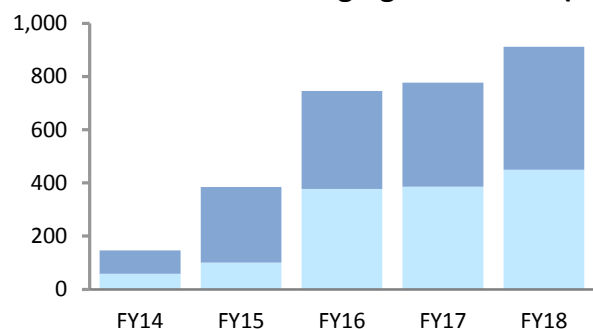
# Steadfast Group

## Our track record - five years listed on the ASX

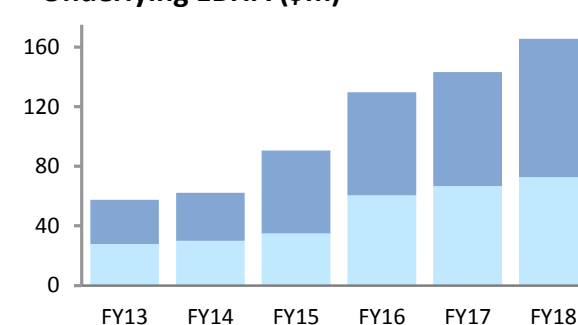
**Steadfast Network GWP (\$bn)**



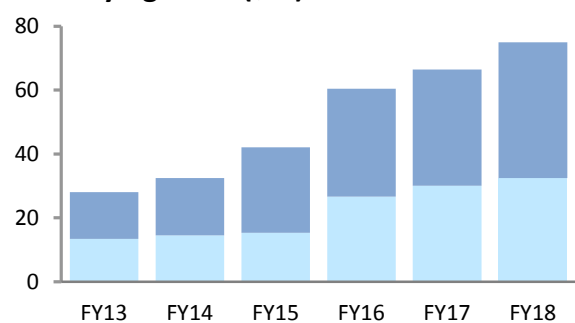
**Steadfast Underwriting Agencies GWP (\$m)**



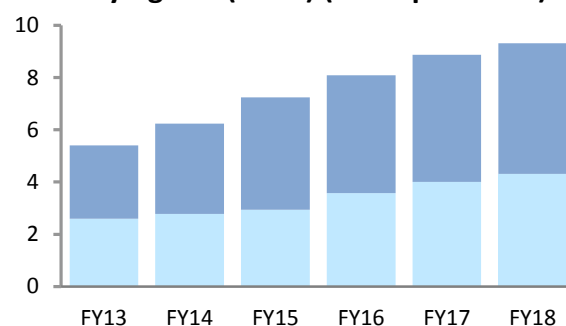
**Underlying EBITA (\$m)**



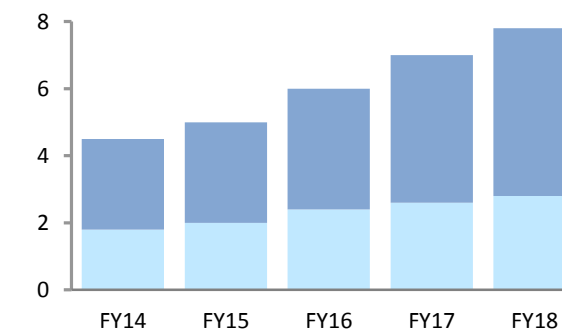
**Underlying NPAT (\$m)**



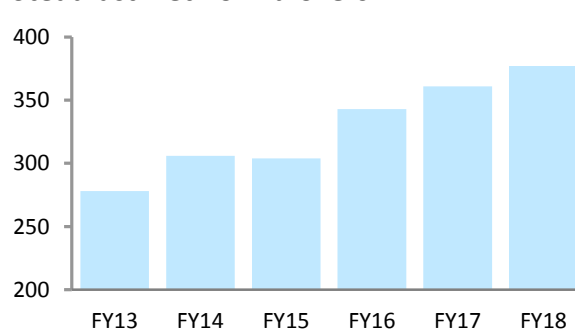
**Underlying EPS (NPAT) (cents per share)**



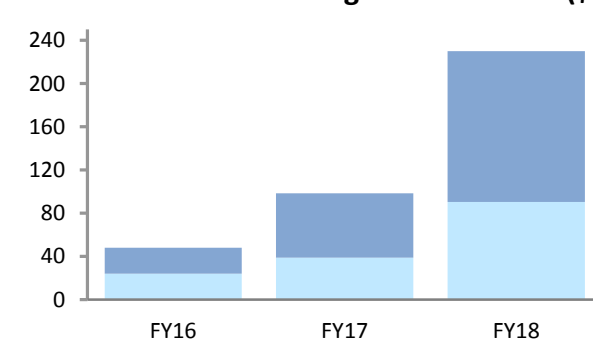
**DPS (cents per share)**



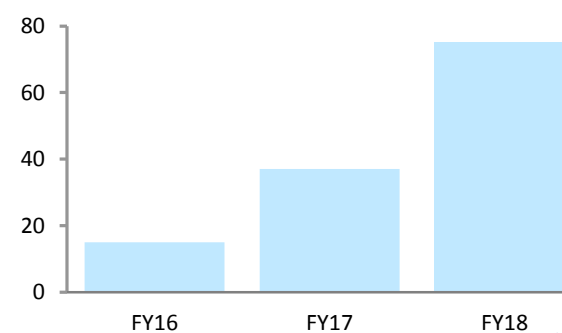
**Steadfast Network brokers**



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



**Brokers on INSIGHT**



1H 2H

# FY18 highlights

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# Steadfast Group highlights

## Strong performance driven by organic and acquisition growth

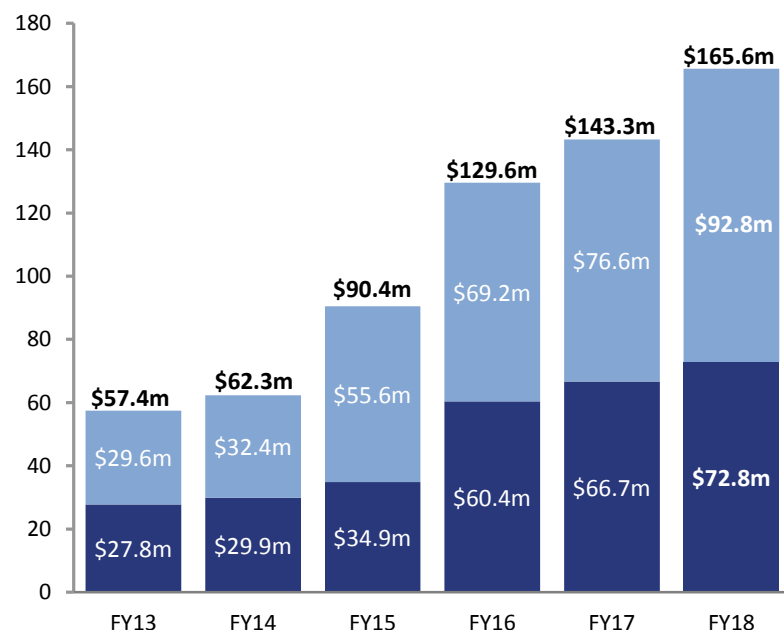
### Underlying earnings<sup>1</sup>

- EBITA +**15.5%** to **\$165.6m**
- NPAT +**12.9%** to **\$75.0m**
- NPATA<sup>2</sup> +**11.6%** to **\$97.3m**
- EPS (NPAT) +**9.5%** to **9.71cps**
- Total dividend +**7.1%** to **7.5cps**

### Statutory earnings

- NPAT +**13.6%** to **\$75.9m**

### Underlying EBITA (\$m)



### Organic growth

- Underlying EBITA organic growth +**9.6%** to **\$13.8m**
- Driven by strong equity broker and underwriting agency performance
- Strong underlying EBITA margins (aggregated):
  - **30.5%** for equity brokers (FY17: 30.3%)
  - **44.9%** for underwriting agencies (FY17: 42.5%)
- Profit growth is after continuing investment in technology division

### Acquisition growth

- Underlying EBITA acquisition growth +**5.9%** to **\$8.5m**
- Acquisition growth driven by broker and agency related acquisitions particularly contribution from Whitbread Insurance Brokers and Axis Underwriting Services

### Investment activity

- Invested **\$136.1m** in FY18, including \$100m for Whitbread Insurance Brokers and Axis Underwriting Services acquisition
  - Accompanied by \$115m capital raise in December 2017
- Stake in unisonSteadfast increased to 40% in January 2018

### Future growth

- Unutilised debt facility of **\$109m** available at 30 June 2018 (excluding free cash flow)

<sup>1</sup> For statutory reconciliation, refer to slides 44 and 45.

<sup>2</sup> Calculated on a consistent basis since IPO.

# Steadfast Network highlights

## Solid GWP growth driven by price increases and new brokers joining the Network

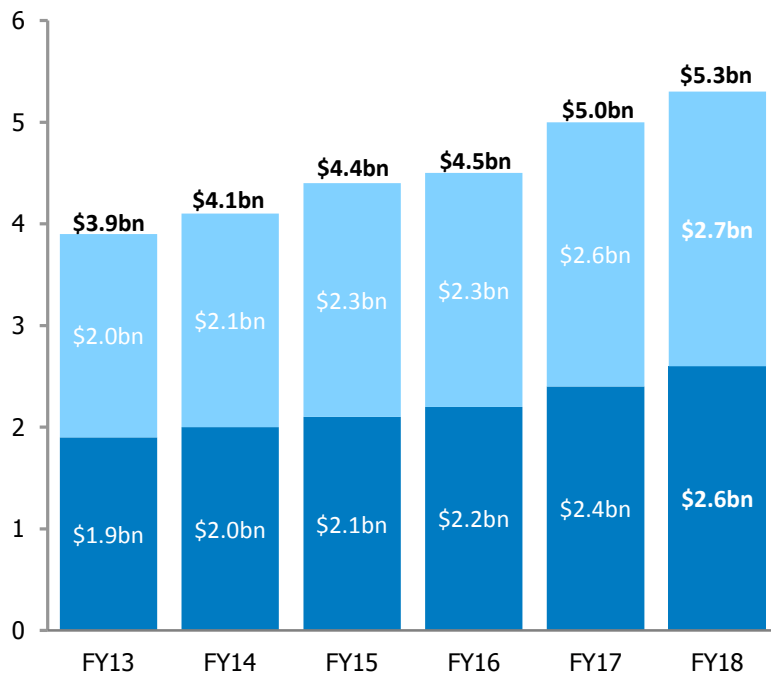
### Financial highlights

- Steadfast Network GWP **+6%** to **\$5.3 billion**
  - Primarily driven by price and volume increases and growth in authorised representative (AR) network
  - 5%** organic growth in full year compared to pcp (excludes statutory classes)
    - Price increases in business pack, ISR, professional risks and motor lines, with liability subdued
  - Customer retention rate 90%+

### Operational highlights

- Growth in Steadfast Network brokers **+16** to **377**
  - 324** brokers in the Australian network
  - 41** brokers in the New Zealand network
  - 12** brokers in the Singapore Network
- Significant investment activity in Steadfast Network brokers in FY18
  - 11** new equity holdings
  - 12** increased equity holdings
- Steadfast Client Trading Platform GWP of **\$231 million, +136%** compared to pcp

### Gross Written Premium (\$bn)



**FY18 vs FY17**

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**GWP of \$5.3bn vs \$5.0bn**

**+3% organic growth**

**+2% AR network**

**+1% new brokers**

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**+6% total growth**

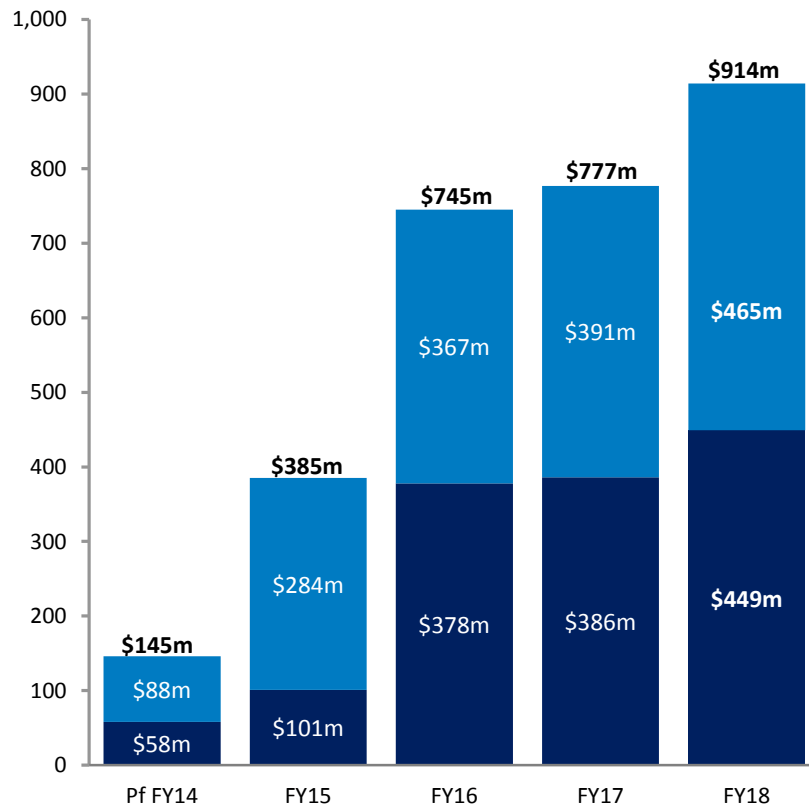
# Steadfast Underwriting Agencies highlights

## Strong growth in hardening market

### Financial highlights

- Steadfast Underwriting Agencies GWP **+18%** to **\$914m**
  - Premium pricing returning to technical levels
  - Driven by price, volume and acquisition growth
    - Property and business lines particularly strong

### Gross Written Premium (\$m)



### Operational highlights

- 25 agencies offering over 100 niche products
- Acquired Axis Underwriting Services in December 2017, key driver of acquisition growth
- London 'super' binder (Miramar) on Steadfast Client Trading Platform (SCTP), live on 4 insurance classes
  - Offers first direct, automated link between Lloyd's of London and Australian market
  - Good early traction with growing share of transactions
- Strong performance despite ongoing investment in several 'greenfield' agencies
  - Blend – accident and health
  - Emergence – cyber

#### FY18 vs FY17

GWP of \$914m vs \$777m

+10% organic growth

+8% acquisition growth

**+18% total growth**

# Key initiatives progress

## Delivering on long term strategic initiatives

### Technology

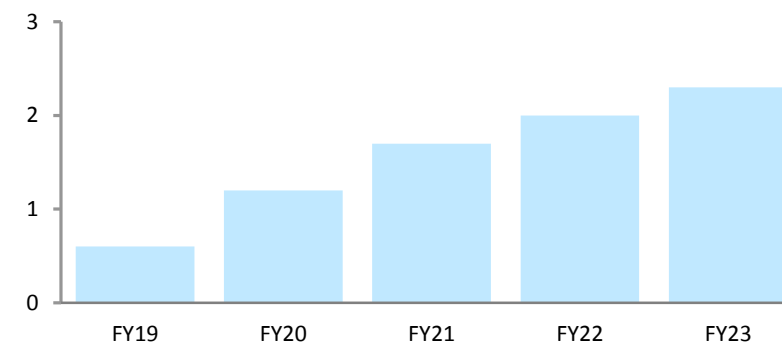
#### Steadfast Client Trading Platform (SCTP)

- 6 business lines and 14 insurer and underwriting agency partners live on SCTP
  - Including Steadfast Direct (retail home, motor and landlords cover)
- Upcoming activity:
  - CGU committed to join business pack shortly
  - Chubb joins business pack in early 2019
  - Berkley joins liability in Q3 19
  - Allianz joins business pack, commercial property, commercial motor in FY19
  - Zurich joins commercial motor in early 2019
- 5 year target:** \$2.3 billion of GWP and ~\$23 million EBITA contribution per annum by FY23 (after amortisation of ~\$6m per annum) to Steadfast Group
  - Based on 80% of Network GWP being available on SCTP and 60% usage by brokers in Australian Network
  - Driven by increased revenue from M&A fees and equity brokers
  - Continued but declining technology spend on SCTP, INSIGHT and UnderwriterCentral

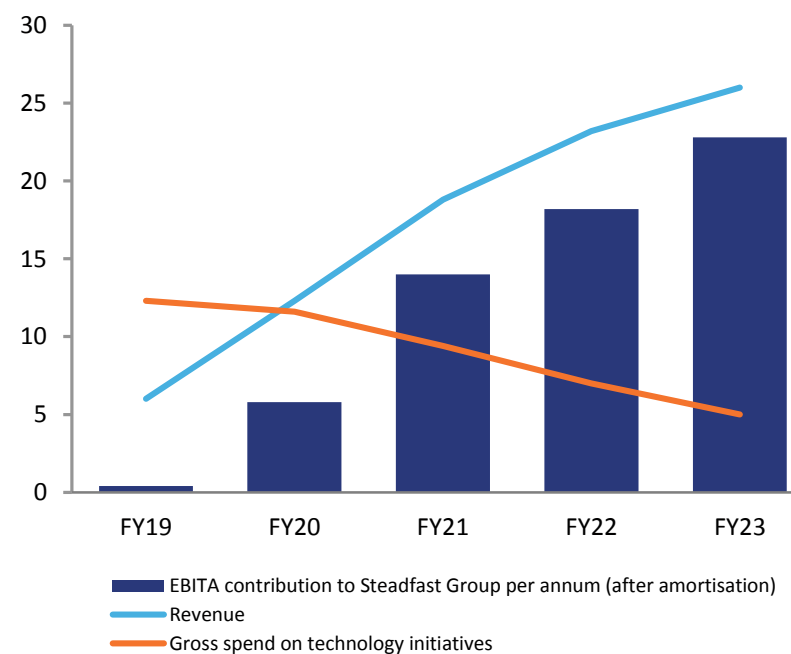
#### INSIGHT (client relationship management and back office system for brokers)

- 75 brokers live on INSIGHT
- Additional 50 brokers currently contracted to migrate onto INSIGHT

GWP transacted through SCTP (\$bn)



Additional contribution to Steadfast Group from SCTP (\$m)





# FY18 financial summary

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# Group financial performance

## Strong underlying earnings growth

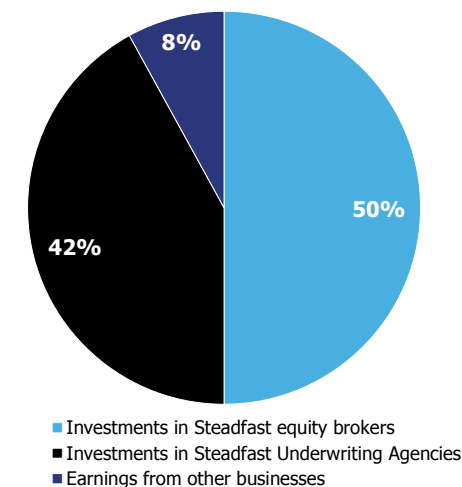
12 months to 30 June \$ million	Underlying FY18	Underlying FY17	Year-on-year growth %
Revenue (\$m)	582.5	504.1	15.5%
EBITA (\$m)	165.6	143.3	15.5%
NPAT (\$m)	75.0	66.4	12.9%
EPS (NPAT) (cents)	9.71	8.87	9.5%
NPATA <sup>1</sup> (\$m)	97.3	87.2	11.6%
EPS (NPATA) (cents)	12.60	11.65	8.2%

- Result in line with guidance upgraded in December 2017
- Growth across Steadfast Group driven by:
  - GWP uplift
  - Strong organic growth from equity brokers and Steadfast Underwriting Agencies
  - Acquisitions, particularly Whitbread Insurance Brokers and Axis Underwriting Services
- Strong cash conversion with over 99% conversion of NPATA into cash
- Underlying financial data reconciled to statutory data on slides 44 and 45

Cash flow summary \$ million	FY18
Operating cash flow	96.1
Dividend	(55.2)
<i>Free cash flow</i>	<i>40.9</i>
Net acquisition spend	136.1

**99% conversion of  
NPATA into cash**

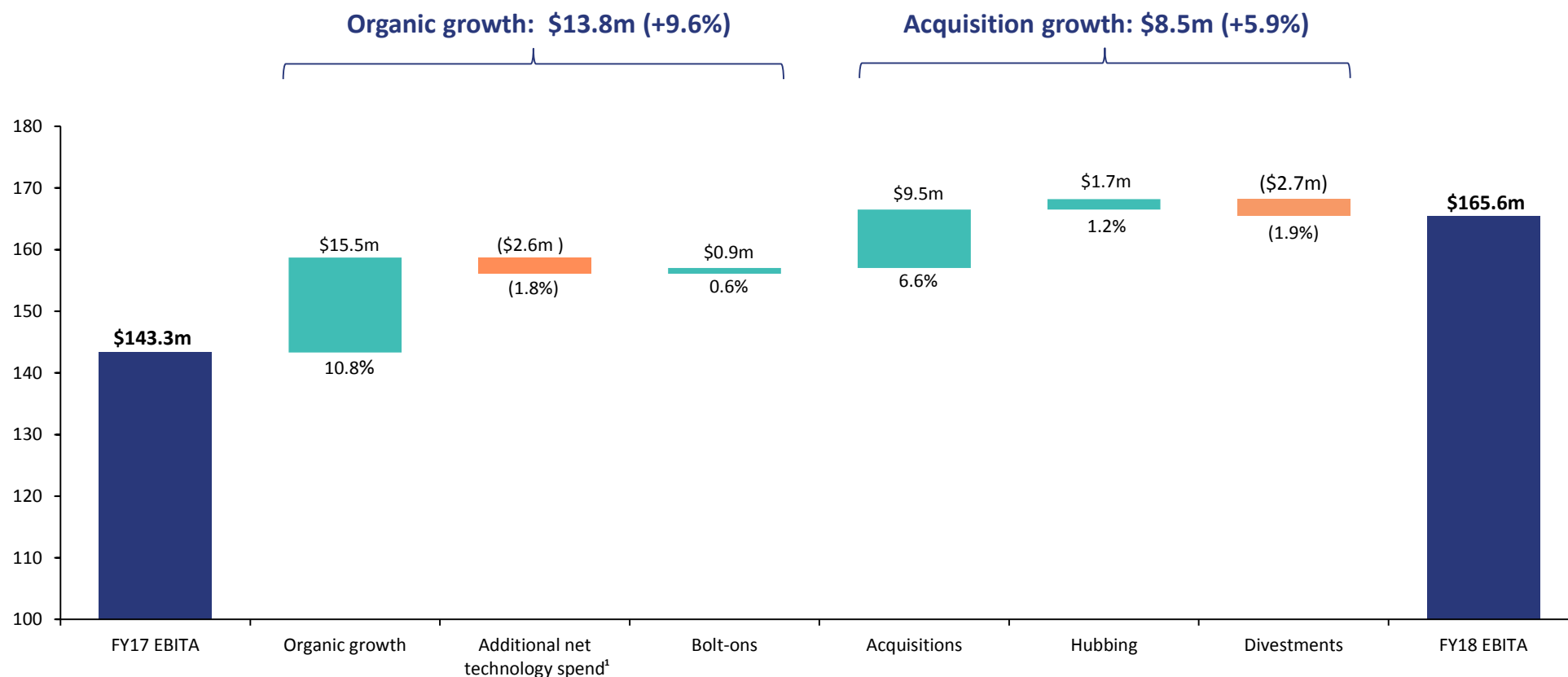
**FY18 underlying EBITA mix (IFRS)**



<sup>1</sup> Calculated on a consistent basis since IPO.

# Contributions to 15.5% growth in underlying EBITA

## Organic and acquisition growth



- 10.8% gross organic growth, 0.6% growth from bolt-ons, offset by additional net technology spend (-1.8%), resulting in net organic growth of 9.6%
- 6.6% gross acquisition growth, 1.2% growth from hubbing, offset by divestments (-1.9%), resulting in net acquisition growth of 5.9%

<sup>1</sup> Non-capitalised additional direct expense (including amortisation) on technology initiatives including Steadfast Client Trading Platform, INSIGHT and UnderwriterCentral.

# Equity brokers financial performance

## Organic and acquisition growth



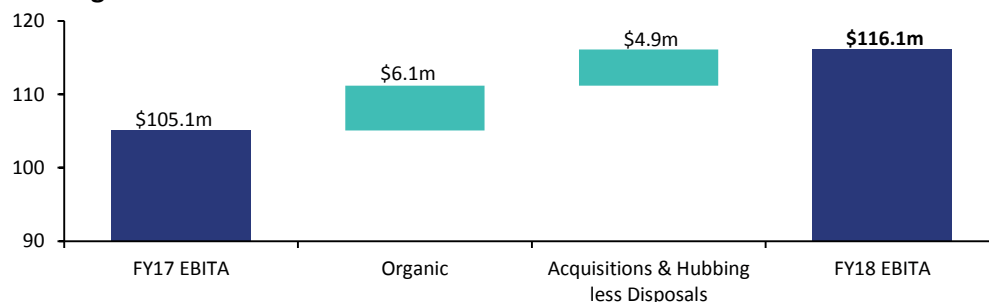
Share of FY18 Underlying EBITA

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

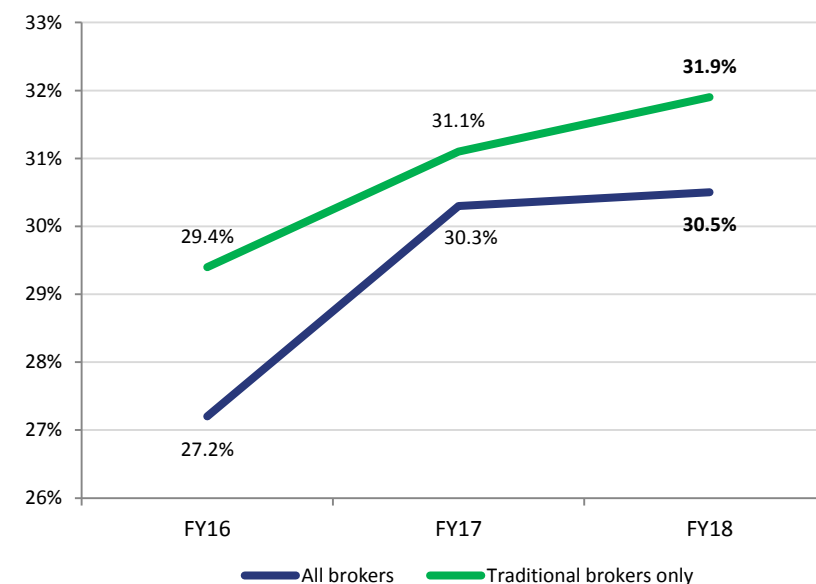
12 months to 30 June \$ million	Underlying FY18	Underlying FY17	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing <sup>1</sup> %
Net fees & commissions <sup>2</sup>	334.8	303.3	10.4%	5.6%	4.8%
Net revenue <sup>2</sup>	380.0	347.1	9.5%	5.0%	4.5%
<b>EBITA</b>	<b>116.1</b>	<b>105.1</b>	<b>10.4%</b>	<b>5.8%</b>	<b>4.6%</b>
Net revenue ('traditional' brokers only) <sup>2</sup>	281.3	257.8	9.1%	3.9%	5.2%
<b>EBITA ('traditional' brokers only)</b>	<b>89.7</b>	<b>80.2</b>	<b>11.7%</b>	<b>6.0%</b>	<b>5.7%</b>

- EBITA of **\$116.1m** from all brokers
  - Driven by both organic and acquisition growth
  - Growth in net fees & commissions due to GWP increases
  - Acquisition of Whitbread Insurance Group in December 2017
  - EBITA from traditional brokers of **\$89.7m** (excludes AR networks and wholesale, life insurance and trade credit brokers)

### EBITA growth FY17 – FY18



### EBITA margin<sup>3</sup>: FY16 – FY18



<sup>1</sup> Acquisition growth includes the net effect of acquisitions, divestments, and increased equity stakes.

<sup>2</sup> Net of third party payments.

<sup>3</sup> EBITA Margin = EBITA / Net revenue.

# Underwriting Agencies financial performance

## Price and volume driven growth

42  
%

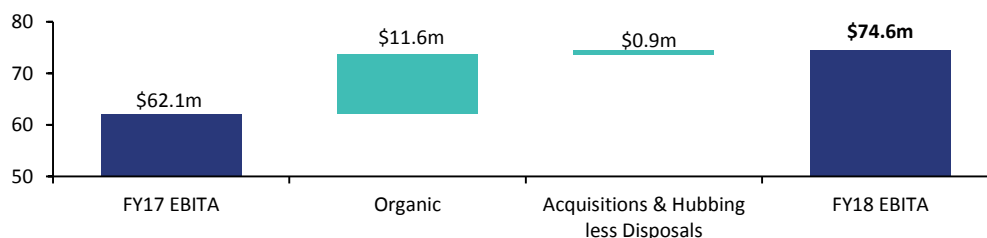
Share of FY18 Underlying EBITA

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

12 months to 30 June \$ million	Underlying FY18	Underlying FY17	Year-on-year growth %	Organic growth %	Growth from acquisitions & hubbing <sup>2</sup> %
Net fees & commissions <sup>1</sup>	154.3	133.6	15.5%	13.8%	1.7%
<b>Net revenue<sup>1</sup></b>	<b>159.1</b>	<b>139.0</b>	<b>14.4%</b>	<b>12.8%</b>	<b>1.6%</b>
EBITA	74.6	62.1	20.2%	18.7%	1.5%
<b>Revenue (excl. profit shares, RBUA)</b>	<b>153.5</b>	<b>129.9</b>	<b>18.1%</b>	<b>14.4%</b>	<b>3.7%</b>
<b>EBITA (excl. profit shares, RBUA)</b>	<b>69.0</b>	<b>55.2</b>	<b>24.8%</b>	<b>20.3%</b>	<b>4.5%</b>
<b>Revenue (excl. profit shares, RBUA, investment in 'greenfield' agencies)</b>	<b>146.6</b>	<b>126.0</b>	<b>16.3%</b>	<b>12.5%</b>	<b>3.8%</b>
<b>EBITA (excl. profit shares, RBUA, investment in 'greenfield' agencies)</b>	<b>68.0</b>	<b>55.1</b>	<b>23.3%</b>	<b>17.7%</b>	<b>5.6%</b>

- Net revenue growth driven by price and volume increases
  - Insurers moving premium prices towards technical levels
- Strong performance led to underlying EBITA growth of **23.3%**
  - Excludes profit shares, RBUA agency closed in Feb 2018 and investments in 'greenfield' agencies

### EBITA growth FY17 – FY18

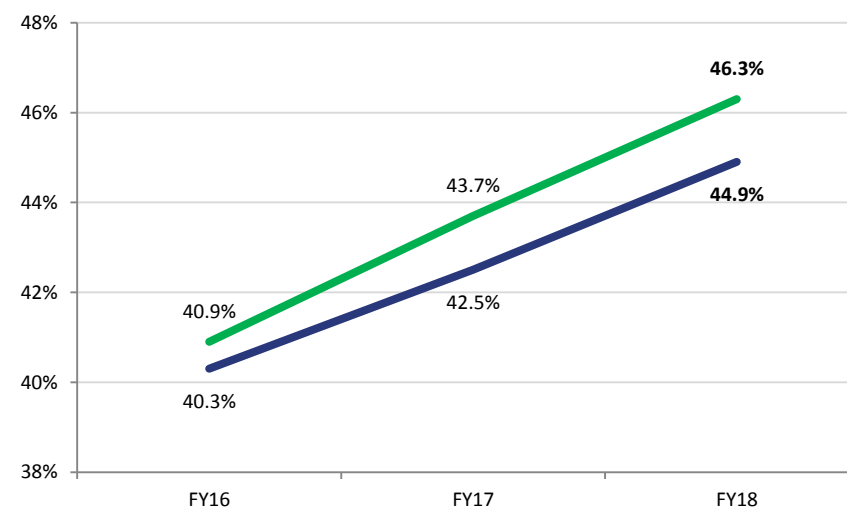


<sup>1</sup> Net of third party payments.

<sup>2</sup> Acquisition growth includes the net effect of acquisitions, divestments, and increased equity stakes.

<sup>3</sup> EBITA margin = (EBITA / Net revenue) after removing profit shares and RBUA closure.

### EBITA margin<sup>3</sup>: FY16 – FY18



— Agencies excl RBUA

— Agencies excl RBUA & 'greenfield'

# Statutory balance sheet

## Strong balance sheet with capacity for future growth

\$ million	30 Jun 18	30 Jun 17
Cash and cash equivalents	77	67
Cash held on trust	311	263
Trade & other receivables	493	395
<b>Total current assets</b>	<b>881</b>	<b>725</b>
Goodwill	816	717
Identifiable intangibles	172	155
Equity accounted investments	139	126
Property, plant and equipment	39	28
Deferred tax assets & other	35	49
<b>Total non-current assets</b>	<b>1,201</b>	<b>1,075</b>
<b>Total assets</b>	<b>2,082</b>	<b>1,800</b>
Trade and other payables	660	534
Subsidiaries' borrowings	1	2
Deferred consideration	3	5
Other (including tax payable, provisions)	75	78
<b>Total current liabilities</b>	<b>739</b>	<b>619</b>
Corporate borrowings	171	174
Subsidiaries' borrowings	47	31
Deferred consideration	1	1
Deferred tax liabilities – customer relationships	45	42
Remaining deferred tax liability & other	22	20
<b>Total non-current liabilities</b>	<b>286</b>	<b>268</b>
<b>Total liabilities</b>	<b>1,025</b>	<b>887</b>
<b>Net assets</b>	<b>1,057</b>	<b>913</b>
Non-controlling interests	59	41

Corporate debt facilities, \$ million	Maturity	Total	Available at 30 Jun 2018
Facility A	Aug 2020	235	59
Facility B	Aug 2020	50	50
<b>Total available</b>		<b>285</b>	<b>109</b>

- Facility A extended in August 2017 one further year to 2020
- Substantial headroom in financial debt covenants
- Unutilised debt facility of **\$109m** available at 30 June 2018 for future growth
- Gearing well within board-approved maximum:

Gearing ratio	Actual	Max
Corporate <sup>1</sup>	14.0%	25.0%
Total Group	17.5%	30.0%

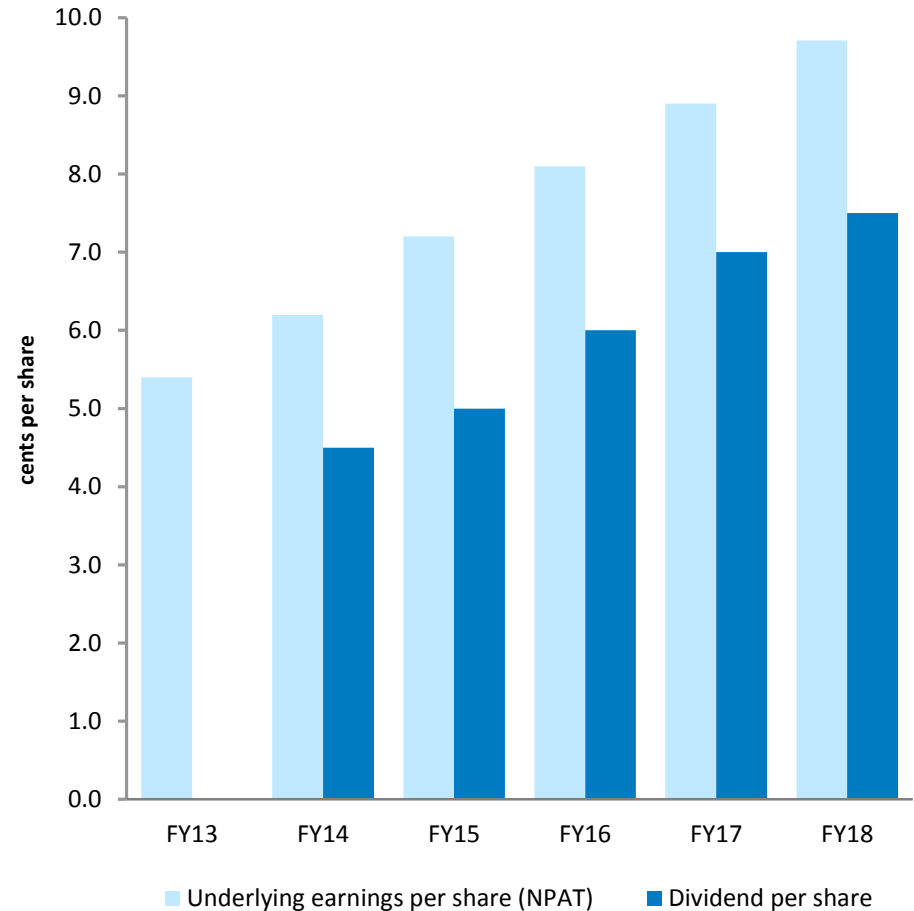
- Increase in net assets includes capital raise of \$115m

<sup>1</sup> Calculated as corporate debt/(corporate debt plus equity).

# Final FY18 dividend

## Final dividend up 7%

- Final FY18 dividend of **4.7** cps (fully franked), **+7%**
- Total FY18 dividend of **7.5** cps (fully franked), **+7%**
  - Total FY18 dividend payout ratio is 79% of underlying NPAT, in line with target of 65% to 85%
- Dividend Reinvestment Plan (DRP) to apply to final FY18 dividend; no discount
  - DRP shares will be acquired on market
- Key dates for final FY18 dividend:
  - Ex date: 29 August 2018
  - Dividend record date: 30 August 2018
  - DRP record date: 31 August 2018
  - Payment date: 20 September 2018



# FY19 guidance

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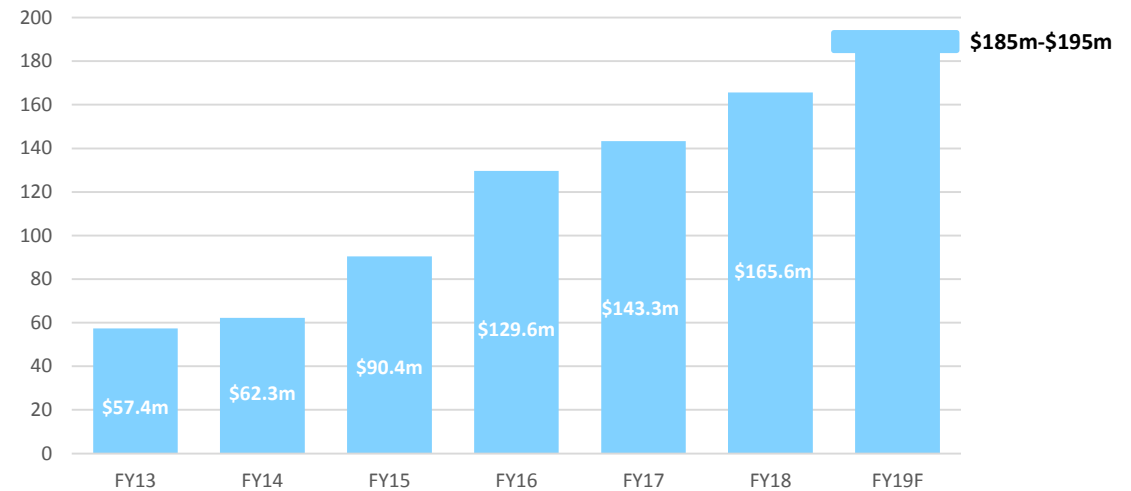


# FY19 guidance

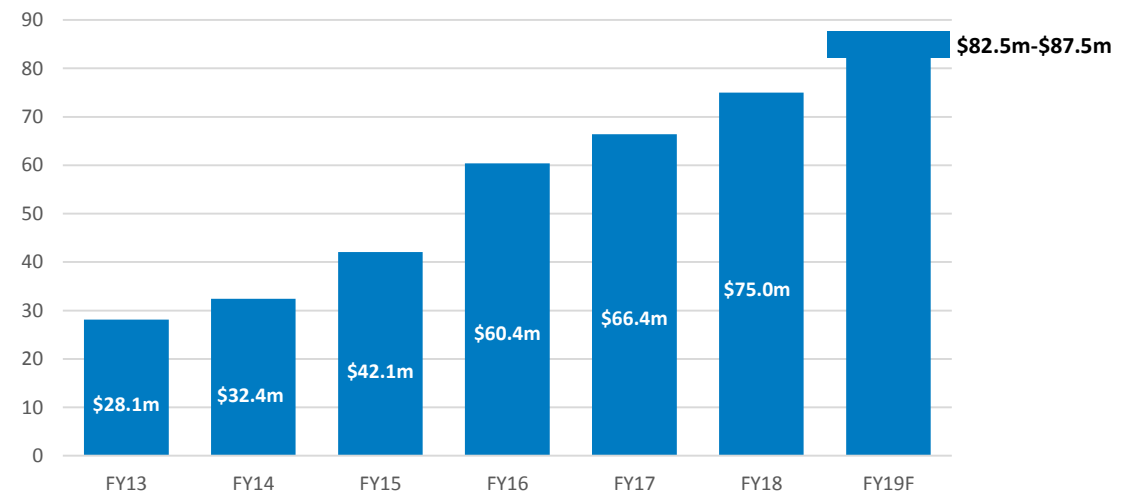
## Continued growth while implementing technology initiatives

- **FY19 guidance range<sup>1</sup>:**
  - Underlying EBITA of \$185 million - \$195 million
  - Underlying NPAT of \$82.5 million - \$87.5 million
- **Guidance subject to:**
  - Insurers continuing to drive moderate premium price increases
  - Increasing contribution from SCTP (see slide 8 for more detail)
  - Ongoing technology investment

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



Underlying NPAT (\$m)<sup>2</sup>



<sup>1</sup> Also refer to the key risks on pages 37 – 39 of the Steadfast Group 2018 Annual Report.

<sup>2</sup> FY13 and FY14 are pro-forma; FY15-FY18 are underlying.

# Appendices

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- Steadfast Group (slide 19)
- Steadfast Network (slide 24)
- Steadfast Underwriting Agencies (slide 31)
- Key initiatives (slide 33)
- FY18 detailed financials (slide 42)

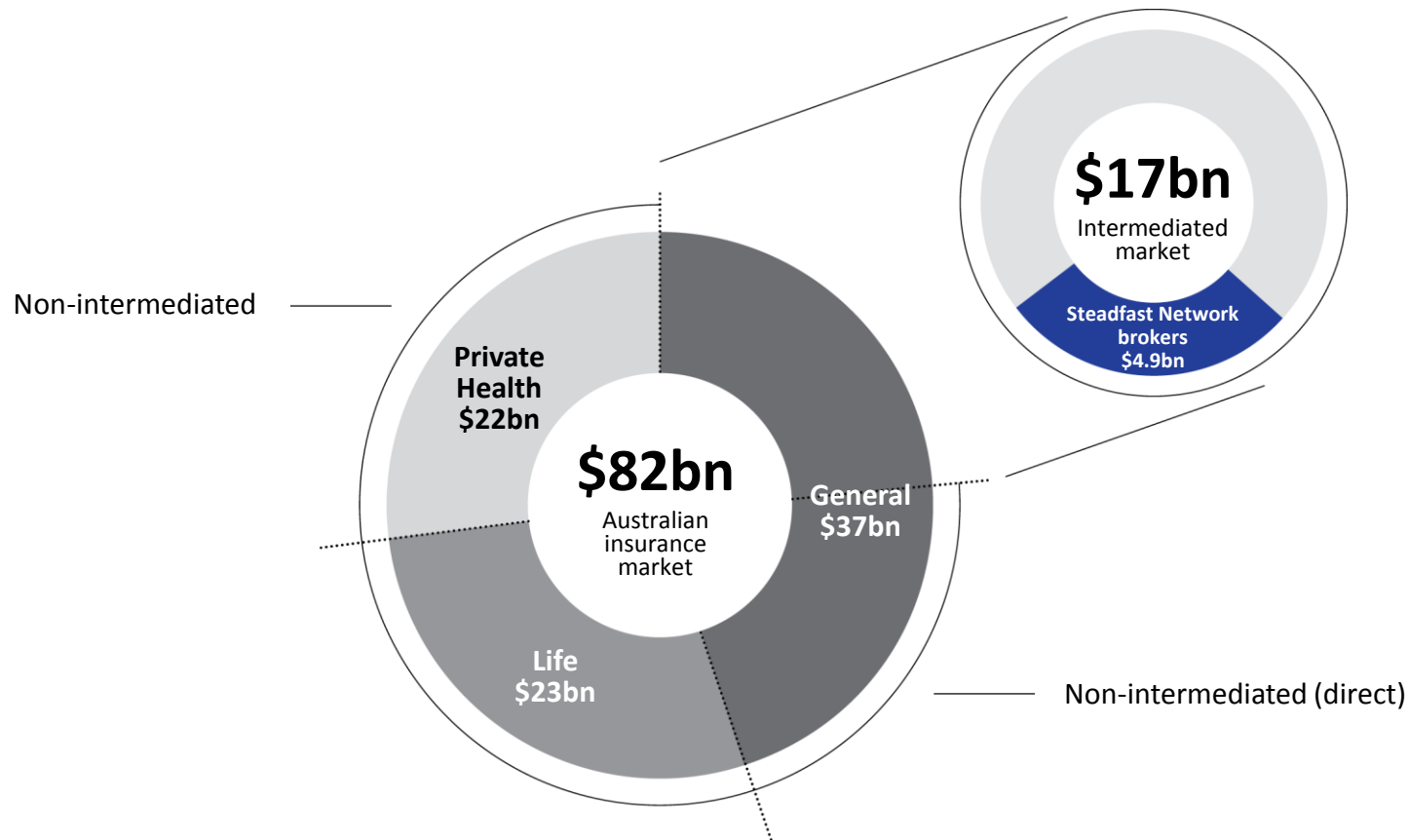
# Steadfast Group

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# Addressable market

## \$17 billion of intermediated general insurance GWP written in 2017

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



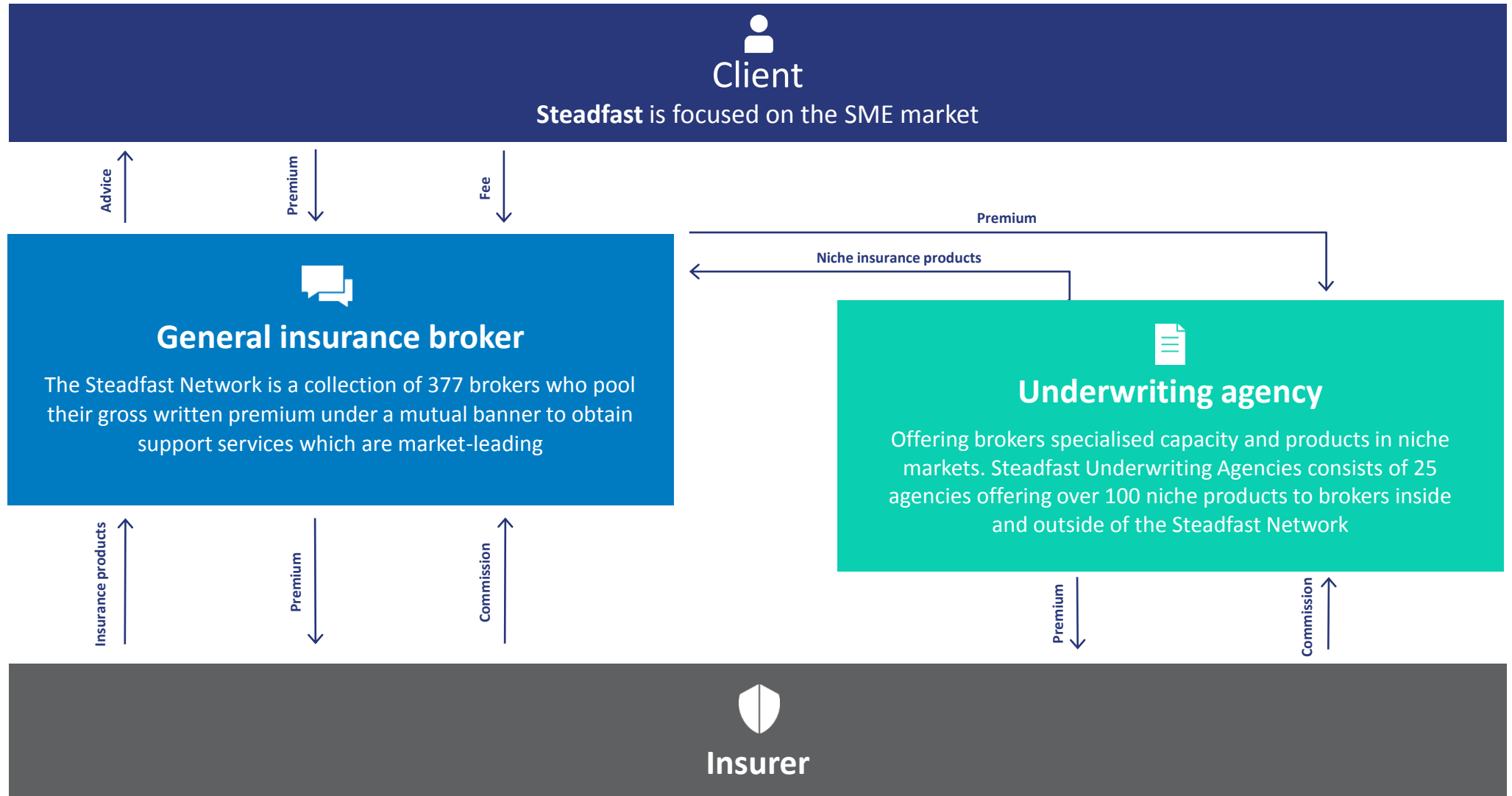
Steadfast Group is focused on the general insurance market

85% of our customer base is small to medium size enterprises (SMEs) with less pricing volatility

<sup>1</sup> APRA Quarterly General Insurance Performance Statistics (March 2018), Steadfast Group and APRA Intermediated General Insurance Performance Statistics (December 2017).

# 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

**377** general insurance brokers

Steadfast Group has equity holdings in **64** brokers (all of which are members of the Steadfast Network)

### Steadfast Underwriting Agencies

**25** underwriting agencies

Steadfast Group has equity holdings in all **25** 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 today

## Size and scale

Largest general insurance broker network in Australasia

Annual GWP<sup>1</sup>

**\$5.3 billion**

**377**

Steadfast Network Brokers

Largest underwriting agency group in Australasia

Annual GWP<sup>1</sup>

**\$914 million**

**25**

Agencies

Steadfast Network collects Marketing & Administration (M&A) and other fees

### Complementary businesses



Macquarie  
Pacific  
Funding

50% joint venture in premium funder



Specialist life insurance broker, 50% owned



Back-office service provider, 100% owned



Technology service arm, 100% owned



Work health consultancy, 70% owned



Reinsurance broker, 50% owned



Legal practice, 25% owned

<sup>1</sup> As at 30 June 2018.

# Steadfast Network

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# Steadfast Network

## Largest general insurance broker Network in Australasia

### Steadfast Network

The Steadfast Network has 377 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.

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

Insurer partners have access to over \$5.3 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 41 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.
-  **Steadfast Direct**  
Home, motor & landlord products offered to clients through 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 relationships with insurers and other strategic partners
- Grow international presence

### Major insurer partners



### Steadfast Network

**\$5.3bn**  
gross written premium

**377**  
brokers in the Network

### Premium funding partners



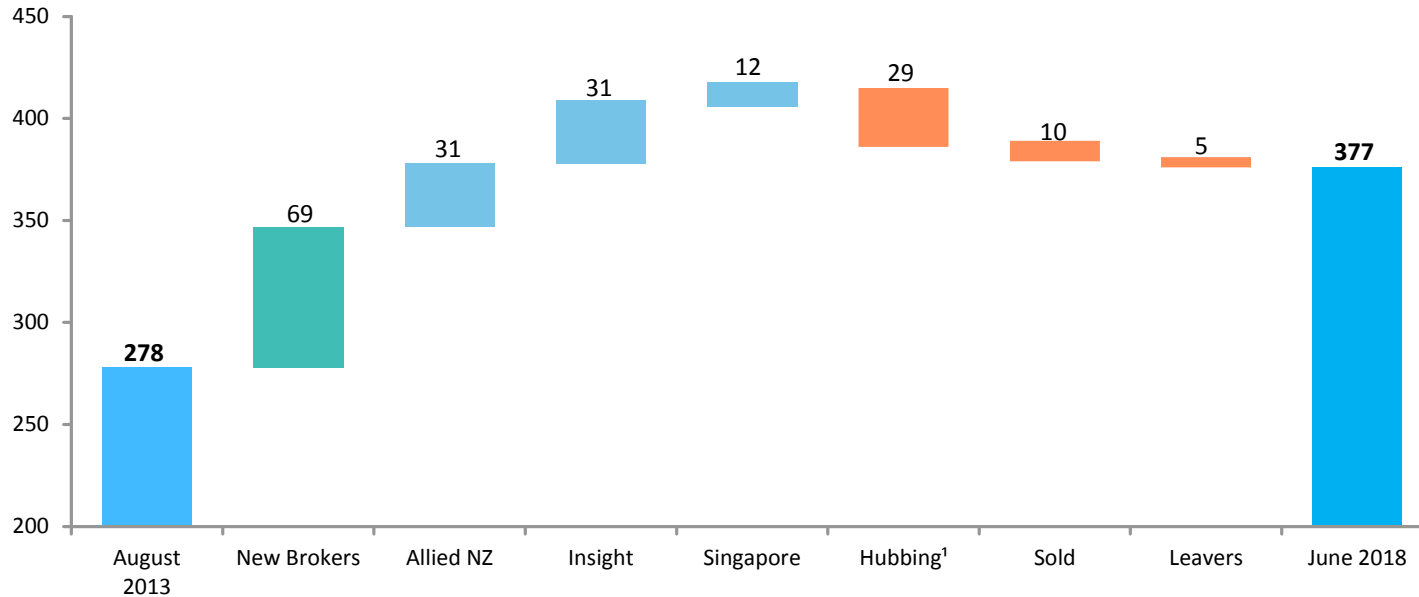
### Strategic partner



# Steadfast Network

## 143 brokers have joined the Steadfast Network since IPO

### Number of Steadfast Network brokers



**Largest general insurance broker network in Australia with 29% market share by GWP<sup>2</sup>**

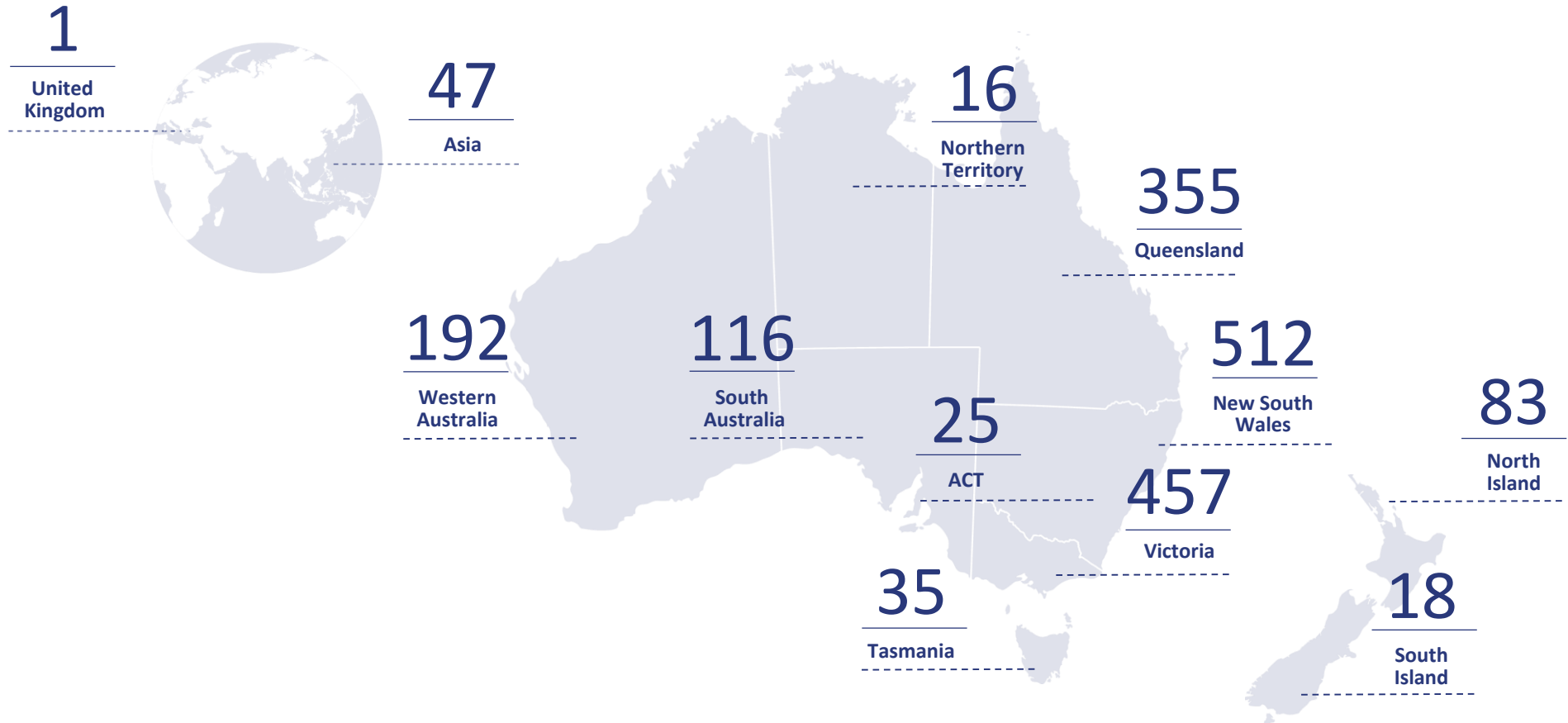
- 143 brokers have joined and only five brokers have left the Network since the IPO
  - Includes 12 brokers who have joined the Network in Singapore
- Over 160 products and services available to the Network
- Steadfast Client Trading Platform and INSIGHT initiatives generating heightened interest in Network value proposition worldwide

<sup>1</sup> Hubbing refers to merging brokers together to create sales and back office cost efficiencies.

<sup>2</sup> Steadfast Group and APRA Intermediated General Insurance Statistics (December 2017).

# Steadfast Network

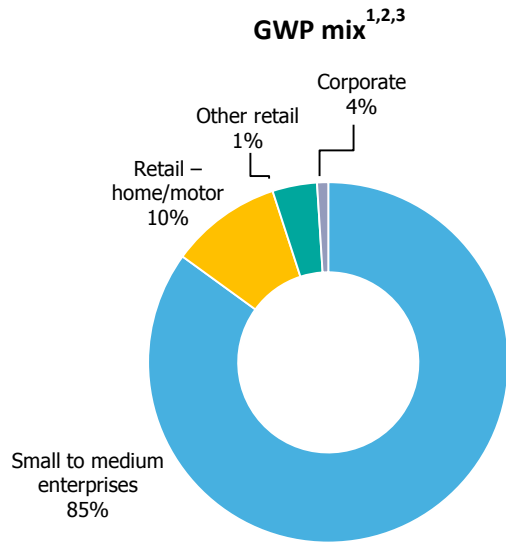
Worldwide broker offices (excluding unisonSteadfast)



Around 1,900 broker offices across Australia, New Zealand and Asia

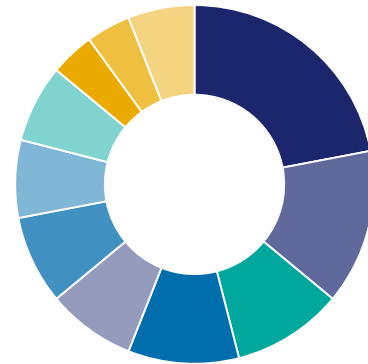
# Steadfast Network

## Australia – resilient SME customer base



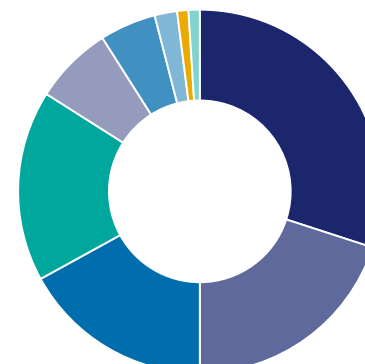
- **85% of customer base relates to small-to-medium size enterprises (SMEs) with less pricing volatility**
- Focus is on advice
- Low exposure to Corporate (4%) with more significant pricing pressure

**Diversified by product line**



- Business pack 22%
- Commerical motor 14%
- Retail home & motor 10%
- Commercial property & ISR 10%
- Liability 8%
- Professional risks 8%
- Statutory covers 7%
- Strata 7%
- Rural & Farm 4%
- Construction & engineering 4%
- Other 6%

**Diversified by geography**



- VIC 30%
- NSW 20%
- QLD 17%
- WA 17%
- NZ 7%
- SA 5%
- TAS 2%
- ACT 1%
- NT 1%

**Diversified by insurer**



- CGU 18%
- QBE 17%
- Allianz 13%
- Vero 10%
- CHUBB 5%
- AIG 5%
- Zurich 5%
- Various underwriting agencies, small insurers, Lloyd's and other small brokers 27%

<sup>1</sup> Based on FY18 GWP excluding New Zealand.

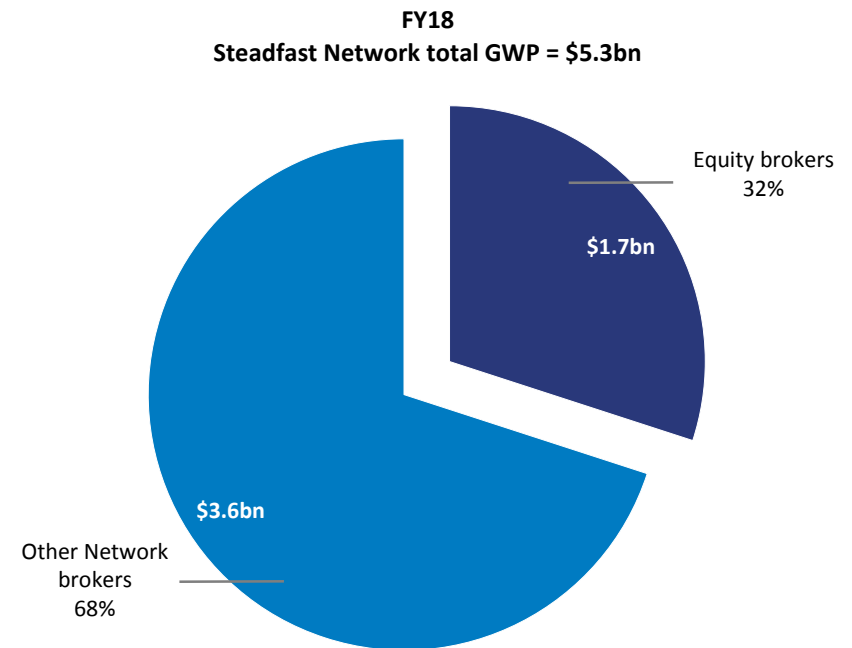
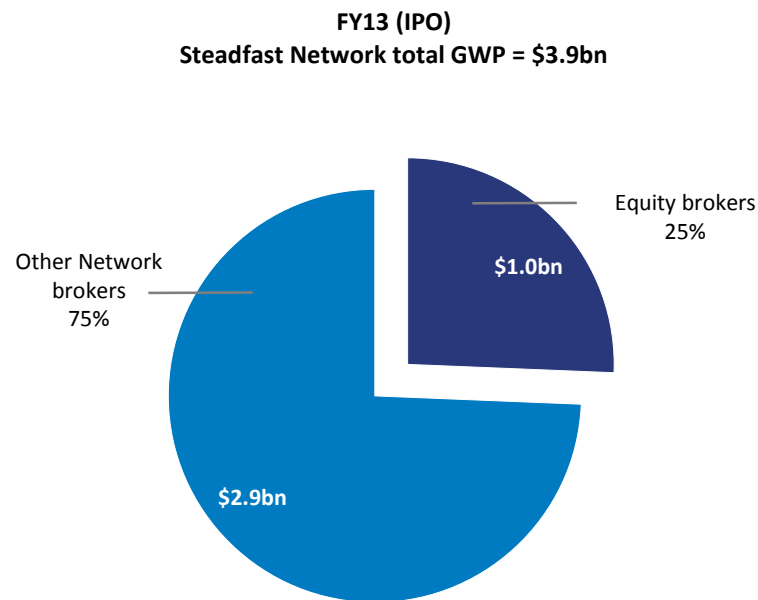
<sup>2</sup> Allocation based on policy size (retail <\$3k, small \$3k – \$50k, medium \$50k – \$250k and corporate >\$250k).

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

# Steadfast Network

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

- The Steadfast Network is a key driver of Steadfast Group
  - Steadfast Group earns marketing and administration (M&A) fees from our insurer partners which are used as a revenue stream to provide products and services to the Steadfast Network
  - Steadfast Group has equity holdings in 64 (after hubbing) of the 377 brokers in the Steadfast Network and receives an ongoing share of dividends from these brokers



- Growth of the Steadfast Network benefits Steadfast Group
  - M&A fees grow as the Steadfast Network grows
  - Steadfast Group continues to be a natural acquirer of Steadfast Network brokers

# Investment activity

## Active investment management

	2H18	1H18	2H17	1H17	2H16	1H16
Acquisitions	4	7	2	7	8	2
Increased equity holdings	4	8	5	7	7	4
Hubbed	2	-	2	5	1	3

### Equity brokers (including bolt-ons)

- Disciplined acquisition criteria based around cultural fit, strategic alignment and financial performance
- Constant stream of potential opportunities in and outside of the Steadfast Network
- All brokers acquired in FY18 were Steadfast Network brokers; we remain open to external acquisitions

### Steadfast Underwriting Agencies

- Acquired Axis Underwriting Services as part of Whitbread Insurance Group transaction in December 2017
  - Specialised commercial and residential strata agency

# Steadfast Underwriting Agencies

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# Steadfast Underwriting Agencies

## 25 agencies, over niche 100 products

 <p>ACCIDENT AND HEALTH PROTECTION</p>			 <p>HEALTHCARE SOLUTIONS</p>	
Personal accident, sickness and travel	Complete farm package	Commercial and residential strata	Accident and health	Home and contents for owner-occupied homes
			 <p>UNDERWRITING AGENCY</p>	
Residential and commercial strata	Specialised and exotic motorcar and motorcycle	Emerging risks	Community care entertainment hospitality and security	Business interruption focused on SMEs
				 <p>UNDERWRITING AGENCY</p>
High-value homes	Building and construction industry	SME insurance programs	Marine and motorcycle	Professionals including engineers, architects and doctors
	 <p>MARINE INSURANCE</p>	 <p>simply for brokers</p>	 <p>UNDERWRITING AGENCY</p>	 <p>Underwriting Australia</p>
Specialised equipment, tradesmen, small business and marine transit	Marine hull, cargo and transit	Property insurance	Builders' warranty <sup>1</sup>	Sports and leisure-related businesses
 <p>Placement Solutions</p>	 <p>INSURANCE</p>	 <p>MARINE INSURANCE</p>		 <p>UNDERWRITING</p>
Hard-to-place risks, exclusive to Steadfast Network brokers	Hard-to-place and complex risks including environmental liability	Marine hull and other marine industry	Mobile plant and equipment	Hospitality, leisure and entertainment sector

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

<sup>1</sup> Closed in February 2018.



# Key initiatives

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- Monetising our insurTech
- International footprint

# Monetising 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:**

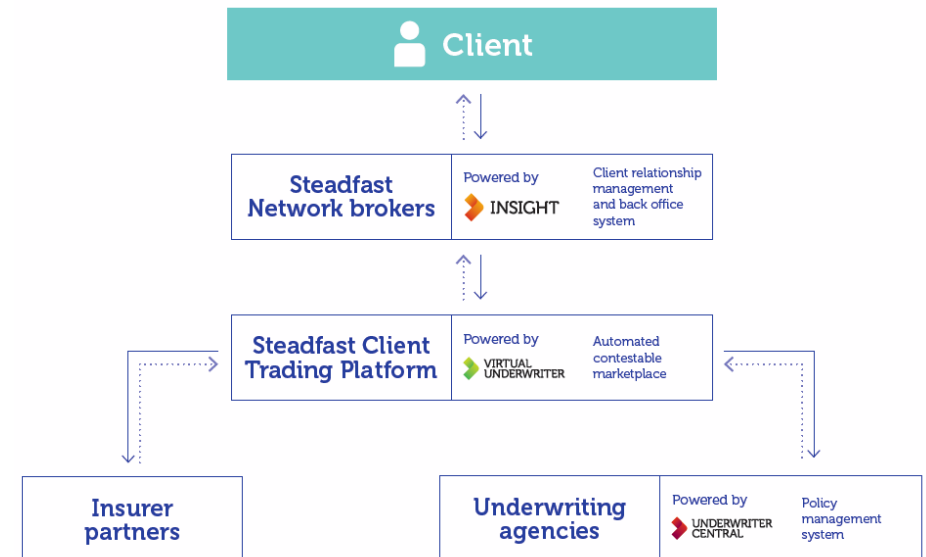
- Genuine contestable marketplace generating improved pricing competition and coverage
- Market-leading policy wordings
- Instant policy issue, maintenance and renewal – all on a market contestable basis
- Supported by Steadfast triage

- Benefits for brokers:**

- Automated market access to leading insurers at no access cost
- Bespoke market-leading policies
- Fixed commission, 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


































**Steadfast Direct**

- Part of SCTP offering for Steadfast Network brokers
- Automated, contestable platform offering retail home, motor and landlords cover
- Cross-selling opportunity for brokers

**Insurers (not clients) pay fixed commissions due to reduced distribution cost, improved efficiency and whole market access**

# Monetising our insurTech

## Insurer and underwriting agency partners on the SCTP

Business pack	Professional risks	Liability	Commercial property & ISR	Commercial motor	Steadfast Direct
			 (FY19)	 (FY19)	
 (FY19)					
		 (Q3 19)	 Steadfast Underwriting Agency London 'super' binder	 (Early 2019)	
 (shortly)	 Steadfast Underwriting Agency London 'super' binder		 (Q3 2018)		
 (Early 2019)					
 Steadfast Underwriting Agency London 'super' binder	 QBE	 Steadfast Underwriting Agency London 'super' binder			
 QBE			 ZURICH		
					
 ZURICH					

# Monetising our insurTech

## Size of the opportunity

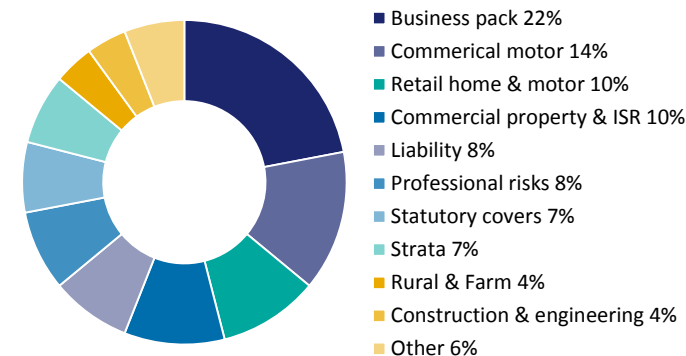
### Potential Steadfast Network GWP that can be transacted on SCTP

- 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 (via Steadfast Direct)
  - Rural and farm under consideration to join SCTP
- Some risks are too niche and specialised for the platform

### Ramp up of SCTP usage

- Targeting \$2.3 billion annual GWP to be transacted through the SCTP within the next 5 years<sup>1</sup>
  - 60% of the 80% of available GWP in Australia Network
- Strong few months for business pack following QBE joining the platform and Steadfast Convention in April 2018

### Steadfast Network GWP (FY18)



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

**80%**

Steadfast Network GWP which could potentially be transacted on SCTP

**60%**

of the 80% of available GWP targeted to be transacted through SCTP in the next 5 years

<sup>1</sup> Also refer to the key risks on pages 37 – 39 of the Steadfast Group 2018 Annual Report.

# Monetising our insurTech

## SCTP implementation and return on investment

### Investment

FY16      FY17      FY18      FY19

### Implementation

FY17      FY18      FY19      FY20      FY21

### Return on investment

FY18      FY19      FY20      FY21      beyond

#### FY18

- First revenue from SCTP

#### FY19

- Insurers live on 6 current lines of the platform (including Steadfast Direct)
- Increase in revenue from SCTP as broker usage rises

#### FY20

- SCTP usage continues to grow
- Net technology spend peaks and starts to fall from CY19

#### FY21 & beyond

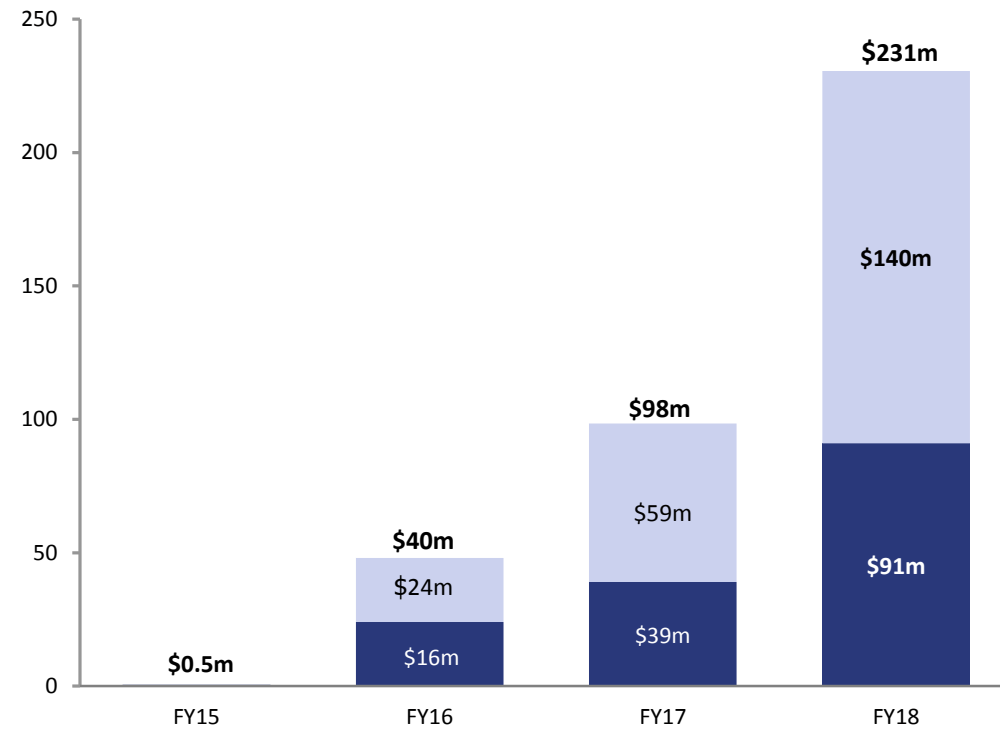
- SCTP moving towards long term target usage
  - Targeting \$2.3 billion annual GWP to be transacted on the platform within the next 5 years
  - 60% of the 80% of available GWP in Australian Network
- Net technology spend reaches steady-state level

# Steadfast Client Trading Platform (SCTP)

## Strong momentum

### Steadfast Client Trading Platform

Gross Written Premium (\$m)



**FY18 vs FY17**

**GWP of \$231m vs \$98m**

**+136% growth**

- 6 business lines live on the SCTP, with 14 insurer and underwriting agency partners
- Steadfast Direct is part of the SCTP offering:
  - 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

# 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 customers 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**
- **High degree of cyber security protection**



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

- 41 brokers in the Network
- NZ\$366m of gross written premium in FY18
- Steadfast Underwriting Agencies building market presence utilising Network distribution
- Strong buy-in from insurer partners

### 2. Asia

- Target Singapore initially
- 12 brokers have joined the Singapore Network
- Local CEO appointed
- Two equity investments in brokers by Steadfast Group
- Five insurer partners have agreed to:
  - Pay M&A 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





# unisonSteadfast

## Medium term strategy

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- **40% equity stake in unisonSteadfast**
  - One of the world's largest general insurance broker networks, offering multi-jurisdictional coverage
  - Steadfast Group representatives have joined the Supervisory Board

### Recent developments

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- **GWP aggregation**
  - GWP data gathering from unisonSteadfast brokers
  - Discussions planned 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

### unisonSteadfast global network

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# FY18 detailed financials

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# Detailed financial overview

## Statutory profit and loss statement

12 months ended 30 June \$ million	FY18	FY17
<b>Revenue</b>		
M&A and other professional services fees	70.6	69.9
Revenue from controlled entities	381.8	327.0
Share of profits of associates and joint ventures	14.5	14.0
Other revenue	1.2	3.8
<b>Total revenue</b>	<b>468.1</b>	<b>414.7</b>
<b>EBITA before non-trading items</b>	<b>165.6</b>	<b>143.3</b>
Amortisation	(25.2)	(23.7)
Finance costs	(10.6)	(9.7)
Income tax expense	(40.9)	(31.6)
<b>Profit after income tax and before non-trading items</b>	<b>88.9</b>	<b>78.3</b>
Net gain on deferred consideration estimates	3.3	3.4
Impairments	(2.3)	(7.1)
Net gain from change in value and sale of investment in subsidiaries & associates	0.2	3.0
Non-recurring costs from closure of residential builders agency	(0.4)	0.0
Share-based payment expense on share options and executive loans and shares	0.4	0.4
Other	0.3	0.2
<b>Net profit after tax before non-controlling interests</b>	<b>90.4</b>	<b>78.2</b>
Non-controlling interests	(14.5)	(11.4)
<b>Net profit after tax attributable to Steadfast members (NPAT)</b>	<b>75.9</b>	<b>66.8</b>
Other comprehensive income after tax	(0.2)	(0.2)
<b>Total comprehensive income after tax</b>	<b>75.7</b>	<b>66.6</b>

# Detailed financial overview

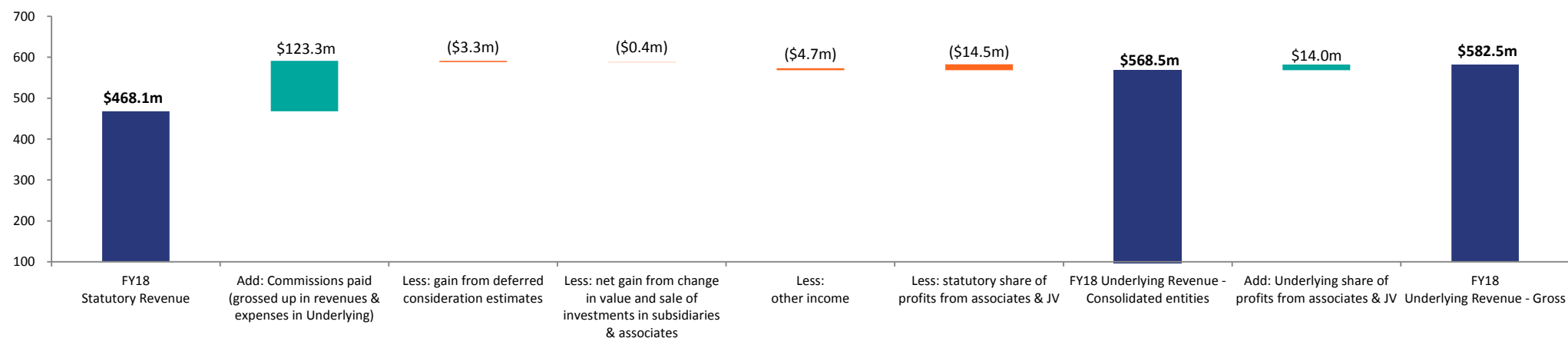
## Statutory vs underlying reconciliation

12 months ended 30 June \$ million	FY18	FY17
Revenue	582.5	504.1
Underlying NPAT	75.0	66.4
Underlying EPS (NPAT)	9.71	8.87
<b>Reconciliation of earnings</b>		
Statutory NPAT	75.9	66.8
Change in value and sale of investments	(0.2)	(2.9)
Share based payment expense on share options on executive loans and shares	(0.4)	(0.4)
Deferred consideration adjustments	(3.1)	(4.2)
Impairments	2.3	7.1
Non-recurring costs from closure of residential builders agency	0.5	0.0
Underlying NPAT	75.0	66.4
Underlying NPAT growth	<b>12.9%</b>	
Amortisation	22.3	20.8
Underlying NPATA	97.3	87.2
Underlying NPATA growth	11.6%	

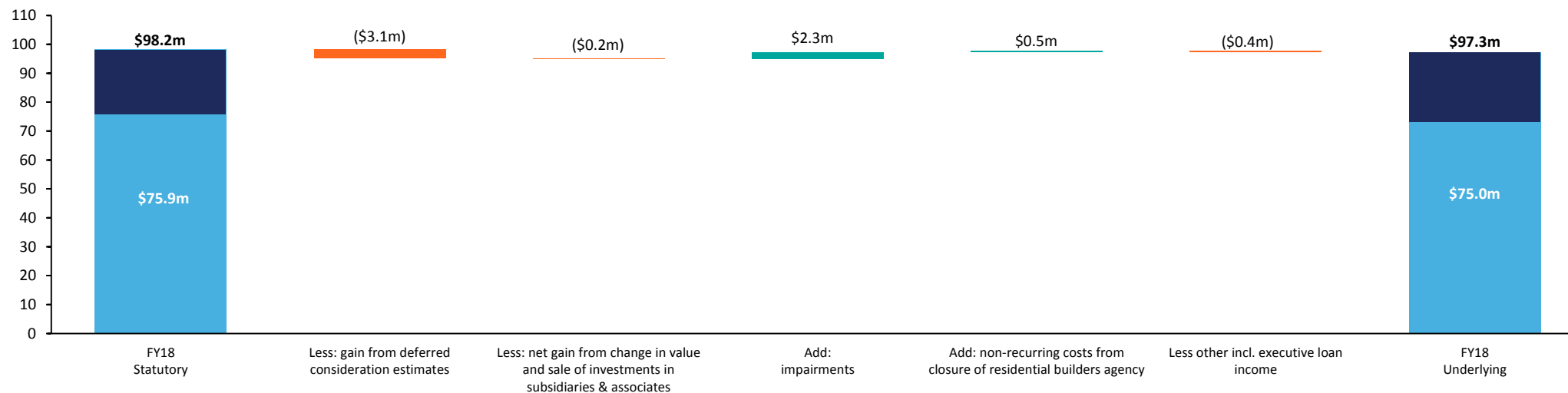
# Detailed financial overview

## Statutory vs underlying reconciliation

### Revenue reconciliation (\$m)



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



■ NPAT ■ NPATA<sup>1</sup>

<sup>1</sup> Calculated on consistent basis since IPO.

# Detailed financial overview

## Underlying revenue and EBITA (aggregate view)

12 months to 30 June \$ million	Underlying FY18	Underlying FY17	Growth %
<b>Gross written premiums</b>			
Brokers	1,676.3	1,540.7	8.8%
Underwriting agencies <sup>1</sup>	884.1	776.6	13.9%
<b>Total GWP</b>	<b>2,560.4</b>	<b>2,317.2</b>	<b>10.5%</b>

Revenue	Underlying FY18	Underlying FY17	Growth %	Organic growth % <sup>6</sup>	Acquisitions & hubbing growth % <sup>7</sup>
Brokers <sup>2</sup>	400.0	358.6	11.5%	6.4%	5.1%
Underwriting agencies <sup>3</sup>	292.8	253.0	15.7%	13.3%	2.4%
Other <sup>4</sup>	136.0	122.7	10.9%	14.9%	(4.0%)
<b>Total revenue</b>	<b>828.8</b>	<b>734.3</b>	<b>12.9%</b>	<b>10.2%</b>	<b>2.7%</b>
<b>EBITA</b>					
Brokers	116.1	105.1	10.4%	5.8%	4.6%
Underwriting agencies	74.6	62.1	20.2%	18.7%	1.5%
Other <sup>5</sup>	7.6	6.0	26.7%	20.2%	6.5%
<b>Total EBITA</b>	<b>198.3</b>	<b>173.2</b>	<b>14.5%</b>	<b>10.9%</b>	<b>3.6%</b>

<sup>1</sup> Includes post-acquisition contribution from Steadfast Underwriting Agencies.

<sup>2</sup> Includes gross up of wholesale broker commission expense of \$11.5m in FY17 and \$20.0m in FY18.

<sup>3</sup> Includes gross up of agency commission expense (\$114.0m in FY17 and \$133.6m in FY18).

<sup>4</sup> Other underlying revenue includes ancillary (\$29.7m in FY18), premium funding (\$47.3m in FY18) and Steadfast Network / Corporate office (\$59.0m in FY18).

<sup>5</sup> Other underlying EBITA includes ancillary (-\$0.7m in FY18), premium funding (\$7.0m in FY18) and Steadfast Network / Corporate office (\$1.4m in FY18).

<sup>6</sup> Includes bolt-on acquisitions.

<sup>7</sup> Acquisition growth includes the net effect of acquisitions, divestments, and increased equity stakes.

# Detailed financial overview

## Statement of income (underlying IFRS view)

12 months to 30 June \$ million	Underlying FY18	Underlying FY17	Growth %	Organic growth % <sup>2</sup>	Acquisitions & hubbing growth % <sup>3</sup>
Fees and commissions <sup>1</sup>	492.4	416.0	18.4%	10.9%	7.5%
M&A and other fees	40.6	35.3	15.0%	15.0%	0.0%
Interest income	7.1	7.0	1.3%	(1.3%)	2.6%
Other revenue	28.5	32.5	(12.5%)	(4.5%)	(8.0%)
<b>Revenue – Consolidated entities</b>	<b>568.5</b>	<b>490.8</b>	<b>15.8%</b>	<b>10.0%</b>	<b>5.8%</b>
Employment expenses	(184.7)	(163.6)	12.9%	6.3%	6.6%
Occupancy expenses	(16.5)	(14.5)	13.9%	4.0%	9.9%
Other expenses including Corporate Office <sup>1</sup>	(226.3)	(193.4)	17.0%	14.0%	3.0%
<b>Expenses – Consolidated entities</b>	<b>(427.5)</b>	<b>(371.5)</b>	<b>15.1%</b>	<b>10.2%</b>	<b>4.9%</b>
<b>EBITA – Consolidated entities</b>	<b>141.0</b>	<b>119.3</b>	<b>18.1%</b>	<b>9.1%</b>	<b>9.0%</b>
Share of EBITA from associates and joint ventures	24.6	24.0	2.3%	11.5%	(9.2%)
<b>EBITA</b>	<b>165.6</b>	<b>143.3</b>	<b>15.5%</b>	<b>9.6%</b>	<b>5.9%</b>
Net financing expense	(10.6)	(9.7)	9.1%		
Amortisation expense – consolidated entities	(22.0)	(20.3)	8.3%		
Amortisation expense – associates	(3.2)	(3.4)	(4.4%)		
Income tax expense	(40.9)	(31.6)	29.1%		
<b>Net profit after tax</b>	<b>88.9</b>	<b>78.3</b>	<b>13.5%</b>		
Non-controlling interests	(14.0)	(11.9)	16.9%		
<b>Net profit attributable to Steadfast members (NPAT)</b>	<b>75.0</b>	<b>66.4</b>	<b>12.9%</b>		
Amortisation expense – consolidated entities <sup>4</sup>	19.1	17.4	9.7%		
Amortisation expense – associates <sup>5</sup>	3.2	3.4	(4.4%)		
<b>Net Profit after Tax and before Amortisation (NPATA<sup>6</sup>)</b>	<b>97.3</b>	<b>87.2</b>	<b>11.6%</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; \$104.2m in FY17).

<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> 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>5</sup> For associates, amortisation of customer list is not tax effected (per Accounting Standards).

<sup>6</sup> Calculated on a consistent basis since IPO.

# Detailed financial overview

## Statement of income (underlying IFRS view)

12 months to 30 June \$ million	Underlying 2H18	Underlying 1H18	Underlying 2H17	Underlying 1H17	Underlying 2H16
Fees and commissions <sup>1</sup>	266.6	225.8	212.9	203.1	195.4
M&A and other fees	19.8	20.8	16.9	18.4	15.8
Interest income	3.4	3.6	3.3	3.7	3.3
Other revenue	15.4	13.0	14.3	18.3	19.0
<b>Revenue – Consolidated entities</b>	<b>305.3</b>	<b>263.3</b>	<b>247.4</b>	<b>243.4</b>	<b>233.4</b>
Employment expenses	(96.8)	(87.9)	(79.9)	(83.7)	(75.6)
Occupancy expenses	(8.7)	(7.7)	(7.2)	(7.2)	(6.7)
Other expenses including Corporate Office <sup>1</sup>	(120.2)	(106.1)	(95.5)	(97.9)	(92.6)
<b>Expenses – Consolidated entities</b>	<b>(225.7)</b>	<b>(201.8)</b>	<b>(182.7)</b>	<b>(188.8)</b>	<b>(175.0)</b>
<b>EBITA – Consolidated entities</b>	<b>79.6</b>	<b>61.5</b>	<b>64.7</b>	<b>54.7</b>	<b>58.4</b>
Share of EBITA from associates and joint ventures	13.2	11.4	11.9	12.1	10.8
<b>EBITA</b>	<b>92.7</b>	<b>72.8</b>	<b>76.6</b>	<b>66.7</b>	<b>69.2</b>
Net financing expense	(5.2)	(5.4)	(4.8)	(4.9)	(4.6)
Amortisation expense – consolidated entities	(11.7)	(10.3)	(9.5)	(10.8)	(9.9)
Amortisation expense – associates	(1.6)	(1.6)	(1.7)	(1.7)	(1.6)
Income tax expense	(23.6)	(17.2)	(17.1)	(14.5)	(15.2)
<b>Net profit after tax</b>	<b>50.7</b>	<b>38.2</b>	<b>43.5</b>	<b>34.9</b>	<b>38.0</b>
Non-controlling interests	(8.2)	(5.7)	(7.1)	(4.9)	(4.2)
<b>Net profit attributable to Steadfast members (NPAT)</b>	<b>42.5</b>	<b>32.5</b>	<b>36.4</b>	<b>30.0</b>	<b>33.8</b>
Amortisation expense – consolidated entities <sup>2</sup>	10.2	8.9	8.1	9.3	8.7
Amortisation expense – associates <sup>3</sup>	1.6	1.6	1.7	1.7	1.6
<b>Net Profit after Tax and before Amortisation (NPATA<sup>4</sup>)</b>	<b>54.3</b>	<b>43.0</b>	<b>46.2</b>	<b>41.0</b>	<b>44.1</b>
Restated weighted average share #	772.0	753.9	748.7	749.0	746.7
Underlying EPS (NPAT) (cents per share)	5.40	4.31	4.86	4.01	4.51
Underlying EPS (NPATA) (cents per share)	6.89	5.71	6.18	5.47	5.90

<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; \$104.2m in FY17).

<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.

<sup>3</sup> For associates, amortisation of customer list is not tax effected per Accounting Standards.

<sup>4</sup> Calculated on a consistent basis since IPO.



# Detailed financial overview

## Statutory cash flow statement

\$ million	FY18	FY17
Cash flows from operating activities		
<b>Net cash from operating activities before customer trust accounts movement</b>	<b>96.1</b>	<b>85.6</b>
Net movement in customer trust accounts	27.1	22.4
<b>Net cash from operating activities</b>	<b>123.2</b>	<b>108.0</b>
<b>Net cash used in investing activities</b>	<b>(135.1)</b>	<b>(19.5)</b>
Cash used for dividends	(55.2)	(46.5)
Other	125.7	(4.5)
<b>Net cash from financing activities</b>	<b>70.5</b>	<b>(51.0)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>58.6</b>	<b>37.5</b>
<b>Cash and cash equivalents at 31 December</b>	<b>387.6</b>	<b>329.2</b>
<i>split into: Cash held in trust</i>	<i>310.9</i>	<i>263.2</i>
<i>Cash on hand (net of overdraft)</i>	<i>76.7</i>	<i>66.0</i>

### \$40.9m free cash flow in FY18

\$96.1m Cash from operations

(\$55.2m) Dividends paid

**\$40.9m Free cash flow**

**99% 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 Jun 2017	Year End Jun 2018	Year End Jun 2017	Year End Jun 2018	Year End Jun 2017	Year End Jun 2018
Gross written premium (\$m)	8,140	8,552	9,012	9,625	4,192	3,575
Number of risks ('000)	11,766	11,846	15,242	15,671	16,138	15,810
<b>Average premium per risk (\$)</b>	<b>692</b>	<b>722</b>	<b>591</b>	<b>614</b>	<b>260</b>	<b>226</b>
Outwards reinsurance expense (\$m)	2,564	2,566	1,723	1,878	927	862
Gross earned premium (\$m)	8,410	8,667	8,681	9,371	4,156	3,853
<b>Cession ratio</b>	<b>30%</b>	<b>30%</b>	<b>20%</b>	<b>20%</b>	<b>22%</b>	<b>22%</b>
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	5,057	4,446	6,742	not provided	2,288	2,016
Gross earned premium (\$m)	8,410	8,667	8,681	9,371	4,156	3,853
<b>Gross loss ratio</b>	<b>60%</b>	<b>51%</b>	<b>78%</b>	<b>73%</b>	<b>55%</b>	<b>52%</b>
Net incurred claims (current and prior years) (\$m)	3,717	3,583	5,438	5,600	1,662	1,613
Net earned premium (\$m)	5,846	6,101	6,958	7,493	3,229	2,991
<b>Net loss ratio</b>	<b>64%</b>	<b>59%</b>	<b>78%</b>	<b>75%</b>	<b>51%</b>	<b>54%</b>
Underwriting expenses (\$m)	1,647	1,626	1,560	1,553	335	315
Net earned premium (\$m)	5,846	6,101	6,958	7,493	3,229	2,991
<b>U/W expense ratio</b>	<b>28%</b>	<b>27%</b>	<b>22%</b>	<b>21%</b>	<b>10%</b>	<b>11%</b>
<b>Net U/W combined ratio</b>	<b>92%</b>	<b>85%</b>	<b>101%</b>	<b>95%</b>	<b>62%</b>	<b>64%</b>

<sup>1</sup> Source: Australian Prudential Regulation Authority (APRA) Quarterly General Insurance Performance Statistics June 2018.

# 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 Jun 2017	Year End Jun 2018	Year End Jun 2017	Year End Jun 2018	Year End Jun 2017	Year End Jun 2018	Year End Jun 2017	Year End Jun 2018
Gross written premium (\$m)	2,278	2,511	3,971	4,169	2,294	2,365	1,697	1,874
Number of risks ('000)	1,668	1,609	1,566	1,541	9,637	9,590	638	631
<b>Average premium per risk (\$)</b>	<b>1,366</b>	<b>1,561</b>	<b>2,535</b>	<b>2,706</b>	<b>238</b>	<b>247</b>	<b>2,658</b>	<b>2,968</b>
Outwards reinsurance expense (\$m)	310	384	1,722	1,852	578	599	499	542
Gross earned premium (\$m)	2,184	2,393	4,128	4,254	2,283	2,304	1,596	1,744
<b>Cession ratio</b>	<b>14%</b>	<b>16%</b>	<b>42%</b>	<b>44%</b>	<b>25%</b>	<b>26%</b>	<b>31%</b>	<b>31%</b>
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	1,674	1,760	3,490	2,853	1,263	1,280	1,157	1,699
Gross earned premium (\$m)	2,184	2,393	4,128	4,254	2,283	2,304	1,596	1,744
<b>Gross loss ratio</b>	<b>77%</b>	<b>74%</b>	<b>85%</b>	<b>67%</b>	<b>55%</b>	<b>56%</b>	<b>72%</b>	<b>97%</b>
Net incurred claims (current and prior years) (\$m)	1,442	1,468	1,711	1,566	827	827	599	850
Net earned premium (\$m)	1,874	2,009	2,406	2,401	1,705	1,705	1,097	1,201
<b>Net loss ratio</b>	<b>77%</b>	<b>73%</b>	<b>71%</b>	<b>65%</b>	<b>49%</b>	<b>48%</b>	<b>55%</b>	<b>71%</b>
Underwriting expenses (\$m)	481	516	1,014	967	535	531	232	236
Net earned premium (\$m)	1,874	2,009	2,406	2,401	1,705	1,705	1,097	1,201
<b>U/W expense ratio</b>	<b>26%</b>	<b>26%</b>	<b>42%</b>	<b>40%</b>	<b>31%</b>	<b>31%</b>	<b>21%</b>	<b>20%</b>
<b>Net U/W combined ratio</b>	<b>103%</b>	<b>99%</b>	<b>113%</b>	<b>105%</b>	<b>80%</b>	<b>80%</b>	<b>76%</b>	<b>90%</b>

<sup>1</sup> Source: Australian Prudential Regulation Authority (APRA) Quarterly General Insurance Performance Statistics June 2018.

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<sup>1</sup> Calculated on consistent basis since IPO