

Steadfast Group FY20 Results – Investor Presentation

25 August 2020



Steadfast 
THE STRENGTH YOU NEED

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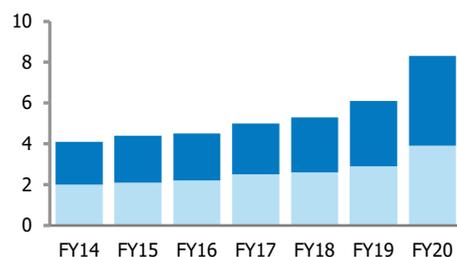
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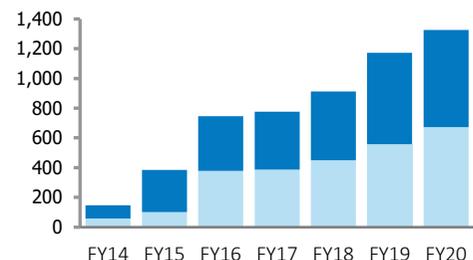
Steadfast Group

Our track record since listing on the ASX

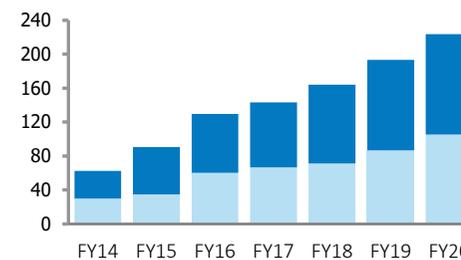
Steadfast Network GWP (\$bn)



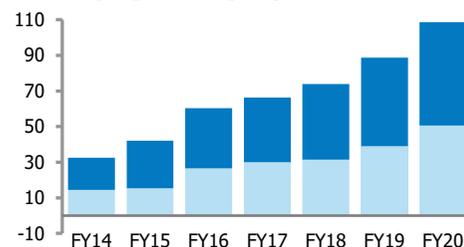
Steadfast Underwriting Agencies GWP (\$m)



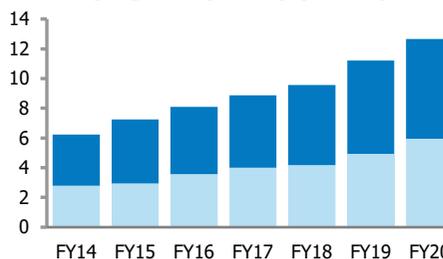
Underlying EBITA (\$m)¹



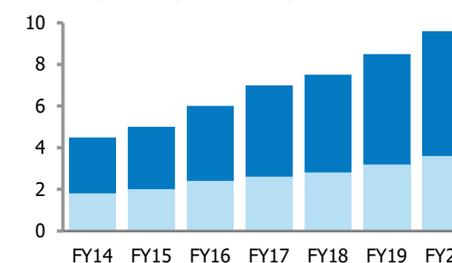
Underlying NPAT (\$m)¹



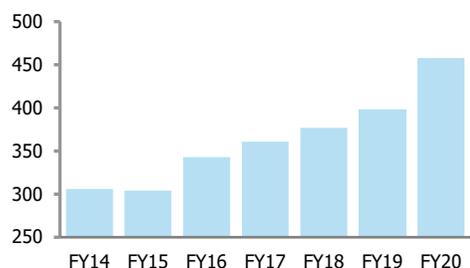
Underlying EPS (NPAT) (cents per share)¹



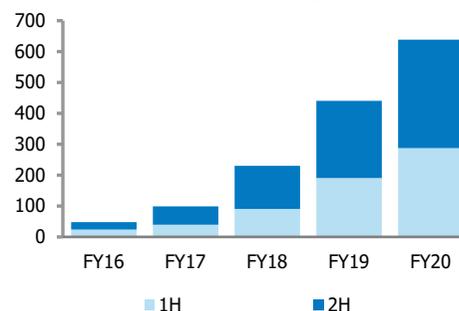
DPS (cents per share)¹



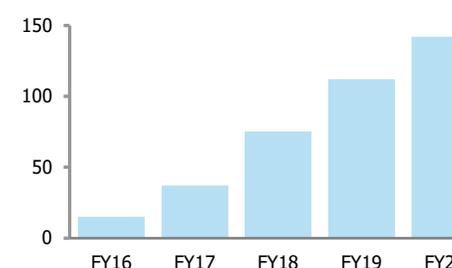
Steadfast Network brokers



Steadfast Client Trading Platform GWP (\$m)



Brokers on INSIGHT





FY20 Highlights

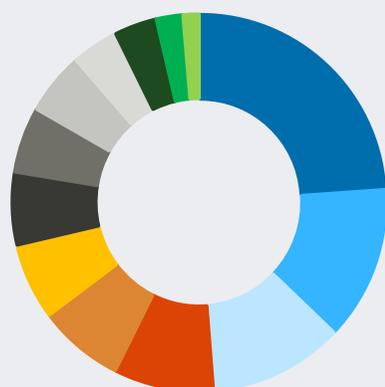
Steadfast Group

Increase in underlying NPAT of 22.6% despite COVID-19

Underlying earnings¹

- EBITA **+15.5%** to **\$223.5m**
- NPAT **+22.6%** to **\$108.7m**
- NPATA² **+19.3%** to **\$135.6m**
- Diluted EPS (NPAT)³ **+13.4%** to **12.70 cps**
- Final fully franked dividend **+13.2%** to **6.0 cps** (total dividend **+12.9%** to **9.6 cps**)

Steadfast Group Fee & Commission diversification



- Strata
- Business Pack
- Machinery & Plant
- Commercial Motor
- Retail Home & Motor
- Other
- Commercial Property & ISR
- Liability
- Trade Credit
- Professional Risks
- Construction
- Rural & Farm
- Statutory Covers

Statutory earnings¹

- NPAT loss of **\$55.2m** as flagged at FY19 results
 - Expensing of consideration for the acquisitions of IBNA (\$72.7m post tax) and the PSF rebate (\$63.1m post tax) (see slide 13 for additional detail)
 - Impairment provisions of \$40.7m
 - Other non-trading contributions including Government COVID-19 relief measures less Steadfast Convention cancellation provided a net gain of \$0.4m

Broker and underwriting agency growth

- Equity brokers and network aggregate EBITA **+23.9%** (refer slide 16)
- Underwriting agencies aggregate EBITA **+14.7%** (refer slide 17)
- A majority of Australian and New Zealand brokers are now using SCTP

Acquisition growth

- Completed acquisitions of IBNA and the Steadfast PSF rebate offer
- Moderate level of investment in equity brokers

Future growth

- Corporate debt facility increased from **\$385m** to **\$460m**
- Unutilised debt facility of **\$181m** available at 30 June 2020 (plus free cash flow)
- IQumulate debt facility successfully refinanced

¹ For reconciliation of statutory to underlying earnings, refer to slide 13. FY20 underlying earnings shown above excludes mark-to-market adjustment for the 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, with assumed commencement date 1 July 2019.

FY20 COVID-19 impact on our business

Steadfast Group

- In response to the health risks associated with the COVID-19 pandemic, Steadfast Group adopted our crisis management plan with all employees working remotely from home since Tuesday 24 March 2020
- Working remotely has resulted in efficiencies and cost savings in June quarter due to reduced travel, and a reduction in sponsorships and entertainment expenses
- No impact on collection of cash
- The cancellation of the Steadfast Convention in March 2020 impacted FY20 EBITA by -\$2.5m
- Aggregate Government relief received by Steadfast entities totalled \$2.9m

Steadfast Network and equity brokers

- Premium rises by insurers for the June 2020 quarter continue, partially offset by lower volumes
- Negligible take up of the premium deferral offered by insurers for distressed clients

Steadfast Underwriting agencies

- Across most agencies, premiums from insurers continued to rise and volumes remained consistent during the June 2020 quarter

IQumulate

- Product innovation allowed our brokers to offer distressed clients the option to pay premiums monthly
- No deterioration in arrears rates during the June 2020 quarter

There has been no material impact from COVID-19 on Steadfast's business. COVID-19 has changed the way we work and provided the opportunity to be adaptable and innovative. The resilience of Steadfast's business model has been displayed during the COVID-19 pandemic.

Professional services model

Aligns the interests of all parties in the insurance supply chain

- As an industry leader, the parent entity, Steadfast Group continues to actively review our service model and the potential implications of the Hayne Royal Commission
 - By engaging with our clients and the industry in general, and in respect of the legislated obligations for insurance intermediaries, we have clarified our suite of professional services and revised our remuneration structure with our strategic insurer partners
- Steadfast Group professional service model supports almost every aspect of the broker's business, while working closely with our insurer partners in areas of compliance and regulatory obligations
- These professional services include:
 - Consumer advocacy
 - Steadfast Claims Triage – a service assisting broker clients with claims
 - A detailed ethics evaluation and monitoring process
 - Insurance placement issues with our insurer partners where best practice is not being adhered to as a protection to the consumer
 - The development of exclusive market leading policy wordings based on our Triage team's experience with claims issues
 - Market leading insurance broking technology
 - A contestable digital market-place that benefits clients, brokers and insurers in the acquisition and maintenance of their insurance programs
 - Monthly data analysis from Steadfast Client Trading Platform, giving up to date data analytics on premium, quote to bind ratios, business written and retained
 - A fully integrated self-regulation process to comply with legislative obligations that aligns with our Chief Risk Officer's audit processes
 - Fully operating broker compliance control systems and a professionally staffed compliance helpline
 - Education and compliance training programs, done periodically across Australia and New Zealand
 - Broker education forums, Steadfast Convention, Professional Development Days, four Town Hall Meetings, monthly webinars around regulatory changes, compliance, marketing and business growth
 - Fully integrated marketing and communications support programs

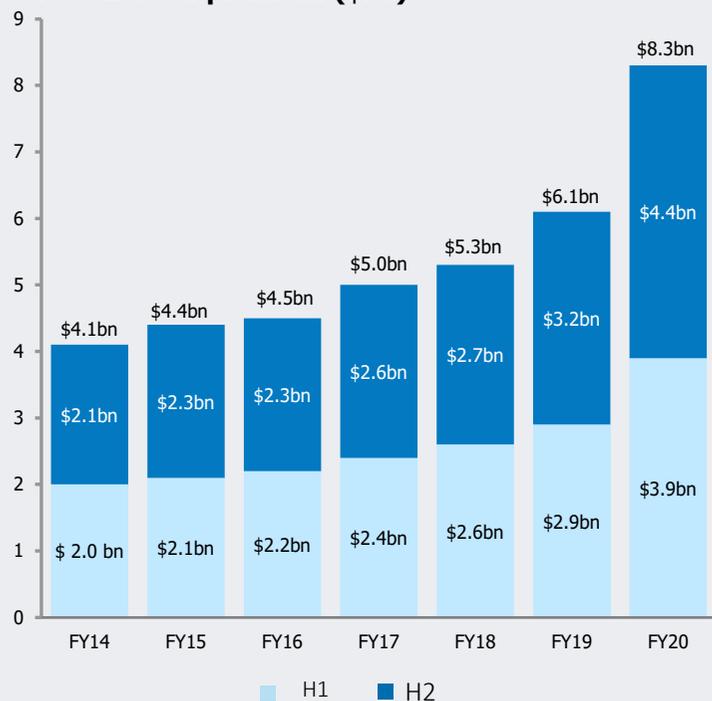
Steadfast Network

Growth from IBNA and continued moderate price increases from strategic partners

Financial highlights

- Steadfast Network GWP **+34.8%** to **\$8.3 billion** driven by:
 - New IBNA members
 - Continued growth from Authorised Representatives networks
 - 6.3%** organic growth for year
 - Price increases in business pack, ISR, professional risks, home and strata
- Network GWP is 88% commercial lines, 12% retail

Gross written premium (\$bn)



FY20 vs FY19

GWP of **\$8.3bn vs \$6.1bn**

+6.3% organic growth

+5.9% AR network

+1.0% new brokers

+21.6% IBNA

+34.8% total growth

Operational highlights

- Growth in Steadfast Network with mergers and sales; network brokers now at **458**
 - 393** brokers in the Australian Network
 - 49** brokers in the New Zealand Network
 - 16** brokers in the Singapore Network
- Investment activity in Steadfast Network brokers in FY20
 - numerous changes in equity holdings and new bolt-ons
- 78** new IBNA brokerages with annual GWP of **\$1.3 billion**
- Steadfast Client Trading Platform GWP **\$638 million, +45%**

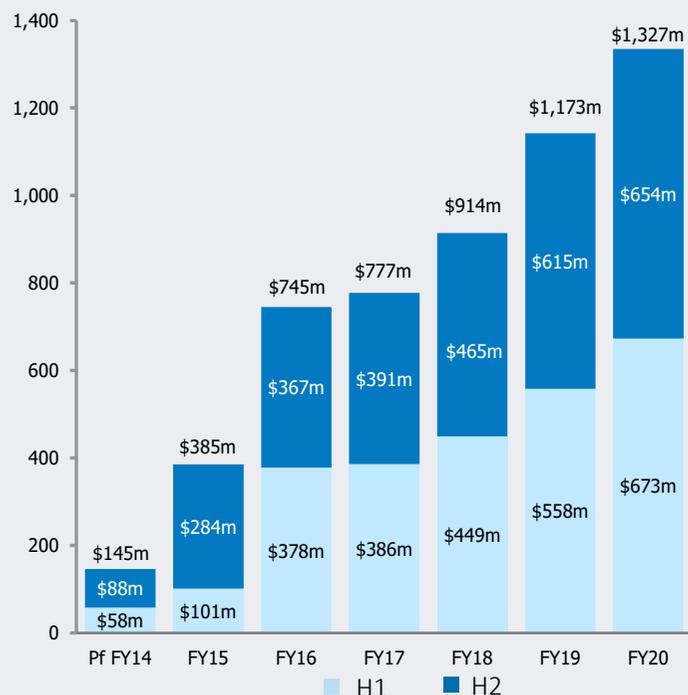
Steadfast Underwriting Agencies

Record organic GWP and underlying EBITA growth

Financial highlights

- Steadfast Underwriting Agencies GWP **+13.1%** to **\$1.33 billion**
 - Primarily driven by price and volume uplift
 - Property lines remain strong
- Opportunities for agencies as insurers are repositioning product lines and approach to distribution
- Underlying EBITA of **\$105.8 million, +14.7%**

Gross written premium (\$m)



FY20 vs FY19

GWP of **\$1.33bn vs \$1.17bn**
+12.1% organic growth
+1.0% acquisition growth
+13.1% total growth

Operational highlights

- 25 agencies offering over 100 niche products
- Most agencies experienced significant uplift during FY20, with property lines remaining strong again this year
- Excellent performance also due to long-term strategy of closely aligning capacity providers, technology and strong service ethic
- Benefited from higher premium pricing from strategic partners
- Pressure on remuneration for London 'super' binders was offset by increased volume generated from the addition of four new products being added to Steadfast Client Trading Platform (SCTP)
- All 25 agencies are available to the entire intermediated insurance market, none are exclusive to Steadfast

Our insurTech

Steadfast Client Trading Platform and INSIGHT

Steadfast Client Trading Platform (SCTP)

- 9 business lines and 14 insurer and underwriting agency partners live on SCTP
- 10,168 brokers are active users of SCTP, of which 3,219 access the SCTP through INSIGHT, 5450 brokers access SCTP through Winbeat, and 1,499 brokers through other broking systems
- 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
 - Provides alignment of client and broker interests given fixed commission rates
- SCTP usage up 45%, with a majority of Australian and New Zealand brokers using the platform
- The new professional services revenue model detailed on slide 7 removes the previously published SCTP targets
- Steadfast remains focused on improving SCTP by adding more product lines, new insurers and the expansion of auto-rating capabilities. Latest developments include:
 - Development of auto-rating capability for insurers for Liability and PI
 - SCTP Commercial Motor live and offer continues to be expanded, agreements with 6 insurers, insurer integration to take place over FY21
 - NZ roll-out continues

INSIGHT (broker management platform)

- 144 brokers live on INSIGHT, with over 3,000 licenced users
- Additional 36 brokers committed to migrate onto INSIGHT, ongoing discussions with another 109 brokers

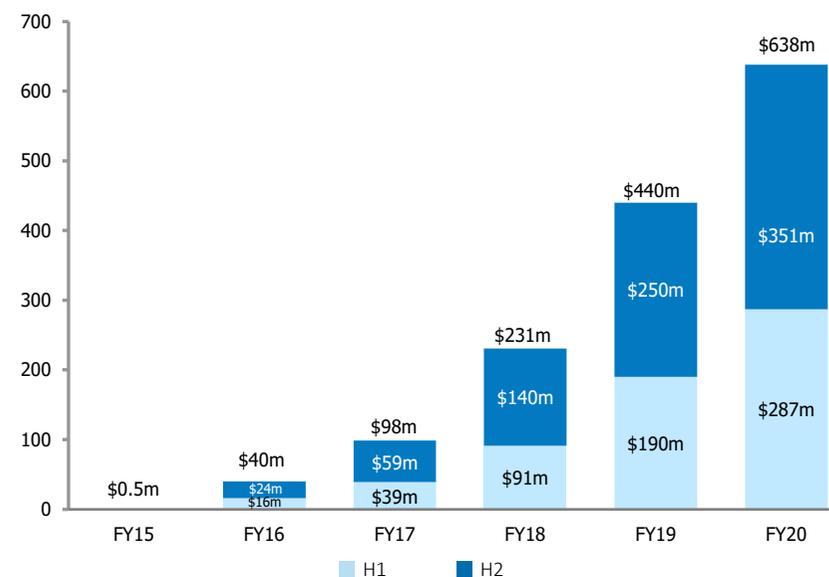
\$638m

GWP transacted through SCTP in FY20

+45%

Period-on-period growth in GWP transacted through SCTP

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

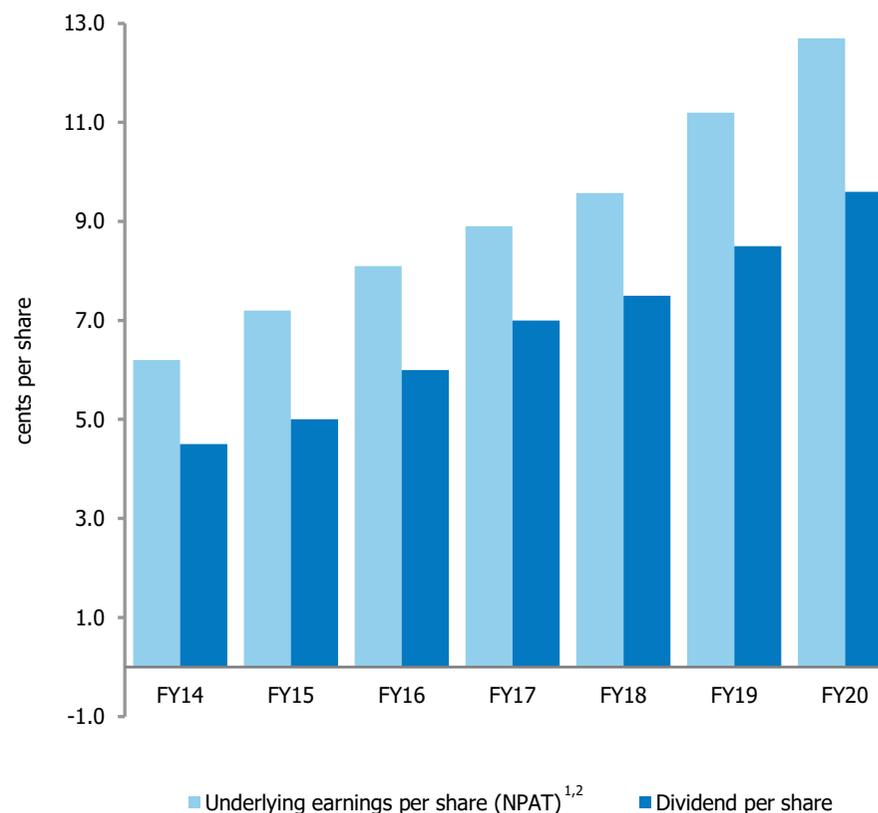


Final FY20 dividend

Final dividend up 13.2%

- Final FY20 dividend of **6.0 cps** (fully franked), up from 5.3 cps in FY19, **+13.2%**
 - FY20 target dividend payout ratio of 65% to 85% of underlying NPAT¹
- Dividend Reinvestment Plan (DRP) to apply to final FY20 dividend
 - The DRP will operate by the issue of new shares. A 2.0% discount will be applied
- Key dates for final FY20 dividend:
 - Ex dividend date: 1 September 2020
 - Dividend record date: 2 September 2020
 - DRP record date: 3 September 2020
 - Payment date: 25 September 2020

	FY20		FY19	
Interim dividend	3.6cps	3.2cps	12.5%	
Final dividend	6.0cps	5.3cps	13.2%	
Full year	9.6cps	8.5cps	12.9%	



¹ Excluding JLG mark-to-market adjustment.

² FY20 EPS share count of c.855.7m shares commencing 1 July 2019 for IBNA and Steadfast PSF Rebate offer.



FY20 Financial Summary

Impact of IBNA and Steadfast PSF Rebate offer on statutory 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 date to apply from 1 July 2019

Steadfast PSF Rebate offer

- 74% acceptance rate at a cost of \$63.1m (post tax)
- Revenue commenced 1 July 2019
- Acquisition consideration expensed – statutory loss of \$63.1m
- EPS calculation adjusted –
 - normalise this non-recurring expense
 - adjust the share issue date to apply from 1 July 2019

Reconciliation of statutory NPAT to underlying NPAT¹

12 months to 30 June \$ million	Statutory vs underlying reconciliation FY20	Statutory vs underlying reconciliation FY19
Statutory profit/(loss)	(55.2)	103.8
Adjusted for:		
IBNA acquisition expense	72.7	-
PSF Rebate expense	63.1	-
Impairments	40.7	-
Change in value and sale of investments	(2.0)	(14.6)
Net gain on deferred consideration estimates	(5.4)	0.1
Other non-trading net gains	(2.0)	(0.1)
Subtotal	167.1	(14.6)
Underlying NPAT (\$m) including JLG mark-to-market adjustment	111.9	89.2
JLG mark-to-market revaluation	(3.2)	(0.5)
Underlying NPAT (\$m) – excluding JLG mark-to-market adjustment	108.7	88.7

Group financial performance

Strong underlying earnings growth

Underlying earnings – excluding JLG mark-to-market

12 months to 30 June \$ million	Underlying FY20 ¹	Underlying FY19 ¹	Period-on- period growth %
Revenue (\$m)	826.3	688.4	20.0%
EBITA (\$m)	223.5	193.4	15.5%
NPAT (\$m)	108.7	88.7	22.6%
Diluted EPS ² (NPAT) (cents)	12.70	11.20	13.4%
NPATA ³ (\$m)	135.6	113.6	19.3%
Diluted EPS ^{2,3} (NPATA) (cents)	15.84	14.35	10.4%

Historically the results have included JLG mark-to-market adjustment. Going forward, underlying financials will exclude the mark-to-market impact of the JLG investment. The full year JLG gain of \$4.5m (pre-tax) has been removed from the FY20 result (FY19 gain: \$0.7m).

- Growth across Steadfast Group driven by:
 - Organic and acquisition growth from network and equity brokers
 - Particularly strong organic growth from Steadfast Underwriting Agencies
- Moderate June quarter growth due to COVID-19 impacts:
 - Continuation of hardening premium market outweighing a slight reduction in broker volumes
 - Expense savings achieved

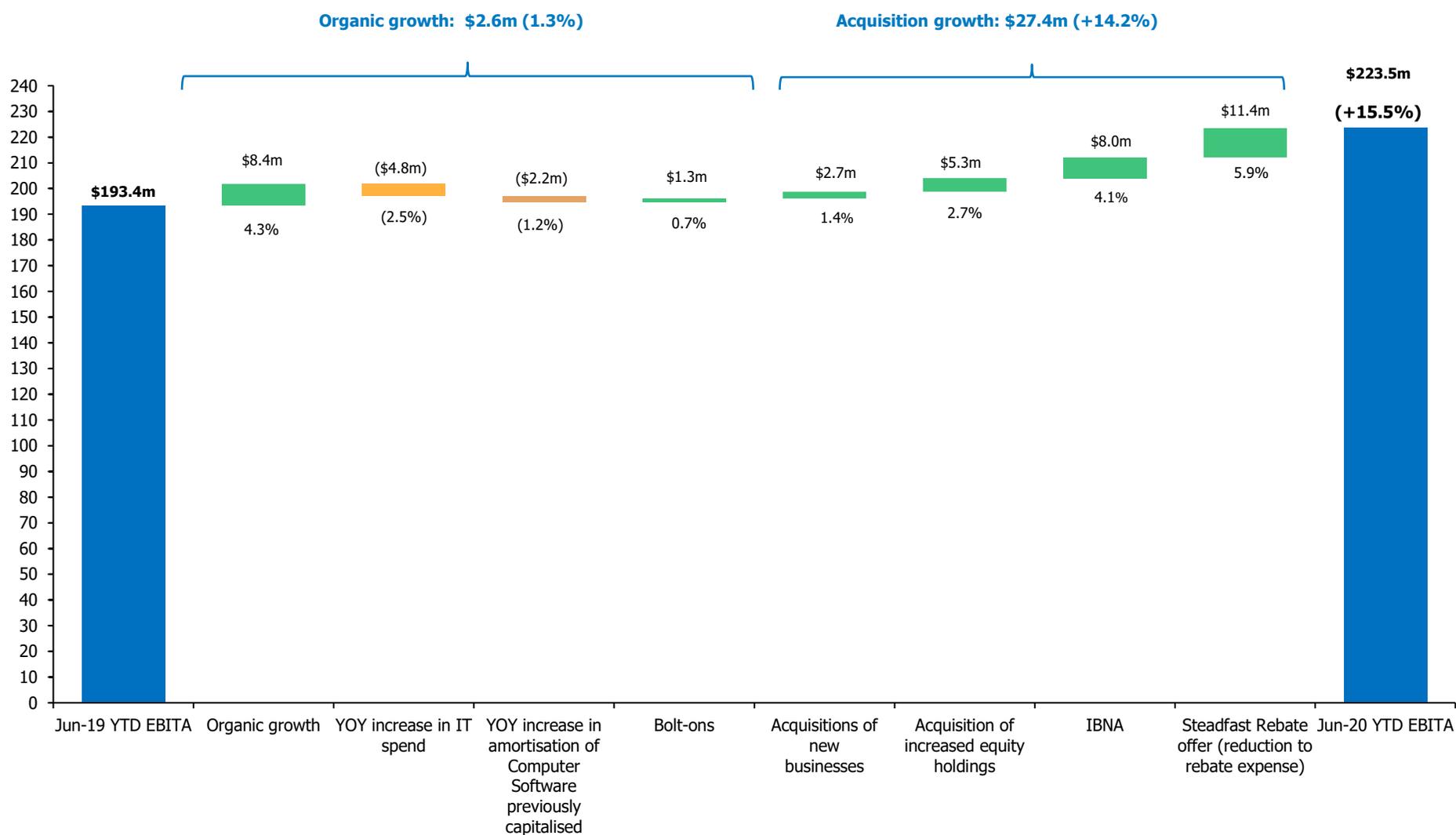
¹ Underlying financial data reconciled to statutory data on slide 13.

² FY20 EPS share count of c.855.7m assumes 1 July 2019 commencement for IBNA and Steadfast PSF Rebate offer.

³ Calculated on a consistent basis since IPO.

Drivers of 15.5% YTD growth in underlying EBITA¹

Organic and acquisition growth



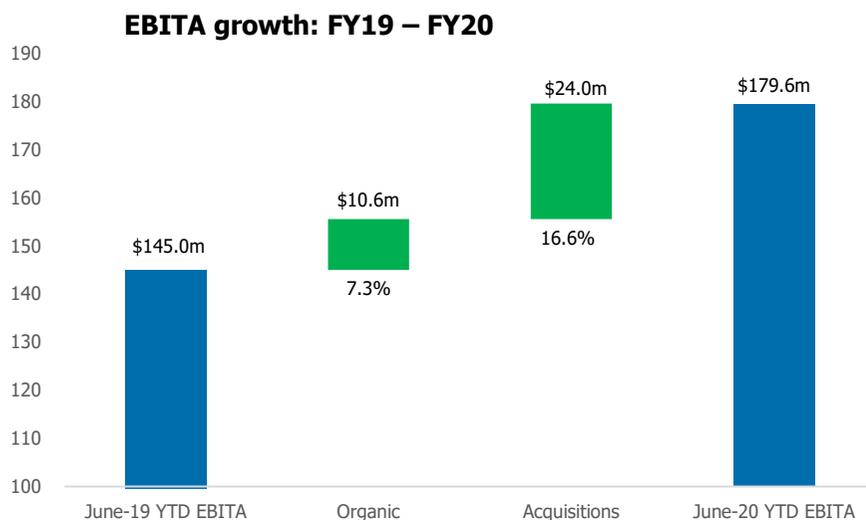
Insurance broking

Organic and acquisition growth

Insurance broking- consolidated & equity accounted (assuming 100% ownership)

12 months to 30 June 2020 \$ million	Underlying FY20 ¹	Underlying FY19 ¹	Period-on-period growth %	Organic growth %	Growth from acquisitions %
Net revenue	534.8	485.0	10.2%	6.3%	3.9%
EBITA	179.6	145.0	23.9%	7.3%	16.6%

- EBITA of **\$179.6m (+23.9%)** from all equity brokers and network
 - Driven by acquisition (including IBNA and Steadfast PSF Rebate offer) and organic growth
 - Growth in revenue driven by continued hardening market throughout the year and volume growth in the first 9 months of FY20
 - Fee & commission split of ~30%/70% in-line with historic average
 - Organic growth subdued to 4.2% in the final quarter due to minor reductions in volumes from COVID-19 impact



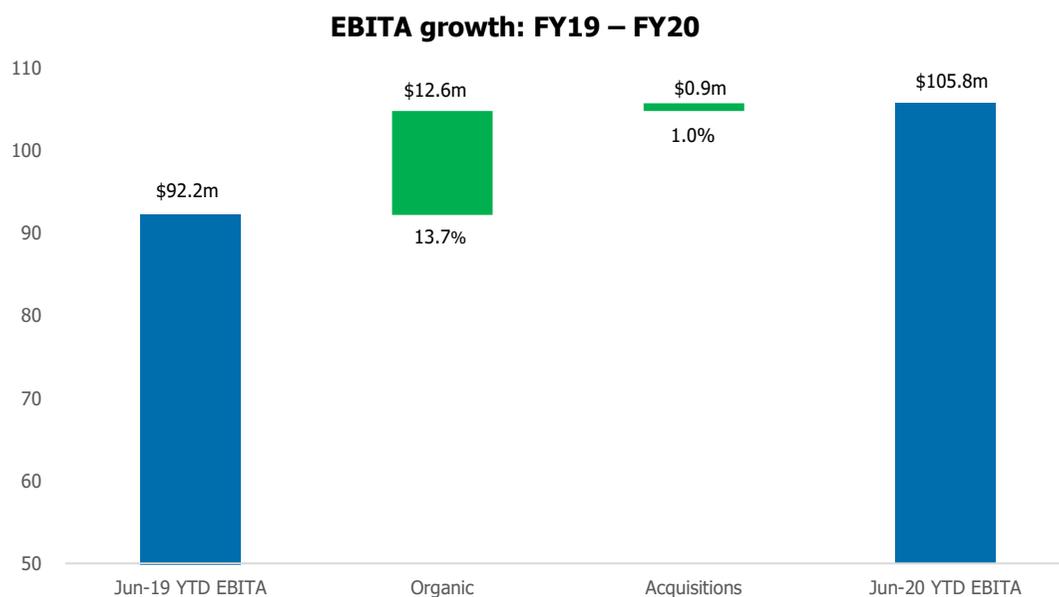
Steadfast Underwriting Agencies

Strong organic growth driven by price and volume

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

12 months to 30 June 2020 \$ million	Underlying FY20 ¹	Underlying FY19 ¹	Period-on-period growth %	Organic growth %	Growth from acquisitions %
Net revenue	213.0	193.0	10.4%	9.6%	0.7%
EBITA	105.8	92.2	14.7%	13.7%	1.0%

- Significant uplift across most agencies even in the COVID-19 trading period
- Strong performance led to underlying EBITA growth of **14.7%**



FY20 cash flow statement

Continued conversion of profits to cash

\$ million	FY20	FY19
Adjusted net cash from operating activities	138.6	117.7
Cash used for dividends	(68.0)	(62.6)
Free cash flow	70.6	55.1

- Free cash flow fully utilised in investment activities
- Maintained strong working capital position
- Maintained debtor days at pre-COVID-19 levels

Cash flow summary \$ million	FY20	FY19
Statutory operating cash flow	206.0	117.7
Less IQumulate collections balance date mismatch ¹	(55.2)	-
Less lease obligations now classified as financing	(12.2)	-
Adjusted operating cashflow	138.6	117.7

Full conversion of underlying NPATA \$135.6m into cash

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

Statutory balance sheet

Conservatively geared balance sheet with capacity for future growth

\$ million	30 Jun 20	30 Jun 19
Cash and cash equivalents	211	117
Cash held on trust	449	427
Premium funding receivables	537	76
Trade & other receivables ²	155	172
Total current assets	1,352	792
Goodwill	930	945
Identifiable intangibles	182	193
Equity accounted investments	119	128
Other (including PPE, deferred tax assets)	172	99
Total non-current assets	1,403	1,365
Total assets	2,756	2,157
Trade & other payables	535	510
Borrowings	3	26
Premium funding borrowings and payables	543	70
Deferred consideration	8	28
Other (including tax payable, provisions)	60	41
Total current liabilities	1,149	675
Borrowings	318	311
Deferred consideration	4	6
Deferred tax liabilities – customer relationships	42	49
Remaining deferred tax liability & other	45	21
Total non-current liabilities	409	387
Total liabilities	1,558	1,062
Net assets	1,197	1,095
Non-controlling interests	77	80

Corporate debt facilities (excludes premium funding) \$ 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

- Increased corporate debt facilities from \$385m to \$460m in January 2020
- Significant headroom in corporate debt covenants
- Unutilised corporate debt facility of **\$181m** available at 30 June 2020 for future growth
- Total Group gearing excluding premium funding within Board approved maximum:

Gearing ratio ¹	Actual	Max
Total Group	21.5%	30.0%

Total borrowings \$ million	Total
Group facility borrowings	275.0
Subsidiary borrowings	48.0
Total	323.0

- IQmulate premium funding Australian facilities of \$470m locked in until July 2022

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



FY21 Outlook

FY21 outlook

Resilient business model prepared for both the challenges and opportunities ahead

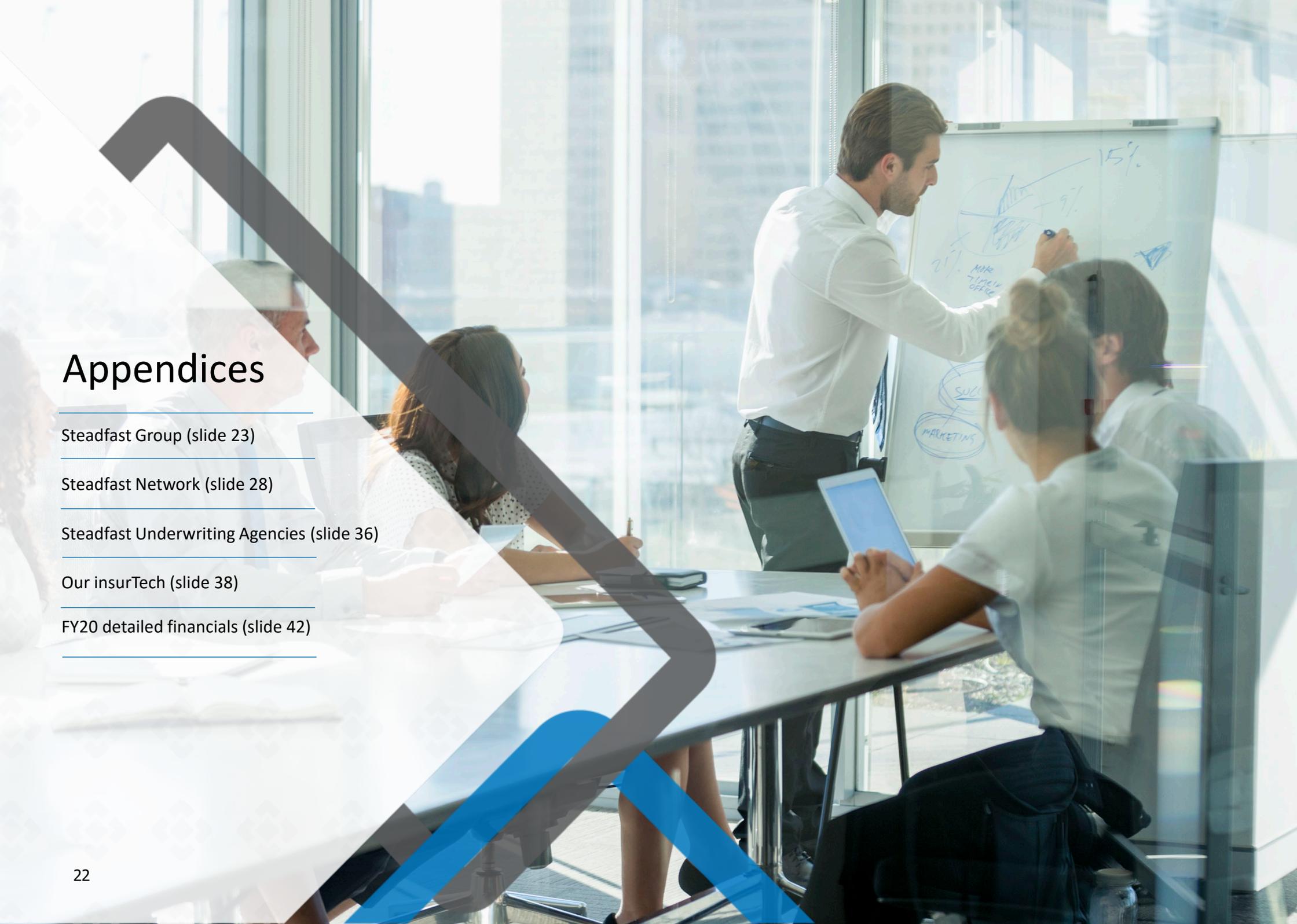
Guidance¹

Underlying EBITA	\$235 million - \$245 million
Underlying NPAT	\$115 million - \$122 million
Underlying diluted EPS (NPAT) growth	5% - 10%

The outlook and guidance is subject to the significant uncertainty surrounding the impact of COVID-19 pandemic on the global economy and extent of any government stimulus measures.

Key assumptions include:

- Steadfast has invested \$70m on equity broker acquisitions post balance date and is intending to complete the final PSF Rebate offer in FY21 to those brokers who did not take up the offer in FY20
- Strategic partners continue to drive moderate premium price increases
- Ongoing trading conditions mirror the experience of the fourth quarter of FY20



Appendices

[Steadfast Group \(slide 23\)](#)

[Steadfast Network \(slide 28\)](#)

[Steadfast Underwriting Agencies \(slide 36\)](#)

[Our insurTech \(slide 38\)](#)

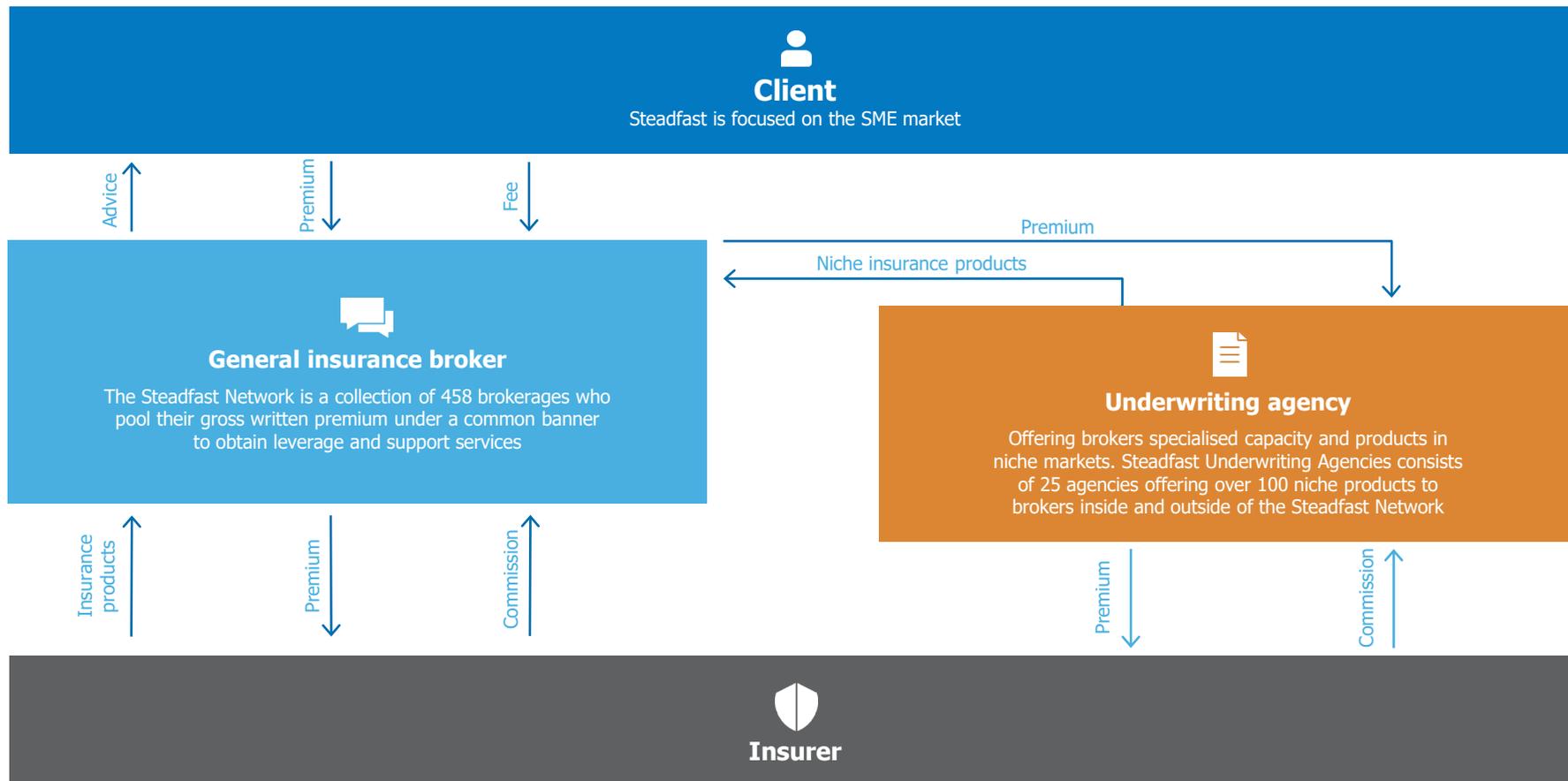
[FY20 detailed financials \(slide 42\)](#)



Steadfast Group

Broker and underwriting agency model

Advice based offering primarily focused on SME market



Steadfast Group

Three business units focused on the intermediated general insurance market

Steadfast Group (listed on ASX)

Steadfast Network

458 general insurance brokers

Steadfast Group has equity holdings in **57** 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

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

\$8.3 billion

458

Steadfast Network brokers

Largest group of underwriting agencies in Australasia

Annual GWP¹

\$1.3 billion

25

Underwriting agencies

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



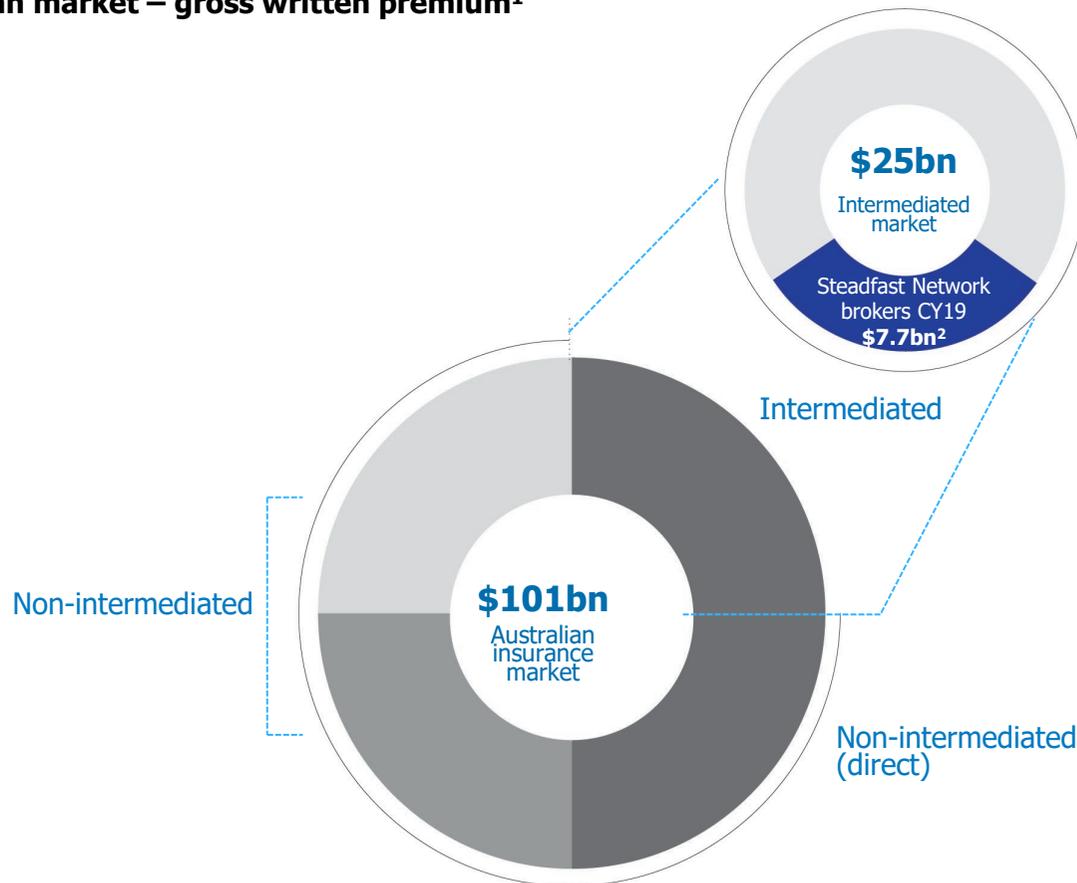
Risk consulting,
50% owned

¹ As at 30 June 2020

Our market

\$25 billion of intermediated general insurance GWP written in CY19

Australian market – gross written premium¹



Steadfast Group is focused on the intermediated general insurance market, with a primary focus on SME

¹ APRA Quarterly General Insurance Performance Statistics for CY19 (released March 2020), Steadfast Group and APRA Intermediated General Insurance Performance Statistics for CY19 (released March 2020).

² Includes IBNA brokers GWP for the 12 months of CY19



Steadfast Network

Steadfast Network

Largest general insurance broker Network in Australasia

Steadfast Network

The Steadfast Network has 458 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 \$8.3 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 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

- Be the best solution for our clients' needs
- 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
- Develop leading technology solutions to enable brokers to obtain competitive pricing and terms to retain and attract clients
- Grow international presence

Major insurer partners



Steadfast Network

\$8.3bn
gross written premium in FY20

458
brokers in the Network

Premium funding partners



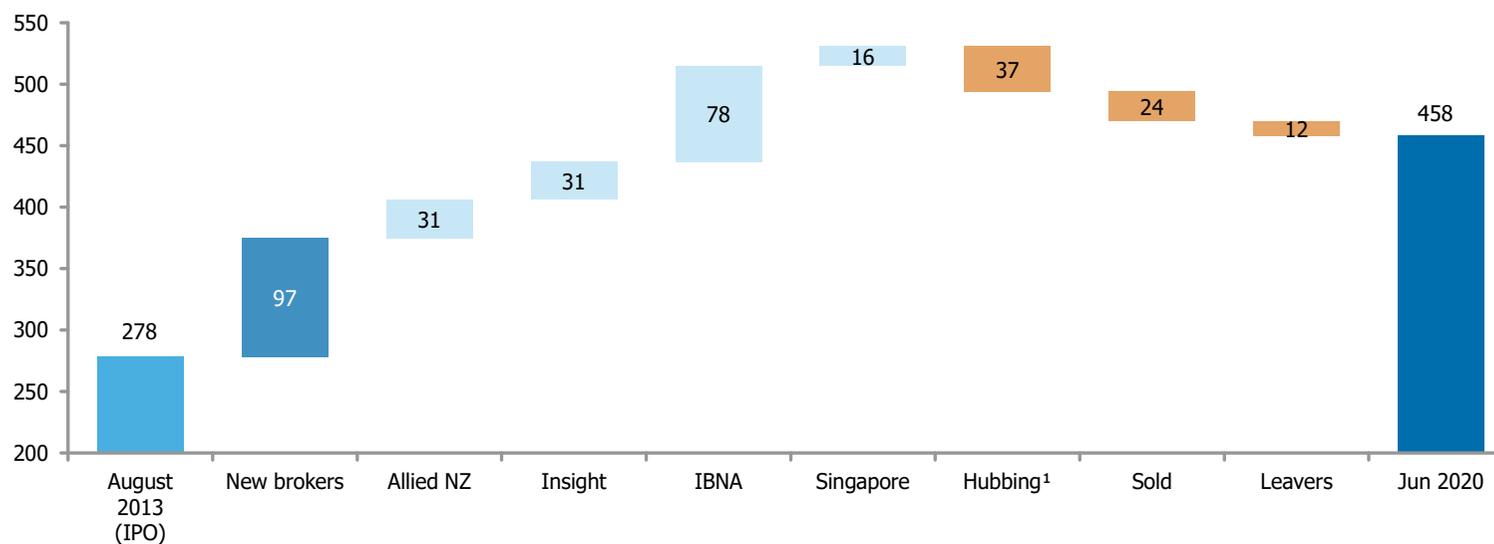
Strategic partner



Steadfast Network

253 brokers have joined the Steadfast Network since IPO

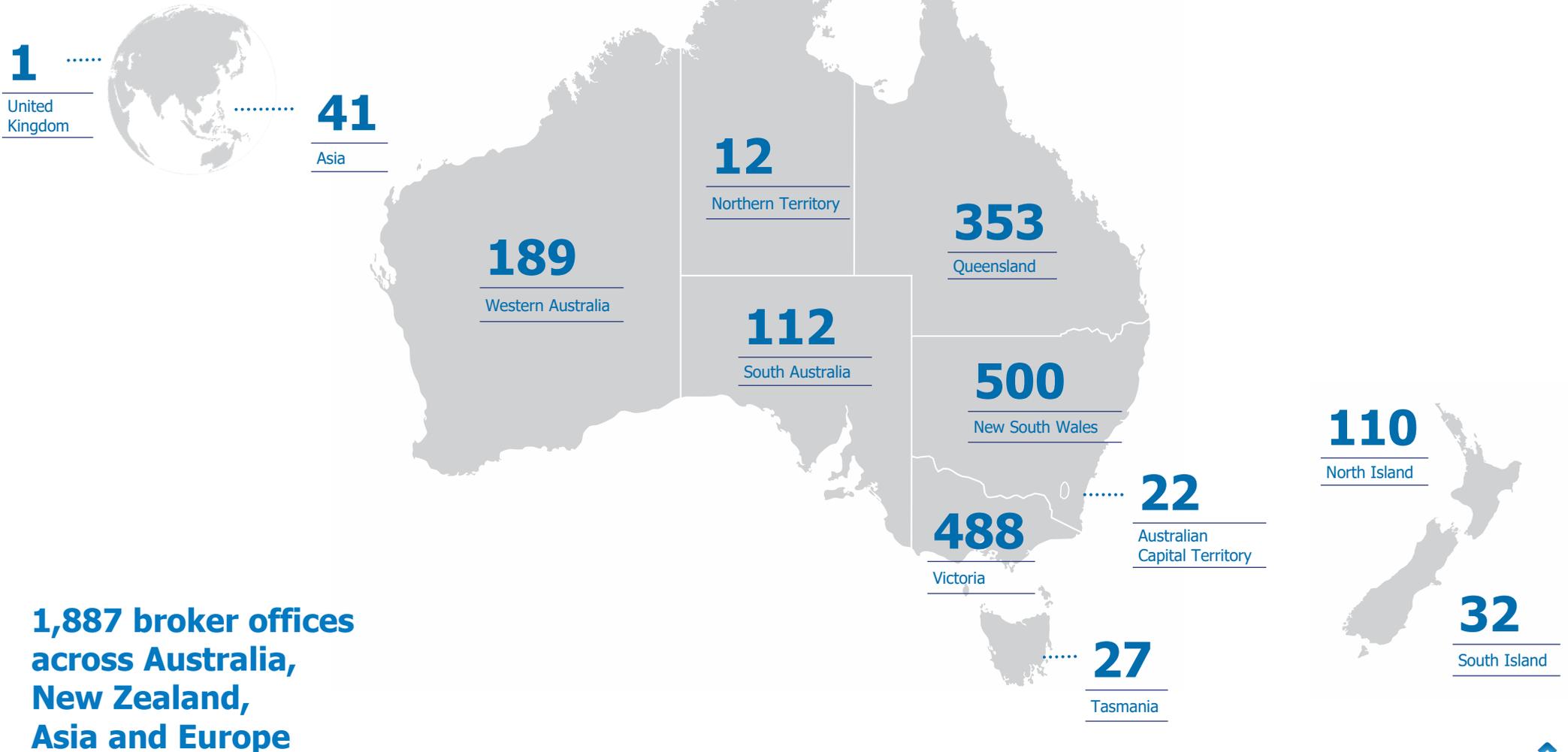
Number of Steadfast Network brokers



- 253 brokers have joined and 12 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

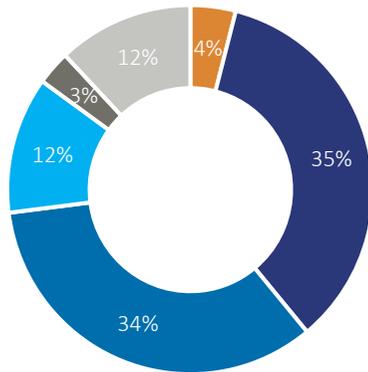
Worldwide broker offices (excluding unisonSteadfast)



Steadfast Network

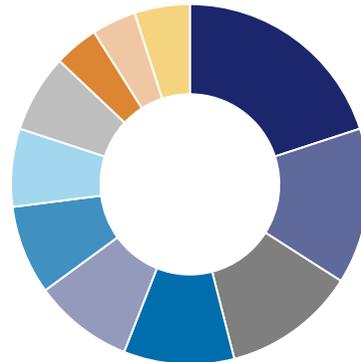
Australia – resilient SME client base

GWP mix¹



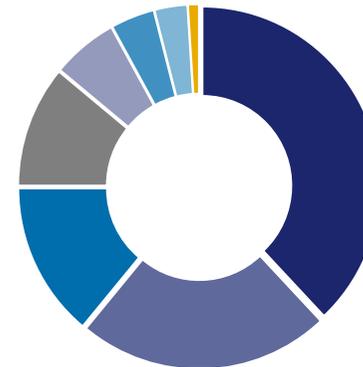
- Micro (Policy size <\$650)
- Small Enterprise (Policy size \$650 - \$5,000)
- Small Enterprise (Policy size \$5,000 - \$50,000)
- Medium Enterprise (Policy size \$50,000 - \$250,000)
- Corporate (Policy size >\$250,000)
- Retail

Diversified by product line



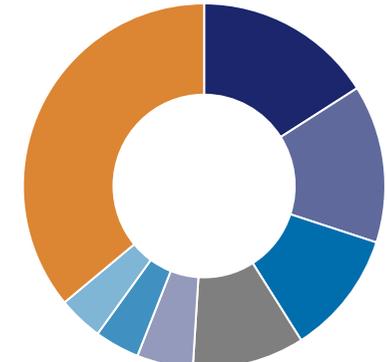
- Business pack 20%
- Commercial motor 14%
- Retail 12%
- Commercial property & ISR 10%
- Liability 9%
- Professional risks 8%
- Statutory covers 7%
- Strata 7%
- Rural & Farm 4%
- Construction & engineering 4%
- Other 5%

Diversified by geography



- VIC 38%
- NSW 23%
- QLD 14%
- WA 11%
- NZ 6%
- SA 4%
- TAS 3%
- ACT 1%

Diversified by insurer



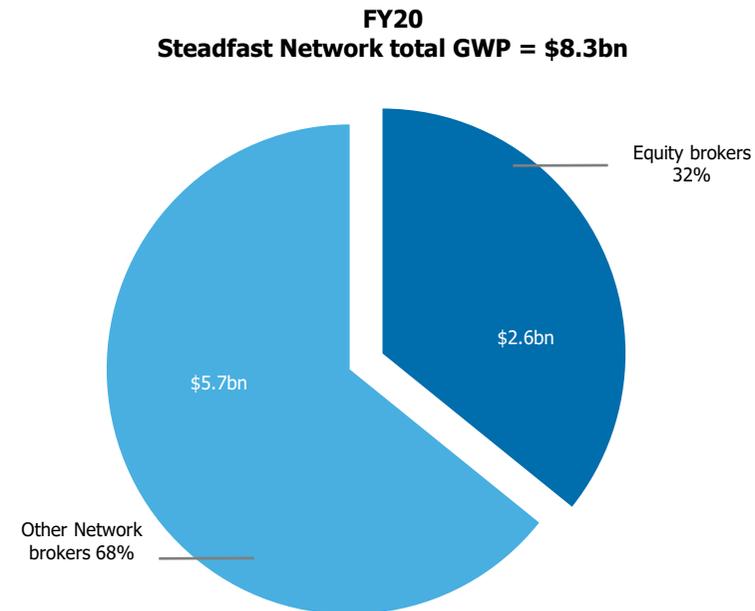
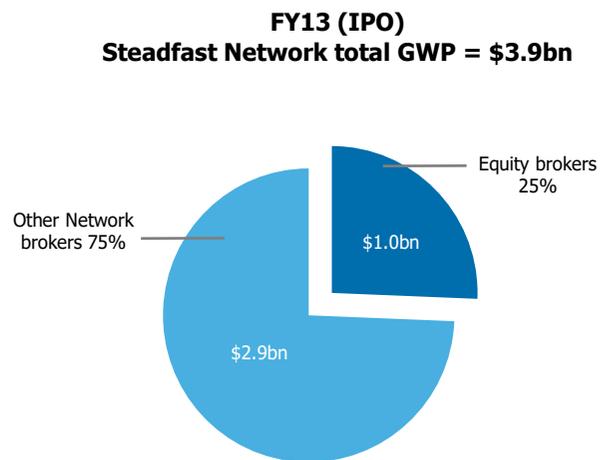
- QBE 16%
- CGU 14%
- Allianz 11%
- Vero 10%
- Chubb 5%
- AIG 4%
- Zurich 4%
- Various underwriting agencies, small insurers, Lloyd's and other small brokers 36%

¹ Based on FY20 GWP.

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 57 (after hubbing) of the 458 brokerages in the Steadfast Network and receives an ongoing share of dividends from these brokerages
 - Steadfast Group continues to be a natural acquirer of Steadfast Network brokerages



International footprint

Steadfast Network model replication

1. New Zealand

- 49 brokers in the Network
- NZD \$459m of gross written premium in FY20
- Steadfast Underwriting Agencies building market presence utilising Network distribution
- Strong buy-in from insurer partners
- SCTP introduced

2. Asia

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

3. London

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



International footprint

unisonSteadfast

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

Recent developments

- 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





Steadfast Underwriting Agencies

Steadfast Underwriting Agencies

25 agencies, over 100 niche products

 <p>Complete farm package</p>	 <p>Caravans, cabins and trailers</p>	 <p>Commercial and residential strata</p>	 <p>Accident and health</p>	 <p>Base essentials strata</p>
 <p>Residential and commercial strata</p>	 <p>Home and contents for owner-occupied homes</p>	 <p>Specialised and exotic motorcar and motorcycle</p>	 <p>Emerging risks</p>	 <p>Heavy vehicles</p>
 <p>Mobile plant and equipment</p>	 <p>Business interruption focused on SMEs</p>	 <p>Pet Care Made Easy Pet wellness and pet insurance</p>	 <p>High-value homes</p>	 <p>Building and construction industry</p>
 <p>SME insurance programs</p>	 <p>Recreational hull insurance</p>	 <p>Motorcycle insurance</p>	 <p>Specialised equipment, tradesmen, small business and marine transit</p>	 <p>Marine hull, cargo and transit</p>
 <p>Property insurance</p>	 <p>Sports and leisure-related businesses</p>	 <p>Professionals including engineers, architects and doctors</p>	 <p>Hard-to-place and complex risks including environmental liability</p>	 <p>Marine hull and other marine industry</p>

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

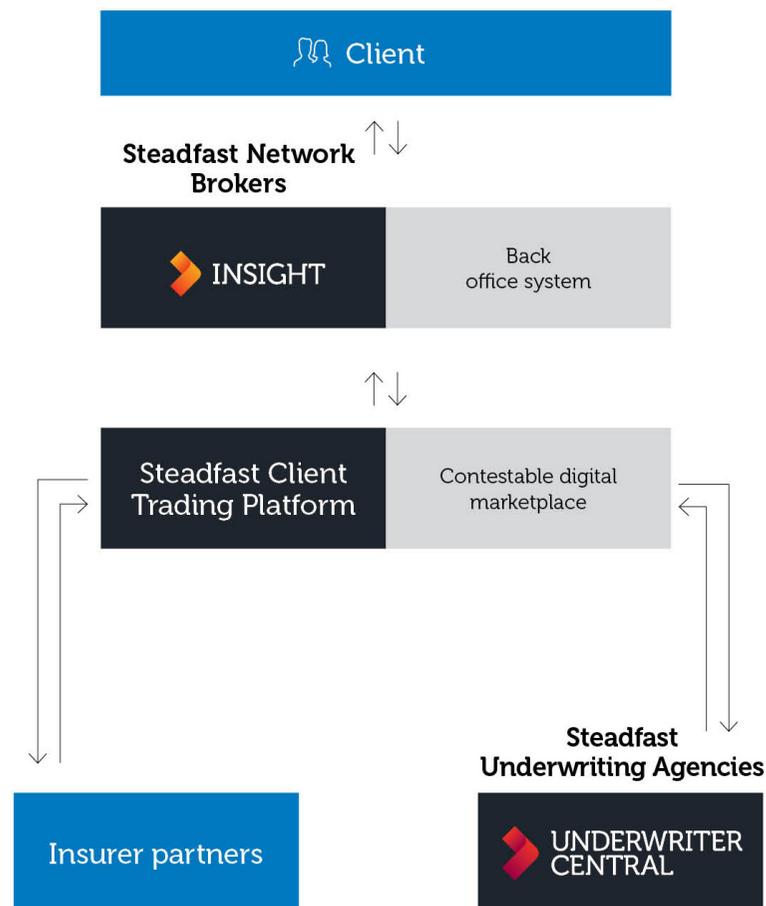
A woman in a black dress holding a folder and a man in a suit looking at a tablet on a modern glass staircase. The background shows a bright, modern office interior with large windows and glass railings. A large, stylized graphic element consisting of overlapping geometric shapes in grey, blue, and white is overlaid on the left side of the image.

Our insurTech

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



Our insurTech

Insurer and underwriting agency partners on the SCTP

Business pack	Professional risks	Liability	Commercial property & ISR	Commercial motor	Domestic home, motor & landlords	Strata
				2H FY21		
				1H FY21		
				2H FY21		
				2H FY21		
	2H FY21			2H FY21		

Key: indicates new insurers joining SCTP product lines

Our insurTech

Steadfast Technologies

Steadfast Client Trading Platform (SCTP)

The Steadfast Client Trading Platform 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 SCTP 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

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

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

Key advantages:

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

UNDERWRITER CENTRAL

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**
-



FY20 Detailed Financials

FY20 detailed financials

Reconciliation of statutory to underlying earnings

12 months ended 30 June 2020 \$'000	Total statutory	Reclassifications	Non-trading items	Total underlying
Fees and commissions income	592,784	114,105	-	706,889
Premium funding income	61,465	14,062	(2,410)	73,117
Interest income	-	7,021	-	7,021
Share of profits from associates and joint ventures	20,179	(885)	(6,626)	12,668
Mark-to-market of investment in Johns Lyng Group	4,525	-	(4,525)	-
Other revenue	18,184	30,064	(9,007)	39,241
Revenue	697,137	164,367	(22,568)	838,936
Less: share of profits from associates and joint ventures	(20,179)	885	6,626	(12,668)
Revenue – consolidated entities	676,958	165,252	(15,942)	826,268
Employment expenses	(282,255)	20,102	-	(262,153)
Occupancy expenses	(7,768)	(14,576)	-	(22,344)
Other expenses including Corporate Office	(349,674)	(181,178)	190,938	(339,914)
Expenses – Consolidated entities	(639,697)	(175,652)	190,938	(624,411)
EBITA – Consolidated entities	37,261	(10,400)	174,996	201,857
Share of EBITA from associates and joint ventures	29,332	(162)	(7,557)	21,613
Total EBITA	66,593	(10,562)	167,439	223,470
Finance costs – consolidated entities	(13,684)	2,472	-	(11,212)
Finance costs – associates and joint ventures	(477)	23	-	(454)
Amortisation expense – consolidated entities	(36,370)	7,928	-	(28,442)
Amortisation expense – associates and joint ventures	(2,528)	189	-	(2,339)
Income tax benefit/(expense) – consolidated entities	(40,137)	886	(9,569)	(48,820)
Income tax benefit/(expense) – associates and joint ventures	(6,148)	(936)	931	(6,153)
Net profit after tax	(32,751)	-	158,801	126,050
Non-controlling interests	(22,493)	-	5,140	(17,353)
Net profit after tax attributable to owners of Steadfast Group Limited (NPAT)	(55,244)	-	163,941	108,697

FY20 detailed financials

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

12 months ended 30 June \$ million	Underlying FY20	Underlying FY19	Period-on-period growth %	Organic growth % ³	Acquisitions & hubbing growth % ⁴
Fees and commissions ^{1, 2}	706.9	631.8	11.9%	7.7%	4.2%
Other revenue	119.4	56.6	111.0%	(5.8%)	116.8%
Revenue – Consolidated entities	826.3	688.4	20.0%	6.6%	13.4%
Employment expenses	(262.2)	(222.8)	17.6%	8.0%	9.7%
Occupancy expenses	(22.3)	(18.9)	18.0%	7.8%	10.3%
Other expenses including Corporate Office ¹	(339.9)	(278.1)	22.2%	9.3%	12.9%
Expenses – Consolidated entities	(624.4)	(519.9)	20.1%	8.7%	11.4%
EBITA – Consolidated entities	201.9	168.5	19.8%	0.2%	19.6%
Share of EBITA from associates and joint ventures	21.6	25.0	(13.4%)	8.8%	(22.2%)
EBITA	223.5	193.4	15.5%	1.3%	14.2%
Net financing expense	(11.7)	(14.6)	(20.1%)		
Amortisation expense – consolidated entities	(28.4)	(25.7)	10.5%		
Amortisation expense – associates	(2.3)	(2.9)	(19.9%)		
Income tax expense	(55.0)	(43.8)	25.6%		
Net profit after tax	126.0	106.4	18.5%		
Non-controlling interests	(17.4)	(17.7)	(2.0%)		
Net profit attributable to Steadfast members (NPAT⁵)	108.7	88.7	22.6%		
Amortisation expense – consolidated entities ⁶	24.5	22.0	11.4%		
Amortisation expense – associates ⁷	2.3	2.9	(20.3%)		
Net Profit after Tax and before Amortisation (NPATA^{5, 8})	135.6	113.6	19.3%		

¹ Wholesale broker and agency commission expense (paid to brokers) included in revenues and other expenses so impact to EBITA is nil (\$152.5m in FY19; \$168.4m in FY20).

² FY20 & FY19 PSF income has been reallocated from Other revenue to Fee and commission. There is no change to the final result.

³ Includes bolt-on acquisitions.

⁴ Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes. Includes growth from associates converted to consolidated entities.

⁵ Excludes impact from mark-to-market adjustments of \$4.5m (pre tax) in FY20 and \$0.7m (pre tax) in FY19 for Johns Lyng Group investment.

⁶ 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.

⁷ For associates, amortisation of customer list is not tax effected (per Accounting Standards).

⁸ Calculated on a consistent basis since IPO.

FY20 detailed financials

Statement of income (underlying IFRS view)

12 months ended 30 June 2020 \$ million	Underlying 2H20	Underlying 1H20	Underlying 2H19	Underlying 1H19	Underlying 2H18	Underlying 1H18
Fees and commissions ^{1, 2}	357.4	349.5	328.9	302.9	286.4	246.6
Other revenue	58.1	61.3	38.5	18.1	18.8	15.2
Revenue – Consolidated entities	415.6	410.7	367.4	321.0	305.3	261.8
Employment expenses	(131.1)	(131.1)	(117.1)	(105.7)	(96.8)	(87.9)
Occupancy expenses	(11.4)	(11.0)	(10.0)	(8.9)	(8.7)	(7.7)
Other expenses including Corporate Office ¹	(166.7)	(173.2)	(145.5)	(132.7)	(120.2)	(106.1)
Expenses – Consolidated entities	(309.1)	(315.3)	(272.7)	(247.2)	(225.7)	(201.8)
EBITA – Consolidated entities	106.4	95.4	94.7	73.7	79.6	60.0
Share of EBITA from associates and joint ventures	11.9	9.7	12.1	12.9	13.2	11.4
EBITA⁴	118.3	105.2	106.8	86.6	92.7	71.3
Net financing expense	(5.1)	(6.5)	(8.4)	(6.2)	(5.2)	(5.4)
Amortisation expense – consolidated entities	(14.3)	(14.2)	(13.3)	(12.4)	(11.7)	(10.3)
Amortisation expense – associates	(1.1)	(1.2)	(1.4)	(1.5)	(1.6)	(1.6)
Income tax expense	(29.5)	(25.5)	(24.0)	(19.8)	(23.6)	(16.8)
Net profit after tax	68.3	57.7	59.7	46.7	50.7	37.2
Non-controlling interests	(10.2)	(7.1)	(10.1)	(7.6)	(8.2)	(5.7)
Net profit attributable to Steadfast members (NPAT⁵)	58.1	50.6	49.6	39.1	42.5	31.5
Amortisation expense – consolidated entities ³	12.3	12.3	11.5	10.5	10.2	8.9
Amortisation expense – associates ³	1.1	1.2	1.4	1.5	1.6	1.6
Net Profit after Tax and before Amortisation (NPATA^{4,5})	71.6	64.0	62.5	51.1	54.3	42.0
Weighted average share # ⁶	855.7	849.5	791.6	792.0	772.0	753.9
Underlying diluted EPS (NPAT) (cents per share)	6.74	5.96	6.27	4.93	5.40	4.17
Underlying diluted EPS (NPATA) (cents per share)	8.30	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 (\$152.5m in FY19; \$168.4m in FY20).

² FY20, FY19 & FY18 PSF income has been reallocated from Other revenue to Fee and commission. There is no change to the final result.

³ 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.

⁴ Calculated on a consistent basis since IPO.

⁵ FY20 excludes impact of \$4.5m (pre tax) from mark-to-market adjustments for Johns Lyng Group investment. Prior periods have also been adjusted.

⁶ Includes shares issued in relation to IBNA acquisition and Steadfast PSF Rebate offer, with assumed commencement date 1 July 2019.

FY20 detailed financials

Statutory cash flow statement

\$ million	FY20	FY19
Cash flows from operating activities		
Net cash from operating activities before customer trust accounts movement	206.0	117.7
Net movement in customer trust accounts	15.7	43.7
Net cash from operating activities	221.7	161.3
Cash used in PSF Rebate offer	(43.1)	-
Cash used in other investing activities	(69.2)	(139.0)
Cash acquired in acquisitions	7.6	91.2
Net cash used in investing activities	(104.7)	(47.8)
Cash used for dividends	(68.0)	(62.6)
Other (including debt drawdowns)	70.8	101.1
Net cash from financing activities	2.8	38.5
Net increase/(decrease) in cash and cash equivalents	119.8	152.1
Cash and cash equivalents at 30 June	659.6	540.2
split into: Cash held in trust	449.0	427.4
Cash on hand (net of overdraft)	210.6	112.8

\$70.6m free cash flow in FY20

Cash from operations	206.0
Less IQumulate collections balance date mismatch ¹	(55.2)
Less lease obligations now classified as financing	(12.2)
Adjusted operating cashflow	138.6
Dividends paid	(68.0)
Free cash flow	70.6

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

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 March 2019	Year End March 2020	Year End March 2019	Year End March 2020	Year End March 2019	Year End March 2020
Gross written premium (\$m)	8,911	9,444	10,046	10,494	3,548	3,259
Number of risks ('000)	11,949	12,173	15,876	16,175	15,981	14,981
Average premium per risk (\$)	746	+4.0% 776	633	+2.5% 649	222	-1.8% 218
Outwards reinsurance expense (\$m)	2,801	2,979	2,015	2,108	747	665
Gross earned premium (\$m)	9,095	9,569	9,832	10,361	3,585	3,476
Cession ratio	31%	31%	20%	20%	21%	19%
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	6,133	7,886	9,081	7,707	1,745	2,450
Gross earned premium (\$m)	9,095	9,569	9,832	10,361	3,585	3,476
Gross loss ratio	67%	82%	77%	74%	49%	70%
Net incurred claims (current and prior years) (\$m)	4,049	4,633	5,729	5,968	1,681	2,121
Net earned premium (\$m)	6,294	6,590	7,817	8,252	2,838	2,811
Net loss ratio	64%	70%	73%	72%	59%	75%
Underwriting expenses (\$m)	1,689	1,767	1,588	1,597	278	344
Net earned premium (\$m)	6,294	6,590	7,817	8,252	2,838	2,811
U/W expense ratio	27%	27%	20%	19%	10%	12%
Net U/W combined ratio	91%	97%	94%	92%	69%	88%

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 March 2019	Year End March 2020	Year End March 2019	Year End March 2020	Year End March 2019	Year End March 2020	Year End March 2019	Year End March 2020
Gross written premium (\$m)	2,668	2,814	4,522	5,163	2,453	2,638	2,039	2,531
Number of risks ('000)	1,730	1,708	1,632	1,645	9,602	9,450	728	635
Average premium per risk (\$)	1,542	+6.8% 1,647	2,771	+13% 3,139	255	+9.4% 279	2,798	+42% 3,987
Outwards reinsurance expense (\$m)	466	521	2,081	2,253	608	679	592	739
Gross earned premium (\$m)	2,587	2,795	4,624	5,151	2,382	2,518	1,870	2,221
Cession ratio	18%	19%	45%	44%	26%	27%	32%	33%
Gross incurred claims (current and prior years) net of non-reinsurance recoveries revenue (\$m)	1,868	1,919	3,344	4,153	1,678	2,074	2,015	2,170
Gross earned premium (\$m)	2,587	2,795	4,624	5,151	2,382	2,518	1,870	2,221
Gross loss ratio	72%	69%	72%	81%	70%	82%	108%	98%
Net incurred claims (current and prior years) (\$m)	1,500	1,523	1,839	1,919	994	1,430	945	1,139
Net earned premium (\$m)	2,121	2,274	2,543	2,898	1,774	1,839	1,278	1,483
Net loss ratio	71%	67%	72%	66%	56%	78%	74%	77%
Underwriting expenses (\$m)	529	549	1,015	1,084	519	519	238	274
Net earned premium (\$m)	2,121	2,274	2,543	2,898	1,774	1,839	1,278	1,483
U/W expense ratio	25%	24%	40%	37%	29%	28%	19%	19%
Net U/W combined ratio	96%	91%	112%	104%	85%	106%	93%	95%

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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.

