

21 February 2017

Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**PSC INSURANCE GROUP LTD (PSI) – HALF YEAR 31 DECEMBER 2016 RESULTS ANNOUNCEMENT**

**Summary:**

- Revenue up 33% on the prior corresponding period (pcp) to \$36.7 million.
- Underlying<sup>1</sup> earnings before interest, tax, depreciation and amortisation (EBITDA) up 51% on the pcp to \$10.2 million.
- Statutory NPAT up materially on pcp to \$5.2 million.
- Underlying net profit after tax and before amortisation (NPATA) of \$6.1m.
- Interim dividend of 2.0 cents per share, fully franked. This is an increase from 1.2 cents per share in the pcp.

**Revenue:**

Increased revenue of \$9.0 million was broad based across the Group, and largely the result of the contribution of acquisitions announced in financial year 2016. Acquisitions contributed approximately \$7.7 million of the increase, with consistent growth contributions across the existing operations. The depreciation of the UK pound over the period has impacted the translation to A\$.

**Underlying EBITDA:**

Increased underlying EBITDA was \$3.4 million, with acquisitions contributing approximately \$2.2 million of this increase. Of the larger acquisitions completed in financial year 2016, the Australian Reliance and Reliance Partners businesses have settled in as expected and the Holmans acquisition in the UK has performed well. We expect continued improvement in these businesses over the coming years.

Underlying EBITDA margin has improved from 24% in the pcp to 28% in the current period.

**Statutory NPAT and Underlying NPATA:**

Statutory NPAT for the period has increased to \$5.2m, from \$2.1m in the prior period. The prior period had numerous material, non recurring costs associated with the IPO.

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<sup>1</sup> Excluding ~ \$0.8m in non recurring costs associated principally with acquisition related restructure costs, final IPO related costs and NED options cost.

Likewise, statutory NPAT attributable to members has increased to \$5.0m, from \$1.2m in the prior period. The prior period reflected the higher NCI share of profit prior to the IPO.

Underlying NPATA was \$6.1m after adjusting for the after tax amount of non-recurring costs and the non-cash amortisation charge.

#### Balance Sheet:

The Group remains conservatively geared. We would expect that there is capacity for prudent increases in debt levels to fund the Group's growth and further acquisitions.

#### Outlook and Summary:

The half year has been a period of integration and consolidation, and the Group's diversified businesses have continued to perform well overall. The acquisitions have performed to expectations and we believe will continue to improve in the coming years.

The Group has further focussed on building its acquisition and new business pipeline of opportunities. We are confident this focus will lead to positive developments and outcomes for the Group in the near future.

The Board and management remain highly invested in the future of the Group and are focussed on continuing to grow the business in an efficient manner and are confident the business will continue to improve over the medium term.

#### Dividend:

The Directors have declared an increased interim dividend of 2.0 cents per share with a record date of 17 March 2017 and a payment date of 14 April 2017. This dividend will be fully franked.

Please direct any queries to Joshua Reid, Chief Financial Officer, on (03) 9044 4796.