23 August 2017

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

**PSC INSURANCE GROUP LIMITED (PSI) – RESULTS ANNOUNCEMENT – 30 JUNE 2017**

Key financial highlights in 2017 for PSC were:

- Statutory revenue was up 25% on the prior corresponding period (pcp) to $84.5m and underlying revenue was up 20% on the pcp to $81.3 million.
- Underlying[1] earnings before interest, tax, depreciation and amortisation (EBITDA) up 34.4% on the pcp to $28.5 million.
- Underlying EBITDA margin up from 31.4% to 35.0%.
- Statutory net profit after tax attributable to members up materially to $19.7 million and underlying net profit after tax and before amortisation (NPATA) up 28% on the pcp to $18.4 million.
- Final fully franked dividend announced of 4.0 cents per share. Dividends announced in the financial year are up 62% to 6.0 cents per share.

The Board is very pleased the results this year show alignment to our strategy and vision, with sound growth from the existing investments and good contributions from all the acquired investments announced since our IPO in December 2015. The results show the strength and diversity of the Group.

Financial year 2017 has been a year where we have been able to provide sound financial returns, consolidate and integrate the acquisition activity, and establish a sound pipeline of future activity.

In financial year 2017 we have:

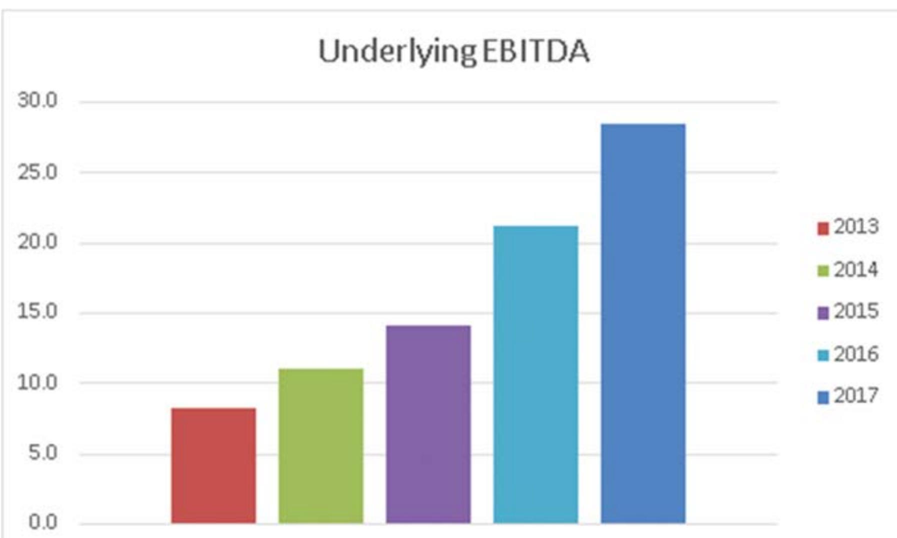
- Successfully integrated the acquisitions of financial year 2016 into our Group, with sound contributions from all and an expectation of improvement in the coming years.
- Acquired a headquarters in East Melbourne, which we believe will be a very good asset for the shareholders over time. Additionally it provides an opportunity for our Melbourne based employees to enjoy a consolidated and interactive work environment and a permanent Group headquarters.
- Continued to work on the pipeline of future growth opportunities and announced a number of new acquisitions, the main of which were Online Insurance Brokers and an investment in BCS Broking.

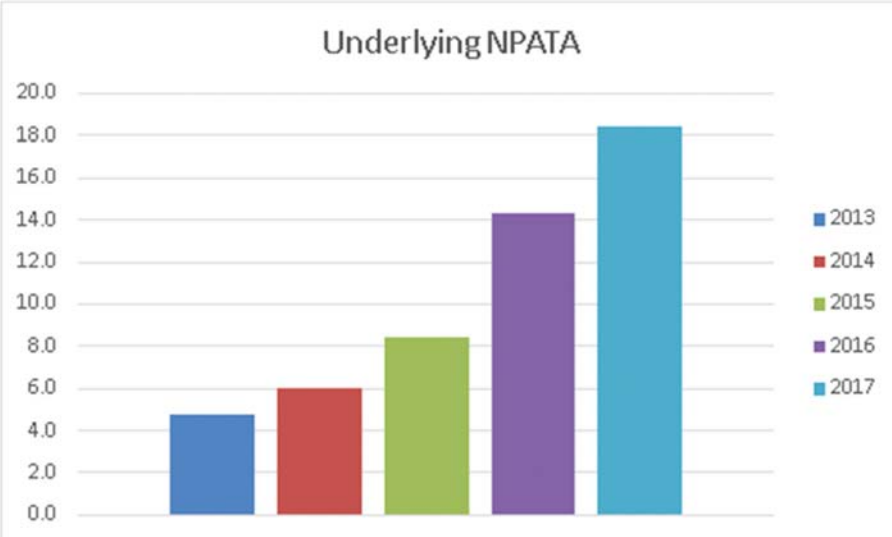
[1] Underlying EBITDA adjusts for deferred consideration payment adjustments taken to revenue of $3.2 million and $1.3 million of one off costs, relating principally to acquisition related restructure costs, advisor fees relating to acquisitions, one off NED option cost and non-recurring and final IPO performance remuneration.

- Increased our investments in existing and new businesses with an on-line presence. Our industry like all others has and will feel the impact of technology, and the Group is looking to be well positioned for change.
- Refinanced into a new long term syndicated funding arrangement with Commonwealth Bank and Macquarie Bank.

Financial Performance

The underlying financial performance of the Group over the last 5 years are summarised below:

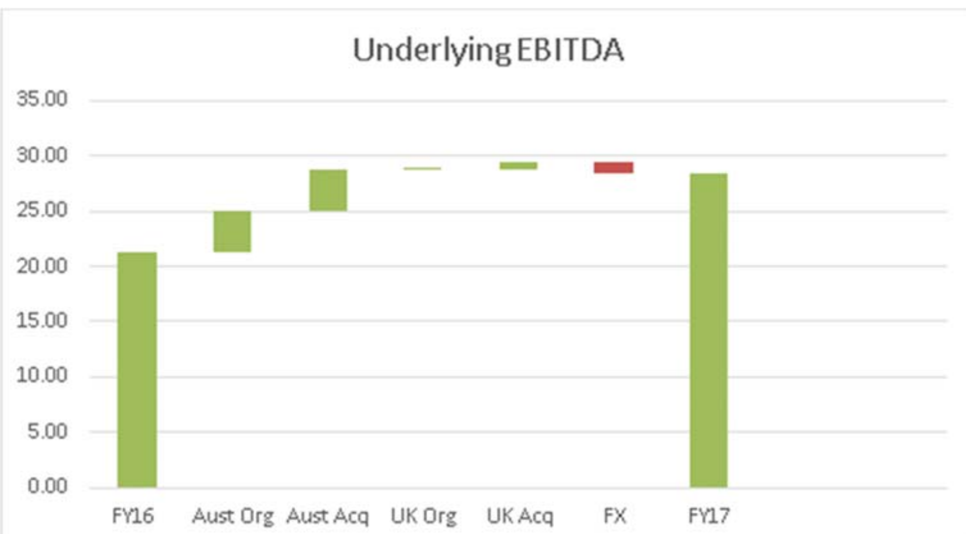






The underlying compound annual growth rates over this period have been:

- Revenue : 30%.
- EBITDA : 38%.
- NPATA : 43%.

We are pleased with the financial year 2017 results, which are outlined more closely below:




Underlying EBITDA has increased from $21.2 million to $28.5 million. The components of these results are:

- Organic EBITDA growth in the Australian operations was $3.9 million. The broking operations have performed solidly and the underwriting agency and network businesses have performed strongly. The Group has benefitted from its increasing scale, improving both revenue and margin.

- Incremental acquired EBITDA growth in the Australian operations was $3.6 million. This reflects a full annualised contribution of the acquisitions completed in financial year 2016. The largest contributors were the Reliance related businesses, the first acquisition post listing. More generally, all are performing to expectation and we are confident will continue to improve over time.
- Overall EBITDA in the UK was down marginally (A$0.3 million).
- The average UK sterling rate depreciated 21% over financial year 2017. This reduced revenue by $4.6 million and EBITDA by $1.1 million.
- The organic EBITDA growth of the UK Lloyd's broking and underwriting agency business (Carroll Holman and Breeze Underwriting UK) was $0.3 million. Additionally, incremental acquired EBITDA was $0.8 million. We have been pleased with the performance of the combined business.
- The reinsurance broking business (Alsford Page & Gems) contribution reduced $0.3 million. This was a result of the loss of a large client and a conservative position taken on the future revenue on longer dated treaty and binder contracts.

Underlying NPATA and Statutory NPAT:

A reconciliation between underlying NPATA and statutory NPAT is as follows:

| **($m)** | **2013** | **2014** | **2015** | **2016** | **2017** |
|---|---|---|---|---|---|
| Statutory NPAT, incl NCI | **1.9** | **6.7** | **8.7** | **10.8** | **20.0** |
| Amortisation | 0.2 | 0.2 | 0.2 | 0.5 | 0.7 |
| Tax Adjusted Impact of Revenue and Expense Adjustments | 2.8 | -0.9 | -0.5 | 2.4 | -2.3 |
| IPO Interest Adjustment | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 |
| Underlying NPATA | **4.8** | **6.0** | **8.4** | **14.3** | **18.4** |

Underlying NPATA of $18.4 million adjusts the statutory NPAT of $20.0 million to reflect:

- The non-cash amortisation charge.
- Non trading revenue recognised for lower net deferred consideration paid on acquisitions of $3.2 million. This is required under current accounting standards. Any changes in deferred consideration in future periods will likewise be highlighted for adjustment.
- One off and non-recurring costs of $1.3 million. These relate principally to a combination of acquisition related restructure costs, advisor fees relating to acquisitions, one off NED option cost and non-recurring and final IPO performance remuneration.

Balance Sheet:

The Group announced that it refinanced into a new 5 year syndicated funding agreement, led by Commonwealth Bank, and with our long term funding partner Macquarie Bank. The Group remains prudently and conservatively geared, with headroom available for future growth.

At our IPO in December 2015, the Group raised $43 million. The underlying EBITDA has risen from $14.1 million for financial year 2015 to $28.5 million in financial year 2017. We are pleased that we have been able to use funds in a sensible manner to grow the business and provide returns for all shareholders. Return on equity is currently 25% and earnings per share has increased strongly as acquisitions have been funded with debt facilities.

Summary and Outlook:

2017 was a good year. We took the opportunity to underpin several new investments to strengthen their future growth prospects, and the performance of existing assets have been pleasing overall.

We are well placed for financial year 2018 and are confident we can continue to grow the Group for all stakeholders.

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

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