21 February 2018

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

PSC INSURANCE GROUP LTD (PSI) – HALF YEAR 31 DECEMBER 2017 RESULTS ANNOUNCEMENT

Summary:

- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) up 29% on the pcp to $13.14 million. This is at the upper end of the revised earnings guidance of 25-30%.
- Underlying net profit after tax and before amortisation (NPATA) up 49% on pcp to $9.1m.
- Statutory NPAT up very materially on pcp to $20.3 million (pcp was $5.2 million). Additional to the growth in underlying operations, this was driven by a fair value gain in our investment in the Johns Lyng Group.
- The balance sheet is in a strong position after the completion of a capital raising of $55 million during the period.
- We announce an interim dividend of 2.7 cents per share, fully franked. This is an increase of 35% on pcp.

Underlying EBITDA:

Underlying revenue has increased 21% to $44.3m. EBITDA margin has increased from 27.8% to 29.7%.

Increased underlying EBITDA was $2.95 million, with the following key contributions:

- Aust/NZ Organic Growth: $0.9 million. This was driven by strong performances from our underwriting agency and network businesses, particularly Chase Underwriting and PSC Connect, and a solid result from the broking businesses.
- UK Organic Growth: $0.95 million. This was a strong result from the region and was driven by strong results from the Carroll Holman wholesale broking business. FX changes were not a factor in the half year, however at current rates we expect a positive boost in the second half.
- Acquisition Growth: $1.1 million. This represents the contribution from the six businesses acquired between May – October 2017. All are performing to our expectation. Of specific note, there was a good contribution from the online travel insurance agency business (Online Insurance Brokers). The largest acquisition(s) over this period were the healthcare focussed broking and agency businesses of Insurance Marketing Group of Australia and Medisure. These businesses have made a sound contribution and are performing to expectation.

Statutory NPAT and Underlying NPATA:

Underlying NPATA increased 49% to $9.1 million. This was after adjusting for the after tax amount of non-recurring revenue and costs and the non-cash amortisation charge. The average tax rate for the period was lower at 26%.

Statutory NPAT for the period has increased materially to $20.3 million, from $5.2 million in the prior period. Additional to an increase in underlying earnings, this was driven by an unrealised fair value gain in our investment in the Johns Lyng Group after their successful IPO in the period. This was a pre-tax amount of approximately $17.4 million. We are pleased to remain shareholders in the Johns Lyng Group.

Statutory NPAT attributable to members was $20.2 million. The non-controlling interests in the Group are not currently material.

Balance Sheet:

The balance sheet is in a strong position after the $55 million capital raising in the period and the IPO of the Johns Lyng Group. Net cash[1] position is $11 million. This affords the Group a strong position to continue to pursue its business strategy.

Subsequent to balance date, we have completed on the previously announced acquisitions of Insurance Solutions and Capital Insurance Brokers, Melbourne and Canberra based insurance broking businesses respectively.

Dividend:

The Directors have declared an increase in the interim dividend to 2.7 cents per share, a 35% increase on the prior period. Record date will be 14 March 2018 and a payment date of 11 April 2018. This dividend will be fully franked.

Outlook and Summary:

The Group's diversified businesses have continued to perform well overall in the period, with sound organic growth evident. The contribution from acquisitions have also been pleasing, and we expect these businesses to continue to improve over time.

The balance sheet is in a strong position, which in turn places the Group in a good position to pursue its long term business strategy.

The Group is well positioned for the second half and we are confident we can continue the good result of the first half. The second half remains the larger contributor to full year earnings.

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[1] Cash balances, excluding trust monies, less debt

The pipeline of both start-up businesses and acquisitions is solid.

The Board and management remain highly invested in the future of the Group.

Please direct any queries to Joshua Reid, Chief Financial Officer, on (03) 8593 8303.