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ASX RELEASE

Stream Group Ltd. continues to grow its diverse insurance services offering

Stream Group Limited (ASX:SGO) ("Stream") today released results for the 12 months ended 30 June 2014 (FY14), delivering a strong revenue result of \$29.7 million, up 7% for the year.

Stream Group Managing Director Don McKenzie said results demonstrated the company's investment in the future.

"Despite very benign market conditions in Australia for FY14, we have invested in the business to continue innovating new products and expanding into additional geographic markets. This investment will position Stream well for when the claims environment returns to normal market conditions."

"The Australian business has implemented cost reduction programs at the operating level in response to the benign market. However, the Company has continued to invest in new products and key personnel taking a long term view of the market and opportunities presented rather than focusing on short term performance".

"We have a strategy for the group to be the leading provider of claims solutions and technology, and we are now well on our way to achieving that goal."

"The transformation of Cerno is well advanced and starting to show positive results with improved customer satisfaction, however our hard work needs to continue to get the business cash flow positive."

"The Board believes that the long term strategy to build a diversified, national claims services business that provides a full range of products to the market remains a sound strategy."

"Insurtech have signed an agreement with the leading US claims software provider Xactware, that we believe will revolutionise the management of property claims in Australia and New Zealand."

Key financial results for FY2014

- Revenue of \$29,655,046
- Operating profit of \$543,764*
- Net loss after tax of **(\$2,421,750)**
- EBIT of \$1,004,670
- EBITDA of \$1,913,177
- Normalised Profit Before Tax of \$2,888,000
- Normalised EBITDA of \$4,257,677

* excluding payments under employee share plan related to Longreach Group.

Benign Australian claims environment impact on profitability

The Australian claims environment has been well below historical claims volumes, as demonstrated by the significant increase in profitability for insurance companies.

These challenging conditions have affected the Australian operations of Stream, Cerno and NIRS.

A year of investment creating a strong platform for future growth

FY14 has been a year focused on investment and setting the ground work for future growth for Stream. The group's expansion into the UK has received a significant boost following the appointment as the lead Loss Adjuster on the Ageas Insurance Household claims panel, as well as a number of smaller contract wins.

In Australia, the transformation of Cerno has been a key priority. All aspects of the business have been reviewed and significant changes have been made to improve performance, efficiency and client service. The introduction of the Nexus model has provided a new, more flexible approach to delivering Cerno's suite of services.

The Group's software services offering has been bolstered with the signing of a landmark agreement with Xactware through Insurtech. Xactware is a member of the Verisk Insurance Solutions group with a market capitalisation of over US \$10 billion. In the United States, 22 of the top 25 property insurers use Xactware's property claims solutions as well as all of the top 10 insurance firms in Canada. More than 80 percent of insurance repair contractors in the United States and Canada use Xactware estimating tools.

Growth through acquisition

As previously announced, Stream intends completing the transactions to acquire the remaining shareholders of Cerno and National Insurance Replacement Services (NIRS) during FY15.

Additionally, Stream has created a strong pipeline of potential acquisitions in line with our acquisition criteria however our priority is to complete our transformation program and ensure our businesses are achieving their organic growth goals.

Diversification of product offering creating recurring revenue streams

Stream is continuing the process of creating diversified streams of revenue by delivering different products that deliver value to our customers. A number of software services are currently in the pipeline and showing early signs of success.

The launch of the QuSol software as a service platform targeting industry providers has been a further key milestone and has been received very well by the industry. This platform creates significant value for users through greater efficiency and lead generation opportunities, whilst diversifying Stream's revenue.

The Stream Connect e-Commerce platform has grown its product database strongly to over 6 million individual products and is forecast to continue to grow significantly.



Further to our insurance related diversification, Stream is laying the ground work for a program of entering non-insurance markets to further diversify revenues and develop new resources and skills amongst the Stream Group's staff.

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