



Stream Group Limited  
ABN: 90 128 027 501

# **ASX: SGO**

## **Results Presentation**

### **FY 2014**

**stream**  
GROUP LIMITED

1. This presentation has been prepared by **Stream Group Limited (ACN 010 597 672)** ("SGO"). Each recipient of this presentation ("Recipient") is deemed to have agreed to accept the qualifications limitations and disclaimers set out below.
2. SGO, Stream Group Holdings Pty Limited and their respective subsidiaries directors, officers, employees, advisors or representatives (together Beneficiaries) make no representation or warranty express or implied as to the accuracy, reliability or completeness of any information contained in this presentation including any forecast or prospective information. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The forward-looking statements included in this presentation involve subjective judgement and analysis and are subject to significant uncertainty risks and contingencies, many of which outside the control of and unknown to the Beneficiaries. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.
3. This presentation is a general overview only, it does not take into account the individual investment objectives, financial situation or particular needs of any person, and it does not purport to contain all the information that may be required to evaluate an investment in SGO. The information in this presentation is provided personally to the Recipient as a matter of interest only. It does not amount to an express or implied recommendation with respect to any investment in SGO, nor does it constitute financial product advice. The Recipient intending investors and their respective advices should (a) conduct their own independent review, investigations and analysis of SGO, and of the information contained or referred to in this representation; and (b) seek professional advice as to whether an investment in the securities of SGO is appropriate for them, having regard to their personal objectives, risk profile, financial situation and needs.
4. Nothing in this presentation is to be taken to be solicitation, offer, invitation or other proposal to subscribe for SGO securities. This presentation does not and will not form part of any contract for the acquisition of SGO securities. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and persons who come into position of this presentation in such jurisdictions should seek advice on and observe any such restrictions.
5. Except in so far as liability under any law cannot be excluded, none of the Beneficiaries shall have any responsibility or liability for any information contained in this presentation or in any other way for errors or omissions (including responsibility to any persons by reason of negligence).
6. No Recipient shall disclose any information contained in this presentation or the existence of this presentation to any other person.

“Despite very benign market conditions in Australia for FY14, we have continued to invest in the business; innovating new and exciting products, expanding geographical markets, expanding business support resources and increasing leadership capability.

We are confident that these investments position Stream very well for the future to be able meet the challenges and opportunities resulting from our operating environments globally.”

**Don McKenzie**  
Managing Director  
Stream Group Limited

## Financial results - Overview

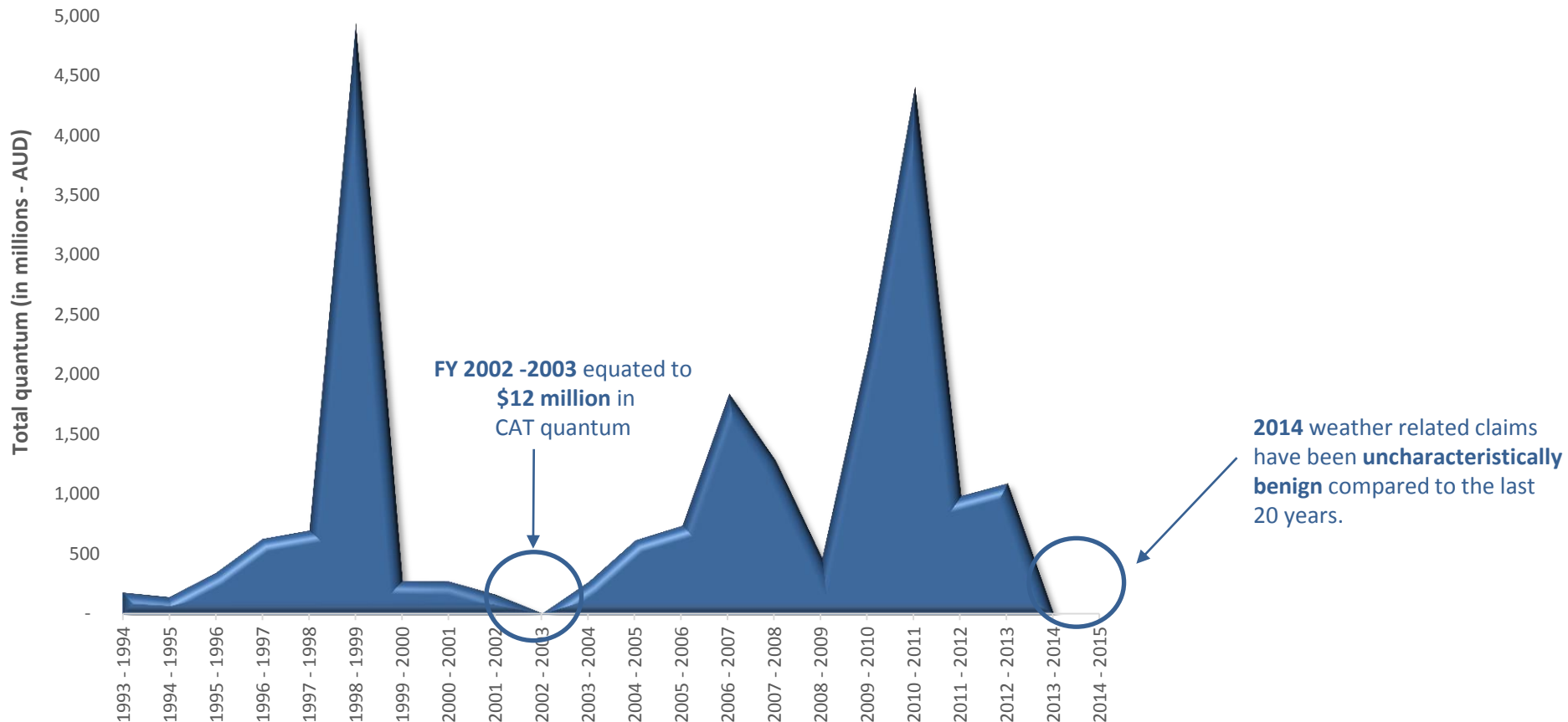
<b>Revenue</b>	<b>\$29,655,046</b>
<b>Operating NPBT</b>	<b>\$543,764*</b>
<b>Investment Losses</b>	<b>(\$3,139,681)</b>
<b>Statutory NPAT</b>	<b>(\$2,421,750)</b>
<b>EBIT</b>	<b>\$1,004,670</b>
<b>EBITDA</b>	<b>\$1,913,177</b>
<b>Normalised NPBT</b>	<b>\$2,888,000</b>
<b>Normalised EBITDA</b>	<b>\$4,257,677</b>

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

The normalised basis is an unaudited non-IFRS measure that, in the opinion of the Board, is useful in understanding and appraising the Company's underlying performance.

# Australian catastrophe history

## Cost Catastrophe Quantum (AUD) Financial Year Movement (trend projection) FYE 1994 – FEY 2014



Data sourced from Insurance Council of Australia (April 2014)  
Figures only include cyclone, floods, storms and bushfires.  
Figures normalised to AUD 2011.
















# Financial results – Normalised Profit

Stream Group Limited				
Excluding associated entity losses	FY 2014	FY 2013	% change	
<b>Operating Profit</b>	<b>469,996</b>	<b>4,656,872</b>	<b>90%</b>	↓
Expansion costs in UK	1,631,204	704,090	131%	↑
Share plans & negative goodwill	191,635	-	100%	↑
Software Services and e-Commerce	305,618	-	100%	↓
Listing Costs	87,943	-	100%	↑
Cerno IT and administrative costs	-	353,794	100%	↓
One off licence fees and consultant costs	192,642	-	100%	↑
<b>Normalised Net Profit Before Tax</b>	<b>2,888,000</b>	<b>5,714,756</b>	<b>49%</b>	↓

The normalised basis is an unaudited non-IFRS measure that, in the opinion of the Board, is useful in understanding and appraising the Company's underlying performance.

# Cash flow analysis

Stream Group Limited				
	FY 2014	FY 2013	% Change	
<b>EBITDA</b>	<b>1,913,177</b>	<b>5,441,090</b>	<b>(65%)</b>	
Less net financing charges	343,039	84,359	307%	
Less income tax paid	814,136	1,264,707	(36%)	
Less capital expenditure	3,439,522	3,038,658	13%	
<b>Free cash flow</b>	<b>(2,683,520)</b>	<b>1,053,366</b>	<b>(355%)</b>	
Add: Normalisation Add Backs	2,418,004	1,057,884	128%	
<b>Underlying Free cash flow</b>	<b>(265,516)</b>	<b>2,111,250</b>	<b>(112%)</b>	
<b>Operating Cash inflow</b>	<b>(1,417,052)</b>	<b>1,348,210</b>	<b>(205%)</b>	
Add back: cash outflow Normalisation Add Backs	2,418,004	1,057,884	128%	
Add back: net financing charges	343,039	84,359	307%	
Add back: income tax paid	814,136	1,264,707	(36%)	
<b>Ungeared pre-tax operating cash flows</b>	<b>2,158,127</b>	<b>3,755,160</b>	<b>(42%)</b>	
<b>Underlying EBITDA</b>	<b>4,331,181</b>	<b>6,498,974</b>	<b>(33%)</b>	
<b>Underlying cash conversion ratio</b>	<b>50%</b>	<b>58%</b>		

Stream Group Limited				
	FY 2014	FY 2013	% Change	
Cash	3,304,147	7,614,840	(57%)	↓
Receivables	12,536,190	8,391,471	49%	↑
Work in progress	2,741,818	3,268,148	(16%)	↓
Other current assets	326,323	453,817	(28%)	↓
Non-Current Assets	8,577,453	8,188,891	5%	↑
<b>Total Assets</b>	<b>27,485,931</b>	<b>27,917,167</b>	<b>(2%)</b>	↓
Trade and other payables	11,453,653	16,931,899	(32%)	↓
Borrowings	851,269	81,400	946%	↑
Current Tax	567,931	1,050,171	(46%)	↓
Provisions and Other liabilities	1,043,790	708,725	47%	↑
Non-Current Liabilities	3,866,717	3,116,460	24%	↑
<b>Total Liabilities</b>	<b>17,783,360</b>	<b>21,888,655</b>	<b>(19%)</b>	↓
Net Assets	9,702,571	6,028,512	61%	↑
Current Ratio	1.36	1.05	29%	↑



## Claims Services



- ✓ Major UK client secured.
- ✓ Continued transformation of Cerno - over \$10mil cost reductions.
- ✓ Continued diversification of Australian client base.
- ✓ Capacity for significant growth.

## Software Services



- ✓ Exclusive Xactware licence in Australia and New Zealand markets.
- ✓ QuSol platform launched for supply chain providers.

## E-Commerce



- ✓ Launch of Beta website.
- ✓ Product catalogue > 6 million products and growing.

## General Group

- ✓ Manila back office program- increasing capacity and reducing cost.
- ✓ Continued strengthening of management team.

# OUTLOOK

Australia  United Kingdom  New Zealand  Philippines

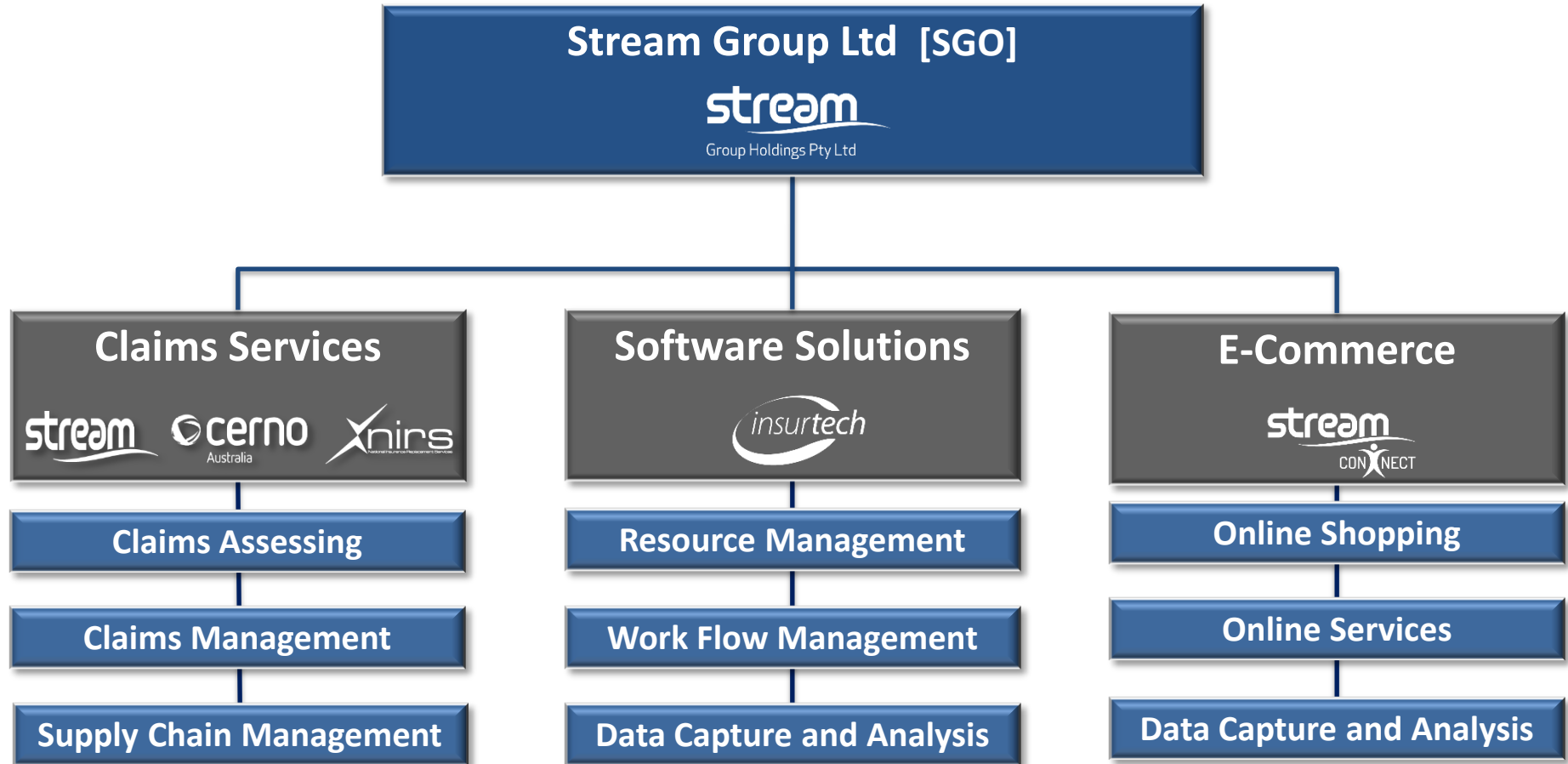
# The journey so far.....



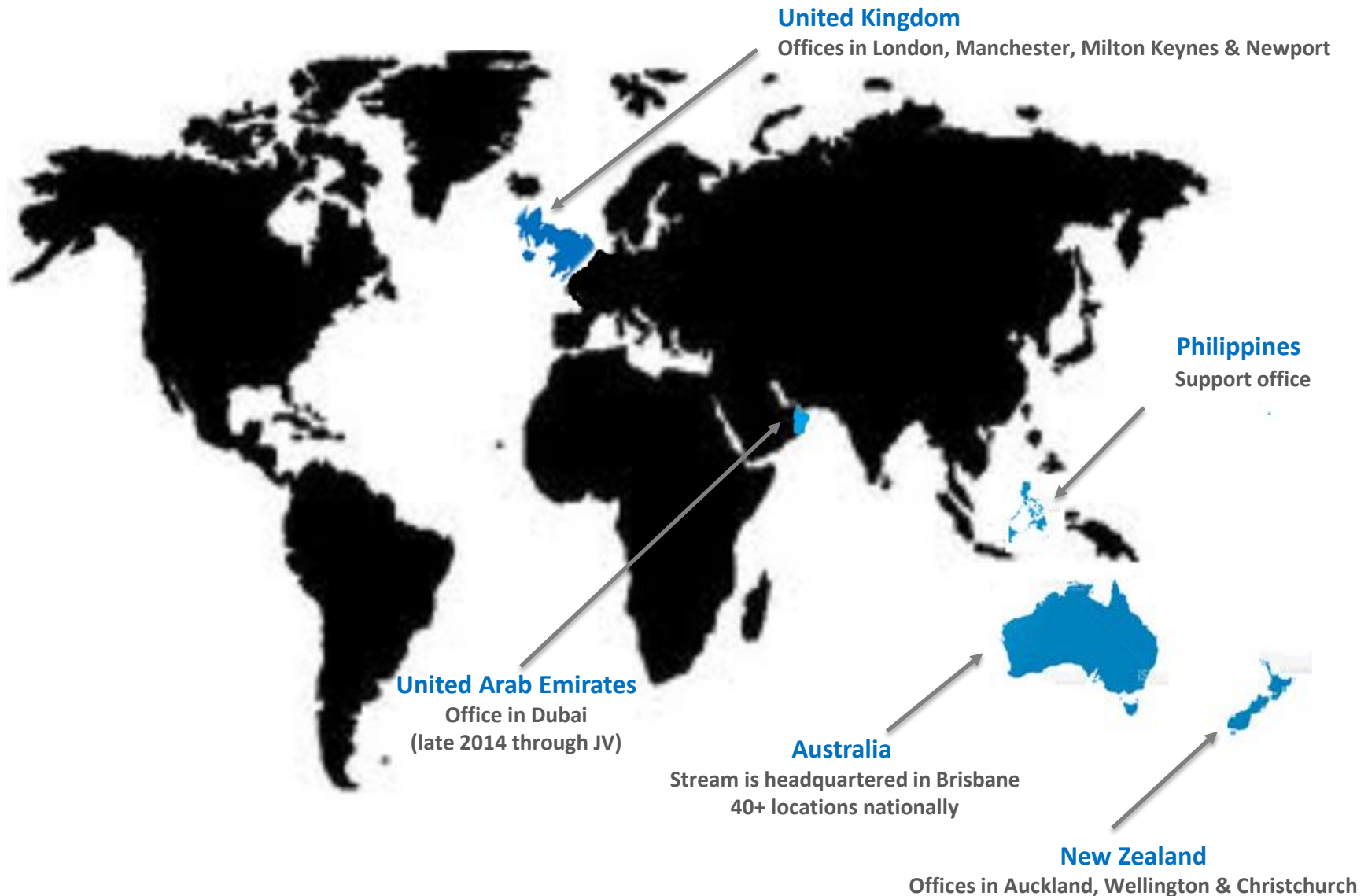
2007	2008	2010	2013	2014	2015
<b>Stream AU</b> commences  <b>Insurtech Systems Pty Ltd</b> (becomes subsidiary of Stream)	<b>AcClaim</b> platform launch  First claims processed  <b>ANZIIF</b> "Innovation of the year" award	<b>Stream NZ</b> commences  <b>Investment</b> Nightingale Partners, Dr Steffan Lehman & Cie GmbH	<b>Stream UK</b> commences  <b>Cerno Ltd Investment</b>  <b>NIRS Investment</b>	<b>Manila</b> operations established  Longreach shareholders approve Stream investment  <b>ASX: SGO listing</b>	Cerno and NIRS acquisition included as planned

<b>Close price</b> <b>\$0.20</b> (as at 27-08-2014)	<b>Market cap</b> <b>\$30 Mil</b>	<b>Quoted Shares</b> <b>149 Mil</b>
---	--------------------------------------	--

# Stream Group Limited – Company structure



# Stream Group Limited - Expanding global reach





# CLAIM SERVICES DIVISION



Stream



Cerno



NIRS



Australia



United Kingdom



New Zealand

# Claims services – Diverse expertise

**stream**



Building & property



Catastrophe management

**cerno**  
Australia



Major loss



Liability



Commercial  
& domestic



Financial  
risks



Engineering



Construction



Agriculture



Investigations



Risk survey



Motor



Strata &  
landlord



Marine

**xnirs**  
National Insurance Replacement Services



Contents fulfillment



Contents validation



Manufacturer &  
distributor direct relationships

# Claims Services - Value proposition

**Clients use our services because:**



We have the expertise...



We close claims swiftly...



We get the best cost outcome...



We increase customer satisfaction...

**By delivering on the above, Clients achieve greater profitability due to:**



Lower costs



Increased customer retention

# Claims Services - Diverse client base



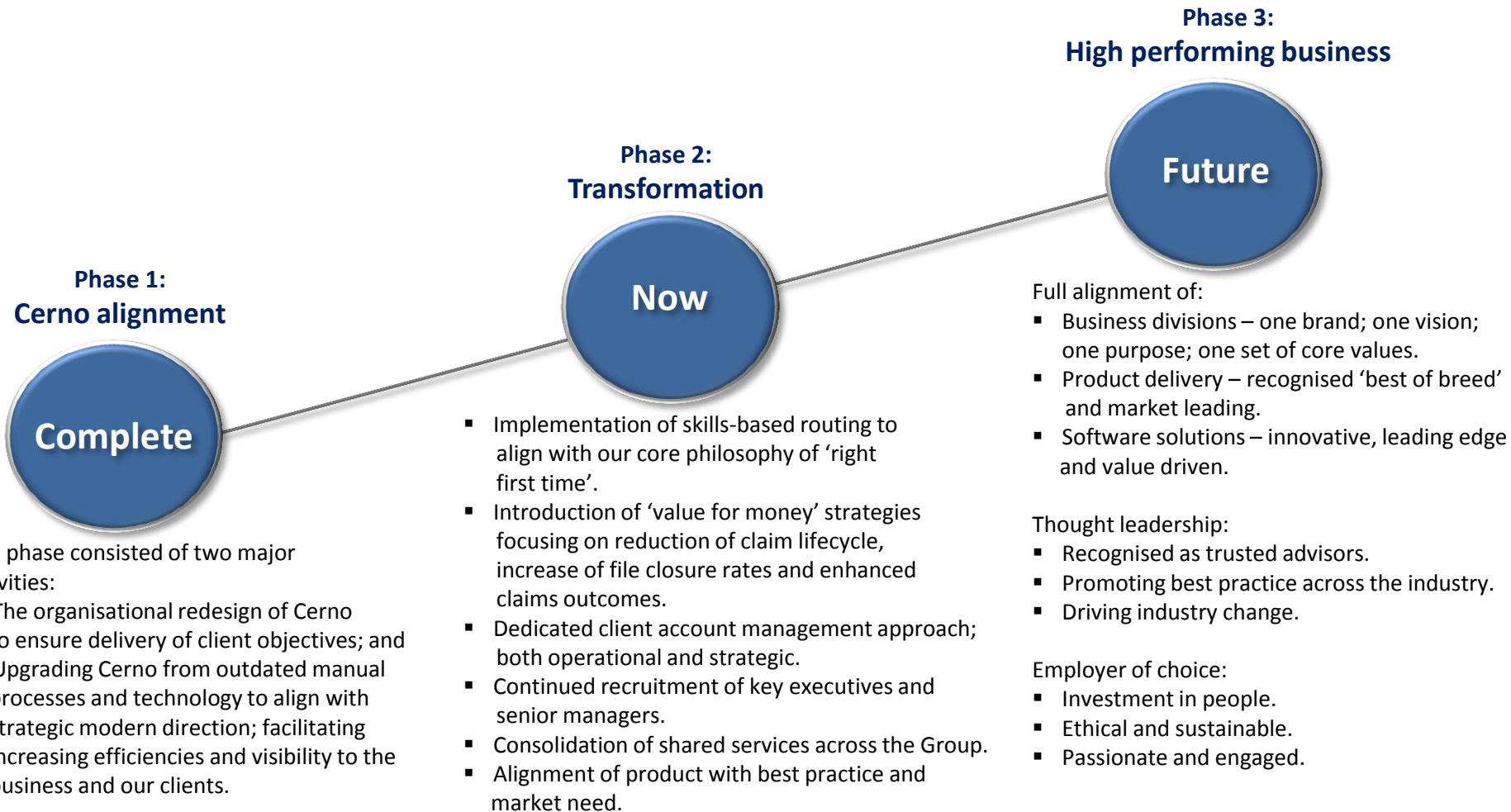
Customer spread across Stream, Cerno and NIRS. Total client base of over 100 individual clients.

# Claims Services acquisition strategy

- ✓ Right cultural fit
- ✓ Expansion of client base
- ✓ Broadened expertise
- ✓ Increased product capability
- ✓ Leveraged ability to expand global reach
- ✓ Strong growth opportunities
- ✓ Bolstered brand recognition
- ✓ Strengthened market position

Stream will only consider acquisition of companies if all of these boxes can be 'ticked'





**We are well advanced in restoring Cerno to a high performing business, through right sizing and restructuring products/services. This has resulted in operational savings >\$10 millions per year**

# SOFTWARE SERVICES DIVISION

Insurtech Systems Pty Ltd

AcClaim



QuSol



Xactware

Australia



United Kingdom



New Zealand

# Software Services - Strong market position

- Three **core software products**; **AcClaim**, **QuSol** & **Xactware**.
- **Vertically integrating** insurers to intermediaries to the supply chain.

**AcClaim**

Supporting our internal  
Claims Services' businesses





Provision of proprietary  
software applications  
to external supply chain and  
non-insurance customer base

Covering all aspects of the market:  
**INSURERS, INTERMEDIARIES, SUPPLY CHAIN,  
INSURANCE & NON-INSURANCE.**

Integrated software and estimating solutions  
direct to tier 1, 2 and 3 insurers.

40 million claims assigned, estimated  
and tracked through Xactware.

**XACTWARE**  
[NASDAQ: VRSK]

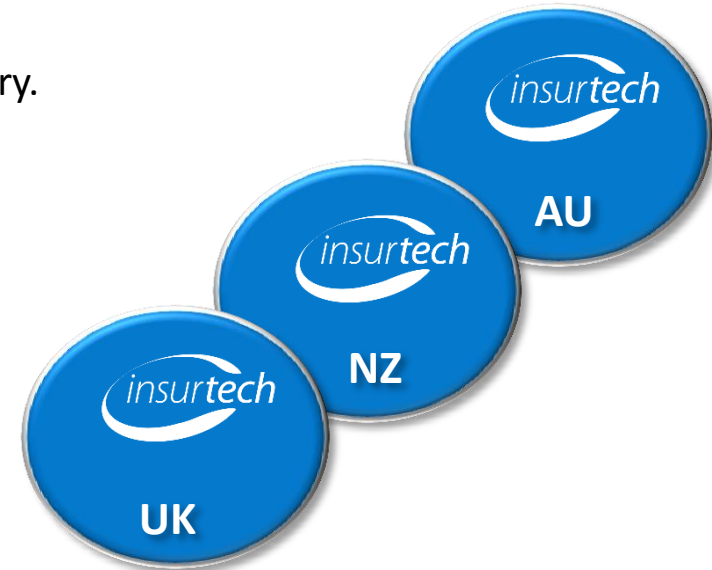


## AcClaim

Supporting our internal  
Claims Services' businesses



- Provision of proprietary claims management solutions to our internal businesses.
- AcClaim is a enabler of our differentiated services delivery.
- Envable and agile solution.
- Unique in the marketplace.
- Market leading functionality.

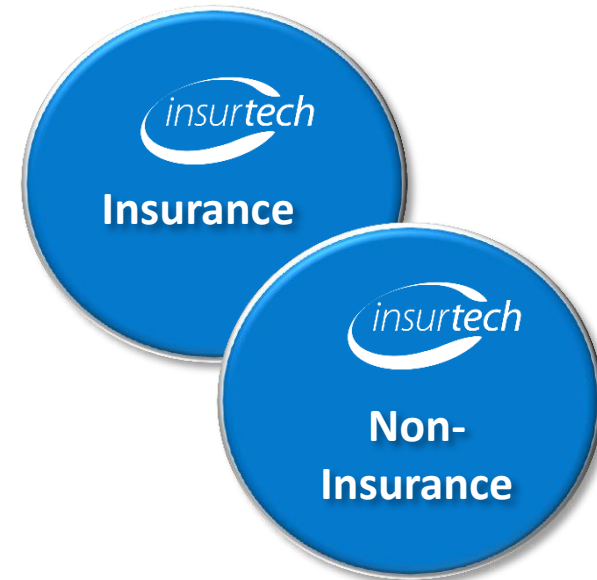






**Provision of proprietary software applications to external supply chain and non-insurance customer base**

- Penetrating the supply chain to extend the value proposition.
- Opportunity to leverage 1000's service providers into customers.
- Leveraging existing investment of IT systems.
- Closing the loop on claims delivery.
- Extends to non insurance customer base.





**Integrated software and estimating solutions  
direct to tier 1, 2 and 3 insurers.**

**40 million claims assigned, estimated  
and tracked through Xactware.**

**XACTWARE**  
[NASDAQ: VRSK]



**Insurtech; exclusive delivery and implementation partner in AU & NZ....**



“Through Insurtech, we have outstanding representation in Australia and New Zealand that gives us the infrastructure to provide the support and backing that customers need to help them get the most out of Xactware technology.”

**Jim Loveland ■ Xactware President and CEO**  
**[www.xactware.com](http://www.xactware.com) ■ July 2014**

# E-COMMERCE

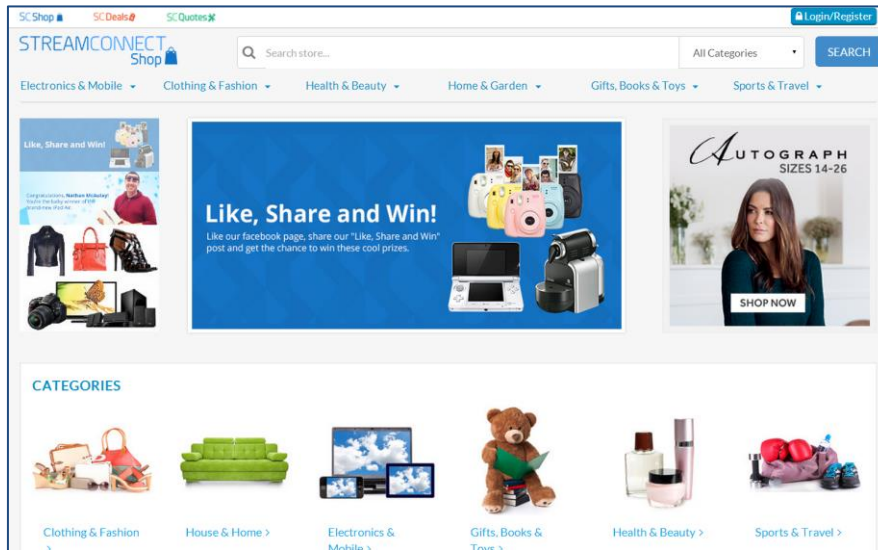
STREAMCONNECT  
Shop 



STREAMCONNECT  
Deals 



STREAMCONNECT  
Quotes 



**STREAMCONNECT**  
Shop

Access to **1,000's of products** to **price compare** and buy direct from **reputable sources**.

**STREAMCONNECT**  
Deals

Access to the **hottest online deals**

**STREAMCONNECT**  
Quotes

Access to a **wide variety of service providers** and **trades**; with the ability to obtain **quotes** and compare. Dec 2014 launch.

- Big data capture of **millions of products**, item specifications and sales history used by claims services group to validate and settle insurance claims.
- Product catalogue **> 6 million SKUs**.
- **Insurance user base**: Insured's able to self serve and purchase their own replacement items online providing new revenue for Stream (where Insurer's allow).
- **Non-insurance user base**: to be leveraged through existing customer base, social media and online marketing.

# NON-INSURANCE

New Opportunity  Leveraging Existing Resources and Cost Base

# Non-insurance: Revenue diversification

- ▶ Stream will leverage resources, processes and infrastructure from services that the Group currently only provides to Insurance companies.
- ▶ Creates additional revenue for the group; reducing risk and increasing existing resource utilisation.
- ▶ Markets include property and facilities maintenance for private and government organisations.

	Onsite resources	Central admin & support	Supply chain	Systems	National coverage	Pre-emptive management	Project management
Insurance market	✓	✓	✓	✓	✓	✓	✓
Non-insurance market	✓	✓	✓	✓	✓	✓	✓





For more information, please contact:

**Don McKenzie**  
**Managing Director**

T: +61 412 667 471

E: [don.mckenzie@streamgroup.com.au](mailto:don.mckenzie@streamgroup.com.au)

**Christian Bernecker**  
**Chairman**

T: +61 408 293 222

E: [christian.bernecker@streamgroup.com.au](mailto:christian.bernecker@streamgroup.com.au)

**stream**  
GROUP LIMITED