

## ASX RELEASE

20 May 2015

### STREAM GROUP LIMITED (ASX:SGO):

#### H2 FY2015 profit guidance

SGO apologises for the financial performance of the business for FY15. The FY15 year as previously reported was impacted by a benign market in Australia up until December 2014, start up costs associated with entering the UK market and costs associated with the Cerno transaction. This performance is not acceptable and the Board has taken action to improve cost control and reduce costs.

SGO reported the March quarter normalised EBITDA as Break Even and confirms the June quarter normalised EBITDA and pretax result will be profitable. SGO experienced a significant increase in claim volumes in the current half, where SGO had 12,115 open claims at the end of April 2015 compared to 4,511 open claims at the end of April 2014. Claims have increased significantly across the group from expanded operations across Australia, New Zealand and UK. In addition Australia has benefited through increased weather claims compared to the benign environment in 2014. UK operations continue to increase open claims from organic growth as detailed in previous market updates.

Final invoicing of SGO's revenue is based on specific milestones, such as claim completion. The recent events in the Queensland and NSW regions have the supply chain at full capacity causing delays in claim completion. This will mean that some claims received in FY15 will support Revenue and profit in the first quarter of FY16.

SGO's profitability is difficult to predict given the impact that weather events can have on the number of claims received. For this reason SGO will in future not provide earnings guidance until earnings can be predicted with more certainty.

#### 1:5 Non-Renounceable Rights Issue

SGO advises commitments of \$1 million have been received to date, SGO will provide updates as further commitments are received.

- ENDS -

For further 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)