24 August 2016

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

PSC INSURANCE GROUP LTD (PSI) – FULL YEAR 30 JUNE 2016 RESULTS ANNOUNCEMENT

Summary:

- Underlying revenue up 34% on the prior corresponding period (pcp) to $67.5 million and ahead of prospectus expectations of $60.0 million. Statutory revenue up 30% to $67.8m.
- Underlying[1] earnings before interest, tax, depreciation and amortisation (EBITDA) up 51% on the pcp to $21.2 million and ahead of prospectus expectations of $17.8 million.
- Acquisitions completed after the IPO and not included in the prospectus forecasts contributed an underlying EBITDA of $1.7 million.
- Statutory NPAT of $10.8 million, after material one off staff share expenses, IPO related expenses, other non-recurring costs and an inflated average tax rate[2], ahead of prospectus expectations of $10.0m.
- Underlying net profit after tax and before amortisation (NPATA) up 70% on the pcp to $14.3 million and ahead of the prospectus forecast of $12.5m.
- Inaugural final dividend of 2.5 cents per share, fully franked.

Revenue:

Increased revenue was the result of a combination of both acquisitions and organic growth from existing businesses.

Further to our half year result announcement, the Group completed a further six acquisitions up to 30 June 2016. The increased revenue can be categorised as follows:

Category	$m
Full Year Impact of Prior Year Acquisitions	5.3
Current Year Impact of Current Year Acquisitions (pre IPO)	1.9
Current Year Impact of Current Year Acquisitions (post IPO)	6.2
Organic Growth	3.8

[1] Excluding the one off costs associated with the expensed staff share allocation, other one off costs associated with the IPO which were not offset against paid up capital and other non-recurring acquisition costs.
[2] FY16 average tax rate impacted by the one off impact of non-deductibility of staff share cost allocated in the IPO for nil consideration , other IPO costs and one off impacts upon entering into a tax consolidated group post IPO.

Underlying Revenue Growth	17.2

The prior year acquisitions relate to the Alsford Page & Gems Ltd (APG)business, and reflects both the full year impact of its first half FY16 contribution and pcp growth.

The Group made 9 acquisitions in the period and they contributed $8.1m in revenue. The largest acquisitions were :

- Reliance Franchise Partners (Australian network broking business, where the Group holds a 50% shareholding in the businesses of our Partners).
- Australian Reliance Perth and Sydney (Australian broking businesses).
- John Holman & Sons (UK wholesale broking business).
- Hiscock Insurance Brokers (Australian broking business).
- T A Management (Life broking business).

These businesses have made a solid contribution to the Group in FY16 and we are confident will be valuable additions to the Group into the future.

As discussed in our half year announcement, the existing businesses have continued to grow at a sound level and organic growth continues to be a core focus of the Group. Australian broking has grown solidly excluding acquisitions. Australian network and underwriting agency business have grown strongly and the UK wholesale broking and underwriting agency business excluding APG, was flat, reflective of soft market conditions.

Underlying EBITDA:

The increased underlying EBITDA can be categorised as follows:

Category	$m
Full Year Impact of Prior Year Acquisitions	0.6
Current Year Impact of Current Year Acquisitions (pre IPO)	1.1
Current Year Impact of Current Year Acquisitions (post IPO)	1.7
Organic Growth	3.7
Underlying Revenue Growth	7.1

Underlying EBITDA margins have improved from 28% in FY15 to over 31% in FY16.

A majority of the organic revenue growth in the existing businesses has translated to improved earnings growth. A key focus was on cost management and looking for efficiencies across the business and better use of the Group's increasing scale. Costs have been restrained in the Australian broking businesses and the UK wholesale businesses in particular.

The pre IPO acquisitions have quickly made a good contribution. The post IPO acquisitions have made a solid contribution but have less impact reflecting their inclusion for less than six months. We see good medium term potential for growth and margin improvement.

Underlying EBITDA is before one off corporate costs associated with the IPO process of approximately $1.8 million, the main part of which was a non cash expense of approximately $1.4 million relating to the staff share allocation. The balance largely relates to legal and one off integration costs associated with the acquisitions.

NPATA:

Underlying NPATA of $14.3m adjusts the statutory NPAT to reflect:

- The non-cash amortisation charge.
- The one off charges relating to the IPO and acquisitions.
- As highlighted in the prospectus, funds received from the IPO were used to repay the majority of the Group's debts[3]. It reflects an adjustment for the after tax interest cost on the pre IPO debt that was repaid.

The Group believes this underlying NPATA provides a better reflection of the future position.

We expect the average tax rate of the Group to normalise in FY17.

Balance Sheet:

The Group believes we are conservatively geared after the IPO and the subsequent acquisitions. We would expect that there is capacity for prudent increases in debt levels to increase earnings per share.

Outlook and Summary:

FY16 has been a landmark year for the Group, completing a successful IPO, completing a number of important acquisitions and growing and improving our businesses.

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

The Group also advises that it entered into a contract to acquire a building which will be a new corporate headquarters in Melbourne, with completion in December 2016. We expect that this transaction will be a positive contributor to profit relative to existing leased premises from FY18.

The Board would particularly like to thank all the staff in the Group in what has been a busy year.

---

[3] With the exception of an ongoing debt facility in the UK which was maintained post IPO.

Dividend:

The Directors have declared a final dividend of 2.5 cents per share with a record date of 16 September 2016 and a payment date of 18 October 2016. This dividend will be fully franked.

Please direct any queries to Joshua Reid, Chief Financial Officer, on (03) 9851-3211.