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Annual General Meeting

22 May 2014

# Disclaimer

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The information contained in this presentation provides only a general overview. To the extent that the presentation contains forward looking statements, Calliden considers that the expectations reflected in these statements are reasonable. The statements are subject to known and unknown risk factors associated with the financial services industry which could cause actual results or trends to differ materially.

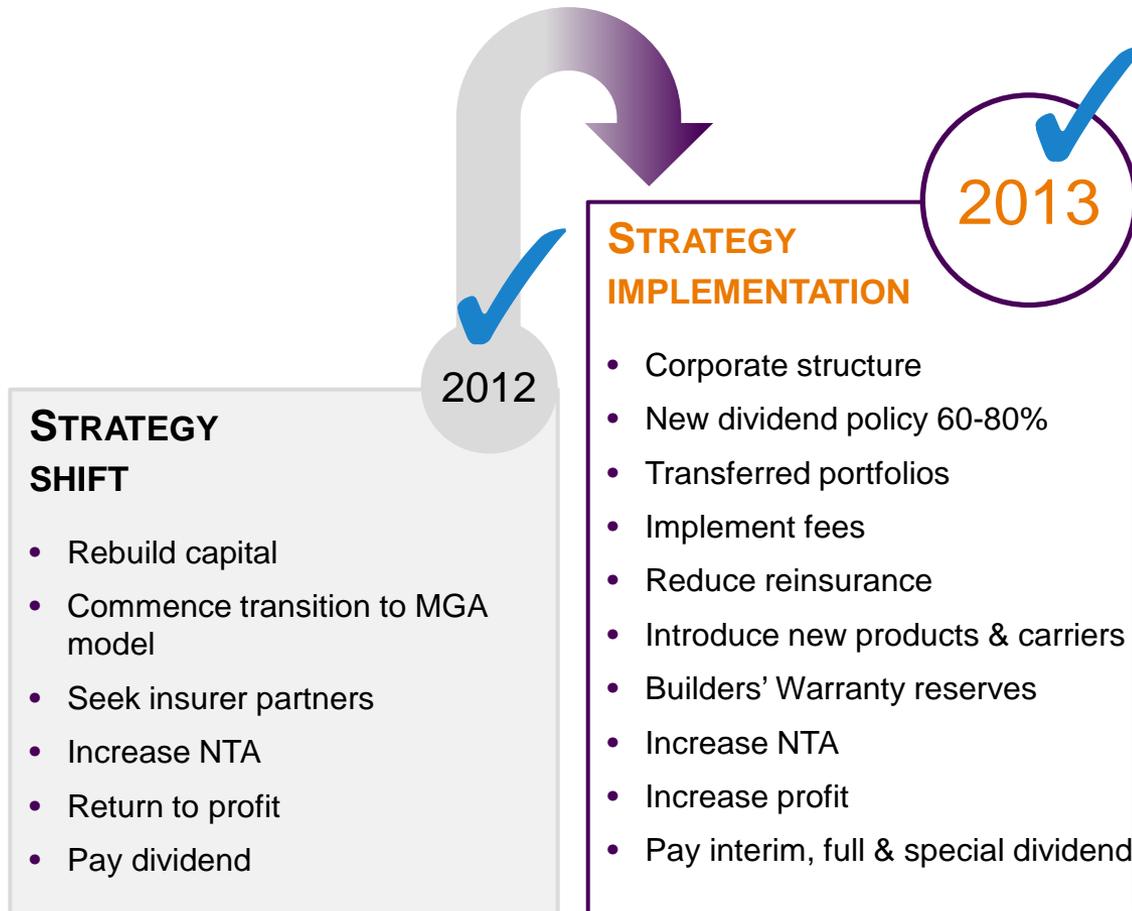
The information is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Investors should seek appropriate professional advice in relation to their own objectives, financial situation and needs.

# Agenda

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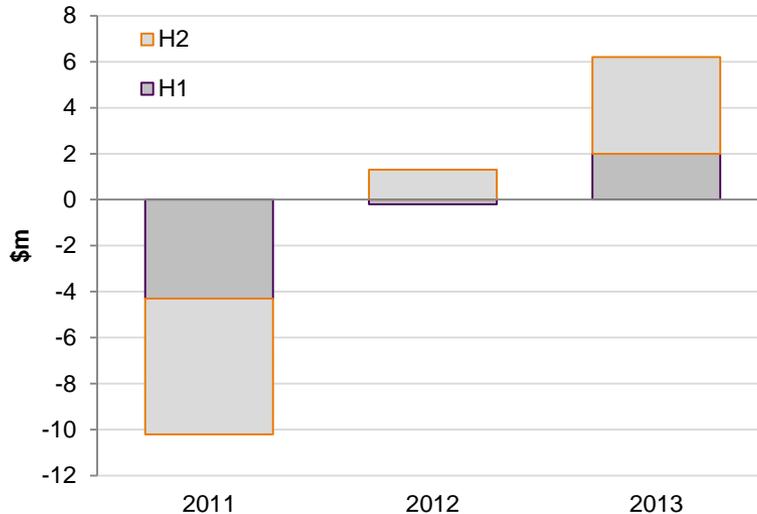
- Review of 2013
  - Progress with Transition
  - Financial Headlines
  - Overview of Performance
  - Builders' Warranty
- Building for Future Growth 2014
  - Calliden Agency Services
  - Insurer
  - Joint Ventures
  - Investment Income
  - Shareholder Structure
- Focus for 2014

# 2013 Review Progress with Transition



# 2013 Review Financial Headlines

## Net Profit



## Dividends

- |      |   |
|------|---|
| 2011 | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| 2012 | <ul style="list-style-type: none"> <li>• Final dividend of 0.4cps declared</li> </ul>   |
| 2013 | <ul style="list-style-type: none"> <li>• Interim dividend of 0.5cps declared</li> <li>• Final dividend of 1.7 cps declared</li> <li>• Capital strength leads to declaration of a special dividend of 0.5 cps</li> </ul> |

## Balance Sheet

- Net Tangible Assets increase to 22.5cps (2012: 20.1cps)
- Capital adequacy significantly stronger

## Calliden's Dividend Policy

*"Subject to the requirements for working capital, regulatory capital and the capital needed for IT and other investments, Calliden aims to pay between 60-80% of net profit in dividends each year."*

## 2013 Review Overview of Performance

\$m	FY 2013	FY 2012
<b>Agency Profit</b>	<b>8.2</b>	<b>1.1</b>
<b>Insurance Profit</b>	<b>2.6</b>	<b>5.5</b>
<b>JV Agency Profit</b>	<b>0.6</b>	<b>0.3</b>
Other Income <sup>1</sup>	0.5	0.4
Other Expenses <sup>2</sup>	(1.4)	(1.6)
<b>EBITDA</b>	<b>10.5</b>	<b>5.7</b>
Depreciation and Amortisation	(4.3)	(4.6)
<b>Net Profit After Tax</b>	<b>6.2</b>	<b>1.1</b>
Earnings Per Share (cents)	2.7	0.5

- Uplift in agency profit and reduction in insurer profit reflects the transition to the new MGA model
- Insurance profit also impacted by Builders' Warranty and run-off

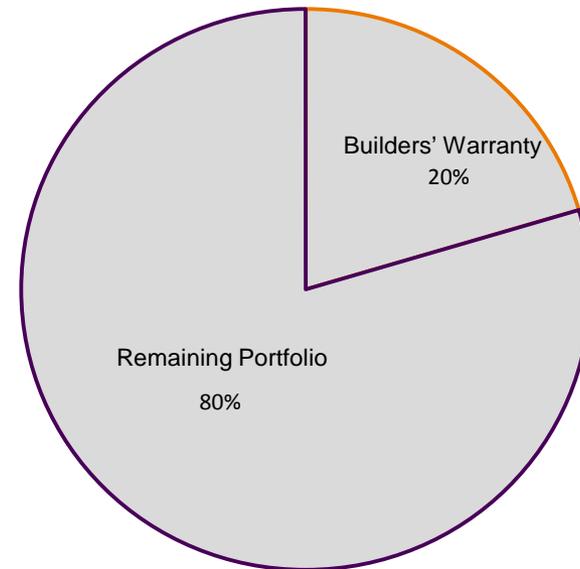
## 2013 Review Builders' Warranty

- Increased claims reserves impact \$3.5m
- Increase in builder insolvencies following prolonged slowdown

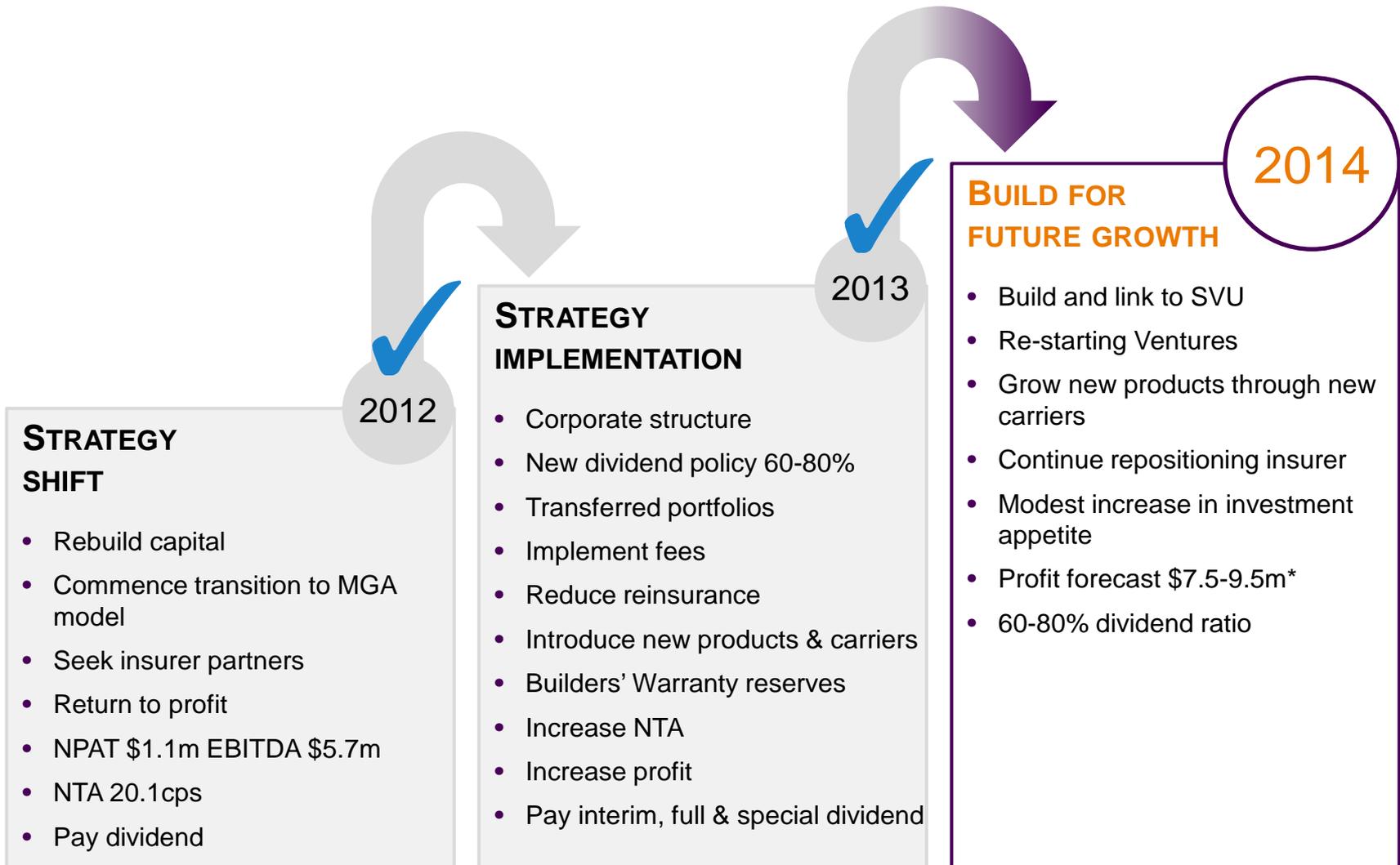
### Portfolio Actions

- NSW – Written on behalf of government from 2010
- VIC – Exited with effect 31.12.13 other than owner builders
- WA & SA – 100% backed by state government from late 2013

### Claims Provisions (Dec 2013)



# Building for Future Growth



# Building for Future Growth Calliden Group Limited

## Calliden Group (CIX)

- Underwrites, invests in and/or distributes SME and personal lines insurance products

## Calliden Agency Services

*One of Australia's largest agencies*

- Robust and professional approach, solely focused on the personal lines and SME intermediary market
- Insurers – choice of flexible delivery systems at low variable cost
- Intermediaries – access to range of well capitalised insurers and wide choice of product solutions

## Calliden Insurance Limited

*APRA regulated insurer*

- Partners with underwriting agencies to take their SME and personal lines products to market
- Strong level of governance and risk management
- Enables the Group to underwrite in its own right

## Calliden Ventures

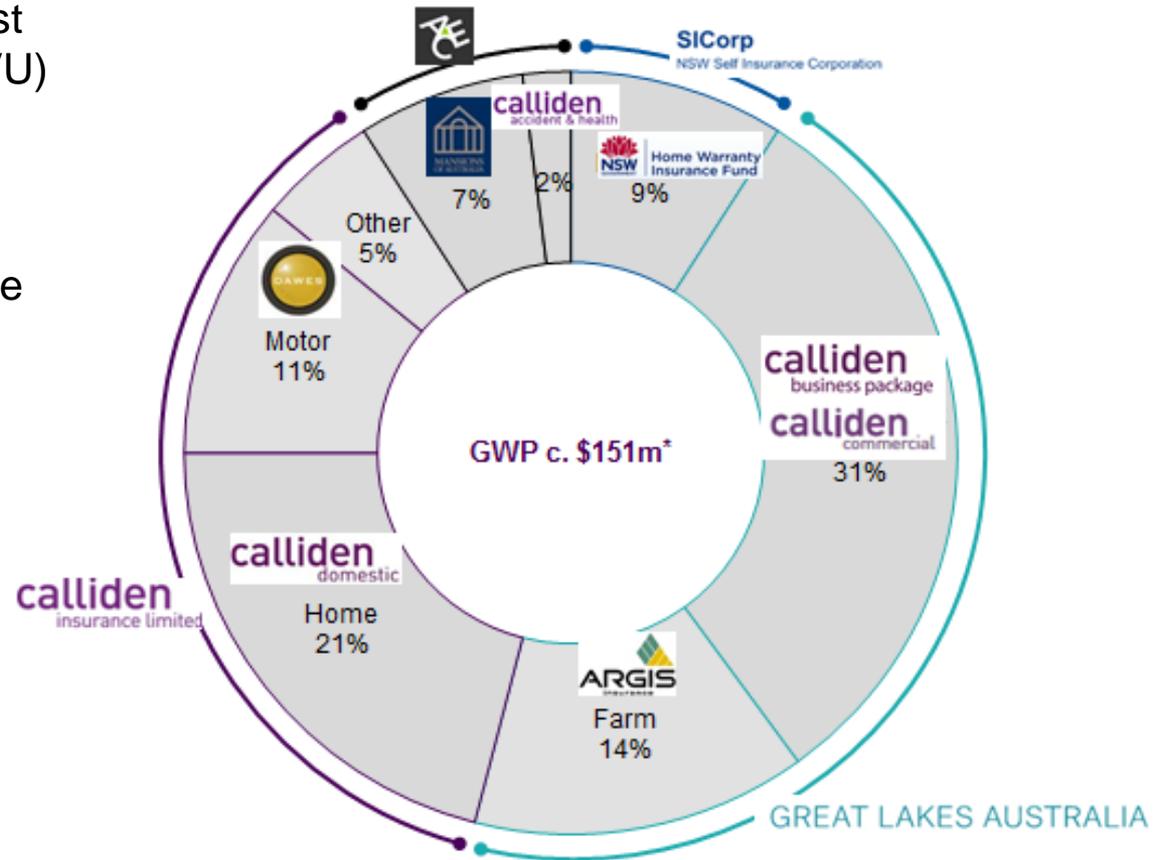
*Investing in future profit streams*

- Starting and growing agencies with investment and access to insurer
- Leveraging a successful track record in identifying and executing opportunities
- Build, grow, retain and/or divest

# Building for Future Growth Calliden Agency Services

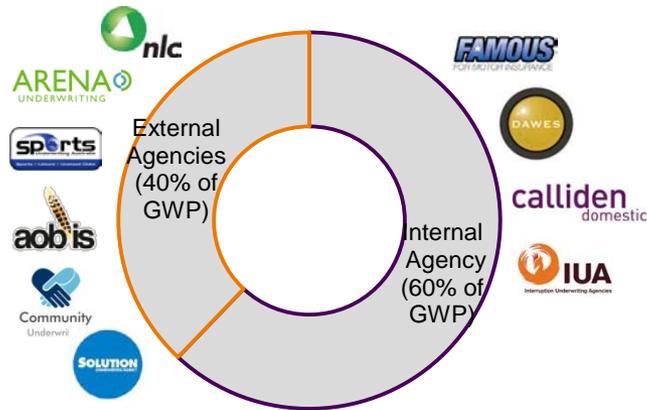
## Portfolio Mix and Insurers 2013

- Connection to Steadfast Virtual Underwriter (SVU) on track for Q4
- New products growing
- Increasingly competitive environment

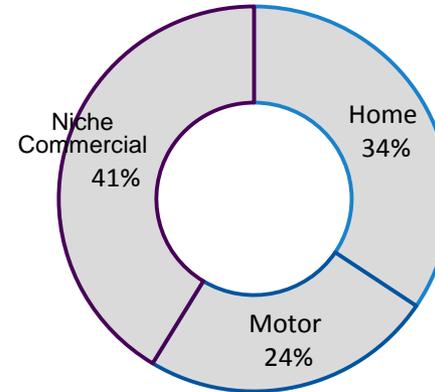


# Building for Future Growth Insurer

## Distribution Profile



## Product Mix



Focus	Integral part of the Group supporting Group agencies and ventures and niche agents
Products and classes	Personal Lines and niche Commercial (niche products or niche distribution)
Distribution	Underwriting agencies only
Capital and reinsurance	High capital ratio, lower quota share

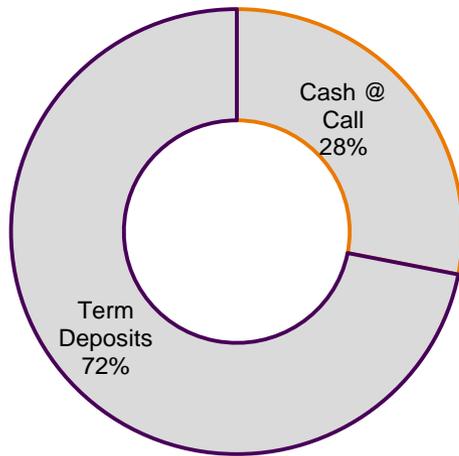
# Building for Future Growth Joint Ventures

Agency	Status
 <p data-bbox="131 568 620 601">New niche Personal Lines agency</p>	<ul data-bbox="801 297 1450 468" style="list-style-type: none"><li data-bbox="801 297 1450 329">• Niche Residential and Commercial Strata</li><li data-bbox="801 362 1031 395">• GWP \$26m</li><li data-bbox="801 428 1166 461">• Insurer W. R. Berkley</li></ul>
 <p data-bbox="131 982 620 1015">New niche Personal Lines agency</p>	<ul data-bbox="801 568 1354 882" style="list-style-type: none"><li data-bbox="801 568 1354 601">• Insurer Calliden Insurance Limited</li><li data-bbox="801 634 1097 666">• Licence on track</li><li data-bbox="801 699 1354 732">• Marketing and advertising on track</li><li data-bbox="801 765 1329 798">• Systems and processes on track</li><li data-bbox="801 831 1020 863">• Launch Q3</li></ul>
	<ul data-bbox="801 982 1445 1153" style="list-style-type: none"><li data-bbox="801 982 1302 1015">• Sold to JV partner March 2014</li><li data-bbox="801 1048 1271 1080">• Five year agency agreement</li><li data-bbox="801 1113 1445 1146">• Niche Event, Entertainment and Security</li></ul>

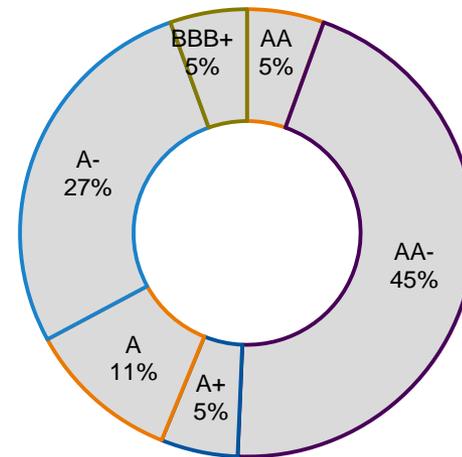
# Building for Future Growth Investment Income

Income	2013		2012	
	\$m Return	% Annual Return	\$m Return	% Annual Return
Investment Income	4.5	5.3	5.7	6.0

Investment Portfolio By Asset – 31 Dec 2013



Investment Portfolio By Rating – 31 Dec 2013



\$5m progressively invested in equities index fund between May and December 2014.

## Building for Future Growth Shareholder Structure Stable

- Sell down by Hunter Hall of its 10% shareholding completed in April 2014
  - New and existing shareholders confined the increase in their holding to below 10%
  - Continuity of Ownership Test satisfied and access to tax losses preserved
- Australian Unity now the only shareholder with a holding of more than 10%
- Strong institutional representation with close to 50% of the register held by 15 investors including:
  - Greencape Capital 8.2%
  - First Samuel 8.2%
  - Naos Asset Management 6.8%
  - Adam Smith Asset Management 6.2%

## Calliden's Focus for 2014

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- Transition completed
- Focus for 2014 on building for future growth
  - Build and link to SVU
  - Re-starting Ventures
  - Grow new products through new carriers
  - Continue repositioning insurer
- Forecast for 2014 NPAT unchanged at \$7.5 – 9.5m

**calliden**  
group