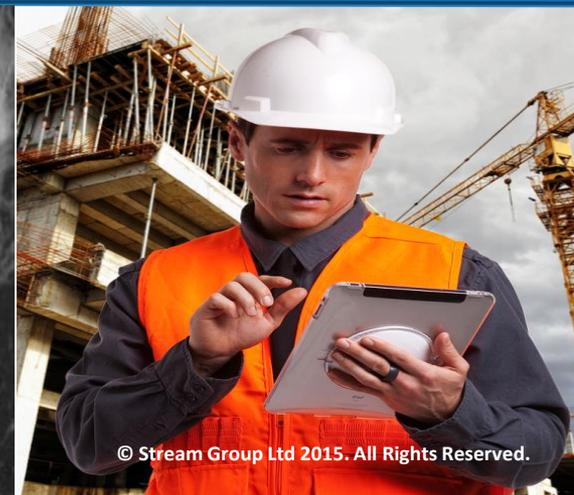
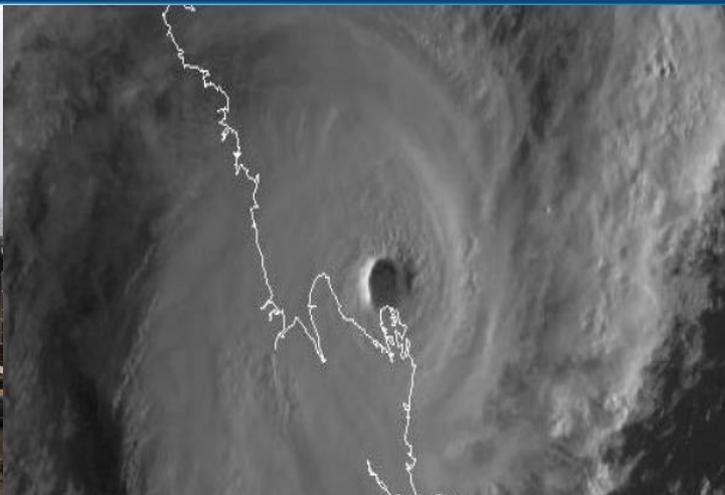




Stream Group Ltd Claims Services Division Update

Paul Lynch- CEO Stream Claims Services
February 2015

Stream Group Limited | ABN: 90 128 027 501



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Corporate Data

- **ASX CODE: SGO**
- **Operations in Australia, New Zealand , United Kingdom and the Philippines.**
- **Two core business units: Insurance Claims Services and Claims Software Solutions.**
- **Issued Capital: 184 million shares.**
- **Market Capitalisation : \$17 million (9c per share).**
- **Top 5 shareholders:**
 - Don McKenzie 32.5%
 - Dr Jens Neiser 11.8%
 - Nightingale Partners 8.5%
 - Australian Ethical Investments 5.7%
 - Phoenix Development Fund 2.8%
- **H2 FY15 guidance EBITDA \$3mil - \$4mil maintained.**



Stream
customised claims

Division Overview

What We Do



We help insurance companies achieve greater profitability:



We reduce the overall cost of claims.



We help insurers retain their customers.

Stream is able to deliver the above benefits to our insurer clients because:



We close claims swiftly through efficient processes and innovative systems delivering reduced processing time and cost.



We ensure insurers only pay what is covered under the policy. We get the best cost outcome through the combination of people, processes and systems.



We make the claims process efficient and easy to understand for their customers leading to higher customer satisfaction.



CLIENTS

- **Building diverse revenue through valued services:**
 - ✓ Operations covering 100% of Australia, New Zealand and UK.
 - ✓ Working in partnership with our existing clients to expand services.
 - ✓ Growing new clients.
 - ✓ Achieving high customer satisfaction and overall service whilst balancing cost control.



OPERATIONAL PERFORMANCE

- **Continue driving a high performance outcome:**
 - ✓ Cash flow focus.
 - ✓ Balance sheet strength.
 - ✓ Profitable, scalable and value driven business.
- **Focus on existing products and services:**
 - ✓ Expand profitable lines of business.
 - ✓ Formalise “centres of excellence”.
 - ✓ Streamline resources/capacity.
 - ✓ Maximise growth and client penetration.



PEOPLE

- **High performance culture:**
 - ✓ Recognised as having the best products and services to solve our clients problems.
 - ✓ Investment in people.
 - ✓ Employer of choice.
 - ✓ Ethical and sustainable.

Stream operates in a unique market



- The value of Gross Written Premiums (GWP) generated by the insurance industry is >US\$4.71 trillion (2014).*
- In the past 14 years, GWP has increased by 129%, and continues to increase each year.
- Growth in GWP leads to a growth in insurance claims - the more insured, the more claims.
- Insurance is an unavoidable part of life in the modern age; consumers want 'peace of mind'.
- Growing in prevalence through emerging economies increasing global opportunity.
- The global market provides Stream:
 - With an opportunity to capitalise on a global scale; and
 - With a proven track record of market growth.



- Insurance is a critical part of the economy.
- Where insurance is in place, insurance claims will need to be managed.
- The insurance industry is able to weather economic down turns.



- Insurance is diverse; insurance types are increasing. Examples include:

- Aircraft	- General property	- Travel
- Construction	- Home warranty/ Lenders Mortgage	- Marine
- Cyber risk	- Pet insurance	- Medical indemnity
- Engineering	- Professional indemnity	- Motor vehicle
- Extended warranty	- Public liability	- Workers Compensation
- Farm, crop, livestock	- Product liability	- Strata
- Provides Stream with the opportunity to diversify into many insurance markets in future.

* Source: www.statistica.com



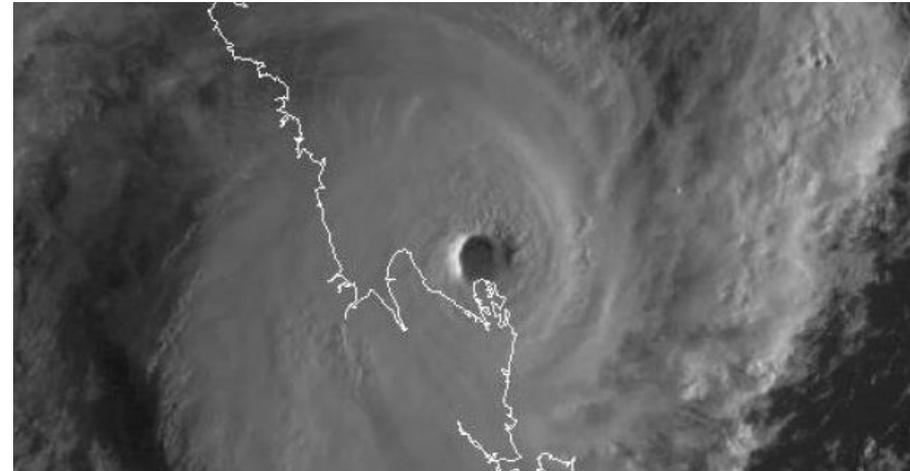
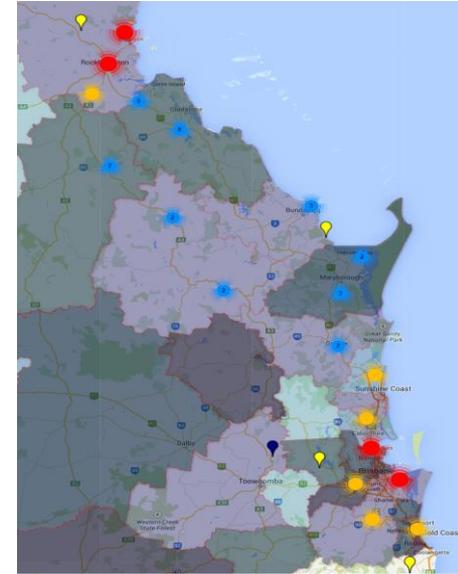
AUSTRALIA



Cyclone Marcia Update



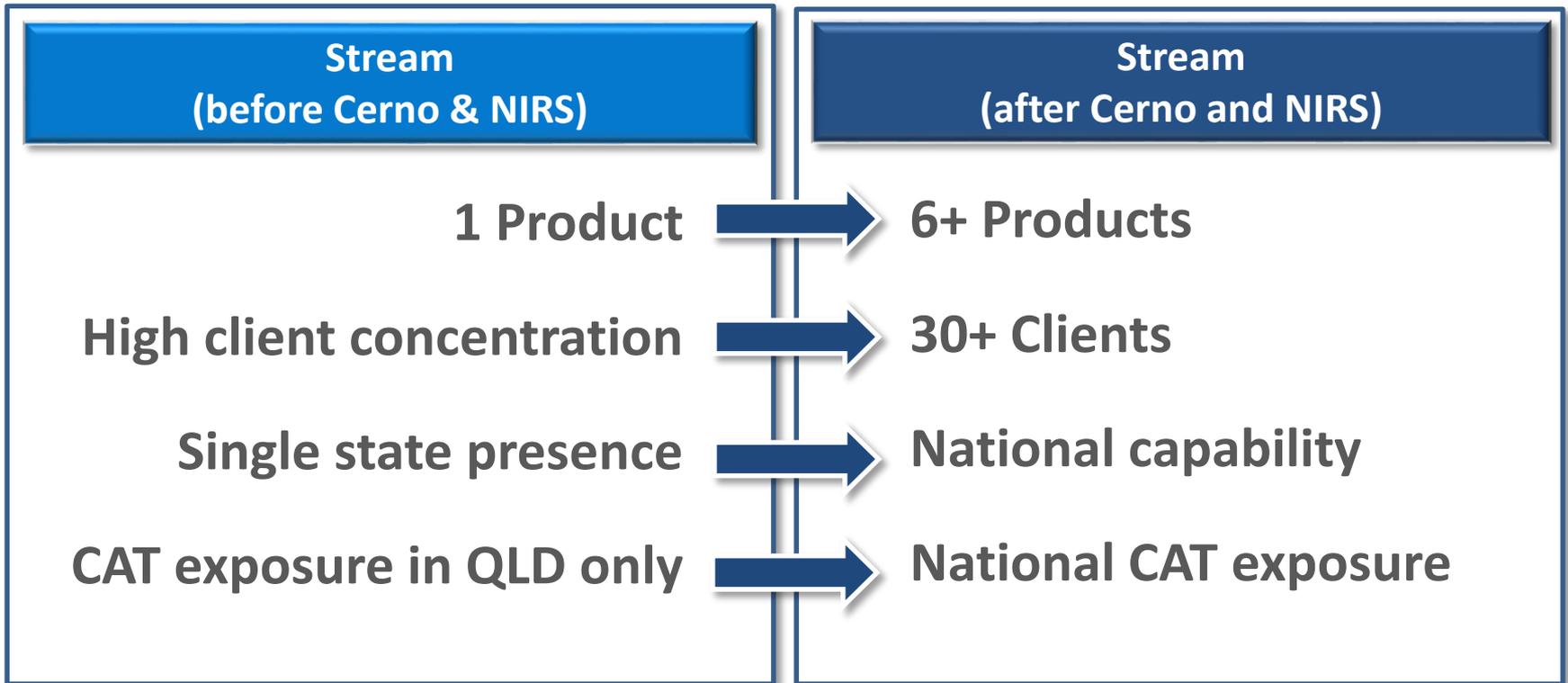
- Focus is on helping customers back to normality as quickly as possible, with urgent claims prioritised first.
- Stream resources from NZ and other states of Australia on ground in affected areas to increase capacity.
- Additional contract resources added to support Stream's core resources.
- UK providing back office and administration support to further increase processing capacity.
- 2,420 claims across all clients received to date (1pm 27th Feb).



Cerno update



- Acquisition completed on 9th February.
- Cerno brand retired.
- All Cerno shareholders are now Stream CAP shareholders - alignment of interests for all shareholders.
- Certain business assets acquired post acquisition to secure operational performance. Certain liabilities also assumed as part of the transaction.
- Cerno Ltd has been placed into voluntary administration after negotiations with debt holders failed to achieve outcome.
- Funding could not be sourced for Cerno Ltd due to continued poor performance and failed debt holder negotiations.



Australia - Improvement in claim volumes



Stream Claims Services Australia

- Increase of 110% between FY 2014 and FY 2015 - conditions no longer benign.

Stream Claim Services			
	2014	2015	% Increase
December	589	1,989	237%
January	853	990	16%
February (to 20 th)	371	839	222%
TOTAL	1,813	3,818	110%

When the Brisbane Storm claims are removed, an increase in underlying claims demonstrates a continued increase in general claims lodgements by 72%.

Period	2014	2015	Increase
Dec-Feb 20 th	1,127	1,947	72%

- Underlying “business as usual claims” determined by client categorisation at allocation.
- No Cyclone Marcia claims were received during this period.



UNITED KINGDOM



UK- Strong progress being made



2013 – 2014: New entrant to UK market.

2014 - 2015: Progress to achieve profitability on monthly basis.

2015 - 2016: Sustainable profits invested in growth to extend footprint and capability.

- **Expansion of products and services:**
 - Introduction of marine, high net worth, commercial property etc.
 - Increased client base to include brokers.
 - Extended pipeline opportunities.
- **Access to large international clients (ie: Lloyds Market, London Market etc).**

Why UK investment?

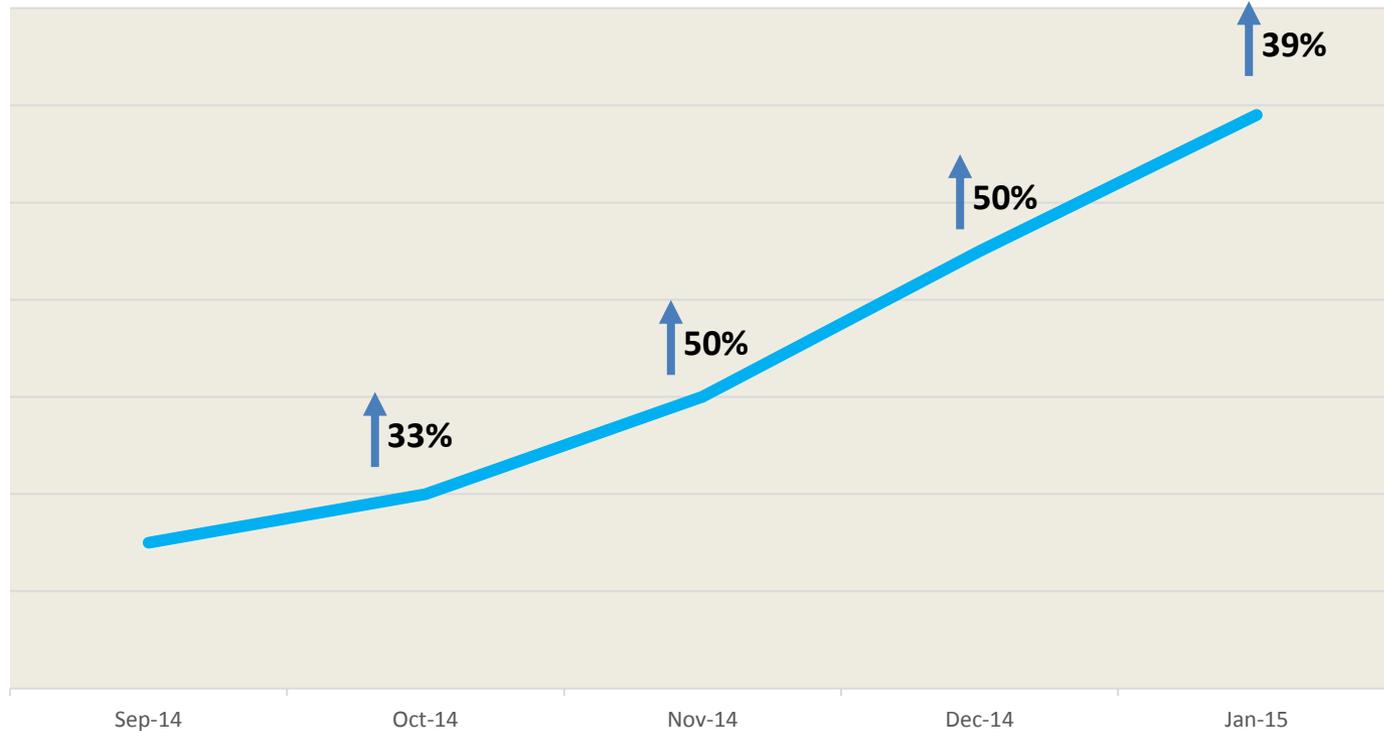
- **Large market with low client concentration.**
- **Diversity of earnings.**
- **24hr processing capacity.**
- **Access to large skill base.**

Claim growth continues...



- Claims are growing strongly across all divisions.
- P/L profitability on track for March. Cash flow positive May/June due to working capital cycle.

Claims Received - All Claims

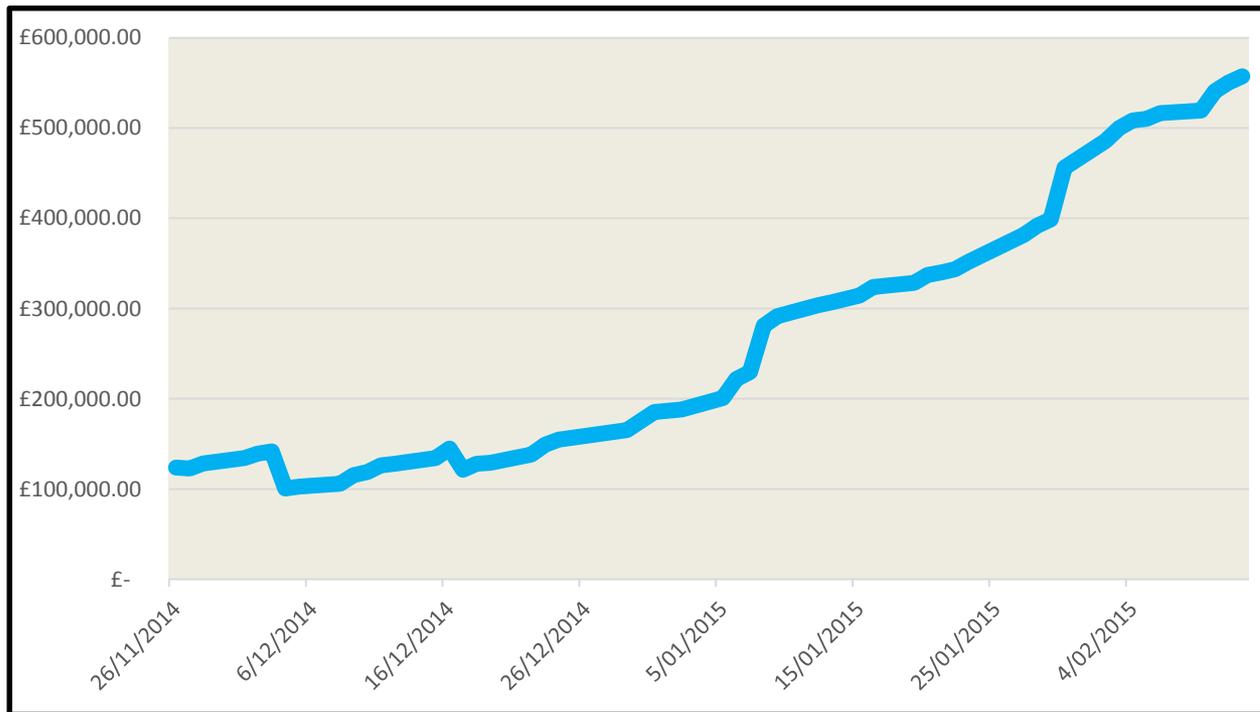


↑ %
Month on month
increase in claim
volumes

“Work In hand” Growth

Work in hand = (Value of fee’s for open claims) – (Invoiced to date for open claims)

- Generally 2 times monthly revenue will be work in hand value.
- Close to target of £600,000 which supports annual revenue run rate of £3.6mil (A\$7mil).



Working capital cycle

1. Claims received
2. Work in progress
3. Debtor
4. Cash



NEW ZEALAND



Transition from Earthquake



- **'Earthquake' division:**
 - Continued 'run off' of existing claims portfolio in line with client promise.
 - Supporting our client to be first major insurer to complete EQ program.
 - Offering our proven services to new clients to close their EQ claims sooner.
 - Leveraging learning, skills and systems into other parts of group.

- **'Business as usual' division:**
 - Tower contract negotiations are in final stages.
 - Program to expand property claims client base (Motor and Marine divisions have over 10 main customers, 20+ in total).
 - New services leveraged from Australia and UK operations i.e. Liability, Business Interruption, etc.
 - Broadening our staff base to align with new product introduction.



Summary

Despite disappointing H1 performance and Cerno impairment, investment during this period has created a solid platform to generate strong cash flows in H2 continuing into FY16;

- **Australia - return to profitability, with broader client relationships, expanded products and greater regional coverage.**
- **New Zealand – transitioning from EQ program.**
- **United Kingdom – transitioning from start up phase to cash flow positive phase. Delivers integrated 24hr processing capacity for large scale events.**
- **Risk profile decrease due to regional diversification and product expansion.**
- **Significant reduction of factors that lead to FY14 and H1 FY15 performance.**



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