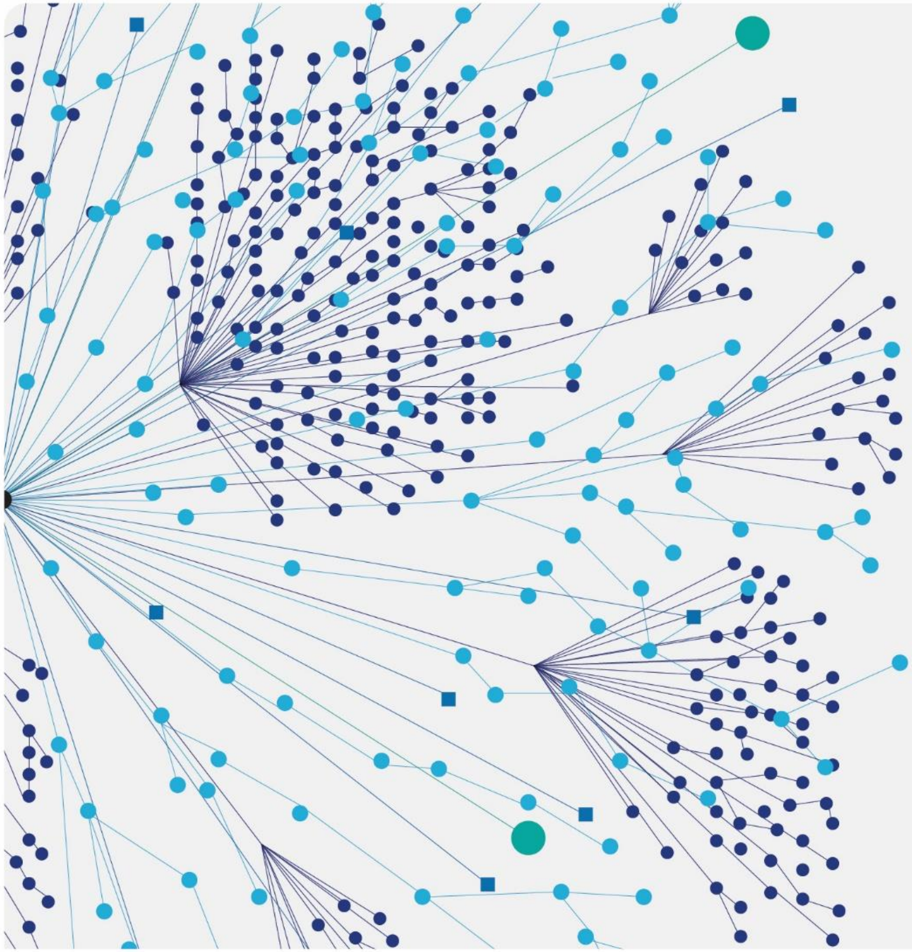

343 insurance brokerages · 781 offices · 22 underwriting agencies · 6 complementary businesses

Steadfast Group Limited

Half Year Report **2016**

24 February 2016

Presented By:

Robert Kelly – Managing Director and CEO
Stephen Humphrys – Chief Financial Officer

Steadfast

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Local currencies have been used where possible. Prevailing current exchange rates have been used to convert local currency amounts into Australian dollars, where appropriate. All references starting with "FY" refer to the financial year ended 30 June. All references starting with "1H FY" refer to the financial half year ended 31 December.

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1H FY16 highlights

- **Strong earnings growth in 1H FY16 vs 1H FY15**
  - Underlying NPATA ↑ 81% to $37.9m
  - Underlying Cash EPS ↑ 26% to 5.10 cps
  - Statutory NPATA ↑ 159% to $50.2m
- **Flat market conditions**
  - Pricing has moved from soft to flat (0.1% increase in 1H FY16)
  - Volume growth continuing
- **Solid organic performance**
  - Organic result held firm with 3.9% drop in pricing (since 1H FY15) offset by 3.5% increase in volume
  - Margin squeeze in complementary businesses offset by increases in profit from brokers and agencies
- **Acquisitions overall performing ahead of expectations**
  - Realised acquisition synergies of $1.5m pre tax in 1H FY16
  - Future acquisition growth supported by balance sheet capacity of $114m
- **Interim dividend up 20% pcp**
  - Board declares fully franked dividend of 2.4 cps, up from 2.0 cps in 1H FY15
- **FY16 guidance re-affirmed**
  - Underlying cash EPS guidance range of 10.8 -11.2 cps or 10-14% growth
  - Underlying NPATA guidance range of $80-$83m

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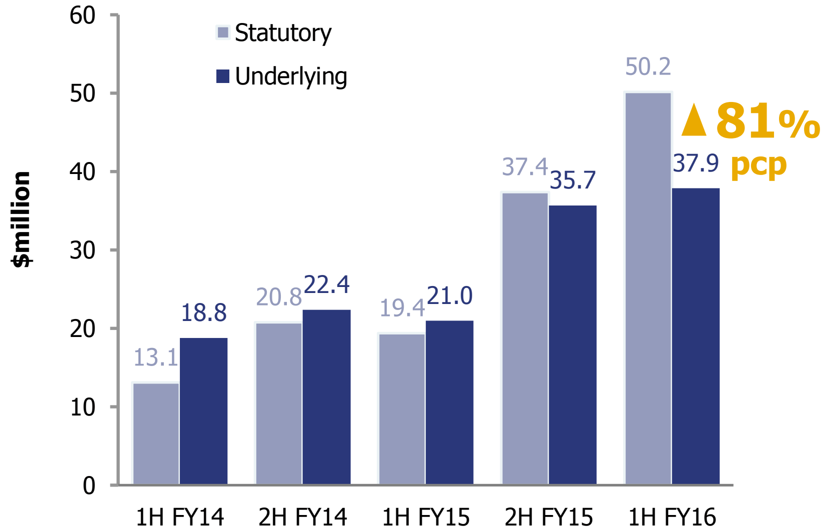
Continued earnings growth

Statutory and Underlying NPATA



Statutory and Underlying 1H FY16 financial highlights

Six months ended 31 December ($m)		1H FY16	1H FY15	Yoy growth %
Statutory	- revenue	191.9	105.1	83%
	- NPAT	39.0	13.7	185%
	- NPATA	50.2	19.4	159%
Underlying	- revenue	226.1	108.4	109%
	- NPAT	26.6	15.3	74%
	- NPATA	37.9	21.0	**81%**

Note: Statutory results include non-trading items; refer to slides 13 and 36 for NPATA and revenue reconciliations to underlying results.

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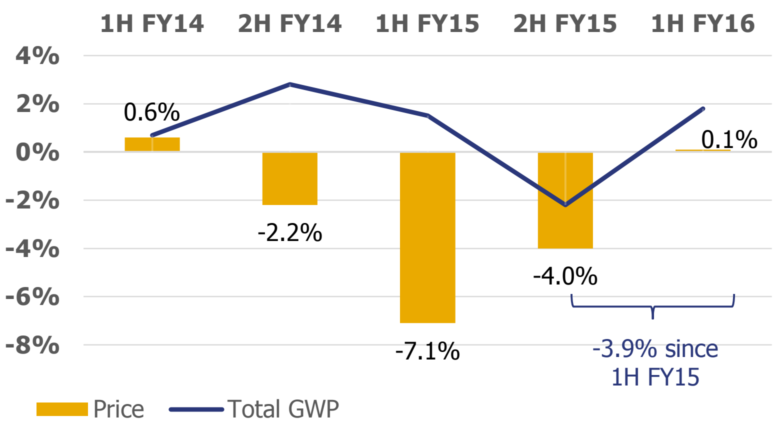
Network GWP and price movement

Price and total growth in Network GWP[1]



Pricing moved from soft to flat; volume growth continues

- Price growth flattened to +0.1% in 1H FY16 compared to 2H FY15 (-4.0%)
- Volume growth continuing at 1.7% for 1H FY16, following 1.8% growth 2H FY15

"The current insurance cycle resembles a bath tub and we are now past the plug hole." Robert Kelly

[1] Data based on year-on-year change in average price per premium and total GWP placed by Steadfast Network Brokers excluding new brokers and New Zealand.

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Size Scale Steadfast

Largest **general insurance broker network** in Australia and New Zealand

Current run rate annual GWP

$4.6 billion

343 Steadfast Network Brokers

Largest **underwriting agency group** in Australia and New Zealand

Current run rate annual GWP

$765 million

22 Steadfast Underwriting Agencies

Complementary businesses

Steadfast Network Collects Marketing & Administration (M&A) Fees, 100% owned	Steadfast Life Specialist life insurance broker, 50% owned	Steadfast TECHNOLOGIES Technology service arm, 100% owned	WHITE OUTSOURCING Back office service provider, 100% owned
MACQUARIE Macquarie Pacific Funding 50% joint venture in premium funder	Steadfast Re Reinsurance Brokers Reinsurance broker, 50% owned	SVU Steadfast Virtual Underwriter, electronic transaction solution, 100% owned	MERIDIAN LAWYERS Insurance legal practice, 25% owned

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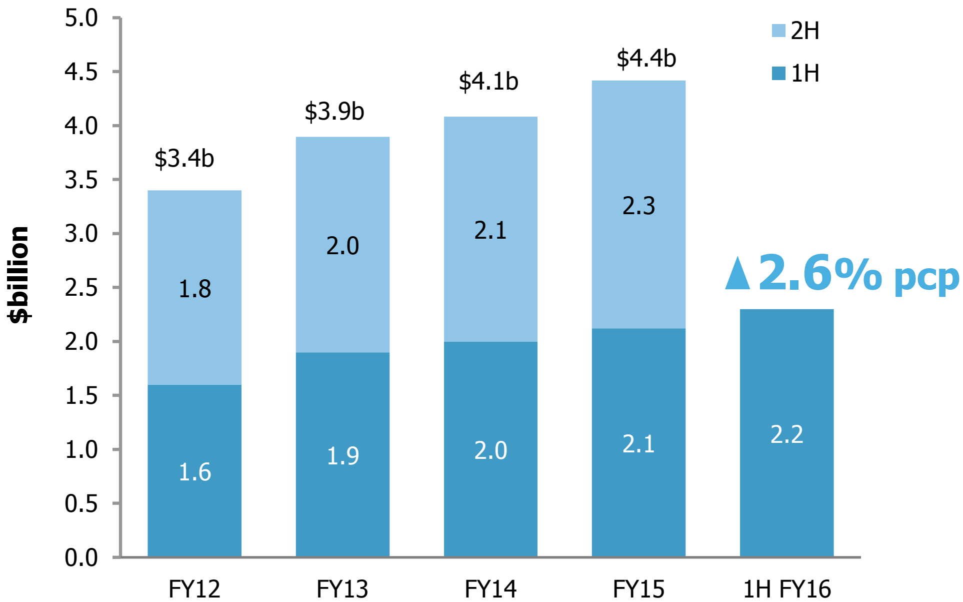
Network Brokers GWP growth

Network Brokers
Gross Written Premium (GWP)[1,2]



- Volumes increases have mitigated price reduction
- Insight brokers should add further $160m annual GWP[3]

1H FY16 vs 1H FY15

- 3.9% AU price (-$83m)

+3.5% AU volume ($74m)

+2.4% New AU brokers ($51m)

+0.6% NZ ($13m)

▲2.6% total ($55m)

[1] GWP excludes fire service levies which generate no income for brokers.
[2] Based on 1.0m policies in 1H FY16.
[3] Excluding pet and group life insurance.

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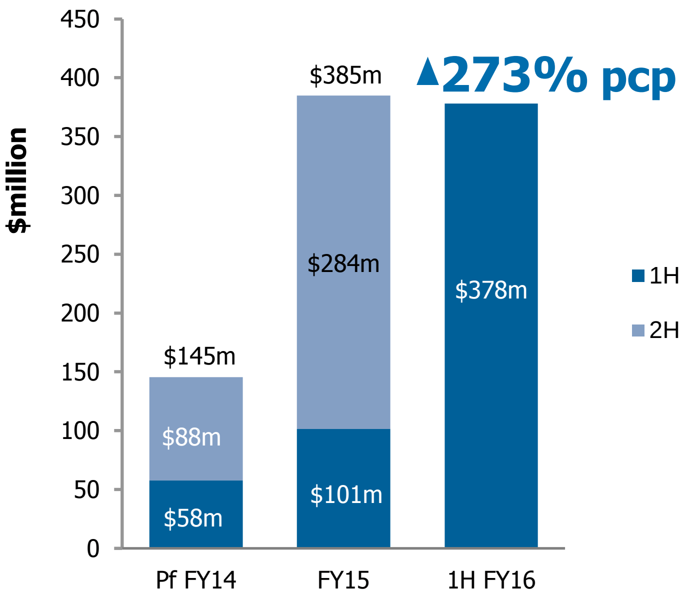
Underwriting Agencies GWP growth

Steadfast Underwriting Agencies
Gross Written Premium (GWP)



- GWP growth enhanced significantly by Calliden and the QBE agency acquisitions
- On track to generate annual GWP of $765m+
- Steadfast is the largest underwriting agency group in Australia

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Solid organic performance

- **1.3% organic growth (+$0.5m)** in EBITA pre Corporate Offices expenses
  - **Brokers:** ⬆ due to solid revenue gains, cost control, benefits from hubbing and bolt-on acquisitions
  - **Agencies:** ⬆ due to strong sales and margin improvement
  - **Complementary businesses:** remain a core part of our DNA and benefit the broker and agency divisions through revenue and cost synergies but are continually under market pricing pressures

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Operating highlights from FY15 acquisitions

Performance exceeded our initial expectations

Acquisitions	Actual vs normalised historical EBITA	Impact to earn out	Operating highlights
Calliden agencies	+$1.2m	-	❑ Managed by CEO of Steadfast Underwriting Agencies ❑ Cost savings generated from staff and systems rationalisation
CHU	+$0.5m	⬇ referenced to net F&C, not EBITA	❑ New management invigorating business ❑ Continued support of strata managers ❑ Expanding broker channel distribution ❑ Created cost synergies through transition off QBE IT systems ahead of schedule ❑ Benefiting from rise in multiple housing developments, particularly on the East Coast
UAA	+$0.9m	⬆ but less than original estimate	❑ Benefits from infrastructure boom in NSW and QLD more than mitigates the decline in mining sector ❑ Additional revenue opportunities being created by expanding into New Zealand and Asia ❑ Management buy-in completed
Other	-$1.1m	⬇	❑ Actual EBITA less than normalised historical EBITA which led to reduced purchase price
Total	**+$1.5m**	**-$16.0m**	

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Financial information

Strong growth from acquisitions

Six months ended 31 December	Underlying 1H FY16	Underlying 1H FY15	Year-on-year growth %	Organic growth %	Growth from acquisitions, & hubbing %[1]
Revenue ($m)	226.1	108.4	108.6%	6.3%	102.3%
EBITA pre CO expenses ($m)	66.0	37.9	74.4%	1.3%	73.1%
EBITA[1] ($m)	60.4	34.9	73.3%	1.4%	71.9%
NPAT ($m)	26.6	15.3	74.1%		
Reported EPS (cents)	3.58	2.94	21.8%		
NPATA ($m)	**37.9**	**21.0**	**80.8%**		
Cash EPS (cents)	**5.10**	**4.03**	**26.4%**		

- Continued cash EPS growth for shareholders despite flat market
- Strong growth from acquisitions; 1H FY16 includes full impact of recent acquisitions including Calliden and QBE agencies
- Solid organic performance complemented by bolt-on acquisitions
  - Bolt-on acquisitions transacted by individual brokers and therefore viewed as organic

[1] Includes growth from associates converted to consolidated entities in FY15.

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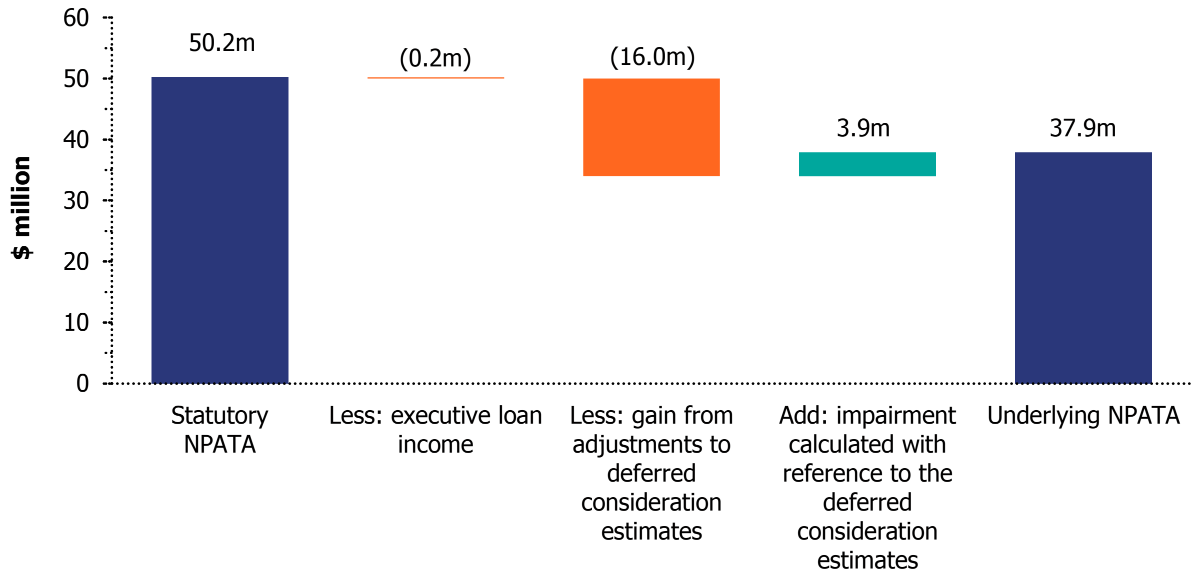
Statutory vs Underlying NPATA Reconciliation



- Statutory profit includes "non-trading" items (which have no operating cash flow impact):
  - Gain from adjustments to deferred consideration estimates (primarily relate to the QBE agency acquisitions)
  - Only assets with a reduced deferred consideration had an "accounting" impairment
  - Acquisitions overall tracking to plan in terms of expected earnings
  - Final consideration for QBE agency acquisitions to be determined in April 2017

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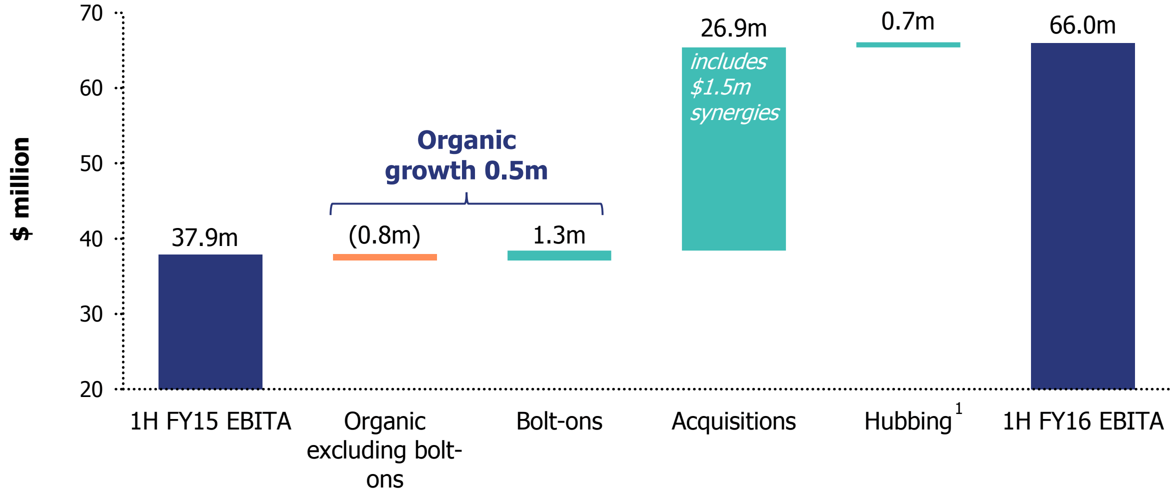
Contributions to Underlying EBITA

Breakdown of the growth in EBITA pre Corporate Office expenses

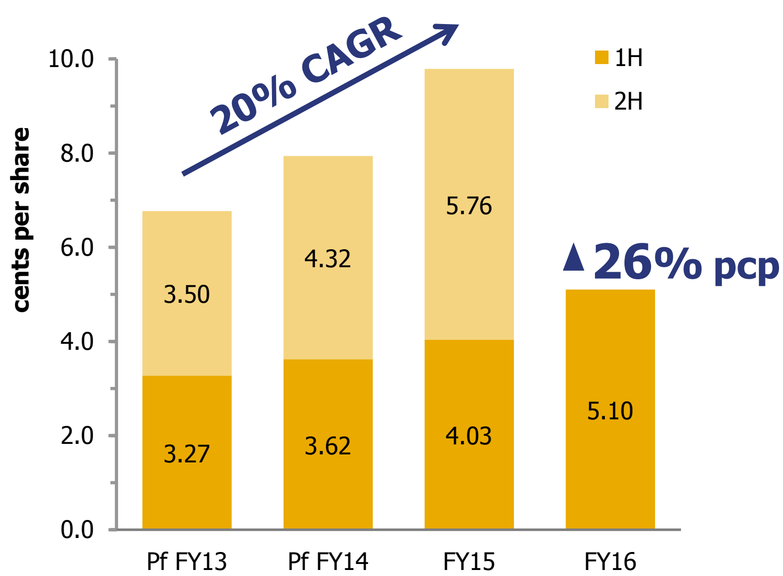


- Organic result held firm with 3.9% drop in pricing, mitigated by increased volume
- Organic result impacted by investments to create future cost synergies including redundancy costs of $0.4m and offshoring costs of $0.2m
- Significant impact from FY15 acquisitions

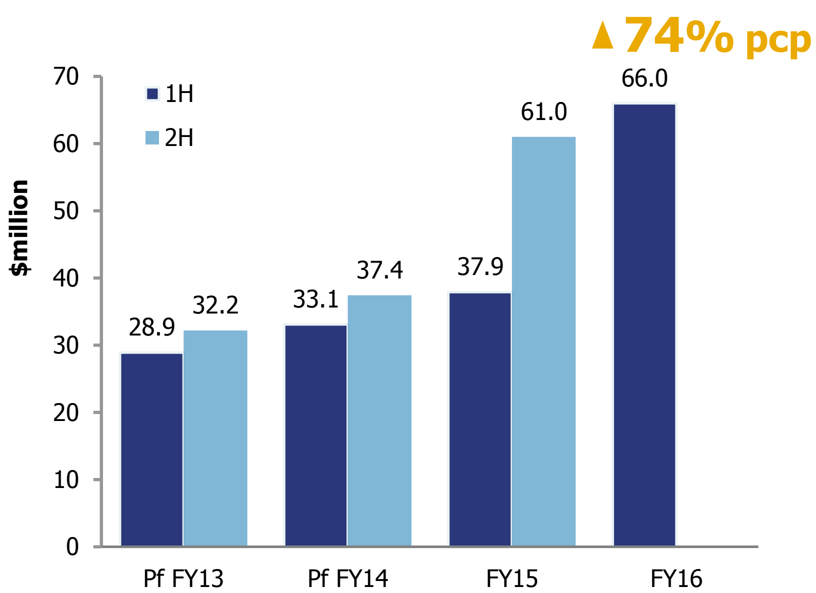
[1] Hubbing reflects the impact of acquiring a greater interest in a hubbed equity broker and as a result converting associates into consolidated entities.

Track record of strong earnings growth

Cash EPS



EBITA pre Corporate Office expenses



- 2H FY16 NPATA and Cash EPS split expected to be 53%+ assuming flat market conditions and no material acquisitions

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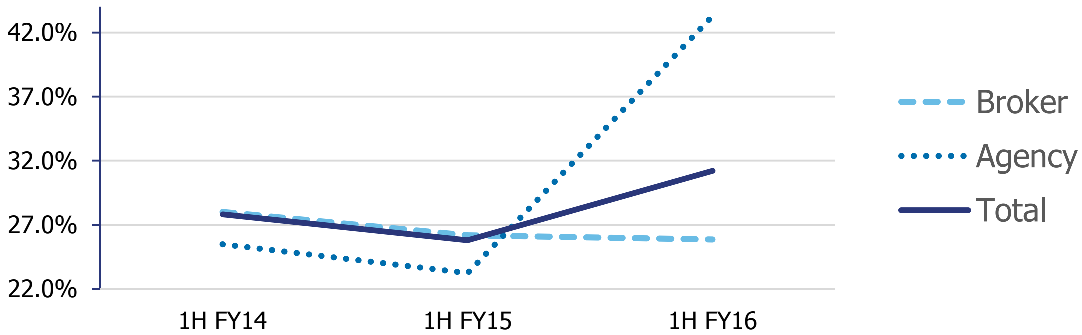
Brokers & Agencies EBITA margins (Aggregate View)

EBITA margin improvement primarily due to agency acquisitions

12 months ended 30 June	1H FY14	1H FY15	1H FY16
Consolidated & equity accounted brokers[1]	28.0%	26.2%	**25.9%**
Underwriting agencies[2]	25.5%	23.2%	**43.3%**
Total EBITA margin (Brokers & Agencies) [2]	**27.8%**	**25.8%**	**31.2%**



- Broker margins impacted by price reductions and acquisitions with a seasonally stronger 2H
- Agency margins boosted by acquisitions; also improved organically

[1] Excludes wholesale broker commission expense gross-up in the calculation of margin.
[2] Excludes commission expense gross-up and profit sharing in the calculation of margin.

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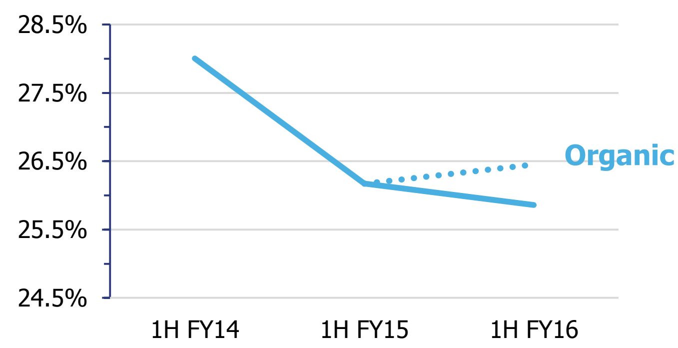
Broking operations (Aggregate)

Brokers (Consolidated & Equity Accounted)

Six months ended 31 December	Underlying 1H FY16	Underlying 1H FY15	1H FY16 vs 1H FY15 growth %	Organic growth %	Growth from acquisitions & hubbing%[1]
Fees & Commissions	134.5	113.2	18.8%	3.9%	14.9%
Of which wholesale broker commission expense	*5.8*	*0.0*	*n/a*	*n/a*	*n/a*
Other income	20.1	17.5	14.7%	7.4%	7.4%
Total revenue	154.5	130.7	18.2%	4.3%	13.9%
EBITA pre CO	**38.5**	**34.2**	**12.4%**	**5.4%**	**7.0%**

- Organic revenue growth of 4.3% and EBITA growth of 5.4%
- Excluding bolt-ons, organic revenue and EBITA growth of 2.0% and 1.6%, respectively, despite price -3.9% for the period
- Total organic margin improvement of 0.3%
- Total margin expected to improve as recent acquisitions have stronger seasonality bias to 2H

Aggregate Broker EBITA margins



[1] Includes growth from associates converted to consolidated entities.

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Brokers' organic performance

Brokers on an aggregate basis realised revenue and cost synergies

	Sales pcp	Costs pcp
Price	-3.9%	n/a
Volume	+3.5%	+1.4%
Inflation	n/a	+1.7%
Expectation	**-0.4%**	**+3.1%**
Actual	+2.0%	+2.1%
Variance	**+2.4%**	**+1.0%**

- Organic revenue growth (excluding bolt-ons) of 2.0% despite relatively flat GWP growth
- Organic costs (excluding bolt-ons) held firm due to cost savings from scale, hubbing and cost control

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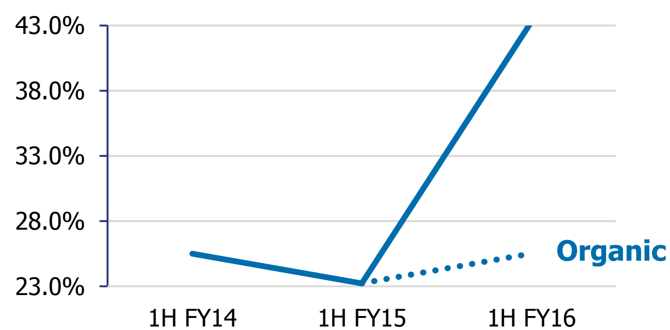
Underwriting agencies (Aggregate)

Agencies (Consolidated & Equity Accounted)

Six months ended 31 December	Underlying 1H FY16	Underlying 1H FY15	Year-on-year growth %	Organic growth %	Growth from acquisitions %
Fees & Commissions	122.4	33.8	262.1%	4.5%	257.6%
Of which commission expense[1]	*59.6*	*14.3*	*315.9%*	*6.0%*	*309.9%*
Of which profit sharing	0.7	1.1	-42.0%	-42.0%	0.0%
Other income	3.8	0.8	370.7%	22.5%	348.2%
Total revenue	126.2	34.6	264.6%	4.9%	259.7%
EBITA pre CO	**29.2**	**5.6**	**422.5%**	**5.2%**	**417.3%**

- Organic revenue growth of 4.9% and EBITA growth of 5.2%
- Profit share generally subject to loss ratios and in line with expectations. Excluded from margin analysis
- Organic margin improvement of 2.3%
- Total margin uplift from recent acquisitions

Aggregate Agency EBITA margins ex profit sharing



[1] Broker commission expense included in both revenue and expenses; nets to zero in EBITA; excluded from margin analysis.

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Strong conversion of profit to cash

Statutory cash flow statement

Six months ended 31 Dec, $ millions	1H FY16	1H FY15
Cash flows from operating activities		
Receipts from customers	178.9	111.9
Payments to suppliers and employees, and network broker rebates	(130.7)	(95.3)
Dividends received from associates and joint venture	6.6	9.9
Interest received/(paid) net of interest and other finance costs paid	(1.1)	0.4
Income taxes paid	(6.6)	(5.8)
Net cash from operating activities before customer trust accounts movement	**47.1**	**21.1**
Net movement in customer trust accounts	41.8	1.3
Net cash from operating activities	**88.9**	**22.4**
Net cash used in investing activities	**(50.2)**	**(53.7)**
Net cash from financing activities	**17.1**	**87.8**
Net increase/(decrease) in cash and cash equivalents	**55.8**	**56.5**
Cash and cash equivalents at 1 July	239.2	114.6
Cash and cash equivalents at 31 December	**295.0**	**171.1**
split into: Cash held in trust	215.1	116.7
Cash on hand	79.9	54.4

- >100% of underlying NPATA converted into cash flow
- Collected prior year NPATA and portion of 1H FY16 profits
- Cash used in investing is shown net of cash balances acquired – including trust cash

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Healthy balance sheet

Statutory balance sheet

$ millions	31 Dec 15	30 Jun 15
Cash and cash equivalents	79.9	67.6
Cash held on trust	215.1	172.2
Receivables & other	266.1	343.3
Total current assets	**561.1**	**583.1**
Equity accounted investments	126.6	122.4
Property, plant and equipment	28.9	25.8
Identifiable intangibles	173.1	181.0
Goodwill	684.0	669.3
Deferred tax assets & other	48.5	33.9
Total non-current assets	**1,061.1**	**1,032.4**
Total assets	**1,622.2**	**1,615.5**
Trade and other payables	394.8	429.0
Loans and borrowings	1.5	1.1
Deferred consideration	7.3	27.5
Other	64.7	59.4
Total current liabilities	**468.3**	**517.0**
Loans and borrowings	195.6	160.9
Deferred consideration	16.4	27.8
Deferred tax liabilities & other	71.1	68.2
Total non-current liabilities	**283.1**	**256.9**
Total liabilities	**751.4**	**773.9**
Net assets	**870.8**	**841.6**
Non-controlling interests	22.8	18.7
Gearing ratio (Corporate)[1]	**17.1%**	**14.9%**

- Corporate gearing ratio[1] at 17% versus maximum target gearing ratio of 25%
- $285m syndicated debt facility with 3 and 5 year tranches, established in Aug15
- Significant headroom in financial debt covenants
- ~$114m capacity for future acquisitions and deferred consideration post Apr16 cash dividend (estimated at $18m)

[1] Gearing ratio calculated as corporate debt/(corporate debt plus equity).

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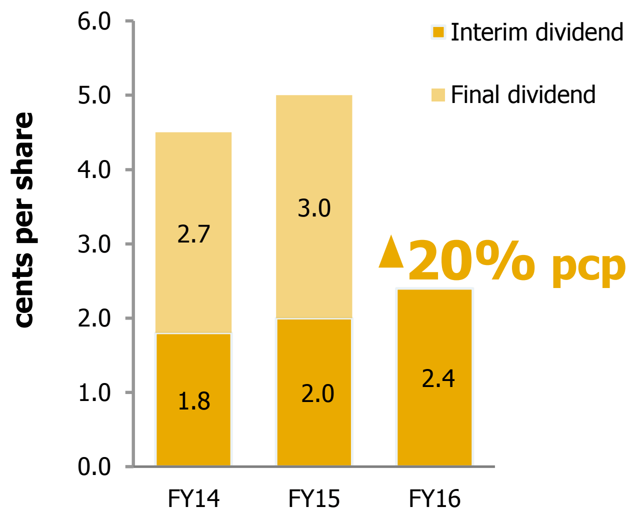
Fully franked interim dividend of 2.4 cents, up 20%

- In line with dividend payout ratio target of 65% to 85% of underlying net profit after tax and a minimum of 50% of net profit after tax before amortisation and impairment of intangibles
- 1H/2H target dividend split 40%/60%
- Dividend Reinvestment Plan (DRP) to apply to interim dividend; no discount
- DRP shares will be acquired on market
- Key dates for interim FY16 dividend
  - Ex date: 8 March 2016
  - Dividend record date: 9 March 2016
  - DRP record date: 10 March 2016
  - DRP pricing period: 14-24 March 2016
  - Payment date: 14 April 2016



All dividends are fully franked

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Strategy & Outlook

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Trends suggest need for price increases

Australian General Insurance Statistics[1]

Premiums and Claims by Class of Business	Houseowners/householders			Domestic motor vehicle			CTP motor vehicle		
	Year End Dec 2014	Year End Dec 2015	Trend	Year End Dec 2014	Year End Dec 2015	Trend	Year End Dec 2014	Year End Dec 2015	Trend
Gross written premium	7,544,000,000	7,744,000,000	Up	7,942,000,000	8,241,000,000	Up	3,535,000,000	3,634,000,000	Up
Number of risks	11,331,000	11,662,000	Up	13,992,000	14,738,000	Up	11,340,000	11,465,000	Up
Average premium per risk	666	664		568	559		312	317	
Outwards reinsurance expense	2,212,000,000	2,390,000,000	Up	1,353,000,000	1,487,000,000	Up	452,000,000	511,000,000	Up
Net U/W combined ratio	**81%**	**99%**	Up	**94%**	**96%**	Up	**107%**	**73%**	Down

Premiums and Claims by Class of Business	Commercial motor vehicle			Fire and ISR		
	Year End Dec 2014	Year End Dec 2015	Trend	Year End Dec 2014	Year End Dec 2015	Trend
Gross written premium	2,096,000,000	2,079,000,000	Down	3,729,000,000	3,765,000,000	Up
Number of risks	1,451,000	1,510,000	Up	1,394,000	1,502,000	Up
Average premium per risk	1,444	1,377		2,675	2,507	
Outwards reinsurance expense	142,000,000	203,000,000	Up	1,672,000,000	1,680,000,000	Up
Net U/W combined ratio	**94%**	**100%**	Up	**107%**	**136%**	Up

Premiums and Claims by Class of Business	Public and product liability			Professional indemnity		
	Year End Dec 2014	Year End Dec 2015	Trend	Year End Dec 2014	Year End Dec 2015	Trend
Gross written premium	2,239,000,000	2,252,000,000	Up	1,543,000,000	1,595,000,000	Up
Number of risks	9,336,000	9,447,000	Up	533,000	573,000	Up
Average premium per risk	240	238		2,894	2,785	
Outwards reinsurance expense	463,000,000	528,000,000	Up	451,000,000	448,000,000	Down
Net U/W combined ratio	**94%**	**93%**	Down	**92%**	**82%**	Down

- Net underwriting combined ratios not sustainable

[1] Source: Australian Prudential Regulation Authority (APRA) Quarterly General Insurance Performance Statistics December 2015 (issued 18 February 2016).

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Steadfast shows resilience in a soft market

Insurance profits down

1H FY16 vs 1H FY15

>-20% (Suncorp, IAG)

FY15 vs FY14

-24% (KPMG GI Review 2015)

APRA statistics[1]	Dec 2014	Dec 2015	Change
Net earned premium	$31.7b	$31.3b	-1.3%
Net incurred claims	$20.8b	$20.9b	+0.3%
Underwriting result	$2.6b	$2.2b	-16.2%
Investment income	$4.2b	$2.2b	-47.5%
Net profit after tax	$4.1b	$2.4b	-42.2%

Outlook comments

"The vast majority of respondents expect conditions to improve next year, with 86% forecasting a profit increase, four points higher than in 2013."

Macquarie Benchmarking Survey, January 2016, based on ~170 insurance broking firms across Australia

"The environment, as everyone knows, is highly competitive at this stage. But I think pricing has stabilised. We've been able to achieve some good inflationary level increases that have gone through."

Michael Cameron, Suncorp MD & CEO, 11 February 2016

"December renewal activity has provided some indication that a bottoming of the prolonged cyclical downturn is now occurring."

Peter Harmer, IAG MD & CEO, 17 February 2016

[1] Source: Australian Prudential Regulation Authority (APRA) Quarterly General Insurance Performance Statistics December 2015 (issued 18 February 2016).

Strategic initiatives

Business Development	**Hubbing**	**Offshoring**	**Roll out common IT systems**
Steadfast Direct	**New Zealand**	**Asian presence**	**Acquisition pipeline**

Back office IT systems at Steadfast

Investing in common broking and accounting systems for brokers and agencies to realise cost synergies

Broking systems

- WinBeat
- Underwriter Central
- CBS
- **Eclipse**
- Others

GWP data
Monthly for equity brokers, semi annually for non-equity brokers

Group reporting system

Steadfast Technologies

Month end reporting
(equity brokers only)

Portal

salesforce

Server

Outsourced to 3rd party data warehouse

Group reporting system

SAP

Accounting systems

- MYOB
- Quick Books
- XERO
- **SAP (offshoring/Vietnam)**
- Others

Month end reporting
of trial balance, i.e. actual, plan, IFRS (equity brokers only)

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Rollout for back office systems

	2015	Feb 16	Apr 16	Jul 16+	2017+
Eclipse	Develop Eclipse product	Beta testing	Launch at Steadfast Convention; convert existing users	Further upgrades; convert new users	Synergies to emerge; continued product development
Vietnam back office support	Establish Vietnam outsourcing facility with 6 staff	Outsource finance function for 10 equity brokers and CHU	Convert all outsourced ledgers to SAP	Business ready for additional back office conversions	Synergies to emerge

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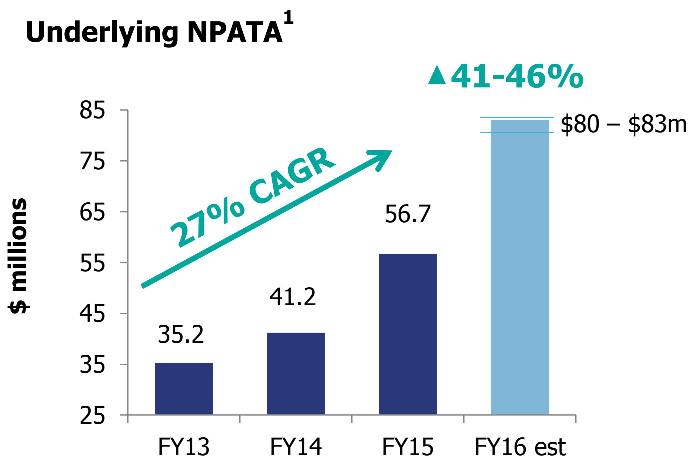
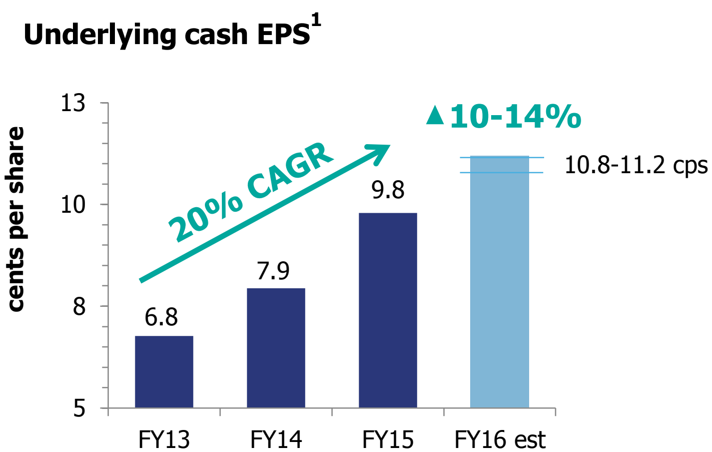
Re-affirm FY16 outlook

- FY16 underlying Cash EPS growth guidance range of 10-14%, driven by:
  - Uplift from 2H FY15 acquisitions
  - Organic growth
- FY16 underlying NPATA guidance range of $80-$83m, up 41-46%
- Key assumptions include flat market conditions and no material acquisitions[2]
- 2H NPATA split expected to be 53%+ in FY16
- Strong pipeline of acquisition opportunities continues unabated
- Increased volumes position us for any upturn in pricing cycle





[1] FY13 and FY14 are both pro-forma; FY15 and FY16 estimate are both underlying.

[2] Also refer to the key risks on pages 26-27 of Steadfast's 2015 Annual Report

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Summary - delivering

- Continuing to deliver strong earnings growth throughout the insurance cycle
- FY15 acquisitions overall performing ahead of expectations
- Achieving efficiencies from scale and cost savings initiatives such as hubbing and offshoring
- Strong conversion of profits to cash
- Healthy balance sheet with $114m debt funding capacity for acquisitions and deferred consideration
- FY16 guidance re-affirmed assuming flat market conditions and no material acquisitions[1]
- Strong pipeline of acquisition opportunities but remaining disciplined
- Well positioned for further upside when the cycle hardens
- Diversified business with unified culture – stronger together

[1] Also refer to the key risks on pages 26-27 of Steadfast's 2015 Annual Report

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Questions

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Appendices

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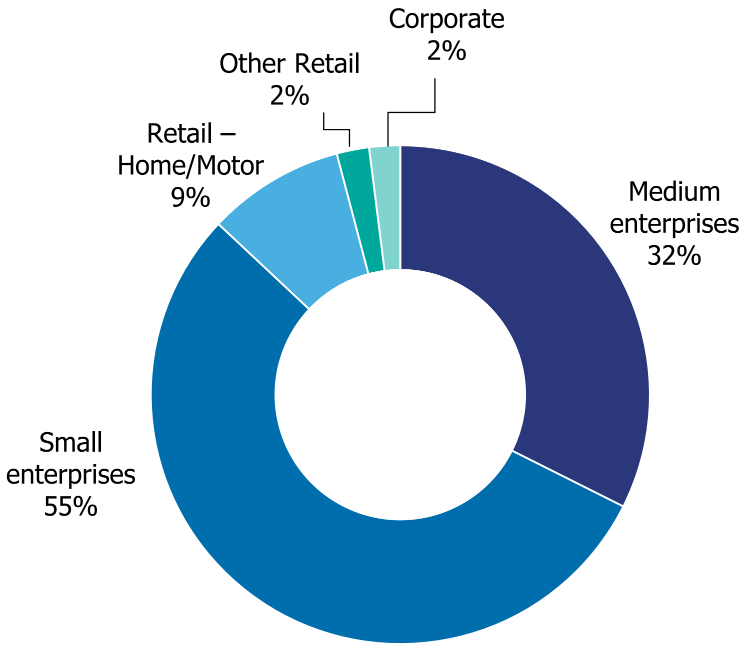
Resilient SME customer base

Steadfast Network Brokers' GWP mix[1,2,3]



- **87%** of customer base relates to small to medium size enterprises (SMEs) ➡ less pricing volatility
- Focus is on advice
- **Low exposure** to Corporate (**2%**) ➡ more significant pricing pressure
- **Low exposure** to retail insurance markets (**11%**) ➡ dominated by direct players

[1] Based on 1H FY16 GWP excluding New Zealand.
[2] Allocation based on policy size (retail <$1k, small $1k – $9.9k, medium $10k – $299k and corporate $300k+).
[3] Metrics above consist of non-IFRS financial information used to measure the financial performance and condition of Steadfast.

Diversified sales footprint

Diversified by geography[1,2]

- VIC 28%
- NSW 22%
- QLD 17%
- WA 17%
- SA 6%
- NZ 6%
- TAS 2%
- ACT 1%
- NT 1%

Diversified by product line[1]

- Business Pack & Financial 24%
- Commercial Motor 13%
- Retail Home & Motor 10%
- Commercial Property & ISR 8%
- Liability 8%
- Professional Risks 8%
- Statutory Covers 8%
- Strata 7%
- Rural & Farm 4%
- Construction & Engineering 4%
- Marine & Aviation 3%
- Accident & Health 3%

[1] Based on 1H FY16 Steadfast Network Broker GWP of $2.2 billion.

[2] Geography is based on head office location of each Steadfast Network Broker; a small number of Steadfast Network Brokers had overseas operations in 1H FY16.

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Statutory P&L

$ millions	1H FY16	1H FY15
Revenue		
M&A fees	16.6	15.6
Revenue from wholly owned entities	169.9	83.7
Share of profits of associates and joint venture	5.2	4.7
Other revenue	0.3	1.1
Total revenue	**191.9**	**105.1**
EBITA from core operations (post CO)	**60.4**	**34.5**
Amortisation	(12.3)	(6.7)
Finance costs	(4.6)	(2.3)
Income tax expense	(13.5)	(7.7)
Profit after income tax and before non-trading items	**30.0**	**17.8**
Net gain on re-estimation and settlement of deferred consideration	16.0	0.0
Impairment loss calculated with reference to the deferred consideration re-estimates	(3.9)	0.0
Net profit on change in value of investments	0.0	(1.4)
Due diligence and restructure costs	0.0	(0.8)
Share based payment expense on share options and executive loans and shares	0.2	0.7
Net profit after tax before non-controlling interests	**42.3**	**16.3**
Non-controlling interests	(3.3)	(2.6)
Net profit after tax attributable to Steadfast members	**39.0**	**13.7**
Other comprehensive income after tax	0.2	0.3
Total comprehensive income after tax	**39.2**	**14.0**
Net profit after tax and before amortisation	**50.2**	**19.4**

Reconciliations to underlying revenue on slide 36 and to underlying NPATA on slide 13.

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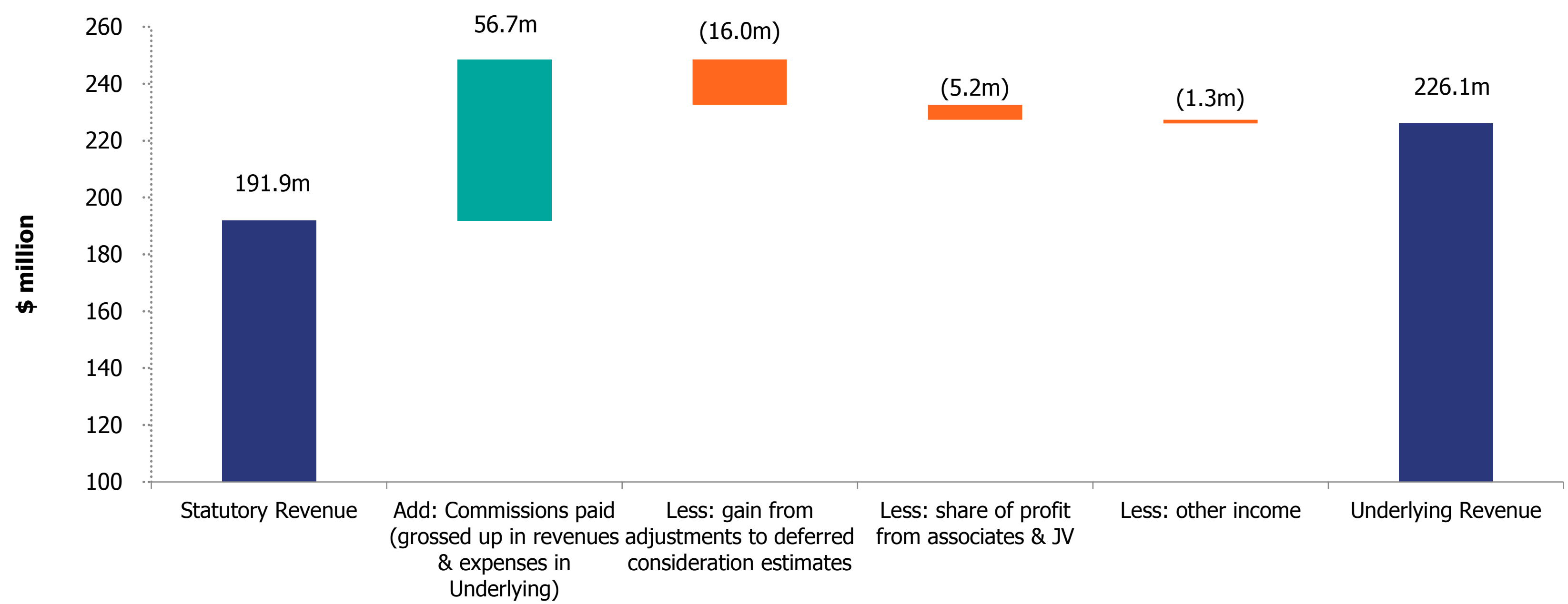
Statutory vs Underlying Revenue Reconciliation



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Cash EPS reconciliation[1]

Cash EPS restated to reflect 1:3 rights offering in February/March 2015

Bonus factor of 3.704% applied to reflect bonus shares issued at discounted exercise price

Cents per share	1H FY16	2H FY15	1H FY15	2H FY14	1H FY14	2H FY13	1H FY13
NPATA	37.9	35.7	21.0	22.4	18.8	18.2	17.0
Previous weighted average share #	n/a	579.8	501.3	501.1	501.0	501.0	501.0
Revised weighted average share #	743.5	621.2	519.9	519.7	519.5	519.5	519.5
Previous Cash EPS	n/a	6.17	4.18	4.48	3.75	3.63	3.39
Revised Cash EPS	**5.10**	**5.76**	**4.03**	**4.32**	**3.62**	**3.50**	**3.27**

[1] When calculating Cash EPS, treasury shares have been ignored.

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Statement of income (Adjusted IFRS view)

Six months ended 31 Dec, $ millions	1H FY16	1H FY15	% growth	Organic growth[2] %	% growth from acquisitions & hubbing[3]
Fees and commissions[1]	189.0	78.2	*141.7%*	*5.3%*	*136.4%*
M&A Fees	16.6	15.6	*6.5%*	*6.5%*	*0.0%*
Interest income	3.4	2.5	*36.5%*	*(4.0%)*	*40.5%*
Other revenue	17.0	12.1	*40.9%*	*14.9%*	*26.0%*
Revenue – Consolidated entities	**226.1**	**108.4**	***108.6%***	***6.3%***	***102.3%***
Employment expenses	(71.3)	(42.3)	*68.8%*	*5.4%*	*63.4%*
Occupancy expenses	(6.3)	(3.8)	*65.6%*	*(1.2%)*	*66.8%*
Other expenses[1]	(92.2)	(34.2)	*170.0%*	*12.1%*	*157.9%*
Expenses – Consolidated entities	**(169.9)**	**(80.2)**	***111.7%***	***7.9%***	***103.8%***
EBITA – Consolidated entities	**56.2**	**28.2**	***99.5%***	***1.7%***	***97.8%***
Share of EBITA from associates and joint ventures	9.8	9.7	*1.5%*	*(0.1%)*	*1.5%*
EBITA – Pre Corporate Office expenses	**66.0**	**37.9**	***74.4%***	***1.3%***	***73.1%***
Corporate Office expenses	(5.6)	(3.0)	*87.0%*		
EBITA – Post Corporate Office expenses	**60.4**	**34.9**	***73.3%***		
Net financing expense	(4.6)	(2.3)	*102.8%*		
Amortisation expense – consolidated entities	(10.5)	(4.6)	*130.6%*		
Amortisation expense – associates	(1.7)	(1.9)	*(12.4%)*		
Income tax expense	(13.6)	(8.2)	*66.9%*		
Net profit after tax	**29.9**	**17.9**	***67.1%***		
Non-controlling interests	(3.3)	(2.6)	*26.1%*		
Net profit attributable to Steadfast members	**26.6**	**15.3**	***74.1%***		
Amortisation expense – consolidated entities	9.6	3.7	*156.2%*		
Amortisation expense – associates	1.7	1.9	*(12.4%)*		
Net Profit after Tax and before Amortisation	**37.9**	**21.0**	***80.8%***		

[1] Wholesale broker and agency commission expense (paid to brokers) included in revenues and other expenses so impact to EBITA is nil ($56.7m in 1H FY16; $10.5m in 1H FY15)

[2] Includes bolt-on acquisitions

[3] Includes growth from associates converted to consolidated entities

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Revenue and EBITA pre CO expenses (Aggregate view)

$ millions	Underlying 1H FY16	Underlying 1H FY15[5]	% Growth	Organic growth[3] %	Growth % from acquisitions & hubbing[4]
Gross written premiums					
Consolidated brokers	411.1	287.2	*43.2%*	*1.3%*	*41.9%*
Equity accounted	241.9	268.8	*(10.0%)*	*1.2%*	*(11.2%)*
GWP from brokers	**653.1**	**556.0**	***17.5%***	***1.3%***	***16.2%***
Underwriting agencies	378.2	101.4	*272.9%*	*0.7%*	*272.2%*
Total GWP from investees	**1,031.3**	**657.4**	***56.9%***	***1.2%***	***55.7%***
Revenue					
Consolidated brokers[1]	86.9	58.6	*48.4%*	*5.8%*	*42.6%*
Equity accounted	67.7	72.2	*(6.2%)*	*3.2%*	*(9.4%)*
Revenue from brokers	**154.5**	**130.7**	***18.2%***	***4.3%***	***13.9%***
Underwriting agencies[2]	126.2	34.6	*264.6%*	*4.9%*	*259.7%*
Ancillary	16.0	13.0	*23.1%*	*19.8%*	*3.4%*
Premium funding	26.8	29.0	*(7.5%)*	*(7.5%)*	*0.0%*
Steadfast	19.6	17.7	*10.8%*	*10.8%*	*0.0%*
Total revenue	**343.1**	**225.0**	***52.5%***	***4.3%***	***48.2%***
EBITA (pre CO expenses)					
Consolidated brokers	21.0	16.6	*26.6%*	*6.9%*	*19.7%*
Equity accounted	17.5	17.6	*(0.9%)*	*4.1%*	*-4.9%*
EBITA from brokers	**38.5**	**34.2**	***12.4%***	***5.4%***	***7.0%***
Underwriting agencies	29.2	5.6	*422.5%*	*5.2%*	*417.3%*
Ancillary	1.3	1.5	*(7.9%)*	*(15.5%)*	*7.6%*
Premium funding	4.8	5.7	*(15.4%)*	*(15.4%)*	*0.0%*
Steadfast	5.8	5.7	*2.3%*	*2.3%*	*0.0%*
Total EBITA (pre CO exps)	**79.7**	**52.7**	***51.2%***	***2.2%***	***49.0%***

1 Includes gross up of wholesale broker commission expense of $5.8m in 1H FY16 (nil in 1H FY15 as acquired in 2H FY15)

2 Includes gross up of agency commission expense ($59.6m in 1H FY16 and $14.3m in 1H FY15)

3 Includes bolt-on acquisitions

4 Includes growth from associates converted to consolidated entities

5 1H FY15 revenue and EBITA numbers have been restated to remove intercompany transactions in order to show like-for-like with 1H FY16 (no change to total EBITA)

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Statement of income (Adjusted IFRS view)

Six months ended 31 December, $ millions	Underlying 1H FY16	Underlying 2H FY15	Underlying 1H FY15	Pro-forma 2H FY14	Pro-forma 1H FY14
Fees and commissions	189.0	156.0	78.2	65.9	52.4
M&A Fees	16.6	14.0	15.6	12.7	13.7
Interest income	3.4	3.1	2.5	1.4	1.3
Other revenue	17.0	17.1	12.1	14.1	11.8
Revenue – Consolidated entities	**226.1**	**190.3**	**108.4**	**94.1**	**79.2**
Employment expenses	(71.3)	(59.0)	(42.3)	(33.5)	(30.8)
Occupancy expenses	(6.3)	(5.5)	(3.8)	(2.9)	(2.8)
Other expenses	(92.2)	(75.6)	(34.2)	(33.1)	(24.4)
Expenses – Consolidated entities	**(169.9)**	**(140.1)**	**(80.2)**	**(69.5)**	**(58.0)**
EBITA – Consolidated entities	**56.2**	**50.2**	**28.2**	**24.6**	**21.2**
Share of EBITA from associates and joint ventures	9.8	10.7	9.7	12.7	11.8
EBITA – Pre Corporate Office expenses	**66.0**	**61.0**	**37.9**	**37.4**	**33.1**
Corporate Office expenses	(5.6)	(5.4)	(3.0)	(4.9)	(3.2)
EBITA	**60.4**	**55.6**	**34.9**	**32.4**	**29.9**
Net financing expense	(4.6)	(3.1)	(2.3)	(0.6)	(0.6)
Amortisation expense – consolidated entities	(10.5)	(8.3)	(4.6)	(4.0)	(3.8)
Amortisation expense – associates	(1.7)	(1.6)	(1.9)	(1.0)	(1.0)
Income tax expense	(13.6)	(12.5)	(8.2)	(7.2)	(8.8)
Net profit after tax	**29.9**	**30.1**	**17.9**	**19.6**	**15.7**
Non-controlling interests	(3.3)	(3.3)	(2.6)	(1.6)	(1.2)
Net profit attributable to Steadfast members	**26.6**	**26.8**	**15.3**	**18.0**	**14.5**
Amortisation expense – consolidated entities	9.6	7.3	3.7	3.5	3.3
Amortisation expense – associates	1.7	1.6	1.9	1.0	1.0
Net Profit after Tax and before Amortisation	**37.9**	**35.7**	**21.0**	**22.4**	**18.8**

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P&L items

Other revenue

$millions	1H FY16	1H FY15	Variance
Fee income for other professional services	10.6	8.6	2.0
Legal fee disbursements	1.4	1.3	0.1
Other income	5.1	2.2	2.9
Total other revenue	**17.0**	**12.1**	**4.9**

Other expenses

$millions	1H FY16	1H FY15	Variance
Rebate to Steadfast brokers	5.2	4.3	0.9
Selling expenses	7.9	4.4	3.4
Commission expense[1]	56.7	10.5	46.2
Legal fee disbursements	1.4	1.3	0.1
Administration expenses	19.5	12.5	7.1
Depreciation of PP&E	1.6	1.1	0.5
Total other expenses	**92.2**	**34.2**	**58.1**

[1] **Commission expense**:

- Commission paid by wholesale broker and agencies to brokers
- Grossed up in "fees & commissions" and deducted in "other expenses" so nil impact to EBITA
- Significant increase due to Calliden and QBE agency acquisitions

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Australian General Insurance Statistics[1]

Premiums and Claims by Class of Business	Houseowners/householders		Domestic motor vehicle		CTP motor vehicle	
	Year End Dec 2014	Year End Dec 2015	Year End Dec 2014	Year End Dec 2015	Year End Dec 2014	Year End Dec 2015
Gross written premium ($m)	7,544	7,744	7,942	8,241	3,535	3,634
Number of risks ('000)	11,331	11,662	13,992	14,738	11,340	11,465
Average premium per risk ($)	**666**	**664**	**568**	**559**	**312**	**317**
Outwards reinsurance expense ($m)	2,212	2,390	1,353	1,487	452	511
Gross earned premium ($m)	7,785	8,029	7,874	8,071	3,489	3,586
Cession ratio	**28%**	**30%**	**17%**	**18%**	**13%**	**14%**
Gross incurred claims (current and prior years) ($m)	3,438	5,406	5,659	5,779	3,327	2,357
Gross earned premium ($m)	7,785	8,029	7,874	8,071	3,489	3,586
Gross loss ratio	**44%**	**67%**	**72%**	**72%**	**95%**	**66%**
Net incurred claims (current and prior years) ($m)	2,948	3,983	4,756	4,889	2,878	1,872
Net earned premium ($m)	5,573	5,640	6,521	6,584	3,037	3,075
Net loss ratio	**53%**	**71%**	**73%**	**74%**	**95%**	**61%**
Underwriting expenses ($m)	1,574	1,576	1,396	1,427	381	364
Net earned premium ($m)	5,573	5,640	6,521	6,584	3,037	3,075
U/W expense ratio	**28%**	**28%**	**21%**	**22%**	**13%**	**12%**
Net U/W combined ratio	**81%**	**99%**	**94%**	**96%**	**107%**	**73%**

[1] Source: Australian Prudential Regulation Authority (APRA) Quarterly General Insurance Performance Statistics December 2015 (issued 18 February 2016).

Australian General Insurance Statistics[1]

Premiums and Claims by Class of Business	Commercial motor vehicle		Fire and ISR		Public and product liability		Professional indemnity	
	Year End Dec 2014	Year End Dec 2015	Year End Dec 2014	Year End Dec 2015	Year End Dec 2014	Year End Dec 2015	Year End Dec 2014	Year End Dec 2015
Gross written premium ($m)	2,096	2,079	3,729	3,765	2,239	2,252	1,543	1,595
Number of risks ('000)	1,451	1,510	1,394	1,502	9,336	9,447	533	573
Average premium per risk ($)	**1,444**	**1,377**	**2,675**	**2,507**	**240**	**238**	**2,894**	**2,785**
Outwards reinsurance expense ($m)	142	203	1,672	1,680	463	528	451	448
Gross earned premium ($m)	2,104	2,089	4,051	3,974	2,252	2,257	1,506	1,549
Cession ratio	**7%**	**10%**	**41%**	**42%**	**21%**	**23%**	**30%**	**29%**
Gross incurred claims (current and prior years) ($m) (net of non-reinsurance recoveries revenue)	1,401	1,495	2,192	3,891	1,529	1,415	1,041	1,046
Gross earned premium ($m)	2,104	2,089	4,051	3,974	2,252	2,257	1,506	1,549
Gross loss ratio	**67%**	**72%**	**54%**	**98%**	**68%**	**63%**	**69%**	**68%**
Net incurred claims (current and prior years) ($m)	1,322	1,370	1,552	2,089	1,098	1,055	725	661
Net earned premium ($m)	1,961	1,887	2,379	2,294	1,789	1,728	1,055	1,101
Net loss ratio	**67%**	**73%**	**65%**	**91%**	**61%**	**61%**	**69%**	**60%**
Underwriting expenses ($m)	526	520	988	1,035	590	552	249	239
Net earned premium ($m)	1,961	1,887	2,379	2,294	1,789	1,728	1,055	1,101
U/W expense ratio	**27%**	**28%**	**42%**	**45%**	**33%**	**32%**	**24%**	**22%**
Net U/W combined ratio	**94%**	**100%**	**107%**	**136%**	**94%**	**93%**	**92%**	**82%**

[1] Source: Australian Prudential Regulation Authority (APRA) Quarterly General Insurance Performance Statistics December 2015 (issued 18 February 2016).