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SUNCORP GROUP TARGETS 10%+ RETURN ON EQUITY BY FY15

Suncorp Group Targets

- Return on Equity (ROE) of 10%+ by FY15
- Increased simplification benefits of \$225 million in FY15 and \$265 million in FY16
- Average growth of 7% p.a. to 9% p.a. for the next two years
- 'Meet or beat' an underlying Insurance Trading Result (ITR) of 12% through the cycle
- Maintain a dividend payout ratio of 60% to 80% of earnings
- Return any excess capital to shareholders

Suncorp Group today outlined its market commitments including targeted topline growth of 7% p.a. to 9% p.a. over the next two years and 10% return on equity by the 2015 financial year.

At the Group's annual Investor Day presentation, Suncorp Group CEO Patrick Snowball detailed the Group's simplification program and outlined an increase in the expected benefits to \$225 million in the 2015 financial year and \$265 million in the 2016 financial year (previously \$200 million in FY16).

"We have made significant progress in the transformation of the Suncorp Group, achieving results ahead of plan. Today we've set targets to drive further benefits," he said.

Mr Snowball was speaking at the market update held at the Suncorp Group's newest joint venture smash repair facility, Q-Plus at Riverwood in Sydney, a state-of-the-art repair centre and one of the largest in Australia.

"Suncorp is the largest user of smash repair services in the country. Our customers told us they wanted more consistent, quality repairs with faster turnaround times. This joint venture and investment in the smash repair industry delivers for customers as well as providing scale and cost savings for the Group," Mr Snowball said.

"Q-Plus caters for more complex repairs and expands on Suncorp's SMART smash repair joint venture which now has 23 facilities. Q-Plus and SMART are indicative of the innovation and scale opportunities being realised within the Suncorp Group.

"At its core, Q-Plus is a simple idea, executed well and that is what we're driving out of our Simplification Program and our 'One Company, Many Brands' strategy."

ASX announcement

One Company
Many Brands



Suncorp's Simplification Program

Mr Snowball said the modern Suncorp Group was a more streamlined and efficient company delivering on its targets by leveraging the strategic assets of capital, cost, customer and culture.

"The simplification projects outlined a year ago have made our policy systems more efficient, consolidated our legal structures and improved productivity," he said.

Key progress includes:

- Embedding the Part 9 Life insurance licence consolidation
- Gaining federal court approval for the General Insurance licence consolidation
- Consolidating legacy insurance policy systems
- Harmonising and automating the procurement process across the Group
- Rolling out Operational Excellence to improve efficiency and productivity across the Group
- Embedding the Bank's Customer Relationship Management system and making good progress on advanced accreditation under Basel III
- Finalising the strategic review of the New Zealand operations and rolling out the Group's building blocks and simplification initiatives

Mr Snowball said the Groups' transformation journey was ongoing and would deliver further benefits.

"All of our lines of business are performing well and generating benefits from our model," he said.

"I'm confident that the strength of our core businesses combined with the benefits of simplification and a more efficient capital structure will mean that we can increase the ROE to at least 10% by FY15."

"Our strategy is clear. We remain focussed on organic growth. Our businesses are growing strongly in low risk, target markets. We expect this will result in growth across the Group of 7% to 9% each year for the next two years. There's plenty more gas in the tank."

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