

stewart

Investor Presentation

Fall/Winter 2024

130 YEARS

Successful Past. Inspired Future.

Cautionary Statements

Cautionary statement regarding forward-looking statements. Certain statements in this earnings release are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements relate to future, not past, events and often address our expected future business and financial performance. These statements often contain words such as “may,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “will,” “foresee” or other similar words. Forward-looking statements by their nature are subject to various risks and uncertainties that could cause our actual results to be materially different than those expressed in the forward-looking statements. These risks and uncertainties include, among other things, the volatility of economic conditions; adverse changes in the level of real estate activity; changes in mortgage interest rates, existing and new home sales, and availability of mortgage financing; our ability to respond to and implement technology changes, including the completion of the implementation of our enterprise systems; the impact of unanticipated title losses or the need to strengthen our policy loss reserves; any effect of title losses on our cash flows and financial condition; the ability to attract and retain highly productive sales associates; the impact of vetting our agency operations for quality and profitability; independent agency remittance rates; changes to the participants in the secondary mortgage market and the rate of refinancing that affects the demand for title insurance products; regulatory non-compliance, fraud or defalcations by our title insurance agencies or employees; our ability to timely and cost-effectively respond to significant industry changes and introduce new products and services; the outcome of pending litigation; our ability to manage risks associated with potential cybersecurity or other privacy or data security breaches; the impact of changes in governmental and insurance regulations, including any future reductions in the pricing of title insurance products and services; our dependence on our operating subsidiaries as a source of cash flow; our ability to access the equity and debt financing markets when and if needed; our ability to grow our international operations; seasonality and weather; and our ability to respond to the actions of our competitors. These risks and uncertainties, as well as others, are discussed in more detail in our documents filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2023, and if applicable, as supplemented by any risk factors contained in our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K filed subsequently. All forward-looking statements included in this earnings release are expressly qualified in their entirety by such cautionary statements. We expressly disclaim any obligation to update, amend or clarify any forward-looking statements contained in this earnings release to reflect events or circumstances that may arise after the date hereof, except as may be required by applicable law.

Non-GAAP Adjustments

Management uses a variety of financial and operational measurements other than its financial statements prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) to analyze its performance. These include: (1) adjusted revenues, which are reported revenues adjusted for net realized and unrealized gains and losses and (2) adjusted pretax income and adjusted net income, which are reported pretax income and reported net income after earnings from noncontrolling interests, respectively, adjusted for net realized and unrealized gains and losses, acquired intangible asset amortization, office closure costs, executive severance expenses and nonrecurring expenses. Adjusted diluted earnings per share (adjusted diluted EPS) is calculated using adjusted net income divided by the diluted average weighted outstanding shares. Adjusted pretax margin is calculated using adjusted pretax income divided by adjusted total revenues. Management views these measures as important performance measures of core profitability for its operations and as key components of its internal financial reporting. Management believes investors benefit from having access to the same financial measures that management uses.

Who We Are

Committed to Becoming the Premier Title Services Company



About Stewart

Stewart (NYSE-STC) is a global real estate services company, offering products and services through our direct operations, network of Stewart Trusted Providers™ and family of companies. From residential and commercial title insurance and closing and settlement services to specialized offerings for the mortgage and real estate industries, we offer the comprehensive service, deep expertise and solutions our customers need for any real estate transaction. At Stewart, we are dedicated to becoming the premier title services company and we are committed to doing so by partnering with our customers to create mutual success.

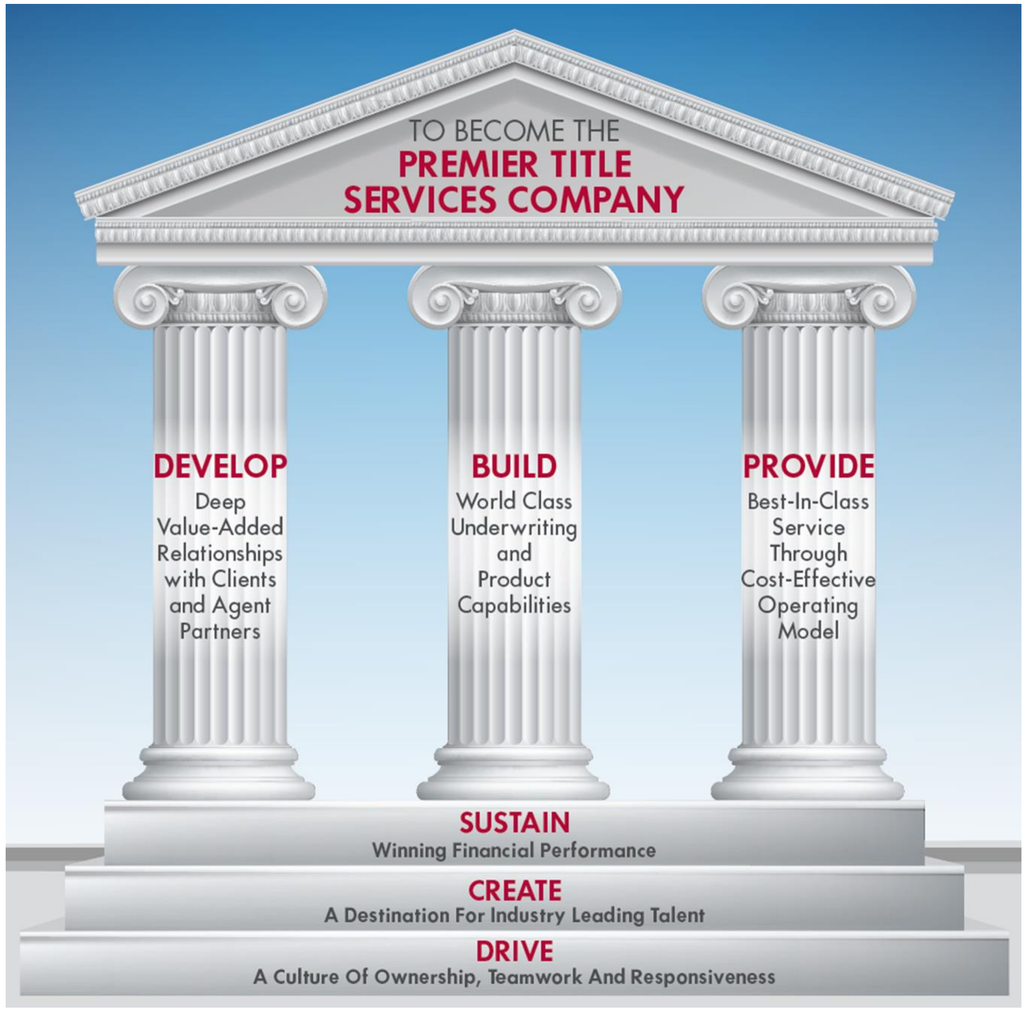
Who We Serve

- Real Estate Agent/Brokers
- Title Agents
- Real Estate Lenders & Servicers
- Home Buyers & Sellers
- Relocation Professionals
- Commercial Agent/Brokers
- Capital Markets Investors
- Real Estate Investors
- Home Builders & Developers
- International Transactions

A-	A”	A-
Fitch Rating	Demotech Rating	A.M. Best Rating

What Drives Us

130 YEARS
Successful Past. Inspired Future.



Winning Approach
We hustle to make big things happen for our clients and partners.

Customer Oriented
We work to ensure our customers have a memorable experience.

Accountable
We deliver on our promises and own the outcomes.

Honest and Courageous
We stand up for what's right and stay open to new ideas.

Team Focus
We collaborate, support our team members and foster growth.

Core Businesses



DIRECT OPERATIONS

Escrow, title services and underwriting for residential purchase, new build, residential refinance and commercial transactions with a focus on local realtor, builder, lender, and consumer relationships

COMMERCIAL SERVICES

Title insurance and closing and escrow services for commercial transactions, serving developers, attorneys, investors, principals, lenders, REITs, Commercial brokers and builders

LENDER SERVICES

End-to-end services, technology and data solutions to support lenders and other institutional and enterprise customers.

Centralized Title Services, Real Estate Services, Real Estate Data and Technology (11 brands)

AGENCY SERVICES

Underwriting support, technology solutions, financial services and industry related education services for residential, commercial and lender servicing Agent partners

When reconciling to our financials, the **title segment** provides services needed to transfer title to property in a real estate transaction and includes services such as searching, abstracting, examining, closing and insuring the condition of the title to the property. In addition, the title segment includes home and personal insurance services, Internal Revenue Code Section 1031 tax-deferred exchanges, and digital customer engagement platform services. The **real estate solutions (RES) segment** supports the real estate industry and primarily includes credit and real estate information services, valuation management services, online notarization and closing services, and search services.

Multi-phase Strategic Journey

Focus & Fortify Position

2020-2023

Invest in the company to create long-term value

- ✓ Gained scale in attractive title markets
- ✓ Used technology to improve customer experience and ease of use – leveraged data, automation and digitization capabilities to help ourselves and our Agent partners
- ✓ Broadened real estate service capabilities across the value chain
- ✓ Acquired 30+ companies to grow share, expand digital capabilities and strengthen products and services
- ✓ Increased capacity to reduce cost of servicing and support sustainable growth

Expand & Innovate

2024-2027

Win share across all core business lines

- Scale Direct Operations in key markets through targeted acquisitions and critical leadership hires
- Increase Commercial presence through continued service differentiation backed by over $800M in surplus and best in class servicing and underwriting
- Capitalize on ease-of-use improvements to win share with Agents in priority markets and commercial sector
- Cross-sell product and services to win seats on top lender panels

Sustain Performance & Position

2028 & beyond

Capitalize on share gains to cement position in critical markets and position the company for another 130 years of success

STC By the Numbers

YTD 2024

as of Q3 2024 results

$1.8B Adjusted Revenues

$1.4B Shareholder's Equity

$67.7M Operating Cash Flow

$62.8M Adjusted Net Income

5.3% Adjusted Pre-Tax Margin

11%
Market share
(FY 2023)

#2 in Canada
#3 in Direct Channel
#4 in Agency Channel

6,800+ Global Employees

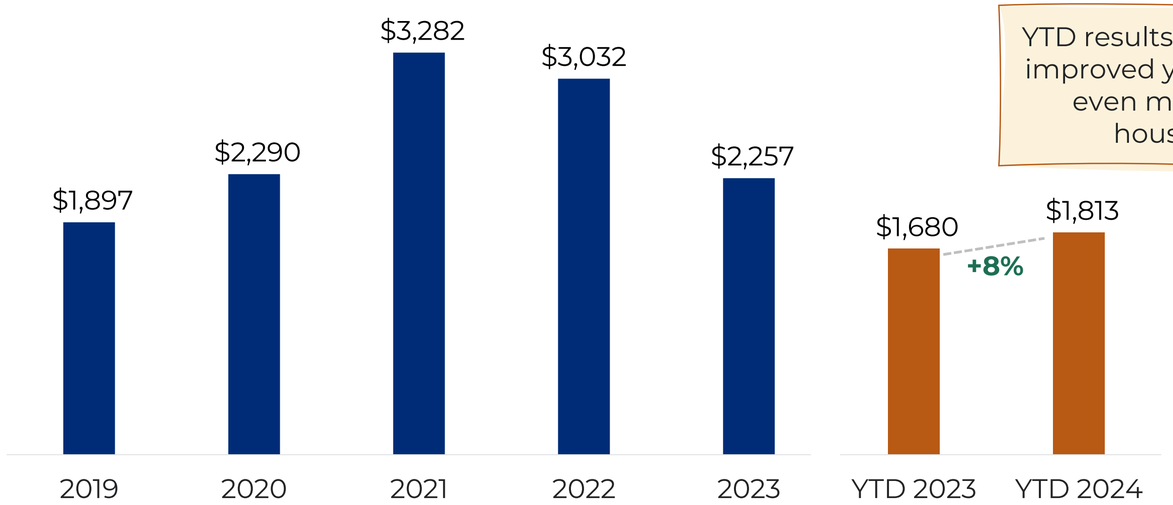
540+ Global Offices

Operations in Australia, Canada, United Kingdom and The United States

Financials as of Q3 2024. Reconciliation of non-GAAP financials available in appendix.
FY 2023 market share data from American Land Title Association (ALTA).

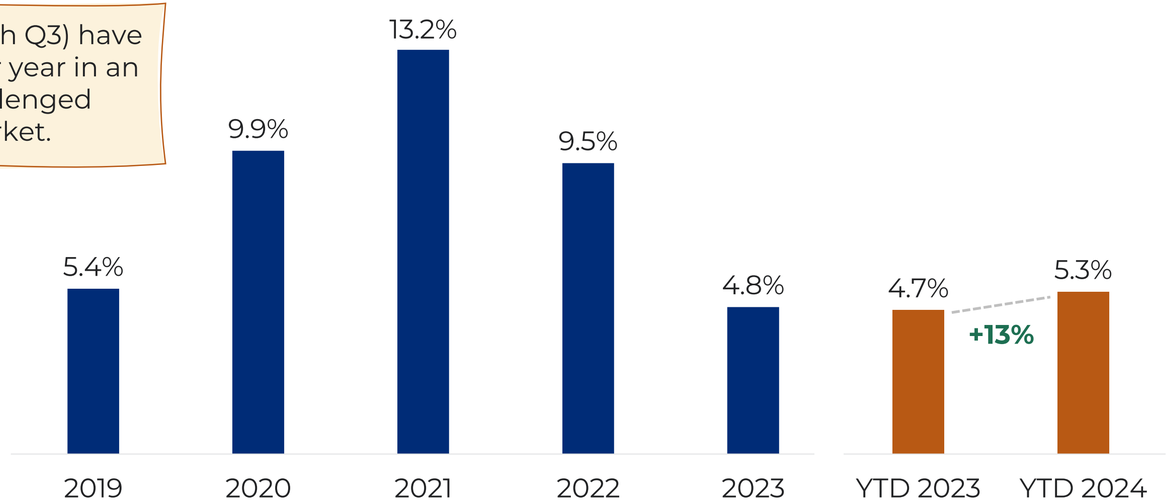
Strong Financial Performance & Solid Balance Sheet

Adjusted Revenues

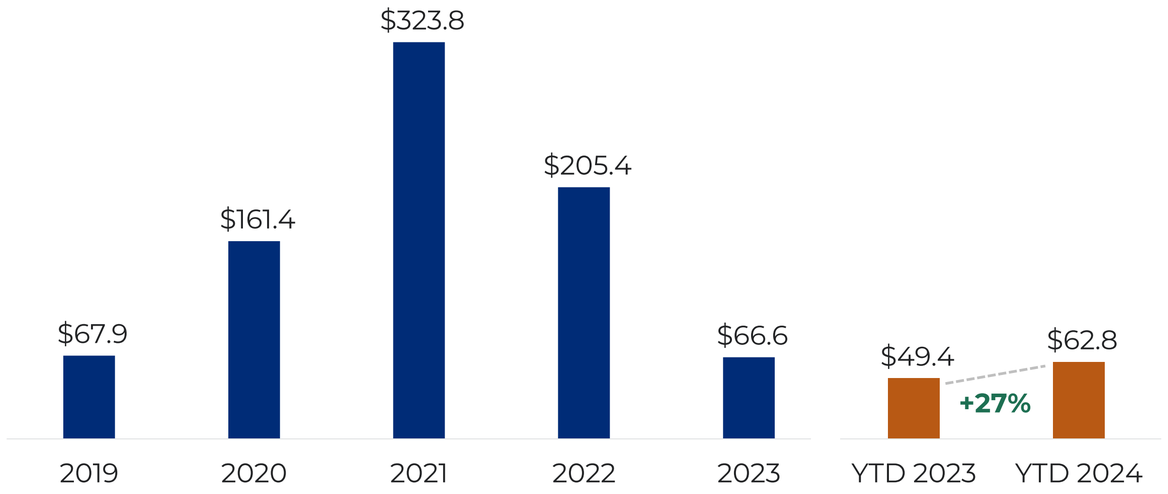


YTD results (through Q3) have improved year over year in an even more challenged housing market.

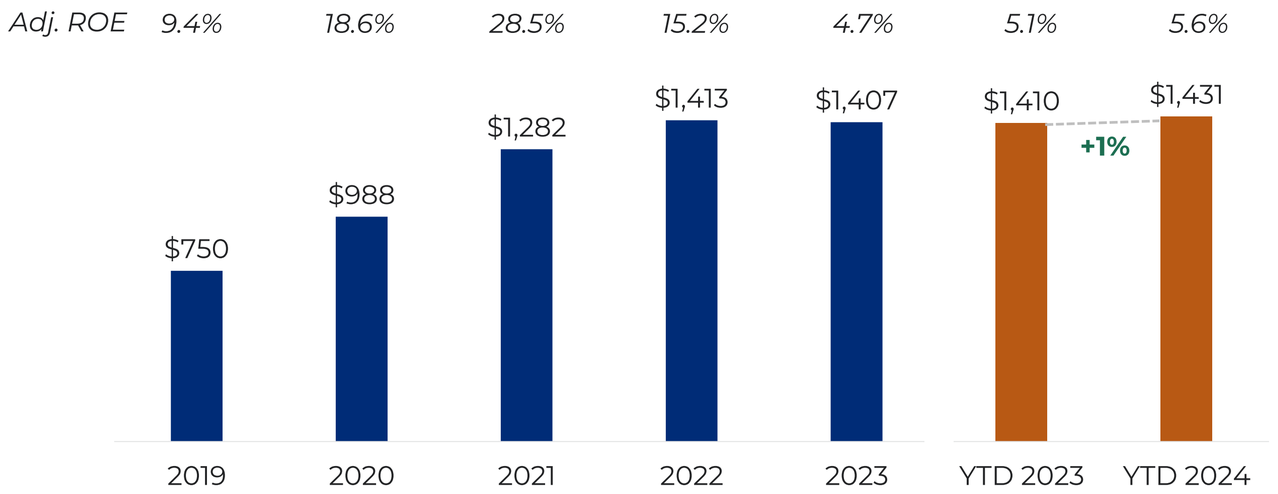
Adjusted Pretax Margin



Adjusted Net Income



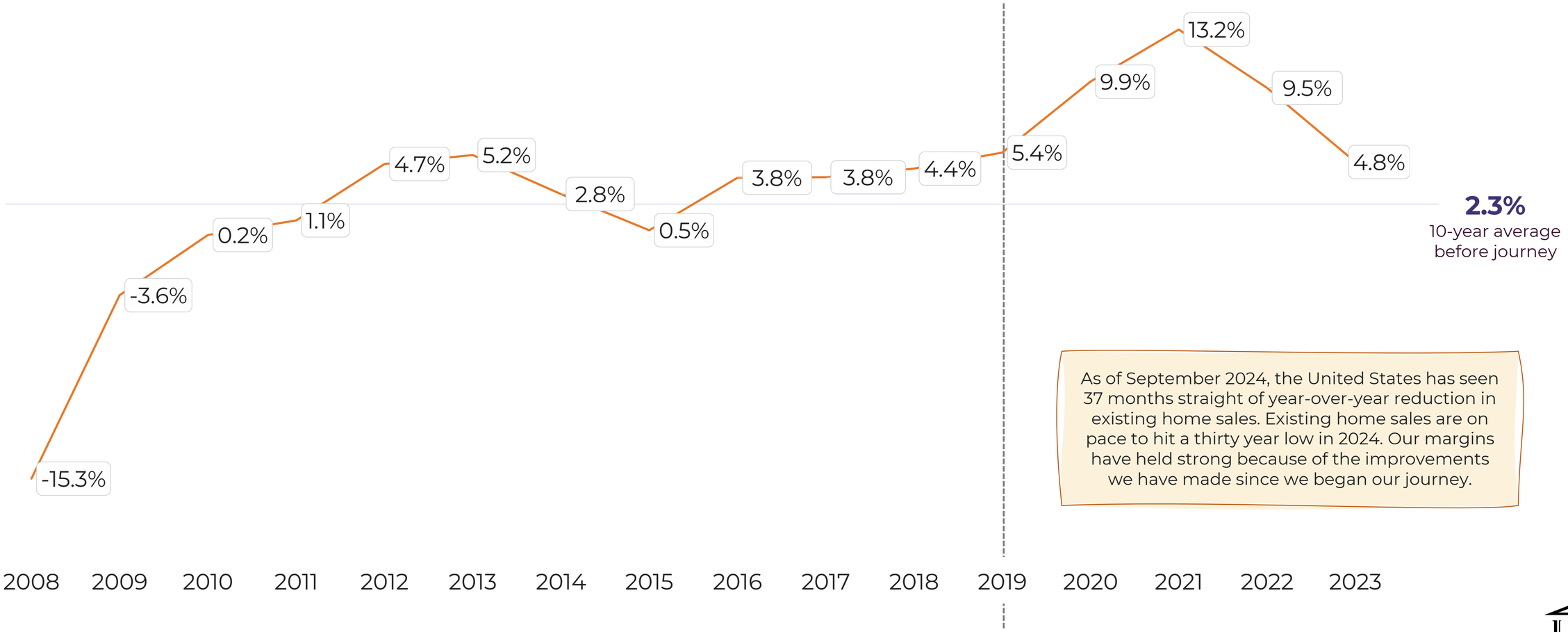
Book Value (Excl. AOCI)



Reconciliation of non-GAAP financials available in appendix.

Margin Improvement On The Journey

We have stabilized our margin since beginning our journey in 2019, and our margin is stronger than it was the 10 years prior to the journey in even harsher market conditions.



As of September 2024, the United States has seen 37 months straight of year-over-year reduction in existing home sales. Existing home sales are on pace to hit a thirty year low in 2024. Our margins have held strong because of the improvements we have made since we began our journey.

Chart displays pre-tax margin through 2018 and adjusted pre-tax margin 2019 – 2023.
Reconciliation of non-GAAP financials available in appendix
2023 existing home sales data from NAR. Existing home sales 2024 expectation from September 2024 Fannie Mae press release.

Ability to Achieve Consistent Double-Digit Margin

We have made significant improvements to our operations and believe we will achieve double digit margin when the macro housing environment returns to more normal levels (5M units sold)



Focus on Scale



Ease of Use



Centralization of Title Production



Data Access & Use

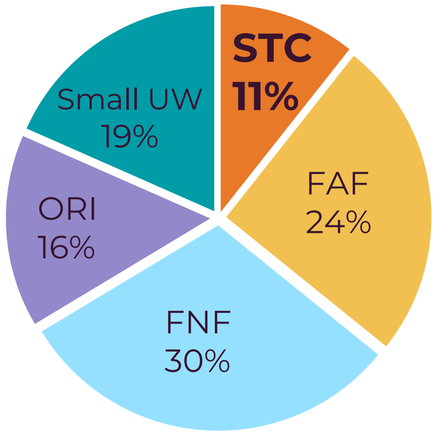
- Global and centralized centers provide lower cost scale and expanded service times
- Customer connectivity and digital tools like Remote Online Notary (RON) improve ease of use
- Digitized data, synthetic starter database, AI and automated workflow simplifies and speeds title exam and commitment

Greater Opportunity to Win Share

Portion of market available for us to win is significantly larger than that of our competition

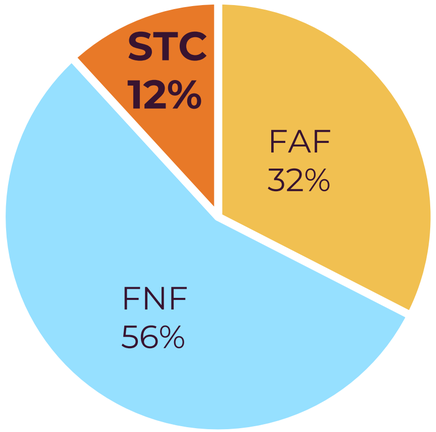
Title Market Share

As of Q4 2023



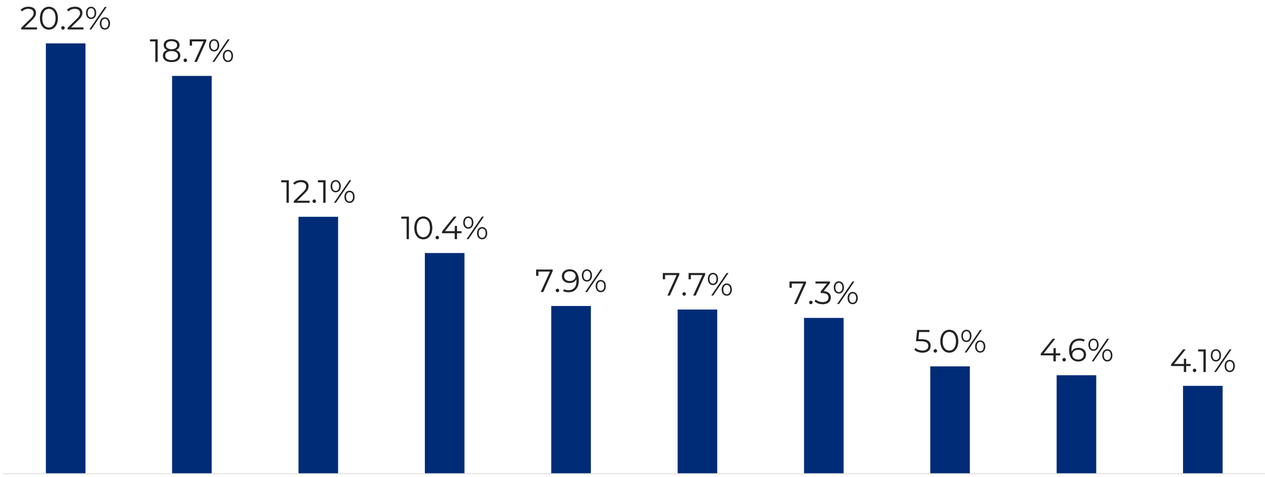
Commercial Share versus Top 2 Players

As of Q4 2023



Significant Opportunity to Grow in Top 10 States (By Premium)

Stewart's market share by written premium



Total Industry Written Premium ($ in mm):	NY	OH	TX	NJ	PA	GA	AZ	CA	IL	FL
	$890	$440	$2,261	$434	$596	$491	$481	$1,296	$468	$1,916

FY 2023 market share data from from American Land Title Association (ALTA).



Appendix

Reconciliations FY 2019 - Q3 2024

Non-GAAP Reconciliation: Revenue

	2019	2020	2021	2022	2023	YTD 2023	YTD 2024
GAAP total revenues	**$1,940**	**$2,288**	**$3,306**	**$3,069**	**$2,257**	**$1,675**	**$1,824**
Non-GAAP adjustments:							
Net realized and unrealized (gains) losses	-$43	$2	-$24	$2	$0	$5	-$11
Other revenues	$0	$0	$0	-$39	$0	$0	$0
Adjusted total revenues	**$1,897**	**$2,290**	**$3,282**	**$3,032**	**$2,257**	**$1,680**	**$1,813**

- Adjusted revenues are reported revenues adjusted for net realized and unrealized gains and losses.
- Adjusted pretax income and adjusted net income, which are reported pretax income and reported net income after earnings from noncontrolling interests, respectively, adjusted for net realized and unrealized gains and losses, acquired intangible asset amortization, office closure costs, and executive severance expenses.
- Adjusted pretax margin is calculated using adjusted pretax income divided by adjusted total revenues.
- Adjusted ROE is on an annual basis and excludes AOCI.
- Book value excludes non-controlling interests and AOCI.
- Reconciliation of non-GAAP financials available in appendix.

Non-GAAP Reconciliation: Net Income

	2019	2020	2021	2022	2023	YTD 2023	YTD 2024
GAAP net income	**$79**	**$155**	**$323**	**$162**	**$30**	**$22**	**$51**
Non-GAAP pretax adjustments:							
Net realized and unrealized (gains) losses	($43)	$2	($24)	$2	$0	$5	($11)
Acquired intangible asset amortization	$10	$4	$19	$33	$36	$27	$25
Office closure costs	$7		$6	$11	$7	$1	$2
Severance expenses	$7	$3	$0	$4	$3	$2	$1
Other expenses	$6		$0	$8	$1	$1	$0
Net tax effect of non-GAAP adjustments	$3	($2)	($0)	($14)	($11)	($9)	($4)
Non-GAAP adjustments, net of tax	**($11)**	**$7**	**$1**	**$43**	**$36**	**$28**	**$12**
Adjusted net income	**$68**	**$161**	**$324**	**$205**	**$67**	**$49**	**$63**

- Adjusted revenues are reported revenues adjusted for net realized and unrealized gains and losses.
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Non-GAAP Reconciliation: Pre-Tax Margin

	2019	2020	2021	2022	2023	YTD 2023	YTD 2024
GAAP pretax income	**$117**	**$219**	**$434**	**$233**	**$61**	**$42**	**$79**
Non-GAAP pretax adjustments:							
Net realized and unrealized (gains) losses	($43)	$2	($24)	$2	$0	$5	($11)
Acquired intangible asset amortization	$10	$4	$19	$33	$36	$27	$25
Office closure costs	$7		$6	$11	$7	$1	$2
Severance expenses	$7	$3	$0	$4	$3	$2	$1
Other expenses	$6		$0	$8	$1	$1	$0
Adjusted pretax income	**$103**	**$227**	**$435**	**$289**	**$109**	**$79**	**$96**
Adjusted revenues	**$1,897**	**$2,290**	**$3,282**	**$3,032**	**$2,257**	**$1,680**	**$1,813**
Adjusted pretax margin	**5.4%**	**9.9%**	**13.2%**	**9.5%**	**4.8%**	**4.7%**	**5.3%**

- Adjusted revenues are reported revenues adjusted for net realized and unrealized gains and losses.
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- Adjusted ROE is on an annual basis and excludes AOCI.
- Book value excludes non-controlling interests and AOCI.
- Reconciliation of non-GAAP financials available in appendix.

Non-GAAP Reconciliation: Book Value

	2019	2020	2021	2022	2023	YTD 2023	YTD 2024
Stockholder equity attributable to Stewart	**$747**	**$1,005**	**$1,282**	**$1,362**	**$1,371**	**$1,351**	**$1,407**
Accumulated other comprehensive income/loss (AOCI)	($3)	$17	$253	($51)	($35)	($59)	($24)
Book value (excluding AOCI)	**$750**	**$988**	**$1,282**	**$1,413**	**$1,407**	**$1,410**	**$1,431**

- Adjusted revenues are reported revenues adjusted for net realized and unrealized gains and losses.
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