27 August 2018

The Manager
Market Announcements Office
Australian Securities Exchange Ltd
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

FOR RELEASE TO THE MARKET

Dear Sir / Madam,

Re: Media Release and Presentation of Results for the Full Year Ended 30th June 2018

Please find attached for immediate release in relation to AUB Group Limited (ASX: AUB) the following:

- Media Release
- Presentation

Yours faithfully,

Justin Coss
Company Secretary

For further information, contact Justin Coss Tel: (02) 9935 2224
justinc@aubgroup.com.au

ASX release

27 August 2018

AUB Group's focused approach delivers strong organic growth

Summary:

- Adjusted NPAT[1] $44.6 million (FY17: $40.4 million) up 10.3%.
- Adjusted earnings per share 69.8 cents up 10.3%.
- Reported Net Profit After Tax $46.5 million (FY17: $33.0 million), up 41%.
- All operational areas grew and Group cost-to-income ratio reduced.
- Organic growth the key driver of business performance.
- Final fully franked dividend of 32.0 cents per share, bringing the total declared dividends for 2018 to 45.5 cents per share, up 3.5 cents per share, up 8.33% on prior year.

AUB Group Limited (ASX:AUB) has reported a 10.3% increase in Adjusted Net Profit After Tax (Adjusted NPAT[1]), to $44.6 million (FY17: $40.4 million), with good performance evidenced from all operational areas. On an Adjusted basis, earnings per share has increased to 69.8 cents per share, up 10.3% over the prior comparable period.

Consolidated Net Profit After Tax (Reported NPAT) increased 41% to $46.5 million in FY18 (FY17: $33.0 million) due to growth across all operating areas, adjustments to carrying value of investments in FY18, and other non-cash accounting adjustments relating to mergers and acquisitions.

AUB Group CEO and Managing Director Mark Searles said, "I am pleased to report another strong set of financial results from AUB Group. The Group continued to build on our strategic intent, 'to be the leading provider of risk management advice and solutions to clients' with each operating area growing and our corporate costs being well-managed. The Group's results were driven primarily by organic growth. Focused execution of our strategy, including continued and increasing collaboration between our partners, and the rising premium rate environment, will further support the Group's financial performance going forward."

The company has declared a final dividend of 32.0 cents per share fully franked, bringing the dividend for FY18 to a total of 45.5 cents per share; an increase of 8.33% (FY17: 42.0 cps).

Highlights of the FY18 results by operating area include:

Australian Broking

- **8.7% increase in profit contribution from Australian Broking over the period.** Australian Broking contributed $53.5 million (FY17: $49.2 million) to the Group, in a market where commercial lines insurance premiums increased on an average basis by low-mid single digits over the year.
- **Organic growth was a key driver of the result.** This included increases in client numbers and policy count, and increased cross-sell, in turn enabling margin improvement and growth in profit.
- **Good growth in premium funding operations of 8.6%** in part due to the joint venture relationship with Hunter Premium Funding.

New Zealand Broking

- **18.5% increase in profit contribution from New Zealand to $6.5 million** (FY17: $5.5 million), reflecting strong organic growth and the contribution from acquisitions during the year.

1 NPAT excluding adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, impairment charge and amortisation of intangibles. Performance measure used by management to assess underlying business performance.

- **Organic growth has been delivered** as a result of increases in new clients, life income and premium funding income supported by a hardening premium rate environment.
- **The market strength of NZbrokers has been further enhanced** with four new members joining the network which now manages in excess of NZ$625 million GWP, building on its position as the largest broking management group in NZ.

Risk Services

- **Despite potential headwinds (previously-flagged) relating to changes in NSW Workers Compensation, the division surpassed expectations to record a 9% increase in revenue.**
- **Revenue growth continued throughout the year** as businesses expanded geographically and into new services. The impact of investment in resources to support new services ahead of revenues partially offset revenue growth.

Underwriting Agencies (SURA)

- **11% increase in profit contribution from Underwriting Agencies** ($13.9 million vs FY17: $12.5 million) driven by increased policy count (+4.2%), average mid-single digit premium rate increases and focus on strategic execution. During the period, two agencies were divested. This was partially offset by the full year impact of the Fleetsure acquisition. EBIT margins remained strong at 35%.
- **Portfolio rationalisation continues within the Agency business.** This will lead to decreased reliance on profit commissions going forward and continued strong operating margins.
- **The implementation of the new underwriting system has commenced** and will roll-out over the next three years. The system will deliver improved operational efficiencies, governance and service delivery in future years.

Group services, people and corporate costs

- **The Group's focus on managing the overall cost base resulted in a decrease in the cost to income ratio, which improved to 18.9%[2].**
- The Group continued to invest in people initiatives to improve the 'bench strength' of our talent. Outcomes include new courses offered by the AUB Academy, and increasing participation.

Capital management

- **Net assets at 30 June are $357.2 million** (FY17: $345.8 million), up predominantly due to underlying profit growth less dividends offset by a reduction in retained earnings resulting from transactions with owners in their capacity as owners. A change in ownership interest without loss of control is accounted for as an equity transaction.
- **Gearing increased to 25.3%** (FY17: 21.6%) as a result of drawdowns for acquisitions. The parent entity has cash and undrawn committed facilities of $59.5 million at 30 June 2018. A new Group lending facility was put in place in the first half of FY18.
- Previous year comparatives changed due to recognition of put option liability/reserve[3].

Dividends

The Board has declared a fully-franked final dividend of 32.0 cents per share, bringing the total dividends declared for the year to 45.5 cents, up 8.3% on FY17. This dividend is payable on 9 October 2018 to shareholders on the record date of 10 September 2018. Dividend Reinvestment Plan (DRP) arrangements remain suspended.

Outlook

- The Group will continue to maintain its disciplined approach to executing our business model, operating model and strategy – factors that have contributed to the positive growth in prior periods.
- The commercial lines premium rate environment in Australia and New Zealand will continue to evidence modest average increases across all lines with our expectation that the average commercial line rate impact for the Group in FY19 and FY20 respectively will be 5% per annum. This will have a positive impact on Group revenue however there will be a degree of offset as partner businesses invest in future growth initiatives.
- The Group remains focused on driving organic growth that accords with the strategy. Furthermore, we will continue to investigate acquisitions and start-up investment opportunities.

2 Calculated as AUB corporate costs (excluding acquisition, finance and project costs) normalised for STI at target as a percentage of net income before corporate costs and tax.

3 See note 2.3 of financial statements

- We remain focused on geographic diversification and cross-sell opportunities in our Risk Services businesses. We expect the impact of the NSW workers compensation changes to extend into FY19, with the impact of these changes lessened as a result of increasing diversification.
- Having built a strong distribution platform in New Zealand, the Group will look to introduce new services to the market that accord with the Group's strategy.
- In the context of a mid-single digit premium rate environment; partner investment and a degree of economic uncertainty, the Group expects Adjusted NPAT in the range of 7-12% growth over FY18.

Webcast

David Clarke, Chair, Mark Searles, CEO & Managing Director and Mark Shanahan, Chief Financial Officer will host a webcast today at 10.00am AEST followed by a Q&A session – details below:

Direct DDI(s) for teleconference:	Australia Access:	1800 093 431
	New Zealand:	0800 452 257
	International:	+61 2 8047 9393
Teleconference participant pin code:	68607332#	

Webcast audience link:
http://event.onlineseminarsolutions.com/wcc/r/1675038-1/E599323D6321392A9B7B49C06488615F

M. P. L. Searles
CEO & Managing Director

For further information, contact Mark Searles Tel (02) 9935 2255
Mark Shanahan Tel (02) 9935 2231

– Ends –

This release contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", "guidance, "forecast", "estimates", "could", "may", "target", "consider", "will" and other similar expressions. Forward looking statements, opinion and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcome s will not differ materially from these statements. To the fullest extent permitted by law, AUB Group and its directors, officers, employees, advi sers, agents and intermediaries do not warrant that these forward looking statements relating to future matters will occur and disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

AUB GROUP FY18 PRESENTATION OF FINANCIAL RESULTS

Table 1 Financial Results Summary

FINANCIAL RESULTS SUMMARY	FY18 $ 000	FY17 $ 000	Variance %
Revenue from ordinary activities [1]	278,479	264,509	5.3%
Adjusted NPAT [2]	44,554	40,382	10.3%
Profit before tax	68,148	54,377	25.3%
Net profit after tax (before non-controlling interests)	54,971	43,101	27.5%
Net profit attributable to members (Reported NPAT)	46,520	32,988	41.0%
Reported earnings per share (cents)	72.9	51.7	41.0%
Adjusted earnings per share (cents) [2]	69.8	63.3	10.3%
Dividend per share (cents)	45.5	42.0	8.3%

1 Revenue from ordinary activities includes the Group's share of net profit after tax from associates which are companies and the Group's share of net profits before tax from associates which are unit trusts.

2 Adjusted NPAT represents the underlying profitability of the business used by management and the board to assess performance of the business. Further details are provided in the table below. Adjusted earnings per share is earnings per share calculated with reference to Adjusted NPAT.

Table 2 Reconciliation of Adjusted NPAT to Reported NPAT[1]

The Reported profits of the business include non-operational items, such as profits and losses on sale of equity interests, fair value adjustments to carrying values on ownership changes, changes to estimates or payments of deferred contingent consideration amounts, impairment adjustments and amortisation of intangible assets. These profits or losses are not part of the regular trading activities and can distort the underlying performance of the business. These items have been eliminated to provide a clear representation of the underlying trading performance. This measure, labelled Adjusted NPAT, is used by management and the Board to assess operational performance, and is reconciled below.

RECONCILIATION OF ADJUSTED NPAT TO REPORTED NPAT [1]	FY18 $ 000	FY17 $ 000	Variance %
Net Profit after tax attributable to equity holders of the parent	46,520	32,988	41.0%
Reconciling items net of tax and non controlling interest adjustments for:			
Adjustments to contingent consideration for acquisitions of controlled entities and associates [2]	(114)	5,811	
Add back offsetting impairment charge to the carrying value of associate & goodwill , related to above [2]	153	2,623	
Add back impairment charge to the carrying value of controlled entity - net of non controlling interests [3]	1,725	-	
Net adjustment	1,764	8,434	
Less / plus profit on sale or deconsolidation of controlled entities net of tax [4]	157	-	
Plus movement in put option liability [5]	527	-	
Less profit on sale of associates/insurance broking portfolios net of tax [4]	(861)	(661)	
Adjustment to carrying value of entities (to fair value) on date they became controlled or deconsolidated [4]	(7,753)	(4,334)	
Net Profit from operations	40,354	36,427	10.8%
Add back amortisation of intangibles net of tax [6]	4,200	3,955	6.2%
Adjusted NPAT	**44,554**	**40,382**	**10.3%**

1 The financial information in this table has been derived from the audited financial statements. The adjusted NPAT is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.

2 The Group's acquisition policy is to defer a component of the purchase price, which is determined by future financial results. An estimate of the contingent consideration is made at the time of acquisition and is reviewed and varied at balance date if estimates change, or payments are made. This adjustment can be a loss (if increased) or a profit (if reduced). Where an estimate or payment is reduced, an offsetting adjustment (impairment) may be made to the carrying value.

3 Profits on deconsolidation occur when interests in a controlled entity are sold or it becomes an associate.

4 The Group sold shareholdings in certain entities over the period, resulting in profits on sale. Such profits may not occur in a future periods unless similar transactions occur.

5 The adjustments to carrying values of associates or controlled entities arise where the Group increases its equity in associates whereupon they became controlled entities or decreases its equity in a controlled entity and it becomes an associate (deconsolidated). As required by accounting standards the carrying values for the existing investments have been adjusted to fair value and the increase included in net profit. Such adjustments will only occur in future if further acquisitions or sales of this type are made.

6 Amortisation of intangibles expense decreased over the prior period due to some intangible assets being fully amortised. Amortisation expense is a non-cash item.

Table 3 Management Presentation of Results

A number of the businesses in the AUB Group are associates and are not consolidated in the financial statements. In order to give a more comprehensive view of performance, the following table aggregates 100% of these businesses' revenues and expenses with those of the consolidated businesses before deducting outside shareholder interests. This provides a view as to the growth in the network without potential distortion from shareholding changes that may move entities from consolidated to associates or vice versa. The following analysis is presented on an Adjusted NPAT basis. A reconciliation of this data to the operating segments per the financial statements is included in the Director's Report.

MANAGEMENT PRESENTATION OF RESULTS	FY18	FY17	Variance	Variance
	$ 000	$ 000	$	%
Australian Broking revenue	337,607	312,720	24,887	8.0%
Australian Broking expenses	(235,624)	(218,967)	(16,657)	7.6%
EBIT - Australian Broking	**101,983**	**93,753**	**8,230**	**8.8%**
New Zealand Broking revenue	42,434	38,412	4,022	10.5%
New Zealand Broking expenses	(26,803)	(25,049)	(1,754)	7.0%
EBIT - New Zealand Broking	**15,631**	**13,363**	**2,268**	**17.0%**
Underwriting Agencies revenue	56,585	56,317	268	0.5%
Underwriting Agencies expenses	(36,844)	(36,698)	(146)	0.4%
EBIT - Underwriting Agencies	**19,741**	**19,619**	**122**	**0.6%**
Risk Services revenue	88,068	80,797	7,271	9.0%
Risk Services expenses	(73,419)	(66,947)	(6,472)	9.7%
EBIT - Risk Services	**14,649**	**13,850**	**799**	**5.8%**
Total revenue - operating entities	524,694	488,246	36,448	7.5%
Total expenses - operating entities	(372,690)	(347,661)	(25,029)	7.2%
Total EBIT - operating entities	**152,004**	**140,585**	**11,419**	**8.1%**
Corporate revenue	2,187	2,248	(61)	-2.7%
Corporate expenses	(17,070)	(17,055)	(15)	0.1%
EBIT - Corporate	**(14,883)**	**(14,807)**	**(76)**	**0.5%**
Total - Group revenue	526,881	490,494	36,387	7.4%
Total - Group expenses	(389,760)	(364,716)	(25,044)	6.9%
Total- EBIT AUB Group before NCI (underlying EBITA)	**137,121**	**125,778**	**11,343**	**9.0%**
Interest expense - Operating entities	(8,225)	(7,492)	(733)	9.8%
Interest expense - Corporate	(2,353)	(1,762)	(591)	33.5%
Total - Interest expense	**(10,578)**	**(9,254)**	**(1,324)**	**14.3%**
Profit before NCI	**126,543**	**116,524**	**10,019**	**8.6%**
Non - Controlling Interest (NCI)	(62,191)	(58,413)	(3,778)	6.5%
Adjusted Net profit before tax	**64,352**	**58,111**	**6,241**	**10.7%**
Income tax expense	(19,798)	(17,729)	(2,069)	11.7%
Adjusted NPAT	**44,554**	**40,382**	**4,172**	**10.3%**

AUB GROUP LTD
FULL YEAR RESULTS

FOR THE PERIOD ENDED
30 JUNE 2018 (FY18)

27 AUGUST 2018

AUB GROUP

NOTICE

SUMMARY INFORMATION

This document has been prepared by AUB Group Limited (ABN 60 000 000 715) (AUB). It is a presentation of general background information about AUB's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with AUB's other announcements released to ASX (available at www.asx.com.au). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate.

TERMINOLOGY

This presentation uses Adjusted NPAT to present a clear view of the underlying profit from operations. Adjusted NPAT comprises consolidated profit after tax adjusted for value adjustments for the carrying value of associates, after tax profits on the sale of portfolios, interests in associates and controlled entities, contingent consideration adjustments, and income tax credits arising from the recognition of deferred tax assets. It is used consistently and without bias year on year for comparability. A reconciliation to statutory profit is provided in the appendix to this Presentation.

FORWARD LOOKING STATEMENTS

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AUB, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that the actual outcomes will not differ materially from these statements. Neither AUB nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Except as required by applicable law or the ASX Listing Rules, AUB disclaims any obligation or undertaking to publicly update any forward looking statements, whether as a result of new information or future events.

Statements about past performance are not necessarily indicative of future performance.

NOT AN OFFER

This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to issue, purchase, or sale of any shares or other financial products in AUB. This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (Securities Act) (US Person)). Securities may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration. AUB shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States.

OVERVIEW

MARK SEARLES
CEO & MANAGING DIRECTOR

PERFORMANCE HIGHLIGHTS – FY18

EARNINGS

ADJUSTED NPAT 10.3%

ADJUSTED EPS 10.3%

REPORTED NPAT 41%

SHAREHOLDER RETURN

ADJUSTED EPS +6.6 cps

FULLY FRANKED DIVIDEND +3.5 cps

GROWTH

AUSTRALIAN BROKING COMMISSION + FEE INCOME 9.1%

NEW ZEALAND PROFIT CONTRIBUTION 18.5%

RISK SERVICES REVENUE GROWTH 9%

SURA PROFIT CONTRIBUTION 11%

CAPITAL MANAGEMENT

NET ASSETS $357.2M

CASH & UNDRAWN FACILITIES $59.5M

PERFORMANCE HIGHLIGHTS – THE DETAILS

Delivering strong profit and revenue growth	FY18	FY17	GROWTH
Adjusted NPAT growth ($m)	44.6	40.4	+10.3%
Reported NPAT growth ($m)	46.5	33.0	+41.0%
Underlying[1] Revenue increase ($m)	524.7	488.2	+7.5%
Underlying[1] EBITA increase ($m)	137.1	125.8	+9.0%
Underlying[1] EBITA margin increase (%)	28.97	28.79	+18bps

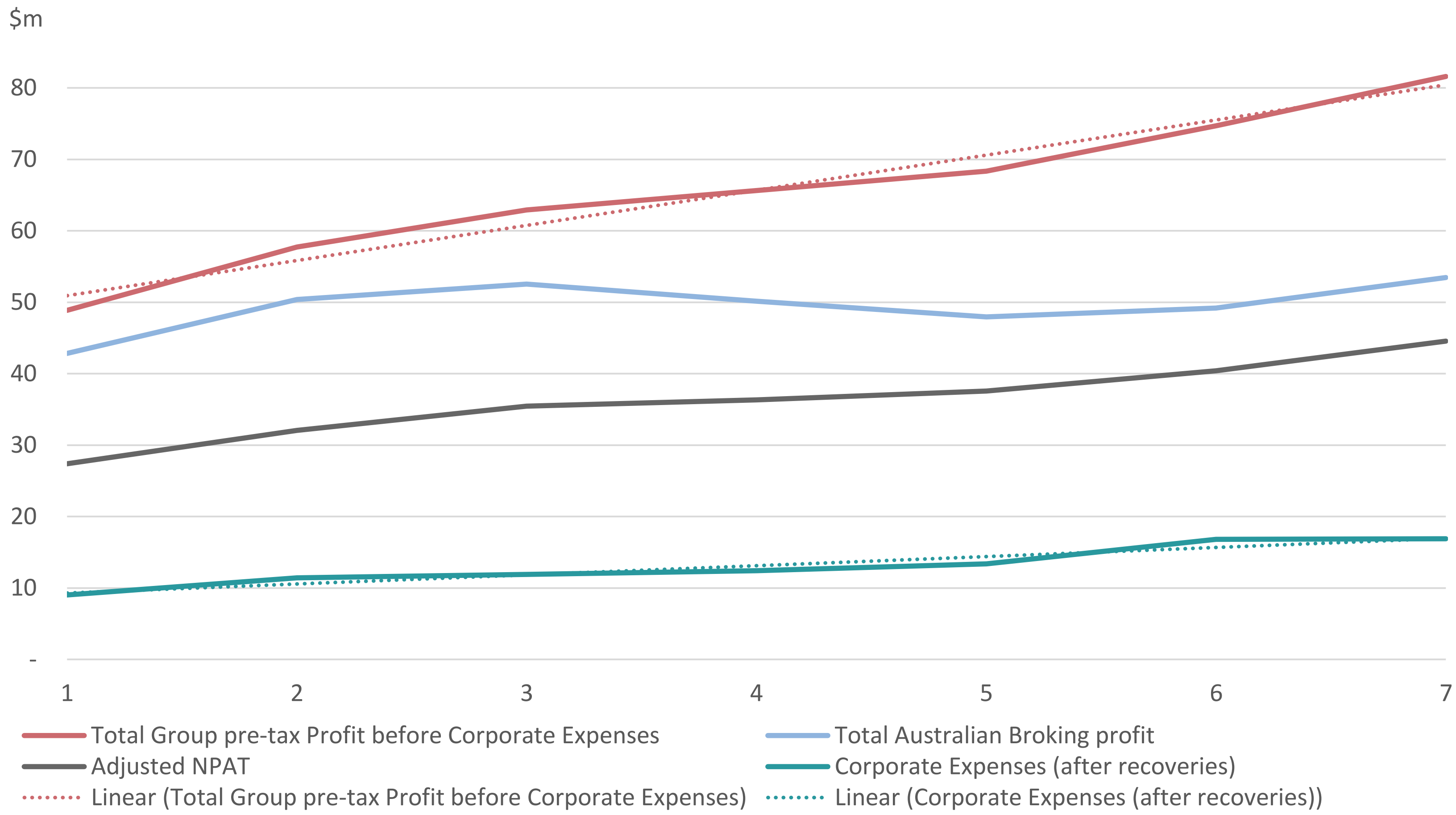
Organic growth: The key driver across all business areas (Increase in Organic EBIT over pcp)	
Australian broking	+5.5%
New Zealand broking	+16.5%
Underwriting Agencies	+16%
Risk Services	+5.8%

A track record of achieving positive shareholder returns	FY18	FY17	
Adjusted EPS growth (cps)	69.8	63.2	+10.3%
Full year dividend per share	45.5	42.0	+ 8.3%

[1] Underlying Management Results: a number of the businesses in the AUB Group are associates and are not consolidated in the financial statements. In order to give a more comprehensive view of performance, these numbers aggregate 100% of all business revenues and expenses with those of the consolidated businesses before deducting outside shareholder interests. Excludes non-operational accounting adjustments relating to acquisitions. Refer Appendix 2 for further detail.

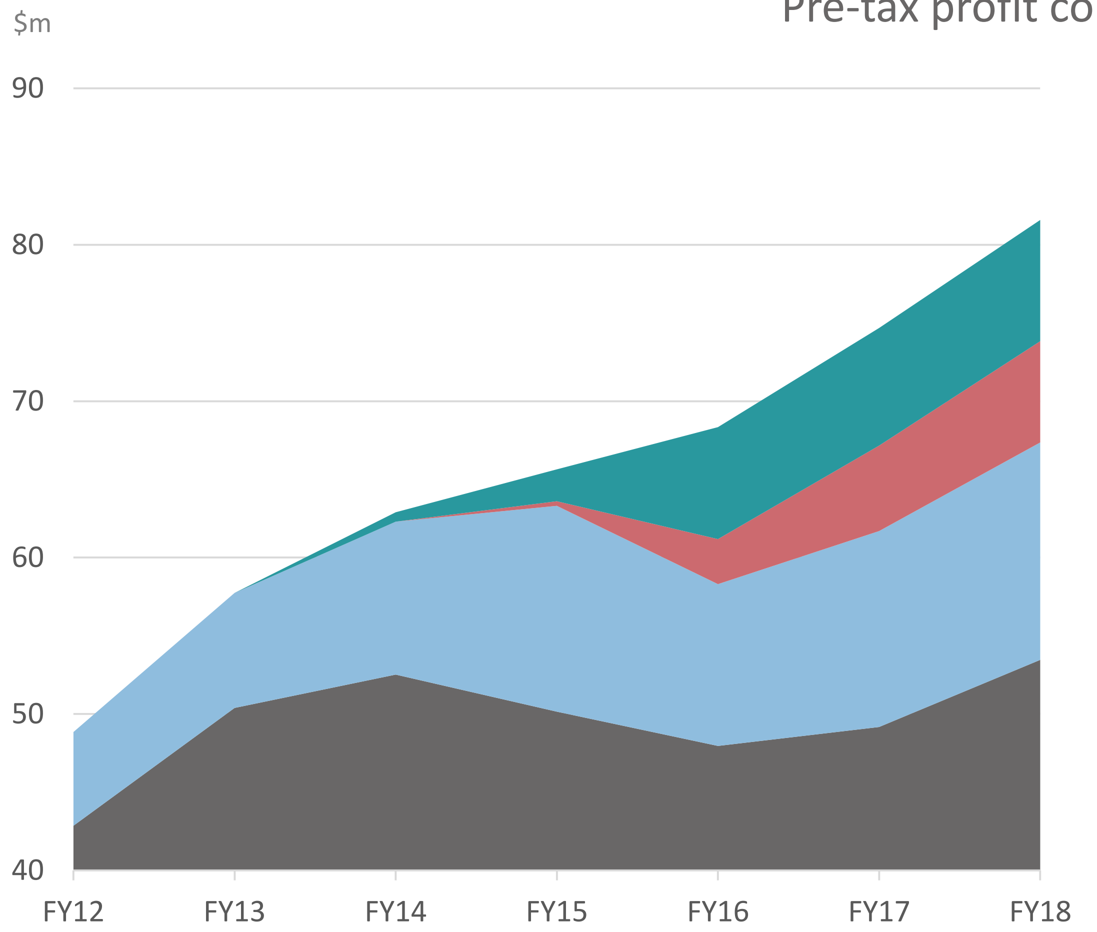
[2] NPAT excluding adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, impairment charge and amortisation of intangibles. Performance measure used by management to assess underlying business performance.

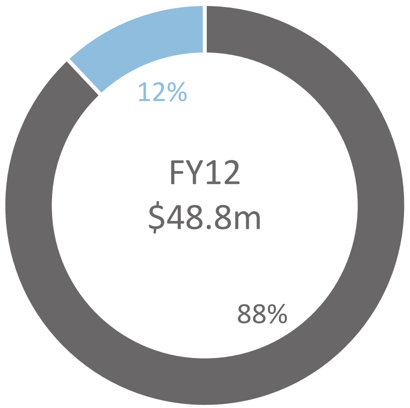
EXECUTION OF GROUP STRATEGY SUPPORTS CONTINUOUS GROWTH

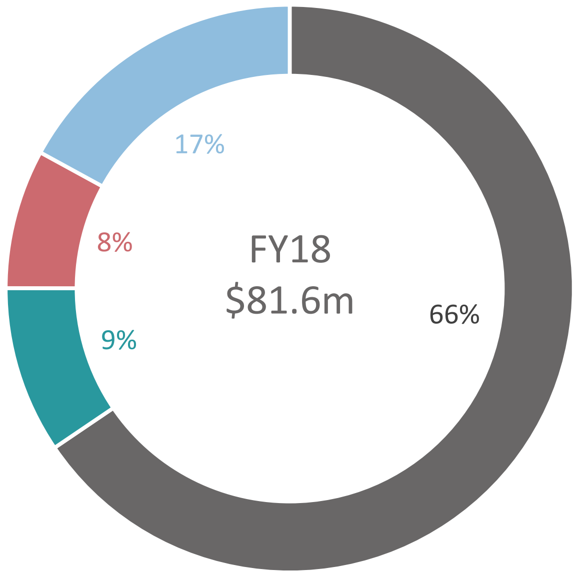


EXECUTION OF GROUP STRATEGY SUPPORTS CONTINUOUS GROWTH

Pre-tax profit contribution by division since FY12[1]







■ Australian Broking ■ Underwriting Agencies ■ New Zealand Broking ■ Risk Services

[1] Excludes corporate income and expenses

INVESTMENT IN CULTURE CONTINUES TO DELIVER

BOARD & MANAGEMENT FOCUS

FULL-DAY WORKSHOP HELD ON CULTURE WITH BOARD & MANAGEMENT

ONGOING MONITORING & REPORTING ON CULTURE TO THE BOARD

NEDs APPOINTED TO THREE DIVISIONAL BOARDS

LEARNING & DEVELOPMENT

47

LEADERS AWARDED DIPLOMA OF LEADERSHIP & MANAGEMENT THROUGH AUB GROUP ACADEMY

DIVERSITY & INCLUSION

33% FEMALE BOARD REPRESENTATION EXCEEDS AICD GUIDELINE

44% OF SENIOR MANAGEMENT ARE FEMALE

✓ WGEA 2018 ACCREDITATION FOR AUB GROUP

ENGAGEMENT

EMPLOYEE ENGAGEMENT 10%

STAFF PERCEPTION OF LEADERSHIP 22%

AUB GROUP

FINANCIAL PERFORMANCE

MARK SHANAHAN
CHIEF FINANCIAL OFFICER

AUB GROUP

KEY RESULTS

Growth in all operating areas.

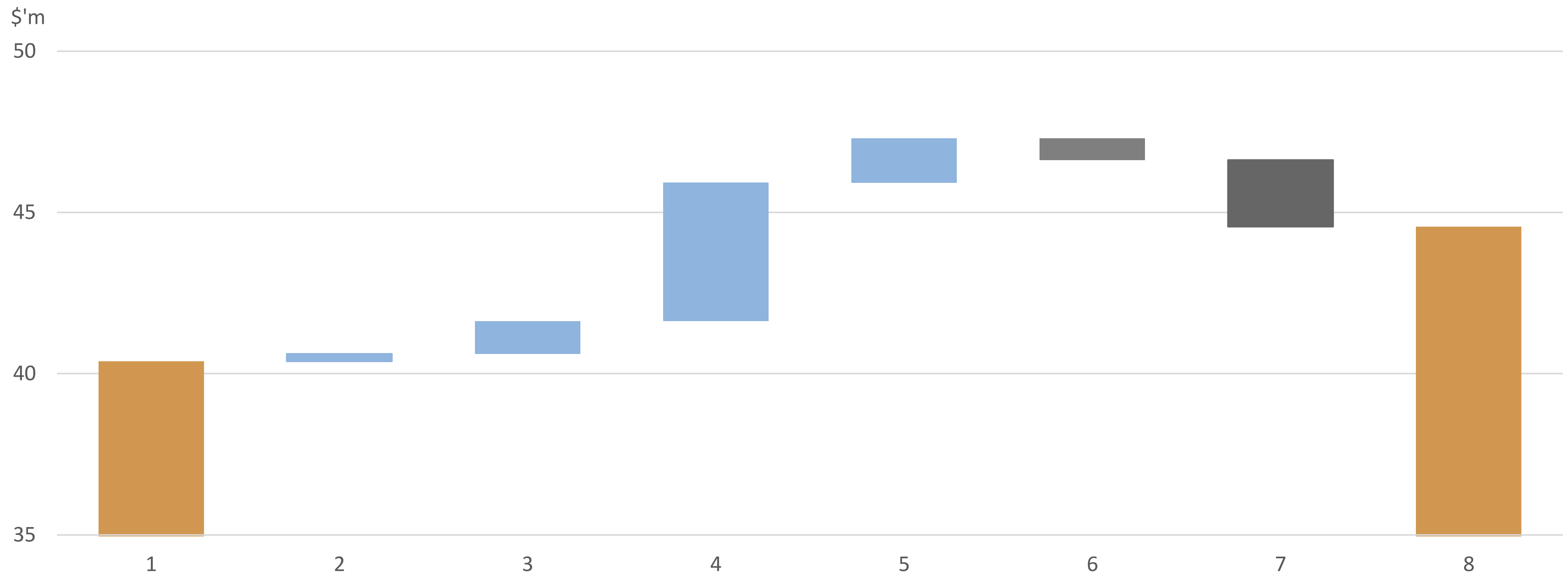
- Strong underlying management results – growth primarily organic.
- Underlying performance translates to growth in key performance metrics:
  - Adjusted NPAT increased 10.3% to $44.6m.
  - Adjusted EPS growth increasing by 10.3% to 69.8 cents.
- Revenue and profit growth across all operating areas.
- Reported NPAT $46.5m up from $33m, due mainly to fair value movements on investments and consolidated non cash accounting adjustments relating to mergers and acquisitions (refer Appendix 1 for further details).
- Final dividend of 32.0 cents brings total FY18 dividends to 45.5 cents.

	FY18	FY17	GROWTH
Underlying Management Results[1]			
Revenue ($m)	524.7	488.2	7.5%
EBITA ($m)	137.1	125.8	9.0%
NPBT (pre-amortisation) ($m)	126.6	116.5	8.6%
AUB Group Key Performance Metrics[2]			
Adjusted NPAT ($m)	44.6	40.4	10.3%
EPS Adjusted (cents)	69.8	63.2	10.3%
Statutory Results			
Revenue from ordinary activities[3] ($m)	278.5	264.5	5.3%
Reported NPAT ($m)	46.5	33.0	41.0%
Dividends per share (cents)	45.5	42.0	8.3%

1 Underlying Management Results: a number of the businesses in the AUB Group are associates and are not consolidated in the financial statements. In order to give a more comprehensive view of performance, these numbers aggregate 100% of all business revenues and expenses with those of the consolidated businesses before deducting outside shareholder interests. Excludes non-operational accounting adjustments relating to acquisitions. Refer Appendix 2 for further detail.
2 Adjusted NPAT is used by management and the board to assess operational performance and is reconciled in Appendix 1. Adjusted EPS is calculated using Adjusted NPAT.
3 Statutory revenue / Revenue from ordinary activities includes: Revenue and profit from associates, per the Annual Report.

AUB GROUP NPAT CONTRIBUTION ANALYSIS

Execution of strategy delivers growth and diversification.



Adjusted NPAT $000s	1	2	3	4	5	6	7	8
	40,382	233	1,009	4,292	1,374	(667)	(2,069)	44,554

Pre-tax

INSURANCE BROKING – AUSTRALIA

Strong growth in a hardening market.

- Pre-tax profit contribution to AUB Group of $53.5m up 8.7% due to organic growth and a full-year contribution from the acquisition of Lea Insurance Brokers in May 2017.
- Strong growth in commission and fee income driven by hardening premium rates, as well as ongoing client and policy number growth.
- Low-mid single digit average premium rate increases evident across the market, albeit variable across class, geography, and between new and renewal business.
- Life insurance income reduced due to one off factors – the sale of a life portfolio by an equity partner and transitional changes to commissions on default corporate super. AUB has launched a National Advice Solution and continues to focus on optimising penetration of our client base in collaboration with our partners.
- Premium Funding income continues to grow strongly.
- Pleasing cross-collaboration between Broking and Risk Services partners providing services to end clients.
- EBIT margins were maintained during the period.

Profit contribution to AUB Group – Pre-tax[1] ($000s)	FY18	FY17	Var	% Var	Organic[2]
Commission and fee income (net)	283,319	259,788	23,531	9.1%	5.4%
Life income	12,123	13,320	(1,197)	(9.0%)	
Profit commissions	2,182	1,995	187	9.4%	
Premium funding	25,704	23,659	2,045	8.6%	
Interest	6,414	6,381	33	0.5%	
Other income	7,865	7,577	288	3.8%	
Total income	337,607	312,720	24,887	8.0%	4.8%
Expenses	(235,624)	(218,967)	(16,657)	7.6%	4.5%
EBIT	101,983	93,753	8,230	8.8%	5.5%
Profit before tax and non-controlling interests (PBT&NCI)	98,129	90,327	7,802	8.6%	5.4%
Net profit before tax attributable to equity holders of parent entity	53,458	49,166	4,292	8.7%	6.5%

[1] Management presentation of Adjusted profit, refer Appendix 2 for further details.
[2] Organic excludes contributions from directly acquired or divested businesses from both periods.

AUB GROUP

NEW ZEALAND

Strategy delivering strong organic growth.

- Pre-tax profit contribution to AUB Group of AUD $6.5m up 18.5%. The exchange rate weakened 2% vs FY17 which has detracted from the strong underlying organic growth.
- Premium rates are hardening on average circa +5%, however are inconsistent across geographies and classes, and the overall market remains competitive.
- Organic client growth strong within our equity broking companies gaining +5% in client numbers in the year.
- Acquisition of equity brokers continues, with the addition of LSJ to BWRS in the first half of the year. This was offset by a sell down of 5% in Runacres to management in the first half. Neither change was material to the Group.
- NZbrokers is performing well, continuing to attract new members and build market presence, building on our position as the largest broker management group in New Zealand representing over NZD $625m GWP (+10% on 2017)
- Future expansion by acquisition, organic client growth and new income streams from a broadening risk solution offering, with a particular focus on life and health, and underwriting agencies in the 2019 financial year.
- Investment in New Zealand management and infrastructure (including technology) continues as the business expands, to support future opportunities.

Profit contribution to AUB Group – Pre-tax[1] ($000s)	FY18	FY17	Var	% Var	Organic[2]
Total income	42,434	38,412	4,022	10.5%	10.3%
Expenses	(26,803)	(25,049)	(1,754)	7.0%	7.0%
EBIT	15,631	13,363	2,268	17.0%	16.5%
Profit before tax and non-controlling interests (PBT&NCI)	13,335	11,254	2,081	18.5%	17.5%
Net profit before tax attributable to equity holders of parent entity	6,474	5,465	1,009	18.5%	20.3%

[1] Management presentation of Adjusted profit, refer Appendix 2 for further details.
[2] Organic excludes contributions from directly acquired or divested businesses from both periods.

UNDERWRITING AGENCIES

Organic income growth in hardening market.

- Pre-tax profit contribution to AUB Group of $13.9m, up 11% on pcp.
- Achieved strong average mid single digit premium rate growth. Policy count increased 4.2% (ex divested and acquired businesses).
- Delays in commencement of start ups and continuing competition in strata impacted revenue growth.
- As flagged in 1H18 results profit commissions declined due to the divestment of businesses in prior periods. Fees for transition services will reduce in future years.
- AMIR (energy sector) and SURA 360 (business pack) were divested in 1H18 which impacted commission fee income.
- Positive impact from increased holding in AustRe (wholesale placements), together with the full year contribution from Fleetsure.
- Organically, expenses have increased by 7% after accounting for divestments made during the current and previous year driven by increased staff costs in the start up strata businesses and increased cost to service quote and claim activity in Longitude.
- Significant investment in new underwriting agency system will bring efficiencies to the business as the system is rolled out over the next 2 years.

Profit contribution to AUB Group – Pre-tax [1] ($000s)	FY18	FY17	Var	Var %	Organic [2]
Commission and fee income (net of sub agents)	51,928	50,730	1,198	2%	9%
Profit commissions	723	3,122	(2,399)	(77%)	
Claims handling	608	626	(18)	(3%)	
Other fees	2,708	1,169	1,539	132%	
Interest	618	670	(52)	(8%)	
Total income	56,585	56,317	268	0%	10%
Expenses	(36,844)	(36,698)	(146)	0%	7%
EBIT	19,741	19,619	122	1%	16%
Profit before tax and non-controlling interests (PBT&NCI)	17,999	18,146	(147)	(1%)	18%
Net profit before tax attributable to equity holders of parent entity	13,903	12,529	1,374	11%	29%

[1] Management presentation of Adjusted profit, refer Appendix 2 for further details.
[2] Organic excludes contributions from directly acquired or divested businesses from both periods.

RISK SERVICES

Strong growth through uncertain market.

- Pre-tax profit contribution to AUB Group of $7.75m up 3% in a challenging market. Results achieved via organic growth with no acquisitions in the period.
- Revenue grew 9% and EBIT margins reduced marginally by 0.5%. The benefits from investment in new ancillary risk and injury management services across states started to flow through. Revenue growth outside NSW was 16% up on the prior year with new panel appointments and expanded national client base.
- The businesses have dealt with the changing NSW workers compensation model as a result of quality service delivery, great commitment to clients and staff together with disciplined financial management.
- The changes to the NSW scheme are expected to result in potential revenue fluctuations over FY19 with uplift expected towards Q4.
- The investment in national capability and quality service models provides positive outlook for growth in the medium term.

Profit contribution to AUB Group – Pre-tax [1] ($000s)	FY18	FY17	Var	% Var	Organic [2]
Revenue	88,068	80,797	7,271	9.0%	9.0%
Expenses	(73,419)	(66,947)	(6,472)	9.7%	9.7%
EBIT	14,649	13,850	799	5.8%	5.8%
Profit before tax & non-controlling interests (PBT&NCI)	14,316	13,366	950	7.1%	7.1%
Net profit before tax attributable to equity holders of parent entity	7,753	7,520	233	3.1%	3.1%

[1] Management presentation of Adjusted profit, refer Appendix 2 for further details.

[2] Organic excludes contributions from directly acquired or divested businesses from both periods.

BALANCE SHEET AND FUNDING

Increased balance sheet capacity.

Group balance sheet:

- Investments (the aggregate of Investments in Associates and Intangible Assets and Goodwill) total $423.0m up $17.5m (30 June 2017: $405.6m), with increases from acquisitions.
- Gearing increased to 25.3%. Total consolidated entities debt increased by $26.1m to $121.2m as a result of drawdowns for acquisitions.
- Borrowing by associates at 30 June 2018 not on AUB Group balance sheet remained relatively stable at $73.4m (30 June 2017: $74.7m) with the small decrease resulting from exchange rate movements.[1]

Parent entity funding position:

- New Parent entity multi-currency debt facility of $150m, on a 3 year term (with extensions to 5 years). Undrawn facilities total $50m at 30 June 2018.
- As at 30 June 2018, $3m is committed to earn out payments due by the parent entity over next 12 months (30 June 2017: $19.3m).

Prior year adjustment

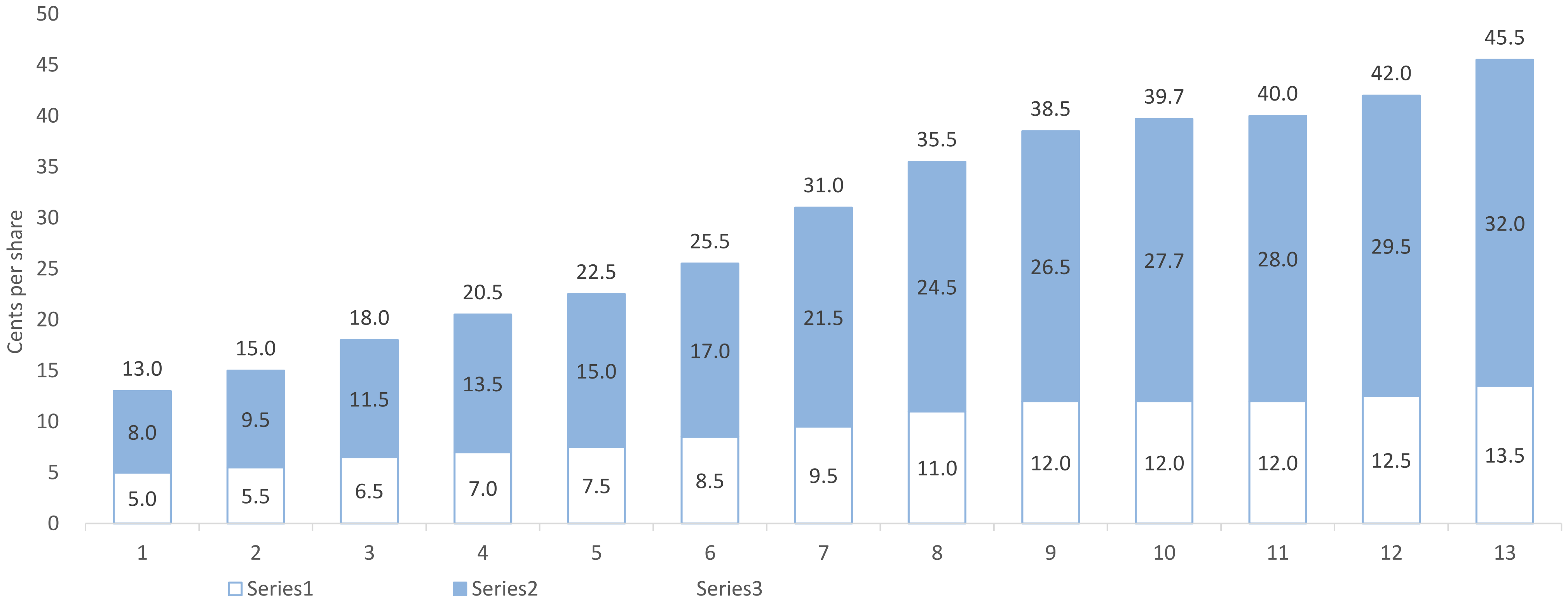
- Previous year comparatives have changed due to the recognition of a put option reserve and corresponding put option liability.

Consolidated balance sheet ($m)	30.06.18	30.06.17
Cash	58.7	60.2
Cash – Trust	99.9	93.1
Interest bearing loans and borrowings	121.2	95.1
Investment in Associates	155.9	141.7
Intangible Assets and Goodwill	267.1	263.9
Total Assets	781.1	754.4
Total Liabilities	423.9	408.6
Equity	357.2	345.8
Gearing (debt to debt + equity)	25.3%	21.6%
Interest cover (EBITA)[2]	12.6x	13.8x

[1] Total debt of associates, before considering AUB Group's percentage shareholding.
[2] Interest cover is borrowing costs / EBITA (times). EBITA is calculated based on Adjusted NPAT plus reported borrowing costs and adjusted for tax at 30%.

DIVIDENDS PER SHARE

- Final dividend per share of 32.0 cents, fully franked.
- DRP remains suspended.



FY19 PRIORITIES

The Group will continue its disciplined focus, building on the strength of our business model, operating model and group strategy.

- Business model: We will continue to maximize partnerships and our ‘skin in the game’ model to drive both organic growth and through attracting new equity partners.
- Operating model: We will leverage Group scale to deliver leading products and services to partner businesses. Continue to build collaboration between partner businesses across the different areas. We will focus on delivering increased efficiencies, opportunities and margins for our partners and the Group.
- Strategy: We will stay focused on delivering client-centric organic growth utilising the Group’s focus on risk solutions for clients and building out our ‘ecosystem’ and ensuring we stay true to our purpose – ‘to safeguard a stronger future’ for our stakeholders.

FY19 PRIORITIES

Continuing to drive execution of the Group's 'ecosystem'.

FY19 OUTLOOK

- The Group will continue to maintain its disciplined approach to executing our business model, operating model and strategy – factors that have contributed to the positive growth environment over prior periods.
- The commercial lines premium rate environment in Australia and New Zealand is likely to continue to evidence modest average increase across all lines with our expectation that the average commercial line rate impact for the Group in FY19 and FY20 respectively could amount to 5% per annum. This would have a positive impact on Group revenue however there would be a degree of offset as partner businesses invest in future growth initiatives.
- The Group remains focused on driving organic growth that accords with the strategy. Furthermore, we will continue to investigate acquisitions and start-up investment opportunities.
- We remain focused on geographic diversification and cross-sell opportunities relating to our Risk Services businesses. We expect the impact of the NSW workers compensation changes to extend into FY19 however the impact of these changes will be lessened as a result of increasing diversification.
- Having built a strong distribution platform in New Zealand, the Group will look to introduce new services to the market that accord with the Group's strategy.
- In the context of a mid-single digit premium rate environment, partner investment and a degree of economic uncertainty, the Group expects Adjusted NPAT in the range of 7-12% growth over FY18.

APPENDICES

APPENDIX 1 – ADJUSTED NPAT

RECONCILIATION OF ADJUSTED NPAT TO REPORTED NPAT [1]	FY18 $ 000	FY17 $ 000	Variance %
Net Profit after tax attributable to equity holders of the parent	46,520	32,988	41.0%
Reconciling items net of tax and non controlling interest adjustments for:			
Adjustments to contingent consideration for acquisitions of controlled entities and associates [2]	(114)	5,811	
Add back offsetting impairment charge to the carrying value of associate & goodwill , related to above [2]	153	2,623	
Add back impairment charge to the carrying value of controlled entity - net of non controlling interests [3]	1,725	-	
Net adjustment	1,764	8,434	
Less / plus profit on sale or deconsolidation of controlled entities net of tax [4]	157	-	
Plus movement in put option liability [5]	527	-	
Less profit on sale of associates/insurance broking portfolios net of tax [4]	(861)	(661)	
Adjustment to carrying value of entities (to fair value) on date they became controlled or deconsolidated [4]	(7,753)	(4,334)	
Net Profit from operations	40,354	36,427	10.8%
Add back amortisation of intangibles net of tax [6]	4,200	3,955	6.2%
Adjusted NPAT	**44,554**	**40,382**	**10.3%**

1 The financial information in this table has been derived from the audited financial statements. The adjusted NPAT is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.
2 The Group's acquisition policy is to defer a component of the purchase price, which is determined by future financial results. An estimate of the contingent consideration is made at the time of acquisition and is reviewed and varied at balance date if estimates change, or payments are made. This adjustment can be a loss (if increased) or a profit (if reduced). Where an estimate or payment is reduced, an offsetting adjustment (impairment) may be made to the carrying value.
3 Where the carrying value of a controlled entity exceeds the fair value an impairment expense is recognized during the period.
4 The adjustments to carrying values of associates or controlled entities arise where the Group increases its equity in associates whereupon they became controlled entities or decreases its equity in a controlled entity and it becomes an associate (deconsolidated). As required by accounting standards the carrying values for the existing investments have been adjusted to fair value and the increase included in net profit. Such adjustments will only occur in future if further acquisitions or sales of this type are made.
5 Movement in value of the put option liability mainly due to the unwind of finance charges recognized in the accounts at present value.
6 Amortisation expense is a non-cash item.

APPENDIX 2 – MANAGEMENT RESULTS[1]

MANAGEMENT PRESENTATION OF RESULTS	FY18 $ 000	FY17 $ 000	Variance $	Variance %
Australian Broking revenue	337,607	312,720	24,887	8.0%
Australian Broking expenses	(235,624)	(218,967)	(16,657)	7.6%
EBIT - Australian Broking	**101,983**	**93,753**	**8,230**	**8.8%**
New Zealand Broking revenue	42,434	38,412	4,022	10.5%
New Zealand Broking expenses	(26,803)	(25,049)	(1,754)	7.0%
EBIT - New Zealand Broking	**15,631**	**13,363**	**2,268**	**17.0%**
Underwriting Agencies revenue	56,585	56,317	268	0.5%
Underwriting Agencies expenses	(36,844)	(36,698)	(146)	0.4%
EBIT - Underwriting Agencies	**19,741**	**19,619**	**122**	**0.6%**
Risk Services revenue	88,068	80,797	7,271	9.0%
Risk Services expenses	(73,419)	(66,947)	(6,472)	9.7%
EBIT - Risk Services	**14,649**	**13,850**	**799**	**5.8%**
Total revenue - operating entities	524,694	488,246	36,448	7.5%
Total expenses - operating entities	(372,690)	(347,661)	(25,029)	7.2%
Total EBIT - operating entities	**152,004**	**140,585**	**11,419**	**8.1%**
Corporate revenue	2,187	2,248	(61)	-2.7%
Corporate expenses	(17,070)	(17,055)	(15)	0.1%
EBIT - Corporate	**(14,883)**	**(14,807)**	**(76)**	**0.5%**
Total - Group revenue	526,881	490,494	36,387	7.4%
Total - Group expenses	(389,760)	(364,716)	(25,044)	6.9%
Total- EBIT AUB Group before NCI (underlying EBITA)	**137,121**	**125,778**	**11,343**	**9.0%**
Interest expense - Operating entities	(8,225)	(7,492)	(733)	9.8%
Interest expense - Corporate	(2,353)	(1,762)	(591)	33.5%
Total - Interest expense	**(10,578)**	**(9,254)**	**(1,324)**	**14.3%**
Profit before NCI	**126,543**	**116,524**	**10,019**	**8.6%**
Non - Controlling Interest (NCI)	(62,191)	(58,413)	(3,778)	6.5%
Adjusted Net profit before tax	**64,352**	**58,111**	**6,241**	**10.7%**
Income tax expense	(19,798)	(17,729)	(2,069)	11.7%
Adjusted NPAT	**44,554**	**40,382**	**4,172**	**10.3%**

[1] The financials in this table show a management view of the underlying performance of all investments, regardless of ownership level. Revenue and expenses includes all revenue and expenses of the underlying businesses, before considering non-controlling interests. This information is used by management and the board to review business performance.

APPENDIX 2a – MANAGEMENT RESULTS[1]

MANAGEMENT PRESENTATION OF RESULTS	FY18	FY17	Variance	Variance	FY16	FY15	FY14	FY13
AUB RESULT CONTRIBUTION BY BUSINESS UNIT	$ 000	$ 000	$	%	$ 000	$ 000	$ 000	$ 000
Australian Broking revenue	337,607	312,272	25,335	8.1%	308,300	312,816	303,316	272,967
Australian Broking expenses (including interest expense)	(239,478)	(221,945)	(17,533)	7.9%	(221,180)	(224,613)	(214,149)	(189,023)
Net profit - Australian Broking	98,129	90,327	7,802	8.6%	87,120	88,203	89,167	83,944
Profit attributable to other equity interests	(44,671)	(41,161)	(3,510)	8.5%	(39,165)	(38,057)	(36,650)	(33,559)
Australian Broking net profit	**53,458**	**49,166**	**4,292**	**8.7%**	**47,955**	**50,146**	**52,517**	**50,385**
New Zealand Broking revenue	42,434	38,412	4,022	10.5%	24,171	9,821	-	-
New Zealand Broking expenses (including interest expense)	(29,099)	(27,158)	(1,941)	7.1%	(18,857)	(8,774)	-	-
Net profit - New Zealand Broking	13,335	11,254	2,081	18.5%	5,314	1,047	-	-
Profit attributable to other equity interests	(6,861)	(5,789)	(1,072)	18.5%	(2,434)	(754)	-	-
New Zealand Broking net profit	**6,474**	**5,465**	**1,009**	**18.5%**	**2,880**	**293**	**-**	**-**
Underwriting Agencies revenue	56,585	56,317	268	0.5%	51,209	52,037	40,314	29,292
Underwriting Agencies expenses (including interest expense)	(38,586)	(38,171)	(415)	1.1%	(37,651)	(35,370)	(27,022)	(19,846)
Net profit - Underwriting Agencies	17,999	18,146	(147)	-0.8%	13,558	16,667	13,292	9,446
Profit attributable to other equity interests	(4,096)	(5,617)	1,521	-27.1%	(3,211)	(3,505)	(3,514)	(2,091)
Underwriting Agencies net profit	**13,903**	**12,529**	**1,374**	**11.0%**	**10,347**	**13,162**	**9,778**	**7,355**
Risk Services revenue	88,068	80,797	7,271	9.0%	60,826	27,172	7,742	-
Risk Services expenses (including interest expense)	(73,752)	(67,431)	(6,321)	9.4%	(48,130)	(23,487)	(6,539)	-
Net profit - Risk Services	14,316	13,366	950	7.1%	12,696	3,685	1,203	-
Profit attributable to other equity interests	(6,563)	(5,846)	(717)	12.3%	(5,538)	(1,645)	(601)	-
Risk Services net profit	**7,753**	**7,520**	**233**	**3.1%**	**7,158**	**2,040**	**602**	**-**
Net profit before corporate income / expenses	**81,588**	**74,680**	**6,908**	**9.3%**	**68,340**	**65,641**	**62,897**	**57,740**
Corporate expenses	(16,900)	(16,793)	(107)	0.6%	(13,362)	(11,581)	(11,915)	(11,409)
Acquisition expenses	(170)	(262)	92	-35.1%	(621)	(413)	(352)	(432)
Corporate finance costs	(2,353)	(1,762)	(591)	33.5%	(3,185)	(3,552)	(1,809)	(2,013)
Corporate income	2,187	2,248	(61)	-2.7%	2,601	1,939	1,889	2,185
Net corporate expenses	(17,236)	(16,569)	(667)	4.0%	(14,567)	(13,607)	(12,187)	(11,669)
Net profit before tax	**64,352**	**58,111**	**6,241**	**10.7%**	**53,773**	**52,034**	**50,710**	**46,071**
Income tax expense	(19,798)	(17,729)	(2,069)	11.7%	(16,220)	(15,689)	(15,260)	(13,996)
Adjusted NPAT	**44,554**	**40,382**	**4,172**	**10.3%**	**37,553**	**36,345**	**35,450**	**32,075**

[1] The financials in this table show a management view of the underlying performance of all investments, after adjusting for non-controlling interests. This information is used by management and the board to review business performance.

APPENDIX 3 – CASHFLOW

CASHFLOW	FY18 $ 000	FY17 $ 000
Cash flows from operations	**46,246**	**56,412**
Cash flows from investing activities		
Acquisitions[1]	(22,472)	(9,643)
Sales proceeds / loan repayments (net of cash reduced on deconsolidation)	(1,121)	7,135
Plant equipment / other	(4,571)	(6,457)
	(28,164)	(8,965)
Cash flows from financing activities		
Dividends	(32,945)	(34,362)
Proceeds from share capital & DRP	-	-
Net borrowings	27,352	6,225
Payments for deferred settlements	(18,411)	(23,555)
	(24,004)	(51,692)
Net decrease in broker trust account cash	11,261	(883)
Net decrease in cash	**5,339**	**(5,128)**

Note:

[1] Acquisitions is made up of the following:

Cash payment for acquisitions	(23,287)	(14,626)
Cash acquired (including trust)	815	4,983
	(22,472)	(9,643)

APPENDIX 4 – OPERATING SEGMENT RECONCILIATION

RECONCILIATION OF OPERATING SEGMENTS	Consolidated FY18			Consolidated FY17		
	Insurance Intermediary $'000	Risk Services $'000	Total $'000	Insurance Intermediary $'000	Risk Services $'000	Total $'000
Profit before tax and after non-controlling interests from:						
Insurance broking - Australia	53,458	-	53,458	49,166	-	49,166
Insurance broking - New Zealand	6,474	-	6,474	5,465	-	5,465
Underwriting agencies	13,903	-	13,903	12,529	-	12,529
Risk Services	-	7,753	7,753	-	7,520	7,520
Profit after tax and after non-controlling interests	73,835	7,753	81,588	67,160	7,520	74,680
Corporate income	2,187	-	2,187	2,248	-	2,248
Corporate expenses	(17,070)	-	(17,070)	(17,055)	-	(17,055)
Corporate interest expense and borrowing costs	(2,353)	-	(2,353)	(1,762)	-	(1,762)
	56,599	7,753	64,352	50,591	7,520	58,111
Tax	(17,396)	(2,402)	(19,798)	(15,372)	(2,357)	(17,729)
Adjusted NPAT	**39,203**	**5,351**	**44,554**	**35,219**	**5,163**	**40,382**
Less amortisation expense (net of tax and non controlling interests)	(4,200)	-	(4,200)	(3,955)	-	(3,955)
Plus impairment of controlled entity (net of non controlling interest)	(1,725)	-	(1,725)	-	-	-
Plus non controlling interests in relation to contingent consideration adjustments [1]	(76)	(30)	(106)	221	(15)	206
Less capital gains tax adjustments relating to sales of portfolios by controlled entities and associates (net of tax) [1]	799	-	799	631	-	631
Profit after income tax and non controlling interests (refer Annual Report note 23 Operating Segments)	**34,001**	**5,321**	**39,322**	**32,116**	**5,148**	**37,264**

[1] This includes adjustments to non controlling interests and tax expense relating to contingent consideration payments and caoital gains tax on profits on sale (see Annual Report note 4 (vi), (vii)


THANK YOU
AUB GROUP