



20 August 2019

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: AUB Group Results Announcement for the Full Year Ended 30 June 2019

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

- FY19 Results Overview
- FY19 Results Presentation
- FY19 Results Analyst Pack

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'David Franks', with a stylized flourish at the end.

David Franks
Company Secretary

For further information, contact David Franks Tel: (02) 8098 1169 or 0414 899 897
davidf@aubgroup.com.au

About AUB Group

AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A\$3.2 billion GWP across its network of 93 businesses, servicing more than 600,000 clients, over one million policies across more than 500 locations. In Australia, the Group has around 20 percent of the commercial SME insurance broking market share with investment in 61 broking businesses, complimented by established capabilities in life insurance broking, premium funding, claims management and legal services. In New Zealand, AUB Group holds equity stakes in seven major insurance broker partners, an underwriting agency as well as equity in NZbrokers, the largest broking management group in New Zealand with presence in 140 locations and Insurance Advisernet NZ. The Group's Underwriting Agencies business has a portfolio of 19 specialist agencies with access to delegated global underwriting capacity for niche specialist insurance products. The Group's Risk Services division includes equity investments in three businesses with capabilities in loss adjustment, investigations, claims management, claims legal support and rehabilitation services.

AUB Group Limited

Level 10, 88 Phillip Street,
Sydney, NSW, 2000.

ABN 60 000 000 715
ACN 000 000 715

aubgroup.com.au

20 August 2019

FY19 Results Overview

Performance below expectation driven by Risk Services and one-off costs

Summary:

- Adjusted NPAT¹ \$46.4 million (FY18: \$44.6 million) up 4.1%.
- Adjusted earnings per share 66.64 cents down 3.1%².
- Reported Net Profit After Tax \$48.4 million (FY18: \$46.5 million), up 4.0%.
- Adjusted NPAT¹ grew by 16% for core insurance operations (excluding Health & Rehabilitation services⁴ and the FY19 Canberra result).
- Group corporate cost-to-Adjusted PBT ratio³ improved to 16.5% (FY18 17.4%).
- Continued organic growth together with key step up acquisitions.
- Final fully franked dividend of 32.5 cents per share, bringing the total declared dividends for 2019 to 46.0 cents per share, a 1.1% increase on prior year.

AUB Group Limited (ASX:AUB) has reported a 4.1% increase in Adjusted Net Profit After Tax (Adjusted NPAT¹), to \$46.4 million (FY18: \$44.6 million). On an Adjusted basis, earnings per share has decreased to 66.64 cents per share, down 3.1% over the prior comparable period arising from the increased share capital on issue following the 1 for 7 equity capital raising in November.

Consolidated Net Profit After Tax (Reported NPAT) increased 4.0% to \$48.4 million in FY19 (FY18: \$46.5 million) due primarily to growth across all core insurance operations.

AUB Group CEO and Managing Director Mike Emmett said, “FY19 was a challenging year for AUB Group with a number of highs counterbalanced by some significant lows. Our Insurance Broking and Underwriting businesses in Australia and New Zealand delivered good organic growth bolstered by the positive impact of an increased shareholding in several brokers, most significantly Adroit in Australia and BWRS in New Zealand. This performance was partially offset by the Canberra Fraud event.

Market headwinds, particularly in NSW Workers Compensation, continued to have a significant impact on profitability in our Health and Rehabilitation businesses. In response, both Altius and Allied are building out adjacent operations and accelerating expansion into other states. Procure’s claims management and loss adjustment services to insurers performed well and we’ll expand these services to Austbrokers network clients in FY20.”

The company has declared a final dividend of 32.5 cents per share fully franked, bringing the dividend for FY19 to a total of 46.0 cents per share; an increase of 1.1% on prior year (FY18: 45.5 cps).

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

² 2018 TERP adjusted

³ Corporate-cost-to-Adjusted PBT calculated as AUB corporate costs (excluding acquisition, finance and project costs) as a percentage of Adjusted PBT before corporate costs and tax.

⁴ Health and Rehabilitation businesses includes consolidated performance of Altius and Allied, components of Risk Services.

Highlights by operating division:

Australian Broking³

- 3.7% increase in profit contribution from Australian Broking over the period, contributing \$52.8 million (FY18: \$50.9 million) to the Group. Excluding Austbrokers Canberra from both years' results, pre-tax profit contribution from Australian Broking increased by 11.0%.
- The current year result includes the profit contribution uplift from an increased interest in Adroit effective 1 July 2018 and several smaller acquisitions and mergers by partner businesses.
- Organic growth was achieved from increased client policy premiums, as well as margin improvement.

New Zealand Broking

- 41.5% increase in profit contribution from New Zealand to \$9.2 million (FY18: \$6.5 million), primarily due to the acquisition of an additional 50% of BWRS effective 1 January 2019.
- Acquisition expansion opportunities remain strong. Investment in New Zealand management and infrastructure (including technology) continues as the business expands.
- NZbrokers continues to perform well, attracting new members and building its presence as the largest broker management group in New Zealand.

Underwriting Agencies

- 11.6% increase in profit contribution from Underwriting Agencies (\$15.5 million vs FY18: \$13.9 million), 16.9% increase excluding the partial write off of capitalised costs of the Underwriting agency IT system.
- Significant revenue growth in a number of agencies partially offset by the impact of delays in replacing strata binders, now successfully transferred to a new panel of insurers with a strong appetite for this portfolio.
- Income from profit shares increased reflecting continued strong underwriting results delivered for insurers.

Risk Services³

- The Health and Rehabilitation businesses, Altius and Allied, experienced reduced business volumes and excess service capacity, resulting in a 66% decrease in profit contribution.
- Procure delivered claims management and loss adjustment services to insurers with plans to expand these services to Austbrokers' network clients.

Corporate Costs

- The Group's focus on managing the overall cost base resulted in an improvement to our corporate cost-to-Adjusted PBT ratio to 16.5%¹ (FY18: 17.4%).

Capital Management

- Net assets at 30 June 2019 are \$483.4 million (FY18: \$357.2 million).
- During the year the Group acquired controlling interests in four entities, previously accounted for as associates, resulting in an increase in total assets and liabilities. In the previous period these entities were accounted for as associates, with only the investment in those entities included in the Balance Sheet.
- Look through gearing² decreased to 22% (FY18: 31%) due to the partial repayment of the Group loan facility, as a result of a \$116 million capital raising in late calendar year 2018. The parent entity has cash and undrawn committed facilities of \$111.8 million at 30 June 2019.

¹ Corporate cost to Adjusted PBT calculated as AUB corporate costs (excluding acquisition, finance and project costs) as a percentage of Adjusted PBT before corporate costs and tax

² Debt/(Debt plus Equity). Includes AUB Group's percentage share of associates total debt.

³ Corporate costs for Australian Broking and Risk Services previously captured in Corporate expenses after recoveries, have been reclassified to the respective divisions. Comparative information has been restated to conform with the presentation in the current period.

Dividends

The Board has declared a fully-franked final dividend of 32.5 cents per share, bringing the total dividends declared for the year to 46.0 cents, an increase of 1.1% on FY18. This dividend is payable on 08 October 2019 to shareholders on the record date of 05 September 2019. Dividend Reinvestment Plan (DRP) arrangements will be activated.

Strategic Outlook

AUB Group and the broader insurance market has gained from pricing tailwinds in the past few years and we expect this to continue, albeit at a slower rate. The Group has a modest outlook on the underwriting cycle with a premise that we are in the midst of a positive phase with potential for extension considering recent losses in key global Underwriting markets.

The Group's strategic plan involves an expansion of our existing portfolio to drive further organic growth and a continued disciplined approach to M&A activity, while continuing to improve our partners' ability to win in the market by delivering a market leading broker value proposition. We will continue to grow our core broking businesses and expand our underwriting agencies in Australia. Having built a strong distribution platform in New Zealand, the Group will look to introduce new services to that market that accord with the Group's strategy.

FY20 Strategic Priorities

- Enhance our core business partner proposition with improved product and capacity offerings.
- Implement best-in-house technology features across the Group.
- Reduce corporate costs and drive efficiency through cross-network synergies.
- Consolidate our core businesses for scale and create sector specialisations to build market leadership.
- Execute on strategically aligned acquisitions that drive outperformance.
- Redefine Risk Services strategy.

Financial Outlook for FY20

During FY20 the Group anticipates strong growth from Insurance Broking in Australia and New Zealand as well the Underwriting Agencies. This will be reduced by several factors:

- Reduced interest rates;
- Lease Accounting Changes;
- Reduced revenues in Canberra, post restructuring;
- Delayed effect of remediation to health and rehabilitation service lines;
- Lag to benefit from cost-out activities;
- Planned shareholding sell-downs to support succession planning in broker partners;
- Major acquisition legal and financing costs (which have been provided for in the guidance calculations in the event that a major acquisition such as Coverforce takes place).

Based on the above, we believe the Group will achieve Adjusted NPAT growth of 4% to 6% in FY20. Note, this growth rate excludes the positive impact that may arise from new acquisitions or shareholding increases.

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Webcast

Michael Emmett, Chief Executive Officer and Managing Director, and Mark Shanahan, Chief Financial Officer, will host a teleconference webcast today at 10.00am AEST– details below:

Teleconference link:

<https://s1.c-conf.com/diamondpass/aubgroup-10001395-invite.html>

Webcast audience link:

<https://webcasting.boardroom.media/broadcast/5d3154b71b8a0d37fcd0bd49>

A handwritten signature in blue ink, appearing to read 'M. P. C. Emmett'.

M. P. C. Emmett
CEO & Managing Director

For further information, contact Michael Brown Tel: 0400 248 080

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 outcomes will not differ materially from these statements. To the fullest extent permitted by law, AUB Group and its directors, officers, employees, advisers, 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.

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AUB GROUP FY19 PRESENTATION OF FINANCIAL RESULTS

Table 1

Financial Results Summary

FINANCIAL RESULTS SUMMARY	FY19	FY18	Variance
	\$ 000	\$ 000	%
Revenue from ordinary activities ¹	307,178	278,479	10.3%
Adjusted NPAT ²	46,379	44,554	4.1%
Profit before tax	62,130	68,148	-8.8%
Net profit after tax (before non-controlling interests)	49,172	54,971	-10.5%
Net profit attributable to members (Reported NPAT)	48,361	46,520	4.0%
Reported earnings per share (cents)	69.49	71.84	-3.3%
Adjusted earnings per share (cents) ²	66.64	68.80	-3.1%
Dividend per share (cents)	46.00	45.50	1.1%

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 Table 2. Adjusted earnings per share is earnings per share calculated with reference to Adjusted NPAT.

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Table 2

Reconciliation of Adjusted NPAT to Reported NPAT¹

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	FY19	FY18	Variance
	\$ 000	\$ 000	%
Net Profit after tax attributable to equity holders of the parent	48,361	46,520	4.0%
Reconciling items net of tax and non controlling interest adjustments for:			
Adjustments to contingent consideration for acquisitions of controlled entities and associates ²	(44)	(114)	
Add back offsetting impairment charge to the carrying value of associates & goodwill, related to above ²	3,868	153	
Add back impairment charge to the carrying value of controlled entities ³	15,093	2,300	
Less non controlling interest relating to impairment charge to the carrying value of controlled entities	(6,336)	(575)	
Less profit / Plus loss on sale on deconsolidation of controlled entities net of tax ⁴	(788)	157	
Plus cost of fraud relating to Austbrokers Canberra Pty Ltd -1 January to 30 June 2019 ⁵	3,189	-	
Movement in put option liability (net of interest charge) ⁶	(6,484)	527	
Less profit on sale of associates/insurance broking portfolios net of tax ⁷	(68)	(861)	
Less adjustment to carrying value of entities (to fair value) on date they became controlled or deconsolidated ⁸	(15,871)	(7,753)	
Net Profit from operations	40,920	40,354	1.4%
Add back amortisation of intangibles net of tax ⁹	5,459	4,200	30.0%
Adjusted NPAT	46,379	44,554	4.1%

¹ The financial information in this table has been derived from the audited financial statements. The adjusted NPAT is non-IFRS financial information and 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 Gain/loss on deconsolidation are excluded from adjusted NPAT. Such adjustments will only occur in future if further sales of this type are made.

⁵ The costs associated with the misconduct by the former Managing Director of Austbrokers Canberra incurred from 1 January 2019 to 30 June 2019 have been excluded from adjusted NPAT.

⁶ Movement in value of the put option liability

⁷ Insurance broking portfolios may be sold from time to time and any gains/loss from sale are excluded from adjusted NPAT.

⁸ 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.

⁹ Amortisation expense is a non cash item.

Table 3
Management Presentation of Results¹

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	FY19 \$ 000	FY18 \$ 000	Variance \$	Variance %
Australian Broking revenue	343,580	337,607	5,973	1.8%
Australian Broking expenses	(241,515)	(238,133)	(3,382)	1.4%
EBIT - Australian Broking	102,065	99,474	2,591	2.6%
New Zealand Broking revenue	50,642	42,434	8,208	19.3%
New Zealand Broking expenses	(33,611)	(26,803)	(6,808)	25.4%
EBIT - New Zealand Broking	17,031	15,631	1,400	9.0%
Underwriting Agencies revenue	61,419	56,585	4,834	8.5%
Underwriting Agencies expenses	(40,682)	(36,844)	(3,838)	10.4%
EBIT - Underwriting Agencies	20,737	19,741	996	5.0%
Risk Services revenue	85,942	88,068	(2,126)	-2.4%
Risk Services expenses	(80,186)	(74,209)	(5,977)	8.1%
EBIT - Risk Services	5,756	13,859	-8,103	-58.5%
Total revenue - operating entities	541,583	524,694	16,889	3.2%
Total expenses - operating entities	(395,994)	(375,989)	(20,005)	5.3%
Total EBIT - operating entities	145,589	148,705	-3,116	-2.1%
Corporate revenue	4,545	2,187	2,358	107.8%
Corporate expenses	(13,837)	(13,770)	(67)	0.5%
EBIT - Corporate	(9,292)	(11,583)	2,291	-19.8%
Total - Group revenue	546,128	526,881	19,247	3.7%
Total - Group expenses	(409,831)	(389,759)	(20,072)	5.1%
Total- EBIT AUB Group before NCI (underlying EBITA)	136,297	137,122	-825	-0.6%
Interest expense - Operating entities	(9,672)	(8,225)	(1,447)	17.6%
Interest expense - Corporate	(3,732)	(2,353)	(1,379)	58.6%
Total - Interest expense	(13,404)	(10,578)	-2,826	26.7%
Profit before NCI	122,893	126,544	(3,651)	-2.9%
Non - Controlling Interest (NCI)	(56,057)	(62,191)	6,134	-9.9%
Adjusted Net profit before tax	66,836	64,353	2,483	3.9%
Income tax expense	(20,457)	(19,799)	(658)	3.3%
Adjusted NPAT	46,379	44,554	1,825	4.1%

¹ Corporate costs for Australian Broking and Risk Services previously captured in Corporate expenses after recoveries, have been reclassified to the respective divisions. Comparative information has been restated to conform with the presentation in the current period.

AUB GROUP

FY19 Results Presentation

August 2019



Mike Emmett

CEO and Managing Director



Mark Shanahan

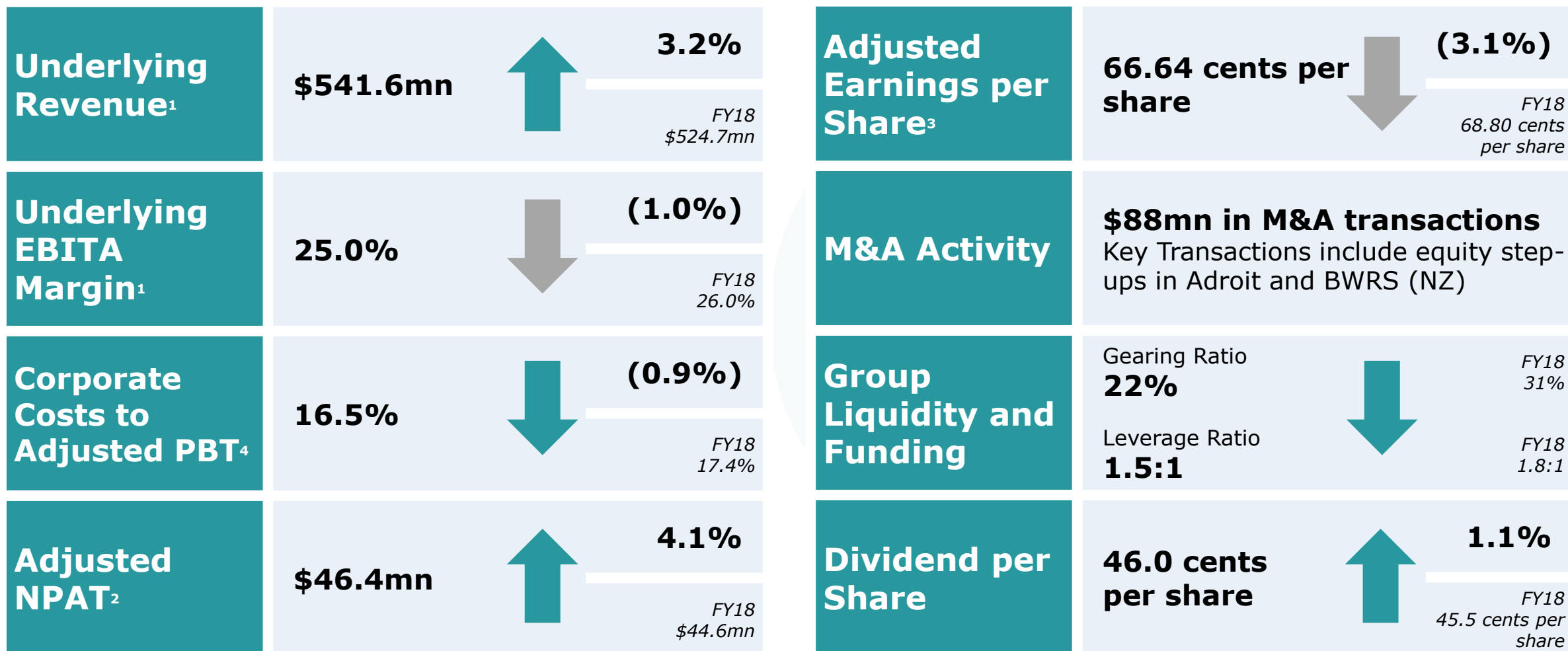
CFO





FY19 Performance Overview

FY19 PERFORMANCE SNAPSHOT - GROUP



1. Underlying Results: In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests.

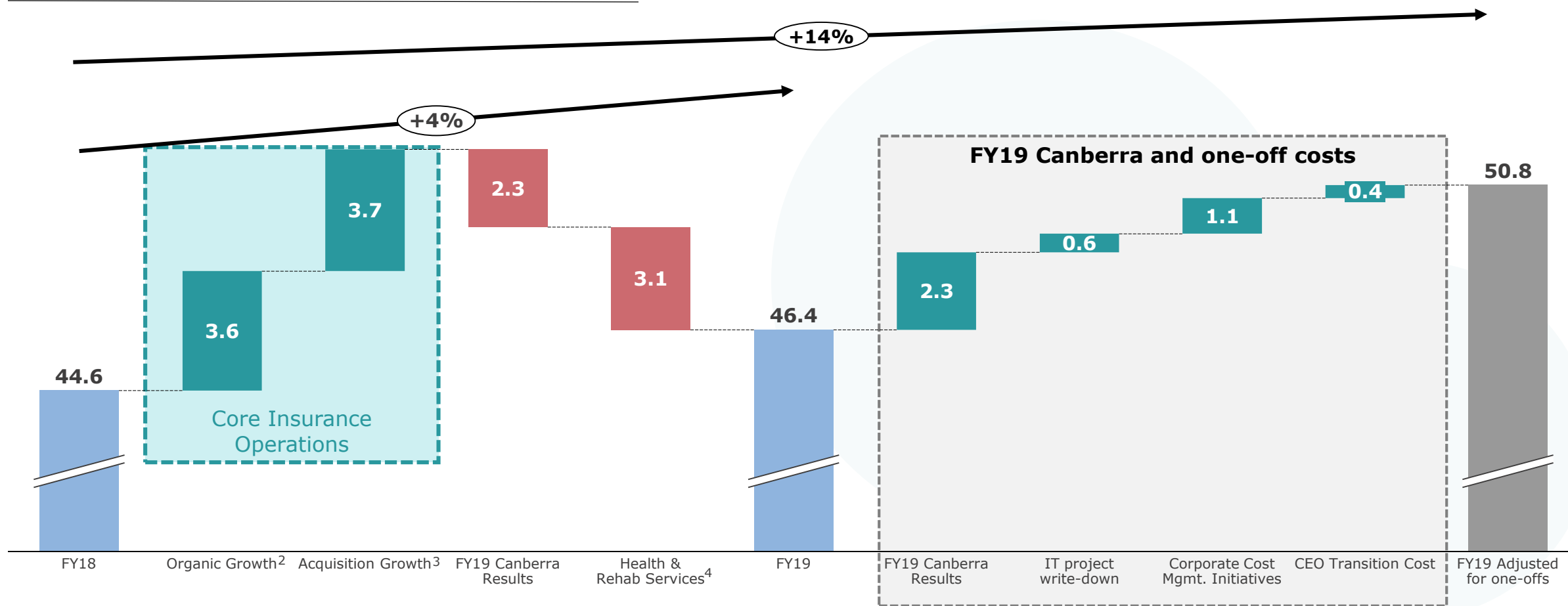
2. Adjusted NPAT is used by management and the board to assess operational performance and excludes non-operational items, such as profits and losses on sale of equity interests, fair value adjustments to carrying values on ownership changes, changes to estimates or payments of deferred contingent consideration amounts, impairment adjustments and amortisation of intangible assets

3. FY18 EPS includes a TERP adjustment of 98.6%. Adjusted EPS is calculated using Adjusted NPAT / (weighted average number of shares on issue).

4. Corporate cost to Adjusted PBT calculated as AUB corporate costs (excluding acquisition, finance and project costs) as a % of Adjusted PBT before corporate costs and tax.













FY19 PERFORMANCE BREAKDOWN - GROUP

FY18 to FY19 Adjusted NPAT¹ Breakdown (\$mns)



1. Adjusted NPAT is used by management and the board to assess operational performance and excludes 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
2. Organic growth excludes FY19 acquisitions growth, FX, FY19 Canberra results and Health and Rehabilitation services.
3. Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes in FY19.
4. Health and Rehabilitation business includes consolidated performance of Altius and Allied, components of Risk Services.

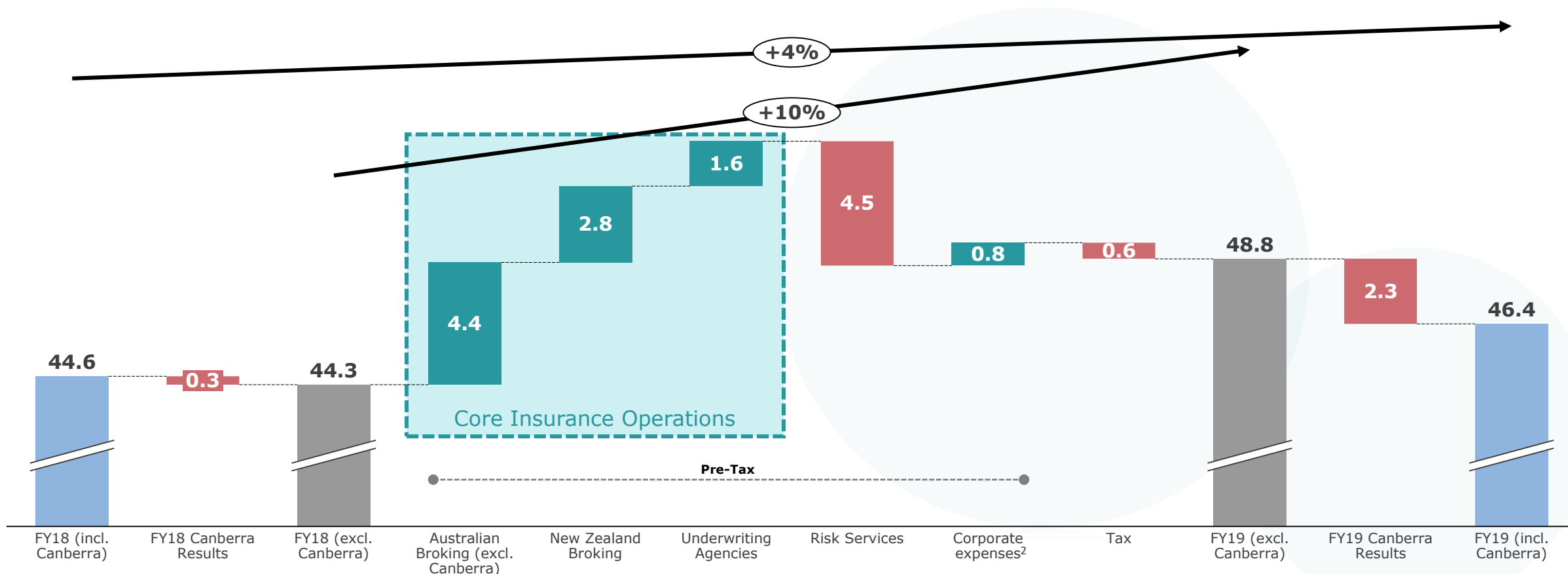
FY19 PERFORMANCE SNAPSHOT - DIVISIONAL

<i>Vs. FY18 comparative period</i>	AUSTRALIAN BROKING²	NEW ZEALAND BROKING	UNDERWRITING AGENCIES	RISK SERVICES²
<i>Underlying¹ Revenue</i>	\$343.6mn  1.8% <small>4.1% (excl. Canberra)</small>	\$50.6mn  19.3%	\$61.4mn  8.5%	\$85.9mn  (2.4%)
<i>Underlying¹ EBIT Margin</i>	29.7%  0.2% <small>1.0% (excl. Canberra)</small>	33.6%  (3.2%)	33.8%  (1.1%)	6.7%  (9.0%)
<i>PBT attributable to equity holders of parent company</i>	\$52.8mn  3.7% <small>11.0% (excl. Canberra)</small>	\$9.2mn  41.5%	\$15.5mn  11.6%	\$2.4mn  (66.1%)
<i>Organic Growth %³ (PBT attributable to equity holders of parent company)</i>	4.9%	3.4%	9.1%	(66.1%)

1. *Underlying Results:* In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests.
2. Corporate costs for Australian Broking and Risk Services, previously captured in Corporate expenses after recoveries, have been reclassified to the respective divisions. Comparative information has been restated to conform with the presentation in the current period – refer to Analyst Pack – A5.0.
3. Organic growth attributable to equity holders of parent entity excludes FY19 acquisitions growth and FX. Australian Broking excludes impact of Canberra.

FY19 PERFORMANCE BREAKDOWN – BY DIVISIONS

FY18 to 19 Adjusted NPAT¹ Divisional Breakdown (\$mns)



1. Adjusted NPAT is used by management and the board to assess operational performance and excludes 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.

2. Corporate expenses including acquisition expense and net interest.

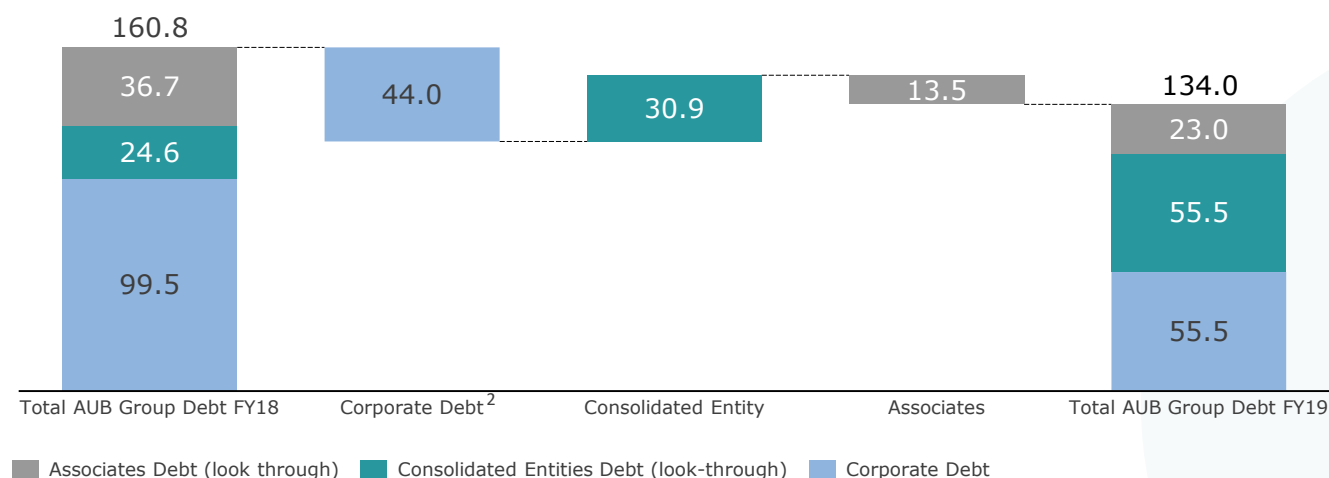
STRONG BALANCE SHEET AND CAPITAL POSITION

Consolidated Balance Sheet Overview (\$mns)	FY19	FY18	Movement (\$mns)	Movement (%)
Cash	70.0	58.7	11.3	19.3%
Cash - Trust	150.0	100.0	50.0	50.0%
Interest-bearing loans and borrowings	104.5	121.2	(16.7)	(13.8%)
Investment in Associates	127.5	155.9	(28.4)	(18.2%)
Intangible assets and goodwill	401.1	267.1	134.0	50.2%
Total Assets	1,019.9	781.1	238.8	30.6%
Total Liabilities	536.5	423.9	112.6	26.6%
Total Equity	483.4	357.2	126.2	35.3%

- Investments (the aggregate of Investments in Associates and Intangible Assets and Goodwill) have increased to \$529mn, up \$96m due to acquisitions.
- Cash in Trust and Total Liabilities have increased for the same reason.
- AUB Group's share of borrowing by associates as at 30 June 2019 not on the AUB Group balance sheet reduced to \$23.0m (FY18 \$36.7mn) mainly due to step up acquisitions in Adroit and BWRS causing their debt to be consolidated.

EFFECTIVELY LEVERAGING AND MANAGING DEBT

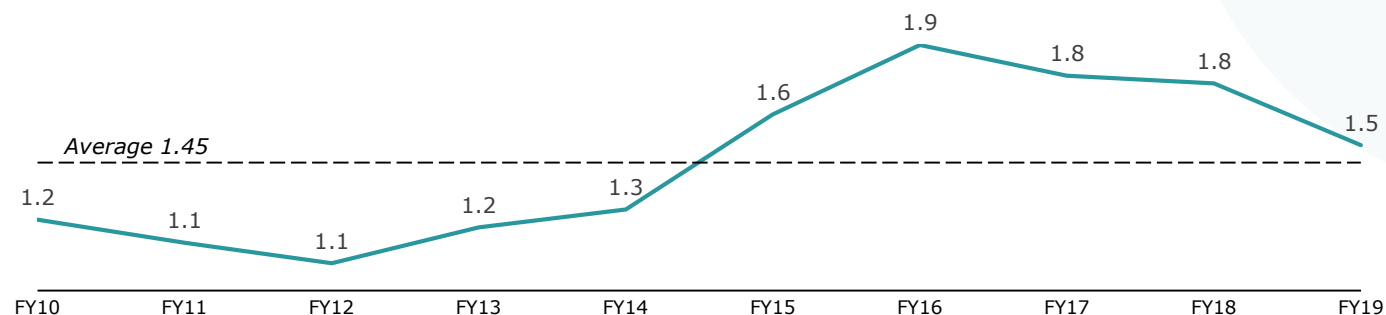
Total Group Debt on a look-through basis¹ (\$mns)



22%
FY19 AUB Group Gearing⁴
(FY18 31%)

11:1
FY19 AUB Group Interest
Cover Ratio⁵
(FY18 13:1)

Group Leverage Ratio³



1. Look through basis = 100% consolidated debt + AUB share of Associates debt.

2. Corporate debt includes borrowings, repayments and translation differences.

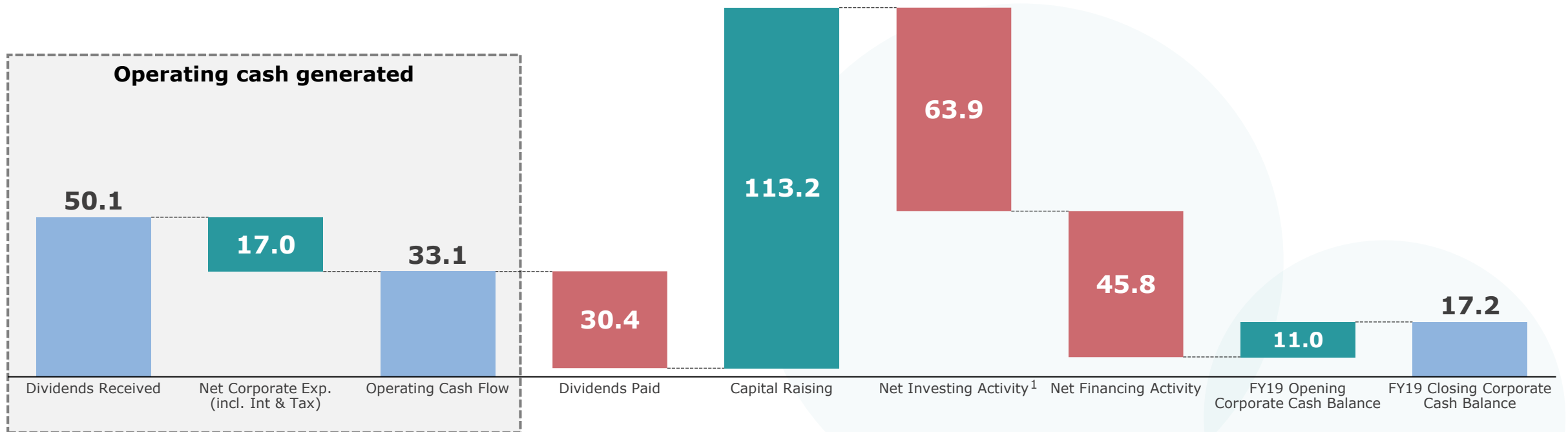
3. Leverage ratio calculation = Net Debt / (EBITDA at Group + EBITDA of Associates AUB's share). Debt includes share of associates.

4. Gearing ratio calculation = Look through debt / (debt + equity). Debt includes share of associates.

5. Interest Cover ratio calculation = (Look through debt / debt + equity) / (Group interest expense plus share of associates interest expense). Debt includes share of associates.

STRONG CASH GENERATION

AUB Corporate Entity Cash Movement (\$mns)



- Total Corporate entity borrowings decreased by \$44mn.
- Operating cash generation of \$33.1mn.
- Total Corporate entity cash and undrawn facilities of \$111.8mn at 30 June 2019.

1. Net of FY19 acquisitions and disposals

DISCIPLINED APPROACH TO M&A

M&A Transaction Activity, FY14-FY19 (\$mns)

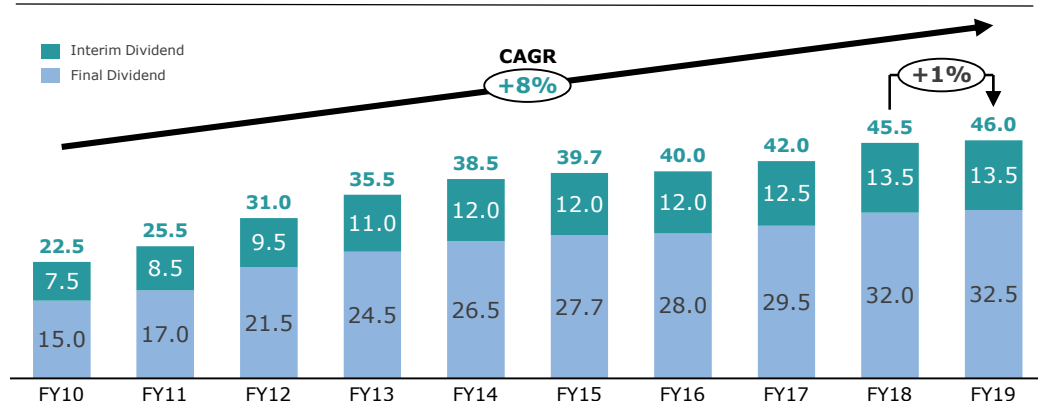


- AUB has undertaken 54 acquisitions and bolt-ons over the past 6 years valued at ~\$250mn in M&A activity.
- AUB intends to continue to supplement organic growth by relevant acquisitions and start-up opportunities .
- Acquisitions across Australia and New Zealand insurance broking and Underwriting Agencies continue to be a key element of AUB's strategy, complementing organic growth.
- AUB has applied a disciplined, proven and replicable approach to acquisitions in line with our M&A criteria.
- The Group is reviewing a pipeline of acquisition opportunities in various stages of evaluation and execution.

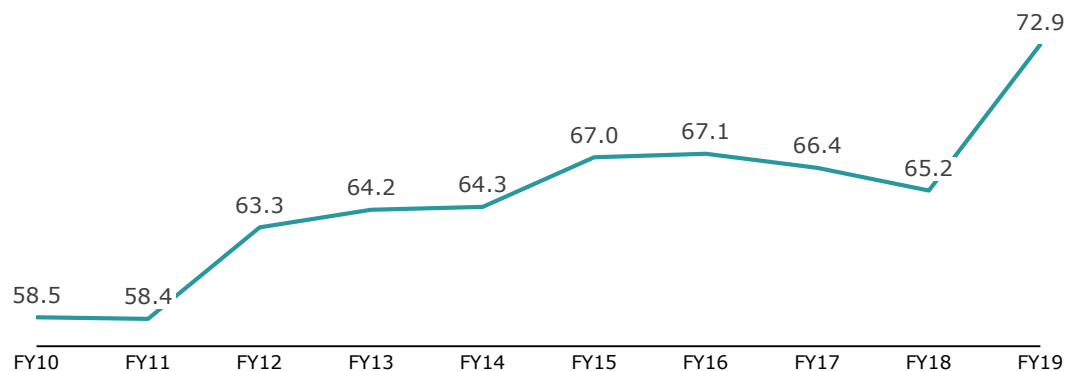
▪ Based on AUB's share in acquisitions and restructuring in each respective period (includes payment for contingent consideration from FY14 to FY19).
 ▪ Acquisition: direct purchase of new/additional equity in a business by AUB Group.
 ▪ Bolt-on: purchase of new/additional equity or assets by a business already owned by AUB Group.

IMPROVING SHAREHOLDER RETURNS A PRIORITY

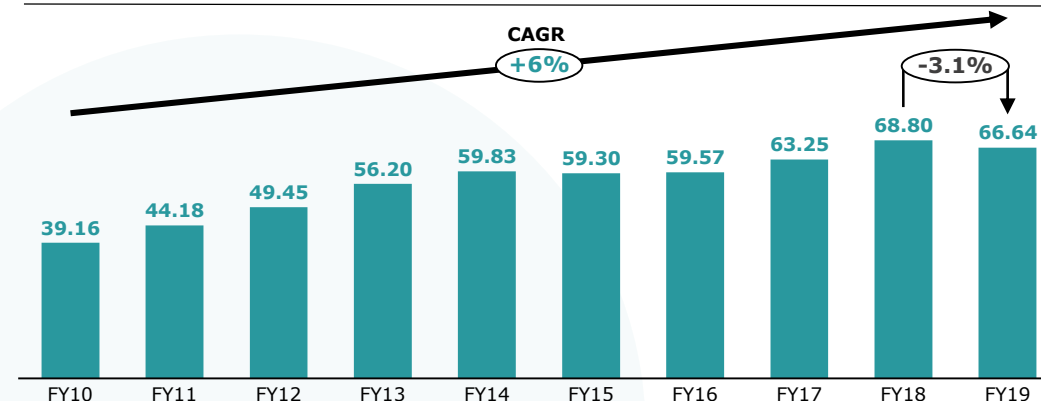
Dividend Per Share (Cents)



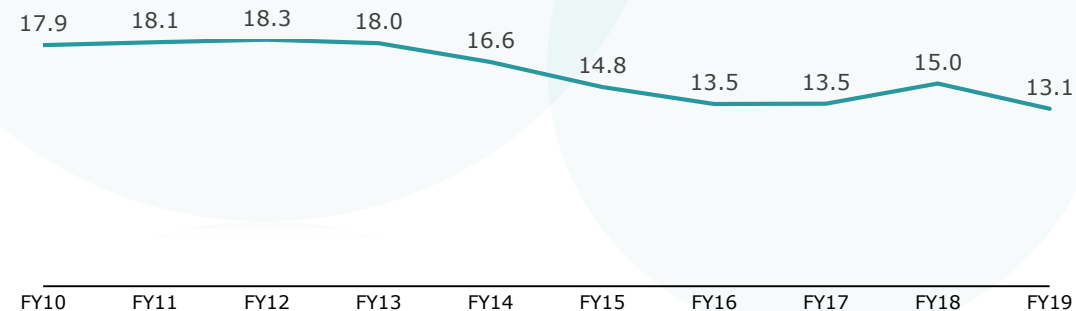
Dividend Payout Ratio² (%)



Adjusted EPS¹ (Cents per share)



Return on Equity – ROE³ (%)



1. FY18 EPS includes a TERP adjustment of 98.6%. Adjusted EPS calculation = (Adjusted NPAT) / (weighted average number of shares on issue).

2. Dividend payout ratio calculation = (Dividends paid or payable relating to FY19) / Adjusted NPAT.

3. Return on Equity = Adjusted NPAT / (Average Equity attributable to equity holders of the parent).



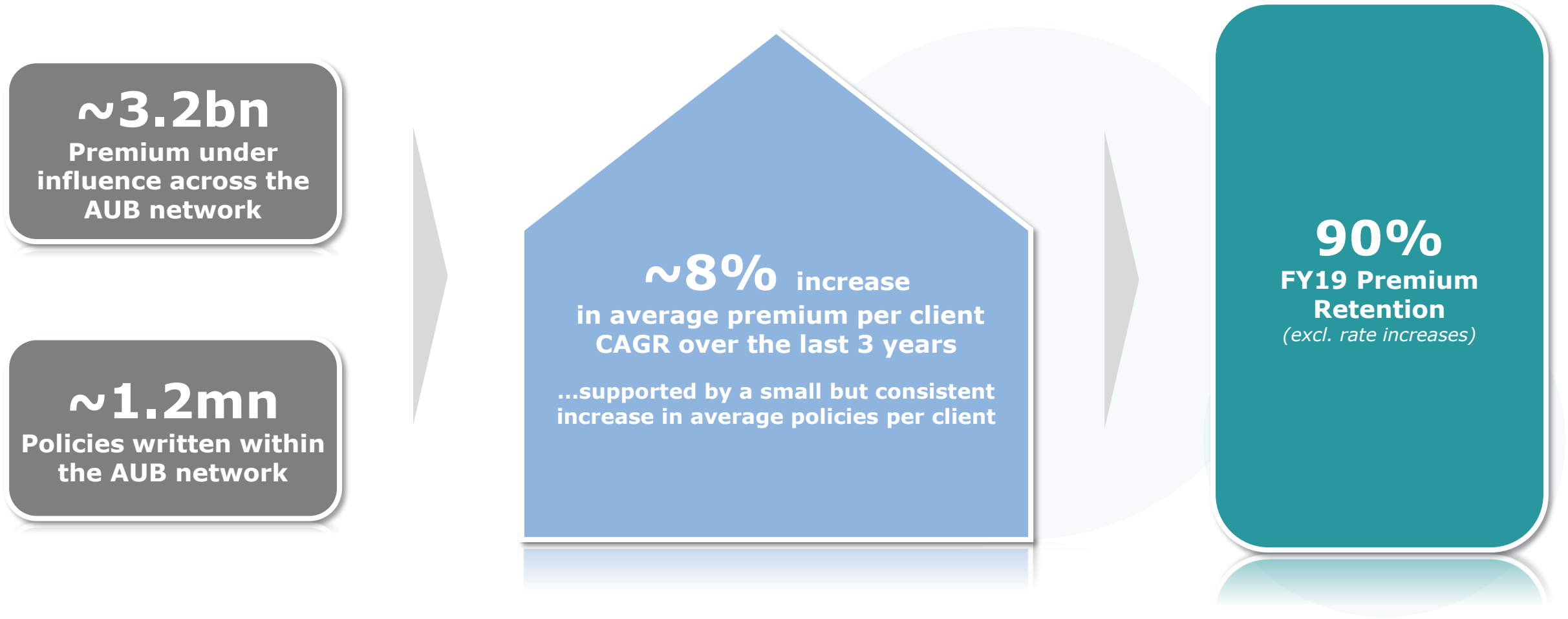
AUB Group Business Review and Outlook



FY20 EXECUTION PRIORITIES

- 1 Enhance our core business partner proposition with improved product and capacity offerings**
- 2 Implement best-in-house technology features across the Group**
- 3 Reduce Corporate costs and drive efficiency through cross-network synergies**
- 4 Consolidate our core businesses for scale and create sector specialisations to build market leadership**
- 5 Execute on strategically aligned acquisitions that drive outperformance**
- 6 Redefine Risk Services strategy**

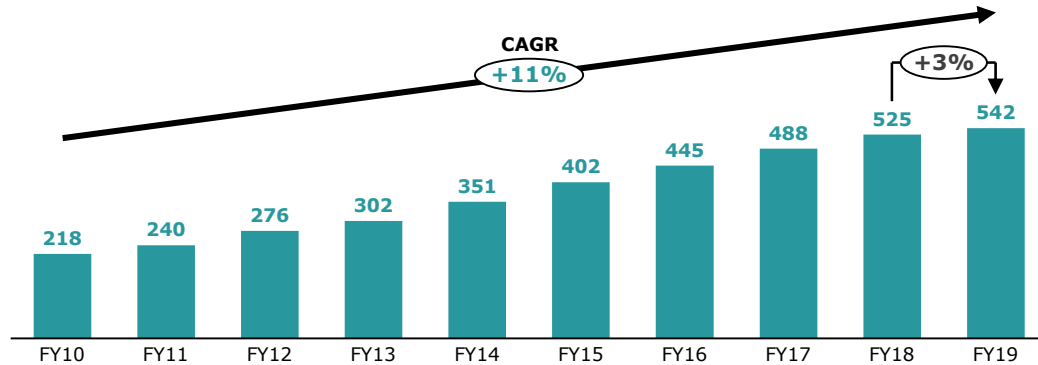
STABLE AND PREDICTABLE OPERATIONAL DRIVERS



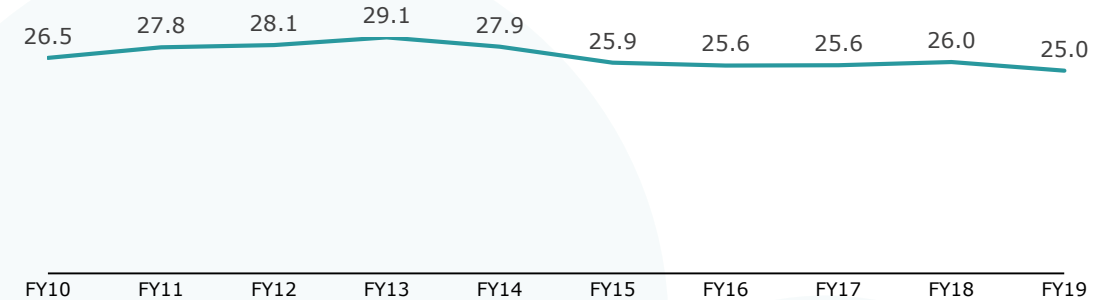
- Analysis is based on available data from key Australian Broking business portfolio.
- Client retention is based on individual clients, regardless of policy size.

TRACK RECORD OF DELIVERING GROWTH

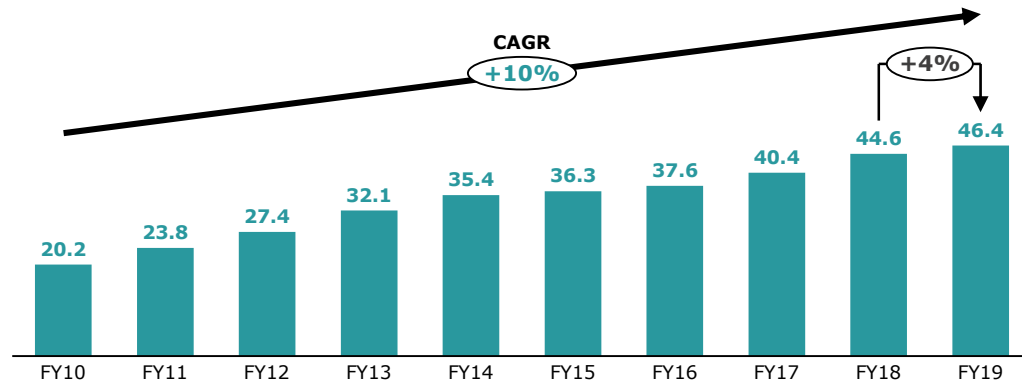
Underlying Revenue¹ (\$mns)



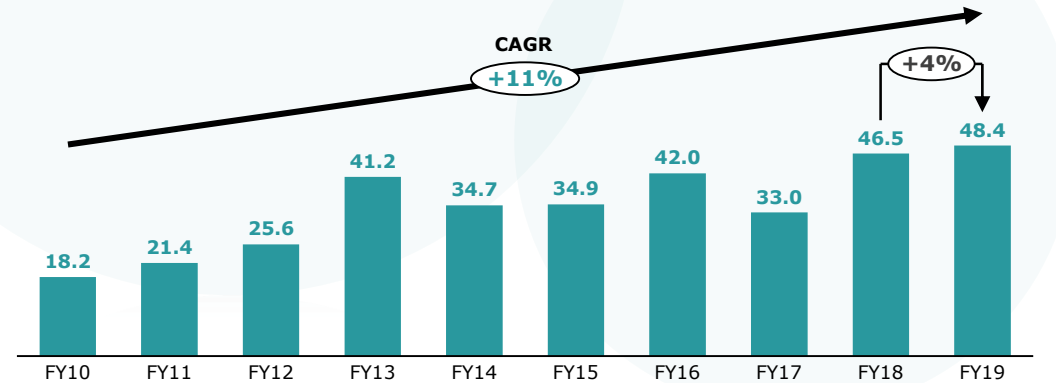
Underlying EBITA Margin¹ (%)



Adjusted NPAT² (\$mns)



Reported NPAT² (\$mns)



1. Underlying Results: In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests.

2. Adjusted NPAT is used by management and the board to assess operational performance. Reported NPAT are profits that 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.

CORE INSURANCE OPERATIONS - OUR SCALE AND REACH



* Data sources for market sizing and share calculations: APRA Quarterly General Insurance Performance Statistics (March 2019), APRA Intermediated General Insurance Performance Statistics (December 2018), AIMS Broker view (April 2019) and McKinsey & Company (October 2017).

TAKING CONTROL OF OUR CORE CAPABILITIES

Austbrokers Insurance Member Services (AIMS)

AUB Group will take 100% control of AIMS in Q2 FY20

AIMS will serve as the member services division with four key areas of responsibility

- Sourcing and negotiating capacity and product offerings with insurance partners
- Delivering core partner business support services, at scale, to drive capability uplift and cost-efficiency across the network
- Lead the strategic mandate for our brokers' technology platform needs
- Deliver claims expertise and servicing capabilities to our brokers, clients and insurance partners



**UNDERWRITING
CAPACITY AND
PLACEMENT**



**ACCOUNTING
AND
COMPLIANCE**



**PARTNER
TECHNOLOGIES**



CLAIMS

FY20 OUTLOOK AND GUIDANCE

During FY20 the group anticipates strong growth from Insurance Broking in Australia and New Zealand as well the Underwriting Agencies. This will be reduced by several factors:

- Reduced interest rates;
- Lease Accounting Changes;
- Reduced revenues in Canberra, post restructuring;
- Delayed effect of remediation to health and rehabilitation service lines;
- Lag to benefit from cost-out activities;
- Planned shareholding sell-downs to support succession planning in broker partners;
- Major acquisition legal and financing costs (which have been provided for in the guidance calculations in the event that a major acquisition such as Coverforce takes place).

Based on the above, we believe the group will achieve Adjusted NPAT growth of 4% to 6% in FY20. Note, this growth rate excludes the positive impact that may arise from new acquisitions or shareholding increases.

FY20 will be a year of change to enable consistent profit growth for future years.

- Enhanced value and benefits to Network partners;
- Complete remediation of Risk Services and Canberra;
- Reduced Corporate overheads;
- Optimised Portfolio.

QUESTIONS



THANK YOU



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.

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