

AUB Group Limited

Annual General Meeting

12 November 2019



Chair's Address



David Clarke

Chairman



AGM 2019 – MEETING AGENDA

1	Chair's Address David Clarke
2	CEO and MD Address Mike Emmett
3	Formal Business David Clarke



CEO's Address



Mike Emmett

CEO and Managing Director



AUB GROUP OVERVIEW

AUSTRALIAN BROKING

- 61 Partner businesses, with ~20% Commercial Insurance Market Share with primary SME focus
- Established complementary capabilities in Life Insurance Broking, Premium Funding, Claims Management and Legal Services

NEW ZEALAND BROKING

- 8 major broker partners, an underwriting agency, and the largest broking management group in NZ with presence in 140 locations

UNDERWRITING AGENCIES

- Underwrite, distribute and manage specific niche insurance products and portfolios via 19 agencies on behalf of locally licensed insurers and Lloyd's

RISK SERVICES

- Adjacent market equity investments in 3 businesses with capabilities in loss adjustment, investigations, claims management, claims legal support and rehabilitation services

GROUP SERVICES

- Delivering to our partners' product, capacity, technology and claims needs through AIMS
- Provision of partner services through AUB's Business Centre

\$3.2B+ GWP

INSURANCE BROKING OF \$2.8B VIA EQUITY AND NETWORK PARTNERS | SPECIALIST AGENCIES \$350M

15

STRATEGIC INSURANCE PARTNERSHIPS

~600K
CLIENTS

>1M
POLICIES

>450
LOCATIONS

93
BUSINESSES

33YRS
OF ACTIVE PARTNERSHIP EXPERIENCE

>3,000
STAFF



'Helping our clients to safeguard a stronger, protected future...'

RECENT INSURANCE INDUSTRY AWARDS

Authorised Representative Group of the Year

ANZIIF 2018 and 2019

Best Community Engagement Program – Broker

Insurance Business Australia – May 2019



Insurance Brokerage of the Year (>20 Staff)

Insurance Business Australia – May 2019

Insurance Business Australian Brokerage of the Year

Insurance Business Australia – May 2019



Best Digital Strategy – Brokerage

Insurance Business Australia – May 2019



we make insurance easy

Elite Brokers 2019

- Dale Hansen, Austbrokers Coast to Coast
 - Lara Morgan, Allinsure
 - Dave Stott, Adroit
- Insurance Business Australia – May 2019



allinsure



Broker of the Year, John Duncan

NIBA – September 2018

JMD ROSS
INSURANCE BROKERS

Young Professional Broker of the Year, Craig Anderson

NIBA – September 2018



Authorised Brokerage of the Year (6-20 Staff)

Insurance Business Australia – May 2019



Broker of the Year – Authorised Representative Lisa Carter

Insurance Business Australia – May 2019
NIBA – September 2019



Insurance Leader of the Year, Tim Wedlock

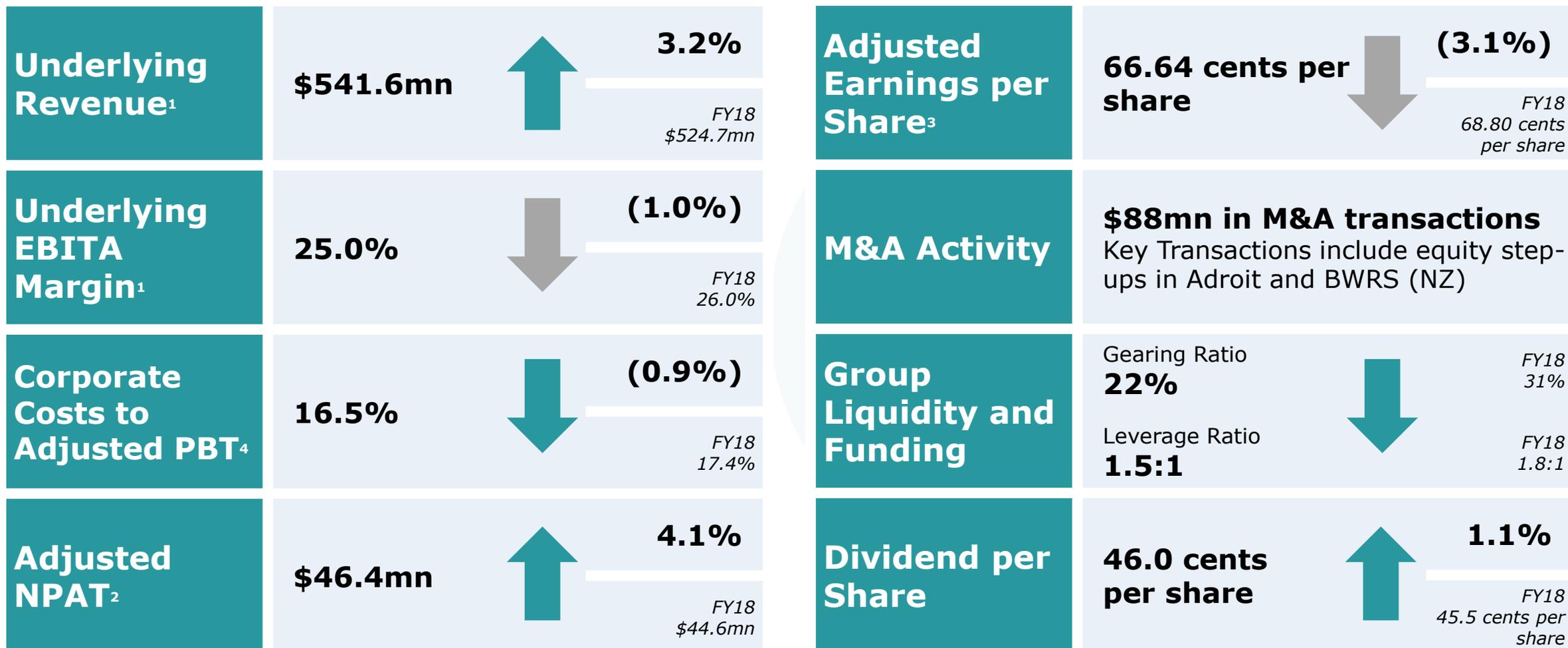
ANZIIF – August 2018





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 SNAPSHOT - DIVISIONAL

Vs. FY18 comparative period	AUSTRALIAN BROKING²	NEW ZEALAND BROKING	UNDERWRITING AGENCIES	RISK SERVICES²
Underlying ¹ Revenue	\$343.6mn  1.8% 4.1% (excl. Canberra)	\$50.6mn  19.3%	\$61.4mn  8.5%	\$85.9mn  (2.4%)
Underlying ¹ EBIT Margin	29.7%  0.2% 1.0% (excl. Canberra)	33.6%  (3.2%)	33.8%  (1.1%)	6.7%  (9.0%)
PBT attributable to equity holders of parent company	\$52.8mn  3.7% 11.0% (excl. Canberra)	\$9.2mn  41.5%	\$15.5mn  11.6%	\$2.4mn  (66.1%)
Organic Growth % ³ (PBT attributable to equity holders of parent company)	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.

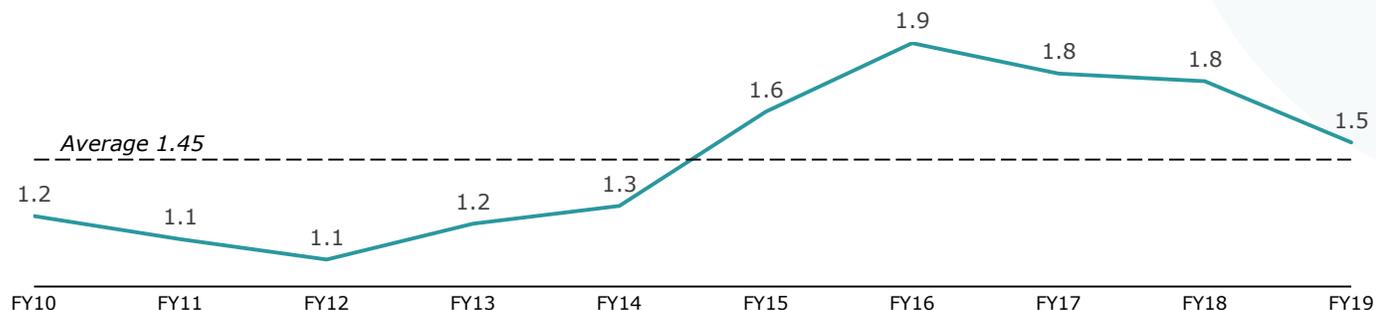
EFFECTIVELY LEVERAGING AND MANAGING DEBT

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



22%
FY19 AUB Group Gearing⁴
(FY18 31%)

Group Leverage Ratio³



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

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

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

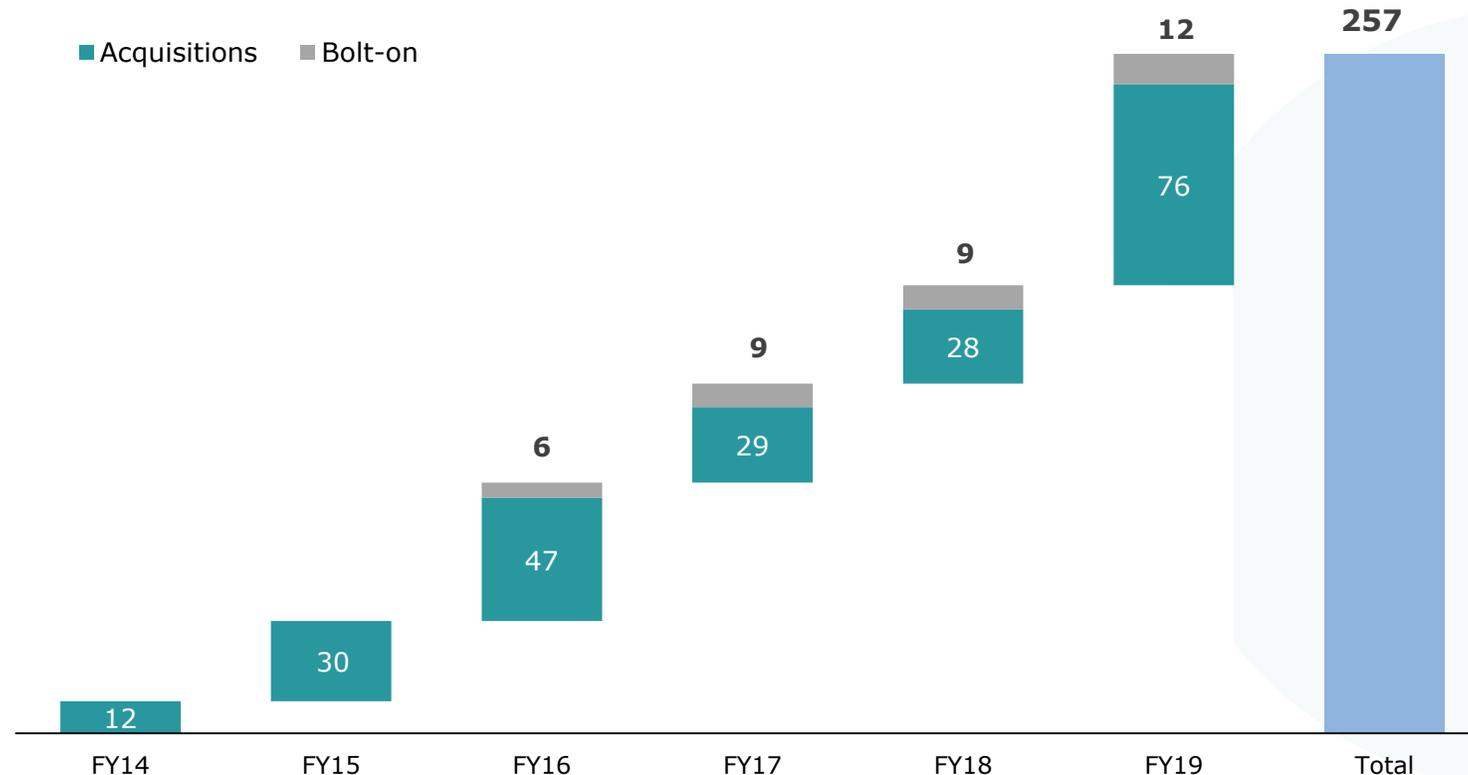
3. Leverage ratio calculation = Net Debt / (EBITDA at Group + EBITDA of Associates AUB's share). Debt includes share of associates.

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.

DISCIPLINED M&A

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

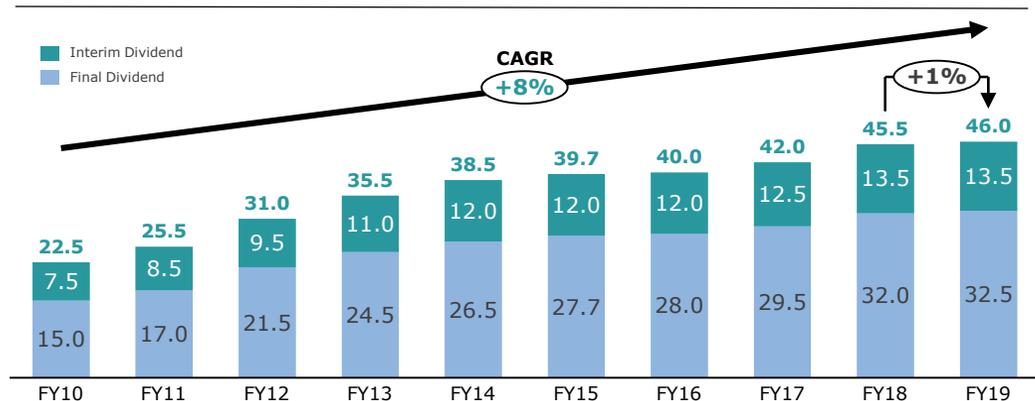


- AUB has undertaken 54 acquisitions and bolt-ons over the past 6 years valued at ~\$250mn in M&A activity
- The Group intends to continue to supplement organic growth by relevant acquisitions and start-up opportunities
- Acquisitions across Australia and New Zealand insurance broking and Underwriting 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

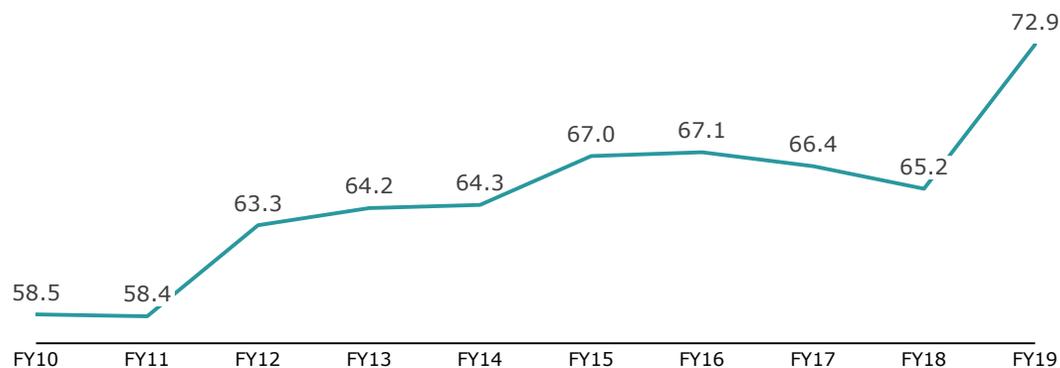
▪ Based on AUB's share in acquisitions and restructuring in each respective period (includes payment for contingent consideration from FY14 to FY19).
 ▪ Acquisition: direct purchase of new/additional equity in a business by AUB Group.
 ▪ Bolt-on: purchase of new/additional equity or assets by a business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

IMPROVING SHAREHOLDER RETURNS A PRIORITY

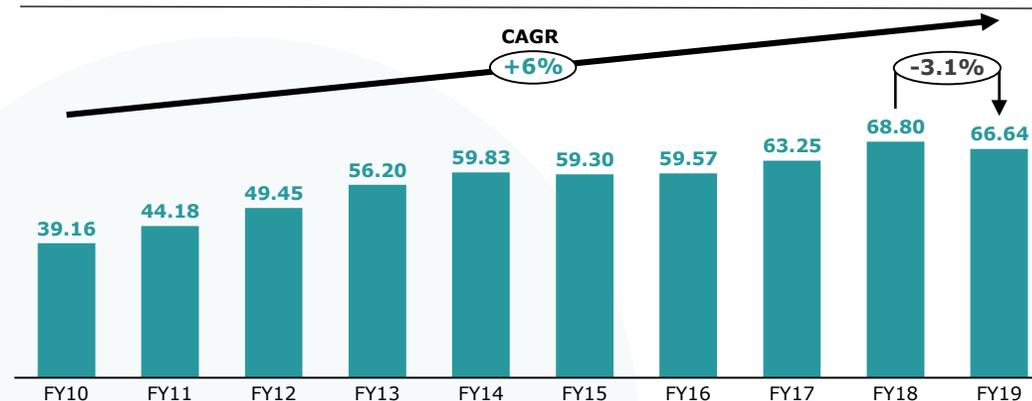
Dividend Per Share (Cents)



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).



**FY20
STRATEGIC
IMPERATIVES**



FY20 EXECUTION PRIORITIES | Q1FY20 UPDATE *(1 of 2)*

1

Enhance our core business partner proposition with improved product and capacity offerings

- Completed a capacity and product sourcing Expressions of Interest process, engaging 27 local and global capacity providers; responses under review with selected participants to progress into a detailed Request For Information (RFI) stage

2

Implement best-in-house technology features across the Group

- Commenced multiple projects to standardise and optimise tech capabilities across the network
- High volume platform pilot commenced last week to deliver on our partners' sales effectiveness needs in the high-volume SME segment

3

Reduce Corporate costs and drive efficiency through cross-network synergies

- Executed on planned cost-optimisation and op-model redesign initiatives at Corporate HO
- On-boarding of new partners into the AIMS Business Services, and additional capability investments to drive increased adoption and efficiency

FY20 EXECUTION PRIORITIES | Q1FY20 UPDATE *(2 of 2)*

4

Consolidate our core businesses for scale and create sector specialisations to build market leadership

- Identified key partner consolidation opportunities with execution underway – expect to deliver increased expertise leverage, create additional market scale and reduce cost duplication/redundancy
- Well underway to consolidate four broking businesses and a small acquisition into two operations
 - Rolling up an existing broking business into a larger broker
 - Consolidating 2 existing brokers complimented by a small acquisition to create a larger business
 - Merging a specialty broker and segment agency into a single business
 - Transferring a branch portfolio into another broker partner within the Group

5

Execute on strategically aligned acquisitions that drive outperformance

- Reviewing a pipeline of potential M&A opportunities in various stages of the lifecycle, aligned to the Group’s strategic agenda
- Legal action between shareholders of Coverforce is underway. AUB Group is not a participant in the these and will decide on the next steps once we hear the outcome of the proceedings
- We have completed a small bolt-on portfolio acquisition in New Zealand, with a pipeline of additional opportunities in play

6

Redefine Risk Services strategy

- Proactive involvement in the underlying businesses in place, with a strategic review underway
- Remediation of business through cost synergies underway, however market factors remain uncertain

OUTLOOK AND GUIDANCE



FY20 OUTLOOK AND GUIDANCE



Outlook

During FY20 the Group anticipates good growth from Insurance Broking in Australia and New Zealand as well the Underwriting Agencies. The business however remains cautious of challenges in the external and internal environment.

Our expectation is that average commercial line premium rate increases in Australia in FY20 will be 4%-5%.



Guidance

During FY20 the Group will continue to implement changes as follows:

- Enhance value and benefits to Network partners;
- Optimise network portfolio;
- Reduce Corporate overheads;
- Remediation of Risk Services.

We reaffirm that the Group expects an Adjusted NPAT growth of 8% to 10% in FY20 over the FY19 Adjusted NPAT of \$46.4mn, as announced in August 2019.

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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APPENDICES

AUB GROUP – BOARD OF DIRECTORS

David Clarke

Non-Executive Chairman, Chair of the Nomination and Remuneration & People Committee



- 35 years' experience in investment banking, funds management, property and retail banking
- Former CEO of Investec Bank, Allco Finance Group, MLC, and Westpac's Wealth Management Business, BT Financial Group
- Chairman of both The University of New South Wales Medicine Advisory Council, Charter Hall Group, and a Director of Fisher Funds Management Limited and former Director of AMP

Robin Low

Non-Executive Director, Chair of the Audit & Risk Management Committee



- Former PwC partner with 28 years' experience in financial services,
- Director of CSG, Appen, IPH, the Australian Reinsurance Pool Corporation and Gordian Runoff and on the board of Audit and Assurance Standards, Sydney Medical School Foundation, Public Education Foundation and Primary Ethics

Cath Rogers

Non-Executive Director



- Previously held senior roles in leading investment and financial services organisations in Sydney and overseas including AirTree Ventures, Anchorage Capital Partners, Masdar Capital and Credit Suisse
- Director and co-founder of Digital Receipt Exchange Limited and a Non-Executive Director of the Heart Research Institute. Former Director of McGrath Limited

Mike Emmett

CEO & Managing Director



- Previously held senior roles in Australia as Group CEO for Cover-More, previously an ASX-listed global travel insurer and now part of the Zurich Group, at QBE as Group Executive, Operations and at EY leading the Financial Services Advisory business.
- International roles include leading Insurance and Banking consulting teams at IBM, Accenture and PwC in London and South Africa
- Mike is also currently a Non-Executive Director of 1stGroup (ASX:1ST) and the Gold Coast Suns FC

Ray Carless

Non-Executive Director



- Over 35 years' experience in the insurance industry experience based in Australia, but with management responsibilities throughout the Pacific rim
- Former Managing Director of reinsurance brokers Benfield Greig in Australia, involved in the Australian insurance industry

Paul Lahiff

Non-Executive Director



- Former Chief Executive of Mortgage Choice, Executive Director of Heritage Bank and Permanent Trustee and held senior roles in Westpac in Sydney and London.
- Chairman of NPP Australia, and a Director of Endometriosis Australia, LIXI Australia and is chair of Retail Finance Intelligence

DIVISIONAL OVERVIEW – AUSTBROKERS

Our Australian broking business encompasses some of Australia's largest and most reputable brokerage business, with specialist expertise, market penetration and quality client portfolios.

The portfolio consists of over 1,900 staff with capabilities across a broad spectrum of insurance and risk management services.

Our business model is driven by a partnership mindset, and we work to build and expand on partnership that will drive sustainable growth and profitability for the benefit of the Group and our broker network.

The division encompasses 61 'brands' in the market and generates over \$2.1bn in premium across the network.

With more than 30 years in the industry, a national footprint, Austbrokers is uniquely placed to provide clients with market leading insurance broking and risk management services.



~\$2.1 billion in premium



63% contribution to group revenue



61 partner businesses with equity ownership



~400,000 clients



~800,000 policies



~300 locations



~1,900 staff



~21% GI SME Market Share

DIVISIONAL OVERVIEW – AUB GROUP NZ

AUB Group's expansion into New Zealand in 2015 has grown significantly, providing a key source of growth opportunities for the Group.

AUB Group New Zealand, which selectively invests into high-performing broking and underwriting agency businesses owns NZbrokers Management, serving a network of independent brokers consolidating to achieve scale.

AUB's equity holdings includes 7 Broking companies, Insurance Advisernet NZ, an underwriting agency and equity within NZbrokers.

NZbrokers is New Zealand's largest insurance broking collective, representing over 87 independent businesses across the country. Each member leverages the strength and capability of our national group, while retaining their successful formula of local knowledge and long-standing relationships.



~\$700 million in premium



10% contribution to group revenue



10 businesses with equity ownership



~160,000 clients



~400,000 policies



~140 locations



~800 staff



87 businesses within NZbrokers network

DIVISIONAL OVERVIEW – SURA

Our Underwriting Agencies division comprises some of Australia's leading specialist underwriters who distribute and manage niche insurance products on behalf of domestic and internationally licensed insurers, including Lloyd's.

The business includes 19 partner agencies, driving over ~\$350mn in premium, via 40,000 policies to over 35,000 clients.

The business consists of organically developed industry-led capabilities under the SURA brand as well as reputable and established businesses including Millennium, Longitude, Fleetsure, AustRe and Tasman underwriting.

Our agency partner underwriters are experts in their chosen domain and hence are able to build, tailor and supply purpose-built insurance cover that caters to the specific and bespoke needs of our broad client-base.

The business also include relevant support services, particularly in claims, to provide an unparalleled end-to-end client service.



~\$350 million in premium



11% contribution to group revenue



19 Partner agencies



~35,000 clients



~40,000 policies



10 locations



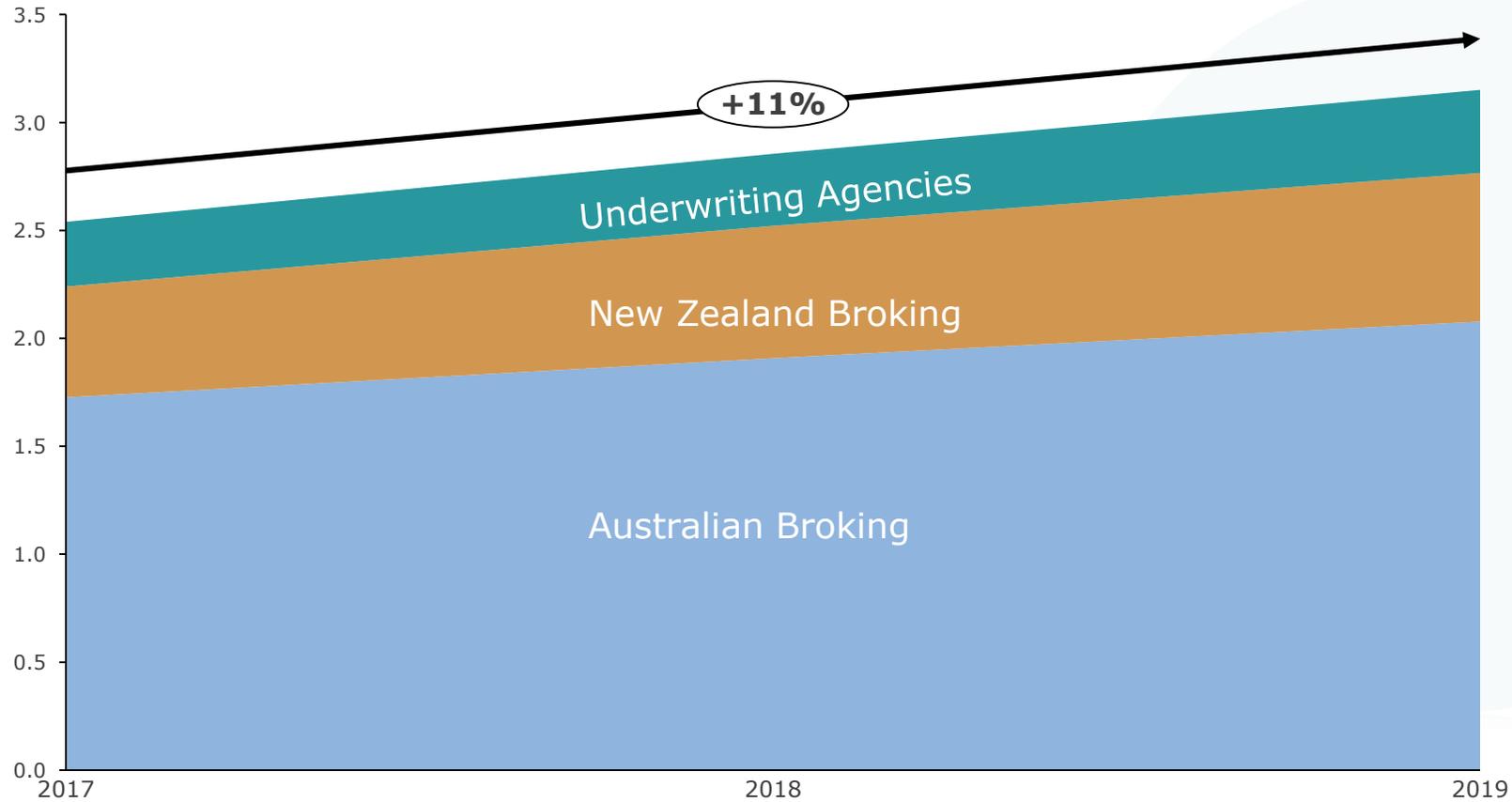
~200 staff



Centralised specialist claim capabilities

INSURANCE PORTFOLIO – PREMIUM AND SIZE

Annual Premium (\$bns)



~3.2bn
Premium under influence
across the AUB network
(FY19)

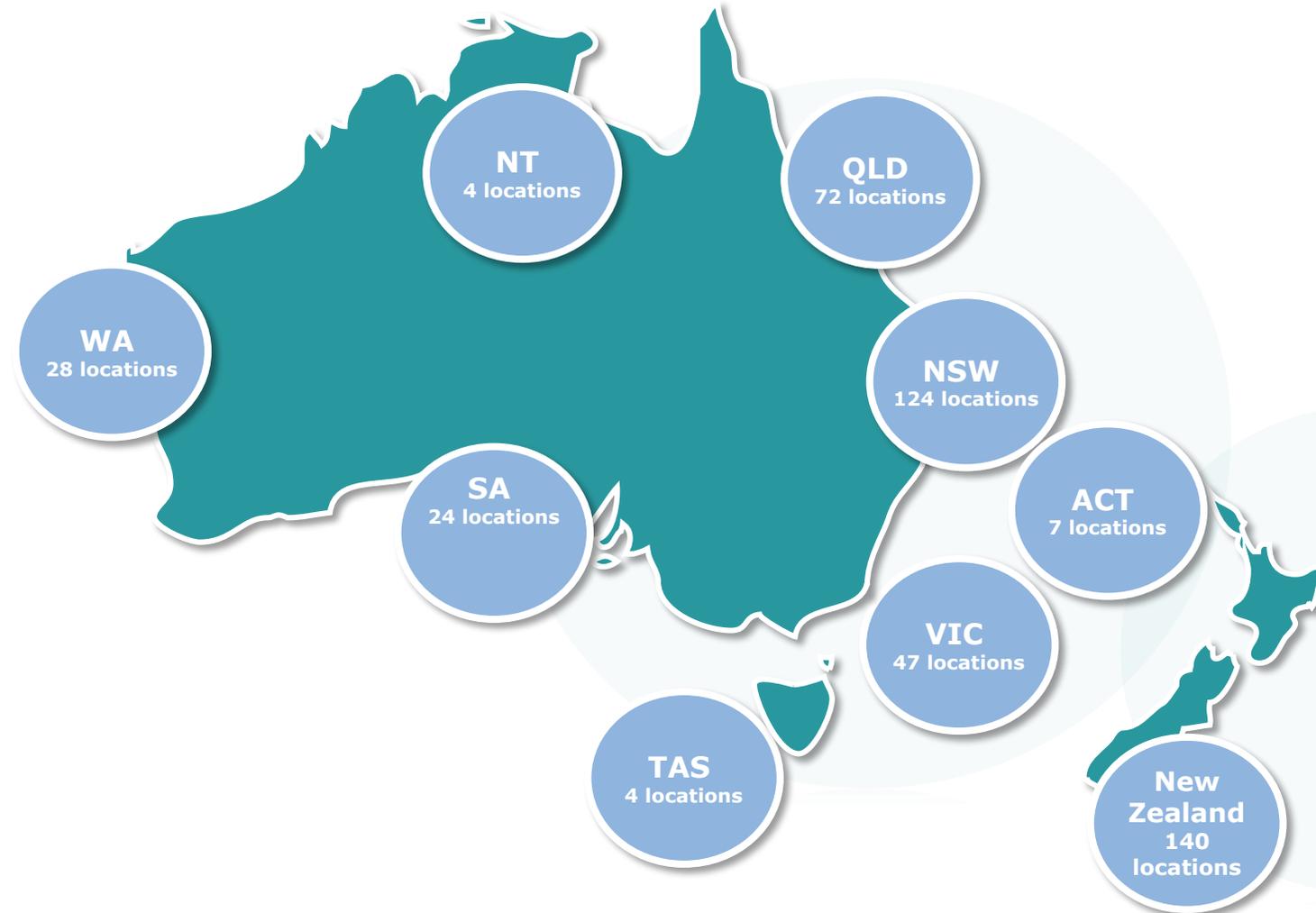
~1.2mn
Policies written within the
AUB network (FY19)

Total includes premium and commission from AUB Network brokers, Underwriting agencies GWP, excluding fees, levies and taxes.

INSURANCE OPERATIONS – REACH AND SCALE

~450
Locations

>3,000
staff



* 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).

AIMS – CORE CAPABILITIES

Austbrokers Insurance Member Services (AIMS)

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**



**PARTNER
BUSINESS
SUPPORT
SERVICES**



**PARTNER
TECHNOLOGIES**



CLAIMS



TUB GROUP