

10 November 2016

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney, NSW 2000

**ASX ANNOUNCEMENT**

Via Electronic Lodgement

Dear Sir/Madam

**COVER-MORE GROUP LIMITED (ASX Code: CVO) – ANNUAL GENERAL MEETING  
ADDRESSES TO SHAREHOLDERS**

Cover-More Group Limited will address shareholders today at its Annual General Meeting to be held 10.00am in the Heritage Ballroom at the Westin, 1 Martin Place, Sydney, NSW 2000.

A live webcast of the meeting can be accessed through the Cover-More website,  
[www.covermoregroup.com/content/20/en/media-releases.html](http://www.covermoregroup.com/content/20/en/media-releases.html).

Attached is a copy of the Chairman's address, Group Chief Executive Officer's address and the Annual General Meeting presentation.

For further information, please contact:

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Yours faithfully,



Mark Steinberg  
Company Secretary

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## 2016 AGM: Chairman and Group CEO speeches

### Chairman's AGM address

Good morning everyone. Welcome to the third Annual General Meeting of Cover-More Group Limited.

My name is Louis Carroll and I am Cover-More's Independent Non-Executive Chairman.

We have the necessary quorum present, so we can proceed. I officially declare our meeting open.

Firstly, I would like to introduce my fellow directors.

- Mike Emmett, Managing Director and Group Chief Executive Officer: Mike commenced his role on 4 July 2016 after the retirement of Peter Edwards
- Sam Mostyn, Independent Non-Executive Director
- Lisa McIntyre, Independent Non-Executive Director
- Stephen Loosley, Independent Non-Executive Director and
- Trevor Matthews, Independent Non-Executive Director
- Will Easton, Independent Non-Executive Director. Unfortunately, Will is not with us this morning as he has important personal commitments in Singapore.

I would also like to introduce our Group Chief Financial Officer and Company Secretary, Mark Steinberg.

And also present today is Scott Fergusson from our company's auditors, PricewaterhouseCoopers.

Today, I will provide you with a review of our 2016 performance, results and achievements. I will then ask Group Chief Executive Officer, Mike Emmett, to speak on the strategic direction of the business and outlook for 2017.

Mike will discuss our recent acquisition of Travelers Insurance Services business in the USA and also the binding Heads of Agreement announced this morning with our new underwriting partner, Berkshire Hathaway Specialty Insurance.

Then, before the formal business of the meeting I will also talk to the Board's approach to remuneration.

There will an opportunity for you to ask questions of the Board at the conclusion of the formal part of this morning's meeting and I ask that you please reserve any questions you have until that time.

Now to Cover-More's Group performance in the twelve months to 30 June 2016.

I will be frank. FY16 was disappointing for our Group. Particularly when we know that our fundamentals are strong, that our growth prospects are bright and that our partnerships are as diverse and as solid as they ever have been.

While Cover-More's top line growth and expansion in FY16 were pleasing, the decline in EBITDA from FY15 was disappointing.

Although we took action on issues relating to our previous underwriting model to address foreign exchange fluctuations and claims inflation, this resolution was late in FY16 and meant group profitability for the year was eroded to an unsatisfactory level.

Your Board of Directors and I are confident that this decline in no way reflects the inherent and long-term strength of the Cover-More Group—and we are focused on restoring margins to historical levels.

I want to draw your attention to the key financial metrics for FY16.

- Cover-More delivered good growth rates in the major markets in which we operate. Our FY16 revenue of \$502.1 million reflected growth of 7.6% on FY15.
- Our core travel insurance business segment performed well with gross sales growth of 8.5%.
- While outbound travel volumes remained flat in FY16, our Australian travel insurance business recorded 7.2% positive growth in gross sales against last year. In addition, our international business continued to accelerate with Asia up a considerable 29% in net revenue compared to FY15.
- Group EBITDA of \$44.6 million represents a 14.2% decrease, compared with \$52.0 million last year.
- Net profit after tax and amortisation was \$24.1 million, compared with \$31.1 million in FY15.
- Lastly, we also achieved more than 80% conversion of EBITDA into cash flow before capital expenditure and maintained a conservative gearing level, with net debt at the end of FY16 being 0.9x EBITDA.

These results enabled the Board of Cover-More to declare a fully franked dividend of 2.6 cents per share bringing FY16 total dividends to 4.7 cents per share.

I'll now turn to operational highlights of our FY16 results.

- During the year Cover-More commenced selling travel insurance in the United States, which is the largest travel insurance market in the world, estimated to be worth some US\$2.5 billion.
- We entered the USA in partnership with Flight Centre Travel Group and also Aon Affinity Travel Practice and we have established a team and operations in New York.
- In FY16, we also signed an agreement with Flight Centre to extend our partnership agreement until the year 2024.
- We pushed further into India with three new intermediary partnerships:
  - with Goibibo, the largest online hotel booking engine in India and also one of the leading air aggregators
  - with Yatra, India's second largest online travel agency and
  - with the country's fifth largest airline, GoAir.
- We gave scale and substance to our Global Direct business with the establishment of a relationship with global insurer Zurich Insurance Group.

Our connection to Zurich in China incorporated the provision of travel insurance to Hong Kong Express, Hong Kong's only low-cost airline.

- In the United States, Cover-More signed an agreement with Berkshire Hathaway Travel Protection to sell travel insurance products and services online to travellers taking domestic and international trips.

- We have also just confirmed a new underwriting agreement with Berkshire Hathaway Speciality Insurance—and Mike Emmett will present the detail of that to you shortly.

I'll turn now to Cover-More's recently-announced acquisition of Travelex Insurance Services in the USA. The company is the third largest retail travel insurance specialist in the North American market with approximately US\$130 million in annual GWP.

Mike Emmett will also talk about this acquisition in his address however, I mention it here because of its significance and the uplift in scale it offers Cover-More in the largest travel insurance market in the world.

The acquisition of Travelex Insurance Services accelerates Cover-More's US expansion strategy and is consistent with our FY17 outlook and growth priorities.

I wish to now briefly discuss the succession in Group Executive Leadership at the end of FY16.

July this year brought the retirement of Group Chief Executive Officer, Peter Edwards, from his position.

Peter had done an outstanding job leading Cover-More since 2011 and while your Board and I were disappointed to see him leave the role, we understand the decision that Peter made to prioritise his family life and minimise travel away from home.

We accepted Peter's decision and, after an executive search was conducted, selected Mike Emmett from QBE as Peter's replacement.

Mike succeeded Peter Edwards on 4 July 2016 as Group Chief Executive Officer to oversee the next phase of Cover-More's growth and evolution.

Mike joined Cover-More after a successful executive career with QBE, EY, Morse, IBM, Accenture and PwC. Most recently at QBE, he held the role of Group Executive, Operations.

Mike is an accomplished senior executive who brings vast global experience, proven leadership qualities, highly developed market acumen and a strong ability to continue Cover-More's outcomes focus, customer centricity and growth agenda.

We are delighted that Mike Emmett has joined Cover-More as Group CEO and I now wish to introduce him to you to talk to about the Cover-More Group he now leads.

## Group CEO's AGM address

Thank you Louis.

Good morning everyone.

Cover-More takes pride in the strong relationships we have with our major business partners both in Australia and abroad. Our business model is designed to ensure that their success and our success is linked.

We have already demonstrated that we are able to leverage the strength of these partnerships in distribution and underwriting in numerous markets around the world and now we need to mature and optimise this burgeoning global footprint.

We are evolving our operating model around industry verticals and market propositions that build on our areas of expertise as follows:

- Travel and Aviation
- Financial Institutions
- Global Direct
- Medical Assistance
- Employee Assistance and
- Digital Technology.

The new operating model leverages our core operating platforms in Australia and New Zealand, in India and, with the acquisition of Travelex Insurance Services, in the USA.

This will allow us to efficiently drive global growth at optimal cost by centralising core support services.

To support the transition to the new operating model, we have also made changes to strengthen Cover-More's senior leadership team.

Next week, we welcome Judith Crompton to Cover-More as CEO of our Travel and Aviation team. Judith will have global responsibility for our retail travel and airline partnerships and is exceptionally qualified in both these areas having worked for some of the most recognised and innovative airline and travel companies in Australia, the UK and the UAE.

Until recently Judith was Chief Commercial Officer with Virgin Australia and prior to this held senior positions at Qantas, Etihad Airways and Flight Centre.

I'm also pleased at Carole Tokody's new appointment as CEO, Financial Institutions and Global Direct.

Carole will take global responsibility for the development of our business partnerships with banks and insurers. She will also continue to lead Cover-More's Global Direct business which leverages our global alliance with Zurich and, in the USA, with Berkshire Hathaway Travel Protection.

Carole previously held senior roles in Allianz and has substantial experience in the travel insurance industry and with global e-commerce platforms.

For our Medical Assistance business, Meredith Staib has been promoted to the chief executive role to lead the global growth and operational reach of Cover-More's capability in this area.

The fourth of our go-to-market areas is Employee Assistance and Michele Grow continues to lead that business for Cover-More as we seek to expand the value proposition around holistic employee wellbeing.

Finally, we have created a new digital technology division to house our portfolio of technology assets including our optimisation tool, IMPULSE, and I am pleased to announce the appointment of Scott Adams as CEO of this new division.

As Louis noted, on 27 September we announced the acquisition of Travelex Insurance Services, significantly scaling up our presence in the USA market.

The all-cash purchase price of US\$105m was funded through the combination of an equity entitlement offer and debt facilities.

The institutional offer completed on 29 September 2016 and the retail offer completed on 17 October 2016, with all new shares allotted by 24 October 2016.

I want to take this opportunity to thank all of our shareholders for their support of the offer.

Travelex Insurance Services is an excellent strategic fit for Cover-More as it gives us an accelerated growth path in the North American market and adds considerable scale to our global platform.

Travelex Insurance Services currently develops and distributes travel protection products for travel suppliers, tour operators, cruise lines, vacation clubs and timeshare operators.

The company has 3,400 distribution partners, 70 specialty risk clients and 85 insurance programs. In 2015, Travelex Insurance Services insured 1.3 million travellers and, importantly, has licences in all 50 USA states.

The acquisition also gives us access to a well-known brand name which Cover-More can use in perpetuity, and on a global basis.

We intend to focus on unlocking incremental value by combining Travelex Insurance Services and Cover-More's existing operations and capabilities in the USA.

Initially, the focus will be on these four areas.

1. Removal of duplicated costs in Cover-More's existing USA start-up.
2. Reduced operating costs to support existing customers as a result of increased scale.
3. The build-out of Cover-More's medical assistance and operations capabilities in North America.
4. Establishment of a 'follow-the-sun' model to deliver additional scale and cost efficiencies in medical assistance and operations arising from a presence in multiple global time-zones.

The acquisition does still remain subject to a final condition, being anti-trust approval from the USA regulator, however, we expect that condition to be satisfied and for the transaction to reach financial close by the end of November 2016.

I would now like to turn to the important announcement we made this morning about our new underwriting partnership with Berkshire Hathaway Specialty Insurance.

Since 2009, Cover-More Group has had our primary underwriting agreement covering Australia, New Zealand and the UK with Great Lakes Australia, a subsidiary of global reinsurer Munich Re.

Earlier this year Munich Re announced the intention to dispose of the GLA operation. As a result we restructured the agreement with Great Lakes Australia to update our modelling approach and allow Cover-More a three to six month termination right. We also reduced the term of the agreement to 30 September 2017.

Since then we have explored alternative underwriting relationships to replace Great Lakes Australia. At our full-year results announcement, I indicated that our focus was to establish optimum underwriting capability through a panel of underwriters who could provide broad coverage to cater for our future growth prospects—as well as to provide underwriting for a more innovative product range.

I acknowledge that there has been market concern around our underwriting arrangements and I am therefore very pleased to announce the first of these new underwriting partnerships.

Cover-More today announced a binding heads of agreement has been signed with global insurer, Berkshire Hathaway Specialty Insurance. This is a significant first step to implement Cover-More's new global underwriting panel.

Cover-More and Berkshire Hathaway currently partner in the USA to market online travel insurance products to consumers. The new agreement will expand the relationship to include the appointment of Berkshire Hathaway Specialty Insurance as Cover-More's primary underwriter in Australia and New Zealand and the identification of business opportunities in other markets.

I should note that the new underwriting agreement with Berkshire Hathaway does not impact the existing underwriting agreements with Transamerica, who are the underwriter for Travelex Insurance Services and Flight Centre USA.

Key terms of the new agreement will include the following.

- Commercial terms will be similar to the existing commercial terms with Great Lakes Australia however, with greater certainty of underwriting risk premium.
- Specifically, there will be no Cover-More share of downside risk for losses worse than an agreed target loss ratio.
- The agreement runs for a five-year term and will include a change of control clause.
- The new agreement will enable Cover-More to terminate the current underwriting agreement with Great Lakes Australia.

We received strong interest from a number of underwriting parties however, Berkshire Hathaway Specialty Insurance was our preferred partner due to the strong fit with our strategic growth aspirations and our expanding global footprint.

They have consistently demonstrated an entrepreneurial and collaborative partnership in our dealings with them, and it is clear that we are strongly aligned from the outset.

As highlighted in Cover-More's full year results announcement, overhead costs have been problematic in the lead up to the current financial year. We have taken swift action to reduce overheads and while benefits have started to emerge from these improvements, the majority of the benefit will occur in the second half of FY17 and into FY18.

We have seen a slow start to the financial year. However, there has been a consistent improvement in net revenue in each successive month. Conversion rates remain below budget and are therefore a key area of focus going forward.

We have also taken actions to reduce the risk profile of the portfolio including pricing and wording changes. These have started to deliver some improvements although the consequential benefit to claims costs is expected to be experienced in the second half.

In aggregate, these factors will result in a greater proportion of group earnings being delivered in the second half of FY17 than historically observed.

So let me summarise our progress on FY17 initiatives.

- We've realigned the strategy and operating model.
- We've contracted with a new underwriting partner in Berkshire Hathaway.
- We've continued growth in Australia and overseas including in North America.
- We've executed plans to reduce overheads which will see impact in H2 FY17 and into FY18.
- We have clarity of focus on our positioning to win new partners in aviation and travel.
- We continue to focus on delivery of our commitments to existing partners.
- We continue to look for opportunities to embed technology more broadly in our partnerships.

Before I hand back to Louis, I want to acknowledge the talent, hard work and commitment of Cover-More's employees and our Board, and to thank our shareholders.

I'm very impressed with all that Cover-More has achieved over the past 30 years. We've consistently punched above our weight and regularly succeed against other larger and better-recognised organisations. I'm proud to have joined such an exciting company and talented team of people.

To our Board, I want to thank you for trusting the leadership of Cover-More Group to me and my senior team.

To our shareholders, thank you for the massive vote of confidence by subscribing to our equity raising for the acquisition of Travelex Insurance Services—and this, despite Cover-More disappointing over the past 18 months.

We have one clear focus this year—and that is to deliver for you.

Over the coming year we anticipate continued growth in Australia and overseas as we focus on:

- integrating Travelex Insurance Services
- building out new partnerships in underwriting and distribution and
- extending our joint venture partnerships.

I'm excited about the future prospects of the group and look forward to updating you in February 2017 when we will release our interim financial results.



**Chairman's AGM remuneration address**

Thank you Mike.

Before moving to the resolutions and formal part of the meeting I want to make some comments in relation to this year's Remuneration report.

Firstly, I must emphasise that I and my fellow directors take our responsibilities in relation to executive reward very seriously.

This year, through a combination of factors and timing, we realise we took a misstep in good governance. This was not intentional and on behalf of the Board I apologise to you for a lack of timely and transparent communication.

I want to expand on background to this issue.

In the last few years your Board has actively engaged with our stakeholders in relation to our approach to our remuneration policy.

We listened to constructive suggestions to ensure the policy would be aligned both to Cover-More's strategy and to the long-term interest of our shareholders.

With the support of our Remuneration Committee, your Board has ensured that the link between performance and reward has been strengthened.

Key improvements that have been made since Cover-More first listed in 2013 including the introduction of a long-term incentive scheme with challenging EPS hurdles and the introduction of deferred share rights with the STI award for our senior leadership team.

During 2015, following engagement with shareholders and stakeholders, your Board sought to improve the basis on which short term incentives, or STIs, were measured.

In September 2015 a decision was made to move to a balanced scorecard for senior executives and this involved setting a mix of financial and non-financial metrics.

While we have received positive feedback from the majority of our shareholders and stakeholders on our remuneration improvements, this year a number of proxy advisors has recommended that shareholders vote against our Remuneration report.

While proxy advisors have been broadly supportive of changes that have been made, they have raised a number of concerns, in particular that those changes which were introduced during the 2015-2016 financial year were not appropriately communicated to shareholders in advance of their implementation.

Unfortunately, the timing of this decision to move to a balance scorecard occurred after the 2015 Annual Report had been dispatched to shareholders.

We acknowledge that there was an opportunity for us to update shareholders on the changes when we dispatched the 2015 Notice of Meeting. It was certainly not our intention to reduce transparency and clearly we are sorry that we did not take advantage of that opportunity to keep shareholders informed of changes.

We have taken some deep soundings and feedback from our shareholders and we thank you for your interest. The Board, together with the Remuneration Committee and in consultation with the new Group CEO will undertake a review of the executive remuneration framework over the balance of FY17, taking into account our new business strategy and to address issues raised by shareholders.

We will consider shareholder feedback regarding extending gateways if the financial targets are not met, and/or a second performance measure for the LTI—however, we do not wish to pre-empt the outcomes of the executive remuneration review at this stage.

The Board commits to being timely and transparent with our communication on future executive remuneration matters. Any proposed changes as a result of this review will be communicated in our 2017 Remuneration Report and will be effective 1 July 2017.

We have also received queries regarding the Mike Emmett's remuneration package. The package was determined with reference to market-based data and the need for Cover-More to recruit a CEO with a breadth of skills that included global experience.

At the time that Mike Emmett's appointment was announced to the ASX we provided summary detail of a sign-on payment to be made to him. This sign-on payment will be made in three tranches—an initial payment of \$310,000 cash has been made, an initial equity grant of \$250,000 will be made on 1 July 2017 and a further equity grant of \$250,000 on 1 July 2018.

The Board agreed the sign-on payment with Mike Emmett on the basis that this is an appropriate mechanism to assist in the recruitment of the CEO, and that the equity component strengthens the alignment of the CEO's interests with that of shareholders. The sign-on payment was negotiated without reference to arrangements Mike Emmett may have agreed with his previous employer.

I want to reassure our shareholders that significant work has been done to date to ensure that the views of external stakeholders have been appropriately balanced with the need to attract and retain the best people. As I noted, we have received positive feedback over recent years that our remuneration framework was improving.

It is disappointing to see that this year we have received a high level of votes against the Remuneration report however, we will be actively engaging with our shareholders and stakeholders over the coming months to further refine Cover-More's remuneration policy.

I will be happy to respond to any questions in relation to our Remuneration report during question time. At that time, I may also call on the Chair of our Remuneration Committee, Sam Mostyn, to join me in responding to any queries you may have.



## Cover-More Group

2016 Annual General Meeting

10 November 2016

**Cover-More**

# Opening address

Louis Carroll

Chairman, Cover-More Group

## Financial results overview

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\$502.1m

gross sales, up  
7.6% on FY2015

\$44.6m

EBITDA, down  
14.2% on FY2015

8 countries

in global footprint  
with expansion  
into USA

>82%

conversion of  
EBITDA into cash  
flow, before capex

7.6c

earnings per share  
based on NPATA

29%

increase in net  
revenue in Asia

4.7 cps

full franked  
dividend

>15

new distribution  
partnerships,  
across all markets

# Operating highlights

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## Global growth initiatives on track.

- **Entry to the USA**
  - During the year Cover-More commenced selling travel insurance in the United States, which is the largest travel insurance market in the world, estimated to be worth some US\$2.5 billion
  - We are in the USA in partnership with Flight Centre Travel Group and also Aon Affinity Travel Practice and we established operations in New York
- **Extended partnership agreement with Flight Centre**
  - Contract extended to 2024
- **Further expansion in India**
  - Goibibo, the largest online hotel booking engine in India and also one of the leading air aggregators
  - Yatra, India's second largest online travel agency and
  - the country's fifth largest airline, GoAir
- **Global Direct business**
  - Establishment of a relationship with Zurich Insurance Group
  - Our connection to Zurich in China incorporated provision of travel insurance to Hong Kong Express, Hong Kong's only low-cost airline
  - In the USA, Cover-More signed an agreement with Berkshire Hathaway Travel Protection to sell travel insurance products and services online to travellers taking domestic and international trips
- **New underwriting partnership with Berkshire Hathaway Specialty Insurance**



# Acquisition of Travelex Insurance Services

Strong strategic benefits and scale in largest travel insurance market in the world.

## Transaction details

On 27 September, Cover-More announced the acquisition of 100% of Travelex Insurance Services for cash consideration of US\$105m, approximately A\$138m. Travelex Insurance Services is the third largest retail travel insurance specialist provider in the USA.

## Strategic rationale

- Compelling acquisition which accelerates Cover-More's North American expansion
- Broad distribution base with opportunities to achieve greater penetration by leveraging Cover-More's expertise
- Provides a platform to expand across North America including into Canada and Mexico
- Creates a genuine global platform
- Establishes three global hubs enabling 24/7 Medical Assistance capabilities and operational efficiencies

## Synergies

Significant new revenue sources and cost synergies  
A\$0.5m to A\$1.5m in cost synergies expected to be generated in future years from removal of duplication and Cover-More USA start-up savings

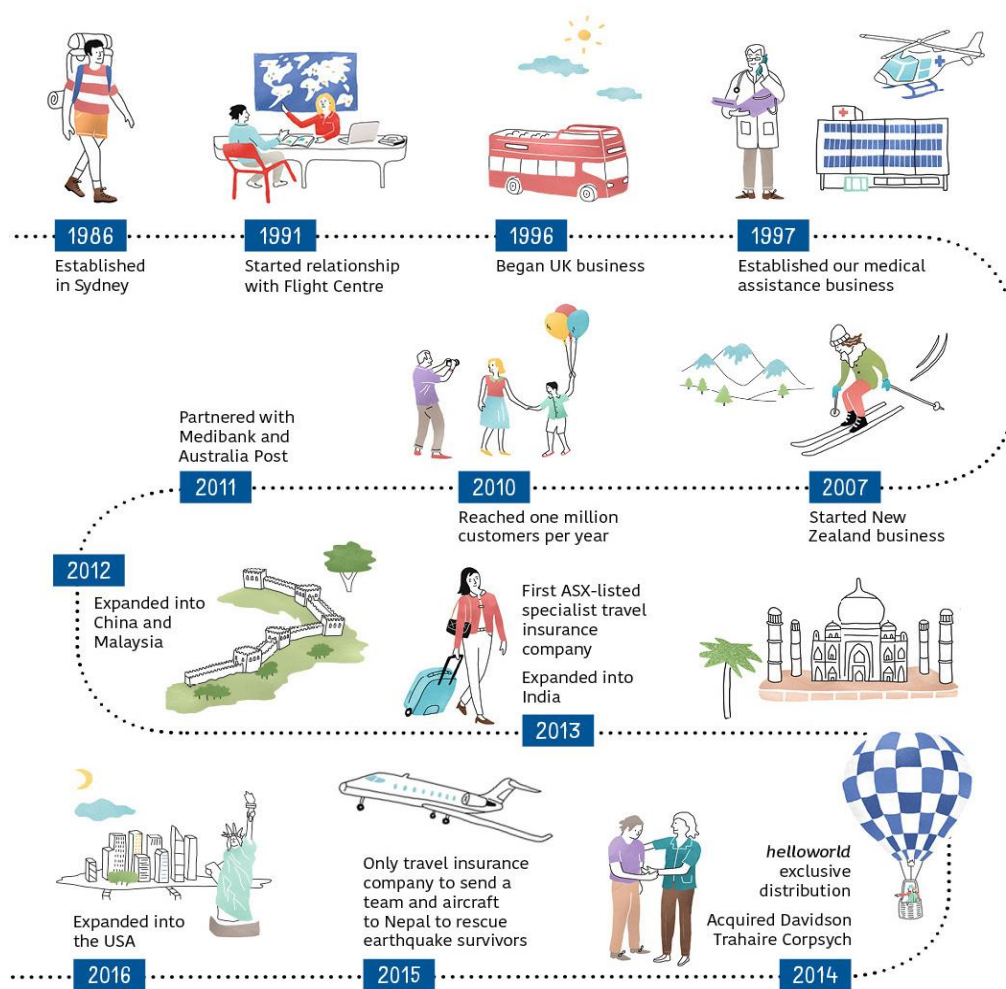
Potential new revenue sources from new distribution partners, direct distribution, underwriting and assistance



# Group leadership

## Succession of Group executive leadership at the end of FY2016.

- Peter Edwards resigned as Group Chief Executive Officer in July 2016 after five years leading Cover-More, including the Group's listing on the ASX.
- Mike Emmett, formerly with QBE, was appointed to succeed Peter and to oversee the next phase of Cover-More's growth and evolution.
- An accomplished senior executive, Mike brings vast global experience, proven leadership qualities, highly developed market acumen and a strong ability to continue Cover-More's outcomes focus, customer centricity and growth agenda.



Note: These are just some of the highlights of what we achieved in the 30 years since 1986.



# AGM address

Mike Emmett

Managing Director and Group CEO, Cover-More Group

# New operating model

Go-to-market industry approach focused on core competencies.



Travel and  
Aviation

1



Financial  
Institutions  
and Direct

2



Medical  
Assistance

3



Employee  
Assistance

4

Digital Technologies

5

# Senior leadership

Strengthening of Cover-More's leadership team in go-to-market areas.

- **Judith Crompton, CEO Travel and Aviation**
  - Joins Cover-More on 14 November 2016
  - 30 years' experience in retail travel and airline business
  - Former Chief Commercial Officer for Virgin Australia
  - Based in Sydney
- **Carole Tokody, CEO Financial Institutions and Direct**
  - Leading digital commerce strategist
  - More than 15 years' experience in travel insurance
  - Based in New York
- **Meredith Staib, CEO Medical Assistance**
  - Global responsibility for medical assistance platforms including USA
  - 15 years' experience in designing and managing complex assistance delivery platforms
  - Based in Brisbane
- **Michele Grow, CEO Employee Assistance**
  - 25 years' experience in employee assistance programs and employee wellbeing
  - Based in Sydney



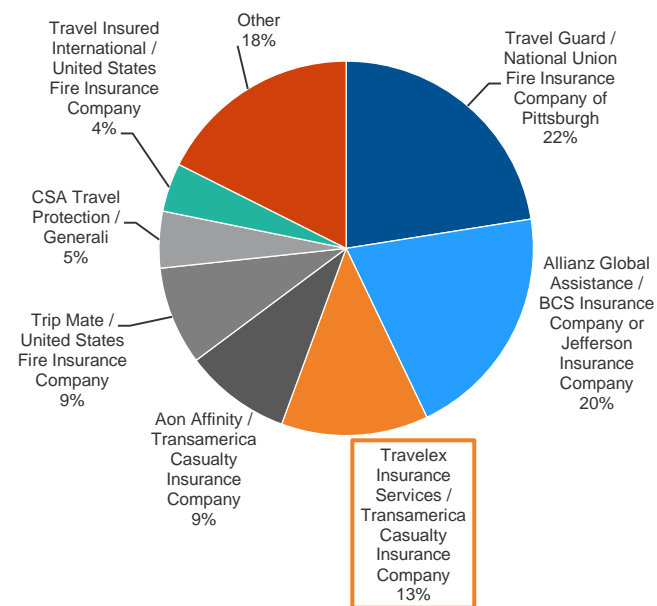
## 3<sup>rd</sup> largest USA retail travel insurance specialist...

- Develops and distributes a comprehensive suite of travel protection products
- Over **3,400** travel suppliers
- Over **70** specialty risk clients
- **1.3 million** travellers insured in 2015
- **3,400+** distribution partners
- Over **1,500** licences held in all 50 USA states
- **~US\$130m in GWP** and US\$9.5m EBITDA on a pro forma basis for the 12 months ended 30 June 2016<sup>1</sup>

## ...providing a broad range of travel insurance products ...

- Individual leisure
- Corporate travel
- Group travel
- Vacation ownership
- Travel clubs
- Resorts
- Customised specialty risk programs

USA Travel Trade Distribution



Source: Finaccord (2016)

Source: Travelex Information Memorandum.

<sup>1</sup> Based on TIS management accounts for the 12 months ended 30 June 2016. Pro forma revenue and EBITDA should be read in conjunction with the Risk Factors described in the Appendix to this presentation.

We expect to unlock substantial incremental value by combining Travelex Insurance Services' and Cover-More's operations and capabilities.

✓ **Significant cost synergy opportunities include:**

- the removal of duplicated costs in Cover-More's existing USA start-up
- reduced operating costs to support existing Cover-More customers in North America
- leveraging Cover-More's medical assistance and operations capabilities in other geographies
- leveraging 'follow-the-sun' cost efficiencies in medical assistance and operations arising from a presence in Australia, India and the USA

✓ **Substantial additional potential revenue sources from:**

- new distribution partnership opportunities leveraging the combined skills, capabilities and geographic scope, including ability to convert pipeline
- opportunities to build new partnerships with travel, aviation and financial institutions
- increased on-line and direct distribution opportunities leveraging the TIS name and market profile
- increased insurance attachment rates by deploying Cover-More's Impulse technology
- build-out of medical assistance customers from Travelex Insurance Services name and reputation
- providing a platform to expand across North America including in Canada and Mexico

✓ **Cover-More management has estimated that the Acquisition will result in cost synergies of A\$0.5-A\$1.5m per annum, as well as potential new revenue sources<sup>1</sup>**

<sup>1</sup> Cover-More management has estimated that cost synergies with an EBITDA impact of A\$0.5m to A\$1.5m per annum will be generated post transaction, with the full run-rate benefit achieved in FY18. Potential revenue synergies have not been quantified at this stage.

# New underwriting agreement



Berkshire Hathaway  
Specialty Insurance

A binding heads of agreement with Berkshire Hathaway Specialty Insurance.



Commercial terms similar to existing terms with Munich Re's Great Lakes Australia however, with greater certainty of underwriting premium.



No Cover-More share of downside risk for losses worse than an agreed target loss ratio.



Five-year term and will include a change of control clause.



Enables Cover-More to terminate current underwriting agreement with Great Lakes Australia.



Enables Cover-More to leverage BHSI's scale, international product suite and significant technical capability.

## Outlook: progress on FY17 initiatives

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**Realign the strategy and operating model**



**Contract with new underwriting partner**



**Continued growth in Australia and overseas including Nth America**



**Reduce overhead costs**



**Focus on positioning to win new aviation and travel partners**



**Deliver on commitments to existing partners**



**Embed technology capabilities more broadly in partnerships**

