

06 November 2019

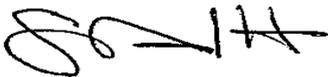
Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**PSC INSURANCE GROUP LIMITED (PSI) 2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS –  
CHAIRMAN’S WELCOME AND PRESENTATION**

Attached for immediate release is a copy of the Chairman’s Welcome and Presentation being presented at today’s Annual General Meeting commencing at 9.30 am.

Please note Resolution 6 has been withdrawn from today’s meeting. The ASX determined subsequent to the issue of the Notice of Meeting that we were changing the terms of the Options issued to Mr Tony Robinson under Listing Rule 6.23.4 and the Notice of Meeting was deficient in that matter. The issue of new shares on exercise of the Options rather than acquiring shares on market will be put to a future meeting of Shareholders.

Yours faithfully,



Stephen Abbott

Company Secretary

Ph 03 8593 8333

# **PSC INSURANCE GROUP LTD**

## **2019 AGM – 6 NOVEMBER 2019**

### **Chairman's Welcome - 2019**

Good morning and welcome to the annual general meeting of PSC Insurance Group Ltd for 2019.

My name is Paul Dwyer and I am the Deputy Chairman of PSC Insurance Group. I am standing in today for Brian Austin who is recovering from an injury. I am happy to report that Brian will be back to full health very soon.

With me here today are my fellow Directors of the Board:

- Tony Robinson – Managing Director.
- John Dwyer – Executive Director.
- Mel Sims – Non-Executive Director.
- Tara Falk – Executive Director.
- Stephen Abbott – Company Secretary.

I make special welcome to Tara who has recently joined your Board. Tara has joined us after the completion of our acquisition of Paragon International Holdings.

Having UK based Directors is important for the Group and we thank Tara and Mel for making the long journey to be here today.

I would like to welcome the attendance of some of our senior management team:

- Rohan Stewart – Group CEO.
- Joshua Reid – CFO.
- Julia Mitchell – Group Manager, Governance & Compliance.
- Patrick Miller – CEO PSC Insurance Brokers.
- Adam Burgess – CEO Agency & Wholesale.
- Tony Walker – CEO PSC Connect.
- Shane Upton – CEO Reliance Partners.

Additionally, I would like to welcome our auditor Stephen Schonberg from Pitcher Partners. Pitcher Partners has been involved with the Group for many years and we thank them for the years of support. As we continue to grow our international businesses, the Board has taken the decision to appoint EY as our auditor going forward. We look forward to working with the team at EY.

I am pleased to report that the financial year 2019 was another successful one for the Group.

We have continued to grow strongly and the strength of our diversified operations, across more than 40 businesses was evident. The existing businesses have continued to perform well. A key focus of the Group in the second half of the 2019 financial year had been working on the acquisitions of two large businesses, the two largest in the history of the Group. Griffiths Goodall Insurance Brokers is a large, family owned insurance broker based in regional Victoria. It has been operating successfully for 30 years. Paragon International Insurance Brokers is a large Lloyd's wholesale broker based in London, specialising in

professional and financial lines business. The Founders commenced this business 23 years ago.

Both businesses have grown to where they are today from entirely organic means and in both cases the senior management teams are staying in the business and will be joining us all as large shareholders in the Group.

Over the past year, there has been much focus on the financial services industry and past indiscretions, many of which were caused by not keeping the service provider's customers as their first focus. Since the inception of PSC, customers and clients have always been paramount in all we do and we always strive to have our staff live our motto, "We Make It Personal".

At PSC we believe the best businesses can grow organically, grow via acquisition and be a strong dividend payer. We are pleased to have again achieved these attributes in 2019 on our journey to building a great Insurance Services & Broking business.

In May this year, we were very pleased to announce Tony Robinson as the Managing Director of the Group. Tony was a Non-Executive Director previously and is a highly experienced Executive and is well known across our shareholder base. I moved to a Deputy Chairman role and remain committed and involved in the Group and will continue to focus on finding acquisition and growth opportunities.

Thanks to my fellow Directors for their continued commitment and support. Importantly, on behalf of the Board, we thank all the PSC staff for their continued and passionate support allowing our company to make 2019 such a success. Unquestionably, they continue to be the greatest asset of the Group. We as a Board also welcome our new staff members gained throughout the year by way of acquisitions and organic growth in our various businesses.

Note that we have chosen to withdraw Resolution 6 relating to Tony's options from today's meeting and will look to formalise at a separate shareholder's meeting. Upon the announcement of Tony Robinson's appointment as Managing Director in May this year, we advised that upon exercise we would buy shares on market or, with subsequent shareholder approval, via the issue of new shares. However after the issue of the Notice of Meeting, the ASX determined that the Explanatory Memorandum was not drafted as they required for the purposes of the Resolution.

I will now hand over to Tony Robinson and will join you again to run through the day's formal business.

Thank you.



# ANNUAL GENERAL MEETING

NOVEMBER 6, 2019



# Agenda



**AGM INTRODUCTION**

Paul Dwyer, Deputy Chairman

**GROUP PRESENTATION**

Tony Robinson, Managing Director

**AGM FORMAL BUSINESS**

Paul Dwyer, Deputy Chairman

# Board of Directors



Brian Austin  
Non-Executive Chairman



Tony Robinson  
Managing Director



Paul Dwyer  
Deputy Chairman



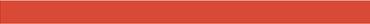
Tara Falk  
Executive Director



John Dwyer  
Executive Director



Mel Sims  
Non-Executive Director

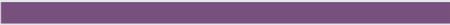


## SENIOR MANAGEMENT TEAM

Rohan Stewart  
Group  
Chief Executive Officer



Joshua Reid  
Group  
Chief Financial Officer



Julia Mitchell  
Group Manager  
Governance & Compliance



Stephen Abbott  
Company  
Secretary



# CHAIRMAN'S WELCOME

PAUL DWYER | DEPUTY CHAIRMAN



# BUSINESS OVERVIEW

TONY ROBINSON | MANAGING DIRECTOR



# Strategy



- Our strategy is to build a great Insurance Broking & Services Business.
- The key to achieving that are:
  - Great clients from diversified environments
  - Great people who are committed to helping our clients and our business
  - Great systems and processes to handle greater responsibilities.

# Strategy



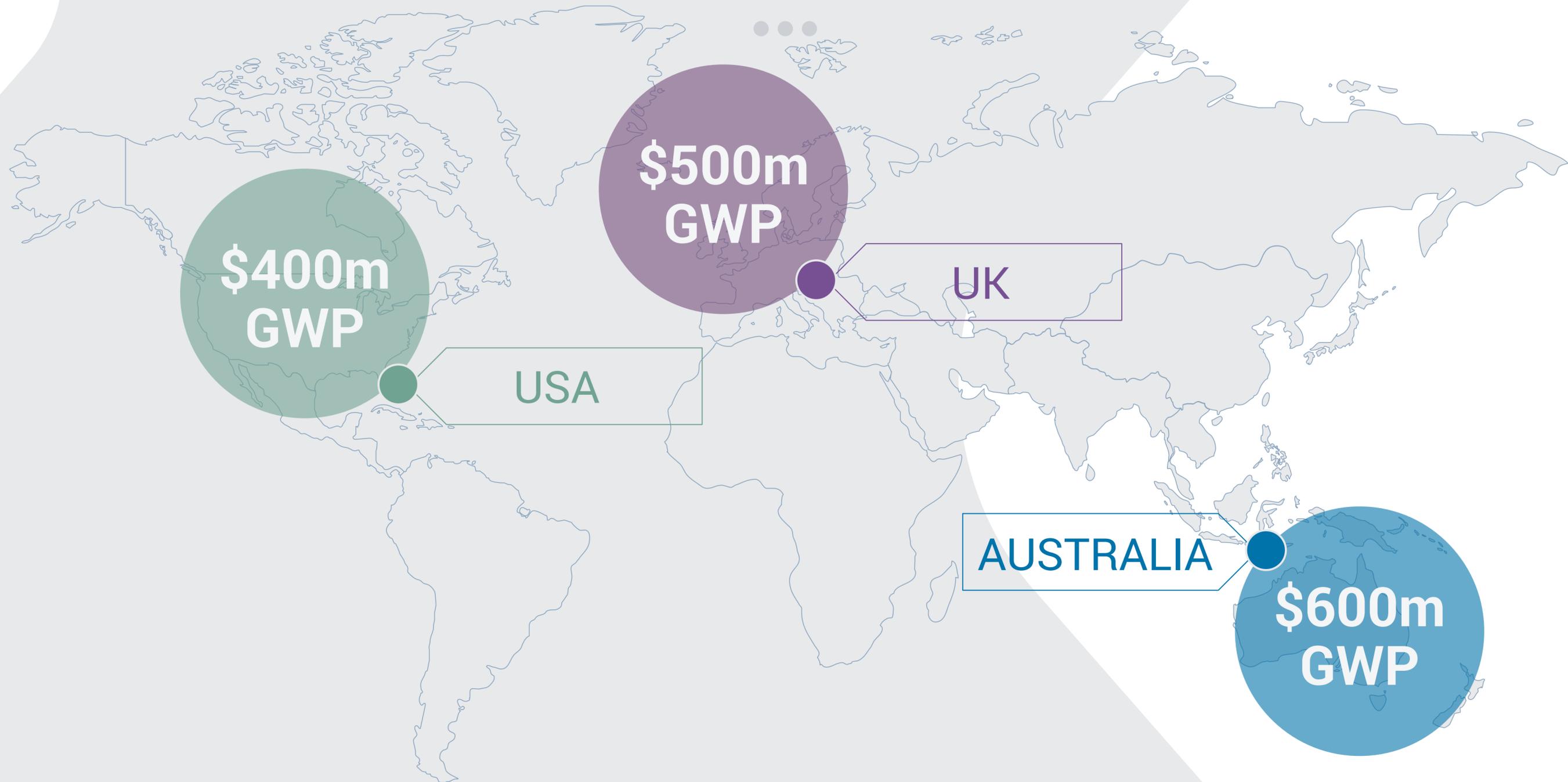
- This is a great business to be a shareholder of:
  - It benefits from a recurring revenue model
  - It has long-term client relationships
  - A simple organisation structure that leads to a stable cost structure
  - Profit converts into free cash.

# OUR MARKETS

TONY ROBINSON | MANAGING DIRECTOR



# Client Diversification



Following the acquisition of Paragon, our clients come from 3 regions. All represent great potential; however it is the ability to access the USA market that makes Paragon such a landmark transaction.

# Client Markets



## Australian Market

- Mature and consolidated market. Cautious about valuations on larger acquisition opportunities. Good source of value accretive smaller opportunities remain.
- Premium growth cycle.
- Griffiths Goodall business integrating well with the rest of the branch network.
- Investing in people and processes to allow ongoing organic growth.

## UK/USA Market

- Paragon business an excellent addition, with significant opportunities and great management team. Exposure to USA opens new potential opportunities for the Group.
- Brexit: low level of revenue impacted by any 'hard exit'.
- Long-term presence in UK and London markets, since 2011.
- Strong value add to existing Australian businesses.

# OUR ORGANISATION

TONY ROBINSON | MANAGING DIRECTOR



# Simple Organisational Hierarchy



**CLIENTS**  
**BROKING**

**CENTRAL SERVICES**

**CORPORATE**

**Hierarchy reflects client-broker relationship is key:**

- Business unit structure allows brokers autonomy within manageable units (> 40 units). Majority 100% owned.
- Fixed pay structure of brokers eliminates remuneration conflicts.
- Centralised administration and finance supports service delivery and accountability.
- Corporate provides leadership in strategy and financing to enable and drive growth.

# OUR PERFORMANCE

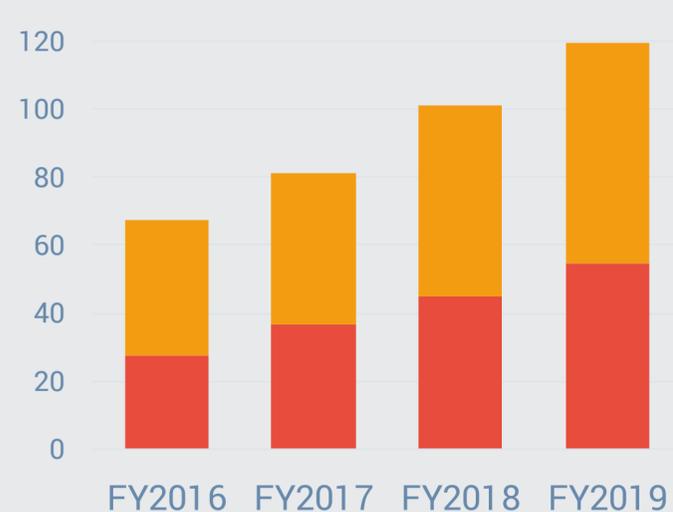
JOSHUA REID | GROUP CHIEF FINANCIAL OFFICER



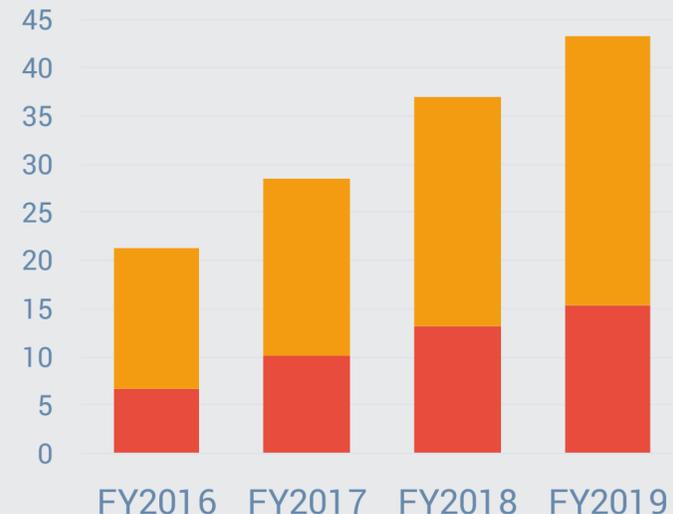
# Track Record Of Growth



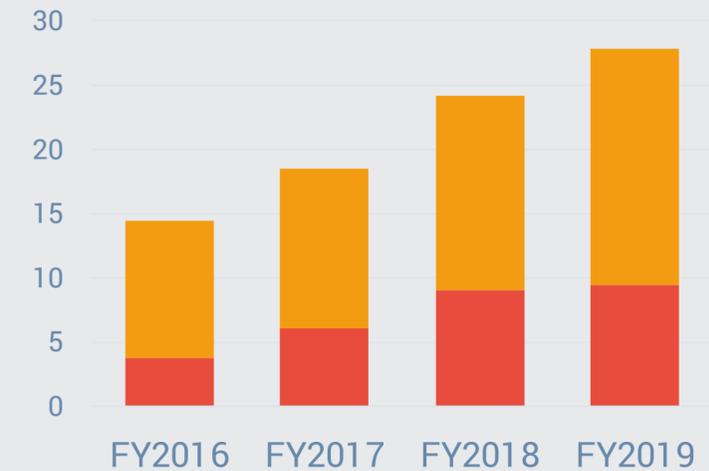
FY19 maintains our history of solid growth:



**UNDERLYING REVENUE**  
FY19 18%, 3 yr CAGR 21%



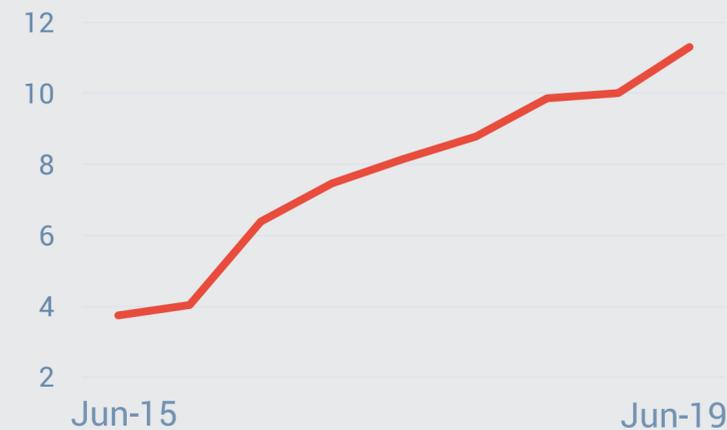
**UNDERLYING EBITDA**  
FY19 17%, 3 yr CAGR 27%



**UNDERLYING NPATA**  
FY19 15%, 3 yr CAGR 25%



**DIVIDENDS – cps**  
3 yr CAGR 31%



**ROLLING 12month EPS**  
4 yr CAGR 31%

# Balance Sheet



- Capital raising of \$35m in July.
- The Group has sold its investment in JLG over the last 6 months (~ \$23m).
- Completion of a UK debt facility expected in the coming weeks.
- The Group remains well capitalised after the GGIB and Paragon acquisitions.
- After completion of the UK debt facility, pro-forma gross Group Leverage is sound at ~ 2.2 times<sup>1</sup>.
- Additionally, the Group has cash of ~ \$15m and debt capacity in Australian and UK debt facilities which allows suitable and prudent funding for BAU M&A opportunities.

1. Leverage = Gross debt incl vendor liabilities to Pro-forma EBITDA.

# OUTLOOK

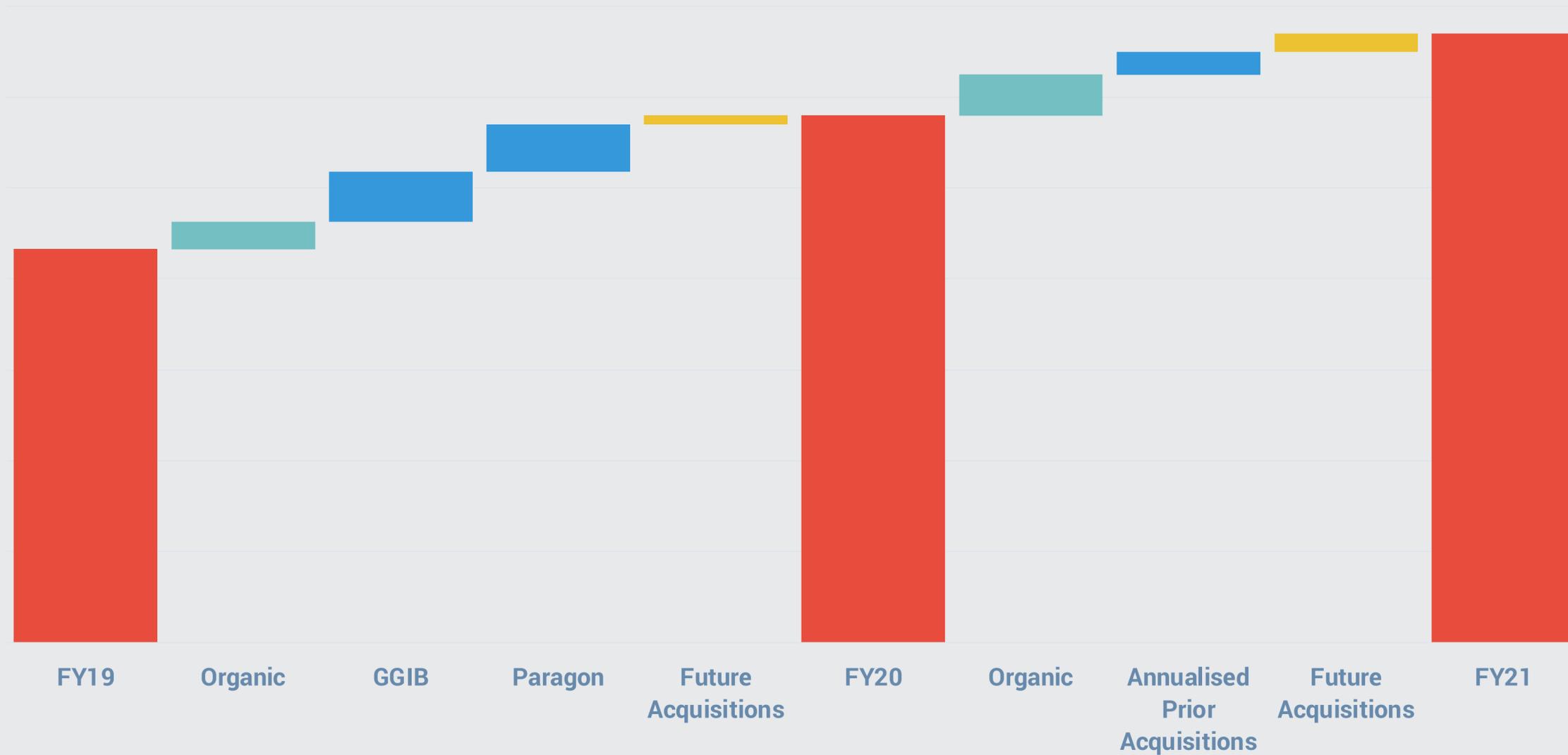
TONY ROBINSON | MANAGING DIRECTOR



# Outlook



Growth from recent acquisitions will also drive EPS growth in FY21



Graph for illustrative purposes.

# Outlook



## The FY20 year will benefit from material contributions of Griffiths Goodall and Paragon:

- Griffiths Goodall is expected to contribute incremental EBITDA of > \$5.5 million in FY20.
- Paragon is expected to contribute incremental EBITDA of > \$7.5 million on an annualised basis. On this basis, we currently expect incremental EBITDA of ~ \$10.5m in FY20 from these acquisitions.
- We continue to expect the existing businesses to perform well and grow.
- Based on the comments above we are supportive of the consensus underlying EBITDA of \$57.8m.

<b>Broker</b>	<b>EBITDA (\$m)</b>
Bell Potter	57.4
Taylor Collison	58.1
<b>Average</b>	<b>57.8</b>

# FORMAL BUSINESS

PAUL DWYER | DEPUTY CHAIRMAN



## **Withdrawn resolution:**

### **Resolution 6 – Approve the Grant of Options (and issue of Shares on exercise of Options) to Mr Antony Robinson**



- This resolution has been withdrawn and will be put to the next meeting of Shareholders.
- Subsequent to the issue of the Notice Of Meeting, the ASX determined that we were changing the terms of the Options under Listing Rule 6.23.4 and the Notice of Meeting was deficient in that matter.
- We note that in our original announcement to the market on the appointment of Tony Robinson as Managing Director, and the disclosure of the issue of Options to Mr Robinson, we did indicate we would seek Shareholder approval to issue new shares on the exercise of the Options rather than fulfilling the exercise of the Options via on market purchases of the shares.

# Summary of Agenda Items



Non-voting agenda item: Consider the financial statements for the year ended 30 June 2019

Resolutions to be voted upon:

Resolution 1 - Remuneration Report

Resolution 2 - Election of Director – Ms Tara Falk

Resolution 3 - Re-election of Non-executive Director – Mr Paul Dwyer

Resolution 4 - Re-election of Non-executive Director – Mr Melvyn Sims

Resolution 5 - Approval of the issue of securities under the Company's Long Term Incentive Plan

Resolution 6 - Withdrawn

Resolution 7 - Approval of the prior issue of shares – Refresh 15% placement capacity

Resolution 8 - Appointment of auditor

Resolution 9 - Non-executive Director's Remuneration Pool.

# Consider the financial statements for the year ended 30 June 2019



- To receive and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.
- Note: There is no requirement for Shareholders to approve these reports.

# Resolution 1 – Remuneration report



- That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report, as set out in the Directors' Report, for the year ended 30 June 2019.
- Note: This resolution is advisory only and does not bind the Company or Directors. This resolution is subject to voting exclusions as set out in the Notice of Meeting.

## Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	77,660,262	544,201	63,538	23,333	78,291,334
Percentage	99.19%	0.70%	0.08%	0.03%	100.00%
Percentage of non-excluded shares voted					59.34%

## Resolution 2 – Election of Director



- That Tara Falk, an executive director who was appointed to the Company's Board as a casual vacancy, conditional on the completion of the Paragon International Holdings Limited acquisition, pursuant to clause 15.10 of the Company's Constitution without shareholder approval, and who retires in accordance with clause 15.6 of the Company's Constitution and being eligible for election, be re-elected as a director of the Company.

### Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	208,180,459	531,271	8,674,057	24,000	217,409,787
Percentage	95.76%	0.24%	3.99%	0.01%	100.00%
Percentage of non-excluded shares voted					80.21%

## Resolution 3 – Re-election of Non-executive Director



- That, for the purposes of clause 15.6 of the Constitution and ASX Listing Rule 14.4, and for all other purposes Mr Paul Dwyer, being an executive director since the Company's listing on the ASX and a non-executive director since 16 May 2019, who retires by rotation and being eligible offers himself for re-election, be re-elected as a director of the Company.

### Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	215,815,157	534,013	1,040,617	20,000	217,409,787
Percentage	99.26%	0.25%	0.48%	0.01%	100.00%
Percentage of non-excluded shares voted					80.21%

# Resolution 4 – Re-election of Non-executive Independent Director



- That, for the purposes of clause 15.6 of the Constitution and ASX Listing Rule 14.4, and for all other purposes Mr Melvyn Sims, being a non-executive director, who retires by rotation and being eligible offers himself for re-election, be re-elected as a director of the Company.

## Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	206,167,471	544,201	10,678,115	20,000	217,409,787
Percentage	94.83%	0.25%	4.91%	0.01%	100.00%
Percentage of non-excluded shares voted					80.21%

# Resolution 5 – Approval of the issue of securities under the Company's Long Term Incentive Plan



- That, the PSC Insurance Group Long Term Incentive Plan be approved and that Shareholders approve the issue of securities under the Long Term Incentive Plan on the terms and conditions in the Explanatory Note for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes.
- Note: This resolution is subject to voting exclusions as set out in the Notice of Meeting.

## Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	76,533,363	547,201	1,190,770	20,000	78,291,334
Percentage	97.75%	0.70%	1.52%	0.03%	100.00%
Percentage of non-excluded shares voted					59.34%

# Resolution 7 – Approval of the prior issue of Shares – Refresh 15% placement capacity



- That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the prior issue of 13,461,529 fully paid ordinary shares issued under the institutional placement announced 25 July 2019, 6,888,062 fully paid ordinary shares issued as part consideration for the acquisition of Paragon International Holdings Limited, announced 25 July 2019 and the issue of 3,944,287 fully paid ordinary shares issued as part consideration for the acquisition of the business assets of Griffiths Goodall Insurance Brokers Pty Ltd announced 9 July 2019, on the terms and conditions set out in the Explanatory Notes.
- Note: This resolution is subject to voting exclusions as set out in the Notice of Meeting.

## Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	202,234,671	389,572	49,600	8,876,546	211,550,389
Percentage	95.60%	0.18%	0.02%	4.20%	100.00%
Percentage of non-excluded shares voted					79.77%

## Resolution 8 – Appointment of Auditor



- That, pursuant to and in accordance with section 327B of the Corporations Act and for all other purposes, Ernst & Young, being qualified to act as an auditor of the Company and having been nominated by a Shareholder and consented in writing to act as the Company's auditor, is appointed as the Company's auditor to hold office from the conclusion of this Meeting until it resigns or is removed from the office of auditor of the Company, on the terms and conditions in the Explanatory Notes to the Notice Of Meeting.

### Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	216,837,586	544,201	0	28,000	217,409,787
Percentage	99.74%	0.25%	0.00%	0.01%	100.00%
Percentage of non-excluded shares voted					80.21%

# Resolution 9 – Non-Executive Directors’ Remuneration Pool



- That, for the purpose of clause 15.13 of the Company’s Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum aggregate fees that may be paid to non-executive Directors per annum be set at \$950,000 in accordance with the terms and conditions set out in the Explanatory Notes.

## Summary of Proxy instructions held by the Chairman

	<b>For</b>	<b>Open</b>	<b>Against</b>	<b>Abstain</b>	<b>Total</b>
Votes	77,615,652	562,201	90,148	23,333	78,291,334
Percentage	99.13%	0.72%	0.12%	0.03%	100.00%
Percentage of non-excluded shares voted					59.34%

# CLOSE & QUESTIONS