

20 February 2020

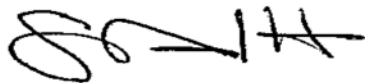
Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PSC INSURANCE GROUP LTD (PSI) – 2020 HALF YEAR RESULTS PRESENTATION

Please find attached our FY20 Half Year Results Presentation. Investor presentations are to commence on 27 February 2020.

Please direct any queries to Tony Robinson, Managing Director, on 0407 355 616 or Joshua Reid, Chief Financial Officer, on (03) 8593 8303.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Abbott', with a stylized flourish at the end.

Stephen Abbott
Company Secretary



2020 HALF YEAR RESULTS

Tony Robinson – Managing Director

John Dwyer – Executive Director

Joshua Reid – Chief Financial Officer

Rohan Stewart – Chief Executive Officer



SUMMARY INFORMATION

This document has been prepared by PSC Insurance Group Limited (ACN 147 812 164) (PSC). It is a presentation of general financial and commercial information about PSC's activities current as at 20th February 2020. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with PSC'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 Underlying NPATA and Underlying EBITDA and other related measures to present a clear view of the underlying profit from operations. Underlying NPATA comprises consolidated profit after tax and before amortisation expense adjusted for value adjustments for the carrying value of assets or associates, contingent consideration adjustments, and other revenue and costs considered non-recurring in nature or related to acquisition activities. It is used consistently and without bias year on year for comparability. These measures are not audited by the Group's auditors. A reconciliation to statutory profit is provided in 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 PSC, 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 PSC 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, PSC disclaims any obligation or undertaking to publicly update any forward looking statements, whether as a result of new information or future events. Statements about past performance are not necessarily indicative of future performance.

NOT AN OFFER

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

FINANCIAL HIGHLIGHTS

We Continue to Drive Growth

UP 39%

Core business revenue

UP 31%

Core business EBITDA

UP 19%

Underlying NPATA

UP 17%

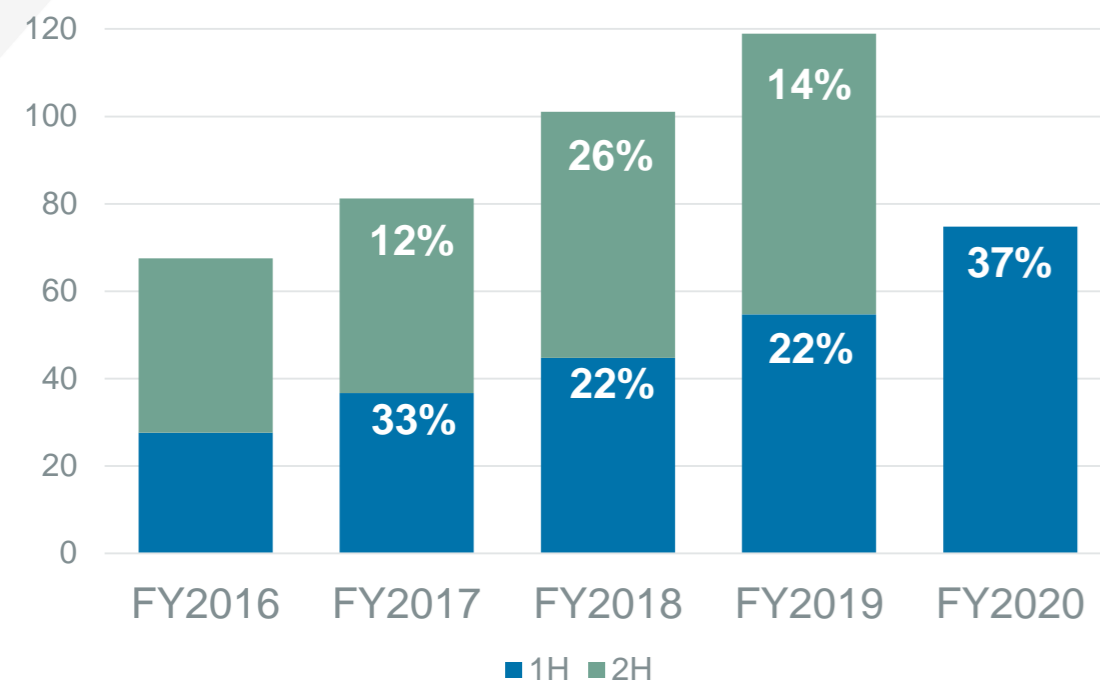
Underlying EPS

UP 13%

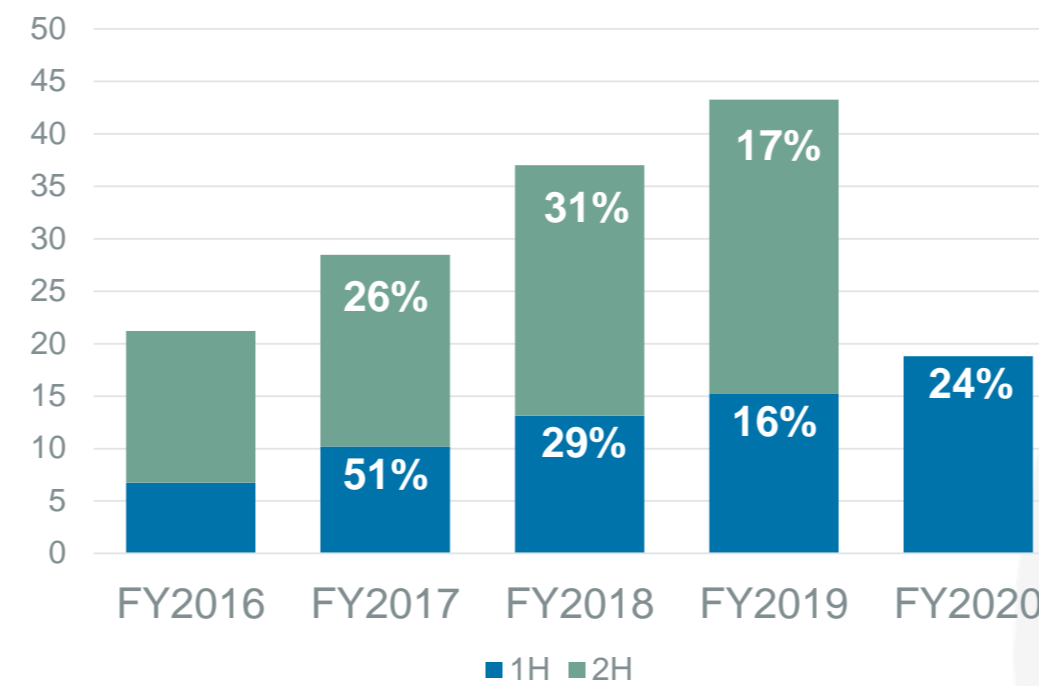
Fully franked interim dividend increase to 3.5 cps

TRACK RECORD OF GROWTH

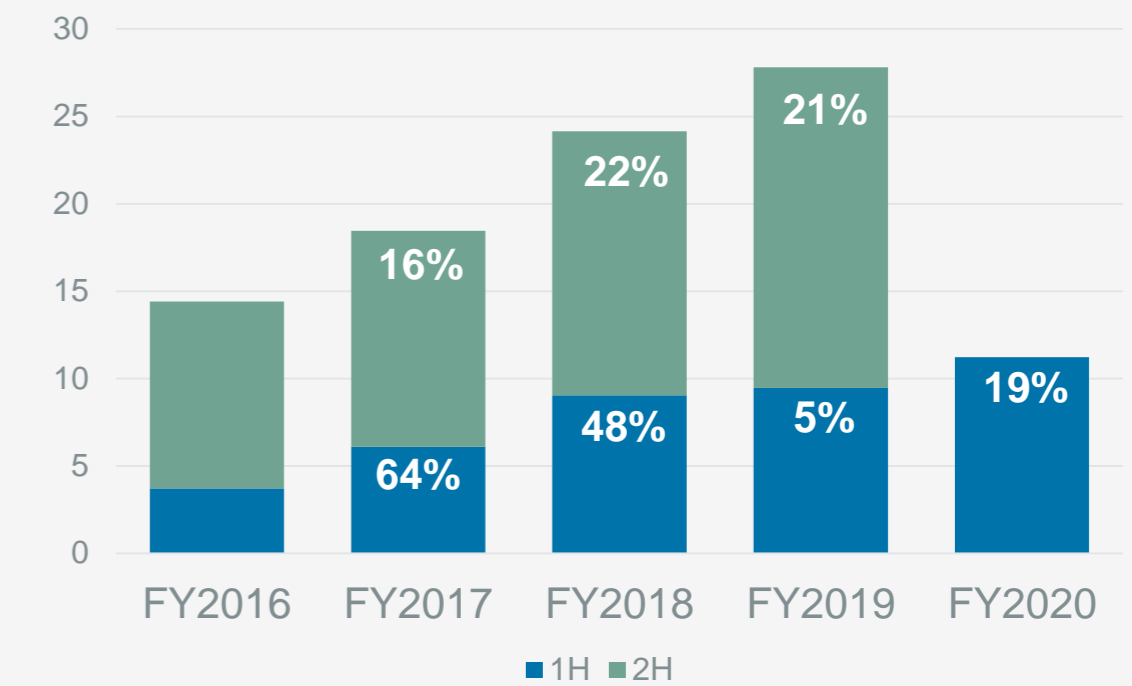
Growth record continues



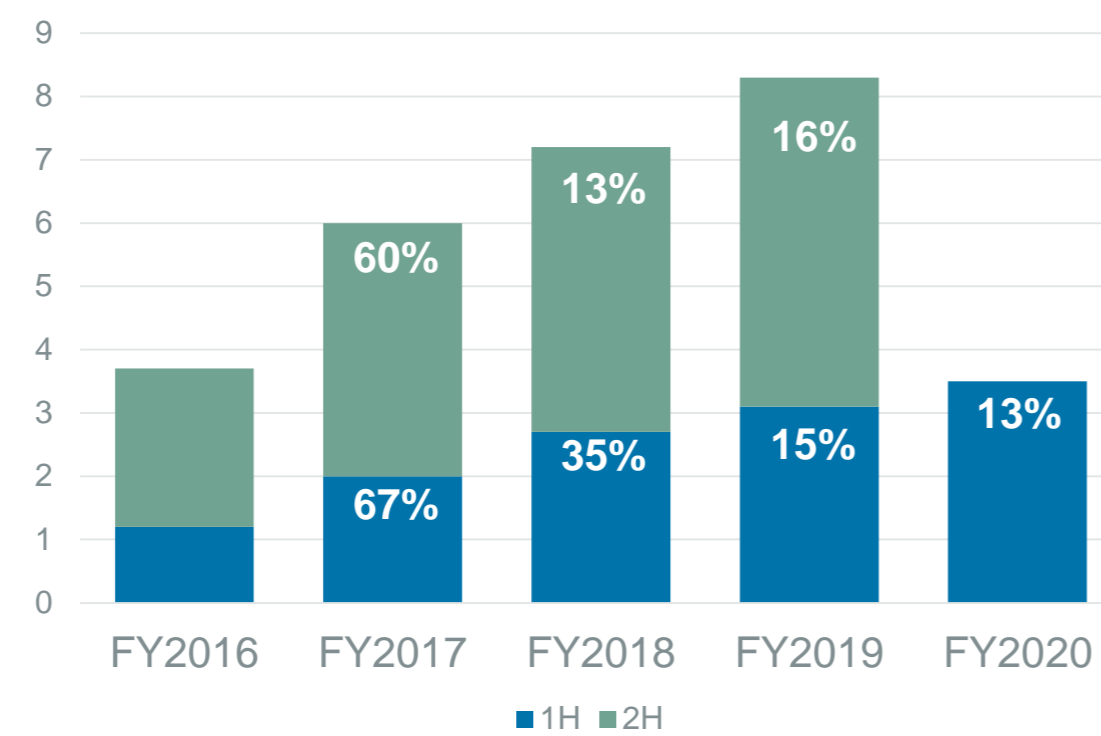
UNDERLYING REVENUE



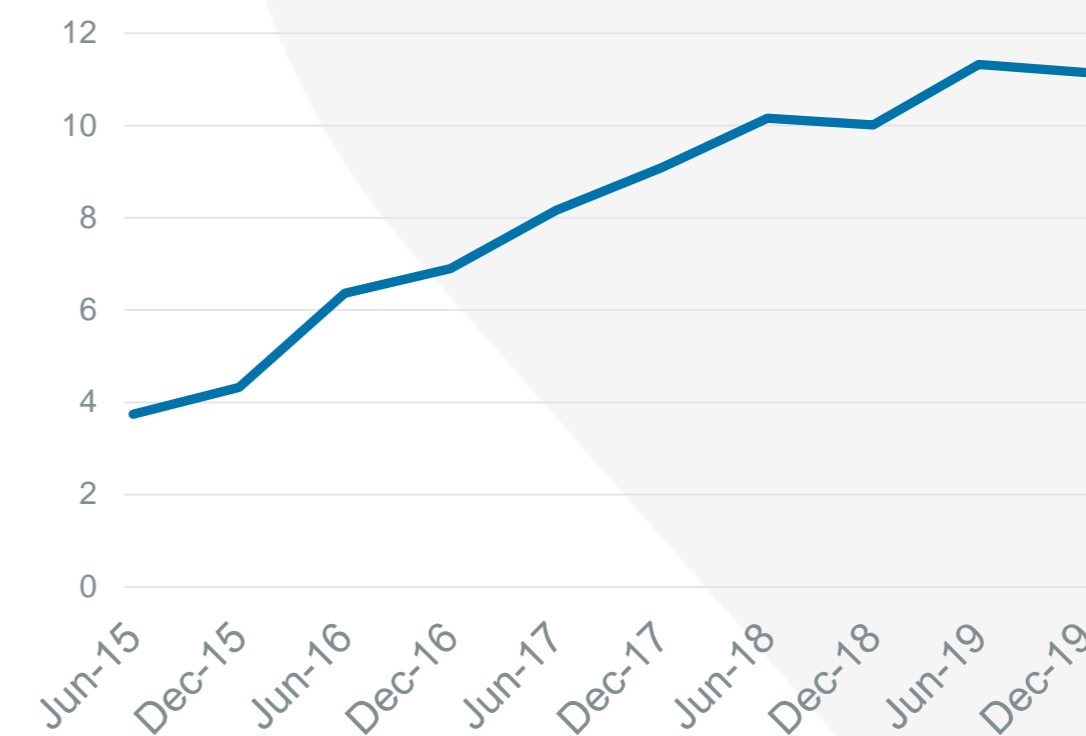
UNDERLYING EBITDA



UNDERLYING NPATA



DIVIDENDS - CPS



ROLLING EPS

OPERATIONAL HIGHLIGHTS

Disciplined approach to building a great insurance broking and services business

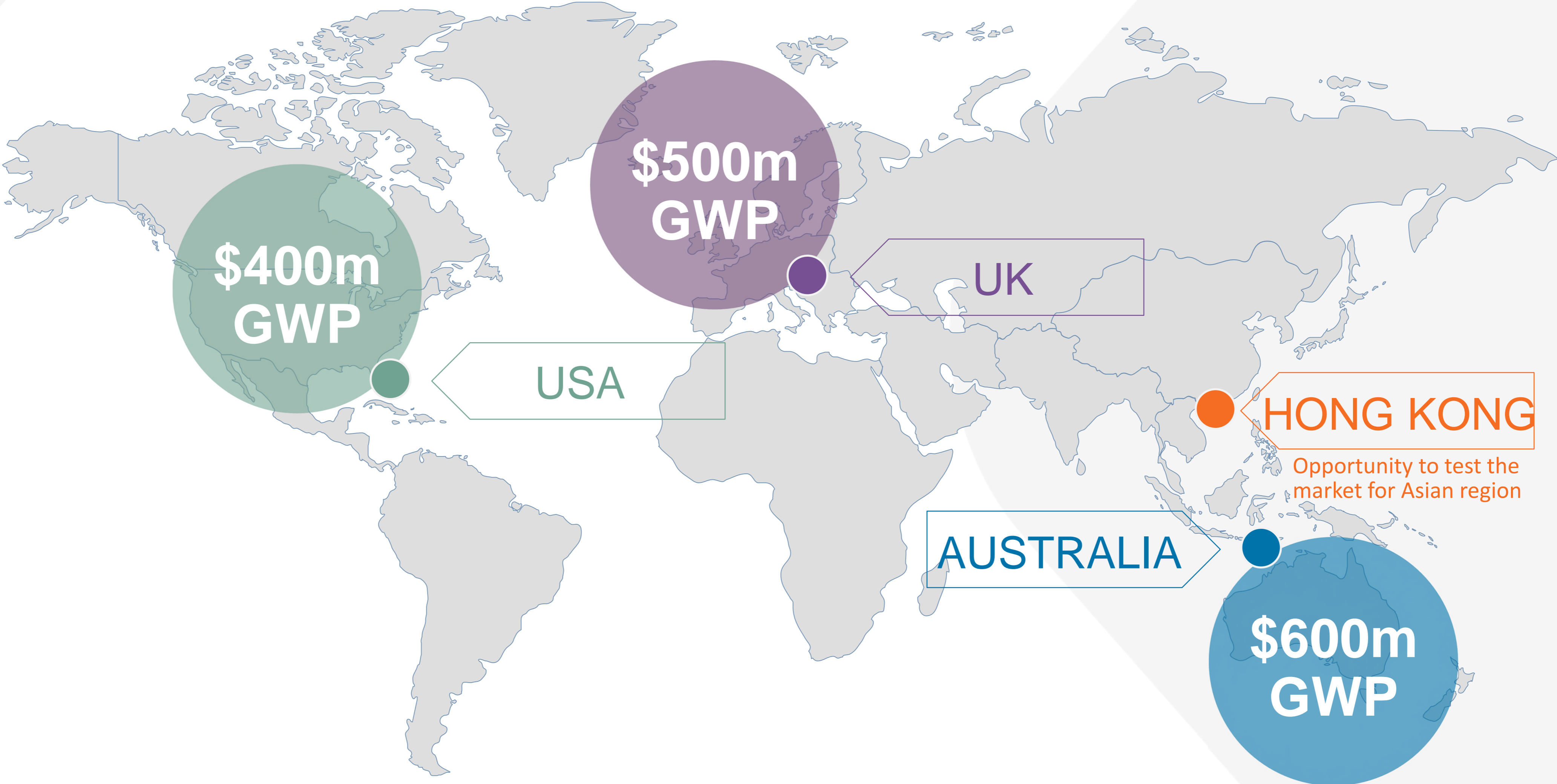
- Key changes to our strategic position:
 - Gained access to large USA market via Paragon
 - Increased business in UK with the advantage of lower tax rates and larger market opportunities
 - Increased market share in Australia through Griffiths Goodall and other acquisitions
 - Improved diversification of premium pool by segment and geography
 - Acquisitions incorporate new staff with additional skills and expertise transferrable to the wider Group.

OPERATIONAL HIGHLIGHTS

Disciplined approach to building a great insurance broking and services business

- Focus on operating a simple business with two key strategies:
 - Revenue: more clients, greater retention, additional services
 - Labour: greater operational efficiencies, manage staff costs, drive revenue
- Continue to strengthen our culture and capability through the PSC core values (PSC DNA):
 - Greater consistency of client service delivery across the business
 - Customer-focus embedded in all areas of the business, not just client-facing
 - Continue to invest in people and systems.

DIVERSIFICATION OF CLIENT PREMIUMS



FINANCIAL RESULTS SUMMARY

(\$m)	2020	2019	Growth
Underlying Revenue (Operational)	74.6	53.8	38.8%
Underlying Costs	-55.9	-39.5	
Underlying Core Business EBITDA (Operational)	18.8	14.3	31.1%
Net AASB16 adjustment	-0.1	0.0	
Interest	-2.4	-1.5	
Depreciation	-1.0	-0.6	
Amortisation	-1.6	-0.7	
1 off Revenue	-0.8	0.6	
1 off Costs	-1.3	-2.0	
Investment Income	0.2	1.0	
Net Profit Before Tax	11.8	11.0	6.7%
Tax	-3.0	-3.3	
NPAT	8.8	7.7	13.4%
Underlying EBITDA (Group)	18.9	15.3	24.0%
Underlying NPATA	11.2	9.5	18.5%
Underlying NPATA (Operational)	11.1	8.8	26.1%

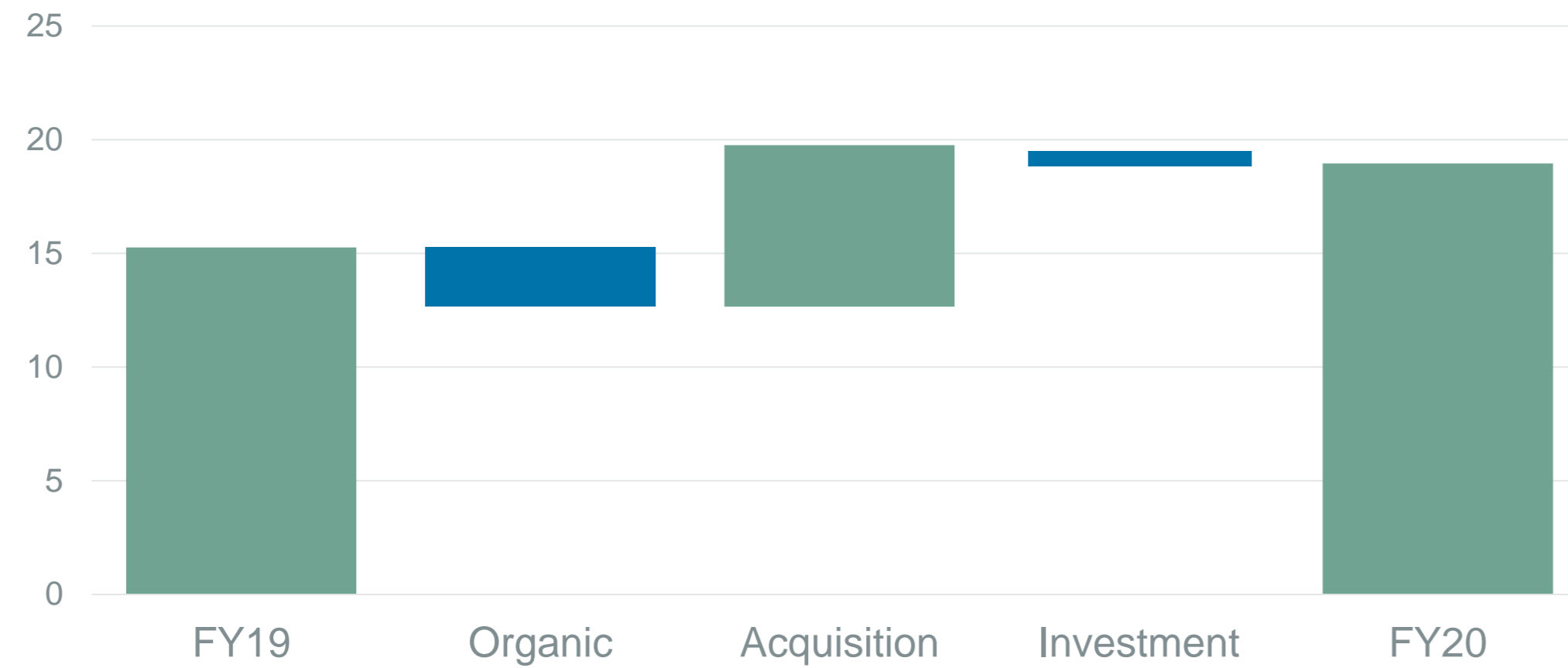
COMMENTARY

- Strong core business revenue growth of 39% and core business EBITDA growth of 31%.
- Acquisition based growth the driver in this period.
- Underlying EBITDA growth of 24%.
- First period with AASB16 adjustments.

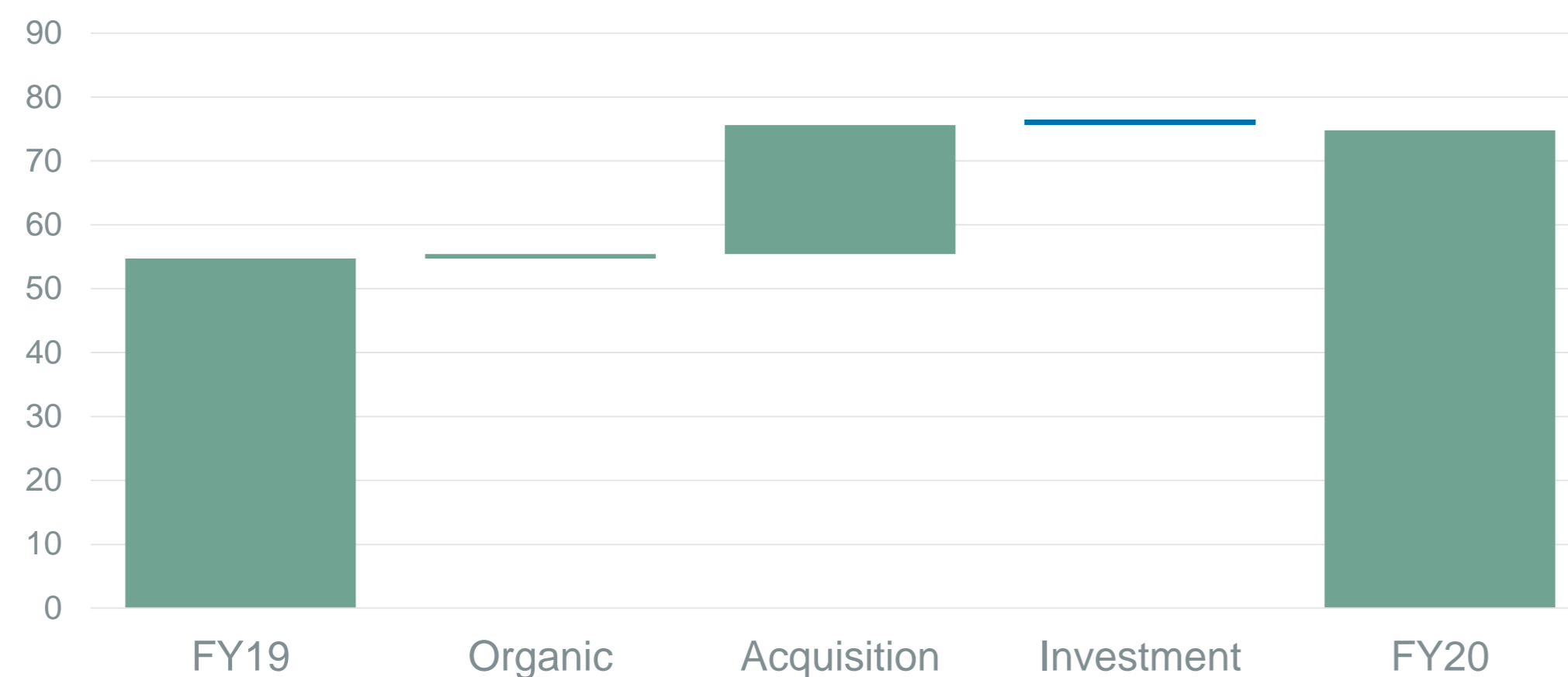
GROWTH DRIVERS

Acquisitions drive Growth. Investment in our Platform to drive future Organic Growth.

Underlying EBITDA



Underlying Revenue



COMMENTARY

- Acquisitions contributed \$20.1m in incremental revenue and \$7.1m incremental EBITDA.
- Investment in existing businesses – people and systems.
- Maintains solid platform for future Growth.
- Lower contribution from investment dividends.

SEGMENT RESULTS



DISTRIBUTION

Distribution up \$1.3m. Broking business and particularly Griffiths Goodall performing well.



AGENCY

Agency down \$1.0m. Chase Underwriting revenue up, Breeze, Travel and Medical upgrading its products and capability.



UNITED KINGDOM

UK up \$4.6m. Strong contribution from Paragon (\$4.2m) and broad-based organic growth, led by Carroll Holman, Breeze and Chase.



GROUP

Investment dividends lower by \$0.8m and small increase in Group costs.

SEGMENT RESULTS

(\$m) – FY20	Distribution	Agency	UK	Group	TOTAL
Underlying Revenue	37.2	7.6	29.3	0.7	74.8
	50%	10%	39%	1%	
Reported NPAT	6.3	1.2	5.5	-4.2	8.8
Reported EBITDA	11.5	1.8	7.4	-2.6	18.1
Underlying EBITDA (AASB16 Adjusted)	13.0	1.6	6.4	-2.1	18.9
	69%	8%	34%	-11%	
Growth: PCP	11%	-38%	256%		

(\$m) - FY19	Distribution	Agency	UK	Group	TOTAL
Underlying Revenue	31.7	8.0	13.7	1.3	54.7
	58%	15%	25%	2%	
Reported NPAT	8.1	1.7	-0.3	-1.8	7.7
Reported EBITDA	11.6	2.5	0.5	-0.7	13.9
Underlying EBITDA	11.7	2.6	1.8	-0.8	15.3
	76%	17%	12%	-5%	

STATUTORY NPAT RECONCILIATION

(\$m)	2020	2019	Growth
Statutory NPAT	8.8	7.7	13.0%
Amortisation	1.6	0.8	
Non-Recurring Revenue - Tax Adjusted	0.6	-0.4	
Non-Recurring Costs - Tax Adjusted	0.2	1.4	
Underlying NPATA	11.2	9.5	19.0%
Dividends - Tax Adjusted	-0.1	-0.7	
Underlying NPATA – Core Business	11.1	8.8	26.0%
W.avg. Shares	265.1	245.2	
Underlying EPS	4.2 cents	3.6 cents	17.0%
Average Tax Rate	25%	30%	

COMMENTARY

- Non-recurring revenue: a small loss in the fair value adjustments on investments. A decrease in the fair value of BP Marsh partly offset by realised gains in JLG.
- Non-recurring costs : 1) ~ \$3.0m, largely made up of transaction costs from acquisition and funding activity and 2) ~ \$1.9m in 'revenue' from combination of fair value of Paragon hedge book, realised and unrealised FX and a review of doubtful debts and debtor carry values.
- Underlying NPATA up 26% and underlying EPS up 17%. Good cash conversion.
- Average tax rate of 25% down on prior year with greater UK contribution.

OPERATING CASHFLOW RECONCILIATION

(\$m)	DEC 19
Statutory NPAT	8.8
Non-Cash	3.0
Change in Working Capital	6.3
	18.1
Net Trust Movements	-4.0
After Tax Operating Cashflow	14.1

COMMENTARY

- After tax operating cashflow up 38% on prior period to \$14.1m
- First half strongest cash period as revenue booked in peak June period is collected.

BALANCE SHEET

Presentation Changes

- AASB16: Right-of-Use assets recognised, offsetting lease liabilities.
- ‘Gross down’ of insurance premium receivables and corresponding premium payable to underwriters.
- Cash held in trust now shown as separate current financial asset on face of the balance sheet.
- Commission and fees owing now shown as ‘Contract Assets’.
- We have recognised the value of a put option liability in relation to the 30% of Turner Insurance Services not currently owned.

BALANCE SHEET

(\$m)	Dec-19	Jun-19	Comments:
Cash - Own	60.7	21.5	Higher than usual pending 2H vendor payments
Working Capital	18.9	25.1	Includes trust cash balances and payables
	79.7	46.6	
Intangible Assets	325.5	108.1	Paragon, GGIB, CIG
Investments	53.0	62.4	Largely BPM, JLG sold in period
Fixed Assets, Net	15.6	15.3	East Melb, PPE, net AASB16
Vendor Obligations	-113.5	-15.1	Paragon, GGIB, Turner, CIG. Paragon and GGIB partially settled via share issues.
Deferred Tax, Net	-15.8	-9.9	\$11m increase from acquisitions, offset by reduction post JLG sale
Borrowings	-135.0	-55.8	New UK debt facility. Aust SFA drawn for GGIB.
Other	-0.5	-0.5	
Net Assets	209.0	151.1	
Equity:			
Share Capital	203.7	140.6	\$35m capital raise, \$27m vendor issues
Retained Profits	39.3	44.8	Seasonal - 1H low profit half, high cash half
Reserves/NCI	-33.9	-34.3	
	209.0	151.1	

COMMENTARY

- \$35m in equity capital raised during the period to assist with acquisition activity.
- UK based debt facility of £35m completed, with ability to increase to £85m to support UK activity.
- Gross debt to EBITDA below 2.5 times, and < 2.0 times adjusting for ~ \$50m in investment assets (principally BP Marsh and equity in East Melbourne premises).

SUMMARY

Strong first half continues to lay the foundation for growth in future periods

- Disciplined approach to building a great insurance broking and services business.
- Strong earnings, EPS and DPS growth.
- Performance has been acquisition led in the period whilst we have strengthened our platform to better enable continued organic growth.
- The Paragon acquisition has led to further geographic expansion of the Group with majority of income from US client base.
- The balance sheet retains capacity for growth.

APPENDIX



DISTRIBUTION

MID-MARKET/CORPORATE BROKING



BROKING NETWORKS



SPECIALITY BROKING



ONLINE DELIVERY



ADJACENT SERVICES



LIFE BROKING



Broking: Strong Platform

- Good organic GWP and client number growth.
- Revenue growth less than GWP growth as fees adjusted to manage client outcomes in harder market.

Networks

- Good growth in new AR numbers across Australia and NZ.
- Regional manager and compliance hires to maintain service levels and to enable growth.

Workers Compensation Consulting

- Good organic growth from referrals with Broking and new clients in the ASX listed and PE backed space.

Life Broking

- Remains a value add for our Broking clients.

AGENCY

CHASE UNDERWRITING



Services exclusively to the construction sector in Australia & UK.

BREEZE UNDERWRITING



Specialist insurance products for niche industries in accommodation, hospitality, professional risks and hire and rental.

MEDISURE



Specialist insurance products for the healthcare and allied health sector.

ONLINE TRAVEL INSURANCE



JOLIMONT UNDERWRITING



Specialist underwriting for hard-to-place property risks via the London market.

Segment

- Building out product range to diversify income streams.
- Enhancing online platforms to improve operational efficiency.

Chase Underwriting

- Capacity maintained and grown at slightly lower commission rates.

Breeze Underwriting

- New management commenced with a delay and looking to growth products.

Travel

- New pricing parameters with Berkshire Hathaway.

UNITED KINGDOM

CARROLL HOLMAN



Independent Lloyd's and London market wholesale broker with a focus on UK and Australian business. Core classes are Property, Casualty, Household, Motor and PI.

BREEZE UNDERWRITING



Property & Liability underwriting agency writing UK based risks. Breeze highly service driven giving UK retail broker a consistently high service with competitive products.

ALSFORD PAGE & GEMS



Lloyd's and London market insurance and reinsurance broker with a focus on international business.

TURNER INSURANCE



UK retail (direct) broker for commercial businesses as well as life and pensions for connected clients.

CHASE INTERNATIONAL



Wholesale Construction Underwriting Agency principally specialising in USA, UK and European risks.

EASY BROKING ONLINE



An electronic only Underwriting agency offering solutions for leisure, Retail, Takeaways, Offices, Property Owners and Commercial Combined

PARAGON



Independent Lloyd's and London market broker, specialising in Professional and Financial Lines across the USA and UK

Segment

- New London premises from March.

Carroll Holman

- Launch of fully automated online quote and buy platform.
- > 1000 supporting brokers with addition of Carroll Insurance.

Paragon

- Growth ahead of expectations with hardening markets in specialist lines. Received a number of industry awards in D&O and Cyber.

APG

- Transferred broking platform to drive efficiencies.

Turner Insurance

- Small portfolio bolt-in assisting growth since acquisition.

PSC DNA

DRIVEN

WE WILL

Do more than is required
Perform
Find a way to get it done

WE WILL NOT

Do the bare minimum
Accept mediocrity
Disappoint

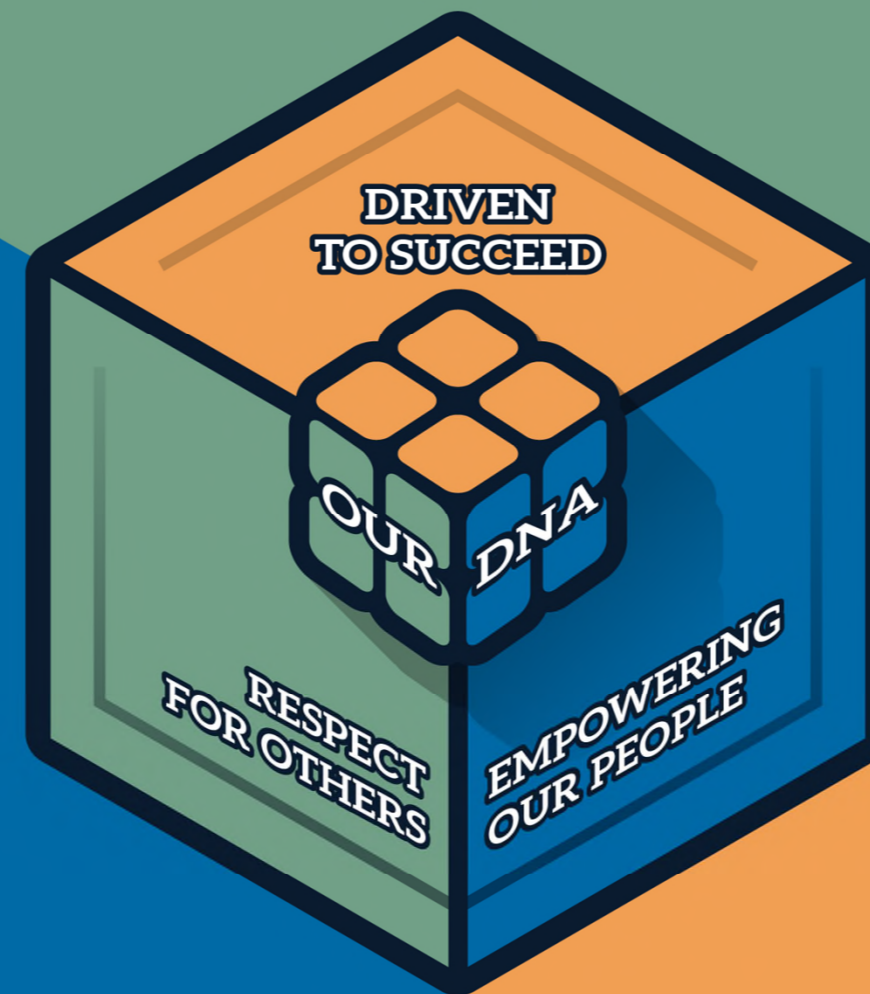
RESPECT

WE WILL

Always act in our client's best interests
Take the time to listen and understand
Be self-aware

WE WILL NOT

Discriminate
Take your business for granted
Compromise on our values



EMPOWERING

WE WILL

Empower our people
Be simplifiers – not complicators
Be more than a place to work

WE WILL NOT

Talk down to people
Place blame
Forget where we came from