

24 August 2020

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

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

Please find attached our Investor Presentation referred to in our 2020 Full Year Results announcement. This presentation will form the basis of the Shareholder and Investors conference call being held at 9.00 am today and at other meetings with Investors and Shareholders over the next two weeks.

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

Authorised for release to the ASX by the PSC Insurance Group Limited Board.



Stephen Abbott
Company Secretary



2020 FINANCIAL YEAR RESULTS

Tony Robinson – Managing Director

Rohan Stewart – Group Chief Executive Officer

John Dwyer – Executive Director

Joshua Reid – Chief Financial 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 24 August 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 YEAR HIGHLIGHTS

We continue to drive growth

Underlying revenue up 49% to \$176.7m

Underlying EBITDA up 33% to \$57.7m¹

Underlying NPATA up 34% to \$37.4m

EPS growth of 23% to 13.9cps

Successful completion and integration of PSC's two largest mergers: Paragon and Griffiths Goodall

PSC's performance given COVID-19 backdrop demonstrates the defensive growth of the Group and the sector

Well positioned for strong growth in FY21 supported by annualised impact of FY20 acquisitions and cost-saving initiatives undertaken in Q4 FY20

¹ Adjusted for AASB16 impact of ~(\$0.3m) to ensure like for like comparison

FINANCIAL RESULTS SUMMARY

PSC is expected to maintain its strong historical performance and growth into FY21

(\$m)	FY20	FY19	Growth
Operating Revenue	176.7	119.0	48.6%
Total Costs	(119.3)	(75.7)	
Underlying EBITDA	57.4	43.3	32.7%
Interest	(6.1)	(3.4)	
Depreciation & Amortisation	(8.5)	(2.9)	
Net Profit Before Tax	42.8	36.9	
Non Recurring Items	(17.6)	(0.0)	
Income Tax	(6.6)	(11.5)	
Statutory NPAT	18.7	25.4	(26.4%)
Underlying NPATA	37.4	27.8	34.5%
Underlying EPS	13.9	11.3	

- Despite COVID-19 backdrop, PSC achieved strong operating revenue growth of 48.6% and underlying EBITDA growth of 32.7%
- Driven by a combination of organic and acquisition growth
- Statutory NPAT impacted by non-recurring items primarily relating to ~\$8.0m of fair value adjustments and ~\$8.3m in transaction-related costs
- Strong earnings performance driving underlying EPS growth up 23.0% to 13.9cps

GROWTH OUTLOOK

Growth prospects for the Group supported by organic growth, strong pipeline of current opportunities and disciplined allocation of capital

Organic Growth

- New clients
- New businesses
- Business improvement
- Continuing focus in strong sectors (construction, engineering, mining, agriculture / food, transport / logistics and health)

Acquisition Growth

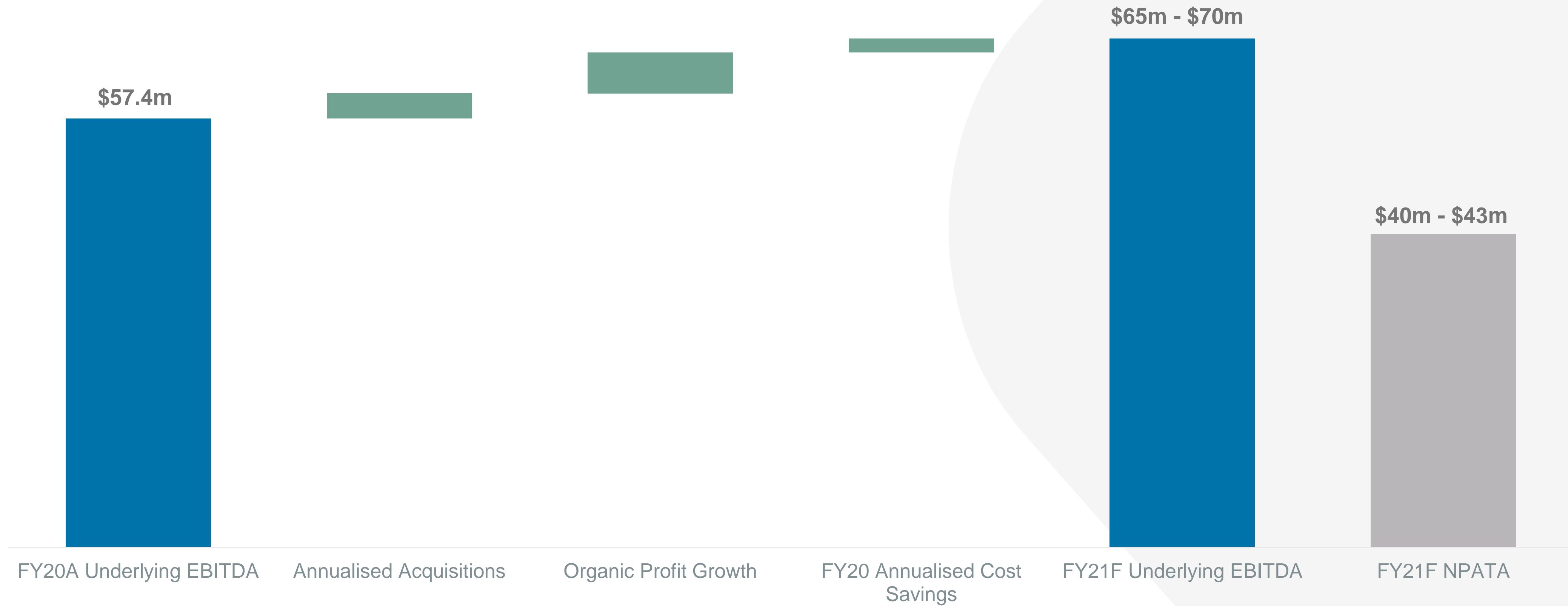
- Disciplined allocator of capital
- Price reflects growth outlook and concentration risk
- Key focus of due diligence is on cultural fit
- Strong pipeline of current opportunities

Outlook

- We expect the current economic conditions to prolong the hardening pricing cycle in to FY21, partially offsetting the volume contraction
- Achieve strong organic growth in FY21, with annualised contributions from FY20 acquisitions and benefit of cost-saving initiatives implemented in Q4 FY20
- Our businesses are not weighted materially to sectors most impacted by COVID-19

OUTLOOK

Growth from recent acquisitions and cost saving initiatives will drive FY21 underlying EBITDA

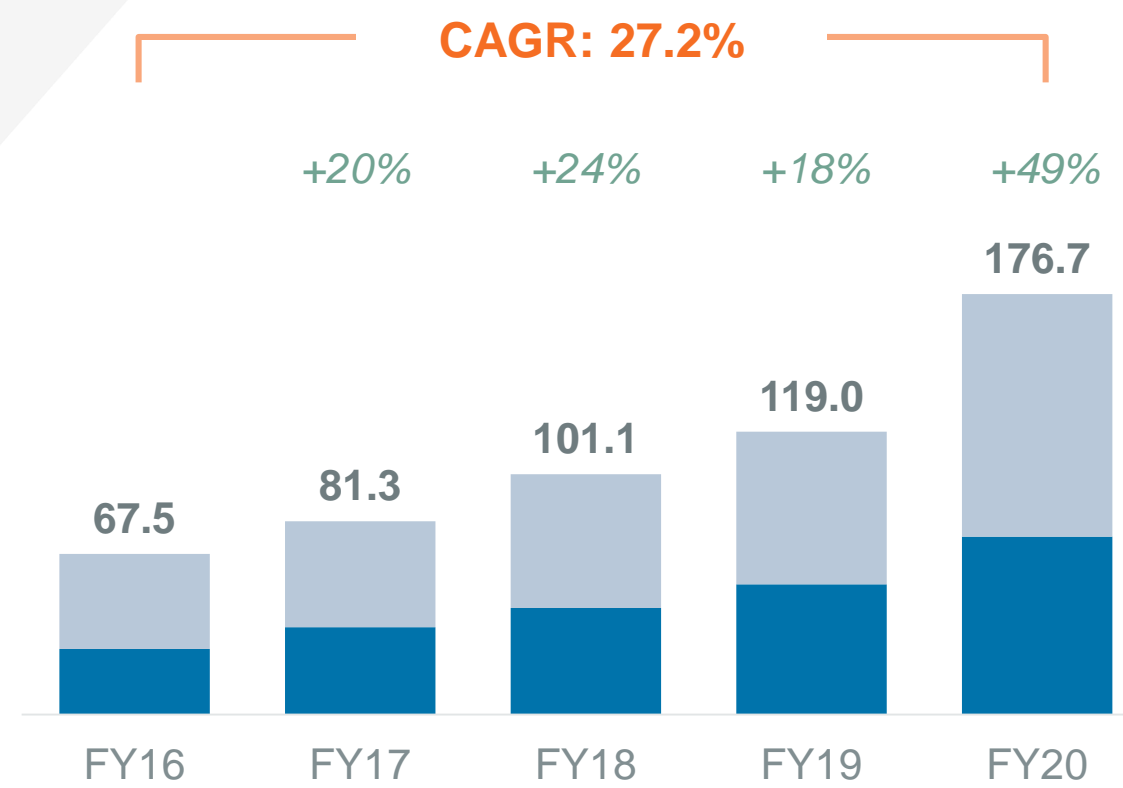




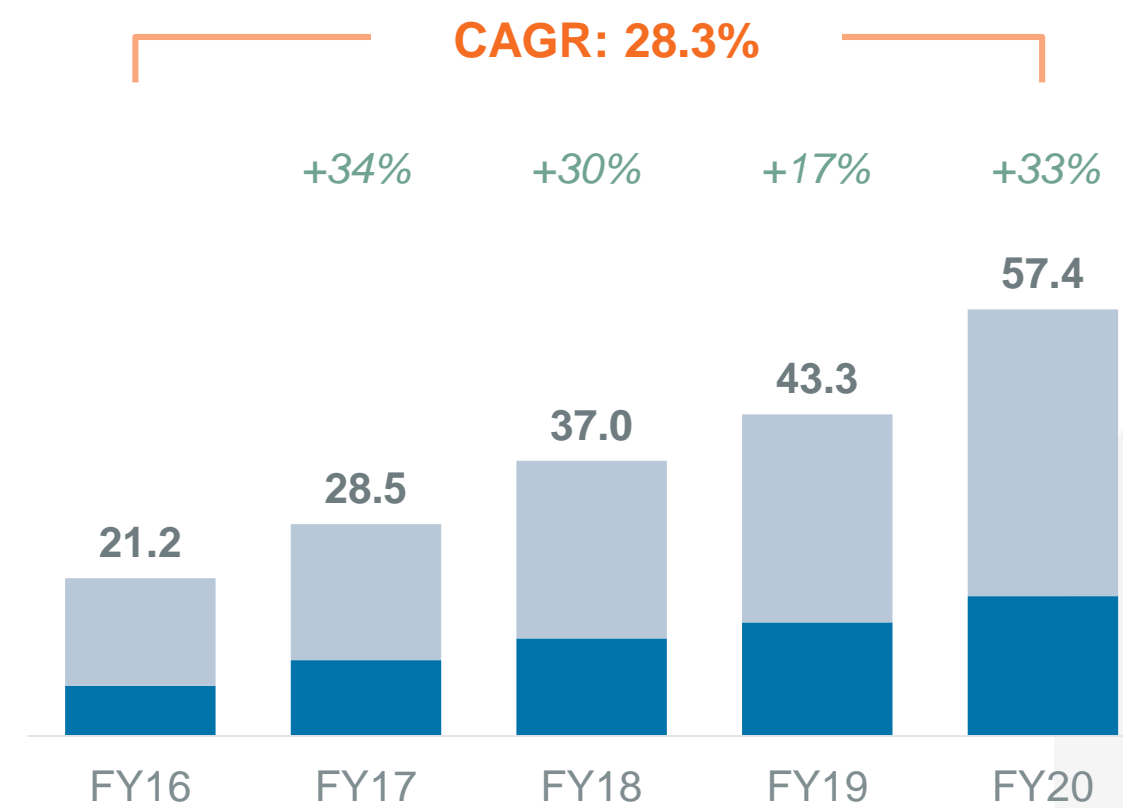
Financial Year Overview

TRACK RECORD OF GROWTH

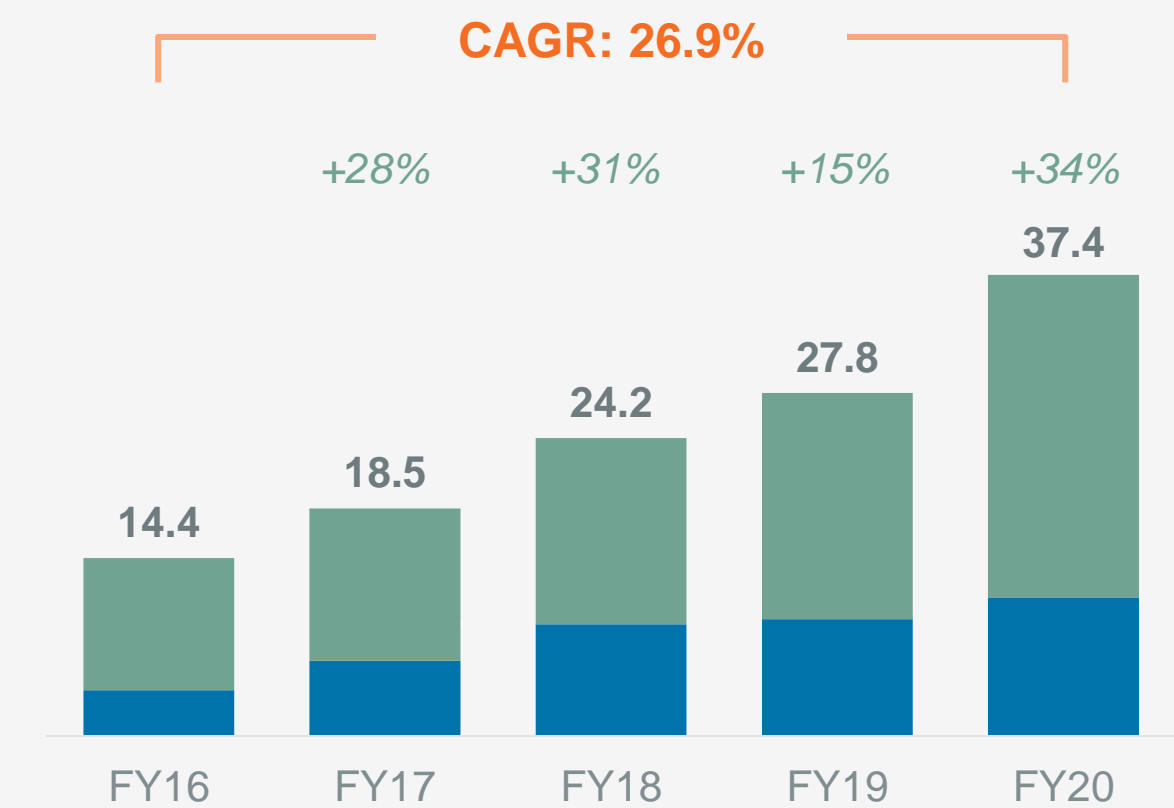
Continuation of a long track record of growth, with 20%+ CAGR across all financial metrics
a testament to PSC's empowered business model



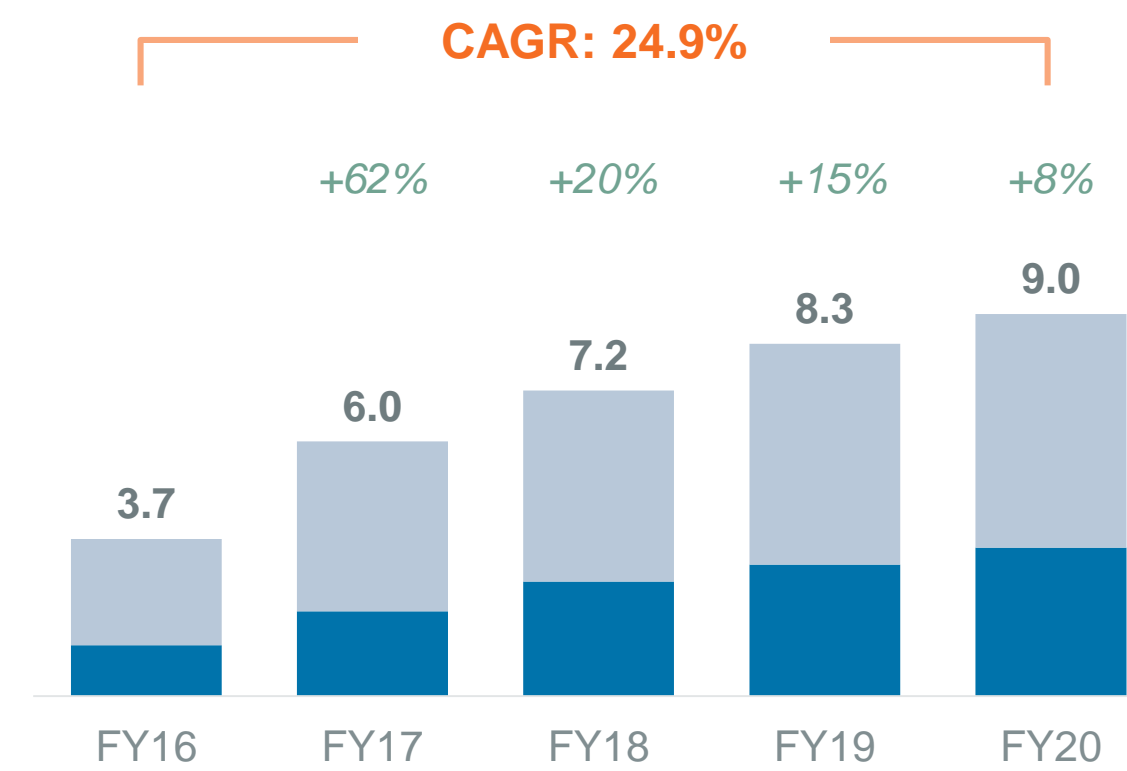
UNDERLYING REVENUE (\$m)



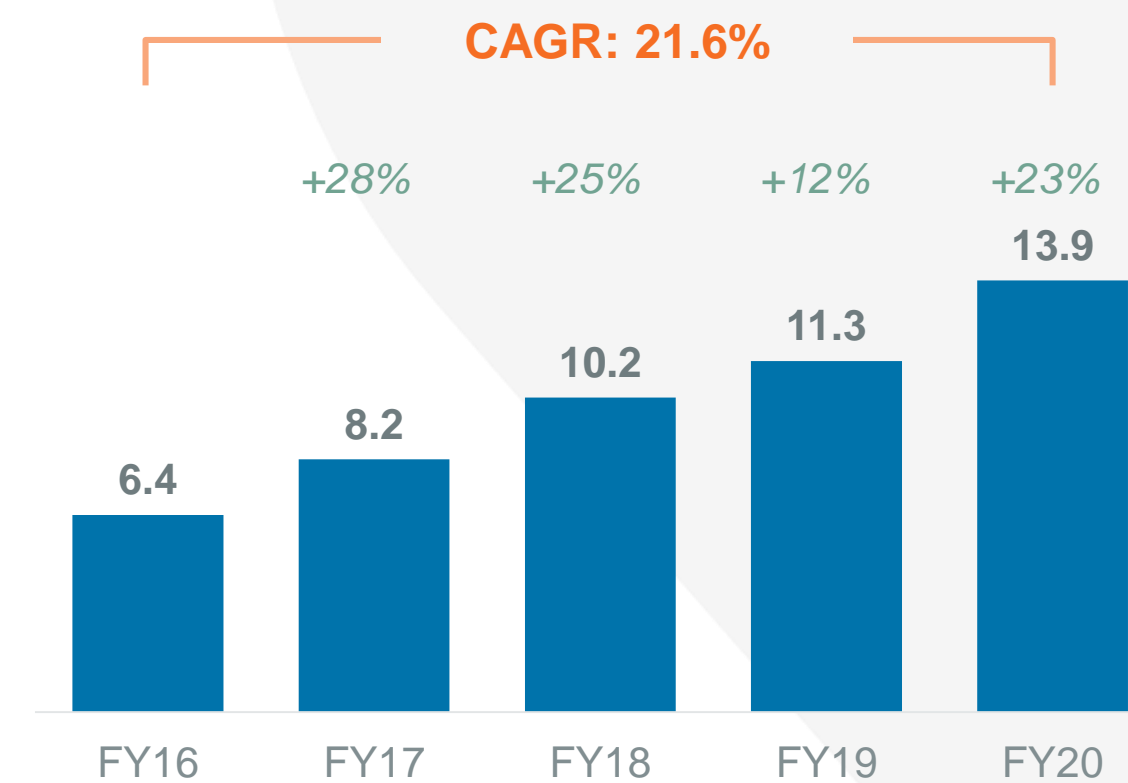
UNDERLYING EBITDA (\$m)



UNDERLYING NPATA (\$m)



DIVIDENDS (CPS)

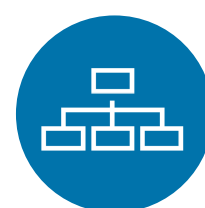


UNDERLYING EPS (CPS)

- 1H
- 2H
- Full year
- X% Growth rate y.o.y

BUSINESS HIGHLIGHTS

PSC has built a unique high-growth international insurance platform that harnesses the energy and successes of its portfolio businesses



Full ownership of businesses – 100% ownership in most Distribution, Agency and UK businesses (with few exceptions)



Empowered business units – Flat hierarchy gives brokers autonomy plus centralised administrative support



Diversified premium pool – 40+ operating units led by separate experienced managers in various segments and geographies



Strong earnings trajectory – Consistent and continuing organic growth plus solid M&A pipeline and best-in-class efficiencies



Global expertise and reach – Growing UK base with access to United States market

OPERATIONAL HIGHLIGHTS

Strong FY20 performance despite COVID backdrop supported by successful acquisitions and resilient organic growth

Good Performance from Acquisitions

Building PSC to be a more diversified and smarter group, with exposure to a broader market and greater customer access

Griffiths Goodall Insurance Brokers & Paragon International Insurance Brokers

Significant opportunities including synergies and platform for international expansion



Organic Growth

Organic underlying operational revenue growth of approx. 6%. Restructuring of various businesses completed in FY20 supports growth in FY21

SEGMENT RESULTS

PSC manages a diverse portfolio of insurance services and intermediated businesses through a simple corporate structure



DISTRIBUTION (AUSTRALIA)

Insurance broking, including broker networks (Connect, Reliance Partners), life broking and workers comp consulting

~\$755m GWP
\$84m FY20 Revenue
\$36m FY20 EBITDA



AGENCY (AUSTRALIA)

Underwriting agencies including Chase, Breeze, online travel and medical

~\$105m GWP
\$16m FY20 Revenue
\$5m FY20 EBITDA



UNITED KINGDOM

Wholesale, retail and agencies UK businesses including Paragon, Carrolls, Breeze (UK), APG, Turner, EBOL and Chase

~\$950m GWP
\$77m FY20 Revenue
\$20m FY20 EBITDA



GROUP

Group income and investments, including BP Marsh and the East Melbourne premises

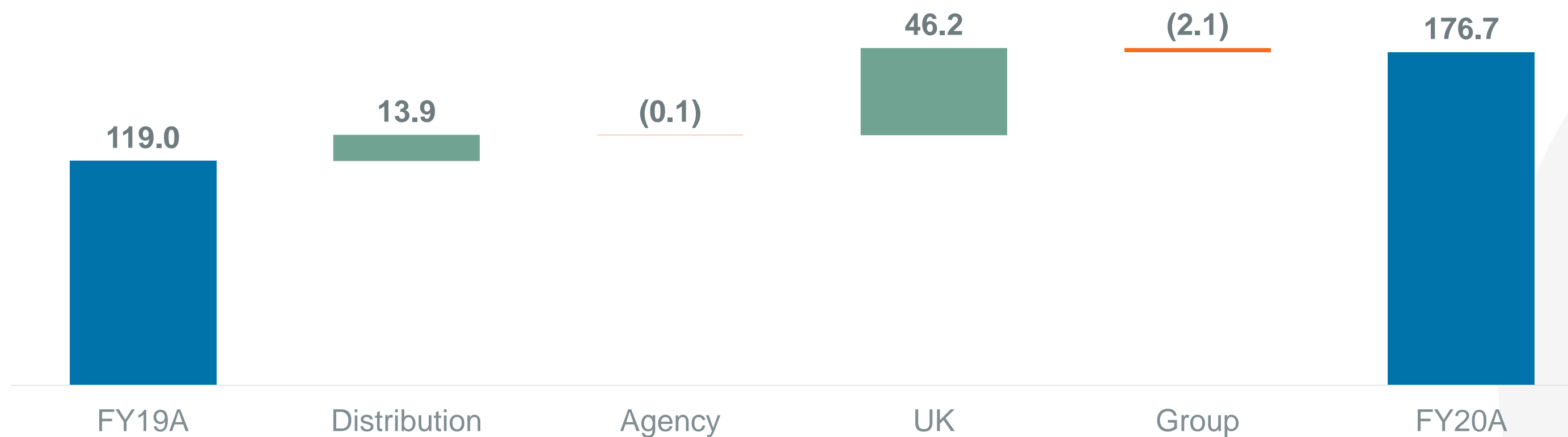
\$(3)m FY20 EBITDA

PSC has 100% ownership in its businesses, brands and entities in each segment (only subject to a few exceptions)

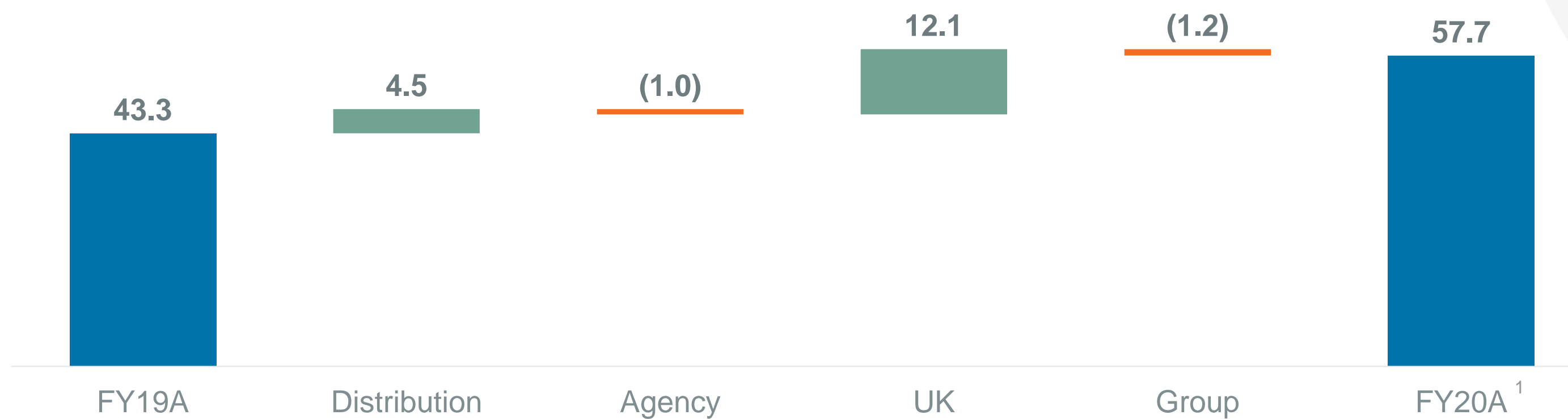
SEGMENT GROWTH

Strong earnings growth achieved across Distribution and UK operating segments

Underlying Revenue (\$m)



Underlying EBITDA (\$m)



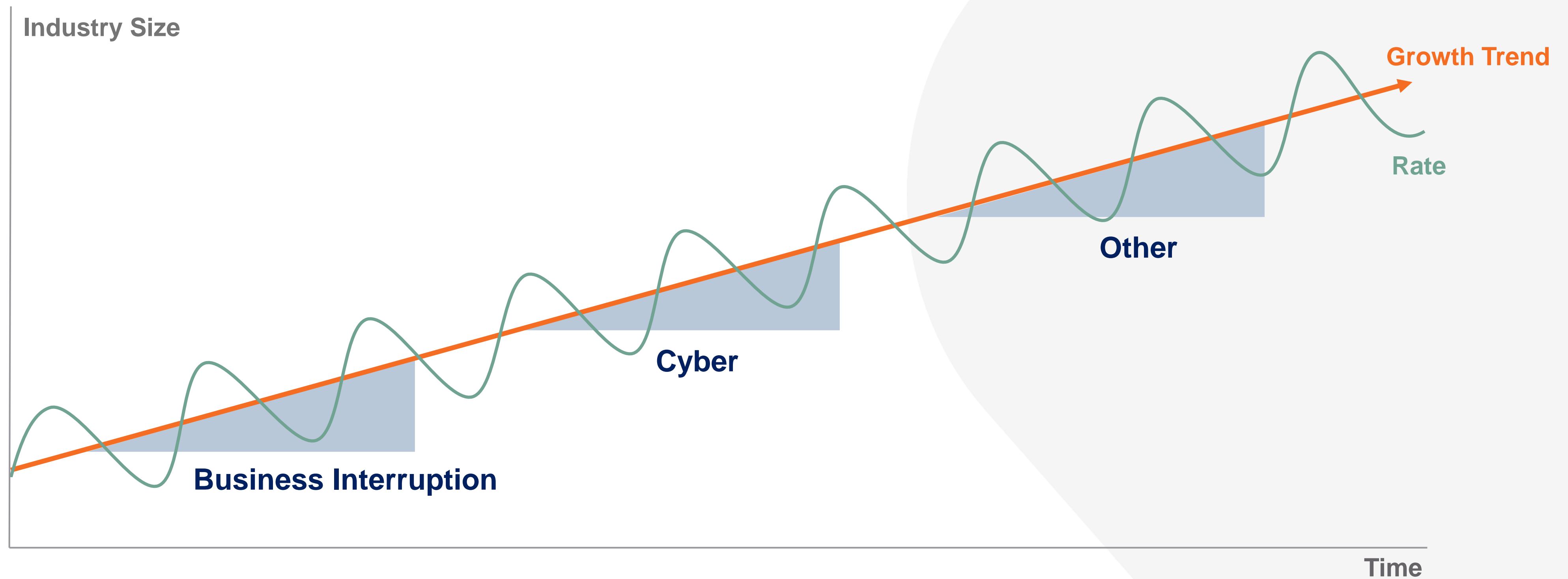
- In Distribution, broking businesses experienced over 25% growth, supported by the hardening premium cycle, and customer and AR growth
- In Agency, Chase Underwriting performed strongly with revenue growth of 11%. Lower overall performance reflects changes to Breeze Underwriting and Online Travel
- Significant growth in UK as a result of recent expansion and acquisitions
- Existing businesses Carrolls, Breeze Underwriting UK and Chase UK all performed strongly

¹ Adjusted for AASB16 impact of ~(\$0.3m) to ensure like for like comparison

INDUSTRY GROWTH

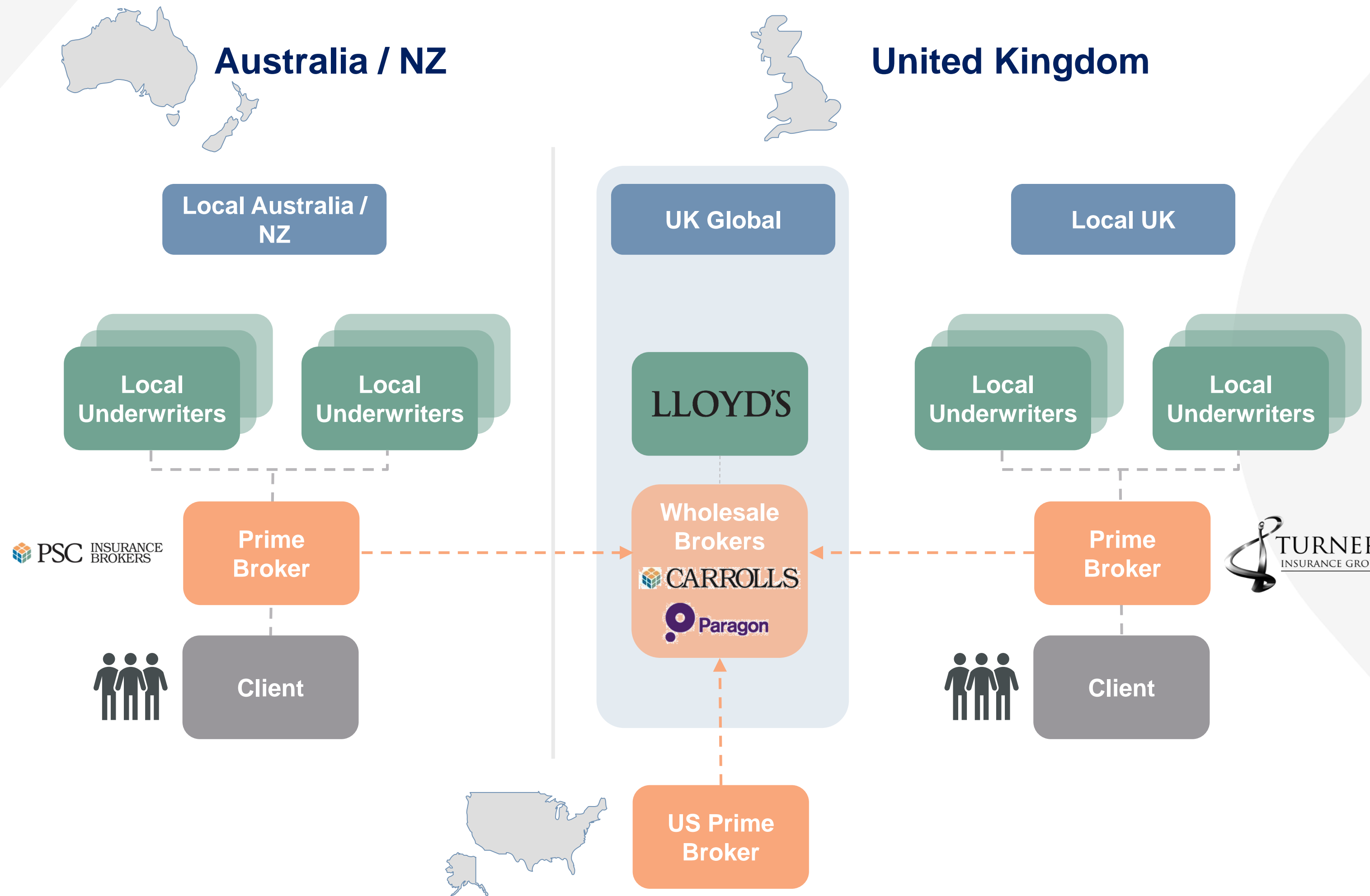
Significant growth opportunities for PSC and the industry, supported by the introduction of specialist products

PSC's prospects are stronger than the industry, particularly given the weighting of technology businesses serviced by Paragon in the US
(refer to Paragon slide in the Appendices)



PSC'S GLOBAL MARKET

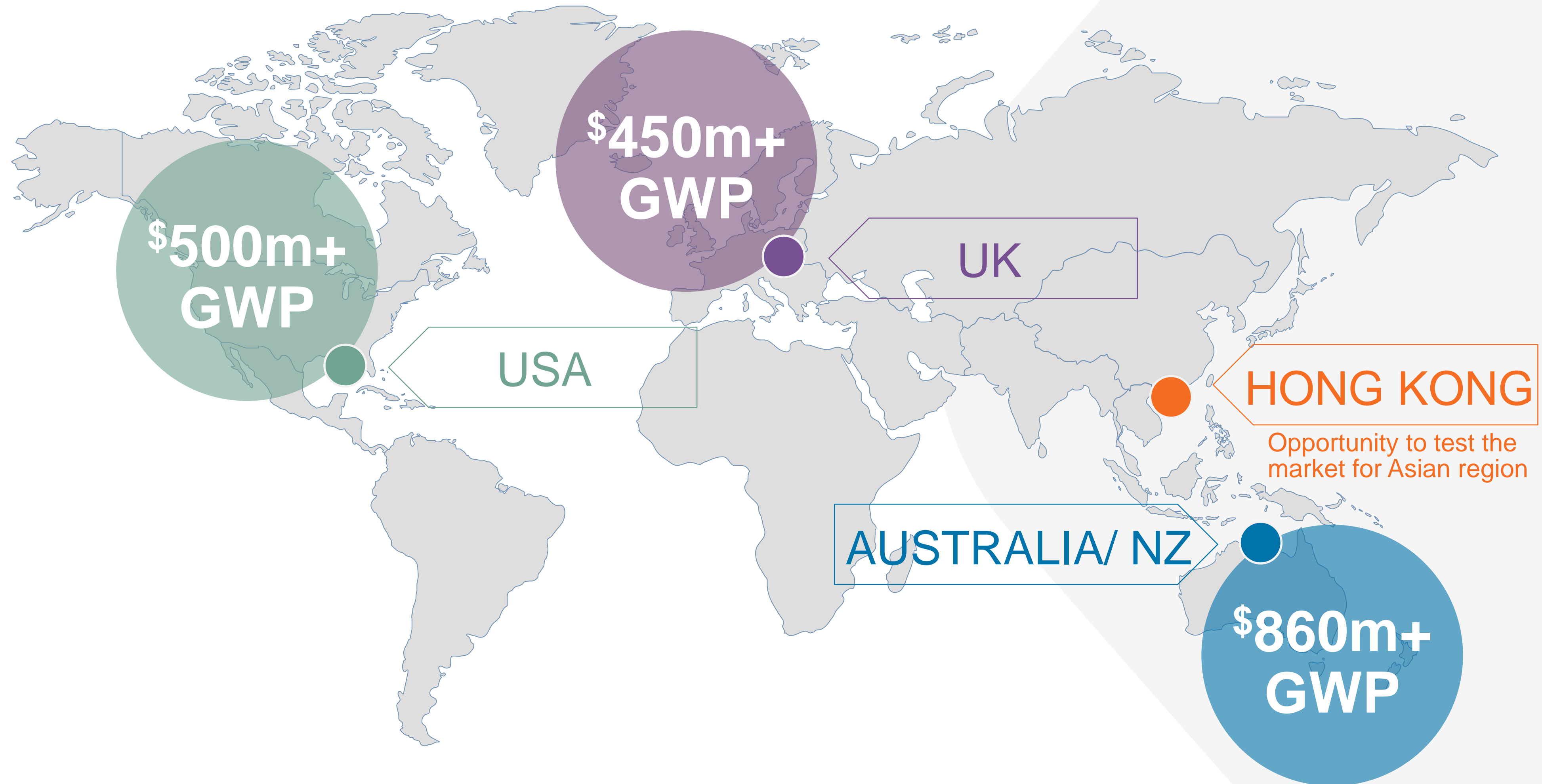
PSC's UK operations will form a solid platform for future global expansion and strengthen Australia's network and capability



- UK and Australia have similar local processes
- Scaled exposure in Australia and UK through PSC and Turner respectively
- To access offshore and specialist markets, prime brokers engage with wholesale brokers such as Paragon and Carrolls
- PSC's UK operations key to providing greater access and exposure to the global wholesale broking market

DIVERSIFICATION OF CLIENT PREMIUMS

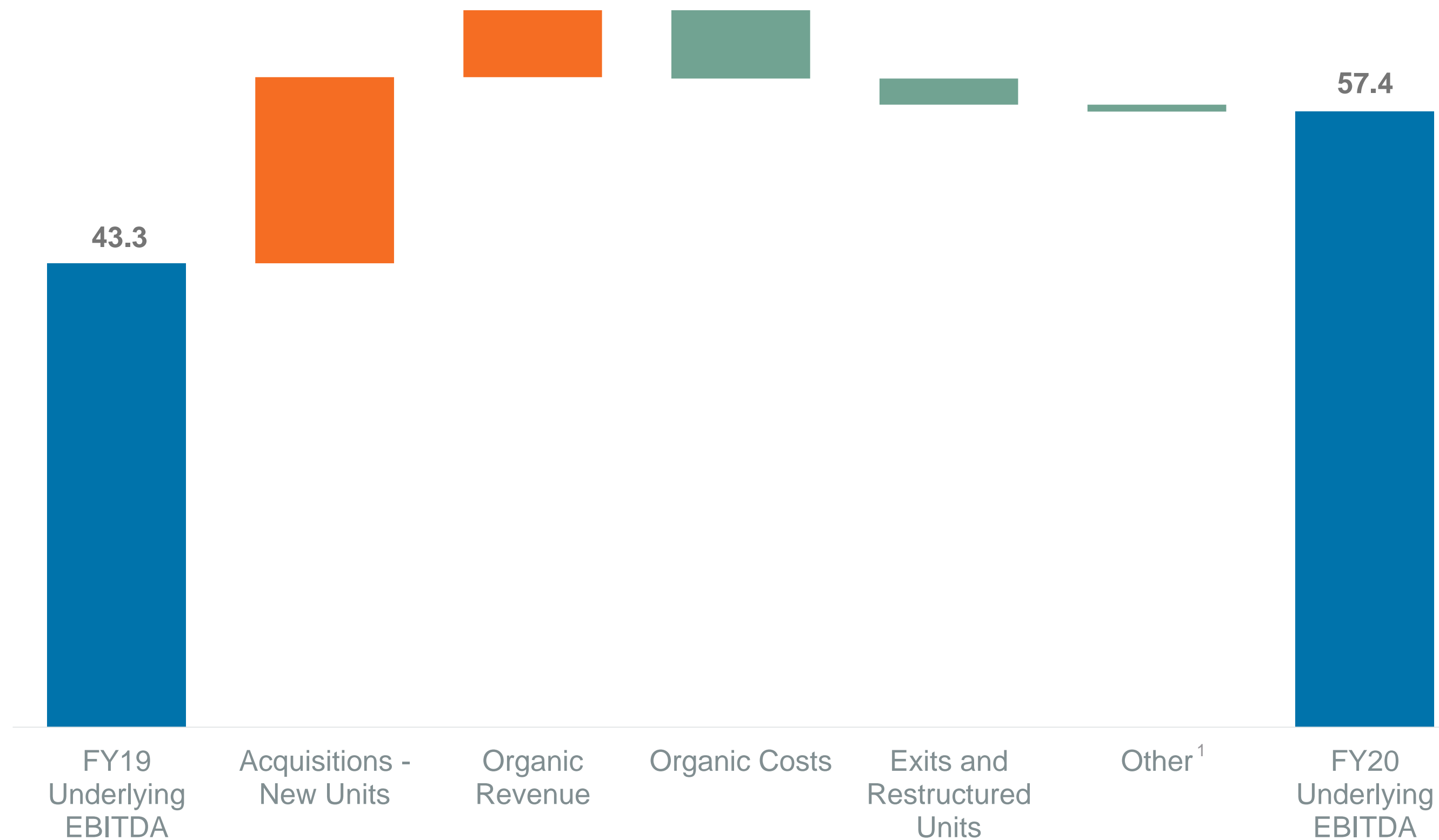
PSC's business is geographically diverse and its fast-growing international platform will enhance local competitiveness



GROWTH DRIVERS

Strong incremental contributions from acquisition and organic sources

Underlying EBITDA (\$m)



- Acquisitions contributed \$17.4m in incremental EBITDA, largely from Paragon and Griffiths Goodall
- Organic revenue growth of \$6.2m offset by organic cost growth of \$6.4m (pre-restructure)
- Q4 FY20 cost base reduction commensurate with current economic outlook with benefits to be realised in FY21
- Various business restructuring adversely impacted organic EBITDA growth by \$2.4m, with benefits of restructuring to be evident in FY21
- Results adversely impacted by \$1.1m in lower dividends from non-operating investments

¹ Other drivers comprise of restructuring costs, investment divestments and AASB16 adjustments.

BALANCE SHEET

PSC remains in a sound liquidity position, backed by long-dated debt maturities and sufficient debt headroom

(\$m)	FY20	Comments:
Cash - Own	26.0	
Working Capital	45.7	<i>Net of trust cash balances and underwriting liabilities</i>
Total Liquidity	71.7	
Intangible Assets	316.4	<i>Large increase from Paragon and GGIB</i>
Investments	47.2	<i>Comprises of BPM, Reliance Partners portfolios, JLG private assets, BCS and loans</i>
Fixed Assets, Net	15.3	<i>Comprises of PPE and East Melbourne premises</i>
Vendor Obligations	(29.4)	
Deferred Tax, Net	(16.2)	
Borrowings	(158.5)	
Other	(1.9)	<i>Related to Paragon USD hedge</i>
Net Assets	244.5	
Share Capital	243.0	<i>Increase from \$35m capital raise in Jul-19 plus vendor issues</i>
Retained Profits	39.2	
Reserves/NCI	(37.8)	
Total Equity	244.5	

- The Group remains well capitalised with sufficient liquidity and a sound balance sheet position

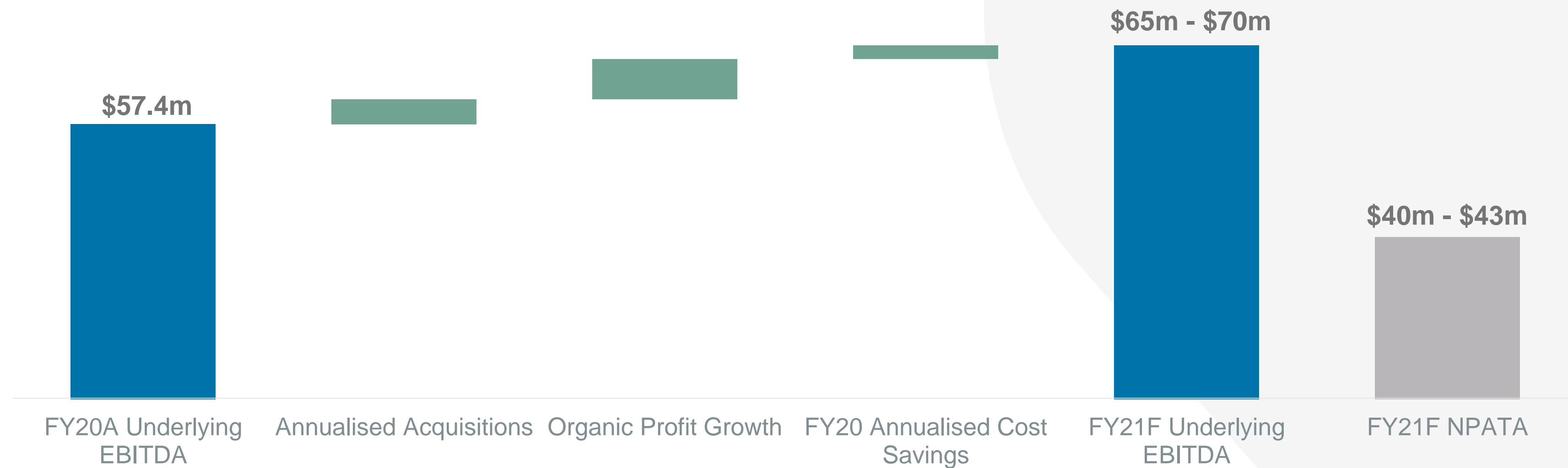
Debt facilities

- Australian Facility
 - Facility limit of \$100.0m with \$81.6m drawn
 - 3.0x leverage covenant, expiring December 2024
- UK Facility
 - Facility limit of £44.0m with £40.6m drawn
 - 5.5x leverage covenant, expiring November 2024

CONCLUSION

PSC continues to drive growth

Continued growth across various key areas, including:

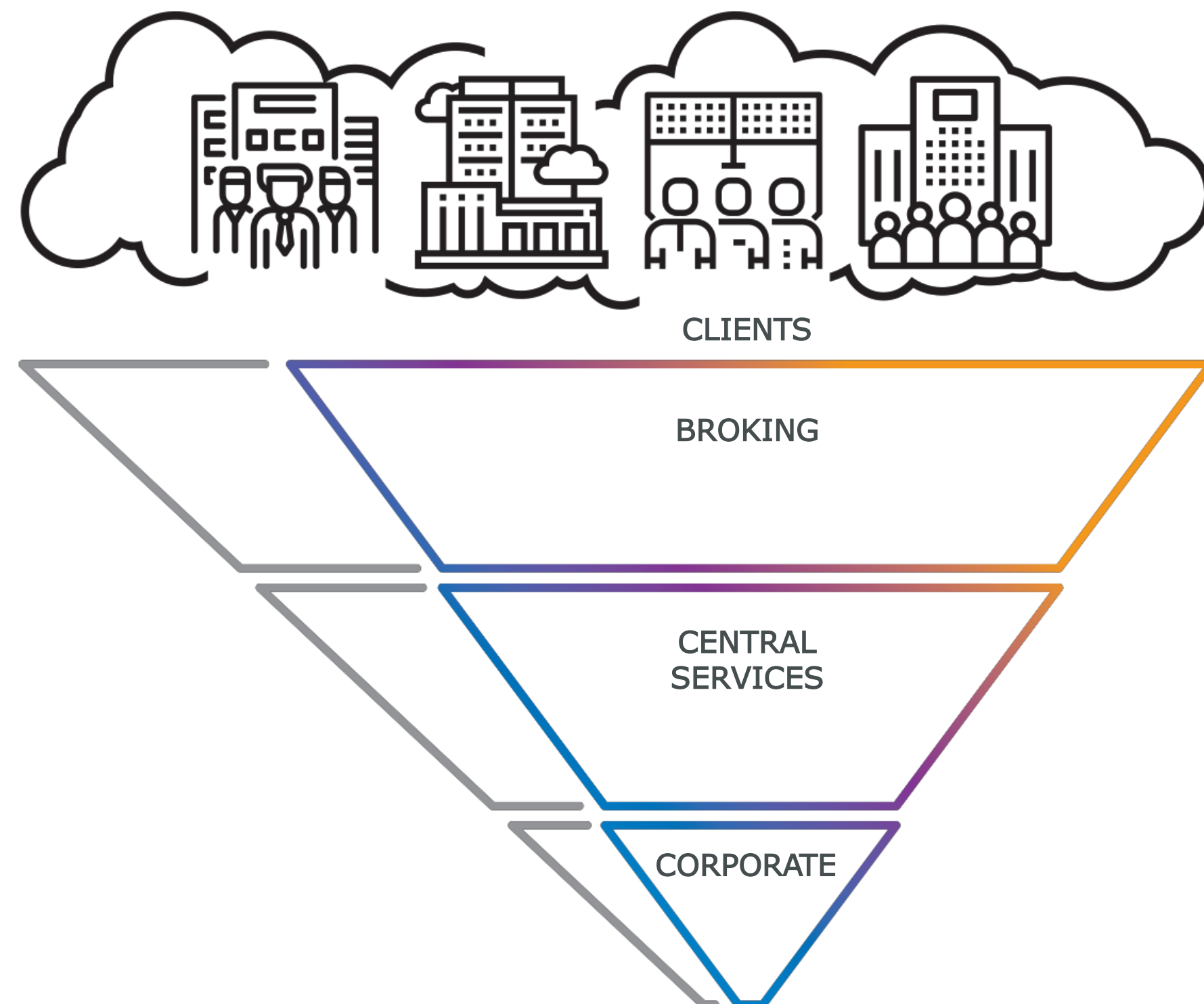




Appendices

EMPOWERING BUSINESS UNITS

Broker autonomy is key to PSC's success – senior management and group functions act to support brokers



Hierarchy reflects client-broker relationship is key:

- Business unit structure allows brokers autonomy within manageable units
- 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

STATUTORY NPAT RECONCILIATION

Non-recurring costs in FY20 primarily related to transaction costs, business restructuring and fair value adjustments

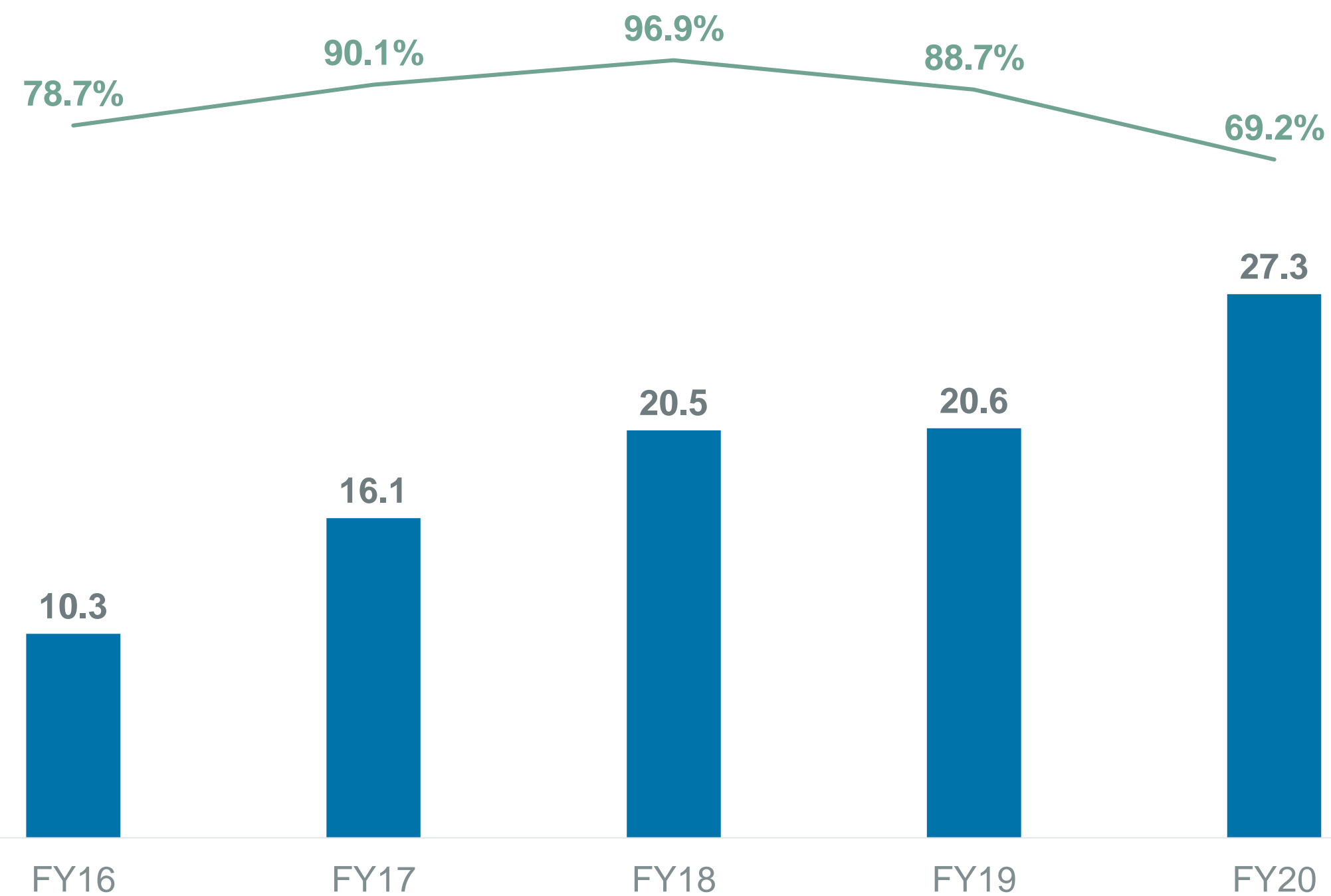
(\$m)	FY20	FY19	%	Change
Statutory NPAT	18.7	25.4	36%	+6.7
Amortisation	6.5	1.6		
Non-Recurring Revenue and Costs - Tax Adjusted	12.2	6.7		
Underlying NPATA	37.4	27.8	34%	+9.6

- Non-recurring costs related to:
 1. ~\$8.0m fair value adjustment relating to movements in the value of the Group's investments such as BP Marsh
 2. ~\$8.3m in transaction related costs and fair value adjustments to deferred consideration liabilities
 3. ~\$1.2m of restructures to various businesses and movements in unrealised FX balances and FX hedge
- ~\$6.5m amortisation which has increased materially over FY19 from acquired intangible assets
- Actual tax expense lower than the proforma tax position of \$11.9m as a result of non-operating balances
- Average pro-forma tax rate of 24.2% driven by increased contribution from UK operations; rate expected to be marginally higher in the range of 26% - 27% in FY21

CASH CONVERSION PROFILE

Strong cash conversion profile, averaging ~85% over the last 5 years

Operating Cashflow and Cash Conversion (\$m, %)



- Operating cashflow increased by 32.8% in FY20
- Historically, PSC has achieved strong cash conversion profile, with a 5-year average of ~85%
- FY20 cash conversion rate decreased marginally as a result of ~\$15m increase in working capital asset from the various large-scale acquisitions completed
- Cash conversion expected to revert and rebuild in FY21 whilst still maintaining growth

DETAILED SEGMENT RESULTS

Strong performance, especially across Distribution and UK

FY20 (\$m)	Distribution	Agency	UK	Group	Total
Underlying Revenue	83.8	15.7	76.7	0.4	176.7
<i>% of Group Revenue</i>	<i>47%</i>	<i>9%</i>	<i>43%</i>	<i>0%</i>	
Underlying EBITDA	35.7	4.9	20.3	(3.2)	57.7¹
<i>% of Group Underlying EBITDA</i>	<i>62%</i>	<i>8%</i>	<i>35%</i>	<i>(6%)</i>	

FY19 (\$m)	Distribution	Agency	UK	Group	Total
Underlying Revenue	70.0	15.9	30.5	2.6	119.0
<i>% of Group Revenue</i>	<i>59%</i>	<i>13%</i>	<i>26%</i>	<i>2%</i>	
Underlying EBITDA	31.3	5.9	8.2	(2.0)	43.3
<i>% of Group Underlying EBITDA</i>	<i>72%</i>	<i>14%</i>	<i>19%</i>	<i>(5%)</i>	

¹ Adjusted for AASB16 impact of ~(\$0.3m) to ensure like for like comparison

DISTRIBUTION (AUSTRALIA)

Historically PSC's core business, contributed ~48% of FY20 Group revenue with strong EBITDA margins of ~43%

Mid-Market / Corporate Broking



~ \$755m GWP



\$84m FY20 revenue and \$36m FY20 EBITDA



Highly diversified across > 100,000 clients



22 broking businesses and 11 broking offices



200+ authorised representatives, partners, member brokers (NZ)

Broking Networks



Broking: Strong Platform

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

Networks

- Strong 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

- Strong 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

Adjacent Services



Other Broking



AGENCY (AUSTRALIA)

PSC's specialist underwriting agencies contributed ~10% to FY20 Group revenue

Chase Underwriting



Services exclusively to the construction sector in Australia & UK



~ \$105m GWP



\$16m FY20 revenue



\$5m FY20 EBITDA

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

Other



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

Other (Travel and Jolimont Underwriting)

- Travel business impacted by COVID-19 (small contributor for Agency overall). New A&H binder sourced for new FY21 opportunities
- Jolimont provides specialist underwriting for hard-to-place property risks via the London market

UNITED KINGDOM

PSC's UK business has grown significantly, contributing ~43% of FY20 Group revenue and supported by a strong acquisition pipeline

Wholesale



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



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



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

Underwriting



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



Services exclusively to the construction sector in Australia & UK



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

UK Retail



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



~ \$950m GWP



\$77m FY20 revenue



\$20m FY20 EBITDA

Segment

- New London premises from March

Carrolls

- Merging with CIG acquisition to realise synergies
- 3 offices and 1,000 supporting brokers with addition of CIG

Paragon

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

Breeze

- Consolidating Breeze and Easy Broking Online

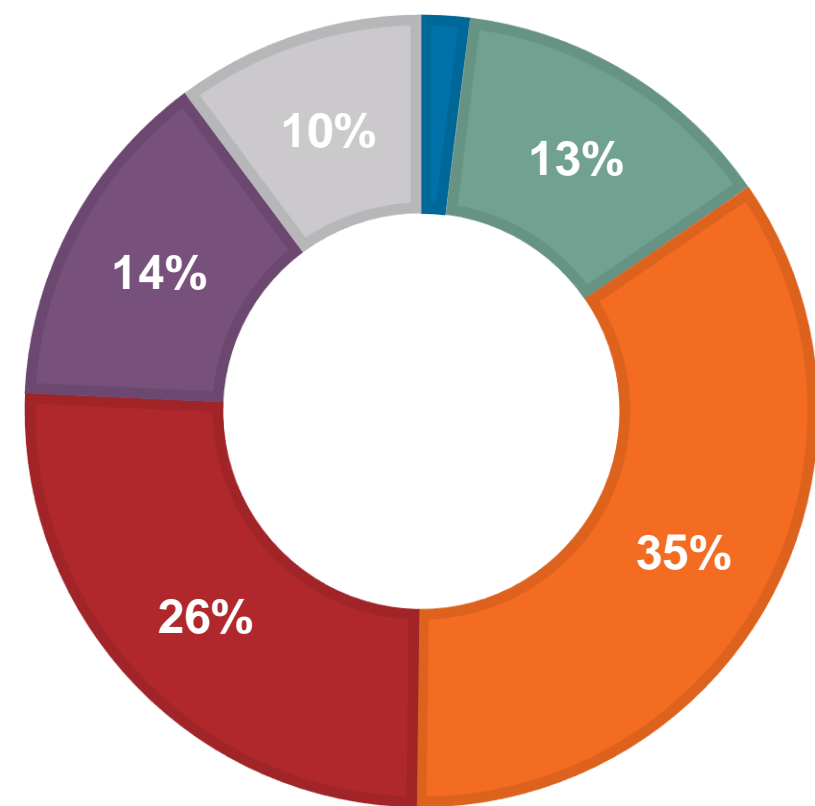
Turner Insurance

- SME broker based in Leicester
- 70% ownership moving to 100%

DISTRIBUTION NETWORK

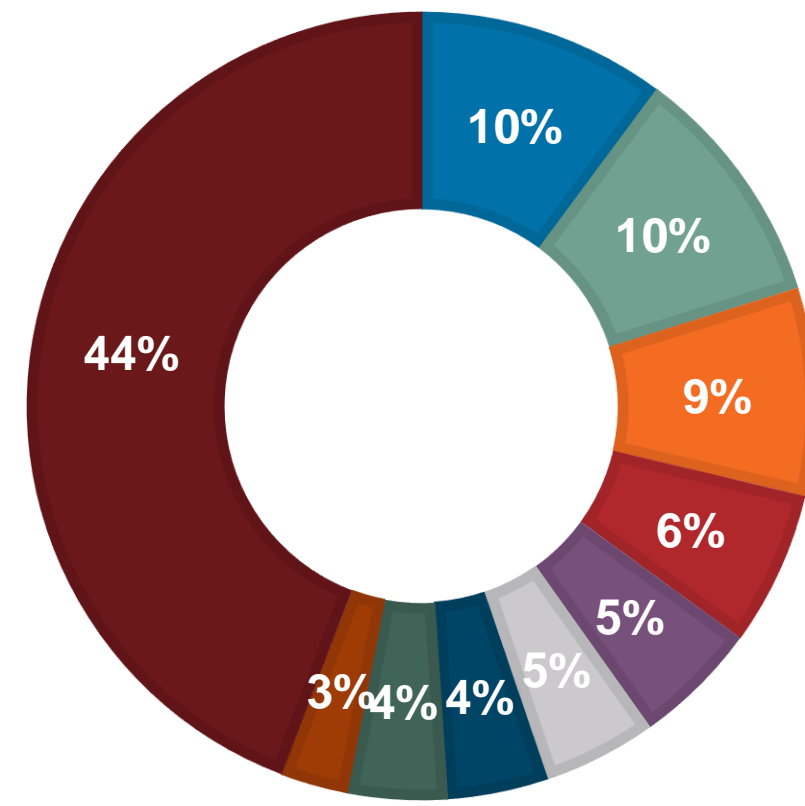
Well balanced Distribution network with no single insurer or product contributing more than 15%, and a focus on strong sectors

Business Type Mix
(% of GWP)



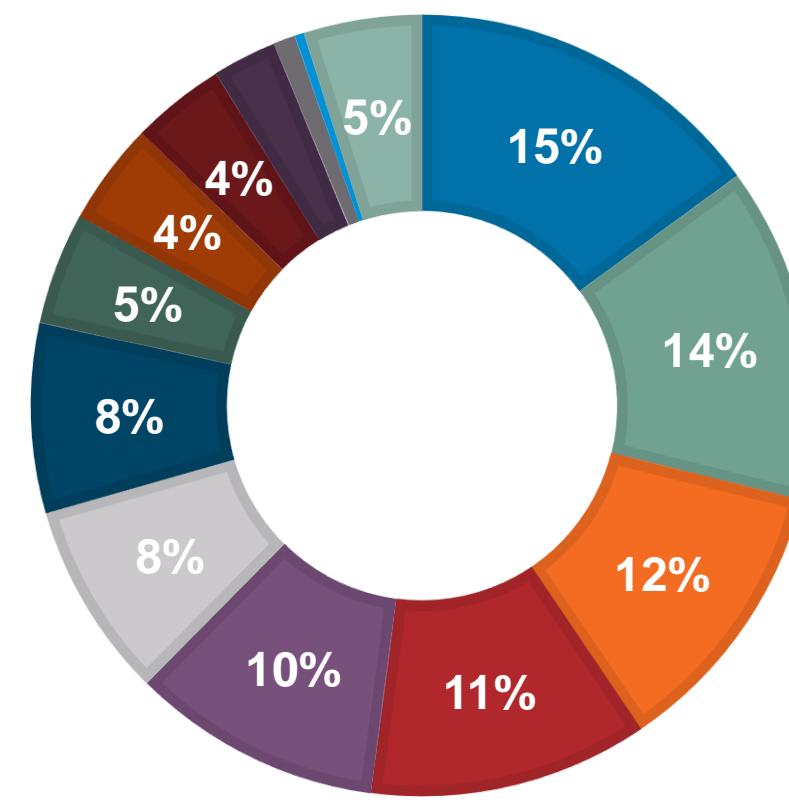
- Micro Relationship (\$0 - \$1,000)
- Small Relationship (\$1,001 - \$5,000)
- Medium Relationship (\$5,001 - \$50,000)
- Large Relationship (\$50,001 - \$250,000)
- Corporate Relationship (\$250,000 - \$1.0m)
- Large Corporate Relationship (>\$1.0m)

Insurer Mix
(% of GWP)



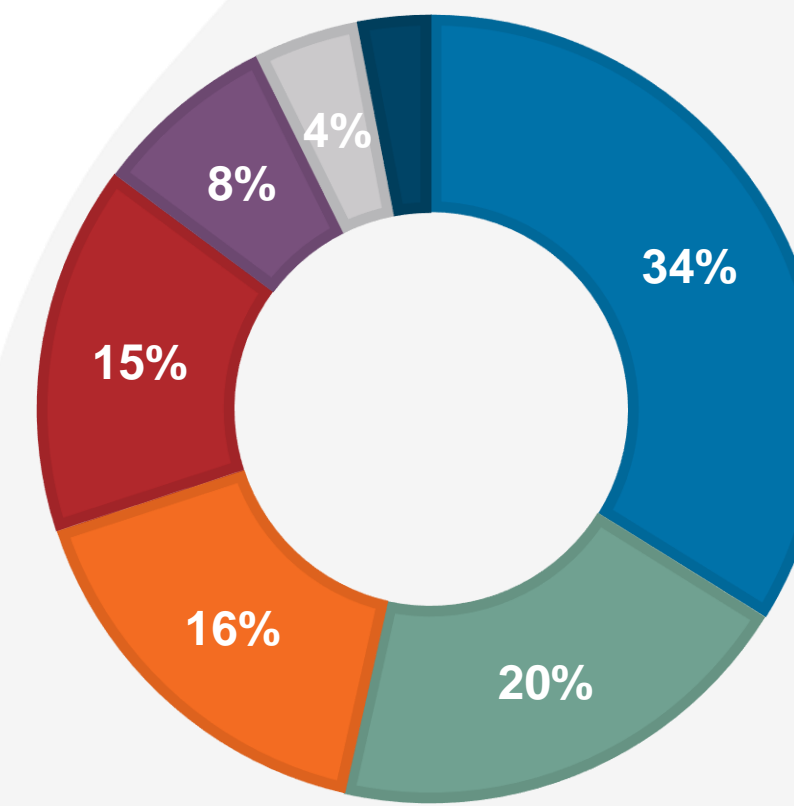
- Allianz
- CGU
- QBE
- VERO
- NTI
- CHUBB
- COINSURED
- ZURICH
- AIG
- Other Insurers, Various Underwriting Agencies, Lloyd's and other small brokers

Product Mix
(% of GWP)



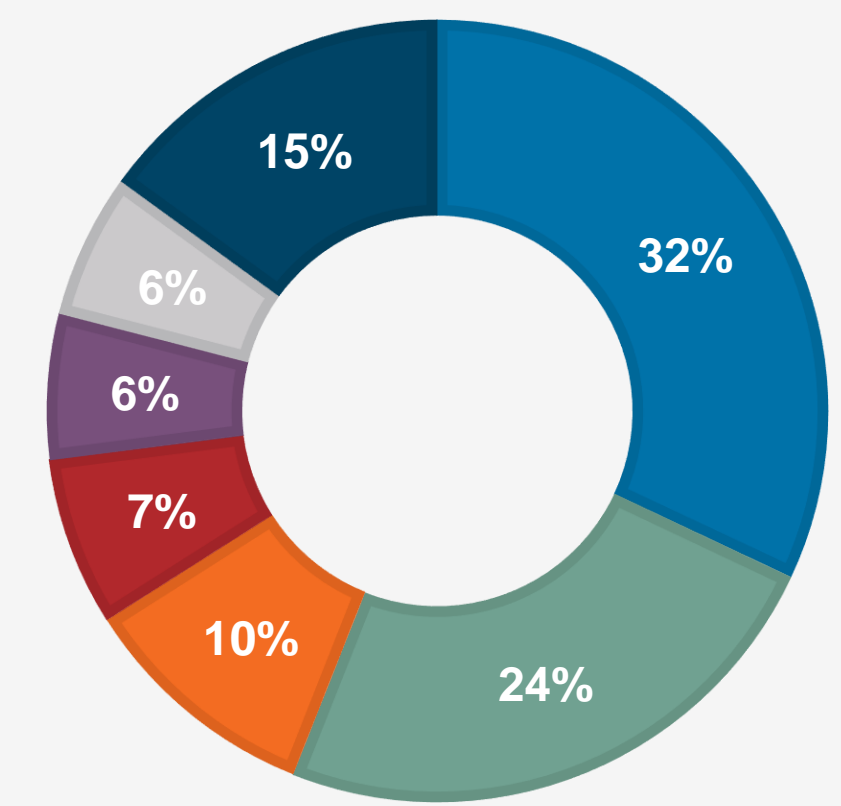
- Business
- Commercial Motor
- Professional Risks
- Commercial Property & ISR
- Workers Comp
- Retail
- Liability
- Rural & Farm
- Strata
- Construction & Engineering
- Aviation & Marine
- Plant & Machinery
- Travel
- Other

Geographic Mix
(% of GWP, excl. national businesses)



- VIC
- WA
- NSW
- ACT
- QLD
- SA
- NT

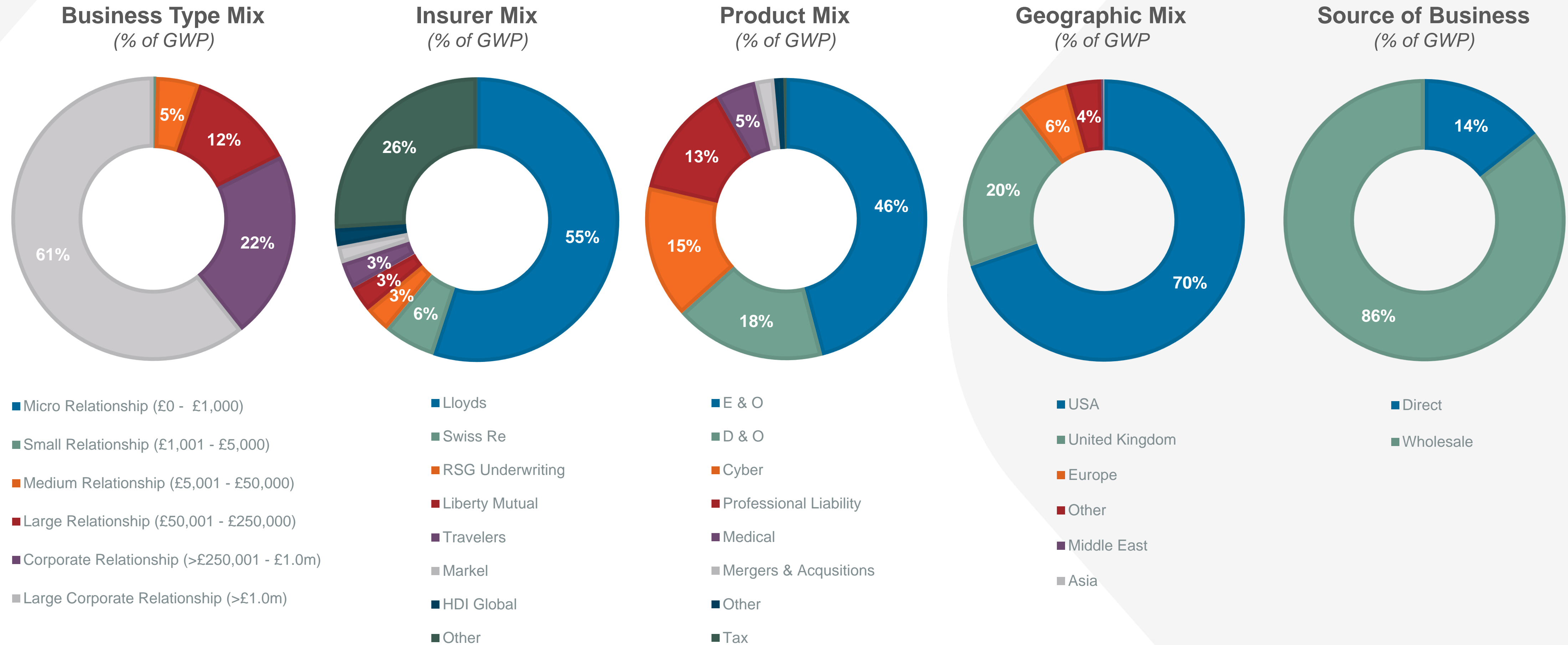
Top 300 Clients by Sector
(% of GWP)



- Construction, Engineering & Mining
- Agriculture / Food Industry
- Transport & Logistics
- Allied Health
- Manufacturing
- Private Family / Property
- Other

PARAGON NETWORK

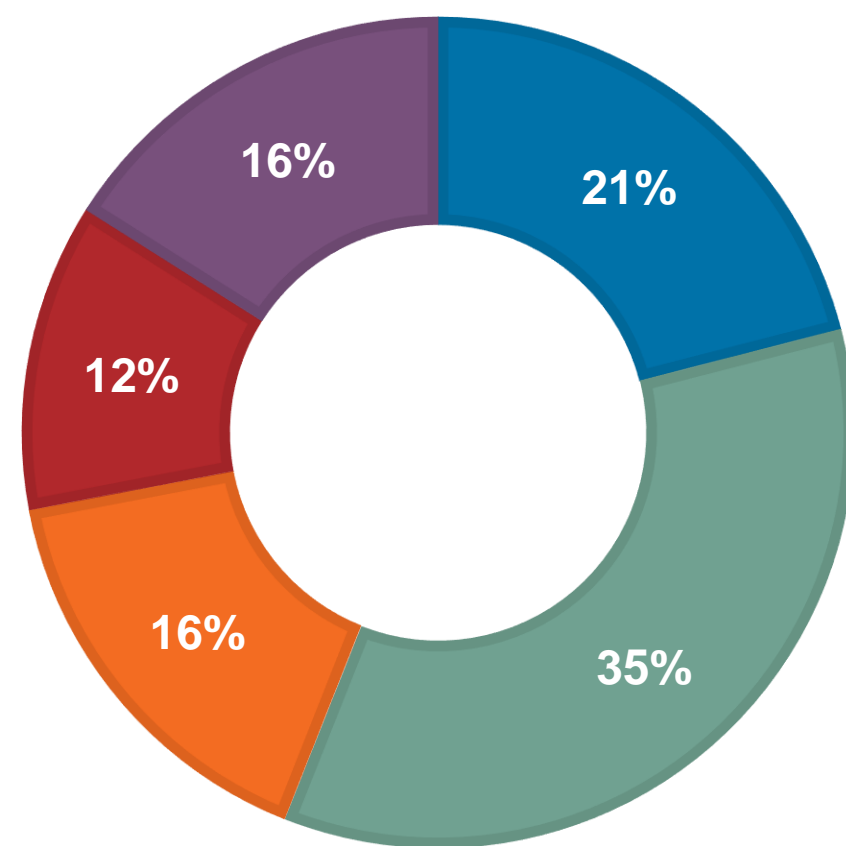
Paragon provides PSC with significant exposure to large corporates and the broader US market



UK NETWORK

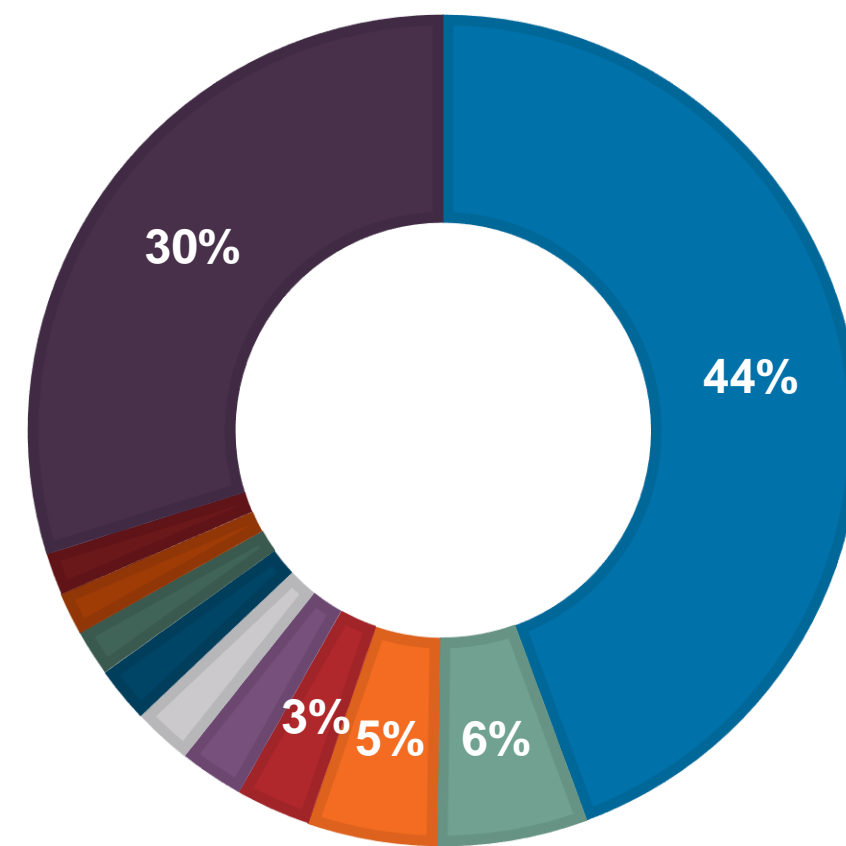
Significant relationship with Lloyd's, an insurance and reinsurance marketplace in London

Business Type Mix
(% of Brokerage)



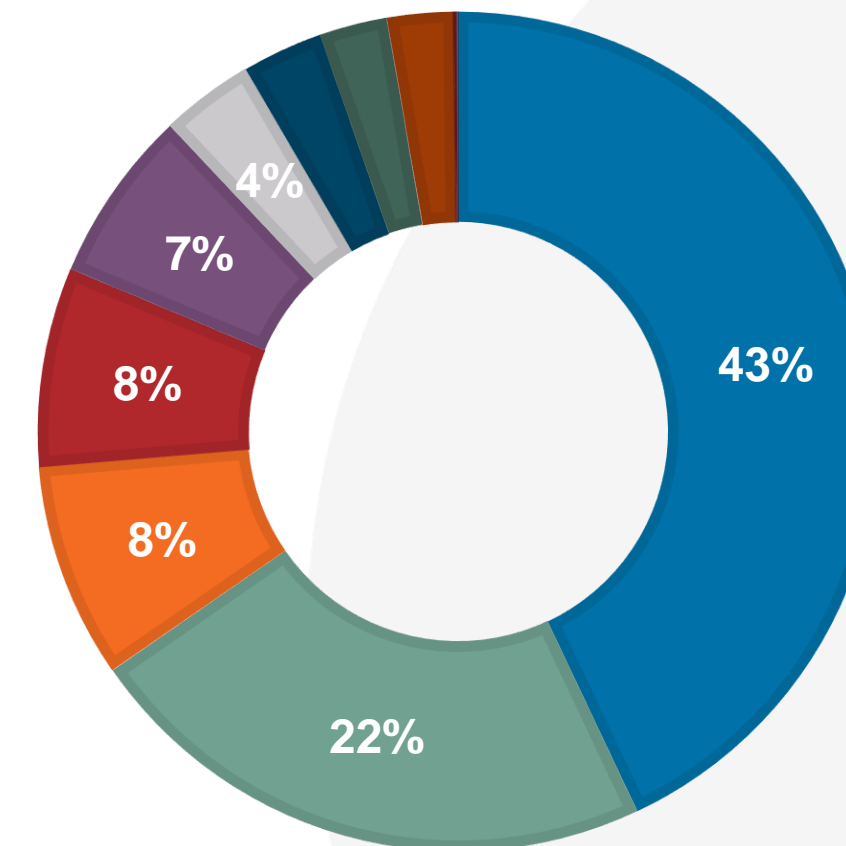
- Micro Relationship (£0 - £1,000)
- Small Relationship (£1,001 - £5,000)
- Medium Relationship (£5,001 - £10,000)
- Large Relationship (£10,001 - £20,000)
- Corporate Relationship (>£20,001)

Insurer Mix
(% of GWP)



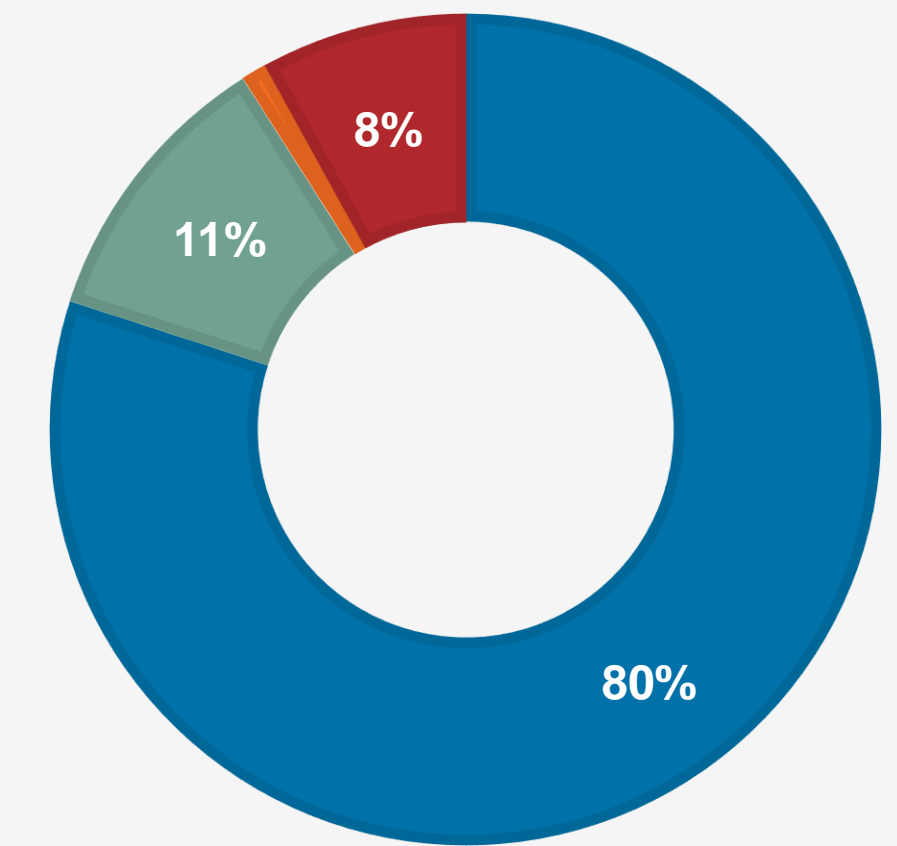
- Lloyds
- DTW
- JRP
- Zenith Marque Insurance Ltd (Fleet)
- Aviva
- New India Assurance Co Ltd
- Allianz
- HDI Global Specialty SE
- Direct Commercial Ltd (Carraig)
- AXA
- All other Insurers

Product Mix
(% of Brokerage)



- Commercial Liability
- Property (Commercial)
- Motor
- Personal Lines (ex motor)
- Professional Indemnity
- Life & Pensions
- D & O / Travel / PA
- Reinsurance
- Marine
- Cyber
- Aviation

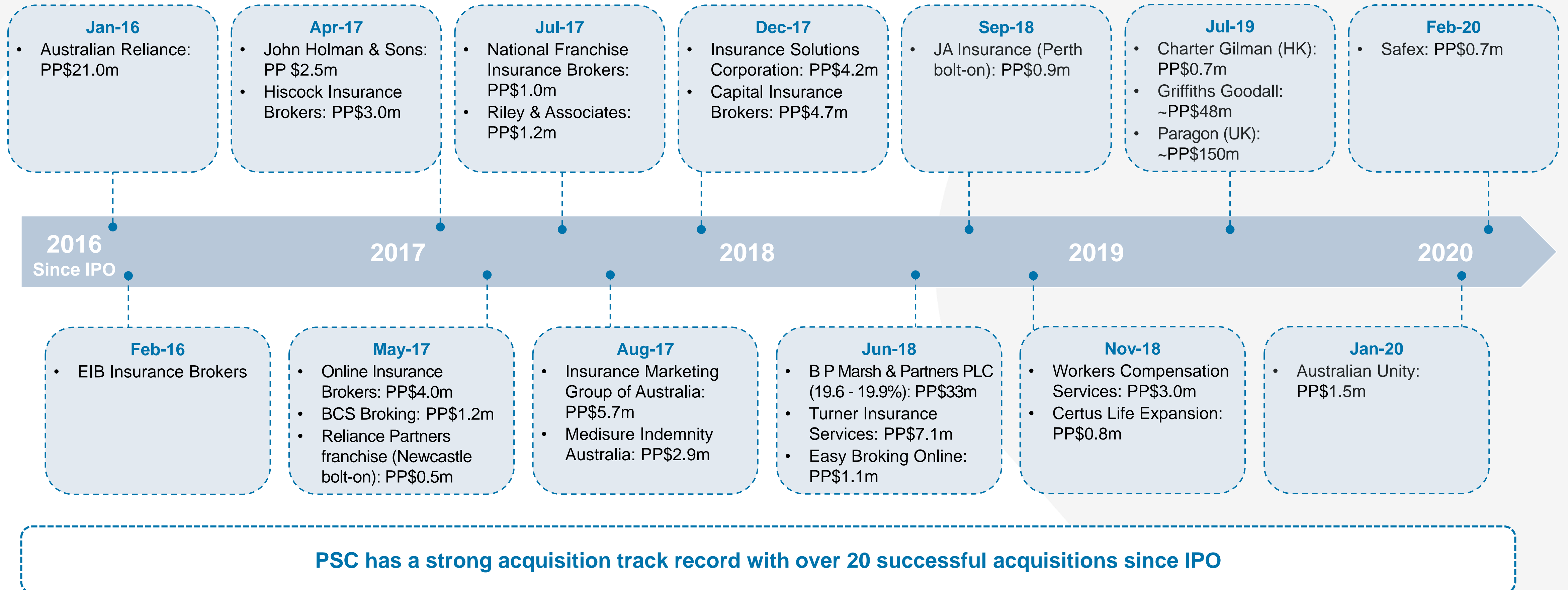
Geographic Mix
(% of Brokerage)



- United Kingdom
- USA/Canada
- Europe
- Other

ACQUISITION HISTORY

PSC has a strong track record of successful acquisitions, across different geographies and target maturities



Notes: Acquisitions presented by ASX announcement date, since IPO in 2016. All figures shown represent purchase price (PP)

PARAGON

Paragon is PSC's largest transaction to-date and provides a platform for PSC to broaden into the US market



Significant opportunities from the Paragon acquisition, including

- **Greater scale**
- **Significantly increased capability**
- **Broader access to the US market**

Paragon is the primary wholesale broker for some of US' most successful brokers and an outstanding broker in the UK, with high-profile clients across a range of sectors including:

- 18 of the top 100 American Lawyer Publication firms
- 8 of the top 20 US ENR Architecture firms
- 15 of the S&P500 companies
- 1 of the top 10, and 3 of the top 100 Nasdaq companies
- A number of the largest technology companies in the world