



25th November 2014

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

Dear Sir,

Attached is a copy of the prepared Chief Executive Officer's address and presentation which will be delivered at Austbrokers Holdings Limited's Annual General Meeting being held at 10.00am today.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'SR' followed by a flourish.

S.S. Rouvray
Company Secretary
Austbrokers Holdings Limited

For further information, contact Steve Rouvray: (02) 9935 2201
0412 259 158

**AUSTBROKERS HOLDINGS LIMITED
CEO'S ADDRESS TO
ANNUAL GENERAL MEETING 25 NOVEMBER 2014**



Thank you Richard and I'd like to add my welcome to everyone here today and also, on behalf of the management and staff of Austbrokers and our Partners, profess our heartfelt thanks to David Harricks' for his contribution over the last 9 years as a non-executive director and chairman of the audit committee. David, we wish you and Jill every happiness for the future.

Agenda

Today I would like to give you an insight into our activities over the last year, the results for the year but importantly our direction for the foreseeable future.

Our Group

2014 was a year of significant change for Austbrokers at a Group level. On the back of our established and respected business model – the Owner-Driver model that has served the Group so well since inception 29 years ago, we leveraged the outputs from the strategic review conducted in the second half of FY13 to clarify our operating model, our vision and purpose as a Group and also our strategy. The criticality of this has been to ensure we have clear principles and parameters regarding where, and on what, we will focus our time and resource and equally importantly those activities we will reject. As I have previously stated our business model, the Owner-Driver model, whereby we partner with our operating business shareholder principals to ensure we all have 'skin in the game', has served us extremely well and will continue to be the backbone of our company going forward. The model provides a real point of difference especially when considering potential acquisitions and the long term success of same. Our competitive advantage is further enhanced by the provision of market-leading services, provided at cost to our partners to ensure they derive maximum benefit, on the basis that our income is the dividend derived from our equity share. Keeping our model simple and pure ensures there is clarity amongst all equity partners.

On the slide displayed you will see pictorially the output of the work undertaken to simplify the business design and the clarity of our model with our 3 market facing areas: insurance broking (and additionally our broking joint venture partnership, AIMS) underwriting agencies and risk services all supported by our group services and functions. I will revisit this design a little later in the presentation.

FY14 Financial Results and Highlights

As previously disclosed, our annual results were pleasing with Group revenue increasing 18.3% over the prior period and delivering a ninth successive year of underlying double digit profit growth at 10.5%. The increase in Adjusted NPAT was achieved largely as a result of acquisitions and start-up investments across the three business divisions and excellent growth in the Underwriting Agencies business. Increased Group expenses, resulting from the strategic decision to invest in the operating model by building management and systems capability to underpin future growth, were absorbed with the impact being lessened by lower incentive provisions. The income: expense ratio was held beneath the rolling seven year average.

The Groups' financial performance resulted in an 8.5% increase in our dividend and a 6.5% increase in our earnings per share. Over a 5 year period our shareholders have benefited from a highly creditable total shareholders' return of 41.7%.

Key Achievements

Significantly, we achieved growth across all 3 market facing areas:

- Share of broker profits was up 4.6% in a declining premium rate market which was particularly evident in the June quarter. Acquisitions made in FY13 and FY14 contributed 6% growth which was offset by a decline in some brokers particularly relating to the loss of larger accounts reported in the first half. The further reduction in interest earnings due to reductions in deposit rates also had an impact. Despite the rate environment we achieved growth in commission and fee income of 12.1%.
- Austagencies continued its strong growth during the period with revenue growth up 40%, profit growth up 33% and the group contributing 5.3% to overall growth.
- The initial investment in the Risk Services sector contributed 1.3% of the 10.5% profit growth.

Our Growth History

As you will see from the following slides, our underlying profit growth has maintained its upwards trajectory; our earnings per share and dividend payout have demonstrated a similar profile.

Broking Distribution

We have come a long way since listing 9 years ago in November 2005 when we were a third of the size we are today. Our extensive Australian broking interests mean we are the largest equity-based broking group in Australia and together with IBNA, Australia's premier cluster group in our JV vehicle, AIMS, means we are a leading light in the insurance broking industry.

The announcement earlier today of our purchase of New Zealand's largest broker cluster group, Brokerweb Management, representing the interests of 40 broking companies together with the purchase of 50% equity in New Zealand's largest independent broking group – Brokerweb Risk Services, not only adds to our scale in Australasia but also makes us the 4th largest broking entity in New Zealand with ambitions for further growth.

As a group, our base GWP now exceeds \$2.3B (over \$3.7B as AIMS including IBNA), representing over 450,000 clients across Australia and New Zealand. In addition to the New Zealand acquisitions, we have also undertaken a major stand-alone acquisition by acquiring 50% of Nexus in WA at the beginning of this financial year. Despite increased levels of competition, we continue to promote our value proposition to potential partners developing and managing a robust pipeline of potential opportunities. We firmly believe our history, experience, strength of proposition, clarity of model and partnership ethos will continue to stand us in good stead for the foreseeable future. From a premium rate perspective the market continues to remain soft with rates trending downward creating headwinds for our broker partners however their focus on retaining clients and building new revenue opportunities helps to mitigate the effects.

Underwriting Agencies

An area of great success for the Group has been the growth in our Underwriting Agencies. This is a good example of where a clear strategy, executed well can deliver substantial growth. Our strategy of choosing market segments where we can be a top 3 provider by investing in existing agencies or developing start-ups has proven extremely successful. Again, using the Owner-Driver model, working with underwriting shareholder principals who have 'skin in the game', has ensured a mutuality of success for all stakeholders. It is pleasing to see that whilst the broking market was under stress from a flattening premium rate environment last year, our Underwriting Agencies area delivered over half the Group's profit growth with recent start-up operations comprising nearly 40% of this. We continue to look for promising market segments and opportunities and are pleased that we have been able to continue our expansion by acquisition and start-up activity this year to date.

We are pleased that our discipline and focus has led us to become the largest non-insurer owned Underwriting Agency group in Australia.

Risk Services

A key area of opportunity that we have identified and are executing against is the provision of risk services to the market. Developing capabilities and resources in this area helps diversify our income generation. We acquired 50% of Procure in February earlier this year which has helped build our proposition, to End Clients, Insurers and Distribution Networks especially in the arena of workers compensation services. It is important to note that even with only 6 months financial results, this operation delivered 1.5% of our overall FY14 growth. During this financial year we have acquired 50% of Risk Strategies, a leading risk consulting group with offices in Melbourne, Sydney and Brisbane. We envisage continuing to build upon our investments to date to augment our capabilities in the risk services provision market.

Building our Future with Confidence

We firmly believe that our competitive advantage is significantly enhanced as a result of the clarity both internally and externally as to our vision, purpose, business model and operating model. Furthermore, your Board and Executive Team have been working collegiately to define our strategy for the foreseeable future and to ensure we have a clear understanding of the resources required to deliver against our strategic vision. I would like to spend a couple of minutes sharing the key pillars of our ongoing 'Austbrokers story' to demonstrate how the respective elements lock together. As you will see from the slide, our guiding principles are built around the concepts of simplicity, clarity and disciplined delivery notably:

- Clarity of vision and purpose of the Group
- Clarity of our core business model – the 'Owner-Driver' model
- Clarity of our Operating Model
- Clarity of our Group Strategy
- Clear, demonstrable experience and performance
- Disciplined approach

Our Vision, Purpose and Clarity of Business Model

We are able to clearly define what we do, what we are good at and the reasons for doing what we do. We are equally clear as to what we will not do. Our vision and purpose highlighted on this slide clearly references our partnership ethos and our focus on delivering solutions for clients across the broad spectrum of Risks they face. Importantly, the board, management and our partners are totally aligned in embracing these sentiments. Furthermore, leveraging the experience of operating the 'Owner-Driver' model over the last 29 years continues to help us in our desire to assist our partners growth expectations by each party having 'skin in the game'.

Our Group Operating Model

As I previously mentioned we have been refining our operating model over the last year and continue to optimise it to ensure we stay ahead of the curve and our competition. Our 3 market facing business areas – all relevant to the subject of Risk Management and Solutions, will enable us to maximise cross sell opportunities with our clients; our Cluster Group JV partnership in Australia and operations in New Zealand provide pipeline opportunities for future equity partnerships and our Group services provision will create economies of scale and performance advantages for our partners. The ability to describe our Group Operating Model on one page ensures we are focussed and clear as to our value proposition and areas of focus.

Our Group Strategy

Our Group Strategy is focussed around the opportunity to deliver against our Clients risk mitigation requirements both known and unknown. The majority of our clients are businesses and we will continue to build or acquire the capabilities to assess, provide solutions and improve services across the spectrum of risk. By doing so we will look to maximise the opportunities for those services across a number of potential groups including institutional partners. We are already experiencing good traction in the deployment of our strategy and we will continue to use the Owner-Driver business model to ensure the behavioural aspects of partnership assists in maximising the growth opportunities and delivers market leading service provision.

FY15 Outlook and approach

The downturn in broker earnings resulting from premium rate reductions experienced towards the close of the last Financial Year has continued this financial year. The other business areas, Underwriting Agencies and Risk Services, have not been impacted in the same way and continue to meet budget expectations. The acquisition of BrokerWeb Management and BrokerWeb Risk Services in NZ will add to earnings and are expected to be accretive to eps by 2.5% on a full year basis but are only effective from 1 November this year. Given it is still early in the year we will update the market as to our expectations of the underlying NPAT growth at the announcement of the half yearly results.

Furthermore, we will continue to exploit acquisition opportunities across all market facing areas and will look to leverage our recent New Zealand acquisitions. A key Group imperative is to continue to diversify our income generation to be less reliant on core broking distribution income and to drive increased levels of collaboration between partner businesses for mutual benefit. Ultimately the degree of growth that can be achieved will depend on market conditions including acquisition opportunities, premium rate movements, the level of profit commissions and the impact of prevailing economic conditions on the SME sector.

Finally, I would just like to take this opportunity of thanking Richard and the board for their support, to the management and the Austbrokers Holdings team for their hard work and dedication during a period of substantive change and also to all our partner shareholders, without whose efforts our results would not be possible.

Many thanks.

M.P.L Searles

This release may contain forward looking statements relating to future matters, which are subject to known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Austbrokers and the Austbrokers Group to be materially different from those expressed in this announcement. Except as required by law and only to the extent so required, neither Austbrokers nor any other person warrants that these forward looking statements relating to future matters will occur.



AUSTBROKERS HOLDINGS LTD

2014 ANNUAL GENERAL MEETING

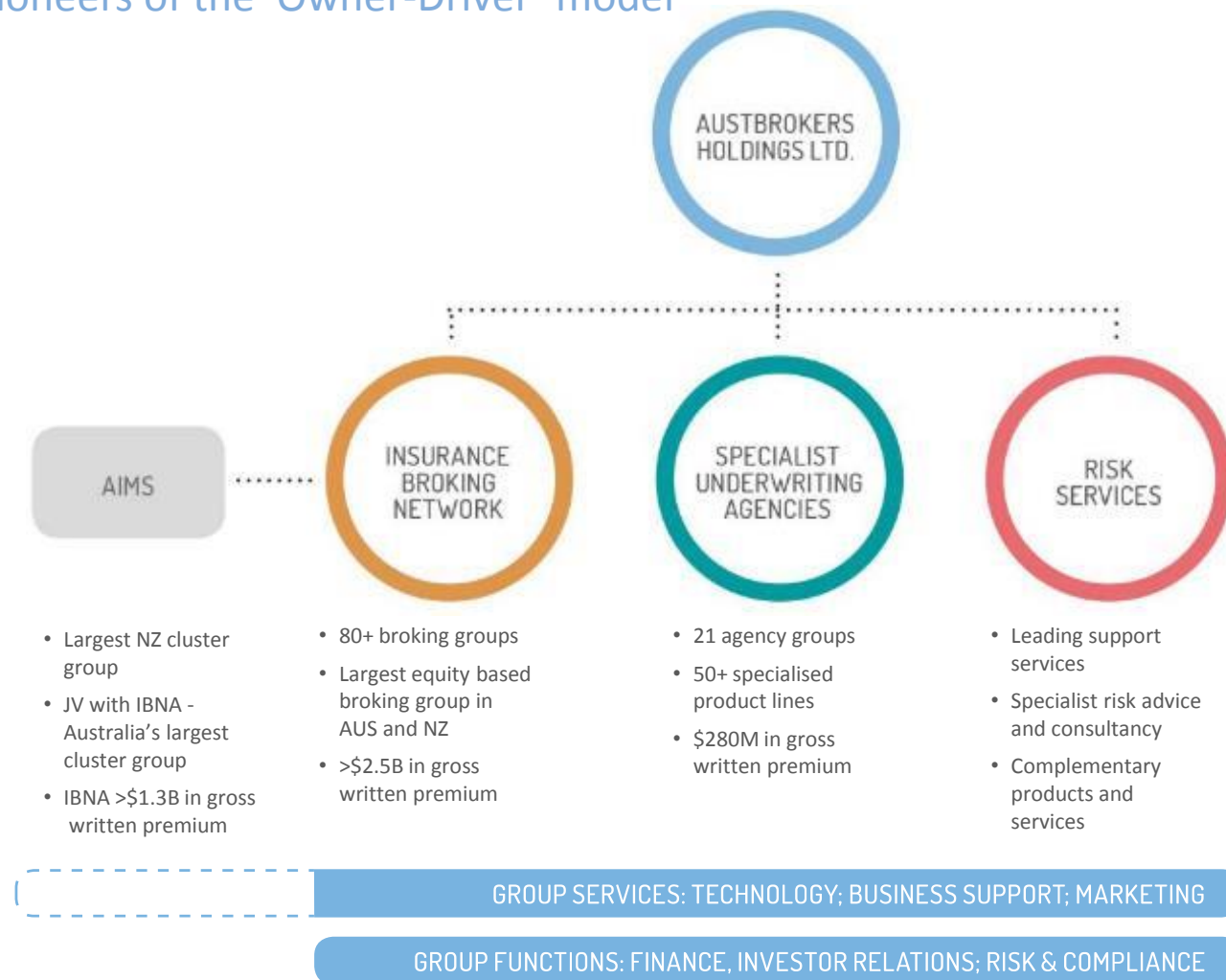
25th NOVEMBER 2014

AGENDA

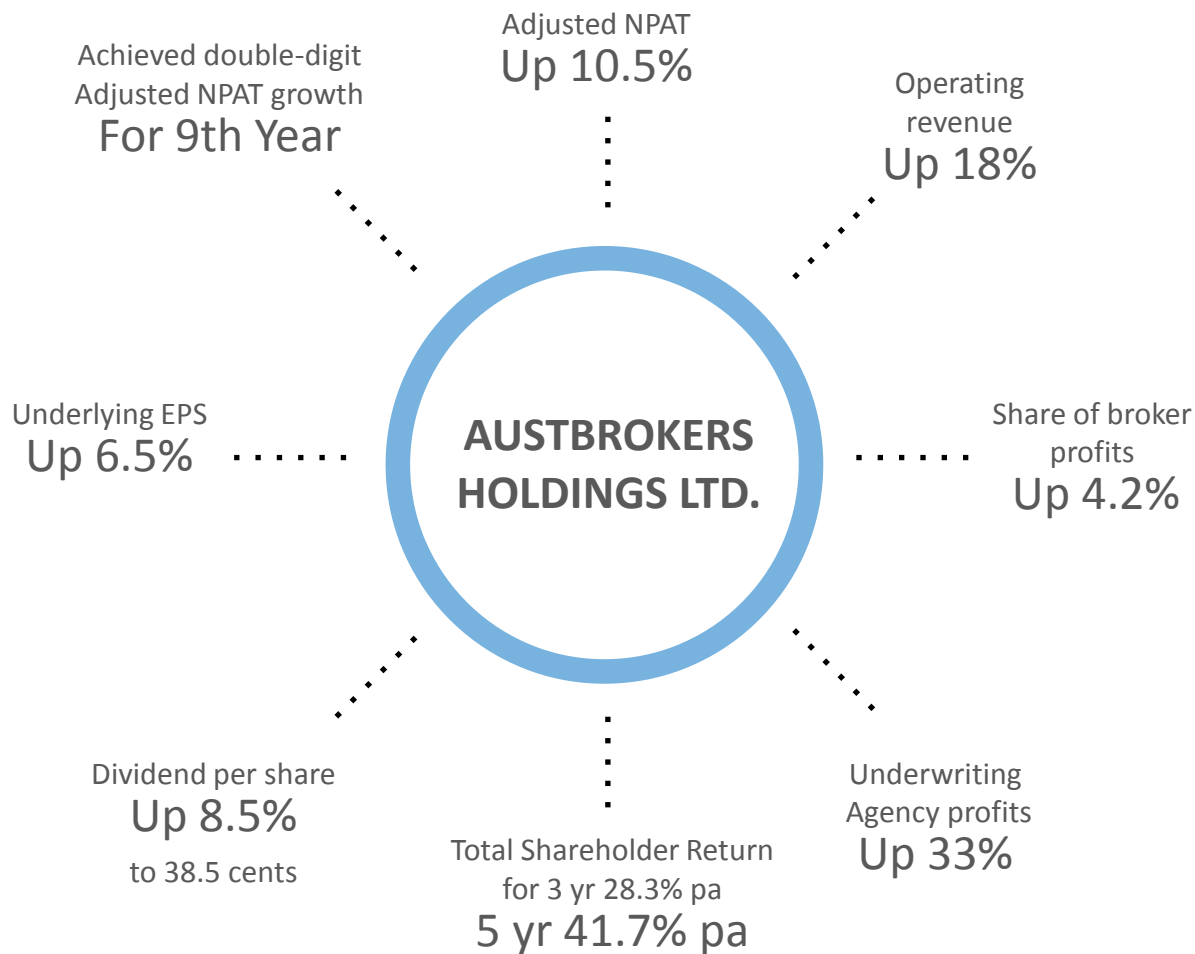
- Who we are
- FY14 results and highlights
- Building our future with confidence
- Our market facing areas
- Building the future
 - Vision and Purpose
 - Group operating model
 - Group strategy
- FY15 outlook and approach

WHO WE ARE

- Australia and NZ's leading equity based insurance broking, underwriting agency and risk services group
- Pioneers of the 'Owner-Driver' model



FY14 RESULT - GROUP STRONGLY POSITIONED



GROWTH ACROSS ALL BUSINESS DIVISIONS



INSURANCE BROKING NETWORK

- Commission / fee income up 12.1%
- 6.2% profit growth
- Profit commissions up 18.5%
- Premium funding up 16%
- 10 bolt-on & stand alone acquisitions
- Successful integration of FY13 acquisitions
- Recent acquisitions (FY15)



SPECIALIST UNDERWRITING AGENCIES

- Revenue growth 40%
- 33% net profit growth
- Significant growth from start-up agencies
- Successful integration of FY13 acquisitions
- New SURA brand launched
- Recent acquisition (FY15)

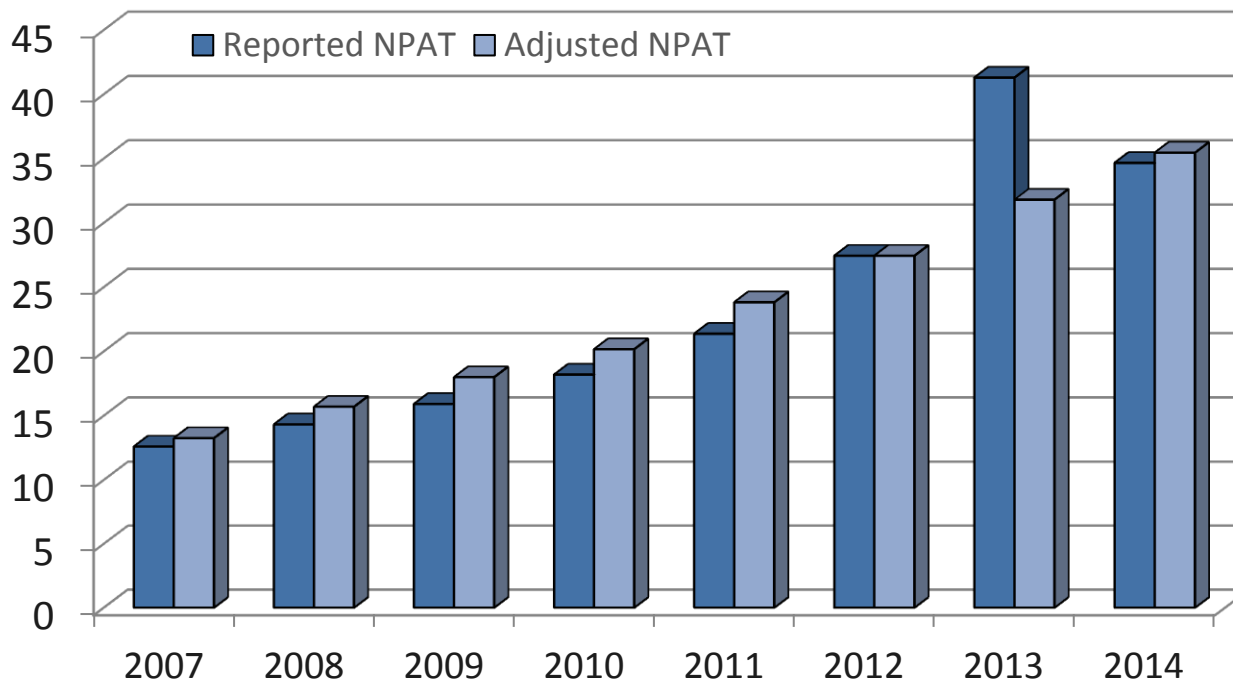


RISK SERVICES

- New division established
- Complementary risk services and support
- Recent acquisition (FY15)

CONSISTENT PROFITABLE GROWTH SINCE LISTING

\$M

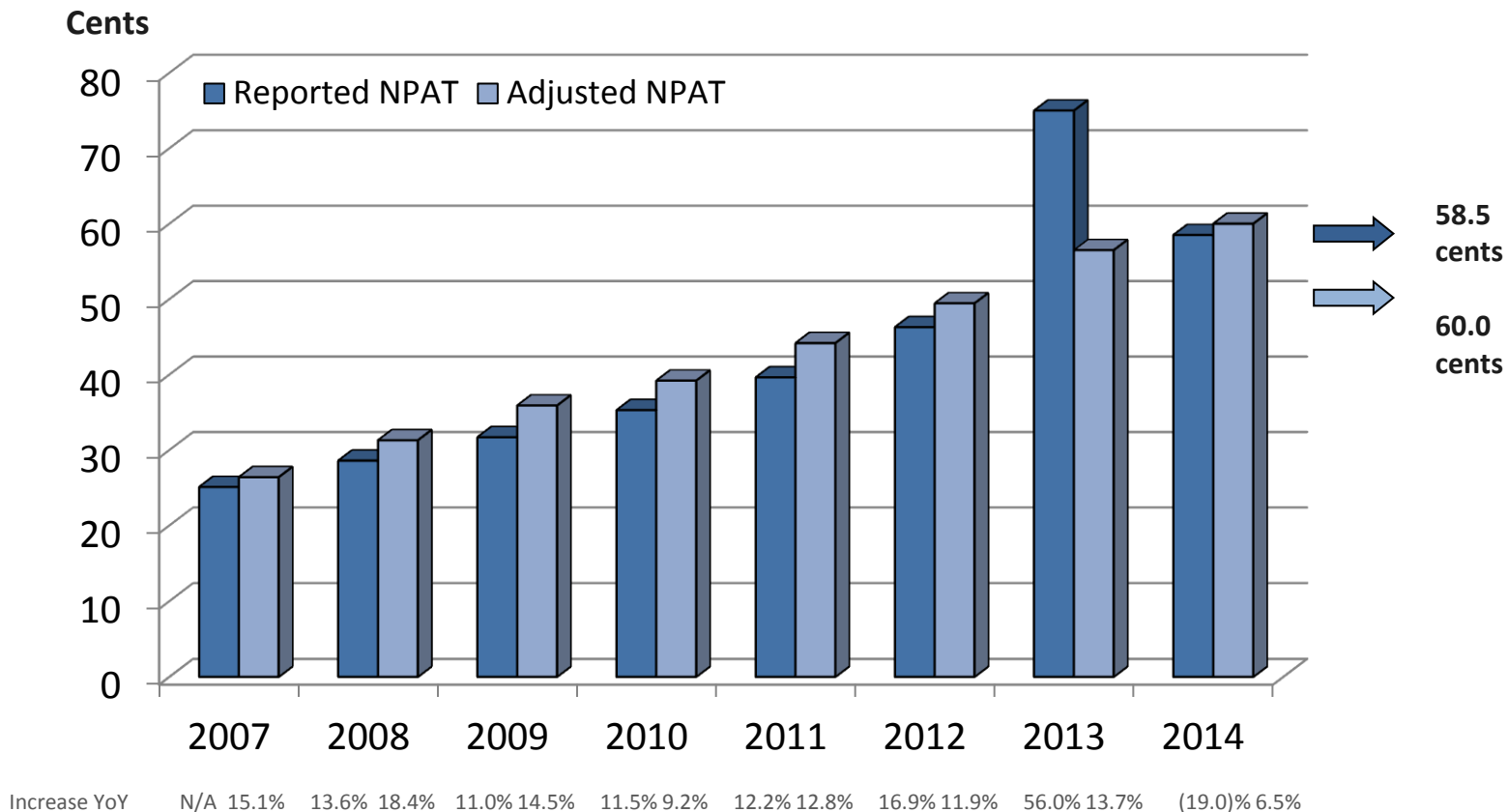


→ \$35.450
→ \$34.655

Increase YoY N/A 15.3% 13.7% 8.5% 11% 14.7% 11.5% 12.1% 17.5% 18.1% 20.0% 15.0% 60.7% 17.1% (18.9)% 10.5%

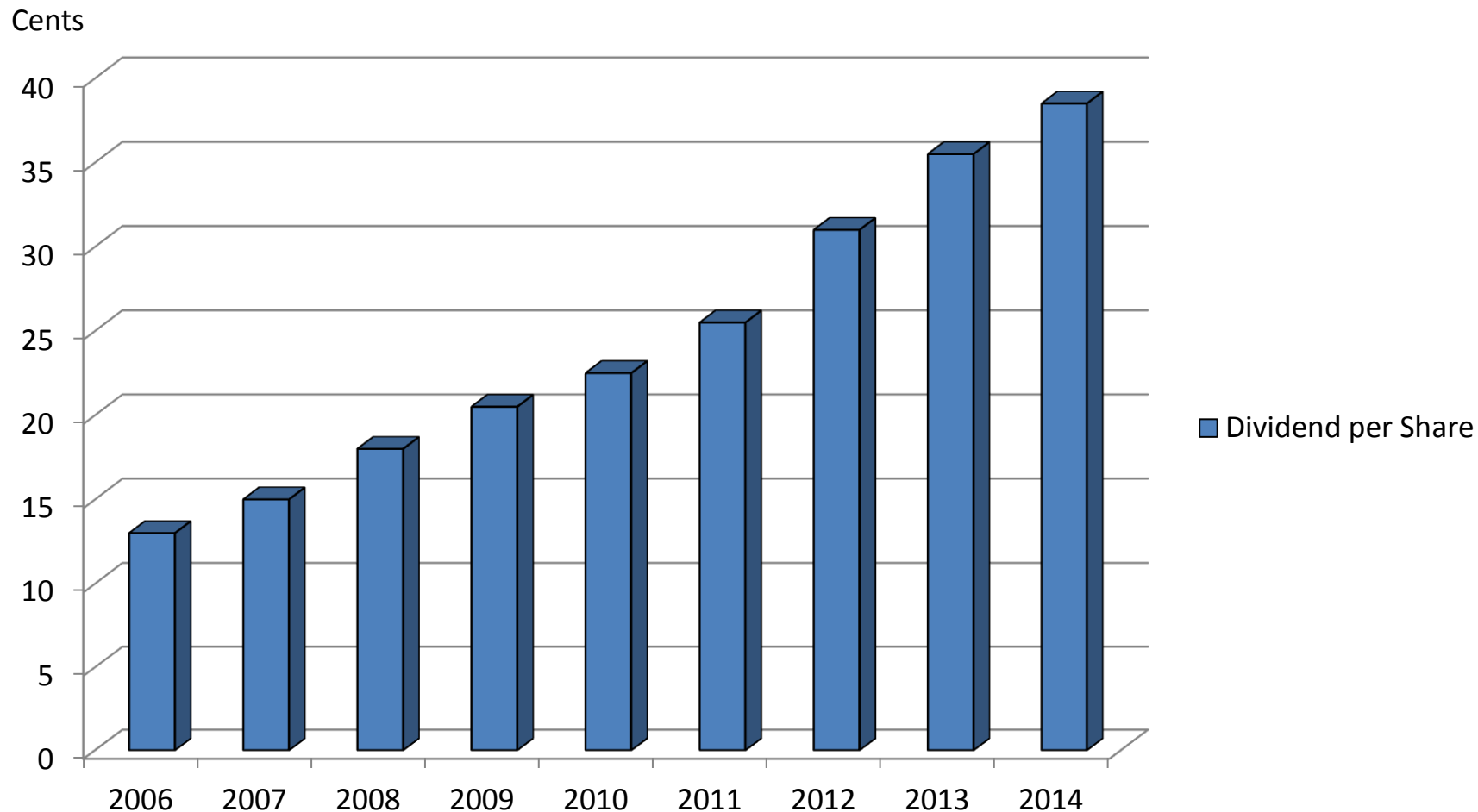
- Adjusted NPAT: Net profit after tax before amortisation of intangibles, adjustments to the carrying value of associates, profits arising from acquisition and sale of interests in associates and controlled entities and contingent consideration adjustments. Reconciliation of Adjusted NPAT to Reported NPAT refer to Appendix 1
- 14.5% CAGR in Adjusted NPAT over last 5 years

EARNINGS PER SHARE UP 6.5%



- 9th consecutive increase in earnings per share when accounting adjustments are eliminated
- 10.8% CAGR in earnings per share over last 5 years

SHAREHOLDERS BENEFITING FROM SUCCESS



- Dividend per share FY14 38.5 cents up 8.5%
- DRP will remain in place. Proposed to fully underwrite DRP
- Payout ratio on an Adjusted NPAT basis is 65% (FY13 63%)

INSURANCE BROKING

More than

\$2.3B

base premium

450,000+

clients

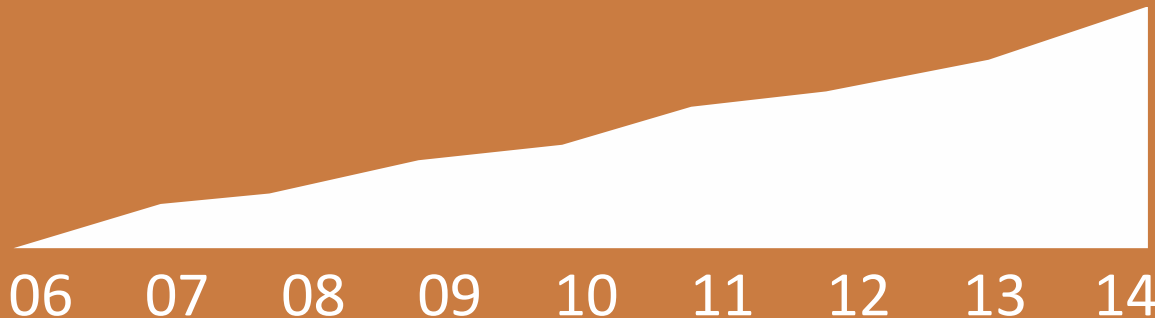
Largest equity
based broking group

Equity in 80+
businesses across
250+ locations

Largest

broking cluster
in NZ

9 YRS continuous double digit growth



~30 YRS active
partnership experience

Staff **>2,700**

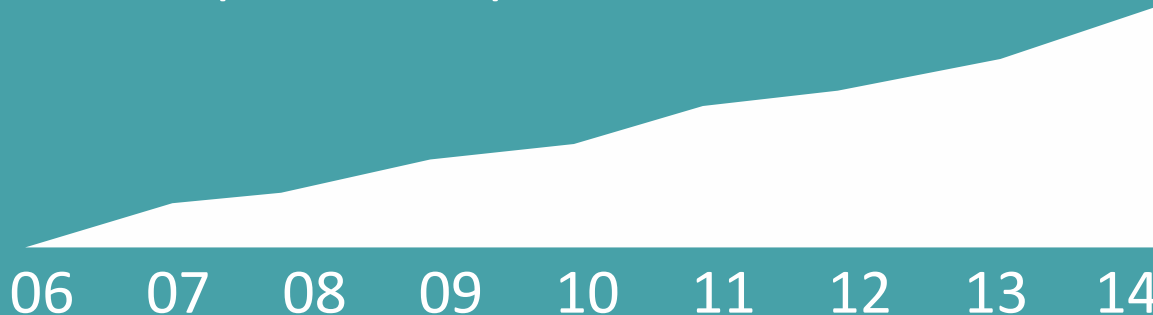
UNDERWRITING AGENCIES

More than
\$280M
Gross written
premium
(GWP)



Largest non
insurer
underwriting
group
in Australia

50 specialised product lines



Business
leaders
have **>30** years industry
experience
(average)

180 staff

BUILDING OUR FUTURE WITH CONFIDENCE

- Clarity of vision and purpose
- Clarity of business model – ‘Owner-Driver’
- Clarity of operating model
- Clarity of group strategy
- Sustained, demonstrable performance
- Disciplined approach

OUR VISION AND PURPOSE

We excel at working with our Partners, to enable the provision of relevant advice and optimal solutions, that clients value and trust to manage their risks.

Delivering our vision with integrity and passion will create enhanced value for our shareholders, our Partners and our people.

AUB GROUP OPERATING MODEL



AUB - GROUP STRATEGIC APPROACH

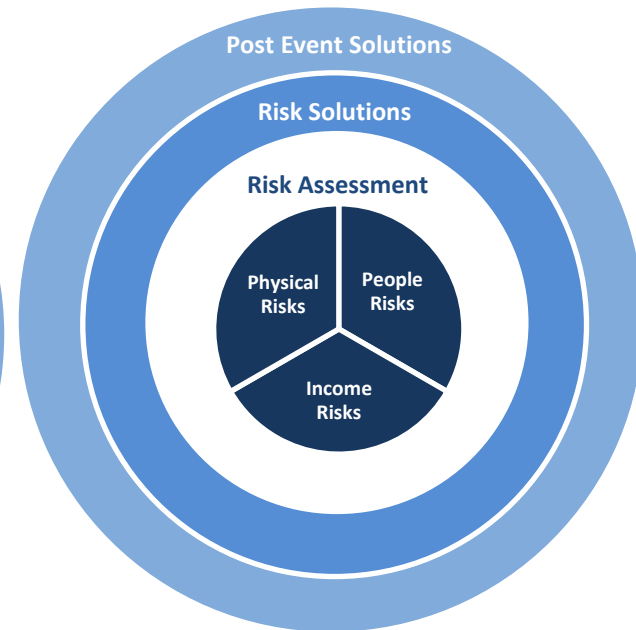
INSTITUTIONS – SERVICE PROVISION



BUSINESSES



INDIVIDUALS



FY15 OUTLOOK AND APPROACH

- Soft premium environment in broking with declining rates creating a headwind, therefore focus in broking on:
 - Retaining customers
 - Delivering cross-sell opportunities
 - Driving additional revenue opportunities
- Key Group activities to support growth:
 - Continue to exploit acquisition opportunities
 - Continue to diversify income generation across all market areas
 - Drive efficiency, effectiveness and growth opportunities in underwriting agencies
 - Drive growth opportunities in risk services
 - Drive collaboration approach across market facing areas
 - Continue to optimise Operating Model and service provision
- Given timing, we will update the market as to our expectations of the underlying NPAT growth at the announcement of the half yearly results

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APPENDIX

FY14 RECONCILIATION OF REPORTED NPAT TO ADJUSTED NPAT

	FY14 \$'000	FY13 \$'000	Variance %
Reported Profit attributable to members	34,655	41,203	(15.9)
Add (Less) Net Loss (Profit) after tax on sale of interests in associates and controlled entities and contingent consideration adjustments*	512	(276)	
Add (Less) adjustments to the carrying value of associates (net of income tax \$462,000, 2013 – nil)*	(3,405)	(12,001)	
Profit from operations	31,762	28,926	9.8
Amortisation of intangibles net of tax*	3,688	3,149	17.1
Net profit after tax from operations before amortisation of intangibles (Adjusted NPAT)	35,450	32,075	10.5

* Information derived from the consolidated financial statements which have been subject to audit by the company's auditors.

Amortisation of intangibles is a non cash item and may fluctuate depending on acquisitions and their timing. It may also reduce as existing intangibles are fully amortised. These items may or may not recur and can distort underlying performance compared to prior periods.

- Profit growth remains strong at 10.5% (Adjusted NPAT)
- 13.7% increase in 2HY - contributed \$20.8 million to FY14 results (59%)
- Achieved across all 3 business divisions (Broking 4.6%, Underwriting 5.3%, Risk Services 1.3%)