

22 August 2019

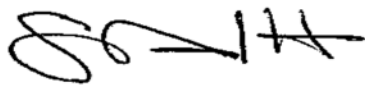
Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PSC INSURANCE GROUP LTD (PSI) – 2019 FULL YEAR RESULTS INVESTOR PRESENTATION

Please find attached our Investor Presentation referred to in our 2019 Full Year Results announcement covering letter. Investor presentations are to be given the week commencing 2 September 2019

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



2019 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 22nd August 2019. 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 19%

Underlying operational revenue

UP 19%

Underlying operational EBITDA

UP 17%

Underlying EBITDA

UP 15%

Underlying NPATA

UP 15%

Fully franked final dividend increase to 5.2 cps (full year 8.3 cps)

UP 12%

Underlying EPS

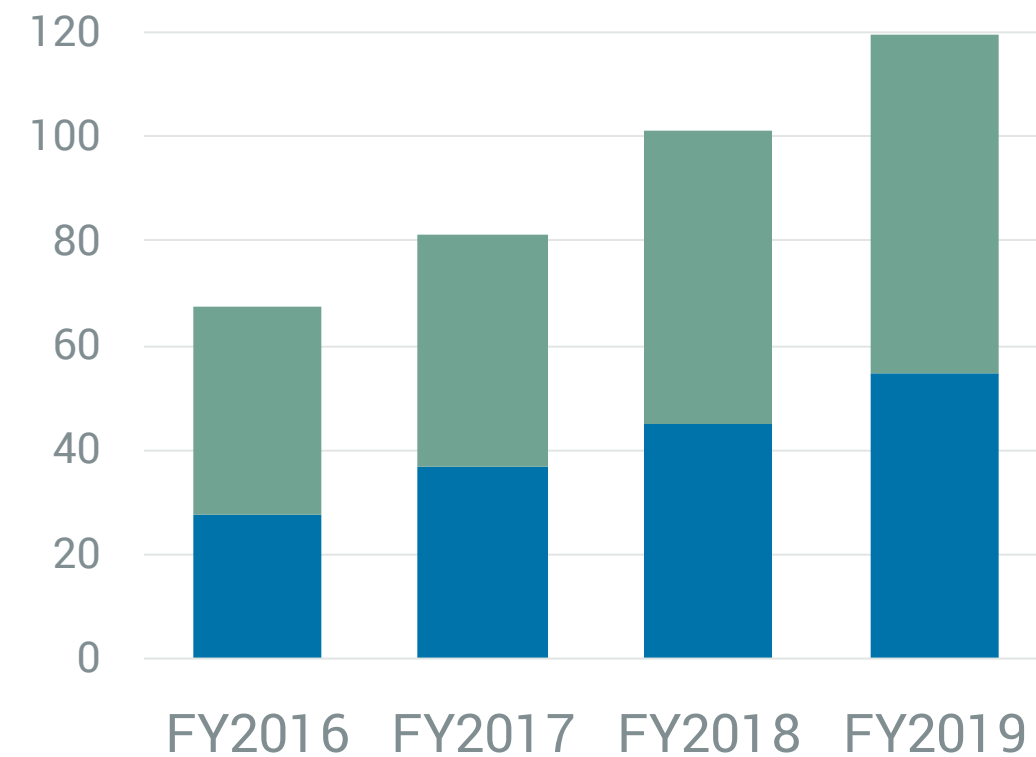
FINANCIAL RESULTS SUMMARY

(\$m)	2019	2018	%	Change
Underlying Revenue (Operational)	117.4	98.9	19%	+18.5
Underlying Costs	-75.7	-64.0		
Underlying EBITDA (Operational)	41.7	34.9	19%	+6.8
Interest	-3.4	-2.8		
Depreciation	-1.4	-1.2		
Amortisation	-1.6	-1.1		
1 off Revenue (Fair value gains)	7.9	17.3		
1 off Costs (Non recurring costs)	-7.9	-8.9		
Investment Income	1.6	2.1		-0.5
Net Profit Before Tax	36.9	40.3		
Tax	-11.5	-12.5		
NPAT	25.4	27.8	-9%	-2.4
Underlying EBITDA (Group)	43.3	37.0	17%	+6.3
Underlying NPATA	27.8	24.2	15%	+3.5
Underlying NPATA, excl investment income	26.7	22.7	18%	+4.0

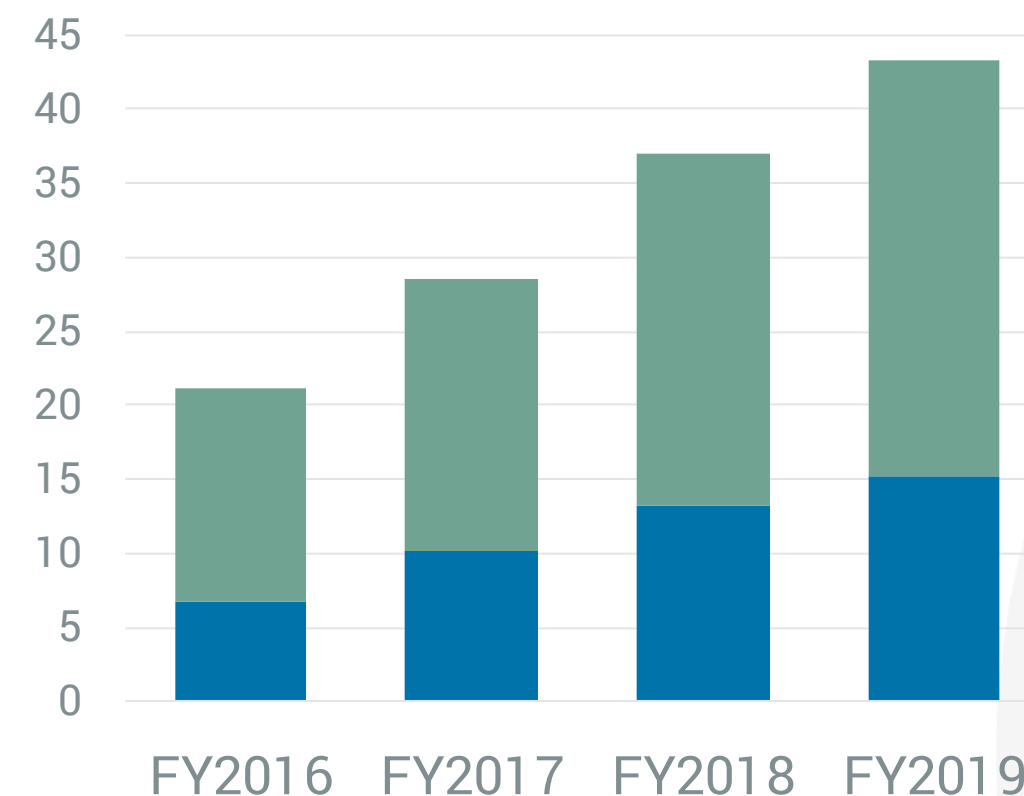
- Strong underlying operational revenue growth of 19% and underlying operational EBITDA growth of 19%.
- Organic and acquisition based growth.
- Underlying EBITDA growth of 17%.
- Lower investment income as prior period had final JLG income distribution prior to IPO.
- Prior period had > \$17 million fair value gain from JLG IPO which materially distorts reported statutory results.

TRACK RECORD OF GROWTH

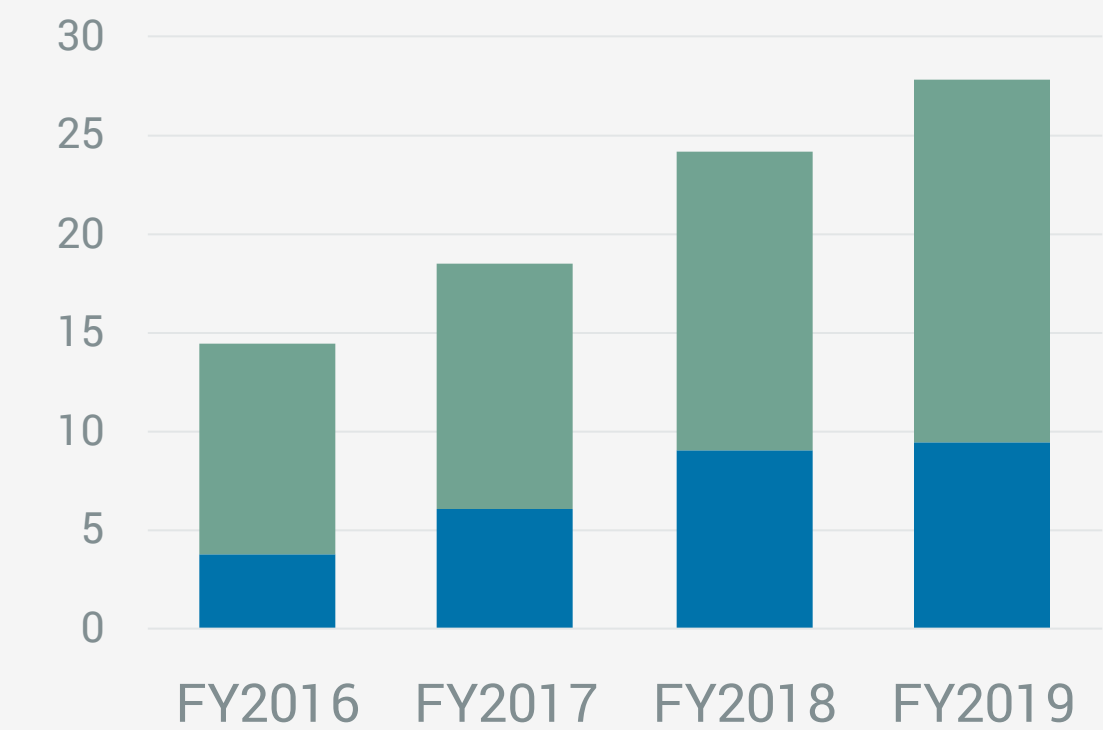
FY19 maintains our history of solid growth



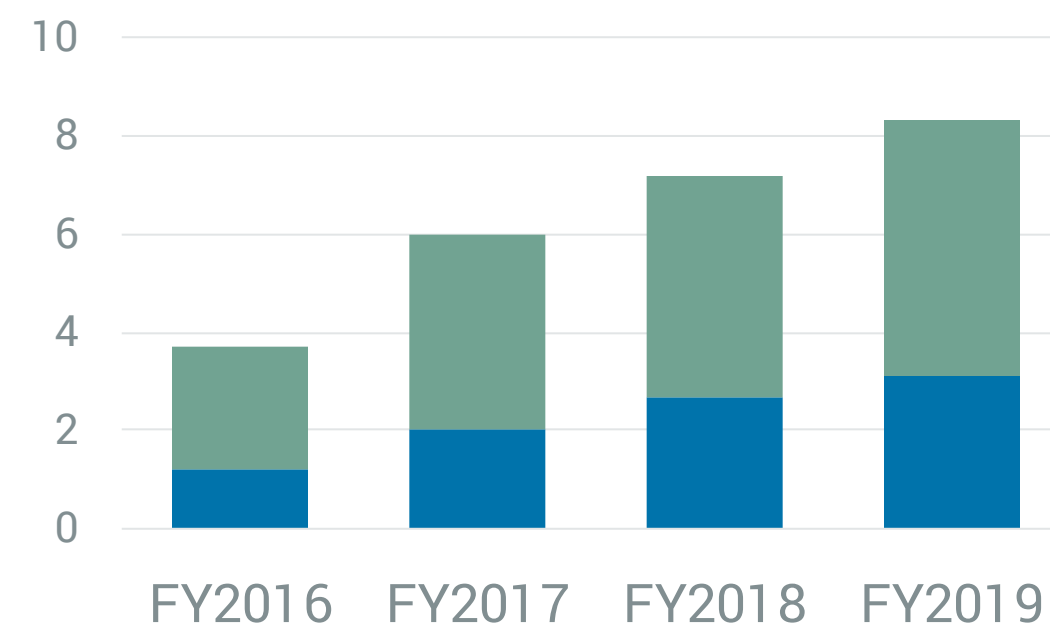
UNDERLYING REVENUE
3 yr CAGR 21%



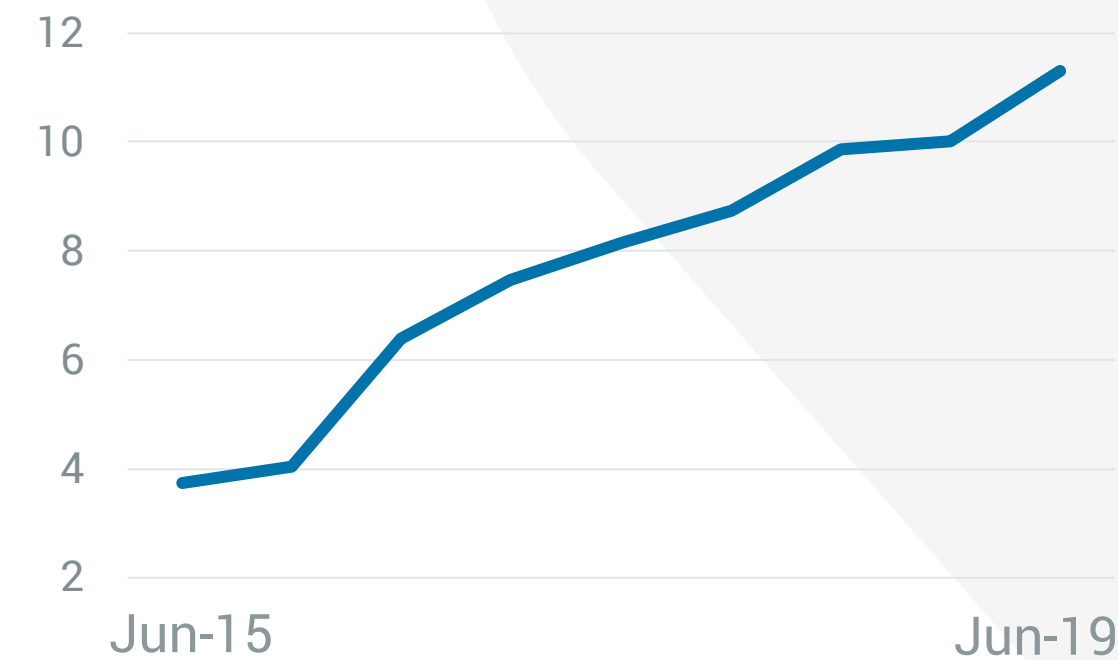
UNDERLYING EBITDA
3 yr CAGR 27%



UNDERLYING NPATA
3 yr CAGR 25%



DIVIDENDS – cps
3 yr CAGR 31%



ROLLING 12month EPS
4 yr CAGR 31%

STRENGTH IN DIVERSITY

Simple businesses, simple business practices

- **Diversity:** Over 40 business units in the Group across 4 operating segments. Operate as a 'Big Small Business'.
- **Strong Clients:** Client focus is paramount in all we do. Provide market leading expertise and service.
- **Repeatable:** Recurring revenue, with strong cash conversion.
- **Great Staff:** Provide autonomy, purpose, accountability.
- **Organic growth focus:** new clients, new businesses, business improvement.
- **Acquisition criteria:** cultural alignment, growth and improvement focus, disciplined capital allocation, simultaneous recruitment process.

OPERATIONAL HIGHLIGHTS

Good Performance from Acquisitions

Completed WCS and life broking expansion. Incremental contributions across a number of acquisitions in the Distribution businesses and the UK businesses, principally Turner Insurance.

**Griffiths Goodall Insurance Brokers &
Paragon International Insurance Brokers**
Announced in July 2019



Organic Growth

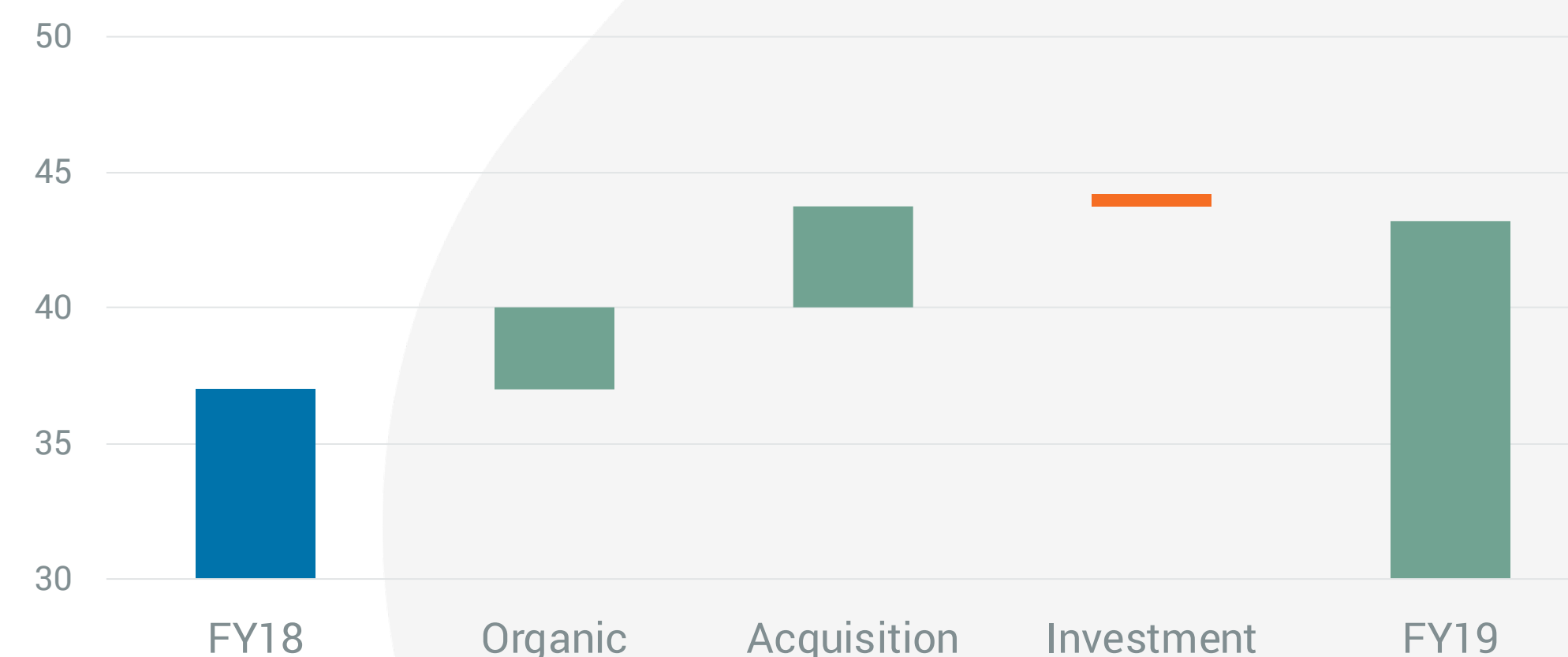
Organic underlying operational EBITDA growth of 9%. Strong performance from Distribution.

GROWTH DRIVERS

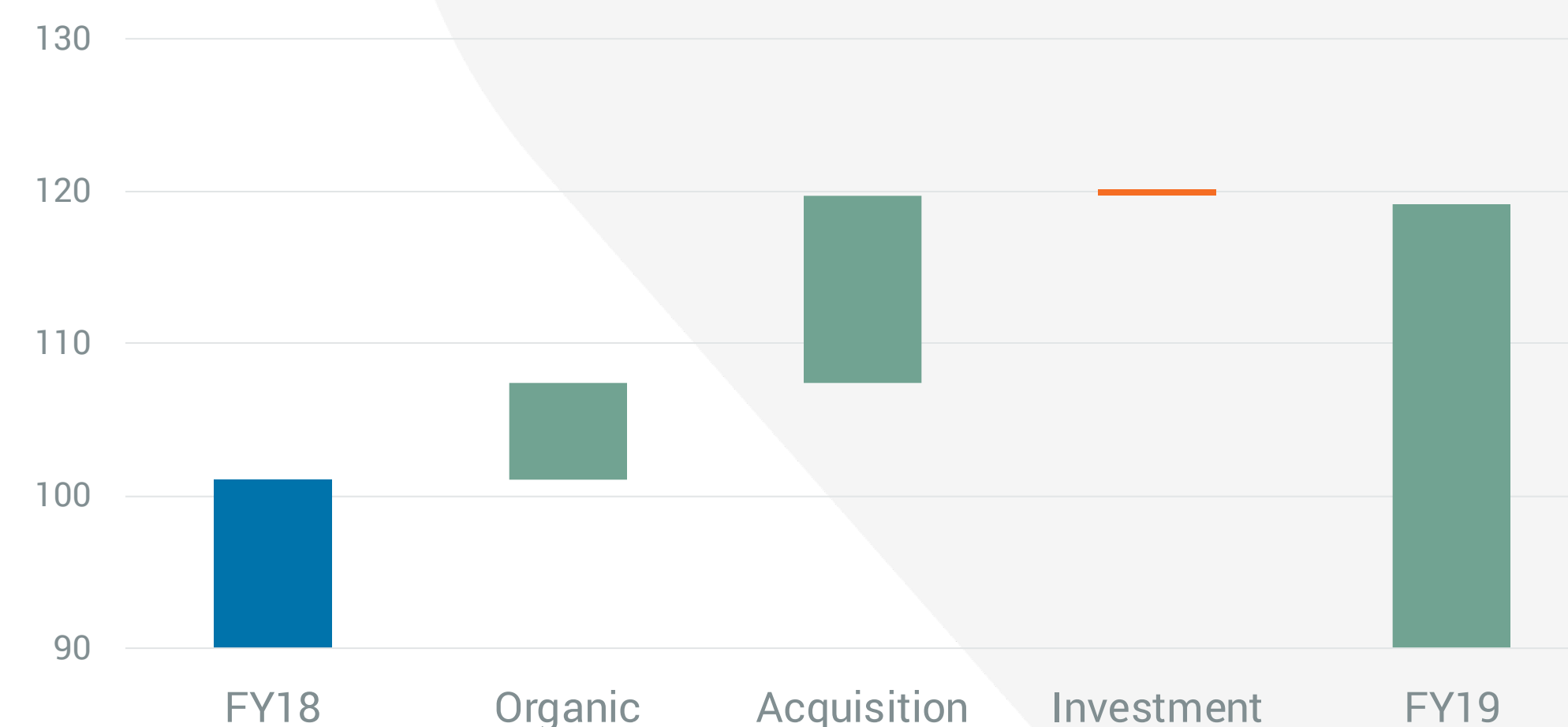
Strong incremental contributions from acquisition and organic sources

- Acquisitions contributed \$12.1m in incremental revenue and \$3.8m incremental EBITDA.
- Across 9 smaller acquisitions principally in the Distribution businesses and the UK businesses, principally Turner Insurance.
- Organic growth contributed \$6.4m in incremental revenue and \$3.0m incremental EBITDA (9% operational growth).
- Lower contribution from investment dividends (-\$0.5m).

Underlying EBITDA



Underlying Revenue



SEGMENT RESULTS

Strong result from the Distribution businesses

(\$m) - FY19	Distribution	Agency	UK	Group	TOTAL
Underlying Revenue	70.0	15.9	30.5	2.6	119.0
	59%	13%	26%	2%	
Reported NPAT	18.5	1.7	3.2	2.0	25.4
Reported EBITDA	27.7	3.5	5.2	6.8	43.2
Underlying EBITDA	28.6	5.2	8.2	1.3	43.3
	66%	12%	19%	3%	
(\$m) - FY18	Distribution	Agency	UK	Group	TOTAL
Underlying Revenue	58.2	15.1	24.6	3.2	101.1
	58%	15%	24%	3%	
Reported NPAT	13.9	2.7	-0.1	11.3	27.8
Reported EBITDA	21.6	4.8	-0.4	19.3	45.3
Underlying EBITDA	22.1	5.7	6.6	2.6	37.0
	60%	15%	18%	7%	

SOLID BALANCE SHEET

Existing capacity to fund further acquisitions in FY20 and beyond

Gearing (gross debt/adjusted EBITDA) at ~ 1.5 times at balance date.

\$21.5m in cash held at balance date, and \$38m in undrawn debt limits.

\$35m post balance capital raise, with existing resources, ensures ability to complete Griffiths Goodall and Paragon.

Working on expanded UK debt facilities to assist future capacity.

Sound cash conversion.

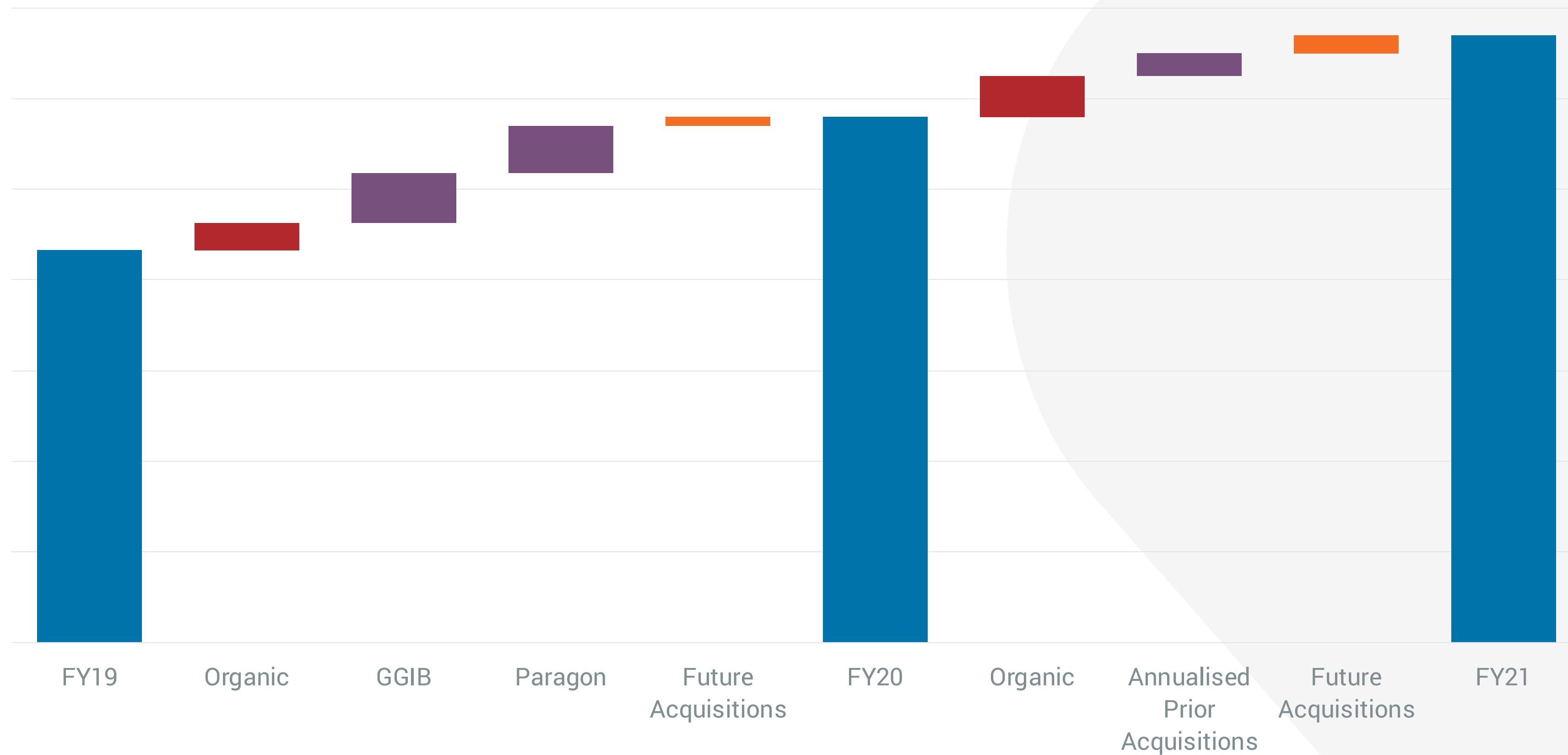
OUTLOOK

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.
- Completion of Paragon is subject to regulatory approval.
- We continue to expect the existing businesses to perform well and grow.

OUTLOOK

Growth from recent acquisitions will also drive EPS growth in FY21



Appendices

KEY VALUE METRICS

	2015	2016	2017	2018	2019	3yr CAGR	Since IPO
Underlying Revenue (\$m)	50.3	67.5	81.3	101.1	119.0	21%	
Underlying EBITDA (\$m)	14.1	21.2	28.5	37.0	43.3	27%	
Underlying NPATA (\$m)	8.4	14.4	18.4	24.2	27.8	25%	
Underlying EPS (cps)	3.7	6.4	8.2	10.2	11.3	21%	32%
Dividend (cps)		3.7	6.0	7.2	8.3	31%	
Dividend Yield (pre franking)		2.2%	2.7%	2.5%	3.2%	2.8%	
Debt (\$m)	35.1	26.7	44.4	54.3	57.0		
Operating Cashflow (\$m)	6.4	10.3	16.9	20.5	20.6	26%	
Cash Conversion	76.3%	71.4%	92.1%	84.7%	73.9%	84%	
Organic Growth		27%	15%	18%	7%	13%	
Share Price - balance date		1.71	2.26	2.85	2.59		
# Shares - balance date (m)		225.4	225.9	244.5	245.9		
Market Capitalisation (\$m)		385.4	510.6	699.1	636.8		
Implied PE		26.8	27.7	28.9	22.9		

STATUTORY NPAT RECONCILIATION

(\$m)	2019	2018	%	Change
Statutory NPAT	25.4	27.8		
Amortisation	1.6	1.1		
Non-Recurring Revenue - Tax Adjusted	-5.9	-12.1		
Non-Recurring Costs - Tax Adjusted	6.7	7.4		
Underlying NPATA	27.8	24.2	15%	+3.6
Dividends - Tax Adjusted	-1.1	-1.5		
Underlying NPATA - Operational	26.7	22.7	18%	+4.0

STATUTORY NPAT RECONCILIATION

- Non-recurring revenue relates to fair value adjustments on listed investments, predominantly Johns Lyng Group and BP Marsh. In the period, BP Marsh fair value increased \$6.3m and the balance being a combination of fair value and capital gain on JLG.
- Non-recurring costs related to:
 1. \$3.0 million in employment costs that are non-recurring and related to business changes across the year
 2. \$1.4 million in acquisition and transaction related costs
 3. \$1.1 million in accounting charges relating to changes in the fair value of deferred consideration payments and
 4. \$2.0 million in charges relating to equity based option charges for staff.
- Average tax rate in line with full year 2018.
- AASB15 – implemented, immaterial impact in the period. Per standard requirements, the prior period claims adjustment made via retained profits adjustment.

DISTRIBUTION

MID-MARKET/CORPORATE BROKING



BROKING NETWORKS



SPECIALITY BROKING



ONLINE DELIVERY



ADJACENT SERVICES



LIFE BROKING



- The Distribution businesses account for ~ \$606m GWP.
- Highly diversified across > 90,000 clients.
- Customer focused and national footprint.
- 18 broking businesses and 13 broking offices.
- 200 authorised representatives, partners and member brokers (NZ).
- A range of specialty insurance broking brands covering key industries and risks.
- Claims, workers compensation and life broking are complementary to the core broking businesses.

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.

- The Agency division accounts for ~ \$90m GWP.
- Focus on niche and growth industries.
- Supported by a variety of strong international and domestic insurance partners.

UNITED KINGDOM



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.



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



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



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



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



An international insurance broker, specialising in professional and financial lines.

- The UK businesses account for ~ \$804m GWP.
- Carroll Holman Insurance Brokers – wholesale Lloyds & London Markets broker, 3 offices, 1000 supporting brokers.
- Breeze Underwriting – agency specialising in property & liability classes.
- Alsford Page & Gems – reinsurance broker, increasing presence in US MGA.
- Turner Insurance – 70% ownership – SME broker based in Leicester.
- Easy Broking Online – agency specialising in SME property class.
- Chase Underwriting – start up construction agency.
- Paragon Insurance Brokers – Specialist Lloyd's broking business. Completion expected 1H FY20.

The PSC DNA

