

02 November 2020

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

**PSC INSURANCE GROUP LIMITED (PSI) 2020 ANNUAL GENERAL MEETING OF SHAREHOLDERS –
CHAIRMAN’S WELCOME AND PRESENTATION**

Attached for immediate release:

- Chairman’s Welcome, and
- Presentation

being presented at today’s Annual General Meeting commencing at 9.00 am.

Yours faithfully,



Stephen Abbott

Company Secretary

Ph 03 8593 8333

PSC INSURANCE GROUP LTD – 2020 AGM – 2 NOVEMBER 2020

Chairman's Welcome - 2020

Good morning and welcome to the annual general meeting of PSC Insurance Group Ltd for 2020.

My name is Brian Austin and I am the Chairman of PSC Insurance Group.

It's great this year to be back for our AGM having been absent last year, but sadly I would have preferred a face to face meeting with all rather than today's format.

This year's AGM is being conducted 'remotely and virtually' given the current Covid 19 restrictions. Thank you to Link Market Services for enabling this to occur.

On the line, as well as some in person attending with social distancing being observed, here today are my fellow Directors of the Board:

- Tony Robinson – Managing Director.
- Paul Dwyer – Deputy Chairman.
- John Dwyer – Executive Director.
- Mel Sims – Non-Executive Director.
- Tara Falk – Executive Director, and
- Stephen Abbott – Company Secretary.

Mel and Tara have joined from the UK and we thank them for being available on their Sunday evening. We would of course much prefer to have our UK Directors attend in person today but sadly this cannot be achieved, as like John Dwyer attending remotely as well.

I would also like to welcome our auditor Tim Dring from EY to his first AGM as the Group auditor, together with all of our shareholders attending on the line.

As I have mentioned earlier, this year's AGM is being held as a virtual meeting given the massive restrictions of movement imposed and allowances by authorities in the state of Victoria, whereby we cannot hold meetings in person with any meaningful number of attendees.

Let me reassure all shareholders, clients and staff that we hope next year we can resume face to face meetings with our shareholders' as many are clients as well and we always find it great to catch up more personally than under today's circumstances. We can only hope that restrictions will be eased in the future to allow us all once again to meet in a more pleasant and personal way.

I would also like to welcome on the line 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

Noel Lenihan - CEO PSC UK

James Kalbassi - CEO Paragon UK

Adam Burgess - CEO Agency & Wholesale

Tony Walker - CEO PSC Connect

I am pleased to report that the financial year 2020 was another successful one for the Group. It was a challenging year with the obstacles placed in front of all of us by the Covid 19 pandemic. As they relate to PSC, I am very proud of our people, across all of our offices in Australia, the UK, New Zealand, and now Hong Kong. The way the Group so quickly embraced the changes and got on with business, providing great service and focus on our customers was fantastic.

The economic uncertainty produced by the pandemic has illustrated further that you are owners in a wonderful company, with growth and income continuing to be produced.

The Group's diversified business model again produced record results, with a 35% increase in underlying earnings.

This was driven by the successful acquisition and integration of our two largest ever acquisitions, being Paragon and Griffiths Goodall. Paragon has brought with it a very talented and market leading team of people and exposure to the world's largest insurance market, the USA. They also continue to receive peer awards for excellence which we as a group are very proud of as I am sure their clients are. Likewise, the acquisitions of Griffiths Goodall and Carroll Insurance Group has brought two great teams of people to the Group as well.

More recently, we have made two important investments in to our future.

Firstly, the acquisitions of Charter Gilman and Globe Insurance in Hong Kong. Whilst only a modest amount of capital is invested, these are an opportunity to test a new marketplace, one that is growing strongly. We expect to make a further small number of small acquisitions in this market to enable a sustainable base for organic growth, however amounts of capital invested will remain modest. We also are looking forward to catching up in the near future with our team and clients in Hong Kong once freedom of travel resumes safely.

Second was two investments that expand our footprint in commercial broking in the UK market. These were the purchase of the final 30% of Turner Insurance and 100% of Absolute Insurance Brokers, based in the south of London. It has long been part of the Group's strategy to expand our business in UK commercial broking, which is the cornerstone of Australian operations. We expect to make further investment in this market over time, principally in UK regional centres. Once again when travel resumes safely we look forward to meeting our new teams and clients more personally than via the computer screen.

We are fortunate to have great people leading our various business units around the globe within the PSC Group, as well as great staff continuing to deliver great service to all our loyal clients.

Thanks to my fellow Directors for their continued commitment and support. As previously stated, on behalf of the Board, we thank all the PSC staff for their continued hard work in these unusual times, allowing our company to make 2020 the success it was.

Their adaption to work from home and remotely has been exceptional while still maintaining as best as possible great service delivery of advice and assistance to our many clients. Our IT experts within the group too have excelled in providing the systems and tools to enable our people to stay in contact with everyone. The importance of our team culture and just getting it done approach, cannot be overstated enough and all shareholders should be thankful and proud of what all within PSC Group have achieved.

I will now hand over to Tony Robinson our Managing Director for his report and will join you again to run through the day's formal business after Tony's address.

Thank you.

Brian Austin - Chairman



ANNUAL GENERAL MEETING

NOVEMBER 2, 2020



Agenda



AGM INTRODUCTION

Brian Austin, Chairman

GROUP PRESENTATION

Tony Robinson, Managing Director

AGM FORMAL BUSINESS

Brian Austin, Chairman

CHAIRMAN'S WELCOME

BRIAN AUSTIN | CHAIRMAN



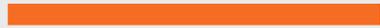
Board of Directors



Brian Austin
Non-Executive Chairman



Paul Dwyer
Deputy Chairman



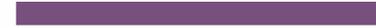
Tony Robinson
Managing Director



Tara Falk
Executive Director



John Dwyer
Executive Director



Mel Sims
Non-Executive Director

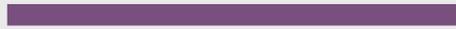


SENIOR MANAGEMENT TEAM

Rohan Stewart
Group
Chief Executive Officer



Joshua Reid
Group
Chief Financial Officer



Julia Mitchell
Group Manager
Governance & Compliance



Stephen Abbott
Company
Secretary



BUSINESS OVERVIEW

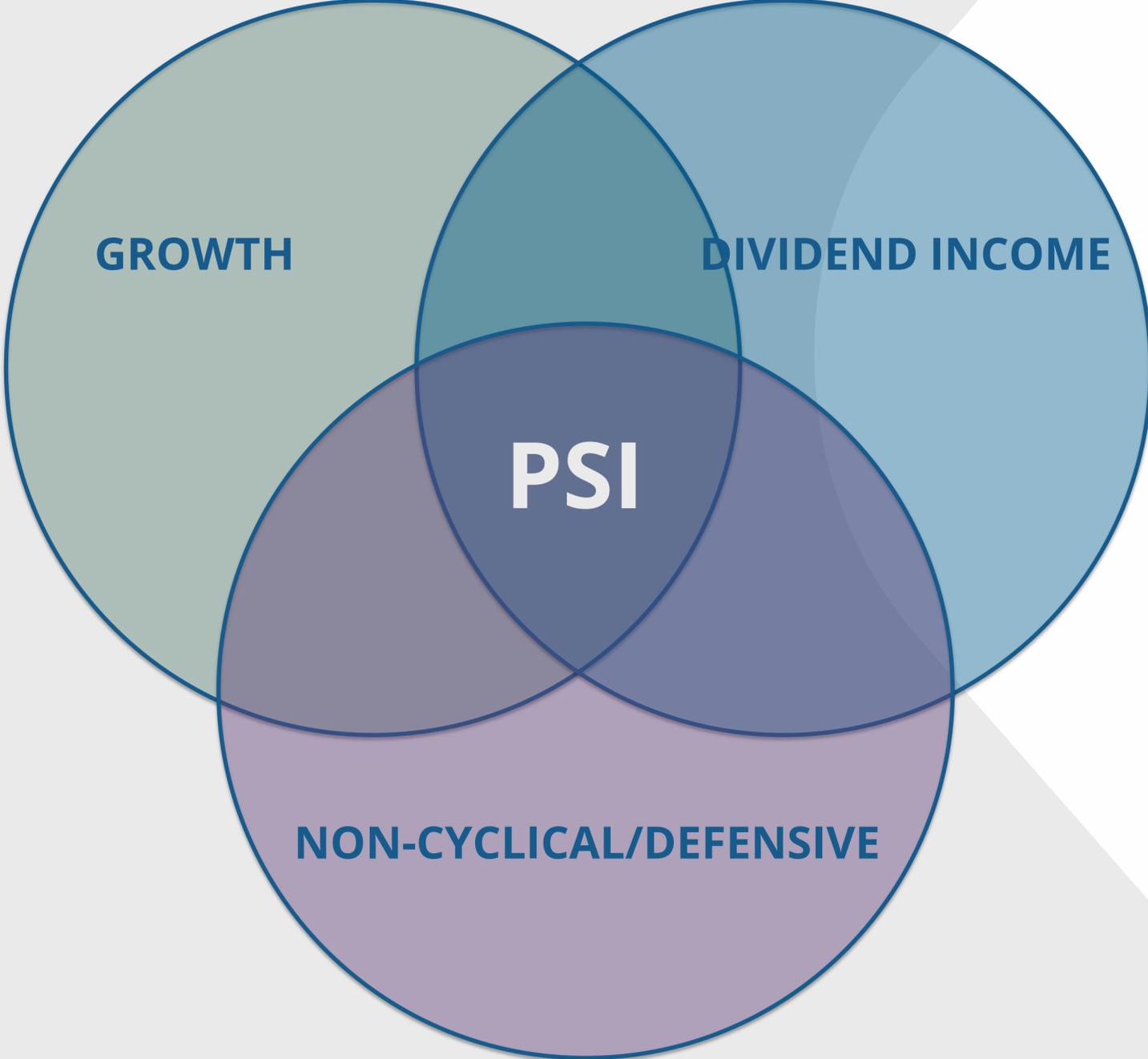
TONY ROBINSON | MANAGING DIRECTOR



PSI Intersects With 3 Key Investment Attributes



Driving Non-Cyclical Growth & Income



A Growth Investment



- Compound EPS growth of 22% over the last 5 years.
- Organic opportunities – new people, new clients, new businesses, business improvement, strong sector expertise.
- Acquisition opportunities – disciplined allocator of capital and strong pipeline in Australian and UK markets. Paragon and GGIB have performed very well and integrated successfully. Both have been strongly EPS accretive (incremental annualised performance of ~ \$0.29 per share).
- Ownership structure driver of best practice.
- Balance sheet capacity.

An Income Investment



- Strong franked dividend yield in a low income world.
- Strong conversion of profits to cash-flow and then dividends.
- Compound DPS growth of 25% over the last 5 years.
- Net cash yield of > 3.0%.
- Gross income yield of > 4%, after franking credits.

A Non-Cyclical/Defensive Investment



- Annual client renewals.
- Business insurance a non-discretionary spend.
- Strong diversification by clients, business and geography.
- Largely independent from insurance rate cycle via revenue mix of commission and fee.

OUR PERFORMANCE

JOSHUA REID | GROUP CHIEF FINANCIAL OFFICER



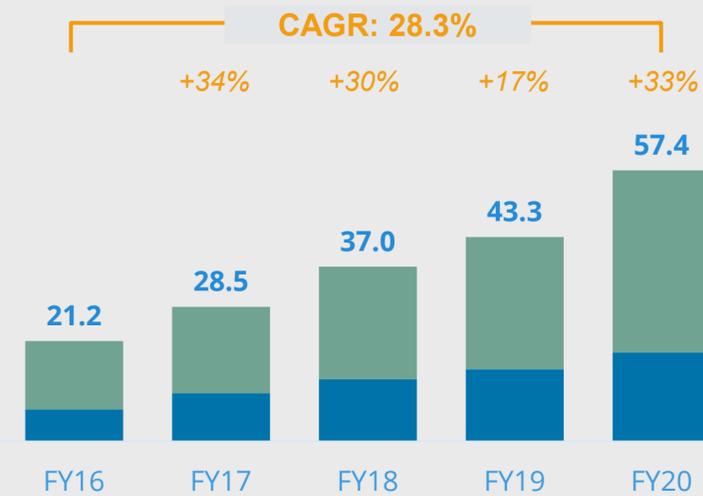
Track Record Of Growth



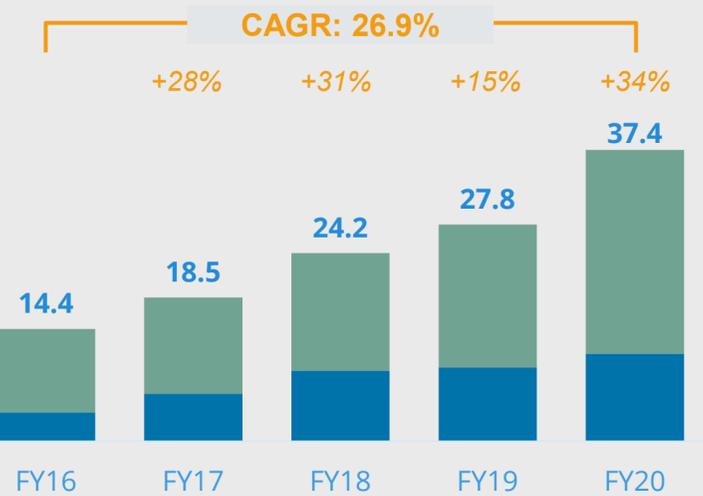
FY20 maintains our history of strong growth



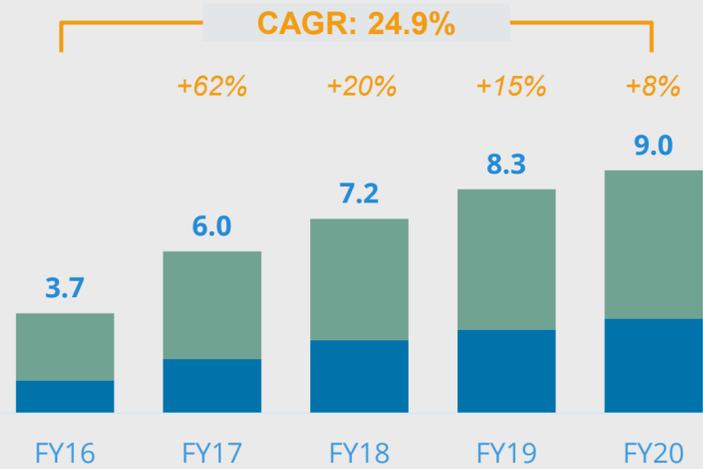
UNDERLYING REVENUE
FY20 49%, 5 yr CAGR 27%



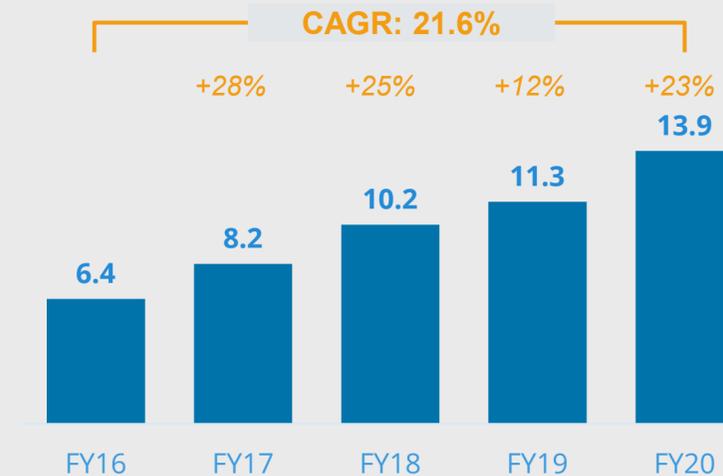
UNDERLYING EBITDA
FY20 33%, 5 yr CAGR 28%



UNDERLYING NPATA
FY20 35%, 5 yr CAGR 27%



DIVIDENDS – cps
5 yr CAGR 25%



UNDERLYING EPS - cps
5 yr CAGR 22%

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

FY20 Financial Highlights

- Strong operating performance – despite Covid-19 – operating revenue growth of 49% to \$177m and underlying EBITDA growth of 33% to \$57.4m. Driven by strong performance from Paragon and Griffiths Goodall acquisitions and solid organic revenue growth.
- Underlying NPATA growth of 35% driving EPS growth of 23% to 13.9 cps.
- Reported NPAT reduced to \$18.7m due to non-recurring items, primarily ~ \$8.0m of fair value adjustments (BP Marsh – share price improved in FY21) and ~ \$8.3m in transaction related costs, including deferred consideration revaluations.

Balance Sheet



- Book equity increased to \$245m in FY20 to facilitate Paragon and GGIB acquisitions.
- DRP underwriting raised \$10m which will assist for future BAU acquisition activity and assist flexibility.
- Pro-forma gross leverage at ~ 2.5x and net leverage at ~ 2.3x.
- Capacity for Acquisitions : Immediate debt capacity of ~ \$23m and available cash balances net of working capital allowance of ~ \$15m (\$38m immediate acquisition capacity).
- Investment assets – market value of investment assets on balance sheet of ~ \$45m.

OUTLOOK

TONY ROBINSON | MANAGING DIRECTOR



Outlook



The FY21 year will benefit from the annualisation of Paragon, strong cost management and strong rating cycle:

- Previous guidance of underlying EBITDA of \$65-70m and underlying NPATA of \$40-43m re-affirmed. Acquisition of Absolute Insurance Brokers to assist with performance in top half of the range.
- Regarding the economic environment, trading conditions in Q1 were in line with Q4 of FY20, with no obvious Covid 19 impact on the client base and insurance prices remaining hard.
- Strong first quarter of trading – performance in line with expectations and 40% up on prior corresponding period.
- FY22 will build on the underlying EBITDA of FY21, with growth rates expected at historical norms.

FORMAL BUSINESS

BRIAN AUSTIN | CHAIRMAN



Summary of Agenda Items



Non-voting agenda item:

Consider the financial statements for the year ended 30 June 2020

Resolutions to be voted upon:

Resolution 1 - Remuneration Report

Resolution 2 – Re-election of Director – Mr Brian Austin

Resolution 3 - Re-election of Director – Mr John Dwyer

Resolution 4 - Approval of the prior issue of shares (Second Tranche – Paragon) – Refresh 15% placement capacity

Resolution 5 - Approval of the prior issue of shares (Second Tranche – Griffiths Goodall) – Refresh 15% placement capacity

Consider the financial statements for the year ended 30 June 2020



- To receive and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020, 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 2020.
- 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

	For	Open	Against	Abstain	Total
Votes	64,315,438	4,759,003	10,204	24,000	69,108,645
Percentage	93.10%	6.87%	0.01%	0.02%	100.00%
Percentage of non-excluded shares voted					47.74%

Resolution 2 – 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 Brian Austin, 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

	For	Open	Against	Abstain	Total
Votes	211,886,020	4,759,003	4,204	20,000	216,649,227
Percentage	97.80%	2.19%	0.00%	0.01%	100.00%
Percentage of non-excluded shares voted					74.12%

Resolution 3 – Re-election of 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 John Dwyer, being an 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

	For	Open	Against	Abstain	Total
Votes	211,442,953	4,759,003	467,270	1	216,669,227
Percentage	97.59%	2.19%	0.22%	0.00%	100.00%
Percentage of non-excluded shares voted					74.12%

Resolution 4 – 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 6,559,452 fully paid ordinary shares as part of the Second Tranche payment for the Company's acquisition of Paragon International Holdings Ltd and issued 16 June 2020 on 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

	For	Open	Against	Abstain	Total
Votes	200,508,968	4,693,262	23,000	20,204	205,245,434
Percentage	97.70%	2.28%	0.01%	0.01%	100.00%
Percentage of non-excluded shares voted					73.07%

Resolution 5 – 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 506,227 fully paid ordinary shares as part of the Second Tranche payment for the Company's acquisition of the business assets of Griffiths Goodall Insurance Brokers Pty Ltd and issued 1 September 2020 on 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

	For	Open	Against	Abstain	Total
Votes	211,852,020	342,489	4,000	20,204	212,218,713
Percentage	99.84%	0.15%	0.00%	0.01%	100.00%
Percentage of non-excluded shares voted					73.72%

CLOSE & QUESTIONS