

# ASX Release

21<sup>st</sup> September 2018

## AUB Group announces revised terms of CEO's employment

Following the announcement of 27<sup>th</sup> August 2018 that CEO and Managing Director Mark Searles had informed the Board of his intention to step down from his position in October 2019 following the completion of the FY19 financial year, AUB Group Limited (ASX:AUB) today announces that the Board has revised Mr Searles' employment agreement.

A summary of Mr Searles' revised employment agreement including incentive arrangements is attached. The revised terms do not affect Mr Searles' continued rights in respect of the 250,000 options issued to him following shareholder approval at AUB's 2015 annual general meeting.



David Clarke  
**Chairman**

For further information, contact:

Justin Coss  
**Company Secretary**  
E: [justinc@aubgroup.com.au](mailto:justinc@aubgroup.com.au)  
P: +61 2 9935 2224

– Ends –

This release contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", "guidance", "forecast", "estimates", "could", "may", "target", "consider", "will" and other similar expressions. Forward looking statements, opinion and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, AUB Group and its directors, officers, employees, advisers, agents and intermediaries do not warrant that these forward looking statements relating to future matters will occur and disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

## Summary of revised employment agreement

### 1. Term

Mr Searles' appointment as the Chief Executive Officer and Managing Director of the AUB Group will continue until 16 October 2019 unless terminated earlier.

### 2. Remuneration

*Base remuneration:* Mr Searles will be entitled to fixed remuneration of \$671,841 per annum (inclusive of superannuation). He will also be entitled to an accommodation allowance of up to \$60,000 for accommodation costs and reimbursement of reasonable out of pocket expenses.

*Short Term Incentive:* Mr Searles will participate in a Short Term Incentive arrangement (STI) for FY19. The maximum STI payable in respect of FY19 is 120% of Mr Searles' fixed remuneration for FY19, i.e. \$ 806,209. The FY19 STI will be paid in cash and is subject to both personal (individual or team based) hurdles and hurdles based on growth in the adjusted net profit after tax of the AUB Group over the previous financial year. Any short term incentive for the period from 1 July 2019 to 1 October 2019 is to be agreed.

*Transitional Incentive in lieu of Equity Long Term Incentive:* Mr Searles will not participate in the AUB Senior Executive Option Plan for FY19 or FY20. He will retain the 250,000 options granted to him following AUB's 2015 AGM. Instead, AUB has granted him a transitional incentive (TI) up to a maximum potential value of \$580,000 assessed and payable in 3 tranches at the date on which AUB's results for the financial years ending 30 June 2019, 2020 and 2021 are respectively announced, subject to the achievement of underlying earnings per share growth targets. The first tranche of the TI will be given as a cash payment and the remaining tranches as vested Performance Share Units (PSUs). Each vested PSU will be settled in cash based on the price of 1 AUB share plus an additional amount equal to dividends received on a reinvested basis that would have been paid in respect of the AUB share during the period to exercise.

### 3. Termination

*For cause:* Mr Searles may terminate his employment with immediate effect where AUB breaches its obligations under the agreement and the breach is not remedied within a reasonable time. AUB may terminate Mr Searles without notice for serious misconduct.

*With notice:* Mr Searles may not terminate the agreement by giving notice. AUB may terminate the agreement by giving 1 months' written notice, in which case, AUB would need to pay Mr Searles his residual base remuneration. Mr Searles would also be eligible for his full STI payment and the TI tranches following the release of AUB's audited year end financials to the ASX. In addition, AUB may terminate Mr Searles' employment on 6 months' written notice due to illness, injury or incapacity in which case he would be entitled to a pro-rata payment in respect of the Board's reasonable assessment of the likely STI and TI once tested following the release of AUB's audited yearend financials to the ASX. In that event, the maximum value of the TI would be pro-rated and Mr Searles would be eligible to receive the TI tranches.

*Consequences of termination:* If Mr Searles' employment is terminated prior to payment of the STI or the granting of the first tranche of the TI, then his entitlement to the STI and TI ceases (other than where AUB has terminated the agreement in the circumstances outlined above with notice). Termination will not affect his continued rights under the 250,000 options issued to him following shareholder approval at AUB's 2015 annual general meeting.

### 4. Additional Items

The agreement also imposes a 12 month post-employment restriction on Mr Searles competing with the AUB Group. The agreement also contains a provision dealing with the Corporations Act limit on termination payments to be made to Mr Searles.