



**21 April 2020**

The Manager  
Market Announcements Office  
Australian Securities Exchange Ltd  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**FOR RELEASE TO THE MARKET**

### **2020 FINANCIAL QUARTER 3 TRADING UPDATE**

AUB Group Limited (**ASX: AUB**) today provided a trading update based on unaudited financial results.

Performance has been strong across AUB's diverse portfolio with Adjusted Net Profit After Tax in Q3 of \$9.2 million. This represents growth of 25% against FY19 and builds on the strong performance delivered in H1 in FY20. Year to date Adjusted Net Profit After Tax is \$30.5 million (25% growth)\* at the end of Q3.

#### **Q3 Highlights**

- Premium Rates increased 6.3%\*.
- Strong balance sheet and liquidity position with cash and debt headroom of AUD 82 million at 31 March.
- Greater customer use of premium funding.
- Customer premium collections continued to be strong.
- Cost reduction program continues, including rationalisation of key roles, office space and other third party spend.
- Austbrokers Express Cover launched in March.

\* Figures are unaudited and compare the relevant FY20 period with the previous corresponding period in FY19 unless otherwise indicated.

The AUB Group has a diversified portfolio of clients and has included information in the attached presentation about the make-up of the Austbrokers portfolio reflecting client segment, product and geography as well as the mix of Insurer partners.

AUB's Group CEO and Managing Director, Mike Emmett, said: "We recognise the difficulties some of our clients are facing and will work with them closely as they navigate the coming months. AUB's financial strength and liquidity positions it well for these difficult times. AUB will continue to keep its shareholders informed as appropriate in these unusual circumstances."

#### **AUB Group Limited**

Level 10, 88 Phillip Street,  
Sydney, NSW, 2000.

ABN 60 000 000 715  
ACN 000 000 715

[aubgroup.com.au](http://aubgroup.com.au)



AUB is also pleased to announce the appointment of Ben Bessell as Austbrokers Chief Broking Officer, effective 13 July 2020. Mr Bessell has over 26 years' experience in General Insurance having held multiple senior roles at IAG Limited including as Executive General Manager Business Distribution and CEO of CGU.

Mike Emmett said: "Ben brings a wealth of experience to AUB and is highly regarded in the Australian Commercial Insurance arena. He will be a critical addition to the leadership team helping realise our next phase of growth."

All enquiries regarding this announcement should be made to AUB Group's CEO and Managing Director, Mike Emmett on 0411 010 101 or CFO, Mark Shanahan on 0437 443 778.

Please refer to the attached presentation for further information.

This release has been authorised by a committee of the Board comprising the Chair, Chair of the Audit and Risk Committee and the CEO with delegated authority.

**ENDS**

#### **About AUB Group Limited**

AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A\$3.2 billion GWP across its network of 93 businesses, servicing 600,000 clients and over one million policies across more than 450 locations.

# Q3 Trading Update

21 April 2020



**Mike Emmett**

CEO and Managing Director

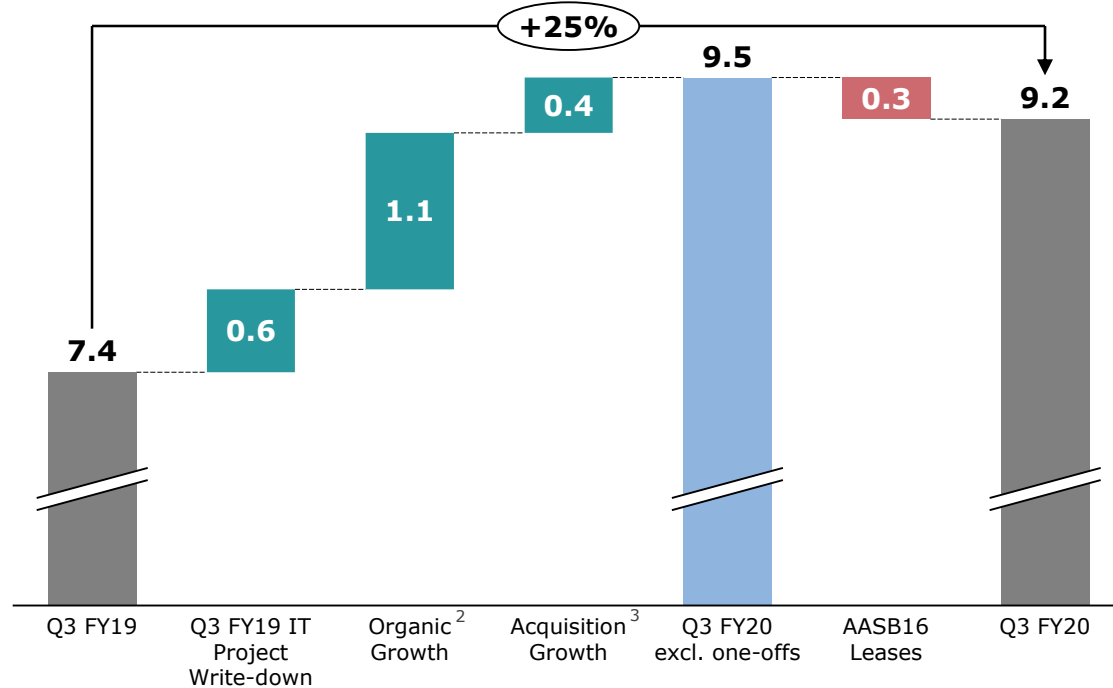


**Mark Shanahan**

CFO

# Q3 FINANCIAL PERFORMANCE UPDATE (Unaudited)

## Q3 2019 to Q3 2020 Adjusted NPAT<sup>1</sup> (\$mns) *(Unaudited Results)*



## Q3 Highlights (Unaudited Results)

- Premium Rates increased 6.3% YoY
- Q3 Adjusted Net Profit After Tax up 25% on equivalent period in FY19
- Increased adoption of premium funding by customers
- Cash collection of customer premiums continues to be strong
- Cost reduction program continues, including rationalisation of key roles, office space and other third party spend
- Austbrokers Express Cover launched in March

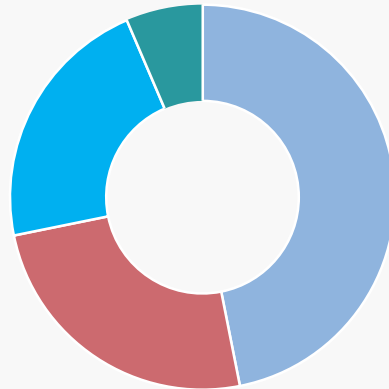
1. Adjusted NPAT is used by management and the board to assess operational performance and excludes non-operational items, such as profits and losses on sale of equity interests, fair value adjustments to carrying values on ownership changes, changes to estimates or payments of deferred contingent consideration amounts, impairment adjustments and amortisation of intangible assets.

2. Organic growth excludes Q3 FY20 acquisitions growth and prior year Q3 FY19 one-offs. Excludes the impact of AASB 16 Leases \$0.3mn.

3. Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes in Q3 FY20 vs Q3 FY19.

# DIVERSIFIED AUSTBROKERS PORTFOLIO MIX

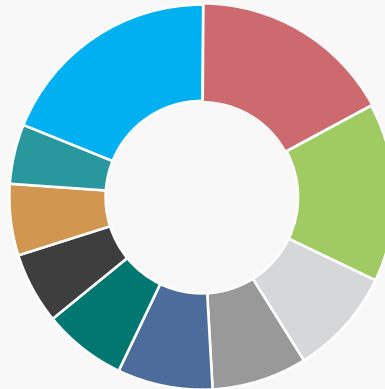
### Client Segment Mix



- Corporate 22%
- Medium Enterprise 25%
- Small Enterprise 47%
- Retail 6%

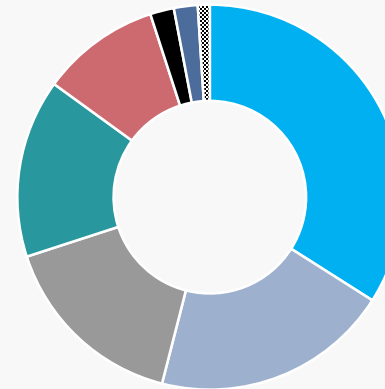
- o Retail = Retail / Personal Lines clients
- o Small Enterprise = Client account size <50k
- o Medium Enterprise = Client account size 50k-250k
- o Corporate = Client account size 250k+

### Product Line Mix



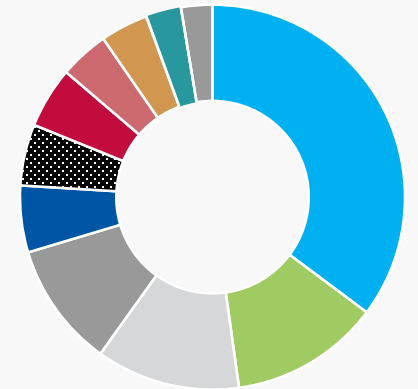
- Retail 17%
- Business Pack 15%
- ISR 9%
- Liability 8%
- Motor - Fleet 8%
- Motor - Commercial 7%
- PI 6%
- Workers Comp 6%
- Farm 5%
- Other 19%

### Geography Mix



- NSW 34%
- VIC 20%
- QLD 16%
- WA 15%
- SA 10%
- ACT 2%
- NT 2%
- TAS 1%

### Insurer Mix



- Allianz 13%
- QBE 12%
- CGU 10%
- Millennium 6%
- Vero 5%
- Chubb 5%
- Zurich 4%
- NTI 4%
- SwissRe 3%
- Global Transport 3%
- Other 35%

**~11%**

**AUB Share of the Intermediated GI Market**

**~21%**

**AUB Share of the GI SME Segment**

Portfolio mix is based on available data from key Australian Broking businesses as at 30 June 2019

# YEAR-TO-DATE FY20 OVERVIEW

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- AUB Group has continued to build on a strong 1H20 result. YTD 31 March Adjusted Net Profit After Tax of \$30.5mn is up 25% on the equivalent period in FY19.
- Performance in Australian Broking has continued to perform ahead of the original forecast developed at the beginning of the financial year. The June renewal cycle is a key period in the financial year for Austbrokers.
- New Zealand's important March renewal cycle was broadly on target with premium rates remaining flat as forecasted.
- The Group is actively working with partners, insurers and the broader industry to achieve the best possible outcomes for clients in the unprecedented circumstances brought on by the COVID-19 pandemic.
- Strong balance sheet and liquidity position with cash and debt headroom of AUD 82 mn at 31 March.
- AUB has appointed Ben Bessell as Austbrokers Chief Broking Officer to commence in July.



# Thank You

*Please direct all queries to Please direct all queries to AUB  
Group's CEO and Managing Director,  
Mike Emmett on 0411 010 101  
or CFO,  
Mark Shanahan on 0437 443 778*

# NOTICE

## SUMMARY INFORMATION

This document has been prepared by AUB Group Limited (ABN 60 000 000 715) (AUB). It is a presentation of general background information about AUB Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with AUB Group's other announcements released to ASX (available at [www.asx.com.au](http://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 Adjusted NPAT to present a clear view of the underlying profit from operations. Adjusted NPAT comprises consolidated profit after tax adjusted for value adjustments for the carrying value of associates, after tax profits on the sale of portfolios, interests in associates and controlled entities, contingent consideration adjustments, and income tax credits arising from the recognition of deferred tax assets. It is used consistently and without bias year on year for comparability. A reconciliation to statutory profit is provided in the appendix to 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 AUB, 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 AUB 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, AUB 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.

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