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

FOR RELEASE TO THE MARKET

Chairman's Address and CEO's Address - Annual General Meeting

Please find attached for immediate release in relation to AUB Group Limited (ASX: AUB) the following documents:

- Chairman's Address; and
- Managing Director and CEO's address.

ENDS

This release has been authorised by the AUB Board.

For further information, contact David Franks, Joint Company Secretary, on +61 2 8098 1169 or davidf@aubgroup.com.au

About AUB Group

AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A\$3.4 billion GWP across its network of 94 businesses, servicing more than 700,000 clients, over one million policies across more than 450 locations.

AUB Group – Annual General Meeting

10 November 2020, Tuesday | 10:00am | The Auditorium, Level 15, 1 Farrer Place, Sydney

Chairman's Address

David Clarke | *Chairman of the Board*

Opening

Good morning ladies and gentlemen. I am David Clarke, the Chair of the Board of AUB Group Limited. Welcome to our 2020 Annual General Meeting.

Could I request that you now take a moment to ensure that your mobile phones are switched to silent.

It is now 10:00 am and as there is a quorum of shareholders present, I declare this Annual General Meeting of AUB Group Limited properly constituted and open.

As we begin the meeting, I would like to acknowledge the Indigenous people on whose land we conduct our business around Australia and New Zealand and convey my respect for their communities; culture; and elders past, present and emerging.

In light of the current advice from health officials, I'd also request you all to maintain standard social distancing protocols including being 1.5metres away from others and avoiding physical greetings such as handshakes.

This morning I will provide a brief overview of our business and achievements during the 2020 Financial Year. Our CEO and Managing Director, Michael Emmett, will then provide an update on our business and key results as well as provide an outlook for the 2021 Financial Year.

We will then move to the formal business of the meeting and the resolutions set out in the Notice of Meeting that has been sent to shareholders. A notable resolution I'd like to call out is an amendment to the Constitution in response to changes to the ASX Listing Rules that allows for virtual shareholder meetings. In response to the COVID-19 pandemic, it is increasingly common for ASX-listed companies to hold entirely 'virtual' meetings of members, including for Annual General Meetings. Going forward, the Board would like the flexibility to conduct meetings of members on a virtual basis but only if it is absolutely necessary.

There will be an opportunity to ask questions on each resolution and also during the general discussion session following the formal business.

After the meeting we look forward to you joining us for refreshments in a 'COVID conscious manner' just outside this room.

I would like to begin by introducing your Directors:

- Ray Carless.
- Robin Low chairs our Audit & Risk Committee.
- Paul Lahiff chairs our Remuneration & People Committee.

- Cath Rogers.
- In addition, we have our CEO and Managing Director Michael Emmett, and our Company Secretary, David Franks.

We also have present representatives of our Auditors, Ernst & Young led by Michael Wright and our Share Registry, Link Market Services. Also, among the audience we have senior executives of the Company.

In addition to receiving the Statements of Financial Position and Performance for the financial year ended 30 June 2020, there are six further items of business:

1. Adoption of the Remuneration Report;
2. Re-election of myself as a Director; I will ask Ray Carless to chair this section of the meeting.
3. Re-election of Paul Lahiff as a Director;
4. Adoption of new Constitution;
5. Adoption of proportional takeover provisions into the Constitution; and.
6. Approval of Issue of 3-year performance options to Michael Emmett, Managing Director & CEO.

At our meeting today, Mike and I will report to you on AUB Group's performance and the outlook for the year ahead. This is my fifth year as Chairman of this company, a year of significant change with a refresh of our leadership team, strategic agenda, and a good financial result for AUB Group shareholders.

Financial Performance

I am pleased to share AUB Group's performance for the 2020 Financial Year as we delivered our strongest annual growth in profit since 2013. The Group delivered an Underlying Net Profit After Tax of \$53.4mn, an increase of 15.2% from FY19, executed a major acquisition, made strong progress on our Strategic Priorities, while maintaining a strong balance sheet and capital position. The result is even more pleasing against a backdrop of a challenging external environment in second-half FY20.

During March we became concerned as did most companies that we were entering a very difficult period as a nation and a Group. As a consequence we deferred the interim dividend payment to preserve capital, and also took the conservative measure of withdrawing our FY20 guidance, which we subsequently reinstated.

Our performance has been validated through strong share price growth, and pleasingly, we've now been formally included in the S&P/ASX200 index. The year saw material changes across our shareholder register as we welcome an array of new investors.

Capital Position

Despite a challenging and uncertain macroeconomic environment, our balance sheet remains strong. The Corporate entity is strongly cash generative with \$50.6mn in operating cashflow in the 2020 Financial Year and had access to \$92.9mn in cash and debt funding at 30 June 2020, with a gearing ratio of 34.2% at the time.

Dividend

The Directors declared a final fully franked dividend of 35.5 cents per share, paid on 6 October 2020. This, together with the initially deferred but now paid interim dividend of 14.5 cents resulted in a full year dividend of 50.0 cents, an 8.7% increase on the 2019 financial year and a net underlying earnings payout ratio of 69%.

Strong business results as well as disciplined M&A growth led to an improvement in Earnings per Share, despite the full year dilutionary impact of our share issue in the 2019 financial year.

Strategic Agenda

The Group made successful progress on its strategic priorities with key highlights that include an acquisition of 40% of BizCover, Australia's leading online commercial broking platform in February. We launched our own high-volume broking platform ExpressCover, restructured the Corporate Office to create \$2.8mn in net annual run rate savings, and optimised our portfolio through multiple business mergers and portfolio realignments. We sold our investment in Allied Health and delivered on 8 new and/or enhanced insurer agreements.

Our result in 2020 sets a new benchmark for the future of AUB Group, and our focused effort to enhance our growth drivers will be key to delivering on our ambitions. Looking ahead, the Group's strategic focus in FY21 will be an evolution of the FY20 initiatives to create improved commercial and operational outcomes.

Managing the External Environment

Financial Year 2020 has been a year of uncertainty for our clients, brokers and underwriting partners which included a catastrophic bushfire season, the drought and more recently the impacts of the unprecedented COVID-19 pandemic. As a result, the Group has been pro-active in its response, including prudent capital management, stress-testing and portfolio reviews, as well as engaging with our underwriting partners to provide broker and client hardship assistance programs.

Notwithstanding the challenges, the Group's resilient performance highlights the strength of our diverse portfolio across client segments, geography, and products, underpinned by a relatively defensive business model. Despite the uncertainty, clients continue to place trust in our brokers evidenced by a historically high premium retention rate of 92% in FY20.

Corporate Responsibility – Environment, Social and Governance

The Group acknowledges our responsibility to actively lead and support Environmental, Social, and Governance (ESG) initiatives, and to have clearly articulated governance principles. In FY20, the Group has increased its focus on our ESG reporting, as reported in our Annual report. The report shares our key ESG objectives, and an overview of current progress. This includes key metrics on our emissions and our efforts to promote diversity in the workforce.

The Group and our partners continue to seek ways in which we can contribute to the communities in which we operate, minimise the environmental impact of our business activities and ensure the fair treatment of our customers, employees and suppliers. Delivering on our objectives is integral to safeguarding a stronger

future for our clients, partners, employees, and shareholders. Additionally, the Board has also increased expectations for transparency on risk management activities and continues to pursue a strengthening of risk processes across the network.

Conclusion

On behalf of the Board, I would like to thank our shareholders for your commitment and support in FY20. I would like to thank my Board colleagues, all our employees and our partners for their contributions during the year. Our pleasing results in FY20 reflect their effort and commitment to the Groups' success and demonstrate a business that is built on strong foundations by a focused and committed team. Financial Year 2020 was also the first full year of AUB Group under the leadership of Mike Emmett as CEO and MD. The pleasing financial results, progress on key strategic priorities and a highly engaged network have been notable successes under Mike's leadership and the Board looks forward to continually challenging and supporting Mike and the Executive team as they focus on delivering on our shareholders' growth ambitions.

I would now like to hand over to Mike to give you an update on our business and the key results as well as an outlook for financial year 2021.

CEO and MD's Address

Michael Emmett | *Chief Executive Officer and Managing Director*

Opening

Thank you, David, and Good Morning everyone.

FY20 was an important year for AUB Group and we are pleased to have delivered a strong full year result, despite a challenging external environment. The Group delivered on its FY19 commitment to materially improve our short-term financial performance while concurrently putting in place strategies to achieve strong growth in Underlying NPAT for the medium to long term. The year was my first full year as CEO and I'm proud to have the opportunity to work with and lead a team of brokers and underwriters who represent the best of our industry. The support of our staff and leadership of our principals has been extraordinary and I'd particularly like to thank the network members on the AMS Board who are so committed to the success of our network.

FY20 Financial Performance

In FY20, our Underlying NPAT of \$53.42mn grew by 15.2% from FY19, our best year-on-year growth since FY13. The Group's Underlying EPS grew by 8.7% in comparison with FY19, partially diluted by the full year impact of equity issued in FY19. The Group paid an increased final dividend of 35.5 cents per share giving a total dividend for FY20 of 50.0 cents per share.

Australian Broking delivered growth of 14.6% in pre-tax profit. The result was an outcome of the ongoing focus to drive organic growth and improve business efficiency together with the impact of our 40% investment in BizCover and the benefits of a positive rate environment. New Zealand delivered a 31.9% increase in pre-tax profit, in part due to the full year impact of our additional 50% acquisition of BWRS in FY19. The majority of businesses in Austagencies, our Underwriting Agencies division, performed well however this was offset by ongoing weakness in Strata together with the impact of COVID-19 on the Hospitality industry. In response, we have commenced a process to restructure and simplify Austagencies and anticipate seeing the benefits flow through in FY21.

The Health and Rehabilitation Services businesses, Altius and Allied, delivered a significant uplift in the performance of the division. A strategic review exercise culminated at the end of Q3 in our exit from Allied. Altius has continued to deliver a strong performance into Q1 of FY21. As disclosed previously, we are continuing to evaluate our strategic options for this business as we do not regard Health and Rehabilitation Services as a core strategy for AUB Group in the medium term. Positive, divisional results were complemented by the benefits of our Head Office profit improvement plan which has so far delivered an annual run-rate benefit of \$2.8mn after tax, with further benefits to be delivered in FY21.

The Group's Balance Sheet remains strong as we prudently managed capital in response to the uncertain business environment. The business generated a strong operating cashflow of \$50.6mn, increased our long-term corporate debt facility by \$100mn and had access to \$94.0mn of cash and debt at the end of FY20, positioning us strongly to fund organic growth initiatives and disciplined acquisitions in FY21.

FY20 Strategic Priorities Update

Our performance was driven by an ongoing emphasis on delivering the Strategic Priorities as set out at the start of FY20. I am pleased with the progress as the results have set a foundation upon which AUB Group can continue to deliver sustained growth, aligned to our upgraded growth ambitions.

Execute on strategically aligned acquisitions

In February, we made a 40% investment in BizCover, a leading digital insurance platform. The investment has positioned us for success in the attractive Micro-SME segment whilst also securing the technology that under-pins our ExpressCover platform. The business has performed well since acquisition and we anticipate it will prove to be strongly accretive in FY21 and future years. More recently in August we acquired a 73.15% stake in Experien, enabling us to leverage their leading position in the Medical and Dental industries and bolster our strategy to build out Industry Specialisations. Additionally, we continued to execute on several bolt-on acquisitions across the network as well as variations in shareholdings with existing members.

Deliver market-leading technology capabilities

Our technology agenda continues to expand with the delivery of enhancements to our core broking system as well as the launch of ExpressCover, our new high-volume quote platform, and Sentinel, our new underwriting agency system, with both platforms promising significant improvements in process efficiency for the benefit of our customers and AUB teams. All Austbrokers have access to the ExpressCover platform and the majority of Austbrokers have now used the platform to bind multiple policies. Sentinel is already in use on a day-to-day basis in three agencies with a further fourteen agencies due for roll-out over the next eighteen months.

Optimise our portfolio

Our approach to pairing and merging businesses within the AUB network has led to a number of consolidations and we are seeing improved margins from this strategy. Consolidation also enables improved governance and stronger internal risk controls.

On 1 September we formally launched Austbrokers Comsure, a merger of the recently acquired Bestmark together with Comsure and Citycover, existing Austbrokers members. The new merged entity is our largest brokerage in Queensland and delivers both scale efficiencies as well as an enhanced capability including a focus on the Motor Dealership Industry.

Enhance partner proposition

We have worked closely with our Insurance partners to enhance our propositions for clients. In addition to six new insurer arrangements for ExpressCover, we have announced significant new agreements with two of our major insurance partners that provide substantially improved benefits to clients and brokers. The agreements were launched on 1 July and on 17 September respectively.

External Environment

2020 has been a challenging year, particularly managing the ongoing impacts of the COVID-19 pandemic and the impact of lockdowns on our staff and our customers. Despite the uncertainty, our clients again placed their trust in us and we achieved an historically high premium retention rate of 92%. The diversity of our portfolio and a defensive business model combined with our financial strength has underpinned the resilience of AUB Group.

However, we are not taking the economic challenges lightly nor are we complacent about difficulties the economy will likely encounter in the coming period. The Group's strong financial position and data-driven insight across our portfolio allows us to adequately anticipate and prepare for potential risks. Additionally, we've pro-actively engaged with our underwriting partners to offer client and broker hardship assistance programs.

I am also pleased at the efficient way in which our teams and systems seamlessly transitioned to a work-from-home model and, for many, we anticipate this will become their new default. We have kept our people working and have provided them not only with job security but also support during these uncertain times. As a result, the business has invested in a range of technologies and dynamic staff engagement tools together with policies that enable teams to receive financial incentives and allow them to work productively whilst sharing in savings the company achieves. Our aim is to use the experience of COVID-19 to fundamentally change how we engage with our staff and our clients by using technology more creatively than ever before.

FY21 Outlook

In FY21, and beyond, we have significant opportunities to further leverage our scale and drive efficiencies. We will continue to enhance our specialisations, uplift our Agency proposition and leverage technology to improve our value proposition for clients and network partners. We are currently building on the momentum created across our Strategic Priorities in FY20 to deliver further benefits and improve the Group's profitability by pursuing strategically aligned M&A opportunities, executing on margin improvement opportunities, increasing the take-up of our new technology platforms, implementing opportunities to simplify and optimise the portfolio and looking to further enhance insurer agreements for the benefit of our clients and brokers.

FY21 Guidance

AUB Group's strong momentum from FY20 has continued into the first quarter of FY21.

On 25 August 2020, AUB Group announced that it expected to achieve Underlying Net Profit After Tax (UNPAT) for FY21 in the range of \$58.5mn to \$61mn.

Our strong performance in early FY21 means we now expect to deliver UNPAT in the range of \$60mn to \$62mn representing growth on FY20 UNPAT of \$53.4mn in the range of 12.3% to 16.1%.

In providing this upgraded guidance AUB Group notes macro conditions remain volatile and uncertain and that it is relatively early in the financial year.

Closing

The AUB of 2020 has more to offer current and prospective clients, staff and members of our network.

A continuation of a firming premium rate cycle, additional cost reduction opportunities, the increased take up of our new technology platforms and enhanced insurer agreements will enable improved income in our operating entities. These factors combined with continued acquisition opportunities and our ability to gain market share by leveraging our more balanced portfolio of businesses create a platform to deliver consistently strong, underlying profit growth for the foreseeable future. Our resilient performance through the current challenging economic environment is testament to the fact that we are a fitter and more complete organisation than ever before and gives confidence that the Group is well placed for continued growth in FY21 and future years.

I look forward to updating you on our progress.

Thank you, and I'll hand back to David.