



12 June 2019

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

FOR RELEASE TO THE MARKET

Dear Sir / Madam,

Investor Presentation and Conference Call

AUB Group Ltd (ASX:AUB), Australasia's largest equity based broker network, hosted a conference call and webinar on Wednesday, 12th June 2019 at 10:00am AEST to discuss the Investor Presentation and Trading Update released to ASX.

CEO and Managing Director Mike Emmett and CFO Mark Shanahan discussed AUB's strategic direction, execution priorities and updated guidance for FY19.

Attached is a summary of the speaking notes supporting the presentation provided to the ASX this morning.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'D. Franks'.

David Franks
Company Secretary

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About AUB Group

AUB Group Ltd is Australasia's largest equity based broker network driving ~AU\$3.2 billion of fee generating GWP across its network of 93 businesses, servicing more than 550,000 clients, over 1 million policies across 600+ locations. In Australia, the Group has ~20% of the commercial insurance broking market share with investment in 61 broking businesses, supplemented with established complimentary capabilities in Life Insurance Broking, Premium Funding, Claims Management and Legal Services, and influences over 3.8 billion in GWP through its joint venture partnership with AIMS. In NZ, AUB holds equity stakes in 7 major broker partners and as well as equity in NZbrokers, the largest broking management group in NZ with presence in 140 locations. The Group also has a portfolio of 19 underwriting agencies within its SURA business with access to delegated global underwriting capacity for niche specialist insurance products. The Group's Risk Services division includes equity investments in 3 businesses with capabilities in loss adjustment, investigations, claims management, claims legal support and rehabilitation services.

Investor Presentation and Trading Update – Summary Speaking Notes

Opening

- On today's call we provided an update to AUB's trading performance and shared my initial observations and strategies as the new CEO.
- The key point I would like to make upfront is that AUB has some excellent strengths and expertise and that we can leverage these more effectively through specialisation, scale and technology to improve our performance. This exciting potential, in a nutshell, is why I took this job.

Slide 2

- In summary, the Group has 93 businesses in Australia and New Zealand, generating \$3.2bn of Gross Written Premium with over 550,000 clients in more than 600 locations assisted by over 3,000 staff. In partnership with IBNA, our AIMS Joint Venture influences \$3.8bn of GWP in Australia alone.
- We've also provided a summary on the slide describing our Australian and New Zealand Broking Businesses as well as our Underwriting Agencies, Risk Services businesses and two Group services entities for your information.

Slide 3

- Highlighting some of the many accolades earned by our partner businesses. We're very proud of the quality and capability across the Group underpinning the critical services we provide to our customers.
- Our brokers and broker businesses alike have earned significant industry recognition including, amongst others, Broker and Authorised Representatives of the Year, Brokerage of the year (both small and large), Authorised Representative Group of the Year and Insurance Leader of the Year.

Slide 4

- FY19 has been an eventful year for the Group undertaking a CEO change, a significant capital raise, substantial increases in our holdings in Adroit and BWRS and equity changes in 28 more businesses and investment in excess of \$98m, with ~\$41m in H1FY19 and ~\$57m in H2FY19 at relatively standard acquisition multiples.
- In general, our broking businesses in both Australia and New Zealand as well as our Agencies performed in line with expectations in a slowing premium growth environment. Rehabilitation Services delivered by

our Risk Services businesses, particularly Altius and Allied, suffered a significant downturn in case volumes with a direct impact on the profitability of these businesses. The external environment for the Rehabilitation Services sector, particularly in NSW, is expected to remain challenged in the short term. Procure, one of the three components of our Risk Services business has been performing well. We also experienced poor performance in our Strata Agency due to delayed in renewal of binder as well as a cost over-run for a new Underwriting IT System. The Underwriting IT system is a small but strategic investment into an agency specific platform. The group continues to maintain a 'buyer not a builder' approach towards sourcing and provision of technology.

Slide 5

- As you'll recall, on the 25th of February we indicated that we expect to achieve near the lower end of our guidance range of 7%-12% growth in Adjusted Net Profit After Tax.
- Disappointingly we now expect a reduced growth rate of 3-5%. Primarily this is the consequence of continued weak performance in Risk Services reducing the forecast Adjusted NPAT by \$2m for H2FY19 as well as a \$0.5m Adjusted NPAT impact from the Underwriting IT system cost over-run.
- I'd like to also emphasise that June is a significant insurance renewal month and generates about 15% of our annual premium.
- Remedial and recovery Actions for the financial misconduct in Canberra are still underway. Although we're making progress, we're not yet at the point of being able to determine the net impact however I'd like to remind you that this will not impact Adjusted NPAT.

Slide 6

- Since joining on the 11th of March, I have reviewed each of the businesses, revised the AUB Group management structure and have taken personal responsibility for Risk Services and Technology. I am also comfortable that the issues experienced in Canberra are not systemic across the AUB Group.
- I am very impressed with the quality and capability in each of the brokerages and underwriting agencies. We genuinely have some of the cream of the crop on offer in Australia and New Zealand. The Group has access to significant scale and footprint and can rely on an excellent market reputation.
- More than scale, we also have pockets of strong expertise in key industry sectors and insurance risk areas. There's an opportunity to leverage this expertise and deliver across the country by consolidating and, where appropriate, acquiring to extend these specialisms.
- Although our brokers have access to a strong product offering through AIMS and our underwriting agencies, we believe there are further opportunities to leverage our scale and specialist expertise to give them enhanced and more competitive products and capacity.
- We continue to believe in disciplined M&A as a key to accelerate the Group's scale and growth potential and have several opportunities under evaluation.
- The Group has delivered stable and consistent growth over a number of years however this has slowed in recent times. We believe that there is an opportunity to improve these growth rates going forward.

Slide 7 and Slide 8

- In order to deliver upgraded growth, we've defined four growth pillars and supported by five Execution Priorities.
- In a nutshell we need to:
 1. Deliver enhanced products and capacity to our Brokers;

2. Optimise our current footprint and capability to leverage specialist broking and underwriting skills to win more customers;
3. Proactively acquire businesses that can accelerate our ability to optimise our footprint and specialisms;
4. Deliver improved technology and other services like Claims to improve the efficiency and effectiveness of our partners; and
5. Clarify our intent and approach to Risk Services to counter the recent revenue decline.

Closing

- We have a business made up of very strong, differentiated brokerage and underwriting businesses that are recognised for their excellence and expertise and have good prospects for improved performance. We can do more with the franchise and despite disappointing elements of our performance in FY19, we have strong ambitions for the future and a plan to deliver these, a plan that is evolutionary not revolutionary and builds on the existing strategy. We look forward to updating you as we progress.