

17 February 2020

The Manager
Market Announcements Office
Australian Securities Exchange Ltd
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20 Bridge Street
Sydney NSW 2000

FOR RELEASE TO THE MARKET

AUB GROUP ANNOUNCES STRATEGIC ACQUISITIONS

AUB Group Limited (**ASX: AUB**) today announced two strategic acquisitions, which will scale AUB's core business and enhance its ability to leverage technology and target new customer segments.

AUB is pleased to announce that it has agreed to increase its ownership to 100% of the MGA Whittles Group, an existing Austbrokers member, by acquiring the remaining shares in the Group that AUB does not already own. In addition, AUB has acquired 40% of BizCover, Australia's leading online insurance distribution platform.

Combined, the transactions are expected to be EPS accretive in FY20 and strongly accretive on a full year pro-forma basis following completion of the acquisitions.

Earnings from both transactions are excluded from the guidance that AUB reaffirmed on 28 January 2020.

1. Acquisition of MGA Whittles Group

AUB has entered into a binding agreement to increase its ownership to 100% of Adelaide based MGA Whittles Group.

MGA is one of the largest Insurance Broking groups in Australia providing broking and risk advisory services across a broad spectrum of industries. Additionally, the Whittles Group is widely recognised for the provision of a range of complementary services to the Strata and property management industries.

Summary

- Total acquisition consideration for 50.1% of MGA and 100% of Whittles is A\$140 million payable by \$29,131,658 in cash on completion and 8,764,996 fully paid ordinary shares, which will be issued within AUB's 15% placement capacity by 31 July 2020 at an issue price of \$12.6490 per share.
- It is estimated that the acquisition will complete on 31 March 2020 subject to satisfactory completion of final due diligence. New AUB shares issued as consideration will rank equally with all other AUB ordinary shares.

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- The vendors will enter into voluntary dealing restriction agreements over their share consideration up to 30 June 2021.

AUB is committed to maintaining MGA and Whittles' strong governance, management teams and operating profile, which will include Mr John George continuing as Executive Chairman and MGA and Whittles continuing to operate under existing brands and leadership teams headquartered in Adelaide. This additional investment in a long-standing, profitable partner aligns with AUB's approach to M&A. AUB will be able to further leverage MGA's capabilities to enhance other existing and new broking operations.

AUB's Group Managing Director and CEO Mike Emmett said: "MGA is a fantastic business. As one of Australia's largest insurance brokers, the acquisition places MGA at the heart of Austbrokers and enables the next phase of our growth. In addition, the Whittles strata specialty will add a significant complementary capability to AUB. I'm delighted that the McInerney, George and Amber families together with other shareholders, are displaying their long-term faith in AUB by taking a significant portion of their consideration in equity."

MGA's Executive Chairman John George said: "My MGA and Whittles team are proud to have built this iconic and profitable business that now boasts 41 branches and over 550 personnel. Selling the MGA Whittles Group in exchange for a significant stake in AUB will allow us to fully leverage our long-term partnership to accelerate the growth of the MGA Whittles group for the benefit of all stakeholders".

2. Acquisition of 40% interest in BizCover

AUB has acquired a 40% interest in BizCover, Australia's leading online insurance distribution platform.

BizCover analyses insurance needs and digitally delivers multiple insurance quotes providing customers the ability to purchase cover instantaneously. The business has grown strongly since its establishment 11 years ago to now be the dominant insurtech business servicing the SME market both directly and through brokers and other white label partners.

Summary

- Total acquisition consideration is A\$132 million (plus a working capital adjustment estimated to be \$3 million). The full consideration is payable in cash and will be funded through AUB's debt facilities.
- BizCover is a highly profitable and rapidly growing business that has successfully targeted micro and smaller commercial clients that naturally complement the Austbrokers SME client base.
- AUB and BizCover have partnered to deliver 'Austbrokers ExpressCover', a new quote-to-bind platform exclusive to Austbrokers members which significantly enhances broking services to clients.
- AUB has the right to nominate up to two directors to the board of BizCover.

BizCover's co-founder, Michael Gottlieb will continue as Managing Director with co-founder Brad Miller and key members of the BizCover leadership team also continuing in their current roles.

AUB's Group Managing Director and CEO, Mike Emmett, said "This investment will enable AUB to capitalise on the significant growth of BizCover. In addition, this strategic relationship will enable Austbrokers members to benefit from BizCover's exceptional technology and their innovative culture."



BizCover's Managing Director Michael Gottlieb said: "We are excited to partner with AUB in the next phase of our journey. BizCover's scalable platform and experience in managing high volume SME insurance along with AUB's significant market share will bring mutual opportunities and benefits. We look forward to working closely with AUB to continue to innovate and simplify the purchasing of SME insurance."

AUB will fund the BizCover acquisition via available cash and undrawn debt and the cash portion of the MGA Whittles transaction via a committed extension of its existing debt facilities. Following completion of these two transactions, AUB's proforma gearing is expected to increase to 32.8%.

Please refer to the attached presentation for further information.

AUB will be hosting a teleconference at 2:30pm AEDT today. Teleconference links are as follows:

Register for teleconference call and dial in details:

<i>Dial in number(s)</i>	<i>Australia Toll-Free: 1800 093 431 Hong Kong Toll: +852 3005 2399 Japan Toll-Free: 0120 200 683 New Zealand Toll-Free: 0800 452 257 New Zealand Toll: +64 9 307 1606 Singapore Toll-Free: 800 120 6856 UK Toll-Free: 0800 026 1552 US Toll-Free: 1 877 788 9032 International: +61 2 8047 9393 https://events.arkadin.com/ev/APAC/itfs/DialinNumbers.pdf</i>
<i>Participant Pin:</i>	<i>45955315#</i>

This release has been authorised by the AUB Board.

Freya Smith
Group General Counsel & Company Secretary

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About AUB Group

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.

AUB Group Limited

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AUB GROUP LIMITED

Acquisitions Announcement

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MGA | *Whittles*

bc BizCover

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ACQUISITION PROFILE: MGA WHITTLES

Business Overview



- Specialist and leading provider of broking and risk advisory services across a broad spectrum of industries for over 40 years since formation in 1975.
- Strata & community title management service provider widely recognised in the industry for its professional services.
- AUB has been an invested partner in the business since 1996. MGA has been one of AUB's most successful businesses.



Transaction Highlights

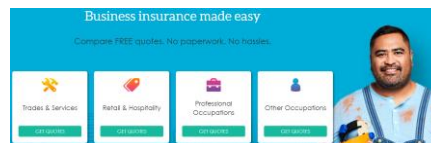
- AUB has agreed to increase its ownership of MGA Whittles Group to 100% by acquiring the remaining shares that AUB does not already own.
- Total consideration is \$140 million payable in a combination of cash and fully paid ordinary shares. The cash portion of \$29.1m will be funded via AUB's debt facilities.
- The transaction is expected to be EPS accretive in FY20 and on a full year pro-forma basis.
- Expected completion is 31 March 2020.

Investment Rationale

- 1 EPS accretive, aligned to AUB's strategy to leverage M&A to drive growth.
- 2 24-year partnership history and deep knowledge of the business, leading to a calculated understanding of the opportunity.
- 3 Allows acceleration of AUB's consolidation strategy driving cross-network scale and profit improvement by leveraging MGA's operating platform
- 4 Strong and highly capable management team, underlying governance and operating profile.
- 5 Complementary opportunity to AUB's Strata agency capabilities.

ACQUISITION PROFILE: BIZCOVER

Business Overview



- Online insurance solution to distribute and administer SME insurance through a proprietary digital end-to-end platform.
- In partnership with a range of insurance carriers across a broad product suite providing additional cross-segment opportunities.
- Fast growing and highly profitable, scalable insurtech business, recognised as the leading direct small business insurance platform in Australia and New Zealand.



Transaction Highlights

- AUB has acquired a 40% interest in BizCover.
- Total consideration is \$132 million plus a working capital adjustment estimated to be \$3 million, paid in cash funded through AUB's debt facilities.
- The transaction expected to be EPS accretive in FY20 and on a full year pro-forma basis.

Investment Rationale

- 1 EPS accretive, aligned to AUB's strategy to leverage M&A to drive growth.
- 2 Expand AUB's role and scale across insurance distribution, strengthening AUB's market position.
- 3 Fast growing, innovation-led business in a large and growing complementary market segment offering significant future potential.
- 4 Ability to add value by leveraging AUB's scale, expertise and capabilities to enhance the offering to better meet the needs of the market.
- 5 Complements AUB's technology agenda via execution of a strategic partnership to deliver ExpressCover, a new SME Quote-to-Bind platform for the Austbrokers network.

IMPORTANT INFORMATION

The material contained in this document is a presentation of general information about AUB Group Limited (ABN 60 000 000 715) (**Company**) and its activities current as at 17 February 2020. Material is provided in summary only and does not purport to be complete. The material contained in this document has been prepared without taking into account the investment objectives, financial situation and particular needs of any particular person and should not be taken as advice for investment purposes or a recommendation in relation to the Company.

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This document has not been subject to external auditor review.