

25 February 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

Dear Sir / Madam,

AUB GROUP LIMITED 1H20 RESULTS PRESENTATION ANNOUNCEMENT

Please find attached the following documents for immediate release to the market:

- 1H20 Performance Overview;
- 1H20 Investor Presentation; and
- Speaking Notes on the 1H20 Investor Presentation.

Michael Emmett, Chief Executive Officer & Managing Director and Mark Shanahan, Chief Financial Officer will host a webcast today at 10:30am AEST followed by a Q&A session – details below:

Teleconference link:

<https://s1.c-conf.com/DiamondPass/10003121-invite.html>

Webcast audience link:

<https://webcasting.boardroom.media/broadcast/5de0af61a127a56774eb86ff>

This release has been authorised by the AUB Board.

Yours faithfully,

A handwritten signature in blue ink that reads 'Freya Smith'.

Freya Smith
Group General Counsel & Company Secretary

For further information, contact Freya Smith

Tel: +61 2 9935 2224

freyas@aubgroup.com.au

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.

1H20 Performance Overview

Strong performance driven by organic growth, whilst making positive progress on strategic initiatives

Summary

- Adjusted NPAT¹ \$21.3 million (1H19: \$17.0 million) up 25.3%.
- Adjusted earnings per share 28.96 cents up 12.0%.
- Organic growth the key driver of business performance.
- Reported Net Profit After Tax \$16.6 million (1H19: \$19.8 million), down 16.3%.
- Fully franked interim dividend of 14.5 cents per share, an increase of 1 cent per share (7.4%). Dividend Reinvestment Plan (DRP) remains activated.
- Guidance upgraded to deliver Adjusted NPAT growth of 16%-18% for FY20 taking major acquisitions and 1H20 outperformance into consideration.
- Agreed to increase ownership of MGA Whittles Group to 100% and acquired 40% of BizCover, which together, are estimated to deliver 11% EPS accretion on a full year basis.
- Strong progress against FY20 Strategic Initiatives across the Group to drive improved long-term earnings growth.

AUB Group Limited (ASX:AUB) has reported a 25.3% increase in Adjusted Net Profit After Tax (Adjusted NPAT¹), to \$21.3m (1H19: \$17.0m), prior period included costs relating to the Austbrokers Canberra fraud of \$1.6m after tax. On an Adjusted basis, earnings per share has increased to 28.96 cents per share, up 12.0% over the prior comparative period which included increased share capital on issue following the 1 for 7 equity capital raising in November 2018.

Consolidated Net Profit After Tax (Reported NPAT) decreased 16.3% to \$16.6m in 1H20 (1H19: \$19.8m) due to non-cash accounting adjustments and acquisition costs (described in detail in table 2 of this announcement).

AUB CEO and Managing Director, Michael Emmett, said: "We are pleased by the improved performance across the business. A strong improvement in Health and Rehabilitation has complemented the performance in Broking and Agencies. In addition, the inclusion of BWRS (balance acquired on 1 January 2019) in 1H20 results significantly grew AUB New Zealand profits."

¹ NPAT excluding adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, impairment charges, and amortisation of intangibles. Performance measure used by management to assess underlying business performance.

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Highlights by operating division

Australian Broking²

- 12.6% increase in pre-tax profit contribution from Australian Broking to \$24.6m (1H19: \$21.8m).
- Organic growth was assisted by an increase in commercial lines insurance premiums averaging 6.2% over the period.
- The current period included redundancy costs amounting to \$1.4m pre-tax, as well as the impact of reduced interest rates and lease accounting changes of \$1.0m.
- The prior period included costs relating to the Austbrokers Canberra fraud of \$2.3m pre-tax.

New Zealand Broking

- 55.2% increase in pre-tax profit contribution from New Zealand to \$4.9m (1H19: \$3.2m).
- The acquisition of an additional 50% of BWRS effective 1 January 2019 was a significant contributor to the increase.
- Acquisition expansion opportunities remain strong. Investment in New Zealand management and infrastructure (including technology) has been made to support an expanded business.
- NZbrokers continues to perform well with growth in members and an improved membership proposition including enhanced technology.

Agencies

- 8.8% increase in pre-tax profit contribution from Agencies to \$5.5m (1H19: \$5.1m).
- Strong premium growth contributed to overall revenue growth in most agencies.
- Disappointingly the pre-tax profits in the strata businesses were down \$0.4m

Health & Rehabilitation²

- 124.8% increase in pre-tax profit from Health and Rehabilitation to \$1.8 million (1H19: \$0.8m).
- The improved performance was the result of improved utilisation, reduced costs and a more diverse set of services.

Capital Management

- Look through gearing³ has decreased to 20% (FY19: 22%), due to the partial repayment of AUB's loan facility. The parent entity had cash and undrawn committed facilities of \$115.3 million as at 31 December 2019.
- Following the BizCover and MGA Whittles acquisitions, the look through gearing³ will increase to 33%.

Dividends

- The Board has declared a fully franked interim dividend of 14.5 cents per share (1H19: 13.5 cps).
- The interim dividend is payable on 3 April 2020 to shareholders on the register at 5pm on 6 March 2020 (record date). The Dividend Reinvestment Plan (DRP) arrangements will remain activated for the interim dividend.

² The Risk Services division has been restructured with Procure moving to Australian Broking and the remaining businesses forming the Health & Rehabilitation division. The cost of AUB Corporate staff overseeing Australian Broking and Health & Rehabilitation was previously captured in Corporate Expenses. These costs have been reclassified to the respective divisions. Comparative information has been restated to conform with the presentation in the current period.

³ Debt/(Debt plus Equity). Includes AUB's percentage share of associates total debt.

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Execution Priorities Update

The Group outlined a number of Execution Priorities for FY20 and we are pleased to report good progress against all areas of focus, laying the foundation for long-term sustainable growth and profitability for the business.

Execute on strategically aligned acquisitions

AUB has announced two major strategic acquisitions which will strengthen our core business and expand AUB's role across the insurance sector.

- Agreed to acquire the remaining shares in the insurance broking and strata management group MGA Whittles that AUB does not already own.
- Acquired a 40% interest in online distribution platform, BizCover, a fast growing scalable insurtech business and the leading direct small business insurance platform in Australia.
- Completed small bolt-ons across the portfolio.

Deliver market leading technology capabilities

We are strengthening the AUB partner value proposition by implementing market-leading technology capabilities.

- Austbrokers Express Cover is a new quote-to-bind platform powered by BizCover. It is targeted at lower value, higher volume policies and is designed to enable our brokers to more effectively assist our clients to select appropriate insurance products. The system is currently in pilot with several Austbrokers members and will be launched nationally at the Austbrokers conference in March. We are also rolling out multiple enhancements to our broking system CBS in order to optimise our existing technology capabilities across the network.
- Our first agency went live with Sentinel, our new Agency system, in January 2020 with rollout to the rest of our agency network over 2020/21.

Reduce costs and optimise head-office

- Since late 2H19 we have simplified the head office and divisional management teams. We have optimised senior roles and restructured certain functions.
- Some of these cost savings have been passed on to the member network by removing management fees which are no longer charged to members.
- These changes will have a positive impact on financial performance from the second half of FY20, with an expected full year pre-tax benefit in FY21 of \$3m saved vs FY19. Further consolidation initiatives will generate more savings.

Optimise our portfolio

Our strategy to simplify and scale our portfolio will enhance the way in which we go to market and accelerate our opportunities to leverage scale and target new growth markets and segments. A key component of the optimisation strategy is to consolidate portfolios and brokerages across our network and identify opportunities to specialise in areas of expertise and deliver market leadership in our chosen segments.

In 1H20, we have identified 8 consolidation opportunities with 4 completed, 3 in progress and 1 expected in the fourth quarter.

Redefine Risk Services strategy

Profit improvement in the Health and Rehabilitation Services businesses was a priority. This has been achieved by diversifying services, improving utilisation of staff and reducing costs. We are working with the respective businesses to determine an appropriate strategy for each business in the medium term.

Enhance partner proposition (product, capacity, services)

In addition to the technology capabilities that are being added, we are working closely with our insurance partners to identify new products and commercial arrangements for the benefit of our network members and customers.

We have agreed new terms with a number of insurers for portfolios to be transacted by our brokers via Austbrokers ExpressCover, with beneficial economic outcomes for all parties.

FY20 Outlook and Guidance Upgrade

AUB expects Adjusted NPAT growth of 16%-18% for FY20.

1H20 performance has been positive and significant progress has been made to realise internal efficiencies and implement strategic initiatives. This improved outlook together with recent major acquisitions has resulted in AUB's upgraded view.

In estimating 2H20 Adjusted NPAT AUB has factored in:

- Performance from Australian Broking continuing in line with the original forecast at the beginning of the financial year. Premium rates in 1H20 increased by 6.2% and we anticipate rate increases in 2H20 to be in the range of 5%-6%.
- Flattening of New Zealand premium growth rates which have been assumed to remain flat in determining 2H20 performance in New Zealand.
- Uncertainty regarding the outlook for Health & Rehabilitation Services including the possibility of further outperformance in H2.
- The seasonally important Australian Broking June renewal cycle being in line with expectations.

AUB 1H20 PRESENTATION OF FINANCIAL RESULTS TABLES

Table 1 Financial Results Summary

FINANCIAL RESULTS SUMMARY	1H20	1H19	Variance
	\$ 000	\$ 000	%
Revenue from ordinary activities ¹	162,899	145,439	12.0%
Adjusted NPAT ²	21,327	17,014	25.3%
Profit before tax	25,961	29,673	-12.5%
Net profit after tax (before non-controlling interests)	18,921	23,972	-21.1%
Net profit attributable to members (Reported NPAT)	16,596	19,826	-16.3%
Reported earnings per share	22.50	30.10	-25.2%
Adjusted earnings per share (cents)	28.96	25.86	12.0%
Dividend per share (cents)	32.5	32.0	1.6%
Dividend proposed per share	14.5	13.5	7.4%

¹ Revenue from ordinary activities includes the Group's share of net profit after tax from associates which are companies and the Group's share of net profits before tax from associates which are unit trusts.

² Adjusted NPAT represents the underlying profitability of the business used by management and the board to assess performance of the business. Further details are provided in Table 2 below. Adjusted earnings per share is earnings per share calculated with reference to Adjusted NPAT.

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Table 2 Reconciliation of Adjusted NPAT to Reported NPAT¹

The reported profits of the business include 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, amortisation of intangible assets and material acquisition costs. These profits or losses are not part of the regular trading activities and can distort the underlying performance of the business. These items have been eliminated to provide a clear representation of the underlying trading performance. This measure, labelled Adjusted NPAT, is used by management and the board to assess operational performance, and is reconciled below.

RECONCILIATION OF ADJUSTED NPAT TO REPORTED NPAT ¹	1H20	1H19	Variance
	\$ 000	\$ 000	%
Net Profit after tax attributable to equity holders of the parent	16,596	19,826	-16.3%
Reconciling items net of tax and non controlling interest adjustments for:			
Adjustments to contingent consideration relating to acquisitions of controlled entities and associates - net of non controlling interests ²	(12)	(22)	
Add back impairment charge to the carrying value of associate ³	-	1,400	
Add back impairment charge to the carrying value of controlled entity - net of non controlling interests ³	3,239	22	
Net adjustment	3,227	1,400	
Less / plus profit on sale or deconsolidation of controlled entities net of tax ⁴	-	(794)	
Movement in fair value of put option liability	(762)	269	
Less profit on sale of associates/insurance broking portfolios net of tax ⁵	(1,704)	(1,221)	
Plus acquisition expenses and costs relating to an increase in the borrowing facility, net of tax	878	-	
Adjustment to carrying value of entities (to fair value) on date they became controlled or deconsolidated ⁶	-	(4,548)	
Net Profit from operations	18,235	14,932	22.1%
Add back amortisation of intangibles net of tax ⁷	3,092	2,082	48.5%
Adjusted NPAT	21,327	17,014	25.3%

- ¹ The financial information in this table has been derived from the financial statements which were reviewed by AUB Group auditors. The adjusted NPAT is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.
- ² The Group's acquisition policy is to defer a component of the purchase price, which is determined by future financial results. An estimate of the contingent consideration is made at the time of acquisition and is reviewed and varied at balance date if estimates change, or payments are made. This adjustment can be a loss (if increased) or a profit (if reduced). Where an estimate or payment is reduced, an offsetting adjustment (impairment) may be made to the carrying value.
- ³ Where the carrying value of a controlled entity or associate exceeds the fair value an impairment expense is recognized during the period.
- ⁴ Gain/loss on deconsolidation are excluded from adjusted NPAT. Such adjustments will only occur in future if further sales of this type are made.
- ⁵ Insurance broking portfolios may be sold from time to time and any gains/loss from sale are excluded from adjusted NPAT
- ⁶ The adjustments to carrying values of associates or controlled entities arise where the Group increases its equity in associates whereupon they became controlled entities or decreases its equity in a controlled entity and it becomes an associate (deconsolidated). As required by accounting standards the carrying values for the existing investments have been adjusted to fair value and the increase included in net profit. Such adjustments will only occur in future if further acquisitions or sales of this type are made.
- ⁷ Amortisation expense is a non-cash item.

Table 3 Management Presentation of Results

A number of the businesses in the AUB Group are associates and are not consolidated in the financial statements. In order to give a more comprehensive view of performance, the following table aggregates 100% of these businesses' revenues and expenses with those of the consolidated businesses before deducting outside shareholder interests. This provides a view as to the growth in the network without potential distortion from shareholding changes that may move entities from consolidated to associates or vice versa. The following analysis is presented on an Adjusted NPAT basis. A reconciliation of this data to the operating segments per the financial statements is included in the Director's Report.

MANAGEMENT PRESENTATION OF RESULTS	1H20	1H19	Variance	Variance
	\$ 000	\$ 000	\$	%
Australian Broking revenue	187,952	179,594	8,358	4.7%
Australian Broking expenses	(140,036)	(134,612)	(5,424)	4.0%
EBIT - Australian Broking	47,916	44,982	2,934	6.5%
New Zealand Broking revenue	27,428	22,318	5,110	22.9%
New Zealand Broking expenses	(19,097)	(15,035)	(4,062)	27.0%
EBIT - New Zealand Broking	8,331	7,283	1,048	14.4%
Agencies revenue	29,153	28,718	435	1.5%
Agencies expenses	(21,059)	(20,594)	(465)	2.3%
EBIT - Agencies	8,094	8,124	(30)	-0.4%
Health & Rehabilitation revenue	27,533	26,167	1,366	5.2%
Health & Rehabilitation expenses	(24,178)	(24,463)	285	-1.2%
EBIT - Health & Rehabilitation	3,355	1,704	1,651	96.9%
Total revenue - operating entities	272,066	256,797	15,269	5.9%
Total expenses - operating entities	(204,370)	(194,704)	(9,666)	5.0%
Total EBIT - operating entities	67,696	62,093	5,603	9.0%
Corporate revenue	2,457	1,236	1,221	98.8%
Corporate expenses	(7,043)	(6,216)	(827)	13.3%
EBIT - Corporate	(4,586)	(4,980)	394	-7.9%
Total - Group revenue	274,523	258,033	16,490	6.4%
Total - Group expenses	(211,413)	(200,920)	(10,493)	5.2%
Total- EBIT AUB Group before NCI	63,110	57,113	5,997	10.5%
Interest expense - Operating entities	(5,859)	(4,364)	(1,495)	34.3%
Interest expense - Corporate	(1,429)	(1,416)	(13)	0.9%
Total - Interest expense	(7,288)	(5,780)	(1,508)	26.1%
Profit before NCI	55,822	51,333	4,489	8.7%
Non - Controlling Interest (NCI)	(25,030)	(26,860)	1,830	-6.8%
Adjusted Net profit before tax	30,792	24,473	6,319	25.8%
Income tax expense	(9,465)	(7,459)	(2,006)	26.9%
Adjusted NPAT	21,327	17,014	4,313	25.3%

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 Limited 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.

1H20 Results Investor Presentation

25 February 2020



Mike Emmett

CEO and Managing Director



Mark Shanahan

CFO

KEY MESSAGES

- 1 Strong 1H20 result – Adjusted NPAT of \$21.3mn, up 25.3% from 1H19**
- 2 Two major acquisitions announced on 17 February 2020 – MGA Whittles and BizCover, EPS accretive; will accelerate AUB Group's scale, capability and earnings**
- 3 Strong progress against Execution Priorities that will drive improved long-term earnings potential**
- 4 FY20 Guidance upgraded to 16 to 18% growth in Adjusted NPAT (previously 8-10%) taking major acquisitions and 1H20 outperformance into consideration**

1H20 Results Presentation

A. 1H20 Results Overview

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1H20 GROUP PERFORMANCE

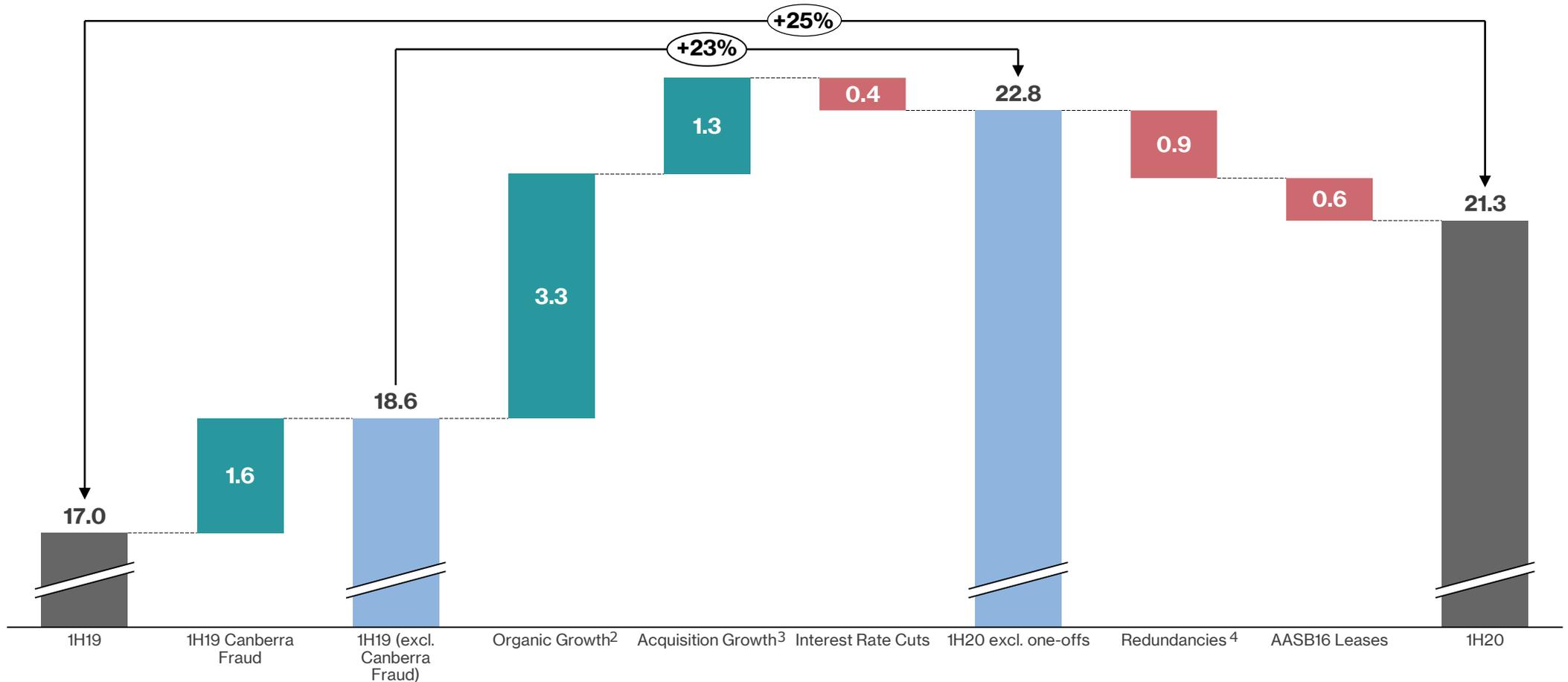
	1H20	1H19		Movement
Underlying Revenue¹	\$272.1mn	\$256.8mn		5.9%
Underlying EBIT Margin²	23.0%	22.1%		90bps
Adjusted NPAT³	\$21.3mn	\$17.0mn		25.3%
Adjusted Earnings per Share	28.96 cents	25.86 cents		12.0%
Dividend per Share	14.5 cents	13.5 cents		7.4%
Gearing Ratio^{4,5}	19.9%	16.4%		
Leverage Ratio^{4,6}	1.3:1	1.1:1		

1. Figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests. Excludes AUB Group Corporate Revenue
2. Figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business and corporate revenues, expenses including AUB Group corporate and profits with those of the consolidated businesses before deducting outside shareholder interests
3. 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
4. Excludes impact of the 2 acquisitions announced; MGA Whittles and BizCover
5. Gearing ratio = Look through debt / (debt + equity). Debt includes share of associates
6. Leverage ratio = Debt / (EBITDA at Group + EBITDA of Associates AUB Group's share). Debt includes share of associates

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1H20 PERFORMANCE BREAKDOWN

1H19 to 1H20 Adjusted NPAT¹ Breakdown (\$mns)



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 1H20 acquisitions growth and the 1H19 Canberra fraud event. Excludes the impact of 1H20 redundancies \$0.9mn, Interest Rate Cuts \$0.4mn, and AASB 16 Leases \$0.6mn.
 3. Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes in 1H20 vs 1H19.
 4. Represents the net impact of material 1H20 redundancies vs 1H19.

1H20 DIVISIONAL PERFORMANCE

Vs. 1H19 comparative period

	AUSTRALIAN BROKING ²	NEW ZEALAND BROKING ³	AGENCIES	HEALTH AND REHAB ²	OPERATING BUSINESSES ⁴
Underlying ^{1,3} Revenue	\$188.0mn ↑ 4.7 %	\$27.4mn ↑ 22.9 %	\$29.2mn ↑ 1.5 %	\$27.5mn ↑ 5.2 %	\$272.1mn ↑ 5.9 %
Underlying ^{1,3} EBIT Margin	25.5% ↑ 50bps	30.4% ↓ (220bps)	27.8% ↓ (50bps)	12.2% ↑ 570bps	24.9% ↑ 70bps
PBT attributable to equity holders of parent company ^{1,3}	\$24.6mn ↑ 12.6 %	\$4.9mn ↑ 55.2 %	\$5.5mn ↑ 8.8 %	\$1.8mn ↑ 124.8 %	\$36.8mn ↑ 19.2 %

1. Underlying Results: In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests

2. The Risk Services division has been restructured with Procure moving to Australian Broking and the remaining businesses servicing the Health & Rehabilitation market. Comparative information has been restated to conform with the presentation in the current period. The cost of AUB Corporate staff overseeing Australian Broking and Health & Rehabilitation was previously captured in Corporate Expenses. These costs have been reclassified to the respective divisions. Refer to Analyst Pack - A5.0

3. Includes benefits of acquisitions announced in FY19, particularly 50% of BWRS effective 1 January 2019

4. Excludes AUB Group Corporate Revenue & Expenses

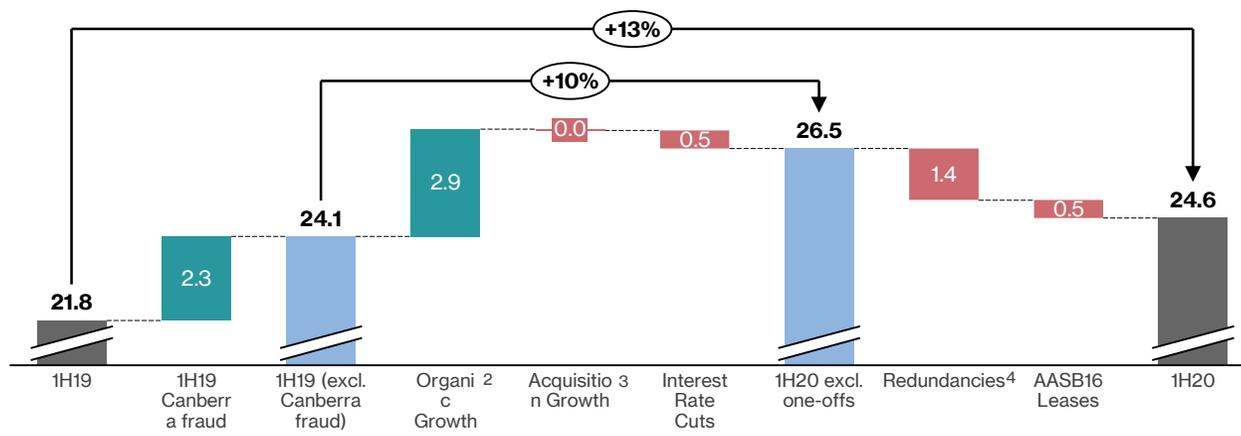
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AUSTRALIAN BROKING – 1H20

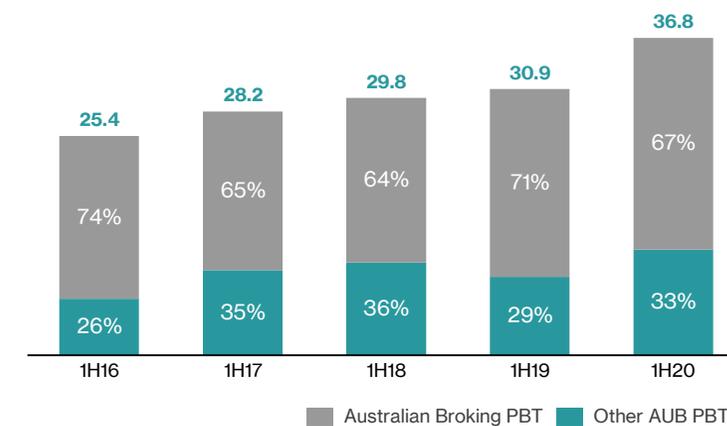
Profit contribution to AUB Group – Pre-tax (\$mns)	1H20	1H19	Movement (\$)	Movement (%)
Commission and fee income (net)	180.6	171.6	8.9	5.2%
Other Income	7.4	7.9	(0.5)	(6.9%)
Total Underlying Revenue ^{1,5}	188.0	179.6	8.4	4.7%
Underlying Expenses ^{1,5}	(140.0)	(134.6)	(5.4)	4.0%
Underlying EBIT ^{1,5}	47.9	45.0	2.9	6.5%
Profit before tax & non-controlling interests (PBT&NCI)	44.9	42.8	2.1	4.9%
Net profit before tax attributable to equity holders of parent entity	24.6	21.8	2.7	12.6%

- Pre-tax profit contribution to AUB Group of \$24.6mn, an increase of 12.6% from 1H19.
- Included in 1H20 were \$1.4mn of redundancy costs.
- 6.2% average commercial premium rate increases and higher average premium per policy from new business.
- 1H20 Interest income impacted by RBA rate cuts.
- New AASB16 changes resulted in an increased charge of \$0.5mn.
- EBIT margin improved to 25.5%.

1H19 to 1H20 AUB Share PBT (\$mns)⁶



PBT attributable to parent equity holders¹ – Contribution (\$mns & %)



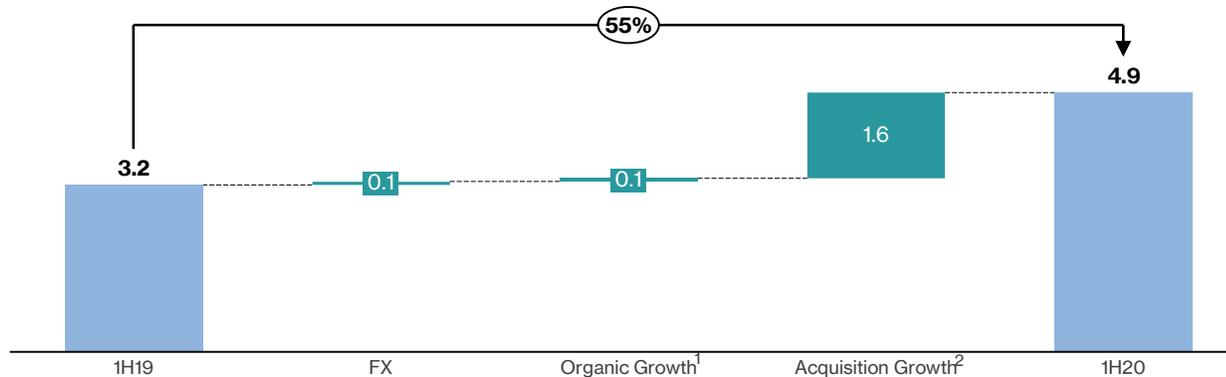
- The Risk Services division has been restructured with Procure moving to Australian Broking. The cost of AUB Corporate staff overseeing Australian Broking was previously captured in Corporate Expenses. These costs have been reclassified to Australian Broking. Comparative information has been restated to conform with the presentation in the current period. Refer to Analyst Pack – A5.0
- Organic growth attributable to equity holders of parent entity excludes acquisitions growth in the current period and the 1H19 Canberra fraud. Also excludes interest rate cuts -\$0.5mn, Lease accounting changes -\$0.5mn, and Redundancies -\$1.4mn
- Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes in 1H20 vs 1H19
- Represents the net impact of material 1H20 redundancies vs 1H19
- In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests
- Net profit before tax attributable to equity holders of parent entity. 1H19 includes \$2.3mn costs relating to Austbrokers Canberra Fraud

NEW ZEALAND BROKING – 1H20

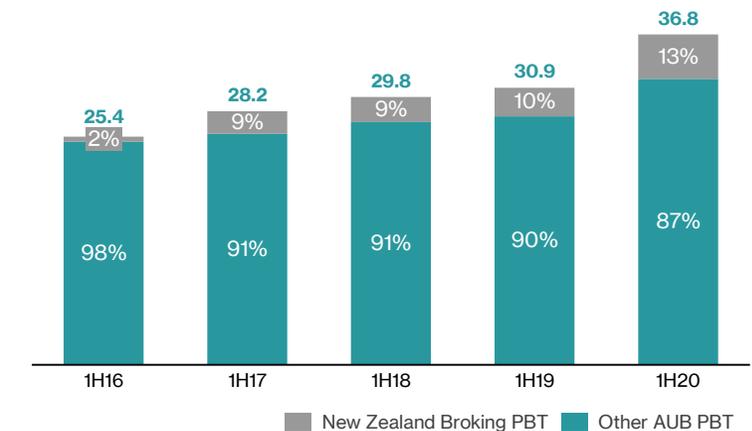
Profit contribution to AUB Group – Pre-tax (\$mns)	1H20	1H19	Movement (\$)	Movement (%)
Commission and fee income (net)	26.8	21.6	5.2	24.1%
Other Income	0.6	0.7	(0.1)	(13.8%)
Total Underlying Revenue ³	27.4	22.3	5.1	22.9%
Underlying Expenses ³	(19.1)	(15.0)	(4.1)	27.0%
Underlying EBIT ³	8.3	7.3	1.0	14.4%
Profit before tax & non-controlling interests (PBT&NCI)	6.6	6.1	0.5	9.0%
Net profit before tax attributable to equity holders of parent entity	4.9	3.2	1.8	55.2%

- Pre-tax profit contribution \$4.9mn, an increase of 55.2% on 1H19.
- Significant portion of profit growth arising from the acquisition of a further 50% of BWRS (effective 1 January 2019).
- Flattening premium rate growth observed towards the end of 1H20.
- Underlying expenses increased for management and infrastructure (including technology) to support an expanding business.
- NZbrokers performing well with continued member growth and an enhanced member proposition.

1H19 to 1H20 AUB Share PBT (\$mns)⁴



PBT attributable to parent equity holders – Contribution (\$mns & %)



1. Organic growth attributable to equity holders of parent entity excludes acquisitions growth in the current period and FX

2. Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes in 1H20 vs 1H19

3. Underlying Results: In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests

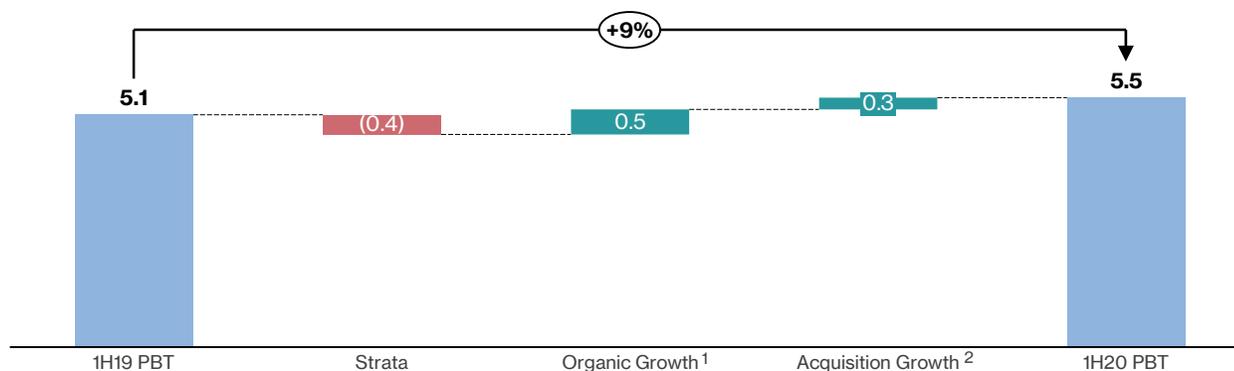
4. Net profit before tax attributable to equity holders of parent entity

AGENCIES – 1H20

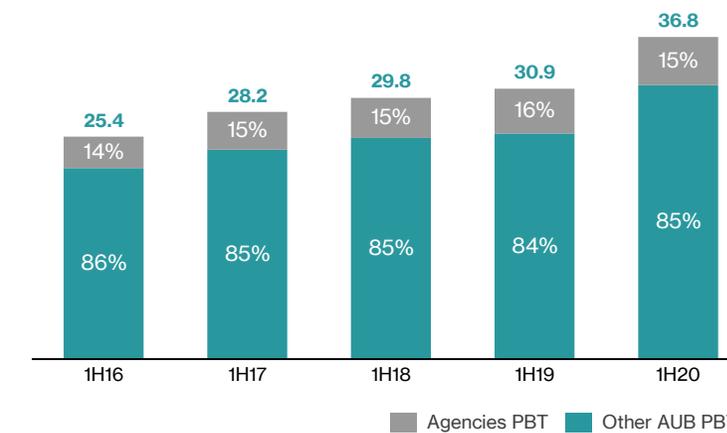
Profit contribution to AUB Group – Pre-tax (\$mns)	1H20	1H19	Movement (\$)	Movement (%)
Commission and fee income (net)	28.4	27.9	0.5	1.9%
Other income	0.8	0.8	(0.1)	(10.1%)
Total Underlying Revenue ³	29.2	28.7	0.4	1.5%
Underlying Expenses ³	(21.1)	(20.6)	(0.5)	2.3%
Underlying EBIT ³	8.1	8.1	(0.0)	(0.4%)
Profit before tax & non-controlling interests (PBT&NCI)	7.1	7.2	(0.1)	(0.8%)
Net profit before tax attributable to equity holders of parent entity	5.5	5.1	0.4	8.8%

- Pre-tax profit contribution to AUB Group of \$5.5mn, an increase of 8.8% on 1H19.
- Strong premium growth contributing to overall revenue growth in commission and fees in most agencies, tempered by the impact of performance in the strata businesses.

1H19 to 1H20 AUB Share PBT (\$mns)⁴



PBT attributable to parent equity holders¹ – Contribution (\$mns & %)



1. Organic growth attributable to equity holders of parent entity excludes acquisitions growth in the current period and the Strata binder transition

2. Acquisition growth includes the net effect of acquisitions, divestments and increased equity stakes in 1H20 vs 1H19

3. Underlying Results: In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests

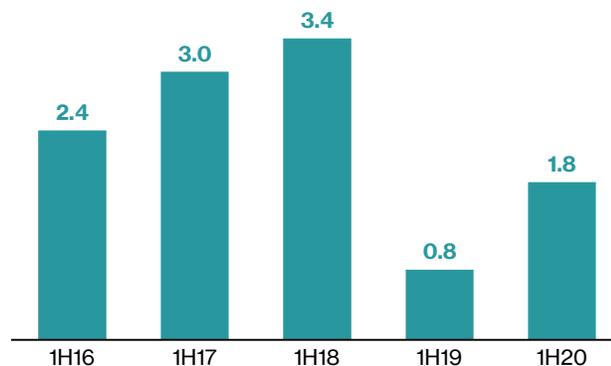
4. Net profit before tax attributable to equity holders of parent entity

HEALTH AND REHABILITATION – 1H20

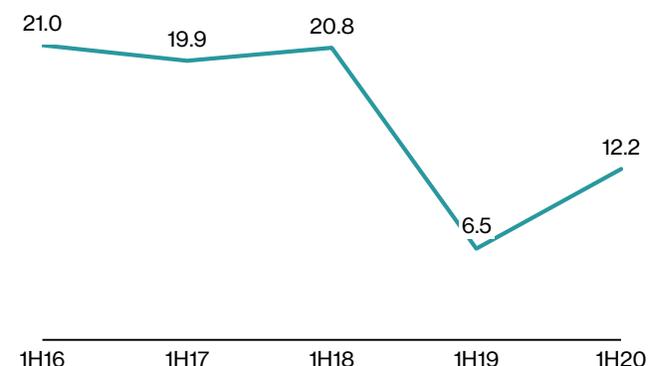
Profit contribution to AUB Group – Pre-tax (\$mns)	1H20	1H19	Movement (\$)	Movement (%)
Underlying Revenue ^{1,2}	27.5	26.2	1.4	5.2%
Underlying Expenses ^{1,2}	(24.2)	(24.5)	0.3	(1.2%)
Underlying EBIT ^{1,2}	3.4	1.7	1.7	96.9%
Profit before tax & non-controlling interests (PBT&NCI)	3.2	1.6	1.5	93.3%
Net profit before tax attributable to equity holders of parent entity	1.8	0.8	1.0	124.8%

- Pre-tax profit contribution to AUB Group of \$1.8mn increased by 124.8% on 1H19, as a result of improved utilisation, cost management and diversified services.
- The Procure business which provides diversified services to insurers and insurance broking clients was moved to the Austbrokers division effective 1 July 2019. The two remaining businesses now comprise Health & Rehabilitation Services.

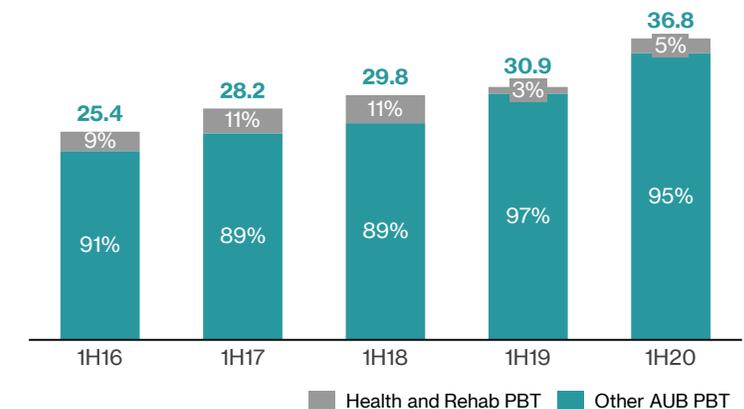
PBT attributable to parent equity holders¹ (\$mns)



Underlying EBIT Margin^{1,2} (%)



PBT attributable to parent equity holders¹ – Contribution (\$mns & %)



1. The Risk Services division has been restructured with Procure moving to Australian Broking and the remaining businesses servicing the Health & Rehabilitation market. The cost of AUB Corporate staff overseeing Health & Rehabilitation was previously captured in Corporate Expenses. These costs have been reclassified to Health & Rehabilitation. Comparative information has been restated to conform with the presentation in the current period. Refer to Analyst Pack – A5.0

2. Underlying Results: In order to give a more comprehensive view of performance, figures include results from 'associates' (not consolidated in the financial statements) at an aggregate 100% of all business revenues, expenses and profits with those of the consolidated businesses before deducting outside shareholder interests

STRONG BALANCE SHEET AND CAPITAL POSITION

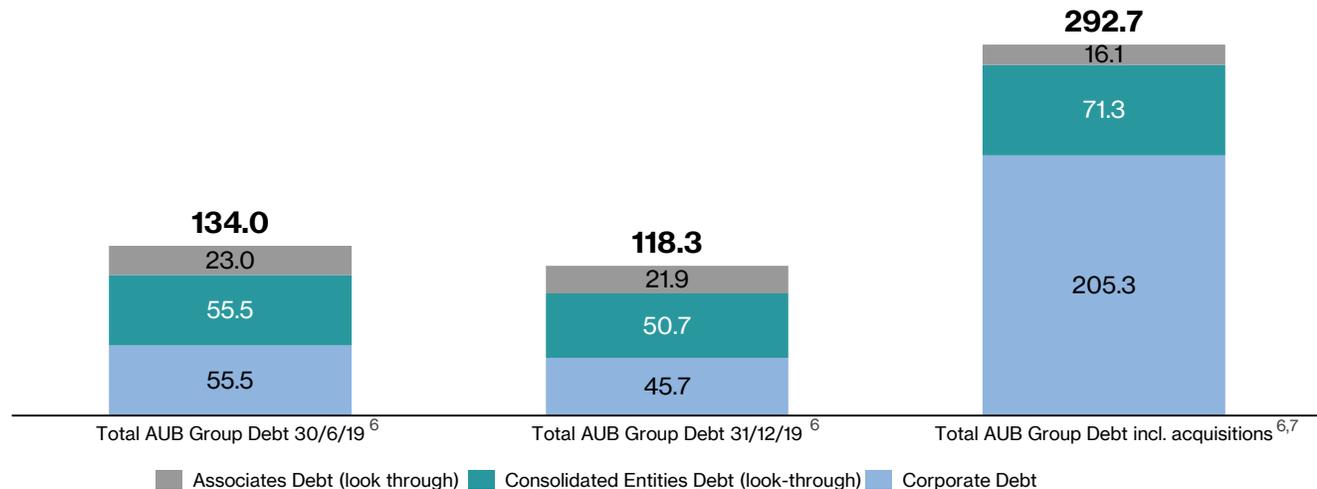
Consolidated Balance Sheet Overview (\$mns)	31 Dec 19	30 Jun 19	Movement (\$mns)	Movement (%)
Cash	50.0	70.0	(20.0)	-29%
Cash - Trust	135.0	150.0	(15.0)	-10%
Interest-bearing loans and borrowings	89.8	104.5	(14.7)	-14%
Investment in Associates	127.3	127.5	(0.2)	-0%
Intangible assets and goodwill	395.7	401.1	(5.4)	-1%
Total Assets¹	836.5	855.9	(19.4)	-2%
Total Liabilities¹	361.4	372.5	(11.1)	-3%
Total Equity	475.1	483.4	(8.3)	-2%

- Cash reduced mainly due to repayment of group interest-bearing loans and borrowings.
- Cash in Trust and associated fiduciary receivables and liabilities have reduced due to the cyclical nature of policy renewals.

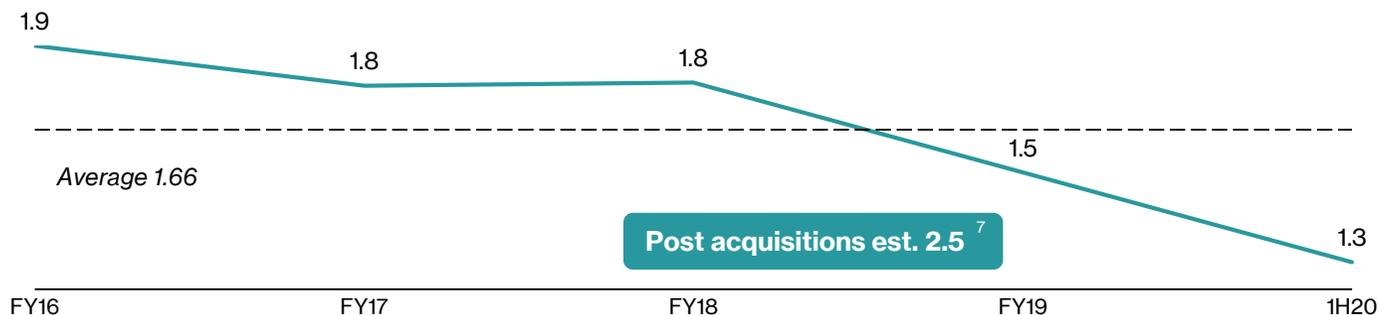
1. The comparative balances (FY19) have been restated, refer to the Financial Statements Note 2

GROUP DEBT¹

Total Group Debt on a look-through basis² (\$mns)



Group Leverage Ratio³



19.9%
1H20 AUB Group Gearing⁴
(FY19 21.7%)

Post acquisitions 32.9% est.⁷

10.4:1
1H20 AUB Group Interest
Cover Ratio⁵
(FY19 10.5:1)

Post acquisitions 8.4:1 est.⁷

1. Includes impact of the 2 acquisitions announced; MGA Whittles and BizCover

2. Look through basis = 100% consolidated debt + AUB share of Associates debt

3. Leverage ratio = Debt / (EBITDA at Group + EBITDA of Associates AUB Group's share). Debt includes share of associates

4. Gearing ratio = Debt / (Debt + Equity). Includes AUB Group's percentage share of associates total debt

5. Interest Cover ratio = (Look through debt / debt + equity) / (Group interest expense plus share of associates interest expense). Debt includes share of associates

6. Includes contingent considerations payables as shown on Note 16 of the Financial Statements

7. Includes MGA Whittles and BizCover

***1H20 Results
Presentation***

**B. Major
Acquisitions**

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MGA WHITTLES – TRANSACTION SUMMARY

MGA Whittles

- *MGA is one of Australia's top 10 brokerages and has, for the past 40 years, been providing services across a broad spectrum of industries to deliver >\$300mn in premium, >110k policies, and >65k clients across 40 offices*
- *Strata and Farm are two particular specialties for the MGA Whittles Group*
- *Whittles is a leading provider of strata & community title management services to over 70,000 properties across Australia*

- On 17 February 2020, AUB agreed to acquire the balance of shares in the MGA Whittles Group for \$140 million with expected completion 31 March 2020
- The purchase price reflects an EBITA multiple of 10x based on FY20 forecast EBITA of \$26.2mn, excluding synergy benefits
- The transaction is expected to be 8% EPS accretive on a FY20 full year pro-forma basis, excluding synergy benefits
- The consideration is payable via a combination of cash and 8,764,996 fully paid ordinary shares¹ at an issue price of \$12.6490 per share. The cash portion of \$29.1mn will be funded via existing and new debt facilities
- In addition to the anticipated growth in profits for MGA Whittles, AUB is also targeting synergy benefits by leveraging MGA as a platform to accelerate our portfolio optimisation strategy

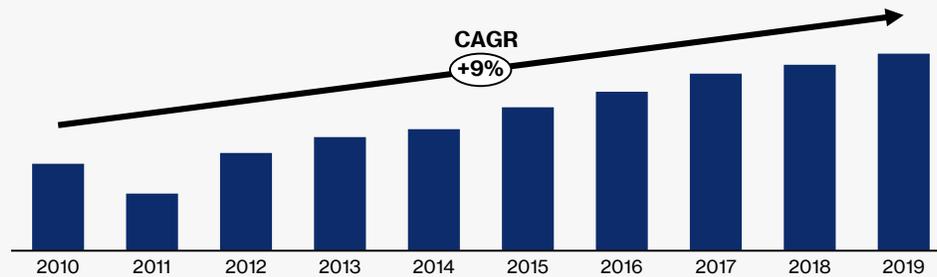
1. Ordinary shares to be issued by 31 July 2020 and subject to voluntary restriction agreements up to 30 June 2021

MGA WHITTLES – BUSINESS OVERVIEW

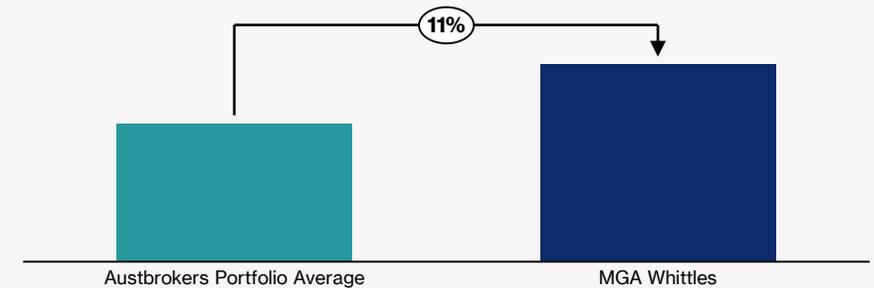
MGA / Whittles

MGA Whittles Group is the largest and most profitable Austbrokers partner business. The business has invested heavily in its underlying operating platforms

Revenue Growth (2010-2019)



EBIT Margin (MGA Whittles vs AUB Group)



Business Highlights

- Robust technology platform that already supports a few other Austbroker members
- Lead developers in CBS+ initiatives and technology enhancements across the Group
- Excellent workflow solutions implemented via hub-and-spoke servicing model
- Strong and highly capable management team, underlying governance and operating profile.

Austbrokers Synergies

- MGA is a high-margin broking business (~11% premium to Austbrokers portfolio average) that provides an excellent platform to accelerate our consolidation strategy and deliver network scale and margin improvement
- Whittles provides access to a leading Strata Management Group, complementary to our existing capabilities, expertise and scale in the Strata Insurance market
- We anticipate additional synergy benefits can be achieved by leveraging the MGA Whittles processes and operations. We have not included any revenue or cost synergies in our accretion calculations

BIZCOVER – TRANSACTION SUMMARY



- *Online insurance solution to distribute and administer commercial insurance through a proprietary digital end-to-end platform.*
- *In partnership with a range of insurance carriers across a broad product suite and leveraging cross-segment opportunities*
- *Recognised as the leading direct small business insurance platform in Australia and New Zealand*

- Acquired 40% share in BizCover for \$132 million¹ on 17 February 2020
- Given the BizCover CY20 forecast EBITDA of \$17.7mn, this price implies an EBITDA multiple of 18.6x, excluding synergy benefits
- The valuation price and multiple is appropriate for a high revenue growth (>35%), high margin, and high profit growth business (~60%)
- Transaction is expected to be 3% EPS accretive on a FY20 full year pro-forma basis, excluding synergy benefits
- The consideration is payable in cash, funded via AUB's debt facilities
- In addition to the anticipated growth in profits of BizCover, AUB is targeting additional synergy benefits which will positively impact FY21

¹. Excluding a working capital adjustment estimated to be \$3 million

BIZCOVER – BUSINESS OVERVIEW



BizCover is an online commercial insurance distribution platform focused on the Micro-SME client segment. It is widely recognised as the leading direct small business insurance platform in Australia and New Zealand

Market Overview

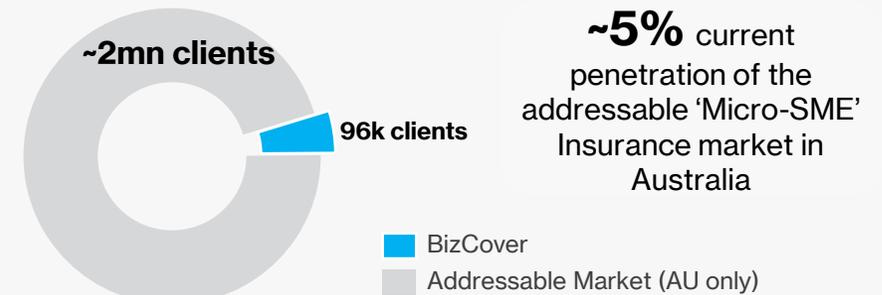
- The BizCover platform targets the Micro SME commercial segment
- In 2018 this segment comprised 1.4 million sole trading businesses in Australia making up 62% of the total number of businesses in Australia
- A further ~600,000 businesses in 2018 had 1-4 employees
- In 2018, there were 354,000 new businesses registered in Australia, predominantly Micro SME

Platform Scope and Capability

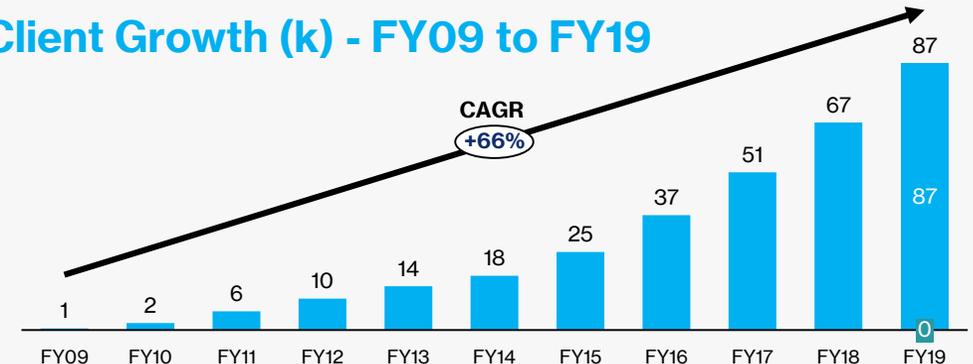
- BizCover had 96,000 active clients by the end of CY19
- Compares quotes from 7 leading insurers with quote-to-bind placement capability on the platform
- The quote engine accommodates ~6,000 occupations across 7 products



Market Size and Penetration



Client Growth (k) - FY09 to FY19



BIZCOVER – STRATEGIC RATIONALE

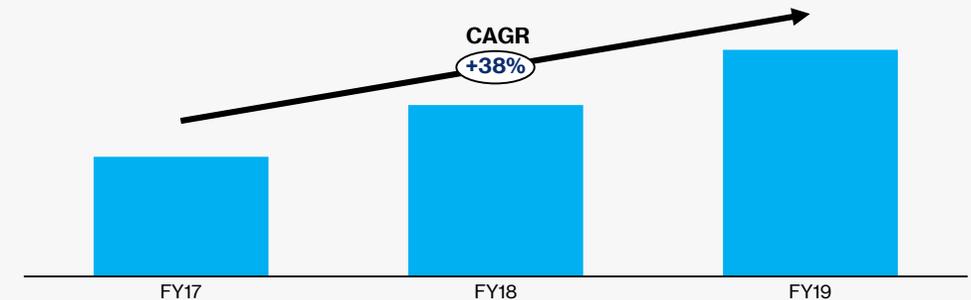


AUB Group's investment enables us to benefit from an established, high growth and very profitable insurance distribution business in a complementary client segment

Financial Performance

- Profit growth of ~60% CAGR
- EBIT margin at a significant premium to Austbrokers portfolio average
- Very high customer retention and customer satisfaction

Revenue Growth



Austbrokers Synergies

- The AUB Group anticipate strong cost and revenue synergy benefits to arise for both AUB Group (in broking and agencies) as well as for BizCover
- These synergy benefits have not been included in accretion calculations

Additional Opportunities

- Lead-sharing from referrals of clients who do not fit within the appetite of the BizCover quote engine
- Accelerate BizCover growth in New Zealand, leveraging our existing scale and market capability
- Opportunity to expand our Underwriting agency's distribution capability by adding SURA products onto the Austbrokers Express and BizCover platform

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1H20 Results Presentation

C. Update on Execution Priorities

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EXECUTION PRIORITIES UPDATE

1	EXECUTE ON STRATEGICALLY ALIGNED ACQUISITIONS	<ul style="list-style-type: none">▪ Agreed to acquire 100% of shares in MGA Whittles Group▪ Acquired 40% interest in online brokerage, BizCover▪ Terminated our conditional agreement with Pemba to acquire interest in Coverforce▪ Continued to execute on several small bolt-on acquisitions across the portfolio
2	DELIVER MARKET LEADING TECHNOLOGY CAPABILITIES	<ul style="list-style-type: none">▪ Launch of our high-volume broking platform, Austbrokers Express Cover, in March 2020▪ Rolled out CBS+ (enhancements to CBS) to optimise tech capabilities across the network▪ 'Sentinel' agency platform went live at first agency in January 2020, phased roll-out over FY20-FY21
3	REDUCE COSTS AND STREAMLINE HEAD-OFFICE	<ul style="list-style-type: none">▪ Restructured operating model to simplify management layers and reduce office-space overheads delivering a net annual run-rate benefit of ~\$2mn post-tax
4	OPTIMISE OUR PORTFOLIO (Consolidate for scale and Specialise for market leadership)	<ul style="list-style-type: none">▪ Successfully executed on 3 partner consolidations including: formation of Austbrokers Comsure (merger of Comsure, Citycover and new acquisition Bestmark); consolidation of Markey and Austbrokers Central Coast; realignment of portfolios between several Austbrokers members
5	REDEFINE RISK SERVICES STRATEGY	<ul style="list-style-type: none">▪ Actions taken have improved utilisation and reduced costs delivering improved profitability in 1H20▪ We are working with the respective management teams to improve performance and develop strategies for each business in the medium term
6	ENHANCE PARTNER PROPOSITION (Product, capacity and services)	<ul style="list-style-type: none">▪ Agreed new, standardised terms with several insurers for portfolios to be transacted on Austbrokers Express Cover, expected to drive improved revenue and cost outcomes for Austbrokers members

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Q4FY20 LAUNCH: AUSTBROKERS EXPRESS COVER



Allows our partners to efficiently service low value, high volume business by leveraging a new digital solution powered by BizCover technology providing multi-insurer and modular product quote-to-bind capability

Product Category	Commodity	Standard	Bespoke
Key features	<ul style="list-style-type: none"> Low value, high volume commoditised offerings Automated quote to bind – Target Straight Through Processing (STP) Simple to underwrite – rules driven, with a focus on efficiency and user experience 	<ul style="list-style-type: none"> Standard insurance offerings for products with significant standardisation in product design and policy Occasionally requiring manual underwriting input from carriers 	<ul style="list-style-type: none"> Bespoke insurance needs for clients in specialist industries and/or products Require significant underwriting expertise Complex capacity sourcing due
Portfolio Mix (Premium)	~ 30%		~ 70%
Portfolio Mix (Policies)	~ 50%		~ 50%

Value Proposition

- 1 Reduce partner cost-to-serve and time-to-serve (*reduce referral rates, quote turn-around times, enhance CRM*)
- 2 Improve client and partner experience (*modern, intuitive, intelligent, data-driven platform*)
- 3 Leverage risk-data to drive improved client and business outcomes
- 4 Improve back-office efficiency with end-to-end policy administration and workflow functionality
- 5 Reduce frictional cost and improve risk selection for insurer partners to support better economics

Target

~ \$450 million

in GWP to be transacted through the platform p.a. by FY24

Target

~ 350,000 policies

to be transacted through the platform p.a. by FY24

***1H20 Results
Presentation***

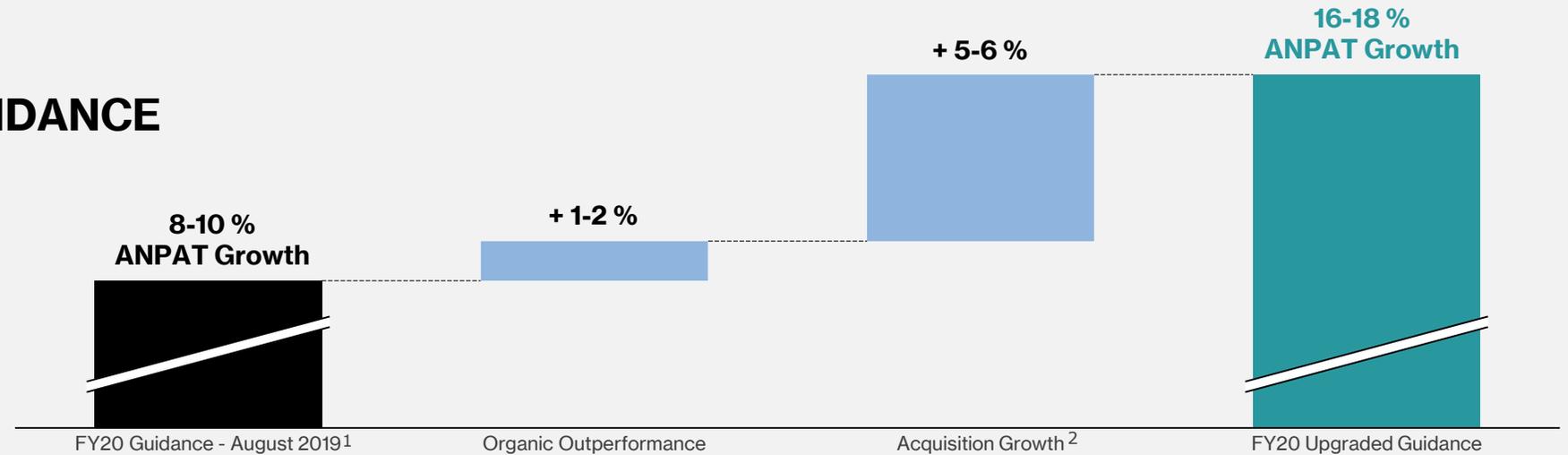
**D. FY20
Guidance**

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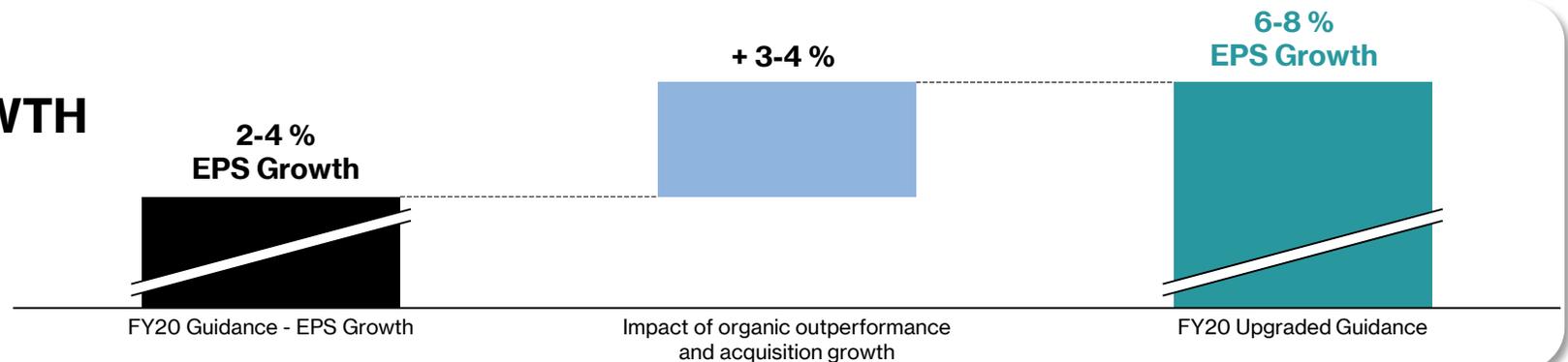
FY20 GUIDANCE UPGRADED



FY20 GUIDANCE



EPS GROWTH

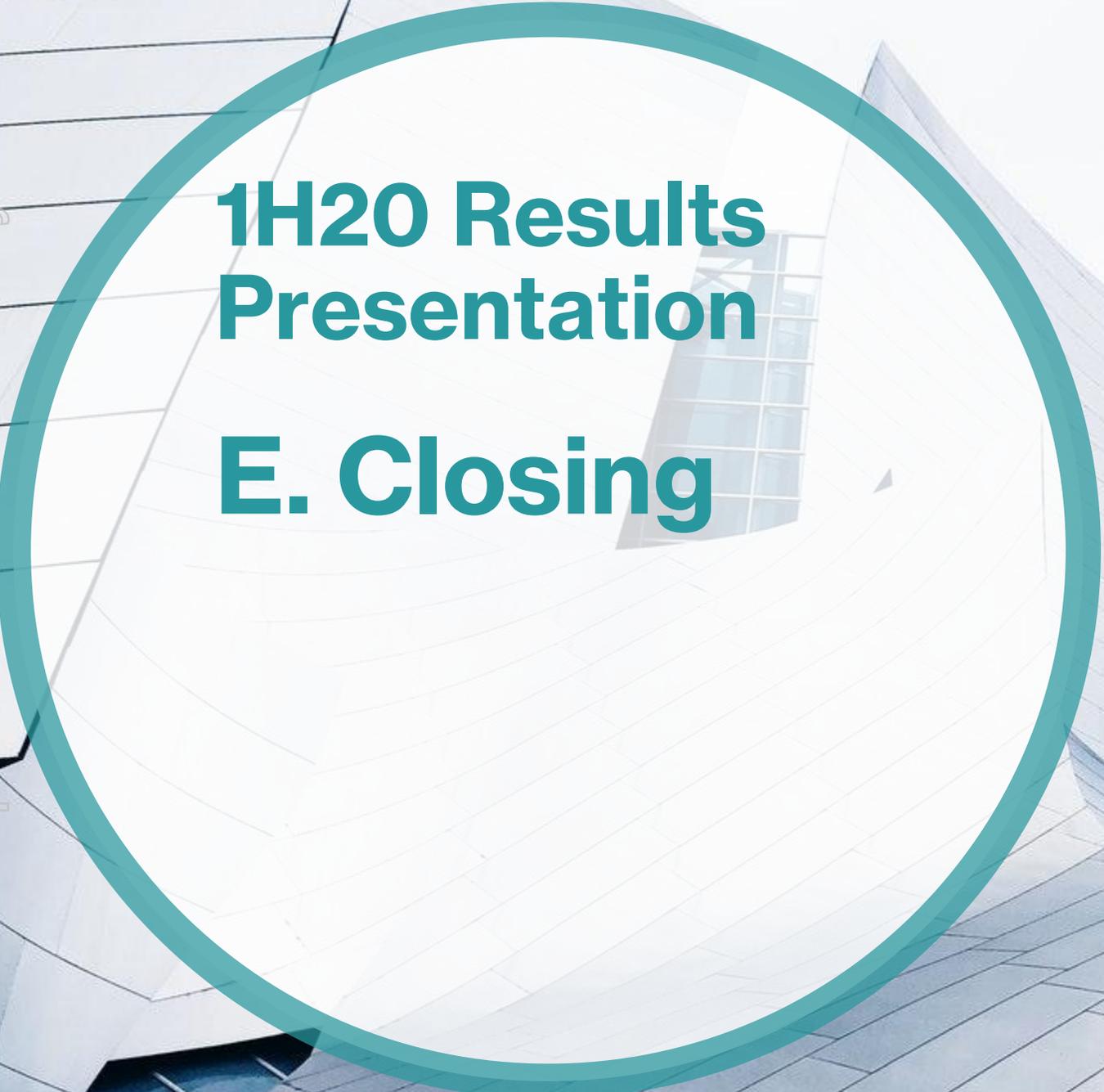


1. On 28 January 2020, the Group reaffirmed guidance, expecting to deliver towards the top of the previously announced guidance range of 8-10% growth in Adjusted NPAT in FY20 excluding major acquisition
 2. Acquisitions of; MGA Whittles and BizCover, as announced on 17 February 2020



FY20 GUIDANCE OVERVIEW

- The AUB Group expects Adjusted NPAT growth of 16-18% for FY20
- 1H20 performance has been strong and significant progress has been made to realise internal efficiencies and implement strategic initiatives. This improved outlook together with recent major acquisitions has resulted in the Group's upgraded view.
- In estimating 2H20 Adjusted NPAT the Group has factored in:
 - Performance from Australian Broking continuing in line with the original forecast at the beginning of the financial year. Premium rates in 1H20 increased by 6.2% and we anticipate rate increases in 2H20 to be in the range of 5-6%.
 - We have observed the flattening of New Zealand premium growth rates and have assumed these remain flat in determining 2H20 performance for AUB New Zealand.
 - The outlook for Health & Rehabilitation Services is potentially volatile including the possibility for further outperformance.
 - The seasonally important Australian Broking June renewal cycle being in line with expectations.

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1H20 Results Presentation

E. Closing

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ENHANCING AUB GROUP'S EARNINGS POTENTIAL

1

Strategies to improve AUB's organic growth and profitability are delivering encouraging early results

- 25% Adjusted NPAT growth 1H20

2

Two complementary strategic acquisitions

- Enhance AUB's scale, capability and earnings with the potential of significant additional revenue and cost synergies across the Group

3

FY20 Guidance upgraded to 16-18%

- Organic range upgraded to 10-12% (from 8-10%)
- Additional 5-6% delivered from major acquisitions

4

Portfolio Optimisation, technology-driven efficiencies and improved products and services to brokers expected to drive long term growth and outperformance

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Questions



Mike Emmett

CEO and Managing Director



Mark Shanahan

CFO

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Thank You

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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). 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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1H20 Results Presentation

Speaking Notes

Opening

Thank you for joining Mark and I as we take you through the first half results. We have released a presentation to the ASX this morning and I will refer to selected pages on this call.

Slide 2 – Key Messages

- There are four key messages for today on slide 2 as follows:
 - AUB Group delivered very strong performance in 1H20 with Adjusted NPAT up 25.3% to \$21.3m;
 - The strategically important acquisitions of MGA Whittles and BizCover announced on 17th February 2020 are EPS accretive and will accelerate AUB Group’s capability and scale enabling substantial additional synergy benefits to the Group;
 - We have made good progress against each of our 6 key Execution Priorities that were first communicated in August;
 - As a result of the recent acquisitions as well as strong operational performance, we are upgrading expected growth in Adjusted NPAT to 16-18% for FY20 (this was previously 8-10%).

Slide 4 – 1H20 Group Performance

In addition to the strong Adjusted NPAT performance, Slide 4 reflects other positive performance trends in the business including a 5.9% increase in underlying revenue, an improvement in EBIT margin of 90bps and an increase in Adjusted EPS of 12% for the first half. I’m also pleased to announce an increase in the Interim Dividend of 7.4% to 14.5c per share.

Slide 5 – 1H20 Performance Breakdown

- On slide 5 we’ve included a waterfall chart to indicate the main items impacting the Adjusted NPAT
- Reading from the left we’ve added back costs relating to the Canberra Fraud that were included above the line in FY19 in order to normalise the 1H19 Adjusted NPAT to \$18.6m and more accurately reflect the underlying growth rate. Strong organic growth for 1H20 of 17.9% and acquisition growth of 7.1% was slightly offset by the impact of reduced interest rates
- As a result we achieved an exceptional underlying profit performance of \$22.8m representing a normalised increase on 1H19 of 23%. On the right hand side of the chart we show a reduction of 0.9m for redundancy costs and 0.6m for the first-year impact of the change in accounting for lease costs to get back to the Adjusted NPAT of \$21.3m

Slide 6 – 1H20 Divisional Performance

- The Underlying Revenue and EBIT Margin represent the aggregated 100% view of all of our business holdings (whether controlled or associates) and then adjusts for Non-Controlling Interests to arrive at Profit Before Tax attributable to equity holders of the parent”
- In the half, all four divisions had increased underlying revenue and profit before tax attributable to equity holders

Slide 7 – Australian Broking – 1H20

- If we exclude Canberra from 1H19 and exclude redundancies and lease accounting charges from 1H20, the divisional profit contribution grew 10%

- Underlying commission and fee income grew mainly due to average commercial premium rate increases of 6.2%
- The Australian broking EBIT margin grew 50bp to 25.5%.

Slide 8 – New Zealand Broking – 1H20

- The profit contribution from the division was \$4.9m, up 55.2% largely reflecting the impact of the increased holding in BWRS to 100% on 1 January 2019 as well as the full period impacts of a number of smaller acquisitions; underlying commission and fee income grew 24.1%
- Further, NZ had 8% organic growth in client numbers and 9% growth in client numbers, the latter through small bolt on acquisitions towards the end of the period
- NZ saw some premium rate growth albeit this tapered to zero at the end of 1H20
- Expense growth of 27% is also reflective of the acquisitions but also importantly reflects investment in people, processes and infrastructure (including technology) to cater for further growth
- NZbrokers continues to perform well with growth in members and an improved membership proposition including enhanced technology

Slide 9 – Agencies – 1H20

- The pre-tax profit contribution to the Group from our Agencies was \$5.5m up 8.8%.
- Underlying commission and fee income grew 1.9% driven by:
 - Strong premium rate growth in most agencies of 7.8%;
 - Partially offset by poor performance in the strata businesses.

Slide 10 – Health & Rehabilitation – 1H20

- Procure was moved into Australian Broking and we now refer to the Altius and Allied businesses as Health & Rehabilitation Services
- The pre-tax profit contribution to the Group from Health & Rehab rose 125% to \$1.8mn
- The improved performance was the result of improved utilisation, reduced costs and a more diverse set of services

Slide 11 – Strong Balance Sheet and Capital Position

- Cash balances reduced since 30 June 2019 mainly due to repayment of interest bearing loans

Slide 12 – Group Debt

- This slide considers debt on a look through basis including share of associate's debt
- A third column in the top chart illustrates the impact of the acquisitions announced on February 17th
- At 31 December 2019:
 - The Leverage Ratio was 1.3:1;
 - The Gearing ratio was 19.9%; and
 - The Interest cover ratio was 10.4:1.
- Post completion of the acquisitions these look through ratios will be:
 - A Leverage Ratio of 2.5:1;
 - A Gearing Ratio of 32.9%; and
 - An interest cover ratio of 8.4:1 on a pro forma basis at the end of FY20.
- Post completion these ratios will trend back downwards organically; following completion of the acquisitions, we will have remaining debt capacity of \$44mn.

Slide 14 – MGA Whittles – Transaction Summary

Last week on 17th February we announced that AUB has agreed to acquire the balance of shares in the MGA Whittles Group for \$140m, this price reflecting an EBITA multiple of 10x. The details are reflected on slide 14. We anticipate this will be 8% EPS accretive on the basis we had owned it for the full year FY20. As disclosed previously, the transaction is being funded by a combination of cash and the issue of fully paid shares.

Slide 15 – MGA Whittles – Business Overview

Slide 15 highlights the quality of the MGA Whittles Group. MGA Whittles has achieved a 9% compound annual growth rate in revenue and operates at a significantly higher profit margin than the rest of the Austbrokers portfolio. As a result, we anticipate additional synergy benefits can be achieved by leveraging the MGA Whittles processes and operations to improve efficiency in the Austbrokers network. We have not included any revenue or cost synergies in our accretion calculations.

Slide 16 – BizCover – Transaction Summary

As described on Slide 16, on 17th February we also announced the acquisition of 40% of BizCover for an amount of \$132m. Given the CY20 forecast EBITDA for BizCover of \$17.7m, this price implies a multiple of 18.6x. Considering that BizCover has delivered revenue growth of 35% compound per annum, profit growth of 60% compound per annum and is a very profitable business with margins substantially higher than the Austbrokers portfolio, we are comfortable that this is a reasonable acquisition multiple. The consideration is payable in cash and funded from AUB's debt facilities. In addition to the growth in BizCover profits, AUB is targeting additional synergy benefits which will positively impact future performance. If we had owned the Biz Cover holding from the 1st July 2019 it would have added 3% to Adjusted NPAT for FY20

Slide 17-18 – BizCover – Business Overview and Strategic Rationale

Slides 17 and 18 describe why we believe that BizCover has significant and continuing revenue and profit growth potential as well as further synergy benefits across the AUB group.

Slide 20 – Execution Priorities Update

As you've seen, business performance in Risk Services (specifically Health and Rehabilitation Services) has improved. This has resulted from key actions that management took in diversifying services, improving utilisation and reducing costs. We are working with the relevant management teams to further improve business performance and to determine a medium term strategy for each business.

We have made progress with optimising and consolidating the Austbrokers portfolio. Specifically:

- We are forming a new merged operation, Austbrokers Comsure from the merger of three Brisbane-based businesses namely Comsure, Citycover and a newly acquired business, Bestmark to form our largest operation in Queensland.
- We have consolidated Austbrokers Central Coast into Markey Insurance Brokers, another Austbrokers member.
- We have transferred portfolios between Austbrokers members to enhance the alignment of products and segments

Technology. We are in the process of rolling out three different solutions

- To improve our Core Broking System functionality. These updates known as CBS+ have already been rolled out to 19 Austbrokers.
- To continue with Project Sentinel, the implementation of a new agency platform. This previously-challenged project is now on track and went live with the first agency in January with rollout to complete in 2021.

Slide 21 – Q4FY20 Launch: Austbrokers Express Cover

Slide 21 describes our third and most ambitious technology initiative. Austbrokers Express Cover is a quote-to-bind system for use by Austbrokers members to simplify and improve the buying experience for their customers. The platform is powered by BizCover technology but is distinct from BizCover and designed for use by Austbrokers members to assist brokers at the point of sale with a customer. Express Cover is already in pilot with several members and will be launched nationally to the network at the Austbrokers conference in March. Over the next four years we are targeting achieving an annual placement of \$450m of premium and 350,000 policies on the platform.

I'd like to emphasise that the costs for these new technology initiatives are contained within our normal cost budgets. The costs of CBS+ and Express Cover are being fully expensed with no costs being capitalised. The Sentinel agency project continues to be capitalised (and amortised) in accordance with the historic treatment for this project.

Slide 23 – Guidance Upgraded

On slide 23 we describe the upgrade to guidance in relation to both Adjusted NPAT and EPS. The top waterfall describes the walk from our original guidance of 8-10% growth in Adjusted NPAT to our new upgraded guidance of 16-18% growth in Adjusted NPAT. The upgrade arises from both an expected increase in organic growth together with the impact of additional forecast profits from BizCover and MGA Whittles. This will represent a level of profit growth for the AUB Group not seen since 2013

We have also included an equivalent waterfall reflecting the impact to EPS in FY20 noting that EPS growth in the current year is impacted by the full effect of the FY19 share issuance

Slide 24 – FY20 Guidance Overview

In summary, our strategies to increase AUB's long-term earnings potential are delivering encouraging early results. First half growth in Adjusted NPAT of 25.3% together with the execution of two major, complementary acquisitions which enhance AUB's scale and capability have underpinned an upgraded expectation for full year growth of Adjusted NPAT of 16%-18%.

Slide 26 – Enhancing AUB Group's Earning Potential

Furthermore, we anticipate significant additional revenue and cost synergies from the recent acquisitions and these, together with other opportunities to optimise the portfolio, deliver technology-driven efficiencies and to improve products and services to brokers are expected to drive long term growth and outperformance. There is significant latent potential in AUB's network of businesses and the acquisition of MGA Whittles and BizCover will enable us to unlock this potential. This is a significant moment in AUB's progression as a company. We have taken steps to significantly enhance the long-term performance potential of the Group and have already made material progress to achieve this.