



19th November 2008

The Manager Listings
Australian Stock Exchange
Company's Announcement Office
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Dear Sir,

We attach a copy of the prepared Chief Executive Officer's address and presentation which will be delivered at the Austbrokers Holdings Limited's Annual General Meeting being held at 10.00am today.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'S.S. Rouvray'.

S.S. Rouvray
Company Secretary

Austbrokers Holdings Limited

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**AUSTBROKERS HOLDINGS LIMITED
CEO'S ADDRESS TO
ANNUAL GENERAL MEETING 19 NOVEMBER 2008**

I would also like to add my welcome to the third AGM for Austbrokers as a listed company.

I will provide you with a brief overview of the market conditions, recap on details of the 2008 results, and major achievements in 2008, ongoing developments since year end and finally a few comments on the expected market conditions and outlook for the 2008 – 2009 year.

Review of FY 2008

Market Conditions

The premium rate environment on the whole has been relatively stable over 2008 however we have seen some increases particularly in commercial motor lines. Underwriters have been expressing the need for rates to increase, particularly in the later part of the financial year, however this has not translated into significant increases to date. On the other hand we have not seen the ongoing falling rates we have experienced over recent years.

Economic conditions during the 2008 financial year were good with increasing business growth. Inflationary pressures have meant sums insured have been increasing and this environment has been favourable for the broking industry.

Acquisition activity in the broker industry has been lower than in the past few years with few significant businesses changing hands. There has however been significant activity in lower level businesses and portfolios.

FY 2008 Results

The reported net profit after tax increased by 13.7% over 2007 with the net profit after tax and before amortisation increasing by 18.5% over 2007.

The growth in profits on the same basis from 2004 – 2008 shows a strong increase over that five year period reflecting both organic growth particularly in the early years and the contribution of acquisitions in 2006 through to 2008 in the softer premium rate environment.

Broker revenue increased by almost 28% over 2007 while our share of the broker profits increased by 24%.

Pre-tax profit showed an excellent increase of 24.8% which was reduced to an 18.5% increase due to tax credits in 2007 not recurring in 2008.

This result is very pleasing given the market conditions.

As a result the full year dividend was increased by 20% to 18 cents per share which represented a 58% payout ratio on NPAT before amortisation.

Acquisitions were responsible for just over half the 29% increase in our share of broker profits.

The broker businesses performed well increasing premiums placed by 5% and increasing commission and fee earnings by 9% which exceeded expense increases of 7.1%.

Insurance Broking Operations FY 2008

Our strategies of growth through acquisition and developing existing businesses continued during the year.

We made two major acquisitions directly – Strathearn Insurance Brokers with offices in Perth, Brisbane and Sydney and Rivers Insurance Brokers with offices in Brisbane, Cairns and Innisfail. These increased the Austbrokers presence in Queensland particularly the far north and in Strathearn’s case added strong technical skills particularly in mining, construction and professional indemnity.

In addition to the above there were a number of acquisitions made by network members:

- MGA acquired 75% of Portfolio Planners general insurance portfolio in Adelaide.
- Austbrokers AEI Transport acquired Transcom Insurance Services in Sydney
- Austbrokers Central Coast acquired two portfolios on the New South Wales Central Coast.
- Phillips acquired 50% of Australian Compensations Services in Melbourne.
- Other smaller portfolios were acquired as bolt-ons to existing businesses.

Equity in McNaughton Gardiner Insurance Brokers increased by 20% to 70% and in line with reinforcing the owner driver model we have divested 15% of Austbrokers Terrace to the management team of that business.

We have continued to promote and develop premium funding in conjunction with Pacific Premium Funding arranging \$180 million in funding for the 2008 financial year.

In terms of creating synergies and cost savings the Brisbane based DF McGarry and Citycover businesses have merged.

A total of 21 business have now been transferred to the Central Data Centre and IT resources have been applied to assist the brokers with their marketing efforts.

The AIMS alliance with IBNA has been successful in developing improved policy wordings with underwriters and the improved value proposition for supporting underwriters has led to additional commissions on certain classes of business. We have also made a number of acquisitions from the IBNA membership.

Developments since 30 June 2008

Since 30 June we have continued to make acquisitions:

- A 50% interest was acquired in SRG Corporate (formerly an IBNA member) which places \$17 million in premium and has offices in Perth and Brisbane.
- A portfolio with \$11 million in premium based in Sydney’s south has been purchased from Horsell’s International by Austbrokers Sydney.
- We divested 25% of FIS in Melbourne to Austbrokers Stateplan as part of an arrangement where FIS acquired a bus portfolio with income of \$300,000.
- Two small life insurance portfolios were acquired by Austbrokers Financial Solutions.

In addition equity in existing businesses has varied with retirements and divestments to reinforce the owner driver model:

- In Austbrokers City State we increased our equity from 80% to 100%
- In North Coast Insurance Brokers from 50% to 70%
- In RWA we reduced our equity from 80% to 60%
- In Finsura from 80% to 70%
- In Austbrokers AEI Transport from 67.5% to 65%

In addition Austbrokers ALIB and BHI Insurance Brokers have merged generating cost savings.

Underwriting Agencies

We have continued to promote existing specialist products to the broking industry.

We have acquired 60% of a small agency operating in the tourism industry.

We have established Latitude Underwriting agency to write property and liability risks and to support the Austbrokers Network. This agency is underwritten by Great Lakes Australia (100% owned by Munich Re).

Borrowing Facility – St George Bank

The facility with St George entered into in 2005 was for five years but recognising the progress of the business and the potential of turmoil in the financial sector we renegotiated the facility early to increase the limit from \$30 million to \$44 million and extend the term to August 2013.

Currently the facility has undrawn capacity of \$13 million which, after anticipated earn out payments, will provide around \$9 million for future acquisition funding.

Outlook FY 2009

Market Conditions

The soft premium rate environment of the past few years has moderated with rates firmer but increases have not been large nor are they across all classes of income.

We believe the rate environment for FY 2009 will be relatively stable with early signs of increases over the remainder of the financial year.

The broker market will continue to consolidate and opportunities to make acquisitions will arise. These may be more the portfolio or bolt-on business for existing members than stand alone.

Earnings Outlook

The results in the broker network for the four months to date have been encouraging but we are facing a number of unknown factors for the remainder of the financial year:

- Contribution from broker profit commissions will not be known until the second half.
- Reduction in interest rates will impact interest earnings on funds held and the extent of future reductions are uncertain.
- The extent of the economic slowdown and its impact on the insurance market.

Earnings Guidance

Given these factors we have maintained our previous earnings guidance of growth in NPAT (before amortisation of intangibles) of 5% to 10% over FY 2008.

This guidance will be reviewed when the FH 2009 results are finalised in February 2009 and the extent of the deterioration in economic conditions may be clearer.

I would particularly like to recognise the efforts our equity partners and all those employed in the broker network for the contribution made to the excellent results achieved in the 2008 financial year. I would also like to thank the management and staff of Austbrokers Holdings for their ongoing efforts and support throughout the year.

Thank you for attending today and for your ongoing interest in and support of Austbrokers.

W.L. McKeough
CEO
Austbrokers Holdings Limited

AUSTBROKERS HOLDINGS LIMITED

**Presentation to
Annual General Meeting**

19 November 2008

Lachlan McKeough - CEO

Agenda

- Review of FY 2008
 - Market conditions
 - Insurance broking operations
 - Underwriting agencies
 - Borrowing Facilities
- FY 2009 outlook
 - Market conditions
 - Earnings outlook
 - Earnings guidance

Market Conditions FY 2008

- Premium rates environment
 - Varies across classes
 - More stable than in past years, some increases, particularly commercial motor
 - Underwriters indicating increases required
 - No significant increases evident as yet
- Economic conditions good
 - Increasing business growth
 - Inflationary pressure on sums insured
- Acquisitions
 - Activity in the market lower than past years
 - Few significant businesses available for purchase
 - Lower level consolidation and bolt on businesses comprised bulk of acquisitions in market

FY 2008 Results

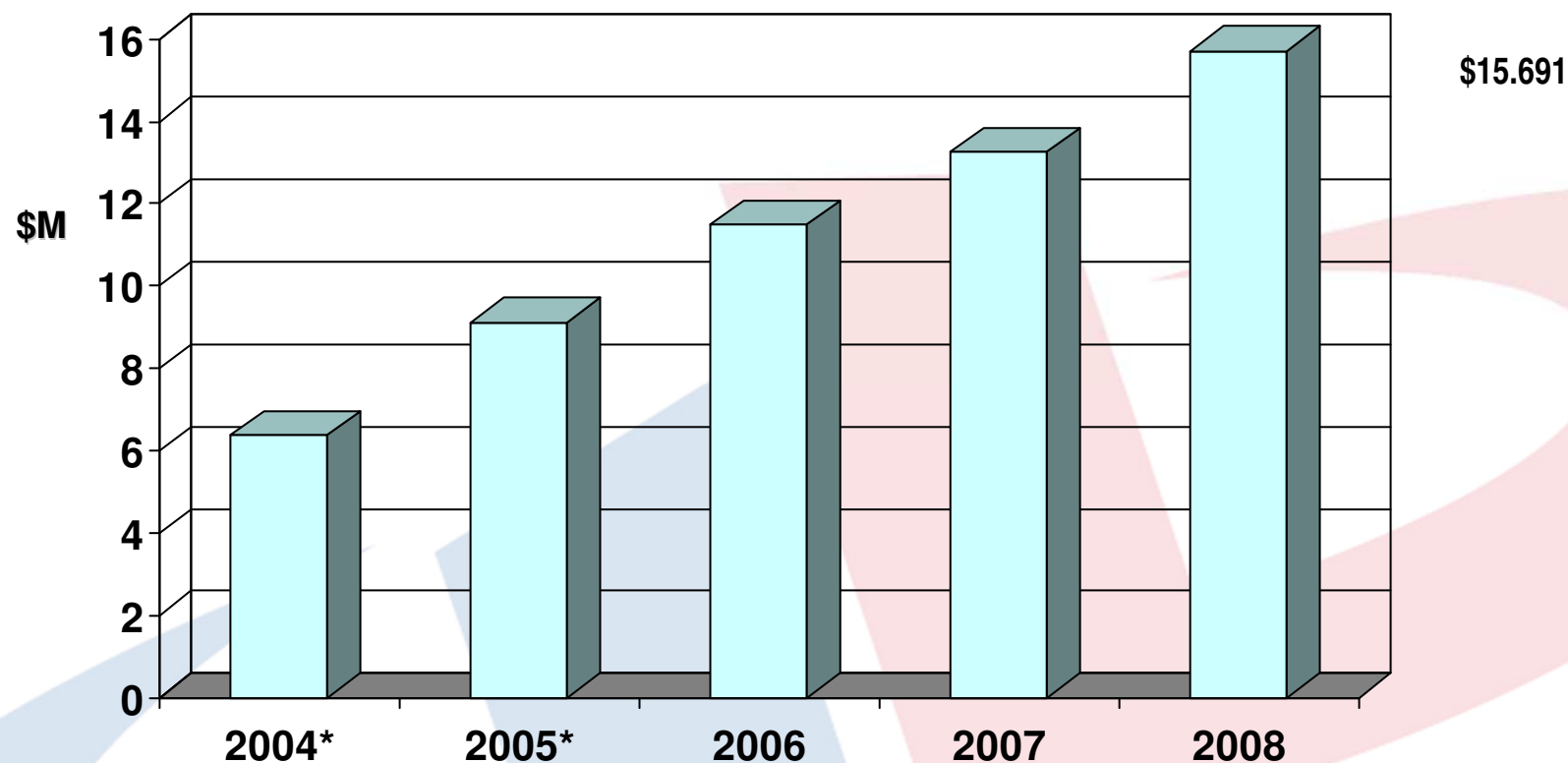


	Actual 2008 \$'000	Actual 2007 \$'000	% Change on 2007
Reported Net profit after tax	14,316	12,590	13.7%
Profits on sale of business	<u>489</u>	<u>672</u>	
	13,827	11,918	16.0%
Amortisation of intangibles	<u>1,864</u>	<u>1,326</u>	
NPAT before amortisation of intangibles and profit on sale of businesses	<u>15,691</u>	<u>13,244</u>	18.5%

Highlights

- Exceeded FY 2007 by 18.5%

Profit Growth 2004 - 2008



Profit – Net profit after tax before amortisation of intangibles and before profits on businesses / portfolios sold (Adjusted NPAT)

* From Prospectus dated 30 September 2005 adjusted for profits from businesses sold as part of the IPO restructuring

FY 2008 financial performance



\$'000	Actual 2008	Actual 2007	% change
Broker Revenue (net of commission paid)	171,993	134,631	27.8%
Brokers Profit (AHL share)	29,700	23,948	24%
Profit (before tax and amortisation of intangibles and sales of businesses)	23,634	18,931	24.8%
NPAT (before amortisation of intangibles and sales of businesses) – Adjusted NPAT	15,691	13,244	18.5%

Financial Highlights

- Dividend
 - Full year dividend 18 cents up 20% on FY 2008
 - Payout ratio on NPAT 58%
- Total shareholder return
 - Marginally positive for FY 2008 at 0.46%
- Share of broker profits increased by almost \$6 million or 24% over FY 2008 with acquisitions contributing just over half this growth
- Excluding acquisitions brokers increased premium placed by 5% and commission and fees by 9%
- Broker expenses increased by 7.1% excluding acquisition

Insurance Broking Operations



- Continued strategy of growth through acquisition and developing existing businesses
- Acquisitions Direct
 - 50% of Strathearn Insurance Brokers – Perth, Brisbane, Sydney
 - 50% of Rivers Insurance Brokers – Cairns, Brisbane, Innisfail
- Acquisitions in the Network
 - MGA acquired 75% of Portfolio Planners General Insurance Book in Adelaide
 - Austbrokers AEI Transport acquired Transcom Insurance Services in Sydney
 - Austbrokers Central Coast acquired John Tarrant Insurance Consultants and Gosford Insurance Brokers on NSW Central Coast
 - Phillips acquired 50% of Australian Compensation Services
 - Other smaller bolt on portfolios by Austbrokers Sydney, Austbrokers RWA and Austbrokers Financial Solutions
- Equity Changes
 - McNaughton Gardiner Insurance Brokers from 50% to 70%

Insurance Broking Operations (con't)

- Owner Driver
 - Divested 15% of Austbrokers Terrace to two senior managers
- Synergies / Efficiencies
 - Merger of DF McGarry / Citycover 1 January 2008
 - Transfer of 21 brokers IT to Central DataCentre
 - IT support for network marketing
- Premium Funding
 - Continuing promotion and development of Joint Venture with Pacific Premium Funding (GE Company)
 - \$180 million funded with Pacific during the year
- IBNA Alliance (AIMS)
 - Appointment of GM
 - Development of IBNA Alliance
 - Development of improved policy wordings
 - Improved value proposition for supporting underwriters to generate additional commissions
 - Source of acquisitions (Portfolio Planners, SRG Corporate)

Insurance Broking Operations (con't)

Developments Since 30 June 2008 – Acquisitions & Equity Changes

- 50% interest in SRG Corporate
 - \$17 million premium placed
 - Perth & Brisbane offices
 - \$2.5 million in income
- 100% of portfolio based in Southern Sydney from Horsells International by Austbrokers Sydney
 - \$11 million in premium
 - \$1.6 million in income
- 25% of FIS based in Melbourne sold to Stateplan (already owned 50%). FIS acquired bus portfolio with income of \$300,000
- 50% of SPT Financial Services and another small portfolio by Austbrokers Financial Solutions
- Increase in equity in existing businesses
 - Austbrokers City State from 80% to 100%
 - North Coast Insurance Brokers from 50% to 70%
 - Succession process
- Decrease in equity in existing business
 - RWA by 20% to 60%
 - Finsura by 10% to 70%
 - Austbrokers AEI Transport by 2.5% to 65%Reinforce owner driver model
- Merger of Austbrokers ALIB and BHI Insurance

Underwriting Agencies

- Continued to promote existing specialist products to broking industry
- Acquired 60% Dolphin Insurance specialising in tourism industry
- Established new agency – Latitude – property and liability underwritten by Great Lakes Australia (subsidiary of Munich Re)
- Agencies strategically placed for any underwriter consolidation

Borrowing Facility - St George Bank



- Existing term was five years to October 2010 – limit \$30 million
- Renegotiated terms early increasing limit to \$44 million
- Extended term for five years term to August 2013
- Undrawn amount \$13 million - \$9 million after anticipated future earn out payments
- Provide acquisition funding for short term

Market Conditions FY 2009

- Market conditions unlikely to change significantly in immediate future – early signs of rate increases but product specific and not likely to increase significantly for all products in FY 2009
- Consolidation of insurance broker market to continue and provide acquisition opportunities
- Worsening economic conditions will impact insurance industry
- Reducing interest rates

Earnings Outlook

- Brokers' results for the first four months of FY 2009 are encouraging
- Broker profit commission income will not be known until April / May 2009
- Impact of future anticipated rate reductions on interest earnings on trust funds held
- Extent of economic slowdown, if significant, may impact second half year income
- Based on these factors and considering uncertainty over the impact of future economic conditions we have maintained our previous earnings guidance of growth in Net Profit After Tax (before amortisation of intangibles) of 5% to 10% over FY 2008. This guidance will be reviewed after half year results are finalised in February 2009

This presentation may contain forward looking statements relating to future matters, which are subject to known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Austbrokers and the Austbrokers Group to be materially different from those expressed in this presentation. Except as required by law and only to the extent so required, neither Austbrokers nor any other person warrants that these forward looking statements relating to future matters will occur.