



24th November 2011

The Manager
Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Dear Sir,

We attached 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 read 'SR' followed by a flourish.

S.S. Rouvray
Company Secretary
Austbrokers Holdings Limited

For further information, contact Steve Rouvray: (02) 9935 2201
0412 259 158



AUSTBROKERS HOLDINGS LIMITED
CEO'S ADDRESS TO
ANNUAL GENERAL MEETING 24 NOVEMBER 2011

Good morning Ladies and Gentlemen. I would also like to add my welcome to our sixth AGM since Austbrokers listed on the ASX. Once again I am pleased to report that the company has had another very successful year achieving increased profits, earnings per share growth and paying higher dividends.

I would like to provide you with a brief overview of the market conditions, recap on details of the 2011 results, touch on some of the major achievements for the year, ongoing developments since year end and finally a few comments on our expectations for market conditions and outlook for the 2012 financial year.

Review of FY 2011

Market Conditions

The premium rate environment on the whole has been relatively stable over 2011 however we have seen some increases particularly in personal lines and steady increases in the SME sector. Professional indemnity and directors and officers insurance rates remain soft, mainly due to an excess of capacity in that market. Underwriters have generally continued their push for rates to increase, particularly after the floods and cyclone Yasi. Risks with any degree of higher exposure have moved into the hard to place markets. Rates on risks in North Queensland have increased substantially and many underwriters are reducing their exposure to this region.

Economic growth slowed with the two speed economy evident across certain industries with the SME sector in general under some stress.

Interest rates were increased over the period, particularly in the first half resulting in increased investment income earned on insurance broking trust bank accounts.

FY 2011 Results

The reported net profit after tax increased by 17.5% over 2010, with the net profit after tax and before amortisation increasing by 18.1%.

The growth in profits on the same basis from 2007 – 2011 shows a strong increase over that five year period.

Earnings per share has also shown a strong increase over that period from 25 cents to almost 40 cents – a compound average growth rate of just over 12%.

This result was very pleasing given the patchy economic conditions prevailing during the period. As previously stated, we did benefit from the increase in interest rates over last year.

As a result the full year dividend was increased by 13.3% to 25.5 cents per share which represented a 58% payout ratio on NPAT before amortisation and profits on sales and was above earnings per share growth of 12.2%.

Total Shareholder Return was 33.6% for the year compared to the All Ordinaries Index return of 12.2%. Austbrokers return over the five years to 30th June 2011 was 26.2% per annum.

Insurance Broking Operations FY 2011

The broker network performed well increasing revenue by 9.4% while our share of the broker profits increased by almost 13%. The growth achieved in 2011 was largely organic growth through existing businesses and bolt on acquisitions made by them.

During the year we continued to seek acquisition opportunities.

We acquired a 50% interest in Country Wide Insurance Brokers which has its head office in Perth and branches in rural Western Australia. This has added to Austbrokers presence in the west where we already had equity in five businesses.

A total of thirteen acquisitions were made, the majority of which were smaller bolt-ons to existing businesses which added over \$3 million income to the group.

We have continued to promote and develop premium funding in conjunction with Pacific Premium Funding arranging \$297 million in funding for the 2011 financial year, a 6% increase.

We have continued to seek improvements in efficiency in our operations. Our Central Data Centre has continued its development with thirty three businesses in the group now serviced by the data centre which provides an efficient and cost effective support to the network.

Our centralised business centre provides back office services, particularly for the smaller operations, and is now supporting nineteen businesses.

We have continued to support the network with compliance, best practice initiatives and risk management services and instituted broking file reviews to improve processes.

Underwriting Agencies

The focus on growth and development of our underwriting agency operations has continued.

Austagencies has increased income by 26.2% in 2011 with premiums written now standing at \$100 million.

A 50% interest was acquired in specialist underwriting agency, Celestial. We also purchased CEMAC, a plant and equipment underwriting agency based in Brisbane writing \$8 million in premium. This acquisition complemented our existing plant and equipment portfolio. New agency joint ventures writing engineering and construction risks were also commenced.

Funding

The facility with St George Bank of \$44 million is in place until August 2013. Currently the Facility is drawn to approximately \$33 million which would leave around \$11 million available. With cash currently held and recognising around \$3 million of future earn out payments approximately \$20 million is available for future acquisitions.

Due to the above the Dividend Reinvestment Plan was suspended for the final dividend and this position will be reviewed in light of the level of and outlook for acquisitions next year.

Developments since 30th June 2011

Since the end of the financial year two bolt-on acquisitions have been made and we are continuing discussions in relation to a number of further acquisitions of portfolios and businesses.

Austbrokers, along with its technical partners Ebix, LMI and insurers Allianz, CGU, and QBE have developed and launched the EDI iClose System for business package insurance products. Zurich and Vero are underway with their respective integration projects and expect to participate early next year. ISR will be added in the coming weeks with other products to follow for open market placements.

The iClose System is being rolled out across the Austbrokers network enabling brokers to receive quotations from any or all participating insurers from a single generic quote request for either EDI or open market formats.

The iClose System allows for product differentiation, direct access to the LMI suite of products and is fully integrated with the Ebix CBS broking package. We believe the System will deliver a competitive advantage to the Austbrokers network and deliver significant benefits to customers and insurers.

A key differentiation of the iClose System from other platforms is that it took advantage of existing EDI infrastructure currently used by both insurers and brokers.

Outlook FY 2012

Market Conditions

We believe the premium rate environment for FY 2012 will be relatively stable with steady increases over the remainder of the financial year in SME sector. Domestic classes are already seeing significant increases.

The broker market will continue to consolidate and opportunities to make acquisitions will arise. There are opportunities in the market but as always the timing of completing these can be subject to many variables. There is also increased competition emerging for acquisitions.

The economic outlook appears patchy and difficult particularly in the SME sector but unless it worsens significantly the impact should not be great.

Earnings Outlook

The results for the four months to the end of October have been pleasing but approximately 60% of the group's profit is earned in the second half and 40% in the last two months of the year. In addition the level of profit commissions will not be known until the last quarter of the year. On this basis and recognising some uncertainties in economic conditions over the remainder of the year, we are maintaining our previous earnings guidance of a 5% to 10% increase in Net Profit After Tax over FY 2011.

Conclusion

Most importantly, I would like to again recognise the efforts of our equity partners and all those employed in the broker network and underwriting agencies for their contribution to the excellent results achieved in the 2011 financial year and continuing into the new 2012 financial year. I would

also like to thank the management and staff of Austbrokers Holdings for their ongoing efforts and support.

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

W.L. McKeough
CEO
Austbrokers Holdings Limited

Austbrokers Holdings Limited

**Presentation to
Annual General Meeting**

24th November 2011

Lachlan McKeough - CEO



Agenda

- Review of FY 2011
 - Market conditions
 - FY 2011 results
 - Insurance broking operations
 - Underwriting agencies
 - Funding
- Developments since 30th June 2011
- FY 2012 outlook
 - Market conditions
 - Earnings outlook
 - Earnings guidance

Market Conditions FY2011

- Premium rates environment
 - Moderate increases
 - Private motor and householders insurance increases flowing through
 - Smaller business also seeing increases
 - Underwriters still seeking increases
 - Volume of premiums also driven by factors other than rates
- Economic conditions
 - Economic growth lower level
 - Interest rates increased over FY2010, particularly first half
 - Uncertainty in SME sector

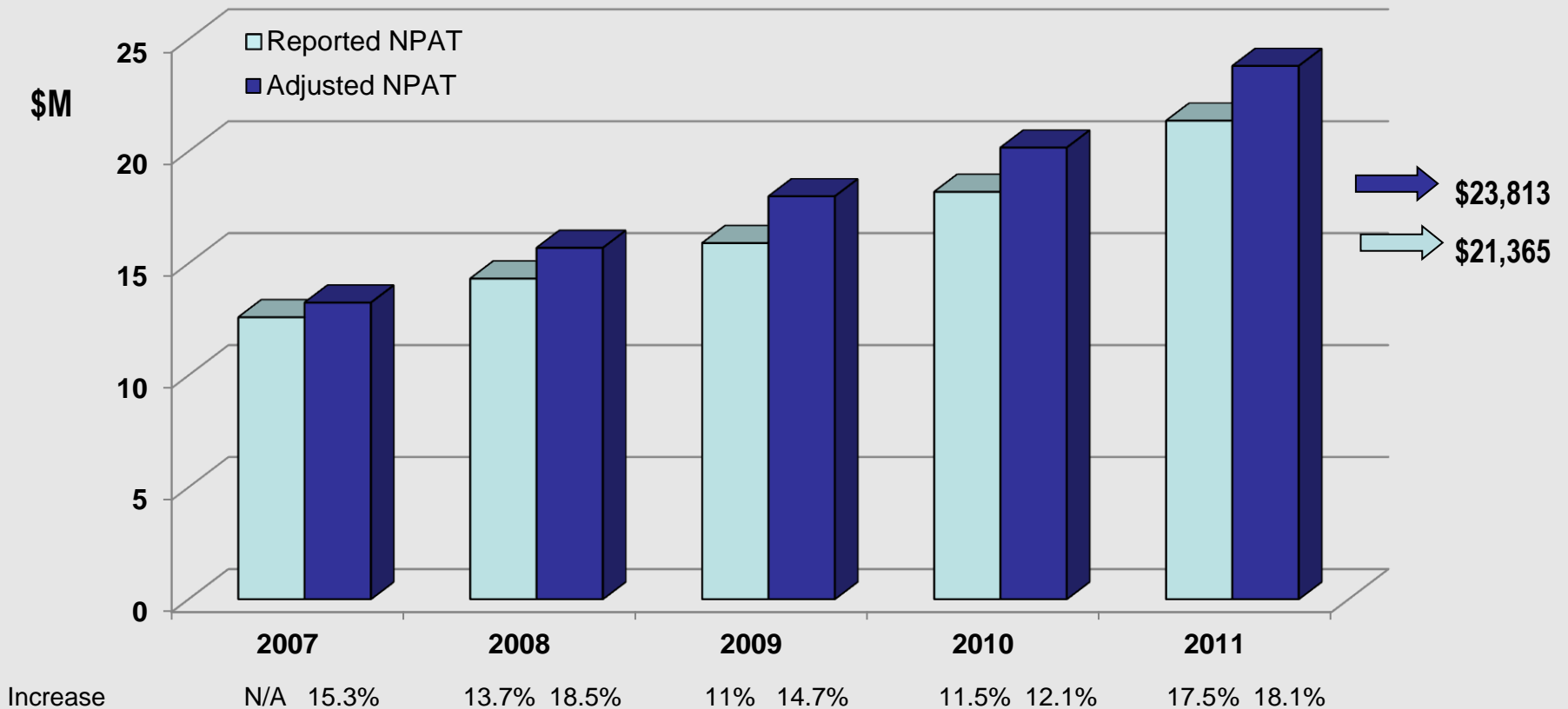
FY2011 Results

	Actual 2011 \$'000	Actual 2010 \$'000	% Change on 2010
Reported Net profit after tax	21,365	18,189	17.5%
Profits on sale of business	<u>(105)</u>	<u>(572)</u>	
	21,260	17,617	20.7%
Amortisation of intangibles	<u>2,553</u>	<u>2,548</u>	
NPAT before amortisation of intangibles and profit on sale of businesses (Adjusted NPAT)	<u>23,813</u>	<u>20,165</u>	18.1%

Highlights

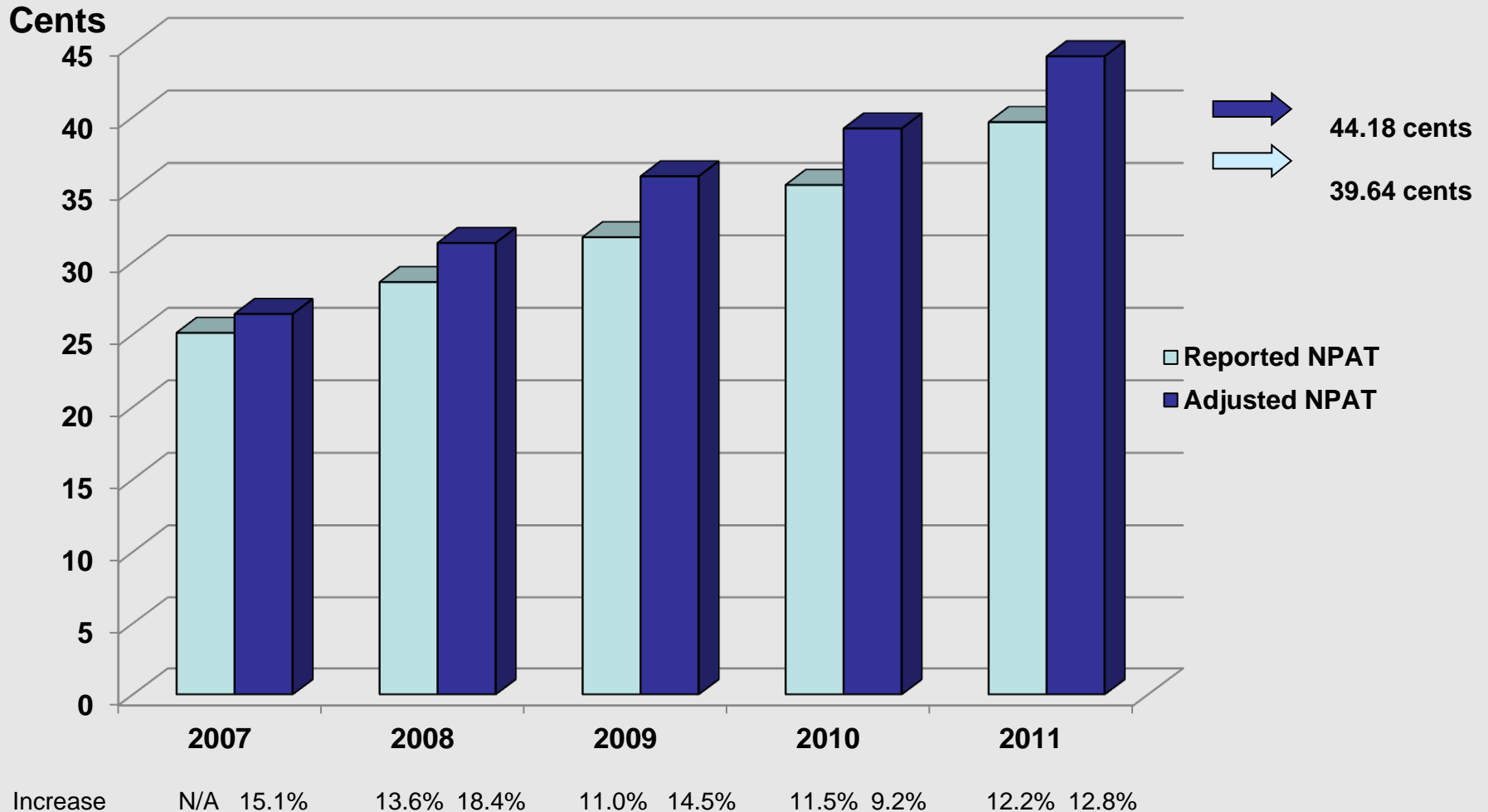
- Exceeded FY 2010 by 18.1%

Profit Growth 2007 – 2011



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

Earnings Per Share FY 2007 - 2011



Financial Highlights

- Dividend
 - Full year dividend 25.5 cents per share up 13.3% on FY 2010
 - Payout ratio on NPAT 65% (58% on Adjusted NPAT)
- Total shareholder return
 - FY 2011 – 33.6% versus ASX All Ordinaries Index 12.2%
 - 5 years to 30th June 2011 – 26.2% p.a. (ASX All Ordinaries 2.6%)
- Earnings per share growth was 12.2%

Insurance Broking Operations

FY2011 Financial Performance

\$'000	Actual 2011	Actual 2010	% change
Broker Revenue (net of commission paid)	225,470	206,114	9.4%
Brokers / Pre Tax Profit (AHL share)	39,048	34,610	12.8%

Insurance Broking Operations

- Share of broker and agencies profits increased by almost \$5.2 million or 13.7% over FY2010 largely from growth in existing business
- Continued strategy of growth through acquisition and developing existing businesses
- Acquisition Direct
 - 50% of Countrywide Insurance Brokers – Perth (1st April 2011)
- Acquisitions in the Network
 - Rivers (50%) acquired portfolio in Cairns - income \$540,000
 - MGA (50%) acquired 50% of portfolio in Perth – income \$510,000
 - Adroit (50%) acquired portfolio in Albury – income \$180,000
 - MGIB (70%) acquired business in Bunbury – income \$400,000
 - Austbrokers Countrywide (50%) acquired portfolio – income \$500,000 and remaining 55% of John Smith Insurance Brokers
 - Terrace (85%) acquired a portfolio - \$400,000 income
 - Coast to Coast (50%) acquired portfolios – income \$450,000
 - A number of smaller portfolios by various brokers
 - Acquisitions totalled 13 for the year

Insurance Broking Operations (cont'd)

- Premium Funding
 - Continuing promotion and development of Joint Venture with Pacific Premium Funding (GE Company)
 - \$297 million funded with Pacific during the year
 - Contributed \$11.7 million in income to Broker Network – up 6%
- Synergies / Efficiencies
 - Central DataCentre hosts over 33 businesses for at least some services
 - Austbrokers Business Centre provides back office services – now servicing nineteen businesses
 - Compliance structure, updates and audits
 - Best practice initiatives
 - PI reviews to improve processes, reduce exposure to claims

Underwriting Agencies

- Achieved 26.2% income growth, 17.5% excluding acquisitions
- Premiums written in 2011 - \$100 million (excluding taxes and charges)
- Acquired a 50% interest in Celestial Underwriting Agency
- Acquired CEMAC a contractors plant and equipment underwriting agency which writes \$8 million in premium and has income of \$1 million
- Started joint ventures in construction and engineering

Funding – Current Position

- Bank Facility with St George \$44 million – term five years to August 2013
- At 31 October facility is drawn to \$33 million
- Availability for future draw downs is \$11 million
- \$3 million in earn out payments remain at 30th June
- Total funds currently available for acquisition around \$21 million after earn out payments of \$3.1 million
- Future application of DRP will be based on need for acquisition funding

Developments Since 30 June 2011

- Insurance Broking Acquisitions
 - Austbrokers Countrywide (50% owned) acquired 80% of Hamilton & Hamilton on 1st October - \$0.7 million in income
 - Austbrokers RWA (60% owned) acquired Barry Taylor Insurance Brokers in Tamworth - \$0.5 million in income
- iClose System for EDI
 - Developed with Ebix using existing EDI infrastructure
 - Launched for business package insurance
 - QBE, Allianz, CGU on platform
 - Vero and Zurich early next year
 - Enables multiple quotations from single generic request
 - Allows for product differentiation
 - Integration of LMI products to assist broking process
 - Efficiencies / competitive advantage

Market Conditions FY2012

- Market conditions unlikely to change significantly in immediate future – moderate rate increases likely in SME sector
- Consolidation of insurance broker market to continue and provide acquisition opportunities over longer term
- Economic conditions somewhat uncertain
- Potential for further reduction in interest rates
- Increased competition for acquisitions emerging

Earnings Outlook

- Brokers' results for the first four months of FY2012 have been good
- Broker profit commission income uncertain and will not be known until April / May 2012
- Significant proportion of earnings is in later months of the year
- The start to FY2012 has been positive and we are maintaining our previous earnings guidance of 5% to 10% growth in Net Profit After Tax (before amortisation of intangibles) over FY2011

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 announcement. 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.