AUSTBROKERS HOLDINGS LTD

FY15 Results
27 August 2015

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PERFORMANCE SUMMARY FY15

Delivering growth in a challenging market – financials

YEAR-ON-YEAR GROWTH. Result within guidance, above consensus forecast, Adjusted NPAT up 2.5% on FY14 to $36.3M.	↑ 2.5%
DIVIDEND INCREASED. Increase of 3.1% over FY14 to 39.7c per share.	↑ 3.1%
DIVIDEND YIELD FULLY FRANKED (based on closing price at 26/08/15)	5%
GROUP REVENUE INCREASED. Increase of 9.4% over FY14 to $217.3M.	↑ 9.4%
GROUP COST:INCOME RATIO HELD. Ratio held beneath rolling 7 year average at 18.9%. Ratio declining given rolling average (FY12: 22.9%; FY15: 20.6%).	18.9%
TOTAL SHAREHOLDER RETURN. Continues to be ahead of market long term average.	3yrs – 15.1% 5yrs – 22.9%

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PERFORMANCE SUMMARY FY15

Delivering growth in a challenging market – key highlights

Biggest year to date for acquisitions.

Over $70M committed across the Group (FY14: $24.4M). Group taking prudent approach to valuation and pricing methodology. All costs relating to acquisition taken at completion.

New market – New Zealand.

Manager of largest cluster group. Now third largest broking group by GWP. New brand, NZbrokers, and collaborative approach provides platform for future growth.

Income diversification delivering.

FY12: 12% non-broking business contribution.
FY15: 23% non-broking business contribution.

New business area – Risk Services.

Delivering against objective for Group to be total risk management solutions provider for clients. Contributed 3% of Group's NPBT and growing. Excellent collaboration delivering results with broking and underwriting businesses.

Business model demonstrating resilience.

Broking income decline less than the market decline in premium rates. Growth in alternative income sources: fees, profit commission, premium funding, client and policy count.

Well positioned for when market upside eventuates.

Adherence to Group strategy driving sustainable income growth in all business areas. Growth in client count positions us well for future insurance market upswing.

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THE GROUPS' STRATEGIC GOAL

To be the leading provider of risk management advice and solutions to our clients.

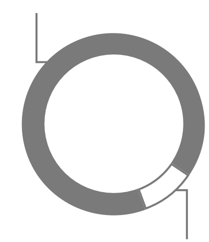
BROKERS

INSURERS

CLIENTS

CLIENT BREAKDOWN

BUSINESS



PERSONAL

DIVERSIFICATION IN SUPPORT OF STRATEGY

Focused on the delivery of risk management advice and solutions to our clients.

AIMS NZbrokers

NZbrokers: >$0.5Bn GWP
Manager of New Zealand's largest cluster group

AIMS: > $3.7Bn GWP
JV with leading broking cluster in Australia-IBNA

INSURANCE BROKING

50+ broking businesses

Largest equity-based broking group in AUS & NZ

>$2.5Bn in gross written premium

SPECIALIST U/W

22 agency groups

50+ specialised product lines

$300M in gross written premium

RISK SERVICES

4 leading businesses (multi-state)

Specialist risk advice and consultancy

Complementary risk products and services

GROUP SERVICES: TECHNOLOGY, MARKETING, BACK OFFICE, HR, PARTNERING

GROUP FUNCTIONS

THE GROUP'S STRATEGIC OBJECTIVE

Long term sustainable growth.

SUSTAINABLE GROWTH

DISCIPLINED FOCUS

- OWNER-DRIVER BUSINESS MODEL
- CLIENT RISK STRATEGY
- PARTNERSHIP OPERATING MODEL

INCOME DIVERSIFICATION APPROACH

- INSURANCE & RISK ADVICE/BROKING
- SPECIALIST UNDERWRITING PRODUCT PROVISION
- RISK SERVICES
- INTERNATIONAL

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DELIVERING AGAINST OUR STRATEGY

Demonstrating measurable success to date.

SUSTAINABLE GROWTH

DISCIPLINED FOCUS

OUTPERFORMING INDUSTRY DYNAMICS	
BROKING COMMISSION & FEES	↑3.1%
CLIENT NUMBERS	↑4.9%
PREMIUM FUNDING	↑ 0.8%
PROFIT COMMISSIONS IN UNDERWRITING WITH LONG TERM CONTRACTS SECURED	↑ 34%
EQUITY OWNER-DRIVER BUSINESSES NOW:	75
SOLID COST CONTROL	BELOW 7 YEAR ROLLING AVERAGE

INCOME DIVERSIFICATION APPROACH

INCOME FROM NON-BROKING SOURCES	23%
RISK SERVICES CONTRIBUTION OUT PERFORMING PLAN	$1.5M VS FY14
INTERNATIONAL EXPANSION TO BECOME NZ'S LARGEST CLUSTER GROUP AND THIRD LARGEST BROKING ORGANISATION.	>$500M GWP
SPECIALIST UNDERWRITING AGENCY START UPS CONTRIBUTING	25% TO NPBT
NEW EQUITY FIRMS	6
NETWORK ADDITIONS SINCE 01/07/14	53

BRINGING STRATEGY TO LIFE

Area highlights: Broking.

Demonstrated resilience.

In the face of declining commercial lines premium rates. Level of broking income decline less than the average market rate decline.

Acquisition activity.

Both standalone and bolt-on activity continued, including acquisition of Nexus and New Zealand.

Commission and fees increased.

Up 3.1%, assisted by acquisitions and a focus on non-commission income generation. Includes life income, profit commission, premium funding and client numbers.

Client and policy count increased.

Servicing a growing client base – will benefit from market upswing.

Focus on expense.

Network expense increased 2% (excluding acquisitions). As a result of cost impact of bolt-ons and direct costs to service growing client base. Total costs increased 4.9% (including acquisitions).

Collaboration with Risk Services.

Increased levels of collaboration between broking entities and Risk Services businesses to provide enhanced propositions to clients.

BRINGING STRATEGY TO LIFE

Area highlights: Specialist Underwriting Agencies.

Strong growth continues.

Revenue increased by 29%.
NPBT increased 35% over FY14 and 127% over FY12 (FY12 $6M – FY15 $13.2M).

Excellent leverage with insurer partners.

Secured long term insurer commitments. Improved remuneration (PCs and commission). Profit commissions increased.

Driving "top 3" market strategy via start-ups.

Top 3 position for Longitude and New Surety. Start up success contributing 25% to agencies' NPBT. Start ups lower cost than traditional acquisition approach.

Investment in people and brand.

Increase in bench strength of management over the year.
Move to group wide brand: SURA.

Technology enablement.

New products launched utilising iClose platform delivering ease of business and back office synergies.

Investment in improving operational efficiencies.

Off-shoring commenced in India focusing on policy administration and analytics.

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BRINGING STRATEGY TO LIFE

Area highlights: Risk Services

Strong growth throughout year.

Division delivered over $2M NPBT within the year and growing.

Increasing collaboration with supporting broking businesses.

Good evidence of collaboration delivering results for clients and partners – risk consulting, claims management etc.

Addition of two new partners.

Altius Group and Risk Strategies. Since year end, fourth partner on board, Allied Health Group. All businesses operate on stand alone basis.

Leveraging group-wide insurer partners.

Excellent strategic insurer partnerships helping support the potential usage of Risk Services partners.

Margins above broking.

Analysis of Risk Service business performance has demonstrated relatively higher margins than broking.

Use of Group services.

Started to deploy group services to help improve profitability.

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BRINGING STRATEGY TO LIFE

Area highlights: Group Services.

Technology continues to underpin our propositions.

iClose placement work complete. iClose platform successfully deployed into selected underwriting agencies. 80% of partners using data centre capabilities. Upgrade of core systems during the year.

Building group competencies.

Continuing to build group competencies within cost:income parameters: Marketing, HR, Back Office, Risk & Compliance, Partner Development, Project Management and Legal.

People focus.

New CFO joined with smooth transition.
New Group Legal Counsel role introduced to help defray growing external legal costs.

Investing in sales and new business capabilities.

Deployment of the group Customer Relationship Management (CRM) system progressing ahead of plan, that will assist with sales and business growth activities.

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BRINGING STRATEGY TO LIFE

Area highlights: New Zealand.

Third largest broking group in NZ.

From a standing start, NZbrokers has become the third largest broking group in NZ by GWP and manager of largest cluster group.

Leveraging Group experience.

Leveraging Group experience and expertise for benefit of partners.

Acquisitions.

50% of NZ's largest independent broking company. Acquisition of management rights to country's largest broking 'cluster' group.

Launch of NZbrokers brand.

Subsequent merger of country's second largest 'cluster' group to form NZbrokers.

Creation of future 'owner-driver' pipeline.

Contribution this year.

>$1m NPBT to group result in FY15 and growing.

FINANCIAL PERFORMANCE

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KEY RESULTS
Growth in challenging market.

- Adjusted NPAT increased to $36.3M continuing the trend of year on year growth since listing.
- Earnings per share, impacted by share issues in a low growth environment.
- Final dividend per share of 27.7 cents brings full year dividend to 39.7 cents, up 3.1% on FY14.
- Cost to income ratio retained below the 7 year rolling average.

	FY15	FY14	VARIANCE
REVENUE FROM ORDINARY ACTIVITIES ($000S)	217,347	198,745	9.4%
ADJUSTED NPAT ($000S)	36,345	35,450	2.5%
REPORTED NPAT ($000S)	34,887	34,655	0.7%
EPS (ADJUSTED/REPORTED)			
– ADJUSTED (CENTS)	59.3	59.8	-0.9%
– REPORTED (CENTS)	56.9	58.5	-2.7%
DIVIDENDS PER SHARE (CENTS)	39.7	38.5	3.1%
COST TO INCOME (GROUP)	18.9%	18.9%	0%

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REPORTED NPAT

	2015 $'000	2014 $'000	Increase %
Revenue from ordinary activities [1,2]	217,347	198,745	9.4
Expenses from ordinary activities [2]	(167,550)	(148,087)	13.1
	49,797	50,658	(1.7)
Net Profit before tax on sale of interests in associates, portfolios and controlled entities	2,088	-	-
Adjustment to the carrying value of associates and contingent consideration adjustments (before income tax)	1,881	3,355	-
Profit before tax	53,766	54,013	(0.5)
Income tax expense	(10,909)	(11,611)	(6.0)
Net profit	42,857	42,402	1.1
Profit attributable to non controlling interests	(7,970)	(7,747)	2.9
Net Profit attributable to members	34,887	34,655	0.7

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. During the period one former associate became a controlled entity and as a result their revenue and expenses are now included in those line items in the above table whereas last year only the share of after tax profits was included in revenue. In addition, one former controlled entity became an associate and as a result their revenue and expenses are no longer included in those line items and their share of after tax profits are included in revenue.

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ADJUSTED NPAT[1]
Reconciliation.

	2015 $'000	2014 $'000	Increase %
Net Profit after tax attributable to equity holders of the parent	34,887	34,655	0.7
Reconciling items net of tax and non controlling interest adjustments for:			
Reduction in contingent consideration for acquisitions of controlled entities and associates [2]	(4,441)	512	
Add back offsetting impairment charge to the carrying value of associates & goodwill, related to above [2]	4,104	254	
Net adjustment	(337)	766	
Add back adjustments to the carrying value of associates (impairment), not subject to contingent consideration [3]	1,500	-	
Less profit on sale or deconsolidation of controlled entities [4]	(817)	-	
Adjustment to carrying value of associates (to fair value) on date they became controlled [5]	(3,224)	(3,659)	
Net Profit from operations	32,009	31,762	0.8
Add back amortisation of intangibles net of tax [6]	4,336	3,688	17.6
Adjusted NPAT	36,345	35,450	2.5

1. The financial information in this table has been derived from the audited financial statements. 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 data if estimates change or actual payments are made. This adjustment can be a loss (if increased) or a profit (if reduced). Where an estimate is reduced, an offsetting adjustment (impairment) is made to the carrying value.

3. In relation to one of our investments in associates we have recorded an impairment of $1.5m. This is due to specific competitive circumstances in a niche segment of the market. This impairment represents approximately 0.4% of the Group's investment in associates and controlled entities.

4: Profits on deconsolidation occur when interest in a controlled entity is sold and becomes an associate.

5. The adjustments to carrying values of associates arise where the Group increases its equity in associates whereupon they became controlled entities. 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 of this type are made.

6. Amortisation of intangibles expense increased over last year due to acquisition activity. The expense is a non-cash item.

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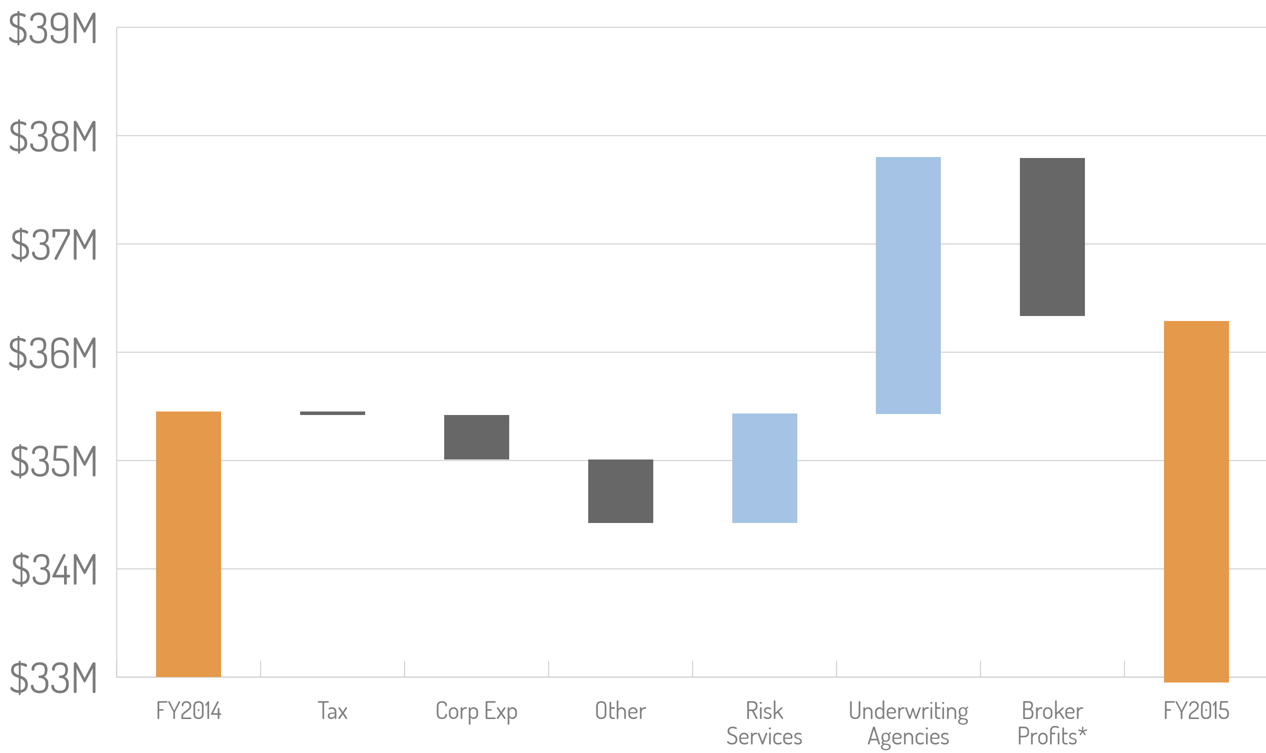
BENEFITS OF DIVERSIFICATION STRATEGY DELIVERING

Strong growth contribution from Underwriting Agencies and Risk Services demonstrates benefits of diversification strategy.

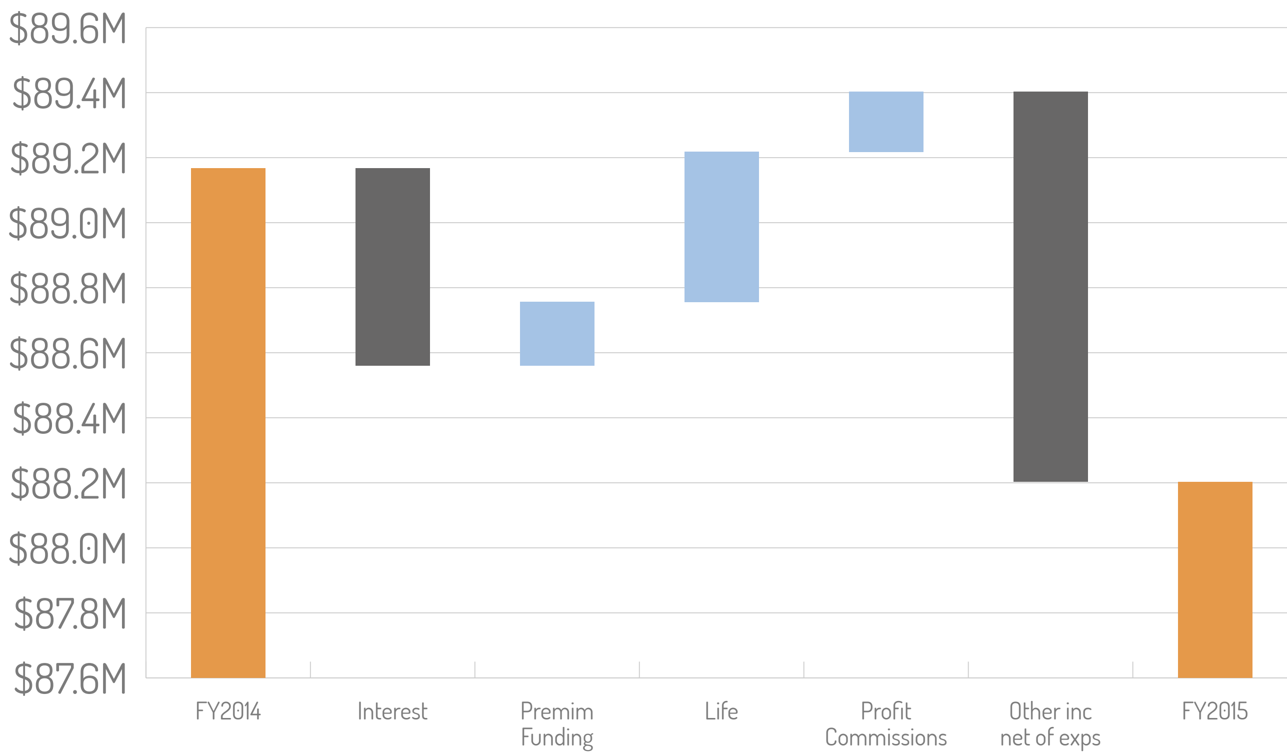


	FY2014	Tax	Corp Exp	Other	Risk Services	Underwriting Agencies	Broker Profits*	FY2015
$000s	35,450	(30)	(410)	(584)	1,007	2,369	(1,455)	36,345
% of Adjusted NPAT growth		(0.1)%	(1.2%)	1.6%	2.8%	6.7%	(4.1)%	

*Includes New Zealand

INSURANCE BROKING GROWTH IN LIFE & PROFIT COMMISSIONS

- Overall broker profit growth down 1%, in context of premium rate reductions of circa 9%.
- Improved contribution in second half as indicated in 1H15 results announcement.
- Good growth in profit commissions and life income.
- Premium funding income up due to increased penetration, despite reduction in premiums.
- Client numbers have increased, assisted by acquisition and client retention strategies.



$000s	FY2014	Interest	Premim Funding	Life	Profit Commissions	Other inc net of exps	FY2015
	89,167	(607)	196	462	185	(1,200)	88,203

Note: Broker profits are before tax and before deducting outside interests

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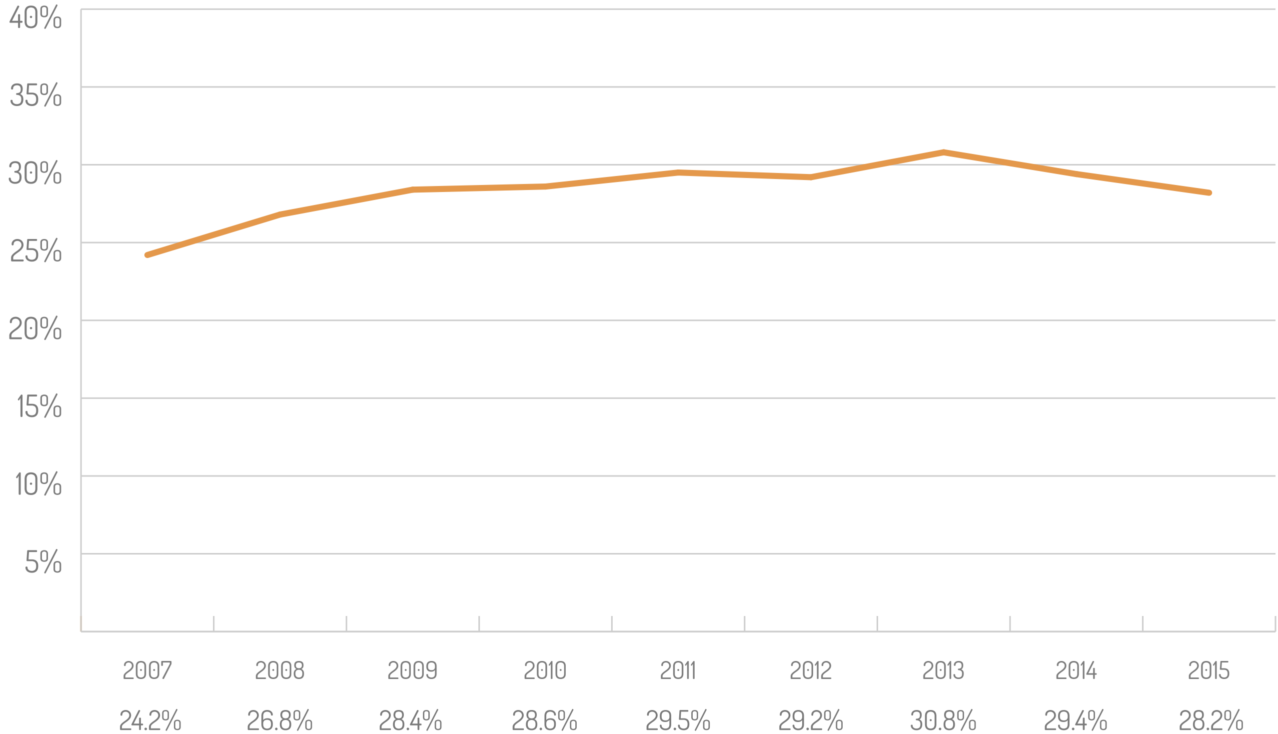
INSURANCE BROKING MARGIN* IMPACT

- Margins decreased versus FY14 in context of pressure on broker income in FY15 and costs relatively flat excluding acquisitions.
- Margins increased from 24.4% in 1H15 to 28.2% for the full year.
- Before stand alone acquisitions, commissions and fees were down 1.1% and expenses up 2.1%. Given bolt on acquisitions in the network which would contribute to cost growth, this indicates cost containment in the network.



* Profits as a percentage of income

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UNDERWRITING AGENCIES

- 35% growth in net profit contribution to $13.1 million.
- Circa 25% of profit before tax was generated from start up agencies seeded in last 3 years.
- Commission and fee income increased 29% benefiting from securing long term insurance contracts on improved terms for FY15 and the future.
- Profit commissions up – underwriting profitable business.
- Expenses reflect increased resourcing to keep pace with growth acquisitions.

	2015	2014	VAR	Total
Commission and fee income (net)	47,990	37,252	10,738	29%
Interest	642	659	(17)	(3%)
Claims handling fee	751	651	100	15%
Profit commissions	2,247	1,681	566	34%
Other	407	71	336	473%
Total income	52,037	40,314	11,723	29%
Expenses	(35,370)	(27,022)	(8,348)	31%
Profit before tax	16,667	13,292	3,375	25%
Minority interest	(3,505)	(3,514)	9	0%
Net profit contribution	13,162	9,778	3,384	35%

RISK SERVICES – GROWING PROFIT & CAPABILITY

- Market has strong growth prospects across workers' compensation, injury management and ancillary risk management activities and is less impacted by the insurance cycle.
- Austbrokers has acquired 4 key businesses since February 2014 under the 'owner-driver' model, totaling $21.9M initial acquisition payments to 30 June 2015. Acquisition of 60% of Allied Health Australia announced August 2015.
- On average Risk Services delivers higher margins than broking.
- Complementary products and services provide value to clients and our partners, the value of which will emerge in increased revenue from clients and flows between risk services and broking businesses.
- Austbrokers adds value to these businesses via its broker network and insurer relationships.

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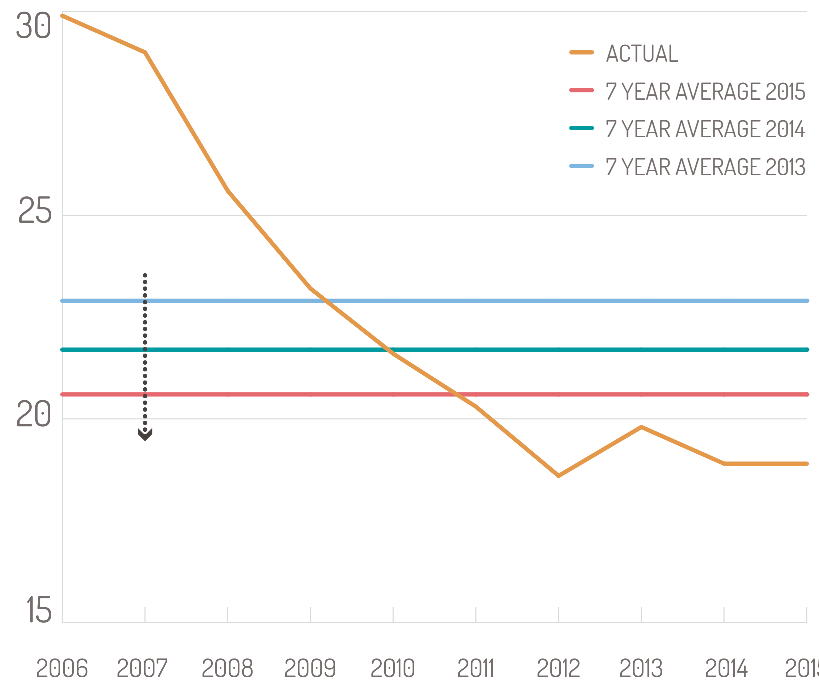
DISCIPLINED COST FOCUS DELIVERING RESULTS

- Solid corporate cost discipline with overall income: expense ratio improving from 22.9% in FY12 to 18.9% in FY15.
- Rolling seven year average cost: income ratio reduced from 22.9% (FY12) to 20.6% (FY15).
- Provides methodology to invest appropriately.



BALANCE SHEET

- Exposure to interest rates balanced across cash and debt.
- Investments in associates and intangible assets and goodwill have increased due to acquisitions in the current year, changes in shareholdings and carrying value adjustments.
- Gearing low with capacity to increase within corporate limits.
- Return on equity above cost of capital.

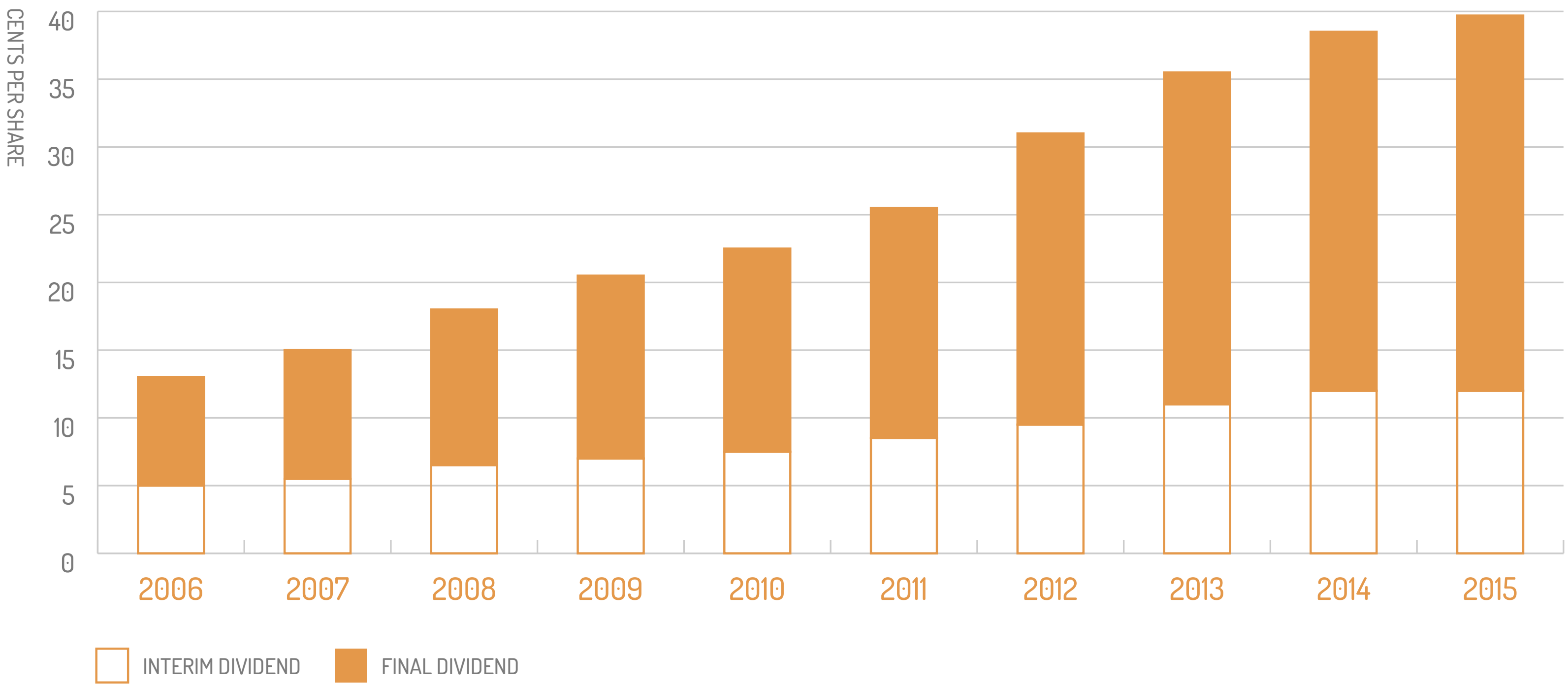
BALANCE SHEET ($M)	FY15	FY14
CASH	50.5	44.0
CASH - TRUST	105.5	108.2
INTEREST BEARING LOANS AND BORROWINGS	66.1	53.9
INVESTMENT IN ASSOCIATES	141.7	103.3
INTANGIBLE ASSETS AND GOODWILL	199.8	174.2
TOTAL ASSETS	675.0	626.5
TOTAL LIABILITIES	363.7	356.9
EQUITY	311.3	269.6
GEARING (DEBT TO DEBT + EQUITY)	17.5%	16.7%
RETURN ON EQUITY - BEFORE AMORTISATION	14.8%	16.6%
INTEREST COVER	11.3x	17.2x

FUNDING POSITION

- Total consolidated entities debt $66 million (including subsidiaries which have separate facilities).
- Undrawn facilities of $8 million with extended credit under discussion.
- NZ dollars $13 million facility drawn in February 2015.
- Acquisition capacity from cashflow and current debt facility estimated at $26M in FY16 (including for post balance date announced acquisitions).
- Funding capacity to increase this up to $54M within an acceptable gearing ratio.
- As at 30 June, $28 million committed to future earn out payments over the next 2 years.

DIVIDENDS PER SHARE

- Final dividend per share of 27.7 cents brings full year dividend to 39.7 cents up 3.1% on FY14.
- DRP remains in place for final dividend, however will not be underwritten.
- Payout ratio on adjusted NPAT is 67% (FY14 64%).



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FY16 OUTLOOK

- The commercial lines insurance market outlook remains challenging, and while premium rates are expected to stabilise in FY2016 in Australia and New Zealand, premium growth is unlikely before late FY2016. Drivers of revenue in Risk Services remain positive and are not impacted by the soft insurance cycle.
- We will continue to build on the strength of our business strategy, our core 'owner-driver' business model and to optimise our Group operating model to be the leading Insurance Broking, Specialist Underwriting and Risk Services group. As our products and services mix continues to expand, this will enable growth across our business divisions building value for our partners and for our clients in Australia and New Zealand.
- In FY2016, the Group expects continued organic growth, supplemented by executing relevant acquisition and start-up investment opportunities across Insurance Broking, Underwriting Agencies and Risk Services in Australia and New Zealand.
- The previous investments in strengthening the management team and building key competencies will support the continued evolution of the operating model with the objective of underpinning growth. We will continue to invest appropriately to ensure the continued development of our value proposition ensuring we are highly relevant and attractive to future partners, staff and clients. It is our objective to continue to contain costs below the rolling 7 year average.
- The Group is targeting growth in Adjusted NPAT for FY2016 of 5% over FY2015. The achievement of this target is subject to prevailing economic conditions.

DISCLAIMER

This release 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.

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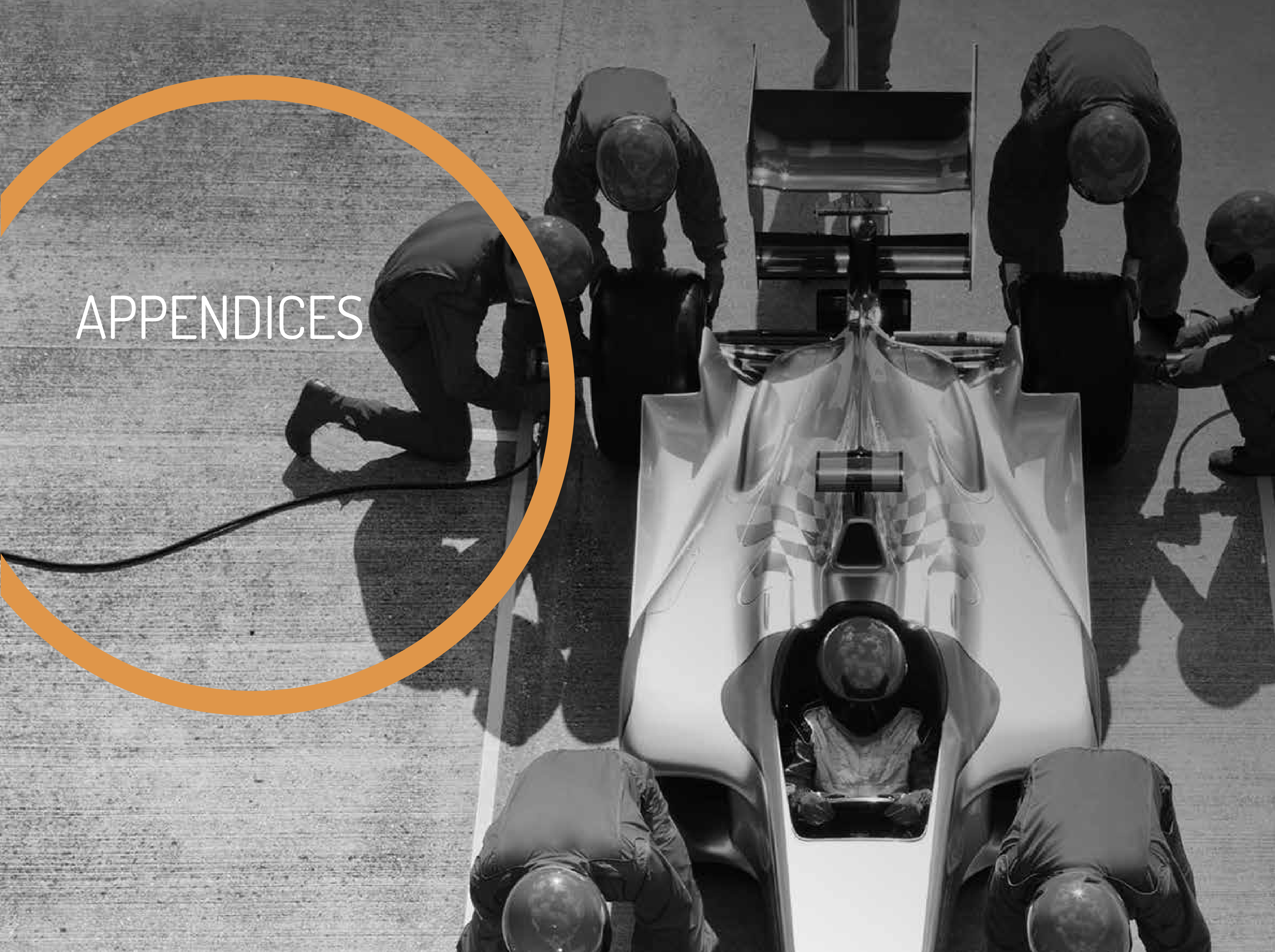
APPENDICES



APPENDIX 1 – FY15 RESULTS:
Management presentation.

	FY 2015 $'000	FY 2014 $'000	VARIANCE $'000	VARIANCE %
BROKER OPERATIONS				
Commission And Fees	256,890	248,883	8,007	3.2%
Life Income	12,401	11,939	462	3.9%
Profit Commissions	3,616	3,431	185	5.4%
Premium Funding	25,522	25,326	196	0.8%
Interest	8,436	9,043	(607)	(6.7%)
Other Income	5,951	4,694	1,257	26.8%
Revenue	312,816	303,316	9,500	3.1%
Expenses	(224,613)	(214,149)	(10,464)	4.9%
Profit from broking operations	88,203	89,167	-964	(1.1%)
Profit from underwriting agencies	16,667	13,292	3,375	25.4%
Profit from insurance & risk services	3,685	1,203	2,482	0.0%
Profit from New Zealand broking operations	1,047	-	1,047	0.0%
Profit before tax, corporate expenses and amortisation of intangibles	109,602	103,662	5,940	5.7%
Profit attributable to other parties	(43,962)	(40,766)	(3,196)	7.8%
Profit before tax, corporate office expenses and amortisation of intangibles	65,640	62,896	2,744	4.4%
(After outside equity interests)				
CORPORATE OFFICE				
Income	1,939	1,889	50	2.6%
Expenses	(15,546)	(14,076)	(1,470)	10.4%
Net corporate office expenses	(13,607)	(12,187)	(1,420)	11.7%
Profit before tax and amortisation of intangibles	52,033	50,709	1,324	2.6%
Income Tax	(15,688)	(15,259)	(429)	2.8%
Net profit after tax and before amortisation of intangibles	36,345	35,450	895	2.5%

APPENDIX 1 – FY15 RESULTS:
Management presentation.

	FY 2015 $'000	FY 2014 $'000	VARIANCE $'000	VARIANCE %
CONSOLIDATED BROKERS				
Commission and Fees	112,461	115,164	(2,703)	(2.3%)
Life Income	8,704	7,966	738	9.3%
Profit Commissions	1,565	1,299	266	20.5%
Premium Funding	8,746	8,308	438	5.3%
Interest	3,039	3,369	(330)	(9.8%)
Other income	2,391	1,949	442	22.7%
Revenue from consolidated brokers	136,906	138,055	(1,149)	(0.8%)
Expenses from consolidated brokers	(100,348)	(98,613)	(1,735)	1.8%
Profit from consolidated brokers	36,558	39,442	(2,884)	(7.3%)
EQUITY ACCOUNTED BROKERS				
Commission and Fees	144,429	133,719	10,710	8.0%
Life Income	3,697	3,973	(276)	(6.9%)
Profit Commissions	2,051	2,132	(81)	(3.8%)
Premium Funding	16,776	17,018	(242)	(1.4%)
Interest	5,397	5,674	(277)	(4.9%)
Other Income	3,560	2,745	815	29.7%
Revenue from equity accounted brokers	175,910	165,261	10,649	6.4%
Expenses from equity accounted brokers	(124,265)	(115,536)	(8,729)	7.6%
Profit from equity accounted brokers	51,645	49,725	1,920	3.9%
Profit from broking operations	88,203	89,167	(964)	(1.1%)

Above impacted by shareholding change, whereby a consolidated broker moved to be equity accounted and an equity accounted broker moved to consolidated during the year.

APPENDIX 2 – CASH FLOW:

	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATIONS	41,520	36,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions [1]	(35,861)	(13,477)
Sales proceeds / loan repayments [2]	(3,519)	7,594
Plant equipment / other	(2,695)	(2,500)
	(42,075)	(8,383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	(16,472)	(17,366)
Proceeds from share capital & DRP	7,192	6,940
Net borrowings	15,839	(3,821)
Payments for deferred settlements	(4,967)	(7,938)
	1,592	(22,185)
Net increase in cash ex broker trust account	1,037	5,887
Net increase in broker trust account cash	2,815	(4,423)
Net increase in cash	3,852	1,464
(1) Acquisitions is made up of the following:		
Cash payment for acquisitions	(43,599)	(17,676)
Cash acquired (including trust)	7,738	4,199
	(35,861)	(13,477)

(2) FY15 includes deconsolidation of two controlled entities which resulted in cash out flows of $7,008,000, other sales / loan repayments contributed $3,489,000 in cash in flows