



## **ASX Announcement**

**3 November 2022**

The Manager  
Market Announcements Office  
Australian Securities Exchange Ltd  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

### **Chair's Address and CEO's Address - Annual General Meeting**

Please find attached for immediate release in relation to AUB Group Limited (**AUB**) the following documents:

- Chair's Address; and
- Managing Director and CEO's address.

**The release of this announcement was authorised by the AUB Board.**

For further information, contact Richard Bell, Group General Counsel and Company Secretary, on +61 2 9935 2222 or [richardb@aubgroup.com.au](mailto:richardb@aubgroup.com.au).

#### **About AUB Group**

AUB Group Limited (ASX: AUB) is an ASX200 listed group of retail & wholesale insurance brokers and underwriting agencies operating in ~540 locations globally. Over 4,000 team members work with ~950,000 clients to place more than AUD 8bn in insurance premiums with local and foreign insurers.

## AUB Group – Annual General Meeting

Thursday 3 November 2022 | 10:00am | Dexus Place, Level 5, 1 Margaret Street, Sydney NSW 2000

---

### Chair's Address

David Clarke | *Chair of the Board*

#### **Opening**

Good morning ladies and gentlemen. I am David Clarke, the Chair of the Board of AUB Group Limited. Welcome to our 2022 Annual General Meeting.

Could I request that you now take a moment to ensure that your mobile phones are switched to silent.

It is now 10:00am and as there is a quorum of shareholders present, I declare this Annual General Meeting of AUB Group Limited properly constituted and open.

As we begin the meeting, I would like to acknowledge the First Nations and Torres Strait Island people on whose land we conduct our business around Australia and New Zealand and convey my respect for their communities, culture, and elders past, present and emerging.

Following the lifting of Government mandated restrictions arising from COVID-19, and in response to shareholder feedback, we have returned to the practice of a physical Annual General Meeting. Your Directors are pleased to be able to meet shareholders face to face once again.

This morning I will provide a brief overview of our business and achievements during the 2022 Financial Year. Our CEO and Managing Director, Mike Emmett, will then provide an update on our business and key results as well as provide an outlook for the 2023 Financial Year.

We will then move to the formal business of the meeting and the resolutions set out in the Notice of Meeting.

I would like to begin by introducing your Directors:

- Peter Harmer;
- Paul Lahiff, who chairs our Remuneration & People Committee;
- Cath Rogers;
- Our CEO and Managing Director Mike Emmett
- And joining us via video is Robin Low, who chairs our Board Audit & Risk Committee. Robin had an unavoidable timing conflict and so is not able to be physically present with us today.

Good morning Robin.

**ROBIN LOW:** Good morning everyone.

**DAVID CLARKE:** Robin, we'll turn off your screen now, and you'll join us later for Resolution 2, being your re-election.

Also with us today are:

- Company Secretaries, Richard Bell and Elizabeth McGregor;
- Representatives of our Auditor, Ernst & Young, led by Mike Wright;

- Representatives of our share registry, Link Market Services;
- And seated in the audience we have senior executives of the Company.

In addition to receiving the Financial Statements and Reports, there are seven further items of business:

1. Adoption of the Remuneration Report;
2. Re-election of Robin Low as a Director;
3. Re-election of myself as a Director – I will ask Paul Lahiff to chair this section of the meeting
4. Approval to Increase the Non-Executive Directors' Fee Cap;
6. Placement capacity to refresh for the issue of shares to institutions;
7. Placement capacity to refresh for the agreement to issue shares to the Tysers vendors; and
8. Approval of Financial Assistance resolution.

As we announced to ASX on 19 October, Resolution 5 for the issue of Performance Share Rights to Michael Emmett has been withdrawn. Following the earlier than expected completion of the acquisition of Tysers on 30 September 2022, and recent external shareholder feedback, the Board is reviewing the structure of AUB's long term incentive scheme, with consideration of our capital and broader business profile and of course to ensure it incentivises executive performance. We look forward to coming back to shareholders with more specific details at a future date. We are anticipating an Extraordinary General Meeting early in the New Year to seek approval for the CEO and Managing Directors Long Term Incentive (LTI) award following review by the board of the performance hurdles incorporated in the LTI.

Returning to the resolutions, there will be an opportunity for questions on each resolution and also during the general discussion following the formal business.

At our meeting today Mike and I will report to you on AUB Group's performance and the outlook for the year ahead. This is my seventh year as Chair of this company, a year of continued success and change with an execution focus aligned to our strategic agenda, and an excellent financial result for AUB Group shareholders.

### ***Financial Performance***

FY22 saw further uncertainty and challenge, an external environment clouded by geopolitical tensions, increasing inflationary pressures, supply chain constraints and financial volatility, combined with catastrophic floods across Australia. This has resulted generally in an uncertain outlook, specifically for insurance as underwriters increase premiums to improve returns and profitability. With this backdrop, AUB Group brokers understand the vital role we play in supporting our clients in managing their risk and remain focused on delivering in their best interests. The role that insurance plays has clearly been demonstrated along Australia's eastern seaboard as weather events create havoc and heartbreaking loss.

Pleasingly, AUB's execution of its strategic agenda has again allowed us to deliver a resilient financial performance driven by strong organic growth fundamentals. In FY22, AUB Group delivered above our original guidance with another strong result where Underlying Net Profit After Tax (UNPAT) increased by 13.3% compared to FY21, to \$74.0m.

### ***Capital Position & Dividend***

Throughout the period we maintained a strong balance sheet and capital position. Post the \$350mn capital raising in May 2022, AUB Group used a portion of the proceeds to repay its debt obligations and the existing debt facility was cancelled. A new facility was entered into to assist with working capital and fund the Tysers acquisition. The Group is cash generative, with profits converted into cash as at the 2022 financial year end. Additionally, at 31 October 2022

post the completion of the Tysers acquisition, we had access to \$100m in cash and debt funding, and a leverage ratio of 2.67x.

As a result of our financial performance and capital position as at 30 June 2022, the Directors declared a final fully franked dividend of 38.0 cents per share, paid on 7 October 2022. This, together with the interim dividend of 17.0 cents, results in a full year dividend of 55.0 cents per share, in line with FY21. This translates to a payout ratio of 64.5% of Underlying NPAT, and the Board believes this is appropriate given the equity raising during the financial year.

Strong business results as well as disciplined M&A growth also led to historic underlying Earnings per Share increasing by 12.3% compared to FY21.

### ***Strategic Agenda***

The Group continues to stay focused on its Strategic Agenda and annual priorities, which delivered successfully and resulted in strong financial performance. Key highlights during the year include strategically important acquisitions of iaAnyware by AUB, 360 Underwriting acquiring Anchorage Marine and Finsura acquiring Vaughan & Monaghan. Additionally, we continued to focus on optimising our network to create scale, efficiency, and market leadership via a number of consolidations and/or portfolio restructures, as well as equity step-ups in existing businesses to capture future growth potential. Our focus on Agencies delivered outperformance, primarily as a result of our acquisition of 360 Underwriting and restructure of our Agency portfolio in FY21, increasing scale and Austbrokers business.

### ***Tysers Acquisition***

In May 2022, AUB Group announced the acquisition of Tysers, a leading London and Lloyd's broker with access to specialist underwriting expertise and global distribution capabilities. The acquisition is highly strategic for AUB Group's existing business and will result in market leading capacity access and offerings for AUB brokers. The transaction completed earlier than anticipated on 30 September 2022. The acquisition is not only strategically aligned and financially compelling but strengthens our operational platform and delivers material scale. We look forward to optimising Tysers' contribution as part of the AUB Group. Mike Emmett will discuss Tysers further in his address.

### ***FY23 Strategic Focus***

Looking ahead, the Group's FY23 strategic focus will be primarily a continuation of FY22 objectives, with a particular focus on New Zealand business performance, technology delivery and successful integration and delivery of synergies from the Tysers transaction.

### ***Board Changes***

As part of the Board's succession planning, I am pleased to announce the appointment of Richard Deutsch as a Non-Executive Director, effective from the conclusion of this meeting. Richard is with us in the audience today. Richard is a former CEO of Deloitte Australia and brings considerable experience in finance and domestic and international insurance auditing to the Board. He is a Non-Executive Director of Bendigo & Adelaide Bank, Chair of the Movember Foundation and Chair of the Stephenson Mansell Group.

We were unable to finalise Richard's appointment prior to the publication of the Annual General Meeting Notice of Meeting so therefore in accordance with the Company's constitution, Richard will stand for election by shareholders at next year's AGM.

We are also currently undertaking a search for the appointment of a new Chair to the Tysers Board – ideally this individual will have strong knowledge, experience, expertise, and relationships in the London Wholesale Insurance market. It is our plan that the successful candidate will also be appointed as a Non-Executive Director to the AUB Group Board, adding further depth to your Board.

### ***Corporate Responsibility – Environment, Social and Governance***

Robust environmental, social and governance (ESG) practices remain an area of focus for the Board and Management, while our clients, colleagues and shareholders are becoming increasingly interested in how we manage sustainability within our business. In the past year, we were pleased by the progress made towards establishing an integrated approach to ESG which will result in increased transparency, accountability, and reporting against objectives.

The Board is committed to ensuring the business acts responsibly in how we engage with our partners, clients and suppliers, how we support our colleagues, how we manage our impact on the environment and how we contribute to the communities in which we operate. As a result, we have implemented policies, training, recruitment, and recognition practices that deliver a diverse and inclusive workplace, and we are building our capability to proactively manage our impact on the environment. Being a services-based business our starting point has been to focus on the issues we can have the most impact on, namely our people practices and our governance arrangements.

The Group has met the challenges of the pandemic and resultant public health orders to redesign our approach to the workplace. We have undertaken a variety of market-leading initiatives designed to materially uplift employee welfare including remote working, home-office allowances, mandatory workplace ergonomic checks, access to health and wellbeing programs as well as vaccine incentivisation to support Health authorities. The initiatives have required financial and non-financial investment deemed essential for the long-term welfare of our employees and the business.

Our recent focus on uplifting the Group's ESG practices has resulted in a number of key initiatives being implemented. Highlights include:

- AUB Group was officially certified as a 'Great Place to Work' recognising our ongoing focus to enhance our employee experience
- Launch of AUB 'Do Good Be Better' program which allows employees to support causes they are passionate about via pre-tax donations, with AUB Group matching donations, as well as the launch of AUB Community Day, where employees are granted a day of paid volunteer leave to participate in community activities such as volunteering, mentoring, and working with charities and other not-for-profit organisations
- 31% increase in employee training hours compared to FY21 across the network
- Continued success of the employee 4-1 work-from-home flexible model; and
- Improved outcomes across key gender diversity metrics.

### ***Conclusion***

In conclusion, I would like to thank all our employees and partners for their contributions during the year. Our strong result in Financial Year 2022 reflects their effort, discipline and ongoing commitment to the Group's success and demonstrates a business that is built on strong foundations by a focused and committed team. I'd also like to acknowledge the ongoing support from our clients and shareholders who continue to place their trust in our business.

I would now like to hand over to Mike to give you an update on your business and the key results as well as an outlook for financial year 2023.

## CEO and MD's Address

*Mike Emmett | Chief Executive Officer and Managing Director*

### **Opening**

Thank you, David, and Good Morning everyone.

This has been another eventful year and another good year of performance from businesses across our diverse Group. It would be remiss of me not to recognise the continued challenges our clients and our teams are experiencing, having moved very rapidly from a period of COVID-lockdown to a period of rising inflation, supply chain challenges and clients faced with catastrophic climate-related events. Despite these challenges and the broader economic environment, our teams continue to deliver excellent results.

### **Track Record of Growth**

At the beginning of FY20, we set out a plan to transform AUB Group to deliver sustained profit growth to shareholders. Fundamental to this plan was our ability to grow revenue and expand margins by focusing on our core Insurance Broking capabilities and directly related businesses such as Underwriting Agencies.

Over the past three years, we have refocused the business and reignited AUB's growth. Since FY19 the Group has consistently translated premium and revenue growth into accelerated profit and EPS growth for shareholders.

Our ability to grow broking organically and through strategic acquisitions, including broadening the spectrum of clients we serve by expanding in the Mid-Market/Corporate as well as micro-SME segments, together with the deployment of technology to support brokers and service our clients has provided the bedrock for profit growth. With a few exceptions, our broking businesses in Australia and New Zealand are performing outstandingly, consistently growing premium, revenue and margin above market rates while expansion of our Underwriting Agencies to support our brokers and clients has delivered robust scale and profit improvement over the past 18 months while utilisation of these agencies and products by AUB Group brokers continues to increase.

It is, however, a challenging environment for our clients. Significant insurance rate rises and other cost pressures faced by our clients mean that brokers are working harder than ever to assist clients to manage the cost of insurable risks in their businesses. This, combined with increased Insurer risk aversion, means placing specific risk categories has become more complex. Whilst we understand the challenge faced by Insurers in the light of significant increases in the frequency and severity of climate-related losses, our priority remains to assist our clients. We are therefore seeing an unprecedented rise in the need to place risks on behalf of our clients in the international market. Completion of the Tysers acquisitions enhances the ability of Brokers and Agencies across the AUB Group to access capabilities and facilities in the Lloyd's and International markets and to place these global risks to the benefit of our clients.

### **FY22 Financial Highlights**

For a number of years we have delivered a strong track record of growth and performance and this continued in FY22. We grew underlying revenue by 12.2% on the prior year to \$689.5m and expanded the underlying margin by 240bps to 34%. The underlying NPAT of \$74m grew by 22.2% on the prior year on a continuing operations basis and was at the very top of the outlook range provided earlier this year. This represented an Underlying EPS of 96.7cps, an increase of 21.1% on FY21 on a TERP adjusted and continuing operations basis.

The Board declared a final dividend of 38.0cps giving a full-year dividend of 55cps, flat on the prior year representing a dividend payout ratio of 64.5% of Underlying NPAT.

### ***FY22 Divisional Performance***

The overall performance of AUB Group was underpinned by continued momentum in Australian Broking and growth and profitability in BizCover. AUB Agencies enjoyed an exceptional year, and we made good progress towards our goal to achieve significant scale in this area. New Zealand Broking also performed well; enabling the considerable investment we continue to make in Project Lola, the implementation of a market-leading broking and insurance platform in New Zealand. Good progress has been made with the transformation of BWRS with a new team of branch managers and many new brokers and team members are now on board with a focus on business growth.

### ***FY23 Strategic Priorities***

Each year we define and describe execution priorities for the year ahead. For FY23, we highlighted the following:

- Improve and enhance New Zealand Performance
- Leverage Tysers
- Optimise our network
- Execute on strategically aligned acquisitions
- Enhance our Partner proposition

Whilst I won't go through each of these, I would like to highlight the key role that Project Lola in New Zealand will play in transforming our proposition to members of our broking network and our engagement with Insurers. In addition, the acquisition of Tysers provides a number of significant transformational opportunities to the Group, most notably to enhance our offering to clients and our network of brokers and agencies to access the Lloyd's Insurance market and to substantially increase our ability to leverage benefits of scale and value capture.

### ***AUB Group Business Model***

Slide 10 in the pack reflects the AUB Group capabilities and offerings on a page including our assessment of the level of maturity and scale in each major geography in which we operate. Excitingly, we envisage significant opportunities to leverage capabilities in one geography for growth and success in another. For example, our strength in platforms in Australia can be deployed to the UK whilst Tysers' strength in Wholesale in the UK and International can be utilised to strengthen wholesale offerings in Australia and New Zealand.

### ***Tysers Update***

On slide 11 we describe Tysers' mix of revenue split between Marine, Non-Marine, Reinsurance, MGA and Retail. For Wholesale, we provide a further split of income based on underlying client geographies. Overall Tysers revenue for the 9 months ended September 2022 grew by 9% compared with the prior calendar period. We estimate that ~5% of this growth was attributable to advantageous movements in exchange rates.

Most parts of Tysers have experienced strong revenue growth with weaker performance in some areas including in Specialty (particularly in Management Risk and Bloodstock) and International P&C, mainly due to the withdrawal from jurisdictions like Colombia and Ecuador and the result of sanctions towards Russia.

In summary, Tysers is performing well with stronger revenue growth than expected partially offset by the inflationary impact on costs.

### ***Tysers Synergies***

As highlighted in May, AUB Group has identified net annual synergy benefits of \$25m and anticipates that these will be achieved, on a run-rate basis, by the end of FY24. These synergy benefits largely arise from the ability of AUB to place ~\$200m of risks on behalf of clients, placement of Agency binders with Tysers, whilst also being able to reduce costs in AUB Group and Tysers as a result of increases in scale and operational efficiency.

### ***Outlook & Progress in FY23***

We have experienced an excellent first quarter, strongly ahead of our original expectations. As a result, we are increasing the guidance range for FY23 UNPAT for AUB Group, ex Tysers, to \$90m to \$92m, an increase from the range provided in August of \$86.5m to \$91m. In addition, the completion of the Tysers' acquisition on 1 October means that we are now able to include profit guidance for Tysers. Factoring in the increased guidance for AUB Group, ex Tysers, and incorporating a range of UNPAT from Tysers together with increased corporate interest, AUB Group anticipates UNPAT for FY23 to be in the range of \$107.5m to \$115m representing growth on FY22 of 45.2% to 55.4%. This implies growth in underlying EPS of 12.1% to 19.9%.

On slide 13 we have also included summary information about the Group's debt. The new facility is a 5 year, \$675m facility with an additional accordion feature to fund the Tysers earn-out. At 31 October leverage was 2.67x, well under the leverage ratio covenant of 5.25x. On the same date, available cash and debt totalled ~\$100m.

### ***Closing***

I want to acknowledge and thank our broking and agency partners and all other members of the AUB Group businesses in Australia and New Zealand. The pace and success with which we are progressing AUB Group's strategic priorities is a consequence of their professionalism, passion, capability and a focus on putting the client first. I'd also like to welcome our new teams in Tysers based in the UK and elsewhere in the world, we are delighted to have you as part of our family. Specifically, I'd like to acknowledge the Tysers CEO, Clive Buesnel, who is in attendance at the AGM this morning. AUB Group is performing very pleasingly and early signs are that Tysers is an excellent asset that will more than deliver the strategic and financial benefits anticipated at the time of acquisition.

I look forward to updating you on our progress during the year.

Thank you, and I'll now hand back to David.