



ASX Announcement

3 November 2022

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

Annual General Meeting Presentation

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

- Annual General Meeting Presentation.

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.

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 Limited

Level 14, 141 Walker Street
North Sydney NSW 2060

ABN 60 000 000 715
ACN 000 000 715

aubgroup.com.au



AUB Group Limited

**Annual
General
Meeting**

3 November 2022



Agenda

- 3 Chair's Address
- 4 CEO's Address
- 14 Formal Business

Chair's Address



David Clarke

Chairman

CEO's Address



Mike Emmett

CEO and Managing Director

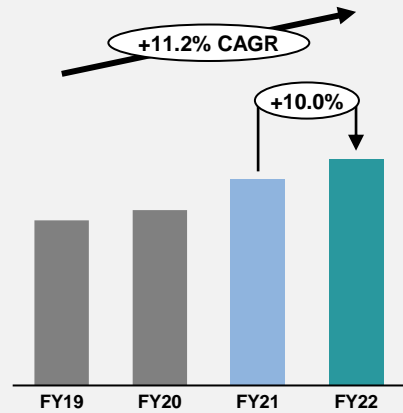


CONSISTENT TRACK RECORD OF GROWTH

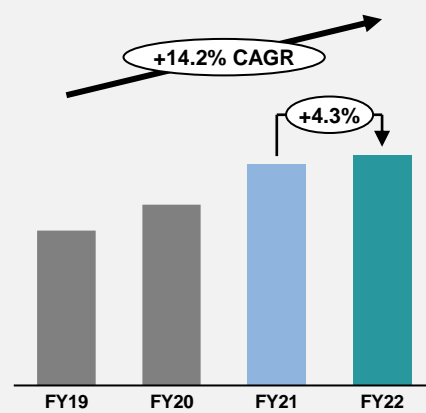
(CONTINUING OPERATIONS⁴)



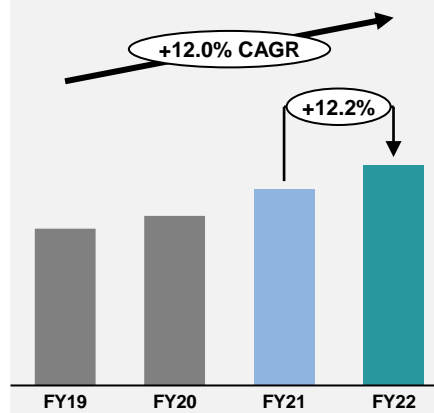
Premium



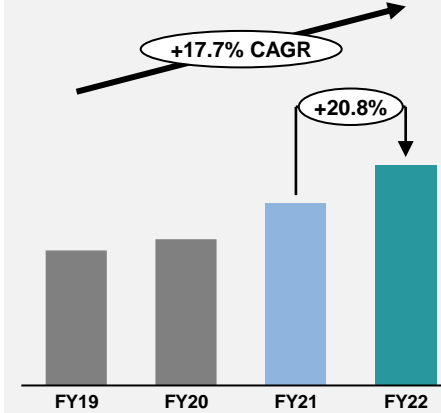
Client Count



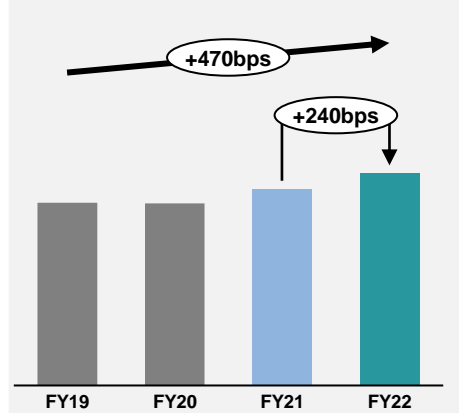
Underlying Revenue^{1,4}



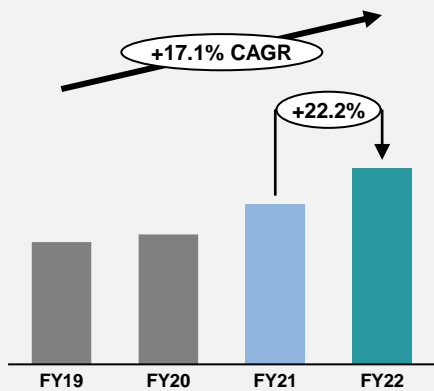
Underlying EBIT^{1,4}



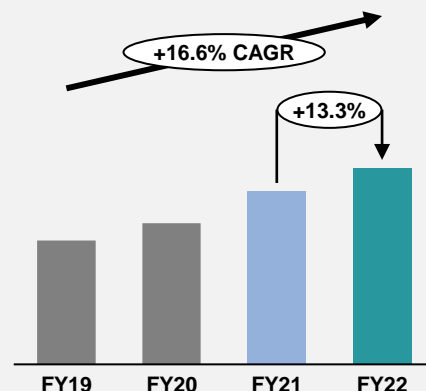
Underlying EBIT Margin^{1,4}



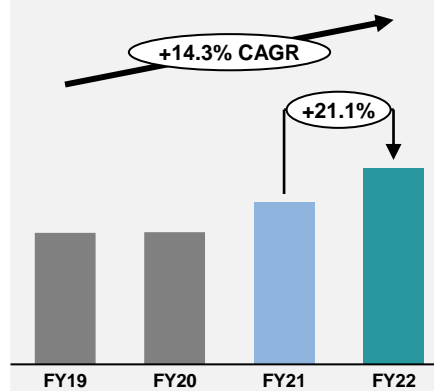
Underlying NPAT^{2,4}



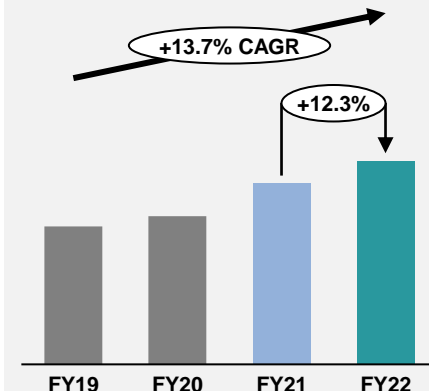
Underlying NPAT² (not adj for JobKeeper and ceased operations)



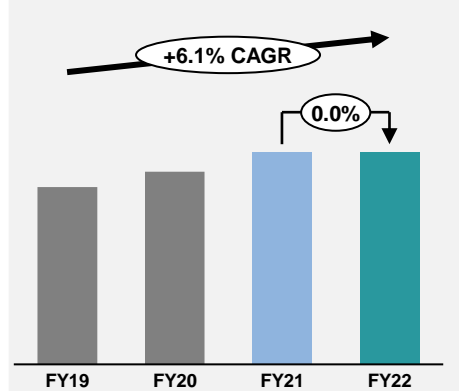
Underlying EPS^{3,4}



Underlying EPS³ (not adj, used for executive incentive measurement)



Dividend



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. Excludes AUB Group Corporate Revenue and Expenses
 2. Underlying 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
 3. Underlying EPS calculation = (Underlying NPAT) / (weighted average number of shares). The Underlying EPS in prior periods have been adjusted by the theoretical ex-rights price factor (TERP) resulting from the number of new shares issued following a non-renounceable entitlement offer. The TERP adjustment factor applied to the EPS values previously reported is 0.9794
 4. Excludes JobKeeper receipts and Health & Rehab (sold)

KEY MESSAGES

AUB performing strongly; Tysers performing ahead of expectations with synergies reaffirmed



1

Strong financial performance

- Strong results from continuing operations¹:
 - 12.2% growth in revenue
 - Underlying EBIT margin 34.0% (up 240bps)
 - 22.2% growth in UNPAT
 - 10.0% growth in GWP to AUD 4.4bn

2

Australian Broking momentum continues

- Australian Broking EBIT grew 16.2%¹
- Operational performance improving with further 250bps¹ margin expansion
- Bolt-on acquisitions continue to expand scale and capability while strategic equity step-ups in existing businesses provide access to future growth

3

BizCover revenue and profit growth

- The business grew revenues by 21.0%, while benefits of scale enabled EBIT growth of 26.2%¹
- Direct channel performance remains strong with revenue growing 26.9%, offset by slower growth in Intermediated channels
- EBIT performance in AU on-track, offset by investment in international expansion

4

Agencies strategy delivering ahead of plan

- Revenue growth of 41.0% and EBIT up by 63.8% year on year
- 510bps improvement in margin as benefits of operational scale deliver value
- Acquisitions, as well as expanding capability via new launches is driving growth

5

Mixed New Zealand performance

- Growth in revenue 0.5%, margin 170bps and EBIT 5.6% (excl. tech investment)
- BWRS core to underperformance with remediation underway
- Other businesses delivering on target
- Substantial tech investment in Project Lola provides future revenue and margin opportunities

6

FY23 Guidance

- FY23 Underlying NPAT guidance (excl. Tysers) upgraded due to strong Q1 trading
- Forecast AUD 90-92mn, up from AUD 86-91mn
- Guidance represents growth of 21.6% to 24.3% vs FY22
- Underlying NPAT guidance has been updated to include Tysers. **UNPAT now expected to be AUD 107.5 to 115.0mn**, representing a 45.2% - 55.4% growth vs FY22

FINANCIAL HIGHLIGHTS (CONTINUING OPERATIONS⁴, EXCLUDING TYSERS)

Continued momentum in Revenue growth and Margin expansion delivering strong UNPAT and EPS growth



	FY22	FY21 ⁴	FY20 ⁴	Performance Highlights
Underlying Revenue¹	\$689.5mn (+12.2%)	\$614.8mn (+16.3%)	\$528.6mn (+7.8%)	<ul style="list-style-type: none"> ▪ Growth in Underlying revenue of 12.2% in FY22, CAGR of 12.0% since FY19
Underlying EBIT Margin¹	34.0% (+240bps)	31.6% (+260bps)	29.0% (-30bps)	<ul style="list-style-type: none"> ▪ Strategic Initiatives have supported continued strong expansion in EBIT margin, an increase of 240bps in FY22
Underlying NPAT²	\$74.0mn (+22.2%)	\$60.5mn (+23.6%)	\$49.0mn (+6.4%)	<ul style="list-style-type: none"> ▪ Revenue growth and margin expansion enabling Underlying NPAT growth of 22.2% in FY22, 17.1% CAGR since FY19
Underlying Earnings per Share³	96.70 cents (+21.1%)	79.85 cents (+22.7%)	65.09 cents (+0.5%)	<ul style="list-style-type: none"> ▪ Underlying EPS growth in FY22 of 21.1% with 14.3% CAGR since FY19
Dividend per Share	55 cents (0.0%)	55.0 cents (+10.0%)	50.0 cents (+8.7%)	<ul style="list-style-type: none"> ▪ Dividend per share flat in light of the potential Tysers acquisition. Payout ratio above the mid-point of the 50% to 70% policy payout ratio

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. Excludes AUB Group Corporate Revenue and Expenses

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4. Excludes JobKeeper receipts and Health and Rehab (sold)

FY22 DIVISIONAL PERFORMANCE

Strong performance achieved across Operating Businesses with growth in underlying revenue, margin and profitability



Vs. FY21 comparative period

	AUSTRALIAN BROKING ⁴	BIZCOVER ⁴	AGENCIES ²	NEW ZEALAND BROKING	OPERATING BUSINESSES ^{3,4}
Underlying ¹ Revenue	↑ \$457.2mn 7.6%	↑ \$69.7mn 21.0%	↑ \$103.7mn 41.0%	↑ \$58.9mn 0.5%	↑ \$689.5mn 12.2%
Underlying ¹ EBIT Margin	↑ 33.7% 250bps	↑ 37.8% 150bps	↑ 37.0% 510bps	↓ 26.2% 34.9% Excl. NZ Tech Inv ⁵ (270bps) +170bps Excl. NZ Tech Inv ⁵	↑ 34.0% 240bps
Underlying ¹ EBIT	↑ \$154.2mn 16.2%	↑ \$26.4mn 26.2%	↑ \$38.4mn 63.8%	↓ \$15.4mn \$20.5mn Excl. NZ Tech Inv ⁵ (9.0%) +5.6% Excl. NZ Tech Inv ⁵	↑ \$234.4mn 20.8%
PBT attributable to equity holders of parent company	↑ \$86.1mn 23.4%	↑ \$10.5mn 24.7%	↑ \$22.8mn 53.5%	↓ \$9.0mn \$13.5mn Excl. NZ Tech Inv ⁵ (15.3%) +5.7% Excl. NZ Tech Inv ⁵	↑ \$128.4mn 23.8%

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. 360 Underwriting results are included within Agencies from 1 December 2020

3. Excludes AUB Group Corporate Revenue & Expenses

4. Excludes prior period JobKeeper receipts (Australian Broking and BizCover) and Altius (Sold)

5. Represents FY22 and FY21 Project Lola costs incurred to transform the NZ broking experience via a new platform

FY23 EXECUTION PRIORITIES

FY23 Priority

1

IMPROVE AND ENHANCE NEW ZEALAND PERFORMANCE

2

LEVERAGE TYSERS

3

OPTIMISE OUR NETWORK

4

EXECUTE ON STRATEGICALLY ALIGNED ACQUISITIONS

5

ENHANCE PARTNER PROPOSITION

Overview

- Successful pilot implementation of Project Lola including interfaces to select Insurers and commencement of roll-out to NZbrokers network
- Accelerated revenue and profit growth for AUB's portfolio of brokers in New Zealand

- Leverage Tysers capability for AUB Group risk placement
- Deliver on key outcomes related to broker retention and performance, Tysers Retail, regulatory projects and acquisition synergies

- Continue to optimise our portfolio of businesses to outperform by consolidating into more efficient operating entities or to expand specialisation

- Disciplined and targeted approach to acquisitions, either bolt-ons that deliver synergy benefits or to expand capabilities and footprint
- Investment in current network businesses to aid consolidation/optimisation

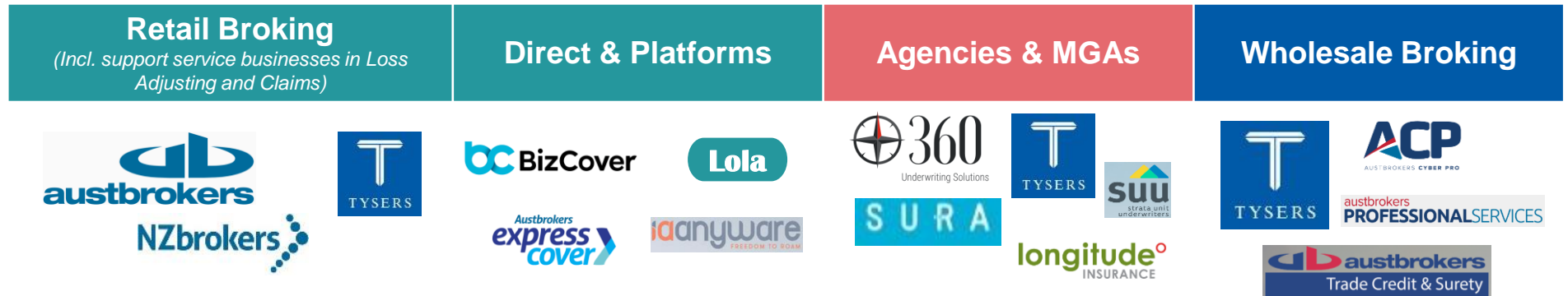
- Enhancement of member arrangements with external partners especially for Premium Funding, Technology, Insurance

AUB GROUP – BUSINESS MODEL

Building our insurance broking capabilities across key regions



AUB Group Business Model / Capability



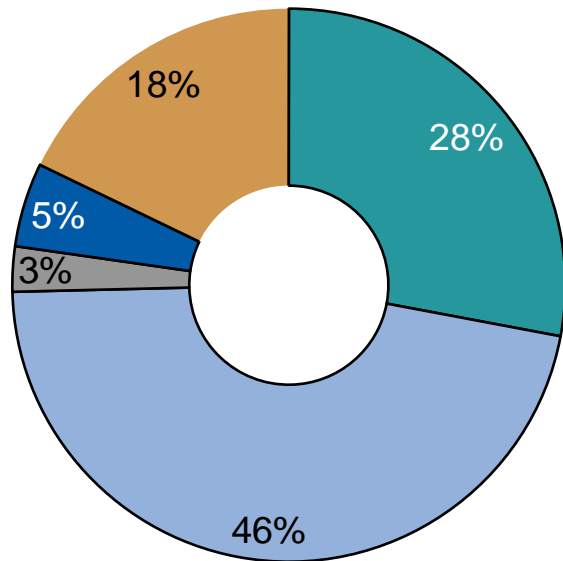
Geographic Maturity	Australia	Direct & Platforms	Agencies & MGAs	Wholesale Broking
	New Zealand			
	UK			
	International			

TYSERS UPDATE

Business is performing well delivering 9% revenue growth (9 months to Sep'22 vs pcp) with robust performance across all divisions



Tysers Income Mix (12M to 30Sep22)

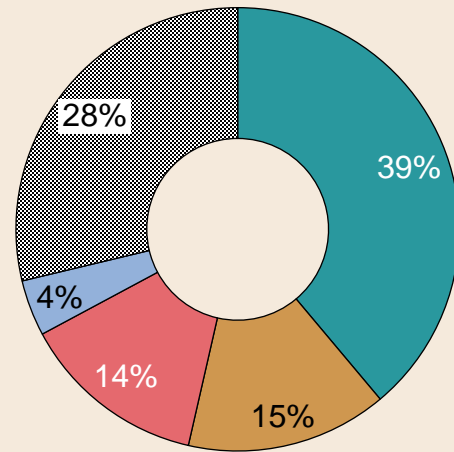


Wholesale Broking

- Marine & Aviation
- Non-Marine
- Reinsurance
- MGA
- Retail

Wholesale Broking Income Mix

Client Geography (12M to 30Sep22)



- North America
- AU & NZ
- United Kingdom
- Rest of the World
- Europe



Business Update

(9 months to Sep'22 vs pcp)

- Overall revenue growth of 9% including an FX benefit of ~5%
- Strong growth in most parts of the business
- Weak performance in some areas of Specialty (particularly Management Risk and Bloodstock)
- International Property & Casualty negatively impacted predominantly due to withdrawal from jurisdictions like Colombia and Ecuador and sanctions in Russia

TYSERS - DELIVERING SYNERGIES, BENEFITS REAFFIRMED

The transaction is expected to deliver AUD 25m in margin enhancement and cost synergies, on a run-rate basis, by end of FY24



Revenue Levers

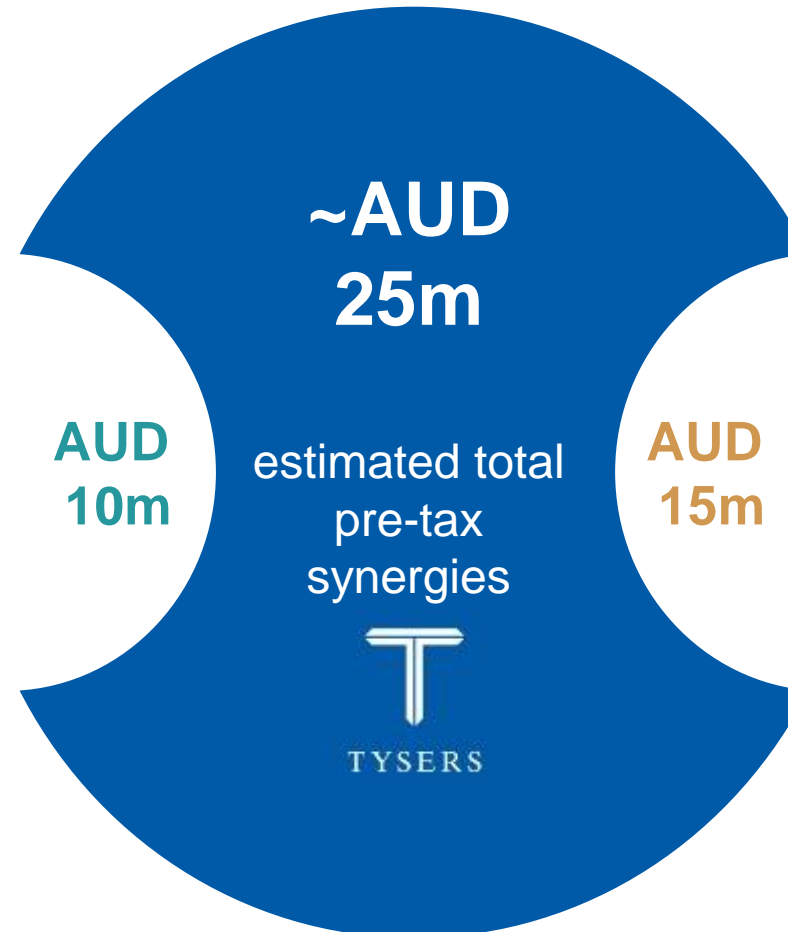
Increased placement of AUB client risks with Tysers

- Tysers to benefit from ~AUD 200m of AUB GWP available for placement into the Lloyd's market

Expand Agency portfolio

- Leverage existing 800+ Tysers MGA binders, capacity, product design and capability to expand AU & NZ Agency portfolio

Initiatives implemented in FY24, with benefits realised from implementation



Cost Levers

Optimise Tysers & AUB operating structure & governance

- Restructure operating and business model to reduce duplication, simplify operating layers, improve focus and enhance governance

Deliver efficient operations

- Redesign and optimise processes, technology and operational footprint
- Leverage our consolidated scale and new operational design to enhance commercial arrangements with external suppliers

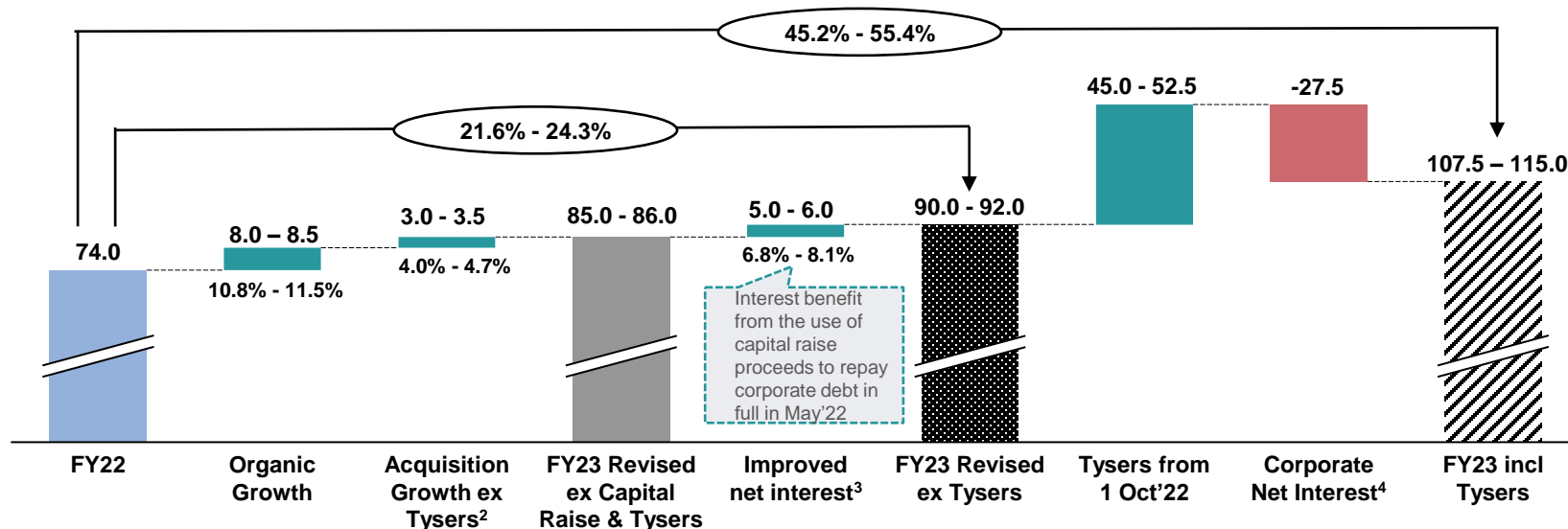
Initiatives implemented in FY23, with run-rate benefits realised in FY24

FY23 OUTLOOK

AUB UNPAT guidance upgraded to AUD 90 - 92mn (from AUD 86 to 91mn) due to strong Q1 trading. Tysers contribution ahead of expectations



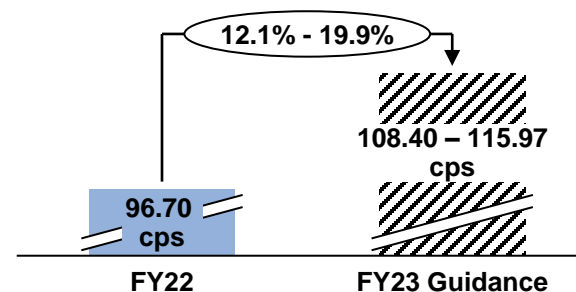
FY22 to FY23 Underlying NPAT¹ Breakdown \$mn AUD



Assumptions

- Revised guidance for AUB (excl Tysers and cost of debt) includes 1Q23 results and assumes continued strong premium rate rises for Australia and moderate but accelerating rate rises in New Zealand.
- Renewals for New Zealand Broking in March and Australian Broking in June 2023 are assumed to perform in line with past performance.
- Tysers' profit contribution and AUB Group debt cost are included from 1 October 2022.
- Nothing is included for unknown or unanticipated acquisitions.
- The impact of the PSC Retail JV is assumed from 1 January 2023.
- FX Rates for the 9 months to 30 June 2023: GBP:AUD 1.76, GBP:USD 1.1355.
- Tax in the UK increases from 19% to 25% on 1 April 2023, 21% used for the 9 months to 30 June 2023

Underlying EPS¹ FY22-FY23



Notes

- Outperformance in Q1FY23 from strong organic growth and contribution from acquisitions
- FY23 weighted average number of shares increased by 22.7mn to 99.2mn, including issue of Tysers vendor equity on 1 October 2022

Debt

- 5 year AUD 675mn facility with additional accordion feature to fund Tysers earn-out.
- Cash and debt headroom at 31 October '22 AUD 100mn.
- Leverage at 31 October '22 was 2.67x
- Leverage Ratio Covenant of 5.25x (till Mar 23) gradually reducing to 4.0x by Jun 25

1. Underlying NPAT and Underlying EPS 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. Acquisition growth includes the net effect of acquisitions, divestments, bolt-ons and increased equity stakes. Excludes major acquisitions
 3. Reflects interest earned on excess cash from the May'22 capital raising, with corporate debt fully repaid in May'22
 4. Includes the draw-down of Tysers and non-Tysers debt on 30 September 2022, attracting an average interest rate of 7.71% (BBSY + 4.5%) for the 9 months to 30 Jun'23. Includes arrangement and unused facility fees

Thank You



David Clarke

Chair



Mike Emmett

CEO and Managing Director



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'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'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 Underlying NPAT to present a clear view of the underlying profit from operations. Underlying 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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