

ASX Announcement

2 November 2023

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

2023 AGM - Chair's Address and CEO's Address

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, Chief Legal and Risk Officer, 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 ~570 locations globally. Over 5,000 team members work with ~950,000 clients to place ~AUD 9.5bn in insurance premiums with local and foreign insurers.

AUB Group – Annual General Meeting

Thursday 2 November 2023 | 10:00am

Allens, Level 28, Deutsche Bank Place, 126 Phillip Street (Corner Hunter & Phillip Streets), 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 2023 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 convey my respect for their communities, culture, and elders past, present and emerging.

This morning I will provide a brief overview of our business and achievements during the 2023 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 2024 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:

- Richard Deutsch, Non-Executive Director;
- Andrew Kendrick, Non-Executive Director;
- Our CEO and Managing Director Mike Emmett;
- Company Secretary, Richard Bell;
- Robin Low, Non-Executive Director who chairs our Board Audit & Risk Committee;
- Cath Rogers, Non-Executive Director; and
- Peter Harmer, Non-Executive Director.

Also with us today are:

- Joint Company Secretary, 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 six further items of business:

1. Adoption of the Remuneration Report;
2. Election of Richard Deutsch as a Director;
3. Election of Andrew Kendrick as a Director;

4. Issue of performance share rights to Mike Emmett;
5. Placement capacity to refresh for the issue of shares to institutions; and
6. Renewal of proportional takeover approval provisions.

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 eighth 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

Financial Year 23 was a strong year for AUB Group as we delivered against our Strategic agenda. The financial performance exceeded the top end of our upgraded guidance with the Underlying Net Profit After Tax (UNPAT) increasing by 74.4% compared to FY22, to \$129.1m, while maintaining a strong balance sheet and capital position. Divisionally, all key metrics across all operating divisions delivered growth.

Capital Position & Dividend

Despite a challenging and uncertain macroeconomic environment, our balance sheet remains strong, with the corporate entity being cash generative with \$133.2m in operating cashflow, and access to \$256.8m in cash and debt funding. The Group also successfully completed a \$165m equity capital raising in May 2023 to create funding capacity for our pipeline of acquisition opportunities.

As a result of our financial performance, the Directors have declared a final fully franked dividend of 47.0 cents per share, payable on 9 October 2023. This, together with the interim dividend of 17.0 cents, results in a full year fully franked dividend of 64.0 cents, an increase of 16.4% and translates into a payout ratio of 52.8% of UNPAT.

Strong business results as well as disciplined M&A also led to underlying Earnings per Share increasing by 33.7% compared to Financial Year 22.

Strategic Agenda

The Group's focus and delivery of its strategic priorities remains core to our strong financial performance. Key highlights during the year include strategically important and accretive acquisitions of SRS Broking in Australian Broking, ICIB in New Zealand, Strata Unit Underwriters in Agencies, as well as a number of bolt-ons, equity steps and restructures across the network. The business also completed 5 divestments to realign our portfolio. Our agencies portfolio is positioned for continued growth, writing more than \$900m of premium in FY23, an increase of 34% compared to FY22, with opportunities being explored to deliver increased capacity to existing binders as well as expanding capability into new segments, via Tysers.

In Financial Year 23 we completed our significant and transformative acquisition of leading London and Lloyd's broker Tysers with its specialist capabilities and global distribution. The transaction is designed to expand our role across the insurance broking value chain and increase our broker and client proposition by providing enhanced insurance capacity and market access. The transaction was completed on 30 September 2022 and has resulted in a much larger, more complex, but pleasingly, a more geographically and market segment balanced portfolio for the Group. Since completion, the business has performed ahead of forecasts, with both revenue and profitability growing strongly. A key driver has been AUB's execution of cost reduction levers including optimising the operating and governance model.

Resolution of investigation by U.S. Department of Justice

As announced at the time of the Tysers acquisition, the United States Department of Justice has been investigating Integro Insurance Brokers Limited (now called Tysers) and its employees, agents and associated persons in relation to conduct of business in Ecuador between 2013 and 2017.

This morning, we announced that Tysers has agreed to resolve the investigation, pending the negotiated agreement being entered into the record by the U.S. District Court for the Southern District of Florida. Under the terms of the Proposed Resolution, Tysers has agreed to pay the DOJ a total of USD\$46.589 million.

As a result of the previously reported contractual protections and amounts provided for upon acquisition of Tysers in AUB's financial report for the financial year ended 30 June 2023, the Proposed Resolution has no material impact or change to AUB's expected FY24 Net Profit After Tax.

We are pleased to have resolved this legacy matter with the United States Department of Justice. Tysers has cooperated fully with authorities and spent considerable time and effort – including investing in a full compliance and control review and uplift – to ensure an effective and best-in-class compliance program is both implemented and maintained.

FY24 Strategic Focus

Looking ahead, the Group's FY24 strategic focus will be primarily a continuation of FY23 objectives, with a particular focus on New Zealand business performance, technology delivery, and the successful integration of Tysers.

Board Changes

During the year there have been a number of Board changes, as part of our orderly succession planning.

Last November, we welcomed Richard Deutsch as a Non-Executive Director, and he is standing for election at this meeting. 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. Richard is a Chartered Accountant and a Fellow of the Chartered Accountants Australia & New Zealand, and will chair our Board Audit and Risk Committee, following Robin Low's retirement.

In January, we welcomed Andrew Kendrick as a Non-Executive Director, and he is also standing for election at this meeting. Andrew is a highly regarded leader in the Lloyd's, London Market and European insurance industry and brings strong knowledge, expertise, and relationships in the London Wholesale Insurance market to the Board. He is a former Non-Executive Director of Lloyd's of London, Lloyd's Market Association and former President & Chairman of Chubb Europe. Andrew is the Chair of Everest Insurance Ireland, and also chairs AUB's UK subsidiary, Tysers.

In August, Paul Lahiff retired from the Board and as chair of the Remuneration and People Committee. Retiring at the conclusion of this meeting is Robin Low, who has also chaired our Board Audit and Risk Committee. Paul and Robin have been outstanding contributors to AUB during their time as Directors, and I want to thank them both sincerely for their service and contributions, and wish them all the very best for the future.

As part of the Board's succession planning, I am pleased to announce the appointment of Melanie Laing as a Non-Executive Director, effective from the conclusion of this meeting. She will also chair the Remuneration and People Committee. Melanie is with us in the audience today. Melanie is a former group executive of Human Resources at Commonwealth Bank of Australia, Origin Energy and General Re (a Berkshire Hathaway company) and brings

considerable experience in people management and financial services to the Board. She is a Non-Executive Director of Keypath Education International and Ridley Corporation.

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

Corporate Responsibility – Environment, Social and Governance

Our recent focus on improving the Group's environmental, social and governance (ESG) practices have resulted in a number of key initiatives being implemented and further planned. Our approach, as well as progress in Financial Year 23 is reported in our Annual Report. Because we are a relatively carbon light business, we have focused our efforts on our people and the communities in which we operate. The key highlights include:

- AUB Group was recertified as a 'Great Place to Work'
- Roll-out of AUB Giving (employees contribute pre-tax donations, with AUB Group matching) and Community Day (day of paid volunteer leave to participate in community activities)
- Continued support via donations to, and sponsorship of, community and sporting clubs around Australia
Ongoing trusted partner relationships with clients demonstrated by premium retention of 91%
- Implemented actions to reduce our carbon impacts from air travel by implementing a validated and audited carbon offset partner for all flights for Corporate head office and Tysers
- Transitioned our Corporate Head Office energy consumption to renewable sources and rolled out new workplace technologies, including energy-efficient wide-screen monitors that reduce the need for printing

Conclusion

I would like to conclude by thanking all our employees and partners for their contributions during the year. Another strong result in FY23 is testament to their effort, discipline, and commitment to the success of the business. 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 2024.

CEO and MD's Address

Mike Emmett | Chief Executive Officer and Managing Director

Opening

Thank you, David, and Good Morning everyone.

I am delighted with AUB Group's FY23 results given we delivered another strong performance across all divisions. Australian Broking continued its focus on portfolio optimisation activities, Agencies accelerated its scale-up and market expansion, we created momentum for the turn-around in New Zealand and BizCover leveraged the benefits of platform scale and business maturity. These results were delivered against the successful completion of our strategically important acquisition of Tysers in October 2022.

FY23 Financial Highlights

In FY23, we grew underlying revenue of \$1.11bn by 61.2% in comparison to FY22, while Underlying NPAT grew by 74.4% to \$129.1mn. To deliver these results, our business achieved 12.3% organic growth and 17.2% acquisition growth, excluding Tysers, while our acquisition of Tysers enabled a further 44.9% net growth, after allowing for the increased net cost of funding.

All divisions delivered growth in revenue and profitability with revenue growth ranging between 13.7% to 34.3%, margin expansion between 140bps and 290bps and increases in Profit before tax attributable to AUB shareholders of between 18.9% and 59.4%.

Cash and undrawn debt on 30 June 2023 was \$256.8mn, allowing substantial headroom for future acquisition activity.

FY23 Divisional Performance

Australian Broking

Australian Broking had another very active year as we continued to optimise our portfolio. During FY23, we completed three acquisitions, four equity step-ups, six equity step-downs, five divestments, and two portfolio consolidations with several other restructures in parallel, indicating the ongoing opportunity to optimise the broking portfolio and the consequential potential for margin expansion. The division continues to grow revenue strongly while expanding margin.

BizCover

BizCover delivered further margin improvement as the platform continues to scale. In FY23, BizCover exceeded AUB's medium-term margin target for this business of 40% with margin expanding both in Australian and international markets. In addition to the financial performance, BizCover continues to operate with a market-leading NPS of +71 and added new insurers and products to the platform, enhancing its future growth potential.

Agencies

During FY23, Agencies grew revenue by 34.3%, expanded margin by 140bps while EBIT grew by 39.5%. In early FY21 we communicated our strategy to build the Agency division to \$1bn of premium within five years, split across three areas of General Commercial, Specialty, and Strata. We are delighted with the strong progress toward this goal with agency premium in FY23 exceeding \$900mn.

New Zealand

Our strategic focus on a turn-around in the New Zealand business has progressed strongly with the business achieving organic growth of 42.5%, as well as acquisition growth of 17.9%. The acquisition of ICIB and its merger with BWRS created one of New Zealand's leading brokerages. This supported by the ongoing quality of the remaining broking businesses and the NZbrokers network have delivered a strong rebound in our results. Our new broking technology solution, Lola, achieved some key milestones, including integrating with three primary insurance partners and implementation across two pilot branches.

Tysers

In FY23, we completed our acquisition of Tysers. During the nine-month period of ownership, the business delivered an EBIT margin of 26.1% which compares favourably with the ~20% normalised calendar year 2021 margin we announced as part of the acquisition in May 2022. At the time of acquisition, we also communicated overall run-rate synergy targets of \$25mn per annum. In FY23, we have made strong progress in implementing the planned cost reduction initiatives and achieved \$2.9mn of in-year savings with these expected to deliver annual run-rate savings of \$7.6mn. Various additional cost actions have been identified for implementation that will deliver the balance of the \$15mn cost target on a run-rate basis during FY24. We also committed to a synergy target of \$10mn from increased income arising largely from the placement of individual risks and binders by members of the AUB network. Already during the latter stages of FY23, Tysers earned \$0.4mn income from AUB brokers' client risk placements while a focus by AUB has resulted in incremental income of \$2.6mn earned from a more disciplined approach to investment.

Outlook & Progress in FY24

AUB Group's strong momentum from FY23 has continued into the first quarter of FY24 with particularly pleasing performance in Agencies and New Zealand. As a result, we reaffirm our full-year guidance provided earlier in the year. We anticipate Underlying Net Profit after Tax in FY24 of between \$154mn to \$164mn, representing growth of 19.3% to 27% on FY23.

Closing

FY23 was a busy year with multiple imperatives, and our progress and performance is a testament to the AUB team's ability to manage a complex portfolio of initiatives and deliver strongly against our priorities.

I want to thank our clients who trust us with their business-critical risks; grateful to our teams who go above and beyond to deliver for our clients; and acknowledge our people for their commitment to the success of the Group. Given our foundations, I am confident that AUB is well placed for continued out-performance in future years.

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

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