

ASX Announcement

31 October 2024

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

2024 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 ~595 locations globally. Over 5,500 team members work with our ~1,000,000 clients to place more than AUD 10.0bn in insurance premiums with local and foreign insurers.

AUB Group – Annual General Meeting

Thursday 31 October 2024 | 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

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

The Financial Year 2024 has been marked by another year of success for AUB Group, underscored by robust financial performance and significant strategic accomplishments. Our Underlying Net Profit After Tax (UNPAT) increased by 32.5% compared to FY23, reaching \$171.0 million. This growth reflects our dedication to delivering strong returns, while maintaining financial resilience by sustaining a solid balance sheet.

Capital Position & Dividend

We maintained a strong balance sheet, with the corporate entity remaining cash generative and access to \$471.3 million in cash and available debt funding as of 30 June 2024. Furthermore, we successfully raised \$225 million in equity through a \$200 million placement to institutional shareholders, announced in May 2024, and a \$25 million share purchase plan in June 2024. These initiatives support our acquisition pipeline and fund future growth opportunities.

We determined a fully franked final dividend of 59.0 cents per share. Together with the interim dividend of 20.0 cents per share, this brings the total full-year dividend to 79.0 cents per share, representing a 23.4% increase from the prior year. This growth reflects our strong earnings and healthy cash flow.

Our Earnings Per Share for FY24 is 156.78 cents, an increase of 21.2% compared to the previous year, further underscoring the successful execution of our strategic priorities and our ongoing commitment to enhancing shareholder value.

Odyssey Share Sale

As you may remember, back in September 2022, we acquired the leading London and Lloyd's broker Tysers. The vendor was the private equity firm, Odyssey Investment Partners. As part of the consideration for Tysers, AUB issued 9,018,974 shares to Odyssey. The shares were subject to escrow for two years, until 30 September 2024. Odyssey have recently sold these shares to institutional shareholders via a managed sale process.

Strategic Agenda

The successful execution of our strategic priorities has been a key driver of our financial performance. In FY24, we completed several strategically significant and accretive acquisitions, further enhancing our market position.

The integration of Tysers has granted us valuable access to Lloyd's and opened opportunities in new markets through its extensive client base and distribution network. This strategic acquisition has established a strong foundation for

further expansion into both existing and prospective markets, aligning with our objective to leverage the Tysers platform to optimise the value chain and unlock the next phase of growth.

Our agencies portfolio remains a critical growth driver, surpassing our FY24 target of \$1 billion in premiums, representing a 19.6% increase compared to FY23. Additionally, the acquisition of Pacific Indemnity, which was completed and took effect on 1 July 2024, further strengthens our position.

FY25 Strategic Focus

Looking ahead, FY25 will see an increased focus on building out our UK Retail capability. We also remain committed to enhancing our strategic investments, optimising Tysers' wholesale broking operations, and driving further growth across our key markets. Our strategic priorities will continue to centre on leveraging these acquisitions to maximise value and capitalise on emerging opportunities.

Corporate Responsibility – Environment, Social and Governance

Our commitment to enhancing AUB Group's ESG practices remains a priority. We implemented several key initiatives and have outlined additional plans to further strengthen our ESG footprint. Notable highlights include:

- AUB Group's recertification as a 'Great Place to Work';
- Continued roll-out of AUB Giving and Community Day programs, reinforcing our commitment to social responsibility;
- Ongoing support through donations and sponsorships for community and sporting clubs across Australia.
- Commenced assessment of our approach against Australian Sustainability Reporting Standard 1;
- Implemented measures to address gender pay equity - women represented 52% of our workforce, ~52% of promotions and ~56% of new hires; and
- High levels of client trust, evidenced by a premium retention rate of 93%.

Board Changes

As part of the Board's succession planning, we are pleased to announce the appointment of Tonianne Dwyer as a Non-Executive Director effective from the conclusion of this meeting.

Tonianne brings exceptional value to the Board, with a background that includes serving as a Non-Executive Director for the ASX listed companies ALS Limited, Growthpoint Properties Australia and Incitec Pivot. She is also the Deputy Chancellor and member of the Senate of the University of Queensland, and a director of the Sir John Monash Foundation. Previously, Tonianne had a 23-year executive career in investment banking and real estate, during which she held senior management roles with Hambros Bank Limited and Société Generale in the UK. We warmly welcome Tonianne and look forward to benefiting from her considerable expertise and insights.

Additionally, I would like to take this opportunity to confirm my retirement from the AUB Group Board after 10 years, including eight as Chair. I extend my heartfelt thanks to my fellow Board members, shareholders, the Management team, and AUB's partners and teams for their support and collaboration. Together, we have achieved remarkable growth, with a compound annual increase of 17.0% in UNPAT and 10.1% in EPS during this period. I am honoured to have been part of this journey and leave with great confidence in AUB's future, knowing it is well-positioned for continued success.

Peter Harmer, a current Director, will succeed me as Chair. Peter's extensive experience, expertise, and deep knowledge of the insurance and broking industry make him ideally suited to guide AUB Group as it moves toward its

future aspirations. My retirement from the Board, and Peter's appointment as Chair will be effective from the conclusion of this meeting.

Conclusion

Financial Year 2024 has been an outstanding year for AUB Group, marked by significant achievements and a steadfast commitment to our strategic objectives, underscoring both our strong market position and future potential.

In closing, I would like to extend my sincere appreciation to our dedicated employees and partners for their unwavering commitment and hard work, which have been instrumental in delivering the impressive results we achieved in FY24. I also wish to express our deepest gratitude to our clients and shareholders for their continued trust and support. As we move forward, AUB Group is well-positioned to build on our successes and address the opportunities and challenges that lie ahead.

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 2025.



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CEO and MD's Address

Mike Emmett | *Chief Executive Officer and Managing Director*

Opening

Thank you, David, and Good Morning everyone.

I am pleased to share AUB Group's outstanding results for FY24, with strong performance across all divisions. This year marked significant milestones in revenue growth, margin expansion, and profit growth, underscoring our collective strength and strategic execution.

Financial Year 2024 represented a pivotal moment as we completed five full years under our ambitious strategic mandate. With a revitalised leadership team, bold ambitions, and clearly defined priorities, we have achieved substantial growth, boasting compound annual Underlying NPAT growth of 34% and EPS growth of 22%. This pleasing performance has been ratified by our investors who have supported significant growth in the AUB share price over the same period.

Today, AUB Group manages over \$10 billion in premiums on behalf of our clients, having expanded beyond traditional broking to include a diverse portfolio of Underwriting Agencies, Insurtech businesses, and a strong presence in Wholesale Broking, particularly within the Lloyd's market. Our global reach now spans 16 countries, with approximately 5,500 dedicated professionals serving ~one million clients, expertly placing and managing risks with the world's leading insurers. Over the past five years, AUB Group has been one of the fastest-growing broking groups globally and is currently ranked as the 18th largest Insurance Broking Group in the world.

Despite our growth, our unwavering commitment to clients and partners remains at the core of our operations. Our owner-driver model, integral to our success, allows key partners to maintain substantial equity stakes in their businesses, preserving the entrepreneurial spirit and fostering a sense of family within the AUB Group. With a portfolio of approximately 100 unique brands, each with its own history and culture, united under the AUB Group umbrella, our proven go-to-market strategy continues to deliver exceptional results across multiple jurisdictions, year after year.

FY24 Financial Highlights

In FY24, underlying revenue grew by 20% to \$1.33 billion, while underlying net profit after tax increased by 32.5% to \$171 million, benefiting from further EBIT margin expansion to 34%. All divisions contributed to this growth, with revenue increases ranging from 8.5% to 26.5%, margin expansion between 170bps and 740bps, and profit before tax attributable to AUB shareholders rising between 14.7% and 59.2%. As David noted, our EPS grew by 21.2% compared to the prior year, and our three-year average Return on Invested Capital (ROIC) ending on 30 June 2024 was 12.7%.

Cash and undrawn debt on 30 June 2024 amounted to \$471.3 million, providing substantial headroom for future acquisition activity.

FY24 Divisional Performance

Australian Broking

Australian Broking remains the engine room of the Group. We continue to optimise our portfolio, making eight bolt-on acquisitions and one disposal, restructuring a broking portfolio, and investing in five equity step-ups, while continuing to support succession planning by reducing our equity in four brokerages. The division continues to deliver strong revenue growth, with widening margin jaws achieved through effective cost management.

BizCover

BizCover delivered another strong year, achieving revenue growth of 15% and significant margin expansion to 42%. The business continues to invest in enhancing its platform, ensuring sustained growth and customer satisfaction. Notably, the insurer panel was strengthened with the addition of Chubb and HDI, expanding the range of insurance options available to customers, while the relaunch of BizCover's cyber insurance offering has shown encouraging growth.

Agencies

The Agencies division made an impressive contribution, crossing the milestone of \$1 billion in premium while making significant progress towards our medium-term EBIT margin target of 45%. Additionally, the strategically important acquisition of Pacific Indemnity, which enhances our scale and capabilities, will further bolster our growth in FY25. All components of the division performed strongly, and the addition of Pacific Indemnity from 1 July will enable us to extend this growth into FY25.

New Zealand

New Zealand's operations continue to deliver remarkable results, with another year of strong revenue growth at 25.6%, compounded by a 740bps margin expansion, resulting in EBIT growth of 57.4%. FY24 organic profit growth of 26.3% was bolstered by 10.5% profit growth from acquisitions, together contributing to an underlying profit growth of 59.2%. Our ongoing focus on growth in New Zealand is underpinned by nine acquisitions during the year, alongside portfolio actions including one equity step-up and two equity step-downs.

Tysers

Financial Year 2024 also marked our first full year of Tysers' performance, contributing positively to our overall results. On a normalised basis, Tysers EBIT grew by 14.1% to \$99.4m in FY24. We successfully achieved stated run-rate revenue and cost synergy targets during FY24 while also making good progress to restructure the Tysers operations. The ability to leverage Tysers to access the Lloyd's Insurance market to the benefit of the clients of our broking and agency networks is a significant competitive advantage which will increase the growth potential of AUB Group.

Operating Model

We have restructured the operations acquired as part of the Tysers acquisition, splitting the business into three clear components namely wholesale operations, which continues to use the Tysers Brand, the retail branches which have been combined with recent retail investments in Movo and Momentum to form the new UK Retail unit while the Underwriting Agencies will now operate as part of our global Agencies Division.

As a result, the new AUB International Division will comprise Tysers, the new UK Retail operations described earlier, Mexbrit/Forte, the Miami-based Brokerage and MGA acquired last year, as well as other acquisitions we anticipate making outside of Australia and New Zealand.

On the back of these changes, I'm pleased to congratulate Tom Wilson on his recent appointment as CEO of Tysers as well as Bob Pybus as CEO of UK Retail Broking who will both report to me in my capacity leading the International Division.

I'm also pleased to announce the promotion of Gurbaj Pawar to AUB Group Chief Strategy Officer and welcome him to the AUB Group Executive. Gurbaj has been an important part of the transformation of AUB Group over the past five years and I'm pleased to be able to recognise his contribution and potential with this promotion.

Outlook & Progress in FY25

AUB Group's strong momentum from FY24 has continued into the first quarter of FY25. As a result, we reaffirm our full-year guidance provided earlier in the year. We anticipate Underlying Net Profit after Tax in FY25 to be in the range of \$190 million to \$200 million, representing growth of 11.1% to 16.9% on UNPAT in FY24. I'd like to reiterate that we anticipate a split of profits of 39% in 1H25 and 61% in 2H25.

Closing

We have made substantial progress over the past 5 years. As we look to benefit from the foundations we have built and the opportunities that increasingly present themselves in our target geographies, we believe we are poised for an exciting next phase in the evolution of the group.

Financial Year 2024 was a year of numerous priorities and initiatives, and our strong progress is a testament to the AUB team's remarkable ability to navigate complexity and consistently deliver on our strategic objectives. I extend my deepest gratitude to our clients for their continued trust in us to manage their most critical business risks, to our teams for their unwavering dedication and hard work, to our business partners for their loyalty and commitment to our success and to our shareholders who continue to demonstrate their support for the AUB Group.

In closing, I would like to acknowledge the tremendous guidance and support I've received from David Clarke since I joined AUB Group. He has been an excellent Chair. David, thank you for your wisdom and mentorship, and best wishes for the future. Subject to Peter being re-elected by shareholders today, I look forward to working closely with him in this next phase of AUB Group's evolution and growth. Peter is a seasoned Insurance executive with extensive international experience and is well qualified to become Chair of AUB Group having already made an excellent contribution since joining the board a few years ago.

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