

23 August 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PSC INSURANCE GROUP LTD (PSI) – 2021 FULL YEAR RESULTS INVESTOR PRESENTATION

Please find attached our Investor Presentation referred to in our 2021 Full Year Results announcement covering letter. Investor presentations commence today after this morning's Results Conference Call and will continue over this week and the next.

Please direct any queries to Tony Robinson, Managing Director, on 0407 355 616 or Joshua Reid, Chief Financial Officer, on (03) 8593 8303.

Authorised for release to the ASX by the PSC Insurance Group Limited Board.



Stephen Abbott

Company Secretary



2021

FINANCIAL YEAR RESULTS

Tony Robinson (Managing Director)

John Dwyer (Executive Director)

Joshua Reid (Chief Financial Officer)





SUMMARY INFORMATION

This document has been prepared by PSC Insurance Group Limited (ACN 147 812 164) (PSC). It is a presentation of general financial and commercial information about PSC's activities current as at 23 August 2021. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with PSC'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 NPATA and Underlying EBITDA and other related measures to present a clear view of the underlying profit from operations. Underlying NPATA comprises consolidated profit after tax and before amortisation expense adjusted for value adjustments for the carrying value of assets or associates, contingent consideration adjustments, and other revenue and costs considered non-operating in nature or related to acquisition activities. It is used consistently and without bias year on year for comparability. These measures are not audited by the Group's auditors. A reconciliation to statutory profit is provided in 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 PSC, 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 PSC 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, PSC 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.



NOT AN OFFER

This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to issue, purchase, or sale of any shares or other financial products in PSC. This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (Securities Act) (US Person)). Securities may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration. PSC shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States.

EXECUTIVE SUMMARY

Another Great Year - Strong growth via acquisition and organic means despite COVID environment



STRONG GROWTH IN KEY FINANCIAL METRICS

PSC have continued their year on year growth across key financial metrics

\$2.0b+GWP

\$207.2m Underlying Revenue

\$72.0m Underlying EBITDA¹

EPS of 15.1cps



ACQUISITION SUCCESS

Paragon & Griffiths Goodall acquisitions have proven to be highly successful acquisitions

\$68m Combined Revenue from GGIB & Paragon

\$23.5m Combined EBITDA from GGIB & Paragon



DIVERSIFICATION

Strong Diversification across client base, insurance class and insurer mix.

Development of a sustainable economic moat



INTERNATIONAL GROWTH & OPPORTUNITIES

Growing UK operation gives PSC a runway for growth

3 x strategic acquisitions in FY21 in the UK retail broking (B2C) space

Absolute Insurance

Abaco Insurance

Trust Insurance Services

UNIQUE AS AUSTRALIA'S ONLY MULTI-NATIONAL BROKER



Increased diversification



Increased run-way for growth + expansion opportunities

BOARD

MD

CEO
AU | NZ | HK

CEO
PSC UK

MD
Paragon

CFO

Distribution

Agency

Hong Kong

Carrolls

Breeze

Retail

E+O

D+O

Cyber

Health

M+A

Casualty

FINANCIAL YEAR HIGHLIGHTS

Growth & Earnings Resilience

Underlying
revenue up

**17% to
\$207.2m**

Underlying
EBITDA up

**25% to
\$72.0m¹**

Underlying
NPATA up

**22% to
\$45.8m**

EPS
growth of

**8% to
15.1cps**



Well-positioned to
continue growth in FY22,
proforma FY21 EBITDA of
approximately \$78m as
base for FY22²



Strong organic
EBITDA growth of
11%³



UK commercial broking
strategy materially
advanced with 3
acquisitions in period

TRACK RECORD OF GROWTH

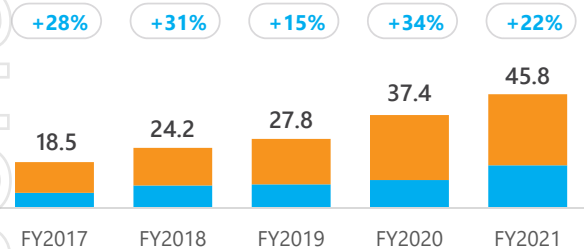


Continuation of a long track record of growth, with ~ 20%+ CAGR across all financial metrics a testament to PSC's empowered business model.

■ 1H
■ 2H
■ Full year
X% Growth rate y.o.y

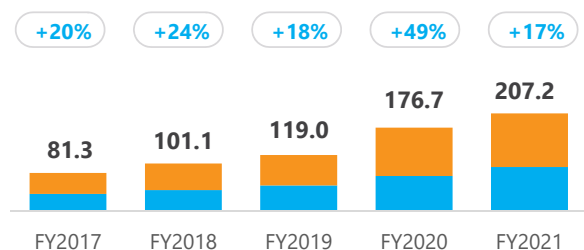
UNDERLYING NPATA (\$m)

CAGR: 26.0%



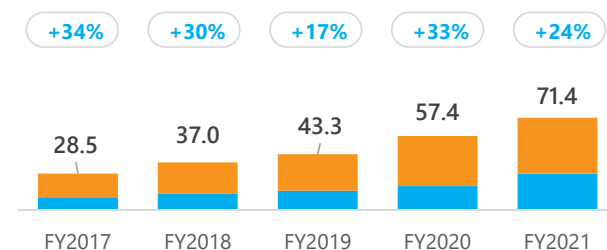
UNDERLYING REVENUE (\$m)

CAGR: 25.1%



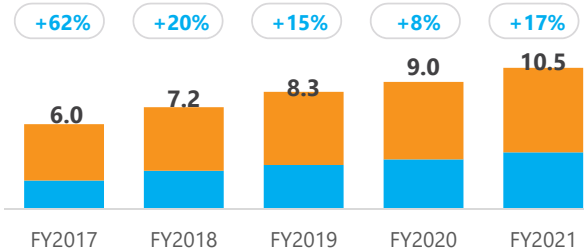
UNDERLYING EBITDA (\$m)¹

CAGR: 27.5%



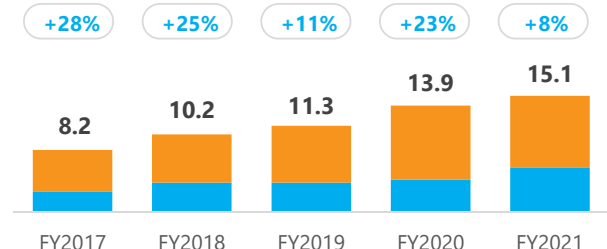
DIVIDENDS (CPS)

CAGR: 23.2%



EARNINGS PER SHARE (CPS)

CAGR: 18.8%



FINANCIAL RESULTS SUMMARY

Strong balance of organic growth + accretive acquisitions that have integrated well

(\$m) ➤	FY21	FY20	Growth
Underlying Revenue	207.2	176.7	17.2%
Underlying Costs	(135.1)	(119.5)	
Underlying EBITDA, ex AASB 16	72.0	57.7	24.9%
Net AASB16	(568)	(268)	
Underlying EBITDA	71.4	57.4	24.5%
Interest	(8.9)	(6.1)	
Depreciation	(1.9)	(1.9)	
Amortisation	(9.0)	(6.5)	
Non-Operating Items	6.7	(17.6)	
Net Profit Before Tax	58.2	23.5	130.2%
Tax	(17.5)	(6.5)	
NPAT	40.7	18.7	117.5%
Underlying NPATA	45.7	37.4	22.3%
EPS	\$0.151	\$0.139	8.1%



Operating revenue growth of 17%, underlying EBITDA growth of 25% and NPATA growth of 22%



Strong organic growth of 11% (\$6.3m) + acquisition growth of \$8.0m



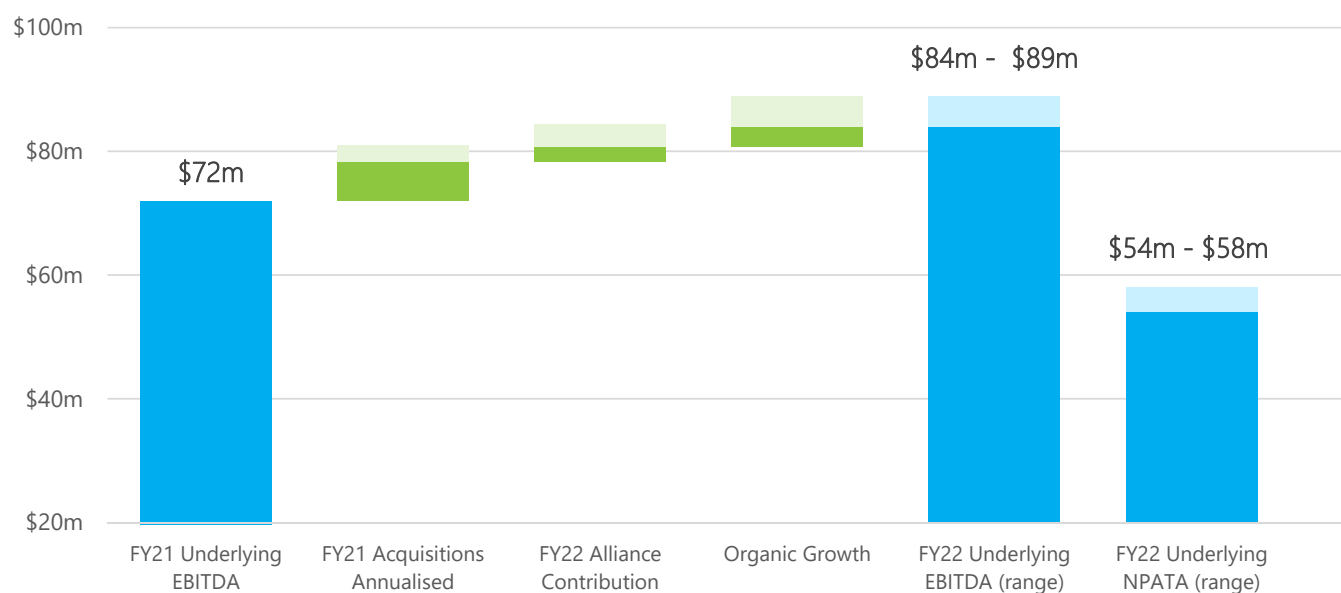
Statutory NPAT positively impacted by non-operating items, primarily \$16m fair value gains and ~\$9m in non-operating charges, including APG provisions + acquisition related charges



Strong earnings performance driving underlying EPS growth up 8% to 15.1cps, noting the increase in weighted average shares on issue

OUTLOOK

Growth from recent acquisitions and organic growth momentum **will drive FY22 underlying EBITDA¹**



GROWTH OUTLOOK

Strong prospects for the Group supported by organic growth, strong **pipeline of current opportunities** and **disciplined allocation of capital**



Organic Growth

- New clients
- New businesses
- Business improvement
- Sector specialisation



Acquisition Growth

- Culture + recruitment
- Disciplined allocator of capital
- Price reflects growth outlook and concentration risk
- Strong pipeline of current opportunities



Outlook

- Proforma FY21¹ EBITDA of approximately \$78m
- Well positioned to continue organic growth, with strong pipeline of acquisition opportunities
- Highly diversified sources of income

01

FINANCIAL YEAR OVERVIEW

BUSINESS HIGHLIGHTS

PSC has built a unique high-growth international insurance platform that harnesses the energy and successes of its portfolio businesses



Full ownership of businesses:

100% ownership in most Distribution, Agency and UK businesses, < 100% considered where it makes strategic sense



Empowered business units:

Flat hierarchy gives brokers autonomy plus centralised administrative support



Diversified premium pool:

40+ operating units led by separate experienced managers in various segments and geographies



Strong earnings trajectory:

Consistent and continuing organic growth plus solid M&A pipeline and best-in-class margins



Global expertise and reach:

Growing UK base with access to United States market + increasingly strong position in our home Australian market



SEGMENT RESULTS

PSC business model enables **growth + diversity**



DISTRIBUTION

(AUSTRALIA)

Insurance broking, including PSC Network Partners, life broking and workers comp consulting.

~\$820m GWP

\$90m Revenue

\$39.7m EBITDA



AGENCY

(AUSTRALIA)

Underwriting agencies including Chase, Breeze, online travel and medical.

~\$120m GWP

\$17m Revenue

\$6.8m EBITDA



UNITED KINGDOM

Wholesale, retail (commercial broking) and agencies businesses including Paragon, Carrolls, Breeze (UK), PSC Insurance Brokers UK¹, Chase and the new Hong Kong operations

~\$1,050m GWP

\$100m Revenue

\$28.6m EBITDA



GROUP

Group income and investments, including BP Marsh and the East Melbourne premises.

-

-

\$(-3.1m) FY21 EBITDA

DIVERSIFICATION OF CLIENT PREMIUMS



PSC's business is geographically diverse and its fast-growing international platform will enhance local competitiveness.

USA
A\$500m+
GWP

UK
A\$525m+
GWP

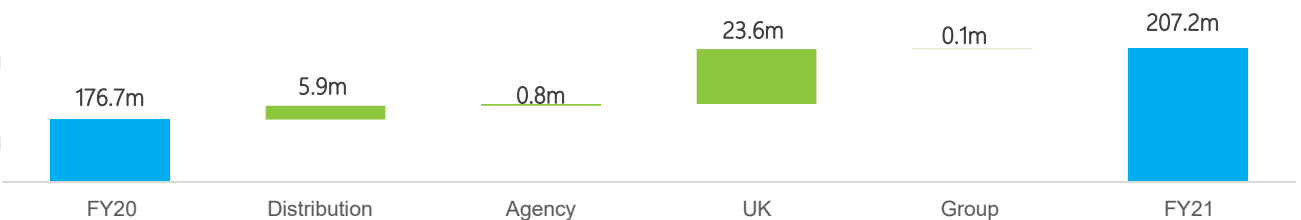
HONG
KONG
A\$30m+
GWP

AU/NZ
A\$1.0b+
GWP

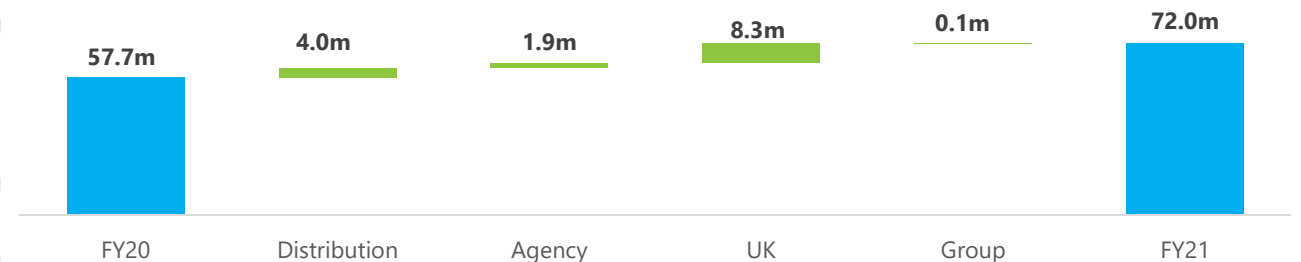
SEGMENT GROWTH

Strong performances from all Segments

UNDERLYING REVENUE (\$M)



UNDERLYING EBITDA (\$M)¹



➤ Distribution: 11% earnings growth, largely driven by organic growth

➤ Agency: 39% earnings growth, strong performance from Chase Underwriting

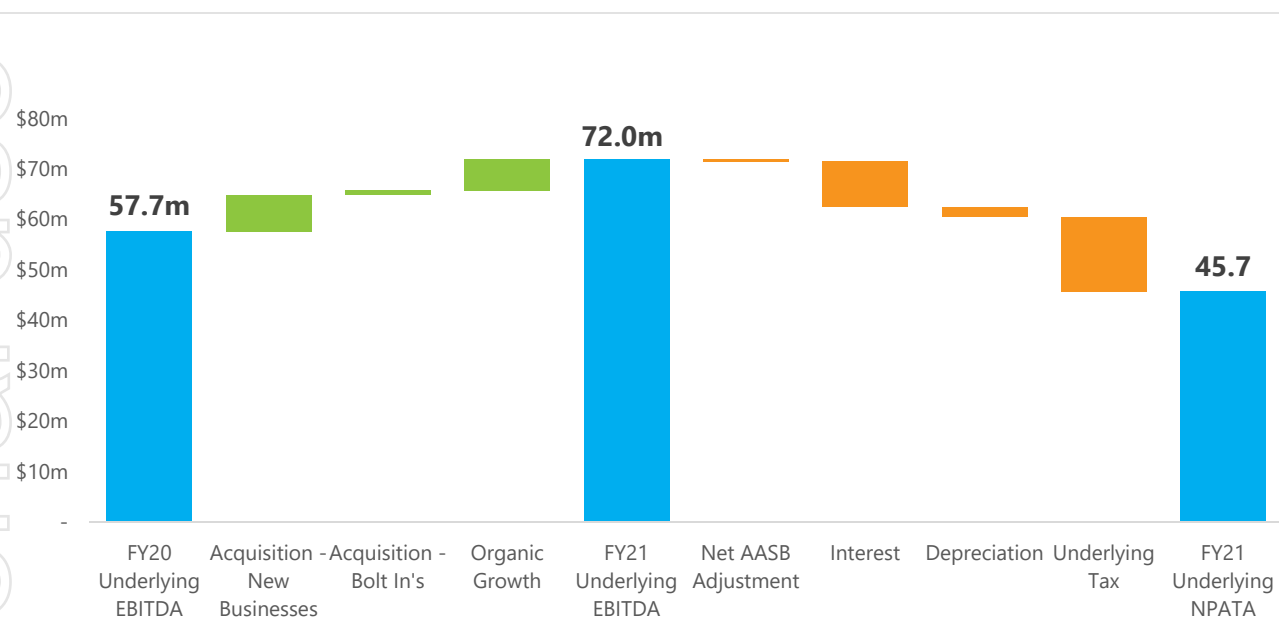
➤ UK: 41% earnings growth (7% organic), strong performance from Paragon.

➤ Hong Kong: Included in UK segment, ~ A\$3m revenue and breakeven performance

GROWTH DRIVERS

Strong incremental contributions from acquisition and organic sources

UNDERLYING EBITDA (\$M)



- Acquisitions contributed \$8.0m in incremental EBITDA
- Largely driven by the UK segment - Paragon, Absolute, Abaco, Trust
- Good organic growth of 11% (\$6.3m)
- Organic growth inclusive of \$3.3m of net headwinds not to recur in FY22¹

02

STRATEGY AT WORK BUSINESSES IN FOCUS

PSC INSURANCE BROKERS UK

Journey to Replicate the Australian Franchise



Turners acquired in 2018, with 100% holding completed in FY21



Absolute Insurance Brokers (Oct 20), Abaco Insurance Brokers + Trust Insurance (March 21) completed in FY21



We now have scale + presence in this market:

- GWP: £70m
- Revenue: £ 12m
- EBITDA: £ 5m+



Combined strength to generate better terms with key insurance partners



Integrated compliance + finance functions



Streamlined licensing + system update in planning



Co-branding in planning. E.g. Absolute Insurance - a trading division of PSC Insurance Brokers UK

ACQUISITION SCORECARD

Paragon + Griffiths Goodall signed and completed 2 years ago. How have they performed?



Revenue

Dec- 18

£21.0m

Dec - 19

£27.0m

Dec - 20

£29.0m

Jun - 21

£31.0m

EBITDA

£4.2m

£8.0m

£8.5m

£9.5m



Purchase
Price £83m



Continued growth - organic
revenue growth 7% in FY21



Diversified income streams -
7 operating divisions:



Expanding teams of
market leaders – to
commence
“Paragon Australia”
in FY22



Highly incentivised + aligned
teams. Key executives remain +
both founders (James + Tara) on
the PSCIG board

- Errors + omissions (professional indemnity)
- Directors + officers (D&O)
- Cyber
- Healthcare
- M+A
- Casualty
- UK Professions

ACQUISITION SCORECARD

Paragon + Griffiths Goodall signed and completed 2 years ago. How have they performed?



	FY19	FY21
Revenue	\$11.0m	\$12.1m
EBITDA	\$5.5m	\$6.3m



Purchase Price \$48m



Organic growth of 10% in FY21



Strong team of insurance professionals, playing an increasingly important role across the Group

BROKING & NETWORK BUSINESSES

Growth and Diversification

Development of a Sustainable Economic Moat



Highly diversified businesses with compound EBITDA growth of 24% over 5 years



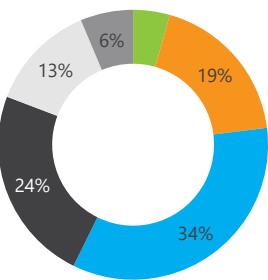
Expert and engaged teams



Market leading EBITDA contribution margins (FY21 @ 46%)

Business Type Mix¹

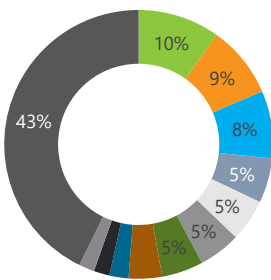
% of GWP



■ Micro Relationship (\$0 - \$1,000)
■ Small Relationship (\$1,001 - \$5,000)
■ Medium Relationship (\$5,001 - \$50,000)
■ Large Relationship (\$50,001 - \$250,000)
■ Corporate Relationship (\$250,000 - \$1.0m)
■ Large Corporate Relationship (>\$1.0m)

Insurer Mix

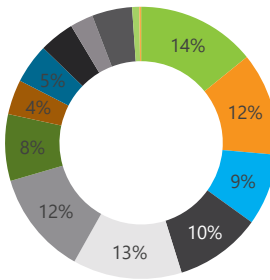
% of GWP



■ Allianz
■ CGU
■ QBE
■ COINSURED
■ CHUBB
■ NTI
■ VERO
■ ZURICH
■ AIG
■ CHASE
■ PRICE FORBES
■ Other insurers, various underwriting agencies, Lloyd's and other small brokers

Product Mix

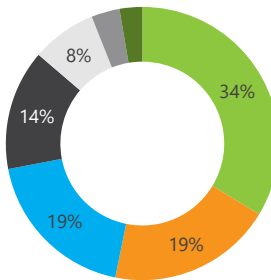
% of GWP



■ Business
■ Liability
■ Commercial Motor
■ Retail
■ Rural & Farm
■ Aviation & Marine
■ Plant & Machinery
■ Commercial Property & ISR
■ Workers Comp
■ Professional Risks
■ Strata
■ Construction & Engineering
■ Other
■ Travel

Geographic Mix

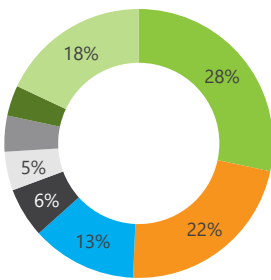
% of GWP



■ VIC
■ WA
■ NSW
■ ACT
■ QLD
■ SA
■ NT

Top 300 Clients by Sector

% of GWP



■ Construction
■ Agriculture / Food Industry
■ Transport & Logistics
■ Allied Health
■ Manufacturing
■ Mining/Energy
■ Property
■ Other

SUMMARY



Strong earnings growth delivered in uncertain times



Teams delivering for the clients in difficult operating conditions



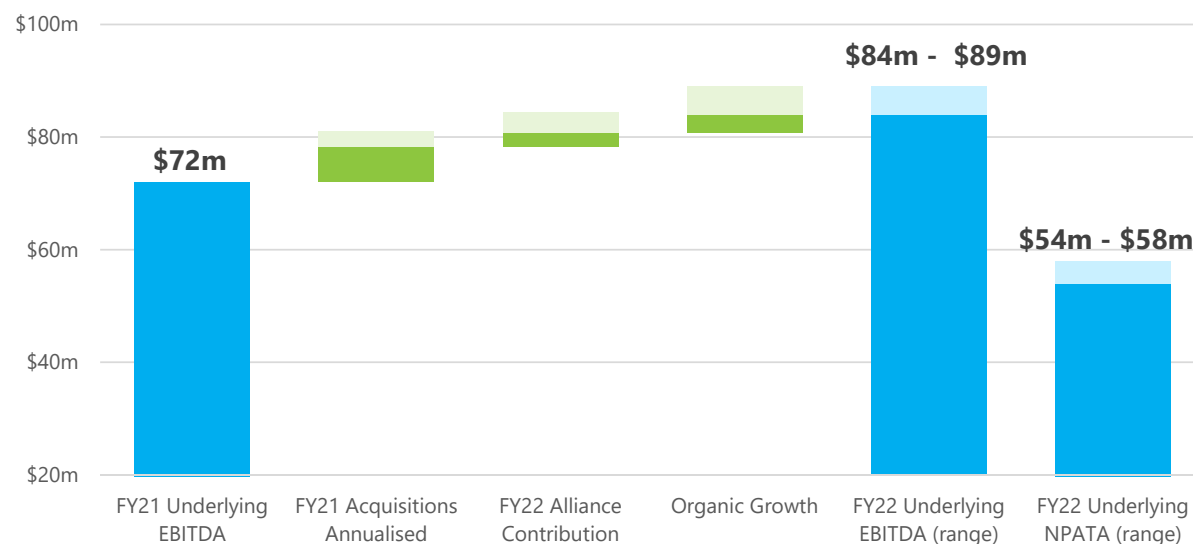
Significant progression of UK retail strategy



Confidence in outlook for FY22



Underlying earnings guidance:
EBITDA \$84-89m (+17%-24%),
NPATA \$54-58m (+18%-27%),
EPS \$0.165-\$0.18cps (+9%-19%)



APPENDICES

STATUTORY NPAT RECONCILIATION

Strong fair value gains in BP Marsh investment offset partially by provisions relating to APG repositioning



Strong recovery in BP Marsh share price reflecting quality of its assets



APG ongoing operations moved in to Carrolls - receivable write-downs and provisions ~ \$5.0m



Other non-operating charges relating to deferred consideration fair values, acquisition costs, unrealised FX, hedge fair values and termination costs



Headline average statutory tax rate of 30%, 25% adjusting for amortisation and underlying tax rate (ex amortisation and non-operating items) of 24%



(\$m)	FY21	FY20	%	Change
Statutory NPAT	40.7	18.7	118%	+22.0
Amortisation	9.1	6.5		
Non-Recurring Revenue and Costs - Tax Adjusted	(4.0)	12.2		
Underlying NPATA	45.8	37.4	22%	+8.4

BALANCE SHEET

PSC remains in a sound liquidity position, backed by long-dated debt maturities and sufficient debt headroom

(\$m)	FY21	FY20
Cash	47.8	26.0
Working Capital	37.2	42.2
Total Liquidity	85.0	68.2
Intangible Assets	420.9	316.4
Investments	61.1	47.2
Fixed Assets, Net	38.8	31.5
Vendor Obligations	(35.8)	(29.4)
Deferred Tax, Net	(27.2)	(16.2)
Debt	(176.7)	(158.5)
Other	(19.8)	(14.7)
Net Assets	346.4	244.5
Equity:		
Share Capital	331.2	243.0
Retained Profits	51.4	39.2
Reserves	(36.1)	(37.8)
Total Equity	346.4	244.5



Increase in intangibles relates to the acquisitions during the period



Investment assets of \$61m include BP Marsh book value of \$45m



Acquisition activity largely funded with equity in the period



All debt maturities >3 year, with increased limits and tenor being negotiated



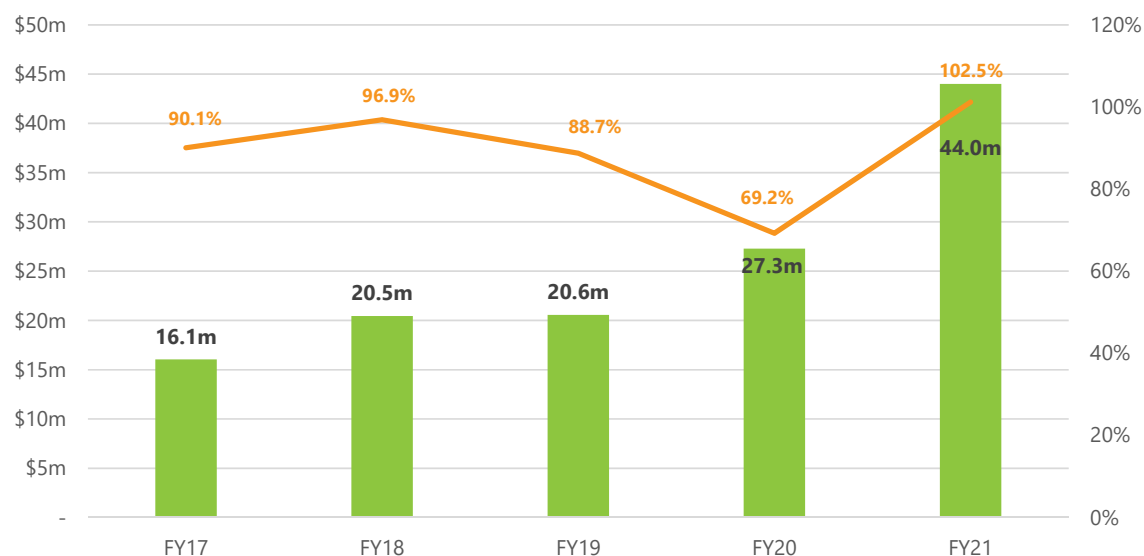
Proforma net leverage ratio of 2.0 times (includes cash and vendor obligations on pro-forma FY21)



CASH CONVERSION PROFILE

Strong cash conversion profile, averaging ~89% over the last 5 years

STATUTORY OPERATING CASHFLOW AND CASH CONVERSION (\$m, %)



- Operating cashflow up 61% to \$44m
- Cash conversion¹ improved to 101% after FY20 increase in working capital

DETAILED SEGMENT RESULTS

Strong performance across all Segments

FY21 (\$m)	Distribution	Agency	UK	Group	Total
Underlying Revenue	89.7	16.5	100.4	0.5	207.2
<i>% of Group Revenue</i>	43%	8%	48%	0%	
Underlying EBITDA¹	39.7	6.8	28.6	(3.1)	72.0
<i>% of Group Underlying EBITDA</i>	55%	9%	40%	(4%)	

FY20 (\$m)	Distribution	Agency	UK	Group	Total
Underlying Revenue	83.8	15.7	76.7	0.4	176.7
<i>% of Group Revenue</i>	47%	9%	43%	0%	
Underlying EBITDA	35.7	4.9	20.3	(3.2)	57.7¹
<i>% of Group Underlying EBITDA</i>	62%	8%	35%	(6%)	

BP MARSH



Well diversified portfolio of **15 high quality** insurance intermediary assets



A complementary investment to PSC's core operations



A strong recovery in FY21 with closing price of £3.33 (+38%)



CAGR return of 11% p.a. since investment in 2018



PSC own 19.6% of BP Marsh

Investment	Sector	Jurisdiction	Book Value (£m)	BPM % ownership
Nexus Risk Services	Agency	UK	40.9	17.5%
LEBC Group	Financial Advice	UK	25.0	59.3%
XPT Specialty	MGA	USA	12.8	29.8%
CBC UK	Broking	UK	8.6	49.2%
Summa	Broking	Spain	7.4	77.3%
ATC Insurance Solutions	MGA	Australia	6.8	20.0%
EC3 Brokers	Broking	UK	6.5	35.0%
Stewart Specialty Risk Underwriting	MGA	Canada	5.7	30.0%
All Others			17.2	
Total			131.0	

EMPOWERING BUSINESS UNITS

Broker autonomy is key to PSC's success – senior management and group functions act to support brokers

Hierarchy reflects client-broker relationship is key:



Business unit structure allows brokers autonomy within manageable units



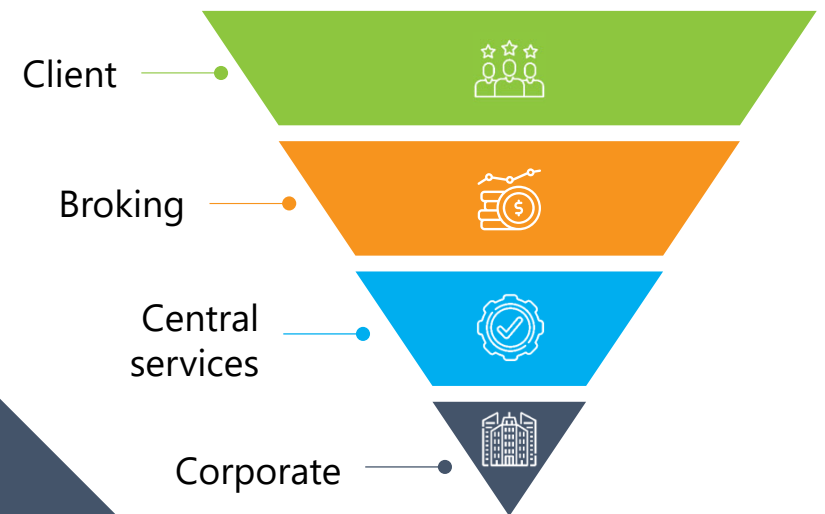
Centralised administration and finance supports service delivery and accountability



Fixed pay structure of brokers eliminates remuneration conflicts



Corporate provides leadership in strategy and financing to enable and drive growth

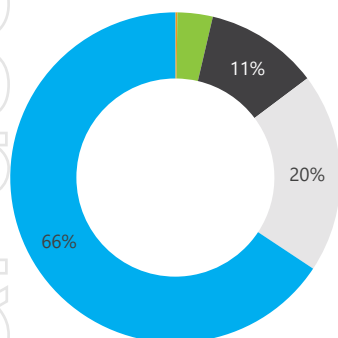


PARAGON

Paragon provides PSC with significant exposure to large corporates and the broader US market

Business Type Mix

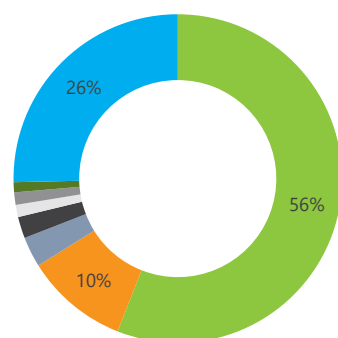
(% of GWP)



- Micro Relationship (£0 - £1,000)
- Small Relationship (£1,001 - £5,000)
- Medium Relationship (£5,001 - £50,000)
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- Corporate Relationship (>£250,001 - £1.0m)
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Insurer Mix

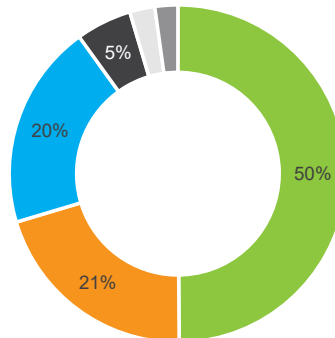
(% of GWP)



- Lloyd's
- London Insurance & Reinsurance Market Association
- Travelers Insurance DAC
- Swiss Re International SE
- American International Group UK Limited
- RSG Underwriting Managers Europe Limited t/a Startpoint
- CFC Underwriting Ltd
- All Other

Product Mix

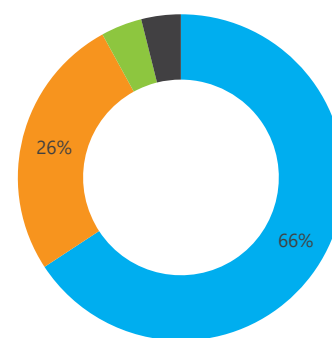
(% of GWP)



- E&O / Pub Liab
- Exec Risks (D&O)
- Cyber
- Healthcare & Medical
- Other
- M&A & Tax

Geographic Mix

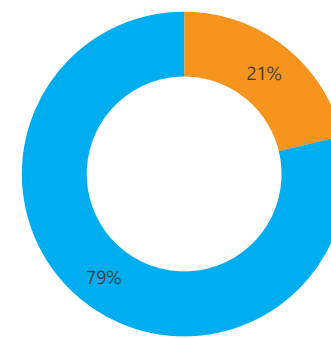
(% of GWP)



- USA
- United Kingdom
- Europe
- Other

Source of Business

(% of GWP)



- Direct
- Wholesale

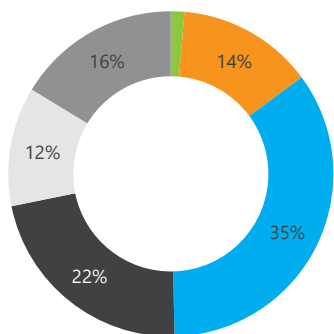
CARROLLS

Significant relationship with Lloyd's,
an insurance and reinsurance marketplace in London



Business Type Mix

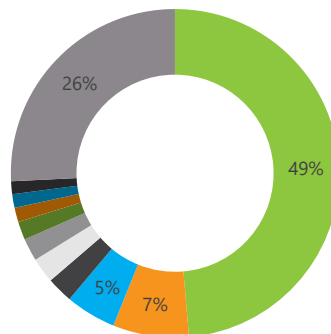
(% of Brokerage)



- Micro Relationship (£0 - £1,000)
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- Corporate Relationship (>£250,001 - £1.0m)
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Insurer Mix

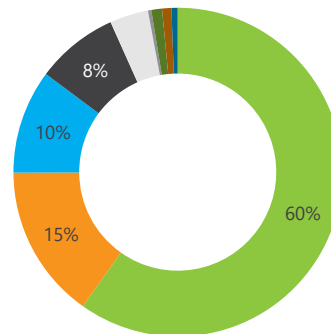
(% of GWP)



- Lloyds
- DTW
- JRP
- Direct Commercial Ltd (Carraig)
- New India Assurance Co Ltd
- Zenith Marque Insurance Ltd (Fleet)
- Allianz
- Catlin
- Capulus Limited
- Collegiate Management Services Ltd
- All other Insurers

Product Mix

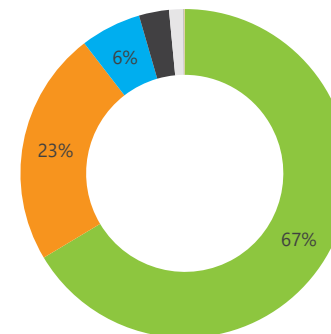
(% of Brokerage)



- Commercial Liability
- Motor
- Property (commercial)
- Professional Indemnity
- Personal Lines (ex motor)
- D&O /Travel /PA
- Reinsurance
- Marine
- Cyber
- Aviation

Geographic Mix

(% of Brokerage)



- UK
- USA
- Australia
- Europe
- Canada
- Singapore
- New Zealand
- Pakistan

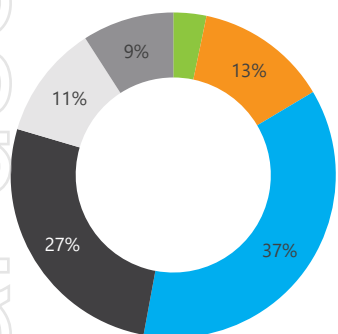
PSC INSURANCE BROKERS UK

A key part of the PSC strategy is to grow its presence in the UK retail broking market



Business Type Mix

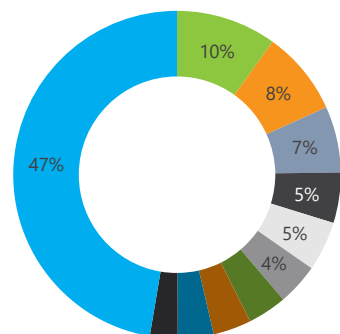
(% of GWP)



- Micro Relationship (£0 - £1,000)
- Small Relationship (£1,001 - £5,000)
- Medium Relationship (£5,001 - £50,000)
- Large Relationship (£50,001 - £250,000)
- Corporate Relationship (>£250,001 - £1.0m)
- Large Corporate Relationship (>£1.0m)

Insurer Mix

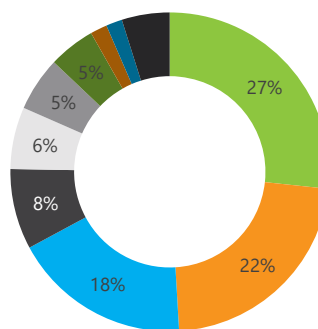
(% of GWP)



- Aviva
- Zurich
- AXA
- JLT
- Convex (Trust Insurance Binder)
- Carroll Holman Insurance Brokers (PSC W'Sale Broker)
- All Other Insurers, Underwriting Agencies, Lloyds and other small brokers

Product Mix

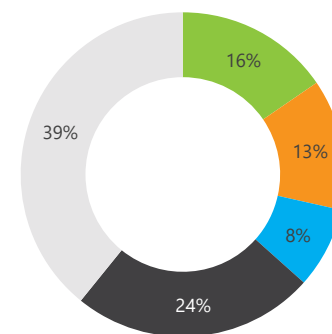
(% of GWP)



- Motor (commercial)
- Strata
- Business
- Liability
- Professional Risks
- Personal Lines (exc Motor)
- Construction & Engineering
- Terrorism
- Plant & Machinery
- All Other

Client Concentration

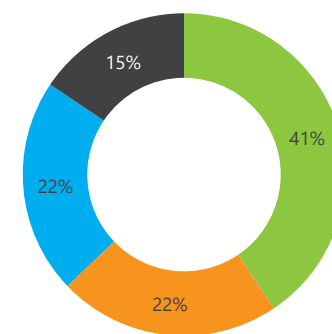
(% of GWP)



- Top 10 Clients
- Top 50 Clients
- Top 100 Clients
- Top 500 Clients
- Outside top 500

Gross Premium

(% of GWP)



- Abaco
- Absolute
- Turner
- Trust

DISTRIBUTION (AUSTRALIA)

MID-MARKET / CORPORATE BROKING



BROKING NETWORKS



ADJACENT SERVICES



~ \$950m GWP



\$89.7m FY21 revenue



\$39.7m FY21 EBITDA

AGENCY (AUSTRALIA)

CHASE UNDERWRITING



Services exclusively to the construction sector in Australia & UK

BREEZE UNDERWRITING



Specialist insurance products for niche industries in accommodation, hospitality, professional risks and hire and rental

MEDISURE



Specialist insurance products for the healthcare and allied health sector



~\$130m GWP



\$16.5m FY21 revenue



\$6.8m FY21 EBITDA

UNITED KINGDOM

WHOLESALE



Independent Lloyd's and London market wholesale broker with a focus on UK and Australian business. Core classes are Property, Casualty, Household, Motor and PI



Independent Lloyd's and London market broker, specialising in Professional and Financial Lines across the USA and UK

UNDERWRITING AGENCIES



Property & Liability underwriting agency writing UK based risks. Breeze highly service driven giving UK retail broker a consistently high service with competitive products

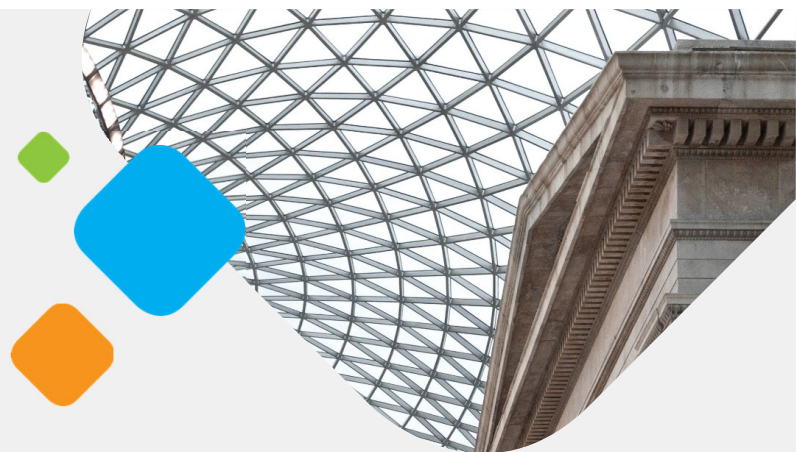


Services exclusively to the construction sector in Australia & UK

PSC INSURANCE BROKERS UK ("Retail")



UK retail (direct) broker for commercial businesses as well as life and pensions for connected clients



\$1.05b GWP



\$100.4m FY21 revenue



\$28.6m FY21 EBITDA