

10 November 2021

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

FOR RELEASE TO THE MARKET

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

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

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

ENDS

This release has been 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 is an ASX200 listed group comprising insurance brokers and underwriting agencies operating in ~500 locations across Australia and New Zealand. Over 3,000 team members work with our 850,000 clients to place more than \$4.0bn in insurance premiums with local and foreign insurers.

AUB Group – Annual General Meeting

Wednesday 10 November 2021 | 10:00am | Virtual Meeting

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 sixth year as Chairman 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

FY21 has been a challenging and difficult economic environment for our clients, partners and communities. I am however pleased to report our business continues to deliver resilient financial performance driven by strong organic growth.

In FY21, AUB Group delivered above our original guidance with another strong result where the Underlying Net Profit After Tax (UNPAT) increased by 22.9% compared to the previous year.

Capital Position & Dividend

Despite a challenging and uncertain macroeconomic environment, our balance sheet remains strong, and the corporate entity was cash generative with \$60mn in operating cashflow. We have access to \$89.5m in cash and debt funding, and the gearing ratio improved to 28.5% as at 30 June 2021.

As a result of our financial performance and capital position, the Directors approved a final fully franked dividend of 39.0 cents per share, paid on 11 October 2021. This, together with the interim dividend of 16.0 cents, results in a full year dividend of 55.0 cents, a 10.0% increase on FY20 and a payout ratio of 62.5% on Underlying NPAT.

Strategic Agenda

The Group's focus on delivery and execution of its Strategic Priorities continued to be a success with key highlights including an acquisition of 360 Underwriting which became the cornerstone for our restructure of the Underwriting Agencies division. Additionally, acquisitions of Experien, QRM and YDR continue to validate the success of our M&A agenda. The Group also successfully exited Altius, following the exit from Allied Health in FY20 and this completed our strategic exit from the Health and Rehabilitation sector.

Looking ahead, the Group's FY22 strategic focus will be primarily a continuation of the previous year's objectives, however the ongoing economic uncertainty will make future assumptions difficult.

Board Changes

In July 2021, we welcomed Peter Harmer to the Board as a Non-Executive Director, and he is standing for election at this meeting. Peter is a respected senior executive from the Insurance industry and brings considerable industry and executive expertise and experience to the Board. Peter previously served as the Managing Director and CEO of IAG Limited, CEO of Aon Limited UK, and is currently serving as a Non-Executive Director of Commonwealth Bank of Australia and nib Holdings. The appointment follows the planned retirement of Ray Carless from the AUB Group Board on 31 August 2021. Ray has been an outstanding contributor to AUB during his time as a Director and I want to thank Ray sincerely for his service and contribution and wish him all the very best for the future.

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 material 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.

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

Outperformance Plan

We have an additional remuneration item to vote on this year compared to previous years. Your Board believes the company has significant opportunities to grow over the next 5 years. Part of accessing those opportunities and where appropriate acting on them requires all aspects of the company to be performing. We have a Management Team led by Mike Emmett who are showing a rare combination of risk awareness, growth orientation, and high-level Leadership skills.

The key purposes of the one-off scheme put forward for consideration under Resolution 6 are to provide a potential reward for transforming the business and longer-term outperformance of stretch performance targets, drive a longer-term focus and ensure that executives have a stronger sense of share ownership to align the management team with the interests of shareholders. We believe the company, with the current management team has a very exciting future ahead of it and retaining for the long term and incentivising our key leaders is an important component of achieving that future.

Conclusion

On behalf of the Board, I would like to thank our shareholders for your commitment and support in FY21. I'd also like to commend and express my gratitude to AUB Group partners and employees for their continued resilience and focus during a challenging year, while also acknowledging the ongoing support from our clients. Although the uncertainty from the pandemic continues to loom over us, I'm hopeful that we will see a return to a more normal business life in the near future.

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 2022.

CEO and MD's Address

Mike Emmett / *Chief Executive Officer and Managing Director*

Opening

Thank you, David, and Good Morning everyone.

FY21 Financial Performance

While the past year held immense challenges for our clients, our staff, and our partner businesses, it is the disciplined execution of our growth and profitability strategies that enabled us to deliver record financial performance. The Group placed ~\$4.0bn in premium, a significant increase on prior years and premium retention improved to an all-time high of 93%. Once again, the foundations of our strong business model - the strength of our client value proposition, the depth of client relationships and the diversity of our portfolio delivered a solid result for the Group with Underlying NPAT growing by 22.9% to \$65.3m. The Underlying NPAT includes the impact of a change in the accounting treatment for costs of IT projects utilising Software as a Service solutions. During the year, excellent organic profit growth of 16.3% was supplemented by an accretive 10.9% profit contribution from acquisitions.

FY21 Underlying Revenue grew by 11.6% on the prior year to \$651.8m. Progress from strategic initiatives helped strengthen our EBIT margin by 360bps to 31.9%. Australian Broking, our largest operating business, is performing well. Revenue grew and the operating margin expanded. Broking margins have now improved by 400bps since FY19. Our investment in BizCover has been very positive, with annual growth in revenue of 35% and profit before tax of 66% on a proforma basis since investment. In the Agencies Division, a new operating structure, the acquisition of 360 Underwriting, and rollout of the new Sentinel Agency system are all contributing to performance improvements, with FY21 profit before tax growing by 14% and margin expanding by 100bps. We anticipate further growth in Agency profits as momentum builds in FY22. Financial results in New Zealand are expected to improve in early FY23 as the business is still in the early stages of transformation with a large system implementation currently underway.

An Update on Strategic Priorities

The execution of key projects has assisted the acceleration of underlying revenue, margin, and profit growth over the past two years. During FY21, we initiated numerous business mergers, realigned client portfolios, made strategic disposals, and rationalised entities to create scale and a simpler business. Over the past two years, we have reduced the number of operating entities from 105 to 75. In the process, we have improved the performance of low-profit and, in some cases, loss-making portfolios and created specialised businesses that are winning new clients in the market. The objective is to leverage the scale and margin benefits of more significant Austbrokers members to develop fewer, bigger, better run and more profitable operations in the AUB portfolio.

Our focus on strategically aligned and disciplined acquisition has continued with investments during FY21 in Experien, Bestmark, QRM, 360 Underwriting, YDR, and TLC Underwriting. We continue to be able to add quality businesses to our group although I will say we are highly selective in our approach to acquisitions

and the careful deployment of our capital to generate attractive returns for shareholders. While the current focus is on Australia and New Zealand, the AUB business model is well-suited to multiple countries worldwide. The careful and considered expansion to new territories is anticipated in future.

The Group's technology landscape has rapidly transformed, delivering cost-effective solutions for clients and network partners. ExpressCover and Sentinel adoption is building, and we commenced Project Lola in New Zealand, a new broking and quote-to-bind solution, for rollout later in FY22.

Outlook & Progress in FY22

The continued delivery of strategic priorities will continue to drive AUB Group's long-term success. Our overall strategic intent is:

To invest in and grow networks of pre-eminent brokerages in target geographies and to maximise AUB Group's share of income arising from Risk Premiums placed through these networks by investing in complementary businesses such as:

- *A portfolio of Agencies offering risk products relevant to our clients and their insurance needs*
- *Central services leveraging our scale and reach to optimise margins for network members*
- *Risk assessment and loss adjustment services that support clients and brokers*
- *Wholesale brokerages, especially in relevant foreign jurisdictions to assist with complex placements (medium term)*

In FY22 we will continue to execute the clear growth and profitability-enhancing strategies we have outlined over the last two years. In this financial year, we'll continue to extend and improve the Agencies division, further optimise our network of businesses, execute on a pipeline of acquisitions, and continue to enhance our partner proposition including by further extending our technology solutions.

Already during early FY22, we have made good progress as follows:

- In Western Australia, SRG completed the acquisition of GibbsCorp, while in New South Wales, Finsura completed the acquisition of Vaughan & Monaghan, a leading Sydney brokerage. Both acquisitions deliver enhanced scale and efficiency to these businesses.
- AUB Group has purchased iaAnyware, a broking software business. Insurance Advisernet uses iaAnyware across Australia and New Zealand as their core broking system, with several market-leading features exclusive to this platform. The investment will enable additional development of iaAnyware functionality and add to the software solutions available to Austbrokers members. The combination of iaAnyware, ExpressCover, and Sentinel together with the in-development Lola system offers a full suite of contemporary software solutions to brokerages and agencies in Australia and New Zealand, strengthening the value proposition for members of Austbrokers, NZbrokers, and The Insurance Alliance and complementing our network-wide use of the EBIX CBS solution.
- Capitalising on the acquisition of Bestmark in FY21 and its merger with Citycover and Comsure to form Austbrokers Comsure, we have completed Austbrokers Comsure's acquisition of WRI, an existing Austbroker to further our ambition of creating Australia's leading national brokerage specialising in services to Motor Dealers and Manufacturers.

- Similarly, Hiller Marine and SURA Marine completed a portfolio merger to drive increased alignment and efficiency and in Victoria, Austbrokers Countrywide acquired two branches from Adroit, enabling both businesses to better focus on their respective target geographies
- Austbrokers Member Services continues to refresh insurer arrangements recently entering into new agreements with two significant insurer partners, both agreements delivering improved terms and outcomes.
- The Insurance Alliance has launched an exclusive partnership with a newly established independent broker network, The Broker Co-op with the five founding brokerages now utilising a sub-set of Austbrokers services.
- Earlier today BizCover launched a new direct SME Insurance platform in South Africa. Called Bi-me, an acronym for Business Insurance Made Easy, the venture is a partnership with Hollard and Discovery that leverages BizCover's market-leading technology to target the insurance needs of more than 2m small businesses in South Africa.

AUB Group's strong momentum from FY21 has continued into the first quarter of FY22, and as a result, we reaffirm our full-year guidance provided earlier in the year. We anticipate Underlying Net Profit after Tax in FY22 of between \$70m and \$73m representing growth on FY21 of 7.2% to 11.8%. Allowing for businesses sold during FY21 and non-continuing Covid incentives, this represents growth from continuing operations of 15.7% to 20.7%. This translates to an underlying earnings per share outlook of between 94.3cps and 98.3cps.

Closing

I'm proud of how we as an organisation have operated in the face of the adversity our customers and our teams have coped with over the last 18 months. FY21 was a year of extraordinary ups and downs, and our business continues to demonstrate remarkable resilience. I'm so thankful to our clients who trust us with their business-critical risks and grateful to our teams who go above and beyond to deliver for our clients. FY22 is already looking to be brighter and freer with recent freedoms and re-opening borders, bringing much-needed respite and a resultant increase in economic optimism, which we anticipate will benefit our network of businesses.

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

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