



20th November 2013

The Manager
Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Dear Sir,

Attached is a copy of the prepared Chief Executive Officer's address and presentation which will be delivered at Austbrokers Holdings Limited's Annual General Meeting being held at 10.00am today.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'SR' followed by a flourish.

S.S. Rouvray
Company Secretary
Austbrokers Holdings Limited

For further information, contact Steve Rouvray: (02) 9935 2201
0412 259 158

**AUSTBROKERS HOLDINGS LIMITED
CEO'S ADDRESS TO
ANNUAL GENERAL MEETING 20 NOVEMBER 2013**



Thank you Richard.

It gives me great pleasure to be able to address you all today at this, my first AGM, as the CEO and Managing Director of Austbrokers Holdings. This time last year, Lach McKeough stood in front of you updating our shareholders as to the continued success of the company and I'm pleased to be able to present a continuation of the successful story that is Austbrokers. I would like to take this opportunity of recording my gratitude to Lach and to all the Austbrokers team for handing over a company that is in rude health with great prospects for the future.

Today, I will provide you with an overview of the results for the financial year ended June 2013, provide an update as to the prevailing market conditions but more importantly provide insights into the strategy and work I have led since taking the helm nearly eleven months ago driven by our management team and supported by the Board.

Review of FY13

Market Conditions

Our historic market is that of the SME customer and as we all know this is a sector that has been hit particularly hard by the economic downturn. Business confidence has been relatively muted, interest rates have fallen, premium rate rises have been moderate and the insurer market serving this sector has been particularly competitive. Notwithstanding, we have enjoyed continued growth from our revenues generated from this segment. Our partner's client retention rates continue to be extremely high and we continue to see growth in client numbers which is a demonstration of the attractiveness of our business model.

FY2013 Results

The reported net profit after tax increased by 61% over 2012 to \$41.2 million. This was inflated by accounting adjustments and after eliminating adjustments to carrying values, profits on sale of equity interests, non recurring items and amortisation expense, the underlying increase was a very creditable 17%.

The growth in profits on this basis from 2009 – 2013 has been strong over the last 5 years with a compound average growth rate of over 15%.

Earnings per share has also shown a strong increase over that period from 31.3 cents to 56.2 cents – a compound average growth rate of just over 12% on an underlying basis.

In summary, FY13 financial result was very pleasing given the economic conditions prevailing and the impact of declining interest rates during the period.

As a result the full year dividend was increased by 14.5% to 35.5 cents per share which represented a 63% payout ratio on NPAT before adjustments to carrying values, amortisation and profits on sales and exceeded earnings per share growth of 13.7%.

The company achieved a total shareholder return in 2013 of 62% and for 5 years to 30 June 2013 the return was 37.6% per annum.

I would like to spend a few minutes reviewing the performance of our business areas.

Insurance Broking business

The broker network performed well, increasing revenue by 7.5% whilst our share of the broker profits increased by almost 17.6%. The growth achieved in 2013 was largely organic growth through existing businesses and the bolt on acquisitions made by them, with some contribution from direct acquisitions and increases in equity.

During the year we continued to seek acquisition opportunities.

We acquired 50% of Dalby Insurance Brokers in Queensland and BGA Insurance Brokers based in Hobart. Late in the financial year we acquired a 77.1% interest in corporate broker InterRISK which has offices in Sydney, Brisbane, Melbourne and Chatswood. To start off the new financial year we acquired 50% of WRI Insurance Brokers, based in Parramatta, on 1 July 2013.

A total of 15 smaller bolt on acquisitions to existing businesses were made, which assisted growth in the network.

We also increased equity in 4 businesses to assist them with succession processes. This equity may be reduced over future years, as appropriate candidates in the business emerge.

We have continued to promote and develop premium funding through the new arrangement with Hunter Premium Funding which commenced on 1 August 2012, on expiry of the previous arrangement.

Underwriting Agency business - Austagencies

The focus on growth and development of our underwriting agency operations has continued.

Austagencies has increased income by 27% in 2013, with premiums written now standing at \$220 million.

We acquired Guardian and Lawsons Underwriting Agencies on 1 May 2013, in line with our strategy for achieving leadership in chosen market segments. New agency joint ventures in Accident and Health insurance and Strata insurance were launched early in the financial year and a Surety agency has commenced.

Business Support

At the core of our success is the 'owner: driver' model – where we enter into a true partnership with our broker and underwriting business partners, with each party having 'skin in the game'. The behavioural aspect that leverages our partners' desire to be more successful going forward than they were in the past cannot be under-estimated. The key to enhancing that success is to catalyse growth in excess of the simple behavioural component. This is where Austbrokers can demonstrate clear leadership, having established and refined a raft of services, infrastructure and products over a number of years. Key underpinnings of this are the facts that the network of Austbrokers companies all utilise one broking system; the majority of the network is hosted on the Austbrokers Data Centre for their technology provision and half the network outsource their 'back office' to the Austbrokers Business Centre to manage their accounting, treasury, payroll and HR functions. Other services include provision of compliance, audit and comprehensive PI program. All these are tried and tested competencies that have been built over the years and provide a solid platform to enable future growth. These competencies were the beneficiaries of investment throughout FY13.

Funding

The facility with St George Bank of \$40 million is in place until May 2016. Currently the Facility is drawn to \$35 million which would leave in the order of \$5 million available. Following recent acquisitions we are in the process of increasing this facility by \$10 million. With cash currently held, assuming that the DRP will be in place and underwritten and recognising around \$8 million in future earn out payments, approximately \$25 million will be available for future acquisitions over the next 12 months.

The Dividend Reinvestment Plan will continue to be reviewed in light of the level of and outlook for acquisitions.

Strategy

I would like to spend some time providing an insight into our strategic direction and associated plans.

Overview

When I joined Austbrokers I announced the instigation of a wide ranging strategic review with the objective of assessing our core competencies and potential gaps in our operating model. I can report with the support of the management that this review was completed earlier than I originally planned, the key recommendations implemented faster than scheduled and I am extremely pleased that we are already in the execution phase.

The results of the review provided clarity as to the actions required to ensure our back-office, support and infrastructural capabilities are delivered at industry-leading levels and equally importantly highlighted those areas where we need to invest to ensure sustained growth, specifically in the front office. A key conclusion of the review was that we need to build out the 'bench-strength' of the existing organisation by bringing in new staff with skills to complement the existing management and to ensure we drive our capabilities to underpin growth over the medium and longer term. Outside of the people resource required, the review also highlighted the activities necessary to support our 3 core pillars of growth – Broker Organic; Broker acquisition and Underwriting Agency.

Bench-strength: it's all about People...

I am pleased to announce that the new staff are all in place and making valuable contributions to defining and executing plans to support our businesses in our growth ambitions. Key roles we have filled at a group level include our new Chief Operating Officer, Sunil Vohra, whose principal role is to oversee the delivery of projects and process management within the Group, focussing on delivering improvements in both efficiency and effectiveness with specific focus on growth generation capabilities and cost management of the business. Keith McIvor has joined us as Chief Broking Officer, I am particularly pleased that Keith chose to join Austbrokers having previously been CEO of one of our largest rivals OAMPS. He brings with him extensive experience as a leader of leading broking groups both in Australia and New Zealand and an in-depth understanding of the mechanics of successful broking businesses. His ability to translate partner demand and opportunity into action is already being felt across the Group. We are also fortunate to have recruited Nigel Thomas, previously General Manager of Hunter Premium Funding, to the role of Partner Development Manager to support our representation on the Boards of a number of our Partner companies. Nigel's insight into the growth enablers of successful insurance related businesses will be an asset for us going forward. We also welcomed Meg Hurley, National Marketing and Communications Manager whose role is to build our marketing insight and support capabilities. Other key hires were made at the operational business level. We will continue to invest in our people and to ensure we have the requisite skills and competencies to deliver an optimised operating model.

Key strategic priorities

As I previously mentioned, we have defined our growth pillars into 3 core areas, all backed by a robust back office, infrastructure and support regime.

Broker Organic Growth: with about 10% share of intermediated insurance business, there is extensive opportunity to grow share in both traditional General Insurance and related product areas. We are investing in our Partner Development Managers, the individuals who sit on the Boards of all our partner companies, to ensure we fulfil the role of an active, supportive shareholder. They will be supported by a heightened focus centrally on the provision of relevant products, services and infrastructure for the benefit of their Partner firms.

Broker Acquisition: Austbrokers holds around 10% distribution market share, and there remains plenty of 'runway' in the short-medium term to acquire shareholdings in relevant broking businesses. Our partnership with IBNA under the AIMS joint venture vehicle, provides a credible alternative to other offerings in the market, allowing brokers to enjoy the benefits of a leading Broking network whilst choosing the type of membership relevant to them i.e. equity based – Austbrokers; non equity member based – IBNA. The Austbrokers value proposition provides the ideal solution to any broker looking for a true equity partnership whether they be IBNA, Steadfast member or non-aligned broker.

Austagencies growth: Our strategy of developing underwriting leadership in niche segments has seen this business grow dramatically over a five year period. We will continue to execute against this strategy and support the business further by utilising centrally provided services to create expense synergies for example through technology provision.

Business support services

As I previously mentioned, underpinning all our growth pillars is our 'owner:driver' model, working in true partnership with our shareholder partners for mutual gain.

However, we also recognise that our value propositions and operating model need to be highly relevant and contemporary and to achieve this requires a programme of constant focus and improvement. The investments we have made in Technology, Marketing, and the Austbrokers Business Centre amongst others, are ensuring we constantly drive our value propositions to meet the needs of our Partners now and in the future. We will continue to invest in these into the future.

We also continue to focus on our abilities to e-enable our business, thereby removing inefficiency and improving the effectiveness of our business. Central to this has been our investment in the I-Close business placement capability. We are now connected to three of our strategic insurer partners for business placement, with another two committed to connecting when their own technology development allows in the new calendar year. This is terrific news and will deliver benefits to both distributor and manufacturer, however, the placement capability is really only one dimension of e-enablement. We are now focussed on expanding the e-enablement of the business relationship to all aspects of the insurance product life-cycle, including transmission of financial data and claims data. The Austbrokers Full Policy Administration (FPA) development will assist both Austbrokers broker partners, Insurer partners and Austagencies to realise efficiency and effectiveness gains into the future. This project is a key platform for us moving forward and is being led by our COO with support from the entire management team.

Market Conditions FY2014

We believe the premium rate environment for FY 2014 will continue along current trends, with moderate increases over the remainder of the financial year in SME sector.

The broker market will consolidate and opportunities to make acquisitions will continue to arise. These may be portfolio or bolt-on business for existing members or stand alone. There are opportunities in the market but as always the timing of completing these can be subject to many variables. There is also increased competition in the market for acquisitions. Notwithstanding this, as we have demonstrated in the last financial year, we believe that we will continue to be successful in making value add acquisitions.

The economic outlook is still somewhat uncertain and difficult, particularly in the SME sector which in turn mitigates against substantive growth. Furthermore, interest rates will be lower over FY 2014, impacting earnings.

Earnings outlook FY2014

The results for the four months to the end of October have been pleasing but approximately 60% of the group's profit is earned in the second half and 40% in the last 3 months of the year. In addition the level of profit commissions will not be known until the last quarter of the year.

Acquisitions made through the 2013 financial year will contribute to profit growth but interest earnings will be down.

On this basis and recognising some uncertainties in economic conditions over the remainder of the year, we do not propose at this point to vary our previous earnings expectations for the 2014 financial year of a 5% to 10% increase in Net Profit After Tax (before amortisation, profit on sale of equity interests and non recurring items) over FY 2013.

Conclusion

As I mentioned at the start of my presentation, I feel immense pride at having been asked to lead an organisation with the reputation of Austbrokers. The opportunities for the business are many and I feel confident in our ability to continually improve and make the most of those opportunities. We will continue to focus our activities around our 3 core pillars underpinned by excellence in central service provision.

I would like to take this opportunity to recognise the efforts of our equity partners and all employees in the broker network, underwriting agencies and holding company. Thank you all for contributing to an excellent FY2013 result and also for your support for me personally. On that note, I would also like to record my thanks to my Board colleagues for their support and confidence and I look forward to continuing to lead the company in its quest for ongoing success.

Thank you for attending today and your ongoing interest and support of Austbrokers

M.P.L.Searles
CEO & Managing Director
Austbrokers Holdings Limited

This release may contain forward looking statements relating to future matters, which are subject to known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Austbrokers and the Austbrokers Group to be materially different from those expressed in this announcement. Except as required by law and only to the extent so required, neither Austbrokers nor any other person warrants that these forward looking statements relating to future matters will occur.

Austbrokers Holdings Limited

Presentation to Annual General Meeting

20th November 2013

Mark Searles – CEO & Managing Director



Agenda



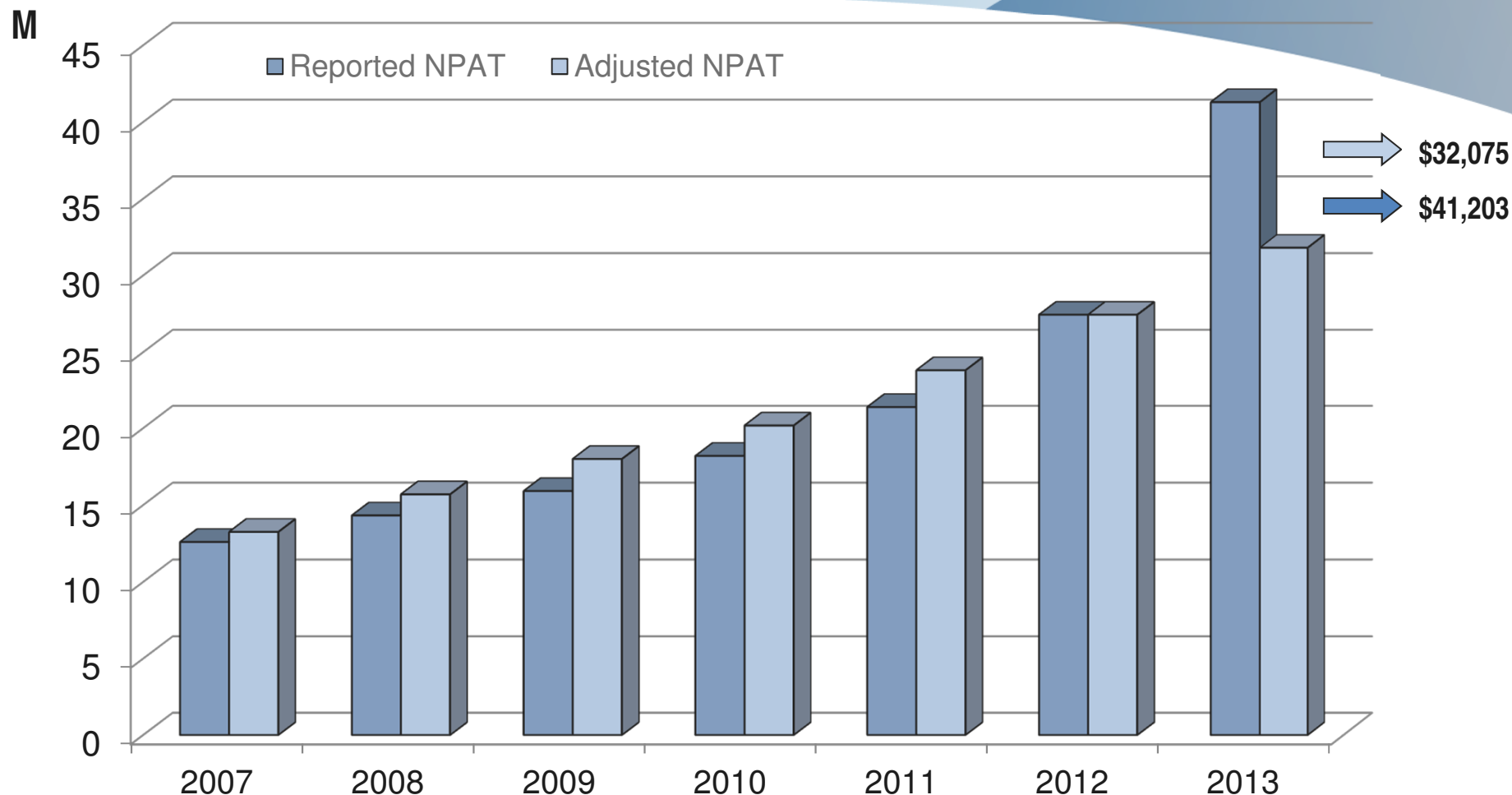
- Review of FY 2013
 - Market conditions
 - FY 2013 results
 - Insurance broking
 - Underwriting agencies
 - Business support services
 - Funding
- Strategy – overview
 - People
 - Priorities
 - Support services
- FY 2014 outlook
 - Market conditions
 - Earnings outlook
 - Earnings guidance

Market Conditions FY2013



- Economic conditions
 - Uncertainty in SME sector – muted confidence
 - Economic growth at lower level – subdued activity
 - Interest rates decreased over FY2012
- Premium rates environment
 - Moderate increases – competitive market
 - Private motor and householders insurance increases flowing through, other classes variable

Profit Growth 2007 - 2013

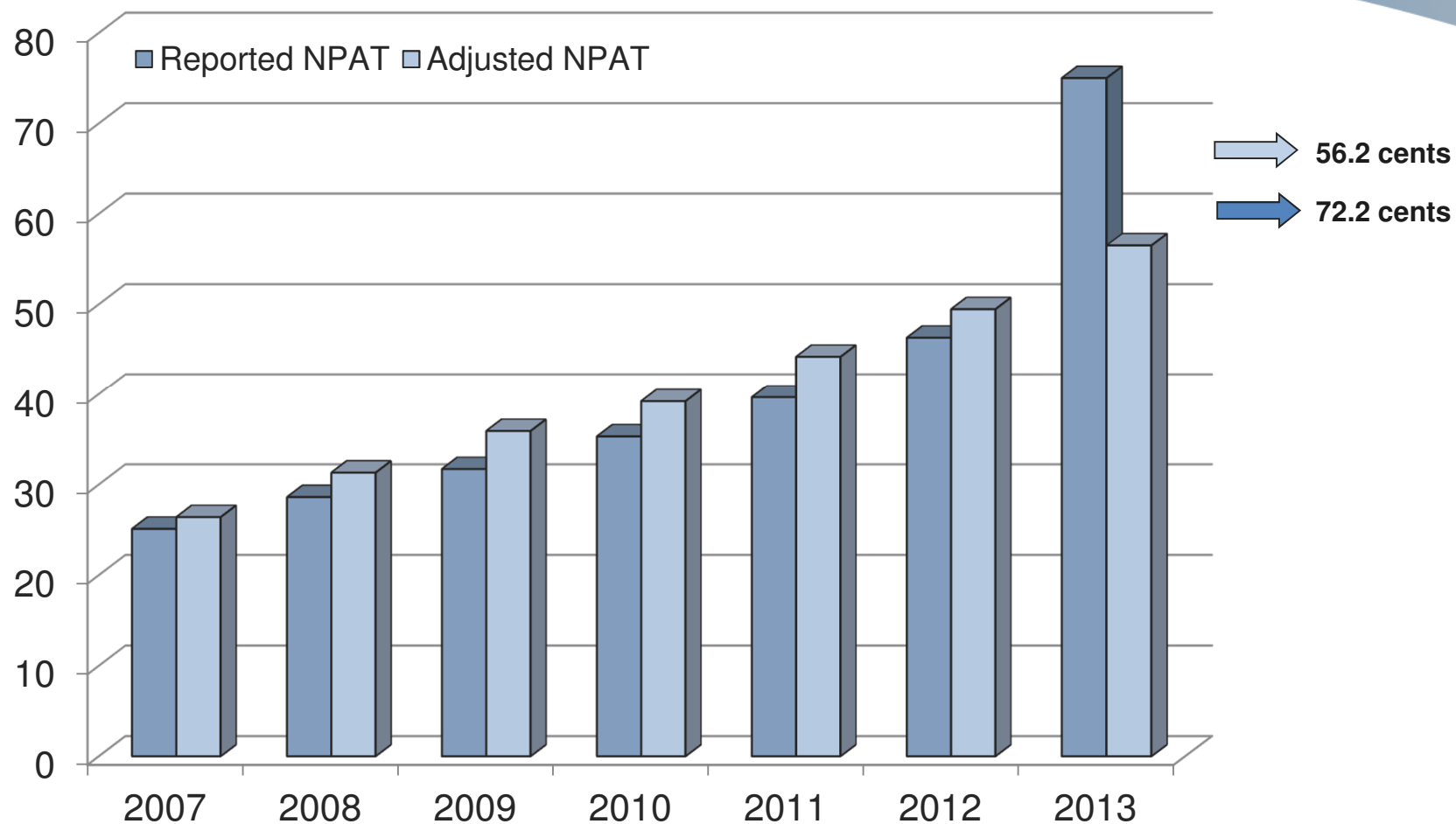


Adjusted NPAT – Net profit after tax before amortisation of intangibles, adjustments to the carrying value of associates, profits arising from acquisition and sale of interests in associates and controlled entities and contingent consideration adjustments. Reconciliation to reported NPAT in Appendix 1

Earnings Per Share 2007 - 2013



Cents



Financial Highlights



- Dividend
 - Full year dividend 35.5 cents per share up 14.5% on FY 2012
 - Payout ratio on NPAT 50% (64% on Adjusted NPAT)
- Earnings per share growth was 56% (12.4% on Adjusted NPAT)
- Total shareholder return
 - FY 2013 – 62% versus ASX All Ordinaries Index 22.2%
 - 5 years to 30th June 2013 – 37.6% p.a. (ASX All Ordinaries 2.1%)

Insurance Broking



FY2013 Financial Performance

\$'000	Actual 2013	Actual 2012	% change
Broker Revenue (net of commission paid)	272,967	253,683	7.5%
Brokers / Pre Tax Profit (AHL share)	50,385	42,852	17.6%

Insurance Broking



- Share of broker and agencies profits increased by almost \$12.5 million or 33% over FY2012
- Continued strategy of growth through acquisition and developing existing businesses
- Acquisitions direct by Austbrokers
 - Dalby Insurance Brokers – April 2013
 - BGA Insurance Brokers – November 2012
 - InterRisk Australia - June 2013
 - WRI Insurance Brokers – 1 July 2013
- Acquisition in the Network
 - Fifteen business portfolios
- Increases in Equity
 - Adroit, Comsure, Insurics, Austbrokers Canberra

Insurance Broking (cont'd)



- Premium Funding
 - Developed new arrangement with Hunter Premium Funding on expiry of existing arrangements

Underwriting Agencies



- Achieved 27% income growth, 19% excluding acquisitions
- Premiums written at end FY13 now stand out \$220 million
- Acquired Guardian Underwriting and Lawsons Underwriting in May 2013
- Joint ventures established
 - Angel Accident and Health
 - Longitude Insurance – strata insurance
 - NewSurety - bonds

Business Support



- Leadership in support provision
- Investment in the provision of services
 - One insurance broking system utilised
 - Austbrokers DataCentre – provision of technology platform and solutions
 - Austbrokers Business Centre – back office services to manage accounting, treasury, payroll and HR
 - Compliance structure, updates, audits
 - Audits of broking practices
 - PI insurance program

Funding – Current Position



- Bank Facility with St George \$40 million – term three years to May 2016
- In process of increasing facility by \$10 million
- At 31st October facility is drawn to \$35 million
- Availability for future draw downs will be \$15 million
- Total funds available for acquisition around \$25 million after future earn out payments of \$8 million
- Assumes underwritten DRP for FY 2014

- Strategic Review
 - Assessed core competencies
 - Objective to optimise operating model across all requisite competencies
- Outcomes
 - Need to build bench strength with new skills to complement those existing in the organisation
 - Three pillars of growth
 - Broker organic growth
 - Acquisitions
 - Underwriting Agency growth

- New Personnel – Bench Strength
- Key appointments include:
 - Chief Operating Officer – Sunil Vohra – oversee delivery of projects and process management
 - Chief Broking Officer – Keith McIvor – focus on insurer relationships and delivery to brokers
 - Additional Partner Development Manager – Nigel Thomas – to support existing team in representing on partner Boards
 - National Marketing & Communications Manager – Meg Hurley – to build marketing insight and support capabilities

- Key Strategic Priorities
 - Broking organic growth
 - Partner Development Managers to play increasingly active and supportive role with partners
 - Supported by heightened focus on provision of relevant products, services and infrastructure from the group
 - Broker acquisitions
 - Partnership with IBNA to provide both equity and member solutions
 - Austbrokers value proposition – the only ‘true’ partnership
 - Austagencies growth
 - Underwriting leadership in niche segments
 - Centrally provided services

- Continued development of business support services
 - Key areas
 - Technology
 - Marketing
 - Back office services – Austbrokers Business Centre
 - E-enablement of business
 - iClose business placement capability
 - Expand to all aspects of product life cycle including transmission of financial and claims data – Austbrokers FPA
 - Realise efficiency and effectiveness gains into the future

Market Conditions FY2014



- Market conditions unlikely to change significantly in immediate future – moderate rate increases likely in SME sector
- Consolidation of insurance broker market to continue and provide acquisition opportunities - other market activity may disrupt over short term
- Economic conditions remain somewhat uncertain
- Reduced interest rates

Earnings Outlook



- Brokers' results for the first four months of FY2014 have been good
- Broker profit commission income uncertain and will not be known until April / May 2014
- Reduction in interest deposit rates will reduce interest earnings
- The start to FY2014 has been positive despite the impact of the reduction in interest rates and has been assisted with flow on from FY2013 acquisitions
- Based on above we are maintaining our previous earnings expectations of 5% to 10% growth in Net Profit After Tax (before amortisation of intangibles) over FY2013

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Appendix 1

FY 2013 Reconciliation of Reported NPAT to Adjusted NPAT



	FY 2013 \$'000	FY 2012 \$'000	Variance %
Reported Profit attributable to members	41,203	25,640	61
Less Net Profit after tax on sale of interests in associates, associates & controlled entities & contingent consideration adjustments *	(276)	-	
Less adjustments to the carrying value of associates (no income tax)*	(12,001)	(192)	
Tax credit relating to prior years*	-	(631)	
Profit from ongoing operations	28,926	24,817	17
Amortisation of intangibles net of tax*	3,149	2,578	22
Net profit after tax from operations before amortisation of intangibles (Adjusted NPAT)	32,075	27,395	17

* This information has been derived from the consolidated financial statements which have been subject to audit by the company's auditors

Elimination of the items above provides a basis for analysis of the underlying performance of the company. Amortisation of intangibles is a non cash item and may fluctuate depending on acquisitions and their timing. It may also reduce as existing intangibles are fully amortised. These items may or may not recur and can distort underlying performance compared to prior periods.