25th February 2014

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

Dear Sir / Madam,

Re: Presentation on Results for the Half Year Ended 31st December 2013

Attached for immediate release is Austbrokers Holdings Limited (AUB) Presentation on results for the Half Year ended 31st December 2013.

Yours faithfully,

Stephen Rouvray
Company Secretary
Austbrokers Holdings Limited

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

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Austbrokers Holdings Limited

First Half Year 2014
Results Presentation

Tuesday 25th February 2014

Mark Searles CEO & Managing Director
Steve Rouvray CFO

Agenda

- **Overview**
  - **Market & AUB Overview**
  - **Business Overview**
  - **1HY 2014 Financial Highlights**
  - **1HY 2014 Operational Highlights**
- 1HY 2014 Financial Performance
- FY 2014 Outlook

Market & AUB Overview

Market

- Flat premium growth in Commercial Lines GI market*
- Uncertain economic environment – impact on SME sector
- Highly competitive market across all sectors

AUB

- Pleasing underlying growth across all constituencies
- Good progress in building ‘bench-strength’ to underpin future growth
- Continued diversification of income streams complementary to core business
- Acquisitions to build on growth in second half

* Source: Company data & 2013 J.P. Morgan and Taylor Fry General Insurance Barometer

Business Overview

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Insurance Broking Network
Leading equity based network in Australia
Owner driver model
Strong regional presence – all states
Diverse client base
$1.9 billion base premium

Underwriting Agencies
Act on behalf of insurers
$230 million in premium
Niche & general agencies – most classes
Presence in five states
No underwriting risk

Austbrokers Holdings Limited
Back office services
Risk management / compliance
IT & DataCentre
Corporate governance
Acquisitions
Partner Development
Strategic partner management
Marketing services

Joint Venture with IBNA – A&I Member Services (AIMS)
Interface with underwriters
Policy terms, conditions, training
Combined $3.2 billion base premium

Premium Funding
Strategic partnership with Hunter Premium Funding to assist clients with financing insurance premiums
No balance sheet risk

Procare – Specialised Insurance Service Provider
Investigations, injury rehabilitation, return to work, training, recruitment, claims management

Business Overview

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Insurance Broking Network

47 Broking Groups

1 Financial Services Operation

Owner Driver Model

26 50% owned
19 51% - 90% owned
3 100% owned

Over 120 locations in Australia & New Zealand

General & Specialist Diverse type & size

Financial Services Operations – Life & Superannuation

FUM $840M, $11M income

Total of $1.9B base premium (premium before charges)

Over 1,800 Staff

Over 100 Partner Shareholder Principals

1HY2014 Financial Highlights

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Austbrokers Holdings

- Adjusted NPAT up 6.2%
- Operating revenue up 15%
- Market cap $673M at 31st January 2014
- AUB share of broker profits up 3.5%
- Underwriting Agency profits up 20%
- Interim dividend per share up 9% to 12 cents
- EPS up 2%
- Reported NPAT down 48% (due to fair value adjustment in HY13)

1HY2014 Operational Highlights

Austbrokers Holdings

Roll out of DataCentre

Acquisitions totaling $14 million

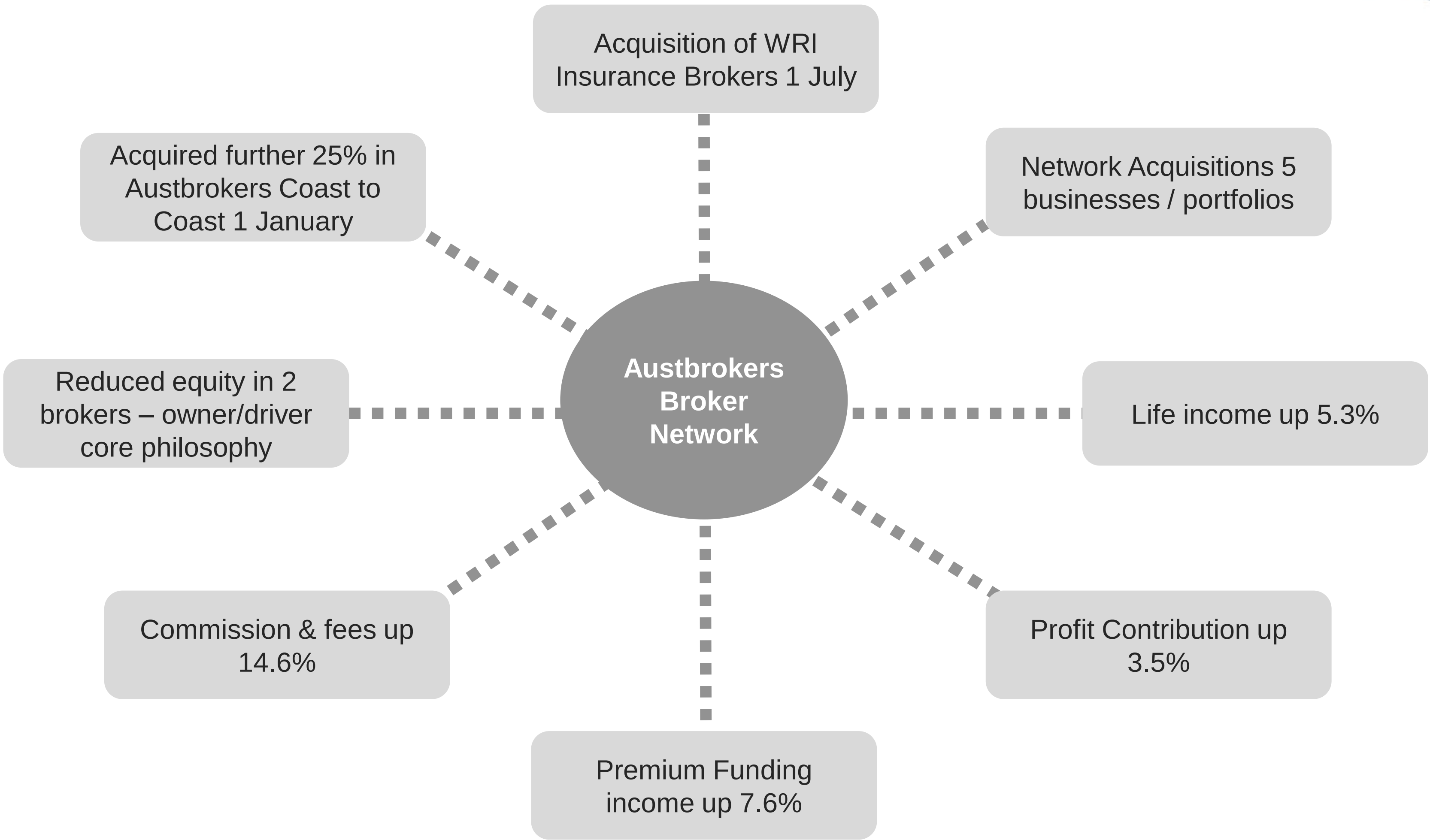
Diversification of income generation - Procare acquisition

Further investment in technology capabilities

FY13 acquisitions integrated

New Exec Management & investment in 'bench-strength'

1HY2014 Operational Highlights con't



1HY2014 Operational Highlights con't

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Austagencies Underwriting Agencies

- Growth in Strata Agency grown 3 x
- Increased total income 37%
- Securing new underwriters for products
- Continued to invest in resources for future growth
- Profit growth 20%
- Development of start up businesses
- Surety Agency commenced

Agenda

- Overview

- **1HY 2014 Financial Performance:**
  - **Income statement – as per Financial Report**
  - **Reconciliation to Adjusted NPAT**
  - **NPAT Growth**
  - **EPS Growth & Interim Dividend**
  - **1HY vs 2HY**
  - **Increase in Adjusted NPAT**
  - **Increase in Pre Tax Broker Profits**
  - **Broker Profits as % of Broker Income**
  - **Austagencies**
  - **Funding**

- FY 2014 outlook

1HY 2014 Financial Performance

$'000	1HY 2014	1HY 2013	% change
Broker Revenue (net of commission paid)	147,425	131,216	12.4
Brokers & Agencies Profit	26,605	25,168	5.7
Profit (before tax and amortisation of intangibles and sale of businesses)	20,730	19,833	4.5
NPAT Reported	12,791	24,489	(47.8)
NPAT (before amortisation of intangibles and sales of businesses) – Adjusted NPAT	14,607	13,759	6.2

1HY2014 Results

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Financial Statement Presentation

	1HY2014 $'000	1HY2013 $'000	Variance %
Revenue from ordinary activities	92,184	80,690	
Expenses from ordinary activities	(70,551)	(58,700)	
Borrowing costs	(1,476)	(1,547)	
	20,157	20,443	(1.4)
Fair value adjustment to the carrying value of associates on the date at which they become controlled entities	-	12,630	
Adjustment to contingent consideration		(490)	
Profit before tax	20,157	32,583	(38.1)
Income tax expense	(4,241)	(5,269)	19.5
Net profit	15,916	27,314	(41.7)
Profit attributable to minority interest	(3,125)	(2,825)	(10.7)
Net profit attributable to members	12,791	24,489	(47.8)

Extracted from Consolidated Financial Statements for Half Year ended 31st December 2013

1HY2014 Results

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Financial Statements

Comments

- Fair value adjustment to carrying value and adjustments to contingent consideration did not occur in current half year
- Before these items profit before non operating tax reduced by 1.4% due to:
  - Equity accounted investment that was previously a trust now converted to a company and results reported net of tax rather than gross
  - General shift in the half year of earnings growth from consolidated entities (shown gross of tax in income statement) to equity accounted entities (shown net of tax) compared to prior year (both brokers and Austagencies)
  - Increase in amortisation expense of $400,000 as a result of FY2013 acquisitions
  - Offset in part in lower income tax expense
  - If these movements were adjusted for, increase in comparable net profit before tax would be approximately 4.5%

1HY 2014

Reported NPAT Reconciled to Adjusted NPAT

	1HY 2014 $'000	1HY 2013 $'000
Reported Profit attributable to members (NPAT)	12,791	24,489
Fair value adjustments to the carrying value of associates at the date at which they became controlled entities*	-	(12,630)
Adjustment in contingent consideration on acquisition of controlled entity (net of non controlling interests)*	-	414
Profit from ongoing operations	12,791	12,273
Amortisation of intangibles net of tax*	1,816	1,486
Net profit after tax from operations before amortisation of intangibles (Adjusted NPAT)	14,607	13,759

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

Elimination of the items above provides a basis for analysis of the underlying performance of the company. These items may or may not recur and can distort underlying performance compared to prior periods. 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

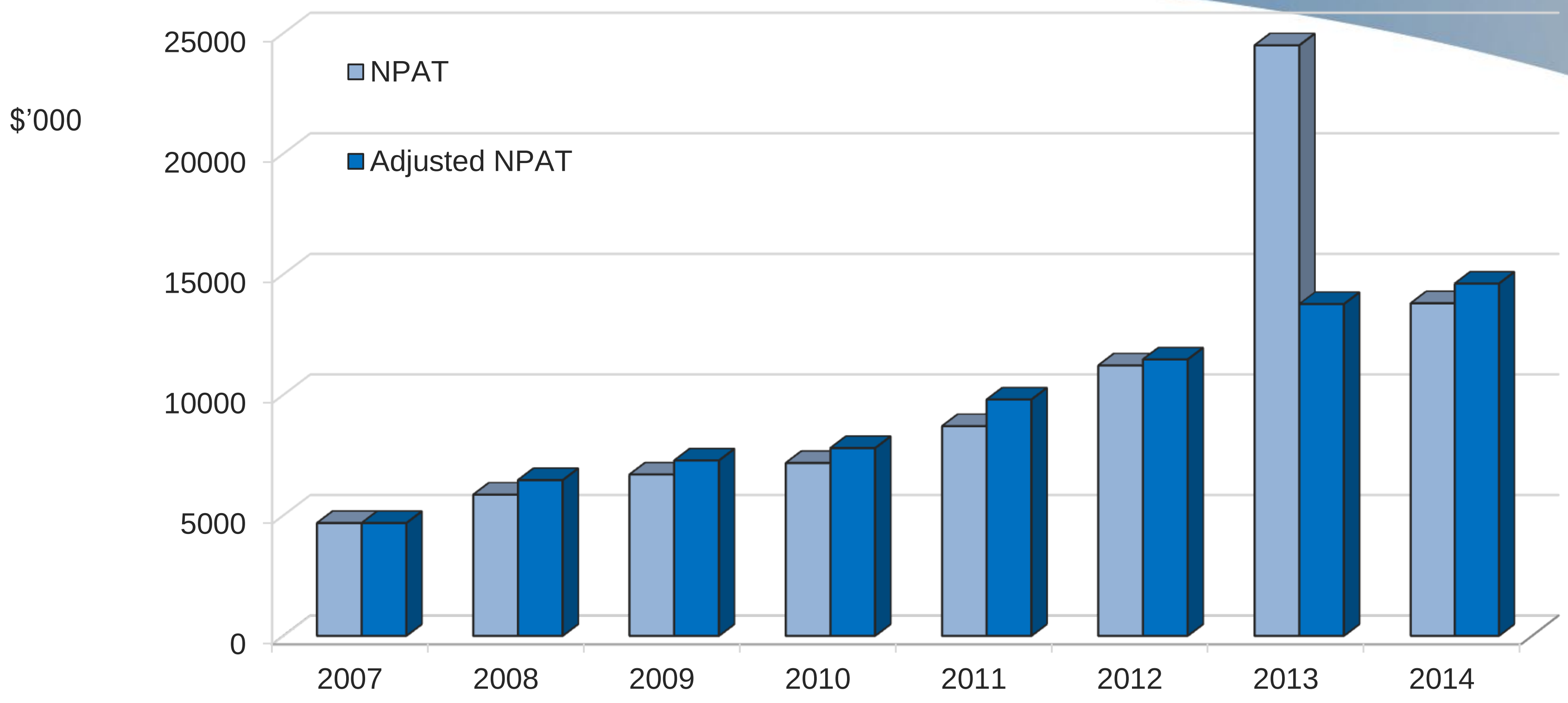
1HY 2014 Compared to 1HY 2013

Highlights

	1HY14	1HY13	Change
Earnings per share (NPAT)	21.8 cents	43.4 cents	(49.8)%
Earnings per share (Adjusted NPAT)	24.9 cents	24.4 cents	2.1%
Dividend per share	12.0 cents	11.0 cents	9.1%

- Eligible for reinvestment under Dividend Reinvestment Plan
- DRP not proposed to be underwritten

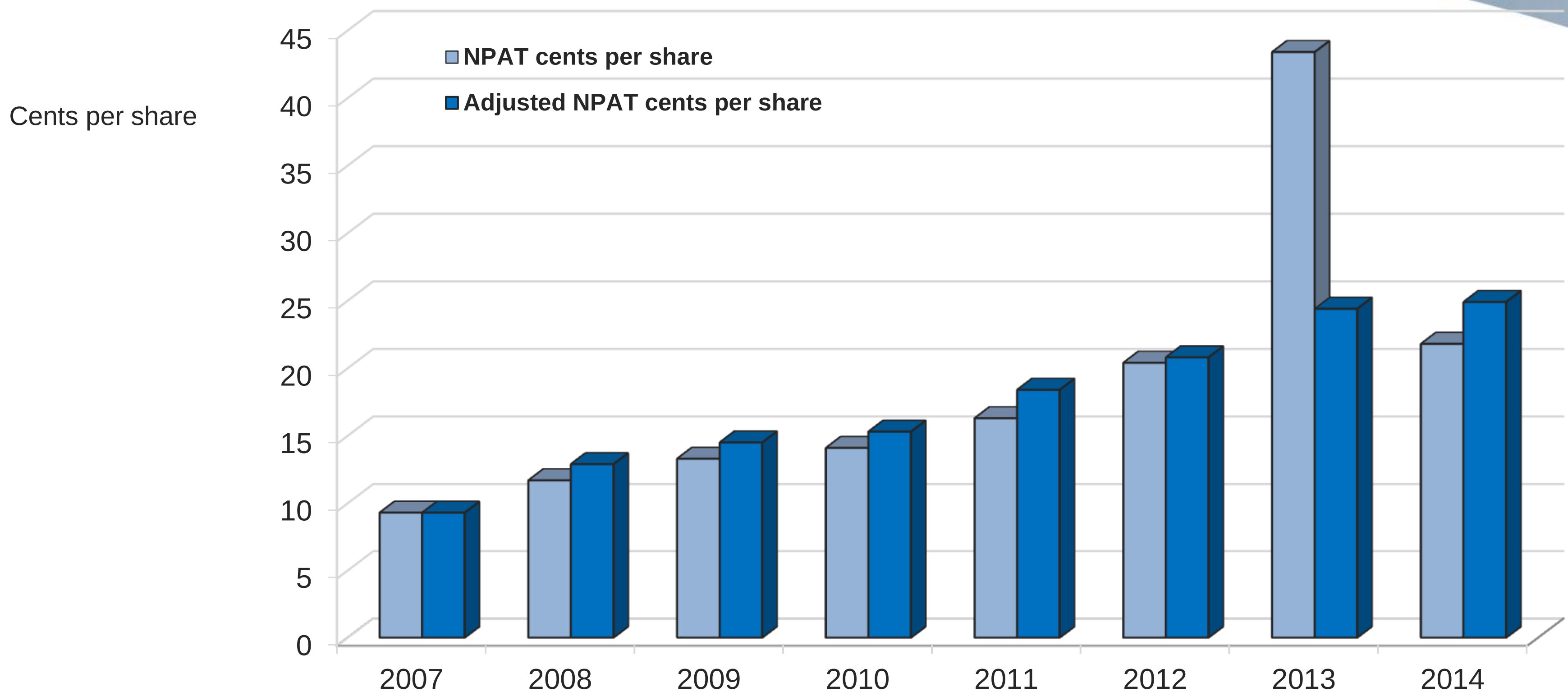
NPAT Growth 1HY 2007 - 2014



	2007	2008	2009	2010	2011	2012	2013	2014
% increase NPAT	28.3%	25.1%	14.3%	7.2%	21.3%	29%	118%	(47.8)%
% increase Adjusted NPAT	14.6%	38.0%	12.6%	7.1%	25.9%	17%	20%	6.2%

NPAT - Net Profit after tax attributable to members
Adjusted NPAT – Net profit after tax before amortisation of intangibles before profits on business / portfolios sold, adjustment to contingent consideration for acquisitions and fair value adjustment to carrying value of associates on date at which they became controlled entities (2013 only)

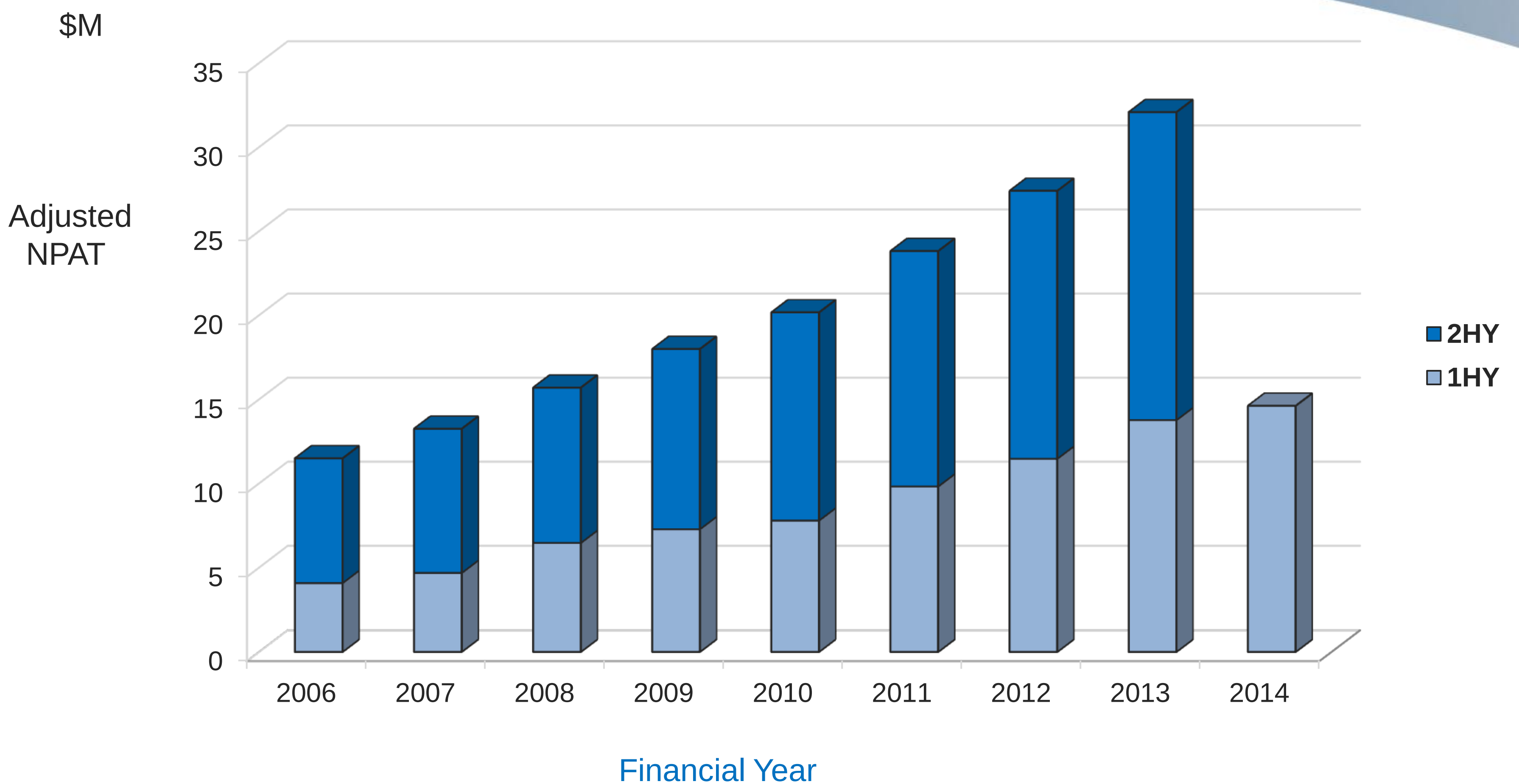
Earnings Per Share 1HY 2007 - 2014



	2007	2008	2009	2010	2011	2012	2013	2014
NPAT cents per share	9.3	11.7	13.3	14.1	16.3	20.4	43.4	21.8
Adjusted NPAT cents per share	9.3	12.9	14.5	15.3	18.4	20.8	24.4	24.9

Adjusted NPAT calculated on same basis as Basic Earnings per share

1HY Compared to 2HY



2HY	64%	65%	59%	60%	61%	59%	58%	57%
1HY	36%	35%	41%	40%	39%	41%	42%	43%

Increase in Adjusted NPAT 1HY2014 vs 1HY2013

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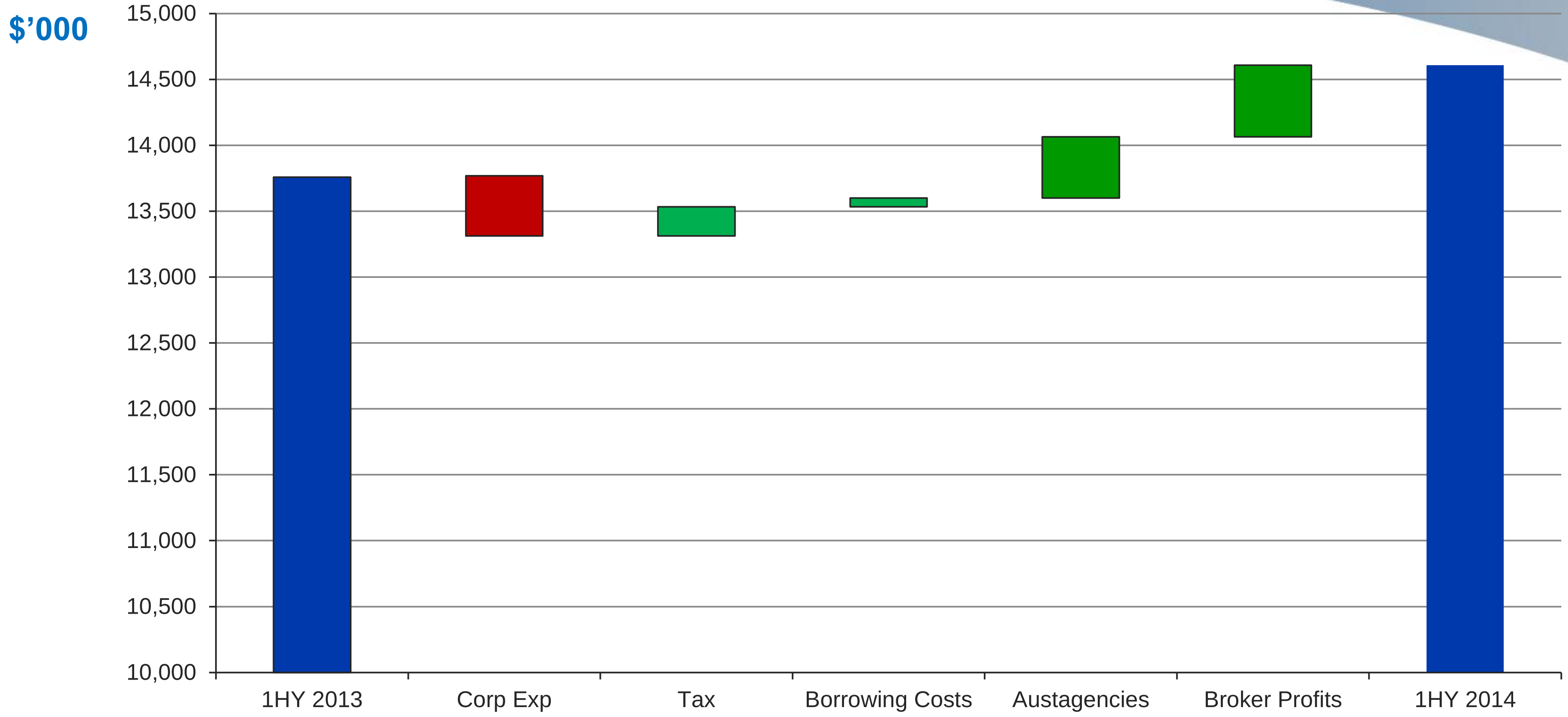
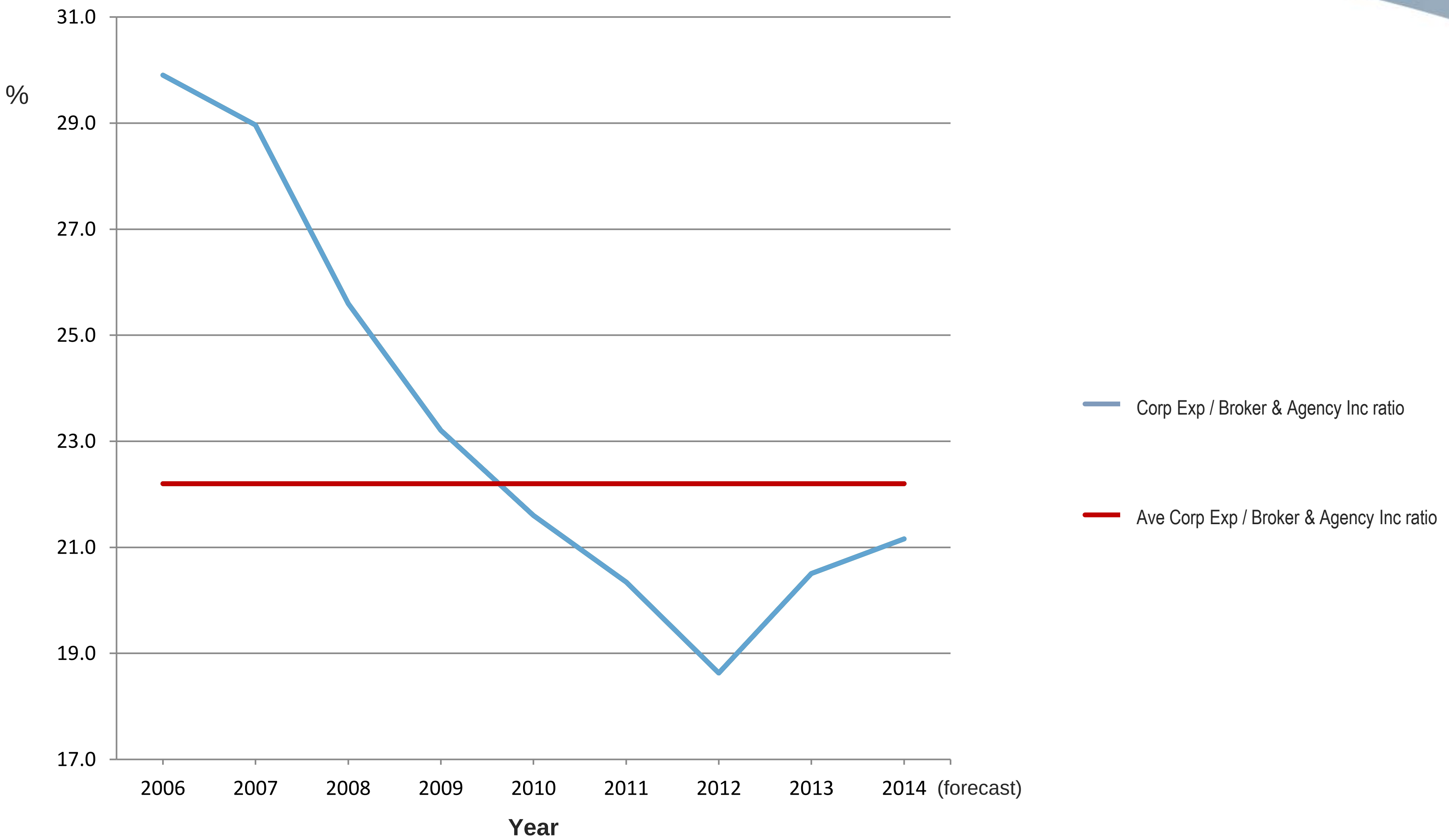


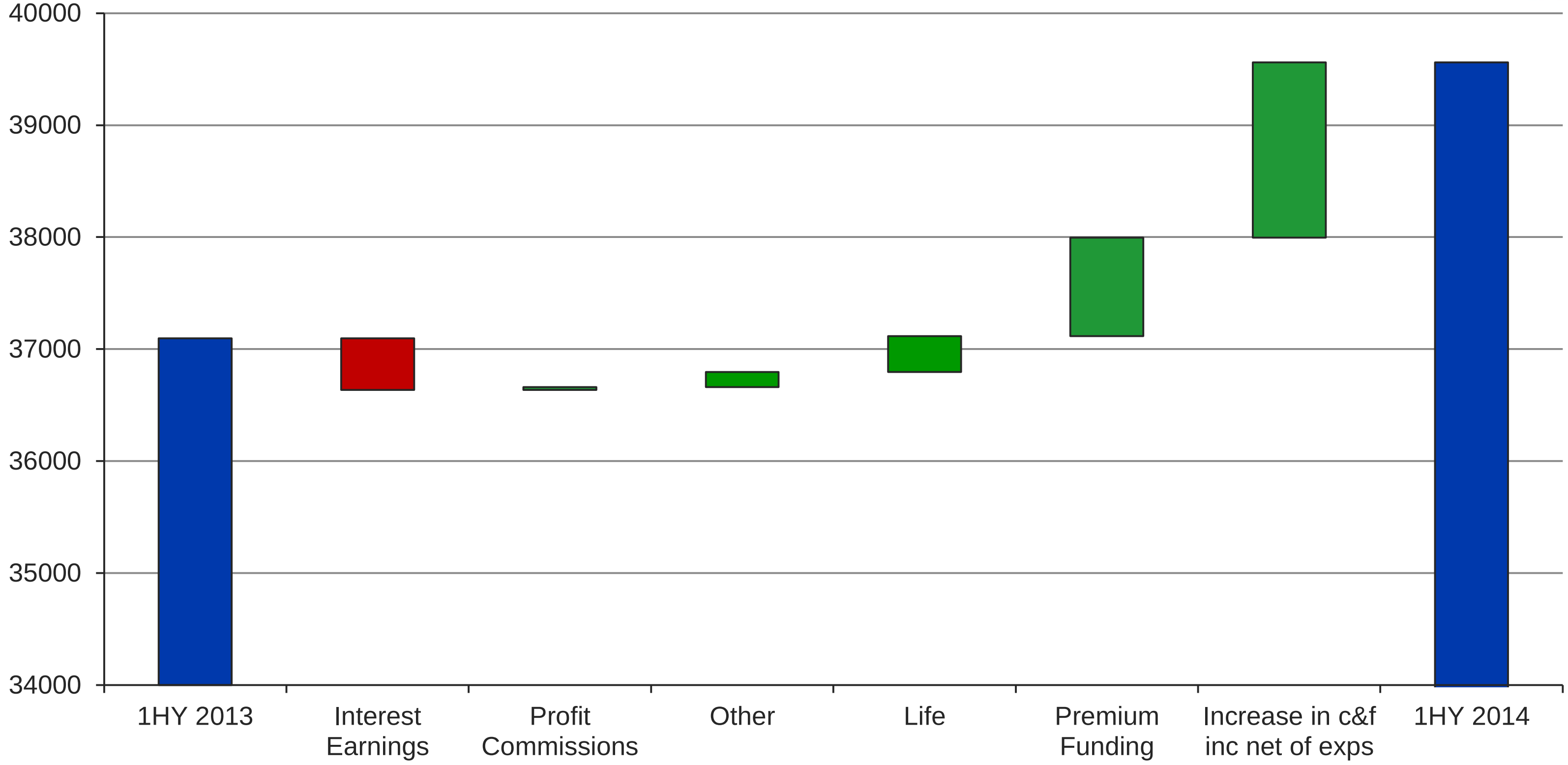
	1HY 2013	Corp Exp	Tax	Borrowing Costs	Austagencies	Broker Profits	1HY 2014
Adjusted NPAT	13,759	(446)	220	67	465	542	14,607
% Growth		(3.2)%	1.6%	0.5%	3.4%	3.9%	6.2%

Income : Expense Ratio



Increase in Pre-Tax Broker Profits 1HY 2014 from 1HY 2013

$'000



	1HY 2013	Interest Earnings	Profit Commissions	Other	Life	Premium Funding	Increase in c&f inc net of exps	1HY 2014
Profit	37,096	(460)	25	136	319	880	1,565	39,561
Contrib to growth		(1.3)%	0.1%	0.4%	0.9%	2.3%	4.2%	6.6%
Increase on prior year		(8.5)%	10.4%	4.9%	5.2%	7.6%	14.3%	

Increase in Broker Profits

- Increase in commission and fees less expenses make up 4.2% of total 6.6% growth in broker profits
  - Direct acquisitions contributed 22%
  - 78% came from organic growth and bolt on acquisitions
  - Good growth despite market pressures in discreet areas specifically mining sector in WA
  - Relatively flat commercial lines premium rates
- Shift in the first half of earnings growth to associates rather than consolidated entities – expected to balance back in second half

Broker Profits as % of Broker Income

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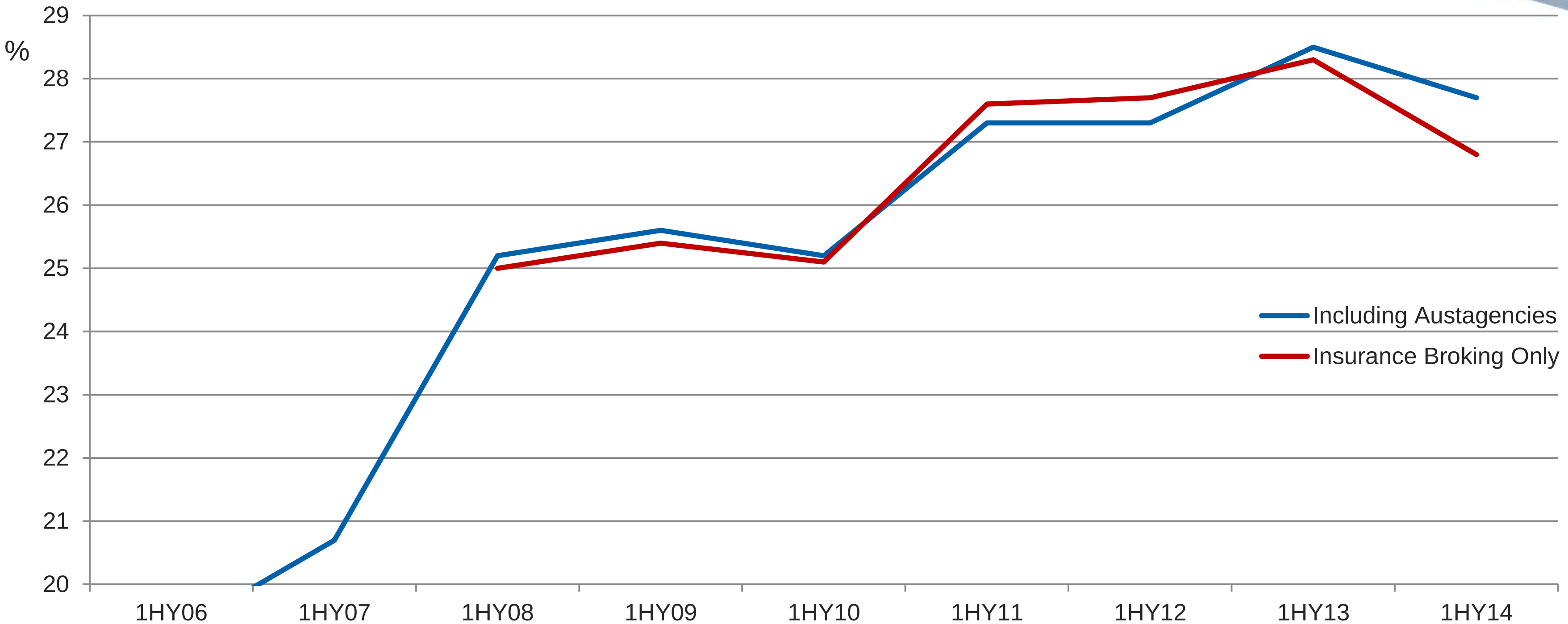
Profits (before tax) as a percentage of Broker Income



	1HY06	1HY07	1HY08	1HY09	1HY10	1HY11	1HY12	1HY13	1HY14
Total	19.2	20.7	25.2	25.6	25.2	27.3	27.3	28.5	27.7
Broking			25.0	25.4	25.1	27.6	27.7	28.3	26.8

Base commission and fees represented 17.4% of base premiums (1HY2013 17.5%)
Commission and fee split 63% / 37% (1HY2013 65% / 35%) – due to increase in fees
Margin has been impacted by reduction in interest income and weighting of profits for acquisitions to the second half

Austagencies - 1HY 2014

- NPAT up 20.5% (22% excluding acquisitions) to $3.904 million
- Commission and fee income up 39% (27% excluding prior year acquisitions) to $17 million
- Expenses up 39.5% (22.9% excluding acquisitions)
- Profit margin from 28.9 compared to 29.9% impacted by acquisitions in half year
- Growth driven largely through start ups such as Strata and specialist lines

Refer Appendix 2 for detailed Underwriting Agency Results

Funding

- Facility from St George Bank
  - limit $50 million at holding company level (including $10 million increase approved but still subject to completion of legal documentation)
  - $30 million drawn
  - $15 million available including $10 million increase
  - $5 million allocated to other financing arrangements / guarantees
- Facility term is 3 years to May 2016
- Estimated $20 million paid since half year end or committed for future payments for completed acquisitions
- Funding available from facility for future acquisitions of $15 million with free cash around $13 million over the next twelve months assuming maintenance of DRP and if underwritten in October
- Key ratios – consolidated
  - Interest cover ratio – 16.1 times (EBITDA basis)
  - Gearing 18% (debt to debt plus equity)
  - Comfortably meet financial undertakings to Bank
- Borrowing by associates at 31st December 2013 not on Austbrokers balance sheet - $43.5 million Borrowings largely for acquisition funding
  - Interest cover ratio 16.7 times (as a group)

Agenda

- Overview

- 1HY 2014 Financial Performance

- **FY 2014 Outlook**
  - **Market conditions**
  - **Strategy**
  - **Outlook**

Market Conditions FY 2014

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- Premium rates
  - Flat premium rates over period
  - Competition restrains extent of increases achievable
- Continued low interest rate environment
- Moderate economic growth forecast but patchy economic outlook may have impact on SME
- Age demographics in insurance broking industry indicates that continued acquisition opportunities for direct acquisitions or portfolio / bolt on businesses should be available
- Insurance broking industry consolidation will continue to present acquisition opportunities

Strategies FY2014

- Growth:
  - acquisition activity to continue
  - focus on increasing cross sell of insurance products
  - opportunities presented by Procare Services via cross sell
  - continue to expand Underwriting Agency capability through product and acquisition growth
  - underwriter relationship / product development via AIMS (IBNA Joint Venture) for marketing advantage
- Optimisation of operating model to continue to underpin future growth across the Group
  - Business Technology and Data Centre provision and associated data management
  - Compliance and Risk Management
  - Business Centre services – accounting, tax, payroll, HR and Treasury
  - Marketing capabilities
  - Partner Development management capabilities
  - Automation of broking processes to develop efficiencies – further development of Full Policy Administration (FPA)/iClose
- Premium funding – continued growth and development through Hunter arrangement
- Life risk and superannuation - continue to develop businesses both stand alone and integrated with broking operations

Outlook FY2014

- Austbrokers' further growth and development in underwriting agency business with continued investment in capability in specific market segments
- Organic growth expected to continue to emerge through broker network initiatives
- Profit commissions for year depends on 2013 underwriting results
- Acquisitions, particularly InterRISK, will make greater contribution in 2HY
- Taking the above factors into account, an improvement in results is expected in 2HY
- Earnings guidance maintained at a 5% - 10% increase in Adjusted NPAT over FY2013 before taking into account Procare acquisition

Appendix 1

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1HY 2014 Results

Appendix 1
Management Presentation

	1HY 2014	1HY 2013	VARIANCE	VARIANCE
	$'000	$'000	$'000	%
BROKER OPERATIONS				
COMMISSION AND FEES	120,386	105,074	15,312	14.6%
LIFE INCOME	6,337	6,018	319	5.3%
PROFIT COMMISSIONS	266	241	25	10.4%
PREMIUM FUNDING	12,534	11,654	880	7.6%
INTEREST	4,974	5,434	(460)	-8.5%
OTHER INCOME	2,928	2,792	136	4.9%
REVENUE	**147,425**	**131,213**	**16,212**	**12.4%**
EXPENSES	**(107,864)**	**(94,117)**	**(13,747)**	**14.6%**
PROFIT FROM BROKING OPERATIONS	**39,561**	**37,096**	**2,465**	**6.6%**
PROFIT FROM UNDERWRITING AGENCIES	**5,135**	**3,875**	**1,260**	**32.5%**
PROFIT BEFORE TAX, CORPORATE EXPENSES AND AMORTISATION OF INTANGIBLES	**44,696**	**40,971**	**3,725**	**9.1%**
PROFIT ATTRIBUTABLE TO OTHER PARTIES	(18,091)	(15,803)	(2,288)	14.5%
PROFIT BEFORE TAX, CORPORATE OFFICE EXPENSES AND AMORTISATION OF INTANGIBLES (AFTER OUTSIDE EQUITY INTERESTS)	**26,605**	**25,168**	**1,437**	**5.7%**
CORPORATE OFFICE				
INCOME	1,035	1,058	(23)	-2.2%
EXPENSES	(6,910)	(6,393)	(517)	8.1%
NET CORPORATE OFFICE EXPENSES	**(5,875)**	**(5,335)**	**(540)**	**10.1%**
PROFIT BEFORE TAX AND AMORTISATION OF INTANGIBLES	20,730	19,833	897	**4.5%**
INCOME TAX	(6,123)	(6,074)	(49)	0.8%
NET PROFIT AFTER TAX AND BEFORE AMORTISATION OF INTANGIBLES	**14,607**	**13,759**	**848**	**6.2%**

1HY 2014 Results

Appendix 1
Management Presentation

$'000	1HY 2014	1HY 2013	VARIANCE $	VARIANCE %
CONSOLIDATED BROKERS				
COMMISSION AND FEES	51,218	44,238	6,980	15.8%
LIFE INCOME	4,268	4,025	243	6.0%
PROFIT COMMISSIONS	132	207	(75)	-36.2%
PREMIUM FUNDING	4,756	4,121	635	15.4%
INTEREST	1,845	1,812	33	1.8%
OTHER INCOME	1,731	1,113	618	55.5%
REVENUE FROM CONSOLIDATED BROKERS	**63,950**	**55,516**	**8,434**	**15.2%**
EXPENSES FROM CONSOLIDATED BROKERS	**(47,778)**	**(39,443)**	**(8,335)**	**21.1%**
PROFIT FROM CONSOLIDATED BROKERS	**16,172**	**16,073**	**99**	**0.6%**
EQUITY ACCOUNTED BROKERS				
COMMISSION AND FEES	69,168	60,836	8,332	13.7%
LIFE INCOME	2,069	1,993	76	3.8%
PROFIT COMMISSIONS	134	34	100	294.1%
PREMIUM FUNDING	7,778	7,533	245	3.3%
INTEREST	3,129	3,622	(493)	-13.6%
OTHER INCOME	1,197	1,679	(482)	-28.7%
REVENUE FROM EQUITY ACCOUNTED BROKERS	**83,475**	**75,697**	**7,778**	**10.3%**
EXPENSES FROM EQUITY ACCOUNTED BROKERS	**(60,086)**	**(54,674)**	**(5,412)**	**9.9%**
PROFIT FROM EQUITY ACCOUNTED BROKERS	**23,389**	**21,023**	**2,366**	**11.3%**
PROFIT FROM BROKING OPERATIONS	**39,561**	**37,096**	**2,465**	**6.6%**

Appendix 2

Austagencies Results

Appendix 2

	1HY 2014	1HY 2013	INCR / (DECR)	INCR / (DECR) %
Commission and fees	16,969	12,238	4,731	38.7
Profit commission	120	290	(170)	(58.6)
Claims handling fees	351	69	282	408.7
Interest	334	348	14	(4.0)
Other income	13	-	13	-
	17,787	12,945	4,842	37.4
Expenses	(12,652)	(9,070)	(3,582)	(39.5)
Net Profit before income tax	5,135	3,875	1,260	32.5
Other shareholder interest	(1,231)	(635)	(596)	(93.9)
Net Profit after other shareholder interest	3,904	3,240	664	20.5
Gross margin (profit to income)	28.9%	29.9%		

Appendix 3

Balance Sheet

Appendix 3

	31 Dec 2013 $'000	30 June 2013 $'000
Current Assets		
Cash at Bank	45,813	38,083
Cash at Bank – Trust	104,106	112,610
Receivables	110,040	156,698
Other financials assets	1,160	1,716
Total Current Assets	261,119	309,107
Non Current Assets		
Receivables	49	264
Plant Equipment	7,762	7,455
Investments equity accounted	87,515	82,169
Other financial assets	463	424
Intangibles & goodwill	157,383	158,639
Deferred tax assets	5,379	6,006
Total Non current Assets	**258,551**	**254,957**
Total Assets	**519,670**	**564,064**

Balance Sheet con't

	31 Dec 2013 $'000	30 June 2013 $'000
Liabilities		
Current Liabilities		
Payables	197,433	253,395
Tax Liabilities	3,878	6,071
Provisions	8,899	9,963
Interest bearing loans borrowings	10,671	10,132
Total Current Liabilities	**220,881**	**279,561**
Non Current Liabilities		
Provisions	2,303	2,469
Borrowings	42,334	42,753
Deferred Tax Liabilities	7,828	8,883
Total Non Current Liabilities	**52,465**	**54,105**
Total Liabilities	**273,346**	**333,666**
Net Assets	**246,324**	**230,398**
Equity		
Contributed Equity	105,147	90,586
Retained Earnings	99,876	100,390
Other reserves	5,704	5,173
Asset Revaluation Reserve	1,247	1,500
Outside Equity Interest	34,350	32,749
Total Equity	**246,324**	**230,398**

Cash Flow

	1HY2014 $'000	1HY2013 $'000
Cash flows from operation	20,094	21,215
Cash flows from investing activities		
- Acquisitions	(5,292)	(7,011)
- Proceeds from disposal of portfolio / associate	342	-
- Share issues to non controlling entities	2,846	2,243
- Proceeds received from new consolidated entities	-	9,859
- Plant equipment	(1,172)	(698)
- Sales proceeds / loans	517	(182)
	(2,759)	4,211
Cash flows from financing activities		
- Dividends	(10,366)	(7,398)
- Proceeds from share capital & underwritten DRP	6,950	2,248
- Net borrowings	(2,457)	936
- Payments for deferred settlements	(3,732)	(1,433)
	(9,605)	(5,647)
Net increase in cash ex broker trust account	7,730	19,779
Increase (decrease) in broker trust account cash	(8,504)	(1,548)
Net increase (decrease) in cash	(774)	18,231

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