ASX Announcement

22 August 2023

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

FY23 Results – Performance Overview

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

- FY23 Performance Overview.

The release of this announcement was authorised by the AUB Board.

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About AUB Group
AUB Group Limited (ASX: AUB) is an ASX200 listed group of retail & wholesale insurance brokers and underwriting agencies operating in ~570 locations globally. Over 5,000 team members work with ~950,000 clients to place ~AUD 9.5bn in insurance premiums with local and foreign insurers.

FY23 Performance Overview

Summary

— Underlying NPAT[1] of AUD 129.1mn (FY22: AUD 74.0mn)

— Underlying earnings per share of 129.32 cents per share (FY22: 96.70 cps).

— Reported Net Profit After Tax of AUD 65.3mn (FY22: AUD 80.8mn)

— Fully franked final dividend of 47.0 cents per share (FY22: 38.0 cps), an increase of 23.7% compared to FY22.

— FY23 Dividend 64.0 cents per share, an increase of 16.4% compared to FY22.

— FY23 included 9 months of Tysers profit for the first time. Tysers revenue and profit performed above expectations.

— Australian Broking delivered revenue growth & margin expansion from ongoing network optimisation, disciplined acquisitions and enhanced broker propositions.

— Agency growth progressed well with improvements in revenue, and profit as a result of enhanced scale and capability expansion.

— New Zealand revenue and profit increased.

— Growth in BizCover continues.

— FY24 Underlying NPAT guidance in the range of AUD 154.0mn – AUD 164.0mn, 19.3% - 27.0% growth over FY23.

AUB Group CEO and Managing Director, Michael Emmett, said: “I am delighted with these results. All of our teams, new and old and across multiple businesses and geographies, have delivered exceptionally. Particularly pleasing is the continued growth of Agencies and the significant turnaround in New Zealand. Early signs are that Tysers was an excellent acquisition and that our estimates of potential synergies and efficiencies were conservative. In addition, the SUU team has been a wonderful addition to our Strata portfolio, fitting very easily into the AUB family. Against a backdrop of rising interest rates, challenging weather events and the growing scarcity of insurance capacity, our teams are working harder than ever to represent our clients and to ensure they are adequately protected against business-threatening risks and losses. I'd like to thank each of our team of 5,000 people for their persistence, loyalty and dedication to support our almost 1 million clients.”

1 Underlying Net Profit After Tax excluding adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, acquisition costs, impairment charges, and amortisation of intangibles. Performance measure used by management and the Board to assess underlying business performance.

Highlights by operating division

Tysers

- Tysers performed above expectations, with revenue for the 9 months to 30 June 2023 5.4% above initial forecast (Organic: 5.8%, FX: -0.4%).
- Underlying pre-tax profit contributed by Tysers for the 9 months to 30 June 2023 was AUD 76.9mn.

Australian Broking

- Underlying pre-tax profit for the period increased by 21.6% to AUD 104.8mn (FY22: AUD 86.1mn).
- EBIT Margin of 35.1% up 140bps from FY22.
- These increases were driven by organic and bolt-on acquisition growth.

Agencies

- Underlying pre-tax profit for the period increased by 53.9% to AUD 35.1mn (FY22: AUD 22.8mn).
- Strong organic growth partially offset by non-recurrence of some profit commissions.
- Acquisition-related profit growth included Strata Unit Underwriters (1 September 2022).
- EBIT margin of 38.4% up 520bps from FY22 excluding profit commissions.

New Zealand Broking

- Underlying pre-tax profit for the year increased by 59.4% to AUD 14.3mn (FY22: AUD 9.0mn).
- Revenue and profit growth for all divisions, supported by increased commercial lines premiums.

BizCover

- Underlying pre-tax profit for the year increased by 18.9% to AUD 12.5mn (FY22: AUD 10.5mn).
- This increase was due to organic profit growth assisted by operating leverage and scalability of the platform.
- EBIT Margin of 40.1% up 230bps from FY22.

Capital Management

- Leverage ratio of 1.71 at 30 June 2023.
- AUB Group had accessible cash and undrawn debt facilities of AUD 256.8mn at 30 June 2023.

Dividends

- Fully franked final dividend of 47.0 cents per share (FY22: 38.0 cps), an increase of 23.7% compared to FY22.
- Total FY23 dividend 64.0 cents per share, an increase of 16.4% compared to FY22.
- The final dividend is payable on 9 October 2023 to shareholders on the register at 5:00pm on 8 September 2023 (record date).
- The Dividend Reinvestment Plan (DRP) remains suspended.

Guidance

- FY24 Underlying NPAT guidance in the range of AUD 154.0mn – AUD 164.0mn, representing growth of 19.3% - 27.0% over FY23.
- In estimating FY24 Underlying NPAT, the Group has assumed the following:
  - Continued strong premium rate rises;
  - No account is made for acquisitions not currently known about. Forecast includes impact of acquisitions and disposals made in FY23 or those already completed in FY24;
  - Renewal periods are assumed to perform in line with historical performance;
  - FX rates for the 12 months to 30 June 2024: GBP:AUD 1.87, GBP:USD 1.2568;
  - USD:GBP hedging program in place for ~65% of USD operational flows.