

1HFY23 Performance Overview

Summary

- Underlying NPAT¹ of AUD 46.7mn (1HFY22: AUD 30.6mn)
- Underlying earnings per share² of 48.18 cents per share (1HFY22: 40.30 cents).
- Reported Net Profit After Tax of AUD 0.4mn (1HFY22: AUD 29.7mn) was impacted by acquisition expenses.
- Fully franked interim dividend of 17.0 cents per share (1HFY22: 17.0 cps).
- 1HFY23 included 3 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 including the impact of technology spend.
- Growth in BizCover continues.
- FY23 Underlying NPAT guidance upgraded to AUD 112.9mn – AUD 121.4mn including 9 months of Tysers profit from 1 October 2022.

AUB Group CEO and Managing Director, Michael Emmett, said: "All parts of AUB Group performed strongly during 1H23 with momentum continuing into the second half. As a result, we have upgraded the outlook for the full year. Tysers performance for the three months since acquisition on 1 October has exceeded our forecasts. Australian Broking and Agencies continue to grow delivering healthy expansion of underlying margins³ while in New Zealand our new broking platform is live at the first brokerage. The various strategies to consolidate and optimise the portfolio as well as the deployment of technologies and enhanced insurer arrangements and products has enabled AUB to make better progress against medium-term margin targets than originally anticipated. As a consequence, we have upgraded the majority of these together with setting an initial margin target for Tysers."

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.

2 The Underlying EPS in prior periods have been adjusted by the theoretical ex-rights price factor (TERP) resulting from the number of new shares issued following a non-renounceable entitlement offer. The TERP adjustment factor applied to the EPS values previously reported is 0.9794.

3 The Agencies EBIT margin expanded after excluding profit commissions in 1HFY23 and 1HFY22.

Highlights by operating division

Tysers

Tysers was included in the 1HFY23 result for the first time from 1 October 2022.

Tysers performed above expectations, with revenue growth for the 3 months to 31 December 2022 up 12% vs forecast (Organic: 10%, FX: 2%).

Underlying pre-tax profit contributed by Tysers for the 3 months to 31 December 2022 was AUD 18.0mn.

Australian Broking

Underlying pre-tax profit for the period increased by 30.3% to AUD 49.9mn (1HFY22: AUD 38.3mn). EBIT Margin of 35.2% up 410bps from 1HFY22. These increases were driven by organic and bolt-on acquisition growth.

Agencies

Underlying pre-tax profit for the period increased by 38.0% to AUD 12.3mn (1HFY22: AUD 8.9mn).

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 31.6%. Excluding profit commissions in both periods, the EBIT margin expanded 400bps from 1HFY22.

New Zealand Broking

Underlying pre-tax profit for the year increased by 34.6% to AUD 4.8mn (1HFY22: AUD 3.5mn).

Technology investment costs of AUD 3.4mn were incurred in the current period (1HFY22: AUD 2.2mn).

BizCover

Underlying pre-tax profit for the year increased by 15.2% to AUD 5.7mn (1HFY22: AUD 4.9mn). This increase was due to organic profit growth assisted by operating leverage and scalability of the platform.

EBIT Margin of 38.4% up 140bps from 1HFY22.

Capital Management

Leverage ratio of 2.74 at 31 December 2022.

AUB Group had cash and undrawn debt facilities of AUD 50.3mn at 31 December 2022.

Dividends

The Board has determined a fully franked interim dividend of 17.0 cents per share (1HFY22: 17.0 cps).

The interim dividend is payable on 4 April 2023 to shareholders on the register at 5:00pm on 2 March 2023 (record date).

The Board anticipates that the FY23 dividend payout ratio will be within 50% to 70% of Underlying NPAT.

The Dividend Reinvestment Plan (DRP) remains suspended.

Guidance

FY23 Underlying NPAT guidance upgraded to AUD 112.9mn – AUD 121.4mn including 9 months of Tysers profit from 1 October 2022.