



14th December 2015

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

Dear Sir/Madam,

Re: AUB Group acquires 100% of Runacres and Associates from IAG

AUB Group Limited (ASX: AUB), through its 80% owned entity AUB Group NZ Limited (AUB Group NZ), has agreed to acquire a 100% interest in New Zealand's Insurance Broker of the year, Runacres & Associates (Runacres) from IAG New Zealand Limited. The acquisition is effective from 31st December 2015.

Along with the group's existing equity interests, AUB Group now directly represents NZ \$200 million of Gross Written Premium (GWP) in New Zealand. In addition, the group owns NZbrokers, which manages the largest cluster group of brokers in New Zealand. In total, either directly or through its partners, the group now represents NZ \$550 million of GWP and is the third largest broking entity in the New Zealand market.

Runacres is a high performing broking business with a strong track record of sustainable growth over the past five years. Representing NZ \$50 million GWP, 5,300 clients and with 30 staff across Christchurch, Auckland and Greymouth, Runacres are one of the largest brokers in New Zealand. Its portfolio spans corporate, commercial and personal clients.

The acquisition of Runacres will stay true to AUB Group's unique 'owner-driver' partnership model - with AUB Group NZ already agreeing to sell down a minority equity stake of up to 20% to David Crick, the current CEO and MD of Runacres.

AUB Group NZ will make a completion payment of NZ \$35 million. The sale is subject to a post completion working capital adjustment. The completion payment will be funded from pro-rata equity contributions from AUB Group NZ's shareholders (AUB Group's share 80%) and a loan facility.

AUB Group has recently extended its funding facility with St. George Bank, increasing the facility from \$50.8 million at 30th June 2015 to \$79.45 million and extending the term to 30th November 2018. Post completion of this acquisition AUB Group's gearing ratio (debt to debt plus equity) will increase from 17.5% at 30th June 2015 to approximately 24%.

On a full year basis, after sell down to minorities, it is expected that the Runacres acquisition will contribute 3.8% to earnings per share growth on Adjusted NPAT¹. After acquisition and finance costs, it is not envisaged that the contribution to Adjusted NPAT in FY16 will be material.

AUB Group

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Yours sincerely,

Justin Coss
Company Secretary

For further information, contact:

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¹ Adjusted NPAT means the consolidated net profit after tax of AUB excluding fair value adjustment to carrying values of associates, profit on sale of entities or assets or deconsolidation of controlled entities, contingent consideration adjustments, impairment charges and amortisation of intangibles.

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[About AUB Group Limited.](#) AUB Group (ASX:AUB) is the leading equity-based risk management, advice and solutions provider in Australasia. Operating across a broad spectrum of risk and insurance, AUB Group is providing total risk solutions for clients. A top 250 ASX listed company, AUB Group comprises 75 equity businesses that form leading insurance broking networks (Austbrokers and NZbrokers), underwriting agencies (SURA) and specialist risk services. Serviced through partners, the group represents more than 450,000 clients, across 310 locations and in excess of \$2.6 billion of GWP. For more information, visit www.aubgroup.com.au

[About AUB Group NZ Limited.](#) AUB Group NZ is the New Zealand subsidiary of AUB Group Limited. With equity-based partnerships, as well as ownership of NZbrokers, which manages the largest cluster group of brokers in New Zealand, it is now the third largest group in New Zealand. Combined, AUB Group NZ represents more than 100,000 clients, across some 55 broker members and in excess of \$500 million of GWP. For more information, visit www.aubgroup.co.nz

[About Runacres and Associates.](#) Runacres and Associates is one of New Zealand's largest brokers. With 30 staff located in Christchurch, Auckland and Greymouth, and representing some NZ \$50 million of GWP, their 5,300 clients span across corporate, commercial and personal areas. Runacres is part of the NZbrokers group, the third largest broking group in New Zealand. For more information, visit www.runacres.co.nz

This release contains "forward-looking" statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipated", "expected", "projections", "guidance", "forecast", "estimates", "could", "may", "target", "consider", "will" and other similar expressions. Forward looking statements, opinion and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, AUB Group and its directors, officers, employees, advisers, agents and intermediaries do not warrant that these forward looking statements relating to future matters will occur and disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

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