



18th December 2015

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

Dear Sir/Madam,

AUB Group announces sale of its 50% stake in Strathearn Insurance Group

AUB Group Limited (ASX: AUB Group) has today signed and completed an agreement to sell its 50% shareholding in Strathearn Insurance Group Pty Ltd (Strathearn) to Arthur J. Gallagher & Co, as part of a 100% sale of that entity.

AUB Group is generally not a seller of businesses but in circumstances where optimization of its portfolio and returns can be achieved, it is in the interests of AUB Group shareholders to pursue such opportunities. The sale of the group's stake in Strathearn follows on from the group's announcement earlier this week regarding the successful acquisition of one of New Zealand's largest brokers, Runacres and Associates Limited. The combined result of these transactions will be a net positive to earnings on an annualised basis, improving portfolio returns, in addition to realising a one-off profit on sale.

The sale of Strathearn will realise an after tax profit on sale of approximately \$5.9m and will have a positive impact on Reported NPAT for the year, contributing approximately 9 cents per share based on current shares on issue.

Historically AUB Group has excluded profits on sale of assets from Adjusted NPAT¹, even though these are realised profits underpinned by a cash payment. As such, Adjusted NPAT for FY16 will be impacted by the loss of earnings from Strathearn from 1st December 2015. Having regard to the offsetting nature of the acquisition of Runacres and Associates Limited (announced to the market on 14 December 2015) and this divestment, AUB Group does not consider it necessary to modify its target growth in Adjusted NPAT for FY16 of 5% over FY15².

If this realised cash profit was included in the definition of Adjusted NPAT, the FY16 growth target would increase to 13%.

Funds will be used to repay debt in the short term, decreasing gearing (debt to debt plus equity ratio) to approximately 17.5%, in the absence of further acquisitions.

Yours sincerely,

Justin Coss
Company Secretary

AUB Group

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Notes:

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.
2. The actual Adjust NPAT for FY16 will depend on market conditions, premium rate movements, interest rates, the level of profit commissions and prevailing economic factors.
3. 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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[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