



2 August 2019

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

FOR RELEASE TO THE MARKET

Dear Sir / Madam,

AUB Group signs conditional sale agreement to acquire Coverforce

AUB Group (ASX:AUB), Australasia's largest equity-based insurance broker network, has today announced that it intends to acquire 100% of Coverforce Holdings Pty Ltd (Coverforce), Australia's largest privately-owned insurance broker, and has entered into a conditional agreement with Pemba Capital Partners (Pemba Capital) to acquire its 49% interest in Coverforce. AUB Group will work with Pemba Capital to effect the purchase of the shares of all other Coverforce shareholders (expected either by AUB Group reaching an agreement with those other shareholders or through Pemba Capital exercising its exit rights).

Summary

- AUB Group has signed a conditional agreement with Pemba Capital to acquire its 49% interest in Coverforce and will work with Pemba Capital to acquire the shares of all other Coverforce shareholders.
- The transaction and purchase price are subject to the outcome of AUB Group's due diligence and other customary terms and conditions such as regulatory approvals and no restraints preventing completion.
- The transaction is expected to be EPS accretive from completion.
- Coverforce was established in 1994, and is the largest privately-owned insurance broker in Australia providing insurance solutions and risk advice to SME, mid-market and large corporate clients.
- An acquisition of Coverforce is aligned to AUB Group's disciplined approach to M&A that delivers on our growth ambitions, better leverages our scale, enters new market segments and uplifts core capabilities.

The agreement with Pemba Capital is conditional upon, amongst other things, satisfactory completion of due diligence by AUB Group. If the conditions are satisfied, the transaction is expected to complete in the last quarter of calendar year 2019. The acquisition is for a total aggregate consideration payable to Coverforce's shareholders of approximately \$150 million to \$200 million, with the purchase price to be finalised following AUB Group's due diligence and subject to customary completion adjustments for net debt and working capital amounts. AUB Group will fund the acquisition via available cash and a committed extension of its existing debt facilities. The Group's leverage ratio (net debt/EBITDA) is not expected to exceed three times as a result of this transaction.

Coverforce was established in 1994, and is the largest privately-owned insurance broker in Australia providing insurance solutions and risk advice to SME, mid-market and large corporate clients. Coverforce has two divisions - a general insurance broker division focused on the SME and mid-market client segments and a specialist division providing group income protection insurance. The business has a national footprint, headquartered in Sydney with branches in Adelaide, Brisbane, Melbourne and Perth.

AUB Group Limited

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Sydney, NSW, 2000.

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aubgroup.com.au

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Mike Emmett, CEO and Managing Director of AUB Group said, "Coverforce is a recognised and well-regarded business in the Australian broker market with a strong presence across the general insurance SME segment, leadership in key specialty markets and close alignment to AUB Group's core business. The proposed acquisition is consistent with AUB Group's disciplined M&A strategy to acquire businesses that accelerate scale & growth, leverage and expand our expertise in key insurance risk areas and market segments, whilst adding to our core capabilities. I look forward to working with Pemba Capital and all other Coverforce shareholders on the execution of a successful transaction".

About AUB Group

AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A\$3.2 billion GWP across its network of 93 businesses, servicing more than 550,000 clients and over one million policies. In Australia, the Group has around 20 percent of the commercial insurance broking market share with investment in 61 broking businesses, complimented by established capabilities in life insurance broking, premium funding, claims management and legal services. In New Zealand, AUB Group holds equity stakes in seven major insurance broker partners, an underwriting agency as well as equity in NZbrokers, the largest broking management group in New Zealand with presence in 140 locations. The Group also has a portfolio of 19 agencies within its SURA business with access to delegated global underwriting capacity for niche specialist insurance products. The Group's Risk Services division includes equity investments in three businesses with capabilities in loss adjustment, investigations, claims management, claims legal support and rehabilitation services.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'D. Franks'.

David Franks
Company Secretary

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