

ASX Announcement

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

Equity Raising and Acquisition of Pacific Indemnity

- **AUB Group Limited (AUB) today announces it has entered into an agreement to acquire a 70% equity stake in Pacific Indemnity, a leading specialty underwriting agency based in Australia.**
- **The acquisition is consistent with AUB's strategy to enhance capabilities in financial lines specialty agencies.**
- **The acquisition values Pacific Indemnity at an Enterprise Value of AUD 192mn, representing an EV / FY23 EBIT multiple of 13.0x.**
- **AUB is undertaking a fully underwritten AUD 200mn equity raising to fund the acquisition and otherwise provide balance sheet flexibility for potential further accretive M&A.**

Acquisition of Pacific Indemnity

AUB today announces it has entered into an agreement to acquire a 70% equity stake in Pacific Indemnity Underwriting Solutions, an Australian-based underwriting agency which specialises in Professional Indemnity, Directors and Officers Liability and General Liability insurance products. The business has historically achieved strong growth and high margins, supported by an experienced management and underwriting team. In FY23, Pacific Indemnity delivered GWP of AUD 177mn and EBIT of AUD 15mn. The acquisition is highly complementary for AUB, continuing AUB's strategy to invest in underwriting agencies and build out a portfolio of agencies offering risk products relevant to AUB's clients and their insurance needs.

The acquisition values Pacific Indemnity at an enterprise value of AUD 192mn, representing 13.0x FY23 EBIT. The upfront consideration for AUB's 70% stake is AUD 105mn to be paid on completion, with the balance payable 18 months after completion on a sliding scale subject to FY25 performance. This aligns the interests of AUB and the Pacific Indemnity management team, who will remain with the business and continue to own a 30% stake. AUB estimates the deferred contingent consideration to be AUD 35mn.

The acquisition is expected to complete on 1 July 2024.

Commenting on today's announcement, Mike Emmett, AUB Group CEO and Managing Director said:

"We are delighted to announce the acquisition of Pacific Indemnity, a high calibre business with an excellent management team which has delivered impressive growth to date. AUB has seen outstanding performance in our Agency portfolio. The acquisition of Pacific Indemnity will add scale, diversify our capabilities, and expand our expertise in financial lines. The acquisition also presents opportunities for mutual benefits across the business, through collaboration between Pacific Indemnity and the broader AUB Group."

Operational Update

AUB is delivering against its strategy, with continuing strong performance across all divisions. As announced on 7 May 2024, AUB is forecasting FY24 UNPAT to be towards the top end of the outlook range of AUD 161mn – 171mn previously announced to the market on 20 February 2024.

AUB has a track record of executing on strategically aligned acquisitions and a robust acquisition pipeline for FY25. We continue to assess opportunities to add scale and capabilities to the Group on an ongoing basis.

Equity Raising

AUB is undertaking an AUD 200mn equity raising to fund the upfront consideration for the acquisition of Pacific Indemnity that is payable on completion of the acquisition and to provide balance sheet flexibility to support AUB's ability to capitalise on its continued attractive and value accretive M&A pipeline.

Following the equity raising and completion of the acquisition of Pacific Indemnity, AUB expects its net leverage ratio to be under 1.75x with cash and undrawn debt of ~AUD 400mn.

The acquisition and equity raising are expected to be EPS neutral pre-synergies¹. AUB expects EPS accretion once the balance of the equity raising is deployed on its FY25 M&A pipeline.

¹ Based on FY24 EPS, pro forma for a full year of Pacific Indemnity and the Placement.

Details of the Equity Raising

AUB has today launched a fully underwritten AUD 200mn institutional placement (Placement) to eligible institutional investors under its existing placement capacity under ASX listing rule 7.1. Approximately 7.3mn new fully paid ordinary shares (New Shares) will be issued under the Placement, which represents 6.7% of AUB's current ordinary shares on issue.

New Shares issued under the Equity Raising will be issued at a price of AUD 27.50 per New Share, which represents a:

- 6.7% discount to the last close price of AUD 29.46 per share on 21 May 2024
- 9.3% discount to the 5 day volume weighted average trading price of AUD 30.31 per share on 21 May 2024

New Shares will rank equally with existing AUB shares from the date of issue.

AUB shares will be in trading halt until completion of the Placement.

Further to the Placement, AUB will consider making an offer to eligible shareholders under a share purchase plan (SPP). Further details will be provided to the market should AUB decide to make such an offer. In light of the Placement, any such SPP offer if made would be for no more than approximately AUD 25mn worth of new AUB shares.

Key Offer Dates

Event	Date
Institutional placement	
Trading halt and announcement of the Offer	Wednesday, 22 May 2024
Institutional Placement opens	Wednesday, 22 May 2024
Institutional Placement closes	Thursday, 23 May 2024
Announcement of results of Institutional Placement	Thursday, 23 May 2024
Trading halt lifted and shares recommence trading	Thursday, 23 May 2024
Settlement of New Shares issued under the Placement	Monday, 27 May 2024
Allotment of New Shares issued under the Placement	Tuesday, 28 May 2024

Note: The timetable (and each reference in this announcement to a date or time specified in the timetable) is indicative only and AUB may, at its discretion, vary any of the above dates and times by lodging a revised timetable with the ASX subject to the Corporations Act, ASX Listing Rules and other applicable laws.

Macquarie Capital is acting as sole lead manager, bookrunner and underwriter to the Equity Raising. Allens is acting as legal adviser to AUB.

Investor Call

An investor call has been scheduled regarding today's announcement:

Wednesday 22 May 2024, 11:00 am

Webcast: <https://loghic.eventsair.com/512395/520267/Site/Register>

Teleconference: <https://s1.c-conf.com/diamondpass/10039237-o8uh7l.html>

END

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

For further information, contact Mike Emmett, AUB Group CEO and Managing Director, on +61 2 9935 2222 or michael.emmett@aubgroup.com.au.

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.

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