

9 July 2019

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ACQUISITION OF GRIFFITHS GOODALL INSURANCE BROKERS

PSC Insurance Group Limited (PSC) (ASX: PSI) is delighted to announce that it has entered into a binding agreement to acquire the broking business of Griffiths Goodall Insurance Brokers (GGIB).

GGIB is a Shepparton based insurance broker established in 1989 which has grown to become one of the largest regional independent insurance brokers in Australia. GGIB is a well-diversified insurance broker with over 30 staff who have particular expertise in commercial, industrial, transport, logistics, pleasurecraft, agri-risk and personal insurance.

PSC will be purchasing the insurance broking portfolio and other key business assets of GGIB from Griffiths Goodall Insurance Brokers Pty Ltd, with the business continuing to operate out of its Shepparton and Melbourne premises. GGIB key management will continue in their role of managing the day to day operations of the business, whilst all staff will be offered new employment agreements with PSC, retaining all accrued entitlements.

The GGIB acquisition is expected to generate an incremental EBITDA of more than \$5.5 million per annum.

The purchase price is \$48.0 million, payable in three tranches as follows:

- 80% of the purchase price (\$38.4 million) payable upon completion in the form of \$28.8 million in cash and \$9.6 million in PSI fully paid ordinary shares (First Tranche).
- 10% of the purchase price (\$4.8 million) payable in H1FY21, with this amount adjustable dependent on the revenue of GGIB during the 12 months ending 30 June 2020 (Second Tranche). This payment will be paid as a combination of cash (75%) and PSI fully paid ordinary shares (25%), with any increase to the Second Tranche under the adjustment to be paid in cash only.
- 10% of the purchase price (\$4.8 million) payable in H1FY22, with this amount adjustable dependent on the revenue of GGIB during the 12 months ending 30 June 2021 (Final Tranche). This payment will be paid as a combination of cash (75%) and PSI fully paid ordinary shares (25%), with any increase to this Final Tranche under the adjustment to be paid in cash only.
- A total of 3,944,286 PSI shares will be issued to facilitate the scrip component of the First Tranche of the purchase price at an issue price of \$2.43 per share, which represents a 5% discount to the 5 day VWAP ending 30 June 2019. The shares issued under the First Tranche will be subject to a 24 month voluntary escrow.

- All shares issued under the Second Tranche and Final Tranche will be issued at a price that equates to the 5 day VWAP ending 30 June 2020 and 30 June 2021 respectively. The shares issued under the Second Tranche will be subject to a 12 month voluntary escrow. The shares issued under the Final Tranche will not be subject to escrow.

The shares will be issued under PSC's existing placement capacity.

The acquisition of GGIB is subject to a number of customary conditions, and the acquisition is expected to close during July.

The acquisition of an existing business with high quality management and staff is considered an important element of PSC's strategy to grow its presence in regional Australia. It will also provide the broader PSC Group with enhanced knowledge and expertise in a number of key insurance lines.

The cash component of the First Tranche will be funded via the existing capacity within the Group's debt facilities. The acquisition will be strongly earnings per share accretive, with an expected pro-forma increase in Group earnings per share of about 10%.

"We are delighted to welcome the Griffiths Goodall team to the PSC Group. The current owners have built a very good client centric business with a great broking team, and this will significantly increase our regional presence in Victoria. We look forward to growing the business with the existing team and working closely with them to provide the continued high levels of service to the clients of Griffiths Goodall" commented Mr Rohan Stewart, Group CEO of PSI.

"We are delighted to be selling the business to the PSC Insurance Group and working closely with the management team to enhance the offerings we can provide to our customers. The business will continue to provide exemplary service to customers and provide opportunities for our staff. I and all existing Directors will be remaining in the business to grow and enhance our client offerings" commented Mr Benjamin Goodall, Director of Griffiths Goodall Insurance Brokers.

Please direct any queries to Tony Robinson, Managing Director on 0407 355 616 or Joshua Reid, Chief Financial Officer on (03) 8593 8303.