



Brown & Brown, Inc. Announces Quarterly Revenues of \$424.2 Million, an Increase of 4.9%; Earnings per Share of \$0.44, an Increase of 12.8%; and a Quarterly Dividend of \$0.1225 per Share

April 18, 2016

DAYTONA BEACH, FL -- (Marketwired) -- 04/18/16 -- Brown & Brown, Inc. (NYSE: BRO) (the "Company") today announced its unaudited financial results for the first quarter of 2016.

Revenues for the first quarter of 2016 under U.S. generally accepted accounting principles ("GAAP") were \$424.2 million, increasing \$19.9 million, or 4.9%, as compared to the first quarter of the prior year, with Organic Revenue (as defined below) increasing by 1.3%. Net income was \$62.1 million, increasing by 9.1%, and diluted earnings per share under GAAP were \$0.44.

J. Powell Brown, President and Chief Executive Officer of the Company noted, "During the first quarter, we grew each of our divisions organically and we continued to invest for the long term."

In the fourth quarter of 2015 we initiated a \$75 million accelerated share repurchase program that was part of the Company's board-approved \$200 million share repurchase authorization announced on July 21, 2014, and the Company's board-approved \$400 million share repurchase authorization announced on July 20, 2015. This \$75 million program was completed in January 2016. Under these authorizations, the Company has remaining approval to repurchase up to an additional \$375 million of the Company's common stock.

In addition, the Company's Board of Directors has declared a regular quarterly cash dividend of \$0.1225 per share to be paid on May 18, 2016, to shareholders of record on May 9, 2016.

Brown & Brown, Inc.
INTERNAL GROWTH SCHEDULE
Organic Revenue Growth ⁽¹⁾

Three Months Ended March 31, 2016 and 2015
(in millions, unaudited)

| | Quarter Ended | | Change | | Acquisition Revenues | Organic Revenue Growth ⁽¹⁾ | |
|-----------------------|-----------------|-----------------|----------------|-------------|----------------------|---------------------------------------|-------------|
| | 3/31/2016 | 3/31/2015 | \$ | % | | \$ | % |
| Retail ⁽²⁾ | \$ 208.3 | \$ 195.8 | \$ 12.5 | 6.4% | \$ 11.1 | \$ 1.4 | 0.7% |
| National Programs | 95.6 | 92.8 | 2.8 | 3.0% | 1.3 | 1.5 | 1.6% |
| Wholesale Brokerage | 47.9 | 46.1 | 1.8 | 3.9% | 0.3 | 1.5 | 3.4% |
| Services | 36.5 | 34.5 | 2.0 | 5.8% | 1.6 | 0.4 | 1.2% |
| Total Core | | | | | | | |
| Comm. and Fees | \$ 388.3 | \$ 369.2 | \$ 19.1 | 5.2% | \$ 14.3 | \$ 4.8 | 1.3% |

(1) "Organic Revenue" is defined as total commissions and fees less (i) the first twelve months of net commission and fee revenues generated from acquisitions accounted for as purchases less (ii) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year -- "Contingents"), less (iii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year -- "GSCs"), and less (iv) divested business (net commissions and fees generated from offices, books of business or niche businesses sold by the Company) with the associated revenue removed from the corresponding period of the prior year.

(2) The Retail Segment includes commissions and fees, which will be reported in the "Other" column of the Segment Information in the Notes to the Condensed Consolidated Financial Statements on the Company's Form 10-Q, which includes corporate and consolidation items.

Brown & Brown, Inc.
RECONCILIATION OF INTERNAL GROWTH SCHEDULE
TO TOTAL COMMISSIONS AND FEES
Included in the Consolidated Statements of Income
Three Months Ended March 31, 2016 and 2015
(in millions, unaudited)

| | Quarter Ended | |
|--|-----------------|-----------------|
| | 3/31/2016 | 3/31/2015 |
| Total Core Commissions and Fees | \$ 388.3 | \$ 369.2 |
| Profit-Sharing Contingent Commissions | 31.0 | 29.8 |
| Guaranteed Supplemental Commissions | 3.1 | 3.4 |
| Divested Businesses | - | 1.4 |
| Total Commissions and Fees | \$ 422.4 | \$ 403.8 |

We believe it is appropriate to adjust for the change in estimated acquisition earn-out payables in order to arrive at results that are more comparable to the prior year. Our diluted earnings per share - adjusted (as defined in the table below) were \$0.44 for the three months ended March 31, 2016, increasing 10.0% over the first quarter of the prior year.

Brown & Brown, Inc.
GAAP EARNINGS PER SHARE RECONCILIATION TO
EARNINGS PER SHARE - ADJUSTED
Three Months Ended March 31, 2016 and 2015
(unaudited)

| | Quarter Ended | | Change | |
|---|----------------|----------------|----------------|--------------|
| | 3/31/2016 | 3/31/2015 | \$ | % |
| GAAP earnings per share - as reported | \$ 0.44 | \$ 0.39 | \$ 0.05 | 12.8% |
| Change in estimated acquisition earn-out payables | - | 0.01 | (0.01) | |
| Earnings per share - adjusted | \$ 0.44 | \$ 0.40 | \$ 0.04 | 10.0% |

In order to provide a better understanding of our business, we evaluate EBITDAC (defined below) performance. EBITDAC for the first quarter of 2016 was \$138.6 million, an increase of \$6.8 million or 5.2%, compared to the first quarter of the prior year. The associated EBITDAC margin increased to 32.7%.

Brown & Brown, Inc.
GAAP RECONCILIATION -
INCOME BEFORE INCOME TAXES TO EBITDAC ⁽³⁾
Three Months Ended March 31, 2016 and 2015
(in millions, unaudited)

| | Quarter Ended | |
|---|-----------------|-----------------|
| | 3/31/2016 | 3/31/2015 |
| Income before income taxes | \$ 102.6 | \$ 93.7 |
| Amortization | 21.6 | 21.6 |
| Depreciation | 5.3 | 5.2 |
| Interest | 9.9 | 9.9 |
| Change in estimated acquisition earn-out payables | (0.8) | 1.4 |
| EBITDAC | \$ 138.6 | \$ 131.8 |
| EBITDAC margin ⁽⁴⁾ | 32.7% | 32.6% |

(3) "EBITDAC" is defined as net income before interest, income taxes, depreciation, amortization and the change in estimated acquisition earn-out payables.

(4) "EBITDAC margin" is defined as EBITDAC divided by total revenues.

Brown & Brown, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data; unaudited)

For the three months ended March 31,

| | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|
| REVENUES | | |
| Commissions and fees | \$ 422.4 | \$ 403.8 |
| Investment income | 0.4 | 0.2 |
| Other income, net | 1.4 | 0.3 |
| Total revenues | <u>424.2</u> | <u>404.3</u> |
| EXPENSES | | |
| Employee compensation and benefits | 224.1 | 211.7 |
| Other operating expenses | 63.6 | 61.1 |
| Gain on disposal | (2.1) | (0.3) |
| Amortization | 21.6 | 21.6 |
| Depreciation | 5.3 | 5.2 |
| Interest | 9.9 | 9.9 |
| Change in estimated acquisition earn-out payables | (0.8) | 1.4 |
| Total expenses | <u>321.6</u> | <u>310.6</u> |
| Income before income taxes | 102.6 | 93.7 |
| Income taxes | 40.5 | 36.8 |
| Net income | <u>\$ 62.1</u> | <u>\$ 56.9</u> |
| Net income per share: | | |
| Basic | <u>\$ 0.45</u> | <u>\$ 0.40</u> |
| Diluted | <u>\$ 0.44</u> | <u>\$ 0.39</u> |
| Weighted average number of shares outstanding - in thousands: | | |
| Basic | <u>135,548</u> | <u>139,360</u> |
| Diluted | <u>136,940</u> | <u>141,487</u> |
| Dividends declared per share | <u>\$ 0.12</u> | <u>\$ 0.11</u> |

Brown & Brown, Inc.
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data, unaudited)

| | <u>March 31, 2016</u> | <u>December 31, 2015</u> |
|---|---------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 401.8 | \$ 443.4 |
| Restricted cash and investments | 231.1 | 229.8 |
| Short-term investments | 13.9 | 13.7 |
| Premiums, commissions and fees receivable | 430.0 | 433.9 |
| Reinsurance recoverable | 58.1 | 32.0 |
| Prepaid reinsurance premiums | 279.8 | 309.6 |
| Deferred income taxes | 24.6 | 24.6 |
| Other current assets | 67.8 | 50.4 |
| Total current assets | <u>1,507.1</u> | <u>1,537.4</u> |
| Fixed assets, net | 80.9 | 81.8 |
| Goodwill | 2,615.6 | 2,586.7 |
| Amortizable intangible assets, net | 739.6 | 744.7 |

| | | |
|--|-------------------|-------------------|
| Investments | 20.5 | 18.1 |
| Other assets | 39.7 | 44.1 |
| Total assets | <u>\$ 5,003.4</u> | <u>\$ 5,012.8</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Premiums payable to insurance companies | \$ 554.5 | \$ 574.7 |
| Losses and loss adjustment reserve | 58.1 | 32.0 |
| Unearned premiums | 279.8 | 309.6 |
| Premium deposits and credits due customers | 89.3 | 83.1 |
| Accounts payable | 77.9 | 63.9 |
| Accrued expenses and other liabilities | 143.2 | 192.3 |
| Current portion of long-term debt | 80.5 | 73.1 |
| Total current liabilities | <u>1,283.3</u> | <u>1,328.7</u> |
| Long-term debt | 1,058.3 | 1,079.9 |
| Deferred income taxes, net | 374.1 | 360.9 |
| Other liabilities | 89.2 | 93.6 |
| Shareholders' equity: | | |
| Common stock, par value \$0.10 per share; authorized 280,000 shares; issued 147,967 shares and outstanding 140,173 shares at 2016, issued 146,415 shares and outstanding 138,985 shares at 2015 - in thousands | 14.8 | 14.6 |
| Additional paid-in capital | 441.2 | 426.5 |
| Treasury stock, at cost 7,794 and 7,430 shares at 2016 and 2015, respectively - in thousands | (250.0) | (238.8) |
| Retained earnings | 1,992.5 | 1,947.4 |
| Total shareholders' equity | <u>2,198.5</u> | <u>2,149.7</u> |
| Total liabilities and shareholders' equity | <u>\$ 5,003.4</u> | <u>\$ 5,012.8</u> |

Conference call, webcast and slide presentation

A conference call to discuss the results of the first quarter of 2016 will be held on Tuesday, April 19, 2016 at 8:00 AM (EDT). The Company may refer to a slide presentation during its conference call. You can access the webcast and the slides from the "Investor Relations" section of the Company's website at www.bbinsurance.com.

About Brown & Brown

Brown & Brown, Inc., through its subsidiaries, offers a broad range of insurance products and services. Additionally, certain Brown & Brown subsidiaries offer a variety of risk management, third-party administration, and other services. Serving business, public entity, individual, trade and professional association clients nationwide, the Company is ranked by *Business Insurance* magazine as the United States' sixth largest independent insurance intermediary. The Company's Web address is www.bbinsurance.com.

Forward-looking statements

This press release may contain certain statements relating to future results which are forward-looking statements, including those relating to the Company's anticipated financial results for the first quarter of 2016 and those relating to potential repurchases of the Company's common stock. These statements are not historical facts, but instead represent only the Company's current belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results, financial condition and achievements may differ, possibly materially, from the anticipated results, financial condition and achievements contemplated by these forward-looking statements. These risks and uncertainties include, but are not limited to, the Company's determination as it finalizes its financial results for the first quarter of 2016 that its financial results differ from the current preliminary unaudited numbers set forth herein; fluctuations in the Company's stock's market price; fluctuations in operating results and cash flows; material adverse changes in economic conditions in the markets we serve and in the general economy; downward commercial property and casualty premium pressures; future regulatory actions and conditions in the states in which the Company conducts business; competition from others in the insurance agency, wholesale brokerage, insurance programs and service business; the integration of the Company's operations with those of businesses or assets the Company has acquired or may acquire in the future and the failure to realize the expected benefits of such integration; the potential occurrence of a disaster that affects certain areas including, but not limited to, the States of California, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Massachusetts, Michigan, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia and/or Washington, where significant portions of the Company's business are conducted; and other factors that the Company may not have currently identified or quantified, and other risks, relevant factors and uncertainties identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and the Company's other filings with the Securities and Exchange Commission. All forward-looking statements made herein are made only as of the date of this release, and the Company does not undertake any obligation to publicly update or

correct any forward-looking statements to reflect events or circumstances that subsequently occur or of which the Company hereafter becomes aware.

Non-GAAP supplemental financial information

This press release contains references to non-GAAP financial measures as defined in Regulation G of SEC rules, including Organic Revenue, Earnings per share - adjusted, EBITDAC and EBITDAC margin. A reconciliation of this supplemental non-GAAP financial information to the Company's GAAP information is contained in this earnings release. We present such non-GAAP supplemental financial information, as we believe such information is of interest to the investment community because it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. This supplemental financial information should be considered in addition to, not in lieu of, the Company's condensed consolidated financial statements.

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Source: Brown & Brown, Inc.