



BROWN & BROWN, INC.

First Quarter 2016 Results
April 18, 2016



Information Regarding Forward-Looking Statements

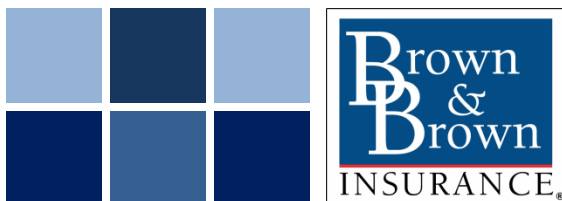
This presentation and the statements made during our Earnings Call may contain certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations.

All statements, other than statements of historical facts, included in this document that address activities, events or developments that we expect or anticipate may occur in the future, including such things as those relating to our anticipated financial results for the first quarter of 2016, the market performance of our business segments, quarterly interest expense, share repurchases, margin expansion, changes in exposure units, the pipeline of acquisition candidates, future capital expenditures, growth in commissions and fees including organic growth, business strategies, competitive strengths, goals, the benefits of new initiatives, plans, and references to future successes are forward-looking statements. Also, when we use words such as ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘plan’, ‘probably’ or similar expressions, we are making forward-looking statements.

There are important uncertainties, events and factors that could cause our actual results or performance to differ materially from those forward-looking statements contained in this document or made during our Earnings Call, including the following: our determination as we finalize our financial results for the first quarter of 2016 that our financial results differ from the current preliminary unaudited numbers set forth herein; the impact of any regional, national or global political, economic, business, competitive, market, environmental or regulatory conditions on our business operations; the impact of current market conditions on our results of operations and financial condition; any insolvencies of, or other difficulties experienced by our clients, insurance carriers or financial institutions; volatility or declines in insurance markets and premiums on which our commissions are based, but which we do not control; our ability to continue to manage our indebtedness; our ability to compete effectively in our industry, material changes in commercial property and casualty markets generally or the availability of insurance products or changes in premiums resulting from a catastrophic event, such as a hurricane; our ability to retain key employees and clients and attract new business; risks that could negatively affect the success of our acquisition strategy, including continuing consolidation in our industry, which could make it more difficult to identify targets and could make them more expensive, execution risks, integration risks, the risk of post-acquisition deterioration leading to intangible asset impairment charges, and the risk we could incur or assume unanticipated regulatory liabilities such as those relating to violations of anti-corruption and sanctions laws; the timing or ability to carry out share repurchases; the timing or ability to carry out refinancing or take other steps to manage our capital and the limitations in our long-term debt agreements that may restrict our ability to take these actions; fluctuations in our earnings as a result of potential changes to our valuation allowance(s) on our deferred taxes; any fluctuations in exchange and interest rates that could affect expenses and revenue; the potential costs and difficulties in complying with a wide variety of laws and regulations and any related changes; changes in the tax or accounting policies or treatment of our operations and fluctuations in our tax rate; any potential impact of US healthcare reform or National Flood Insurance Program legislation; exposure to potential liabilities arising from errors and omissions and other potential claims against us; and the interruption or loss of our information processing systems or failure to maintain secure information systems.

Many risks and uncertainties may impact the matters addressed in these forward-looking statements. Information about such risks and uncertainties may be found in our filings with the Securities and Exchange Commission. These risks and uncertainties could cause our results or performance to differ materially from those we express in our forward-looking statements.

Our forward-looking statements speak only as of the date made and we will not update these forward-looking statements unless the securities laws require us to do so.



Important Disclosures Regarding Non-GAAP Measures

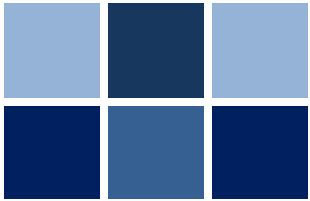
This presentation contains references to "non-GAAP financial measures" as defined in SEC Regulation G, including EBITDAC, EBITDAC Margin and Organic Revenue. We present these measures because we believe they are of interest to the investment community and because we believe they provide additional meaningful 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 generally accepted accounting principles (GAAP) basis. These financial measures should be considered in addition to, not in lieu of, the Company's condensed consolidated income statements and balance sheets as of the relevant date. Consistent with Regulation G, a description of such information is provided below and a reconciliation of such items to GAAP information can be found in our periodic filings with the SEC. Our method of calculating these non-GAAP financial measures may differ from the methods used by other companies and, therefore, comparability may be limited.

Earnings Measures – We believe these non-GAAP measures, as defined below, provide a meaningful representation of the operating performance of the Company and improve the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability.

- **EBITDAC** is defined as net income before interest, income taxes, depreciation, amortization and the change in estimated acquisition earn-out payables.
- **EBITDAC Margin** is defined as EBITDAC divided by total revenue.

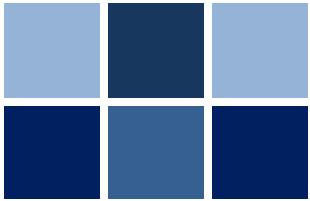
Revenue Measures – We believe that Organic Revenue, as defined below, provides a meaningful representation of the Company's operating performance and improves the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability. The Company has historically viewed Organic Revenue Growth as an important indicator when assessing and evaluating the performance of its four segments.

- **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.



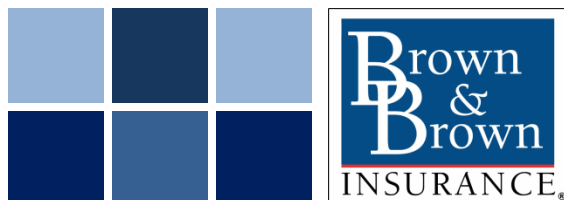
First Quarter 2016 Results

- Revenues of \$424.2M, growing 4.9% and organically 1.3%
- Organic revenue growth in all divisions
- EBITDAC Margin remains steady over prior year
- Earnings per share of \$0.44 an increase of 12.8%
- Acquired 3 businesses in the first quarter with annualized revenues of approximately \$14.5M



Market Overview – 1Q16

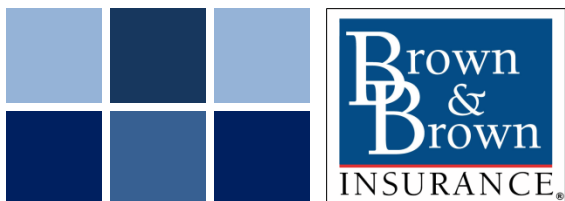
- Continuing to see some modest levels of hiring and exposure units increasing
- Admitted market rates continue to be flat to down 5%, except for commercial auto that is flat to up 5%
- Professional liability rates generally flat and in some areas up slightly
- Property rates remain under pressure, with coastal property rates continuing to see steepest declines at 15-25% down
- Exposure unit growth improving in certain regions and industries



Consolidated Financial Highlights

(\$ Millions, except per share data; unaudited)		First Quarter		
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$424.2	\$404.3	\$19.9	4.9%
<i>Organic revenue</i>	\$374.0	\$369.2	\$4.8	1.3%
Income before income taxes	\$102.6	\$93.7	\$8.9	9.5%
<i>% of total revenues</i>	24.2%	23.2%		100bps
EBITDAC	\$138.6	\$131.8	\$6.8	5.2%
<i>% of total revenues</i>	32.7%	32.6%		10bps
Net income	\$62.1	\$56.9	\$5.2	9.1%
<i>Per Share – Diluted</i>	\$0.44	\$0.39	\$0.05	12.8%
Weighted average number of shares outstanding – Diluted (in thousands)	136,940	141,487	-4,547	-3.2%
Dividends declared per share	\$0.12 ⁽¹⁾	\$0.11	\$0.01	11.4%

1 – Dividends per share is \$0.1225, an increase of 11.4% over \$0.1100 in 2015.



Revenue Analysis

(\$ Millions; unaudited)		First Quarter		
<u>REVENUES</u>	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$424.2	\$404.3	\$19.9	4.9%
Contingents and GSCs	- 34.1	- 33.2	- 0.9	
Other revenues	- 1.8	- 0.5	- 1.3	
Dispositions	<u>-</u>	<u>- 1.4</u>	<u>1.4</u>	
Core commissions and fees	388.3	369.2	19.1	5.2%
Acquisitions	<u>- 14.3</u>	<u>-</u>	<u>- 14.3</u>	
Organic revenue	\$374.0	\$369.2	\$4.8	1.3%

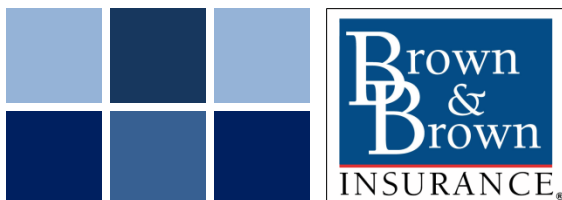


Retail Segment

(\$ Millions; unaudited)		First Quarter		
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$232.2	\$218.3	\$13.9	6.4%
<i>Organic revenue</i>	\$197.2	\$195.8	\$1.4	0.7%
Income before income taxes	\$50.5	\$47.0	\$3.5	7.4%
<i>% of total revenues</i>	21.7%	21.5%		20bps
EBITDAC	\$72.6	\$70.4	\$2.2	3.1%
<i>% of total revenues</i>	31.3%	32.2%		-90bps

Business and Market Commentary

- New business continuing to grow over prior year levels, but impacted by some lost business
- Rates generally flat to down 5-10% excluding CAT property and auto
- Large CAT exposed property schedules continue to experience decreases in the 15% to 25% range
- Margin compression affected by lower organic revenue growth and investment in teammates

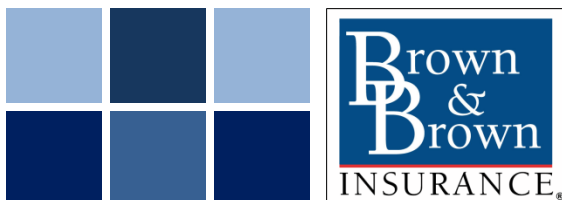


National Programs Segment

(\$ Millions; unaudited)	First Quarter			
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$101.1	\$99.6	\$1.5	1.5%
<i>Organic revenue</i>	\$94.3	\$92.8	\$1.5	1.6%
Income before income taxes	\$13.8	\$9.5	\$4.3	45.3%
<i>% of total revenues</i>	13.6%	9.5%		410bps
EBITDAC	\$35.5	\$33.4	\$2.1	6.3%
<i>% of total revenues</i>	35.1%	33.5%		160bps

Business and Market Commentary

- Achieving organic growth across many programs with lender placed coverage business and non-standard auto business continuing to deliver good results
- Organic growth under pressure from ongoing rate decreases in CAT prone areas as well as in California workers' compensation coverage
- Margin improvement driven by premium tax refunds of approximately \$3M, along with continued expense management; both of which were offset by investments and revenue mix across numerous programs

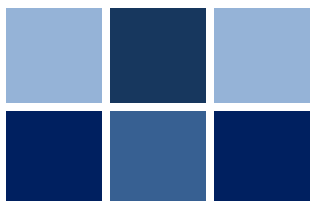


Wholesale Brokerage Segment

(\$ Millions; unaudited)		First Quarter		
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$53.4	\$51.8	\$1.6	3.1%
<i>Organic revenue</i>	\$47.6	\$46.1	\$1.5	3.4%
Income before income taxes	\$14.6	\$14.5	\$0.1	0.7%
<i>% of total revenues</i>	27.3%	28.0%		-70bps
EBITDAC	\$17.8	\$18.3	-\$0.5	-2.7%
<i>% of total revenues</i>	33.3%	35.3%		-200bps

Business and Market Commentary

- Binding authority and professional liability continue to deliver growth across most lines of business
- Seeing some rate declines for binding authority business
- Brokerage business is substantially flat due to continued declines in coastal property rates of 15-25%
- EBITDAC margins primarily impacted by investments in new brokers, and margin contraction in the commercial brokerage space

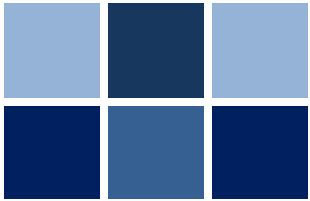


Services Segment

(\$ Millions; unaudited)		First Quarter		
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$36.6	\$34.8	\$1.8	5.2%
<i>Organic revenue</i>	\$34.9	\$34.5	\$0.4	1.2%
Income before income taxes	\$5.1	\$4.5	\$0.6	13.3%
<i>% of total revenues</i>	13.9%	12.9%		100bps
EBITDAC	\$7.8	\$7.7	\$0.1	1.3%
<i>% of total revenues</i>	21.3%	22.1%		-80bps

Business and Market Commentary

- Acquired another Social Security advocacy business during the first quarter
- Existing Advocacy claims processing business continues solid growth driven by volume from new clients
- Organic revenue and margin compression driven by decreased weather related property and casualty claims



Closing Comments

- **Economy continues to improve, but inconsistent in pockets**
- **Expect most rates to remain under pressure for the year**
- **Each of our divisions continue to make disciplined investments**
- **Remaining active in M&A space and continuing to be prudent due to high valuations**
- **Disciplined capital deployment remains top priority**



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For additional Information:

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