



Brown & Brown, Inc.

First Quarter 2018 Results

April 23, 2018

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 ended March 31, 2018, 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 Revenue 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 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; disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets; our ability to attract and retain key employees and clients and attract new business; our ability to maintain our corporate culture; 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 U.S. healthcare or National Flood Insurance Program legislation; the impact of federal income tax reform; 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 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, 2017, 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.

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.

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.



Important Disclosures Regarding Non-GAAP Measures

This presentation contains references to "non-GAAP financial measures" as defined in SEC Regulation G, including, Total Revenues – Adjusted, Total Revenues – Adjusted and Excluding the New Revenue Standard, Net Income – Adjusted, Net Income – Adjusted and Excluding the New Revenue Standard, EBITDAC, EBITDAC Margin, EBITDAC – Adjusted, EBITDAC – Adjusted and Excluding the New Revenue Standard, EBITDAC Margin – Adjusted, EBITDAC Margin – Adjusted and Excluding the New Revenue Standard, Income Before Income Taxes – Adjusted, Income Before Income Taxes – Adjusted and Excluding the New Revenue Standard, Income Before Income Taxes Margin – Adjusted, Income Before Income Taxes Margin – Adjusted and Excluding the New Revenue Standard, Diluted Net Income Per Share – Adjusted, Diluted Net Income Per Share – Adjusted and Excluding the New Revenue Standard, and Organic Revenue. We present these measures because we believe such information is of interest to the investment community and because we believe 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 generally accepted accounting principles ("GAAP") basis. This supplemental financial information should be considered in addition to, not in lieu of, the Company's 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 industry peers and, therefore, comparability may be limited.

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**, a non-GAAP measure, is defined as commissions and fees less (i) the first twelve months of commission and fee revenues generated from acquisitions, 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"), less (iv) divested business (net commissions and fees generated from offices, and books of business sold by the Company) with the associated revenue removed from the corresponding period of the prior year, and less (v) the New Revenue Standard. Organic Revenue can be expressed as a dollar amount or a percentage rate when describing Organic Revenue growth. We view Organic Revenue and Organic Revenue growth as important indicators when assessing and evaluating our performance on a consolidated basis and for each of our segments, because it allows us to determine a comparable, but non-GAAP, measurement of revenue growth that is associated with the revenue sources that were a part of our business in both the current and prior year and that are expected to continue in the future.
- **Total Revenues – Adjusted** is defined as total revenues when excluding the beneficial revenue impact of a \$20.0 million legal settlement and the associated legal costs of \$1.2 million in the first quarter of 2017 (the "**Legal Settlement**") for the full year of 2017.
- **Total Revenues – Adjusted and Excluding the New Revenue Standard** is defined as total revenues, excluding (i) the Legal Settlement, and (ii) the New Revenue Standard.

New Revenue Standard, is defined to include Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification Topic 340 – Other Assets and Deferred Cost, both of which were adopted by the Company effective on January 1, 2018. We adopted these standards by recognizing the cumulative effect as an adjustment to opening retained earnings at January 1, 2018, also referred to as the "modified retrospective method" of adoption. Under the modified retrospective method, we are not required to restate comparative financial information prior to the adoption of Topic 606 and, therefore, such information for the three months ended March 31, 2017 continues to be reported under our previous accounting policies. For the three months ended March 31, 2018 the adoption of the New Revenue Standard increased core commissions and fees by \$45.6 million and reduced contingent commissions by \$18.2 million for an impact on total revenues of \$27.4. The impact on income before income taxes was an increase \$14.5 million and on net income of \$11.1 million, which equated to an impact of \$0.04 on diluted net income per share.

Important Disclosures Regarding Non-GAAP Measures

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.

- **Net Income – Adjusted** is defined as net income when removing the after-tax change in estimated acquisition earn-out payables in 2017 and 2018 and for the first quarter of 2017 when removing the effect of the Legal Settlement.
- **Net Income – Adjusted and Excluding the New Revenue Standard** is defined as Net Income – Adjusted excluding the New Revenue Standard.
- **EBITDAC** is defined as 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 revenues.
- **EBITDAC – Adjusted** is defined as EBITDAC adjusted for the Legal Settlement.
- **EBITDAC Margin – Adjusted** is defined as EBITDAC – Adjusted divided by Total revenues – Adjusted.
- **EBITDAC – Adjusted and Excluding the New Revenue Standard** is defined as EBITDAC, excluding (i) the Legal Settlement and (ii) the New Revenue Standard.
- **EBITDAC Margin – Adjusted and Excluding the New Revenue Standard** is defined as EBITDAC - Adjusted and Excluding the New Revenue Standard divided by Total Revenues-Adjusted and Excluding the New Revenue Standard.
- **Income Before Income Taxes – Adjusted** is defined as income before income taxes, after removing the pre-tax change in estimated acquisition earn-out payables and an adjustment for the Legal Settlement.
- **Income Before Income Taxes Margin – Adjusted** is defined as Income before Income Taxes – Adjusted divided by Total Revenues-Adjusted.
- **Income Before Income Taxes – Adjusted and Excluding the New Revenue Standard** is defined as Income Before Income Taxes – Adjusted excluding the New Revenue Standard.
- **Income Before Income Taxes Margin – Adjusted and Excluding the New Revenue Standard** is defined as Income Before Income Taxes Margin – Adjusted divided by Total Revenues – Adjusted and Excluding the New Revenue Standard.
- **Diluted Net Income Per Share – Adjusted** is defined as diluted net income per share, excluding (i) the Legal Settlement, and (ii) the change in estimated acquisition earn-out payables.
- **Diluted Net Income Per Share – Adjusted and Excluding the New Revenue Standard** is defined as diluted net income per share, excluding (i) the Legal Settlement, (ii) the change in estimated acquisition earn-out payables, and (iii) the New Revenue Standard.

First Quarter 2018 Results

(Unaudited)



Revenue growth of 7.8%

Organic Revenue growth

EBITDAC Margin down 160 bps vs prior year; which includes 270 bps impact from the Legal Settlement in the first quarter of 2017

Diluted net income per share

Diluted Net Income Per Share – Adjusted* increasing 50.0% over the prior year

Acquired 2 businesses with annual revenues of approximately \$9.5M

Market & Business Overview – 1Q18



Economic expansion is continuing across most geographies and industries



2017 weather related events did not materially change 2018 premium rates - continue to see flat rates for most lines, excluding CAT properties



CAT property rates are up 3%-7%, depending upon loss experience



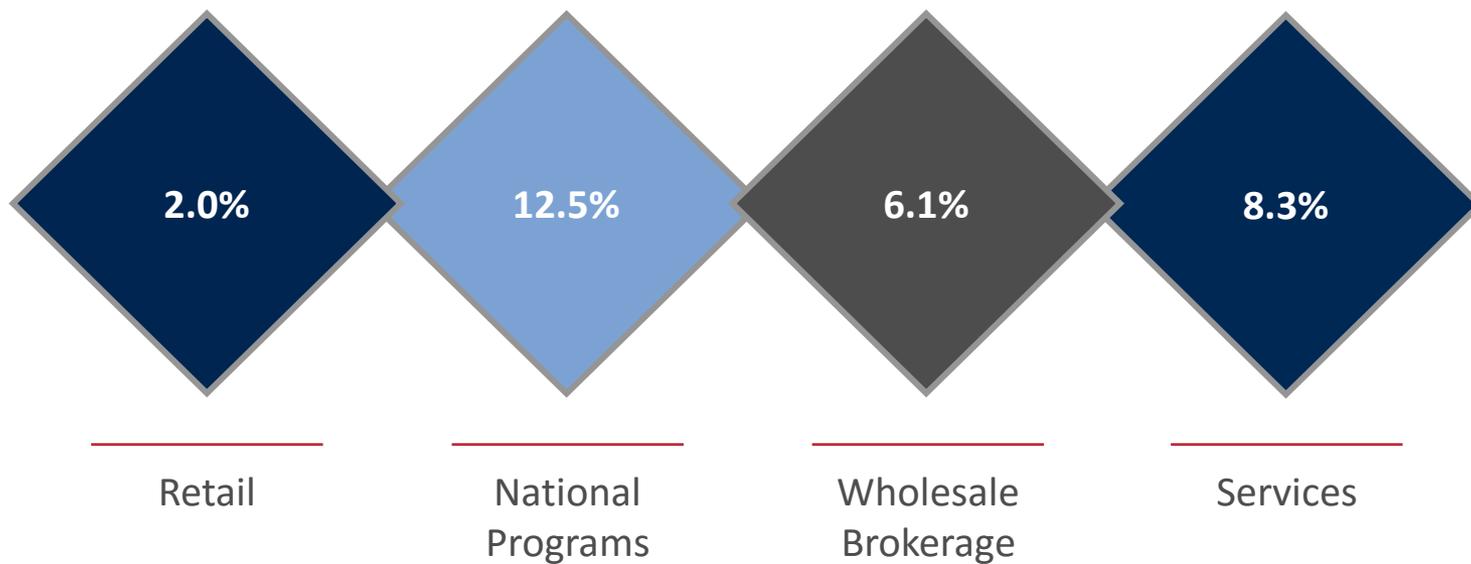
Capital remains abundant in the market



Investments into the business are producing results and remain on their planned trajectory

Segment Organic Revenue Performance

(Unaudited)



Consolidated Financial Highlights

| (\$ Millions, Except Per Share Data; Unaudited) | First Quarter | | | |
|--|---------------|-------------|------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total revenues | \$501.5 | \$465.1 | \$36.4 | 7.8% |
| <i>Organic Revenue</i> | \$434.7 | \$411.4 | \$23.3 | 5.7% |
| Income before income taxes | \$118.4 | \$111.0 | \$7.4 | 6.7% |
| <i>Income Before Income Taxes Margin</i> | 23.6% | 23.9% | | (30bps) |
| EBITDAC | \$156.7 | \$152.4 | \$4.3 | 2.8% |
| <i>EBITDAC Margin</i> | 31.2% | 32.8% | | (160bps) |
| Net income | \$90.8 | \$70.1 | \$20.7 | 29.5% |
| Diluted net income per share | \$0.32 | \$0.25 | \$0.07 | 28.0% |
| Weighted average number of shares outstanding – diluted (in thousands) | 275,714 | 278,052 | (2,338) | (0.8%) |
| Dividends declared per share | \$0.075 | \$0.068 | \$0.007 | 10.3% |



Consolidated Financial Highlights

Adjusted *

| (\$ Millions, Except Per Share Data; Unaudited) | First Quarter | | | |
|---|----------------|----------------|------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total Revenues - Adjusted | \$501.5 | \$445.1 | \$56.4 | 12.7% |
| <i>Organic Revenue</i> | <i>\$434.7</i> | <i>\$411.4</i> | <i>\$23.3</i> | <i>5.7%</i> |
| Income Before Income Taxes - Adjusted | \$120.9 | \$96.2 | \$24.7 | 25.7% |
| <i>Income Before Income Taxes Margin - Adjusted</i> | <i>24.1%</i> | <i>21.6%</i> | | <i>250bps</i> |
| EBITDAC - Adjusted | \$156.7 | \$133.6 | \$23.1 | 17.3% |
| <i>EBITDAC Margin- Adjusted</i> | <i>31.2%</i> | <i>30.0%</i> | | <i>120bps</i> |
| Net Income - Adjusted | \$92.7 | \$60.8 | \$31.9 | 52.5% |
| Diluted Net Income Per Share - Adjusted | \$0.33 | \$0.22 | \$0.11 | 50.0% |



* See important disclosures regarding Non-GAAP measures on pages 2-3 and Non-GAAP reconciliations on pages 18-27

Consolidated Financial Highlights

Adjusted and Excluding the New Revenue Standard *

| (\$ Millions, Except Per Share Data; Unaudited) | First Quarter | | | |
|--|----------------|----------------|------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total Revenues - Adjusted and Excluding the New Revenue Standard | \$474.1 | \$445.1 | \$29.0 | 6.5% |
| <i>Organic Revenue</i> | <i>\$434.7</i> | <i>\$411.4</i> | <i>\$23.3</i> | <i>5.7%</i> |
| Income Before Income Taxes - Adjusted and Excluding the New Revenue Standard | \$106.4 | \$96.2 | \$10.2 | 10.6% |
| <i>Income Before Income Taxes Margin - Adjusted and Excluding the New Revenue Standard</i> | <i>22.4%</i> | <i>21.6%</i> | | <i>80bps</i> |
| EBITDAC - Adjusted and Excluding the New Revenue Standard | \$142.2 | \$133.6 | \$8.6 | 6.4% |
| <i>EBITDAC Margin - Adjusted and Excluding the New Revenue Standard</i> | <i>30.0%</i> | <i>30.0%</i> | | <i>0bps</i> |
| Net Income - Adjusted and Excluding the New Revenue Standard | \$81.6 | \$60.8 | \$20.8 | 34.2% |
| Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard | \$0.29 | \$0.22 | \$0.07 | 31.8% |



* See important disclosures regarding Non-GAAP measures on pages 2-3 and Non-GAAP reconciliations on pages 18-27

© 2018 Brown & Brown, Inc. All rights reserved.

Revenue Analysis

| REVENUES | First Quarter | | | |
|--|---------------|---------|-----------|----------|
| | 2018 | 2017 | \$ Change | % Change |
| Total revenues | \$501.5 | \$465.1 | \$36.4 | 7.8% |
| Investment income | (0.6) | (0.2) | (0.4) | |
| Other income, net | (0.5) | (20.3) | 19.8 | |
| Commissions and fees | 500.4 | 444.6 | 55.8 | 12.6% |
| Profit-sharing contingent commissions | (11.7) | (30.0) | 18.3 | |
| Guaranteed supplemental commissions | (3.0) | (2.7) | (0.3) | |
| Core commissions and fees excluding the New Revenue Standard | 485.7 | 411.9 | 73.8 | 17.9% |
| New Revenue Standard impact on core commissions and fees | (45.6) | - | (45.6) | |
| Acquisitions | (5.4) | - | (5.4) | |
| Dispositions | - | (0.5) | 0.5 | |
| Organic Revenue | \$434.7 | \$411.4 | \$23.3 | 5.7% |



Analysis of EBITDAC Margin

| First Quarter (Unaudited) | |
|-------------------------------------|--------|
| EBITDAC Margin - 2017 | 32.8% |
| Legal Settlement | (2.7%) |
| New Revenue Standard | 1.2% |
| Arrowhead Core Commercial | (0.5%) |
| Incremental IT investment | (0.3%) |
| Net change in gain/loss on disposal | 0.5% |
| Other | 0.2% |
| EBITDAC Margin - 2018 | 31.2% |



Retail Segment

(\$ Millions; Unaudited)

First Quarter

| | 2018 | 2017 | \$ Change | % Change | Excluding the New Revenue Standard | |
|-----------------------------------|---------|---------|-----------|----------|------------------------------------|----------|
| | | | | | \$ Change | % Change |
| Total revenues | \$278.4 | \$239.3 | \$39.1 | 16.3% | \$9.3 | 3.9% |
| Organic Revenue | \$221.4 | \$216.9 | \$4.5 | 2.0% | \$4.5 | 2.0% |
| Income before income taxes | \$70.4 | \$48.9 | \$21.5 | 44.0% | \$2.6 | 5.3% |
| Income Before Income Taxes Margin | 25.3% | 20.4% | | 490bps | | 30bps |
| EBITDAC | \$89.4 | \$73.4 | \$16.0 | 21.8% | (\$2.9) | (4.0%) |
| EBITDAC Margin | 32.1% | 30.7% | | 140bps | | (230bps) |

Business and Market Commentary

Organic Revenue growth driven across most lines of business with improved performance across commercial lines partially offset by the timing of new business

Coastal property rates are flat to up 7% - depending upon loss experience. Continued increases in auto and employee benefits rates with continued decreases for workers comp. Exposure units continue to increase in most geographies

Income before income taxes up due to the New Revenue Standard, changes in acquisition earn-out expense, and lower intercompany interest charges - partially offset by investment in teammates and technology and an increase in non-cash stock compensation expense

EBITDAC – Adjusted and Excluding the New Revenue Standard is down due to investment in teammates and technology and an increase in non-cash stock compensation expense



National Programs Segment

| (\$ Millions; Unaudited) | First Quarter | | | | Excluding the New Revenue Standard | |
|--|---------------|---------|-----------|----------|------------------------------------|----------|
| | 2018 | 2017 | \$ Change | % Change | \$ Change | % Change |
| Total revenues | \$112.5 | \$101.2 | \$11.3 | 11.2% | \$10.5 | 10.4% |
| <i>Organic Revenue</i> | \$107.3 | \$95.5 | \$11.8 | 12.5% | \$11.8 | 12.5% |
| Income before income taxes | \$20.8 | \$12.5 | \$8.3 | 66.4% | \$7.4 | 59.2% |
| <i>Income Before Income Taxes Margin</i> | 18.5% | 12.4% | | 610bps | | 540bps |
| EBITDAC | \$36.1 | \$31.5 | \$4.6 | 14.6% | \$3.7 | 11.7% |
| <i>EBITDAC Margin</i> | 32.1% | 31.1% | | 100bps | | 40bps |

Business and Market Commentary

Organic Revenue growth driven by claims activity from 2017 hurricanes, Core Commercial, DIC & several other programs

Realized approximately \$3M of year over year claims processing revenues from weather events

Income before income taxes increased due to the revenue growth as well as lower intercompany interest expense, depreciation and amortization

EBITDAC – Adjusted and Excluding the New Revenue Standard increased primarily due to revenue growth and expense management while investing in new Arrowhead Core Commercial program



Wholesale Brokerage Segment

| (\$ Millions; Unaudited) | First Quarter | | | | Excluding the New Revenue Standard | |
|--|---------------|--------|-----------|----------|------------------------------------|----------|
| | 2018 | 2017 | \$ Change | % Change | \$ Change | % Change |
| Total revenues | \$66.1 | \$65.2 | \$0.9 | 1.4% | \$5.6 | 8.6% |
| <i>Organic Revenue</i> | \$63.7 | \$60.0 | \$3.7 | 6.1% | \$3.7 | 6.1% |
| Income before income taxes | \$11.4 | \$15.3 | (\$3.9) | (25.5%) | \$0.5 | 3.3% |
| <i>Income Before Income Taxes Margin</i> | 17.2% | 23.5% | | (630bps) | | (120bps) |
| EBITDAC | \$17.6 | \$20.4 | (\$2.8) | (13.7%) | \$1.6 | 7.8% |
| <i>EBITDAC Margin</i> | 26.6% | 31.3% | | (470bps) | | (20bps) |

Business and Market Commentary

Realized improved growth driven by increasing economic expansion across most industries and geographies. Rates for non-CAT property generally flat with CAT property rates up 3%-7%

Realized growth across most lines of business driven by higher new business and less downward rate pressure on renewals

Income before income tax decreased primarily due to the New Revenue Standard plus IT costs, non-cash stock based compensation and the change in estimated acquisition earn-out payables

EBITDAC – Adjusted and Excluding the New Revenue Standard increase driven by revenue growth partially offset by higher non-cash stock based compensation and IT costs



Services Segment

| (\$ Millions; Unaudited) | First Quarter | | | | Excluding the New Revenue Standard | |
|--|---------------|--------|-----------|----------|------------------------------------|----------|
| | 2018 | 2017 | \$ Change | % Change | \$ Change | % Change |
| Total revenues | \$44.1 | \$39.3 | \$4.8 | 12.2% | \$3.3 | 8.4% |
| <i>Organic Revenue</i> | \$42.5 | \$39.2 | \$3.3 | 8.3% | \$3.3 | 8.3% |
| Income before income taxes | \$8.8 | \$6.1 | \$2.7 | 44.3% | \$3.9 | 63.9% |
| <i>Income Before Income Taxes Margin</i> | 20.0% | 15.5% | | 450bps | | 800bps |
| EBITDAC | \$10.9 | \$8.6 | \$2.3 | 26.7% | \$3.5 | 40.7% |
| <i>EBITDAC Margin</i> | 24.7% | 21.9% | | 280bps | | 650bps |

Business and Market Commentary

Improved new business and claims processing revenues from existing customers drove revenue growth during the quarter

Realized gain on the earn-out associated to a previously sold business

Income before income taxes impacted by the New Revenue Standard, Organic Revenue growth and lower intercompany interest charges

EBITDAC – Adjusted and Excluding the New Revenue Standard increased due to revenue growth, disciplined expense management and the gain associated with an earn-out related to a previously sold business



Estimated Impact of the New Revenue Standard

| | <u>Q1 Actual</u> | <u>Q2 Estimate</u> <u>Range</u> | <u>Q3 Estimate</u> <u>Range</u> | <u>Q4 Estimate</u> <u>Range</u> | <u>Full Year</u> <u>Range</u> |
|---------------------------------------|------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| Core commissions and fees | \$45.6 | (\$21.0) - (\$18.0) | (\$7.0) - (\$5.0) | (\$11.0) - (\$9.0) | \$8.0 - \$11.0 |
| Profit-sharing contingent commissions | (18.2) | (2.0) - 0.0 | 9.0 - 11.0 | 8.0 - 10.0 | 0.0 |
| Total revenues | 27.4 | (23.0) - (18.0) | 2.0 - 6.0 | (3.0) - 1.0 | 8.0 - 11.0 |
| Employee compensation and benefits | 10.2 | (10.5) - (8.5) | (7.5) - (3.5) | (5.0) - (1.5) | (8.5) - (9.5) |
| Other operating expenses | 2.7 | 1.5 - 3.5 | 1.5 - 3.5 | 1.5 - 3.5 | 9.5 - 11.5 |
| Total expenses | 12.9 | (9.0) - (5.0) | (6.0) - 0.0 | (3.5) - 2.0 | 1.0 - 2.0 |
| Income before income taxes | \$14.5 | (\$14.0) - (\$13.0) | \$8.0 - \$6.0 | \$0.5 - (\$1.0) | \$7.0 - \$9.0 |



Closing Comments



Optimistic about economic outlook



Expect premium rates to remain competitive and could see some contraction in CAT property rates as year continues



M&A landscape remains competitive, but looking at a lot of deals



Focused on continued delivery of technology initiatives across the business



Diversification continues to give us stability and consistency in our performance



Brown & Brown, Inc.

First Quarter 2018 Reconciliation of Non-GAAP Measures

GAAP to Adjusted Reconciliation

First Quarter 2018

(\$ Millions, Except Per Share Data; Unaudited)

First Quarter

| | As Reported <u>2018</u> | Change in Earn-Out <u>Payables</u> | 2018 - Adjusted for Change in Earn-Out <u>Payables</u> | New Revenue <u>Standard</u> | Adjusted and Excludes the New Revenue Standard <u>2018</u> |
|--|----------------------------|--|--|-----------------------------------|---|
| Total Revenues | \$501.5 | - | \$501.5 | (\$27.4) | \$474.1 |
| Income before income taxes | \$118.4 | \$2.5 | \$120.9 | (\$14.5) | \$106.4 |
| <i>Income Before Income Taxes Margin</i> | <i>23.6%</i> | - | <i>24.1%</i> | - | <i>22.4%</i> |
| EBITDAC | \$156.7 | - | \$156.7 | (\$14.5) | \$142.2 |
| <i>EBITDAC Margin</i> | <i>31.2%</i> | - | <i>31.2%</i> | | <i>30.0%</i> |
| Net income | \$90.8 | \$1.9 | \$92.7 | (\$11.1) | \$81.6 |
| Diluted net income per share | \$0.32 | \$0.01 | \$0.33 | (\$0.04) | \$0.29 |



GAAP to Adjusted Reconciliation

First Quarter 2017

| (\$ Millions, Except Per Share Data; Unaudited) | First Quarter | | | |
|---|---------------------|-----------------------------------|---------------------|------------------|
| | As Reported 2017 | Change in Earn-Out Payables | Legal Settlement | Adjusted 2017 |
| Total Revenues | \$465.1 | - | (\$20.0) | \$445.1 |
| Income before income taxes | \$111.0 | \$4.0 | (\$18.8) | \$96.2 |
| <i>% of Total Revenues</i> | <i>23.9%</i> | - | - | <i>21.6%</i> |
| EBITDAC | \$152.4 | - | (\$18.8) | \$133.6 |
| <i>% of Total Revenues</i> | <i>32.8%</i> | - | - | <i>30.0%</i> |
| Net income | \$70.1 | \$2.5 | (\$11.8) | \$60.8 |
| Diluted net income per share | \$0.25 | \$0.01 | (\$0.04) | \$0.22 |



Income Before Income Taxes to EBITDAC and EBITDAC Margin

| (\$ Millions; Unaudited) | First Quarter | |
|---|---------------|-------------|
| | <u>Total</u> | |
| | <u>2018</u> | <u>2017</u> |
| Income before income taxes | \$118.4 | \$111.0 |
| <i>Income Before Income Taxes Margin</i> | 23.6% | 23.9% |
| Amortization | 20.5 | 21.6 |
| Depreciation | 5.6 | 6.1 |
| Interest | 9.7 | 9.7 |
| Change in estimated acquisition earn-out payables | 2.5 | 4.0 |
| EBITDAC | \$156.7 | \$152.4 |
| <i>EBITDAC Margin</i> | 31.2% | 32.8% |

Income Before Income Taxes to EBITDAC and EBITDAC Margin

(\$ Millions; Unaudited)

First Quarter

| | <u>Retail</u> | | <u>Programs</u> | | <u>Wholesale</u> | | <u>Services</u> | |
|--|---------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Income before income taxes | \$70.4 | \$48.9 | \$20.8 | \$12.5 | \$11.4 | \$15.3 | \$8.8 | \$6.1 |
| <i>Income Before Income Taxes Margin</i> | <i>25.3%</i> | <i>20.4%</i> | <i>18.5%</i> | <i>12.4%</i> | <i>17.2%</i> | <i>23.5%</i> | <i>20.0%</i> | <i>15.5%</i> |
| Amortization | 10.2 | 10.6 | 6.3 | 6.9 | 2.8 | 2.9 | 1.1 | 1.1 |
| Depreciation | 1.2 | 1.4 | 1.4 | 2.0 | 0.4 | 0.5 | 0.4 | 0.4 |
| Interest | 6.8 | 8.6 | 7.5 | 10.0 | 1.4 | 1.7 | 0.6 | 1.0 |
| Change in estimated acquisition earn-out payables | 0.8 | 3.9 | 0.1 | 0.1 | 1.6 | 0.0 | 0.0 | 0.0 |
| EBITDAC | \$89.4 | \$73.4 | \$36.1 | \$31.5 | \$17.6 | \$20.4 | \$10.9 | \$8.6 |
| <i>EBITDAC Margin</i> | <i>32.1%</i> | <i>30.7%</i> | <i>32.1%</i> | <i>31.1%</i> | <i>26.6%</i> | <i>31.3%</i> | <i>24.7%</i> | <i>21.9%</i> |



Commissions and Fees to Organic Revenue

(\$ Millions; Unaudited)

First Quarter

| | <u>Retail</u> | | <u>Programs</u> | | <u>Wholesale</u> | | <u>Services</u> | | <u>Total</u> | |
|---|---------------|-------------|-----------------|-------------|------------------|-------------|-----------------|-------------|--------------|-------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Commissions and fees | \$278.2 | \$239.1 | \$112.3 | \$101.1 | \$65.9 | \$65.2 | \$44.0 | \$39.2 | \$500.4 | \$444.6 |
| Total Change | 39.1 | | 11.2 | | 0.7 | | 4.8 | | 55.8 | |
| Total Growth % | 16.4% | | 11.1% | | 1.1% | | 12.2% | | 12.6% | |
| Contingent Commissions | (6.1) | (19.5) | (4.0) | (5.7) | (1.6) | (4.8) | 0.0 | 0.0 | (11.7) | (30.0) |
| Guaranteed Supplemental Commissions | (2.5) | (2.3) | 0.0 | 0.0 | (0.5) | (0.4) | 0.0 | 0.0 | (3.1) | (2.7) |
| Core commissions and fees | \$269.6 | \$217.3 | \$108.3 | \$95.4 | \$63.8 | \$60.0 | \$44.0 | \$39.2 | \$485.6 | \$411.9 |
| New Revenue Standard | (43.9) | | (0.1) | | (0.1) | | (1.5) | | (45.6) | |
| Acquisition revenues | (4.3) | | (0.9) | | (0.1) | | 0.0 | | (5.4) | |
| Divested business | | (0.4) | | (0.1) | | 0.0 | | 0.0 | | (0.6) |
| Organic Revenue | \$221.4 | \$216.9 | \$107.3 | \$95.4 | \$63.6 | \$60.0 | \$42.5 | \$39.2 | \$434.6 | \$411.3 |
| Organic Revenue growth | \$4.5 | | \$11.8 | | \$3.6 | | \$3.3 | | \$23.3 | |
| Organic Revenue growth % | 2.0% | | 12.5% | | 6.1% | | 8.3% | | 5.7% | |
| New Revenue Standard impact on contingent commissions | (14.1) | | 0.7 | | (4.8) | | 0.0 | | (18.2) | |

- (1) The Retail Segment includes “commissions and fees that are reported in the “Other” column of the Segment Information in the Notes to the Consolidated Financial Statements in our SEC filings, which includes corporate and consolidation items.
- (2) Core commissions and fees is defined as commissions and fees less (i) 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”) and less (ii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year (“GSCs”).



GAAP to Adjusted Reconciliation

First Quarter 2018 - Retail

| (\$ Millions; Unaudited) | First Quarter | | | | | |
|--|----------------------------|-----------------------------------|---|-----------------------------|------------------|-----------------|
| | As Reported <u>2018</u> | New Revenue <u>Standard</u> | Excluding the New Revenue Standard <u>2018*</u> | As Reported <u>2017*</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total revenues | \$278.4 | \$29.8 | \$248.6 | \$239.3 | \$9.3 | 3.9% |
| Income before income taxes | \$70.4 | \$18.9 | \$51.5 | \$48.9 | \$2.6 | 5.3% |
| <i>Income Before Income Taxes Margin</i> | 25.3% | - | 20.7% | 20.4% | | 30bps |
| EBITDAC | \$89.4 | \$18.9 | \$70.5 | \$73.4 | (\$2.9) | (4.0%) |
| <i>EBITDAC Margin</i> | 32.1% | | 28.4% | 30.7% | | (230bps) |

* U.S GAAP basis prior to adopting ASC 606/340.



GAAP to Adjusted Reconciliation

First Quarter 2018 - National Programs

| (\$ Millions; Unaudited) | First Quarter | | | | | |
|--|----------------------------|--------------------------------|--|-----------------------------|------------------|-----------------|
| | As Reported <u>2018</u> | New Revenue <u>Standard</u> | Excluding the New Revenue Standard <u>2018*</u> | As Reported <u>2017*</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total revenues | \$112.5 | \$0.8 | \$111.7 | \$101.2 | \$10.5 | 10.4% |
| Income before income taxes | \$20.8 | \$0.9 | \$19.9 | \$12.5 | \$7.4 | 59.2% |
| <i>Income Before Income Taxes Margin</i> | 18.5% | - | 17.8% | 12.4% | | 540bps |
| EBITDAC | \$36.1 | \$0.9 | \$35.2 | \$31.5 | \$3.7 | 11.7% |
| <i>EBITDAC Margin</i> | 32.1% | | 31.5% | 31.1% | | 40bps |

* U.S GAAP basis prior to adopting ASC 606/340.



GAAP to Adjusted Reconciliation

First Quarter 2018 - Wholesale Brokerage

| | First Quarter | | | | | |
|--|------------------|---------|----------------------|-------------------|-------|-----------|
| | As Reported 2018 | | New Revenue Standard | As Reported 2017* | | \$ Change |
| Total revenues | \$66.1 | (\$4.7) | \$70.8 | \$65.2 | \$5.6 | 8.6% |
| Income before income taxes | \$11.4 | (\$4.4) | \$15.8 | \$15.3 | \$0.5 | 3.3% |
| <i>Income Before Income Taxes Margin</i> | 17.2% | - | 22.3% | 23.5% | | (120bps) |
| EBITDAC | \$17.6 | (\$4.4) | \$22.0 | \$20.4 | \$1.6 | 7.8% |
| <i>EBITDAC Margin</i> | 26.6% | | 31.1% | 31.3% | | (20bps) |

* U.S GAAP basis prior to adopting ASC 606/340.



GAAP to Adjusted Reconciliation

First Quarter 2018 - Services

| | First Quarter | | | | | |
|--|----------------------------|-----------------------------------|---|-----------------------------|------------------|-----------------|
| | (\$ Millions; Unaudited) | | | | | |
| | As Reported <u>2018</u> | New Revenue <u>Standard</u> | Excluding the New Revenue Standard <u>2018*</u> | As Reported <u>2017*</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total revenues | \$44.1 | \$1.5 | \$42.6 | \$39.3 | \$3.3 | 8.4% |
| Income before income taxes | \$8.8 | (\$1.2) | \$10.0 | \$6.1 | \$3.9 | 63.9% |
| <i>Income Before Income Taxes Margin</i> | <i>20.0%</i> | - | <i>23.5%</i> | <i>15.5%</i> | | <i>800bps</i> |
| EBITDAC | \$10.9 | (\$1.2) | \$12.1 | \$8.6 | \$3.5 | 40.7% |
| <i>EBITDAC Margin</i> | <i>24.7%</i> | | <i>28.4%</i> | <i>21.9%</i> | | <i>650bps</i> |

* U.S GAAP basis prior to adopting ASC 606/340.





For additional information:

R. Andrew Watts | Executive Vice President & Chief Financial Officer
| 386-239-5770 | awatts@bbins.com

The Cheetah:

Since our beginning, we've known that doing the best for our customers requires constant persistence and vision. The cheetah, which represents vision, swiftness, strength, and agility, embodies our corporate culture and has served as a symbol for our company since 1988.