

Brown & Brown, Inc.

Fourth Quarter & Full Year 2020 Results

January 25, 2021



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 those relating to our anticipated financial results for the fourth quarter of 2020, the potential effects of the COVID-19 pandemic (“COVID-19”) on our business, operations, financial performance and prospects, 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. Further, statements about the effects of COVID-19 on our business, operations, financial performance and prospects may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of COVID-19, actions taken by governmental authorities in response to COVID-19, and the direct and indirect impact of COVID-19 on our customers, insurance carriers, third-parties and us. 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, but are not limited to, the following: COVID-19 and the resulting governmental and societal responses, the severity and duration of COVID-19, and the resulting impact on the U.S. economy, the global economy, and the Company’s business, liquidity, customers, insurance carriers, and third-parties; the Company’s determination as it finalizes its financial results for the fourth quarter and full year of 2020 that its financial results differ from the current preliminary unaudited numbers set forth herein; the inability to retain or hire qualified employees, as well as the loss of any of our executive officers or other key employees; acquisition-related risks that could negatively affect the success of our growth strategy, including the possibility that we may not be able to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations and expand into new markets; a cybersecurity attack or any other interruption in information technology and/or data security and/or outsourcing relationships; the requirement for additional resources and time to adequately respond to dynamics resulting from rapid technological change; changes in data privacy and protection laws and regulations or any failure to comply with such laws and regulations; the loss of or significant change to any of our insurance company relationships, which could result in additional expense, loss of market share or material decrease in our profit-sharing contingent commissions, guaranteed supplemental commissions or incentive commissions; adverse economic conditions, natural disasters, or regulatory changes in states where we have a high concentration of our business; the inability to maintain our culture or a change in management, management philosophy or our business strategy; risks facing us in our Services Segment, including our third-party claims administration operations, that are distinct from those we face in our insurance intermediary operations; our failure to comply with any covenants contained in our debt agreements; the possibility that covenants in our debt agreements could prevent us from engaging in certain potentially beneficial activities; changes in estimates, judgments or assumptions used in the preparation of our financial statements; improper disclosure of confidential information; the limitations of our system of disclosure and internal controls and procedures in preventing errors or fraud, or in informing management of all material information in a timely manner; the potential adverse effect of certain actual or potential claims, regulatory actions or proceedings on our businesses, results of operations, financial condition or liquidity; changes in the U.S.-based credit markets that might adversely affect our business, results of operations and financial condition; the significant control certain existing shareholders have over the Company; risks related to our international operations, which may require more time and expense than our domestic operations to achieve or maintain profitability; risks associated with the current interest rate environment, and to the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income; 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; changes in current U.S. or global economic conditions; effects related to pandemics, epidemics, or outbreaks of infectious diseases; conditions that result in reduced insurer capacity; quarterly and annual variations in our commissions that result from the timing of policy renewals and the net effect of new and lost business production; the possibility that one of the financial institutions we use fails or is taken over by the U.S. Federal Deposit Insurance Corporation (FDIC); uncertainty in our business practices and compensation arrangements due to potential changes in regulations; regulatory changes that could reduce our profitability or growth by increasing compliance costs, technology compliance, restricting the products or services we may sell, the markets we may enter, the methods by which we may sell our products and services, or the prices we may charge for our services and the form of compensation we may accept from our customers, carriers and third-parties; intangible asset risk, including the possibility that our goodwill may become impaired in the future; a decrease in demand for liability insurance as a result of tort reform litigation; changes in our credit ratings; volatility in our stock price; other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission filings; and other factors that the Company may not have currently identified or quantified. All forward-looking statements made herein are made only as of the date of this presentation, 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.



Information Regarding Non-GAAP Measures

This presentation contains references to "non-GAAP financial measures" as defined in SEC Regulation G, including Net Income – Adjusted, EBITDAC, EBITDAC Margin, Income Before Income Taxes – Adjusted, Income Before Income Taxes Margin – Adjusted, Diluted Net Income Per Share – Adjusted, 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 non-GAAP 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 at the end of this presentation, as well as 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"), and 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. 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.

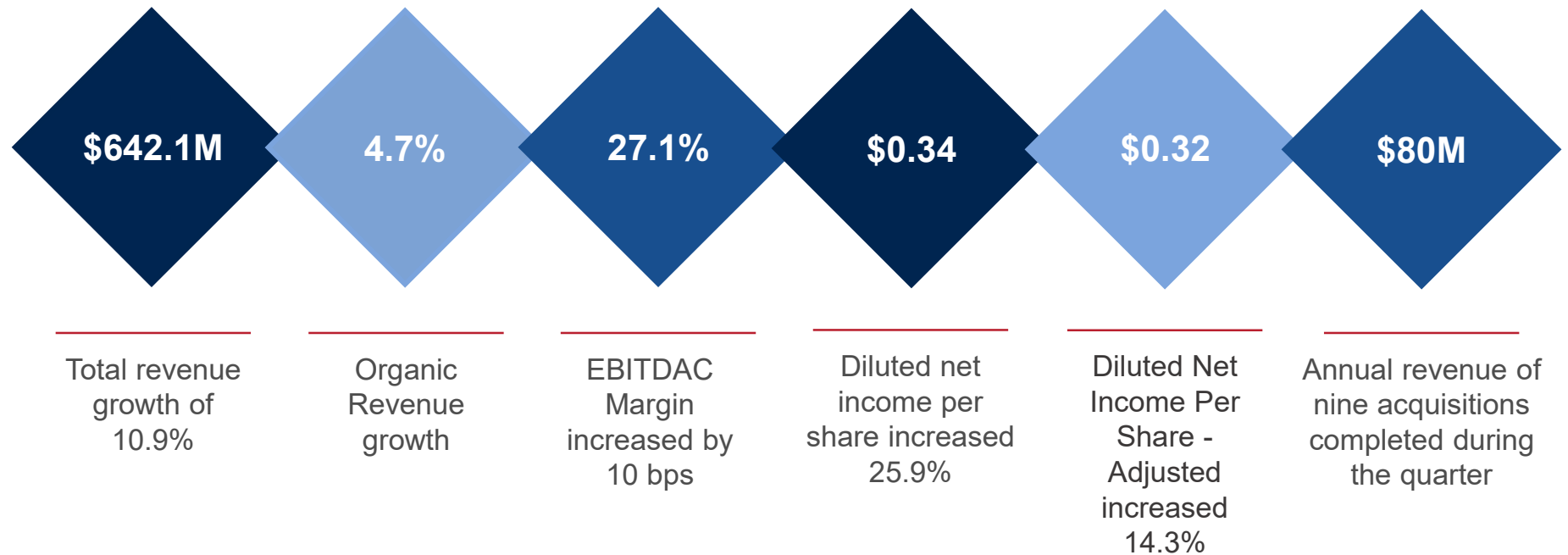
Earnings Measures – We believe these non-GAAP measures, as defined below, provide a meaningful representation of the operating performance of the Company and improve the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability from period to period and that we believe are not indicative of the Company's ongoing performance.

- **Net Income – Adjusted** is defined as net income, excluding the after-tax change in estimated acquisition earn-out payables.
- **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.
- **Income Before Income Taxes – Adjusted** is defined as income before income taxes, excluding the pre-tax change in estimated acquisition earn-out payables.
- **Income Before Income Taxes Margin – Adjusted** is defined as Income Before Income Taxes – Adjusted divided by total revenues.
- **Diluted Net Income Per Share – Adjusted** is defined as diluted net income per share, excluding the change in estimated acquisition earn-out payables.



Fourth Quarter 2020 Results

(Unaudited)

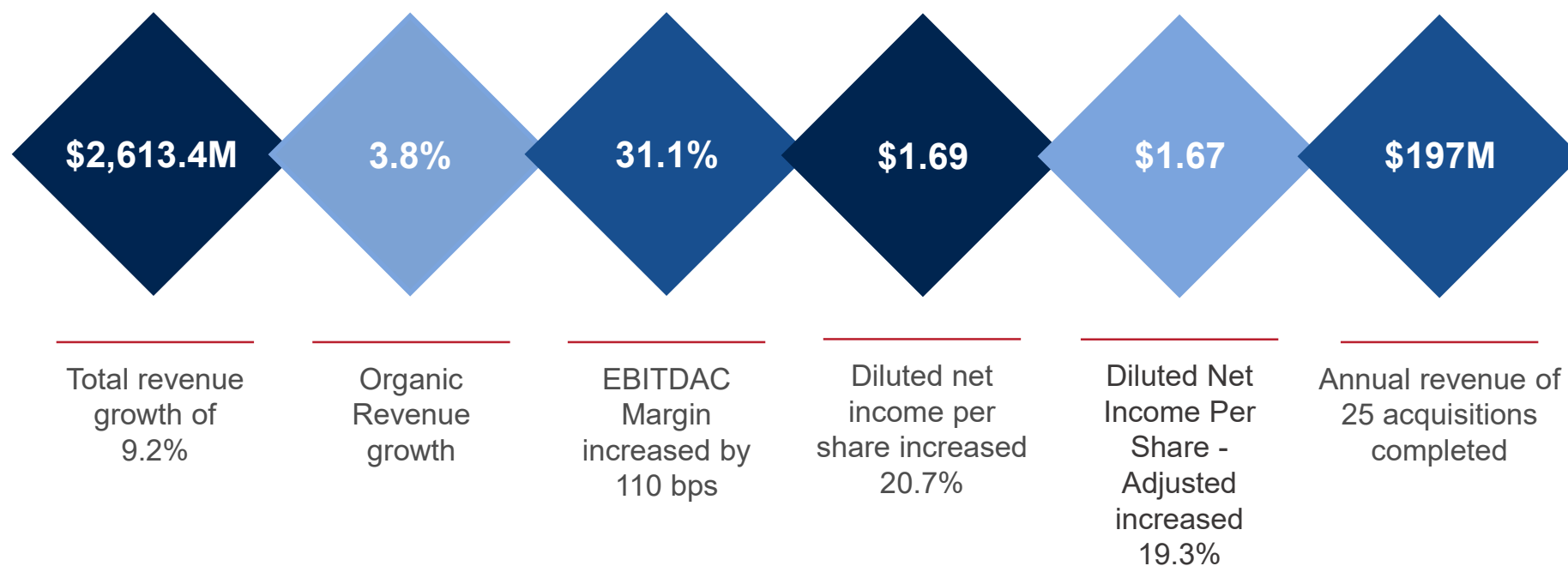


See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26



Full Year 2020 Results

(Unaudited)



See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26



Market & Business Overview – 4Q20



Economy continued to slowly recover during the quarter, but uncertainty remains



Premium rates for almost all lines continued to increase at similar levels as compared to the prior quarter



Carrier appetite or increased underwriting criteria continues to make placement of coverage for some customers difficult

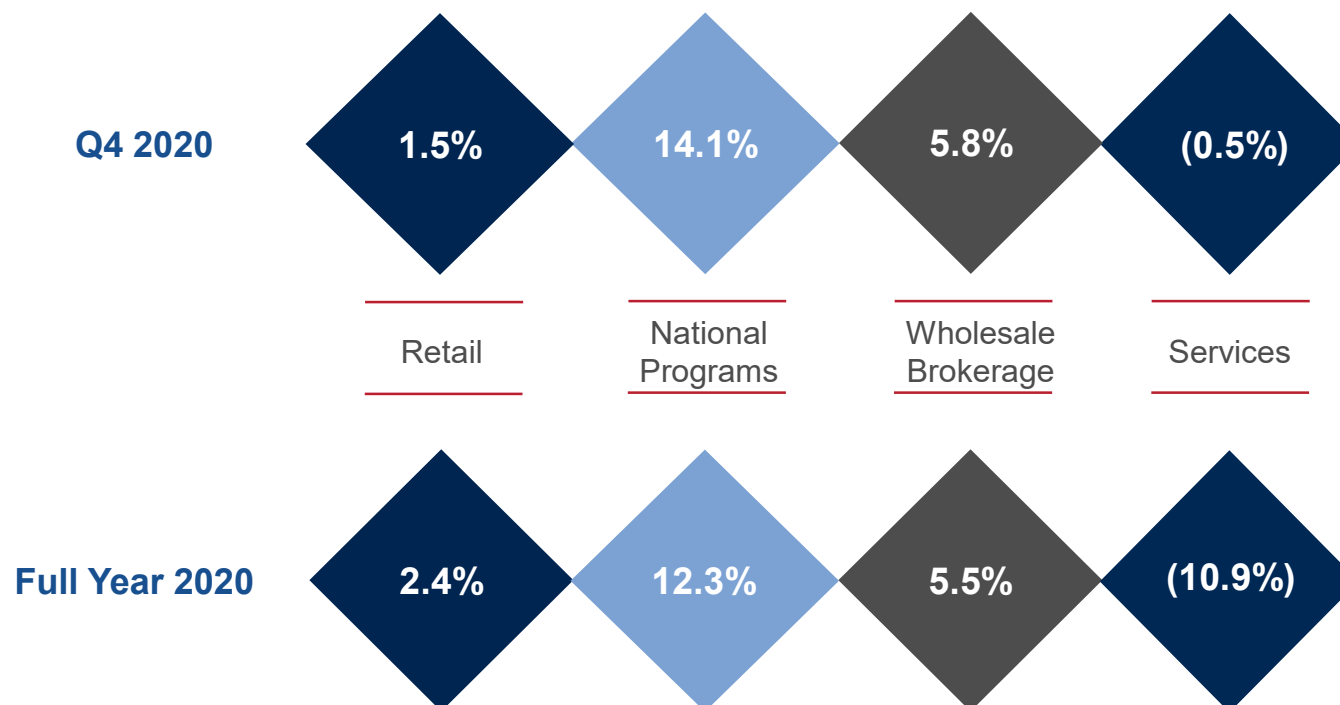


Industry-wide acquisition activity back to pre-pandemic levels



Segment Organic Revenue Growth

(Unaudited)



See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26

Consolidated Financial Highlights

(\$ Millions, Except Per Share Data; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$642.1	\$579.0	\$63.1	10.9%
Organic Revenue	\$581.4	\$555.1	\$26.3	4.7%
Income before income taxes	\$130.9	\$102.0	\$28.9	28.3%
Income Before Income Taxes Margin*	20.4%	17.6%		280bps
EBITDAC	\$173.9	\$156.2	\$17.7	11.3%
EBITDAC Margin	27.1%	27.0%		10bps
Net income	\$97.3	\$76.5	\$20.8	27.2%
Diluted net income per share	\$0.34	\$0.27	\$0.07	25.9%
Weighted average number of shares outstanding – diluted (in thousands)	277,398	274,814	2,584	0.9%
Dividends declared per share	\$0.093	\$0.085	\$0.008	9.4%

See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26

* "Income Before Income Taxes Margin" is defined as income before income taxes divided by total revenues



Consolidated Financial Highlights

(Adjusted)

(\$ Millions, Except Per Share Data; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$642.1	\$579.0	\$63.1	10.9%
<i>Organic Revenue</i>	<i>\$581.4</i>	<i>\$555.1</i>	<i>\$26.3</i>	<i>4.7%</i>
Income Before Income Taxes - Adjusted	\$121.4	\$107.5	\$13.9	12.9%
<i>Income Before Income Taxes Margin - Adjusted</i>	<i>18.9%</i>	<i>18.6%</i>		<i>30bps</i>
EBITDAC	\$173.9	\$156.2	\$17.7	11.3%
<i>EBITDAC Margin</i>	<i>27.1%</i>	<i>27.0%</i>		<i>10bps</i>
Net Income - Adjusted	\$90.3	\$80.6	\$9.7	12.0%
Diluted Net Income Per Share - Adjusted	\$0.32	\$0.28	\$0.04	14.3%

See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26

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Revenue Analysis

(\$ Millions; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$642.1	\$579.0	\$63.1	10.9%
Investment income	(1.0)	(1.5)	0.5	
Other income, net	(1.1)	(0.5)	(0.6)	
Commissions and fees	640.0	577.0	63.0	10.9%
Profit-sharing contingent commissions	(14.6)	(17.7)	3.1	
Guaranteed supplemental commissions	(3.6)	(2.1)	(1.5)	
Core commissions and fees	621.8	557.2	64.6	11.6%
Acquisitions	(40.4)	-	(40.4)	
Dispositions	-	(2.1)	2.1	
Organic Revenue	\$581.4	\$555.1	\$26.3	4.7%

See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26



Retail Segment

(\$ Millions; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$353.2	\$329.6	\$23.6	7.2%
Organic Revenue	\$321.5	\$316.6	\$4.9	1.5%
Income before income taxes	\$40.7	\$33.7	\$7.0	20.8%
Income Before Income Taxes Margin	11.5%	10.2%		130bps
EBITDAC	\$86.8	\$82.5	\$4.3	5.3%
EBITDAC Margin	24.6%	25.0%		(40bps)

Business & Market Commentary

Total revenue growth primarily driven by acquisition activity and Organic growth driven by improving new business, better customer retention and rate increases, partially offset by lower exposure units. Organic Growth negatively impacted by timing for revenues recognized in Q3 2020.

Rate increases for most lines remained relatively constant at 3%-7%, with higher increases in commercial auto. Workers' compensation rates declined slower during the quarter.

Income before income taxes grew faster than EBITDAC due to changes in estimated acquisition earn-out payables.

EBITDAC grew slower than total revenue due to a lower gain on disposal of \$4.6 million as compared to Q4 2019, and higher non-cash stock-based compensation and intercompany IT charges, which were offset by leveraging total revenue and lower variable costs in response to COVID-19.

National Programs Segment

(\$ Millions; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$159.5	\$134.2	\$25.3	18.9%
Organic Revenue	\$142.9	\$125.3	\$17.6	14.1%
Income before income taxes	\$57.8	\$37.5	\$20.3	54.0%
Income Before Income Taxes Margin	36.2%	27.9%		830bps
EBITDAC	\$59.0	\$49.6	\$9.4	19.0%
EBITDAC Margin	37.0%	37.0%		-

Business & Market Commentary

Total revenue growth driven by outstanding Organic Revenue growth and recent acquisitions.

Organic Revenue growth remained strong for many programs, including lender placement, commercial and residential earthquake, wind and personal property.

Income before income taxes increased faster than EBITDAC due to decreased estimated acquisition earn-out payables, which were partially offset by higher intercompany interest expense.

EBITDAC growth was in line with total revenue growth due to leveraging Organic Revenue and lower variable costs in response to COVID-19, which were offset primarily by higher intercompany IT costs and decreased profit-sharing contingent commissions.

Wholesale Brokerage Segment

(\$ Millions; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$85.0	\$71.3	\$13.7	19.2%
Organic Revenue	\$73.9	\$69.8	\$4.1	5.8%
Income before income taxes	\$16.2	\$15.3	\$0.9	6.2%
Income Before Income Taxes Margin	19.1%	21.5%		(240bps)
EBITDAC	\$22.9	\$19.5	\$3.4	17.1%
EBITDAC Margin	26.9%	27.3%		(40bps)

Business & Market Commentary

Total revenue growth driven primarily by acquisitions as well as solid Organic Revenue. New business and rate increases drove Organic Revenue growth, which offset continued headwinds within personal lines and binding authority.

Coastal property rates remained up 15%-20% depending upon loss experience. Other property rates up 10%-20%. Professional lines rates generally up 10%-25%, with cyber rates up 10%-15%.

Income before income taxes grew slower than total revenue and EBITDAC, primarily due to higher intercompany interest expense.

EBITDAC growth was driven by lower variable expenses in response to COVID-19 and leveraging higher Organic Revenue growth but was partially offset by increased expenses due to foreign exchange rates and higher intercompany IT charges.



Services Segment

(\$ Millions; Unaudited)	Fourth Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$43.1	\$43.4	(\$0.3)	(0.6%)
Organic Revenue	\$43.1	\$43.4	(\$0.3)	(0.5%)
Income before income taxes	\$5.4	\$7.1	(\$1.7)	(23.6%)
Income Before Income Taxes Margin	12.5%	16.4%		(390bps)
EBITDAC	\$8.2	\$7.5	\$0.7	9.7%
EBITDAC Margin	19.0%	17.3%		170bps

Business & Market Commentary

Total Revenue and Organic Revenue declined primarily due to lower claims volume in our Social Security advocacy businesses, but was substantially offset by claims processing revenue from weather-related events.

Income before income taxes decreased due to a credit recorded for estimated acquisition earn-out payables in the prior year that did not occur in 2020.

EBITDAC increased primarily due to lower variable expense in response to COVID-19 and increased weather-related claims, which were partially offset by higher intercompany IT charges.

Consolidated Financial Highlights

(\$ Millions, Except Per Share Data; Unaudited)	Full Year			
	2020	2019	\$ Change	% Change
Total revenues	\$2,613.4	\$2,392.2	\$221.2	9.2%
<i>Organic Revenue</i>	\$2,377.9	\$2,290.3	\$87.6	3.8%
Income before income taxes	\$624.1	\$525.9	\$98.2	18.7%
<i>Income Before Income Taxes Margin</i>	23.9%	22.0%		190bps
EBITDAC	\$813.4	\$716.9	\$96.5	13.5%
<i>EBITDAC Margin</i>	31.1%	30.0%		110bps
Net income	\$480.5	\$398.5	\$82.0	20.6%
Diluted net income per share	\$1.69	\$1.40	\$0.29	20.7%
Weighted average number of shares outstanding – diluted (in thousands)	275,867	274,616	1,251	0.5%
Dividends declared per share	\$0.348	\$0.325	\$0.023	7.1%

See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26



Consolidated Financial Highlights

(Adjusted)

(\$ Millions, Except Per Share Data; Unaudited)	Full Year			
	2020	2019	\$ Change	% Change
Total revenues	\$2,613.4	\$2,392.2	\$221.2	9.2%
<i>Organic Revenue</i>	\$2,377.9	\$2,290.3	\$87.6	3.8%
Income Before Income Taxes - Adjusted	\$619.6	\$524.5	\$95.1	18.1%
<i>Income Before Income Taxes Margin - Adjusted</i>	23.7%	21.9%		180bps
EBITDAC	\$813.4	\$716.9	\$96.5	13.5%
<i>EBITDAC Margin</i>	31.1%	30.0%		110bps
Net Income - Adjusted	\$477.1	\$397.4	\$79.7	20.1%
Diluted Net Income Per Share - Adjusted	\$1.67	\$1.40	\$0.27	19.3%

See important disclosures regarding Non-GAAP measures on page 2 and Non-GAAP reconciliations on pages 17-26

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Closing Comments



The combined impact and timing of additional stimulus and vaccine deployment will be key in influencing economic recovery and business confidence



Expect premium rate increases and carrier appetite for certain lines of coverage to remain relatively consistent into 2021



M&A pipeline remains good




Utilization of technology and data are focal areas to improve customer experience, create new offerings, and streamline placement of coverage



Our robust capabilities and talented team position us well to provide innovative solutions and grow profitably in 2021





Fourth Quarter & Full Year 2020 Results Reconciliation of Non-GAAP Measures



GAAP to Adjusted Reconciliation

Fourth Quarter 2020

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

	As Reported 2020	Change in Estimated Earn-Out Payables	Adjusted 2020
Total revenues	\$642.1	-	\$642.1
Income before income taxes	\$130.9	(\$9.5)	\$121.4
<i>Income Before Income Taxes Margin</i>	<i>20.4%</i>		<i>18.9%</i>
EBITDAC	\$173.9	-	\$173.9
<i>EBITDAC Margin</i>	<i>27.1%</i>		<i>27.1%</i>
Net income	\$97.3	(\$7.0)	\$90.3
Diluted net income per share	\$0.34	(\$0.02)	\$0.32

See important disclosures regarding Non-GAAP measures on page 2.



GAAP to Adjusted Reconciliation

Fourth Quarter 2019

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

	As Reported 2019	Change in Estimated Earn-Out Payables	Adjusted 2019
Total revenues	\$579.0	-	\$579.0
Income before income taxes	\$102.0	\$5.5	\$107.5
<i>Income Before Income Taxes Margin</i>	<i>17.6%</i>		<i>18.6%</i>
EBITDAC	\$156.2	-	\$156.2
<i>EBITDAC Margin</i>	<i>27.0%</i>		<i>27.0%</i>
Net income	\$76.5	\$4.1	\$80.6
Diluted net income per share	\$0.27	\$0.01	\$0.28

See important disclosures regarding Non-GAAP measures on page 2.



GAAP to Adjusted Reconciliation

Full Year 2020

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

	As Reported 2020	Change in Estimated Earn-Out Payables	Adjusted 2020
Total revenues	\$2,613.4	-	\$2,613.4
Income before income taxes	\$624.1	(\$4.5)	\$619.6
<i>Income Before Income Taxes Margin</i>	23.9%		23.7%
EBITDAC	\$813.4	-	\$813.4
<i>EBITDAC Margin</i>	31.1%		31.1%
Net income	\$480.5	(\$3.4)	\$477.1
Diluted net income per share	\$1.69	(\$0.02)	\$1.67

See important disclosures regarding Non-GAAP measures on page 2.



GAAP to Adjusted Reconciliation

Full Year 2019

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

	As Reported 2019	Change in Estimated Earn-Out Payables	Adjusted 2019
Total revenues	\$2,392.2	-	\$2,392.2
Income before income taxes	\$525.9	(\$1.4)	\$524.5
<i>Income Before Income Taxes Margin</i>	22.0%		21.9%
EBITDAC	\$716.9	-	\$716.9
<i>EBITDAC Margin</i>	30.0%		30.0%
Net income	\$398.5	(\$1.1)	\$397.4
Diluted net income per share	\$1.40	\$0.00	\$1.40

See important disclosures regarding Non-GAAP measures on page 2.



Reconciliation of Income Before Income Taxes to EBITDAC and Income Before Income Taxes Margin to EBITDAC Margin

(\$ Millions; Unaudited)	Fourth Quarter		Full Year	
	2020	2019	2020	2019
Income before income taxes	\$130.9	\$102.0	\$624.1	\$525.9
<i>Income Before Income Taxes Margin</i>	20.4%	17.6%	23.9%	22.0%
Amortization	28.3	26.9	108.5	105.3
Depreciation	7.5	5.9	26.3	23.4
Interest	16.7	15.9	59.0	63.7
Change in estimated acquisition earn-out payables	(9.5)	5.5	(4.5)	(1.4)
EBITDAC	\$173.9	\$156.2	\$813.4	\$716.9
<i>EBITDAC Margin</i>	27.1%	27.0%	31.1%	30.0%

See important disclosures regarding Non-GAAP measures on page 2.



Reconciliation of Income Before Income Taxes to EBITDAC and Income Before Income Taxes Margin to EBITDAC Margin

(\$ Millions; Unaudited)		Fourth Quarter						
	Retail		National Programs		Wholesale Brokerage		Services	
	2020	2019	2020	2019	2020	2019	2020	2019
Income before income taxes	\$40.7	\$33.7	\$57.8	\$37.5	\$16.2	\$15.3	\$5.4	\$7.1
<i>Income Before Income Taxes Margin</i>	<i>11.5%</i>	<i>10.2%</i>	<i>36.2%</i>	<i>27.9%</i>	<i>19.1%</i>	<i>21.5%</i>	<i>12.5%</i>	<i>16.4%</i>
Amortization	18.0	16.5	6.8	6.3	2.1	2.7	1.4	1.4
Depreciation	2.5	2.0	2.4	1.8	0.5	0.4	0.4	0.3
Interest	22.3	22.6	5.4	3.6	3.5	1.1	1.0	1.2
Change in estimated acquisition earn-out payables	3.3	7.7	(13.4)	0.4	0.6	0.0	0.0	(2.5)
EBITDAC	\$86.8	\$82.5	\$59.0	\$49.6	\$22.9	\$19.5	\$8.2	\$7.5
<i>EBITDAC Margin</i>	<i>24.6%</i>	<i>25.0%</i>	<i>37.0%</i>	<i>37.0%</i>	<i>26.9%</i>	<i>27.3%</i>	<i>19.0%</i>	<i>17.3%</i>

See important disclosures regarding Non-GAAP measures on page 2.



Reconciliation of Income Before Income Taxes to EBITDAC and Income Before Income Taxes Margin to EBITDAC Margin

(\$ Millions; Unaudited)	Full Year							
	Retail		National Programs		Wholesale Brokerage		Services	
	2020	2019	2020	2019	2020	2019	2020	2019
Income before income taxes	\$262.2	\$222.9	\$182.9	\$143.7	\$93.6	\$82.7	\$28.0	\$40.3
<i>Income Before Income Taxes Margin</i>	17.8%	16.3%	30.0%	27.7%	26.5%	26.7%	16.1%	20.8%
Amortization	67.3	63.1	27.2	25.5	8.5	11.2	5.5	5.5
Depreciation	9.1	7.4	8.6	6.8	1.9	1.7	1.4	1.2
Interest	86.0	87.3	20.6	16.7	10.3	4.7	4.1	4.4
Change in estimated acquisition earn-out payables	8.7	8.0	(10.5)	(0.8)	0.4	0.0	(3.0)	(8.6)
EBITDAC	\$433.3	\$388.7	\$228.8	\$191.9	\$114.7	\$100.3	\$36.0	\$42.8
<i>EBITDAC Margin</i>	29.4%	28.4%	37.5%	37.0%	32.5%	32.4%	20.7%	22.1%

See important disclosures regarding Non-GAAP measures on page 2.



Reconciliation of Commissions and Fees to Organic Revenue

(\$ Millions; Unaudited)	Fourth Quarter									
	Retail ⁽¹⁾		National Programs		Wholesale Brokerage		Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Commissions and fees	\$352.7	\$328.7	\$159.4	\$133.8	\$84.8	\$71.2	\$43.1	\$43.4	\$640.0	\$577.0
Total change	24.0		25.6		13.6		(0.3)		63.0	
Total growth %	7.3%		19.1%		19.2%		(0.6%)		10.9%	
Contingent commissions	(6.4)	(8.1)	(6.8)	(8.2)	(1.4)	(1.4)	0.0	0.0	(14.6)	(17.7)
Guaranteed supplemental commissions	(3.7)	(1.8)	(0.3)	(0.3)	0.4	0.1	0.0	0.0	(3.6)	(2.1)
Core commissions and fees ⁽²⁾	\$342.6	\$318.7	\$152.3	\$125.3	\$83.8	\$69.8	\$43.1	\$43.4	\$621.8	\$557.2
Acquisitions	(21.1)		(9.4)		(9.9)		0.0		(40.4)	
Dispositions		(2.1)		0.0		0.0		0.0		(2.1)
Organic Revenue	\$321.5	\$316.6	\$142.9	\$125.3	\$73.9	\$69.8	\$43.1	\$43.4	\$581.4	\$555.1
Organic Revenue growth	\$4.9		\$17.6		\$4.1		(\$0.3)		\$26.3	
Organic Revenue growth %	1.5%		14.1%		5.8%		(0.5%)		4.7%	

- (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")).

Reconciliation of Commissions and Fees to Organic Revenue

(\$ Millions; Unaudited)	Full Year									
	Retail ⁽¹⁾		National Programs		Wholesale Brokerage		Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Commissions and fees	\$1,470.1	\$1,364.8	\$609.8	\$516.9	\$352.2	\$309.4	\$174.0	\$193.6	\$2,606.1	\$2,384.7
Total change	105.3		92.9		42.8		(19.6)		221.4	
Total growth %	7.7%		18.0%		13.8%		(10.1%)		9.3%	
Contingent commissions	(35.8)	(34.2)	(27.3)	(17.5)	(7.8)	(7.5)	0.0	0.0	(70.9)	(59.2)
Guaranteed supplemental commissions	(15.1)	(11.1)	0.2	(10.6)	(1.3)	(1.4)	0.0	0.0	(16.2)	(23.1)
Core commissions and fees ⁽²⁾	\$1,419.2	\$1,319.5	\$582.7	\$488.8	\$343.1	\$300.5	\$174.0	\$193.6	\$2,519.0	\$2,302.4
Acquisitions	(79.6)		(34.2)		(25.8)		(1.5)		(141.1)	
Dispositions		(11.8)		(0.3)		0.0		0.0		(12.1)
Organic Revenue	\$1,339.6	\$1,307.7	\$548.5	\$488.5	\$317.3	\$300.5	\$172.5	\$193.6	\$2,377.9	\$2,290.3
Organic Revenue growth	\$31.9		\$60.0		\$16.8		(\$21.1)		\$87.6	
Organic Revenue growth %	2.4%		12.3%		5.5%		(10.9%)		3.8%	

- (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")).

See important disclosures regarding Non-GAAP measures on page 2.





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***The Cheetah:** Since our beginning, we have known that doing the best for our customers requires constant persistence and vision. The cheetah, which represents vision, swiftness, strength, and agility, embodies our company culture and has served as a symbol for Brown & Brown since the 1980s.*