

# **Brown & Brown, Inc.**

## **First Quarter 2020 Results**

April 27, 2020



**Brown & Brown**  
INSURANCE®

# 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 first quarter ended March 31, 2020, the potential effects of the COVID-19 pandemic 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. 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: the COVID-19 pandemic and the resulting governmental and societal responses, the severity and duration of the pandemic, 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 first quarter 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 commission, 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 use 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 options 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, including COVID-19; 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; and other risks, relevant factors and uncertainties identified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, 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 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.

In particular, our forward-looking statements are subject to risks and uncertainties related to the COVID-19 pandemic and the resulting governmental and societal responses. Our forward-looking statements may also be subject to risks and uncertainties including those we may discuss in this presentation or in our SEC filings.



# Information Regarding Non-GAAP Financial 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, Net Debt, Total Debt Outstanding to EBITDAC, Net Debt Outstanding to EBITDAC, Free Cash Flow, Free Cash Flow Conversion, 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"), 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.

- **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.

**Other Non-GAAP Financial Measures** – We believe these non-GAAP measures, as defined below, are useful to monitor our leverage and evaluate our balance sheet.

- **Net Debt** is defined as total debt outstanding less cash and cash equivalents
- **Total Debt Outstanding to EBITDAC** is defined as total debt outstanding divided by EBITDAC.
- **Net Debt Outstanding to EBITDAC** is defined as Net Debt outstanding divided by EBITDAC.
- **Free Cash Flow** is defined as net cash provided by operating activities less capital expenditures.
- **Free Cash Flow Conversion** is defined as free cash flow divided by total revenues.



# Our Response to COVID-19

Our top priority continues to be the health and well-being of our teammates and the welfare of our customers, carrier partners, and shareholders.



## Teammates



## Customers & Communities

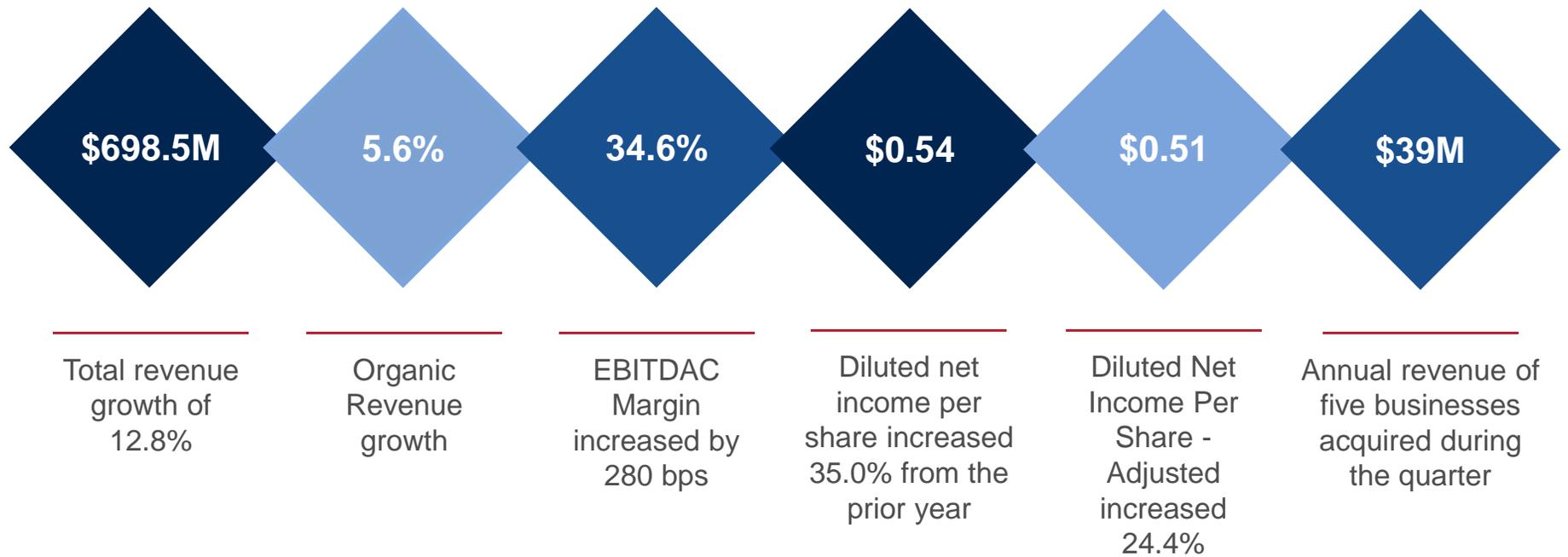
- Expanded medical benefit plan offerings for plan participants:
  - Zero cost share for all telehealth and provider visits for COVID-19 testing\*
  - Additional funding for telemedicine visits for eligible teammates not enrolled in a medical plan offered by Brown & Brown\*
- Launched Brown & Brown Relief Center, providing teammates with discounted products and services
- Successfully transitioned 95%+ of teammates to remote work
- Created *Operation Remote Work*, providing:
  - Health & well-being apps and tech tools
  - GuidanceResources COVID-19 webinar series
  - Optional sessions with our National Behavioral Health Leader
- Launched a “Coronavirus” COVID-19 Resource Portal to provide information regarding health & well-being resources, and guidance for navigating risk
- Initiated a weekly COVID-19 live stream series where subject-matter experts address hot topics
- Launched Brown & Brown Relief Center to provide access to discounted products and services

\*Subject to federal guidelines of pandemic duration



# First Quarter 2020 Results

(Unaudited)



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



# Market & Business Overview – 1Q20



Economy continued to expand for most of the first quarter; second half of March adversely impacted by COVID-19



Premium rates for most lines increased at the same or slightly elevated levels as compared to the prior two quarters



Underwriting criteria continued to tighten for many risk bearers and most lines due to ongoing losses

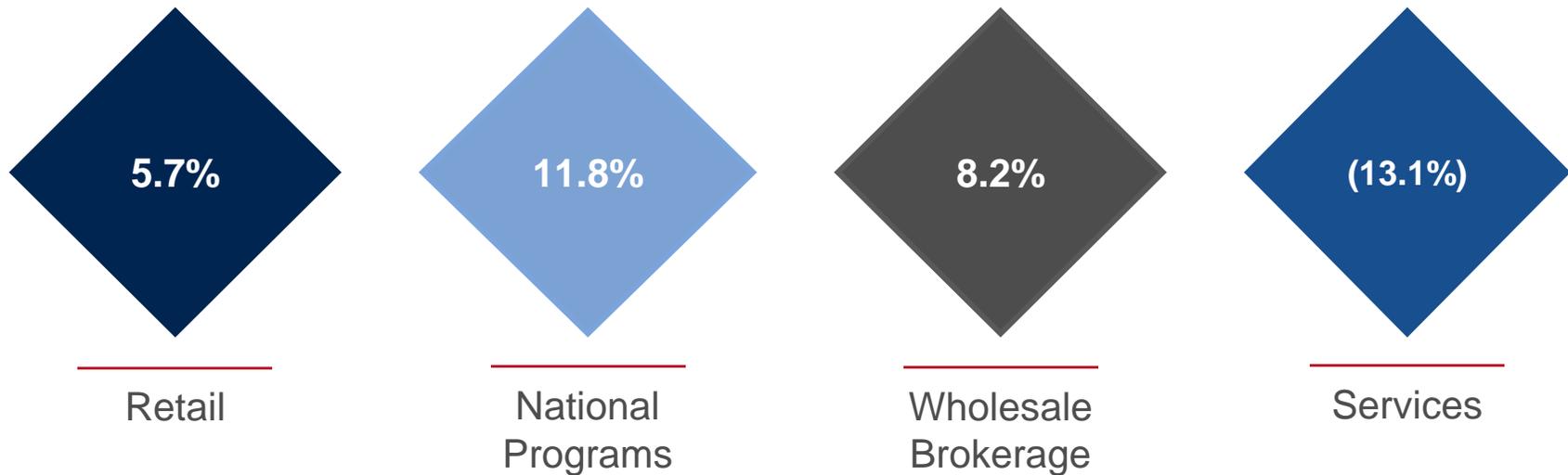


Acquisition marketplace remained very competitive



# Segment Organic Revenue Growth – 1Q20

(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)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$698.5	\$619.3	\$79.2	12.8%
<i>Organic Revenue</i>	\$627.4	\$594.4	\$33.0	5.6%
Income before income taxes	\$205.3	\$148.5	\$56.8	38.2%
<i>Income before income taxes margin</i>	29.4%	24.0%		540bps
EBITDAC	\$242.0	\$197.1	\$44.9	22.8%
<i>EBITDAC Margin</i>	34.6%	31.8%		280bps
Net income	\$152.4	\$113.9	\$38.5	33.8%
Diluted net income per share	\$0.54	\$0.40	\$0.14	35.0%
Weighted average number of shares outstanding – diluted (in thousands)	274,861	275,014	(153)	(0.1%)
Dividends declared per share	\$0.085	\$0.080	\$0.005	6.3%

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)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$698.5	\$619.3	\$79.2	12.8%
<i>Organic Revenue</i>	<i>\$627.4</i>	<i>\$594.4</i>	<i>\$33.0</i>	<i>5.6%</i>
Income Before Income Taxes - Adjusted	\$194.3	\$149.7	\$44.6	29.8%
<i>Income Before Income Taxes Margin - Adjusted</i>	<i>27.8%</i>	<i>24.2%</i>		<i>360bps</i>
EBITDAC	\$242.0	\$197.1	\$44.9	22.8%
<i>EBITDAC Margin</i>	<i>34.6%</i>	<i>31.8%</i>		<i>280bps</i>
Net Income - Adjusted	\$144.3	\$114.8	\$29.5	25.7%
Diluted Net Income Per Share - Adjusted	\$0.51	\$0.41	\$0.10	24.4%

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



# Revenue Analysis

(\$ Millions; Unaudited)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$698.5	\$619.3	\$79.2	12.8%
Investment income	(1.2)	(1.1)	(0.1)	
Other income, net	(0.8)	(0.7)	(0.1)	
Commissions and fees	696.5	617.5	79.0	12.8%
Profit-sharing contingent commissions	(23.9)	(15.3)	(8.6)	
Guaranteed supplemental commissions	(3.9)	(3.6)	(0.3)	
Core commissions and fees	668.7	598.6	70.1	11.7%
Acquisitions	(41.3)	-	(41.3)	
Dispositions	-	(4.2)	4.2	
Organic Revenue	\$627.4	\$594.4	\$33.0	5.6%

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



# Retail Segment

(\$ Millions; Unaudited)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$447.5	\$389.2	\$58.3	15.0%
<i>Organic Revenue</i>	\$391.0	\$369.8	\$21.2	5.7%
Income before income taxes	\$128.7	\$93.8	\$34.9	37.2%
<i>Income before income taxes margin</i>	28.8%	24.1%		470bps
EBITDAC	\$162.7	\$133.0	\$29.7	22.3%
<i>EBITDAC Margin</i>	36.4%	34.2%		220bps

## Business & Market Commentary

Total revenue growth driven by combination of acquisition activity, strong Organic Revenue growth realized in all lines of business and increased profit-sharing contingent commissions.

Rates for most lines increased 1%-5% with higher increases in commercial auto and employee benefits. Most workers' compensation rates continued to decline.

Income before income taxes increased faster than EBITDAC due to the change in acquisition earn-out payables and the lower percentage growth of intercompany interest expense.

EBITDAC grew faster than total revenues due to the impact of a prior acquisition, increased profit-sharing contingent commissions, and leveraging Organic Revenue growth, partially offset by higher non-cash stock compensation and intercompany IT charges.

# National Programs Segment

(\$ Millions; Unaudited)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$128.4	\$109.6	\$18.8	17.2%
<i>Organic Revenue</i>	<i>\$120.9</i>	<i>\$108.1</i>	<i>\$12.8</i>	<i>11.8%</i>
Income before income taxes	\$29.6	\$19.3	\$10.3	53.4%
<i>Income before income taxes margin</i>	<i>23.1%</i>	<i>17.6%</i>		<i>550bps</i>
EBITDAC	\$41.3	\$33.0	\$8.3	25.2%
<i>EBITDAC Margin</i>	<i>32.2%</i>	<i>30.1%</i>		<i>210bps</i>

## Business & Market Commentary

Increase in total revenue was driven substantially by strong Organic Revenue growth, a new acquisition and an increase in profit-sharing contingent commissions.

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

Income before income taxes increased faster than EBITDAC due to the change in estimated acquisition earn-out payables and lower intercompany interest expense.

EBITDAC growth was driven by higher profit-sharing contingent commissions and leveraging expense base with higher Organic Revenue, which was partially offset by higher intercompany IT charges.

# Wholesale Brokerage Segment

(\$ Millions; Unaudited)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$77.7	\$70.5	\$7.2	10.2%
<i>Organic Revenue</i>	\$72.6	\$67.1	\$5.5	8.2%
Income before income taxes	\$17.7	\$15.6	\$2.1	13.5%
<i>Income before income taxes margin</i>	22.8%	22.1%		70bps
EBITDAC	\$21.8	\$20.1	\$1.7	8.5%
<i>EBITDAC Margin</i>	28.1%	28.5%		(40bps)

## Business & Market Commentary

Total revenue growth driven primarily by Organic Revenue growth realized for most lines of business and new acquisitions, but partially offset by lower profit-sharing contingent commissions.

Coastal property rates generally up 5%-15% depending upon loss experience. Other property rates are up 5%-10%. Professional lines rates were generally up 5%-10% with cyber rates up 10%-15%.

Income before income taxes grew faster than EBITDAC, primarily due to the change in acquisition earn-out payables and lower amortization expense.

EBITDAC grew slower than total revenues primarily due to increased intercompany IT expenses and decreased profit-sharing contingent commissions, which offset underlying margin expansion.

# Services Segment

(\$ Millions; Unaudited)	First Quarter			
	2020	2019	\$ Change	% Change
Total revenues	\$44.5	\$49.5	(\$5.0)	(10.1%)
<i>Organic Revenue</i>	\$42.9	\$49.4	(\$6.5)	(13.1%)
Income before income taxes	\$10.1	\$9.2	\$0.9	9.8%
<i>Income before income taxes margin</i>	22.7%	18.6%		410bps
EBITDAC	\$9.8	\$11.8	(\$2.0)	(16.9%)
<i>EBITDAC Margin</i>	22.0%	23.8%		(180bps)

## Business & Market Commentary

Total revenue declined slower than Organic Revenue due to previous acquisition activity.

Organic Revenue declined primarily due to lower weather-driven claims, lower claims in our Social Security advocacy businesses and a prior year terminated customer contract in one of our claims processing businesses.

Income before income taxes increased, driven by the change in estimated acquisition earn-out payables which more than offset the decline in revenue.

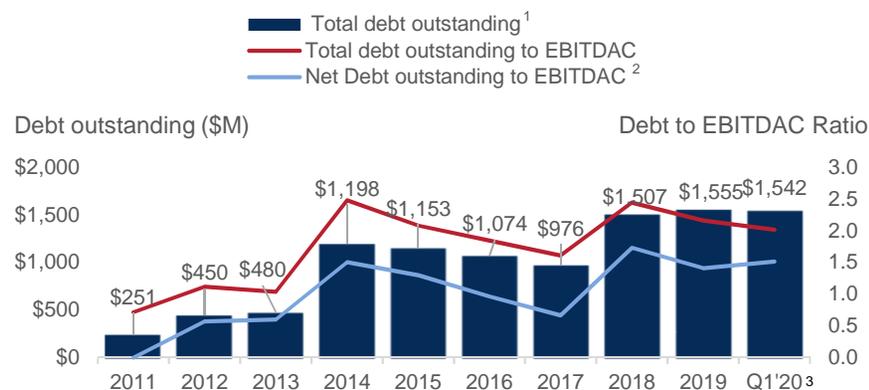
Decrease in EBITDAC driven primarily by lower Organic Revenue while managing expense base and to a lesser extent higher intercompany IT charges.

# Conservative Financial Policy & Liquidity Profile

## Financial & Capital Allocation Policy

- Committed to maintaining low leverage, industry-leading margins, high Free Cash Flow Conversion, and investment-grade ratings
- Optimize financial flexibility in line with growth objectives
- Target Net Debt outstanding to EBITDAC ratio of 0 – 2.5x and total debt outstanding to EBITDAC ratio of 0 – 3.0x
- Manage capital allocation through three channels: internal investment, external acquisitions, and return to shareholders through dividends and periodic share repurchases

## Debt & Leverage



<sup>1</sup> Total debt outstanding is defined as current portion of long-term debt plus long-term debt less unamortized discount and debt issuance costs.

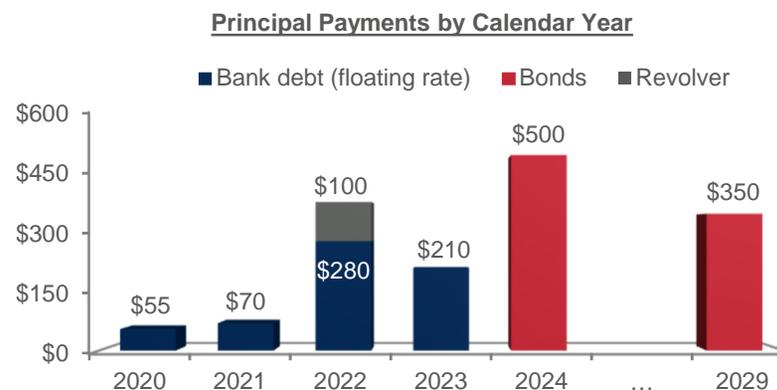
<sup>2</sup> Net Debt outstanding to EBITDAC shown as 0x in instances where it is below 0x.

<sup>3</sup> Debt to EBITDAC for Q1'20 is calculated based upon the previous twelve months, as reported.

## Liquidity Profile

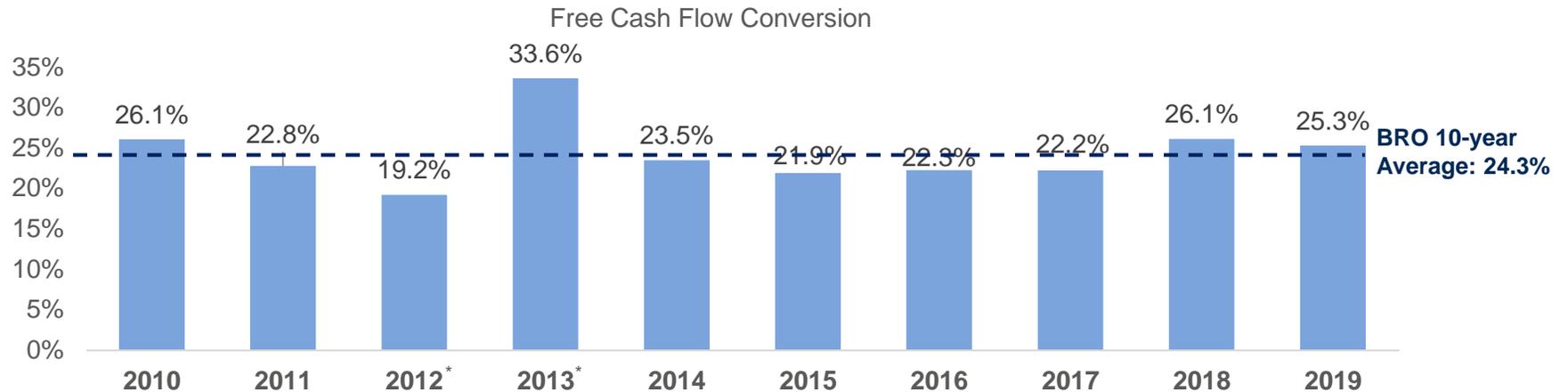
- \$386M cash on balance sheet as of 3/31/20
- \$700M undrawn capacity on revolver, with expansion features of up to \$650M under various loan agreements
  - Amended and extended in June 2017 to June 2022
  - Expected Q2'20 revolver withdrawal of \$250M; \$450M available post-withdrawal
- Over the twelve-month period ended 3/31/2020, Brown & Brown has generated \$640M of Free Cash Flow

## Current Debt Maturity Profile (\$M)



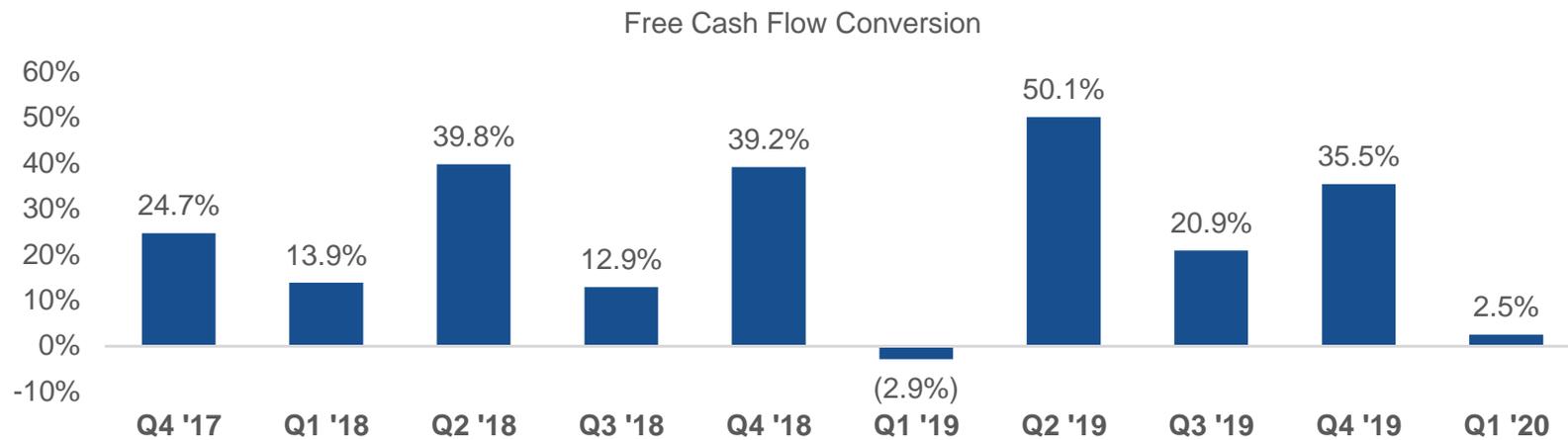
# Strong Free Cash Flow Conversion

## Annual



\* Reflects acceleration of \$50M in annual bonus payments from January 2013 into December 2012; bonuses are traditionally paid in January.

## Quarterly



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

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# Closing Comments



Uncertain economic environment expected to drive decreased exposure units over coming quarters due to the COVID-19 pandemic



Recent trends of premium rate increases expected to continue through the end of the second quarter



Expect temporary slowdown in industry-wide M&A activity due to economic uncertainty



Continuing to focus on delivering innovative solutions during this time of uncertainty



Health and safety of our teammates, their families, and our customers are top priorities





# First Quarter 2020 Results Reconciliation of Non-GAAP Measures



# GAAP to Adjusted Reconciliation

First Quarter 2020

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

	As Reported 2020	Change in Earn-Out Payables	Adjusted 2020
Total revenues	\$698.5	-	\$698.5
Income before income taxes	\$205.3	(\$11.0)	\$194.3
<i>Income before income taxes margin</i>	<i>29.4%</i>		<i>27.8%</i>
EBITDAC	\$242.0	-	\$242.0
<i>EBITDAC Margin</i>	<i>34.6%</i>		<i>34.6%</i>
Net income	\$152.4	(\$8.1)	\$144.3
Diluted net income per share	\$0.54	(\$0.03)	\$0.51

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



# GAAP to Adjusted Reconciliation

First Quarter 2019

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

	As Reported 2019	Change in Earn-Out Payables	Adjusted 2019
Total revenues	\$619.3	-	\$619.3
Income before income taxes	\$148.5	\$1.2	\$149.7
<i>Income before income taxes margin</i>	<i>24.0%</i>		<i>24.2%</i>
EBITDAC	\$197.1	-	\$197.1
<i>EBITDAC Margin</i>	<i>31.8%</i>		<i>31.8%</i>
Net income	\$113.9	\$0.9	\$114.8
Diluted net income per share	\$0.40	\$0.01	\$0.41

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



# Income Before Income Taxes to EBITDAC

(\$ Millions; Unaudited)	First Quarter	
	2020	2019
Income before income taxes	\$205.3	\$148.5
<i>Income before income taxes margin</i>	29.4%	24.0%
Amortization	26.4	26.2
Depreciation	6.0	6.0
Interest	15.3	15.2
Change in estimated acquisition earn-out payables	(11.0)	1.2
<b>EBITDAC</b>	<b>\$242.0</b>	<b>\$197.1</b>
<i>EBITDAC Margin</i>	34.6%	31.8%

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



# Income Before Income Taxes to EBITDAC

(\$ Millions; Unaudited)	First Quarter							
	Retail		Programs		Wholesale		Services	
	2020	2019	2020	2019	2020	2019	2020	2019
Income before income taxes	\$128.7	\$93.8	\$29.6	\$19.3	\$17.7	\$15.6	\$10.1	\$9.2
<i>Income before income taxes margin</i>	28.8%	24.1%	23.1%	17.6%	22.8%	22.1%	22.7%	18.6%
Amortization	16.3	15.4	6.4	6.6	2.4	2.8	1.4	1.3
Depreciation	2.0	1.6	1.9	1.6	0.4	0.4	0.3	0.3
Interest	21.8	21.2	4.7	5.4	1.7	1.3	1.1	0.9
Change in estimated acquisition earn-out payables	(6.1)	1.0	(1.3)	0.1	(0.4)	0.0	(3.1)	0.1
<b>EBITDAC</b>	<b>\$162.7</b>	<b>\$133.0</b>	<b>\$41.3</b>	<b>\$33.0</b>	<b>\$21.8</b>	<b>\$20.1</b>	<b>\$9.8</b>	<b>\$11.8</b>
<i>EBITDAC Margin</i>	36.4%	34.2%	32.2%	30.1%	28.1%	28.5%	22.0%	23.8%

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



# Commissions and Fees to Organic Revenue

(\$ Millions; Unaudited)	First Quarter									
	Retail <sup>(1)</sup>		Programs		Wholesale		Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Commissions and fees	\$446.4	\$388.5	\$128.1	\$109.2	\$77.5	\$70.4	\$44.5	\$49.4	\$696.5	\$617.5
Total change	57.9		18.9		7.1		(4.9)		79.0	
Total growth %	14.9%		17.3%		10.1%		(9.9%)		12.8%	
Contingent commissions	(16.1)	(11.5)	(5.7)	(0.9)	(2.1)	(2.9)	0.0	0.0	(23.9)	(15.3)
Guaranteed supplemental commissions	(4.4)	(3.2)	1.0	0.0	(0.5)	(0.4)	0.0	0.0	(3.9)	(3.6)
Core commissions and fees <sup>(2)</sup>	\$425.9	\$373.8	\$123.4	\$108.3	\$74.9	\$67.1	\$44.5	\$49.4	\$668.7	\$598.6
Acquisition revenues	(34.9)		(2.5)		(2.3)		(1.6)		(41.3)	
Divested business		(4.0)		(0.2)						(4.2)
Organic Revenue	\$391.0	\$369.8	\$120.9	\$108.1	\$72.6	\$67.1	\$42.9	\$49.4	\$627.4	\$594.4
Organic Revenue growth	\$21.2		\$12.8		\$5.5		(\$6.5)		\$33.0	
Organic Revenue growth %	5.7%		11.8%		8.2%		(13.1%)		5.6%	

(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 Total Debt to Net Debt

(\$ Millions; Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q1'20*
Current portion of long-term debt	\$1.2	\$0.1	\$100.0	\$45.6	\$73.1	\$55.5	\$120.0	\$50.0	\$55.0	\$58.8
Long-term debt less unamortized discount and debt issuance costs	250.0	450.0	380.0	1,143.8	1,071.6	1,018.4	856.1	1,457.0	1,500.3	1,483.3
Total debt outstanding	251.2	450.1	480.0	1,189.4	1,144.7	1,073.9	976.1	1,507.0	1,555.3	1,542.1
Cash and cash equivalents	286.3	219.8	203.0	470.0	443.4	515.6	573.4	439.0	542.2	385.8
Net Debt outstanding	(\$35.1)	\$230.3	\$277.0	\$719.4	\$701.3	\$558.3	\$402.7	\$1,068.0	\$1,013.1	\$1,156.3
EBITDAC	\$349.6	\$401.3	\$461.9	\$481.8	\$553.1	\$579.9	\$605.3	\$615.4	\$716.9	\$761.8
Total debt outstanding to EBITDAC	0.7x	1.1x	1.0x	2.5x	2.1x	1.9x	1.6x	2.4x	2.2x	2.0x
Net Debt outstanding to EBITDAC	0.0x	0.6x	0.6x	1.5x	1.3x	1.0x	0.7x	1.7x	1.4x	1.5x

\*EBITDAC reflects the 12 month period ended Q1 2020.

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



# Net Cash Provided by Operating Activities to Free Cash Flow and Free Cash Flow Conversion

Annual

(\$ Millions; Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net cash provided by operating activities	\$264.4	\$244.5	\$254.3	\$474.8	\$394.8	\$381.8	\$411.0	\$442.0	\$567.5	\$678.2
Capital expenditures	(10.5)	(13.6)	(24.0)	(16.4)	(24.9)	(18.4)	(17.8)	(24.2)	(41.5)	(73.1)
Free Cash Flow	253.9	230.9	230.3	458.4	369.9	363.4	393.2	417.8	526.0	605.1
Total revenues	\$973.5	\$1,013.5	\$1,200.0	\$1,363.3	\$1,575.8	\$1,660.5	\$1,766.6	\$1,881.3	\$2,014.2	\$2,392.2
Free Cash Flow Conversion	26.1%	22.8%	19.2%	33.6%	23.5%	21.9%	22.3%	22.2%	26.1%	25.3%

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



# Net Cash Provided by Operating Activities to Free Cash Flow and Free Cash Flow Conversion

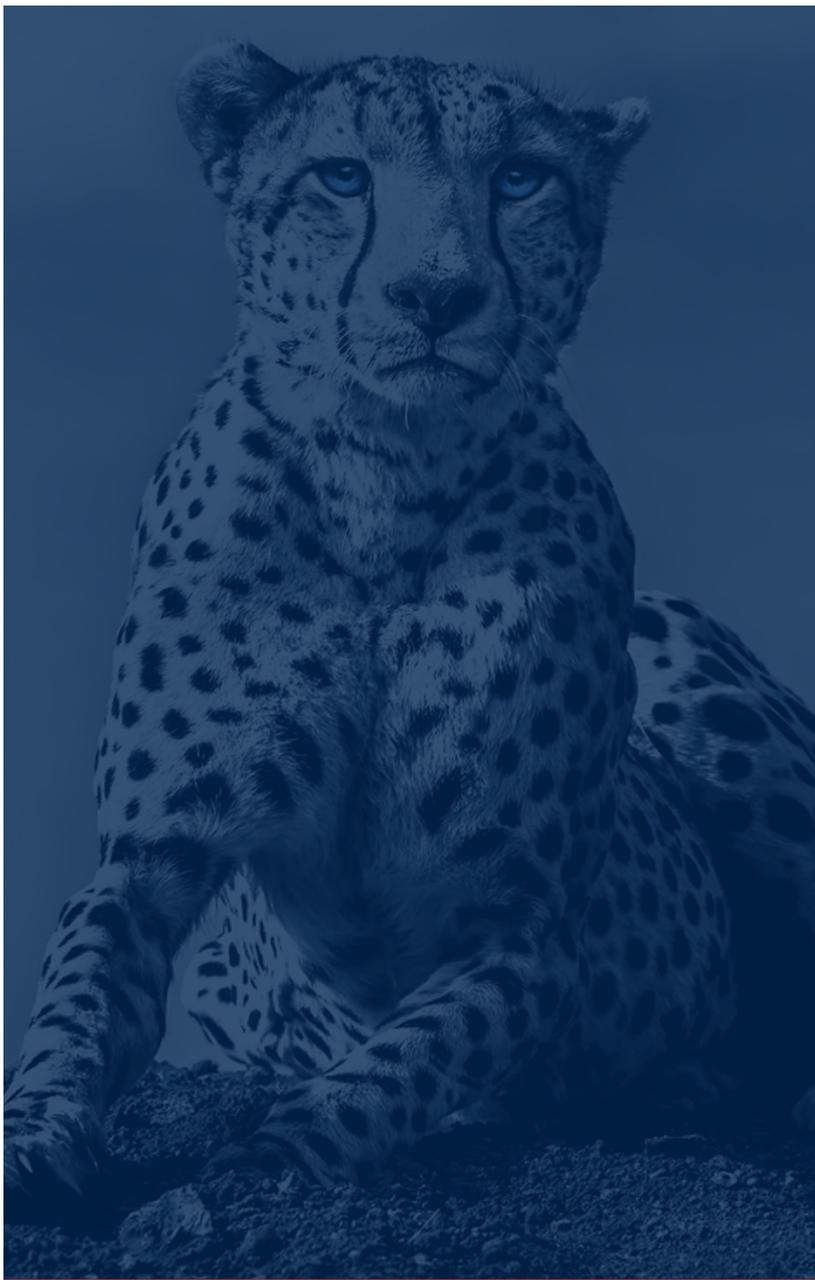
Quarterly

(\$ Millions; Unaudited)

	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20
Net cash provided by operating activities	\$128.4	\$79.5	\$197.9	\$78.1	\$212.0	\$5.4	\$300.3	\$141.4	\$231.1	\$33.8
Capital expenditures	(11.3)	(9.8)	(9.6)	(9.5)	(12.7)	(23.2)	(12.0)	(12.2)	(25.8)	(16.5)
Free Cash Flow	117.1	69.7	188.3	68.6	199.3	(17.8)	288.3	129.2	205.3	17.3
Total revenues	\$474.3	\$501.5	\$473.2	\$530.9	\$508.7	\$619.3	\$575.2	\$618.7	\$579.0	\$698.5
Free Cash Flow Conversion	24.7%	13.9%	39.8%	12.9%	39.2%	(2.9%)	50.1%	20.9%	35.5%	2.5%

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





**For additional information:**

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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.*