



Annual Shareholders Meeting

Brown & Brown, Inc.

May 1, 2019

Important Notice

Please turn off all mobile phones at this time.

Thank you for your cooperation and for joining us today.





Shareholders Meeting Agenda

May 1, 2019

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Call to Order and Voting Issues
Before Shareholders

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CEO Remarks

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CFO Remarks

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Information Regarding Forward-Looking Statements

This presentation 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.

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

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



Important Disclosures Regarding Non-GAAP Measures

This presentation contains references to "non-GAAP financial measures" as defined in SEC Regulation G, including EBITDAC, EBITDAC Margin, Proforma EBITDAC, Hays Proforma EBITDAC, Diluted Net Income Per Share – Adjusted, Free Cash Flow, Cash Flow Conversion, Cash Flow Yield, Net Debt Outstanding, and Organic Revenue. We present these measures because we believe they are of interest to the investment community and because we believe they provide additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent on a generally accepted accounting principles (GAAP) basis. These financial measures should be considered in addition to, not in lieu of, the Company's consolidated income statements and balance sheets as of the relevant date. Consistent with Regulation G, a description of such information is provided below and a reconciliation of such items to GAAP information can be found in our periodic filings with the SEC. Our method of calculating these non-GAAP financial measures may differ from the methods used by other companies and, therefore, comparability may be limited.






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

- **EBITDAC** is defined as 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.
- **Proforma EBITDAC** is defined as EBITDAC, plus Hays Proforma EBITDAC.
- **Hays Proforma EBITDAC** is defined as the estimated unearned portion of EBITDAC related to the acquisition of certain assets and assumption of certain liabilities of The Hays Group, Inc. and certain of its affiliates (collectively, "Hays") in November 2018 (the "Hays Proforma EBITDAC"), which for 2018 is \$44 million (i.e., the pro-rated midpoint of the \$47 to \$53 million range of estimated 2019 EBITDAC from Hays).
- **Diluted Net Income Per Share – Adjusted** is defined as diluted net income per share, excluding (i) 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, (ii) the change in estimated acquisition earn-out payables, (iii) the net pretax loss on disposal of certain assets of Axiom Re in 2014, (iv) the impact of the change in the effective tax rate associated the impact of the Tax Cut and Jobs Act of 2017 (the "Tax Reform Act") and (v) Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification Topic 340 – Other Assets and Deferred Cost (the "**New Revenue Standard**").
- **Free Cash Flow** is defined as net cash provided from operations less capital expenditures.
- **Free Cash Flow Conversion** is defined as free cash flow divided by total revenue.
- **Free Cash Flow Yield** is defined as free cash flow divided by fully diluted shares, as measured by the average share price for the year.
- **Net Debt Outstanding** is defined as total debt outstanding less cash and cash equivalents.

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.

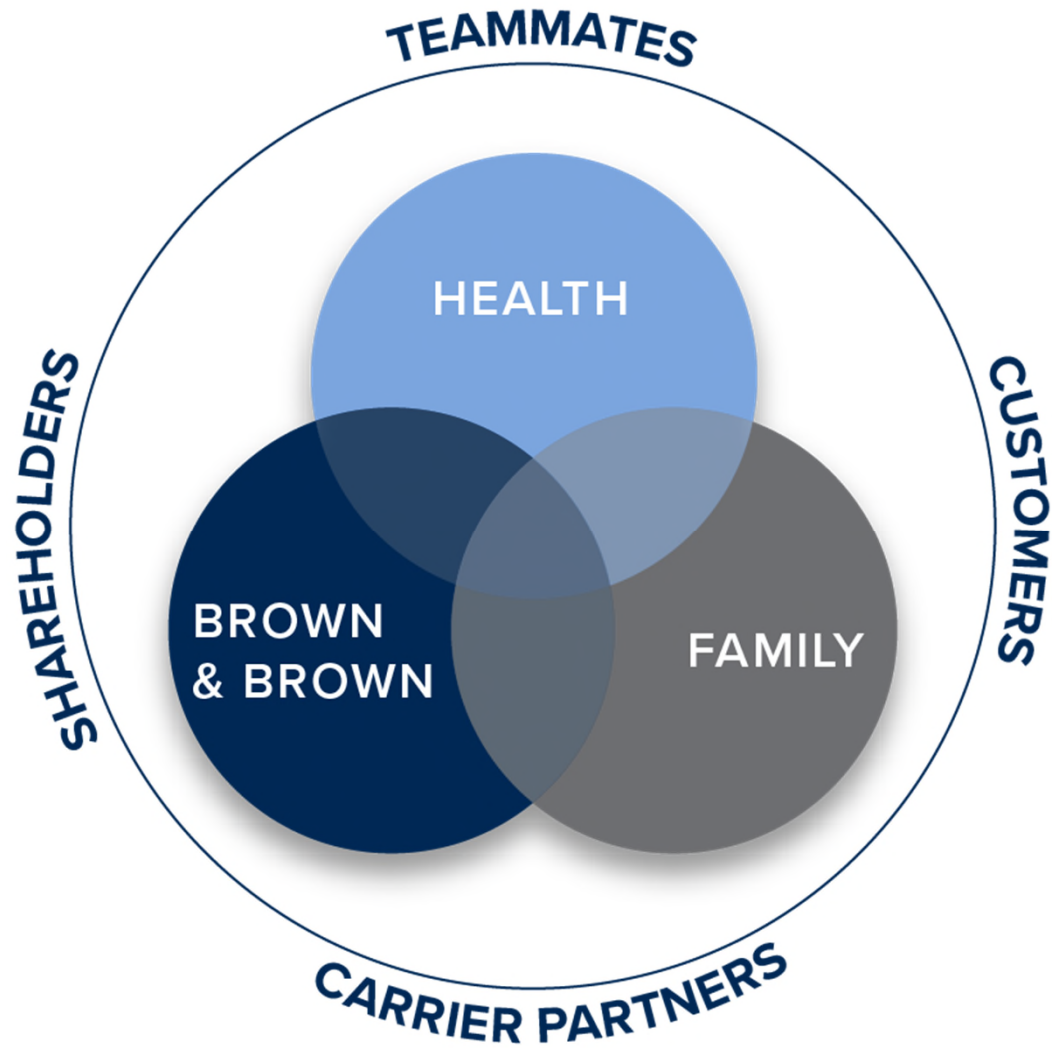
- **Organic Revenue**, a non-GAAP measure, is defined as commissions and fees less (i) the first twelve months of commission and fee revenues generated from acquisitions, less (ii) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability 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.

Year in Review - 2018

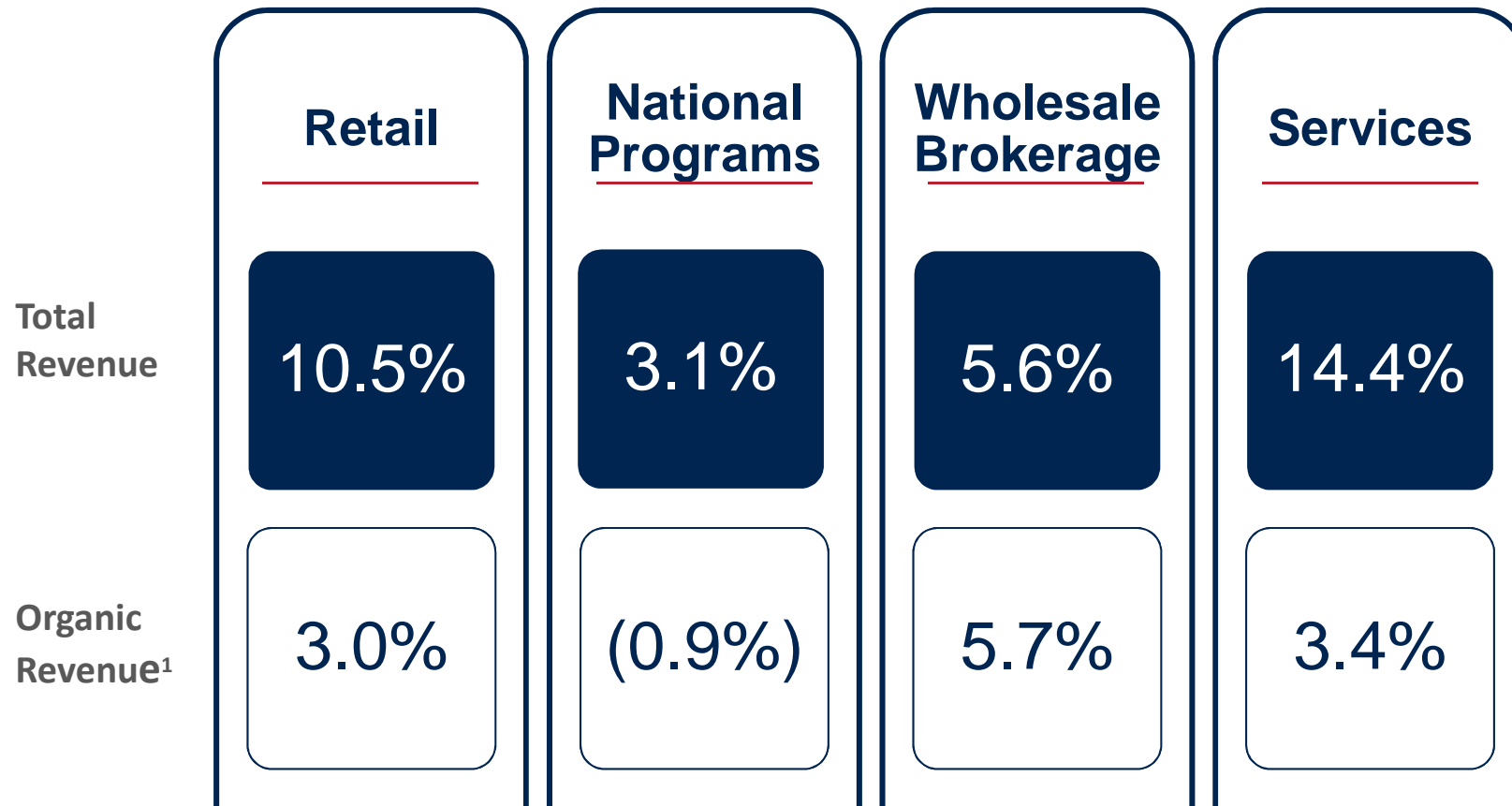
-  **Grew total revenues by 7.1% and Diluted Net Income Per Share - Adjusted¹ by 22.9%**
-  **Added approximately 1,100 teammates and 49 locations**
-  **Delivered Free Cash Flow Conversion¹ of 26%**
-  **Completed 23 transactions - \$323M of annual revenue**
-  **Invested in technology and new capabilities**

¹ "Diluted Net Income Per Share – Adjusted" and "Free Cash Flow Conversion" are non-GAAP measures. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and reconciliations to the most closely comparable GAAP measures in the Appendix.

Power of We



Revenue Growth Rates - 2018

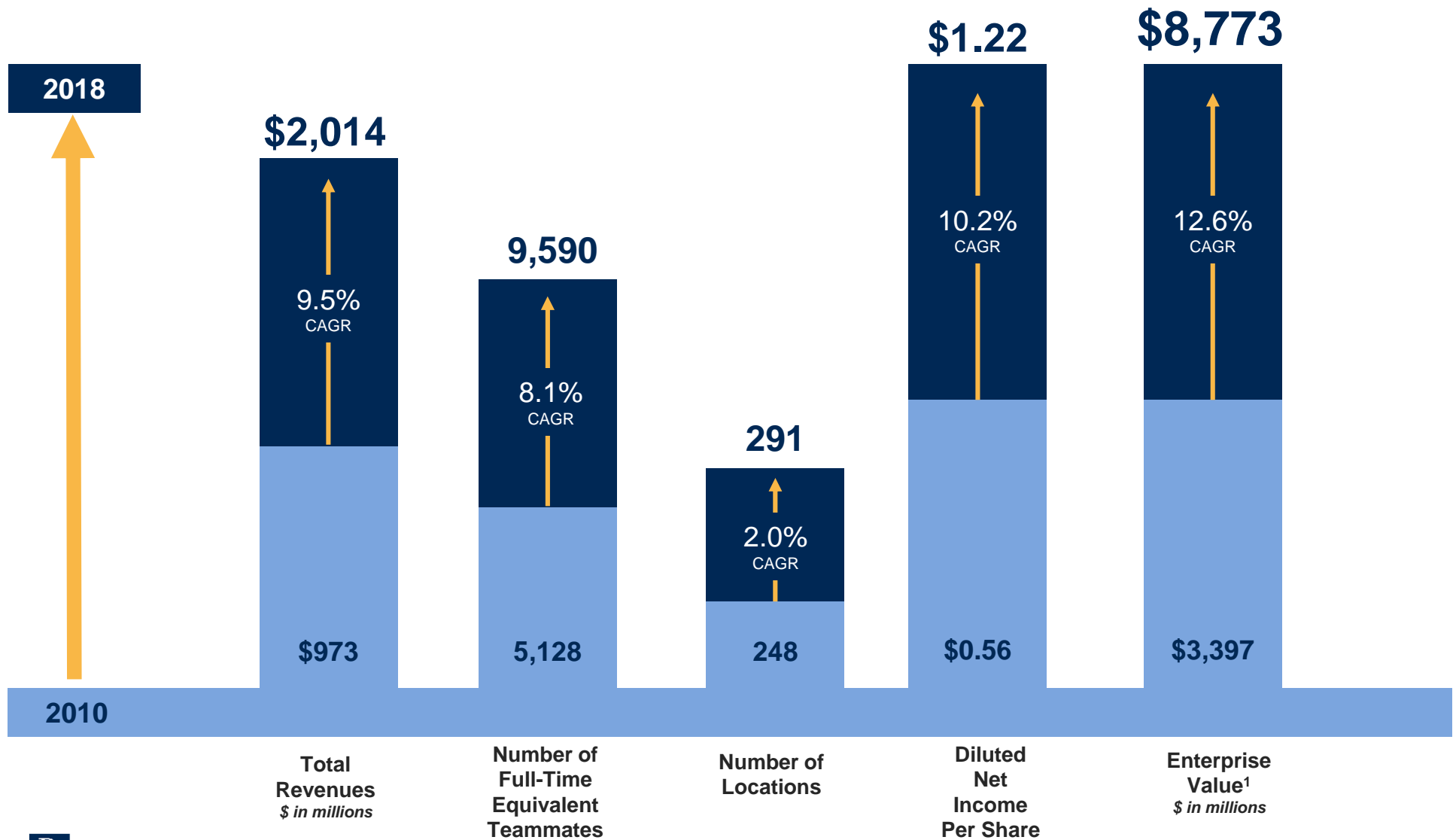


¹ "Organic Revenue" is a non-GAAP measure. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 a reconciliation to the most closely comparable GAAP measure in the Appendix.

2010 Intermediate Goal



Our Journey from 2010 to 2018



¹ "Enterprise Value" means market capitalization, plus current portion of long-term debt, plus long-term debt less unamortized discount and debt issuance costs, less cash and cash equivalents

Growing Capabilities

Retail

- Specializations/ niches spanning many industry classifications
- Coverage placed for almost every line
- Large account capabilities in both P&C lines and employee benefits
- High net worth capabilities

National Programs

- Broad industry programs - 50+
- Large nationwide distribution network
- Turnkey and custom technology solutions
- Strong underwriting, data, and analytics capabilities

Wholesale Brokerage

- Specializations/ niches for brokerage and binding authority
- Addressing most all industries and lines of coverage
- Nationwide footprint and distribution network
- London placement capabilities

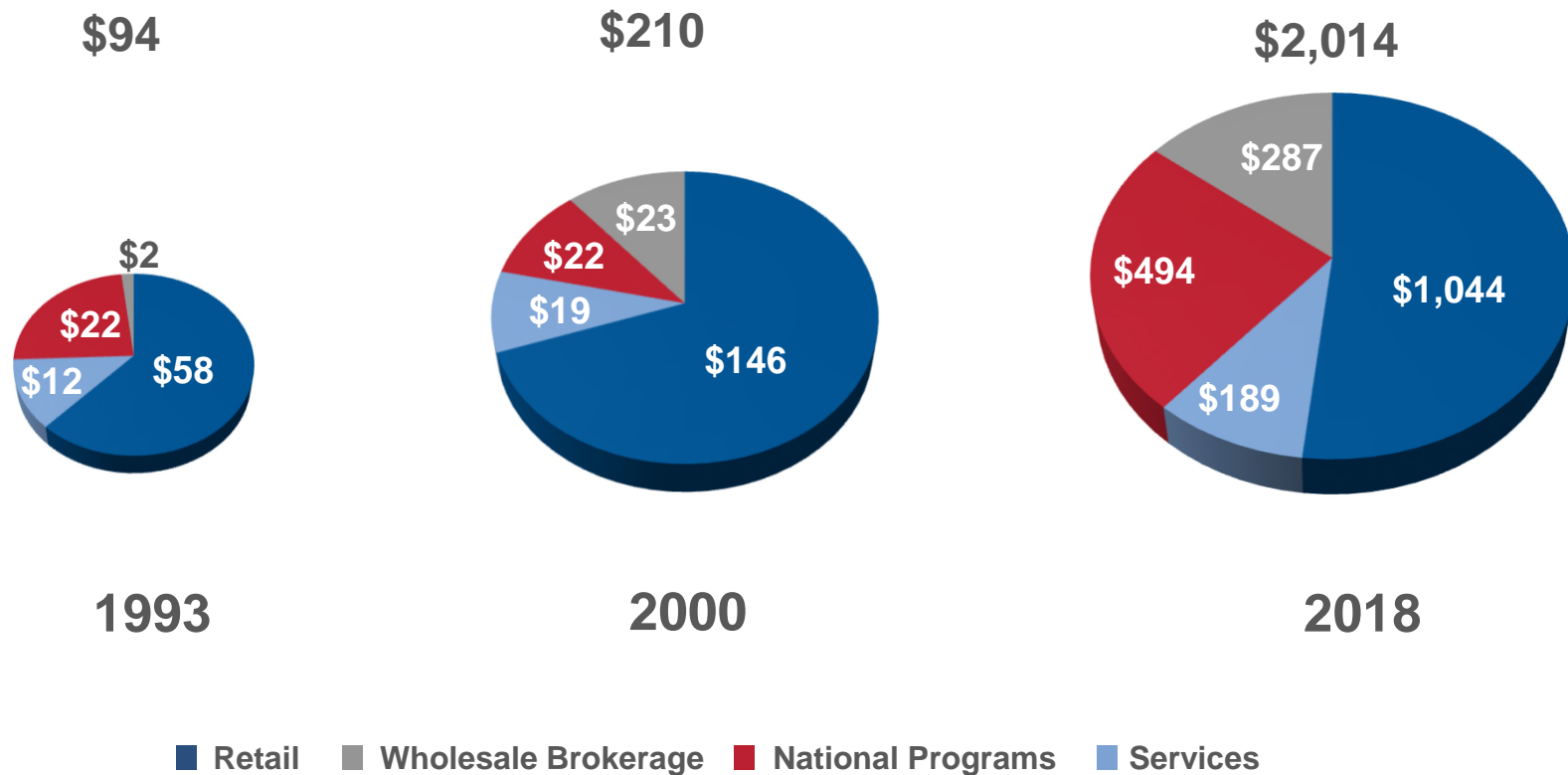
Services

- Robust third-party administration services covering property, auto and workers' compensation
- Industry-leading claims advocacy processor
- Claims processing supporting carrier partners and MGAs

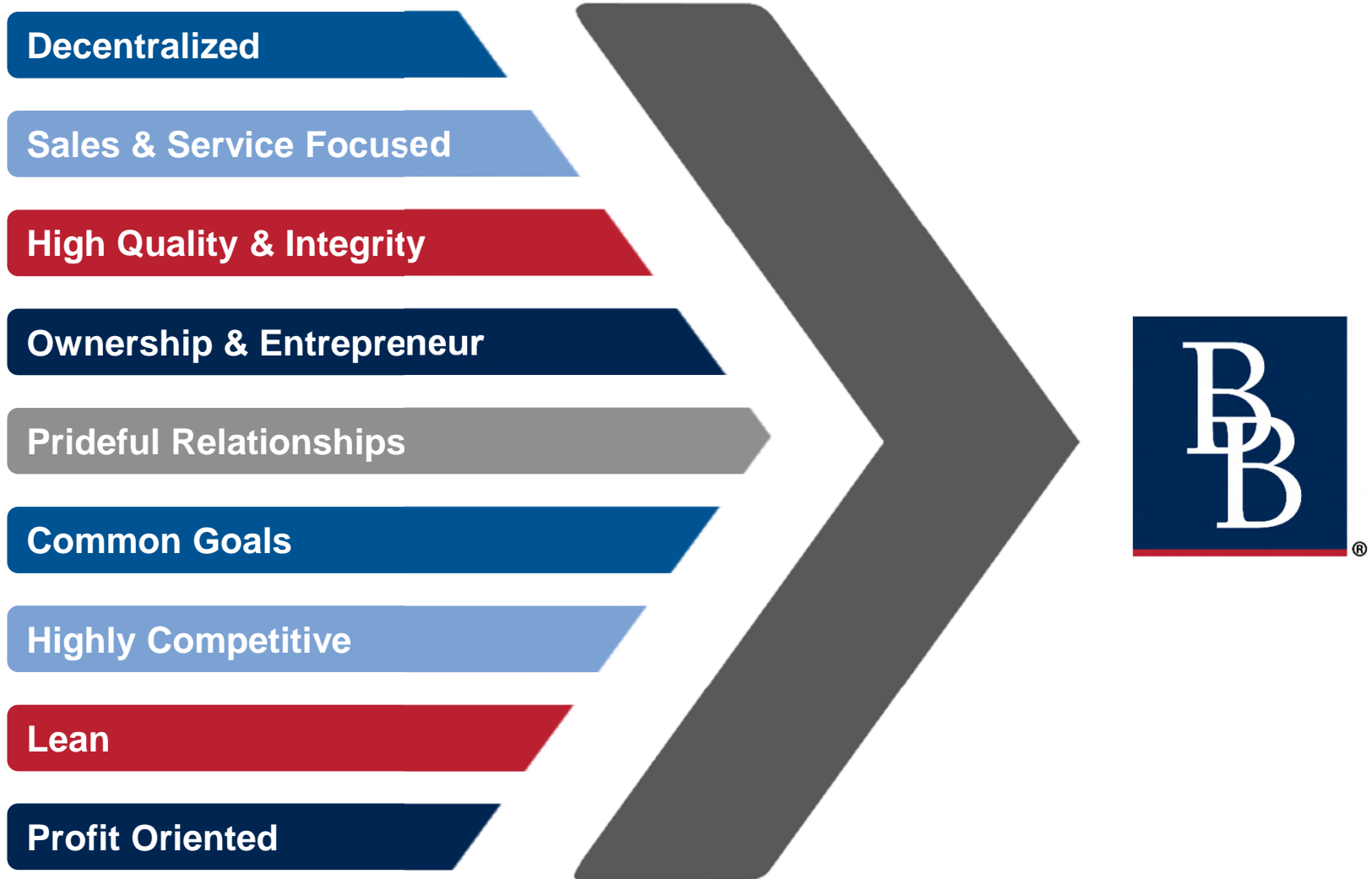
Teammates / Technology / Data / Innovation

Balanced & Diversified Business Mix

Revenues by Segment (\$M)



Power of Our Culture



The Power of BE



BE GRITTY

Have courage & determination.



BE A TALENT MAGNET

Attract the brightest & best talent.



BE A WINNER

Consistently achieve results.



BE A MENTOR

Support growth & development.



BE CUSTOMER FOCUSED

Build strong relationships.



BE THE LINK

Create teammate connections & energy.



BE TRUSTWORTHY

Build trust through authenticity.



BE A FUTURIST

Create innovative ways to be successful.



BE CLEAR

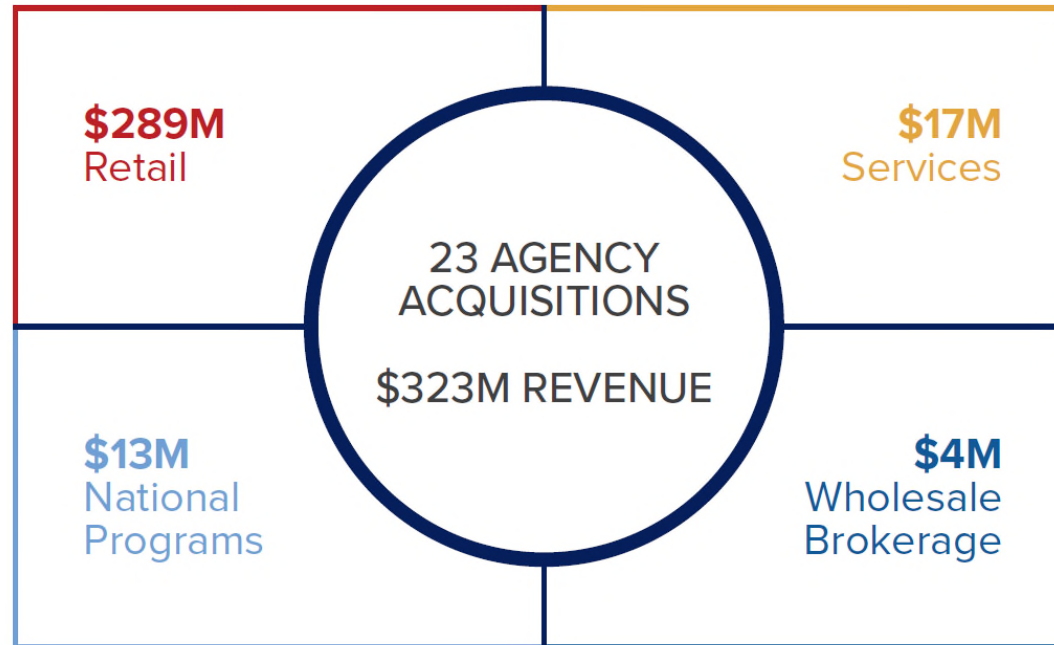
Use a concise message that resonates.



BE SMART

Make decisions that propel us forward.

Completed Acquisitions

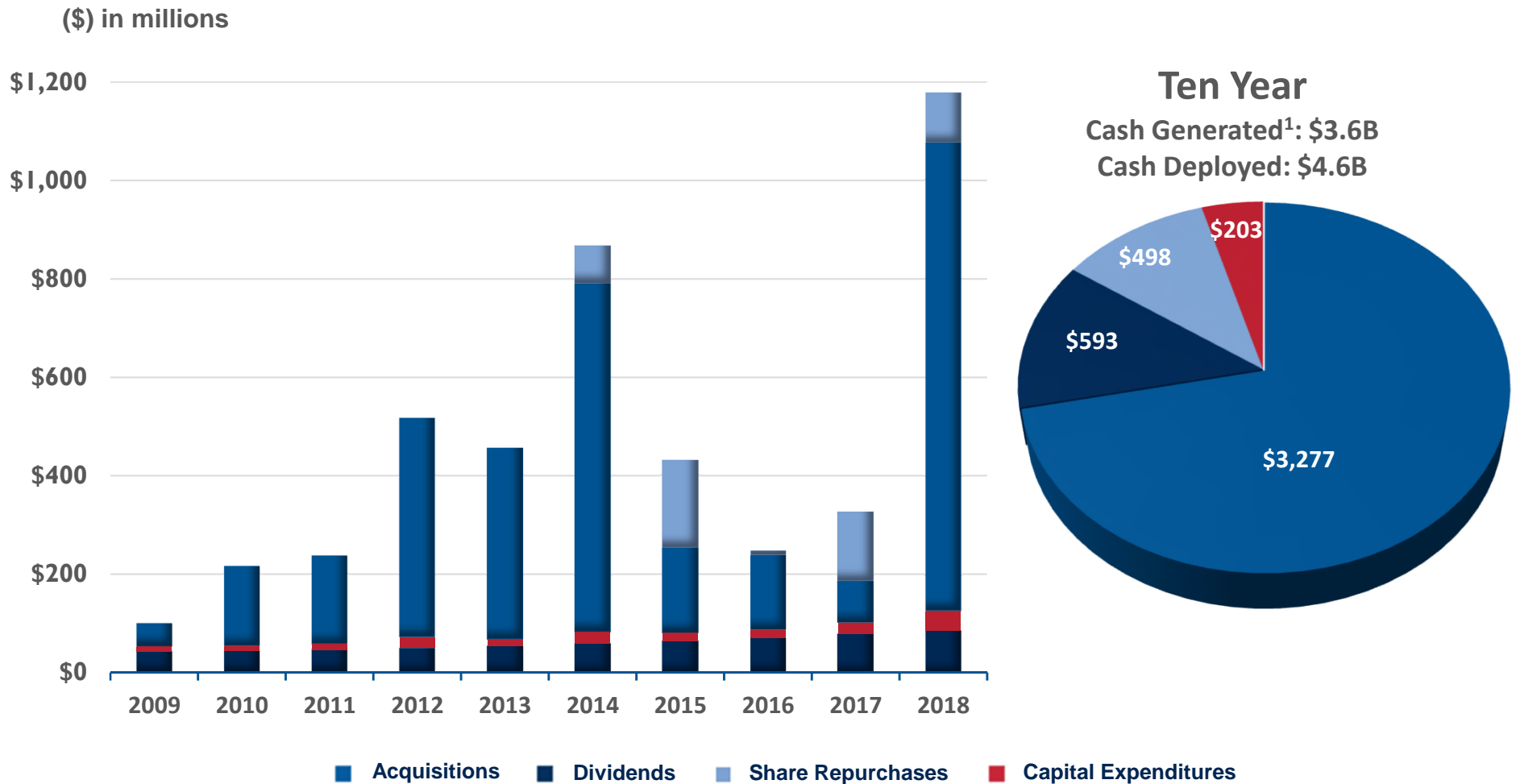


2018 Stand-Alone Acquisitions

- Automotive Development Group
- Dealer Associates
- Finance & Insurance Resources
- Hays Companies*
- Health Special Risk
- Professional Disability Associates
- Rodman Insurance Agency
- Servco Insurance Services

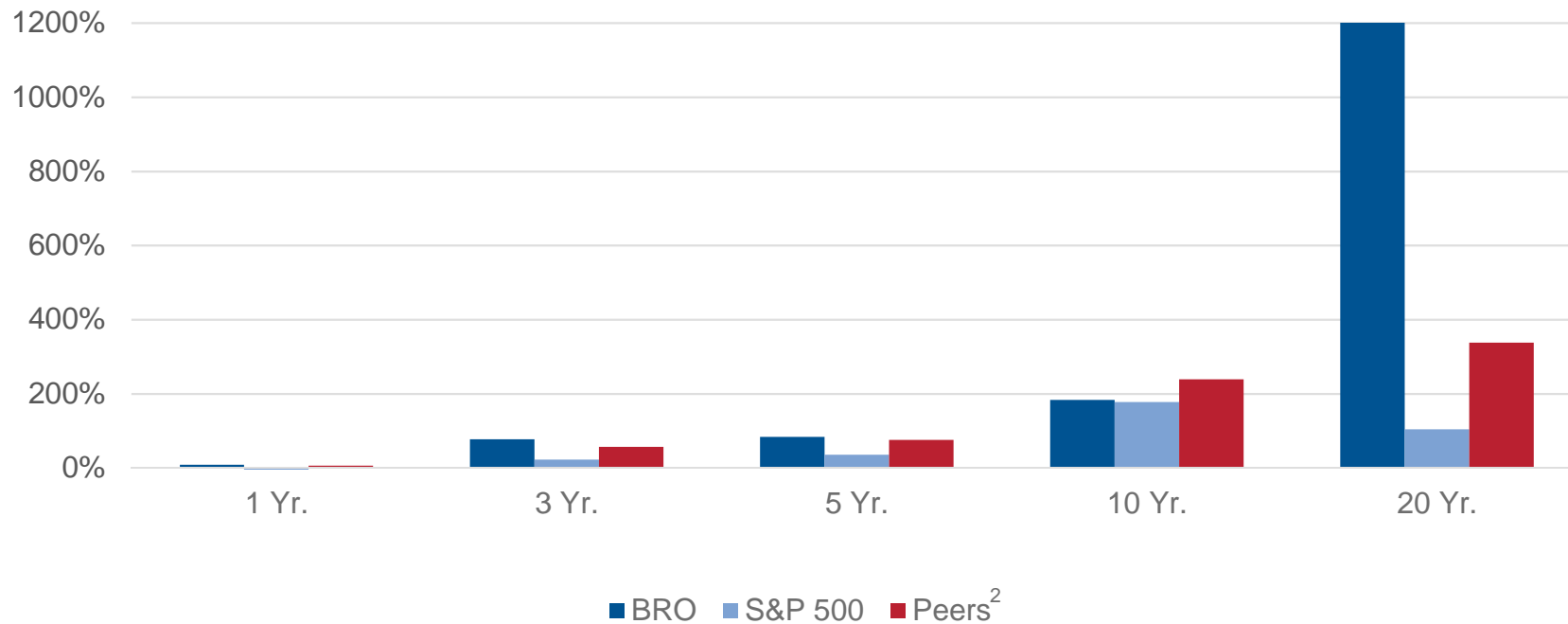
* Represents the largest acquisition by revenue in our Company's history.

Balanced Long-Term Capital Deployment



¹ Defined as net cash provided by operating activities.

Total Shareholder Returns¹



Total Shareholder Returns	1 Yr.	3 Yr.	5 Yr.	10 Yr.	20 Yr.
BRO	8.3%	76.9%	83.7%	183.8%	1,292.0%
S&P 500	(6.2%)	22.6%	35.6%	177.5%	103.9%
Peers ²	6.0%	56.9%	75.9%	239.2%	338.3%

Source: FactSet as of 12/31/2018

¹ Calculated as change in share price plus total dividends paid

² Represents median total return of Aon, Willis Towers Watson, Arthur J. Gallagher, and Marsh & McLennan





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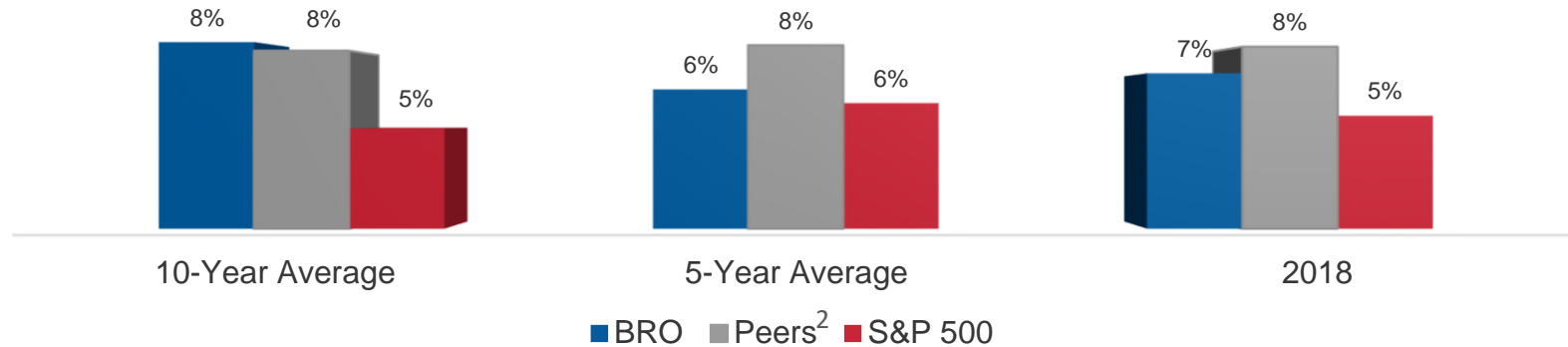
Financial Year in Review

-  **Grew revenues to over \$2B with 2.4% Organic Revenue¹ growth**
-  **Maintained industry-leading margins and Free Cash Flow Yield¹**
-  **Delivered \$526M of Free Cash Flow¹**
-  **Maintained strong balance sheet and capital structure**
-  **Delivered diluted net income per share of \$1.22;
Diluted Net Income Per Share – Adjusted¹ growth of 22.9%**

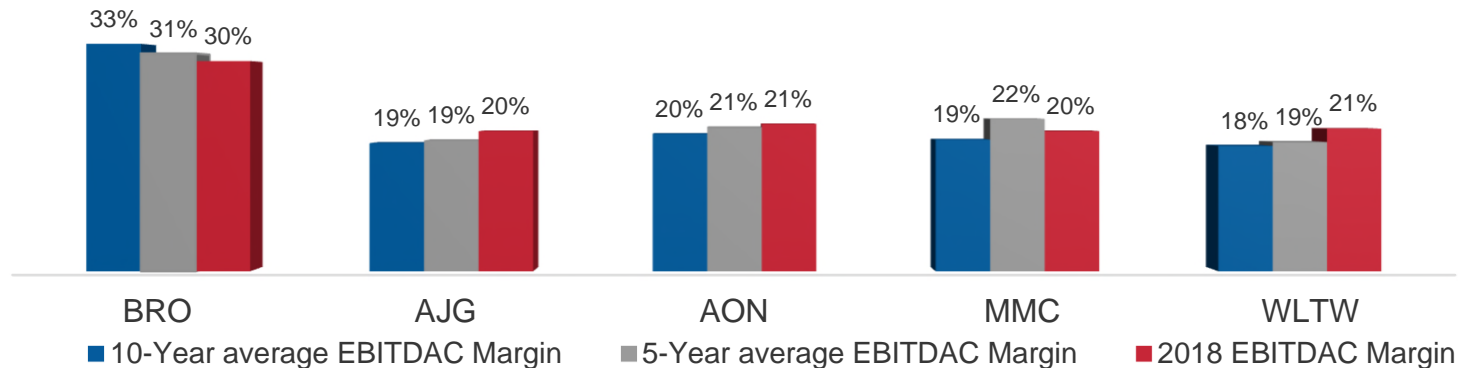
¹ "Organic Revenue," "Free Cash Flow Yield," "Free Cash Flow," and "Diluted Net Income Per Share – Adjusted" are non-GAAP measures. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and reconciliations to the most closely comparable GAAP measures in the Appendix.

Performance vs. Peers & Market

Revenue Growth



EBITDAC Margin¹



Source: FactSet

¹"EBITDAC Margin" is a non-GAAP measures. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and reconciliations to the most closely comparable GAAP measure in the Appendix.

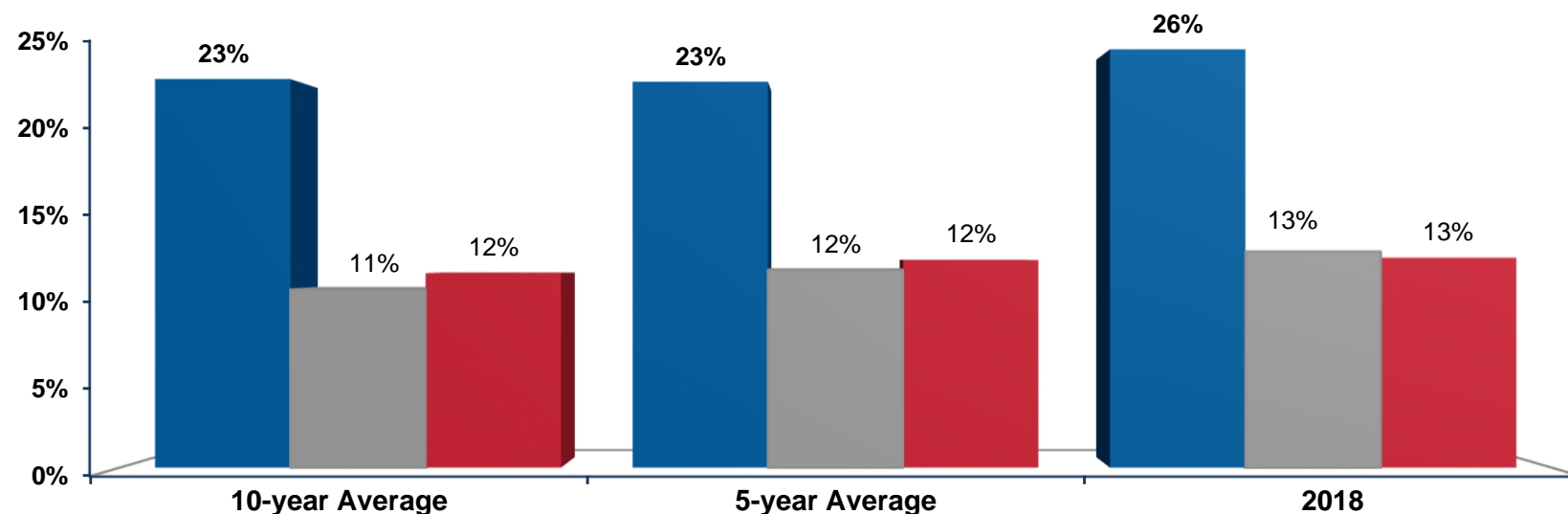
² Peers are Arthur J. Gallagher & Co, Aon plc, Marsh & McLennan Companies, and Willis Towers Watson Public Limited Company.



Strong & Consistent Free Cash Flow Conversion

Free Cash Flow Conversion¹ Comparison

■ BRO ■ Peers² ■ S&P 500



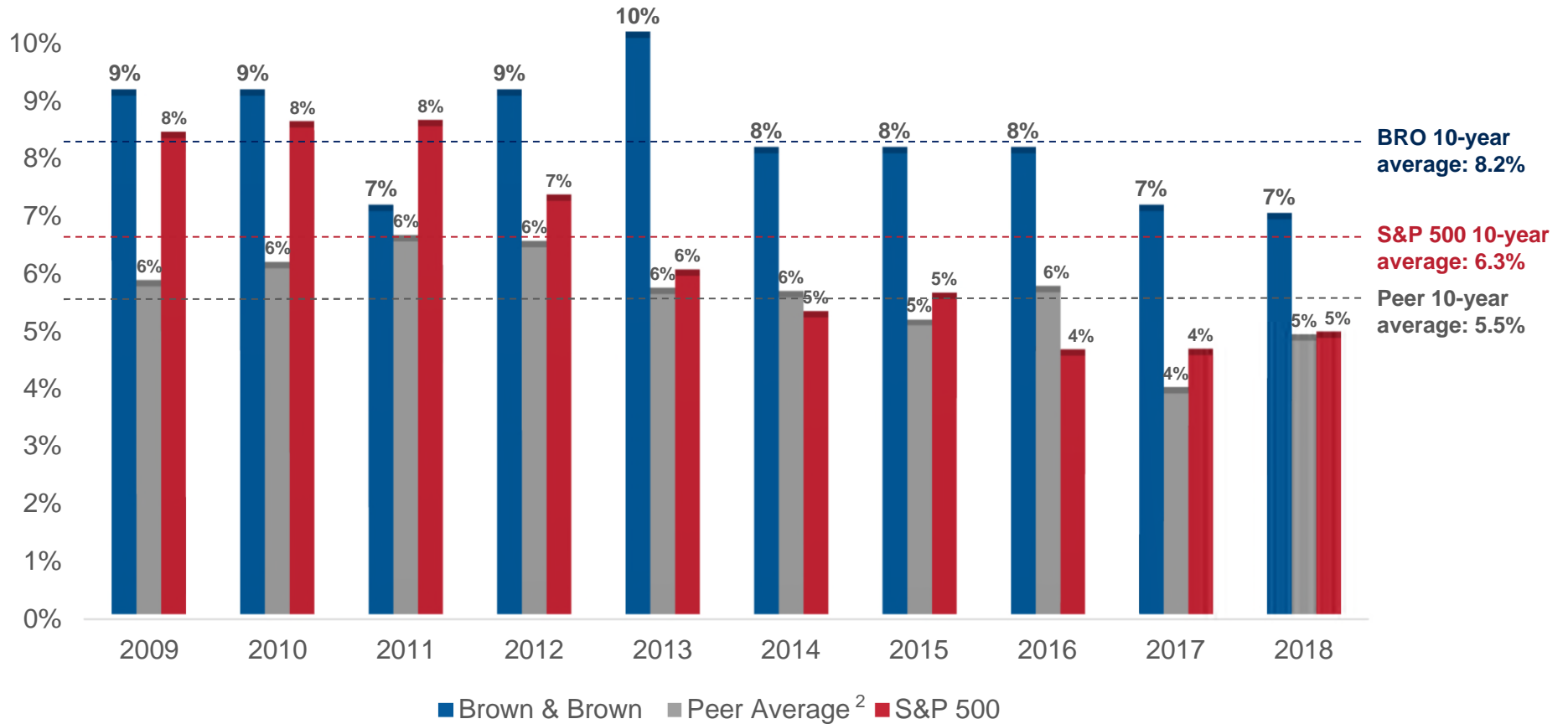
Source: FactSet, SNL Financial

¹ "Free Cash Flow Conversion" is a non-GAAP measure. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and a reconciliation to the most closely comparable GAAP measure in the Appendix.

² Peers are Arthur J. Gallagher & Co, Aon plc, Marsh & McLennan Companies, and Willis Towers Watson Public Limited Company



Industry-Leading Free Cash Flow Yield¹



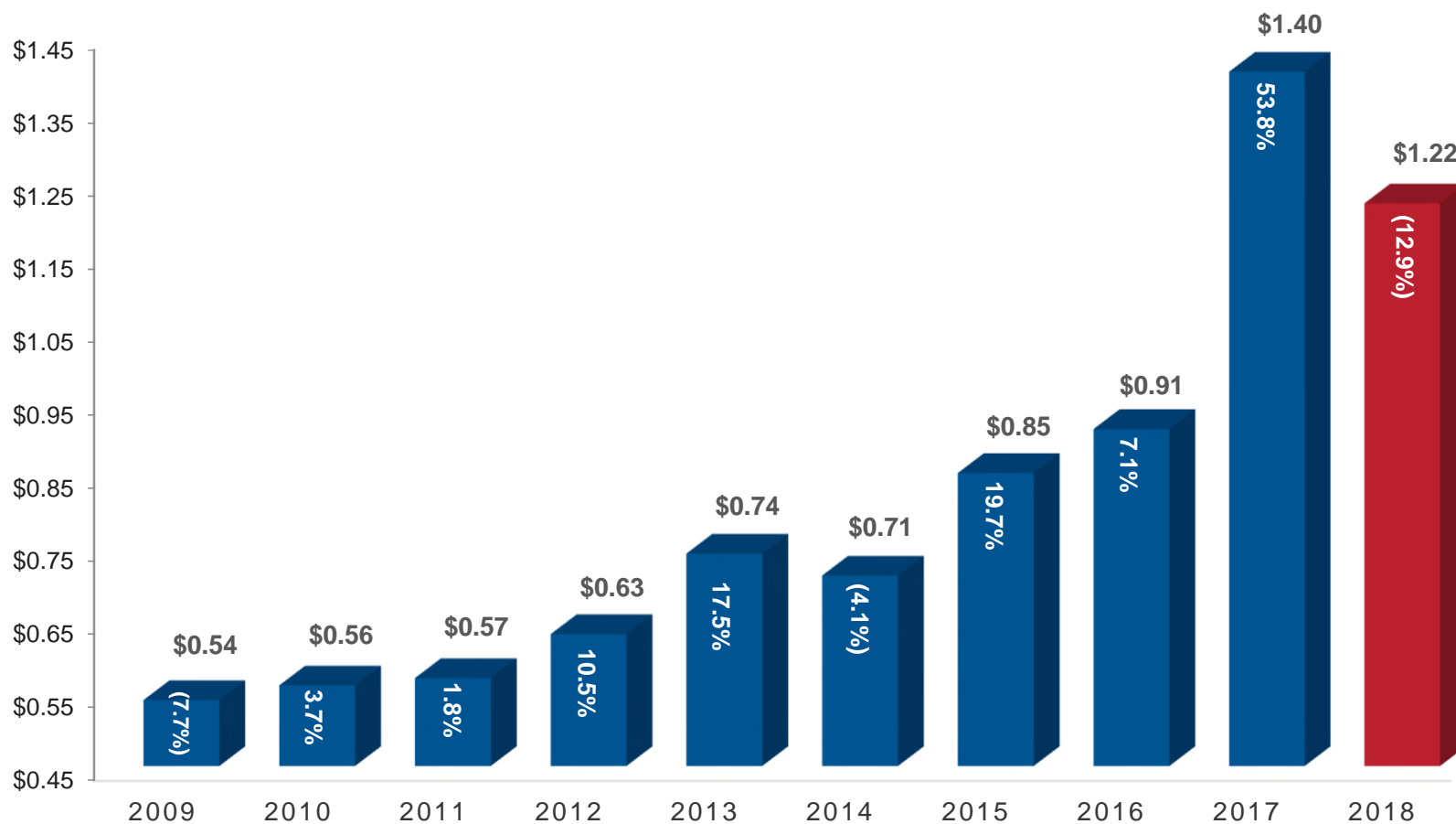
Source: FactSet

¹ "Free Cash Flow Yield" is a non-GAAP measure. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and a reconciliation to the most closely comparable GAAP measure in the Appendix.

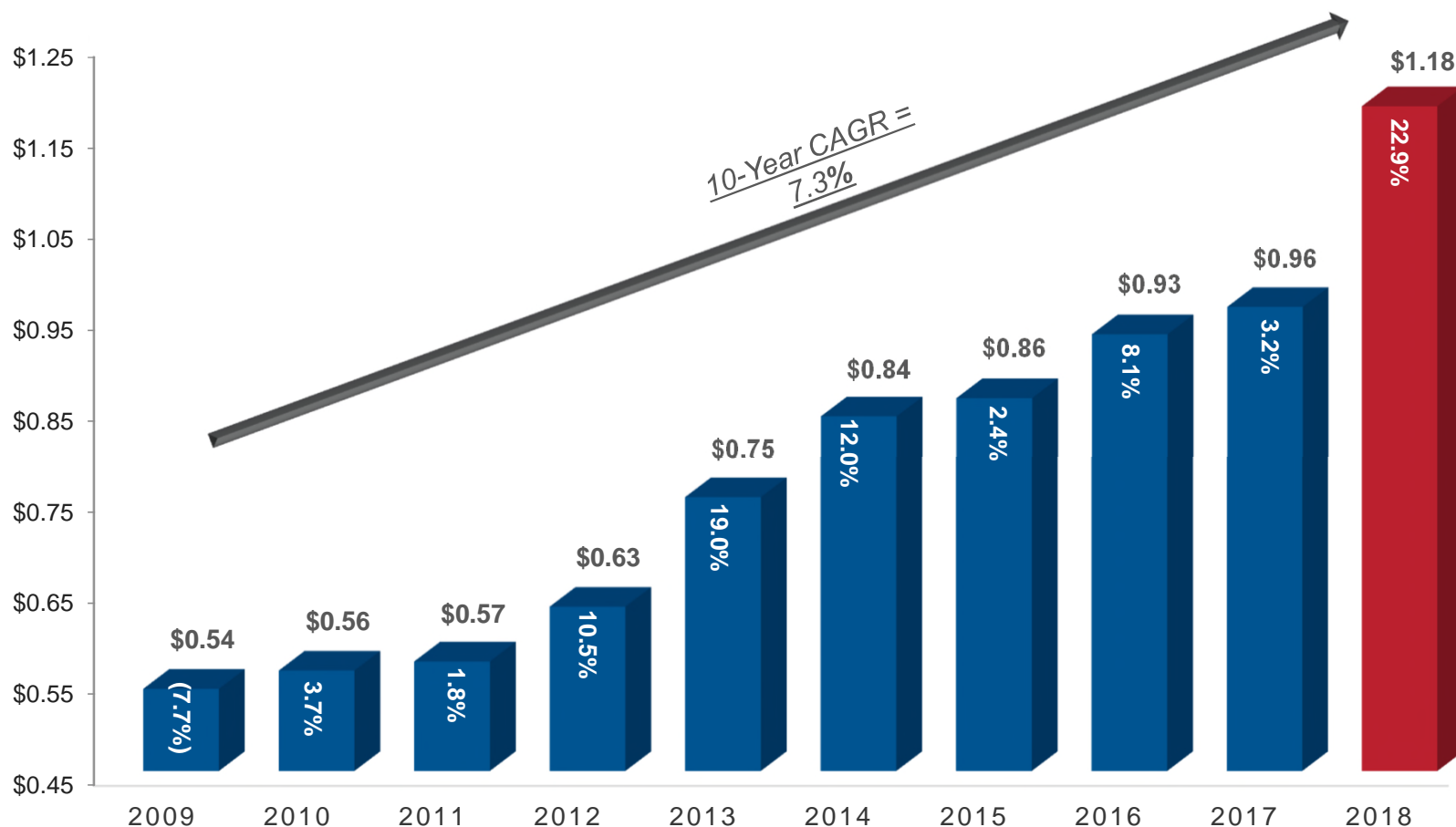
² Peers are Aon plc, Arthur J. Gallagher & Co, Marsh & McLennan Companies, and Willis Towers Watson Public Limited Company.



Diluted Net Income Per Share



Diluted Net Income Per Share Growth – Adjusted¹

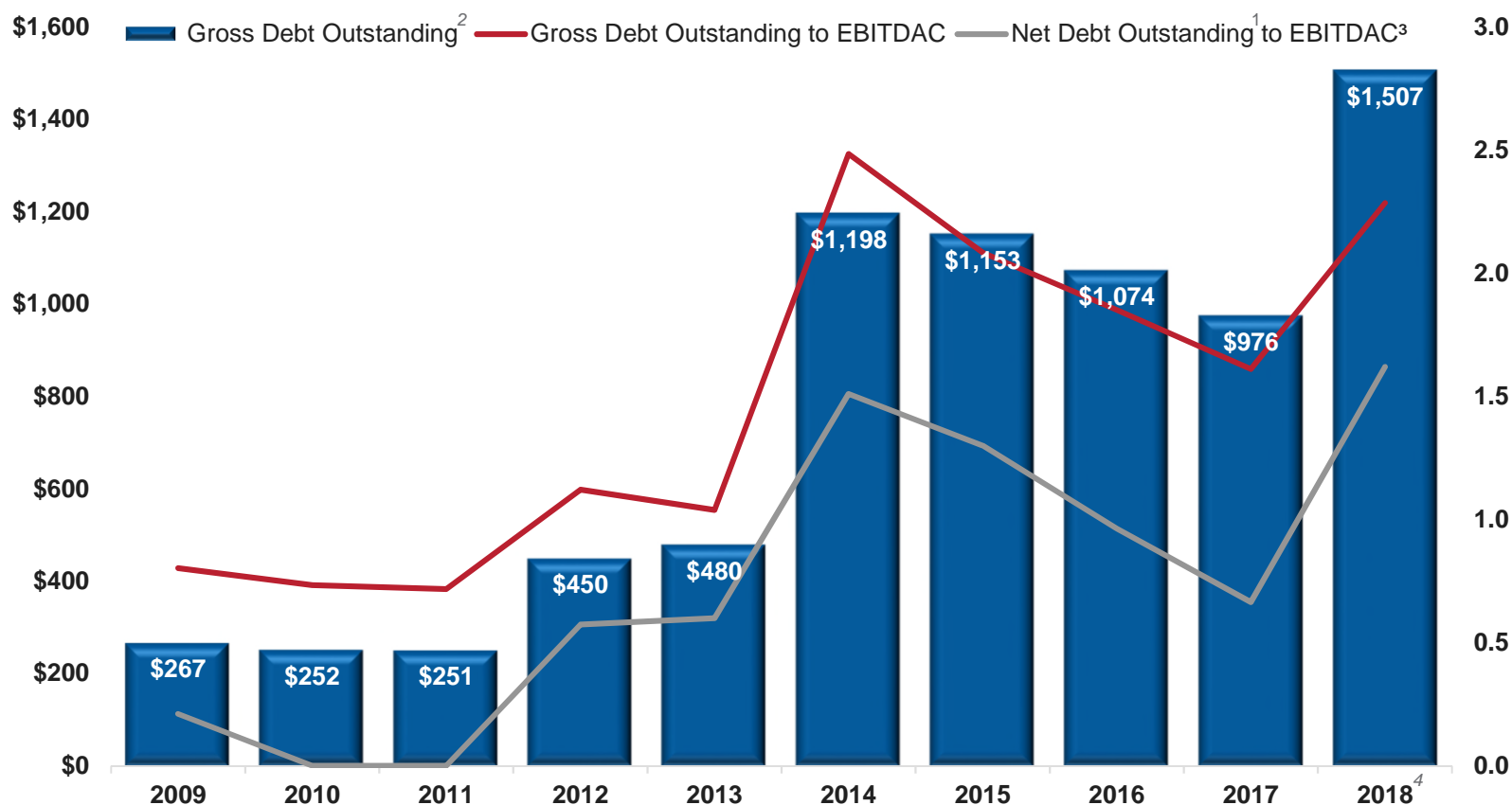


¹ "Diluted Net Income Per Share Growth - Adjusted" is a non-GAAP measure. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and a reconciliation to the most closely comparable GAAP measure in the Appendix.

Debt and Leverage

Debt outstanding (\$) in millions

Debt to EBITDAC Ratio



1 "Net Debt Outstanding," and "Proforma EBITDAC" are non-GAAP measures. Please refer to "Important Disclosures Regarding Non-GAAP Measures" on page 6 and a reconciliation to the most closely comparable GAAP measures in the Appendix.

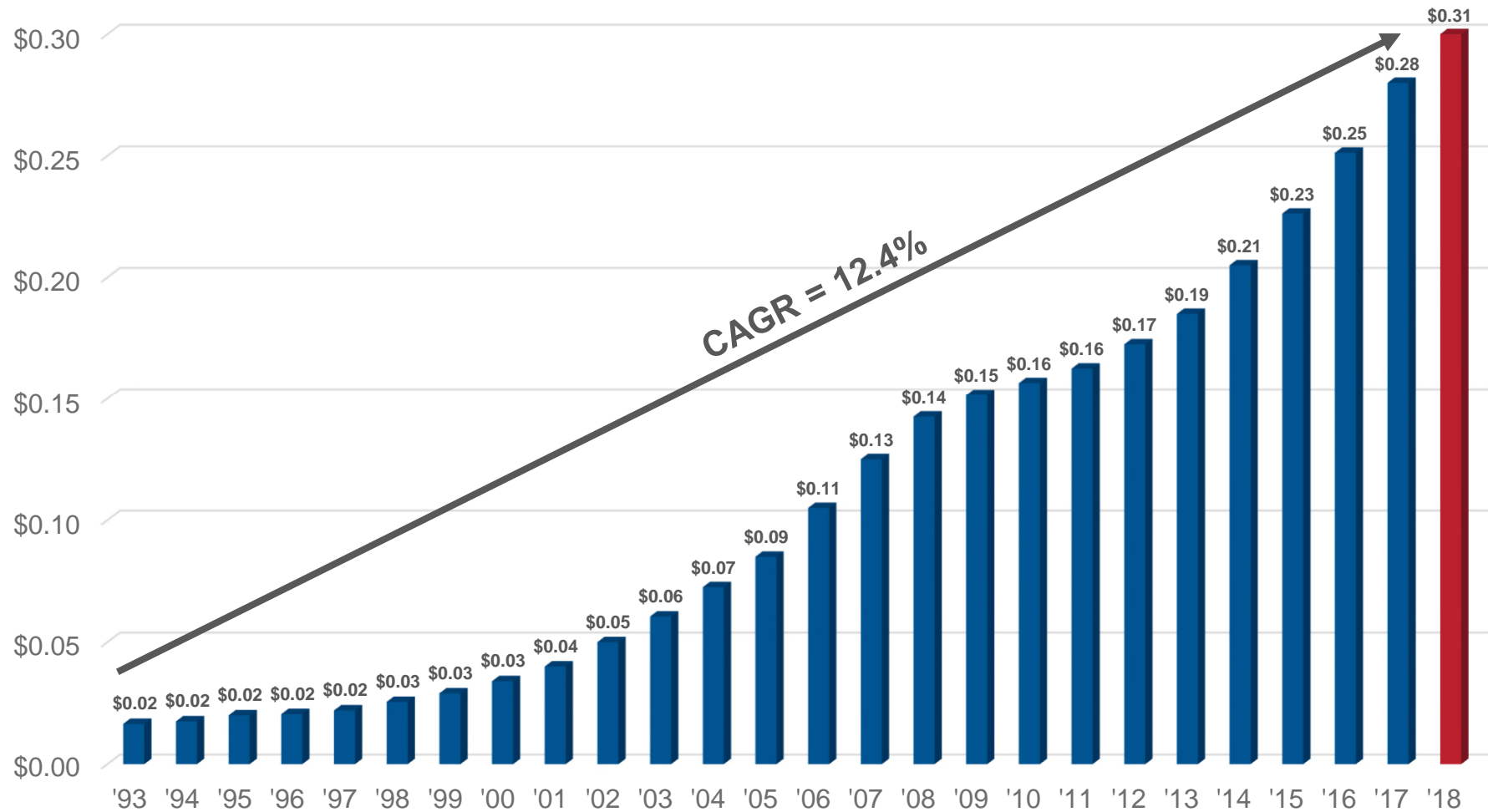
2 "Gross Debt Outstanding" is defined as current portion of long-term debt plus long-term debt less unamortized discount and debt issuance costs

3 Net debt to EBITDAC shown as 0x in instances where it is less than 0x

4 2018 reflects Gross Debt Outstanding to Proforma EBITDAC and Net Debt Outstanding to Proforma EBITDAC



Consistent Annual Dividend Increases



Strong Financial Position



Investing for future growth



Broad diversification



Disciplined capital allocation



Strong cash flows



Conservative leverage



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Changing Landscape



Vision

To be the leading insurance broker delivering innovative solutions to our customers



People
Recruiting &
Enhancing
Business



Money
Making
Business



Selling &
Servicing
Insurance
Business



Innovative
Solutions
Business

Next Intermediate Goal



Closing Thoughts

Business well positioned to capture future growth opportunities

Market outlook is good and premium rates are improving slightly

Operating model consistently delivers industry leading margins and Free Cash Flow Yield

Technology investments to improve customer and teammate experience, data, and analytics

Balanced capital strategy to deliver long-term shareholder value



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Thank you for your continued support.





GAAP To Non-GAAP Reconciliation

APPENDIX

Reconciliation of Commissions & Fees To Organic Revenue

(\$ millions; unaudited)

2018

	<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	\$1,040.6	\$942.0	\$493.9	\$479.0	\$286.4	\$271.1	\$189.0	\$165.1	\$2,009.8	\$1,857.3
Total Change	98.5		14.9		15.2		24.0		152.6	
Total Growth %	10.5%		3.1%		5.6%		14.5%		8.2%	
Contingent Commissions	(24.5)	(23.4)	(23.9)	(20.1)	(7.5)	(8.7)	0.0	0.0	(55.9)	(52.2)
Guaranteed Supplemental Commissions	(8.5)	(9.1)	(0.1)	(0.0)	(1.4)	(1.2)	0.0	0.0	(10.0)	(10.4)
Core commissions and fees	\$1,007.5	\$909.6	\$469.9	\$458.9	\$277.6	\$261.2	\$189.0	\$165.1	\$1,944.0	\$1,794.7
New Revenue Standard	1.2		(8.0)		0.9		(10.3)		(16.1)	
Acquisition revenues	(73.4)		(7.3)		(2.5)		(8.0)		(91.1)	
Divested business		(1.3)		(0.1)		(0.1)		0.0		(1.5)
Organic Revenue	\$935.4	\$908.3	\$454.7	\$458.7	\$276.0	\$261.1	\$170.8	\$165.1	\$1,836.8	\$1,793.2
Organic Revenue growth	\$27.1		(\$4.1)		\$14.9		\$5.7		\$43.6	
Organic Revenue growth %	3.0%		(0.9%)		5.7%		3.4%		2.4%	

Reconciliation of Income Before Income Taxes & Income Before Income Taxes Margin¹ to EBITDAC & EBITDAC Margin, and Proforma EBITDAC

(\$ millions, except per
share data; unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Income before income taxes	\$254.8	\$266.1	\$270.5	\$304.8	\$357.6	\$339.7	\$402.6	\$423.5	\$449.7	\$462.5
<i>Income Before Income Taxes Margin</i>	26%	27%	27%	25%	26%	22%	24%	24%	24%	23%
Interest	\$14.6	\$14.5	\$14.1	\$16.1	\$16.4	\$28.4	\$39.2	\$39.5	\$38.3	\$40.6
Depreciation	\$13.2	\$12.6	\$12.4	\$15.4	\$17.5	\$20.9	\$20.9	\$21.0	\$22.7	\$22.8
Amortization	\$49.9	\$51.4	\$54.8	\$63.6	\$67.9	\$82.9	\$87.4	\$86.7	\$85.4	\$86.5
Change in estimated acquisition earn-out payables	-	(\$1.7)	(\$2.2)	\$1.4	\$2.5	\$9.9	\$3.0	\$9.2	\$9.2	\$3.0
EBITDAC	\$332.5	\$342.9	\$349.6	\$401.3	\$461.9	\$481.8	\$553.1	\$579.9	\$605.3	\$615.4
<i>EBITDAC Margin</i>	34%	35%	34%	33%	34%	31%	33%	33%	32%	31%
Total revenues	\$967.9	\$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
Hays Proforma EBITDAC	-	-	-	-	-	-	-	-	-	\$44.0
Proforma EBITDAC	\$332.5	\$342.9	\$349.6	\$401.3	\$461.9	\$481.8	\$553.1	\$579.9	\$605.3	\$659.4

¹ "Income Before Income Taxes Margin" means income before income taxes divided by total revenues



Hays Proforma Income Before Income Taxes to Hays Proforma EBITDAC Reconciliation - 2018

(\$ Millions; Unaudited)	
	<u>Mid-point</u> <u>2018</u>
Income before income taxes	\$7.9
Amortization, Depreciation, Interest and Change in estimated acquisition earn-out payables	36.1
Hays Proforma EBITDAC ¹	\$44.0

¹ Hays Proforma EBITDAC is defined as the estimated unearned portion of EBITDAC related to the acquisition of certain assets and assumption of certain liabilities of The Hays Group, Inc. and certain of its affiliates (collectively, "Hays") in November 2018 (the "Hays Proforma EBITDAC"), which for 2018 is \$44 million (i.e., the pro-rated midpoint of the \$47 to \$53 million range of estimated 2019 EBITDAC from Hays).



Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow, Free Cash Flow Conversion & Free Cash Flow Yield

(\$ millions, except per share data; unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Stock Price, as of the 10 th day of the fiscal year	\$9.41	\$9.88	\$11.32	\$12.73	\$15.70	\$16.46	\$16.05	\$18.21	\$22.67	\$26.11
Total Shares	275,014	278,636	280,528	284,020	285,248	285,782	280,224	275,608	277,586	275,542
Equity Market Capitalization	\$2,587.9	\$2,752.9	\$3,175.6	\$3,615.6	\$4,478.4	\$4,704.0	\$4,497.6	\$5,018.8	\$6,292.9	\$7,194.4
Net cash provided by operating activities	\$232.1	\$264.4	\$244.5	\$254.3	\$474.8	\$394.8	\$381.8	\$411.0	\$442.0	\$567.5
Less Capital Expenditures	\$11.3	\$10.5	\$13.6	\$24.0	\$16.4	\$24.9	\$18.4	\$17.8	\$24.2	\$41.5
Free Cash Flow	\$220.8	\$253.9	\$230.9	\$230.3	\$458.4	\$369.9	\$363.4	\$393.3	\$417.8	\$526.0
Free Cash Flow	\$220.8	\$253.9	\$230.9	\$230.3	\$458.4	\$369.9	\$363.4	\$393.3	\$417.8	\$526.0
Total Revenue	\$967.9	\$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
Free Cash Flow Conversion	23%	26%	23%	19%	34%	23%	22%	22%	22%	26%
Free Cash Flow	\$220.8	\$253.9	\$230.9	\$230.3	\$458.4	\$369.9	\$363.4	\$393.3	\$417.8	\$526.0
Divided by Equity Market Capitalization	\$2,587.9	\$2,752.9	\$3,175.6	\$3,615.6	\$4,478.4	\$4,704.0	\$4,497.6	\$5,018.8	\$6,292.9	\$7,194.4
Free Cash Flow Yield	9%	9%	7%	9%	10%	8%	8%	8%	7%	7%



Reconciliation of Diluted Net Income Per Share to Diluted Net Income Per Share - Adjusted

(\$ millions, except per share data; unaudited)										
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Diluted Net income per share	\$0.54	\$0.56	\$0.57	\$0.63	\$0.74	\$0.71	\$0.85	\$0.91	\$1.40	\$1.22
Change in estimated acquisition earn-out payable	-	-	-	-	0.01	0.02	0.01	0.02	0.02	0.01
Loss on disposal - Axiom	-	-	-	-	-	0.11	-	-	-	-
Legal Settlement	-	-	-	-	-	-	-	-	-	-
Tax Reform Act	-	-	-	-	-	-	-	-	(0.43)	-
New Revenue Standard	-	-	-	-	-	-	-	-	-	(0.04)
Diluted Net Income per Share - Adjusted	\$0.54	\$0.56	\$0.57	\$0.63	\$0.75	\$0.84	\$0.86	\$0.93	\$0.96	\$1.18

Reconciliation of Current & Long-Term Debt to Net Debt Outstanding

(\$ Millions, except per share data; unaudited)										
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current portion of long-term debt	\$17.1	\$1.7	\$1.2	\$0.1	\$100.0	\$45.6	\$73.1	\$55.5	\$120.0	\$50.0
Long-term debt less unamortized discount and debt issuance costs	\$250.2	\$250.1	\$250.0	\$450.0	\$380.0	\$1,143.8	\$1,071.6	\$1,018.4	\$856.1	\$1,457.0
Total Debt Outstanding	\$267.3	\$251.8	\$251.2	\$450.1	\$480.0	\$1,189.4	\$1,144.7	\$1,073.9	\$976.1	\$1,507.0
Cash and cash equivalents	\$197.1	\$273.0	\$286.3	\$219.8	\$203.0	\$470.0	\$443.4	\$515.6	\$573.4	\$439.0
Net Debt Outstanding	\$70.2	(\$21.2)	(\$35.1)	\$230.3	\$277.0	\$719.4	\$701.3	\$558.3	\$402.7	\$1,068.0



For additional information:

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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 Brown & Brown since the 1980s.