



## Brown & Brown, Inc. Announces Quarterly Revenues of \$473.1 Million, an Increase of 1.5%; and Diluted Net Income Per Share of \$0.26

July 23, 2018

DAYTONA BEACH, Fla., July 23, 2018 (GLOBE NEWSWIRE) -- Brown & Brown, Inc. (NYSE:BRO) (the "Company") today announced its unaudited financial results for the second quarter of 2018.

Revenues for the second quarter of 2018 under U.S. generally accepted accounting principles ("GAAP") were \$473.1 million, increasing \$6.8 million, or 1.5%, compared to the second quarter of the prior year, with commissions and fees increasing by 1.6%. Net income was \$73.9 million, increasing \$7.8 million, or 11.8%, and diluted net income per share was \$0.26, increasing by 13.0%, compared to the second quarter of the prior year. Total Revenues - Adjusted and Excluding the New Revenue Standard<sup>(4)</sup> for the second quarter of 2018 were \$500.3 million, increasing 7.3%, with Organic Revenue<sup>(1)</sup> increasing by 5.2%. Our Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard<sup>(6)</sup> increased to \$0.31, or 29.2%, compared to the second quarter of the prior year, and Diluted Net Income Per Share - Adjusted<sup>(5)</sup> was \$0.26.

Revenues for the six months ended June 30, 2018 under GAAP were \$974.6 million, increasing \$43.2 million, or 4.6%, compared to the same period of 2017, with commissions and fees increasing by 6.9%. Net income was \$164.7 million, increasing \$28.5 million, or 20.9%, and diluted earnings per share for the period was \$0.58, increasing by 20.8%, compared to the first six months of 2017. For the first six months of 2018, our Total Revenues - Adjusted and Excluding the New Revenue Standard were \$974.4 million, increasing 6.9%, with Organic Revenue increasing by 5.4%. Our Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard increased to \$0.58, or 26.1%, compared to the first six months of 2017, and Diluted Net Income Per Share - Adjusted was \$0.59.

On January 1, 2018 we adopted FASB Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification (Topic 340) – Other Assets and Deferred Cost. Our adoption of the New Revenue Standard<sup>(2)</sup> has a significant impact on the timing of when revenues and related costs are recognized, and the Company has adopted this standard under the modified retrospective method, which does not require a restatement of prior period results. We believe it is important to include a presentation of our financial results on the most comparable basis practical. In order to accomplish this, we have presented the current year results on an adjusted basis to exclude the impact of the adoption of the New Revenue Standard so that such results are presented on the same revenue recognition methodology used by the Company prior to the adoption of the New Revenue Standard.

For the three months ended June 30, 2018, the impact of the New Revenue Standard was a decrease in total revenues of \$27.2 million, a decrease in net income of \$12.4 million, and a decrease in diluted net income per share of \$0.05.

For the six months ended June 30, 2018 the impact of the New Revenue Standard was an increase in total revenues of \$0.2 million and a decrease in net income of \$1.8 million.

J. Powell Brown, President and Chief Executive Officer of the Company noted, "Our business continues to perform well, and we are pleased with our strong organic growth and our new acquisitions for this quarter and year to date."

### Reconciliation of Commissions and Fees to Organic Revenue Three and Six Months Ended June 30, 2018 and 2017 (in millions, unaudited)

	Three Months Ended		Six Months Ended	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
<b>Commissions and fees</b>	<b>\$ 472.0</b>	<b>\$ 464.7</b>	<b>\$ 972.4</b>	<b>\$ 909.3</b>
Profit-sharing contingent commissions	(14.0 )	(11.9 )	(25.7 )	(41.9 )
Guaranteed supplemental commissions	(2.5 )	(3.0 )	(5.5 )	(5.6 )
<b>Core commissions and fees</b>	<b>\$ 455.5</b>	<b>\$ 449.8</b>	<b>\$ 941.2</b>	<b>\$ 861.8</b>
New Revenue Standard impact on core commissions and fees	28.4	—	(17.2 )	—
Acquisition revenues	(11.2 )	—	(16.6 )	—
Divested businesses	—	(0.5 )	—	(1.0 )
<b>Organic Revenue</b>	<b>\$ 472.7</b>	<b>\$ 449.3</b>	<b>\$ 907.4</b>	<b>\$ 860.8</b>
<b>Organic Revenue growth</b>	<b>\$ 23.4</b>		<b>\$ 46.6</b>	
<b>Organic Revenue growth %</b>	<b>5.2 %</b>		<b>5.4 %</b>	

(1) "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 impact of the New Revenue Standard<sup>(2)</sup>. 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.

(2) "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 these standards and, therefore, such information for the three and six months ended June 30, 2017 continues to be reported under our previous accounting policies.

**Reconciliation of Total Revenues to  
Total Revenues - Adjusted<sup>(3)</sup> and  
Total Revenues - Adjusted and Excluding the New Revenue Standard  
Three and Six Months Ended June 30, 2018 and 2017  
(in millions, unaudited)**

	Three Months Ended		Change		Six Months Ended		Change	
	6/30/2018	6/30/2017	\$	%	6/30/2018	6/30/2017	\$	%
<b>Total revenues</b>	<b>\$ 473.1</b>	<b>\$ 466.3</b>	<b>\$ 6.8</b>	<b>1.5 %</b>	<b>\$ 974.6</b>	<b>\$ 931.4</b>	<b>\$ 43.2</b>	<b>4.6 %</b>
Legal Settlement	—	—	—		—	(20.0 )	20.0	
<b>Total Revenues - Adjusted</b>	<b>473.1</b>	<b>466.3</b>	<b>6.8</b>	<b>1.5 %</b>	<b>974.6</b>	<b>911.4</b>	<b>63.2</b>	<b>6.9 %</b>
New Revenue Standard impact on total revenues	27.2	—	27.2		(0.2 )	—	(0.2 )	
<b>Total Revenues - Adjusted and Excluding the New Revenue Standard</b>	<b>\$ 500.3</b>	<b>\$ 466.3</b>	<b>\$ 34.0</b>	<b>7.3 %</b>	<b>\$ 974.4</b>	<b>\$ 911.4</b>	<b>\$ 63.0</b>	<b>6.9 %</b>

(3) "Total Revenues - Adjusted," a non-GAAP measure, is defined as total revenues, excluding the beneficial revenue impact of a \$20.0 million legal settlement in the first quarter of 2017 ("Legal Settlement").

(4) "Total Revenues - Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as total revenues, excluding (i) the Legal Settlement, and (ii) the impact of the New Revenue Standard. We believe that Total Revenues - Adjusted and Excluding the New Revenue Standard provides a more meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the New Revenue Standard; and certain other non-recurring or infrequently occurring 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.

**Reconciliation of Diluted Net Income Per Share to  
Diluted Net Income Per Share - Adjusted and Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard  
Three and Six Months Ended June 30, 2018 and 2017  
(unaudited)**

	Three Months Ended		Change		Six Months Ended		Change	
	6/30/2018	6/30/2017	\$	%	6/30/2018	6/30/2017	\$	%
<b>Diluted net income per share</b>	<b>\$ 0.26</b>	<b>\$ 0.23</b>	<b>\$ 0.03</b>	<b>13.0 %</b>	<b>\$ 0.58</b>	<b>\$ 0.48</b>	<b>\$ 0.10</b>	<b>20.8 %</b>
Legal Settlement	—	—	—		—	(0.04 )	0.04	
Change in estimated acquisition earn-out payables	—	0.01	(0.01 )		0.01	0.02	(0.01 )	
<b>Diluted Net Income Per Share - Adjusted</b>	<b>0.26</b>	<b>0.24</b>	<b>0.02</b>	<b>8.3 %</b>	<b>0.59</b>	<b>0.46</b>	<b>0.13</b>	<b>28.3 %</b>
New Revenue Standard impact on diluted net income per share	0.05	—	0.05		(0.01 )	—	(0.01 )	
<b>Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard</b>	<b>\$ 0.31</b>	<b>\$ 0.24</b>	<b>\$ 0.07</b>	<b>29.2 %</b>	<b>\$ 0.58</b>	<b>\$ 0.46</b>	<b>\$ 0.12</b>	<b>26.1 %</b>

(5) "Diluted Net Income Per Share - Adjusted," a non-GAAP measure, is defined as diluted net income per share, excluding (i) the Legal Settlement, and (ii) the change in estimated acquisition earn-out payables. The Company historically presents Diluted Net Income Per Share - Adjusted because we believe it provides a meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the change in estimated acquisition earn-out payables and certain other non-recurring or infrequently occurring 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. For 2018, the Company presents a new measure that further adjusts for the impact of the adoption of the New Revenue Standard to compare periods on the same basis of accounting as defined in footnote (6) below.

(6) "Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, 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 impact of the New Revenue Standard. We believe that Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard provides a more meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the change in estimated acquisition earn-out payables, the New Revenue Standard; and certain other non-recurring or infrequently occurring 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.

Income before income taxes for the second quarter was \$100.9 million, a decrease of \$7.1 million or 6.6%, and the Income Before Income Taxes

Margin<sup>(7)</sup> decreased from 23.2% to 21.3% as compared to the second quarter of the prior year.

In order to provide a better understanding of our business, we evaluate EBITDAC<sup>(8)</sup> performance. We view EBITDAC, EBITDAC - Adjusted and Excluding the New Revenue Standard<sup>(9)</sup>, EBITDAC Margin<sup>(10)</sup> and EBITDAC Margin - Adjusted and Excluding the New Revenue Standard<sup>(11)</sup> as important indicators when assessing and evaluating our performance, as they present more comparable, but non-GAAP, measurements of our operating margins in a meaningful and consistent manner. EBITDAC - Adjusted and Excluding the New Revenue Standard for the second quarter of 2018 was \$154.5 million, an increase of \$3.9 million, or 2.6%, compared to the second quarter of the prior year. EBITDAC Margin - Adjusted and Excluding the New Revenue Standard decreased from 32.3% to 30.9% in the second quarter of 2018, as compared to the second quarter of the prior year.

Income before income taxes for the six months ended June 30, 2018 was \$219.3 million, an increase of \$0.3 million, or 0.2%, and the Income Before Income Taxes Margin decreased from 23.5% to 22.5%, as compared to the same period of 2017. EBITDAC - Adjusted and Excluding the New Revenue Standard for the six months ended June 30, 2018 was \$296.7 million, an increase of \$12.5 million, or 4.4%, as compared to the same period of 2017. EBITDAC Margin - Adjusted and Excluding the New Revenue Standard decreased from 31.2% to 30.4% in the six months ended June 30, 2018, as compared to the same period of 2017.

**Reconciliation of Income Before Income Taxes to  
EBITDAC and EBITDAC - Adjusted and Excluding the New Revenue Standard  
Three and Six Months Ended June 30, 2018 and 2017  
(in millions, unaudited)**

	Three Months Ended		Six Months Ended	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
<b>Income before income taxes</b>	<b>\$ 100.9</b>	<b>\$ 108.0</b>	<b>\$ 219.3</b>	<b>\$ 219.0</b>
<b>Income Before Income Taxes Margin</b>	<b>21.3</b>	<b>% 23.2</b>	<b>% 22.5</b>	<b>% 23.5</b>
Amortization	20.8	21.4	41.3	43.0
Depreciation	5.6	5.7	11.2	11.8
Interest	10.0	9.9	19.7	19.6
Change in estimated acquisition earn-out payables	0.4	5.6	2.9	9.6
<b>EBITDAC</b>	<b>\$ 137.7</b>	<b>\$ 150.6</b>	<b>\$ 294.4</b>	<b>\$ 303.0</b>
<b>EBITDAC Margin</b>	<b>29.1</b>	<b>% 32.3</b>	<b>% 30.2</b>	<b>% 32.5</b>
Legal Settlement	—	—	—	(18.8)
New Revenue Standard impact on EBITDAC	16.8	—	2.3	—
<b>EBITDAC - Adjusted and Excluding the New Revenue Standard</b>	<b>\$ 154.5</b>	<b>\$ 150.6</b>	<b>\$ 296.7</b>	<b>\$ 284.2</b>
<b>EBITDAC Margin - Adjusted and Excluding the New Revenue Standard</b>	<b>30.9</b>	<b>% 32.3</b>	<b>% 30.4</b>	<b>% 31.2</b>

(7) "Income Before Income Taxes Margin" is defined as income before income taxes divided by total revenues.

(8) "EBITDAC," a non-GAAP measure, is defined as income before interest, income taxes, depreciation, amortization and the change in estimated acquisition earn-out payables.

(9) "EBITDAC - Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as EBITDAC, excluding (i) the Legal Settlement and (ii) the impact of the New Revenue Standard.

(10) "EBITDAC Margin," a non-GAAP measure, is defined as EBITDAC divided by total revenues.

(11) "EBITDAC Margin - Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as EBITDAC - Adjusted and Excluding the New Revenue Standard divided by Total Revenues - Adjusted and Excluding the New Revenue Standard. A reconciliation of total revenues to Total Revenues - Adjusted and Excluding the New Revenue Standard is set forth in a table above in this press release.

**Brown & Brown, Inc.**  
**Consolidated Statements of Income**  
(in millions, except per share data; unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>REVENUES</b>				
Commissions and fees	\$ 472.0	\$ 464.7	\$ 972.4	\$ 909.3
Investment income	0.7	0.4	1.3	0.6
Other income, net	0.4	1.2	0.9	21.5
Total revenues	473.1	466.3	974.6	931.4
<b>EXPENSES</b>				
Employee compensation and benefits	252.0	244.4	522.9	490.3
Other operating expenses	83.7	71.3	160.0	138.2
Gain on disposal	(0.3)	—	(2.7)	(0.1)
Amortization	20.8	21.4	41.3	43.0

Depreciation	5.6	5.7	11.2	11.8
Interest	10.0	9.9	19.7	19.6
Change in estimated acquisition earn-out payables	0.4	5.6	2.9	9.6
Total expenses	372.2	358.3	755.3	712.4
Income before income taxes	100.9	108.0	219.3	219.0
Income taxes	27.0	41.9	54.6	82.8
Net income	\$ 73.9	\$ 66.1	\$ 164.7	\$ 136.2
Net income per share:				
Basic	\$ 0.27	\$ 0.24	\$ 0.60	\$ 0.49
Diluted	\$ 0.26	\$ 0.23	\$ 0.58	\$ 0.48
Weighted average number of shares outstanding - in thousands:				
Basic	270,081	273,384	270,126	273,436
Diluted	275,908	278,202	275,809	278,128
Dividends declared per share	\$ 0.075	\$ 0.068	\$ 0.150	\$ 0.135

**Brown & Brown, Inc.**  
**Consolidated Balance Sheets**  
(in millions, except per share data, unaudited)

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 477.9	\$ 573.4
Restricted cash and investments	309.2	250.7
Short-term investments	11.2	25.0
Premiums, commissions and fees receivable	736.3	546.4
Reinsurance recoverable	89.1	477.8
Prepaid reinsurance premiums	310.7	321.0
Other current assets	106.7	47.9
Total current assets	2,041.1	2,242.2
Fixed assets, net	85.2	77.1
Goodwill	2,845.9	2,716.1
Amortizable intangible assets, net	640.6	641.0
Investments	20.1	13.9
Other assets	68.6	57.3
Total assets	\$ 5,701.5	\$ 5,747.6
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Premiums payable to insurance companies	\$ 815.5	\$ 685.2
Losses and loss adjustment reserve	88.1	476.7
Unearned premiums	310.7	321.0
Premium deposits and credits due customers	101.2	91.6
Accounts payable	98.3	64.2
Accrued expenses and other liabilities	217.9	228.8
Current portion of long-term debt	20.0	120.0
Total current liabilities	1,651.7	1,987.5
Long-term debt	847.0	856.1
Deferred income taxes, net	284.3	256.2
Other liabilities	87.1	65.1

## Shareholders' equity:

Common stock, par value \$0.10 per share; authorized 560,000 shares; issued 287,085 shares and outstanding 276,198 shares at 2018, issued 286,929 shares and outstanding 276,210 shares at 2017 - in thousands. 2017 share amounts restated for the 2-for-1 stock split effective March 28, 2018	28.7	28.7
Additional paid-in capital	503.0	483.9
Treasury stock, at cost 10,887 and 10,719 shares at 2018 and 2017, respectively - in thousands.	(397.6 )	(386.3 )
Retained earnings	2,697.3	2,456.4
Total shareholders' equity	2,831.4	2,582.7
Total liabilities and shareholders' equity	\$ 5,701.5	\$ 5,747.6

**Brown & Brown, Inc.**  
**Consolidated Statements of Cash Flows\***  
(in millions, unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 164.7	\$ 136.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	41.3	43.0
Depreciation	11.2	11.8
Non-cash stock-based compensation	15.0	15.3
Change in estimated acquisition earn-out payables	2.9	9.6
Deferred income taxes	(16.4 )	14.8
Amortization of debt discount	0.1	0.1
Amortization and disposal of deferred financing costs	0.7	0.9
Net (gain)/loss on sales of investments, fixed assets and customer accounts	(2.4 )	0.1
Payments on acquisition earn-outs in excess of original estimated payables	(3.4 )	(7.1 )
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:		
Premiums, commissions and fees receivable (increase)/decrease	(29.5 )	2.9
Reinsurance recoverables decrease	388.7	55.6
Prepaid reinsurance premiums decrease	10.3	10.9
Other assets (increase)	(15.7 )	(9.3 )
Premiums payable to insurance companies increase	106.8	59.2
Premium deposits and credits due customers increase	8.4	8.5
Losses and loss adjustment reserve (decrease)	(388.6 )	(55.6 )
Unearned premiums (decrease)	(10.3 )	(10.9 )
Accounts payable increase	31.3	38.5
Accrued expenses and other liabilities (decrease)	(34.8 )	(26.0 )
Other liabilities (decrease)	(2.9 )	(28.4 )
<b>Net cash provided by operating activities</b>	<b>274.0</b>	<b>270.1</b>
<b>Cash flows from investing activities:</b>		
Additions to fixed assets	(19.3 )	(8.8 )
Payments for businesses acquired, net of cash acquired	(141.8 )	(11.5 )
Proceeds from sales of fixed assets and customer accounts	2.9	0.7
Purchases of investments	(8.9 )	(5.9 )
Proceeds from sales of investments	16.3	2.9
<b>Net cash used in investing activities</b>	<b>(150.8 )</b>	<b>(22.6 )</b>
<b>Cash flows from financing activities:</b>		
Payments on acquisition earn-outs	(5.2 )	(8.7 )
Payments on long-term debt	(110.0 )	(86.8 )
Deferred debt issuance costs	—	(2.8 )
Issuances of common stock for employee stock benefit plans	0.7	0.5
Repurchase shares to fund tax withholdings for non-cash stock-based compensation	(7.7 )	(5.1 )
Purchase of treasury stock	(11.3 )	(11.2 )
Settlement of accelerated share repurchase program	11.3	—
Cash dividends paid	(41.4 )	(37.8 )
<b>Net cash used in financing activities</b>	<b>(160.2 )</b>	<b>(151.9 )</b>
<b>Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash</b>	<b>(37.0 )</b>	<b>95.6</b>
Cash and cash equivalents inclusive of restricted cash at beginning of period	824.1	781.3
<b>Cash and cash equivalents inclusive of restricted cash at end of period</b>	<b>\$ 787.1</b>	<b>\$ 876.9</b>

\*In the preparation of this Statement of Cash Flows, beginning balance sheet balances for 2018 were adjusted to reflect the January 1, 2018 modified retrospective adoption of Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification Topic 340 - Other Assets and Deferred Costs, thereby reflecting the change in operating assets and liabilities for the period, excluding the initial impact of adoption.

#### **Conference call, webcast and slide presentation**

A conference call to discuss the results of the second quarter of 2018 will be held on Tuesday, July 24, 2018 at 8:00 AM (EDT). The Company may refer to a slide presentation during its conference call. You can access the webcast and the slides from the "Investor Relations" section of the Company's website at [www.bbinsurance.com](http://www.bbinsurance.com).

#### **About Brown & Brown**

Brown & Brown, Inc., through its subsidiaries, offers a broad range of insurance products and services. Additionally, certain Brown & Brown subsidiaries offer a variety of risk management, third-party administration, and other services. Serving business, public entity, individual, trade and professional association clients nationwide, the Company is ranked by *Business Insurance* magazine as the United States' sixth largest independent insurance intermediary. The Company's Web address is [www.bbinsurance.com](http://www.bbinsurance.com).

#### **Forward-looking statements**

This press release may contain certain statements relating to future results which are forward-looking statements, including those relating to the Company's anticipated financial results for the second quarter of 2018. These statements are not historical facts, but instead represent only the Company's current belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results, financial condition and achievements may differ, possibly materially, from the anticipated results, financial condition and achievements contemplated by these forward-looking statements. These risks and uncertainties include, but are not limited to, the Company's determination as it finalizes its financial results for the second quarter of 2018 that its 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; 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; 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; 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.

#### **Non-GAAP supplemental financial information**

This press release contains references to the following non-GAAP financial measures as defined in Regulation G of SEC rules: Organic Revenue, Total Revenues - Adjusted, Total Revenues - 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, EBITDAC, EBITDAC - Adjusted and Excluding the New Revenue Standard, EBITDAC Margin, and EBITDAC Margin - Adjusted and Excluding the New Revenue Standard.

Reconciliations of these supplemental non-GAAP financial information to the Company's GAAP information are contained in this earnings release. These measures are not in accordance with, or an alternative to the GAAP information provided in the Company's condensed consolidated financial statements. We present such non-GAAP supplemental financial information 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 GAAP basis. We believe these non-GAAP measures improve the comparability of results between periods by excluding the impact of certain items that have a high degree of variability. We believe that Organic Revenue provides a meaningful representation of the Company's operating performance; the Company has historically viewed Organic Revenue growth as an important indicator when assessing and evaluating the performance of its four segments. As disclosed in our most recent proxy statement, we use Organic Revenue and EBITDAC Margin for incentive compensation determinations for executive officers and other key employees.

Our industry peers may provide similar supplemental non-GAAP information with respect to one or more of these measures, although they may not use the same or comparable terminology and may not make identical adjustments. This supplemental financial information should be considered in addition to, and not in lieu of, the Company's condensed consolidated financial statements.

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Brown & Brown, Inc.