

# ASX Announcement

26 February 2020

## Australian Unity Limited – Interim Financial Results Announcement

Please find **attached** Australian Unity Limited's Interim financial results announcement for the half-year ended 31 December 2019.

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This announcement has been authorised for distribution to the ASX by:

Melinda Honig

General Counsel and Company Secretary

T: +61 3 8682 6802

If bondholders or other interested parties require further information please contact:

Michael Moore

General Manager – Public Affairs & Communications

T: 1300 408 776

E: [media@australianunity.com.au](mailto:media@australianunity.com.au)

**ASX code:**

AYU

**Securities on Issue:**

AYUHB – 713,257

AYUHC – 1,150,192

AYUHD – 2,070,000

**Issuer:**

Australian Unity Limited ACN 087  
648 888

**Enquiries:**

Australian Unity Registry  
1300 554 474

**Contact details:**

Australian Unity Limited  
271 Spring Street  
Melbourne VIC 3000

**Tel:** 13 29 39

The listing of Australian Unity  
Securities on the ASX does not  
affect Australian Unity Limited's  
status as a mutual organisation

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## Australian Unity continues solid progress

### Result overview:

- Total revenue \$764.9 million, up 9.4%
- Profit after tax of \$8.4 million, down \$4.9 million (including new lease accounting standard \$2.0 million adverse impact)
- Operating earnings \$18.5 million, up 18.0%

Wellbeing group Australian Unity has reported a 9.4 percent increase in revenue for the half-year to 31 December 2019.

Total revenue and other income from continuing operations increased to \$764.9 million (31 December 2018: \$699.4 million).

Overall revenue growth generated by the Group's operating businesses, up \$17.8 million on the prior corresponding period, and solid investment returns, up \$3.2 million, were supported by a \$44.5 million increase in benefit fund revenue.

The Group delivered a profit of \$8.4 million for the half-year under review, compared to \$13.3 million in the prior corresponding period. The result reflected some \$2.0 million in additional, timing-related costs due to the inception of the new lease accounting standard, costs associated with the relocation of the Group's head office premises and no equivalent in the current period to the legal settlement received in the Life & Super business in the prior corresponding period.

The overall outcome represented a significant improvement in the Group's aggregate trading position, with operating earnings from continuing operations for the half-year of \$18.5 million, increasing \$2.8 million over the prior corresponding period.

Group Managing Director Rohan Mead said that in the six months to 31 December 2019, Australian Unity had furthered its strategy of building a commercially sustainable portfolio of businesses that provide member, customer and community value and is supportive of personal and community wellbeing.

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“We continued to make sound progress on our key strategic priorities during the half-year under review and achieved overall underlying earnings growth, despite the earnings headwinds manifesting in the private health insurance sector,” Mr Mead said.

“Significant improvements made in the Group’s Home Care Services business continued to show results during the half-year, as did the Group’s longstanding work on patient and outcome-focused healthcare services.

In the area of social infrastructure, the Herston Quarter project in Brisbane, Queensland continued to progress positively, as did other elements of the social infrastructure development portfolio and pipeline.

Mr Mead said that the Group was in a sound position to realise the opportunities and respond to challenges expected to arise from an external environment that presents considerable uncertainty and market disruption—particularly the affordability pressures and changing demography impacting the Private Health Insurance sector.

Notwithstanding the pressure arising in the context of individual businesses, the Group plans to develop continuing, sustainable returns from its investments in its diversified but thematically linked portfolio.

“Australian Unity seeks to support the development of improved and sustainable operating models to address the long-term challenges confronting these human services sectors.

The Group’s operations are conducted through three business platforms: Independent & Assisted Living; Retail; and Wealth & Capital Markets.

The **Independent & Assisted Living (IAL)** platform operates retirement communities and provides aged care, allied health and disability services. The platform offers preventative health and chronic disease management services through a wholly owned subsidiary Remedy Healthcare, and direct healthcare services through dental clinics.

IAL recorded total segment revenue of \$251.0 million for the half-year, representing an increase of 13.3 percent compared to the prior corresponding period (31 December 2018: \$221.5 million).

IAL’s adjusted EBITDA<sup>1</sup> of \$29.1 million represented an increase of \$19.8 million on the prior corresponding period. In large measure, this

<sup>1</sup>Adjusted EBITDA: the measure the Group uses in assessing the operating performance of its business segments. This measurement basis excludes the effects of tax, depreciation and amortisation, interest expense and investment income. It also excludes material non-recurring expenditure and shared services costs. See note 3 to the Consolidated Financial Statements in Australian Unity Limited’s Interim Financial Report for the half-year ended 31 December 2019.

increase reflected the continued focus on improving the sustainability of the Home Care business.

The **Retail** platform brings together Australian Unity's private health insurance, banking, broking and general insurance businesses.

Retail had a challenging half-year in mixed operating conditions, with adjusted EBITDA down by \$7.9 million or 19.4 percent to \$32.5 million compared to the prior corresponding period. This result was driven by higher health insurance claims expenses principally due to an under estimation of claims in the prior year. The banking business continued its strong growth increasing its loan book by 13.8 percent and achieving \$1.01 billion in total assets during the half-year.

The **Wealth & Capital Markets (W&CM)** platform comprises the Advice, Investments, Life & Super, Property, and Trustees businesses.

W&CM recorded a 4.7 percent decrease in total segment revenue to \$84.2 million for the half-year to 31 December 2019 (31 December 2018: \$88.4 million). After adjusting for one-off revenue related to legal settlements in the Life & Super business included in the prior corresponding period, the platform recorded revenue growth across each of its core business streams. Likewise, adjusted EBITDA decreased to \$18.2 million, although after adjusting for prior corresponding period one-off revenue and related costs, showed strong growth of 54.5 per cent compared to the prior period.

*A summary of key financial metrics for each business is on the following pages.*

## Key financial metrics by business

### Independent & Assisted Living

For period ended:	31/12/19 \$M	31/12/18 \$M	CHANGE %
Total segment revenue	251.0	221.5	13.3
Adjusted EBITDA	29.1	9.3	212.0
Other results:	31/12/19 \$M	31/12/18 \$M	CHANGE %
Home Care Services revenue	163.2	147.5	10.6
	31/12/19 Number	31/12/18 Number	CHANGE Number
Retirement village ILUs	2,460	2,368	92
Aged care beds	786	591	195

### Retail

For period ended:	31/12/19 \$M	31/12/18 \$M	CHANGE %
Total segment revenue	360.9	361.5	(0.2)
Adjusted EBITDA	32.5	40.4	(19.4)
Gross health insurance claims paid	320.7	304.7	5.3
Other results:	31/12/19 \$M	30/06/19 \$M	CHANGE %
Bank gross loan portfolio	852.7	751.1	13.5
Australian Unity Bank (formerly Big Sky) total assets	1,011.1	886.0	14.1
	31/12/19 Number	30/06/19 Number	CHANGE %
Policyholders (AUHL)	181,085	185,936	(2.6)
Australian Unity Bank total customers	24,433	24,399	0.1

## Wealth & Capital Markets

For period ended:	31/12/19 \$M	31/12/18 \$M	CHANGE %
Total segment revenue	84.2	88.4	(4.7)
Adjusted EBITDA	18.2	20.1	(9.7)
Other results:	31/12/19 \$B	30/06/19 \$B	CHANGE %
Property under management	3.37	2.99	12.7
Property under development	1.00	1.26	(20.6)
Debt facilities under management	1.54	1.59	(3.1)
Property under management, development & debt	5.91	5.84	1.2
Investments under management	6.59	6.00	9.8
Funds under Advice	6.68	6.20	7.7
Funds under Trusteeship	0.34	0.33	3.0
Life & Super FUM	2.39	2.34	2.1
<b>Total</b>	<b>21.91</b>	<b>20.71</b>	<b>5.8</b>

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General Manager – Public Affairs & Communications  
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YEARS



### About Australian Unity

Established in 1840, Australian Unity is one of Australia's first member-owned wellbeing companies. From our early days, we've been here to help people thrive and been strong advocates in the community for positive change and the wellbeing of Australians. Today, while we've grown to a company of more than 7,000 employees with hundreds of thousands of members and customers, we remain true to our roots. Our broad range of health, wealth and living products and services are focused on enhancing the wellbeing of Australians. [www.australianunity.com.au](http://www.australianunity.com.au)