



175 years
of thinking about the future



Annual General Meeting

27 October 2014



Glenn Barnes

Chairman



Rohan Mead

Group Managing Director
and CEO

Top 20

THE AUSTRALIAN 

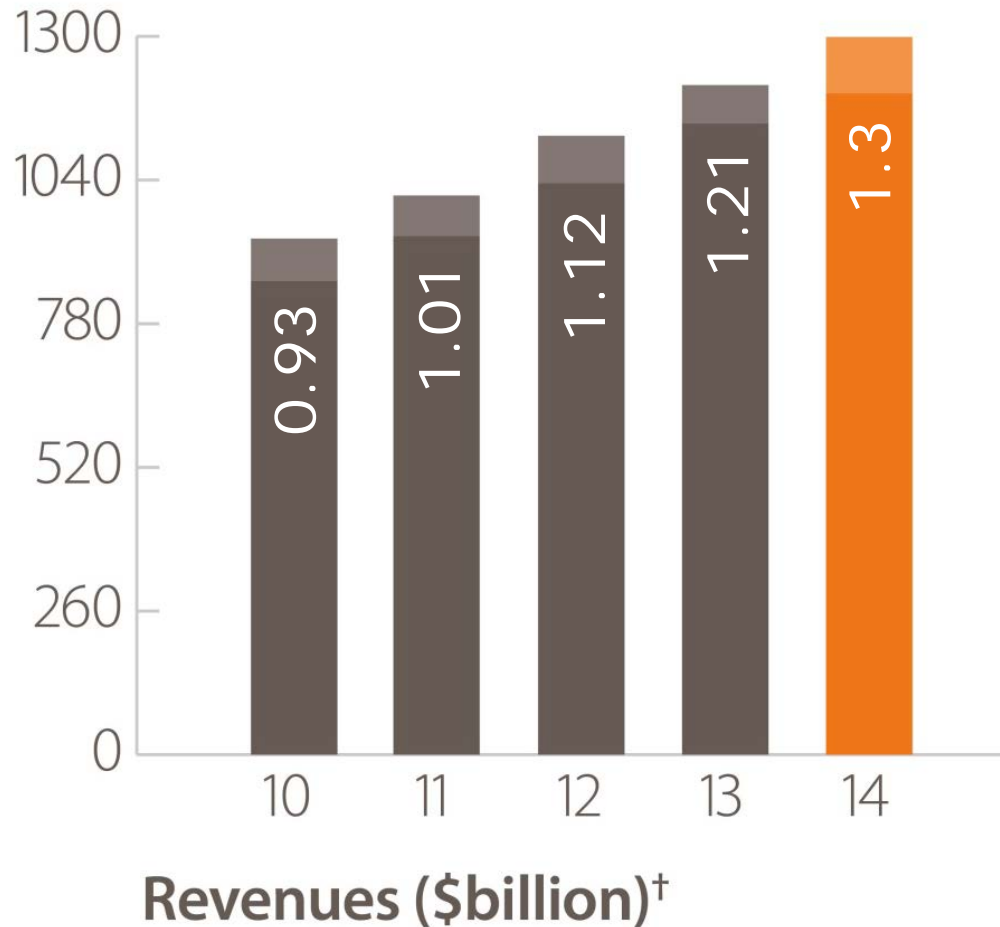
IBISWorld

WHERE KNOWLEDGE IS POWER



Australian Unity
ranked **20** in 2014

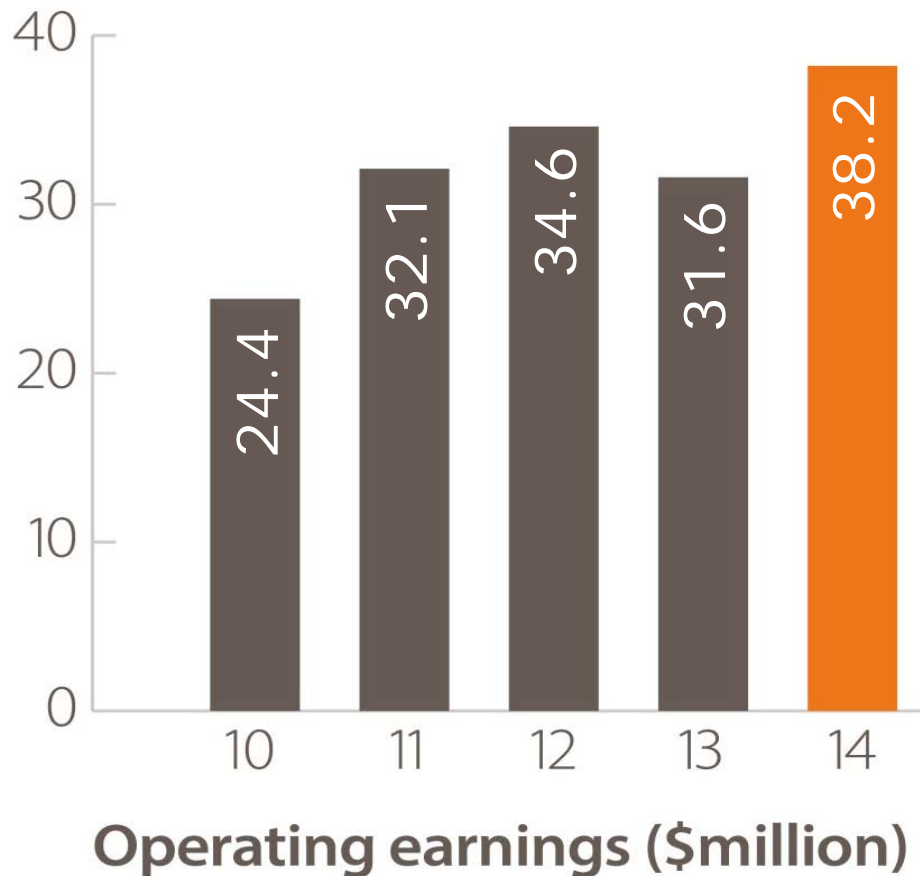
Our revenues



\$1.3b

Revenues: comprise revenue and other income receipts (show as the bottom section of the bar chart) as shown in the statement of comprehensive income in the annual report plus life investment contract premium receipts (show as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.

Our operating earnings



\$38.2m

Operating earnings:
Profit before tax less investment income,
borrowing costs and discontinued operations
and business acquisition costs.

Investment income

2013

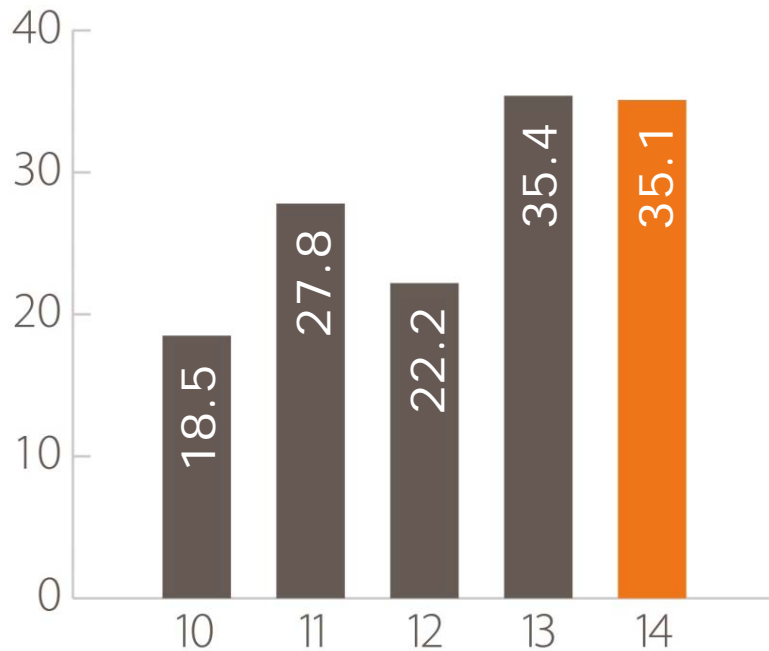
2014

\$27.5m



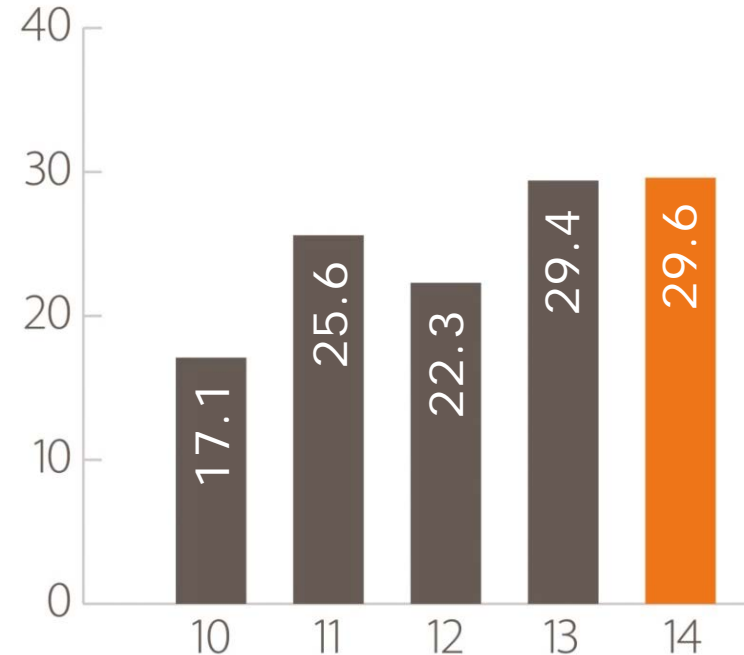
\$17.8m

Our financial position



Profit before tax (\$million)

\$35.1m

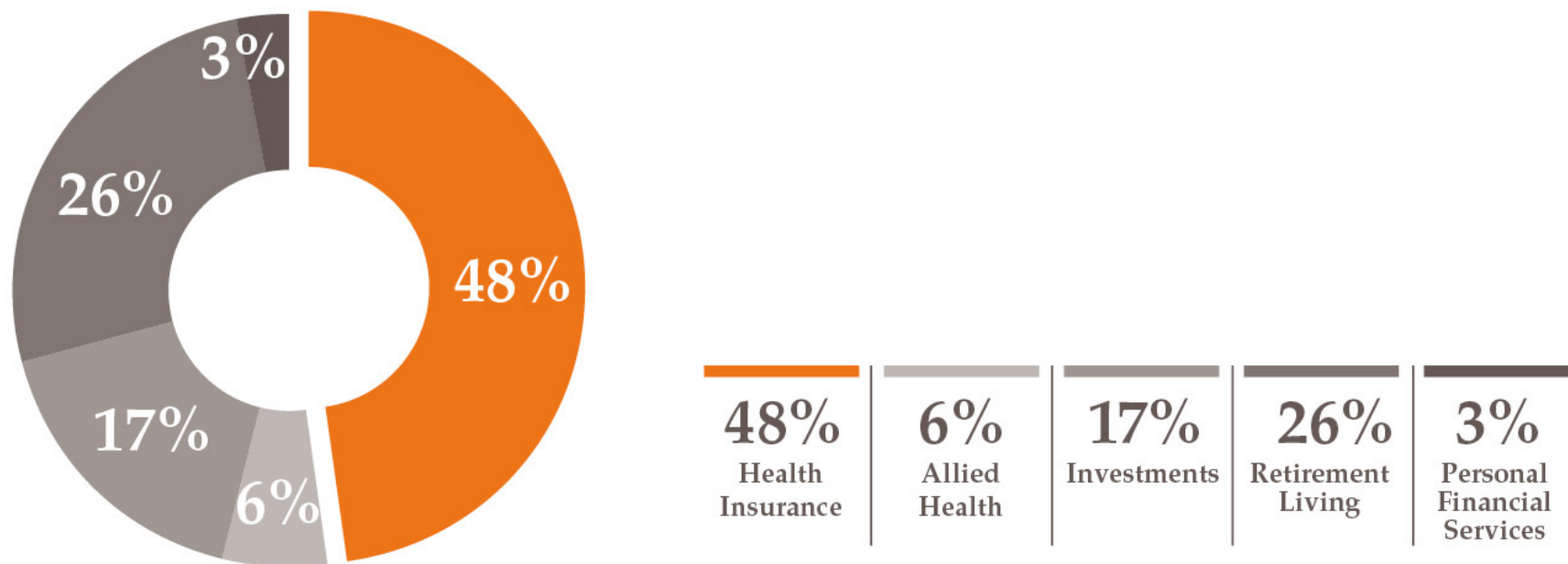


Profit after tax (\$million)

\$29.6m

Portfolio

Adjusted EBITDA* by business area



*Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Remedy Healthcare



Rathdowne Place



Peninsula Grange aged care



Artist's impression of Peninsula Grange residential aged care facility

Governor's and Sienna Grange



Governor's Retirement Resort



Sienna Grange community centre



Campbell Place aged care



Artist's impression of Campbell Place residential aged care facility



Healthcare

Healthcare results

Revenue
\$789m



7%

Adjusted EBITDA*

2012 – 2013

\$47.8m



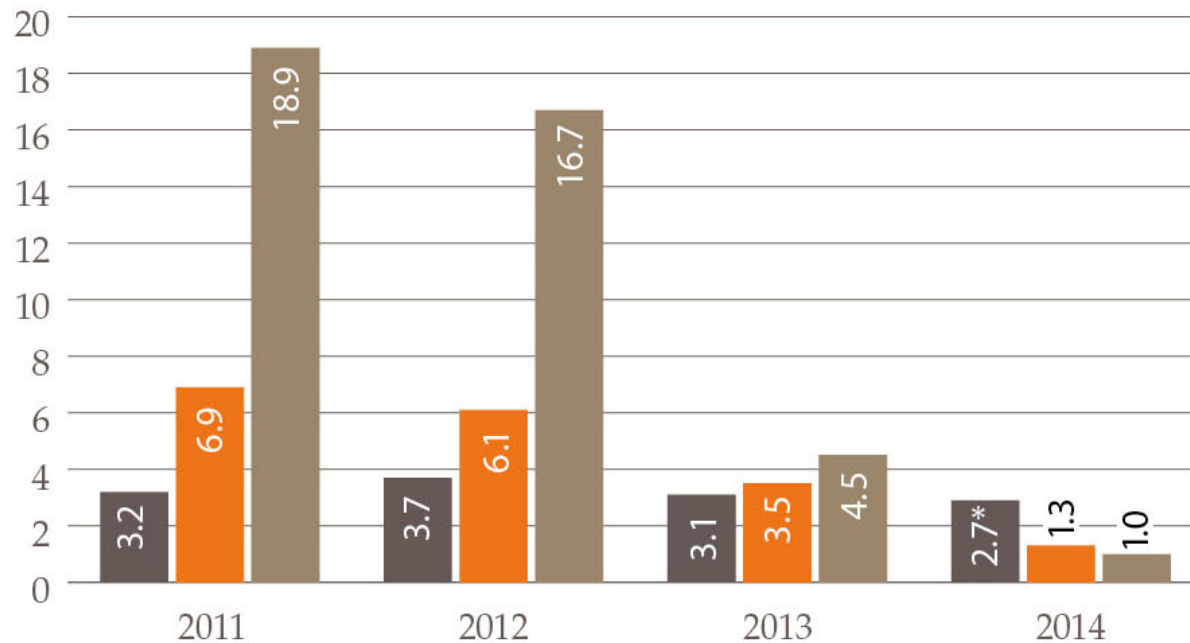
2013 – 2014

\$43.6m

*Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Health insurance growth rates

Policyholder growth (%)

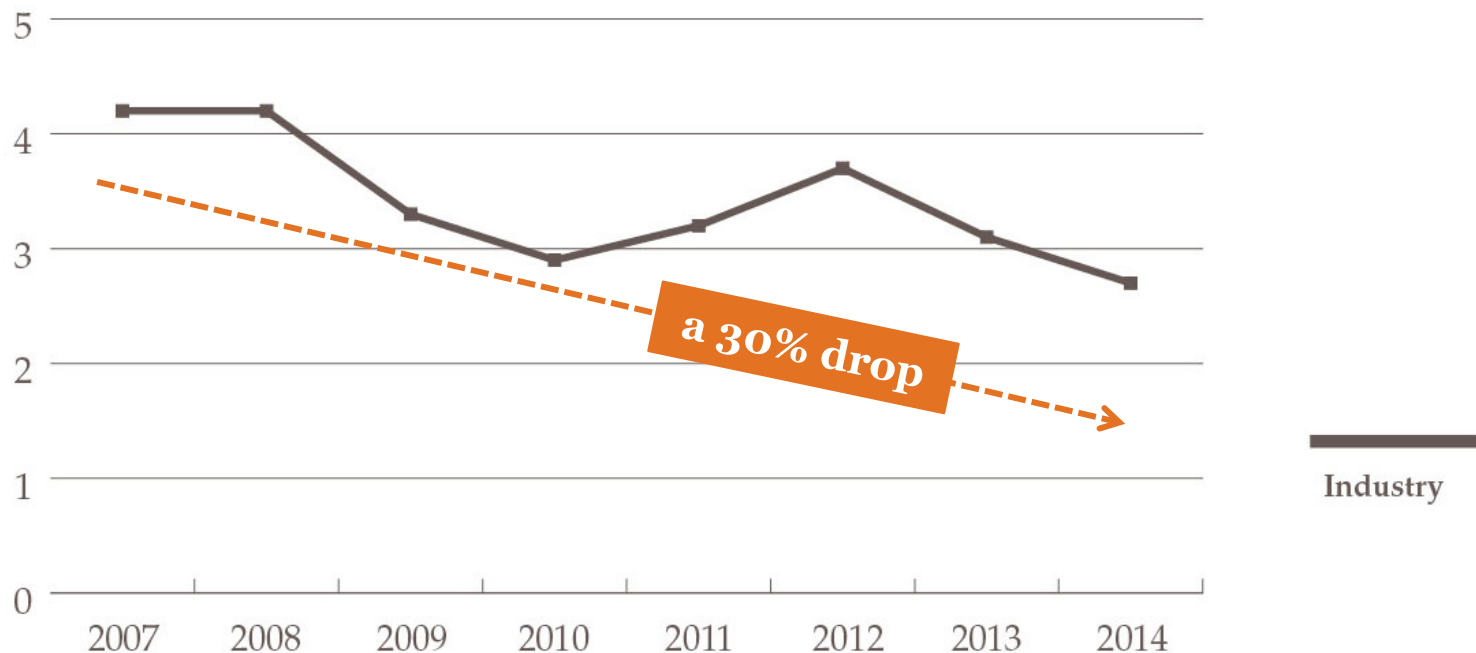


*As at 30 June 2014



Industry growth rates

Industry policy growth rate (%)



Healthcare highlights



- Increase in the number of policyholders in both the retail and the corporate funds
- Continued strong demand for Remedy Healthcare's expertise, with the number of patients enrolled in or completing one of its programs passing the 46,000 mark
- More than 56,000 patients visit an Australian Unity dental clinic



Retirement Living

Rathdowne Place

CARLTON

The aged care decision maze

Entering the Maze

Contemplating residential aged care is extraordinarily complex. There are difficult emotional, physical and financial questions to consider. Typically it comes when the older person is particularly vulnerable, perhaps after a fall or health scare.

Who makes the decision about moving into residential aged care? Should it be a doctor? Or family? Would home care be better? What can the person afford? How far must the person move? How do the person fund it? Must the person sell their home?

The system does older Australians no favours. It is a complex maze, difficult to navigate even for professional financial advisers and people familiar with the health system. And the consequences of getting it wrong are high, whether it be financially or in quality of life.

The gatekeeper

Assessment by ACAT (Aged Care Assessment Team) on need to enter Residential Aged Care
Need not enough. Services remain rationed by government on geographic basis

No **Yes**

Next steps

Find somewhere suitable – consider cost, availability, services, other needs

Fallback position

- ➔ Special residences
- ➔ Home care
- ➔ Private care
- ➔ Deferred decision

Each has its own series of complex questions

What are the costs?

1 – Accommodation Payment

Can be paid in a variety of ways. Amount fixed and published, either lump sum or daily fee

2 – Daily care fee

Basic amount of \$45.63 (85% of the pension) + means-tested amount minus \$50 max supplement. Caps apply

How is the bond paid?

(A) Refundable Accommodation Deposit (RAD)

This is a fully refundable lump sum

or

(B) Daily Accommodation Payment (DAP)

The bond amount converted to a daily payment (DAP – daily accommodation payment), with interest rate currently set at a maximum of 6.6%. This amount is separate and extra to the daily care fee

or

(C) Combination of both

Bond partly paid, with the remainder converted to a daily payment

Example

\$300,000 bond, not paid upfront
 $\$300,000 \times 6.60\%$
 divided by 364
 = \$54.25 a day DAP

Example

Bond of \$400,000.
 Part payment of about two-thirds (\$260,000), with remainder converted to daily fee = \$25.48 a day

Does it matter how it is paid?

- ➔ Consequences for assets and income tests?
- ➔ Impact on pension?
- ➔ What needs to be sold?
- ➔ Family home – keep, rent or sell?
- ➔ Savings – cash or investments?

Financial Advice

- ➔ System too complex for older Australians without professional help
- ➔ At least six hours needed by professional adviser just for residential aged care decision. Cost - \$1500-\$2000

What about the daily care fee?

There are two parts:

Basic + Means-tested co-contribution

Income test

- ➔ Any income from assessable assets and investments
- ➔ Deeming rules apply to bank accounts or investments
- ➔ Financial strategies available to improve my situation

Assets test

- ➔ Any assessable asset in Australia or overseas
- ➔ The family home, if not occupied by a protected person
- ➔ The RAD, (but not for pension purposes)

Total co-contribution

A formula is applied to the results of the income and assets tests to come up with a daily amount, which is then added to the basic fee

Individuals must pay their annual portion first, not pro rata during the year

➔ How the formula works please turn over

What happens if the daily payment is too expensive?

This deficit can be deducted from the bond paid.

Apply for hardship supplement. This deficit can be deducted from the RAD paid. (But as the RAD diminishes, DAP increases to compensate)

Under RAD

- ➔ Home at market value

Under DAP

- ➔ Home to a maximum of \$144,500

Keep or sell the home?

A decision to keep or sell the family home would have major implications for the individual, yet is far from straightforward. Considerations include:

- ➔ Capital growth?
- ➔ Maintenance costs?
- ➔ Rental market?
- ➔ Impact on aged care fees?
- ➔ Moving back in?
- ➔ Family dynamics?

➔ For case study example please see overleaf

Retirement Living highlights



- Strong occupancy rates across the portfolio of villages we operate in Victoria and New South Wales
- Almost doubled the revenue of the home care business, and increased staff by more than 50 percent
- Continue to develop our properties in Mornington, Victoria, and Sienna Grange in Port Macquarie

Retirement Living results

Revenue
\$89.2m



22%

Adjusted EBITDA*

2012 – 2013

\$12.6m



2013 – 2014

\$21.3m

*Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)



Investments

Investments results

Revenue
\$103.2m



8%

Adjusted EBITDA*

2012 – 2013

\$15.4m

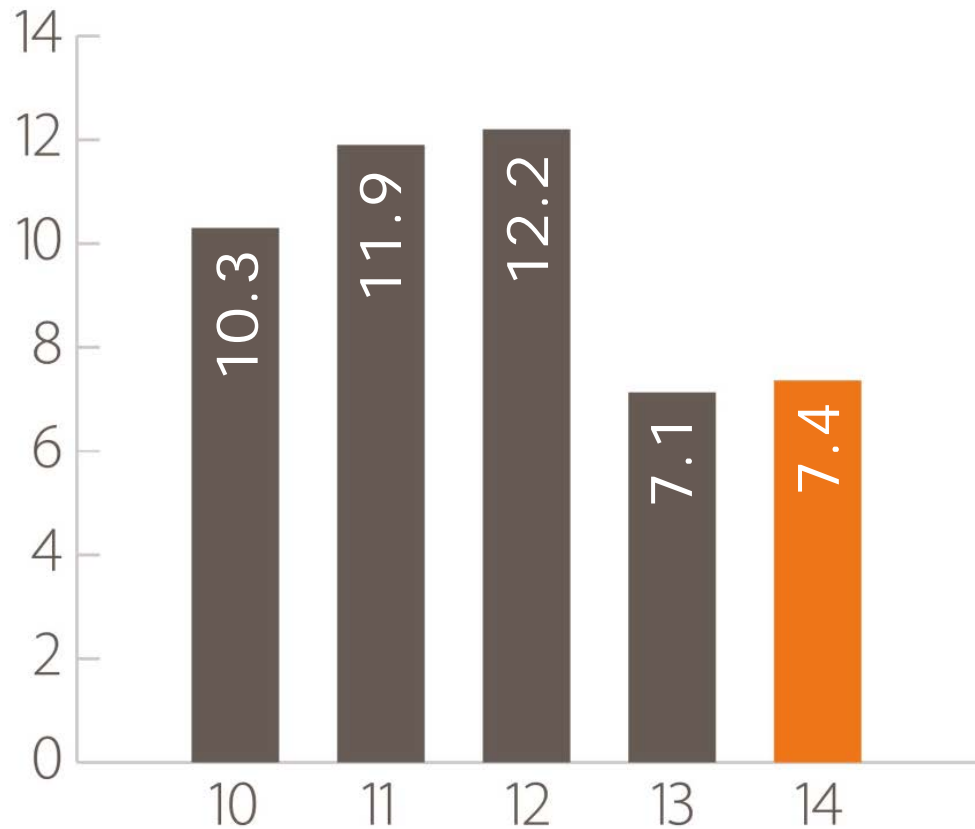


2013 – 2014

\$13.8m

*Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Funds under management



Funds under management (\$billion)*

\$7.4b

Funds under management:
Investors' funds managed by the Australian
Unity investments business and its joint
venture partners.

Big Sky Building Society



B I G S K Y

Banking • Financial Advice • Insurance

- Total on-balance sheet assets of more than \$700 million



- Awarded “*Best cash management account*” in the Smart Investor Blue Ribbon Awards in both 2013 and 2014

Investments highlights



- Completion of Phase 1 of the \$90 million expansion of Waurun Ponds Shopping Centre in Geelong and subsequent sale of a 50 percent stake in the property at a capital gain for investors



Personal Financial Services

Personal Financial Services results



Revenue
\$39.8m



18%

Adjusted EBITDA*

2012 – 2013

\$2.1m

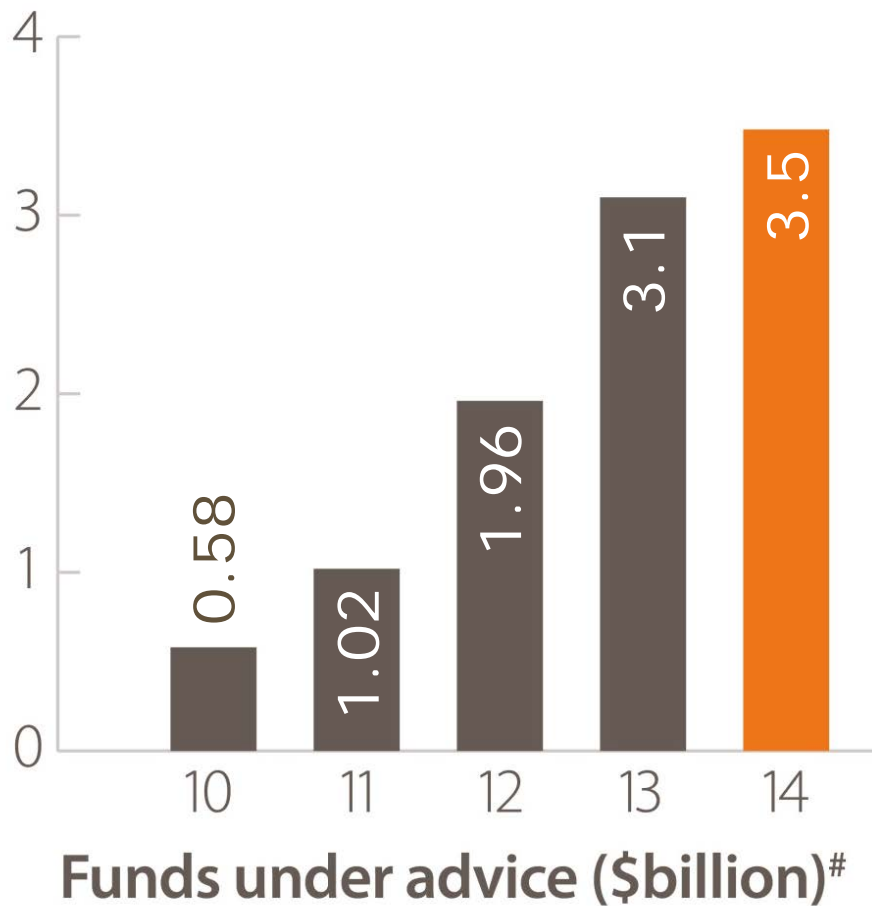


2013 – 2014

\$2.3m

*Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Funds under advice



\$3.5b

Funds under advice:
The total value of client funds invested
through Australian Unity financial planners.

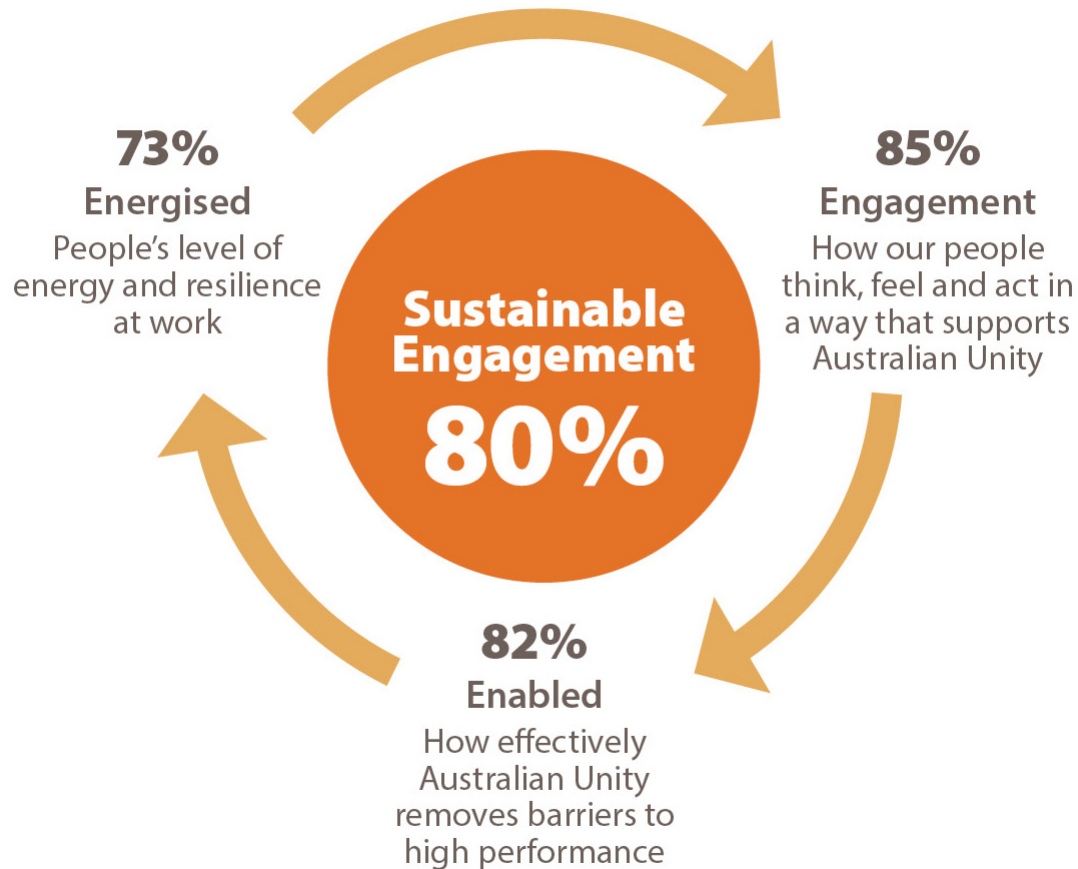
Personal Financial Services highlights

- Addition of 14 new adviser practices over the year
- Now in the top 20 financial planning business outside of those owned by the large banks and life insurers



Employee engagement

Australian Unity employee engagement results 2014





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Financial Statements and Reports

Financial Reports

Proxies for Financial Reports

Resolution 1	Proxies	%
For	511	70.19
Open	203	27.88
Against	14	1.92
Total valid votes	728	
Abstentions	21	
Total valid proxies received	749	

Remuneration Report

Proxies for Remuneration Report

Resolution 2	Proxies	%
For	425	59.19
Open	204	28.41
Against	89	12.40
Total valid votes	718	
Abstentions	30	
Total valid proxies received	748	

Election of Directors

Ms Eve Crestani

Ms Melinda Cilento

Amendment to the Company's constitution

Proxies for amendment to the Company's constitution

Resolution 4	Proxies	%
For	474	65.20
Open	218	29.99
Against	35	4.81
Total valid votes	727	
Abstentions	22	
Total valid proxies received	749	

Non-executive director remuneration cap

Proxies for non-executive director remuneration cap

Resolution 5	Proxies	%
For	381	51.84
Open	215	29.82
Against	125	17.34
Total valid votes	721	
Abstentions	26	
Total valid proxies received	747	



Annual General Meeting

27 October 2014



Thank you

Please join us for refreshments