

# ASX Announcement

24 February 2021

## Australian Unity delivers positive first-half result despite COVID-19

### Result overview:

- Total revenue \$823.8 million, up \$58.8 million on prior corresponding period
- Profit after tax of \$6.7 million, down \$1.7 million on prior corresponding period

Wellbeing group Australian Unity has reported a 7.7 percent increase in revenue for the half-year to 31 December 2020.

The Group's total revenue and other income increased to \$823.8 million (31 December 2019: \$764.9 million). Overall revenues from operating businesses and investment returns were lower, by \$10.6 million, reflecting COVID-19 pressures, while benefit fund revenues were higher by \$69.5 million. The Group delivered a profit after tax of \$6.7 million for the six months to 31 December 2020, compared to \$8.4 million in the prior corresponding period. The impact of COVID-19 continued to be felt in many ways across the Group's businesses in the half-year under review, which saw the implementation of extraordinary measures to seek to protect aged care residents, home care customers and the employees who support them; the provision of hardship relief for health insurance and banking customers; and the effect of tightened economic circumstances.

In terms of the effect of the COVID-19 on the Group's overall results, it was estimated that direct and indirect impacts reduced the half-year's net profit before income tax by approximately \$6 million.<sup>1</sup> These impacts included the deferment of private health insurance premium increases; client cancellations and interruptions of regular home care, disability, dental and health care servicing; some additional government funding receipts; reduced lending and property services activity fees; increased cost of additional personal protective equipment (PPE) and related

**ASX code:**

AYU

**Securities on Issue:**

AYUPA – 1,200,000

AYUHC – 1,150,192

AYUHD – 2,070,000

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

<sup>1</sup> It should be noted that the above impact is an estimate and should not be regarded as definitive. Many of the factors assessed are based on earnings reductions compared to pre-COVID-19 levels of activity or value; however, if COVID-19 had not occurred, these levels of activity or value may still have declined.

consumables; lower earnings from investment markets and cost containment undertaken in response to these pandemic effects.

The overall outcome for the half-year, after inclusion of non-recurring expenses such as remediation expenses, represented a decline in the aggregate trading position, with operating earnings for the half-year of \$13.9 million representing a decrease of \$4.6 million over the prior corresponding period.

Group Managing Director Rohan Mead said that despite the ongoing impact of the COVID-19 pandemic, Australian Unity continued advancing its strategy of building a commercially sustainable portfolio of businesses that provides member, customer and community value and supports personal and community wellbeing.

“While the half-year under review was very significantly different to the corresponding period in the prior year due to emergence of COVID-19 in 2020, the Group delivered a solid, positive first half result,” Mr Mead said.

Highlights included the continued positive impact of improvements in the Home Care Services business; the Group’s work in developing improved and sustainable patient and outcome-focused healthcare services; and the ongoing advancement of the Group’s social infrastructure agenda, which included the major milestone of practical completion and commercial acceptance of the Surgical, Treatment and Rehabilitation Service (STARS) hospital at the \$1.1 billion Herston Quarter health precinct in Brisbane.

Another priority for the Group in the half-year under review was the maintenance of a solid balance sheet position in support of operational resilience and agility. To this end, the Group undertook Australia’s first Mutual Capital Instrument (MCI) issue, raising \$120.0 million from investors. The opportunity to issue these financial instruments was provided by legislative amendments that passed through the Australian Parliament in 2019, which allowed mutual entities, subject to constitutional adjustment, to raise permanent capital without compromising their mutual status. Also, the Group retired the remaining \$71.3 million of Series B Australian Unity Bonds when they matured in December 2020.

Mr Mead said that following a solid first half, the Group was well positioned for the remainder of the 2021 financial year.

“Despite the ongoing impact of COVID-19 and the pressures on its individual businesses, the Group remains positive about its capacity to respond to these challenges and to continue to build on the considerable

opportunities arising from an external environment of uncertainty and market disruption,” Mr Mead said.

“In the context of this market volatility, the Group will also work to maintain balance sheet resilience and operational flexibility as it continues to pursue the development of the business portfolio and the realisation of strategic ambitions.”

The Board has also determined an interim fully franked dividend of \$1.5342 per MCI to be paid on 15 April 2021.

### *Key financial metrics by business*

#### **Independent & Assisted Living**

<b>For period ended:</b>	<b>31/12/20 \$M</b>	<b>31/12/19 \$M</b>	<b>CHANGE %</b>
Total segment revenue	252.1	251.0	0.4
Adjusted EBITDA <sup>2</sup>	32.1	29.1	10.2
Other results:			
Home Care Services revenue	164.5	163.2	0.8
Remedy Healthcare revenue	19.8	13.3	49.1
	<b>31/12/20 Number</b>	<b>30/06/20 Number</b>	<b>CHANGE Number</b>
Retirement village ILUs	2,496	2,496	0
Aged care beds	786	786	0

<sup>2</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 on external borrowings and investment income. It also excludes material non-recurring expenditure and shared services costs. See note 2 to the Consolidated Financial Statements in Australian Unity Limited’s Interim Report for the half-year ended to 31 December 2020.

## Retail

	31/12/20	31/12/19	CHANGE
For period ended:	\$M	\$M	%
Total segment revenue	348.8	360.9	(3.4)
Adjusted EBITDA	38.9	32.5	19.6
Gross claims paid	298.2	320.7	(7.0)
Other results:	31/12/20	30/06/20	CHANGE
	\$M	\$M	%
Bank gross loan portfolio	920.7	928.2	(0.8)
Australian Unity Bank total assets	1,248.3	1,133.8	10.1
	31/12/20	30/06/20	CHANGE
	Number	Number	%
PHI policyholders (AUHL)	171,460	171,924	(0.3)
Australian Unity Bank customers	~25,900	~24,500	5.4

## Wealth & Capital Markets

	31/12/20	31/12/19	CHANGE
For period ended:	\$M	\$M	%
Total segment revenue	82.6	84.2	(2.0)
Adjusted EBITDA	9.8	18.2	(46.0)
Other results:	31/12/20	30/06/20	CHANGE
	\$B	\$B	%
Investments funds under management and advice	9.78	8.22	18.9
Property under management	3.98	3.52	13.1
Property under development	0.96	1.29	(25.2)
Debt facilities under management	1.46	1.37	6.6
Funds under advice	7.50	7.14	5.0
Funds under trusteeship	0.37	0.35	7.5
Life & Super funds under management and administration	2.41	2.27	6.5
Total	26.47	24.16	9.6

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

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