



AUSTRALIAN UNITY LIMITED

INVESTOR UPDATE

Financial year ended 30 June 2015

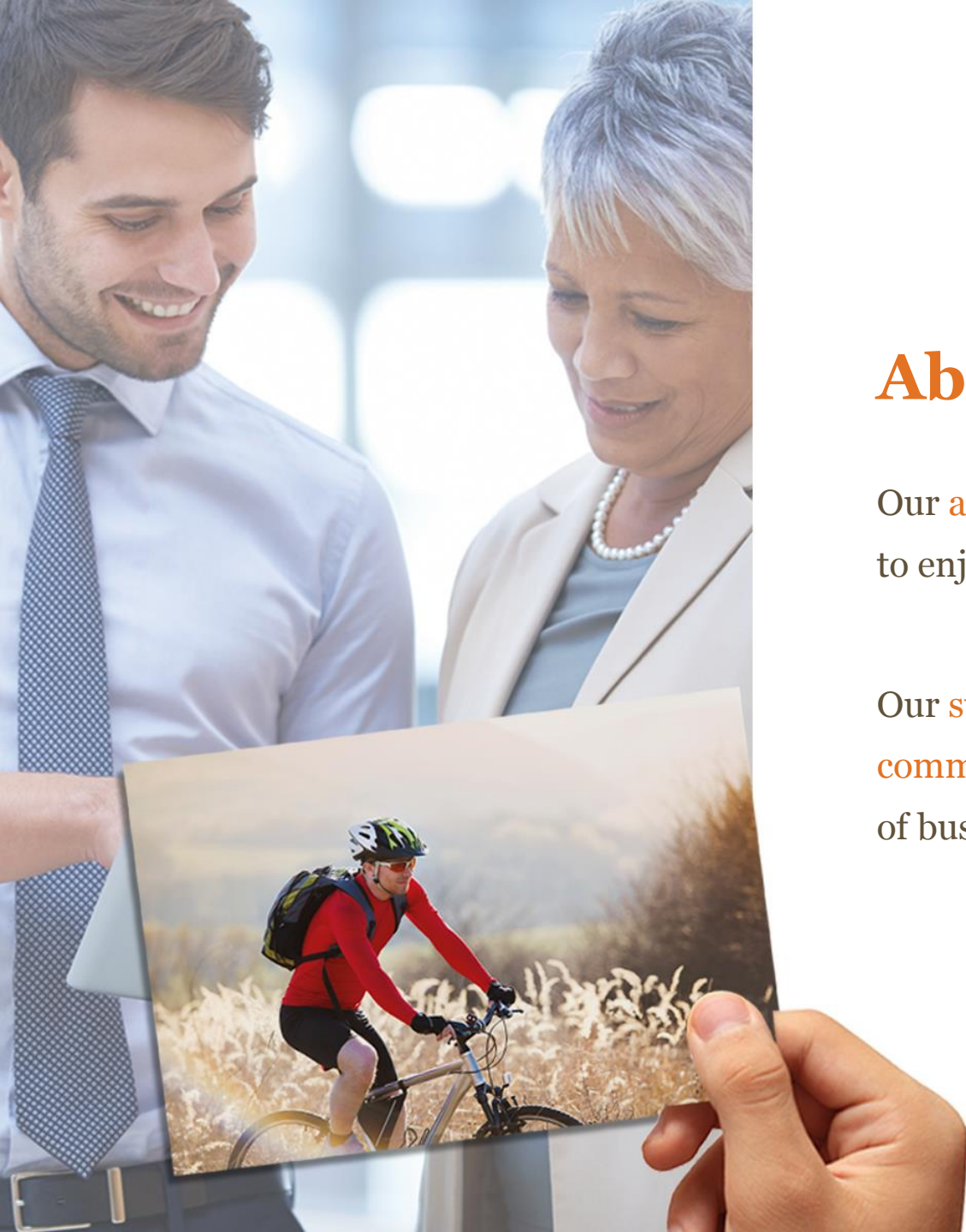
Presenters

- Kevin McCoy – CFO
- Darren Mann – Group Treasurer
- Brad Duggan – CFO, Retirement Living



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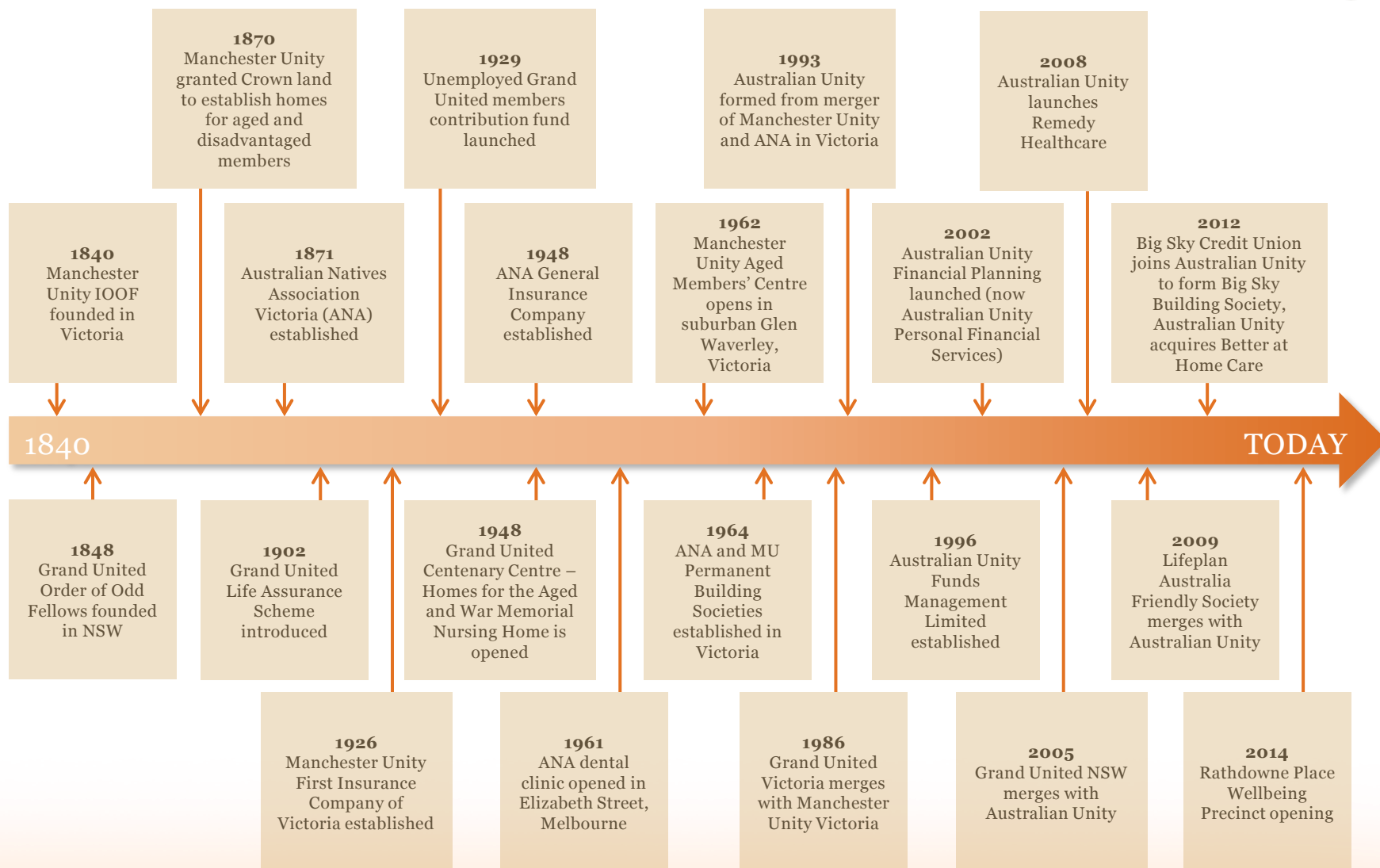


About Us

Our **ambition** is to enable millions to enjoy **wellbeing**

Our **strategy** is to build a **leading, commercial, sustainable**, portfolio of businesses that foster wellbeing

Our 175 year history



Overview of Australian Unity



TRUSTED MUTUAL

- Owned by and run for the benefit of ~300,000 members
- Provides services to 850,000 customers
- Profits reinvested for the wellbeing of members, customers and the general community
- \$120.0 million Australian Unity Notes (AYUHA) listed on ASX issued in April 2011

DIVERSE PORTFOLIO

- Uniquely diversified company with broad capability and deep experience in healthcare, aged care, home care, retirement accommodation, asset management, funds management and financial advice
- A prudentially supervised company, regulated by the Australian Prudential Regulation Authority, along with many other regulators
- Ability to deliver financial, strategic and operational outcomes with contributions from each platform
- Approximately half of group adjusted EBITDA¹ generated by businesses other than Private Health Insurance (PHI)

FINANCIAL SUBSTANCE

- Strong profit history - FY15 NPAT \$34.6 million, an increase of \$8.9 million, or 34.8 percent since FY11
- Gearing ratio closely managed, reduced from 36.6 percent in FY11 to 33.7 percent in FY15
- Interest cover: steady and stable since FY11 of 2.72 times to FY15 of 3.08 times
- Balance sheet equity increased to \$542.9 million or 38.6 percent since FY11
- AYUHA's investment grade credit rating of BBB+ by Australia Ratings maintained since issue in April 2011

LONG-TERM STRATEGY

- Engagement target: five million customers reached
- Highly influential national brand
- Financial substance with a balanced approach to risk
- Sought after products and services

¹ Group adjusted EBITDA excludes corporate functions and eliminations

Trusted mutual



- An independent Australian mutual comprising ~300,000 members, many of whom have been with the organisation for more than 50 years.
- The Australian Unity Group's history as a trusted mutual dates back 175 years, set up by members, for members, with continuous operations in financial services with concern for social needs of the community.
- A public company, Australian-domiciled, governed by an independent board of directors with broad commercial and public policy experience.
- The Australian Unity Group has grown organically and as a result of successful strategic mergers and diversification into new businesses driven by a strong brand.
- The Australian Unity Group is a provider of high-trust sustainable products and wellbeing services to members throughout various stages of their lives.

Australian Unity at a glance



\$7.3
billion in funds
under management

\$5.9
billion in funds
under advice

6.5
million hours of
care provided
per annum¹

850,000
customers²

800,000
meals provided
annually³

225,000
health insurance
policies

40,000
nursing and
allied health
visits a year⁴

35,000
health coaching
and chronic disease
management hours
per year⁵

3,300
home care clients⁶

2,500
employees across
Australia⁷

2,200
residential aged care
places serviced with
allied health services
across NSW and Vic⁸

609
residential aged
care places
operated directly⁹

183
financial advisers

85%
employee
engagement score¹⁰

19
retirement
communities

12
industry groups or
policy institutes that
have an Australian
Unity executive as a
board member

6
major retirement and
aged care development
projects under
construction

175
years old

1 Across Australian Unity home care and aged care

2 Total for Australian Unity Group

3 In Australian Unity owned aged care facilities

4 By Remedy Healthcare (wholly-owned subsidiary)

5 By Remedy Healthcare

6 The existing Australian Unity Home Care business

7 Australian Unity Group

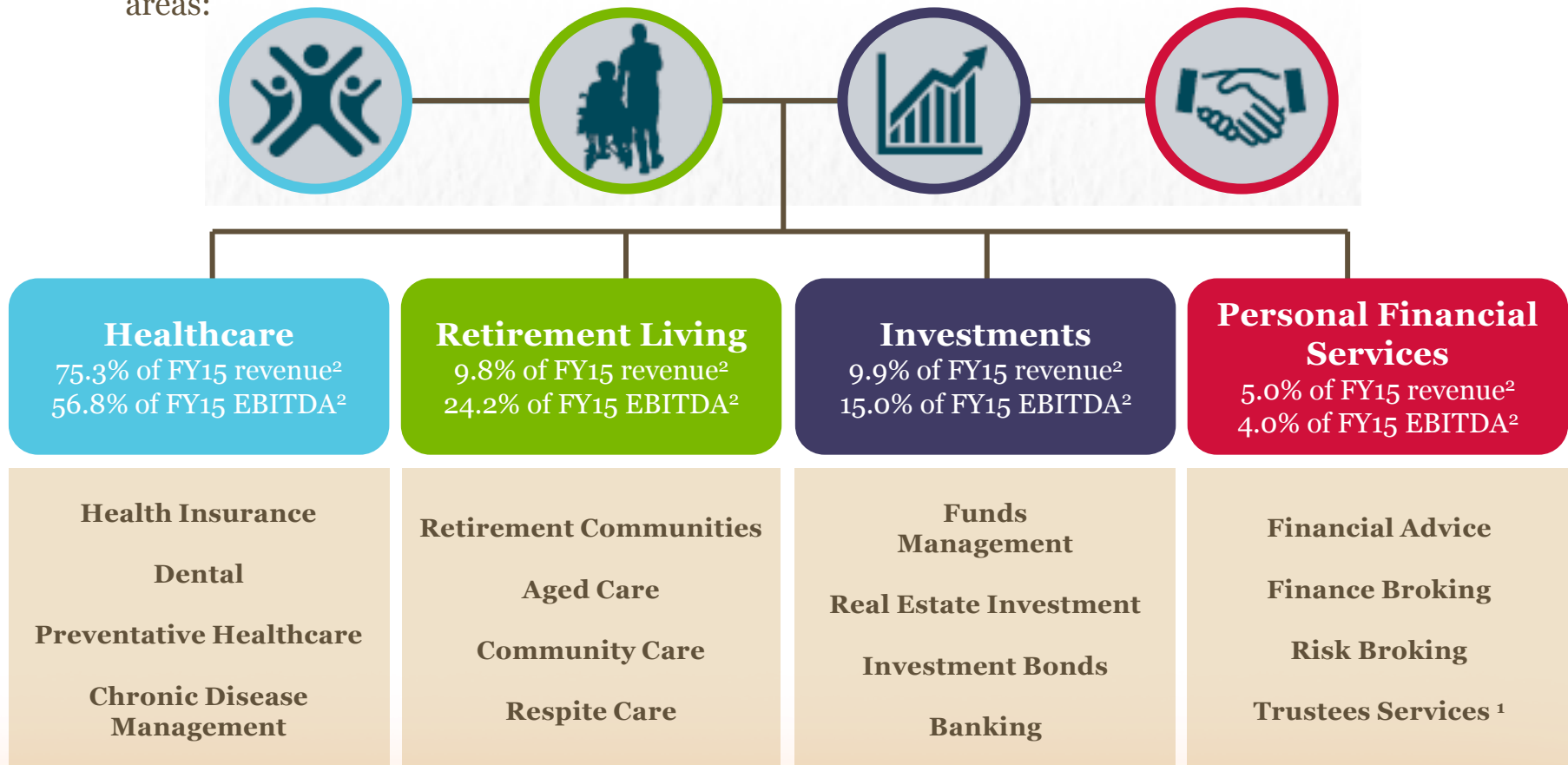
8 By Remedy Healthcare

9 By Australian Unity

10 Across all of Australian Unity

Diverse portfolio

- Our strategy is to build a leading, commercial, sustainable, portfolio of businesses that foster wellbeing
- The Australian Unity Group has a uniquely diversified portfolio across four principal business areas:



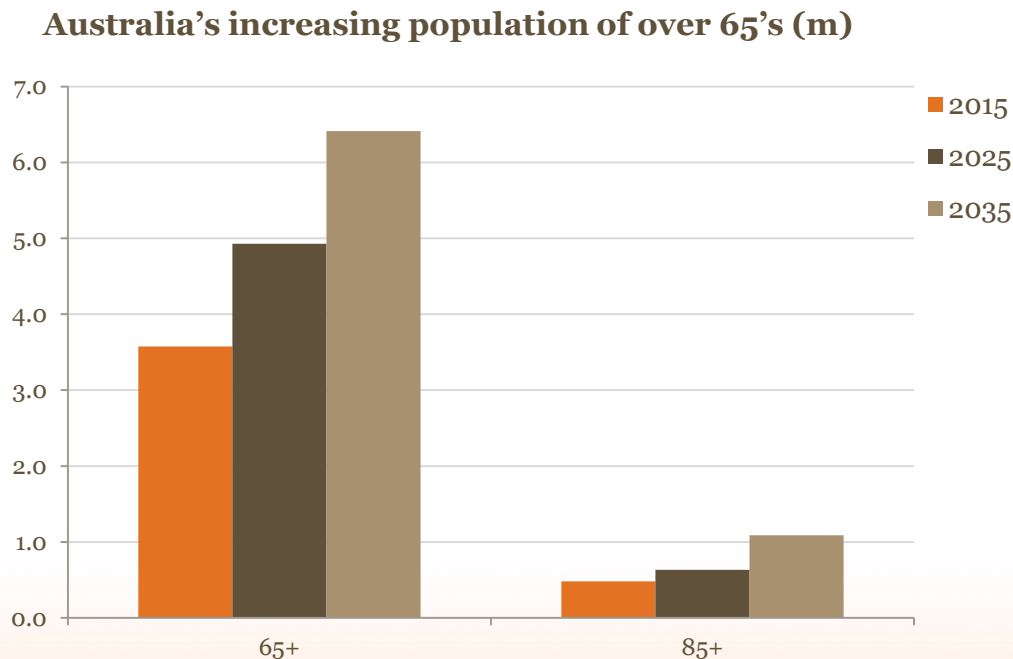
¹ Flinders Australia was acquired by Australian Unity on 1 July 2015

² Aggregate revenue and adjusted EBITDA percentage excludes corporate functions and eliminations

Diverse portfolio

Link to demography

- Demand for products and services of the Australian Unity Group are intimately linked to the demographic dynamics of the ageing of Australia's population.
- For example ageing trends, as estimated by the ABS, are shown in the following chart.





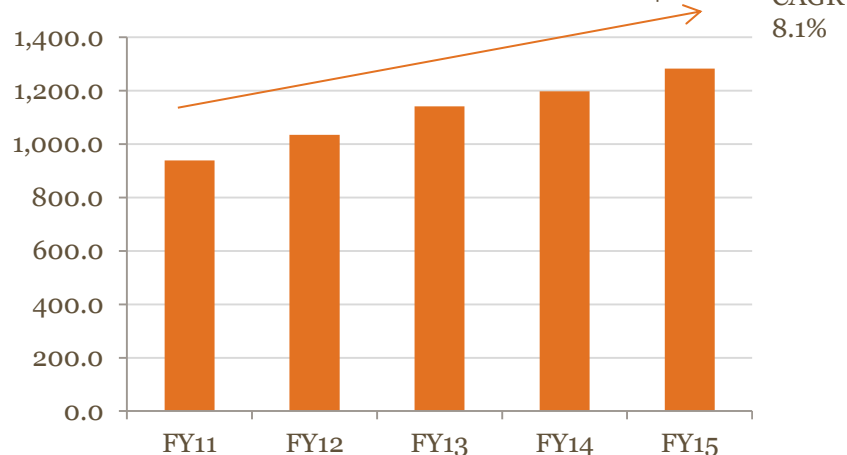
Overview of Results and Achievements

Australian Unity 2015 Financial Highlights

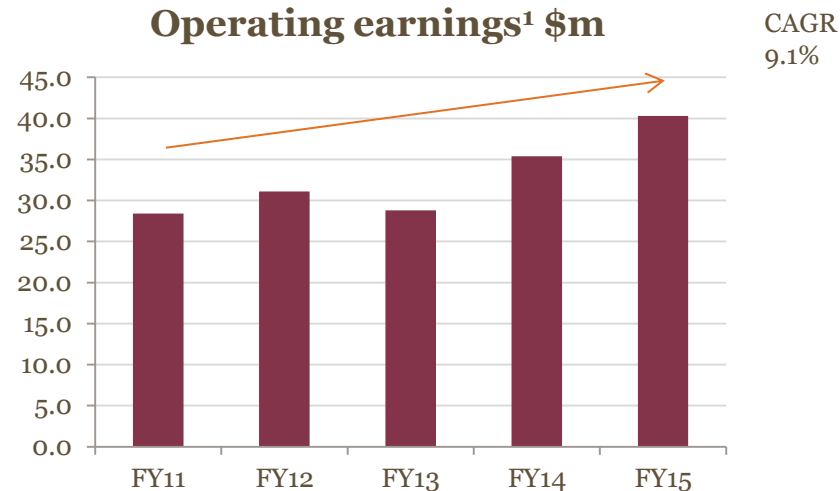


- Records strong year-on-year increases in operating earnings and profit

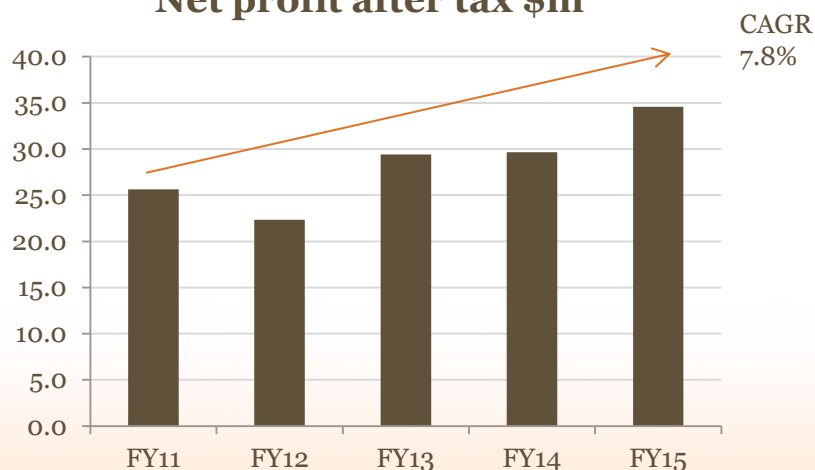
Revenue and other income \$m



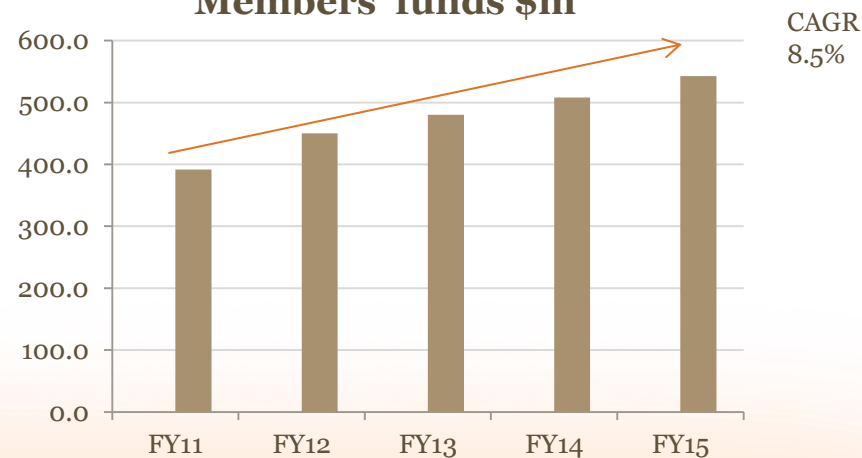
Operating earnings¹ \$m



Net profit after tax \$m



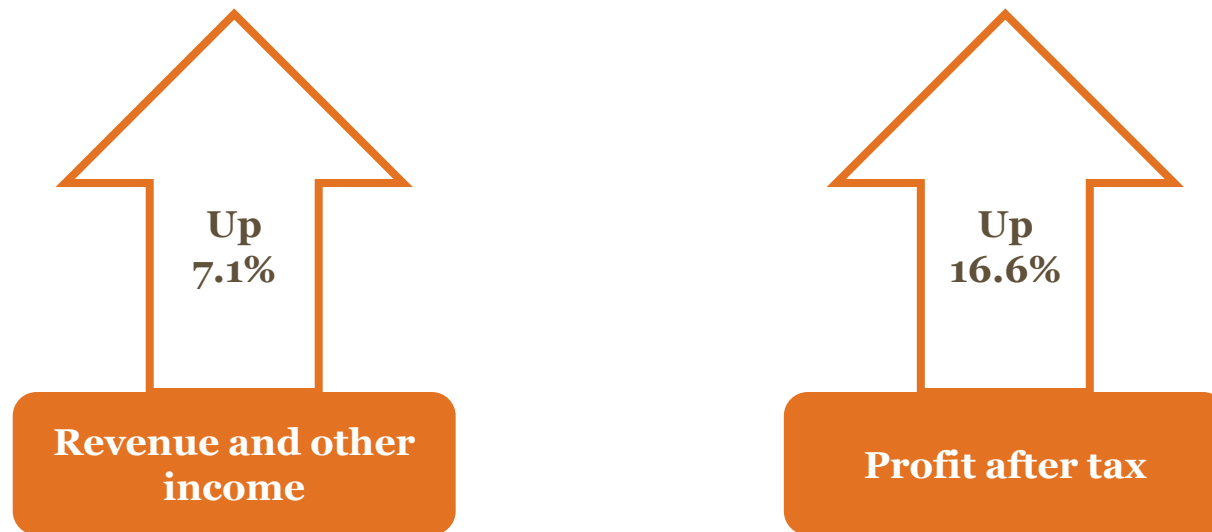
Members' funds \$m



¹ Operating earnings: profit before tax attributable to members of Australian Unity less investment income, borrowing costs exclusive of accommodation bond interest reclassification and discontinued operations and business acquisition costs.

Australian Unity Limited results

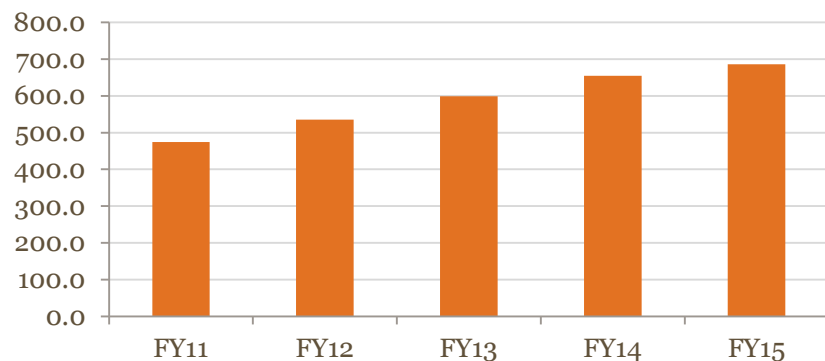
Financial Results Overview



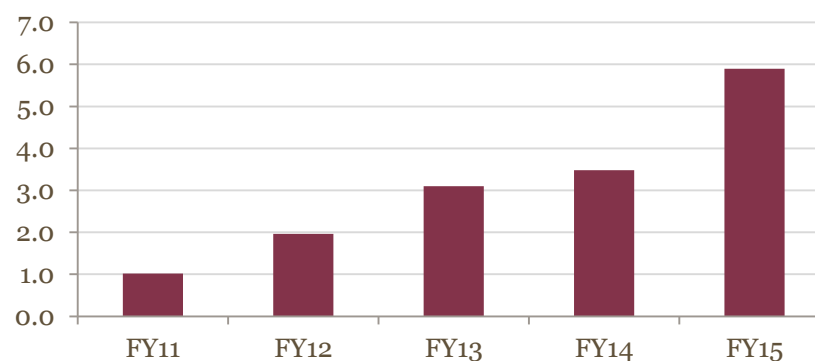
- Revenue and other income of \$1.3 billion and profit after tax of \$34.6 million
- Increases in adjusted EBITDA in all revenue segment areas
- Operating earnings \$40.3 million, up 13.7 percent
- Solid result flowed largely from operating revenue growth generated by the Group's business segments

Australian Unity 2015 businesses highlights

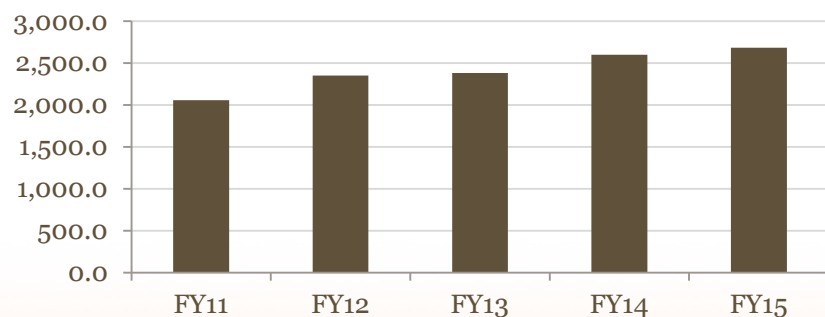
Health claims \$m



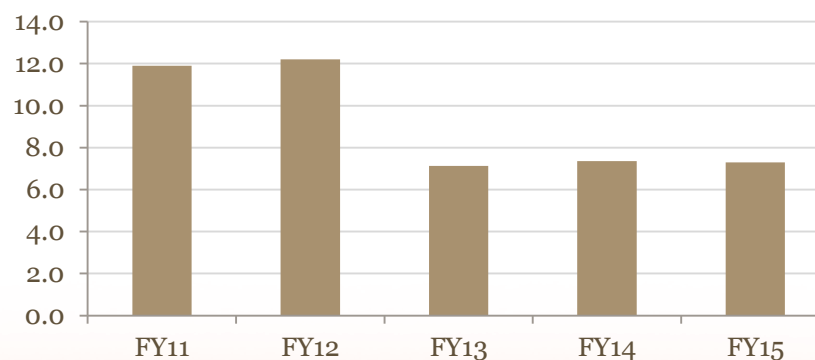
Funds under advice \$b



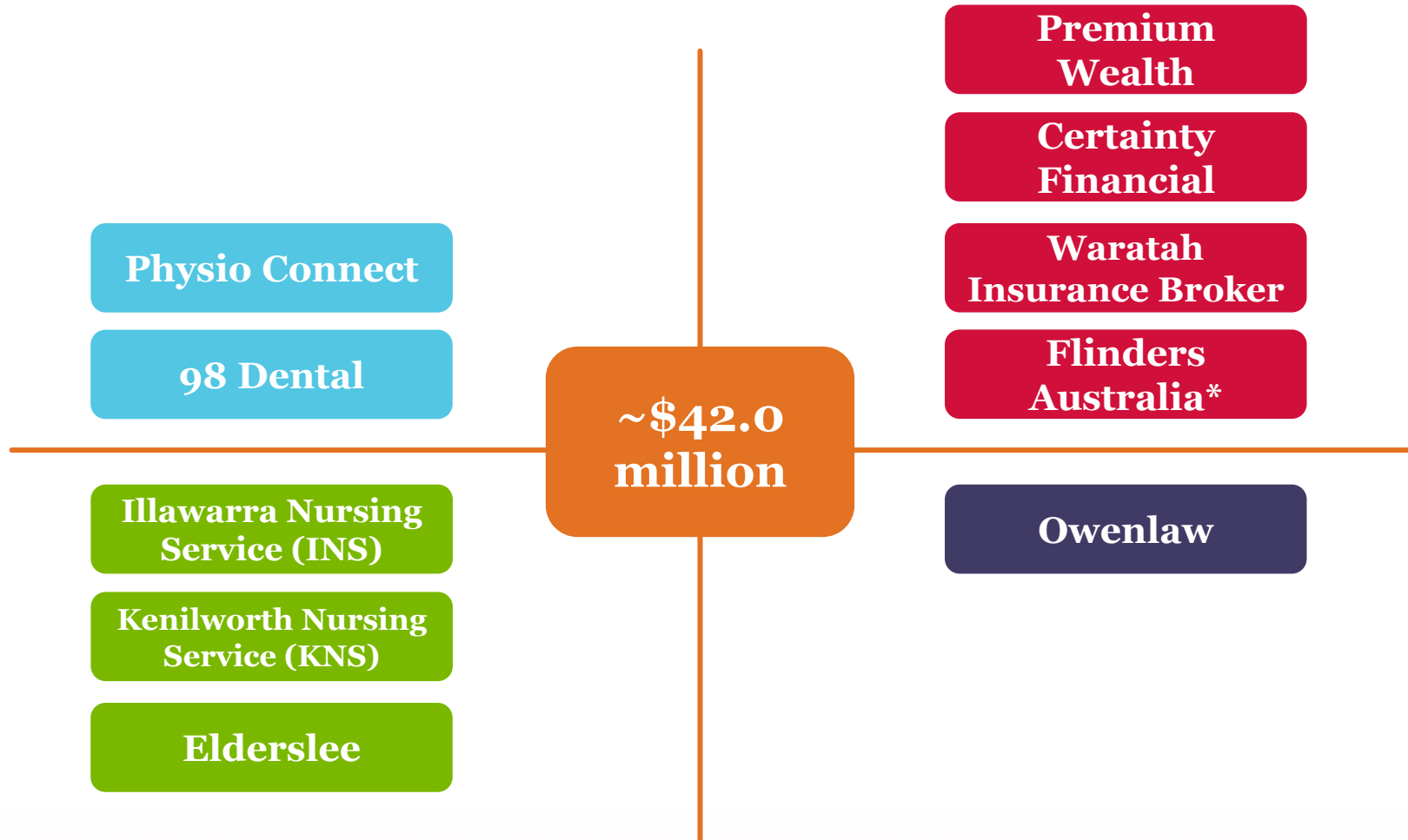
Retirement units and aged care beds



Funds under management \$b



Additional growth achievements

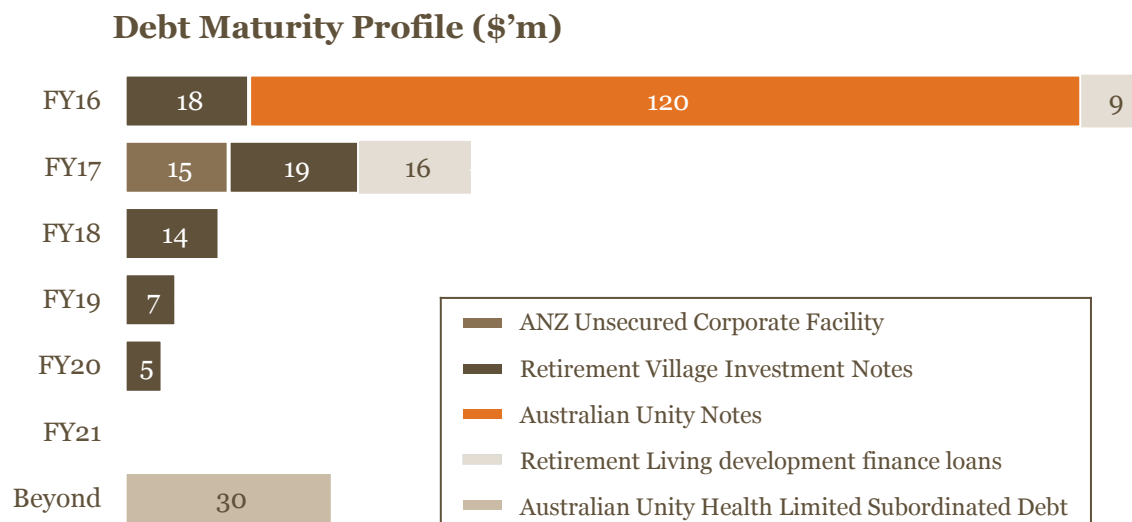
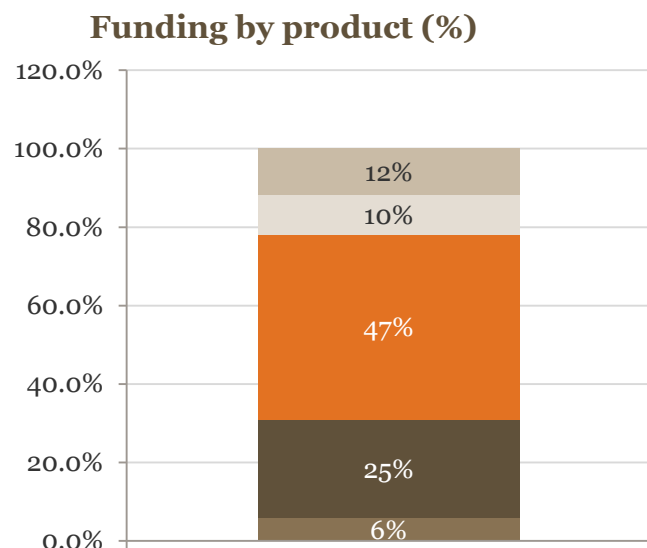


The group has made acquisitions across all its businesses throughout the year.

*Flinders Australia was acquired on 1st July 2015

Debt facilities and maturity profile

- Australian Unity seeks to maintain a diversified debt portfolio that enables it to access a range of funding sources to meet its ongoing business requirements and investment opportunities.
- The graphics below demonstrate the group's funding mix and debt maturity profile by product.

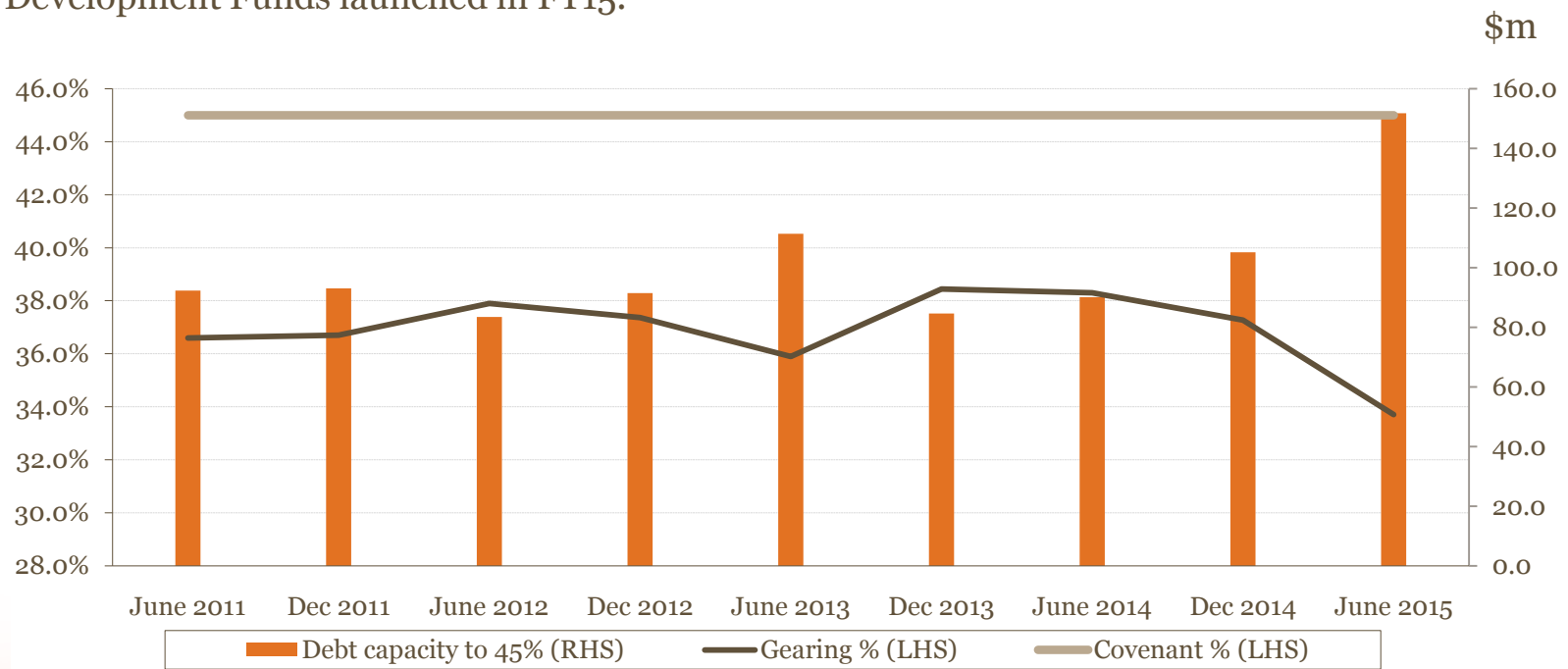


- Australian Unity is currently considering options for the refinancing of \$120 million of Australian Unity Notes due in April 2016, including a potential issue of listed debt securities.

Note: Debt maturity profile excludes the ADI, loans with related entities and lease liabilities.

Gearing analysis

- The Gearing Ratio, as reported in the financial statements, is 33.7 percent as at 30 June 2015 and was comfortably below the 45.0 percent covenant*.
- This ratio reflects the reduction in the development finance loans with repayment driven by sales.
- Continuing Retirement Living growth is being funded through the Retirement Village Development Funds launched in FY15.



* As defined in clause 6.1 of the Australian Unity Notes prospectus dated 11 March 2011

Interest coverage ratio

AUSTRALIAN UNITY NOTES	Year to	Year to	Year to	Year to	Year to
INTEREST COVERAGE CALCULATION (\$'000)	30 Jun 2011	30 Jun 2012	30 Jun 2013	30 Jun 2014	30 Jun 2015
Profit before income tax (attributable to Members of Australian Unity Limited)	27,765	22,172	35,365	35,077	42,933
Total finance costs	16,110	21,563	19,316	18,140	20,613
[Profit before income tax (attributable to Members of Australian Unity Limited) + Total finance costs] / Total finance costs	43,875	43,735	54,681	53,217	63,546
Interest cover (times)	2.72	2.03	2.83	2.93	3.08

Notes:

Interest cover included for information purposes in the Australian Unity Ltd Notes Prospectus Section 5.10.4 = Earnings before interest and tax / Interest Expenses



Business Segment Highlights

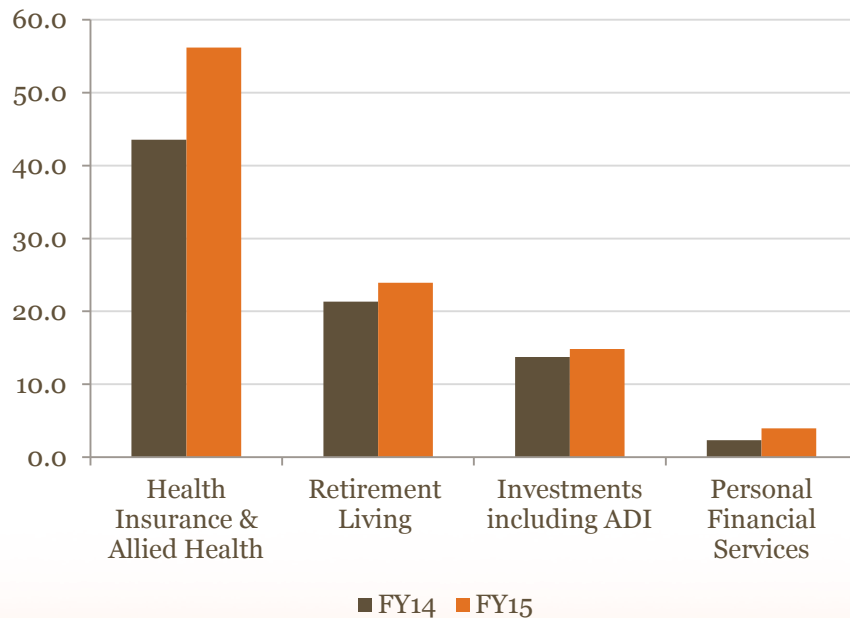
Financial results by segment

Segment Results

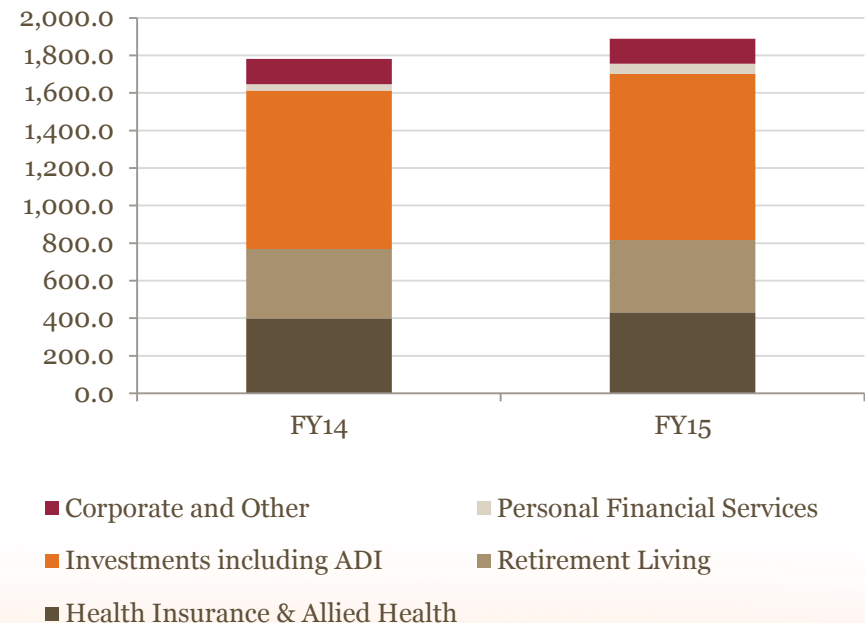
All businesses contributed solid results with year on year growth in adjusted EBITDA.

The group continues to focus on organic growth and pursuing its strategy of serving the wellbeing needs of Australians.

Adjusted EBITDA \$m



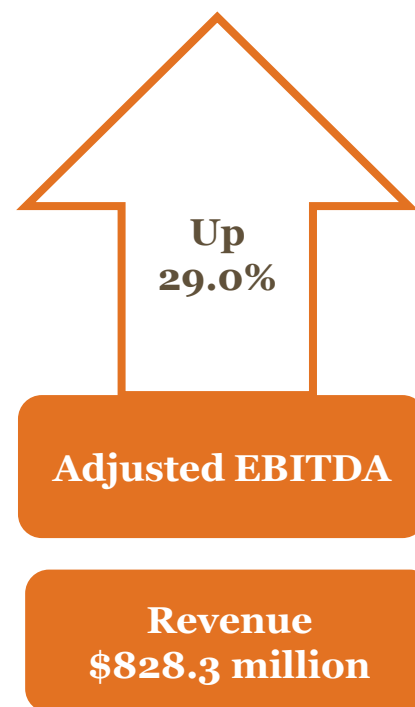
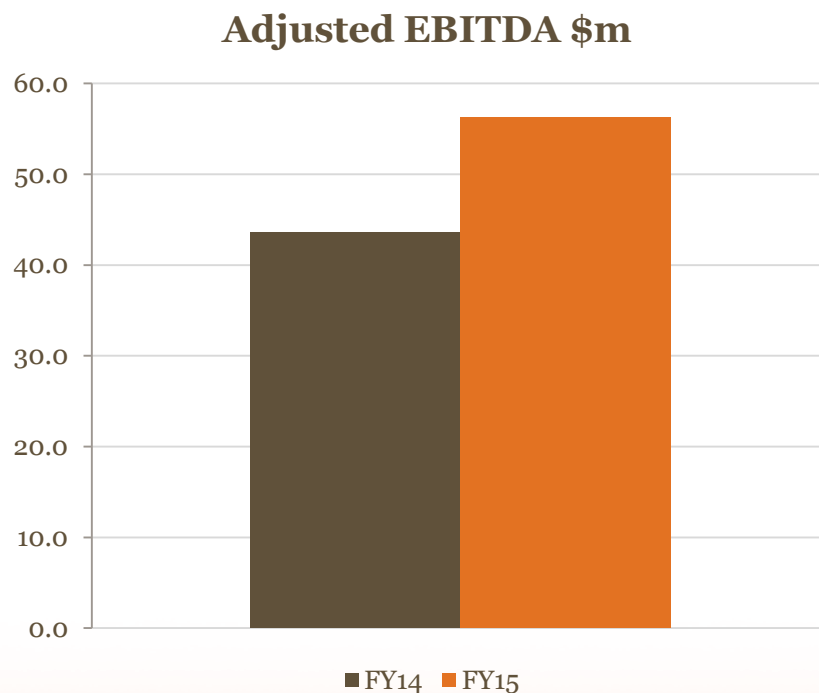
Total Assets by Business Segment \$m



Business segment results

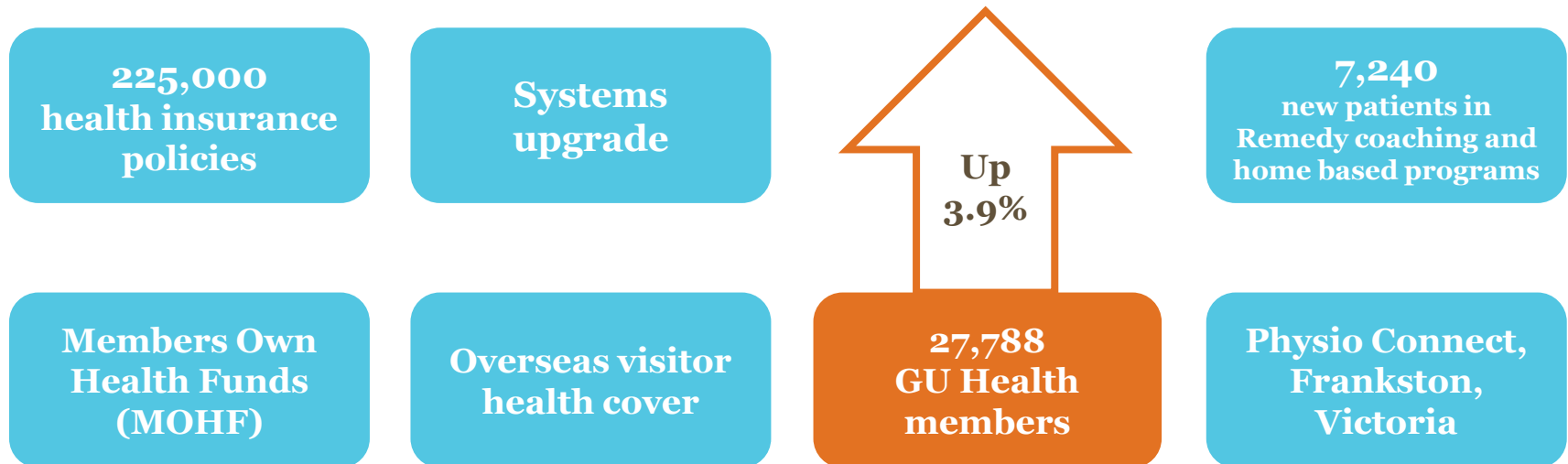
Healthcare

A positive year with a return to financial performance comparable to levels before government intervention and ensuing regulatory changes began to impact the sector's result.



Business segment highlights

Healthcare

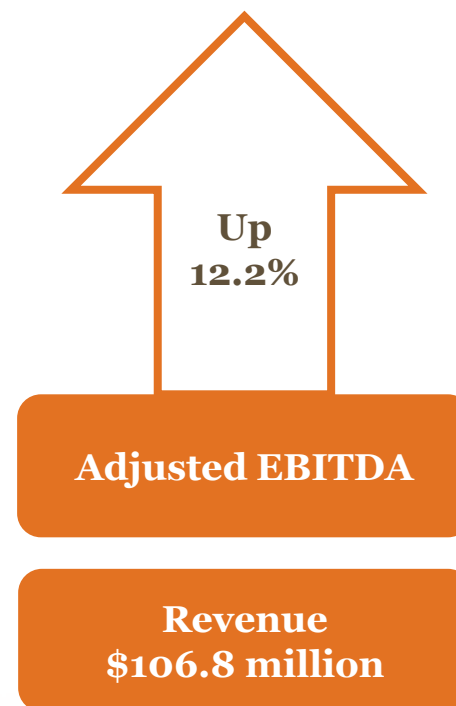
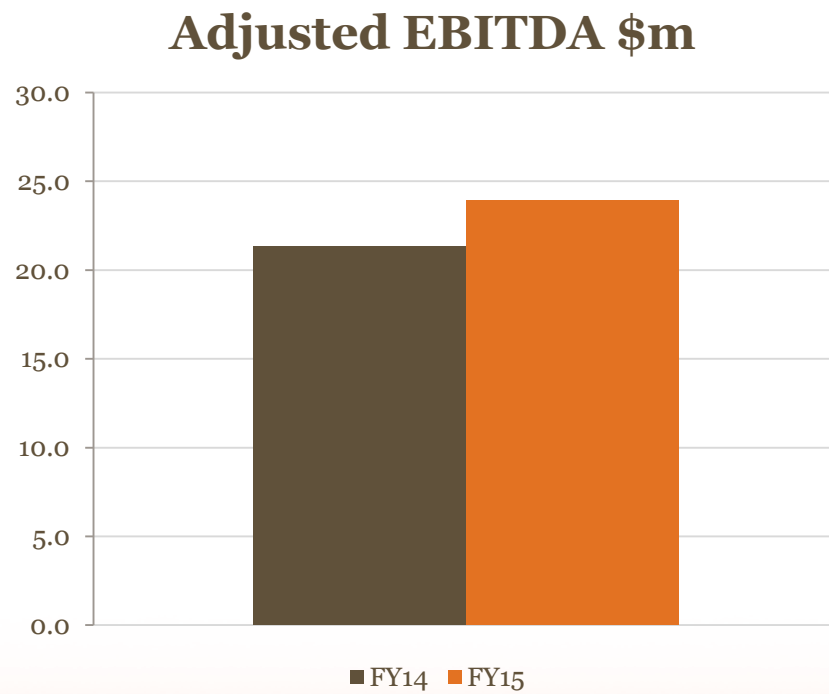


- Improvement in the corporate health fund's performance following a year of strong policy growth and pricing adjustments necessary to address the profitability challenges experienced in the previous year.
- Improvement in the underwriting margin in the retail health insurance fund.
- Strong result in the dental business, with 9.2 percent year on year increase in number of patient visits, from 56,439 (2014) to 61,638 (2015).

Business segment results

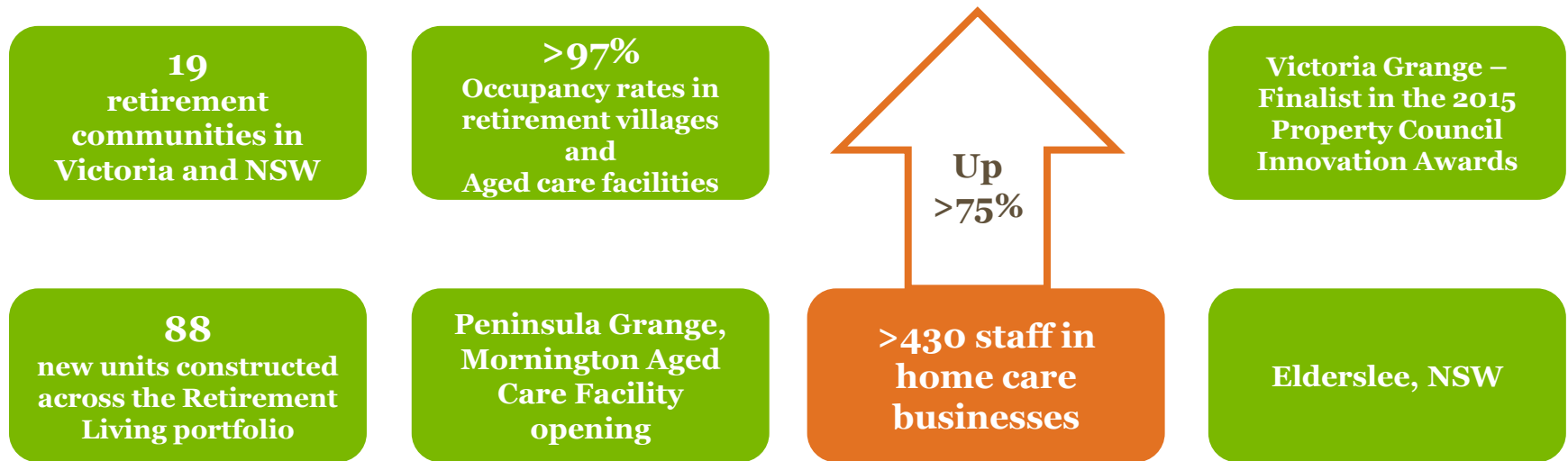
Retirement Living

Retirement Living business recorded strong revenue and EBITDA growth during 2015.



Business segment highlights

Retirement Living

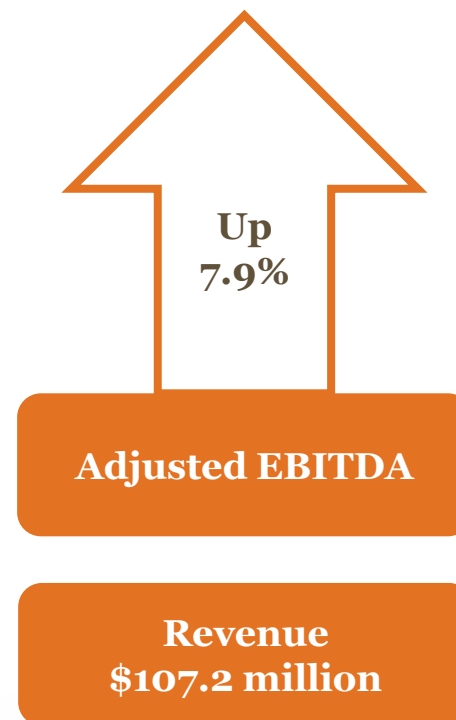
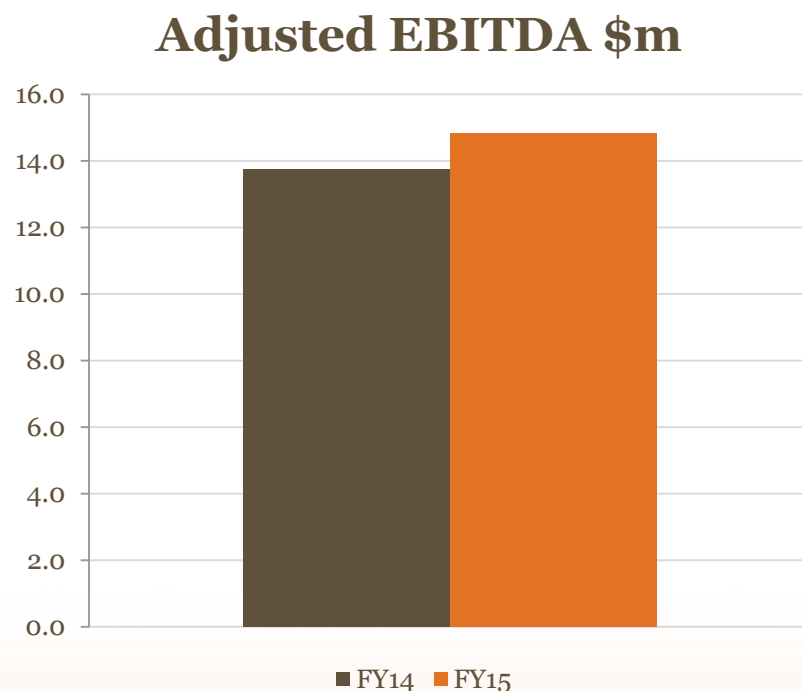


- 19.7 percent increase in revenue from prior year, positive outcome despite the closure of Wahroonga Aged Care Facility for total redevelopment (Campbell Place).
- Gains from opening the Rathdowne Place in Carlton (Victoria), Peninsula Grange Aged Care in Mornington (Victoria) and continued growth in Home Care businesses.
- Elderslee, an existing managed village on the Central Coast of NSW was acquired during the year.

Business segment results

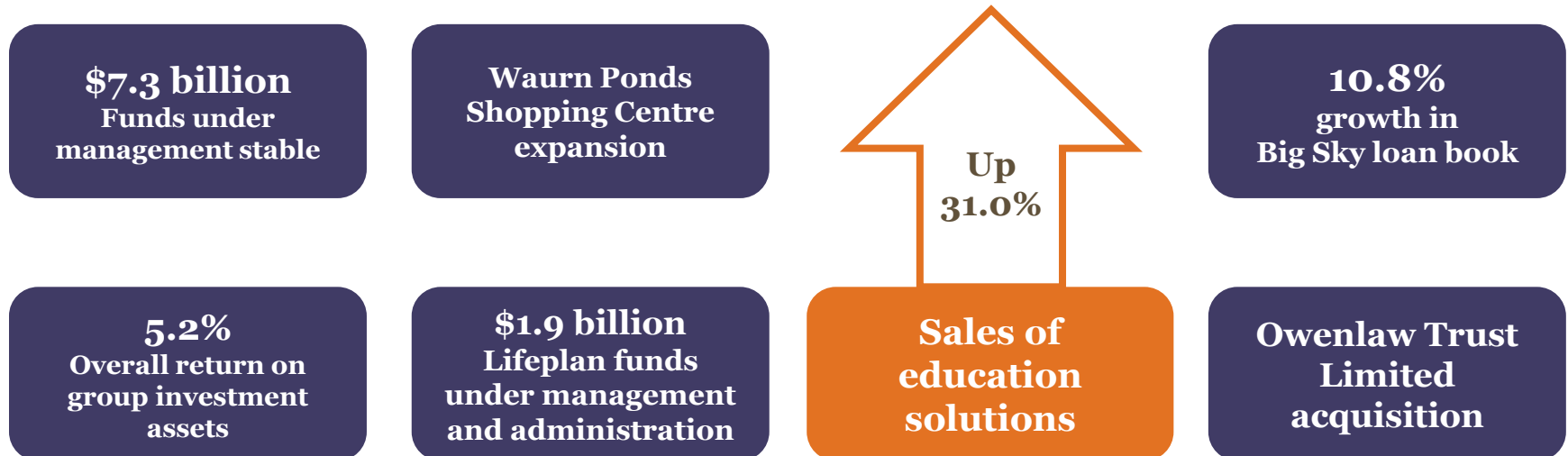
Investments

The Investments business produced a very creditable result in a year characterised by periods of extreme volatility.



Business segment highlights

Investments

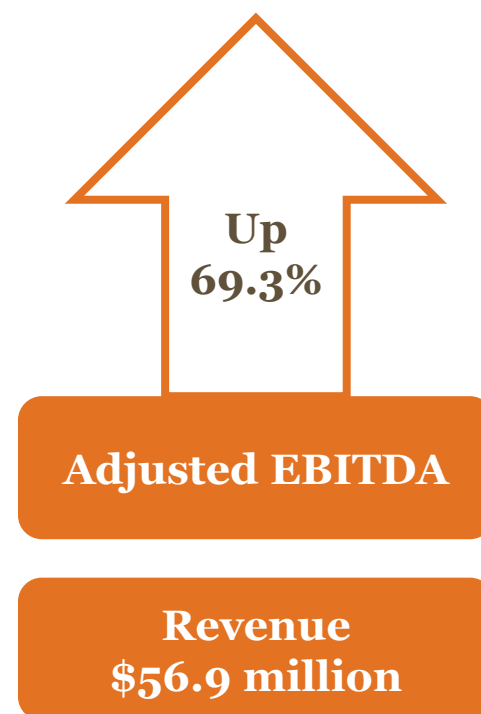
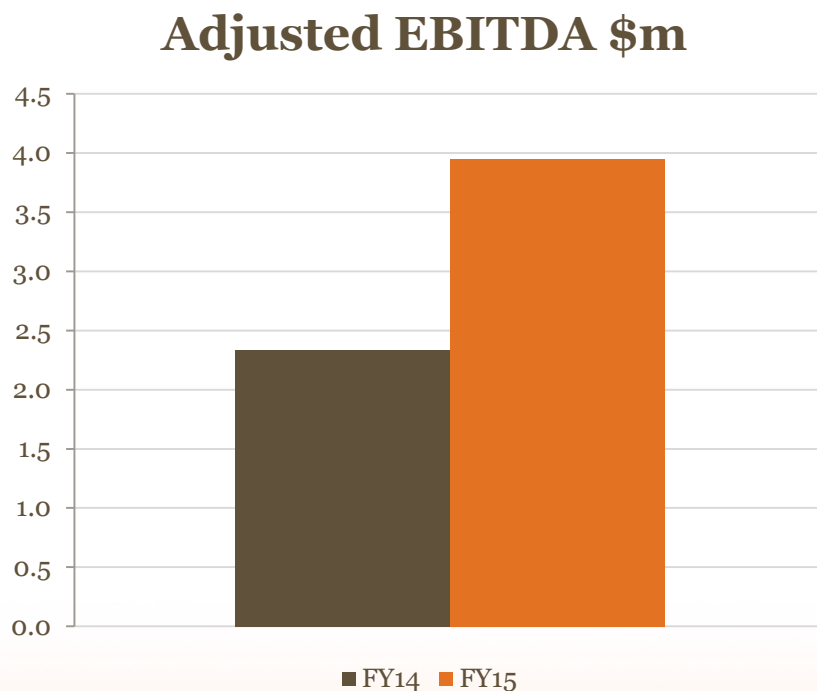


- Funds under management, administration and advice were at \$8.7 billion (2014: \$8.5 billion).
- Appointed BNP Paribas Securities Services as its custodian and administrator.
- Funeral Plan Management (FPM) broadened its business strategy to include a Business-to-Consumer proposition and further enhanced its online business management platform for Funeral Directors.
- Big Sky Building Society achieved a BBB rating from Standards and Poor's in July 2015.

Business segment results

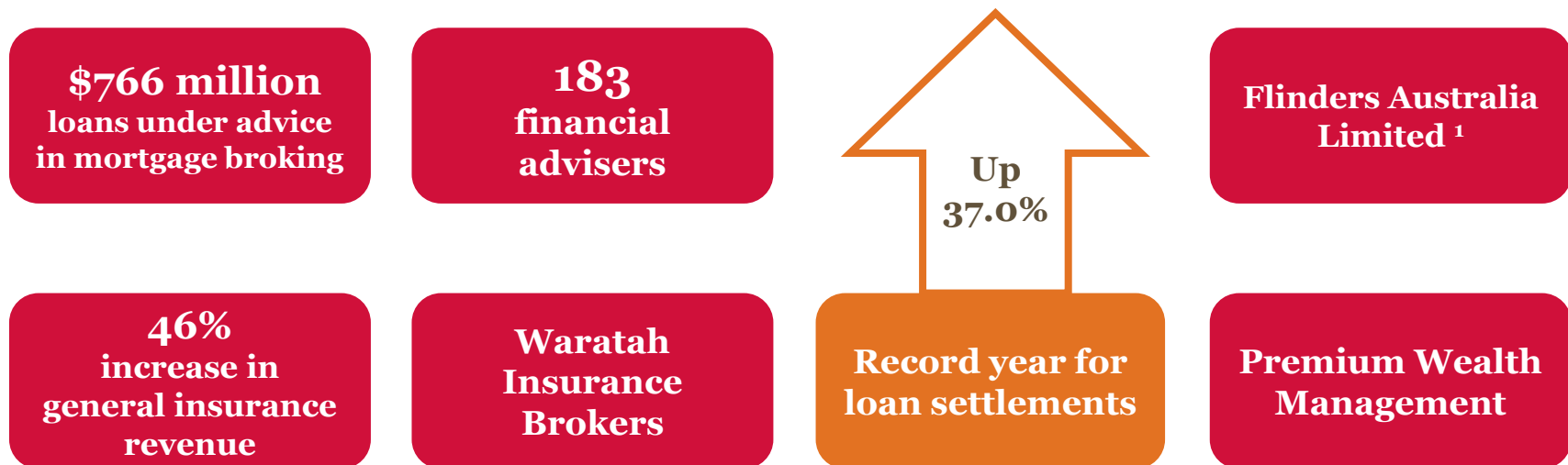
Personal Financial Services

Personal Financial Services was significantly strengthened by a number of strategic acquisitions during the year.



Business segment highlights

Personal Financial Services



- Funds under advice increased by 70.2 percent to \$5.9 billion (2014: \$3.5 billion).
- Acquisition of Premium Wealth Management in December 2014, an independent financial advisory licensee primarily owned by its advisers and contains significant number of larger accounting practices.
- Acquired Waratah Insurance Broker in March 2015, an independent Sydney-based general insurance broker, a major step for the business towards building a significant presence in the general insurance broking space.

¹ Flinders Australia was acquired on 1 July 2015

Australian Unity at a glance



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4 By Remedy Healthcare (wholly-owned subsidiary)

5 By Remedy Healthcare

6 The existing Australian Unity Home Care business

7 Australian Unity Group

8 By Remedy Healthcare

9 By Australian Unity

10 Across all of Australian Unity



Post-announcement news

Home Care NSW

Home Care NSW transfer

- The NSW government has signed an agreement with Australian Unity to transfer the Home Care Service NSW (Home Care) to Australian Unity.
- Australian Unity will buy the business in its entirety for \$114 million, subject to adjustments usual for a transaction of this kind.
- Home Care has 50,000 clients and 4,000 staff, and revenues of approximately \$234 million last financial year.
- The transaction will be funded by cash and debt.
- We have an unconditional commitment letter from NAB for the relevant financing.
- We have business and transition plans ready to go.

Our Vision for Home Care NSW

**Our vision is to create Australia's leading Home Care business—
one that offers a true continuum of client-directed care.**

1. Leverage our 'Better Together' model to enhance the person-centred service offering and client experience
2. Ensure continuity of care and minimal disruption to service during transition
3. Retain and enhance the structure and identity of Aboriginal Home Care
4. Implement Australian Unity's home care management system, Procura, and supporting infrastructure, to enhance productivity
5. Implement an updated operating model that drives effectiveness
6. Position the business to grow market share and brand awareness nationally
7. Ensure the business continues to work closely with Government at all levels

Presenters



Kevin McCoy – Chief Financial Officer

Kevin joined Australian Unity in April 2012 and was responsible for the effective execution of our strategic initiatives, treasury, capital management and organisation-wide performance measures. Kevin took on the role of Chief Financial Officer from April 2014.



Darren Mann – Group Treasurer

Darren joined Australian Unity in 2012 and has been involved in integration and value creation roles across the group. In June 2015, Darren was appointed Group Treasurer. Prior to this appointment, Darren was the Head of Group Capital Management and led the implementation of the internal performance reporting structure.



Brad Duggan – Chief Financial Officer – Retirement Living

Brad joined Australian Unity in July 2014. Brad has 15 years experience in senior consulting and finance roles at PwC and Grocon.



175 years
of thinking about the future