

31 August 2017

## Business plans progressed and growth delivered in FY17 results

### Result overview:

- Revenues<sup>1</sup> \$2.05 billion, up 34.2%
- Operating earnings<sup>2</sup> \$38.9 million, down 19.5%
- Profit before tax \$33.2 million, down 10.8%
- Profit after tax \$46.8 million, up 31.7%

Health, Wealth and Living group Australian Unity has reported revenues of \$2.05 billion for the 12 months to 30 June 2017, an increase of 34.2 percent compared to the previous corresponding period.

The revenue increase reflected growth across the Group's businesses, led by the first full year of revenue following the acquisition of Home Care NSW, together with growth in health insurance and benefit fund revenue.

The Group's operating earnings of \$38.9 million for the year ended 30 June 2017 were down 19.5 percent from the previous corresponding period, due largely to integration costs involved in the Home Care NSW acquisition.

The aggregate adjusted earnings before interest, tax, depreciation and amortisation (EBITDA<sup>3</sup>) of the Group's operating businesses were steady at \$111.8 million for the year.

Net profit after tax for the year increased 31.7 percent to \$46.8 million, with the impact of Home Care NSW integration costs offset to some degree by a number of non-recurring items.

**ASX code:**  
AYU

**Securities on Issue:**  
AYUHB – 2,500,000

**Issuer:**  
Australian Unity Limited  
ACN 087 648 888

**Enquiries:**  
Australian Unity Registry  
1300 554 474

**Contact details:**  
Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
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

<sup>1</sup> Revenues: comprise revenue and other income receipts as shown in the statement of comprehensive income in the Annual Financial Report plus life investment contract premium receipts. The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.

<sup>2</sup> Operating earnings: Profit before tax less investment income, borrowing costs and discontinued operations and business acquisition costs.

<sup>3</sup> Adjusted EBITDA: the measure the Group uses in assessing the operating performance of its business segments. This measurement basis excludes the effects of depreciation and amortisation, interest on external borrowings and investment income. It also excludes non-recurring expenditure.

## ASX Announcement

Group Managing Director Rohan Mead said the Group was encouraged by the growth in revenues driven by recent acquisition and integration activity, in addition to the strong performance of the Health and Wealth businesses.

“The company has built positively and purposefully on the step-changes that were a feature of the previous year’s acquisitions and initiatives,” he said.

“The Group’s 2017 financial year was one of consolidation, reflecting the current stage of the Group’s development plans.

“During the year we addressed three significant projects for the Group: the Home Care NSW acquisition, the Herston Quarter redevelopment in inner-Brisbane and the creation of Australian Unity Trustees. These three initiatives have extended our service and geographic footing further than ever before.”

Rohan Mead, Group Managing Director

“While considerable resources—both financial and human—were deployed to integrate a wide range of new operations into the existing Australian Unity operations, pleasingly, organic growth also continued across the Group.”

The **Healthcare** business delivered a lower premium increase than the industry average and the lowest percentage increase to members since 2007. In this context, the business sought to continue to provide policyholders with high quality, affordable insurance and extras that they value.

The number of policyholders decreased slightly during the year, while total segment revenue increased by 5.3 percent and adjusted EBITDA rose 15.5 percent compared to the previous year.

In the **Wealth** business, strong investment performance was a highlight. The Healthcare Property Trust, the largest fund of its kind in Australia, increased funds under management to \$1.25 billion (2016: \$1.06 billion) and delivered a return of 14.0 percent for the year to 30 June 2017.

The Retail Property Fund achieved a 32.9 percent return for investors while the Australian Unity Diversified Property Fund achieved a return of 17.6 percent for the year.

**ASX code:**  
AYU

**Securities on Issue:**  
AYUHB – 2,500,000

**Issuer:**  
Australian Unity Limited  
ACN 087 648 888

**Enquiries:**  
Australian Unity Registry  
1300 554 474

**Contact details:**  
Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
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

## ASX Announcement

The Life & Super business also performed very well increasing funds under management and administration by 7.6 percent and increasing sales by 90 percent to \$328.6 million (2016: \$173.6 million).

The **Personal Financial Services** business works with advisers and industry partners to provide professional advice that supports its clients' financial wellbeing. During the year, Australian Unity Trustees Limited was launched to meet a broader range of customer needs.

Funds under advice grew 8.4 percent to \$6.53 billion (2016: \$6.02 billion). Loans under advice were \$824 million at 30 June 2017, a 3.6 percent increase compared to \$795 million at 30 June 2016 while finance broking revenue grew marginally to \$2.6 million (2016: \$2.5 million).

The **Independent & Assisted Living** business operates retirement communities and aged care facilities, as well as providing home care and disability services. These businesses are interconnected, delivering a continuum of care and service that meets the daily needs of its customers. Following the integration of the Home Care NSW business, total segment revenue grew 81.3 percent and 4.5 million instances of home and disability care services were delivered during the year.

A number of precinct projects were completed during the year, including The Residences at Rathdowne Place in Carlton, Victoria; Campbell Place in Glen Waverley, Victoria (formerly Wahroonga Aged Care); and the second and final stage of premium retirement accommodation at Lifestyle Manor, Bondi, NSW. Australian Unity's portfolio of independent living units increased to 2,416 during the year in review (2016: 2,110).

### Key FY17 initiatives

#### 1. Home Care NSW

The Group's revenues were positively impacted by the incorporation of the Home Care NSW operations. On 19 February 2017—one year after the first transfer of clients and staff took place—the transition from NSW Government systems was formally completed.

"The integration of Home Care NSW into our business has been a major undertaking, involving the transfer of detailed records, rosters and personnel arrangements of some 52,000 clients and more than 4,000 employees," Mr Mead said.

**ASX code:**  
AYU

**Securities on Issue:**  
AYUHB – 2,500,000

**Issuer:**  
Australian Unity Limited  
ACN 087 648 888

**Enquiries:**  
Australian Unity Registry  
1300 554 474

**Contact details:**  
Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
**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

## ASX Announcement

“We have invested millions of dollars in technology and mobile devices, in what was previously a paper-based business, to better support employees and continuity of service for our clients.”

### *2. Herston Quarter*

In August 2016, Australian Unity was announced as the preferred tenderer to lead the \$1.1 billion redevelopment of the Herston Quarter in Brisbane by the Queensland Government. The project is set to provide Queenslanders with access to state-of-the-art health, hospital and aged care services, as well as creating international standard research and educational facilities.

“The Herston Quarter precinct is an example of a project that will progress Australian Unity’s vision to create social infrastructure that the Australian community needs. Herston Quarter will combine our experience in the construction of hospitals and the operation of ‘hard’ social infrastructure such as aged care and retirement villages, with our experience in the provision of ‘soft’ social infrastructure. We expect this ‘soft’ infrastructure, such as our domiciliary care and allied health businesses, to also feature significantly in the research activities of the precinct.”

Rohan Mead, Group Managing Director

### *3. Australian Unity Trustees*

Australian Unity launched Australian Unity Trustees, which provides estate planning, trustee, attorney, administration, executor, estate administration, philanthropic and native title services in January 2017.

This was the first trustee financial services licence issued in many decades, and the first issued since the establishment of a national licensing framework for traditional trustee activities.

“The creation of Australian Unity Trustees was a significant addition to the Group’s capability in the provision of ‘soft’ social infrastructure,” Mr Mead said.

“There is an increasing need for estate planning and trustee-type services as the Australian population ages and personal circumstances become more complex, for instance with diseases of ageing such as dementia, blended families and varied superannuation positions.

**ASX code:**  
AYU

**Securities on Issue:**  
AYUHB – 2,500,000

**Issuer:**  
Australian Unity Limited  
ACN 087 648 888

**Enquiries:**  
Australian Unity Registry  
1300 554 474

**Contact details:**  
Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
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

## ASX Announcement

“With these demographic factors in mind, the Group dedicated significant financial resources and human effort into creating Australian Unity Trustees and realising an important long-term strategic objective for the company.”

Mr Mead said that the three key initiatives combined—Home Care NSW, Herston Quarter and Australian Unity Trustees—establish a significant growth platform addressing different aspects of the social infrastructure challenge in growing areas of community need.

**“With customers firmly in mind, Australian Unity is developing products and services that create community value by responding to Australia’s growing social infrastructure challenge. We believe that the strategic direction of the Group is well-founded and that we have built a solid platform from which we will look to accelerate our ambitions in coming years.”**

**Rohan Mead, Group Managing Director**

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

**ASX code:**

AYU

**Securities on Issue:**

AYUHB – 2,500,000

**Issuer:**

Australian Unity Limited  
ACN 087 648 888

**Enquiries:**

Australian Unity Registry  
1300 554 474

**Contact details:**

Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
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

### **About Australian Unity**

Australian Unity is a national health, wealth and living mutual company providing services to almost one million Australians, including approximately 280,000 members. Australian Unity’s history as a trust mutual organisation dates back to 1840. It has grown organically—by continually evolving to provide the services and products needed by the communities it serves—as well as through successful strategic mergers and diversification in to new business activities.

## ASX Announcement

### Key financial metrics by business

#### Health

For period ended:	30/6/17 \$M	30/6/16 \$M	CHANGE %
Total segment revenue	881.8	837.3	5.3%
Adjusted EBITDA	74.9	64.9	15.5%
Gross claims paid	733.7	706.8	3.8%
Other results:	30/6/17 Number	30/6/16 Number	
Policyholders (AUHL)	201,516	205,476	-1.9
Policyholders (GU Health)	34,430	34,082	1.0

#### Wealth

For period ended:	30/6/17 \$M	30/6/16 \$M	CHANGE %
Total segment revenue	143.3	123.1	16.4
Adjusted EBITDA	30.5	20.3	50.2
Other results:			
Funds under management and administration (FUMA)*	9,430	8,880	6.2
Property portfolio total FUM	2,440	2,210	10.4
	30/6/17 \$M	30/6/16 \$M	FUND RETURN
Healthcare Property Trust FUM	1,250	1,060	14.0%
Retail Property Fund FUM	283.8	241.4	32.9%
Australian Unity Office Fund (ASX:AOF) FUM	446.2	405.2	12.6%
AU Diversified Property Fund FUM	313.9	291.7	17.6%
	30/6/17 \$M	30/6/16 \$M	CHANGE %
Life & Super FUM	2,141	1,990	7.6
ADI total assets	827.4	861.6	-4.0%

\*For comparability, 2016 excludes Big Sky advice business transferred to PFS (\$0.71b)

ASX code:  
AYU

Securities on Issue:  
AYUHB – 2,500,000

Issuer:  
Australian Unity Limited  
ACN 087 648 888

Enquiries:  
Australian Unity Registry  
1300 554 474

Contact details:  
Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
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

## ASX Announcement

### Personal Financial Services

For period ended:	30/6/17 \$M	30/6/16 \$M	CHANGE %
Total segment revenue	65.8	65.6	0.4
Adjusted EBITDA	1.9	2.2	-11.6
<b>Other results:</b>			
Financial advice revenue	55.8	53.2	4.9
Funds under advice	6,533	6,025	8.4
Finance broking revenue	2.6	2.5	1.2
Loans under advice	824	795	3.6
Personal lines revenue	1.5	1.4	7.1
	30/6/17 Number	30/6/16 Number	CHANGE Number
Finance brokers	14	20	-6
Financial advisers	182	176	6

### Independent & Assisted Living

For period ended:	30/6/17 \$M	30/6/16 \$M	CHANGE %
Total segment revenue	404.2	223.0	81.3
Adjusted EBITDA	4.5	24.8	-81.9
<b>Other results:</b>			
Total value of development pipeline	450.2	579.0	-22.2
	30/6/17 Number	30/6/16 Number	CHANGE Number
Retirement villages ILUs	2,416	2,110	306
Aged care beds	711	609	102

—end—

#### Further information:

Andrew Scannell, Head of Public Affairs and Communications  
(03) 8682 6777 or 0429 187 108

**ASX code:**  
AYU

**Securities on Issue:**  
AYUHB – 2,500,000

**Issuer:**  
Australian Unity Limited  
ACN 087 648 888

**Enquiries:**  
Australian Unity Registry  
1300 554 474

**Contact details:**  
Australian Unity Limited  
114 Albert Road  
South Melbourne VIC 3205  
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