

# ASX Announcement

26 October 2022

## Australian Unity Limited – Chair and Group Managing Director Address

Please find **attached** the Chair and Group Managing Director's addresses for Australian Unity Limited's Annual General Meeting, as held today.

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

Melinda Honig

Company Secretary

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**ASX code:**

AYU

**Securities on Issue:**

AYUPA – 3,434,000

AYUHC – 1,150,192

AYUHD – 2,070,000

**Issuer:**

Australian Unity Limited

ACN 087 648 888

**Enquiries:**

Australian Unity Registry

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

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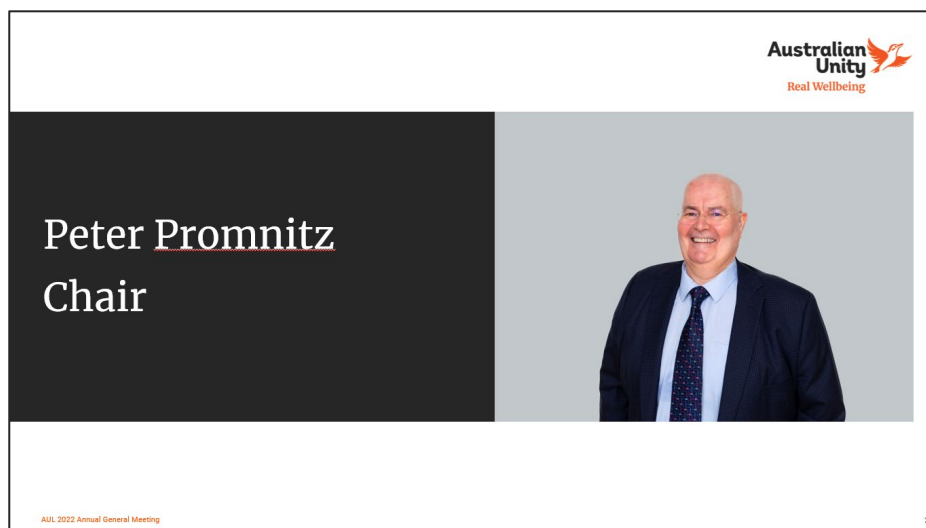
E: [media@australianunity.com.au](mailto:media@australianunity.com.au)

## Australian Unity Annual General Meeting, 26 October 2022



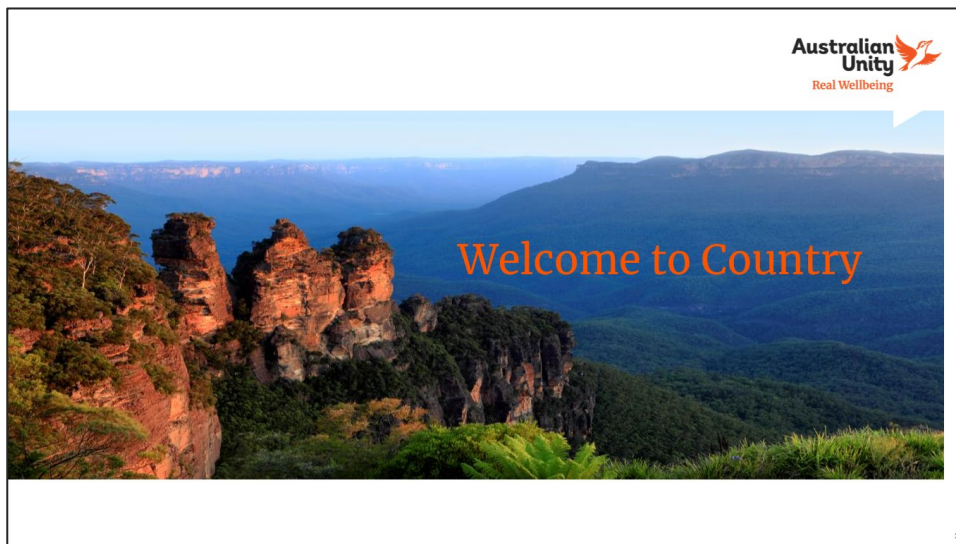
### Peter Promnitz, Chair

Good afternoon and welcome to the 2022 Annual General Meeting of Australian Unity Limited.

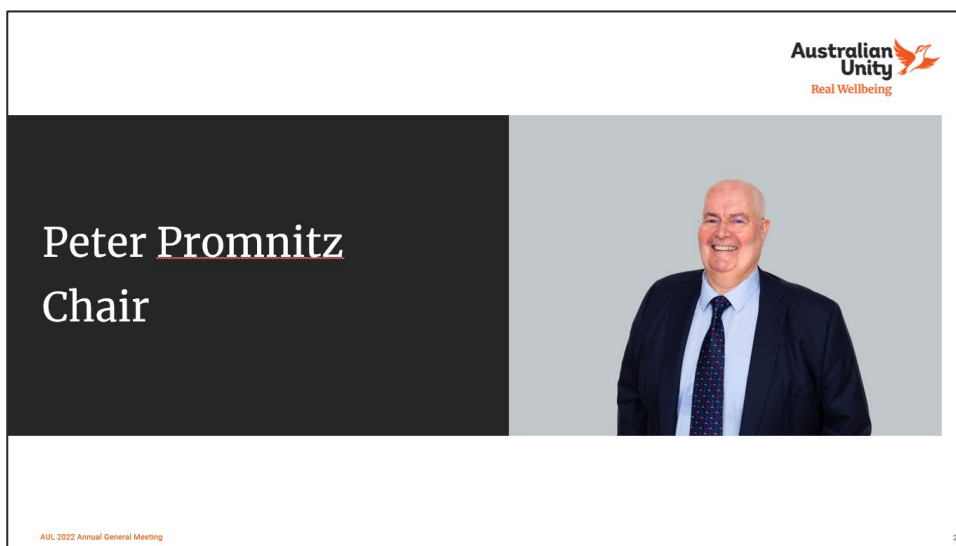


My name is Peter Promnitz. I am the Chair of the Company and of this meeting. Please note that as a result of recent spinal surgery, I will be conducting the meeting seated, rather than standing at the podium as per normal practice.

Before I officially declare the 2022 Annual General Meeting of Australian Unity Limited open, I would like to introduce Tony Garvey, an Elder of the Wurundjeri (WERE-UN-JERRY) people. Uncle Tony will perform a Welcome to Country.



Thank you, Uncle Tony.



I also acknowledge the traditional owners of the land on which I'm speaking from, the Wurundjeri (WERE-UN-JERRY) people of the Kulin nation. I pay my respects to Elders

past, present and emerging, and acknowledge any other Elders from other Nations who may be present.

Thank you everyone for making the time to be here today.

Before we begin, can I ask that you please turn off your mobile phones. In the event of an emergency evacuation, please listen for any announcements and act on instructions given by the fire wardens.

Exit signs will lead you to the closest exits and stairs and the external assembly area is at the northern end of the Royal College of Surgeons gardens.

I'd also like to mention that this AGM is being broadcast live. This allows members who can't be here in person to watch the proceedings.

A recording of the meeting will also be available to watch on our website so members can catch up later.

To help those who may have specific questions about our products or services, we have representatives from across the business available in the foyer after this meeting.

This includes both health insurance and banking stands. I encourage you to have a chat to our team if you do have specific questions.

I now have a number of formal matters to attend to.

**First**, I can confirm that a quorum is present. Therefore, I formally declare the 2022 Annual General Meeting of Australian Unity Limited open.

**Second**, I would like to introduce my fellow directors who are all present at this AGM today:

- Paul Kirk, Chair of the Audit Committee and a member of the People, Culture and Remuneration Committee;
- Melinda Cilento, who was appointed Deputy Chair-designate with effect from the first of August this year, who is Chair of the Investment Committee and a member of the People, Culture & Remuneration Committee and the Risk & Compliance Committee;
- Lisa Chung, who was appointed Chair-designate, also in August, and who is Chair of the People, Culture & Remuneration Committee and a member of the Audit Committee, Investment Committee and Risk & Compliance Committee. Lisa will say a few words shortly;
- Julien Playoust, who completed his first full year as a director in FY21, is a member of the Audit Committee and the Risk & Compliance Committee;
- Su McCluskey, Chair of the Risk & Compliance Committee and a member of the Audit Committee, the Investment Committee and the People, Culture & Remuneration Committee; and
- I would like to personally welcome Dr Helen Nott and Lucinda Brogden AM—both of whom joined your board in September this year.

You will hear from Paul, Lucinda and Helen later in the meeting as they are standing for re-election at this AGM.

Rohan Mead, our Group Managing Director, is also here today. Rohan will shortly outline the major activities and achievements of the Company during the year.

We are joined by Melinda Honig, our Company Secretary, General Counsel and Chief Risk Officer.

We also have members of our Group Leadership Team with us today, including Adam Vise, Group Treasurer and General Manager – Strategy & Impact and presently Acting Chief Financial Officer.

We have the four CEOs of the various business divisions we call our platforms:

- Christine Yates, CEO of Retail,

- Esther Kerr-Smith, CEO of Wealth & Capital Markets,
- Prue Bowden, CEO of Home Health and,
- David Lumb, CEO of Specialist Care.

We also welcome representatives from the Company's auditors, regulators and advisers.

**Third**, I advise that the Notice of Meeting has been given in accordance with the Company's Constitution and copies are available both on our website and on the stands at the back of this room.

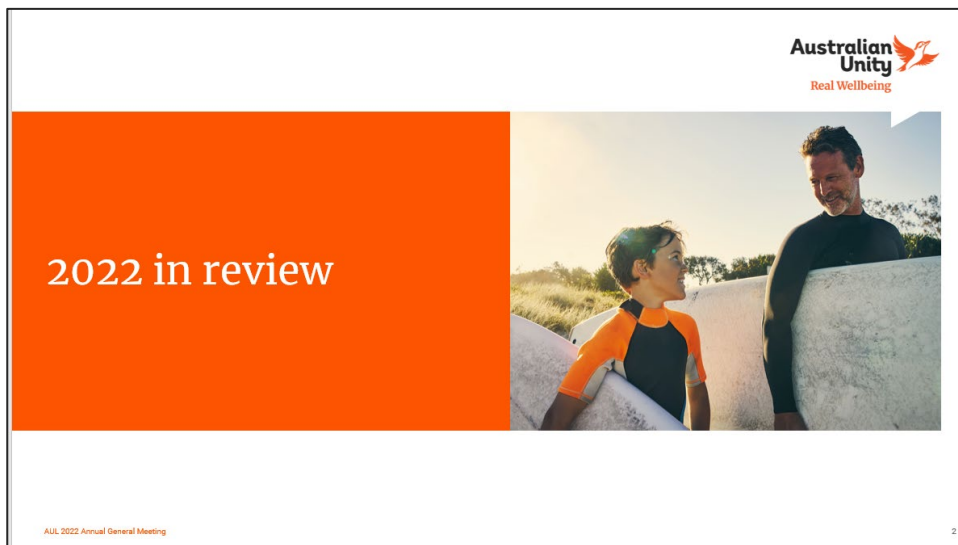
I will accordingly take the Notice of Meeting as read.

The minutes of the 2021 Annual General Meeting of Australian Unity Limited have been reviewed by the board and recorded as a true and correct proceeding, in accordance with the Corporations Act.

The minutes are tabled and there are copies available with our Company Secretary should any member wish to see them.

Today, we have a number of formal items of business to cover, which are set out in the Notice of Meeting.

Before we move to these items, I'd like to offer you some thoughts about the Group as we progress into the 2022 financial year.



Members, we are back in our Spring Street head office after two years of virtual AGMs and it's great to see many of you in person here with us today. Thank you also to all those who have joined us via our live broadcast.

Today's AGM is another sign that things are returning to normal following the disruptions caused by the COVID-19 pandemic.

I say 'return to normal' cautiously as this disease continues to impact our lives and our Company's operations.

Now is not the time to become complacent and we must continue to be vigilant.

This AGM represents my seventh as Chair, during which I have seen this organisation grow from strength-to-strength despite unprecedented external challenges.

As the Group moves into a new chapter guided by a renewed 10-year vision, I have the utmost confidence in the Group's ability to deliver on its important and ambitious strategic agenda.

And it is with this optimism, as previously announced to the market in late July, I will be retiring at the conclusion of this AGM.

A year ago, I highlighted the many and varied impacts of the COVID-19 pandemic on all facets of the Australian Unity Group—particularly across our human services businesses.

As the pandemic continues, we now also face growing and increasing uncertainty and volatility from other sources, such as rising inflationary pressures and rapidly rising interest rates.

Despite the protracted impact of the pandemic, and the economic uncertainty and political unrest from other parts of the world, the year under review delivered positive results for the Group.

I'm pleased to report that with our clear and focused business strategy and an eye on the future, we delivered a solid result in FY22 with a profit after tax of \$45.7 million—an improvement on the \$32.9 million of the previous year.

The board has been closely observing and assessing the limitations in accessing elective surgery and healthcare over the past few years because of the pandemic. It has resulted in a decrease in claims on the private health insurance fund. In our financial results, recently published in our FY22 Annual Report, we incorporated a continued reserve to ensure there is adequate capital to meet the anticipated catchup in these claims in the future as hospitals and health service providers return to normal.

In recognition of the impact that COVID-19 restrictions have had on our policyholders' ability to access some health services during the pandemic, the health insurance fund has also recently announced that it will defer implementing the 2023 premium increase from 1 April 2023 to 1 November 2023.

Rohan will provide more detail on the financial results of our various businesses—but before he does, I will speak to some of the Group's highlights for FY22.



Our mutual corporate structure has been our foundation for more than 180 years. We place an emphasis on acting ethically and responsibly and with consideration to future members and sustainability. It is this approach and mindset that has contributed to the Group's financial resilience and continued ability to balance the provision of key products and services to our members and customers—with strong and considered investments into long-term strategies to meet the needs of tomorrow.

We have sought to augment our operating models—seeking to maintain and strengthen our member focus through sound growth strategies and adaptive ways of working.

It's with this mindset that the Group progressed its strategy to deliver wellbeing and positive impact to our members, customers and the broader community. In order to measure and value this impact—and identify opportunities to increase it—we developed a rigorous framework with the help of external specialists Social Ventures Australia demonstrating the 'real life' value and benefits of our products and services. Our auditors PwC also provided independent limited assurance over our impact value.

In the first year of reporting our impact, the Group reported \$1.25 billion in community and social value—an exceptional result which saw the Group recognised by the Australian Financial Review as one of its inaugural Sustainability Leaders and winner of the ESG Innovators Award.

Pleasingly in FY22, the Group reported \$1.63 billion in community and social impact, compared to the \$1.25 billion in the previous year. The Group released its second *Our Impact* report last week.

In the second half of the financial year, the Group adopted a 10-year vision and growth strategy to support the Group to deliver on its purpose as a wellbeing company and to help us navigate rapidly changing market conditions.

To enable this vision the Group undertook a number of structural changes at the end of the year in review.

These included the realignment of Independent & Assisted Living into two new platforms—Home Health and Specialist Care—to better respond to growth opportunities on the one hand, and to improve our capacity to respond to the rapidly growing impacts of demographic changes and an ageing population on the other.

Following our landmark issuance of Mutual Capital Instruments in December 2020—the first in the history of mutual entities in the country, which raised \$120 million—we completed a second MCI issuance in late October 2021.

The \$350 million in proceeds raised from these two issuances form part of the Group’s ongoing capital strategy, which includes pursuing near-term growth opportunities.

As the Group implements a range of changes to support its ability to capture current and future growth opportunities, we are mindful of continuing to review the board, its composition and its succession needs to support our strategic direction.

For over a decade now, your directors have adopted a structured renewal program to ensure the skills and experience of our board reflect our vision and ambitions.

I would like to inform you of a number of changes to the board that reflect the operation of this renewal program.

As I mentioned earlier, two new non-executive directors, Lucinda Brogden AM and Dr Helen Nott, joined the board in September.

Lucinda has over 30 years’ commercial experience—holding a number of roles with Macquarie Group and Ernst & Young, and is currently Chair of the Diabetes Research Foundation.

Helen joins the board with extensive experience in the insurance industry, including senior roles with Insurance Australia Group and QBE Australia and New Zealand.

My fellow directors and I look forward to the meaningful contributions that Lucinda and Helen will bring to the board.

Greg Willcock, who served as a director for more than 14 years, retired from the board on 7 September 2022. Greg's contribution to the Group has been significant—his depth of experience in banking and financial services, risk management, strategy and change management and his generosity in sharing this knowledge have played a key part in the Group's success over the past decade and I thank him for his service.

Also announced in July was my decision to resign at the conclusion of this AGM and the appointment, as mentioned in my introductions, of Lisa Chung as Chair-designate and Melinda Cilento as Deputy Chair-designate.

It is pleasing and reassuring for me to be handing over to such strong successors.

Before I conclude my seventh and final address as Chair of the board, I'd like to reflect on the achievements and milestones I'm most proud of since joining the board in 2013.

Highlights for me include:

- the acquisition of the New South Wales Government's home care business in 2016;
- being awarded the contract as master developer of the \$1.1 billion Herston Quarter health precinct in Queensland;
- the opening of numerous award-winning retirement living apartments and facilities; and
- raising more than \$350 million through the first and second ever issuances of MCIs in Australia.

In addition, the Group has roughly doubled its revenue, profit after tax and funds under management and advice, and seen our employee numbers more than triple to the 7,000 people we have today.

While these highlights reflect what the Group has achieved in the past, I am excited, and will follow with keen interest, to see what the future holds for the Group.

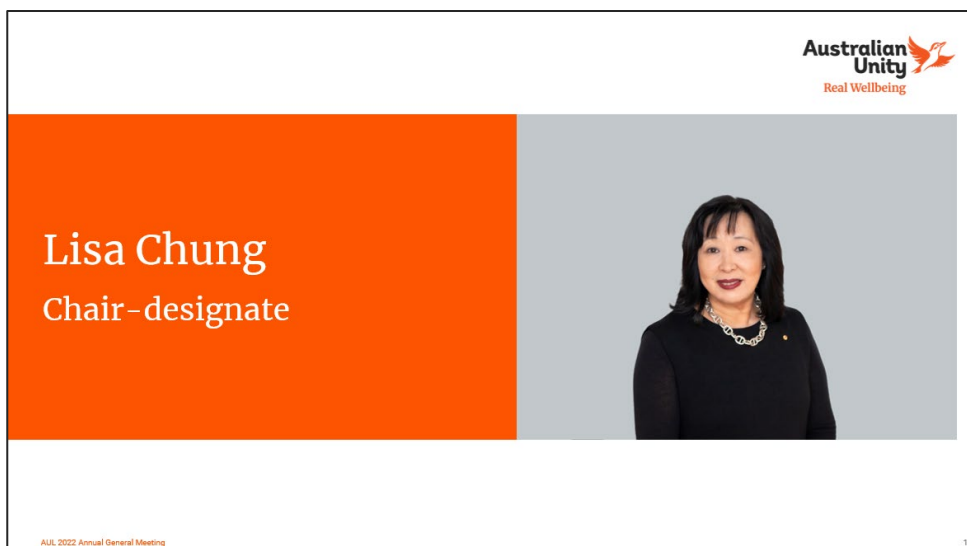
I would like to take this opportunity to sincerely thank Group Managing Director, Rohan Mead, my fellow directors, the executive leadership team and all Australian Unity employees for their hard work and effort—not only during this financial year, but also during my time as Chair and as a director on the board.

And finally, I thank all our members, for your ongoing support of this company, its products and services, and its commitment to building a better society for all Australians.

I wish you all the very best.

I would now like to welcome Lisa Chung, our Chair-designate to say a few words.

### **Lisa Chung, Chair-designate**

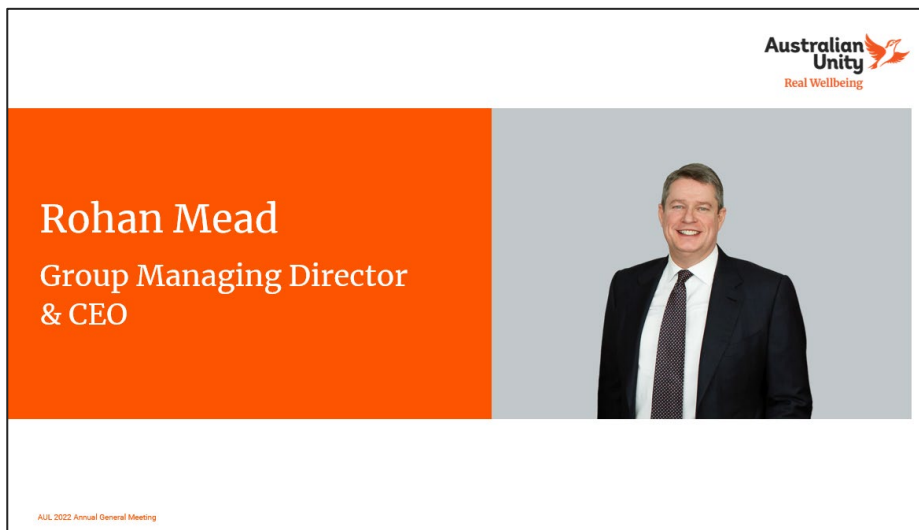


**Peter Promnitič**

Thank you Lisa.

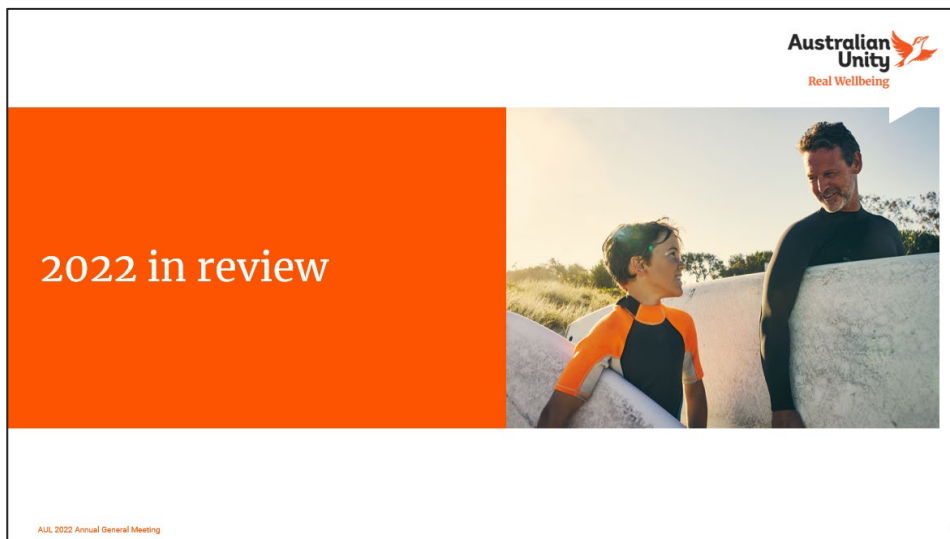
I'll now hand over to Rohan and I will be back later to continue with the formal business of the meeting.

## **Rohan Mead, Group Managing Director**



Thank you, Peter. I would like to also extend a special welcome to everyone who has joined us today.

I also acknowledge the traditional owners of the land on which I'm speaking, the Wurundjeri (WERE-UN-JERRY) people of the Kulin nation. I pay my respects to Elders past, present and emerging, and express my gratitude for their custodianship of our lands and seas for more than 70,000 years.



Members, I am pleased to report on the Australian Unity Group performance in FY22 and I thank my colleagues present this afternoon from across the Group's operations who have helped deliver these results.

The year under review was one of sound financial performance and continued advancement of our strategic plan—a plan of growing and nurturing a focused portfolio of businesses that span the areas that matter most to people's wellbeing and that are equipped to address the growing social infrastructure gaps across our communities.

Despite the ongoing economic and social disruption caused by the global pandemic during the financial year 2022, Australian Unity continued to advance its strategic agenda, while delivering sound operational and financial results.

Our external operating environment continues to increase in complexity and uncertainty. And foremost in our minds is the impact of Australia's ageing population, which has started to force its way into community consciousness—the speed and scale of which is putting increased pressure on governments, policy makers, businesses and our communities to appropriately and adequately respond.

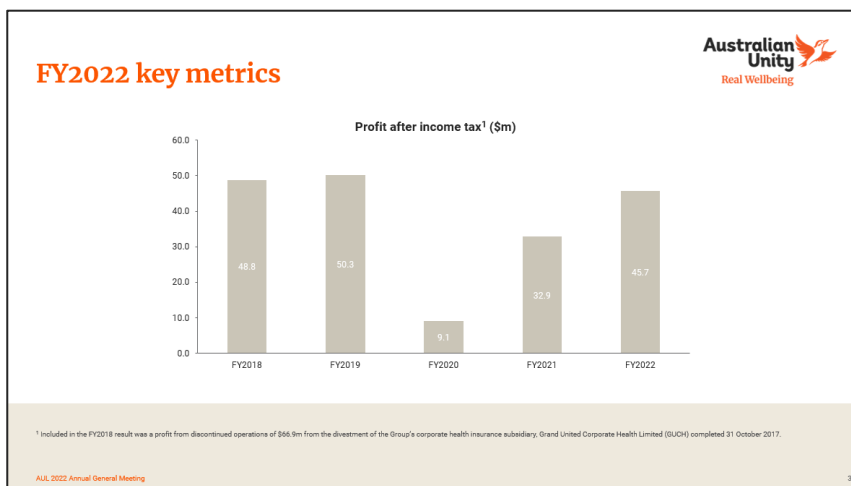
Australia has a large healthcare and aged care infrastructure and service gap looming and we can only close this gap by, together, reducing demand, increasing affordable supply and increasing the effectiveness and efficiency of existing services.

Facing into these challenges is an urgent, national priority and addressing the problems sooner rather than later will avoid significant cost and difficulty.

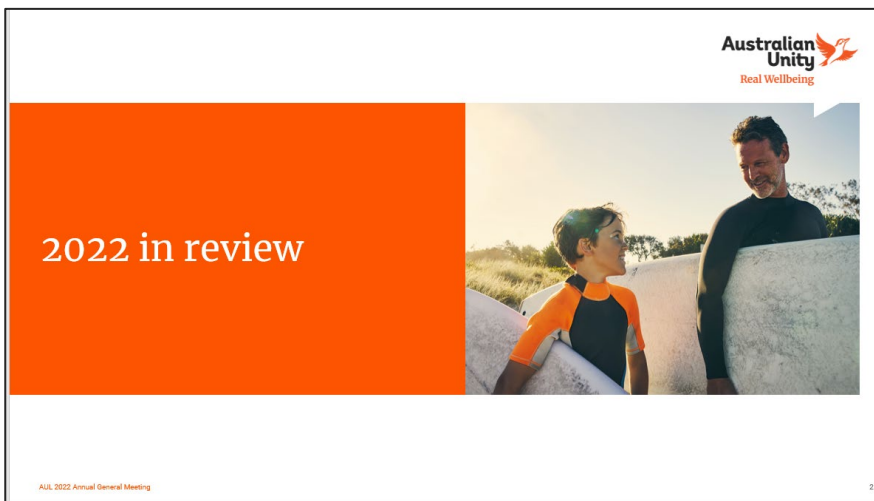
During the period, we progressed our growth agenda as a member-owned mutual and made further substantial investment in our human services operations.

We also grew our social infrastructure presence in properties and precincts that make a tangible difference to community wellbeing—including in specialist disability and student accommodation, and childcare property.

As Peter noted, the Group delivered a solid profit after tax of \$45.7 million, a 38.9 percent improvement on the prior year total of \$32.9 million.



Our results were affected by the pandemic and the ongoing implementation of extraordinary measures to protect aged care residents, home care customers and the employees who support them.



We have also implemented hardship relief for health insurance and banking customers in response to the effects of adjusted economic circumstances—stemming from escalating inflation, global supply chain disruptions and rising interest rates.

Despite the pressures of costs and affordability, our health insurance operations performed well in a sector that continues to face ongoing and well-documented challenges.

As the Chair said, our private health insurance fund has accounted for an appropriate deferred claims liability pool and has announced plans to defer implementing the 2023 premium increase from 1 April 2023 to 1 November 2023 in the face of the ongoing disruption arising from COVID-19.

Australia's ageing population and the linked rise in chronic disease and complex health needs has made us further consider how we can, as a company, best support the growing number of older Australians to age well.

To position the company to best respond to never-before-seen shifts in Australia's demography, we have divided our Independent & Assisted Living platform into two new areas—Home Health and Specialist Care.



These changes will support Australian Unity to evolve and optimise the way we deliver care and services to support our ageing population and the communities in which they reside.

As part of these changes, Independent and Assisted Living's Chief Executive Officer Kevin McCoy decided to leave the company after more than a decade of service.

I am grateful to Kevin for his significant contribution to the Group in a range of senior roles—including as Chief Financial Officer and as the inaugural leader of our retirement living and residential aged care communities, where his achievements included the purchase and integration of the home care services of the NSW Government.

To best support the two newly defined areas and the balance of the Group's activities, we have also made changes to our product and service design, marketing, and business specific technology functions, which move from the Customer, Digital & Technology area into the business platforms themselves.

A new Group technology function has also been established—led by Mark Gay who started with us at the beginning of September. This important enabling function will operate as a centre of excellence for the company's core technology and digital functions. As you can imagine, Mark has been concerning himself with cyber security in recent times.

As the Chair mentioned, there are a number of changes to the board of Australian Unity including the Chair's retirement at the conclusion of today's AGM and the retirement of non-executive director, Greg Willcock on 7 September.

The Chair has brought wisdom and thoughtfulness coupled with broad commercial and professional experience to this role.

From me, and on behalf of our group leadership team, I sincerely thank the Chair for his nine years as non-executive director, including the past six as Chair, where he has led our Board of Directors through times of both significant challenge and opportunity.

I also thank Greg Willcock for his 14 year-tenure as a non-executive director — particularly for his leadership and vigorous championing of our risk, compliance and audit functions and their development.

I also warmly welcome Lisa Chung to her new role as Chair and Melinda Cilento to her new role as Deputy Chair, and the two new directors to the board, Lucinda Brogden AM and Dr Helen Nott.

As the Chair mentioned, the current operating environment has required a specific and strong focus on balance sheet resilience.

The Group undertook a second Mutual Capital Instrument issuance, raising \$230 million from investors. This issuance built on the \$120 million raised in the prior year through the first issuance of MCIs in Australia.

These issuances underlie our commitment to the mutual form and provide an important alternative to the prevailing, largely shareholder-owned company structures in Australia, whose equity is all owned by shareholders.

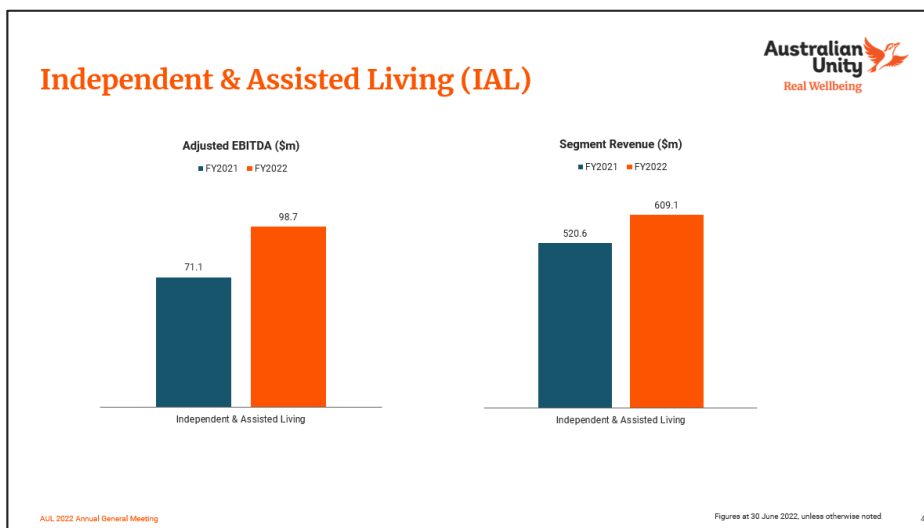
Our developing structure enables us to drive business activities that underpin our commitment to delivering community and social value while also helping us to achieve balanced and sustainable financial returns.

We continued to progress our strategy of developing a portfolio of valued health, wealth and care products and services for members across our three business platforms.

## INDEPENDENT & ASSISTED LIVING

The Independent & Assisted Living platform—as it was known before the restructure was completed in July—operates retirement communities and provides home care, aged care, retirement living, disability and allied health services.

It offers preventative health and chronic disease management services through a wholly owned subsidiary, Remedy Healthcare, and direct healthcare services through dental clinics.

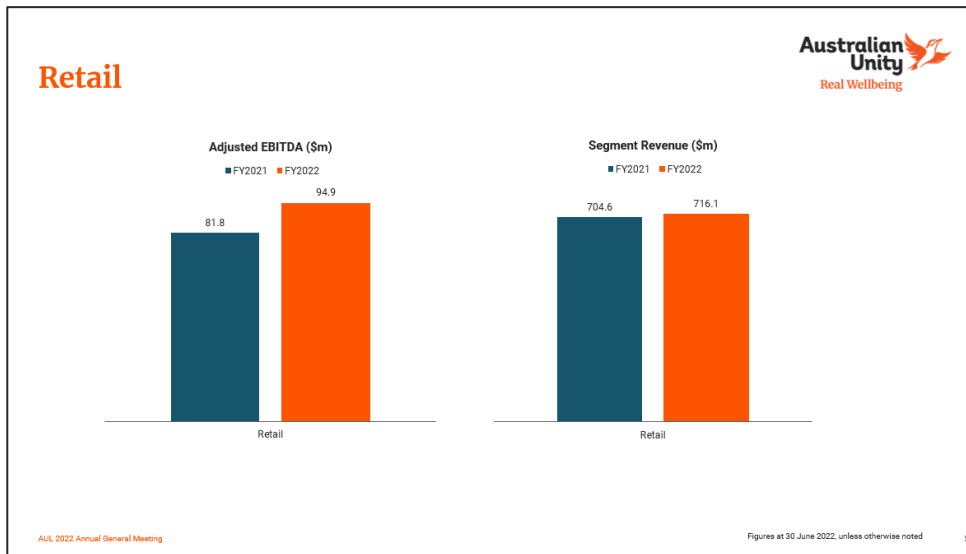


The platform recorded a solid financial result with an adjusted EBITDA of \$98.7 million—representing an increase of 38.8 percent and \$27.6 million on the prior corresponding period.

The platform acquired Greengate on 7 July 2021, with three established retirement and aged care communities in Sydney and Brisbane—all of which have been successfully integrated into the Australian Unity portfolio.

Within the Health Services business, Remedy Healthcare increased revenue by 14.8 percent to \$47.1 million, driven predominantly by the introduction of our arrangements to deliver the Beyond Blue support service from February of this year.

## RETAIL



The Retail platform includes our private health insurance, banking, broking and general insurance businesses.

It delivered a sound result for the year, with an adjusted EBITDA of \$94.9 million—16.0 percent higher than the prior year.

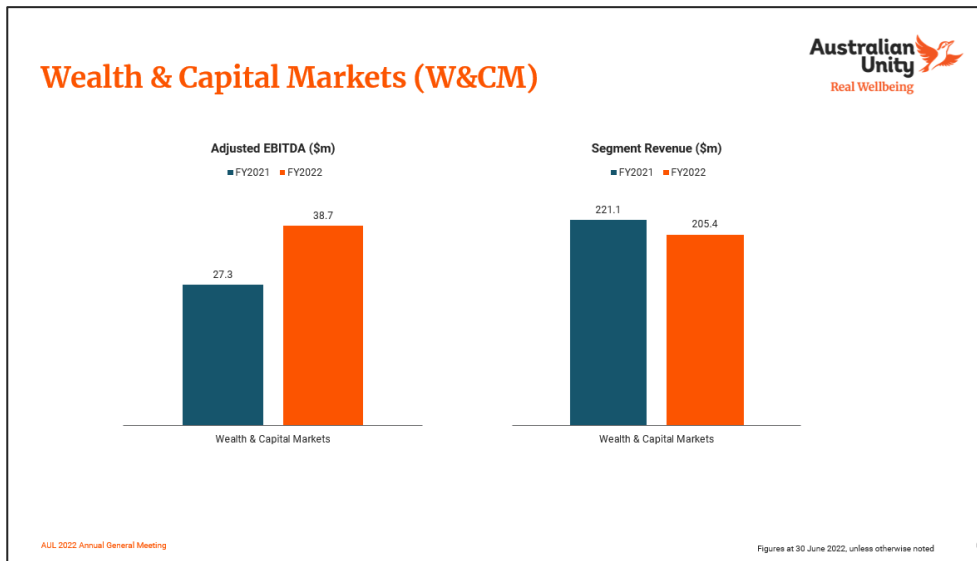
While the provision of COVID-19 support measures to policyholders reduced revenue by \$9.1 million, overall revenue of \$716.1 million represented an increase of 1.6 percent on the prior year.

As we navigate past the 2022 winter peak and the impact of the pandemic on hospitals, we will assess residual effects as best we can, and make announcements on further customer support initiatives and/or givebacks during the course of the current financial year.

Australian Unity Bank achieved strong lending growth with \$420.9 million of loans funded—a significant 138.6 percent increase on the prior year.

The banking business' Gross Loan Portfolio increased by \$195.8 million or 21.3 percent to \$1.12 billion—the first time at more than a billion dollars.

## WEALTH AND CAPITAL MARKETS



Our Wealth & Capital Markets platform comprises advice, investments, life & super, property and trustee services.

It recorded a 7.1 percent reduction in total segment revenue compared to the previous year, reflecting continuing impacts from the pandemic and significant investment market downturns during the latter part of the financial year.

The Investments business delivered solid results for the year under review against the challenging economic backdrop, which continues to impact markets and distribution activity.

The Australian Unity Future of Healthcare Fund continued to make impactful investments aligned to its purpose, including in maternal healthcare and cancer research.

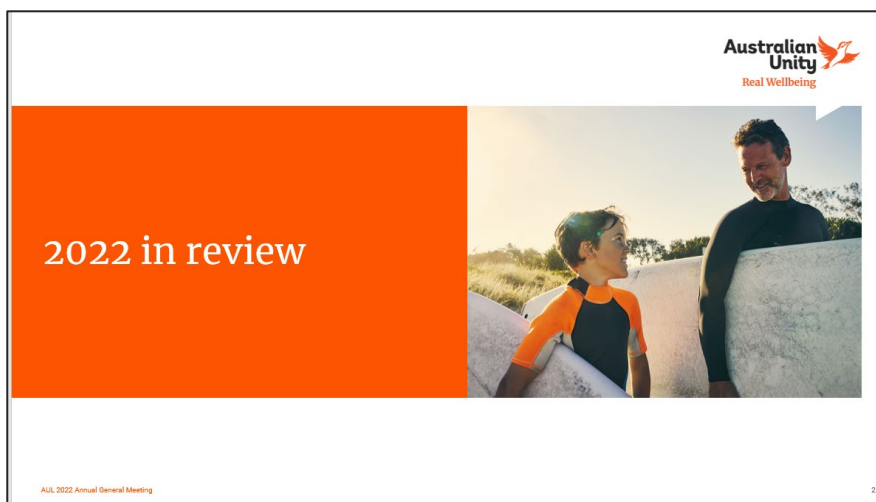
The Group's presence in social infrastructure continued to grow and broaden. In our landmark \$1.1 billion Herston Quarter precinct, we completed one of the most significant, recent heritage restorations in Queensland, of the Lady Lamington Towers and the Edith Cavell Building—refurbishing both buildings into student accommodation and commercial offices and function spaces respectively.

In early September, we announced the centralisation of the management of our portfolio of retirement living and aged care properties into a newly-established Social Infrastructure business within Wealth & Capital Markets with the resident-facing services to continue as usual.

On social infrastructure, following the establishment of the Childcare Property Fund, two equity raises were completed with a total of \$52.2 million raised.

The Specialist Disability Accommodation Fund closed its second equity raise of \$30.5 million, increasing the Fund's gross asset value to \$77.3 million. During the year under review, 91 specialist disability accommodation dwellings were under development.

The Life & Super business continued as Australia's largest investment, education and funeral bonds provider, with \$2.30 billion in funds under management. High levels of gross investment flows were achieved, including in investment bond savings products such as 10Invest.



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Members, I am pleased to report that despite the ongoing impact of COVID-19 and the significant pressures on our individual businesses, the Group remains positive about its capacity to respond to these challenges and build on the considerable opportunities arising from an external environment of uncertainty and market disruption.

The Group will continue to maintain a resilient balance sheet that provides operational flexibility as it pursues the development of its business portfolio and accelerates towards its vision of becoming Australia's most trusted wellbeing company.

As we slowly emerge from the pandemic, COVID-19 still presents our board, leadership team, businesses and employees with a range of challenges. We remain acutely aware of the impacts this virus can cause to our operations, our people, and our communities.

I join our Chair in thanking our employees— I am immensely proud—considering the risks that are associated with COVID-19 and also the impact of natural disasters in this country—of our people's tremendous effort and commitment in pursuing the company's initiatives, administering its effective operations, delivering on the Group's strategic ambitions, and serving our members and customers.

**End of Group Managing Director's address**