

ASX Announcement

28 February 2023

Australian Unity delivers sound first-half result for FY23

Health, wealth and care group Australian Unity (the Group) announces a profit after tax of \$14.2 million for the half-year to 31 December 2022—compared to \$15.5 million reported in the prior corresponding period¹.

Despite the relaxation of most COVID-19 pandemic restrictions, the economy, businesses and communities have continued to face adverse post-pandemic impacts. This includes significant investment market disruption and volatility both domestically and internationally, increasing inflation and consequent policy gyrations—such as rapidly increasing interest rates and policy interventions across industry settings. In this context, the Group delivered a sound financial result.

The Group's total revenue and other income increased to \$855.2 million (31 December 2021: \$835.0 million), while total expenses, excluding financing costs were \$806.5 million (31 December 2021: \$794.1 million).

The overall outcome represents an improvement in the aggregate financial position, with operating earnings for the half-year of \$32.4 million—an increase of \$18.6 million or 135.2 percent on the prior corresponding period.

In acknowledging the impact COVID-19 has had on access to some health services by health insurance members, Australian Unity has announced a seven-month deferral of the 2023 premium increase for private health insurance (PHI) policyholders from 1 April 2023 to 1 November 2023. This deferral is in recognition of the impact of cancelled, suspended and postponed healthcare services over the past few years, and will take the total value of support measures to our PHI customers to some \$85 million since the start of the pandemic.

Highlights of the half-year included:

- Sound results across the Group's business platforms—despite activities of the Independent & Assisted Living (IAL)² platform continuing to be adversely affected by the pandemic and those in the Retail and Wealth & Capital Markets (W&CM) platforms by the flow-on effects of financial market and regulatory change.

¹ Prior period included a \$20.3 million before tax revaluation of the investment in the Platypus Asset Management business on the Group's acquisition of a controlling interest.

² Home Health and Specialist Care (reported in the results as Independent & Assisted Living).

ASX code:
AYU

Securities on Issue:
AYUPA – 3,434,000
AYUHC – 1,150,192
AYUHD – 2,070,000

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- Further progress in developing improved and sustainable patient and outcome-focused healthcare services within Home Care Services.
- Continued advancement of the Group's social infrastructure agenda—including growth of funds invested in critical social infrastructure, such as childcare property, specialist disability accommodation and student accommodation.

The Group also announced today that its Board has determined an interim fully franked dividend of \$2.4932 per MCI to be paid on 17 April 2023.

Group Managing Director Rohan Mead said:

“The impact of COVID-19 has continued to be felt in many ways across the Group's businesses despite a general return to a more normal operating environment. For example, the application of additional measures to seek to protect aged care residents, home care customers and the employees who support them remained ongoing.

“Notwithstanding this and post-pandemic market volatility, the Group delivered a sound financial result for the half-year to 31 December 2022.

“The Group remains positive about its capacity to respond to challenges, such as those posed by higher inflation, and looks to continue building on the considerable opportunities arising from an external environment of uncertainty and market disruption. In the context of this market volatility, the Group will continue to prioritise balance sheet resilience and operational flexibility.”

Key financial metrics by business platforms

Independent & Assisted Living

For period ended:	31/12/22 \$M	31/12/21 \$M	CHANGE %
Total segment revenue	318.3	291.3	9.3
Adjusted EBITDA ³	36.5	27.5	32.9
Other results:			
Home Care Services revenue	180.7	169.8	6.4
Remedy Healthcare revenue	28.5	21.3	33.9
	31/12/22 Number	30/06/22 Number	CHANGE Number
Retirement village ILUs ⁴	2,664	2,664	0
Aged care beds	1,125	1,007	118

Retail

For period ended:	31/12/22 \$M	31/12/21 \$M	CHANGE %
Total segment revenue	372.9	355.6	4.9
Adjusted EBITDA	65.6	40.1	63.6
Gross claims expense	283.6	305.0	7.0
Other results:		30/06/22 \$M	CHANGE %
Bank gross loan portfolio	1,150.5	1,114.5	3.2
Australian Unity Bank total assets	1,421.3	1,336.0	6.4
	31/12/22 Number	30/06/22 Number	CHANGE %
PHI policyholders (AUHL ⁵ , excluding OVC policyholders ⁶)	165,053	168,317	(1.9)
Australian Unity Bank customers	26,159	25,772	1.5

³ 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 1 to the Consolidated Financial Statements in Australian Unity Limited's Interim Report for the half-year ended 31 December 2022.

⁴ Independent Living Units

⁵ Australian Unity Health Limited

⁶ Overseas Visitor Cover

Wealth & Capital Markets

For period ended:	31/12/22	31/12/21	CHANGE
	\$M	\$M	%
Total segment revenue	99.5	104.9	(5.1)
Other income	-	20.3	n/a
Adjusted EBITDA ⁷	3.4	30.1	(88.7)
Other results:	31/12/22	30/06/22	CHANGE
	\$B	\$B	%
Investments funds under management and advice	10.84	9.90	9.5
Property under management	5.31	4.92	7.9
Property under development	0.73	1.31	(44.8)
Lending and debt facilities under management	2.31	2.05	12.7
Funds under advice	10.45	9.99	4.6
Funds under trusteeship	0.46	0.41	12.3
Life & Super funds under management and administration	2.34	2.30	1.9
Total net assets under management and administration (AUMA)⁸	29.79	28.50	4.5

⁷ Adjusted EBITDA of Wealth & Capital Markets for the half-year ended 31 December 2021 included a revaluation gain of \$20.3 million arising from a business combination as set out in the FY22 Australian Unity Limited Interim Report at note 16(b).

⁸ AUMA is the aggregate value of assets under management and administration, excluding cross-investments (investments by Australian Unity funds in other funds managed or operated by Australian Unity or our associates).

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

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