ASX Announcement

28 February 2024

Australian Unity Limited – Half-Year Investor Update

Please find attached Australian Unity Limited's Investor Update relating to the financial results for the half-year ended 31 December 2023.

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This announcement has been authorised for release by:

The Board of Australian Unity Limited

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ASX code:
AYU

Securities on Issue:
AYUPA – 3,434,000
AYUHC – 321,157
AYUHD – 2,070,000
AYUHE – 2,558,050

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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

Australian Unity Limited

Investor update

Financial results for the half-year ended 31 December 2023

Australian Unity
Real Wellbeing

Australian Unity Limited is pleased to invite you to our investor presentation teleconference for the half-year ended 31 December 2023

If you are unable to attend, you are welcome to email any queries you may have to Malin Eek:

meek@australianunity.com.au

We will endeavour to respond to your queries by email or during the teleconference

Date
Thursday 29 February 2024

Time
9:30am to 10:30am AEDT

To access the teleconference participants must register in advance via the link below:

https://registrations.events/signup/ID81292

Once registered, each participant will be provided with dial in numbers, an event passcode and a participant PIN

Please dial in 10 minutes prior to the scheduled start of the event

Important information

Australian Unity
Real Wellbeing

This notice relates to all information provided as a part of this presentation including, without limitation, these slides, associated presentations and any oral presentations by the representatives of Australian Unity Limited ACN 087 648 888 (**AUL**) or its officers, directors, employees, agents, advisers or consultants made in connection with or arising out of this presentation (**Information**).

This presentation has been prepared by AUL.

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Australian Unity acknowledges the Traditional Owners of the lands and waters within Australia and recognises the important connection to Country that Aboriginal and Torres Strait Islander peoples have.

Agenda and presenters

1. Overview and Group highlights
2. Business results
3. Summary and outlook

Rohan Mead
Group Managing Director and CEO

Prue Bowden
Chief Executive Officer – Home Health

Darren Mann
Group Executive Finance & Strategy and Chief Financial Officer

Overview and Group highlights

Overview of Australian Unity

Wellbeing company with a commitment to members, customers and community

- Established in 1840, a member-governed company with more than 370,000 members and more than 7,500 employees (as at 31 December 2023)
- Diversified and thematically-linked portfolio of health, wealth and care businesses that provides member, customer and community value, in the area of wellbeing

HY2024 operational review

- Implemented initiatives to adjust its business activities consistent with the long-term strategy of developing its commercially sustainable business portfolio, in the area of wellbeing
- Delivered sound financial results despite residual instability in the Australian economy. Total revenue and other income, excluding benefit funds, increased to $831.4m, compared to $750.9m in the prior corresponding period (PCP). Net profit after tax was $1.4m, compared to $15.0m[1] in the PCP
- The Group incurred $18.0m of transformation costs across its business units (31 December 2022: $6.6m), which arose as the Group reshaped its portfolio and internal operating models. This follows changes in the portfolio in the period with the divestment of the Advice business, together with investment in new operations and transformation of existing operations
- The largest single operating business investment in the period was the purchase of IOOF Ltd (renamed Australian Unity Life Bonds Limited). The Group also supported the withdrawal of NorthWest interests in the Australian Unity Healthcare Property Trust
- The Home Health platform invested in transforming business processes and technology and setting up the future business model to meet the growing needs and expectations of customers
- The Retail platform saw solid lending growth, stabilisation of Private Health Insurance (PHI) policyholder numbers, noting that the PCP reflected the release of the deferred claims liability, the period under review saw the return of PHI claims to levels approaching the long-term pre-COVID-19 trends
- Following the deferral of the 2023 PHI premium, the Minister for Health and Aged Care approved a 2024 premium increase of 1.42% which will come into effect from 1 April 2024
- The Specialist Care platform recorded strong aged care occupancy levels across its mature facilities and continued positive sales momentum for the two newest residential aged care facilities
- The Wealth & Capital Markets platform continued to advance its social infrastructure agenda, including the launch of a Purpose-Built Student Accommodation Fund
- The Board has determined an interim fully franked dividend of $2.5068 per mutual capital instrument to be paid on 15 April 2024[2]
- As a matter subsequent to the period under review, on 20 February 2024, the Group announced it has entered into an agreement to purchase the myHomecare Group[3]

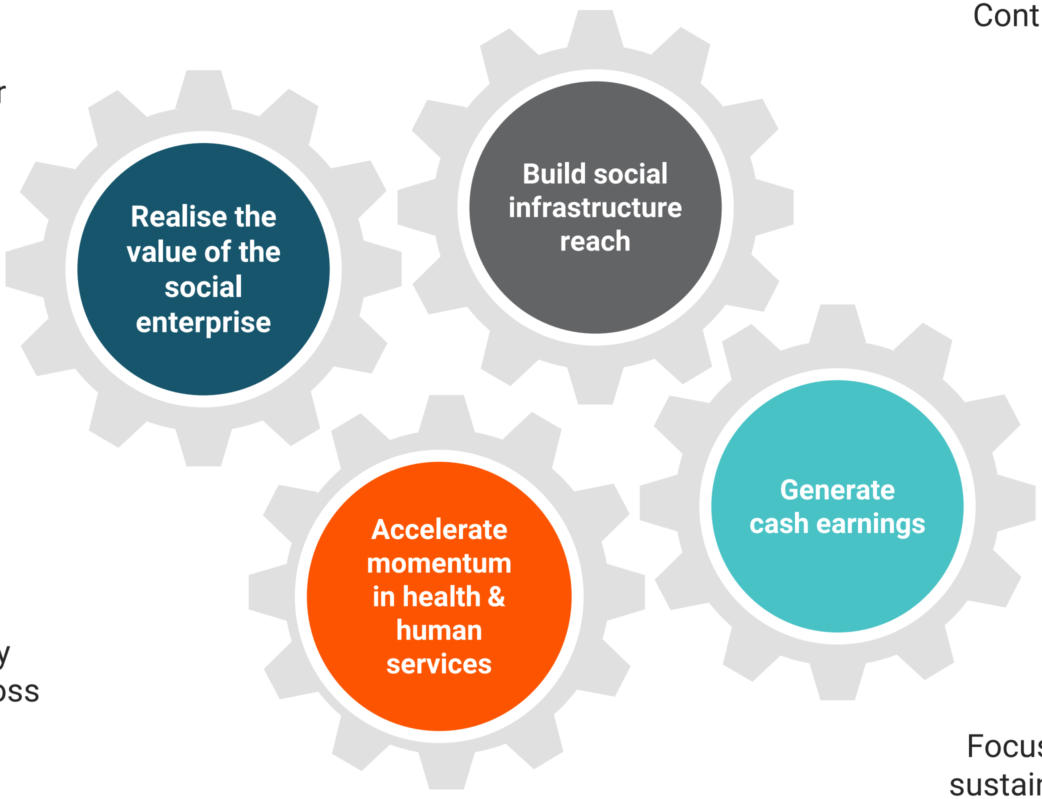
[1] HY2023 comparative information has been restated following adjustments made to prior year financial statements due to the implementation of AASB *17 Insurance Contracts*. Further information about the nature and impact of the restatement is included in the HY2024 Interim Report at Note 1.
[2] The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 2023 and will be recognised in subsequent financial reports.
[3] Subject to regulatory approval.

HY2024 priorities

Australian Unity
Real Wellbeing

Realise the value of the social enterprise
Create the building blocks to form deeper relationships with members, based on improving wellbeing outcomes and superior interaction with the Group

Build social infrastructure reach
Continuing to realise and extend our presence within the social infrastructure realm



Accelerate momentum in health and human services
Continuation of the program of work already underway to leverage the opportunities across the Continuum of Care

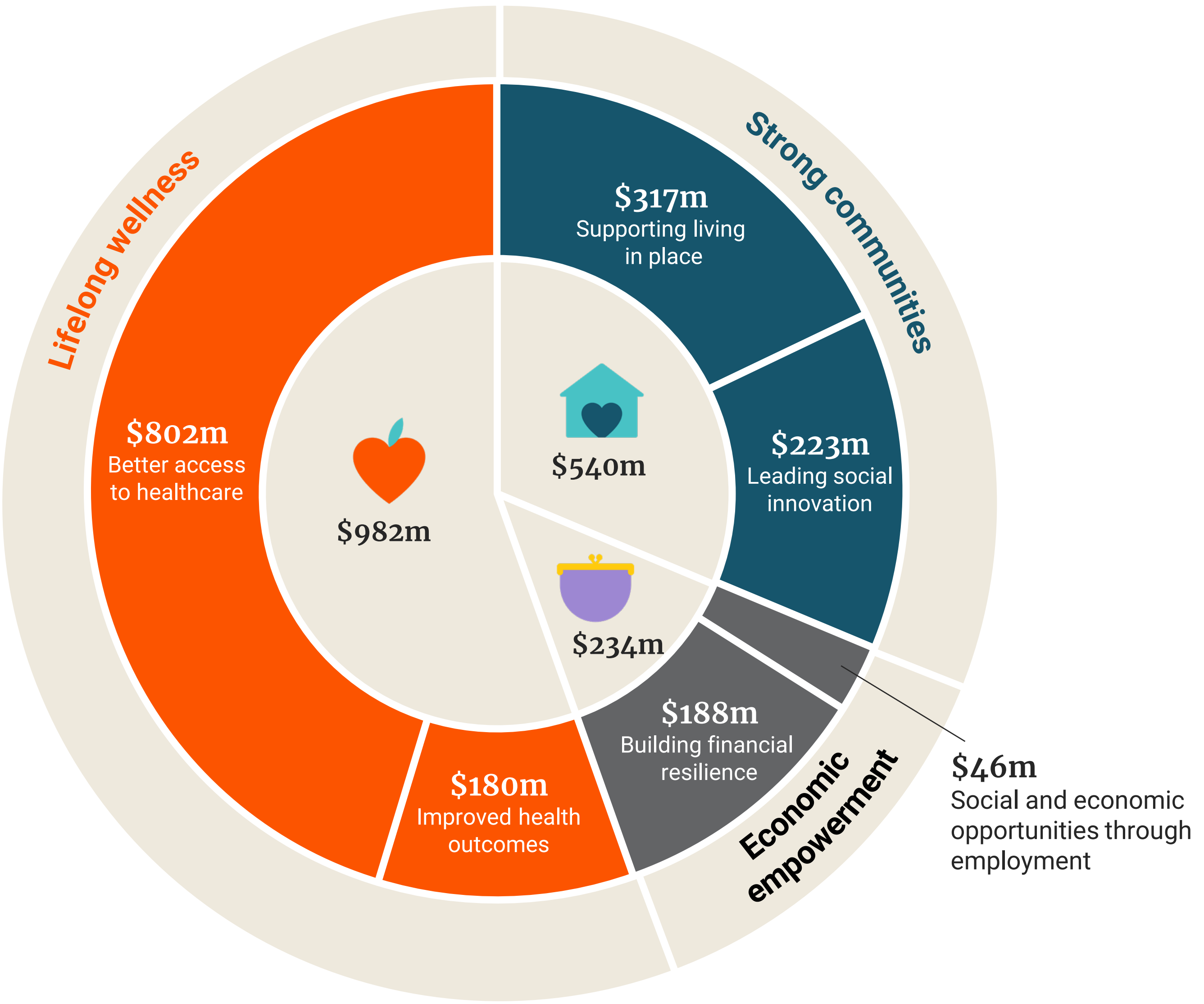
Generate cash earnings
Focus will remain on maximising the sustainable, repeatable cash earnings of the Group

Community & Social Value FY23

SVA Consulting

$1.76b in total community and social value for FY23

Priority outcomes	FY23 ($m)	FY22 ($m)
Better access to healthcare	802	699
Improved health outcomes	180	221
Building financial resilience	188	184
Opportunities through employment	46	53
Leading social innovation	223	122
Supporting living in place	317	353
Total	**1,756**	**1,632**



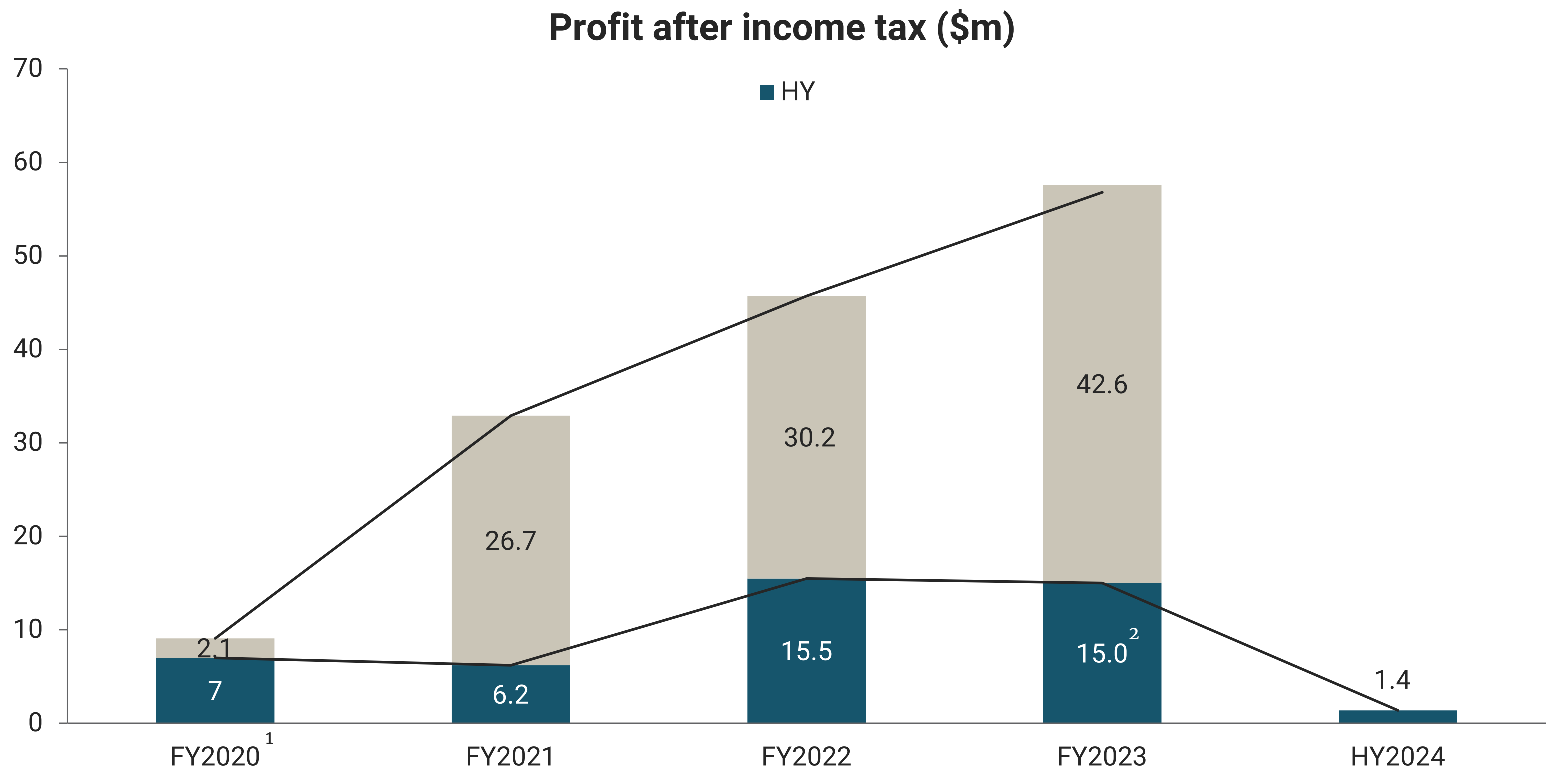
HY2024 financial summary

Australian Unity
Real Wellbeing

Key financial statistics	HY2024	HY2023[1]	Change
Revenue and other income, excluding benefit funds ($m)	831.4	750.9	80.5
Corporate entity income ($m)	816.3	733.8	82.5
Investment earnings ($m)	15.1	17.1	(2.0)
Total expenses, excluding financing costs and benefit funds ($m)	800.8	706.2	(94.6)
Profit after tax ($m)	1.4	15.0	(13.6)
Operating earnings ($m)	38.8	43.1	(4.3)
Total MCI dividend ($m)[2]	8.6	8.6	
Payout ratio (total MCI dividend / profit after tax)[3] (%)	39%	41%	

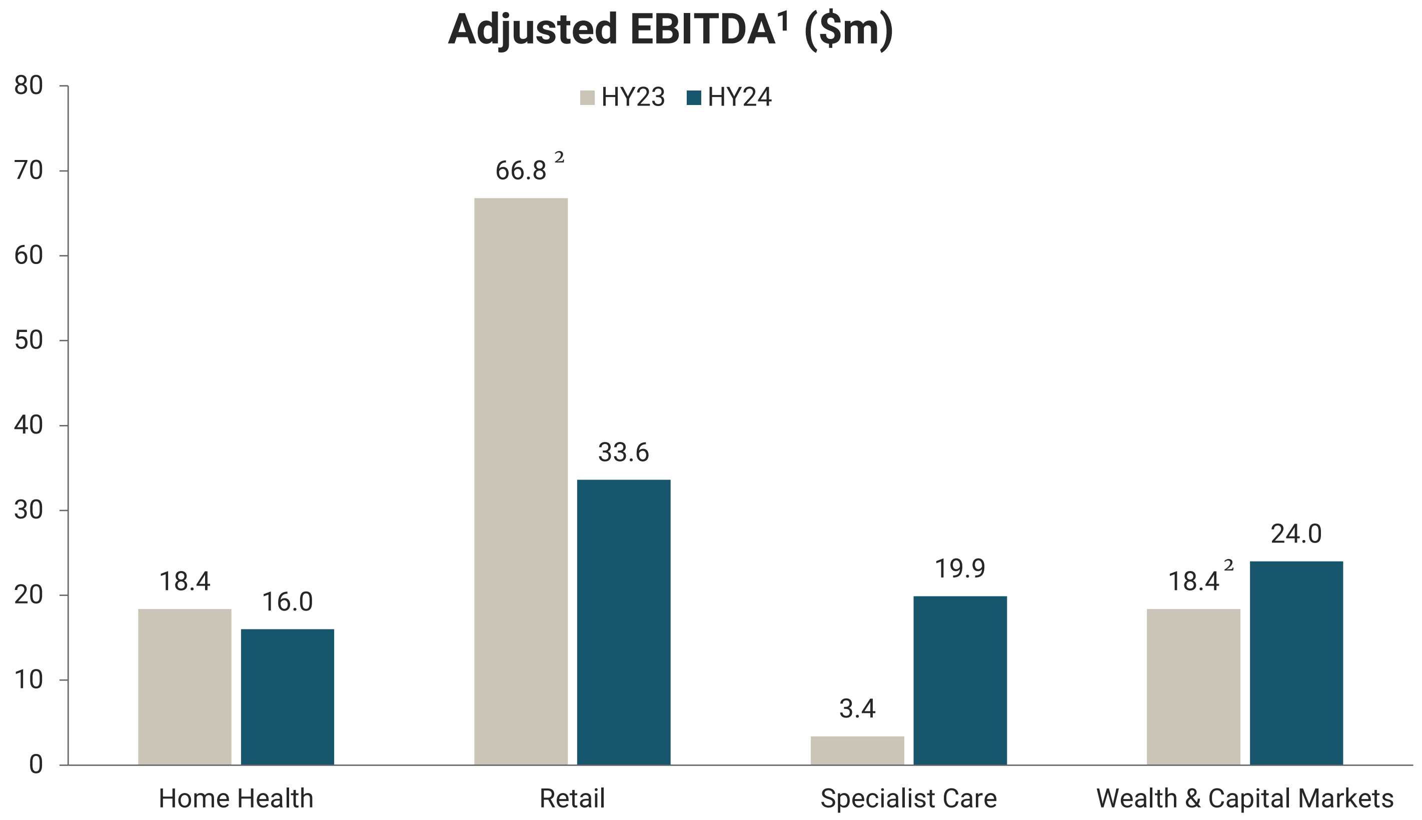
[1] HY2023 comparative information has been restated following adjustments made to prior year financial statements due to the implementation of AASB *17 Insurance Contracts*. Further information about the nature and impact of the restatement is included in the HY2024 Interim Report at Note 1.
[2] Consists of dividend determined to be paid in April 2024. The financial effect of the dividend determined to be paid in April 2024 has not been brought to account in the financial statements for the half-year ended 31 December 2023 and will be recognised in subsequent financial reports.
[3] Total MCI dividend consists of actual MCI dividend paid in October 2023 and dividend determined to be paid in April 2024. Profit after tax relates to the period 1 January 2023 to 31 December 2023. HY2023 payout ratio consists of MCI dividend paid in October 2022 and dividend paid in April 2023. Profit after tax relates to the period 1 January 2022 to 31 December 2022.

HY2024 key metrics



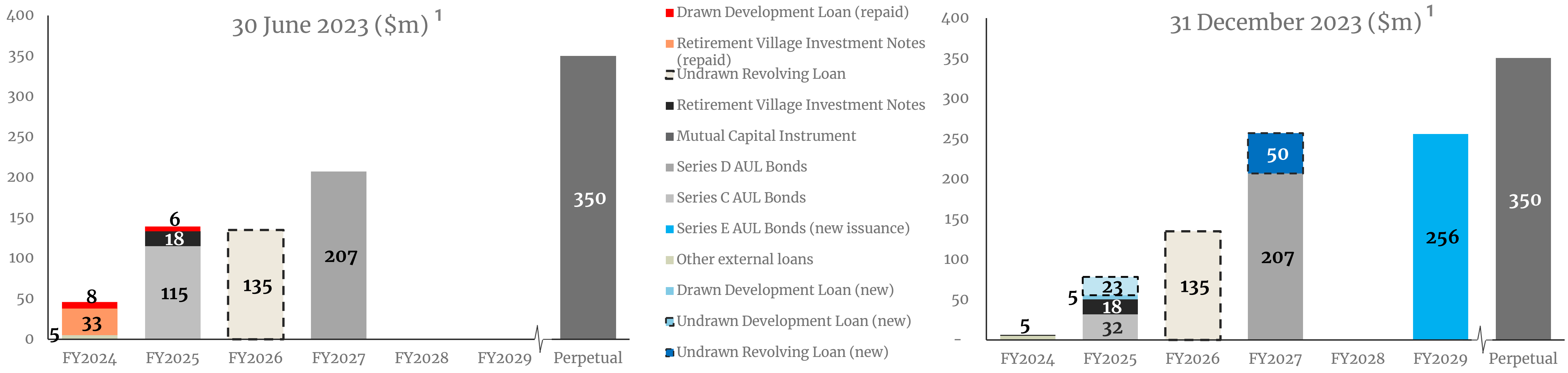
[1] Comparative information has been restated following adjustments made to prior year financial statements. Further information about the nature and impact of the restatement is included in the FY2021 Annual Report at Note 21(c).
[2] HY2023 comparative information has been restated following adjustments made to prior year financial statements due to the implementation of AASB *17 Insurance Contracts*. Further information about the nature and impact of the restatement is included in the HY2024 Interim Report at Note 1.

HY2024 segment earnings growth



[1] 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 expense and investment income. It also excludes material non-recurring expenditure and shared services costs.
[2] HY2023 comparative information has been restated following adjustments made to prior year financial statements due to the implementation of AASB *17 Insurance Contracts*. Further information about the nature and impact of the restatement is included in the HY2024 Interim Report at Note 1.

Building balance sheet flexibility and resilience

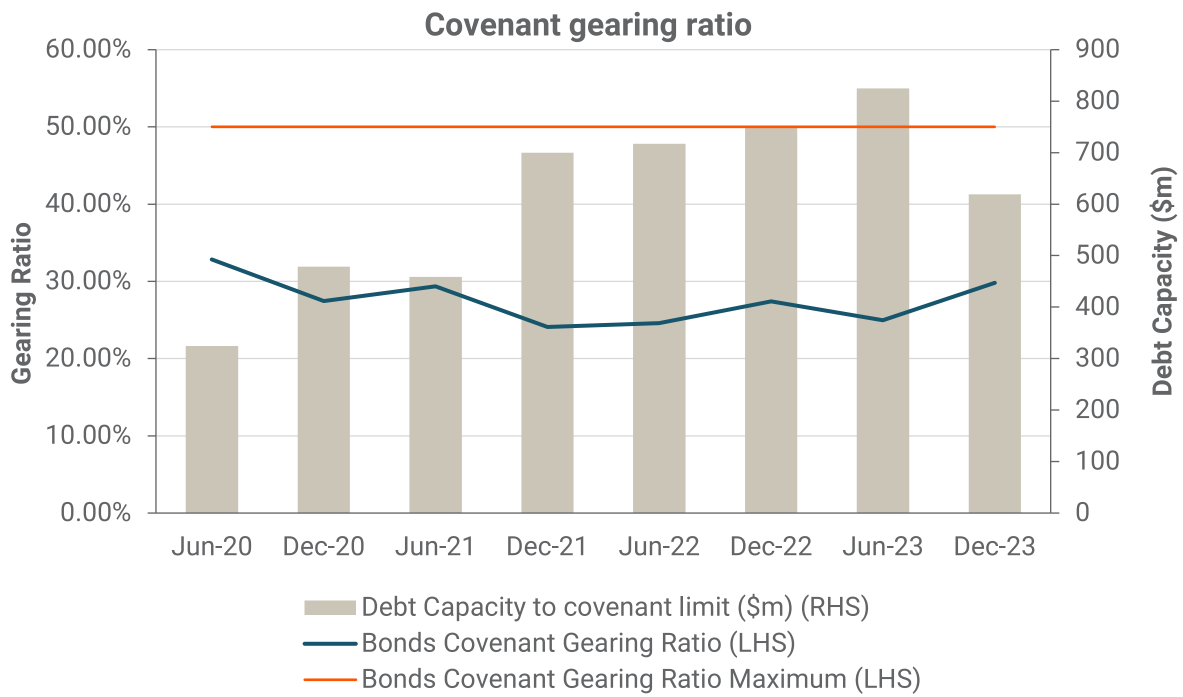


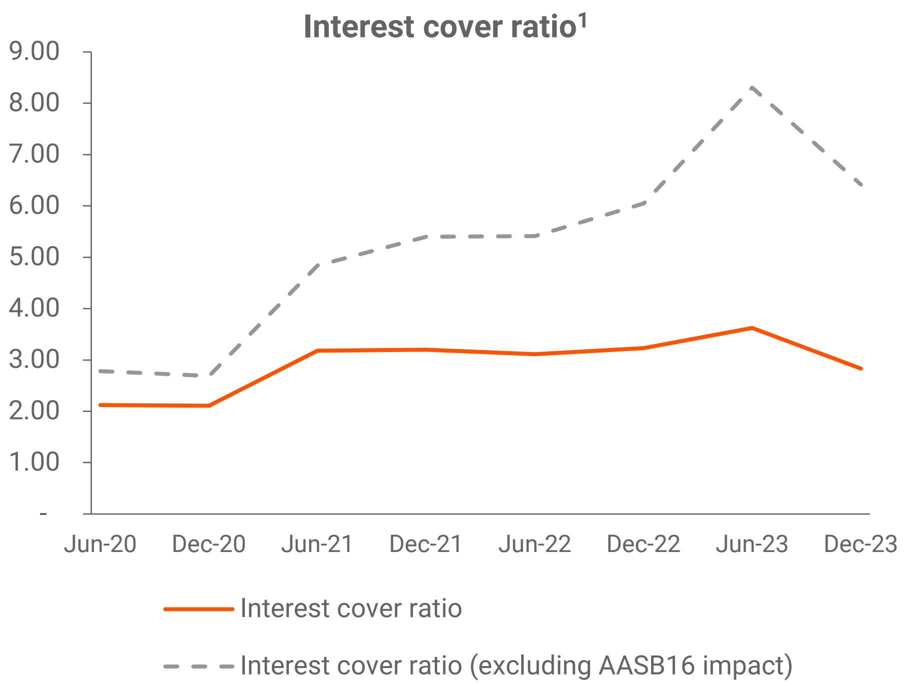
Continued to build flexibility into the balance sheet, positioning for strategic opportunities to be realised. Key activities during HY2024 included:

- Walmsley Residential Aged Care centre fully repaid in December 2023
- RVIN Series 6 matured and repaid in July 2023
- Refinancing the majority of the Series C bonds with Series E bonds. Currently $32m of Series C outstanding maturing in December 2024
- Establishment of a sustainability linked loan of $50m linked to the delivery of the CSV
- New development facility of $28m for Herston Northern Car Park, drawn at $5m as of December 2023
- As of December 2023, the Group has a strong liquidity position of $185m of undrawn committed debt facilities and $151m of cash
- On 20 February 2024, Australian Unity announced that it has agreed to pay $285 million for myHomecare Group (MHC)[2], on a debt and cash free basis, with an initial sum of $215 million to be paid on completion, with the balance of the purchase price to be paid progressively over an 18-month period following completion. The purchase price is subject to adjustments in accordance with the purchase agreement. Australian Unity intends to fund the acquisition through its current bank facilities and existing funds, which include proceeds from the recent issue of the Australian Unity simple corporate bonds

[1] Funding maturity profile shows consolidated interest bearing liabilities as at 30 June 2023 and 31 December 2023 that contribute to the Covenant Gearing Ratio debt (excluding Authorised Deposit-Taking Institution (ADI) borrowings) and Australian Unity Limited's Mutual Capital Instruments, which contribute towards gearing ratio equity.
[2] Subject to regulatory approval.

Gearing analysis and interest cover





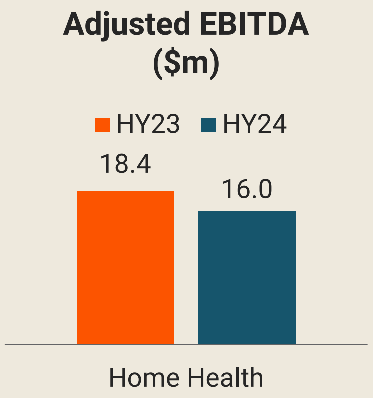
Ratios at 31 December 2023

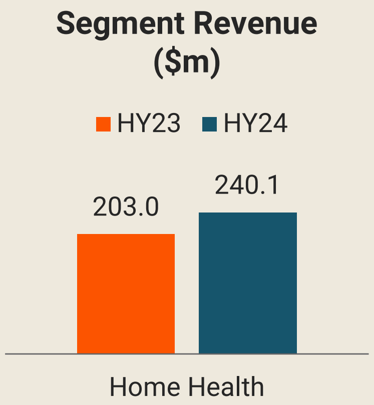
- Bonds covenant gearing ratio 30% based on covenant gearing calculations. The AUL MCI issuance contributes towards equity in the calculation, increasing debt capacity under the covenant.
- Interest cover ratio 2.83 times, including the impact of AASB16 Leasing. Excluding the impact of AASB16 the interest cover ratio is 6.41 times.

[1] Interest cover ratio is not a debt covenant and is included for illustrative purposes, the value is calculated on a rolling 12-month basis.

Home Health

Home Health





Provides a range of home and clinical care services across both community and virtual settings—designed to meet the ongoing health and wellbeing needs of our customers and support them in living in their preferred setting for longer

Highlights

- Total segment revenue of $240.1m for the half-year, representing an increase of 18.3% compared to the PCP
- Adjusted EBITDA of $16.0m, a decrease of $2.4m or 12.7% on the PCP. This result included $8.7m of transformation expenses ($1.0m in PCP), underlying EBITDA growth of 27.6% prior to investment in transforming
- Total home care packages under management reached 10,912 an increase of 127 packages in the six months to 31 December 2023, in a market that has seen a slowing in the release of HCP packages
- More than 3,400 healthcare workers delivered approximately 96.8m safe minutes of care to customers across community and virtual care services, representing an increase of 10.0% on the PCP
- Invested $8.7m in transforming business processes and technology and setting up the future business model to meet the growing needs and expectations of customers
- The cost base materially increased following the Fair Work Commission's decision to increase wages across the aged-care industry. The business reviewed and amended pricing, effective from 1 September 2023

Figures at 31 December 2023, unless otherwise noted

myHomecare Group acquisition

The coming of age of a business addressing the challenge our community must solve

- As announced to the market on 20 February 2023, Australian Unity has agreed to acquire the myHomecare Group (MHC)[1], a national provider of home care and home support services to combine with Australian Unity's Home Health business
  - In FY2023, MHC reported $364m of gross revenue and $27m of EBITDA
  - Completion of the acquisition is subject to receipt of ACCC clearance and certain other conditions
- National provider of home care and home support services, servicing ~20,000 customers, through an aggregation of 10 separate brands, delivered by ~1,600 employees, with ~1,000 being front line workers
- MHC is a for-profit Home Care Package (HCP)[2] funding provider, with service offerings including fully, partially and self-managed care to its ~12,000 HCP customers across two divisions:
  - Fully-Managed Division (FMD): MHC services ~4,000 fully managed HCPs and covers a spectrum of acuity and short-term care needs under various funding structures including Commonwealth Home Support Program (CHSP), Short Term Restorative Care (STRC), Veteran care (VHC & DVA) and Transitional care
  - Self-Managed Division (SMD): Administer client's HCP and assist with initial care planning and ongoing support. MHC services ~8,500 self-managed customers. The SMD division engages ~9,500 preferred service providers nationally to assist with SMD delivery
- Additionally, MHC provides services to ~8,000 non-HCP clients, predominantly on the federal CHSP program

[1] Subject to regulatory approval.
[2] Home Care Packages are coordinated packages of home care funded by the Australian government, to support Australians to live independently in their own home for as long as they can. Home care packages range from level 1 to 4 based on care requirements, with level 4 requiring the greatest amount of care and receiving the greatest amount of funding per package.

Creating a customer-centred full-service care provider

Bringing together two complementary businesses across the value chain

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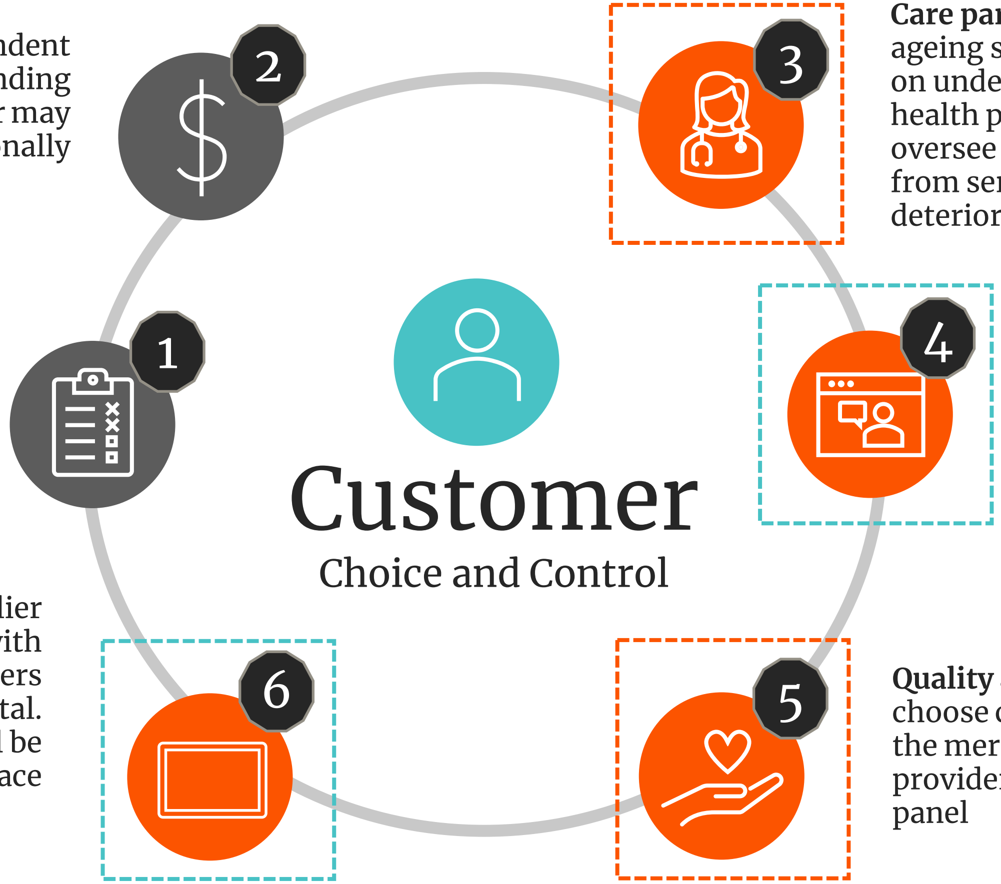
A customer's budget, determined by the independent assessors' recommendations on government funding to be provided plus any amount a customer may choose to contribute personally

Consolidated assessment performed by external independent assessors who determine the services that will be funded by government

Service provider portal – manages supplier relationships, providing verified suppliers with access to the customer base. Service providers may pay a subscriber fee to be part of the portal. Combined with the customer portal will be developed into a marketplace



Care partners – will support navigation of the health and ageing services available for the customer. They will focus on understanding customer goals and develop a tailored health plan to meet customer needs. Care partners also oversee the delivery of quality care, including feedback from service providers to respond to customer deterioration and changing need

Customer portal – providing access for customers and their families to self-select services and access a broad range of services, including bundling of services across the full Home Health product suite that could be privately funded

Quality and consistent care delivery – customers may choose care and clinical services to be delivered directly by the merged Home Health business or by a verified service provider selected from the independent service provider panel

Roles that Home Health will play

Building from Home Health strength

Building from MHC strength

Market overview

Outlined below are the various care options available to the community, excluding NDIS

Retirement Living

Housing option targeted to cater to the needs of people aged 65+ who are largely independent

Home-based care / support

Care and support targeted at helping older people remain in their home

Hospital in the Home

Nursing, rehabilitation and palliative interventions performed at home

Residential Aged Care

Accommodation suited to people unable to live independently due to declining health

Acute Hospital Care

Hospital care for older people whose health has deteriorated / end of life care

Home Support

Basic support and respite for older people at home

Restorative Care

Up to 8 weeks care to reverse functional decline

Veterans Care

Access to health and other care services for Veterans

Transitional Care

Short term support following a hospital admission

Home Care

Care to enable older people to remain at home

myHomecare focus areas

myHomecare – Brands

The group comprises multiple localised and targeted brands, across the continuum of self-to-fully managed care

Fully-managed	Self-managed
myHomecare, Enrich Living Services, Oxley Home Care, Bromilow Community Care, Hills Nursing, Sapphire Living	Let's Get Care, Just Home Care Packages, Happy Living Home Care Packages, Better Living Homecare

- Brands have their own individual target consumers and delivery model
- Localised marketing activities are typically focused on the brand’s service offerings and local networks to maximise impact

Material acceleration opportunity with optionality

Strategic benefits that can be realised across Home Health on combination with MHC

Supporting scale	✓ Provides operational and commercial efficiencies ✓ Leverages Home Health's investment in transformation initiatives ✓ Expands Home Health clinical and virtual care service volumes
National footprint	✓ National leader in delivery of home care services and a provider of broader Home Health ✓ Home Health's position would be strengthened to advocate for industry changes ✓ Combined home care customer base of ~50,000 customers
Geographic expansion	✓ Broadening of existing service delivery footprints ✓ Expansion to new national geographies, such as South East Queensland
Additional customer growth	✓ Exposure to new self-managed customer growth – diversifying revenue ✓ Expanded product and service offering to all customer types and care needs ✓ Self-managed customers – a platform for both private paid services and transitions to fully managed services
Optionality of marketplace	✓ Opportunity to provide the ~9,500 provider network a marketplace offering ✓ Potential to satisfy broker unmet demand and achieve greater service volumes and breadth (ie clinical)

Home Health outlook

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- Subject to ACCC approval, the key focus in the immediate term will be on the integration of employees and customers, and embedding the MHC business into existing operations
- Investment in strengthening system, process and operating model capabilities to deliver a customer-centred business that can leverage the competitive advantage of being a full range provider across clinical and non-clinical services
- Strong ambition to extend presence in hospital-substitution and hospital-avoidance programs to meet the growing community needs and societal issues facing access to healthcare
- New models of care to virtually manage chronic diseases, as well as the expansion of mental health programs, will leverage already established clinical capability in these critical health domains
- Strengthening supply chain management capability, including workforce partnerships, will enable strong growth across all product types, including a leading self-management offering

Retail

Retail

Australian Unity
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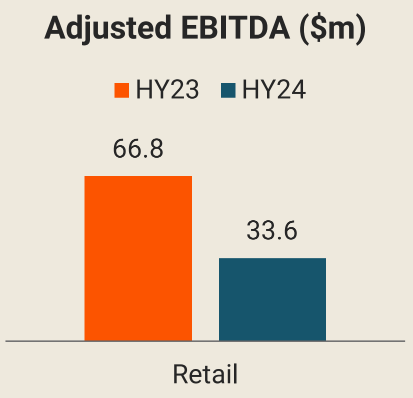
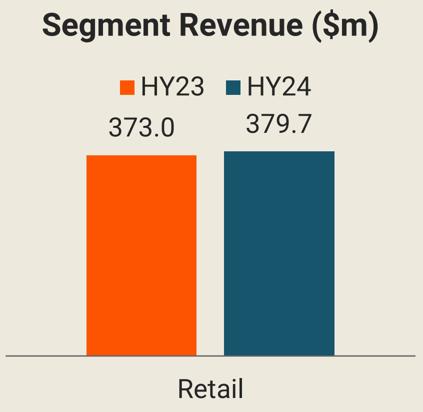




The Retail platform brings together Australian Unity's private health insurance (PHI) and banking businesses

Highlights

- PHI claims returned to long-term trend levels, after being depressed for a number of years due to COVID-19 related factors. Consequently, the platform delivered a modest half-year result
- Adjusted EBITDA of $33.6m, was 49.7% lower than the PCP noting that the PCP reflected the release of the deferred claims liability (DCL)
- Total segment revenue increased to $379.7m, representing an increase of 1.8% over the PCP
- Total operating expenses were $346.1m, 13.0% higher than the PCP. This reflected an increase in PHI claims net of risk equalisation, the DCL movement, and banking interest expense related to the margin pressures which was partly offset by effective deposit management

PHI

- The overall number of policyholders increased to 166,381
  - Overseas visitors' cover policyholders increased to 4,410 (30 June 2023: 3,915)
  - Australian resident PHI policyholders decreased slightly to 161,971 in highly competitive market conditions (30 June 2023: 162,294)
- Further deferral of premium increase to 1 April 2024 was announced

Banking

- More than 26,600 customers
- Total assets grew to $1,517.9m (30 June 2023: $1,394.4m)
- Expected Credit Loss provision on loans was $8.1m (30 June 2023: $9.1m)
- Despite the challenges faced within a competitive loan environment, the bank experienced solid lending growth with the gross loan portfolio increasing to $1,249.4m (31 December 2022: $1,150.5m)

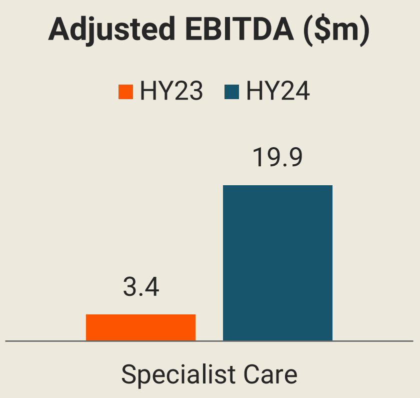
Figures at 31 December 2023, unless otherwise noted

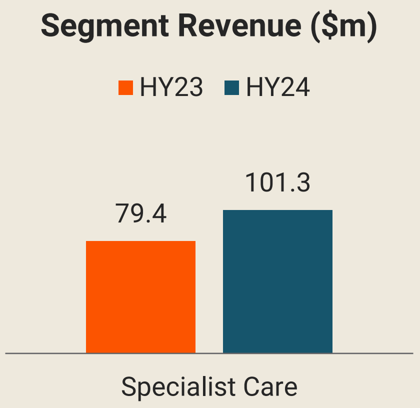
Retail outlook

- Outlook is cautiously positive, notwithstanding the continued uncertainties flowing from COVID-19 and a highly competitive banking landscape
- Anticipate that PHI claims will return to historical levels of utilisation and bank credit growth is likely to be impacted over the coming year due to macro-economic factors such as the volatile geo-political environment and the unpredictable course of domestic economic positions
- Continue to focus on the delivery of customer growth and value
- Continue to pursue opportunities arising from the health insurance and banking businesses, including packages of banking and insurance products, operating efficiencies, and customer-centred digital platforms that assist the co-ordination of essential financial and health insurance related services

Specialist Care

Specialist Care





The Specialist Care platform provides aged care services in 12 facilities across New South Wales (NSW), Victoria and Queensland

Highlights

- Total segment revenue of $101.3m, represents an increase of 27.6% on the PCP
- Adjusted EBITDA of $19.9m representing an increase of 476.9% on the PCP, due to strong revenue growth and effective cost management
- Improved previous challenges of workforce management through greater attraction and retention strategies, which reduced external agency staff expenditure to $0.7m from $4.9m in PCP
- Occupancy levels across the 10 mature facilities achieved an average of 97.2% (30 June 2023: 97.0%)

Figures at 31 December 2023, unless otherwise noted

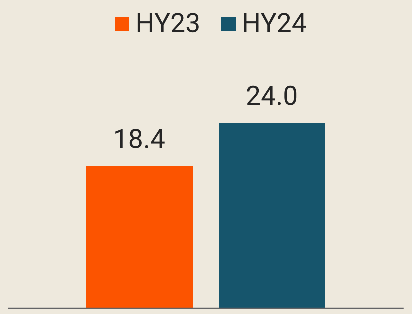
Specialist Care outlook

- Remain focused on high-quality care and services, sustained high occupancy levels, and optimising outcomes in the performance of its operations
- This will be achieved through efficient cost management, while meeting the ongoing and changing regulatory landscape

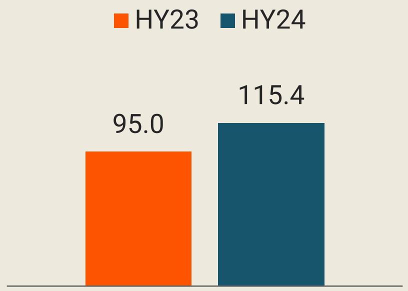
Wealth & Capital Markets

Wealth & Capital Markets (W&CM)

Adjusted EBITDA ($m)



Segment Revenue ($m)



The W&CM platform comprises funds management, social infrastructure, life & super and trustee services businesses.

Highlights

- Total segment revenue increased by 21.6% compared to the PCP
- Adjusted EBITDA increased by 30.2% compared to the PCP
- Aggregate value of assets under management and administration (AUMA), excluding cross-investments (investments by Australian Unity funds in other funds managed or operated by Australian Unity or our associates) increased to $33.22b at 31 December 2023 (30 June 2023: $31.92b)
- Entered into a transaction tripartite alliance with AZ Next Generation Advisory Limited and Fortnum Private Wealth Limited, for the divestment of the Advice business

Funds Management

- Funds under management, advice and administration (FUMAA) stood at $14.93b compared to $14.73b at 30 June 2023

Social Infrastructure

- Assets under management were $440.6m compared to $407.0m at 30 June 2023
- Launched the Purpose-Built Student Accommodation Fund

Life and Super

- Reached $3.62b in funds under management and administration (FUMA) compared to $2.44b at 30 June 2023
- Acquired IOOF Ltd (renamed Australian Unity Life Bonds Limited), which contributed $1.08b of FUM

Trustees

- Experienced 3.5% growth in FUM to $506.4m

Figures at 31 December 2023, unless otherwise noted

W&CM outlook

- Seek to deliver differentiated products and services designed to support and improve the financial wellbeing and economic empowerment of customers, addressing important community needs
- Remains well positioned to benefit from:
  - the collective impact of the rising need for better-planned wealth accumulation
  - the challenges and opportunities presented by Australia's ageing population
  - the changing regulatory landscape
  - increasing community expectations in these areas

10-year growth strategy

Our growth areas in pursuit of Wellbeing

Realise the value of the social enterprise

Accelerate momentum in health & human services

Build social infrastructure reach

Australian Unity

Real Wellbeing