

Financial Ratios Worked Example FY13 to FY15

Assume net

Prescribed Key Financial Ratios

As at 30 June

		2013 \$ 000	2014 \$ 000	2015 \$ 000
Gearing ratio				
Total liabilities / total equity				
Total liabilities	A	3,352,630	3,603,351	3,788,760
Total equity	B	479,908	508,340	542,879
Gearing ratio (%)	C = A / B	698.6%	708.8%	697.9%

Interest cover ratio

EBITDA / net interest expense

Net profit before tax		62,923	59,303	63,669
deduct: Net interest income (per below)		(11,806)	(7,438)	(9,172)
add back: Depreciation and amortisation		16,938	16,878	21,252
= EBITDA	D	68,055	68,743	75,749
ADI net interest income		(15,522)	(15,441)	(16,105)
Benefit Fund net interest income		(1,148)	(789)	(4,225)
plus: Other net interest expense		4,864	8,792	11,158
= Net interest expense /(income)	E	(11,806)	(7,438)	(9,172)
Interest cover ratio (times)	F = D / E	(5.76)	(9.24)	(8.26)

Working capital ratio

Current assets / current liabilities

Current assets	G	2,416,539	2,511,179	2,567,321
Current liabilities	H	1,502,096	1,593,310	1,952,132
Working capital ratio (times)	I = G / H	1.61	1.58	1.32

Other Relevant Financial Ratios

As at 30 June

		2013 \$ 000	2014 \$ 000	2015 \$ 000	2015 \$ 000
Covenant Gearing Ratio					
Gearing Ratio Debt / Gearing Ratio Debt + Gearing Ratio Equity					
Total liabilities		3,352,630	3,603,351	3,788,760	3,888,760
less: Benefit fund policyholder liabilities		(1,833,231)	(1,884,928)	(1,897,632)	(1,897,632)
less: ADI interest bearing liabilities		(562,238)	(646,000)	(688,561)	(688,561)
less: Other (non-interest bearing) liabilities		(725,095)	(794,198)	(958,919)	(958,919)
= subtotal		232,066	278,225	243,648	343,648
plus: Consolidated guarantees		9,950	7,368	6,777	6,777
less: ADI guarantees		0	0	0	0
less: AUL Cash		(10,401)	(12,640)	(24,161)	(24,161)
less: Interest bearing liabilities which are Junior Ranking Obligations		0	0	0	0
= Gearing Ratio Debt	A	231,615	272,953	226,264	326,264
Total equity		479,908	508,340	542,879	542,879
plus: Junior Ranking Obligations		0	0	0	0
less ADI equity		(48,006)	(49,138)	(51,210)	(51,210)
= Gearing Ratio Equity	B	431,902	459,202	491,669	491,669
Covenant Gearing Ratio (%)	C = A / (A + B)	34.9%	37.3%	31.5%	39.9%

AU Interest Cover Ratio

Adjusted EBITDA / Adjusted interest expense

Net profit before tax		62,923	59,303	63,669
exclude: Benefit Fund net profit before tax		(27,558)	(24,226)	(20,736)
add back: Adjusted interest expense (per below)		17,769	16,606	17,966
add back: Depreciation and amortisation		16,938	16,878	21,252
= Adjusted EBITDA	D	70,072	68,561	82,151
Net interest expense /(income)		(11,806)	(7,438)	(9,172)
exclude: ADI net interest income		15,522	15,441	16,105
exclude: Benefit Fund net interest income		1,148	789	4,225
exclude: Other interest income		12,905	7,814	6,808
= Adjusted interest expense	E	17,769	16,606	17,966
AU Interest Cover Ratio (times)	F = D / E	3.94	4.13	4.57

ADI Tier 1 capital ratio

Tier 1 capital / Risk weighted assets

Tier 1 capital	J	45,790	46,100	48,492
Risk weighted assets	K	286,084	323,406	341,657
Tier 1 capital ratio (%)	L = J / K	16.0%	14.3%	14.2%