

Australian Unity - Key Financial Ratios¹

Prescribed Key Financial Ratios		As at 30 June		
		2017 \$ 000	2018 \$ 000	2019 \$ 000
Gearing ratio				
Total liabilities / total equity				
Total liabilities	A	4,564,762	4,783,227	5,098,223
Total equity	B	620,975	673,557	718,393
Gearing ratio (%)	C = A / B	735.1%	710.1%	709.7%
Interest cover ratio				
EBITDA / net interest expense				
Net profit before tax		45,266	73,478	97,229
deduct: Net interest income (per below)		(16,053)	(12,293)	(17,071)
add back: Depreciation and amortisation		27,430	62,798	31,169
= EBITDA	D	56,643	123,983	111,327
ADI net interest income		(18,414)	(19,823)	(19,585)
Benefit Fund net interest income		(7,118)	(6,258)	(6,644)
plus: Other net interest expense		9,479	13,788	9,158
= Net interest expense /(income)	E	(16,053)	(12,293)	(17,071)
Interest cover ratio (times)	F = D / E	(3.5)	(10.1)	(6.5)
Working capital ratio				
Current assets / current liabilities				
Current assets	G	2,899,062	3,029,664	3,142,492
Current liabilities	H	2,417,241	2,547,847	2,785,482
Working capital ratio (times)	I = G / H	1.2	1.2	1.1

Other Relevant Financial Ratios		As at 30 June			Example net extra borrowings of \$50m
		2017 \$ 000	2018 \$ 000	2019 \$ 000	2019 \$ 000
Covenant Gearing Ratio					
Gearing Ratio Debt / Gearing Ratio Debt + Gearing Ratio Equity					
Total liabilities		4,564,762	4,783,227	5,098,223	5,148,223
less: Benefit fund policyholder liabilities		(2,116,464)	(2,182,364)	(2,276,817)	(2,276,817)
less: ADI interest bearing liabilities		(756,347)	(706,515)	(806,126)	(806,126)
less: Leases		0	0	0	0
less: Other (non-interest bearing) liabilities		<u>(1,354,716)</u>	<u>(1,558,621)</u>	<u>(1,716,837)</u>	<u>(1,716,837)</u>
= subtotal		337,235	335,727	298,443	348,443
plus: Consolidated guarantees		57,488	36,799	36,750	36,750
less: ADI guarantees		0	0	0	0
less: AUL Cash		(22,262)	(206,958)	(151,757)	(151,757)
less: Interest bearing liabilities which are Junior Ranking Obligations		0	0	0	0
= Gearing Ratio Debt	A	372,461	165,568	183,436	233,436
Total equity		620,975	673,557	718,393	718,393
plus: Junior Ranking Obligations		0	0	0	0
less ADI equity		<u>(59,779)</u>	<u>(62,603)</u>	<u>(65,148)</u>	<u>(65,148)</u>
= Gearing Ratio Equity	B	561,196	610,954	653,245	653,245
Covenant Gearing Ratio (%)	C = A / (A + B)	39.9%	21.3%	21.9%	26.3%

AU Interest Cover Ratio					
Adjusted EBITDA / Adjusted interest expense					
Net profit before tax		45,266	73,478	97,229	
exclude: Benefit Fund net profit before tax		(12,034)	(25,072)	(37,112)	
add back: Adjusted interest expense (per below)		19,126	19,269	16,356	
add back: Depreciation and amortisation		27,430	62,798	31,169	
= Adjusted EBITDA	D	79,788	130,473	107,642	
Net interest expense /(income)		(16,053)	(12,293)	(17,071)	
exclude: ADI net interest income		18,414	19,823	19,585	
exclude: Benefit Fund net interest income		7,118	6,258	6,644	
exclude: Other interest income		<u>9,647</u>	<u>5,481</u>	<u>7,198</u>	
= Adjusted interest expense	E	19,126	19,269	16,356	
AU Interest Cover Ratio (times)	F = D / E	4.2	6.8	6.6	

ADI capital ratio				
capital / Risk weighted assets				
Regulatory capital base	J	55,281	57,320	59,558
Risk weighted assets	K	402,144	400,190	441,230
Tier 1 capital ratio (%)	L = J / K	13.7%	14.3%	13.5%

¹ See sections 3.8.2 and 5.6 of the Base Prospectus for details of the basis on which these ratios are calculated.