

# Australian Unity - Key Financial Ratios<sup>1</sup>

Prescribed Key Financial Ratios		As at 30 June		
		2017 \$ 000	2018 \$ 000	2019 \$ 000
<b>Gearing ratio</b>		Total liabilities / total equity		
<b>Total liabilities</b>	A	4,564,762	4,783,227	5,098,223
<b>Total equity</b>	B	620,975	673,557	718,393
<b>Gearing ratio (%)</b>	C = A / B	<b>735.1%</b>	<b>710.1%</b>	<b>709.7%</b>

## 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
<b>= EBITDA</b>	D	<b>56,643</b>	<b>123,983</b>	<b>111,327</b>
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
<b>= Net interest expense / (income)</b>	E	<b>(16,053)</b>	<b>(12,293)</b>	<b>(17,071)</b>
<b>Interest cover ratio (times)</b>	F = D / E	<b>(3.5)</b>	<b>(10.1)</b>	<b>(6.5)</b>

## 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
<b>Working capital ratio (times)</b>	I = G / H	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>

## Other Relevant Financial Ratios

		As at 30 June			Example net extra borrowings of \$50m 2019 \$ 000
		2017 \$ 000	2018 \$ 000	2019 \$ 000	
<b>Covenant Gearing Ratio</b>		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		(1,354,716)	(1,558,621)	(1,716,837)	(1,716,837)
= 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
<b>= Gearing Ratio Debt</b>	A	<b>372,461</b>	<b>165,568</b>	<b>183,436</b>	<b>233,436</b>
Total equity		620,975	673,557	718,393	718,393
plus: Junior Ranking Obligations		0	0	0	0
less ADI equity		(59,779)	(62,603)	(65,148)	(65,148)
<b>= Gearing Ratio Equity</b>	B	<b>561,196</b>	<b>610,954</b>	<b>653,245</b>	<b>653,245</b>
<b>Covenant Gearing Ratio (%)</b>	C = A / (A + B)	<b>39.9%</b>	<b>21.3%</b>	<b>21.9%</b>	<b>26.3%</b>

## 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
<b>= Adjusted EBITDA</b>	D	<b>79,788</b>	<b>130,473</b>	<b>107,642</b>
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		9,647	5,481	7,198
<b>= Adjusted interest expense</b>	E	<b>19,126</b>	<b>19,269</b>	<b>16,356</b>
<b>AU Interest Cover Ratio (times)</b>	F = D / E	<b>4.2</b>	<b>6.8</b>	<b>6.6</b>

## 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
<b>Tier 1 capital ratio (%)</b>	L = J / K	<b>13.7%</b>	<b>14.3%</b>	<b>13.5%</b>

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