The British United Provident Association Limited (Bupa):
FULL YEAR STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Financial headlines

- Revenue[1] of £12.1bn is flat at constant exchange rates (CER).
- Underlying profit[2] before taxation of £388m, was down 4% at CER (2019: £404m) with the performance of the insurance businesses partially offset by the challenging conditions in our health provision and aged care businesses.
- Statutory profit before taxation of £410m was up £488m at AER (2019 loss before taxation: £(78)m), primarily due to goodwill impairments made in 2019 not recurring.
- Solvency II capital coverage ratio[3] remains strong at 160% (2019: 159%).

Business context

- Full Year 2020 results reflect our financial resilience and the benefits of our diversified business despite volatile trading conditions caused by the COVID-19 pandemic.
- Throughout the pandemic, our priority is to focus on the welfare of our customers and our people, and to play our part in government and public health responses.
- For health insurance, our largest business line, we undertook a range of actions to support our customers and deliver value. Underlying profit primarily increased due to the reduced levels of claims, as lockdown measures restricted access to private healthcare and postponed elective procedures. As restrictions had largely been lifted by the end of the year it is anticipated that claims will rebound in 2021, however, the timing and quantification will vary by market.

Iñaki Ereño, Group CEO, commented:

"The pandemic is having a terrible impact across the world at a very human level. In the context of that huge challenge, I am very proud of how everyone at Bupa has been responding, focusing on our customers and supporting each other and society. Our financial results reflect our financial resilience and the benefits of our diversified business. Despite volatile market and trading conditions we maintained revenue flat with underlying profit marginally down.

Looking forward, it is an important time for Bupa and for the healthcare industry. COVID-19 has changed many aspects of society and this will continue. I am proud to lead Bupa in this new period as we deliver for customers and play our part in national health efforts. My focus is on growth, transformation and sustainability. We must grow the businesses of today and innovate to become the business of tomorrow."

Market performance (all at CER)

- **Australia and New Zealand:** Revenue increased by 3% to £4,737m largely due to the Australian Defence Force contract which started in July 2019. Underlying profit was £113m, a decrease of 28%, as Australian Health Insurance declined, and with losses in Australian Aged Care and a decline in profit in New Zealand Aged Care.
- **Europe and Latin America:** Revenue grew by 3% to £3,765m and underlying profit grew

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[1] Revenues from associate businesses are excluded from reported figures. Customer numbers and economic share of post-tax profits from our associate businesses are included.
[2] Underlying profit is a non-GAAP financial measure. This means it is not comparable to other companies. Underlying profit reflects our trading performance and excludes a number of items included in statutory profit before taxation, to facilitate year-on-year comparison. These items include impairment of intangible assets and goodwill arising on business combinations, as well as market movements such as gains or losses on foreign exchange, on return-seeking assets, on property revaluations and other material items not considered part of trading performance. A reconciliation to statutory profit before taxation can be found in the notes to the condensed consolidated financial statements.
[3] The 2020 Solvency II capital coverage ratio is an estimate and unaudited.

by 19% to £184m mainly driven by our insurance businesses, partially offset by the performance in our provision and aged care businesses.

- **Bupa Global and UK:** Revenue was down by 6% to £3,122m, with underlying profit down 5% to £110m. This was driven by performance in our health provision and aged care businesses, and our pledge to pass back any exceptional financial benefit ultimately arising from the pandemic to UK private medical insurance (PMI) customers (UK return of premium commitment).
- **Other businesses:** Revenue was flat at £494m. Underlying profit was up 33% to £61m partly reflecting favourable performance in Bupa Arabia and our increased shareholding.

Financial position

- Solvency II capital coverage ratio of 160% (2019: 159%).
- Leverage is 32.4% (2019: 32.7%) when accounting for IFRS 16 lease liabilities. Excluding these liabilities, the leverage ratio is 25.3% (2019: 25.1%).
- Net cash generated from operating activities was £1,343m, up £646m on prior year (2019: £697m) reflecting the delay in claims outflows in the insurance businesses.
- In March 2020, Fitch downgraded Bupa Finance plc's Long-Term Issuer Default Rating (LT IDR) to 'A-' from 'A', and senior and unguaranteed subordinated bonds to BBB+ and BBB- respectively. In April, Moody's affirmed the senior and subordinated debt ratings of Bupa Finance plc, while changing its outlook from stable to negative.

Our response to COVID-19

- COVID-19 has been a human tragedy and very sadly, lives were lost among our residents, customers, patients and employees as the pandemic impacted countries at different stages during 2020.
- Throughout the pandemic our priority has been to focus on the welfare of our customers, and our people, and to play our part in national health efforts. We invested to protect and support our customers and our people, ensure operational resilience, and to deliver new and innovative services.
- **In insurance,** we accelerated digital programmes to make sure customers could continue to access treatment and care:
  - In Australia, we increased telehealth and mental health support services, developing new ways for customers to access treatment remotely.
  - In Spain, we launched BluaU, the second generation of our Blua digital proposition. We increased our digital customers by 24% year on year and delivered over 640,000 video consultations, 15 times higher than 2019.
  - In the UK, we enhanced services to provide remote, direct access to GPs, physiotherapists and nurses, and consultants via video or phone. Use of our Digital GP service increased to around 5,000 appointments per week.
- In addition to the UK PMI return of premium, we undertook targeted actions across our markets to support our insurance customers. Actions varied on the basis of local market context and product set and included: removing pandemic exclusions for COVID-19; reviewing excess clauses; delaying approved premium increases in Australia and Chile; providing free access to virtual consultations in Spain through Blua; and supporting customers experiencing financial hardship.
- **In health provision,** our hospitals and clinics in Spain, Chile, Hong Kong, Poland and the UK worked in partnership with public health systems. Lockdowns led to temporary closures of clinics and dental practices in some markets. We adapted services in line with local requirements and expanded virtual health services. Our dental businesses increased virtual services to continue giving consultations and provide advice. When lockdowns eased, we were able to resume face-to-face services with new safety measures in place to protect customers and our people.

- **In aged care**, protecting residents and staff remains our absolute focus, with comprehensive safety measures introduced and investment in safety equipment, staff training and support. Our teams have been supporting and caring for our residents and worked hard to maintain their connections with families and loved ones using technology.
- Keeping **our people** safe and taking care of their mental health were key priorities. We expanded services such as 24/7 helplines, access to psychological services, virtual sessions to build resilience and mindfulness, and direct support such as counselling. We enabled our colleagues on the frontline to continue to work safely by implementing enhanced cleaning regimes in facilities, providing Protective Personal Equipment (PPE) and training on specialist equipment. We facilitated remote working wherever possible through technology.
- We established a global **Healthy Communities Fund** to support local charities. This has a particular focus on supporting those affected by the pandemic, and mental health and resilience in schools.
- We continued to support the work of the **Bupa Foundations** in Australia, the UK and Spain, and encourage our people to contribute time and skills to the communities in which we operate.

Note on insurance reserving

- In the early stages of the pandemic, government restrictions across many of our markets affected insurance customers' ability to access treatment in private healthcare facilities and make claims, particularly for elective procedures. Although health insurance industry practice is to account for claims when a medical service is delivered, this restriction on supply at half year gave rise to a constructive obligation for us to ensure claims were honoured, even if the treatment were to postdate a customer's contract period. This led us to hold reserves for deferred claims at half year.
- As at year end, however, these restrictions have largely been removed and claims volumes are rebounding and no such obligation to provide beyond contractual terms exists (except for Australia, as described below). The quantum and timing of this ongoing rebound in claims gives some uncertainty as we head into 2021, and the ultimate impact will vary by geography, policy coverage terms and broader circumstances.
- This uncertainty is largely mitigated in Australia, where the prudential regulator requires all health insurers to hold an additional reserve for deferred claims, creating an obligation beyond normal contractual liabilities, for which we are carrying a provision of £171m representing the best estimate of the rebound together with a risk margin.
- Further, in the UK PMI business, we are holding a provision of £145m for our UK return of premium commitment.

Other highlights

- We increased our shareholding in Bupa Arabia by 4% to 43.25%.
- We enhanced our liquidity and debt maturity profiles through two bond issues together raising £650m. We redeemed £330m of bonds issued in 2004.
- We strengthened our internal ESG governance, embedded a new emissions reporting tool and progressed the development of a new Environment and Climate Action plan.
- We strengthened our approach to inclusion and diversity.
- Our MSCI ESG rating was upgraded to 'A' in December 2020.

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About Bupa
Bupa's purpose is helping people live longer, healthier, happier lives.

We are an international healthcare company serving over 31 million customers worldwide. With no shareholders, our customers are our focus. We reinvest profits into providing more and better healthcare for the benefit of current and future customers.

Health insurance accounts for 17.9m customers and contributes 72% of our revenue. In health provision, we operate clinics, dental centres and hospitals in some markets serving another 13.6m customers. We also care for around 20,000 residents in our aged care businesses in the UK, Australia, New Zealand and Spain.

We directly employ around 84,000 people, principally in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Turkey, Brazil, Mexico, the US, Middle East and Ireland. We also have associate businesses in Saudi Arabia and India.

For more information, visit www.bupa.com.

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This document may contain certain 'forward-looking statements'. Statements that are not historical facts, including statements about the beliefs and expectations of The British United Provident Association Limited (Bupa) and Bupa's directors or management, are forward-looking statements. In particular, but not exclusively, these may relate to Bupa's plans, current goals and expectations relating to future financial condition, performance and results.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond Bupa's control and all of which are solely based on Bupa's current beliefs and expectations about future events. These circumstances include, among others, global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the impact of competition, the timing, impact and other uncertainties of future mergers or combinations within relevant industries. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual future condition, results, performance or achievements of Bupa or its industry to be materially different to those expressed or implied by such forward-looking statements. Other than as required by law, Bupa expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements to reflect any change in the expectations of Bupa with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Forward-looking statements in this document are current only as of the date on which such statements are made.

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Group CEO's review

I am incredibly proud of how our team responded in 2020 and thank all our people across the world for their amazing hard work and commitment, as well as their contribution to wider society during this difficult period. COVID-19 is having a terrible impact across the world at a very human level. I want to recognise all those whose lives were lost to the virus. Our thoughts are with their families and loved ones.

The pandemic has also changed our world on every level. The past year saw a seismic shift in priorities and accelerated social and technological change. Health has been elevated in the minds of individuals, families, organisations and governments. COVID-19 and its impacts have accelerated digitalisation exponentially and permanently. This has coincided with significant shifts in social and political dynamics, including increasing expectations of businesses.

Having been at Bupa for over 15 years, most recently as CEO of Europe and Latin America, I am honoured to serve as Group CEO from the start of 2021. On behalf of the organisation, I would also like to thank Evelyn Bourke for leading Bupa as our Group CEO for many years but, in particular, through a very difficult 2020.

It is an important time for Bupa. We must deliver for customers and play our part in society. Our focus is on growth, transformation and sustainability. We must grow the business of today. We must innovate and become the business of tomorrow. And we must act on the climate crisis - healthy people and healthy businesses need a healthy planet.

Our 2020 Full Year results reflect volatile and, in some lines of business, challenging trading conditions from the pandemic across our markets. Despite this, the benefits of the diversified nature of Bupa, both in terms of health business line and geography, are demonstrated in these results with revenue at £12.1bn flat at CER on 2019 and underlying profit marginally down at £388m.

Over 2020, we responded to the fast-changing environment acting responsibly, as part of national efforts to address the pandemic, and with the interests of our customers and employees always prioritised. The actions we took to support customers and our people, our operational response to COVID-19, and the pandemic's impact by business line were as follows:

- **Insurance:** Throughout the pandemic we accelerated investment in telehealth and digital healthcare services, so that customers could continue to access healthcare remotely. We took a range of targeted actions in our markets to support our customers. These included: a pledge to pass back any exceptional financial benefit arising from COVID-19 to UK PMI customers; removing pandemic exclusions for COVID-19; delaying approved premium increases in Australia and Chile; providing free access to Blua digital consultations in Spain; and supporting those experiencing financial hardship. Claims were reduced by the restrictions on access to healthcare facilities, in particular, hospitalisation for elective surgery, giving some benefit to profit in the year. Although these restrictions have largely been lifted, postponed claims will return and the quantum and timing of claims rebound in 2021 remains uncertain. There is potential for volatility in insurance profits in the coming year, although this will be largely mitigated in Australian Health Insurance and in the UK PMI business by reserves held at year end.

- **Health provision:** Our hospitals in Spain, Poland and Chile treated thousands of COVID-19 patients as part of the national responses. In Spain, we doubled the number of ICU beds and constructed two field hospitals. In the UK, the Cromwell Hospital treated cancer and cardiology patients on behalf of the NHS. Other businesses, particularly dental and clinics, were largely closed during the initial lockdown periods, which affected performance. As restrictions eased, we reopened services with operational safety measures in place. Activity started to recover towards normal levels in the second half of the year, although continued to be impacted by local lockdowns.

- **Aged care:** Protecting residents and staff remains our absolute focus, with comprehensive safety measures introduced and investment in safety equipment, staff training and support. Across our businesses in Spain, the UK, Australia and New Zealand our teams supported and cared for our residents and worked hard to maintain their connections with families and loved ones using technology. We introduced temporary admissions restrictions to protect our residents and our people. We closed the year with reduced occupancy levels, which impacted performance. We incurred higher operating costs with additional PPE and other pandemic related expenses. In Australia, we invested to improve clinical standards and ended the year with no care homes under regulatory sanction.

For our people, we focused on keeping them safe and supporting them during uncertainty. We significantly expanded the availability of mental wellbeing and resilience services, helplines and support. We enabled our frontline people to continue to work safely by implementing enhanced cleaning regimes in facilities, providing PPE and training on specialist equipment. We facilitated remote working wherever possible through technology and at the peak of the first wave of the pandemic, 96% of our people were able to work. Different working arrangements were put in place for the remainder of our people.

During 2020, we supported the work of community partners through a Healthy Communities Fund and via the Bupa Foundations in the UK, Spain and Australia. Many thousands of our people volunteered to support those affected by the pandemic, including participating in our programmes to support mental health and resilience for young people and in schools. We continued to progress our environmental management agenda and prepare a new Environment and Climate Action plan, which we aim to publish this year.

We remain financially strong with a stable solvency capital position. Over the year, we managed liquidity prudently and we also improved our debt maturity profile raising £650m through a senior bond and Tier 2 bond issue. We also redeemed £330m of bonds issued in 2004. We increased our shareholding in Bupa Arabia by 4% to 43.25% as part of our ongoing investment in strengthening our market positions. I would like to thank Joy Linton, our outgoing CFO for her leadership over her years at Bupa and for her excellent handover to Martin Potkins our Interim CFO.

We have strong foundations for our future. Significant investment in technology, a streamlined organisation structure, and our diversified business model helped us end 2020 in a strong position and ready to begin a new stage of growth for the benefit of our customers. even though we face some challenges.

<u>Outlook</u>

We are in the early stages of vaccine deployment in many of our markets but the pace will vary, and it is clear COVID-19 will continue to impact economies, health systems and our business lines over the medium term. These impacts will vary by country. The quantum and timing of deferred health insurance claims in some markets is also uncertain. We will continue to adapt and innovate to meet the demands of this new environment, continuing to play our part in helping customers, our people and society.

The pandemic has accelerated opportunities in our markets. Customers are increasingly focussed on their health and wellbeing, and both customers and clinicians are more willing to use telehealth services – presenting opportunities for healthcare companies who can adapt to these trends.

We are well-placed to address these challenges and opportunities with underlying financial strength, a resilient organisation and a diversified business model. We are developing our new strategy with a focus on excellence for customers, innovation, transformation and sustainability. I am confident we will end the year with increased momentum in all these areas.

MARKET UNIT PERFORMANCE

Australia and New Zealand

	Revenue	**Underlying profit**
2020	**£4,737m**	**£113m**
2019 (AER)	**£4,652m**	**£160m**
% growth/(decline)	**2%**	**(29)%**
2019 (CER)	**£4,589m**	**£158m**
% growth/(decline)	**3%**	**(28)%**

Revenue increased by 3% to £4,737m at CER. Underlying profit was £113m, a decrease of 28% at CER driven by losses in Australian Aged Care, as well as declines in Australian Health Insurance and New Zealand Aged Care.

At the start of 2020, many parts of Australia experienced severe bushfires. Three care homes in regions under threat were temporarily evacuated and we provided a disaster relief package for affected customers and communities. The impact of COVID-19 was significant, affecting our care homes, retail stores, dental, optical and medical clinics and workplaces, particularly in Victoria, which was under strict restrictions for several months.

In Australian Health Insurance, revenue was down due to the actions we took to support customers as a result of COVID-19. We delayed the approved premium rate increase for all customers for six months and launched a £20m financial hardship scheme in the form of premium waivers, discounts and suspensions. This was accessed by close to 50,000 customers. Membership volumes were down by 1% due to restrictions on movements and retail store openings Incurred claims were lower due to lockdown restrictions on health providers and the suspension of non-urgent elective surgery. The combined operating ratio[4] (COR) was 95[5]% (2019: 94%). We maintained our position as a leading health insurer, with 25%[6] market share. In response to the pandemic, we were the first health insurer in the Australian market to fund claims for services delivered via telehealth. We also introduced new mental health support, innovative diabetes management options and a new physiotherapy treatment service supported by virtual reality. We continue to invest in meeting our customers' evolving needs and advocate for reforms to enhance the delivery and affordability of healthcare in Australia.

Health Services in Australia delivered revenue growth with the inclusion of a full year of the Australian Defence Force (ADF) contract, which started in 2019. While revenue in Dental and

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[4] Combined Operating Ratio is an alternative performance metric for insurance businesses. It is calculated based on incurred claims and operating expenses divided by net earned premiums.
[5] Bupa HI Pty Ltd (Australia): based on S.05.01 Prudential Regulation Authority (SII) form (estimated and unaudited).
[6] Australian Prudential Regulation Authority (APRA), Operations of private health insurers annual report (June 2020). Market share based on policy holders was 25.4% as at 30 June 2020.

Optical improved, both businesses were adversely impacted by pandemic restrictions. We received Government COVID-19 JobKeeper financial support for eligible employees in our Dental and Optical businesses. This enabled us to retain jobs and be able to meet community needs for services as lockdown restrictions eased. Revenue for Medical Visa Services finished largely in line with the prior year. We supported the ADF throughout 2020 including commencing hearing assessments for personnel and acquiring two optical stores to enhance accessibility. We expanded our dental portfolio with two new brands – *Clearly Dental* and *Mint*d*, a hygiene-led model targeted at millennials.

Revenue in Australian Aged Care remained flat and the closing occupancy rate was 85% (2019: 83%). An underlying loss resulted largely from increased staff and operating costs, including costs of PPE. We introduced restrictions on resident admissions in line with guidance from local authorities to protect residents and our people. From July, care homes in Victoria were affected during the second wave of COVID-19, where we implemented precautionary measures and strict infection control protocols. By October, all our homes were clear of outbreaks and open again to visitors. Throughout 2020, we made significant improvements in our operating model and addressed previous compliance issues. Our last homes came off regulatory sanction in May. We continue to engage with the Royal Commission into Aged Care Quality and Safety, which has just published its final report . As part of our portfolio optimisation programme, we sold three and closed one of our homes in December, and announced the closure of four more homes in January 2021.

In New Zealand Aged Care, revenue improved with the closing care home occupancy rate increasing to 91% (2019: 89%). Village unit sales also improved increasing to 260 units (2019: 226 units). Underlying profit decreased due to higher staffing, COVID-19 related costs and lower Investment Property valuation uplift. In November, we announced an agreement to divest our rehabilitation business, which will complete in 2021, subject to regulatory approvals.

Europe and Latin America

	Revenue	**Underlying profit**
2020	**£3,765m**	**£184m**
2019 (AER)	**£3,853m**	**£156m**
% growth/(decline)	**(2)%**	**18%**
2019 (CER)	**£3,656m**	**£155m**
% growth/(decline)	**3%**	**19%**

Revenue grew by 3% and underlying profit grew by 19% at CER mainly driven by our insurance businesses, partially offset by the performance in our provision and aged care businesses.

Our health insurance business in Spain, Sanitas Seguros, delivered solid revenue growth, partly driven by increased customer numbers (an additional 33,000). Underlying profit grew because of higher revenues together with lower claims. This was partly driven by lockdowns reducing the availability of health provision. The COR improved to 84%[7] (2019: 89%). We significantly enhanced our digital offer so that customers could continue to access advice and care from home. We launched BluaU, the second generation of our digital proposition, with new functionality. The number of our customers who accessed services digitally increased by 24% year on year. We expanded our network of doctors to 3,100 covering 37 specialities. The number of virtual consultations delivered was over 640,000, 15 times higher than 2019. Our

[7] Sanitas S.A de Seguros (Spain): Prepared under local GAAP (unaudited).

bancassurance partnerships continued to develop. We now have over 300,000 customers with BBVA. In September, we signed a partnership with Banco Sabadell which reached 8,500 customers by the end of the year. As part of our response to COVID-19, we waived the pandemic exclusion clause in policies and introduced new coverage for the antigen test. We also provided premium relief to those in financial hardship.

In our Dental business in Spain, performance was impacted by the temporary closure of the majority of our centres due to restrictions. Activity recovered quickly with new operating protocols to ensure the safety of our patients and people. We launched a dental video consultation service and opened nine new dental centres during 2020, closing the year with a total of 200.

In our Hospitals and New Services business in Spain, revenue declined during the lockdown period. We made an underlying loss mainly as a result of the temporary suspension of elective treatments. We contributed to the national response, doubling ICU bed capacity by creating two field hospitals in Madrid, attached to our La Moraleja and La Zarzuela hospitals. These hospitals supported both the public and private health systems. We developed Salud Conectada, a service linked to our BluaU insurance offer that allows the remote monitoring of patients by wearables. During the year, we treated around 29,000 patients with COVID-19 in our facilities. In September, we opened a COVID-19 testing laboratory which tested over 200,000 people by the end of 2020.

Our aged care business in Spain, Sanitas Mayores, had a year-on-year decline in revenue and made an underlying loss due to reduced occupancy levels as we regrettably experienced an increase in deaths from COVID-19 among our residents. Occupancy was further affected by admission restrictions to protect residents and our people. Our closing occupancy rate was 76% (2019: 96%). We took steps to reduce the spread of infection and worked closely with the public health system. We launched a new insurance product for our aged care residents, provided by Sanitas Seguros, to increase access to video consultations and medical tests and provide 24/7 access to medical professionals.

In Chile, revenue declined, and we made an underlying loss in our hospitals and clinics businesses because of reduced activity due to the pandemic. We worked closely with the government and health authorities to provide additional capacity to the national system. Our insurance business saw steady increases in revenue and good profit performance, reflecting lower claims during the pandemic. To alleviate pressure on customers we also delayed the approved premium increase until 2021. We invested in telehealth and digital products and launched the MiBupa app, connecting insurance patients to our hospitals and clinics.

In Poland, LuxMed delivered good revenue growth, driven by the corporate medical subscription business which offset the impact of restrictions on our clinical centres. Underlying profit growth was also robust. We continued to enhance and expand telehealth and digital health services. We expanded our portfolio of clinics and acquired a hospital in Warsaw. As part of our response to the pandemic, we made this hospital available to the public system to treat COVID-19 patients.

In Turkey, our health insurance business Bupa Acıbadem Sigorta, delivered increased revenue and improved underlying profit. Our portfolio grew by 7% year on year to around 653,000 customers driven by new contract wins, an enhanced digitalised offer and COVID-19 coverage.

We made progress implementing the restructure of Bupa Global Latin America (BGLA) into three business units: Care Plus in Brazil, Bupa Mexico and a new BGLA with insurance operations across Guatemala, Panama, Dominican Republic, Colombia, Ecuador and Bolivia. Care Plus delivered strong performance and increased its digital services portfolio. Bupa

Mexico made good progress in developing products for the domestic market and announced the acquisition of Vitamedica, a third-party administrator. This transaction completed in January 2021. The new BGLA business grew in customer numbers in domestic markets.

Bupa Global and UK

	Revenue	Underlying profit
2020	**£3,122m**	**£110m**
2019 (AER)	**£3,323m**	**£117m**
% growth/(decline)	**(6)%**	**(6)%**
2019 (CER)	**£3,322m**	**£116m**
% growth/(decline)	**(6)%**	**(5)%**

Revenue was down by 6%, with underlying profit down 5% at CER. This mainly reflected the impact of COVID-19 on our health provision businesses and our UK return of premium commitment.

UK Insurance revenue on an underlying basis was up, driven by growth in customer numbers towards the end of 2019 and early 2020. Although underlying profit was higher in 2020 as a result of lower claims because of disruption to treatments, we expect a proportion of these claims to rebound during 2021. Any exceptional financial benefit ultimately arising from our UK PMI business will be passed back to customers. We responded quickly to the pandemic to support our customers with their physical and mental health. We enhanced services to provide remote, direct access to GPs, physiotherapists and nurses, and consultants via video or phone. Use of our Digital GP service has doubled since April with around 5,000 appointments per week. We launched new remote services for fast detection of skin cancers and heart problems, expanded our chemotherapy at home service and introduced virtual oral assessments for dental insurance customers. To help customers manage their policies online, we started rolling out our Bupa Touch digital platform to corporates, with over 100,000 registrations in total. Our agreement with CS Healthcare, a friendly society, completed in January 2021 and its 17,500 health insurance members and business transferred to Bupa.

In Bupa Global, our International Private Medical Insurance (IPMI) business, revenue was stable while underlying profit grew, reflecting favourable claims performance. During the pandemic we saw a significant increase in customers using our Global Virtual Care app which provides remote access to a global network of doctors. Our enhanced mobile app, alongside our digital web services, enabled more customers to manage claims and policies online. This resulted in over 65% of our customers interacting with us through digital channels in 2020. We provided full cover for COVID-19 care, giving reassurance of access to healthcare and support to our globally mobile customers.

The COR for Bupa Insurance Limited, the UK based insurance entity that underwrites both domestic and international insurance, improved to 92%[8] due to favourable claims performance in both our PMI and IPMI businesses (2019: 95%). Whilst a provision is held at the year end for our UK return of premium commitment, we expect a portion of the claims deferred during 2020 to rebound in 2021 which will have an adverse impact on the 2021 COR.

In UK Dental, revenue reduced and we incurred an underlying loss due to the temporary closure of practices for routine care. We invested in adapting operating and safety procedures to keep our people and customers safe and reduce the downtime required between patients due to new infection control requirements. We partnered with the NHS to offer telephone

[8] Bupa Insurance Limited: Prepared under local GAAP. Excludes our Irish insurer and our associate, Highway to Health (GeoBlue).

advice to patients, prescribe medicines and provide emergency face-to-face care, including through 11 urgent dental centres. We are continuing to address recruitment challenges by attracting more clinicians into corporate dentistry and positioning Bupa as a dental employer of choice, while also focusing on overcoming potential barriers for overseas recruitment.

Revenue in UK Care Services was down and the business made an underlying loss due to the impact of COVID-19. Our closing occupancy rate at December 2020 was down to 82% (2019: 87%). This was due both to reduced resident admissions and the sad loss of a number of our residents with COVID-19. Occupancy started to recover but was impacted by the second wave of the pandemic. Property sales were also down in Richmond Villages, where viewings were impacted by lockdown. The safety of our residents and people remains the key priority. We invested considerably in PPE, introduced whole home testing and followed government guidance to reduce infection and prepare for the winter flu season. We increased video technology to keep residents connected with loved ones when there were visitor restrictions.

Performance in our Health Services business was down, reflecting the temporary closure of clinics. We expanded virtual appointments for musculoskeletal conditions and GP services and launched the new Be.Well range of health assessments with added mental health support. We continued to develop our COVID-19 testing services. At the Cromwell Hospital, we opened a radiotherapy unit in partnership with Genesis Healthcare, and a new intensive care unit. The hospital worked in partnership with NHS England throughout the first wave of pandemic, providing time critical cancer and cardiac care for NHS patients.

In January, we launched our new mental health brand campaign ‘Is It Normal?’ focusing on tackling the stigma surrounding mental health and raising awareness of the support available via our online Mental Health Hub. The campaign ran again in September.

Other businesses

	Revenue	**Underlying profit**
2020	**£494m**	**£61m**
2019 (AER)	**£488m**	**£46m**
% growth/(decline)	**1%**	**33%**
2019 (CER)	**£491m**	**£46m**
% growth/(decline)	**1%**	**33%**

Revenue in our Hong Kong business was flat at CER, with the impact of reduced activity in our clinics due to the pandemic offset by improved performance in insurance. Underlying profit in other businesses was up 33% to £61m. This was partly as a result of: lower claims in Hong Kong Insurance; and favourable performance in our associate businesses Bupa Arabia (with results up to Q3 2020 reported to the Saudi Stock Exchange or Tadawul) and Max Bupa in India. In August, we further increased our stake in Bupa Arabia by 4% to 43.25%.

FINANCIAL REVIEW

Overview

Revenue was £12.1bn, in line with prior year (2019: £12.1bn at CER), and underlying profit was £388m, down 4% (2019: £404m at CER). The Group's underlying results reflect volatile trading conditions caused by the COVID-19 pandemic. Despite this, the diversified nature of our operating businesses resulted in an underlying profit that was only marginally reduced on prior year.

Our statutory profit before taxation was £410m, up £488m compared to a statutory loss of £78m (at AER) in 2019, as a result of non-recurring goodwill impairments in 2019. Despite the pandemic, our investment in technology capabilities continued although at a slightly lower level than the prior year.

We generated cash from operating activities of £1,343m, up £646m, largely reflecting the delay in claims outflows in the insurance businesses.

Our Solvency II capital coverage ratio of 160% at 31 December 2020 remained strong and comfortably within our target working range of 140-170%. This is regarded as the range within which we would expect to operate in normal circumstances.

In June, Bupa Finance plc issued two tranches of debt: £300 million 1.750% fixed rate senior notes due 2027, and £350 million 4.125% fixed rate, Tier 2 subordinated notes due 2035. These bonds improve our liquidity and debt maturity profiles. In September, the £330m restricted Tier 1 bond was repaid on its call date.

Revenue (CER)

Revenue was broadly flat as a result of growth in our Australia and New Zealand and Europe and Latin America Market Units, offset by a decline in Bupa Global and UK.

By business lines, revenue in our health insurance businesses stayed broadly flat. Our insurance portfolio in ELA grew but this was offset by COVID-19 impacts and by the targeted actions we took across our markets worldwide to support our insurance customers. These included removing pandemic exclusions for COVID-19, delaying approved premium increases, our UK return of premium commitment, and supporting those experiencing financial hardship.

Our health provision businesses saw revenue growth of 3% with the full year contribution of the ADF contract in Australia, which came into effect from 1 July 2019, offset by COVID-19 impacts as many of our facilities were temporarily closed due to government-imposed restrictions.

In our aged care businesses, revenue was down 3% on 2019. Occupancy rates were significantly reduced as a result of local restrictions on new resident admissions into homes. Tragically, we also lost a number of our residents to COVID-19 in Spain, UK and Australia.

Underlying profit (CER)

Group underlying profit declined by 4% to £388m (2019: £404m at CER). Overall, our insurance profits have increased, however this was more than offset by losses in provision and aged care reflecting the significant disruption to services from lockdowns, government restrictions and additional costs from COVID-19.

For our largest line of business, health insurance, underlying profit increased due to the reduced levels of claims as countries applied lockdown measures that restricted availability of private healthcare and postponed elective procedures particularly in the early stages of the pandemic. At half year, this restriction on supply led us to hold deferred claims reserves where we had a constructive obligation to service claims deferred until after the reporting date, which could postdate the customer's contract period. During the second half, private healthcare generally returned to full capacity in all our markets and customers have since been able to access treatment, and no such obligation remains. Although claims have rebounded, it is clear that the ongoing impact of the pandemic means some claims volumes postponed from 2020 may rebound beyond the year end. For Australian Health Insurance local regulation has required us to hold a reserve of £171m reflecting the best estimate of the likely rebound. In addition to this reserve, the impact of reduced claims across the businesses has been offset by delayed premium rises in Australian Health Insurance and Chile, and hardship discounts in Australia and the UK. As noted, we are also holding a premium reserve to satisfy our UK return of premium commitment.

We incurred an underlying loss in our health provision businesses. Across our markets, there were temporary closures at several points throughout the year, with a variety of government restrictions, such as mandated time gaps between dental appointments, and higher PPE costs. Many of these restrictions were eased in the second half of 2020 but have continued in some form into 2021.

We experienced an underlying loss in aged care due to a decline in occupancy and higher costs, particularly agency staffing and PPE costs which increased as a result of the pandemic. Occupancy rates were at their lowest in May and June, as the pandemic affected our four aged care markets with strict restrictions on new admissions. Since then, as restrictions to admissions have been lifted, occupancy rates have increased, particularly in ANZ. At the end of December 2020, the number of residents across the four countries in which we operate aged care businesses was down around 2,000 or 9% on 2019.

Central expenses and net interest margin of £80m were £9m higher (2019: £71m at CER) as comparatively lower interest rates adversely impacted investment returns. This was partly offset by savings arising from simplifying our organisation structure in 2019 to remove the International Markets Market Unit, thus lowering central costs.

Statutory profit (AER)

Statutory profit before taxation was £410m compared to a £78m loss in 2019, largely as a result of non-recurring goodwill impairments in 2019 of £443m.

In 2020, non-underlying items totaled £22m profit, compared with £494m loss in 2019. The key items in 2020 were property revaluation gains in our ANZ care homes, lower foreign exchange losses compared to 2019, and lower losses on disposals of businesses and transaction costs on business combinations. This was partly offset by lower gains in our return seeking assets as credit spreads widened following the onset of COVID-19, in contrast to gains made on these assets in 2019.

	2020 £m	**2019 £m**
Australia and New Zealand at CER	113	158
Europe and Latin America at CER	184	155
Bupa Global and UK at CER	110	116
Other businesses at CER	61	46
Underlying profit for reportable segments at CER	**468**	**475**

Central expenses and net interest margin at CER	(80)	(71)
Consolidated underlying profit before taxation at CER	**388**	**404**
Foreign exchange re-translation on 2019 results (CER/AER)	-	12
Consolidated underlying profit before taxation at AER	**388**	**416**
Impairment of intangible assets and goodwill arising on business combinations	(12)	(443)
Net loss on disposal of businesses and transaction costs on business combinations	(1)	(31)
Net property revaluation gains	26	6
Realised and unrealised foreign exchange losses	(2)	(23)
Gains on return-seeking-assets, net of hedging	15	28
Other non-underlying items	(4)	(31)
Total non-underlying items	**22**	**(494)**
Statutory profit/loss before taxation at AER	**410**	**(78)**

Taxation
The Group's effective tax rate for the period was 44% (2019: negative 171%), which is higher than the current UK corporation tax rate of 19%. This is mainly due to a one-off deferred tax charge (£68m) as a result of the change in the basis of recognition of the pension surplus following the closure of the UK defined benefit scheme to future accrual. In addition, all other UK deferred tax balances were revalued as a result of the change in the enacted UK tax rate (from 17% to 19%) increasing the overall tax charge by a further £15m. If these exceptional items are removed Bupa's effective tax rate would be 24%, which is in line with expectations and higher than 19% due to significant profits arising in overseas locations with a higher statutory tax rate than the UK.

Following an IFRIC clarification published in the year, 'Multiple Tax Consequences of Recovering an Asset' (IAS 12 Income Taxes), the Group's deferred taxation accounting policy has been amended to take into account the multiple consequences of asset recovery, which impacts the accounting for some indefinite lived intangibles in the ANZ segment. The 31 December 2019 consolidated statement of financial position has been restated as a result, with goodwill increasing by £27m and an offsetting increase in deferred tax liabilities.

Cashflow

Net cash generated from operating activities increased by £646m to £1,343m primarily as a result of the lower claims paid due to the disruption of elective healthcare procedures and a one-off tax settlement in 2019 in Australia.

Net cash used in investing activities increased by £339m to £904m in 2020 with higher deposits and net investments in financial assets being made in the year as a result of lower claims paid. During the year, we increased our investment in Bupa Arabia by 4% and made a small number of dental and clinic acquisitions. We have continued to invest in IT infrastructure during 2020 albeit at a slower rate than 2019.

Net cash generated from financing activities decreased to £209m, a change of £10m from last year.

Funding

We manage our funding prudently to ensure a strong platform for continued growth. A key element of our funding policy is to target an A-/A3 senior credit rating for Bupa Finance plc, the main issuer of Bupa's debt.

In March 2020, Fitch downgraded Bupa Finance plc's Long-Term Issuer Default Rating (LT IDR) to 'A- 'from 'A', and senior and Tier 2 bonds one notch to BBB+ and BBB- respectively. Fitch affirmed Bupa Insurance Limited's Insurer Financial Strength (IFS) rating and LT IDR as A+ (Strong) and A respectively. The outlook on both Bupa Finance plc's LT IDR and Bupa Insurance Limited's IFS ratings is stable. In April Moody's affirmed Bupa Insurance Limited's Insurance Financial Strength Rating at A1 and affirmed the senior and subordinated debt ratings of Bupa Finance plc, while changing the outlook from stable to negative. The senior and Tier 2 bond ratings stand at A3 and Baa1.

Following the annual review of Bupa's ESG rating with MSCI in December 2020, Bupa received an upgrade to an A rating in January 2021.

The key development in 2020 was the issuance of both a £300m senior and a £350m Tier 2 bond in June. These transactions enhance both our liquidity and debt maturity profiles.

At 31 December 2020, we had no drawings under our £800m revolving credit facility, which is due to mature in August 2022. The bond proceeds were received in June and were used in part to repay the £330m restricted Tier 1 bond on its call date in September. The balance of the proceeds were used to repay all remaining drawings under the £800m revolving credit facility.

We focus on managing our leverage in line with our credit rating targets. Leverage excluding operating leases at 31 December 2020 was 25.3% (2019: 25.1%). Leverage is 32.4% (2019: 32.7%) when IFRS 16 lease liabilities are taken into account.

Coverage of financial covenants remains well within the levels required in our bank facilities.

Solvency[9]

Our solvency coverage ratio of 160% remains strong and comfortably within our target working range of 140-170%.

The Group holds capital to cover its Solvency Capital Requirement (SCR), calculated on a Standard Formula basis, considering all our risks, including those related to non-insurance businesses. As at 31 December 2020, the estimated SCR of £2.5bn was £0.1bn higher and Own Funds of £4.0bn was £0.1bn higher when compared to 31 December 2019.

Our surplus capital was estimated to be £1.5bn, compared to £1.5bn at 31 December 2019, representing a solvency coverage ratio of 160% (2019: 159%). Our business continued to generate capital through our underlying profitability. This capital generation was largely offset by capital expenditure, debt financing activities and the purchase of an additional 4% shareholding of Bupa Arabia.

We perform an analysis of the relative sensitivity of our estimated solvency coverage ratio to changes in market conditions and underwriting performance. Each sensitivity is an independent stress of a single risk and before any management actions. The selected sensitivities do not represent our expectations for future market and business conditions. A

[9] The 2020 solvency II capital coverage ratio is an estimate and unaudited.

movement in values of properties that we own continues to be the most sensitive item, with a 10% decrease having a 15 percentage point reduction to the solvency coverage ratio.

Our capital position is resilient in the face of the individual risks, illustrating the strength of our balance sheet

Risk Sensitivities	**Solvency II coverage ratio**
Solvency coverage ratio	160%
Property values -10%	145%
Loss ratio worsening by 2%	153%
Interest rate -100bps	157%
Group Specific Parameter (GSP)[10] +0.2%	159%
Sterling depreciates by 10%	159%
Credit spreads +100bps (no credit transition)	159%
Pension risk +10%	160%
Equity markets -20%	160%

BUSINESS RISKS

We describe our main risks in the Risk section of the Annual Report and Accounts 2020, which will be published in March 2021 and made available on www.bupa.com. In the period to 31 December 2020 the COVID-19 pandemic has resulted in significant uncertainty for society as a whole and for Bupa, but the principal risks and themes previously identified at the 2019 year-end also remain. Across Bupa we implemented our crisis management plans in response to the pandemic, which focused on ensuring our critical business services continue to operate effectively throughout an extended period of disruption. To date, this has operated effectively.

The pandemic has served to validate our understanding of our existing risk profile whilst accelerating a number of the themes, such as supply chains, deglobalisation and technologically enabled remote clinical consultations. The pandemic has also introduced new themes, such as new workplace settings. It has also demonstrated how quickly issues can escalate and how critical it is that we were able to adapt and respond quickly, together with effective and dynamic governance structures playing a role in how we managed this situation. The strengthening of the Chief Medical Officer's role and clinical governance across the Group has helped ensure we have strong clinical advice and guidance, which has been crucial to our response. As we move through the pandemic, we update our existing risk profile to reflect its impact. We are no longer reporting COVID-19 as a separate risk but incorporating the impacts of the risk within our existing risk profile and managing them through our existing Risk Management Framework.

Strategic and financial risks and risks impacting our ability to deliver for our customers:
The macroeconomic environment is challenging in most markets, and this will be compounded by COVID-19. It is uncertain how severe the impacts will be and how long they will last but any reduction in consumer or government spending may impact our businesses. Weakened economic environments are also likely to compound the existing affordability challenges in health insurance as medical inflation continues to increase at a higher rate than premiums. This is particularly true in Australia, where the government continues to approve premium increases below the rate of medical inflation. At the same time, customer expectations are

[10] Group Specific Parameter (GSP) is substituted for the insurance premium risk parameter in the standard formula, reflecting the Group's own loss experience.

accelerating as ease of access, particularly through digital innovation, and quality of service are increasing. We have significantly increased our digital offerings for customers during the pandemic and this will remain an area of focus in the future. We continuously review our products and offerings to ensure that we continue to provide value to our customers despite the economic challenges.

The availability of healthcare professionals, particularly dentists in the UK and staff in our aged care businesses globally, continues to pose a challenge for our businesses. It is unclear how the pandemic, and future government funding decisions may impact this. Our people make the difference and deliver on our promise to our customers. We continue to focus in this area to ensure that we attract, develop and retain outstanding people and leaders to mitigate this risk.

While the Group is currently seeing lower claims due to short term delays to elective healthcare, the average cost of claims that have been deferred could increase, as a consequence of the delay in treating progressive illnesses.

We have undertaken a range of stress and scenario analysis on our businesses to understand the potential impact of the pandemic on our business performance, solvency capital and liquidity position. This has helped us understand and mitigate the impact of the pandemic as far as possible and develop appropriate targeted actions to respond to these challenges. These tests have been designed to assess the impact on both 2020 and over the Group's three-year planning period.

Governmental and regulatory policy risks:
Changes in governmental and regulatory policy has consistently been one of our top risk areas given the nature of our businesses, and this risk remains. The significant governmental and regulatory responses to the pandemic has shown that future legislation, regulations and government funding decisions could have a material impact on the Group. These may include any restrictions on price increases, increased minimum wage levels, changes in the tax system or restrictions on dividend payments. We continue to engage both governments and regulators in the markets we operate in to understand and influence potential changes to ensure we are able to continue to deliver quality and value for our customers.

During the year we continued to monitor the risks associated with the UK's exit from the European Union. While we anticipate there will still be both macroeconomic and regulatory and political uncertainty that will arise, we will manage these risks as part of our ongoing business as usual risk profile.

Operational Risks:
Information Security and Privacy remain key risks for the Group. Our focus on information security, technology and operational resilience in recent years, supported by significant investment to uplift capability and capacity in this area across the Group, has been critical in our response to this crisis. This investment has equipped us to effectively enhance digital and telehealth services and enabled our people to work remotely. Our information security efforts have ensured that we were able to consider the increased privacy and information security risks associated with people working from home. Operationally, this has proven effective and been well supported by our technology infrastructure.

Following the pandemic, we are likely to see extensive and wide-ranging reviews into all aspects of the public and private response which increases the risk of potential future litigation for all participants in the health care sector, including Bupa.

Social and environmental risks:
The pandemic has further demonstrated the importance of managing our reputation, with higher scrutiny on the actions of businesses in respect of customers, employees, and their contributions to society. There is also a risk that responses to the pandemic will be judged in hindsight in the future. It is more important now than ever that we continue to deliver on our purpose and serve and support our customers, our people and the communities we operate in.

In order to ensure issues in one business or Market Unit do not spread and impact the trust in our brand in another, contagion risk remains prominent in our operational and reputational risk management agenda with a focus on resolving and learning from issues faced.

Climate change remains one of the major risks we face as a society and is a key area of focus for us. We closely manage our environmental impacts and promote positive environmental practices. The Group's longer-term exposure to climate change falls into two broad categories. Physical risks, particularly to the Group's property assets arising from severe weather events; and transition risks from the move to a low carbon economy, which will impact the value of those investments associated with higher levels of greenhouse gas emissions and affect the broader macroeconomic environment.

We do not have a material direct exposure to investments which may be affected by transitional risks, but we may be affected by impacts on the economy, which negatively impacts on the ability of customers to afford our products. Physical risks may impact the value of property assets in the longer term but increasing weather events will also have an impact on the ability to operate and maintain business continuity in these businesses, particularly the care homes and hospitals which are occupied by vulnerable customers.

There are also potential longer-term implications of climate change on the health of our customers. These health implications are likely to emerge over a long-time frame and not as one-off developments. The short-tailed nature of both our insurance and health care provision products allows us to respond to these developments, although this can be limited by pricing controls in some markets. We continue to work to ensure our business is equipped to anticipate and mitigate the health impacts of climate change.

We have established a Group-wide Environment and Climate Action programme, with global executive team governance, to consider and take appropriate action for Bupa. This programme includes considerations relating to our own carbon output, Risk Management processes and procedures, health implications from climate change and reporting and disclosure

Our approach to risk management:
We have a well-established process for identifying and managing all business risks, including all types of operational risk such as information security and privacy. Monitoring and managing our risks is key to ensuring that we achieve our strategic objectives in the long term, meeting the evolving expectations of our customers, people, bondholders and regulators. The pandemic has reinforced that our Risk Management Framework remains appropriate for Bupa and has operated effectively, even during these extraordinary times. Internal controls, particularly regarding customer conduct and information security and privacy, continue to be key areas of focus.

BUPA AROUND THE WORLD

Australia and New Zealand

- **Bupa Health Insurance**, with 3.9m customers, is a leading health insurance provider in Australia and also offers health insurance for overseas workers and visitors.
- **Bupa Health Services** is a health provision business, comprising dental, optical, audiology, medical assessment services, and health care for the Australian Defence Force.
- **Bupa Villages and Aged Care Australia** cares for around 6,000 residents across 68 homes and 1 retirement village in Australia[11].
- **Bupa Villages and Aged Care New Zealand** cares for around 3,500 residents across 48 homes, 7 rehabilitation centres and 34 independent living retirement villages in New Zealand[12].

Europe and Latin America

- **Sanitas Seguros** is the second largest health insurance provider in Spain, with 1.8m customers.
- **Sanitas Dental** provides dental services through 200 centres and third-party networks in Spain.
- **Sanitas Hospitales and New Services** comprise four private hospitals, 31 private medical clinics, 19 fertility clinics (in Spain and Portugal), and one public hospital under a Public-Private partnership model.
- **Sanitas Mayores** cares for around 4,800 people in 47 care homes and operates six day-care centres in Spain.
- **LuxMed** is a leading private healthcare business in Poland, operating in health funding and provision through 12 hospitals and 236 private clinics.
- **Bupa Chile** is a leading health insurer serving 790,000 customers and offering provision services to around 2.3m customers across four hospitals and 34 medical clinics.
- **Bupa Acıbadem Sigorta** is Turkey's second largest health insurer, with products for corporate and individual customers, and has 653,000 customers.
- **Care Plus** is a leading health insurance company in Brazil, with around 120,000 customers, concentrated in São Paulo.
- **Bupa Mexico** is a health insurer offering international and local private medical insurance to individuals and corporates in Mexico, with around 58,000 customers.
- **Bupa Global Latin America** provides international health insurance, local health insurance, and travel insurance in Latin America to around 75,000 customers. Main operations include Guatemala, Panama, Dominican Republic, Colombia, Ecuador, Bolivia and Chile, as well as a provision business in Peru.

Bupa Global and UK

- **Bupa UK Insurance** is a leading health insurer, with 2.2m customers.
- **Bupa Dental Care** is the leading provider of private dentistry in the UK, providing dental services through 492 centres across the UK and Ireland.
- **Bupa Care Services** has around 6,000 residents in 124 care homes, and 9 Richmond care villages.
- **Bupa Health Services** comprises 50 health clinics, and the Cromwell Hospital.
- **Bupa Global** serves over 510,000 IPMI customers and administers travel insurance and medical assistance for individuals, small businesses and corporate customers.

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[11] As part of our portfolio optimisation programme, we sold three and closed one of our homes in December, and announced the closure of four more homes in January 2021.
[12] In November, we announced an agreement to divest our rehabilitation business, which will complete in 2021, subject to regulatory approvals.

Other businesses

- We also have associate health insurance businesses in **Saudi Arabia (Bupa Arabia)** and **India (Max Bupa)**, an interest in MyClinic in Saudi Arabia, a health insurance and provision business in **Hong Kong SAR** and a representative office and medical centre in mainland **China.**

BUPA GROUP

Preliminary Announcement
Financial Information

Year ended 31 December 2020

Consolidated Income Statement
for the year ended 31 December 2020

	2020 £m	2019 £m
Revenues		
Gross insurance premiums	**8,908**	9,077
Premiums ceded to reinsurers	**(95)**	(79)
Net insurance premiums earned	**8,813**	8,998
Care, health and other customer contract revenue	**3,230**	3,287
Other revenue	**75**	31
Total revenues	**12,118**	12,316
Claims and Expenses		
Insurance claims incurred	**(6,712)**	(7,239)
Reinsurers' share of claims incurred	**57**	56
Net insurance claims incurred	**(6,655)**	(7,183)
Share of post-taxation results of equity accounted investments	**56**	48
Impairment of goodwill and intangible assets	**(19)**	(449)
Other operating expenses	**(5,012)**	(4,705)
Other income and charges	**1**	(42)
Total claims and expenses	**(11,629)**	(12,331)
Profit/(loss) before financial income and expense	**489**	(15)
Financial income and expense		
Financial income	**92**	110
Financial expense	**(156)**	(162)
Net impairment loss on financial assets	**(15)**	(11)
Net financial expense	**(79)**	(63)
Profit/(loss) before taxation expense	**410**	(78)
Taxation expense	**(180)**	(133)
Profit/(loss) for the financial year	**230**	(211)
Attributable to:		
Bupa	**228**	(213)
Non-controlling interests	**2**	2
Profit/(loss) for the financial year	**230**	(211)

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	2020 £m	2019 (restated)[1] £m
Profit/(loss) for the financial year	**230**	(211)
Other comprehensive income/(expense)		
Items that will not be reclassified to the Income Statement		
Remeasurement (losses)/gains on pension schemes	**(128)**	24
Unrealised (losses)/gains on revaluation of property	**(5)**	18
Taxation credit/(charge) on income and expenses recognised directly in other comprehensive income	**11**	(7)
Items that may be reclassified subsequently to the Income Statement		
Foreign exchange translation differences on goodwill	**63**	(109)
Other foreign exchange translation differences	**42**	(186)
Net (loss)/gain on hedge of net investment in overseas subsidiary companies	**(62)**	51
Change in fair value of financial investments through other comprehensive income	**7**	5
Share of other comprehensive income of equity accounted investments	**13**	-
Change in fair value of underlying derivative of cash flow hedge	**-**	1
Taxation credit/(charge) on income and expenses recognised directly in other comprehensive income	**2**	(1)
Total other comprehensive expense	**(57)**	(204)
Comprehensive income/(expense) for the year	**173**	(415)
Attributable to:		
Bupa	**171**	(415)
Non-controlling interests	**2**	-
Comprehensive income/(expense) for the year	**173**	(415)

1. Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset.

Consolidated Statement of Financial Position
for the year ended 31 December 2020

	2020 £m	2019 (restated)[1] £m
Goodwill and intangible assets	**3,908**	3,869
Property, plant and equipment	**4,144**	4,197
Investment property	**627**	522
Equity accounted investments	**868**	716
Post-employment benefit net assets	**547**	650
Restricted assets	**149**	117
Financial investments	**2,865**	2,331
Derivative assets	**61**	59
Deferred taxation assets	**49**	44
Current taxation assets	**12**	13
Assets arising from insurance business	**1,345**	1,416
Inventories	**126**	98
Trade and other receivables	**613**	589
Cash and cash equivalents	**1,706**	1,234
Assets held for sale	**8**	278
Total assets	**17,028**	16,133
Subordinated liabilities	**(1,247)**	(1,245)
Other interest-bearing liabilities	**(1,191)**	(1,105)
Lease liabilities	**(1,016)**	(1,068)
Post-employment benefit net liabilities	**(76)**	(62)
Provisions arising from insurance contracts	**(3,212)**	(2,836)
Derivative liabilities	**(77)**	(34)
Provisions for liabilities and charges	**(232)**	(187)
Deferred taxation liabilities	**(350)**	(370)
Current taxation liabilities	**(117)**	(43)
Other liabilities arising from insurance business	**(162)**	(146)
Trade and other payables	**(2,149)**	(1,818)
Liabilities associated with assets held for sale	**(1)**	(193)
Total liabilities	**(9,830)**	(9,107)
Net assets	**7,198**	7,026
Equity		
Property revaluation reserve	**699**	692
Income and expenditure reserve	**6,194**	6,059
Cash flow hedge reserve	**21**	21
Foreign exchange translation reserve	**266**	237
Equity attributable to Bupa	**7,180**	7,009
Equity attributable to non-controlling interests	**18**	17
Total equity	**7,198**	7,026

1. Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset.

Consolidated Statement of Cash Flows
for the year ended 31 December 2020

	2020 £m	2019 £m
Operating activities		
Profit/(loss) before taxation expense	**410**	(78)
Adjustments for:		
Net financial expense	**79**	63
Depreciation, amortisation and impairment	**527**	941
Other non-cash items	**(70)**	(44)
Changes in working capital and provisions:		
Increase in provisions and other liabilities arising from insurance contracts	**442**	17
Decrease/(increase) in assets arising from insurance business	**16**	(25)
Funded pension scheme employer contributions	**(9)**	(15)
Decrease/(increase) in trade and other receivables, and other assets	**21**	(131)
Increase in trade and other payables, and other liabilities	**95**	199
Cash generated from operations	**1,511**	927
Income taxation paid	**(136)**	(220)
Increase in cash held in restricted assets	**(32)**	(10)
Net cash generated from operating activities	**1,343**	697
Cash flow from investing activities		
Acquisition of subsidiary companies, net of cash acquired	**(25)**	(215)
Investment in equity accounted investments	**(109)**	(8)
Dividends received from associates	**-**	13
Divestment in equity accounted investments	**-**	4
Purchase of intangible assets	**(148)**	(162)
Purchase of property, plant and equipment	**(184)**	(303)
Proceeds from sale of property, plant and equipment	**101**	12
Purchase of investment property	**(59)**	(58)
Disposal of investment property	**1**	4
Purchases of financial investments, excluding deposits with credit institutions	**(1,440)**	(980)
Proceeds from sale and maturities of financial investments, excluding deposits with credit institutions	**1,302**	1,137
Net investment in deposits with credit institutions	**(393)**	(92)
Interest received	**51**	83
Net cash used in investing activities	**(903)**	(565)
Cash flow from financing activities		
Proceeds from issue of interest-bearing liabilities and drawdowns on other borrowings	**648**	113
Repayment of interest-bearing liabilities and other borrowings	**(578)**	(30)
Principal repayment of lease liabilities	**(126)**	(114)
Repayment of interest on lease liabilities	**(54)**	(57)
Interest paid[1]	**(103)**	(91)
Receipts/(payments) on settlement of hedging instruments	**4**	(35)
Acquisition of non-controlling interests in subsidiary company	**-**	(2)
Dividends paid to non-controlling interests	**(1)**	(3)
Net cash used in financing activities	**(210)**	(219)
Net increase/(decrease) in cash and cash equivalents	**230**	(87)
Cash and cash equivalents at beginning of year	**1,451**	1,607
Effect of exchange rate changes	**24**	(69)
Cash and cash equivalents at end of year[2]	**1,705**	1,451

1. Includes other bank fees and charges of £3m (2019 £4m)
2. Includes bank overdrafts of £1m (2019: £1m) which are not considered as a component of cash and cash equivalents and cash balances classified as held for sale of £nil (2019: £218m)

Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Property revaluation reserve	Income and expenditure reserve	Cash flow hedge reserve	Foreign exchange translation reserve	Total attributable to Bupa	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m
2020							
Balance as at 1 January 2020	**692**	**6,059**	**21**	**237**	**7,009**	**17**	**7,026**
Profit for the financial year	**-**	**228**	**-**	**-**	**228**	**2**	**230**
Other comprehensive income/(expense)							
Unrealised loss on revaluation of property	**(5)**	**-**	**-**	**-**	**(5)**	**-**	**(5)**
Realised revaluation profit on disposal of property	**(8)**	**8**	**-**	**-**	**-**	**-**	**-**
Remeasurement loss on pension schemes	**-**	**(128)**	**-**	**-**	**(128)**	**-**	**(128)**
Foreign exchange translation differences on goodwill	**-**	**-**	**-**	**63**	**63**	**-**	**63**
Other foreign exchange translation differences	**16**	**(1)**	**-**	**27**	**42**	**-**	**42**
Net loss on hedge of net investment in overseas subsidiary companies	**-**	**-**	**-**	**(62)**	**(62)**	**-**	**(62)**
Share of other comprehensive income of equity accounted investments	**-**	**13**	**-**	**-**	**13**	**-**	**13**
Change in fair value of financial investments through other comprehensive income	**-**	**7**	**-**	**-**	**7**	**-**	**7**
Taxation credit on income and expense recognised directly in other comprehensive income	**4**	**8**	**-**	**1**	**13**	**-**	**13**
Other comprehensive income/(expense) for the period, net of taxation	**7**	**(93)**	**-**	**29**	**(57)**	**-**	**(57)**
Total comprehensive income for the period	**7**	**135**	**-**	**29**	**171**	**2**	**173**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Balance as at 31 December 2020	**699**	**6,194**	**21**	**266**	**7,180**	**18**	**7,198**

Consolidated Statement of Changes in Equity *(continued)*
for the year ended 31 December 2020

	Property revaluation reserve £m	Income and expenditure reserve £m	Cash flow hedge reserve £m	Foreign exchange translation reserve £m	Total attributable to Bupa £m	Non-controlling interest £m	Total equity £m
2019							
Balance as at 1 January 2019, as previously reported	700	6,306	20	464	7,490	20	7,510
Opening balance adjustments	(3)	(61)	-	-	(64)	-	(64)
Balance as at 1 January 2019, as restated	697	6,245	20	464	7,426	20	7,446
(Loss)/profit for the financial year	-	(213)	-	-	(213)	2	(211)
Other comprehensive (expense)/income							
Unrealised gain on revaluation of property	18	-	-	-	18	-	18
Realised revaluation profit on disposal of property	(2)	2	-	-	-	-	-
Remeasurement gain on pension schemes	-	24	-	-	24	-	24
Foreign exchange translation differences on goodwill (restated)[1]	-	-	-	(109)	(109)	-	(109)
Other foreign exchange translation differences (restated)[1]	(18)	3	-	(169)	(184)	(2)	(186)
Net gain on hedge of net investment in overseas subsidiary companies	-	-	-	51	51	-	51
Change in fair value of financial investments through other comprehensive income	-	5	-	-	5	-	5
Change in fair value of underlying derivative of cash flow hedge	-	-	1	-	1	-	1
Taxation charge on income and expense recognised directly in other comprehensive income	(3)	(5)	-	-	(8)	-	(8)
Other comprehensive (expense)/income for the year, net of taxation	(5)	29	1	(227)	(202)	(2)	(204)
Total comprehensive (expense)/income for the year	(5)	(184)	1	(227)	(415)	-	(415)
Acquisition of subsidiary companies attributable to non-controlling interests	-	(2)	-	-	(2)	-	(2)
Dividends paid to non-controlling interests	-	-	-	-	-	(3)	(3)
Balance as at 31 December 2019	692	6,059	21	237	7,009	17	7,026

1. Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset.

Segmental information

The organisational structure of the Group is managed through three Market Units based on geographic locations and customers: Australia and New Zealand; Europe and Latin America; and Bupa Global and UK. Management monitors the operating results of the Market Units separately to assess performance and make decisions about the allocation of resources. Bupa Hong Kong, Bupa China and the Group's associate investments, Bupa Arabia and Max Bupa are reported within Other businesses. The segmental disclosures below are reported consistently with the way the business is managed and reported internally.

Reportable segments	Services and products
Australia and New Zealand	Bupa Health Insurance: Health insurance, international health cover in Australia.
	Bupa Health Services: Health provision services relating to dental, optical, audiology and medical assessments and therapy.
	Bupa Villages and Aged Care - Australia: Nursing, residential and respite care.
	Bupa Villages and Aged Care - New Zealand: Nursing, residential, respite care and residential villages.
Europe and Latin America	Sanitas Seguros: Health insurance and related products in Spain.
	Sanitas Dental: Insurance and dental services through clinics and third-party networks in Spain.
	Sanitas Hospitales and New Services: Management and operation of hospitals and health clinics in Spain.
	Sanitas Mayores: Nursing, residential and respite care in care homes and day centres in Spain.
	LuxMed: Medical subscriptions, health insurance, and the management and operation of diagnostics, health clinics and hospitals in Poland.
	Bupa Acıbadem Sigorta: Domestic health insurance in Turkey.
	Bupa Chile: Domestic health insurance and the management and operation of health clinics and hospitals in Chile.
	Care Plus: Domestic health insurance in Brazil.
	Bupa Mexico: Domestic health insurance in Mexico.
	Bupa Global Latin America: International health insurance.
Bupa Global and UK	Bupa UK Insurance: Domestic health insurance, and administration services for Bupa health trusts.
	Bupa Dental Care UK: Dental services and related products.
	Bupa Care Services: Nursing, residential, respite care and care villages.
	Bupa Health Services: Clinical services, health assessment related products and management and operation of a private hospital.
	Bupa Global: International health insurance to individuals, small businesses and corporate customers.
Other businesses	Bupa Hong Kong: Domestic health insurance, primary healthcare and day care clinics including diagnostics.
	Bupa China: Clinical services.
	Associates: Bupa Arabia (Kingdom of Saudi Arabia) and Max Bupa (India): Health insurance.

(i) Revenues

	Australia and New Zealand		Europe and Latin America		Bupa Global and UK		Other businesses		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Gross insurance premiums	**3,668**	3,731	**2,658**	2,685	**2,200**	2,295	**382**	366	**8,908**	9,077
Premiums ceded to reinsurers	**-**	-	**(24)**	(21)	**(68)**	(57)	**(3)**	(1)	**(95)**	(79)
Internal reinsurance	**-**	-	**-**	1	**48**	49	**(48)**	(50)	**-**	-
Net insurance premiums earned	**3,668**	3,731	**2,634**	2,665	**2,180**	2,287	**331**	315	**8,813**	8,998
Care, health and other customer contract revenue	**1,023**	906	**1,124**	1,184	**932**	1,028	**151**	169	**3,230**	3,287
Other revenue	**46**	15	**7**	4	**10**	8	**12**	4	**75**	31
Total revenues for reportable segments	**4,737**	4,652	**3,765**	3,853	**3,122**	3,323	**494**	488	**12,118**	12,316
Consolidated total revenues									**12,118**	12,316

(ii) Segmental result

	Australia and New Zealand		Europe and Latin America		Bupa Global and UK		Other businesses		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Underlying profit for reportable segments[1]	**113**	160	**184**	156	**110**	117	**61**	46	**468**	479
Central expenses and net interest margin									**(80)**	(63)
Consolidated underlying profit before taxation expense									**388**	416
Non-underlying items:										
Impairments of intangible assets and goodwill arising on business combinations	**-**	(177)	**(1)**	(24)	**-**	(242)	**(11)**	-	**(12)**	(443)
Net gain/(loss) on disposal of businesses and transaction costs on business combinations[2]	**-**	-	**26**	(28)	**(27)**	(3)	**-**	-	**(1)**	(31)
Net property revaluation gain/(loss)	**30**	9	**-**	(1)	**(4)**	(2)	**-**	-	**26**	6
Realised and unrealised foreign exchange loss[3]	**-**	-	**-**	(6)	**(2)**	(17)	**-**	-	**(2)**	(23)
Other Market Unit non-underlying items[4]	**-**	-	**-**	-	**(7)**	-	**-**	-	**(7)**	-
Group non-underlying items[5]									**3**	(31)
Gains on return-seeking assets, net of hedging									**15**	28
Total non-underlying items									**22**	(494)
Consolidated profit/(loss) before taxation expense									**410**	(78)

1. Underlying profit for reportable segments includes share of post-taxation results of equity accounted investments. Other businesses includes Bupa Arabia and Max Bupa. Bupa Global and UK includes Highway to Health.
2. Net loss on disposal of businesses and transaction costs on business combinations includes £26m relating to the reclassification of a provision business in the Europe and Latin America segment out of held for sale and £26m in Bupa Global and UK relating to ongoing completion costs in respect of the disposal of UK care homes. 2019 includes £26m loss recognised upon classification of the same provision business in Europe and Latin America as held for sale.
3. Includes the FX impact of treating unearned premiums and deferred acquisition costs as a monetary item.
4. Includes £7m relating to restructuring costs in the Bupa Global and UK segment.
5. 2019 includes a £20m impairment of an investment following the termination of the Group's commercial relationship with that company.

General information

The financial information in this announcement does not constitute the Group's statutory accounts as defined in section 435 of the Companies Act 2006 for the years ended 31 December 2020 or 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The report of the auditor on those accounts is unqualified and did not draw attention to matters by way of emphasis.