

1 November 2017

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

nib holdings limited 2017 Annual General Meeting (AGM) Presentation

nib's 2017 AGM Presentation is attached.

Yours sincerely,



Roslyn Toms
Company Secretary

For further information please contact:

Matthew Neat
Head of Corporate Affairs & Investor Relations
T: +61 (0)2 4914 1777
M: +61 (0)411 700 006
E: m.neat@nib.com.au



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ANNUAL GENERAL MEETING

1 November 2017

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STEVE CRANE

Chairman

nib's BOARD AND EXECUTIVE

The nib logo consists of the lowercase letters 'nib' in a white, bold, sans-serif font, set against a solid green square background.The nhf asx logo features the lowercase letters 'nhf' in white and 'asx' in green, both in a bold, sans-serif font. Below this, the years '2007-2017' are written in a smaller white font. The entire logo is set against a dark blue background.

Steve Crane	Chairman and Independent Non-Executive Director
Mark Fitzgibbon	Managing Director and Chief Executive Officer
Lee Ausburn	Independent Non-Executive Director
Philip Gardner	Independent Non-Executive Director
Anne Loveridge	Independent Non-Executive Director
Christine McLoughlin	Independent Non-Executive Director
Donal O'Dwyer	Independent Non-Executive Director
Michelle McPherson	Chief Financial Officer and Deputy CEO
Rob Hennin	nib New Zealand Chief Executive Officer
David Kan	Group Executive International and New Business
Wendy Lenton	Group Executive People and Culture
Rhod McKensey	Group Executive Australian Residents Health Insurance
Brendan Mills	Chief Information Officer
Roslyn Toms	Group Executive Legal and Chief Risk Officer (General Counsel and Company Secretary)
Justin Vaughan	Group Executive Benefits and Provider Relations

MEETING AGENDA

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Steve Crane
Chairman



Mark Fitzgibbon
Managing Director and Chief Executive Officer

ITEM 1

Consideration of Reports

ITEM 2

Remuneration Report

ITEM 3

Re-election of
Ms Lee Ausburn

ITEM 4

Re-election of
Ms Christine McLoughlin

ITEM 5

Election of
Ms Anne Loveridge

ITEM 6

Approval of participation in
Long-Term Incentive Plan

ITEM 7

Approval to increase
aggregate fee pool for
Non-Executive Directors

ITEM 8

Amendments to nib's
Constitution

CHAIRMAN'S PRESENTATION

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STEVE CRANE
Chairman

CELEBRATING 10 YEARS AS AN ASX LISTED COMPANY

- November 2017 marks 10 years since we listed on ASX
- Listing price of \$0.85, more than a 7x increase. TSR* since listing is 1,166% versus 32% for ASX200
- Growth reflects strong customer focus and a business strategy supported by deep market insight, measured risk-taking and a genuine belief in the role of innovation



* Source: Bloomberg, assumes dividends and capital returns reinvested at the payout date. Period 2 November 2007 to 30 June 2017.

OUR MISSION

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“We exist to help people access and afford world class health care when and where needed.”

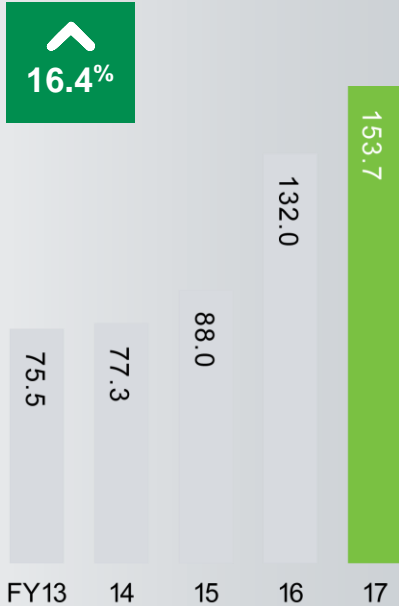


FY17 RESULTS

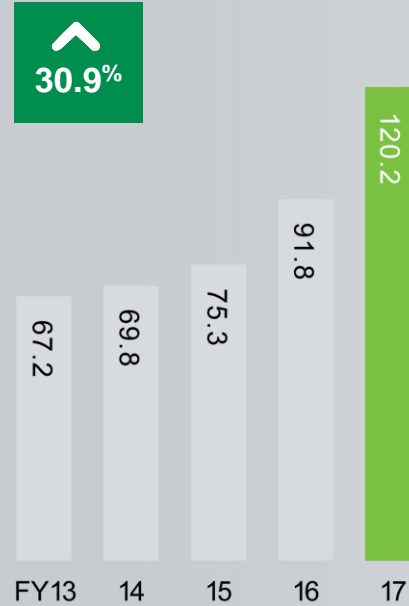
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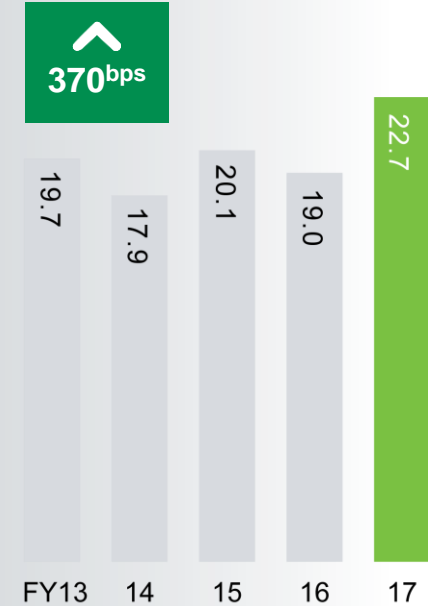
UNDERLYING OPERATING PROFIT (UOP) \$m



NET PROFIT AFTER TAX \$m



RETURN ON INVESTED CAPITAL* %



* ROIC calculated using average shareholders' equity including non-controlling interests and average interest-bearing debt over a rolling 12 month period.

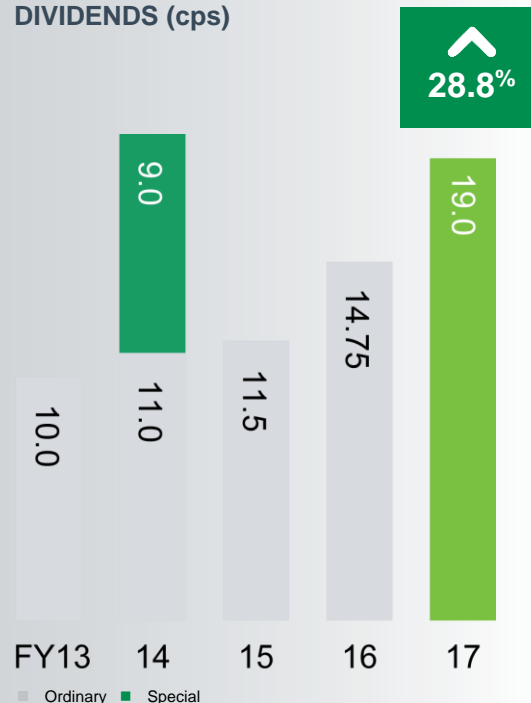
DELIVERING STRONG SHAREHOLDER RETURNS

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- FY17 full year fully franked dividend of 19 cents per share (up from 14.75 cents per share in FY16)
- FY17 full year dividend represents a payout ratio of 70% of full year NPAT and is consistent with our policy to pay ordinary full franked dividends between 60%-70% of full year NPAT

DIVIDENDS (cps)



YEAR IN REVIEW

- arhi net policyholder growth almost 4x industry
- Earnings from adjacent businesses (nib NZ, International Students and Workers and World Nomads Group) have almost doubled in past 3 years
 - Accounted for over 30% of total earnings in FY17
 - We think we can get this as high as 50% in years to come



DELIVERING VALUE TO CUSTOMERS

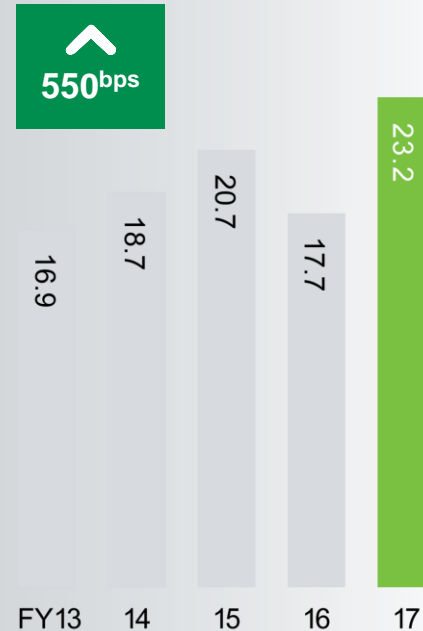
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arhi First Choice network for dentists, cutting out-of-pocket expenses for customers.

NET PROMOTER SCORE (arhi*) %



*Australian Residents Health Insurance

GOVERNMENT REFORM



- Another year of considerable discussion, debate and unfortunate negative public commentary about private health insurance value and affordability
- Welcome recent announcement by Health Minister
 - Further reduce prostheses prices
 - Offer premium discounts to people under 30
- Our 2017 premium increase was lowest in 14 years and lower than overall industry rate
- Premium inflation driven by a combination of people having more treatment and medical fee increases

➤ Media centre

nib welcomes Government's PHI reform measures

13 October 2017

nib today welcomed the private health insurance (PHI) reform package announced by Health Minister Greg Hunt as a major step towards improving the consumer experience and premium affordability.

Premium changes at record lows

10 February 2017

nib has announced its lowest annual premium increase in 14 years.

From 1 April 2017, nib will adjust its health insurance premiums by an average of 4.48%.

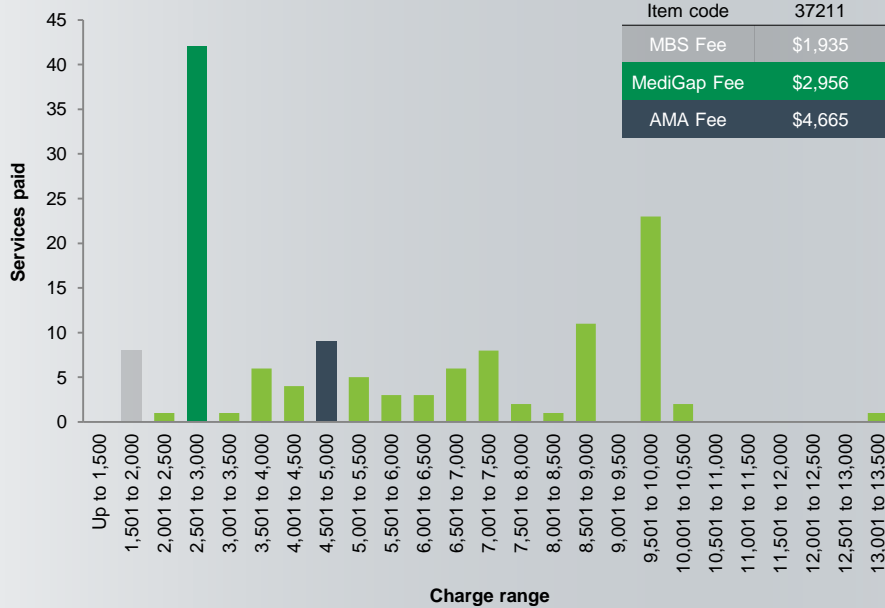
arhi CLAIMS AND PREMIUMS

- In FY17 we paid for more than 310,000 episodes of care in our arhi business at a cost of almost \$1.2 billion. Our largest nib customer claim was for almost \$410,000
- Doing everything we can to keep a lid on claims inflation and maintain affordability of premiums

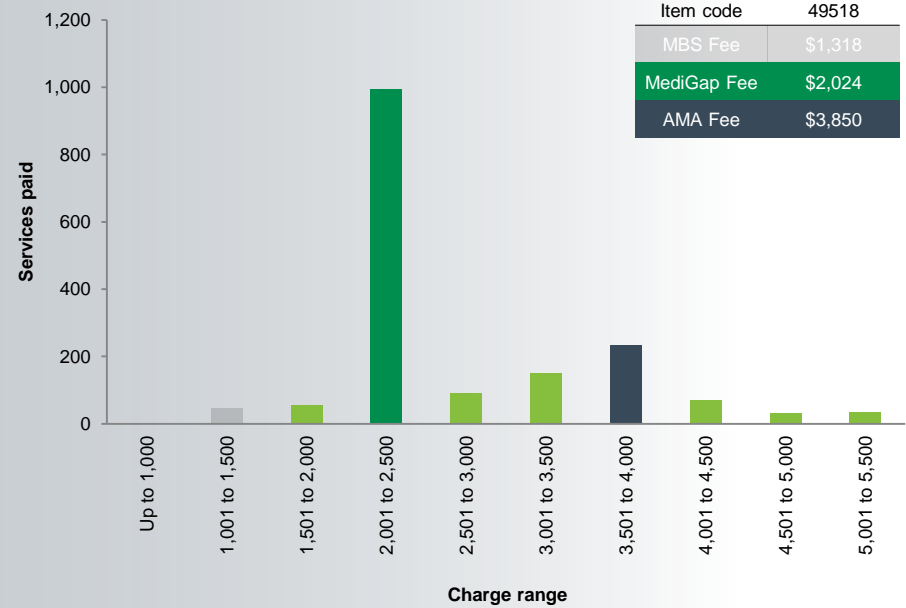


COST VARIATIONS

Prostatectomies (CY16)



Knee replacements (CY16)



Source: nib

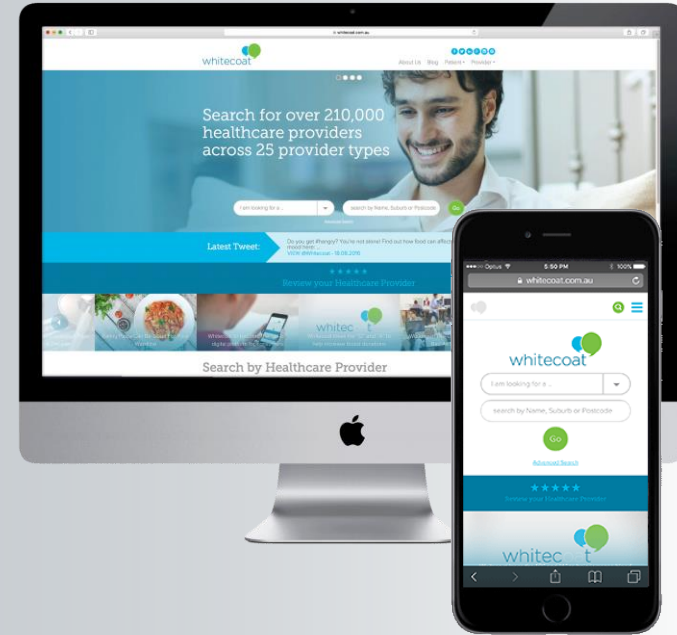
CONSUMER EMPOWERMENT

Our efforts to date have focused on:

- Find, assess, select, and book providers
- Better manage chronic health conditions (mental health, diabetes)
- Helping customers recover from surgery/medical treatment in more appropriate settings
- Discover relevant health information

Whitecoat will soon allow consumers to

- Pay providers
- View no gap participation and out of pocket costs
- Patient reported outcome measures



NEW OPPORTUNITIES AND BUSINESS EXPANSION

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Acquisition of specialist corporate private health insurer GU Health



Collaborating with Chinese pharmaceutical company Tasly Holding Group* with plans to sell “critical illness” lump sum product in China

* Refer slide 26 for further details

nib foundation

- This year marks 10 years since nib raised \$25 million to establish nib foundation
- The foundation makes a positive contribution in supporting the health and wellbeing of people right across Australia
- nib foundation has contributed almost \$16 million in funding to over 100 charity partners



BOARD AND MANAGEMENT SUCCESSION PLANNING



- Succession planning and ensuring we have the right skills mix, diversity and experience remains a priority
- Retirement of Mr Harold Bentley as a Non-Executive Director in September 2017 and appointment of Non-Executive Director Anne Loveridge in February 2017



*From left to right:
Steve Crane, Mark Fitzgibbon, Lee Ausburn,
Harold Bentley, Philip Gardner, Anne Loveridge,
Christine McLoughlin and Donal O'Dwyer.*

MANAGING DIRECTOR'S REPORT

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Mark Fitzgibbon

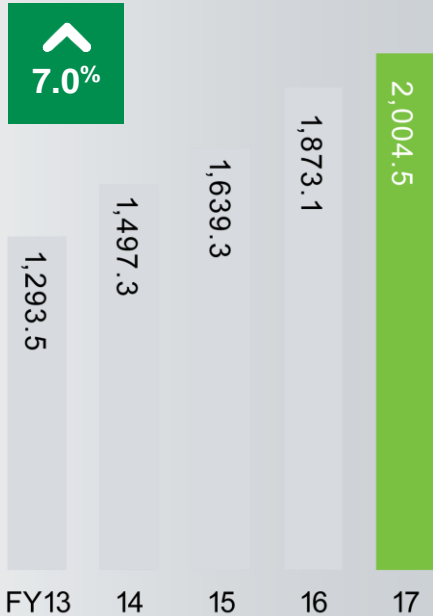
Managing Director and Chief Executive Officer

FY17 KEY PERFORMANCE HIGHLIGHTS

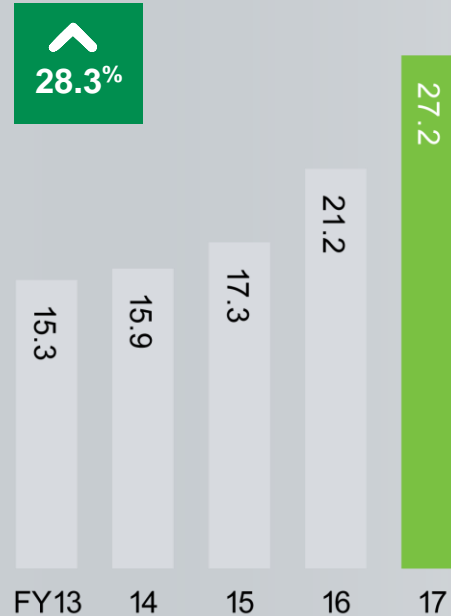
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TOTAL UNDERLYING REVENUE \$m



EARNINGS PER SHARE (STATUTORY) cps



TOTAL SHAREHOLDER RETURN* (TSR) %

Since November 2007

nib: 1,166%

versus

ASX200: 32%

AUSTRALIAN RESIDENTS HEALTH INSURANCE

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PREMIUM REVENUE

\$1.7b \uparrow 6.4%

UOP \uparrow 13.2%

\$107.0m

POLICYHOLDER GROWTH

3.8%

4x industry



aided by our
multi-channel
growth strategy

PREMIUM REVENUE

\$199.3m  14.9%

UOP  35.8%

\$23.5m

LAUNCH OF FIRST CHOICE

a network of medical professionals providing customers with zero out-of-pocket costs.



INTERNATIONAL AND NEW BUSINESS

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INTERNATIONAL (INBOUND) HEALTH INSURANCE

UOP  47.7%

\$25.4m

NET POLICYHOLDER SALES

 **28.5%**

WORLD NOMADS GROUP

UOP  22.7%

due to investment being made
in growth opportunities

\$7.5m

Secured travel insurance
distribution agreement with
Helloworld Travel



SUSTAINABILITY

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Customers

1.39m

CUSTOMERS COVERED

\$1.5b

PAID IN CLAIMS¹

23.2%

NET PROMOTER SCORE²



Employees

1,200

EMPLOYEES ACROSS 8 COUNTRIES

76.8%

EMPLOYEE ENGAGEMENT SCORE

94.2%

RETENTION OF HIGH PERFORMING EMPLOYEES



Community

\$15.8m

nib FOUNDATION FUNDING TO 105 CHARITIES SINCE 2008

\$3.4m

WNG FOOTPRINT NETWORK FUNDING TO 173 PROJECTS SINCE 2006

\$66k

nib MAKE A DIFFERENCE COMMITTEE DONATIONS TO 42 CHARITIES SINCE 2008

\$100k

WNG SMALL STEPS PAYROLL GIVING TO 3 CHARITIES SINCE 2015

1. Net claims incurred (excluding claims handling), underwriting segments only.

2. Based on Australian Residents Health Insurance customers.

NEW VENTURES AND OPPORTUNITIES

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- Currently collaborating with Chinese pharmaceutical company Tasly Holding Group:
 - Plan to sell “critical illness” lump sum product in Jing-Jin-Ji area (which includes Tianjin, Beijing City and Hebei Province, population approximately 100 million) by end of 2018.
 - Proposed insurance brokerage business will not carry underwriting risk.
 - Anticipate 5 year investment circa \$12m.
 - Anticipate ~100 employees by end 2019.
- Tasly brings brand, distribution and medical data for pricing and underwriting. nib brings PHI expertise (product design, pricing, claims management/service, provider contracting).
- Critical illness products comprise over 90% of the individual (non corporate) health insurance market in China (lump sum payment on diagnosis of pre-defined conditions).
- Chinese health insurance market is significant in size (annual premium revenue of AU\$48b and growing rapidly: 37% CAGR 2015-2020¹). Spending driven by population growth, wealth and ageing.
- Chinese Government policy has mandated increased private health insurance coverage.

 **TASLY**



NEW VENTURES AND OPPORTUNITIES

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- Acquisition of specialist corporate private health insurer GU Health for \$155.5 million (announced 20 September 2017, completed 31 October 2017)
- Acquisition meets nib's return on investment criteria
- Transaction funded by a fully underwritten institutional equity placement of \$60 million, a non-underwritten Share Purchase Plan and a new debt facility for the balance.
 - The SPP Offer closed oversubscribed, with nib receiving approximately \$29.5 million in valid applications. nib has made the decision to accept all valid subscriptions in full with no scale back.
- GU Health is Australia's only established specialist corporate group health insurer, servicing over 34,000 policyholders across more than 260 corporate clients
 - Market leader in the corporate health insurance segment in Australia
 - Long-term and stable client, distribution partner and corporate broker relationships
 - Experienced team with specialist knowledge and skills
 - Leading technology platforms and underwriting functionality customised for the corporate market

PHI REFORM AND REGULATION



nib welcomes Government's PHI reform measures which are anticipated to be a net positive, including:

- Further reductions in prostheses prices resulting in lower than otherwise premiums
- Introduction of Lifetime Health Cover Discount - Premium discounts for younger people (under 30s) to encourage participation
- Changes to product excess levels (\$750 singles/\$1500 families)
- Introduction of product benefits for rural customers
- Mental health safety net

Health funds' hit list to save members \$1.5bn

SARAH JANE TASKER
HEALTHCARE

The private health insurance sector's peak body has outlined measures in its pre-budget submission that it says could save health fund members \$1.5 billion each year.

Private Healthcare Australia told the government that while it understood the climate was not right for sweeping or fundamental reform of the health system, there is scope to address the sustainability of the health system.

Increased competition and transparency of the submission states. Rachel David, head of the industry body, said she was confident the government's ministerial advisory committee on private health care was already looking at some of the issues raised in the budget submission.

"I can't discuss it in detail but our position is being taken seriously and has been tallied," she said.

million annually. This would potentially drive premiums up a further 2.8 per cent," the submission said.

Reforming the annual premium increase process was another key recommendation, with the submission calling for an independent statutory authority to monitor premium changes by assessing health funds' adherence to

HEALTHY START TO REFORM

Private funds are being forced to look at their costs
JOHN DURIE



Health Minister Greg Hunt yesterday unveiled the most significant reforms to private health funds in recent memory but the real test comes in February, when he is due to approve the next round of premium increases.

also via a new government-run comparator website.

Try asking your health fund what would happen if pregnancy was taken out of your policy because you had no plans to get pregnant any timesoon.

In the case of HCF the answer was no problem, but you understand that will also mean his replacement and knees will be downgraded to treatment at a public hospital as a private placement.

That is non-nominal on many levels, including that private insurance is partially meant to cover private hospital service.

Private patients in public hospitals is one of the big items on Hunt's to-do list and Healthcare's Gordon Ballantyne

someone's expense and you can guess it starts with the hapless consumer.

This year's premium increase of 4.8 per cent was the lowest for a decade, but it remains to be seen what happens next.

Industry lobby group Private Healthcare Australia's Rachel David said the key changes yesterday were the end to the net on profits, saving \$1.5 billion over four years, and the discounts on offer to customers under 30.

More low-claiming members should pull down the overall costs. Mental health patients now get automatic coverage without waiting times, timely reforms in Mental Health Week.

Prosthesis reform is a classic case of what goes wrong when government intervenes.

David cites the cost of a cardiac defibrillator at a private hospital at \$55,000 when the same equipment costs \$15,000 at a state hospital. The reason is that the state

buys the defibrillators in bulk, getting better deals while the private hospitals are still governed by federal list prices set in 2006 at the top of the market.

The government intervened because prices were skyrocketing and were only partly covered by insurance, but now if the private hospital says the list price is, say, \$100 on an item the hospital can buy it cheaper and pocket the difference.

Clearly, the federal list has been junked and the market has been progressively eased.

The stockmarket reacted positively with the hospitals streaking ahead. Healthcare was up 25 per cent and nib rose 35 per cent in an overall market that gained just 0.5 per cent.

NIB was up 1 per cent and nib share 1.9 per cent.

Better access: private health insurance reform

MORE young people in the private health system and easier access to mental health services are key features of today's private health insurance reform package that the Australian Private Hospitals Association (APHA) has long been advocating for, but concerns remain about the lack of action on junk policies, says APHA CEO Mr Michael Roff.

"We welcome better mental health cover, premium discounts for young people, increasing maximum excess levels, maintenance of Second Tier benefits and addressing the growth of private patients in public hospitals as these have been key to our discussions with Government in recent years.

"This package should result

compare, are more affordable and give Australians a better understanding about what services their insurance covers," he said.

"The moves to improve access to mental health services are a welcome change, particularly during mental health week. Private hospitals make a significant contribution in mental health, caring for more than 37,500 Australians each year.

"Instant upgrades for people requiring in-hospital mental health treatment are essential, as the majority of products do not currently provide this level of cover. Until now, people have had to wait two months before they could access care," he said.

make a huge difference to the system.

"Discounts to attract young people into private health will improve sustainability and affordability of the product for all members. We also welcome the increase to maximum excess levels which will mean people can reduce their premium without having to exclude services from their cover."

But Mr Roff said concerns remain about the issue of 'junk' policies.

"It's disappointing. Not only has the Government not addressed the issue of junk policies, it has, in fact, entrenched them with the new 'basic' category. Junk policies are a major cause of consumer dissatisfaction when they discover they don't have cover for private hospital treatment when they

"If the intent of the private health insurance rebate is to take pressure off private hospitals, then there is no policy justification for applying the rebate to junk policies," he said.

Mr Roff said the next cab off the rank in terms of private health insurance reform must be to address the growth of private patients in public hospitals.

"This has the potential to moderate premiums by a larger amount than cuts to the prosthesis benefits and we support Minister Hunt in his efforts to address this issue.

"This reform package provides a framework for change. It is now up to the health insurance companies to deliver simpler, more transparent products and, of course, lower premiums," Mr Roff said.

OUR FOCUS

- Pursue arhi organic net growth in 4-5% range with net margins 5-6% via market insight and multi-channel distribution.
- Increase investment in adjacent businesses and their contribution to Group earnings towards 50% of total.
- Expand the value proposition for consumers through knowledge and empowerment.
- Continue to experiment and innovate as a fundamental basis for competitive advantage.
- Making healthcare systems better.



FY18 GUIDANCE AND OUTLOOK

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FY18 UOP forecast to be at least \$155m¹ (Statutory operating profit approximately \$143 million), reflecting:

- Reduced arhi net margin to within target range
- New business and technology investments:
 - nib international students services
 - DTC 2.0 in NZ
 - arhi retention
 - WNG growth opportunities
 - New international markets
 - Digital, data science and Internet of Things
- FY18 investment returns in line with relevant internal benchmarks².

¹ Excludes one-off transaction costs and amortisation of acquired intangibles.

² Internal Investment benchmarks

- Australian Regulatory capital (79%/21% defensive/growth) – target for portfolio bank bill index plus 1%
- New Zealand regulatory capital (100% defensive) (1) For core portfolio target is a 6 month bank bill index (2) For premium payback portfolio target is a 3.0 years interest rate swap index
- Surplus capital (100% defensive) – bank bill index



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ANNUAL GENERAL MEETING

1 November 2017