

31 October 2018

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

nib holdings limited 2018 Annual General Meeting (AGM) Presentation

nib's 2018 AGM Presentation is attached.

Yours sincerely,



Roslyn Toms
Company Secretary

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nib

ANNUAL GENERAL MEETING

31 OCTOBER 2018

Steve Crane

Chairman



nib's BOARD AND EXECUTIVE



Steve Crane	Chairman and Independent Non-Executive Director
Mark Fitzgibbon	Managing Director and Chief Executive Officer
Lee Ausburn	Independent Non-Executive Director
Jacqueline Chow	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
Roslyn Toms	Group Executive Legal and Chief Risk Officer (General Counsel and Company Secretary)
Justin Vaughan	Group Executive Benefits and Provider Relations

ITEM 1 Consideration of Reports

ITEM 2 Remuneration Report

ITEM 3 Election of Ms Jacqueline Chow

ITEM 4 Approval of Participation in Long-Term Incentive Plan

MEETING AGENDA

CHAIRMAN'S PRESENTATION

nib

Steve Crane
Chairman



OUR PURPOSE: YOUR BETTER HEALTH



Protecting our members against the financial risk of disease, sickness and injury



Access to world-class healthcare wherever members are in the world



Helping members better prevent, manage and treat illness

FY18 GROUP RESULTS



GROUP UNDERLYING
REVENUE

\$2.2b

11.5%



UNDERLYING OPERATING
PROFIT (UOP)

\$184.8m

20.2%



NET PROFIT AFTER TAX
(NPAT)

\$133.5m

11.1%



STATUTORY EARNINGS
PER SHARE (EPS)*

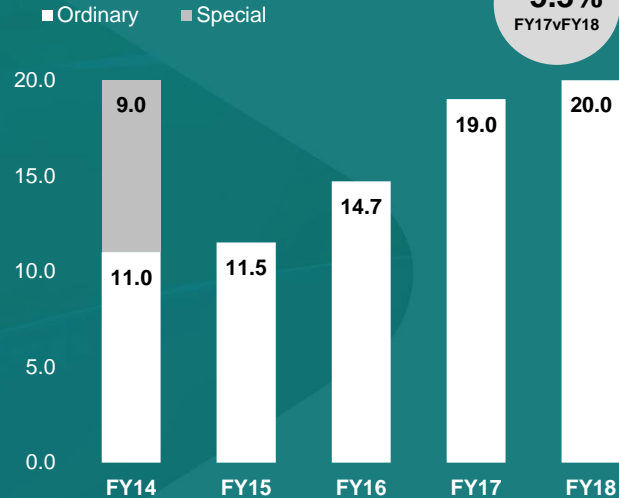
29.4 cps

8.0%

DELIVERING STRONG SHAREHOLDER RETURNS

This return to shareholders reflects the ongoing success and growth of our business.

Dividends



Dividend Reinvestment Plan
take up of almost 9% of
issued capital

AUSTRALIAN RESIDENTS HEALTH INSURANCE (arhi)



arhi remains our core earnings driver.

UNDERLYING OPERATING
PROFIT

\$130.7m

up
22.1%

NET POLICYHOLDER
GROWTH¹

3.0%

ACCOUNTED FOR >45%
INDUSTRY GROWTH²

HOSPITAL ADMISSIONS

282,508

ANCILLARY & DENTAL
VISITS

~3.7m

HIGHEST CLAIM

~\$300,000

NET PROMOTER SCORE¹

28.7%

up
550bps

ADJACENT BUSINESSES

nib New Zealand, international students and workers and our travel insurance businesses.



FY18 ADJACENT BUSINESS CONTRIBUTION TO GROUP UOP



~30%



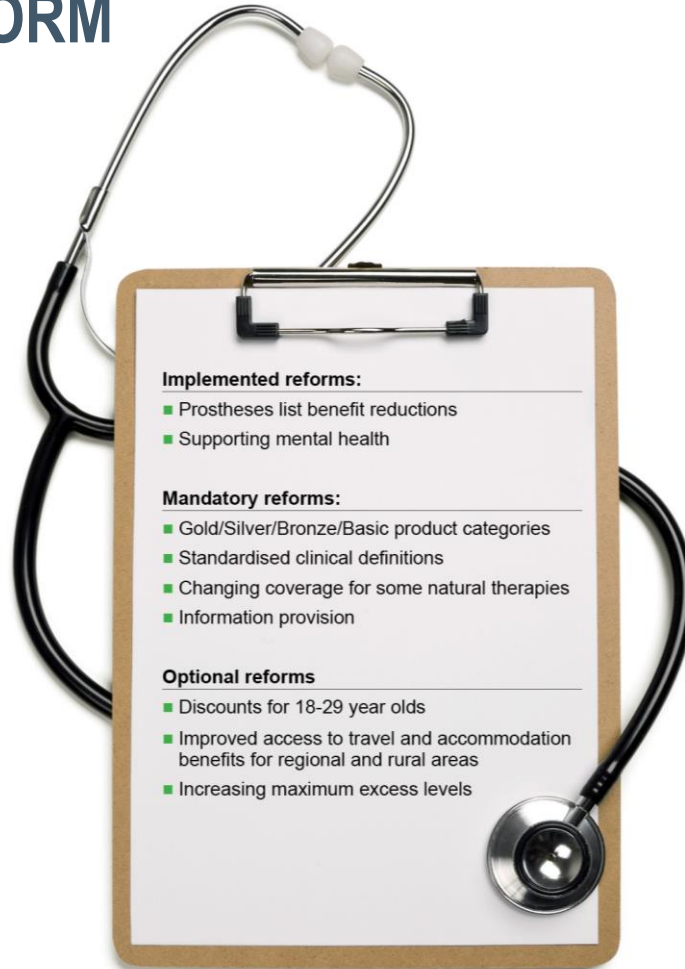
- Adjacent businesses create enterprise value and help us diversify our earnings as well as reduce concentration risk in arhi.
- We actively plan for our adjacent businesses to account for as much as 50% of our Group earnings in the future.

DELIVERING VALUE TO MEMBERS

We've worked hard in recent years and made good progress to address concerns about healthcare affordability and costs.

- Holding down premium inflation remains a top priority.
- 2018 premium increase was the lowest in 15 years.
- Last calendar year, 9 times out of 10 a nib member did not pay an out-of-pocket expense as the specialist accepted our no gap arrangement or did not charge a gap amount.
- >3/4 of all services were billed at our Medigap rate which was on average 38% higher than the prescribed MBS rate.
- 25% of dental and more than 40% of optical services occur within our First Choice Network.
- Today about 1 in 4 arhi members are contacting us before they go to hospital to check their cover or get help choosing a doctor, compared to 1 in 10 less than 12 months ago.





Implemented reforms:

- Protheses list benefit reductions
- Supporting mental health

Mandatory reforms:

- Gold/Silver/Bronze/Basic product categories
- Standardised clinical definitions
- Changing coverage for some natural therapies
- Information provision

Optional reforms

- Discounts for 18-29 year olds
- Improved access to travel and accommodation benefits for regional and rural areas
- Increasing maximum excess levels

nib foundation

- 2018 marks a decade since nib established its charitable foundation.
- \$25 million raised through the issue of new shares at the time of listing on the ASX.
- Since 2008, nib foundation has donated over \$17 million to organisations devoted to tackling health and wellbeing challenges and improving the health of Australians.
- Over \$1 million in unclaimed dividends transferred to nib foundation. These funds will be put to work to further support the healthcare needs of the communities we serve.



BOARD AND MANAGEMENT SUCCESSION PLANNING

- Succession planning and ensuring we have the right skills mix, diversity and experience is a priority.
- Retirement of Mr Phillip Gardner as a Non-Executive Director in August 2018 and appointment of Ms Jacqueline Chow in April 2018.



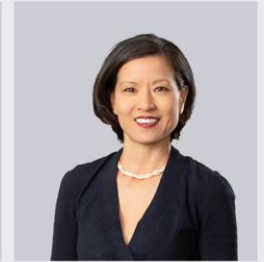
Steve Crane



Mark Fitzgibbon



Lee Ausburn



Jacqueline Chow



Phillip Gardner



Anne Loveridge



Christine McLoughlin



Donal O'Dwyer

**LEADERSHIP
AND
GOVERNANCE**



**POPULATION
HEALTH**



SUSTAINABILITY

**ECONOMIC
DEVELOPMENT
AND EMPLOYMENT**



**NATURAL
ENVIRONMENT**



**COMMUNITY SPIRIT
AND COHESION**



THANK YOU

MANAGING DIRECTOR'S REPORT



Mark Fitzgibbon

Managing Director and Chief Executive Officer



OUR PURPOSE: YOUR BETTER HEALTH



\$1.7b

total claims paid¹

258,868

private hospital admissions

1,093,125

dental visits

2,615,760

ancillary visits (excl dental)

53,171

public hospital admissions

23,906

travel claims processed²

Note: Claims figures above, excluding travel claims processed, are for underwriting segments only and exclude travel insurance claims.

1. Net claims incurred - Health insurance benefits including hospital, risk equalisation, state levies and ancillary benefits. Hospital includes hospital, medical and prostheses. Excludes WNG.

2. WNG is domestically a managing general agent which performs all the functions of an insurer other than carrying the underwriting risk. WNG claims are managed by Cerberus and underwritten by certain underwriters at Lloyd's.

AUSTRALIAN RESIDENTS HEALTH INSURANCE (arhi)



PREMIUM REVENUE

\$1.9b

up
12.1%



~10,000 members participating
in health management
programs

UOP

\$130.7m

up
22.1%

NET PROMOTER SCORE*

28.7%

up
550bps



2018 premium increase
lowest in 15 years

NET POLICYHOLDER GROWTH*

3.0%

(80)bps

PREMIUM REVENUE

\$198.1m

(0.6)%

NET POLICYHOLDER GROWTH

2.8%

up
800bps



launch of NZ's first Maori
population health insurance
partnership with Ngāti Whātua
Ōrākei



over 90% of providers
participating in First Choice
Network

UOP

\$23.4m

(0.4)%

NET PROMOTER SCORE

21.1%

up
890bps



INTERNATIONAL AND NEW BUSINESS



WNG GWP

\$142.0m

up
7.7%



WNG POLICYHOLDER SALES
GROWTH

7.3%

WNG UOP

\$8.1m

up
8.0%

iihi PREMIUM REVENUE

\$93.3m

up
24.7%



iihi POLICYHOLDER
GROWTH*

18.8%

iihi UOP

\$29.6m

up
16.5%



Personalised healthcare

Better “personalise” our relationship with members and customers and the products and services we connect them with through technology and data science. As such, become a trusted “health partner” as a means of enhancing the value proposition, differentiating nib in the market, improving individual and population health as well as better influencing costs and affordability.



Affordability and sustainability

Improve the affordability of financial protection through improved operating efficiency, disciplined benefits management and helping members and customers better manage their health and healthcare decisions. Ensure governance and operations across the Group are sensitive and responsive to our broader social, economic and environmental responsibilities.



Grow the core (arhi)

Strive for above “system” organic arhi growth with measured brand and acquisition investment, risk selection, product choice, channel diversification and “personalising” the value proposition. Consider and pursue M&A as opportunities present.



Economies of scope

Leverage existing Group assets and capabilities to pursue adjacent business opportunities for the purposes of both growing enterprise value and diversifying risk. Amplify investment in growing international workers and students, New Zealand and travel insurance businesses and deliver identified new prospects.



Racing the Red Queen (RRQ)

Create competitive advantage across the Group through constant innovation, our RRQ principles of “natural selection”, having world class talent and prudent risk management.

**LEADERSHIP
AND
GOVERNANCE**



**POPULATION
HEALTH**



**SUSTAINABILITY
PRINCIPLES AND
INITIATIVES**

**ECONOMIC
DEVELOPMENT
AND EMPLOYMENT**



**NATURAL
ENVIRONMENT**



**COMMUNITY SPIRIT
AND COHESION**





POPULATION HEALTH

The quality of individual health is much influenced by that of the communities in which they live and work. We pursue and invest in broad community-based programs which aim to tackle disease, lift health literacy and generally improve population health including via our nib foundation.

INITIATIVES



Preventative health and wellbeing programs help our members reduce or manage disease risk, recover from injury and illness and lead healthier lives.



Improved transparency for members and the general community comes through our healthcare provider platform Whitecoat and other tools designed to empower members.

\$17m

nib foundation* has contributed over \$17 million since 2008 towards redressing many community health and wellbeing challenges.



Divestment in alcohol and tobacco interests within our investment portfolio.



ECONOMIC DEVELOPMENT AND EMPLOYMENT

nib is a significant investor and employer in the many communities it operates, including outside of Australia and New Zealand. Through our success as a business we create additional wealth in these communities and employment. We especially believe both are important to the overall health and wellbeing of our communities and that we have a leadership role to play in encouraging inclusion and equal opportunity.

INITIATIVES



nib employs almost 1,500 people across eight countries. Setting a good example in terms of labour conditions, pay equality and abiding by applicable laws wherever we operate in the world.



nib ranked 4th in Australia and 88th globally in creating a diverse and inclusive workplace (2018 Thomson Reuters Diversity and Inclusion Index).



64% of our workforce are women, including 33% of our senior management team and 67% non-executive directors.



Various workplace health and safety initiatives and introduction of paid leave and support for employees impacted by domestic violence.

**Contributed
\$138.5m**

Contributed \$138.5 million in income and other taxes in FY18.



NATURAL ENVIRONMENT

The quality of the natural environments in which we live are similarly influential on people's health. Clean air and water, biodiversity and climate stability are all fundamental elements we seek to embellish. We have a particular interest in neutralising our carbon footprint given its known impact upon global warming.

INITIATIVES



Newcastle office has 4 Green Stars by the Green Building Council of Australia. Our new Sydney office boasts a 4.5 NABER base building rating and a waste management system that includes a new organics stream.



Reduced motor vehicle travel through employee car-pooling and bike racks in all major offices.



Reduction with plan to exit entirely any investment in companies extracting fossil fuels.



Commitment to nib becoming carbon neutral and participant in the 2018 Carbon Disclosure Project.



COMMUNITY SPIRIT AND COHESION

Strong community spirit, cohesion and harmony are good for the psychological and physical wellbeing of communities. We believe essential to that is a strong sense of identification with the community, social justice and tolerance and respect for our differences and social justice.

INITIATIVES



Employee volunteering program, “nibGIVE”, allows community organisations to tap into the skills of our people and provides our people with opportunities to “make a difference”.

**raised
almost
\$4m**

Travel insurance customers with micro-donations have since 2006 raised almost \$4 million for 29 projects around the world (The Footprints Network*).



Make a Difference (MAD) Committee is our Group wide employee fundraising initiative.



Sporting and other sponsorships help create a sense of identity and connection in local communities.

* The Footprints Network is independent of nib holdings with its own governance structure.



LEADERSHIP AND GOVERNANCE

The importance of having the highest standards of ethical practice and good governance in business and public institutions is increasingly evident. The risks associated with our business operations and the potential consequences for communities and all stakeholders of failing to manage these is well understood by us. We're especially aware of how the behaviour of companies like ours can influence others operating in our communities.

INITIATIVES



Commitment to the highest standards of good corporate governance, including alignment with the ASX Corporate Governance principles.



Investment in further enhancing strong risk management, governance and “value based” culture.



Best in class data security and privacy policy and protocols.



Australian (arhi) and NZ markets remain difficult with modest growth due to macroeconomic factors including affordability and negligible growth in discretionary spending.



Pursuing arhi net policyholder growth of 3%-4%, FY19 net margin expected to be similar to FY18.



Federal Opposition's premium cap proposal (2% for 2 years) would put additional pressure on arhi net margins from FY21. Initiatives already underway to maintain profitability within target range under such a scenario.



Thematics and growth prospects for international students, workers and travel insurance businesses look positive. Investment in WNG limiting earnings growth in near term.



Tasly JV progressing well and expect to start selling health insurance in China in the second half of FY19 (subject to regulatory approval).



Potential for consolidation across all markets are real (including arhi) but uncertain.



Capital management remains a high priority (mooted changes by APRA to prudential capital standards), with nib confident of navigating any changes.



FY19 UOP forecast to be at least \$190m (statutory operating profit of at least \$168m).

(\$m)	FY19
Statutory operating profit	~168
One-off transactions and M&A costs	~12.7
Amortisation of acquired intangibles	9.5
GU Health	2.7
IMAN	0.8
nib Travel Group (WNG/QBE)	2.7
NZ	3.3
Underlying operating profit	~190

- FY19 UOP forecast to be at least \$190m (statutory operating profit of at least \$168m).
- FY19 investment returns in line with internal benchmarks.
- Ordinary dividend payout ratio 60 – 70% of full year NPAT.

THANK YOU