

30 October 2019

Company Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**nib holdings limited 2019 Annual General Meeting (AGM) Presentation**

nib's 2019 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](mailto:m.neat@nib.com.au)

# annual general meeting

30 October 2019



# Steve Crane

Chairman



A collection of decorative geometric shapes including a green diamond, three green dots, a blue dotted line, a white circle, and another green diamond, scattered in the upper left quadrant.

# welcome to country

A collection of decorative geometric shapes including a green dot, a blue circle, a white circle, a blue dotted line, a green dot, and another green dot, scattered in the middle right quadrant.

# Steve Crane

Chairman



# nib's board and executive

## Board

<b>Steve Crane</b>	Chairman and Independent Non-Executive Director
<b>Mark Fitzgibbon</b>	Managing Director and Chief Executive Officer
<b>Lee Ausburn</b>	Independent Non-Executive Director
<b>Jacqueline Chow</b>	Independent Non-Executive Director
<b>Anne Loveridge</b>	Independent Non-Executive Director
<b>Christine McLoughlin</b>	Independent Non-Executive Director
<b>Donal O'Dwyer</b>	Independent Non-Executive Director

## Executive

<b>Michelle McPherson</b>	Chief Financial Officer and Deputy CEO
<b>Roslyn Toms</b>	Group Executive Legal and Chief Risk Officer (General Counsel and Company Secretary)
<b>Rob Hennin</b>	nib New Zealand Chief Executive Officer
<b>Wendy Lenton</b>	Group Executive People and Culture



# meeting agenda

- Item 1**      Consideration of Reports
- Item 2**      Remuneration Report
- Item 3**      Re-election of Mr Steve Crane
- Item 4**      Re-election of Mr Donal O'Dwyer
- Item 5**      Approval of participation in Long-Term Incentive Plan



# chairman's presentation

**Steve Crane**

Chairman





# FY19 Group<sup>+</sup> results



**\$2.4b**

total Group revenue

up 8.3%



**\$201.8m**

Group UOP

up 9.2%



**\$149.3m**

NPAT

up 11.8%



**32.9cps**

statutory EPS

up 11.9%



**23.0cps**

full year  
dividend



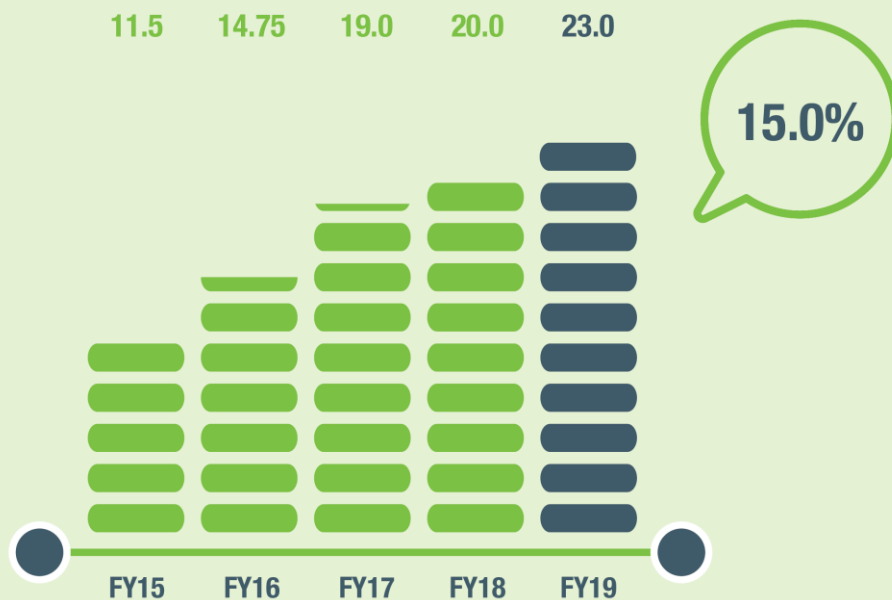
**DRP**

dividend reinvestment  
plan available for  
final dividend

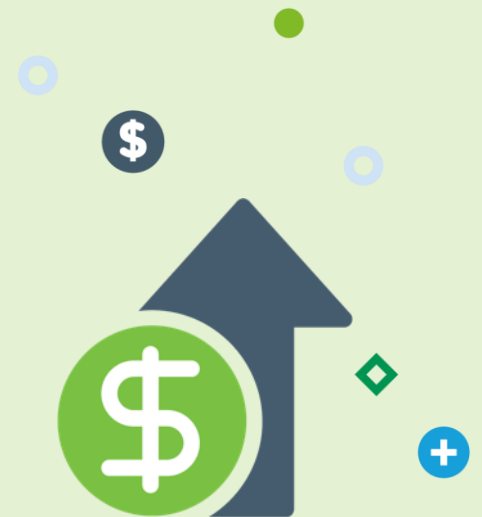
# delivering strong shareholder returns

Continuing to deliver great value products and service to our members aligns with our obligations to shareholders.

## Dividends



- Since 2007, our total shareholder return\* is over 1,700%, compared to 66% for the ASX200
- Today our market capitalisation is ~\$3.3 billion, compared to \$440 million when we listed
- Recently included in the S&P ASX100



\* Source: Bloomberg as at 30 June 2019. nib's total shareholder return over the holding period due to the change in share price plus dividends re-invested on the ex-dividend date.

# our purpose: your better health



**3,869,527**  
Ancillary visits



**333,244**  
Hospital admissions



**23,975**  
Travel claims processed<sup>2</sup>



**Largest claim**  
**\$310,000+**



**Rehabilitation admissions**  
**~35,000**



**In excess of**  
**4,500 knee and hip replacements**



**~2,300 members with claims**  
**>\$50,000**



**\$1.8b**  
**Total claims paid<sup>3</sup>**

# assisting our members

We're doing more to assist our members to make better healthcare decisions.



## Clinical Partners program

- Launched in Hunter Valley region
- Provides arhi members guaranteed no out-of-pocket expenses for knee and hip replacement surgery
- Access to home rehabilitation services
- Hope to extend to other regions & include other surgical procedures



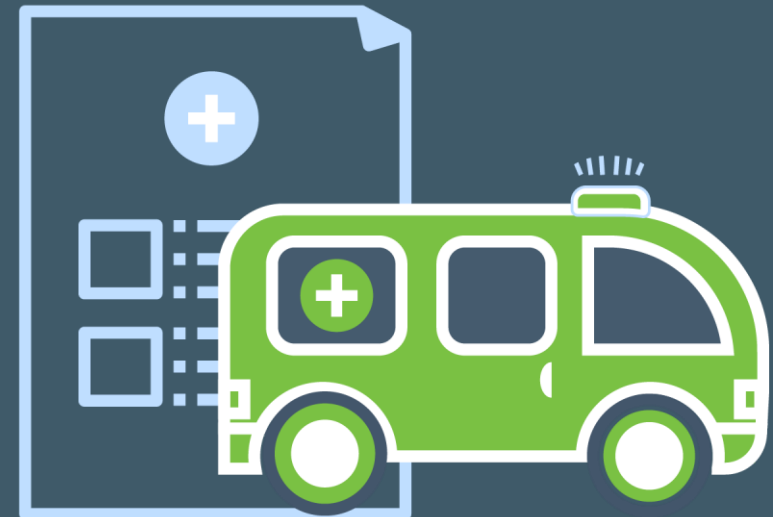
## First Choice Network (NZ)

- Network of medical professionals providing services and treatment within a determined price range
- 100% of approved costs covered
- No additional out-of-pocket costs
- Plan to expand to cover additional medical treatments for different specialities

# addressing healthcare challenges

Healthcare is pivoting towards a technologically charged future of prevention rather than just cure

- Affordability
- Out of pocket costs in Australia accounts for ~\$30 billion or 17% of health spending
- High medical fee variation
- Premium increases



# PHI reforms and premiums

Another important development during fiscal year 2019 was the Commonwealth Government's PHI Reforms.



- 54,000 members reduced their premiums through the age-based discount
- 15,000 policies elected a higher \$750 front end deductible
- We have worked hard to keep premium growth down notwithstanding ageing populations
- Australian premium increase this year was also the lowest in 16 years and the fifth consecutive year we've delivered an increase lower than the previous year

# sustainability at nib

We're cognisant that companies and some industries are being scrutinised for their various environmental, social, governance and ethical practices.



- Our broad geographic operating environment means we apply a Group-wide risk governance approach to meet our multi-regulated obligations
- Our sense of community and being a good corporate citizen is part of our heritage
- The purpose and values the founders of our business used to establish nib are still very much part of our culture and DNA today
- Through our success, we aspire to more prosperous and sustainable communities, not only the creation of enterprise value

# closing the gap

Over the next four years nib foundation, utilising funds from unclaimed dividends, will be contributing \$1 million in funding towards closing the health and life expectancy gap between Aboriginal and Torres Strait Islander peoples and non-indigenous Australians



- Shareholder approval at 2017 AGM to transfer unclaimed dividends >5 years to nib foundation
- Unclaimed dividends are better utilised and put to work by directly funding charitable organisations or initiatives to support community-focused health and wellbeing initiatives
- nib foundation will be joining forces with the collective support of the nib Group to work together to help drive real change amongst the communities in which we operate
- The funding will be used to fund a suite of community partnerships and commissioned services to develop and deliver population health and wellness programs to tackle and help narrow this health gap



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# managing director's report



Mark Fitzgibbon

Chief Executive Officer & Managing Director



# business strategy



Personalised  
healthcare



Affordability and  
sustainability



Grow the core  
(arhi)



Adjacent  
businesses



Racing the Red  
Queen (RRQ)

# FY19 group highlights



Group underlying revenue  
**\$2,421.6m** up 8.3%



Group UOP  
**\$201.8m** up 9.2%



NPAT  
**\$149.3m** up 11.8%



Statutory EPS  
**\$32.9cps** up 11.9%



Return on invested capital  
**19.1%**



Adjacent businesses  
contribution to Group UOP  
**25.9%** down 340bps

# Australian residents health insurance (arhi)



**\$2,013.2m**

premium revenue  
up 7.6%



**\$149.5m**

UOP  
up 14.4%

Membership  
**607,388**  
(1,176,155 lives)

Membership  
growth **2.1%**  
v industry 0.7%

GU Health  
integration

NPS of **32.5**  
(FY18: 28.7)

# New Zealand



**\$215.5m**

premium revenue  
up 8.8%



**\$19.8m**

UOP  
down 15.4%

Membership  
110,121  
(213,061 lives)

Membership  
growth 7.2%

1<sup>st</sup> anniversary  
Ngāti Whātua  
Ōrākei

NPS of 34.0  
(FY18: 21.1)

# international (inbound) health insurance (iihi)



**\$110.1m**

premium revenue  
up 18.0%



**\$34.9m**

UOP  
up 17.9%

Membership  
**172,357**  
(188,324 lives)

Membership  
growth **19.5%**

Product and  
geographic  
diversification

**NPS**

International workers  
41.5 (FY18: 42.7)

International students  
34.6 (FY18: 30.5)

# nib Travel



**\$152.7m**

gross written premium<sup>1</sup>  
up 7.5%



**\$6.6m**

UOP  
down 18.5%

**Sales up 6.8%**  
(International sales up 15.5%)

**Completed QBE  
Travel  
acquisition**

**Established  
Ireland Managing  
General Agent**

**NPS (Sales) 61.2**  
(FY18: 62.6)

1. nib Travel is a distributor of travel insurance and earns a commission for policies sold, however, GWP is shown as it is a key performance metric of the business noting GWP excludes other sources of income such as emergency travel assistance and managing general agent fees.

2. Excludes Australia, New Zealand, North America, South America and the European Union.



# China JV

Established operations in  
Tiajin and Shanghai (China)

Secured health service  
annual revenue ~\$1 million

Awaiting regulatory approval  
for health insurance product

Team of ~25 people working  
as part of joint venture in  
China



# consumer empowerment

## Find a Provider

I'M LOOKING FOR...

LOCATED IN...

**SEARCH**

6 results for **Cardiothoracic Surgeon (Heart and Lung)** near **Newcastle, NSW**

**DR. Rosauro Mejia**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
★★★★★ From 1 patients on Whitecoat  
 3.4km · 58A Cleary St, Hamilton NSW 2303

**Helpful cost information** for DR. Rosauro Mejia

27	96%	\$52
nib members seen over the last 12 months	of nib members had no out of pocket costs	was the average out of pocket cost

**DR. Peng Seah**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
 7.8km · Kingston Building, 14 Lookout Rd, New La...

Cost information is unavailable for **DR. Peng Seah**

**DR. Allen James**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
★★★★★ From 1 patients on Whitecoat  
 7.9km · 26 Lookout Rd, New Lambton Heights NSW...

**Helpful cost information** for DR. Allen James

74	98%	\$819
nib members seen over the last 12 months	of nib members had no out of pocket costs	was the average out of pocket cost

**DR. Allen James**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
★★★★★ From 1 patients on Whitecoat  
 7.9km · 26 Lookout Rd, New Lambton Heights NSW 2305

049525911    Email

**Helpful cost information** for DR. Allen James

74	98%	\$819
nib members seen over the last 12 months	of nib members had no out of pocket costs	was the average out of pocket cost

**Before you book an appointment...**

We always recommend checking costs and out of pocket fees, as these may change. It's also a good idea to check your policy by logging in or talking to us to make sure you're covered.

# from sickcare to healthcare



Past and contemporary systems respond to (and have learnt to monetise) sickness or injury



Data science is rapidly enabling deeper insight of individual health risk and capacity to better predict, prevent, manage and more precisely treat disease



System design and technological challenges include:

- access, assembly and security of relevant data sets
- capability to interpret data sets and profile individual risk
- creation/procurement of evidenced-based interventions
- trust and engagement of members and doctors



Benefits to nib

- healthier members
- stronger value proposition
- capacity to fund broader range of products and services
- enhanced role in healthcare systems



# outlook



## arhi

- Organic growth 2%-3% per annum
- Insurance margins circa 6%
- M&A possibilities?



## iihi

- Continued organic growth
- Strong insurance margins
- Other foreign markets



## New Zealand health insurance

- Continued organic growth
- Insurance margins 8-9%
- Further investment and growth in iwi (Maori population health)



## nib Travel

- Improved domestic sales performance
- Continued strong international sales and value capture
- Reduced operating costs



## China

- Further organic growth in health management
- Licence to sell health insurance (critical illness) target by end of FY20

# guidance



FY20 UOP forecast to be at least \$200m<sup>1</sup>

Statutory operating profit (SOP) of at least \$180m

(\$m)	FY20
Statutory operating profit	~ 180
One-off transactions and M&A costs	~ 9
Amortisation of acquired intangibles	~11
GU Health	2.7
IMAN	0.7
nib Travel	3.8
NZ	3.5
Underlying operating profit	~ 200

<sup>1</sup> The Group expects that net profit after tax will decrease by approximately \$1.3 million for FY20 as a result of adopting the AASB16 Leases Standard. UOP used to measure segment results is expected to increase by approximately \$4.0 million, as the interest on the lease liability is excluded from this measure. UOP of \$200m includes the \$4.0m increase.

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