

3 April 2019

The Manager
Company Announcements
Australia Securities Exchange Limited
Level 4, Bridge Street
SYDNEY NSW 2000

Presentation to the Morgan Stanley Australia Private Health Forum – April 2019

Attached presentation delivered by nib at the Morgan Stanley Australia Private Health Forum (3 April 2019).

Yours sincerely,



Roslyn Toms
Company Secretary

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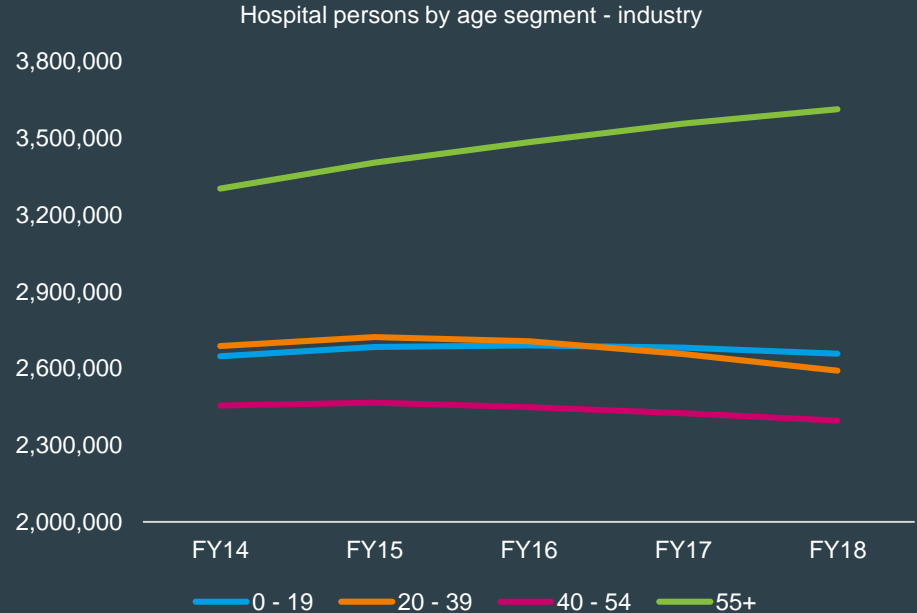
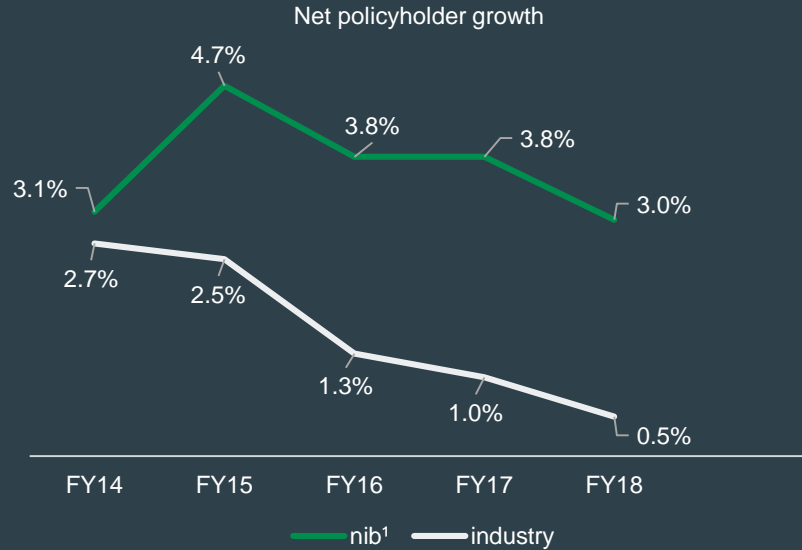
Morgan Stanley

Australia Private Health Forum

Mark Fitzgibbon
Managing Director

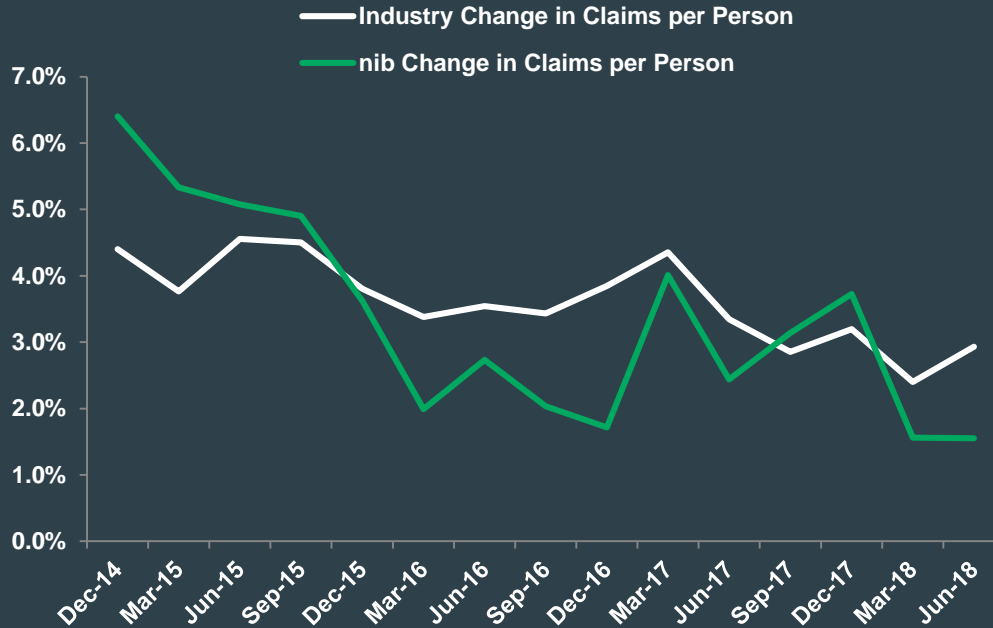
State of the arhi market

Market conditions are very weak



Source: APRA
1. Excludes GU Health

But claims inflation is favourable



Source: APRA
1. Excludes GU Health

2x2 proposal

Negatives:

- Impact upon gross margins
- Fanning negative sentiment
- Doesn't deal with underlying issues

Positives:

- Low claims inflation
- May force industry consolidation
- Potential for complementary healthcare system reforms



Personalised healthcare

Harness data science and digital technologies to better “personalise” our relationship with members, the products and services we provide or connect them with and especially help them, their doctors and other clinicians make more informed healthcare decisions. Use “personalisation” as the bedrock of enhancing our member value proposition, differentiating us in the market, improving individual and population health and better managing costs.



Affordability and sustainability

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



Grow the core (arhi)

Strive for above “system” organic growth with measured brand and acquisition investment, prudent product design and combatting adverse risk selection, 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 our international workers and students, New Zealand, travel insurance and Chinese businesses and deliver identified new prospects.



Racing the Red Queen (RRQ)

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

Big picture challenges

- Financial sustainability (over reliance tax and indemnity)
- Unwarranted and preventable care (allocative inefficiency)
- Massive cost variation (technical inefficiency)
- Limited consumer sovereignty (information asymmetry)
- Rise and rise of chronic disease (moral hazard)
- Inequities in healthcare
- Preoccupation with “sickcare” and “one size fits all” healthcare

From “sickcare” to “healthcare” system and “personalisation”

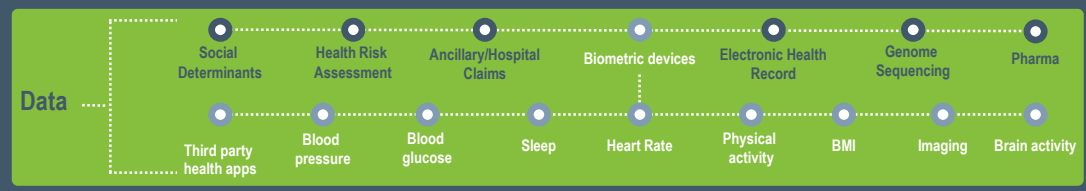
FINANCIAL PROTECTION
“stuff that pays for me”

CONNECTIVITY
“stuff that prevents and if I’m sick, manages and fixes”

VALUE PROPOSITION

EMPOWERMENT
“stuff that helps me engage and decide”

PERSONALISED HEALTH PLATFORM
“understanding individual needs for the purpose of financial protection, health risk prediction, management and treatment via data analytics, machine learning not IOT”



Mark's crystal ball for PHI

- arhi growth remains stagnant until able to expand coverage and value proposition
- Data science becomes a source of competitive advantage
- Industry consolidation both domestic and international
- Outsourcing of government and other third party healthcare programs
- Experimentation with primary care integration and lower cost settings of care