



# FY2022 half year results

21 February 2022



# Disclaimer

**The material in this presentation is a summary of the results of nib holdings limited (nib) for the 6 months ended 31 December 2021 and an update on nib's activities and is current at the date of preparation, being 21 February 2022. Further details are provided in nib's interim report and results announcement released to ASX on 21 February 2022.**

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The financial information disclosed has been prepared on a statutory basis. Due care and consideration should be undertaken when considering and analysing nib's financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

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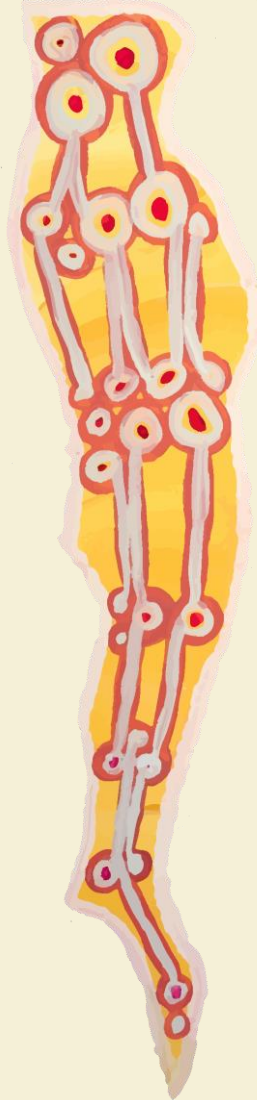
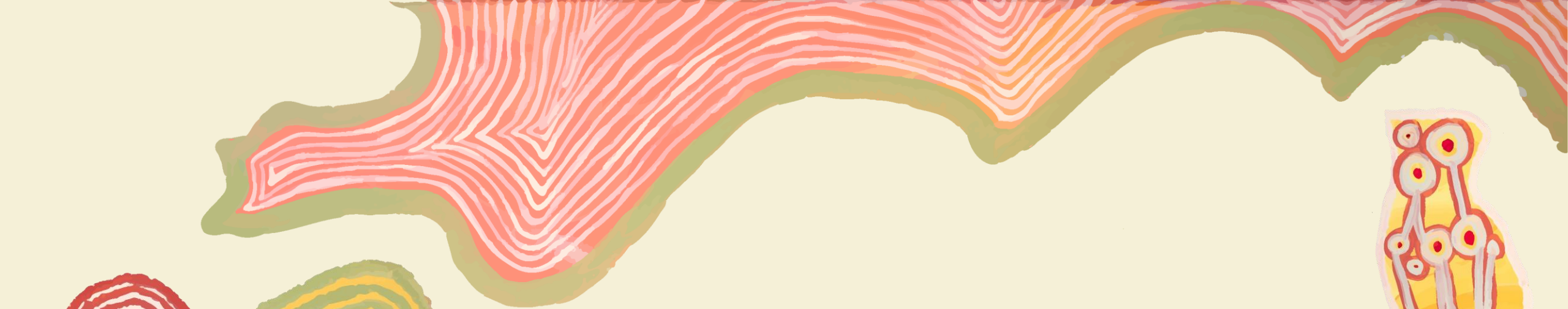
Following the IFRS Interpretations Committee agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021, the Group has reconsidered its accounting treatment and adopted the treatment set out in the IFRS IC agenda decision. The change in policy has been applied retrospectively and comparative information has been restated. Refer to note 15 of the Notes to the Consolidated Financial Statements in the nib Interim Report 31 December 2021 for more information.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of nib is available on our website: [www.nib.com.au/shareholders](http://www.nib.com.au/shareholders).

Group, arhi and iih figures are inclusive of GU Health unless otherwise stated. The GU Health business was acquired on 31 October 2017.

As referenced in this presentation, if there is a percentage increase or (decrease) between 1H21 and 2H22, the change shown is the difference between those two percentages. Any discrepancies between totals and sums of components in this publication are due to rounding.





nib acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and pays respect to Elders past and present across all the lands on which we operate.

We acknowledge the rich and meaningful contribution they make to life and culture in Australia, and we aim to be a partner in improving the quality of life and health of Aboriginal and Torres Strait Islander peoples.

For our New Zealand viewers  
e ngā iwi, e ngā Mana, Tēnā koutou katoa!

**Image: nib Reflect RAP artwork by proud Barkindji, Malyangapa woman and artist Jasmine Craciun.**



# Mark Fitzgibbon

Chief Executive Officer  
& Managing Director





Our purpose:

# **your better health**

We are a trusted partner in helping our members:

- make more informed healthcare decisions and generally live healthier lives
- connect and transact with the healthcare system
- finance and access more affordable healthcare



## Delivering on our purpose

**\$920.6m**

benefits paid<sup>1</sup>

**1,708,556**

dental, optical &  
ancillary visits

**197,300**

hospital  
admissions

**Affordable  
access**

lowest arhi price rise  
in 20 years and  
deferred for 5 months

**>\$90m**

COVID-19 support  
package

**4,445**

members in health  
management  
programs

**~127,000**

searches on  
Find a Provider

**>90,000**

interactions with  
nibby chatbot

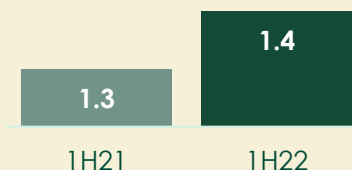


1. Net claims incurred excluding risk equalisation, COVID-19 provision, premium payback liability and claims handling expenses.

# 1H22 Group results

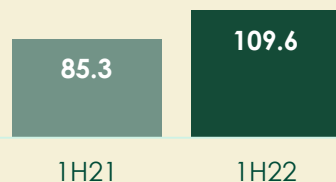
## Total Group revenue

**\$1.4b** ▲8.3%



## Group UOP

**\$109.6m** ▲28.5%



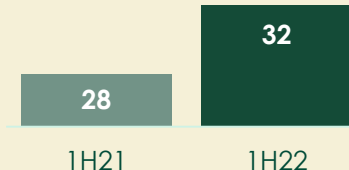
## ROIC<sup>1</sup>

**19.9%** ▲770 bps



## Group NPS

**32** ▲4



## Highlights

- arhi policyholder growth of 2.8%<sup>2</sup> vs pcp (1.3% ytd) with 44.6% of ytd sales new to category.
- New Zealand policyholder growth of 4.1%<sup>2</sup> vs pcp (2.4% ytd). Acquisition of Kiwi Insurance Limited. Expansion of Māori proactive health program (Toi Ora).
- International workers policyholders grew 40.2%<sup>2</sup> vs pcp (25.8% ytd) boosted by the Pacific and Australia Labour Mobility (PALM) scheme<sup>3</sup> and student graduates. International students declined 17.1%<sup>2</sup> vs pcp (13.4% ytd) given entry restrictions.
- Continued impacts on nib Travel from COVID-19 related restrictions. New underwriting agreements in place.
- Continued COVID-19 impact on claims with deferred claims liability increased to \$59.2m (arhi \$55.9m, NZ \$3.3m).
- Significant investment in Payer to Partner (P2P) strategy (\$3.9m<sup>4</sup>) plus investments in other relevant assets e.g. Midnight Health.
- Honeysuckle Health continued to build health services portfolio. Initial ACCC authorisation received, two providers applied for authorisation to be re-reviewed which is in process.



1. ROIC calculated using average shareholders' equity including non-controlling interests and average interest-bearing debt over a rolling 12-month period.  
2. Net policyholder growth for 12 months to 31 December 2021.  
3. From April 2022, the Seasonal Worker Programme and Pacific Labour Scheme will be consolidated under a single PALM scheme.  
4. Includes direct P2P operating and capital expenditure. Does not include investment in Midnight Health.

# Nick Freeman

Group Chief Financial Officer





# Group income statement

(\$m)	1H22	1H21	Change 1H22 v 1H21
Net premium revenue	1,356.1	1,253.3	▲8.2%
Net claims incurred <sup>1</sup>	(1,067.0)	(1,003.0)	▲6.4%
Other underwriting revenue	2.8	1.7	▲64.7%
Underwriting expenses	(166.6)	(153.0)	▲8.9%
<b>Underlying underwriting result</b>	<b>125.3</b>	<b>99.0</b>	<b>▲26.6%</b>
Other income	10.5	9.4	▲11.7%
Other expenses	(23.7)	(20.7)	▲14.5%
Share of net profit/loss of associates and joint ventures	(2.5)	(2.4)	▲4.2%
<b>Underlying operating profit</b>	<b>109.6</b>	<b>85.3</b>	<b>▲28.5%</b>
Amortisation of acquired intangibles	(3.9)	(4.1)	▼4.9%
Impairment of intangibles	0.0	(7.0)	▼100.0%
One-off transactions, M&A and business implementation costs	(1.1)	(4.2)	▼73.8%
<b>Statutory operating profit</b>	<b>104.6</b>	<b>70.0</b>	<b>▲49.4%</b>
Net finance costs	(3.0)	(3.7)	▼18.9%
Net investment income	15.1	28.0	▼46.1%
<b>Profit before tax</b>	<b>116.7</b>	<b>94.3</b>	<b>▲23.8%</b>
Tax	(35.5)	(29.2)	▲21.6%
<b>Net profit after tax</b>	<b>81.2</b>	<b>65.1</b>	<b>▲24.7%</b>

1. Net claims incurred includes claims handling.

## Key drivers of result

- Strong premium revenue growth of 8.2% due to policyholder growth. 1H21 impacted by April 20 pricing deferral.
- Claims growth at 6.4% driven mainly by changes in risk equalisation and movements in DCL, plus higher claiming in iih and NZ.
- Group DCL increased to \$59.2m.

DCL by segment (\$m)	1H21	2H21	1H22
arhi	70.7	34.0	55.9
nz	2.3	0.0	3.3
<b>Total</b>	<b>73.1</b>	<b>34.0</b>	<b>59.2</b>

- Increase in underwriting expenses supporting growth driven mainly by acquisition costs and P2P investment (\$3.2m).
- Higher nib travel income in 1H22 offsets lost wage subsidy income received in 1H21.
- Increase in other expenses predominately due to nib Travel acquisition costs (commencing 2H21) and software write off in 1H22.
- Limited restructuring and M&A in 1H22, after higher costs in 1H21.
- Investment income normalising in 1H22, after strong returns in 1H21.
- 1H22 UOP still affected by COVID-19 impact on iih and travel. For example, 1H20 UOP for iih/travel combined was \$14.0m compared to an operating loss of \$15.3m in 1H22 (\$29.3m turnaround).

# Group gross profit drivers 1H21 – 1H22

(\$m)	1H21	1H22	Movement	
<b>1H21 Group gross profit</b>				<b>259.7</b>
Policyholder growth				12.2
Premium revenue			45.0	
Claims expense			(32.8)	
Product and scale mix				(11.1)
Premium revenue (excluding price deferral/credit)			(23.8)	
Claims expense			12.7	
Rate variances				17.8
Premium revenue (excluding price deferral/credit)			77.2	
Claims expense			(59.4)	
Prior year impacts – OSC development	7.3	(1.5)	(8.9)	(8.9)
Industry risk equalisation impacts	37.0	36.3	(0.6)	(0.6)
Industry risk equalisation savings/deferral	29.9	45.4	15.5	
COVID-19 provision movement	7.0	(9.1)	(16.1)	
iihi COVID-19 impacts	(8.3)	(13.3)	(5.0)	(5.0)
nz COVID-19 impacts	(0.2)	0.2	0.5	0.5
arhi COVID-19 impacts	(23.8)	10.0	33.7	33.7
Net claims savings/deferral	(15.5)	36.3	51.8	
COVID-19 provision (claims related) movement	12.6	(12.7)	(25.3)	
Suspension/waiver impact	(0.7)	(0.1)	0.6	
Price increase deferral/COVID-19 credit	(20.2)	(13.6)	6.6	
<b>1H22 Group gross profit</b>				<b>298.2</b>

- Policyholder growth and pricing more than offset negative mix.
- OSC development relatively high due to turn around effect.
- Continue to benefit from risk equalisation (reduced relative claiming in the older age cohorts).
- Additional claims savings/deferral across 1H22 offset by increase in COVID-19 provision and COVID-19 credit (member give back).
- **Please note: the purpose of this slide is to provide an indication of the drivers of change in gross profit. While the gross profit is in line with reported results, the causal variances in between are based on the February 2020 (pre COVID-19) forecast which remains the basis for the COVID-19 provision. This forecast is now two years old, as such the causal variances should be considered directional only, given the age of the forecast.**

# Australian residents health insurance

Financial performance (\$m)	1H22	1H21	Change 1H22 v 1H21
Premium revenue	1,151.0	1,067.8	▲7.8%
Claims incurred (excluding claims handling)	(917.1)	(874.5)	▲4.9%
Claims <sup>1</sup>	(778.9)	(780.7)	▼0.2%
Risk equalisation	(116.3)	(113.4)	▲2.6%
Claims COVID-19 provision	(23.4)	16.2	▼244.4%
Risk equalisation COVID-19 provision	1.5	3.4	▼55.9%
Other underwriting revenue	1.8	0.8	▲125.0%
Management expenses	(112.1)	(105.7)	▲6.1%
Underlying operating profit	123.6	88.4	▲39.8%
Key metrics			
Policyholders (#)	653,459	635,600	▲2.8%
Lapse <sup>2</sup> (%)	11.5	11.9	▼40bps
Net policyholder growth <sup>2</sup> (%)	2.8	3.2	▼40bps
Net promoter score <sup>3</sup> (NPS)	31	27	▲4
Gross margin (%)	20.3	18.1	▲220bps
Management expense ratio (MER) (%)	9.7	9.9	▼20bps
Marketing MER (%)	3.7	3.7	-
Other MER (%)	6.0	6.2	▼20bps
Net margin (%)	10.6	8.2	▲240bps

- Premium revenue ▲7.8% driven by policyholder growth (▲2.8%). 1H21 impacted by April 20 price deferral.
- Net policyholder growth of 2.8% (1.3% ytd) in line with market reflecting higher retention across the industry and less switching opportunity.
- Claims expense ▲4.9% with continued COVID-19 impacts offset by increase in DCL and effect of catch up in pcp.
- DCL of \$55.9m at 1H22 (1H21 \$70.7m, 2H21 \$34.0m), to reflect expected claims catch up in 2H22 after lockdowns and restrictions.
- Other MER ▼20 bps to 6.0% due to lower share of Group expenses offset by increased investment in P2P.
- Lapse continues to be below long-term rates (13% CY19).
- NPS improved back to 31 following the impact of multiple price increases in FY21.
- Normalised net margin continues to be in 6-7% range with all periods being affected by COVID-19 in varying degrees.

1. Includes state levies.

2. For the 12 months to 31 December 2021. Includes impact of COVID-19 suspensions and resumptions.

3. Excludes GU Health.



# International inbound health insurance

Financial performance (\$m)	1H22	1H21	Change 1H22 v 1H21
Premium revenue	59.9	58.3	▲2.7%
Claims incurred (excluding claims handling)	(47.9)	(39.8)	▲20.4%
Other underwriting revenue	0.9	0.9	-
Management expenses	(20.3)	(19.1)	▲6.3%
Underlying operating profit	(7.4)	0.3	▼2,566.7%
Key metrics			
Policyholders (#)	169,695	172,651	▼1.7%
Net policyholder growth <sup>1</sup> (%)	(1.7)	(6.9)	▲520bps
iwhi net promoter score <sup>2</sup> (NPS)	49	41	▲8
ishi net promoter score (NPS)	49	46	▲3
Gross margin (%)	20.0	31.7	▼1,170bps
Management expense ratio (MER) (%)	33.9	32.8	▲110bps
Marketing MER (%)	6.3	7.9	▼160bps
Other MER (%)	27.6	24.9	▲270bps
Net margin (%)	(13.9)	(1.0)	▼1,290bps

1. Net policyholder growth for the 12 months to 31 December 2021.

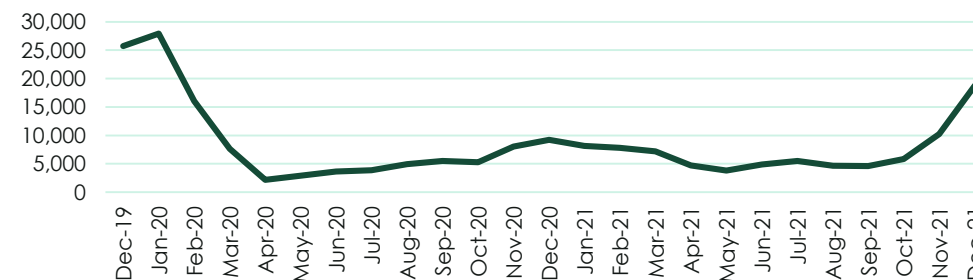
2. Excludes GU Health.

3. Primary offshore student visas lodged data are obtained from lodgement and grant data recorded for visa subclass 500 and subclass 570 to 576 per <https://data.gov.au> website of the Australian Government (extracted on 3 February 2022).



- Another challenging result, however positive signs with premium revenue ▲2.7%, driven by strong performance in workers business.
- Policyholders are ▼1.7% (1.6% ytd) driven by students however this has been largely offset by sales to the PALM scheme.
- Claims in 1H22 continue to be higher than pre COVID-19 levels however gross margin appears to be stabilising with recent price increases still to flow through.
- Easing of border restrictions will allow a refresh of the policyholder base and support claims recovery. Positive signs with student visa lodgements for Dec '21 at 73% of Dec '19 levels.
- Management expenses ▲6.3% largely due to change in segment cost allocation methodology.
- NPS improvement due to automation of claims and digital service offering.
- ishi still underperforming but some green shoots emerging:
  - Positive announcements on border reopenings.
  - After sustained monthly losses, Dec '21 and Jan '22 recorded positive UOP, as claims stabilised.

Offshore student visas lodged<sup>3</sup>



# New Zealand

Financial performance (\$m)	1H22	1H21	Change 1H22 v 1H21
Premium revenue	144.4	126.9	▲ 13.8%
Claims incurred (excluding claims handling) <sup>1</sup>	(92.9)	(79.3)	▲ 17.2%
Management expenses	(42.4)	(37.1)	▲ 14.3%
Underlying operating profit	9.2	10.5	▼ 12.4%
Key metrics			
Policyholders (#)	123,040	118,229	▲ 4.1%
Net policyholder growth <sup>2</sup> (%)	4.1	1.6	▲ 250bps
NZ residents	5.7	2.8	▲ 290bps
NZ international students	(48.3)	(26.0)	▼ 223bps
Net promoter score (NPS)	36	34	▲ 2
Gross margin (%)	35.7	37.5	▼ 180bps
Management expense ratio (MER) (%)	29.4	29.3	▲ 10bps
Marketing MER (%)	14.7	14.4	▲ 30bps
Other MER (%)	14.7	14.9	▼ 20bps
Net margin (%)	6.3	8.3	▼ 200bps

1. Includes movement in premium payback liability.

2. Net policyholder growth for the 12 months to 31 December 2021.

- Strong premium revenue growth of 13.8% due to policyholder growth of 4.1% (2.4% ytd), price adjustments to reflect inflation and favourable FX.
- Claims ▲ 17.2% from policyholder increase and 12.3% claims inflation, largely driven by 11.1% utilisation on both medical and surgical claims. Longer public waiting lists and delays suggest shift from public to private.
- Deferred claims provision \$3.3m at 1H22 (1H21 \$2.3m, 2H21 \$0.0m), to reflect expected claims catch up in 2H22 after lockdowns.
- Ongoing focus on population health with continuing good participation by iwi and other nib members.
- Management expenses ▲ 14.3% although MER% remains flat. Increased expenses from marketing including commissions (▲ 15.8%) reflecting higher revenue, and non-marketing expenses up (▲ 12.8%) from business growth and investment in key projects including systems development.
- Net margin decline to 6.3% reflecting investment in core system.
- NPS increasing reflecting ongoing improvements in the member journey experience.



# nib Travel

Financial performance (\$m)	1H22	1H21	Change 1H22 v 1H21
Operating income	8.2	4.4	▲86.4%
Acquisition costs	(3.4)	(0.3)	▲1,033.3%
Marketing - commissions	(2.5)	(0.0)	n/a
Marketing - advertising	(0.9)	(0.3)	▲200.0%
Underwriting result	(0.1)	(0.2)	▼50.0%
Operating expenses	(12.6)	(11.7)	▲7.7%
Underlying operating profit	(7.9)	(7.8)	▲1.3%
Key metrics			
Gross written premium <sup>1</sup> (\$m)	18.2	2.8	▲550.0%
Gross profit after commissions <sup>2</sup> (\$m)	4.9	3.3	▲48.5%
Sales (#)	94,715	25,450	▲272.2%
Domestic	30,312	(1,164)	▲2,704.1%
International	64,403	26,614	▲142.0%
Net promoter score <sup>3</sup>	50	**	n/a

- nib Travel is a distributor of travel insurance and earns a commission for policies sold. However, gross written premium (GWP) is shown as it is a key performance metric of the business. Note: GWP excludes other sources of income such as emergency travel assistance and managing general agent fees and includes deduction of refunds and policy cancellations.
- Includes other marketing costs.
- 1H21 NPS not reported due to insufficient data.

- Gross Written Premium ▲550.0% and operating income ▲86.4% vs pcp, albeit from low base.
- COVID-19 lockdowns domestically and the pause in AU/NZ sales between 5 Oct '21 and 18 Nov '21 damages sales. However, international sales continued to rebound with GWP on sales to USA residents increasing 300% on pcp.
- Dec '21 monthly GWP has reached 35% of Dec '19 pre COVID-19 levels with resumption of AU international travel and start sell.
- Operating expenses ▲7.7% as wage subsidies discontinued and additional expenses incurred in relation to new underwriter in 1H22.
- Underlying cost structure now stabilising following cost saving initiatives undertaken in prior years.
- New, long term underwriting arrangements secured for AU, NZ, Europe and Brazil.
- NPS based on low sales volumes and evolving business mix including more international sales. Improvements to the customer experience continue to be made.

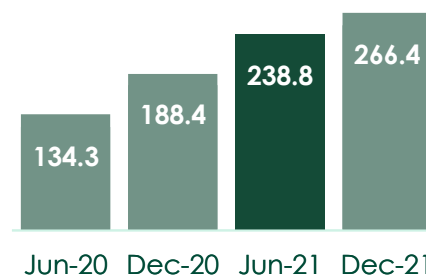


# Capital management

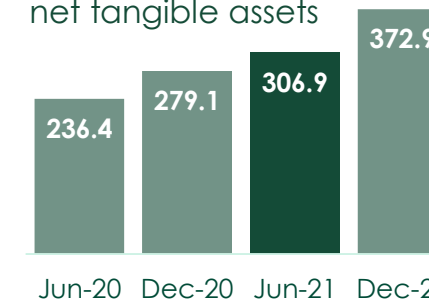
Group capital (\$m)	1H22	1H21
<b>Opening available capital (30 June)</b>	<b>65.7</b>	<b>53.7</b>
Sources of capital	<b>39.1</b>	<b>31.5</b>
NPAT	81.2	65.1
Write down of intangibles already excluded from available capital	0.4	10.0
Other increases in equity	7.8	2.1
Dividend	(50.4)	(45.7)
Changes in capital employed	<b>(15.3)</b>	<b>(23.9)</b>
Increase in nib health funds capital target	(9.8)	(25.4)
Increase in nib nz internal capital target	(5.3)	(5.1)
Capital injection into joint ventures	(4.0)	0.0
Reduction in capital required for non-regulated entities	3.8	6.6
<b>Closing available capital (31 December)</b>	<b>89.5</b>	<b>61.3</b>

## Strong capital generation

nib Group  
net tangible assets



nib health funds  
net tangible assets



- Group available capital \$89.5m, up from \$65.7m at 30 June 21.
- Draft capital standards released by APRA in Dec '21 with final industry submissions by 31 March 22.
- APRA have indicated finalisation of standards in September quarter of 2022.



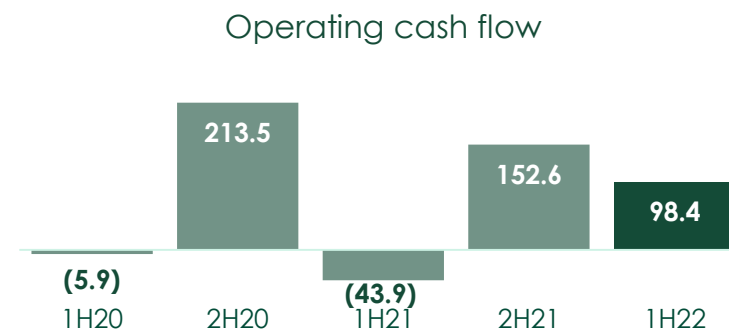
# Cash flow

Consolidated cash flow (\$m)	1H22	1H21	Change 1H22 v 1H21
Operating cash inflows	1,398.1	1,285.5	▲ 8.8%
Operating cash outflows	(1,299.7)	(1,329.4)	▼ 2.2%
<b>Net cash inflow from operating activities</b>	<b>98.4</b>	<b>(43.9)</b>	<b>▲ 324.1%</b>
Investing cash outflow – PPE & intangibles	(10.7)	(10.8)	▼ 0.9%
Investing cash outflow – M&A/JVs	(2.0)	(5.7)	▼ 64.9%
Lease payments <sup>1</sup>	(4.6)	(5.2)	▼ 11.5%
Dividends paid	(64.0)	(18.3)	▲ 249.7%
<b>Free cash flow</b>	<b>17.1</b>	<b>(83.9)</b>	<b>▲ 120.4%</b>
Net proceeds/ (payments) from investments (rebalancing investments)	(41.7)	28.0	▼ 248.9%
Movement in shares	4.8	0.4	▲ 1,100.0%
Effects of exchange rate changes	-	(0.2)	n/a
Net movement in cash/cash equivalents	(19.8)	(55.7)	▲ 64.5%

1. Net of sublease receipts.



- Operating cash flow turnaround due mostly to lower claims.
- Free cash flow positive despite increase in dividend paid.
- Net payments for investments is rebalancing to maintain investment asset allocation.
- Reduction in cash due to rebalancing into investments.





# Roslyn Toms

Group Executive Legal  
& Chief Risk Officer







# Sustainability – 1H22 highlights

- nib members now have access to 19 health management programs including two new digital programs.
- Supporting Ngāti Whātua Ōrākei members to reduce risk of heart disease through new heart screening kit.
- Toi Ora preventative health partnership grows with Ngāti Porou iwi now providing health insurance for staff.
- Named in Bloomberg Gender-Equality Index for the third year running.
- Achieved Rainbow, Accessibility and CQ Ticks in NZ.
- Equal gender representation in our brand partnerships.
- Second modern slavery statement published.
- Cybersecurity & IT risk management system ISO 27001 certified.



# Sustainability – what's to come in 2H22

- 375 members enrolled in a Ngāti Whātua Ōrākei health management program.
- Launch of digital health record, risk profile and good health plan.
- Carbon neutrality and plan to achieve net carbon zero.
- New employee experience tool which will help measure inclusion and wellbeing experience.
- Reach 500,000+ people via nib foundation prevention partnerships.
- Achieve 100% of Reflect RAP deliverables.
- ISO 37301 Compliance Policy and Framework development.



# Mark Fitzgibbon

Chief Executive Officer  
& Managing Director



# Group business strategy – Payer to Partner (P2P)

We apply data science in developing deep insight into the health risk of individuals and how it is best managed and treated. We equip them with digital tools for integrated, seamless and secure engagement with us and the healthcare system as a whole.

## PHI enhancement and expansion

Build a superior value proposition and differentiate in existing private health insurance (PHI) markets by making membership as much about supporting good health as it is the treatment of sickness and injury. We grow the PHI market and our share.

## New and adjacent markets

Enter and grow new markets with a non-PHI membership offering, treatment packages specific to a wide range of conditions and differentiate and grow our travel product.

## Claims cost containment and affordability

Better contain claims cost inflation through more precise and effective disease prevention and management. Containment which is passed through to members and travellers in the form of more competitive premiums and/or improved service and benefits.

## System value capture

Participate and capture value in healthcare systems through Honeysuckle Health and its wide range of health risk management products and services.

## Government programs and social impact

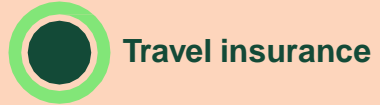
Aspire to managing and improving health outcomes in discrete populations on behalf of Government and other healthcare payers with positive social impact.

# P2P value proposition

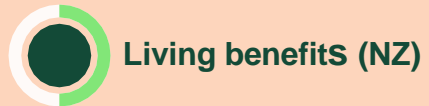
## Financial protection



Health insurance



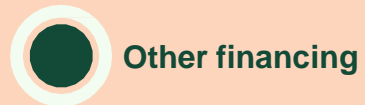
Travel insurance



Living benefits (NZ)

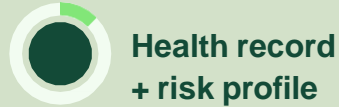


GreenPass (Freemium)

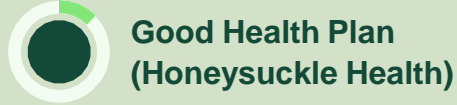


Other financing

## Insight and guidance



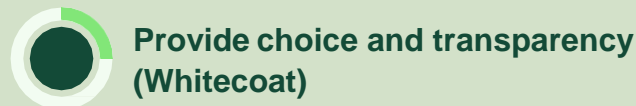
Health record + risk profile



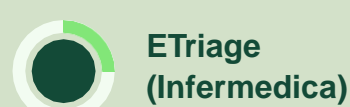
Good Health Plan (Honeysuckle Health)



Health literacy (The Check Up)



Provide choice and transparency (Whitecoat)



ETriage (Infermedica)



Biometric



Rewards

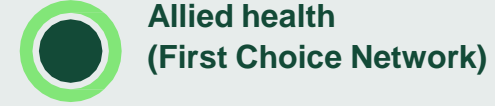
## Connectivity



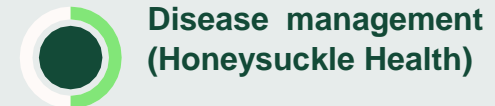
Hospital



Specialist (Clinical Partners)



Allied health (First Choice Network)



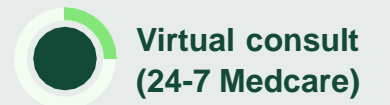
Disease management (Honeysuckle Health)



Diagnostic



GPs



Virtual consult (24-7 Medicare)



Pharmacy



Treatment packages (Midnight Health)

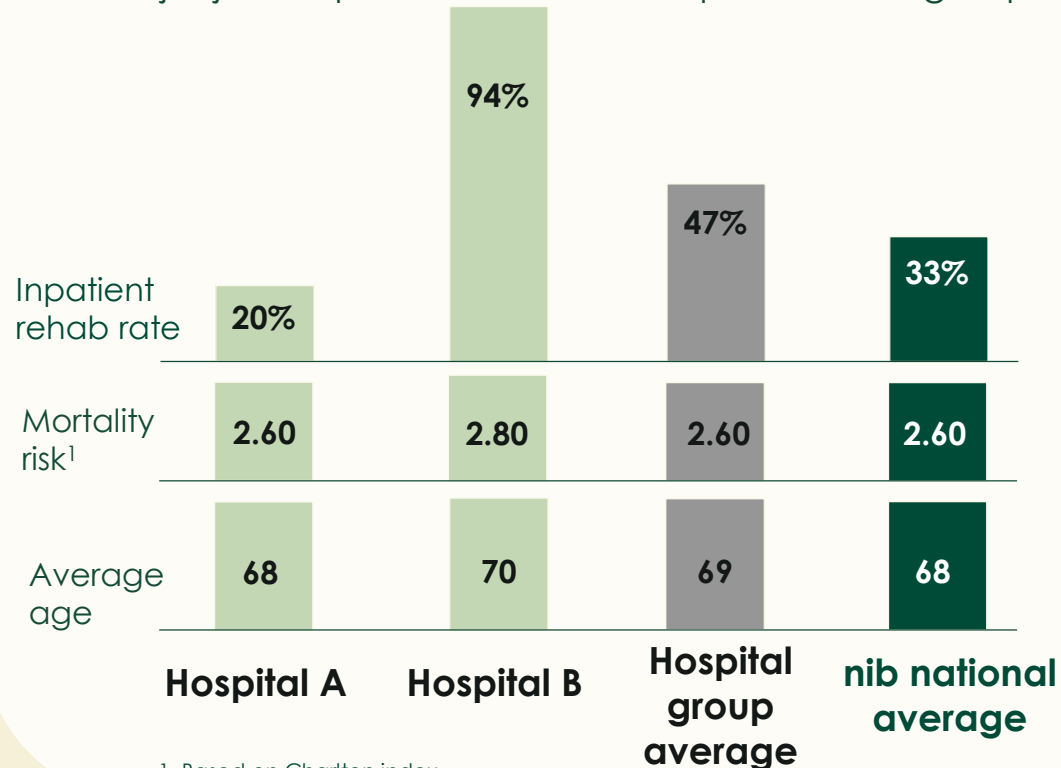


E-commerce (Whitecoat)

# Honeysuckle Health – key enabler

## Supply induced demand?

Measuring inpatient rehabilitation conversion rates post major joint replacement. Two hospitals, same group.



1. Based on Charlton index.

- Honeysuckle Health (HH) is a healthcare data analytics and health services business which provides insights into members health and a range of health management programs.
- These health insights are used to more effectively target and tailor health management programs towards those members and execute on those programs.
- Increasing application of digital programs (e.g. Limber, SilverCloud Health).
- HH contracts with hospitals, medical specialists and allied health providers.
- Significant opportunity for clientele beyond PHI.





# Outlook

- COVID-19 has significantly heightened awareness of health risks and the need for protection. Expect that to continue.
- Strong arhi performance and New Zealand and international workers profitability are offsetting current loss making in international students and travel. Expect that support to continue while necessary.
- Expect P2P and Honeysuckle Health will enable nib to meet the broad challenges and opportunities associated with healthcare.

## arhi

- Net policyholder growth ~3%
- Launch of new product concepts
- Priceline partnership commencing March '22
- Claims escalation associated with "catch-up" in deferred treatment fully provisioned
- Return to net margin target 6-7% over time

## New Zealand

- FY22 net policyholder growth 3-5%<sup>1</sup>
- Kiwi Insurance acquisition expected to complete in 2H22
- Growth in Maori population/preventative health Toi Ora business
- Continued investment in systems modernisation

1. Excluding Kiwi Insurance Limited.

## nib Travel

- Gradual return of travel domestically and internationally in CY22
- Return to profitability in FY23

## iihi

- Heightened demand for skilled migration to continue
- Gradual return of international students as travel restrictions ease
- Return to profitability in FY23





# Questions and answers





# Appendix



# Policyholder data

nib Group health insurance (#)	1H21	FY21	1H22
<b>Total persons covered</b>	<b>1,629,784</b>	<b>1,644,887</b>	<b>1,659,159</b>
Australian residents health insurance	1,211,264	1,224,320	<b>1,235,420</b>
International (inbound) health insurance	189,288	187,410	<b>185,372</b>
New Zealand	229,232	233,157	<b>238,367</b>
<b>Total policyholders</b>	<b>926,480</b>	<b>937,762</b>	<b>946,194</b>
Australian residents health insurance	635,600	645,152	<b>653,459</b>
International (inbound) health insurance	172,651	172,462	<b>169,695</b>
New Zealand	118,229	120,148	<b>123,040</b>
Total policyholder growth v PCP	1.0%	1.7%	<b>2.1%</b>
Total policyholder growth v HOH	0.5%	n/a	<b>0.9%</b>
arhi policyholder growth v PCP	3.2%	4.2%	<b>2.8%</b>
arhi policyholder growth v HOH	2.7%	n/a	<b>1.3%</b>
<b>Australian residents health insurance</b>			
Market share	9.3%	9.3%	<b>**</b>
Average age of hospital persons covered (years)	41.0	41.2	<b>41.4</b>
Sales by channel			
Corporate	8.8%	9.3%	<b>14.6%</b>
Direct to consumer	39.7%	36.3%	<b>33.4%</b>
Retail brokers	34.6%	37.4%	<b>32.2%</b>
Whitelabel partners	16.9%	16.9%	<b>19.8%</b>

\*\* Industry data for December 2021 not available at time of publication.  
nib market share at 30 September 2021 was 9.3%.



# Detailed Group gross underwriting result

Underwriting result (\$m)	1H22	1H21	Change
<b>Net premium revenue</b>	<b>1,356.1</b>	<b>1,253.3</b>	<b>▲ 8.2%</b>
arhi	1,151.0	1,067.8	▲ 7.8%
iihi	59.9	58.3	▲ 2.7%
nz	144.4	126.9	▲ 13.8%
nib travel	0.8	0.3	▲ 166.7%
<b>Net claims expense</b>	<b>(926.9)</b>	<b>(866.4)</b>	<b>▲ 7.0%</b>
Hospital claims paid (arhi)	(531.0)	(518.7)	▲ 2.4%
Ancillary claims paid (arhi)	(211.3)	(228.3)	▼ 7.4%
OSC provision movement (arhi)	(16.1)	(15.7)	▲ 2.5%
Claims COVID-19 provision movement (arhi)	(23.4)	16.2	▼ 244.4%
arhi claims expense	(781.8)	(746.5)	▲ 4.7%
iihi claims expense	(47.9)	(39.8)	▲ 20.4%
Claims paid and OSC provision movement (nz)	(93.8)	(86.1)	▲ 8.9%
Claims COVID-19 provision movement (nz)	(3.4)	6.0	▼ 156.7%
nz claims expense	(97.2)	(80.1)	▲ 21.3%
nib travel claims expense	-	-	-
<b>Risk equalisation levy</b>	<b>(114.8)</b>	<b>(110.0)</b>	<b>▲ 4.4%</b>
OSC risk equalisation margin	(4.2)	0.1	▼ 4,300.0%
Provision for ineligible claims	-	(7.5)	▼ 100.0%
Gross deficit	241.0	233.0	▲ 3.4%
Calculated deficit	(353.1)	(339.0)	▲ 4.2%
COVID-19 risk equalisation provision movement	1.5	3.4	▼ 55.9%
<b>State levies</b>	<b>(20.5)</b>	<b>(18.0)</b>	<b>▲ 13.9%</b>
<b>Decrease/(increase) in premium payback liability</b>	<b>4.3</b>	<b>0.8</b>	<b>▲ 437.5%</b>
<b>Net claims incurred (excluding claims handling)</b>	<b>(1,057.9)</b>	<b>(993.6)</b>	<b>▲ 6.5%</b>
<b>Gross underwriting result</b>	<b>298.2</b>	<b>259.7</b>	<b>▲ 14.8%</b>
arhi	233.9	193.3	▲ 21.0%
iihi	12.0	18.5	▼ 35.1%
nz	51.5	47.6	▲ 8.2%
nib travel	0.8	0.3	▲ 166.7%

# Management expenses – arhi, iihi and NZ

(\$m)	Marketing (direct)	Marketing indirect			Total marketing	Other management expenses	Total underwriting expenses	MER underwriting expenses	Amortisation of acquired intangibles	Total management expenses	MER total management expenses
		Commissions paid	Commissions deferred	Commissions amortised							
<b>Australian residents health insurance</b>											
1H21	10.7	27.4	(16.0)	17.0	39.1	66.6	105.7	9.9%	1.0	106.7	10.0%
<b>1H22</b>	<b>11.9</b>	<b>28.3</b>	<b>(14.6)</b>	<b>17.8</b>	<b>43.3</b>	<b>68.8</b>	<b>112.1</b>	<b>9.7%</b>	<b>0.9</b>	<b>113.0</b>	<b>9.8%</b>
<b>International inbound health insurance</b>											
1H21	0.4	3.7	(2.5)	3.0	4.6	14.5	19.1	32.8%	0.4	19.5	33.4%
<b>1H22</b>	<b>0.2</b>	<b>2.8</b>	<b>(1.6)</b>	<b>2.4</b>	<b>3.8</b>	<b>16.5</b>	<b>20.3</b>	<b>33.9%</b>	<b>0.4</b>	<b>20.7</b>	<b>34.6%</b>
<b>New Zealand</b>											
1H21	2.2	20.4	(12.2)	7.9	18.3	18.8	37.1	29.3%	1.7	38.8	30.6%
<b>1H22</b>	<b>2.5</b>	<b>22.5</b>	<b>(13.2)</b>	<b>9.3</b>	<b>21.2</b>	<b>21.2</b>	<b>42.4</b>	<b>29.4%</b>	<b>1.7</b>	<b>44.1</b>	<b>30.5%</b>

# Investments, gearing and capital

\$m	1H22	1H21	Change 1H22 v 1H21
Net investment income	15.1	28.0	▼46.1%
Net investment return (%)	1.3	2.7	▼140bps
Funds invested	1,128.2	977.7	▲15.4%
Debt	233.5	233.0	▲0.2%
Net tangible assets <sup>1</sup>	266.4	188.4	▲41.4%
Net finance expense	(3.0)	(3.7)	▼18.9%
Finance costs	(1.7)	(1.7)	-
Interest on lease liabilities	(1.4)	(2.0)	▼30.0%
Finance income	0.1	0.0	-
Interest ratio cover	76:1	35:1	n/a
Gearing ratio (%)	24.6	26.7	▼210bps
Leverage ratio (debt/EBITDA) last 12 months <sup>2</sup>	0.8x	1.4x	n/a
Effective tax rate (%)	30.4	31.0	▼60bps
Dividend per share (cps)	11.0	10.0	▲10.0%
Surplus assets for capital adequacy nib health funds limited	417.2	407.1	▲2.5%

1. Net tangible assets excludes deferred acquisition costs.

2. EBITDA is calculated over a rolling 12 month period.



Funds invested	1H22	1H21
Defensive		
Net investment income	(1.7)	2.9
Net investment return (%)	(0.2)	0.3
Funds invested	903.6	792.4
Growth		
Net investment income	16.8	25.1
Net investment return (%)	7.5	14.2
Funds invested	224.6	185.3
Total		
Net investment income	15.1	28.0
Net investment return (%)	1.3	2.7
Funds invested	1,128.2	977.7

# Investment asset allocation

	Consolidated			Australian investment portfolio			New Zealand investment portfolio			nib foundation investment portfolio		
	Balance as at 31/12/21 (\$m)	Allocation at 31/12/2021 (%)	Net return 6 months to 31/12/2021 (\$m)	Balance as at 31/12/21 (\$m)	Allocation at 31/12/2021 (%)	Net return 6 months to 31/12/2021 (\$m)	Balance as at 31/12/21 (\$m)	Allocation at 31/12/2021 (%)	Net return 6 months to 31/12/2021 (\$m)	Balance as at 31/12/21 (\$m)	Allocation at 31/12/2021 (%)	Net return 6 months to 31/12/2021 (\$m)
Cash	419.1	39.0	0.2	391.2	41.3	0.2	18.1	16.1	0.0	9.8	61.5	0.0
Fixed interest	431.5	40.1	(1.9)	334.2	35.3	(1.5)	94.3	83.9	(0.5)	3.1	19.4	0.1
<b>Total defensive</b>	<b>850.6</b>	<b>79.1</b>	<b>(1.7)</b>	<b>725.4</b>	<b>76.6</b>	<b>(1.3)</b>	<b>112.3</b>	<b>100.0</b>	<b>(0.5)</b>	<b>12.9</b>	<b>80.9</b>	<b>0.1</b>
Australian shares	95.4	8.9	4.6	93.1	9.8	4.5	-	-	-	2.3	14.2	0.1
Global shares – hedged	19.9	1.8	1.7	19.5	2.1	1.7	-	-	-	0.4	2.4	0.0
Global shares – unhedged	67.0	6.2	7.2	66.6	7.0	7.2	-	-	-	0.4	2.5	0.0
Unlisted property	10.5	1.0	0.5	10.5	1.1	0.5	-	-	-	-	-	-
Listed property	31.9	3.0	2.8	31.9	3.4	2.8	-	-	-	-	-	-
<b>Total growth</b>	<b>224.6</b>	<b>20.9</b>	<b>16.8</b>	<b>221.6</b>	<b>23.4</b>	<b>16.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.0</b>	<b>19.1</b>	<b>0.1</b>
<b>Total<sup>1</sup></b>	<b>1,075.2</b>	<b>100.0</b>	<b>15.1</b>	<b>947.0</b>	<b>100.0</b>	<b>15.4</b>	<b>112.3</b>	<b>100.0</b>	<b>(0.5)</b>	<b>15.9</b>	<b>100.0</b>	<b>0.2</b>

1. Investment portfolio of \$1,075.2m + operating cash of \$53.0m = \$1,128.2m. This reconciles to cash and cash equivalents of \$194.6m, financial assets at amortised cost of \$8.2m and financial assets at fair value through profit or loss of \$925.4m which totals \$1,128.2m in the Interim Report.





# Glossary

Term	Definition
1H	Six months ended/ending 31 December of the relevant financial year
2H	Six months ended/ending 30 June of the relevant financial year
APRA	Australian Prudential Regulation Authority
arhi	Australian residents health insurance, inclusive of GU Health unless otherwise stated
AUD	Australian dollar
bps	Basis points (1.0% = 100 bps)
cps	Cents per share
DRP	Dividend reinvestment plan
DCL	Deferred claims liability
DTC	Direct to consumer
EPS	Earnings per share
FX	Foreign exchange
FY	Financial year ended/ending 30 June
Group	nib holdings Group
GPAC	Gross profit after commissions, includes other marketing costs
GWP	Gross written premium
HH	Honeysuckle Health
iihi	International inbound health insurance (ishi & iwhi combined), inclusive of GU Health unless otherwise stated
IMAN	IMAN Australia Health Plans - OVHC health insurance by nib
ishi	International students health insurance
iwhi	International workers health insurance
JV	Joint venture
Lapse	Lapse is the number of policy lapses divided by the average of the opening and closing policyholder counts
MER	Management expense ratio
MGA	Managing general agent
Net claims expense	Claims expense net of reinsurance

Term	Definition
Net margin	Gross profit less management expenses as percentage of net premium revenue
Net policyholder growth	PCP - Total policies as at the end of the reporting period less total policies as at 31 December of the prior half financial year (12 month growth). YTD - Total policies as at the end of the reporting period less total policies as at 30 June of the prior financial year (6 month growth).
Net premium revenue	Premium revenue net of reinsurance
nib Travel	nib Travel is a travel insurance distributor
niss	nib international student services
NPAT	Net profit after tax
NPS	Net promoter score (service) (number of promoters less number of detractors)
NZD	New Zealand dollar
OSC	Outstanding claims liability
Other underwriting revenue	Revenue from underwriting activities excluding premium revenue
P2P	Payer to partner
PCP	Prior comparative period
PHI	Private health insurance
PPB	Premium payback liability relates to previously offered products, where customers are entitled to receive a refund (or partial refund) of premiums paid less any claims made, once the policy has been in force for a specified period. It is determined based on the discounted value of accumulated excess of premiums over claims at an individual policy level
Shared services	Refers to nib Group shared service functions including finance and corporate services, people and culture, IT, business services as well as legal, risk and governance and executive management
Underlying underwriting revenue	Net premium revenue and other underwriting revenue
UOP	Underlying operating profit - comprised of underwriting result, other income and expenses including non-underwriting businesses. It excludes amortisation of acquired intangibles, one-off transactions (integration of acquired business, establishment of business costs as well as extraordinary legal fees), merger and acquisition costs, finance costs, net investment income and income tax