



FY2022 full year results

22 August 2022

7th nib
CELEBRATING 70 YEARS



Disclaimer

The material in this presentation is a summary of the results of nib holdings limited (nib) for the 12 months ended 30 June 2022 and an update on nib's activities and is current at the date of preparation, being 22 August 2022. Further details are provided in nib's 2022 annual report and results announcement released to ASX on 22 August 2022.

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Basis of preparation

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.

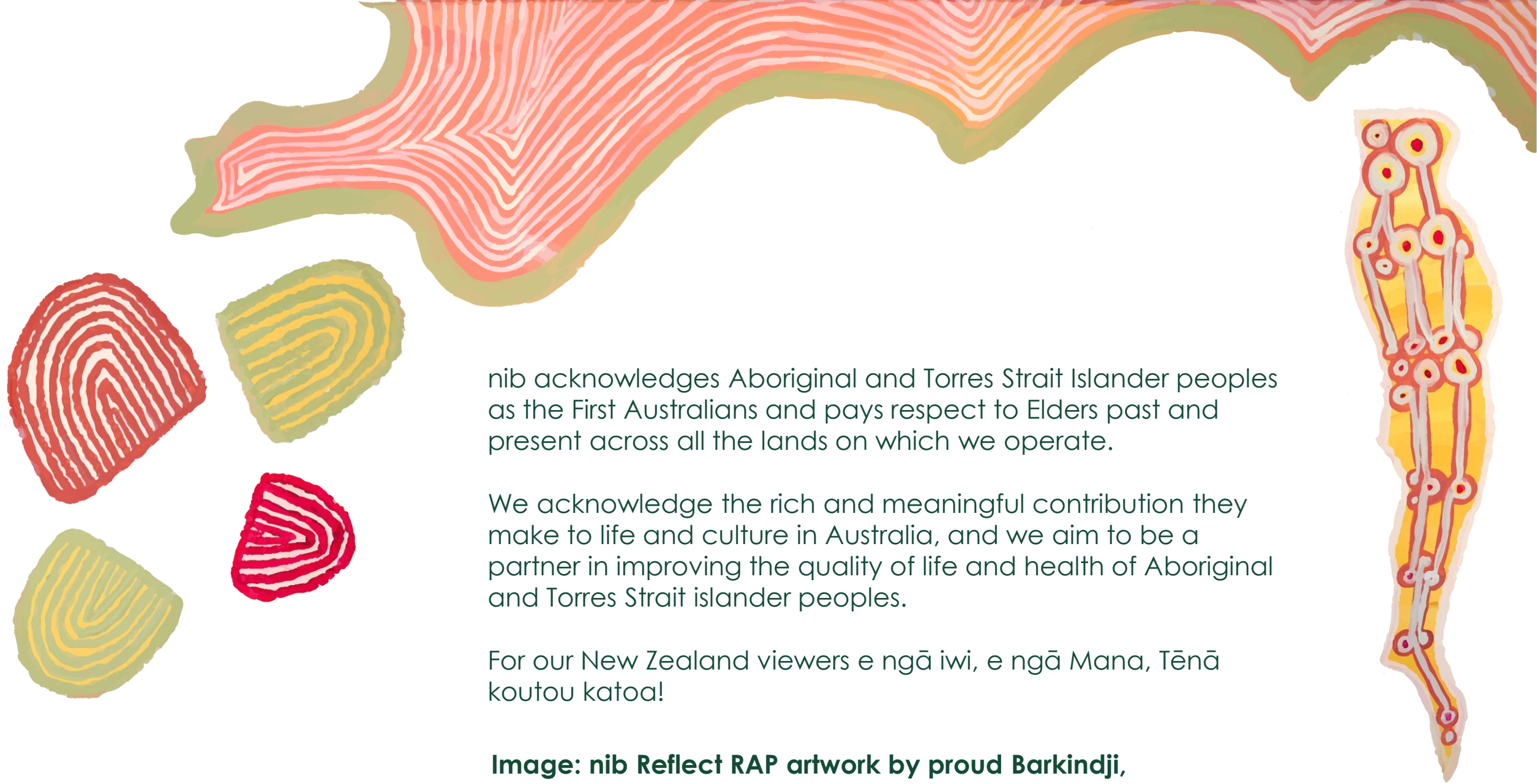
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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of nib is available on our website: nib.com.au/shareholders.

Group and nz figures are inclusive of nib nz insurance limited (previously Kiwi Insurance Limited) unless otherwise stated. Kiwi Insurance Limited was acquired on 29 April 2022.

As referenced in this presentation, if there is a percentage increase or (decrease) between FY21 and FY22, 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 and wellbeing



- Deliver deep insight and guidance about how to best achieve personal health and wellbeing goals and manage risk.
- Connect with a wide ecosystem of relevant health and wellbeing products, services, programs and providers.
- Make it all accessible and affordable with insurance and other related financial protection and support.



FY22 highlights



70 years
of meeting the needs of
our members



**Health management
programs**
~10,000 members participated



**Hospital
admissions**
\$1.6b paid in hospital
claims¹
>375,000 admissions



Carbon neutral
achieved in FY22

2040 target net carbon zero



Ancillary visits
\$450m paid in ancillary
claims¹
>3.6 million visits



**COVID-19
support package**
\$100m in member and
community support

1. Group claims incurred, underwriting segments. Includes risk equalisation, movement in premium payback liability and claims handling expense.

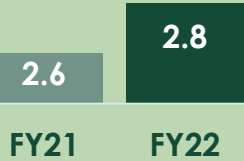
FY22 Group financial highlights



Total Group revenue

\$2.8b

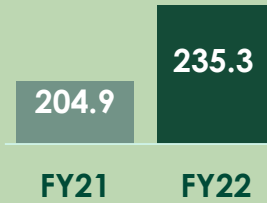
▲7.2%



Group UOP

\$235.3m

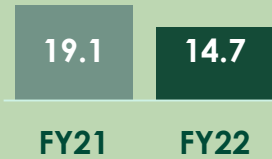
▲14.8%



ROIC¹

14.7%

▼440 bps



Investment income

51.8 ▼157.9%

(30.0)

FY21 FY22

NPAT

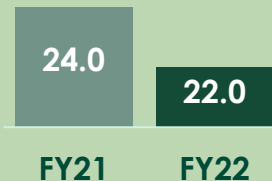
160.5 ▼16.6%

133.8

FY21 FY22

Full year dividend
22.0cps

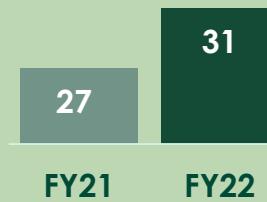
▼8.3%



Group NPS

31

▲4



- Uplift in UOP driven by arhi strength and rebound of ihi and travel.
- arhi policyholder growth of 3.2% with strong momentum in 4Q22.
- Return to profit in 2H22 for ihi and travel businesses with strong ongoing momentum in Q4 driven by iwhi sales and opening of borders for nib Travel.
- NZ residents policyholder growth of 5.6%. Completion of Kiwi Insurance Limited acquisition. Increased participation in Māori rōpū (Māori group) health programs.
- Ongoing pandemic impacts on claims with \$110.2m deferred claims liability recognised for delayed treatment.
- Continued support with COVID-19 member and community support package now at \$100m.
- NPAT, ROIC and EPS heavily impacted by investment market conditions (\$81.8m negative turn around in investment income).
- Continued investment in Payer to Partner (P2P) initiatives including moving to majority ownership of Midnight Health.

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

Nick Freeman
Chief Financial Officer



Group income statement

(\$m)	FY22	FY21	Change FY22 v FY21
Net premium revenue	2,703.4	2,548.8	▲ 6.1%
Net claims incurred ¹	(2,085.0)	(2,004.9)	▲ 4.0%
Other underwriting revenue	6.4	3.8	▲ 68.4%
Underwriting expenses	(365.5)	(318.0)	▲ 14.9%
Underlying underwriting result	259.3	229.7	▲ 12.9%
Other income	51.5	24.1	▲ 113.7%
Other expenses	(68.2)	(44.1)	▲ 54.6%
Share of net profit/loss of associates and joint ventures	(7.3)	(4.8)	▲ 52.1%
Underlying operating profit	235.3	204.9	▲ 14.8%
Amortisation of acquired intangibles	(7.7)	(8.0)	▼ 3.8%
Impairment of intangibles	0.0	(8.8)	▼ 100.0%
One-off transactions, M&A and business implementation costs	(0.1)	(2.1)	▼ 95.2%
Statutory operating profit	227.5	186.0	▲ 22.3%
Net finance costs	(6.7)	(6.8)	▼ 1.5%
Net investment income	(30.0)	51.8	▼ 157.9%
Profit before tax	190.8	231.0	▼ 17.4%
Tax	(57.0)	(70.5)	▼ 19.1%
Net profit after tax	133.8	160.5	▼ 16.6%

1. Net claims incurred includes claims handling expenses.

Key drivers of result

- Strong premium revenue growth due to policyholder increases across arhi, iwhi and nz.
- Claims remain subdued given ongoing COVID-19 impacts from Delta and Omicron, as well as supply chain limitations.
- Deferred claims liability increased to \$110.2m (recognised in arhi business only).
- iihi return to profit in 2H22 with strong iwhi result.
- Underwriting expenses impacted by increase in acquisition costs (up 14.2%) and P2P initiatives.
- Increase in other income and expenses reflects rebound of travel business.
- Share of loss in associates & joint ventures includes Honeysuckle Health losses and initial impact of Midnight Health.
- Net finance costs remain stable with increased interest on borrowings offset by lower lease interest with reduction in lease liability.
- Investment income impacted by challenging market conditions.

DCL by segment (\$m)	1H21	FY21	1H22	FY22
arhi	70.7	34.0	55.9	110.2
nz	2.3	0.0	3.3	0.0
Total	73.1	34.0	59.2	110.2

Group gross profit drivers

(\$m)	FY21	FY22	Movement	
FY21 Group gross profit				563.3
Policyholder growth				28.4
Premium revenue			91.6	
Claims expense			(63.2)	
Product and scale mix				(11.0)
Premium revenue (excluding price deferral/credit)			(40.3)	
Claims expense			29.2	
Rate variances				49.7
Premium revenue (excluding price deferral/credit)			119.4	
Claims expense			(69.7)	
Prior year impacts – OSC development	(4.2)	1.6	5.7	5.7
Industry risk equalisation impacts	62.1	49.8	(12.3)	(12.3)
Industry risk equalisation savings/deferral	47.0	92.1	45.2	
COVID-19 provision movement	15.1	(42.3)	(57.5)	
iihi COVID-19 impacts	(18.8)	(15.0)	3.8	3.8
NZ COVID-19 impacts	(0.2)	8.0	8.2	8.2
arhi COVID-19 impacts	18.3	19.7	1.4	1.4
Net claims savings/deferral	(0.6)	104.6	105.2	
COVID-19 provision (claims related) movement	40.6	(33.4)	(74.0)	
Suspension/waiver impact	(0.7)	(0.1)	0.6	
Price increase deferral/COVID-19 credit	(21.1)	(51.5)	(30.4)	
FY22 Group gross profit				637.1

- Claim impacts from COVID-19 based on updated modelling and as such FY21 has been updated in this analysis.
- Strong gross profit increase from policyholder growth of \$28.4m.
- Lower impact from product and scale mix of \$(11.0)m with reduced revenue downgrading during FY22 of \$(40.3)m compared with \$45.5m in FY21. arhi downgrading reduced, nz increased.
- Margin expansion with premium rate increases ahead of claims rate growth.
- \$5.7m due to outstanding claims movements, driven by iihi with favourable June 21 movements.
- Significant claims savings from risk equalisation during FY22, however \$12.3m lower than FY21 after allowing for DCL impacts.
- Reduced impact from COVID-19 on iihi claiming resulting in a \$3.8m favourable outcome.
- arhi claims savings from COVID-19 significantly higher in FY22, however offset by increases to the DCL for expected catch-up and significant member giveback, with net impacts in line with FY21.

Note:

Gross profit excludes the impact of claims handling expenses.

A deferred claims liability (DCL) has not been utilised in NZ however, catch up is expected and risk margin on OSC has increased \$4.9m as a result. \$4.7m in Deferred Acquisition Cost has been written off under Liability Adequacy Test.

Australian residents health insurance

Financial performance (\$m)	FY22	FY21	Change FY22 v FY21
Premium revenue	2,286.2	2,174.1	▲5.2%
Claims expense (excluding claims handling)	(1,807.8)	(1,741.0)	▲3.8%
Claims ¹	(1,525.8)	(1,575.1)	▼3.1%
Risk equalisation	(206.1)	(221.8)	▼7.1%
Claims COVID-19 provision	(53.3)	47.9	▲211.3%
Risk equalisation COVID-19 provision	(22.6)	8.0	▲382.5%
Other underwriting revenue	3.9	1.8	▲116.7%
Marketing expenses	(100.3)	(87.9)	▲14.1%
Other expenses	(144.0)	(135.2)	▲6.5%
Other income and expenses	2.5	2.4	▲4.2%
Underlying operating profit	240.5	214.2	▲12.3%
Key metrics			
Policyholders (#)	665,773	645,152	▲3.2%
Lapse ² (%)	11.0	11.2	▼20bps
Net policyholder growth ² (%)	3.2	4.2	▼100bps
Net promoter score (NPS) ³	30	25	▲5
Gross margin (%)	20.9	19.9	▲100bps
Management expense ratio (MER) (%)	10.7	10.3	▲40bps
Marketing MER (%)	4.4	4.0	▲40bps
Other MER (%)	6.3	6.3	-
Net margin (%)	10.2	9.7	▲50bps

1. Includes state levies.

2. Includes impact of COVID-19 suspensions and resumptions.

3. Excludes GU Health.

4. Average revenue per policy adjusting for price increase/deferral and giveback.

Strong growth momentum and member experience with elevated margins to return to target range over longer term

- Premium revenue ▲5.2% largely due to growth and prior year pricing adjustments (premium revenue would have been ▲6.5% adjusting for price increase deferrals and member giveback).
- Lower product mix impact – average revenue per policy⁴ ▼1.2% in FY22 (▼1.9% FY21).
- Policyholder growth of ▲3.2% with strong momentum in 4Q22 (best quarterly net growth in 7 years excluding resumptions).
- Claims ▼3.1% with lower volumes from COVID-related lockdowns and service activity restrictions.
- Risk equalisation ▼7.1% due to COVID-19 impacts (reduced industry claiming, particularly in >65 cohort).
- DCL increased to \$110.2m (1H22 \$55.9m, FY21 \$34.0m) for expected catch-up of deferred services.
- Marketing MER ▲40bps on the back of increased investment in growth and brand refresh.
- Other MER remains stable with investment in P2P offset by lower share of Group expenses.
- NPS improvement driven by the digital member card and no price increase in FY22.

International inbound health insurance

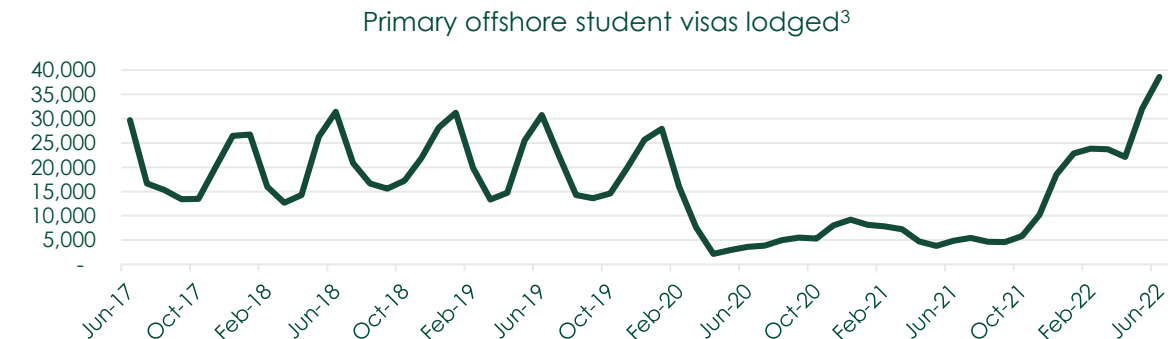
Financial performance (\$m)	FY22	FY21	Change FY22 v FY21
Premium revenue	123.7	115.5	▲7.1%
Claims expense (excluding claims handling)	(85.8)	(85.8)	-
Other underwriting revenue	2.6	2.0	▲30.0%
Management expenses	(41.6)	(37.6)	▲10.6%
Underlying operating profit/(loss)	(1.1)	(5.9)	▼81.4%
Key metrics			
Policyholders (#)	164,133	172,462	▼4.8%
Net policyholder growth (%)	(4.8)	(6.5)	▼170bps
iwhi net promoter score ¹ (NPS)	43	36	▲7
ishi net promoter score (NPS)	47	45	▲2
Gross margin (%)	30.6	25.7	▲490bps
Management expense ratio (MER) (%)	33.6	32.6	▲100bps
Marketing MER (%)	6.2	7.6	▼140bps
Other MER (%)	27.4	25.0	▲240bps
Net margin (%)	(3.0)	(6.8)	▲380bps

iihi	1H20	2H20	1H21	2H21	1H22	2H22
UOP \$m	12.3	9.9	0.3	(6.2)	(7.4)	6.3

1. Excludes GU Health.
2. Dating back to July 2005.
3. Source: <https://data.gov.au/data/dataset/student-visas>

FY22 premium revenue at its highest levels due to strong performance of our diversified portfolio

- Full year UOP result was a loss of \$1.1m with a strong finish to the year which saw a return to profit of \$6.3m in 2H22.
- Result driven by mix (more workers, less students) and reduced claims incurred as borders reopen, while revenue returns to pre-COVID levels.
- Improving margin trend with 2H22 gross margin of 40.6% improving against 1H22 of 20.0%. COVID-19 impacts beginning to ease with the opening of international borders (new sales, increased voluntary repatriation).
- Premium revenue ▲7.1% driven by strong performance of iwhi and shift in mix increasing average revenue per member.
- Policyholders ▼4.8% due to decline in students however, expecting strong return of student market with primary offshore visas lodged in June the highest on record².
- NPS continues to improve with digitisation of chat and point of service claiming.



New Zealand

Financial performance (\$m)	FY22	FY22 excluding life & living insurance ¹	FY21	Change FY22 excl life & living v FY21
Premium revenue	291.8	289.2	258.6	▲11.8%
Claims incurred (excluding claims handling) ²	(172.7)	(172.1)	(158.7)	▲8.4%
Commissions and marketing expenses	(43.3)	(43.0)	(38.2)	▲12.6%
DAC write-off	(4.7)	(4.7)	n/a	▲100%
Other management expenses	(48.3)	(46.7)	(37.6)	▲24.2%
Underlying operating profit	22.7	22.6	24.1	▼6.2%
Key metrics				
Policyholders (#)	156,275	125,520	120,148	▲4.5%
Net policyholder growth (%)	30.1	4.5	1.6	▲290 bps
Residents PHI (%)	5.6	5.6	5.0	▲60bps
Net promoter score (NPS)	34	34	34	-
Gross margin (%)	40.8	40.5	38.6	▲190bps
Management expense ratio (MER) (%)	33.0	32.6	29.3	▲330bps
Marketing MER (%)	16.4	16.5	14.8	▲170 bps
Other MER (%)	16.6	16.1	14.5	▲160 bps
Net margin (%)	7.8	7.8	9.3	▼150bps

Continuing strong top line growth and consistent gross margin

- FY22 result includes 2-month impact of new life and living insurance business¹ (\$0.1m UOP).
- Strong premium growth ▲11.8%³, with policyholder growth of 5.6% for nz health book, price adjustments to reflect inflation and favourable FX.
- Claims ▲8.4%³ from policyholder increase of 4.5% and claims inflation of 4.0% (utilisation ▲5.2%, service cost ▼1.0% & aging ▼0.2%).
- Claims inflation was lower due to COVID deferrals and likely some activity was deferred and will catch up in FY23. A deferred claims liability (DCL) has not been utilised in NZ (given differing circumstances to Australia).
- A temporary increase in the outstanding claims (OSC) risk margin (\$4.9m) is warranted to allow for the greater uncertainty around COVID-19 claims which had previously been addressed through the DCL. LAT expected cost of claims including risk margin has also been increased (LAT deficiency requiring a partial DAC write-off \$4.7m).
- Commissions and marketing expenses ▲12.6%³ due to growth.
- Other management expenses includes investment in IT re-platforming, member support and health partnerships as well as some shared service allocation impacts.

- nib nz insurance limited (previously Kiwi Insurance Limited, acquired on 29 April 2022). Our life and living products include life, serious illness trauma and income protection insurance.
- Includes movement in premium payback liability.
- Change of FY22 excluding life and living insurance business compared to FY21.

nib Travel

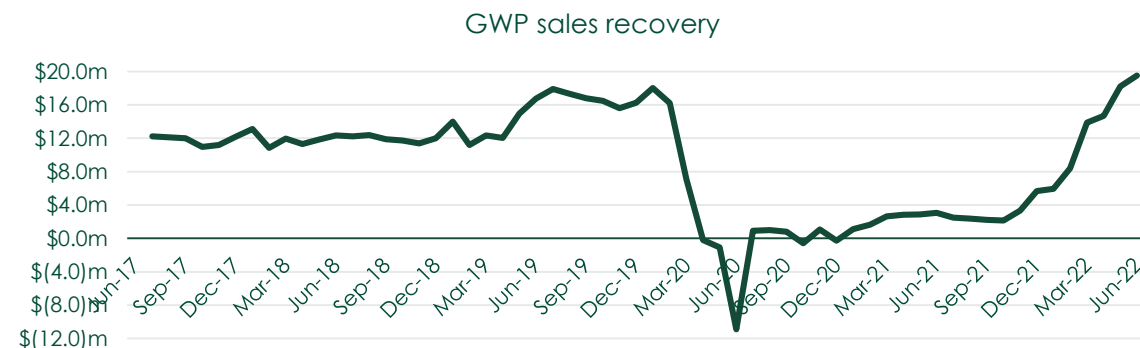
Financial performance (\$m)	FY22	FY21	Change FY22 v FY21
Underwriting result	(0.3)	(0.3)	-
Operating income	46.6	14.0	▲ 232.9%
Acquisition costs	(26.8)	(4.2)	▲ 538.1%
Marketing - commissions	(23.3)	(3.1)	▲ 651.6%
Marketing - advertising	(3.5)	(1.1)	▲ 218.2%
Operating expenses	(26.9)	(23.1)	▲ 16.5%
Underlying operating profit/(loss)	(7.4)	(13.6)	▼ 45.6%
Key metrics			
Gross written premium ¹ (\$m)	98.8	17.0	▲ 481.2%
Gross profit after commissions ² (\$m)	19.7	8.1	▲ 143.2%
Sales (#)	391,994	153,562	▲ 155.3%
Domestic	233,704	88,337	▲ 164.6%
International	158,290	65,225	▲ 142.7%
Net promoter score (NPS)	52	58	▼ 6

Financials & key metrics – by half	1H21	2H21	1H22	2H22
Sales (#)	25,450	128,112	94,714	297,280
Gross written premium ¹ (\$m)	2.8	14.2	18.2	80.6
Operating income (\$m)	4.4	9.6	8.2	38.4
Underlying operating profit (\$m)	(7.8)	(5.8)	(7.9)	0.5

- 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.
- nib estimate based on APRA statistics for March 2022. June 2022 statistics not available at time of publication.

Return to profitability in 2H22

- Strong recovery in sales volumes in Q4, leading to return to profitability for 2H22 and reducing full year loss to \$7.4m.
- Global gross written premium reached 103% of pre-COVID volume in Q4, with domestic at 132% and international at 65%.
- Strong sales demand and gain in AU market share³ due to reopening of international borders, product positioning which includes cover for COVID-19, white label and partner distribution relationships, and greater customer interest in travel insurance.
- Benefits of new underwriting arrangements beginning to show in results. Continued focus on cost efficiencies. Operational expenses ▲ 16.5% includes volume drivers, impact of discontinued wage subsidies, and underwriting arrangement transition costs, but remaining well under pre-COVID levels.
- Maintained strong NPS of 52 through significant business impacts from COVID-19.

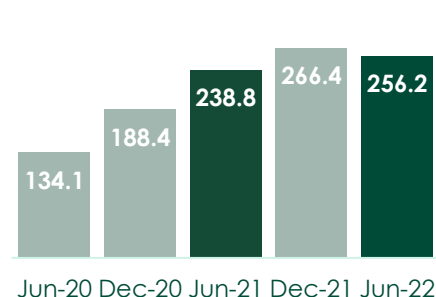


Capital management

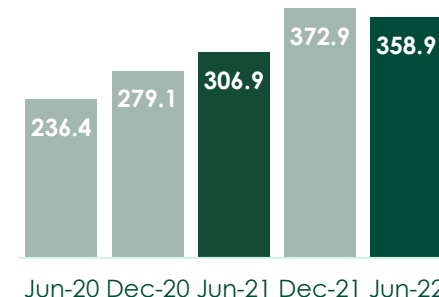
Group capital (\$m)	FY22	FY21
Opening available capital (1 July)	65.7	53.7
Sources of capital	45.7	72.5
NPAT	133.8	160.5
Write down of intangibles already excluded from available capital	3.1	15.2
Other increases in equity	9.6	6.5
Dividend	(100.8)	(109.7)
Changes in capital employed	(28.9)	(60.5)
Increase in nib health funds capital target	(22.4)	(69.8) ¹
Increase in nib nz internal capital target	(2.3)	(5.1)
Capital injection into joint ventures	(8.8)	(5.7)
nib nz insurance limited ² acquisition (net of debt funding)	(4.0)	0.0
Reduction in capital required for non-regulated entities	8.6	20.1
Net change in capital	16.8	12.0
Closing available capital (30 June)	82.4	65.7

1. nib health funds capital target increased in June 2021 to allow for APRA minimum requiring a higher level of sufficiency in deferred claim liability.
2. nib nz insurance limited, previously Kiwi Insurance Limited acquired on 29 April 2022.

nib Group
net tangible assets (\$m)



nib health funds
net tangible assets (\$m)



- FY22 investment losses lowered NPAT and reduced sources of capital in FY22 and resulted in the NTA decline in 2H22.
- APRA released draft Prudential Standard HPS110 Capital Adequacy and other capital related standards in December 2021. It is anticipated these standards will be finalised in September 2022 for implementation by 1 July 2023. nib is well progressed for this implementation and will be revising internal benchmarks and reporting when final standards are released. As such the capital information provided should be considered as a guide of like for like movements between FY21 and FY22.
- Change in capital employed is mainly impacted by nib health funds capital target. In FY21 the increase in target was higher at \$69.8m due to step change allowance for a higher level of sufficiency in deferred claim liability. In FY22 the increase was due to growth.
- Full year dividend of 22.0cps based on 74.4% DPR.

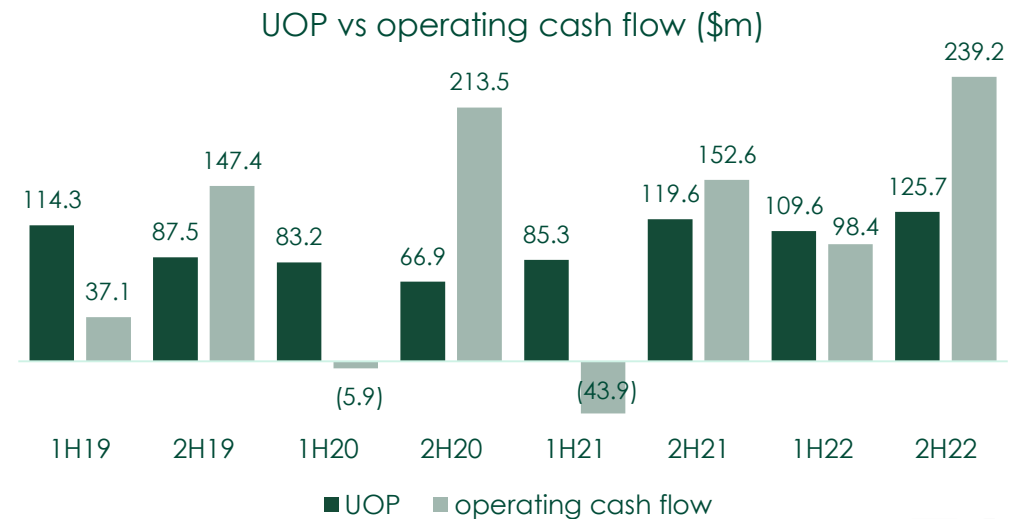
Cash flow

Consolidated cash flow (\$m)	FY22	FY21	Change FY22 v FY21
Operating cash inflows	2,916.9	2,692.2	▲8.3%
Operating cash outflows	(2,579.3)	(2,583.5)	▼0.2%
Net cash inflow from operating activities	337.6	108.7	▲210.6%
Investing cash outflow - PPE and intangibles	(26.5)	(23.5)	▲12.8%
Proceeds from sale of joint venture	0.0	12.9	▼100.0%
Investing cash outflow - M&A/JVs	(48.2)	(5.7)	▲745.6%
Lease payments ¹	(8.2)	(9.0)	▼8.9%
Dividends paid	(114.3)	(63.9)	▲78.9%
Free cash flow	140.4	19.5	▲620.0%
Net proceeds/ (payments) from investments (rebalancing investments)	(184.6)	(7.2)	▲2,463.9%
Movement in shares	8.1	3.6	▲125.0%
Change in borrowings	30.0	0.0	n/a
Effects of exchange rate changes	(1.4)	0.4	▼450.0%
Net movement in cash/cash equivalents	(7.5)	16.3	▼146.0%

1. Net of sublease receipts.

2. nib nz insurance limited, previously Kiwi Insurance Limited acquired on 29 April 2022.

- Strong operating cash driven by top line growth and low cash claims.
- Operating cash outflow reflects further claims deferral across the industry resulting in lower risk equalisation payments and an increase in the deferred claims liability of \$76.2m.
- Investments in M&A/JVs incorporated the acquisition of nib nz insurance limited² (\$39.4m), initial investment in Midnight Health (\$4.0m) and continued investment in Honeysuckle Health (\$4.8m).
- FY22 dividends paid reflect change to FY21 with FY21 total dividend paid relatively low as impacted by 4cps final dividend for FY20.
- Rebalancing investment payments in FY22 reflect higher reinvestment of cash inflows.
- Increase in borrowings funding the acquisition of nib nz insurance limited².



Roslyn Toms

Group Executive Legal
& Chief Risk Officer







FY22 sustainability highlights

<p>Assisted ~10,000 members to stay healthy through our health management programs including almost 1,000 Māori rōpū (Māori group members)</p>	<p>Delivered all outcomes of our <i>Reflect Reconciliation</i> Action Plan</p>
<p>Launched a health check (health risk assessment) and associated good health plan to help improve health outcomes for members</p>	<p>50% of our brand partnership and community sponsorship portfolio advocated for equality and diversity</p>
<p>Almost 500,000 people reached via nib foundation's Prevention Partnerships with a focus on chronic disease risk reduction</p>	<p>Attained Climate Active Carbon Neutral certification for the first time</p>
<p>\$2.3 million in community funding including 26 charities supported by nib foundation</p>	<p>Developed science-based targets to achieve net carbon zero by 2040</p>
<p>Achieved 40/40/20 gender representation across our managers, team leaders, heads of business, Executive and Board</p>	<p>Attainment of ISO 27001 certification for cybersecurity processes</p>





Sustainability – focus areas for FY23 and beyond

<div>Population Health</div> <div></div>	<ul style="list-style-type: none">• Continue to invest in new group-wide health management programs across our clinical focus areas and increase participation• Provide alternative care settings for members as part of our hospital substitution program• Empower members with tools to assess their health and wellbeing status and increase usage of those tools
<div>Natural Environment</div> <div></div>	<ul style="list-style-type: none">• Conduct a new climate change scenario analysis• Achieve validation from SBTi of our net zero targets• Reduce scope 1, 2 and 3 emissions in line with our net zero targets
<div>Community Spirit & Cohesion</div> <div></div>	<ul style="list-style-type: none">• Develop and launch <i>Innovate</i> Reconciliation Action Plan• Deliver greater impact through the nib foundation's prevention partnerships• Grow our employee volunteering hours• Increase the proportion of our sponsorship portfolio that advocates for equality and diversity
<div>Economic Development & Employment</div> <div></div>	<ul style="list-style-type: none">• Improve employee engagement score over our FY22 result• 40/40/20 gender mix in Board, Executive, heads of business units, team leader and manager positions• Engage all executive successors in our Leading Business & Strategy Development Program

Mark Fitzgibbon

Chief Executive Officer
& Managing Director



Business strategy – Payer to Partner (P2P)



We apply data science and predictive analytics in developing deep insight into the health risk of individuals and how it may be best managed, as well as equip them with integrated digital tools for seamless engagement with us and the healthcare system **(personalisation)**.

This insight and engagement becomes our core capability and competitive advantage. Consistent with our purpose it helps our members, travellers and their healthcare providers improve health outcomes. With that we are able to:



PHI expansion

Expand our value proposition and differentiate nib 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 markets

Enter and grow new markets with a non-PHI membership as well as offering treatment packages and health programs specific to a wide range of conditions. We differentiate and grow our travel product and pursue NDIS opportunities.



Cost containment and affordability

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



Revenue and value capture

Capture revenue and value from existing healthcare providers through Honeysuckle Health and its wide range of health risk management products and services.



Government and 3rd party programs

Aspire to manage healthcare and improve outcomes within discrete communities on behalf of Government and other healthcare payers.



In pursuit of these goals, we continue to develop organisational, talent and advanced technological capability across the Group **(organisational capability)**.

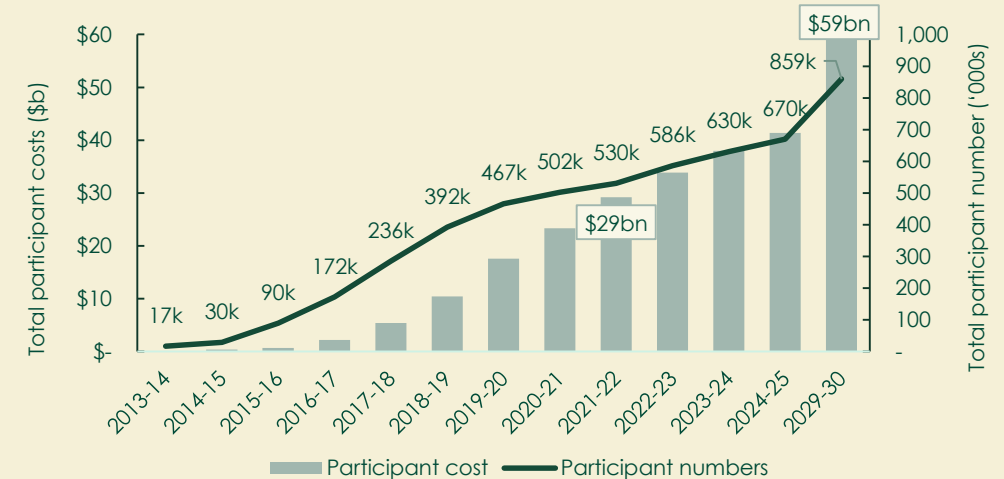
nib and the NDIS

Market opportunity

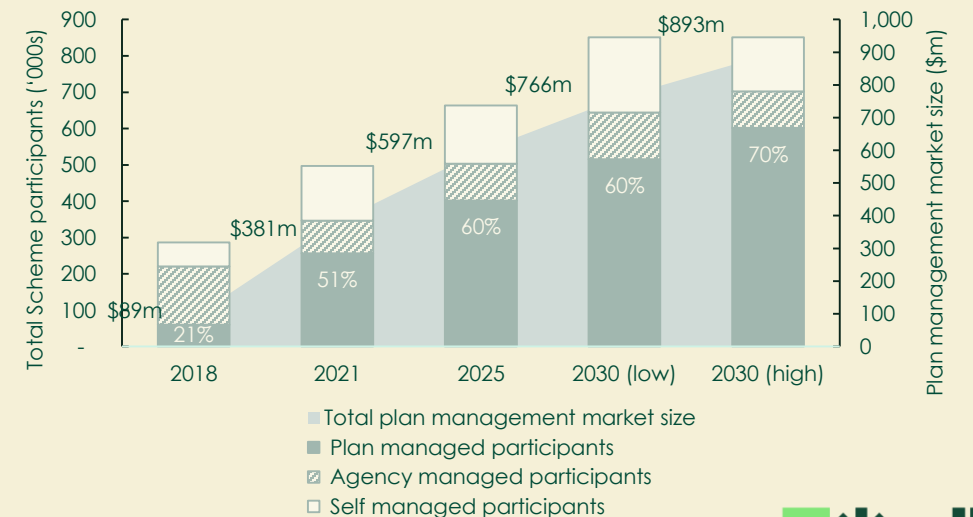
- ~530k participants expected to grow to +800k by FY30¹.
- Total NDIS scheme funding is expected to double from \$29b to \$59b by FY30 and surpass PHI spend¹.
- The average plan budget for each participant is ~\$69k².
- 56% of participants choose to have an organisation help them with managing their plan². This is known as Plan Management.
- Plan Management is expected to grow as new participants join and current participants choose to switch from other methods.
- nib views an opportunity to connect the “buyers and sellers” of disability services and support as it does “buyers and sellers” in healthcare.

1. National Disability Insurance Scheme: Annual Financial Sustainability Report 2020-21.
2. NDIS Quarterly Report to disability ministers 30 June 2022.
3. nib estimates.

NDIS participants and funding



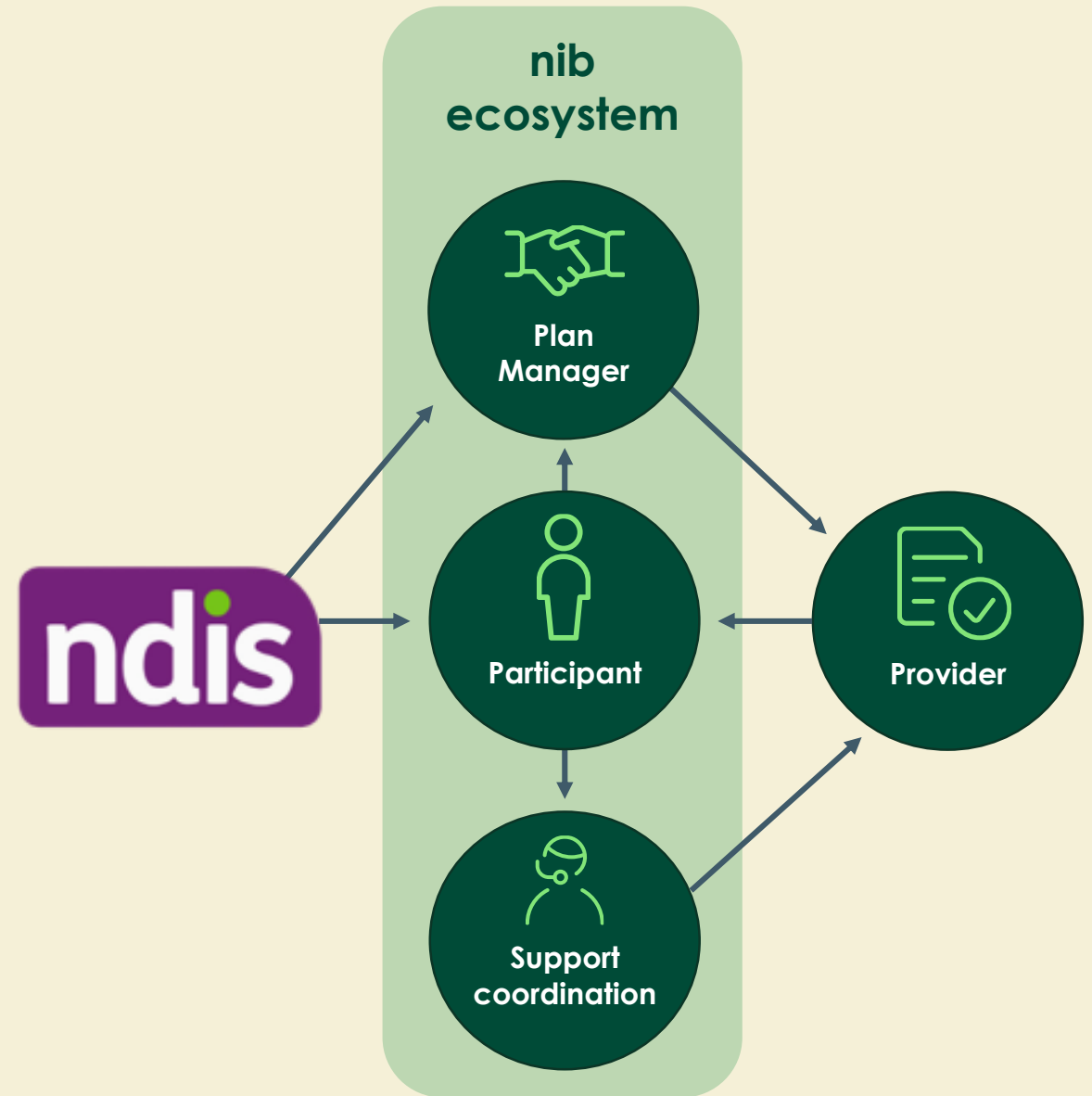
NDIS plan management market³



nib and the NDIS

Our strategy

- Specialist team created to pursue opportunity, led by Executive reporting to CEO.
- Focus upon plan management and support coordination (not service and support provision).
- Enter plan management sector through targeted M&A and platform development.
- Target 50k participants by 2025 (minimum).
- Establish/buy/invest in best of breed core technical platforms.
- Leverage Honeysuckle Health and P2P to improve outcomes for participants and maximise value.



Adjacent businesses



- Delivery of health management programs to over 7,000 participants.
- Expansion of offering to 12 programs (including acquisition of Prima Health Solutions).
- ACCC authorisation to negotiate with hospital and healthcare providers on behalf of multiple health insurers and payers.
- Partnering with QBE in delivering value-based care via a phone-based injury support program. Providing people with access to an experienced Nurse Coordinator to support their recovery.
- Launched an online health risk assessment.

China JV

- Due to unfavourable market conditions and the impact of COVID-19, the JV partners (nib and Tasly) have agreed to exit this business in FY23.
- No impairment currently expected given losses already recognised and assets held in JV (including the broking licence which will be sold).



- Series A funding completed in July 2022. nib's equity stake is now 63.14%.
- Midnight Health's vision is to develop a whole health ecosystem that will become a starting point for people to manage their health.
- nib, MH & HH will become more integrated between the manufacturing of products and bringing the products to market:
 - Health management programs (chronic disease & preventative health),
 - Treatment packs, pharmacy retail,
 - Prescriptions to your door, telehealth, at home testing.



Outlook

arhi

- Net policyholder growth 3-4%.
- Claims experience expected to remain subdued for 1H23.
- Gradual movement towards net margin target of 6-7% over time.
- Consideration of further member support for forgone treatment during pandemic.
- Further expansion of P2P offerings.

nib Travel

- Continued investment on systems and digital customer experiences.
- Continuing improvement in profitability in FY23.
- Return to pre-COVID conditions by FY24, but on recent demand trends this may occur in FY23.

New Zealand

- Net policyholder growth 3-4% for core health book.
- Continued investment in business systems and efficiency.
- Return to net margin target 8-10% over time, although unlikely in FY23 due to systems investment.
- New life and living insurance business¹ focus on IT transition and integration in FY23.

iihi

- Workers outlook positive with continued demand for skilled migration.
- Strong return of student market expected, although margins will take time to recover.
- Continued improving profitability outlook.

Note: Forecasts are indicative only.

1. nib nz insurance limited (previously Kiwi Insurance Limited, acquired on 29 April 2022). Our life and living products include life, serious illness trauma and income protection insurance.



Questions and answers



Appendix

Policyholder data

nib Group policyholders (#)	FY22	FY21	FY20	FY19
Total persons covered	1,715,081	1,644,887	1,616,263	1,579,694¹
Australian residents health insurance	1,255,265	1,224,320	1,186,805	1,176,154 ¹
International (inbound) health insurance	181,181	187,410	202,533	190,479
New Zealand ²	278,635	233,157	226,925	213,061
Total policyholders	986,181	937,762	921,717	890,920
Australian residents health insurance	665,773	645,152	619,079	607,388
International (inbound) health insurance	164,133	172,462	184,379	173,411
New Zealand ²	156,275	120,148	118,259	110,121
Total policyholder growth v PCP	5.2%	1.7%	3.5%	5.7%
arhi policyholder growth v PCP	3.2%	4.2%	1.9%	2.1%
Australian residents health insurance				
Market share	9.3%³	9.3%	9.2%	9.1%
Average age of hospital persons covered (years)	41.6	41.3 ¹	40.8	40.3 ¹
Sales by channel				
Corporate	14.3%	9.3%	10.5%	11.4%
Direct to consumer	30.9%	36.3%	36.2% ¹	35.6% ¹
Retail brokers	33.4%	37.5%	29.9% ¹	25.0%
Whitelabel partners	21.4%	16.9%	23.4%	28.1%

1. Immaterial adjustment to figures stated in prior years presentations.

2. New Zealand figures include life and living insurance policies with nib nz insurance limited (previously Kiwi Insurance Limited) acquisition completed on 29 April 2022.

3. Industry data for June 2022 not available at time of publication. nib market share at 31 March 2022 was 9.3%.

Detailed Group gross underwriting

Underwriting result (\$m)	FY22	FY21	Change
Net premium revenue	2,703.4	2,548.8	▲ 6.1%
arhi	2,286.2	2,174.1	▲ 5.2%
iihi	123.7	115.5	▲ 7.1%
nz	291.8	258.6	▲ 12.8%
nib travel	1.7	0.6	▲ 183.3%
Net claims expense	(1,805.6)	(1,738.0)	▲ 3.9%
Hospital claims paid (arhi)	(1,030.0)	(1,047.1)	▼ 1.6%
Ancillary claims paid (arhi)	(450.6)	(464.9)	▼ 3.1%
OSC provision movement (arhi)	(6.1)	(27.2)	▼ 77.6%
Claims COVID-19 provision movement (arhi)	(53.3)	47.9	▼ 211.3%
arhi claims expense	(1,540.0)	(1,491.2)	▲ 3.3%
iihi claims expense	(85.8)	(85.8)	0.0%
Claims paid and OSC provision movement (nz)	(179.8)	(169.4)	▲ 6.1%
Claims COVID-19 provision movement (nz)	(0.0)	8.4	▼ 100.0%
nz claims expense	(179.8)	(161.0)	▲ 11.7%
nib travel claims expense	0.0	0.0	n/a
Risk equalisation levy	(228.7)	(213.8)	▲ 7.0%
OSC risk equalisation margin	2.4	0.7	▲ 242.9%
Provision for ineligible claims	0.0	(3.4)	▼ 100.0%
Gross deficit	470.5	475.0	▼ 0.9%
Calculated deficit	(679.0)	(694.1)	▼ 2.2%
COVID-19 risk equalisation provision movement	(22.6)	8.0	▼ 382.5%
State levies	(39.1)	(36.0)	▲ 8.6%
Decrease/(increase) in premium payback liability	7.1	2.3	▲ 208.7%
Net claims incurred (excluding claims handling)	(2,066.3)	(1,985.5)	▲ 4.1%
Gross underwriting result	637.1	563.3	▲ 13.1%
arhi	478.4	433.1	▲ 10.5%
iihi	37.9	29.7	▲ 27.6%
nz	119.1	99.9	▲ 19.2%
nib travel	1.7	0.6	▲ 183.3%

Management expenses – arhi, iihi & 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							
Australian residents health insurance											
FY21	27.6	63.4	(38.0)	34.9	87.9	135.2	223.1	10.3%	1.9	225.0	10.3%
FY22	35.3	65.4	(35.8)	35.4	100.3	144.0	244.3	10.7%	1.9	246.2	10.8%
International inbound health insurance											
FY21	0.7	7.6	(5.2)	5.8	8.8	28.8	37.6	32.6%	0.8	38.4	33.2%
FY22	0.6	6.0	(3.4)	4.5	7.7	33.9	41.6	33.6%	0.8	42.4	34.3%
New Zealand											
FY21	5.8	39.0	(24.7)	18.2	38.2	37.6	75.8	29.3%	3.4	79.2	30.6%
FY22	5.8	46.1	(24.6)	20.7	48.0	48.3	96.3	33.0%	3.4	99.7	34.2%

Investments, gearing and capital

\$m	FY22	FY21	Change FY22 v FY21
Net investment income	(30.0)	51.8	▼ 157.9%
Net investment return (%)	(2.4)	4.9	▼ 730bps
Funds invested	1,225.2	1,091.7	▲ 12.2%
Debt	260.8	232.2	▲ 12.3%
Net tangible assets ¹	256.2	238.8	▲ 7.3%
Net finance expense	(6.7)	(6.8)	▼ 1.5%
Finance costs	(4.4)	(3.4)	▲ 29.4%
Interest on lease liabilities	(2.6)	(3.6)	▼ 27.8%
Finance income	0.3	0.2	▲ 50.0%
Interest ratio cover	49:1	70:1	n/a
Gearing ratio (%)	26.6	25.2	▲ 140bps
Leverage ratio (debt/EBITDA) last 12 months ²	1.2x	0.9x	n/a
Effective tax rate (%)	29.9	30.5	▼ 60bps
Dividend per share (cps)	22.0	24.0	▼ 8.3%
Dividend payout ratio (%)	74.4	68.2	▲ 620bps
Surplus assets for capital adequacy nib health funds limited	534.0	392.8	▲ 35.9%

1. Net tangible assets excludes deferred acquisition costs.
2. EBITDA is calculated over a rolling 12-month period.

Funds invested	FY22	FY21
Defensive		
Net investment income	(8.9)	0.7
Net investment return (%)	(1.0)	0.1
Funds invested	1,007.5	867.4
Growth		
Net investment income	(21.1)	51.1
Net investment return (%)	(9.5)	26.5
Funds invested	217.7	224.3
Total		
Net investment income	(30.0)	51.8
Net investment return (%)	(2.4)	4.9
Funds invested	1,225.2	1,091.7

- Investment results have been volatile during FY22, major impacts are investment allocation and performance of socially responsible investment funds (especially equities). Some rebound has occurred post FY22 with unaudited investment gains in July 2022 of \$19.2m.

Investment asset allocation

	Consolidated			Australian investment portfolio			New Zealand investment portfolio			nib foundation investment portfolio		
	Balance as at 30/06/22 (\$m)	Allocation at 30/06/22 (%)	Net return 12 months to 30/06/22 (\$m)	Balance as at 30/06/22 (\$m)	Allocation at 30/06/22 (%)	Net return 12 months to 30/06/22 (\$m)	Balance as at 30/06/22 (\$m)	Allocation at 30/06/22 (%)	Net return 12 months to 30/06/22 (\$m)	Balance as at 30/06/22 (\$m)	Allocation at 30/06/22 (%)	Net return 12 months to 30/06/22 (\$m)
Cash	467.5	40.0	1.3	416.3	41.3	1.0	42.5	29.0	0.3	8.7	60.7	0.0
Fixed interest	482.5	41.3	(10.2)	375.4	37.3	(9.3)	104.0	71.0	(0.9)	3.1	21.7	0.0
Total defensive	950.0	81.4	(8.9)	791.7	78.6	(8.3)	146.5	100.0	(0.7)	11.8	82.4	0.0
Australian shares	98.9	8.5	(9.4)	97.0	9.6	(9.1)	0.0	0.0	0.0	1.9	13.5	(0.3)
Global shares – hedged	18.2	1.6	(2.9)	17.9	1.8	(2.8)	0.0	0.0	0.0	0.3	2.1	(0.1)
Global shares – unhedged	63.3	5.4	(7.0)	63.0	6.3	(7.0)	0.0	0.0	0.0	0.3	2.0	(0.1)
Unlisted property	11.5	1.0	1.5	11.5	1.1	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Listed property	25.8	2.2	(3.2)	25.8	2.6	(3.2)	0.0	0.0	0.0	0.0	0.0	0.0
Total growth	217.7	18.6	(21.1)	215.2	21.4	(20.7)	0.0	0.0	0.0	2.5	17.6	(0.4)
Total¹	1,167.7	100.0	(30.0)	1,006.9	100.0	(29.0)	146.5	100.0	(0.7)	14.3	100.0	(0.4)

1. Investment portfolio of \$1,167.7m + operating cash of \$57.5m = \$1,225.2m. This reconciles to cash and cash equivalents of \$206.9m, financial assets at amortised cost of \$8.2m and financial assets at fair value through profit or loss of \$1,010.1m which totals \$1,225.2m in the 2022 Annual Report.

Note: A misclassification between Cash and Fixed Interest in this slide at 30/06/21 saw Cash understated and Fixed Interest overstated by \$233m.

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
AU	Australia
AUD	Australian dollar
bps	Basis points (1.0% = 100 bps)
cps	Cents per share
DAC	Deferred acquisition costs
DCL	Deferred claims liability
DRP	Dividend reinvestment plan
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
LAT	Liability adequacy test
MGA	Managing general agent
MH	Midnight Health

Term	Definition
Net claims expense	Claims expense net of reinsurance
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 30 June of the prior 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
Net premium revenue	Premium revenue net of reinsurance
nib Travel	nib Travel is a travel insurance distributor
NPAT	Net profit after tax
NPS	Net promoter score (transactional) number of promoters less number of detractors
NZ	New Zealand
NZD	New Zealand dollar
OSC	Outstanding claims liability
Other underwriting revenue	Revenue from underwriting activities excluding premium revenue
P2P	Payer to Partner strategy
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