



# FY2023 half year results

20 February 2023





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.



Image: nib Innovate Reconciliation Action Plan artwork 'The Beginning' by Michelle Kerrin, descendant of the Arrernte and Luritja clan groups from the Northern Territory, born and raised on the lands of the Larrakia people.

# Disclaimer

The material in this presentation is a summary of the results of nib holdings limited (nib) for the 6 months ended 31 December 2022 and an update on nib's activities and is current as at the date of preparation, being 20 February 2023. Further details are provided in nib's 2023 interim report and results announcement released to ASX on 20 February 2023.

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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](http://nib.com.au/shareholders).

Group figures are inclusive of Maple Plan Pty Ltd ACN 624 874 219, acquired on 14 November 2022, unless otherwise stated. Group and New Zealand segment figures are inclusive of OrbitProtect Limited, acquired on 30 November 2022, unless otherwise stated.

As referenced in this presentation, if there is a percentage increase or (decrease) between comparative periods, 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.





# Mark Fitzgibbon

Chief Executive Officer  
& Managing Director



# Your better health and wellbeing



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

# 1H23 delivering on our purpose



**208,154**  
**hospital admissions**



**>12,000 enrolments in  
Hospital Support Program**  
since program inception<sup>2</sup>  
~16% reduction in unplanned hospital readmission



**1,912,325**  
**ancillary visits**



**460 members benefited  
from Clinical Partners**



**9,648**  
**travel claims<sup>1</sup>**



**Purpose scorecard  
nearing completion**

Note: Figures shown are for the six months to 31 December 2022 unless otherwise stated.

1. Paid and finalised during period by nib Travel, including claims on behalf of underwriting partners as the managing general agent.
2. Hospital Support Program delivered by Honeysuckle Health for nib members. Enrolments since inception of program to 31 December 2022.

# 1H23 performance overview

- Organic growth across the Group is impressive especially as COVID-19 wanes. Market outlook across all businesses is favourable and Payer to Partner (P2P) strategy is gaining momentum.
- As planned, arhi net margins are moving towards target 6-7% coinciding with improved profitability in other businesses and improving earnings symmetry.
- Investment income has improved, noting markets remain fickle.
- Positive commercial performance is supporting increased investment in innovation, technology, new business and business transformation.
- NDIS strategy and investment is away to a strong start. One acquisition complete, two further purchase agreements signed and good prospects for additional acquisitions.
- Earnings per share<sup>1</sup> have grown to 20.0cps, return on invested capital<sup>2</sup> remains strong at 15.2% and our PHI capital position is 2.0x PCA<sup>3</sup>.
- Group net promotor score increased to 37 and employee engagement to 81%<sup>4</sup>.

1. Includes discontinued operation.

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

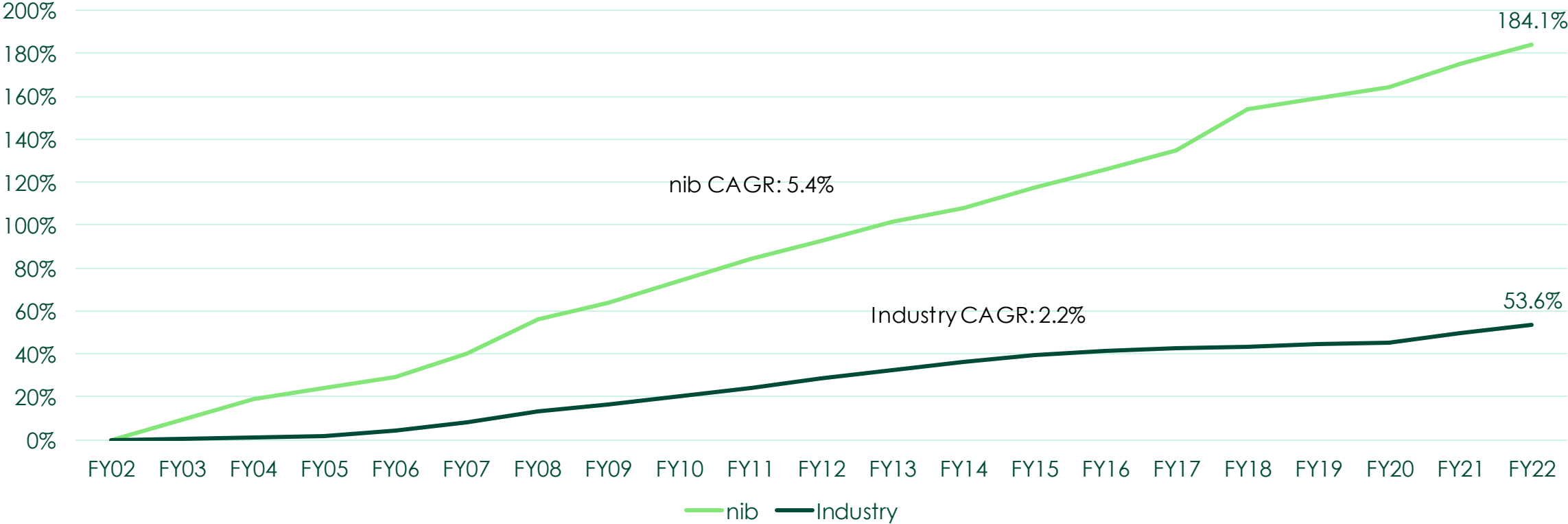
3. nib health funds prescribed capital amount ratio. See Capital Management slide for further capital information.

4. Group employee pulse survey conducted in November 2022.

# arhi policyholder growth

Above system growth in every year for the last 20 years

Cumulative arhi policyholder growth since FY02



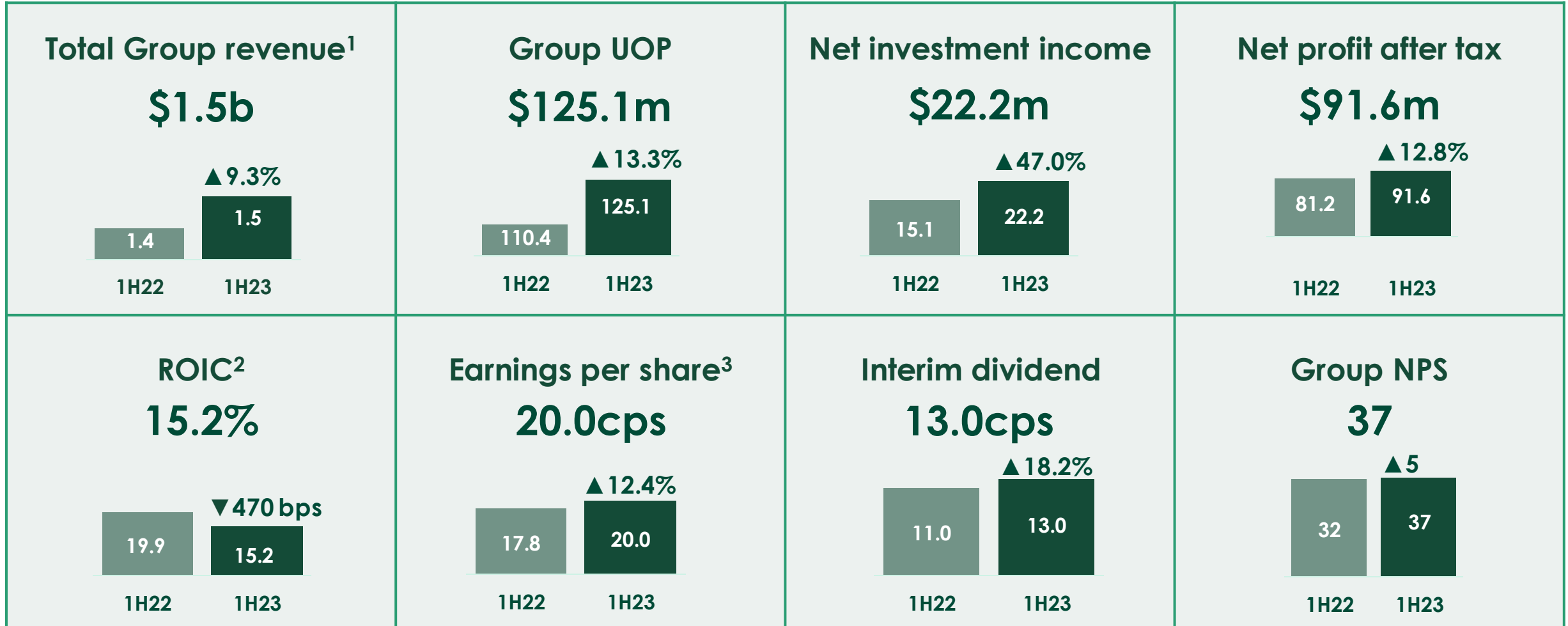
Industry data source: APRA Quarterly Private Health Insurance Membership Trends.





# 1H23 Group financial highlights

Strong result – with great progress across existing businesses and acquisitions



1. Total Group revenue includes net premium revenue, other underwriting revenue and other income.

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

3. Statutory earnings per share, includes discontinued operation.



# Nick Freeman

Group Chief Financial Officer



# Group income statement

Financial performance (\$m)	1H23	1H22	Change
Net premium revenue	1,434.1	1,356.1	▲ 5.8%
Net claims incurred <sup>1</sup>	(1,119.2)	(1,067.0)	▲ 4.9%
Other underwriting revenue	3.3	2.8	▲ 17.9%
Underwriting expenses	(188.6)	(166.6)	▲ 13.2%
<b>Underlying underwriting result</b>	<b>129.6</b>	<b>125.3</b>	<b>▲ 3.4%</b>
Other income	59.4	10.5	▲ 465.7%
Other expenses	(63.9)	(25.4)	▲ 151.6%
<b>Underlying operating profit</b>	<b>125.1</b>	<b>110.4</b>	<b>▲ 13.3%</b>
Amortisation of acquired intangibles	(3.4)	(3.9)	▼ 12.8%
One-off transactions, M&A and business implementation costs	(3.1)	(1.1)	▲ 181.8%
<b>Statutory operating profit</b>	<b>118.6</b>	<b>105.4</b>	<b>▲ 12.5%</b>
Net finance costs	(6.2)	(3.0)	▲ 106.7%
Net investment income	22.2	15.1	▲ 47.0%
<b>Profit before tax</b>	<b>134.6</b>	<b>117.5</b>	<b>▲ 14.6%</b>
Tax	(42.8)	(35.7)	▲ 19.9%
<b>Profit from continuing operations</b>	<b>91.8</b>	<b>81.8</b>	<b>▲ 12.2%</b>
Loss from discontinued operation	(0.2)	(0.6)	▼ 66.7%
<b>Net profit after tax</b>	<b>91.6</b>	<b>81.2</b>	<b>▲ 12.8%</b>

1. Net claims incurred includes claims handling expenses.

2. Accounting impact of member givebacks shown, announced givebacks were \$40.0m in 1H23 and \$15.0m in 1H22.

3. nib ownership 63.14%, as a result Midnight Health is fully consolidated with minorities being deducted after NPAT.

## Key drivers of result

- Premium revenue increase driven by strong policyholder growth across arhi, iihl and NZ.
- 1H23 member giveback impact of \$35.5m (1H22 \$13.6m) also impacted revenue growth<sup>2</sup>.
- Claims increase due to policyholder growth and DCL increase to \$124.0m. Ancillary returning towards normal levels with hospital still lagging.
- Underwriting expenses increase due to higher acquisition costs and investment in IT and planned increases in clinical, compliance and sustainability.
- Other income and expenses very large increase mainly due to resurgence of nib Travel and Midnight Health consolidation<sup>3</sup> (refer slide 40).
- Rise in finance costs driven by increase in base component of interest rate.
- ROIC down to 15.2% from 19.9% despite increase on NPAT due to inclusion of 2H22 investment losses.

DCL by segment (\$m)	1H21	FY21	1H22	FY22	1H23
arhi	70.7	34.0	55.9	110.2	124.0
nz	2.3	0.0	3.3	0.0	0.0
<b>Total</b>	<b>73.1</b>	<b>34.0</b>	<b>59.2</b>	<b>110.2</b>	<b>124.0</b>



# Group gross profit drivers

Financial performance (\$m)	1H22	1H23	Movement	
<b>1H22 Group gross profit</b>				<b>298.2</b>
Policyholder growth				<b>21.9</b>
Premium revenue			64.6	
Claims expense			(42.7)	
Product and scale mix				<b>(1.3)</b>
Premium revenue (excluding price deferral/credit)			(8.8)	
Claims expense			7.5	
Rate variances				<b>18.9</b>
Premium revenue (excluding price deferral/credit)			51.2	
Claims expense			(32.3)	
Prior year impacts – OSC development	<b>(4.4)</b>	<b>1.4</b>	<b>5.8</b>	<b>5.8</b>
Industry risk equalisation impacts	<b>32.5</b>	<b>36.8</b>	<b>4.4</b>	<b>4.4</b>
Industry risk equalisation savings/deferral	41.5	54.1	12.5	
COVID-19 provision movement	(9.1)	(17.2)	(8.1)	
iihi COVID-19 impacts	<b>(10.6)</b>	<b>(2.6)</b>	<b>8.0</b>	<b>8.0</b>
NZ COVID-19 impacts	<b>0.2</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.2)</b>
arhi COVID-19 impacts	<b>30.1</b>	<b>(0.5)</b>	<b>(30.6)</b>	<b>(30.6)</b>
Net claims savings/deferral	56.4	31.4	(25.0)	
COVID-19 provision (claims related) movement	(12.7)	3.6	16.3	
Suspension/waiver impact	(0.1)	0.0	0.1	
COVID-19 credit / giveback	(13.6)	(35.5)	(21.9)	
<b>1H23 Group gross profit</b>				<b>325.1</b>

- Member growth across all segments driving +\$21.9m gross profit on pcp.
- Favourable sales mix in arhi during 1H23 with continued reduction in downgrading due to strong combined cover sales.
- Favourable rate variances continue with claims inflation remaining subdued, and savings from risk equalisation continue.
- iihi claiming rate improving and returning to pre-COVID trends.
- Minimal impact from COVID-19 during 1H23 (excluding risk equalisation) with claims savings during 1H23 offset by member giveback.
- Over last two years claims have been lower than expected, initially driven across the board (hospital, risk equalisation, ancillary). Claims savings continuing but more skewed towards hospital and risk equalisation, with ancillary now progressing towards normalised levels.

Note:  
Gross profit excludes the impact of claims handling expenses.  
COVID-19 impacts for 1H22 revised based on latest estimates.



# Earnings symmetry returning

UOP (\$m)	2H20	1H21	2H21	1H22	2H22	1H23
<b>arhi operating segment</b>	<b>67.8</b>	<b>88.4</b>	<b>125.8</b>	<b>124.8</b>	<b>115.7</b>	<b>106.6</b>
<i>arhi net margin</i>	6.5%	8.2%	11.1%	10.6%	9.9%	8.6%
iihi	9.9	0.3	(6.2)	(7.4)	6.3	7.9
nz	12.3	10.5	13.6	9.2	13.5	16.7
travel	(21.4)	(7.8)	(5.8)	(7.9)	0.5	6.4
<b>Other developed operating segments</b>	<b>0.8</b>	<b>3.0</b>	<b>1.6</b>	<b>(6.1)</b>	<b>20.3</b>	<b>31.0</b>
Other developing operating segments	(1.6)	(1.4)	(1.5)	(1.7)	(3.8)	(8.1)
Corporate/other	(3.3)	(4.7)	(6.3)	(6.6)	(7.3)	(4.4)
<b>Total Group</b>	<b>63.7</b>	<b>85.3</b>	<b>119.6</b>	<b>110.4</b>	<b>124.9</b>	<b>125.1</b>

- arhi margins reducing as other developed operating segment profitability returning.
- nib continues to invest in developing new operating segments (Honeysuckle Health, Midnight Health, nib Thrive).

# Australian residents health insurance

Financial performance (\$m)	1H23	1H22	Change
Premium revenue	1,201.0	1,151.0	▲ 4.3%
Claims expense <sup>1</sup>	(966.9)	(917.1)	▲ 5.4%
Claims <sup>2</sup>	(848.8)	(778.9)	▲ 9.0%
Risk equalisation	(104.4)	(116.3)	▼ 10.2%
Claims COVID-19 provision	(2.6)	(23.4)	▼ 88.9%
Risk equalisation COVID-19 provision	(11.1)	1.5	▼ 840.0%
Other underwriting revenue	1.9	1.8	▲ 5.6%
Marketing expenses	(48.2)	(43.3)	▲ 11.3%
Other expenses	(82.6)	(68.8)	▲ 20.1%
Other income and expenses	1.4	1.2	▲ 16.7%
Underlying operating profit	106.6	124.8	▼ 14.6%
Key metrics			
Policyholders (#)	681,195	653,459	▲ 4.2%
Lapse <sup>3</sup> (%)	11.2	11.5	▼ 30bps
Net policyholder growth <sup>3</sup> (%)	4.2	2.8	▲ 140bps
Net promoter score <sup>4</sup> (NPS)	32	31	▲ 1
Gross margin (%)	19.5	20.3	▼ 80bps
Management expense ratio (MER) (%)	10.9	9.7	▲ 120bps
Marketing MER (%)	4.0	3.7	▲ 30bps
Other MER (%)	6.9	6.0	▲ 90bps
Net margin (%)	8.6	10.6	▼ 200bps

## Strongest 1H policyholder growth in 8 years driven by partner performance, nib initiatives<sup>5</sup> and switching.

- Premium revenue up 4.3% (6.2% without impact of member givebacks) due to growth and price increases.
- Policyholder growth<sup>3</sup> of 4.2% a key driver of revenue growth and expected to again outperform industry.
- 1H23 product mix downgrading -0.2%, significantly lower than pcp impact of -1.4%.
- Claims up 5.4% driven by policyholder growth and low comparable.
- “Raw” claims up 9.0% impacted by a low pcp (activity restrictions from Delta/Omicron outbreaks), but still below normal trends.
- Risk equalisation continues to be favourable due to product mix and continued lower industry claiming in older cohorts.
- DCL increased \$13.8m.
- Other MER up 90bps on pcp with increased investment in IT, clinical advisory, compliance and sustainability.
- NPS strong with members finding it easy to do business with nib especially when navigating the healthcare system.

1. Excludes claims handling.

2. Includes state levies.

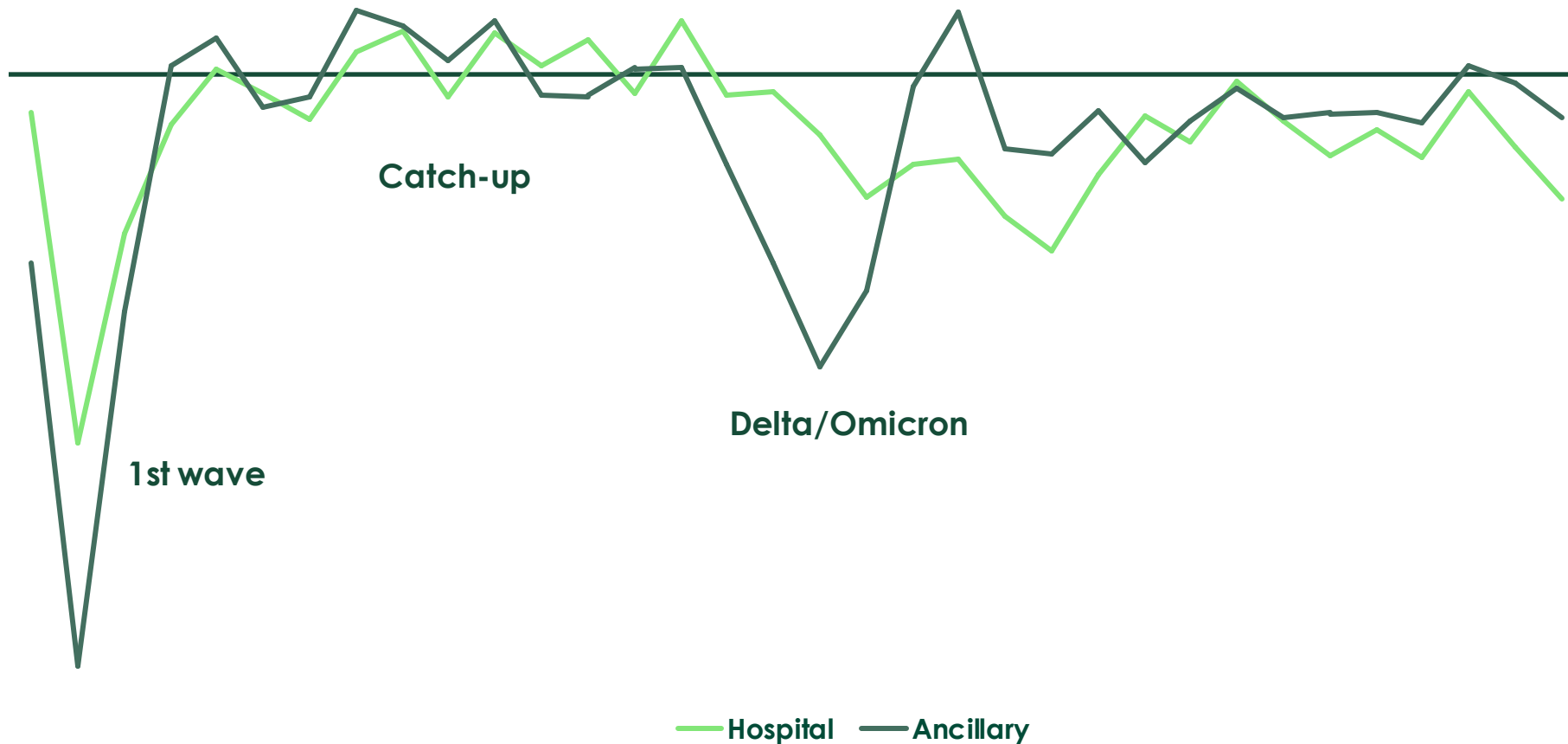
3. 12-months to 31 December.

4. Excludes GU Health.

5. Eg: GapSure and Clinical Partners.

# arhi claim experience

nib monthly claiming, % above or below pre-COVID trend



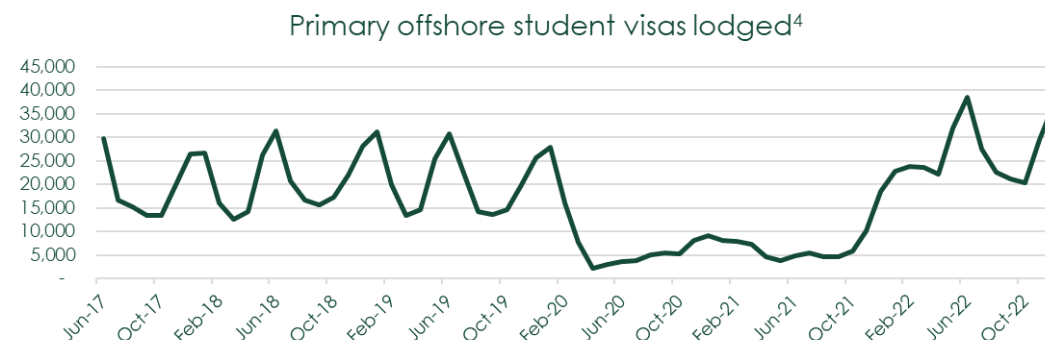
# International inbound health insurance

Financial performance (\$m)	1H23	1H22	Change
Premium revenue	71.3	59.9	▲19.0%
Claims expense <sup>1</sup>	(44.0)	(47.9)	▼8.1%
Other underwriting revenue	1.3	0.9	▲44.4%
Management expenses	(20.7)	(20.3)	▲2.0%
Underlying operating profit/(loss)	7.9	(7.4)	▼206.8%
Key metrics			
Policyholders (#)	172,105	169,695	▲1.4%
Net policyholder growth <sup>2</sup> (%)	1.4	(1.7)	▲310bps
iwhi net promoter score <sup>3</sup> (NPS)	50	49	▲1
ishi net promoter score (NPS)	49	49	-
Gross margin (%)	38.3	20.0	▲1,830bps
Management expense ratio (MER) (%)	29.0	33.9	▼490bps
Marketing MER (%)	5.9	6.3	▼40bps
Other MER (%)	23.1	27.6	▼450bps
Net margin (%)	9.3	(13.9)	▼2,320bps

1. Excludes claims handling.
2. 12-months to 31 December.
3. Excludes GU Health.
4. Source: <https://data.gov.au/data/dataset/student-visas>

## Post pandemic rebound continues with strong top line growth and improving margins

- First half UOP of \$7.9m a significant turnaround on pcp, and further improvements on 2H22 result.
- First positive half year of policyholder growth since pandemic began. Growth expected to continue with highest January sales on record - strong result in iwhi boosted by a return in ishi sales.
- Gross margin improvement due to improved mix (higher iwhi) and lower claiming levels. COVID-19 impacts continue to moderate as international travel returns.
- Other MER reduction due to strong top line growth supporting group overheads.
- NPS remains high with our digital services improving communication and driving efficiency.





# New Zealand

Financial performance (\$m)	1H23	1H23 excluding life & living <sup>1</sup>	1H22	Change 1H23 excl life & living v 1H22
Premium revenue	160.1	154.6	144.4	▲ 7.1%
Claims expense <sup>2</sup>	(98.1)	(96.5)	(92.9)	▲ 3.9%
Commissions and marketing expenses	(23.3)	(22.5)	(21.2)	▲ 6.1%
DAC write-off credit	4.7	4.7	-	n/a
Other management expenses	(26.8)	(25.0)	(21.2)	▲ 17.9%
Underlying operating profit	16.7	15.3	9.2	▲ 66.3%
Key metrics				
Policyholders (#)	159,070	129,396	123,040	▲ 5.2%
Net policyholder growth <sup>3</sup> (%)	29.3	5.2	4.1	▲ 110bps
Residents PHI (%)	5.0	5.0	5.7	▼ 70bps
Net promoter score (NPS)	33	33	36	▼ 3
Gross margin (%)	38.7	37.6	35.7	▲ 190bps
Management expense ratio (MER) (%)	28.4	27.7	29.4	▼ 170bps
Marketing MER (%)	11.6	11.5	14.7	▼ 320 bps
Other MER (%)	16.7	16.2	14.7	▲ 150bps
Net margin (%)	10.3	9.9	6.3	▲ 360bps
Net margin excluding DAC write-off (%)	7.5	6.9	6.3	▲ 60bps

## Another strong result, partially assisted by one-offs

- UOP up 66.3% (excluding life and living), or 15.2% excluding one-off DAC adjustment.
- Policyholder growth 5.2%, driven by growth in group and adviser channels. Students and workers recovering.
- Claims up 3.9%, with slower claims catch-up than expected.
- Commissions and marketing expenses up 6.1%, reflecting growth in premium revenue.
- DAC credit \$4.7m reflects unwind of DAC write-off in FY22.
- Other management expenses up \$3.8m (excluding life & living) driven by strategic projects and business growth.
- NPS slightly down during period of higher claims volumes.
- Acquisition of OrbitProtect Limited (international students and workers business in NZ) in November 2022.

1. nib nz insurance limited acquired on 29 April 2022. Products include life, serious illness trauma and income protection insurance.

2. Includes movement in premium payback liability, excludes claims handling.

3. 12-month growth rate to 31 December.

# nib Travel

Financial performance (\$m)	1H23	1H22	Change
Underwriting result	(0.2)	(0.1)	▲ 100.0%
Operating income	51.3	8.2	▲ 525.6%
Acquisition costs	(28.1)	(3.4)	▲ 726.5%
Marketing - commissions	(24.9)	(2.5)	▲ 896.0%
Marketing - advertising	(3.2)	(0.9)	▲ 255.6%
Operating expenses	(16.6)	(12.6)	▲ 31.7%
Underlying operating profit/(loss)	6.4	(7.9)	▼ 181.0%
Key metrics			
Gross written premium <sup>1</sup> (\$m)	104.1	17.7	▲ 488.1%
Gross profit after commissions <sup>2</sup> (\$m)	23.3	4.9	▲ 375.5%
Sales (#)	366,198	94,715	▲ 286.6%
Domestic	253,133	30,312	▲ 735.1%
International	113,065	64,403	▲ 75.6%
Net promoter score (NPS)	41	50	▼ 9

1. nib Travel is a distributor of travel insurance and earns income from commissions on policies sold, and from emergency travel assistance and other fees. However, gross written premium (GWP) is shown as it is a key performance metric of the business. GWP deducts refunds and policy cancellations. Taxes collected on behalf of underwriting partners were historically included within this reported value but have now been removed to better align with the typical general insurance industry definition. The comparative has been re-stated to reflect this change - this does not materially impact the data presented.

2. Includes other marketing costs.

## Strongest ever half-year profit as travel “takes off”

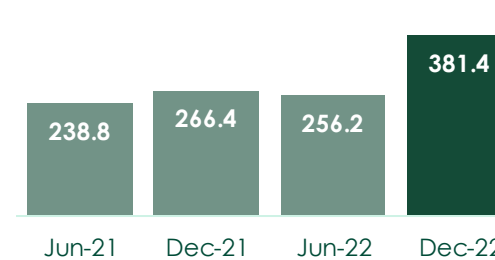
- 1H23 policy sales up 286.6% with border restrictions releasing and 1H22 impacted by COVID-19 lockdowns.
- Demand for travel insurance has been strong with gross written premium of \$104.1m at 106.7% of pre-COVID (1H20) levels.
- Increased marketing commissions and advertising costs with higher sales, ramp up of staffing levels and operating expenses in response to demand.
- UOP of \$6.4m following significant changes to products, operations, underwriter arrangements and systems since the pandemic. Highest 1H UOP since acquisition of the business.
- NPS of 41 was impacted by the sharp increase in sales volumes, as well as lost baggage rates and other global travel issues contributing to claim levels.

# Capital management

nib Group (\$m)	1H23	1H22	Change
Net assets	946.0	731.2	▲29.4%
Net tangible assets <sup>1</sup>	381.4	266.4	▲43.2%
Debt	232.7	233.5	▼0.3%
Leverage ratio (debt/EBITDA) last 12 months <sup>2</sup>	0.9x	0.8x	n/a
Gearing ratio %	20.0	24.6	▼460bps
nib health funds (\$m)	1H23	1H22	Change
Net tangible assets	395.2	372.9	▲6.0%
nib health funds (\$m)	1H23	Sep 22 <sup>3</sup>	Change
Prescribed capital amount (PCA)	209.3	210.1	(0.8)
Capital base	409.0	357.9	51.1
<b>Excess capital above minimum</b>	<b>199.7</b>	<b>147.8</b>	<b>51.9</b>
PCA ratio	2.0x	1.7x	0.3x

1. Net tangible assets excludes deferred acquisition costs, charitable foundation and non-controlling interests.
2. EBITDA is calculated over a rolling 12-month period.
3. Comparable has been provided against September 2022 disclosure in nib's presentation released to ASX on 12 October 2022 ("Investor presentation nib to raise approx \$150m"). 1H22 comparable capital metrics not shown as not reported under new APRA Prudential Standard HPS110.

nib Group net tangible assets<sup>1</sup> (\$m)



nib health funds net tangible assets<sup>1</sup> (\$m)



- The capital information for nib health funds limited has been prepared in line with APRA Prudential Standard HPS110 which was released in September 2022 and applies from July 2023. The PCA is the prescribed capital amount in accordance with the new standard.
- The nib health funds PCA ratio of 2.0x exceeds our target range. The PCA multiple has increased from 1.7x at Sep 22 due to growth in net tangible assets.
- nib health funds capital management policy has been revised with target range of 1.5x - 1.6x PCA.
- Gearing ratio remains at sub 30% and we are monitoring our leverage ratio with a target to be considered post annual stress testing in 2H23.

# Cash flow

Consolidated cash flow (\$m)	1H23	1H22	Change
Operating cash inflows	1,539.7	1,398.1	▲ 10.1%
Operating cash outflows	(1,525.5)	(1,299.7)	▲ 17.4%
<b>Net cash inflow from operating activities</b>	<b>14.2</b>	<b>98.4</b>	<b>▼ 85.6%</b>
Investing cash outflow - PPE and intangibles	(21.8)	(10.7)	▲ 103.7%
Dividends paid	(50.5)	(64.0)	▼ 21.1%
Other	(1.9)	(6.6)	▼ 71.2%
<b>Free cash flow</b>	<b>(60.0)</b>	<b>17.1</b>	<b>▼ 450.9%</b>
Acquisition of business combination (less cash acquired)	(46.6)	0.0	n/a
Net proceeds/(payments) from investments (rebalancing investments)	8.8	(41.7)	▼ 121.1%
Proceeds from issue of shares	159.6	4.8	▲ 3,225.0%
Repayment of borrowings	(30.0)	0.0	n/a
<b>Net movement in cash/cash equivalents</b>	<b>31.8</b>	<b>(19.8)</b>	<b>▼ 260.6%</b>

- Relatively low operating cash flow due to increased member giveback, price deferral, timing of claims incurred vs claims paid and tax payments.
- 1H23 cash inflow reflects strong premium growth and bounce back of travel income.
- Growth in 1H23 outflow affected by low pcpcash outflows impacted by lower COVID claiming, higher claims incurred but not paid, and lower tax payments.
- Increase in PPE and intangibles mainly due to investment in IT systems.
- Business acquisitions reflect \$35.9m net cash outflow for Maple Plan and \$10.7m net cash outflow for OrbitProtect in NZ<sup>1</sup>.
- Proceeds from issue of shares includes \$135.0m institutional placement and \$23.1m share purchase plan.

1. Maple cash consideration \$41.0m and OrbitProtect cash consideration \$11.1m.



# Roslyn Toms

Group Executive Legal  
& Chief Risk Officer



# Sustainability – 1H23 highlights

Over 10,000 members enrolled in health management programs, (84% of 1H23 target)\* including over 650 Māori rōpū (Māori group members).

Renewed nib foundation's Aboriginal Health Partnerships.

Over 10,000 member health checks (Health Risk Assessment) and associated good health plan.

Launched Deadly@nib, our affinity group for Aboriginal and Torres Strait Islander employees.

Launch of nib Innovate Reconciliation Action Plan (RAP) including our support for the Uluru Statement from the Heart.

Introduced sustainability metrics into executive STI scorecard.

Achieved a group engagement score of 81% (up 3%) in annual Employee Pulse Survey.

Started preparation for New Zealand mandatory climate-related disclosure standards.

Over 100,000 people reached via nib foundation's Prevention Partnerships.

Refreshed our group wide Data Governance Framework.



\*FY23 target = 12,000 members enrolled



# Sustainability focus areas for 2H23

## Population health



- Continue to invest in health management programs to support our members living with chronic conditions
- Support members through a range of general wellbeing support programs

## Natural environment



- Conduct a new climate change scenario analysis to assess our climate risk
- Achieve validation from SBTi of our net zero targets
- Maintain carbon neutral status and deliver co-benefits to First Nations communities

## Community spirit & cohesion



- Board to participate in a First Nations cultural immersion experience
- Deliver greater impact through nib foundation's prevention partnerships

## Economic development & employment



- Support employee health and wellbeing through 'Life at nib' strategy
- Engage all executive successors in our Leading Business & Strategy Development Program

## Leadership & Governance



- Undertake a group-wide data retention review and improve controls on data identity and access security
- Continue to complete continuous improvement plans with suppliers to reduce their risk of modern slavery

# 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 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**).

# With the nib app your health is in your hands





# nib Thrive

- NDIS is a critical part of the nation's social capital, and we believe we can make a positive and meaningful contribution.
- Significant marketplace ~\$29 billion in FY22 with plan management and support coordination over \$1 billion<sup>1</sup>.
- nib has long and deep experience in connecting buyers and sellers of healthcare, a well-known and trusted brand and related technology.
- Good health and wellbeing is a crucial element in the ability of participants to achieve their goals.
- nib has the capacity to lead orderly consolidation, improve efficiency and integrity.

# Martin Adlington

Chief Executive - nib Thrive



# NDIS strategy progressing strongly



**3 acquisitions  
totaling ~\$108m<sup>1</sup>**



**~22,000  
participants**



**~\$13.3m EBITDA<sup>2</sup>  
(annualised)**

- Successful capital raise of \$158.1 million in 1H23 (\$135.0m institutional, \$23.1m SPP) to fund nib's NDIS investment strategy.
- First acquisition, Maple Plan (~7,400 participants), completed in November, with business transition on track and performing to expectations.
- We are now announcing agreements have been signed to purchase Peak Plan Management (~11,000 participants) and Connect Plan Management (~4,000 participants) with completion expected 2H23.
- Further acquisitions currently under active consideration (~10,000 participants). If successful, nib participant base will be ~33,000 by end of FY23.
- nib is on track to manage plans for ~50,000 participants by FY25.

1. Includes acquisition purchase price and does not include one-off transaction and integration costs.  
2. FY23 EBITDA are annualised and exclude one-off transaction and integration costs.





# Mark Fitzgibbon

Chief Executive Officer  
& Managing Director



# Outlook

## Positive business momentum expected to continue

### arhi

- Net policyholder growth 3-4%.
- Hospital claims expected to remain subdued into 2H23.
- Gradual return to net margin target 6-7% over time.
- Price increase deferral extended out to September 2023. Consideration of further member support.
- Further expansion of P2P offerings.

### nib Travel

- Positive outlook on continued growth from increased availability of travel.
- Offsetting impacts of higher travel costs, costs of living pressures and continued airline capacity constraints.
- Continued focus on growth and digitisation.

### New Zealand

- Net policyholder growth 3-5% for core health book (exc. students & workers) in FY23.
- Completing transition of life and living business. Focus on new products in FY24.
- Growing new OrbitProtect students and workers business.
- Continuing investment in systems and process efficiency.

### iihi

- International student volumes strongly rebounding with semester one intakes.
- Impressive international worker growth to continue.
- Impact of COVID-19 on claims continue to unwind and return to normal.



# Questions and answers





# Appendix

# Policyholder data

nib Group policyholders (#)	1H23	FY22	1H22
<b>Total persons covered</b>	<b>1,758,976</b>	<b>1,715,081</b>	<b>1,659,159</b>
Australian residents health insurance	1,283,930	1,255,265	1,235,420
International (inbound) health insurance	191,941	181,181	185,372
New Zealand <sup>1</sup>	283,105	278,635	238,367
<b>Total policyholders</b>	<b>1,012,370</b>	<b>986,181</b>	<b>946,194</b>
Australian residents health insurance	681,195	665,773	653,459
International (inbound) health insurance	172,105	164,133	169,695
New Zealand <sup>1</sup>	159,070	156,275	123,040
Total policyholder growth v PCP	7.0%	5.2%	2.1%
Total policyholder growth v HOH	2.7%	4.2%	0.9%
arhi policyholder growth v PCP	4.2%	3.2%	2.8%
arhi policyholder growth v HOH	2.3%	1.9%	1.3%
<b>Australian residents health insurance</b>			
Market share <sup>2</sup>	9.4%	9.4%	9.3%
Average age of hospital persons covered (years)	41.8	41.6	41.4
Sales by channel			
Corporate	12.5%	14.3%	14.6%
Direct to consumer	27.1%	30.9%	33.4%
Retail brokers	36.7%	33.4%	32.2%
Whitelabel partners	23.7%	21.4%	19.8%

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

2. Industry data for December 2022 not available at time of publication. nib market share at 30 September 2022 was 9.4%.

# Detailed Group gross underwriting

Underwriting result (\$m)	1H23	1H22	Change
<b>Net premium revenue</b>	<b>1,434.1</b>	<b>1,356.1</b>	<b>▲5.8%</b>
arhi	1,201.0	1,151.0	▲4.3%
iihi	71.3	59.9	▲19.0%
nz	160.1	144.4	▲10.9%
nib travel	1.7	0.8	▲112.5%
<b>Net claims expense</b>	<b>(974.7)</b>	<b>(926.9)</b>	<b>▲5.2%</b>
Hospital claims paid (arhi)	(575.4)	(531.0)	▲8.4%
Ancillary claims paid (arhi)	(251.4)	(211.3)	▲19.0%
OSC provision movement (arhi)	(2.6)	(16.1)	▼83.9%
Claims COVID-19 provision movement (arhi)	(2.6)	(23.4)	▼88.9%
arhi claims expense	(832.0)	(781.8)	▲6.4%
iihi claims expense	(44.0)	(47.9)	▼8.1%
Claims paid and OSC provision movement (nz)	(98.7)	(93.8)	▲5.2%
Claims COVID-19 provision movement (nz)	0.0	(3.4)	▼100.0%
nz claims expense	(98.7)	(97.2)	▲1.5%
nib travel claims expense	0.0	0.0	n/a
<b>Risk equalisation levy</b>	<b>(115.5)</b>	<b>(114.8)</b>	<b>▲0.6%</b>
OSC risk equalisation margin	1.5	(4.2)	▼135.7%
Gross deficit	268.8	241.0	▲11.5%
Calculated deficit	(374.7)	(353.1)	▲6.1%
COVID-19 risk equalisation provision movement	(11.1)	1.5	▼840.0%
<b>State levies</b>	<b>(19.4)</b>	<b>(20.5)</b>	<b>▼5.4%</b>
<b>Decrease/(increase) in premium payback liability</b>	<b>0.6</b>	<b>4.3</b>	<b>▼86.0%</b>
<b>Net claims incurred (excluding claims handling)</b>	<b>(1,109.0)</b>	<b>(1,057.9)</b>	<b>▲4.8%</b>
<b>Gross underwriting result</b>	<b>325.1</b>	<b>298.2</b>	<b>▲9.0%</b>
arhi	234.1	233.9	▲0.1%
iihi	27.3	12.0	▲127.5%
nz	62.0	51.5	▲20.4%
nib travel	1.7	0.8	▲112.5%

# Management expenses – arhi, iihi & NZ

(\$m)	Marketing (direct)	Marketing indirect			Total marketing	Other management expenses	Total underwriting expenses	MER underwriting expenses	Amorisation of acquired intangibles	Total management expenses	MER total management expenses
		Commissions paid	Commissions deferred	Commissions amortised							
<b>Australian residents health insurance</b>											
1H22	11.9	28.3	(14.6)	17.8	43.3	68.8	112.1	9.7%	0.9	113.0	9.8%
<b>1H23</b>	<b>12.5</b>	<b>41.1</b>	<b>(23.6)</b>	<b>18.2</b>	<b>48.2</b>	<b>82.6</b>	<b>130.8</b>	<b>10.9%</b>	<b>0.9</b>	<b>131.7</b>	<b>11.0%</b>
<b>International inbound health insurance</b>											
1H22	0.2	2.8	(1.6)	2.4	3.8	16.5	20.3	33.9%	0.4	20.7	34.6%
<b>1H23</b>	<b>0.4</b>	<b>4.9</b>	<b>(3.1)</b>	<b>2.0</b>	<b>4.2</b>	<b>16.5</b>	<b>20.7</b>	<b>29.0%</b>	<b>0.4</b>	<b>21.1</b>	<b>29.6%</b>
<b>New Zealand</b>											
1H22	2.5	22.5	(13.2)	9.3	21.2	21.2	42.4	29.4%	1.7	44.1	30.5%
<b>1H23</b>	<b>2.9</b>	<b>24.4</b>	<b>(18.6)</b>	<b>9.9</b>	<b>18.6</b>	<b>26.8</b>	<b>45.4</b>	<b>28.4%</b>	<b>1.5</b>	<b>46.9</b>	<b>29.3%</b>

- arhi marketing increase is mainly due to higher commissions paid. Other management expenses increase mainly due to increased resources servicing high policyholder growth and higher IT costs.
- NZ reduction in marketing costs due to DAC write off in FY22. Other management expenses increase is driven by continued investment in core IT platforms and new life and living business expenses.

# Investments, gearing and capital

\$m	1H23	1H22	Change 1H23 v 1H22
Net investment income	22.2	15.1	▲47.0%
Net investment return (%)	1.7	1.3	▲40bps
Funds invested	1,260.6	1,128.2	▲11.7%
Debt	232.7	233.5	▼0.3%
Net tangible assets <sup>1</sup>	381.4	266.4	▲43.2%
Net finance expense	(6.2)	(3.0)	▲106.7%
Finance costs	(5.1)	(1.7)	▲200.0%
Interest on lease liabilities	(1.2)	(1.4)	▼14.3%
Finance income	0.1	0.1	▲0.0%
Interest ratio cover	31:1	76:1	n/a
Gearing ratio (%)	20.0	24.6	▼460bps
Leverage ratio (debt/EBITDA) last 12 months <sup>2</sup>	0.9x	0.8x	n/a
Effective tax rate (%)	31.8	30.4	▲140bps
Dividend per share (cps)	13.0	11.0	▲18.2%

1. Net tangible assets excludes deferred acquisition costs, charitable foundation and non-controlling interests.

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

Funds invested	1H23	1H22
Defensive		
Net investment income	11.1	(1.7)
Net investment return (%)	1.1	(0.2)
Funds invested	1,071.4	903.6
Growth		
Net investment income	11.0	16.8
Net investment return (%)	5.4	7.5
Funds invested	189.3	224.6
Total		
Net investment income	22.2	15.1
Net investment return (%)	1.7	1.3
Funds invested	1,260.6	1,128.2

- Investment results reflect positive outcomes from increased rates of return on cash and fixed interest and a more challenging period for international equities.
- Increase in effective tax rate due to current year Midnight Health losses not yet deductible as not included in nib tax group and DTA not sufficiently certain.

# Investment asset allocation

	Consolidated			Australian investment portfolio			New Zealand investment portfolio			nib foundation investment portfolio		
	Balance as at 31/12/22 (\$m)	Allocation at 31/12/22 (%)	Net return 6 months to 31/12/22 (\$m)	Balance as at 31/12/22 (\$m)	Allocation at 31/12/22 (%)	Net return 6 months to 31/12/22 (\$m)	Balance as at 31/12/22 (\$m)	Allocation at 31/12/22 (%)	Net return 6 months to 31/12/22 (\$m)	Balance as at 31/12/22 (\$m)	Allocation at 31/12/22 (%)	Net return 6 months to 31/12/22 (\$m)
Cash	517.3	43.3	6.7	466.6	45.5	6.0	42.3	27.5	0.7	8.4	59.1	0.1
Fixed interest	487.8	40.8	4.0	373.2	36.4	2.8	111.5	72.5	1.2	3.2	22.1	0.1
<b>Total defensive</b>	<b>1,005.2</b>	<b>84.2</b>	<b>10.7</b>	<b>839.7</b>	<b>81.8</b>	<b>8.7</b>	<b>153.8</b>	<b>100</b>	<b>1.8</b>	<b>11.6</b>	<b>81.2</b>	<b>0.2</b>
Australian shares	79.9	6.7	8.5	77.8	7.6	8.3	0.0	0.0	0.0	2.1	14.5	0.2
Global shares – hedged	18.7	1.6	0.4	18.4	1.8	0.4	0.0	0.0	0.0	0.3	2.1	0.0
Global shares – unhedged	46.9	3.9	3.6	46.6	4.5	3.6	0.0	0.0	0.0	0.3	2.2	0.0
Unlisted property	20.0	1.7	0.5	20.0	1.9	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Listed property	23.8	2.0	(2.1)	23.8	2.3	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total growth</b>	<b>189.3</b>	<b>15.8</b>	<b>11.0</b>	<b>186.6</b>	<b>18.2</b>	<b>10.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>18.8</b>	<b>0.2</b>
<b>Total</b> <sup>1,2</sup>	<b>1,194.4</b>	<b>100.0</b>	<b>21.8</b>	<b>1,026.3</b>	<b>100.0</b>	<b>19.6</b>	<b>153.8</b>	<b>100.0</b>	<b>1.8</b>	<b>14.3</b>	<b>100.0</b>	<b>0.4</b>

1. Investment portfolio of \$1,194.4m + operating cash of \$66.2m = \$1,260.6m. This reconciles to cash and cash equivalents of \$238.4m, financial assets at amortised cost of \$7.0m and financial assets at fair value through profit or loss of \$1,015.2m which totals \$1,260.6m in the 2023 Interim Report.

2. Investment returns exclude returns on operating cash.

# Other income and expenses

Other incomes and expenses (\$m)	1H23	1H22	Change 1H23 v 1H22
Other income	59.4	10.5	▲ 465.7%
Other expenses	(63.9)	(25.4)	▲ 151.6%
<b>Total</b>	<b>(4.5)</b>	<b>(14.9)</b>	<b>▼ 69.8%</b>

Net other income & expenses by segment (\$m)	1H23 income	1H23 expense	1H23 net	1H22 income	1H22 expense	1H22 net	Change 1H23 v 1H22
arhi	1.4	(0.0)	<b>1.4</b>	1.4	(0.2)	<b>1.2</b>	▲ 16.7
nib NZ	0.7	(0.7)	<b>0.0</b>	0.0	0.0	<b>0.0</b>	n/a
nib Travel	51.3	(44.7)	<b>6.6</b>	8.2	(16.0)	<b>(7.8)</b>	▼ 184.6%
Midnight Health	3.8	(9.9)	<b>(6.1)</b>	0.0	0.0	<b>0.0</b>	n/a
nib Thrive	1.4	(1.0)	<b>0.4</b>	0.0	0.0	<b>0.0</b>	n/a
Honeysuckle Health (share of JV loss)	n/a	(2.4)	<b>(2.4)</b>	n/a	(1.7)	<b>(1.7)</b>	▲ 41.2%
Other <sup>1</sup>	0.8	(5.2)	<b>(4.4)</b>	0.9	(7.5)	<b>(6.6)</b>	▼ 33.3%
<b>Total</b>	<b>59.4</b>	<b>(63.9)</b>	<b>(4.5)</b>	<b>10.5</b>	<b>(25.4)</b>	<b>(14.9)</b>	<b>▼ 69.8%</b>

Note: The above table includes underlying income and expenses and does not include one off transactions and amortisation of acquired intangibles.

1. 1H22 other included \$2.3m intangible write-off.

- Midnight Health is a key component of nib's P2P strategy and ecosystem adding value proposition and serving as a source of market differentiation.
- Includes a range of men's and women's health products, telehealth platforms, online consultations and e-prescriptions (including home delivery).
- Apart from generating earnings in its own right, Midnight Health will become an important entry point and segue to PHI membership.
- In 1H23, nib moved to majority ownership (63.14%) of Midnight Health, leading to full consolidation of all revenue and expenses and the recognition of non-controlling interests.

Financial performance (\$m)	1H23	FY22
Revenue	3.8	n/a
Expenses	(9.9)	n/a
Share of net profit/(loss) of joint ventures	n/a	(1.5)
<b>Net income/(loss) included in Group UOP</b>	<b>(6.1)</b>	<b>(1.5)</b>
Less tax <sup>1</sup>	0.0	0.5
<b>Impact on consolidated NPAT</b>	<b>(6.1)</b>	<b>(1.0)</b>
Less non-controlling interests	(2.2)	0.0
<b>Profit/(loss) for the half year attributable to nib shareholders</b>	<b>(3.9)</b>	<b>(1.0)</b>

1. Not deductible in FY23 as not part of nib Tax Group and DTA not certain.

- Midnight Health reported a loss of \$6.1m for 1H23 which is included in nib Group UOP with \$2.2m loss attributable to non-controlling interests.



# 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
EBITDA	Earnings before interest (finance costs), tax, amortisation (apart from lease assets) and depreciation.
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 – less deductions of policy taxes and any refunds
HH	Honeysuckle Health
iihi	International inbound health insurance (ishi & iwhi combined), inclusive of GU Health unless otherwise stated
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
NDIS	National Disability Insurance Scheme
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 31 December of the prior financial year (12-month growth).
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
SPP	Share purchase plan
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