



## IAG Investor Day

IAG will today hold an Investor Day, providing an update on its strategic execution, operating environment and financial targets.

IAG Managing Director and CEO Nick Hawkins will be joined by members of his leadership team to provide an update on strategic initiatives and outline progress against the company's key strategic ambitions originally set at its 2021 Business Update for investors.

Mr Hawkins will provide context by saying:

"In December 2021, we put together a strategy that focused on our core insurance business, simplifying what we do, and resolving legacy issues. Our strategy remains unchanged, and we are creating a stronger and more resilient IAG.

"We've made significant progress in simplifying our technology and consolidating multiple systems to create more value through digital. And we've developed and implemented an enterprise-wide claims management system that allows us to capitalise on the scale of our business.

"IAG has made excellent progress in simplifying its operations and resolving legacy issues but some of this has been masked by the challenging operating environment including the sudden increase in inflation which immediately impacts our claims costs, three years of a La Nina weather cycle amplified by climate change, and material changes in global reinsurance markets.

"Our business has been responding appropriately to the external environment. We have held our operating costs flat and implemented premium increases which appropriately anticipate future claims and reinsurance costs.

Outlining how the company was progressing against its strategic ambitions, Mr Hawkins will say:

"We are on track to deliver at least \$250m profit in our Intermediated Insurance Australia business in FY24 with a highly experienced commercial insurance team building better broker experiences and driving business efficiencies.

"We have added 207,000 new customers in our Direct Insurance Australia business since July 2021 as we took our trusted NRMA brand national and maintained very high customer retention rates. The business is also on track to deliver \$400m of value through increased claims and supply chain effectiveness.

"However, our one million customer growth ambition will take longer to achieve as we prioritise margins, by focusing on reducing claims costs, streamlining operating and technology costs, and rolling out digital insurance options.

“Our \$2.5bn gross operating cost target was achieved in FY21 and FY22, and is on track for FY23. In FY24, we expect our key expense ratio to remain flat or reduce, however, we anticipate that ongoing inflationary pressures and additional technology investments may result in increased operating costs.”

### **Update on FY23 operating environment**

At the update, Mr Hawkins will note that results to date provide confidence in the guidance of around 10% GWP growth, and the business is trending towards around 10% reported insurance margin for the full year.

Mr Hawkins will confirm that both IAG’s Australian divisions, Direct Insurance Australia and Intermediated Insurance Australia, are expected to deliver a material improvement in reported and underlying margins in the second half of FY23.

“Our Australian businesses are expected to deliver improved second half results reflecting strong top-line growth, increased earned premiums, and improving claims trends.

Mr Hawkins will note that the New Zealand business’ top line growth and increased earned premiums will reflect similar themes to Australia, however, margin improvements have been slower to emerge, driven by the continued high inflationary environment post the North Island events.

“Our New Zealand business, after experiencing the second and third largest natural disaster loss events on record, is experiencing the elevated inflation impact on non-peril motor and home claims costs.

“We also anticipate a small net reserve release and favourable credit spread impacts in the second half. These two positives are likely to be offset by natural perils which will be moderately over the revised expectation, assuming an average June month.”

### **Medium-term targets**

Mr Hawkins will say the company has increased its medium-term return on equity (ROE) target by one percentage point to 13% - 14%. The improved ROE is based on a medium term insurance margin target of 15%.

“The strong top-line growth we’re achieving, and the improved investment returns we are seeing on shareholder funds, means an increased ROE target of 13% - 14% is realistic and achievable over the medium term.”

IAG will release its financial results for the year ended 30 June 2023 on 21 August 2023.

A live video webcast of IAG’s Investor Day will commence at 2.00pm AEST at [www.iag.com.au/investor-day-2023](http://www.iag.com.au/investor-day-2023).

The Investor Day will comprise an overview of IAG’s strategy and operating environment by IAG Managing Director and CEO Nick Hawkins and then presentations by:

- IAG Group Executive Direct Insurance Australia, Julie Batch
- IAG Group Executive Intermediated Insurance Australia, Jarrod Hill
- Chief Executive IAG New Zealand, Amanda Whiting
- IAG Chief Operating Officer, Neil Morgan, and

- IAG Chief Financial Officer, Michelle McPherson

The presentations will be followed by a Q&A panel. The Investor Day will conclude around 5pm. The webcast will be made available following the session.

## IMPORTANT INFORMATION

This release contains general information in summary form and should be read in conjunction with IAG's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange (available at [www.iag.com](http://www.iag.com)). No representation or warranty is made as to the accuracy, completeness or reliability of the information in this release.

This release contains forward-looking statements, opinions and estimates, including statements regarding IAG's strategy, targets, goals, ambitions and expectations regarding results. Such statements involve risks (both known and unknown), uncertainties and assumptions, many of which are beyond IAG's control. This may cause actual results to differ materially from those expressed or implied in those statements. You are cautioned not to place undue reliance on those statements.

There are particular risks and uncertainties associated with implementation of IAG's strategy and related targets, ambitions and goals as they are subject to assumptions and dependencies which have greater levels of uncertainty than guidance given for FY23. Please see slide 2 in the 14 June 2023 IAG Investor Day presentation for further detail on the risks relating to forward looking statements.

This release has been authorised by IAG's Continuous Disclosure Committee.

## About IAG

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG's main businesses underwrite over \$13 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU, SGIO, SGIC and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit [www.iag.com.au](http://www.iag.com.au).

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