

6 May 2020

Presentation to the Macquarie Australia Conference and updated FY20 outlook – 6 May 2020

Medibank CEO Craig Drummond will be delivering the attached presentation at the Macquarie Australia Conference on 6 May 2020 which includes an update to Medibank's FY20 outlook.

This document has been authorised for release by the Board.

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Macquarie Australia Conference

Craig Drummond – Chief Executive Officer

6 May 2020

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Our long-term strategy is unchanged

Growing our business by leveraging our dual brand strategy to create a competitive advantage in Health Insurance

- Broadening and strengthening the value proposition. Examples: Live Better at Home, COVID-19 Health Assist, 24/7 Medibank Nurse, 24/7 Mental Health Phone Support, Medibank Concierge. Ongoing uplift in personalised health and wellbeing offering to customers remains the future
- Flexible digital systems and processes enable us to respond quickly to customers' needs. Examples: Financial Hardship options, postponement of premium increase, 24/7 Webchat, COVID-19 Customer Portal
- Dual brands, across multiple channels and price points, continue to meet customers' needs. Brand portfolio well positioned to cope with diverse range of economic outcomes

Transforming into a broader healthcare company

- Access to clinical capability and alternative care settings improving customer experiences, delivering treatments out of the hospital. Meaningful industry volume growth likely
- Telehealth services and services delivered away from traditional care settings have been well received by customers and practitioners. Examples: mental health, rehabilitation and nursing services

Our capital position remains strong

- Balance sheet remains debt free
 - Loss on investment portfolio between 1 January – 30 April 20 of ~\$58 million; which is an equivalent reduction of ~\$40 million in unallocated capital to ~\$160 million
- Well positioned to consider further M&A
 - PHI in a stressed operating environment
 - Health services

COVID-19 does not slow down the need for industry change

Medibank's immediate response to COVID-19

People	Customers	Community
<ul style="list-style-type: none">• Mobilised our entire workforce of ~4,000 to work from home which will change our operating rhythm going forward• Pulse surveys of our people continue to indicate very high levels of engagement• Temporarily closed all Medibank retail stores from 1 April with all team members redeployed. Stores will likely reopen in a stepped manner	<ul style="list-style-type: none">• Initial \$50+ million customer support package and the premium increase postponement (~\$120 million saving for customers) at this stage is expected to offset the ancillary benefit reductions in Q4• Any additional permanent benefit from lower ancillary claims will be given to Medibank and ahm ancillary and package policyholders with an active policy as at June 30• The four week cessation to some hospital procedures are more likely to be a deferral rather than permanent cancellation• We commit that any permanent COVID-19 related benefits in excess of the current package will be assessed when they are known and returned to our customers• Just over 1% of customers have suspended their policies and we expect these suspensions to be largely temporary	<ul style="list-style-type: none">• Donated \$5 million to the new Beyond Blue Coronavirus Mental Wellbeing Support Service• Medibank's telehealth team support the public via a range of COVID-19 helplines• Launched Live Better at Home which is free to all Australians as they invest in their health and wellbeing while at home

Long-term industry impacts

- Private Health insurance demonstrated agility in healthcare coverage. Inevitable future funding opportunities will exist outside hospital
- An acceleration in alternative care settings including telehealth and in-home care means better cost outcomes and experiences for customers
- Day and short-stay hospitals will play a stronger role in completing more elective surgery work leaving capacity in acute hospitals for more higher acuity work
- Reform is still urgently required to improve participation and affordability, but clearly this will now be a FY21 issue
- Serious uplift in public sector debt will necessitate lower levels of growth in public healthcare spending over the next few years against a likely backdrop of growing hospital waiting lists

FY20 outlook update

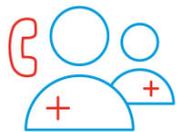
	Full year outlook at 1H20 result	Current outlook
Policyholder growth	On the current trajectory, we continue to expect Medibank brand volumes to stabilise by the end of FY20 and grow during FY21	Underlying policyholder growth since March modestly below expectations, with lower acquisition (closed stores) offset in part by improved retention Policyholder suspensions associated with customer support package expected to be largely temporary
Utilisation and claims	We expect hospital and ancillary utilisation to remain around current levels for the remainder of FY20 We also expect approximately 3% underlying claims growth per policy unit for FY20	No change, excluding impact of COVID-19
Management expenses	Management expenses are expected to be approximately \$540 million for FY20 We will provide an update on our productivity program with our FY20 result	Management expenses are expected to be approximately \$545 million for FY20 which includes \$5 million donation to Beyond Blue which offsets the previous savings expected from lower incentives No change to productivity program
Health Insurance earnings	As a result of the combination of factors above, we are confident that Health Insurance earnings will be higher in the second half of FY20	No change. We commit that any permanent COVID-19 related benefits in excess of the current package will be assessed when they are known and returned to our customers
Capital	Targeted inorganic growth for Medibank Health and Health Insurance remain areas of focus Dividend payout ratio expected to be at or above the top end of our revised target range of 75%-85% We will review our capital management options with our FY20 result	No change

medibank
For Better Health

Supporting our community, customers & people through COVID-19



\$5 million
donation to Beyond Blue



Delivering COVID-19 telehealth services to the public

Live Better at Home
free program launched

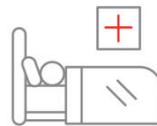


Premium increases postponed for 6 months for every Medibank & ahm customer

\$50+ million
initial support package:

Hospital admissions
for chest, heart, lung & kidney

Paying benefits related to COVID-19 regardless of level of hospital cover



Financial hardship policy

24/7 phone support

Telehealth expanded



COVID-19 Health Assist program

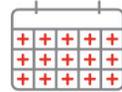


Virtual working



Retail team redeployed to other customer support channels

Special leave for employees impacted by COVID-19



91%
employee engagement
up 7 points from pre-COVID-19 period

