

asx release

5 May 2021

Presentation to the Macquarie Australia Conference and updated FY21 outlook

Medibank Chief Financial Officer Mark Rogers will be delivering the attached presentation at the Macquarie Australia Conference on 5 May 2021 which includes an update to Medibank's FY21 outlook.

This document has been authorised for release by the Board.

For further information please contact:

For media

Emily Ritchie

Senior Executive, External Affairs

M: +61 429 642 418

Email: Emily.Ritchie@medibank.com.au

For investors/analysts

Colette Campbell

Senior Executive, Investor Relations

T: +61 475 975 770

Email: investor.relations@medibank.com.au

Macquarie Australia Conference

Mark Rogers – Chief Financial Officer

5 May 2021

Important notice

The information contained in this presentation is general information only. The information contained in this presentation is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. To the extent permitted by law, no responsibility for any loss arising in any way from anyone acting or refraining from acting as a result of this information is accepted by Medibank Private Limited ("MPL") or any of its related bodies corporate. No representation or warranty, express or implied, is made by any person, including MPL, and its related bodies corporate, directors, officers, employees, professional advisors and agents ("Related Parties") as to the fairness, accuracy, completeness, reliability or correctness of the information, opinions and conclusions contained in this presentation.

An investment in MPL securities is subject to investment and other known and unknown risks, some of which are beyond the control of MPL, such as general economic conditions in Australia, exchange rates, the market environment in which MPL operates and inherent regulatory risks in MPL's business. MPL does not guarantee any particular rate of return or the performance of MPL securities.

Past performance information in this presentation is given for illustrative purposes only. It is not, and should not be relied upon as, an indication of future performance.

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of MPL and associated entities and certain plans and objectives of the management of MPL. Forward-looking statements can be identified by the use of forward-looking terminology, including without limitation the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

Such forward-looking statements are not guarantees or predictions of future performance and are based on information, expectations and assumptions as at the date of this presentation regarding MPL's present and future business strategies and the future political, regulatory and economic environment in which MPL will operate.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors. The nature of such factors may cause the actual results or performance of MPL to be materially different from the results or performance expressed or implied by such forward-looking statements. No representation or warranty is made that any of these statements or forecasts (express or implied) will come to pass or that any forecast result will be achieved.

To the full extent permitted by law, MPL and its Related Parties disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including but not limited to any assumptions or expectations set out in the presentation).

All figures in the presentation are in Australian dollars unless stated otherwise and all market shares are estimates only. Some figures, amounts, percentages, estimates, calculations of value and fractions are subject to rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this presentation. Further, some balances subject to rounding may not add consistently throughout this presentation.

The distribution of this presentation, including in jurisdictions outside Australia, may be restricted by law. Any person who receives this presentation must seek advice on and observe any such restrictions. Nothing in this presentation constitutes an offer or invitation to issue or sell securities, or a recommendation to subscribe for or acquire securities, by or on behalf of MPL, its related bodies corporate or any other person in any jurisdiction including where it is unlawful to do so. This presentation is not and does not constitute an offer to sell or the solicitation, invitation or recommendation to purchase any securities in the United States and neither this presentation nor anything contained herein shall form the basis of any contract or commitment. This presentation may not be distributed or released, directly or indirectly, in the United States.

This presentation should be read in conjunction with MPL's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Update on market conditions

Thematic	Update – April 2021 FYTD ¹
Customer support	<ul style="list-style-type: none">• Medibank's total financial customer support during COVID-19 was more than \$195m as at the end of April• Permanent net claims savings due to COVID-19 will be returned to customers with a further update at the FY21 result• Support continues to be available for customers experiencing financial hardship
PHI market activity	<ul style="list-style-type: none">• Based on industry data - market growth continues• Despite 1 April premium increase, customer retention is significantly better than in the prior corresponding period
COVID-19 claims recovery	<ul style="list-style-type: none">• Surgical procedures are recovering quicker than non-surgical procedures• Victorian claims now broadly in line with the rest of Australia• Normalisation of claims in 3Q21 resulted in a small receipt in Risk Equalisation – modestly above our expectations• We now expect the increase in annualised average net claims expense per policy unit for FY21 to be c. 2.5%
COVID-19 claims liability	<ul style="list-style-type: none">• COVID-19 deferred claims liability of \$310m at 30 April is in line with 31 December• Hospital claims deferral assumption of 85% to be reviewed at 30 June with particular focus on non-surgical claims• Expect the 1H21 \$10m COVID-19 cost to the P&L to reverse in 2H21²
Medibank Health	<ul style="list-style-type: none">• COVID-related income in telehealth has significantly reduced• Travel insurance revenue remains subdued with international borders closed• Expect Medibank Health operating profit to be modestly lower in 2H21 compared to 1H21 (excluding Myhealth)
Capital position	<ul style="list-style-type: none">• Since 31 December capital position has benefited from strong net investment income FYTD April of c. \$99m• c. \$63m investment in Myhealth Medical Group reduces unallocated capital by a similar amount• Strong unallocated capital position provides investment for growth, including for further M&A in Medibank Health

¹ Unless otherwise stated

² In 1H21, customer relief measures of \$109m were \$10m greater than the COVID-19 net claims expense impact of \$99m

Momentum in policyholder growth has continued

Insights – April 21 FYTD

- FYTD net resident policyholder growth:
 - Up 70.2k policyholders or 3.9% on a reported basis
 - Up 61.1k or 3.3% adjusting for suspensions¹
- Continued strong growth in new-to-industry joins - 70% of all FYTD joins
- Total FYTD lapse rate > 200bps below pcg
- Total suspensions of c. 9k consistent with 1H21

Medium term drivers of policyholder trajectory

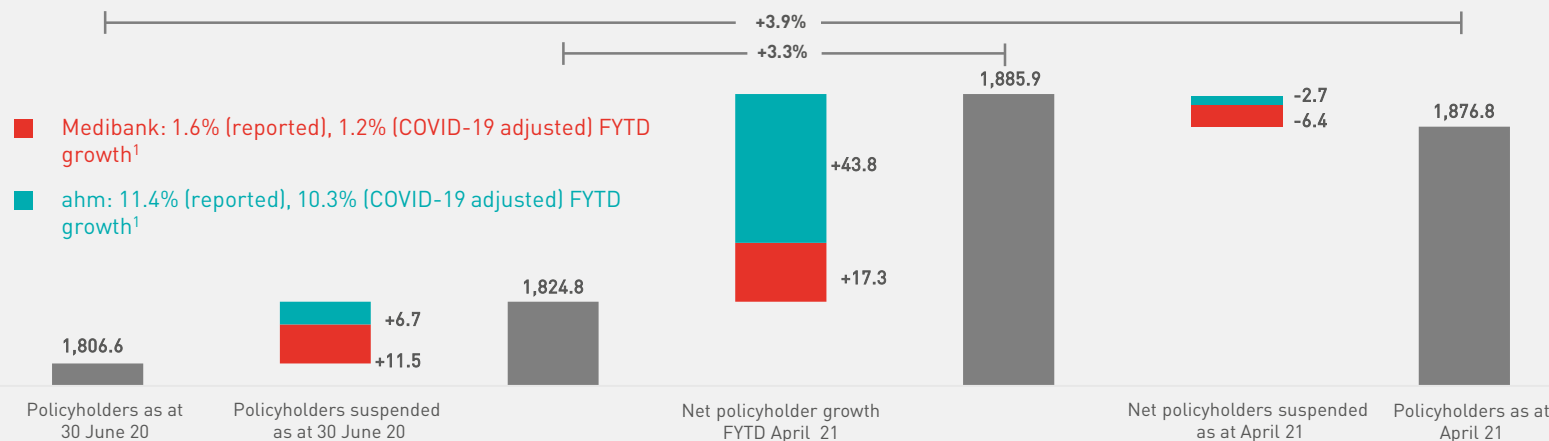
External factors:

- Economic conditions and international border closures
- Value proposition of PHI

Key areas of internal focus:

- Growth across our two brands
- Increasing health and wellbeing engagement with customers
- Supporting our customers as they navigate the healthcare system
- Increasing healthcare options for consumers through Medibank Health

FYTD net resident policyholder growth ('000, as at FYTD April 2021)



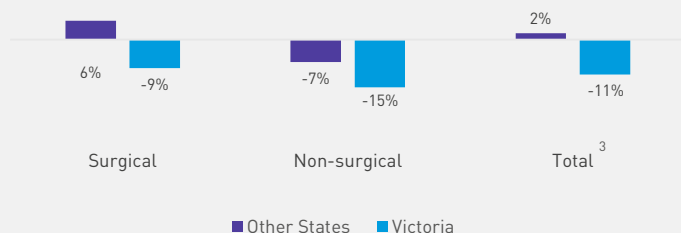
¹ Excluding the impact of policyholder suspensions due to COVID-19 financial hardship

Continuation of claims trends post COVID-19

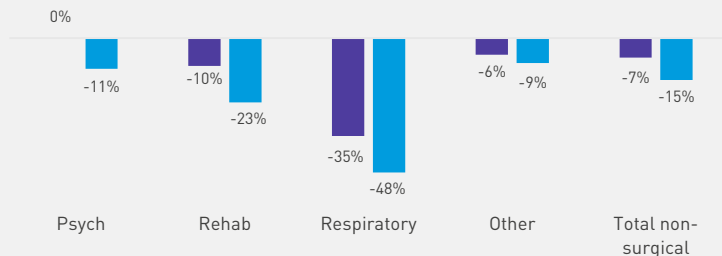
Private hospital claims paid in non-Victorian states have been mixed

- Private hospital claims comprise¹:
 - c. 34% Victoria and c. 66% non-Victorian states
 - c. 60% surgical and c. 40% non-surgical²
- Rehab annual spend (CY19) c. \$231m, c. 21% of non-surgical claims

Private hospital claims – FYTD Jan 21 \$ growth vs pcp¹



Private hospital non-surgical² claims – FYTD Jan 21 \$ growth vs pcp¹



Indicative private hospital claims insights Jan FYTD

Total:

- Non-Victorian claims up 2%, with surgical claims growth continuing to offset reduction in non-surgical claims (FYTD Nov 2020: +2%)
- Victorian claims:
 - Down 11%, reflecting impact of July – October 2020 lockdown (FYTD Nov 2020 down 15%)
 - 3Q21 claims in-line with non-Victorian claims

Surgical:

- Victorian claims decreased by 9% (FYTD Nov 2020 down 11%)
- Non-Victorian claims increased 6% (FYTD Nov 2020 up 7%) with same day claims showing stronger rebound than overnight claims

Non-surgical:

- Victorian claims reduced by 15% (FYTD Nov 2020: -21%)
- Non-Victorian claims down 7% (FYTD Nov 2020: -14%)
- Ongoing softness in rehab claims – down 14%-16% compared to surgical volume growth

Medium-longer term drivers of claims:

- Prosthesis reform consultation under way with potential to save the industry \$500m over four years, supporting continued low premium increases
- Closely monitoring rehab claims – potential permanent change to referral patterns

¹ Private hospital services incurred by Medibank Group in the 7 months to January 2021 and 2020 (excluding prostheses and medical)

² Based off industry standard Diagnosis Related Groups (DRGs). Surgical categorisation involves the use of an operating room

³ Total growth includes a portion of other claims not yet categorised

Investments in Medibank Health will support growth, innovation and more choice for customers

Proactive preventative healthcare: Primary care clinics



- Acquired a non-controlling interest in Myhealth, a leading operator of primary care clinics, for c.\$63m on 31 March 2021¹
- Business tracking well during 2021
 - Clinic numbers expected to increase by 10 to 95 before 30 June
 - EBITDA budget (incl. rent, 100%) of c. \$21m (FY20: \$17.0m, FY19: \$11.1m) with Medibank's economic interest of 33.4%
- Various avenues to growth
 - Maturation of existing clinic network
 - Brownfields / greenfield growth of >10 clinics per annum
 - M&A opportunities as the sector further consolidates

New care settings: Short stay, no gap



- Will continue to invest and expand our short stay, no gap offering through additional sites and establishing pilots for new modalities - general surgery and endoscopy
- Aspiration to build an at scale national short stay, no gap network for our customers including:
 - East Sydney Private Hospital
 - JV with doctors for a new short stay, no gap² hospital in Kew Melbourne
 - Strong investment pipeline with potential for additional opportunities by the end of calendar 2021

Clinical homecare



- Increasing acceptance of homecare services post COVID-19 with an increase in virtual hospital bed volumes³ from 259 in June 2020 to 384 in December 2020
- Continue to broaden our geographic coverage and the type of payors we provide services for
- Calvary and Medibank joint venture delivering 'My Home Hospital', a Wellbeing SA service
 - Over 300 patients have used the My Home Hospital service since its official launch in January 2021
 - Future focus on how to replicate and scale into other geographies

Virtual health







- Rapidly developing market where we are actively investing to expand our capabilities:
 - Intake and triage services for the mental health system
 - Delivering convenient 24/7 health accessibility including to support our rural, regional and corporate PHI customers
 - Scaling after hours GP services such as video assessment capability
- Increasing use of remote monitoring to enable virtual delivery of care in patients' homes
- Working with other payors to deliver new and innovative models of care

¹ Medibank acquired 49% of the ordinary shares of Myhealth Medical Holdings Pty Ltd, which represents a 33.4% economic interest in the Myhealth Medical Group when taking into account the interests of managements and the local GP shareholders in Myhealth Medical Holdings Pty Ltd and its subsidiaries

² The short stay no gap joint venture program will be available for certain treatments and subject to the eligibility and the conditions of the customer's hospital policy. Any excess or co-payment that applies to a policy is still payable

³ Virtual beds means the number of people receiving hospital substitute treatments by Medibank Health which is calculated for a given period as total days of hospital substitute treatments service / number of days in the period

Update to FY21 outlook

	Full year outlook at 1H21 result	Updated outlook
Policyholder growth 	We aim to increase market share and achieve total policyholder growth in excess of 3% , including an expectation of growing the Medibank brand by c. 1% during FY21 ¹	We aim to increase market share and achieve total policyholder growth between 3.5%-4% , including an expectation of growing the Medibank brand by between 1.2%-1.4% during FY21 ¹
Underlying drawing rate 	Our increase in annualised average net claims expense per policy unit for 2H21 is forecast to be in line with 1H21 (c. 2.6%)	Our increase in annualised average net claims expense per policy unit for FY21 is forecast to be c. 2.5%
Health insurance management expenses 	FY21 productivity target of \$20m Additional \$30m productivity planned during FY22-FY23 Management expenses are expected to be c. \$530m for FY21	Unchanged
Capital 	Dividend payout ratio expected to be towards the top end of our target range of 75%-85% Targeted inorganic growth for Medibank Health and Health Insurance remain areas of focus	Unchanged

Any permanent net claims savings due to COVID-19 will be given back to customers through additional support in the future

¹ Excluding the impact of policyholder suspensions due to COVID-19 financial hardship