

nib

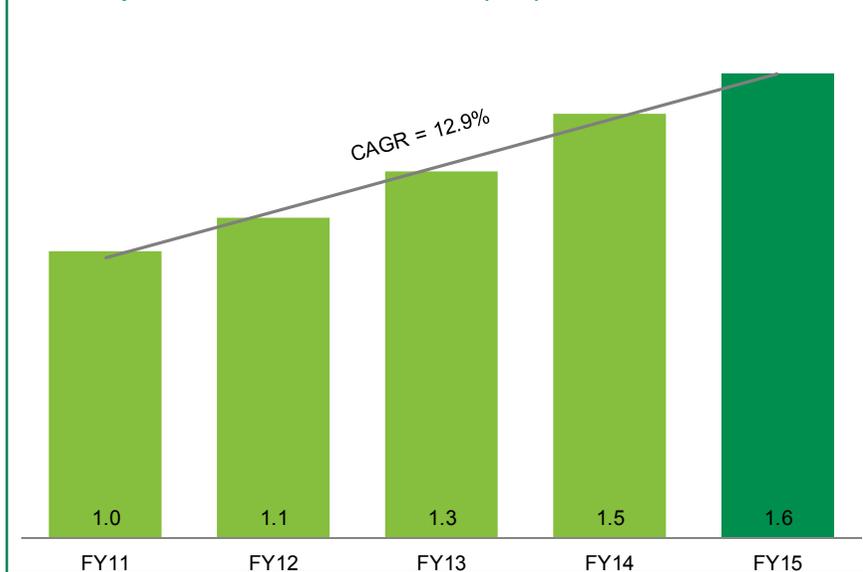
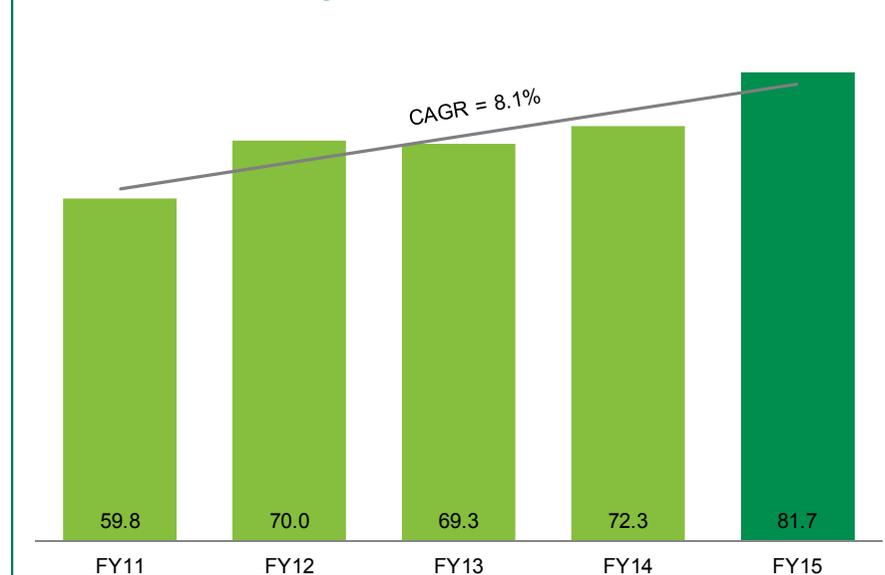
2015 FULL YEAR RESULTS

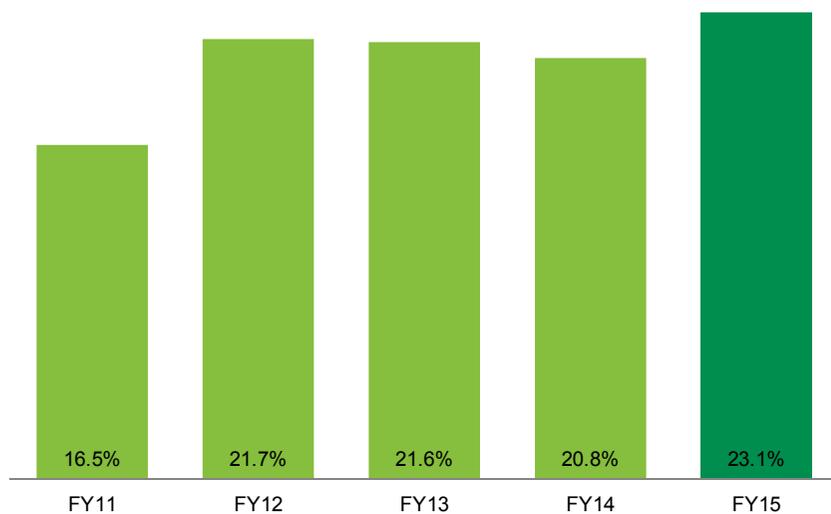
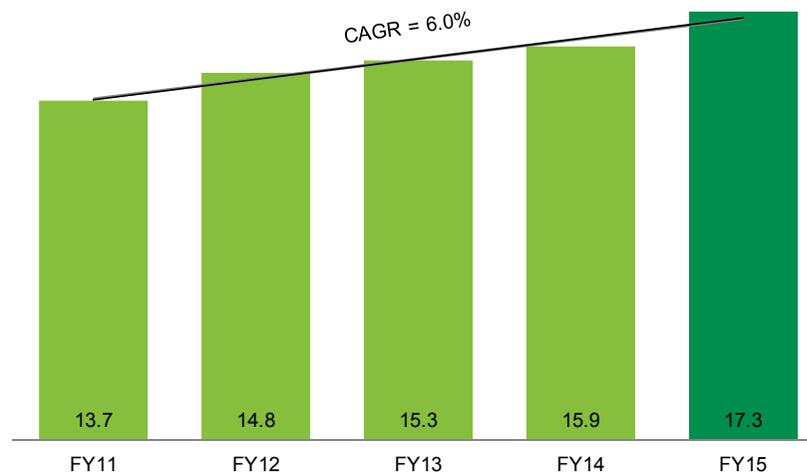
INVESTOR PRESENTATION
MONDAY 24 AUGUST 2015



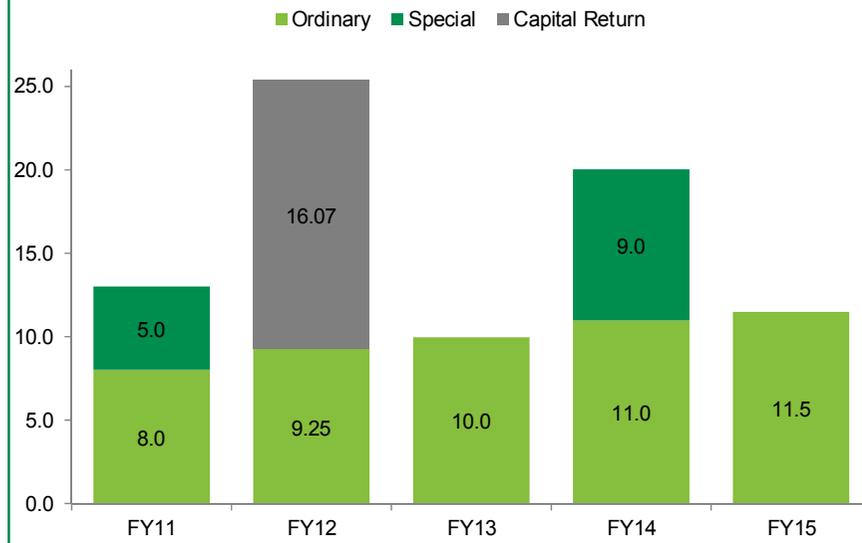
MARK FITZGIBBON
CEO AND MANAGING DIRECTOR

- Group operating profit up 13.0% to \$81.7m (FY14: \$72.3m).
- Group premium revenue up 9.6% to \$1.6b (FY14: \$1.5b).
- Australian Resident Health Insurance (arhi) operating profit up 26.0% to \$71.8m
 - Net policyholders grew 4.7% (FY14: 3.1%) versus industry 2.5%.
 - Premium revenue grew 8.8% to \$1.4b (FY14: \$1.3b) versus industry 7.3%.
 - Net underwriting margin of 5.0% (FY14: 4.2%) versus industry 4.4%.
- Non-arhi accounted for 12.1% of operating profit (FY14: 21.1%).
 - International (Inbound) Health Insurance (students and workers) combined operating profit up 4.0% to \$11.8m (FY14: \$11.3m).
 - nib New Zealand (nibnz) operating profit down to \$5.4m (FY14: \$7.4m) hampered by legacy Premium Payback (PPB) product liability and one-off costs. Net policyholders grew 5.9% (FY14:-0.1%).
 - Other insurance commissions (non-underwritten) of \$2.4m (FY14: \$2.2m).
 - nib Options net operating loss of \$3.8m (FY14:-\$2.5m).
- Net investment income up 5.8% to \$31.4m (FY14: \$29.7m).
 - Includes profit on sale of holding in Pacific Smiles Group (\$5.4m).
- NPAT up 7.9% to \$75.3m (FY14: \$69.8m).
- EPS up 8.8% to 17.3cps (FY14: 15.9cps). ROE of 23.1% (FY14: 20.8%).
- Full year fully franked ordinary dividend of 11.5cps (FY14: 11.0cps), interim 5.5cps, final 6.0cps. Full year dividend represents payout ratio of 67% of NPAT.
- Acquisition of travel insurance provider World Nomads Group (WNG), announced on 8 July 2015 with completion on 31 July 2015.

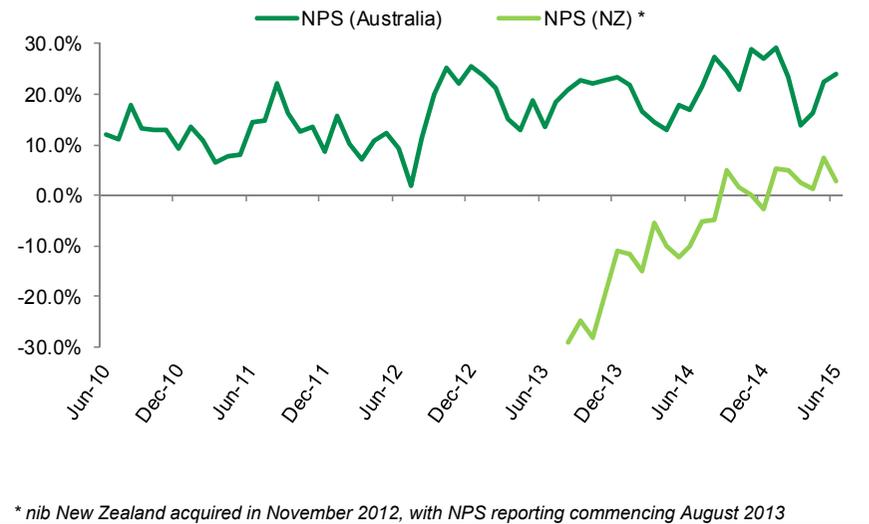
Group Premium Revenue (\$b)**Group Operating Profit (\$m)**

Return on Equity (%)**Earnings Per Share (cps)**

Dividends (cps)



Net Promoter Score*



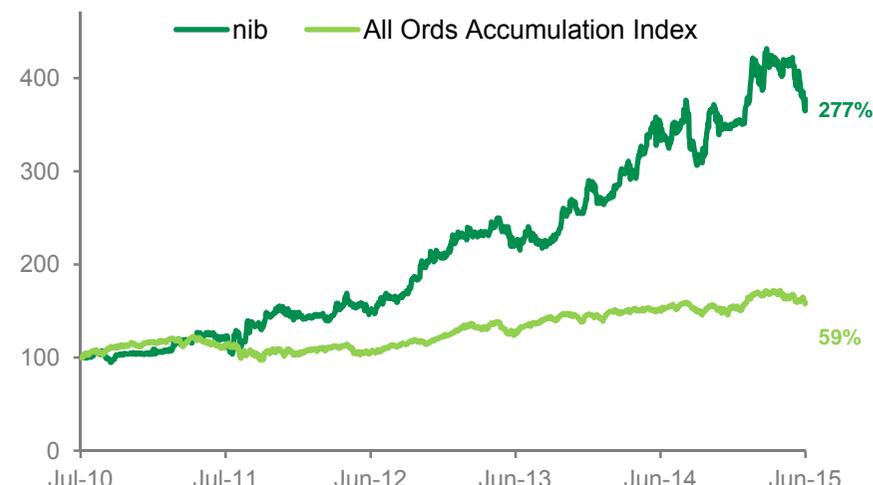
Net operating cash flow (\$m)



*FY12 and FY13 impacted by FY12 premium pre-payments due to income testing of Government Rebate for up to 13 months.

Total Shareholder Return (%)

nib delivered a ~7.6% total shareholder return in FY15 versus ~5.7% for the All Ords Index.



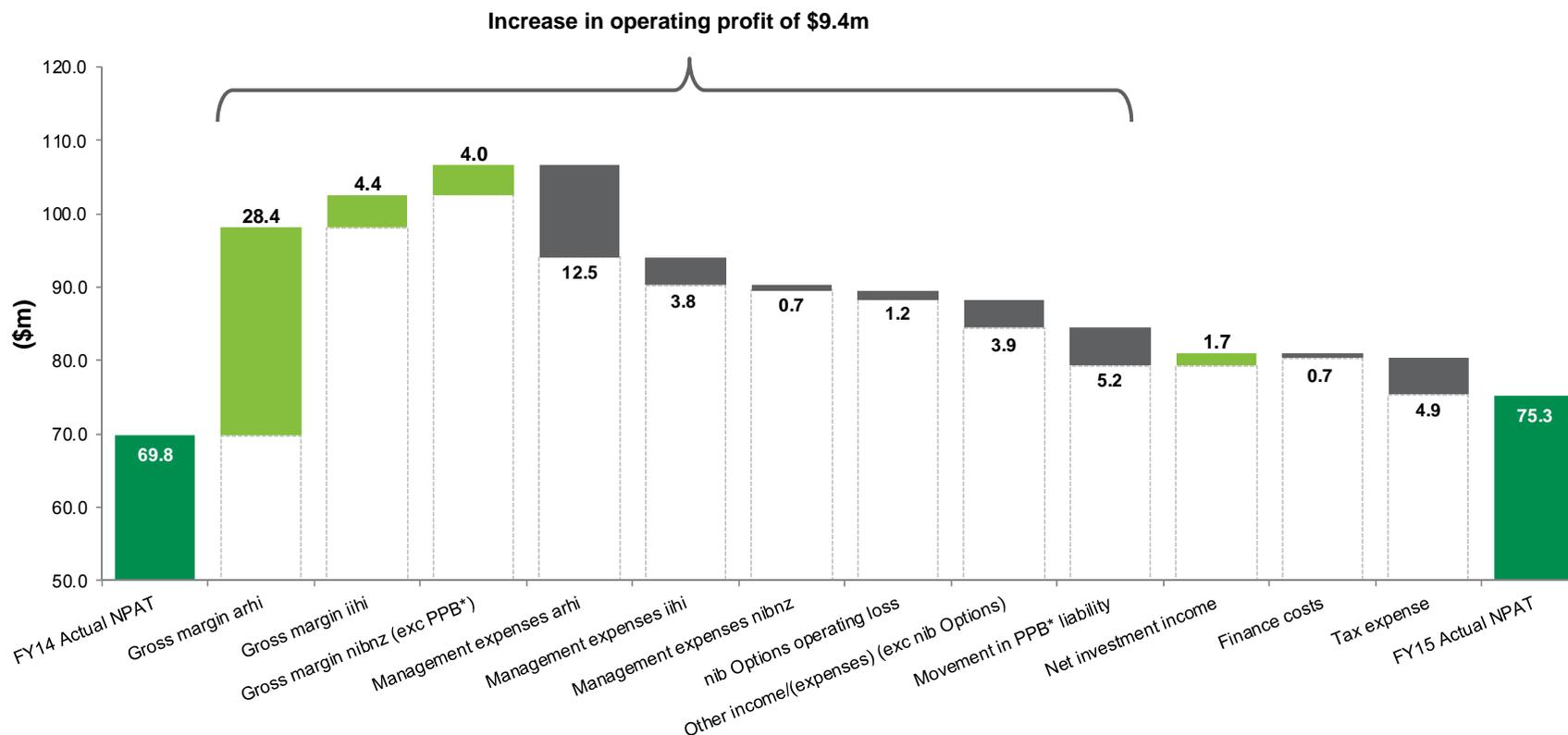
Total shareholder return (rebased to 100)

Source: IRESS (as at 30 June 2015)

Assumes capital returns and dividends are re-invested at payment date



MICHELLE MCPHERSON
CHIEF FINANCIAL OFFICER & DEPUTY CEO



- Group operating profit up 13.0% to \$81.7m has underpinned 7.9% increase in NPAT to \$75.3m.
- Tax expense impacted by one-off non-deductible items, most notably write-back of nib Options unrecognised tax losses.

* PPB – Premium Payback product

nib arhi KEY METRICS

	FY15	FY14	Change*
Total policyholders	509,897	486,794	4.7%
- Net policyholder growth (%)	4.7	3.1	1.7%
Net new policyholders	23,103	14,530	59.0%
Total customers (persons covered)	1,001,368	959,974	4.3%
Total sales	89,095	71,060	25.4%
- Sales rate (%)	18.3	15.0	3.3%
- Sales new to category (%)	40.3	49.3	(9.0)%
- Sales under 40 years of age (%)	46.1	53.7	(7.6)%
- Sales over 55 years of age (%)	31.3	21.9	9.4%
- Sales nib direct (%)	58.4	69.0	(10.6)%
- Sales broker (%)	41.6	31.0	10.6%
- Sales outside NSW/ACT (%)	58.5	56.1	2.5%
Total lapses	65,992	56,530	16.7%
- Lapse rate (%)	13.6	12.0	(1.6)%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

- Very strong policyholder growth, surpassing 1m customers covered.
- FY15 industry growth rate of 2.5% (nib: 4.7%), with nib accounting for 14.6% of industry growth.
- Deliberate higher use of retail brokers has supported strong growth in attractive Virgin Silver segment.
- Focus on optimising acquisition costs across channels drives sales mix.
- Lapse rate linked to achieving a higher than average industry average growth rate. Customers who lapse within first 12 months accounted for 24.3% of total lapse result (FY12: 21.7%). Continued trend of higher lapse rates in under 40 segment.
- API per new policyholder up 6.8% to \$2,502 (FY14: \$2,343).

(\$m)	FY15	FY14	Change*
Premium revenue	1,429.5	1,314.5	8.8%
- % of total Group	87.4%	88.1%	(0.7)%
Claims (including state levies, excluding risk equalisation)	(1,053.4)	(961.7)	9.5%
Risk equalisation	(185.5)	(190.6)	(2.7)%
Claims including risk equalisation	(1,238.9)	(1,152.3)	7.5%
Gross underwriting result	190.6	162.2	17.5%
- Gross margin (%)	13.3%	12.3%	1.0%
Management expenses	(118.9)	(106.4)	11.8%
- MER (%)	8.3%	8.1%	0.2%
Net underwriting result	71.7	55.8	28.5%
- Net margin (%)	5.0%	4.2%	0.8%
Other income/expenses	0.1	1.2	(91.5)%
Operating profit	71.8	57.0	26.0%
- % of group operating profit	87.9%	78.9%	9.0%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

- Net underwriting margin of 5.0% (FY14: 4.2%) restored to within target range:
 - Claims expense (net of risk equalisation) up 7.5%:
 - Hospital claims paid increasing 14.2%.
 - Ancillary claims paid up 4.4%, incorporating rectification of Top Extras 85% product.
 - Risk equalisation down 2.7% reflecting success in over 55s market.
- Increase in management expenses a function of increased investment in organic growth.
- MER excluding customer acquisition costs fell from 5.1% in FY14 to 4.9% this year.
- Significant growth in operating profit driven by success of strategic initiatives and arhi continues to be the core economic engine of the Group.

(\$m)	FY15	FY14	Change*
Total policyholders	71,783	45,284	58.5%
- Net policyholder growth (%)	58.5%	66.6%	(8.1)%
Net premium revenue	54.9	38.0	44.6%
- % of total GWP	3.4%	2.5%	0.9%
Net claims expense	(29.4)	(16.9)	73.8%
Gross underwriting result	25.5	21.0	21.1%
- Gross margin (%)	46.4%	55.4%	(9.0)%
Management expenses	(13.9)	(10.1)	37.8%
- MER (%)	25.3%	26.6%	(1.3)%
Net underwriting result	11.6	10.9	5.8%
- Net margin (%)	21.1%	28.8%	(7.7)%
Other Income/expenses	0.2	0.4	(45.4)%
Operating profit	11.8	11.3	4.0%
- % of group operating profit	14.4%	15.7%	(1.3)%

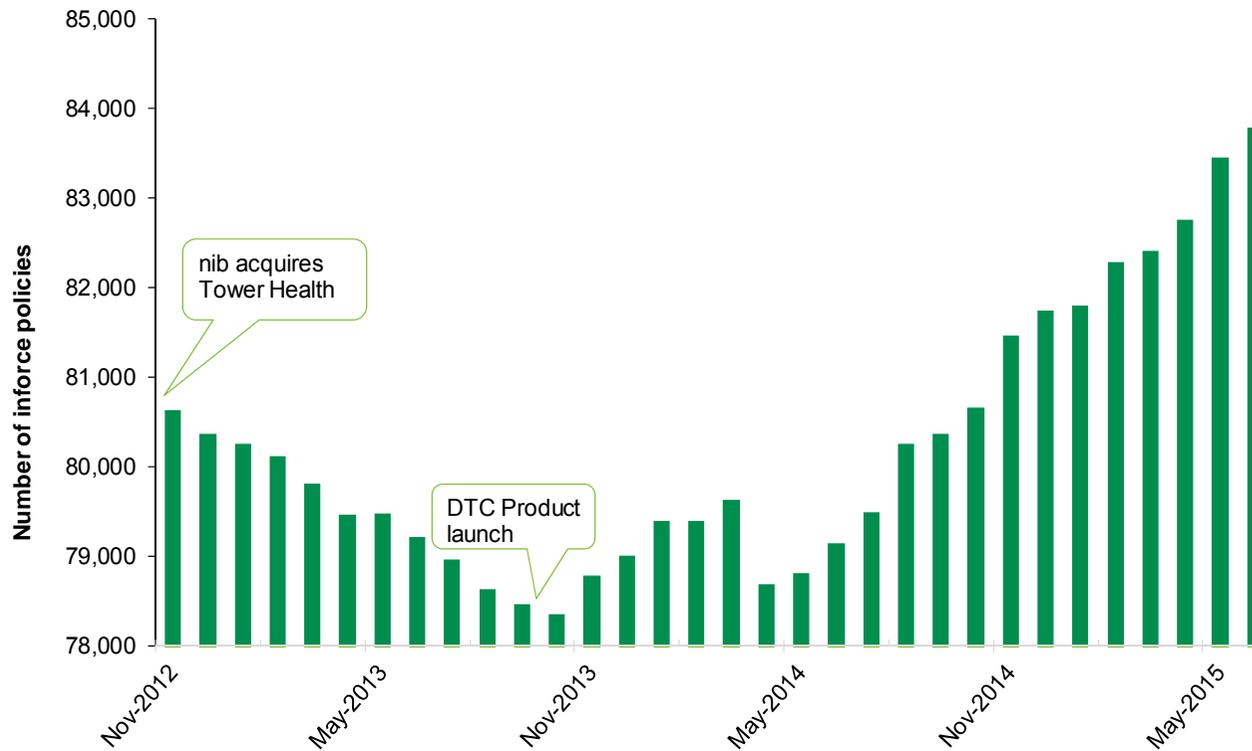
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- Rapid policyholder growth in 2H15, particularly in students, combined with what appears to be pent-up demand from these new customers has seen a higher rate of growth in claims when compared to the growth in premium revenue.
- Various levers are at work to bring claims experience back in-line with expectations.
- MER reflects economies of scale.
- Operating profit up 4.0% to \$11.8m.

(A\$m)	FY15	FY14	Change*
Total policyholders	83,778	79,147	5.9%
-Net policyholder growth (%)	5.9%	(0.1)%	6.0%
Premium revenue	150.4	139.2	8.1%
- % of total Group	9.2%	9.3%	(0.1)%
Claims expense	(96.8)	(89.5)	8.1%
Gross underwriting result (excluding PPB)	53.6	49.7	8.0%
Gross margin (%) (exc PPB)	35.7%	35.7%	(0.0)%
Total management expenses	(46.3)	(45.6)	1.7%
MER (%)	30.8%	32.8%	(2.0)%
Net underwriting result (excluding PPB)	7.3	4.1	78.1%
Net margin (%) (exc PPB)	4.8%	2.9%	1.9%
Other income/expenses	-	-	NA
Operating profit (before movements in PPB liability)	7.3	4.1	78.1%
(Increase)/Decrease in PPB liability	(1.9)	3.3	(157.8)%
Operating profit	5.4	7.4	(27.0)%
- % of group operating profit	6.6%	10.2%	(3.6)%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

- Growth in premium revenue underpinned by strong policyholder growth.
- Business now growing strongly after a decade of losing policyholders, with policyholder growth of 5.9%. Direct-to-consumer product range (launched October 2013) accounted for ~50% of all sales.
- Claims up as we return to more normal claims experience after favourable benefit in FY14.
- Total management expenses up 1.7% to \$46.3m with business starting to realise benefits of electronic claims processing and automation initiatives, combined with acquisition costs reflecting channel mix.
- Operating profit (excluding PPB liability movement) of \$7.3m up 78.1%.
- Campaign currently underway to shift customers off PPB product.

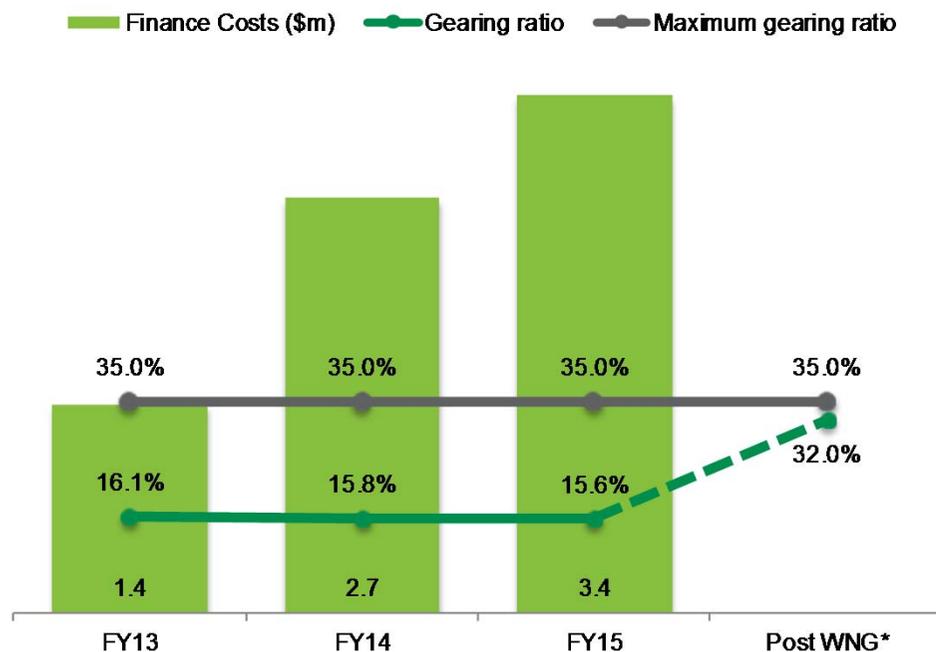


- nib New Zealand now growing strongly after a decade of losing policyholders, with policyholder growth of 5.9%. Direct-to-consumer product range (launched October 2013) accounted for ~50% of all sales.
- In the absence of nib New Zealand, industry policyholder growth declined by 0.5%* in FY15.

*Source: Health Funds Association New Zealand (June 2015) and nib

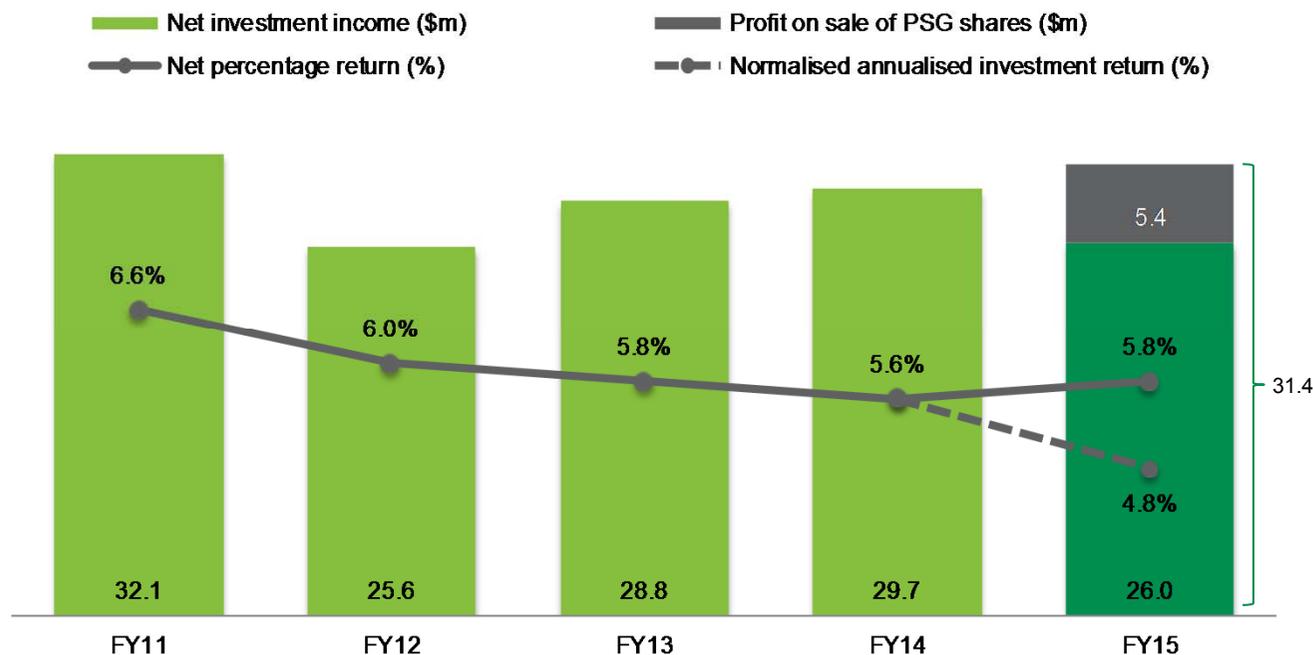
(\$m)	FY15	FY14	Change*
Other income			
Complementary Insurance	2.4	2.2	13.1%
nib options income	0.6	0.4	65.8%
Agency fee (exc nib options)	0.3	0.2	26.9%
Rental income	1.0	0.9	9.4%
Sundry income	0.5	2.1	(76.5)%
Digital Health Ventures licence fee income	0.3	-	NA
Total Other Income (exc complementary income)	5.1	5.8	(10.8)%
Other expenses			
nib options expenditure	(4.4)	(2.9)	51.2%
Share registry and other corporate overheads	(4.3)	(3.7)	15.7%
M&A	(2.1)	(0.8)	164.2%
Other	(0.3)	(0.1)	231.5%
Digital Health Ventures expenditure	(0.9)	-	NA
Total other expenses	(12.0)	(7.5)	60.1%

- nib Options net operating loss of \$3.8m includes one-off write-off of goodwill and contingent consideration liability, net value of \$0.7m given change in business model based upon experience to date. Other expenses (excluding impairment of goodwill) of \$3.0m reflects investment to build business. Recalibration of business, including establishing operations in Thailand currently underway.



- Gearing ratio at 30 June 2015 of 15.6% (debt to debt plus equity).
- Gearing of 32% (debt to debt plus equity) post WNG acquisition.
- nib targets a long term average gearing ratio of 30%. In the event of a significant transaction gearing may be above 30% for a short time if necessary to effect the transaction.

* World Nomads Group (WNG) acquisition completed 31 July 2015



- Net investment return of 5.8% (FY14: 5.6%).
- FY15 benefited (\$5.4m) from sale of shareholding in Pacific Smiles Group (21 November 2014). Excluding the benefit from PSG sale our investment return would have been \$26.0 million or 4.8%, reflecting lower cash rate environment.
- Consolidated defensive/growth split of 83%/17% as at 30 June 2015 (FY14: 83%/17%).
- Total net investment assets at 30 June 2015 of \$600.8m (includes Newcastle office building, with nib currently undertaking expression of interest process for potential sale and multi-year lease back).

(\$m)	FY15	FY14	Change*
Net cash inflow/(outflow) from operating	114.2	93.7	21.9%
Net cash inflow/(outflow) from investing	(48.9)	(42.0)	16.3%
Net cash inflow/(outflow) from financing	(89.0)	(46.3)	92.3%
Net increase (decrease) in cash and cash equivalents	(23.7)	5.4	(538.6)%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

- Net operating cash inflow in FY15 up \$20.5m impacted by multi-year payment of premiums associated with international students.
- Net investing cash outflow in FY15 the result of rebalancing of investments in line with strategic investment policy.
- Increase in net financing cash outflow to \$89.0m mainly due to payment of FY14 \$39.5m special dividend in October 2014.

(\$m)	FY15	FY14
Opening available capital position above internal targets	18.7	14.8
Net profit after tax	75.3	69.8
(Increase)/Decrease in nib health funds capital	(25.3)	49.0
(Increase)/Decrease in nib New Zealand capital	(27.9)	(11.8)
Allowance for capital required for WNG acquisition	(12.2)	-
Movement in foreign currency translation reserve direct to equity	(1.4)	2.0
Movement in other reserves direct to equity	2.9	3.4
Changes in debt	(2.6)	5.9
Changes in other intangibles, other assets and liabilities	9.3	(2.7)
(Allowance for)/Removal of net tangible assets debt covenant	23.9	(23.9)
Interim dividend paid and allowance for final dividend	(50.5)	(48.3)
Allowance for special dividend	-	(39.5)
Consolidated available capital position above internal targets	10.2	18.7

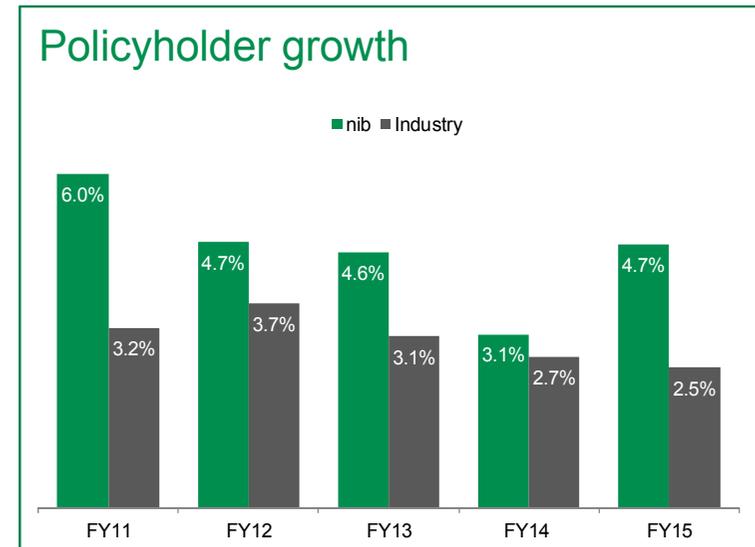
- Increase in nib New Zealand capital includes capital being accumulated to support strategic initiatives.
- Renegotiation of debt funding arrangements in 1H15 resulted in replacement of net tangible assets covenant with interest cover covenant which increased available capital.



MARK FITZGIBBON
CEO AND MANAGING DIRECTOR

We expect the market to continue to grow and to increase our market share and earnings.

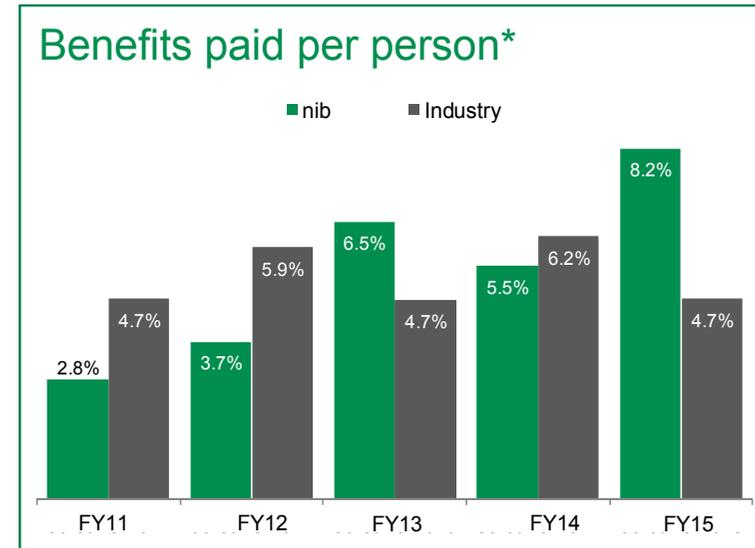
- System growth will continue for a number of reasons, including inevitable funding shift from Government to private sector.
- Above system policyholder growth for nib with focus upon under 40s and over 55s.
- Net growth remains highly value accretive. nib's target net margin range is 5%-5.5%.
- Lapse rate clearly indicates growth is not without headwinds. Downgrading while present, is not impacting top line growth and profitability.
- M&A prospects remain limited but logic of industry consolidation remains compelling.
- Impending Government review of PHI.



Source: nib/APRA

Managing underlying claims inflation a top priority

- Underlying claims inflation to continue in the order of 5%-8%. Growing determination evident amongst health insurers to rein in over-servicing, avoidable hospital admissions and cost variation. Some encouraging signs from FY15.
- nib's inflation being heavily influenced by shift to Virgin Silver (over 55s) but with risk equalisation relief.
- Both payers and providers will do well from inevitable growth in healthcare spending and private sector's role. Neither can be tolerating market inefficiency and simply "pricing in".



* Total benefits paid per person (rolling 12 month inflation)
Source: nib/APRA

"Complementary" business will continue to make a major contribution to pre-tax operating earnings and further opportunities are very real.

- International (Inbound) Health Insurance business (students and workers) to expand in FY16 with margins forecast to remain stable. Need for more assertive care coordination evident.
- nib New Zealand profitability to improve in FY16 due to improved scale and growth. Further investment in DTC, a focus on advisor channel, a renewed effort on group/employer market, third party distribution and M&A.
- We remain convinced of the investment case for nib Options. Recalibration of business well advanced, including establishing operations and management team in Thailand.
- Expect to launch International (Outbound) Health Insurance products in Australia during FY16.
- Appointment of new executive, David Kan, to lead all non-arhi businesses (excluding NZ and DHV).
- These new initiatives are never risk free nor is return on investment instant.

We will increase investment in our IT and digital strategy (including Whitecoat), especially recognising the potential of the "digital era" to disrupt the healthcare market and create opportunities.

Whitecoat

- Will help customers make more informed decisions around their general health and manage their health.
- Will help customers with choice of treatment and provider.
- Will significantly improve the speed, reliability and cost efficiency of the transactions associated with healthcare delivery (e.g. online appointments).
- Will improve engagement between customers and healthcare providers.



Whitecoat launched November 2013. Over 85,000 moderated reviews, growing 20,000 a month. Currently averaging approximately 90,000 visitors per month. Recently launched online booking capability.

**Business
summary**

- Third-largest distributor of travel insurance in Australia.
- Specialises in the marketing, sale and distribution of travel insurance policies globally (Australia accounts for ~70% of GWP¹).
- Provides ancillary insurance services such as claims management and emergency assistance.
- Distribution occurs direct-to-consumer online and network of travel agents, referral partners and white label intermediaries.
- Does not bear underwriting risk.

**Strategic
rationale**

- Leverages nib's brand, distribution and capabilities to grow earnings in complementary markets.
- Significant market growth potential.
- Product familiarity and complementarity.
- Value enhancement and synergies.
- Strong cultural fit.

**Immediate
priorities**

- Retain key personnel and bed-down new leadership arrangements.
- Smooth transition and minimise distraction to day-to-day operations.
- Begin extracting revenue and cost synergies.
- Undertake additional research and strategic review to further grow and expand business.

¹ For the year ended 30 June 2015

- FY16 consolidated operating profit of \$85m-\$90m.
- FY16 investment income forecast to be lower than FY15 but still in line with relevant internal benchmarks*.
- Ordinary dividend payout ratio 60%-70% of full year NPAT.

* Internal Investment benchmarks

- Australian Regulatory capital (75%/25% defensive/growth) - target for portfolio bank bill index plus 1%
- New Zealand regulatory capital (100% defensive) (1) For core portfolio target is a 6 month bank bill index (2) For premium payback portfolio target is a 3.0 years interest rate swap index
- Surplus capital (100% defensive) - bank bill index

nib

Q&A

nib

APPENDIX

nib Group	FY11	FY12	FY13	FY14	FY15
Total policyholders	446,504	471,455	578,659	611,225	665,458
– Australian Residential Health Insurance	431,173	451,647	472,264	486,794	509,897
– International (inbound) Health Insurance	15,331	19,808	27,186	45,284	71,783
– nib New Zealand	-	-	79,209	79,147	83,778
nib New Zealand (Persons covered)	-	-	160,891	156,730	162,351
Employees (FTEs)	572	556	692	784	843
arhi					
Net policyholder growth	6.0%	4.7%	4.6%	3.1%	4.7%
Market share	7.5%	7.6%	7.7%	7.7%	7.9%
Persons covered	839,282	881,922	927,043	959,974	1,001,368
Average age of hospital persons covered (yrs)	35.9	35.8	35.9	36.7	37.9
Total policyholders “under 40”	208,082	217,322	222,746	216,109	210,398
– Growth in “under 40” segment	7.7%	4.4%	2.5%	(3.0%)	(2.6)%
Total policyholders “over 55”	106,618	111,374	118,881	132,378	154,561
– Growth in “over 55” segment	3.6%	4.5%	6.7%	11.4%	16.8%
Total hospital persons “20-39”	262,981	274,922	280,194	271,903	263,820
– Growth in hospital persons “20-39”	6.8%	4.5%	1.9%	(3.0%)	(3.0)%
– Market share	10.6%	10.7%	10.7%	10.1%	9.7%
Total hospital persons “55+”	139,292	145,646	155,603	173,868	205,119
– Growth in hospital persons “55+”	3.8%	4.6%	6.8%	11.7%	18.0%
– Market share	4.7%	4.7%	4.9%	5.3%	6.0%
arhi Sales by Channel					
Direct (nib)	89.1%	77.8%	68.2%	69.0%	58.4%
Broker	10.9%	22.2%	31.8%	31.0%	41.6%

Increase in FTEs includes nib New Zealand
Source: nib/APRA

	FY11	FY12	FY13	FY14	FY15
Total policyholders	5,727,566	5,936,660	6,118,351	6,286,536	6,444,616
- Policyholder growth	3.2%	3.7%	3.1%	2.7%	2.5%
Total persons covered	11,901,915	12,321,848	12,680,337	13,006,018	13,285,907
Average age of hospital persons (yrs)	40.2	40.3	40.4	40.5	40.7
Total hospital persons "20-39"	2,477,256	2,562,382	2,626,727	2,686,824	2,722,162
- Growth in hospital persons "20-39"	2.9%	3.4%	2.5%	2.3%	1.3%
Total hospital persons "55+"	2,969,911	3,086,206	3,197,316	3,303,394	3,404,736
- Growth in hospital persons "55+"	3.9%	3.9%	3.6%	3.3%	3.1%

Source: APRA

All figures exclude International businesses and nib New Zealand, unless otherwise stated

(\$m)	FY15	FY14	Change*
Net premium revenue	1,634.9	1,491.6	9.6%
Net claims expense	(1,151.4)	(1,040.0)	10.7%
Risk equalisation levy	(185.5)	(190.6)	(2.7)%
State levies	(28.2)	(28.2)	0.3%
(Increase)/Decrease in premium payback liability	(1.9)	3.3	(157.8)%
Gross underwriting result	267.8	236.2	13.4%
- <i>Gross underwriting Margin</i>	16.4%	15.8%	0.6%
Acquisition costs	(79.3)	(67.9)	16.8%
Claims handling and other underwriting expenses	(99.9)	(94.2)	6.0%
- <i>Management expense ratio</i>	11.0%	10.9%	0.1%
Net underwriting result	88.6	74.1	19.6%
- <i>Net underwriting margin</i>	5.4%	5.0%	0.4%
Other income	5.1	5.7	(10.8)%
Other expenses	(12.0)	(7.5)	60.1%
Operating profit	81.7	72.3	13.0%
Finance costs	(3.4)	(2.7)	24.7%
Net investment income	31.4	29.7	5.8%
Profit before income tax	109.6	99.2	10.5%
Income tax expense	(34.3)	(29.4)	16.8%
NPAT	75.3	69.8	7.9%
Profit is attributable to:			
<i>Owners of nib holdings limited</i>	75.8	69.9	8.4%
<i>Non-controlling interests</i>	(0.5)	(0.1)	297.8%
EPS	17.3 cps	15.9 cps	8.8%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

(\$m)	FY11 ¹	FY12	FY13 ²	FY14	FY15	Change*
Net premium revenue³	1,007.8	1,123.8	1,290.4	1,491.6	1,634.9	9.6%
- arhi	991.3	1,095.6	1,187.2	1,314.5	1,429.5	8.8%
- iihi	16.5	28.2	32.0	38.0	54.9	44.6%
- nibnz	-	-	71.1	139.2	150.4	8.1%
Net claims expense³	(693.1)	(765.4)	(896.7)	(1,040.0)	(1,151.4)	10.7%
- Hospital claims paid (arhi)	(461.6)	(499.8)	(561.2)	(609.5)	(695.9)	14.2%
- Ancillary claims paid (arhi)	(222.2)	(246.5)	(274.5)	(314.7)	(328.5)	4.4%
- OSC provision movement (arhi)	(1.5)	(5.7)	2.0	(9.3)	(0.8)	(91.8)%
- iihi claims incurred	(7.9)	(13.5)	(15.2)	(16.9)	(29.4)	73.8%
- nibnz claims incurred	-	-	(47.7)	(89.5)	(96.8)	8.1%
Risk equalisation levy	(132.7)	(160.0)	(167.4)	(190.6)	(185.5)	(2.7)%
- OSC risk equalisation margin	(0.7)	(2.9)	1.6	(1.0)	0.8	(186.7)%
- Gross deficit	160.3	176.5	202.6	222.0	267.0	20.3%
- Calculated deficit	(292.3)	(333.6)	(371.6)	(411.6)	(453.3)	10.1%
State levies	(22.9)	(23.8)	(28.8)	(28.2)	(28.2)	0.3%
Decrease/(Increase) in premium payback liability	-	-	3.3	3.3	(1.9)	(157.8)%
Net claims incurred (excluding claims handling)	(848.7)	(949.2)	(1,089.6)	(1,255.4)	(1,367.1)	8.9%
Gross underwriting result	159.1	174.6	200.8	236.2	267.8	13.4%
- arhi	150.4	159.9	157.2	162.2	190.6	17.5%
- iihi	8.7	14.7	16.8	21.0	25.5	21.1%
- nibnz	-	-	26.7	53.0	51.7	(2.3)%
Management expenses	(97.6)	(103.8)	(127.0)	(162.1)	(179.2)	10.5%
- arhi	(90.6)	(95.3)	(98.2)	(106.4)	(118.9)	11.8%
- iihi	(7.0)	(8.6)	(8.5)	(10.1)	(13.9)	37.8%
- nibnz	-	-	(20.3)	(45.6)	(46.3)	1.7%
Net underwriting result	61.5	70.7	73.8	74.1	88.6	19.6%
- arhi	59.8	64.6	59.0	55.8	71.7	28.5%
- iihi	1.7	6.1	8.3	10.9	11.6	5.8%
- nibnz	-	-	6.4	7.4	5.4	(27.0)%
Other income	5.7	3.6	3.1	5.7	5.1	(10.8)%
Other expenses	(7.5)	(4.3)	(7.6)	(7.5)	(12.0)	60.1%
Operating Profit	59.8	70.0	69.3	72.3	81.7	13.0%
- arhi	59.8	64.6	59.0	57.0	71.8	26.0%
- iihi	1.7	6.1	8.3	11.3	11.8	4.0%
- nibnz	-	-	6.4	7.4	5.4	(27.0)%
- nib options	-	-	-	(2.5)	(3.8)	49.0%
- unallocated	(1.7)	(0.7)	(4.5)	(0.9)	(3.5)	287.6%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

¹ FY11 iihi was a 9 month result for the international workers component of the segment with the IMAN business acquired October 2010

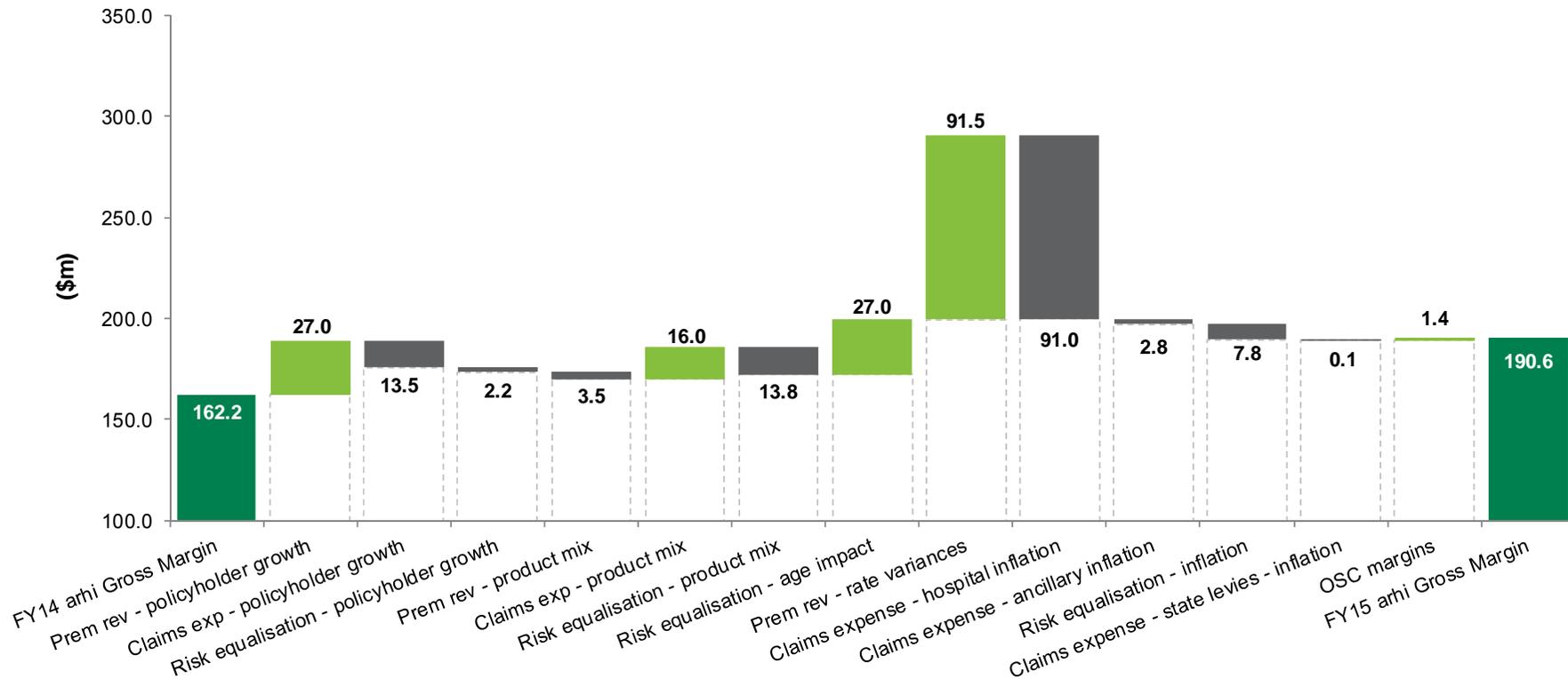
² FY13 for the nibnz segment was a 7 month results with the business acquired on 30 November 2012

³ Net of reinsurance

(\$m)	Employment	Marketing (Direct)	Marketing Commissions (Paid)	Marketing Commissions (deferred)	Marketing Commissions (amortisation)	IT	Occupancy	Other	Total Management Expenses	MER %
Australian Residents Health Insurance										
FY11	40.3	21.0	5.3	-	-	6.5	3.9	13.6	90.6	9.2%
FY12	45.4	20.4	10.6	(9.0)	0.7	7.5	5.8	13.8	95.3	8.7%
FY13	46.3	20.0	15.1	(13.7)	2.7	8.6	6.4	12.8	98.2	8.3%
FY14	49.8	20.4	17.6	(16.0)	5.4	9.3	5.9	13.9	106.4	8.1%
FY15	53.0	25.8	32.1	(30.2)	8.4	9.9	5.9	14.1	118.9	8.3%
International (Inbound) Health Insurance										
FY11 ¹	3.6	0.3	0.2	-	-	0.8	0.2	1.9	7.0	42.0%
FY12	4.0	0.6	0.7	-	-	1.1	0.3	1.7	8.5	30.0%
FY13	3.5	1.7	0.8	-	-	1.2	0.2	1.1	8.5	26.5%
FY14	5.4	1.3	1.5	(1.4)	0.4	1.2	0.6	1.1	10.1	26.6%
FY15	8.1	1.2	2.4	(2.3)	1.6	1.3	0.6	1.1	13.9	25.3%
nib New Zealand										
FY13 ²	5.9	0.5	8.8	(4.6)	4.7	0.5	0.3	4.2	20.3	28.5%
FY14	12.1	5.7	18.1	(9.7)	9.3	2.3	0.8	7.0	45.6	32.8%
FY15	12.5	4.8	20.3	(11.6)	9.6	2.9	1.2	6.6	46.3	30.8%

¹ FY11 was a 9 month result with the IMAN business acquired October 2010

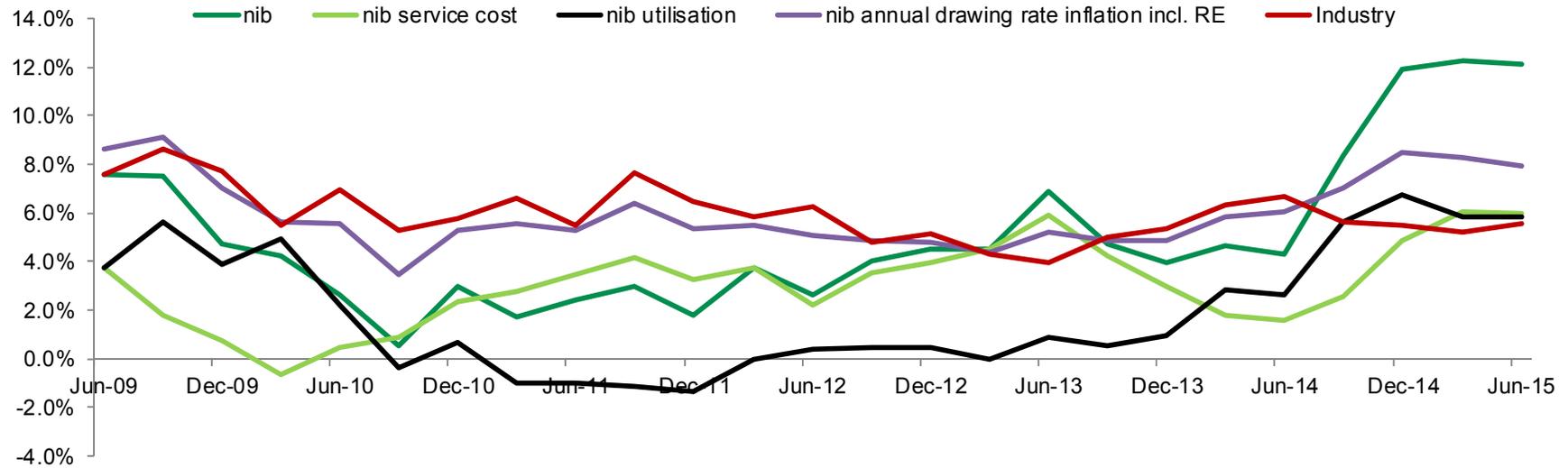
² FY13 was a 7 month result with nib NZ business acquired November 2012



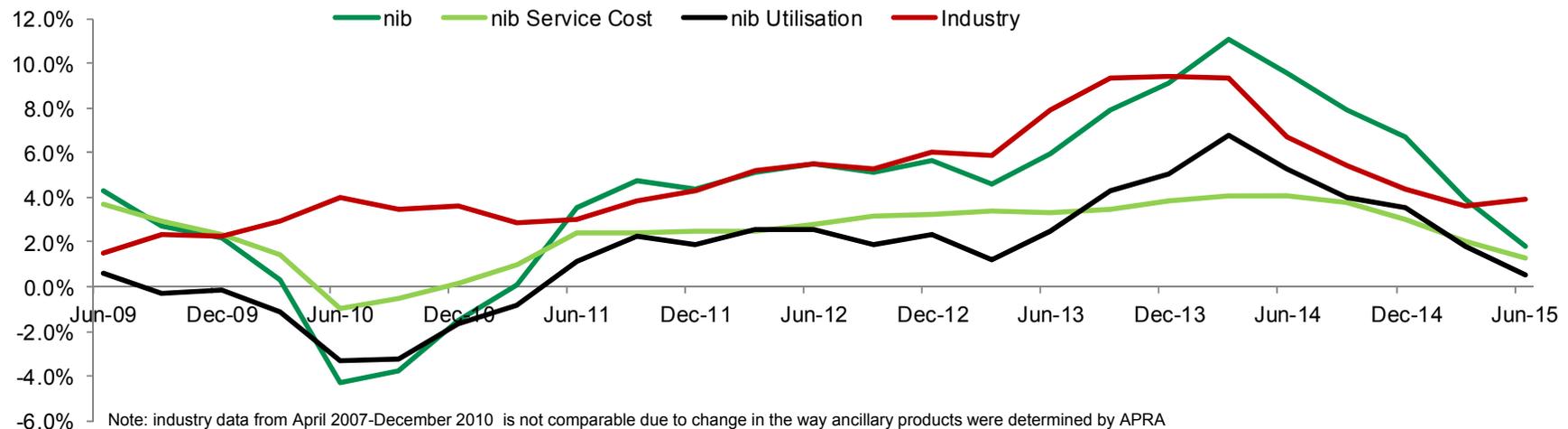
- Including the favourable risk equalisation ageing impact, claims inflation was more than covered by the 7.99% price increase effective from April 2014.
- Favourable growth variances reflect strong policyholder growth in FY15 (majority seen in the second half of the year).

Any discrepancies between totals and sums of components in this graph are due to rounding

Hospital claims inflation (per person)



Ancillary claims inflation (per person)



Source: Australian Prudential Regulation Authority (APRA) and nib

All figures exclude include arhi only, unless otherwise stated

- Premium Payback (PPB) 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.
- A PPB liability is recognised for these products. It is determined based on the discounted value of accumulated excess of premiums over claims at an individual policy level, adjusted for GST recoveries and expected future lapses. Movements in the PPB liability will also have an impact on profit.
- The PPB liability is matched with investments of approximately the same duration, with gains and losses as a result of movements in the discount rate largely offset by losses and gains in investment returns.
- Campaign currently underway to shift customers off PPB product.

Movement in Central Estimate

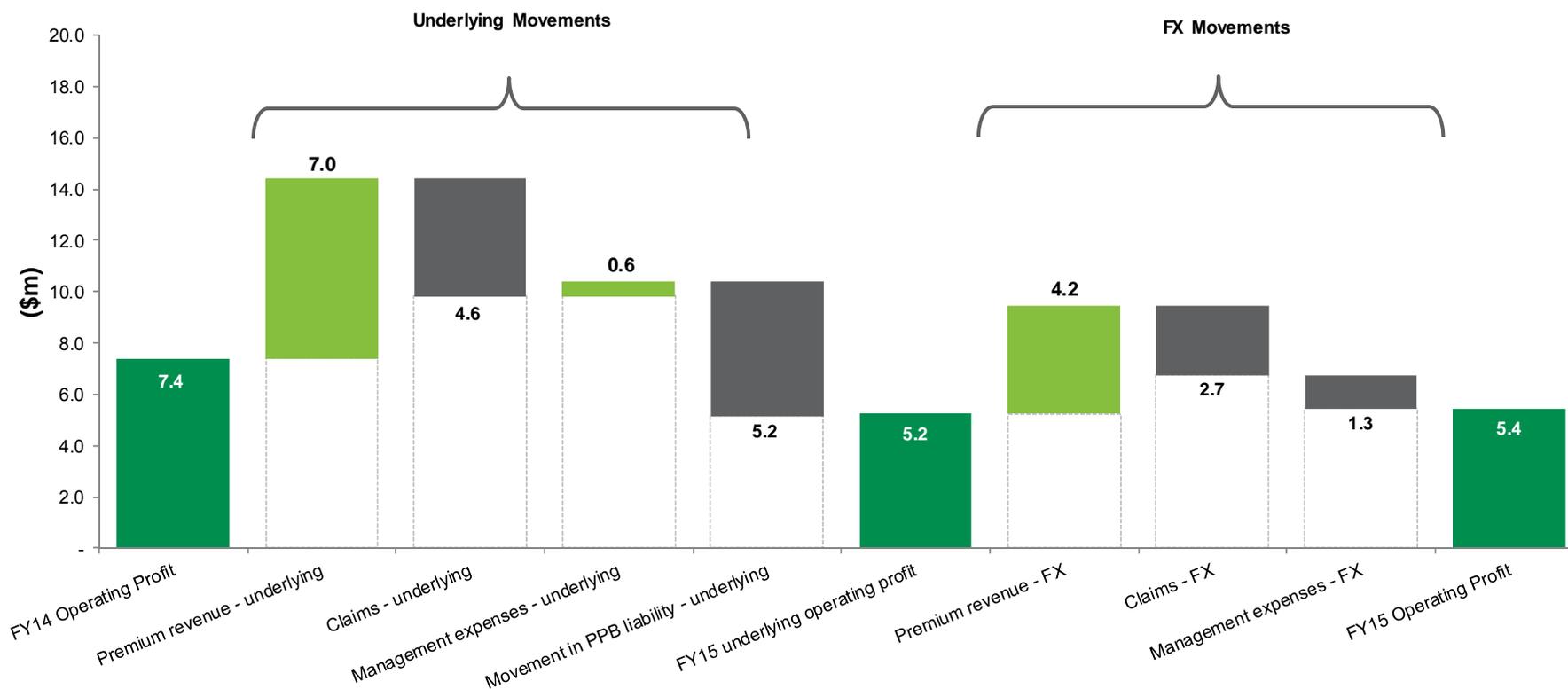
(A\$m)	FY15	FY14	Commentary
Opening Balance - central estimate	36.8	35.9	
Funding - new premium and other	7.4	6.6	Actuarial movements in provision for future payments
Payouts (medical claims and settlements)	(8.2)	(9.8)	Payments on cancellation were less than FY14 due to lower lapse.
Movement in discount rate	2.0	(1.2)	Interest rates decreased in FY15, resulting in higher liability. In FY14 there were increases in interest rates.
Discount rate conversion	1.6	1.8	As rates decreased in FY14, this drove lower unwinding rate.
Effect of changes in foreign exchange rates	(1.6)	3.5	
Closing Balance - Central estimate	38.0	36.8	

Components of Premium Payback Liability

(A\$m)	FY15	FY14	Commentary
Expected payouts based on net premium over claims paid to date	47.4	51.4	Decrease due to lower policy numbers
Expected profit on lapse prior to payback date	(2.2)	(3.0)	Lower lapse in FY15
Investment income (effect of discounting the liability)	(7.2)	(11.6)	Reduction primarily reflects reduction in discount rates.
Central Estimate	38.0	36.8	Central estimate has increased due to reduction in investment income effect of discounting the liability.
Adjustment to ensure reserve exceeds current payout on early lapse	0.6	1.7	As discount rates have reduced the amount required to top up the liability has reduced.
Value of payments currently being processed	1.0	1.0	
Risk Margin	1.4	1.2	To achieve 95% probability of sufficiency.
Premium payback liability	40.9	40.8	

* Excludes commissions and management expenses

- Graph below shows the variance to nib New Zealand due to exchange rates and underlying business performance.
- Net movement due exchange rates of \$0.2m.



	Consolidated		Australian Investment Portfolio		New Zealand Investment Portfolio	
	Balance (\$m) at 30/06/15	Allocation (%) at 30/06/15	Net return (\$m) 12 months to 30/06/15	Allocation (%) at 30/06/15	Net return (\$m) 12 months to 30/06/15	Allocation (%) at 30/06/15
Cash	140.1	23.3%	4.6	24.6%	0.7	16.9%
Fixed Interest	360.8	60.1%	8.1	55.4%	5.2	83.1%
Total defensive	501.0	83.4%	12.7	80.0%	5.9	100%
Australian Shares	30.1	5.0%	0.6	6.0%	-	-
Global shares - hedged	4.3	0.7%	0.6	0.9%	-	-
Global shares - unhedged	26.1	4.3%	5.8	5.2%	-	-
Direct property	38.7	6.4%	0.0	7.8%	-	-
Property trusts	0.5	0.1%	0.2	0.1%	-	-
Unlisted security	0.0	0.0%	5.6	0.0%	-	-
Total growth	99.9	16.6%	12.8	20.0%	0.0	0%
Total	600.8	100.0%	25.5	100%	5.9	100%

(\$m)	30 June 15	30 June 14	Change*
Assets			
Cash and cash equivalents	123.7	148.7	(16.9)%
Receivables	45.1	44.9	0.5%
Financial assets at fair value through P&L	457.2	410.8	11.3%
Deferred acquisition costs	64.1	40.0	60.2%
Property, plant and equipment ¹	53.2	48.0	10.9%
Intangibles	90.2	95.2	(5.3)%
Other assets	3.7	10.5	(65.1)%
Total assets	837.1	798.1	4.9%
Liabilities			
Payables	124.9	111.4	12.1%
Borrowings	63.9	66.8	(4.4)%
Outstanding claims liability	97.1	93.7	3.7%
Unearned premium liability	143.2	114.2	25.4%
Premium payback liability	40.9	40.8	0.3%
Other liabilities	22.8	14.9	53.0%
Total liabilities	492.8	441.7	11.6%
Net assets	344.3	356.4	(3.4)%
Equity			
Contributed equity	28.0	27.2	3.0%
Retained profits	307.0	320.1	(4.1)%
Reserves	9.8	9.1	7.8%
Equity	344.9	356.4	(3.2)%
Non-Controlling Interests	(0.6)	(0.1)	994.4%
Total Equity	344.3	356.4	(3.4)%

* Change is percentage increase or (decrease), FY14 to FY15, where results are a percentage, the change shown is difference between two results

¹ Property, plant and equipment includes assets classified as held for sale.

Available capital determined taking into consideration the following elements:

(\$m)	30 June 15	30 June 14
Net assets	344.3	356.4
nib health fund capital required	(226.1)	(200.8)
nib nz capital required	(58.5)	(48.4)
Capital required looking forward 12 months	(17.0)	-
Allowance for WNG acquisition	(12.2)	-
nib nz intangibles	(38.6)	(42.6)
International workers intangibles	(23.3)	(23.9)
nib Options intangibles	-	(1.4)
Digital Health Ventures intangibles	0.3	-
Borrowings	62.5	65.1
Other assets and liabilities	5.1	2.9
Final dividend	(26.3)	(25.2)
Allowance for special dividend	-	(39.5)
Available capital before debt covenant and \$5m for forecast volatility	10.2	42.6
Reduction in available capital due to debt covenant	-	(23.9)
Net available capital	10.2	18.7

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