

17 November 2015

The Manager
Company Announcements
Australia Securities Exchange Limited
Level 4, Bridge Street
SYDNEY NSW 2000

Presentation to UBS Australasian Conference – 17 November 2015

Attached is the presentation to be delivered by nib at the UBS Australasian Conference on 17 November 2015.

As part of the presentation nib has provided net policyholder growth for the 3 months ended 30 September 2015 (Q1) for its Australian Residents Health Insurance Business (arhi). This is included on slide 9 and is as follows:

- Strong FY16 Q1 arhi net policyholder growth of 1.6% (FY15 Q1: 0.7%).

All other information contained within this presentation has been previously disclosed to the ASX or is publicly available.

Yours sincerely



Michelle McPherson
Company Secretary/Chief Financial Officer

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UBS AUSTRALASIA CONFERENCE

NOVEMBER 2015

IT'S GOOD TO BE
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Overview

1. General thematics.
2. Our preoccupation with “supply” side policy. “Demand” side opportunities to improve market efficiency.
3. PHI review and near term reforms.
4. nib outlook.



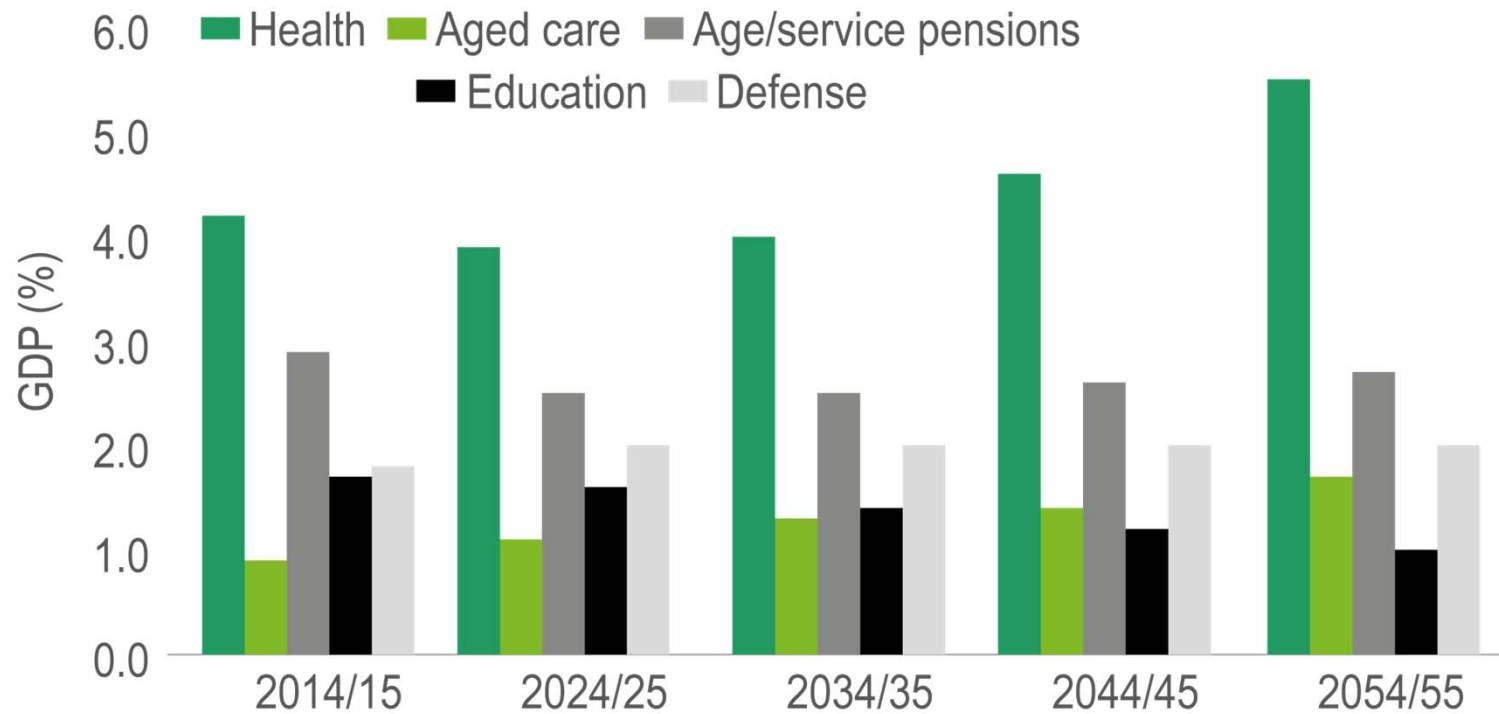
General Thematics

- The private sector will play an increased role in the delivery and funding of healthcare because of an increasing dependency ratio.
- The digital age is transferring power from suppliers to consumers, especially in correcting imperfect information and information asymmetries.
- Private healthcare companies will do very well in a future of rising spending and cost shifting BUT, it can't be on the back of tolerating market inefficiency.



The Inconvenient Truth

Australian Treasury Projection



* Source: Treasury Projections (2015 Intergenerational Report Australia in 2055)



Market efficiency and the demand side

- Supply side management vitally important
 - Paying for the right things
 - Getting value for money
 - Supply chain management
- But demand side has been neglected
 - Imperfect information and asymmetries
 - Moral hazard
 - Whitecoat

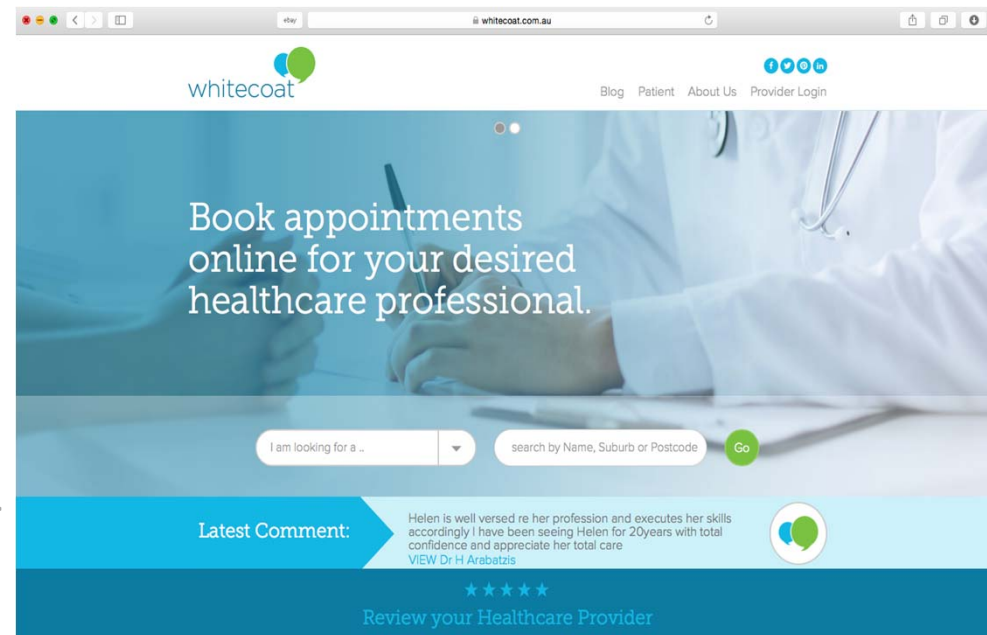


Whitecoat

We made significant investment in our IT and digital strategy, especially recognising the potential of the 'digital era' to disrupt the healthcare market and create opportunities.



- 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 allow customers to do patient reviews.
- Will significantly improve the speed, reliability and cost efficiency of the transactions associated with healthcare delivery (e.g. online appointments) and payments.
- Will improve engagement between customers and healthcare providers.
- Business sits within joint venture (Digital Health Ventures).



PHI reform – nearer term

- Redistribution of premium rebate.
- PHI and primary care.
- Risk equalisation.
- Risk rating behaviour and encouraging youth.
- Price and service cost deregulation.
- Health savings accounts.
- Capitation for chronically ill.
- Prosthesis pricing.



nib Outlook

- arhi organic growth target of 1.5-2x system within range of 5.0-5.5% net profit margin.
- Impending private health insurance review a significant net positive.
- International (Inbound) Health Insurance to continue to grow but with profitability potentially weaker.
- nib NZ policyholder and profitability growth.
- Continued growth in commissions from complementary insurance lines (life, bill relief, trauma).
- nib Options operating loss similar to FY15 (\$3.8m) with profitability in FY17.
- World Nomads Group (WNG) fully integrated with strong growth. WNG underlying¹ operating profit of at least \$10m.



1. Excluding one-off transaction costs and amortisation of acquisition related identifiable intangibles.



FY16 Guidance

- Strong FY16 Q1 arhi net policyholder growth of 1.6% (FY15 Q1: 0.7%).
- FY16 consolidated statutory operating profit of \$90m - \$100m with underlying operating profit of \$102m - \$114m.
- FY16 investment income forecast to be lower than FY15 in light of a reduced capital base (as a result of capital management initiatives) and M&A. FY16 investment returns to be in line with relevant internal benchmarks¹.
- FY16 finance costs to be up on FY15 given additional \$85m debt facility introduced as part of WNG acquisition in July 2015.
- Ordinary dividend payout ratio 60%-70% of full year NPAT.

(\$m)	FY15 (actual)	FY16 (forecast)
Statutory operating profit	81.7	90 – 100
One-off transaction and M&A costs	2.1	4 - 5
<i>One-off transaction and M&A costs (WNG)</i>	<i>0.6</i>	<i>3.5 – 4.5*</i>
<i>One-off transaction and M&A costs (OnePath NZ)</i>	<i>0.7</i>	<i>0.3</i>
<i>One-off transaction and M&A costs (Other)</i>	<i>0.8</i>	<i>–</i>
Amortisation of acquired intangibles	3.6	8 – 9
<i>Amortisation of acquired intangibles (IMAN)</i>	<i>0.3</i>	<i>1</i>
<i>Amortisation of acquired intangibles (nib NZ)</i>	<i>3.3</i>	<i>3</i>
<i>Amortisation of acquired intangibles (WNG)</i>	<i>–</i>	<i>3 – 4</i>
<i>Amortisation of acquired intangibles (OnePath NZ)</i>	<i>–</i>	<i>1</i>
Underlying operating profit	87.4	102 – 114

* Includes accrual of potential retention bonuses associated with WNG acquisition subject to satisfying service period.

1. 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



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