

14 June 2013

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

Subject: 2013 nib strategy briefing – 14 June 2013

Attached is nib's 2013 strategy briefing presentation. The 2013 strategy briefing is being held in Sydney for investors and analysts.

Within the presentation nib has revised its FY13 consolidated pre-tax net underwriting profit guidance.

As detailed in the presentation (slides 11 - 12) forecast FY13 consolidated pre-tax net underwriting profit excluding non-cash amortisation of intangible assets on acquisitions (TMIL and IMAN) is expected to be at the low end of \$75 million to \$78 million guidance range.

This latest forecast is subject to final risk equalisation and Australian resident health insurance incurred hospital claims for June 2013 being in line with expectations.

nib New Zealand net underwriting profit excluding non-cash amortisation of intangible assets on acquisition is expected to be in the range of \$5 million to \$7 million.

Earnings per share for FY13 is expected to be higher than in FY12 as a result of strong investment performance.

Yours sincerely,



Michelle McPherson
Company Secretary/Chief Financial Officer



2013 Strategy Briefing

Friday 14 June 2013



nib



Welcome & Strategic Update

Mark Fitzgibbon
Chief Executive Officer & Managing Director



nib

Agenda

Time	Topic	Presenter
9.00am	Business Strategy update	Mark Fitzgibbon - CEO & Managing Director
10.00am	Finance	Michelle McPherson - Chief Financial Officer
10.30am	Morning tea	
10.45 am	arhi Organic growth Our own efforts and role of intermediaries	Rhod McKensey - Group Manager, arhi James Barr - Manager Marketing and Products
11.45pm	Claims management and premium price setting	Michelle McPherson – Chief Financial Officer Rhod McKensey - Group Manager, arhi Gavin Ward – Business Intelligence Manager
12.45pm	Lunch	
1.15pm	New Zealand Update on TOWER New Zealand acquisition	Rob Hennin – Chief Executive Officer New Zealand
2.15pm	New Ventures International	Mark Fitzgibbon - CEO & Managing Director Rebecca Urane – Manager nib Global Health
3.15pm	Questions & wrap up	
3.30 pm	Close	

STRATEGIC PLAN 2014 - 2016

OUR VISION

nib is a leading financier of the nation's healthcare spending with a reputation for innovative products, value for money, outstanding customer service, corporate social responsibility and strong shareholder returns.

OUR MISSION

To help people afford healthcare when and where needed with world class products and service.

- We're spending more and more on our healthcare.
- Government's relative funding contribution cannot be sustained.
- Inevitably, the private sector will play an increased role.
- International cross border health care is accelerating.

Business Strategy

1

Grow our Australian residents health insurance business organically at circa 10% annual premium growth (4-5% policyholder growth) through building national brand presence and with an emphasis on <40 market (Virgin Green), >55 market (Virgin Silver), other tactical niche opportunities (eg WA) and improved policyholder retention.

2

Position and develop our new business in New Zealand as a challenger and grow the market and our market share.

3

Grow our inbound international workers and students business and create a new product for insuring outbound long stay Australians and New Zealanders (IPMI).

4

Build a new business “nib global travel” to capture and commercialise burgeoning demand in Australia and Asia for medical travel including cosmetic surgery.

5

Ensure across the nib Group that the design, payment and management of benefits better meets our strategic and commercial objectives.

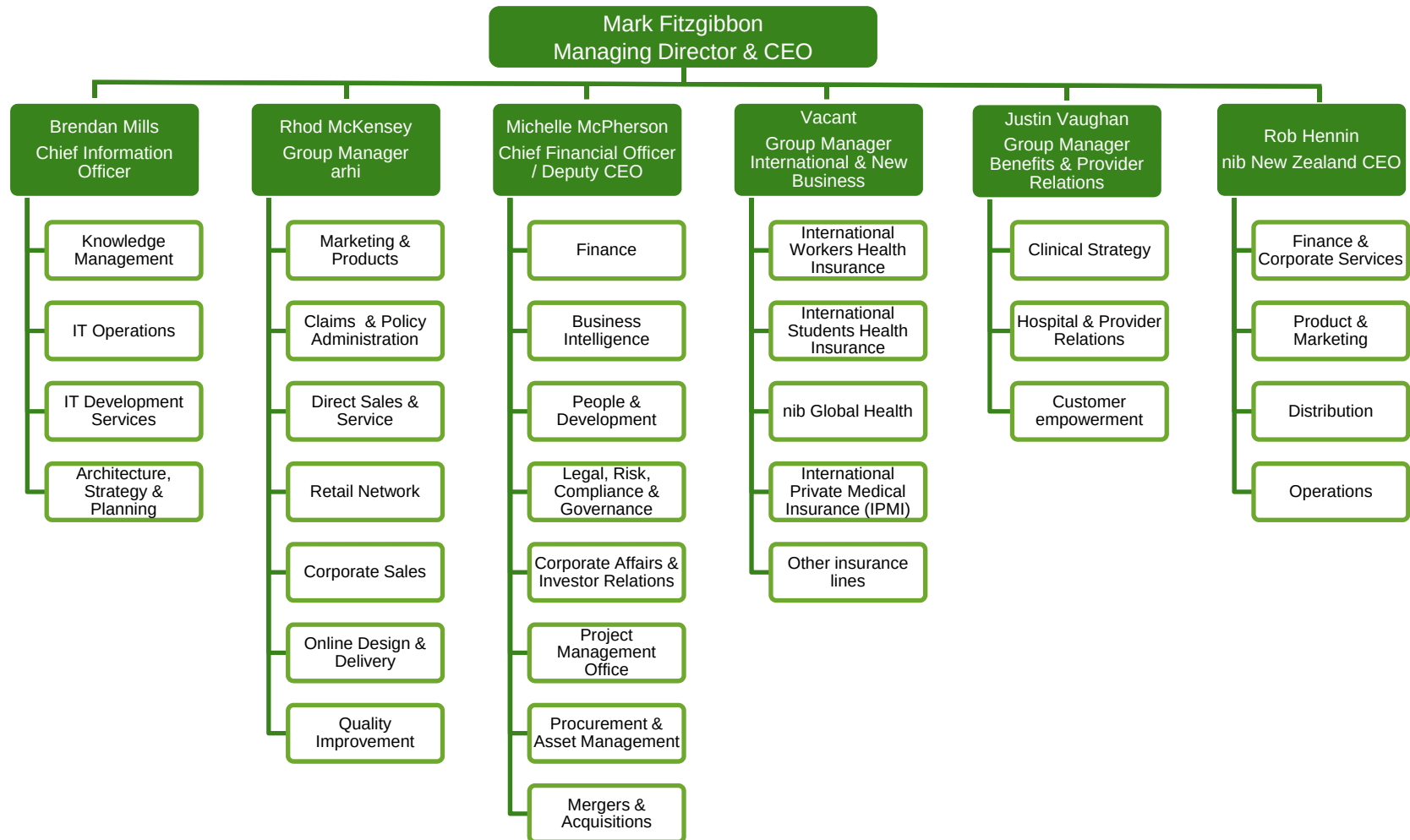
6

Pursue increased customer satisfaction, productivity and efficiency through continual process improvement (TLC) and ongoing investment in technology.

7

Actively develop a high performance organisational culture and the engagement of our people.

nib Group Structure



Possible change of Federal Government implications

- Recent legislative changes remain in place (income testing and indexation of the Australian Government Rebate and removal of Australian Government Rebate from LHC loading).
- Sale of Medibank Private
- Expanded role for PHI? Denticare?
- Possible premium pricing deregulation
- Further pressure on public hospitals?



Finance Update

Michelle McPherson
Chief Financial Officer



nib

Financial targets & guidance – FY13

- Group insurance premium revenue for FY13 of \$1.2b - \$1.3b.
- Forecast FY13 consolidated pre-tax net underwriting profit **excluding** non-cash amortisation of intangible assets on acquisitions (TMIL and IMAN) is expected to be at the low end of \$75m - \$78m guidance range.
- This latest forecast is subject to final risk equalisation and arhi incurred hospital claims for June 2013 being in line with expectations.
- As detailed at FY13 half year results, arhi full year net underwriting profit also impacted by:
 - Higher than forecast dental claims
 - Unsatisfactory 1 April 2012 price increase (5.5%)
 - One off 1H13 state levy payment (\$2.3m)
- FY13 arhi net policyholder growth 4% - 5% for FY13, with June sales result key to determining full year result.

Financial targets & guidance – FY13

- FY13 nib New Zealand net underwriting profit excluding non-cash amortisation of intangible assets on acquisition is expected to be in the range of \$5m - \$7m. Acquisition of TOWER will be EPS accretive in FY13 (excluding acquisition costs and non-cash amortisation).
- iwhi net underwriting profit forecast to be slightly up on FY12.
- ishi forecast to be close to breakeven in FY13 (loss of \$1.3m in FY12).
- Earnings per share for FY13 is expected to be higher than in FY12 as a result of strong investment performance.
- Investment return for 9 months to 31 March 2013 at 6.95% annualised, including nib New Zealand (FY12: 6.6%).
- Forecast FY13 investment return on track to be above internal benchmarks, subject to market conditions.

Capital management & dividend

- As at 31 March 2013 nib had \$33.1m in available capital above internal prudential requirements.
- FY13 final dividend will be in range of 60-70% FY13 NPAT.
- New Capital Standards not anticipated to have a material impact on our capital requirements.
 - PHIAC issued Round 2 Discussion Papers on 3 June 2013, with submissions to be received by 31 July 2013.
 - New Solvency and Capital Adequacy Standards expected to be implemented 1 April 2014.



arhi Organic Growth

Rhod McKensey
Group Manager
Australian Residents Health Insurance

James Barr
Group Manager
Marketing & Products

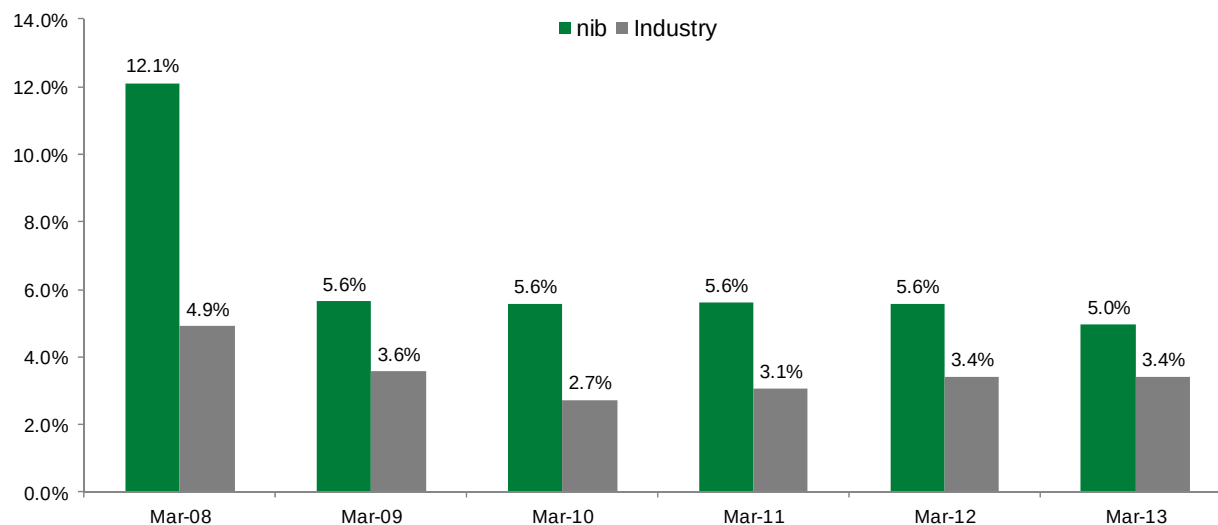


Agenda

- Industry Growth and Outlook
- Regulatory Changes
- Tactics
- New Product Range
- New Customer Acquisition
- Customer Retention
- Focus for the next 12 months

Industry growth & outlook

Annual Policyholder Growth - 12 months to 31 March



Source: PHIAC and company data

- Despite recent regulatory changes, system continues to grow at 2-3% due to:
 - Strong economy - High incomes, low unemployment, low interest rates
 - Crisis of confidence in public system
 - Government carrots and sticks
 - High consumer awareness & marketing investment by industry
- For the 12 months to 31 March 2013 nib growth is strong (~5%) albeit a little lower than prior years.
- In 9 months to 31 March 2013 nib net policyholder growth of 3.6%, PCP 3.5%.
- Maintaining strong share of industry growth, circa 13.7% for 9 months to 31 March 2013.

Regulatory changes & impact

1

Medicare Levy Surcharge – changes to income thresholds (2010)

- People without PHI pay an extra 1% to 1.5% in tax if their income exceeds certain thresholds and don't have appropriate hospital cover. Government aligned income thresholds with annual increases in average weekly earnings from 2010.

2

Income testing of the Australian Government Rebate (2012)

- Government introduced income testing of the Australian Government Rebate in 1 July 2012. Income tiers and reducing percentage rebate aligned to increasing MLS thresholds.

3

Removal of Rebate from LHC Loading (2013) - Proposed

- Legislation passed House of Representatives in June 2013 to remove Rebate from a customer's LHC loading, effective from 1 July 2013.

4

Indexation of Rebate (2013) - Proposed

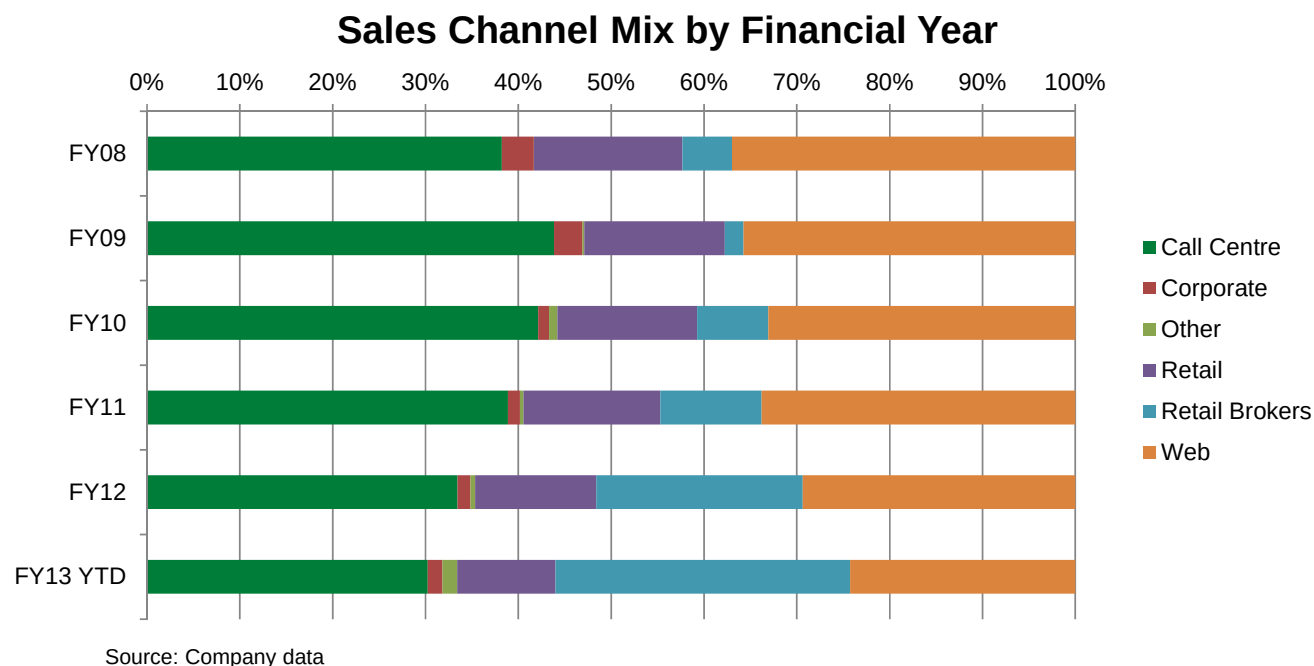
- Legislation passed House of Representatives in June 2013 to index growth of Rebate to lower of CPI or premium increases, effective from 1 April 2014.

- Changes to Government policy highlight realisation from both sides of politics that Commonwealth cannot maintain current level of health care funding.
- Recent changes, although unhelpful, expected to only have moderate impact on sales, lapse and downgrading activity.
- Opportunity for Government to make broader changes that could lift PHI participation and lessen the growing stress on Medicare and the public hospital system, such as allowing PHI to cover medical services outside of the hospital.

Tactics

- Continue to grow organically through building brand awareness in the key states of NSW, QLD, VIC and WA targeting the
 - Under 40's new to category market segment;
 - Over 55's market segment.
- Focus on value based selling to further increase policy “buy up”.
- Maintain marketing and retail broker expenditure.
- Continue to innovate and differentiate through product design, online and mobile capabilities.
- Leverage affiliate and cross sell opportunities.
- Improve policyholder retention.

Channel strategy



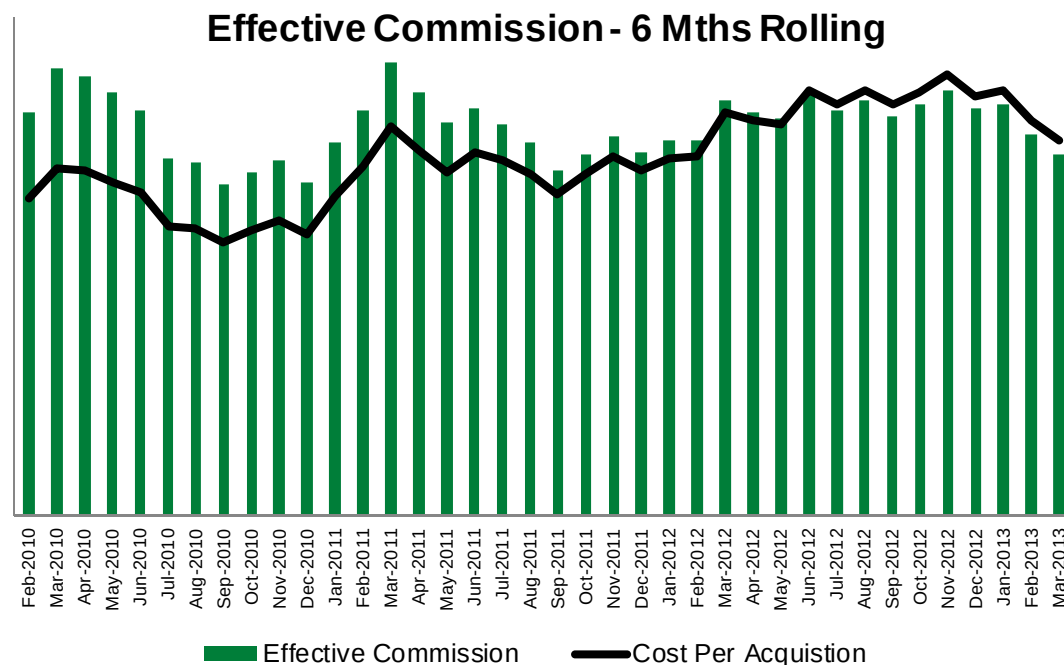
- The retail broker channel continues to grow and will account for around 30% of sales in FY13.
- We expect this trend to continue and retail brokers remain a key part of our distribution strategy.
- We continue to optimise our organic channels having made significant improvements to our call centre structure, online and mobile capabilities.
- We continuously monitor the ROI across all channels.
- Profitability by channel generally quite similar although drivers do differ.

Retail brokers

- Retail brokers expected to account for ~30% of all policyholder sales in FY13.
- Why we use aggregators
 - Continuing consumer trend to use aggregators
 - Only pay for sales we get (low risk investment)
 - Profitable
 - Scalable (in terms of investment and sales)
 - Access to niche segments – over 55's
- Risks
 - Brand dilution – mitigated by our continued investment in the nib brand
 - Value transfer – mitigated by non-participation of BUPA and Medibank and emergence of competition to iSelect.



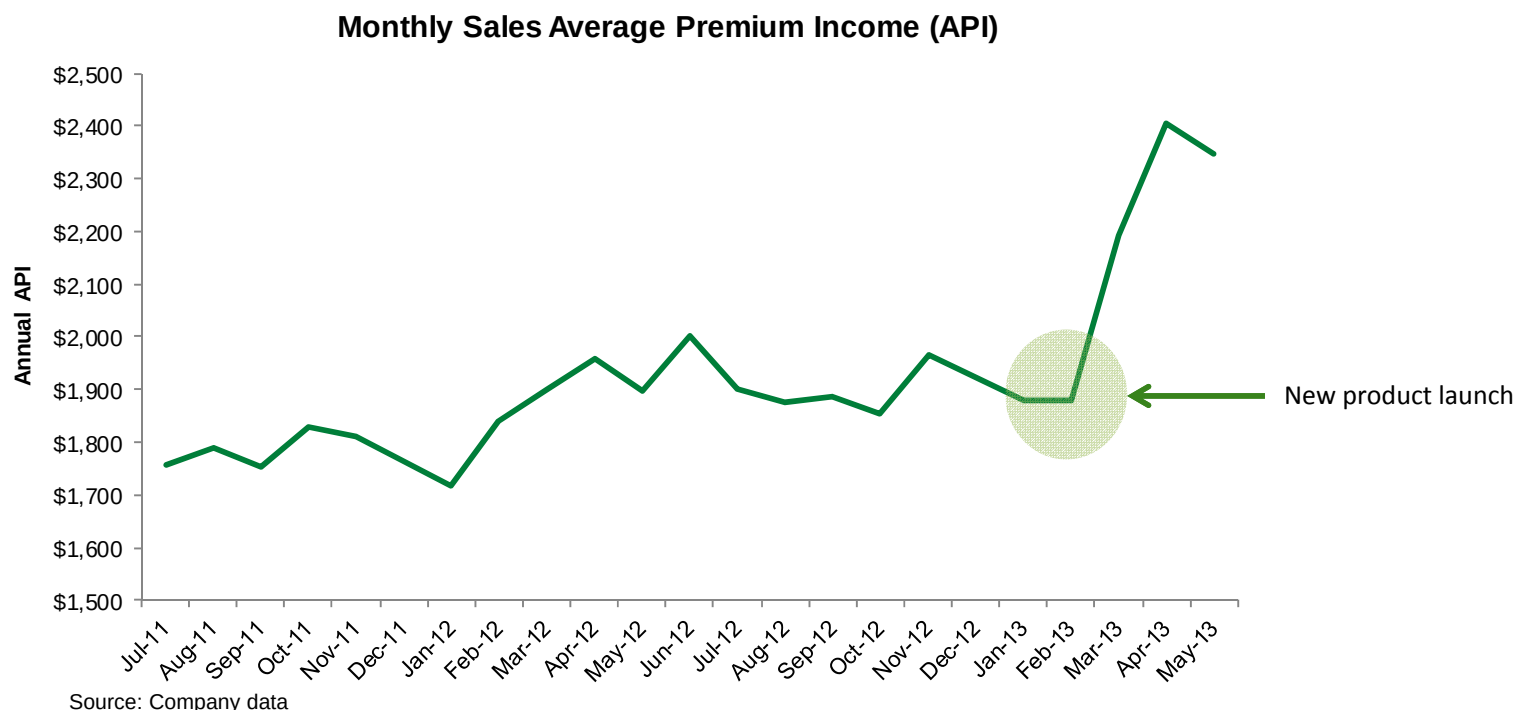
New customer acquisition



Source: Company data

- The cost of acquisition has increased over the last 3 years as a result of increased competition from both other health insurers and retail brokers, but acquisition costs remain well below break even levels.
- The decline in “effective commission” is largely a result of “optimising” the retail broker channel and taking more sales from those with a lower commission.

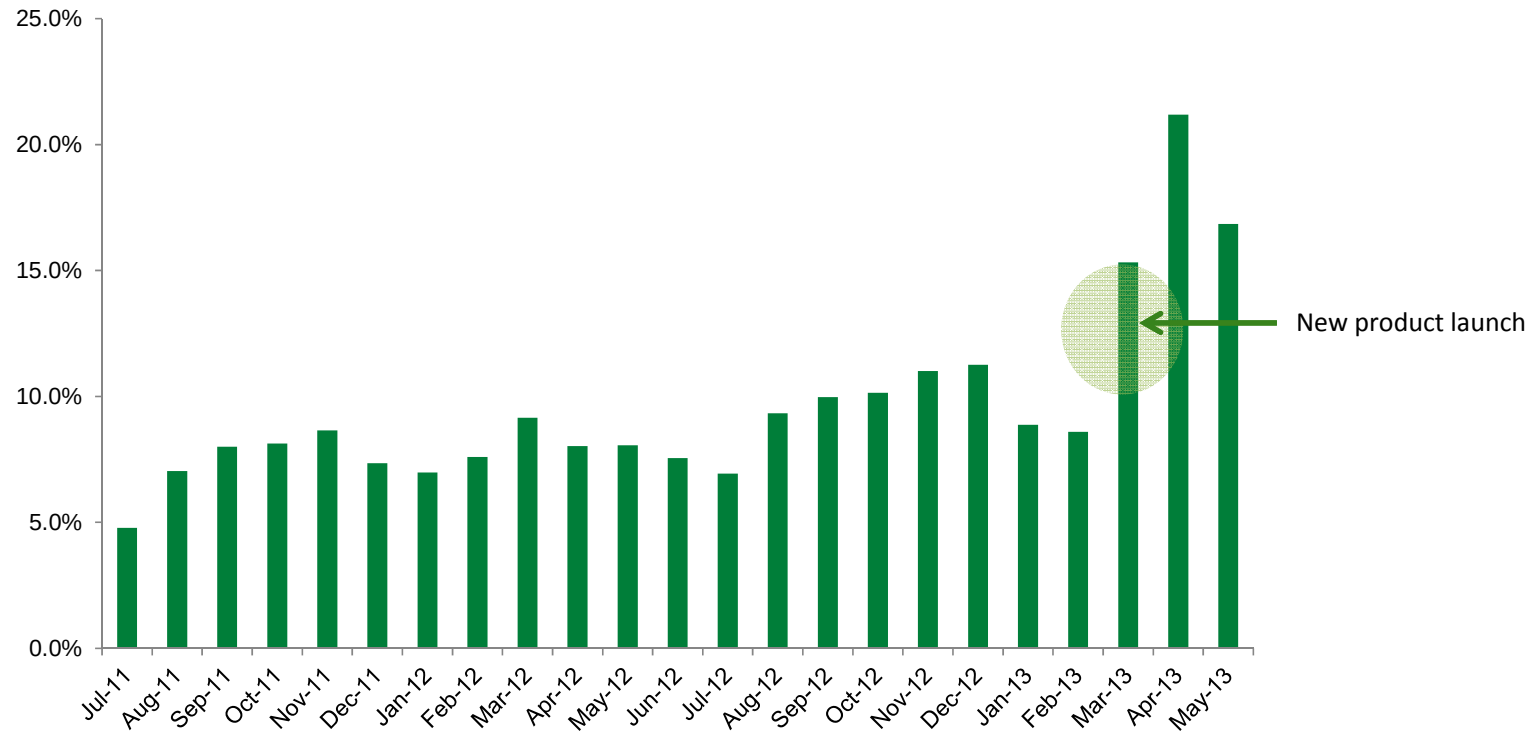
New product range – average premium



- During March 2013 nib launched a new product range which allows customers to better tailor their cover to suit their individual circumstances.
- New product range has seen average annual premium income (API), policyholder migration and new customer sales improve compared to March 2012.
- This increase best reflects value based selling and suggests that the perception of tailoring or personalised cover is greater driver than price.

New product range – Over 55s

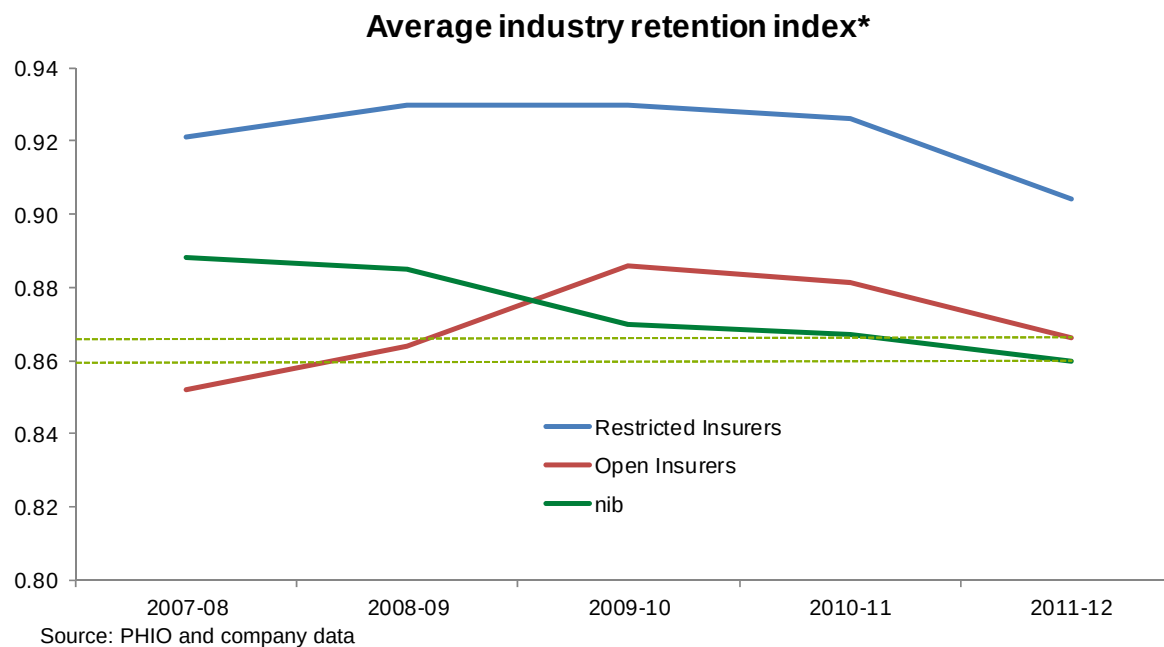
55+ Proportion of Total Sales



Source: Company data

- The new products have proven to be a “hit” with the over 55s segment.
- The proportion of sales to over 55s has increased significantly. This change is consistent across channels.
- Profitability of over 55s is attractive given higher average premiums and impact of risk equalisation.

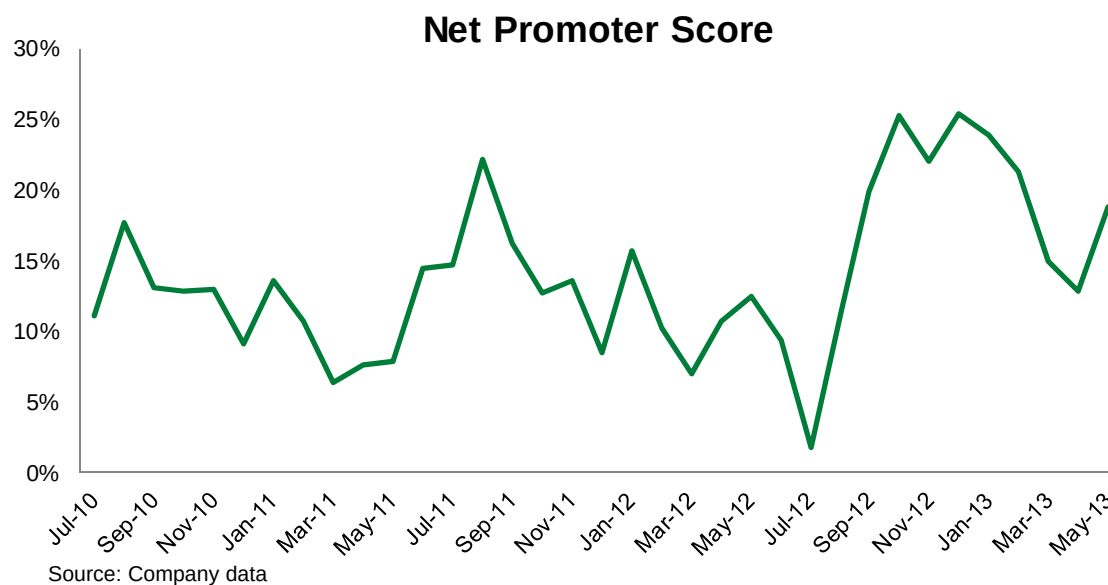
Retention



- nib's lapse increase line with the launch of our Virgin Green Strategy in FY07. nib's lapse experience in the under 40s cohort is twice the rate of the over 40s.
- nib's "retention index" in line with other "open insurers".
- Recent trend is that customers acquired through retail brokers lapse at a slightly higher rate than organic sales, primarily driven by increase in aggression of competitor funds win-back activities.

* The retention index measures what percentage of fund members (hospital memberships only) have remained with the fund for two years or more.

Retention

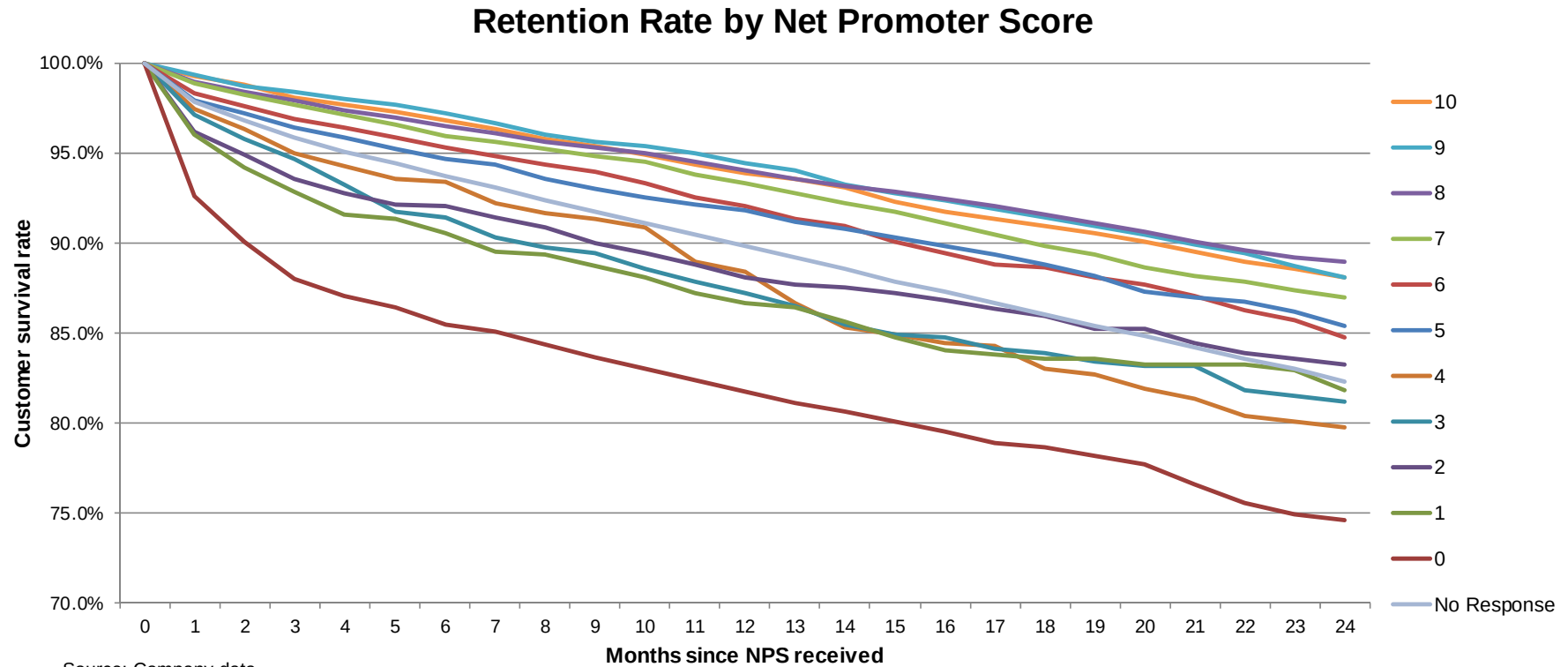


10 NPS	<i>Latest experience has reinforced previously held belief that NIB is superior to other funds that I have subscribed to over the years. Would not hesitate to recommend that people check out NIB services and compare with their existing fund.</i>
Promoter 42409458	
CG #:	
Completed: 2013-06-11 06:10:17	
Order Date: 2013-06-05 16:00:00	
SKU: 2	
Country: NSW	
Value: 0.25	

- We have worked to create a customer-focused culture.
- Introduced the Net Promoter Score* in July 2010 (survey sent to customers following contact with nib).
- Despite some testing times we've made solid progress.

* NPS questionnaire - Overall, how likely are you to **recommend nib** to your family and friends as a health insurance provider in the next 12 months? Please use a scale of **0 to 10 where '0' is not at all likely** and **'10' is extremely likely**. Please let us know which parts of your overall experience with nib have not met your expectations.

Retention



- NPS correlates with a customer's retention rate, the higher the NPS the higher the rate of retention.
- Initiatives, such as contacting a customer with a low NPS, have had a definite impact on retention.

Specific retention actions

- New product suite designed to provide customers with greater value for money by providing more choice and tailored products to better suit their needs.
- Develop a more effective save and win back process via dedicated call centre retention team.
- Outbound call centre team to focus on high risk customers, for example improve customer on-boarding and manage customers that fall into financial arrears.
- Make routine transactions easy by improving online and mobile claiming capabilities.
- Reduce failure demand through many small improvement initiatives.
- Redesign of the on-boarding welcome pack.

Focus for the next 12 months

Brand

- Continue to invest in sponsorships and media to maintain/build a strong brand in four key states. Focus on 20-39 (Virgin Green) and 55 Plus (Virgin Silver) segments.

Distribution

- Web – Grow the channel through continued investment. Ensure we stay ‘ahead of the curve’ on mobile. Continue to encourage customers to shift routine transactions online.
- Call centre – Increase level of specialisation and proactivity. Continue to build-in flexibility to cope with seasonal spikes.
- Retail – Build flagship stores in Sydney, Melbourne, Brisbane and Perth. Be judicious elsewhere.
- Brokers – Continue to invest subject to close scrutiny over return on investment.
- Affiliates – Invest in growing this channel.

Customer focus

- Culture – Continue to build a customer-first culture across the business.
- Acquisition and retention - Be more proactive with both , e.g. increase volume of outbound calls for both acquisition and retention.
- Transaction focus - (1) Eliminate failure demand; (2) Pull routine transactions onto the web; (3) Improve key moments of truth; (4) Introduce some WOW factors, e.g. Whitecoat.
- Customer advocacy – Seek opportunities to play an advocacy/empowerment role for customers, e.g. choosing a provider and going to hospital.



arhi Claims Management & Premium Pricing

Rhod McKensey

Group Manager

Australian Residents Health Insurance

Gavin Ward

Business Intelligence Manager

nib

Claims overview

- Overall inflation is tracking slightly higher than expectations.
- For the 12 months to 31 March 2013 per person hospital (including medical, prostheses and risk equalisation) costs have increased by 4.6% (4.4% pre risk equalisation), in line with the industry average of 4.3%. Our inflation has been largely driven by increases in private hospitals and day facilities.
- Ancillary inflation has been 4.1% compared to industry of 4.9% driven by recent industry wide increases in dental and continued popularity of natural therapies.

Hospital claims

Inflation (12 months to 31 Mar-13)	Annual \$m	Total		Drawing rate per person	
Setting/service	nib	nib	Industry	nib	Industry
Private	317.8	10.1%	6.8%	4.5%	3.7%
Public	58.0	12.5%	16.6%	6.8%	13.6%
Day	17.3	20.2%	8.7%	14.1%	5.5%
Prostheses	76.0	7.4%	5.6%	1.9%	2.5%
Medical	72.7	8.0%	6.9%	2.5%	3.7%
Sub-total	541.8	10.0%	7.5%	4.4%	4.3%
Risk equalisation	165.9	10.6%	-	5.1%	-
Total	707.8	10.1%	7.5%	4.6%	4.3%

Source: Based on Private Health Insurance Administration Council and Company data

- Paid industry hospital claims in the March 2013 quarter were lower than our expectations, which has lowered industry inflation below its long-term average.
- Private hospitals in key markets for nib expanded their capacity for mental health and rehabilitation.
- New day facilities that perform eye procedures opened in the Newcastle region.
- nib has capped the rate it pays to public hospitals when our customers have a private room in a public hospital (effective 1 May 2013).
- While continuing to grow faster than claims inflation, our risk equalisation burden is showing its first signs of abating; this is a result of other funds success in penetrating our traditional target market and the changing age distribution of our customer base.

Ancillary claims

Inflation (12 months to 31 Mar-13)	Annual \$m	Total		Drawing rate per person		% of costs*	
Service	nib	nib	Industry	nib	Industry	nib	Industry
Dental	132.0	11.1%	9.6%	5.2%	5.0%	56%	52%
Optical	45.4	7.6%	8.3%	1.9%	3.8%	56%	55%
Physiotherapy	23.5	11.0%	11.5%	5.0%	6.8%	60%	51%
Chiropractic	18.2	8.2%	8.2%	2.4%	3.6%	58%	52%
Natural Therapies	13.4	14.5%	22.8%	8.4%	17.6%	54%	45%
Other	32.0	7.0%	7.0%	1.3%	2.5%	50%	47%
Total	264.5	10.0%	9.5%	4.1%	4.9%	55%	51%

Source: Based on Private Health Insurance Administration Council and Company data

* Benefits paid / Provider charges

- Dental utilisation has increased since the cessation of the Government's Chronic Disease Dental Scheme on 1 December 2012. Industry dental benefits paid in the December and March quarters were up on pcip by 11.8% (nib 12.3%).
- The optical market has seen increased competition over the past few years potentially putting downward pressure on service costs.
- Physio and chiro inflation generally moves in line with changes in service cost.
- Natural therapies continues to rise in popularity amongst consumers, experiencing the highest rates of utilisation inflation. A review is currently being undertaken by the Government's Chief Medical Officer at the request of the Department of Health into an evidence based approach to benefits paid for natural therapies. Change meant to be effective 1 January 2014.
- The major services included in 'Other' above are osteopathic, pharmacy, podiatry, and acupuncture.

Claims strategy & outlook

- New Group Manager Benefits will be heavily involved in benefit design, claims analysis, consumer empowerment, disease prevention/management and hospital/provider contracting across the entire nib Group (Australia, New Zealand, workers, students, nib Options).
- Key focus area is provider contracting, particularly with respect to areas such as robotic surgery, mental health and rehabilitation.
- Product design, marketing and distribution are key levers for claims management. For example, our new product design has shifted previously restricted services into exclusions. Further, only one of our hospital products includes cover for pregnancy.
- We reaffirm that we will be judicious in our investment in chronic disease management programs given the current risk equalisation scheme make the business case for investment difficult to justify.
- We expect risk equalisation to continue to grow above the rate of claims inflation given our significantly younger than average age profile (and continued investment in Virgin Green) and population ageing. Virgin Silver will only help to slow its speed. Unfortunately we don't expect there to be any changes made to the scheme in the immediate future.
- Public hospitals expected to continue to extract private health insurance customers and react to major funds capping private room rates.

Pricing

The 2013 premium approval process was different to previous years:

- PHIAAC took the lead role in the assessment of submissions – previously it was led by the Department of Health & Ageing. The information required in the submission was similar to previous years.
- This year's process was more transparent, and there were many opportunities to discuss details of the submission with PHIAAC's actuarial team.
- PHIAAC made recommendations to the Minister for Health.

The Department held a meeting with the industry in May 2013 regarding the premium approval process.

- They produced a draft discussion paper providing three options for further discussion of possible changes to future premium approval processes:
 - a) Retaining the process used in 2013
 - b) Adopting a banding approach to assist in determining the level of scrutiny required for applications
 - c) Removing the requirement for the approval of premium changes
- They also proposed potential options regarding the timing/frequency of the approval process:
 - a) Maintain the current annual process for changes to be introduced on 1 April each year
 - b) Maintain an annual process with a different date, e.g. 1 July to reflect financial year
 - c) A discretionary timeframe by insurer but occurring only once per year
 - d) Ability to introduce changes throughout the year
 - e) Introduce multiyear approvals
- The Department has called for industry submission/s on the future of the premium approval process.



nib New Zealand

Update on TOWER New Zealand
acquisition

Rob Hennin

Chief Executive Officer
nib New Zealand

The nib logo, consisting of the letters 'nib' in a bold, lowercase, sans-serif font.

nib New Zealand Business Strategy

Business Strategy

Position and develop our new business in New Zealand as a challenger and grow the market and our share.

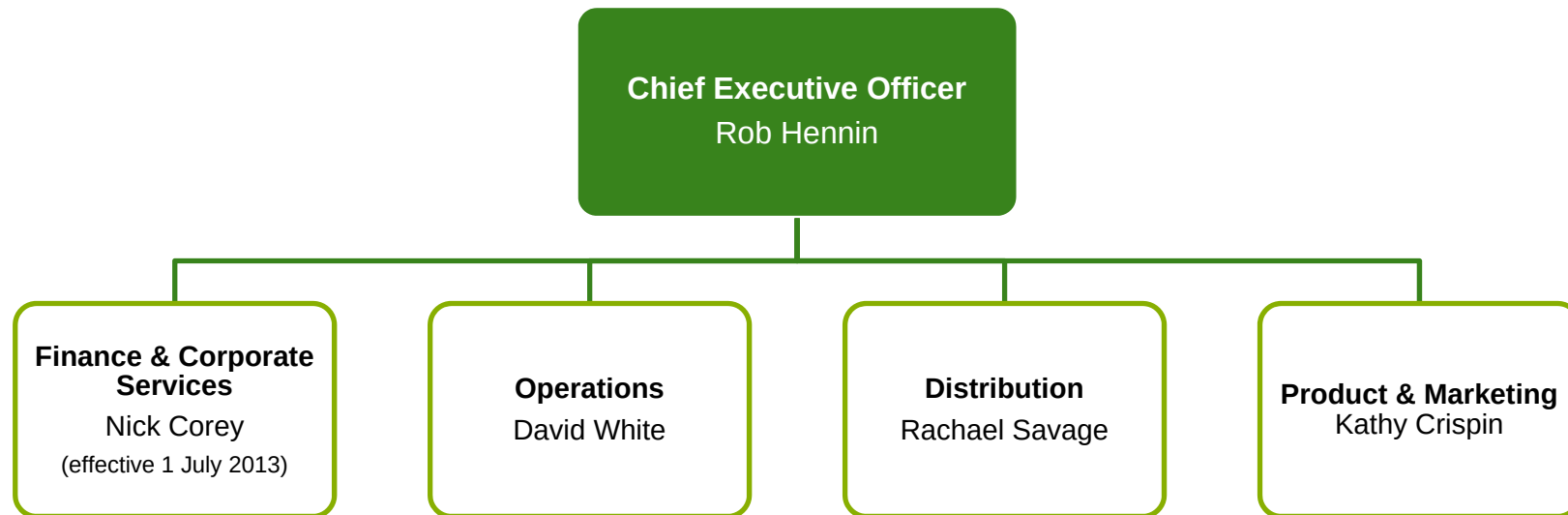
Tactics

- Get the business ready:
 - Right people on the bus, transition work, system enhancements, process improvements
- Direct to consumer offering:
 - Market research, product design, brand launch, online and mobile offering
- Protect our existing investment:
 - Nurture existing relationships with brokers and employers
 - Look for synergies across the business and build connection with other nib businesses
- Claims management:
 - Examine opportunities for coordinated care through GP relationships
 - Provider contracting, fee schedules
 - Wellness programs
- M&A:
 - Actively seek additional M&A opportunities to grow market share
- White labelling opportunities:
 - In discussions with Fidelity (acquired Tower Life in May 2013)

Transition progress

- nib acquired Tower Medical Insurance Limited in November 2012 for ~AU\$81.3m (including approximately AU\$7.9m in surplus capital).
- New Structure
 - Board of Directors
 - Appointment of Alan Clarke as Chairman.
 - Board Members also include nib Group MD/CEO as well as 3 NEDs from nib holdings limited (Harold Bentley, Christine McLoughlin, Dr Annette Carruthers).
 - Key committees - Board Audit, Risk and Compliance Committee chaired by Harold Bentley includes Annette Caruthers and Christine McLoughlin from nib holdings board.
 - Management team
 - Appointment of new CEO
 - Appointment of CFO (effective date 1 July)
- Separation and transition of business going smoothly including employees, key management personnel, IT systems and advisor/group employer relations.
- Development of brand and new product launch well underway with expected launch date in late CY13.

nib New Zealand structure



New Zealand market

	Australia	New Zealand
GDP	A\$1,499.5bn 10.8% growth over four years ¹	A\$175.4bn (NZ\$209.3bn) 7.5% growth over four years
Population	22.8mm	4.4mm
Number of insured people	10.76mm (46.9%)	1.34mm (30.2%)
Inflation	2.5%	0.9%
Unemployment	5.5%	6.2%
Health spend (% of GDP)	9.3%	10.5%
Health spend	A\$130.3bn	A\$16.7bn (NZ\$19.9bn)

Source: Australian Bureau of Statistics, Statistics New Zealand, AIHW, Reserve Bank of Australia, HFANZ, New Zealand Ministry of Health, PHIAC, FactSet as at 12 June 2013

NZ\$ figures converted to A\$ at AUDNZD of 1.193 as at 12 June 2013.

Nominal GDP is at Mar-13 for Australia and Dec-12 for New Zealand; population as at Sep-12; insured persons as at Mar 13, % of population insured per PHIAC for Australia and calculated by reference to Sep-12 population for New Zealand; inflation as at Mar-13; unemployment as at May-13 for Australia and Mar-13 for New Zealand

¹ Growth in real GDP from Mar-09 to Mar-13 for Australia and Dec-08 to Dec-12 for New Zealand

- PHI policyholder growth in NZ typically lags GDP growth (no Government support) whereas in Australia it outpaces GDP growth.
- New Zealand's economic growth trajectory is favourable (~3% annual growth) and unlike Australia is not vulnerable to downturn in the mining sector.
- Contraction in NZ PHI expected to reverse as New Zealand returns to trend growth in 2013 and beyond and pressure on public system grows.

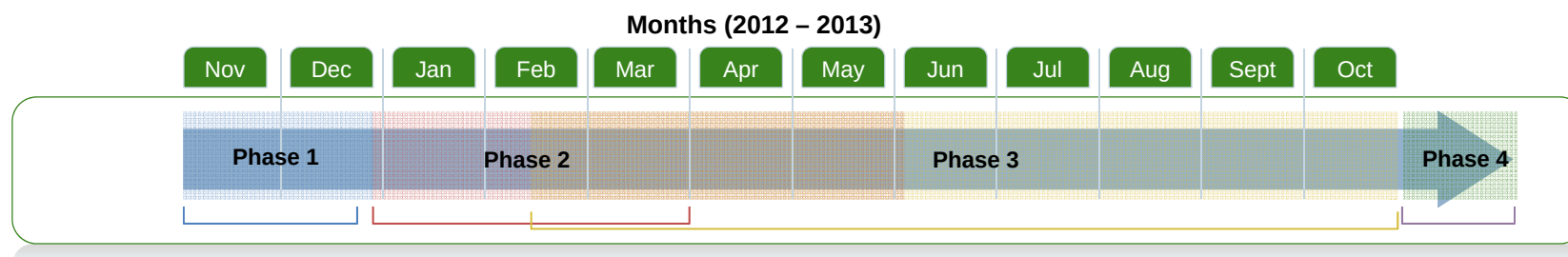
New Zealand health care system

Public health care	▪ New Zealand residents may have access to a Government funded or subsidized healthcare system which provides primary, secondary and emergency health services. ▪ The public health system (“PHS”) provides health services through public hospitals and public sector general outpatient clinics; care is available to both insured and uninsured individuals and is managed by District Health Boards (“DHBs”) throughout New Zealand. ▪ The PHS system is funded through a combination of tax payments and ACC levies on individuals and businesses in New Zealand, with copayments made by the individual required for some public services.
Private health care	▪ Additional health services are funded by private health insurance (“PHI”), these services are provided in parallel with the public system to provide an alternative option in situations where the public option is less desirable. ▪ PHI provides surgical care through approved private hospitals whilst it also covers the cost of public sector general practice and specialist outpatient care. ▪ Individuals with PHI are still required to make tax contributions to the publicly funded system. ▪ No copayments are required under PHI, however, a negotiable excess can be included to reduce the cost of premiums.

Industry players & distribution

Insurer	Market share	Premiums (NZ\$mm) ²	Structure
	65.6%	722.7	- Friendly Society - Also provides travel and student insurance - Owns Private Hospitals
	13.5%	148.5	nib acquired TOWER Medical in December 2012
	7.6%	83.7	- Subsidiary of Commonwealth Bank - Health insurance written in life company - Also provides life insurance and managed funds
	4.0%	43.9	- Incorporated under Industrial and Provident Societies Act–Open to public - Also owns two retirement villages (12% revenue)
	2.7%	30.2	- Company - Subsidiary of Police Association Society - Provides cover to police officers and families only
	2.1%	22.6	- Subsidiary of ANZ - Health written in Life Company–Also provides Managed Funds (Subsidiary of ANZ Bank)
	1.6%	17.7	- Incorporated under Industrial and Provident Societies Act - Open to public
	1.1%	12.1	- Branch of International AIA Life - Health written in life company
	0.9%	9.5	- Company - Wide shareholder base including institutions and the majority of its management and staff
	0.3%	3.7	- Owned by the Education Union - Membership limited to members of education unions

Strategic milestones



Phase 1 (Nov – Dec 2012)

- Complete acquisition of TOWER Medical
- Appoint interim management team (CEO, CFO)
- Begin recruitment for NZ Chairman and CEO
- Establish governance and financial reporting framework

Phase 2 (Jan – Jun 2013)

- Begin business separation and transition process
- Implement key IT systems
- Manage and nurture advisor and group employer relations
- Appoint Chairman, Board, CEO and other key management personnel
- Embed nib culture and values with employees

Phase 3 (Feb – Oct 2013)

- Begin synergy realisation, system enhancements and process improvement
- Build D2C offering (Market research, product design, brand launch, online and mobile offering)
- Build provider relations and claims management
- Ongoing IT system implementation

Phase 4 (late CY13)

- Launch D2C offering
- Grow people and capabilities
- Actively seek growth organic and inorganic opportunities

What we like and don't like

What we like

- Flexibility in product pricing and design
- Opportunity to increase penetration and grow market share
- Low competitor investment in brand, product innovation and online capability
- Opportunity to better manage claims
- Engaged workforce
- Lack of competitive direct to consumer offering
- M&A and “white labelling” opportunities
- Possible extension of iwhi, ishi, IPMI and International Medical travel

What we don't like

- Lack of Government “carrots and sticks”
- Lapse experience
- High acquisition costs
- High medical inflation



New Ventures – International

Mark Fitzgibbon

Chief Executive Officer & Managing Director

Rebecca Urane

Manager nib Options



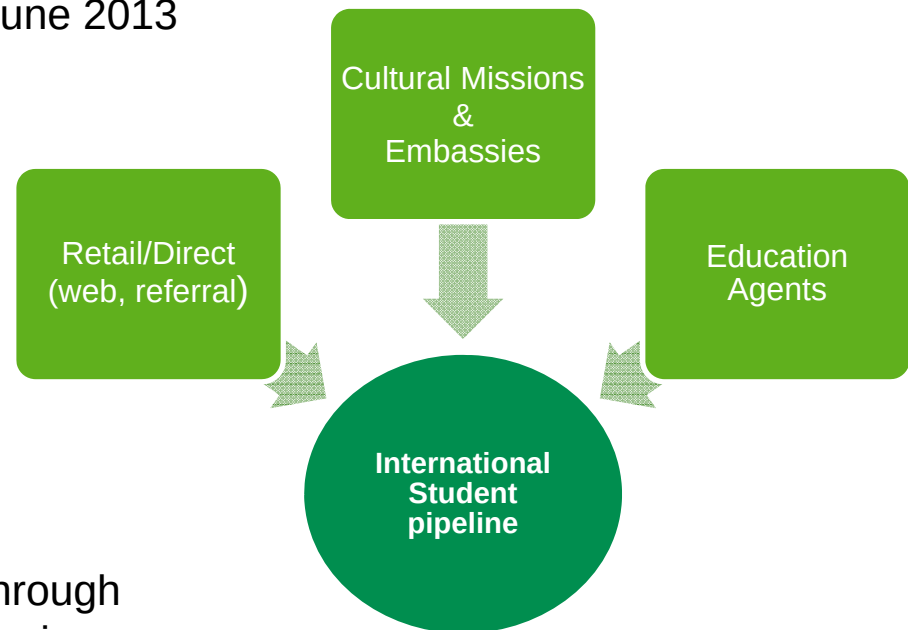
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International Workers Health Insurance

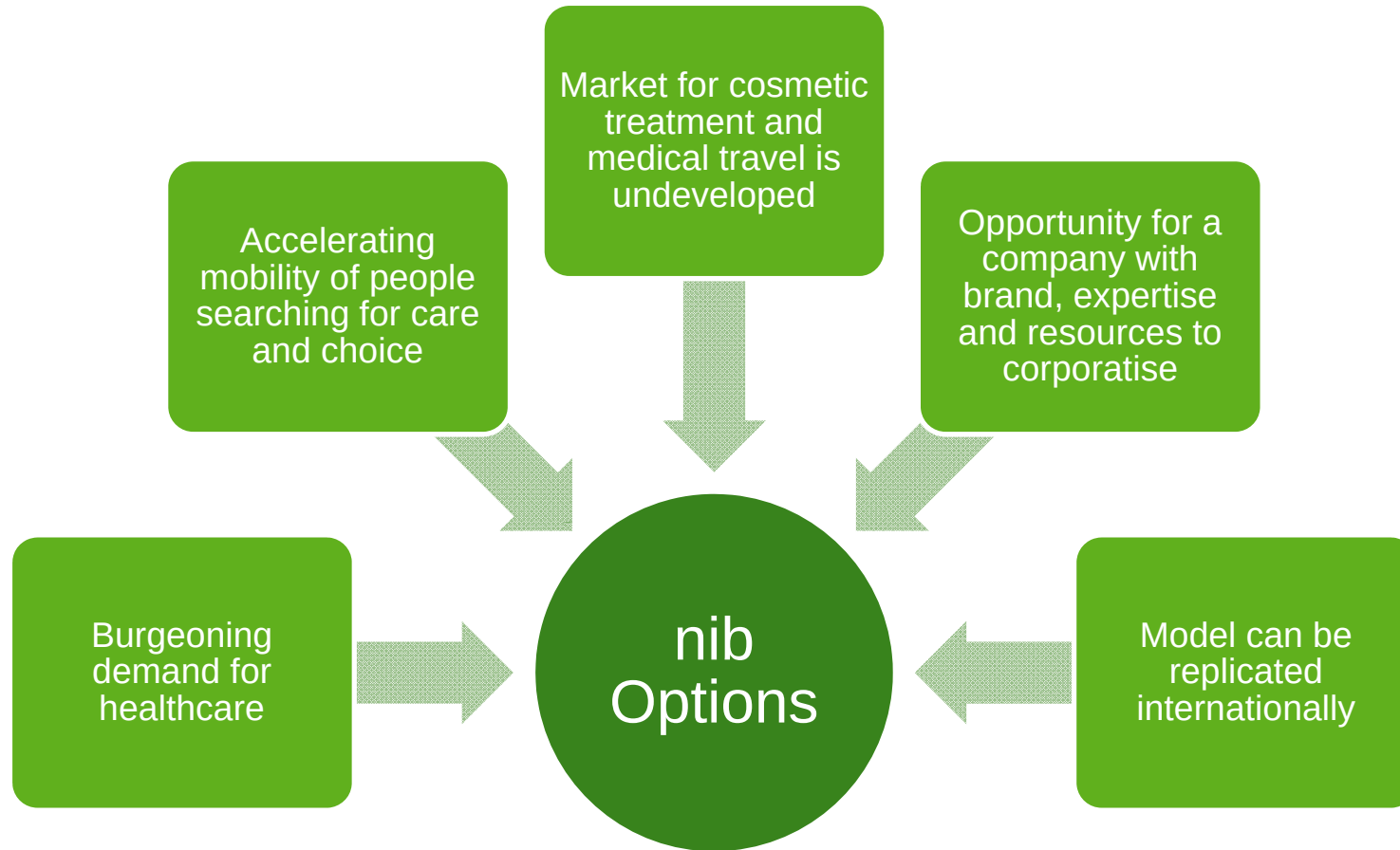
- As at 30 April 2013 approximately 110,000 457 visa holders in Australia.
- FY12 industry GWP of \$170m (excluding General Insurers), major PHI competitors include Medibank, BUPA and Australian Unity.
- FY13 forecast:
 - High single digit net policyholder growth for FY13
 - Revenue and net underwriting profit growth
 - net margin still viewed as sustainable (25%-30%)
- Full year underwriting result impacted by lower than forecast 457 visa intake
 - Recent DIAC forecasts indicate a 2% FY14 market growth for 457 visa arrivals
 - Anti 457 visa sentiment driven predominantly through union influence of current Federal Government appears to be slowing skilled migrant volume
 - Slowing resources sector, however exposure to resources sector not material (approximately 15% of sales to resources sector)
- Investigating new visa class market opportunities, including 485 temporary graduate visas.
- DIAC estimates 457 visa annual intake to grow 2%- 4% (FY14 & FY15).

International Students Health Insurance

- Expected to break even in FY13.
- Forecast approximately 9,000 policies by 30 June 2013 (3,328 policies 30 June 2012).
- As at 31 March 2013, approximately 332,000 student visa holders in Australia.
- FY12 GWP for industry estimated at \$120m, major players include Medibank, BUPA, Allianz (previously OSHC Worldcare).
- Strong policyholder sales volume means we are approaching critical mass for the business.
- Success with upstream distribution strategy through education agents and cultural missions/embassies.
- Signs industry/ competitor pricing becoming more rational.
- New pricing and product design strategy appears to be improving claims experience.
- International student market expected to grow 4%-6% annually.



nib options– the opportunity



nib options – Business Strategy

Leverage nib's brand reputation and distribution to support and grow the market for cosmetic, dental and surgical treatment both overseas and here in Australia. Invest strongly in products, marketing and sales capability based upon a philosophy that we are helping people make better informed decisions about treatment and that treatment will be safer.

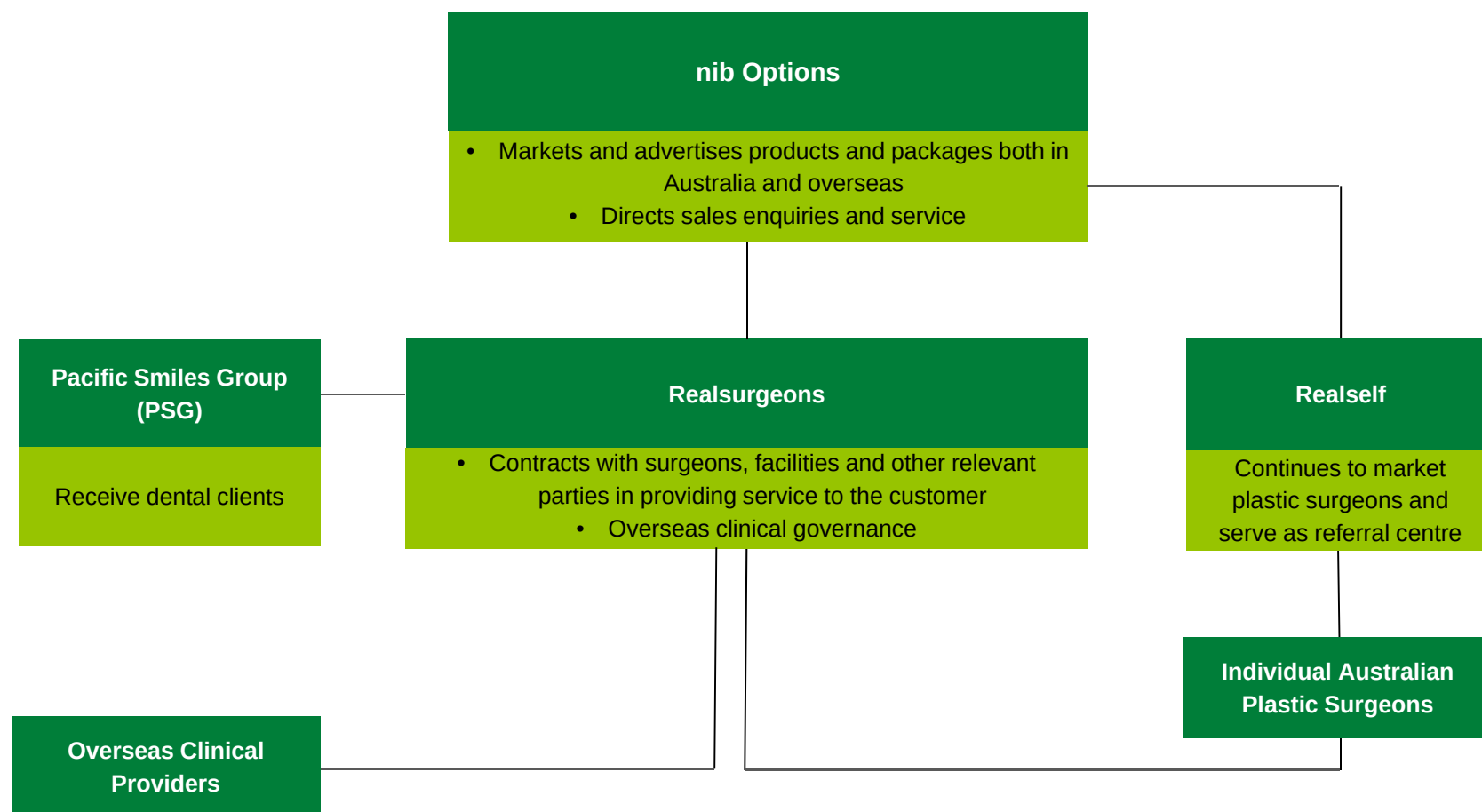
Develop bundled "one-stop" products based upon fee for service.

Establish appropriate contracting regime for engaging domestic and international clinical providers (e.g. doctors, dentists and hospitals) and associated medical concierge.

Create clinical governance framework and formal arrangements with clinical providers for delivery of post-operative supervision and care in Australia.

Emphasise quality, choice and safe care through SEM, SEO and TV advertising.

nib options – Business Model



nib options – Financial Assumptions

- It's estimated it will take 6 months to launch nib Options with a targeted “go live” date of November 2013.
- Forecasting 1,000+ sales in Australia in FY14 (with 15% growth year on year).
- Forecasting 1,000+ sales overseas in FY14 (with 20% growth year on year).
- Average sales price circa \$8,000.



2013 Strategy Briefing

Friday 14 June 2013



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