

27 June 2011

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

Subject: 2011 nib strategy briefing and site visit – 27 June 2011

Attached is nib's 2011 strategy briefing and site visit presentation. The 2011 strategy briefing and site visit is being held for investors and analysts on Monday 27 June 2011.

Within the presentation nib has:

- maintained its FY11 Health Insurance Business net policyholder growth guidance of in the order of 5.5%-6.0%.
- indicated year-to-date results have nib on track to achieve FY11 net underwriting guidance of FY11 net pre-tax underwriting profit* of \$55 - \$58 million (net underwriting margin 5.4% - 5.7%) with some potential for upside. nib's ongoing net underwriting margin target remains at 5% - 6%.

Yours sincerely



Michelle McPherson
Company Secretary/Chief Financial Officer

* Includes \$2.2 million benefit from head office revaluation

2011 Strategy Briefing & Site Visit

Monday 27 June 2011

nib holdings



Managing Director & CEO

Mark Fitzgibbon

nib holdings



Business strategy



State of Origin



Geelong Cats



Newcastle Knights



nib Stadium, Perth

- Continue to grow organically through building national brand presence, targeting new to category under 40 segment (Virgin Green) and higher policyholder retention
- Look to emulate the success of Virgin Green in the over 55 and corporate segments
- Build an international business around International Workers, International Students and other opportunities that arise
- Further develop a high performance organisational culture and inspire our people
- Mitigate claims inflation with an emphasis on protecting against unwarranted variation and empowering policyholders to make more informed choices
- Leverage our fixed costs base to support and fund business growth and generally improve productivity through investment in technology
- Deploy and manage capital towards optimising shareholder returns including mergers and acquisitions

Financial overview

nib	FY07	FY08	FY09	FY10	1H11*
Premium revenue (\$m)	666.0	758.2	829.5	901.4	495.0
Net policyholder growth (%)	8.8	11.1	5.2	5.9	2.7
Gross margin (%)	14.3	14.7	14.7	14.8	16.4
Management expenses (%)	10.7	10.3	9.9	9.6	8.5 ¹
Net margin (%)	3.6	4.4	4.8	5.2	8.3
Net underwriting profit (\$m)	23.7	33.0	40.2	47.1	40.9
Investment return (%)	8.8	1.6	(0.4)	10.5	9.0 ²
NPAT (\$m)	37.2	26.7	23.8	61.5	39.0

* Includes International Workers and International Students. 1 Includes \$2.2m benefit from head office revaluation 2 Annualised

Some key issues

- Means testing 30% PHI Rebate
- Risk equalisation and premium price control
- Competitor activity and emergence of comparator sites
- Industry structure and consolidation
- International business
- Capital management

Organic Growth

Rhod McKensey – Chief Marketing Officer
James Barr – Group Marketing Manager

nib holdings



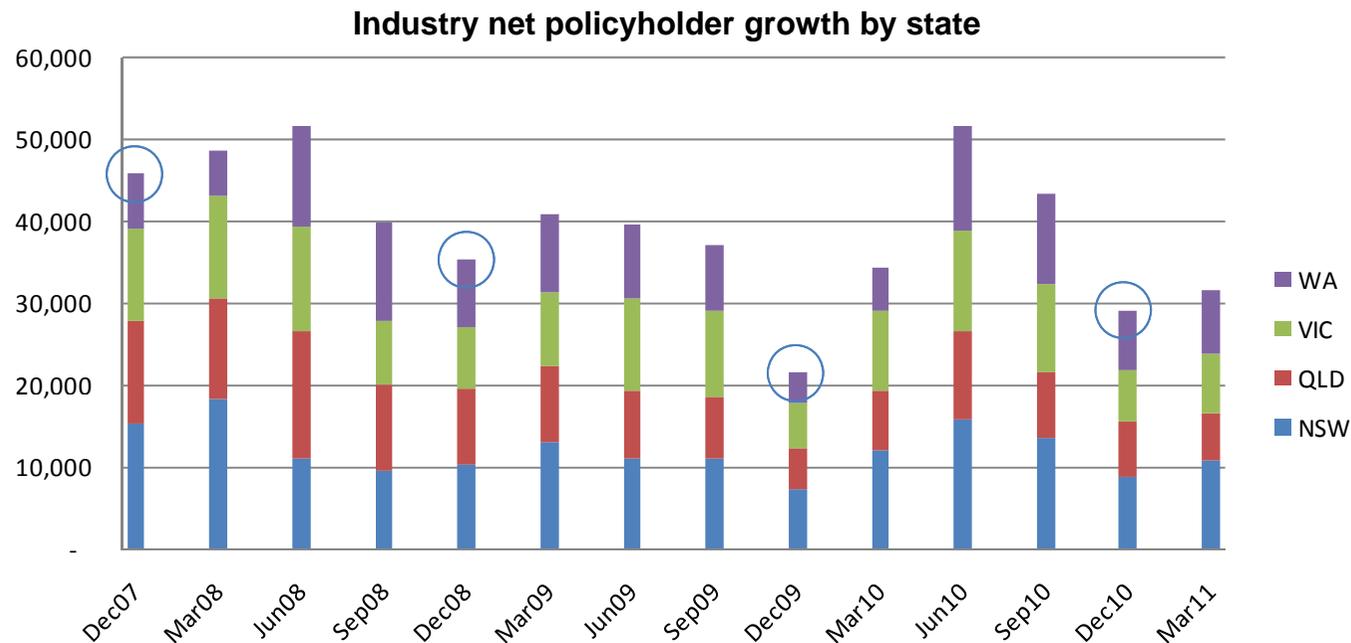
Agenda

- Private health insurance market
- Our marketing strategy and approach
- Emerging trends and how we're responding

Private Health Insurance

- Heavily regulated
- Grudge purchase – perceived lack of value
- Like bottled water and Pay TV, the biggest competitor is a free alternative – in our case Medicare
- Commoditised product – but offerings have evolved to add complexity to make comparison shopping difficult
- Fragmented industry with 5 major players
- Highly seasonal due to regulated environment, i.e. switchers in March and new to PHI in June/July

Industry growth has rebounded but remains seasonal



Source: PHIAC

- During the GFC industry growth slowed from around 50,000 policies per quarter to around 30,000 policies per quarter, more recently in June 2010 and September 2010 growth has rebounded to pre GFC levels
- Seasonally June remains the biggest quarter, driven by Government Initiatives – Lifetime Health Cover and Medicare Levy Surcharge

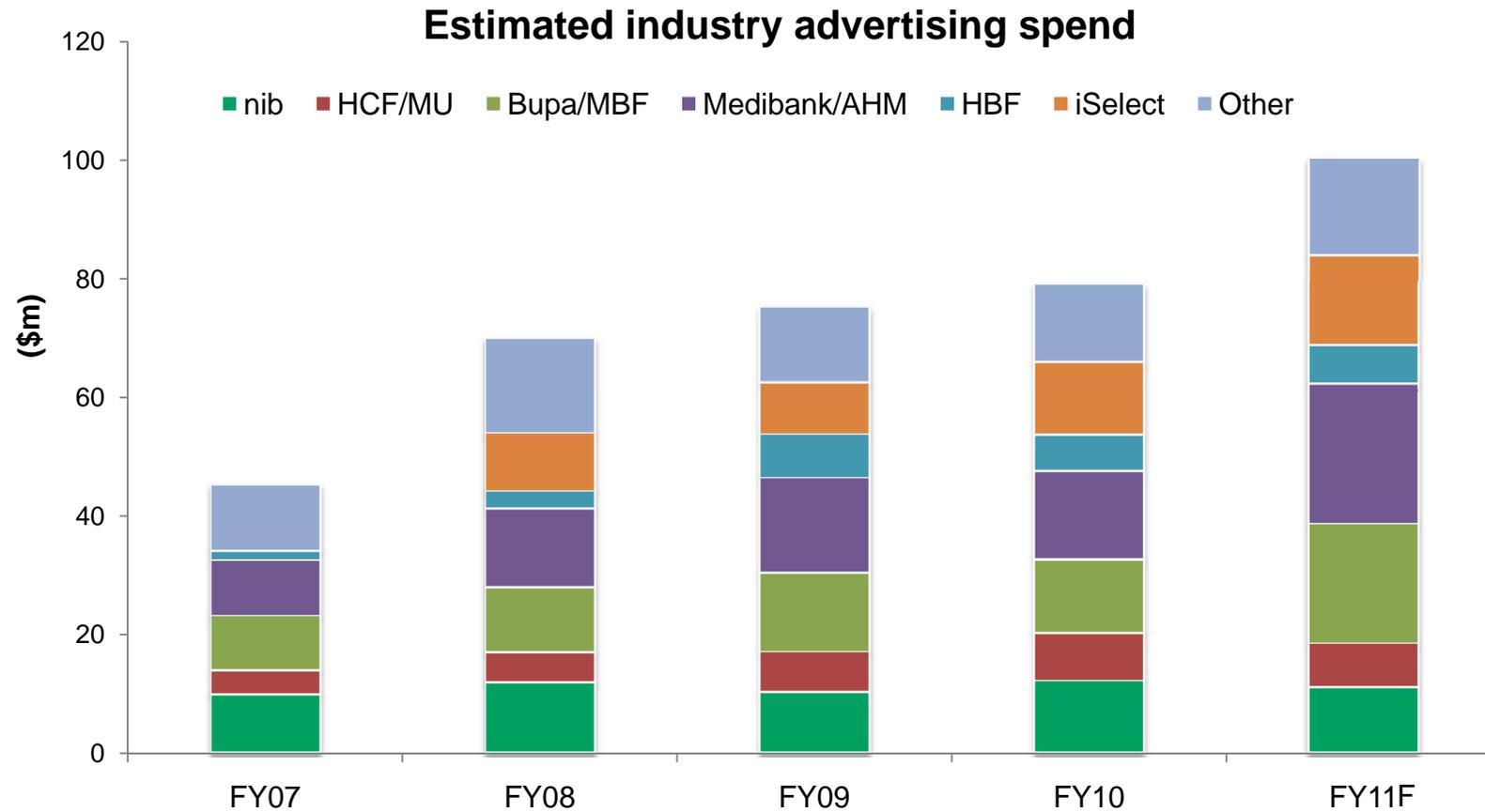
nib continues to grow well above system

Policyholder growth	FY07	FY08	FY09	FY10	FY11 to 31 March 2011
nib	26,485	36,605	18,899	22,641	15,105
Industry	201,575	211,238	171,172	158,599	112,974
nib (%)	8.8	11.1	5.2	5.9	3.7
Industry (%)	4.2	4.2	3.3	2.9	2.0
% of growth attributed to nib (%)	13	17	11	14	13

Source: nib and PHIAC

- nib continues to grow at least two times the industry
- Despite having a market share of 7.5% around 14% of industry growth can be attributed to nib
- nib's above industry growth can be attributed to our organic growth strategy (investment in marketing and advertising, brand development, product design and distribution strategy)
- FY11 net policyholder growth guidance in the order of 5.5% - 6.0%

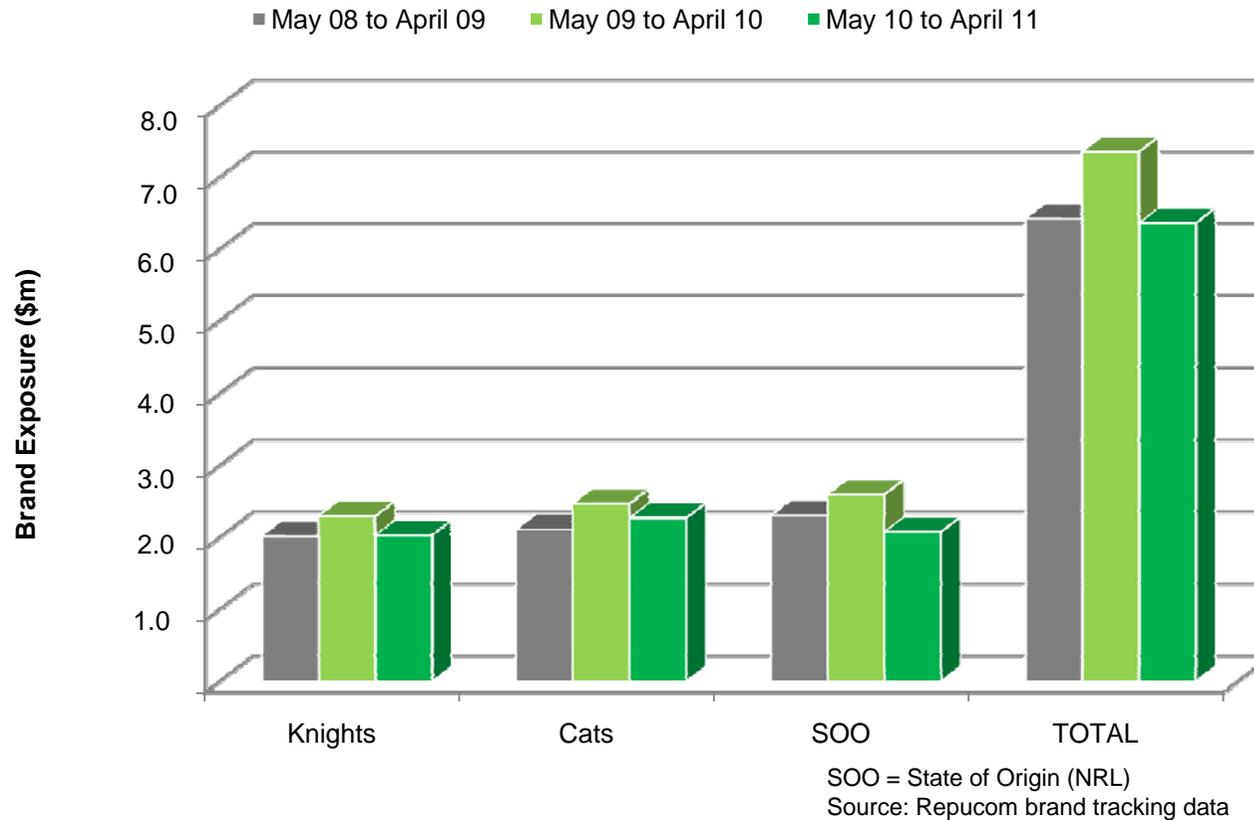
Estimated industry advertising expenditure continues to increase



Source: Nielsen Adquest 2011 & nib analysis

Sponsorships continue to play an important role in building our brand awareness

nib brand Exposure by Property
12 Month Comparison (12 months to 30 April)



Our marketing strategy

Strategy

- Focus on the low risk under 40 segment in NSW, VIC, QLD and WA
- To change the industry dynamics through innovation & technology
- Emulate the success of Virgin Green in the over 55s segment (Young At Heart) and corporate segments

Tactics

- Leverage marketing investment to generate as many sales as possible – optimise cost of acquisition
- Use basic and consistent messages, targeting 20-39 year olds, emphasising rational attributes of value for money and simplicity and emotional attribute of approachability/trustworthiness (via our brand ambassador Paul Harragon)
- Use sponsorships, particularly in new markets to increase brand awareness
- Make it as simple as possible for customers to interact with us - allow/encourage customers to self-select acquisition and servicing pathways
- Use brokers such as iSelect judiciously
- Limit use of offers – in most cases they destroy value
- Migrate existing customers to higher value products as their life stage and needs change
- Increase revenue via complementary products such as life, travel and funeral protection

KPIs

- Policyholder growth – 2x industry average
- Cost of acquisition

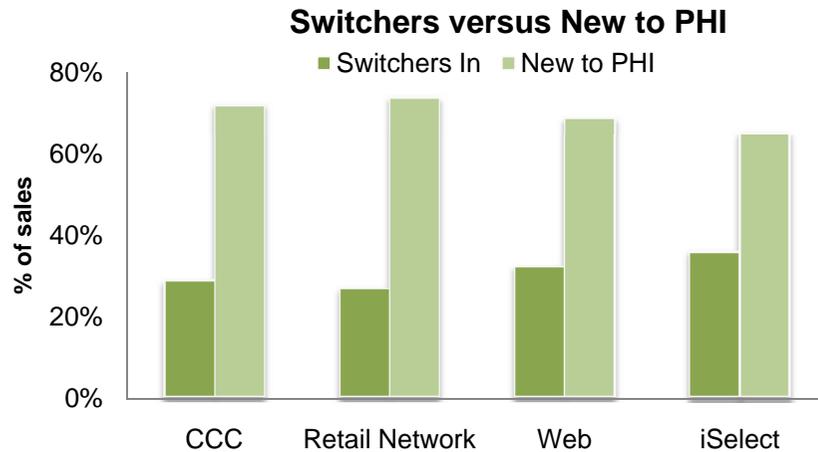
Our share of growth in our target segment remains strong

20-39 Hospital Persons Covered	FY07	FY08	FY09	FY10	FY11 to 31 March 2011
nib	20,783	30,290	12,691	15,180	10,385
Industry	111,697	150,585	49,720	48,830	43,504
nib (%)	12.4	16.1	5.8	6.6	4.2
Industry (%)	5.4	6.9	2.2	2.1	1.8
% of growth attributed to nib (%)	18.6	20.1	25.5	31.0	23.8

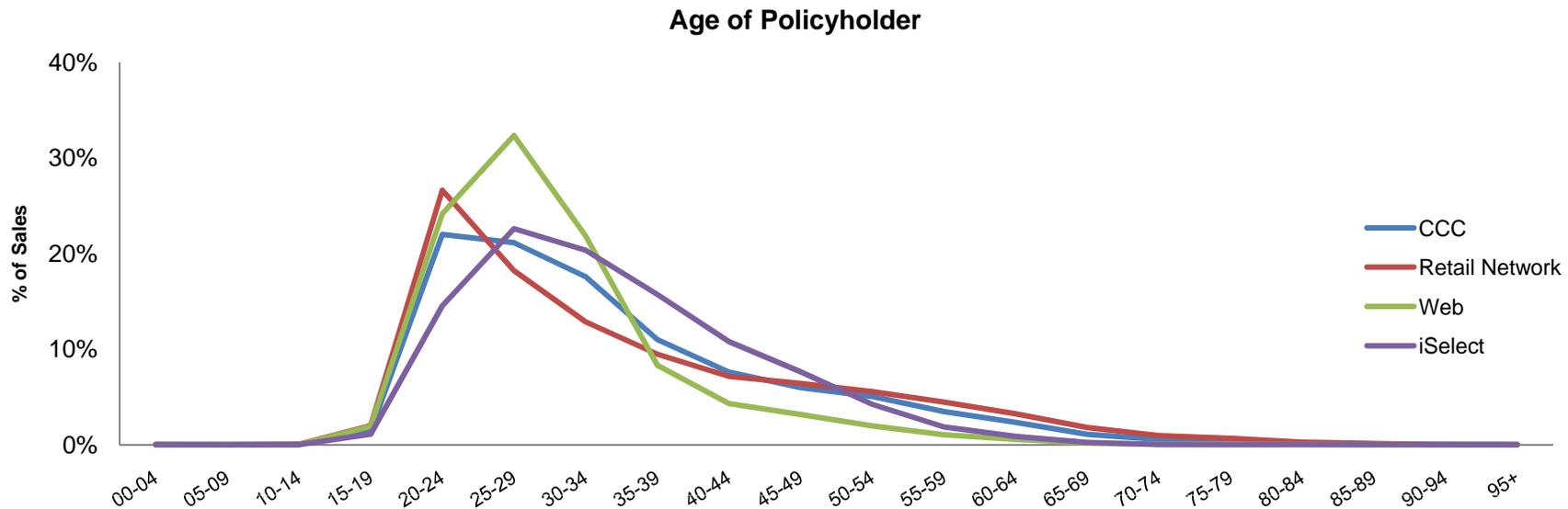
Source: nib and PHIAC

- Industry growth in the 20-39 segment peaked in 2008 but has failed to reach the same pre GFC heights in recent years.
- Since launching our Virgin Green strategy in 2007 we've continued to increase our proportion of growth in the 20-39 target segment

Our sales from each channel have similar profiles

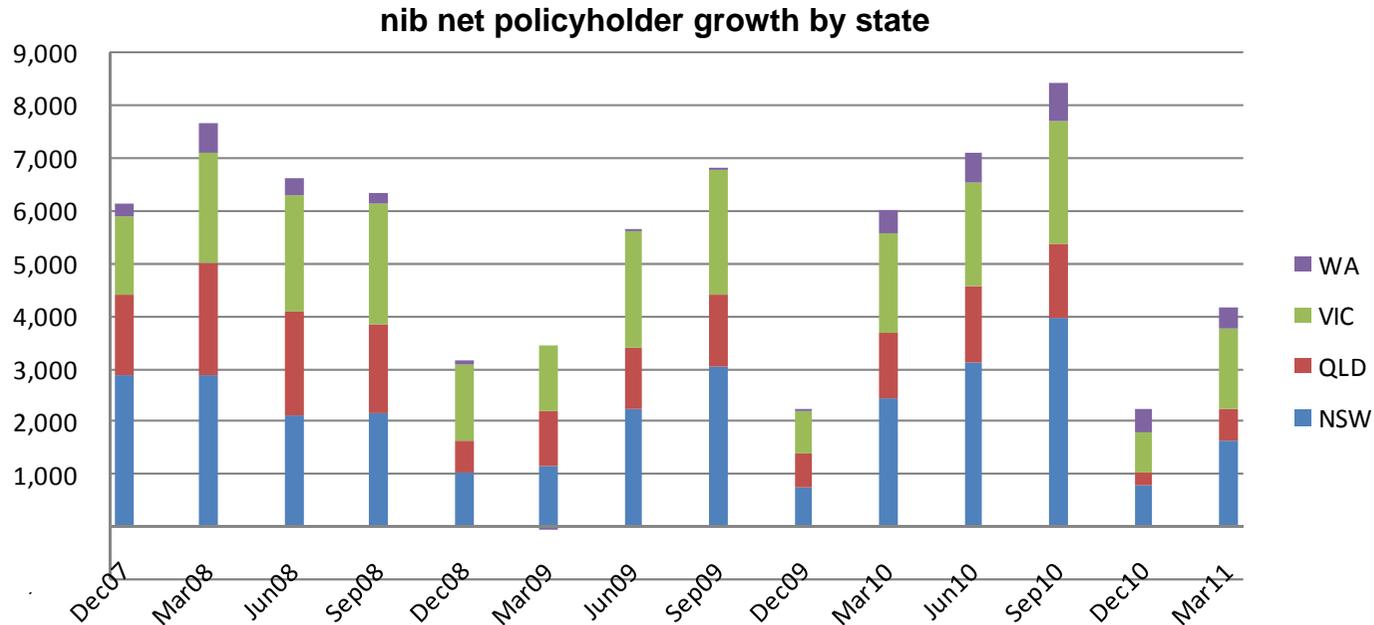


- There is a greater proportion of sales via the web to lower value products
- The website out performs other channels in sales to the 20-34 segment



Source: nib

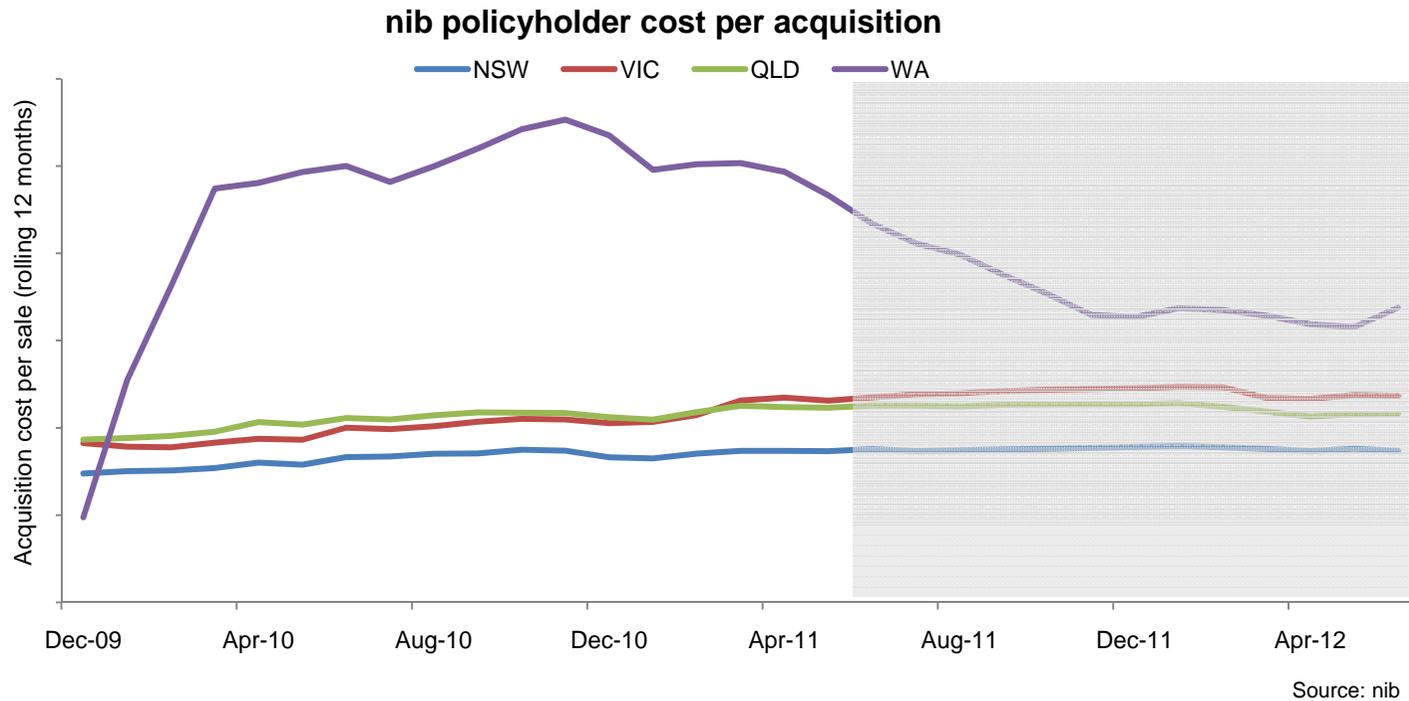
Growth in QLD and VIC remains strong. WA is building slowly



Source: nib

- Significant inroads have been made into Victoria and Queensland, with traction now starting to build in Western Australia
- Tactical decision to redirect spending from March quarter to June quarter where we expect an influx in “new to Private Health Insurance” as result of Government initiatives
- The floods in Queensland impacted growth in that market since the December quarter

ROI on organic growth remains attractive



- In NSW, QLD & VIC our cost to acquire customers has been relatively stable
- We expect to see the cost of acquisition continue to decrease in WA as brand awareness levels increase
- The current cost per acquisition is well below breakeven

Policyholder sales remain consistent with expectations

nib	FY07	FY08	FY09	FY10	FY11 to 31 May 2011
Total sales	49,757	67,456	50,438	56,762	52,332
% of new sales "under 40" target segment	78.5	79.2	78.7	77.4	77.7
% of new sales outside core state of NSW/ACT	32.3	44.0	42.6	42.7	43.4
% of new sales new to PHI	74.4	78.2	67.4	62.2	63.4
% of new sales online	32.6	38.8	36.2	33.1	33.6

Source: nib

- FY11 net policyholder growth guidance in the order of 5.5% - 6.0%
- Since FY07, the percentage of our sales that are under 40 segment has been stable between 77% and 79%
- Sales outside NSW remain stable just above 40%
- Percentage of nib sales new to PHI and via the web have remained stable over FY10 and FY11

Despite heightened competitor activity our lapse rate remains stable

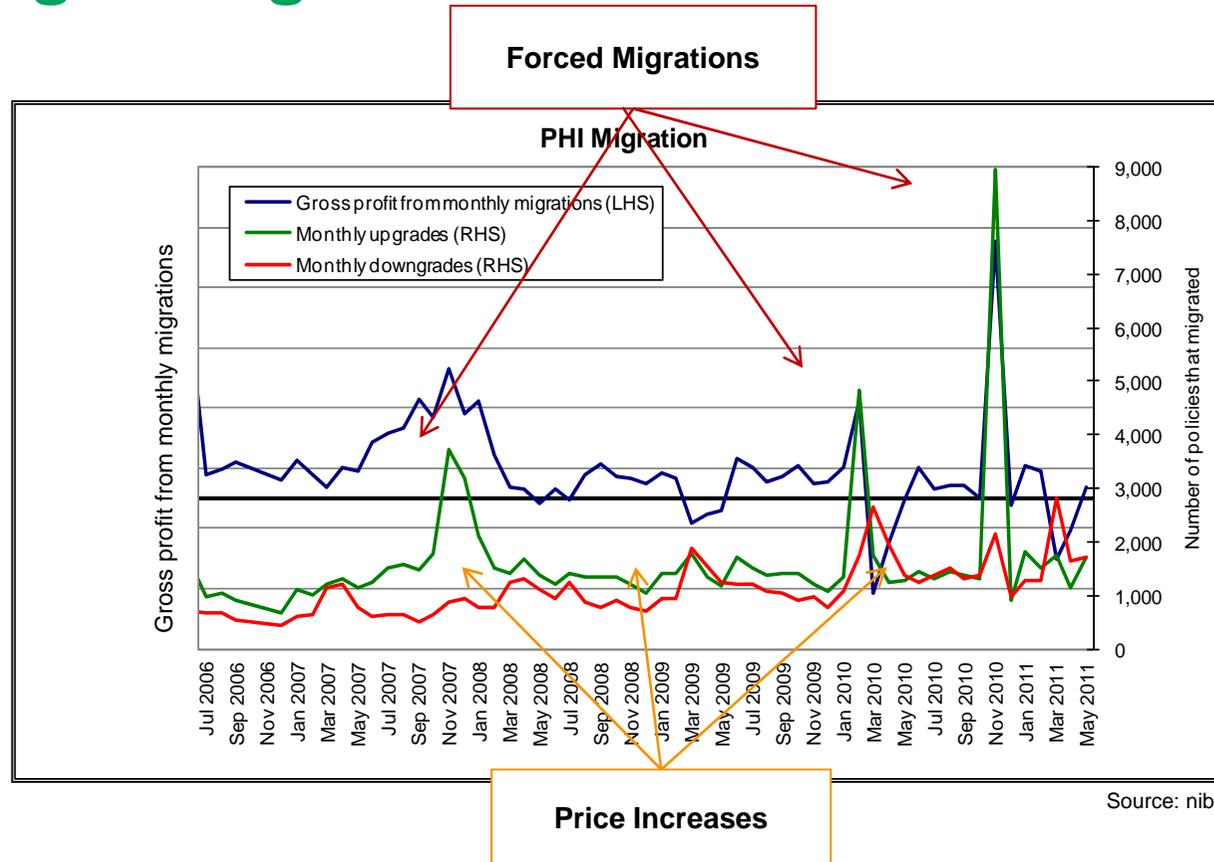
Lapse (nib)	FY07	FY08	FY09	FY10	FY11 to 31 May 2011
Lapse rate (%)	7.7	9.4	8.6	8.9	9.0*
Total lapse	23,272	30,851	31,539	34,122	33,514
“Under 40s” segment (%)	62.8	62.2	62.4	62.4	62.8
Outside NSW/ACT (%)	23.9	31.0	32.9	34.9	36.9

* Annualised.

Source: nib

- Lapse dipped in FY07 as a result of favourable economic conditions and our demutualisation process
- All macro-level metrics (e.g. age, source and product mix) have remained relatively stable
- Lapse outside of NSW continues to increase as our penetration in new markets increases
- Improvements in lapse will be the result of many small changes rather than any “silver bullets”
- Possible means testing of 30% rebate would result in “shock loss” of approximately 0.6% of customers (4,700 customers) in year 1, beyond normal lapse rates

Forced migration has so far been the only meaningful migration tactic



- We're seeing a customer bias to downgrade products as a result of value conscious customers looking to save money
- New initiatives such as campaign automation and the ability for customers to change their policy online are expected to improve product buy up

Emerging trends and how we're reacting

- Switch in marketing strategy from our competitors from brand to direct response – heavy use of offers
- Rise of comparison shopping and the growing role of online brokers
- Change in media consumption – particularly mobile and secondary channels
- Consumer expectation of free value adds – to educate them, make their life simpler or help them get better value for money

Heavy use of offers in the category

The screenshot shows the medibank website with a prominent offer for a 'FREE Kobo eReader' for those who get a quick quote. The offer is part of a 'Health Insurance Cover Selector' section. A 'GET A QUICK QUOTE NOW' button is visible, along with a 'Quick Links' sidebar and a 'Manage your membership' section below.

The screenshot shows the mbf website with a 'JUNE 30 IS CRUNCH TIME' promotion. The main offer is 'Join today and CLAIM INSTANTLY on most extras + get ONE MONTH FREE'. The offer ends on June 30. The website also features a 'MyMBF' login section and various navigation links.

The screenshot shows the ahm website with a 'Join today & get 6 weeks FREE! after your first month*' offer. The offer is highlighted in a large banner. Below the banner, there are sections for 'Member Centre', 'Make a claim', and 'Quick links'. A 'Quick quote in seconds!' button is also visible.

The screenshot shows a 'Buy Online and Win Promotion' page. It features a '\$1000 June Only' voucher and a 'Buy online & win' section. The promotion details are listed below:

CONDITIONS OF ENTRY

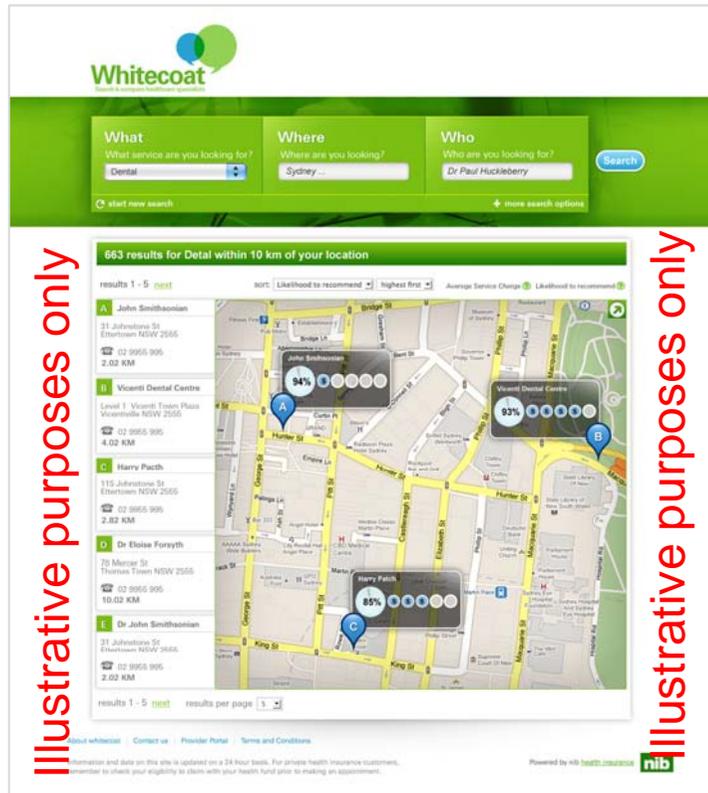
- Terms - Buy Online & Win \$500 promotion
- Terms - Buy Online & Win June bonus month

Buy Online & Win \$500 promotion

- Information on How to Enter and prizes form part of these Conditions of Entry.
- The promotion period begins on January 31st 2011 at 12:00 am and ends on January 1st, 2012 at 11:59 pm.
- Eligible entrants must purchase a qualifying health insurance policy through iSelect Health. Qualifying health insurance policies are any hospital policy, extras policy or any combined hospital & extras from iSelect's participating funds. Entrants can view qualifying health insurance policies at www.iselect.com.au. Each entrant can only participate in 1 weekly draw. Cancellation of an existing Health Insurance policy purchased through iSelect and purchase of a new Health Insurance policy will not qualify for entry to the weekly draw.
- Employees of any member of the iSelect group of companies as well as any agencies associated with this promotion and any of their immediate family are excluded from entry in this competition. Entrants aged under 18 from SA are ineligible to enter.
- There are 48 weekly draws. Weekly entries will be downloaded and placed in a manual draw. All draws will take place at SAM Sales & Marketing, 272 Bay St, Port Melbourne, Vic. 3207. Winners will be advised via phone and in writing. By entering, you consent to have your name published if you win on www.iselect.com.au and in The Australian newspaper.

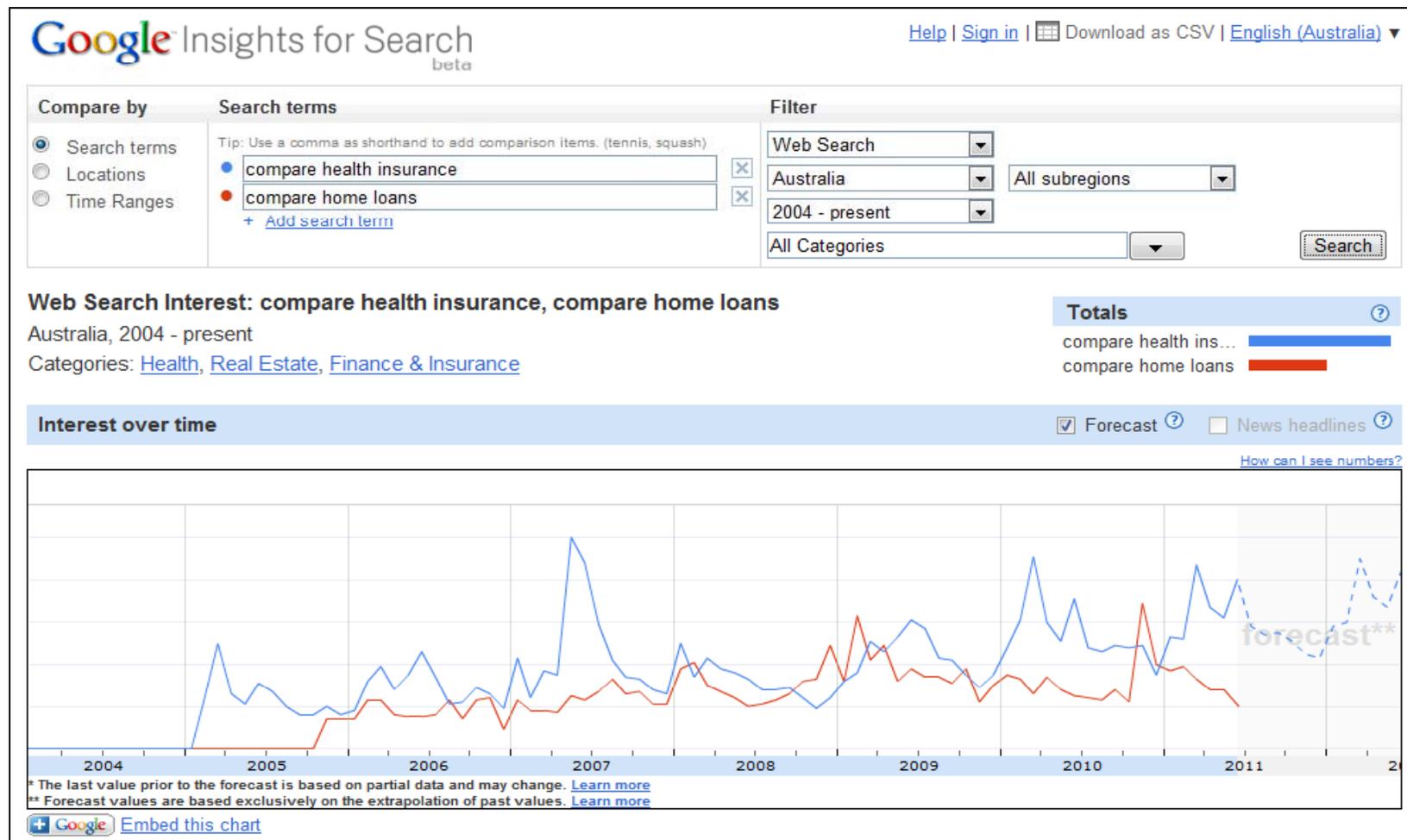
	Start	Close	Draw
Draw 1.	31.01.11	06.02.11	07.02.11
Draw 2.	07.02.11	13.02.11	14.02.11
Draw 3.	14.02.11	20.02.11	21.02.11
Draw 4.	21.02.11	27.02.11	28.02.11

Consumer expectation of free value adds



- Through innovation nib is developing a search engine (Whitecoat) empowering customers by enabling them to compare health specialists like dentists and physios
- The nib mobile site and iPhone App enables customers to make a claim at their convenience via their mobile phone

The rise of comparison shopping in health insurance



Growing role of online brokers

The screenshot shows the iSELECT website interface. At the top, it says "Compare, select and save* on health insurance" and displays the time "13 19 20". Navigation tabs include Health Insurance, Life Insurance, Car Insurance, Travel Insurance, Home Loans, and Broadband. The main heading is "Health Insurance" with a subtext "iSelect - a better way to buy private health insurance. Compare, select and save from a great range of competitive options uniquely matched to your needs and budget". A large banner features a man in a suit and a "Get a Quote" button. Below this, there are sections for "iSelect's Member Benefit Card" (110% off), "iSelect's Best Deal Guarantee", and "Buy online & win" a \$1000 voucher.

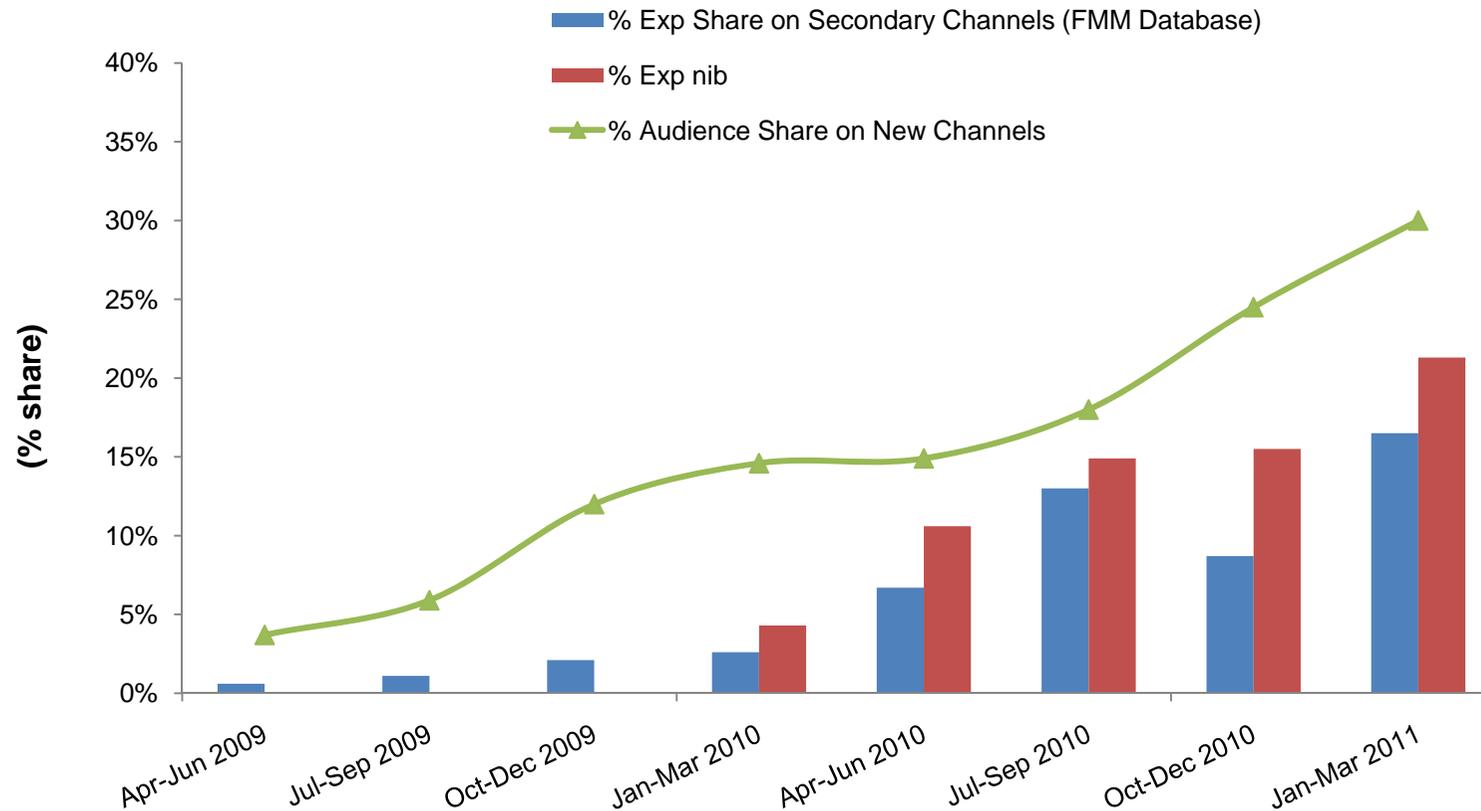
The screenshot shows the HELP ME CHOOSE website. It features a navigation bar with Home Loans, Health Insurance, and Life Insurance. The main heading is "Compare Health Insurance in Minutes & Save 'Beautiful'". A large image shows a man in a blue shirt holding fruit. To the right, there is a "Compare Health Insurance" form with fields for "Cover for" (Single), "I live in" (New), and "Age of oldest person". Below the main heading, there are three smaller sections for Home Loans, Health Insurance, and Life Insurance. A Facebook widget is also visible, showing "Like Us on Facebook for a chance at \$1000".

The screenshot shows the youcompare.com.au website. The navigation bar includes Home, Get quotes, Health insurance, Special offers, Find hospitals, and About private health insurance. The main heading is "Compare health insurance" with the subtext "Easily compare health insurance from Australia's leading providers and save up to 25% on your health insurance." A large green button says "Get quotes". Below this, there is a promotion for "Buy online & win an Apple iPad2!" and a section for "Health special offers" featuring Australian Unity. A "Join youcompare" form is also present.

The screenshot shows the ChooseWell website. The navigation bar includes home, get a quote, about health insurance, about us, contact us, special offers, and the choosewell challenge. The main heading is "It's Easy to Switch Funds" with a large image of a hand choosing a red apple from several green ones. A "Quote me" button is prominent. Below the main heading, there is a list of benefits: "Choose Health Insurance that really meets your needs.", "Save on your premiums. Our advice can save thousands of hard earned \$s", "Enjoy higher rebates and smaller gaps from the services you actually use.", and "Change Health Funds. We make switching funds quick and easy with flexibility of cover options." A form for "Get an instant quote" is also visible.

- We believe it is important to maintain a presence across all online brokers, not just domestic business, but international workers and international students as well

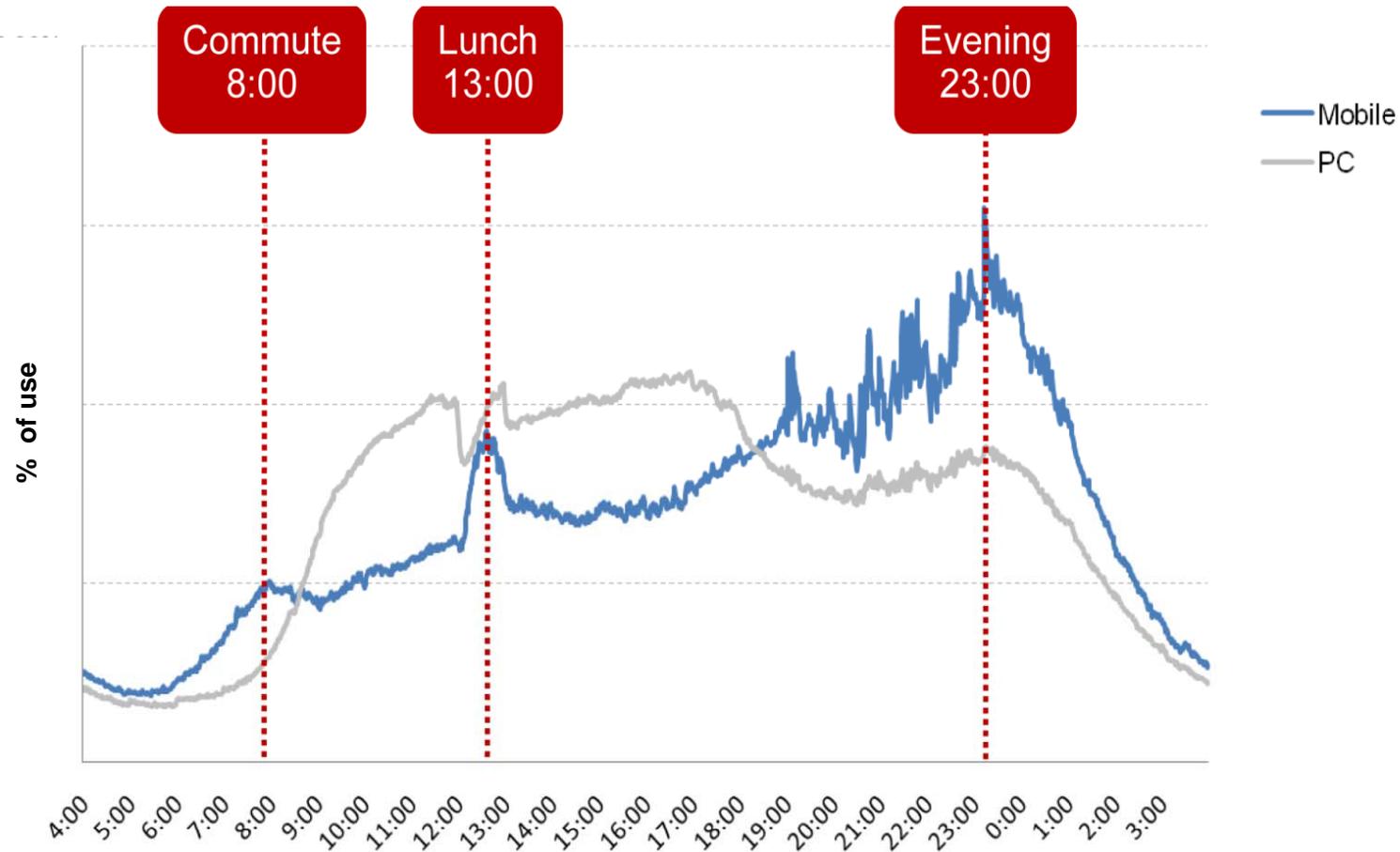
nib has reacted to shifting TV audiences



Source: OzTam & Faulkner Media

- As the audience has increased across the secondary TV channels nib has redirected share of spend to the secondary channels

The growing use of mobile



Source: Google

- Consumers are search on their mobile phone commuting to work, during lunch and watching TV at night

In summary

- Industry growth has slowed but nib is increasing our share
- We continue to perform strongly in the 20-39 target segment
- Emulate the success of 20-39 segment in the over 55s (Young At Heart) and corporate segments
- Media consumption has changed rapidly in recent time
- We've adapted our media strategy, taken advantage of new advertising channels
- We've used innovation such as mobile to make choosing health insurance more convenient
- And, we're delivering great results

Claims Inflation & Operational Efficiencies

Melanie Kneale – Chief Operating & Technology Officer
Daryl Bull – Policy Administration & Claims Manager

nib holdings



Agenda

- Claims and Policy Admin in Context – Why is it such a key focus?
- How is the cost of claims changing?
- How is nib responding?
- How are we reducing the cost of handling claims and administering policies?
- How are we positioned for scalability and integration of new businesses?

Claims and policy administration in context – Why is it such a key focus?

Our claims expense is significant and constantly increasing hence the heightened and ongoing focus

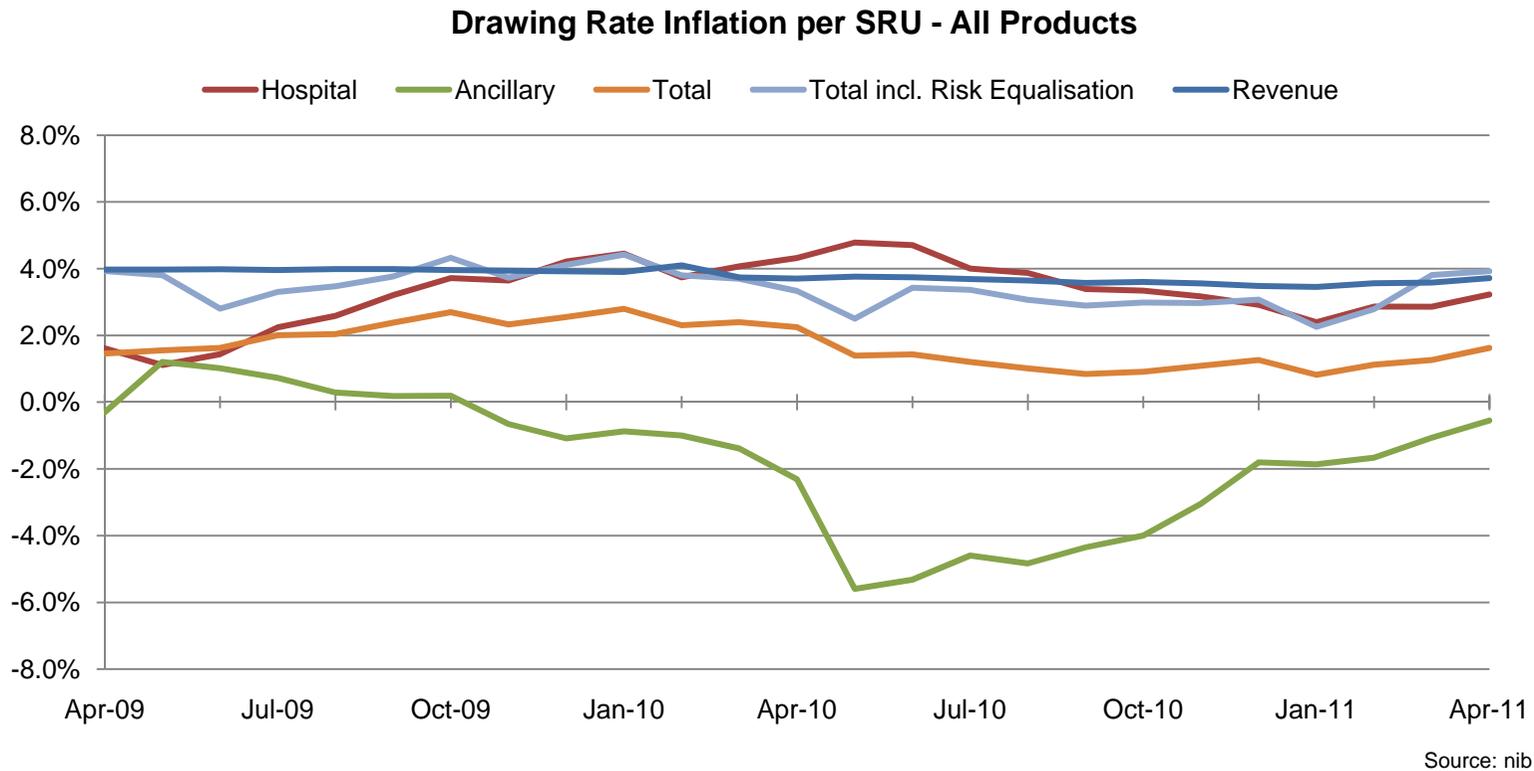
- Approximately \$800m paid in claims during CY10 (including risk equalisation)
- Average SEU drawing rate inflation for the last 3 years of 3 - 4%
- Approximately 240,000 claims are processed per month, over 2.9m annually
- Approximately 50,000 pieces of additional outbound routine customer claims correspondence per month

Policy administration has a key financial impact

- In the last 12 months over 203,000 policy administration items have been received and processed
- FY11 revenue obtained from the Federal Government Rebate will be approximately \$300 million
- FY11 revenue from LHC loadings will be approximately \$25m

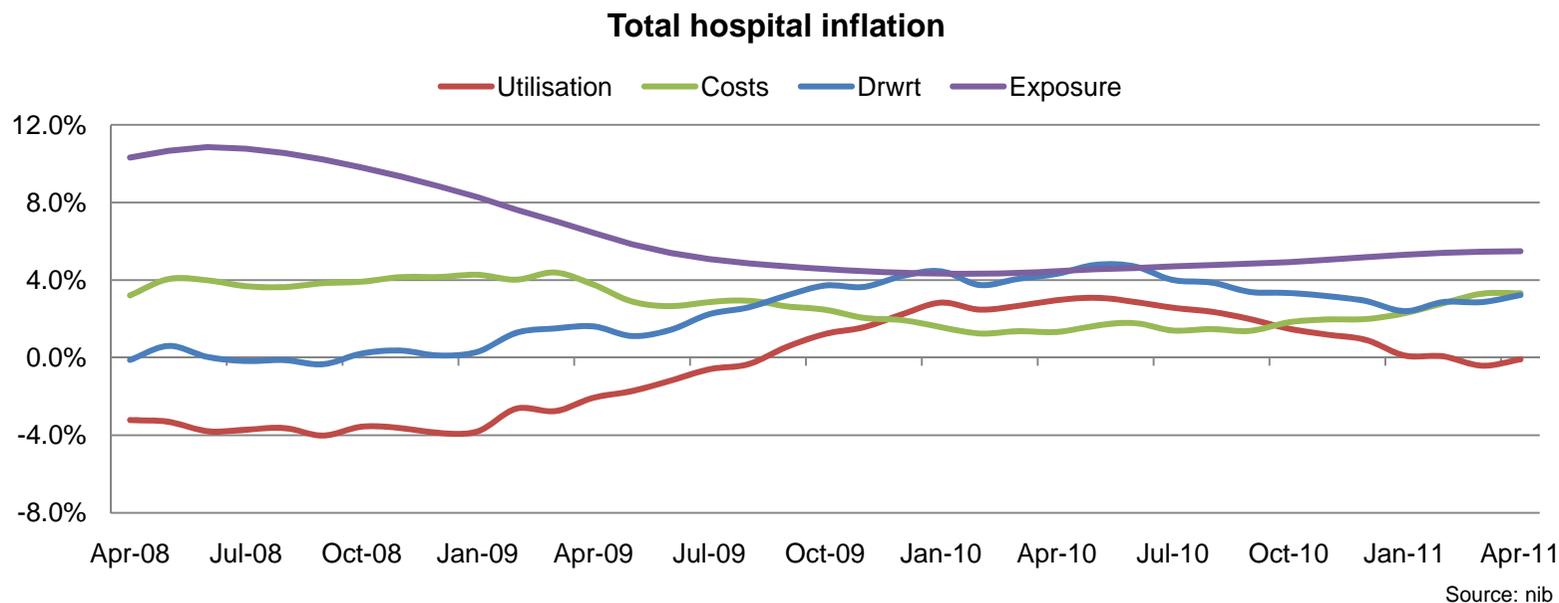
How is the cost of claims changing?

Overall claims inflation trends are in line with growth in revenue



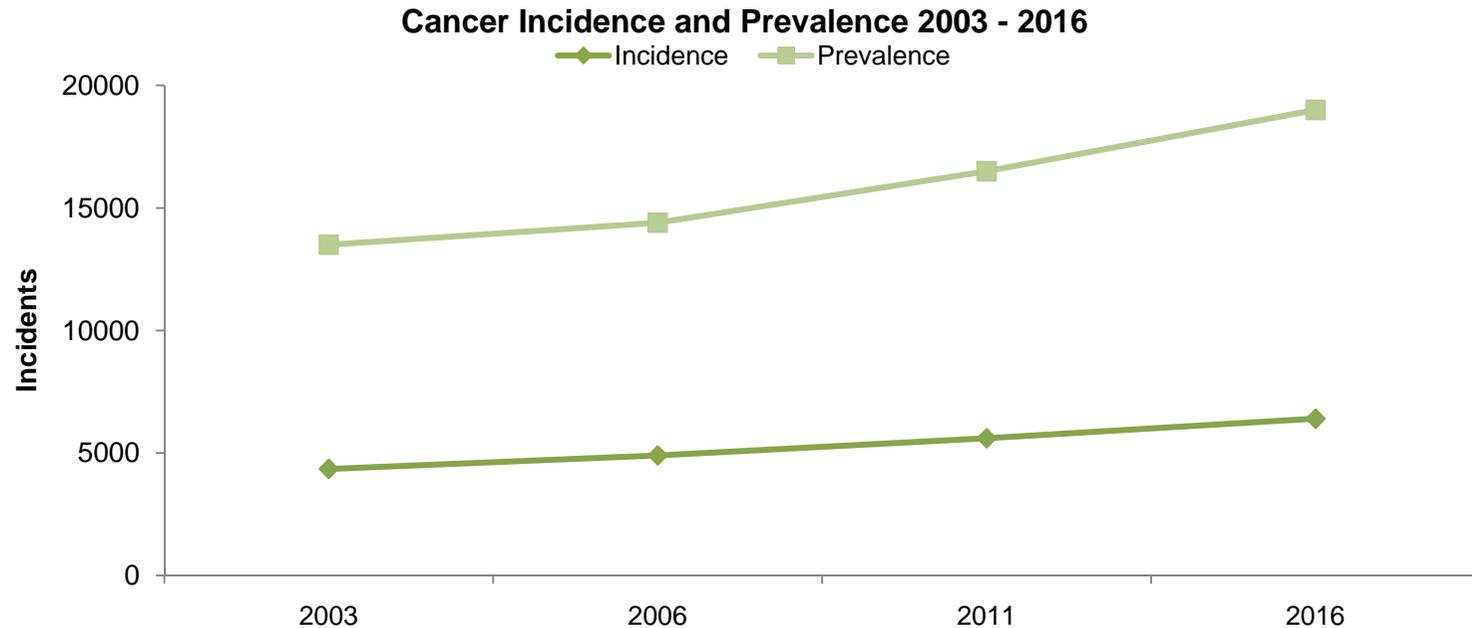
- The removal of the Loyalty Bonus in May 2009 had a significant effect on ancillary inflation.
- Loyalty Bonus removal has fully washed through and will see a return to average ancillary inflation of approximately 3% - 5%

Service cost has been steady and utilisation is effected by relative customer growth



- Service cost inflation has been steady at 2% - 4%, growth in day hospital utilisation through FY10 brought it down
- Utilisation inflation is a function of relative growth, with higher periods of utilisation lagging abnormally high customer (exposure) growth

Looking forward, disease profiles and costs are changing as lifestyles deteriorate and interventions improve - Cancer is a perfect case in point



Source: : HNE Health Area Cancer Services Plan-2006-2010

- The incidence will increase by 25%
- Proportion of population above 50 years will increase from 32% in 2001 to 46% in 2026
- Increase in number of drugs
- Increase in number of lines of treatments, and re-treatments - some cancers have become chronic diseases

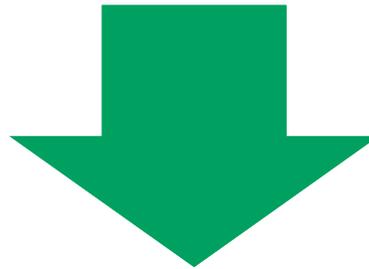
Key costs we are managing

- Nursing wages at 50% of operating costs
- Prostheses
- Hospital service expansion costs – how they are passed on
- Tax status of catholic/ religious hospitals

How is nib responding?

It is critical that we proactively focus on the drivers of utilisation and service cost

- Ongoing prioritisation of the big ticket items we can influence -
- A watching brief on those initiatives we have already implemented -
- Analysis of future emerging trends -



Rules, Systems
and Processes

Leakage
initiatives

Provider profiling
and customer
education

Product Design

We are getting traction and seeing savings as shown through our provider profiling results

Mailings	Number	Savings FY to date
Possible Self Treating BAU* as at Jan 11	262 (Dec 09)	\$13,00
Possible Self Treating	284 (Sep 10)	\$19,000
Dentists BAU* as at Jan 11	416 (Dec 09)	\$166,000
Dentists	408 (Nov 10)	\$38,000
Chiropractors BAU* as at Feb 11	156 (Jan 10)	\$42,000
Physiotherapists	209 (Jun 10)	\$40,000
Optical BAU* as at Mar 11	166 (Feb 10)	\$284,000
Optical	226 (Jan 11)	\$21,000
Acupuncturists	48 (Sep 10)	\$2,000
Total	2,175	\$625,000

* BAU = Business as usual. Source: nib

Our service cost is largely controlled through our contracting with the top hospital groups

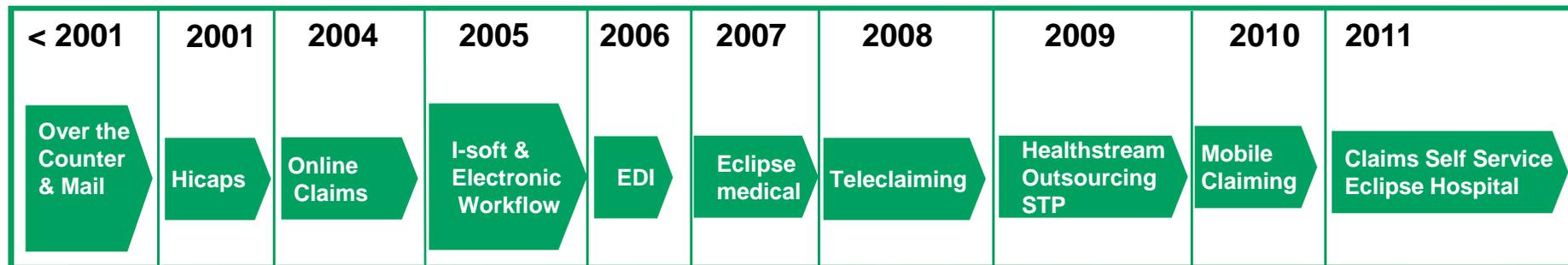
Our focus going forward:

- Longer term contracts
- More strategic relationships
- Reducing unwarranted variation
- Trialling innovative contracting models

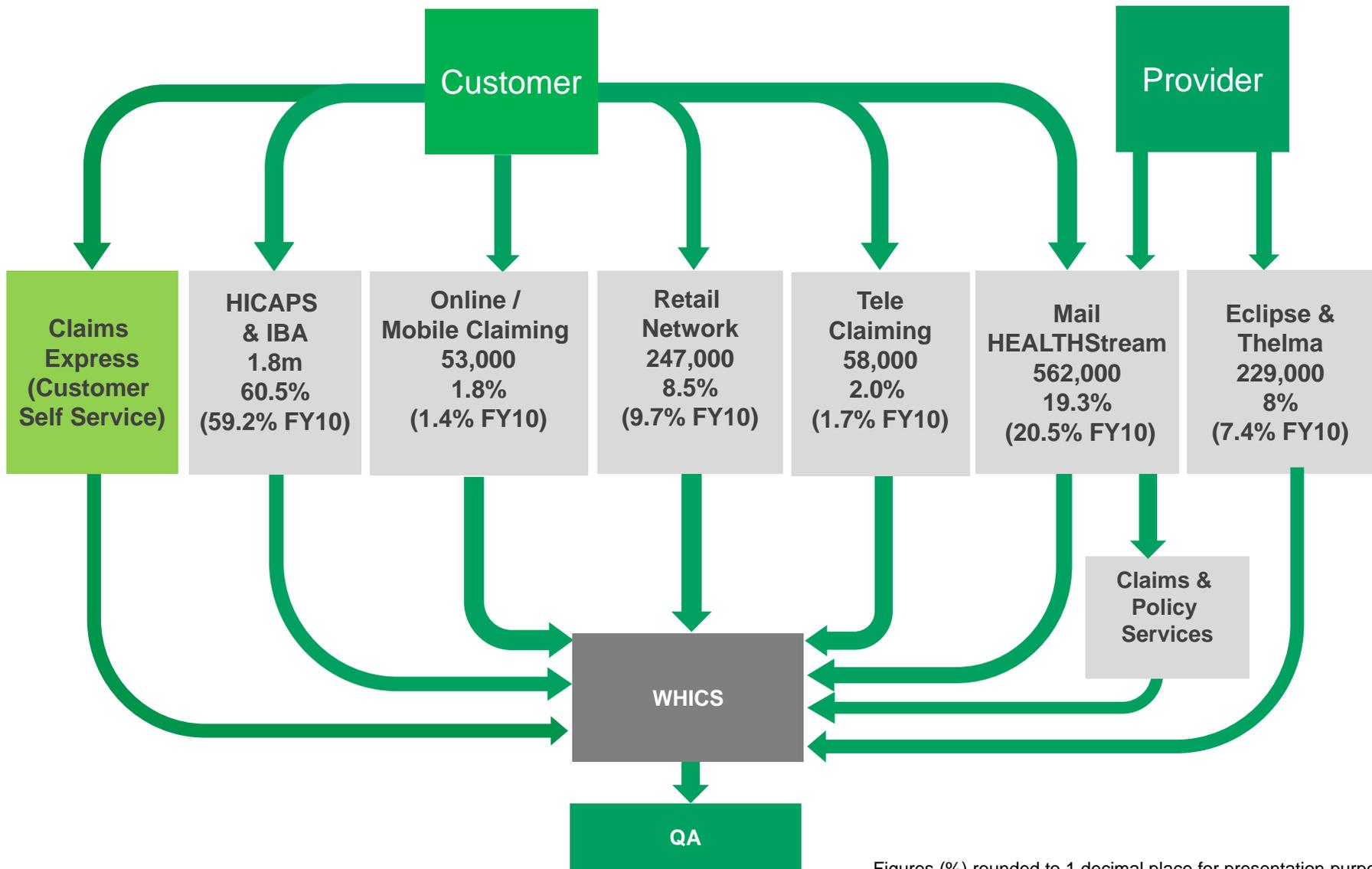
How are we reducing the cost of handling claims and administering policies?

We have increasingly focused on reducing cost and increasing ease for the customer

- At the point of service
- Customer self service
- Automation and STP at receipt

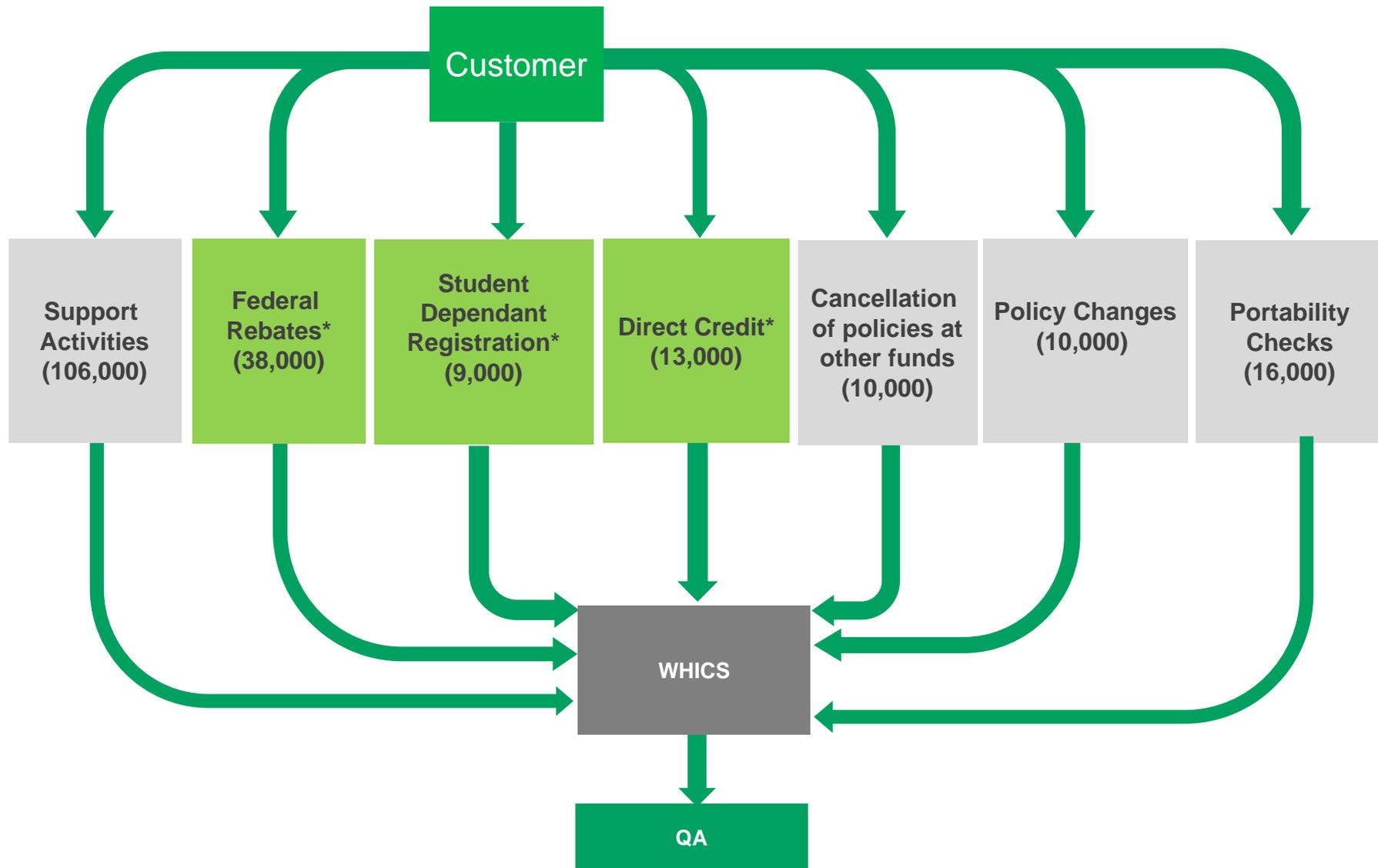


Our current inbound receipt of claims



Figures (%) rounded to 1 decimal place for presentation purposes

Automation of inbound non claims paperwork is well underway



* Straight through processing – FY10: 0%, FY11: 100%

The results

- Efficiency gains has resulted in reduction in FTE numbers from 75 in 2008 to 60 in May 2011
- Healthstream process guarantees 30% savings off previous unit processing cost

**How are we positioned for scalability
and integration of new businesses?**

Our systems are scalable to be able to handle new business lines

- WHICS developments will support student and visitors progressively by July 2012 and has full scalability
- Move of IMAN to common health insurance administration/claims processing platform has commenced:
 - Scanning and workflow of mail to go live by September
 - Processing of all claims to be undertaken in Newcastle by November 2011
 - Process integration underway
 - Integration templates being established for future integration

Corporate & International Business

Matt Henderson – Group Executive Corporate & International Business

nib holdings

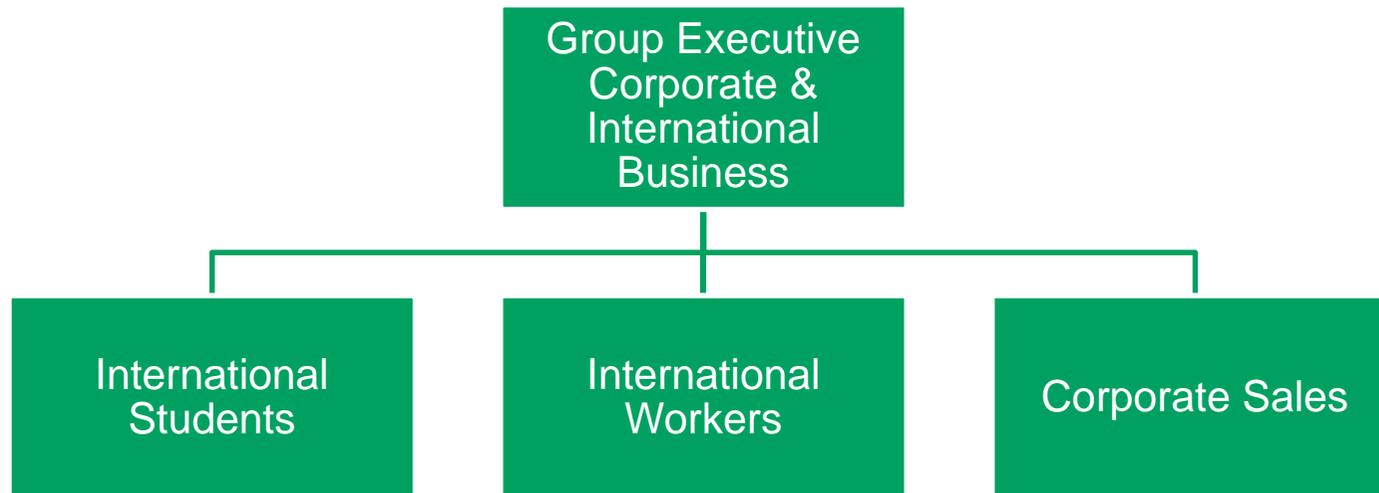


Introduction

- nib are building International business around temporary migrant workers, overseas students and other international opportunities that arise in both corporate and retail markets
- Acquisitions like IMAN are a key component in revenue and earnings ambitions beyond the domestic business
- International Workers market currently \$191m GWP pa, expected to grow to \$329m GWP by 2014
- nib international workers market share currently 11.7%
- International Students market currently \$187m GWP pa. nib is in early stages of organic growth within this market through 'wholesale' channels
- Combined International Businesses aspiring to achieve 20% of nib GWP by 2014

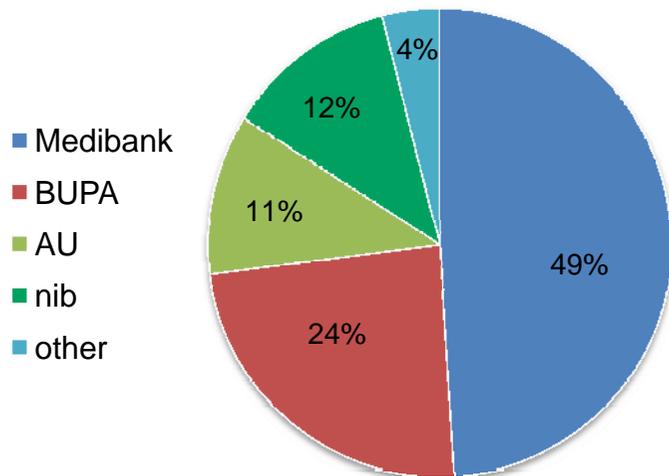
International business strategy FY11 - FY14

- Segment and understand the direct and indirect market segments in both retail and corporate
- Design and price new products, to distribute, and promote to each core segment according to the individual characteristics
- Build capability with a new International Division, Executive Manager and stand alone Business Units that support the requirements to grow this business. Investment in dedicated specialists from around the organisation (eg Marketing, Products)
- Identify new local and global M&A opportunities that support the growth aspirations of the Division (eg IMAN)



International workers market share and target markets

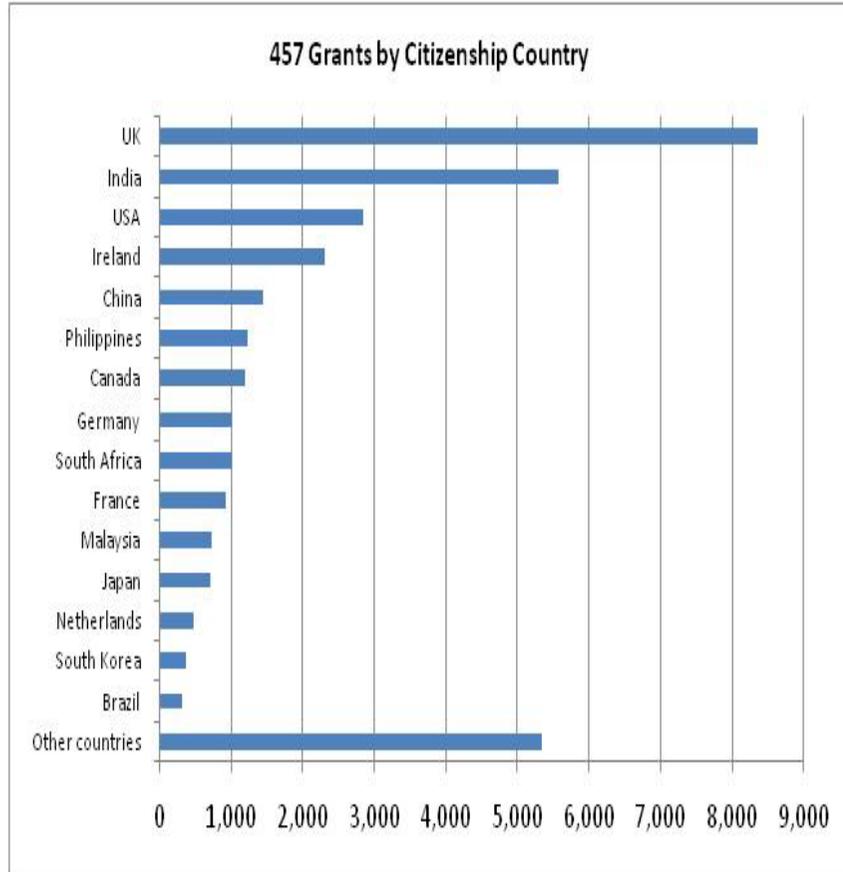
Market share (FY11)



Target markets

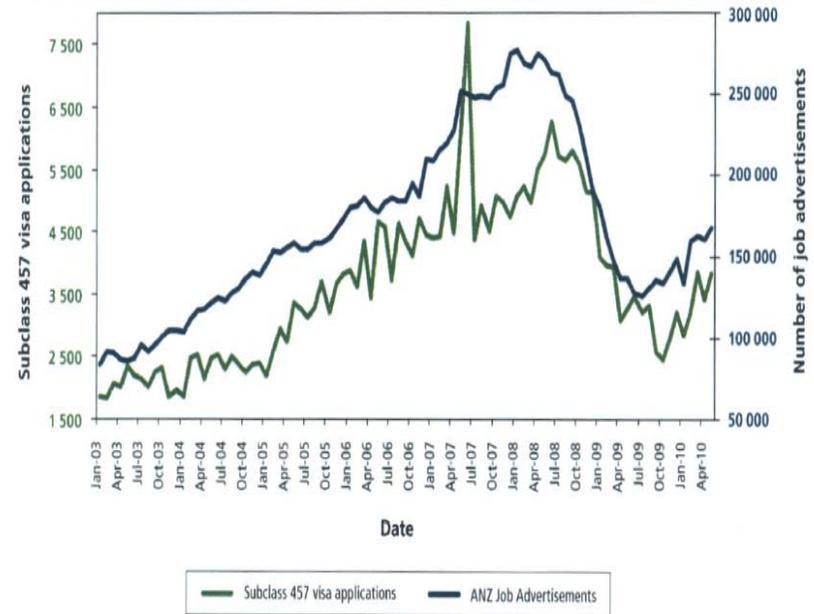
<p>Retail Onshore</p> <ul style="list-style-type: none"> - Online distribution direct or via SEM - Referral Partnerships - Local Migration agents & sponsors - Comparison web agents 	<p>Retail Offshore</p> <ul style="list-style-type: none"> - Online distribution via SEM - International based Migration Networks
<p>Corporate Onshore</p> <ul style="list-style-type: none"> - Australian based clients with in-patriate workers, directly sold through field sales team or brokered 	<p>Corporate Offshore</p> <ul style="list-style-type: none"> - Overseas business via foreign Insurers - Overseas business via foreign brokers and Third Party Administrators

International workers - supply & demand



Source: DIAC 2010 Unpublished

Figure 14: ANZ job advertisement series and subclass 457 visa primary applications lodged



Source: DIAC 2010, unpublished

Note: The spike in June 2007 was a result of the announcement in the last week of June of the introduction of the English language requirement for trade occupations from 1 July 2007. Modelling by the DIAC suggests that over 1,800 additional applications were lodged in the last week of June as a result of the announcement, which then resulted in a lower application rate over the following two to three months.

Corporate business – target markets

Resources

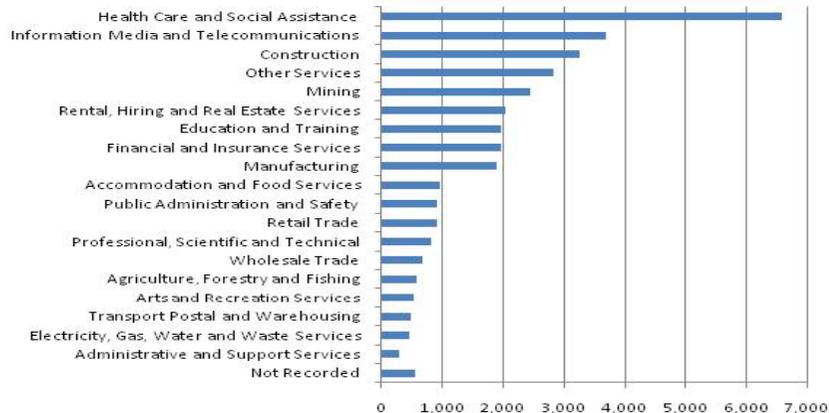


Public Service & Ministries



Healthcare

457 Grants by Sponsor Industry



Professional - Subsidised



kinetic HEALTH

Home Key Services Client Setup

Our Services

- Medical Assessments
- Kinetic Bookings
- Injury Management
- Travelvax
- General Practice
- Onsite Medical Services
- Safety and Training
- Health and Wellness

International student target markets

Sponsored students



Education institutions



Retail student market

A screenshot of the Nib website for "Overseas student health cover". The page features a green header with navigation links like "Health Insurance", "Life Insurance", and "Travel Insurance". The main content area includes a headline "nib Overseas student health cover" and a price point "from \$35.42 per month". It lists "Highlights" such as meeting overseas student visa requirements and covering 100% of medical costs. There are sections for "Examples of outpatient services covered" (prescription medicines, general practitioner consultations, specialists services) and "Exclusions" (transportation into or out of Australia, treatment outside of Australia). At the bottom, there are promotional banners for "You plan the trip, we'll plant the tree", "nib Value Life Insurance", and "nib Online Services".

Migration agents



Whitecoat

Powered by nib for all Australians

Adam Novak – Marketing Communications Manager

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Whitecoat

A unique point of difference

- A new online service being developed by nib that will allow all Australians to search and compare healthcare specialists
- Will feature thousands of healthcare specialists, customer reviews and ratings for service and price
- Being developed in response to demand from our customers for information to help them choose healthcare specialists

The screenshot displays the Whitecoat search interface. At the top, the Whitecoat logo is visible. Below it, there are three search filters: 'What' (Dental), 'Where' (Sydney ...), and 'Who' (Dr Paul Huckleberry). A 'Search' button is located to the right of the 'Who' filter. Below the filters, there are links for 'start new search' and 'more search options'. The main content area shows '663 results for Detal within 10 km of your location'. The results are sorted by 'Likelihood to recommend' (highest first). The results list includes: A John Smithsonian (31 Johnstone St, Ettertown NSW 2555, 2.02 KM, 94% rating), B Vicenti Dental Centre (Level 1 Vicenti Town Plaza, Vicentiville NSW 2555, 4.02 KM, 93% rating), C Harry Patch (115 Johnstone St, Ettertown NSW 2555, 2.82 KM, 85% rating), D Dr Eloise Forsyth (78 Mercer St, Thomas Town NSW 2555, 10.02 KM), and E Dr John Smithsonian (31 Johnstone St, Ettertown NSW 2555, 2.02 KM). A map on the right shows the locations of these specialists with callouts for John Smithsonian (94%), Vicenti Dental Centre (93%), and Harry Patch (85%). The map is overlaid with a grid of streets. At the bottom, there are links for 'About whitecoat', 'Contact us', 'Provider Portal', and 'Terms and Conditions'. The footer includes the text 'Information and data on this site is updated on a 24 hour basis. For private health insurance customers, remember to check your eligibility to claim with your health fund prior to making an appointment.' and 'Powered by nib health insurance nib'.

Illustrative purposes only

Illustrative purposes only

Whitecoat

Benefits to nib – a consumer champion

- ✓ Empowering consumers to be able to make more informed decisions about their healthcare
- ✓ Improving nib's brand awareness and reinforcing our brand positioning of value for money and simplicity
- ✓ Reduction in customer churn due to greater customer engagement and advocacy
- ✓ Encourage price competition amongst providers for the benefit of consumers

Planned for public launch in coming months



The mobile web@nib

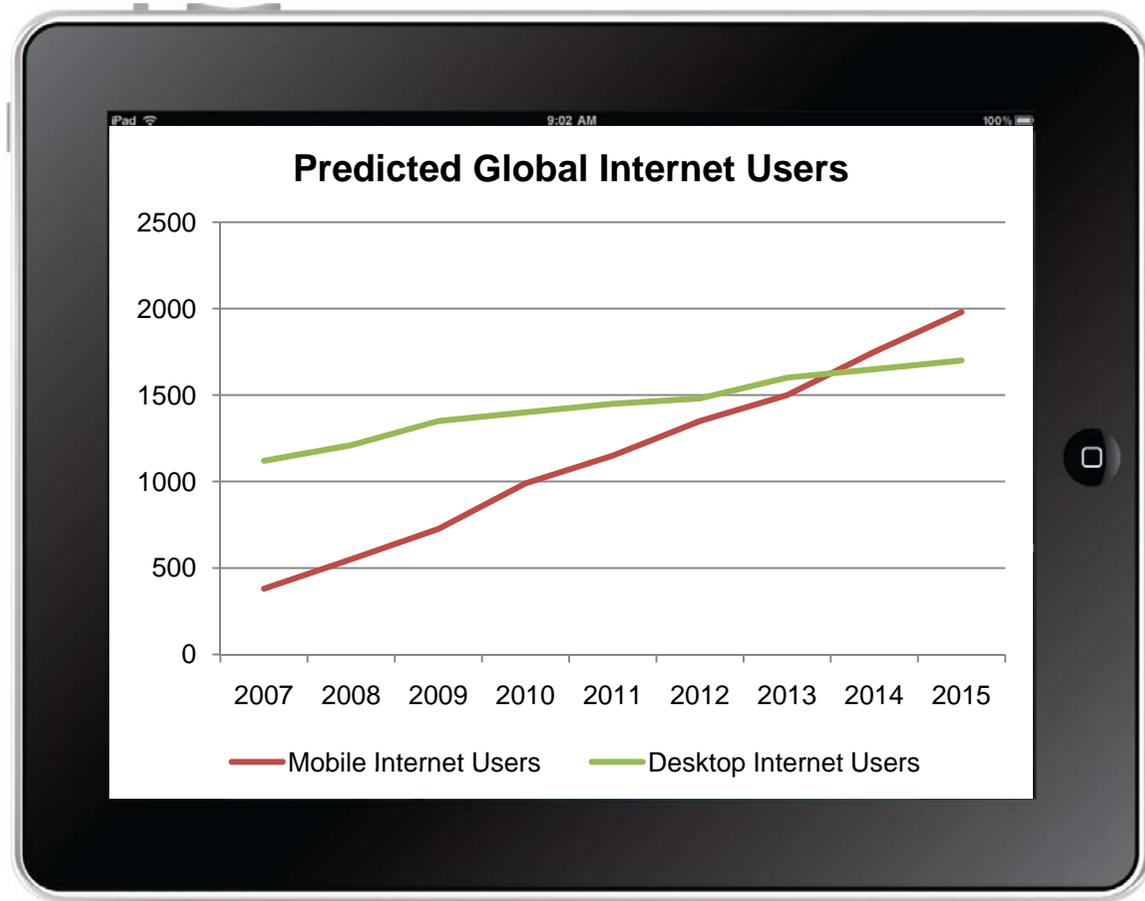
Adam Hatfield – ecommerce and CRM Manager

nib holdings



Why Mobile?

- Predicted that there will be more mobile internet users than desktop users by 2013
- There are now 6.7b mobile devices worldwide
- 1 in 5 people own a smartphone - last year it was 1 in 10
- An opportunity exists for nib to take the lead

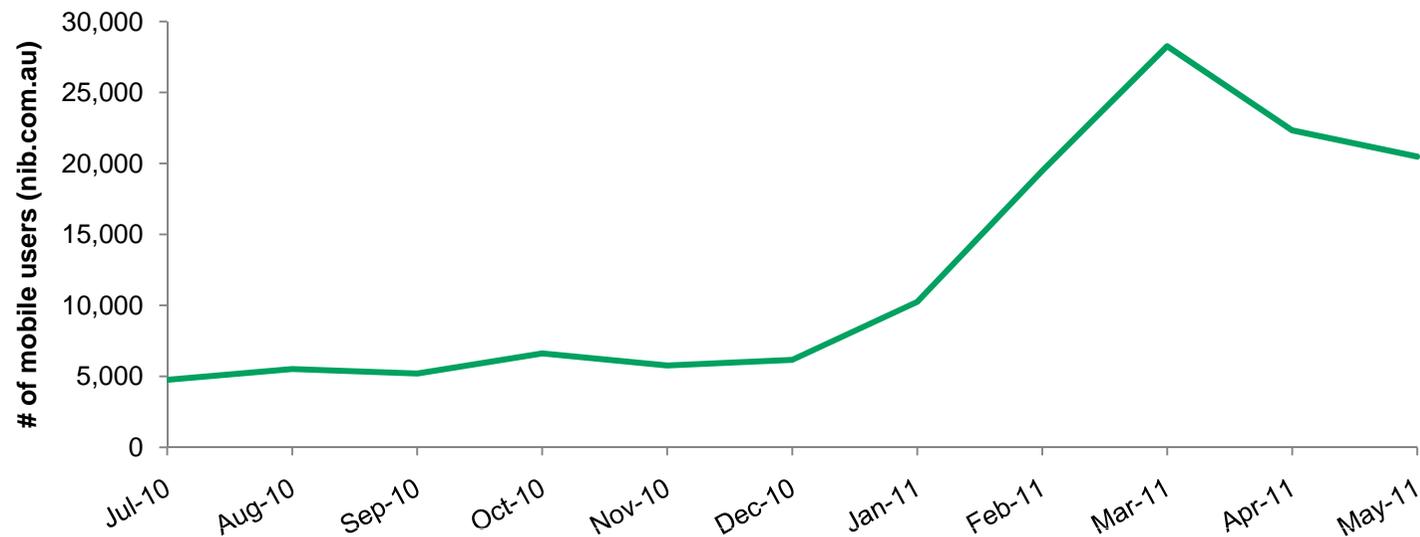


Getting some health insurance. You guys have any recommendations? Looking at NIB. They have an iPhone app so they're winning already. ;)

17 hours ago via [TweetDeck](#) ☆ [Favorite](#) ↻ [Retweet](#) ↩ [Reply](#)

Mobile – where are we now?

- June 2010 saw the introduction of a new channel both for nib customer service and acquisition
- Mobile traffic is now approximately 10% of all traffic to nib.com.au
- 2,500 mobile claims to date
- 2,300 mobile quotes in the last four months
- 31,000 people have downloaded the iPhone app (since end December 2010) many more since it was launched
 - Now on to our 3rd release of iPhone app



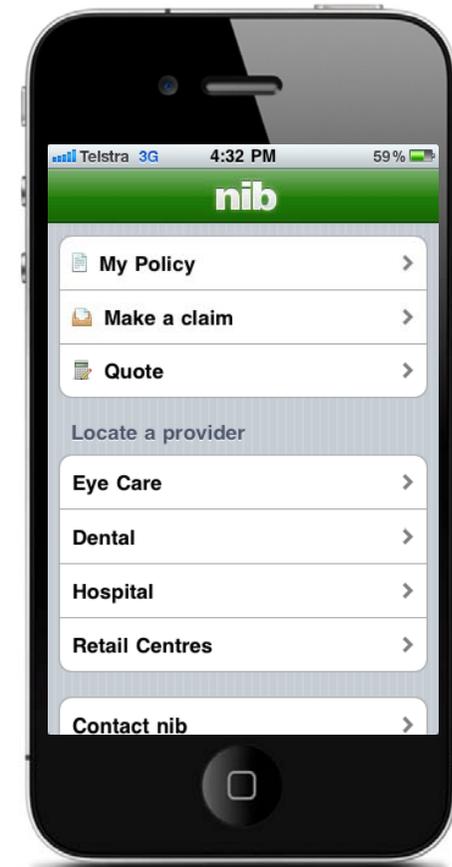
Which mobile platform?

- We live in an iOS world ... for now!
 - 75% of visitors are on an iPhone / iPod touch
 - 15% are on an iPad
 - Only 7% of visitors use Android
- Android adoption will increase, but how quickly?
 - We aren't seeing the level of adoption shown in the US.... Yet!



Mobile – where next?

- Continue to bed down functionality in our mobile offering
 - Remaining benefits in mobile online services
- New version of iPhone app
 - Build claiming into the app so you can take a photo of a receipt and submit
 - Include Whitecoat search
 - Explore the development of an android app
- Monitor the usage of tablets, looking to optimise mobile functions for multiple form factors





Social Media

- nib has presence across
 - Twitter
 - Facebook
 - Youtube
- Used as a communication platform and listening tool
- Social media integration being built into all new online properties such as Whitecoat



Market intelligence & product innovation

Alex Garas – Group Manager Products & Market Intelligence

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Agenda

- Customer insights – continued growth of the nib brand
- Targeting the Young At Heart (YAH) market - over 55 years of age
- Upcoming product innovation – continuous improvement and value creation



Customer insights

- 79% of Australians are aware of the nib brand (in NSW 92%)
 - This is ahead of HBA (32%), HCF (59%) and on par with MBF(80%)
- The nib brand goes from strength to strength:
 - 69% say nib is the brand leading the way – ahead of all competitors, including Medibank at 61%
- 39% of customers say they would definitely recommend nib to family and friends, this is ahead of HCF (36%), Medibank (24%) and MBF (24%)
 - 82% of customers think they are getting the best deal in health insurance by being with nib

Source: nib brand tracking research conducted by independent research agency The Leading Edge. Sample size 1,000 per research wave

nib ads continue to drive growth



47% Australians recalled the ad
 83% of those recalling the ad nationally knew it was nib
 36% said the ad made them more likely to consider nib

				
Advertising Impact (%)	Medibank	MBF	HBF	iSelect
Recognise TV ad	12	47	55	42
Correct named brand (of those recognise of ad)	51	32	48	73
More likely to consider brand	37	22	33	24

Source: nib brand tracking research conducted by independent research agency The Leading Edge. Sample size 1,000 per research wave

Building the nib brand in WA

- Since August 2009 awareness of the nib brand has increased from 34% to 43%
- View of nib as a brand that is leading the way has increased from 36% to 47%
- nib is the brand most considered to be price competitive and suited to young people

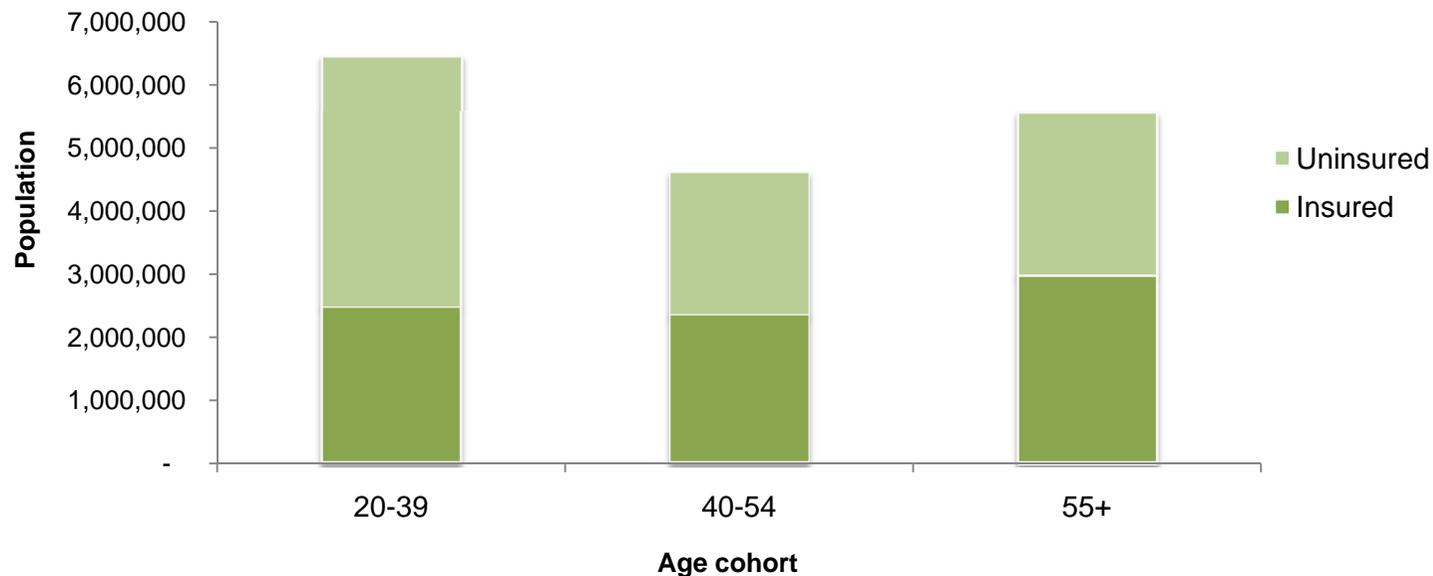


The Eagles (2010) – nib Stadium (Perth)

Source: nib brand tracking research conducted by independent research agency The Leading Edge. Sample size 1,000 per research wave

Over 55s – why?

- Only half of Australians over 55 have health insurance but in our community rated environment PHI is incredible value for this age group
- Risk Equalisation helps ensure these customers are profitable
- Given this cohort are likely to have high net worth but low disposable income, product innovation is required to ensure joining the category is affordable
- In order to drive growth through attracting new to category and prompting switching behaviour we will:
 - Leverage our existing range of products specifically designed for this age group (YAH)
 - Design sales and service approach to meet the unique needs of this group
 - Further innovate product design, distribution and marketing



Other nib product innovations

Launched

Development	Launched	Comments
nib Funeral Plan	October 2010	Expansion to nib's 'Life' product portfolio offered in partnership with TOWER.
International Students Premium Product	October 2010	Unique to Australian market. First product to cover all medical costs. Product targeted at cultural missions with sponsored students

Upcoming launches

Development	Launch date	Comments
Hospital Plus	August 2011	New hospital and extras package product
Premium Extras	August 2011	New premium extra only product
nib Bill Relief	August 2011	Expansion to nib's 'Life' product portfolio offered in partnership with TOWER.

Chief Financial Officer & Deputy CEO

Michelle McPherson

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FY11 will be another positive result

- Health Insurance Business (HIB) net policyholder growth on track for 5.5% - 6.0%
- nib on track to achieve FY11 net underwriting guidance of FY11 net pre-tax underwriting profit of \$55 - \$58 million (net underwriting margin 5.4% - 5.7%) with some potential for upside. nib's ongoing net underwriting margin target remains at 5% - 6%.
- Increased spending on organic growth and investment in International Students Business (ISB) and International Workers Business (IWB) will see full year consolidated management expenses in the range of 9.5% to 10.0%
- Solid investment returns in line with asset allocation and market performance will contribute to FY11 result
- Dividend policy will continue to reflect a payout ratio of fully franked dividends between 50-60% of earnings in addition to returning capital by way of special dividends, subject to availability of full franking credits.
- 2011 General Meeting to be held 5 July 2011 expected to approve \$75 million capital return (approximately 16cps)
 - ATO Class Ruling received 15 June 2011
 - Implementation of Capital Return 21 July 2011

YTD results have nib on track to achieve FY11 guidance with some potential for upside

- **nib on track to achieve FY11 net underwriting guidance of FY11 net pre-tax underwriting profit of \$55 - \$58 million (net underwriting margin 5.4% - 5.7%) with some potential for upside. nib's ongoing net underwriting margin target remains at 5% - 6%.**
 - **Health Insurance Business (HIB)**
 - Full year HIB management expense ratio expected to be between 9.0% and 9.5% reflecting additional spend in 2H11 v 1H11 on growth via marketing direct and commissions
 - **International Students Business (ISB)**
 - Full year underwriting loss will be in the range of \$1.0m to \$1.5m, reflecting continued investment in building the capability
 - **International Workers Business (IWB)**
 - Full year underwriting profit will be in the range of \$2.4m - \$3.2m

* Includes \$2.2m benefit from head office revaluation

FY11 Other Income and Other Expenses impacted by non recurring items

- **Other Income**

- 2H11 other income will include one-off receipt of remaining funds in Overseas and Unverified Policyholders Trust of approximately \$3.5 million

- **Other Expenses**

- Additional non-recurring IMAN integration costs in 2H11 means full year non-recurring items in other expenses will be approximately \$3.5 million (up from \$1.8 million in 1H11), being:
 - GMHBA approach (\$0.6 million)
 - IMAN stamp duty (\$0.9 million)
 - IMAN acquisition costs (\$0.1 million)
 - IMAN integration costs (\$1.6 million)
 - One off share registry costs (\$0.3 million)

Investments on track to provide solid FY11 result

- nib transitioned to MLC products as its investment asset consultant (fully effective October 2010)
- All surplus capital above internal prudential requirement (1.3x) is held in 100% cash
- Planned capital return of \$75 million in July 2011 will be funded from cash
- Actual investment return for 11 months to 31 May 2011 was 6.5% (7.1% annualised)

Total Investment Portfolio	
	Allocation (%) At 31 May 2011
Cash	40
All maturity debt	3
Short maturity debt	42
Defensive	85
Australian shares	5
Global shares – unhedged	3
Direct property	7
Growth	15
TOTAL	100.0

2011 Strategy Briefing & Site Visit

Monday 27 June 2011

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