

Monday 21 February 2011

Attn: Emma Badhni  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney, NSW, 2000

This morning nib lodged with Australian Securities Exchange its financial results for the six months ending 31 December 2010. Due to the unavailability of industry data at the time of lodgment, nib provided industry growth estimates for the period.

Following the release by the Private Health Insurance Administration Council (PHIAC) of industry data for the three months ended 31 December 2010, nib has updated its 2011 Half Year Results Investor Presentation.

Attached Investor Presentation reflecting industry data as at 31 December 2010. Figures which have been confirmed/ updated are highlighted (refer Slides 4, 30 and 31).

Yours sincerely



Michelle McPherson  
Chief Financial Officer &  
Company Secretary

# 2011 HALF YEAR RESULTS INVESTOR PRESENTATION

MONDAY 21 FEBRUARY 2011

**nib** holdings



# Highlights



Lorne Pier to Pub



State of Origin



Geelong Cats



Newcastle Knights



nib Stadium, Perth

	1H10	1H11		%
Net underwriting profit <sup>1</sup>	\$30.5m	<b>\$40.9m</b>	↑	34.1%
Net policyholder growth Health Insurance Business (HIB)	2.4% 9,236 policies	<b>2.7%</b> <b>10,847 policies</b>	↑	17.4%
Net Investment income	\$33.6m	<b>\$18.6m</b>	↓	(44.6)%
Net Profit After Tax	\$43.1m	<b>\$39.0m</b>	↓	(9.5)%
ROE <sup>2</sup>	18.0%	<b>14.8%</b>	↓	-
Earnings Per Share	8.7	<b>8.0</b>	↓	(8.0)%

<sup>1</sup> 1H11 includes \$2.2m head office revaluation. <sup>2</sup> Using average shareholders' equity over rolling 12 month period.

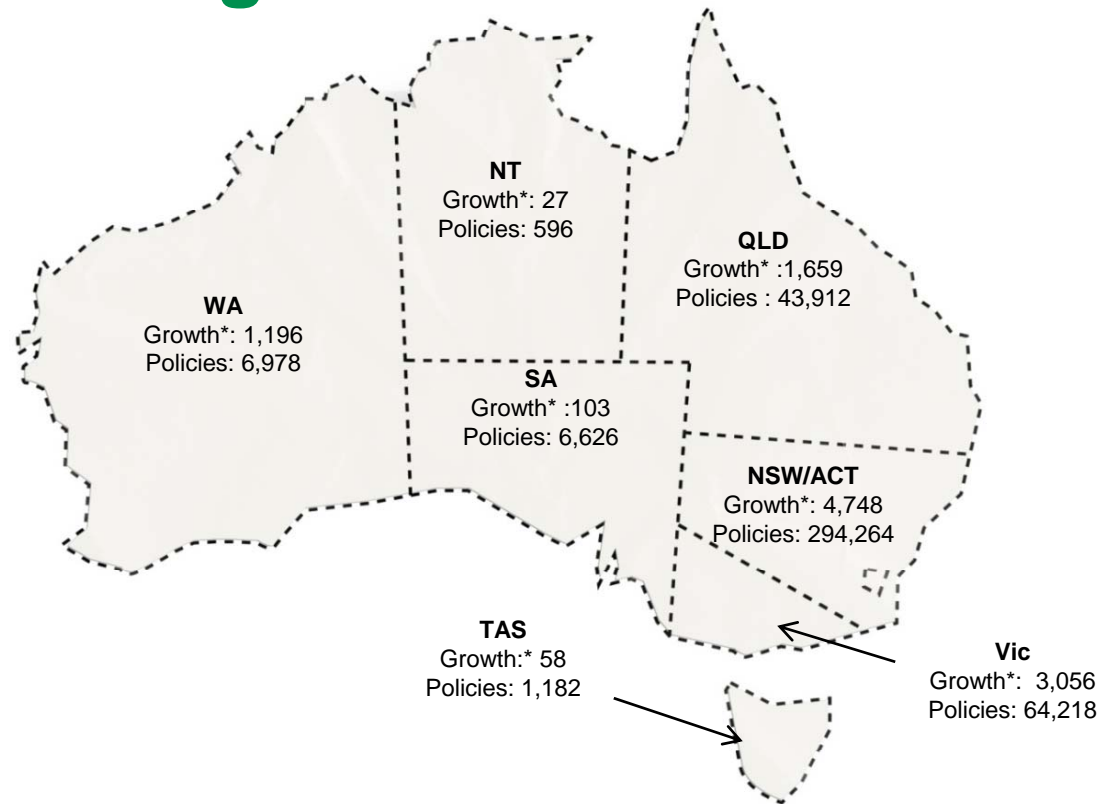
# Key metrics

(\$m)	1H10	1H11		\$m Fav/(Unfav)	%
Premium revenue	446.1	<b>495.0</b>	↑	48.9	11.0
Management expenses <sup>1</sup>	(40.7)	<b>(42.2)</b>	↑	(1.5)	3.7
Net underwriting profit	30.5	<b>40.9</b>	↑	10.4	34.1
<i>Net underwriting profit (HIB*)</i>	30.5	<b>40.4</b>	↑	9.9	32.5
<i>Net underwriting loss (OSHC*)</i>	-	<b>(0.3)</b>	-	(0.3)	NA
<i>Net underwriting profit (OVC*)</i>	-	<b>0.8</b>	-	0.8	NA
Net investment return	33.6	<b>18.6</b>	↓	(15.0)	44.6
Other income <sup>#</sup>	0.7	<b>0.9</b>	↑	0.2	28.6
Other expenses	(3.3)	<b>(4.0)</b>	↑	(0.7)	21.2
Profit before tax	61.5	<b>56.4</b>	↓	(5.1)	8.3
Tax	(18.4)	<b>(17.4)</b>	↓	1.0	5.4
NPAT	43.1	<b>39.0</b>	↓	(4.1)	9.5

\* HIB = Health Insurance Business, OSHC = Overseas Students Health Cover, OVC = Overseas Visitors Cover

<sup>1</sup> Includes \$2.2m benefit from head office revaluation . <sup>#</sup> Some items rounded up/down for presentation purposes.

# Policyholder growth – 1H11



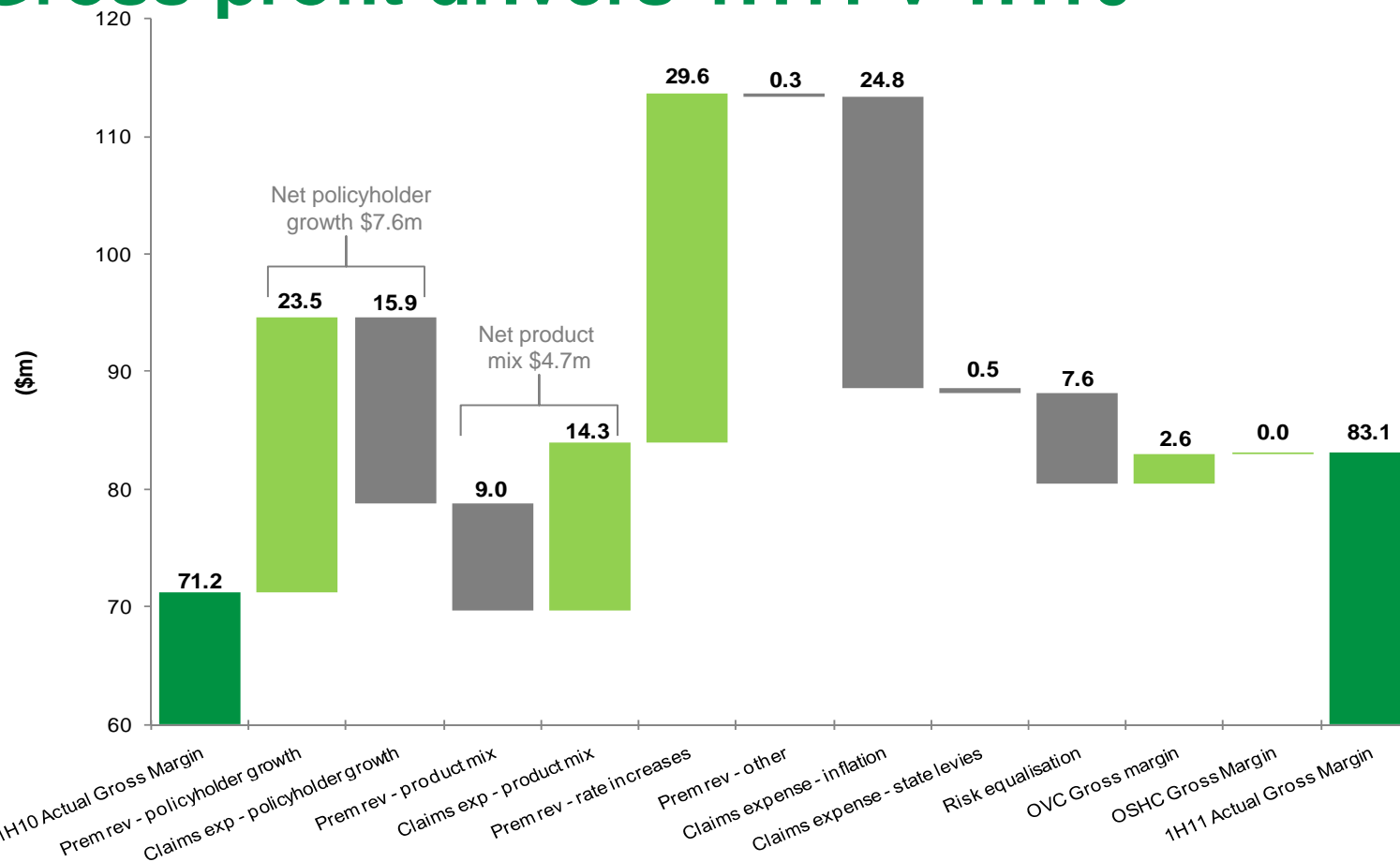
\* nib net policyholder growth in six months to 31 December 2010

- Net policyholder growth rate of 2.7% (1H10: 2.4%) versus industry growth rate of **1.4%** (1H10: 1.2%)
- nib with **7.4%** market share accounted for **13.7%** of national growth
- nib with **10.4%** market share in target 20-39 age group accounted for **21.3%** of national growth
- CAGR since FY05 = 6.4% (Industry **2.9%**)

Source: nib/PHIAC data as at December 2010

All figures excludes overseas students and overseas visitors, unless otherwise stated

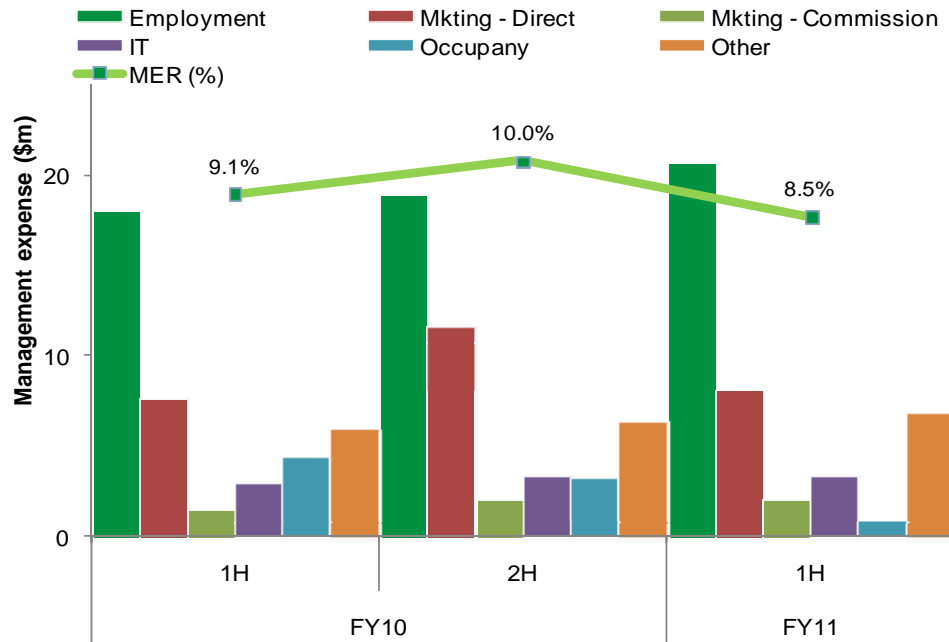
# Gross profit drivers 1H11 v 1H10



- Gross profit up 16.7% (or \$11.9m)
- At 16.8% gross margin demonstrates usual half-on-half seasonality, benefit of higher gross margin on OVC and benefit of a \$4.3m reduction of outstanding claims provision (OSC) at 30 June 2010 . HIB gross margin of 16.4% or 15.6% if benefit of \$4.3m OSC reduction excluded.
- Product buy-up estimated at \$2.2m additional premium revenue impact
- Risk equalisation up \$7.6m or 14.3%

\* Refer Slide 21 for consolidated result with break up of HIB, OSHC and OVC

# Management expenses



(\$m)	Employment	Marketing (Direct)	Marketing (Commissions)	IT	Occupancy	Other	Total
<b>1H11</b>							
HIB	19.6	8.0	2.2	3.1	0.7	6.5	<b>40.1</b>
OSHC	0.2	0.1	-	-	-	-	<b>0.3</b>
OVC	1.0	0.1	-	0.2	0.1	0.4	<b>1.8</b>
<b>Total</b>	<b>20.8</b>	<b>8.2</b>	<b>2.2</b>	<b>3.3</b>	<b>0.8</b>	<b>6.9</b>	<b>42.2</b>

- Management expenses of \$42.2m up \$1.5m on 1H10 due to OSHC (\$0.3m) and OVC (\$1.8m), partially offset by decrease in HIB (\$0.6m). HIB decrease includes \$2.2m benefit due to reversal of impairment charge.
- Employment costs of \$20.8m up \$2.7m on 1H10 in line with business initiatives and growth - OVC (\$1.0m) and OSHC (\$0.2m), bringing hospital contracting in-house (\$0.4m), further investment in IT (\$0.5m) and other (\$0.6m)
- Direct marketing costs of \$8.2m up \$0.5m on 1H10. Marketing commissions of \$2.2m up \$0.6m on 1H10. \$6-\$7m step up in direct marketing spend planned for 2H11 compared to 1H11 reflecting optimum timing of acquisition spending
- \$3.7m reduction in occupancy costs in 1H11 due to 1H10 including \$1.0m impairment charge and 1H11 including \$2.2m benefit re: reversal of previous impairment charges for nib HOB
- Other expenses have increased to \$6.9m (1H10: \$5.9m) mainly due to amortisation of OVC customer contracts acquired (\$0.4m), claims processing automation (\$0.5m), partially offset by savings in AHSA membership fees (\$0.3m)

# New earnings streams & other income

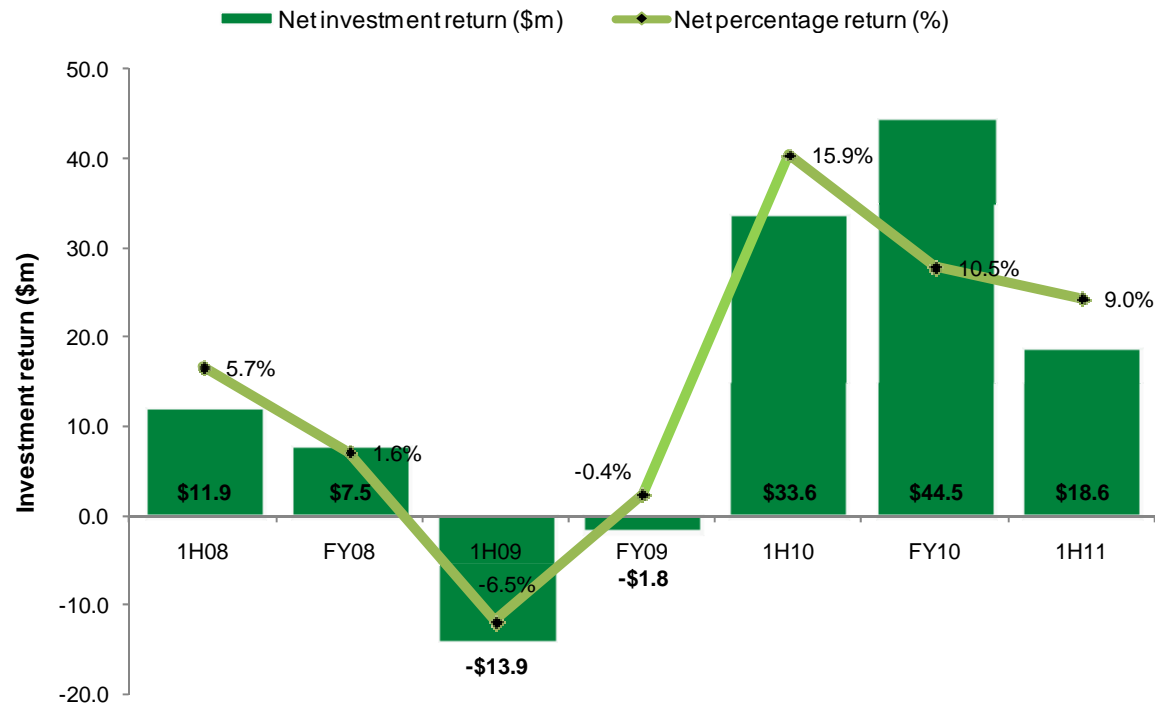
(\$m)	1H10	1H11
OSHC net underwriting loss	-	<b>(0.3)</b>
OVC net underwriting profit	-	<b>0.8</b>
Total new earnings streams (underwriting profit)	-	<b>0.5</b>
Life & Funeral Insurance commission	0.1	<b>0.2</b>
Travel & other commission	0.1	<b>0.2</b>
Rental income	0.1	<b>0.1</b>
Other	0.3	<b>0.5</b>
Total other income	0.6	<b>1.0</b>

OSHC = Overseas Students Health Cover, OVC = Overseas Visitors Cover

- Growth in income streams from sources other than HIB
- OSHC in start-up phase, with investment required to establish business capability
- OVC is three month result following acquisition of IMAN on 30 September 2010
- 2H11 other income will benefit significantly from one-off receipt of remaining funds in Overseas & Unverified Policyholders Trust, currently expected to be approximately \$3.4m



# Investment return



- Net portfolio returns of 9.0% annualised
- Investment expenses for the period of \$0.8m
- Investment portfolio transition that occurred in 1H11 should lead to greater stability in investment result relative to historic performance
- Defensive/growth split of 78%/22% (1H10: 80%/20%) for investments required to support previous internal prudential target (1.4x) and 100% defensive for balance of capital
- Actual return for the first six weeks of calendar year 2011 was 1.2%
- Revision to internal prudential target (to 1.3x from 1.4x) will result in re-balancing of the portfolio in 2H11

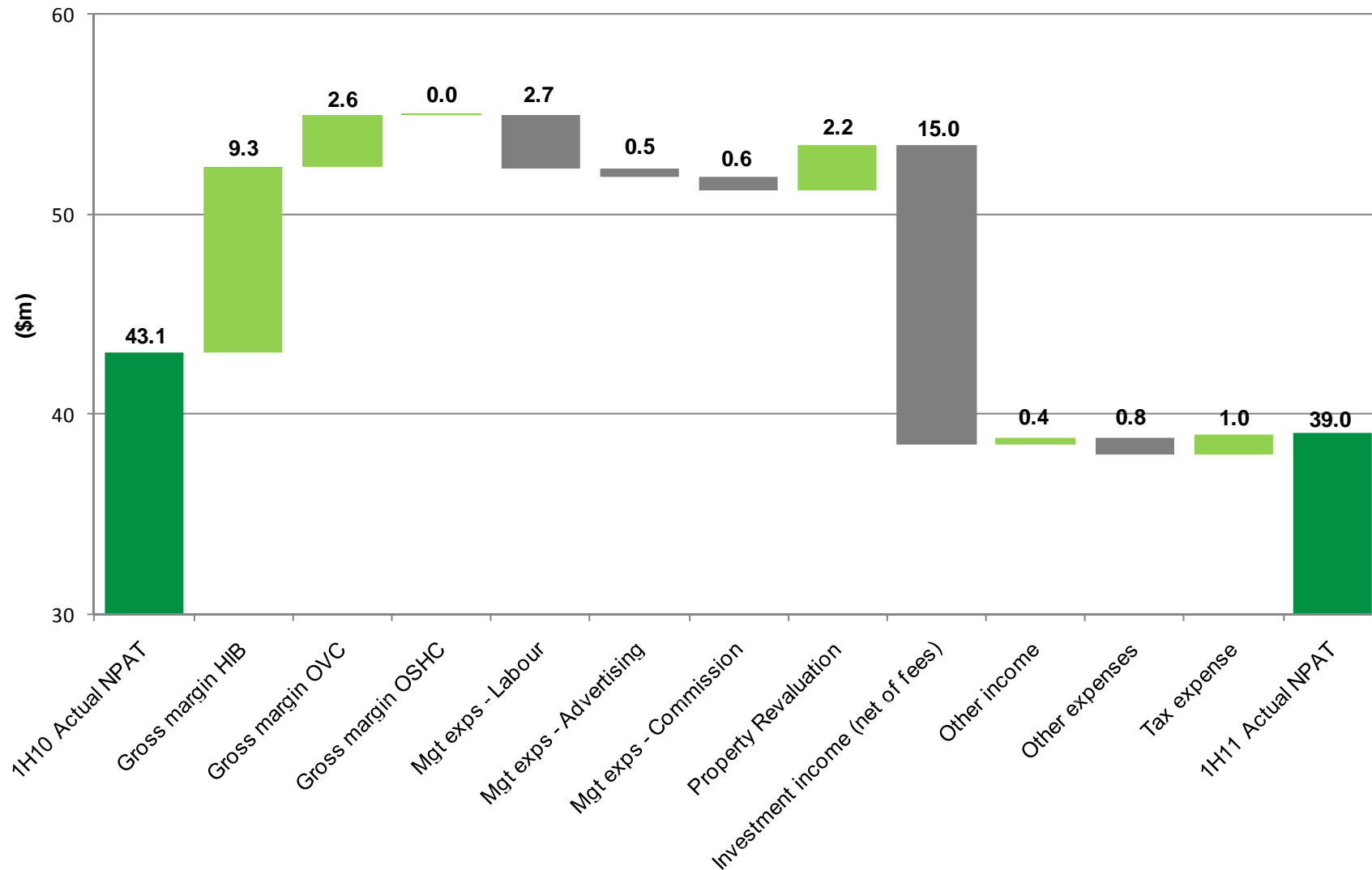
\* Refer slide 25 for investment asset allocation

# Holding company and other subsidiary expenses

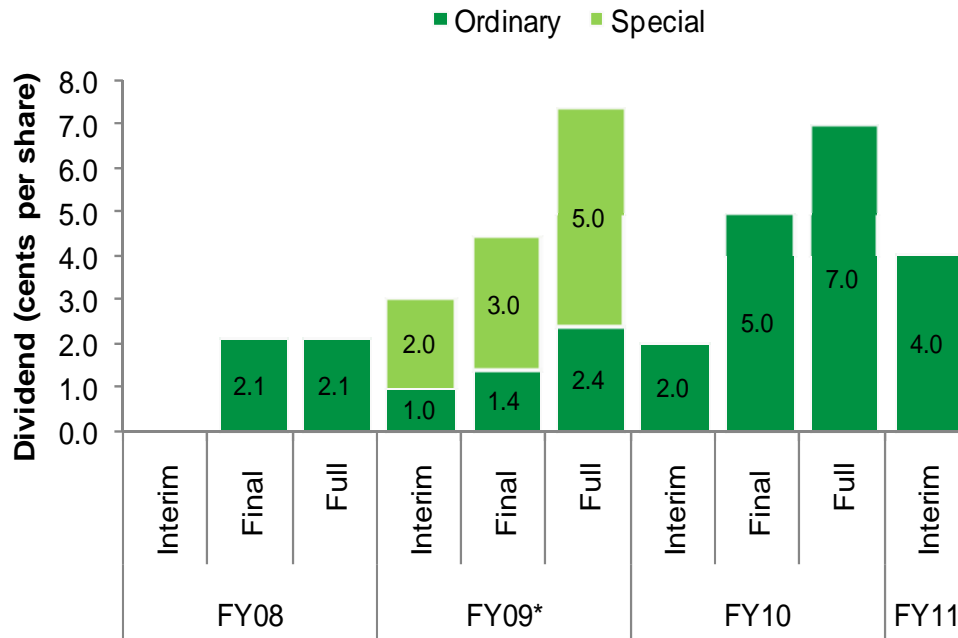
(\$m)	1H10	1H11		\$m	%
Share registry – ongoing	0.9	0.7	↓	(0.2)	(22.2)
Share registry – one off	1.0	0.2	↓	(0.8)	(80.0)
M&A	0.0	0.7	↑	0.7	-
IMAN stamp duty on acquisition	0.0	0.9	↑	0.9	-
Other	1.4	1.5	↑	0.1	6.2
<b>TOTAL</b>	<b>3.3</b>	<b>4.0</b>	<b>↑</b>	<b>0.7</b>	<b>22.7</b>

- Share registry costs (ongoing) have stabilised
- Other costs of \$1.5m have remained flat and includes Directors fees, insurance and marketing expenses associated with other income (nib branded Dental and EyeCare Centres and nib Life Insurance)
- Non recurring items include
  - GMHBA approach (\$0.6m) and IMAN acquisition costs (\$0.1m) included in M&A
  - IMAN stamp duty (\$0.9m)

# NPAT summary of movement 1H11 v 1H10



# Dividend



\*Estimated ordinary to special dividend breakdown for FY09

- Interim dividend of 4.0 cps fully franked (\$18.7m), reflects payout ratio of 48% of 1H11 NPAT
- Interim dividend contains no special dividend
- Dividend policy will continue to reflect a payout of fully franked dividends between 50%-60% of full year NPAT
- Future interim dividends could potentially be more than final dividend
- Potential for future special dividends

# Capital management

- As part of the regular review of capital management the Board has determined that the internal capital adequacy target be revised from a capital adequacy ratio of 1.4x (or a Capital/Risk Multiple of 2.35x) to a capital adequacy ratio of 1.3x (or a Capital/Risk Multiple of 2.00x)
- The Board of nib has approved a proposed capital return by way of an equal reduction of capital in accordance with Section 256B of the Corporations Act of \$75 million (approximately \$0.16 per share)
- The capital return is subject to obtaining the appropriate ruling from the Australian Tax Office and approval from shareholders
- Continuation of on market share buy-back and special dividends where possible
- Potential for second capital return in 2012 - amount will be dependent on extent of surplus capital and investment prospects such as M&A
- Indicative 2011 capital return timing:

Capital return announcement	21 February 2011
Distribution of Notice of Meeting for EGM	Mid May 2011
EGM	Mid June 2011
Capital return	End June 2011

# FY11 capital management initiatives

<b>Capital at 30 June 2010, above internal prudential target of 1.4x (Capital/Risk Multiple of 2.35x):</b>	<b>(\$m) 144.5</b>
Board's revision to capital adequacy target from 1.4x at 30 June 2010 to 1.3x at 31 December 2010	29.3
On-market share buy back	(2.0)
Allowance for 2011 interim dividend	(18.7)
Acquisition of IMAN business	(26.0)
Changes in forecast, liabilities and capital adequacy reserve	(20.7)
Profit after tax	39.0
<b>Capital at 31 December 2010, above internal prudential target of 1.3x (Capital/Risk Multiple of 2.00x):</b>	<b>145.4</b>

Capital management activity for the period included:

- Updated internal capital target of 1.3x (Capital/Risk Multiple of 2.00x) with no change to Board's risk appetite
- Cancellation of approximately 27.1m shares (5.5% of ISC) held in the Overseas and Unverified Policyholders Trust
- On-market share buy back activity, resulting in cancellation of approximately 1.6m shares (average price paid of \$1.25 per share)

# Cash flow

(\$m)	1H10	1H11		\$m	%
Net cash inflow/(outflow) from operations	20.1	27.1	↑	7.0	34.8
Net cash inflow/(outflow) from investing	(4.8)	(24.7)	↓	(19.9)	414.6
Net cash inflow/(outflow) from financing	(21.9)	(27.3)	↓	(5.4)	24.7

- Continued improvement in cash flow from operations
- \$24.7m net cash outflow from investing due to purchase of IMAN in September 2010 (~\$23m cash outflow)
- \$27.3m cash outflow from financing included \$24.8m final FY10 dividend

# Market outlook & issues

- Healthcare spending to continue to escalate with increased reliance on private sector inevitable. Public system unlikely to cope with demand, costs pressures and community expectations
- Annual PHI system growth of around 3% ongoing
- Possible means testing of 30% rebate – implications unhelpful but moderate
- Possible revision of risk equalisation given need to reward increased risk management
- Long term pressure for industry consolidation remains (likely eventual sale of Medibank Private)
- Globalisation of healthcare and foreign interest in PHI domestic market



# Business strategy

- Consolidate and build upon our core PHI organic growth efforts with emphasis on new or emerging markets, policyholder retention and policy “buy-up”
- Better manage claims inflation with particular focus on utilisation and risk equalisation reform
- Further investment in technology and leveraging our fixed cost base to reduce unit operating costs and improve customer experience
- Continue to explore and develop new revenue streams especially in respect of international business
- Invest and manage capital to optimise shareholder returns



## Business outlook & guidance

- FY11 net core PHI policyholder growth in order of 5.5% - 6.0% (22,400 - 25,000 net new policies) and 5% - 6% ongoing
- FY11 net pre-tax underwriting profit of \$55 – 58 million\* (net underwriting margin 5.4% - 5.7%) with ongoing net underwriting margin target of 5% - 6%
- Ongoing ROE of 15% minimum, supported by annual double digit pre-tax underwriting profit growth and prudent capital management
- Prospects remain to invest in or be part of value enhancing M&A

\* Includes \$2.2m benefit from head office revaluation

# Q & A

**YOUR QUESTIONS  
ANSWERED**

**nib** holdings



# APPENDIX

**nib** holdings



# Policyholder growth

nib (HIB)	1H09	FY09	1H10	FY10	1H11
Total policyholders	375,130	384,288	393,524	406,929	<b>417,776</b>
- Policyholder growth rate	2.7%	5.2%	2.4%	5.9%	<b>2.7%</b>
Total sales	24,740	50,438	25,142	56,762	<b>27,661</b>
- Sales rate	6.8%	13.8%	6.5%	14.8%	<b>6.8%</b>
Total lapses	14,999	31,539	15,906	34,121	<b>16,814</b>
- Lapse rate	4.1%	8.6%	4.1%	8.9%	<b>4.1%</b>
Net policyholders	9,741	18,899	9,236	22,641	<b>10,847</b>
Total hospital persons 20-39yrs	225,354	231,136	237,693	246,316	<b>254,438</b>
- Hospital persons growth rate 20-39yrs	3.2%	5.8%	2.8%	6.6%	<b>3.3%</b>
% of new sales new to category	72.1	67.4	64.1	62.2	<b>67.5</b>
% of new sales "under 40"	78.2	78.7	76.7	77.4	<b>76.8</b>
% of new sales online	38.0	36.2	33.2	33.1	<b>35.5</b>
% of new sales outside NSW/ACT	43.3	42.6	41.0	42.7	<b>43.0</b>

HIB = Health Insurance Business

# Detailed income statement

(\$m)	1H09	2H09	FY09	1H10	2H10	FY10	1H11	1H11 v 1H10 (%)
<b>Premium revenue</b>	<b>410.6</b>	<b>418.9</b>	<b>829.5</b>	<b>446.1</b>	<b>455.3</b>	<b>901.4</b>	<b>495.0</b>	<b>11.0</b>
<b>Claims expense</b>	<b>(293.4)</b>	<b>(306.5)</b>	<b>(599.9)</b>	<b>(310.7)</b>	<b>(325.3)</b>	<b>(636.0)</b>	<b>(339.6)</b>	<b>9.3</b>
- Hospital benefits paid	(201.1)	(199.4)	(400.4)	(215.5)	(213.0)	(428.5)	(236.4)	9.7
- Ancillary benefits paid	(96.3)	(108.6)	(204.9)	(96.8)	(107.5)	(204.3)	(104.3)	7.8
- OSC provision movement	3.9	1.5	5.4	1.6	(4.8)	(3.2)	1.1	(28.3)
<b>Risk equalisation levy</b>	<b>(43.1)</b>	<b>(43.3)</b>	<b>(86.4)</b>	<b>(53.3)</b>	<b>(56.6)</b>	<b>(109.9)</b>	<b>(60.9)</b>	<b>14.3</b>
- OSC Risk Equalisation margin	(1.9)	2.5	0.6	(2.1)	(0.8)	(2.9)	0.7	(131.8)
- Gross deficit	68.4	68.7	137.1	74.2	73.7	147.9	81.1	9.3
- Calculated deficit	(109.6)	(114.5)	(224.1)	(125.4)	(129.5)	(254.9)	(142.7)	13.8
<b>State levies</b>	<b>(10.5)</b>	<b>(10.7)</b>	<b>(21.2)</b>	<b>(10.9)</b>	<b>(11.1)</b>	<b>(22.0)</b>	<b>(11.4)</b>	<b>4.3</b>
<b>Net claims incurred</b>	<b>(347.0)</b>	<b>(360.5)</b>	<b>(707.5)</b>	<b>(374.9)</b>	<b>(393.0)</b>	<b>(767.9)</b>	<b>(411.9)</b>	<b>9.9</b>
<b>Gross underwriting result</b>	<b>63.6</b>	<b>58.4</b>	<b>122.0</b>	<b>71.2</b>	<b>62.3</b>	<b>133.5</b>	<b>83.1</b>	<b>16.7</b>
- Gross underwriting result (HIB)	63.6	58.4	122.0	71.2	62.3	133.5	80.5	13.1
- Gross underwriting result (OSHC)	-	-	-	-	-	-	0.0	-
- Gross underwriting result (OVC)	-	-	-	-	-	-	2.6	-
<b>Management expenses</b>	<b>(42.8)</b>	<b>(39.0)</b>	<b>(81.8)</b>	<b>(40.7)</b>	<b>(45.7)</b>	<b>(86.4)</b>	<b>(42.2)</b>	<b>3.7</b>
- Management expenses (HIB)	(42.8)	(39.0)	(81.8)	(40.7)	(45.7)	(86.4)	(40.1)	1.5
- Management expenses (OSHC)	-	-	-	-	-	-	(0.3)	-
- Management expenses (OVC)	-	-	-	-	-	-	(1.8)	-
<b>Net underwriting result</b>	<b>20.8</b>	<b>19.4</b>	<b>40.2</b>	<b>30.5</b>	<b>16.6</b>	<b>47.1</b>	<b>40.9</b>	<b>34.0</b>
- Net underwriting result (HIB)	20.8	19.4	40.2	30.5	16.6	47.1	40.4	32.5
- Net underwriting result (OSHC)	-	-	-	-	-	-	(0.3)	-
- Net underwriting result (OVC)	-	-	-	-	-	-	0.8	-

HIB = Health Insurance Business, OSHC = Overseas Students Health Cover, OVC = Overseas Visitors Cover

# Key performance metrics

(%)	1H09	2H09	FY09	1H10	2H10	FY10	1H11
<b>HIB</b>							
Reported gross margin	15.5	13.9	14.7	16.0	13.7	14.8	<b>16.4</b>
Management expense ratio	10.4	9.3	9.9	9.1	10.0	9.6	<b>8.2</b>
Net underwriting margin	5.1	4.6	4.8	6.8	4.6	5.2	<b>8.2</b>

(%)	1H11
<b>OSHC</b>	
Gross margin	<b>39.1</b>
Management expense ratio	<b>579.0</b>
Net underwriting margin	<b>(539.9)</b>
<b>OVC</b>	
Gross margin	<b>49.9</b>
Management expense ratio	<b>35.2</b>
Net underwriting margin	<b>14.7</b>

HIB = Health Insurance Business, OSHC = Overseas Students Health Cover, OVC = Overseas Visitors Cover

# Detailed management expenses

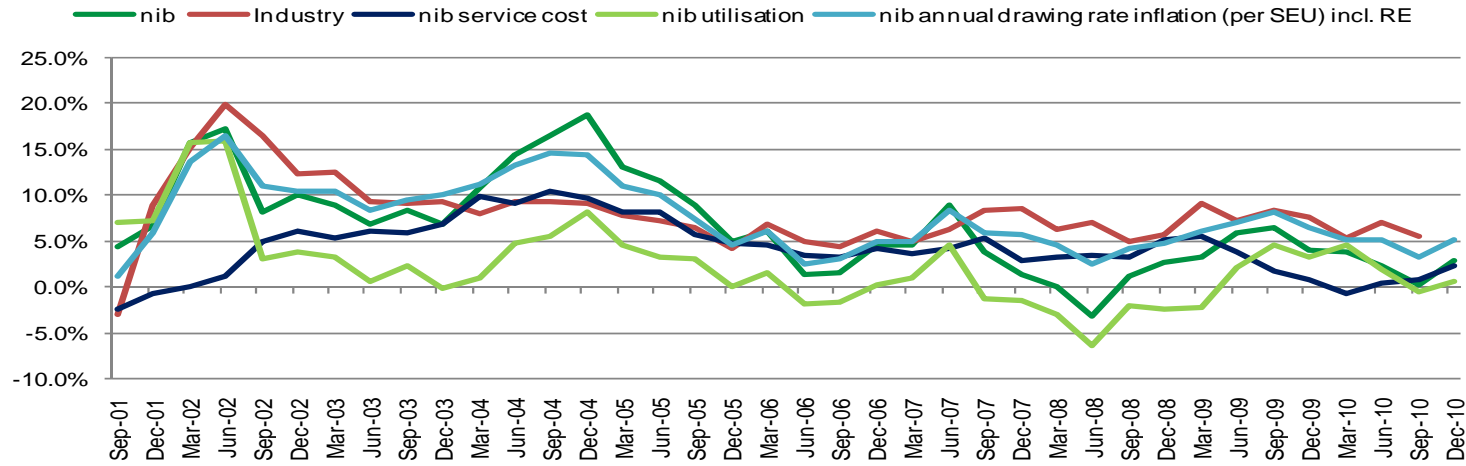
(\$m)	Employment	Marketing (Direct)	Marketing (Commissions)	IT	Occupancy	Other	Total Management Expenses	Total MER (%)
<b>HIB</b>								
1H09	18.4	8.5	0.9	3.0	5.5	6.5	42.8	10.4
2H09	17.3	8.7	1.2	2.7	3.2	5.9	39.0	9.3
FY09	35.7	17.2	2.1	5.7	8.7	12.4	81.8	9.9
1H10	18.1	7.7	1.6	2.9	4.5	5.9	40.7	9.1
2H10	18.9	11.7	2.2	3.3	3.2	6.4	45.7	10.0
FY10	37.0	19.4	3.7	6.2	7.7	12.4	86.4	9.6
<b>1H11</b>	<b>19.6</b>	<b>8.0</b>	<b>2.2</b>	<b>3.1</b>	<b>0.7</b>	<b>6.5</b>	<b>40.1</b>	<b>8.2</b>
<b>OSHC</b>								
1H11	0.2	0.1	-	-	-	-	0.3	579.0
<b>OVC</b>								
1H11	1.0	0.1	-	0.2	0.1	0.4	1.8	35.2

HIB = Health Insurance Business, OSHC = Overseas Students Health Cover, OVC = Overseas Visitors Cover

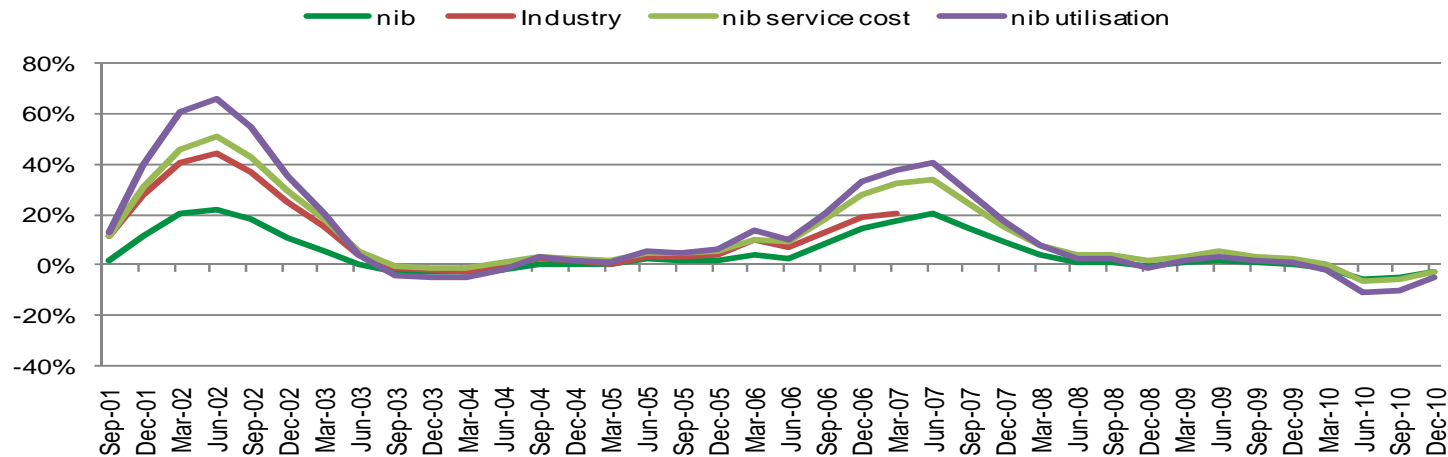


# Claims expense

## Hospital claims inflation



## Ancillary claims inflation



Note: industry data from 1 April 2007 is not comparable due to change in the way ancillary products are determined by PHIAC Source: PHIAC

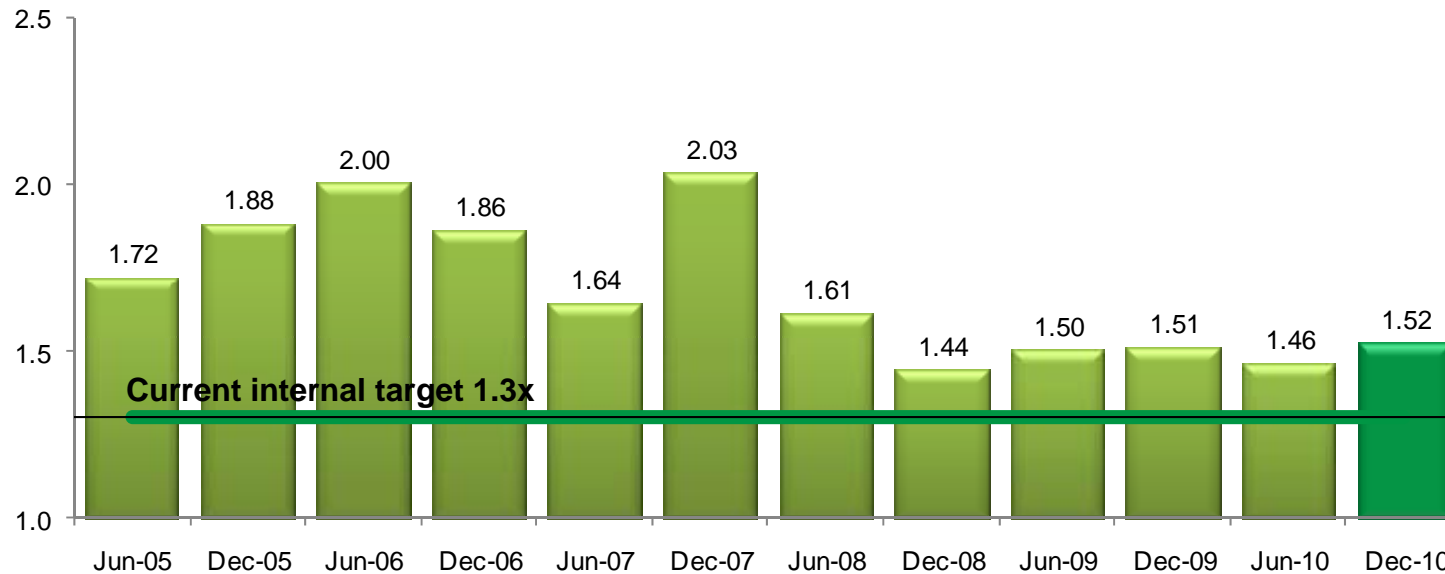
All figures excludes overseas students and overseas visitors, unless otherwise stated

# Investments

- nib transitioned to MLC products as its investment asset consultant (fully effective October 2010)
- Below table provides investment return for six months to 31 December 2010 (noting returns may not be for entire period due to transition) and investment allocation as at 31 December 2010
- All surplus capital above previous internal prudential requirement (1.4x) is held in 100% cash

Total Investment Portfolio		
	Net return (\$m) Six months to 31 December 2010	Allocation (%) At 31 December 2010
Cash	5.1	36
All maturity debt	0.4	3
Short maturity debt	4.0	45
O/S fixed interest	1.9	-
<b>Defensive</b>	<b>11.4</b>	<b>84</b>
Australian shares	3.0	5
Global shares – hedged	2.4	2
Global shares – unhedged	0.1	2
Listed infrastructure	1.2	-
Direct property	0.5	7
Property trusts	-	-
Unlisted security	-	-
<b>Growth</b>	<b>7.2</b>	<b>16</b>
<b>TOTAL</b>	<b>18.6</b>	<b>100.0</b>

# Capital adequacy

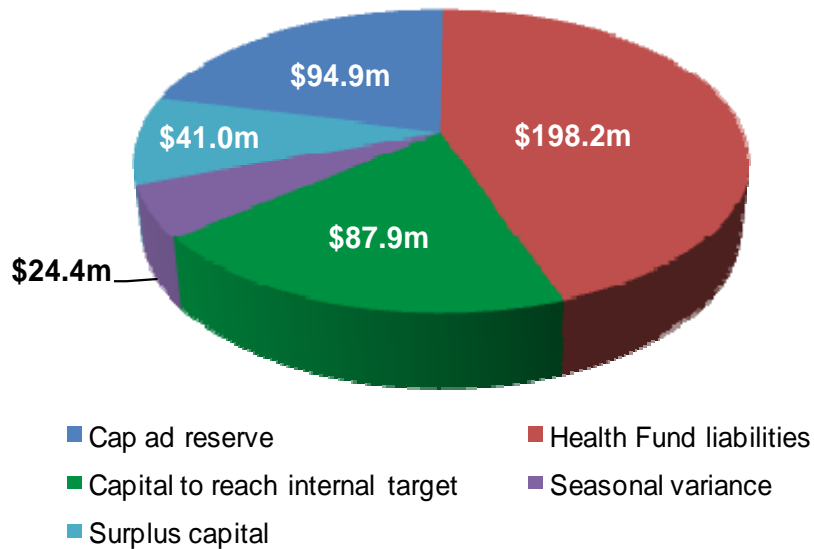


- nib Board revised capital adequacy target from 1.4x (or a Capital/Risk Multiple of 2.35x) at 30 June 2010 to 1.3x (or a Capital/Risk Multiple of 2.00x) at 31 December 2010

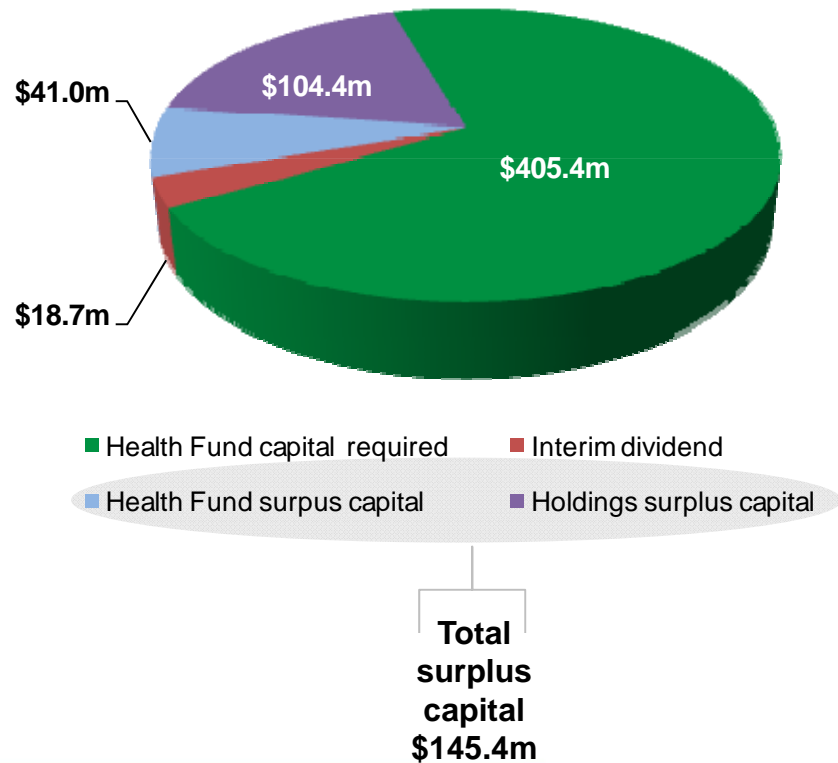
# Regulatory capital requirements

**\$145.4m of surplus capital above internal target (1.3x) after allowing for interim dividend**

**Health Fund capital  
(at 31 December 2010)**



**Group capital allocation  
(at 31 December 2010)**



# Balance Sheet

(\$m)	31 Dec 09	30 June 10	31 Dec 10
<b>Current assets</b>			
Cash and cash equivalents	161.5	197.4	<b>171.6</b>
Financial assets at fair value through p&I	259.2	264.4	<b>274.1</b>
Other current assets	35.4	61.8	<b>48.6</b>
<b>Total current assets</b>	<b>456.1</b>	<b>523.6</b>	<b>494.3</b>
<b>Non-current assets</b>			
Available-for-sale financial assets	1.5	1.5	<b>1.5</b>
Investment properties	30.0	0.0	-
Property, plant and equipment and intangibles	55.0	53.5	<b>81.8</b>
Other non-current assets	11.5	9.4	<b>24.2</b>
<b>Total non-current assets</b>	<b>97.0</b>	<b>64.4</b>	<b>107.5</b>
<b>Total assets</b>	<b>553.1</b>	<b>588.0</b>	<b>601.8</b>
<b>Current liabilities</b>			
Outstanding claims liability	56.5	62.1	<b>60.2</b>
Unearned premium liability	46.4	54.4	<b>53.7</b>
Other current liabilities	66.0	79.2	<b>83.6</b>
<b>Total current liabilities</b>	<b>168.9</b>	<b>195.7</b>	<b>197.5</b>
<b>Non-current liabilities</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
<b>Total liabilities</b>	<b>169.8</b>	<b>196.6</b>	<b>198.4</b>
<b>Net assets</b>	<b>383.3</b>	<b>391.4</b>	<b>403.4</b>

- Increase in net assets largely reflects increase in capital as a result of strong profitability less dividends paid during the period

# Financial results – underlying results

Underlying results split out investment income between:

- Normalised investment income for 1H11– calculated on the basis of a 5.2%\* (1H10: 5.5%\*) assumed return over average investment assets for the period
- Investment experience – difference between actual and underlying Investment income

Normalised earnings (\$m)	1H10	1H11	Change (%)
Premium revenue	446.1	<b>495.0</b>	11.0
Claims expense	(310.7)	<b>(339.6)</b>	9.3
Risk Equalisation Levy	(53.3)	<b>(60.9)</b>	14.3
State levies	(10.9)	<b>(11.4)</b>	4.6
Net claims incurred	(374.9)	<b>(411.9)</b>	9.9
Gross underwriting result	71.2	<b>83.1</b>	16.7
Management expenses	(40.7)	<b>(42.2)</b>	3.7
<b>Net underwriting result</b>	<b>30.5</b>	<b>40.9</b>	<b>34.1</b>
Normalised Investment income <sup>1</sup>	11.3	<b>12.5</b>	10.7
Other income	0.7	<b>1.0</b>	66.6
Other expenses	(3.3)	<b>(4.0)</b>	21.2
Underlying profit before tax	39.2	<b>50.4</b>	28.9
Tax	(11.5)	<b>(15.3)</b>	33.0
Underlying profit after tax	27.7	<b>35.1</b>	26.7
Inv experience (after tax)	15.4	<b>4.1</b>	(73.4)
<b>Profit after tax</b>	<b>43.1</b>	<b>39.0</b>	<b>(9.5)</b>

Performance indicators – normalised (%)	1H10	1H11
Gross margin	16.0	<b>16.8</b>
Management expense ratio	9.1	<b>8.5</b>
Net margin	6.8	<b>8.3</b>
Underlying investment return	5.5	<b>5.2</b>
EPS (cps)	8.7	<b>8.0</b>
EPS – underlying (cps)	5.6	<b>7.2</b>
ROE <sup>(2)</sup>	18.0	<b>14.8</b>
ROE – underlying <sup>(2)</sup>	11.9	<b>13.4</b>

(1) Net of fees. (2) Rolling 12 months, using average shareholder equity

\* 10 year Government bond rate

# Data sheet – nib

nib	1H07	FY07	1H08	FY08	1H09	FY09	1H10	FY10	1H11
<b>HIB</b>									
Total policyholders	312,315	328,784	350,248	365,389	375,130	384,288	393,524	406,929	<b>417,776</b>
- Policyholder growth	3.3%	8.8%	6.5%	11.1%	2.7%	5.2%	2.4%	5.9%	<b>2.7%</b>
- Market share	6.4%	6.6%	6.9%	7.0%	7.1%	7.1%	7.2%	7.3%	<b>7.4%</b>
Persons covered	656,867	681,013	716,656	732,930	748,673	761,753	776,626	797,144	<b>817,583</b>
Avg age of hospital persons covered (yrs)	36.1	36.1	36.0	36.0	36.1	36.1	36.1	36.1	<b>36.0</b>
Total policyholders “under 40”	128,733	140,084	155,016	166,963	173,014	179,019	184,119	193,261	<b>199,354</b>
- Growth in “under 40” segment	5.1%	14.4%	10.7%	19.2%	3.6%	7.2%	2.8%	8.0%	<b>3.2%</b>
Total hospital persons “20-39”	175,762	188,155	207,703	218,445	225,354	231,136	237,693	246,316	<b>254,438</b>
- Growth in hospital persons “20-39”	5.0%	12.4%	10.4%	16.0%	3.2%	5.8%	2.8%	6.6%	<b>3.3%</b>
- Market share	8.3%	8.7%	9.2%	9.5%	9.6%	9.8%	10.1%	10.2%	<b>10.4%</b>
Retail Centres (across Australia) <sup>1</sup>	32	32	30	25	21	21	18	18	<b>19</b>
Employees (FTEs)	483	506	484	478	422	458	448	470	<b>527<sup>#</sup></b>
<b>OSHC</b>									
Total Policyholders	-	-	-	-	-	-	-	81	<b>433</b>
<b>OVC</b>									
Total Policyholders	-	-	-	-	-	-	-	-	<b>13,151</b>

**HIB = Health Insurance Business, OSHC = Overseas Students Health Cover, OVC = Overseas Visitors Cover**

<sup>#</sup> Increase in FTEs includes overseas visitors and students businesses

Source: nib /PHIAC data as at December 2010. <sup>1</sup> Includes nib Retail and Sales Centres, excludes mobile sales kiosks

# Data sheet – PHI industry

## By financial year intervals

	FY06	FY07	FY08	FY09	FY10
<b>PHI industry</b>					
Total Policyholders	4,806,754	5,008,329	5,219,567	5,390,739	5,549,338
- Policyholder growth	2.1%	4.2%	4.2%	3.3%	2.9%
Persons Covered	10,189,552	10,561,848	10,942,616	11,257,885	11,561,299
Average Age of Hospital Persons (yrs)	39.8	39.9	39.8	40.0	40.1
Total Hospital Persons "20-39"	2,047,020	2,159,587	2,309,302	2,359,022	2,407,852
- Growth in Hospital persons "20-39"	2.5%	5.5%	6.9%	2.2%	2.1%

## By half year intervals

	1H07	1H08	1H09	1H10	1H11
<b>PHI industry</b>					
Total Policyholders	4,883,236	5,111,415	5,302,576	5,455,611	<b>5,628,419</b>
- Policyholder growth	1.6%	2.1%	1.6%	1.2%	<b>1.4%</b>
Persons Covered	10,358,174	10,771,639	11,117,461	11,404,872	<b>11,733,719</b>
Average Age of Hospital Persons (yrs)	39.8	39.8	39.9	40.1	<b>40.2</b>
Total Hospital Persons "20-39"	2,109,533	2,257,637	2,344,085	2,386,989	<b>2,445,899</b>
- Growth in Hospital persons "20-39"	3.1%	4.5%	1.5%	1.2%	<b>1.6%</b>

Source: PHIAC data as at December 2010

All figures excludes overseas students and overseas visitors, unless otherwise stated



# Disclaimer

The material in this presentation is a summary of the results of nib holdings limited (nib) for the six months ended 31 December 2010 and an update on nib's activities and is current at the date of preparation, 21 February 2011. Further details are provided in the Company's half year accounts and results announcement released on 21 February 2011.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ("forward-looking statements"). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of nib and its Directors) which may cause the actual results or performance of nib to be materially different from any future results or performance expressed or implied by such forward-looking statements.

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

The financial information disclosed has been prepared on a statutory and pro forma basis, which is consistent with the financial information provided in the Listing Prospectus. Due care and consideration should be undertaken when considering and analysing nib's financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

To the maximum extent permitted by law, neither nib nor its related corporations, Directors, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of nib is available on our website, [www.nib.com.au/shareholders](http://www.nib.com.au/shareholders).

# 2011 HALF YEAR RESULTS INVESTOR PRESENTATION

MONDAY 21 FEBRUARY 2011

**nib** holdings

