



2012 FULL YEAR RESULTS

INVESTOR PRESENTATION

Monday 20 August 2012

nib



MARK FITZGIBBON

CEO & MANAGING DIRECTOR

nib

GROUP HIGHLIGHTS



State of Origin



Geelong Cats



Newcastle Knights



nib Stadium, Perth

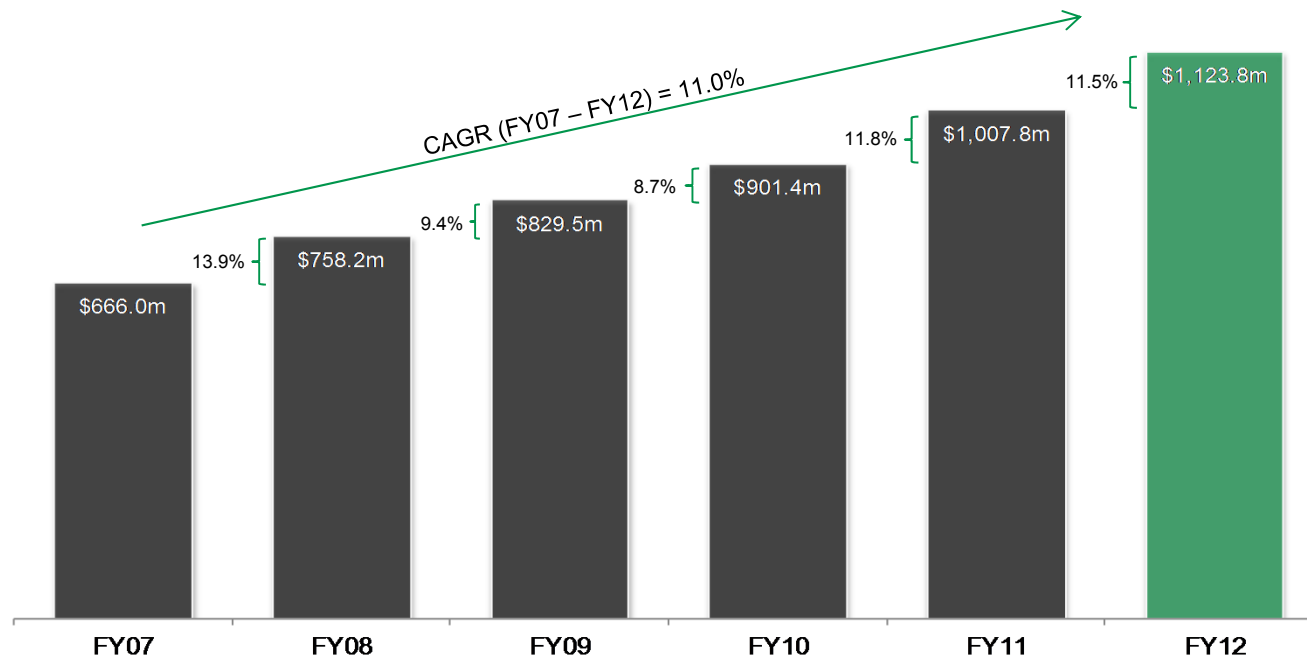
	FY11	FY12	%
Premium revenue	\$1,007.8m	\$1,123.8m	11.5
Net underwriting profit	\$61.5m	\$70.7m¹	15.0
Net investment income	\$32.1m	\$25.6m	(20.2)
NPAT	\$65.5m	\$67.6m	3.2
EPS	13.7cps	14.8 cps	8.0
ROE	16.5%	21.7%	31.5
Full year dividend (Ordinary)	8.0 cps	9.25 cps	15.6
Full year dividend (Special)	5.0 cps	-	-
Operating cash flow	\$88.3m	\$134.6m²	52.4

¹ FY12 result includes impact of Deferred Acquisition Costs (DAC) adjustment for up front commission cost. FY12 Net underwriting profit excluding DAC = \$62.5m

² Increase in FY12 operating cash flow is largely due to prepayment of premium revenue associated with income testing of Federal Government Rebate

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

PREMIUM REVENUE

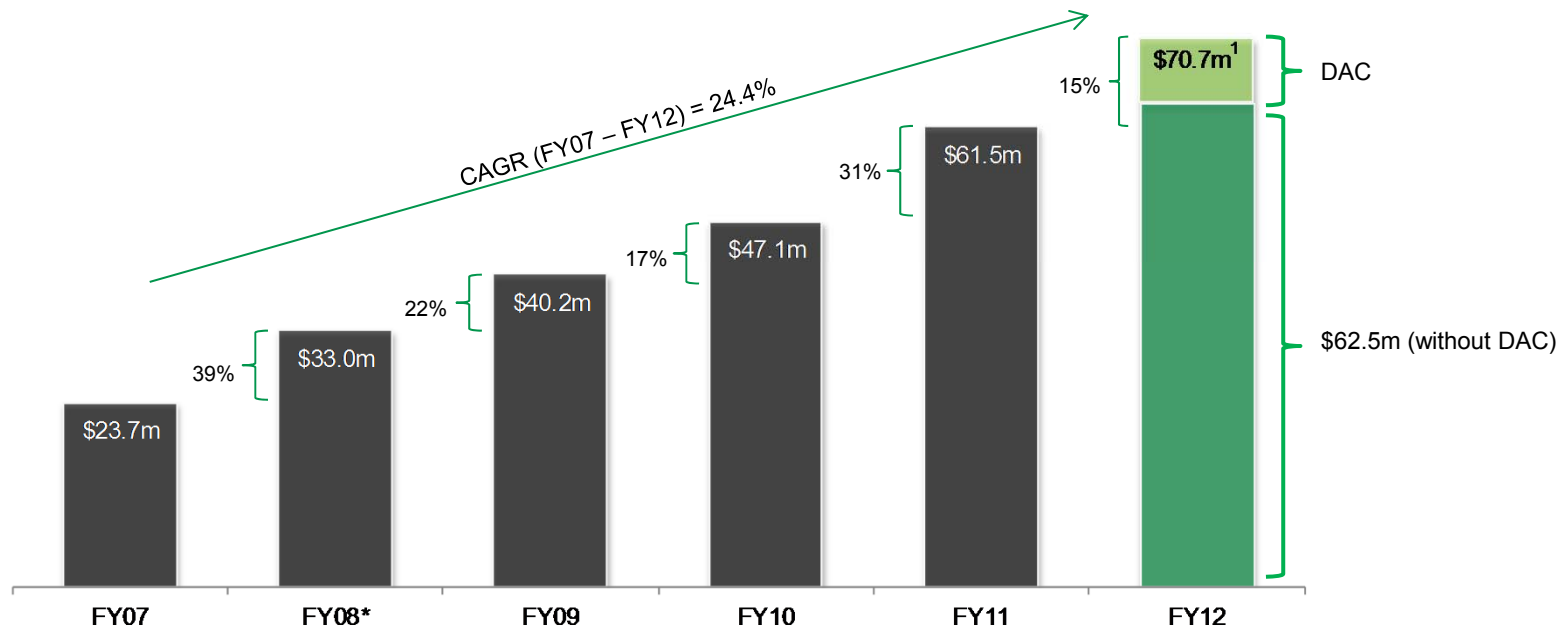


- **Group premium revenue up 11.5%**
- **HIB premium revenue up 10.5%**
 - **Net policyholder growth of 4.7% (FY11: 6.0%) versus industry growth of 3.7% (FY11: 3.2%)**
 - **Average premium per new policyholder was up 12.8% to \$1,858**
 - **IWB premium revenue up 57.5% (FY11 was a 9 month result)**

HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



UNDERLYING EARNINGS GROWTH

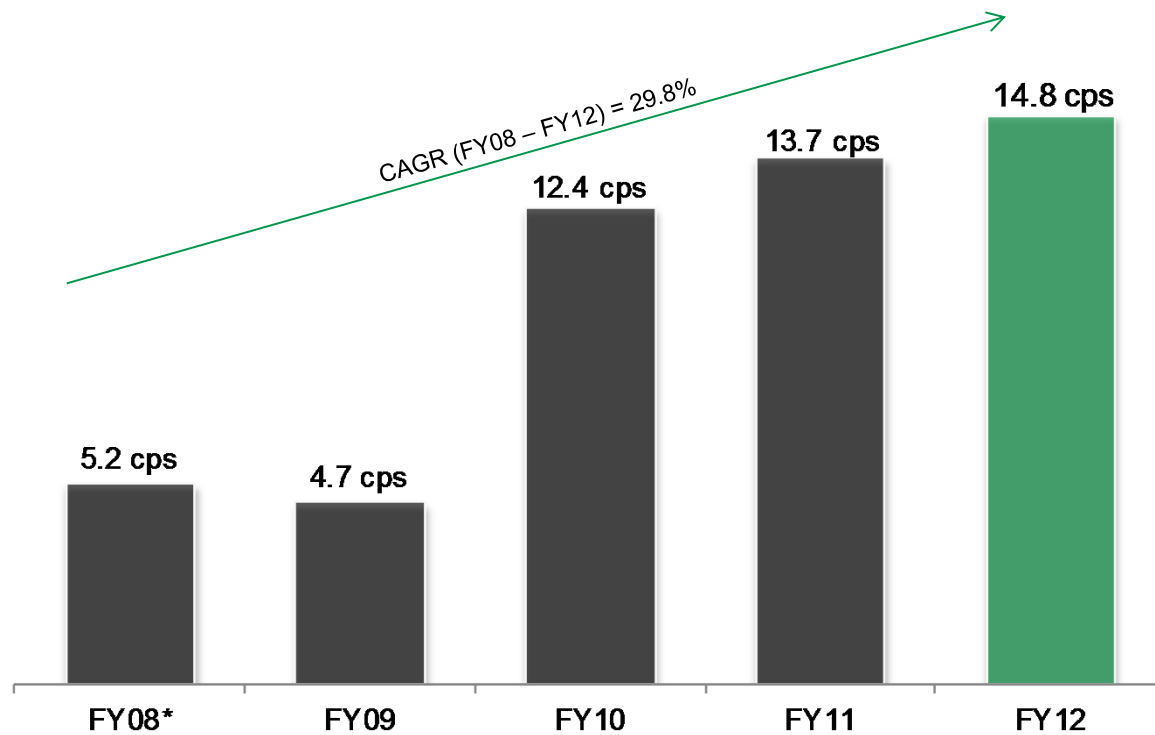


- Significant growth in broker distribution channels (22.2% of FY12 sales) has resulted in DAC in FY12 and as a result increased reported underwriting result
- DAC has increased underwriting result by \$8.2m (FY12 net underwriting result otherwise: \$62.5m, increase of 1.6%)
- DAC to be amortised over 6 years, refer slide 13 for effect of DAC on HIB results

¹ FY12 result includes impact of Deferred Acquisition Costs (DAC) adjustment for upfront commission costs

* Result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax

EARNINGS PER SHARE

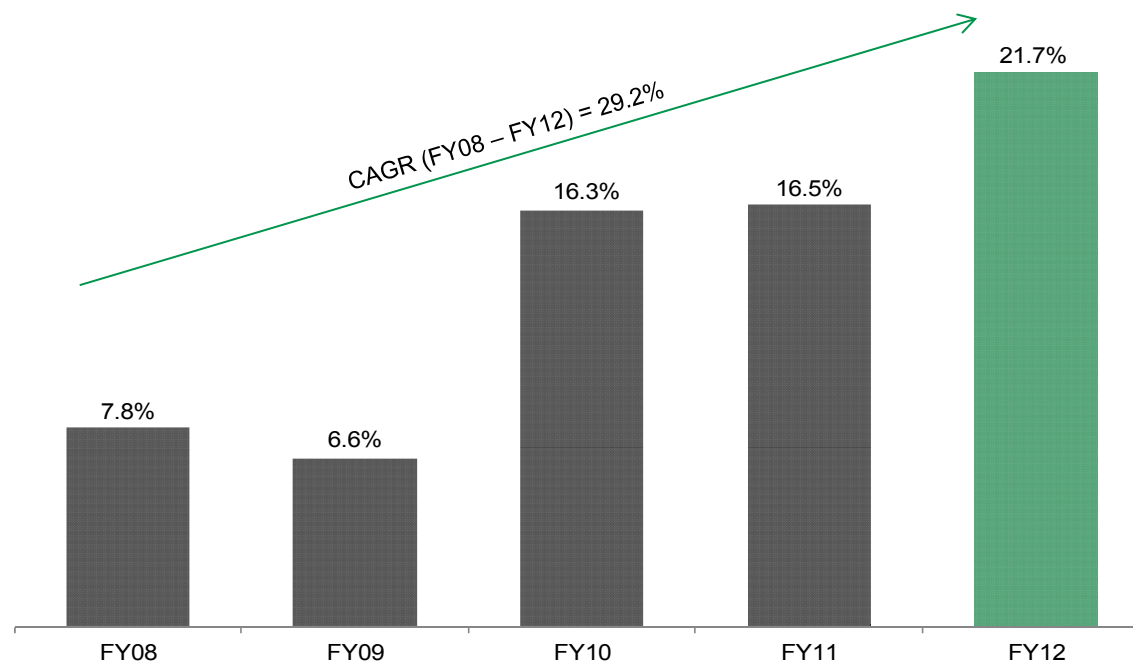


- **FY12 EPS up 8% to 14.8 cps**
- **Despite capital management initiatives, EPS pre DAC down slightly (13.5 cps), due to reduction in investment income**

* Result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax



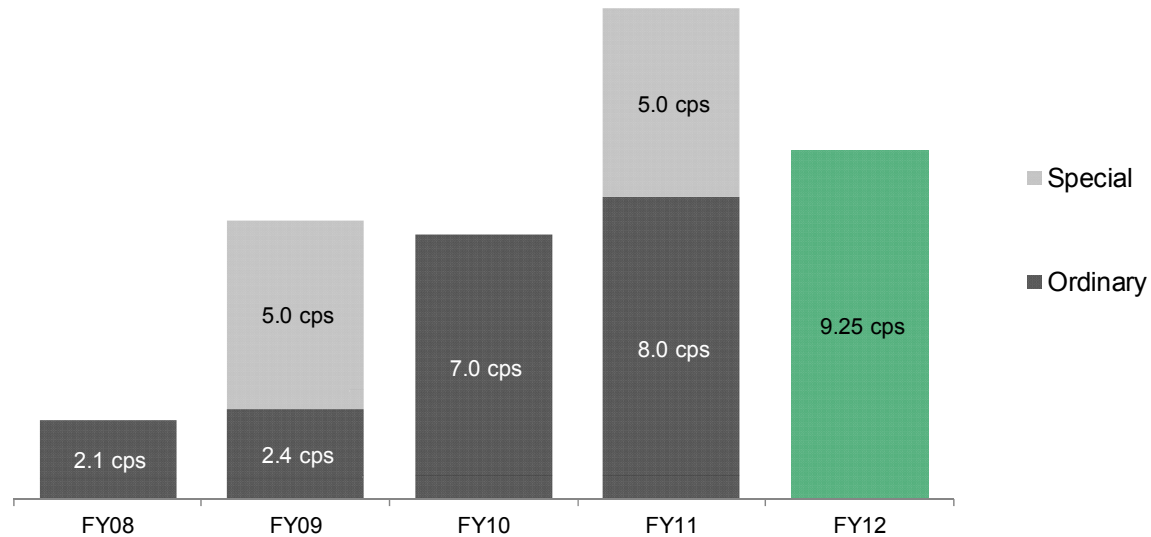
RETURN ON EQUITY



- ROE of 21.7% actual*
- ROE further improved due to ongoing underlying earnings growth and capital management including:
 - \$75.4 million Capital Return (distributed in July 2011)
 - Special dividends (FY11 full year special dividend: \$23.3m)
 - On market buy back (\$41.0m in FY12)

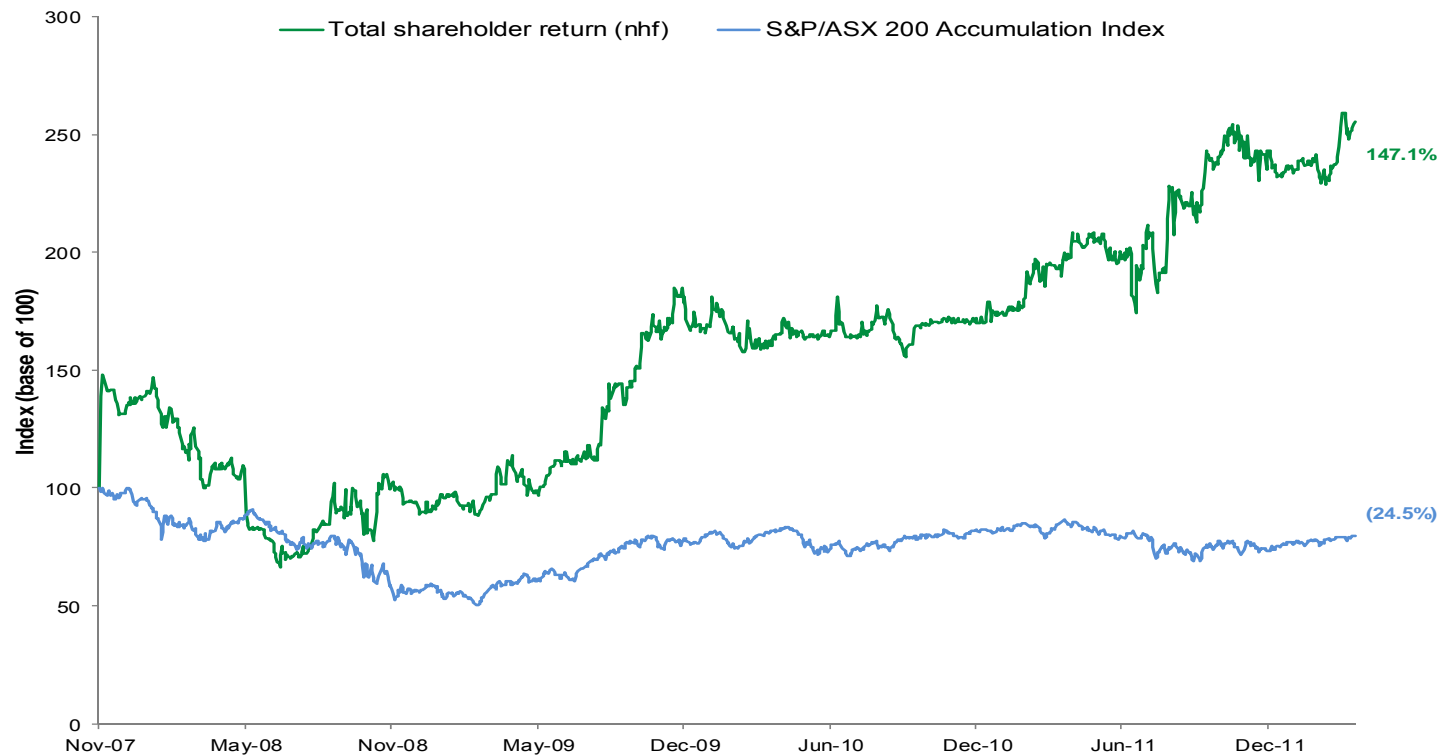
* ROE 19.9% pre DAC

DIVIDEND & DIVIDEND POLICY



- **Final ordinary dividend of 5 cps fully franked (\$22.0m)**
- **Full year ordinary dividend of 9.25 cps reflects payout ratio of 60% of FY12 NPAT**
- **Dividend policy going forward to reflect an ordinary payout ratio of 60%-70% of full year NPAT, subject to franking credits (previously 50%- 60%)**

DELIVERING STRONG SHAREHOLDER RETURNS



Source: IRESS (as at 29 June 2012) J.P. Morgan
Note: Assumes capital returns and dividends are reinvested at the payout date



MICHELLE MCPHERSON

CHIEF FINANCIAL OFFICER & DEPUTY CEO

nib

HIB KEY METRICS

	FY11	FY12	%
Total policyholders	431,173	451,647	4.7
- Net policyholder growth (%)	6.0%	4.7%	(1.3)
Net new policyholders	24,244	20,474	(15.6)
Total sales	61,031	62,047	1.7
- Sales growth (%)	15.0%	14.4%	(0.6)
- Sales new to category (%)	65.0%	61.9%	(3.1)
- Sales under 40 years of age (%)	77.6%	73.6%	(4.0)
- Sales online (%)	33.8%	29.3%	(4.5)
- Sales broker (%)	10.8%	22.2%	11.4
- Sales outside NSW/ACT (%)	43.9%	45.0%	1.1
Total lapses	36,787	41,573	13.0
- Lapse rate (%)	9.0%	9.6%	0.6

- Overall sales environment was more competitive in FY12, with this likely to continue in FY13
- Lapse trend remains a concern and a key focus for the business

HIB RESULTS

(\$m)	FY11	FY12	%
Premium revenue	991.3	1,095.6	10.5
- % of total GWP	98.3%	97.5%	(0.8)
Claims (excluding Risk Equalisation)	(708.2)	(775.7)	9.5
Risk Equalisation	(132.7)	(160.0)	20.5
Gross underwriting result	150.4	159.9	6.3
- Gross margin (%)	15.2%	14.6%	(0.6)
Management expenses	(90.6)	(95.3)¹	5.2
- MER (%)	9.2%	8.7%	(0.5)
Net underwriting profit	59.8	64.6¹	8.0
- Net margin (%)	6.0%	5.9%	(0.1)

¹ FY12 result includes impact of Deferred Acquisition Costs (DAC) adjustment for upfront commission costs

- Premium revenue up 10.5% due mainly to policyholder growth (\$53.8m), rate increase 1 April 2011: 6.19% and 1 April 2012: 5.50% (\$74.2m) offset by product mix (\$23.4m)
- FY12 includes \$1.0m benefit from reduction of outstanding claims provision (OSC) at 30 June 2011, down from \$4.4m in FY11
- Risk equalisation up 20.5% or \$27.3m reflecting claims inflation of \$13.2m (net of industry and nib), policyholder growth of \$7.0m, product mix of \$4.8m and margins included in the OSC of \$2.2m
- FY12 management expenses and net underwriting profit impacted by DAC

HIB UNDERWRITING RESULTS (IMPACT OF DAC)

(\$m)	FY12 (Pre DAC)	DAC	FY12 (Post DAC)
Gross underwriting result	159.9	-	159.9
Management expenses	(103.5)	8.2	(95.3)
- MER (%)	9.4%	-	8.7%
Net underwriting result	56.4	8.2	64.6
- Net Margin (%)	5.1%	-	5.9%

FY12 result includes impact of Deferred Acquisition Costs (DAC) adjustment for upfront commission costs

- **Significant growth in broker distribution channels has resulted in an increase in upfront commission payments. The materiality of these payments has resulted in nib being required to capitalise and amortise in line with AASB1023 rather than expense as incurred which has been our historic practice given amounts have previously not been material.**
- **This change has resulted in an increase in HIB FY12 underwriting result**

IWB RESULTS

(\$m)	FY11*	FY12	%
Total policyholders	13,899	16,480	18.6
Premium revenue	16.0	25.2	57.5
- % of total GWP	1.6%	2.2%	0.6
Claims	(7.6)	(10.6)	39.5
Gross underwriting result	8.4	14.5	72.6
- Gross margin (%)	52.3%	57.5%	5.2
Management expenses	(5.6)	(7.1)	26.8
- MER (%)	35.0%	28.2%	(6.8)
Net underwriting profit	2.8	7.5	167.9
- Net margin (%)	17.5%	29.8%	12.3

- **IWB continues to perform well with FY12 net policyholder growth of 18.6% (total policyholders: 16,480)**
- **Premium revenue up 18% on FY11* (estimated 12 month result: \$21.3m), due to:**
 - **policyholder growth \$4.2m**
 - **price increase \$2.1m**
 - **product mix (\$2.5m)**
- **FY12 MER at 28.2% has benefited from a reduction in amortisation on customer contracts acquired in October 2010 relative to the prior period**

IWB = International Workers Business

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

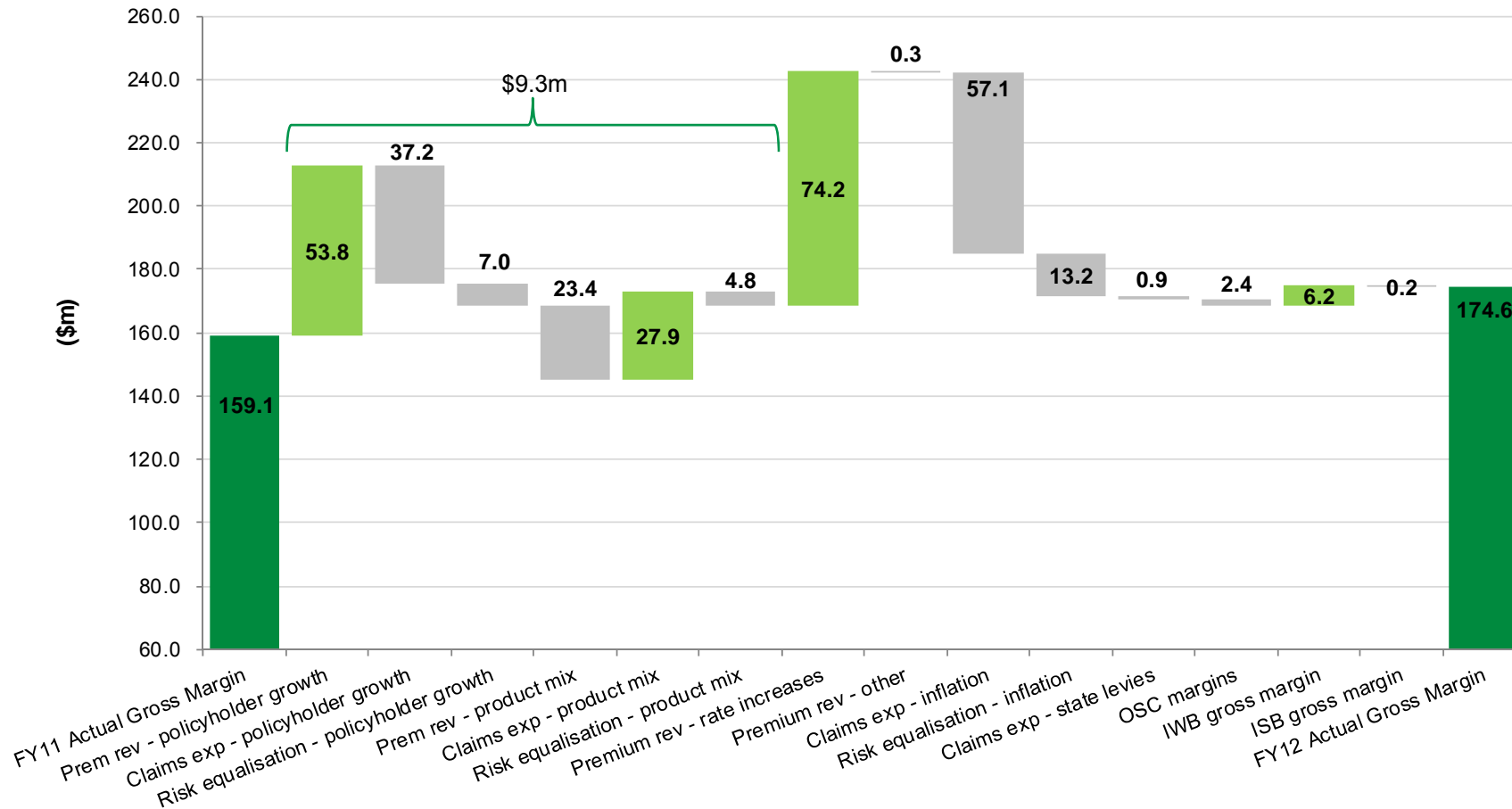


ISB RESULTS

(\$'000)	FY11	FY12	%
Total policyholders	1,432	3,328	132.4
Premium revenue	550	3,010	447.3
- % of total GWP	0.0%	0.3%	0.3
Claims	(241)	(2,875)	1,092.9
Gross underwriting result	309	135	(56.3)
- Gross margin (%)	56.1%	4.5%	(51.6)
Management expenses	(1,360)	(1,486)	9.3
- MER (%)	247.4%	49.4%	(198.0)
Net underwriting profit/(loss)	(1,051)	(1,351)	(28.5)
- Net margin (%)	(191.3)	(44.9)	146.4

- **FY12 loss of \$1.4m up \$0.3m due to negative claims experience which has been addressed during the year through changes in price and product design**
- **Management expenses up \$0.1m largely due to broker commissions of \$0.4m offset by reduction in employment costs of \$0.3m**
- **ISB remains sub-scale, however business is starting to yield strong organic policyholder growth (FY12: 132%) with 3,328 policyholders (30 June 2012)**

GROSS PROFIT DRIVERS (FY12 V FY11)

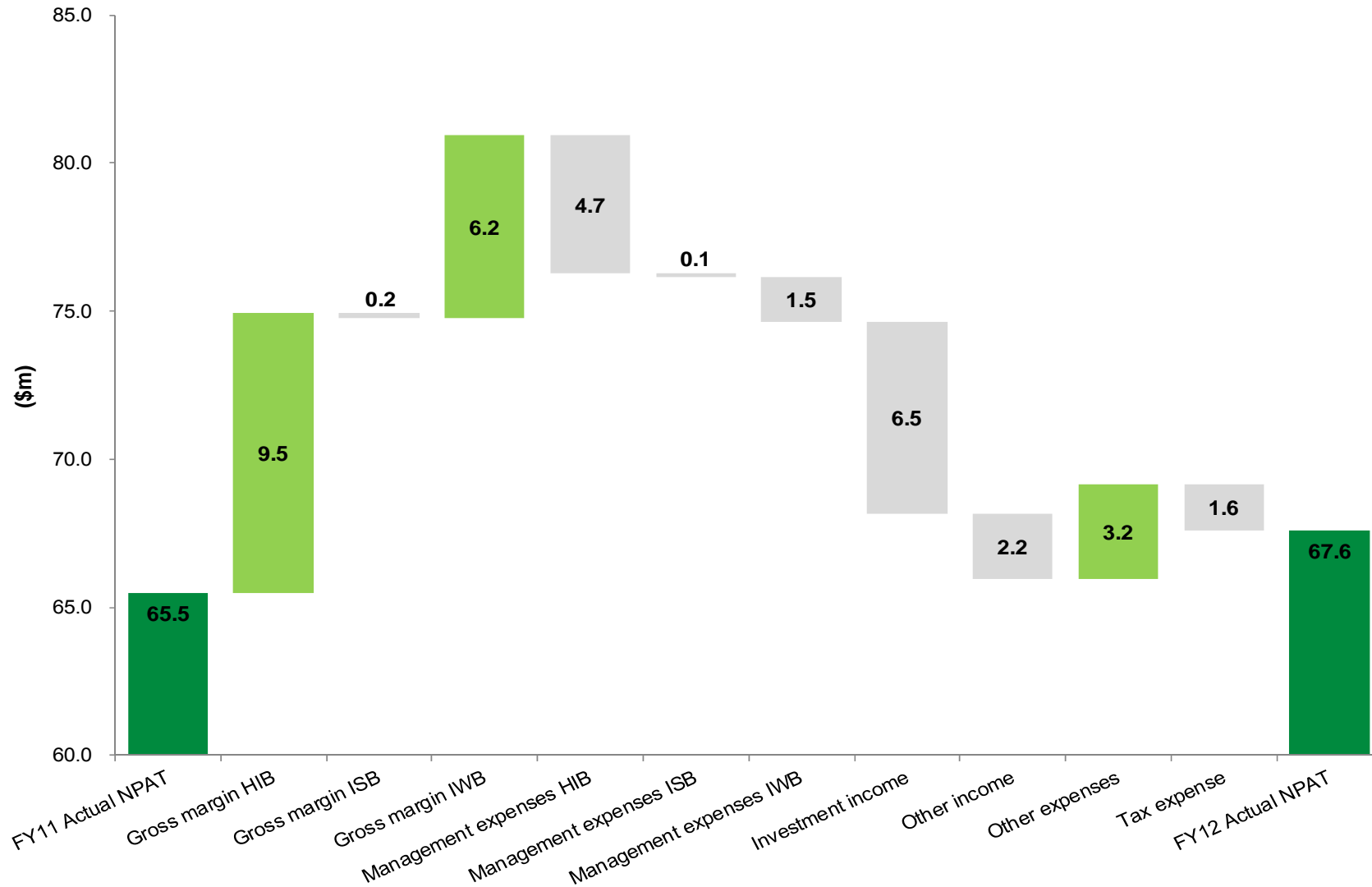


- Policyholder growth and changing product mix contributed \$9.3m of a total \$9.5m increase in HIB gross margin

HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



NPAT SUMMARY



HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



MANAGEMENT EXPENSES

(\$m)	Employment	Marketing (Direct)	Marketing (Commissions Paid)	Marketing (Commissions deferred)	IT	Occupancy	Other	FY12 Total	FY11 Total	Change (FY12 – FY11)
HIB	45.5	20.4	10.6	(8.2)	7.5	5.8	13.8	95.3	90.6	4.7
IWB	3.4	0.5	0.1	-	1.1	0.3	1.6	7.0	5.6*	1.4
ISB	0.6	0.1	0.6	-	-	-	0.2	1.5	1.4	0.1
Total	49.6	20.9	11.3	(8.4)	8.7	6.1	15.6	103.8	97.6	6.2

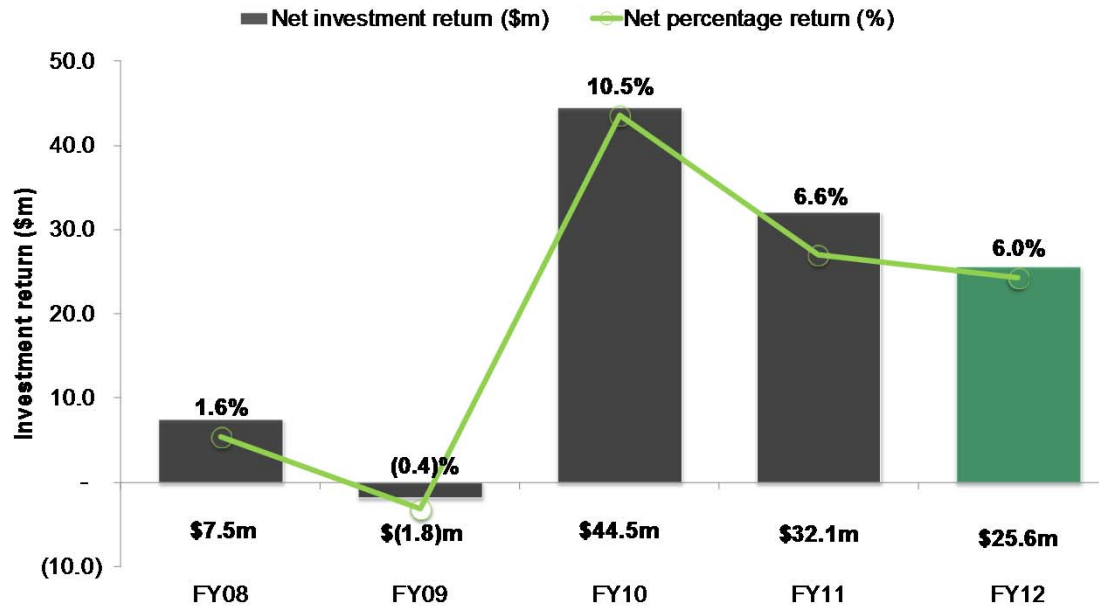
* FY11 was a 9 month result with IMAN business acquired October 2010

- Group management expenses of \$103.8m up \$6.2m on FY11 due to HIB (\$4.7m), IWB (\$1.4m) and ISB (\$0.1m)
- HIB management expenses up \$4.7m, primarily due to:
 - \$5.1m increase in employment costs due to further investment in building organisational capability and servicing customers, particularly in IT, customer support and quality improvement, together with \$0.9m increase in restructure costs
 - \$0.6m decrease in direct marketing due to increased use of broker channel
 - \$5.3m increase in marketing commissions as sales through broker channels increased from 10.8% of total sales to 22.2%
 - \$8.2m decrease due to deferred acquisition cost accounting
 - \$1.0m increase in IT with increases in maintenance, system development and customer campaign costs
 - \$1.9m increase in occupancy as head office building revaluation benefit decreased from \$2.2m in FY11 to \$0.5m in FY12

HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



INVESTMENTS



- Ongoing stability in investment result, with FY12 investment performance in line with targets for regulatory capital (UBS bank bill index + 1%) and surplus capital (UBS bank bill index)
- FY12 actual net investment income of \$25.6m (FY11: \$32.1m) impacted by lower capital base due to
 - Capital Return (\$75.4m)
 - FY11 special dividend (\$23.3m)
 - On market share buy back (FY12: \$41.0m)
- Consolidated defensive/growth split of 82%/18% (FY11: 86.5%/13.5%) reflects 80%/20% defensive/growth for investments required to support internal prudential target (1.3x) and 100% defensive for balance of capital
- Actual net return for the first six weeks of FY13 was 1.0%

SURPLUS CAPITAL POSITION

Opening surplus capital position above 1.3x (Capital/Risk Multiple of 2.00x)	FY11 (\$m)	FY12 (\$m)
	144.5	138.0
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)	(41.0)
Capital Return	-	(75.4)
Interim dividend paid – Ordinary	(18.7)	(18.9)
Allowance for final dividend – Ordinary	(18.7)	(22.0)
Allowance for final dividend – Special	(23.3)	-
Acquisition of IMAN business	(26.0)	-
Changes in forecast, liabilities and capital adequacy reserve	(12.6)	(35.0)
Profit after tax	65.5	67.6
Closing surplus capital position above 1.3x (Capital/Risk Multiple of 2.00x)	138.0	13.3

- Across 1st quarter FY13, surplus capital will increase by approximately \$22m as the unearned premium liability reduces
- New draft capital standards (planned implementation date of 30 June 2013) not anticipated to have a material impact on our capital requirements



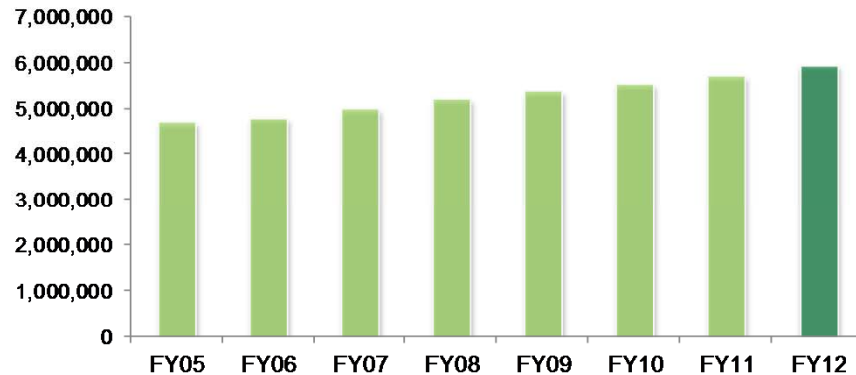
MARK FITZGIBBON

CEO & MANAGING DIRECTOR

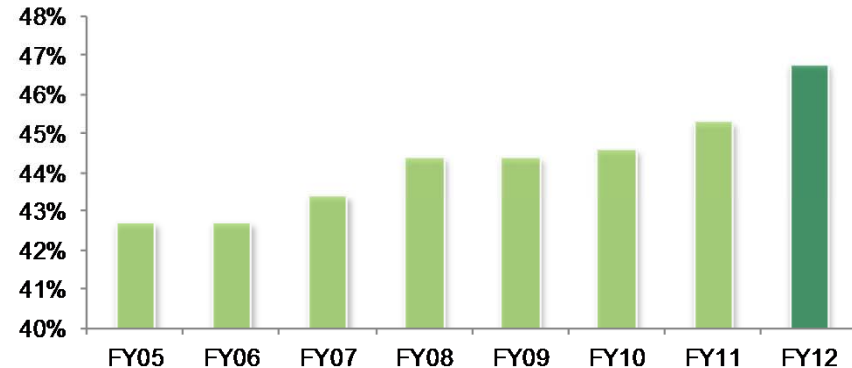
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MARKET CONDITIONS & OUTLOOK

Number of policyholders (industry)



PHI participation rate (hospital persons)



- System growth predicted at 3% in FY13
- Income testing of Federal Government Rebate to have minimal impact
- Premium pricing regime improved
- Claims utilisation and cost inflation (including Risk Equalisation) to maintain 5%- 6% trajectory
- Industry consolidation/globalisation remains possible
- Sale of Medibank Private

BUSINESS STRATEGY

- Ongoing organic growth with focus on <40 years of age and with additional investment in:
 - Corporate market (in conjunction with IWB)
 - Western Australia
 - +55 segment
- International workers and students
- Leveraging brand for complementary sales
- Increased investment in online/mobile engagement and functionality
- Further back office automation and quality assurance
- Opportunistic M&A*



** From time to time nib has discussions with domestic and international industry participants on a range of matters, including possible joint strategic initiatives. These discussions will continue to occur in order to grow shareholder value and the market will be informed of any material matters in accordance with our responsibilities with respect to continuous disclosure.*



SUMMARY & OUTLOOK

- **FY12 was strong with results achieved across key metrics**
 - Premium revenue up 11.5%
 - Underwriting margin up 15.0% to \$70.7m (post DAC)
 - HIB net policyholder growth of 4.7%, beat industry growth of 3.7%
 - IWB contributed 10.6% of net underwriting profit
 - ROE of 21.7% (exceeded 15% target) and EPS of 14.8 cps up 8%
- **FY13 outlook positive**
 - Underlying fundamentals of PHI still attractive with further growth expected
 - nib will continue to explore means for maintaining above HIB system growth without compromising margins
 - Determination to build international businesses and earnings
 - Forecast FY13 consolidated net underwriting profit of \$70m-\$75m
 - Investment return in line with regulatory capital and surplus capital targets

A man with short dark hair, wearing a light grey t-shirt, is smiling and pointing his right index finger towards the right side of the frame. The background is dark grey.

Q&A

The logo for nib, consisting of the lowercase letters 'nib' in white, set against a green rectangular background.

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APPENDIX

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NIB POLICYHOLDER & OTHER DATA

nib	FY08	FY09	FY10	FY11	FY12
Total policyholders	365,389	384,288	407,007	446,504	471,455
- Total policyholders (HIB)	365,389	384,288	406,929	431,173	451,647
- Total policyholders (ISB)	-	-	78	1,432	3,328
- Total policyholders (IWB)	-	-	-	13,899	16,480
Employees (FTEs)	478	458	470	572 [#]	556
HIB					
Net policyholder growth	11.1%	5.2%	5.9%	6.0%	4.7%
Market share	7.0%	7.1%	7.3%	7.5%	7.6%
Persons covered	732,930	761,753	797,144	839,282	881,922
Average age of hospital persons covered (yrs)	36.0	36.1	36.1	35.9	36.3
Total policyholders "under 40"	166,963	179,019	193,261	208,082	217,322
- Growth in "under 40" segment	19.2%	7.2%	8.0%	7.7%	4.4%
Total hospital persons "20-39"	218,445	231,136	246,316	262,981	274,922
- Growth in hospital persons "20-39"	16.1%	5.8%	6.6%	6.8%	4.5%
- Market share	9.5%	9.8%	10.2%	10.6%	10.7%
HIB sales by channel					
Call centre	38.3%	43.7%	42.0%	38.8%	33.4%
Web	38.8%	35.6%	33.0%	33.8%	29.3%
Broker	5.3%	2.0%	7.6%	10.8%	22.2%
Retail	15.9%	15.1%	15.0%	14.6%	13.0%
Corporate	1.2%	2.2%	0.8%	0.8%	0.9%
Other	0.5%	1.4%	1.7%	1.2%	1.2%

Increase in FTEs includes international students and workers businesses

Source: nib /PHIAC data as at June 2012

HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



PHI INDUSTRY POLICYHOLDER DATA

	FY08	FY09	FY10	FY11	FY12
Total policyholders	5,219,567	5,390,739	5,549,338	5,727,566	5,936,660
- Policyholder growth	4.2%	3.3%	2.9%	3.2%	3.7%
Persons Covered	10,942,616	11,257,885	11,561,299	11,901,915	12,321,848
Average age of hospital persons (yrs)	39.8	40.0	40.1	40.2	40.3
Total hospital persons "20-39"	2,309,302	2,359,022	2,407,852	2,477,256	2,562,382
- Growth in hospital persons "20-39"	6.9%	2.2%	2.1%	2.9%	3.4%

Source: PHIA data as at June 2012

All figures excludes International Workers Business and International Students Business, unless otherwise stated



FINANCIAL RESULTS (EXCLUDING DAC)

- Significant growth in broker distribution channels has resulted in deferring acquisition costs in FY12 and as a result increase reported underwriting result
- Underlying results split out deferred acquisition costs (DAC)

Normalised earnings (\$m)	FY11	FY12	Change (%)
Premium revenue	1,007.8	1,123.8	11.5
Claims expense	(693.1)	(765.4)	10.4
Risk Equalisation Levy	(132.7)	(160.0)	20.6
State levies	(22.9)	(23.8)	3.9
Net claims incurred	(848.7)	(949.2)	11.8
Gross underwriting result	159.1	174.6	9.7
Normalised management expenses	(97.6)	(112.0)	14.8
Normalised net underwriting result	61.5	62.5	1.6
investment income ¹	32.1	25.6	(20.2)
Other income	5.7	3.6	(36.8)
Other expenses	(7.5)	(4.3)	(42.7)
Normalised profit before tax	91.9	87.5	(4.8)
Tax	(26.5)	(25.6)	(3.4)
Normalised profit after tax	65.5	61.9	(5.5)
DAC experience (after tax)	0.0	5.7	-
Profit after tax	65.5	67.6	3.2

(1) Net of fees.

Performance indicators – normalised (%)	FY11	FY12
Gross margin	15.8	15.5
Management expense ratio	9.7	10.0
Net margin	6.1	5.6
EPS (cps)	13.7	14.8
EPS – normalised (cps)	13.7	13.5
ROE	16.5	21.7
ROE – normalised	16.5	19.9

FINANCIAL RESULTS (NORMALISED INVESTMENT INCOME)

Underlying results split out investment income between:

- Normalised investment income for FY12– calculated on the basis of a 4.0%* (FY11: 5.2%*) assumed return over average investment assets for the period
- Investment experience – difference between actual and underlying investment income

Normalised earnings (\$m)	FY11	FY12	Change (%)
Premium revenue	1,007.8	1,123.8	11.5
Claims expense	(693.1)	(764.5)	10.3
Risk Equalisation Levy	(132.7)	(159.6)	20.3
State levies	(22.9)	(23.8)	3.9
Net claims incurred	(848.7)	(949.2)	11.8
Gross underwriting result	159.1	174.6	9.7
Management expenses	(97.6)	(103.8) ¹	6.4
Net underwriting result	61.5	70.7¹	15.0
Normalised investment income ²	25.7	17.5	(31.9)
Other income	5.7	3.6	(36.8)
Other expenses	(7.5)	(4.3)	(42.7)
Underlying profit before tax	85.5	87.5	2.3
Tax	(24.5)	(25.6)	4.5
Underlying profit after tax	61.0	61.9	1.5
Inv experience (after tax)	4.5	5.7	26.7
Profit after tax	65.5	67.6	3.0

Performance indicators – normalised (%)	FY11	FY12
Gross margin	15.8	15.5
Management expense ratio ¹	9.7	9.2
Net margin ¹	6.1	6.3
Underlying investment return	5.2	4.0
EPS (cps)	13.7	14.8
EPS – underlying (cps)	12.7	13.5
ROE	16.5	21.7
ROE – underlying	15.5	20.9

¹ FY12 result includes impact of Deferred Acquisition Costs (DAC), excluding trailing commissions

² Net of fees

* 10 year Government bond rate



DETAILED INCOME STATEMENT

(\$m)	FY08	FY09	FY10	FY11	FY12	FY12 v FY11 (%)
Premium revenue	758.2	829.5	901.4	1,007.8	1,123.8	11.5
- Premium revenue (HIB)	758.2	829.5	901.4	991.3	1,095.6	10.5
- Premium revenue (ISB)	-	-	-	0.5	3.0	447.8
- Premium revenue (IWB)	-	-	-	16.0*	25.2	57.3
Claims expense	(551.3)	(599.9)	(636.0)	(693.1)	(765.4)	10.4
- Hospital benefits paid	(357.7)	(400.4)	(428.5)	(461.6)	(499.8)	8.3
- Ancillary benefits paid	(188.1)	(204.9)	(204.3)	(222.2)	(246.5)	10.9
- OSC provision movement (HIB)	(5.5)	5.4	(3.2)	(1.5)	(5.7)	272.9
- ISB claims expense	-	-	-	(0.2)	(2.9)	1350.0
- IWB claims expense	-	-	-	(7.6)*	(10.6)	39.4
Risk equalisation levy	(75.8)	(86.4)	(109.9)	(132.7)	(160.0)	20.5
- OSC risk equalisation margin	(2.7)	0.6	(2.9)	(0.7)	(2.9)	314.2
- Gross deficit	117.5	137.1	147.9	160.3	176.5	10.1
- Calculated deficit	(190.6)	(224.1)	(254.9)	(292.3)	(333.6)	14.1
State levies	(19.9)	(21.2)	(22.0)	(22.9)	(23.8)	3.9
Net claims incurred	(647.0)	(707.5)	(767.9)	(848.7)	(949.2)	11.8
Gross underwriting result	111.2	122.0	133.5	159.1	174.6	9.7
- Gross underwriting result (HIB)	111.2	122.0	133.5	150.4	159.9	6.3
- Gross underwriting result (ISB)	-	-	-	0.3	0.1	(56.3)
- Gross underwriting result (IWB)	-	-	-	8.4 ²	14.5	72.6
Management expenses	(78.2)	(81.8)	(86.4)	(97.6)	(103.8)	6.4
- Management expenses (HIB)	(78.2)	(81.8)	(86.4)	(90.6)	(95.3) ¹	5.1
- Management expenses (ISB)	-	-	-	(1.4)	(1.5)	9.3
- Management expenses (IWB)	-	-	-	(5.6)*	(7.1)	26.8
Net underwriting result	33.0	40.2	47.1	61.5	70.7	15.0
- Net underwriting result (HIB)	33.0	40.2	47.1	59.8	64.6 ¹	8.0
- Net underwriting result (ISB)	-	-	-	(1.1)	(1.4)	28.5
- Net underwriting result (IWB)	-	-	-	2.8*	7.5	167.9

¹ FY12 HIB result includes impact of Deferred Acquisition Costs (DAC) adjustment for upfront commission costs

² FY11 IWB was a 9 month result with IMAN business acquired October 2010

HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



DETAILED MANAGEMENT EXPENSES

(\$m)	Employment	Marketing (Direct)	Marketing Commissions (Paid)	Marketing Commissions (deferred)	IT	Occupancy	Other	Total Management Expenses	Total MER (%)
HIB									
FY08	36.2	16.9	2.0	0.0	5.6	4.6	12.9	78.2	10.3
FY09	35.7	17.2	2.1	0.0	5.7	8.7	12.4	81.8	9.9
FY10	37.0	19.4	3.7	0.0	6.2	7.7	12.4	86.4	9.6
FY11	40.3	21.0	5.3	0.0	6.5	3.9	13.6	90.6	9.2
FY12	45.4	20.4	10.6	(8.2)	7.5	5.8	13.8	95.3¹	8.7
ISB									
FY11	0.9	0.1	0.2	-	0.0	0.0	0.2	1.4	247.4
FY12	0.6	0.1	0.6	-	-	-	0.2	1.5	50.8
IWB									
FY11 ²	2.7	0.2	0.0	-	0.8	0.2	1.7	5.6	35.0
FY12	3.4	0.5	0.1	-	1.1	0.3	1.6	7.0	24.6

¹ FY12 HIB result includes impact of Deferred Acquisition Costs (DAC) adjustment for upfront commission costs

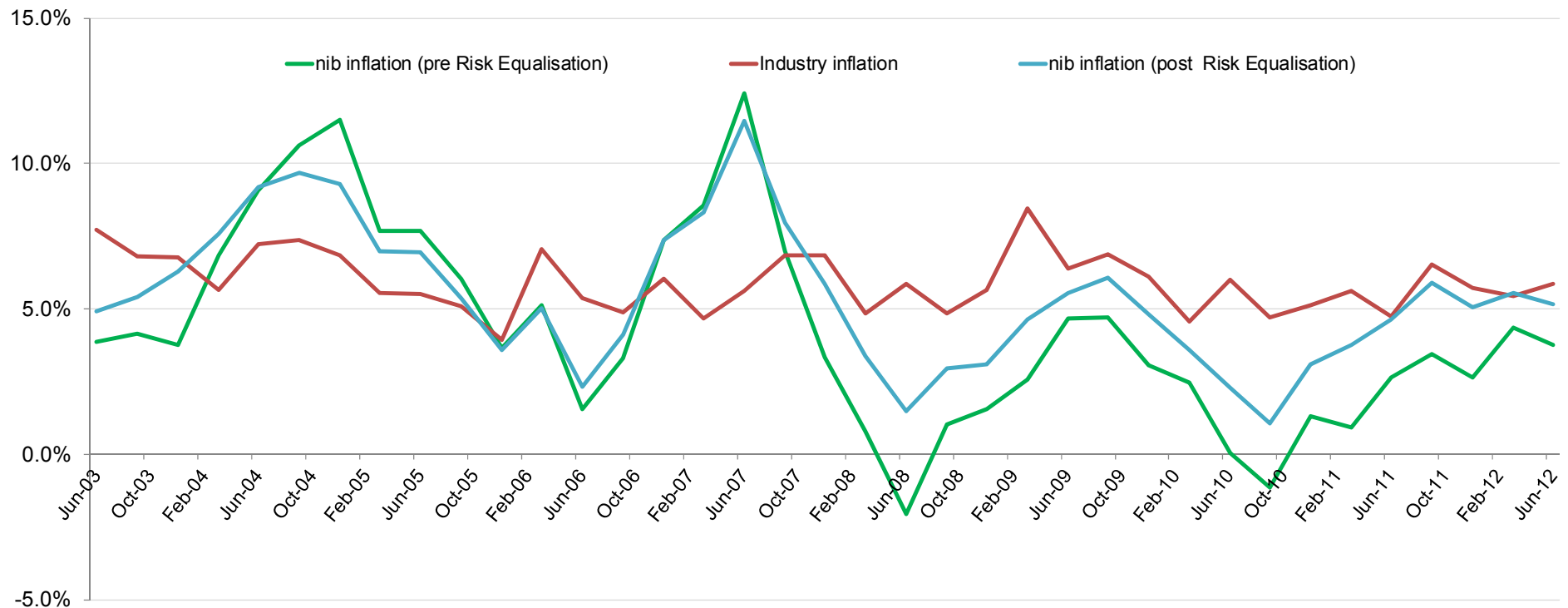
² FY11 IWB was a 9 month result with IMAN business acquired October 2010

HIB = Health Insurance Business, ISB = International Students Business, IWB = International Workers Business



CLAIMS EXPENSE

Overall claims inflation (hospital and ancillary)

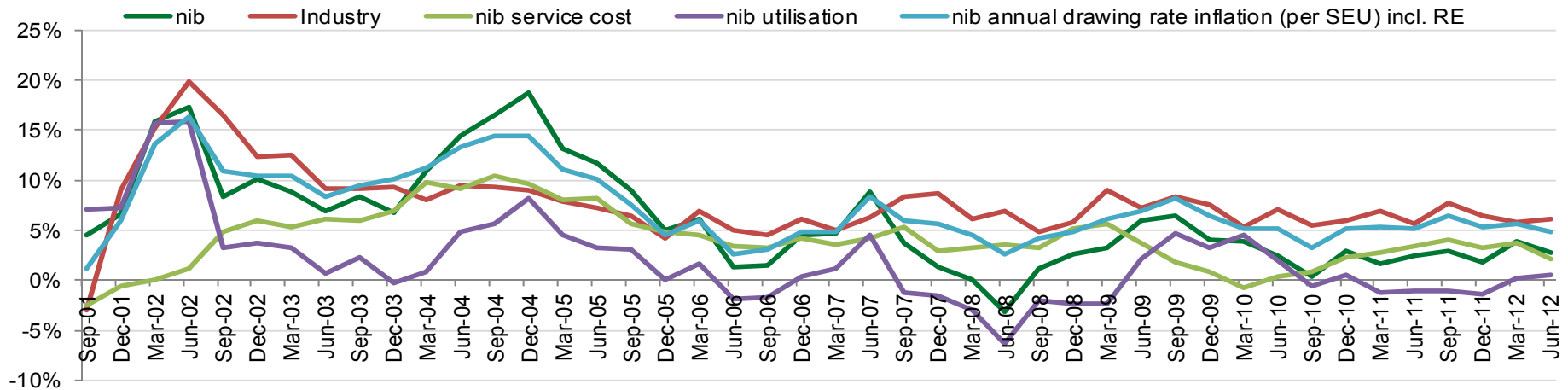


All figures excludes International Workers Business and International Students Business, unless otherwise stated

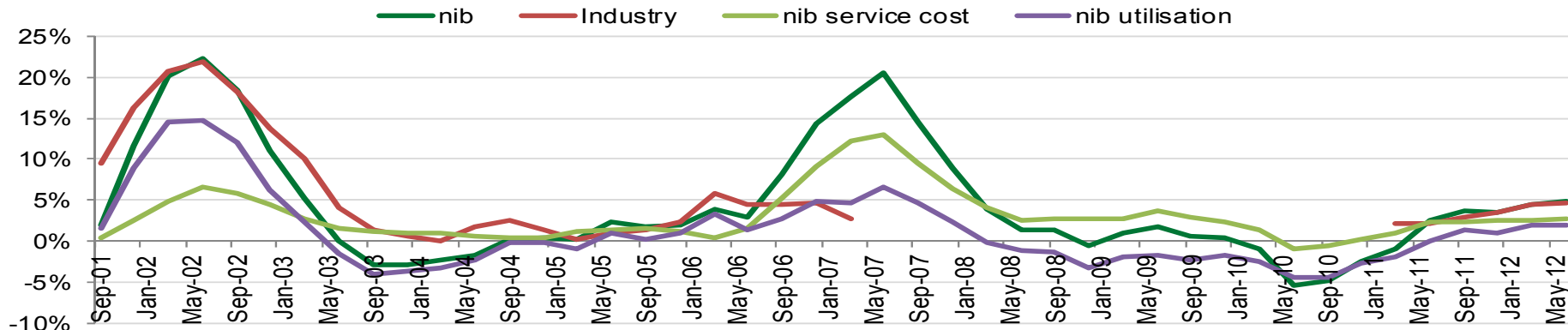


CLAIMS EXPENSE

Hospital claims inflation



Ancillary claims inflation



Note: industry data for Ancillary claims inflation from 1 April 2007- 31 December 2010 is not comparable due to change in the way ancillary products are determined by PHIAC
 All figures excludes International Workers Business and International Students Business, unless otherwise stated



OTHER INCOME & EXPENSES

(\$m)	FY11	FY12	\$m Fav/(Unfav)	% Fav/(Unfav)
Other income				
Life & funeral insurance commission	0.5	1.1	0.6	120.0
Travel and other commission	0.4	0.4	0.0	0.0
Rental income	0.4	0.8	0.4	100.0
nib Overseas and Unverified Policyholders Trust distribution	3.5	0.0	(3.5)	-
Other	0.8	1.3	0.5	62.5
Total other income	5.7	3.6	(2.0)	(35.6)
Other expenses				
Share registry – ongoing	1.4	1.2	0.2	14.3
Share registry – one off	0.4	0.5	(0.1)	(25.0)
M&A - other	0.9	0.0	0.9	-
IMAN acquisition costs - one off	2.2	0.0	2.2	-
Other	2.6	2.5	0.1	3.8
Total other expenses	7.5	4.3	3.2	42.7

INVESTMENTS

- Surplus capital above internal prudential requirements held in 100% cash

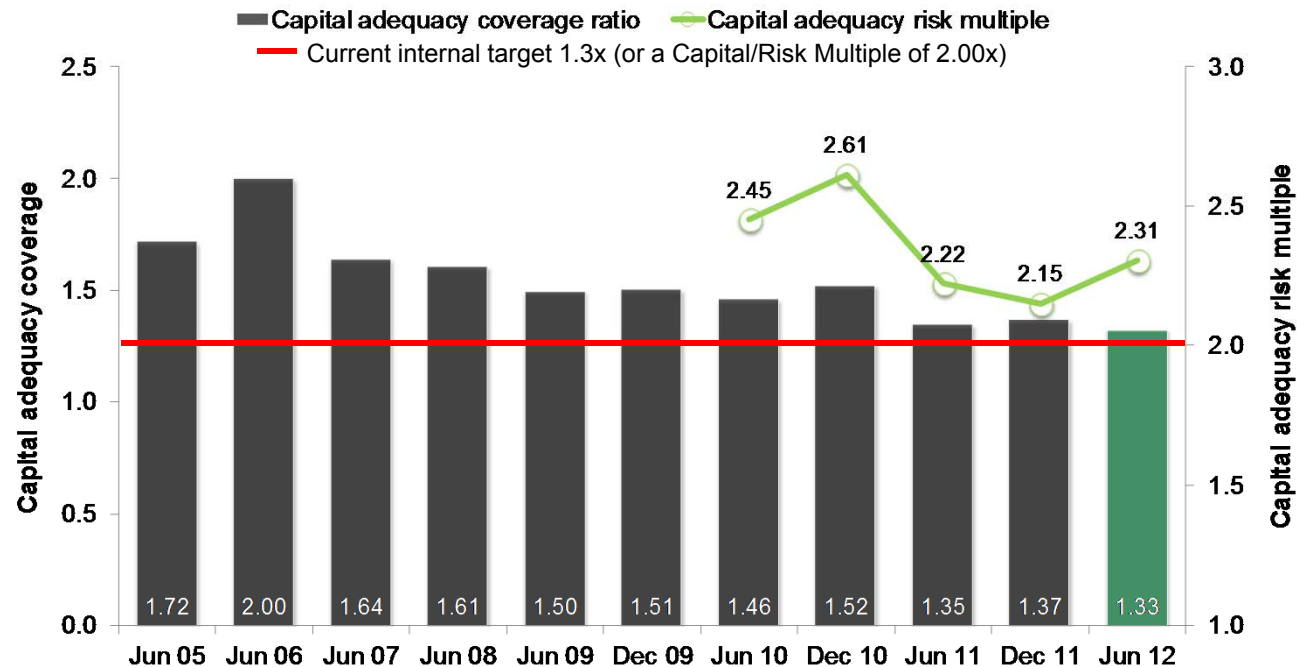
Total Investment Portfolio		
	Net return (\$m) 12 months to 30 June 2012	Allocation (%) at 30 June 2012
Cash	11.6	36.0
All maturity debt	1.7	4.0
Short maturity debt	12.5	39.0
Receivable	0.9	4.0
Total defensive	26.7	82.0
Australian shares	(1.3)	7.0
Global shares – hedged	-	0.0
Global shares – unhedged	0.1	4.0
Direct property	-	7.0
Property trusts	0.1	0.0
Unlisted security	-	0.0
Total growth	(1.1)	18.0
TOTAL	25.6	100.0

BALANCE SHEET

(\$m)	30 June 2011	30 June 2012	(\$m)	(%)
Current assets				
Cash and cash equivalents	160.7	86.7	(74.0)	(46.0)
Financial assets at fair value through P&L	319.3	356.8	37.5	11.7
Other current assets	49.5	72.3	22.9	46.2
Total current assets	529.6	515.8	(13.8)	(2.6)
Non-current assets				
Available-for-sale financial assets	2.2	2.2	0.0	0.0
Property, plant and equipment and intangibles	81.0	81.0	0.0	0.0
Other non-current assets	26.5	18.8	(7.7)	(29.1)
Total non-current assets	109.7	102.1	(7.6)	(6.9)
Total assets	639.3	617.8	(21.5)	(3.4)
Current liabilities				
Outstanding claims liability	65.9	75.0	9.1	13.8
Unearned premium liability	65.2	135.9	70.7	108.4
Other current liabilities	95.4	98.3	2.9	3.0
Total current liabilities	226.5	309.2	82.7	36.5
Non-current liabilities	1.0	7.1	6.1	610.0
Total liabilities	227.5	316.2	88.7	39.0
Net assets	411.8	301.6	(110.2)	(26.8)

- Decrease in net assets reflects capital management initiatives including \$75m Capital Return payment of dividends and on-market share buy back activity, offset by strong profitability for the year
- Total unearned premium liability of \$141.7m, being \$135.9m current and \$5.8m non-current. Non-current component driven by increase in allowable prepayment period from 12 months to 13 months

CAPITAL ADEQUACY

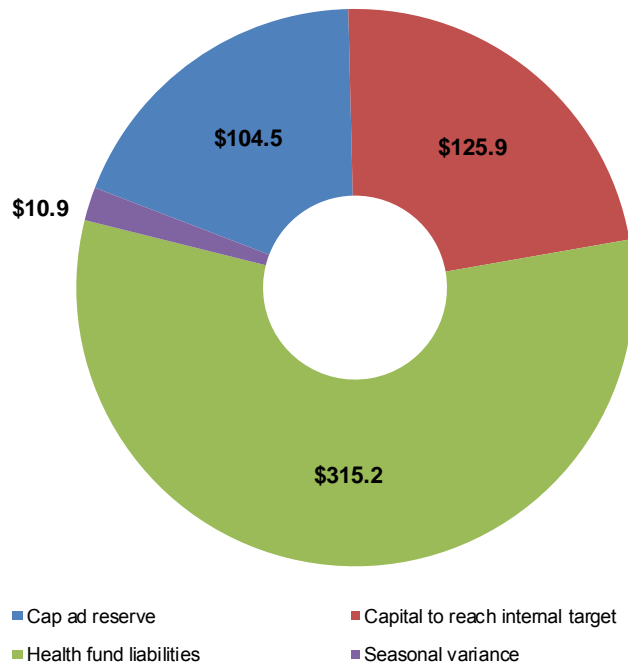


- nib Board revised capital adequacy target from 1.4x (or a Capital/Risk Multiple of 2.35x) at 30 June 2010 to 1.3x (or a Capital/Risk Multiple of 2.00x) at 31 December 2010

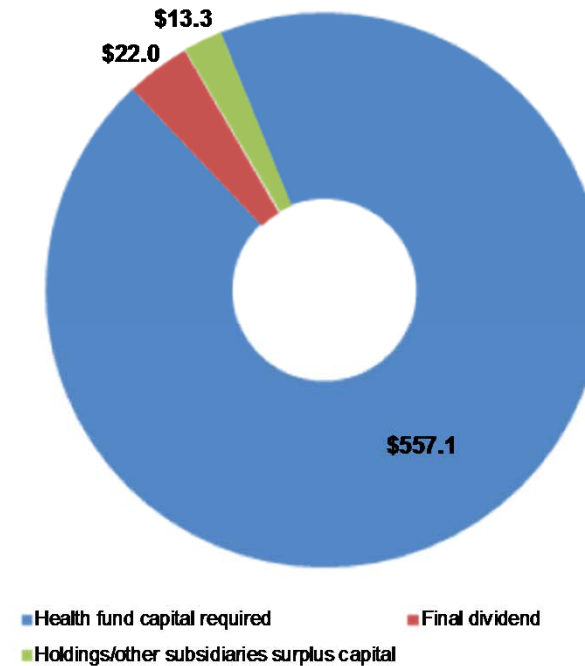
REGULATORY CAPITAL REQUIREMENTS

\$13.3m of surplus capital above internal target (1.3x capital adequacy coverage or 2.00x capital/risk multiple) after allowing for final dividend

Health fund capital
(at 30 June 2012)



Group capital allocation
(at 30 June 2012)



DISCLAIMER

The material in this presentation is a summary of the results of nib holdings limited (nib) for the 12 months ended 30 June 2012 and an update on nib's activities and is current at the date of preparation, 20 August 2012. Further details are provided in the Company's full year accounts and results announcement released on 20 August 2012.

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.

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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.

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2012 FULL YEAR RESULTS

INVESTOR PRESENTATION

Monday 20 August 2012

nib