

4 November 2015

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

**Subject: 2015 AGM Chairman's script**

Attached is nib's 2015 AGM Chairman's script.

Yours sincerely



Michelle McPherson  
Company Secretary/Chief Financial Officer

**nib holdings limited (ASX: nhf)  
2015 Annual General Meeting - Chairman's Address  
Wednesday 4 November 2015**

---

I'm pleased to report another strong fiscal year for the nib Group.

First, a snapshot of our key performance measures, which make for very satisfying reading.

- Group premium revenue grew to \$1.6 billion, an increase of 9.6% on the previous year;
- Operating profit was up by 13% on our FY14 result to \$81.7 million; and
- Net profit after tax was up by 7.9% on our FY14 result to \$75.3 million and earnings per share was 17.3 cents.

These are the key performance indicators of our business and highlight the overall success of the business during FY15.

We understand that a strong dividend yield is of great importance to our shareholders. In FY15 the Board declared fully franked ordinary dividends of 11.5 cents per share, which was up on last year's dividend of 11.0 cents per share.

This represents a payout ratio of 67% of after tax earnings and is consistent with our dividend policy of paying fully franked dividends of between 60% and 70% of full year NPAT. We are using the rest of profits to reinvest in growing the business for the future.

Shareholders will have received the final fully franked dividend of 6.0 cents per share on 9 October 2015.

Against a backdrop of cautious consumer spending, we continued to grow our customer base across the business.

Our core Australian Residents Health Insurance – or arhi – business once again grew at a rate higher than the industry average, which is a trend that we are proud to have seen continue now for more than 10 years.

We had a net increase of more than 23,000 policyholders during the last financial year, and with that, the total number of people covered by nib passed the one million mark. Just as impressive is that we accounted for almost 15% of the industry's policyholder growth in FY15. We believe this indicates that despite our now 8% market share we can continue to grow above system for some years yet.

One million customers was a wonderful milestone that I know our employees took great pride in counting down towards the end of the financial year. As an organisation this is something that we should be exceptionally proud of. After starting life more than 60 years ago at the gates of the BHP Steel Works just a few kilometers away from here, nib is now a truly national and trans-tasman brand. It's a great tribute to everyone involved in the business today, as well as the many more who have gone before us.

And as Mark will share, we have a long-term strategy to participate in the globalisation of health and travel related covers.

The expansion and success of our adjacent businesses in FY15, and in turn their pre-tax earnings, accounted for 12.1% of our total operating profit.

The result was actually down on last year's contribution of 21.1%, but this was primarily due to an improved contribution from arhi, although there was some softening in part of the adjacent business portfolio.

Despite this, we remain very keen to grow our adjacent businesses and their contribution to Group earnings.

We continue to hear and read business commentary around 'globalisation', 'disruption' and the 'internet of things', which are sparking opportunities we are following closely.

Importantly, examining complementary prospects is something we have focused on in recent times, and we'll continue to investigate opportunities that offer significant economies of scope and synergies with our existing businesses.

I must add though that this pursuit and desire to invest in diversified business operations doesn't mean we'll be any less focused on our primary economic engine, arhi. nib has, and continues to be, a genuine pacesetter in the domestic health insurance market and we're very confident arhi still has strong growth potential as I highlighted earlier.

Our widely-recognised and respected brand, as well as the technologies and capabilities that we have across the Group, continue to be important levers to grow and diversify our business prospects.

The acquisition of World Nomads Group, which was completed on 31 July 2015, is a fantastic example of this. World Nomads is the third largest distributor of travel insurance in Australia and specialises in the marketing, sale and distribution of travel insurance policies globally. The business also meets our strict return on investment criteria. World Nomads is forecast to generate an underlying operating profit of at least \$10m in FY16, excluding one-off transaction costs and amortisation of acquisition related identifiable intangibles.

The acquisition of the World Nomads Group is an example of the nib Board and Executive team exploiting our own capabilities and looking beyond our traditional boundaries to leverage these capabilities where there is opportunity for long-term growth in adjacent industries.

Our investment portfolio again delivered against our internal benchmarks for the year, which resulted in a net investment return of \$31.4 million, or 5.8%.

This was due to a strong equity market, as well as the sale of a shareholding in Pacific Smiles Group in November 2014, which returned \$5.4 million.

When you exclude the benefit from the Pacific Smiles Group sale, investment return would have been \$26.0 million or 4.8%.

As at 30 June 2015, our investment assets totalled \$600.8 million.

As you'd expect, good governance, a focus upon return on invested capital, and managing the risks implicit in our portfolio of businesses remain priorities for the Board.

We continue to apply risk-based 'hurdle rates' in the allocation of capital and our risk framework is well developed. This is reflective in our Return on Equity, which was 23.1% in FY15, up from 20.8% the previous year.

Hand-in-hand with strategic planning is clear Board visibility of our key enterprise risks and how they are being managed.

As a Board, we're engaged at an early stage in management's thought process, which allows healthy discussion and debate ahead of any final investment decision.

Since listing on ASX in 2007, our financial performance has been consistently strong and delivered above-market returns for our shareholders.

Our total shareholder return, or TSR, since we listed on ASX to the end of FY15 is an enviable 519% compared to 15% for the S&P/ASX200 index.

For FY15, our TSR was 7.6% compared to 5.7% for the S&P/ASX200 index.

Our focus on disciplined capital management has also provided returns to shareholders totaling approximately \$162.7 million since listing, through a combination of special dividends and a capital return.

Our strong share price performance also resulted in nib being admitted into the S&P/ASX300 during March this year. Another nice milestone for the company.

I want to take this opportunity to briefly highlight the efforts we continue to make as a corporate citizen.

Since its inception in 2008, our flagship 'nib foundation' has committed \$14.9 million in grant funding to more than 80 charities. The focus of this funding has been on health challenges faced by young people and carers and we're very proud of what has been achieved by our foundation. The great work of the foundation is steered by its Board of Trustees, and its chairman Keith Lynch. Some of you will remember that Keith was the previous Chairman of nib holdings limited. On behalf of nib I would like to recognise the great work of our foundation and its volunteer Board of Trustees for their unwavering sense of community.

The foundation plays an important role in helping to meet the health and wellbeing funding needs of charities across the country, and in turn, deliver ongoing health benefits to the Australian community for many years to come. With the next round of community partners expected to be announced in coming months, our total funding support will be over the \$15 million mark.

Succession planning for both Executives and Non-Executive Directors is a key priority for the Board.

We have great confidence in our leadership team and as a Board we are very comfortable with our Executive planning and development.

We continue to be mindful of ensuring we meet our own tests of Non-Executive Director 'independence' and maintain an appropriate skills mix.

During FY16 we'll be looking to appoint an additional Non-Executive Director to the Board. Dr Annette Carruthers, our current longest-serving Director, has decided to retire from the nib Board during the next year.

I would like to take this opportunity to sincerely thank and pay tribute to Annette for her loyal, dedicated and committed service to the nib Board.

Annette joined the Board of nib health funds limited back in 2003.

As a well-respected general practitioner, Annette has been an outstanding contributor to the overall vision and strategy of the business over the past 12 years.

In her time on the nib board she has overseen the transition of the business from a mutual to an ASX-listed entity, the significant growth across Australia, expansion into new entities and enterprises, and of course, our move into international markets.

Annette has served on and chaired many Board committees and is also a member of the nib New Zealand Board.

I have thoroughly enjoyed my time working alongside Annette and very much valued and respected what she has brought to nib. I know this also goes for all the Directors sitting here today.

Annette, on behalf of the Board, as well as those past directors who've had the pleasure of serving alongside you, I would like to sincerely thank you for your 12

years of unwavering and dedicated service to the nib Board and wish you all the very best for your future endeavours.

Over the next 12 months and beyond our shareholders can expect nib to continue to expertly, creatively and responsibly pursue our mission of helping people access and afford healthcare when and where needed. Since 1952, this has been imperative to the strength of our company and remains the key to ongoing growth and prosperity.

In closing my presentation, I would like to thank and acknowledge the contribution of my fellow Directors, as well as congratulate Mark and his management team, along with all nib employees, on what has been an excellent 2015 financial year.

ends//