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Steve Crane: Ladies and gentlemen, good morning. My name is Steve Crane, Chairman of nib holdings limited and on behalf of the Board, it gives me great pleasure to welcome you here to The Amora Hotel in Sydney for the 2019 Annual General Meeting. Welcome to those shareholders who are joining via the webcast and its great again to provide the opportunity for you to be part of today's proceedings, including providing you with the opportunity to ask questions via the webcast.

Many sites of current-day meetings, including this meeting being held at The Amora Hotel, take place on the very land where the Gadigal people met for thousands of years. Everyone who is born in this country was born on traditional Indigenous land and therefore becomes part of its history and culture. It is our responsibility to honour those who came before us and honour their legacy by conducting our current business with respect and understanding.

In keeping with this, we would like to acknowledge the traditional owners of the land on which we meet today, the Eora nation and pay respect to our elders past, present and emerging. I would like now to welcome Gadigal Elder, Uncle Charles Madden, for the welcome to country. Charles.

Charles Madden: Thank you. Good morning folks, my name is Charles Madden, but known around the inner City of Sydney as Chicka. Now that's a nickname that I got many, many years ago, going to Redfern Public School, which is now NCIE, the National Centre of Indigenous Excellence. Folks, I'm from Gadigal land, Aboriginal land, that's the land we're on at the moment.

For many, many years I've lived and worked around the City of Sydney; I've been involved with many different Aboriginal organisations over the years; I've been a director with the Aboriginal Medical Service at Redfern for over 40 years, also a director with the Redfern Aboriginal Housing Company, Aboriginal Hostels Australia and the Metropolitan Local Aboriginal Land Council. I've got to mention it folks, also a life member of the Redfern All Blacks Rugby League Football Club.

Folks, for many, many years I've lived and worked around the City of Sydney. I'd like to take this opportunity this morning to extend a warm and sincere welcome to any of my Aboriginal brothers and sisters, non-Aboriginal brothers and sisters and if we have any brothers and sisters here from the Torres Strait or further afar across the seas, welcome. Welcome to Gadigal land.

The Gadigal clan is one of 29 that make up the Eora nation. The Eora nation is bordered by three distinctive landmarks. We have the Hawkesbury River to the north, Nepean to the west and the Georges River to the south. Those three rivers form the boundaries of the Eora nation. Folks if you've travelled across this great city of ours today, the state of this great country, welcome. Welcome to Gadigal land. Enjoy your stay, have a safe and trouble-free trip home. Once again, welcome, welcome, welcome. Thank you, enjoy the day, folks. Thank you.

Steve Crane: Thank you Uncle Charles for welcoming us today. It's now gone past 11:00am here in Sydney and the Company Secretary has advised me that we have a quorum present and so as such, I formally declare the meeting open.



Before we start our official proceedings, I would ask that as we've just heard, mobile phones be turned to silent and if you would like to use your mobile phone, please leave the room so as not to disrupt proceedings. I also note that the emergency exits are located through the entry doors, back there and I would now like to introduce the nib representatives that are joining me here today.

Firstly, our Independent Non-Executive Directors: at the far end of the table are Lee Ausburn, Jacqueline Chow, Anne Loveridge, Christine McLoughlin and Donal O'Dwyer; our Managing Director and Chief Executive Officer, Mark Fitzgibbon; Chief Financial Officer and Deputy CEO, Michelle McPherson; and Group Executive Legal, this is the longest title in the world I reckon, Chief Executive Legal and Chief Risk Officer, General Counsel and Company Secretary, Ros Toms.

Also joining us are other representatives from nib's executive management team. From New Zealand, our Chief Executive Officer, Rob Hennin. Rob, I might just get you to stand up so you can be identified later for questions; Chief Executive for People and Culture, Wendy Lenton; and also I'd like to welcome Anna Gladman. Anna, you might stand up, the Chief Executive of nib Travel. And I'm just going to mention that we're a pretty busy group these days, so we have a number of our executives, Rhod McKensy, Brendan Mills, David Kan and Justin Vaughan, who unfortunately weren't able to be here today, but I can assure you they're away on very important nib business and some of them are overseas, so that's unfortunate they couldn't be here.

Also attending today are representatives from nib's external lawyers, King & Wood Mallesons, share registry, Computershare and auditors, PricewaterhouseCoopers. On behalf of the nib Board, I want to thank Caroline Mara, Caroline you might just make yourself known. Caroline retires as nib's auditor, this her last Annual General Meeting for nib and I just want to say that we've been truly impressed with and been great to have her as part of the nib audit team. I thank Scott Fergusson, who is sitting next to her, is going to take over as our new audit partner and all I can say is he's got a very high bar to jump over, so good luck Scott.

Shortly I'll present my report on nib's operations for the 2019 financial year, before handing over to our Managing Director and CEO, Mark Fitzgibbon, who will give us his year in review and provide an outlook for our business for the 2020 financial year.

Following Mark's presentation, I'll then address the items of business as they appear on the Notice of Meeting, which are: consideration of the Financial Report, Directors' Report, Independent Auditor's Report of nib, each for the 2019 financial year, consideration of the Remuneration Report, the re-election of myself, Steven Crane, as a Non-Executive Director of the Company, the re-election of Donal O'Dwyer as a Non-Executive Director of the Company, and the approval of Mark Fitzgibbon's participation in the Long-Term Incentive Plan.

Shareholders, including those participating via the webcast will be given the opportunity to ask questions in relation to any aspect of nib, including its management. If you have any such questions or general matters of business, you would like to discuss, this should take place under the first item of business. For subsequent agenda items, I will only allow questions and comments specific to those items.

Questions will be taken from the floor firstly and then we will address any questions received from shareholders watching from the webcast. We've also received a number of written questions from shareholders prior to today's



meeting. I confirm that any shareholder who has submitted a written question will receive a written response from nib, as has been our practice.

We recognise that a significant number of our shareholders are also nib members. If you have a question relating to your health insurance policy, please take the time to speak to our member service representatives located in the foyer at the end of today's meeting. After the Financial Report, Directors' Report and Independent Auditor's Report have been considered, we will then deal in turn with each of the items of business set out in the Notice of Meeting. Please note that copies of nib's 2019 Shareholder Review and Annual Report and Notice of Meeting are available on the table at the back of the room.

Each registered shareholders should also have received an electronic handset at the registration desk that will be used today for voting and asking questions. In a few moments I will ask Simon from Computershare, who a lot of you will know because Simon's been also a regular visitor at our AGMs, to provide a demonstration on how to use the handset.

I would now like to present to you my report on nib's performance for the fiscal year 2019. As I shared in the Annual Report, 2019 was another year of strong Group financial performance with earnings up and membership growth across all business segments. It's performance that reflects our ongoing commitment to meeting the needs of our members and travellers. You'll hear from our Managing Director, Mark Fitzgibbon, shortly who will share with you the key performance metrics across various businesses and our thinking about what lies ahead.

Overall, I think shareholders should be pleased with fiscal 2019 in what has been and continues to be quite tough market conditions. In the year, total Group revenue rose an impressive 8.3% to \$2.4 billion, mirroring our Group underlying operating profit accretion of 9.2% to \$201.8 million. Group net profit after tax was \$149.3 million, a gain of 11.8% on the previous year, while statutory earnings were up 11.9% to 32.9 cents per share.

We were able to distribute 70% of those earnings by way of total dividends to shareholders of 23 cents per share fully franked, compared with the 20 cents per share for fiscal 2018. nib's dividend reinvestment plan was also available for the final dividend of 13 cents per share, which was paid on 30 September this year. We know the option of a DRP still remains one of the most frequently asked questions from our shareholders.

There is little doubt our performance since nib demutualised and listed on the ASX in 2007 has delivered good returns for our shareholders, 138,000 shareholders, many of whom are still nib members.

As a Board, we take great pride that approximately 65% of our current shareholders are still nib health fund members today after receiving shares in the Company following our demutualisation and, as we've always emphasised, continue to deliver great value products and services to our members aligns totally with our obligations to shareholders. We don't believe you can have one without the other.

Our total shareholder return since 2007 is over 1,700%, compared to 66% for the ASX 200 as at June 2019. A shareholder who invested, what does that mean, if a shareholder invested \$1,000 in nib shares at the time of our listing would now have a shareholding valued at approximately \$8,000 plus dividends.

I think the one thing that you would look at those numbers and how important dividends are to the total returns that shareholders get when they invest in a company that pays good dividends like nib. Today our market capitalisation



is approximately \$3.2 billion, compared to \$440 million when we listed. We are now included in the ASX100 list, reflecting this growth and nib's place in the Australian market.

Not that for a moment we are resting upon our laurels, we know past performance is no guarantee of future success, we remain as focused as ever on the purpose of your better health. Fulfilling our purpose has us delivering an increasing range of products and services.

During financial year 2019, nib helped fund almost 3.9 million ancillary visits - I love quoting these statistics because when you read articles about how private health insurance isn't doing its job, I just love to read these statistics - ancillary visits such as visits to dentists or optometrists, more than 333,000 hospital admissions and processed almost 24,000 travel insurance claims.

Health insurance is actually a very, very highly rewarding product as an insurance product compared to any other insurance product. Our largest single health fund member claim for the year was just over \$310,000. We also funded approximately 35,000 rehabilitation admissions and more than 3,300 births and in excess of 4,500 knee and hip operations.

In total we had approximately 2,300 members with claims greater than \$50,000 for the year. All in all, we paid out a record \$1.8 billion in claims during the year and while we're there to help fund treatment when our members need it, we're also doing more to assist our members to make better healthcare decisions and if they do need treatment, aiding them to recover as soon as possible.

There's no better example of this than our Clinical Partners program in the Hunter Region which provides our Australian resident health insurance members with a guarantee of no out-of-pocket expenses for knee and hip replacement surgery. These members can also access home rehabilitation plans, ensuring a speedy recovery at home. To date over 280 members have either enrolled or undergoing or have completed surgery as part of this program and based on the success, we hope to expand the program to other regions and include many other surgical procedures. This is all, again, to do with the out-of-pocket issue which we know is a concern.

Similarly in New Zealand, we're tackling medical cost variation head on with our First Choice Network. Our First Choice Network takes away cost uncertainty for our members by offering a network of medical professionals that agree to provide services and treatment within a predetermined price range. When a member visits a First Choice provider, it means that 100% of their approved costs are covered, meaning no additional out-of-pocket expenses.

Based on this program's success, we announced plans during the year to expand the First Choice Network to include additional medical treatment for different specialties. Mark will talk about this some more, but it's an exciting time within the healthcare sector generally and for private health insurance, despite what you may read.

As healthcare pivots towards a technologically charged future, one that it is more focused on prevention than just on finding cures, expect nib to be at the vanguard. At the months and years ahead, you'll hear much more about how we see our place as fast-moving leaders. Still, that's not to suggest there aren't near-term challenges.

We're not immune to macroeconomic factors and in Australia and New Zealand and globally, particularly the question of affordability looms large. As you're probably well aware, there's been no shortage of political and



media cynicism, some unreasonable, but some warranted. For example, an incidence of out-of-pocket costs for our members and indeed the entire population.

The high levels of out-of-pocket costs is especially a blight on our Australian healthcare system and now accounts for about \$30 billion or 17% of Australia's total healthcare spending. It's not acceptable.

However there are a number of factors that explain this predicament for those with private health insurance. High medical fees, variation - high medical fee variation amongst doctors is an issue. For example, that we know the fee for a prostatectomy ranges from just over \$1,900 to up to more than \$17,000 for the exact same treatment. From what we can discern, and we look at all this information, it doesn't seem to deliver any better clinical outcome.

This cost variation not only places pressure on individual members but the entire member population with premium increases. We are working hard to address this and other issues so that members are now able to call us, go online or check with their GP about the fee practice of the doctors they are considering.

As I mentioned earlier, our pilot in Newcastle is very deliberately guiding members to a no-out-of-pocket experience if that's what they want.

Another important development during fiscal 2019 was the Commonwealth Government's PHI reforms. nib was quick off the mark to make the changes and has already seen about 54,000 members actually reduce their premiums through the age-based discount and another 15,000 policies elect a higher \$750 front end excess deductible.

More generally we have worked hard to keep premium growth down, notwithstanding Australia's aging population. In Australia the premium increase this year was the lowest in 16 years, and the fifth consecutive year we have delivered an increase that was lower than the previous year.

We are also cognisant that companies and some industries are being scrutinised for their various environmental social governance and ethical practices. I can assure our shareholders the productive relationship with have with our regulators and industry stakeholders is not limited to our Australian operations. Our broad geographic operating environment means we apply Group-wide risk governance approach to all our obligations with global regulators.

For nib our sense of community and being a good corporate citizen is part of our heritage dating back to when nib was established more than 65 years ago as a sick and hospital fund for workers and their families at Newcastle's BHP steelworks. Pleasingly, the purpose and values the founders of our business used to establish nib back then are still very much part of our culture and DNA today.

Through our success we aspire to more prosperous and sustainable communities, and not only the creation of enterprise value. Mark will share further detail on our sustainability progress during the year, which highlights our ongoing commitment to helping making the world a better place.

As shareholders may recall at the 2017 Annual General Meeting nib shareholders overwhelmingly approved amending our constitution to allow dividends which had been unclaimed for five years to be donated to our charitable organisation, nib foundation. Prior to this change unclaimed dividends had to be transferred to the New South Wales Office of State Revenue I think after six years, that was right, yes.



The change in our constitution, which we still think is a first for a corporate Australia, means unclaimed dividends are better utilised and put to work by directly funding charitable organisations or initiatives to support community focused health and wellbeing initiatives. Since this change was made over \$1.3 million has been donated to nib foundation.

Today I am very proud to announce to our shareholders just how those funds will be put to work. Over the next four years nib foundation, using funds from the unclaimed dividends, will contribute \$1 million in funding towards closing the health and life expectancy gap between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians. It's just not good enough that today the life expectancy gap between Indigenous and non-Indigenous Australians is more than 10 years.

What makes this funding announcement exciting is that our foundation will be joining forces with the collective support of the nib Group to work together to help drive real change amongst the communities in which we operate. The money will be used to fund a suite of community partnerships and commission services. The expertise of nib Group we will develop and deliver targeted population health and wellness programs to tackle and help narrow this health gap.

Our foundation already has some experience in this field, successfully investing \$350,000 in recent years in seven Aboriginal youth health, mental health and wellbeing initiatives through our community grants.

However we don't for a second pretend to have all the answers. We will be looking to partner with the Aboriginal Community Controlled Health Organisations and other experts in this field as we build our understanding of current community needs and best practice response.

We will then trial and deliver specific projects as we leverage our existing partnerships such as the Richmond Football Club, who are leaders in terms of cultural awareness, holding Elevate RAP status and hosting a suite of Indigenous-led initiatives designed to support and empower young Aboriginal and Torres Strait Islanders to lead and thrive.

This is an exciting funding initiative and we look forward to sharing our progress with shareholders as we progress.

I would like to recognise the great work of our foundation, including Chairman, Judi Geggie and Chief Executive Officer, Amy Tribe, who are here today, as well as the entire volunteer Board of Trustees for the strong and unwavering sense of community that they have provided.

In summing up, while our financial and operating results reflect solid commercial and strategic execution across all parts of our business. They would not have been without the challenge and subject to appropriate discussion and interrogation by your Board. I can assure you we have very active Board meetings with the Management. We are not one of those Boards that's sitting there just nodding in the corner.

I would like to thank my fellow Directors and our Executive team, and all our wonderful employees across the nib Group for their ongoing commitment and sense of purpose to help deliver another successful year.

I would now like to ask our Managing Director, Mark Fitzgibbon, who will provide us with his summary of the year and outlook for the period ahead. Mark.

Mark Fitzgibbon: How's that sound, does that sound okay?



Female: Yes.

Mark Fitzgibbon: Well, thanks Steve. Good morning everybody, thanks for making the effort to be here this morning. Particularly those of you who may have travelled from Newcastle or north of here. I heard there was some problem on the M1, is that right? Did people get caught up in that? No? Oh, well, that's...

Male: No.

Mark Fitzgibbon: What's that? Yes, so it was a traffic jam. Yes, it's terrible when that M1 gets jammed up that's for sure.

Look, I was going to talk this morning a little bit about the future as much as the past, particularly acknowledging Steve's very eloquent coverage already. But that said I'll start off talking a little bit about the year in review. But as I say, I mainly want to focus on where we're trying to take the company.

We're quite ambitious at the moment, we have a view about the future which isn't the same as what our founding fathers, I'll use that expression, envisaged way back in the '40s when they actually called the business a hospital and a sickness fund. We see a future which is as much about prevention as it is being there for you once you're already sick. But I'll come back to that a bit further on.

So let's just talk quickly about our business strategy, and I'll elaborate upon this in 15 minutes to 20 minutes I've been allotted this morning. Our fundamental strategy, which is influencing every part of the business at the moment - and I'll talk, I'll expand on this point further on around this notion of personalisation.

This notion that more and more into the future we'll be able to ensure that the healthcare you receive, both preventative and corrective, is about you as an individual. Based upon your individual biology, your psychology, your social circumstances, your genetics and all those other factors which we know create us as individual. Rather than this one size fits all approach, which is essentially what most healthcare - they're called healthcare systems, but they're really sick-care systems. They're systems that respond once you're already sick or injured or in trouble.

So I want to talk a little bit about the future and how we're approaching this notion of personalisation or individualisation. Big emphasis, as Steve has touched upon, is around affordability and sustainability. It's very clear that a lot of households and people are struggling to pay their health insurance premiums and make ends meet.

So we're very conscious of that and very committed to making health insurance as good a value as it possibly can be. Recognising that affordability is a relative construct, it's the price you pay is relative to the value you get. So it's not just all about reducing cost, albeit important.

The third part is around growing our traditional - that sound is coming in and out, is that something I'm doing? I'm too close, is that it? Okay.

So the third part of our strategy is about our traditional business, what we call arhi, that's the acronym we use but its Australian Residents Health Insurance. That's insurance we provide to Australian residents, as distinct from insurance we provide to international students, as distinct from the insurance we provide in important markets like New Zealand, and even today we'll hopefully see and in China.



So focusing upon our businesses remains a core part of our strategy. It's more than 70% of our earnings, and we cover over one million people in our business. Developing that core to support a range of other businesses has been a well-established strategy of ours.

So if you go back 10 years ago, virtually all of our earnings came from that core arhi business. Today about 72% to 73% of those earnings do. But we have developed a range of what we call adjacent businesses - such as international students, international workers such as New Zealand, such as our travel business.

Racing the Red Queen is a little bit cute, but it's just a characterisation we use to describe the process of innovation that we see as so critical to being successful as a business. We have a philosophy if you like, a mantra, that the status quo is death. That if we keep doing the same things week-in week-out, month-in month-out, eventually we'll fail.

That necessarily if we're going to prosper as a business and adapt to changing market conditions we need to experiment as a business and amplify those experiments that work. While cutting off those that aren't so successful. There's been a few of them amongst the successes, don't worry.

So I think Steve's covered most of this in terms of the revenue growth, the growth in profitability. I think the stand out figure for me here, I've touched upon the contribution that our adjacent businesses are making, which is a very significant one today. But the stand out number here is our return on invested capital.

So if you think of our business as a factory worth \$100. For every \$100 invested in our factory we are generating about \$19.10 from that factory. That's a very impressive return on invested capital. The banks would love to have a return on investor capital like that.

The issue when you're generating a return on invested capital like that it's hard to improve that return because it's already so high. It's so high above the cost of your capital, as the cost to you shareholders of your equity, or the cost that the bank charges us on our debt.

So, necessarily, if you're going to grow earnings, you have to grow the business, you have to grown the top line of the business and hopefully, with that, the margins within those businesses. So, a big call on the company in the future. If growing your return in invested capital is going to be more problematic, because it simply gets so high, then, of course, if it gets so high, it tends to attract competition, competitive forces.

So, recognising that we need to generate, deploy more capital in the business to grow our business and to grow our earnings. You're seeing a little bit of that in our guidance, which I'll finish off with today, our flat level, or flat level of profitability, as we're guiding the market, reflects the fact that our earnings have been very strong, our return on invested capital has been very strong.

Really, if we're going to, as I say, improve that, we're going to have to employ more capital and work even harder in expanding the business, has we have before, for a long time, this far. So, just talking a little bit about the individual businesses. This is arhi and our won't go through all the numbers.

I guess the stand-out here, for me, is the fact that our membership growth of 2.1%, although not high, by our historic performance, still well and truly exceeded the total system growth, which was an anaemic 70 basis points, so 0.7%. So, notwithstanding the tough market conditions that Steve referred to, we continue to grow that arhi



business. During the year, we integrated a business called Grand United, or GU. This is a business we acquired in - help me, Michelle, here.

Michelle McPherson: October 2017.

Mark Fitzgibbon: October 2017. Thank you, Michelle. So, a lot of efforts gone in to integrating that business into the core arhi business. It's been a particularly important initiative, because GU Health sells health insurance to people through employers. Now that's something we've done historically, but not with the same level of penetration, significance, as the GU acquisition has brought to the business.

So, it's a very important sales channel development that's occurred within the business. It's doing very well, its performance to date is much better than what we assumed it would be, when we paid the circa \$150 million to acquire the business.

New Zealand continues to perform well. It's growing its membership. Profitability was a little bit flat last year, but this is a high-margin business. So, when your margins are relatively high, high relative to Australia I should say, volatility can be more an issue. But we're very happy with where the business is. We're very happy with the performance of Rob and his team and our Board in New Zealand.

You can see the unquestionable growth that's occurring there. One of the really profound initiatives and the relevance of this will become more apparent as I talk about personalisation, is the fact that we're now providing health insurance to an iwi or a Maori tribe, called Ngāti Whātua Ōrākei. I got that pronunciation fairly right, Rob?

So, this is a situation where the tribal elders have decided that in order to improve the health outcomes of their 5,000 members, they're going to provide, fund health insurance for all those members. But we just don't want to be there to pay the bills once the iwi members become ill, we want to be at the forefront with them and their doctors, to help them understand the risks associated with that population.

These populations unfortunately have elevated risks, which you can well imagine, around things like diabetes. So, we want to work more closely with the tribe to help them understand the inherent risk associated with the tribe and help them better manage those risks, to the point of even preventing the risk, or, more precisely, treating those risks.

So, it's a very important pilot and development within the business, to develop and hopefully prove out this capability that we hope to have around managing discrete populations of people, whether they be an iwi tribe, based in Auckland, or an Indigenous community based in outback New South Wales, or even a group of people in a regional town like Cessnock, or Wollongong, or whatever the case may be.

Our international inbound health insurance, this is a combination of international workers and students. Again, I won't go through the numbers, you can see it's quite a material business and one that's growing quite prodigiously. It's also been a market place in which we've been very disruptive. Disruptive in the sense that, for example, we now sell to students, mainly through education agents in Australia, but mainly in foreign countries.

So, in the past, students when they came to Australia, they used to buy their health insurance, typically, from the university, who got paid for providing that service. We disrupted that distribution process and went upstream to the



education agents, who were selling the educations in the first place and said, hey, are you guys interested in also selling health insurance?

They really leaned into that idea and it mainly explains the success we've had with international students. nib Travel is still our relatively neophyte business. We acquired this business now...

Michelle McPherson: July 2015.

Mark Fitzgibbon: ...in July 2015. So, it's more than four years ago, but frankly, we're still finding our way. We're still very confident about the business's prospects. Travel insurance on the back of people, societies becoming wealthier - travel insurance, on the back of people travelling more, they're buying more travel insurance globally. We like that thematic.

In fact, most of our sales are now in foreign markets, rather than Australia. We're also moving up the value chain in those foreign markets. In those foreign markets we sell and distribute to travel insurance, we don't actually operate the travel insurance business, or underwrite the travel insurance business. Save and except where, now, in Europe, where we've created a business to capture more of the premium dollar, to capture more of the value associated with this product.

In Australia, we're both the seller and distributor of the travel insurance and the operator of the insurance business, we don't underwrite the book. We're buttressing that - that domestic business hasn't quite been as strong as the international business. Most of the sales growth has been in international markets. But we've buttressed the domestic business through a recent acquisition of QBE's travel insurance business, which we paid circa \$30 million for last year.

Michelle McPherson: \$24.2 million, you've rounded up.

Mark Fitzgibbon: I've rounded up, okay. So, well, look, we're very excited about this business. The earnings aren't where we'd like them to be yet, but we're very confident, based upon the analysis we've done and the tactics we now have in place, that this business will do very well for us. We have a brand-new leader in the form of Anna, who was introduced this morning.

We have this little business in China today, a joint venture with a large traditional Chinese medicine pharmaceutical company called Tasly. We will hopefully be selling health insurance in China before the end of this fiscal year, once we have a license to do that. In the meantime, we have a much deeper understanding of the market place. We have a much stronger relationship with our JV partner, Tasly, time has built that relationship.

We have a very strong team of about 25 people based in Shanghai and Tianjin, who aren't sitting around, I should add, waiting for us to receive our regulatory approval to sell health insurance. They're already out there, approaching companies and providing health services to the employees of their companies like health checks and advice. Already they're generating about RMB 5 million, that's about AU\$1 million, in revenue. The pipeline is looking quite attractive, as well. So, it's a little bit frustrating that we haven't yet received our licence to be able to sell health insurance, but in the meantime, our team there aren't wasting time and resources.

Okay, this is just - Steve touched upon the pilot in Newcastle, whereby if you contact our in-network orthopaedic surgeons, you'll be guaranteed no out-of-pocket for that treatment, no out-of-pocket from the surgeon, or the



anaesthetist, or a junior surgeon, whatever the case may be. That's a very significant development, given that today, there's been a bit of a - well, depending upon which doctor you saw, and most consumers virtually have very little information on which to base that decision. You could have a large out-of-pocket. So, we're trying to correct that. We're trying to correct that with the pilot in Newcastle. Obviously, if that's successful, we'll look to expand that concept around the country.

The other significant innovative thing we've done just recently, is to allow people to search and find and select a surgeon on their nib app on their phone, or by calling us, or even now, with their GP, assuming the GP has the software, which contains the sidebar, you can, with the GP, find a doctor and better understand how previous consumers have rated that doctor and importantly, their rate of participation in our MediGap scheme.

So, if you can improve your confidence that the doctor typically accepts our MediGap payment, that augurs well for you, in terms of not encountering an out-of-pocket. So, it's a good example of what we're doing in the business, to empower consumers to make more informed decisions about their treatment and the selection of a medical provider. Has anyone downloaded the app? It's really easy.

When you get the opportunity, go to the App Store, download your nib app, for those of you are nib members. To get a sense of how this works, you'll have a little template, just click on find a provider, it's very simple. It will ask you what kind of treatment you're looking. So, if it's hip replacement, hip replacement. Where do you live? If it's Wollongong, Wollongong. It will bring up a list of doctors who are on our schedule. It will give you an indication of how other patients have rated them.

As I say, give you an indication of whether or not they're likely to accept our MediGap payment. Of course, if it says that 85% of the time they do, that gives you consumerist power, because if they're not wanting to accept our MediGap payment, you can say, well, hold on, why am I different? I know from this information that nib has provided, that you accept nib's gap in 85% of the circumstances, why aren't you proposing to do it for me? So, it's giving consumers real power to be better purchasers of their healthcare.

Little bit about personalisation. So, we listed a company back in 2007. The analysts scratched their head a little bit, the analysts who cover healthcare, stock market companies, as to whether we were a finance company, an insurance company, or a healthcare company. Well, they landed on the view that we're essentially an insurance company or a finance company.

I think that was right, well, I'm sure it was right. Because our purpose has been largely about helping you pay for the doctor in the hospital, or the dentist, or ambulance once you're already sick. We see the future differently to that. We see a future in where our role in helping you access a doctor and pay for the doctor in the hospital is still going to be vitally important and perhaps we need to expand our thinking around how we do that.

Because if you're really sick, you need more financial support than just being able to pay the doctor and the ambulance and hospital. You might need financial support, in terms of substituting for your income, or home care.

So, we're thinking very deliberately, as a business, in this world of personalisation, about how can we provide people with a level of financial protection? Which protects them against all the costs they're likely to encounter in the case of a serious sickness or accident.



That will remain important to us but more and more the future to us, enabled by the wonderful advances which have been made in medical science and this digital world, that more the future for us is arming you with information and support which allows you and your doctors to predict your risk profile as an individual.

Some of us might look very much the same but we may have completely different risk profiles, because of our genetic condition. We want to help you and your doctors predict that risk and provide you with much deeper insight, aided by big data and data science and machine learning, into how you might better prevent, manage or more precisely, treat that risk.

I think in years to come - there was a major breakthrough last week around Lynch Syndrome. I don't know how familiar you are with Lynch Syndrome but its predisposition - a genetic predisposition to cancer. So, basically, if you have a Lynch Syndrome, your chances of getting bowel cancer are 50% higher.

I think some future society will look back and think, how on earth did they operate a system in which people weren't even aware whether or not they had Lynch Syndrome? Because if you do have Lynch Syndrome, early detection and awareness is really important to preventing or managing the risk of that disease.

In this world, we want to assemble for our members and their doctors - this is not us taking over from doctors but we want to assemble for our members a deep insight, a reliable risk profile about them as an individual based upon being able to collect their data and interpret that data. We think that will be a valuable part of our future value proposition.

Our purpose as a company moves beyond just financial protection, more providing you with the information, the risk profile, the guidance as to how you can better prevent or manage a risk or more precisely, treat it and importantly, the services to do that. For example, let's just say your risk profile indicates you have an extremely elevated risk of skin cancer. We're the guys who want to be - we're the guys who will discover that for you and then we're the guys who will hopefully be able to support you with new products and services which go beyond just fixing you once you're already sick.

We're providing you with, for example, a drug which increases your skin melanin or giving you free trips to the dermatologist every six months. Or, doing a deal with Chemist Warehouse which guarantees you have free sunblock all year round or giving you the best skin check app in the world and rewarding you for using it once a month.

That's the future we see for the company, in which we're still there to help and support you once you're sick but we're as much there to help you understand your risk factor and manage the risk pertaining to you as an individual. There are a lot of challenges around this, as you can imagine, in terms of people's suspicions about the security of their data and how that data is going to be used.

Obviously, we're very conscious of that and we're spending a lot of time thinking about practice and policy to redress those very legitimate concerns. There are many challenges around actually assembling the technology and the science necessary to make this all a reality. We understand talk is cheap, that ultimately, people will only judge us based upon our progress in making this real for people.



There are all sorts of challenges around engaging the doctors and our members, because there's no point us knowing with great precision a member's risk profile and what might be done to better prevent that disease or manage that disease if the member and their doctors aren't engaged and don't believe in it. Of course, it's about providing the technology, the in and out of thing type tools and support mechanisms to help people actually engage in better managing their healthcare.

The benefits to nib are obvious; we get healthier members, hopefully, through greater emphasis on prevention, rather than cure; we get a stronger value proposition. I think this is going to be especially important to attracting younger people, because most younger people, as you would understand, regard their risk of ending up in hospital as low.

Because they're young and fit, typically but the idea that we can help them better understand their inherent risk, be they DNA or otherwise and help them prevent ever encountering that disease or whatever the risk may be, I think is a powerful value proposition.

The capacity to afford a broader range of products and services; the way this works commercially for the company is that if we are very good, without compromising clinical outcomes, ideally - the goal is to improve health status and clinical outcomes. If we are very good at that, we're keeping people out of high-cost settings like hospitals and the savings associated with that effort can be used to fund the kind of additional services I gave an example of, with skin cancers, such as the free sunblock, the app, the free trip to the dermatologist, the free drugs, et cetera.

It enables us to not reduce our loss ratio; our loss ratio in the business is about \$0.84 in the dollar. We keep that because that's providing value for people but allows to use those savings to fund a broader array of products, services and support.

The future is as much about if you join nib, its subscription; it's not just buying a health insurance policy. It's buying membership to the nib system, which still includes financial protection and maybe financial protection beyond just paying for the doctor and the hospital but also, it gives you access to your electronic health record, your risk profile and a range of products and services designed to mitigate risk. Ultimately, hopefully it provides an enhanced role for health insurers.

There's a lot of scepticism out there at the moment about private health insurance and what is its role in the future? We think it's a very important role in the future and we think even under the status quo, its role will grow but in this world, we become much more attractive to policymakers and governments as a vehicle to help them manage very difficult populations, such as what we do in New Zealand with Ngāti Whātua Ōrākei.

Steve's already covered the sustainability principles and our emphasis on this. We really do believe with all our heart that the success of our company is only as good as the sustainability of the communities in which we operate. Like most companies, we've signalled a number of areas where we're concentrating our attention. Probably the area which we will have most impact or the potential for most impact, of course, is in population health, for reasons I've already covered. That's not to say that we don't take our responsibilities around elements such as the natural environment very seriously.

Just recently, we completed our first audit of our carbon emissions - our carbon footprint; 50% of our footprint is, what would you guess; it's electricity; it's power. Interestingly, 45% was air travel so that's something we're thinking



about. Daylight was third; you had to look at paper consumption, which is about 5% of our carbon footprint. We're starting to measure our carbon footprint and of course with measurement comes action.

The outlook for the business; most of this we've covered in previous guidance to the market. We're still expecting organic growth in our arhi business of somewhere between 2% or 3%. We started the year off fairly positively, I have to say, notwithstanding tough market conditions.

We expect our margins and arhi to be in the range of 6% and we're always open to our M&A possibilities. We acquired a business GU, which I spoke about earlier last year and who knows what the future may hold? We're always looking around although acquisitions in the arhi market are notoriously difficult.

We see continued organic growth in our international workers and students' business and very strong insurance margins, recognising that when - as I commented earlier, when your margins are high, a little bit of volatility can knock around your earnings so the emphasis is still very much growth in those businesses.

We're looking at other potential markets. We currently insure students who come to Australia and just as of recently, New Zealand as well but we're starting to make sales for students going to other foreign destinations, such as USA. That's an interesting possibility in the business.

I've discussed travel earlier on. We have to improve our domestic performance and we are and we continue to invest in those international markets where, as I touched upon earlier, growth is quite prodigious. We think we - if we can reduce our operating costs in our business, we're still synergising, pardon the expression, that business with our - with the core nib business but expect dramatic improvement there within the next two years and I touched upon China earlier.

With that - and our guidance is pretty much as - well, it's not pretty much, it's exactly as we previously communicated to the market. So, with that Steve, I'll finish up and as always, more than happy to take any questions further on.

Steve Crane: Thank you, Mark. As you say, we're - as you can see from that, we're a busy company and as a consequence, we're a busy Board, I have to say but there you go. We'll now proceed to the formal business of the meeting and I propose to take the Notice of Meeting, convening the meeting as read and to maintain the flow, I'll dispense with the formality of moving or seconding resolutions as all matters are properly before the meeting.

Please note that matters not pertaining to the meeting will not be covered today. The voting procedure for today's meeting will require all resolutions to go to a poll, as it is important to recognise the voting intention of all our shareholders, including those here today and those who are unable to attend in person.

I'm now going to hand over to Simon from Computershare, who will demonstrate how to use the electronic handsets that were provided when you registered today. Simon.

Simon: Thank you, Chairman and good noon, ladies and gentlemen. This year we will again be using the handsets for voting and for asking questions. Shareholders should have received a handset and a white plastic smart card as they entered the room. If this is not the case or you have any difficulty with your handset, or are unclear at what to do at any stage, there are Computershare representatives around the room that can help you.



Once the voting starts, your voting options will appear on the handset screen. To vote for the resolution, please press one; to vote against, press two and to abstain, press three. Your vote will then be displayed on the handset screen. People appointed as proxies should vote in the same method, that is to press one for for, two, against and three to abstain. This will cast any open votes that you have available to you as a proxy holder.

Once the poll is closed, the results will be displayed as a full poll result, showing the combination of votes cast in the room as well as those proxies received prior to the meeting. In order to familiarise yourselves with the voting system, I will conduct a test resolution and here it is. Do you support the legalisation of marijuana for medicinal use? The poll is now open. To vote in favour, press one; to vote against, press two and if you wish to abstain, press three.

Just give me one minute. Right, now it's open. So one for, two against and three to abstain. On the screen in front of me I can see that a large number of you have already voted. Is anyone having problems with the handset now? Yes, thank you. I'll just give that shareholder a couple of seconds to sort that out. Okay, are we good to go then?

Great. Okay, I now close the poll and we can now see an overwhelming result and on that basis the resolution has been carried. The handsets will also be used today as a microphone during the question and answer session. When the Chairman opens the floor for questions you'll see a prompt on your handset that asks you to join the queue. If you wish to ask a question simply press the microphone button followed by the green button.

A confirmation message will appear on your handset display confirming that you're now in the queue. Your name will then appear on a list in front of the Chair and when the Chair asks you to speak, your handset will automatically be activated. Please stand and ask your questions and speak into the microphone located at the top left hand corner of the handset.

Please hold your handset close to your mouth and we will all be able to hear you. Once you've asked your question your microphone will be deactivated. If you wish to ask another question, simply repeat the process to re-join the queue. Thank you ladies and gentlemen, I'll now hand back to the Chair.

Steve Crane: Thank you Simon. Before we move onto the first item of business I would like to clarify the process for asking questions. Firstly I ask that all questions be addressed to me as Chairman. Only those who are registered with a handset are entitled to ask questions in person at today's meeting. In addition, only nib shareholders are permitted to ask questions via the webcast today.

I'll endeavour to answer all relevant questions from shareholders during today's meeting. However, as Chairman I reserve the right to rule out of order any question or questions I consider to be outside the scope of the meeting.

Item 1 on the agenda is to receive and consider the Financial Report, Director's Report and Independent Auditor's Report of nib and the entities it controlled for the financial year 30 June 2019. These documents were sent to shareholders who were on the nib register as at 26 September 2019 and the Notice of Meeting, Proxy Form and other associated documents were dispatched as required by the *Corporations Act* on this date.

Shareholders would have received this information in accordance with their selected nib shareholder communications preferences. Please note that if you haven't notified nib's share registry regarding your shareholder communications preferences the default preference is that you will receive the Notice of Meeting,



Proxy Form and other associated documents in hard copy. If you would like to discuss changing your nib shareholder communications preferences please see a Computershare representative in the foyer at the end of the meeting.

I now put before the meeting nib's Financial Report, Director's Report and Independent Auditor's Report and invite any questions in relation to those reports or any aspect of nib's operations or its management generally. Are there any questions from shareholders in relation to the reports of nib's operations or its management generally?

I would like to remind you that this is the only item on today's agenda where you have a formal opportunity to ask questions or make comments about the performance of nib and its management. I haven't got any questions at this stage. I would like to advise the meeting that Miss Caroline Mara, Partner from PriceWaterhouseCoopers is here today and available to respond to questions.

I remind shareholders that Directors are responsible for the preparation and presentation of the Financial Report and the auditor's responsibility is to conduct an audit and give independent opinion on that Financial Report. I note that the auditor has determined that there have been no valid questions received from shareholders regarding the audit. But I'll now go to Mr Geoffrey Orrock to ask a question.

Geoffrey Orrock: (Shareholder) Well good afternoon Chairman, good afternoon Board. My name is Geoff Orrock. I'm here today from the Australian Shareholders' Association. I'm representing 131 nib shareholders, voting 455,000 shares valued at \$3.2 million. Chairman, just a comment.

It's been another great performance this year, well-earned bragging rights, I might comment. I'd just like to say well done to the workforce, the management and the Board. In the last four years shareholders have done very well in dividends and share price appreciation.

I just have one other comment, that my organisation believes very strongly in Board diversity and this Board is one of very few Boards with the majority of independent women Directors. I might just mention that the four year total shareholder return has been around 154% which is a very, very enviable record. Chairman, I only - I'll finish by - I won't be bobbing up and down all morning. I'll advise that ASA will be supporting all resolutions today. Thank you.

Steve Crane: Thanks Geoffrey and we enjoy and respect the relationship we have with the Australian Shareholders' Association. We do meet with a wide range of shareholder representative groups and proxy advisors and our major shareholders prior to this meeting, as part of our making sure that if there are any issues that we're dealing with them appropriately. So thank you for your support. Peter Berger yes, thanks Peter.

Peter Berger: (Shareholder) Good afternoon Mr Crane. Firstly I wanted to say it's a pleasure to come here to this new venue. I hope you keep having meetings here. Also it was great to see that membership has increased above the norm in the industry. Sorry. I forgot this.

Steve Crane: That's alright. Sorry I've been focused on [unclear].

Peter Berger: (Shareholder) Anyone not hear what I said before? Right-oh, anyway yes a pleasure to come here to this venue, I hope we come here again. Also good that the membership has risen. Now this is an issue that I think might seem tangential but I think it does affect shareholders in the terms of what happens to the value of their shares.



This morning on ABC Radio they had a 10 minute discussion on the Choice Magazine reporting on Australian health funds charging more for their so-called silver plus policies than their so-called gold policies, in effect charging more for giving less benefits to customers. Is our fund in this Group and if it is, what are you going to do? Thanks.

Steve Crane: Yes, yes. Well look I'm going to ask Mark to respond in detail. But look there are - because of the gold, silver, bronze basic packaging there were gaps in the coverage and that's why silver plus was created. It was to try and fill a gap for member choice and I don't think - I'm very confident that that's a meaningful change not just a sham. But Mark you might like to comment yes.

Mark Fitzgibbon: Thanks Steve. Look I haven't studied the press report as yet but the quick briefing I have received is that what they're - so for those who may not be familiar with the story, we have a new taxonomy, a classification system in health insurance. Basic, bronze, silver, gold and your level of cover logically increases with that labelling, categorisation. So you'd expect a basic product to be cheaper than a bronze product and a bronze product to be cheaper than a silver produce and a silver product to be cheaper than a gold product because the cover improves.

What Choice are alleging is that in some cases between funds, not within a fund is my understanding, that you can pay more for a silver product with health insurer A than you do for a gold product with health insurer B. Now I accept that if they've done the analysis that's a fair observation, but I'm not necessarily bothered by it. I think that's where competition comes in. You know we have quite a unique system in Australia and its called portability.

You can switch your health insurance from one provider, one carrier to another very easily. Without any penalty, without having to re-serve waiting periods, without having pre-existing conditions excluded. So my view is consumers should be out there listening to Choice and checking their cover and if they feel as though they can get a better deal - although I've come to detest that word deal - if they can get a better cover for a lower price with another health insurer, if they are paying more for a silver product with insurer A than they would be for a gold product with insurer B, well they should shop around and transfer their membership.

As far as I'm aware based upon the limited briefing I've had so far, we don't have any situations where our silver products - I'm being cautious here because we have some old closed products which aren't on sale. But certainly for products on sale, new products on sale...

Michelle McPherson: I'm reading from a briefing that has just come through. We do have nib silver advantage hospital plus that against another open fund appears to be \$1 a month...

Mark Fitzgibbon: No, no but I'm saying within the fund.

Michelle McPherson: Yes, not within.

Mark Fitzgibbon: Oh within. Yes okay, so that's what I'm trying to clear.

Michelle McPherson: Yes.

Mark Fitzgibbon: Within our fund we don't have a silver product which is more expensive than a gold product. So the comparison Choice is doing is between funds and I think that's a good thing. I think it's a good thing for Choice to do.



Steve Crane: Yes.

Michelle McPherson: Our silver plus product has a number of gold features in it that are of value to members and were considered when we were looking at implementing the changes to make sure that we didn't disadvantage members who were already on that level of cover.

Steve Crane: Yes, thank you. Are there any other questions? Okay, well now that we've considered the reports, we'll deal in turn with each of the resolutions set out in the Notice of Meeting. The voting procedure for each resolution is as follows: I'll explain the resolution, there will be an opportunity for discussion, comments and questions regarding the resolution and at this time I'll inform the meeting whether any proxy votes have been received and how the proxy votes are to be cast.

I will then call for a poll on the resolution. Voting to pass a resolution we term via full poll resulting in the combination of votes cast in the room and proxies received prior to the meeting.

On page 2 of the agenda relates to the Remuneration Report contained within the Financial Report for the 2019 Financial Year and in accordance with the *Corporations Act*, this vote is advisory only and the outcome will not be binding on the Board. In presenting the remuneration report, we have endeavoured to provide shareholders with a clear and comprehensive information on the terms and of the rationale behind nib's remuneration reward framework. nib's approach to remuneration is simple and underpinned by a strong governance framework.

Our philosophy needs to be fit for purpose, aligned to our organisational strategy and ensure it keeps pace with our growth aspirations while also allowing us to continue to attract, motivate, develop and retain the right people to lead the nib Group. Consistent with our approach in previous years, we have also remained actively engaged and seek regular feedback on our remuneration framework from a range of key interest groups including shareholders, proxy advisors and other shareholder representative groups including, as I mentioned earlier, the Australian Shareholders' Association.

The Board believes that nib's remuneration structure creates an incentive for exceptional performance from our executives and certainly based on performance that's what's happened. It delivers financial reward for them, when your investment in nib has increased in value and that it is competitive and reflective of comparable roles in the market. The directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report for nib for the Financial Year ended 30 June 2019 as set out in the Director's Report.

Are there any questions or comments relating to this resolution? Well there being no discussion, I'll now reveal the proxies received prior to the meeting in relation - sorry there's a question. That's okay, we'll get - that's not a problem - we'll get - can you...

Howard Coleman: (Shareholder) [Unclear].

Steve Crane: No it's - yes, it is. Good, Howard, yes. There you are - I could see it was coming from this general direction. How are you? Good to see you again.

Howard Coleman: Fine and you?

Steve Crane: Good to see you again.



Howard Coleman: Good to be here and once again congratulations to you and your Board and to Mark and his team on a fabulous year. I think this is really one of the outstandingly well-run companies on the ASX and as you know we regard it as one of our [unclear] in Team Invest. In regards to the Remuneration Report, two comments, we always look at a Remuneration Report from three perspectives, that's clarity, alignment and quantum. Very clear report, even better than last year's so well done there. Quantum very happy with that.

In terms of alignment, I know the standard is to use roughly half the LTI being for EPS growth and the other half being for total shareholder return, as you know we've mentioned before we're not keen on total shareholder return because it's totally dependent on market opinion at the time and is not something that management can really have much control over. So we'd prefer that there is a greater move towards earnings per share and I'll leave you an opportunity to answer that in a moment.

My other comment is you've mentioned that you'd spoken to a lot of proxy advisors, the Australian Shareholders' Association et cetera beforehand, not to us. Considering that we represent considerably more shares than the Australian Shareholders' Association by quite a significant amount, I would have thought that you would have contacted us although I think you knew what our views were anyway.

Steve Crane: Well I think it's, Howard, I think it's - thanks for the question and the interest first of all. Second, I think it is an oversight, so we'll make sure that we see you next time and we'll make sure that we have that conversation because we're not averse to having conversations about what our shareholders have to say. Look...

Mark Fitzgibbon: We have presented to Team Invest [unclear]

Howard Coleman: [Inaudible- microphone inaccessible].

Steve Crane: No, but I think Howard's talking about us going along really to talk about the issues presented in the actual Annual Report. So I think that's...

Howard Coleman: [Inaudible- microphone inaccessible].

Steve Crane: I know we've made presentations to - management presentations to the Group.

Steve Crane: Look, I think we'll make sure that we cover that next year so apologies for that. The second thing is look, I think it's interesting, I mean Lee and I do - and Lee does most of the work because she's the Chair of the Remuneration Committee and she does a fantastic job. The two of us go around and meet a lot of, as I've said, a lot of major shareholders and proxy advisors. There's a whole bunch of those people who don't like EPS so we're constantly battling different shareholders' views of what's important.

I think when we come to say and we're trying to take those into account but when we look back at what this Company has achieved and how it's produced value now over quite a long time, certainly my nine years now on the Board, it's been working. You don't produce the sort of results we've produced over this length of time if this system isn't working.

There's a strong understanding between Management and Board about what's required to earn the income that they earn. So I suppose we've now no tremendous incentive to change a system that appears to be working in the interests of shareholders when actually some of our shareholders have differing views about what effect the hurdles should be. Look, I take it on board and I'd be very happy to have that conversation.



Howard Coleman: [Inaudible- microphone inaccessible].

Steve Crane: That's okay but I think we're still very happy to have those interactions so thank you, Howard.

Steve Crane: Are there any other questions on the Remuneration Report? Okay, there being no further discussion, I'll now reveal the proxies received prior to the meeting in relation to this resolution which are now to be displayed on the monitors.

As the Chairman of the meeting, I've been appointed proxy by some shareholders to vote on this resolution and I intend to vote undirected proxies that can be voted on this resolution in favour of Item 2. Please note once again that under the *Corporations Act* this resolution is advisory only and does not bind the Board - the Directors of the Company.

Prior to putting this resolution to a poll, I would note that there are voting exclusions for this resolution. These exclusions are outlined in detail on page 2 of the Notice of Meeting now displayed on the monitors. I'll now put to a poll the resolution that the Remuneration Report of the Company for financial year 30 June 2019 as set out in the Director's Report is adopted.

Please enter your vote now. To vote for the resolution, press one. To vote against the resolution, press two and if you wish to abstain, press three. Thank you. I can see you all there putting your entries in as the number goes up.

I think we're - there's still a few votes outstanding but sometimes my experience is not everybody seems to vote on every item. So I think it looks like we're finished. So I'll now declare the poll on this resolution closed and here is the result of the poll which has been determined by a full poll result showing the combination of votes cast in the room and the proxies received prior to the meeting.

I hereby declare this resolution carried. Thank you for your support. Item 3 on the agenda is the re-election of myself as a Non-Executive Director of nib. For the purposes of this item, I am going to hand the meeting over to Anne Loveridge, Non-Executive Director and Chairman of nib's Audit Committee. After the poll of this resolution I will resume the role of Chair of the meeting. Anne.

Anne Loveridge: Good morning, everyone and thank you Steve. Mr Crane is considered an Independent Director in accordance with the ASX Corporate Governance Principles and Recommendations of 2007. In accordance with the ASX Listing Rules and nib's Constitution, Mr Crane retires from office at this meeting and being eligible for re-election office himself for re-election as a Non-Executive Director. The Notice of Meeting provides an overview of Mr Crane's professional experience and service to the Board. I now invite Steve to address the meeting regarding his re-election.

Steve Crane: Thanks Anne. Well first of all it's a privilege ladies and gentlemen to have spent the last nine years on this Board. I've spent most of that time, a great majority of that time, as the Chairman.

I hope that and believe that my previous executive career in financial services and my extensive and quite broad non-executive director experience has been beneficial in how we conduct and the value I can contribute to this Board. In that long time I've seen both the good and the bad and this is definitely the good.

I remain very excited about the prospects for nib and the quality of this Management Team which I can just assure all shareholders as we sit around the board table as we did yesterday having our board meeting, it's a very



interactive, interesting and exciting place to be a part of and that's a great credit to Mark and his team. With your support today, I certainly look forward to continuing my role as a Director on this Company. Thank you very much.

Anne Loveridge: Thank you, Steve. The Directors with Mr Crane abstaining recommending that you vote in favour of the re-election of Mr Crane as a Non-Executive Director of nib, are there any questions relating to this resolution? I'll just wait another couple of minutes just in case, a couple of seconds. No questions. There being no discussion, I'll now reveal the proxies received prior to the meeting in relation to this resolution which are now displayed on the monitors.

As the Chairman of the meeting, I have been appointed proxy by some shareholders to vote on this resolution. I intend to vote in favour of the resolution detailed in Item 3 for proxies open at the Chairman's discretion. Please note that as this is an ordinary resolution, more than 50% of the votes cast by shareholders are required to be in favour of the resolution for the resolution to pass.

I now put to a poll the resolution that Mr Steve Crane be re-elected a Non-Executive Director of the Company. Please enter your vote now. To vote for the resolution, press one. To vote against the resolution, press two or if you wish to abstain from voting on the resolution, press three. Thank you. I think the numbers have stopped changing, so I now declare the poll on this resolution closed.

Here is the result of the poll which has been determined by a full poll result showing the combination of the votes cast in the room and the proxies prior to the meeting.

I hereby declare this resolution carried. Congratulations Steve on your re-election.

Steve Crane: Well, thank you very much everybody. I really do appreciate the support. As I say, it's actually a privileged [role], it's very enjoyable to be here. So it has its moments but it's always really, it's a lot of fun really. So thank you very much.

Item 4 on the Agenda is the re-election of Donal O'Dwyer as a Non-Executive Director of nib. Mr O'Dwyer is considered an Independent Director in accordance with the ASX Corporate Governance Principles and Recommendations 2007. In accordance with the ASX rules and nib's constitution Mr O'Dwyer retires from office at this meeting. Being eligible offers himself for re-election as a Non-Executive Director.

The Notice of Meeting provides an overview of Donal's professional experience and service to the Board. I now invite Donal to address the meeting regarding his re-election. Donal.

Donal O'Dwyer: Thank you Steve, and good afternoon ladies and gentlemen. Today I stand for re-election to your Board and I ask for your support. If I could start by giving you a little bit of my background. I have worked basically all of my career, or just about all of my career, in the healthcare and medical technology area.

Initially I worked for over 20 years around Europe and then in the United States. I held some senior executive positions, firstly in a company called Baxter Healthcare, and then latterly a company called Johnson & Johnson. I then moved to Australia, lucky me because my wife is from here, and I began to work as a Non-Executive Director.

So in addition to my role as Non-Executive Director at nib I am also on the Board of Cochlear, Fisher & Paykel Healthcare, and Mesoblast.



Healthcare is a very important challenging exciting and rewarding industry, and I feel very fortunate to have had the opportunity to make my career to date in such an industry. Healthcare here in Australia has similar challenges and opportunities to those faced around the rest of the western world. The role that private health insurance plays here is important today, and as Mark has pointed out, we believe its importance will only grow for the future.

I believe nib continues to demonstrate its leadership in this area and is truly a leader with its innovative vision and innovative solutions to address the complex important and challenges that all of our members meet. It's our role, I believe, to do everything we can to make sure we do the right thing by our members.

It has been a privilege to serve on the Board of nib for the last three years. I believe that through my experience that I've had in prior years it allows me to add a different, and hopefully helpful perspective to the activities of nib. I hope that I can continue to do this post this Annual General Meeting. Thank you.

Steve Crane: Thank you Donal. The Directors, with Mr O'Dwyer abstaining, recommend that you vote in favour his re-election as a Non-Executive Director of nib. Are there any questions relating to this resolution?

There being no discussion I will now reveal the proxies received prior to the meeting in relation to this resolution, which are now displayed on the monitors. As Chairman of the meeting I have been appointed proxy by some shareholders to vote on this resolution. I intend to vote in favour of the resolution detailed in Item number 4 with any proxies that are open at the Chairman's discretion.

Please note that this - that as this resolution is an ordinary resolution more than 50% of votes cast by shareholders are required to be in favour of the resolution for the resolution to pass.

I now put to a poll that resolution that Mr Donal O'Dwyer be re-elected as a Non-Executive Director of the Company. Please enter your vote now. To vote for press 1, to vote against press 2, to abstain press 3. Thank you very much.

Okay, I think we're now finished. I now declare the poll on this resolution closed. Here is the result of the poll, which has been determined by a full poll result showing the combination of votes cast in the room and proxies received prior to the meeting.

I declare this resolution carried. Congratulations Donal.

Donal O'Dwyer: Thank you.

Steve Crane: Item 5 on the Agenda seeks nib shareholder approval for Mark Fitzgibbon, Managing Director and Chief Executive Officer, to participate in a Long-Term Incentive Plan via a grant of performance rights in the financial year commencing on 1 July 2019 with a four-year vesting period.

The LTIP, the long-term investment plan, forms part of nib's remuneration strategy. It is designed to align the interests of executives and shareholders and assist nib in the attraction and motivation and retention of executives. In particular the LTIP provides executives with an incentive for future performance, thereby encouraging those executives to remain and contribute to the future performance of nib. I think as we've heard today, it's been very successful to date.



Under the LTIP eligible persons participating in the LTIP may be granted performance rights on terms and conditions determined by the Board from time to time. A performance right is a right to be allocated a share in nib subject to the satisfaction of applicable vesting conditions, including the achievement of Board determined financial hurdles.

A summary of the LTIP rules which apply to performance rights granted to Mr Fitzgibbon and other KMP, key management personnel, from July 2019 is set out in the Schedule to the Explanatory Notes in the Notice of Meeting.

The Board, with Mr Fitzgibbon abstaining and not voting, recommends that shareholders vote in favour of the ordinary resolution in Item 5. Are there any questions in relation to this resolution?

Thank you, and I see there are no questions on the webcast as well. So there being no discussion I will now reveal the proxies received prior to the meeting in relation to this resolution which are now displayed on the monitors. As the Chairman of the meeting I have been appointed proxy by some shareholders to vote on this resolution and I intend to vote undirected proxies which are able to be voted on this resolution in favour of Item 5.

Prior to putting this resolution to a poll I would like to note that there are voting exclusions for this resolution. These exclusions are outlined in detail on Page 2 of the Notice of Meeting and are now displayed on the monitors.

Please note that as an ordinary resolution more than 50% of votes cast by shareholders are required to be in favour of the resolution for the resolution to pass.

I now put to a poll the resolution which is displayed on the monitors. Please enter your vote now. To vote for the resolution press 1, against 2, or abstain 3. Thank you.

I think there are some who can't vote, so that's what's accounting for the fact that we're a bit down on the numbers. I think we've - the numbers have stopped moving so I now declare the poll closed on this resolution. Here are the results of the poll, which has been determined by a full result showing the combination of votes cast in the room and proxies received prior to the meeting.

I hereby declare this resolution carried.

Ladies and gentlemen, that being the end of all business I would like to declare the meeting closed. Thank you for your attendance at the meeting. We really enjoy the fact that you take the opportunity to come and speak with us and be with us today.

I invite you to stay for refreshments that are being served in the foyer. Management and Board will be out there to have a chat to you for any further questions. Thank you very much.

End of Transcript