

5 November 2020

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

nib holdings limited 2020 Annual General Meeting (AGM) Chairman's Script

nib's 2020 AGM Chairman's script is attached.

Yours sincerely,



Roslyn Toms
Company Secretary

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This announcement has been authorised for release by Roslyn Toms, nib Company Secretary.

nib holdings limited (ASX: NHF)
2020 Annual General Meeting – Chairman’s Address
Thursday 5 November 2020

Ladies and Gentlemen, good morning, my name is Steve Crane, Chairman of nib holdings limited, and on behalf of the nib Board, it gives me great pleasure to welcome you to our first ever virtual Annual General Meeting.

The unprecedented events of fiscal year 2020, which started with the catastrophic drought and bushfires, only to be followed by the COVID-19 global health pandemic have caused widespread devastation and despair among the communities in which we operate around the globe.

While the nib Group hasn’t been immune to the challenges, as you would expect we’ve remained focused on responding appropriately to the needs of our members, travellers, and employees, as well as ensuring our own business sustainability.

I am very proud to say that nib has been swift and deliberate in our response to COVID-19. To date our support package totals more than \$45 million and includes the six-month postponement of the 1 April 2020 health insurance premium increase as well as premium waivers and suspensions.

We also waived the 1 October 2020 premium increase for six months for our arhi members on JobKeeper and JobSeeker.

To ensure our members had access to appropriate health cover, we expanded coverage for chest, lung, kidney and bladder or other treatment related to COVID-19 across all levels of hospital cover at no additional cost.

Responding to the frontline health crisis when the pandemic first began and the short supply of PPE, we also sourced and donated 100,000 surgical masks to healthcare and allied health workers. We’ve also donated more than \$1.5 million to community and clinical initiatives in Australia and New Zealand.

And over the course of the year the Board has been committed to keeping our shareholders, particularly our 136,000 retail shareholders, up to date on the impact of COVID-19 through communications such as letters to shareholders.

Unfortunately, with no real end in sight for the pandemic, it appears for the foreseeable future, that we need to live and adapt as best we can to the impact of the coronavirus.

I want to assure you that the nib Group is in very strong shape and remains as purpose driven as ever. We won’t lose sight of the crucial job we have in helping to protect our members and travellers against the financial risk of disease, sickness and injury and enabling them to quickly access world-class healthcare.

While we understand the health and economic impacts of COVID-19 have caused so much misery and uncertainty around the globe, for our business we also see opportunity.

The pandemic has clearly heightened the potential risk of disease and the need for protection. We’ve accelerated our plans to better predict disease risk among our members and prevent or better manage those risks.

As our Managing Director, Mark Fitzgibbon, will touch on later, we took a giant stride in our ambitions to make our value proposition as much about healthcare “prevention” as it is “cure” with the creation of our joint venture, Honeysuckle Health, with global health care company, Cigna. Honeysuckle Health is a very exciting and significant step in our shift from “sick care” to “well care” and being much more about improving members’ health and wellbeing, rather than just being there when they get sick or injured.

We’ve also continued to work as hard as possible to improve health insurance affordability and value. Our 2020 premium increase of 2.90% was well below medical inflation, our lowest in 17 years, and the sixth year running that we have been able to deliver a premium change lower than the previous year.

Private health insurance reform continues to be a hot topic and we welcome the recent announcement in the Federal budget to help improve health insurance transparency, efficiency and value.

We are especially supportive of the Commonwealth’s plans to review current risk equalisation arrangements, which discourage young people from taking out private health insurance. We look forward to engaging with industry stakeholders and the Government as part of the review process in the months ahead.

Our charitable arm, nib foundation contributed \$2.1 million during the year towards various community and health prevention initiatives consistent with its charter to support the health and wellbeing of the communities we serve. The foundation’s various partnerships and grants reached over 740,000 people during fiscal year 2020 and since inception in 2008, the foundation has distributed over \$21 million in funding.

On behalf of the nib Board, I would like to congratulate the nib foundation team for their unwavering commitment and dedication to improving the health and wellbeing of our communities, particularly the vulnerable.

While our business strategy and very capable management team have nib well positioned to navigate the health and economic effects of the global pandemic, our FY20 results were somewhat mixed with COVID-19 a key factor.

In what were tough macro-economic conditions, Group revenue grew 3.4% to \$2.5 billion. Group underlying operating profit of \$150.1 million was disappointing and down on last year’s \$201.8 million.

It’s worth noting the operating profit result has absorbed the impacts of COVID-19. In addition, we’ve made a \$98.8 million claims provision as an estimate for treatment that was deferred in FY20 due to the coronavirus. It is prudent to cover what we best estimate will be a claims catch-up over the course of FY21.

While COVID-19 created some challenges in terms of our operating environment, pleasingly our member first focus saw our member satisfaction measure or Net Promoter Score improve to 34.8 from 32.5 last year.

I want to thank all our employees who have put the interest and wellbeing of our members and travellers front and centre to deliver on our purpose. This is a tremendous reflection of nib’s workplace culture, values and organisational capability.

FY20 investment income was impacted by volatile equity markets, with net investment income down 54% to \$16.6 million, while Net Profit After Tax of \$89.2 million was down approximately 40%.

The reduction in earnings per share to 19.8 cents per share, also down 40%, was disappointing and clearly there are hurdles to tackle across the Group, most notably our travel insurance distribution business, nib Travel, which is operating in a very difficult market due to travel restrictions.

The full year dividend of 14 cents per share, fully franked, while down on last year still represents a payout ratio of 71% of FY20 NPAT. The final dividend of 4.0 cents per share was paid to shareholders on 6 October 2020.

In arriving at the final dividend, the Board closely considered a number of scenarios and the Group's capital position. Acknowledging ongoing COVID-19 uncertainty and shareholder expectations, we believe the final dividend constitutes a prudent and balanced position.

During the year we've continued to enhance our sustainability capability, or what is often termed Environmental, Social and Governance or ESG. Driving our efforts is the genuine belief that what's good for the communities in which we operate is also good for nib and with that, our shareholders.

While I have already noted the fantastic work of our nib foundation to help people and communities live healthier lives, we've also made great progress in other areas.

Just recently, nib was named one of the world's most diverse and inclusive companies, as part of Refinitiv's 2020 Diversity and Inclusion Index. Overall nib placed 87th globally in the Refinitiv 2020 Diversity and Inclusion Index and was one of only nine Australian companies included in the index.

And last week nib published our inaugural Reflect Reconciliation Action Plan, reflecting our commitment to work towards meaningful and effective reconciliation with Aboriginal and Torres Strait Islander peoples in Australia.

As a healthcare business, we especially view population health as the greatest opportunity to make a difference. There's no better example of this than our partnership in New Zealand supporting a Māori iwi, Ngāti Whātua Ōrākei, which is designed to improve access to quality healthcare, with the aim of improving health outcomes for their families. This partnership is delivering some great results and we're looking to expand this capability to include other Māori partnerships and geographies.

Succession planning and having the right mix on the Board and among our senior management regarding skills, diversity and experience, remains a priority for your Board.

In line with this, Non-Executive Director Christine McLoughlin recently retired from the Board after almost 10 years. Christine is one of Australia's most respected and astute company Directors, and she has made a wonderful contribution to nib's growth and success. I would like to thank her for her passion, insights and leadership at nib over almost a decade.

We also welcome David Gordon to the Board, who you will hear from later in the meeting. David has over than 20 years' experience as a director of both public and private companies and more than 30 years in corporate advisory roles to Australian and international organisations, and is already making a valuable contribution.

To conclude, while our financial and operating results for FY20 and into early fiscal 2021 continue to be impacted by COVID-19, your Board is very confident nib's business strategy and very capable management team, led by Mark, have us well placed to continue to deliver sustainable and strong returns for our shareholders.

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

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