

nib holdings limited (ASX: NHF)
2021 Annual General Meeting – Chairman’s Script
Thursday 4 November 2021

Let me first start by saying that it gives me great pleasure to be speaking to you, our shareholders, for the first time as your newly appointed Chairman.

I’m excited to be part of nib’s continued progress and expansion as we continue to deliver upon our mission of “*Your Better Health*”. The idea that we can be as much about helping members with their doctors as helping them better manage their health is not lacking in ambition. Yet it elegantly complements almost 70 years of being there for our members once they are already sick or injured.

When we look back at fiscal year 2021, it will be remembered as the year in which we encountered the “teeth” of the COVID-19 pandemic. Likely to be one of the most significant global events in our lifetimes, the pandemic has touched each and every one of us in some way.

From the outset of the pandemic, we have remained steadfast in our commitment to supporting the health and wellbeing of our members, travellers, employees and the communities in which we operate, while also ensuring the commercial integrity and sustainability of our business.

Our COVID-19 support package, which totals \$60 million to date, has evolved over the last 18 months in response to the needs of our various stakeholders. Support has been provided in the form of deferred premium increases, waived or suspended premiums, additional COVID-19 related coverage and \$1.5 million in community donations. With our FY21 results, we announced a return of \$15 million of claims savings to eligible members in recognition of treatment they may not have been able to receive.

We anticipate further support while ever the pandemic persists and will closely monitor developments to ensure that our support package remains fit for purpose and affordable.

Importantly, lockdowns didn’t prevent us from meeting the healthcare needs of so many of our members. In FY21 we still funded 378,900 hospital claims and over 3.9 million dental, optical, and other ancillary claims across the Group with a total value of \$1.8 billion compared to \$1.6 billion in FY20.

It’s very pleasing to see some sense of normality returning, with border and stay at home restrictions lifting in many states. Nevertheless, there is a form of “business long covid” still playing out. For example, restrictions on international travel have strained some parts of our business, in particular our travel and international health insurance operations. Compared to financial year 2019, in FY21 we took a hit of about \$60 million in our underlying earnings.

However, we have continued to drive strong commercial and financial performances, reflecting the resilience of the Group, and we are confident that the businesses damaged by COVID-19 will bounce back.

In FY21 Group revenue grew 2.9% to \$2.6 billion. Group underlying operating profit grew by 39.5% to \$204.9 million, largely due to the strong growth of our Australian residents health insurance business, coupled with nib New Zealand’s stable performance.

Group underlying operating profit includes a reassessment of the COVID-19 deferred claims liability provision set aside last year to account for current and future catch up and risk equalisation experience. Given continuing uncertainty related to the pandemic, a \$34.0 million provision was retained as at 30 June 2021 for further expected claims catch-up.

The increase in net profit after tax of 84.5% to \$160.5 million also benefited from strong investment income of \$51.8 million, which recovered from the volatile investment market conditions the previous year.

Our full year dividend of 24.0 cents per share, fully franked, represents a payout ratio of 68.2% of FY21 NPAT. The final dividend of 14.0 cents per share was paid to shareholders on 5 October 2021.

From these results, shareholders can take confidence about our future plans. COVID-19 is clearly something we don't celebrate and we lament its dire consequences for so many, yet it has lent momentum to the investments we are making in our vision for a world of better health. They include investments in data science and disease prevention, virtual and electronic healthcare delivery as well as increased digital engagement with members, travellers and clinicians. As always, we see opportunity in disruption.

FY21 will also mark a point in time when our social and environmental responsibilities to the communities we serve became all the more poignant.

Our commitment to the principles of sustainability are part of our fabric, lending from our original establishment as a sickness fund for workers at the BHP steelworks when a few employees banded together to help cover any unexpected medical bills.

Today more than ever, we approach our social and environmental responsibilities with sincerity, conviction and effectiveness. Too extensive to detail here, there is a long list of initiatives and progress you can reference in our Sustainability Report.

For the first time, we've also set sustainability targets for the year ahead in each of our sustainability pillars, including a focus on increasing gender diversity, developing a path to net carbon zero, greater diversity in our brand and community partnerships, and increased participation in our health management programs.

The area in which we believe we can make the biggest impact is in more deliberate and precise population health management. We intend to play a more active role in improving community health outcomes and redressing terrible gaps in care, especially between indigenous and non-indigenous peoples.

nib foundation was again a highlight of our broader contribution in society. It contributed \$1.9 million in support of three focus areas – promoting prevention, enabling equality and empowering communities. This brings the foundation's total funding commitment since its establishment in 2008 to over \$23 million.

During the year, nib foundation continued to work with our COVID-19 community response partners to deliver the \$1.5 million donated by nib at the start of the pandemic. This has enabled the delivery of some crucial clinical innovations and mental health support, two areas of real need across Australia and New Zealand.

On behalf of the nib Board, I extend my thanks and gratitude to the nib foundation team for their ongoing passion and commitment to investing in the better health of our community.

It would be remiss of me not to acknowledge and farewell our long-serving Chairman, Steve Crane, who retired from the Board in July 2021. Steve made an extraordinary contribution to the company over the past decade and will be very much missed.

I also welcome Peter Harmer, who will officially stand for election as our new Independent Non-Executive Director later at today's meeting. Peter brings over 40 years' experience in the Australian and international insurance and financial sectors, and is already making a valuable contribution to our Board.

While FY21 has certainly been another extra-ordinary year and not without its challenges, our business is in very good shape. We continue to grow with increased profitability, we are well capitalised and there is no shortage of opportunity ahead. I would like to thank our people - from our employees on the frontline and our team leaders, to our Executive Management team and my fellow Board colleagues - for all their hard work and persistence throughout the year.

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