



nib holdings limited (ASX: NHF)
2022 Annual General Meeting – Chairman’s Script
Friday, 18 November 2022

Our return to Newcastle this year is significant. A small group of steelworkers, deep inside BHP in Mayfield, founded this company as the Newcastle Industrial Benefits Hospital fund in 1952, to provide financial assistance to members in the event of accident or ill health.

2022 marks a significant milestone for our company. For 70 years we have been looking after the needs of our members - for health insurance and to ensure they have access to the very best healthcare services.

Today, nib provides health insurance to approximately 1.5 million Australian and New Zealand residents. We offer travel insurance globally. nib also supports more than 180,000 international workers and students who come to Australia to work and study. And we have begun our journey to extend our help to Australians with disability – more on that later.

nib’s is a remarkable story of growth and success.

2022 also marks a significant milestone for our Chief Executive, Mark Fitzgibbon, who celebrates 20 years of outstanding leadership at nib.

Mark joined nib in October 2002. He has overseen its demutualisation, its listing on the Australian Securities Exchange and, more recently, he’s driven the vision to transform nib from a simple payer of claims to becoming a trusted partner in health.

Our company, once a regional mutual health insurer, now has more than 130,000 shareholders and we are an ASX-top 200 company.

Our future is aligned to what we term ‘your better health and wellbeing’; a purpose that rests comfortably on a foundation of helping members and travellers when they are sick and injured, and providing access to an increasing range of evidence-based health management and preventative health programs.

It’s impossible to look back on FY22 without acknowledging the havoc created again by COVID-19 and its variants.

It was another year when the global pandemic dominated our lives, those of our members, their families, communities and every aspect of our business and the healthcare sector.

In September, we announced a further giveback of claims savings of \$40 million to more than 600,000 Australian members, recognising their reduced access to healthcare services in FY22.

In addition to the giveback, nib also increased its investment in targeted health management programs by \$5 million.

This took our total COVID support package to around \$145 million, including our business in New Zealand.

In Australia, nib delayed a premium increase that was due in April. This increase of 2.66%, nib’s lowest in 20-years, took effect on November 1. nib extended COVID-19 cover to December 2022, and telehealth services, introduced at the start of the pandemic, are here to stay.



We have emerged from the global pandemic in good shape as a company, as an employer, and as a partner in your healthcare. This took a level of agility beyond anything we have seen in our history.

The impact of COVID-19 on hospitals was felt through FY22, with staff shortages and consequent restricted services.

Lockdowns, however, didn't stop us offering access to care for members.

We also continued to deploy what we see as the heart of our business and our future purpose: our health management programs.

These programs provide members with access to professional support services to manage cancer treatment, mental health, diabetes, cardiovascular conditions, and weight loss.

This additional investment highlights our commitment to delivering better health outcomes for members, beyond financial protection, as part of our Payer to Partner program.

We enrolled almost 10,000 members in actively managed health care programs that show strong evidence of improved health outcomes.

A great example is our hospital support program. Since its launch in April 2020, more than 9,500 members have been supported post-discharge, which has resulted in a 16% reduction in hospital readmissions. These are members who didn't have to return to hospital, with all the difficulty that entails for them and for their families, their friends, their places of work, etc.

And that's just the beginning.

In our core Australian residents health insurance business, premium revenue rose 5.2 per cent to \$2.3 billion, and our policyholder numbers grew at a rate of 3.2 per cent per annum, which was above the industry average. A net 20,000 new members joined nib for private health insurance.

In our New Zealand business, an extra 6,000 members joined our private health insurance business, at a growth rate well above five per cent. Premium revenue was up 12.8 per cent to \$291.8 million, driven by net policyholder growth, premium adjustments and favourable foreign exchange impacts.

FY22 also saw our NZ business acquire what is now nib nz insurance limited. The integration of our life and living insurance businesses is well underway, with those businesses performing well.

In travel, the re-opening of most international borders and the easing of restrictions meant a return to profitability in the second half of the year, after losses in the first six months.

The travel business made an overall underlying operating loss of \$7.4 million for FY22.

However, gross written premium grew by 481.2% to \$98.8 million and operating income increased by 232.9% to \$46.6 million, over the same period in the previous year.

These numbers, while large, reflect the special circumstances that arose during the COVID-19 lockdowns, with the business facing major disruption when borders closed.

Pleasingly, there was a strong recovery in Q4, with gross written premiums at 103% of pre-pandemic volumes.

The performance of our international workers and students operations reflects very different market conditions.



High growth in the number of incoming workers led to good results, but many students chose to remain offshore when universities closed campuses in response to the new COVID-19 variants Delta and Omicron.

Still, premium revenue increased 7.1%, to a record high of \$123.7 million. And positive signs are emerging. In the second half of the year, we saw a sharp increase in the number of student visas lodged.

This leads me to our strong, top line Group results.

Group underlying revenue in FY22 was \$2.8 billion. Our underlying operating profit grew 14.8 per cent to \$235.3 million.

Across the Group, we paid \$2.1 billion in claims related to more than 375,000 hospitalisations, and more than 3.6 million ancillary visits. This includes cover for visits to dentists and physiotherapists and for optical treatments.

The latest financial year was also marked by

- on-going support for our indigenous communities, in Australia and in New Zealand, with a deep commitment to community health programs; and
- a continuing commitment to find ways to disrupt, add-value or democratise healthcare delivery

Unfortunately, volatile global investment markets resulted in \$30 million of reported losses on investment income, compared with a gain of \$51.8 million the previous year.

As a result, earnings of 29.6 cents per share was below that of FY21. Our full-year dividend of 22 cents per share fully franked represents a payout ratio of 74.4 per cent, which is slightly higher than our target.

Despite COVID-19, and indeed encouraged by its wide impact, nib has continued its investment in data science, disease prevention and different ways to deliver health services to our members, travellers and clinicians.

During the year, we invested \$4 million in Midnight Health, and a further \$12 million in July.

Midnight Health is an exciting young company that already has more than 30,000 members on its digital healthcare platform and a network of over 40 doctors.

It offers telehealth appointments, prescriptions delivered to the door, and treatments that include specialised gut health analysis, acne care and hair loss treatments.

It has provided services to more than half of all Australian postcodes, including to the remote Kiwirrkurra Community in Western Australia, more than 800 kilometres from the nearest big town.

I am very excited by the quality of the talent and management in that business and what they can achieve in the future as part of the nib Group.

We continue to work closely with global health services company, Cigna Corporation, to develop Honeysuckle Health, our joint venture.

Honeysuckle Health is a key part of our vision for a health system that is founded on value-based principles and healthcare that is informed by high quality data science and analytics.



For example, some of Honeysuckle Health's nurses provide an injury support program to help workers get better sooner, and back to work quicker. This program, which Honeysuckle Health launched 12 months ago, has supported more than 500 injured workers.

Early results indicate there has been a 10 per cent reduction, or improvement, in return to work timelines for injured workers and a 20 per cent reduction in claims costs.

Honeysuckle Health's digital program, SilverCloud Health, has more than 1,600 members using the platform, with 1100 (~68%) of these members deciding to participate in a clinical program, and more than half experiencing clinically significant improvement in their anxiety and depression.

And, as I alluded to earlier, we continue to look for opportunities to grow our business in the National Disability Insurance Scheme.

nib spent about three years exploring opportunities in the NDIS, looking at where we can best align our purpose, of your better health and wellbeing, with our vision to bring better outcomes to NDIS participants.

The NDIS is a vital part of Australia's social capital. It delivers services to more than half a million participants, with expectations that the number of participants will grow to more than 800,000 within about eight years. Currently about 56% of participants use a plan manager, and this is forecast to grow to 60%-70% by 2030.

Earlier this month we completed our first acquisition, Maple Plan, a plan manager based in Victoria.

Around the same time, nib raised \$158.1 million through institutional and retail investors, to expand our NDIS footprint. We plan to buy a number of other plan managers and link the buyers and sellers here in the same way as we do in the healthcare sector.

We will leverage our 70-years of experience in health care to this sector, procuring services, applying quality assurances, and measuring and improving outcomes for participants.

This new business is called nib Thrive, and we are actively looking for further acquisitions.

At nib, we take our social and environmental obligations very seriously.

This includes our aim to reduce our impact on the environment; deepening our understanding of and support for Australia's First Nations Peoples; our population health programs and the important work of our nib foundation.

nib is already carbon neutral, and we have a roadmap to achieve net zero carbon by 2040. It is pleasing that in FY22 around one-third of our carbon credits were purchased through our First Nation's partner, the Aboriginal Carbon Foundation.

During the year, we completed our inaugural Reflect Reconciliation Action Plan, a major milestone for nib. We built strong relationships, ensured our policies and processes were culturally appropriate, and considered what our unique contribution to reconciliation should be.

In the year ahead, we will take our vision further.

Our second Reconciliation Action Plan signals our ongoing commitment to the health and wellbeing of First Nations peoples.



Our purpose of your better health and wellbeing must encompass all Australians, including Aboriginal and Torres Strait Islanders who experience an 8-year deficit in life expectancy compared to non-Indigenous people, and a multitude of other health inequalities.

We believe self-determination is critical.

nib supports the Uluru Statement from the Heart. A Voice to Parliament should be enshrined in Australia's Constitution because it will foster reconciliation.

In other work, through our Aboriginal Health Partnerships, we have committed more than \$1 million over four years to support community programs through the nib foundation. As a health partner nib has an important role to play.

And perhaps our biggest project - where we strive to have great impact - is our population health programs, in Australia and in New Zealand.

Our Toi Ora health partnership has continued to grow, and we now partner with two New Zealand iwi to help improve the health and wellbeing outcomes of these communities.

It continues to grow and now includes a screening service for heart disease.

In Australia, we are working on a population health program in Bourke, New South Wales, that we hope to tell you more about in the coming year.

Again, our nib foundation made a substantial contribution to our causes: promoting prevention, enabling equality, and empowering communities.

The foundation was established in 2008 and has given more than \$24.9 million. On behalf of the nib Board, I welcome nib foundation's Chair, Dr Rod McClure to today's meeting and extend my gratitude to the nib foundation team for their work.

Our independent non-executive director, Lee Ausburn retires from your Board after this annual general meeting.

Lee was appointed November 2013; she has been the Chair of the People and Remuneration Committee and a member of the Risk and Reputation Committee and Nomination Committee.

She is also a director of nib health funds limited.

Lee has more than 30-years' experience in the pharmaceuticals industry and a wealth of knowledge in the global health industry. She is also a mentor for women on boards.

Lee's insights and contribution have been highly valued and on behalf of the Board, and all nib shareholders, I want to thank Lee for her commitment and contribution to the company over the last 9 years.

The Board has a director recruitment process in place and we will announce a new appointment in the near future.

As we head into FY23, we are confident about our vision and the opportunities ahead.

We know uncertainties around the world, including the horror that is global conflict, the state of the world's major economies and rising inflation and interest rates are cause for serious concern.

We have had good growth in our businesses, but we strive to provide even better value and service to members and their families.



This includes increased claim limits for travellers whose holidays might be affected by COVID; the use of technology to help people living in remote parts of Australia get access to consultations and medication delivered to their door, and the use of data to measure and analyse what works in health care, for better outcomes.

I would like to thank all our people: our employees on the frontline in Australia and New Zealand, our nurses in call centres who help travellers in strife around the world, and our people who guide international students and workers here in Australia.

I extend my thanks to our Executive Management team and to my fellow Board colleagues for their dedication and commitment throughout FY22.

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