



nib holdings limited (ASX: NHF)
2023 Annual General Meeting – Chairman’s Script
Friday, 10 November 2023

FY23 was very much about our continued pursuit of good health and wellbeing.

For over 70 years, nib has delivered high quality private health insurance to its members, starting with a small group of steelworkers in Newcastle and now to more than 1.6 million Australians and Kiwis and, in addition, to over 200,000 international workers and students who rely on nib for their health insurance cover. Today we also provide travel insurance with annual sales in the order of \$224 million, and we support almost 40,000 participants in Australia’s National Disability Insurance Scheme.

Since its inception, nib has provided innovative products and services to meet consumers’ growing expectations for their health. For over 70 years we have embraced new trends, especially those enabled through technology – and we continue to innovate.

Our aspiration is to improve the health and wellbeing of all Australians and Kiwis.

Our fundamental strategy is to become as much a health management company as we have been for over 70 years a private health insurance company. We call this “Payer to Partner” or P2P strategy. I’ll make mention of our P2P strategy and its various elements throughout my presentation today. Much of it relies on technology and an increasing capacity to predict, better comprehend risk factors to our health and wellbeing and respond with targeted interventions.

And by using technology across all of our businesses to enhance the user experience and simultaneously offer new products and services.

In FY23, nib extended its reach to helping participants in Australia’s national disability insurance scheme. We launched nib Thrive and purchased four plan managers to help link NDIS participants with the supports they need.

We acquired a further two plan management businesses in the current financial year and now support almost 40,000 NDIS participants, hoping to bring to that sector our vision for more seamless and integrated plan design, plan management, and procurement of support services. For nib, this is an extension of what we’ve been doing in healthcare for more than 70 years.

We propose to bring the skills and experience that we already employ in PHI to make a significant contribution to an even better, and more sustainable, NDIS.

But it doesn’t end there.

We’re equipping our members, travelers and NDIS participants with integrated online and digital tools for seamless engagement with us and with healthcare and disability support systems.

Already, nib can help you have a virtual consultation with a general practitioner, find a surgeon, have a prescription delivered to your door, get a medical certificate, and access a wide range of men’s, women’s and non-binary healthcare products, all on the nib app. Some of that functionality originates from Midnight Health, which I will shortly speak about further.

In FY23, more than 87,000 people engaged with nib’s health and wellbeing services, up from 49,000 last year.



This included:

- more than 19,000 members enrolled in health management programs
- around 26,000 completed a HealthCheck assessment, and
- about 42,000 enrolled in general wellbeing support programs.

Our efforts, as a health management company, go to help members get well quicker and stay healthy. And these programs help inform us about links between interventions and improved outcomes.

What we learn about members, and keeping members healthy, we are applying to discrete communities, especially those who encounter gaps in access to healthcare and outcomes. This involves us working with community leaders and other stakeholders to better understand risk factors, and putting in place programs to mitigate risk.

I am proud of the work we are doing.

For over 70 years, nib has been a leading health insurer and we will continue to build that business as a cornerstone of the group. Yet, as I've described today, nib is also becoming a healthcare management company.

It's a quest that involves a combination of building products and services, acquisitions and partnerships. I will say more later about Honeysuckle Health and Midnight Health, which are key components in it all.

I now come to our financial highlights for the year.

In FY23, our businesses performed well. Some did exceptionally well, as the environment for their operations improved, reflecting renewed demand for travel and healthcare.

Claims rose, a signal that members regained confidence in their ability to seek and access healthcare services after the COVID-19 pandemic eased.

Across the Group, we paid \$2.2 billion in claims, up from \$2.1 billion last year.

Group revenue rose to \$3.1 billion, up 10.9%, from \$2.8 billion last year. And our underlying operating profit was up 11.1% to \$263.2 million.

The large drop off in medical and allied treatment during the pandemic appears to be behind us however, it didn't stop us delaying the approved 1st April premium increase to 1st October this year for Australian resident members.

The 1st October increase of 2.72% was our second lowest increase in two decades. We do however, expect that premium increases next year, and in future years, will likely be higher reflecting higher claims inflation born out of a return to new post-pandemic normal.

Our investment income rose substantially in FY23. Net investment income was \$54.7 million, up 282%, after a \$30 million loss in FY22.

Earnings per share were 41.4 cents, and nib paid a full-year dividend of 28 cents per share fully franked, representing a payout ratio of 68.7%.

I note also that nib entered the ASX-100 during the year, a remarkable achievement for our company.

Turning to our business highlights across FY23.



Under **Australian Residents Health Insurance** Chief Executive, **Ed Close**, nib's health insurance premium revenue rose 6.1 per cent to \$2.4 billion.

Our policyholder numbers grew at a rate of 4.7%, which was more than double the entire health insurance industry.

This meant that nib has reported above system growth every year for the last 20 years.

During the year, Ed and his team worked further on our strategy to attract and hold new members who might not otherwise consider buying private health insurance.

Our entry-level GreenPass offers an online health check and skin assessment, access to travel insurance, tips and wellbeing advice and value pricing on telehealth consultations.

During FY23 nib also launched 5 new health programs. Let me mention just 3 of these:

- our weight management program, Healthy Weight for Life Essentials;
- a program called Perx to help people manage their diabetes;
- and Osara, which provides a coach to help members who are undertaking cancer treatment. That coach can provide dietary advice, support during the tougher days of treatment, and access to a digital platform and the benefits of an online community for guidance.

Our **international student and workers** business returned to profit in FY23. Under Chief Executive, International Visitors, **James Barr**, premium revenue grew 22.4% in FY23, with continued strong performance from our workers' business and improvement in the international student business.

Policyholders grew 15.7%, to 189,944, a considerable achievement for James and his team.

Further enhancements to our nib app allowed students and workers to access telehealth consultations, everyday healthcare products and mental health support programs.

In our businesses in **New Zealand**, our underlying operating profit was very strong. Premium revenue was up 13.2% due to policy growth and inflation; partly offset by changes in our policy mix.

Our new life and living business made its first full-year contribution to the Group.

Another new business, OrbitProtect, which provides insurance for international workers, travelers, and students to New Zealand, also made a good contribution. OrbitProtect was acquired in November 2022.

nib's global travel insurance business, which includes the World Nomads and Travel Insurance Direct brands, recorded operating income of \$113.2 million, up 142.9%, as the business recovered from the COVID-19 pandemic.

It seems FY23 was the year everyone wanted to resume their roaming and explore the world. Total sales were up 85.9% on the previous year.

Gross written premium at \$224.1 million, and the underlying operating profit of \$14 million were our strongest annual results on record.

Our New Zealand and Travel businesses are run by Chief Executive Officer, nib New Zealand and nib Travel, **Rob Hennin**.

Our newest business, **nib Thrive**, made very significant headway in FY23. Led by nib Thrive Chief Executive, **Martin Adlington**, the business acquired four plan managers in FY23, and a further two in the first months of FY24. The nib Thrive team now manages almost 40,000 of the approximately



600,000 current NDIS participants, and we are well on the way to reaching 50,000 participants by FY25.

nib has been linking people who need healthcare services with the people who provide those services for more than seven decades. It's what we do in private health insurance. In private health insurance, we tailor insurance cover to meet individual and family needs, we connect people with trusted medical networks and we manage financial and other transactions.

We see tremendous opportunity to bring a level of experience, sophistication and technology to the NDIS. We also see potential to help the 3 million Australians who identify as having a disability, but don't have access to the NDIS.

I mentioned P2P relies upon a combination of nib itself manufacturing products and services, such as private health insurance, acquiring these or partnering with others. **Midnight Health** and our joint venture with Cigna Corporation, **Honeysuckle Health**, stand out as examples. Both ventures speak to the future state of health.

During FY23 nib significantly increased its commitment to Midnight Health. We provided \$15 million investment capital during the year, with a further \$9 million to come in FY24. Once completed, that will take our total investment to \$40 million.

Midnight Health is a company that uses technology to provide healthcare to all Australians. It is a prime example of the way nib recognises and involves itself in emerging trends and innovation.

It brings equitable access to care for many Australians. If you live outside our major cities, it may be difficult to make an appointment to see a GP, get a referral or re-order a script for medication. Midnight Health brings 24x7 healthcare access to Australians throughout the country.

Our investment in Midnight Health also signals a broadening of our approach to the health and wellbeing of people who may not be private health insurance members. This is particularly applicable to younger people, who are digital natives.

In Midnight Health, we are investing in a growing arm of the business that is specifically focused on opening up direct and new access to healthcare what we call Healthcare 2.0. It is a key part of our approach to improving the health and wellbeing of a broader population base, not just those in private health insurance, and its delivery to the door. Mark will speak more to this shortly.

nib also continued its support for **Honeysuckle Health** in FY23. Its Chief Executive Officer, **Rhod McKensey**, presides over a team that understands that data is the lifeblood of better outcomes in health.

Rhod and his team at Honeysuckle Health work with general insurers to get injured workers back to work as soon as possible. Honeysuckle has generated savings of \$5,600 per participant on average since the launch of its injury support program.

This is just one of Honeysuckle Health's programs. Honeysuckle Health also plays an integral role in nib's weight management, diabetes and at-home care programs.

It is also key to helping nib contain hospital costs; Honeysuckle Health negotiates on behalf of nib when contracts are renewed.

We see this as just the beginning of better outcomes for workers, their families, insurers and the broader health system.

All of this achievement comes from the energy, effort and talent of our people, and a strong and cohesive executive management team.



I've mentioned our senior executives **Ed Close, Martin Adlington, James Barr** and **Rob Hennin**.

In addition to them and our CEO, the other members of the senior executive team are:

- **Brendan Mills**, our Group Chief Information Officer, responsible for all of the technology that drives our business;
- **Lauren Daniels**, Group Chief People Officer,
- **Nick Freeman**, our Group Chief Financial Officer, introduced earlier, and
- **Ros Toms**, also introduced earlier, our Group Executive Legal and Chief Risk Officer. Ros is also General Counsel and Company Secretary for the nib Group.

In total, our senior executive team has over 100 years' experience at nib.

Our culture is one of heuristic exploration and entrepreneurship, delivering growth and profits, supported by a strong risk culture.

Risk is something we take very seriously, from the risk of cyber events to reputational and regulatory risk. It's a management maxim that nib makes small bets, testing market adjacencies, and carefully manages the downside.

I'll turn now to sustainability, and our nib foundation, led by **Ros Toms**.

At nib, we take our social, environmental and governance obligations very seriously. Our mission of helping people stay healthy and well underpins our longevity as a business and importantly, contributes to a more sustainable society.

This includes our aim to reduce our impact on the environment; deepening our understanding of, and support for, First Nations peoples, our population health program, which now includes a program in Bourke, western New South Wales, and the important work of our nib foundation.

Where we strive to have great impact in sustainability is in nib's population health programs, in Australia and in New Zealand.

In New Zealand, our Toi Ora health partnership has continued to grow, with two more Māori groups joining nib after the close of FY23. We now partner with four Māori groups to help improve the health and wellbeing outcomes of their communities.

In New Zealand we also launched a healthcare product with a focus on preventative healthcare and traditional Māori treatments. And in 2024, we will launch a program to highlight healthcare workers who provide a culturally positive experience for Māori groups, alongside good clinical outcomes.

We are working on population health programs in Australia too. We are not building bricks and mortar health services; we are not flying doctors or nurses around the country; our approach is to find ways to elevate access to services that exist, using a purpose-built platform with guidance from local community leaders. We have started that work in Bourke.

We have a strong commitment to equity in health, and this holds particularly true for our work with First Nations people, who experience some of the poorest health outcomes. We believe that closing the healthcare gap is fundamentally equitable and a critically important societal objective. And it will remain an nib objective.

In FY23 nib also continued to support the communities in which we work. Our employees volunteered 1500 hours to 14 charities over the course of the year.

The nib foundation provided funding to prevention partnerships that helped over 254,000 people reduce their risk of chronic disease. We saw a short video at the start of this meeting about the work we do in those partnerships.



We supported 3 family rooms at Ronald McDonald House Charities at the John Hunter Children's Hospital, Newcastle, and Gosford Hospital, offering the families of seriously ill children a quiet space to be together away from a ward.

nib also supported the establishment of research programs with the Hunter Medical Research Institute and the Royal Australian College of General Practitioners Foundation. Recently, Ros Toms announced a three-year \$300,000 foundation grant to a community garden in Bourke that will fund jobs, community cohesion, and harvests that we know will provide fresh food for local families.

We know that uncertainties prevail for many people in our local community, and further afield.

Higher interest rates, rising energy prices and general cost of living increases have placed sustained stress on families. These are issues that we know are pressing for many of our members.

We twice delayed our last annual premium rise. And our last two annual increases were the lowest and second lowest premium increases in two decades. We know in future we won't be able to maintain such low premium increases. Costs are rising.

We look for other ways to deliver value for members. Our First Choice Network has more than 3,500 practices. This network connects healthcare providers with more than 1.5 million nib members at a set, reduced cost or agreed discount. First Choice providers include dentists, optometrists, and physiotherapists, among others.

We have a network of specialists, orthopedic surgeons, anesthetists and cardiologists who also provide nib members with no-gap or known-gap options.

As last year's results evidence, the nib Group is in fantastic shape. Yet, as you've hopefully picked up today, we won't be getting comfortable. We need to demonstrate our P2P strategy and everything it entails is making the kind of difference we imagine. Continued growth and improved health outcomes will be the best evidence of our progress.

We need to meet the likely impact of a post pandemic recovery in hospital and allied treatment and absorb the additional claims expense. As part of that, we need to continually manage our capital prudently and improve efficiency and productivity as any business must. We must consolidate and build out our nascent NDIS business nib Thrive and make good our promise to contribute to a better more sustainable system.

I'd like to thank all our executives and the entire nib team for their tremendous work in FY23.

I'd like to thank our CEO, Mark Fitzgibbon, an outstanding executive and leader who presides over a very purpose driven culture that fosters innovation and autonomy within each of our businesses.

I also extend my thanks to my fellow Board colleagues for their commitment to our vision and for their hard work throughout the year.

I will now hand over to Mark for his update on the four months to 31 October and outlook for our business for the 2024 financial year.

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