



nib holdings limited (ASX: NHF)
2024 Annual General Meeting – Chairman’s Script
Thursday, 7 November 2024

The financial year 2024, particularly the second half, was a difficult period for our economies, for the healthcare sector, and for our members and customers.

Whilst we continued to grow our core private health insurance, health management services, everyday healthcare products and disability management businesses, we remained aware that many external factors affected our members, their families and communities.

Inflation proved sticky, a troublesome scenario for Australia’s Reserve Bank, which held interest rates higher for longer than some of its offshore counterparts. Household budgets came under pressure and, for much of the year, governments were looking for solutions.

We saw increased medical cost inflation, higher claims utilisation, and very public and intense pressure from the private hospitals for greater remuneration.

In FY24, while we faced some difficulties, we delivered another strong result. We continued with our core mission to improve upon the health and wellbeing of members, their families and broader communities.

Our private health insurance (PHI) business continued its strong trajectory, delivering above system growth in a very competitive market.

We now provide health and medical insurance to over 1.6 million Australian and New Zealand residents. We also provide health insurance to more than 241,000 international students and workers.

The dominant theme as we move out of FY24 and into the new financial year is one of higher claims inflation, and to some extent, dealing with the continuing consequences of COVID-19, as activity accelerates.

Claims inflation reflects both increasing costs and changes in healthcare usage, particularly post-COVID, with private hospitals coming under significant pressure.

There can be no doubt private hospitals had a tough time during the pandemic. Our relationship is totally symbiotic, and we have been sympathetic to mid-cycle contract negotiations in order to help.

Yet the response can’t just be about higher prices for patients. There are enormous structural forces also impacting hospital operations including shorter hospital stay episodes and treatment at home for patients.

We are part of the solution in the way in which we design our products and services, in our health checks for members and our health management programs.

During FY24, nib continued its investment in both med-tech company Midnight Health, and its joint venture with Cigna, Honeysuckle Health. We regard both businesses as absolutely critical in our Payer to Partner (P2P) vision and strategy to become as much a health management company as we are a private health insurer.

They are dramatically expanding our range of services and product offerings. Midnight Health attracts a cohort that may not yet have private health insurance, and through Honeysuckle Health we can work to better support health risk management.



At nib, we have sharpened our focus on productivity to ensure we can continue to deliver value to our members and appropriate returns to shareholders. We have also increased our focus on our approach to costs, across all our businesses.

In keeping with our mission, in FY24 we funded more than 445,000 hospital admissions, up almost 7 per cent on the previous year. Dental, optical and other ancillary visits grew by almost 5 per cent, to more than 4.2 million visits.

nib paid total private health insurance claims of \$2.5 billion, up 6.7 per cent on FY23, with claims expense growing strongly from a low, post-COVID base.

Turning to some highlights for FY24.

The engine room of nib's success is our Australian residents health insurance, which continued its solid growth despite a period of sustained household cost of living pressures.

Our flagship arhi business achieved its highest sales ever in FY24, attracting higher value combined hospital and extras policies during the year.

nib's international inbound worker and student private health insurance businesses also continued to grow with policyholder numbers at an historic high.

We remain enthusiastic about the future of this business, notwithstanding some pressure on immigration policy.

In a first for an Australian private health company, nib launched a symptom checker, driven by artificial intelligence, to help international students and workers navigate Australia's health sector. Our dual aim is to help members find the right care and help ease the pressure on hospital emergency departments. The symptom checker is now used in both Australia and New Zealand.

In our developing businesses, Honeysuckle Health, Midnight Health and nib Thrive, we saw growth that reflects our Payer to Partner strategy, as nib moves into broader health management.

At Honeysuckle Health, CEO Rhod McKensey presides over a team that understands that data is the key to understanding the health needs of our members.

With Honeysuckle Health, nib is better able to manage members' health risks, through targeted health management programs.

These programs help people recover after a hospital admission, supporting them to stay well by better managing chronic conditions.

Honeysuckle Health also provides programs that help people get back to work sooner after an injury.

It helped a record number of nib members in FY24.

It also negotiates complex contracts with hospitals and other providers on behalf of nib and other health funds. It effectively limits the prices that our members pay.

Midnight Health is a med-tech company that offers tailored treatment and prevention to both nib members and the general community.

In FY24, it provided more than 176,000 telehealth consultations and delivered 126,000 prescription medications. Midnight Health brings access to care for many Australians who live in some of the most remote parts of Australia.



It broadens nib's touchpoints in the community. Midnight Health not only offers products and services to all Australians, but it also enables us to engage with those people who do not yet have private health insurance, particularly younger people, who are digital natives. Approximately 55% of Australians have private health insurance, meaning that 45% do not.

Currently, nib is the only health fund in Australia to offer a wrap-around service for qualifying members attempting to lose weight and keep it off.

We offer our very new MedJourney program through Honeysuckle Health and in conjunction with our everyday healthcare business, Midnight Health.

Let me speak here to the possibilities that a new class of drugs is bringing to so many people.

There has been a paradigm shift in the approach to obesity globally.

While it is early days, nib believes GLP-1 agonists, drugs like Ozempic, Mounjaro and Wegovy, will have a significant impact on the health of millions of people, not just in rich, western nations.

Early trials are beginning to show that obesity and other health issues can be treated with drugs and services that support better life choices.

We hope that new drugs, and a holistic approach through MedJourney, can help people lose weight and keep it off through better choices, and truly improve their overall health and their lives. Through Midnight Health, nib is at the forefront of this new frontier.

Our NDIS business, nib Thrive, continued to make headway in FY24.

Since raising \$158.1 million in capital in October 2022, nib Thrive has acquired six plan management businesses, a digital marketplace known as Kynd, and a support coordination business, to align with the sector's vision of a single navigator to help participants get the most from their plans.

The National Disability Insurance Scheme is an integral part of Australia's social fabric.

While we see the growth of the scheme slowing, in line with Government reforms, we know those changes will deliver sustainability and integrity to a system that helps change the lives of so many Australians. nib's role will continue to grow.

We see tremendous opportunity to bring a level of experience, rigor 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 scheme.

nib Thrive now helps almost 40,000 participants navigate the sector's complexities. Our aim is to help people with disability manage services so that they can live better lives.

Our very DNA is all about matching health and allied care providers with members and bringing rigor to payments. We believe we are ideally placed to help people with a disability get the most from their NDIS plans and budgets.

During the year, nib commissioned two very significant pieces of market research.

One looked closely at the future state of the NDIS and made recommendations to the federal Government on the way 'navigators' might operate. The second report sought the opinions of participants, their families and carers, and found a large number want personalised help to manage budgets, find supports, and weed out those who operate at the very edges of the scheme.



Participants and government want the same thing: a community that preserves what's crucial to making life better. nib Thrive will be part of the solution.

One outstanding piece of work in our nib Thrive business has been the detection of millions of dollars of fraudulent claims, which are a blight on the scheme.

nib has done some tremendous work around ensuring claims and payments match and meet standards set by the scheme and its governing body and expected by the Australian community.

I now come to our commercial highlights for the year.

In FY24, Group revenue rose to \$3.3 billion, and our Group underlying operating profit was \$257.5 million.

As we noted in our FY24 profit result and annual report, comparisons with the previous year are a little difficult given changes to accounting standards.

Group claims were \$2.5 billion, and net investment income added \$61.7 million to pre-tax earnings.

Earnings per share were 38.3 cents, and nib paid a full-year dividend of 29 cents per share fully franked, representing a payout ratio of 75.7%.

Group results were strong, notwithstanding some softness in some sectors.

Policyholder growth in our Australian residents health insurance business was 2.5% and above system growth, but softened by higher lapse rates as household budgets came under pressure.

nib's premium increase of 4.1% on April 1, followed two increases that were the lowest and second lowest in two decades.

Premium revenue rose to \$2.6 billion, however claims experience accelerated from a low base to \$2.1 billion.

During the year, Ed Close and his team worked on a range of offers to retain members, attract new entrants into the market and bring further value to private health insurance.

We increased our partnerships with specialists to curb out-of-pocket costs that many members face.

nib also continued with our health management programs for weight management, diabetes, and a program for members who are undertaking cancer treatment. A coach can provide dietary advice, support during the tough days, and access to an online community for guidance.

Our international inbound workers and students private health insurance businesses have also continued to grow, with policyholder numbers at an historic high.

As I mentioned briefly earlier, we remain enthusiastic about the future, notwithstanding Government changes to some immigration policy settings.

Policyholder and premium growth were 14.1% and 19% respectively, and our underlying operating profit was \$24.8 million, up 11.2% on the previous year.

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

Our businesses in New Zealand were marked by a striking rise in general inflation claims inflation and claims utilisation.



Premium revenue grew 10.2% to \$371.2 million. Underlying operating profit was down from \$30.1 million in FY23 to \$19.3 million in FY24.

In New Zealand, we have taken a particularly sharp look at costs.

We have spent some time improving the way we work with advisers and members, including enhancing the technology we use to process claims faster and better. We have re-organised teams, and we are focused on providing quicker responses to members.

nib's global travel insurance business, which includes the World Nomads and Travel Insurance Direct brands, recorded a very strong FY23 as travel rebounded out of the global pandemic.

But FY24 saw an easing in demand, and the loss of a key partnership with Qantas.

FY24 underlying operating profit of \$8.1 million was below \$14 million the previous year.

Measures are in place to improve sales and profitability. New products have been launched in Europe and the United Kingdom, where new underwriting agreements are also in place.

All of nib's achievements in FY24 come from the effort and talent of our senior team leaders and their people.

In addition to Ed Close, who I've mentioned becomes nib's Chief Executive Officer and Managing Director on December 1, that team includes:

- Nick Freeman, our Group Chief Financial Officer, introduced earlier
- 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
- James Barr runs our international inbound student and workers health insurance business
- Rob Hennin is responsible for nib Travel and nib New Zealand
- Martin Adlington leads nib Thrive
- Brendan Mills, is our Group Chief Information Officer, responsible for all of the technology that drives our business
- and Lauren Daniels is nib's Group Chief People Officer

Our culture drives exploration, innovation, and entrepreneurship. It delivers growth and profits, supported by strong risk control.

Risk is something we take very seriously, from the risk of cyber events to the less overt but always present risks to reputation and regulatory guidelines.

A fine calibration between commercial interests and risk management ensures nib's sustainability.

Risk controls anchor us in what is right and amplify opportunities for us.

Understanding the risks that confront the business allows us to walk away, to find better deals or better ways of doing what we do.

I'll turn now to our efforts in sustainability, led by Ros Toms.

At nib our mission of helping people stay healthy and well underpins our longevity as a business and importantly, contributes to a more sustainable society.



nib's agenda rests upon the foundation of solid sustainability pillars:

- population health;
- community spirit and cohesion;
- leadership and governance;
- people, culture and employment;
- and the natural environment.

Without these pillars, nib's mission falters.

Our broader objectives recognise that we are especially well placed to improve the health and wellbeing of communities where we work. We are making the kinds of investments that help predict risks to health and wellbeing and understand how risk might be better prevented, managed or treated.

This investment ranges from new technologies that profile risk and measure outcomes through to engaging experienced nurses to case manage people most at risk.

Pleasingly, in New Zealand, our Toi Ora program, designed to work with iwi to identify and treat risks in health and wellness in the community, gained greater traction and our work in Bourke in New South Wales continued.

In Australia, nib is committed to our vision for reconciliation.

During the year We completed the work in our "Innovate" Reconciliation Action Plan; launched our first Aboriginal and Torres Strait Islander Procurement Strategy, and continued to build our cultural competency.

We continued with our sustainability strategy. We are focused on evolving environmental, social and governance standards where they impact our business including reporting requirements and changing community expectations.

Our nib foundation, 15-years old this year, is to be celebrated for its support for programs that reduce health risks.

Over a-decade-and-a-half it has provided almost \$33 million to community health and wellbeing programs. These include programs that help people make better decisions around vaping, poor sleep habits, risky drinking, and diet.

In FY24, through our prevention partnerships, more than 425,000 people were connected to credible resources to help better manage their health and wellbeing.

This year will record a significant milestone in the history of nib.

Our Managing Director and Chief Executive Officer, Mark Fitzgibbon, will retire on November 30.

Under Mark's stewardship, nib has achieved more than two decades of long-term, above-system growth, and outstanding shareholder returns.

Total shareholder return, including reinvested dividends, from nib's listing in November of 2007 to September 2024 is 2250%. A remarkable return.

Mark has also built a team of the highest quality, working to achieve a purpose of better health outcomes for Australians and New Zealanders.



When Mark arrived at nib in 2002, we were a modest regional health fund. In 2007, nib demutualised, and now in 2024, it is an ASX100 listed company with about 130,000 shareholders.

Mark has led nib with a commitment to constant disruption.

He has been an advocate for new ways of thinking and doing; he has formed alliances and joint ventures that use data to underpin action and deliver better health equity.

And he has driven innovation in healthcare for members, international students and workers, those in Australia's disability sector, and travelers.

Mark's purpose has been better health and wellbeing, which emanates from his drive for sustainability, profitability, and better community outcomes.

For over 20 years he has brought his intellect, his enduring energy and sense of humour to nib and enabled the business to achieve success for all stakeholders.

It is an understatement to say that it has been a great pleasure to work with Mark and, on behalf of the nib Board and the entire nib team, I thank him sincerely for his leadership and wish him well in his post-executive life. I am sure we will continue to hear of great things from him.

I'd also like to welcome our incoming Managing Director and Chief Executive Officer, Ed Close, who is currently Group Executive of nib's Australian residents health insurance business, the driving force in nib's growth.

Ed shares Mark's intellect, passion and long-term vision for nib. It is a testament to Mark, and our long-term succession planning, that we could make an internal appointment of Ed's calibre.

Ed has deep insights into the way nib can continue to help shape the future of healthcare in Australia. He has the full support of the nib Board, and his team. We all look forward to working with him in his new role.

Thanks to my fellow Board members, and nib's Executive Management, and the wider nib group, who serve our members, travelers, NDIS participants and our growing number of everyday healthcare customers.

I am proud of the work we are doing and the company we continue to grow for our shareholders.

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