

## nib announces strong 1H22 result and support of members' better health

- Group underlying revenue **\$1.4 billion, up 8.3%**
- Group claims expense<sup>1</sup> **\$1.1 billion, up 6.4% with ongoing uncertainty around deferred treatment and future claims**
- Group underlying operating profit **\$109.6 million, up 28.5%**
- Net profit after tax **\$81.2 million, up 24.7%**
- Interim dividend of **11.0 cents per share, fully franked (1H21: 10.0cps)**
- COVID-19 member and community support package totals more than **\$90 million following arhi premium rebates and 2022 premium increase deferral**

nib holdings limited (ASX: NHF) today announced its operating performance for the six months to 31 December 2021 (1H22). Group underlying revenue grew 8.3% to \$1.4 billion while Group underlying operating profit (UOP) increased 28.5% to \$109.6 million. Net profit after tax (NPAT) of \$81.2 million was up 24.7%.

nib Managing Director and CEO, Mark Fitzgibbon said the impressive first half operating performance was driven by strong premium revenue growth of 8.2% due to an uplift in policyholders as well as COVID-19 related disruption to elective surgery and allied healthcare, such as dentistry.

"There's little doubt the pandemic has reinforced the importance of good health and the value of private health insurance. This translated into strong policyholder growth across our Australian and New Zealand health insurance businesses. Conditions haven't been as positive in our international students and travel insurance businesses but as COVID-19 passes these will bounce back," Mr Fitzgibbon said.

Mr Fitzgibbon said the pandemic also had a very significant impact upon the Group claims experience.

"Ongoing COVID-19 lockdowns and restrictions on non-urgent elective surgery, as well as visits to the dentist and other healthcare providers, continued to impact our claims expense. We also continue to expect and account for an inevitable "catch-up" in deferred treatment now estimated at \$59.2 million," he said.

Mr Fitzgibbon emphasised supporting its members, travellers and employees throughout the pandemic remains a key focus for the company.

"We recognise the pandemic is taking its toll on people and value our total support package at over \$90 million. We've rebated premiums and deferred annual increases, extended cover for COVID-19 related treatment at no additional cost and made numerous contributions to public health initiatives. We also introduced COVID cover for travellers and importantly, we've modernised the way we work in recognition of pandemic circumstances meaning our people can pretty much work wherever they choose," he said.

### Australian Residents Health Insurance (arhi)

Mr Fitzgibbon said nib's core Australian Residents Health Insurance (arhi) business performed strongly, delivering solid top line and earnings growth in 1H22.

"Compared to the first half of last financial year, membership grew 2.8%<sup>2</sup> to over 653,000 policyholders and we saw improvement in retention and our member satisfaction<sup>3</sup>. Importantly, our arhi performance is offsetting pandemic-induced weakness in some other businesses," Mr Fitzgibbon said.

"We see a real opportunity to outpace the market in the six months ahead with some exciting initiatives underway including our brand re-fresh, new product concepts, additional distribution partnerships and increased investment in marketing. We're targeting at least 3% policyholder growth for FY22," he added.

### New Zealand

nib's New Zealand business also performed well with premium revenue growing 13.8% due to a 4.1%<sup>2</sup> rise in policyholders and premium increases. However, with more members seeking treatment and claims inflation rising, our claims expense increased during the period.

<sup>1</sup> Including claims handling.

<sup>2</sup> Net policyholder growth for 12 months to 31 December 2021.

<sup>3</sup> arhi's net promoter score increased from 27 for 1H21 to 31 for 1H22.

“As public waiting lists continue to grow, exacerbated by the pandemic, we’re seeing more consumers make the shift from public to private treatment. And constraints upon private hospitals haven’t been as significant as in Australia,” Mr Fitzgibbon said.

“The outlook for our Kiwi business is positive with favourable market conditions and the acquisition of Kiwi Insurance Limited which should be completed in 2H22. We expect 3-5% growth in policyholders for FY22,” Mr Fitzgibbon noted.

### Adjacent businesses

Mr Fitzgibbon said performance within nib’s international inbound health insurance (iihi) segment continued to be mixed.

“While it’s been another disappointing result overall, our workers business has seen stellar sales growth especially through the Pacific and Australia Labour Mobility (PALM) scheme<sup>4</sup>. With increasing demand for skilled migration to meet labour shortages we expect this will only accelerate,” he said.

“It hasn’t been as rosy for our students business with restrictions on international students; however, we expect conditions to dramatically improve once border restrictions are relaxed,” he added.

Mr Fitzgibbon said nib Travel’s loss was as expected, with the business still heavily impacted by border closures and travel restrictions.

“With new underwriting agreements and great products which include some cover for COVID-19-related events we’re well positioned for the gradual return of travel both domestically and internationally,” he said.

Mr Fitzgibbon said nib anticipates these combined businesses to progress towards pre-COVID levels of growth and profitability in FY23.

### Payer to Partner strategy

Mr Fitzgibbon said nib’s Payer to Partner (P2P) strategy of personalising the member and traveller experience was starting to come to life.

“We expect people will increasingly want the healthcare system to understand their personal health goals and risks as well as meet most of their needs in one convenient place. We’re actively investing in this future as our investments in Honeysuckle Health, Midnight Health and Kiwi Insurance Limited attest. Similarly, our launch of new digital health management programs such as Limber and SilverCloud Health<sup>5</sup> align with this approach,” Mr Fitzgibbon said.

“Providing the financial protection for members and travellers with insurance will remain at our core for years to come. However, there’s so much opportunity to assist them to make more informed decisions about their health and navigate what today is a fairly disjointed healthcare system,” he added.

### Dividend

The Board has declared a fully franked interim dividend of 11.0 cents per share (1H21: 10.0 cents per share). The interim dividend has an ex-dividend date and record date of 3 March 2022 and 4 March 2022 respectively and a payment date of 4 April 2022. nib’s dividend reinvestment plan (DRP) is applicable to this dividend. A copy of nib’s DRP rules is available at [nib.com.au/docs/shareholders-drp-booklet](https://nib.com.au/docs/shareholders-drp-booklet).

### Investor briefing

nib will conduct an investor briefing at 10.30am (AEDT) today via webcast and teleconference. The webcast is available at [nib.com.au/shareholders](https://nib.com.au/shareholders)

For teleconference dial: 1800 148 258 or +61 2 8038 5271. Conference ID: 1696032

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

<sup>4</sup> From April 2022, the Seasonal Worker Programme and Pacific Labour Scheme will be consolidated under a single PALM scheme.

<sup>5</sup> nib has partnered with Honeysuckle Health to offer members free access to digital mental health platform, SilverCloud Health, as well as digital at-home exercise therapy through the Limber app. For more information visit [nib.com.au/health-information/going-to-hospital/health-management-programs](https://nib.com.au/health-information/going-to-hospital/health-management-programs)

