

**Date** 15 October 2015

**Subject** nib agrees to purchase medical insurance book of New Zealand life insurer, OnePath Life (NZ) Limited

nib holdings limited (ASX: NHF) today announced that its New Zealand subsidiary, nib nz Limited (nib NZ), has agreed to purchase the medical insurance book of business of New Zealand life insurer OnePath Life (NZ) Limited (OnePath Life NZ), for total consideration of approximately \$22.6 million (NZ\$24.67 million). OnePath Life NZ (owned by ANZ Bank New Zealand Limited) is to retain and focus on its core life and disability insurance business.

The acquisition is subject to receipt of regulatory approvals from the Reserve Bank of New Zealand. Completion is currently expected to occur in December 2015. nib will fund the transaction through its existing available capital.

The transaction on completion will be immediately accretive to earnings per share, excluding one-off transaction costs (forecast to be \$0.3 million in FY16) and amortisation of acquisition related identifiable intangibles (forecast to be \$1.0 million in FY16).

OnePath Life NZ, a fully owned subsidiary of ANZ Bank New Zealand Limited (ANZ New Zealand), is New Zealand's fifth-largest health insurer (also known in New Zealand as medical insurance), with approximately 20,000 policies covering 44,000 insured lives. OnePath Life NZ's medical insurance book of business generated GWP of approximately NZD\$27 million for the 12 months ended 30 June 2015. Following the purchase, nib NZ will provide health insurance to over 200,000 New Zealanders, covering more than 15.0% of the insured population.

nib's Managing Director, Mark Fitzgibbon, said the purchase is consistent with nib's strategy to grow the New Zealand private health insurance market and its overall share.

"Since acquiring TOWER New Zealand's medical insurance business in November 2012, we have been investigating a number of growth opportunities in the New Zealand health insurance market. The purchase of OnePath Life NZ's medical insurance business meets our strict investment criteria, and importantly provides us with additional scale and scope to grow and leverage our existing New Zealand operations," Mr Fitzgibbon said.

"The purchase also reinforces our commitment to the adviser market, with the majority of the OnePath Life NZ's medical insurance products being distributed by financial advisers," Mr Fitzgibbon added.

OnePath Life NZ's medical insurance policyholders will experience a seamless transition. nib NZ will also honour pre-existing medical conditions where customers have coverage under their existing medical policies with OnePath Life NZ. The transition of medical policies is expected to take approximately six months, during which time OnePath Life NZ will continue to service their medical insurance policyholders as normal. Beyond this initial transition period, all sales, claims and underwriting functions for those medical insurance policies will be managed by nib.

nib NZ and ANZ New Zealand also announced the establishment of a distribution agreement, under which nib will distribute its health insurance products through ANZ's network of wealth specialists for five years.

nib New Zealand's Chief Executive Officer, Mr Rob Hennin, said the leveraging of ANZ New Zealand's specialist wealth advisory network provides a significant opportunity.

"ANZ is one of New Zealand's most trusted and recognised brands, we are obviously excited about the opportunity to tap into their network of wealth specialists. With around 50% of all health insurance in New Zealand distributed by wealth and financial advisers we expect this relationship to be very successful," Mr Hennin said.

Mr Hennin added that whilst the nib brand was relatively new to many New Zealanders, the acquisition of OnePath Life NZ's medical insurance business will provide nib in New Zealand with additional scale and scope to further grow the business and deliver advantages to consumers.

"This acquisition further strengthens nib's commitment to innovate in the New Zealand market and the company's significant investment in growth is already showing signs of success. After enduring a decade of

policyholder decline, last financial year we achieved policyholder growth of almost 6%, which is reflective of the sound and justified investment we are making in growth,” Mr Hennin said.

“With approximately 70% of the New Zealand population without health or medical insurance, there is considerable latent demand to grow the market; making distribution relationships with organisations such as ANZ New Zealand very important in delivering our growth aspirations,” Mr Hennin added.

This purchase will have a negligible impact on nib’s FY16 consolidated statutory operating profit, but will improve underlying consolidated operating profit excluding one-off transaction and M&A costs as well as amortisation of acquired intangibles by a forecast \$1.3 million as outlined above.

## **INVESTOR BRIEFING**

nib will host an investor/analyst teleconference briefing at 11.00am (AEDT) / 1.00pm (NZDT) on Thursday 15 October 2015.

To participate please use Passcode 7822290:

- From within Australia, dial 1800 801 825
- From within New Zealand, dial 0800 452 905
- All other locations, dial +61 (0)2 8524 5042

## **MEDIA AND INVESTOR RELATIONS**

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