

ASX ANNOUNCEMENT

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nib holdings limited (asx: nhf)

21 April 2016

nib updates FY16 guidance

nib holdings limited (ASX: NHF) today announced that based upon experience for the first three quarters of FY16, consolidated underlying operating profit for the full year is now expected to be in the range of \$125 million to \$135 million (statutory operating profit of \$113 million to \$121 million).

nib's previous FY16 guidance was a consolidated underlying operating profit of \$102 million - \$114 million (statutory operating profit \$90 million to \$100 million) although it was indicated by the company at its half year results announcement in February 2016 that the result was likely to be at the upper end of the range.

nib's Managing Director, Mark Fitzgibbon said nib's latest FY16 guidance principally reflects lower than previously forecast claims experience including nib's significant contribution to the industry risk equalisation scheme (\$94.1 million 1H16).

"As we highlighted at our half year results, claims inflation in the first half had moderated however it wasn't clear whether the lower claims trajectory would continue in the second half of the year," Mr Fitzgibbon said.

"So far we continue to see a lower claims trajectory with a much reduced risk equalisation estimate for quarter three (January- March 2016), indicative of slowing claims growth across the entire PHI sector. It is a very welcome development," he added.

"If sustained and coupled with efficiency improvements being pursued by the industry, lower claims inflation clearly has the potential to ease pressure on future premium increases," Mr Fitzgibbon said.

nib's FY16 forecast investment returns remain unchanged and are expected to be in line with relevant internal benchmarks¹.

Media and Investor Relations

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¹ Internal Investment benchmarks

- Australian Regulatory capital (75%/25% defensive/growth) – target for portfolio bank bill index plus 1%
- New Zealand regulatory capital (100% defensive) (1) For core portfolio target is a 6 month bank bill index (2) For premium payback portfolio target is a 3.0 years interest rate swap index
- Surplus capital (100% defensive) – bank bill index