

17 April 2019

The Manager  
Company Announcements  
Australia Securities Exchange Limited  
Level 4, Bridge Street  
SYDNEY NSW 2000

**Presentation to the J.P. Morgan (Australia) Emerging Companies Forum – April 2019**

Attached presentation delivered by nib at the J.P. Morgan (Australia) Emerging Companies Forum (17 April 2019). Within the presentation (slide 11) nib has restated its current FY19 Guidance.

Yours sincerely,



Roslyn Toms  
**Company Secretary**

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# J.P. Morgan Australia

Emerging Companies Conference

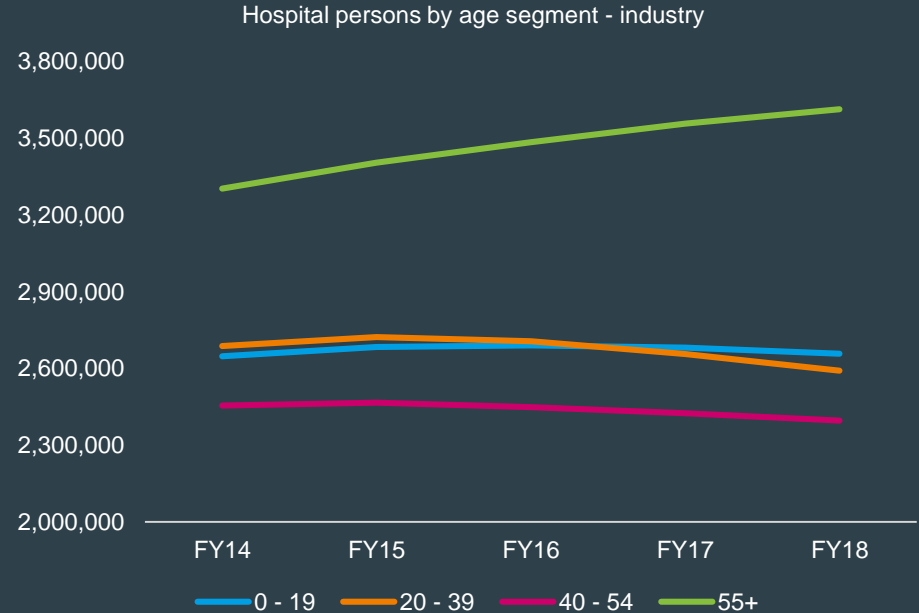
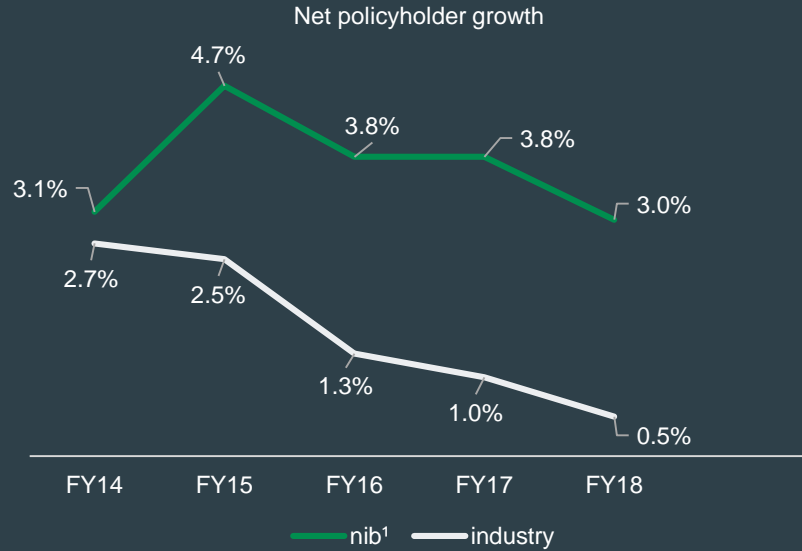
Michelle McPherson

Deputy CEO and Chief Financial Officer

17 April 2019

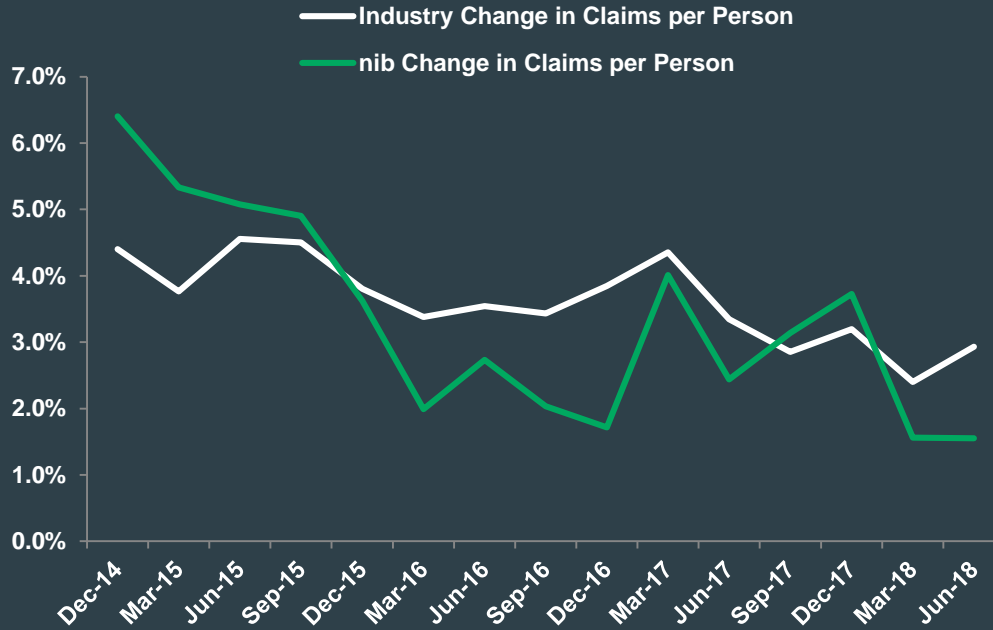
# State of the arhi market

# Market conditions are very weak



Source: APRA  
1. Excludes GU Health

# But claims inflation is favourable



Source: APRA  
1. Excludes GU Health

# 2x2 proposal

## Negatives:

- Impact upon gross margins
- Fanning negative sentiment
- Doesn't deal with underlying issues

## Positives:

- Low claims inflation
- May force industry consolidation
- Potential for complementary healthcare system reforms



## Personalised healthcare

Harness data science and digital technologies to better “personalise” our relationship with members, the products and services we provide or connect them with and especially help them, their doctors and other clinicians make more informed healthcare decisions. Use “personalisation” as the bedrock of enhancing our member value proposition, differentiating us in the market, improving individual and population health and better managing costs.



## Affordability and sustainability

Improve the affordability of our financial protection through improved operating efficiency, disciplined benefits management and helping members better manage their health and healthcare decisions. Ensure governance and operations across the Group are sensitive and responsive to our broader social, economic and the environmental responsibilities.



## Grow the core (arhi)

Strive for above “system” organic growth with measured brand and acquisition investment, prudent product design and combatting adverse risk selection, channel diversification and “personalising” the value proposition. Consider and pursue M&A as opportunities present.



## Economies of scope

Leverage existing Group assets and capabilities to pursue adjacent business opportunities for the purposes of both growing enterprise value and diversifying risk. Amplify investment in growing our international workers and students, New Zealand, travel insurance and Chinese businesses and deliver identified new prospects.



## Racing the Red Queen (RRQ)

Create competitive advantage across the Group through constant innovation, our RRQ principles around “natural selection”, having world class talent and prudent risk management.

# Big picture challenges

- Financial sustainability (over reliance tax and indemnity)
- Unwarranted and preventable care (allocative inefficiency)
- Massive cost variation (technical inefficiency)
- Limited consumer sovereignty (information asymmetry)
- Rise and rise of chronic disease (moral hazard)
- Inequities in healthcare
- Preoccupation with “sickcare” and “one size fits all” healthcare



# From “sickcare” to “healthcare” system and “personalisation”

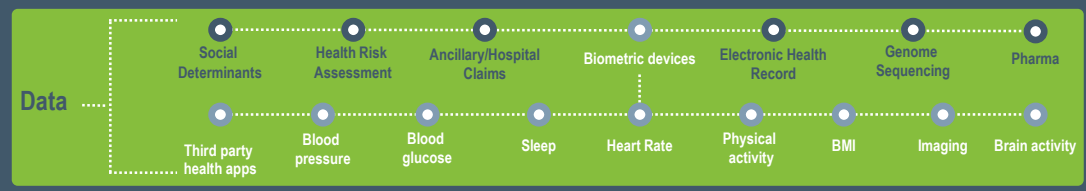
**FINANCIAL PROTECTION**  
“stuff that pays for me”

**CONNECTIVITY**  
“stuff that prevents and if I’m sick, manages and fixes”

**VALUE PROPOSITION**

**EMPOWERMENT**  
“stuff that helps me engage and decide”

**PERSONALISED HEALTH PLATFORM**  
“understanding individual needs for the purpose of financial protection, health risk prediction, management and treatment via data analytics, machine learning not IOT”



- arhi growth remains stagnant until able to expand coverage and value proposition
- Data science becomes a source of competitive advantage
- Industry consolidation both domestic and international
- Outsourcing of government and other third party healthcare programs
- Experimentation with primary care integration and lower cost settings of care



## Australian residents health insurance

Australian market remains tepid but with near term market agitation and growth opportunity due to reforms.

Net margins within target 5-6% range from FY20 with some risk associated with 2x2 proposal.

Medium/long term pressure for industry consolidation.



## International workers and students health insurance

Ongoing organic growth with strong margins.

Expansion into other foreign markets for students.



## New Zealand health insurance

Market growth remains challenging but margins strong.

Additional population health opportunities via Maori tribes (iwi).



## Travel insurance

Growing international sales and capture of supply chain value.

Difficult market and trading conditions in Australia but with QBE Travel acquisition adding momentum.



## China


JV expected to commence selling private health insurance second half CY2019 (but not underwriting).

Not expected to be profitable until FY22.

FY19 UOP forecast to be at least \$195m

Statutory operating profit of at least \$178m

- Ordinary dividend payout ratio 60% – 70% of full year NPAT



(\$m)	FY19
<b>Statutory operating profit</b>	<b>~178</b>
<b>One-off transactions and M&amp;A costs</b>	<b>~7.7</b>
<b>Amortisation of acquired intangibles</b>	<b>9.5</b>
GU Health	2.7
IMAN	0.8
nib travel Group (WNG/QBE)	2.7
NZ	3.3
<b>Underlying operating profit</b>	<b>~195</b>