Start of transcript

[Video plays]

Mark Fitzgibbon: Good morning, everybody. I think that video, I hope you agree, neatly captures pretty much what we're all about as a Company today, and that is an integrated end-to-end experience and total solution for people's healthcare needs, which of course features private health insurance but contains so much more.

I want to start this morning by acknowledging, we're presenting today from Newcastle, the traditional lands of Awabakal people and Worimi people just over the harbor there. We acknowledge their stewardship of the land for literally tens and tens of thousands of years and pay respect to their Elders past and present.

Normal approach today; I'll start off with a brief overview, Nick will go into some of the more detailed financial analysis, Ros will follow with her report on sustainability and related matters, and I'll come back towards the end and look a little bit more forward in terms of our business strategy, again what we're trying to do with our P2P strategy and finish with an outlook, but allowing you to draw your own conclusions.

A lot of slides here this morning. We won't go through every one, of course there's simply too many but I will try and highlight some of the key and more salient points. This is our purpose today, redefining ourselves as not just somebody who's here for your financial protection and security and access to private hospitals.

That will remain important in the future but as I started off by describing this morning, being here to help you stay healthy and well in the first place and provide you with a much greater universe of healthcare products and services.

How you stitch that all together into the seamless experience I mentioned is one of the great challenges of the Company. We're becoming more and more accustomed to talking about purpose, not that it's new to the Company, but making it more a highlight in our narrative because that's why we're here. We acknowledge measuring purpose is problematic.

I think Microsoft's purpose is helping people and organisations achieve everything they need to achieve in making the world a better place. I'm not sure how you measure that but you can certainly try and focus on some of the outcomes that are consistent with that vision.

Again, we're working methodically through what's the best way to measure our progress or lack thereof. We've landed on these five measures. We can talk more about this into the future, today's not about going through all of this.

Maybe if I just highlight that one in the middle there at the top, around our hospital support program, which has been delivered by Honeysuckle Health, where almost 60% of participants report that they've achieved

their health goals as a result of the kind of support we're delivering them, mainly through nurse-based telephonic service.

As we've previously mentioned, we've reduced the rate of unplanned hospital readmission almost 30% since the program first kicked off just a couple years ago. As a Company, very focused on our purpose and very determined to ensure that everyone in the Company, the 2,000 people or so we have, are aware of that purpose as we hope our stakeholders at large are.

Lots to highlight in these results. Our core Australian Residents Health Insurance business, what we affectionately know as arhi, had another fantastic year, growing more than double what we expect will be the industry average. The net margin was strong in the business. It's moving back towards our target of 6% to 7%. We think that is a more sustainable target to aspire to. I think it was 8.9% last year, down from 10.2% the previous year and Nick will talk more about that.

We paid a lot of money out in claims, notwithstanding COVID and the compensation we delivered to our members; claims totals $2.2 billion, up 6.6% on the previous year. Our international insurance for workers and students roared back to life last year, grew 15.7%. Most importantly, with our travel business, sharply reversed the loss making of the previous two years, which I think, Nick, amounted to $80 million or thereabouts.

It's been quite a dramatic turnaround in the fortunes of particularly international students and travel. Our international workers business continues the power run driven by some major thematics and government initiatives such as the Pacific [Australia] Labour [Mobility] Scheme.

Another strong result in New Zealand, fairly typical of New Zealand. It just continues its steady growth and progress as a Company. Travel recorded its largest gross written premium revenue in its history, and certainly since our ownership and underlying profitability. Obviously, it’s returning on the back of a travel re-emerge. nib Thrive is going strongly. We'll talk more about that further on, as we will our Payer to Partner strategy and ecosystem.

Look, attribution as I've noted here, is difficult. Yet, if you ask yourself, well, why is nib continuing to grow at such a rate compared to the industry average, no doubt the offering we have in the marketplace today, our payer-to-partner strategy and ecosystem is having some impact.

Honeysuckle Health likewise continues to gather momentum and support our membership, but also other people in other sectors of the insurance industry. Only in June, nib was displaced as the largest client, measured by revenue in that month, by the general insurers and the support that Honeysuckle Health is providing around injury support management.

The Group Net Promoter Score was very positive, up 4%. We had great employer engagement last year. That was particularly important given the challenges associated with COVID, and our own what we believe progressive approach to hybrid working. Of course, we're now in a very strong capital position and Nick will

talk more about that further on. Again, just some headline numbers here. We'll go through this in more detail as we progress this morning. Nick?

Nick Freeman: Okay, thanks very much Mark. We'll go through a few of these quite quickly, and I'm sure there'll be the questions at the end so we might zip through these. A few key things in the overall Group result. Good, strong revenue growth. We've given you the growth rate adjusted for givebacks, there are obviously givebacks in both years.

Also on the claims, you'll see that we did release the entire DCL. I think the whole industry's been reducing. From our perspective, we looked at it and tried to come up with the reasons why the DCL should be retained and on balance released the DCL.

In terms of underwriting expenses, they have increased, and we've acknowledged they've increased. To some degree, there's investment in marketing and also IT capability, but there's also, we've highlighted, an almost $15 million of asset impairments. Mainly around software, but also building leases as well, as we've moved to our distributed work strategy.

You can see again that net income and expense very, very large or other income and expense, very, very large increases. That's the travel rebound. I just want to also highlight, and we have in the investor pack, let you know what the Midnight Health impact is. We now consolidate Midnight Health fully into our results, and then it comes out, or some comes out as a minority interest. Just that's one to look to.

Quickly on the finance costs, its increase, which has occurred across the reporting season, no different to us in regard to the base rates and then the effective tax rate. It's because currently we are not deducting the Midnight Health losses given the pattern, but we would expect to be able to do so as it becomes profitable in the future.

Might go to the next slide. We give you this slide, or we started giving you this slide at the start of COVID to try and give you some indication. This will probably be the last time we do. We'll replace it with something else, because I just need to highlight to everyone that, the base of this slide is back what we thought would occur in February 2020. It's starting to become quite dated, but directionally, it still kind of works and I think is still helpful.

The first bit I'd like to draw your attention to is the policy holder growth, and then the product and scale mix, which are both really positive numbers. Good, strong, policy growth and also quite limited downgrading. That's a positive.

Then as we come into the OSC development and the rate, just to unpack this a little bit. In hindsight, it looked like our OSC had been a little bit low both in June last year and also December this year. There's a bit of movement in the OSC this year, a reasonable increase. Part of that is around some of the historical claims' development that's occurred.

If you look at the rate variances, again, it looks like it's a negative rate variance, but you've got to see that in light of the COVID savings which actually occurred over the three years. Back in 2020, we had a view on where rates would be and where claims would be and so forth, and of course that's really quite substantially different now.

Industry risk equalisation or risk equalisation continues to assist us. We're seeing that sort of flatten out a little, and then you can see the net COVID impacts coming to a relatively small number. Happy to answer any questions as they come through in the afternoon.

Again, really what I just really wanted to highlight is firstly, the impact of the growth and the downgrading, and then just letting about the rate variances that again, sort of - if you take into account the COVID savings.

On the next page please. We highlighted this at the half, and again, it's followed through for the full year. That's really that we are seeing the arhi net margin come down towards its target levels. We have guided that that will continue to do so over time but replacing that are the substantial increased earnings in the other developed adjacencies. You can see where Mark's talking about how much travel and the international students and workers have come back.

Just highlighting again, the investment that we are making in Honeysuckle Health and Midnight Health, these are our developing adjacencies and the contribution from nib Thrive which will get the full year into FY24. Gone through most of this, I'm sure there'll be some questions on that. Again, highlighting the sales and the downgrading and then the COVID DCL impact with the OSC as well.

Moving across, this is just again highlighting the continued above system growth that our arhi business has managed to achieve. We've put in the nine months to March ‘23, I think the APRA data comes out next week for the 12 months. Again, a good strong growth against industry. I won't go through that; we might move on to that one.

On the international business, a really good turnaround from that. We saw that in the first half, it's continued into the second half. What we are seeing is that overall in the measures that we’re using, overall volumes at about 83% of pre-COVID volume. Perhaps still a little more to come judging by pre COVID. Our sales are higher than that, so we are getting our share which is good, but again a very pleasing growth to come through.

New Zealand - just wanted to highlight New Zealand's - I call New Zealand just a very consistent performer, that's continued. Although this performance looks extremely strong, we just need to remember the impact that we had with the liability adequacy test last year.

Again, we had a $4.7 million impact, which was negative into last year and been positive into this year. If you adjust between those two, then the growth rate goes down to 8%. Still, a really, really good result but the 36.8% growth was impacted by that one-off.

We've talked about travel. One little thing I would highlight down in the bottom left of this page is the operating expenses as a proportion of gross written premium. I first joined in June 2020, and we did talk about a more sustainable shape of the of the P&L. You can see that as we've grown, the operating expense ratios have come down, which is which is allowing that profitability to come through.

Particularly pleasing is nib Thrive. We raised some money in October, you will know that, and we've managed to secure five acquisitions with another two in the pipeline. It's contributing positively and we will get the full year coming in to the FY24.

Capital, we gave you the capital under the new standards which take effect from 1 July this year. You can see the PCA ratio is equal to where we were, a good strong capital position. We were just highlighting a little bit on the net tangible assets in those graphs, that relatively high in December as we just raised the money from the capital raise, and then we've converted that effectively into intangible assets with the Thrive acquisition. That's the reason for that coming down.

Cash flow. Cash flow was a really good result. Good, strong, free cash flow. It did go down on last year, but we've highlighted in the bottom right that that the FY22 cash flow result was obviously a very strong result. Come back to more normal levels and a good result there. I'll hand over to Ros.

Roslyn Toms: Thanks Nick, and good morning everyone. Before I talk to some of our key highlights in sustainability for FY23, I thought it worthwhile reflecting on our sustainability pillars and the approach that we take to sustainability at nib. nib's very much tied to what we're seeking to achieve as a Company, and in particular in the population health space, which is where we really see we can have the biggest impact.

You'll see with some of the highlights here, we've had 25,000 members do health checks. That's really allowing us as a Company to further understand our members and ensuring that our members are on the right programs. You'll see there that we've had 19,000 members enrolled in health management programs, which is well beyond our original target of 12,000.

As Mark mentioned at the outset, our program with hospital support, we're seeing members have a gap closed in care of 60% of the people going through the program. We're having some fantastic outcomes in that space.

In terms of on the home front with our employees, life at nib, as Mark mentioned, continues to be embraced by our employees. In particular, our engagement score 81% is well above the global benchmark of 73%. That allows us not only to offer our employees flexibility but allows us as a Company to source talent from a much broader pool because effectively we can employ anyone from anywhere around the world.

Just finally there, if we look at the Prevention Partnerships, and this is really building on our capability in the Company and moving it to the community, and the Prevention Partnerships leverage our IT technology to work with partners in the community, to build out programs that are really aimed at preventing chronic diseases like diabetes and mental health.

In particular, for example, we worked with the Black Dog Institute, and we launched the Sleep Ninja app, which is free to anyone through Apple. We've seen that people who participate in that app have had a 60% improvement in the way in which they're sleeping.

Just finally on the FY23 targets, I will call out that we remain committed to sustainability. That's clearly illustrated by the fact that a sustainability metric is now included in all of the executive STI scorecards.

Moving on to our FY24 targets, we will obviously continue to build out the work we are doing in terms of health management programs and better understanding our members. In particular, we've been working for a number of years with the community in Bourke, which is about 10 hours out of Sydney. It's a very remote community and has a high proportion of Aboriginal and Torres Strait Islander peoples.

We've developed a care navigation model pathway with them, which we are looking to launch later in the year. Which will really enable people to be able to navigate the system and access better healthcare in what is as we all know, a very fragmented system.

In terms of the natural environment, we're very much committed to maintaining our carbon neutral certification, particularly as we bring on a number of companies through the nib Thrive acquisitions. We work towards our 2040 goal of our net carbon zero.

Just finally, in terms of our RAP, we launched our Innovate RAP last year and we're very much committed to closing out those deliverables in the coming year, as we work towards and with Aboriginal and Torres Strait Islander peoples to close the gap in health, which we know is quite significant.

Just finally, we will be launching our sustainability report in the coming months so, happy to meet in the following months to take any further questions in relation to what we're doing in that space. Mark, over to you.

Mark Fitzgibbon: Thanks, Ros. As many of you know already, as a Company, we're very focused on this idea that we can harness technology, the data science and predictive analytics that we're all becoming more and more familiar with, to make the value proposition for being a member, or a traveller, or an NDIS participant with NDIS, as much about giving them deeper insight into their health and wellbeing and how they may achieve their goals.

That's our mission as a Company today. It's not to dismiss or down-rate the importance of private health insurance as part of the value proposition. It will remain an important part of the value proposition, but that's just not how we're thinking as a Company today. We're thinking in this Company more and more about, how do we keep you well and healthy?

When we think about the marketplace we lean into this concept of value pools and where are the places in the marketplace, particularly around healthcare and travel and disability services, where we have a license to play, and can create enterprise value for the Company and our shareholders. Of course, that starts with

the traditional private health insurance markets that we navigate, arhi, and in particular New Zealand. We still see enormous opportunity there for the Company.

We sit here in Australia with 10% of the marketplace, probably less than 20% in New Zealand. With a superior value proposition, we think we can not only grow the marketplace, but our share of that marketplace. In the way of economies of scope, we've long been pursuing new market opportunities around the core PHI businesses.

That explains our entry into international workers and students. It explains our entry into travel. It explains our entry into the NDIS, and so far so good. Which is not to say there haven't been failures in the past, but we learned from them and we soldier on.

Naturally very focused on cost containment and affordability. Given the pressures on household budgets and the fact that health insurance is for many still largely a grudge purpose, what are we doing about that? Well, first of all, we're trying to extend the value proposition, our way to describe.

Secondly, if you happen to tune in to our latest marketing campaign, we're kind of acknowledging private health insurance is a bit of a commodity, but we're different.

Honeysuckle Health is another area where we're trying to capture value. You can add Midnight Health to that I suppose. This is recognising that taking Australia as an example of the $220 billion we spend each year on our healthcare. Private health insurance captures a relatively small part. We think constantly in the business about, look, in these other areas of the healthcare economy, is there a role for us to play? Can we develop businesses in these particular parts of the economy, and as I say, capture value?

The last one, it's described as government and third-party programs. I suppose that's the ultimate value capture of the opportunity, but it's really about population health. Just building on Ros’s earlier observation, we think it is a profound opportunity for a Company like ours, and indeed the entire private health insurance industry, to play a more concerted role in addressing some of the egregious gaps in access to care and health outcomes across the community, particularly in First Nation communities, whether they be in Australia, New Zealand, or anywhere else for that matter, where we may choose to apply a skill and capability.

That's the basis of our business strategy. The next slide is simply another way of expressing this. This is our P2P ecosystem. It highlights as we've covered this morning, the importance as a value proposition of financial protection and support, the importance of providing people and their doctors with much deeper insight into risks to their health and wellbeing, and how those risks may be better managed.

We include in that today, when we think about populations, this notion of social prescribing. This recognition that social factors, social determinants of care as we like to call them, are as every bit as important as clinical and medical factors, in producing better health outcomes for people and the communities in which they live.

Beneath that is our recognition that we want to connect people with a much broader universal network of healthcare services; be they physical, virtual, or increasingly at home. That we want to compliment that with more everyday healthcare products, the kind that we're now delivering through our majority stake in Midnight Health. Of course, underneath that is a whole stack of enabling capabilities necessary to make this vision and mission a reality.

A good part of the additional spending you've seen in the Company, which Nick alluded to, is the investment we're making in growing these kinds of capabilities. Whether they be the new app which we started today, right through to the application of generative AI, right across our business. Not only identifying and understanding health risks, but actually improving day-to-day operations.

Look, some detail here about the progress both Honeysuckle Health and Midnight Health are making. Honeysuckle Health is just so mission critical to fulfilling our ambition of being a genuine healthcare Company, and capturing value in other parts of the healthcare system as indeed Midnight Health is.

While we're losing money at the moment in both of these businesses, we merely see that as an investment in the future. As I started off by saying, while attributing is difficult, we're very confident both businesses are already adding to the value proposition and the above system growth we see right across our PHI insurance lines.

This was quite a novel part of our strategy which we embraced a couple of years ago now. It came to fruition last - or during last financial year in November when we raised capital to fund our acquisition program. We've been very successful with the acquisitions, but while acknowledging that's just a start, we have so much more to do now in terms of integrating these businesses, putting in place the necessary technology, and growing these businesses. Most importantly, taking a new view about how we're actually supporting the 600,000 or so NDIS participants.

While we'd entered the marketplace largely around pure plan management, we see a much greater role for the Company, and the value proposition for NDIS participants, and helping them design plans, procure the services, and then manage those services on an ongoing basis. Plan management is a vitally important and starting point for us, but we have a much greater vision for the role we can play in the NDIS.

Not only for participants themselves but ensuring a more sustainable NDIS system. Because there are certain levels of inefficiency, both allocated and technical that we have identified today, and we think we can help the government address some of those inefficiencies, and as I say, make for a better more sustainable system.

Look, just a few supporting thematics I jotted down on paper. With due respect for thermal coal producers and here we are in the Hunter, this is not a thermal coal sector. We are increasingly spending more on our healthcare as a society. I've often cited the figure that, since World War II, we've spent the equivalent of our GDP plus 2% more on our healthcare each year. That's not going to change.

In fact, COVID-19, while it may induce some efficiency in healthcare system, is actually going to increase demand for healthcare. Unfortunately, there's low confidence in the public system, the waiting times. We don't celebrate that. We don't celebrate the fact that you may wait three years for a joint replacement in the public system, but it's clearly a factor driving the level of increased participation in private health insurance, both in Australia and New Zealand.

We're seeing that, which is the next point, and immigration is adding to that growth, and will continue to add to that growth. Our appetite for foreign workers is becoming almost insatiable. Demand for both skilled and unskilled workers is well known to most. We're very confident about the return of foreign students.

Australia's still a very attractive destination for foreign students in terms of its geography, its safety, the quality of our tertiary institutions, and the fact that students can stay here and work, which our research indicates is a real driver of demand for Australia as a destination for study.

There's renewed enthusiasm for domestic and international travel; long may that continue. Of course, we are going to see increased NDIS participation, we know that, and heightening expectations about the quality of service but also the affordability of services.

There's even more and more potential to support our business ambitions through the application of technology, and the power, the kind of vision we have for P2P that I've outlined. I've also added to that, I was just thinking about over the weekend, reading an article out of the US about increased level of consumerism in healthcare.

More and more people are demanding the kind of everyday healthcare products and services that we're now providing through the likes of Midnight Health. I think that's an important thematic too, that I could have well added to this summary.

This slide everyone's been waiting on, I guess. Again, I won't get through every bit. We expect our high will continue to grow well ahead of system, it's just a question of how well system does and macroeconomics - notwithstanding the thematics I've outlined; clearly economic factors, interest rates, mortgages, etc., will have some bearing on the level of PHI participant in Australia and New Zealand. We will see some efficiency gains out of COVID-19.

For example, we've seen quite a significant drop off in hospital treatment for psychiatric care, in hospital treatment for rehabilitation after a major joint replacement. Now, whether or not those efficiency gains are gobbled up by other forms of spending, time will tell, but just looking at it at the moment, it's looking rather positive, and will gradually return to our net margin target of 6% to 7%. We're still well above 7%. It's only time that will tell just how quickly that margin moves back towards that 7% top end.

International workers and students recovery is continuing. Student numbers are rebounding. There're still some challenges around the loss ratio in that students' business because the loss ratio increases with

tenure, and we still have an aged pool of international students. But sales are strong at the moment, so that's rapidly changing.

I'd mentioned the continued growth we expect in workers, courtesy of the demand for skilled and unskilled labour. Of course, we've just integrated a new international workers and students business based in Christchurch into this mainstream business.

New Zealand growth prospects are very similar to Australia. The net margins we've just quoted there, cited there, that's consistent with what you've seen in the past. We're putting a lot of faith in this idea that we'll do better in the New Zealand market, particularly with the advisor channel, if we can sell life and health together. That explains of course, our acquisition of Kiwi Bank's life insurance business last financial year.

Gradually, that's being integrated into a more seamless integrated offering for advisors to make. nib Travel, the resurgence continues. We've touched upon that, nothing really to add there.

nib Thrive, we set ourselves a goal at the fund, at the capital raise of $50,000 by financial year '25. We're confident we'll do that very easily. In fact, most likely we'll do better. Our priorities at the moment are to consolidate the businesses with the appropriate technology infrastructure, and to realise some of the cost synergies.

Nick mentioned that our margins was a little bit lower than what these businesses were operating in the past, but that simply reflects the investment and the effort we're making. As those kind of cost synergies materialise, we'll move back to higher margins.

As I mentioned, we want to expand the value proposition. We want for NDIS participants, and maybe even non-NDIS participants who while they don't get government funding under NDIS, still have a need, we think we can have a value proposition - craft a value proposition that in one place enables participants to help design their plan, procure their support services, and manage that relationship on an ongoing basis.

Finally, just important that we mention the impact of AASB 17, it means, and Nick will speak to this further on I'm sure, our reported underlying operating profit we expect will be almost $27 million less of what it would otherwise be. Purely because of AASB 17, with no impact on the cash flows.

Now that of course is tied up with our decision to defer premiums, 1 April increase due this year, to 1 October. Our dividend policy will be based on that, what would've been the impact if not for AASB 17. Did you want to add to that in any shape or form?

Nick Freeman: No.

Mark Fitzgibbon: Because it's a rather important point.

Nick Freeman: It is. No, I think you've covered it, Mark, which was just to say that next year, under AASB 17, whatever our result is, it will be $26.6 million lower than under (AASB) 1023. We will make that

adjustment when considering dividends. At this stage, whatever the result would be, we would add back $26.6 million in considering our DRP ratio.

Mark Fitzgibbon: Okay. Questions and answers?

Operator: Thank you. Ladies and gentlemen, if you have a question or a comment at this time, please press star one, one on your telephone. If your question has been answered and you wish to remove yourself from the queue, please press star one, one again. We'll pause for a moment while we compile our Q&A roster. Our first question comes from Sean Laaman with Morgan Stanley. Your line is open.

Sean Laaman: (Morgan Stanley, Analyst) Thank you. Good morning, Mark. I hope you're well. Mark, you've provided us the policy holder growth expectations in arhi for fiscal '24, and you made some comments around system growth. I'm wondering if you could give us what your expectations for system growth might be in fiscal '24.

Mark Fitzgibbon: Hi, Sean. I'm well, thank you. Hope same for you. Look, it's difficult. The system has grown the last eight halves, so it's growing particularly well. It's growing on the back of fear of COVID, heightened awareness of the risk to people's health, it's growing on the back of public hospital waiting times. It's growing on the back of migration. We've seen 450,000 people arrive in Australia since borders reopened.

My best guess – emphasis in guess – will be somewhere around 2%. This is probably where we'll land for fiscal '23 once we see the numbers. As we always do and always have achieved, we hope to do a lot better than that. We'll do a lot better than that because as I've mentioned, our value proposition is starting to differentiate ourselves in the marketplace and attract consumers who otherwise may not be interested in private health insurance.

Because of the success of our distribution strategy, our partnerships with the likes of Qantas and ING and Suncorp, our partnership with the aggregators; the broker community, our burgeoning corporate business through our Grand United or GU brand, that's about - if we finished this year and did another 4%, I think I'd be very pleased with that outcome, given that clearly we're entering an uncertain time, with people coming off their fixed term rates and the impact that's going to have on households, etc.

Sean Laaman: (Morgan Stanley, Analyst) Sure. Thank you, Mark. A follow up, I appreciate this might be a bit too early to ask, but just thinking about what could happen with system growth, and you mentioned household budgets, et cetera, is it too early to ask how you think that the government might be thinking about how they frame expectations for price increases next year?

Mark Fitzgibbon: Look, I should have added to just my early observation, our NPS in arhi jumped to 40 last month. Just further evidence of the cut through I think we're getting, with this expanded value proposition and our market offering.

Price increases, I don't want to pre-empt the minister's discretion on this. I think what we will see, we've just had two periods of extraordinary low increase, is 2.7% or thereabouts for two years. Now, that was appropriate. It reflected a lower claims environment. It particularly reflected the lower level of risk equalisation we incurred during COVID. But no question, healthcare spending will return to some new normal. My best guess is that will be somewhere between 4% or 5%.

We know the hospitals in particular are under pressure, economic pressure, and will be looking for greater compensation. I'd be surprised, without wanting to pre-empt any application that we or other operators may be making, but we will need the price in that level of inflation.

I think a couple of years of sub 3% increases – at least in our case, not all insurers were sub 3% - they're behind us now and we'll have to price rationally. Fortunately for us, we've still some material headroom around arhi net margin, and confidence that growth, particularly growth of the right kind, we'll see a very healthy level of margin in the business.

Sean Laaman: (Morgan Stanley, Analyst) Great. Thank you, Mark. That's all I have. I'll jump back in the queue.

Operator: One moment before our next question. Our next question comes from Nigel Pittaway with Citi. Your line is open.

Nigel Pittaway: (Citi, Analyst) Hi, good morning guys. Just wanted to sort of ask about the sort of write back of the DCL. I mean, are you basically saying by doing that, that you're expecting no further COVID claims to catch up, it's all done? Can you maybe just make it clear as well how that will meet your obligations to sort of not profit from COVID, please?

Mark Fitzgibbon: Well, I don't think we're saying - well, the DCL was gone as a matter of accounting practice. With proper actuarial science, we've made judgments in the Company that DCL was funding catch-up. There will continue to be catch-up inevitably. Think about just simple terms, Mary, who didn't have that hip replacement 18 months ago, because of COVID, has now had that hip replacement. But the question's always been, to what extent is that catch-up additive or substitutional proactivity, which would otherwise happen?

It was always our theory, and I think time has proved us correct on this point, that the supply chain only being so large can only accommodate a level - couldn't accommodate a level of catch-up without pushing out activity, which have otherwise occurred. The June quarter was interesting, although one quarter doesn't make a trend. We did see some pickup, as other insurers I'm sure have in the level of activity.

Whether it smooths out now to find a new trajectory, let's say somewhere between 4% and 5% and at what pace that reversion to whatever the new mean is, only time will tell. I just don't - we don't have a crystal ball. Nick, did you want to …

Nick Freeman: Yes. Nigel, I think a couple of things to unpack there. While we're not saying that claims won't increase because we are giving an indication that they will, I mean, the technical accounting question is around that of catch-up.

With the hospital system open since February ’22, various governments and World Health Organisation etc., calling an end to the pandemic or a new normal during the year, the circumstances from our perspective around the DCL meant that it was appropriate to write off or to write back.

To that extent, that's I think the way to navigate between reducing the DCL, and you can still go into an environment where claims are increasing. In terms of the pandemic commitment report, not profiting from COVID, we'll submit that on 30 September, and we are confident in view that we have not profited from COVID.

Mark Fitzgibbon: Not profiteered from COVID.

Nick Freeman: Profiteered from COVID.

Mark Fitzgibbon: Yes. Look, I think the industry has done an extraordinary job in compensating members and making good that commitment. We're returned into our members in the form of cash and deferral was, what?

Nick Freeman: $180 million.

Mark Fitzgibbon: I was going to say almost $200 million. Now, a good part of our saving was about $150 million has then reduced risk equalisation liability. That's not money that was needed to fund treatment of our members. It was actually funding treatment of the members of other health insurers and our form of compensation there has been to reduce prices beneath the major players. I mentioned earlier there are two sub 3% increases in '23 and '22.

Nigel Pittaway: (Citi, Analyst) That sounds like it will be right to assume there's no further of those initiatives coming. Certainly, as a base case. Would that be a fair assumption?

Mark Fitzgibbon: I think that's a fair assumption. Yes.

Nigel Pittaway: (Citi, Analyst) Yes. Then maybe just a question – yes, sorry, go ahead.

Mark Fitzgibbon: It’s only for the reason that we are seeing a return in activity to more normal levels.

Nigel Pittaway: (Citi, Analyst) Fair enough. All right then. Then just slightly changing tack to Midnight Health. I appreciate you saying you're already getting some benefit from that in terms of stimulating your growth et cetera. But obviously the loss did go up to 8.8%, I think second half, so that's 14.9% for the full year. Can you just remind us the sort of timing we should be looking at in trajectory in terms of those losses moving forward?

Mark Fitzgibbon: Well, [unclear].

Nick Freeman: Again, it's a start up and so I think we'll look to see a similar level of losses into this year, and then – but we'd be obviously reviewing every quarter to ensure it's on track to gain a profitable outcome in the timing that we're expecting when we first made the funding.

Nigel Pittaway: (Citi, Analyst) You're not saying what that timing is?

Nick Freeman: No, Nigel. I was choosing my words carefully on that one. Giving you an idea about FY24 though.

Nigel Pittaway: (Citi, Analyst) Yes, okay. Fair enough. All right, great, thank you.

[Over speaking]

Mark Fitzgibbon: But just another point on Midnight Health. The time is much closer than we realise in which if I'm not feeling well, I will have an e-triage device on my nib app which advises me as to whether or not I should take a pill and lie down, have a day off work, go to the pharmacy or go to the GP, or call an ambulance. Then I'll be able to have that consultation done virtually, in real time.

If there is a need for pharma, I will have that pharma delivered, well, fill – that prescription filled, and home delivered. I will have a straight through seamless process for imaging, or pathology. I'll have the ability to contact a doctor very seamlessly. Again, a virtual if it's a specialist and so on.

This idea, this consumerism which has been missing from healthcare for so long which we've seen in so many other industries think streaming services at home on TV. It's happening, and it's happening rapidly. We need to develop the assets and capabilities to provide that solution for people. Midnight Health is a critical part of that.

Midnight Health is already providing virtual consultation, prescription fill and home delivery and a range of other services which are critical to this value chain if I can use the expression. So, I mentioned it earlier, but I very much – it's a start up. I very much see the kind of loss making as an investment in this future.

Our value proposition, our P2P ecosystem and the $40 million is no different to the $120 million we spend generally in PHI on acquisition in the forms of commissions and marketing and advertising. So, obviously, we need to keep an eye on costs and be rational in our deployment of capital. But don’t underestimate the importance of this company with Honeysuckle Health in a kind of world we're trying to create here with consumers.

Nigel Pittaway: (Citi, Analyst) Okay, thank you.

Operator: One moment for our next question. Our new question comes from Andrew Buncombe with Macquarie. Your line is open.

Andrew Buncombe: (Macquarie, Analyst) Hi guys. Thanks for taking my question. Just the first one is in relation to the claims experienced in arhi. Can you give you some colour around what you're seeing in the

months of June and July? I'm just trying to compare that to your 4% top 6% guidance range for FY24? Thanks.

Nick Freeman: Yes, again, very general because every month can go within a range, but we did see a tick up in the fourth quarter in terms of claims and then July was relatively favourable. So, I wouldn't read too much into either of those but since the question is being asked, that's sort of where we're seeing it. August, again, I don't see anything that Q4 provided or July provided that would give me an indication of August. I think it's just a month by month at the moment.

Andrew Buncombe: (Macquarie, Analyst) Yes. Then my other only question was in relation to the DCL going from $124 million to $0 in the last six months. There's a couple of results on today, so apologies if this is laid out somewhere. But can you give us an idea of how that $124 million unwinds was separated into claims catch ups, give backs compared to retained as profit? Thanks.

Nick Freeman: Yes, it's a good question. I think the first parts I'd bring out is that the OSC in hindsight was somewhat understated, and so broadly the way that I'd be looking at is that of the $110 million for the full year rather than the half because the combination at the half when the OSC was reasonably largely understated in hindsight, so the full year is probably a better way.

So, you've got $110 million reduction of $71 million is in the give back and then in terms of the overall balance of the $30 million, then you've got some catch up and you've got some return to profit potentially, but our margins went down overall. Then the other thing that's worth noting is that the OSC also increased year or year.

Andrew Buncombe: (Macquarie, Analyst) Okay, that's it from me. Thank you.

Operator: One moment for our next question. Our next question comes from Julian Braganza with Goldman Sachs. Your line is open.

Julian Braganza: (Goldman Sachs, Analyst) Good morning, guys. Just a first question from me. Just in terms expectations for downgrading into FY24, obviously noting FY23 looks quite low. So, I'm just keen to understand just how you're thinking about that into FY24. Cheers. Thanks.

Mark Fitzgibbon: Look, it will be modest. To be honest Julian, I know a lot of people spend time and think about downgrading. It's not something that really captures my attention. It was like last year. We regard downgrading, as I say, to as much as a loss in revenue and activity has no impact on the margins. So, there will be some downgrading. But it's not one personally, nor the company spends a lot of time talking about it.

Julian Braganza: (Goldman Sachs, Analyst) Okay, thanks. In terms of just the risk margin and the OSC impact, how should we be thinking about that into '24. Is that likely to be unwound into 24, particularly as claims are normalising?

Nick Freeman: Well, yes, because it's there for a current liability. The question really is then on the risk margin because there has been an increase on the risk margin and whether that will need to be retained throughout the year or released. At this stage we think that the risk margins appropriate.

We'll continue to assess it, but like I said, given where claims developed not only over the fourth quarter but also as we look back in hindsight the risk margin was considered appropriate. They will be considered over the course of this half.

Mark Fitzgibbon: It probably is a source of some [inaudible].

Julian Braganza: (Goldman Sachs, Executive Director) Okay, great thanks. Just last question from me, just in terms of the international business. So, you've had really strong growth there over the second half. Can you just maybe comment on expectations for growth there and also just gross margins into '24. Cheers. Thanks.

Nick Freeman: I'd probably be hesitant on gross margin. In terms of overall growth, we've seen a good kickback in those areas, but interestingly, it's still not back to pre-pandemic levels from the numbers that we're seeing and we're also seeing students return a little bit later as well. So, I'll leave you to make your own conclusions on that.

Mark Fitzgibbon: Yes. It's difficult to predict for the reasons Nick mentioned. If you're looking for a guide, we certainly have aspiration to get the combined businesses to back to they were pre-COVID. So, you may draw some sort of line through that logic.

But actually, predicting growth numbers, the way things are, at margins, the way things are particularly with students which is going particularly well but not making the margins that we were pre-COVID for the reasons I've mentioned. Largely the aging of the risk pool.

So, probably the best guide is to look back pre-COVID and see what we were doing and what might be a reasonable assumption.

Julian Braganza: (Goldman Sachs, Executive Director) Great. Thanks so much.

Operator: One moment for our next question. Our next question comes from Siddharth Parameswaran from JP Morgan. Your line is open.

Siddharth Parameswaran: (JP Morgan, Analyst) Good morning, gentlemen. A couple of questions if I can. I just wanted to be clear on whether you're calling the COVID period close, so your promise for not profiting from COVID. I take it by dropping the DCL, you did say it's accounting related. But you're also saying unlikely to see anymore give backs.

So, I just want to be clear from here, and the way you're looking at things, the way you're going to be acting in terms of profit margins et cetera, the experience that we see is how you're going to be pricing and there

won't be anymore – there shouldn't be any allowance for any other adjustments relating to that promise going forward. Would that be a fair of looking at what you're saying?

Mark Fitzgibbon: Yes, no, that's right. So, COVID from a purely accounting, commercial point of view is over, as Nick mentioned. In terms of the consequence of COVID, not so over because, as I touched upon today, we will move back towards whatever the new normal happens to be. We'll see some efficiency improvements in the delivery of treatment. I gave some examples there today around psychiatric care and rehabilitation.

However, we will see increased pressure amongst providers, particularly the hospitals who have suffered badly during COVID-19 to recover their margins. So, there's quite a few moving parts, Sidd.

Siddharth Parameswaran: (JP Morgan, Analyst) My question was specifically about the promise not to profit from COVID.

Mark Fitzgibbon: Well, we're very comfortable that we've met out commitment that we made at the time around profiteering is the word I like to use rather than profits. Because we obviously have made profits during COVID. We believe we've been true to that commitment and, again, as Nick mentioned, we have to do a return to the Department of Health in the weeks ahead, but hopefully that will be the end of it.

In terms of pricing, I think I covered that, Sidd. That's the other enormous moving part here. We've just had a period of very low-price increases, most of which were deferred as well. I think the government will be – will accept as they always have in the past, our rational pricing applications which basically says we need to price products that cover the rising cost of medical inflation.

Siddharth Parameswaran: (JP Morgan, Analyst) A question just on the risk equalisation impacts in the period. I think you flagged quite a large benefit over the year and that's been a consistent thing during the COVID period. I'm just keen to understand what you expect going forward.

Nick Freeman: Just quickly, Sidd, on that. Remember those risk equalisation benefits are based off the expectations of February 2020. So, that dollar is a trend, if I could put it that way, as opposed to an actual dollar amount because the base of what was assumed back then has changed dramatically as member behaviour across the industry has changed. So, from that perspective – but having said that, we clearly did get a benefit over the last few years from risk equalisation that we were then able to price in.

Mark Fitzgibbon: Yes, so shifts in hospital treatment across the industry exaggerated for us because we're such a large contributor to risk equalisation. So, we saw an exaggerating saving during COVID-19 and we'll probably see an exaggerated liability associated with a return to whatever the new normal is. But as I mentioned, it's just a factor in the overall claims experience, and we'll price it in and deal with that as we always have.

Siddharth Parameswaran: (JP Morgan, Analyst) Okay. Just a final question just on where claims are. The wording isn't very clear at the moment. You're saying that you're expecting inflation to trend back to a

previous range, 4% to 6%. I'm just wondering the actual cash paid versus your pricing assumptions, could you give us some idea of how that trended over the year or over the second half? So, how much below are you versus that figure?

Nick Freeman: Sorry, could you help me out with that again, Sidd?

Siddharth Parameswaran: (JP Morgan, Analyst) So, the cash payments are tracking well below your assumptions on pricing and what you might have thought pre-COVID levels were. I'm just wondering if you could help us understand where they are at the moment on a cash basis.

Nick Freeman: I might answer it in a different way and maybe we can take it up this afternoon. The way I'm looking at that 4% to 6% is that if you wanted a real – the bear case, you'd look at the incurred. If you want the bull case, you start with the base of the paid and then you add your inflation and your growth on those. So, I think the answer is probably somewhere in between in terms of where to apply your growth rate assumption and the guidance we've given you on inflation. But yeah, it's probably somewhere between paid and incurred.

Siddharth Parameswaran: (JP Morgan, Analyst) Okay. I might take that one offline. Thank you.

Operator: One moment for our next question. Our next question comes from Kieren Chidgey with Jarden. Your line is open.

Kieren Chidgey: (Jarden, Analyst) Morning, Mark and Nick. Maybe just starting on a similar topic around risk equalisation following on from Sidd's question. Just going back to your gross profit drivers slide which I think is slide 11, there's a number there of I think $154 million called out as the risk equalisation benefit during the period which is about the 70% of arhi up in the full year.

I was just wondering when you make the comment – and I note further down that page obviously the premium deferral cost of $70 million broadly offsets the arhi claim benefit in the period. But when you make the statement around to profiteering from COVID. How does the risk equalisation issue feed into that?

Mark Fitzgibbon: Hi Kieren. I don’t think anyone has thought a lot about it really when the industry made this statement about not profiteering from COVID and compensating members for the loss of treatment or the deferral of treatment.

I don’t think anyone really contemplated, well, how do you make sense of that when part of the savings risk equalisation. Because as I mentioned earlier, why would we compensate with cash, for example, our members for treatment not incurred by the members of other health insurers.

So, the way we've thought about that was to say look, we shouldn’t. We'll compensate our members for their loss of treatment, but we'll compensate because we've got lower claims savings, our members should naturally benefit from that and we'll compensate them through lower premium increases compared with the likes of Medibank Private or Bupa or HCF. So, that's certainly the way I've thought about it, but there's no developed science or guidance practice notes that I've seen from the regulators on the question.

At the end of the day, we've got to sit back and look ourselves in the mirror and say, look, did we do the right thing by our members? We emphatically believe we have.

Kieren Chidgey: (Jarden, Analyst) Okay.

Nick Freeman: Kieren, you've also got to remember that that $150 million that you've referred to, it's against a base of what we thought FY23 may have been back in FY20. Back in February '20. Remember, any growth rate assumptions that you apply are not to the net risk equalisation number, but you're applying percentage differences to both the calculated deficit as well as the gross deficits.

So, 2%, 3%, 4% changes on calculated deficit and gross deficit especially if they're going in different ways can start to really expand the numbers. So, again, it was just trying to give an idea, that slide, as opposed to say that that's the real dollar number.

Kieren Chidgey: (Jarden, Analyst) Okay. Conceptually pre-COVID, you were obviously pricing your polices for that higher risk equalisation liability you'd have to pay into the industry. How has that evolved? Is your pricing now updated to reflect a lower risk equalisation or are you still assuming that pre-COVID level within your pricing?

Nick Freeman: We've got views of what we think we will – we've got a view that pricing should reflect permanent savings, so we've got a view on what we think permanent savings are in terms of the other overall modalities in claims. So, that will end up being reflected in our pricing submissions.

Kieren Chidgey: (Jarden, Analyst) Thanks.

Mark Fitzgibbon: So Kieren, you'll appreciate one of the reasons [unclear 07:40] was so keen on premium deferrals rather than lower increases per se was it didn’t want to erode the base, recognising at some point post-COVID, things would move back to whatever the new normal is. So, we've certainly thought that way.

We have reduced the base, I suppose, through the two low pricing increase rounds we have, but we're confident that we can rebase our high pricing at the next round and subsequent rounds to meet whatever that additional risk equalisation liability may turn out to be.

Kieren Chidgey: (Jarden, Analyst) Okay. Just a second question again on arhi but the other expenses within that. Can you just call out exactly what the dollar benefit? I think you mentioned a number of close to $15 million across the group. Is that all in arhi in terms of that IT write down? Then I'm just interested in where you expect that other MER to trend over the medium term given it's lifted quite a bit over the last couple of years?

Nick Freeman: Yes, the vast majority will be in arhi. It was combination mainly of software and then some of the building. All the software was in arhi, and most of the lease expenses end up being allocated into arhi. So, pretty much all in arhi. Then going forward on other expenses in MER. We recognise that it is higher than it's been, and we are investing against the P2P.

Kieren Chidgey: (Jarden, Analyst) Okay. But no sort of number you can take it to in terms of what historically is a more reasonable number?

Mark Fitzgibbon: This is back of the envelope. I've always thought we should be able to run the business - it's $0.06 to the dollar on day to day operations. We invest another 50 bps in improvements, like around P2P and we'll pretty much spend whatever we're able to spend on marketing acquisition because the economic case is still compelling for investing in acquisition. The limiting factor there becomes around pricing and government scrutiny.

Kieren Chidgey: (Jarden, Analyst) Great. Thanks, guys.

Operator: One moment for our next question. The next question comes from Vanessa Thomson with Jefferies. Your line is open.

Vanessa Thomson: (Jeffries, Analyst) Good morning, Mark, Nick and Ros and thank you for taking my questions. I just wondered if you could give us a little colour around the investment income. It's a neat turnaround in FY23. I just wondered how that was comprised?

Nick Freeman: Yes, we usually – let me just check in the very back of the investor pres. We do have the investment asset allocation. So, you'll be able to see it. Broadly, three things helped. If you remember last year, some of the larger losses we made was market to market on sovereign bonds which ironic for a very safe asset class.

They came back a bit. In our responsible invest in policy, we do take a relatively low position in energy and a higher position in tech and the turnaround in tech assisted as well and plus the high cash rate.

Vanessa Thomson: (Jeffries, Analyst) Thank you. Then just one question on the NDIS strategy. We're seeing the participants increase to 37,000 through '24. I just wondered if you'd give us some feeling for how that will play out. I know you said EBITDA margins are a little bit lower because of investments, and you've also discussed potentially beginning support coordination. I just wondered how that would play out through FY24. Thank you.

Mark Fitzgibbon: It's a big question, a good one. Look, I wouldn't say we're limited by a funding envelope. We figure we raised $160 million in equity capital and maybe another $60 million debt and you've got $220 million to play with. We're not there yet, but we're getting closer. That's not to say that if the right economic opportunity presented itself, we wouldn't invest because we do have a level of surplus capital at the moment.

But you expect that we'll land around that 50,000 to 60,000 number by '25 at the latest. At the same time, in a way that I described earlier, we're very focused on integrating these businesses, getting the right technology in place because we think technology, apart from being a better experience for participants, is crucial to its efficiency and thereby long-term sustainability.

We're looking at technologies, for example, which would harness generative AI to help people design a plan, electronic marketplaces which will help people select providers and heavy digital online engagement for participants.

As I touched upon earlier, we also see this kind of platform and value proposition as potentially attractive to those three million Australians who identify as having a disability, but don't qualify for NDIS funding. So, that's where our headspace is. Support coordination is an interesting one.

Look, my own personal theory is the NDIS, one of its flaws, it's been designed around institutional arrangement rather than the participant, the customer. So, there hence you have all these various silos within the scheme.

So, part of our thing is how we can bring the silos together. Support coordination and planned management logically come together as a service for participants. We haven't yet invested in support coordination. It's fragmented. There are reported issues if you talk to some of the operators who provide support coordination.

There are issues around its economic sustainability. But we're thinking through that and about how that could be integrated with one fee rather than separate fees for design and procurement and management, how we might be able to service participants.

Vanessa Thomson: (Jeffries, Analyst) Thank you very much for that [inaudible].

Mark Fitzgibbon: I was in Cairns – one of the businesses we've acquired have a very significant position in Cairns. We have several thousand participants and the people up there, we've now joined the Company, have been fantastic at servicing and supporting those people. But I could be wrong, but I recall them saying there was 180 support coordinators in the Cairns district.

So, you ask yourself well, look, is that the future or is there a better model where we can work with those people who are so expert in helping people procure their disability services. Again, as I keep saying, make for a more seamless integrated improved experience for participants.

Vanessa Thomson: (Jeffries, Analyst) Thank you. That's great.

Operator: One moment for our next question. Our next question comes from Siddharth Parameswaran with JP Morgan. Your line is open.

Siddharth Parameswaran: (JP Morgan, Analyst) Thanks. Just a question on capital. Your capital [inaudible]. Nick, if you just provide us some guidance around your thinking around whether you're happy with the current [inaudible] or we should be thinking about some usage of that excess capital?

Nick Freeman: Sorry Sidd, you literally cut out the critical time and then you came back in.

Siddharth Parameswaran: (JP Morgan, Analyst) Oh sorry.

Nick Freeman: Could you repeat the question please?

Siddharth Parameswaran: (JP Morgan, Analyst) So, the question was just around capital. You're well above your target 1.5 to 1.6 times range. I was just keen to understand whether you're happy to sit there currently or whether we – how we might think about you getting back to your target range?

Nick Freeman: I think that, again, I look more at the Group side, because that capital is in the health fund side. So, that just – that gives an indication that the health fund does have surplus but then also the overlay on relatively low Group gearing and leverage. So, potentially, there is some opportunities. But we haven't spent all the money we're expecting to spend on the NDIS yet.

We've got a couple more. We've indicated we've got a couple more in the pipeline and then we've got the integration spend as well. So, we'll keep those going as opportunities present. But in terms of whether that may translate into any excess dividends, I think we'll be retaining the policy.

But it does give us confidence that we can take into account and adjust for what will end up being lower profitability under AASB 17 in FY24 as we said at the presentation a month ago, we don't expect there to be material differences in '25, but it gives us confidence in '24 to allow what will effectively be a slightly higher payout ratio.

Mark Fitzgibbon: Yes, Sidd, we've always prided ourselves, as you know, on being capital efficient is probably a better way to describe it. But where we're sitting now as Nick mentioned, there's still a couple of acquisitions we're confident on completing. It probably means we have, what, Nick, $50 million, $60 million in surplus capital?

So, it's not that much in the scheme of things. There are so many opportunities floating around at the moment. So, we'll be sitting pat on the current position. As Nick said, just hold into our current dividend policy.

Siddharth Parameswaran: (JP Morgan, Analyst) That's quite clear. Just one very final question from me, just on the risk margin increase. It wasn't completely clear whether there was [inaudible] payment or whether this is just precautionary that came through. Your actual versus expected. Can I be clear that actually there was [inaudible] reach there which is leading you to be more cautious? I'm just trying to understand why there is an increase in the risk margin.

Nick Freeman: Sorry, Sidd. It was really hard to hear that question.

Siddharth Parameswaran: (JP Morgan, Analyst) Can you hear me?

Nick Freeman: The increase in the risk margins…

Siddharth Parameswaran: (JP Morgan, Analyst) So, just the risk margins. Just the increase from the risk margin just from over the large, a very large increase in the second half. I just wanted to be clear what drove the increase in the risk margin? Were there any visible trends? Because I couldn't quite pick it up into the commentary as to what drove that.

Nick Freeman: Maybe we'd describe it as an abundance of caution, Sidd. We did, for example, have some dramas with travel claims during the second half of the year and we diverted resources to address that, which we did, I'm happy to say, very quickly, but it did have some impact on claims processing times in arhi, and they're largely behind us now.

But there was certainly – that was one case for the risk margin. Then there's just – with the DCL now gone, and recognising that, there is still unknown COVID impacts. Certainly, our actuaries felt it appropriate to apply that additional level of security and confidence.

Siddharth Parameswaran: (JP Morgan, Analyst) Those will go under [unclear], right, the risk margins?

Nick Freeman: No, the risk margin stays. It's part of the OSC.

Siddharth Parameswaran: (JP Morgan, Analyst) Okay. Thank you.

Operator: Again, ladies and gentlemen. If you have a question or a comment at this time, please press star one on your telephone. I'm not showing any further questions at this time.

Mark Fitzgibbon: Okay. Well, look, thank you everybody for attending today. It's much appreciated. Hopefully you can take from this morning's presentation that we're quite pleased and proud about last year's achievements and the results. While there are challenges to be navigated, that's just usual and we remain very confident about the outlook for the company and especially us transforming the Company in a way we described to be as much as a health management company into the future as we have been for so long. It's purely a health insurance company.

So, thanks for your time today, and enjoy the rest of your day.

Operator: Ladies and gentlemen, that concludes today's presentation. You may now disconnection and have a wonderful day.

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