

ASX ANNOUNCEMENT

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nib holdings limited (asx: nhf)

3 August 2018

nib acquires QBE's travel insurance business as part of World Nomads Group expansion

nib holdings limited (nib) today announced the acquisition of QBE's travel insurance business (QBE Travel), Australia's fourth largest travel insurer, for a total consideration of up to \$25 million.

The acquisition includes the distribution and claims capability of QBE Travel, but excludes capital supporting the business and the QBE brand.

Consistent with nib's strategy to grow its World Nomads Group (WNG) travel insurance business, the acquisition will provide greater scale and distribution reach. nib will fund the transaction through existing available capital.

Given the size of the transaction it is immaterial to earnings per share, excluding one-off transaction and integration costs (forecast to be approximately \$11 million) and amortisation of related identifiable intangibles (forecast to be up to approximately \$2 million annualised). Final total consideration is dependent on the level of business generated. The acquisition is expected to complete in the first quarter 2019.

QBE Travel has an extensive distribution network including partnerships with well-known Australian brands, as well as a national network of more than 2,000 travel insurance agents. The business also includes a 24-hour emergency assistance service, claims management and medical underwriting capability.

On completion of the acquisition, WNG annual domestic gross written premium has the potential to increase by up to 40%.

nib Managing Director, Mark Fitzgibbon, said the acquisition builds further momentum within nib's travel insurance business which aside from this transaction, has already seen sales lift by 7% for FY18.

"Since acquiring WNG in mid-2015, we've made no secret that we like the fundamentals and growth prospects that underpin the travel insurance market," Mr Fitzgibbon said.

"Travel insurance is much closer to health insurance than most imagine given more than 60% of travel insurance claims are medically related. And of course, people travelling internationally more and more is a mega-trend. We're benefiting from this, not only in the Australian market but also in overseas markets which today account for almost half of WNG's sales," he added.

Mr Fitzgibbon said the QBE travel business is in great shape and will not only significantly increase WNG's presence in Australia but also build scale.

"Greater scale is becoming increasingly important as are opportunities to achieve revenue and cost synergies. Being part of the nib Group, allows for example, the WNG business to access nib hospital and provider networks, claims management capability and distribution channels," he added.

nib's adjacent businesses, which includes travel insurance, international workers and students health insurance and our New Zealand operations, accounted for 30.4% of nib's Group earnings in FY17.

"Aided by the contribution from acquisitions such as QBE Travel, we see a future not too far away, in which these businesses will account for as much as 50% of our earnings," Mr Fitzgibbon concluded.

QBE Australia and New Zealand CEO, Vivek Bhatia, said he was proud of the long history QBE has had in the travel insurance market, and he believes nib's acquisition is a good outcome for their travel customers and business partners.

"We believe nib is a good natural fit given their commitment to the travel market and the obvious synergies with health insurance. The sale will ensure our travel customers and partners continue to receive a quality product, while allowing us to focus on building a stronger and simpler QBE." Mr Bhatia said.

Investor briefing

nib's Chief Financial Officer & Deputy CEO, Michelle McPherson and World Nomads Group Chief Executive Officer, Michael Callaghan will host an investor/analyst teleconference briefing at 10.30am (Sydney time) on 3 August 2018.

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nib was advised by Highbury Partnership and King & Wood Mallesons.

nib will announce its FY18 full year results on 20 August 2018.

About World Nomads Group

Acquired by nib in July 2015 for \$95 million, WNG is currently Australia's third largest travel insurance distributor.

WNG is a managing general agent which performs all the functions of an insurer other than carrying the underwriting risk. This includes product design, pricing, marketing, sales, paying claims and emergency assistance. The business is a leading Australian travel insurance company in a number of international markets including North and South America, Asia and Europe.

In FY17 WNG generated \$131.8 million in gross written premiums and \$7.5 million in underlying operating profit. This result was impacted due to the significant investment in growth. The FY18 result will also reflect ongoing investment in pursuit of growth and earnings creation.

Media and Investor Relations

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