

31 October 2018

FY19 EARNINGS AND GUIDANCE UPDATE

nib holdings limited (ASX: NHF) today announced FY19 Group Underlying Operating Profit (UOP) is expected to be at least \$190 million (Group Statutory Operating Profit of at least \$168 million).

nib's previous FY19 Group UOP guidance was at least \$180 million (Group Statutory Operating Profit at least \$159 million).

nib's Managing Director, Mark Fitzgibbon, said the improved earnings outlook was primarily driven by a prolonged benign claims environment, especially in its Australian residents health insurance business (arhi).

The updated guidance is in response to further development of nib's FY18 incurred claims for the 12-month period ending 30 June 2018 combined with ongoing low claims activity for the first quarter of FY19.

"Across the industry for the past year or so we've seen claims utilisation at historic low levels. While it's hard to single out the main driver, there's no doubt macro factors such as negligible wage growth are having an impact in terms of industry participation, as well as the rate our members are seeking medical treatment," Mr Fitzgibbon said.

"Our own efforts to address affordability is also helping bend the claims curve through tighter cost containment, expansion of our provider networks, as well as passing on in full to our members the savings from the price reductions in medical devices."

According to Mr Fitzgibbon, nib's previous guidance had assumed a slight reversion in claims utilisation during this financial year.

"We just haven't seen the activity we originally forecast for the start of the year. Our previous guidance assumed arhi net margin to be at the upper end of our 5% to 6% target range, whereas we are now expecting FY19 net margin to be similar to FY18."

"We're committed as ever to make private health insurance more affordable and the current claims environment will undoubtedly flow through to benefit members through the setting of premiums," Mr Fitzgibbon said.

MEDIA AND INVESTOR RELATIONS

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