

## nib announces strong FY22 result, top line growth across Group

- Group underlying operating profit \$235.3 million, up 14.8%
- Net profit after tax \$133.8 million, down 16.6%, principally due to investment losses
- Group underlying revenue \$2.8 billion, up 7.2%
- Group claims expense<sup>1</sup> \$2.1 billion, up 4.0%
- Statutory earnings per share 29.6 cents, down 15.9%
- Final dividend of 11.0 cents per share fully franked (FY21 final 14.0 cps), DRP available
- arhi membership grew 3.2% with over 20,000 additional members. Best Q4 net growth in 7 years<sup>2</sup>
- International inbound health insurance and nib travel both returned to profitability in 2H22

nib holdings limited (ASX: NHF) today announced Group underlying operating profit (UOP) rose 14.8% to \$235.3 million for the 12 months to 30 June 2022.

Group underlying revenue grew 7.2% to \$2.8 billion. Net profit after tax (NPAT) fell 16.6% to \$133.8 million, principally reflecting losses in investment returns due to volatile financial markets. The losses represented a negative swing of \$81.8 million on previous year earnings of \$51.8 million. Earnings per share was 29.6 cents (35.2 cents in FY21).

In recognition of the impact of COVID-19, nib increased assistance for members, travellers and the community, taking the total value of support measures to \$100 million. Further member support is anticipated as nib's financial position and the post COVID-19 outlook become clearer.

nib Managing Director Mark Fitzgibbon said the result was strong, especially against the backdrop of the continuing COVID-19 pandemic.

"Our Australian Residents Health Insurance business (arhi) grew 3.2%, well above what we expect the industry will report. Premium revenue rose 5.2% to \$2,286.2 million, even though we deferred the 2022 annual premium increase. Our final quarter of FY22 was particularly good; the best we've experienced in seven years," Mr Fitzgibbon said.

Mr Fitzgibbon observed the strength of arhi and nib New Zealand helped offset pandemic-inflicted weakness in other parts of the Group, such as travel and international students but that both these businesses are quickly bouncing back towards pre-pandemic performance.

"Across the Group, we're especially pushing hard on our Payer to Partner (P2P) strategy and making our value proposition as much about maintaining good health as it is today about financial protection.

"There's so much innovation occurring across the Group. You can now join nib without buying health insurance; most members can now virtually consult a GP via our app; we now offer a range of men's and women's treatment packages to better manage clinical conditions; and we've enrolled almost 10,000 members in high-touch health management programs relevant to their disease or risk profile," he said.

### Australian Residents Health Insurance (arhi)

Premium revenue in nib's flagship arhi business rose 5.2% notwithstanding premium deferrals. Market conditions are currently favourable to PHI participation, noting that the sector grew seven consecutive quarters to 31 March 2022.

Claims fell 3.1% to \$1,525.8 million<sup>3</sup> (\$1,575.1 million in FY21) as the COVID-19 lockdown affected both members' willingness and ability to access surgery and healthcare as well as clinical providers' capacity to accommodate treatment.

<sup>1</sup> Total claims including claims handling costs for underwriting segments only.

<sup>2</sup> Excluding resurreptions.

<sup>3</sup> Includes state levies. Excludes risk equalisation and DCL.

Risk equalisation payments fell 7.1% due to reduced industry claiming, especially in the 65-years+ cohort and nib's deferred claims liability (DCL) increased to \$110.2 million (FY21 \$34.0 million).

"There has, and continues to be, a considerable level of hospital and other healthcare treatment that has been put off during the pandemic. We continue to make provision in our financial accounts for most of this treatment eventually occurring, yet it's a very inexact science and COVID-19 conditions remain unpredictable. However, the risk is likely on the upside to earnings," Mr Fitzgibbon said.

### **International Inbound Health Insurance (iihi)**

Premium revenue increased 7.1% to \$123.7 million, its highest level ever, following growth in international worker members and premium increases. A shift in mix towards the workers business increased average revenue per member.

While the business reported a full year loss (UOP) of \$1.1 million, it improved on a loss of \$5.9 million in FY21. Performance in 2H22 was very solid, posting a UOP of \$6.3 million against a loss of \$ 7.4 million in 1H22.

International student numbers continued to decline with travel restrictions also putting pressure on claims ratios. However, the outlook is positive.

### **New Zealand**

Our New Zealand business showed strong premium growth of 12.8% to \$291.8 million from \$258.6 million in FY21. The result included a two-month contribution from the new life and living insurance business, nib nz insurance limited<sup>4</sup>. Policyholder numbers grew strongly to 156,275 from 120,148 in FY21, including life and living insurance.

nib has developed a partnership model (Toi Ora) with Māori tribes (iwi), which now includes Ngāti Whātua Ōrākei and Ngati Porou.

### **nib Travel**

nib Travel showed an exceptionally strong recovery in Q4, reducing the full year underlying operating loss to \$7.4 million compared to a loss of \$13.6 million in FY21. The rise in gross written premium (GWP) was impressive, reaching 103% of pre-COVID levels; domestic was at 132%, and international at 65%.

Product positioning, including some COVID-19 cover, white labelling partnerships and strong distribution channels contributed to growth in volumes.

### **Dividend**

nib declared a full year dividend of 22.0 cents per share fully franked, which includes a final dividend of 11.0 cents per share. The final dividend has an ex-dividend date and record date of 5 and 6 September 2022 respectively and will be paid on 4 October 2022.

The Board also confirmed the Dividend Reinvestment Plan will be available for the final dividend for eligible shareholders. Further information can be found on the shareholder website [nib.com.au/shareholders](https://nib.com.au/shareholders)

### **Update on give backs**

To date, nib has provided \$100 million in member and community support as COVID-19 and its variants continued to disrupt the delivery of healthcare services and treatment.

Measures include: \$15.0 million in claims savings returned to members; \$2.6 million in financial assistance in premium waivers or suspensions; \$79.3 million in price increase deferrals including the latest 2022 premium being suspended for seven months; expanded cover for members at no extra cost and a \$250 frontline healthcare worker wellness rebate.

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<sup>4</sup> nib nz insurance limited (previously Kiwi Insurance Limited, acquired on 29 April 2022). Our life and living products include life, serious illness trauma and income protection insurance.

“As we move on from the pandemic, further measures will be considered and are likely in FY23,” Mr Fitzgibbon said. “There’s been some criticism of the industry and the level of return of savings to members for what has effectively been a partial denial of service during the pandemic. We’re naturally taking a cautious and prudent approach given ongoing uncertainty about how COVID-19 ultimately plays out,” he said.

## Sustainability

nib became a carbon neutral business in FY22. We continued in our approach to meeting our environmental, social and governance obligations, and completed our inaugural Reflect Reconciliation Action Plan. This year, nib celebrates its 70<sup>th</sup> anniversary: 70 years of providing improved access to healthcare throughout the community.

“In terms of having social impact, we especially see opportunity to play a more meaningful role in improving access to healthcare and health outcomes at a community level. Our progress with our partnership model, Toi Ora, in New Zealand attests to this ambition,” Mr Fitzgibbon said.

## Outlook

While wary of broader macro-economic conditions and ongoing COVID-19 threats, nib expects favourable market conditions for each of its businesses in FY23 and beyond.

“Fundamentally, our Payer to Partner (P2P) strategy is attempting to make our value proposition as much about preventing or managing the risk of disease or injury as it is protecting members and travellers once they are sick or hurt. It’s also about creating a single and seamless platform for members and travellers to access healthcare and related services with an emphasis on digital engagement. Both objectives have application across the Group businesses,” he said.

“arhi is in very good shape and away to a very good start adding 4,399 members in the first six weeks of FY23. We expect net growth of 3-4% this year and our new product concepts to build nib’s market presence. Health insurance will remain our core economic engine yet, in the future, treatment packages, GreenPass and other non-PHI initiatives will not only meet consumer needs but introduce people to nib.

“International workers and students are quickly recovering from the dead weight of COVID-19. In both Australia and New Zealand, skills shortages will see a resurgence in foreign workers and universities are well positioned to capture market share as conditions improve. iihii is arguably leading the way in relation to our P2P strategy by making access to healthcare easier through digital engagement.

“nib New Zealand will continue to grow as we further develop our integrated life and living products and pursue additional partnerships with Māori communities. nib Travel is positioned well to ride the back of resurgent travel with new, superior underwriting arrangements.”

Mr Fitzgibbon stressed the importance of Honeysuckle Health, nib’s joint venture with the global health services company Cigna, in realising many of its ambitions.

Honeysuckle Health is delivering the predictive analytics necessary to better target and manage the risk of disease as well as make treatment more precise. In addition, it has built health management capability to action the insights it is creating and is now Australia’s only healthcare buying group authorised by the Australian Competition and Consumer Commission (ACCC).

Mr Fitzgibbon also flagged nib’s intention to invest and develop in the National Disability Insurance Scheme (NDIS) sector.

“For over 70 years we’ve played a role in connecting our members with healthcare providers and services. We see a similar opportunity in supporting and connecting NDIS participants with providers of disability products and services. nib will focus on plan management and support coordination services within the NDIS in FY23.”

## Investor briefing

nib will conduct an investor briefing at 10.30am (AEST) today via webcast and teleconference. The webcast is accessible via the shareholder website [nib.com.au/shareholders](http://nib.com.au/shareholders)

Register for the teleconference via this [link](#).



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This announcement has been authorised for release by Roslyn Toms, nib Company Secretary.

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