

ASX announcement

26 April 2021

nib provides business update and full year outlook

nib holdings limited (ASX: NHF) today provided an update on its unaudited performance for the nine months to 31 March 2021 and outlook for financial year 2021 (FY21).

nib paused market guidance on expected Group Underlying Operating Profit (UOP)¹ in 2020 due to the uncertainty created by COVID-19. The pandemic's implications for market demand and healthcare treatment were profound and are continuing.

Nevertheless, it is apparent nib's core Australian Residents Health Insurance (arhi) business is performing well. Total arhi policyholders were 641,804 (up 3.7% compared to 30 June 2020) while claims experience, especially risk equalisation, continues to be lower than expected.

nib's unaudited Group UOP for the nine months to 31 March 2021 was \$140.9 million. The provision for deferred and suspended claims during the pandemic (COVID-19 provision) for arhi was \$59.0 million (unaudited) compared to \$70.7 million for the first half of FY21.

The extent of "catch-up" in the third quarter (Q3: 1 Jan 2021 to 31 March 2021) in healthcare treatment deferred during the COVID lockdown periods appears at this stage to be slower than that assumed at 31 December 2020.

Forecasting claims experience remains problematic while the threat of COVID-19 continues and without clarity about attrition in deferred healthcare activity as well as longer-term consequences for underlying demand. However, it is anticipated that nib will retain some of the remaining arhi COVID-19 provision at 30 June 2021, subject to actuarial analysis at that time.

The strong arhi performance coupled with stable performance in New Zealand is more than offsetting COVID-19 inspired weakness in nib's international inbound health insurance (iihi) and travel insurance businesses.

Given the arhi performance, nib will selectively increase investment in marketing, growth projects such as the Payer to Partner personalisation project, and business transformation with a focus on improving health services to its members and travellers.

Should business conditions remain similar to those in Q3 and noting uncertainty around the future "catch-up" in deferred healthcare treatment and the related arhi COVID-19 provision, nib expects Group UOP for FY21 to increase from \$86.9 million² for the first half and be within the range of \$200 million to \$225 million.

nib will announce its FY21 full year results on 23 August 2021.

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

Investor Relations enquiries

Chris Kotsaris

Head of Investor Relations

Tel: +61 402 060 508

Email: c.kotsaris@nib.com.au

Media enquiries

Renea Jaeger

Head of Corporate Affairs & Sustainability

Tel: +61 402 376 835

Email: r.jaeger@nib.com.au

¹ Underlying Operating Profit (UOP) comprises underwriting result, other income and expenses including non-underwriting businesses. It excludes amortisation of acquired intangibles, one-off transactions (integration of acquired business, establishment of business costs as well as extraordinary legal fees), merger and acquisition costs, finance costs, net investment income and income tax.

² nib's Group UOP for the six months to 31 December 2020, as disclosed in its FY21 half year financial results announcement and presentation on 22 February 2021.