



medibank

# Full year results

2024

Investor presentation  
22 August 2024

# Important notice

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## AASB 17 Insurance Contracts

Medibank adopted AASB 17 *Insurance Contracts* (AASB 17) from 1 July 2023 and has applied it retrospectively, resulting in the restatement of the financial results for comparative periods. Accordingly, FY23, 1H23, and 2H23 figures in these slides have been restated for the impact of AASB 17, where applicable. For further detail refer to Note 20 of the Financial Report for the financial year ended 30 June 2024.

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Abbreviations and acronyms used throughout the presentation may be found in the glossary.

## Acknowledgment of Country

Medibank acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation.

We proudly recognise Elders past, present and emerging as the Traditional Owners and Custodians of the lands on which we work and live.

We're committed to supporting self-determination and envision a future where all Australians embrace Aboriginal and Torres Strait Islander histories, cultures and rights as a central part of our national identity.





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# Highlights

**David Koczkar**  
Chief Executive Officer



## Relentless focus on our customers

- Maintained our customer centric mindset delivering value, health and experience
- Delivered on promise to not profit from COVID-19, committed to returning an additional \$305m to customers
- Expanded Live Better rewards and no gap network, helping with cost-of-living pressures for customers



## Solid financial result delivering earnings and dividend growth

- Underlying NPAT of \$570.4m, up 14.1% vs FY23
- MER continues to be one of the lowest in industry with another \$10m in productivity savings delivered in FY24 and a further \$10m targeted for FY25
- Ordinary FY24 dividend of 16.6 cents per share fully franked



## We've focused on our customers, making deliberate decisions as we grew

- Net resident policyholder growth of 0.7% reflects discipline and our response to increasing competition
- Achieved strong growth in our priority segments, with Medibank brand lapse remaining well below industry average
- Partnered with providers to support affordable healthcare in an inflationary environment



## Significant progress in our expansion in health

- Medibank Health segment profit of \$60.4m up 36.7%, including benefit from increased investment in Myhealth
- Delivered more than 4 million health interactions through the growing Amplar Health network
- Medibank Health is a growing point of difference for our private health insurance proposition



## A stronger health system in Australia requires a significant health transition

- Changes are needed in our health system for the good of patients and healthcare professionals
- Health transition is creating a more efficient system, driving long-term consumer affordability that will sustain the health system
- Medibank is accelerating this transition through our investments and partnerships



## Positioned to deliver sustainable long-term growth

- Resilient company with a track record of growth throughout economic cycles
- Positive industry fundamentals with strong consumer sentiment towards health
- Multiple avenues for growth, which the business remains well-capitalised to pursue

# Relentless focus on our customers

Delivering value, health and experience

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## Value



### Giving back to our customers

**\$305m**

COVID-19 financial support<sup>1</sup>  
\$1.46b total support package<sup>2</sup>

### Supporting affordability

## Premiums

3.31% average premium increase  
below headline inflation and  
wage growth

### Reducing out-of-pockets

**\$23m+** customer savings through  
Members' Choice Advantage<sup>3</sup>

**38%** increase in volumes  
for our no gap program

## Health



### Inspiring health every day

**823k** (+18%)

Live Better rewards participants

### Improving healthcare access

**303k** (+20%)

Health Concierge, nurse and GP  
virtual health interactions for  
Medibank customers<sup>4</sup>

### Helping patients

More than **1 in 4**  
eligible customers supported after  
discharge from hospital<sup>5</sup>

## Experience



### Improving service

Average Service NPS

**46.0** (+5.9) Medibank

**46.4** (+3.7) ahm

### Simplifying customer experience

**80%** of Medibank policyholders  
registered on My Medibank

**8%** increase in unique active users  
on mobile app

### Broadening interactions

**46%** of Medibank  
policyholders engaged with  
health and wellbeing services<sup>6</sup>

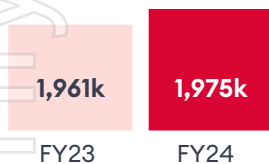
(1) Announced on 20 May 2024. (2) Total of committed COVID-19 financial support to 20 May 2024. (3) Across dental and optical Members' Choice Advantage networks. (4) Customer interactions with Health Concierge, 24/7 nurse and virtual GP. (5) Resident Medibank customers aged over 18 with eligible coverage support by Health Concierge. (6) Live Better rewards and health services such as homecare, no-gap, clinician-led prevention programs and virtual health.

# Solid financial result delivering earnings and dividend growth

Discipline will sustain growth and shareholder returns for the long term

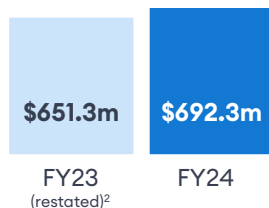
## Net resident policyholder growth

**+14.4k** (+0.7%)



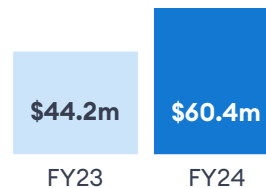
## Health Insurance operating profit

**\$692.3m** (+6.3%)



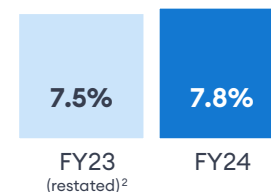
## Medibank Health segment profit

**\$60.4m** (+36.7%)



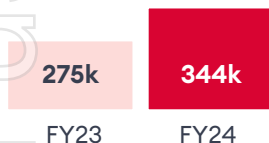
## Health Insurance management expense ratio<sup>1</sup>

**7.8%** (+30bps)



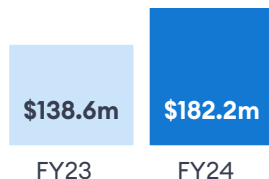
## Net non-resident policy unit growth

**+69.0k** (+25.1%)



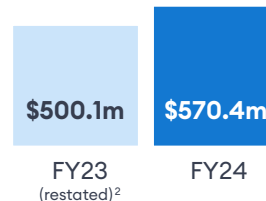
## Net investment income

**\$182.2m** (+31.5%)



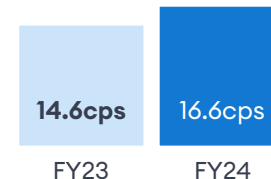
## Underlying net profit after tax

**\$570.4m** (+14.1%)



## Ordinary dividend fully franked

**16.6cps** (+13.7%)



(1) Health Insurance management expense ratio does not include non-recurring cybercrime costs of \$39.8m in FY24 (FY23: \$46.4m) - refer to slide 15. (2) Where indicated, FY23 figures have been restated for the impact of AASB 17 Insurance Contracts which came into effect on 1 July 2023.

# Significant progress on our strategy

Delivering greater value and driving growth as a health company

## FY24 achievements

### Deliver leading experiences



Artificial intelligence now assisting almost 50% of **support calls from our customers**

Began trial expanding our **corporate health & wellbeing** services and **virtual GP**

**Strong employee engagement**, driven by work.reinvented program and new ways of working

**Proudly supported Indigenous businesses** spending \$4.4m – greater than 4 times our target

### Differentiate our insurance business



Increased success in corporate channels with 9% growth **in corporate insurance accounts won**

**\$25m+ of rewards** claimed by customers through Live Better rewards<sup>1</sup>

Increased the scope of our 24/7 nurse and mental health support services, providing access to an extra **700k customers**

Expanded customer access to no gap programs which now includes **35 hospitals**

### Expand in health



We now have one of Australia's **largest multi-disciplinary primary care networks** with our investment in Myhealth

**2nd iMH hospital** opened increasing access to integrated mental health models

Continued to grow scale with our Amplar Health network providing over **4 million** health interactions<sup>2</sup>

**193k hospital bed days saved** through prevention and homecare programs<sup>3</sup>

(1) Includes value of rewards claimed with partners and health cover rewards such as savings on premiums. (2) GP consultations through Myhealth and services provided by Amplar Health including homecare and virtual health. (3) Bed days saved through Medibank clinician-led prevention programs, Medibank homecare programs and the My Home Hospital service delivered by the Calvary Amplar Health JV for SA Health.



# Industry fundamentals remain strong

Maintaining discipline as we grow for the long term

**Resident PHI industry growth remains strong as competitive intensity continues**



## Resident industry growth remains strong

- Consumers continue to prioritise health
- Well known public system pressures
- ADR supporting growth among younger customers

## Competitive intensity continues

- Customer focus on price and value
- Industry lapse continues to increase with a growing switching segment
- Cost of acquisition estimated to be 10% – 50% higher than Medibank for a number of funds on a per policy basis

## We expect market conditions to normalise over the medium term

- Anticipate moderating industry growth in FY25 relative to FY24

**We've focused on our customers, making deliberate decisions as we grew in FY24**



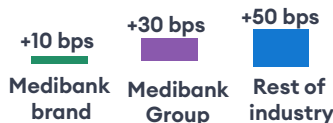
## Delivered strong growth across our priority segments

- Deliberate decisions to target priority segments:
  - Customers: families, corporates
  - Products: mid-tier cover
  - New to industry
- Double digit acquisition growth across customer and product segments in the Medibank brand
- New to industry growth above market share
- c.75% of customers joined through direct channels

## Retention is improving relative to industry<sup>1</sup>

- Benefits of low premium increases and \$305m commitment to customer give backs in FY24
- More customers engaging with our health programs and services and diversified products
- Increased value when customers use their cover via product benefits, Members' Choice Advantage and no gap networks

### 3QYTD lapse growth<sup>1</sup> (annualised)



**We remain disciplined, targeting growth in priority segments**



## Our dual brands are attractive to different market segments

- Priority segments less likely to lapse or downgrade, with more sustainable settings
- We support customers through lifecycle changes (e.g. adult dependents, residency, growing families)
- Differentiation will continue to support better retention and more sustainable growth

## Focus on Medibank brand growth through direct channels

- Further support the Medibank brand and corporate customer relationships
- Improve customer experience through digital investment and geographically focused frontline teams
- Increased incentives and rewards for health engagement and preventative health

Aiming to grow in line with market during FY25 (including volume growth in the Medibank brand), and aim to grow market share in FY26

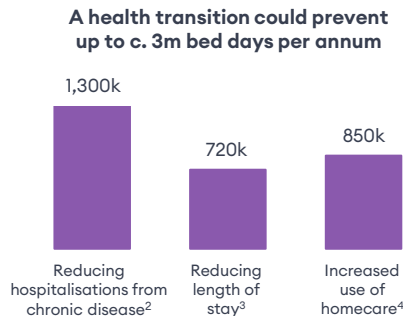
(1) Source: APRA Quarterly Industry Data (March 2024).

# A stronger health system requires a significant health transition

Medibank is accelerating this transition through our investments and partnerships

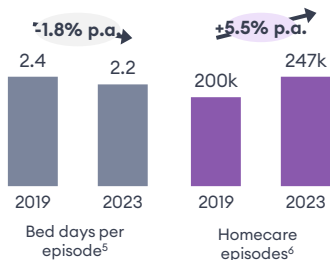
## The health transition Australia needs

- Pressure on the health system is growing
- Changes are needed to ensure the system meets future patient needs
- Greater focus on prevention and care models for the future
- These could prevent up to 9%<sup>1</sup> of all hospital bed days, if done well



## The system is becoming more efficient, albeit slowly

- Health innovation is occurring in Australia
- However, other countries are more progressed
- Achieving change at scale has been slow
- We will continue to partner and advocate for the change needed to sustain our health system



## Our investments and partnerships aim to accelerate this shift

- Strong offering in prevention and primary care
- Delivering a range of health and wellbeing programs
- Have one of the largest multi-disciplinary primary care networks in Australia
- Capability in health, benefits Medibank's insurance proposition

## Our investments allow us to be proactive in addressing customer needs

823k Live Better rewards participants

medibank  
Live Better

132k enrolments in clinician-led prevention programs and Live Better self-paced digital prevention programs

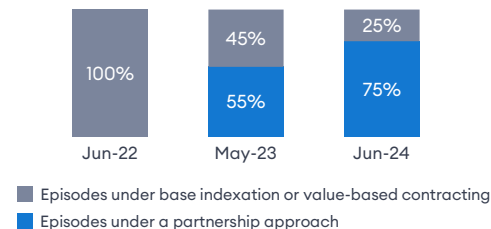
Amplar  
Health

4m+ health interactions provided by our Amplar Health network

myhealth

## We have expanded our partnership approach with hospitals to drive change

Evolution of Medibank's hospital contracting



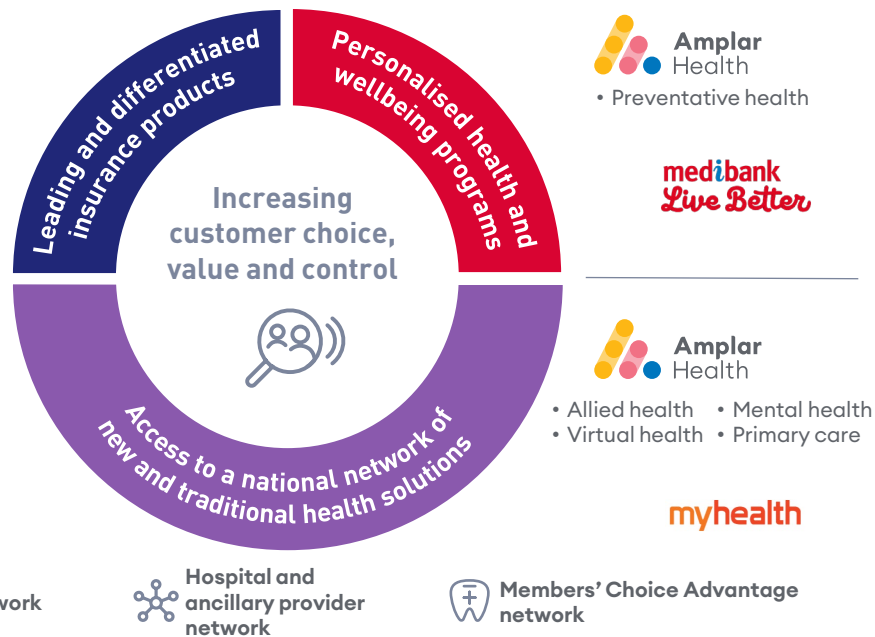
(1) Source: Analysis based on Australian Institute of Health and Welfare data, showing 33m total hospital bed days annually. (2) Source: Australian Institute of Health and Welfare. Potentially preventable hospitalisations in Australia by small geographic areas. (3) Source: KPMG, Medibank facilitates a sustainable healthcare system. (4) Source: Analysis based on Australian Institute of Health and Welfare data, assuming 7.5% of hospital bed days occur within a homecare setting in line with trends observed overseas. (5) Source: APRA quarterly reporting, private and day hospitals. (6) Source: APRA quarterly reporting, hospital-substitute treatment.

# Medibank's differentiated insurance and health services strategy

Strengthens our business and enables future growth

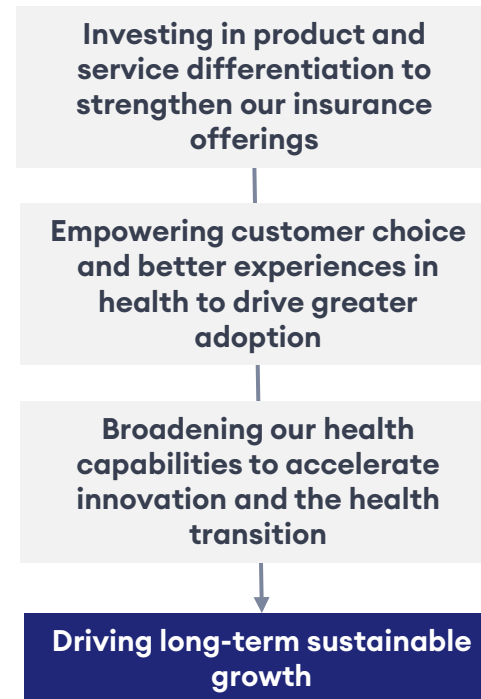
## Insurance

## Health and wellbeing, prevention



## Community care and short stay<sup>1</sup>

## Primary and virtual care<sup>1</sup>



(1) Medibank investments which are not wholly owned include the Calvary Amplar Health JV, Adeney Private Hospital, East Sydney Private Hospital, SydOrtho Holdings Pty Ltd and Integrated Mental Health (IMH) – refer to slide 36.

# Multiple benefits to growth in corporate health and wellbeing

Strengthened by our existing customer base, capabilities and new investments

## Corporate health is an evolving and growing market

### Market size

- Medium to large businesses in Australia employ over 7.5m people<sup>1</sup>
- We estimate that c. \$1bn is spent annually on corporate health<sup>2</sup>
- We expect the market to grow over 10% annually for the next 6 years<sup>2</sup>

### Employees

- Growing importance of physical and mental health in the community
- Employees are demanding new, accessible and personalised services
- Corporate health and wellbeing programs are currently basic and underutilised<sup>3</sup>

### Employers

- Increasing interest to support their employees' physical and mental health
- Looking to differentiate their employee value proposition
- Changing legislation elevates the importance of employers' role

## We are an established corporate partner

- c. 2,500 corporate insurance accounts across Australia

- Strong corporate customer relationships enable the joint creation of health and wellbeing services

- High engagement with health and wellbeing services, supporting employee and customer retention

## We are delivering a connected corporate proposition with multiple avenues for growth

### End to end corporate offering:

Insurance

Health & wellbeing

Virtual health



- Strengthens our existing corporate insurance proposition
- Further expansion into health through existing health and wellbeing programs, Amplar Health network services and increased utilisation of Live Better rewards
- Potential to accelerate our corporate proposition via organic and inorganic growth

(1) Source: Australian Bureau of Statistics, Australian Industry. (2) Medibank analysis involving estimates across corporate mental health, female health, virtual GP and counselling, health and fitness, onsite preventative services and education services. (3) Source: Productivity Commission, Mental Health Inquiry Report.

# Primary and virtual care is the gateway to health in our community

Positioned to improve patient choice, provider experience and population health

## Large market with growing demand for customer-centred primary care

- \$8.7b spent through Medicare<sup>1</sup> on 166m GP consultations in FY23
- c. 50% of Australians have one or more chronic conditions<sup>2</sup>
- c. 1 in 5 ED presentations occur when a patient's GP was unavailable<sup>3</sup>
- Average out-of-pockets have increased 7% over the past 12 months<sup>4</sup>

## Medibank has one of the largest multi-disciplinary primary care networks in Australia

- **Myhealth:** 106 clinics with 1,200 health professionals delivering 3m+ patient consultations per annum
- **Amplar Health:** 1,000 health professionals, providing health services across virtual health, prevention and homecare
- **Medibank:** c. 4.2m customers, deep relationships in health, data and technology capabilities, provides financial strength and flexibility

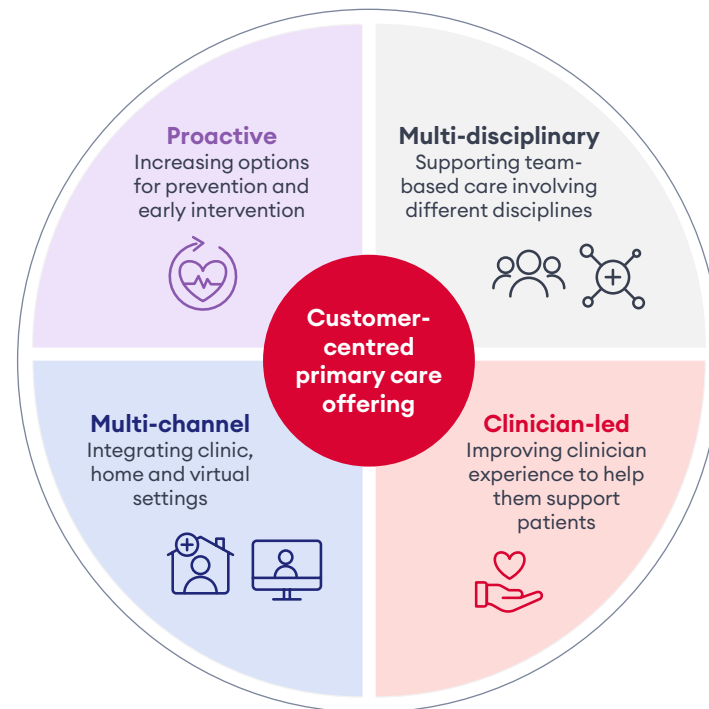
## Our investments in primary and virtual care are enabling us to participate in this rapidly growing market

- Aiming to improve access for patients and experience for health professionals as we support more proactive and preventative health
- Delivering primary care when and where it's needed – in clinic, in home or virtually
- Commenced GP-led trials of future primary care models at some Myhealth clinics (including improved triage, care coordination and health coaching)

medibank  
Live Better

Amplar  
Health

myhealth





# Financial results

**Mark Rogers**

Group Lead – Chief Financial Officer & Group Strategy

# Group financial summary

Underlying EPS up 14.1% to 20.7 cps

Financial year ended 30 June (\$m)	2023 (restated) <sup>1</sup>	2024	Change
<b>Group revenue from external customers</b>	<b>7,807.0</b>	<b>8,175.8</b>	<b>4.7%</b>
Health Insurance operating profit <sup>2</sup>	651.3	692.3	6.3%
Medibank Health segment profit	44.2	60.4	36.7%
<b>Segment operating profit</b>	<b>695.5</b>	<b>752.7</b>	<b>8.2%</b>
Corporate overheads	(47.1)	(52.9)	12.3%
<b>Group operating profit</b>	<b>648.4</b>	<b>699.8</b>	<b>7.9%</b>
Net investment income	138.6	182.2	31.5%
Other income/(expenses)	(12.6)	(19.7)	56.3%
Cybercrime costs	(46.4)	(39.8)	(14.2%)
<b>Profit before tax, before movement in COVID-19 reserve</b>	<b>728.0</b>	<b>822.5</b>	<b>13.0%</b>
Movement in COVID-19 reserve (excl. tax)	(290.1)	(110.8)	(61.8%)
<b>Profit before tax</b>	<b>437.9</b>	<b>711.7</b>	<b>62.5%</b>
Income tax expense	(129.3)	(215.3)	66.5%
Non-controlling interests	-	(3.9)	n.m.
<b>NPAT attributable to Medibank shareholders</b>	<b>308.6</b>	<b>492.5</b>	<b>59.6%</b>
Effective tax rate	29.5%	30.3%	80bps
EPS (cents)	11.2	17.9	59.6%
Normalisation for investment returns	(11.5)	0.3	(102.6%)
Normalisation for COVID-19 reserve movements	203.0	77.6	(61.8%)
<b>Underlying NPAT<sup>3</sup></b>	<b>500.1</b>	<b>570.4</b>	<b>14.1%</b>
Underlying EPS <sup>3</sup> (cents)	18.2	20.7	14.1%
<b>Dividend per share (cents)</b>	<b>14.6</b>	<b>16.6</b>	<b>13.7%</b>
Dividend payout ratio <sup>4</sup>	80.5%	80.1%	(40bps)

## Group operating profit up 7.9%

- Resident Health Insurance business continues to be resilient, with important contribution from non-resident business to overall fund growth
- Strong growth in Medibank Health, including benefit from increased investment in Myhealth
- Increase in corporate overheads includes inflation and additional community and sustainability costs

## COVID-19 impacts are excluded from Health Insurance performance

- In line with the implementation of AASB 17
- \$110.8m pre-tax reduction in COVID-19 reserve (FY23: \$290.1m)

## Other income/(expenses) up 56.3%

- \$3.8m of M&A expenses (FY23: \$1.4m)
- \$2.9m one-off non-cash consolidation adjustment associated with increase in Myhealth shareholding from 49.0% to 90.1% (consolidated from 5/01/2024)

## Non-recurring cybercrime costs of \$39.8m

- Costs include further IT security uplift and legal and other costs related to regulatory investigations and litigation
- Expect similar costs for these matters in FY25, including investment associated with uplifting business resilience and customer trust (excludes the impacts of any potential findings or outcomes from regulatory investigations or litigation)

## Underlying EPS up 14.1% to 20.7c

- \$0.3m net normalisation impact for investment returns
  - Growth returns \$7.0m (FY23: -\$4.7m)
  - Defensive returns -\$6.7m (FY23: -\$6.8m)
- 2.8c per share normalisation for COVID-19 reserve movements (FY23: 7.0c per share)

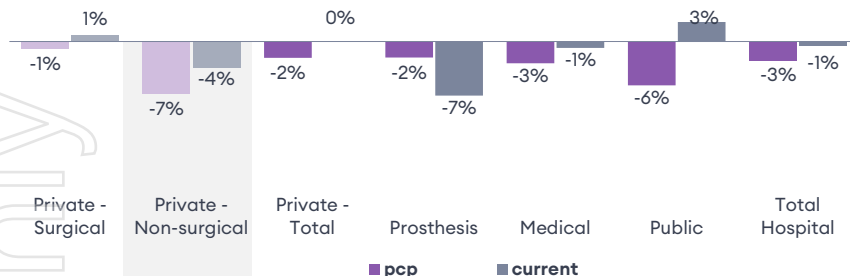
(1) 1H23, 2H23 and FY23 figures on this slide and, where referenced as restated, in other slides, have been restated for the impact of AASB 17 Insurance Contracts which came into effect on 1 July 2023. (2) Health Insurance operating profit excludes the impacts of COVID-19. (3) Underlying NPAT and Underlying EPS are adjusted for any movement in the COVID-19 equity reserve as well as the normalisation of investment returns. (4) Dividend payout ratio is based on Underlying NPAT.

# Resident claims remain below expectations

Favourable impact from Extras and Private Hospital non-surgical claims continues

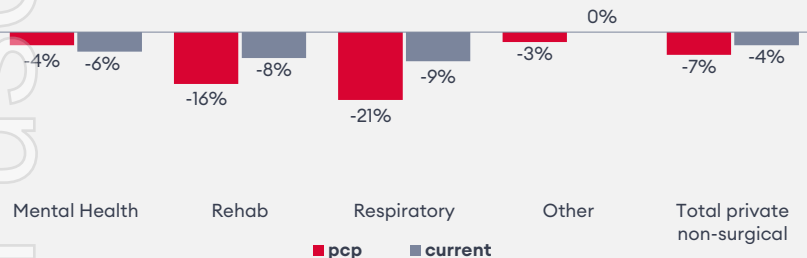
## Hospital cash claims per policy unit

6 months to May 24 claims per policy unit vs pre-COVID-19 period <sup>1,2</sup>



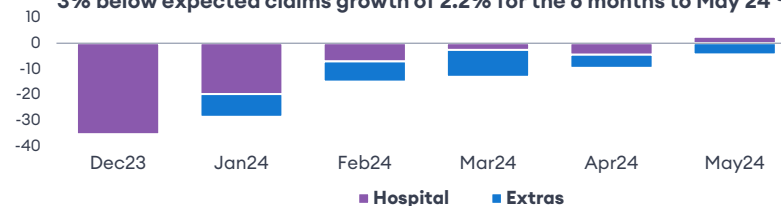
## Private hospital non-surgical cash claims per policy unit

6 months to May 24 claims per policy unit vs pre-COVID-19 period <sup>1,2</sup>



## Variance to expected hospital & extras cash claims (\$m/month)

3% below expected claims growth of 2.2% for the 6 months to May 24 <sup>3</sup>



### Total claims paid \$104.1m (3%) below expectations for 6 months to May 24

- Claims environment has continued to recover, particularly in recent months
- Intermittent COVID-19 impacts, including in December 2023 and January 2024
- Changing customer preferences and increasing economic impacts

### Extras claims \$37.2m (4%) below expectations for 6 months to May 24

- Economic conditions impacting customer demand for all services other than dental

### Hospital claims recovering, \$66.9m (3%) below expectations for 6 months to May 24

- Private surgical admissions broadly in line with expectation post January
- Softness continues across all other claims types, particularly private mental health, rehab, and respiratory claims

### FY25 the last year COVID-19 impacts will be separated from the Health Insurance result

- In Extras, no COVID-19 claims impacts will be reflected from 1 July, with claims favourability now largely the result of economic impacts
- In Hospital, there remains ongoing monthly variability in claims, and we will continue to closely monitor trends over the next 6 months
- Any permanent net claims savings due to COVID-19 will be returned to customers
- Expect the finalisation of our customer give back program to be announced in FY25

(1) Pre-COVID-19 period is the 6 month period from Dec to Feb 2020 and from Mar 2019 to May 2019. Claims figures for this period have been adjusted for inflation. (2) pcp and current figures refer to 6 month period to May 23 and May 24 growth vs pre-COVID-19 period. (3) Pre-COVID-19 private hospital claims comprised c. 57% surgical and c. 43% non-surgical.

# Health Insurance result

Operating profit up 6.3% and operating margin up 20bps to 8.8%

Financial year ended 30 June (\$m)	2023 (restated)	2024	Change
Premium revenue <sup>1</sup>	7,600.4	7,903.0	4.0%
Claims expense <sup>1</sup>	(6,343.7)	(6,559.3)	3.4%
Risk equalisation	(36.8)	(36.5)	(0.8%)
Net claims expense	(6,380.5)	(6,595.8)	3.4%
<b>Gross profit</b>	<b>1,219.9</b>	<b>1,307.2</b>	<b>7.2%</b>
Management expenses	(568.6)	(614.9)	8.1%
<b>Operating profit</b>	<b>651.3</b>	<b>692.3</b>	<b>6.3%</b>
<b>Gross margin</b>	<b>16.1%</b>	<b>16.5%</b>	<b>40bps</b>
MER	7.5%	7.8%	30bps
<b>Operating margin</b>	<b>8.6%</b>	<b>8.8%</b>	<b>20bps</b>

## Reconciliation of COVID-19 reserve

Financial year ended 30 June (\$m)	2023 (restated)	2024
<b>Balance at beginning of period</b>	<b>408.6</b>	<b>205.6</b>
Lower / (higher) than expected claims	256.9	219.1
Premium deferral cost	(209.4)	(39.9)
Cash give back cost	(337.9)	(290.0)
Net COVID-19 impact	0.3	-
Tax effect of movements	87.1	33.2
<b>Balance at end of period</b>	<b>205.6</b>	<b>128.0</b>

## Revenue up 4.0% to \$7,903.0m

- Total policy unit growth of 2.1%
- Resident downgrading stable at 50bps despite economic conditions
- Strong contribution from non-resident

## Largely offsetting economic impacts on resident business

- Inflation remaining elevated impacting operating expenses
- Higher proportion of sales through aggregators impacting sales commissions
- Lower growth in Extras claims as customers seek to reduce expenditure

## Gross profit up 7.2% to \$1,307.2m

- Improved risk equalisation outcome includes benefit of continued favourable age claiming patterns
- Positive benefits emerging from our disciplined approach to growth

## Gross margin up 40bps to 16.5%

- 10bps benefit from strong growth in higher margin non-resident policies
- Gross margin remains below FY19 pre-COVID-19 gross margin of 17.1%

## Operating profit up 6.3% to \$692.3m

- Gross margin improvement offset higher management expense ratio
- Operating margin up 20bps to 8.8%

## COVID-19 equity reserve down \$77.6m to \$128.0m

- \$329.9m customer give backs partially offset by \$219.1m lower than expected claims
- Expect equity reserve will reduce to zero following finalisation of give back program

(1) Premium revenue and Claims expense exclude COVID-19 customer give backs and variances to expected claims, including claims provision releases, that are now included in the COVID-19 equity reserve.

# Health Insurance – resident policyholders

Industry policyholder growth remains strong with ADR continuing to deliver benefit

Financial year ended 30 June	2023	2024	Change
<b>Policyholders (thousand):</b>			
Opening balance	1,950.0	1,960.9	0.6%
Acquisitions	205.2	217.4	5.9%
Lapses	(194.3)	(203.0)	4.5%
<b>Closing balance</b>	<b>1,960.9</b>	<b>1,975.3</b>	<b>0.7%</b>
– Medibank	1,438.2	1,434.8	(0.2%)
– ahm	522.7	540.5	3.4%
<b>Acquisition rate<sup>1</sup></b>	<b>10.5%</b>	<b>11.0%</b>	<b>50bps</b>
– Medibank	8.5%	8.9%	40bps
– ahm	17.1%	18.1%	100bps
<b>Lapse rate<sup>1</sup></b>	<b>9.9%</b>	<b>10.3%</b>	<b>40bps</b>
– Medibank	9.0%	9.2%	20bps
– ahm	13.8%	14.7%	90bps
<b>Policyholder growth</b>	<b>0.6%</b>	<b>0.7%</b>	<b>10bps</b>
<b>Total policy units<sup>2</sup> (thousand)</b>			
Closing balance	4,786.5	4,822.6	0.8%
Average balance	4,774.5	4,801.1	0.6%
<b>Total Hospital lives (thousand)</b>	<b>2,947.8</b>	<b>2,973.1</b>	<b>0.9%</b>

(1) Transfers of policyholders between ahm and Medibank are excluded in consolidated lapse and acquisition rates but included at brand levels. Lapse and acquisition rates are based on the average of the opening and closing balances for the period.

(2) Based on an average of the month-end balances over the reporting period.

(3) Industry average, resident policyholders, APRA quarterly private health insurance statistics to Mar 24 with estimate for Jun 24 quarter.

(4) APRA quarterly private health insurance statistics to Mar 24.

## Industry growth<sup>3</sup> for the 12 months to June 2024 expected to be similar to FY23 (1.9%)

- Adult Dependent Reform (ADR) impact increasing the number of 25 – 30 year olds remaining on family policies which impacts number of singles policies
- Market continues to be competitive with cost-of-living pressures impacting industry:
  - Modest increase in the level of customers both switching funds and lapsing
  - Higher cost of acquisition, including from a higher % of sales through aggregators

## Policyholder growth up 0.7% (+14.4k) over 12 months

- Includes 11.0k increase in 2H24
- Medibank brand down 0.2%; ahm up 3.4%

## Growth in hospital lives of 0.9% is 20bps above policyholder growth

- Continued growth in customers under 30 years of age
- Positive contribution to quality of insurance pool given age mix of joins

## Acquisition rate up 50bps to 11.0% with improvement across both brands

- Medibank brand back in line with levels pre-2022 cybercrime event
- % of ahm sales through aggregators increased from 45% in FY23 to 53%

## Lapse rate increased 40bps to 10.3% in line with higher industry switching levels

- Lapse increase below the industry average<sup>4</sup>
- Reflects competitive and economic environment, including the impact of all funds increasing premiums on 1 April 2024 for the first time in a number of years
- Higher lapse impact in ahm where customers are more price sensitive, particularly when acquired through the aggregator channel

## Aim to grow in line with market during FY25, including volume growth in Medibank brand

- Further capitalising on our dual brand strategy
- Increasing focus on priority segments, including the growing corporate market
- Support retention, including through additional product benefits and future customer give backs

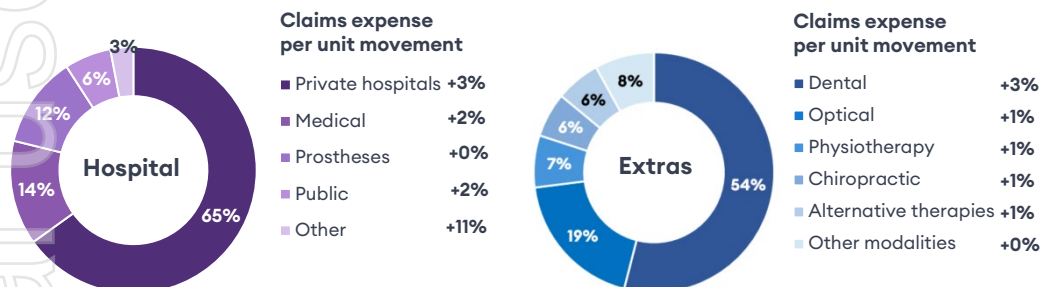


# Health Insurance – resident claims

FY24 claims growth per policy unit down 20 basis points to 2.2%

Financial year ended 30 June (\$m)	2023 (restated)	2024	Change
Claims expense <sup>1</sup>	(6,212.6)	(6,384.1)	2.8%
Risk equalisation	(36.8)	(36.5)	(0.8%)
<b>Net resident claims expense</b>	<b>(6,249.4)</b>	<b>(6,420.6)</b>	<b>2.7%</b>
– Hospital	(4,603.3)	(4,727.3)	2.7%
– Extras	(1,646.1)	(1,693.3)	2.9%
<b>Average claims expense per policy unit<sup>2</sup> (\$)</b>	<b>(1,308.9)</b>	<b>(1,337.3)</b>	<b>2.2%</b>
– Utilisation	0.5%	0.1%	(40bps)
– Inflation	1.8%	2.3%	50bps
Hospital claims per policy unit growth	2.3%	2.4%	10bps
– Utilisation	2.2%	1.4%	(80bps)
– Inflation	0.9%	0.7%	(20bps)
Extras claims per policy unit growth	3.1%	2.1%	(100bps)

## Indicative composition & movement in claims expense per policy unit<sup>2</sup> vs. FY23



## Resident gross claims up 2.8%

- Risk equalisation provided a 10bps benefit to net claims growth this period (FY23: 0 bps benefit)
- Net claims growth of 2.7%

## Claims growth per policy unit down 20bps to 2.2%

- Largely driven by lower extras claims growth
- Increase from 1H24 growth of 2.0% reflects risk equalisation timing benefit in 1H24 and hospital contract repricing

## Extras claims per policy unit down 100bps to 2.1%

- Lower utilisation growth for services other than dental due to economic conditions
- Investment in additional product benefits in the prior period

## Hospital claims growth per policy unit up 10bps to 2.4%

- Higher private hospital indexation largely offset by lower utilisation growth, particularly in non-surgical claims
- Improved risk equalisation outcome
- Prostheses reform benefits in line with last year

## FY25 expected claims growth per policy unit of around 2.7%

- Economic conditions continuing to impact extras claims growth
- Higher hospital indexation, partly offset by increased proportion of admissions on same day or short stay basis
- Continued softness in non-surgical claims growth
- Includes impact of investment in product benefits

(1) Claims expense excludes impact of claims provision releases which have been transferred to the COVID-19 reserve. (2) Based on an average of the month-end balances over the reporting period.

# Health Insurance – portfolio performance

Strong non-resident growth benefits gross margin and operating profit growth

Financial year ended 30 June (\$m)	Resident			Non-resident			Total		
	2023 (restated)	2024	Change	2023	2024	Change	2023 (restated)	2024	Change
Premium revenue	7,402.9	7,636.6	3.2%	197.5	266.4	34.9%	7,600.4	7,903.0	4.0%
Net hospital claims	(4,603.3)	(4,727.3)	2.7%	(131.1)	(175.2)	33.6%	(4,734.4)	(4,902.5)	3.6%
Extras claims	(1,646.1)	(1,693.3)	2.9%	-	-	-	(1,646.1)	(1,693.3)	2.9%
Net claims expense	(6,249.4)	(6,420.6)	2.7%	(131.1)	(175.2)	33.6%	(6,380.5)	(6,595.8)	3.4%
Gross profit	1,153.5	1,216.0	5.4%	66.4	91.2	37.3%	1,219.9	1,307.2	7.2%
<b>Gross margin</b>	<b>15.6%</b>	<b>15.9%</b>	<b>30bps</b>	<b>33.6%</b>	<b>34.2%</b>	<b>60bps</b>	<b>16.1%</b>	<b>16.5%</b>	<b>40bps</b>
Resident premium increase	3.07%	3.05%	(2bps)						
Downgrading	(0.5%)	(0.5%)	-						
Revenue per policy unit growth rate	2.6%	2.6%	-	2.1%	0.9%	(120bps)	2.1%	1.8%	(30bps)
Claims per policy unit growth rate	2.4%	2.2%	(20bps)	(9.0%)	0.0%	900bps	1.5%	1.2%	(30bps)
Policy units (thousand)									
Closing balance	4,786.5	4,822.6	0.8%	274.9	343.9	25.1%	5,061.4	5,166.5	2.1%
Average balance	4,774.5	4,801.1	0.6%	236.8	316.5	33.7%	5,011.3	5,117.6	2.1%

## Resident performance

### Revenue growth per policy of 2.6% in line with FY23

- Business resilient to economic factors
- Average 3.31% premium increase applied from 1 April

### Downgrading steady at 50bps

- Economic conditions, including higher spend on offers, likely to impact downgrading in FY25
- Expected to be largely offset by ongoing benefit of portfolio management and sales mix activities

### Gross margin up 30bps to 15.9%

- Largely driven by lower claims per policy unit growth
- Remains below FY19 pre-COVID-19 margin of 16.4%

## Non-resident performance

### Continued strong revenue growth

- 25.1% increase in policy units including strong growth in both the student and worker segments
- Expect solid policy unit growth to continue in FY25
  - Growth since 30 June despite expected lower student visa numbers
  - Potential market share gains in student and worker segments

### Gross profit up 37.3% to \$91.2m

- Gross margin up 60bps to 34.2%
- Stable tenure and mix

### Non-resident is an attractive market with good medium term growth potential

- Invest in differentiation through product value and expanding our health offering
- Increasing focus in the worker and visitor segments

# Health Insurance – management expenses

Sales commissions and inflation impacting expense growth

Financial year ended 30 June (\$m)	2023 (restated)	2024	Change
Premium revenue	7,600.4	7,903.0	4.0%
Management expenses	(568.6)	(614.9)	8.1%
– Depreciation and amortisation	(41.5)	(41.3)	(0.5%)
– Resident sales commissions	(35.1)	(43.5)	23.9%
– Non-resident sales commissions	(32.7)	(39.9)	22.0%
– Operating expenses <sup>1</sup>	(459.3)	(490.2)	6.7%
<b>MER</b>	<b>7.5%</b>	<b>7.8%</b>	<b>30bps</b>

## Management expenses up 8.1%

- Increase in sales commissions, particularly in 1H24
- Impact of higher inflation on operating expenses

## Total sales commissions increased \$15.6m

- Non-resident sales commission \$7.2m higher:
  - Continued strong policy unit growth
- Resident sales commissions \$8.4m higher:
  - Increased proportion of ahm sales through aggregators this period
  - Impact of 2022 cybercrime event on aggregator sales in 1H23

## Operating expenses increased 6.7%

- Cost inflation of approximately 5.0% partially offset by productivity savings
- \$5m uplift in IT security costs and \$3m statutory charges (incl. Vic payroll tax)
- Volume impacts, particularly in non-resident

## Productivity benefits of c. \$10m delivered

- Savings from increasing use of digital channels, operational process improvements, and technology support costs
- Targeting a further \$10m of productivity savings in FY25 including benefit from relocation of Melbourne head office

## Management Expense Ratio (MER) up 30bps to 7.8%

- Includes 20bps increase due to growth in sales commissions
- Continue to target a stable to modestly improving ratio – more challenging in this higher inflation environment
  - Leverage productivity program and benefits of scale
  - Balance aspiration with the need to invest for growth

## FY25 management expense growth expectations

- Cost inflation expected to have peaked in FY24
- \$10m of productivity savings
- More modest increase in sales commissions

(1) Includes right-of-use depreciation of \$23.0m (FY23: \$22.9m).

# Medibank Health result

Segment profit up 36.7% includes strong organic growth and increase in Myhealth investment

Financial year ended 30 June (\$m)	Medibank Health (excl. Myhealth)			Myhealth <sup>2,3</sup>			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
Revenue	277.1	290.4	4.8%		69.7	n.m.	277.1	360.1	30.0%
Gross profit	131.8	156.7	18.9%		47.7	n.m.	131.8	204.4	55.1%
Management expenses	(87.6)	(104.1)	18.8%		(36.1)	n.m.	(87.6)	(140.2)	60.0%
<b>Operating profit</b>	<b>44.2</b>	<b>52.6</b>	<b>19.0%</b>		<b>11.6</b>	<b>n.m.</b>	<b>44.2</b>	<b>64.2</b>	<b>45.2%</b>
Share of profit/(loss) from other investments <sup>1</sup>	(2.1)	(4.8)	128.6%	2.1	1.0	(52.4%)	-	(3.8)	n.m.
<b>Medibank Health segment profit</b>	<b>42.1</b>	<b>47.8</b>	<b>13.5%</b>	<b>2.1</b>	<b>12.6</b>	<b>n.m.</b>	<b>44.2</b>	<b>60.4</b>	<b>36.7%</b>
<b>Gross margin</b>	<b>47.6%</b>	<b>53.9%</b>	<b>630bps</b>		<b>68.4%</b>	<b>n.m.</b>	<b>47.6%</b>	<b>56.8%</b>	<b>910bps</b>
MER	31.6%	35.8%	420bps		51.8%	n.m.	31.6%	38.9%	730bps
<b>Operating margin</b>	<b>16.0%</b>	<b>18.1%</b>	<b>210bps</b>		<b>16.6%</b>	<b>n.m.</b>	<b>16.0%</b>	<b>17.8%</b>	<b>180bps</b>

## Medibank Health Segment profit up 36.7% to \$60.4m

- Strong organic growth with Medibank Health (excl. Myhealth) operating profit up 19.0% to \$52.6m
- \$4.8m loss in strategically important portfolio of JV short stay hospitals:
  - Includes expected initial losses from two hospitals opened in 2H24
  - Expect improved performance as the portfolio of hospitals matures

## 2H24 Myhealth<sup>2,3</sup> operating profit of \$11.6m

- Myhealth shareholding increased from 49.0% to 90.1% for consideration of c. \$52m
- Equity Accounted in FY23 and 1H24 (\$1m)<sup>3</sup> and consolidated in 2H24 (\$11.6m)<sup>3</sup>
- Myhealth business continues to track well with increased consult numbers, improved billing mix and better operating efficiency
- Full 12-month contribution of Myhealth consolidated operating profit in FY25

## Aim to invest between \$150m to \$250m through further M&A<sup>4</sup>

- Where this adds scale, capability and geographic coverage
- Recent shareholding increase in Myhealth provides opportunity to scale GP clinic footprint and expand virtual health capabilities

## Medibank Health (excl. Myhealth)

### Revenue increased 4.8% to \$290.4m

- Strong growth in health and wellbeing, and diversified insurances
- Homecare revenue improving in line with hospital industry activity

### Gross margin up 630bps to 53.9%

- Business mix benefit – strong growth in higher margin businesses
- Improved efficiency in homecare and higher telehealth margin following business optimisation in FY23

### Operating margin up 210bps to 18.1% despite increasing MER

- Expense increase reflects business mix, inflation and investment for future growth
- Key metric is operating margin given changing business mix

### Targeting average organic profit growth ≥15% p.a between FY24 and FY26

- Further volume and performance uplift in healthcare services
- Meeting the needs of more Medibank and ahm customers
- Offering the existing services to a broader set of payors

(1) Includes interest income from loan to associates FY23: \$0.2m, FY24: \$0.3m. (2) Represents 100% ownership in Myhealth. (3) Includes virtual health. (4) M&A target of \$150m to \$250m between FY24 and FY26.

# Investment portfolio and investment income

Net investment income up \$43.6m, includes \$33.1m higher RBA cash rate benefit

Financial year ended 30 June (\$m)	Reported performance <sup>2</sup>			Underlying performance <sup>2</sup>		
	2023	2024	Change	2023	2024	Change
<b>Net investment income</b>						
Growth portfolio income	43.2	36.9	(14.6%)	36.5	47.0	28.8%
Defensive portfolio income	69.4	112.9	62.7%	59.7	103.3	73.0%
<b>Fund portfolio investment income<sup>1</sup></b>	<b>112.6</b>	<b>149.8</b>	<b>33.0%</b>	<b>96.2</b>	<b>150.3</b>	<b>56.2%</b>
Net other investment income and expenses	26.0	32.4	24.6%	26.0	32.4	24.6%
<b>Total net investment income</b>	<b>138.6</b>	<b>182.2</b>	<b>31.5%</b>	<b>122.2</b>	<b>182.7</b>	<b>49.5%</b>
Investment returns on growth assets	8.46%	7.42%	(104bps)	7.15%	9.45%	230bps
Investment returns on defensive assets	3.53%	5.35%	182bps	3.04%	4.90%	186bps
<b>Fund portfolio investment returns</b>	<b>4.55%</b>	<b>5.75%</b>	<b>120bps</b>	<b>3.89%</b>	<b>5.77%</b>	<b>188bps</b>
RBA cash rate (average)				2.98%	4.27%	129bps
<b>Underlying spread to RBA cash rate</b>				<b>0.91%</b>	<b>1.50%</b>	<b>59bps</b>
<b>Average monthly balance:</b>						
Growth	510.7	497.1	(2.7%)			
Defensive	1,964.8	2,108.5	7.3%			
<b>Total fund portfolio</b>	<b>2,475.5</b>	<b>2,605.6</b>	<b>5.3%</b>			

## Fund portfolio overview

- Targeting fund asset allocation of 18% Growth, 82% Defensive (previously 20:80)
- Actual average allocation to growth assets in FY24 19.1% (FY23: 20.6%)

## Growth portfolio income down \$6.3m

- Lower return in all asset classes other than property

## Defensive portfolio income up \$43.5m

- \$27.4m benefit from higher RBA cash rate
- Improved but still below expected return on international fixed interest holdings
- \$9.6m benefit from narrowing credit spreads (FY23: \$9.7m)

## Net other investment income and expenses up \$6.4m

- Income on capital to support APRA overlay, unallocated capital and COVID-19 reserve
- \$5.7m benefit from higher RBA cash rate

## Underlying net investment income up \$60.5m to \$182.7m

- Normalises for an 8% return on growth assets and credit spread movements
- 5.3% higher Fund portfolio average asset balance
- Fund portfolio investment return up 188bps to 5.77%
  - Improved manager performance in property
  - \$33.1m benefit from higher RBA cash rate

## Underlying spread to average RBA cash rate of 150bps

- Improvement versus FY23 but at bottom end of target range of 150bps–200bps
- Achieving target range more difficult in a higher interest rate environment

## Current RBA cash rate of 435bps (FY24 average of 427bps)

- RBA cash rate cuts possible in FY25 (\$6m annual interest income per 25bps)
- Expect will largely be offset by further improvement in international fixed interest returns



# Capital and dividend

Strong dividend growth and unallocated capital supports M&A aspirations

Capital (\$m)	Proforma 1 July 2023	30 June 2024
<b>Total equity</b>	<b>2,243.8</b>	<b>2,305.1</b>
Determined but unpaid ordinary dividend	(228.6)	(258.9)
COVID-19 equity reserve	(177.7)	(128.0)
<b>Capital employed</b>	<b>1,837.5</b>	<b>1,918.2</b>
– Health Insurance	1,336.3	1,284.4
– Other	325.8	447.6
– Unallocated	175.4	186.2
Less: intangible and other adjustments	(302.4)	(417.0)
<b>Eligible capital</b>	<b>1,535.1</b>	<b>1,501.2</b>
<b>Health insurance</b>		
Prescribed Capital Amount - PCA (\$m)	753.4	761.4
PCA coverage ratio <sup>1</sup>	1.8x	1.8x
Required capital (\$m)	1,168.0	1,161.6
Required capital (%) <sup>2</sup>	14.6%	14.1%
<b>Dividend</b>	<b>30 June 2023</b>	<b>30 June 2024</b>
Final ordinary dividend per share (cents)	8.3	9.4
Full year ordinary dividend per share (cents)	14.6	16.6
<b>Dividend payout ratio<sup>3</sup></b>	<b>80.5%</b>	<b>80.1%</b>

(1) Calculated as Required Health Insurance capital less APRA supervisory adjustment, divided by Fund PCA less APRA adjustment.

(2) Calculated as required Health Insurance capital divided by the last 12 months' Health Insurance premium revenue inflated by the growth rate over the same 12-month period.

(3) Dividend payout ratio is based on Underlying NPAT.

## Strong capital position maintained

- Includes impact of \$250m temporary APRA supervisory adjustment
- Unallocated capital increased to \$186.2m in line with strong capital generation
- Fund PCA coverage ratio maintained at 1.8x
- Increase in intangibles and other adjustments largely reflects Myhealth goodwill following increase in investment in January

## Health Insurance capital employed reduced by \$51.9m to \$1,284.4m

- \$6.4m reduction in Required capital
- \$45.4m reduction in intangibles and other adjustments
- Required capital ratio 50 bps lower at 14.1%
  - Reflects premium growth above PCA growth
  - Ratio above 10% to 12% target range with additional capital held to offset APRA supervisory adjustment

## Other capital employed increased by \$121.8m to \$447.6m

- Includes increased investment in Myhealth
- \$25m asset risk charge on new Melbourne office fixtures
- Other effects include funding growth in Medibank Health, investment in iMH, and higher regulatory capital adjustments

## Well placed to fund further growth and support M&A aspirations

- Targeting M&A of \$150m-\$250m between FY24 and FY26
- Can raise Tier 2 debt if further attractive investment opportunities become available
- Will consider capital management actions if suitable M&A opportunities do not eventuate in a reasonable timeframe

## Final dividend of 9.4cps fully franked

- FY24 dividend of 16.6cps, up 13.7%
- 80.1% payout ratio of Underlying NPAT (target range 75% - 85%)

# Financial priorities for FY25

## Resident health insurance



### Improve revenue momentum

- Increase resident policyholder growth in a disciplined way
- Leverage our portfolio management capabilities to manage downgrading
- Increased focus on customer life cycle management

### Manage margins whilst aiming to keep premium increases as low as we can for customers

- Partnership approach to hospital contracting
- Investment in prevention, chronic condition management programs and the shift to more contemporary models of care at scale to help manage inflationary pressures
- Approach to claims management adopted during COVID-19 provides capacity to:
  - Invest in additional product benefits
  - Further support hospitals that are embracing care models for the future

### Maintain disciplined approach to cost management

- Leverage scale and investment in digitisation to improve efficiency
- Next horizon of productivity initiatives
- Direct distribution strength to manage the cost of acquiring new customers

## Non-resident health insurance



### Grow non-resident customer numbers

- Investment in differentiation through product value and expanding our non-resident health offering
- Increasing focus in the worker and visitor segments
- Important contribution to overall health fund growth

## Medibank Health



### Deliver on Medibank Health's organic growth potential

- Meet the needs of more of our existing health insurance customers
- Opportunity to service a broader set of customers with existing programs including My Home Hospital<sup>1</sup>, Live Better and virtual health
- Address emerging customer needs in both corporate and virtual health

### Augment Medibank Health's organic growth with further M&A

- Target investments that add scale, capability and expand geographic coverage
- Aim to invest between \$150m to \$250 million through further M&A between FY24 and FY26
- Target investments that accelerate Australia's health transition for the benefit of consumers and Australia's health system

(1) The Calvary Amplar Health joint venture delivers SA Health's My Home Hospital service.



# Conclusion

## Customer value



**Customer promise:** any permanent net claims savings due to COVID-19 will be returned to customers

**Customer give back program:** expect the finalisation of our customer give back program to be announced in FY25

---

## Resident health insurance



**Industry growth:** anticipate moderating industry growth in FY25 relative to FY24

**Customer growth:** we will remain disciplined as we aim to grow in line with market during FY25 (including volume growth in the Medibank brand), and aim to grow market share in FY26

**Claims:** expected claims per policy unit growth of around 2.7% in FY25

**Management expenses:** targeting \$10m of productivity savings in FY25

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## Non-resident health insurance



**Customer growth:** expect solid policy unit growth to continue in FY25

---

## Medibank Health



**Organic growth:** targeting average organic profit growth  $\geq 15\%$  per annum between FY24 and FY26 plus a 12-month contribution from Myhealth in FY25

**Inorganic growth:** aim to invest between \$150m to \$250m through further M&A between FY24 and FY26

---

# A strong and resilient company delivering sustainable growth

## Resilient company with a track record navigating through cycles

**Customer centric:** strategy focused on our customers

**Strong foundations:** across growing customer segments in PHI and key health markets

**Adaptive to change:** track record of performance through headwinds (and tailwinds)

**Disciplined approach:** in PHI, M&A and organic growth

**Strong capital position:** providing flexibility for growth

## Medium-term priorities build on our foundations for future growth

**Customer growth:** aim to grow share in resident and non-resident PHI

**Manage our own costs:** through productivity, innovation and scale

**Diversify earnings:** including Medibank Health and non-resident PHI

**Deliver more services to more customers:** through our Amplar Health network

**Build on business resilience:** by continuing to strengthen our foundations

## Multiple avenues for growth, which we are well-capitalised to pursue

**Strengthen and grow our insurance business:** further investing in product and service differentiation

**Invest to grow in health:** in technology and health innovation – broadening and connecting our health capabilities

**Accelerate the health transition:** to create a more efficient and sustainable system

**Deliver for our customers:** creating the best health and wellbeing for Australians



Welcome to Australia!

medibank

Go further.

You're incredible.

Q&A

Go further with Medibank Overseas  
Student Health Cover.

medibank  
Live Better



medibank

# Appendix



# Our strategy – growing as a health company

## Deliver leading experiences



- Create personalised and connected customer experiences
- Empower our people and reinvent work
- Collaborate with our communities and partners to make a difference
- Continue to strengthen trust and reputation

## Differentiate our insurance business



- Deliver more value, choice, and control for customers
- Provide holistic health solutions to customers including resident, non-resident and corporate customers
- Strengthen our dual brands and provider networks
- Lead change with partners to deliver affordable healthcare

## Expand in health



- Accelerate growth in prevention, primary and virtual care and other care models for the future
- Scale and connect our existing health businesses
- Deliver more health services to Medibank and ahm customers
- Accelerate Australia's health transition

**Better Health for Better Lives**

**medibank**  
*Live Better*

**ahm**  
health insurance

You're good.



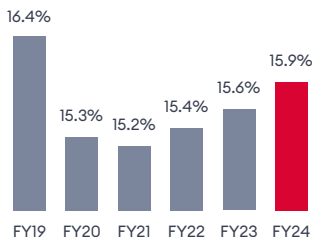
**Amplar Health**  
Making Health Personal

# Solid result demonstrates our disciplined approach to growth

## A strong and resilient resident private health insurance business

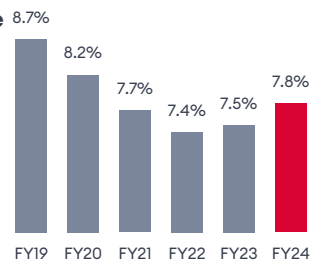
### Underlying resident health insurance gross margin<sup>1</sup>

**15.9%**  
(+30bps)



### Health Insurance management expense ratio<sup>1,2</sup>

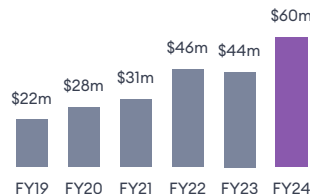
**7.8%**  
(+30bps)



## Making progress on our growth potential

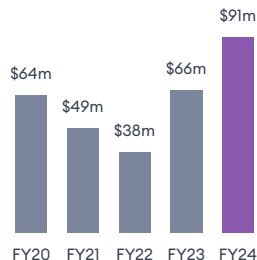
### Medibank Health segment profit

**\$60.4m**  
(+36.7%)



### Underlying non-resident health insurance gross profit

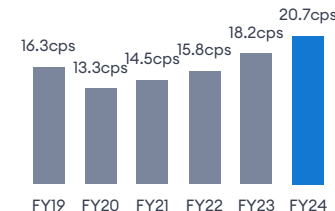
**\$91.2m**  
(+37.3%)



## Delivering earnings and dividend growth for shareholders

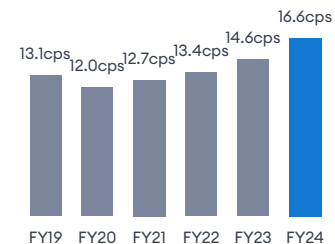
### Underlying earnings per share<sup>1</sup>

**20.7cps**  
(+14.1%)



### Ordinary dividend fully franked

**16.6cps**  
(+13.7%)



(1) FY23 figures have been restated for the impact of AASB 17 Insurance Contracts which came into effect on 1 July 2023. Figures before FY23, have not been restated.

(2) Health Insurance management expense ratio does not include non-recurring cybercrime event costs of \$39.8m in FY24 (FY23: \$46.4m) - refer to slide 15.

# Milestones scorecard and update



## Deliver leading experiences

### Customer advocacy: Service NPS (average)

	FY24	FY24 benchmark	FY25 benchmark
Medibank	46.0	> 35	See slide 34
	<b>Updated</b>		
ahm	46.4	> 35	> 35

### Employee advocacy: eNPS (average)

	FY24	FY25 benchmark <sup>1</sup>
Place to work	26	≥ 24
Products and services	30	≥ 26



## Differentiate our insurance business

### Resident policyholder market share

FY23	March FY24	FY27 aspiration
27.08%	26.75% <sup>2</sup>	up 25bps -75bps on FY24
	<b>Updated</b>	

### Health Insurance productivity

FY24	FY24 – FY25 target
c. \$10m	\$20m productivity savings including \$10m in FY24



## Expand in health

### Medibank Health

	FY24	FY24 - FY26 target
Organic profit <sup>3</sup>	\$52.6m	Targeting average organic profit growth ≥15% per annum (FY23: \$44.2m)
Investment	c. \$52m <sup>4</sup>	Aim to invest \$150m-\$250m in total to grow Medibank Health inorganically as suitable opportunities arise

### Health and wellbeing

	<b>Updated</b>	FY24	FY25 target
Live Better rewards participants		823k	900k
Preventative program enrolments <sup>5</sup>		132k	>190k

(1) FY25 benchmarks are based on the global average adjusted for Australian healthcare and financial insurance industry context. (2) Resident policyholders, APRA quarterly private health insurance statistics (Mar 24). (3) Medibank Health organic profit target is in addition to 12 month contribution from Myhealth. (4) Increased investment in Myhealth Medical Group, effective 5 January 2024. (5) Total enrolments in clinician-led preventative health programs (e.g. Better Knee, Better Me, Better Hip), and Live Better self-paced digital prevention programs (e.g Back Smart, Heart Wise) and any new offerings developed.

# Net Promoter Score (NPS) transition from sNPS to jNPS

By FY26, a new mix of NPS measures will provide a robust and useful understanding of our customers' experience

In FY25, we will begin to transition how we measure customer advocacy and experience

- Since 2018, Medibank and ahm have reported Service NPS (sNPS) to measure customer advocacy and experience
- To measure sNPS, customers are asked to rate how likely they are to recommend Medibank or ahm based on their most recent experience with us
- A recent experience may be making contact over the phone or in store, or a more complex matter such as a cover review
- Average sNPS has been used to communicate our progress against our customer experience ambitions and to determine short-term incentives (STIs) for people across Medibank
- In FY25, we will enhance our voice of the customer program to introduce “Journey NPS” or jNPS which seeks to better understand a customer's experience in their journeys with us and how well we fulfil their needs during those experiences
- It will provide a deeper view of whether we are meeting the needs of customers and centre the experience, insights and improvements around customer outcomes, including additional data on when these expectations are not met

We are evolving the way we measure customer advocacy to better understand our customers' experience

- jNPS provides feedback across different customer journey experiences for example exploring products, resolving problems or using cover
- We will capture and analyse the outcome a customer was trying to achieve which will then create actionable insights for experience improvements
- In future, this transition will enable greater insight across digital channels and expand to capture health journeys
- Medibank will transition to jNPS for PHI customer journeys in FY25, while ahm is expected to move to jNPS in FY26

This transition creates a greater connection between our frontline teams and our customers

- Journey insight further empowers frontline teams to understand and measure impact within geographies and with customers
- Medibank and ahm employees with STIs based on a sNPS will move to jNPS by FY26, aligned to this transition
- Employees who participate in the Group STI plan will have outcomes measured by both jNPS and sNPS in FY25
- Employees who participate in the Group's LTI plan will also continue to be measured against Customer NPS which is a measure independent of jNPS and sNPS

## Milestones

### FY24 Customer advocacy: sNPS (average)

	FY24 (benchmark)	FY24 (outcome)
Medibank	>35	46.0
ahm	>35	46.4

## FY25

### Customer advocacy: sNPS and jNPS (averages)

	FY25 (benchmark)
Medibank (jNPS)	>10
ahm (sNPS)	>35
Blended NPS	>15

## FY26

### Customer advocacy: jNPS (average)

Benchmarks to be confirmed later in FY25

# Summary of ESG achievements and progress

Our sustainability strategy is anchored by our vision of Better Health for Better Lives

## FY24 key achievements

### Customer health



- 823k Live Better rewards participants
- 132k preventative program enrolments<sup>1</sup>
- 193k hospital bed days saved via homecare and prevention<sup>2</sup>
- 303k Health Concierge, nurse and GP virtual health interactions for Medibank customers

### Employee health



- As part of the work.reinvented program, challenged traditional ways of working, including 4-day work week and self-managed teams
- Launched new employee health and wellbeing options
- 33% Board members and 46% of senior leaders are women

### Community health



- Released 2<sup>nd</sup> series of We Are Lonely podcast and next phase of loneliness population research
- c. \$1m invested in 15 health research projects through Medibank Better Health Foundation
- parkrun Australia participation up 29% - celebrated 1m participants milestone

### Environmental health



- Completed lifecycle analysis of the Better Knee, Better Me program to compare the environmental impact of in-hospital and telehealth care pathways
- Develop roadmap to meet future Australian Sustainability Reporting Standards

### Governance



- \$4.4m in Aboriginal and Torres Strait Islander business procurement
- Achieved commitments set out in FY23 modern slavery statement
- Developed an enterprise-wide data ethics framework
- Released 8th tax transparency report

## Future focus

- Target 900k total Live Better rewards participants in FY25
- Target more than 190k total preventative program enrolments in FY25<sup>1</sup>
- Expand contemporary models of care for our customers

- Continue cultural transformation through work.reinvented
- Create the healthiest workplace in Australia
- Progress our diversity and inclusion commitments under the Reconciliation Action Plan, Accessibility and Inclusion Plan and measurable objectives

- Progress strategic roadmap for 10-year loneliness impact
- Support health and wellbeing for our community by raising awareness of the barriers to access and inclusion
- Invest \$3m over 3 years to trial alternative models of primary care, designed and led by Myhealth GPs

- Progress net zero pathway milestones including move to new Melbourne office
- Membership of Climate Leaders Coalition to collaborate on climate initiatives
- Prepare for incoming mandatory climate reporting disclosures

- Target \$1m in Aboriginal and Torres Strait Islander business procurement spend in FY25
- Continue to enhance governance, due diligence and education in line with our modern slavery statement
- Implement and maintain a data ethics framework and operating model

(1) Total enrolments in clinician-led preventative health programs (e.g. Better Knee, Better Me, Better Hip), and Live Better self-paced digital prevention programs (e.g Back Smart, Heart Wise) and any new offerings developed. (2) Hospital bed days saved through Medibank clinician-led prevention programs, Medibank homecare programs and the My Home Hospital service delivered by the Calvary Amplar Health JV for SA Health.



# Our health investments

Target markets	Investments	Ownership interest (%)	Description	Benefits to Medibank
Primary care	Myhealth Medical Holdings Pty Ltd	90%	<ul style="list-style-type: none"> <li>Medibank acquired a non-controlling interest in Myhealth Medical Group for c. \$63m in 2021. Ownership interest increased to 90% for cash consideration of c. \$51m in 2024, and contingent consideration of up to \$1.0m</li> </ul>	Support preventative health and GP-led proactive care management
	Medinet Australia Pty Ltd	3.82%	<ul style="list-style-type: none"> <li>Medibank invested \$10m in health tech company Medinet in 2022 and has 28.34% of the voting rights</li> <li>Medinet provides a platform helping GPs to connect with their patients</li> </ul>	Continue to grow our virtual care capabilities
Homecare	Calvary Amplar Health JV Pty Ltd	50%	<ul style="list-style-type: none"> <li>Since 2020, the JV has been delivering My Home Hospital for SA Health</li> </ul>	Continue to grow our homecare capabilities
	East Sydney Day Hospital Pty Ltd	49%	<ul style="list-style-type: none"> <li>\$14.2m investment during FY21 and FY22, with an additional \$1.0m contributed during FY24</li> <li>Investment contributes to capital works and operational costs required to scale short stay models of care</li> </ul>	
Hospitals, including short stay	Adeney Private Hospital Pty Ltd	49%	<ul style="list-style-type: none"> <li>The JV between a group of doctors and Medibank will establish a new short stay surgical facility in Kew, Melbourne</li> <li>Medibank's contribution to date is \$9.0m</li> <li>Expected to open in 1H25</li> </ul>	Expand our no gap network, including short stay
	SydOrtho Holdings Pty Ltd (holding company) supporting MQ Health	50%	<ul style="list-style-type: none"> <li>Medibank has invested \$14.8m to form a JV with orthopaedic surgeons to support the establishment of the Orthopaedic Institute at Macquarie University Hospital</li> <li>MQ Health has contributed the floor space, with the centre operating as an integrated part of the hospital</li> <li>Opened in January 2024</li> </ul>	
	Integrated Mental Health Pty Ltd	50%	<ul style="list-style-type: none"> <li>Medibank invested \$15.5m in March 2023, to acquire 50% shareholding in Integrated Mental Health Pty Ltd (iMH) to offer an innovative integrated mental health model</li> <li>An additional \$3.4m investment contributed in 2H24</li> </ul>	Provides an integrated mental health model through mental health facilities and out of hospital support

# Group financial summary – half by half

(\$m)	1H23 (restated)	2H23 (restated)	1H24	2H24	Change		
					2H24 v 2H23 (restated)	2H24 v 1H24	1H24 v 1H23 (restated)
<b>Group revenue from external customers</b>	<b>3,897.1</b>	<b>3,909.9</b>	<b>4,024.0</b>	<b>4,151.8</b>	<b>6.2%</b>	<b>3.2%</b>	<b>3.3%</b>
Health Insurance operating profit	303.8	347.5	317.0	375.3	8.0%	18.4%	4.3%
Medibank Health segment profit	24.6	19.6	26.7	33.7	71.9%	26.2%	8.5%
<b>Segment operating profit</b>	<b>328.4</b>	<b>367.1</b>	<b>343.7</b>	<b>409.0</b>	<b>11.4%</b>	<b>19.0%</b>	<b>4.7%</b>
Corporate overheads	(22.0)	(25.1)	(24.3)	(28.6)	13.9%	17.7%	10.5%
<b>Group operating profit</b>	<b>306.4</b>	<b>342.0</b>	<b>319.4</b>	<b>380.4</b>	<b>11.2%</b>	<b>19.1%</b>	<b>4.2%</b>
Net investment income	55.9	82.7	83.6	98.6	19.2%	17.9%	49.6%
Other income/(expenses)	(5.4)	(7.2)	(8.8)	(10.9)	51.4%	23.9%	63.0%
Cybercrime costs	(26.2)	(20.2)	(17.6)	(22.2)	9.9%	26.1%	(32.8%)
<b>Profit before tax, before movement in COVID-19 reserve</b>	<b>330.7</b>	<b>397.3</b>	<b>376.6</b>	<b>445.9</b>	<b>12.2%</b>	<b>18.4%</b>	<b>13.9%</b>
Movement in COVID-19 reserve (excl. tax)	(90.5)	(199.6)	115.3	(226.1)	13.3%	n.m.	n.m.
<b>Profit before tax</b>	<b>240.2</b>	<b>197.7</b>	<b>491.9</b>	<b>219.8</b>	<b>11.2%</b>	<b>(55.3%)</b>	<b>104.8%</b>
Income tax expense	(71.3)	(58.0)	(148.7)	(66.6)	14.8%	(55.2%)	108.6%
Non-controlling interests				(3.9)	n.m.	n.m.	-
<b>NPAT attributable to Medibank shareholders</b>	<b>168.9</b>	<b>139.7</b>	<b>343.2</b>	<b>149.3</b>	<b>6.9%</b>	<b>(56.5%)</b>	<b>103.2%</b>
EPS (cents)	6.1	5.1	12.5	5.4	<b>6.9%</b>	<b>(56.5%)</b>	103.2%
Normalisation for investment returns	(6.6)	(4.9)	-	0.3	n.m.	n.m.	n.m.
Normalisation for COVID-19 reserve movements	63.4	139.6	(80.7)	158.3	13.4%	n.m.	n.m.
<b>Underlying NPAT</b>	<b>225.7</b>	<b>274.4</b>	<b>262.5</b>	<b>307.9</b>	<b>12.2%</b>	<b>17.3%</b>	<b>16.3%</b>
Underlying EPS (cents)	8.2	10.0	9.5	11.2	<b>12.2%</b>	<b>17.3%</b>	16.3%
<b>Dividend payout ratio<sup>1</sup></b>	<b>76.9%</b>	<b>83.3%</b>	<b>75.5%</b>	<b>83.9%</b>	<b>60bps</b>	<b>840bps</b>	<b>(140bps)</b>

(1) Dividend payout ratio based on Underlying NPAT.

# Health Insurance resident policyholders – half by half

					Change		
	1H23	2H23	1H24	2H24	2H24 v 2H23	2H24 v 1H24	1H24 v 1H23
Policyholders <sup>1</sup> (thousand):							
Opening balance	1,950.0	1,951.7	1,960.9	1,964.3	0.6%	0.2%	0.6%
Acquisitions	97.7	107.5	103.2	114.2	6.2%	10.7%	5.6%
Lapses	(96.0)	(98.3)	(99.8)	(103.2)	5.0%	3.4%	4.0%
Closing balance	1,951.7	1,960.9	1,964.3	1,975.3	0.7%	0.6%	0.6%
– Medibank	1,439.7	1,438.2	1,435.2	1,434.8	(0.2%)	(0.0%)	(0.3%)
– ahm	511.9	522.7	529.1	540.5	3.4%	2.2%	3.4%
Acquisition rate <sup>2</sup>	5.0%	5.5%	5.3%	5.7%	20bps	40bps	30bps
– Medibank	4.1%	4.4%	4.3%	4.6%	20bps	30bps	20bps
– ahm	8.0%	9.1%	8.5%	9.6%	50bps	110bps	50bps
Lapse rate <sup>2</sup>	4.9%	5.0%	5.1%	5.2%	20bps	10bps	20bps
– Medibank	4.5%	4.5%	4.5%	4.7%	20bps	20bps	-
– ahm	6.8%	7.0%	7.3%	7.4%	40bps	10bps	50bps
Policyholder growth	0.1%	0.5%	0.2%	0.5%	-	30bps	10bps
Total policy units (thousand):							
Closing balance	4,766.9	4,786.5	4,804.6	4,822.6	0.8%	0.4%	0.8%
Average balance <sup>3</sup>	4,782.9	4,766.1	4,795.4	4,806.8	0.9%	0.2%	0.3%

(1) Consolidated lapse and acquisition rates exclude transfers of policyholders between ahm and Medibank at a combined brand level. Figures at brand level include these transfers.

(2) Lapse and acquisition rates are based on the average of the opening and closing balances for the period. (3) Based on an average of the month-end balances over the reporting period.

# Investment portfolio

As at 30 June 2024	Target asset allocation	Portfolio composition	Spot balance (\$m)	Average balance (\$m) FY24	Average balance (\$m) FY23
Australian equities	6.0%	4.5%	127.0	129.4	146.6
International equities	5.0%	3.9%	109.9	106.1	108.3
Property	7.0%	5.4%	151.9	165.1	183.4
Infrastructure	2.0%	3.5%	98.3	96.5	72.4
<b>Growth</b>	<b>20.0%</b>	<b>17.3%</b>	<b>487.1</b>	<b>497.1</b>	<b>510.7</b>
Fixed income <sup>1,2</sup>	60.0%	59.5%	1,670.7	1,541.2	1,433.7
Cash <sup>3</sup>	20.0%	23.2%	651.6	567.3	531.1
<b>Defensive</b>	<b>80.0%</b>	<b>82.7%</b>	<b>2,322.3</b>	<b>2,108.5</b>	<b>1,964.8</b>
<b>Total fund (pre-STOC)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2,809.4</b>	<b>2,605.6</b>	<b>2,475.5</b>
Short-term operational cash <sup>4,5</sup>			642.9	514.2	648.3
Non-health fund investments <sup>6</sup>			234.5	200.8	185.5
<b>Total investment portfolio</b>			<b>3,686.8</b>	<b>3,320.6</b>	<b>3,309.3</b>

(1) Target asset allocation comprises floating rate notes and asset-backed investments 38.0% (2023: 33.0%) and other fixed income 22.0% (2023: 27.0%). The Fund's average credit duration is approximately 1.3 years, average interest rate duration is approximately 0.2 years, and the average credit rating is 'Single-A' (\$&P equivalent).

(2) For investment portfolio purposes, fixed income comprises fixed income securities (\$2,561.1m), less classified cash with maturities between 3-12 months (\$484.2m), less non health fund investments (\$221.6m), less short-term operational fixed income securities (\$232.0m), plus cash allocated to the fixed income portfolio (\$47.4m).

(3) For investment portfolio purposes, cash comprises cash and cash equivalents (\$691.0m), plus cash with maturities 3-12 months (\$484.2m), less non health fund investment (\$12.9m), less short-term operational cash (\$410.9m), less operational cash (\$52.4m), less cash allocated to the fixed income portfolio (\$47.4m).

(4) Short-term operational cash ("STOC") sub-portfolio of the fund's investment portfolio consists of short-dated defensive assets for the purpose of funding claims deferred due to COVID-19 and customer givebacks. Given the short-term nature of this portfolio, it is not subject to the existing SAA / TAA framework.

(5) \$167m to be allocated to the STOC portfolio to support the amount held for APRA supervisory adjustment. Given the short-term nature of this portfolio, it is not subject to the existing SAA / TAA framework.

(6) The fund's SAA does not apply to the non-health fund investment portfolio.

Term	Definition
1H	Six months ended/ending 31 December of the relevant financial year
2H	Six months ended/ending 30 June of the relevant financial year
Adult Dependent Reform (ADR)	Reform that allows adult dependents to remain on their parents private health insurance policies until they turn 31
Amplar Health network	Network of services provided by either MyHealth or Amplar Health. Includes primary care, prevention, virtual health, homecare and hospital services
APRA	Australian Prudential Regulation Authority
bps	Basis points (1.0% = 100 bps)
cps	Cents per share
Downgrading	The difference between the average premium rate rise and revenue growth per policy unit
eNPS	Employee Net Promoter Score. A measure of the likelihood of an employee to recommend the company's products and services and the company as a place to work
EPS	Earnings per share
FY	Financial year ended/ending 30 June
Health Insurance	Includes both resident and non-resident
Hospital bed days saved	Equates to the number of days a patient would be in hospital if they were admitted for an episode of care
Hospital lives	Number of lives that are covered by private hospital insurance
IBNR	Incurred but not reported
jNPS	Journey Net Promoter Score. A measure of the likelihood of an existing customer to recommend the brand immediately following the resolution of their customer journey
Live Better or Live Better rewards program	A Medibank program to inspire people to lead a healthier and happier lifestyle, with tools and rewards (for eligible members) to motivate people
Members' Choice Advantage	An enhanced network of ancillary providers where customers can enjoy better value on eligible extras services. Includes dental and optical providers, physiotherapy, chiropractic, podiatry, acupuncture and remedial massage

Term	Definition
MER	Management expense ratio. Calculated as management expenses divided by revenue
n.m.	Not meaningful
PHI	Private health insurance
Non-resident PHI	Overseas visitor, working visa and student health covers
NPAT	Net profit after tax
Policyholder	The primary person who is insured under a private health insurance policy (other than in relation to overseas students or visitors), who is not a dependent child, and who is responsible for paying the premium
PSEUs or policy units	Policy Single Equivalent Units are used by Medibank as a standard measure of income units. They take into account the number of adults on a policy, and whether they have Hospital Cover or Extras Cover or both. For example, a household with two parents and three children, all of which had both Hospital and Extras Cover, would represent four policy units (2 adults x2 types of Cover = 4). This measure includes residents and non-resident policies and only adult insureds are typically counted in the calculation of PSEUs
Resident PHI	Hospital and/or extras cover under a complying health insurance product
SAA	Strategic Asset Allocation. The long-term portfolio asset allocation that meets the expected risk and return objectives of the fund
Service NPS	A measure of the likelihood of an existing customer to recommend the brand immediately following a service interaction
TAA	Tactical Asset Allocation. The medium-term portfolio asset allocation that varies to the strategic asset allocation in order to help optimise risk-adjusted investment returns in light of the prevailing relative market pricing
Underlying NPAT	Underlying NPAT is calculated based on statutory NPAT adjusted for short-term outcomes that are expected to normalise over the medium to longer-term, most notably in relation to the level of gains or losses from investments and movements in credit spreads, and for movement in COVID-19 reserve and one-off items, especially those that are non-cash, such as asset impairments. Underlying NPAT is not adjusted for outstanding claims provision movements