



Medibank Private 2021 AGM Report

ASX Code	MPL
Meeting Time/Date	10am, Thursday 18 November 2021
Type of Meeting	Virtual
Monitor	Peter Aird with Katja Bizilj
Pre AGM Meeting?	Yes, with Chair Mike Wilkins and Colette Campbell

Significant increase in Market Share leading to “Solid Performance”

What the Company Does

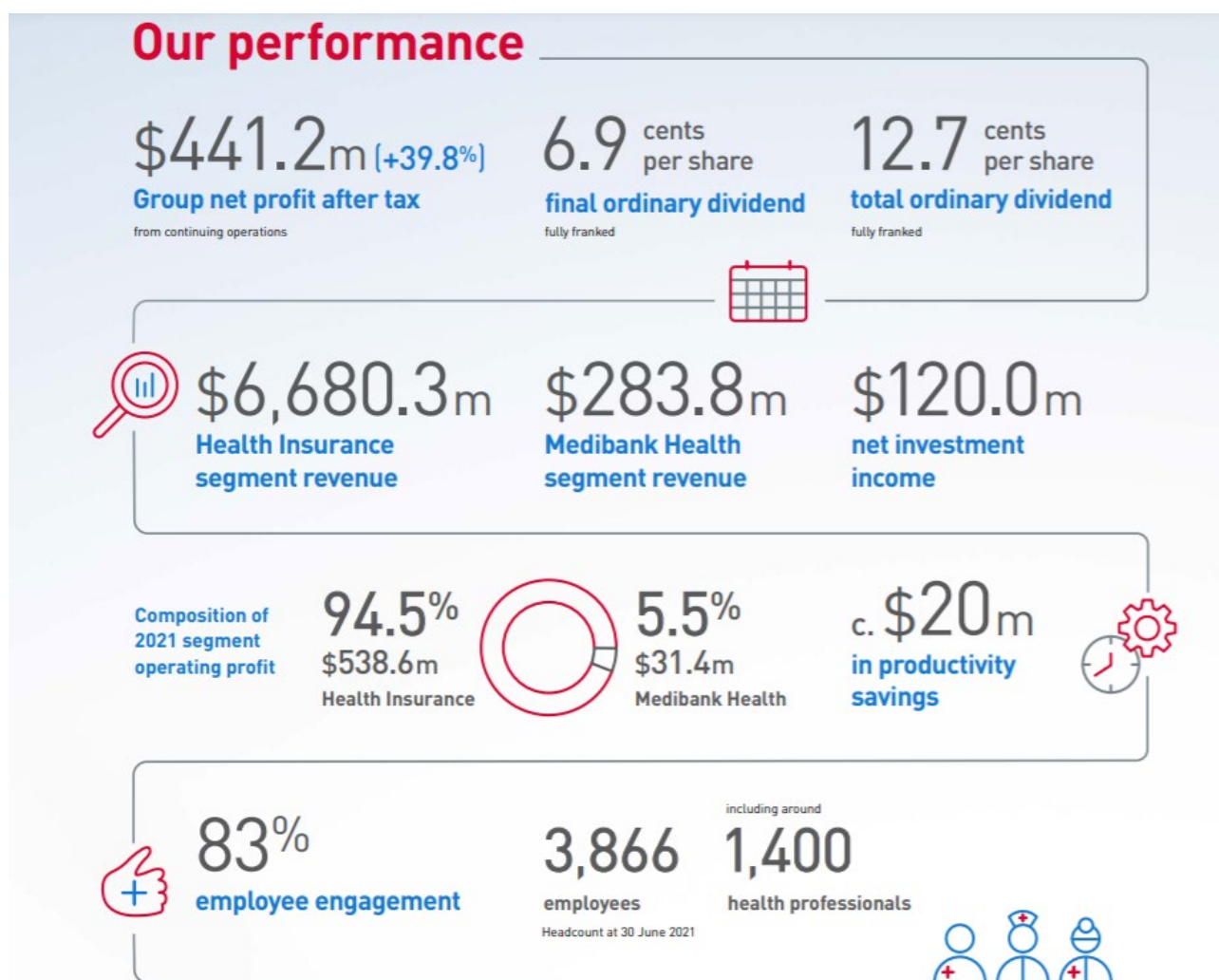
Medibank Private is a leading private health insurer whose current strategy broadens its business to a health company providing customers with greater support to manage their health and wellbeing, and support its insurance business. In FY2021, its insurance business had 3.7m customers, a market share of over 27%, income of \$6.7billion and underlying Net Profit after Tax for the group of \$398million (adjusted to normalise investment income).

Developments in the Financial Year

The year started with the retirement of Chairman Elizabeth Alexander (30 Sept) and the appointment of Non-Executive Director (NED) Mike Wilkins as her replacement. Mr Gerard Dalbosco was appointed as a NED in May 2021 and NED's Christine O'Reilly and Peter Hodgett announced that they would retire from the Board at the conclusion of the 2021 AGM.

In February Medibank announced that CEO Craig Drummond would retire on 30 June and in May David Koczkar (previously Chief Customer Officer) was appointed to replace Mr Drummond. Subsequently, a number of changes were made to the Executive team structure and the number of Executives as Key Management Personnel reduced to four.

There is no indication that the company's strategy is being changed, although the wording of its “Strategic Pillars” has changed to clarify its priority of becoming a “Health Company”. The highlights of the year are given below:



Source: Medicare annual Report 2021

Summary of Historical ASA Issues with the Company

There have been no significant issues with Medibank in the past few years.

Debate and Voting at the AGM

Questions were held until all Resolutions had been put to the meeting and Proxy voting exposed. Unfortunately, the company decided that the Director seeking re-elections and the Chair of the Remuneration Committee would not speak to the meeting as is normal practice. All resolutions were passed with votes over 95%.

Four questions were submitted by shareholders in advance of the meeting. These covered maintaining and increasing performance (reference to presentations), the “low” EPS and CAGR requirements for performance bonuses (set as challenging but achievable), no share purchase plan (low demand) and Board cultural diversity (the Board does get diverse views through the diverse backgrounds of its members).

ASA asked 3 questions. The first was about the large increase in market share’s (37 basis points) sustainability and future. The Chair indicated that Australians were placing more priority on health and that their growth target for FY2022 (3% policyholder growth) would be achieved.

The second was the lack of 5 year financial performance data in the Annual Report (which has been raised by ASA in the past). The Chair did not see any need to change.

The third related to the importance of technology to the business and the knowledge and skills within the current Board. Mr Wilkins indicated that the Board was frequently briefed on technology issues from company experts to increase capability and ensure currency. This will be a factor in the appointment of new Directors replacing the retiring NED's.

Outlook Statements from the Company

The CEO gave an update of FY2022 outlook provided at the result presentation. See below for details:

FY22 outlook update

	Full year outlook at FY21 result	Updated outlook
Customer relief	We continue to assess claims activity and any permanent net claims savings due to COVID-19 will be given back to customers through additional support in the future	No change to our commitment The next wave of customer support expected to be confirmed before the end of 2021
Policyholder growth	Aiming to achieve c. 3% policyholder growth ¹ in FY22, including continued growth in the Medibank brand	Policyholder growth of approximately 21k (1.1%) as at 31 October 2021 Aiming to achieve at least 3% policyholder growth ¹ in FY22, including continued growth in the Medibank brand
Claims	Underlying average net claims expense per policy unit is forecast to be in line with 2H21 (2.4%) among resident policyholders	No change
Productivity	FY22 productivity target of \$15m in Health Insurance management expenses	No change
Growth	Targeted inorganic growth for Medibank Health and Health Insurance remain areas of focus	No change

¹ Assumes slowing industry participation growth in FY22 relative to FY21

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Meeting Statistics

Number of Holdings Represented by ASA	525
Number of Shares represented by ASA	2.9m shares
Value of Shares represented by ASA	\$10.2 m
Number Attending Meeting	40 shareholders plus 80 visitors
Market capitalisation	\$9.66b
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual involved in the preparation of this report has a shareholding in this company.

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