



Company	Medibank
Code	MPL
Meeting	AGM
Date	14 November 2019
Venue	Clarendon Auditorium Melbourne Exhibition Centre 2 Clarendon St, Sth Wharf
Monitor	Peter Aird with Geoff Bowd

Number attendees at meeting	158 Shareholders, 63 Guests
Number of holdings represented by ASA	580
Value of proxies	\$11.3M
Number of shares represented by ASA	3,571,000
Market capitalisation	\$8,702 M
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with chair Elizabeth Alexander

Improved performance and a plan for the future

Chair Elizabeth Alexander and CEO Craig Drummond gave a positive review of FY2019, noting that Medibank's market share (Health insurance) has continued to increase and the average premium increase was again the lowest in over 15 years. However, it was acknowledged that affordability and out of pocket expenses continued to be an issue for customers. In a highly regulated industry, government needs to facilitate reform, with the CEO providing a list of issues and possibilities.

Shareholder questions were limited to reporting of the age of Directors, to ensure they were not out of touch with the younger generation, and Medibank's transition to a low carbon investment portfolio.

ASA asked about recent reports in the press about private health insurance being in a "death spiral" and whether Medibank and the industry were undertaking research to counter these arguments. The CEO responded in detail that the issues were much broader than just economic and that Australia's current Health system was highly regarded in international research.

ASA also asked, given data in the last few years, why the net claim expense per policy had recently been changed from 2.0% to 2.4% leading to a \$21m under provision in the claims reserve. The CEO indicated that this was caused by a number of factors, including that the private hospital

sector was now slower in processing claims and that the company had overprovisioned in the last 2 years.

Both Directors spoke to their re-election, with ASA asking about Ms Nicholls demanding work load. The Chair assured shareholders that Ms Nicholls has her full confidence and was always able to complete her Medibank responsibilities. Both Directors were re-elected with Mr Fagan obtaining a 99% vote and Ms Nicholls an 88% vote.

Chair of the People and Remuneration Committee, Director Linda Nicholls, gave a detailed explanation of the remuneration structure and the key outcomes from FY2019. This included justification of the LTI grant for Relative TSR, where the 50 percentile for Relative TSR was reached after the Board exercised its discretion to include the impact of companies that had been in the original comparator group but delisted in the period. ASA supported the Report although at least one proxy adviser recommended rejection, leading to a poll result of 79.15% For.

The poll for grant of performance rights to the CEO was passed easily (97%).

The AGM attracted some media attention with “The Age” focusing on prostheses costs and the “Australian Financial Review” giving wider coverage whilst focusing on the “more than 20% vote against executive pay” with a headline “Medibank leadership survives protest vote”.