6 May 2016

macquarie australia conference

Paul Koppelman – Chief Financial Officer

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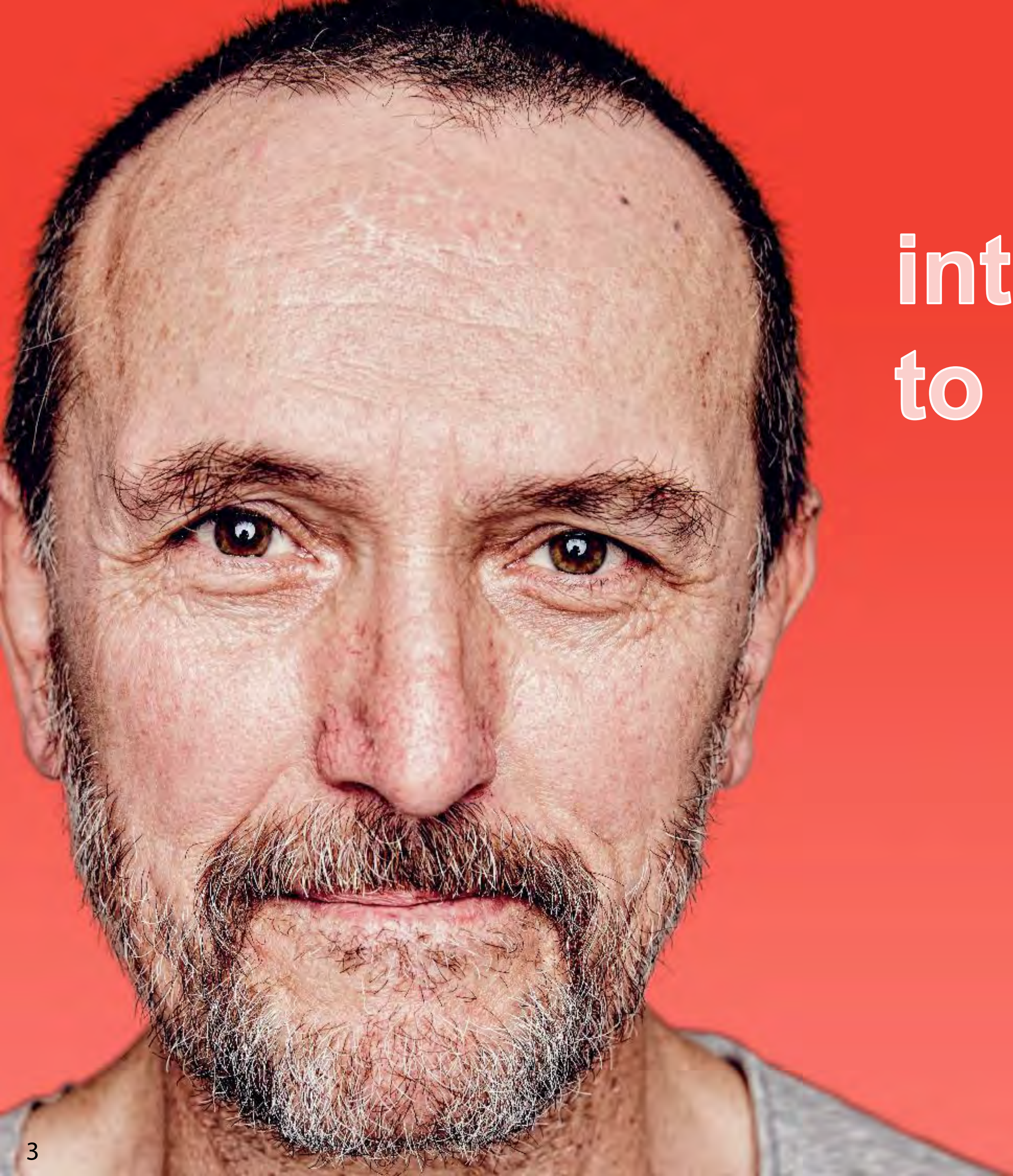

introduction to medibank

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private health insurance at the core

but a differentiated approach

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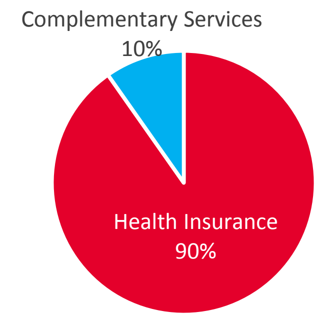
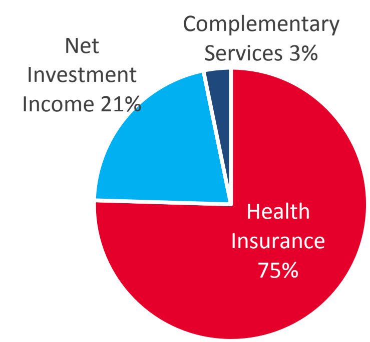
Reporting segments	Health Insurance				Complementary Services
Customers	Medibank retail	ahm retail	Corporate	Overseas students & visitors	Corporate; Government
Differentiators	Two brands: medibank For Better Health; ahm by Medibank		Active health provider relationship management	Population health management	

Provider Networks and Integrated Care (PNIC)

FY15 revenue[1]
$6.6 billion



FY15 profit before tax and unallocated expenses[2]
$397 million



1. In accordance with accounting standards, investment income is not treated as revenue.
2. This allocation is calculated based on $332.2 million of Health Insurance operating profit, $93.8 million of net investment income, and $14.2 million of Complementary Services operating profit respectively as a percentage of the sum of $396.6 million of profit before tax plus corporate overhead costs of $42.1 million plus other expenses of $1.5 million. Corporate overhead costs and other expenses have not been allocated to a segment and have therefore not been taken into account when calculating the percentages by segment shown.

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executive committee structure

aligned with strategy, clear accountabilities

Craig Drummond
CEO & Managing Director
(commences 4 July 2016)

David Koczkar Chief Operating Officer (Acting CEO)	**Dr Andrew Wilson** EGM Provider Networks & Integrated Care	**Paul Koppelman** Chief Financial Officer	**Kylie Bishop** EGM People & Culture	**Sarah Harland** EGM Technology & Operations
Health Insurance • Group Strategy • PHI portfolio • Distribution: retail, contact centres & digital • Customer experience • Brand & marketing • ahm • Diversified • Information Management • Project Delphi	**Health Benefits** • Provider Network & Contracting • Claims Management • Integrated Care • Health Benefit Data & Analytics • Population Health (ADF/Garrison) • Telehealth	**Corporate Services** • Finance • Actuarial • Treasury • External Affairs • Accounting • Legal • Company Secretary • Risk • Internal Audit • Investor Relations	**People & Culture** • Recruitment & Engagement • Performance & Rewards • Talent, Capability & Culture • Health, Safety & Workplace Relations • Corporate Social Responsibility • Internal Communications & Change	**Technology & Operations** • Property • Procurement • IT Strategy, Architecture & Security • IT Portfolio & Project Delivery • IT Service Operations • Operational Delivery Management • Operational Processing - Claims, Membership, OSHC and Corporate • Fulfilment

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business snapshot

MPL.AX

Listed on the ASX on 25 November 2014, Medibank's float was the 2nd largest in Australian history.

289,331

Number of shareholders

*as at 30 April 2016

3.9 million

Members

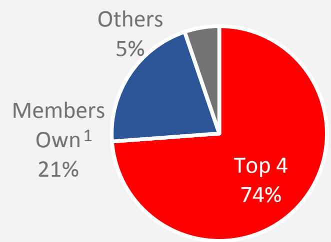
*as at 31 December 2015

2,600

Number of employees including 400 health professionals

*approximate as at 31 December 2015

Australian PHI market (total policyholders, 30 June 2015)



28.6%

Medibank & ahm market share

*by Policyholders as at 30 June 2015

$5.1b

Health benefits provided to members in 2015

This exceeded $5 billion for the first time.

464

Number of hospital providers in our Members' Choice network

*as at 31 December 2015

12,873

Number of ancillary providers in our Members' Choice network

*as at 31 December 2015

1. Part of Members Own Health Funds. A marketing alliance including HBF, Australian Unity and 14 other not-for-profit and mutual health funds, collectively holding 21% market share

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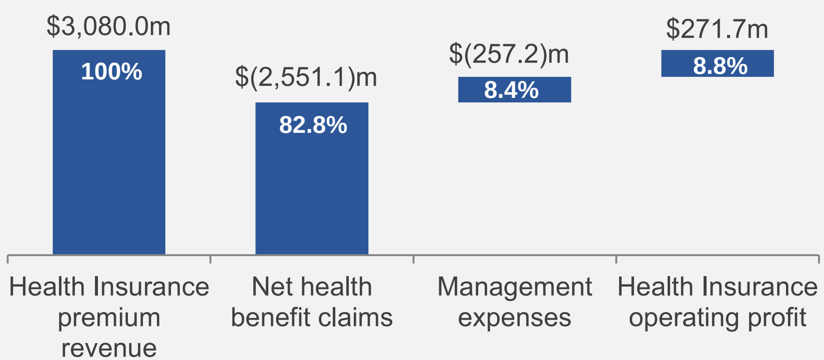
recent financial performance

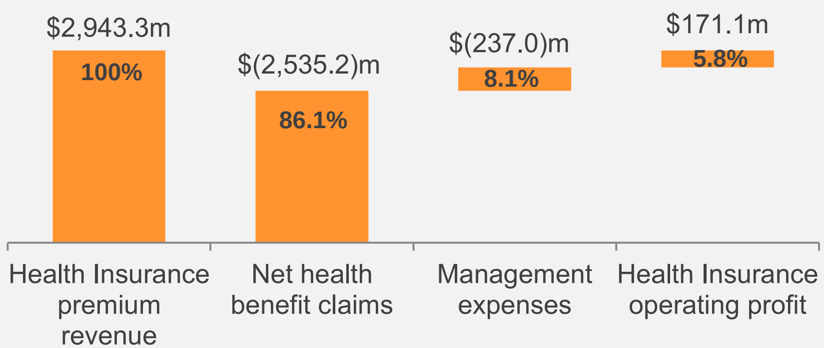
health insurance result

successful health benefit claims management driving operating margin improvement

1H16 Health Insurance operating profit



1H15 Health Insurance operating profit



1 2 3 4

1	**Premium revenue growth** • Population growth and participation rate • Policyholder retention and growth • Premium rate rises • Mix changes	*Premium revenue growth of 4.6%*
2	**Health benefit claims management** • Product design • Contract procurement • Benefit utilisation • Cost inflation	*Gross margin up to 17.2%* *Net health benefit claims up 0.6%*
3	**Managing expenses** • Operational efficiencies • Investment • Cost reductions	*Management expenses up 8.5%* *MER increased to 8.4%*
4	**Operating profit**	*Operating profit up 58.8%* *Operating margin up to 8.8%*

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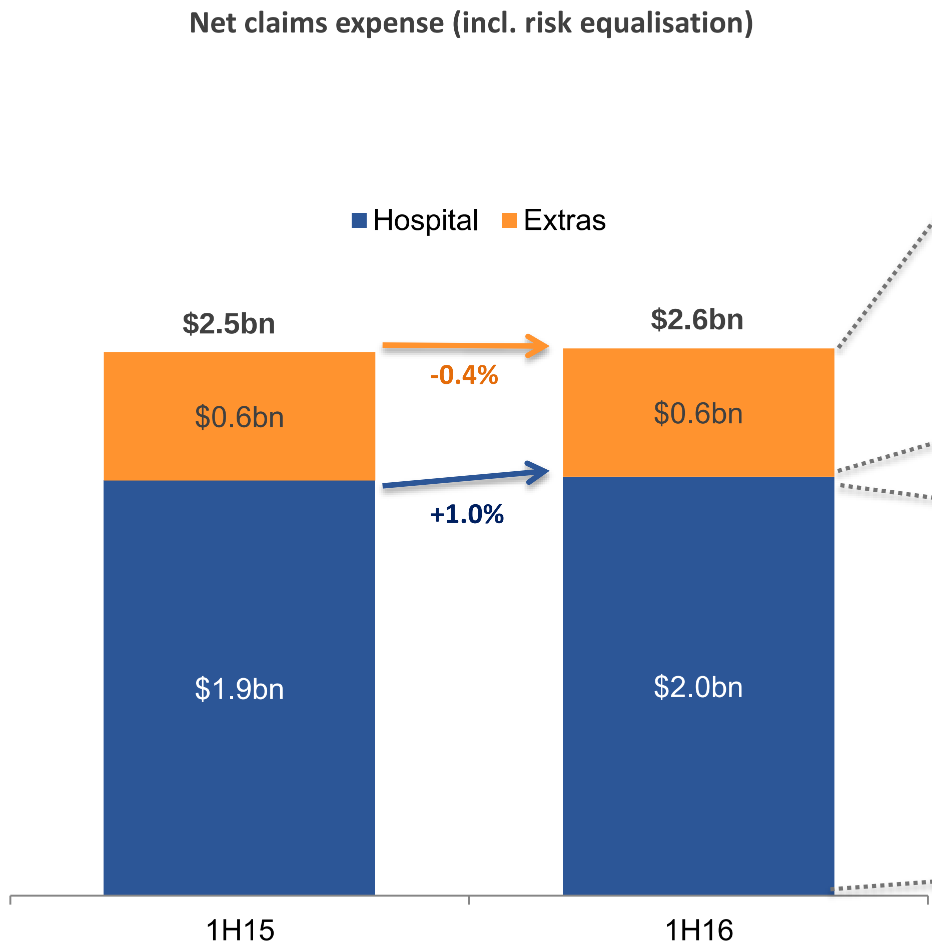
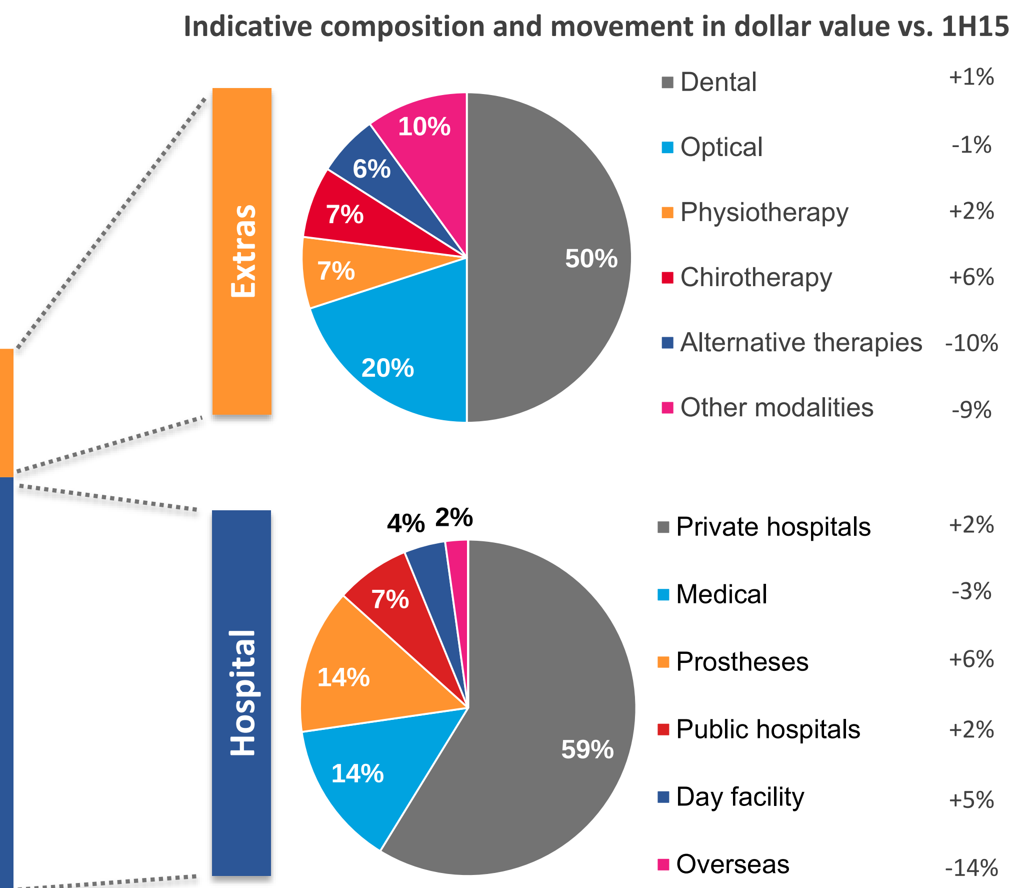
health benefit claims

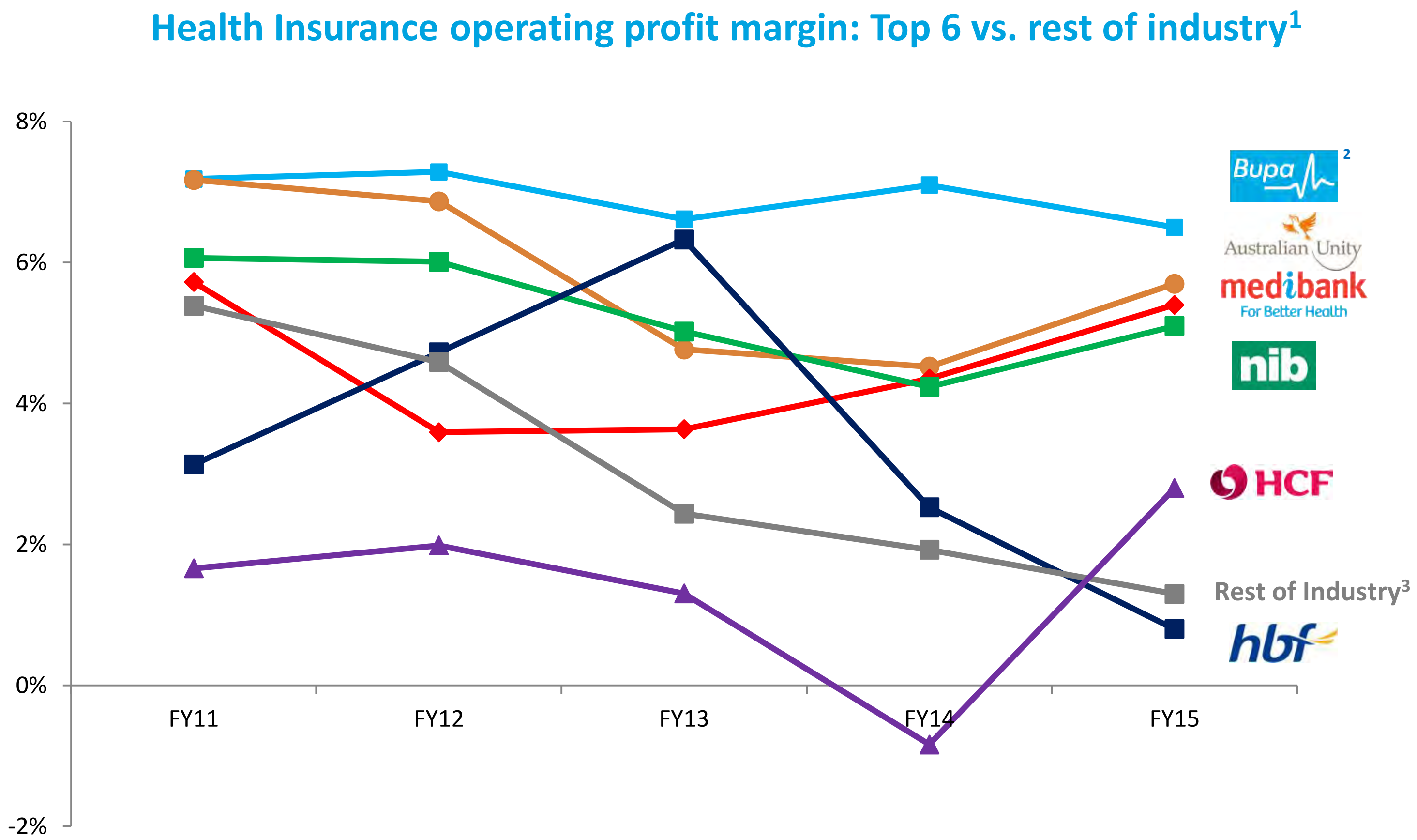
continued margin improvement driven by product management and payment integrity program





operating profit margin

top tier is our benchmark



Source: APRA (formerly PHIAC), Medibank Private

1. The operating profit margin includes Australian residents only.
2. Bupa FY14 margin has been adjusted to reflect the estimated impact of the release resulting from the reduction in its risk margin.
3. Rest of industry represents the aggregate of all private health insurers in Australia excluding the Top 6.

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strategy & outlook

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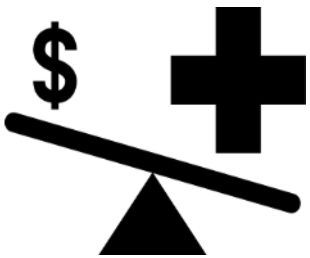
key trends

four key trends impacting the private health insurance industry

AFFORDABILITY



CONSUMER TRENDS

INDUSTRY DYNAMICS

REGULATORY ENVIRONMENT

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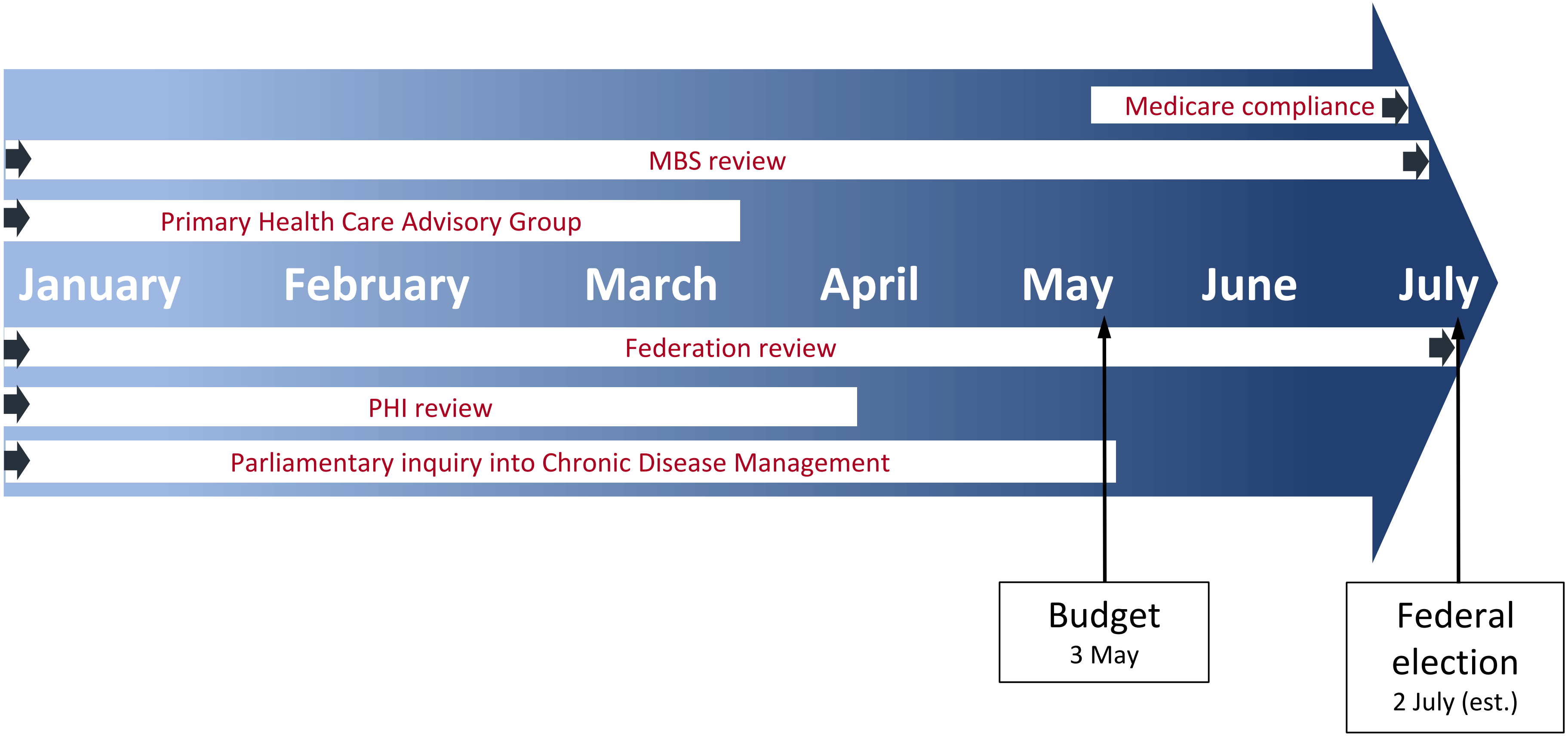
regulatory reform

momentum building for changes to address healthcare affordability and quality



our strategy

sustaining profitable growth

Focus areas

- Product performance
- Marketing & sales effectiveness
- Health cost leadership

high performance health insurance

optimising the current business: short to medium term focus

Health Insurance

Health Assurance

Operational excellence

Focus areas	Strategic programs
Product performance	• Introducing new products and benefits to drive growth • Addressing underperforming products
Marketing & sales effectiveness	• Strengthening two-brand strategy - segmentation and stronger value propositions • Increasingly targeted approach to member retention to reduce lapse • Growing presence in corporate market
Health cost leadership	• Negotiating hospital contracts to focus on outcomes and long-term affordability for members • Continued expansion of payment integrity program (PIP) to address improper health benefit claims in hospital, medical and ancillary • Increase focus on primary care initiatives to reduce chronic disease burden on members and resultant avoidable claims costs
Operational excellence	• Continuing the core system upgrade (e.g. OSCAR) to enhance customer service to improve advocacy and retention • Continuing to drive overhead efficiency and cost discipline

Enhanced member engagement and experience

Profitable revenue growth

Increased efficiency and productivity

Margin enhancement

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health insurance outlook

updated outlook from 22 January 2016 confirmed

Health Insurance financial targets for FY16

- Premium revenue growth between 4.5% and 5.0%
- Management expense ratio of 8.5%
- Operating profit above $470m

These targets anticipate that the second half operating profit will be lower than the first half due to:

- Increased marketing and brand investment
- Some normalisation of the growth in hospital utilisation rates

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q&a