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Investor presentation

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medibank

For Better Health



1H16 RESULTS

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EXECUTIVE SUMMARY

1H16 RESULT SUMMARY

NPAT up strongly driven by continued success of health cost leadership strategy

GROUP NPAT

\$227.6m

HEALTH INSURANCE
OPERATING PROFIT

\$271.7m

INTERIM DIVIDEND

5.0cps

- Group net profit after tax (NPAT) \$227.6m up from \$143.8m in 1H15
- Health Insurance: 58.8% increase in operating profit to \$271.7m from \$171.1m in 1H15, reflecting continued focus on health benefit claims management
 - Premium revenue of \$3,080.0m, up 4.6%
 - Gross margin of 17.2% improved from 13.9% in 1H15
 - Management expense ratio of 8.4%, compared to 1H15: 8.1%
 - Improvement in operating margin to 8.8%, compared to 1H15: 5.8%
- Complementary Services: 27.8% increase in operating profit to \$9.2m reflects changes and divestments in response to the Company's strategic review
- Investment income: 57.1% decrease to \$18.6m due to lower equity market returns
- Interim dividend of 5.0 cents per share fully franked

GROUP FINANCIAL SUMMARY

Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Health Insurance premium revenue	3,080.0	2,943.3	4.6
Complementary Services revenue	300.6	326.4	(7.9)
Revenue	3,380.6	3,269.7	3.4
Health Insurance operating profit	271.7	171.1	58.8
Complementary Services operating profit	9.2	7.2	27.8
Segment operating profit	280.9	178.3	57.5
Corporate overheads	(13.6)	(10.8)	25.9
Total operating profit	267.3	167.5	59.6
Net investment income	18.6	43.4	(57.1)
Other income/(expenses)	(3.7)	(8.8)	(58.0)
Profit before tax	282.2	202.1	39.6
Income tax expense ¹	(54.6)	(58.3)	(6.3)
NPAT	227.6	143.8	58.3
EPS ² (cents)	8.3	5.2	58.3
Dividend (cents per share)	5.0	n/a	n/a

1 Income tax expense includes a one-off tax benefit of \$23.2m. Medibank was successful in having a change in tax position for prior periods endorsed by the Australian Taxation Office in December 2015. Refer to page 21 for further detail.

2 Based on 2,754,003,240 shares on issue



HEALTH INSURANCE

HEALTH INSURANCE RESULT

Successful health benefit claims management driving operating margin improvement

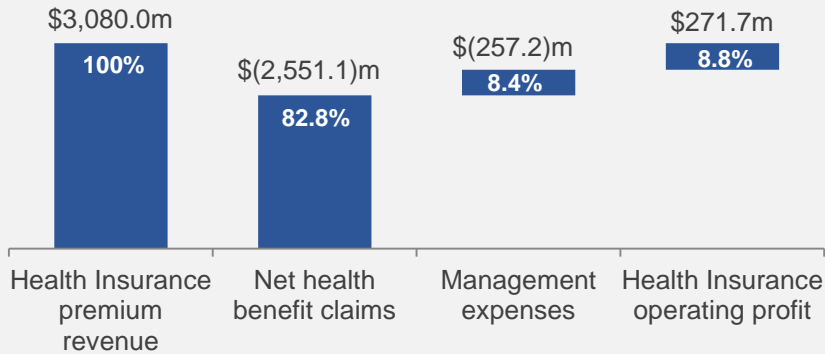
- Premium revenue growth continued to moderate due to:
 - Slowing market growth
 - Medibank-specific product management and sales performance
- Gross margin improvement from:
 - Medibank initiatives re health benefit claims management
 - Industry-wide hospital utilisation rates (likely to moderate)
- Increase in management expenses largely due to timing differences between 1H and 2H in FY15

Six months ended 31 Dec – (\$m)	1H16	1H15	Change %
Premium revenue	3,080.0	2,943.3	4.6
Net claims expense (incl. risk equalisation)	(2,551.1)	(2,535.2)	0.6
Gross profit	528.9	408.1	29.6
Management expenses	(257.2)	(237.0)	8.5
Operating profit	271.7	171.1	58.8
Gross margin¹ (%)	17.2%	13.9%	330bps
MER¹ (%)	8.4%	8.1%	30bps
Operating margin¹ (%)	8.8%	5.8%	300bps

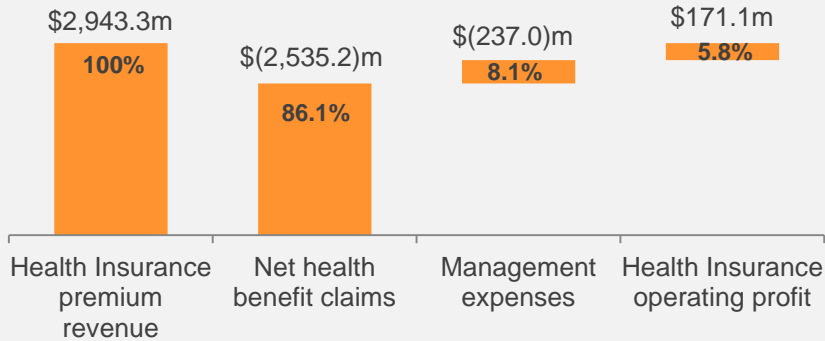
¹ Includes Australian residents, OSHC and OVHC. The gross margin for Australian residents only was 13.3% in 1H15 and 16.7% in 1H16, the MER for Australian residents only was 7.7% in 1H15 and 8.0% in 1H16, and the operating margin for Australian residents only was 5.7% in 1H15 and 8.7% in 1H16. Numbers may not add due to rounding.

MEDIBANK IS DRIVING PROFITABLE GROWTH

1H16 Health Insurance operating profit



1H15 Health Insurance operating profit



Drivers of Health Insurance result

1H16 Health Insurance metrics

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%

1

2

3

4

PREMIUM REVENUE AND POLICYHOLDERS

Growth trajectory moderated by a slowing market, product management and sales mix movements

- Challenging industry conditions, including slowing industry growth
- Volumes down marginally:
 - Product management and focus on profitable growth impacted lapse and acquisition
 - Medibank Consumer: reduction mainly in top cover products
 - Medibank Corporate: volume uplift from revised Corporate offer
 - ahm: continued growth
- Revenue per Policy Unit lower than approved rate change due to new sales mix and cover reductions

Six months ended 31 Dec	1H16	1H15	Change
Premium revenue (\$m)	3,080.0	2,943.3	4.6%
Policyholders¹ (thousand):			
Opening balance	1,846.0	1,830.0	0.9%
Acquisitions	81.6	95.6	(14.6%)
Lapses	104.3	91.0	14.6%
Closing balance	1,823.3	1,834.6	(0.6%)
Acquisition rate (%)²	4.4%	5.2%	(80bps)
Lapse rate (%)²	5.7%	5.0%	(70bps)
Policyholder growth (%)	(1.2%)	0.3%	(150bps)
Total Policy Units^{1,3} (thousand):			
Closing balance	4,826.3	4,856.5	(0.6%)
Average balance	4,849.2	4,851.6	(0.0%)
Annualised average revenue per Policy Unit³ (\$)	1,270.3	1,213.3	4.7%

1 Consistent with reported industry data, Policyholder numbers only include resident business whereas total Policy Units include both resident and non-resident business (i.e. OSHC and OVHC)

2 Consolidated lapse and acquisition rates exclude transfers of Policyholders between ahm and Medibank at a combined brand level. Lapse and acquisition rates are based on the average of the opening and closing balances for the period

3 Policy Units or Policy Single Equivalent Units (PSEUs) – refer to glossary for definition

HEALTH BENEFIT CLAIMS

Continued margin improvement driven by product management and payment integrity program

- Health benefit claims management program continues to drive cost savings
- Product management
- New sales mix changes
- Further improvement in targeted areas from payment integrity program (e.g. physio, optical, podiatry)
- Improved hospital contracting (e.g. audits)
- Slowdown in the growth of hospital utilisation rates (likely to moderate); some offset from same-day procedures
- Claims provision release¹ of approximately \$19m before tax (vs. \$14m in 1H15)
- *Plan to reinvest in member benefits and value in second half*

Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Claims expense	(2,570.9)	(2,569.0)	0.1
Risk equalisation	19.8	33.8	(41.4)
Net claims expense (incl. risk equalisation)	(2,551.1)	(2,535.2)	0.6
Annualised average net claims expense per Policy Unit ² (\$)	(1,051.8)	(1,045.1)	0.6
Gross margin (%)	17.2%	13.9%	330bps

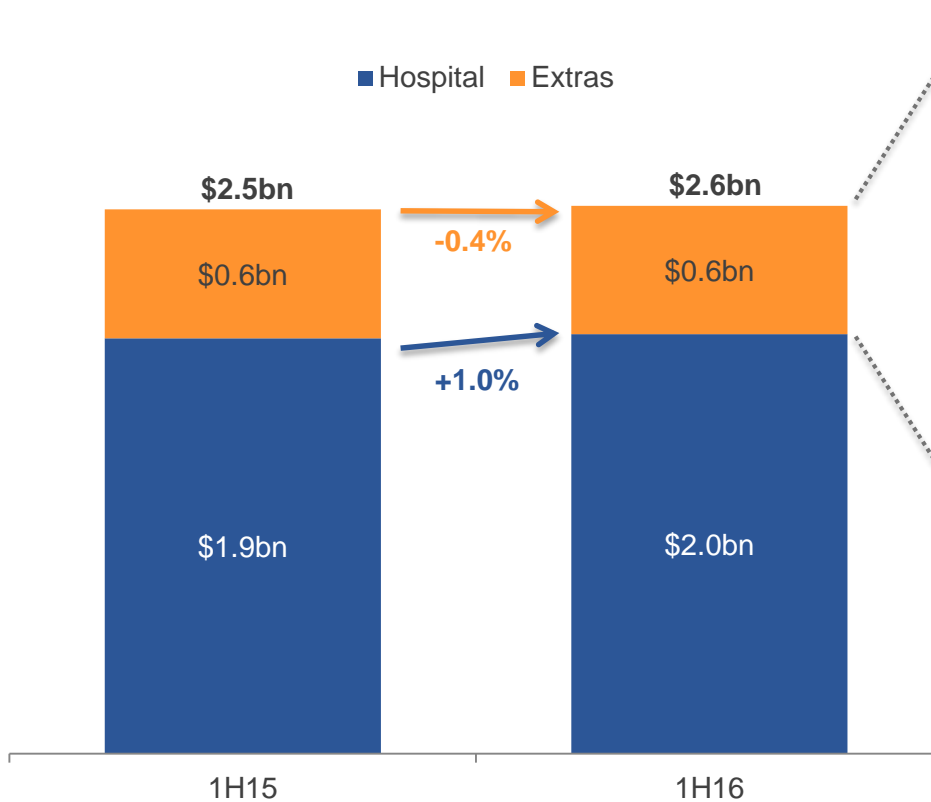
1 In each period there will almost certainly be variances in actual outcomes compared with the central estimate for outstanding claims. These variances can be either positive or negative. As per note 5(b) of the 31 December 2015 consolidated interim financial report, \$30.7m of the 30 June 2015 central estimate for outstanding claims was subsequently released to reflect the actual outcome (\$21.8m in 1H15). Net of the estimated related reduction in risk equalisation receivable, the amount is approximately \$19m before tax (or \$13m after tax) (\$14m before tax or \$10m after tax in 1H15).

2 Policy Units or Policy Single Equivalent Units (PSEUs) – refer to glossary for definition

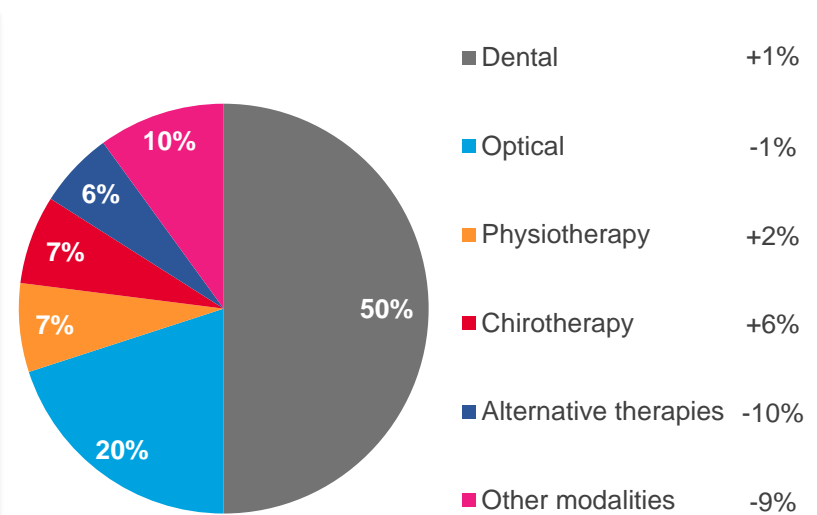
HEALTH BENEFIT CLAIMS

Continued margin improvement driven by product management and payment integrity program

Net claims expense (incl. risk equalisation)



Indicative composition and movement in dollar value vs. 1H15



MANAGEMENT EXPENSES

Continued underlying momentum and reinvestment in capability

- MER up 30bps to 8.4% due to timing differences and continued investment in enhancing capability
 - Management expenses in FY15 more heavily weighted to second half due to timing of project and marketing spend
 - Some reinvestment of improvements from health benefit claims management into further capability enhancement
- *Significant reinvestment in Medibank brand planned for second half*

Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Premium revenue	3,080.0	2,943.3	4.6
Management expenses	(257.2)	(237.0)	8.5
MER (%)	8.4%	8.1%	30bps



COMPLEMENTARY SERVICES

COMPLEMENTARY SERVICES

Profit improvement reflects changes in response to the Company's strategic review

- Refocused Complementary Services business delivering healthy profit growth
- Following completion of strategic review, Workplace Health and Travel Doctor businesses were sold to Sonic Healthcare in October 2015
- Revenue decline due to divested businesses. ADF Health Services Contract, Telehealth, Diversified Consumer Businesses represent 91% of 1H16 revenue
- Extension of ADF Health Services Contract to October 2018
- Continued investment in CareComplete

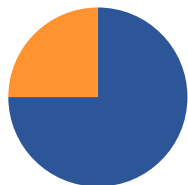
Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Revenue	300.6	326.4	(7.9)
Gross profit	56.0	68.0	(17.6)
Management expenses	(46.8)	(60.8)	(23.0)
Operating profit	9.2	7.2	27.8
Operating margin (%)	3.1%	2.2%	90bps



INVESTMENT PORTFOLIO & CAPITAL

INVESTMENT PORTFOLIO

Target asset allocation remains unchanged



Target asset allocation unchanged at 75% defensive, 25% growth



Foreign currency exposures fully hedged (except for International equities – 50% hedged)

As at 31 Dec 2015	Balance (\$m)	Portfolio composition	Target asset allocation
Australian equities	162.3	7.5%	6.0%
International equities	187.8	8.7%	8.0%
Property ¹	147.8	6.9%	8.0%
Infrastructure	67.9	3.2%	3.0%
Growth	565.8	26.3%	25.0%
Fixed income	1,081.2	50.3%	50.0%
Cash ²	504.3	23.4%	25.0%
Defensive	1,585.5	73.7%	75.0%
Total	2,151.3	100.0%	100.0%

¹ Includes Wollongong property (\$25.5m)

² For investment portfolio purposes, calculated as cash and cash equivalents (\$456.3m) plus cash with maturities of 3-12 months (\$80.6m) less cash held for day to day operations of the business (\$32.6m)

INVESTMENT INCOME

Investment returns affected by lower equity markets and interest rates

- Investment income below 1H15 due to lower investment markets across the board
 - Growth assets down due to weak equity markets in 1H16
 - Defensive assets down due to lower interest rates and weaker credit markets
- Average investment assets up due to period profitability and timing of equity market movements

Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Average monthly balance:			
Growth	567.4	461.7	22.9
Defensive	1,694.9	1,639.5	3.4
Total average monthly balance	2,262.3	2,101.2	7.7
Net investment income:			
Growth	3.4	22.7	(85.0)
Defensive	17.2	23.2	(25.9)
Investment expenses	(2.0)	(2.5)	(20.0)
Total net investment income	18.6	43.4	(57.1)
Net return:			
Growth	0.6%	4.9%	(430bps)
Defensive	1.0%	1.4%	(40bps)
Total net return	0.8%	2.1%	(130bps)

CAPITAL

Health Insurance capital within Medibank target range of 12-14%

(\$m)	31 Dec 2015	30 Jun 2015
Total equity	1,525.7	1,442.0
Less: Intangible and illiquid assets	(397.0)	(393.7)
Total tangible and liquid assets	1,128.7	1,048.3
Less: Allowance for declared but unpaid dividends	(137.7)	(146.0)
Less: Allowance for approximate cost of product bonus additions ¹	(41.5)	(20.0)
Total tangible and liquid capital after allowance for declared but unpaid dividends	949.5	882.3
Comprises:		
Health Insurance	818.7	774.0
Other capital	130.8	108.3
Health Insurance (%)	12.8%²	12.3%

1 Policies that include a product bonus receive an entitlement every 1 January to spend on otherwise uncovered expenses. The allowance is booked on 1 January each year

2 Calculated as \$818.7m of Health Insurance related capital divided by an estimate of the next 12 months' Health Insurance premium revenue

DIVIDEND

Full year target payout ratio 70-75%

- Interim dividend of 5.0 cents per share fully franked
- Full year target payout ratio of 70-75% of underlying NPAT confirmed
- Interim payout ratio of 64% of underlying NPAT¹
 - Lower than full year target ratio due to expectations of reduced profit in second half versus first half

¹ Underlying NPAT of \$215.5m = Statutory NPAT of \$227.6m + \$23.2m one-off tax benefit relating to prior years (refer to page 21 for further detail) - \$11.3m to normalise profit for unusually low equity returns

5.0

cents per share
fully franked

70-75%

Full year target payout
ratio of underlying NPAT
confirmed



OTHER FINANCIAL INFORMATION

FINANCIAL SUMMARY: GROUP

Corporate overheads, other expenses, tax

- Increase in corporate overheads mainly due to the full period impact of costs associated with being a listed company
- Decrease in other expenses due to costs incurred in 1H15 in relation to the IPO
- Effective tax rate 19.3% due to one-off tax benefit of \$23.2m relating to a change in tax position for prior periods¹
 - Normalised tax rate of 27.6% excluding this one-off benefit

Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Segment operating profit	280.9	178.3	57.5
Corporate overheads	(13.6)	(10.8)	25.9
Total operating profit	267.3	167.5	59.6
Net investment income	18.6	43.4	(57.1)
Other income/(expenses)	(3.7)	(8.8)	(58.0)
Profit before tax	282.2	202.1	39.6
Income tax expense ¹	(54.6)	(58.3)	(6.3)
NPAT	227.6	143.8	58.3

¹ As per note 8(i) of the 31 December 2015 consolidated interim financial report, Medibank was successful in having a change in tax position for prior periods endorsed by the Australian Taxation Office in December 2015 resulting in a previously unclaimed tax deduction being allowed. This deduction has been booked in the current financial year (1H16).

BALANCE SHEET

Strong, debt free balance sheet

- Seasonal prepayments mean that most comparable balance sheet is 31 December 2014
- Increase in deferred acquisition costs reflects growth of ahm in aggregator channel
- Balance sheet remains debt free

(\$m)	31 Dec 2015	30 Jun 2015	31 Dec 2014	Change vs. 31 Dec 2014 (%)
Cash and cash equivalents	456.3	408.7	470.8	(3.1)
Financial assets at fair value through profit or loss	1,702.1	1,971.8	1,425.5	19.4
Trade and other receivables	309.7	301.2	301.8	2.6
Deferred acquisition costs	24.5	22.4	14.9	64.4
Other	10.2	22.5	20.9	(51.2)
Current assets	2,502.8	2,726.6	2,233.9	12.0
Property, plant and equipment	98.8	106.1	123.5	(20.0)
Intangible assets	280.8	261.8	252.7	11.1
Deferred acquisition costs	40.7	45.3	31.1	30.9
Other	1.1	1.1	3.5	(68.6)
Non-current assets	421.4	414.3	410.8	2.6
Total assets	2,924.2	3,140.9	2,644.7	10.6
Trade and other payables	287.1	383.0	272.2	5.5
Claims liability	363.7	387.5	362.3	0.4
Unearned premium liability	503.6	668.4	484.3	4.0
Other	100.9	96.1	85.1	18.6
Current liabilities	1,255.3	1,535.0	1,203.9	4.3
Claims liability	17.1	23.1	19.4	(11.9)
Unearned premium liability	53.7	57.2	44.4	20.9
Provisions	36.3	41.9	41.5	(12.5)
Other	36.1	41.7	36.6	(1.4)
Non-current liabilities	143.2	163.9	141.9	0.9
Total liabilities	1,398.5	1,698.9	1,345.8	3.9
Net assets	1,525.7	1,442.0	1,298.9	17.5

CASH FLOW

Heavy skew to second half

- Change in operating assets and liabilities typically negative in first half and positive in second half due to premium prepayments
- 1H15 benefited from favourable working capital movements relating to certain Complementary Services contracts
- Increase in capex mainly due to IT renewal program
- Increase in sale of investments to fund FY15 dividend (paid in September 2015)

Six months ended 31 Dec – (\$m)	1H16	1H15	Change (%)
Operating profit¹	267.3	167.5	59.6
Changes in working capital ²	(107.6)	(53.7)	(100.4)
Customer acquisition costs	2.5	(7.8)	n.m
Changes in other operating assets & liabilities	(208.2)	(183.4)	13.5
Depreciation and amortisation	18.6	19.3	(3.6)
Fit out reimbursement	-	30.4	n/a
Net cash flows from operations	(27.4)	(27.8)	(1.4)
Income tax	(60.8)	(57.1)	6.5
Capital expenditure	(35.6)	(20.5)	73.7
Proceeds from sale of assets	29.6	-	n/a
Net cash flows before investment related items and dividends	(94.2)	(105.4)	(10.6)
Net realised investment income	18.7	23.1	(19.0)
(Purchase)/sale of investments	269.1	83.9	220.7
Net cash flows before dividends	193.6	1.6	n.m.
Dividends paid	(146.0)	(238.8)	(38.9)
Net increase/(decrease) in cash and cash equivalents	47.6	(237.2)	(120.1)
Cash and cash equivalents at beginning of the period	408.7	708.0	(42.3)
Cash and cash equivalents at end of the period	456.3	470.8	(3.1)

¹ Operating profit is the statutory profit before tax adjusted to remove net investment and other income and the amortisation of acquired intangible assets

² Working capital comprises trade and other payables, trade and other receivables, other current assets and other current liabilities

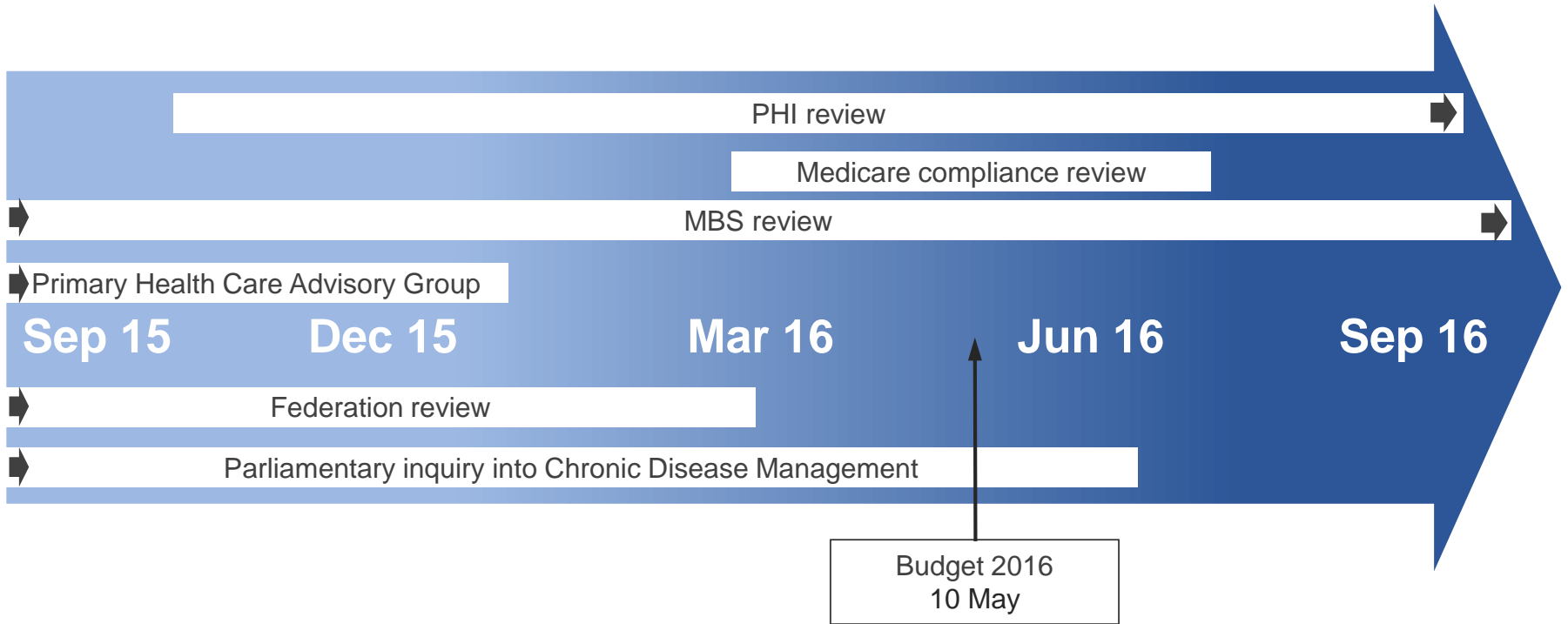


STRATEGY & OUTLOOK

REGULATORY REFORM

Momentum building for changes to address healthcare affordability and quality

Estimated timeline of regulatory reviews (progressive implementation of reforms over subsequent 2–3 years)
























PHI REVIEW




Seven reforms for a more consumer-centred and sustainable health system

MPL submission built around 3 consumer-centred guiding principles

Total healthcare savings of up to \$3bn per annum identified across the industry

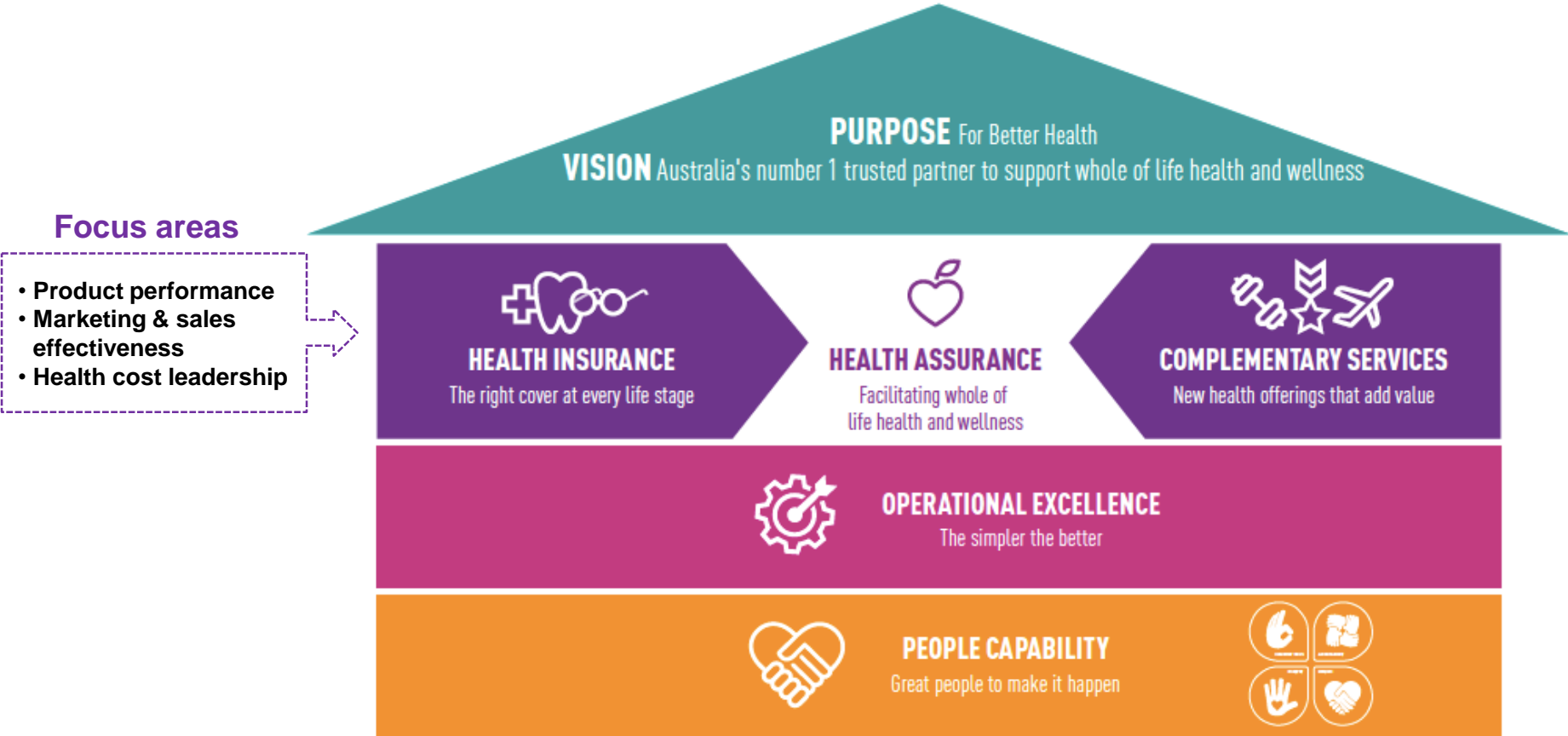
	Transparency	Affordability	Value	Potential reduction of premiums for industry
Disclose price, performance and quality				Not calculated
Standardise benefits, terminology and payment for hospital cover				\$150m – \$330m
End cost-shifting from public hospitals to privately insured consumers				\$510m – \$1,030m
Introduce prosthesis reference pricing				\$800m
Restrict the impact of the second-tier default				\$250m – \$620m
Reform premium price setting				\$75m – \$150m
Reduce starting age for lifetime health cover				\$110m



-  High impact
-  Medium impact
-  No impact

OUR STRATEGY

Sustaining profitable growth



HIGH PERFORMANCE HEALTH INSURANCE

Optimising the current business: short to medium term focus

Focus areas	Strategic programs	Key 1H16 actions
Product performance	<ul style="list-style-type: none"> Introducing new products and benefits to drive growth Addressing underperforming products 	<ul style="list-style-type: none"> Resubmitted 2016 premium rate change Addressed underperforming products (Medibank and ahm) Increased sales penetration from revised Medibank corporate product
Marketing & sales effectiveness	<ul style="list-style-type: none"> Strengthening two-brand strategy - segmentation and stronger value propositions Increasingly targeted approach to member retention to reduce lapse Growing presence in corporate market 	<ul style="list-style-type: none"> Renegotiated main aggregator contracts Prioritised retention investments: team, training, tools Medibank brand refresh (implemented from Feb 2016) Expanded marketing effectiveness program
Health cost leadership	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Contract renewals <ul style="list-style-type: none"> Healthscope (2-years) and Calvary (3-years) New high performance hospital contracts now cover nearly 70% of major private hospitals Continued introduction of enhanced quality metrics PIP expanded to further ancillary modalities
Operational excellence	<ul style="list-style-type: none"> Continuing the core system upgrade (e.g. DelPHI) to enhance customer service to improve advocacy and retention Continuing to drive overhead efficiency and cost discipline 	<ul style="list-style-type: none"> Preparation for DelPHI roll out Outsourced IT infrastructure Transitioned Queensland service centre to Melbourne Transitioned health platform for Telehealth Direct

Enhanced member engagement and experience

Profitable revenue growth

Increased efficiency and productivity

Margin enhancement

MARKETING & SALES EFFECTIVENESS

Medibank brand refresh



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

Q&A

1H16 Results



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APPENDIX

1H16 Results



GROUP FINANCIAL SUMMARY: HALF BY HALF

(\$m)	1H16	2H15	1H15
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Other income/(expenses)	(3.7)	7.3	(8.8)
Profit before tax	282.2	194.6	202.1
Income tax expense	(54.6)	(53.0)	(58.3)
NPAT	227.6	141.6	143.8

HEALTH INSURANCE RESULT: HALF BY HALF

(\$m)	1H16	2H15	1H15
Premium revenue	3,080.0	2,991.5	2,943.3
Net claims expense (incl. risk equalisation)	(2,551.1)	(2,557.7)	(2,535.2)
Gross profit	528.9	433.7	408.1
Management expenses	(257.2)	(272.6)	(237.0)
Operating profit	271.7	161.1	171.1
Gross margin¹ (%)	17.2%	14.5%	13.9%
MER¹ (%)	8.4%	9.1%	8.1%
Operating margin¹ (%)	8.8%	5.4%	5.8%

¹ Includes Australian residents, OSHC and OVHC. The gross margin for Australian residents only was 13.3% in 1H15 and 16.7% in 1H16, the MER for Australian residents only was 7.7% in 1H15 and 8.0% in 1H16, and the operating margin for Australian residents only was 5.7% in 1H15 and 8.7% in 1H16. Numbers may not add due to rounding.

GROUP P&L RECONCILIATION: PRO FORMA TO STATUTORY

(\$m)	Statutory		Pro forma ¹	Change (%)		
	1H16	1H15	1H15	Vs. Statutory	Vs. Pro forma	
Health Insurance revenue	3,080.0	2,943.3	2,943.3	4.6	4.6	
Complementary Services revenue	300.6	326.4	326.4	(7.9)	(7.9)	
Revenue	3,380.6	3,269.7	3,269.7	3.4	3.4	
Health Insurance						
Net claims expense (incl. risk equalisation)	(2,551.1)	(2,535.2)	(2,535.2)	0.6	0.6	
Gross profit	528.9	408.1	408.1	29.6	29.6	
Management expense ²	(257.2)	(237.0)	(234.7)	8.5	9.6	
Health Insurance operating profit	271.7	171.1	173.5	58.8	56.6	
Complementary Services						
Gross profit	56.0	68.0	68.0	(17.6)	(17.6)	
Management expenses	(46.8)	(60.8)	(60.8)	(23.1)	(23.1)	
Complementary Services operating profit	9.2	7.2	7.2	27.8	27.8	
Segment operating profit	280.9	178.3	180.7	57.5	55.5	
Corporate overheads	(13.6)	(10.8)	(10.9)	25.9	24.8	
Total operating profit	267.3	167.5	169.7	59.6	57.5	
Net investment income	18.6	43.4	43.4	(57.1)	(57.1)	
Other income/(expenses) ³	(3.7)	(8.8)	(0.4)	(58.0)	n.m.	
Profit before tax	282.2	202.1	212.6	39.6	32.7	
Income tax expense ^{2,3}	(54.6)	(58.3)	(61.4)	(6.3)	(11.1)	
NPAT^{2,3}	227.6	143.8	151.2	58.3	50.5	

¹ Numbers may not add due to rounding

² Pro forma excludes Melbourne premises establishment costs, accounting change in deferred acquisition costs, public company costs, removal of dental and eyecare loss of \$2.3m (or \$1.6m post tax)

³ Pro forma excludes IPO transaction costs net of IPO reimbursement income of \$8.4m (or \$5.8m post tax)

GLOSSARY

1H	Six months ended/ending 31 December 20XX
2H	Six months ended/ending 30 June 20XX
ADF Health Services Contract	The contract between the Commonwealth and Medibank Private Limited for the provision of a national integrated healthcare service to the Australian Defence Force
bps	Basis points (1.0% = 100 bps)
Commonwealth	The Commonwealth of Australia
Dec	December
EPS	Earnings per share
FY	Financial year ended/ending 30 June 20XX
Jun	June
Member	A Policyholder and any other individuals covered under the same PHI policy
MER	Management expense ratio
MPL	Medibank Private Limited
NPAT	Net profit after tax
n.m.	Not meaningful
OSHC	Overseas students hospital cover
OVHC	Overseas visitors hospital cover

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
Pro forma	Consistent with the Prospectus, pro forma financial information is derived from the statutory consolidated income statement adjusted for the one-off costs of the IPO and certain significant and other items
Prospectus	The Medibank Private Limited Prospectus dated 20 October 2014
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 x 2 types of Cover = 4; no premium payable in relation to children).
RE	Risk equalisation
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 equity investments, and for one-off items, especially those that are non-cash, such as asset impairments.