28 August 2025

medibank

2025 full year results

Result reflects our customer focus and growth in health

"This is a good result that demonstrates our greater role in the health of customers, continued strong growth momentum and our disciplined approach to running the business for the long term.

"Our focus remains on delivering what counts most for our customers. We have improved value as cost-of-living pressures persist and supported their health and wellbeing in more ways. We are also driving the change needed to support the health system for the future.

"The health insurance market remains buoyant, with customer numbers at record levels. Net policyholder growth of 1.4% in our resident business, up 27,900, is double last year. Momentum in the second half sets us up well for the year ahead.

"Customer advocacy is at a 3-year high and our retention rate outperformed the market this year. This is another signal that we are growing in a sustainable way, unlike some others in the market.

"Strong growth continued in our non-resident business with policy units up 3.1%, or 10,500. Changing sector dynamics are playing to our strengths, particularly our differentiated health and wellbeing offering.

"We are a resilient business with a strong capital position and have kept our management expense ratio among the industry's lowest for a decade. This has helped keep our payout ratio above the industry average and our premium increase for this year well below the other major funds.

"We continue to make deliberate choices in how we differentiate from others.

"More than half of Medibank policyholders now engage with us in their health and wellbeing. Our Live Better rewards program delivered nearly $33 million in rewards to customers this year. And households saved more than $28 million through our Members' Choice Advantage and no gap networks.

"We are empowering our people to manage their days for maximum customer impact. This has helped our employee engagement reach some of its highest levels.

"Today we have announced that our final COVID-19 cash give back will increase to $228 million. This brings our total support package to more than $1.7 billion, the largest of any health insurer in Australia on both a total and average policy basis.

"The increasing contribution of Medibank Health, now at around 10% of earnings, is driving benefits for our customers, community and the diversification of our business.

"This is part of our ongoing investment in Australia's health transition which is giving people greater choice and control in their own health.

Customers

$6.6b
total claims paid

+27.9k +1.4%
net resident policyholder growth

+10.5k +3.1%
net non-resident policy unit growth

Medibank Journey NPS
12.9 +2.3
average

ahm Service NPS
48.0 +2.0
average

strong customer advocacy in both brands

$1.71b
total COVID-19 financial support package

including
final COVID-19 cash give back of **$228m**

$50m
investment in mental health over the next 5 years

Financial

$618.7m +8.5%
underlying net profit after tax

22.5c +8.5%
underlying EPS

10.2cps
final ordinary dividend fully franked

Investor briefing

The investor briefing will be held today at 9.30am AEST. The investor presentation and webcast will be accessible on Medibank's investor centre.

A video featuring CEO David Koczkar is available on our newsroom.

"We continue to expand our no gap network, adding an additional 8 sites during the year to take our national footprint to 41 sites.

"Within the next decade, the home and the community will be the centre of health. We are well placed for this shift with our Amplar Health network already delivering local care at a national scale across both private and public systems.

"In collaboration with Myhealth clinics, we are piloting a shift to a more proactive model of primary care, led by GPs and multi-disciplinary teams.

"And we continue to evolve the way we work with hospitals to give our customers and the broader community greater access to personalised care models, and to drive the health transition. Our financial investment in these partnerships doubled in the last year.

"Amid calls for greater productivity gains in Australia, we are ensuring that health is part of these important conversations.

"As we know, a healthy country is a productive one. In health, better health outcomes should be the true measure of productivity.

"Prevention is the most powerful lever we all have to improve health outcomes and reduce health costs over time. That is why we are proud to account for nearly half of the health insurance industry's total spend on prevention.

"And it is why we are investing $50 million over the next 5 years into mental health. Alongside prevention, we are supporting greater innovation and access in this critical area.

"We are starting to see progress on the health transition, but when you look internationally, we have a long way to go. The status quo is holding the health system back and has constrained progress for too long. We need to move faster to keep up with the needs of the community.

"While some in the sector still hold onto the old ways, we will continue to work with those who are also investing in the future of health.

"The result today demonstrates the progress we've made. It also highlights the momentum underway to support what is next – for our customers, our growth as a health company, and for accelerating the change needed to keep the Australian health system among the best in the world."

David Koczkar
Chief Executive Officer

Dividend

The Board has determined a fully franked final ordinary dividend of 10.2 cps.

The total FY25 fully franked ordinary dividend will be 18.0 cps, up 8.4% on FY24.

The total FY25 ordinary dividend represents an 80.1% payout ratio of underlying NPAT, normalising for investment market returns and any movement in the COVID-19 equity reserve. This is within our target payout ratio range of between 75%-85% of underlying NPAT.

Dividend dates

Ex-dividend Date	10	Wednesday **September 2025**
Record Date	11	Thursday **September 2025**
Payment Date	9	Thursday **October 2025**

Performance in detail

Group

$762.4m +8.9%
Group operating profit

$207.8m +14.1%
net investment income

$500.8m +1.7%
NPAT attributable to Medibank shareholders

Group operating profit, which excludes the impacts of COVID-19, reflects a 7.1% increase in Health Insurance operating profit and 27.0% increase in Medibank Health segment profit.

Non-recurring cybercrime costs of $39.7m include further IT security uplift costs of approximately $24 million and legal and other costs related to regulatory investigations and litigation associated with the 2022 cybercrime event.

Underlying NPAT, which adjusts for movement in the COVID-19 equity reserve and normalisation of investment returns, was up 8.5% to $618.7m.

Health Insurance

+4.7k +0.3%
net resident policyholders (Medibank)

+23.2k +4.3%
net resident policyholders (ahm)

354.4k +3.1%
non-resident policy units

Resident customer growth

Industry growth remains buoyant with policyholder growth in the 12 months to 30 June 2025 expected to be only modestly lower than the 12 months to 31 March 2025 (2.3%). Strong growth continued among 25 to 30 year olds.

Cost-of-living pressures continue to impact the market, with switching rates up and a higher share of industry joins through aggregator platforms.

Total net resident policyholder growth up 1.4% (+27.9k) over 12 months, double the growth rate in FY24.

Acquisition rate up 50 bps to 11.5% with the Medibank brand improving 40 bps to 9.3% and ahm up 50 bps to 18.6%.

Retention up 20 bps to 10.1% despite the higher industry switching rate. Medibank and ahm lapse improved by 30 bps to 8.9% and 14.4% respectively.

Non-resident customer growth

Policy units up 3.1% to 354k, with student segment acquisition impacted by lower visa approvals but positive momentum in worker segment.

$7,908.8m +3.6%
resident premium revenue

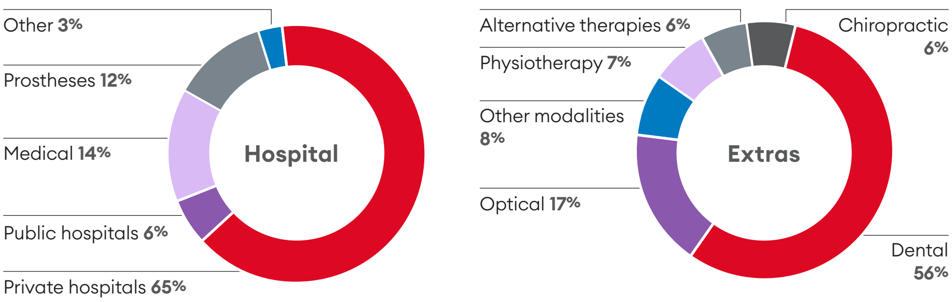
$6,624.0m +3.2%
net resident claims expense
(including 70 bps benefit from risk equalisation)

2.2% no change
resident claims growth
per policy unit

Resident hospital claims growth per policy unit was up 80 bps to 3.2%, reflecting higher private hospital indexation and increased NSW private room rate charges. This was partially offset by an improved risk equalisation outcome and claims benefit from customer growth skewed to lower product tiers.

Resident extras claims growth per policy unit was down 270 bps to -0.6%. This reflects $51.8m of claims favourability in the prior period due to COVID-19 impacts, and economic conditions impacting the utilisation of some services.

Indicative composition of resident customer claims



$654.9m +6.5%
management expenses

8.0% +20 bps
MER

c. **$10m**
productivity savings

Management expenses up 6.5%, reflecting higher operating expenses, increase in depreciation and amortisation in line with investment in digital assets, and lower sales commissions.

Operating expenses up 8.2%, driven by cost inflation of approximately 4.0%, modest volume impacts and additional investment in growth – including $10.0m uplift in digital and other technology delivery capability and $6.0m increased marketing investment in the second half. This was partially offset by approximately $10.0m of productivity savings.

$1,396.4m +6.8%
gross profit

17.0% +50 bps
gross margin

Resident gross margin up 30 bps to 16.2%, reflecting our growth discipline which largely offset customer growth mix impacts on revenue and claims. It remains below FY19 pre-COVID-19 margin of 16.4%.

Non-resident gross margin up 270 bps to 36.9%, with improved worker and visitor margins partially offsetting modest tenure impacts on student margin.

Operating profit up 7.1% to $741.5m and **operating margin** up 20 bps to 9.0%.

Medibank Health

$76.7m +27.0%
segment profit

$276.5m +35.3%
gross profit

Medibank Health segment profit includes 23.0% increase in organic operating profit and 12-month contribution from Myhealth.

Myhealth operating profit up 68.1% to $19.5m, with business tracking well with increasing consult numbers and improved clinic operating efficiency.

Revenue (excluding Myhealth) up 16.8% to $339.1m with strong growth in health and wellbeing and diversified insurances, improved growth in health services, and 6-month contribution from moving to 100% ownership of Amplar Health Home Hospital.

Gross margin (excluding Myhealth) down 110 bps to 52.8%, reflecting additional investment in Live Better, partially offset by improvement in health services.

Operating margin (excluding Myhealth) up 100 bps to 19.1%, reflecting inflation impacts on expenses and investment for growth, offset by improved efficiency and growing scale.

Investment income

$207.8m +14.1%
net investment income

Growth portfolio income up $17.9m, with higher income from all asset classes and strong performance in Australian and international equities.

Defensive portfolio income up $10.4m reflects higher asset balances and improved return on international holdings. This was partially offset by $1.3m cost from lower average RBA cash rate and $0.9m cost from credit spread movements (FY24: $9.6m benefit).

Capital

$1,195.8m
Health Insurance required capital
(at 30 June 2025)

Our business continues to be well capitalised.

Health Insurance capital

Fund prescribed capital amount (PCA) coverage ratio maintained at 1.8x[1].

Health Insurance required capital ratio of 14.0%, above 10%-12% target range due to additional capital held to offset $250m temporary APRA supervisory adjustment.

Unallocated capital increased to $251.9m.

Other capital employed up $23.5m to $471.1m and includes the consolidation of some strategic investments and funding of growth in Medibank Health.

FY26 outlook

Resident health insurance

Industry growth: anticipate moderating industry growth relative to FY25

Policyholder growth: aim to grow market share in a disciplined way, including further volume growth in the Medibank brand

Claims: expect claims per policy unit growth of 2.6%-2.9%

Non-resident health insurance

Gross profit: aim to maintain solid gross profit growth

Medibank Health

Medibank Health: expect low double-digit organic operating profit growth

M&A: based on the strong asset pipeline, we aim to invest towards the top end of the $150m-$250m FY24-FY26 M&A target where this creates long-term value

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

Summary of financial results

Year ended 30 June ($m)	2024	2025	Change
Group revenue from external customers	**8,175.8**	**8,604.0**	**5.2%**
Health Insurance operating profit[1]	692.3	741.5	7.1%
Medibank Health segment profit	60.4	76.7	27.0%
Segment operating profit	**752.7**	**818.2**	**8.7%**
Corporate overheads	(52.9)	(55.8)	5.5%
Group operating profit	**699.8**	**762.4**	**8.9%**
Net investment income	182.2	207.8	14.1%
Other income/(expenses)	(19.7)	(18.9)	(4.1%)
Cybercrime costs	(39.8)	(39.7)	(0.3%)
Profit before tax, before movement in COVID-19 reserve	**822.5**	**911.6**	**10.8%**
Movement in COVID-19 reserve (excl. tax)	(110.8)	(182.8)	65.0%
Profit before tax	**711.7**	**728.8**	**2.4%**
Income tax expense	(215.3)	(219.5)	2.0%
Non-controlling interests	(3.9)	(8.5)	117.9%
NPAT attributable to Medibank shareholders	**492.5**	**500.8**	**1.7%**
Effective tax rate	30.3%	30.1%	(20 bps)
Earnings per share (EPS) (cents)	17.9	18.2	1.7%
Normalisation for investment returns	0.3	(10.1)	n.m.
Normalisation for COVID-19 reserve movements	77.6	128.0	64.9%
Underlying NPAT[2]	**570.4**	**618.7**	**8.5%**
Underlying EPS (cents)[2]	20.7	22.5	8.5%
Dividend per share (cents)	**16.6**	**18.0**	**8.4%**
Dividend payout ratio[2]	80.1%	80.1%	-

1. Health Insurance operating profit excludes the impacts of COVID-19.
2. Underlying NPAT is statutory NPAT normalised for growth asset returns to historical long-term expectations, credit spread movements, movement in COVID-19 reserve and one-off items. Dividend payout ratio based on underlying NPAT.

Further enquiries

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All figures are in Australian dollars unless stated otherwise. Some figures, amounts, percentages, estimates, calculations of value and fractions are subject to rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this document. Further, some balances subject to rounding, may not add consistently throughout the document.