

2026 half year results

Strong customer engagement drives growth



“This is another good result for the Medibank Group, reflecting strong customer engagement and positive progress in driving the health transition forward.

“We have delivered on our growth commitments, with improved momentum in our health insurance business and strong growth in Medibank Health.

“Net resident policyholder growth of 38,300 was up 1.9% over the last 12 months. Momentum is increasing, with growth in the last 6 months more than double the same period last year. The market remains buoyant, with continued strong growth in 25 to 30 year-olds.

“Policy units in our non-resident business was up 0.4% over the last 12 months, with our health and wellbeing offering a strong differentiator in the industry. We remain an insurer of choice in the student market.

“Our customers are increasingly recognising the value and health and wellbeing support we provide.

“With cost-of-living remaining a challenge for many people, our customers saved more than \$107 million through our Members’ Choice and no gap networks. Our Live Better program has now surpassed 1 million members, with rewards of \$22.9 million claimed this half.

“We are on track to achieve our 2030 aspiration to engage with around 10 million people in their health and wellbeing.

“The rate of Medibank resident policyholders engaging with our health and wellbeing services has reached 55%. Amplar Health delivered a total 2.3 million patient interactions across both public and private systems.

“Medibank Health’s continued positive performance is enabling us to reinvest with confidence to support future growth. It also supports our increasing diversification, making up around 13% of group earnings.

“During the half, we took our next important step in health, finalising our acquisition of Better Medical, establishing one of the largest primary care networks in the country.

“Australia has nearly 30% more preventable hospital admissions than the OECD average. Not only does this impact the quality of life of millions of people, recent data shows the annual cost to the economy was \$7.7 billion.

“Prevention is key. Our support for primary care is geared to giving GPs and other health professionals the tools, technology and time they need to focus on proactive care and early intervention.

“Australia has never spent more on healthcare and yet in some parts the system is failing the community.

Customers



\$3.5b

total claims paid

\$130.7m

customer value



\$107.8m saved through Members’ Choice and no gap networks

\$22.9m rewards claimed through Live Better

+38.3k +1.9%

net resident policyholder growth

+1.5k +0.4%

net non-resident policy unit growth

23.6 customer satisfaction

average blended journey NPS (Medibank and ahm)

Health



55%

Medibank resident policyholders engaged with our health and wellbeing services

1m

Live Better rewards members

2.3m

Amplar Health patient interactions

168

GP and medical clinics

Financial



\$297.8m -0.3%

underlying net profit after tax

10.8c no change

underlying EPS

8.3cps +6.4%

interim ordinary dividend fully franked

Investor briefing

The investor briefing will be held today at 9.30am AEDT. The investor presentation and webcast will be accessible on Medibank’s [investor centre](#).

A video featuring CEO David Koczkar is available on our [newsroom](#).

“Governments, operators, clinicians and patients know the system is under strain. But despite this, the pace of reform is far too slow.

“In the absence of meaningful change in the broader system, we will continue to drive this change with our partners, supporting both the private and public systems.

“By meeting more health needs of more people through our investments in prevention, community and virtual care options, we are driving the health transition.

“Our partnerships with private hospitals remain key. We have provided around \$57 million to hospitals to specifically drive the health transition in the past 18 months. While some hospital groups are further ahead than others, we welcome the progress to support this important shift.

“We are a strong and growing health company with a clear vision for the future. Our investments, partnerships and record of innovation have led us to where we are today to deliver on that vision.

“The needs of our customers and the health system will continue to shape our strategy and drive our performance as we deliver greater value, choice and control in health.”

David Koczkar
Chief Executive Officer

Dividend



The Board has determined a fully franked interim ordinary dividend of 8.3 cents per share, up 6.4% from the previous year.

This dividend represents a 76.8% payout ratio of underlying NPAT, normalising for investment market returns. This is within our annual target payout range of 75%-85% of underlying NPAT.

Dividend dates

Ex-dividend Date  **Thursday February 2026**

Record Date  **Friday February 2026**

Payment Date  **Wednesday March 2026**

Performance in detail

Group

\$381.7m +6.0%
Group operating profit

Group operating profit includes 3.5% increase in Health Insurance operating profit and 28.5% increase in Medibank Health segment profit.

Non-recurring cybercrime costs of \$15.0m include further IT security uplift costs and legal and other costs related to regulatory investigations and litigation associated with the 2022 cybercrime event.

\$94.9m -17.1%
net investment income

Net investment income decreased \$19.6m, largely reflecting a reduction in the average RBA cash rate.

Underlying NPAT which adjusts for movement in the COVID-19 equity reserve (which was finalised in FY25) and normalisation of investment returns was down 0.3% to \$297.8m.

\$302.9m -11.0%
NPAT attributable to Medibank shareholders

Health Insurance

+11.6k +0.8%
net resident policyholders
(Medibank)

+26.7k +4.9%
net resident policyholders
(ahm)

349.1k +0.4%
non-resident policy units

\$4,107.1m +4.3%
resident premium revenue

\$3,471.8m +4.4%
net resident claims expense
(including 50 bps benefit from
risk equalisation)

2.5% +20 bps
resident claims growth
per policy unit

\$690.9m +4.4%
gross profit

16.2% no change
gross margin

\$329.4m +5.4%
expenses

7.7% +10 bps
expense ratio

Resident customer growth

Industry growth remains buoyant with policyholder growth in the 12 months to 31 December 2025 expected to be slightly lower than the 12 months to 30 September 2025 (2.1%). Strong growth continued in the number of 25 to 30 year-olds.

Cost-of-living pressures continue to impact the industry, with rising switching rates and aggregators increasing their share of joins. The unsustainable competitive environment is moderating, but pockets of heightened competition remain.

Total net resident policyholder growth up 1.9% (+38.3k) over 12 months, with the Medibank and ahm brands growing

0.8% and 4.9% respectively. Growth in the last 6 months (+17.9k) was more than double the same period last year.

Acquisition rate up 40 bps to 5.6% with the Medibank brand improving 50 bps to 4.6% and ahm up 20 bps to 8.7%.

Retention up 10 bps to 4.7% despite higher industry switching rates. Medibank lapse was unchanged at 4.2% while ahm improved by 30 bps to 6.5%.

Non-resident customer growth

Policy units up 0.4% to 349.1k, with lower student visa approvals and modestly higher lapse.

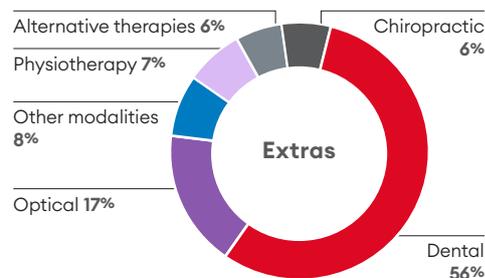
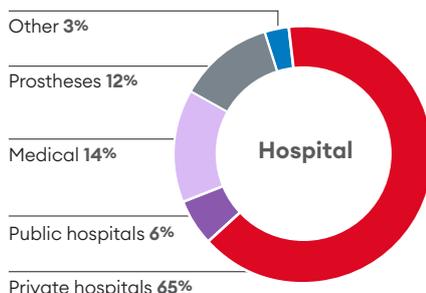
Resident hospital claims growth

per policy unit down 120 bps to 1.8%, with negative utilisation growth reflecting prior period claims favourability of \$43.6m due to COVID-19 impacts and growth skewed to lower product tiers. This was partially offset by higher private hospital indexation, investment in product benefits and increase in NSW private room rate charges from 1 January 2025.

Resident extras claims growth

per policy unit up 310 bps to 3.7%. This includes the impact of the ahm extras limit rollover and utilisation and inflation growth increasing following a period of subdued demand due to economic and COVID-19 impacts.

Indicative composition of resident customer claims



Resident gross margin flat at 15.5%, reflecting our disciplined approach to growth.

Operating profit up 3.5% to \$361.5m and **operating margin** stable at 8.5%.

Non-resident gross margin up 80 bps to 35.6%, with improved worker margin partially offset by tenure impacts on student margin.

Operating expenses up 5.3%, reflecting cost inflation of around 4.0%, volume impacts and our ongoing investment to support policyholder growth and further strengthen our foundations.

This was partially offset by approximately \$3m of productivity savings.

Medibank Health

\$149.0m +21.6%
gross profit

\$48.3m +28.5%
segment profit

Revenue up 27.5% to \$291.1m with increase in community and acute reflecting strong volume growth and increase in ownership of Ampliar Health Home Hospital and growth in wellbeing in line with increased Live Better members and financial wellbeing policies.

Gross margin down 240 bps to 51.2%, reflecting additional investment in Live Better and business mix impacts, partially offset by efficiency benefits.

Total operating profit up 27.9% to \$51.4m and includes strong growth across all segments.

Investment income

\$94.9m -17.1%
net investment income

Growth portfolio income down \$5.7m, with lower income from all asset classes other than unlisted property following recovery in valuations.

Defensive portfolio income down \$5.8m, with \$4.7m decrease in interest income from lower average RBA cash rate, partially offset by \$2.4m benefit from tighter credit spreads.

Net other investment income and expenses down \$8.1m. This reflects a \$5.1m reduction in income from non-health fund investments following payment of final COVID-19 customer give back. It also includes a \$1.9m decrease in interest income from lower average RBA cash rate.

Capital

\$1,202.3m
Health Insurance
required capital
(at 31 December 2025)

Our business continues to be well capitalised.

Fund prescribed capital amount (PCA) coverage ratio maintained at 1.9x¹.

Health Insurance required capital ratio of 13.8%, above 10%-12% target range due to additional capital held to offset \$250m temporary APRA supervisory adjustment.

Medibank Health capital employed up \$166.4m to \$562.8m, reflecting Better Medical acquisition and funding of organic growth.

Unallocated capital decreased \$80.5m to \$185.8m due to Better Medical acquisition, partially offset by strong capital generation.

FY26 outlook

Resident health insurance



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

Industry growth: anticipate moderating industry growth relative to FY25

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

Non-resident health insurance



Earnings growth: aim to maintain solid gross profit growth

Medibank Health



Medibank Health: FY26 organic operating profit growth expected to be similar to 1H26 plus a c. \$6m contribution from Better Medical in 2H26 **UPDATED**

M&A: Strong asset pipeline remains with appetite and financial capacity to pursue further opportunities consistent with our growth strategy and adding shareholder value **UPDATED**

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

Summary of financial results

Six months ended 31 December (\$m)	2024	2025	Change
Group revenue from external customers	4,270.7	4,503.5	5.5%
Health Insurance operating profit ¹	349.2	361.5	3.5%
Medibank Health segment profit	37.6	48.3	28.5%
Segment operating profit	386.8	409.8	5.9%
Corporate overheads	(26.7)	(28.1)	5.2%
Group operating profit	360.1	381.7	6.0%
Net investment income	114.5	94.9	(17.1%)
Other income/(expenses)	(8.0)	(17.0)	112.5%
Cybercrime costs	(17.2)	(15.0)	(12.8%)
Profit before tax, before movement in COVID-19 reserve	449.4	444.6	(1.1%)
Movement in COVID-19 reserve (excl. tax)	43.6	-	n.m.
Profit before tax	493.0	444.6	(9.8%)
Income tax expense	(148.9)	(137.5)	(7.7%)
Non-controlling interests	(3.8)	(4.2)	10.5%
NPAT attributable to Medibank shareholders	340.3	302.9	(11.0%)
Effective tax rate	30.2%	30.9%	70 bps
Earnings per share (EPS) (cents)	12.4	11.0	(11.0%)
Normalisation for investment returns	(11.1)	(5.1)	(54.1%)
Normalisation for COVID-19 reserve movements	(30.5)	-	n.m.
Underlying NPAT²	298.7	297.8	(0.3%)
Underlying EPS (cents) ²	10.8	10.8	-
Dividend per share (cents)	7.8	8.3	6.4%
Dividend payout ratio ³	71.9%	76.8%	490 bps

1. Health Insurance operating profit excludes the impacts of COVID-19. These impacts were included in the COVID-19 equity reserve which was finalised in FY25.
2. Underlying NPAT and underlying EPS are adjusted for any movement in the COVID-19 equity reserve as well as the normalisation of investment returns.
3. Dividend payout ratio is 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.