

84th HCF ANNUAL GENERAL MEETING: HCF WHERE HEALTH COMES FIRST

Sydney, 29 September 2016: HCF, Australia's leading not-for-profit health fund, today revealed how it's 2020 Vision and focus on putting members' first, is delivering positive results. Speaking to 84th HCF Annual General Meeting, Chairman, Robert Goaley detailed how the revised strategic business approach was already reaping benefits for members.

"Unlike our major competitors, who quite rightly act in the best interest of their shareholders, at HCF we make our decisions differently. At all times our absolute and exclusive focus is on how to better serve our members. In 2016 we demonstrated our commitment to members by once again returning more cents per dollar to our members than the industry average and keeping our operating expenses at 7.7%, significantly lower than the industry's average of 8.5%," said Mr Goaley.

By maintaining high standards of commercial efficiency and stability through careful management and use of resources, HCF achieved a positive financial position which will allow the fund to reinvest earnings and ensure a capacity to respond to members' increasing health needs.

In the financial year 2016, HCF saw total group revenue rise to just above \$2.4 billion and net surplus after income tax in the Health Insurance business increase to \$174.3 million. Net surplus after tax in the Life Insurance business decreased to \$3.1 million in FY 2016. This decline was largely due to lower investment returns.

2016 marked an exciting period of change for HCF with the launch of the 2020 Strategy commencing a five-year transformation to make health care understandable, affordable, high quality and customer-centric. HCF's mission is to be the partner of choice in enabling people to manage their health.

"Our strategy defines the difference we want to make and the role we want to play in the continually evolving health system. It has driven change and innovation across the organisation throughout the year and will provide the framework for ensuring our business is sustainable and strong in order to continue to serve the best interests of our members," said Mr Goaley.

Other key highlights from 2016 addressed at the AGM, held today in Sydney, included:

- Initiation of the initial phase of HCF's digital transformation delivered a bold new brand positioning, focused on 'Health Comes First'
- HCF preparing for the future by investing in medical innovation and technological development across the health industry, including:
 - The launch of the start-up accelerator program – HCF Catalyst – the first in the Australian health tech space.
 - \$1m investment in Curu Technologies Pty Limited, who graduated from the Catalyst program earlier in the year.

- Investment in cutting-edge, online service GP2U, providing access to services for people who are time, geographically or mobility challenged.
- HCF Research Foundation awarded \$2.2million in research grants to fund health services research.
- Focus on preventive health including plans to upgrade and open six dental centres to deliver quality, preventive oral health services to members at an affordable price.
- HCF successfully delivered one of the industry's highest proportions of medical services at no or known gap at 97.8% versus the industry average of 92.2%.

In conclusion, Mr Goaley looked to the year ahead, addressing some of the issues facing the business: "As we head into 2017 we are well placed to face the opportunities and challenges that lie ahead. While affordability remains a major concern for our members we continue to drive for reform to address these issues, like prosthesis reform and focus on preventative measures, while consistently delivering high-quality service,"

"We look forward to supporting our nearly 1.5 million members throughout 2017 and beyond. We thank them for their ongoing support and loyalty."

-ENDS-

About HCF

HCF, leading not-for-profit health fund protecting Australians since 1932, covers 1.5 million members with health and life insurance, community care, travel and pet insurance.

On average over the last five years, HCF has paid out more cents in every dollar in premiums to members as benefits than the industry average. With over 35,000 specialists participating in its Medical Gap Cover Scheme and more than 10,000 clinicians participating in its 100% back *More for You* programs, HCF gives members access to quality health care with no gaps or minimal costs compared to non-participating providers.

To empower members to put their health first, HCF also offers a range of health and lifestyle services including its *My Health Guardian* health management program, mobile Victor Chang Heart Health Checks and *My Global Specialist* second opinion service.

HCF's national network of retail outlets and Australian-based call centres have earned multi-award winning status. HCF members also have access to low cost, high quality services at HCF Dental Centres and HCF Eyecare Centres.

Having contributed \$50 million to support the health services research funded by the HCF Research Foundation, HCF is devoted to investing in the future of Australia's health.

To learn more about HCF go to hcf.com.au/about-us