NIB Raises Its Dividend Again

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Yesterday, health insurer **NIB Holdings** (ASX:NHF) released its annual results for FY23. The key highlights are below.

- Revenue of $3.1 billion, up 10.9% year on year, notwithstanding COVID-19 compensation
- Net profit after tax (NPAT) of $191 million, up 42.8% from FY22
- Group claims expense increased 6.6% year on year to $2.2 billion
- Final dividend of 15 cents per share fully franked, up from 11 cents per share in FY22

Other noteworthy financial metrics impacting the NIB share price yesterday include the 11.1% year-on-year boost in underlying operating profit, which came in at $263 million.

The ASX 200 insurer reported that its Australian Residents Health Insurance (arhi) membership increased by 4.7% over the 12 months. Management noted this is more than twice the expected industry growth rate and the strongest growth since FY15.

There was also a positive turnaround in NIB's net investment income. FY23 saw this add $57 million to the company's pre-tax earnings compared to the $30 million loss posted in FY22.

With the 15 cents per share final dividend, NIB's full-year dividend comes to 28 cents per share, up from 22 cents per share in FY22. Its dividend yield — inclusive of the final dividend that will be paid on 3 October — the fully franked yield sits at 3.5%.

Commenting on the results sending the NIB share price sharply higher today, managing director Mark Fitzgibbon said:

arhi continued its long track record of above system growth, and those businesses that were troubled by COVID-19 – international students and travel – are experiencing good recovery.

Looking at what might impact the NIB share price in the year ahead, management said that despite some potential macroeconomic headwinds, the outlook for the ASX 200 insurer is positive.

On the positive side of the ledger, Fitzgibbon said:

COVID-19 made people more aware of risks to their health and the need for protection; public healthcare delivery and financing are under extreme pressure, immigration is adding to populations; foreign students are returning, foreign workers are in high demand; people have rediscovered travel.

What we took from the announcement

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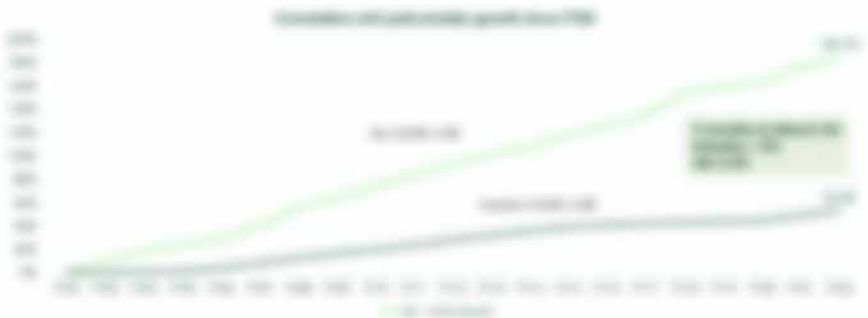

The *Dividend Investor* Team's View

Full report available exclusively to members of Motley Fool *Dividend Investor*

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