



## Helia Group Limited 2023 Annual General Meeting CEO's Address

**11 May 2023:** Thank you, Ian, and good morning everyone.

I am Pauline Blight-Johnston, Helia's Chief Executive Officer and Managing Director.

Before I commence, I would like to acknowledge the Gadigal People of the Eora Nation, on whose land we are hosting our meeting today. I pay my respects to their Elders past, present, and emerging, and to all Aboriginal and Torres Strait Islander People here today.

It is wonderful to be here with you, our shareholders, in person this morning, for the first time since I joined Helia in 2020, and I extend a warm welcome to those of you joining us both in the room and virtually today.

As Ian mentioned earlier, our role and our purpose – to accelerate financial wellbeing through home ownership, now and for the future, has never felt more critical.

At our last meeting in November 2022, we formally adopted our new operating name: Helia.

This brand transition has served as a valuable opportunity to create a new identity. The name Helia, derived from the sun, captures our reliability as a trusted partner, and our vision for the future – we're focused on finding new solutions to meet the needs of home buyers across Australia, and creating brighter outcomes for our people, customers and our business.

### **Delivering for our customers**

We are all aware that the past year has been characterised by a challenging housing market. We are seeing new generations of home buyers struggle to close the deposit gap and, with inflation and rising interest rates, the dream of home ownership feels like it is slipping further away from reality for many Australians.

I consider it a great privilege to be leading Helia through this period, as we leverage the solid financial performance of our business, to make a tangible impact on people's lives.

In 2022, we helped over 69,000 Australians into homes.

As the leading lenders' mortgage insurance provider in Australia, I am very proud of Helia's:

- longstanding customer relationships that continue to grow and deepen as we innovate together,
- our exceptionally capable team that is so committed to our purpose
- and the delivery of our enhance, evolve and extend strategy, which will ensure we remain a valued partner for homebuyers for years to come.

We are well positioned to meet the challenges of this current environment, and to pursue opportunities that will magnify our impact and help us achieve our vision to be the leading partner of choice for home ownership solutions.

I am pleased to share that our customer-focused strategy was instrumental in Helia renewing four and securing two new exclusive customers in 2022, representing 73% of our revenue base.

I am particularly pleased that we have delighted our customers by exceeding our service levels 96% of the time and with an exceptional net promoter score of +77.

Our investment in agile transformation and digital capabilities is both improving customer outcomes today and future-proofing our business. We've seen customers respond positively to simplified integrations, streamlined processes and a faster speed to yes.

We are showing up as true partners in co-creation and innovation – sharing a commitment to keeping everyday Australians at the heart of what we do. We know that behind each policy we write – whether it's for a first home buyer, investor, upgrader, or refiner – is a real Australian family, for whom we are partnering with our customers to make a difference.

This consistent delivery is why four of Australia's top ten lenders choose to partner with Helia to meet the needs of high loan to value customers, and why we are growing both the number and quality of our lender relationships, ultimately creating pathways to home ownership for more Australians and delivering value for you, our shareholders.

### **Consistent financial performance**

Turning now to our 2022 financial performance.

For the 2022 year, we reported a statutory net profit after tax of \$187 million – with an underlying net profit after tax of \$288 million – up more than 20% from the previous year.

This was driven by a record underwriting result of \$362 million due to:

- an exceptionally low claims environment with negative net claims of \$35 million, and
- high net earned premium of \$428 million, despite a drop in gross written premium, driven by continued high cancellations.

Rising bond yields led to unrealised mark-to-market investment losses and resulted in a statutory profit lower than underlying profit. This higher yield environment has resulted in higher investment returns, going forward.

As Ian mentioned, most pleasingly, our 2022 financial performance allowed us to share the benefits with you, our shareholders by declaring a total of 53 cents per share in fully franked ordinary, interim and special dividends.

Continuing the themes from 2022, Helia has had a solid start to 2023 as we continue to experience a benign claims environment.

In our market update earlier this month, we shared that gross written premium for the first quarter of 2023 is substantially lower than the prior corresponding period, reflecting soft industry new loan commitments, especially for high loan to value ratio lending, and the impact of the Federal Government First Home Guarantee Scheme.

However, net earned premium remains high, due to previous book year gross written premium, as well as the level of cancellations, which remains elevated.

Net claims incurred remain negative, reflecting the continuation of low levels of delinquencies and claims incurred. As we have stated in our recent market updates, we do expect claims to increase over the course of 2023, towards long-term average levels.

Year to date investment income has benefitted from unrealised gains due to recent falls in bond yields, and higher running yields, contributing positively to profitability.

As we look towards a period that we expect to be more challenging for home owners, as they adjust to the recent increases in interest rates, our business is well prepared, and our portfolio well positioned to manage this environment. We stand ready to continue to help Australians secure a home and wherever possible to stay in that home.

We look forward to providing a further update around our performance and outlook at our mid-year results in August.

## **Our people**

Our financial results and strategic progress are only achieved through the dedication and commitment of our people, and I would like to take this moment to express my great appreciation to our very capable and driven team.

Like most businesses, attracting and retaining good people, in what remains a competitive talent market, is a key focus for Helia. We look for people who share our purpose, reflect our values, and want to make a genuine impact for Australians.

We are working with our teams to create an enhanced employee experience that supports professional development, allows innovation to flourish and helps our talented people to succeed.

We have seen significant improvement in our employee engagement and culture indicators over the course of 2022, reflecting the connection and alignment our people have to our strategy and our shared vision for success. We are also pleased by the positive response of our people to:

- increased workplace flexibility,
- targeted training and development programmes, and
- our all employee share ownership plan, rolled out in 2022, that seeks to increase the alignment between our people and you our shareholders.

Once again, thank you to everyone at Helia for all of your hard work, for supporting our customers and consistently showing up to deliver our purpose and contribute to our shared success.

### **Innovating for success**

Helia's multi-year strategy to enhance and evolve our lenders' mortgage insurance offering, whilst extending into new opportunities to support people at different stages of their property journey, is progressing well.

I'm pleased to share that our efforts to enhance LMI have been recognised externally, with Helia receiving innovation awards for our Monthly Premium and Family Assistance products, and more recently, for our Deposit Comparison Calculator.

Alongside our core LMI offering, we are actively exploring more solutions for different needs and circumstances along the property journey.

Our investment in alternative products and solutions was extended in 2022 to include our strategic partnership with Household Capital, focussed on growing the home equity release market and improving access to long-term retirement funding options for Australians.

This, alongside our investments in deposit gap funding and digital platforms for distribution, are examples of how we are exploring new ways to diversify our revenue and secure long-term value for Helia.

### **Looking ahead**

Looking ahead, our focus is on the continued delivery of our Enhance, Evolve, Extend strategy as we:

- support the growth of existing and new customers,
- find new ways to support Australians as they create, build and access the value of home ownership, and
- deliver long-term value for our shareholders.

Our strategic plan takes account of the current and anticipated future economic environment. We understand the near-term challenges and flow-on impacts to the housing market, and remain well prepared, and capitalised, to adapt and respond.

I am proud of what we have achieved over the last year to position Helia for future success and am excited by what we can continue to deliver for our customers and the next generation of homeowners.

Thank you once again to Ian and the Board, our leadership team and to all our people at Helia for your hard work.

And finally, I would like to thank you, our shareholders for your trust and support over the years and especially during this exciting period of evolution and opportunity for our business.

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The release of this announcement was authorised by the Disclosure Committee.