



**THE BRITISH UNITED PROVIDENT ASSOCIATION LIMITED  
SEVENTY SIXTH ANNUAL GENERAL MEETING  
Wednesday 10 May 2023**

**CHAIRMAN'S SPEECH**

Good morning, everyone, and welcome to Bupa's seventy sixth Annual General Meeting.

On behalf of the Bupa Board and Bupa's Chief Executive Committee, thank you for joining us today both in person and online.

To comply with the minimum quorum requirements for the meeting, we must have two Association Members present. I can therefore declare that our Annual General Meeting is quorate.

I'm going to hand over to Iñaki shortly and he will give us an overview of progress during 2022 and so far in 2023.

We'll then move to a Question-and-Answer session where you'll have the opportunity to raise anything with us. We've got the members of Iñaki's Chief Executive Committee with us today, so this is great opportunity for us to hear from them.

We've had high levels of attendance and engagement at our virtual events over the last couple of years but it's brilliant that so many of our Association Members are able to be here today. I would also like to welcome those of you who haven't been able to travel to London and are joining us via Teams. Thanks to you all for your ongoing support and engagement. We really value your input and insight throughout the year.

I would like to thank Iñaki, James, Zoe and Nigel for their excellent Q&A session earlier, which looked at the strategic, financial and ESG progress Bupa is making and how we are preparing to take opportunities in a period of rapid change. I have every confidence that what the team are doing under Iñaki's leadership will continue to position Bupa as not only a global healthcare leader, but also make Bupa synonymous with high-quality and patient-centric healthcare across the world.

Let me also welcome the members of the Bupa Board who are here on stage with me and joining us virtually.

I would also like to recognise Bupa's people who continue to work extremely hard by serving and caring for our customers, patients and residents. This is demonstrated in the great progress made over the past year. The 3x6 strategy is really inspiring our people to deliver great customer service and care as well as transforming the organisation, 'running' and 'changing' Bupa at the same time.

When we met last year, the war in Ukraine was still in its early stages. Sadly, one year on, the fighting continues, and I want to reiterate that our LUX MED team in Poland is maintaining its support for Ukrainian refugees. They are doing an amazing job and we're clear that we will continue to fund this support for as long as needed.

Alongside this, following the devastating earthquake in Türkiye in February, we approved a funding package of £3 million for humanitarian aid and healthcare for affected people through our business there, Bupa Acibadem Sigorta.

## **BUPA 2023 AGM CHAIRMAN AND GROUP CEO SPEECHES**

We are excited to continue supporting Paralympians' journeys to Paris 2024 and beyond, through our official partnerships with Paralympics Great Britain, Australia, Spain, Poland, and Chile. And, on a more local scale, I'm proud of the generosity and commitment our people have demonstrated through the thousands of hours of volunteer work and fundraising, to support their local communities.

Looking ahead to the rest of 2023, we are confident about the prospects for Bupa but recognise that we continue to face risks and challenges. The ever-increasing public focus on health and wellbeing provides us with opportunities to meet changing customer needs. We're making good progress on our strategy and focused on achieving our ambition of being the world's most customer-centric healthcare company.

So, now, let me hand over to Iñaki.

### **GROUP CEO'S SPEECH**

Thank you, Roger, and good morning again. I want to echo Roger's thanks to you, our Association Members, for the role you play in Bupa. We appreciate the time you give to Bupa and the role you play in our governance.

I'd like to start by talking about the world we're operating in at the current time. Although we're encouraged by the positive overall performance across the Group and the strong customer growth we have seen, global inflation has risen sharply driven by the aftermath of the pandemic and the invasion of Ukraine.

Global markets have responded by increasing central bank rates leading to increasing and more volatile bond yields causing interest rates to rise sharply. This has led to significant increases in the cost of capital of our businesses. In addition to this macro-economic impact, the recruitment and retention of healthcare workers remains an ongoing sector-wide challenge in multiple markets, including UK Dental.

The climate crisis is an increasingly pressing challenge for the world so it's important to highlight the progress we're making in implementing the sustainability strategy that we launched last year. As Nigel talked about earlier, our mission is to build a healthier future for people and planet. We have an important role to play in addressing the climate crisis, and a responsibility to act now.

Bupa is underpinned by a strong balance sheet, and we continue to demonstrate a capacity to generate cash and solvency capital even in difficult markets and continue to invest in our businesses to ensure we deliver our long-term objectives. We are confident in the future and see positive momentum behind the implementation of our strategy. There is much to do but we are well-positioned to meet rising demand for healthcare services across all our markets.

As I mentioned, we're making good progress on our 3x6 strategy. On the screen is a reminder that the strategy is structured around three ambition KPIs focused on digitalisation and customer experience underpinned by six strategic and enabling pillars, and the emblematic projects which are putting our strategy into action.

And this is all driving Bupa's transformation. Some of you may remember from last year that internally we refer to our 3x6 strategy as "The Elephant Strategy", we are still very focused on unleashing the Elephant and starting to run. Over 2022, we made lots of good progress. Here are just a few examples:-

## **BUPA 2023 AGM CHAIRMAN AND GROUP CEO SPEECHES**

- **Customer:** We've received over three million responses from our Net Promoter Score surveys. Through listening to this feedback, we have delivered over 6,000 customer experience improvements.
- **Growth:** We are focused on driving strong and sustainable growth in our market share across our funding businesses and we delivered 8% growth in insurance customers (16% when including our associate businesses).
- **Transformation:** We're continuing to develop digital health solutions for our customers and have rolled these out in 10 countries including the UK. These are modelled on our Blua app in Spain which gives access to virtual health appointments and preventative health coaching.
- **Sustainability:** We launched our new sustainability strategy. Eco-Disruptive, our global talent and innovation programme through which we've engaged over 1,000 eco-startups, ran for the second successful year and is helping us to discover and develop more sustainable solutions to how we deliver healthcare. We're about to launch the programme for a third year.
- **Data:** Data and technology are very important to the success of our business, so I'm pleased to say that 8,500 colleagues signed up for our Data Summit as part of our ongoing programme to build digital skills and literacy.
- **Agile Culture:** a key focus is on improving customer experience and understanding how can make every step of the customer journey better. This is why we've launched our customer listening app in 11 countries. Our leaders have listened to 53,000 customer feedback calls and submitted over 15,000 customer improvement ideas.

Moving to our financial performance, our 2022 Full Year financial results reflect continuing good organic growth across many of our insurance businesses and increased activity in health provision businesses to meet increasing customer demand. Starting with Group revenue, this was £14bn, up 7% on a constant exchange basis driven by customer growth in health insurance, increased activity in our health provision businesses and higher occupancy across some aged care businesses. All our lines of business grew year-on-year.

Next up is underlying profit, which is how we measure the trading performance of the business. Underlying profit before tax was £575m, up 43% on a constant exchange rate basis. In our largest line of business, health insurance, underlying profit increased from good customer growth, alongside both pricing action and cost management activity to offset inflationary pressures. Profitability continued to improve in health provision businesses, as COVID-19 restrictions eased. However, we were impacted by global inflationary headwinds and challenges in dental. Underlying losses in aged care increased. In Australia and New Zealand, we continued to navigate the impacts of COVID-19 and workforce constraints while the UK faced higher staff and energy costs. Our Spanish business, however, saw improved profitability as it emerged from the pandemic.

Turning to the statutory view, whilst underlying profits grew significantly in the year, we recorded a significant statutory loss before tax of £427m, at Actual Exchange Rates. This is down from a statutory profit of £423m in 2021, mainly driven by £1bn of impairments where we have adjusted the value of some of our businesses. These impairments relate mostly to four of our businesses: UK dental, our Chilean Isapre business and the aged care businesses in Australia and the UK. In part, these were due to higher costs of capital, a result of higher interest rates. They are also the result of some specific sector issues affecting our expectations of future cash flow.

## **BUPA 2023 AGM CHAIRMAN AND GROUP CEO SPEECHES**

In UK dental, challenges include a sector-wide shortage of dentists, especially for NHS work, which worsened in the second half of last year, together with increased costs. Following our full year results announcement, you may have seen that we announced our plans to improve the performance of this business by selling, merging or closing 85 of our dental practices in the UK out of the 475 we have in total in the UK and Ireland. In Chile, the whole Isapre insurance industry has been negatively impacted by ongoing judicial and regulatory action. And, in Australian aged care, we've adjusted for lower occupancy and higher staff costs expected from regulatory changes.

We generated net cash from operating activities of £966m, up £47m and our Solvency II capital coverage ratio remains strong at 181% at the year end.

As an overview, the continued implementation of our 3x6 strategy has driven portfolio growth in health insurance, alongside good trading performance in health provision businesses. We're seeing strong demand for our services. The good performance in these lines of business were offset by some continued COVID-19 impacts in parts of aged care and some sector-wide workforce availability challenges. While achieving this growth in underlying profit year-on-year, we have continued to invest in digitalisation of our services and in meeting our ambitions for sustainability.

There's some complexity in these results but the underlying performance gives us confidence for the future.

Before I finish, I would like to thank all our colleagues, customers and residents for their support as we continue to adapt and transform Bupa.

Thank you