

IAG FY25 Results

13 August 2025



“We had strong momentum through FY25 and supported our customers when they needed us most. By delivering on our strategy and investing for growth, we can execute at scale and are set to protect significantly more Australians and New Zealanders.”

IAG Managing Director and CEO Nick Hawkins

Financial highlights

Net profit after tax

\$1,359m

↑ 51.3% (FY24: \$898m)

Insurance profit

\$1,743m

↑ 21.2% (FY24: \$1,438m)

Gross written premium (GWP)

\$17,106m

↑ 4.3% (FY24: \$16,400m)

Net earned premium

\$9,984m

↑ 8.0% (FY24: \$9,244m)

Final dividend

19.0cps

↑ 11.8% (FY24: 17.0cps)

Full year dividend

31.0cps

↑ 14.8% (FY24: 27cps)

Delivering for our customers

Claims paid

+\$10.2bn

Policy renewal¹

~90%

Customer experience²

+45 Australia

+54 New Zealand

Supporting customers when they need it most

- Paid \$10.2bn in claims helping customers recover from unexpected loss
- Supported over 15,000 customers experiencing financial hardship
- Invested \$8.8m in education and engagement programs to encourage resilience and preparedness
- Improved customer support framework using AI, data and satellite technology

Growing to serve more communities

- Strategic alliances with RACQ³ in Queensland and RAC⁴ in Western Australia expanding reach of retail insurance products to 1.7m and 1.3m members respectively
- Brand investment, operational improvements and Retail Enterprise Platform benefits driving organic growth with 100,000 additional NRMA Insurance customers in its centenary year
- Migrated over 5m policies to the Retail Enterprise Platform

Delivering positive financial outcomes

- Strong balance sheet with excess capital to fund transactions
- Strong results driven by disciplined approach to pricing, underwriting and claims efficiencies, combined with favourable perils experience
- All divisions contributed positive financial and operational outcomes
- Well positioned to continue to deliver ‘through the cycle targets’⁵ of a 15% margin and 15% return on equity

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Results overview

IAG today announced its full year 2025 financial results, reporting a net profit after tax (NPAT) of \$1,359m (FY24: \$898m). Net profit was driven by an 8% rise in net earned premiums, a higher insurance profit of \$1,743m (FY24: \$1,438m), an increase in investment income on shareholder funds of \$403m (FY24: \$286m) and pre-tax releases of \$330m from the Business Interruption provision.

The insurance profit equated to a reported margin of 17.5% (FY24: 15.6%). The company's natural perils costs of \$1,088m, \$195m below allowance, contributed to the financial results. The result reflects a balanced mix of earnings across divisions, supporting the group's overall performance.

The IAG Board declared a final dividend of 19.0 cents per share (cps) (FY24: 17.0cps) bringing the full year dividend to 31.0cps (FY24: 27.0cps).

Financial and business strength

Reflecting on the company's performance over the year, IAG Managing Director and CEO Nick Hawkins said the results reflect the successful delivery of a strategy set five years ago to create a stronger, more resilient IAG.

"We had strong momentum through FY25 and supported our customers when they needed us most. By delivering on our strategy and investing for growth, we can execute at scale and are set to protect significantly more Australians and New Zealanders.

"IAG's financial outcomes this year are a result of the positive financial and operational performance of all our divisions supported by favourable natural perils and investment markets.

"We have migrated over five million policies onto our Enterprise Platform that supports our retail businesses. The platform delivers best-in-class technology for underwriting expertise, policies, pricing and claims, significantly improving our customers' experience.

"We commenced a significant technology transformation in our Intermediated businesses which will fundamentally change how these businesses underwrite and distribute insurance.

"Our efficient capital platform supports our businesses, reduces volatility, and enables organic funding of growth opportunities. It includes innovative, comprehensive global reinsurance arrangements that reduce our earnings volatility for customers, partners and shareholders."

Growth momentum

Mr Hawkins said the company's investment in growth is driving momentum and delivering results.

"We have successfully set our business for growth, investing to create a scalable business which enables us to grow quickly and efficiently.

"Over the past year, we've seen improved customer growth, especially in our Australian retail business. This has been driven in part by the benefits of our Retail Enterprise Platform, as well as brand investment.

"We announced alliances with the Royal Automobile Club of Queensland (RACQ) and The Royal Automobile Club of Western Australia (RAC) to provide insurance products and services to more Australians," Mr Hawkins said.

"When completed, the combination of these strategic alliances is expected to add around \$3 billion in GWP, increase insurance profit by at least \$300 million, and deliver double-digit earnings per share accretion on a full synergy run-rate basis. This results in an improved return on equity target of 15% on a 'through the cycle' basis.

"In both cases, the associations and their members will benefit from our financial stability, advanced technology platforms, global reinsurance arrangements, and customer-centric claims processes.

"We look forward to helping protect and support more people across Queensland and Western Australia and welcoming RACQ and RAC insurance teams into IAG."

Delivering for our customers

Across the business, IAG continued to make progress in enhancing the experience of customers as they prepare for and recover from adversity.

Reflecting on the year, Mr Hawkins said operational improvements are delivering better outcomes for customers.

"This year, Australia experienced weather conditions broadly in line with expectations, while New Zealand was relatively benign. However, we still faced six severe weather events where claim volumes exceeded 2,500 from impacted communities.

"We've improved how we manage claims, and this includes reviewing how we prepare for and respond to severe weather, boosting claims resources, strengthening targeted customer support, and reducing claims handling times.

"We supported more than 15,000 customers across Australia and New Zealand with financial assistance and introduced new training and processes to better identify and support vulnerable customers.

"Customer satisfaction and renewal levels remained high across our retail brands—an indicator of the service delivered, and the trust customers place in our businesses."

Mr Hawkins said business improvements were evident in IAG's response to Tropical Cyclone Alfred and flooding in Western Queensland, the Hunter region, and NSW's Mid North Coast.

"Our 24/7 Major Event Response team tracked Tropical Cyclone Alfred in real time, swiftly deploying claims teams, assessors, and partner builders to support customers. We contacted over 250,000 customers in affected areas, sharing advice to help keep them safe.

"More broadly, we invested more than \$8.8 million in programs that promote community resilience and preparedness, including Australian Red Cross EmergencyRedi workshops delivered in partnership with NRMA Insurance," Mr Hawkins said.

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Shareholder returns

Dividend

The IAG Board has declared a final dividend of 19.0 cps, franked to 40% (FY24: 17.0cps, franked to 50%).

This brings the full year dividend to 31.0cps (FY24: 27.0cps), which equates to a payout ratio of approximately 65% of reported NPAT, excluding the after-tax impact from releases from the business interruption claim provision.

IAG's dividend policy is to pay 60% to 80% of NPAT.

The final dividend is payable on 18 September 2025 to shareholders registered as at 5:00pm Australian Eastern Standard Time (AEST) on 22 August 2025.

Capital position

IAG had a strong capital position at 30 June 2025, well ahead of target benchmarks. The strong capital position is expected to allow IAG to fund the capital required for the RACQ and RAC strategic alliances from organic capital generation.

The Common Equity Tier 1 (CET1) capital was \$3,939m (FY24: \$3,364m), representing 1.47 times the Prescribed Capital Amount (PCA), well above the CET1 target range of 0.9 to 1.1 times the PCA and the regulatory requirement of a minimum of 0.6 times.

The total regulatory capital was \$6,510m (FY24: \$5,879m), representing 2.43 times the PCA, above the 1.6 to 1.8 times target range.

FY26 guidance and outlook

IAG's confidence in the underlying business is reflected in guidance for FY26 which includes:

- GWP growth of 'low-to-mid single digit'. This reflects premium increases that cover moderating claims inflation combined with direct customer and volume growth. At a divisional level, IAG expects:
 - RIA growth of 'mid-single digit';
 - IIA growth of 'low-single digit'; and
 - NZ GWP to be relatively flat.
- Reported insurance profit of \$1,450 million to \$1,650 million, roughly equating to a reported insurance margin of 14.0% to 16.0%, assumes:
 - a natural peril allowance of \$1,316 million;
 - no material prior period reserve releases or strengthening; and
 - no material movement in macro-economic conditions including foreign exchange rates or investment markets.

The FY26 guidance does not include the benefit of the RACQI and RACI⁴ acquisitions. The RACQI acquisition is expected to complete on 1 September 2025, which will result in GWP growth increasing to approximately 10%.

IAG's FY26 guidance, and the RACQI and RACI acquisitions, align to the targets to deliver a 15% reported insurance margin and a reported ROE (Return on Equity) of 15% on a 'through the cycle' basis.

These targets are subject to assumptions and dependencies, including that there are no material adverse developments in macro-economic conditions and disruptions or events beyond IAG's control. As they span several years, these assumptions and dependencies have a greater level of uncertainty than the FY26 guidance. Please refer to the important information disclaimer on page 7.

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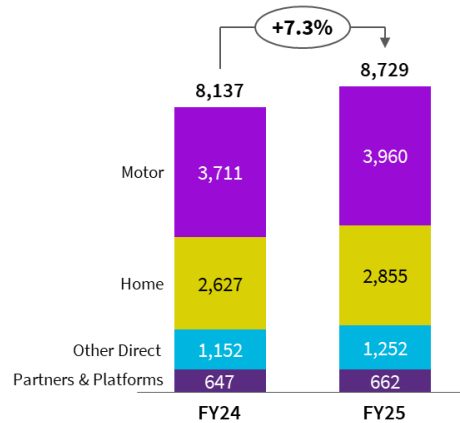
Divisional highlights

Retail Insurance Australia

- Underlying FY25 GWP growth of 7.3% driven by Direct business (7.7%) with positive customer and unit momentum
- Reported insurance margin improved to 15.9% (FY24: 13.7%)
- Underlying insurance margin improved to 15.6% (FY24: 14.9%) reflecting lower claims ratio
- NRMA Insurance awarded Most Trusted Insurance Brand in Australia for 2024 by Roy Morgan⁶
- \$245m run-rate claims value achieved, driven by motor supply chain benefits and fraud detection improvements



Underlying GWP (\$m)*



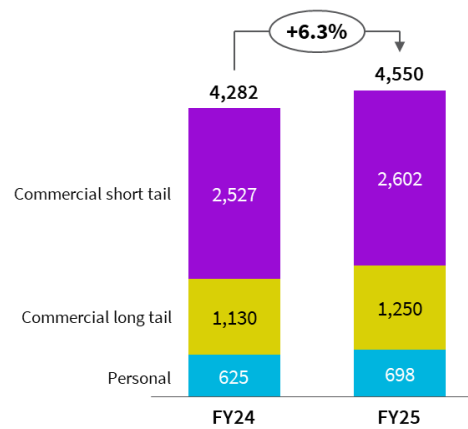
* Excludes Coles portfolio exit.

Intermediated Insurance Australia

- GWP growth of 6.3% driven by personal lines (up 11.7%) and commercial long-tail (up 10.6%)
- Underlying growth, which excludes the impact of multi-year workers' compensation policies (~\$105m, up~\$80m) was ~4.5%
- Relatively stable underlying insurance margin of 11.5% (FY24: 11.7%)
- Reported insurance margin of 12.2% (FY24: 13.4%)
- NPS improvement of 6pts from FY24 (44.8) to FY25 (50.8) driven by:
 - Investment in claims
 - Improvement in service and delivery proposition
- First product, CGU Padlock, on new technology, allowing brokers to quote and buy via PolicyPlace



GWP (\$m)



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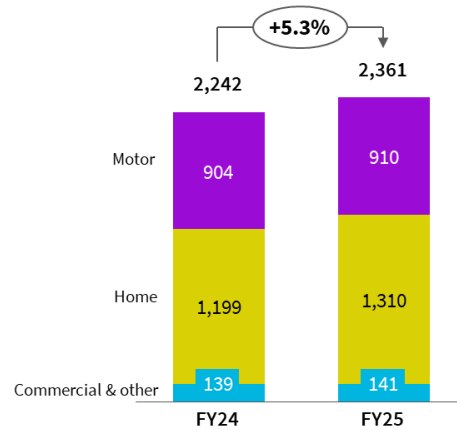
Divisional highlights (continued)

New Zealand Retail

- GWP up 3.8%, with NZ\$ GWP growth of 5.3%
- Strong reported insurance margin of 29.6% (FY24: 21.8%), following benign perils experience
- Underlying insurance margin of 23.0% (FY24: 15.5%), driven by favourable claims ratio
- Expanded AMI MotorHub to 10 sites, delivering improved customer satisfaction and ~20% lower costs
- 36% of claims lodged digitally, reduction in customer touchpoints and settlement times
- AMI partnership with Aon for personal insurance



GWP (NZ\$m)

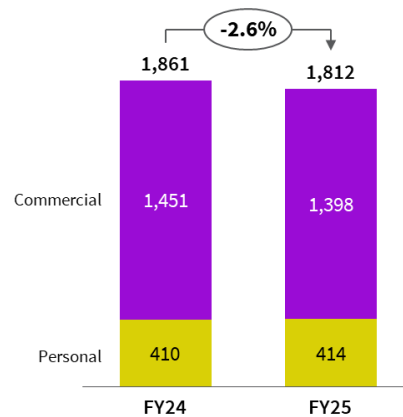


New Zealand Intermediated

- GWP down 4.0%, with NZ\$ GWP decline of 2.6%, owing to a softening in the commercial market
- Strong reported insurance margin of 24.3% (FY24: 23.3%)
- Solid underlying insurance margin of 15.9% (FY24: 18.5%), following disciplined underwriting practices
- Retained 33 of 34 large accounts during recent renewals
- NZI went live with digital lodgement for Onesurance motor claims through Gallagher
- Exclusive new partnership with Ag Guard, a rural underwriting agency
- Focus on providing assurance services and value-added propositions



GWP (NZ\$m)



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IAG financial performance

	1H24	2H24	1H25	2H25	FY24	FY25	FY25 vs FY24 Mvt
	A\$m	A4m	A\$m	A\$m	A\$m	A\$m	
Group results							
Gross written premium	7,947	8,453	8,426	8,680	16,400	17,106	+4.3%
Gross earned premium	7,550	7,875	8,366	8,408	15,425	16,774	
Reinsurance expense	(3,054)	(3,127)	(3,436)	(3,354)	(6,181)	(6,790)	
Net earned premium	4,496	4,748	4,930	5,054	9,244	9,984	
Net claims expense	(3,108)	(2,987)	(3,039)	(3,287)	(6,095)	(6,326)	
Commission expense	(418)	(443)	(453)	(456)	(861)	(909)	
Administration expense	(646)	(660)	(708)	(762)	(1,306)	(1,470)	
Underwriting profit	324	658	730	549	982	1,279	
Investment income on technical reserves	290	166	227	237	456	464	
Insurance profit	614	824	957	786	1,438	1,743	+21.2%
Net corporate expense	(7)	-	200	70	(7)	270	
Interest	(85)	(100)	(92)	(100)	(185)	(192)	
Profit/(loss) from fee-based business	(12)	(24)	(3)	(5)	(36)	(8)	
Investment income on shareholders funds	147	139	217	186	286	403	
Profit before income tax and amortisation	657	839	1,279	937	1,496	2,216	+48.1%
Income tax expense	(201)	(257)	(381)	(297)	(458)	(678)	
Profit after income tax (before amortisation)	456	582	898	640	1,038	1,538	
Non-controlling interests	(46)	(89)	(118)	(58)	(135)	(176)	
Profit after income tax and non-controlling interests (before amortisation)	410	493	780	582	903	1,362	
Amortisation and impairment	(3)	(2)	(2)	(1)	(5)	(3)	
Profit/(loss) attributable to IAG shareholders	407	491	778	581	898	1,359	+51.3%

	FY24		FY25	
	A\$m	%	A\$m	%
Insurance margin				
Reported insurance profit/margin	1,438	15.6%	1,743	17.5%
Reserve releases/(strengthening)	(58)	(0.6%)	32	0.3%
Net natural peril claim costs relative to allowance	115	1.3%	195	2.0%
Credit spread movements	44	0.5%	(26)	(0.3%)
Underlying insurance profit/margin	1,337	14.5%	1,542	15.5%

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Important information

This announcement contains general information in summary form and should be read in conjunction with IAG's other announcements filed with the Australian Securities Exchange available at:

www.asx.com.au.

This announcement contains forward-looking statements, opinions and estimates, including statements regarding IAG's strategy, guidance, targets, goals, ambitions and expectations regarding results. Such statements involve risks, uncertainties and assumptions, many of which are beyond IAG's control.

This may cause actual results to differ materially from those expressed or implied in those statements and, consequently, undue reliance should not be placed on those statements. IAG assumes no obligation to update those statements (except as required by law).

To the maximum extent permitted by law, IAG makes no representation, assurance or guarantee in connection with, and disclaims all responsibility for the accuracy, completeness or likelihood of fulfilment of any forward-looking statement or other representation, any outcome expressed or implied in any forward-looking statement or other representation, and any assumptions on which a forward-looking statement or other representation is based.

Members of IAG's management may also make forward-looking statements in connection with this announcement, whether spoken or written. These statements carry the same qualifications, limitations and assumptions as those included in this announcement. IAG's full disclaimer in relation to forward looking statements and other representations can be found on page 180 of its annual report.

1. In Australia, renewal rates are ~90% motor and ~95% for home; and mid 90s across Motor and Home in NZ.
2. Customer Experience is measured by transactional net promoter score (tNPS) and correlates to complaints, attrition and GWP. The result is based on average tNPS scores across the financial year.
3. RACQ's existing insurance underwriting business is contained in RACQ Insurance Limited (RACQI). IAG will acquire 90% of the shares of RACQI on completion of the transaction, with an option to acquire the remaining 10% in two years on consistent terms.
4. RAC's existing insurance underwriting business is contained in RAC Insurance Pty Limited (RACI). IAG will acquire 100% of the shares in RACI, subject to regulatory approvals and other conditions, on completion of the transaction.
5. Refer to Important Information section on page 7.
6. Roy Morgan Trusted Brand Awards for 2024.