Results Briefing
Year ended 30 June 2014

Christopher Rex, Managing Director
28 August 2014
AGENDA

1. Group Operational and Financial Highlights
2. Segment Operational and Financial Highlights
3. Growth Strategy Update
4. Outlook
Ramsay Health Care

- In 2014 Ramsay celebrates 50 years in the private hospital industry
- In the top 5 private hospital operators in the world
- 212 hospitals across 5 countries
- 25,000 beds and places
- Employs over 50,000 people
- Admits over 2.5 million patients per annum

Note:
After completion of acquisition of Générale de Santé expected late September 2014
• Paul Ramsay passed away in May 2014
• The bulk of his estate will be of enduring benefit to the Australian community through the Paul Ramsay Foundation.
• It is intended that the Foundation will remain a significant long term shareholder of Ramsay Health Care.
• Long standing board members Michael Siddle and Peter Evans have been appointed Chairman and Deputy Chairman, of Ramsay Health Care.
Group Operational and Financial Highlights
FINANCIAL HIGHLIGHTS

• Core NPAT up 19.0% to $346.2 million
• Core EPS up 20.6% to 163.9 cents
• Group:
  – Revenue up 17.6% to $4.9 billion
  – Group EBIT up 19.6% to $580.4 million
• Australia/Asia:
  – Revenue up 10.5% to $3.8 billion
  – EBIT up 14.8% to $480.2 million
• Europe:
  – UK
    ➢ Revenue up 4.7% to £382.7 million
    ➢ EBIT up 11.1% to £35.3 million
  – France:
    ➢ Revenue up 85.6% to €323.5 million
    ➢ EBIT up 85.0% to €26.2 million
• Final dividend 51.0 cents fully franked, up 22.9%, bringing the full-year dividend to 85.0 cents fully franked, up 20.6%
OPERATIONAL HIGHLIGHTS

• Excellent operating performance across global portfolio
• Acquired hospitals in France (Medipsy – December 2013) and Asia (JV with Sime Darby – July 2013) as part of our global expansion strategy.
• New acquisitions contributed to growth in earnings for FY14
• Announced conditional agreement to purchase the largest private hospital group in France, Générale de Santé (GdS)
• Approved $172 million in brownfield capacity expansions at Australian hospitals in FY14
• Return of solid profit growth to the UK business
• Opened Sunshine Coast University Private Hospital – December 2013
• Successfully completed first year of operations of Peel Health Campus
• Launched free employee share plan in July 2013
### GROUP FINANCIAL PERFORMANCE

#### YEAR ENDED 30 JUNE

<table>
<thead>
<tr>
<th></th>
<th>2014 $m</th>
<th>2013 $m</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,909.3</td>
<td>4,174.5</td>
<td>17.6%</td>
</tr>
<tr>
<td>EBITDAR</td>
<td>888.9</td>
<td>736.8</td>
<td>20.6%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>746.9</td>
<td>627.7</td>
<td>19.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>580.4</td>
<td>485.3</td>
<td>19.6%</td>
</tr>
<tr>
<td><strong>Core NPAT (1)</strong></td>
<td>346.2</td>
<td>290.9</td>
<td>19.0%</td>
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<table>
<thead>
<tr>
<th></th>
<th>2014 $m</th>
<th>2013 $m</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core EPS (2)</strong> (cents per share)</td>
<td>163.9¢</td>
<td>135.9¢</td>
<td>20.6%</td>
</tr>
<tr>
<td>Final Dividend – fully franked (cents per share)</td>
<td>51.0¢</td>
<td>41.5¢</td>
<td>22.9%</td>
</tr>
<tr>
<td><strong>Full-year Dividend – fully franked (cents per share)</strong></td>
<td>85.0¢</td>
<td>70.5¢</td>
<td>20.6%</td>
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#### Margins:

<table>
<thead>
<tr>
<th></th>
<th>2014 %</th>
<th>2013 %</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAR</td>
<td>18.1%</td>
<td>17.6%</td>
<td>+46 bps</td>
</tr>
<tr>
<td>EBITDA</td>
<td>15.2%</td>
<td>15.0%</td>
<td>+18 bps</td>
</tr>
<tr>
<td>EBIT</td>
<td>11.8%</td>
<td>11.6%</td>
<td>+20 bps</td>
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</table>

(1) Core NPAT is before non-core items
(2) Core EPS is derived from core net profit after CARES dividends

Note: All numbers are in Australian dollars unless otherwise stated
## RECONCILIATION TO REPORTED PROFIT

### YEAR ENDED 30 JUNE

<table>
<thead>
<tr>
<th></th>
<th>2014 $m</th>
<th>2013 $m</th>
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</thead>
<tbody>
<tr>
<td>Core NPAT</td>
<td>346.2</td>
<td>290.9</td>
</tr>
<tr>
<td>Net non-core items (net of tax) (1)</td>
<td>(42.4)</td>
<td>(24.5)</td>
</tr>
<tr>
<td><strong>Reported Net Profit after tax</strong></td>
<td>303.8</td>
<td>266.4</td>
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(1) Net non-core items (net of tax)

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<tr>
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<th>2014 $m</th>
<th>2013 $m</th>
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</thead>
<tbody>
<tr>
<td>Deferred annual rent expense relating to UK hospitals</td>
<td>(17.3)</td>
<td>(15.1)</td>
</tr>
<tr>
<td>Profit on sale of non-current assets and impairment charges</td>
<td>12.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Launch of Ramsay employee free share plan</td>
<td>(9.9)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition and development costs written off (2)</td>
<td>(26.6)</td>
<td>(8.6)</td>
</tr>
<tr>
<td>Amortisation of intangibles</td>
<td>(2.8)</td>
<td>(2.3)</td>
</tr>
<tr>
<td></td>
<td>(44.4)</td>
<td>(25.1)</td>
</tr>
<tr>
<td>Non controlling interest in non-core items</td>
<td>2.0</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Net non-core items (net of tax)</strong></td>
<td>(42.4)</td>
<td>(24.5)</td>
</tr>
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(2) Predominantly transaction costs on the acquisition of Medipsy, Générale de Santé, Peel Health Campus and The Northern Beaches hospital project
Core NPAT and Core EPS ahead of upgraded (Feb’14) guidance

- Core NPAT up 19.0% to $346.2 million
- Core EPS up 20.6% to 163.9 cents
Total Dividends
Compound Annual Growth Rate (CAGR)

- Final dividend fully franked, up 22.9% on previous corresponding period
- Dividends for the full year up 20.6%, in line with growth in Core EPS of 20.6%
- Dividend payout ratio of approximately 50% of Core EPS maintained
LEVERAGE and CASH MANAGEMENT

Consolidated Balance Sheet
Leverage Ratio *

- Strong operating cash flow with high cash conversion rate (>100%)
- Strong balance sheet with financial flexibility to continue to fund:
  - Increasing brownfield capacity expansion programme
  - Future acquisitions

* Leverage = Net Debt ÷ EBITDA

Affinity Acquisition $1.4B
Capio UK Acquisition £193M
Ramsay Santé Acquisition €87M
Medipsy Acquisition €85M
Segment Operational and Financial Highlights
## FINANCIAL HIGHLIGHTS
### – AUSTRALIA AND ASIA

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
<th>2014 $m</th>
<th>2013 $m</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,749.4</td>
<td>3,393.6</td>
<td>10.5%</td>
</tr>
<tr>
<td>EBITDAR</td>
<td>628.7</td>
<td>553.7</td>
<td>13.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>595.8</td>
<td>523.5</td>
<td>13.8%</td>
</tr>
<tr>
<td>EBIT</td>
<td>480.2</td>
<td>418.0</td>
<td>14.8%</td>
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### Margins:

<table>
<thead>
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<th></th>
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<th>2013</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAR</td>
<td>16.8%</td>
<td>16.3%</td>
<td>45 bps</td>
</tr>
<tr>
<td>EBITDA</td>
<td>15.9%</td>
<td>15.4%</td>
<td>47 bps</td>
</tr>
<tr>
<td>EBIT</td>
<td>12.8%</td>
<td>12.3%</td>
<td>48 bps</td>
</tr>
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*Note: the above figures include Head Office*

**Australian and Asian business achieved EBIT growth of 14.8% for the year**
• Strong revenue and admissions growth in Australia
• Australian hospitals operating margin (EBITDAR) increased from 18.8% to 19.1%
• New $133m Joondalup Private Hospital and the $47m expansion of Greenslopes Private expansion made positive contributions to earnings in FY 2014
• Positive demographics and ageing population driving continued investment in capacity expansions
• Approved $172m brownfields in the year. Quality and strategically well placed portfolio continues to produce good brownfield opportunities
• Asian joint venture successfully integrated
Ramsay’s UK business performed strongly during the year with EBIT rising 11.1% to £35.3 million:

- Substantial increase in NHS admissions in the year
- EBITDAR margin increased from 25.5% to 25.7% demonstrating a continued focus on improving efficiency
Ramsay Santé performed well with EBIT increasing by 85% to €26.2 million:

- Continued improvement of existing operations
- Contributions from Clinique de l’Union (acquired in June 2013) and the Medipsy psychiatric facilities (acquired mid December 2013)
- EBITDAR margins increased from 18.0% to 18.1%
OUR FORMULA FOR SUCCESS

• Strong Culture
  – The Ramsay Way
  – 50 years of uninterrupted focus on clinical quality and safety
  – Long term stable and experienced Board, management and ownership

• Strong and Sustainable Growth Strategy
  – Focus only on hospitals
  – Developed an exportable operational model
  – Undertaken successful international expansion
  – Growth in both public and private pay markets

• Financially disciplined
  – Growth only pursued if financial & strategic criteria & investment hurdles are satisfied
BROWNFIELD DEVELOPMENTS

• Continued strong commitment to brownfield capacity expansion in FY’14 with a further $172m brownfield developments approved in the year:
  – St George Private Hospital: 3 operating theatres and additional beds
  – Pindara Private Hospital: rehabilitation unit and operating theatres
  – Beleura Private Hospital: 30 bed rehabilitation ward
  – Lake Macquarie Private Hospital: emergency department and operating theatres
  – Port Macquarie Private Hospital: operating theatres
  – Northside West Clinic: 27 beds and consulting suites
  – Peninsula Private Hospital: emergency department
  – Masada Private Hospital: 30-bed rehabilitation unit
  – Caboolture Private Hospital: day surgery
  – Mitcham Private Hospital: 21-bed mental health unit extension
  – Hillcrest Private Hospital: new mental health unit
  – Dudley Private Hospital: operating theatres

• Strong pipeline of further brownfield opportunities
INTEGRATION OF NEW FACILITIES

Strong admissions growth at Ramsay’s newest facilities:

• Sunshine Coast University Private Hospital (Qld): opened December 2013
• Joondalup Private Hospital (WA): opened March 2013
• New wing at Greenslopes Private Hospital: opened March 2013
• Peel Health Campus (WA): acquired May 2013
• Northside Macarthur Clinic (NSW): opened October 2013
Acquisitions FY14
ASIA

• New joint venture with Sime Darby, commenced on 1 July 2013

• JV combines Sime Darby’s three hospitals (and healthcare college) in Malaysia with Ramsay’s three hospitals in Indonesia

• Successfully integrated and operating to expectations

• Solid performance for the year

• Actively investigating further opportunities in the region
EXPANSION IN FRANCE

MEDIPSY:

• Acquired from Générale de Santé in December 2013

• Leading provider of mental health care in France with 30 hospitals

• Clustered in a number of core regions giving them strong local position

• Ramsay now a leader in France (as well as Australia) in mental health
EXPANSION IN FRANCE

Générale de Santé:

• Conditional acquisition executed June 2014 (completion expected late September 2014)

• Unique actionable opportunity to acquire a leader – largest in France with significant market share

• Co-investment with major French institution Crédit Agricole Assurances

• Respected operator – large and diverse facilities: medical, surgical, obstetrics & rehabilitation.

• Ongoing bolt-on acquisition opportunities to grow market share
KEY FEATURES OF GÉNÉRALE DE SANTE

Market leader of the French private for profit clinics

#1 PRIVATE CLINIC OPERATOR
12% market share

REVENUES 2013
€1.7bn

EBITDA CY2013
€204m (12% margin)

EMPLOYEES
c.19,000 (o/w 11,000 caregivers)

FACILITIES
75 facilities (including 61 hospitals)

BEDS
c.9,100 (11,200 beds & places)

ADMISSIONS
c.1m admissions in 2013

BABY DELIVERIES
c.28,200 p.a. in 2013 in 18 obstetric clinics

EMERGENCIES
c.400,000 p.a. in 20 clinics

INDEPENDENT PRACTITIONERS
c.4,500 (#1 French community)

Générale de Santé allows Ramsay to gain a leading position in France
CREATING THE CLEAR MARKET LEADER IN FRANCE

Following merger of Ramsay Santé into Générale de Santé
Outlook
• We will continue to pursue capacity expansion opportunities from which we expect ongoing benefits to flow

• Utilising our global experience in acquiring and integrating hospitals, we will canvas further opportunities in new and existing markets

• We will maintain our focus on improving performance at existing hospitals

• Integration of GdS, growing this business, and achieving synergies and efficiencies, will be a major priority

• Given strong industry fundamentals, continuing implementation of our successful growth strategy; and barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth of 14% to 16% for FY 2015 (assuming 9 months of GdS)
Questions?