



RAMSAY  
HEALTH CARE



**ANNUAL GENERAL MEETING**

**19 November 2002**



- Record year result, NPAT increased 94%
- Full year dividend increased by 29% to 11 cents
- All divisions delivered strong growth
- Results endorse the Ramsay management model
- Integration of Alpha Healthcare, post-acquisition performance exceeds expectations
- Environment remains positive, conducive to growth
- Board has implemented corporate governance initiatives, including charter for audit independence
- Q1 result on track to meet market consensus for a full year net profit of approximately \$37m



## *Ramsay's key performance criteria*

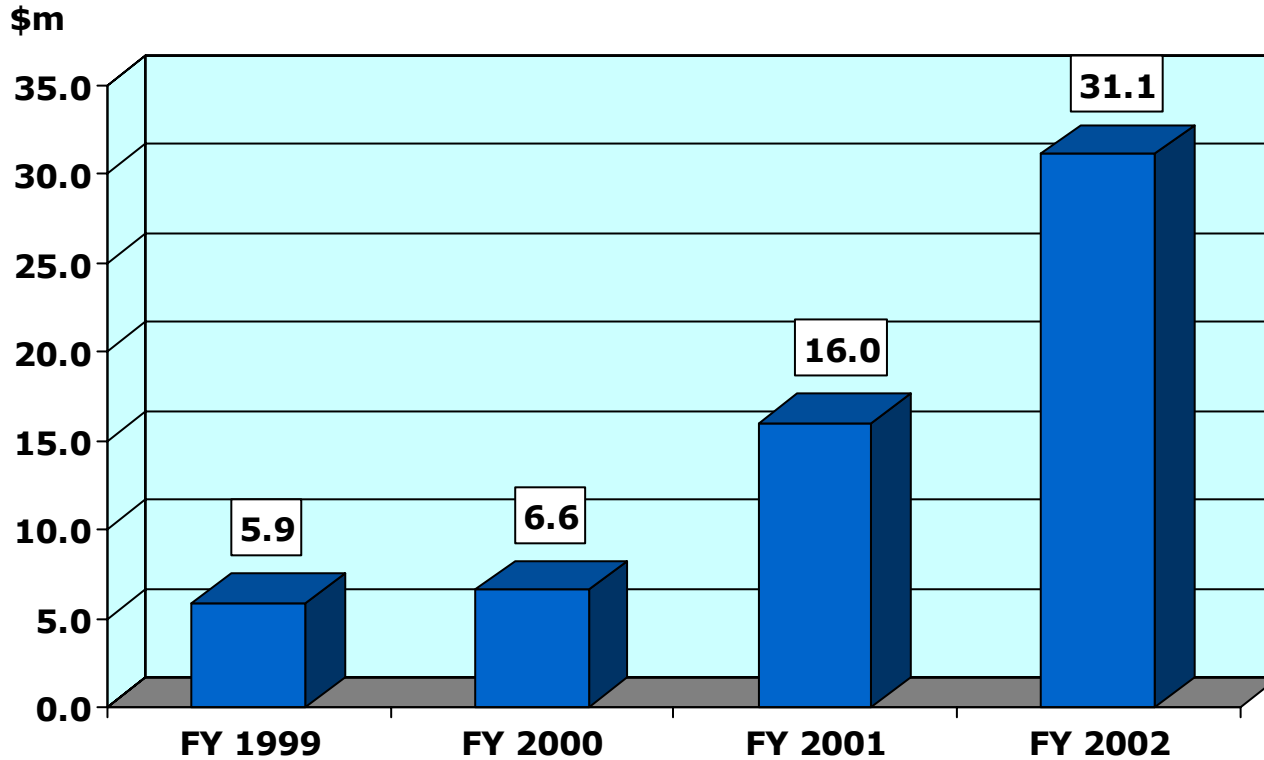
- **Micromanagement**
  - Sustainable cost management
  - Strong emphasis on revenue growth/enhancement
- **Building strong relationships**
  - Staff
  - Doctors as partners
  - Health funds
- **Success through management model**
  - The Ramsay Way
- **Building a strong portfolio of high quality strategic assets**
- **Adhering to a clear strategic direction**



## *A year of strong profit growth, improved margins*

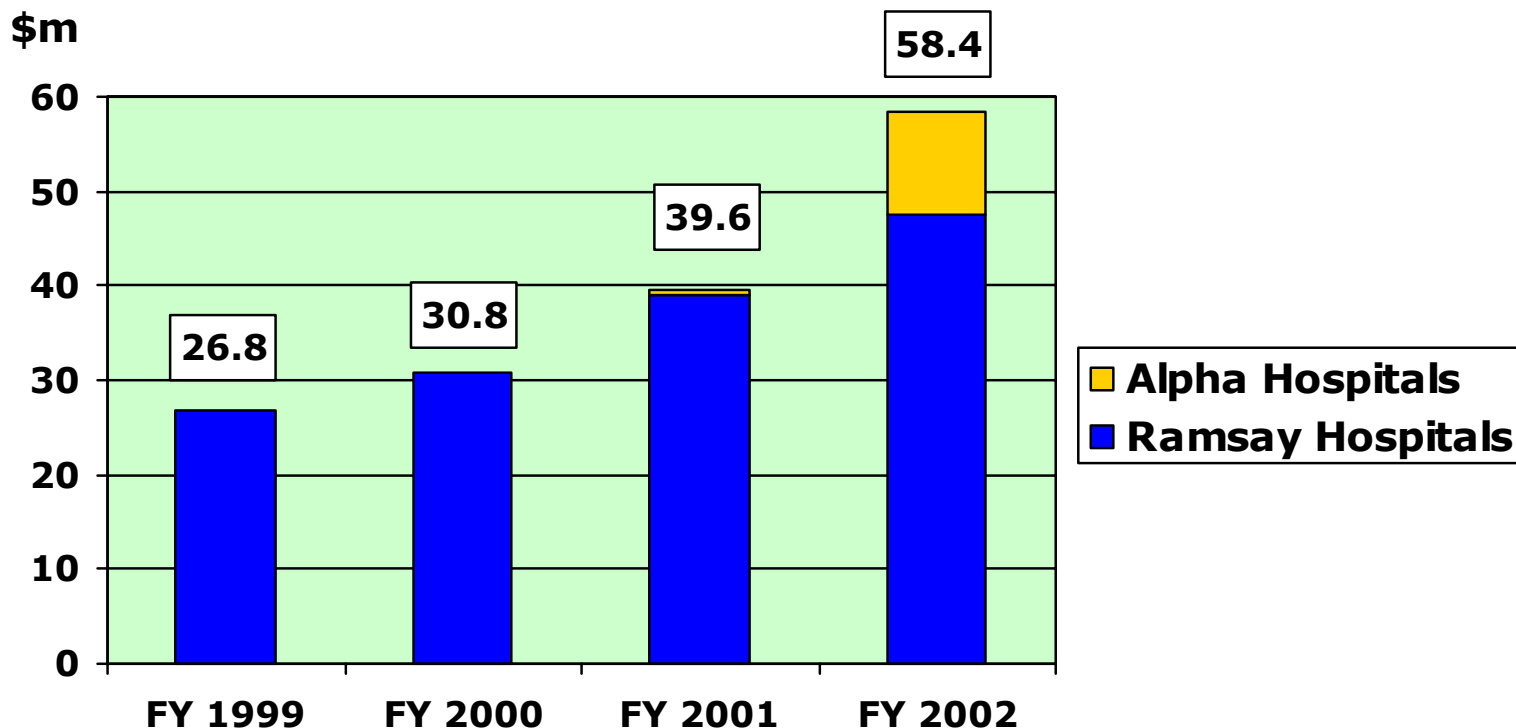
- Net Profit up 94% to \$31.1m
- Group Revenue up 42%
- Net operating cash flow up 25% to \$65m
- Group EBIT up 48%
- Existing Ramsay hospitals EBIT up 21%
- EBIT margin up to 10.6% from 10.2%
- EPS up 73% to 24.5 cents per share

# Net Profit Growth



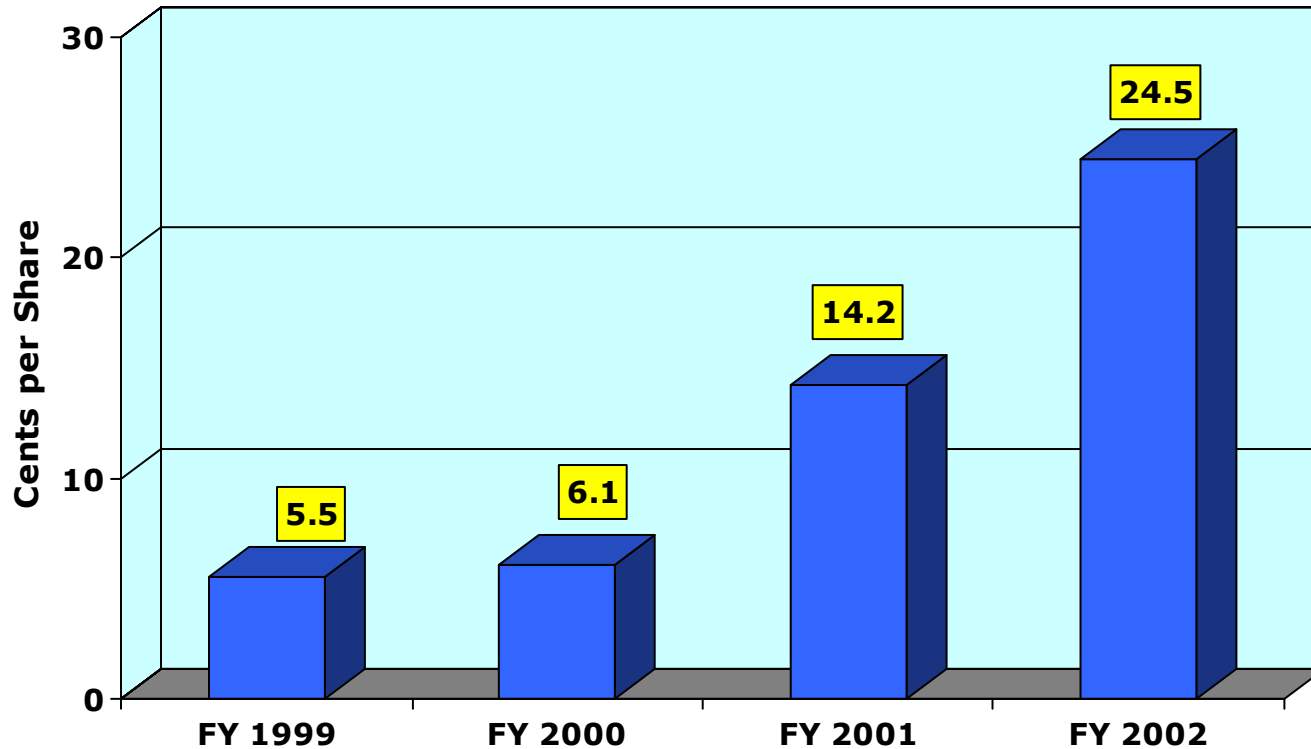
■ Strong Net Profit growth, year on year

# Group EBIT Growth

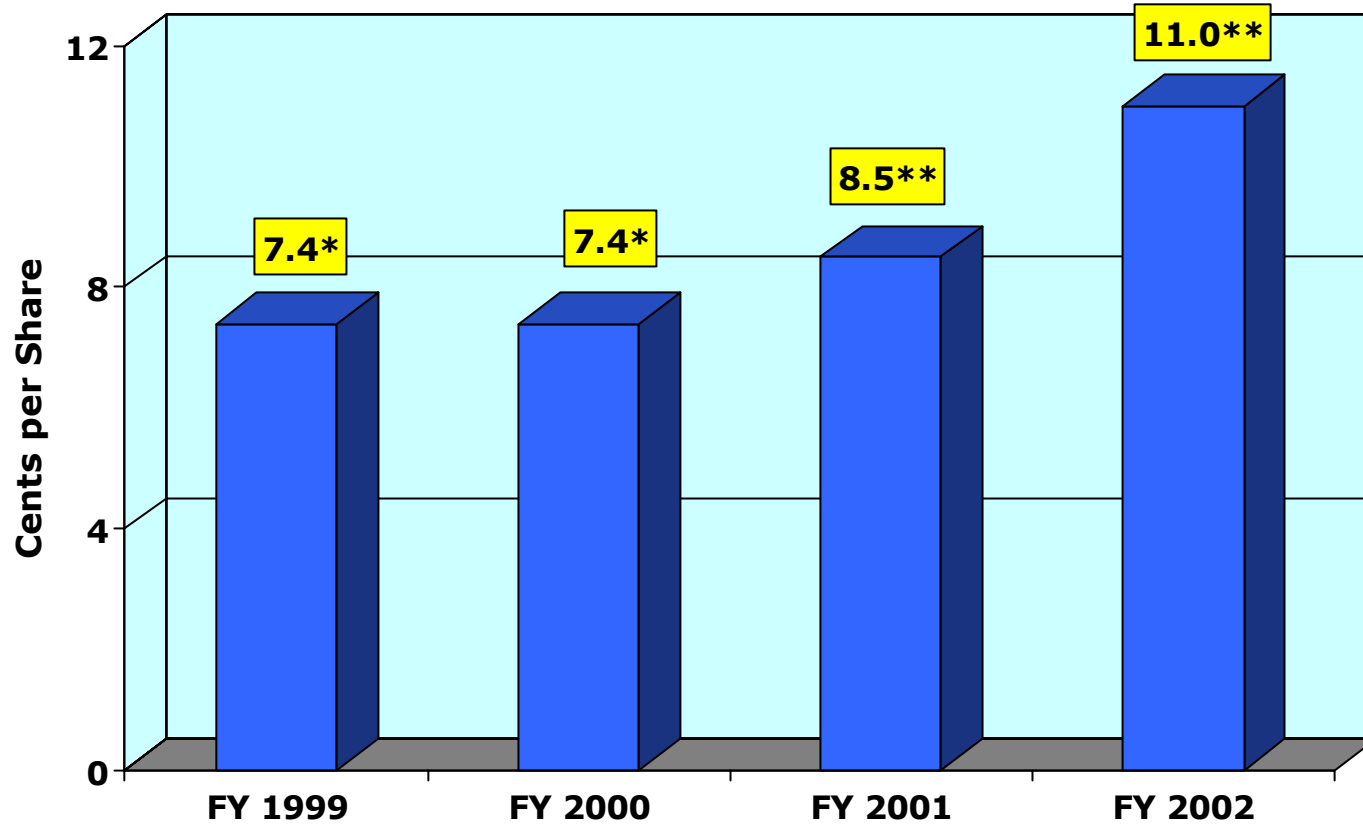


- Group EBIT increased by 48%
- Existing Ramsay hospital EBIT up 21%
- Strong EBITDA result converted into strong cash flow (net operating cash flow up 25% to \$65m)

# Earnings per share



- EPS up 73% in latest year
- EPS up nearly 350% over past 3 years, despite share placement (2001)



■ Dividend increased 29% in latest year

\* Partially franked dividend

\*\* Unfranked dividend



- Quality and strategic position of hospital portfolio:
  - Alpha integration, synergy benefits exceed expectations
  - Strong organic growth at existing Ramsay hospitals
- Strong growth in operating cash flow continues
- Acquisition of Lake Macquarie Private Hospital boosts NSW presence
- Cairns Private Hospital purchase gives exposure to high growth north Queensland region
- Strong doctor and staff relationships contribute to sustainable profit, business growth



*Ramsay Health Care has the experience and strategies to meet industry challenges*

- Cost of nursing
- Medical indemnity insurance, tort reform
- Health fund relationships/negotiations
- Maintaining strong doctor relationship



- Micromanagement of our existing hospitals
  - Sustainable organic growth
- Build a quality asset (hospital) portfolio
  - Major Expansion Programme
    - Target lower risk, higher returns through investing in and adding capacity to existing hospitals
  - Hospital acquisitions that add value and offer opportunities for growth
    - Strict investment hurdles
    - Acquisition of Calvary Cairns Private Hospital
- Other opportunities outside of hospitals, close to core competencies



- Program on track to deliver low risk, higher returns
  - **Greenslopes:**
    - 90 bed development, 4 theatres, medical centre complex (complete by late second half FY 2003)
  - **Hollywood:**
    - 70 bed development, 4 theatres, a second catheterisation laboratory & new ICU (phased completion by Jun'03)
  - **Albury Wodonga Private:**
    - 10 bed development, theatre & day surgery expansion (complete in first half FY 2003)
  - **North Shore Private:**
    - 14 bed development (completed Mar'02)
  - **Westmead Private:**
    - Additional theatre capacity (complete in first half FY 2003)
  - **Lake Macquarie Private:**
    - 48 bed development, theatre & day surgery expansion, medical centre (complete in second half FY 2004)
- Scope for further capacity expansion



## *Progress on Aged Care commitment*

- Development of Ramsay aged care model
- Focus on specific profitable sectors of market
- Applying strict investment hurdles
- Funding through free cash flow, enhanced by accommodation bonds
- Employing aged care expertise to drive strategy



## *Current Financial Year- 1<sup>st</sup> Quarter on track*

- Q1 admissions, patient days steady with high levels reached in Q1 last year
- Comparable revenue up 13% in Q1 (excluding Lake Macquarie acquired in April 2002)
- Group EBIT margin of 10.9% achieved in Q1
  - Q1 operating profit at high acute North Shore Private up 26% on last year with associated margin improvement
  - Newly opened Westmead Private achieves pre-tax profitability
- Remain comfortable with market consensus expectations for year net profit of approximately \$37m



## Medium Term

- Organic growth through micromanagement, continuing positive market environment
- Major benefits of expansion program flow through
- Demand for our quality, well positioned hospitals to support reasonable health fund reimbursement outcomes
- Continue to target other hospital acquisition opportunities
- Targeting sustainable double-digit growth



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Questions