

24 May 2004

SPEAKING NOTES FOR CONFERENCE CALL RE BENCHMARK ACQUISITION

Welcome and thank you all for attending this conference call

- We are pleased to be announcing today an agreement to acquire all the shares in Benchmark Healthcare Group, the operator of 10 hospitals in Victoria and South Australia, for \$125 million.
- This is an exciting and strategically important acquisition for Ramsay Health Care. This acquisition delivers us growth. It will increase to 35 the number of hospital facilities in the Ramsay portfolio, give us a truly national presence and enhance our position as a leading private hospital provider.
- Benchmark have 980 hospital beds and 68 aged care beds. The number of beds will rise to 1,119 in 2005 as a result of capacity expansion already underway. This will take the number of licensed bed in the Ramsay portfolio to just under 4,000.
- It will be slightly EPS accretive in FY 2005 pre-amortisation of goodwill. From 2006 onwards, we expect increased profit contributions from the extra capacity, enhanced services, and the realisation of integration and management synergies. The group has annual revenue of approximately \$200 million. Based on our estimate of FY 2005 EBITDA (post rent) the transaction was struck at an EBITDA multiple of around seven times. The transaction included Ramsay assuming the lease obligations of five hospitals, with the rent in FY 2005 expected to be approximately \$13 million.
- These hospitals are a good strategic fit with our existing portfolio. There are no conflicts or overlap with existing hospitals, this acquisition will strengthen our presence in Victoria and South Australia. These are exactly the types of hospitals we seek to acquire – good quality hospitals in demand by doctors and in turn by patients and those with private health insurance. In addition, the acquisition

enhances our presence in rehab with 2 new stand alone facilities, at a time when rehab hospitals are performing well.

- The acquisition is expected to be finalized by mid-July, subject to the satisfaction of specific due diligence conditions, but there is nothing likely to prevent a sale proceeding.
- The Benchmark hospitals are well-managed hospitals but we believe we can still add value through our management expertise, our core relationships, corporate synergies, with further upside when the extra capacity and medical specialties come on-stream.
- Importantly, the hospitals are a good strategic and cultural fit with Ramsay. We understand the importance of getting the integration process right. We are very experienced with successfully integrating bolt-on hospital acquisitions, most notably with the purchase of the Alpha hospitals, and we will be taking a careful and thorough approach over the first year of integrating these Benchmark hospitals.
- The acquisition will be funded by debt and cash reserves.
- This acquisition does not change our commitment to expand into aged care. Our stated strategy is to grow the business through value-added acquisitions in both the hospital and aged care sectors.
- After this acquisition, we will still have significant capacity for appropriate aged care acquisitions either on or off balance sheet.