



RAMSAY HEALTH CARE



Macquarie Capital Securities
Australia Conference
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- Ramsay transformation
- Operating in a growth industry
- Strong growth strategy
- Half year results overview
- Committed debt funding/currency exposure
- Offshore expansion
 - Why the UK, competitive dynamics, Ramsay UK profile, Adare Hospital & Clinic in Ireland, NHS activity
- Update on Ramsay UK
 - Patient Choice/Choose & Book
- Outlook

REMARKABLE TRANSFORMATION

RAMSAY HEALTH CARE

AT LISTING
(Sept 1997)

TODAY

11 hospitals

More than 100 hospitals and facilities

- 65 in Australia
- 3 in Indonesia
- 34 in the UK

1,351 beds

More than 8,000 beds

- 7,067 in Australia and Indonesia
- 1,071 in the UK

2,000 staff

More than 24,600 staff

Annual revenues \$193
million

Annualised revenues of approx \$3.0 billion, including
Capio UK

Enterprise value approx
\$400 million

Enterprise value approx \$3.3 billion

OPERATING IN A GROWTH INDUSTRY

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- Strong industry fundamentals underpin Ramsay's growth
 - Ageing population due to “baby boomers” and increasing life expectancy
 - Balanced health care system to be continued by Labor Government
 - 30% rebate to continue
 - Average premium rise of 4.99% announced in March vs 4.52% last year
 - Premium rises likely to continue to exceed CPI

OPERATING IN A GROWTH INDUSTRY

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- Health fund membership at historic highs and growing with better risk profile
- Health funds in excellent shape, hence insurers have capacity to pay hospital operators like Ramsay competitive reimbursement rates

A GROWTH COMPANY

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RAMSAY HEALTH CARE

- Ramsay is a well managed company
 - Focused on micro management
 - Special culture – the “Ramsay Way”
 - Long-term, stable senior management team
 - A financially disciplined growth strategy, best industry margins and KPIs
- Ramsay owns and operates an excellent portfolio of hospitals
 - Attracts leading doctors, giving Ramsay a strong referral base
 - Ramsay hospitals are preferred hospitals of health fund members

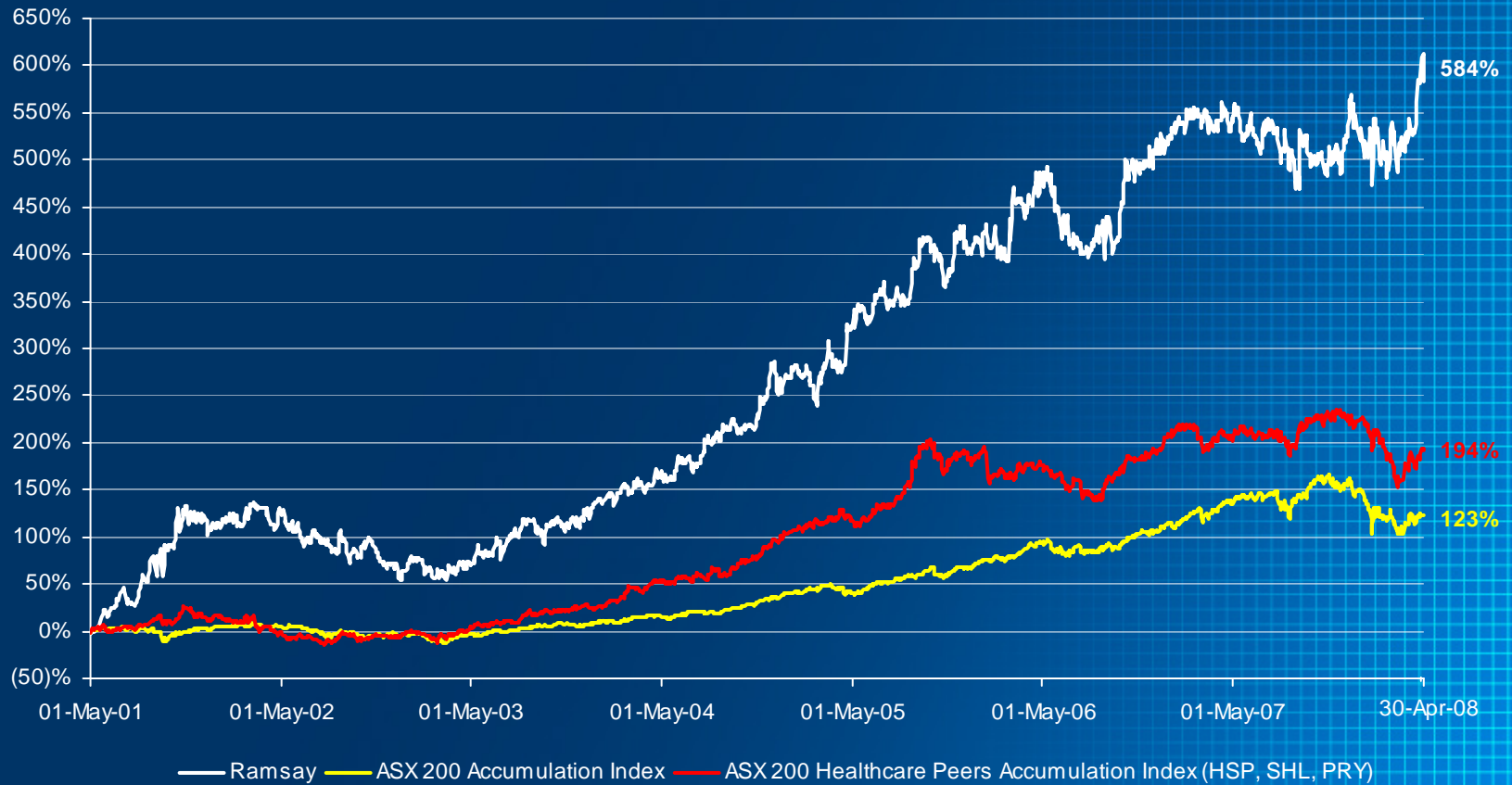
STRONG GROWTH STRATEGY

- Organic growth
 - Seeking to optimise growth at existing hospitals
 - Micro management
 - Strategy to manage veterans' hospitals transition
- Investing in existing business
 - Improving quality of our facilities and acuity of our hospitals
 - Brownfield expansion programme
- Acquisitions – hospitals and/or health care businesses close to our core competencies
 - Australia and overseas
 - Financially disciplined approach

GROWTH STRATEGY DELIVERING STRONG RETURNS

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Ramsay Total Shareholder Return



GROWTH STRATEGY DELIVERING STRONG RETURNS

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Total Shareholder Return



1 Jan 2007
 RHC - \$11.35
 ASX 200 - 5669.87
 Healthcare Peers
 HSP - \$5.39
 PRY - \$9.62
 SHL - \$14.88

Since Jan 2007, Ramsay has outperformed both the Healthcare peer group and the broader market

30 Apr 2008
 RHC - \$11.90
 ASX 200 - 5595.40
 Healthcare Peers
 HSP - \$5.43
 PRY - \$6.27
 SHL - \$15.25

HALF YEAR OVERVIEW (PRE RAMSAY UK)

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- Strong half-year result on like-for-like basis
 - Strong organic growth across the portfolio
 - Veterans' hospitals improving: Greenslopes turnaround started, Hollywood still being stabilised
 - Brownfields expansion program progressing well, continually under review for ROI
- Strong Australian result reducing dilutionary impact of Capio UK

FINANCIAL PERFORMANCE (PRE RAMSAY UK)

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RAMSAY HEALTH CARE

	Half Year ended 31 December		
	2007	2006	
	\$ m	\$ m	% Inc.
<u>Continuing Operations</u>			
Operating Revenue	1,128.9	1,055.2	7.0%
EBITDA	153.5	138.5	10.8%
EBIT	120.4	108.5	11.0%
Core NPAT – continuing operations	63.6	56.2	13.2%
Core EPS – continuing operations	31.6¢	27.8¢	13.5%
Interim dividend – fully franked	15.0 ¢	13.0 ¢	15.4%
<i>(Core NPAT - continuing operations and Core EPS – continuing operations are before specific items, amortisation of intangibles and divested operations)</i>			

GROUP FINANCIAL PERFORMANCE (INCLUDING RAMSAY UK)

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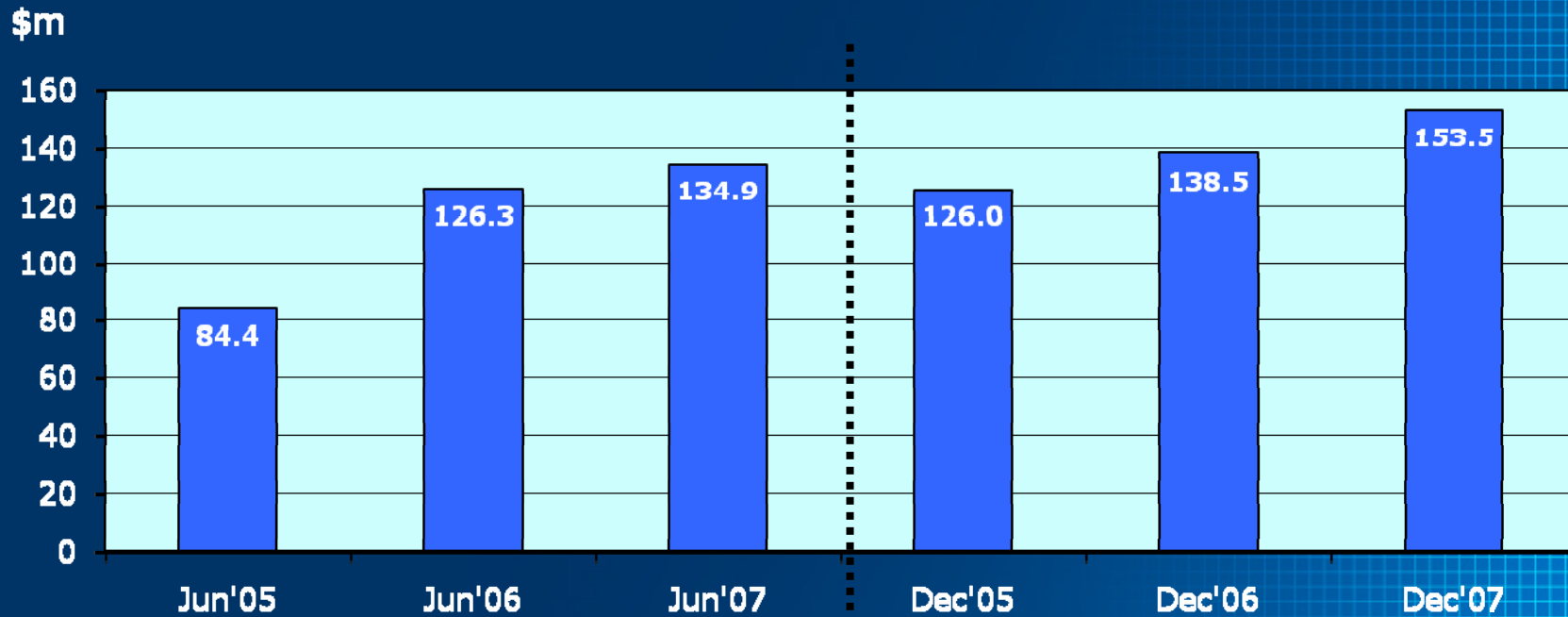


RAMSAY HEALTH CARE

	Half Year ended 31 December		
	2007	2006	
	\$ m	\$ m	% Inc.
<u>Continuing Operations (including Ramsay UK)</u>			
Operating Revenue	1,188.1	1,055.2	12.6%
EBITDA	156.6	138.5	13.0%
EBIT	120.1	108.5	10.7%
Core NPAT – continuing operations	61.2	56.2	9.0%
Core EPS – continuing operations	30.2¢	27.8¢	8.6%
<u>Group Items</u>			
<i>NPAT – divested operations</i>	<i>(0.7)</i>	<i>0.1</i>	
<i>Specific items and amortisation of intangibles (net of tax)</i>	<i>(9.6)</i>	<i>(1.3)</i>	
Net Profit after Tax	50.9	54.8	(7.0%)
<i>(Core NPAT - continuing operations is before specific items, amortisation of intangibles and divested operations)</i>			

EBITDA GROWTH & POSITIVE MARGIN TRENDS (PRE RAMSAY UK)

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- Group EBITDA up 10.8% for the half year
- Group EBITDA margin 13.6% vs 13.1%
- Hospital EBITDA margin 17.9% vs 17.7% excl. prosthesis
- Hospital EBIT margin 14.7% vs 14.5% excl. prosthesis

- In November 2007 Ramsay refinanced its senior debt facility to accommodate the Capio UK acquisition and to provide future growth funds
- Ramsay has committed senior debt funding until November 2012 and is therefore not exposed to any refinancing risk for the next 4.5 years
- Strong and consistent cash flow underwrites debt servicing and supports gearing levels

MANAGING INTEREST RATE & CURRENCY EXPOSURES

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Ramsay is conservative in relation to the management of interest rate & currency risk exposures

- Interest Rates

- Interest rate exposure on approx. 75% of current drawn debt is hedged for periods of 2-5 years

- Currency

- Natural hedge achieved in the UK by financing £ assets with £ borrowings
- Translation exposure on the small UK loss forecasted in the short term, is contained due to the strong A\$
- Translation of Indonesian profit hedged on annual basis to mitigate against currency volatility

RATIONALE FOR OFFSHORE EXPANSION

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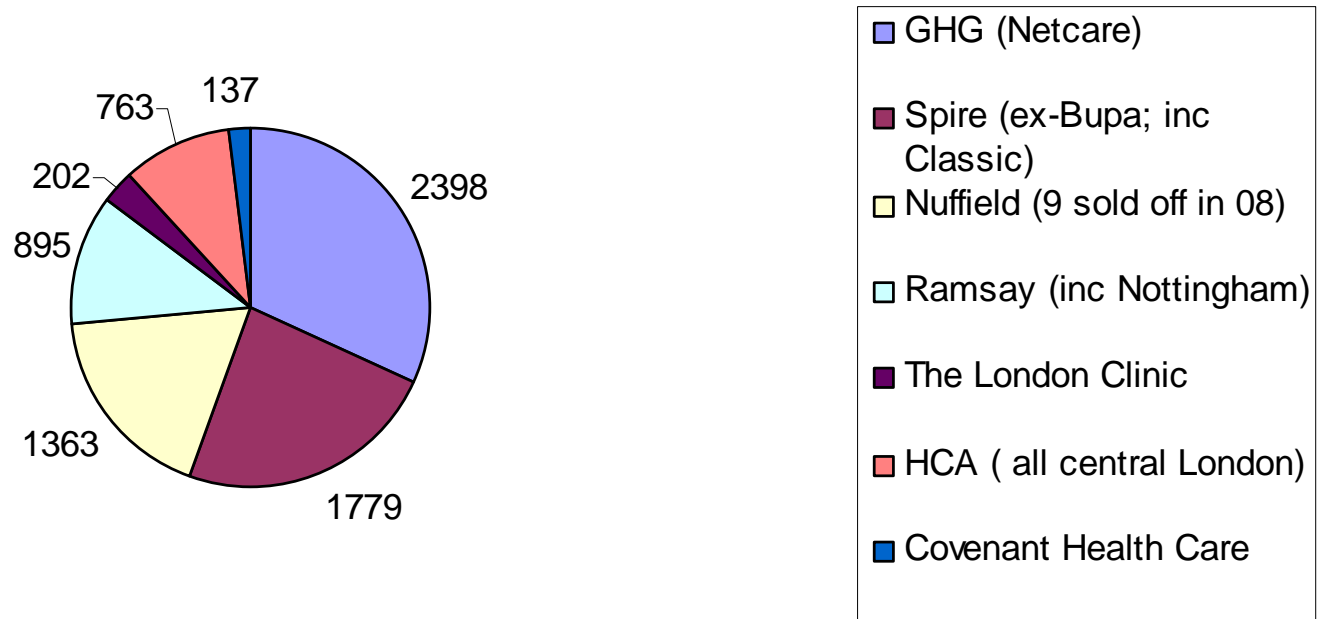
- Competition constraints means it is difficult for Ramsay to make significant hospital acquisitions in Australia
- Ramsay can be successful offshore with the following formula:
 - Ability to run our business on relatively low revenue base
 - Ability to generate good returns from running a cost efficient business
 - Excellent marketing skills help us grow patient volumes

WHY THE UK?

- Significant change in environment
- Strong growth potential
 - Outsourcing of National Health Service to private sector presents significant upside
 - Government is strongly committed to NHS reform agenda
- Private Medical Insurance (PMI)
 - Stable market
- Similar culture
 - UK and Australian markets are very similar, ability to export Ramsay's model

- UK private acute care is dominated by five key operators
- Major Ramsay UK marketing campaign underway to win bigger share of NHS market

Main Competitors according to Bed Numbers
(Source: Healthcare Market News by Lang & Buisson - May 08)



- 4th largest operator of private hospitals in the UK (approx A\$700M in annual revenues)
- Diverse business and revenue source
 - 23 private hospitals across England with 895 beds and 50 operating theatres
 - 9 Independent Sector Treatment Centres (ISTCs)
 - 2 neurological rehabilitation homes
 - 22-apartment retirement village
 - In-hospital pathology services
 - Fixed & mobile radiology units
 - Day surgery unit
 - London-based ophthalmology unit

- Ramsay signed an agreement last month to manage the new €139.2 million Adare Hospital & Clinic in Ireland
- Demonstrates Ramsay's confidence in this market
 - 72 beds
 - Construction to begin in coming months, scheduled to open in early 2010
 - Will be funded by Adare Partners and other equity investors
 - Ramsay will receive management fees and a percentage of revenue and profits for operating the hospital, but will not be contributing equity
 - Agreement represents good opportunity to export successful management model

- Strong rise in NHS activity January-March 2008
 - Significant growth in acute hospital activity over prior year and above budget
 - Growth entirely due to NHS, coming from both Choose & Book and spot contracts
 - Referrals to ISTCs continue to grow. Ramsay UK's 9 ISTCs treated 5,150 patients in January-March 2008 - up 12% from year earlier
- Figures for April indicate activity ahead of budget due to strong performance in insured and NHS admissions

- Patient Choice designed to give patients and GPs a choice of provider, starting at first outpatient appointment
- Full roll out of free patient choice/Extended Choice Network commenced in April 2008 (following more limited form of scheme underway since 2005)
- Patients now able to choose to be treated for any condition by any provider via their GP

- Department of Health is actively promoting Patient Choice
- Hospitals (NHS & private) now able to advertise & UK Government has launched national advertising campaign regarding free choice
- New website *NHS Choices* designed to help patients choose a hospital. Provides information on all healthcare providers regardless of sector

How does it work?

- Hospitals must be registered as first choice or ECN providers
- Hospitals make outpatient clinic appointments available through Choose & Book website
- Clinics do not provide name of consultant, hence hospitals retain control of the patient
- GPs can book appointment or give booking reference number to patient to book appointment themselves
- Some GPs still writing referral letters but this will be slowly phased out

OUTLOOK – RAMSAY GROUP NEXT 3 YRS



RAMSAY HEALTH CARE

- Australia
 - Strong organic growth to continue
 - Strong industry fundamentals to underpin growth
 - Will investigate opportunities to invest in hospitals where there are no competition issues and/or in health care businesses close to core competencies
- Overseas
 - Ramsay UK presents significant growth opportunities
 - Investigating bolt-on acquisitions with quick EPS growth
 - Privatisation occurring in various markets around the world, Ramsay's model can be successfully exported
- In the next five years Ramsay's offshore business could approach the size of its Australian business

- Capio UK performing to expectations, 1.5-2.0 cents/share dilutive in FY08
- Capio UK expected to be Core EPS accretive in FY10 and beyond -- this could be conservative
- Including Capio UK, Ramsay is targeting low double-digit growth for the total group for FY08, on the back of strong growth in Australia



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QUESTIONS



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