



RAMSAY
HEALTH CARE



UBS Healthcare Conference

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Pat Grier, Managing Director



Australia's largest private hospital operator

- 65 Australian facilities, 3 Indonesian facilities
- 7,230 beds
- More than 20,000 employees
- 25% of private hospital beds
- 28% of private hospital admissions
- Over 750,000 patients per year
- Over 455,000 procedures per year



Size and strategic position of portfolio brings market strengths and growth prospects

- Economies of scale
- Operating and financial leverage
- Portfolio rationalisation and maximisation
- Relationships with stakeholders
- Strong influence in growing market
- Margin uplift from Affinity hospitals
- Market leadership



Environment and demographics support continuing strong demand for private hospital services

- Balanced health care system
- Ageing population supports market growth
- Private health insurance membership remains at historically high levels
- Ramsay in strong position to manage industry challenges including cost, labour pressures



- Creation of Australia's leading hospital portfolio
- Pleasing results from Ramsay and Affinity hospitals
 - Focus on hospital micro-management delivers profit growth ahead of expectations
 - Integration proceeding well
- Core EPS growth ahead of initial FY2006 guidance and half year upgrade
- Strategic review maximises strength and positioning of Australia's best hospital portfolio
- Restructured portfolio enhances opportunity to capture benefits of growing demand for quality, private hospitals
- Faster than expected debt reduction creates significant capacity to fund further growth



- Revenue from continuing operations up 73% to \$2.0 billion
- Total Core Net Profit (including profit from divested operations) up 69% to \$93.3 million
- Core EPS from continuing operations up 24% to 44.9 cents
- Full year dividend 24.0 cents for the year, up 20%
- Group EBITDA margin from continuing operations maintained at 12.7%

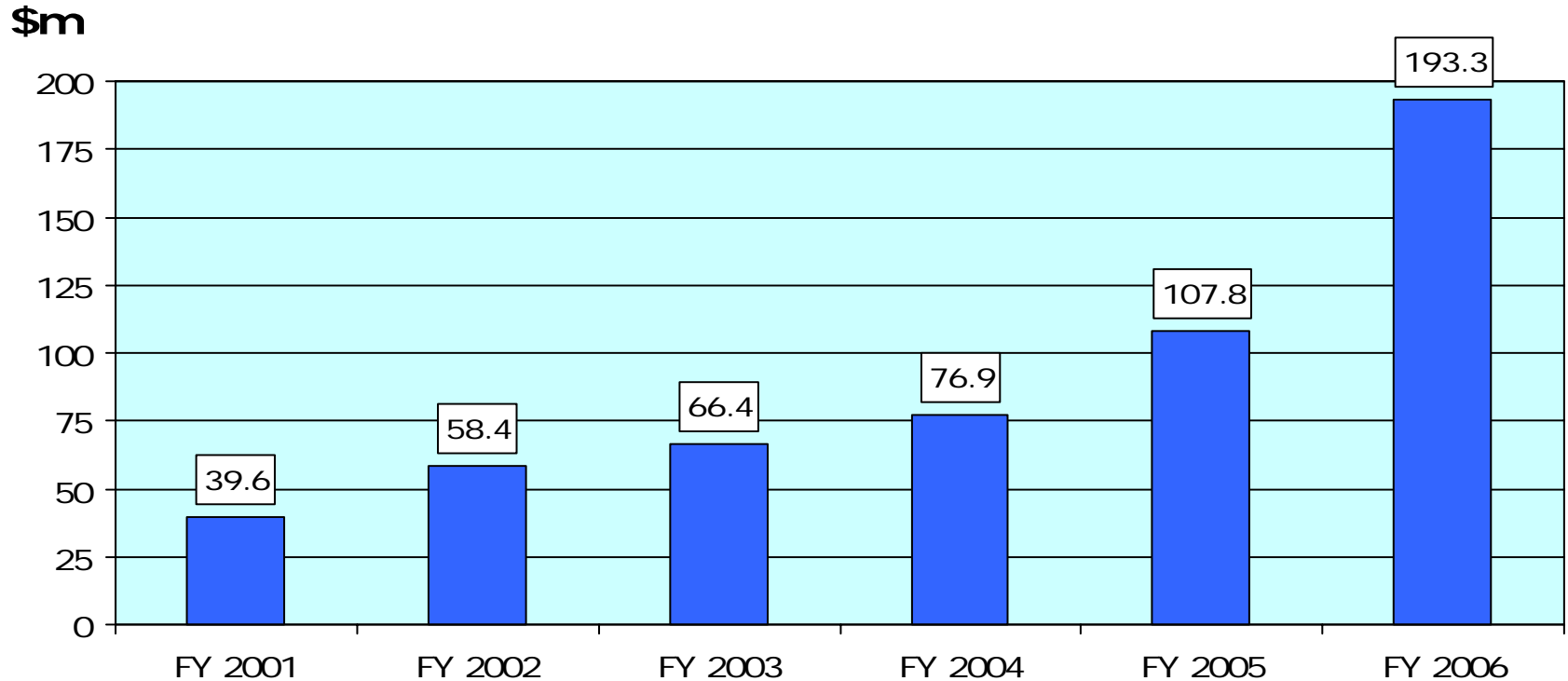
(Core Net Profit and Core EPS are before specific items and amortisation of intangibles)

STRONG EBIT GROWTH

Continuing Operations



Slide No. 6



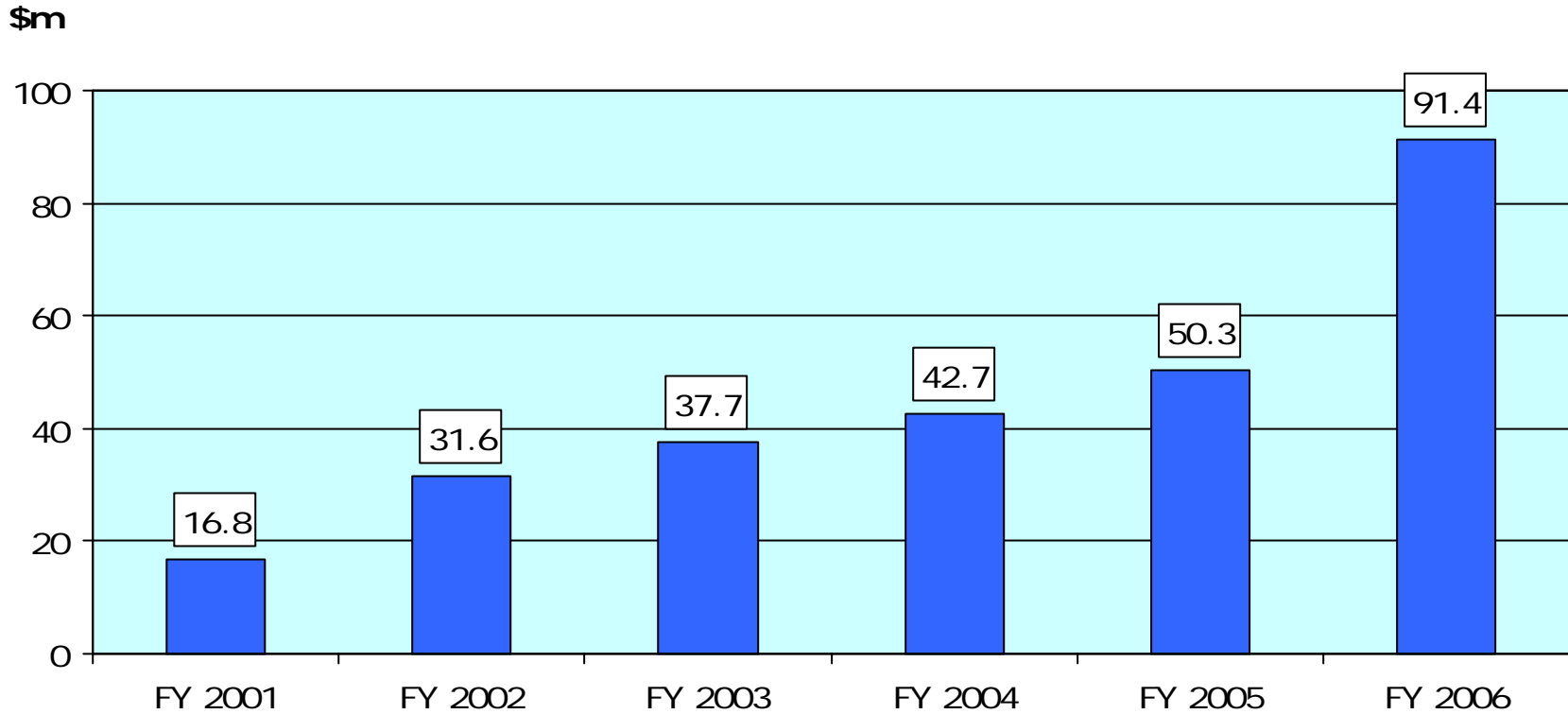
■ EBIT up 79% for the year

CORE NPAT GROWTH

Continuing Operations



Slide No. 7



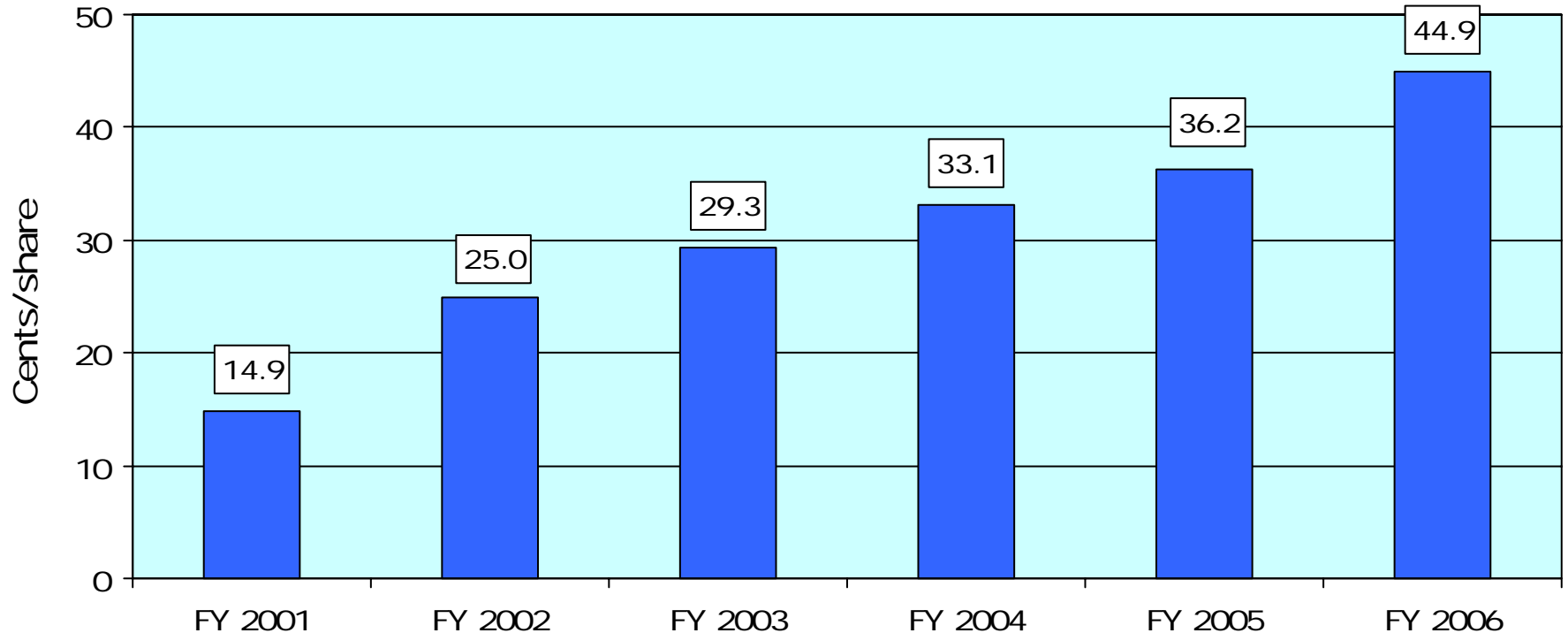
- Core NPAT from continuing operations up 82% for the year

CORE EPS GROWTH

Continuing Operations



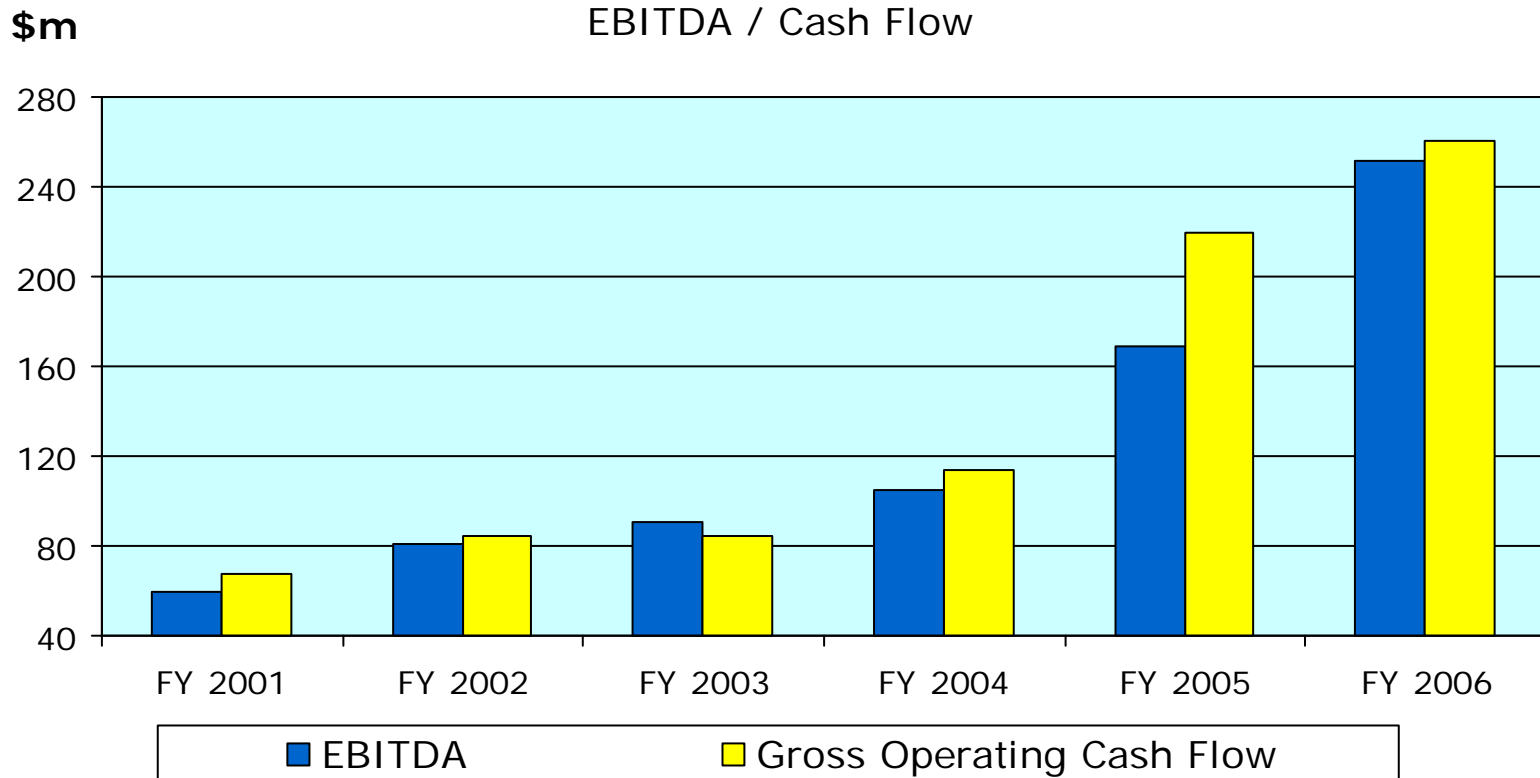
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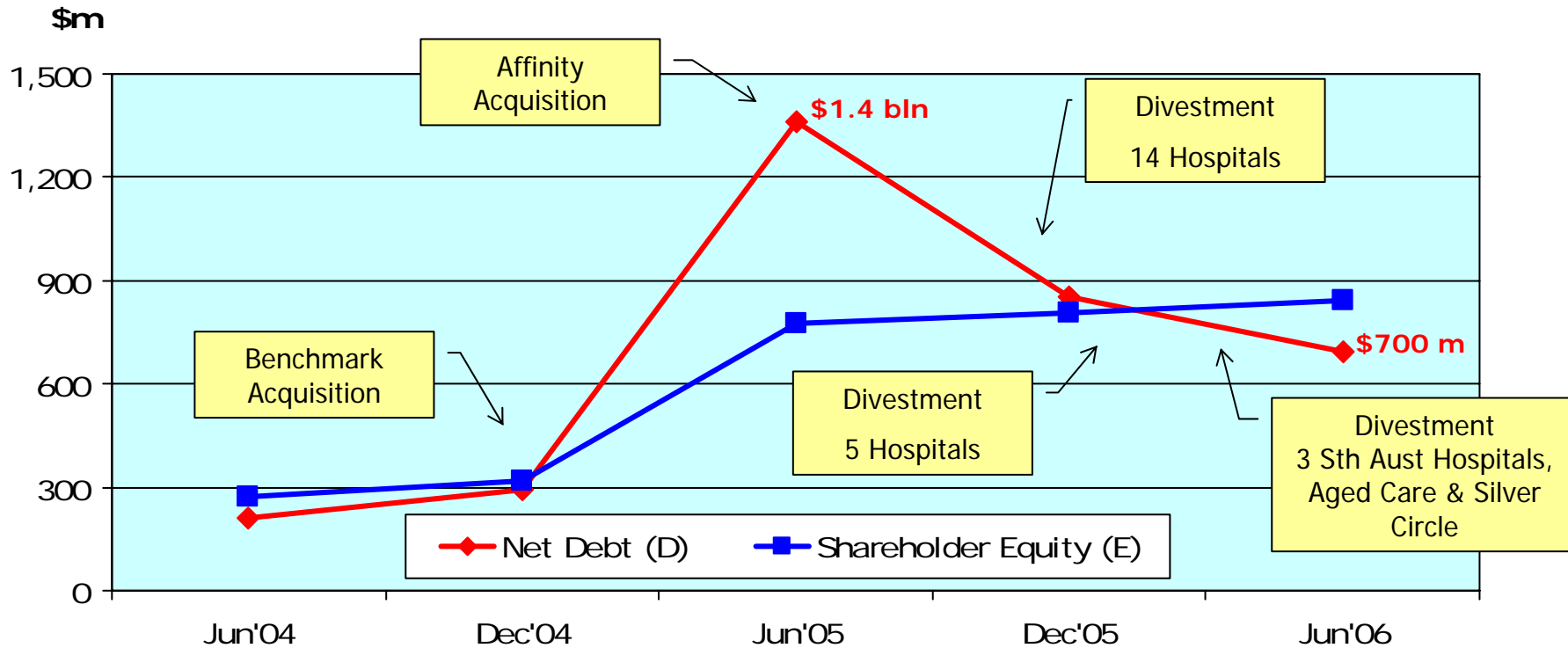
- Core EPS from continuing operations up 24% for the year
- Average annual compound growth rate for continuing operations over 5 years of 25% (base year FY 2001)



- Strong cash flow generation and cash conversion
- Faster than expected debt reduction creates significant capacity to fund further growth



- Continuing effective cash flow management
- Gross operating cash flow of \$260 million exceeds EBITDA of \$252 million



Gearing: (D/D+E)	44%	48%	64%	51%	45%
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Ratios:

- Target Leverage Ratio (Net Debt/EBITDA) in range of 3.0 x to 3.5 x (currently 2.8 x)
- Target Interest Cover Ratio (EBITDA/Interest Expense) in range of 4.0 x to 4.5 x (currently 4.3 x)



- 1st phase - Continue to grow earnings at hospital level
 - Organic growth
 - Achieve Affinity synergies
 - Earnings uplift from Ramsay management
- 2nd phase - Brownfields expansion
- 3rd phase - Acquisitions
 - Hospital acquisition opportunities still exist in Australia
 - Explore offshore opportunities



- Focus on hospital micro management delivered solid profit growth in FY06 for both Ramsay and Affinity hospitals
- Affinity 3 year integration plan on track
 - Pre-tax cost synergies of approx \$15 million achieved in FY06
 - On track to achieve remaining pre-tax cost synergies of approx \$20 million over FY07 and FY08
 - On track to realise pre-tax revenue synergies of \$15 million over 2 years, by end FY08

2nd GROWTH PHASE BROWNFIELDS EXPANSION



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- In the process of identifying best investment opportunities
- Financial headroom to invest up to \$400 million in enhancements and capacity expansion
- Investment criteria of 15% return on capital targeted over short to medium term
- To enhance profit growth from FY2008 onwards



Strategic development program:

- Develop large multi-service hospitals to attract increased referrals in major metropolitan areas
- Invest in other hospitals in portfolio to develop them as niche service providers in particular medical specialties.



Investigating acquisitions

- Further Australian hospital acquisitions in areas where there are no competition issues
- Opportunities to expand Ramsay hospital franchise offshore, particularly Asia
- Other areas of health care close to core hospital management competency



Targeting growth in FY07 of 15%-20% in Core EPS, over FY06 Core EPS of 44.9 cents, based on:

- Organic growth of Ramsay and Affinity hospitals
- Realisation of synergies and improved earnings from Affinity under Ramsay management



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Questions