



RAMSAY
HEALTH CARE

ANNUAL GENERAL MEETING
22 November 2006

- A year of strong earnings growth and beginning the significant Affinity integration
- Repositioning of portfolio
- Preserving best of Ramsay and Affinity cultures
- Strong FY06 result underscores strength of Ramsay management expertise in an industry with strong fundamentals for growth
- EPS up 24% - considerably more than our initial expectations for the year
- Dividend up 20% to 24 cents per share



- Australia's largest private hospital operator
 - 65 Australian facilities, 3 Indonesian facilities
 - More than 7,200 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



STRATEGIC STRENGTHS

- 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
 - Private health insurance membership remains at historically high levels
 - Ramsay in strong position to manage industry challenges including cost, labour pressures



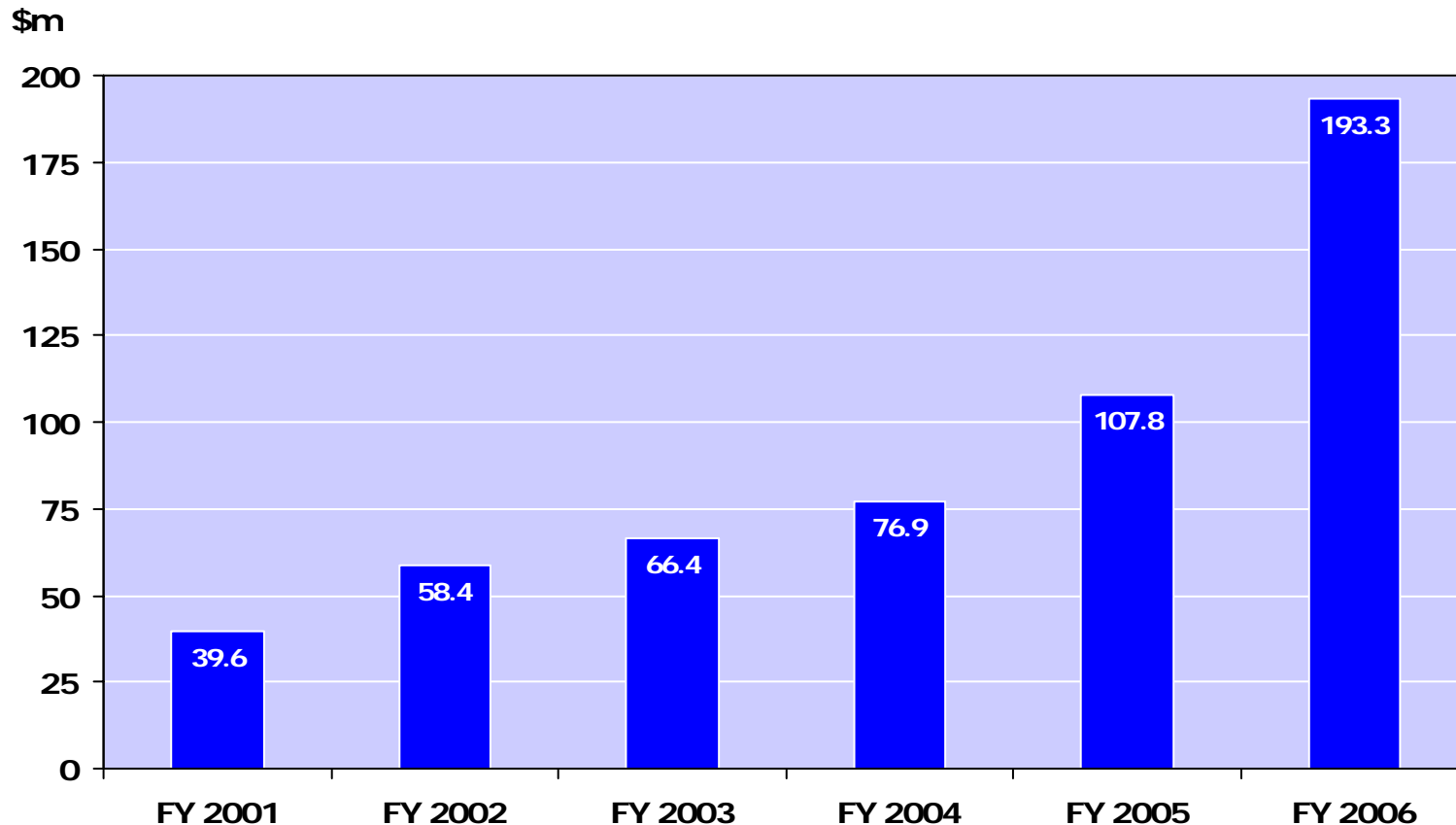
FINANCIAL HIGHLIGHTS

- Strategic review maximises strength and positioning of Australia's best hospital portfolio
- Core EPS growth ahead of initial FY2006 guidance and half year upgrade
- 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 45 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)



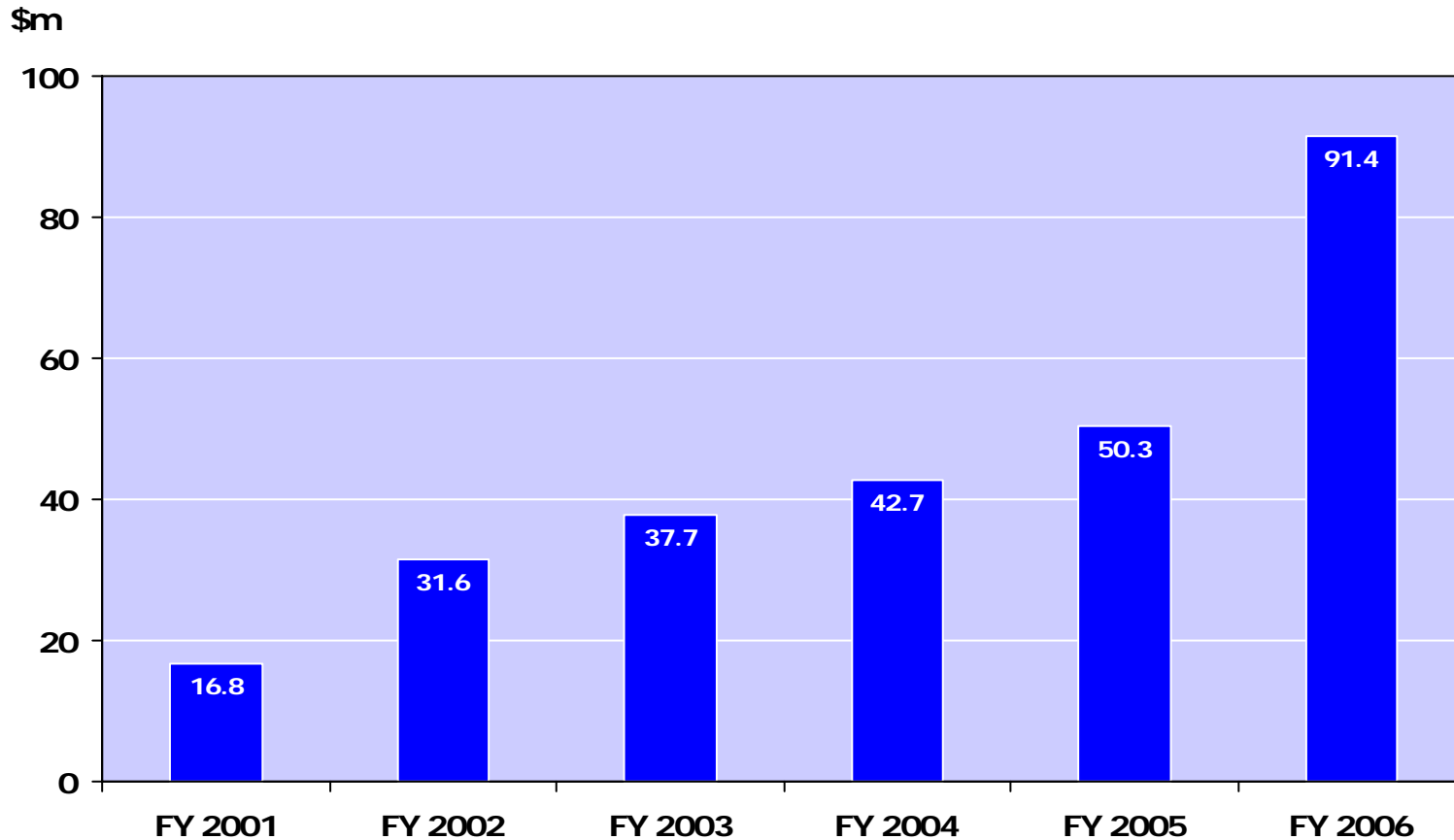
STRONG EBIT GROWTH (Continuing Operations)



EBIT up 79% for the year



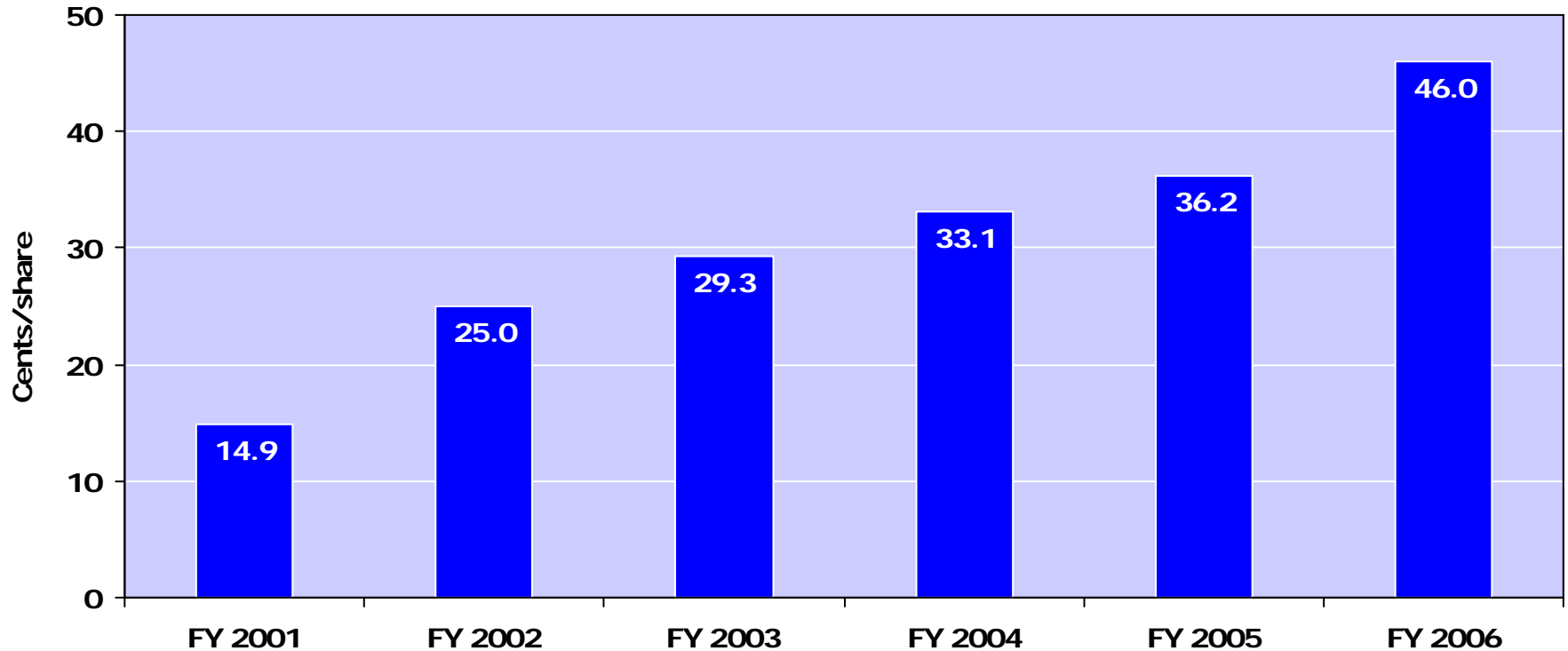
CORE NPAT GROWTH (Continuing Operations)



Core NPAT from continuing operations up 82% for the year



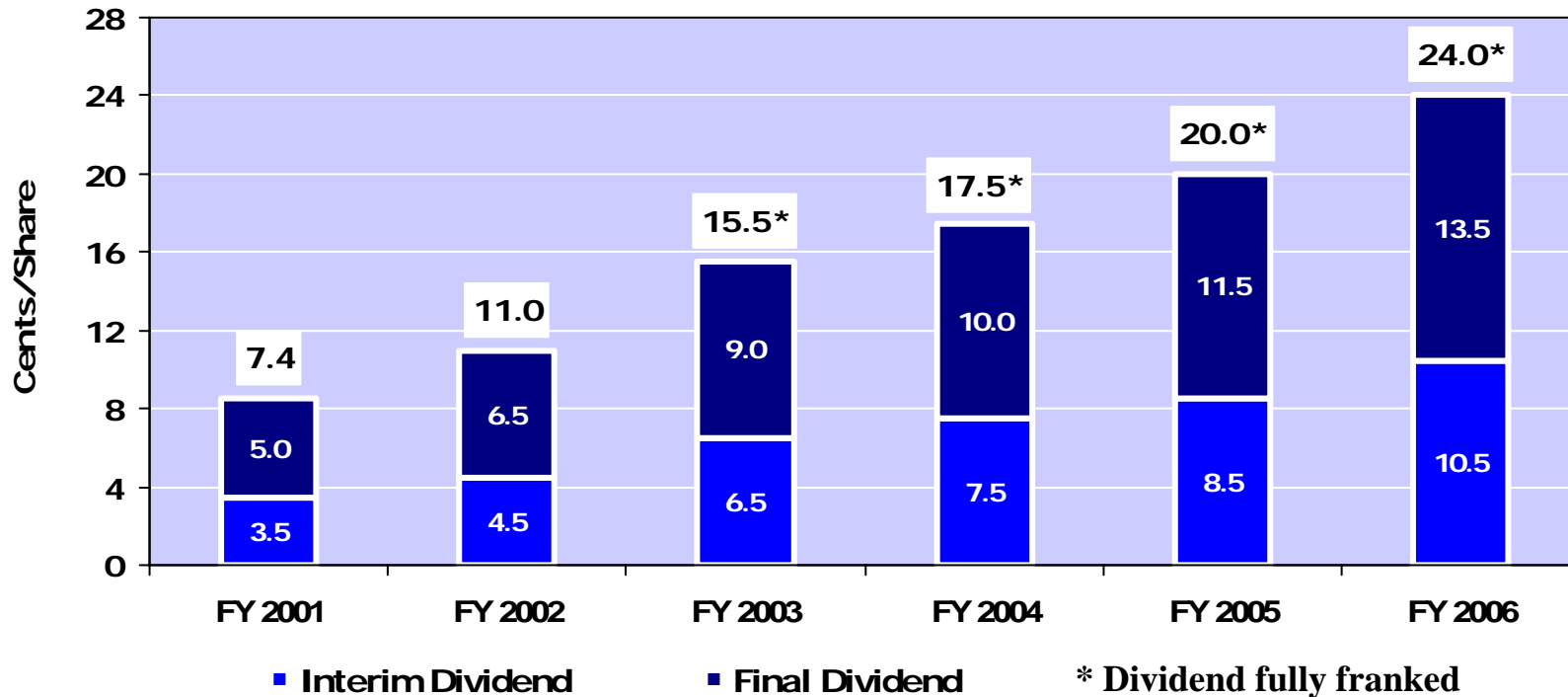
CORE EPS GROWTH (Continuing Operations)



- 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)

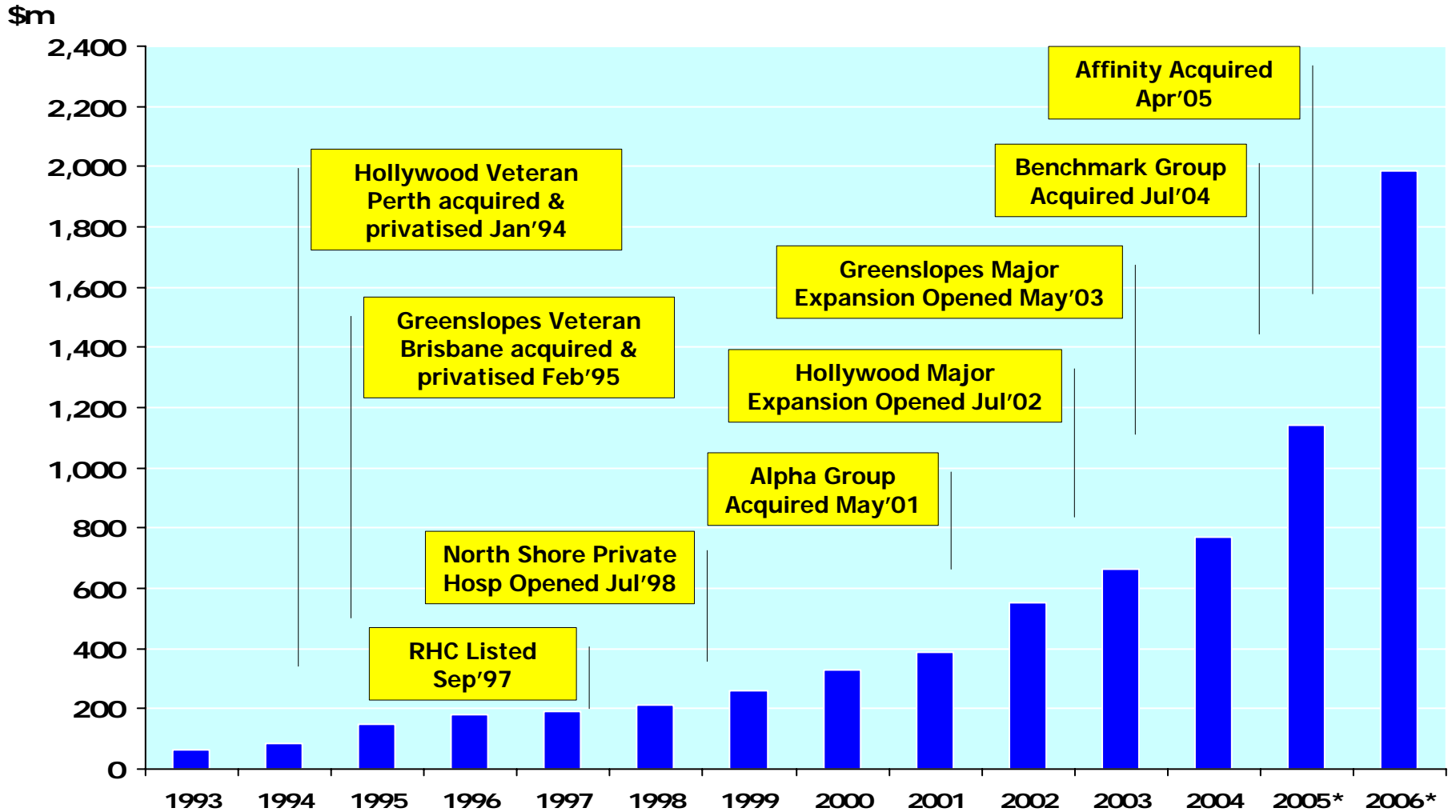


DIVIDEND GROWTH



2006 full year dividend up 20%

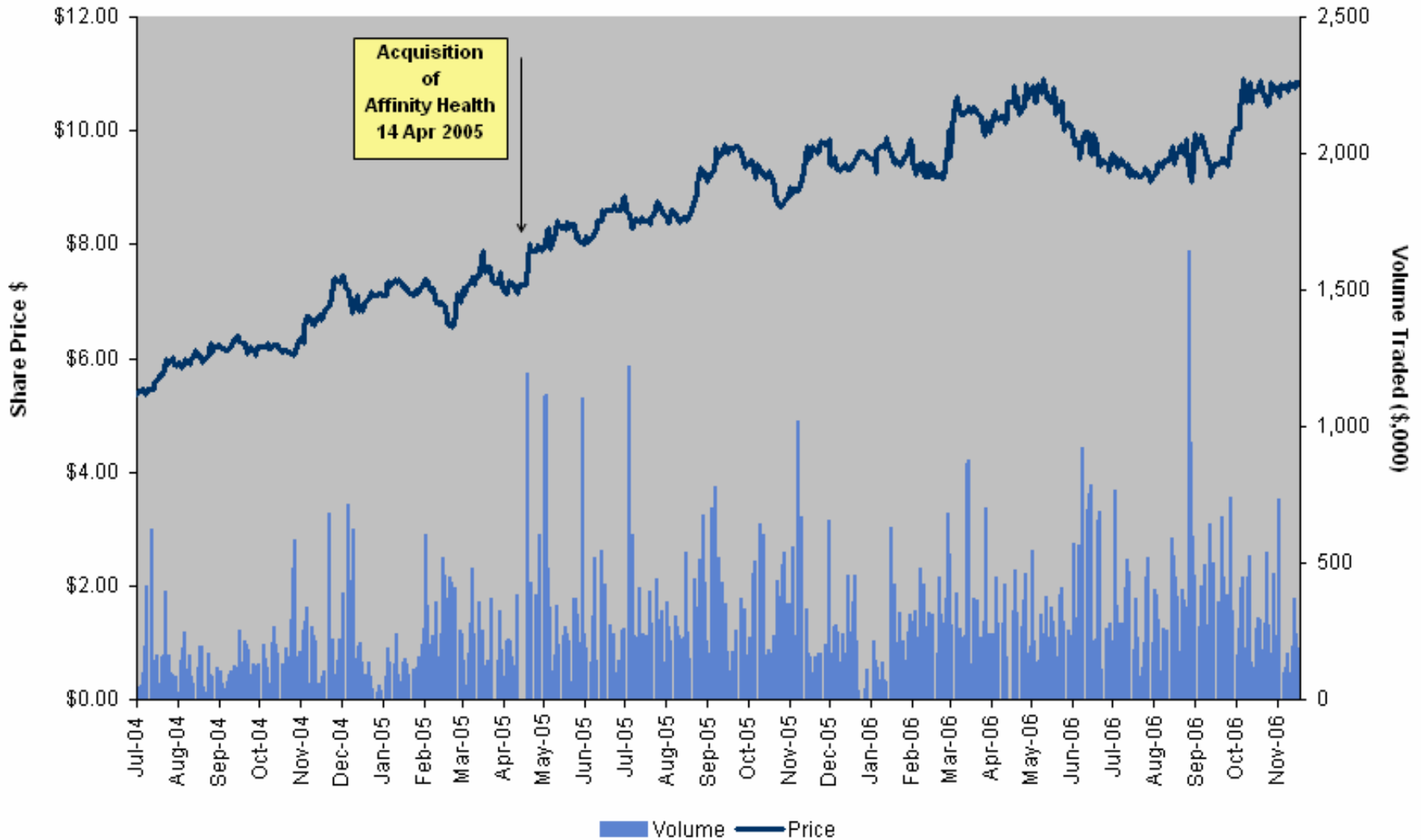
REVENUE GROWTH TIMELINE



* "Continuing Operations"



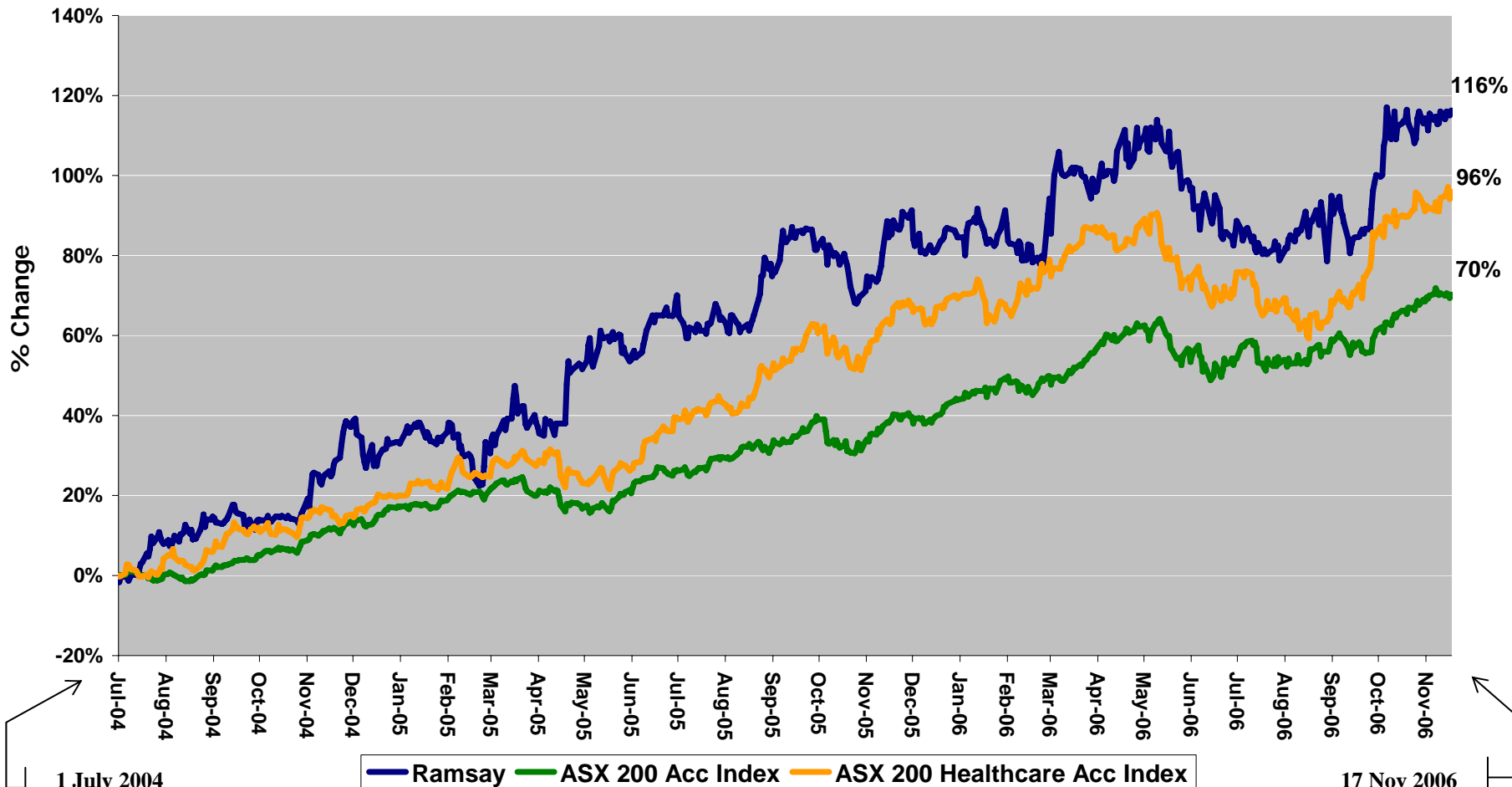
SHARE PRICE GROWTH (1 Jul'04 to 16 Nov'06)



TOTAL SHAREHOLDER RETURN PERFORMANCE

(1 Jul'04 to 16 Nov'06)

Ramsay Total Shareholder Return



1 July 2004
 RHC - \$5.35
 ASX 200 - 3536.9
 Healthcare 200 - 3850.4

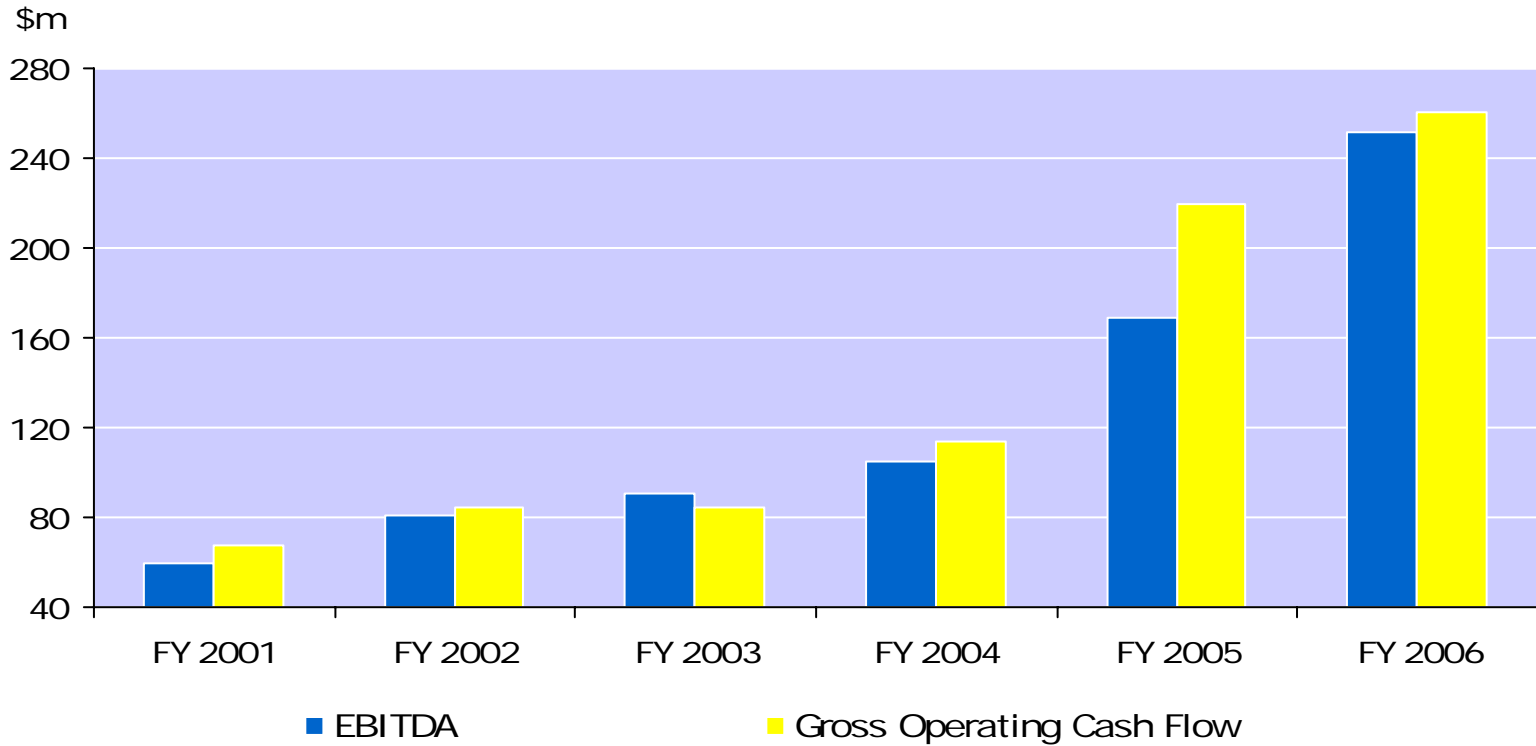
17 Nov 2006
 RHC - \$9.61
 ASX 200 - 5419.7
 Healthcare 200 - 7202.9



BALANCE SHEET STRENGTH

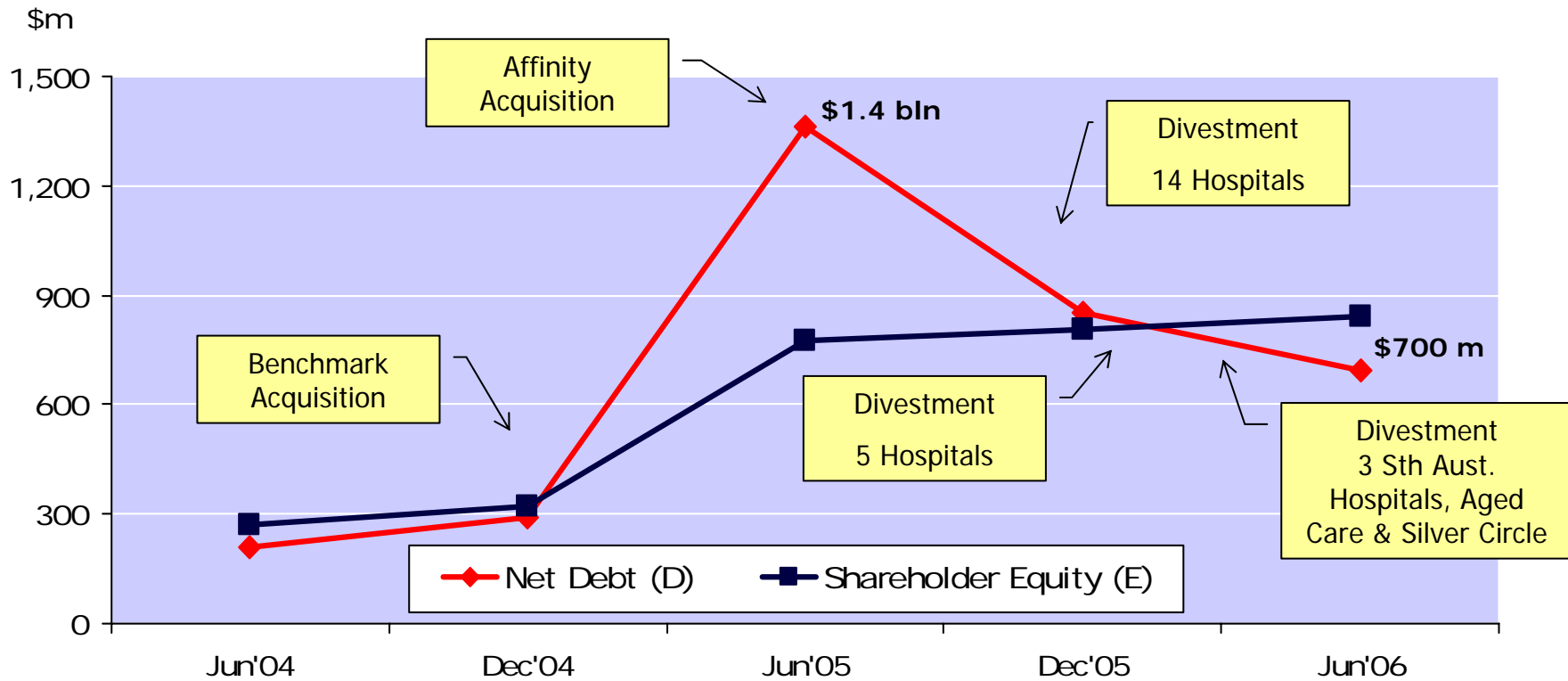
- Strong cash flow generation and cash conversion
- Faster than expected debt reduction creates significant capacity to fund further growth

STRONG OPERATIONAL CASH FLOW



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

DE-LEVERAGE & GEARING



Gearing:
(D/D+E)

44%

48%

64%

51%

45%

Ratios:

- Long term target Leverage Ratio (Net Debt/EBITDA) in range of 3.0 x to 3.5 x (currently 2.8 x)
- Long term target Interest Cover Ratio (EBITDA/Interest Expense) in range of 4.0 x to 4.5 x (currently 4.7 x)



FY06 OBJECTIVES ACHIEVED

- **Focus on core hospital management** – delivered strong organic growth at Ramsay and Affinity hospitals
- **Strategic review** – portfolio restructuring completed, maximising value and positioning of facilities
- **Divestments** – realised strong proceeds of over \$650 million
- **De-leverage and debt reduction** – achieved ahead of schedule
- **Affinity integration** – implementation well advanced
- **Synergy benefits** – being realised ahead of schedule

- **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



1st GROWTH PHASE PROCEEDING WELL

- Focus on hospital micro management delivered solid profit growth in FY06 for both Ramsay and Affinity hospitals
- Affinity 3 year integration plan on track to achieve \$50 million of synergies
 - 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



- In the process of identifying best investment opportunities in portfolio
- Financial headroom to invest up to \$400 million in enhancements and capacity expansion
- Investment criteria of 15% return on investment targeted over short to medium term
- To start enhancing profit growth from FY08 onwards



Strategic development program:

- Develop large multi-service hospitals to attract increased referrals in major metropolitan areas including:
 - Brisbane (Greenslopes)
 - Gold Coast (Pindara, John Flynn)
 - Sydney (North Shore, Westmead, St George Private Hospitals)
 - Melbourne (Warringal, Frances Perry)
 - Perth (Hollywood, Joondalup)
- Invest in other hospitals in portfolio to develop them as niche service providers in particular medical specialties.

HOLLYWOOD PRIVATE HOSPITAL Redevelopment Project

- Strategic repositioning of Hollywood continues
- Master Plan includes additional
 - 90 Beds
 - 4 Operating Theatres
 - Consulting Suites
 - Carparking
 - Day Surgery/Facilities
 - Expanded Infrastructure
- Development to be staged over 3 years
 - Completion expected mid-2009
- Net investment after sale of medical suites in the range of \$80 million to \$85 million
- Commenced detailed planning

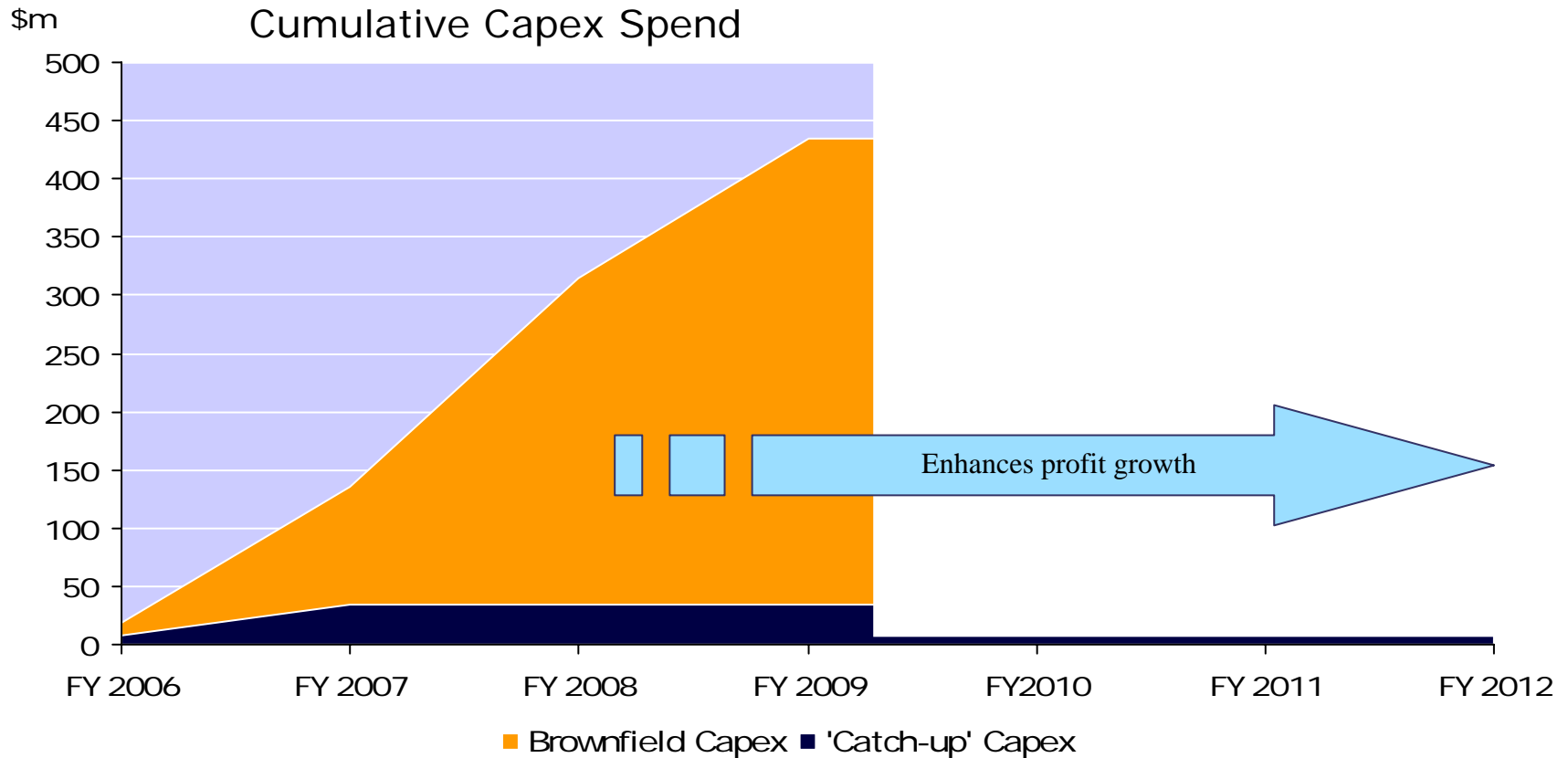
ST GEORGE PRIVATE HOSPITAL

Planned Development

- Identified as a major strategic location
- 1st phase - one additional theatre, day surgery re-development of support services (due to be completed Feb07)
- Purchased two adjacent land sites, another two sites in negotiations
- Master plan being developed, additional theatres, beds, consulting suites, further expansion of day facilities, car parking
- Expanded medical and nurse training
- Master plan expected to be completed 1st quarter calendar 2007
- Construction phase approximately three years



2ND GROWTH PHASE BROWNFIELDS EXPANSION



- Average construction profile 18 months
- Ramp up to ROI of 15% on brownfields over 2 to 3 years post construction completion
- 'One-off catch-up' capex mainly related to ex Affinity portfolio
- Brownfields to start enhancing profit growth from FY 2008

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



FY 2007 OUTLOOK

- 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
- First 4 months on track to meet guidance:
 - Costs contained, reflected in margin uplift vs a year ago
 - Satisfactory outcome to health fund negotiations, particularly Queensland
 - Admissions up 4% vs industry 2.5% (Sept quarter)



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Questions