



RAMSAY  
HEALTH CARE



**ANNUAL GENERAL MEETING**  
23 November 2004

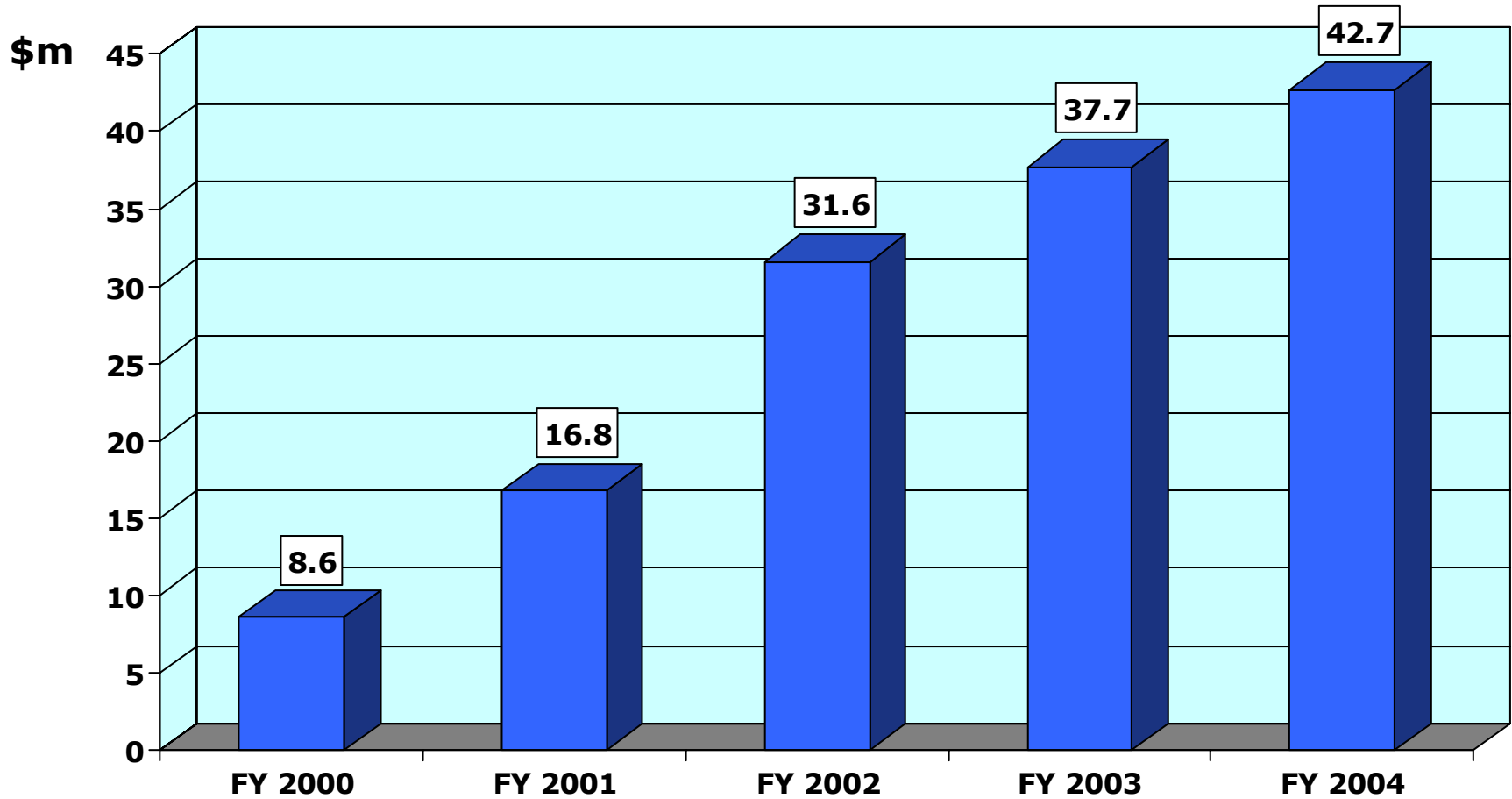


- 40<sup>th</sup> anniversary of Ramsay Health Care
- Year of profitable growth and financial achievements
- Good management delivers forecast core profit growth of over 10%, year dividends up 13%
- Acquisition of Benchmark Hospital Group will see revenue top \$1 bln in FY2005
- Positive environment for hospitals, aged care
- On track for further profit and dividend growth in FY2005



- Core Net Profit\* up 13% to \$42.7m
- Group revenue up 16% to \$768.1m
- Group EBITA up 16% to \$77.6m
- Both EBIT & EBITA margins remain at 10%
- Core EPS\* of 33.1 cps, up 13%
- Final dividend 10 cps, fully franked; Total dividend 17.5 cps up 13%

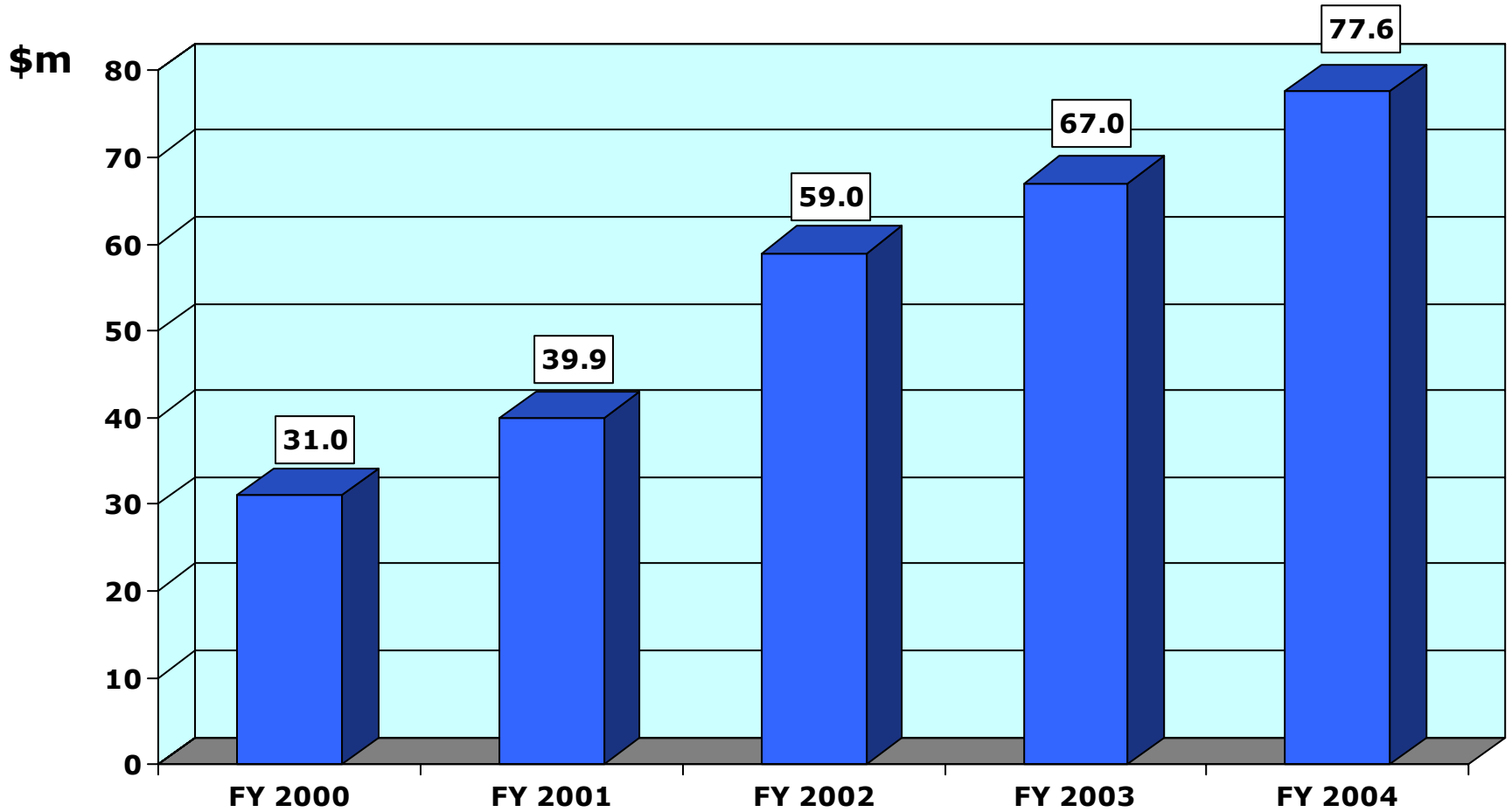
***\* Core = pre-amortisation of goodwill and non-recurring items***



# EBITA Growth



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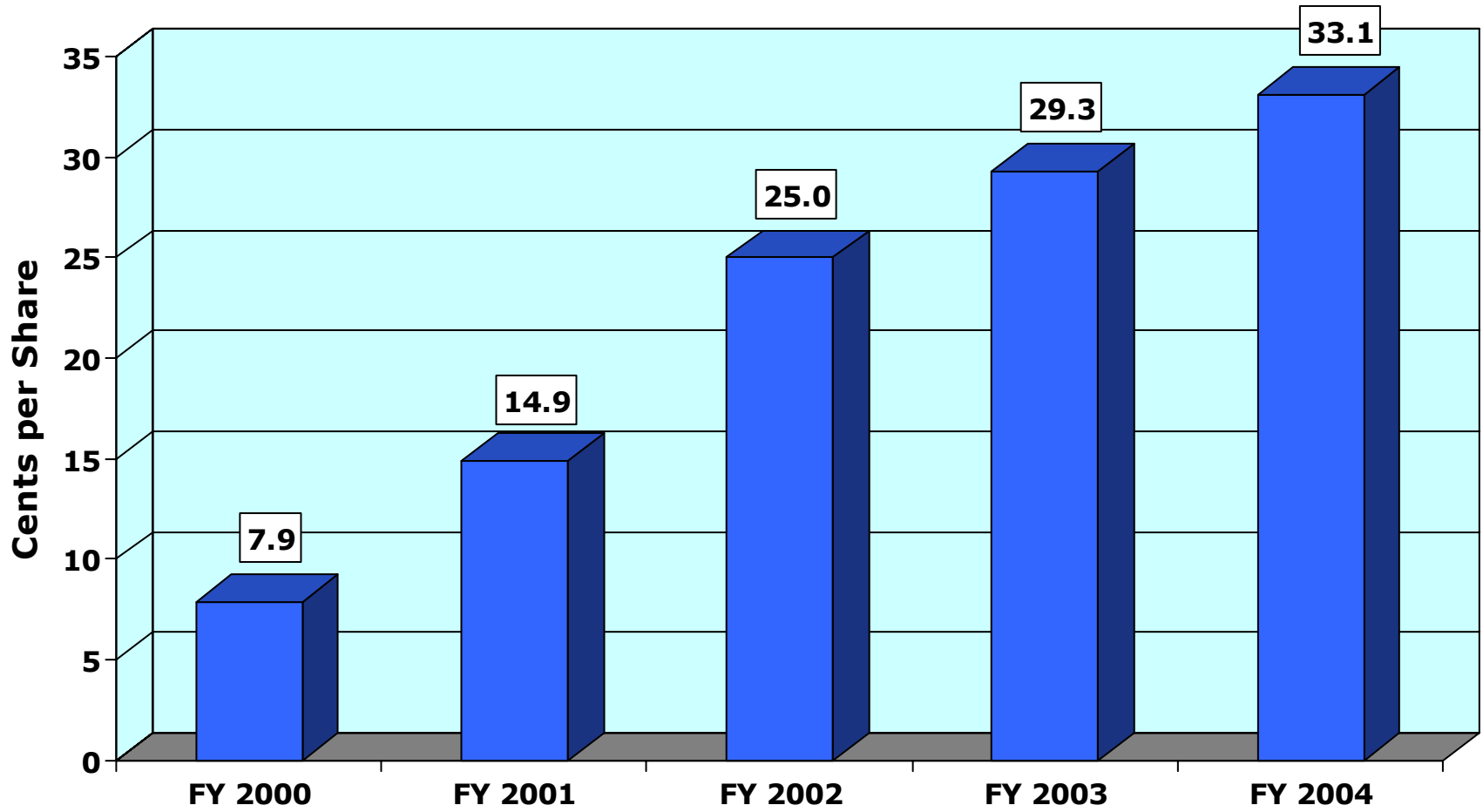


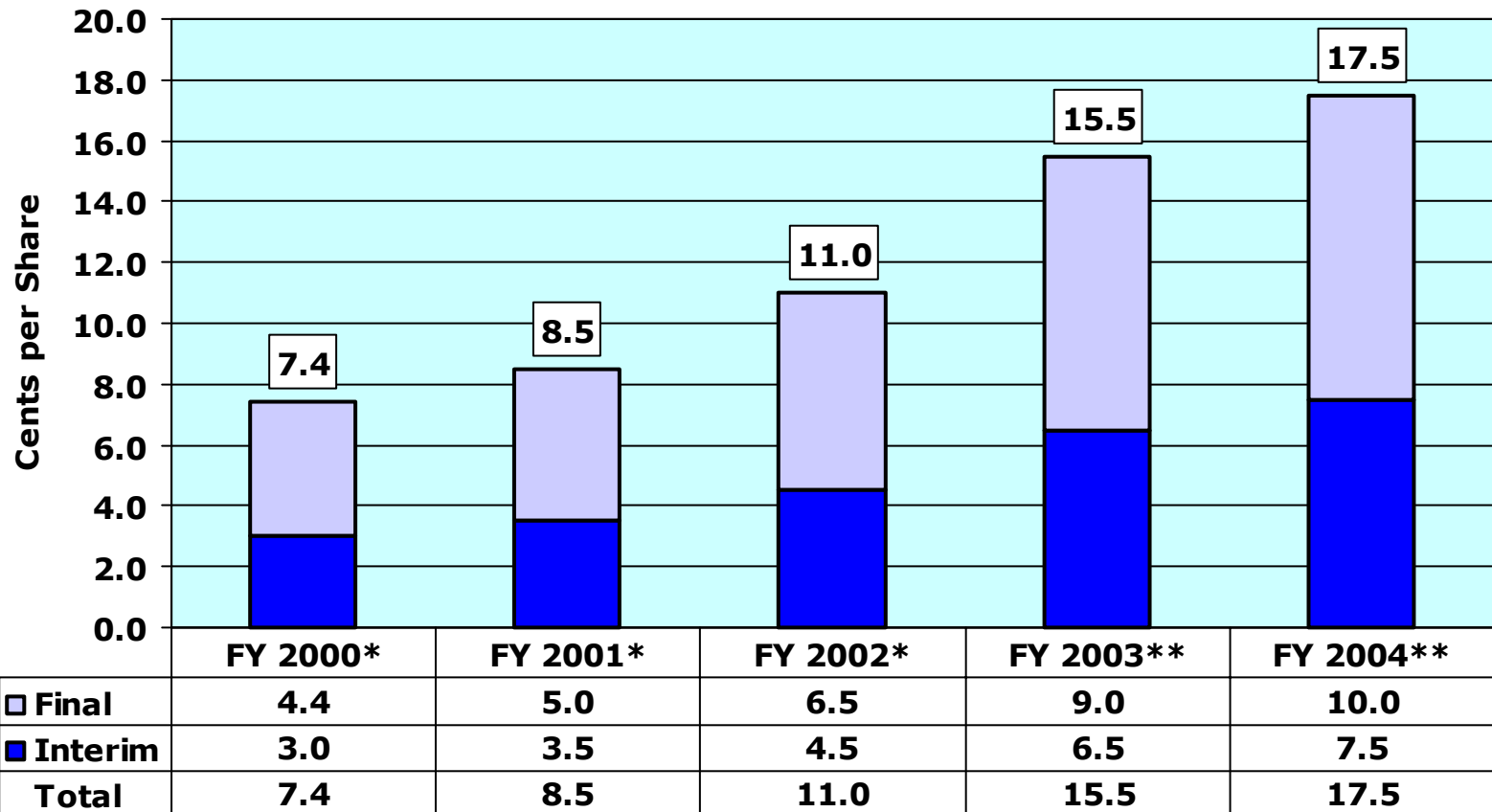


	Year ended 30 June			
	2001 (1)	2002	2003	2004 (1)
<b>ROIC</b> <b>(EBITA/Funds Employed) %</b>	<b>10.5</b>	<b>15.1</b>	<b>13.9</b>	<b>15.4</b>
<b>ROE</b> <b>(Core NPAT/Shareholder Funds)%</b>	<b>8.3</b>	<b>14.2</b>	<b>14.9</b>	<b>15.8</b>
<b>Notes:</b>				
<b>(1) Calculated before non-recurring items</b>				



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**Notes**

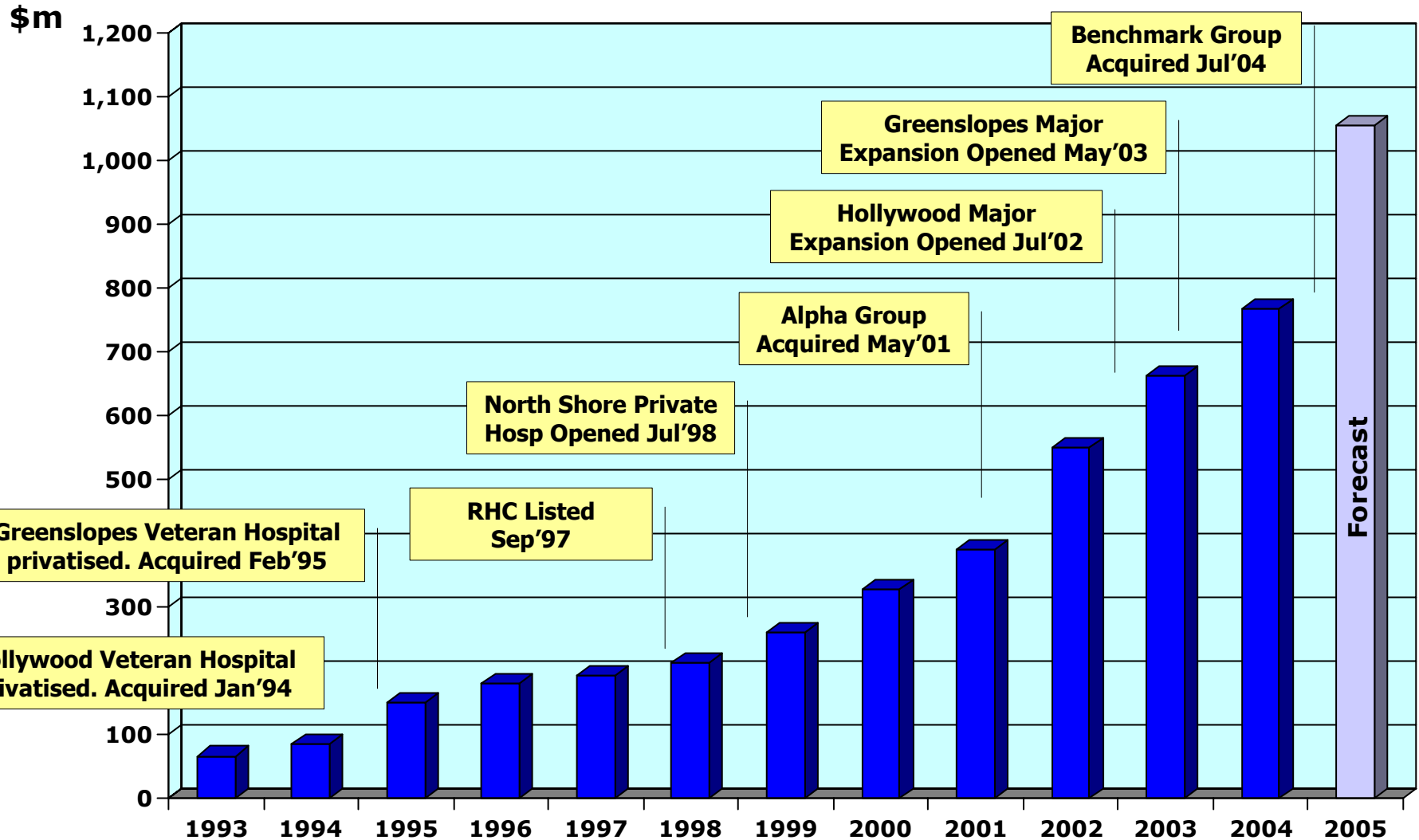
**\* Unfranked    \*\* Fully Franked**



# **A TRACK RECORD OF PROFITABLE GROWTH**



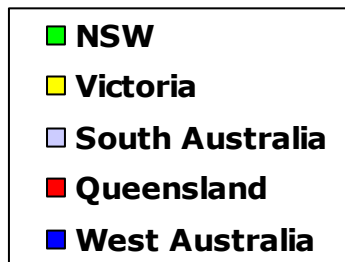
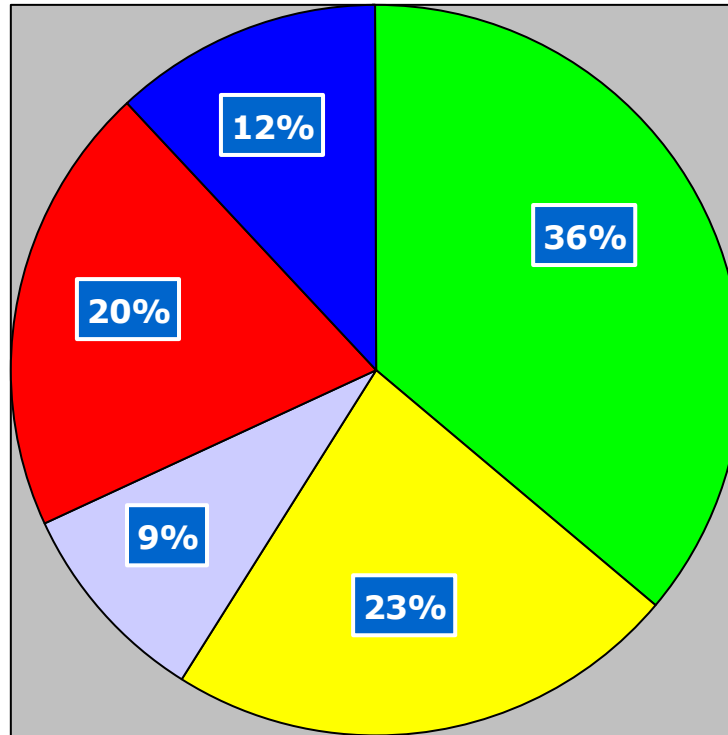
- Revenue has increased 4-fold since Ramsay Health Care listed in September 1997
- Ramsay Health Care now Australia's largest listed private hospital operator
  - 35 hospital facilities
  - 16% of the private hospital market
  - 10,000 employees



# Revenue by State



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***Note:** Analysis based on forecast revenue for FY 2005 including Benchmark*



# **AUSTRALIA'S BALANCED HEALTHCARE SYSTEM SUPPORTS OUR GROWTH OUTLOOK**



- Private participation in Australian healthcare is growing:
  - One-third of all hospital beds
  - Treat 4 out of every 10 patients
  - 2.4mIn private admissions per year vs 4mIn in the public
  - Private Hospitals perform 56% of surgery



- In the 4 years to 2004
  - Private hospital admissions rose 37%
  - Public hospital admissions rose 6%
  - In 2003 public hospital admissions were up 2.4%, but 50% of these were private patients
- Bi-partisan support for 30% private health insurance rebate; Coalition Govt to increase rebate for over 65 year olds
- Scope to grow the private sector participation to at least 50/50 balance



# OUR STRATEGY DELIVERS RESULTS



Strategy has delivered strong, sustainable profit growth

- 1. Organic growth through micro-management**
- 2. Existing hospital capacity expansion**
- 3. Hospital acquisitions**
- 4. Diversify outside hospitals, within core capabilities**



- Focus on core hospital management expertise, manage cost pressures
  - EBIT margins above 10%
  - Organic growth 6% in FY2004
- Leverage market position, strategic portfolio
  - Admissions up 11% in FY2004
  - Reasonable rate increases from health funds
- Maintain strong relationships with staff, doctors and health funds
  - Agency staff down to 6%
  - Effective staff recruitment and retention programme



- 1<sup>st</sup> phase of capacity expansion completed, return on investment meeting expectations:
  - Greenslopes
  - Hollywood
  - Lake Macquarie
  - Albury
  - Mt Wilga (near completion)
- Further investment in enhancements and additional capacity planned
  - Greenslopes
  - Hollywood
  - Lake Macquarie
  - North Shore Private



## Benchmark Hospital Group

- Well-run portfolio of 10 hospitals located in Victoria and South Australia
- 980 hospital beds, with 71 additional beds coming on stream in 2005
- 68 aged care beds
- **Operational update**
  - Results on track for positive EPS contribution this year
  - Integration process, completion of expansion program builds platform for enhanced longer term profit growth
  - In addition, planning for revamp and expansion to some facilities which will further benefit from ownership by committed, long term operator
    - Mitcham, The Valley, South Eastern, Beleura



## Benchmark strategic rationale

- Increases market share in Victoria and South Australia, provides opportunity to make bolt-on acquisitions in those states
- Strengthens position with private health funds
- Ability to generate operating efficiencies – e.g. purchasing, recruitment, risk management and information technology
- RHC taking conservative approach in 1<sup>st</sup> year of integration, significant contribution expected from 2<sup>nd</sup> year



## Aged Care

- Dual track strategy - acquisitions & greenfields development
- Acquisition opportunities
  - Cautious approach – looking for appropriate value
  - Looking at groups, as well as individual facilities
- Greenfield developments
  - Targeting 500-600 beds to be operational within 3 years
    - Queensland – Greenslopes, Chermside
    - NSW – Coffs Harbour, Shellharbour, Central Coast
- Implementation of Hogan Report recommendations positive for industry



## Aged Care – Status of Greenfield Developments

<b>Location</b>	<b>No. of Beds</b>	<b>Type</b>	<b>Est. Project Completion</b>
<b>Coffs Harbour NSW</b>	<b>116</b>	<b>High/low care</b>	<b>Mid 2006</b>
<b>Greenslopes Qld</b>	<b>118</b>	<b>High/low care &amp; extra service</b>	<b>Mid 2006</b>
<b>Chermside Qld</b>	<b>110</b>	<b>High/low care &amp; extra service</b>	<b>Late 2006</b>



# OUTLOOK



- First 4 months in line with target to achieve 10% growth in FY2005 core net profit (pre-amortisation of goodwill)
- Target does not include benefits of any further acquisitions
- Benchmark hospitals running to plan to make positive core EPS contribution in FY2005, increasing in FY2006
- Examining further enhancements and expansion opportunities
- Continue to pursue acquisitions in hospitals, aged care



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Questions



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Formal Business