



RAMSAY HEALTH CARE



Briefing – 25 August 2008 Financial Results FY 2008

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AGENDA

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RAMSAY HEALTH CARE

- Full-Year Overview
- Financial Performance - Group & Australia/Indonesia
- Operational Highlights – Australia/Indonesia & UK
- Strong Industry Fundamentals – Global
- Strong Industry Fundamentals – Australia
- Proposed Changes To MLS
- Brownfields Progress Australia/Indonesia
- Exciting UK Market Dynamics & Growth Strategy
- Capacity Expansion UK
- Outlook

FULL-YEAR OVERVIEW

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RAMSAY HEALTH CARE

- Strong rise in Group core net profit, underpinned by solid organic Australian growth
 - Core EPS growth of 11.8%, at higher end of guidance
 - Australian business achieved strong EBIT growth across all states
 - Australian brownfields progressing well
 - Ramsay UK exceeded expectations
 - Strong UK demand supporting significant investment in capacity
 - Committed debt funding to November 2012

GROUP FINANCIAL PERFORMANCE

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RAMSAY HEALTH CARE

YEAR ENDED 30 JUNE

	2008 \$m			2007 \$m	% Inc
	Australia & Indonesia	UK	Group	Group	
Continuing Operations					
Operating Revenue	2,289.2	384.5	2,673.7	2,099.1	27.4%
EBITDAR*	327.1	87.5	414.6	294.1	40.9%
EBITDA	303.4	37.8	341.3	272.1	25.4%
EBIT	234.7	19.9	254.7	211.5	20.4%
Core NPAT – continuing operations **	124.2	(1.1)	123.1	110.4	11.5%
Core EPS – continuing operations			60.7¢	54.3 ¢	11.8%
Final dividend – fully franked			17.5 ¢	16.0 ¢	9.4%
Full year dividend – fully franked			32.5 ¢	29.0 ¢	12.1%

*EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rent) is the most comparable indicator as UK hospitals are leased

**Core NPAT – continuing operations is before specific items, amortisation of intangibles and divested operations

GROUP FINANCIAL PERFORMANCE

(cont)

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RAMSAY HEALTH CARE

YEAR ENDED 30 JUNE			
	2008 \$m	2007 \$m	% Inc/(Dec)
Core NPAT – continuing operations	123.1	110.4	11.5%
<i>NPAT – divested operations</i>	(2.7)	0.3	
<i>Specific items and amortisation of intangibles (net of tax)</i>	(28.2)	(3.6)	
Reported Net Profit after Tax	92.2	107.1	(13.9)%

YEAR ENDED 30 JUNE		
Specific Items and Amortisation of Intangibles (Net of Tax)	2008 \$m	2007 \$m
Write off of unamortised borrowing costs from an earlier refinancing	5.5	-
Write off of deferred non-cash rent expense relating to UK hospitals	15.0	-
Restructuring and integration	6.0	2.1
	26.5	2.1
Amortisation of intangibles	1.7	1.5
	28.2	3.6

FINANCIAL PERFORMANCE AUSTRALIA & INDONESIA

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RAMSAY HEALTH CARE

YEAR ENDED 30 JUNE			
Continuing Operations	2008 \$m	2007 \$m	% Inc
Operating Revenue	2,289.2	2,099.0	9.1%
EBITDAR	327.1	294.1	11.2%
EBITDA	303.4	272.1	11.5%
EBIT	234.7	211.5	11.0%
EBITDAR MARGIN (%)	14.3%	14.0%	
EBITDA MARGIN (%)	13.3%	13.0%	
EBIT MARGIN (%)	10.3%	10.1%	

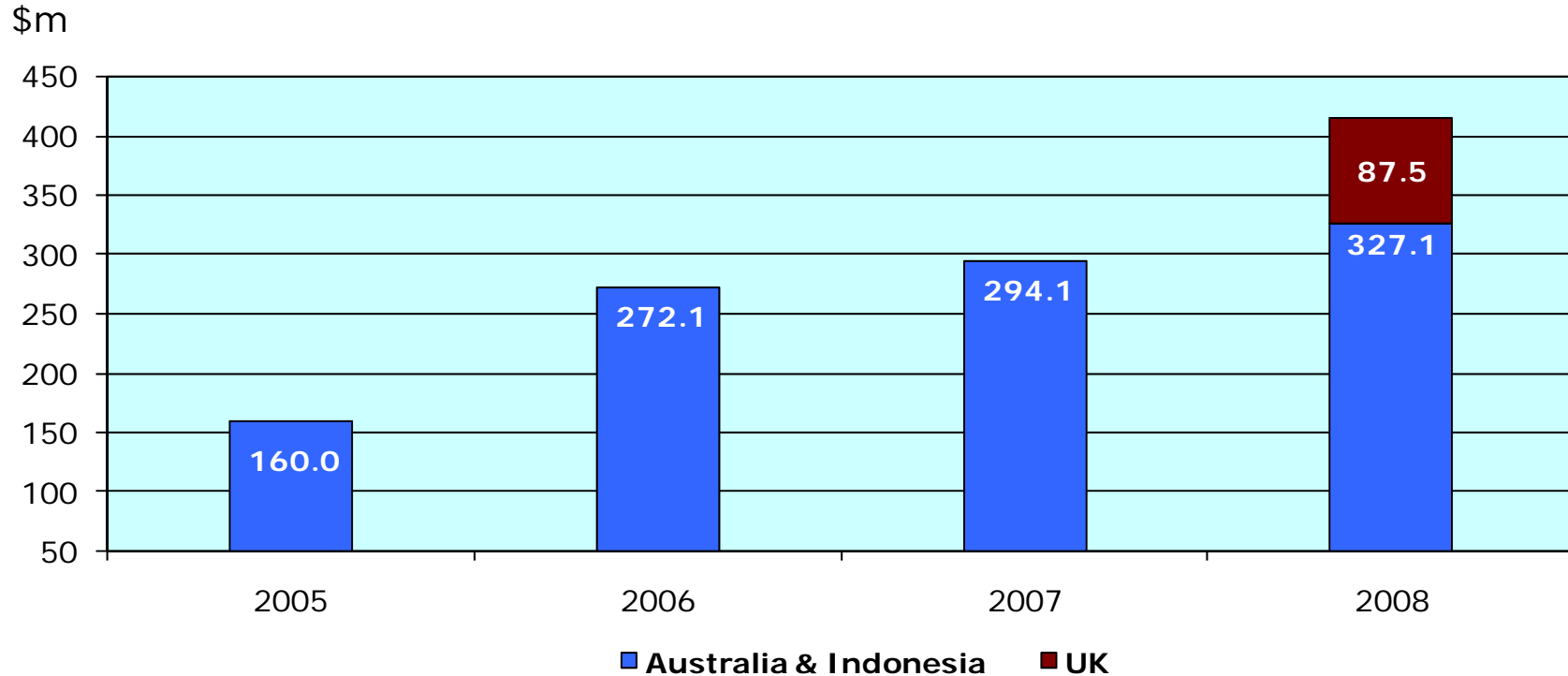
GROUP EBITDAR GROWTH CONTINUING OPERATIONS

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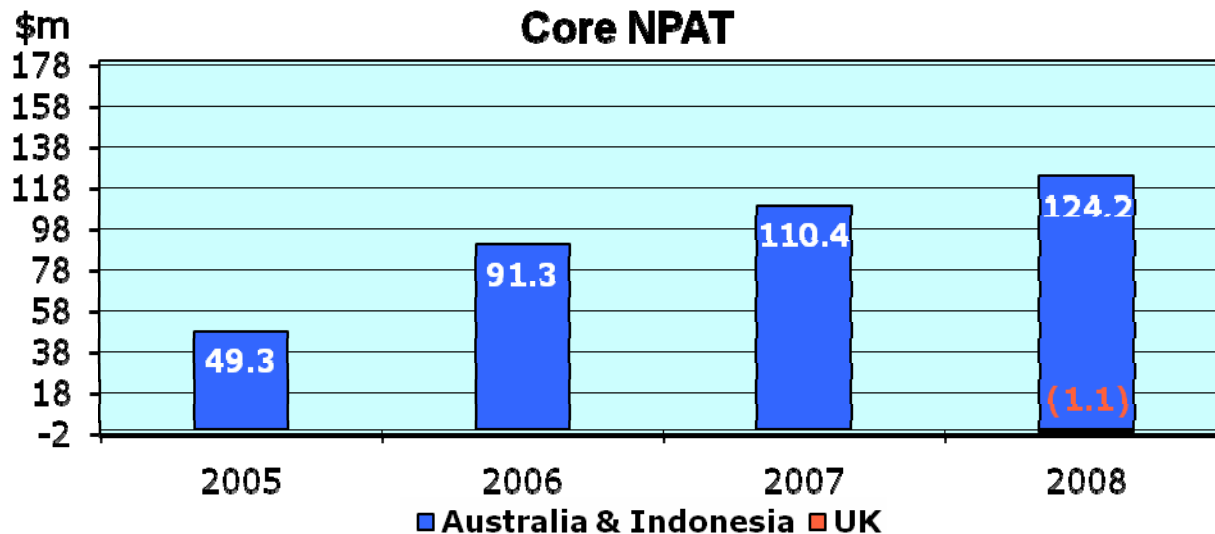
RAMSAY HEALTH CARE



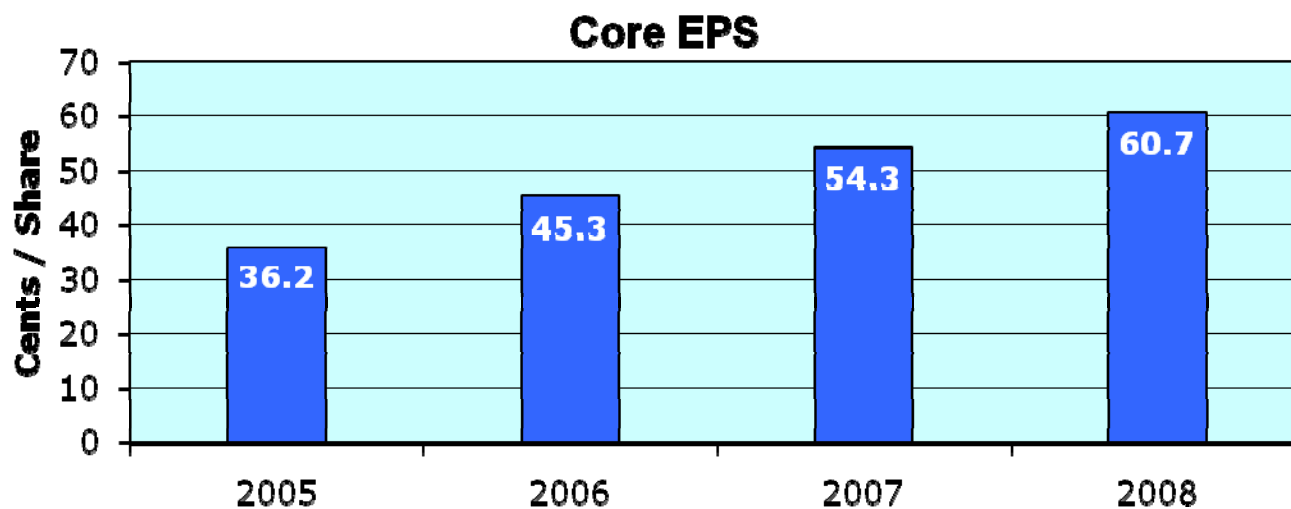
- Group EBITDAR up 40.9% for the year
- Group EBITDAR margin up to 15.5% from 14.0%
- Australia & Indonesia EBITDAR up 11.2% for the year

GROUP CORE NPAT AND EPS GROWTH CONTINUING OPERATIONS

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- Group core NPAT up 11.5%
- Ramsay UK exceeded expectations



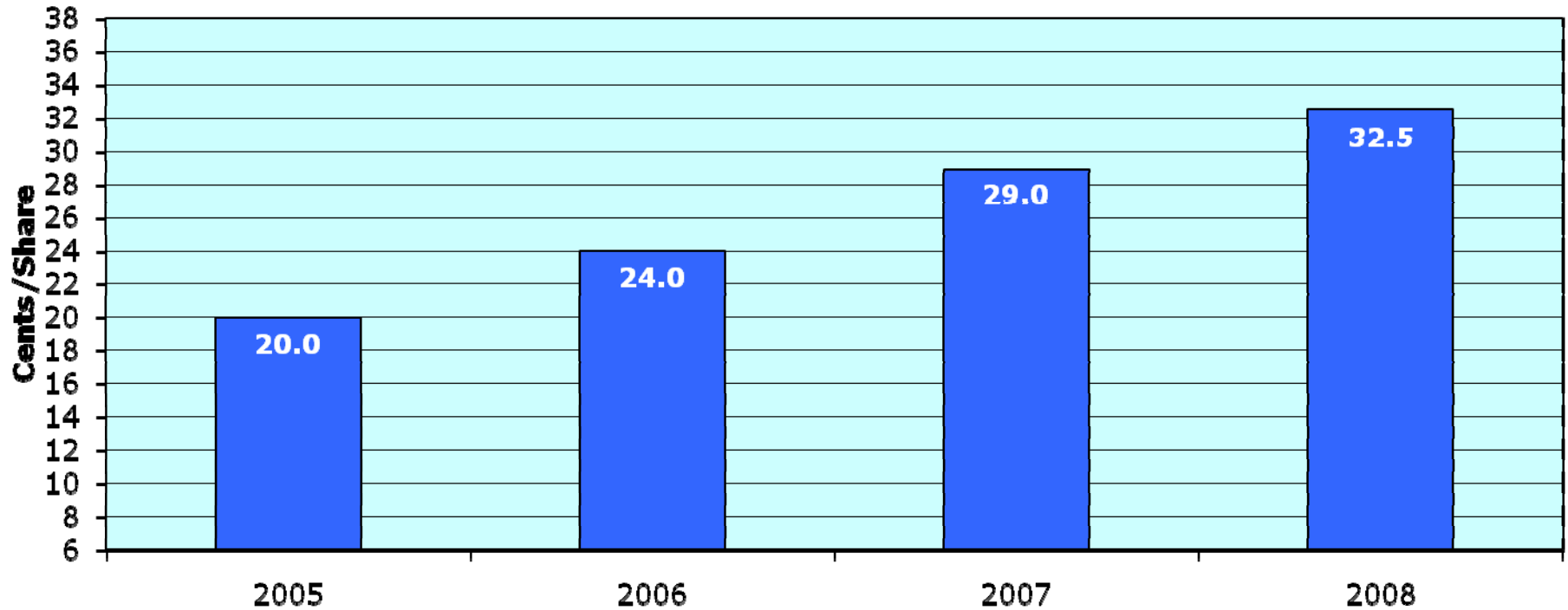
- Group core EPS up 11.8%
- Group core EPS in line with guidance of low double-digit growth (10%-12%)

FULL-YEAR DIVIDEND

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- Full-year dividend up 12.1% and in line with core EPS growth

COMMITTED DEBT FUNDING / EFFECTIVE BALANCE SHEET MANAGEMENT

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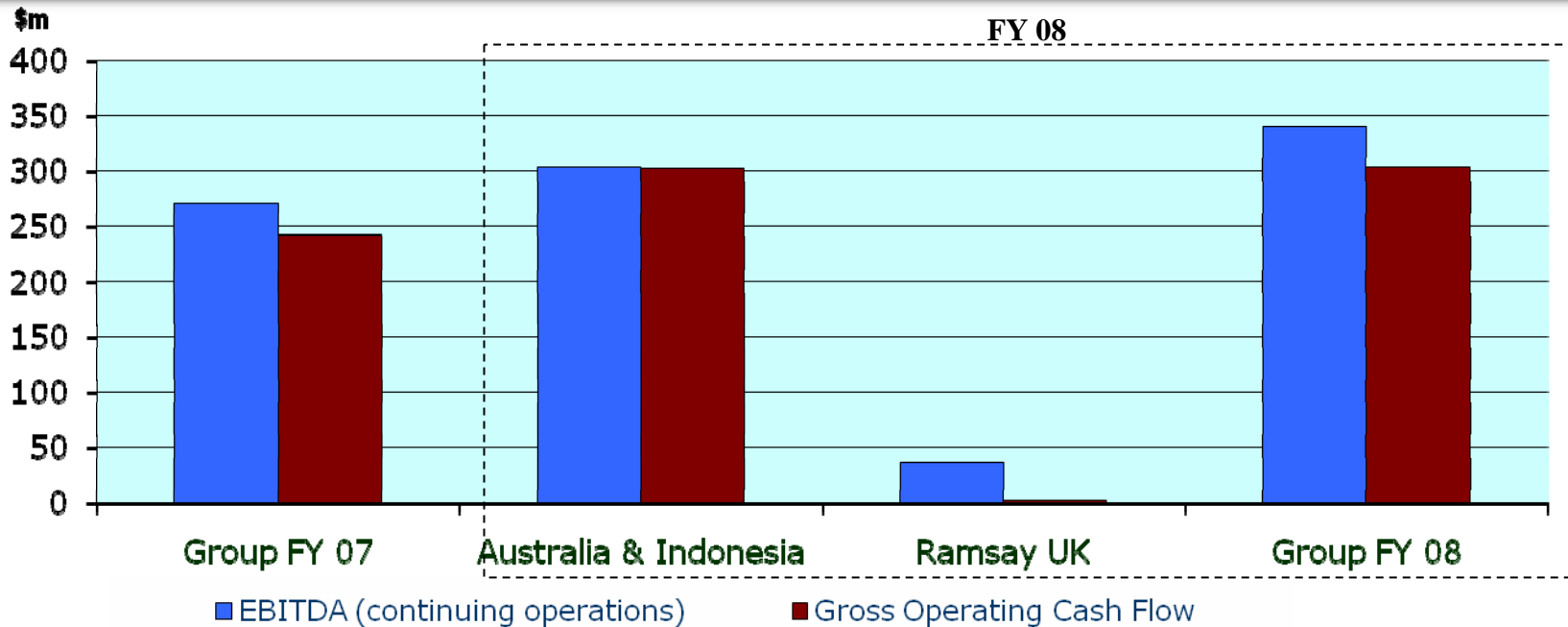
- Senior debt facilities were refinanced in November 2007
 - Committed debt funding until November 2012
 - Headroom provided for further growth opportunities
- Strong consistent cash flow underwrites debt servicing
- Very focused on cash flow and working capital management
- Ramsay has a conservative approach to interest rate exposure

HIGH CASH CONVERSION

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- High cash conversion rate from Australian & Indonesian hospitals
 - Full-year cash flow virtually in line with EBITDA through focus on working capital management
- Shortfall of gross operating cash flow to EBITDA in relation to UK operations
 - Rent paid quarterly in advance for the majority of hospitals
 - Initial working capital requirement - ramp up of NHS business

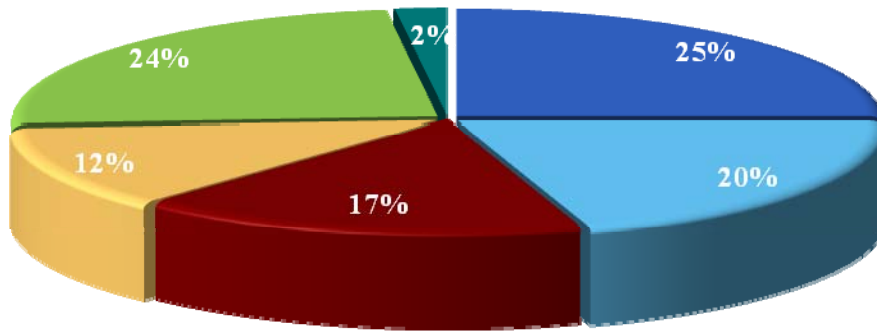
DIVERSIFIED REVENUE

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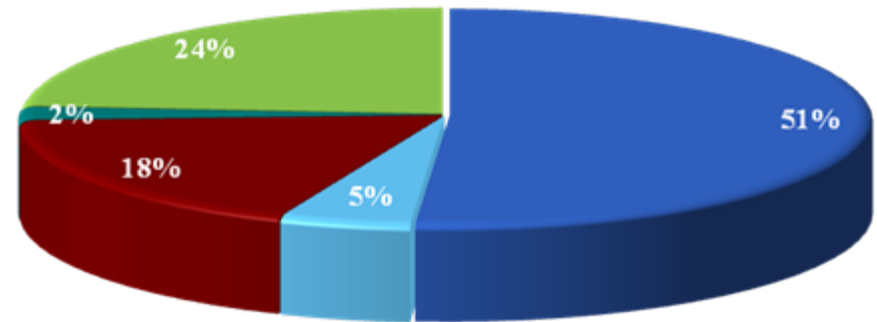
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REVENUE BY REGION



- NSW
- Qld
- Vic
- WA/SA
- UK
- Indonesia

REVENUE BY SOURCE



- Australian Health Funds
- Workers Compensation & Other
- DVA / State Governments
- Indonesia
- UK (Health Insurance & NHS)

- Integration proceeding well
- Hospital admissions up 23% on prior year
- Growth largely due to NHS – up 237%
- NHS work continuing to grow in private hospitals – now 30%+ of activity
- Independent Sector Treatment Centre (ISTC) admissions up 8% on prior year
- ISTCs now achieving 90% of contracted volumes
- Acquisition of Nottingham Private Hospital
- Capacity expansions approved
- Jill Watts appointed UK CEO


STRONG INDUSTRY FUNDAMENTALS - GLOBAL

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- Growth in demand for health care to continue over the long term supported by:
 - Ageing population
 - “Baby boomer” bulge
 - Wealth demographic
 - Increased expectations
 - Increased capabilities
 - Surgical techniques
 - Devices
 - Pharmacology
 - Biotechnology
- INCREASING DEMAND FOR
HEALTH CARE PROVISION
- 

STRONG INDUSTRY FUNDAMENTALS – AUSTRALIA

- Balanced health care system
 - Cultural
 - Political
 - Financial
- Industry features
 - Respected private providers
 - Choice and access
 - Low cost attractive insurance product
 - Comprehensive cover
 - Community rated
 - 30% rebate
 - Lifetime health cover
 - Medicare Levy Surcharge



UNDERPINS
ONGOING STRONG
PARTICIPATION IN
PRIVATE HEALTH

PROPOSED CHANGES TO MLS

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- Proposed changes to the Medicare Levy Surcharge (MLS) will not significantly change the attractive fundamentals of Private Health Insurance (PHI)
- Little or no effect on patient volumes anticipated
- Relatively modest effect on PHI premiums
- Ramsay well positioned to withstand any pricing pressure
- Government has indicated it will not reduce other health insurance incentives

BROWNFIELDS PROGRESS AUSTRALIA & INDONESIA

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- Ramsay has committed and approved \$550M for improvements and capacity expansion, approx. 35% already spent
 - Construction has begun and progressing well at: Hollywood (Perth), Joondalup (Perth), Greenslopes (Brisbane), North West (Brisbane), John Flynn (Gold Coast) and North Shore (Sydney) hospitals
- Brownfields expansion passing through heavy investment period, will make positive contribution to EBIT but still expected to marginally dilute EPS in FY09
- Ramsay remains confident about the programme and future earnings it will deliver
- \$10M investment in capacity expansion of Bintaro Hospital Jakarta

- “Revolution” in publicly funded health care
- Access to private hospital market expanded from 12%-15% of English population to 100%
- Patient Choice soon to be a legal right
- Further clinical specialties to come on line through Patient Choice
- Strong government commitment to ensure level playing field with NHS
- Corporatisation of public providers
- Aggressive waiting list targets
- Robust private health insurance market – 85% corporate purchase

STRONG GROWTH STRATEGY - RAMSAY UK

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- Focused on developing UK operation
- Substantial growth opportunities from NHS, supporting increased investment
 - Approved capex of £28 million over FY09 & FY10
- Bolt-on opportunities will continue to be investigated to enhance value of UK operation
- Provides platform to expand into wider European market

- Significant investment in capacity expansion at hospitals to service increasing NHS demand
 - 17% increase in hospital operating capacity expansion approved – further expansion expected
 - Capex of £28 million approved over FY09 and FY10
 - Target ROI of at least 15%, 2-3 years after completion
 - Projects include:
 - Yorkshire Clinic: 5th theatre, Orthopaedic Centre of Excellence, endoscopy suites
 - Pinehill Clinic: 3rd operating theatre, day care facility, additional consulting suites
 - Rivers Hospital: new day care unit, 4th theatre, replacement of chemotherapy unit
 - Winfield Hospital: 3rd theatre, day care unit
 - Fullwood: additional theatre and day surgery
 - North Downs: additional theatre
 - Rowley Park: additional theatre

OUTLOOK

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RAMSAY HEALTH CARE

- Strong industry fundamentals to underpin future growth
- Solid organic growth to continue in Australia, brownfields progressing well
- Ramsay UK outperformed expectations in FY08 and is expected to be EPS accretive in FY09 – one year ahead of schedule
- Significant future growth opportunities in the UK
- Ramsay will continue to investigate opportunities in a number of other markets
- Ramsay is targeting core EPS growth of 10%-12% for the total Group for FY09



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QUESTIONS

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