



RAMSAY
HEALTH CARE



Results Briefing
for the year ended 30 June 2004

25 August 2004



- Core net profit up 13%, building on strong profit growth of previous 3 years
- Delivered on forecast core profit growth of over 10%
- Effective cost management results in EBIT & EBITA margins holding at 10%
- Organic profit growth continues, at least 5%
- Expansion program contributes to earnings growth as extra capacity comes onstream
- Post year-end, acquisition of Benchmark Hospital Group



- Core NPAT (before non-recurring items and amortisation of goodwill) up 13% to \$42.7m
- NPAT \$38.4m after non-recurring charges of \$3.7m (net of tax)
- 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%

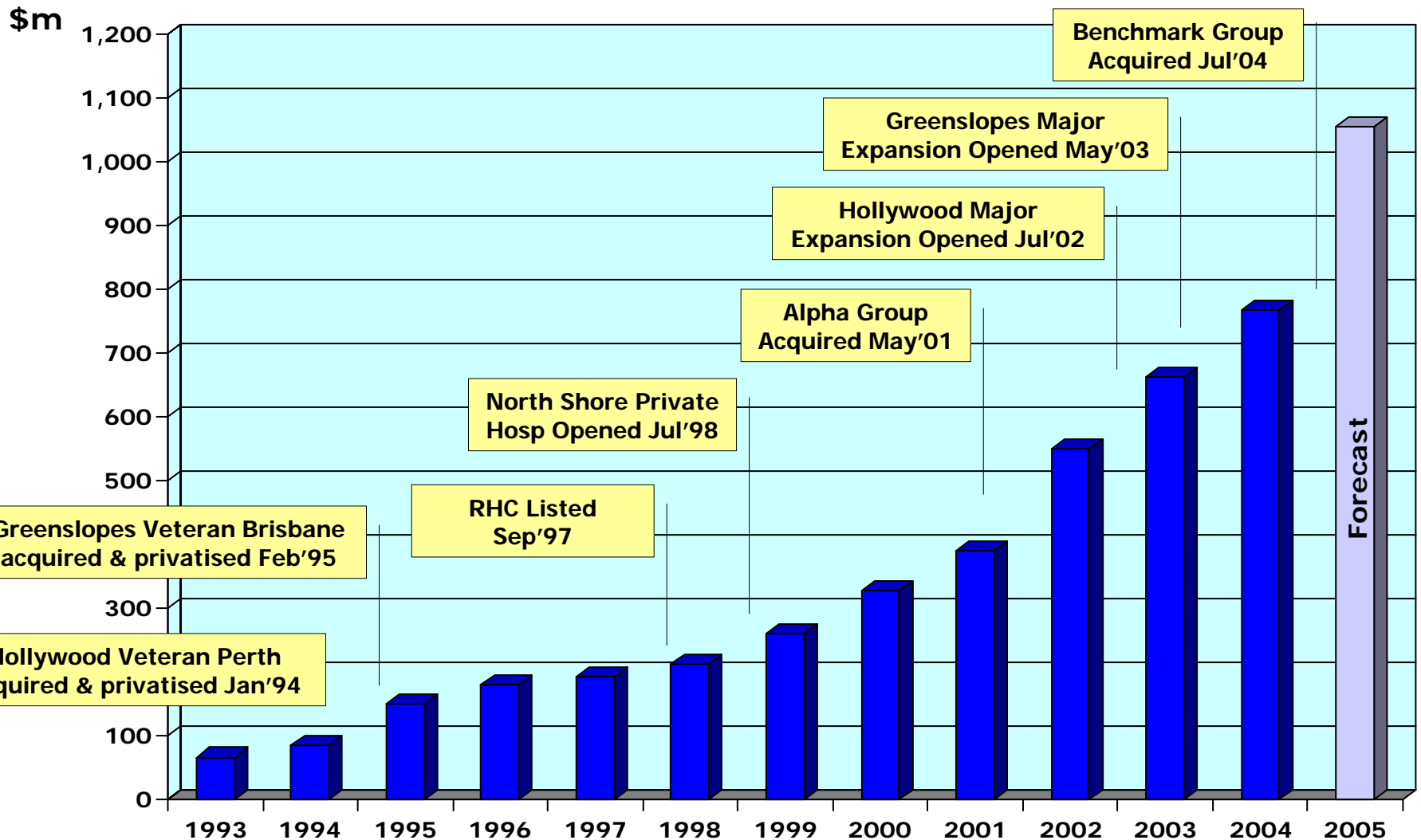


	Year ended 30 June		
	2003	2004	
	\$m	\$m	% Inc.
Operating Revenue	662.2	768.1	16%
EBITDA	91.0	105.8	16%
EBITA	67.0	77.6	16%
Net Profit before tax	53.5	61.3	15%
Net Profit After Tax	37.1	42.0	14%
Core Net Profit After Tax ⁽¹⁾	37.7	42.7	13%
(1) Notes			
<ul style="list-style-type: none"> ■ <i>Before non-recurring items and amortisation of goodwill</i> ■ <i>Non-recurring items (net of tax) comprise</i> <ul style="list-style-type: none"> ➢ <i>Mayne bid costs written off</i> - 2.2 ➢ <i>Unamortised borrowing costs associated with the previous refinancing in 2001</i> - 1.5 			
<i>Total non-recurring items</i>	-	3.7	
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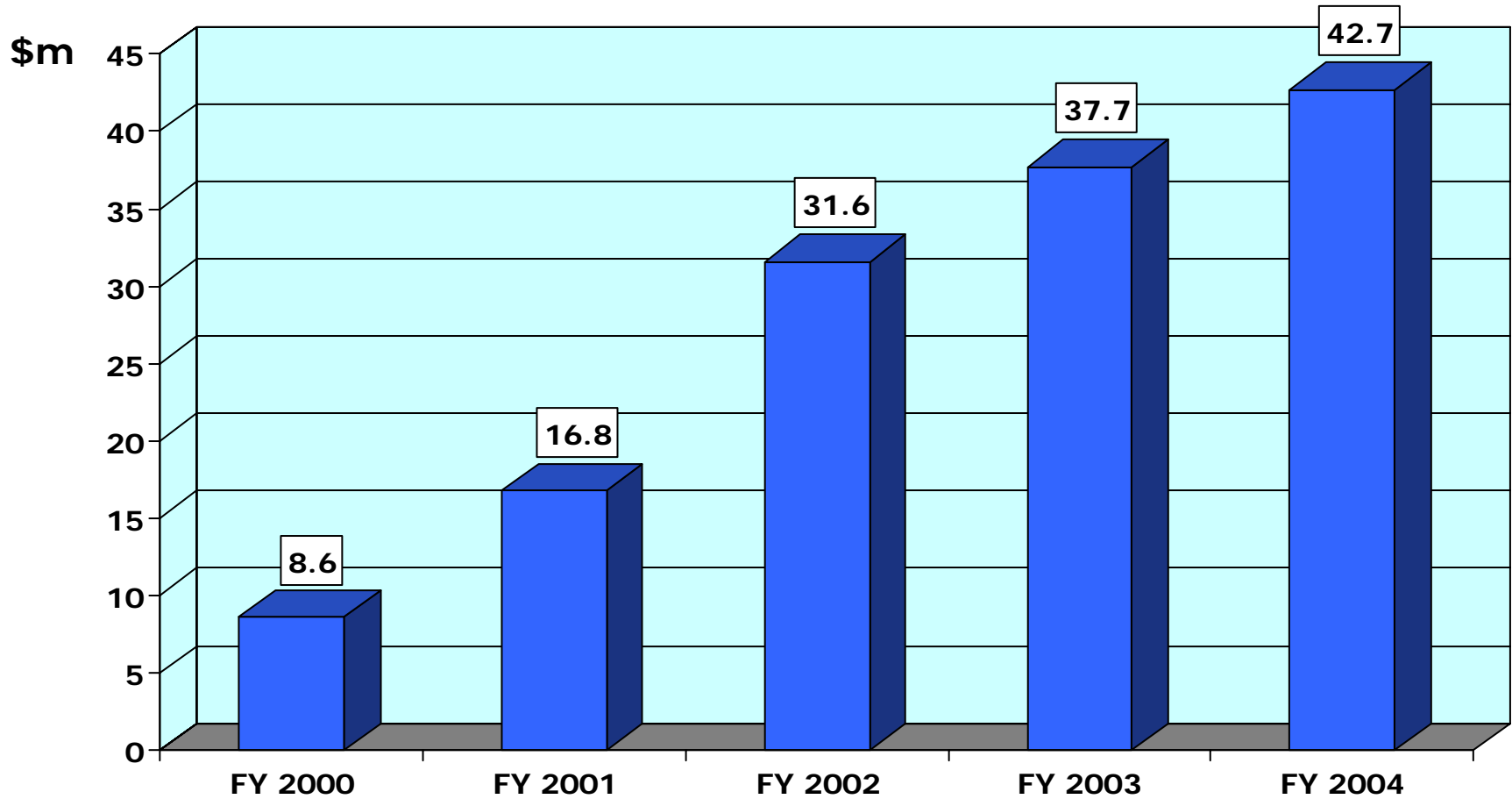


	Year ended 30 June		
	2003 cents/share	2004 cents/share	% Inc.
Core EPS ⁽¹⁾	29.3 ¢	33.1 ¢	13%
Full year dividend – fully franked	15.5 ¢	17.5 ¢	13%
<i>⁽¹⁾ Notes</i>			
▪ <i>Before non-recurring items and amortisation of goodwill</i>			
▪ <i>Reported EPS</i>	<i>28.9 ¢</i>	<i>29.8 ¢</i>	

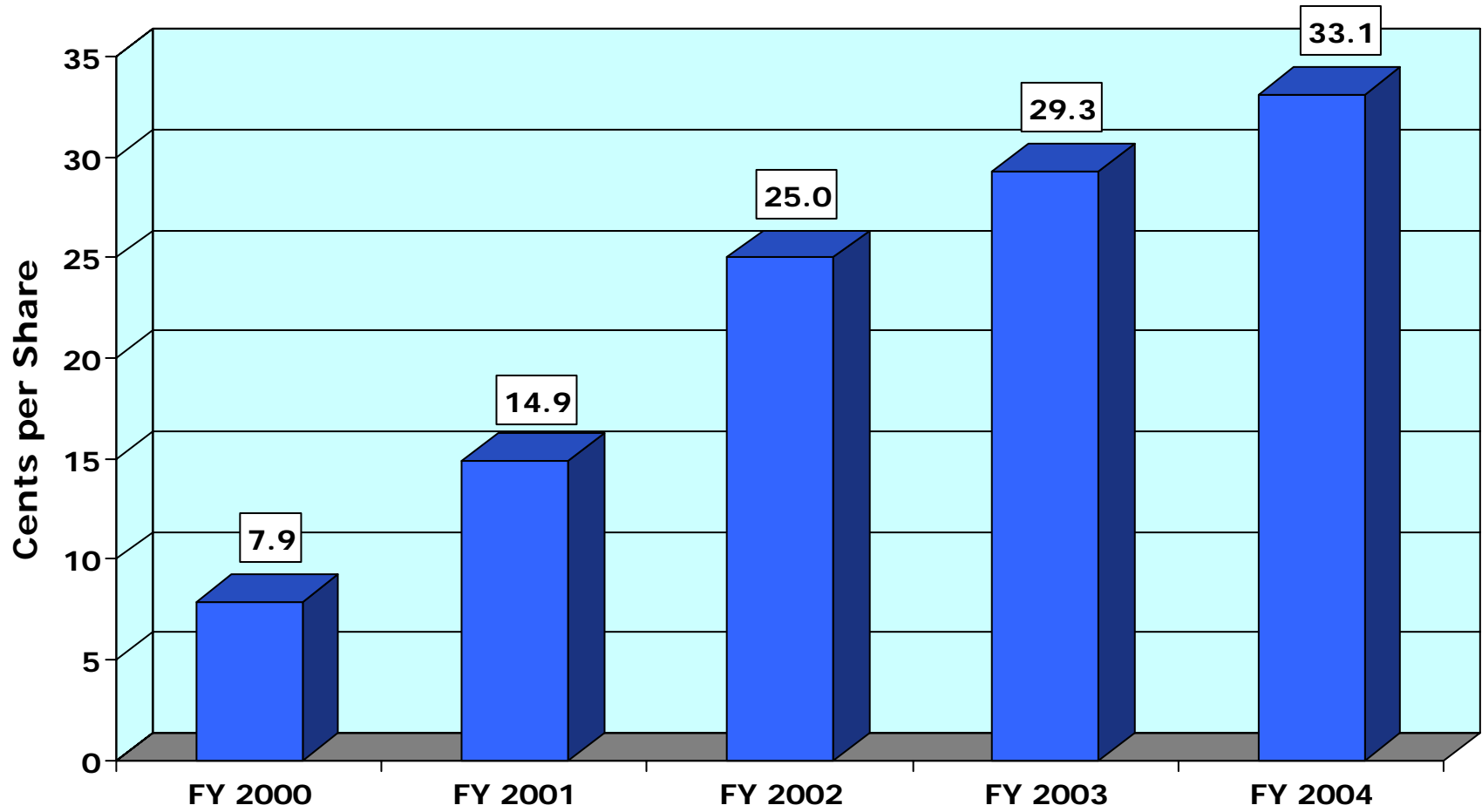
Revenue Growth Time Line



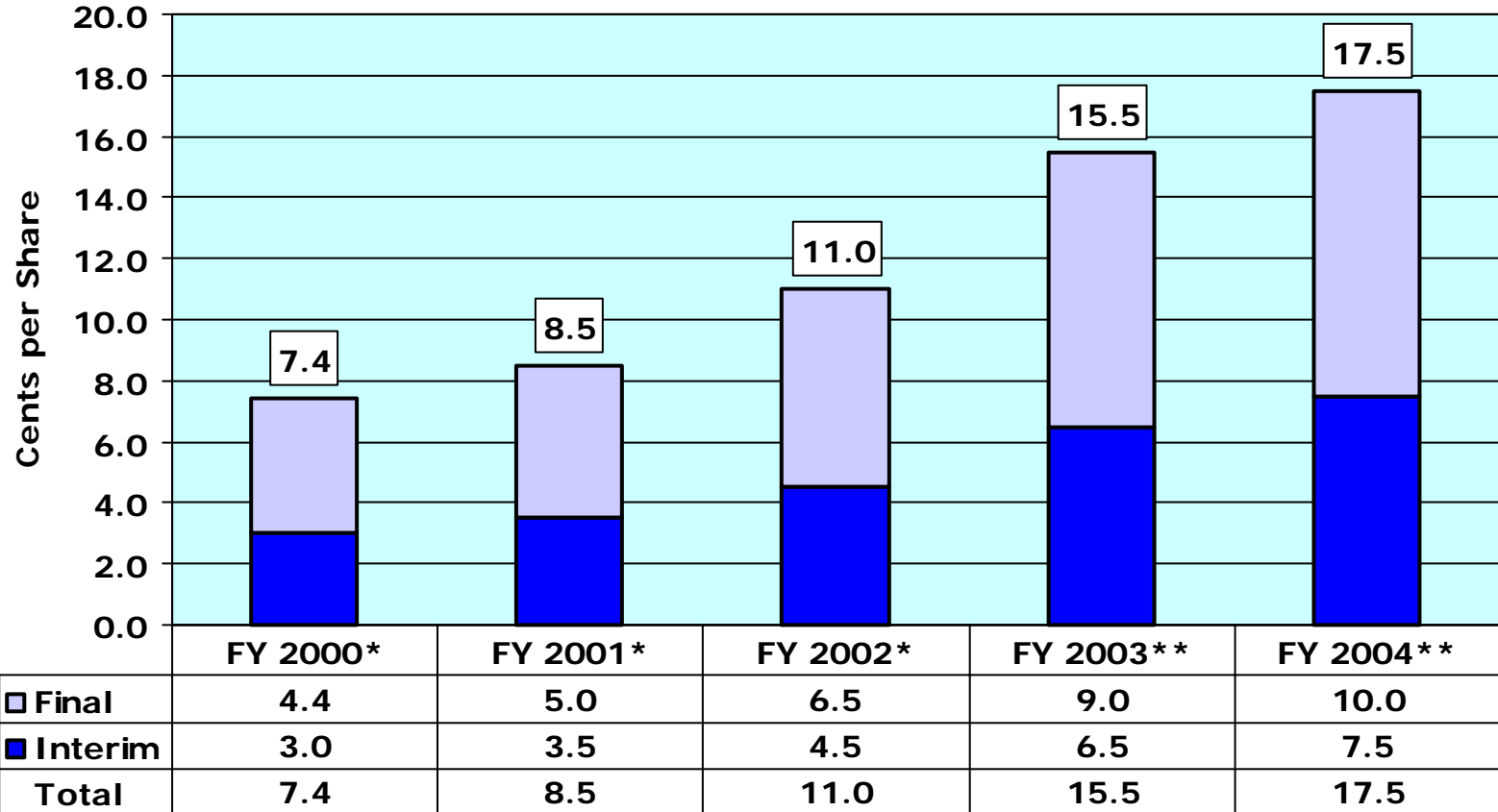
Core Net Profit



Core Earnings per Share



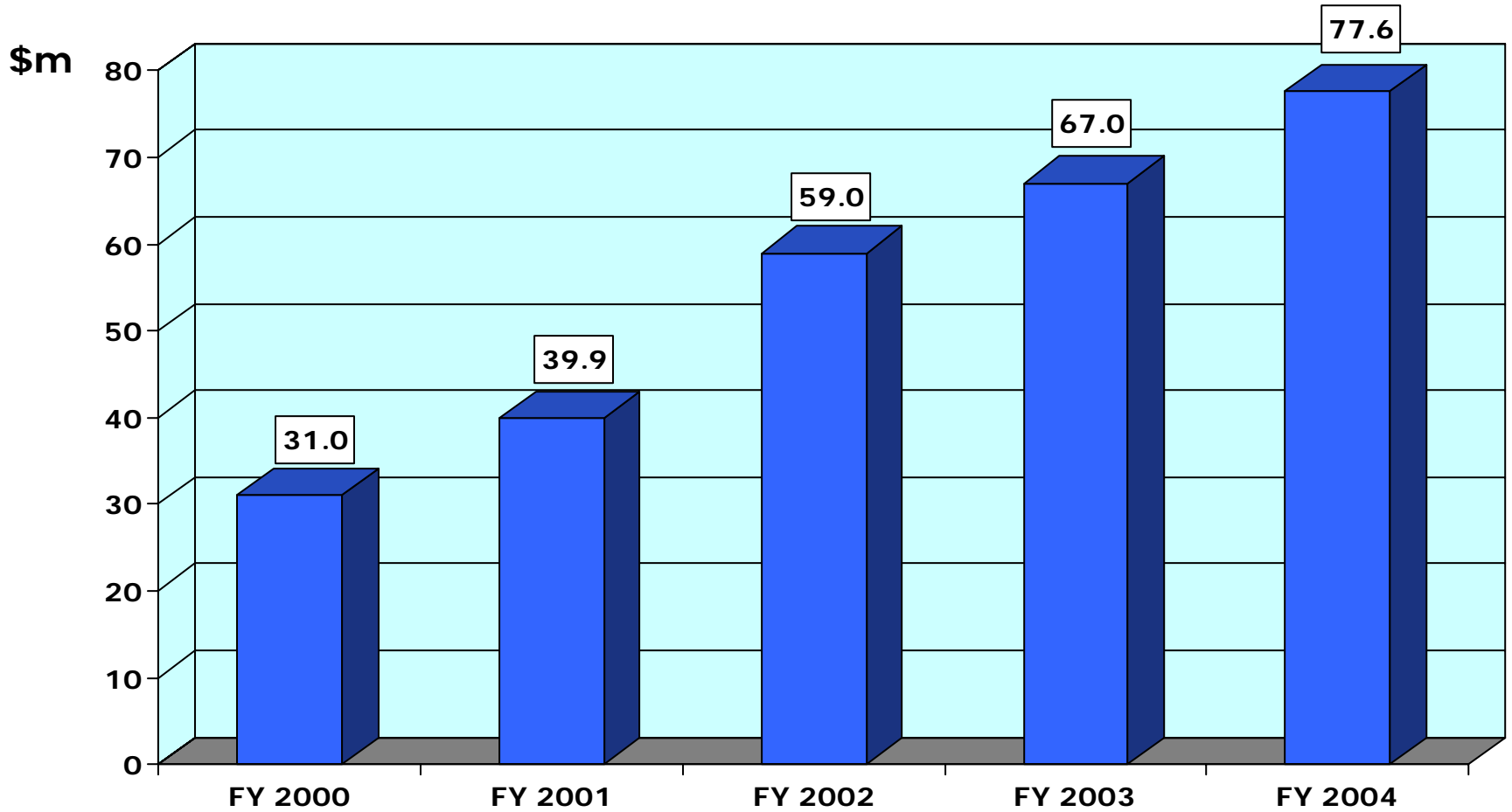
Increased Dividend



Notes

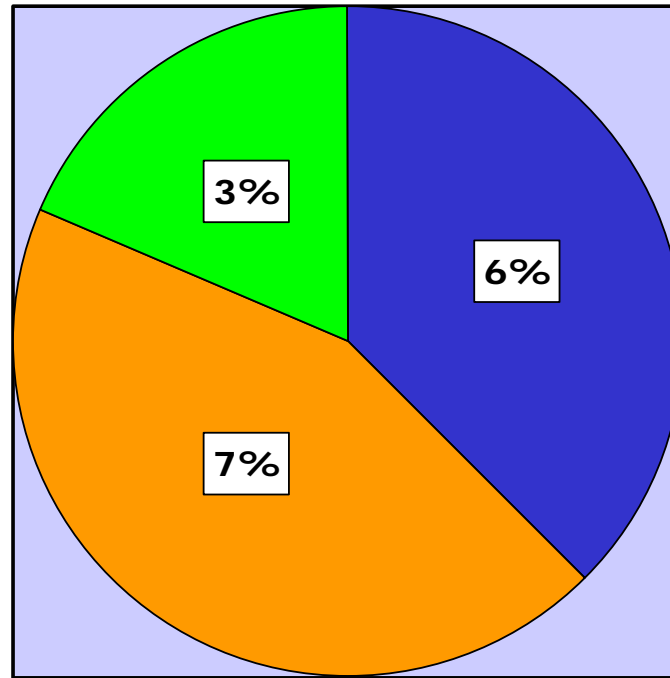
** Unfranked ** Fully Franked*

EBITA Growth





EBITA up 16% over 2003



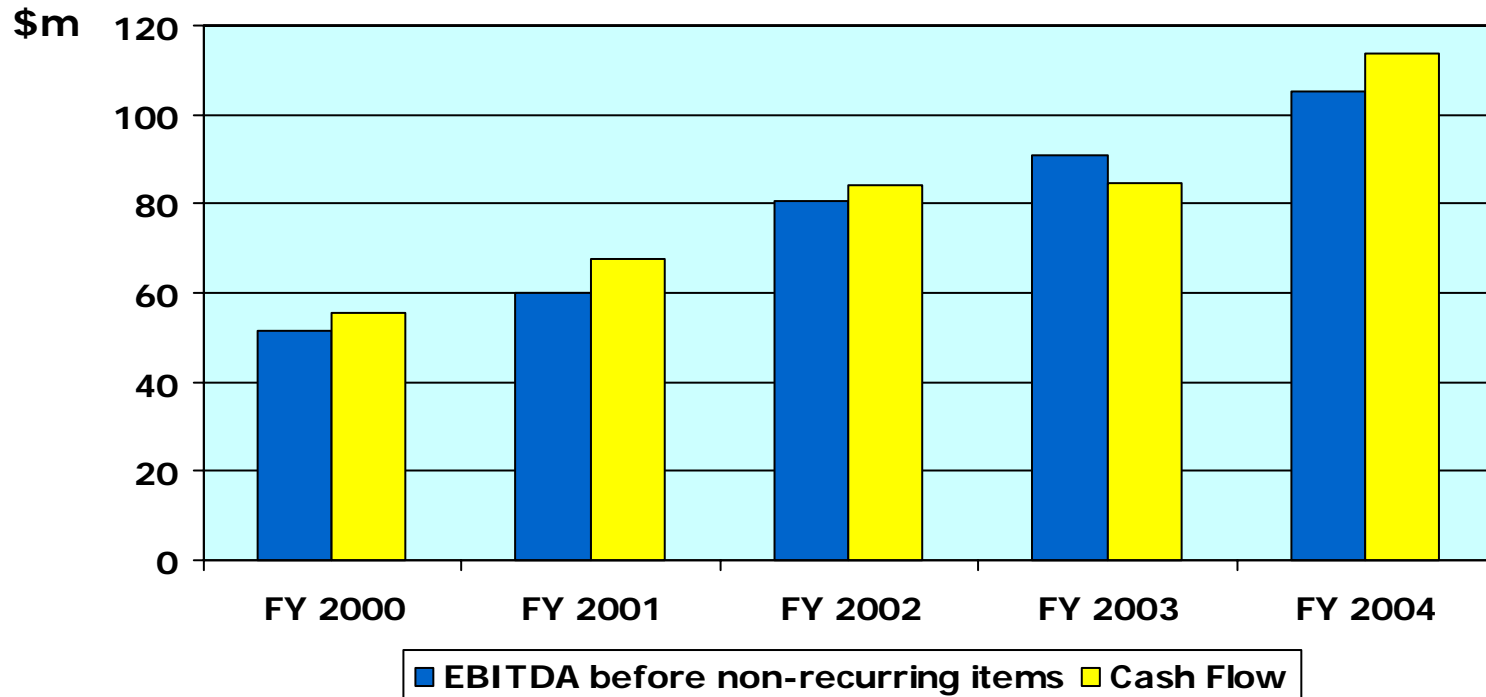
-  Organic Growth - 6%
-  Growth from Expanded Capacity - 7%
-  Growth from Acquisitions - 3%



- EBITDA margin 14% for the year
- EBIT margin 10% for the year
- EBIT margin 10.1% excluding Silver Circle
- Benchmark hospital portfolio expected to be margin dilutive due to high proportion of leased facilities



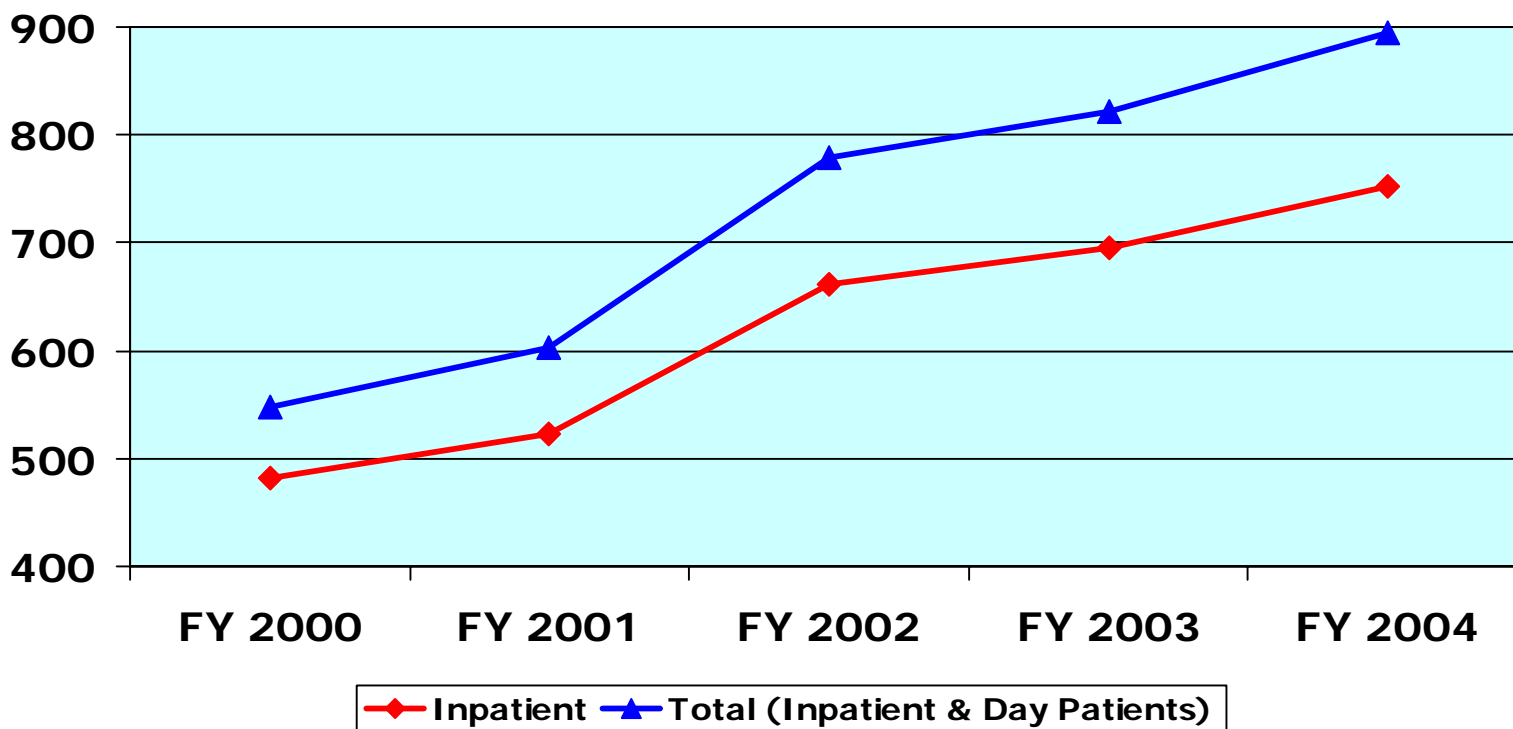
EBITDA/Cash Flow



- EBITDA translates into strong gross operating cash flow.
- Continuing effective cash flow management



	Year ended 30 June			
	2001 (2)	2002	2003 (1)	2004 (2)
ROIC (EBIT/Funds Employed) %	10.4	14.9	14.3	15.2
ROE (NPAT/Shareholder Funds)%	8.0	13.9	14.6	15.5
<i>Notes:</i>				
<i>(1) Cairns excluded – acquired in Nov'02</i>				
<i>(2) Calculated before non-recurring items</i>				



- Total admissions up 11% over previous year
- Excluding extra capacity, admissions up 5%



- Effective micro-management underpins annual organic growth of at least 5%
- Invest in existing business - benefits of expansion program to further flow through to 2005 earnings
 - Lake Macquarie expansion ramp up
 - Greenslopes expansion benefits to continue
 - Mt Wilga
- Actively seek acquisitions to further strengthen existing growth outlook
 - Benchmark provides opportunity to make bolt-on acquisitions in Victoria, South Australia
- Committed to aged care
- Company's debt facilities refinanced and expanded to fund growth



■ 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

- Confident purchase will meet our expectations after early experiences
- Existing expansion program on track
- Now planning for revamp, additional expansion to some facilities which will further benefit from ownership by committed, long term operator
 - Mitcham, The Valley, South Eastern, Beleura



- Strategically significant acquisition for Ramsay Health Care
 - 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 1st year of integration, significant contribution expected from 2nd year



- Long-term strategy based on acquisitions & greenfield development
- Acquisition opportunities
 - Inflated price expectations
 - Looking at groups, as well as individual facilities
 - Identify facilities well placed in a competitive market and where value can be added
- Greenfield developments
 - Allocated 186 new residential places, taking total to 206
 - Targeting 500-600 beds to be operational within 3 years
 - Queensland – Greenslopes, Chermside
 - NSW - Coffs Harbour, Shellharbour, Central Coast
- Silver Circle, Australia's largest private home care business
 - Planning expansion into other states, and services



- Targeting at least 10% growth in core net profit, based on:
 - Strategically positioned, quality facilities – admission growth
 - Efficient hospital management – EBIT margin, ROI/ROE
 - Focus on cost containment, leveraging market position
 - Annual organic growth of at least 5%
 - Benefits of expansion program to further contribute to earnings – Greenslopes, Lake Macquarie, Mt Wilga
 - Realisation of upside benefits from Benchmark



- Profit growth target does not include the benefits of further acquisitions
- RHC continues to pursue strategic acquisitions
 - Hospitals (bolt-ons in South Australia & Victoria)
 - Other opportunities
 - Aged Care



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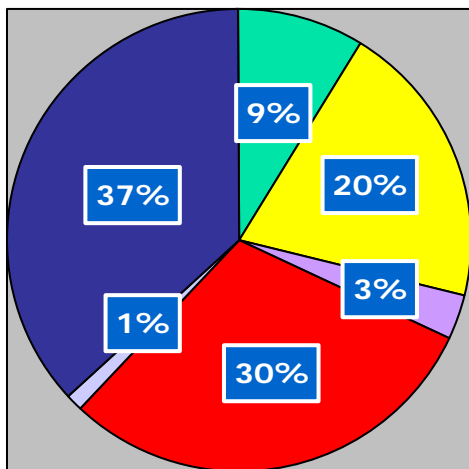


Appendix

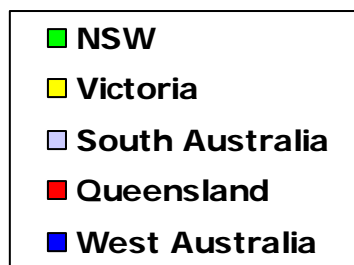
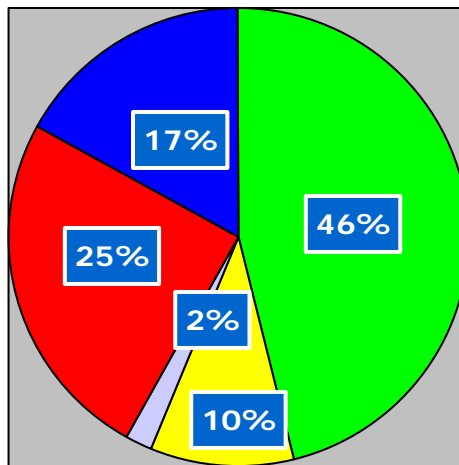
Diversified Income Stream pre Benchmark



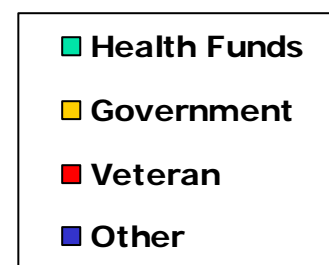
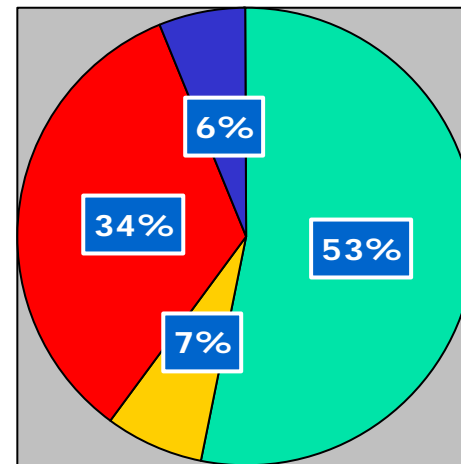
Revenue by Division



Revenue by State



Revenue by Payor Source

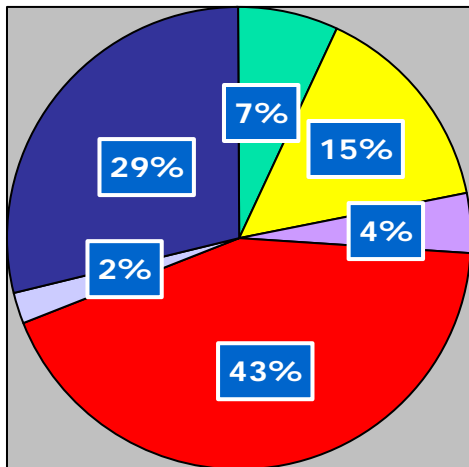


Note: Analysis of revenue for FY 2004, does not include Benchmark

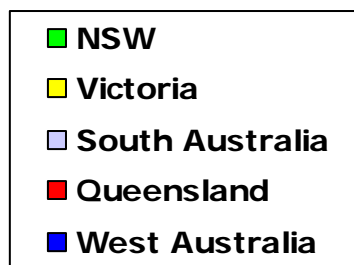
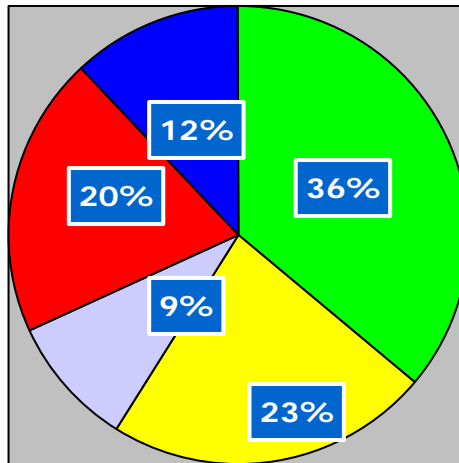
Diversified Income Stream including Benchmark



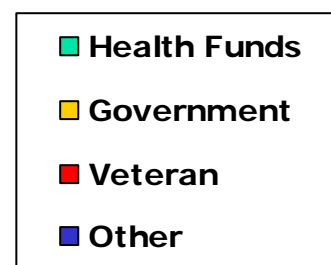
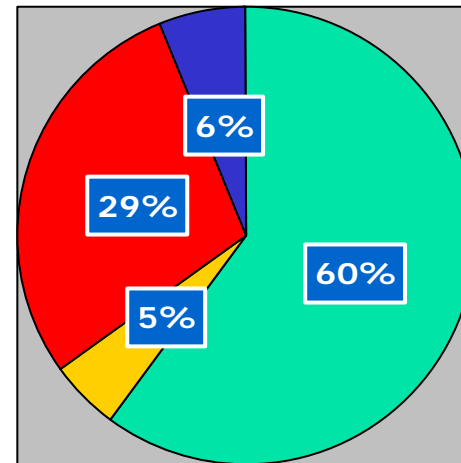
Revenue by Division



Revenue by State



Revenue by Payor Source



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



Operating Divisions	Number of Facilities ⁽¹⁾	Licensed Beds
Veteran	2	983
Co-located	3	379
Regional Medical/Surgical	17	1,742
Psychiatric	8	541
Rehabilitation	4	231
Aged Care	1	68
Totals	35	3,944

Notes

⁽¹⁾ Including Benchmark Hospital Group acquired 1 July 2004



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