



RAMSAY HEALTH CARE

Briefing – 26 February 2009  
Financial Results  
Half Year ended 31 December 2008  
Christopher Rex, Managing Director

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# AGENDA

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- Half-year overview
- Financial performance: Group and Australia & Indonesia
- Operational highlights: Australia & Indonesia and Ramsay UK
- Strong company in resilient industry
- Clear support for balanced health system
- PHI membership solid
- Strong growth strategy
- Outlook



## Strong rise in Group net profit

- Core Net Profit After Tax up 11.6% to \$68.7 million
- Core EPS up 11.0% to 33.8 cents
- Group revenues up 35.5% to \$1.6 billion
  - Australia and Indonesia revenue up 12.0% to \$1.3 billion
- Group EBIT up 23.3% to \$148.7 million
  - Australia and Indonesia EBIT up 10.9% to \$134.0 million
- UK business performing strongly, in line with previously upgraded guidance
- Interim dividend 16.5 cents fully franked, up 10.0%

# GROUP FINANCIAL PERFORMANCE

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HALF YEAR ENDED 31 DECEMBER					
	2008 \$m			2007 \$m	% Increase
Continuing Operations	Australia & Indonesia	UK (1)	Group (1)	Group (1)	
Operating Revenue	1,264.1	343.6	1,607.7	1,186.7	35.5%
EBITDAR (2)	183.8	74.1	258.0	177.1	45.6%
EBITDA	171.4	30.4	201.8	157.0	28.5%
EBIT	134.1	14.7	148.7	120.6	23.3%
Core NPAT – continuing operations (3)			68.7	61.5	11.6%
Core EPS – continuing operations (3)			33.8 ¢	30.4 ¢	11.0%
Interim dividend – fully franked			16.5 ¢	15.0 ¢	10.0%
EBITDAR Margin % (2)			16.0%	14.9%	110 bps
<p>1. The half-year result to 31 December 2008 includes a full six-month contribution from Ramsay UK. (HY December 07 includes approximately 1.5 months only)</p> <p>2. EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rent ) is the most comparable indicator as UK hospitals are leased</p> <p>3. Core NPAT – continuing operations, and Core EPS – continuing operations are before specific items, amortisation of intangibles and divested operations</p>					

# GROUP FINANCIAL PERFORMANCE

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HALF YEAR ENDED 31 DECEMBER			
	2008 \$m	2007 \$m	% Increase
Core NPAT – continuing operations	68.7	61.5	11.6%
<i>NPAT – divested operations</i>	–	(1.2)	
<i>Specific items and amortisation of intangibles (net of tax)</i>	(14.9)	(9.3)	
Reported Net Profit after Tax	53.7	50.9	5.5%

HALF YEAR ENDED 31 DECEMBER		
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
Deferred non-cash rent expense relating to UK hospitals	12.4	–
Restructuring and integration	<b>1.6</b>	<b>2.9</b>
	14.0	8.4
Amortisation of intangibles	0.9	0.9
	<b>14.9</b>	<b>9.3</b>

# FINANCIAL PERFORMANCE - AUSTRALIA & INDONESIA

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HALF YEAR ENDED 31 DECEMBER			
Continuing Operations	2008 \$m	2007 \$m	% Increase
Operating Revenue	1,264.0	1,127.5	12.1%
EBITDAR	183.8	165.3	11.2%
EBITDA	171.4	153.8	11.4%
EBIT	134.1	120.9	10.9%

- Australia and Indonesia, the Group's historical base operations, up strongly on all operating levels

# GROUP CORE NPAT AND EPS

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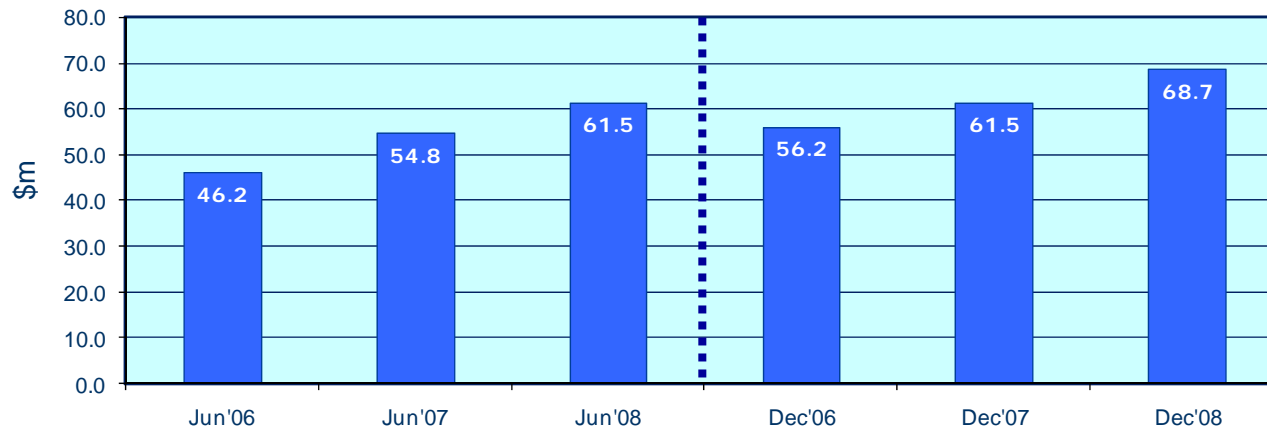


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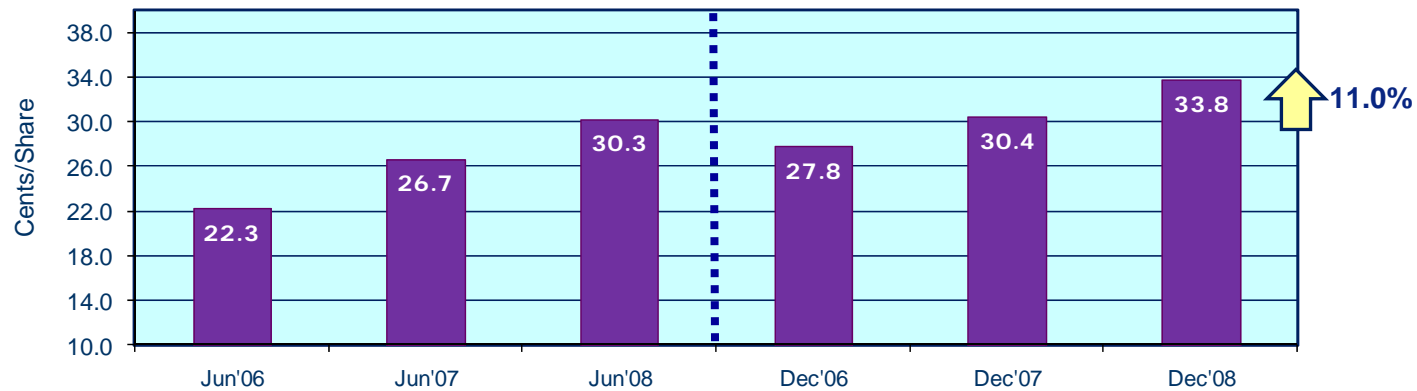
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### CORE NPAT



- Group core NPAT up 11.6%

### CORE EPS



- Group core EPS up 11.0%

# INTERIM DIVIDEND

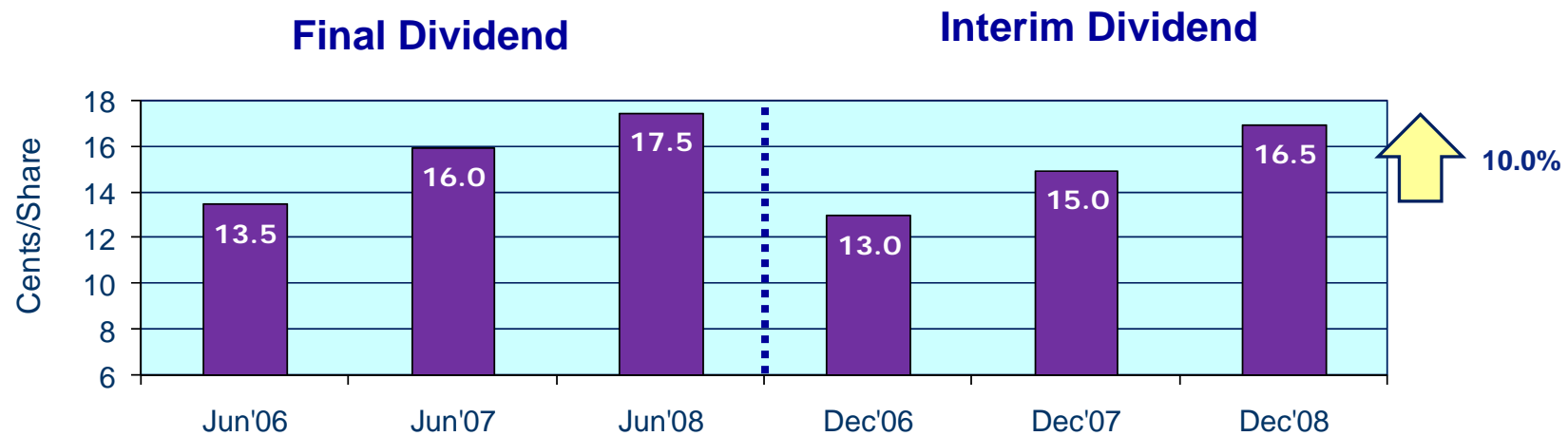
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HEALTH CARE

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- Interim dividend up 10.0%, tracking growth in core EPS of 11.0%
- Capacity to grow dividends highlights resilience of our business



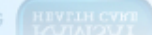
- Ramsay has committed debt funding in place until November 2012
  - Underwritten by strong and consistent cash flow
  - The undrawn portion of the facility provides Ramsay with adequate headroom not only for its capital expansion programme but for future growth opportunities
- Large portion of Ramsay's debt is fixed but business will benefit from lower interest rates on floating portion of debt

# HIGH CASH CONVERSION

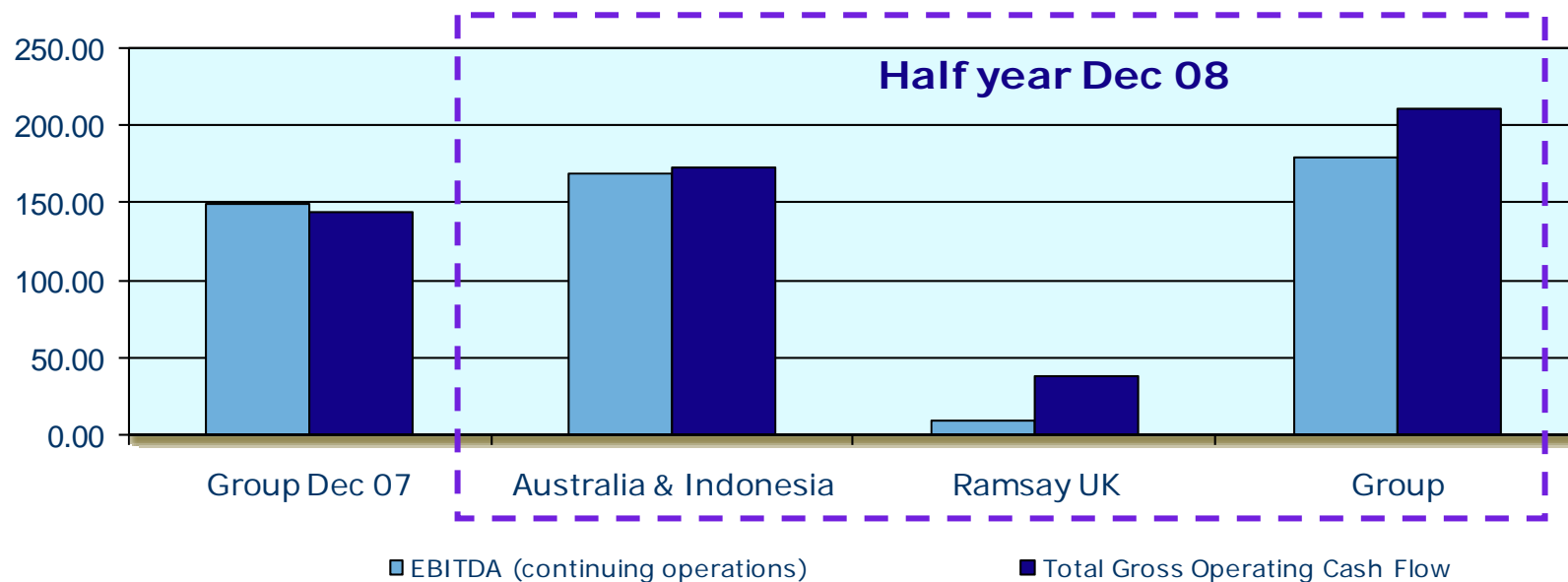
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- High cash conversion rate from Australian & Indonesian hospitals
- Pleasing result for Ramsay UK particularly given ramp up of NHS business
- Half year cash flow exceeds EBITDA

# OPERATIONAL HIGHLIGHTS – AUSTRALIA & INDONESIA

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- Australia & Indonesia revenue growth up 12.1%
- Australia & Indonesia EBIT growth up 10.9%
- Australia & Indonesia EBITDA hospital margins (excluding prostheses) rose to 18.2% from 18.0%
- Total admissions for Ramsay's Australian and Indonesian hospitals up 6%
- Positive EBIT growth in all states
- Building good working relationship with Federal Government

# OPERATIONAL HIGHLIGHTS – UK

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- Integration of Ramsay UK largely complete
  - Remaining work focused on improvements and efficiencies
- NHS work is continuing to grow in private hospitals, now comprises more than 40% of Ramsay UK admissions, up from 20% a year ago
- Whilst NHS volumes grow, Private Medical Insurance (PMI) remains stable.
- Patient referrals to ISTCs (Independent Sector Treatment Centres) up 25% on the prior year
- Operating margins before rent remain strong at over 20%

# RAMSAY UK - GROWTH OF CAB

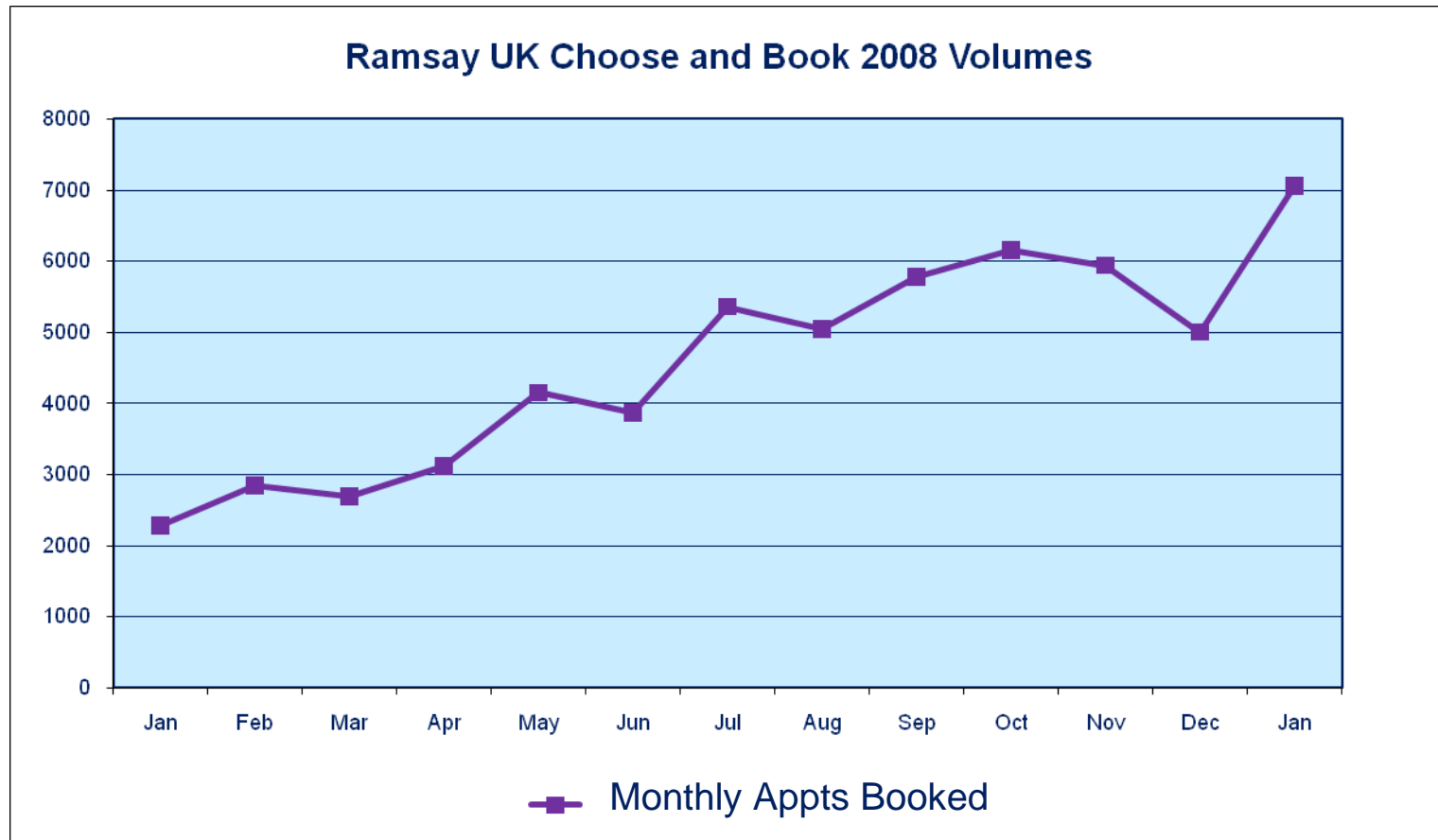
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# STRONG COMPANY IN RESILIENT INDUSTRY

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- Industry fundamentals underpin growth
- Ramsay is well positioned in the current climate
- First-half result reflects the strength and resilience of the underlying business and the industry
- Ramsay's continued investment in its existing business demonstrates confidence in the industry and future earnings
- Global Financial Crisis may present growth opportunities

# CLEAR SUPPORT FOR BALANCED HEALTH SYSTEM

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- Government blueprint for long-term Australian health care reform clearly supports a balanced system

*“Australia’s mix of public and private financing is generally regarded as one of the strengths of our health system. We believe that balance should be maintained.”*

*“We want to see the overall balance of spending through taxation, private health insurance, and out-of-pocket contribution maintained over the next decade.”*

National Health and Hospitals Reform Commission Interim Report, 16 February 2009

# PHI MEMBERSHIP SOLID

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- Latest Australian PHI (Private Health Insurance) data defies slowing economy and changes to MLS (Medicare Levy Surcharge)
- 44.8% of all Australians covered – highest proportion of people covered for hospital treatment since December 2001

*“While this figure shows a modest slow in growth from the previous quarter, the fact is that membership has continued to increase and the sector is strong.”*

*“The Government will continue to work with the industry to strengthen private health insurance products, to ensure ongoing stability of the Australian private health sector.”*

Minister for Health and Ageing Nicola Roxon, 18 February 2009

# STRONG GROWTH STRATEGY

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- Ramsay has three major drivers of growth:
  - Organic growth:
    - Underpinned by patient demographics
    - Quality portfolio of hospitals
    - Continual business management improvement
    - Ramp up of Ramsay UK
  - Brownfields:
    - Investing \$580 million (net) to expand and improve Australian hospitals in areas of high-patient demand
    - Investing £28 million to expand and improve Ramsay UK facilities over FY09 and FY10 to satisfy growing NHS demand
  - Acquisitions:
    - Continuing to research a number of markets, in areas close to core competencies
    - Must add long-term value to shareholders
    - GFC may present opportunities

# OUTLOOK

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RAMSAY HEALTH CARE

- Ramsay's underlying business remains solid and tracking in line with expectations
- Ramsay is well positioned in current climate
- Strong industry fundamentals to underpin future growth
- Ramsay UK on track to be EPS accretive in FY09, one year ahead of schedule (as per previously upgraded guidance)
- Benefits from lower interest rate environment means Ramsay will, barring unforeseen circumstances, likely exceed original guidance for core EPS growth of 10% to 12% for the Group for FY09



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# QUESTIONS

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