RAMSAY HEALTH CARE

Briefing – 27 February 2006
Interim Financial Results
half-year ended 31 December 2005

RAMSAY HEALTH CARE

OVERVIEW

- Strong half year results from Ramsay and Affinity hospitals
  - **Focus on hospital micro-management delivers solid profit growth**
  - **Affinity hospitals under Ramsay management from Sept '05, pleased with half year results**
- Half year core EPS growth ahead of FY2006 guidance
- Divestments deliver strong sale proceeds
- Debt reduction plan ahead of schedule
- Ramsay portfolio now 72 hospital and day care facilities, 23,000 staff, annual revenue over $2bln

FINANCIAL HIGHLIGHTS

- Core Net Profit (1) up 80% to $44.4m
- Core EPS (2) up 17% to 22.2 cents
- Revenue up 94% to $1,056m
- EBITDA up 96% to $131.1m
- EBITDA margin 12.4%
- Fully franked interim Dividend 10.5 cents, up 24%

Notes:

(1) Core Net Profit – before non-recurring items and divested operations

(2) Core EPS – before non-recurring items and divested operations and after allowing for the preference dividend

FINANCIAL PERFORMANCE

	Six-months ended 31 December		
	2004 AIFRS $m	2005 AIFRS $m	% Inc.
Operating Revenue	**544.6**	**1,056.2**	**94%**
EBITDA	**66.9**	**131.1**	**96%**
EBIT	**48.9**	**98.4**	**101%**
Core Net Profit after Tax [(1)]	**24.6**	**44.4**	**80%**
NPAT from divested operations	*-*	*4.8*	
Less non-recurring items (net of tax)	*(0.6)*	*(7.8)*	
Net Profit after Tax	**24.0**	**41.4**	**72%**

(1) Before non-recurring items and divested operations

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Financial Performance
EPS and Interim Dividend

	Six-months ended 31 December		
	2004	2005	% Inc.
Core NPAT	$24.6 m	$44.4 m	80%
Less Preference Dividend	-	$6.4 m	
NPAT used to Calculate Core EPS	$24.6 m	$38.0 m	54%
Shares on issue	129.8 m	171.3 m	
Core EPS	**19.0 ¢**	**22.2 ¢**	**17%**
Interim dividend – fully franked	**8.5 ¢**	**10.5 ¢**	**24%**

NPAT	$24.0 m	$41.4 m	72%
Less Preference Dividend	-	$6.4 m	
NPAT used to calculate Basic EPS	$24.0 m	$35.0 m	45%
Shares on issue	129.8 m	171.3 m	
Basic EPS	18.5 ¢	20.4 ¢	10%

FINANCIAL PERFORMANCE
Non-recurring Items

	$m	
Borrowing costs associated with divestment hospitals	**2.6**	
Corporate restructuring costs associated with Affinity acquisition	**4.4**	**8.6 ***
One-off malpractice insurance costs	**4.2**	
	11.2	
Tax effect	**(3.4)**	
Non-recurring items (net of Tax)	**$7.8**	

	$m	
Reconciliation of Restructuring costs		
Restructuring costs booked as non-recurring items FY 2005	*6.2*	
Restructuring costs booked as non-recurring items H1 FY 2006	*8.6*	*
	$14.8	
Prospectus forecast	*$17.0*	

FINANCIAL PERFORMANCE
Continuing Operations

Breakdown of continuing Ramsay and retained Affinity operations

	Six months ended 31 December 2005		
	Ramsay	Affinity	Combined
Operating Revenue ($m)	567.9	488.3	1,056.2
EBITDAR ($m)	81.2	62.5	143.7
EBITDA ($m)	70.4	60.7	131.1
EBIT ($m)	53.1	45.3	98.4
Total Patient Days (000's)	592.3	500.9	1,093.2
EBITDAR Margin	14.3%	12.8%	13.6%

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FINANCIAL PERFORMANCE
Continuing Operations

Continuing Ramsay (excluding Affinity)

	Six-months ended 31 December		
	2004	2005	% Inc.
Operating Revenue ($m)	517.8	567.9	10%
EBITDAR ($m)	76.6	81.2	6%
EBITDA ($m)	66.6	70.4	6%
EBIT ($m)	49.4	53.1	7%
Admissions (000's)	164.5	174.8	6%
Total Patient Days (000's)	576.9	592.3	3%
EBITDAR Margin	14.8%	14.3%	

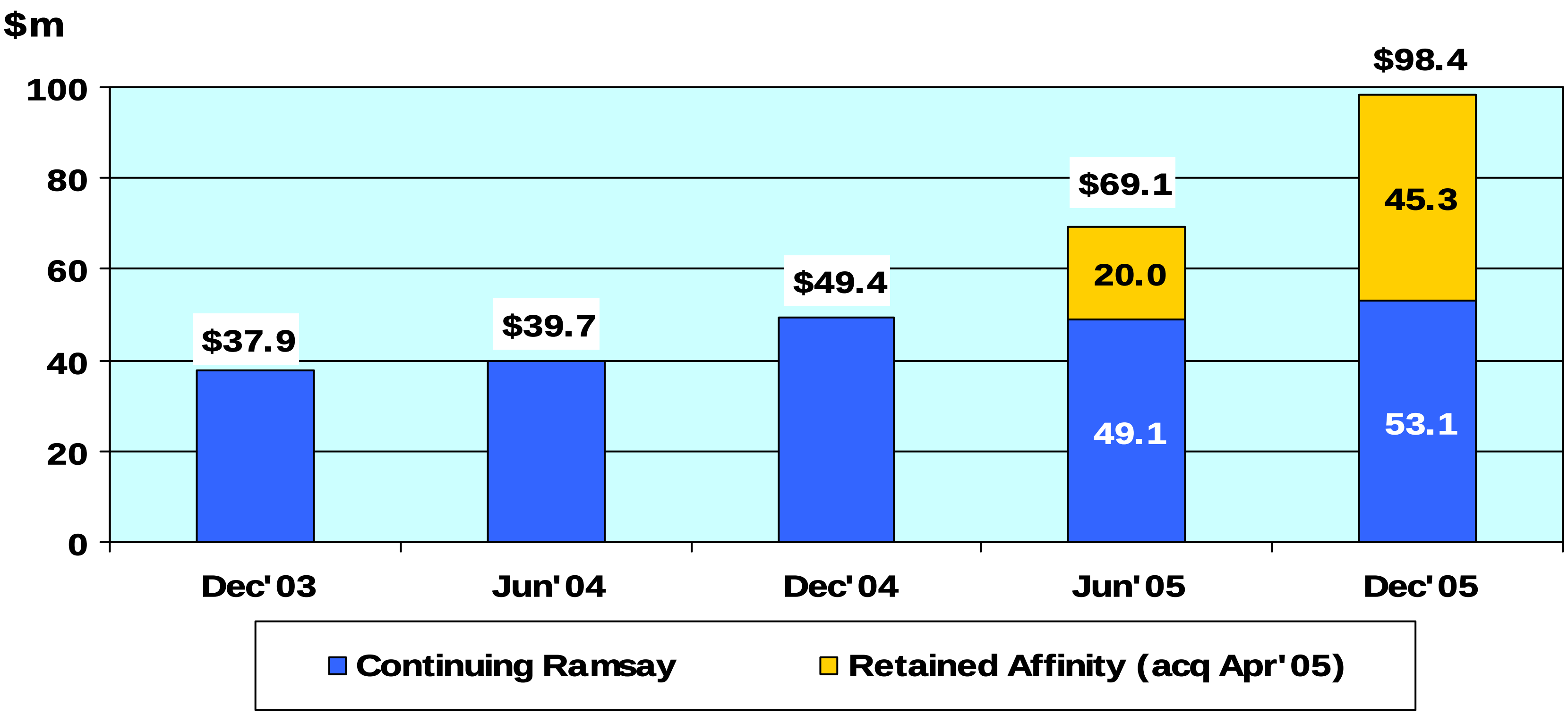
FINANCIAL PERFORMANCE
Continuing Operations

Retained Affinity

	Six-months ended 31 December		
	*2004	2005	% Inc.
Operating Revenue ($m)	451.9	488.3	8%
EBITDAR ($m)	52.0	62.5	20%
EBITDA ($m)	46.2	60.7	32%
EBIT ($m)	29.9	45.3	52%
Admissions (000's)	173.7	181.8	5%
Total Patient Days (000's)	486.6	500.9	3%
EBITDAR Margin	11.5%	12.8%	

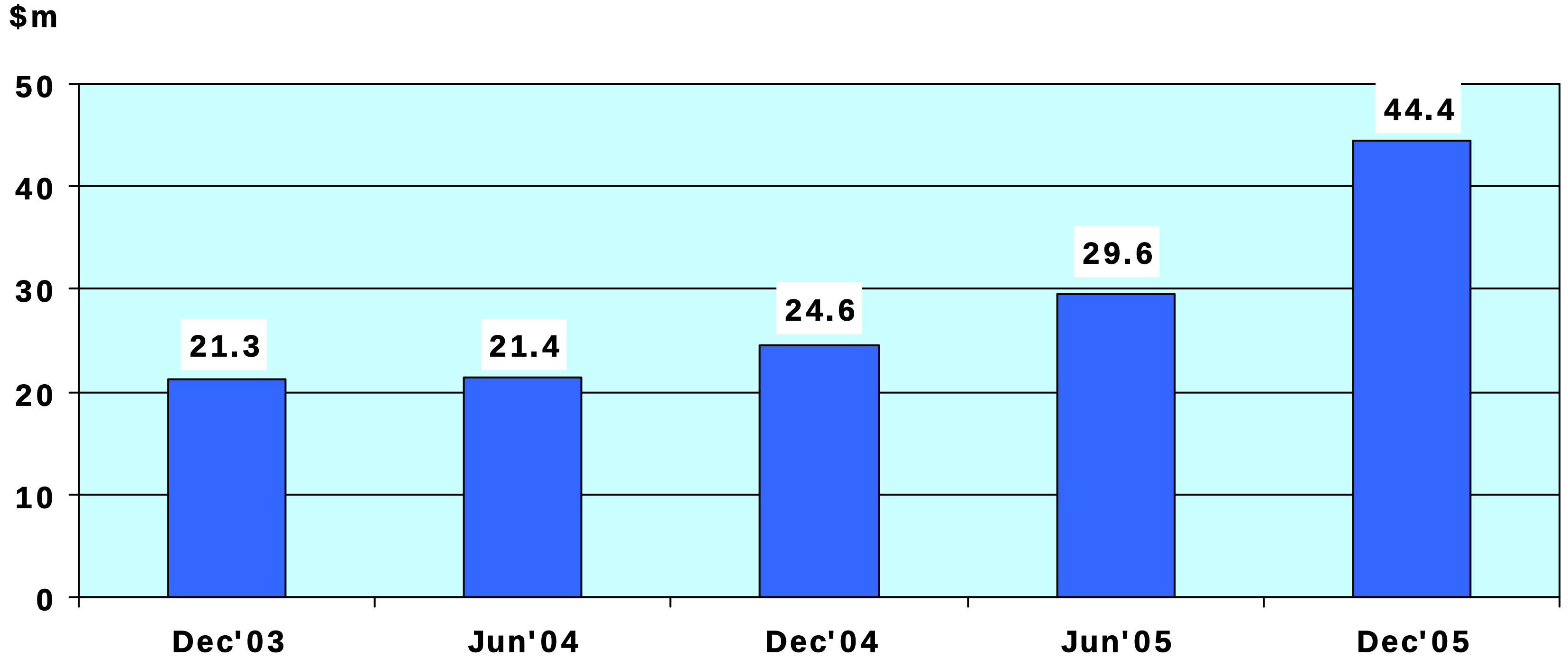
** Extracted from pre-acquisition Affinity accounts, AIFRS adjusted*

HALF YEAR EBIT GROWTH
Continuing Operations



- EBIT up 101% for the half-year
- Excluding Affinity, EBIT up 7% to $53.1m

HALF YEAR CORE NET PROFIT GROWTH
Continuing Operations



- **Core NPAT up 80% for the half-year**

HALF YEAR CORE EPS GROWTH
Continuing Operations

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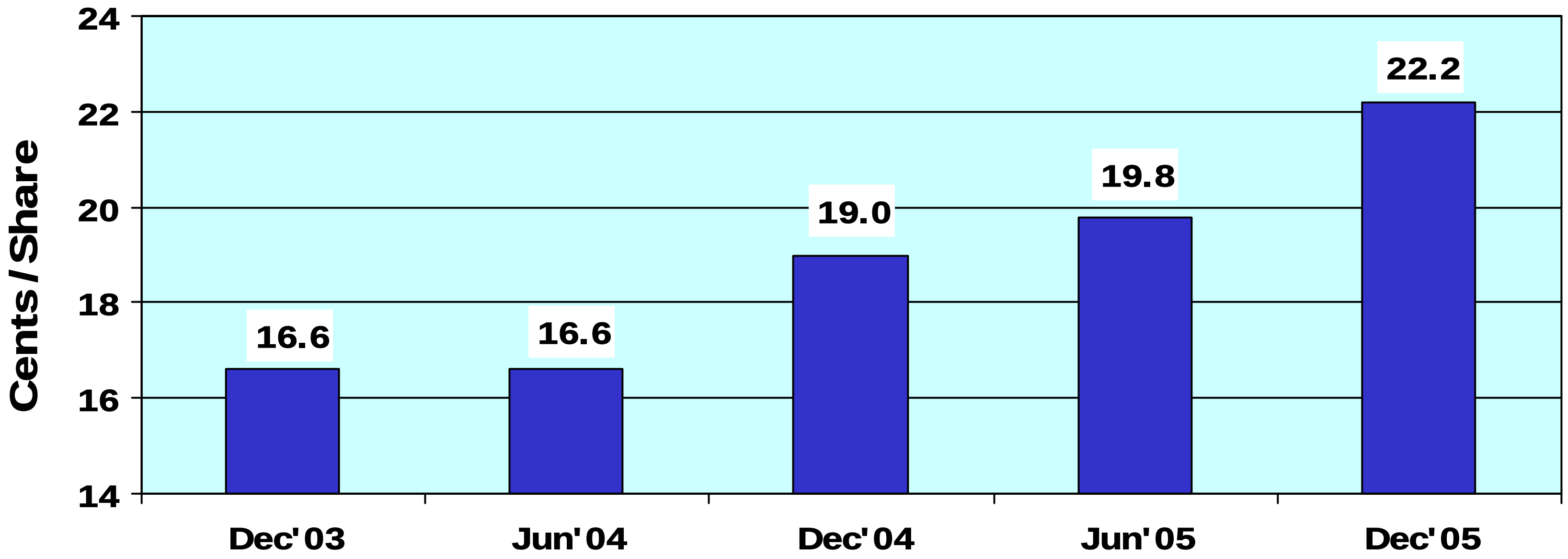

- **Core EPS up 17% for the half-year**

DELIVERING ON FY06 OBJECTIVES

- Focus on core hospital management, deliver strong organic growth for Ramsay and Affinity hospitals
- Finalise ACCC negotiations and complete divestments
- Focus on strong cash flow generation
- De-leverage and debt reduction
- Implementation of Affinity integration plan
- Begin realising synergies

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STRONG ORGANIC GROWTH IN HOSPITALS

	Continuing Ramsay Hospitals	Retained Affinity Australian Hospitals	Affinity Indonesian Hospitals
Admissions	Up 6.3%	Up 3.6%	Up 15.4%
EBIT	Up 11.1%	Up 9.3%	Up 8.4%
EBIT Margins	11.7% vs 11.3%	11.4% vs 11.2%	20.9% vs 20.5%

- Strong growth relative to overall industry
- Solid margin enhancement
- Further growth opportunities particularly in retained Affinity hospitals

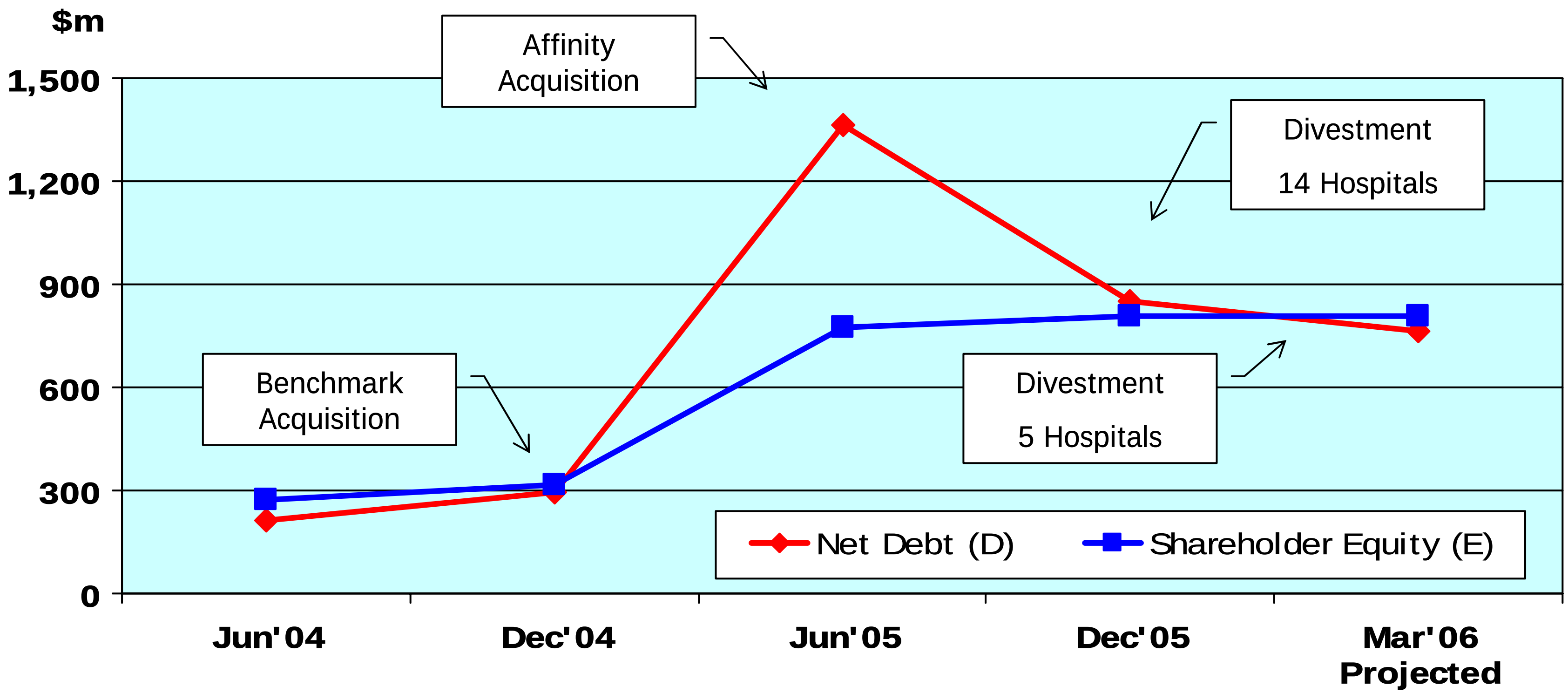
ACCC & DIVESTMENTS

- ACCC negotiations successfully finalised
- Initially offered to sell 14, followed by additional 3 hospitals
- ACCC required divestment of only 2 additional hospitals
- Sale of 14 hospitals to Healthscope for $490m (vs initial expectations of $406m)
- Sale of remaining 5 hospitals for competitive price of $88m, expected to complete in March

DE-LEVERAGE AND DEBT REDUCTION

- Sale proceeds applied against senior debt
- Net debt reduced from approx $1.4bln at time of Affinity acquisition to approx $850m at Dec'05
- Further reduction in net debt to approx $765m after financial close on remaining 5 hospitals
- Net cash flow from operating activities increased by 38% from $48.1m to $66.7m
- Significantly ahead of debt reduction plan announced at Affinity acquisition

DE-LEVERAGE & GEARING



Gearing (D/D+E)	44%	48%	64%	51%	49%

Ongoing ratios (after sale of 19 hospitals):

- **Leverage Ratio (Net Debt/EBITDA) in range of 3.0 x to 3.5 x**
- **Interest Cover (EBITDA/Interest Expense) in range of 4.0 x to 4.5 x**

INTEGRATION PLAN PROCEEDING WELL

On track to achieve synergy targets for FY06

- Timing of head office restructuring ahead of schedule
  - Net corporate staff numbers reduced by 40% (Ramsay +14, Affinity -89)
- On track to achieve pre-tax cost synergies of approx $35m by end 2008 (45% to be achieved in first full year)

INTEGRATION PLAN PROCEEDING WELL

- Devolving central functions to hospitals - decentralised Ramsay management model
  - Transition to new management structure almost completed
  - Renegotiation of supplier contracts underway
  - As previously foreshadowed, operational synergies are expected to be achieved by FY2007
- Affinity on track to be mildly accretive to core EPS in FY2006

STRATEGIC REVIEW

- Ongoing portfolio review in light of Affinity acquisition
- Continue to explore sale of residential aged care business, investigating expressions of interest
- Successful sale of home care business, Silver Circle, completed Feb 06

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BROWNFIELD CAPACITY EXPANSION

- Opportunities for expanded capacity, facilities enhancement identified in strategic review of portfolio
- Faster debt reduction provides scope for additional brownfields investment
- Expansion provides additional growth potential on top of organic growth and Affinity contribution
- Capacity to invest up to $300m in portfolio
- In line with long-term growth strategy

OUTLOOK

- Targeting 2nd half core net profit and core EPS to match the level of 1st half, translating to low double digit growth in core EPS for the year
- Beyond FY2006, increased profit contribution from Affinity to further increase earnings
- Over the 3-5 years, profit growth to be driven by:
  - Continuing strong organic growth
  - Investing in brownfields expansion
  - Improved earnings from Affinity under Ramsay management
- Investigating opportunities in Asia

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Questions