



RAMSAY  
HEALTH CARE



**UBS 2005 HEALTHCARE CONFERENCE**

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- Ramsay profile post Affinity
- The private hospital industry
- FY 2005 results summary
- Update on Affinity
- Outlook

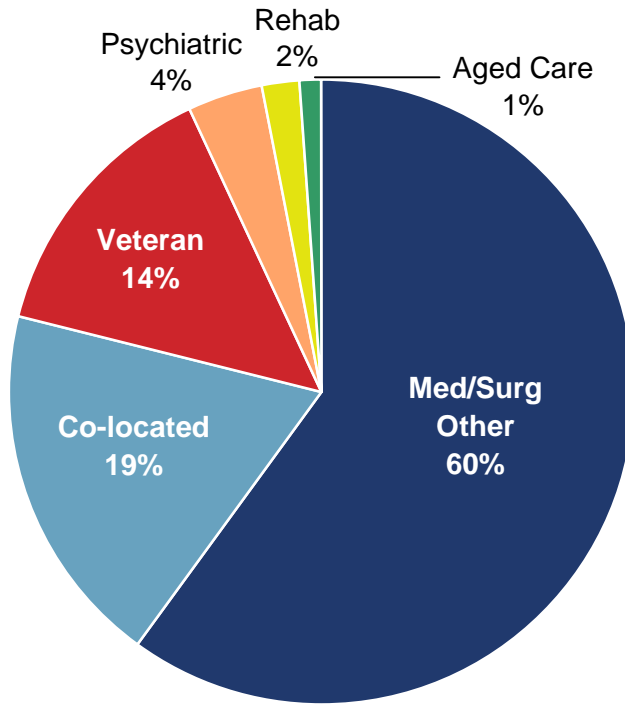
# The 'New Ramsay'



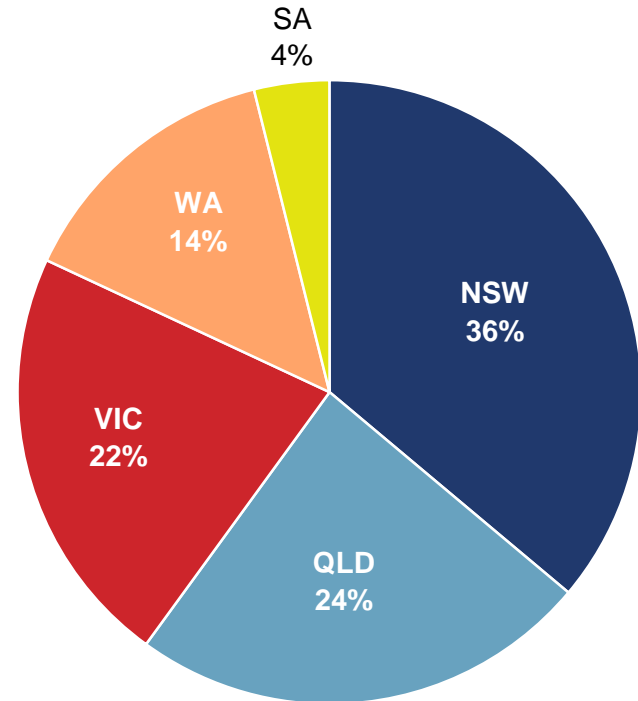
- Premier private hospital portfolio in Australia, annual revenue in excess of \$2 billion
- Hospital Portfolio (post divestments) to have around 30% market share (based on number of hospital beds)
  - **74 hospitals and clinics (including 3 in Indonesia)**
  - **Over 7,500 beds**
  - **More than 20,000 employees**
- Five aged care facilities
- Diversified income stream
  - **Medical surgical (high growth area)**
  - **Veteran**
  - **Rehabilitation**
  - **Psychiatric**
  - **Indonesia**



## Pro Forma Revenue by Division



## Pro Forma Revenue by State





- Opportunity to bring together two companies with the best portfolios of quality hospitals
  - Staff, doctors, infrastructure
  - Strong referral base
- Significant upside due to:
  - Integration synergies
  - Ongoing improved micro-management
- Enhance Ramsay's positioning in a growing industry
- Acquisition price a discount to Ramsay's EBITDA multiple



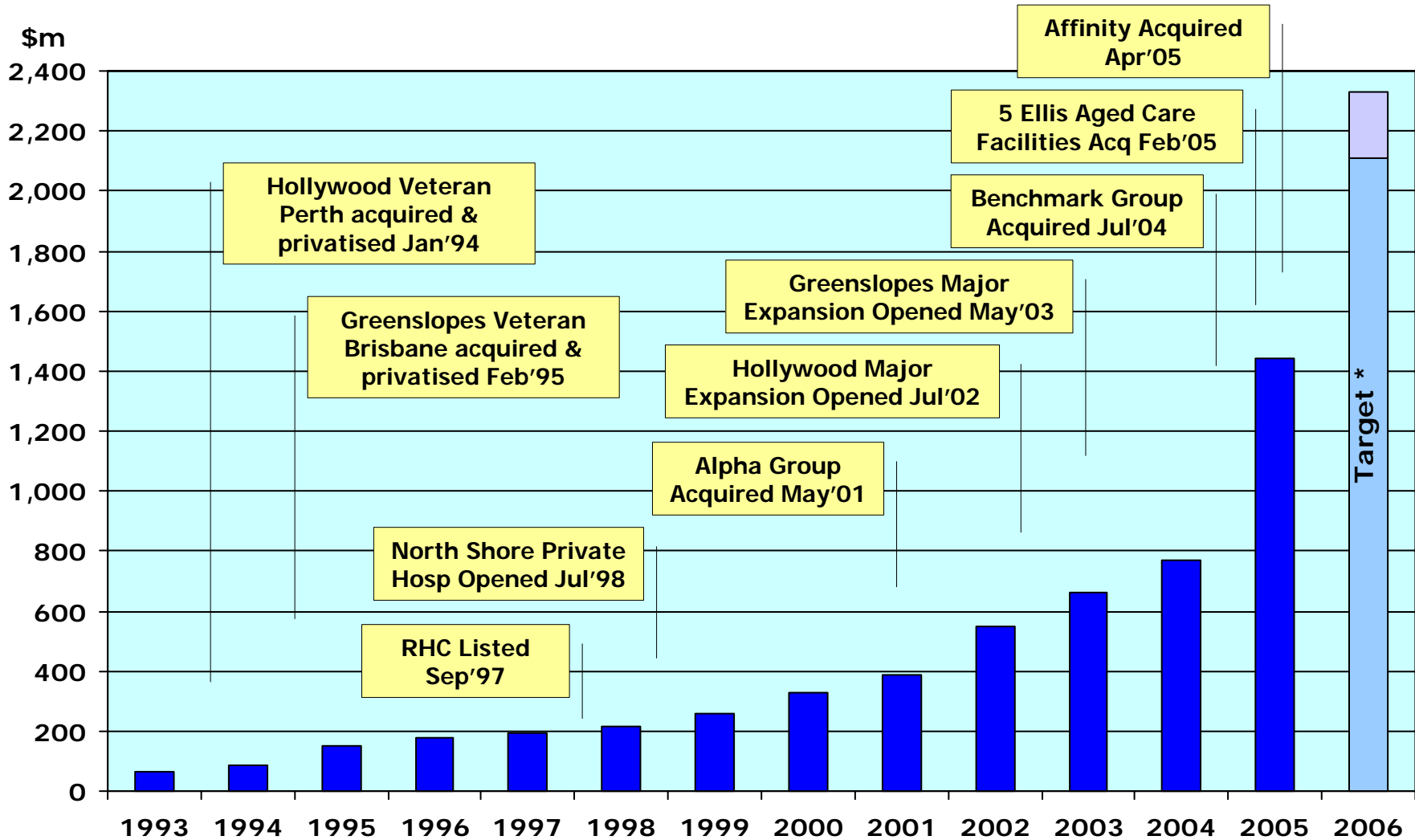
## **Australian private hospital industry is a growth industry**

- Positive macro private hospital environment remains supportive for quality hospital operators
- Private health insurance membership remains around historical highs
- Private investment in healthcare industry growing, responding to consumer demand
- Healthcare costs likely to continue to exceed CPI, driving industry consolidation further
- Consolidation among private health insurers expected



- **Focus on management of core hospital business**
  - Underwrites strong organic growth
- **Growth through investing in brownfield development**
  - Higher return on investment
  - Expands capacity
  - Enhances portfolio
- **Grow through acquisitions in the hospital sector**
  - Further stand-alone hospital acquisitions possible
- **Investigate opportunities outside hospitals, close to core competencies – aged care, diagnostics, allied services**

# Revenue Growth Time Line



\* After divestment of 19 hospitals (assumed to take place on 1 Nov'05)



- Core NPAT up 27% to \$54.1m
- Group revenue up 88% to \$1,442.8m
- Group EBITA up 62% to \$125.8m
- Core EPS of 39 cps, up 18%
- Final dividend 11.5cps, fully franked, full year dividend to 20cps, up 14%
- Dividend reinvestment plan reinstated



## Ramsay results excluding Affinity:

- Core net profit up 21% to \$51.8m
- Revenue up 44% to \$1.1bln
  - Excluding Benchmark revenue rose 12.3%
- EBITA up 25% to \$96.8m
  - Excluding Benchmark EBITA rose 11%
- EBITA margin (excluding Benchmark) holding at 10%, despite dilution from prosthesis and aged care



- Sale of 14 hospitals to Healthscope targeted for completion early November, strong price realised
- Divestment process for additional 5 hospitals underway, expect shortlist within month
- Hold separate arrangement for non-divestment hospitals lifted in August
- Affinity integration underway
- New Ramsay building a platform for continuing solid growth, and upside from Affinity hospitals
- Strategic review of all assets, including aged care, underway to optimise shareholder value



- Pleased with initial Affinity results (acquired 14 April) despite hold separate arrangements
- On track to meet prospectus expectations to be EPS neutral to mildly accretive in FY2006
- Confident of at least achieving targets for synergies
  - Pre-tax cost synergies of \$35m per annum targeted by end-FY08 – 45% in FY06
  - Pre-tax revenue synergies of \$15m per annum targeted by end-FY08 – 50% in FY07
- Integration plan to be essentially complete in 24 months
- Indonesian hospitals performing strongly



## Affinity acquisition enhances Ramsay's long-term growth potential

- 1<sup>st</sup> Phase - Acquisition synergies
  - Integration
  - Economies of Scale
- 2<sup>nd</sup> Phase - Upside through value-added management, margin improvement
- 3<sup>rd</sup> Phase - Brownfield capacity expansion
  - Future industry capacity shortage



- FY2006 focus:
  - Implement Affinity integration plan, realise synergy targets for year
  - Continued focus on core hospital management expertise
  - Effectively use robust cash flow to reduce gearing and invest in enhancing quality portfolio
- FY2006 year of building platform for strong growth after higher than expected FY2005 result



- FY2006 post-divestments:
  - Core net profit growth expected to be significantly higher than last year due to Affinity contribution
  - But targeting low double-digit core EPS growth (after payment of CARES dividend) due to more shares on issue
- Over medium term, profit growth to be driven by:
  - continuing strong organic growth
  - improved earnings from Affinity under Ramsay management
- Investigating opportunities in Asia



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Questions