



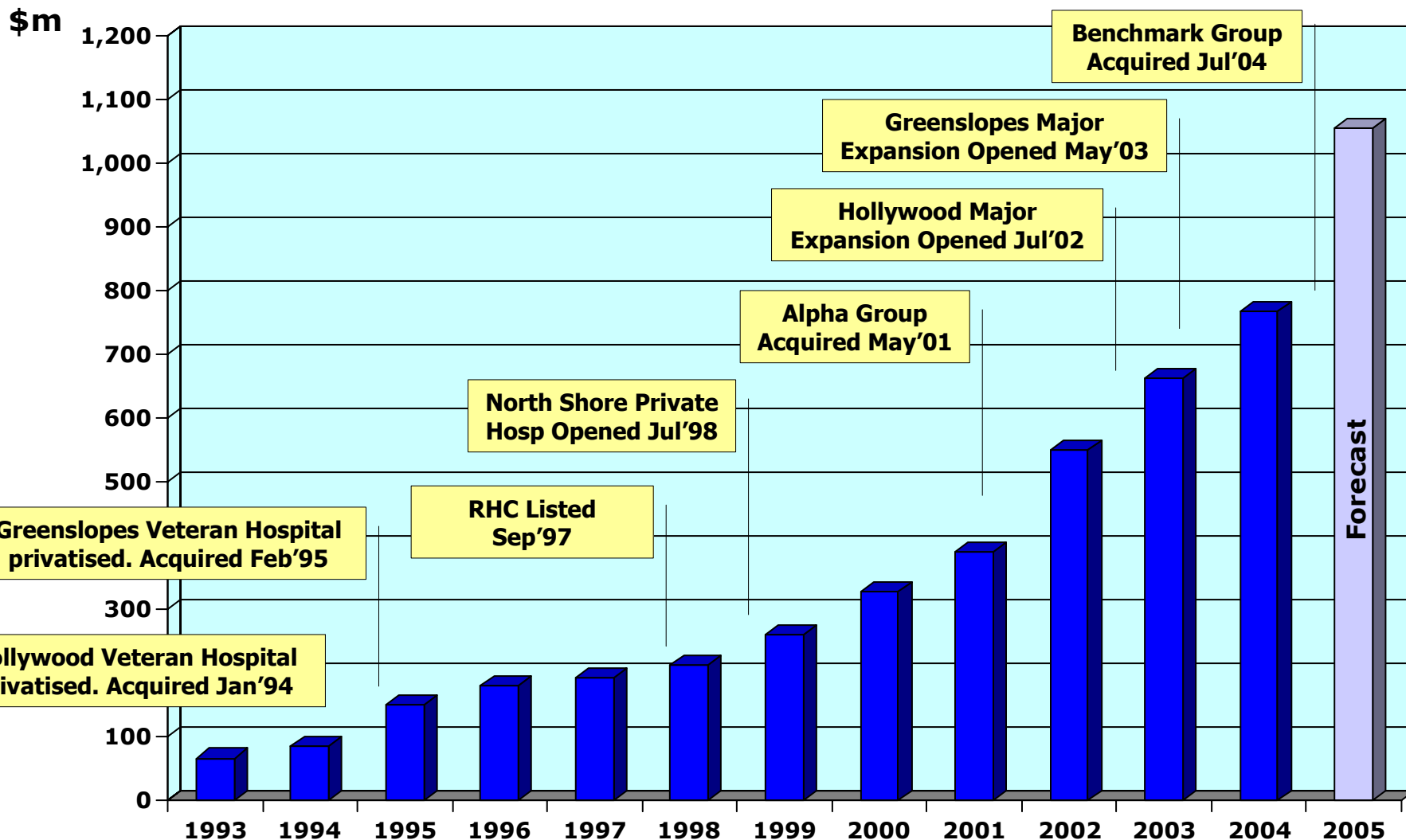
RAMSAY
HEALTH CARE



UBS HEALTHCARE CONFERENCE – October 2004
Pat Grier (Managing Director)



- Largest listed operator of private hospitals in Australia
 - A portfolio of 35 hospitals, located throughout Australia
 - Operating in all segments of the private hospital market.
 - 16% of the total private hospital market
 - Over 12,000 employees
 - Annual revenue expected to top \$1 billion in FY2005
 - Diversified payor mix and revenue stream
- Committed to growing a significant aged care business
- Proven management track record
- Quality and strategic positioning of assets





■ Growth strategy

- Organic growth through micro-management
- Target lower risk, higher returns through investment in capacity expansion of existing hospital portfolio
- Actively investigating growth opportunities within the:
 - Private hospital sector
 - Aged care sector
 - Other opportunities outside of hospitals, that are close to core competencies

■ Investment criteria

- Strategic fit
- Moderate to low operating risk
- EPS positive and 15% ROI in short-medium term



- Federal election campaign underscored bipartisan support for 30% health insurance rebate
- Re-election of Coalition Govt cements private hospitals role in balanced health care system
- Private hospitals perform
 - 56% of surgery in Australia
 - 50% of complex, high-end acute treatments
- Health insurance rebate to rise for over 65 year olds

- Health insurance industry outlook
 - Further rationalisation of health insurance sector (eg Grand United-Australian Unity merger)
 - Negotiation dynamics
- Industry outlook in the short-medium term
 - Ageing population – increased demand by privately insured patients
 - Expanding role for private hospitals
 - Rationalisation of private hospital industry to continue



	<u>Hospitals</u>	<u>Beds</u>	
Public v Private Sectors <i>(source: Australian Bureau of Statistics 2001/02)</i>			
Public Sector	749	52,200	68%
Private Sector	301	24,748	32%
Totals	1,050	76,948	
Analysis of Private Sector <i>(source: Australian Private Hospitals Association)</i>			
"For Profit"	183	13,573	55%
Religious or Charitable	118	11,175	45%
Totals	301	24,748	
Analysis of "For Profit" Group			
Affinity	50	5,367	39%
Ramsay Health Care	35	3,944	29%
Healthscope	30	2,400	18%
Other	68	1,862	14%
Totals	183	13,573	



- 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 EBITA margin 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

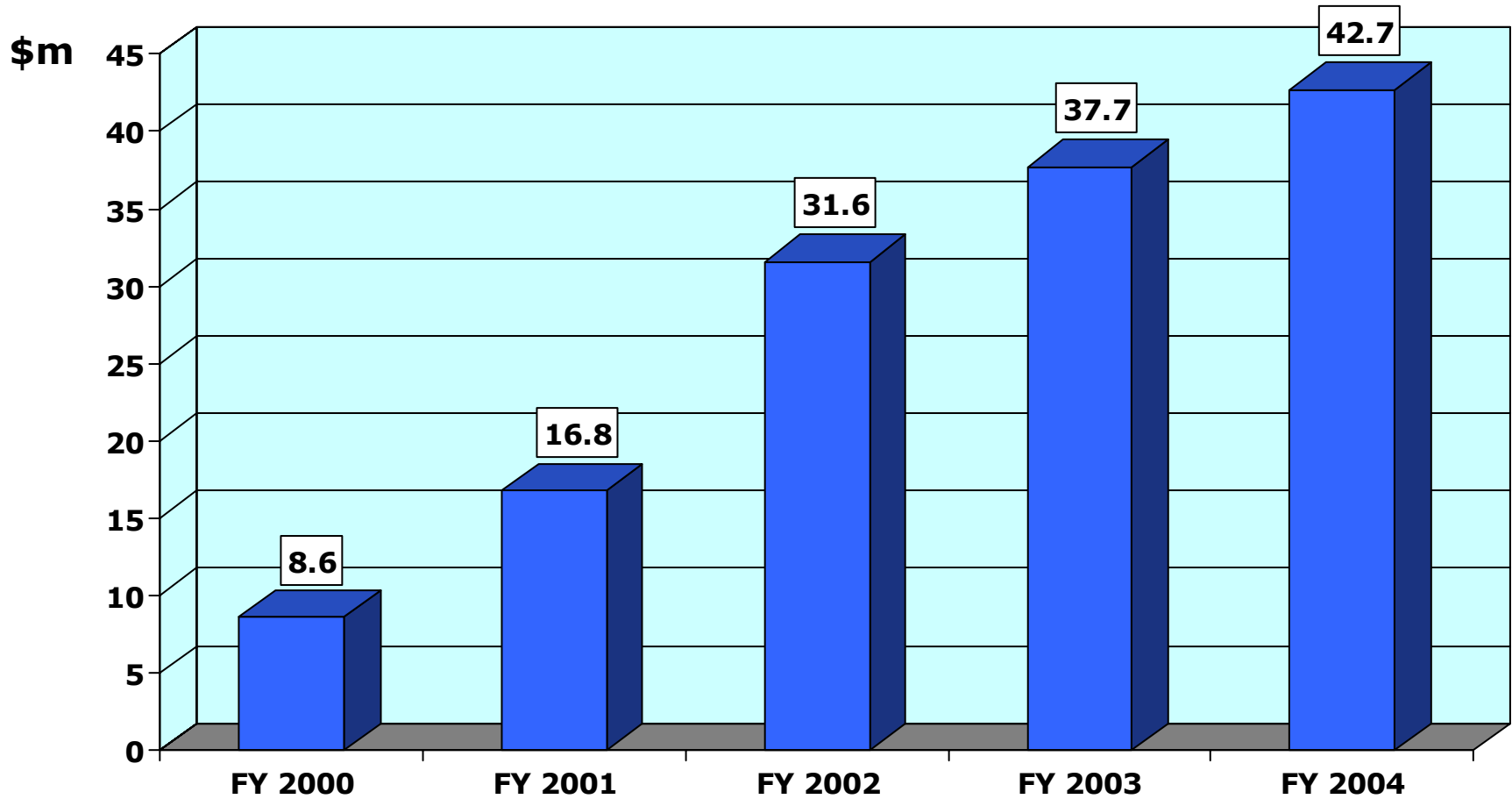


	Year ended 30 June		
	2003	2004	% Inc.
	\$m	\$m	
Operating Revenue	662.2	768.1	16%
EBITDA	91.0	105.8	16%
EBITA	67.0	77.6	16%
Net Profit before tax	53.5	61.3	15%
Net Profit After Tax	37.1	42.0	14%
Core Net Profit After Tax ⁽¹⁾	37.7	42.7	13%
(1) Notes			
<ul style="list-style-type: none"> ■ <i>Before non-recurring 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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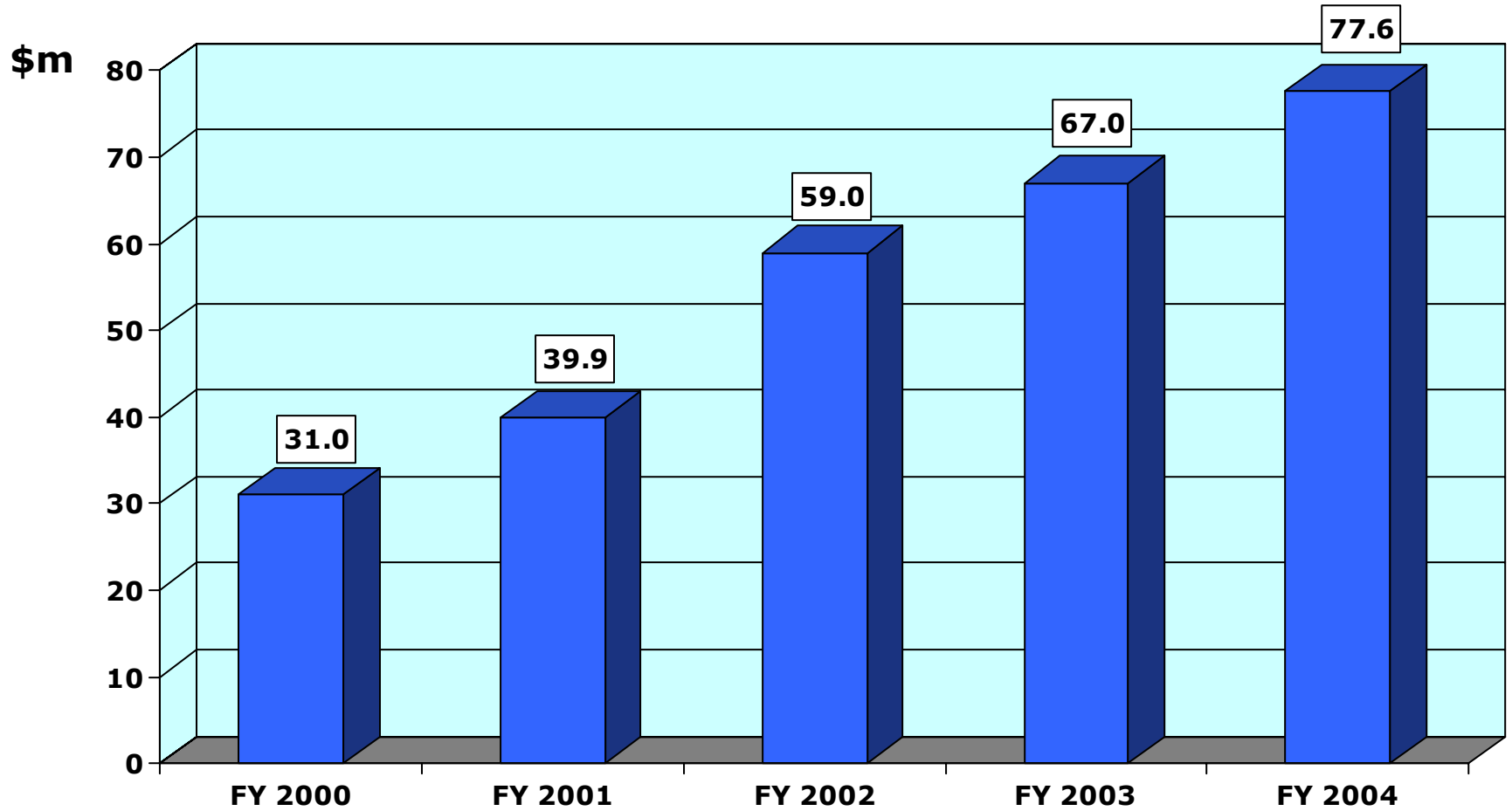


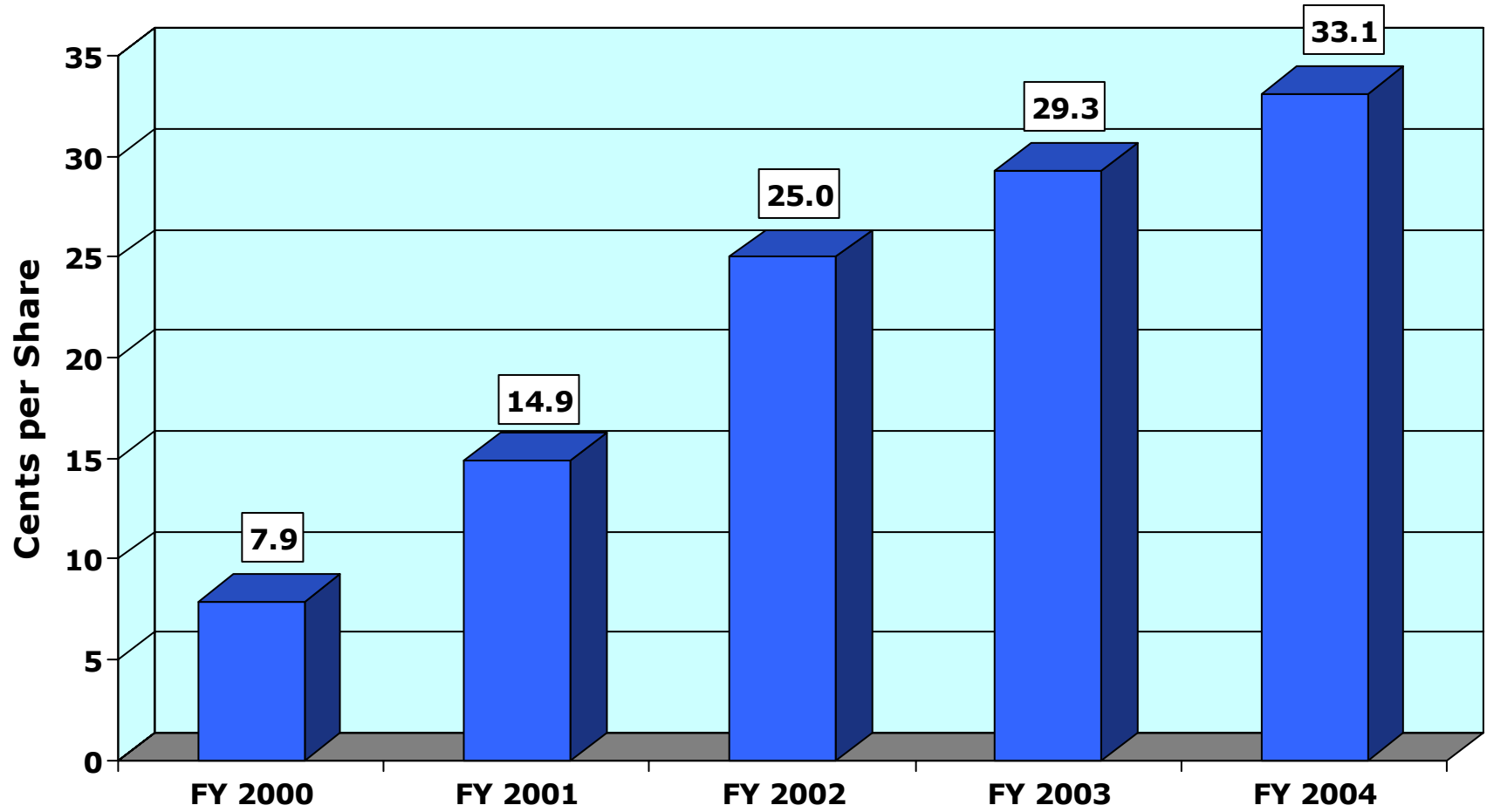
	Year ended 30 June		
	2003 cents/share	2004 cents/share	% Inc.
Core EPS ⁽¹⁾	29.3 ¢	33.1 ¢	13%
Full year dividend – fully franked	15.5 ¢	17.5 ¢	13%
<i>⁽¹⁾ Notes</i>			
▪ <i>Before non-recurring items and amortisation of goodwill</i>			
▪ <i>Reported EPS</i>	28.9 ¢	29.8 ¢	

Core Net Profit Growth



EBITA Growth



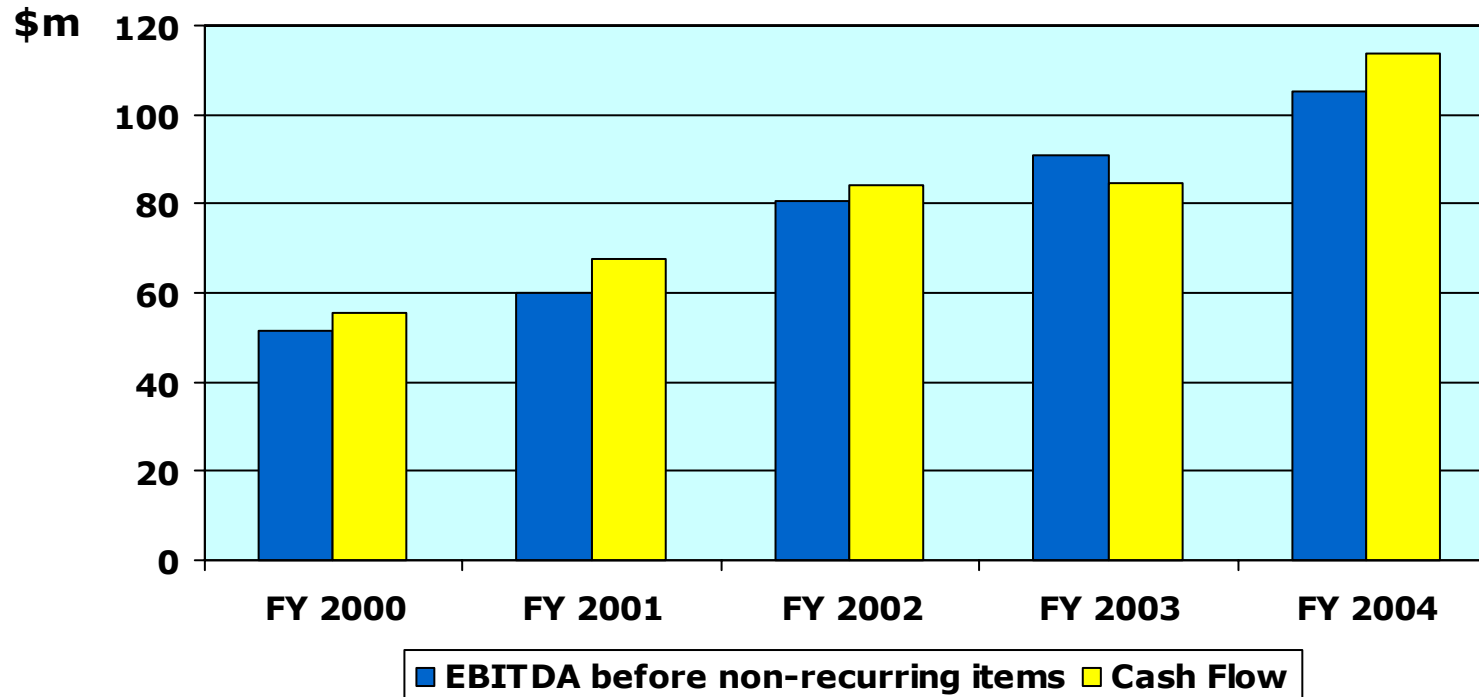




- Industry leader in operational margins
- EBITDA margin 14% for the year
- EBITA margin 10.1% for the year
- EBITA margin 10.2% excluding Silver Circle
- Benchmark hospital portfolio expected to be margin dilutive due to high proportion of leased facilities



EBITDA/Cash Flow



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



	Year ended 30 June			
	2001 (1)	2002	2003	2004 (1)
ROIC (EBITA/Funds Employed) %	10.4	14.9	13.9	15.2
ROE (NPAT/Shareholder Funds)%	8.0	13.9	14.6	15.5
<i>Notes:</i>				
<i>(1) Calculated before non-recurring items</i>				



- 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

■ 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



- Long-term strategy based on acquisitions & greenfield development
- Focus on specific profitable sectors of the market, accommodation bonds and chargeable extra service – user pays
- Acquisition opportunities
 - Cautious approach - 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
 - Targeting 500-600 beds to be operational within 3 years
 - Queensland – Greenslopes, Chermside
 - NSW - Coffs Harbour, Shellharbour, Central Coast



- Portfolio of strategically positioned, quality facilities
 - Strong referral base
 - Facilities health fund members want to attend
- Remained focused on core hospital management expertise
- Not relying solely on acquisitions for growth – achieving growth organically and through investing in existing facilities
- Disciplined approach to all acquisitions
- Cautious approach to aged care expansion
- Delivering on forecasts



- Targeting at least 10% growth in FY 2005 core net profit, based on:
 - Strategically positioned, quality facilities – admission growth
 - Efficient hospital management – EBITA 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)
 - Aged Care

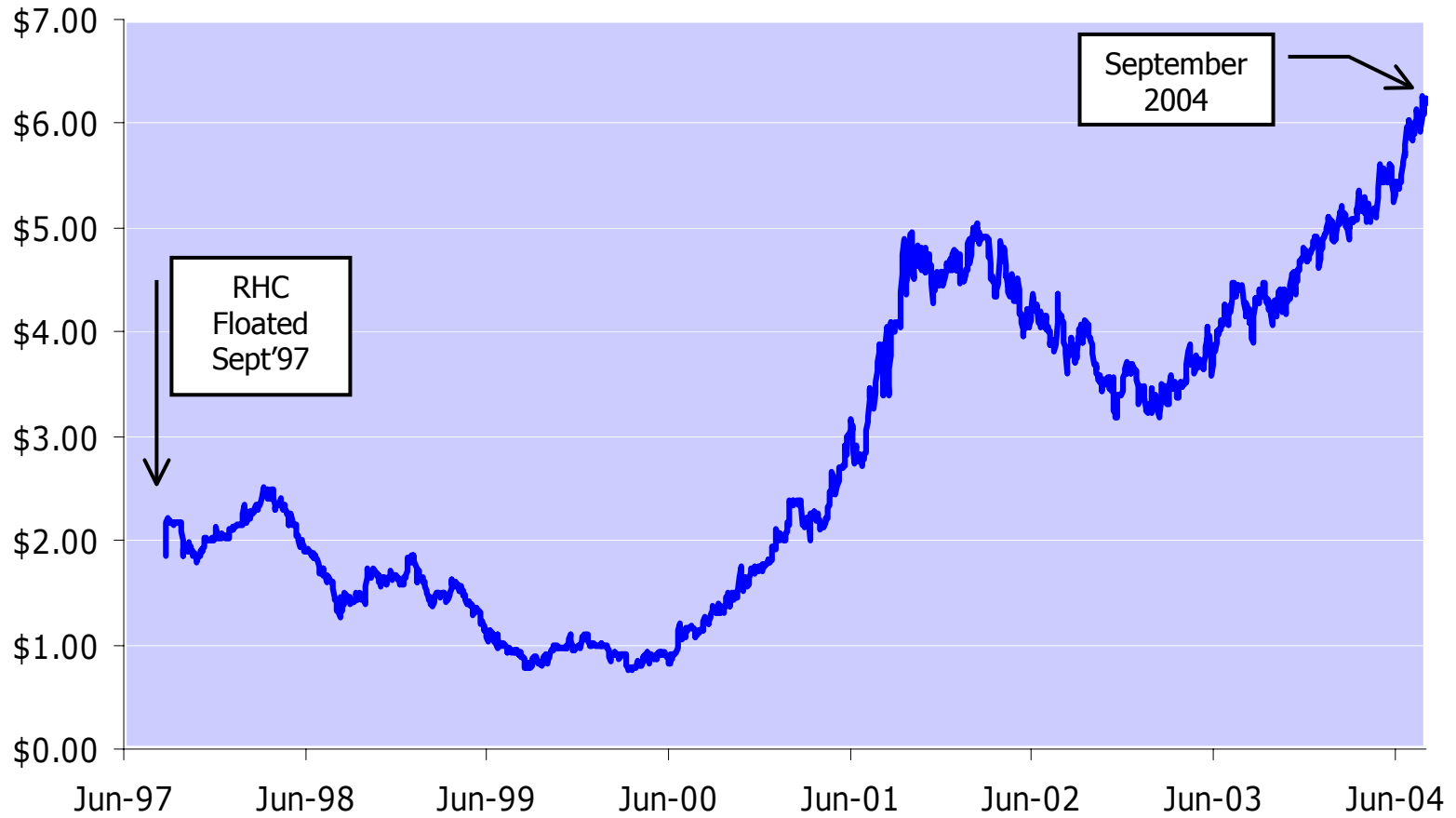


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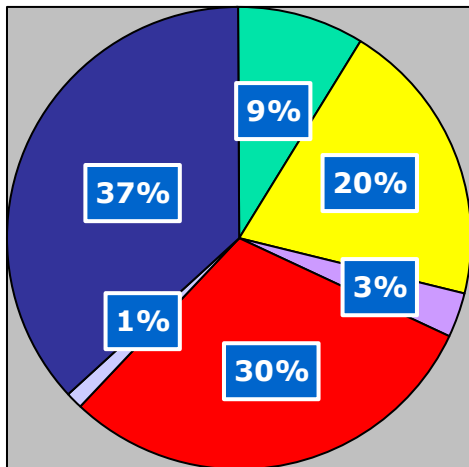
Appendix

RHC Share Price History

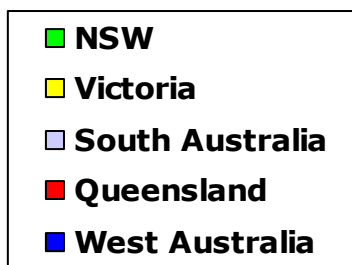
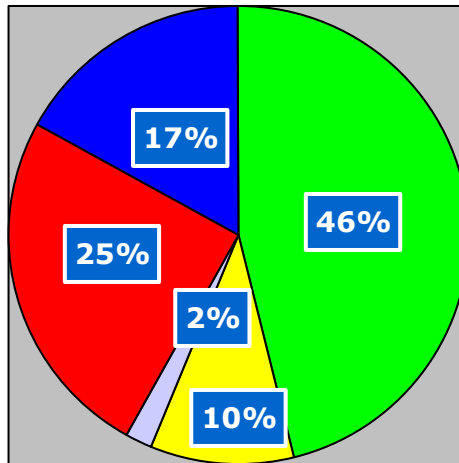




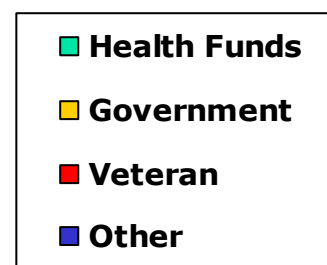
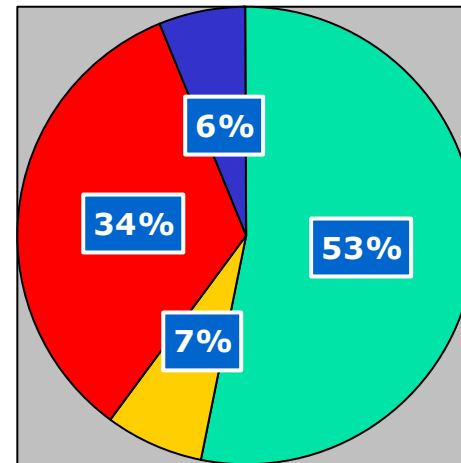
Revenue by Division



Revenue by State



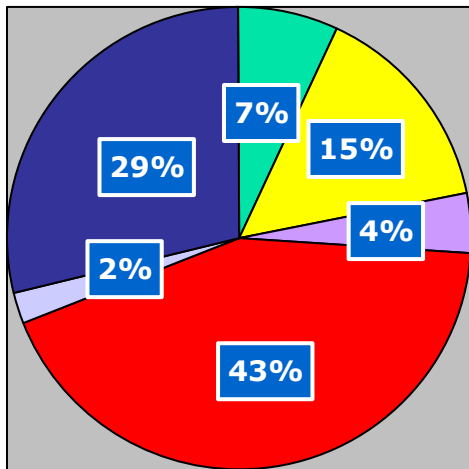
Revenue by Payor Source



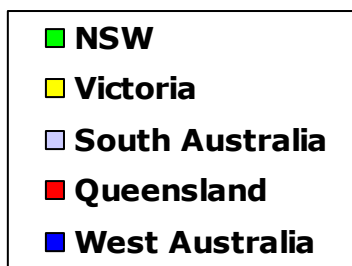
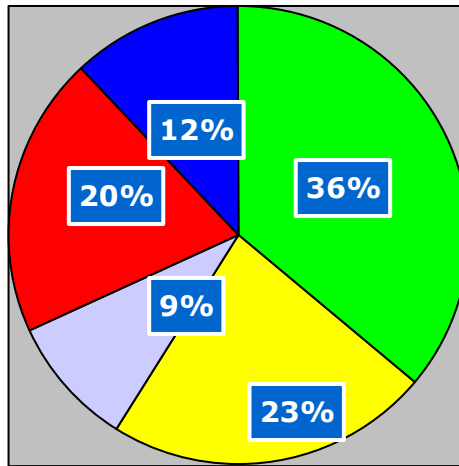
Note: Analysis of revenue for FY 2004, does not include Benchmark



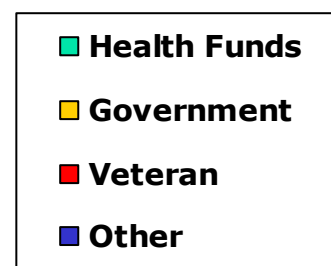
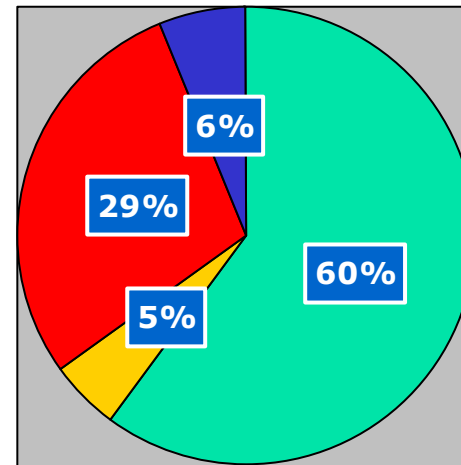
Revenue by Division



Revenue by State



Revenue by Payor Source



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



Ramsay Health Care hospital locations

1 CAIRNS - QLD

- Cairns Private Hospital

2 BRISBANE - QLD

- Greenslopes Private Hospital
- New Farm Clinic

3 REGIONAL NSW

- Albury Wodonga Private Hospital
- Baringa Private Hospital
- Coffs Harbour Day Surgery
- Lake Macquarie Private Hospital
- Tamara Private Hospital

4 SYDNEY REGION - NSW

- Berkeley Vale Private Hospital
- Evesham Clinic
- Hunters Hill Private Hospital
- Illawarra Private Hospital
- Lawrence Hargrave Private Hospital
- Mt Wilga Private Hospital
- North Shore Private Hospital
- Northside Clinic
- Northside West Clinic (*formally Wentworth Private Clinic*)
- Southern Highlands Private Hospital
- Westmead Private Hospital

5 MELBOURNE - VIC

- Albert Road Clinic
- Beleura Private Hospital
- Donvale Rehabilitation Hospital
- Mitcham Private Hospital
- Peninsula Private Hospital
- South Eastern Private Hospital
- The Valley Private Hospital

6 REGIONAL VICTORIA

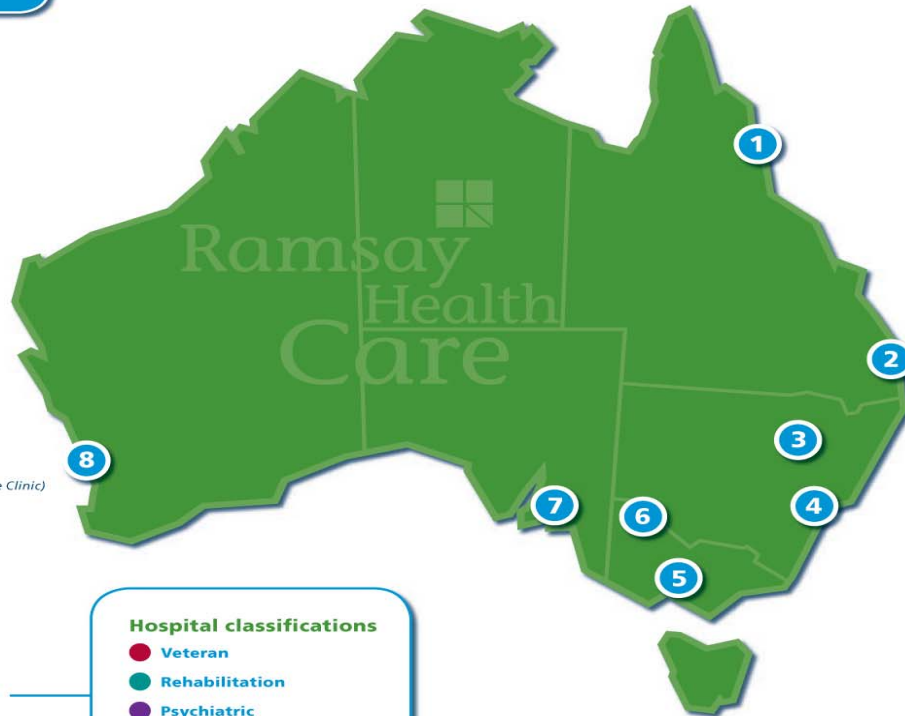
- Mildura Base Hospital

7 ADELAIDE - SA

- The Adelaide Clinic
- Central Districts Private Hospital
- College Grove Rehabilitation Hospital
- Fullarton Private Hospital
- Kahlyn Private Hospital
- North Eastern Community Hospital
- Wakefield Hospital

8 PERTH - WA

- Hollywood Private Hospital



Hospital classifications

- Veteran
- Rehabilitation
- Psychiatric
- Collocated
- Med/Surg



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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HEALTH CARE

