



RAMSAY
HEALTH CARE



*Macquarie Securities Emerging Leaders Conference
May 2006
Managing Director Pat Grier*



- 1. Overview of Ramsay Health Care**
- 2. Our management and growth strategy**
- 3. Private hospitals - a growth industry**
- 4. Affinity acquisition - delivering results**
- 5. Outlook - strong growth prospects**



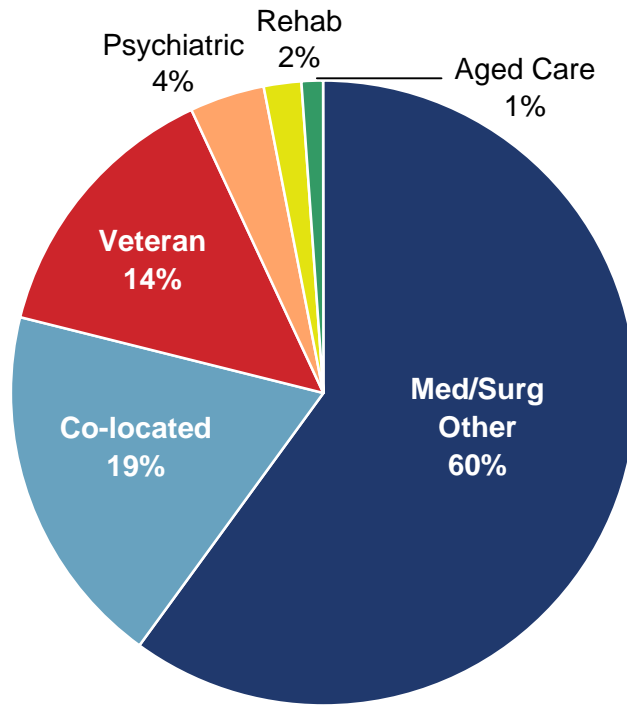
Overview of Ramsay Health Care



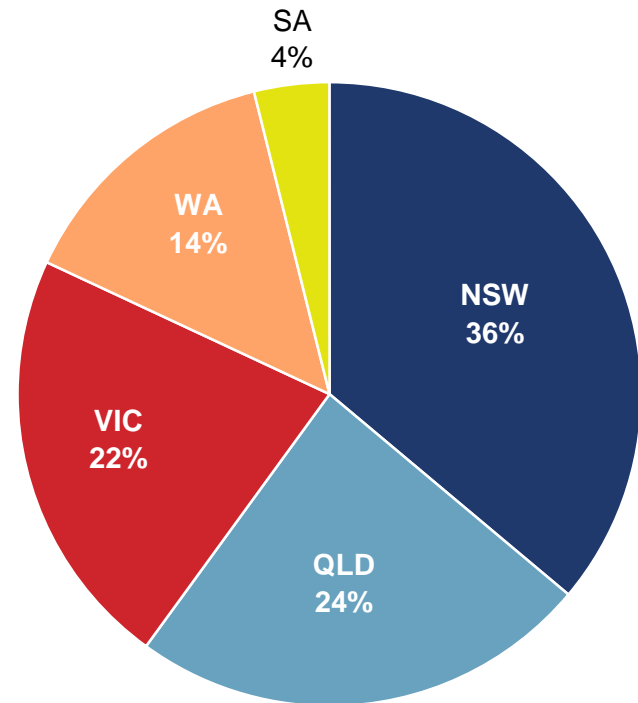
- Market capitalisation A\$1.8 billion, in top 115 ASX listed companies
- Largest listed private hospital operator in Australia
 - 30% of the Australian private hospital market
 - Well positioned portfolio of hospital facilities strategically located throughout Australia with annual revenue in excess of A\$2 billion
 - 70 hospital and day care facilities throughout Australia (including 3 in Indonesia)
 - 7,500 beds; over 1 million admissions per year
 - Over 23,000 staff
 - Diversified revenue stream



Pro Forma Revenue by Division



Pro Forma Revenue by State





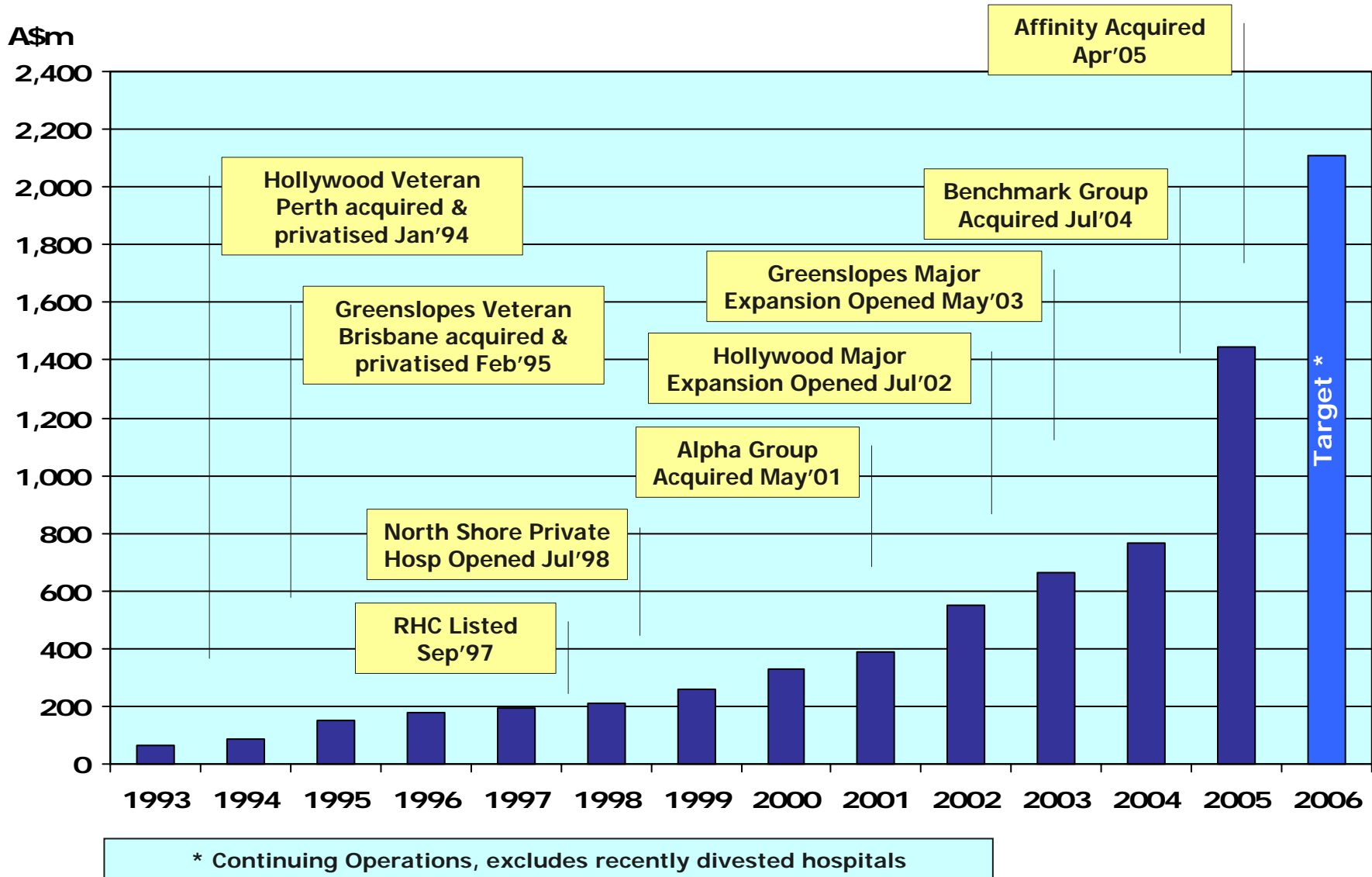
- Dynamic industry growth prospects bolstered by:
 - Ageing population
 - Increase in private health insurance membership
- Private hospital industry offers strong growth potential for quality operators
- Australia's largest private hospital operator with a high quality, strategic portfolio of hospitals
 - industry influence
 - economies of scale
- Industry leader in key operational and financial measures
- Proven track record in delivering strong shareholder returns
- Significant upside benefit from Affinity hospitals (acquired April 2005)



Strategy Delivers Profitable Growth

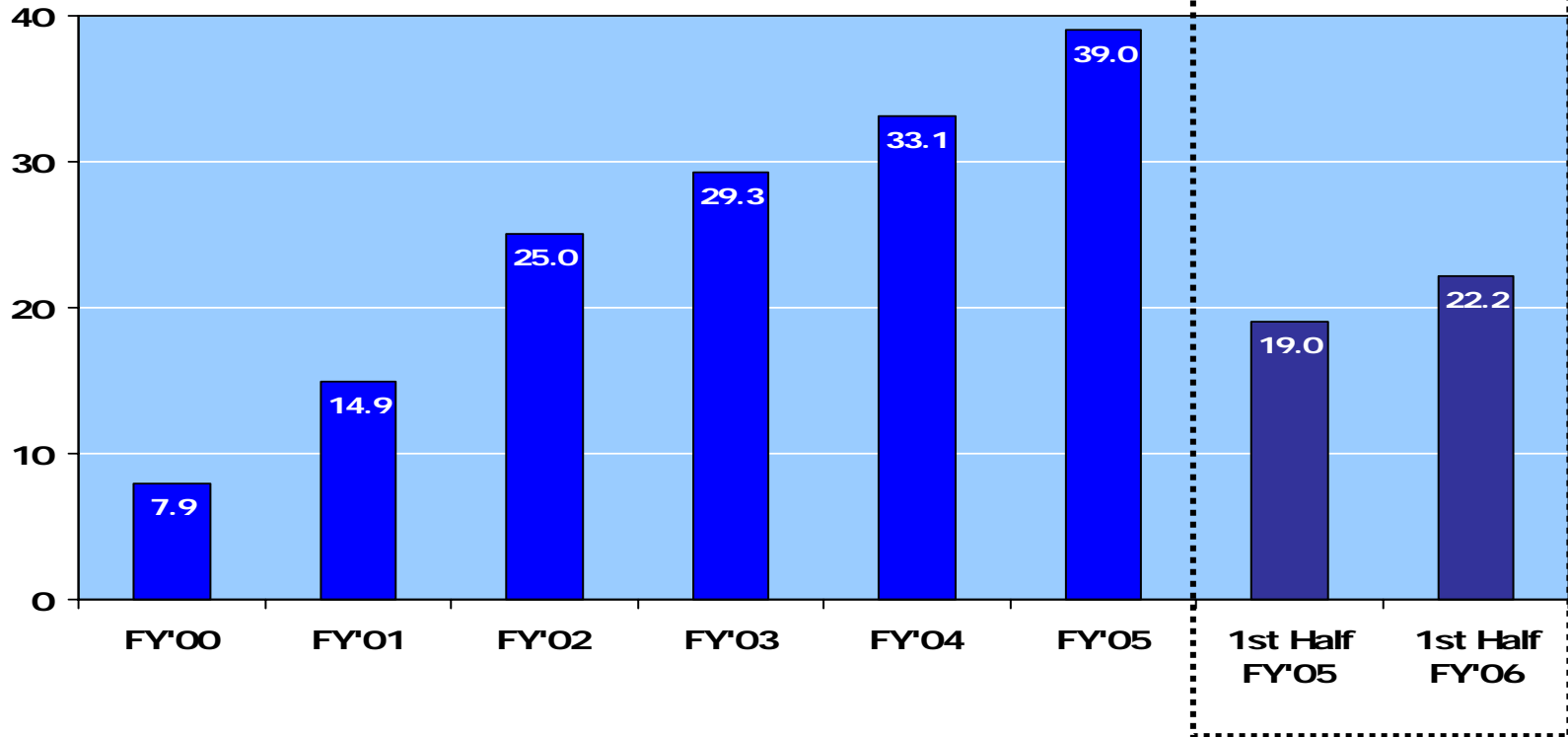


- Focus on management of core hospital business
 - Underwrites strong organic growth
- Growth through investing in brownfields development
 - Higher return on investment
 - Expands capacity
 - Enhances portfolio
- Grow through acquisitions in the hospital sector
 - Further stand-alone hospital acquisitions possible, including Indonesia, Asia
- Investigate opportunities outside hospitals, close to core competencies





Cents/Share



- Average annual compound growth rate over 5 years of 37.6% (base year FY 2000)
- Core EPS up 17% for the half-year ended 31 December 2005



Private Hospitals – A Growth Industry



- Australia's balanced health care system supports private hospital industry growth
 - Government has encouraged the private hospital industry to work alongside the public system
- Growth underpinned by:
 - Favourable demographic trends (e.g. ageing population)
 - Bipartisan support for policies promoting private health insurance
 - 44% of population has private health insurance
 - High barriers to entry
 - Capacity constraints expected as demand grows
- Ramsay well-positioned to capitalise on continuing strong demand for private hospital services



- Extension of private health insurance coverage for some out-of-hospital services positive development:
 - makes private health insurance product more relevant
 - new coverage outside hospitals extends existing services provided in hospitals
- Expect neutral impact from planned privatisation of Medibank Private
- Quality hospitals in the right areas in high demand due to supportive demographics



Affinity Acquisition, Delivering Results



- Acquired 51 hospitals, Ramsay divested 19 to address competition issues, maximise portfolio
- Unique opportunity to bring together two companies with the best portfolios of quality hospitals
 - Staff, doctors, infrastructure
 - Enhanced referral base
- Significant upside due to:
 - Integration synergies
 - Ongoing improved micro-management
 - Economies of scale
 - Market influence
- Acquisition provided opportunity for strategic review of portfolio and subsequent strong proceeds realised from divested hospitals



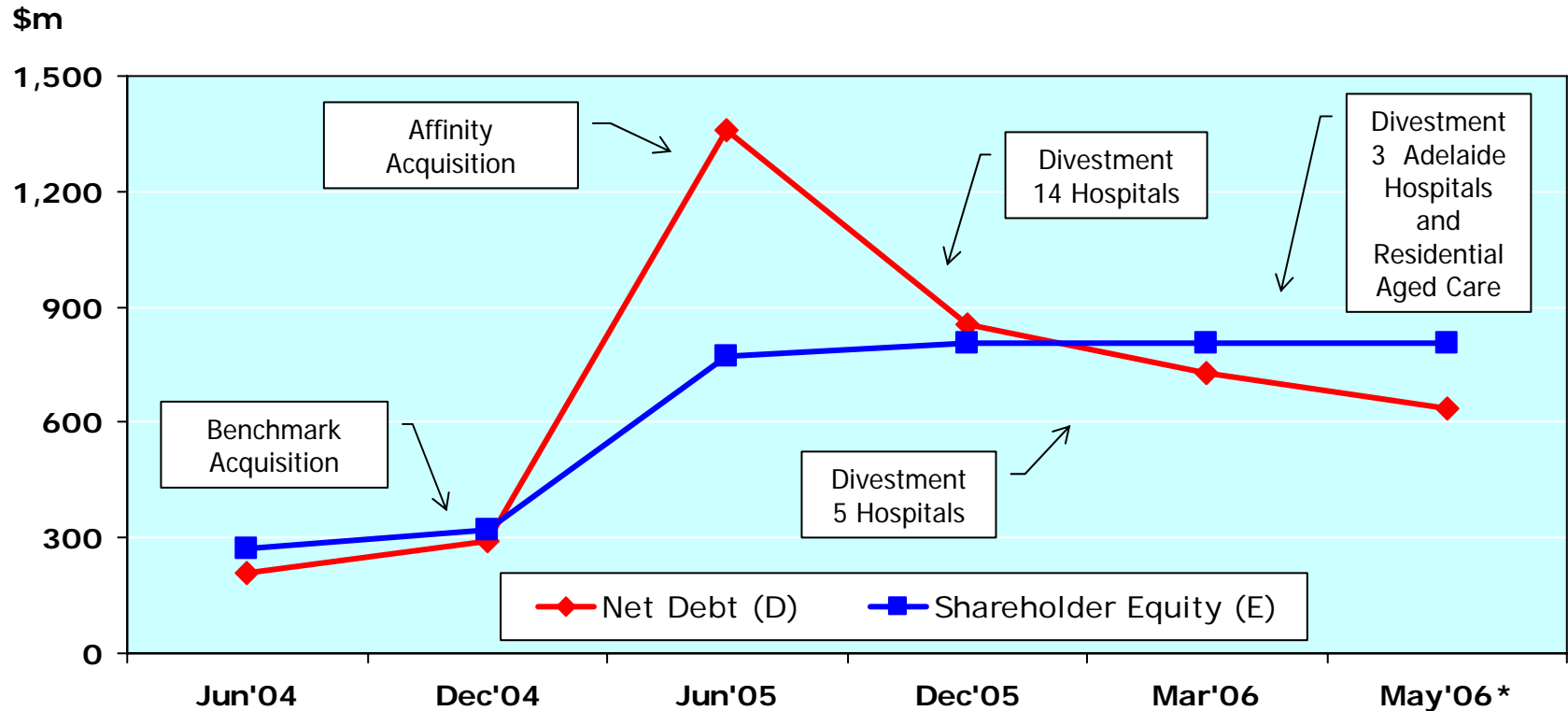
- On track to achieve synergy benefits for FY06
- Timing of head office restructuring ahead of schedule
 - Net corporate staff numbers reduced by 40% (Ramsay +14, Affinity -89)
- Devolving central functions to hospitals – decentralised Ramsay management model
 - Improved micro-management of hospitals
 - Transition to new management structure almost completed
 - Renegotiation of supplier contracts underway
- Affinity on track to be mildly accretive to core EPS in FY2006



- 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



- Solid profit growth achieved in 1st half
 - Ramsay hospitals only EBIT up 11%
 - Affinity group hospitals EBIT up 52%
 - Affinity hospitals only EBIT up 9%
- ACCC negotiations and divestments successfully completed
- Integration plan proceeding on schedule
- Debt reduction and de-leveraging ahead of schedule



Gearing
(D/D+E)

44%

48%

64%

51%

47%

44%

Ongoing ratios (after divestments):

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

* Projected net debt and shareholder equity on receipt of proceeds from the completion of the sale of the 3 Adelaide Hospitals and residential Aged Care



- Acquisition of Affinity provided opportunity to optimise portfolio
- Strategic review of portfolio announced post Affinity acquisition
- 3 South Australian hospitals sold in March
- As foreshadowed, sale of Aged Care business announced
- Strategic review completed
- Proceeds allow funds to be deployed for reinvestment in enhancing and expanding existing facilities, where superior returns can be achieved



Strong Growth Prospects



- 1st phase - Organic growth from Affinity and Ramsay hospitals
- 2nd phase – Uplift from Affinity acquisition
 - Achieve synergy savings
 - Operational improvements
 - Indonesia
- 3rd phase – Invest in capacity expansion, enhancements
 - Both Ramsay and Affinity hospitals
 - Capacity to invest up to \$400mln in portfolio
- 4th phase – Acquisitions
 - Opportunities outside hospitals, close to core competencies
 - Offshore



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Questions