RAMSAY HEALTH CARE

Interim Results

Briefing – 3 March 2003

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Overview

- Profit increase for the period follows two full years of near doubling in profit growth
- All divisions contributed to strong EBIT growth
- Strong occupancy levels maintained:
  - admissions up 9%, compared with previous year (up 5% excluding Cairns and Lake Macquarie)
- Interim dividend 6.5 cents, fully franked
- Cautiously optimistic about outlook - double digit profit growth targeted for foreseeable future

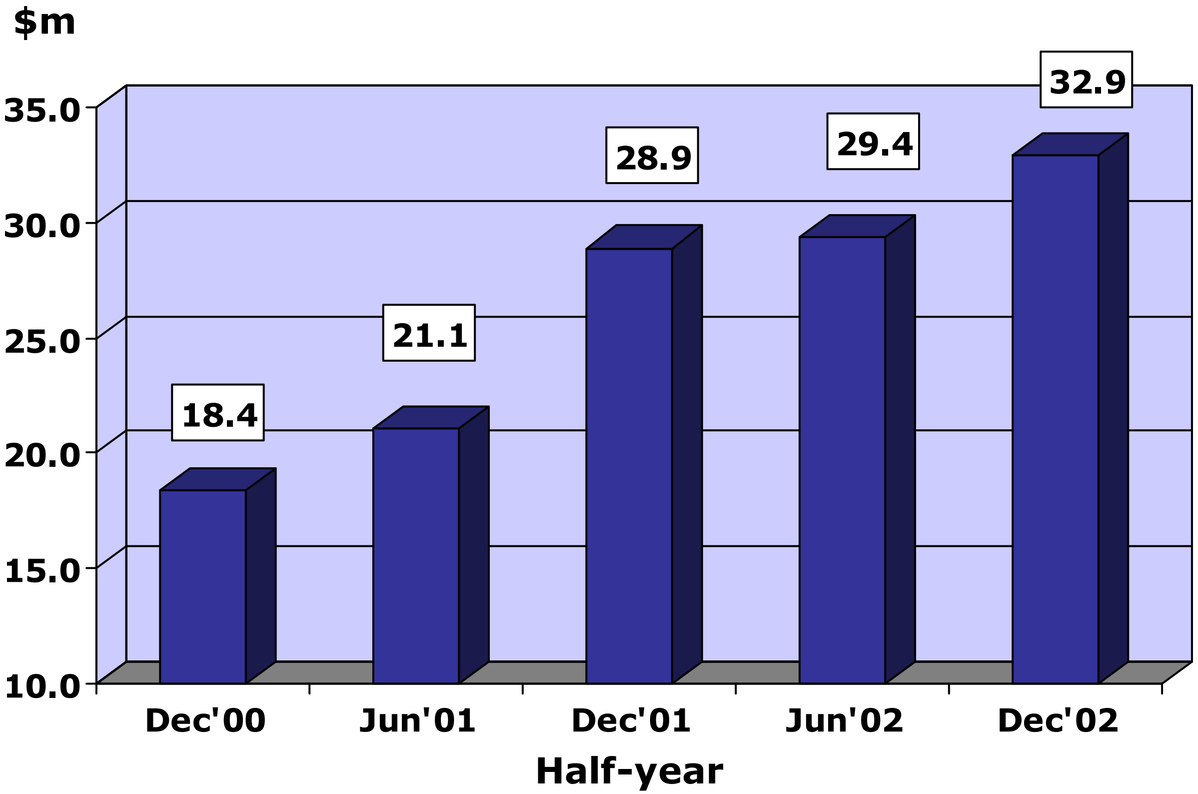
Financial Highlights

- NPAT up 25% to $18.5m
- Group Revenue up 21% to $320.2m
- Group EBIT up 14% to $32.9m
- EBIT margin of 10.5% (excluding new hospital acquisitions)
- EPS up 23% to 14.4 cents per share

Financial Performance

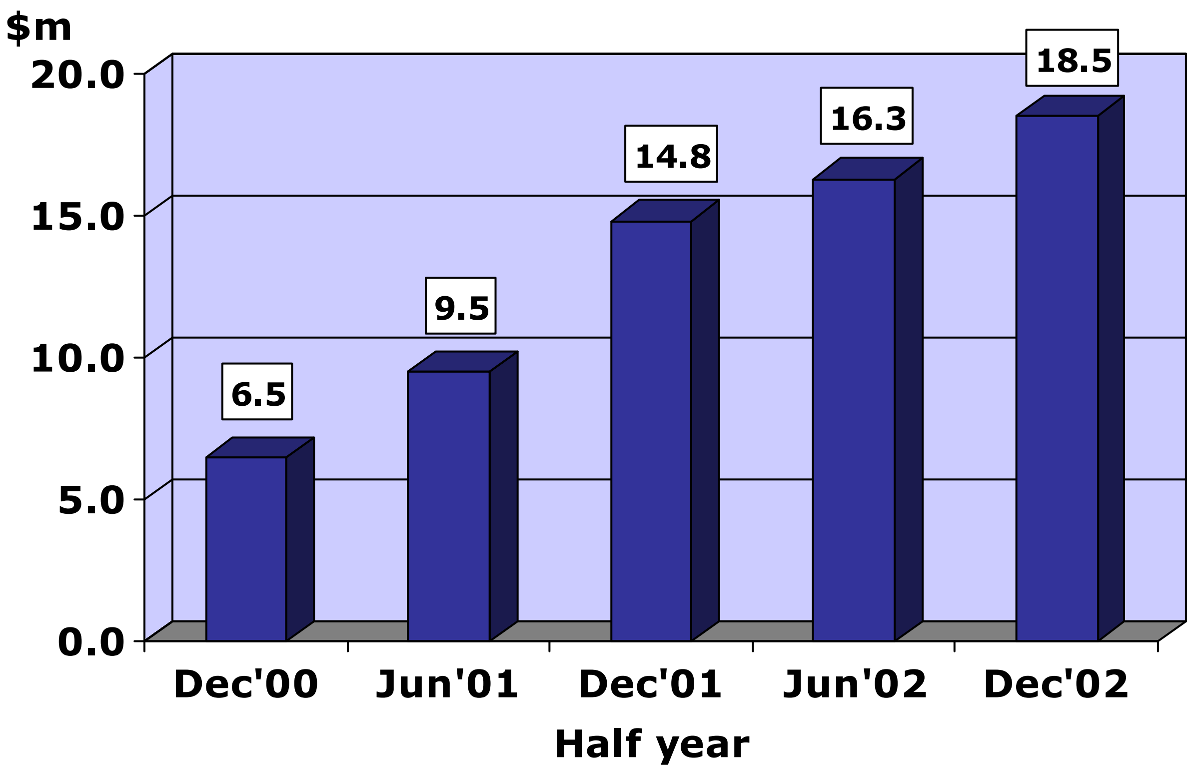
	Half-year Ended 31 December		
	2001 $m	2002 $m	% Inc.
Operating Revenue	**264.8**	**320.2**	**21%**
EBITDA	**40.2**	**45.1**	**12%**
EBIT	**28.9**	**32.9**	**14%**
Profit before tax	**21.2**	**26.0**	**23%**
NPAT	**14.8**	**18.5**	**25%**
EPS (cents/share)	**11.7¢**	**14.4¢**	**23%**
Int. Dividend (cents/share)	**4.5¢** ***(Unfranked)***	**6.5¢** ***(Franked)***	**44%**

EBIT Growth



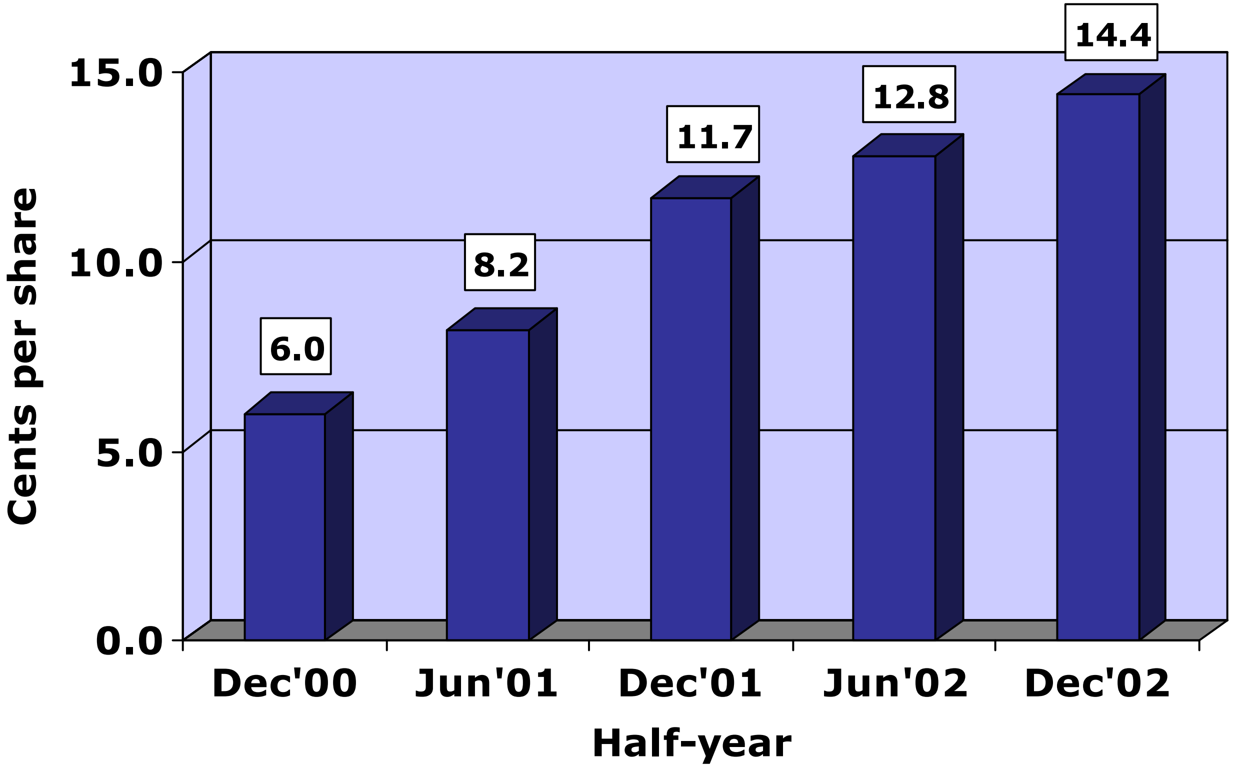
- EBIT up 14% for the half-year
- EBIT margin 10.5% (excluding new hospital acquisitions)

Net Profit Growth



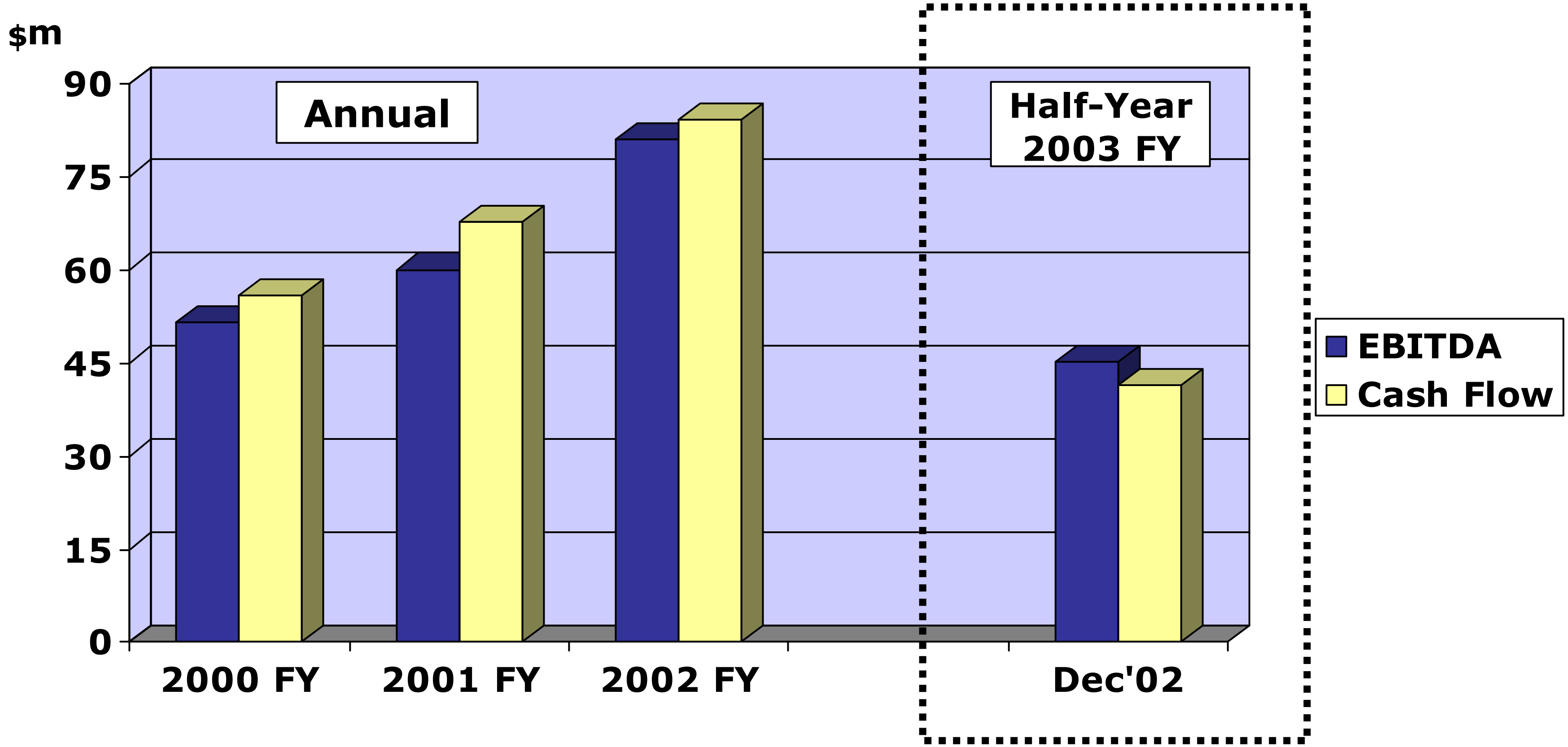
- NPAT up 25% for half-year

Earnings per share



- Basic EPS up 23% for the half-year
- Double digit growth anticipated for the full-year

Cash Flow



- Except for operating movements in working capital, the half-year EBITDA has translated into strong gross operating cash flow. The effective cash flow management is consistent with prior financial years.

Operations Overview

- Profit rise achieved despite challenging environment
- Underlying growth in EBIT and NPAT strong, demonstrating organic growth opportunities
- Management initiatives result in higher occupancy levels, above industry average
- Extra capacity from expansion program being matched with increased demand for beds

Operations Overview (cont'd)

- 10.5% EBIT margin, excluding recent acquisitions
  - Above industry average
  - Slight reduction in margin reflects higher medical indemnity cost, hospital disruptions from capacity expansion programme
  - Margins also reflecting ongoing change in revenue mix, e.g. prostheses
  - Cost containment still a major focus

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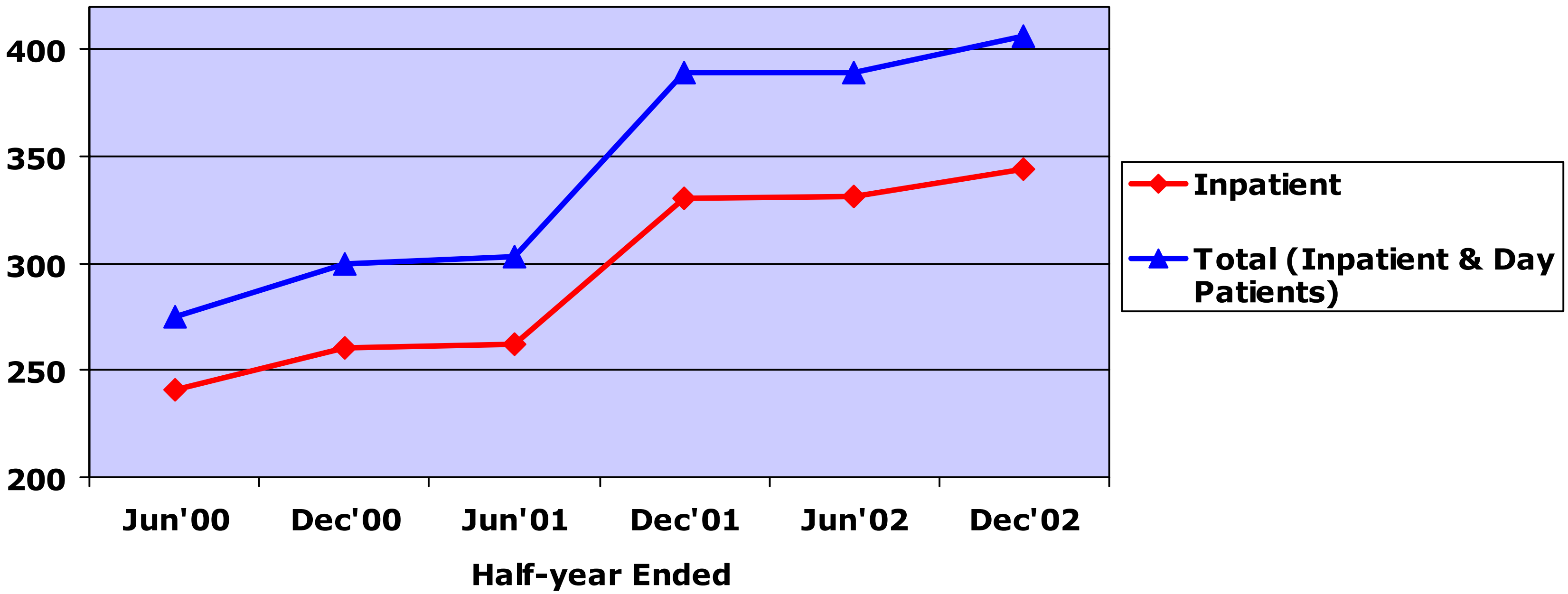
Occupancy – Patient Days



- Strong occupancy levels maintained with admissions up 9% (5% excluding new hospital acquisitions, Cairns and Lake Macquarie)

Industry Challenges

Issue	Response
Nursing shortage & increased cost of wages:	Preferred employer status, seek to recover higher wage costs from health funds.
Increased cost of medical indemnity insurance:	Emphasis upon risk management enhancement programme.
Health fund negotiations:	Quality and strategic position of hospital portfolio, seeking to at least cover higher costs.

Long-term strategy on track

- Developing a quality portfolio of strategically positioned hospitals
  - Managing our business well
    - Experienced management team maximising opportunities, managing challenges, micro-management (appropriate decentralised management)
    - Sustainable cost management
  - Investing in existing business
    - Targeting 15% return on assets

Long-term strategy on track

- Developing a quality portfolio of strategically positioned hospitals (continued)
  - Acquisitions based on strict investment criteria
    - Strategic fit
    - Moderate to low operating risk
    - EPS positive and 15% ROI in short-medium term
    - Delivering competitive advantage, consumer demand, reasonable health fund reimbursement rates
- Pursuing sustainable growth, maximising returns, including opportunities outside private hospital sector, close to core competencies

Aged Care

- Sector benefits
  - Ageing population = growing demand, particularly for high quality services
  - Secure revenue stream
  - Fragmented industry provides opportunity for rationalisation
- Strategy
  - Target high end, profitable segment
  - Focus on quality service
  - Develop broad portfolio of services
  - Capitalise on core competencies

Outlook

- Comfortable with market consensus for NPAT of approximately $37m for FY 2003
- Scope exists for continuing organic growth of existing business
- Acquisitions provide opportunity to enhance growth and profit outlook
- Targeting double-digit growth foreseeable future

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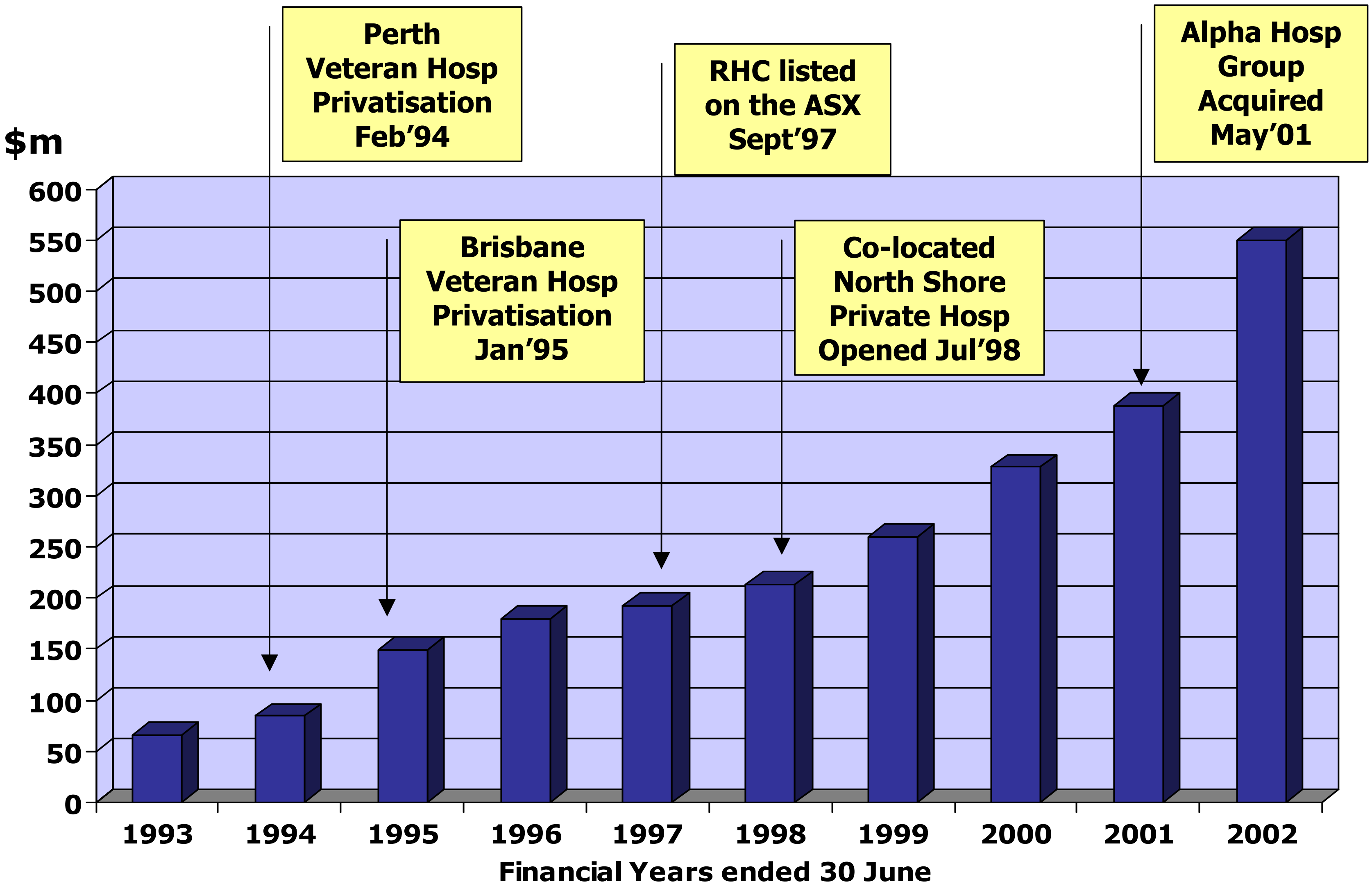
Appendix

Revenue Growth Time Line



Financial Indicators

Six months ended

	30 Jun'01 (1)	31 Dec'01	30 Jun'02	31 Dec'02 (2)
Net Gearing %	83	70	73	78
ROIC (3) (EBIT/Funds Employed) %	11.7	14.4	14.9	14.3
ROE (3) (NPAT/Shareholder Funds) %	8.0	12.1	13.9	14.3

(1) Alpha (acquired May'01) excluded as only one month of trading for the period

(2) Cairns (acquired Nov'02) excluded as only one month of trading for the period

(3) Calculated using rolling 12 months figures

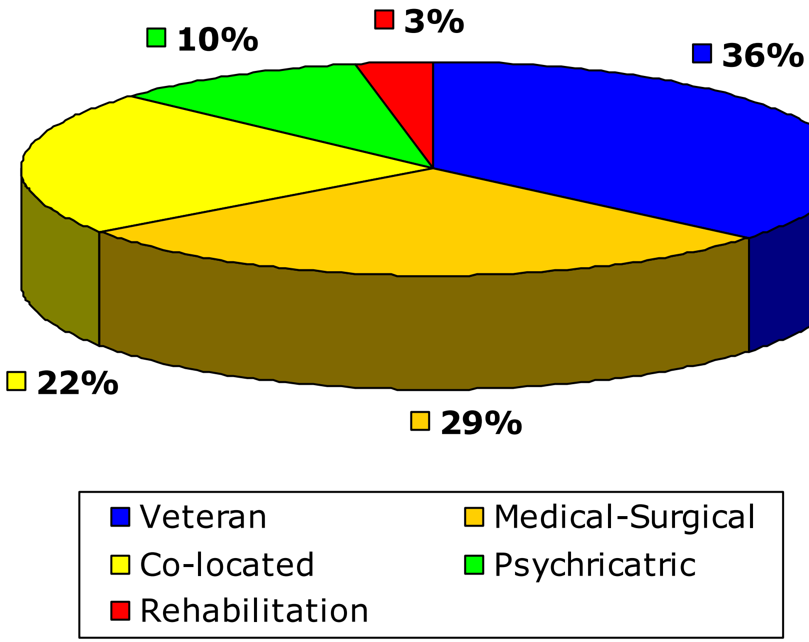
Facility Portfolio

Operating Divisions	Number of Facilities	Licenced Beds
Veteran	2	830
Co-located	3	376
Regional Medical – Surgical	*10	859
Psychiatric	8	552
Rehabilitation	2	119
Totals	25	2,736

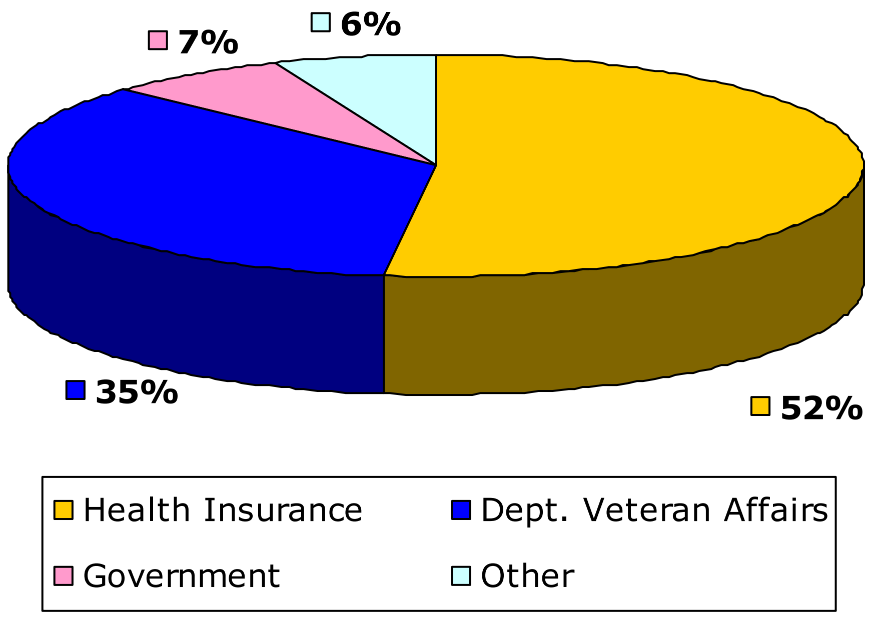
* Including the Coffs Harbour Day Surgery

Revenue Analysis

Revenue by Operating Division



Revenue by Payor Source



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