



RAMSAY HEALTH CARE LIMITED
Interim Results
Half Year to 31 December 2000



Chairman's Overview

Net profit after tax strengthens 141% to \$6.5 million

- **Group operating revenue improves 15%**
- **EBIT up 20%**
- **Stronger result achieved despite \$2.2 million loss from Flinders Private Hospital up to sale**
- **Interim dividend increased to 3.5 cents, unfranked**



Chairman's Overview

Stronger profitability level expected to be at least maintained in second half as:

- **Negative effects of Flinders Private are removed**
- **Continued strong management of operations, reimbursement rate increases, more than offsetting seasonality of second half**
- **Mildura Base Hospital on track to break even**
- **Ramsay's strategic positioning captures benefits from improved industry conditions**



Financial Highlights

Overview - Group

- **Group NPAT up 141%**
- **Group revenue up 15%**
- **Group EBIT up 20%**
- **EBIT margin up to 9.9% from 9.5%**



Financial Highlights

| | Half Year Ended 31 December 2000 \$M | | |
|------------------------------------|---|---------|------|
| | 1999 | 2000 | % |
| Operating Revenue | 161,961 | 186,530 | 15% |
| EBITDA | 25,649 | 28,432 | 11% |
| EBIT | 15,401 | 18,425 | 20% |
| Profit before tax and abnormals | 4,802 | 8,871 | 85% |
| NPAT before abnormals | 4,085 | 6,518 | 60% |
| Abnormal loss (net of tax) | (1,384) | - | - |
| NPAT | 2,701 | 6,518 | 141% |
| EPS (cents per share) | 2.5 | 6.0 | |
| Interim Dividend (cents per share) | 3.0 | 3.5 | |
| EBIT Margin | 9.5% | 9.9% | |
| EBIT Margin (ex Mildura) | 9.5% | 10.5% | |



Financial Performance

Overview - Continuing Operations (ex Flinders)

- **NPAT up 55% to \$8.7 million**
- **Revenue up 14%**
- **EBIT up 10%**
- **EBIT margin (ex Mildura) up to 11.8%**



Financial Performance

| | Half Year Ended 31 December 2000 \$M | | | | | |
|---------------------------------|---|---------|------------------------------------|---------|---------|---------|
| | Continuing Operations | | Discontinued Operations (Flinders) | | Total | |
| | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 |
| Operating Revenue | 151,804 | 173,642 | 10,157 | 12,888 | 161,961 | 186,530 |
| EBITDA | 25,829 | 27,745 | (180) | 687 | 25,649 | 28,432 |
| EBIT | 17,412 | 19,239 | (2,011) | (814) | 15,401 | 18,425 |
| Profit before tax and abnormals | 9,375 | 11,443 | (4,573) | (2,572) | 4,802 | 8,871 |
| NPAT before abnormals | 7,012 | 8,717 | (2,927) | (2,199) | 4,085 | 6,518 |
| Abnormal loss (net of tax) | (1,384) | - | - | - | (1,384) | - |
| NPAT | 5,628 | 8,717 | (2,927) | (2,199) | 2,701 | 6,518 |

| | | | | | |
|--------------------------|-------|-------|--|------|-------|
| EBIT Margin | 11.4% | 11.1% | | 9.5% | 9.9% |
| EBIT Margin (ex Mildura) | 11.4% | 11.8% | | 9.5% | 10.5% |



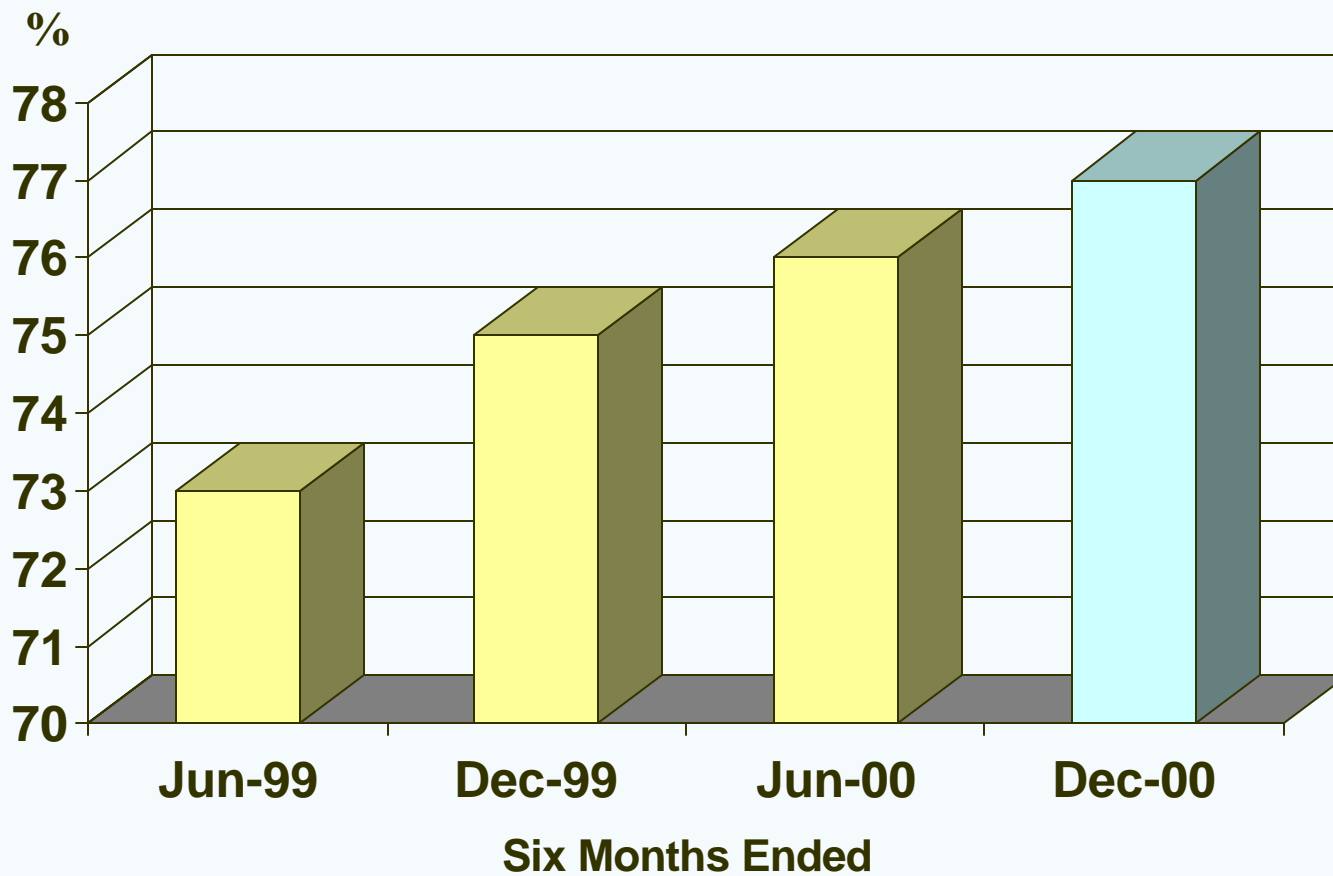
Group Key Performance Indicators

| | Six Months Ended | | | |
|-----------------------------------|------------------|----------|----------|----------|
| | 30/06/99 | 31/12/99 | 30/06/00 | 31/12/00 |
| Occupancy % | 73.0 | 75.3 | 76.0 | 77.3 |
| EBIT Margin % | 8.7 | 9.5 | 9.3 | 9.9 |
| Revenue PPD \$ | 538 | 575 | 585 | 601 |
| EPS ¢ | 1.8 | 2.5 | 3.6 | 6.0 |
| Net Gearing % | 112 | 113 | 134 | 88 |
| ROIC (EBIT / Funds Employed) % | 6.0 | 6.2 | 7.9 | 10.5 |
| ROE (NPAT / Shareholders Funds) % | 2.9 | 2.3 | 4.1 | 6.3 |



Group Key Performance Indicators

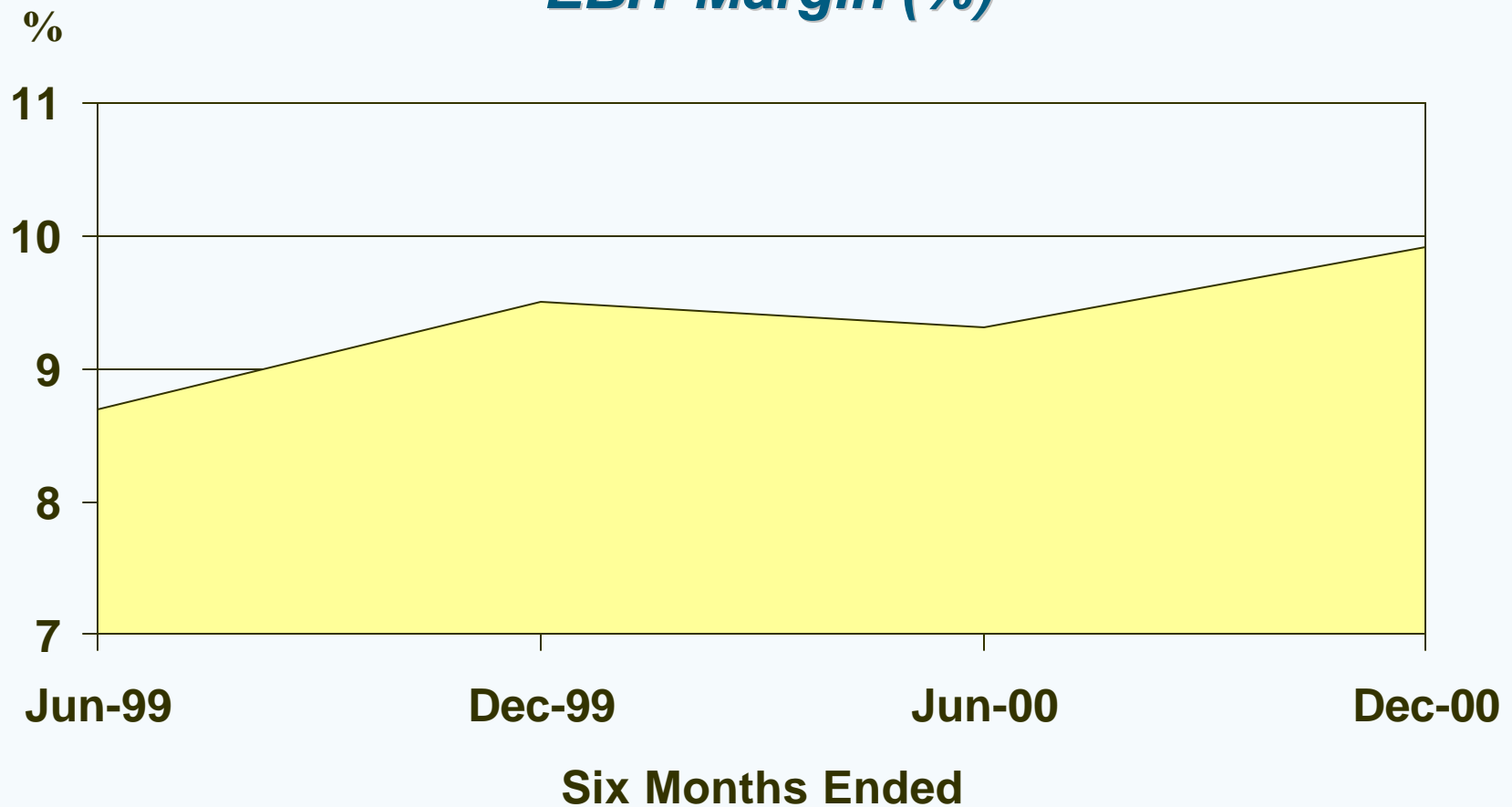
Occupancy (%)





Group Key Performance Indicators

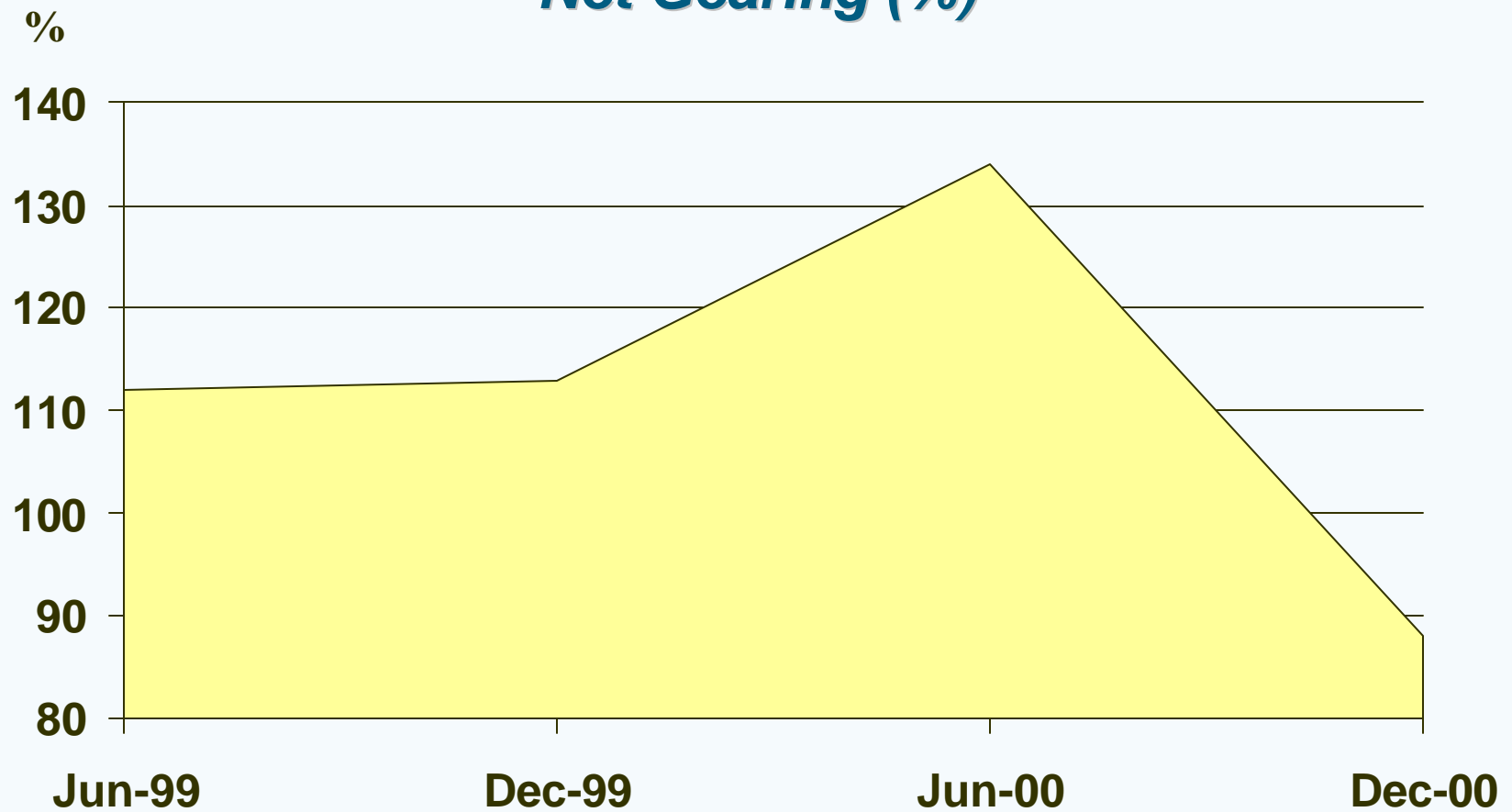
EBIT Margin (%)





Group Key Performance Indicators

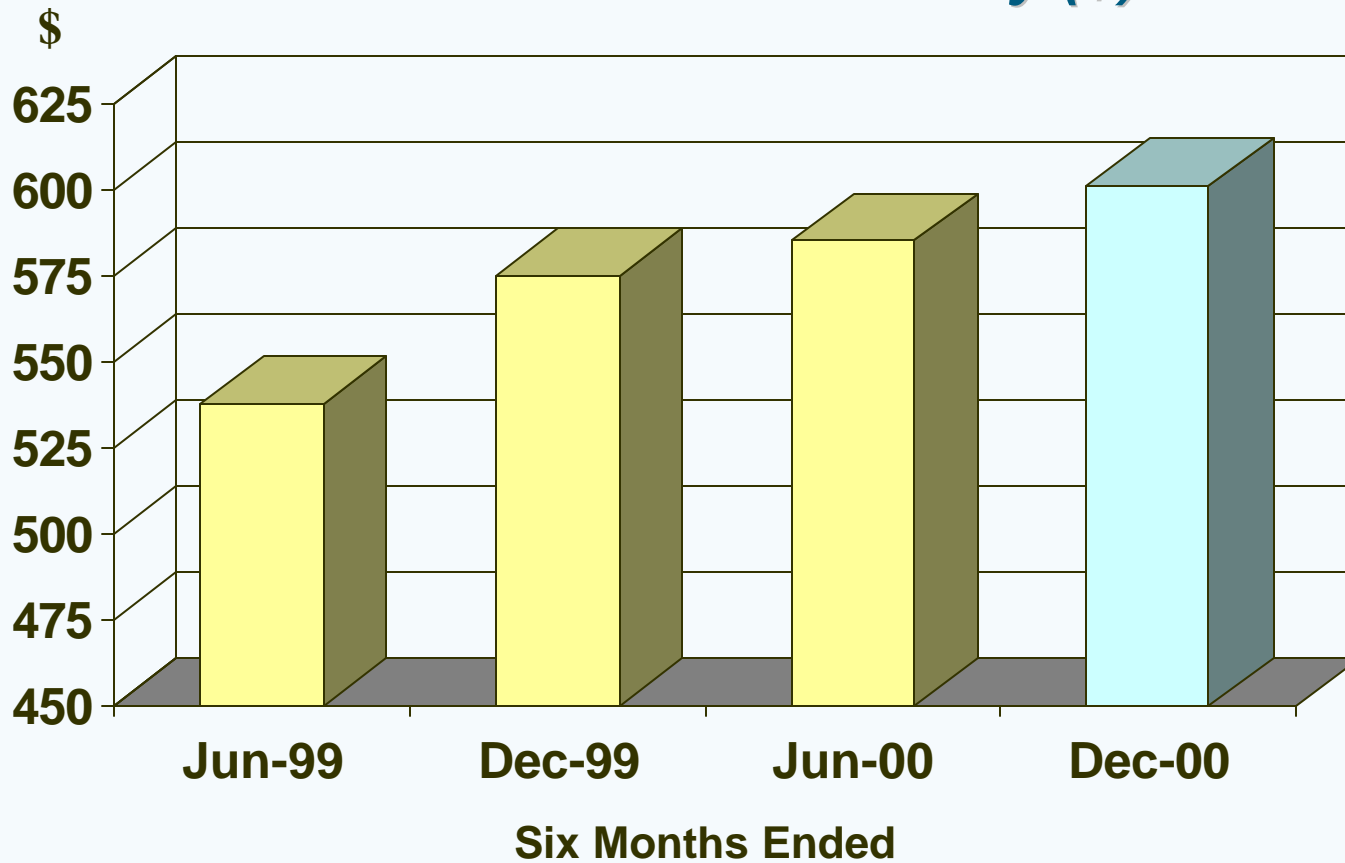
Net Gearing (%)





Group Key Performance Indicators

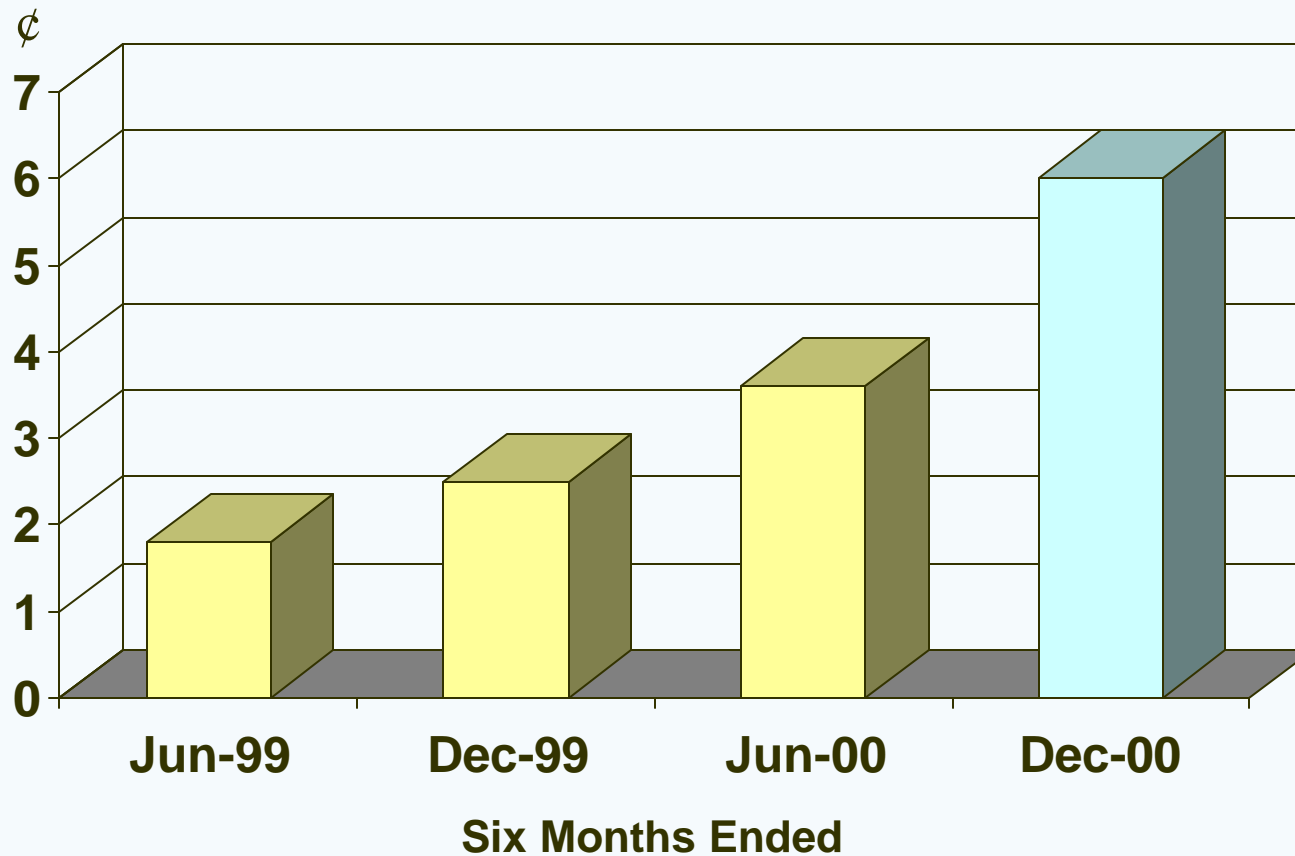
Revenue Per Patient Day (\$)





Group Key Performance Indicators

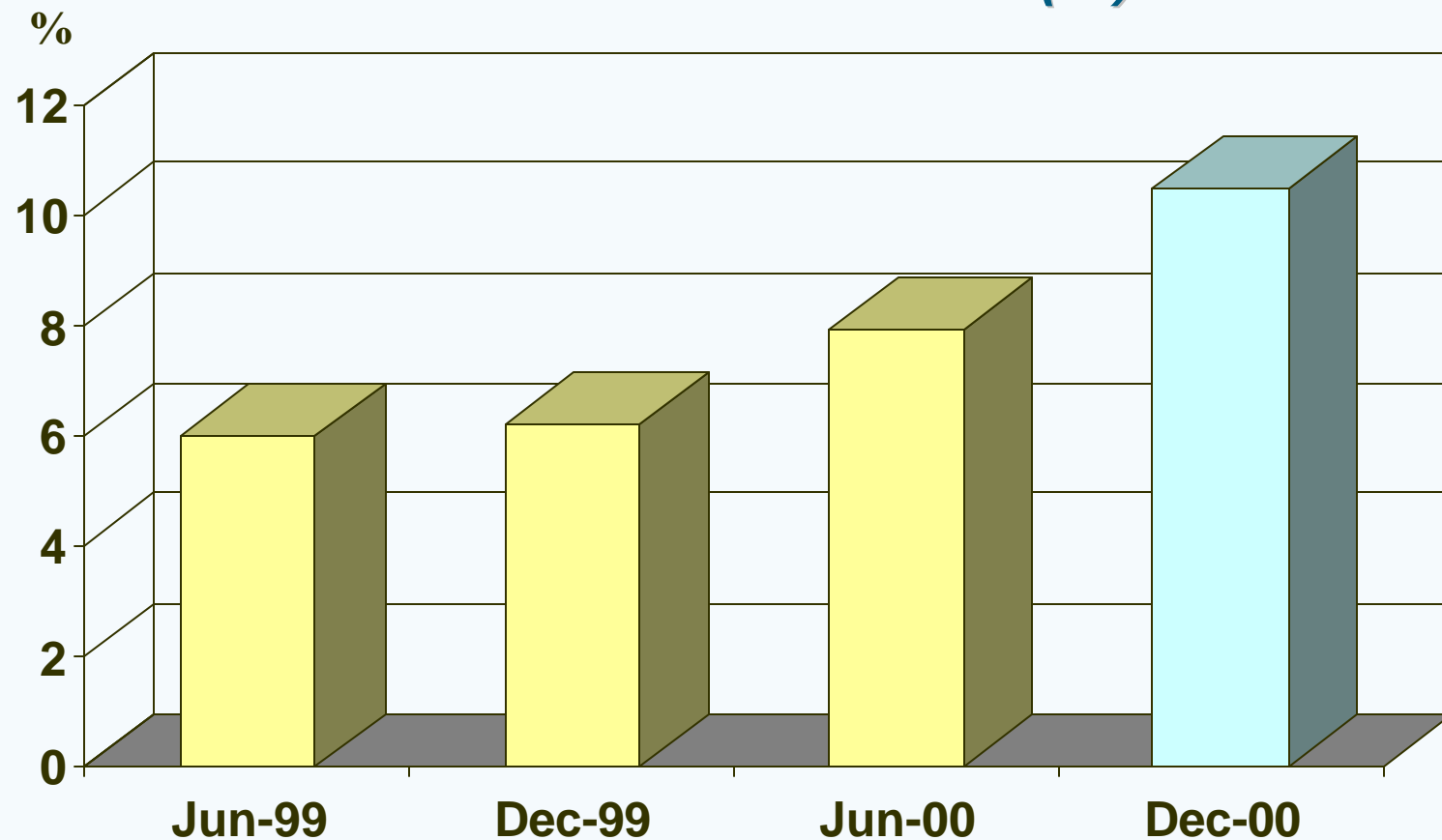
Earnings Per Share (cents)





Group Key Performance Indicators

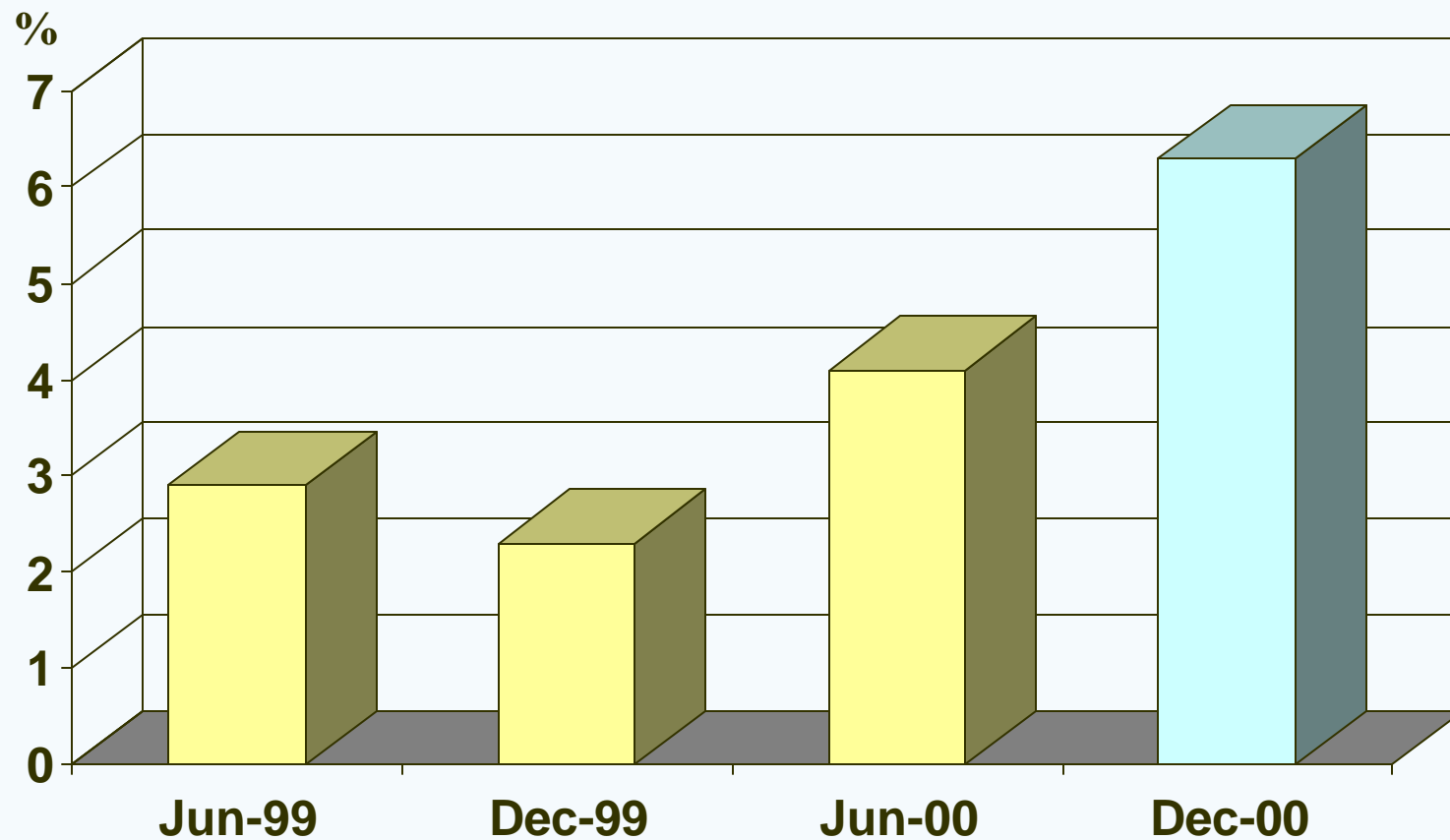
Return on Investment (%)





Group Key Performance Indicators

Return on Equity (%)





Sale of Flinders Private Hospital

Impact of Sale

- **Improve Group profitability going forward**
- **Improved gearing**
- **Frees up management and financial resources**
- **Demonstrates Ramsay's commitment to taking a leading position in every market in which it operates**



Continuing Operations

Veteran, Medical / Surgical and Psychiatric Hospitals

- **Strong management underpins sustainable profit growth**
- **North Shore results continuing to improve**
- **Improved productivity**
- **EBIT margin increased to 11.8%**
- **Mildura running to plan**
 - Off balance sheet structure is margin dilutive

| | | |
|----------------|-------------|--|
| Revenue 14% | EBIT 10% | EBIT Margin (ex Mildura) up to 11.8% |
| | | |



Ramsay's Strategic Position

- **Proven good management**
 - Cost controls, management efficiencies
 - Revenue enhancing activities
 - Stakeholder relationships
- **Strength of hospital portfolio**
 - Significant players in niche markets
 - Strong demand from health fund members
- **Revenue Profile**



Sustainable Environment Change

- **Major government initiatives have changed the environment**
 - 30% rebate
 - Lifetime cover
 - Industry structural changes
- **Impact**
 - + 50% increase in health fund membership
 - Approximately 3 million new members
 - More discerning users
- **Shortage of high acute, quality beds**
- **Now accepted as a bipartisan change**



Strategy for Future Growth

- **To achieve competitive advantage in every market we operate**
- **Internal growth**
 - Additional capacity
 - New services
 - Higher returns
- **Pursue investments in other hospitals**
- **Explore growth close to Ramsay core competencies**



Ramsay Health Care Outlook

- **Sustainable improvement in environment expected to contribute to further strengthening in Ramsay business**
- **Second half profit expected to be at least level with the first half (ex Flinders)**





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