

Macquarie Emerging Leaders Conference 2004



RAMSAY
HEALTH CARE



Pat Grier, Managing Director
Thursday 6 May 2004

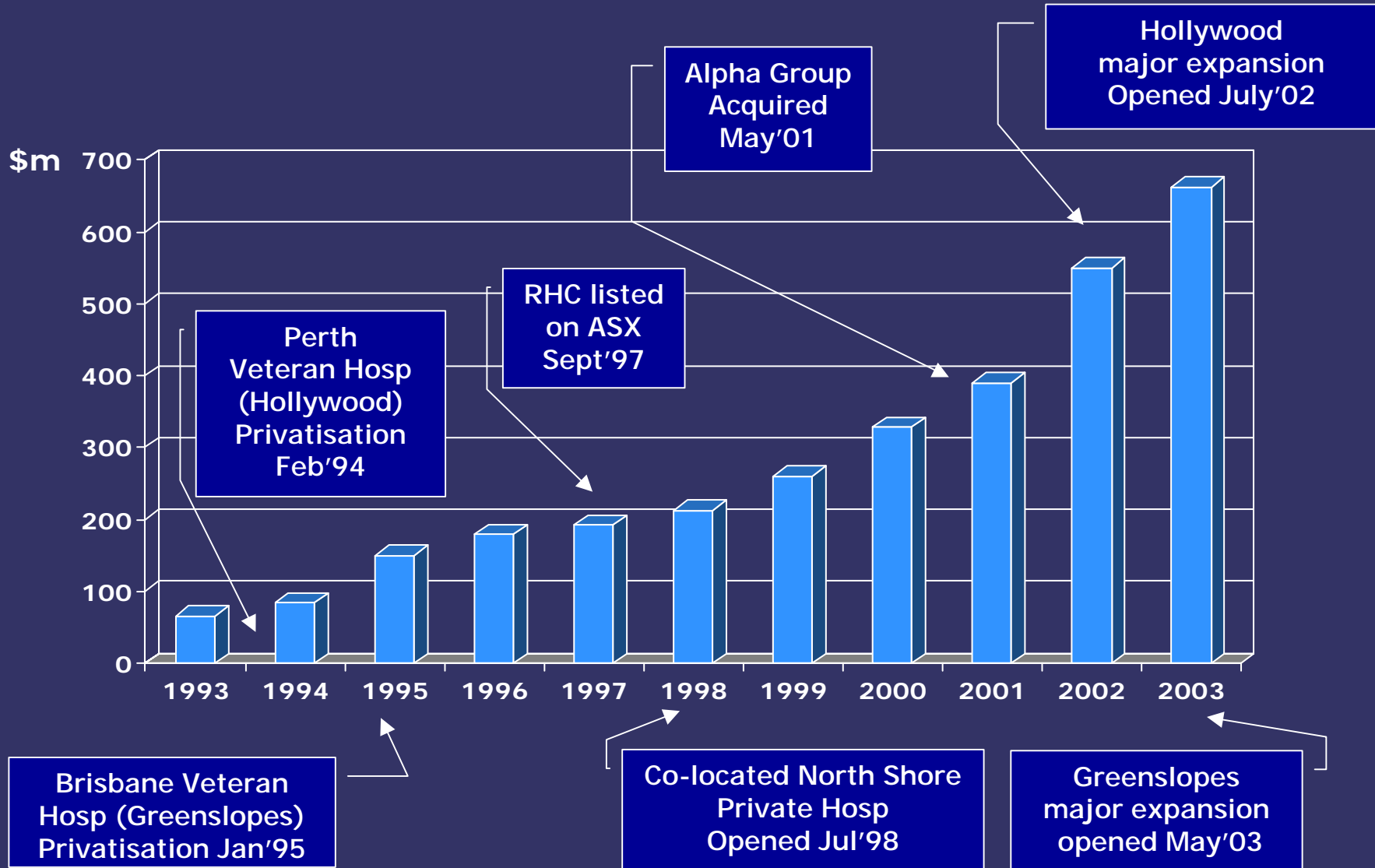


- Second largest operator of private hospitals in Australia and the largest listed operator.
- Growth prospects are bolstered by:
 - Ageing population
 - Increase in private health insurance membership
- Proven management track record
- Quality and strategic positioning of assets
- Diversified payor mix and revenue stream

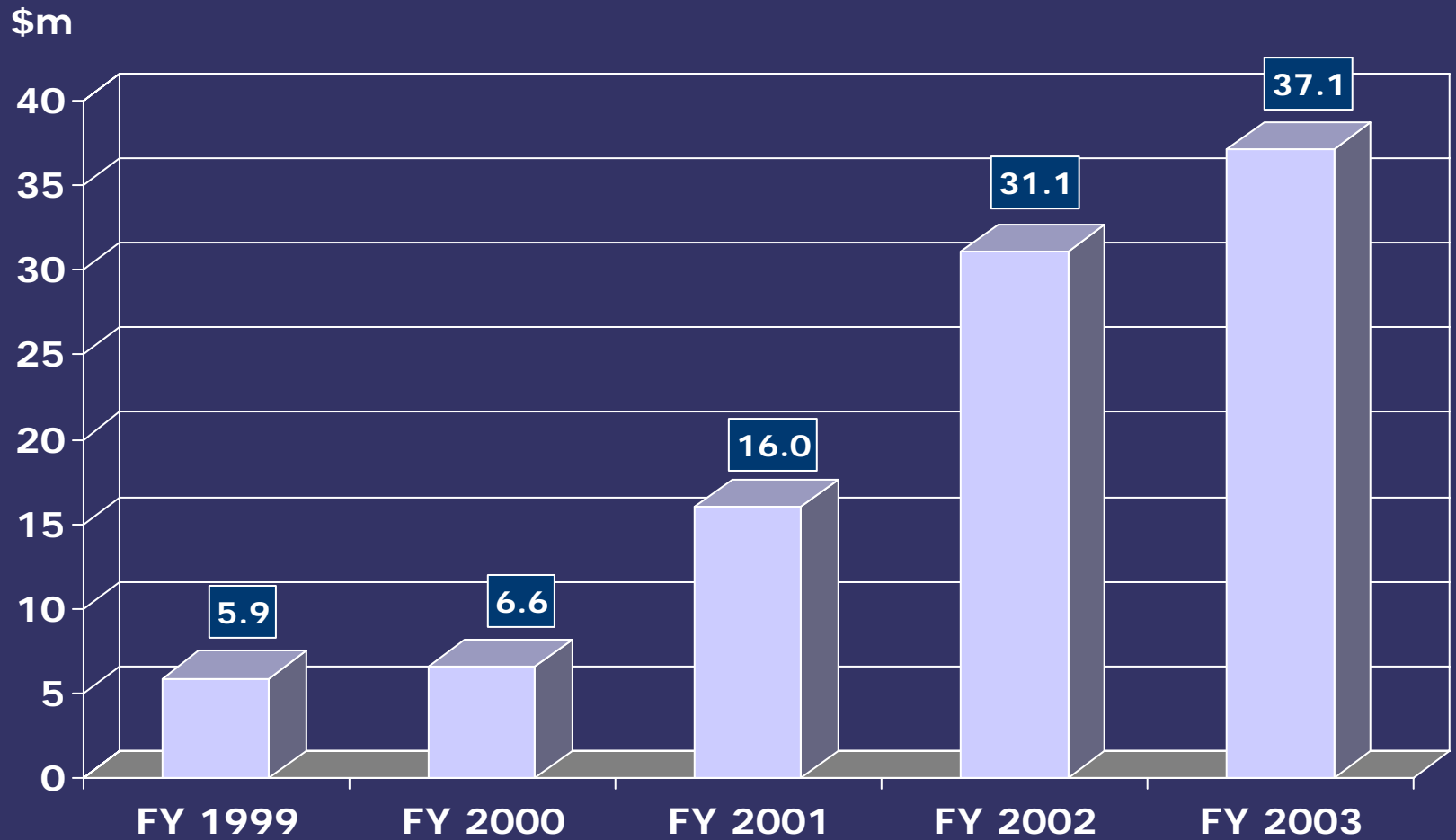


- Growth strategy
 - Organic growth through micro-management
 - Target lower risk, higher returns through investment in existing hospital portfolio and capacity expansion
 - Actively investigating growth opportunities within the:
 - Private hospital sector
 - Aged care sector and other opportunities 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

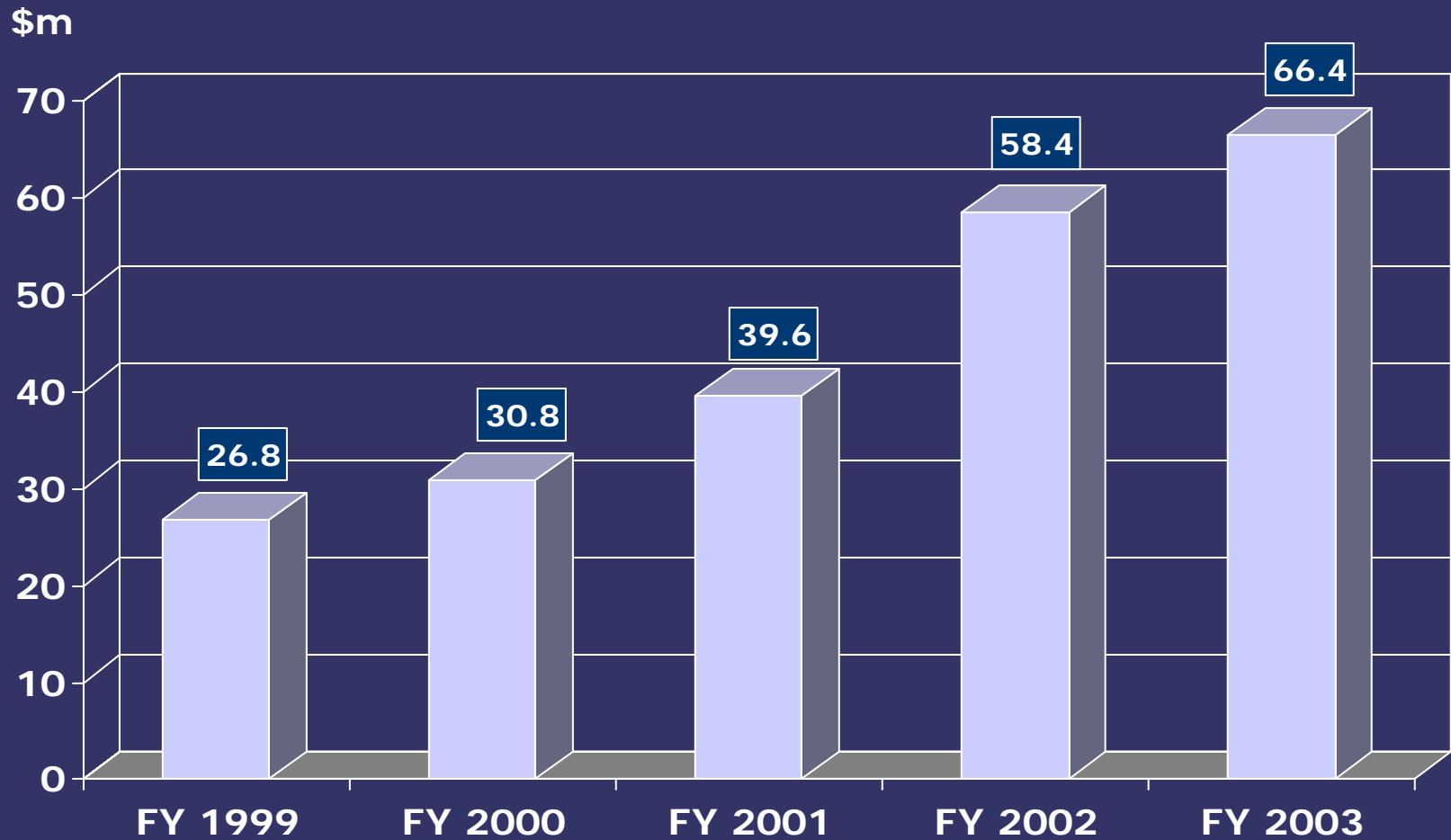
Revenue Growth Time Line



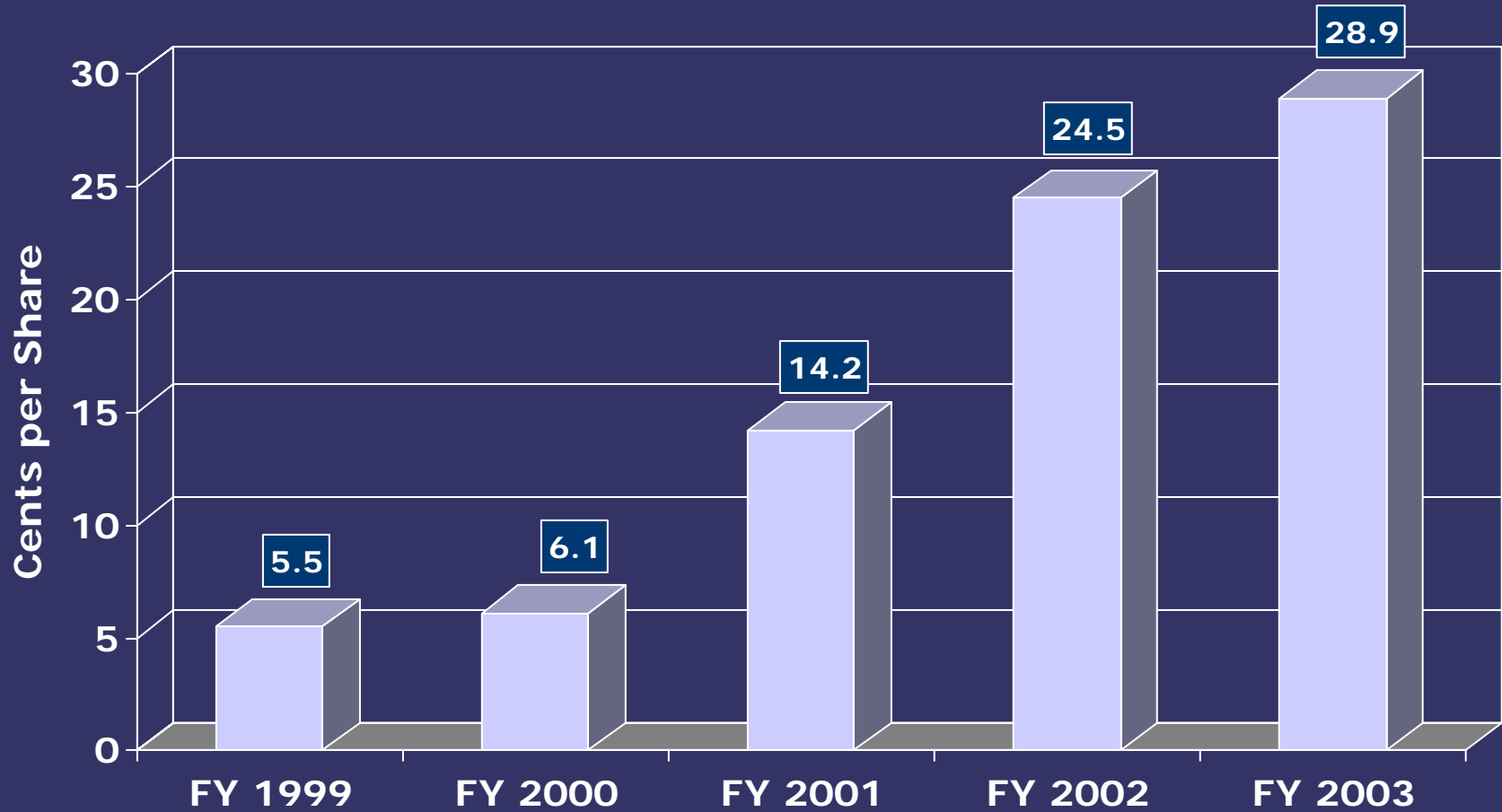
NPAT Growth



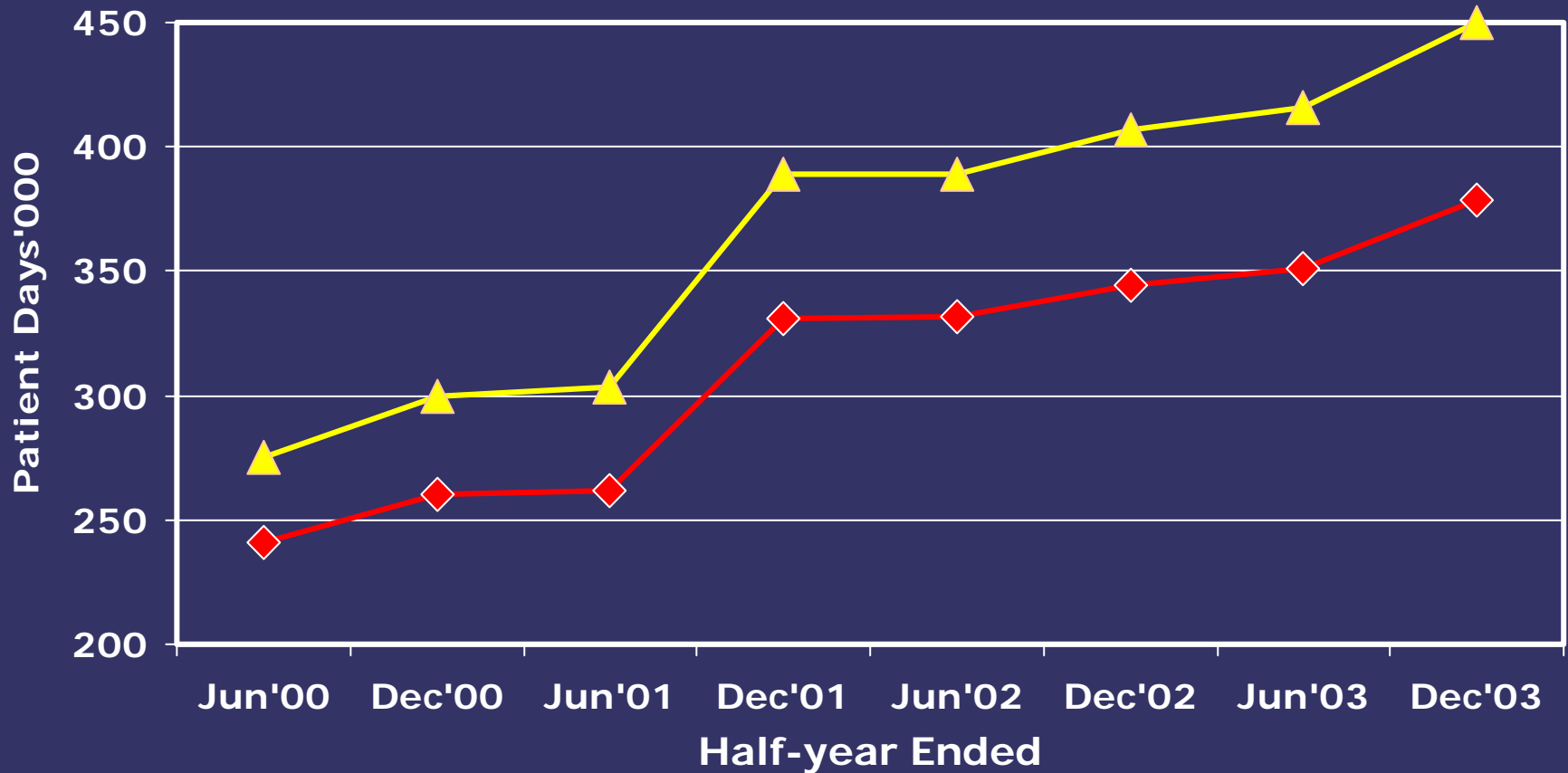
Underlying EBIT Growth



Earnings per Share



Occupancy – Patient Days



 Inpatients  Total (Inpatients + Day Patients)



	Half-year ended 31 December		
	2002 \$m	2003 \$m	% Inc
Operating Revenue	320.2	374.1	17%
EBITDA	45.1	51.7	15%
EBIT	32.9	37.6	14%
Profit before tax & non-recurring charge	26.0	30.4	17%
NPAT before non-recurring charge	18.5	21.0	14%
Non-recurring charge	-	(2.2)	
NPAT	18.5	18.8	2%
EPS (cents/share)	14.4 ¢	14.6 ¢	2%
Underlying EPS (cents/share)	14.4 ¢	16.3 ¢	13%
Interim Dividend (cents/share)	6.5 ¢	7.5 ¢	15%
	<i>Fully Franked</i>	<i>Fully Franked</i>	



- 30% rebate; bi-partisan support – Labour’s attitude to private health
- Health Insurance outlook
 - Membership
 - Negotiations
- Cost containment – nurse wage increases and shortages
- Medical indemnity insurance - tort law reform
- Industry outlook in the short-medium term



- Why diversify into aged care?
 - Ageing population, growing demand; particularly for high quality service
 - Secure income stream
 - Fragmented industry provides opportunity for rationalisation
 - Close to core competencies
- Understanding industry dynamics
 - Cautious approach
 - Appropriate entry opportunities
 - Focus on specific profitable sectors of the market, accommodation bonds and chargeable extra service



- Active investigation of acquisition opportunities
- Allocated 186 new residential places bringing the total number of places to 206
- Greenfield sites to be developed to open places to the community, within 2 years
 - Greenslopes, Qld
 - Chermside, Qld
 - Coffs Harbour, NSW
- Purchased Silver Circle, Australia's largest private home care business



- Strategic position of RHC hospitals expected to keep demand strong against a slight industry softening
- Focus on cost containment and growing business
- Benefits of expansion program continue to contribute to earnings – Greenslopes, Lake Macquarie
- Barring unforeseen circumstances, comfortable with market consensus for 10% growth in underlying net profit before significant items for FY2004
- Continue to pursue strategic acquisitions
 - Hospitals
 - Aged Care



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Questions