



RAMSAY HEALTH CARE LIMITED

Interim Results

Six months to 31 December 1999



R A M S A Y
H E A L T H C A R E





CHAIRMAN'S OVERVIEW

- **\$4.1 million profit achieved in tough health insurance environment**
 - **Good performance from established non co-located hospitals**
 - **Profitability of high acuity co-located hospitals continues to be impacted by health insurance squeeze**



CHAIRMAN'S OVERVIEW

- **Concentrating on increasing profitability**
 - **Withdrawal from privatisation of Berwick Community Hospital**
 - **Finalised withdrawal from Princess Alexandra co-location**
- **Construction of Mildura Base Hospital on time and on budget to open in late September 2000**
- **Maintained 3c interim dividend, unfranked**



FINANCIAL HIGHLIGHTS

- NPAT before abnormals \$4.1 million
- Group revenue up 35%
- Revenue from established hospitals up 12%
- Group EBIT up 5%
- EBIT from established hospitals up 19%
- EBIT margin from established hospitals up from 12.7% to 13.5%



FINANCIAL PERFORMANCE

	Six Months Ended 31 December 1999					
	\$ million					
	Established Hospitals		Co-located Hospitals		Total	
	1998	1999	1998	1999	1998	1999
Operating Revenue	113.8	127.8	6.1	34.2	119.8	162.0
EBITDA	20.1	23.5	0.7	2.1	20.8	25.6
Depreciation	(5.6)	(6.3)	(0.6)	(3.9)	(6.2)	(10.2)
EBIT	14.5	17.2	0.1	(1.8)	14.6	15.4
Net Interest					(5.3)	(10.6)
Profit before tax and abnormals					9.3	4.8
Taxation					(2.4)	(0.7)
NPAT before abnormals					6.9	4.1
Abnormal loss (net of tax)					(2.9)	(1.4)
NPAT					4.0	2.7



FINANCIAL PERFORMANCE

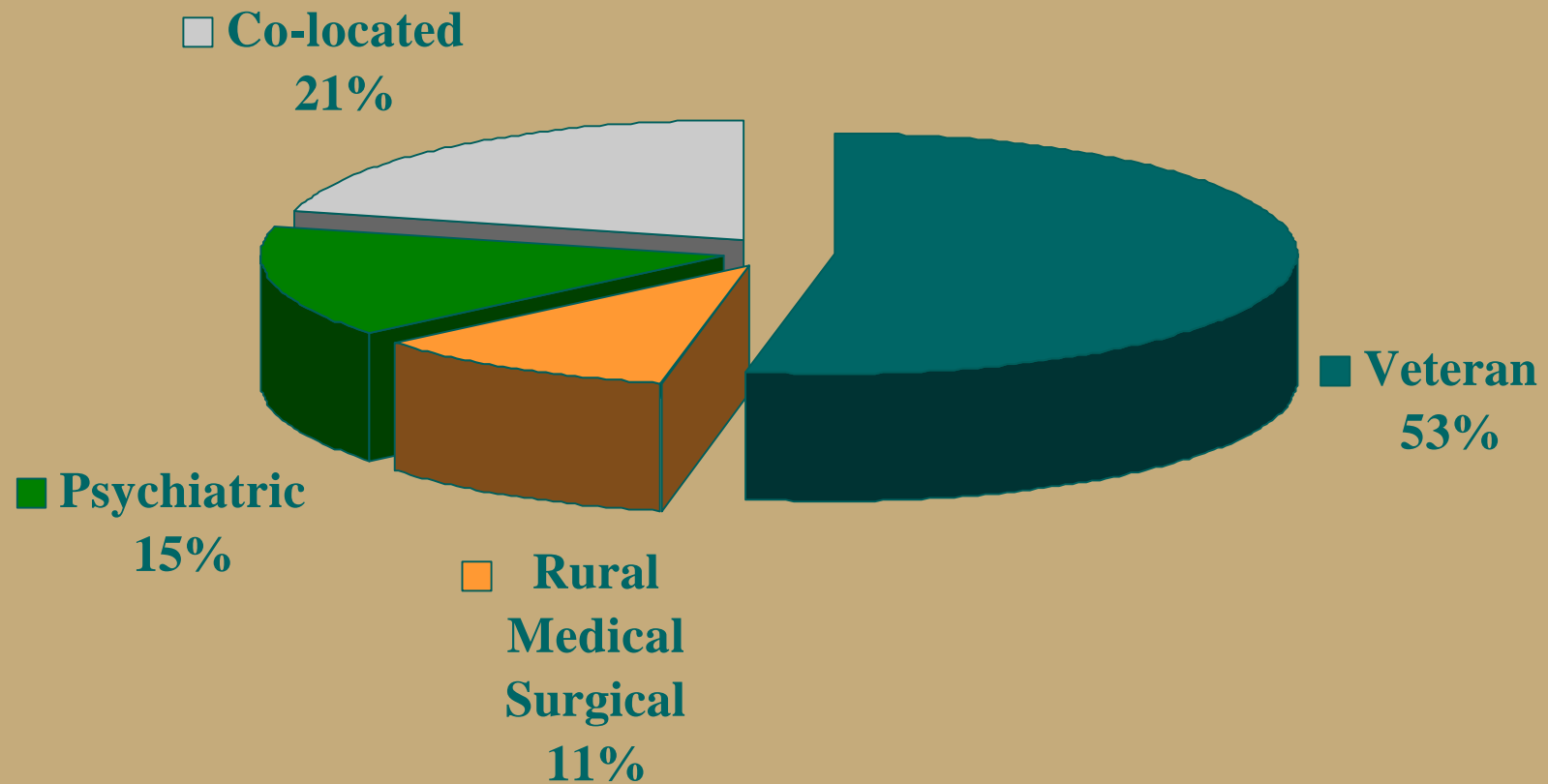
**6 months to
31 Dec 1999**

Interim dividend, unfranked	3c
Pre abnormal EPS	3.8c
EPS	2.5c



OVERVIEW OF OPERATIONS

Operating Revenue





OVERVIEW OF OPERATIONS

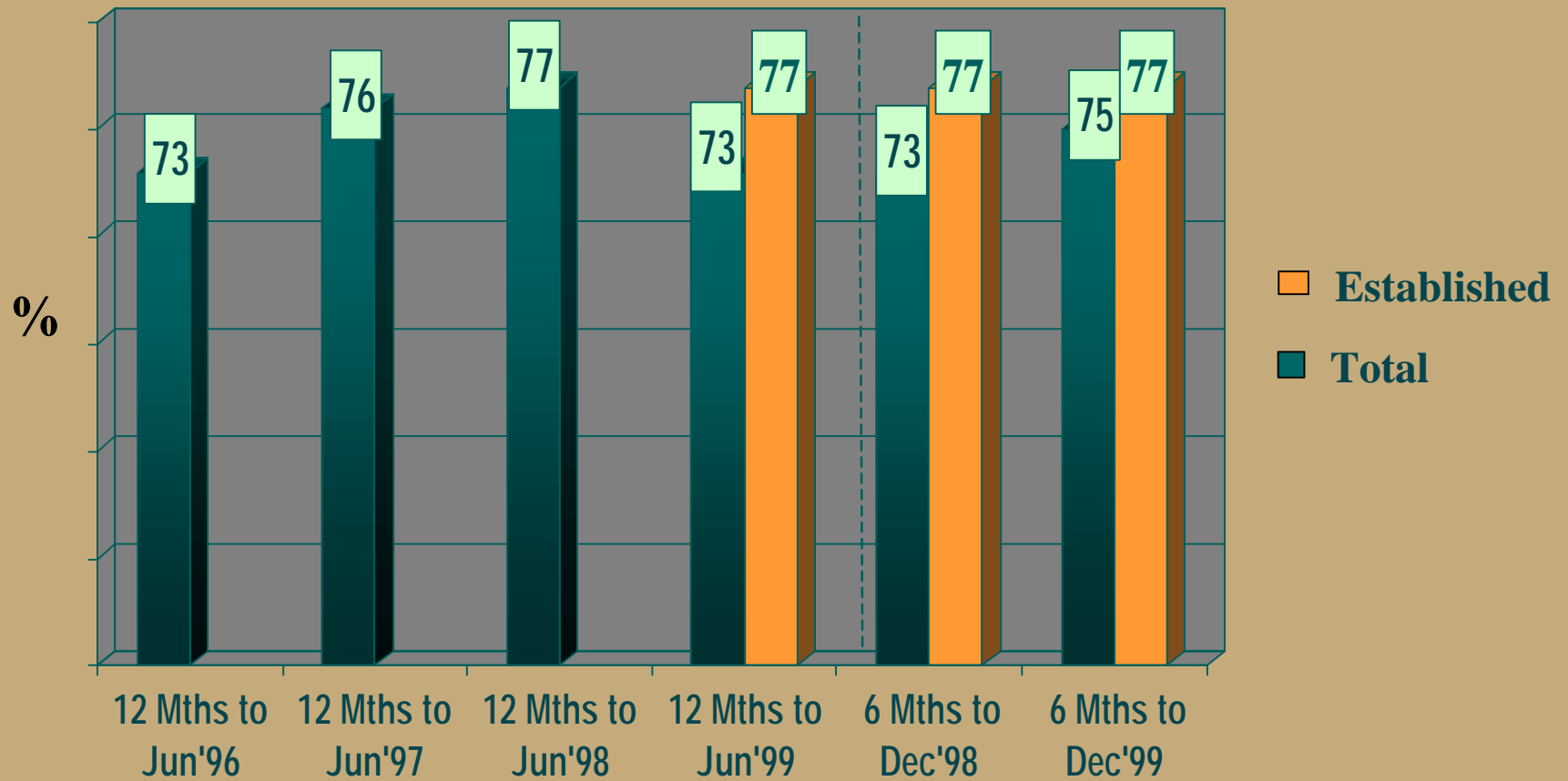
All Hospitals

	6 months to Dec '98	6 months to Jun '99	6 months to Dec '99
Revenue (\$m)	119.8	140.0	162.0
EBIT (\$m)	14.6	12.2	15.4
EBIT Margin (%)	12.2	8.7	9.5
Revenue PP Day (\$)	520	551	574
Labour Hours PP Day	10.13	10.11	9.84



OPERATIONAL PERFORMANCE

Inpatient occupancy



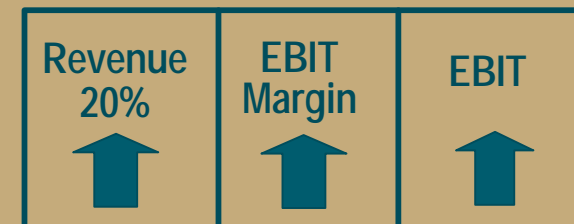
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ESTABLISHED HOSPITALS - VETERAN

Strong result reinforces our decision to invest in new services and facilities in our veteran hospitals

- **Additional 60 beds**
- **Expanded services at Hollywood**
- **New step down unit at Greenslopes**
- **Managed length of stay**
- **Further cost efficiencies**





ESTABLISHED HOSPITALS - RURAL MEDICAL-SURGICAL

Increased profits in a flat market

- Aggressive cost reduction strategy
- Managed length of stay with introduction of case mix funding
- Additional 10 beds at Albury Wodonga Private Hospital
- New stand alone day surgery unit in Coffs Harbour

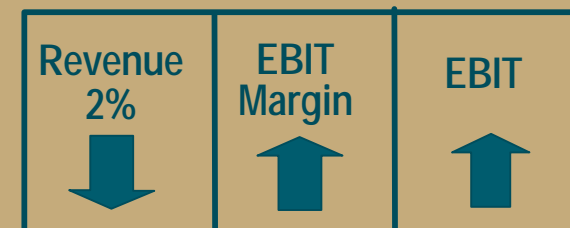




ESTABLISHED HOSPITALS - PSYCHIATRIC

Management of patient mix led to increased profit in a mature market

- **Reduced length of stay and rationalisation of case mix has increased profitability**
- **Introduced continuum of care with health funds**
- **Further cost efficiencies**





CO-LOCATED HOSPITALS

Increased occupancy and cost efficiencies have improved profitability. Progress slow due to non-recognition of high acuity services by health funds.

- **Continue to negotiate and build relationships with health funds to secure preferential arrangements**
 - now in a stronger negotiating position
- **Productivity gains**
- **Active case mix management**



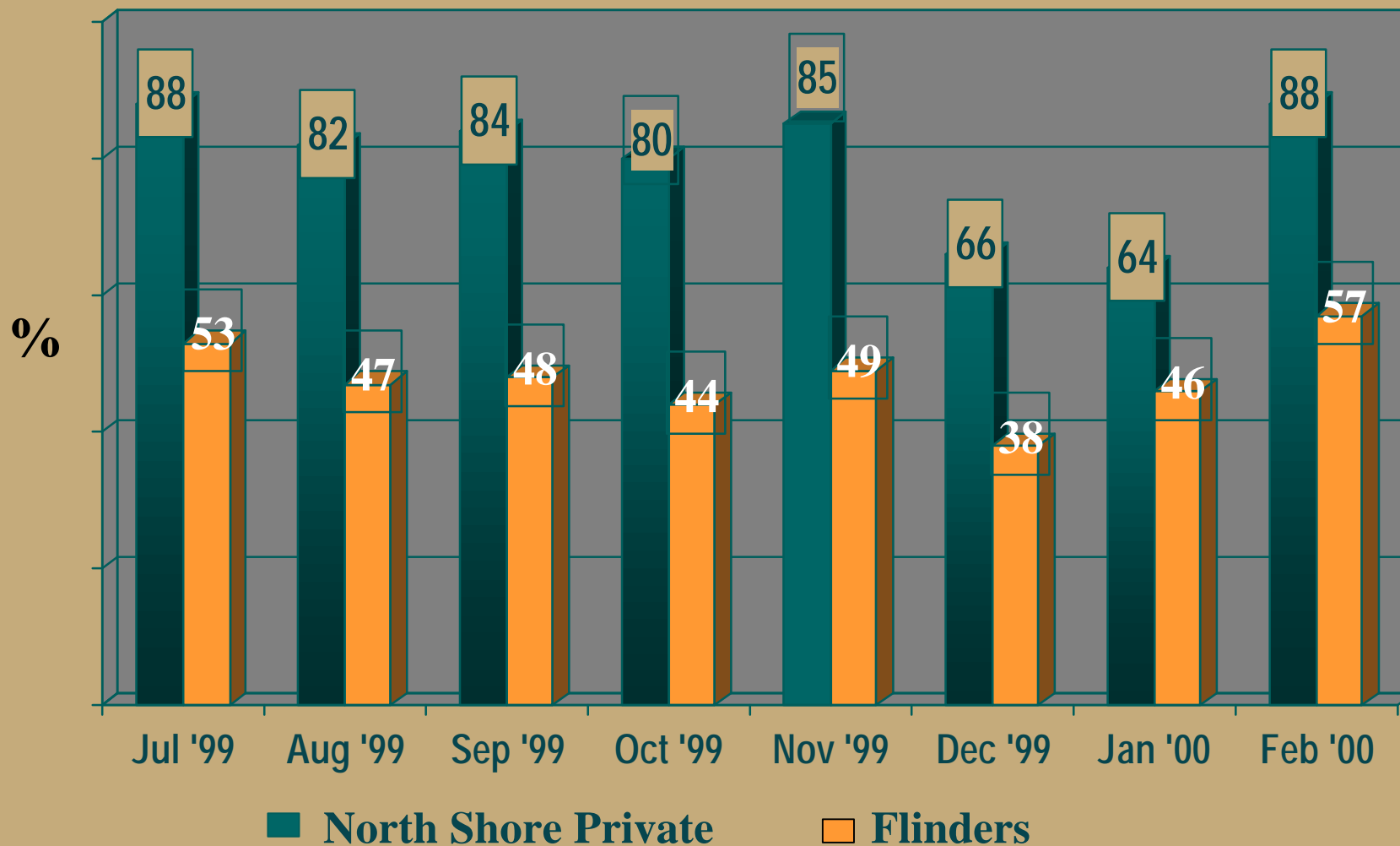
CO-LOCATED HOSPITALS

- **North Shore Private**
 - increased volume of day surgery
 - Catheritisation Laboratory opened
- **Flinders Private Hospital**
 - Doctors consulting suites opened
 - Continuing increase in occupancy from additional doctors and intensive marketing campaign
 - DVA Contract





CO-LOCATED HOSPITALS -OCCUPANCY





CO-LOCATED HOSPITALS

Performance Analysis -

Monthly average:

6 month to 31 Dec'99 over 6 months to 30 Jun'99

- **High occupancy for North Shore,
Occupancy improving at Flinders**
- **Revenue improving - up 8%**
- **EBIT Loss slow improvement of 8%**
- **Slow Margin Improvement**



REPORT CARD

- **Focused on established business**
 - margins up from 12.7% to 13.5%
 - EBIT + 19%
- **Rigorously assessed new projects**
 - withdrawal from Princess Alexandra
 - withdrawal from Berwick Community Hospital



REPORT CARD

- **Invested in Veteran Hospitals**
 - revenue up 20%
 - EBIT and margin increases
- **Focus on profitability and efficiency of co-located hospitals**
 - occupancy trending upwards
 - revenue increased
 - productivity improvements
 - EBIT and margins improving slowly



REPORT CARD

- **Improve reimbursement rates from health insurers**
 - 1-2% increase against cost increase of 5-6%
 - matter of timing
- **Ensure success of Mildura Base Hospital project**
 - on time and on budget



ENVIRONMENT

- **Improved health insurance industry**
 - increased membership, first time in 13 years
 - dramatically improved financial position of health funds
 - minimal flow-on of benefits to hospitals



ENVIRONMENT

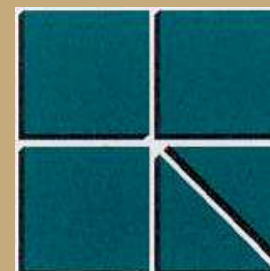
- **Positive Federal Government initiatives**
 - **30% rebate, Opposition commitment**
 - **support for no-gap insurance**
 - **life-time cover, break down of community rating**
 - **\$35 million advertising campaign**



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