



RAMSAY  
HEALTH CARE



**Preliminary Final Results**  
for the financial year ended 30 June 2003  
Briefing – 28 August 2003



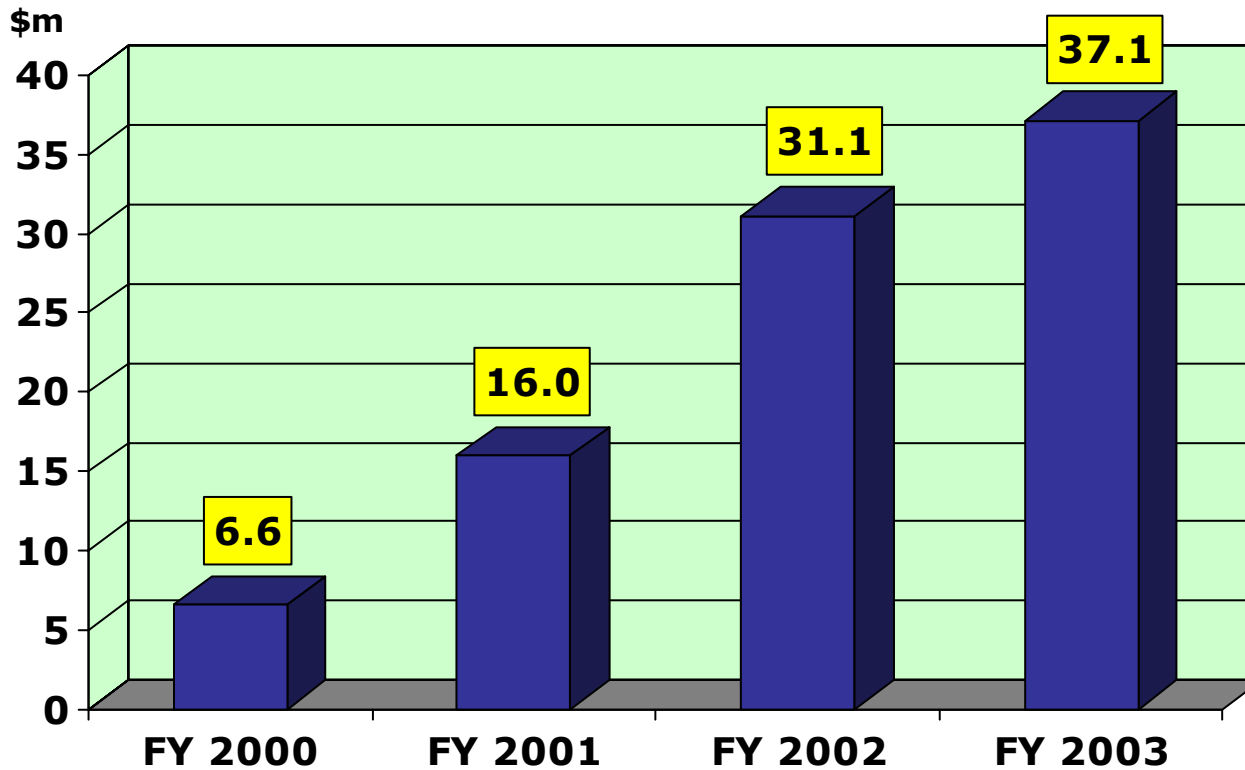
- Net profit up 19%, building on record profit growth of previous 2 years
- Demand for Ramsay hospital beds strong, admissions higher on comparable basis
- Strong result underlines strength and importance of Ramsay's relationships with doctors, medical staff and its strong portfolio of hospitals
- Final dividend 9 cents per share, fully franked, total dividend 15.5 cps
- Cautiously optimistic about outlook, focus on strategies to manage higher costs while continuing to grow the business
- Continue to investigate value added acquisitions in both hospital and aged care sectors



- NPAT up 19% to \$37.1 m
- Group Revenue up 20% to \$662.2m
- Group EBIT up 14% to \$66.4m
- EBIT excluding acquisitions up 11%
- EBIT margin of 10.4% (excluding new hospital acquisitions)
- EPS up 18% to 28.9 cents per share
- Total year dividend up 41% to 15.5 cents (fully franked) vs. 11 cents (unfranked)



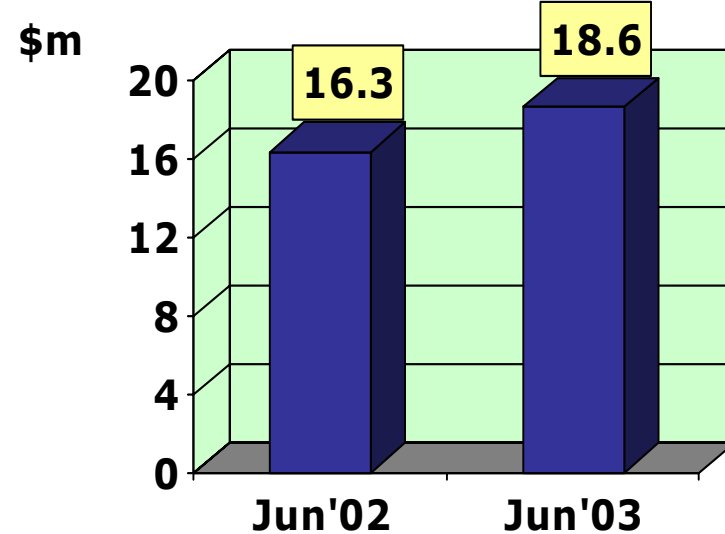
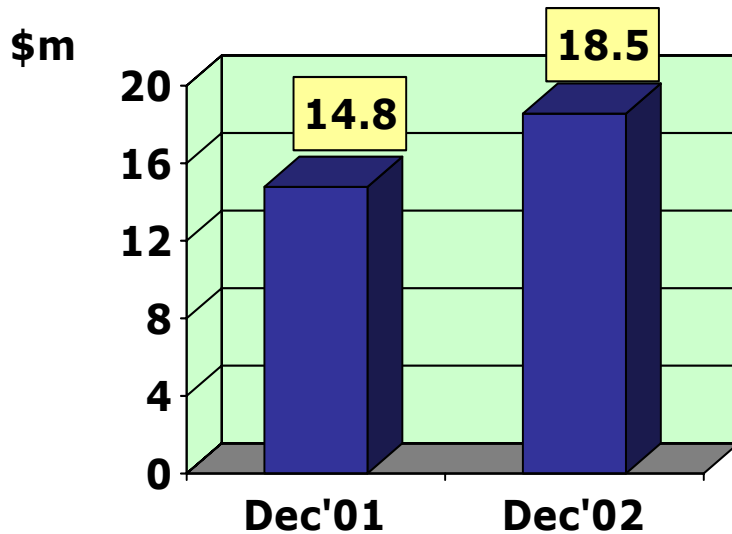
	Year Ended 30 June		
	2002 \$m	2003 \$m	% Inc.
<b>Operating Revenue</b>	<b>549.8</b>	<b>662.2</b>	<b>20%</b>
<b>EBITDA</b>	<b>80.8</b>	<b>91.0</b>	<b>13%</b>
<b>EBIT</b>	<b>58.4</b>	<b>66.4</b>	<b>14%</b>
<b>Profit before tax</b>	<b>43.6</b>	<b>53.5</b>	<b>23%</b>
<b>NPAT</b>	<b>31.1</b>	<b>37.1</b>	<b>19%</b>
<b>EPS (cents/share)</b>	<b>24.5¢</b>	<b>28.9¢</b>	<b>18%</b>
<b>Full year Dividend (cents/share)</b>	<b>11.0¢ (Unfranked)</b>	<b>15.5¢ (Franked)</b>	<b>41%</b>



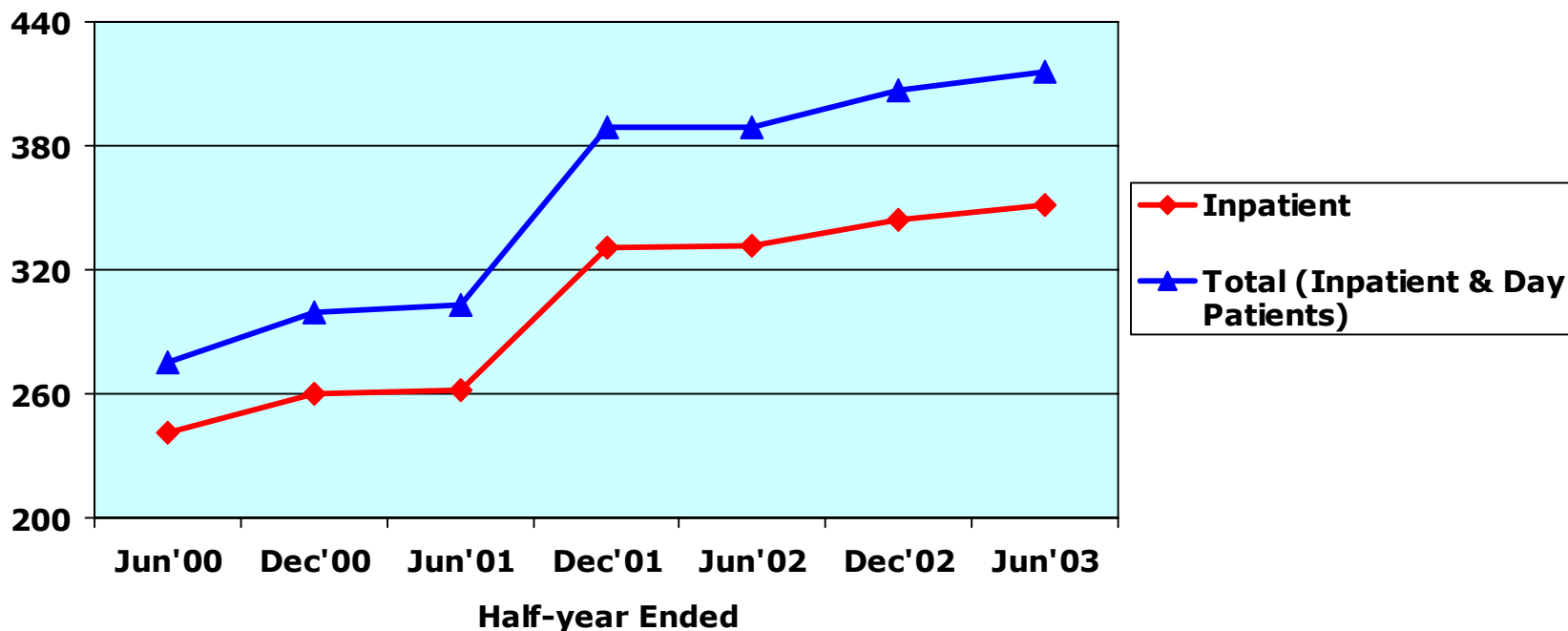
- Strong NPAT growth, year on year

# NPAT Growth

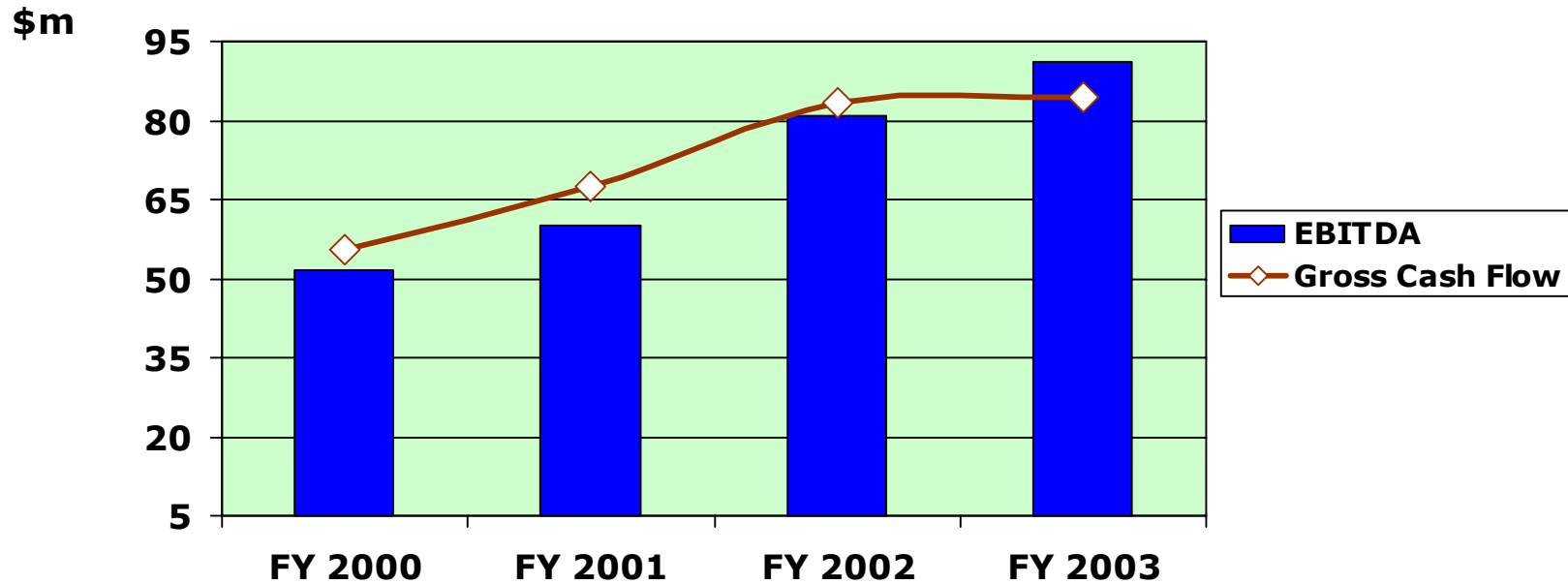
## Half-yearly comparison



- Second half exceeded expectations of matching first half, despite:
  - Seasonal trends
  - Higher than expected nursing wage increases in NSW
  - Higher malpractice insurance costs now stabilised

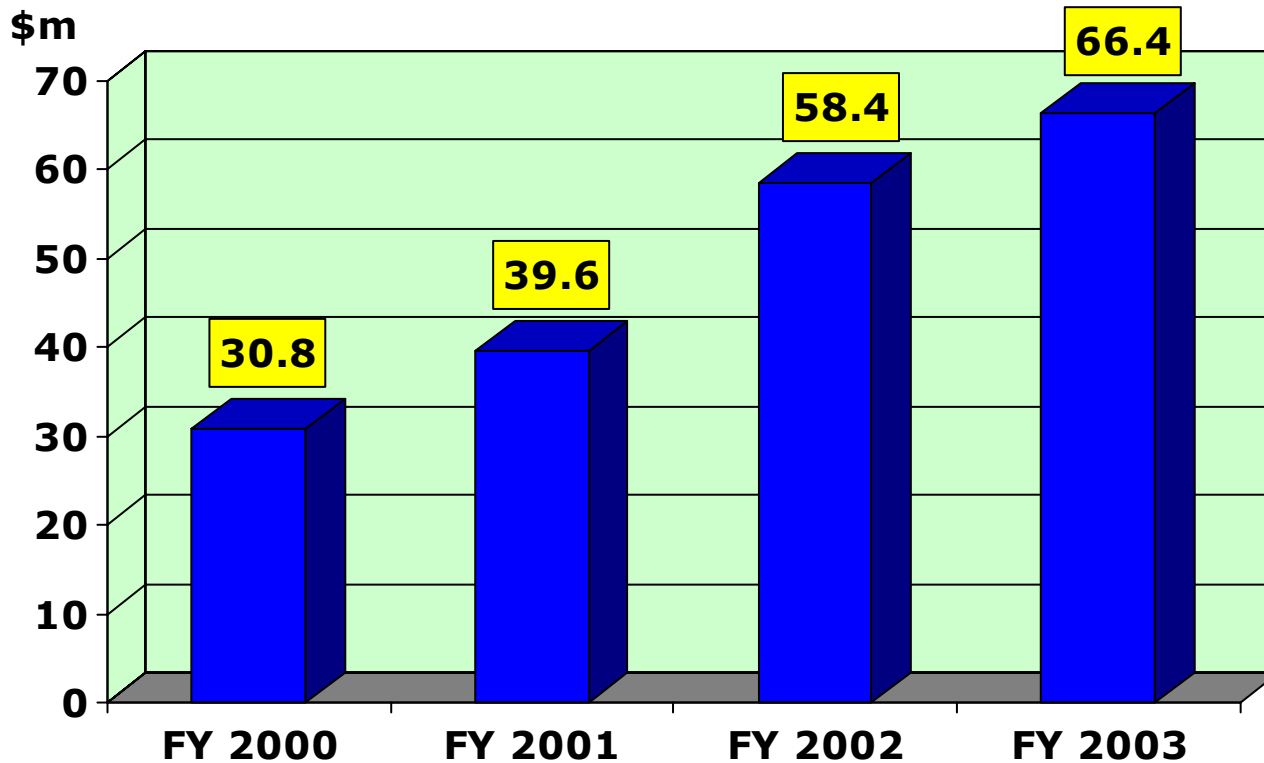


- Occupancy levels for the second half maintained despite seasonality



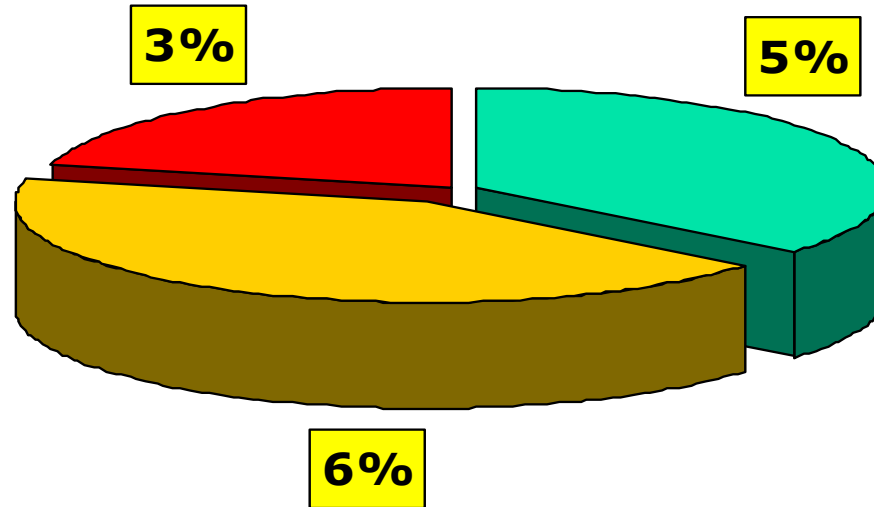
- Full year EBITDA of \$91m has translated into strong gross operating cash flow of \$84.5m

# EBIT Growth



- Group EBIT increased by 14%
- Excluding recent acquisitions, EBIT up 11%

# Breakdown of Group EBIT Growth



-  Organic Growth
-  Growth from Expanded Capacity
-  Growth from Acquisitions

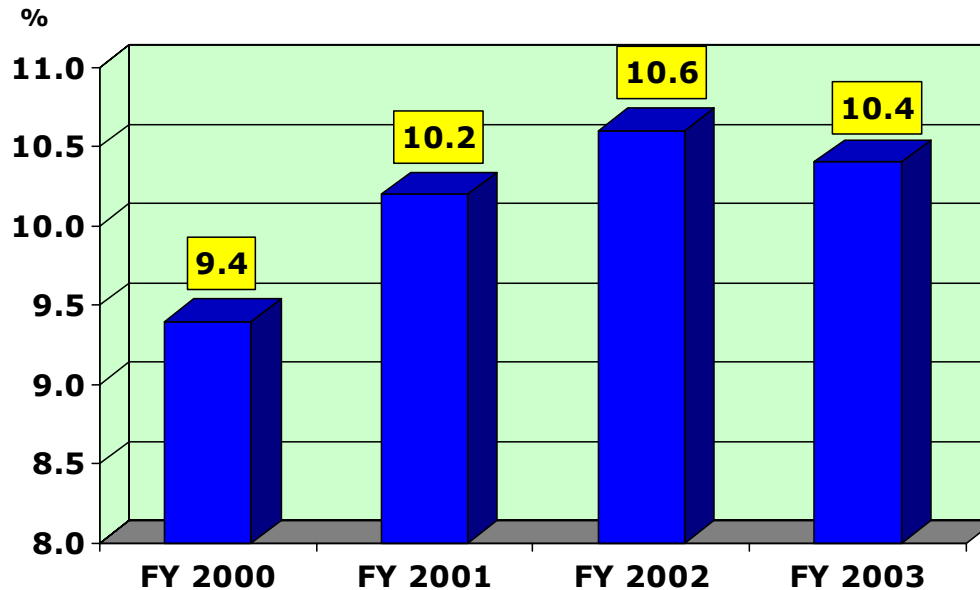


## Hollywood

- Hollywood expansion on-stream in 1st half
- Hollywood EBIT up 14% in full year, largely due to expansion benefits
- Return on investment of 16% already achieved in first year

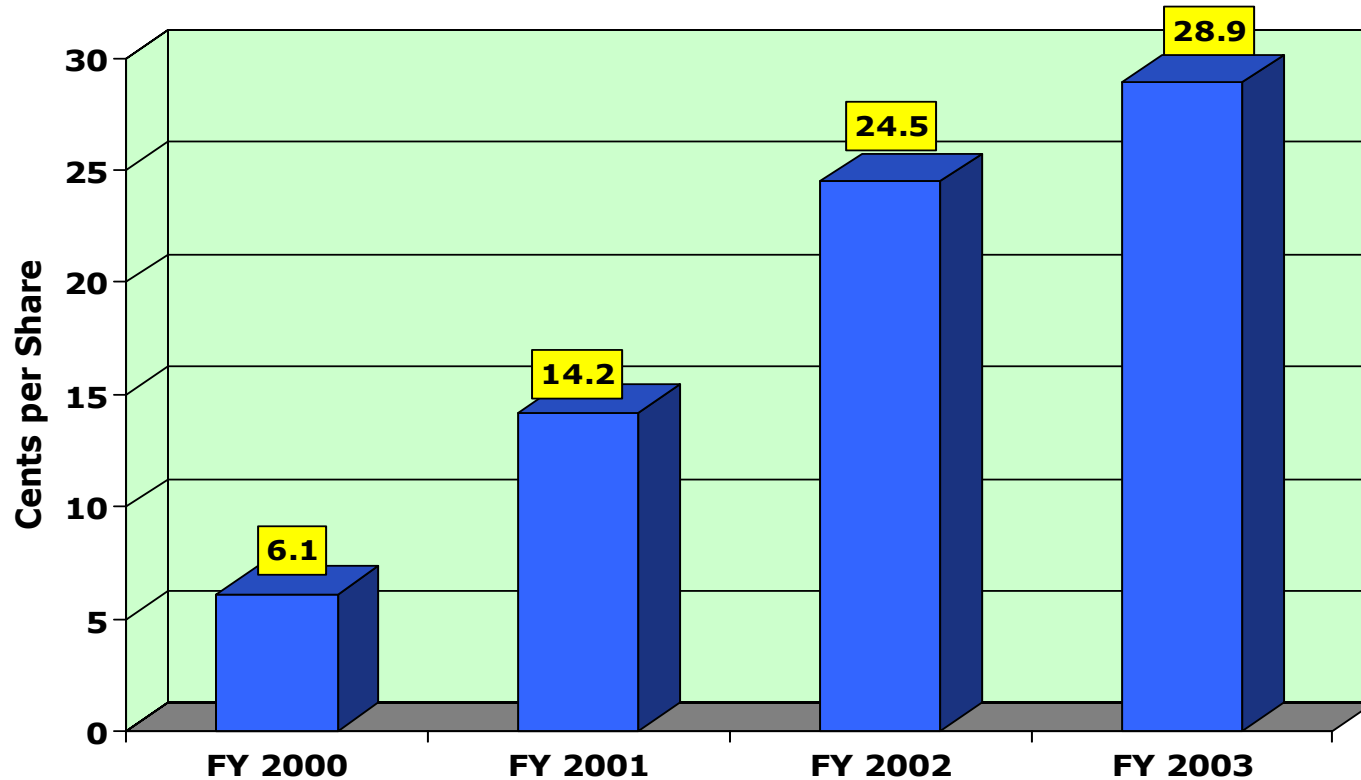
## Greenslopes

- Largely completed late in FY 2003



- EBIT margin (ex Lake Macquarie and Cairns) 10.4% reflects:
  - Absorption of higher than expected nursing wage increases in NSW
  - Prosthesis costs continue to dilute
- EBIT margin including acquisitions 10%

# Earnings per share



- EPS up 18% in the year
- Return on investment 13.8% for FY03
- Return on equity 14.6% for FY03



- Focus on cost containment resulted in 2<sup>nd</sup> half NPAT matching 1<sup>st</sup> half despite higher nursing wages and seasonal factors
- Premier position in market sees North Shore Private record strong double digit EBIT growth
- Westmead exceeding expectations, with EBIT growth above 50% in the year, as ramp-up continues
- Hollywood and Greenslopes expansion projects brought on-stream
- Lake Macquarie revamp and expansion well underway, due for completion by end of calendar 2003
- Focus on partnership with doctors, staff relations underpins results



- RHC will continue to have a contract with DVA for services to veterans at Greenslopes and Hollywood post-2006
- Facilitates the continuation of vital service to veterans
- Greenslopes and Hollywood will continue as major providers of hospital services to veterans in Perth and Brisbane beyond 2006
- Part of effective management of transitional arrangements



- **Strategic position** of RHC hospitals expected to keep demand strong against a slight industry softening
- Focus on **cost containment** and **growing business**
- **Expansion program** benefits continue to contribute to earnings - Greenslopes, Lake Macquarie
- Continue to pursue **strategic acquisitions**
- Barring unforeseen developments, targeting profit growth in **region of 10%** in FY 2004



## ■ Aged Care

- Discussions with Moran Health Care ongoing – complexities surround the property trust structure
- Continue to pursue other opportunities

## ■ Hospitals

- Looking at selected Mayne hospitals

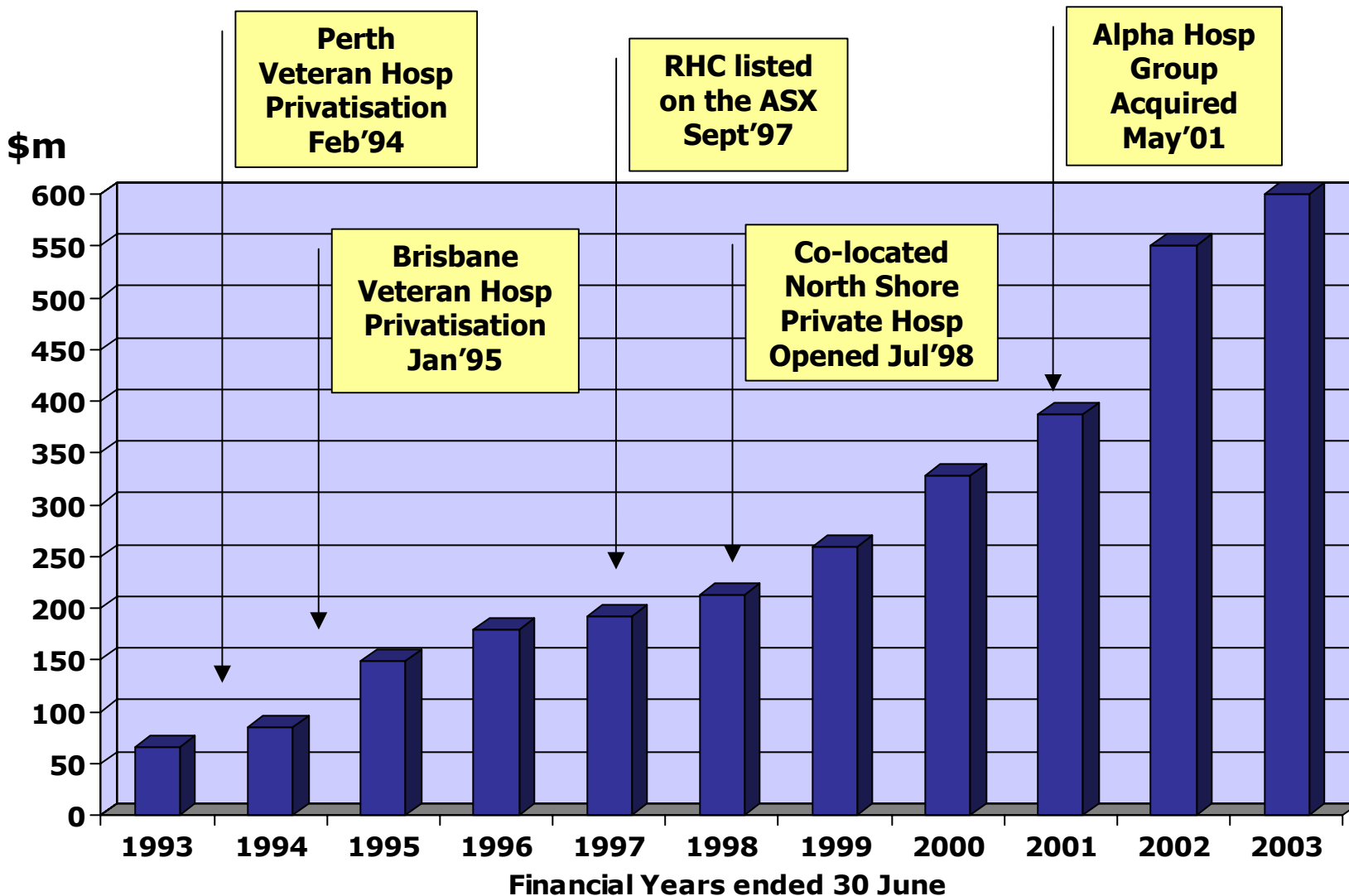


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# Appendix

# Revenue Growth Time Line





## Six months ended

	<b>31 Dec'01</b>	<b>30 Jun'02</b>	<b>31 Dec'02 (1)</b>	<b>30 Jun'03 (1)</b>
<b>ROIC <sup>(2)</sup> (EBIT/Funds Employed) %</b>	<b>14.4</b>	<b>14.9</b>	<b>14.3</b>	<b>14.3</b>
<b>ROE <sup>(2)</sup> (NPAT/Shareholder Funds) %</b>	<b>12.1</b>	<b>13.9</b>	<b>14.3</b>	<b>14.6</b>

**(1) Cairns excluded - acquired in Nov'02**

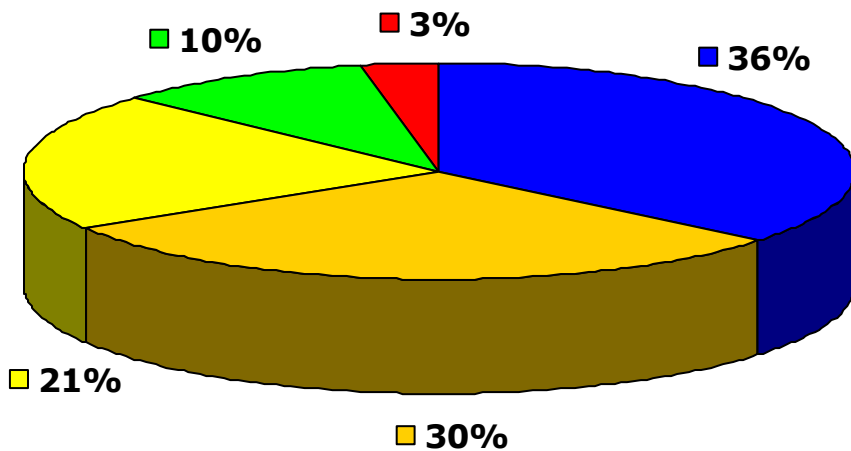
**(2) Calculated using rolling 12 months figures**



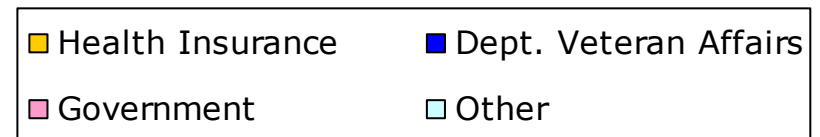
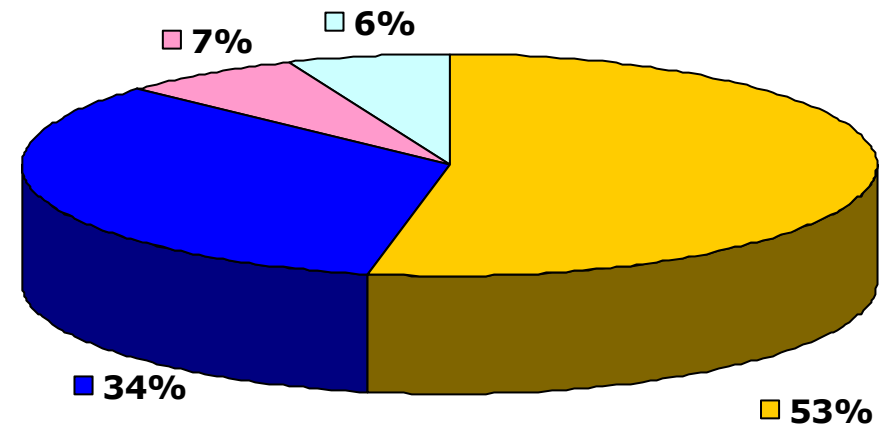
<b>Operating Divisions</b>	<b>Number of Facilities</b>	<b>Licensed Beds</b>
<b>Veteran</b>	<b>2</b>	<b>953</b>
<b>Co-located</b>	<b>3</b>	<b>379</b>
<b>Regional Medical - Surgical</b>	<b>10</b>	<b>873</b>
<b>Psychiatric</b>	<b>8</b>	<b>546</b>
<b>Rehabilitation</b>	<b>2</b>	<b>119</b>
<b>Totals</b>	<b>25</b>	<b>2,870</b>



## Revenue by Operating Division



## Revenue by Payor Source





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