



RAMSAY  
HEALTH CARE



***UBS Healthcare Conference - October 2003***  
***Pat Grier (Managing Director)***



- Net profit up 19%, building on record profit growth of previous 2 years
- Group EBIT growth up 14% (11% excluding acquisitions)
  - Expansion program accounted for 6% EBIT growth
  - Organic growth accounted for 5% EBIT growth
- Strong result underlines strength and importance of Ramsay's relationships with doctors, medical staff and its strategic portfolio of hospitals
- Successful negotiations with DVA for the continuation of special veteran services at Hollywood and Greenslopes post 2006.
- Total year dividend up 41% to 15.5 cents (fully franked) vs. 11 cents (unfranked)
- EPS up 18% to 28.9 cents per share



	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>



- Ramsay Health Care 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



- Health Fund negotiations
  - Ramsay's positive relationships
  - Aim to cover cost increases
- Medical Indemnity
  - Ramsay's excellent risk management record in keeping down claims and premiums
  - Ramsay is leading the way in hospital related tort law reform
- Nurse Shortages
  - Strong recruitment drive
  - Excellent retention program and record
  - "Ramsay Way" staff satisfaction program
- Ramsay management is the benchmark of the industry
  - Through relationship with all stakeholders
  - Stable management strong on cost controls and revenue enhancement initiatives
- Political parties still support the 30% rebate



## 1. Organic Growth:

- Continuing to focus on the management of our existing hospitals (5% EBIT growth in F Y 2003)
- Ongoing focus on strategies to manage higher costs while continuing to grow the business

## 2. Investment in existing facilities:

- Brownfield developments accounted for 6% EBIT growth in FY 2003
- Hollywood expansion came on-stream in 1<sup>st</sup> half FY 2003 – EBIT up 14% in FY 2003
- Greenslopes expansion largely completed late FY 2003 – benefits to flow through in FY 2004
- Lake Macquarie due for completion late in 1<sup>st</sup> half FY 2004

## 3. Acquisitions:

- Continue to pursue value-added acquisition in both the hospital and aged care sectors



- Consortium bid unsuccessful
- Final acquisition terms did not meet Ramsay investment parameters
  - Careful to ensure existing business not adversely affected
- Unprepared to extend offer to cover the uncapped risk exposure in relation to past liabilities, particularly medical indemnity
- One off costs in relation to the bid to be accounted for as a “specific” item in 1<sup>st</sup> half FY 2004 (no impact on core profitability and ongoing cash flow generation)



- Management still pursuing growth strategy
- Potential for growth through brownfield development
- Opportunities in not-for-profit sector
- Commitment to aged care remains, management has been pursuing strategy in parallel with bidding for Mayne hospitals



- Health Fund negotiations successfully completed for 75% of the market
- First Quarter FY 2004 core profit in line with targeted net profit growth in the region of 10%



- 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
- Remain in a strong position to pursue strategic acquisitions
- Barring unforeseen developments, targeting core profit growth in region of 10% in FY 2004



RAMSAY  
HEALTH CARE



Questions