



RAMSAY
HEALTH CARE



ANNUAL GENERAL MEETING

25 November 2003



- Net profit up 19%, building on record profit growth of previous 2 years
- Total year dividend up 41% to 15.5 cents (fully franked) vs. 11 cents (unfranked)
- Strong result underlines strength and importance of Ramsay's relationships with doctors and staff and its strategic portfolio of hospitals
- 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
- The Board has reviewed Corporate Governance policies in the light of ASX Principles and Recommendations and is comfortable with practices

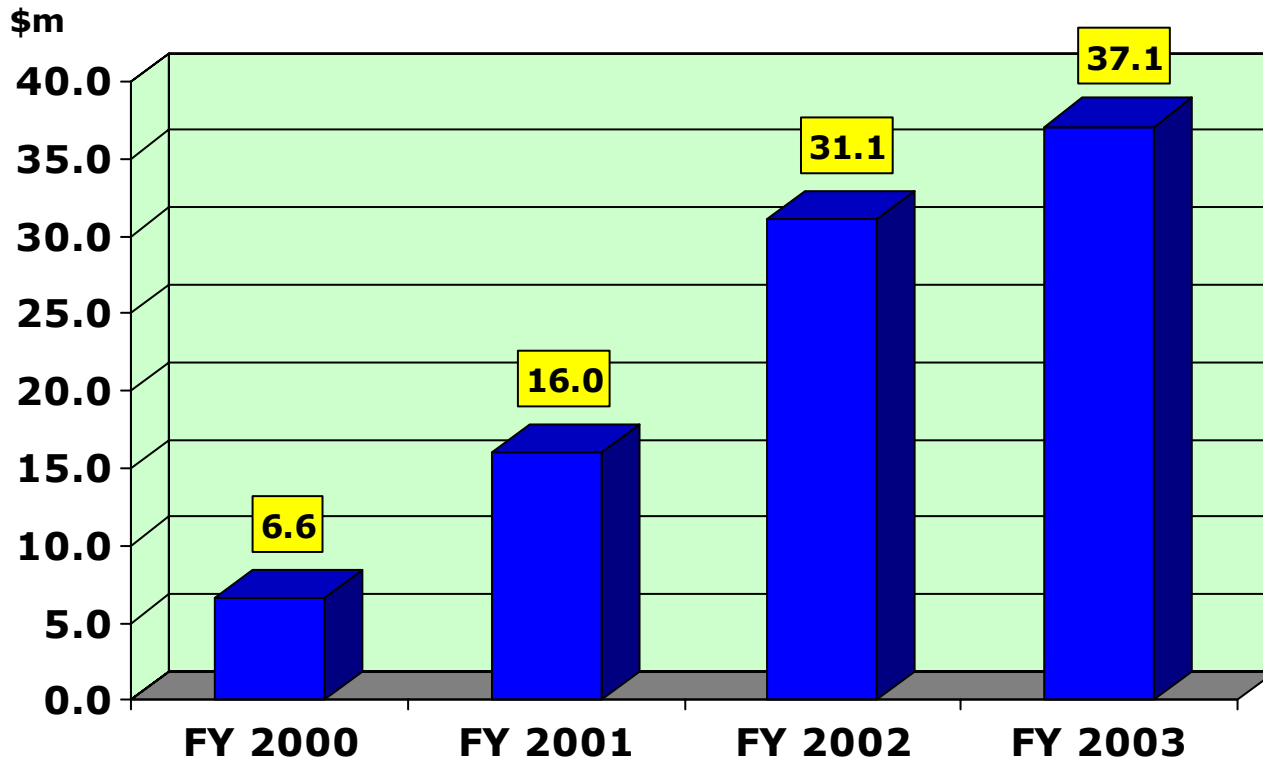


- Net Profit up 19% to \$37.1m
- Group Revenue up 20% to \$662.2m
- Group EBIT up 14% to \$66.4m (11% excluding acquisitions)
 - Expansion program accounted for 6% EBIT growth
 - Organic growth accounted for 5% EBIT growth
- EBIT margin of 10.4% (excluding new hospital acquisitions)
- EPS up 18% to 28.9 cents per share
- Total year dividend up 41% to 15.5 cents (fully franked) vs. 11 cents (unfranked)



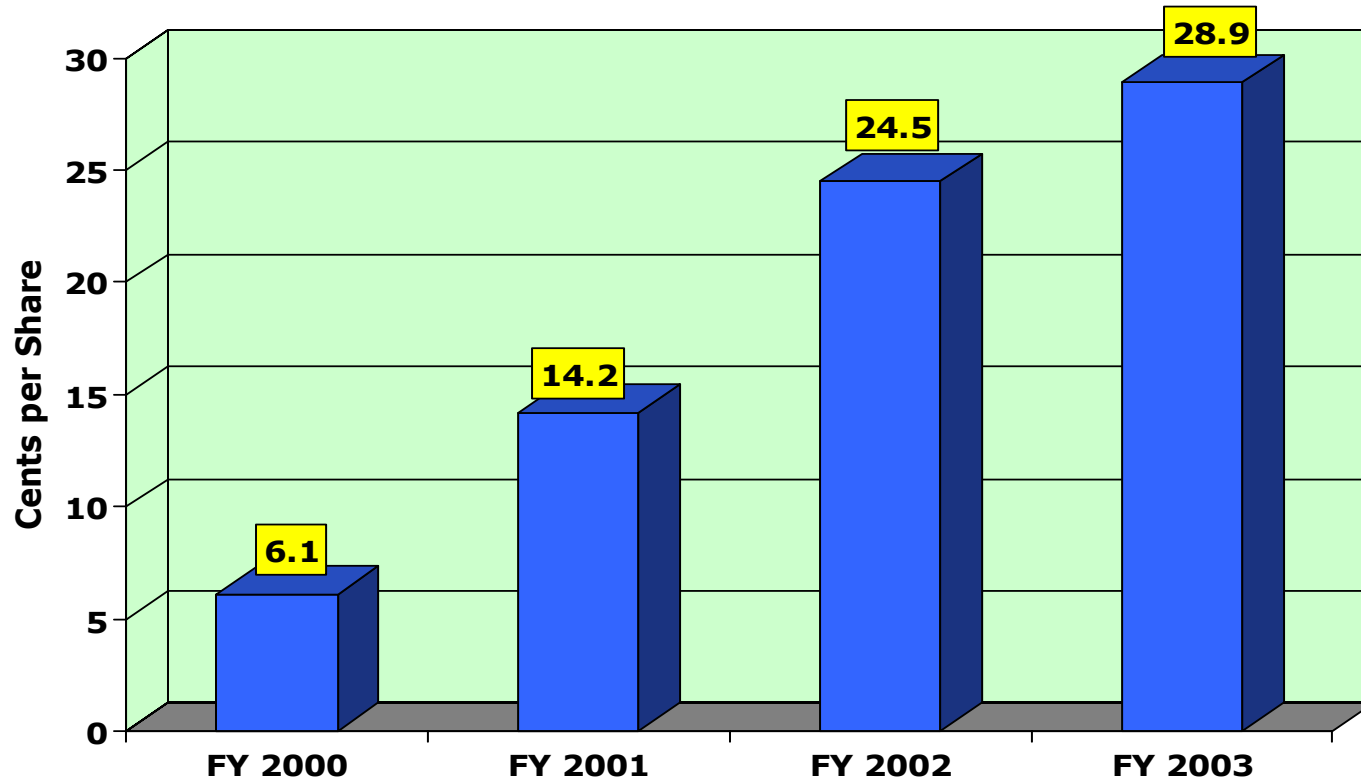
	Year Ended 30 June		
	2002 \$m	2003 \$m	% Inc.
Operating Revenue	549.8	662.2	20%
EBITDA	80.8	91.0	13%
EBIT	58.4	66.4	14%
Profit before tax	43.6	53.5	23%
NPAT	31.1	37.1	19%
EPS (cents/share)	24.5¢	28.9¢	18%
Full year Dividend (cents/share)	11.0¢ (Unfranked)	15.5¢ (Franked)	41%

NPAT Growth



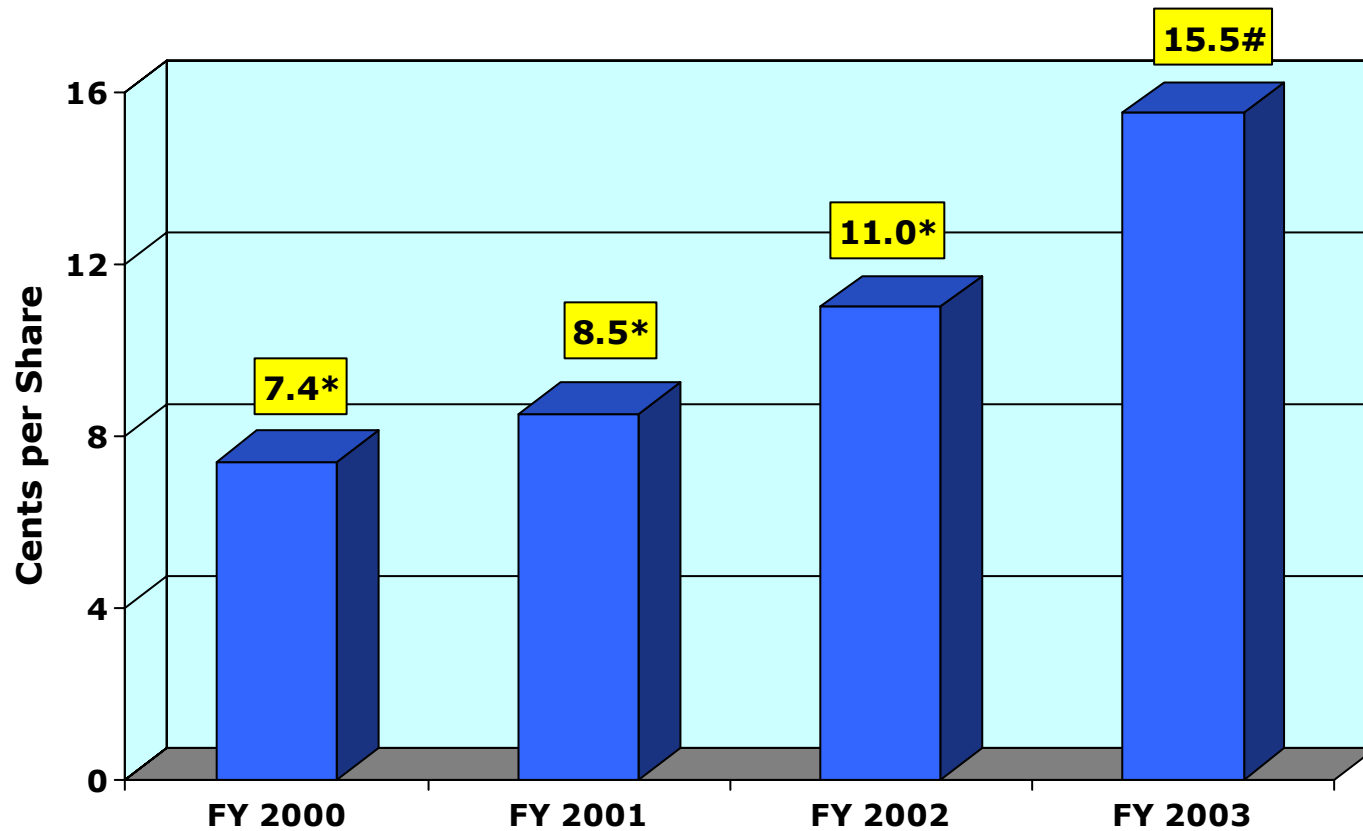
- Strong NPAT growth, year on year

Earnings per share



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

Dividend Growth

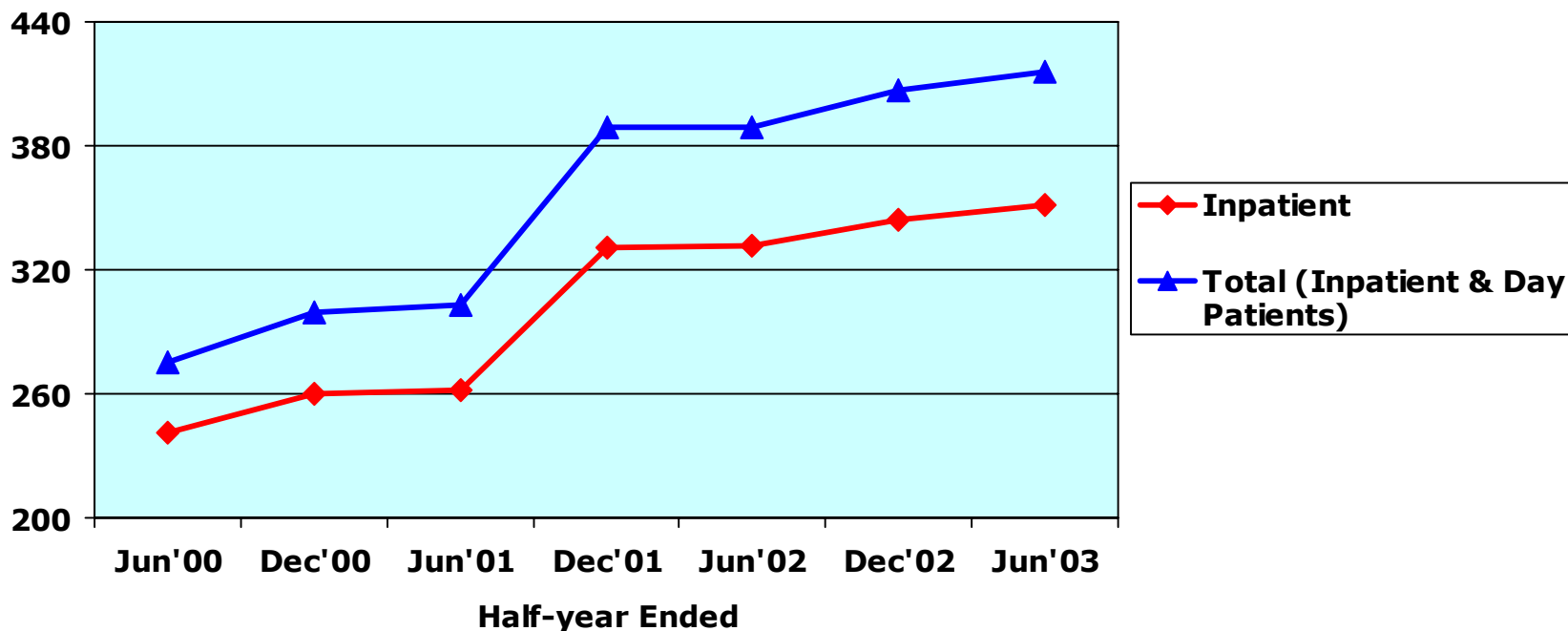


- Dividend increased 41% in latest year

* Unfranked
Fully franked

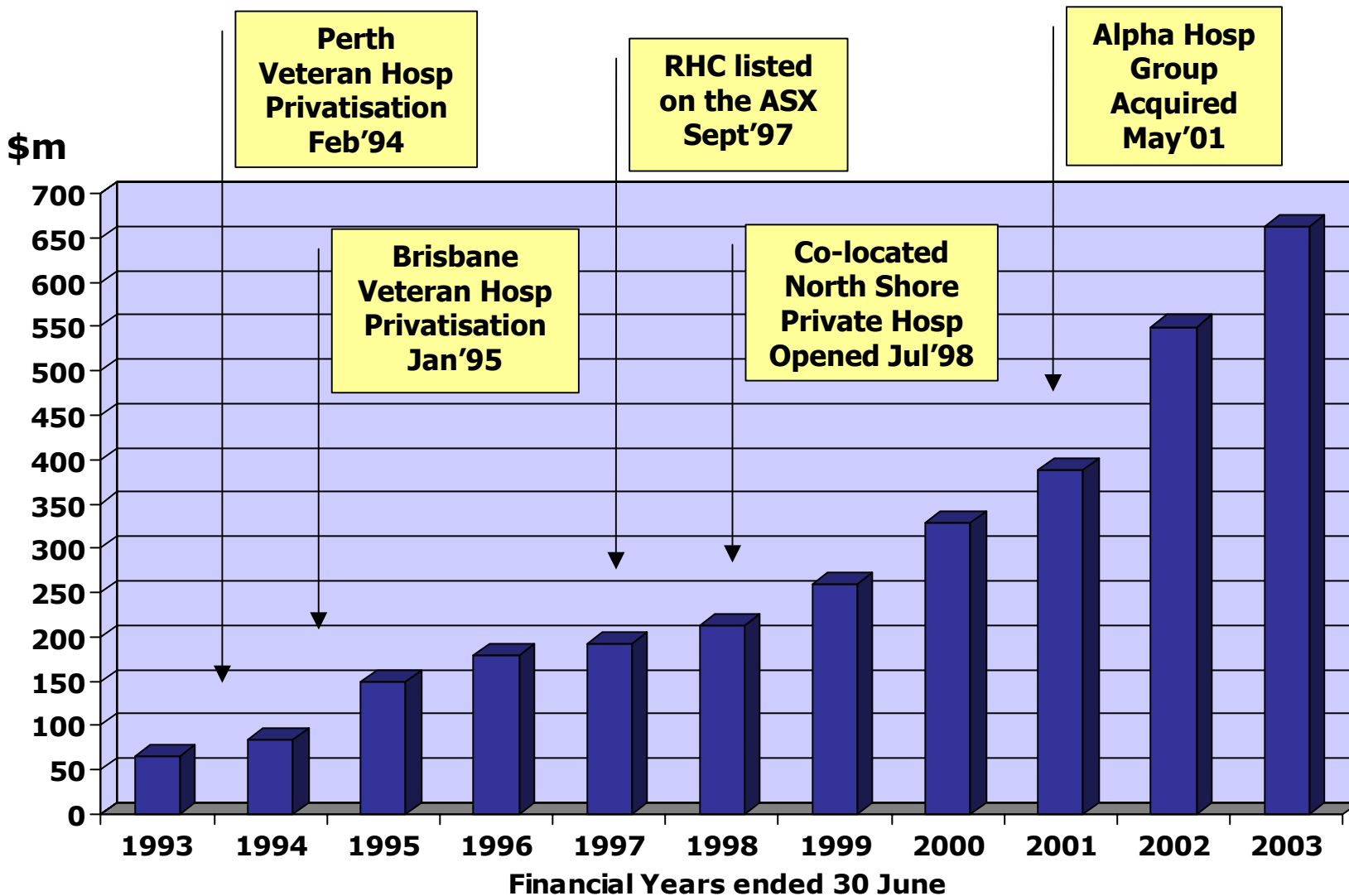


- Focus on cost containment resulted in 2nd half NPAT matching 1st half despite higher nursing wages and seasonal factors
- Health Fund negotiations
 - Positive relationships
 - Aim to cover cost increases
- Medical Indemnity
 - Excellent risk management record in keeping down claims and premiums
 - Leading the way in hospital related tort law reform
- Nurse Shortages
 - Strong recruitment drive
 - Excellent retention program and record
 - “Ramsay Way” staff satisfaction program
- Premier position in market sees North Shore Private record strong double digit EBIT growth; Westmead exceeding expectations
- Brownfield developments accounted for 6% EBIT

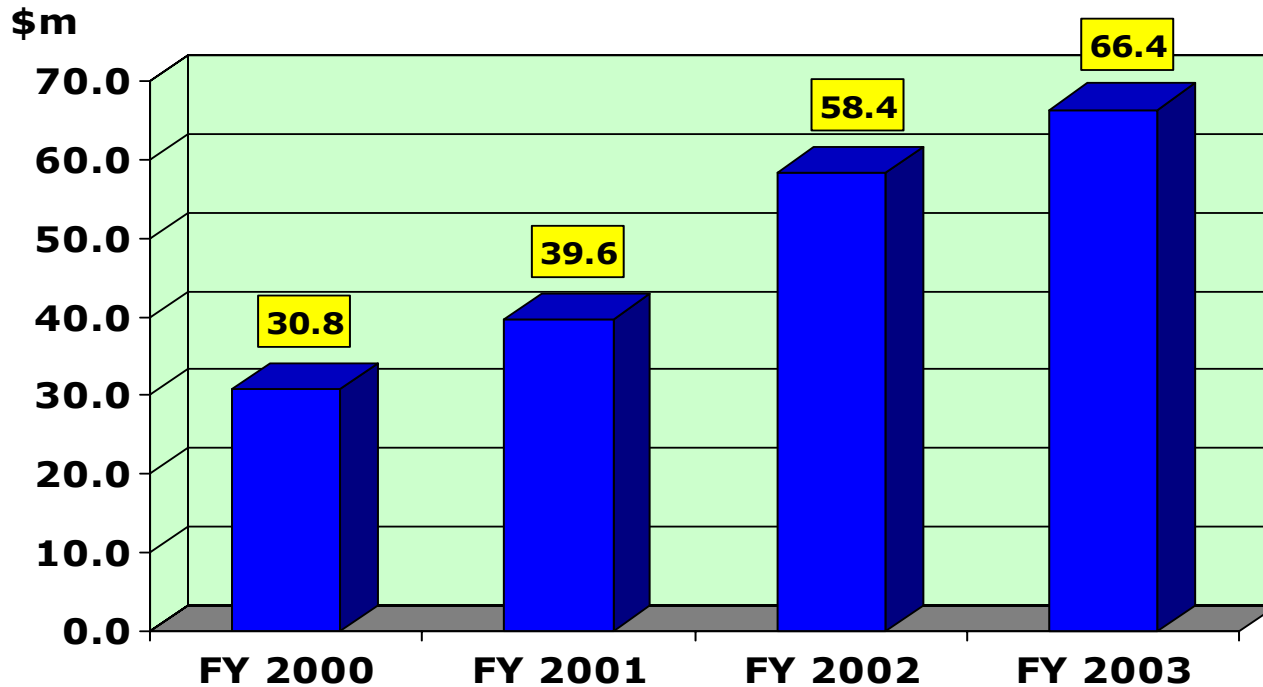


- Occupancy levels for the second half maintained despite seasonality

Revenue Growth Time Line



EBIT Growth



- Group EBIT increased by 14%
- Breakdown of EBIT Growth:
 - Brownfield developments - 6%
 - Organic growth - 5%
 - Acquisitions - 3%
- Group EBIT margin 10.4% (excluding acquisitions)



Hollywood Private Hospital



- Development:
 - 60 new beds
 - 10 new psychiatric beds
 - 2 additional operating theatres (with capacity for two more theatres)
 - A new Intensive Care Unit
 - An additional Cardiac Catheter Lab
 - Palliative care unit
 - Medical suite complex
- Came on-stream in 1st half FY 2003
- EBIT up 14%
- Return on investment of 16% already achieved in first year



Greenslopes Private Hospital



- Development
 - 90 new beds
 - 4 additional operating theatres
 - Medical suite complex
- Largest private hospital in Australia at 527 beds
- Opened late FY 2003
- Already exceeding current year EBIT target and investment hurdle rate



Lake Macquarie Private Hospital



- Acquired April 2002
- Hospital development
 - 44 new beds; total of 122 beds
 - 2 additional operating theatres (with capacity for a third theatre)
 - expanded day surgery
 - medical consulting suite complex
- Development largely complete - opening January 2004



Mt Wilga Private Hospital



- Hospital redevelopment
 - New ward block; total of 80 beds
 - New administration block, reception and entry
 - Additional services
- Completion targeted for end of 2004 calendar year



Cairns Private Hospital



- Acquired November 2002
- 141-bed former not-for-profit hospital servicing a large population in Northern Queensland
- Exceeding budget
- EPS positive in the current year
- Improved performance under Ramsay management



- Ramsay 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



- **Management still pursuing growth strategy**
 - Organic growth through micro-management
 - Target lower risk, higher returns through investment in existing hospital portfolio and capacity expansion
 - Continue to investigate opportunities for growth both within the private hospital 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



- **Aged Care**
 - Focus on specific profitable sectors of market, accommodation bonds and chargeable extra services
 - Funding through free cash flow, enhanced by accommodation bonds
 - Silver Circle acquisition
 - Continue to pursue opportunities
- **Hospitals**
 - Continue to pursue hospital acquisitions:
 - Opportunities in the not-for-profit sector opening up
 - Still pursuing opportunities in the for-profit sector (e.g. Mayne hospitals sale)



- Final acquisition terms did not meet Ramsay investment parameters
- One off costs in relation to the bid, approximately \$2.5m, to be accounted for as a “specific” item in 1st half FY 2004
 - no impact on core profitability and ongoing cash flow generation



- Payer negotiations successfully completed for 90% of revenue
- First Quarter FY 2004 core profit in line with Budget
 - Gross revenue up 19%
 - Admissions and patient days up 13% (5.5% excluding Cairns and Greenslopes development)
 - EBIT margins holding up above 10%
- Barring unforeseen developments, targeting core profit growth in region of 10% in FY 2004



- 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



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Questions