



RAMSAY HEALTH CARE

Briefing – 27 August 2009
Financial Results
For the year ended 30 June 2009
Christopher Rex, Managing Director

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AGENDA

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RAMSAY HEALTH CARE

RAMSAY HEALTH CARE

- Full-year highlights
- Financial performance:
 - Group, Australia & Indonesia, UK
- Capital management
- Operating environment:
 - Australia, UK
- Successful growth strategy:
 - Organic growth, brownfields, acquisitions
- Outlook

FULL-YEAR HIGHLIGHTS

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RAMSAY HEALTH CARE

- Solid rise in Group core net profit, reflects continued strength of underlying business
 - Core NPAT up 18.9% to \$146.4 million
 - Core EPS up 22.1% to 74.1 cents
 - Group revenues up 20.6% to \$3.2 billion
 - Australia & Indonesia revenue up 10.7% to \$2.5 billion
 - UK business continues to perform strongly
 - Final dividend 21.5 cents fully franked, up 22.9% on the previous corresponding period, bringing the full-year dividend to 38.0 cents
 - Up to \$260m capital raising to further strengthen balance sheet and enhance financial flexibility to pursue growth opportunities

GROUP FINANCIAL PERFORMANCE

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Year ended 30 June					
	2009 \$m			2008 \$m	% Inc
Continuing Operations	Australia & Indonesia	UK	Group	Group ⁽¹⁾	
Operating Revenue	2,533.9	689.9	3,223.8	2,673.7	20.6%
EBITDAR ⁽²⁾	360.6	161.3	521.9	415.7	25.5%
EBITDA	335.2	76.4	411.6	342.1	20.3%
EBIT	259.5	43.8	303.3	255.6	18.7%
Core NPAT ⁽³⁾	140.6	5.8	146.4	123.1	18.9%
Core EPS ⁽³⁾			74.1 ¢	60.7 ¢	22.1%
Final Dividend – fully franked			21.5 ¢	17.5 ¢	22.9%
Full-year dividend – fully franked			38.0 ¢	32.5 ¢	16.9%

1. The full-year result to 30 June 2009 includes a full-year contribution from Ramsay UK (versus 7½ months in FY2008)

2. EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rent) is the most comparable indicator as UK hospitals are leased

3. Core NPAT and Core EPS are from continuing operations and are before specific items, amortisation of intangibles and divested operations

RECONCILIATION TO REPORTED PROFIT

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RAMSAY HEALTH CARE

	Year ended 30 June		
	2009 \$m	2008 \$m	% Inc
Core NPAT – continuing operations	146.4	123.1	18.9%
NPAT – divested operations	-	(2.7)	
Specific items and amortisation of intangibles (net of tax)	(39.9)	(28.2)	
Reported Net Profit after tax	106.5	92.2	15.5%
Specific items and amortisation of intangibles (net of tax)			
Specific Items	38.2*	27.5	
Amortisation of Intangibles	1.7	1.7	
Total	39.9	28.2	

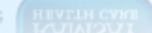
* Specific items include the non-cash rent expense for leased hospitals (straight line lease accounting). Ramsay UK was acquired on 23 November 07. The non-cash rent expense in FY08 was for a 7 ½ month period only

GROUP EBITDAR GROWTH

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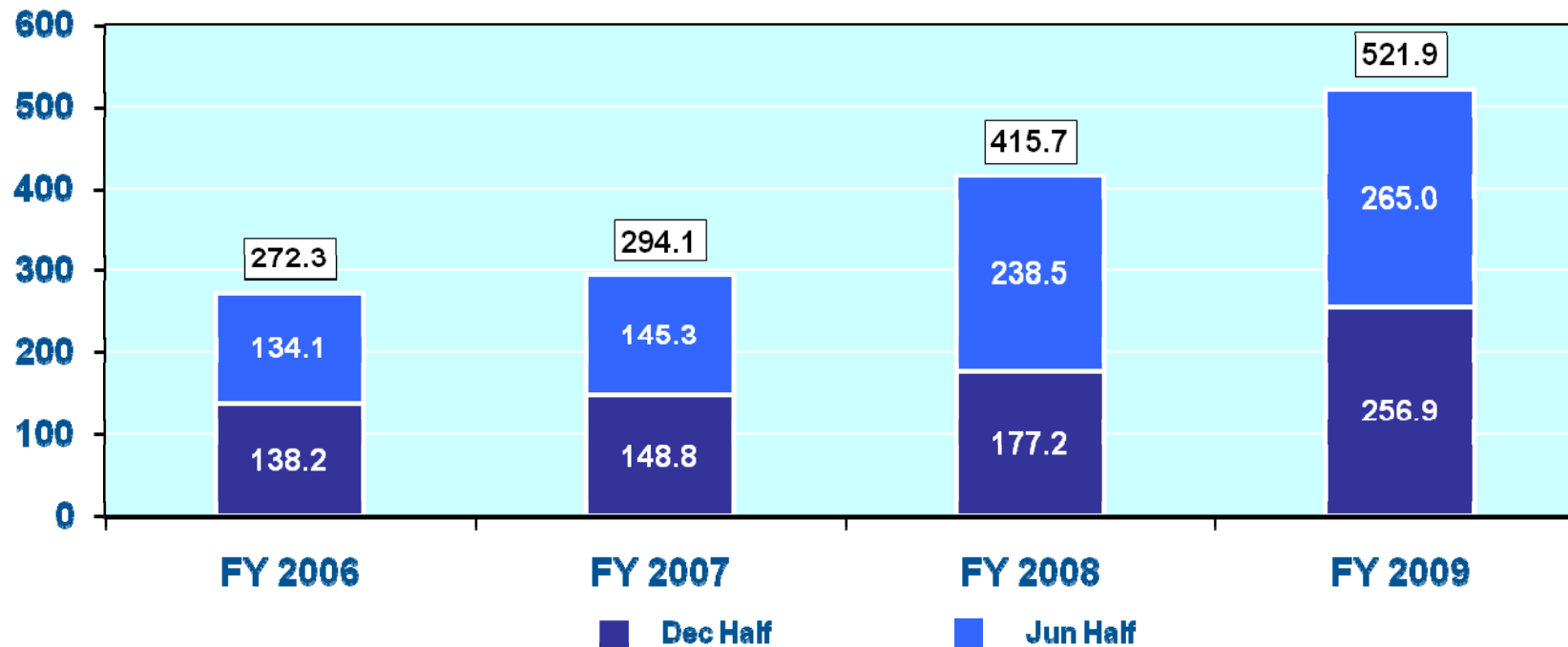


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RAMSAY HEALTH CARE

\$m



- Group EBITDAR up 25.5% for the year
- Group EBITDAR margin up to 16.2% from 15.6%

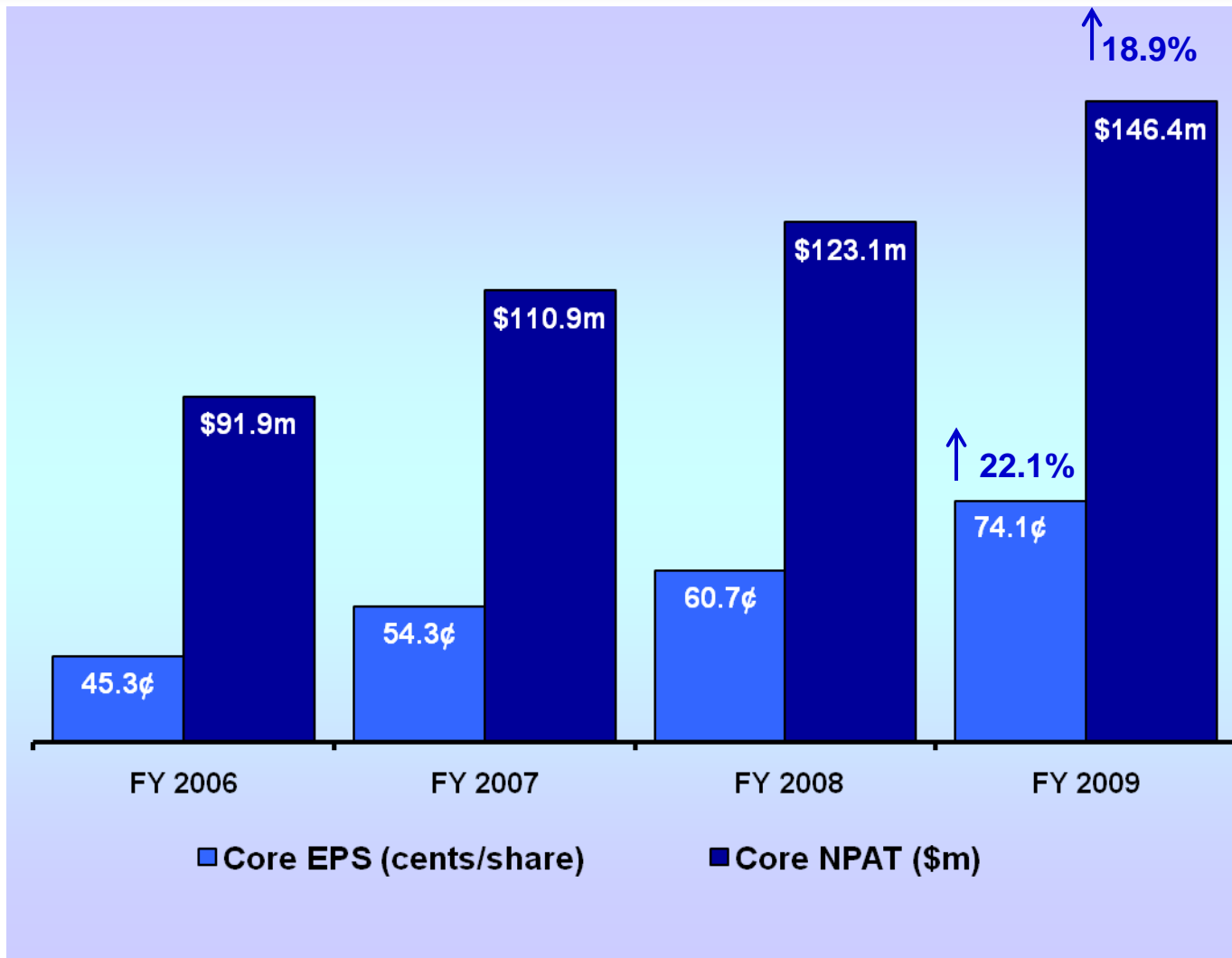
GROUP CORE NPAT AND EPS GROWTH

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- Group core NPAT up 18.9%
- Ramsay UK exceeded expectations – core NPAT \$5.8m
- Group core EPS up 22.1%
- Group core EPS ahead of upgraded guidance

Core NPAT is before the payment of CARES dividends and CORE EPS is after the payment of CARES dividends

FULL-YEAR DIVIDEND (FULLY FRANKED)

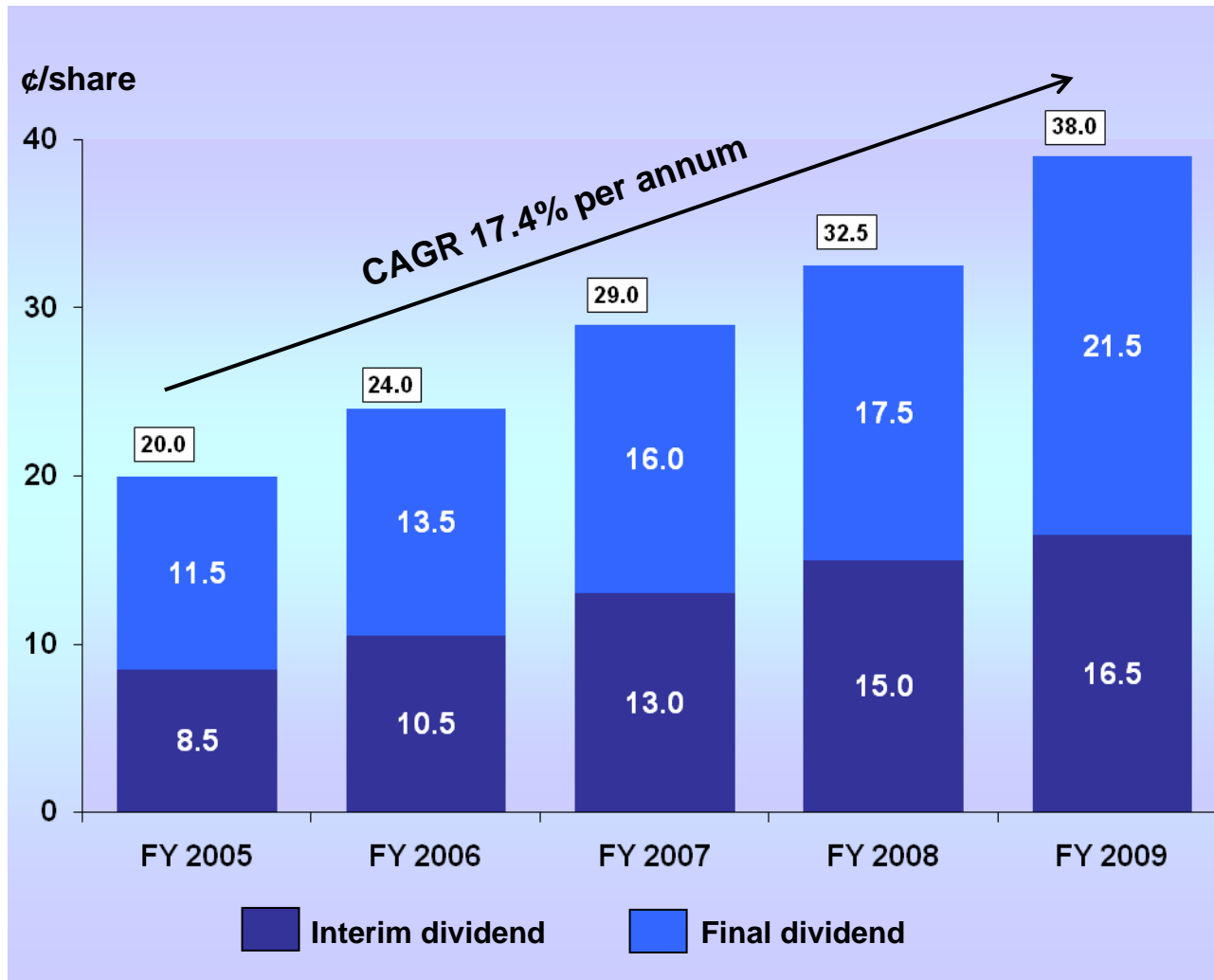
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RAMSAY HEALTH CARE



- Final dividend up 22.9% to 21.5 cents
- Dividends for the full year up 16.9%
- Dividend payout ratio of approximately 50% of core EPS
- Dividends almost doubled over four years

FINANCIAL PERFORMANCE AUSTRALIA & INDONESIA

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- Australia & Indonesia, Ramsay's historical base operations, performed strongly on all operating levels
 - Australian & Indonesian revenue up 10.7% to \$2.5 billion
 - Hospital admissions up 6% in Australia, up 14% in Indonesia
 - Australian hospital EBITDA margins (excl. prostheses) up from 17.5% to 17.8%
- Australian funder price negotiations substantially completed for FY10
- All brownfields projects previously announced to the market progressing well
 - Approximately \$300M of \$580M (net) programme spent over 3 years on 20 facilities
 - \$150M spent on completed projects
 - The first major project to become fully operational will be Hollywood (total net spend of \$88M) in November 2009

FINANCIAL PERFORMANCE UK

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RAMSAY HEALTH CARE

	Year ended 30 June			Six months ended 30 June*		
	2009 \$m	2008 \$m	2009 % Inc	2009 \$m	2008 \$m	2009 % Inc
Continuing Operations						
Operating Revenue	689.9	384.5	79.4%	346.3	325.3	6.4%
EBITDAR	161.3	88.1	83.1%	88.2	76.2	15.7%
EBIT	43.8	20.5	113.6%	30.1	20.9	44.0%

EBITDAR Margin (%)	25.4%	23.4%
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- On a like-for-like basis* operating margins before rent rose to 25.4%
- Result reflects the emerging benefits of cost restructuring
- NHS work continuing to grow in private hospitals, comprises 44% of Ramsay UK admissions, up from 25% a year ago

**As Ramsay UK was purchased in November 07, the most meaningful comparison is the six months ended June 08 versus the six months ended June 09*

CAPITAL MANAGEMENT

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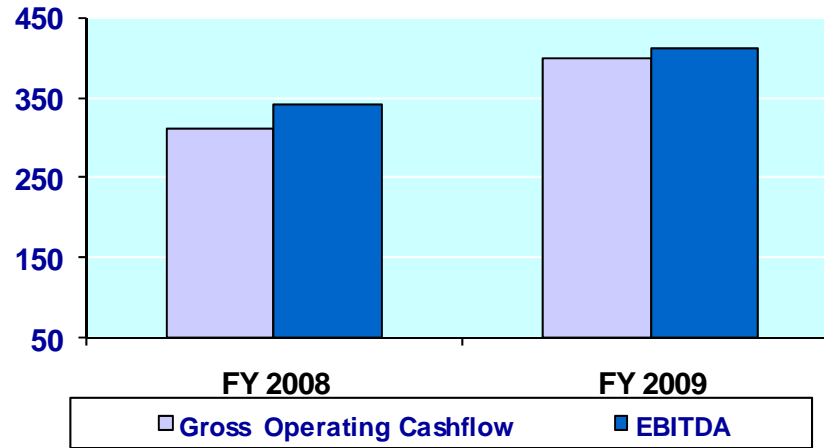
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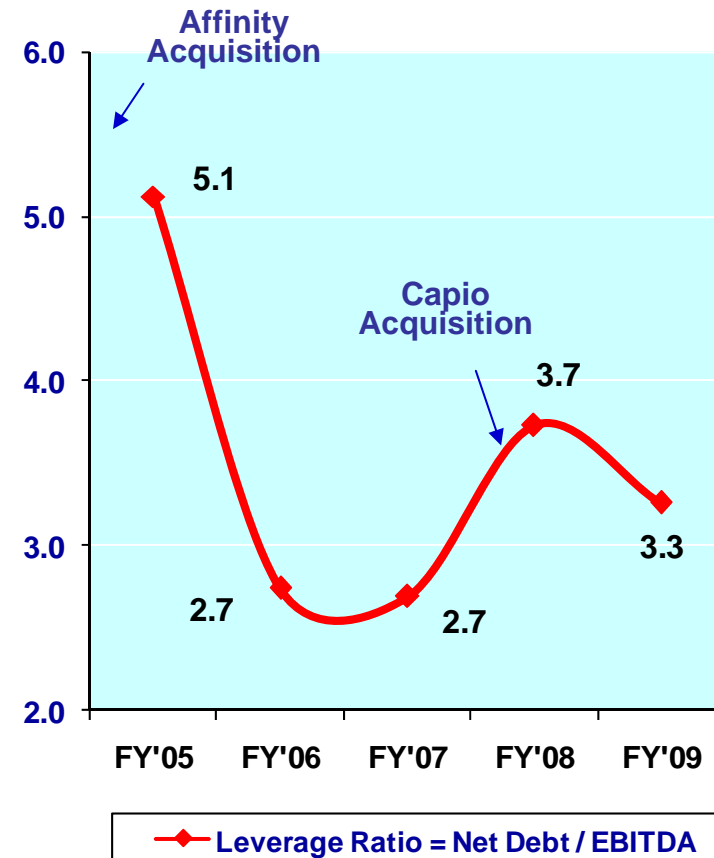
RAMSAY HEALTH CARE

\$m

Cash Conversion



Leverage Ratio



- High cash conversion rate
- Improvement in UK working capital management
- Committed debt funding in place until Nov 2012
- Approximately 65% of debt is hedged at fixed rates

Note: Both gross operating cashflow and EBITDA are before specific items



Capital Raising

- Institutional placement to raise ~\$220 million
 - Underwritten at a minimum price of \$10.00 with final price to be determined by bookbuild
- Non-underwritten Share Purchase Plan to raise up to an additional \$40 million
 - Eligible shareholders entitled to apply for up to \$15,000 of shares

Purpose of Raising

- Proceeds used to reduce drawn debt, strengthen balance sheet and enhance Ramsay's flexibility to pursue future growth opportunities

Additional Information

- New shares issued under the placement are entitled to FY09 final dividend of \$0.215 per share
- Placement fully underwritten by Goldman Sachs JBWere
- Current trading halt expected to end and trading recommence at the start of trading on 28 August 2009 following completion of the bookbuild

BALANCE SHEET

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	30 Jun 2009 pro-forma for placement ¹	30 Jun 2009 (actual)	30 Jun 2008 (actual)
Net Debt	\$1.12bn	\$1.34bn	\$1.27bn
Leverage Ratio ² (FY09)	2.7x	3.3x	3.7x
Interest Cover ³ (FY09)	5.1x	4.5x	4.5x

- Syndicated debt facilities of ~\$1.9bn in place until November 2012
- Post capital raising, headroom of \$650-750m (after allowing for funding of current brownfield commitments) over the remaining 3 years of the facilities

¹ Excludes any proceeds raised under the SPP

² Net debt to EBITDA

³ EBITDA divided by interest expense

OPERATING ENVIRONMENT AUSTRALIA

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- **Balanced Health Care System**
 - High proportion of provision by private providers
 - High proportion of funding from Government
- **Private hospitals a substantial part of Australian provider base**
 - 40% of patients treated in hospital each year are treated in private hospitals
 - Private hospital admissions growing at 6.3% per annum versus 2.3% for public hospitals over last 10 years
 - If current growth continues, in 2021 private hospitals will be treating more than 50% of all hospital patients
 - Private hospitals undertake 653 of the 660 DRG's undertaken in public hospitals

OPERATING ENVIRONMENT AUSTRALIA

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- General economy
 - Effect on Government spending
 - Effect on health fund membership
- Minimal effect from recent Federal Government changes to health insurance regulations
 - Health fund membership
 - Pricing
- National Health and Hospitals Reform Commission Report
 - Primary care
 - Public hospitals
 - Funding mechanisms
 - Implementation issues

OPERATING ENVIRONMENT AUSTRALIA

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RAMSAY HEALTH CARE

- Demographic trends to underpin future demand for hospital care over longer term
 - Ageing population:
 - Over 65s currently make up 13% of Australian population
 - By 2056, they will account for 25% of population
 - Growing Population:
 - Australia will add 6.9 million residents over next 20 years
 - Hospital infrastructure planning significantly below expected demand
- Technology
 - Supply side led demand growth

Ramsay is uniquely placed to increase its role in the provision of healthcare for Australians and capitalise on the inevitable growth in demand

OPERATING ENVIRONMENT UK

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RAMSAY HEALTH CARE

- Well-timed entry to radically changing market
- Choose and Book:
 - Continues to be a central part of provision
- Potential NHS hospital divestments
- Blended provider pattern emerging
- General economy
 - Impact on Government spending
 - Effect on health insurance participation
- General election: both parties support competitive market for NHS services

OPERATING ENVIRONMENT UK

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- **ISTC Tender (Wave 1)**
 - Re-tender ahead of March 2010 expiry
 - Factored into acquisition model
 - Competitive process
- **Demographics**
 - Ageing population: proportion of people aged 65+ yrs projected to increase from 16% in 2006 to 22% by 2031
 - Growing population: UK population projected to increase 4.4 million to 65 million by 2016
- **Technology**
 - Supply side led demand growth

Ramsay is strongly positioned to continue to grow its business in the expanding publicly funded market

Source: Office for National Statistics

SUCCESSFUL GROWTH STRATEGY

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- Ramsay has three main drivers of growth:
 - Organic growth
 - Underpinned by demographic trends, quality portfolio of hospitals
 - Brownfields
 - Capacity increase aimed at satisfying unmet demand
 - Lower risk, higher return on investment in our existing hospitals
 - Based on track record of achieving ROI of 15% approximately 3 years after opening
 - Acquisitions
 - Actively researching opportunities in Europe where better value propositions starting to emerge
 - Narrowing down to specific country
 - In process of identifying appropriate local resources to facilitate access
 - Any acquisitions need to meet Ramsay's strict investment criteria and add long-term value for shareholders

OUTLOOK

RAMSAY HEALTH CARE

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- Ramsay's underlying business is in excellent shape
- Strong organic growth to continue
- Earnings from pipeline of quality brownfield projects to increase
- Ramsay UK continues to grow
- Actively researching acquisition opportunities in Europe
- Capital raising further strengthens balance sheet and enhances financial flexibility to pursue growth
- Barring unforeseen circumstances, Ramsay is targeting core NPAT growth of 12%-14% for the Group for FY10



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Questions

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