

Ramsay Health Care Limited



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Results Briefing

Year ended 30 June 2013

Christopher Rex, Managing Director

29 August 2013

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2. Segment Operational and Financial Highlights
3. Growth Strategy Update
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Group Operational and Financial Highlights

FINANCIAL HIGHLIGHTS

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- Core NPAT up 15.1% to \$290.9 million
- Core EPS up 17.1% to 135.9 cents
- Group:
 - Revenue up 5.5% to \$4.2 billion
 - Group EBIT up 10.6% to \$485.3 million
- Australia and Indonesia:
 - Revenue up 6.8% to \$ 3.4 billion
 - EBIT up 11.2% to \$418.2 million
- Europe:
 - UK EBITDAR up 2.6% to £93.4 million
 - France EBITDAR up 4.9% to €31.4 million
- Final dividend 41.5 cents fully franked, up 20.3%

OPERATIONAL HIGHLIGHTS

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- Solid performance across worldwide portfolio
- Increased number of public/private collaborations with purchase of Peel Health Campus - a public hospital in WA
- Expanded our Asian operations with completion of JV with Sime Darby on 1 July 2013
- Acquired a 531-bed hospital in Toulouse, France - Clinique de l'Union
- Major redevelopments in Australia completed including Joondalup and Greenslopes
- Approved \$200m in further brownfield capacity expansions

GROUP FINANCIAL PERFORMANCE

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YEAR ENDED 30 JUNE	2013 \$m	2012 \$m	Increase
Revenue	4,174.5	3,956.5	5.5%
EBITDAR	736.8	690.2	6.8%
EBITDA	627.7	583.5	7.6%
EBIT	485.3	438.8	10.6%
Core NPAT ⁽¹⁾	290.9	252.6	15.1%
Core EPS ⁽²⁾ (cents per share)	135.9¢	116.1¢	17.1%
Final Dividend – fully franked (cents per share)	41.5¢	34.5¢	20.3%
Full-year Dividend – fully franked (cents per share)	70.5¢	60.0¢	17.5%
Margins:			
EBITDAR	17.6%	17.4%	+20 bps
EBITDA	15.0%	14.7%	+28 bps
EBIT	11.6%	11.1%	+51 bps

⁽¹⁾ Core NPAT is before non-core items

⁽²⁾ Core EPS is derived from core net profit after CARES dividends

Note: All numbers are in Australian dollars unless otherwise stated

RECONCILIATION TO REPORTED PROFIT

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YEAR ENDED 30 JUNE	2013 \$m	2012 \$m	Increase
Core NPAT	290.9	252.6	15.1%
Non-core items (net of tax)			
– Income tax refund relating to changes to tax consolidation legislation	-	17.1	
– Other non-core Items (net of tax) ⁽¹⁾	(24.5)	(25.6)	
Reported Net Profit after tax	266.4	244.1	9.1%

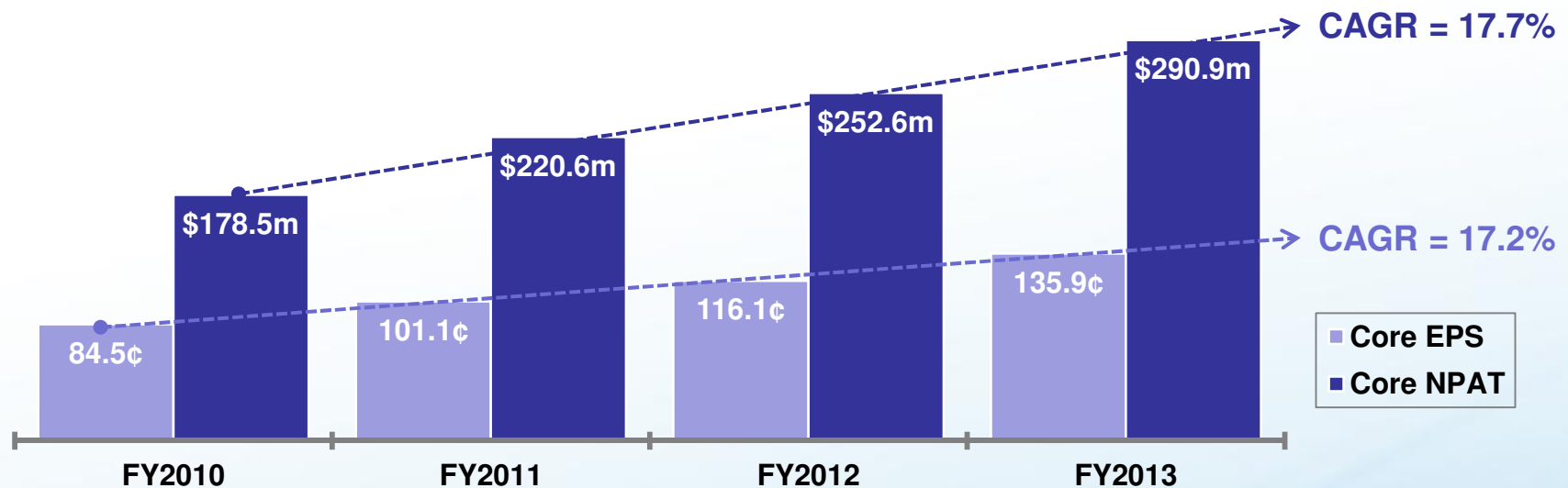
⁽¹⁾ Other non-core items (net of tax) includes the deferred annual rent expense relating to the UK hospitals (\$15.2 million net of tax), acquisition and development costs written off, and profit on sale of medical suites

GROUP CORE NPAT and CORE EPS GROWTH

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Core NPAT and CORE EPS Compound Annual Growth Rate (CAGR)



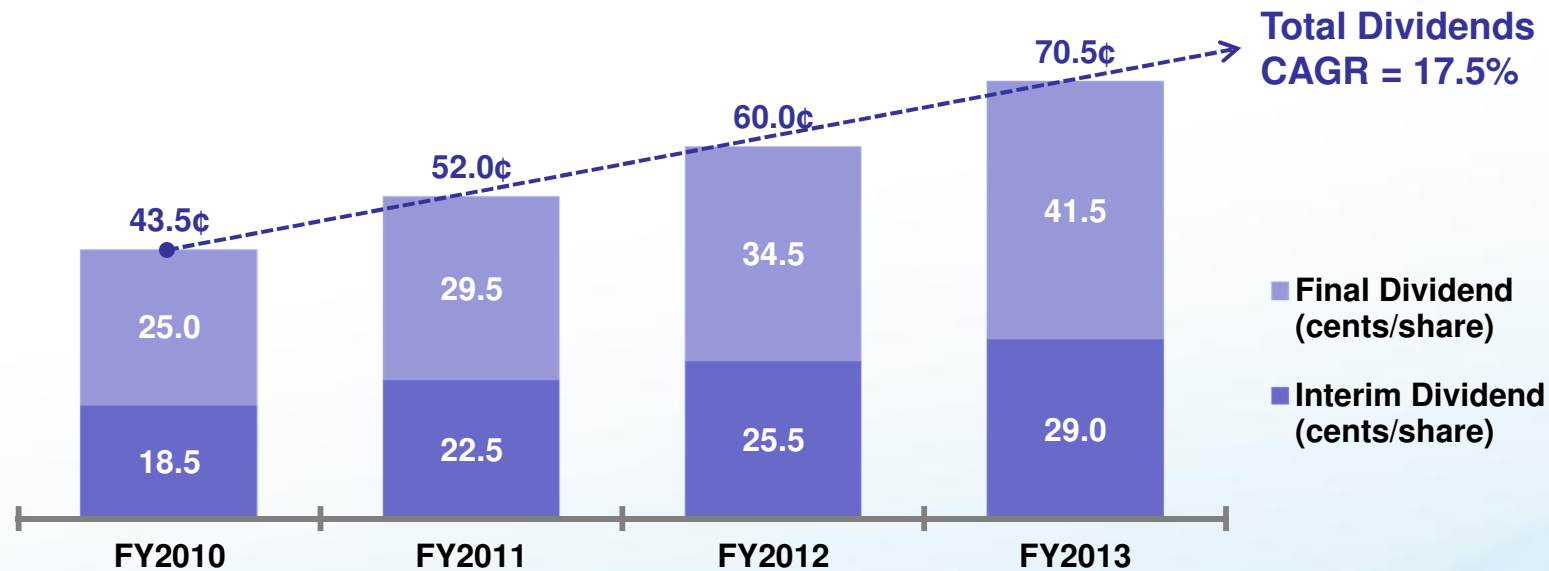
- Core NPAT and Core EPS slightly ahead of upgraded (Feb'13) guidance
- Core NPAT up 15.1% to \$ 290.9 million
- Core EPS up 17.1% to 135.9 cents

DIVIDEND GROWTH

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Total Dividends Compound Annual Growth Rate (CAGR)



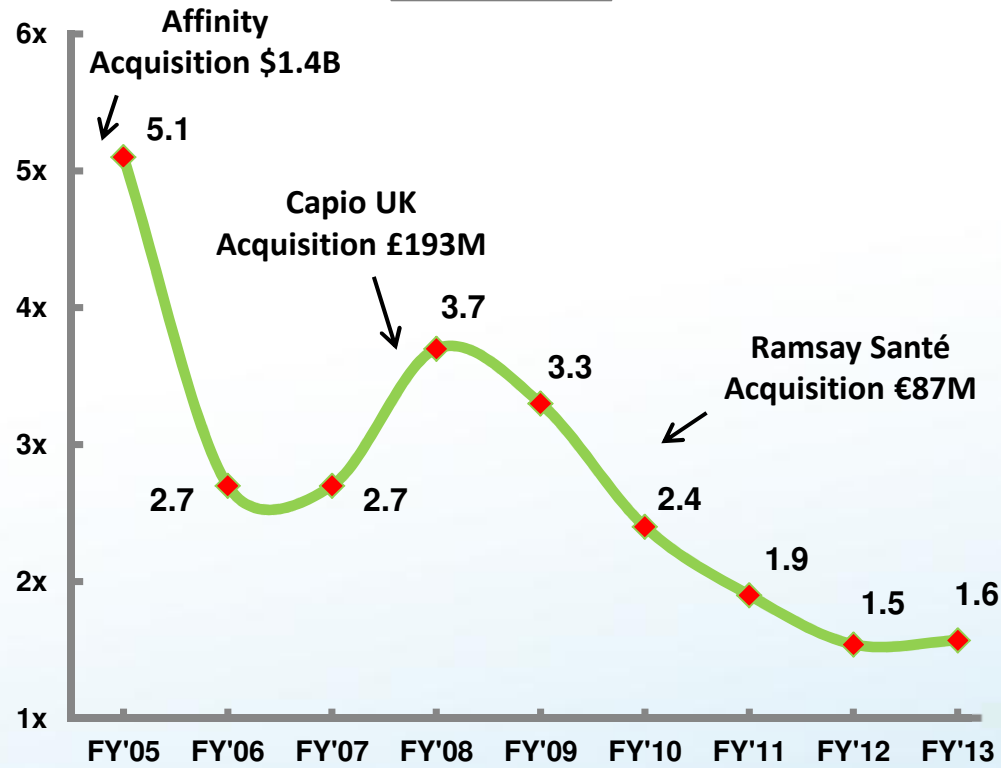
- Final dividend fully franked, up 20.3% on previous corresponding period
- Dividends for the full year up 17.5%, slightly above growth in Core EPS of 17.1%
- Dividend payout ratio of approximately 50% of Core EPS maintained

LEVERAGE and CASH MANAGEMENT

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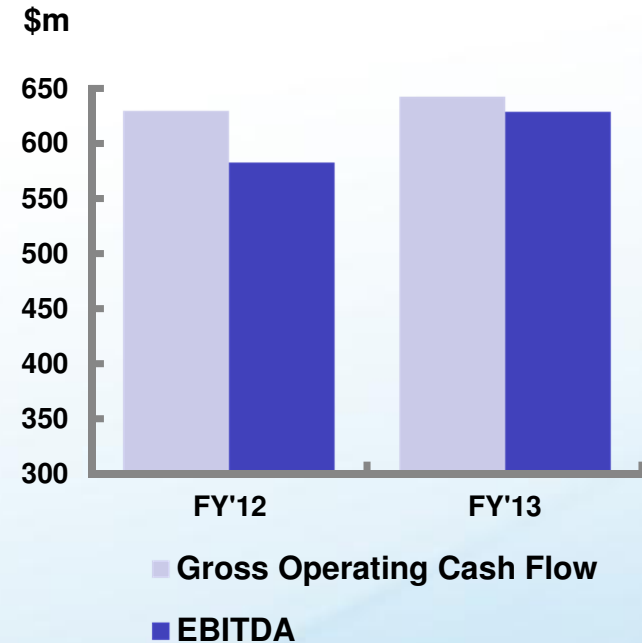


Leverage*



* $Leverage = \text{Net Debt} \div \text{EBITDA}$

Cash Flow



- Low leverage with significant financial flexibility

- High cash conversion rate



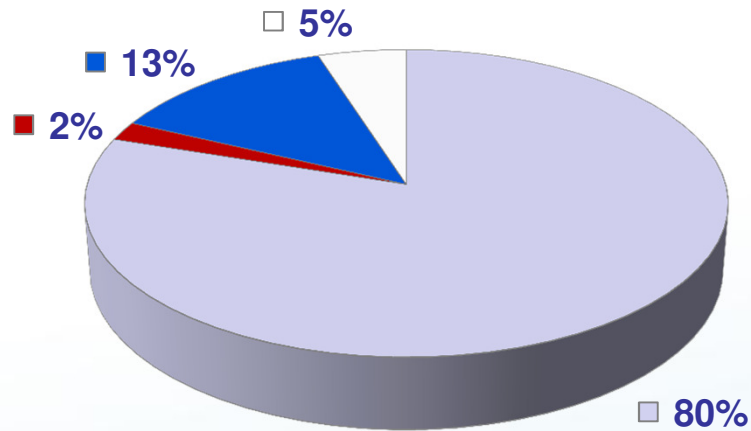
Segment Operational and Financial Highlights

GEOGRAPHICAL SEGMENTS

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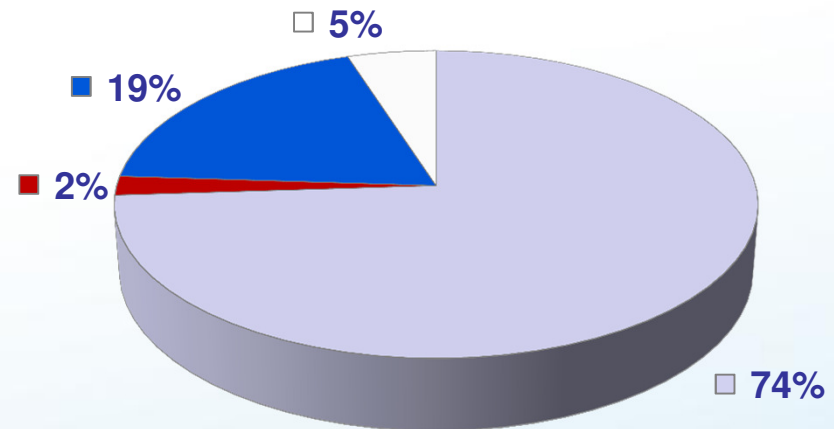


Operating Revenue



- Australia
- Indonesia*
- United Kingdom
- France

EBITDAR



- Australia
- Indonesia*
- United Kingdom
- France

Strong Australian business is the largest contributor to earnings and cash flow

** On 1 July 2013 Ramsay's Indonesian operations were transferred into the new joint venture: Ramsay Sime Darby Health Care. From 1 July 2013 Ramsay's share of the joint venture will be equity accounted.*

OPERATIONAL/FINANCIAL HIGHLIGHTS

– AUSTRALIA

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- Revenue up 7% to \$3.3 billion
- EBIT up 11% to \$410 million
- Australian hospitals EBITDA margin up 50 bps to 17.9%
- PHI membership up – 47% of population insured (June Qtr)
- Completed major hospital expansions including \$47m development at Greenslopes Private Hospital in Brisbane and opened the \$133m Joondalup Private Hospital in Perth.
- Progressed strategy of public/private collaborations:
 - Acquired Peel Health Campus, 152 bed public hospital
 - Negotiated a new contract to operate Mildura Base Hospital, a 165 bed public hospital in Victoria, until 2020
 - Further opportunities announced by state governments for Northern Beaches Hospital (NSW) and Sunshine Coast University Hospital (Qld)

OPERATIONAL/FINANCIAL HIGHLIGHTS

– INDONESIA

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YEAR ENDED 30 JUNE	2013 IDR'000	2012 IDR'000	Increase
Revenue	673.2	603.6	11.5%
EBITDAR	120.7	100.4	20.2%
EBIT	79.3	61.9	28.0%
Margins:			
EBITDAR	17.9%	16.6%	+130 bps
EBIT	11.8%	10.3%	+151 bps

- Solid performance for the year
- Revenue up 11.5% to IDR 673.2 billion
- EBIT up 28% to IDR 79.3 billion
- Joint Venture with Sime Darby completed in July 2013 provides a platform to further expand throughout Asia, leveraging off our significant health care management experience and Sime Darby's extensive Asian networks

OPERATIONAL/FINANCIAL HIGHLIGHTS

– UNITED KINGDOM

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YEAR ENDED 30 JUNE	2013 £m	2012 £m	Increase
Revenue	365.6	363.8	0.5%
EBITDAR	93.4	91.0	2.6%
EBIT	31.8	30.0	6.1%
Margins:			
EBITDAR	25.5%	25.0%	+52 bps
EBIT	8.7%	8.2%	+46 bps

- Ramsay's UK business exceeded expectations with EBITDAR rising 2.6% to £93.4 million off the back of marginal increases in revenue
- EBITDAR margin up 52 bps to 25.5%
- Private medical insured admissions remain subdued but continued growth from NHS admissions with 6.2% growth over the previous year
- NHS now comprises almost 70% of total admissions

OPERATIONAL/FINANCIAL HIGHLIGHTS

– FRANCE

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YEAR ENDED 30 JUNE	2013 €m	2012 €m	Increase
Revenue	174.3	169.2	3.0%
EBITDAR	31.4	29.9	4.9%
EBIT	14.2	13.4	5.7%
Margins:			
EBITDAR	18.0%	17.7%	+32 bps
EBIT	8.1%	7.9%	+21 bps

- Ramsay Santé performed well with EBITDAR increasing by 4.9%
- Ramsay Santé acquired Clinique de l'Union, a 531 bed medical, surgical and obstetric hospital treating 43,000 inpatients and 26,000 emergency presentations per annum.
- The acquisition brings the total number of hospitals in the Ramsay Santé portfolio to 10 – acquired 7th June 2013



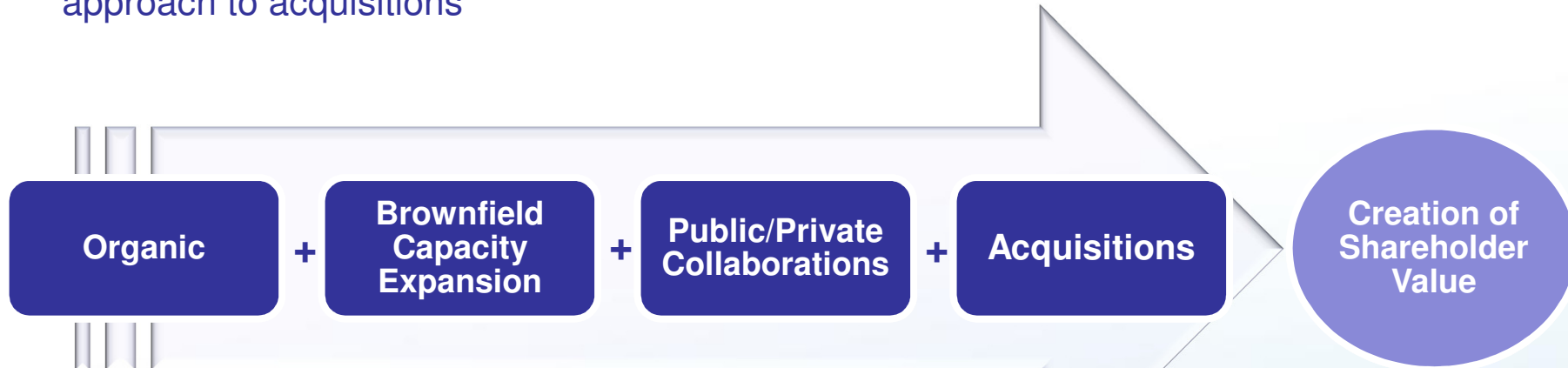
Growth Strategy Update

DELIVERING ON GROWTH STRATEGY

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Sustainable growth enhanced by focusing on hospitals and taking a prudent approach to acquisitions



- Underpinned by demographics, quality portfolio of hospitals, ongoing business improvement

- Unmet demand driving Ramsay's ongoing investment in capacity expansion

- Potential for more partnerships to develop/manage/provide hospital services in changing political and demographic landscape

- Exploring further acquisitions in existing and other markets
- Ramsay has proven it can export its management model
- Must add long-term value to shareholders



Brownfield Developments

BROWNFIELD DEVELOPMENTS - AUSTRALIA

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Completed projects during the year:

- \$47m development at Greenslopes Private, Brisbane
- \$10m expansion at Beleura Private, Melbourne
- \$133m new Joondalup Private Hospital opened on the Joondalup Health Campus, Perth



BROWNFIELD DEVELOPMENTS - AUSTRALIA

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Over \$200m approved for new projects during the year including:

- \$64m expansion of Hollywood Private, Perth
- \$56m for expansion of Warringal Private, Melbourne
- \$34m for expansion of Pindara Private, Gold Coast
- \$20m for expansion of Kareena Private, south Sydney
- \$10m for additional operating theatres at Strathfield, Sydney





Public/Private Collaborations

Existing public/private collaborations:

- Joondalup Health Campus, WA
- Noosa Hospital, Qld
- Mildura Base Hospital, Vic
- Peel Health Campus, WA
- Sunshine Coast University Private Hospital, Qld (due to open Dec 13)

Further opportunities starting to emerge for public/private collaborations:

- Northern Beaches Hospital announced by NSW Government in 2013
- Sunshine Coast University Hospital announced by Qld Government in 2013



Peel Health Campus in Mandurah, WA:

- 152 bed public hospital
- Located in southern Perth
- Offers medical, surgical, maternity and rehabilitation services
- Over 40,000 emergency presentations per annum
- Immediate opportunity to further develop both public and private



SUNSHINE COAST UNIVERSITY PRIVATE HOSPITAL

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**On track to open in
December 2013 in
partnership with Qld Health**




Peel Health Campus

www.peelhealthcampus.com.au

Acquisitions

EXPANSION IN ASIA

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- JV with Sime Darby is first major step into Asia since acquiring Indonesian hospitals in 2005
- Aim of the joint venture will be to build a quality portfolio of hospitals throughout Asia
- 600 million people in ASEAN with rising middle class demanding quality healthcare
- Leverages off Ramsay's management expertise and Sime Darby's Asian networks
- Opportunities for value creation via key synergies such as procurement; medical tourism and productivity benchmarking

EXPANSION IN FRANCE

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Clinique de l'Union Toulouse, France:

- Acquired 7 June 2013
- A leading 531 bed medical, surgical, obstetric hospital
- 43,000 inpatients and 26,000 emergency presentations pa
- Gross revenue circa €65 million
- Excellent addition to the French portfolio



future
plan

Outlook

- Continue to produce increasing benefits from our successful capacity expansion programme in Australia
- In Australia, look to further our involvement in emerging public/private opportunities
- Further develop and execute a growth plan with Sime Darby for Asia
- Integrate and grow the newly acquired hospitals in Australia, Asia and France
- Canvas emerging opportunities in France, UK and other markets
- Given strong industry fundamentals and continuing implementation of our successful growth strategy and barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth for the Group of 12%-14% in FY2014



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Questions?