



People caring for people

# Results Briefing

## Half Year ended 31 December 2014

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212 hospitals across 5 countries

25,000 beds and places

Employs over 50,000 people

Admits around 3 million patients per annum

*Note: After completion of the Générale de Santé acquisition in October 2014*

# Group Operational and Financial Highlights

# HALF-YEAR FINANCIAL HIGHLIGHTS

- Core NPAT up 19.1% to \$204.4 million
- Core EPS up 20.2% to 97.6 cents
- Group:
  - Revenue up 41.6% to \$3.3 billion
  - EBIT up 32.2% to \$377.8 million
- Australia/Asia:
  - Revenue up 8.8% to \$2.0 billion
  - EBIT up 12.6% to \$282.8 million
- United Kingdom:
  - Revenue up 9.0% to £198.1 million
  - EBIT up 9.1% to £15.5 million
- France<sup>(1)</sup>:
  - Revenue up 437.1% to €646.1 million
  - EBIT up 542.4% to €46.0 million
- Interim dividend 40.5 cents fully franked, up 19.1%

**Note:** <sup>(1)</sup> In accordance with the accounting standards Générale de Santé has been consolidated from 1 October 2014

- Strong organic growth across global portfolio
- Acquired a controlling interest in the largest private hospital group in France, Générale de Santé (completed October 2014)
- Completed \$175 million in brownfield capacity expansions at Australian hospitals and approved a further \$190 million brownfield developments across the Group
- Group EBITDAR margin increased from 18.2% to 19.1%
- Ramsay continues to achieve outstanding results in quality and safety: 100% of all Ramsay facilities are fully accredited & all Ramsay facilities perform better than the industry benchmark in key safety and quality areas
- Continued reduction in the rate of workplace health and safety incidents across the company

Six Months Ended 31 December	2014 \$m	2013 \$m	Increase
Revenue	3,341.2	2,360.1	41.6%
EBITDAR	639.5	429.3	49.0%
EBITDA	511.2	364.6	40.2%
EBIT	377.8	285.9	32.2%
<b>Core NPAT attributable to members of the parent <sup>(1)</sup></b>	<b>204.4</b>	<b>171.6</b>	<b>19.1%</b>
Core EPS <sup>(2)</sup> (cents per share)	97.6¢	81.2¢	20.2%
Interim Dividend – fully franked (cents per share)	40.5¢	34.0¢	19.1%

- Strong growth across the global portfolio

**Notes:**

All numbers are in Australian dollars unless otherwise stated

<sup>(1)</sup> Core NPAT attributable to members of the parent is before non-core items. In accordance with the accounting standards Générale de Santé has been consolidated from 1 October 2014. The minority interests share of Générale de Santé Core NPAT (51.2%) has been removed in arriving at Core NPAT attributable to members of the parent

<sup>(2)</sup> Core EPS is derived from core net profit after CARES dividends

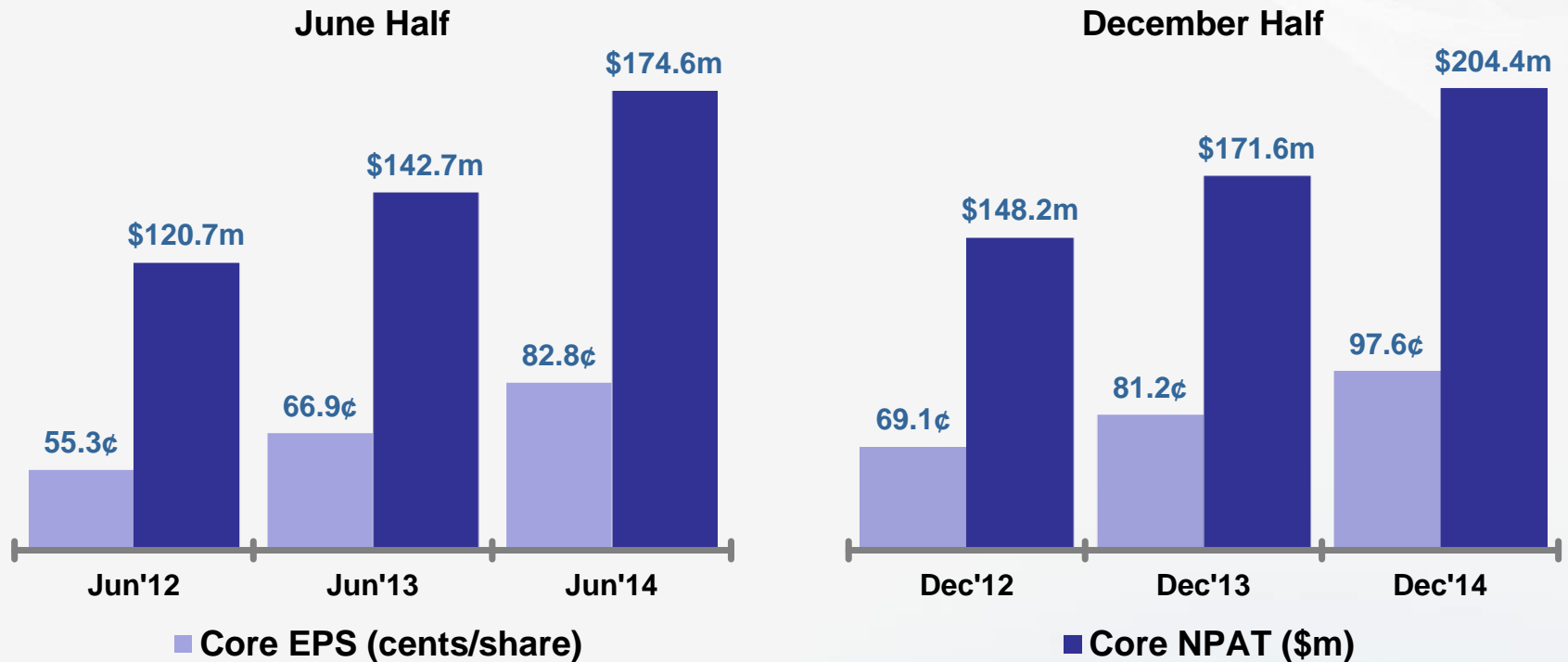
# RECONCILIATION TO REPORTED PROFIT

<b>Six Months Ended 31 December</b>	<b>2014 \$m</b>	<b>2013 \$m</b>	<b>Increase</b>
Core NPAT	204.4	171.6	19.1%
Non-core Items, net of tax <sup>(1)</sup>	(13.0)	(13.8)	
<b>Reported Net Profit after tax attributable to members of the Parent</b>	<b>191.4</b>	<b>157.8</b>	<b>21.3%</b>

**Note:** <sup>(1)</sup> Non-core items, net of tax includes the non-cash portion of the annual rent expense relating to the UK hospitals (\$8.2 million)

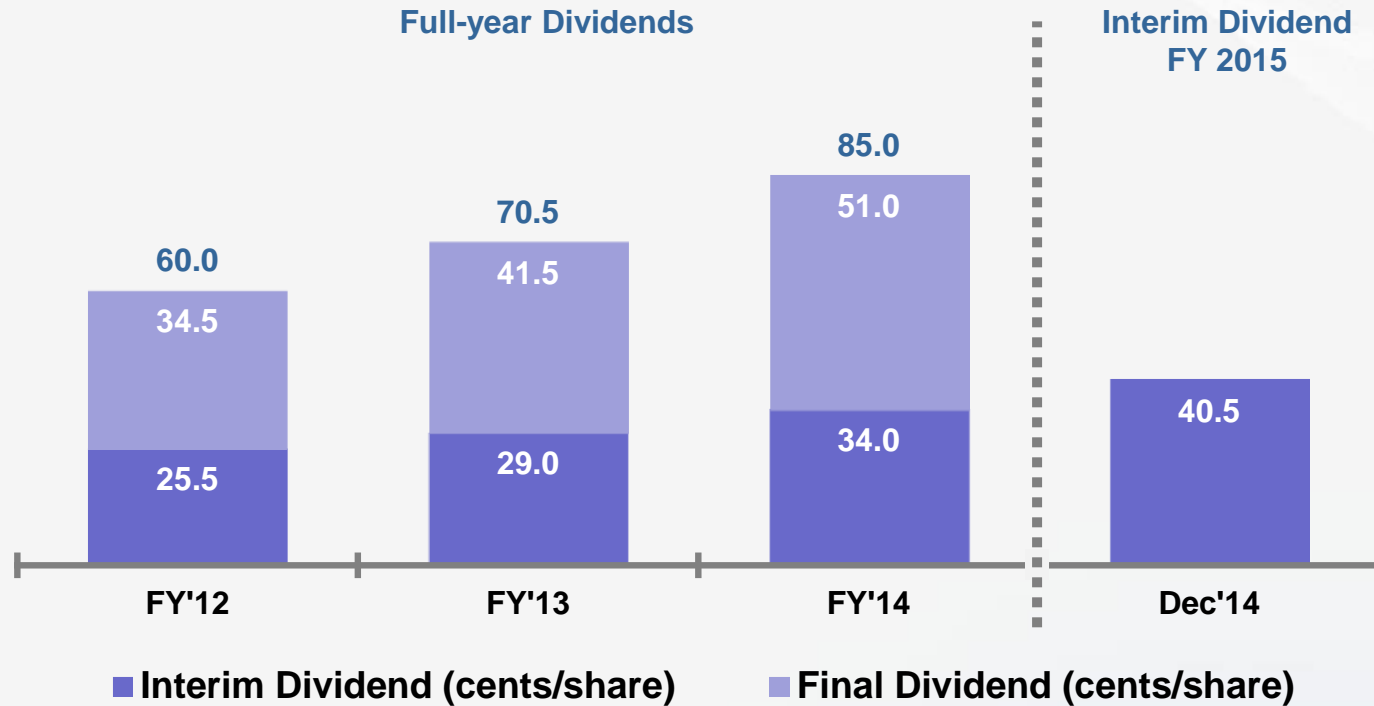


# GROUP-CORE NPAT and CORE EPS



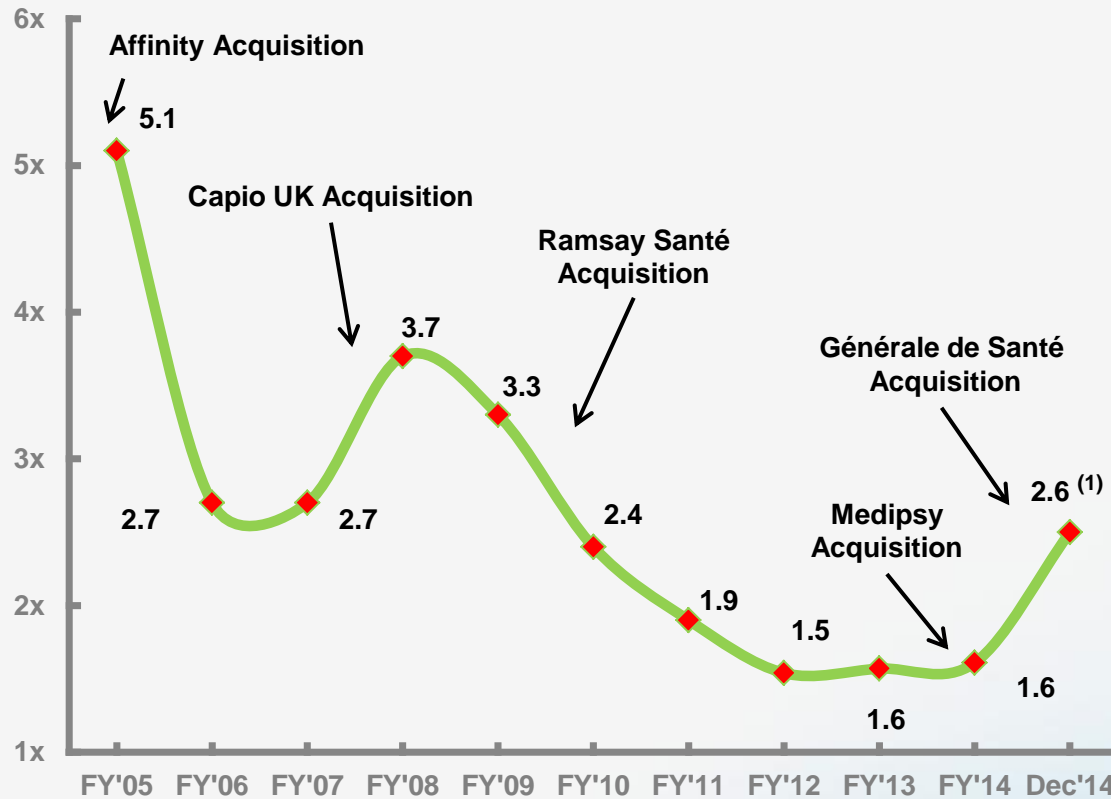
- Core NPAT up 19.1% to \$204.4 million
- Core EPS up 20.2% to 97.6 cents
- Core NPAT and Core EPS ahead of August 2014 guidance

# DIVIDEND GROWTH



- Interim dividend fully franked, up 19.1% on previous corresponding interim dividend
- Strong consistent growth in dividends due to Ramsay's maintenance of a full year dividend payout ratio of approximately 50%

## Consolidated Balance Sheet Leverage Ratio\*



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

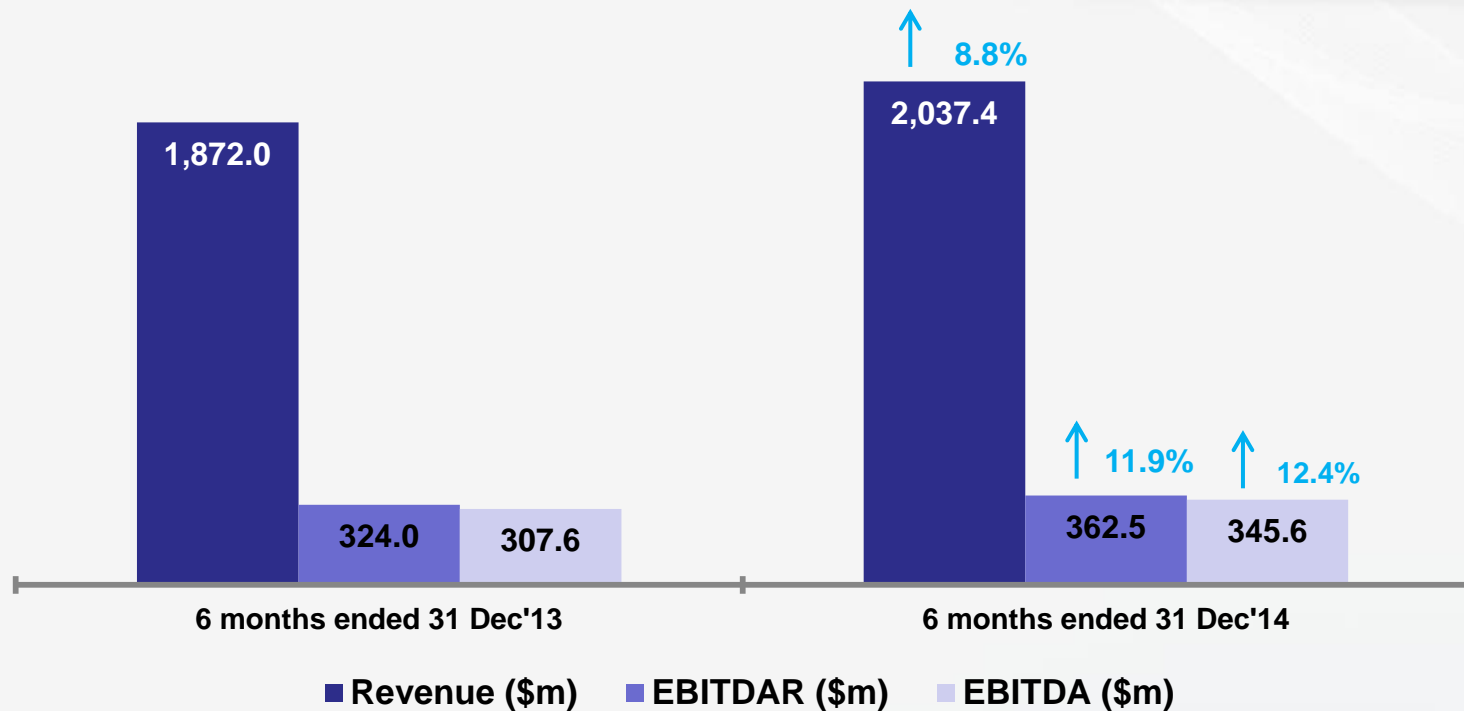
- Strong operating cash flow with high cash conversion rate
- Strong balance sheet with financial flexibility to continue to fund:
  - Pipeline of brownfield capacity expansion
  - Future acquisitions

**Note:** <sup>(1)</sup> Pro forma leverage ratio calculated using 12 months trailing EBITDA as Générale de Santé was acquired on 1 October 2014

# Segment Operational and Financial Highlights

# FINANCIAL HIGHLIGHTS

– AUSTRALIA<sup>(1)</sup> & ASIA



- EBITDA growth of 12.4% for the half year

**Note:** <sup>(1)</sup> The above figures include Head Office

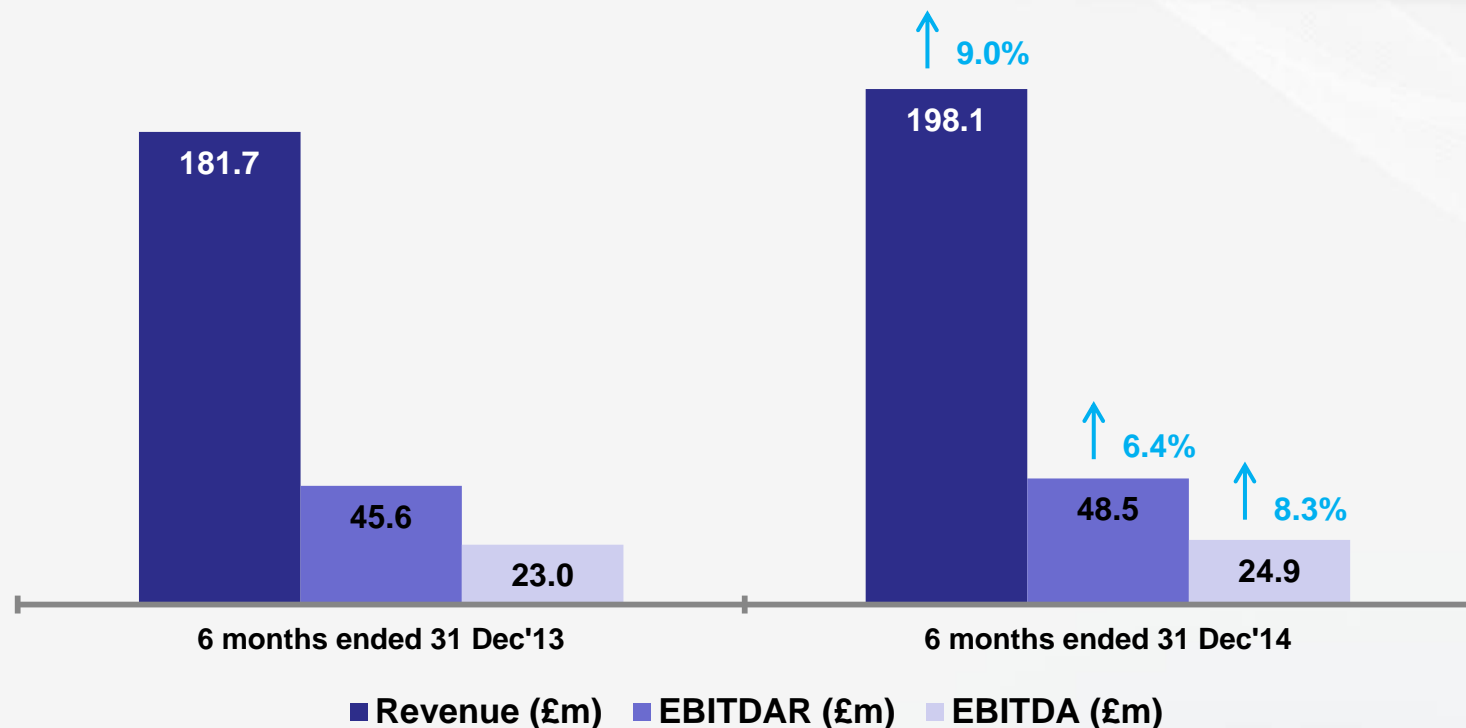
# OPERATIONAL HIGHLIGHTS

## – AUSTRALIA & ASIA

- Solid organic growth on the back of strong admissions growth
- Australian hospitals operating margin (EBITDA) increased from 18.8% to 19.3%
- Quality and strategically well placed portfolio continues to produce good brownfield opportunities. Completed \$175m brownfields in the half year.
- Asian joint venture continues to perform well with strong growth.

# OPERATIONAL/FINANCIAL HIGHLIGHTS

– UNITED KINGDOM



- Ramsay's UK business continues to perform well with EBITDAR rising 6.4% to £48.5 million
- NHS admissions increased by 12% in the first half
- EBITDAR margins remain strong at 24.5%

# OPERATIONAL/FINANCIAL HIGHLIGHTS

– FRANCE (Ramsay Santé and GdS combined)

Six Months Ended 31 December	2014 <sup>(1)</sup> €m	2013 €m	Increase
Revenue	646.1	120.3	437.1%
EBITDAR	129.4	18.6	596.0%
EBITDA	82.6	12.1	582.0%

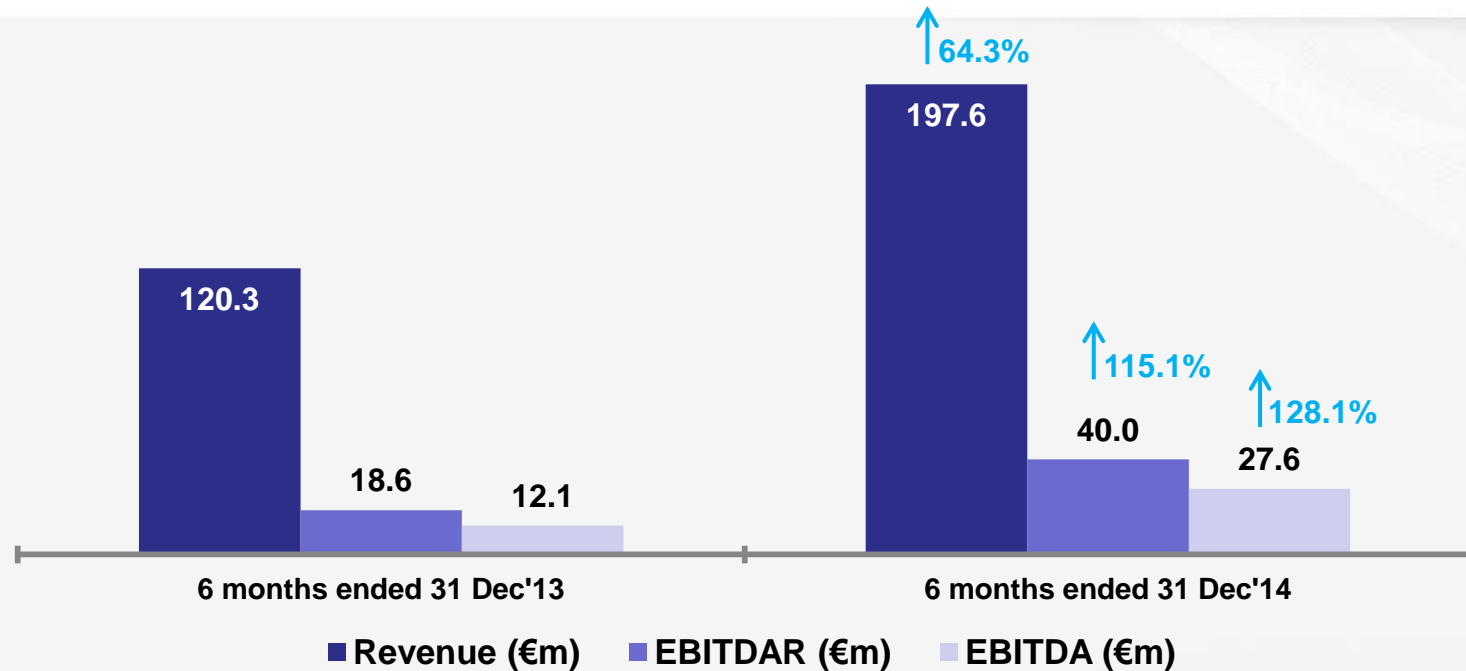
## Margins:

EBITDAR	20.0%	15.5%	+457 bps
EBITDA	12.8%	10.1%	+272 bps

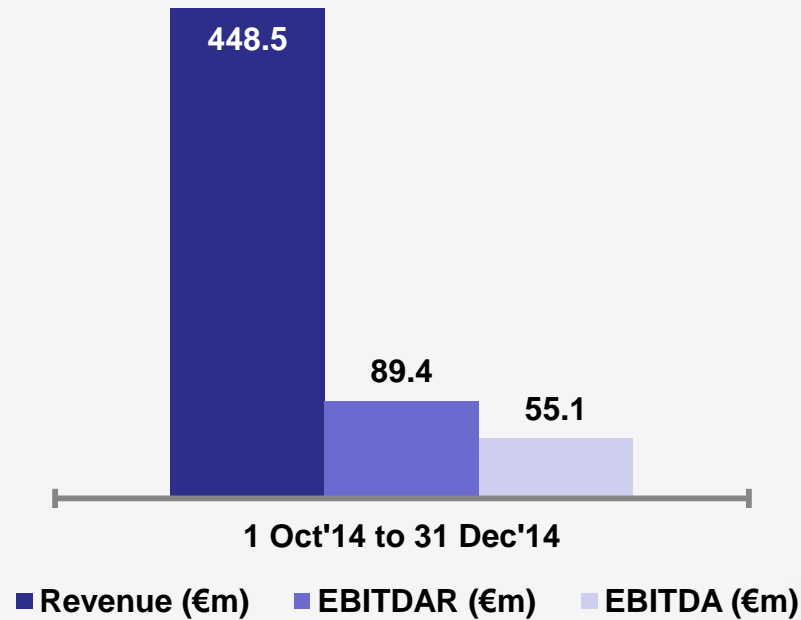
- Ramsay's French operations grew as a result of strong organic growth and positive contributions from Medipsy and Générale de Santé

**Note:** <sup>(1)</sup> The 31 December 2014 half year results include a 3 month contribution from Générale de Santé (acquired 1 October 2014) and a 6 month contribution from Medipsy (acquired 17 December 2013)





- Ramsay Santé performed well with EBITDA increasing by 128.1% to €27.6 million
  - Continued improvement of existing operations
  - Number of patients continue to grow with 4% increase in medical/surgical admissions
  - Successful integration of Medipsy psychiatric facilities (acquired mid December 2013) with a 5% increase in psychiatric bed days (on a like for like basis)
  - EBITDAR margins have increased from 15.5% to 20.2%



- Générale de Santé performed as anticipated for the three months, confirming due diligence expectations

# Growth Strategy Update

# OUR FORMULA FOR SUCCESS

## Strong Culture

- The Ramsay Way
- Over 50 years of uninterrupted focus on clinical quality and safety
- Long term stable and experienced Board and management

## Strong and Sustainable Growth Strategy

- Focus on hospitals
- Developed an exportable operational model
- Undertaken successful international expansion
- Growth in both public and private pay markets

## Financially disciplined

- Growth only pursued if financial & strategic criteria & investment hurdles are satisfied

# BROWNFIELD DEVELOPMENTS

- Positive demographics and ageing population driving continued investment in capacity expansion
- In the half year to Dec 14, Ramsay completed \$175m worth of expansions at existing facilities including:
  - Warringal Private (64 beds; 5 theatres; day surgery unit) – \$58.2m
  - Pindara Private (113 beds; 3 theatres) – \$53.3m
  - Kareena Private (36 beds; 1 theatre) – \$18.1m



Warringal Private



Pindara Private



Kareena Private

- Other projects completed during the half year ended 31 December 2014:
  - Lake Macquarie Private (Theatre, CCU) – \$7.6m
  - Kingsway Day Surgery (new hospital in Miranda) – \$6.8m
  - Hillcrest Private (expanded mental health unit) – \$5.2m
  - Mitcham Private (21 bed mental health unit expansion) – \$6.5m
  - Caboolture Private (Theatre, Day Surgery) – \$5.1m
  - Port Macquarie Private (Rehab development) – \$4.4m
  - Mitcham Private (operating theatre expansion) – \$3.2m
  - Dudley Private (Theatre, Day Surgery, hydrotherapy pool) – \$7.3m

# Acquisitions

## France - Générale de Santé

- In October 2014, Ramsay finalised the acquisition of a controlling interest in Générale de Santé (GdS) and its 75 facilities (61 hospitals)
- The acquisition brings Ramsay's total portfolio in France to 115 facilities (101 hospitals)

## China - Jinxin

- Through its JV with Sime Darby, Ramsay has recently announced it has signed a non-binding term sheet, with Chinese healthcare company Jinxin, to jointly operate five hospitals in the city of Chengdu, China.
- The JV will include five hospitals with 2300 beds in total:
  - four existing hospitals; and
  - a further 500 bed women's health hospital due to open in March 2015



# Outlook

- Demographics will continue to drive capacity expansion opportunities from which we expect ongoing benefits to flow
- We will maintain our focus on improving performance at existing hospitals
- Integration of Générale de Santé and growing this business will be a major focus
- Utilising our global experience in acquiring and integrating hospitals, we will canvas further opportunities in new and existing markets
- Based on strength of the first half results and the continuation of robust growth across all our operations and barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth of 18% to 20% for full FY 2015 (previously 14% to 16%) including nine months of Générale de Santé

# Questions