

Ramsay Health Care Limited
RESULTS BRIEFING

Year ended 30 June 2016

Christopher Rex, Managing Director

30 August 2016

Agenda

1. Group Operational and Financial Highlights
2. Segment Operational and Financial Highlights
3. Growth Strategy Update
4. Acquisitions & Strategic Developments
5. Outlook

Ramsay Health Care

50⁺

Over
50 years
experience
in operating
hospitals



Operating
across
6 countries



Admit
over **3 million**
patients



Ranked in
the **top 5**
private hospital
operators in
the world

Our comprehensive network



223 Hospitals



25,000 Hospital beds



1.4M Operations



38 Emergency departments



63,000 Babies delivered



200 Pharmacies



60,000 employees

Delivering Safe & Quality Healthcare



Commenced longitudinal international studies of patient outcomes following treatment of low back pain, cataract surgery and depression and anxiety (ICHOM)



Commenced rollout of Vanderbilt program (professional accountability) designed to manage behaviour that undermines a culture of quality and safety



All-time record achieved for lost time injury frequency rate (LTIFR) in Australia



Commenced Antimicrobial Stewardship trial to improve usage of antibiotics in hospitals



Following France's lead, we **centralised our clinical trials programme in Australia**, which will improve access to latest treatment and outcomes for patients across our facilities



Group Operational and Financial Highlights



People caring for people

Financial Highlights

- Core NPAT up 16.8% to \$481.4 million

- Core EPS up 17.7% to 231.4 cents

- Group:
 - Revenue up 18.1% to \$8.7 billion
 - Group EBIT up 11.6% to \$897.1 million

- Australia/Asia:
 - Revenue up 8.8% to \$4.4 billion
 - EBIT up 11.6% to \$581.8 million

- United Kingdom:
 - Revenue up 4.0% to £429.6 million
 - EBIT up 9.5% to £44.3 million

- France:
 - Revenue up 27.3% to €2.2 billion
 - EBIT up 2.2% to €147.2 million

- Final Dividend 72.0 cents fully franked, up 19.0%, bringing the full-year dividend to 119.0 cents fully franked, up 17.8%

Operational Highlights

- Solid growth with all segments performing at or above expectations
- Integration of Ramsay Santé and Générale de Santé completed on 1 July 2015. Combined Group performing well
- Acquired a further nine hospitals in Lille, France (completed December 2015)
- Completed over \$300m in brownfield capacity expansions across the Group, opening over 500 beds and 26 operating theatres
- Commenced a pharmacy strategy which builds on our experience in the provision of hospital pharmacy services and enables us to care for patients beyond the hospital walls
- Exclusive contract to treat New Caledonian Medivac market (CAFAT) in our Sydney facilities
- Commenced four major studies with ICHOM during the year to investigate and benchmark patient outcomes following hospital admission

Group Financial Performance

| Year Ended 30 June | 2016 | 2015 | Increase |
|---|---------------|---------------|--------------|
| Revenue | 8,684.1 | 7,355.5 | 18.1% |
| EBITDAR | 1,669.4 | 1,412.0 | 18.2% |
| EBITDA | 1,268.9 | 1,106.3 | 14.7% |
| EBIT | 897.1 | 803.9 | 11.6% |
| Core NPAT ⁽¹⁾ | 481.4 | 412.1 | 16.8% |
| Core EPS ⁽²⁾ (cents per share) | 231.4¢ | 196.6¢ | 17.7% |
| Final Dividend – fully franked (cents per share) | 72.0¢ | 60.5¢ | 19.0% |
| Full-year Dividend – fully franked (cents per share) | 119.0¢ | 101.0¢ | 17.8% |

Strong growth with all segments performing at or above expectations

Notes:

All numbers are in Australian dollars unless otherwise stated

⁽¹⁾ Core NPAT attributable to members of the parent is before non-core items. Générale de Santé has been consolidated from the acquisition date of 1 October 2014. The minority interests share of Générale de Santé Core NPAT has been removed in arriving at Core NPAT attributable to members of the parent

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



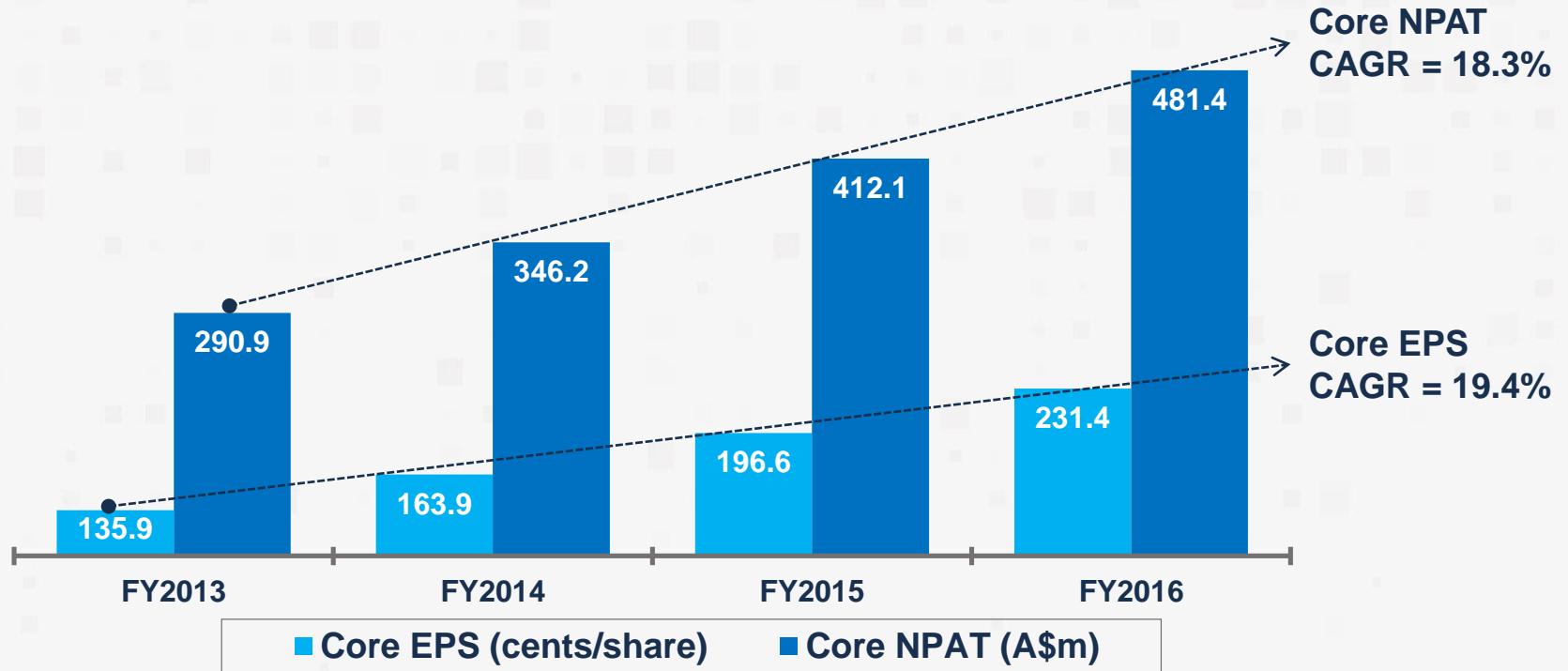
Reconciliation To Statutory Reported Profit

| Year Ended 30 June | 2016 | 2015 | Increase |
|--|--------------|--------------|--------------|
| Core NPAT | 481.4 | 412.1 | 16.8% |
| Net non-core items, net of tax ⁽¹⁾ | (31.1) | (26.6) | |
| Statutory Reported Net Profit after tax attributable to members of the Parent | 450.3 | 385.5 | 16.8% |

| ⁽¹⁾ Net non-core items (net of tax) | 2016 \$m | 2015 \$m |
|---|---------------|---------------|
| Deferred annual rent expense relating to UK hospitals | (15.9) | (16.6) |
| Profit/(Loss) on sale of non-current assets and impairment charges | (9.6) | 3.0 |
| Impact of change in French corporate income tax rate on deferred tax balances | 13.5 | - |
| Acquisition and development costs written off | (13.1) | (14.8) |
| Amortisation of intangibles | (3.1) | (2.9) |
| | (28.2) | (31.3) |
| Non controlling interest in non-core items | (2.9) | 4.7 |
| Net non-core items (net of tax) | (31.1) | (26.6) |

Core NPAT & Core EPS

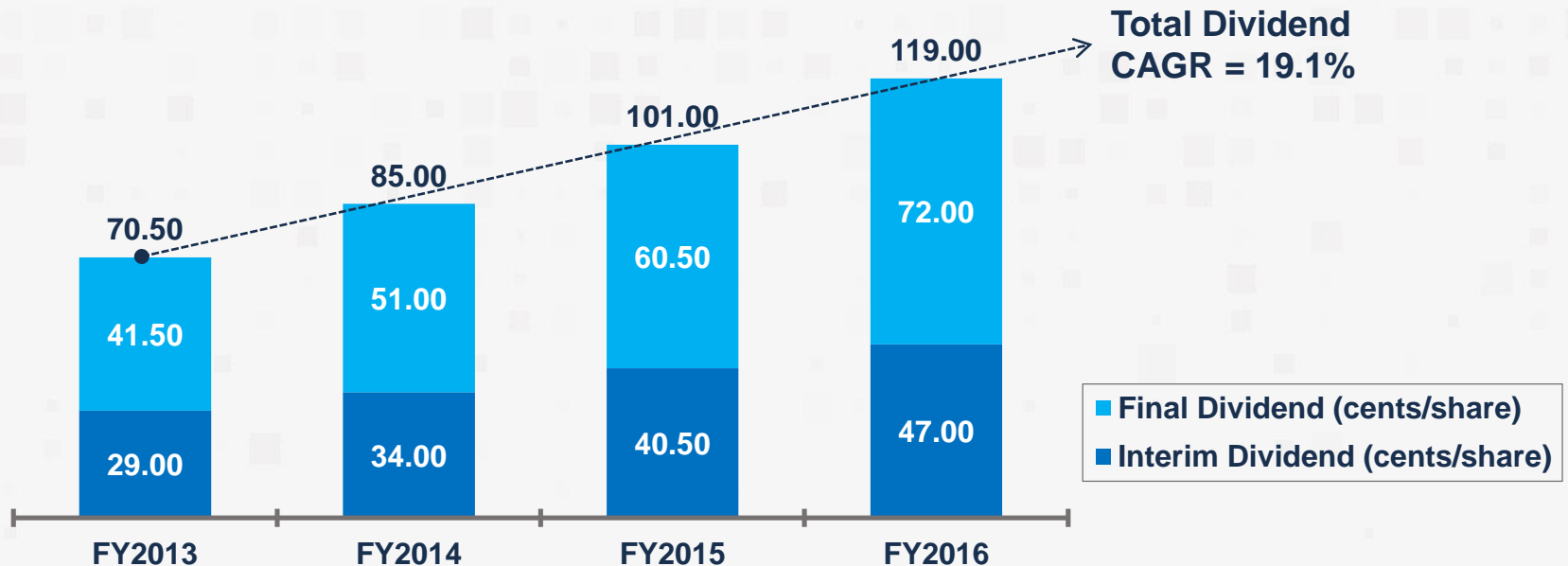
Compound Annual Growth Rate (CAGR)



- Core NPAT and Core EPS slightly ahead of upgraded (Feb'16) guidance
- Core NPAT up 16.8% to \$481.4 million
- Core EPS up 17.7% to 231.4 cents

Dividend Growth

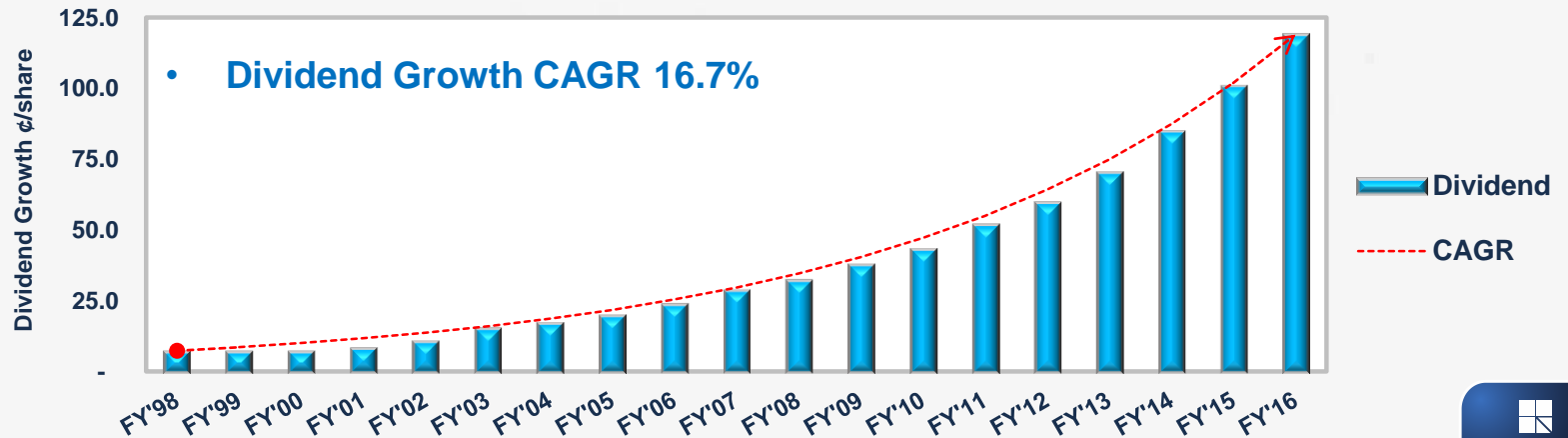
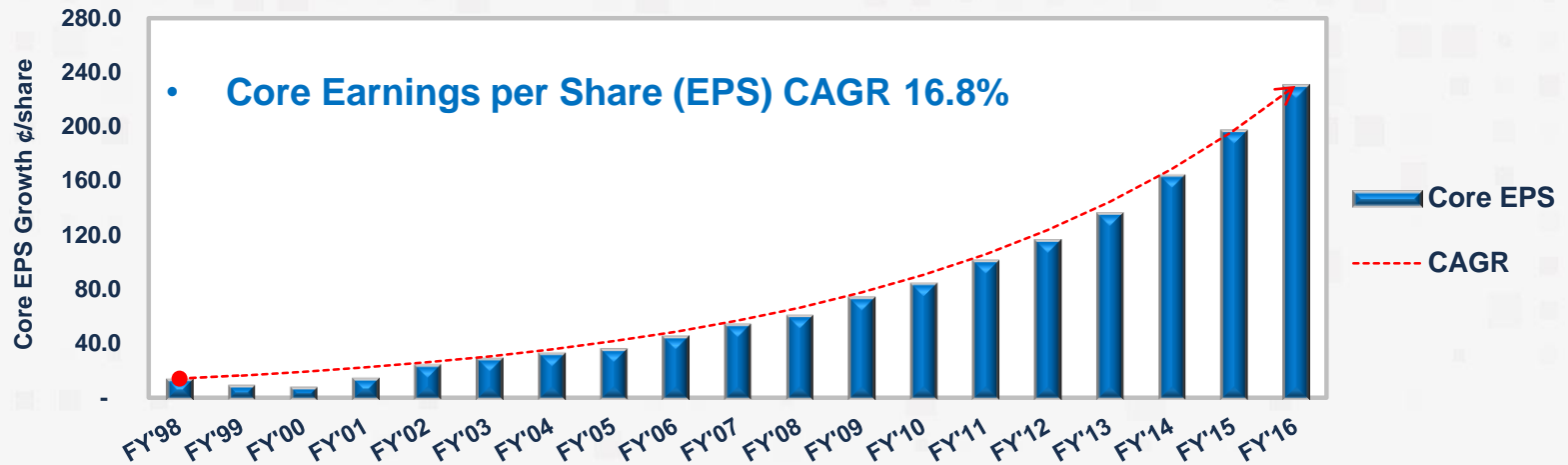
Compound Annual Growth Rate (CAGR)



- Final dividend fully franked, up 19.0% on previous corresponding period
- Dividends for the full year up 17.8%, in line with growth in Core EPS of 17.7%
- Dividend payout ratio of approximately 50% of Core EPS maintained, balance reinvested back into the business

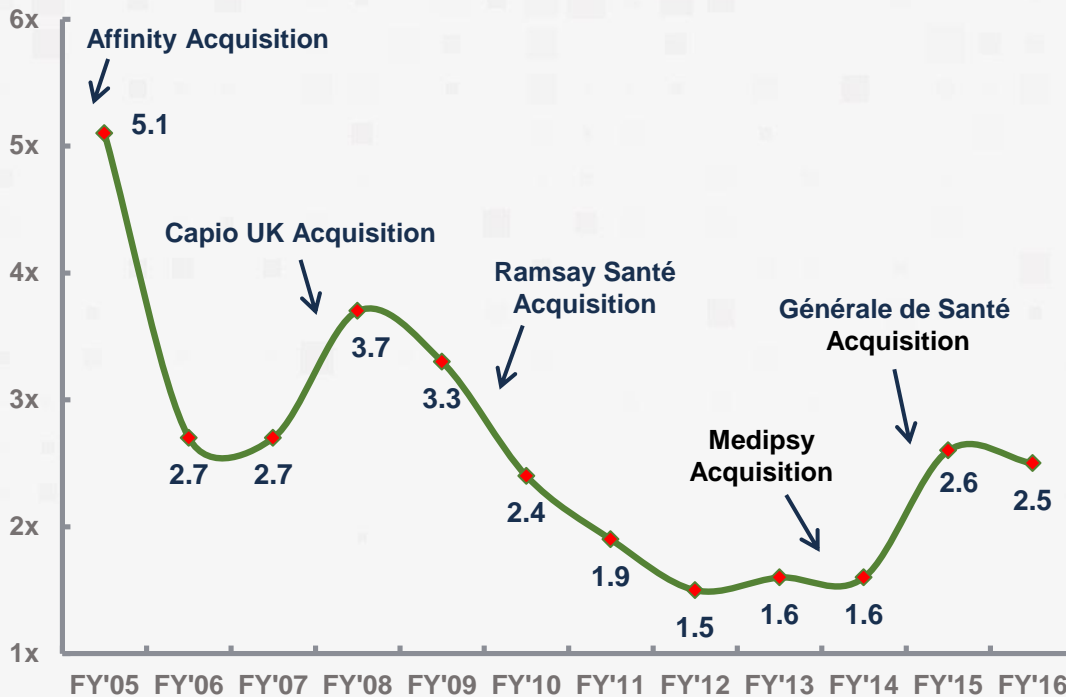
Core EPS & Dividend Growth

Compound Annual Growth Rate (CAGR) since listing



Leverage & Cash Management

Consolidated Balance Sheet Leverage Ratio*



◆ Leverage* = Net Debt ÷ EBITDA

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

Segment Operational and Financial Highlights



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Our current operating environments

Australia

1. Volumes and operations continue to trend upwards as expected due to the ageing and growing population
2. Increasing demand for quality services continues to drive brownfield investment
3. Private health care sector remains robust (47% of Australians with hospital treatment insurance)
4. Federal Government Private Health Sector Committee
5. Opportunities emerging to provide care beyond the hospital walls

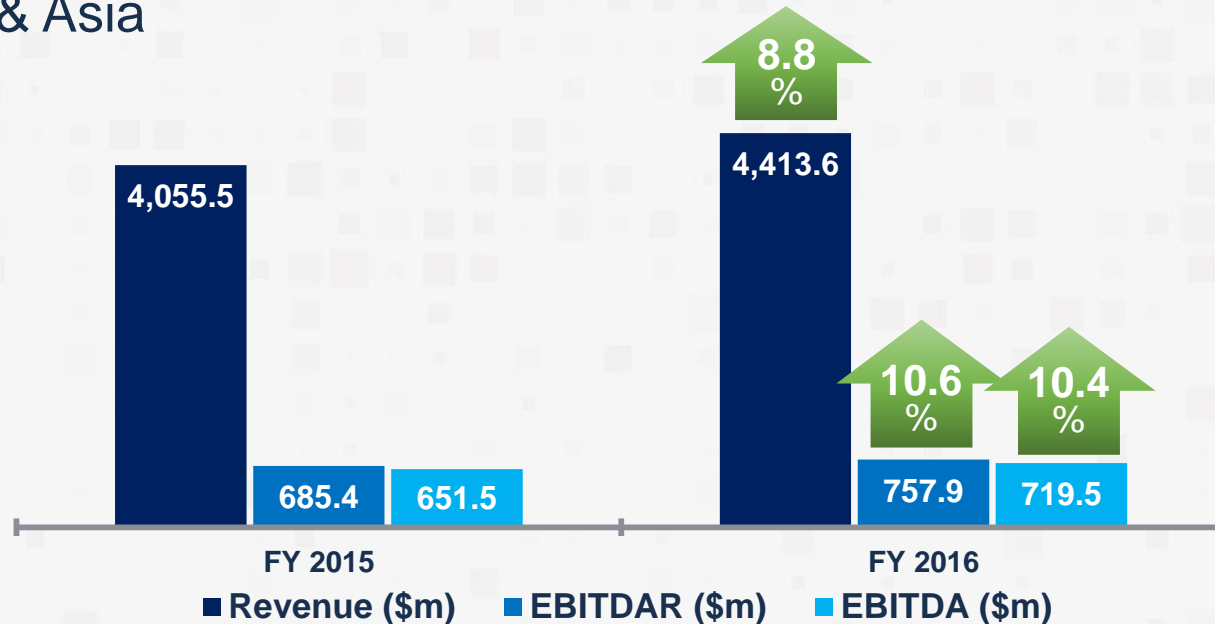
Asia

1. Continued growth in demand
2. Acquisition multiples remain high
3. China remains an attractive opportunity



Financial Performance

Australia & Asia



Note: The above figures include Head Office

Australian Hospital Operations

- Strong organic growth on the back of strong admissions growth
- EBIT growth of 11.8% and margin uplift of 32 basis points
- Quality and strategically well-placed portfolio continues to produce good brownfield opportunities

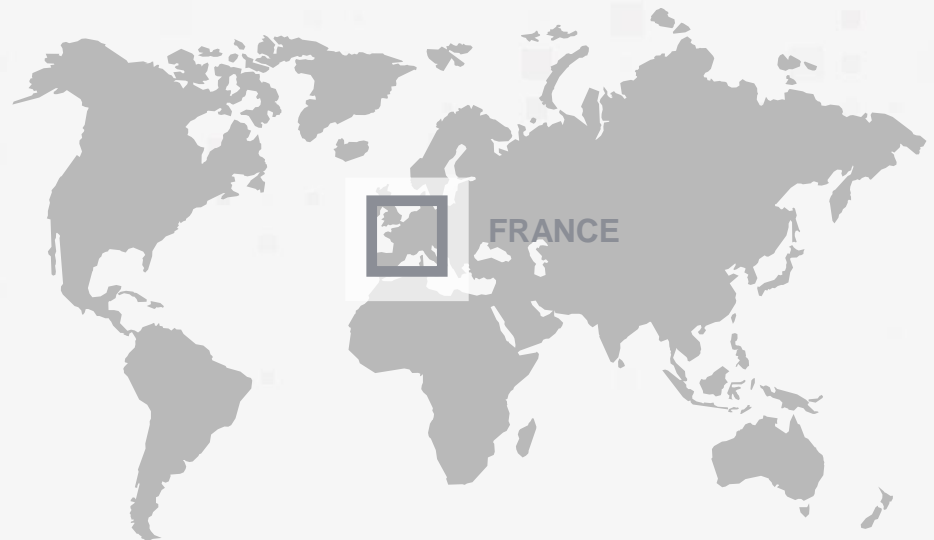
Asian Hospital Operations

- Robust operational performance in Malaysia and Indonesia

Our current operating environment

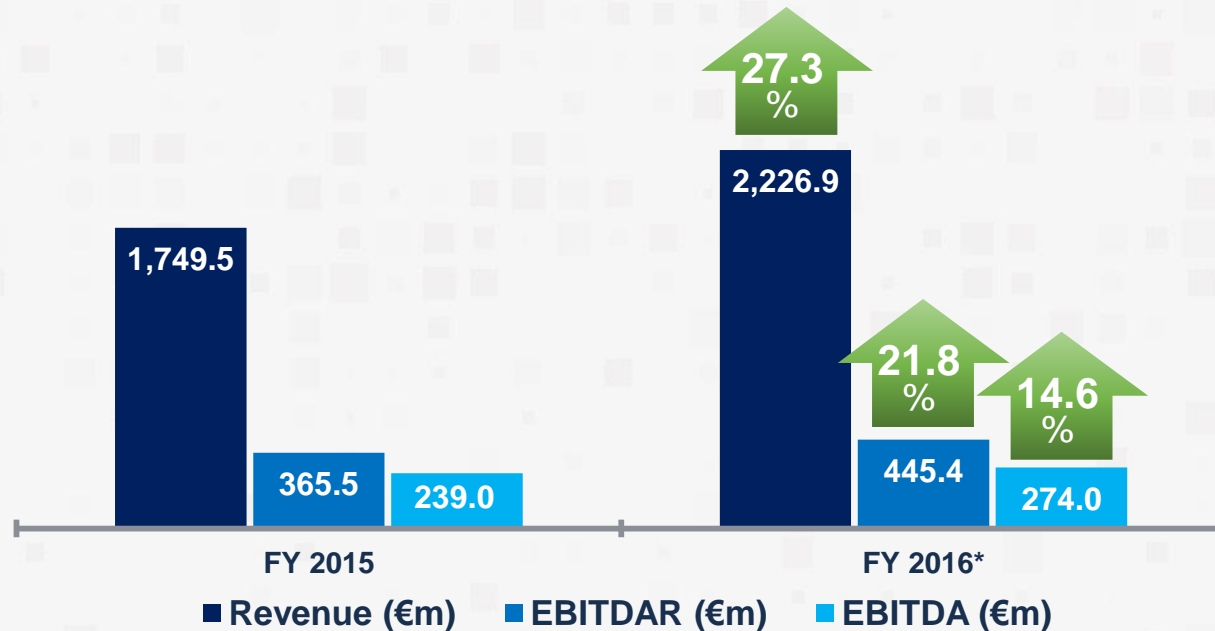
France

1. Good volume growth across most major specialties
2. Excellent growth in emergency attendances - up 8% on prior year
3. Strong quality portfolio of hospitals
- leader in the market
4. Currently a challenging political environment
5. French election set for May 2017



Financial Performance

France



- Integration of Ramsay Santé and Générale de Santé (RGdS) completed
- The combined group performed well in a challenging environment with EBITDA increasing by 14.6% to €274.0 million
- Ramsay Générale de Santé is well positioned in each of its regional market places to attract volume growth
- HPM has now been integrated into our French hospital portfolio and consolidates our leading position in the region.

* In FY16 there is an additional 3mth contribution from RGdS (acquired Oct14) and a 6mth contribution from HPM (acquired Dec15)

Our current operating environment

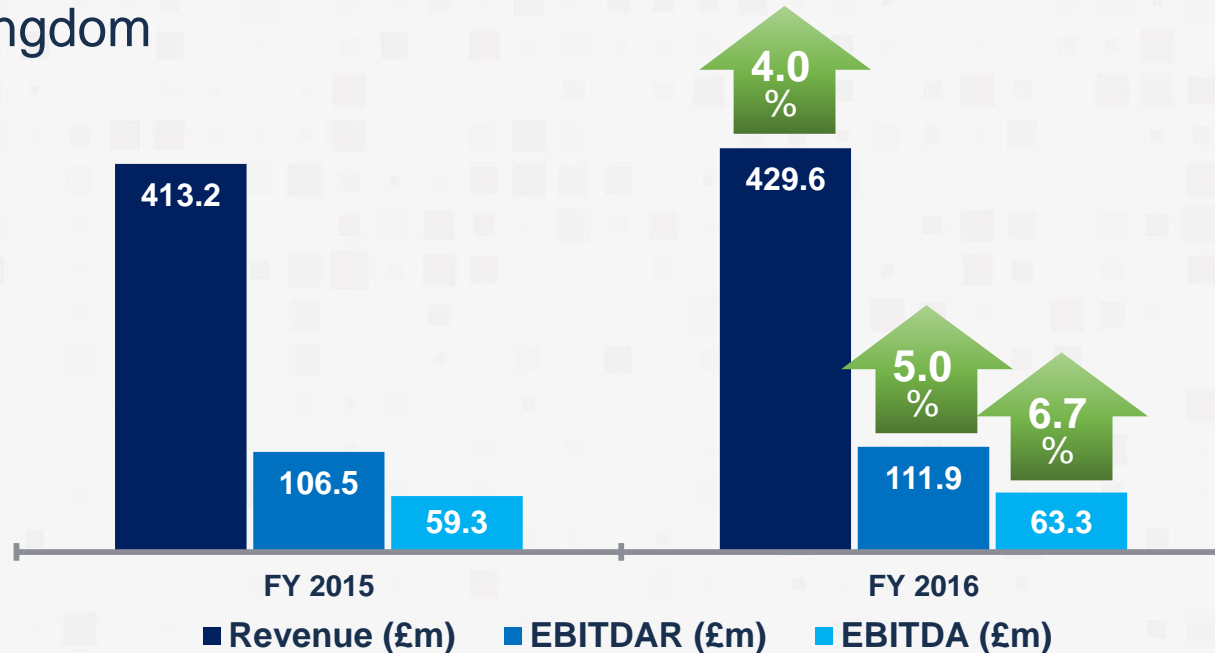
UK

1. Record referrals being achieved through *NHS Choose and Book* to Ramsay facilities
2. Ramsay UK remains leader in NHS referrals
3. NHS over 75% of our patients and growing
4. Six Ramsay UK facilities scored in the top 15 hospitals in the UK (NHS and Independent Sector) after receiving 100% in latest survey (Feb 2016) by patients on the question of recommending the hospital to their friends and family
5. Brownfield opportunities continue to present
6. Some short term nurse staffing challenges across the industry, causing uplift in agency usage
7. Brexit



Financial Performance

United Kingdom



- Ramsay's UK business continues to perform well with EBIT rising 9.5% to £44.3 million
- EBITDAR margins remain strong at 26.1%
- NHS patient admissions increased by 8.0%; now more than 75% of UK admissions

Growth Strategy Update



People caring for people

Delivering on our Growth Strategy



Creating shareholder value through our focused strategy

ORGANIC GROWTH

Underpinned by demographics, quality portfolio of hospitals, ongoing business improvement & volume expansion

BROWNFIELD CAPACITY EXPANSION

Unmet demand driving Ramsay's ongoing investment in capacity expansion

PUBLIC/PRIVATE COLLABORATIONS

Global focus on increasing private sector role in service provision for publically funded patients

ACQUISITIONS & STRATEGIC DEVELOPMENTS

Exploring acquisitions & strategic opportunities in existing & new markets
Ramsay has proven it can export its management model
Must add long-term value to shareholders

Brownfield developments

Overview

In FY16, across the Group Ramsay Health Care completed:



Over \$300M of
developments



Over 500 beds



26 operating
theatres

Major brownfields opened in FY16



Hollywood Private
(90 beds; 6 theatres)



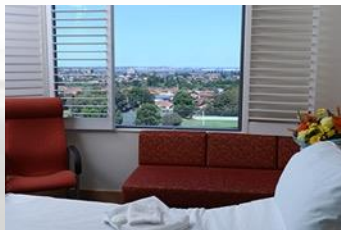
Cairns Private
(56 beds)



Lake Macquarie
Emergency Department



Joondalup Health Campus
(30 bed paediatric wing)



St George Private Hospital
(35 beds; 4 operating theatres)



Beleura Rehabilitation Centre
(30 beds)



Masada Rehabilitation Centre
(30 beds)



Shepparton Private Hospital
(new mental health and rehabilitation wing)



New theatres at three hospitals in UK

New hospital completion



Wollongong Private Hospital opened in January 2016 with 151 beds and 10 theatres. The all new hospital has attracted new doctors and will stem the outflow of Wollongong patients to Sydney.

Pipeline of Developments

Brownfield developments due to open this calendar year:

- North Shore Private Hospital
- Peninsula Private Hospital
- New Farm Clinic
- Waverley Private Hospital
- Baringa Private Hospital



North Shore Private Hospital extension under construction



Peninsula Private Hospital

Pipeline of Developments (continued)

Over \$200M of future developments approved during FY16 including:

- Major expansion of St Andrew's Private Hospital in Ipswich, Greater Brisbane
- New Northside Clinic, Sydney
- Albert Road Clinic expansion, Melbourne
- Purchased land adjacent to Westmead Private Hospital & will commence master planning of this site
- In the UK additional operating theatres and a new day surgery centre



Architect Impression: New Northside Clinic

In addition, Ramsay will open a major new rehabilitation and mental health facility on the Gold Coast in early 2017

Acquisitions & Strategic Developments



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Acquisitions & Strategic Developments

France

- Ramsay Générale de Santé acquired the HPM Group in December 2015
- The HPM Group includes nine hospitals in Lille, France



Clinique Ambroise Paré

Australia

- Ramsay appointed to operate hospital at the new Albury Wodonga Regional Cancer Centre

Asia

- Ramsay Sime Darby appointed to operate a hospital in Maldives
- Continue to investigate opportunities in China



Albury Wodonga Regional Cancer Centre

Ramsay Pharmacy

- Over 200 hospital pharmacy dispensaries already operating across global hospital portfolio
- In process of establishing strategically located community pharmacies across Australia, concentrating initially in close proximity to our hospitals
- Specialised medication management
- 24/7 medicine on-call advice
- Community-based services and clinics
- Patient pathways from hospital to community
- Post discharge services for Ramsay hospital patients



Outlook



People caring for people

Outlook

- Demand for healthcare continues to be driven by population ageing, growth and expectations, emerging technology and the rising rate of chronic disease
- We continue to invest in our facilities and our people to ensure that we can meet the expectations of patients and doctors now and into the future
- Our pharmacy strategy presents us with new and exciting opportunities to care for patients in the community and develop services beyond the hospital walls
- We continue to investigate more opportunities internationally to grow our business, building on the success we have had thus far in the global healthcare marketplace
- Given strong industry fundamentals, continuing implementation of our successful growth strategy and barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth of 10% to 12% for FY2017

Questions



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