

Ramsay Health Care Limited

Annual General Meeting

16 November 2017

Craig McNally, Managing Director

AGENDA

1. FY2017 Overview
2. Operating Environments
3. Growth Strategy Update
4. Outlook



FY2017 Overview

THE RAMSAY HEALTH CARE NETWORK



OUR OPERATIONS IN FY2017



Admitted
almost
3.5 million
patients



Over
1.7 million
procedures
performed



Almost **60,000**
babies
delivered



2.2 million
scripts
dispensed by
Ramsay
Pharmacy*

* *Australia only*

ADVANCING PATIENT OUTCOMES

Achievements in FY2017:



Commenced international studies of patient reported outcomes following treatment in several major clinical areas including low back pain, heart disease depression and anxiety (ICHOM)



Commenced rollout of Vanderbilt program with aim to manage behaviour that undermines a culture of quality and safety. 10,000 staff trained to date. 3 year rollout plan.



New Patient Portal Launched in France digitalising the admission process and enhancing patient experience following hospitalisation



Commenced cancer clinical trials network across 12 hospitals in Australia, which improves access to latest treatment and outcomes for cancer patients in Ramsay facilities



Ramsay Hospital Research Foundation launched in FY'17 focused on research in mental health, rehabilitation and improving patient outcomes in our facilities



ADVANCING MEDICAL SCIENCE & TECHNOLOGY

CLINICAL RESEARCH

- Landmark ORIGINS study of 10,000 births launched at Joondalup Health Campus
- Over 750 clinical research articles published by doctors in our French hospitals*
- World-first research at Greenslopes Private into long term physical impact of PTSD published in Medical Journal of Australia (April 2017)

INVESTMENT IN TECHNOLOGY

- Australia's first two kidney autotransplantation surgeries - Westmead Private
- Robotic Surgery investments
- Videoconferencing solution launched allowing clinicians to collaborate with medical teams in New Caledonia
- Apps launched for doctors improving access to patient information
- Commenced updated wifi rollout across hospital network for better user experience

**in CY2016*



FY2017 FINANCIAL HIGHLIGHTS

REVENUE

\$8.7 billion

0.2%

Up 0.2% on previous year (up 4.1% in constant currency)

EBIT

\$943.4 million

5.2%

Group earnings before interest & tax **up** 5.2% on previous year

CORE NPAT

\$542.7 million

12.7%

Core net profit after tax **up** 12.7% on previous year

CORE EPS

261.4

13.0%

Core earnings per share **up** 13.0% on previous year

FULL YEAR DIVIDEND, FULLY FRANKED

134.5 cents

13.0%

Full year dividend (fully franked) **up** 13.0% on previous year



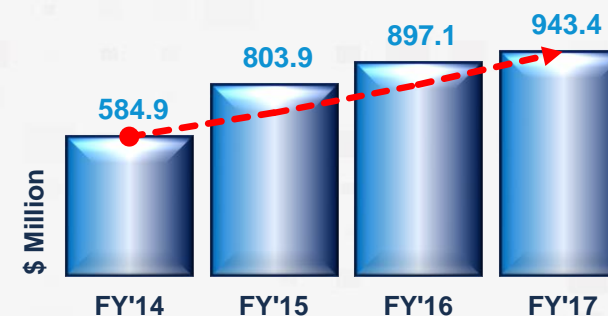
People caring for people

Operating and Earnings Growth

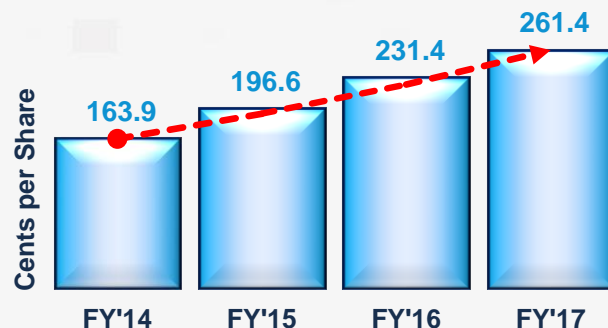
Operating Revenue CAGR 21.0%



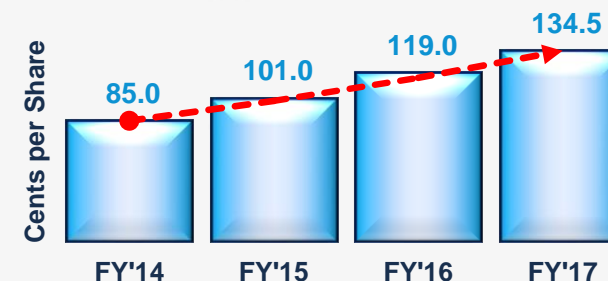
EBIT CAGR 17.3%



Core EPS CAGR 16.8%



Dividend CAGR 16.5%



Over the 20 years since listing on the ASX on the 23 September 1997 Ramsay has achieved:

- Revenue CAGR 21.6%; EBIT CAGR 20.5%; Core EPS CAGR 16.6%; Dividends CAGR 16.5%

Our Operating Environments

OUR OPERATING ENVIRONMENTS

Australia

- Volume growth continues to be driven by an ageing population
- Majority of our funding arrangements were negotiated in FY'17 with satisfactory outcomes and multiyear terms
- Affordability of health care
- Recently announced reforms to private health insurance will drive lower premium rises next year
- Operational efficiencies continue to drive margin improvement
- Non-hospital earnings growth opportunities emerging



PRIVATE HEALTH INSURANCE REFORMS

The Federal Health Minister Greg Hunt recently announced a private health insurance (PHI) reform package signalling the government's support of the private health system. We expect to see some recovery in PHI participation rates and opportunities from expanded mental health cover. Major highlights include:

Gold/Silver/Bronze/Basic Tiering System

- Simplifies PHI products for consumers
- Makes easier for consumers to compare products
- Commences 1 April 2019

Discount insurance for under 30s

- Premium discounts on hospital cover up to 2% each year that a person is under 30 to max 10% for 18-25 year olds
- Sustainability of PHI system relies on broad membership base

Waiting period for mental health service waived on a once-off basis

- Patients with limited mental health cover will be able to upgrade their cover to access in-hospital mental health services without serving a waiting period

Private patients in public hospitals

- Impact of PHI patients in public hospitals will be considered in next National Health Agreement
- Growth in number of patients utilising insurance in public hospitals contributes about 0.5% pa to premium increases

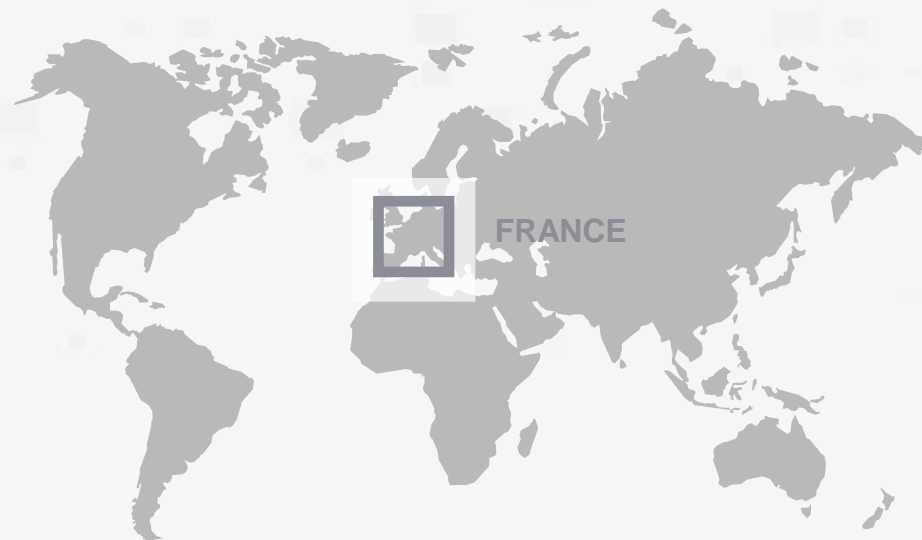
Prostheses List Benefits Reductions

- Benefits payable for most medical devices will be reduced in Feb18. Further reductions will occur in 2019 & 2020

OUR OPERATING ENVIRONMENTS

France

- Remains a challenging environment
- Ramsay GdS is developing a positive relationship with the new Macron government
- Cluster strategy to strengthen our portfolio in local geographies is progressing with some acquisition opportunities as well as some small divestments
- Ramsay GdS is investigating out-of-hospital business growth opportunities. Acquired small patient transport business in Lyon in July 2017.



OUR OPERATING ENVIRONMENTS

United Kingdom

- Ramsay UK remains the leader in 'Choose & Book' NHS referrals in the independent sector
- UK is currently a challenging environment due to NHS cost constraints and referral management schemes
- Public system is under strain
- Increase in tariff in UK scheduled for April 2018
- Brexit impact is unknown
- Cost restructure program implemented in UK in FY'17, delivered operational efficiencies



OUR OPERATING ENVIRONMENTS

Asia

- Strong operational performance with focus on cost controls
- Remains a very competitive environment
- New developments targeting universal health provider patients (BPJS) opening at two of our Indonesian facilities



Growth Strategy Update

MACRO INDUSTRY TRENDS

Growth in healthcare will continue to be underpinned by an ageing population, rising prevalence of chronic diseases and improving medical technologies.

Ageing & growing population

- Increasing life expectancy (global life expectancy will be 73.7 years in 2019 increasing by almost 2 years a decade earlier)
- Over 65s will represent 10.8% of population by 2019 (a 604M increase in the 5 yrs from 2014)

Proliferation of chronic disease

- Obesity, cardiovascular disease, hypertension and dementia are persistent and widespread health problems
- Chronic disease will challenge public hospital systems
- 387M diabetics expected to increase to 592M by 2035

Innovative treatment & technologies

- Genomics and the emergence of precision medicine will open new avenues of targeted therapies for the most challenging diseases.
- Medical innovation comes with a high price tag - In all markets, advances in health technologies will continue to drive up costs.

- In all regions, health spending is rising as populations grow and age, technologies improve and patients become better informed.
 - Demand for health care is going to rise faster than the capacity of the sector itself.

DELIVERING ON OUR GROWTH STRATEGY

Continuing to create shareholder value through our focused strategy



ORGANIC GROWTH

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



BROWNFIELD CAPACITY EXPANSION

Local market knowledge drives business cases. We build capacity aimed at satisfying unmet demand. Apply strong financial discipline.



PUBLIC/PRIVATE COLLABORATIONS

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



ACQUISITIONS

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



INTEGRATED CARE

Opportunities arising to supplement our core strategy by developing and delivering integrated care to patients across an increasingly disperse health ecosystem.

DEVELOPMENTS

During FY'17 the following projects were completed or commenced:



\$535M
projects



500 beds



27 operating
theatres



3 private
emergency
centres

NEW HOSPITALS OPENED FY'17



The Border Cancer Hospital

- Opened September 2016 in Albury Wodonga
- 28 chairs; 30 overnight beds
- Located within a state-of-the-art three storey inpatient and outpatient cancer facility
- Part of the Albury Wodonga Regional Cancer Centre



The Southport Private Hospital

- Opened April 2017 on Gold Coast
- Dedicated mental health and rehabilitation facility
- 22 mental health beds; 44 rehab beds
- Will address shortfall of rehabilitation and mental health services in region

MAJOR BROWNFIELDS COMPLETED



Peninsula Private Hospital
– 71 Beds, Theatres, ED



New Farm Clinic – 39 new beds
and major refurbishment



Pindara Private Hospital
New expanded ED



North Shore Private Hospital
New accommodation wing at–
39 beds & theatres



Waverley Private Hospital
– 17 Beds and Theatres



The Avenue Private Hospital
3 theatres

DEVELOPMENT PIPELINE

New/Replacement Hospitals

- Northside Clinic at St Leonards (gross 112; net 24 beds)
- UK: Croydon Day Surgery in inner London and Tees Valley Private in Middlesbrough

Expansions

- Albert Road Clinic (48 beds)
- Lake Macquarie (30 beds)
- Additional theatres/catheter laboratories at North Shore, Westmead, St George, Sunshine Coast, Baringa and Peninsula Private Hospitals
- St Andrew's Ipswich Private Hospital (81 beds, 2 theatres, plus new private ED)
- Warners Bay (39 beds)
- Northside Macarthur (14 beds)
- WA Government Statement of Intent regarding the expansion of Joondalup Health Campus worth \$167M (public component)

Consulting Suites

- Major consulting suite developments at John Flynn (21 suites) and Greenslopes (30 suites)



*The New Northside St Leonards Clinic
(artist impression)*



*St Andrews Ipswich Hospital Expansion
(artist impression)*

INTEGRATED CARE



Ramsay Health Care is assessing opportunities to grow our services beyond the hospital walls. We have begun this journey with Ramsay Pharmacy.

- Ramsay Pharmacy community franchise network is expanding – circa 55 pharmacies by end CY'17
- Slower than expected expansion due to regulatory delays
- Concentrating on sites close to hospitals so patients can benefit from receiving both medication and other integrated care services beyond the hospital walls
- Includes 4 x 24/7 community pharmacies in our major hospitals

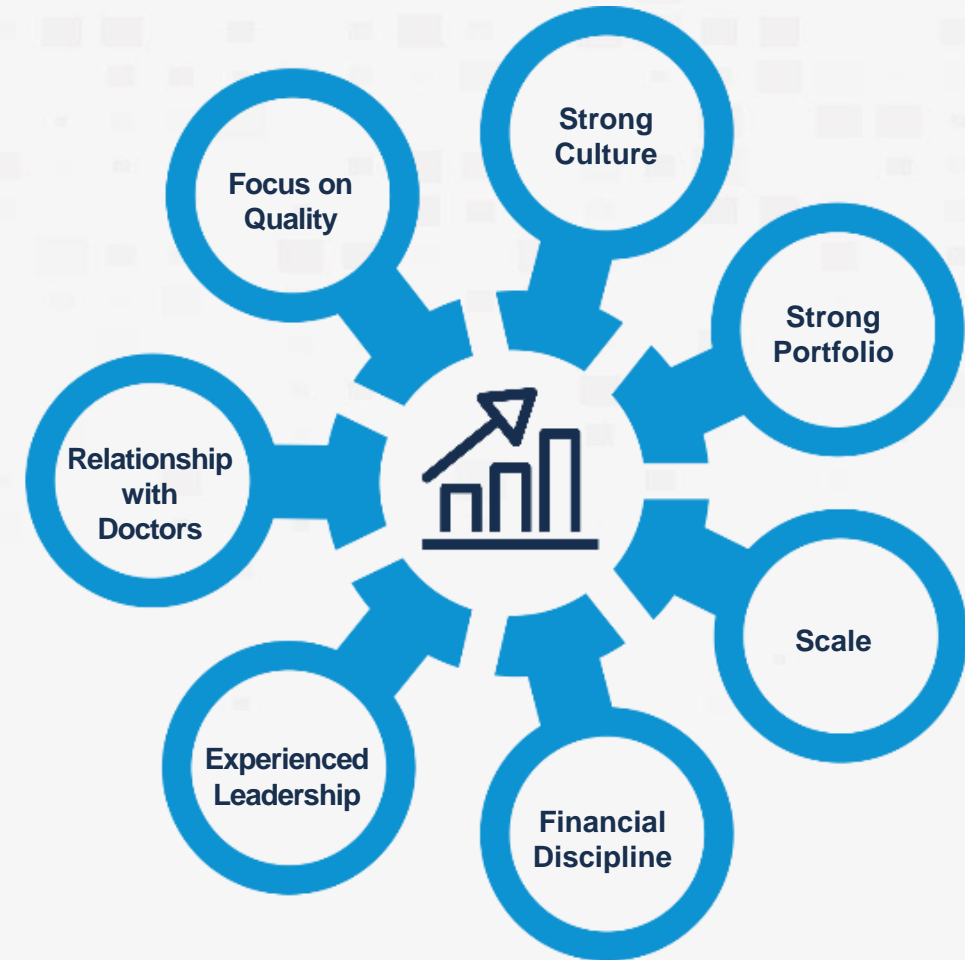


Outlook

KEY FOCUS AREAS



OUR COMPETITIVE ADVANTAGES



OUTLOOK

- ✓ Attractive demographic fundamentals combined with geographic, casemix and reimbursement diversification will continue to drive growth
- ✓ Strong growth in our Australian business is expected to continue, while we anticipate ongoing challenging environments in Europe in the near term
- ✓ Driving operational efficiencies will remain a key focus
- ✓ Continual pipeline of development opportunities
- ✓ We are progressing integrated care opportunities which will see us broaden our business beyond hospitals
- ✓ Based on operating conditions in each of our core markets, continued successful execution of our strategy, and barring unforeseen circumstances, Ramsay reaffirms its Core EPS growth target of 8% to 10% for FY'18.



People caring for people



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