



Celebrating 50 years  
of people caring for people

# Results Briefing

Year ended 30 June 2014

Christopher Rex, Managing Director  
28 August 2014

# AGENDA

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

- In 2014 Ramsay celebrates 50 years in the private hospital industry
- In the top 5 private hospital operators in the world
- 212 hospitals across 5 countries
- 25,000 beds and places
- Employs over 50,000 people
- Admits over 2.5 million patients per annum

**Note:**

After completion of acquisition of Générale de Santé expected **late September 2014**

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# PAUL RAMSAY AO

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- Paul Ramsay passed away in May 2014
- The bulk of his estate will be of enduring benefit to the Australian community through the Paul Ramsay Foundation.
- It is intended that the Foundation will remain a significant long term shareholder of Ramsay Health Care.
- Long standing board members Michael Siddle and Peter Evans have been appointed Chairman and Deputy Chairman, of Ramsay Health Care.



# Group Operational and Financial Highlights



# FINANCIAL HIGHLIGHTS

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- Core NPAT up 19.0% to \$346.2 million
- Core EPS up 20.6% to 163.9 cents
- Group:
  - Revenue up 17.6% to \$4.9 billion
  - Group EBIT up 19.6% to \$580.4 million
- Australia/Asia:
  - Revenue up 10.5% to \$ 3.8 billion
  - EBIT up 14.8% to \$480.2 million
- Europe:
  - UK
    - Revenue up 4.7% to £382.7 million
    - EBIT up 11.1% to £35.3 million
  - France:
    - Revenue up 85.6% to €323.5 million
    - EBIT up 85.0% to €26.2 million
- Final dividend 51.0 cents fully franked, up 22.9%, bringing the full-year dividend to 85.0 cents fully franked, up 20.6%

# OPERATIONAL HIGHLIGHTS

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- Excellent operating performance across global portfolio
- Acquired hospitals in France (Medipsy – December 2013) and Asia (JV with Sime Darby – July 2013) as part of our global expansion strategy.
- New acquisitions contributed to growth in earnings for FY14
- Announced conditional agreement to purchase the largest private hospital group in France, Générale de Santé (GdS)
- Approved \$172 million in brownfield capacity expansions at Australian hospitals in FY14
- Return of solid profit growth to the UK business
- Opened Sunshine Coast University Private Hospital – December 2013
- Successfully completed first year of operations of Peel Health Campus
- Launched free employee share plan in July 2013

# GROUP FINANCIAL PERFORMANCE

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YEAR ENDED 30 JUNE	2014 \$m	2013 \$m	Increase
Revenue	4,909.3	4,174.5	17.6%
EBITDAR	888.9	736.8	20.6%
EBITDA	746.9	627.7	19.0%
EBIT	580.4	485.3	19.6%
<b>Core NPAT <sup>(1)</sup></b>	<b>346.2</b>	<b>290.9</b>	<b>19.0%</b>
<b>Core EPS <sup>(2)</sup> (cents per share)</b>	<b>163.9¢</b>	<b>135.9¢</b>	<b>20.6%</b>
Final Dividend – fully franked (cents per share)	51.0¢	41.5¢	22.9%
<b>Full-year Dividend – fully franked (cents per share)</b>	<b>85.0¢</b>	<b>70.5¢</b>	<b>20.6%</b>
<b>Margins:</b>			
EBITDAR	18.1%	17.6%	+46 bps
EBITDA	15.2%	15.0%	+18 bps
EBIT	11.8%	11.6%	+20 bps

<sup>(1)</sup> Core NPAT is before non-core items

<sup>(2)</sup> 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	2014 \$m	2013 \$m
Core NPAT	346.2	290.9
Net non-core items (net of tax) <sup>(1)</sup>	(42.4)	(24.5)
<b>Reported Net Profit after tax</b>	<b>303.8</b>	<b>266.4</b>

<sup>(1)</sup> Net non-core items (net of tax)	2014 \$m	2013 \$m
Deferred annual rent expense relating to UK hospitals	(17.3)	(15.1)
Profit on sale of non-current assets and impairment charges	12.2	0.9
Launch of Ramsay employee free share plan	(9.9)	-
Acquisition and development costs written off <sup>(2)</sup>	(26.6)	(8.6)
Amortisation of intangibles	(2.8)	(2.3)
	(44.4)	(25.1)
Non controlling interest in non-core items	2.0	0.6
<b>Net non-core items (net of tax)</b>	<b>(42.4)</b>	<b>(24.5)</b>

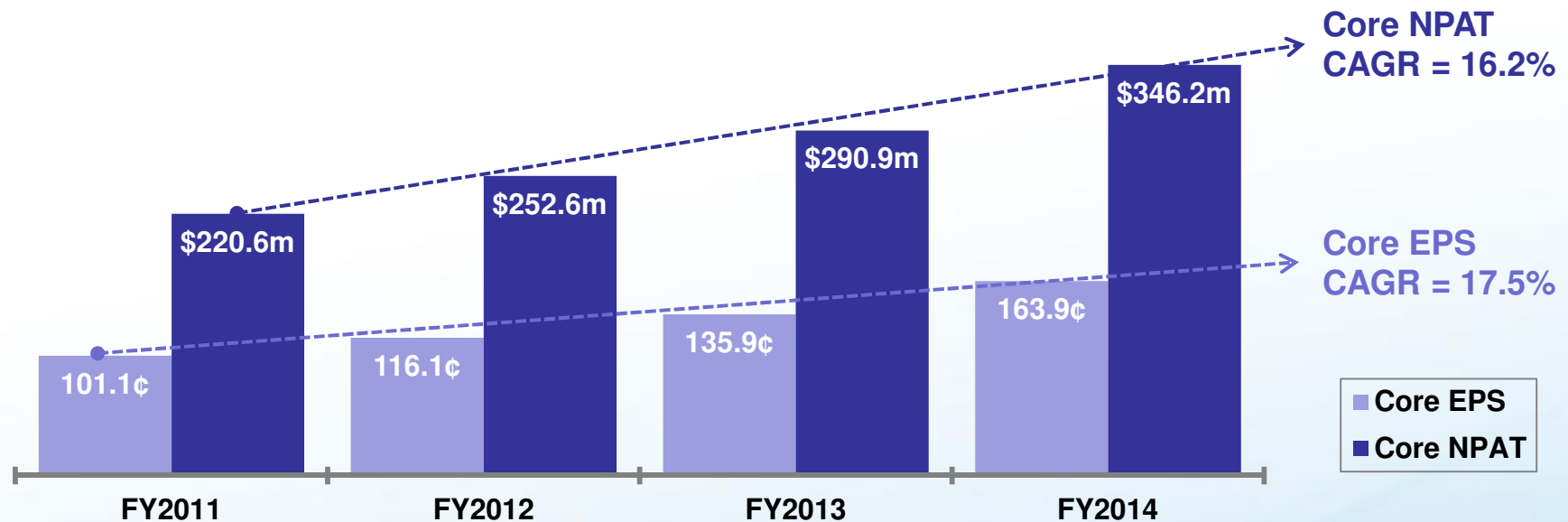
<sup>(2)</sup> Predominantly transaction costs on the acquisition of Medipsy, Générale de Santé, Peel Health Campus and The Northern Beaches hospital project

# GROUP CORE NPAT & CORE EPS GROWTH

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



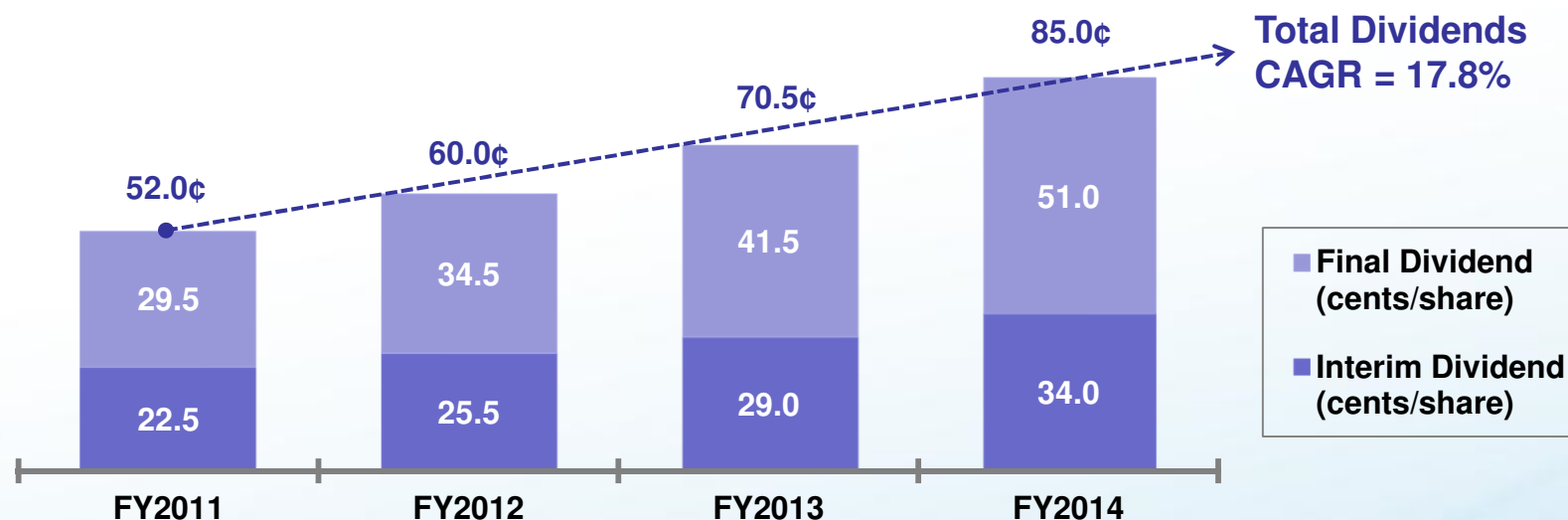
- Core NPAT and Core EPS ahead of upgraded (Feb'14) guidance
- Core NPAT up 19.0% to \$ 346.2 million
- Core EPS up 20.6% to 163.9 cents

# DIVIDEND GROWTH

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## Total Dividends Compound Annual Growth Rate (CAGR)



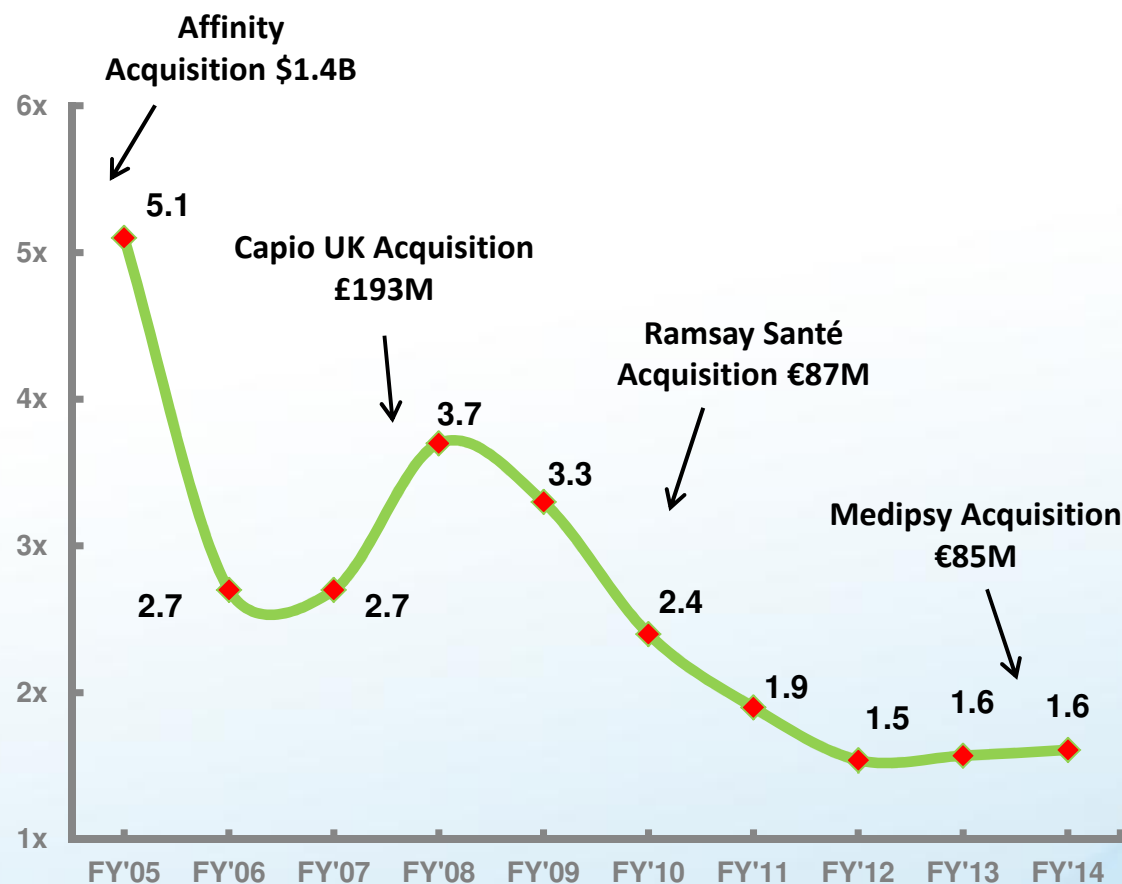
- Final dividend fully franked, up 22.9% on previous corresponding period
- Dividends for the full year up 20.6%, in line with growth in Core EPS of 20.6%
- Dividend payout ratio of approximately 50% of Core EPS maintained

# LEVERAGE and CASH MANAGEMENT

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## Consolidated Balance Sheet Leverage Ratio \*



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

- Strong operating cash flow with high cash conversion rate (>100%)
- Strong balance sheet with financial flexibility to continue to fund:
  - Increasing brownfield capacity expansion programme
  - Future acquisitions



# Segment Operational and Financial Highlights



# FINANCIAL HIGHLIGHTS

## – AUSTRALIA AND ASIA

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Year ended 30 June	2014 \$m	2013 \$m	Increase
Revenue	3,749.4	3,393.6	10.5%
EBITDAR	628.7	553.7	13.5%
EBITDA	595.8	523.5	13.8%
EBIT	480.2	418.0	14.8%

### Margins:

EBITDAR	16.8%	16.3%	45 bps
EBITDA	15.9%	15.4%	47 bps
EBIT	12.8%	12.3%	48 bps

*Note: the above figures include Head Office*

Australian and Asian business achieved EBIT growth of 14.8% for the year

# OPERATIONAL HIGHLIGHTS

## – AUSTRALIA AND ASIA

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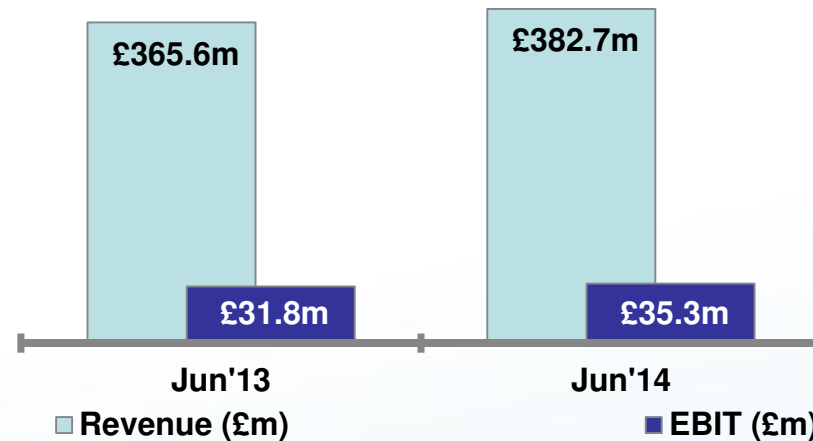


- Strong revenue and admissions growth in Australia
- Australian hospitals operating margin (EBITDAR) increased from 18.8% to 19.1%
- New \$133m Joondalup Private Hospital and the \$47m expansion of Greenslopes Private expansion made positive contributions to earnings in FY 2014
- Positive demographics and ageing population driving continued investment in capacity expansions
- Approved \$172m brownfields in the year. Quality and strategically well placed portfolio continues to produce good brownfield opportunities
- Asian joint venture successfully integrated

# OPERATIONAL/FINANCIAL HIGHLIGHTS

## – UNITED KINGDOM

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Ramsay's UK business performed strongly during the year with EBIT rising 11.1% to £35.3 million:

- Substantial increase in NHS admissions in the year
- EBITDAR margin increased from 25.5% to 25.7% demonstrating a continued focus on improving efficiency

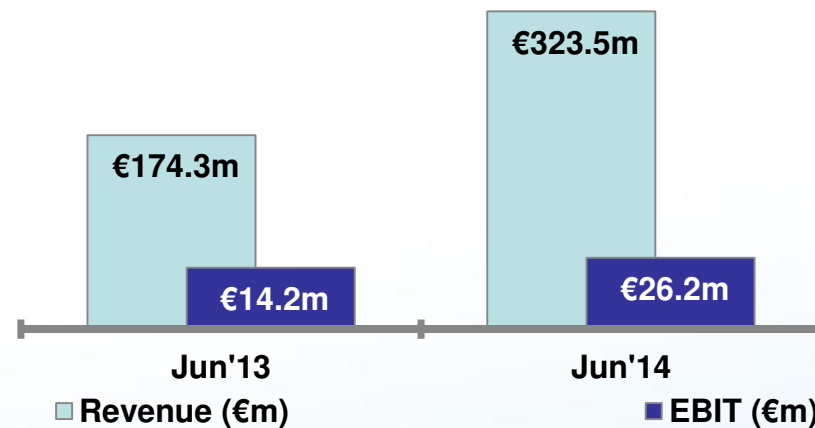
# OPERATIONAL/FINANCIAL HIGHLIGHTS

## – FRANCE

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### Ramsay Santé



Ramsay Santé performed well with EBIT increasing by 85% to €26.2 million:

- Continued improvement of existing operations
- Contributions from Clinique de l'Union (acquired in June 2013) and the Medipsy psychiatric facilities (acquired mid December 2013)
- EBITDAR margins increased from 18.0% to 18.1%

# Growth Strategy Update



# OUR FORMULA FOR SUCCESS

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- Strong Culture
  - The Ramsay Way
  - 50 years of uninterrupted focus on clinical quality and safety
  - Long term stable and experienced Board, management and ownership
- Strong and Sustainable Growth Strategy
  - Focus only 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

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- Continued strong commitment to brownfield capacity expansion in FY'14 with a further \$172m brownfield developments approved in the year:
  - St George Private Hospital: 3 operating theatres and additional beds
  - Pindara Private Hospital: rehabilitation unit and operating theatres
  - Beleura Private Hospital: 30 bed rehabilitation ward
  - Lake Macquarie Private Hospital: emergency department and operating theatres
  - Port Macquarie Private Hospital: operating theatres
  - Northside West Clinic: 27 beds and consulting suites
  - Peninsula Private Hospital: emergency department
  - Masada Private Hospital: 30-bed rehabilitation unit
  - Caboolture Private Hospital: day surgery
  - Mitcham Private Hospital: 21-bed mental health unit extension
  - Hillcrest Private Hospital: new mental health unit
  - Dudley Private Hospital: operating theatres
- Strong pipeline of further brownfield opportunities

# INTEGRATION OF NEW FACILITIES

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## Strong admissions growth at Ramsay's newest facilities:

- Sunshine Coast University Private Hospital (Qld): opened December 2013
- Joondalup Private Hospital (WA): opened March 2013
- New wing at Greenslopes Private Hospital: opened March 2013
- Peel Health Campus (WA): acquired May 2013
- Northside Macarthur Clinic (NSW): opened October 2013



  
**Peel Health Campus**

[www.peelhealthcampus.com.au](http://www.peelhealthcampus.com.au)

# Acquisitions FY14



- New joint venture with Sime Darby, commenced on 1 July 2013
- JV combines Sime Darby's three hospitals (and healthcare college) in Malaysia with Ramsay's three hospitals in Indonesia
- Successfully integrated and operating to expectations
- Solid performance for the year
- Actively investigating further opportunities in the region





# EXPANSION IN FRANCE

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## MEDIPSY:

- Acquired from Générale de Santé in December 2013
- Leading provider of mental health care in France with 30 hospitals
- Clustered in a number of core regions giving them strong local position
- Ramsay now a leader in France (as well as Australia) in mental health



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# KEY FEATURES OF GENERALE DE SANTE

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## Market leader of the French private for profit clinics

**#1 PRIVATE CLINIC OPERATOR**  
12% market share

**REVENUES 2013**

€1.7bn



**EBITDA CY2013**

€204m (12% margin)



**ADMISSIONS**

c.1m admissions in 2013



**BEDS**

c.9,100 (11,200 beds & places)



**BABY DELIVERIES**

c.28,200 p.a. in 2013 in 18 obstetric clinics



**EMERGENCIES**

c.400,000 p.a. in 20 clinics



**INDEPENDENT PRACTITIONERS**

c.4,500 (#1 French community)



**FACILITIES**

75 facilities (including 61 hospitals)



Générale de Santé allows Ramsay to gain a leading position in France

# CREATING THE CLEAR MARKET LEADER IN FRANCE

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Following merger of Ramsay Santé into Générale de Santé



future

# Outlook



- We will continue to pursue capacity expansion opportunities from which we expect ongoing benefits to flow
- Utilising our global experience in acquiring and integrating hospitals, we will canvas further opportunities in new and existing markets
- We will maintain our focus on improving performance at existing hospitals
- Integration of GdS, growing this business, and achieving synergies and efficiencies, will be a major priority
- 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 14% to 16% for FY 2015 (assuming 9 months of GdS)



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# Questions?