Financial Results

for the Year Ended 30 June 2010

Private Hospitals, Pathology & Medical Centres
Australia, NZ, Malaysia & Singapore

Mr Bruce Dixon
Managing Director

Mr Gary Kent
Chief Financial Officer

19 August 2010

Highlights

- All businesses delivered strong revenue and earnings growth
- Hospitals revenue growth of 8.8% driven by strong underlying demand and increased capacity
- Hospital margins increased by 70 basis points[1]
- Hospital expansion projects adding 190 beds and 7 theatres are performing well
- Pathology Australia's like-for-like revenue growth of 6.1% was significantly ahead of market growth
- 60 basis point margin decline in Australian Pathology a good outcome given Government fee cuts
- Strong growth in International Pathology largely due to impact of Labtests NZ and a solid result from Singapore

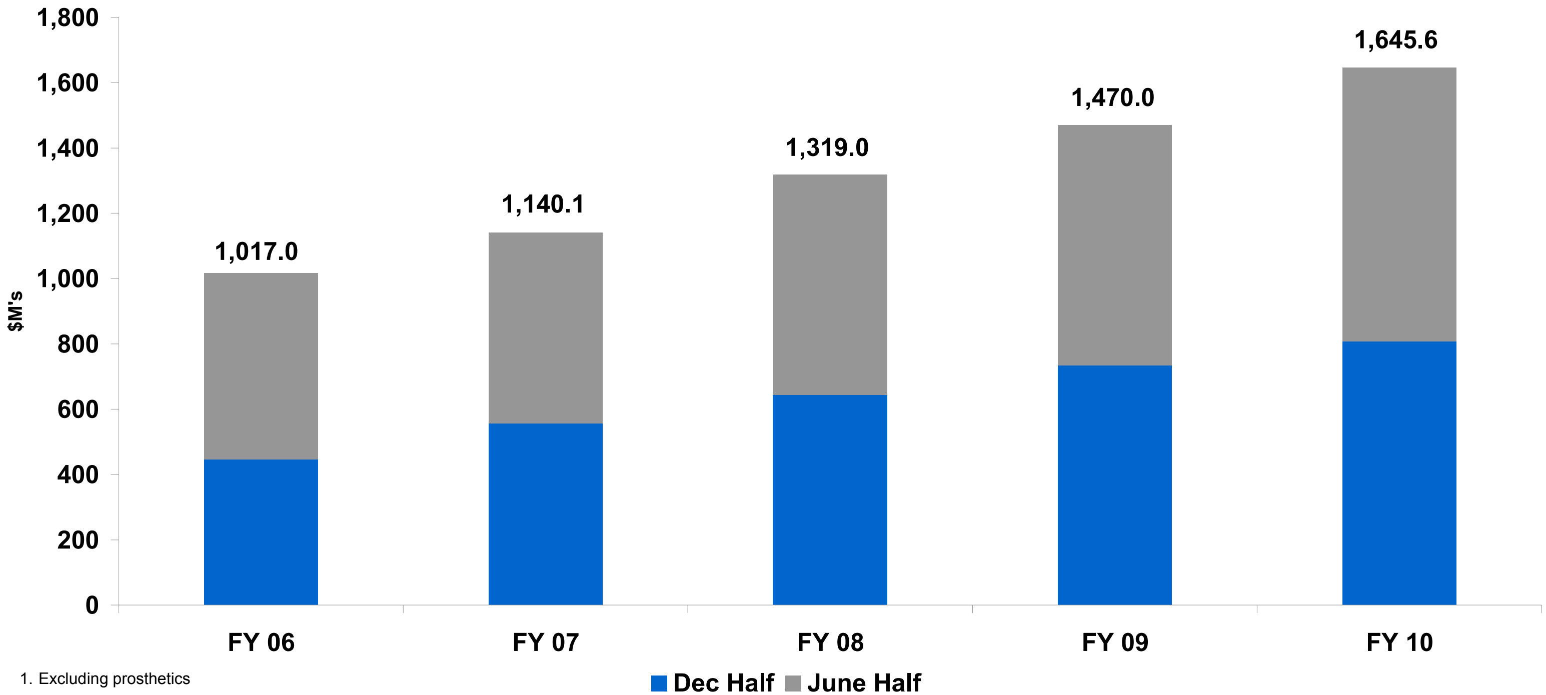
1. Excluding ACHA

Financial Results

- Revenue (including prosthetics) up 11.5% to $1,843.5m
- EBITDA up 15.5% to $263.6m
- Net profit after tax (NPAT) before Non-Recurring items (NRI's) up 16.6% to $102.8m
- NPAT after NRIs up 37.3% to $99.3m
- EPS before NRI's down 3.4% to 34.0 cents
- EPS after NRI's up 13.5% to 32.8 cents
- Cash conversion of 97% after adjusting for non-recurring items
- Final dividend of 12.0 cents per share fully franked, up 9.1%

11.5%[1] Revenue Growth over FY 2009

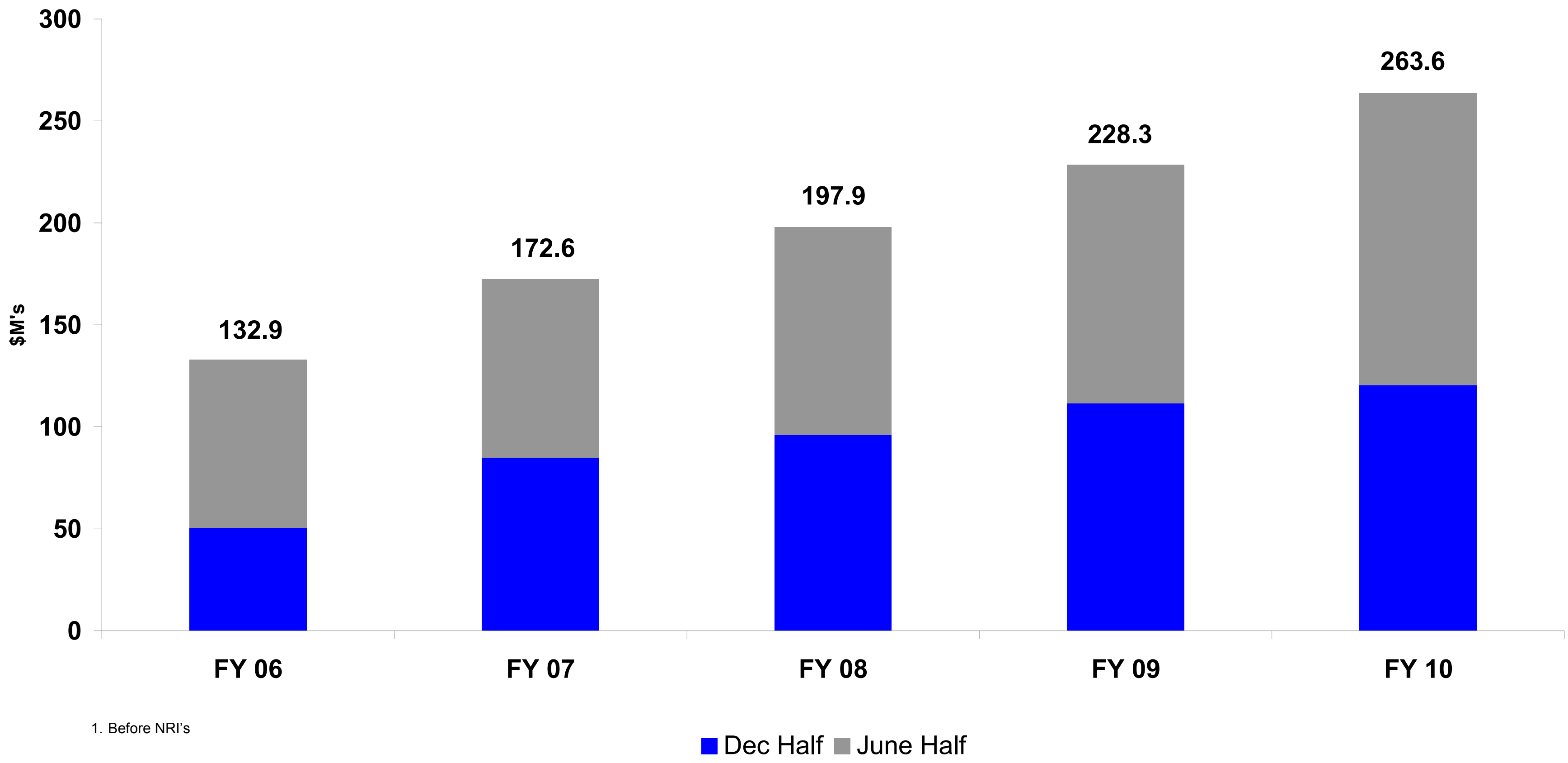
- Hospitals revenue growth of 8.8%
- Australian Pathology revenue growth of 16.3%
- International Pathology revenue growth of 36.5%



1. Excluding prosthetics

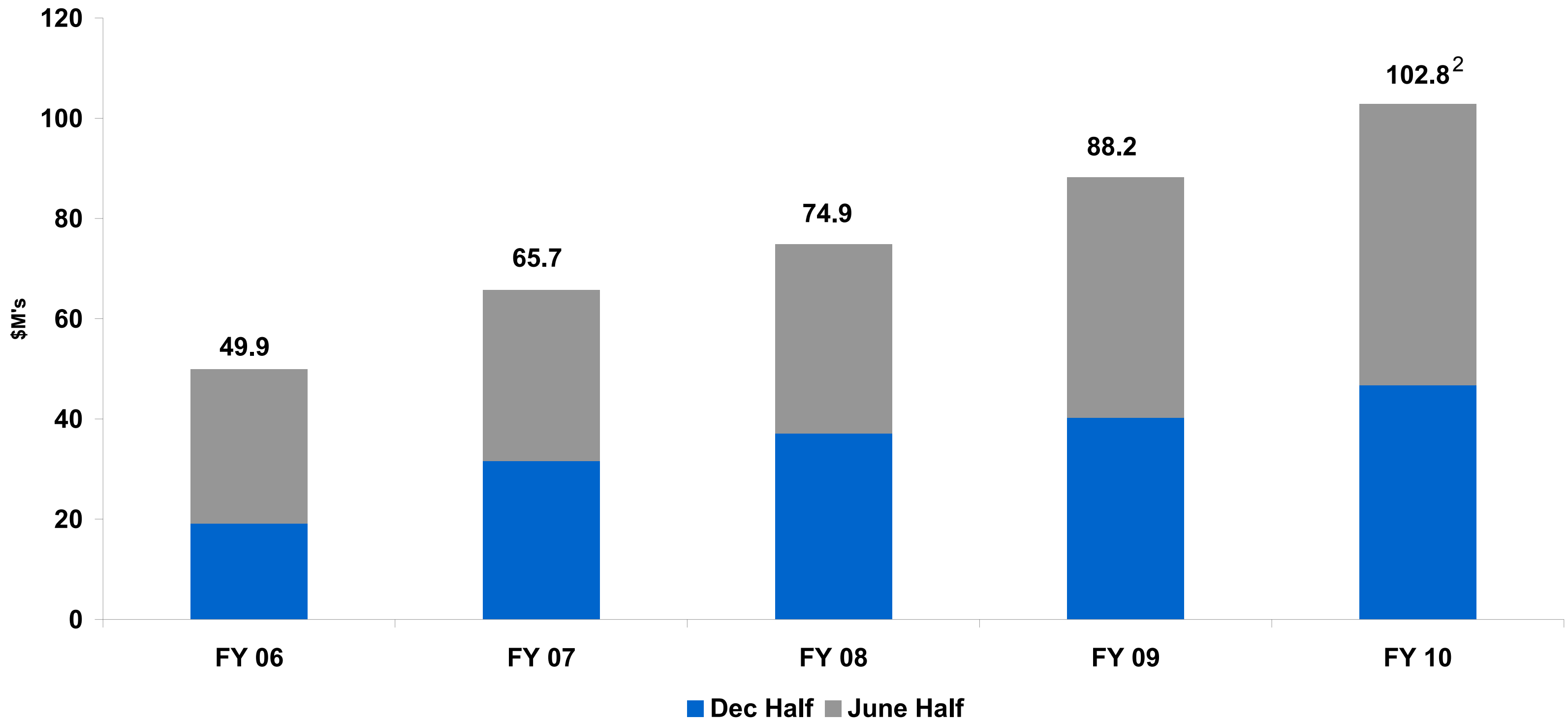
Hospitals Pathology Medical Centres

15.5% Increase in EBITDA[1] over FY 2009



1. Before NRI's

16.6% Increase in Net Profit After Tax[1] over FY 2009



1. Before NRI's
2. FY 10 impacted by lower effective tax rate of 25.6% due to benefit of Government's investment allowance

Operating Cashflow

- 97% conversion of EBITDA into cash flow after adjusting for non-recurring cash items

Gross Operating Cash to EBITDA	FY 10
Cashflow from Operating Activities	**159.8**
Add back	
– Interest paid	54.6
– Income tax paid	29.5
– NRI's cash items	10.4
Gross Operating Cash Flow	**254.3**
EBITDA (pre NRI's)	**263.6**
Ratio of Gross Operating Cash to EBITDA	**97%**

Balance Sheet and Debt

	30 June 2010	30 Jun 2009
Net borrowings	$692.7m	$646.8m
Finance leases	$27.1m	$9.9m
Total net debt	$719.8m	$656.7m
Gearing	37.5%	42.0%
Interest Cover	4.7x[1]	3.9x[1]
Securitisation	$99.4m	$95.0m

- Syndicated debt facilities of $850m and working capital facility of $25m with maturity in July 2011
- Headroom of $180m to fund future growth
- Interest rates fixed on $395m of debt at 6.9%[2] to July 2011.The balance is at BBSW plus margin

1. Interest cover is EBITDA/Interest Expense after NRIs
2. Total cost of funds 6.9% plus margin

Hospitals Performance

- Revenue growth of 8.8%[1]
  - Strong underlying demand leading to increased occupancy
  - 7 brownfield projects completed delivering 190 new beds
  - New hospital at Norwest continues to perform ahead of expectations
- Margin growth of 70bps (excluding ACHA) driven by
  - Operating efficiencies
  - Benefits of brownfield projects starting to flow through

Hospitals	FY 10	FY 09	Change
($m before NRIs)			
Revenue[1]	1,185.9	1,090.0	8.8%
EBITDA	202.1	178.7	13.1%
EBITDA Margin	17.0%	16.4%	60 bp
EBITDA Margin – excl ACHA Mgt Fee	16.2%	15.5%	70 bp

1. Excludes Prosthetics

Status of Infrastructure Projects

Project	Capital ($m)	Completion	Beds	Theatres
Complete				
Norwest	74	Complete	186	10
The Melbourne Clinic[1]	20	Complete	48	-
Victoria Rehabilitation Centre	8	Complete	30	-
The Hills (conversion – stage 1 and 2)	10	Complete	92	-
Brisbane (stage 1 and 2)	14	Complete	20	3
Allamanda (stage 1)	9	Complete	-	2
Geelong	4	Complete	-	1
Cotham	4	Complete	-	1
In construction				
Nepean	7	Aug 2010	-	2
Prince of Wales	9	Sep 2010	-	2
Knox (stage 1)[1]	35	Oct 2010	66	-
Knox (stage 2 and 3)	16	Mar 2011	-	4
Newcastle[1]	17	Jun 2011	-	2
Northpark[1]	35	Nov 2011	41	3
Development approval phase				
Norwest (stage 2)	21	Jun 2011	TBC	TBC
Pine Rivers	TBC	TBC	TBC	-
Brisbane (stage 3)	TBC	TBC	30	3
Sunnybank[1]	TBC	TBC	20	3
Sydney South West[1]	TBC	TBC	TBC	TBC
Feasibility phase				
Gold Coast	TBC	TBC	TBC	TBC
John Fawkner	TBC	TBC	TBC	TBC

1. Includes car parking and consulting suites

Pathology Australia Performance

- Revenue growth of 16.3%
  - Underlying revenue growth (like-for-like) of 6.1% (4.8 % in second half)
  - Healthscope continued to grow market share in second half, although market growth slowed in the final quarter
- Decrease in EBITDA margin of 60 bp considered a good outcome given impact of Government fee cuts implemented in November 2009
- Strategy of growing volume, maintaining bulk billing levels and managing costs was successful
- Moved to national branding of pathology, Healthscope Pathology, from 1 July 2010
- 11 new medical centres acquired / developed during FY 2010

Pathology Australia[1]	FY 10	FY 09	Change
Revenue	317.0	272.6	16.3%
EBITDA	47.4	42.4	11.8%
EBITDA Margin	15.0%	15.6%	-60 bp

1. Includes medical centres

Pathology International Performance

- Labtests NZ received full accreditation and is exceeding requirements of District Health Boards
- Singapore continued to perform well
- Lower volumes in Malaysia largely due to impacts of the Global Financial Crisis
- Stronger AUD negatively impacted revenue in Malaysia and Singapore

Pathology International	FY 10	FY 09	Variance
Revenue	142.7	104.5	36.5%
EBITDA	28.9	19.4	49.0%
EBITDA Margin	20.3%	18.6%	+170 bp
Excluding re-agent adjustment[1]			
EBITDA	21.9	19.4	12.9%
EBITDA Margin	15.3%	18.6%	-330 bp

1. During FY 2010, the treatment of reagent rental agreements for Pathology International was aligned with the Australian business, whereby reagent rentals of diagnostic equipment are accounted for as finance leases. This resulted in a reclassification between EBITDA, depreciation and interest, resulting in an increase in reported EBITDA of $7.0 million for International Pathology. The reclassification had no impact on profitability at the NPAT line.

Outlook

- Health care reforms proposed by Federal Government primarily impact the public health system and are not expected to change the strong industry fundamentals driving demand for private hospital services
  - Hospitals growth in FY 2011 will be underpinned by continued strong underlying demand and benefits of the hospital expansion program
  - Pathology growth in FY 2011 expected to be driven by significant growth in volumes, particularly following roll-out of a number of new collection centres in Australia, and continued incremental growth in international pathology

Update on proposed Scheme of Arrangement

- Under the proposed Scheme of Arrangement Healthscope Shareholders will receive $6.26 cash per share less any dividends that Healthscope pays to Shareholders before the Scheme is implemented
  - Fully franked final dividend of 12.0 cents per share is payable irrespective of whether or not the Scheme proceeds
  - Intend to declare a fully franked special dividend of 9.0 cents per share if the Scheme proceeds
  - Therefore, if the Scheme proceeds and the special dividend is declared, Healthscope shareholders will receive scheme consideration of $6.05 cash per share
- Timetable
  - Key dates for the Scheme are expected to be as follows[1]:

Event	Date
Explanatory Booklet released to ASX and despatched to shareholders	23 August 2010
Scheme Meeting	22 September 2010
Second Court Hearing to obtain orders approving the Scheme	24 September 2010
Suspension of trading in Healthscope Shares on ASX	27 September 2010
Scheme implementation date	12 October 2010

1. Subject to approval and order of Supreme Court of Victoria, and subsequent registration with ASIC. Dates are indicative only

Questions