



Pulse Health Investment Update

19 March 2010

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CEO

DISCLAIMER

The estimates and projections in this presentation are based on assumptions made by PHG's management as to developments in PHG's business and the markets in which the Company operates. These assumptions have not been tested.

PHG cannot guarantee that the estimates and projections will be met. A range of factors affect PHG's business, many of which are outside the Company's control

Agenda

- Overview: First 100 Days under New Management
- Business overview
 - Hospitals
 - Community Nursing
 - RSG
- Market Overview
- Trading Update
- Pipeline
- Projections

Overview: Who is Pulse Health

ASX-Listed private hospital, homecare & health recruitment company

Hospitals

- ▶ Forster Private Hospital (NSW)
- ▶ Gympie Private Hospital (QLD)
- ▶ South Burnett Private Hospital (QLD)
- ▶ Westmead Rehabilitation Hospital (NSW)
- ▶ Bega Valley Private Hospital (NSW)

Recruitment

- ▶ RSG Australia (NSW)

Community Home Care

North Coast Community Care

- ▶ Forster, NSW
- ▶ Taree, NSW
- ▶ Tea Gardens, NSW
- ▶ **Hunter Valley, NSW***
- ▶ **Hastings, NSW***
- ▶ **Western Sydney, NSW***

*Opened in March 2010

Ownership Structure:

➤ Largest Shareholders

- **Wyllie Group Pty Ltd:** 37.4M shares (14.8%)
- **Equitas Nominees Pty Limited:** 30.2M Shares (12.0%)
- **Throvena Pty Ltd:** 16.2M Shares (6.4%)

➤ Directors and Management have a significant ownership stake:

- **Mr Stuart James, Chairman** 2.4M Shares
- **Mr Andrew Gregory, Director** 7.3M Shares
- **Dr Barry Landa, Director** 4.0M Shares
- **Mr Craig Coleman, Director** 1.8M Shares
- **Dr Ian Kadish, CEO** 2.7M Shares
- **Ms Janet Moffit, GM Bega Pvt Hospital** 1.0M Shares

➤ 252.3 M shares on issue

Capital Structure:

- **Total Shares on Issue: 252,333,221**
- **Current Market Cap, at 5c, is \$12.6M**

- **Convertible Notes: \$265K, expiring on 30 June 2010, Strike Price of 10c**

- **Stock Options: The remaining stock options are all held by the CEO and CFO, and expire on 31 May 2011**
 - **10c Options: 3.6M**
 - **15c Options: 1.8M**
 - **20c Options: 1.8M**
 - **30c Options: 1.8M**
 - **40c Options: 1.8M**

Pulse Health Vision and Mission

- **Vision:** To be Australia's premier private healthcare provider*
 - Quality over quantity**
 - Personalised care
 - In hospital and at home
 - Community-oriented

- **Mission:** To provide quality healthcare services through private hospitals and homecare companies
 - Focused on the communities in which they operate
 - Underpinned by effective healthcare recruitment.

- *The Best, not the Biggest.
- **The *High Quality* Provider

Overview: 6 months of significant management & corporate change

- **Prior management resigned in November 2010**
- **New CEO (Ian Kadish) and CFO (Justin Matthews) appointed**
 - **Experienced team – Healthcare, Acquisitions, Growing Companies**
 - **Previously worked together**
 - **Incentives aligned with shareholders**
- **New Director (Craig Coleman) appointed on 1 January 2010**
 - **Represents Wyllie Group, PHG's largest shareholder**
 - **Experienced financial executive**
 - **Personally invested**

New Management Team

Dr Ian Kadish
Chief Executive
Officer

CEO, Healthcare Australia: 2006-2007

National Nursing Agency and Homecare business, \$250M in Annual revenues

Executive Director, Netcare, South Africa and the UK: 1997 – 2006

Largest private hospital provider in South Africa and the UK, \$3Billion in Annual Revenues

Consultant, McKinsey & Company, New York & Johannesburg: 1996-1997

Consultant, CSC Healthcare, New York: 1990-1996

MBA: Wharton School of Finance, Univ of Pennsylvania, 1990

GP in Private and Hospital Practice: 1986-1989

Medical Doctor: MBBCH, Univ of Witwatersrand 1986

Justin Matthews
Chief Financial
Officer

CFO and COO, Crosby Textor: 2007-2009

CFO, Healthcare Australia: 2004 – 2007 (Previously Pacific Nursing Solutions)

National Nursing Agency and Homecare business, \$250M in Annual revenues

Associate Director GE Commercial Finance: 2004

Senior Manager, KPMG Sydney: 1993 - 2004

CA, Institute of CA's Australia, 1996

BBus (Acc) University of SA, 1992

Pulse Health Board of Directors

<p>Mr. Stuart James (Chairman)</p>	<p>Mr. Stuart James is an experienced executive within the financial and healthcare sectors. Prior roles include: MD of Colonial State Bank, where he integrated bank and insurance operations to create Australia's first all finance operation. Colonial was subsequently acquired by Commonwealth Bank in Australia's largest corporate merger at the time.</p> <p>Mr James' more recent executive role was as CEO of the Mayne Group from January 2002 to January 2005 and COO of the group from July 2000. Mr. James was responsible for the transformation of the Mayne Group into two clearly defined entities (Healthcare and pharmaceuticals).</p> <p>Stuart James is a Director of Prime Financial Group Ltd (Prime), Balnave Capital Group Pty Ltd and Wolters Kluwer, an international publishing company and is a member of the Advisory Board of Gresham Private Equity Limited.</p>
<p>Mr. Andrew Gregory (Director)</p>	<p>Mr. Gregory is an experienced company manager with 35 years' experience in a variety of industries. He has significant experience with ASX listed equities investments and extensive knowledge in both fundamental and financial analysis principles. He has been active over a 20 year period in providing strategic planning input and seed capital investment to support start-up enterprises.</p>
<p>Dr Barry Landa (Director)</p>	<p>Dr Landa graduated 1973 MBBS BSc UNSW and practiced anaesthetics for 35 years, in the public sector, private sector and internationally. He purchased his first private surgical hospital in 1974. In the late 1980s he was appointed to the Board of Markalinga Pty Ltd, the first publicly listed private hospital and Pathology Company in Australia, which were the beginnings of the Mayne Health Group.</p> <p>Dr Landa is involved in the design and building of acute health care facilities including primary health care centres, operating theatres, hospitals, day care and rehabilitation facilities.</p>
<p>Mr Craig Coleman (Director)</p>	<p>Mr. Coleman is a respected figure in Australia's financial sector. He holds directorships in financial, telecommunication and energy companies.</p> <p>Since 2006 Mr. Coleman has been a Senior Advisor and Director of the Wyllie Group, an investment company founded by the late Bill Wyllie, investing in property, financial services, equities and development.</p> <p>Mr. Coleman is Chairman of Viburnam Funds Pty Ltd, a wholesale funds management division of the Wyllie Group; and Chairman of Rubik Financial Ltd, a financial services information technology company.</p> <p>Current Directorships also include Bell Financial Group, Southern Cross Equities, Amadeus Energy Limited and Amcom Telecommunications Ltd.</p> <p>Mr. Coleman previously held a number of senior executive positions with ANZ Bank and was a Director of ETrade Australia. He is also the former MD of Home Building Society Limited.</p>

Promising Results for 6 months to December 2009

Promising Results compared to same period last year

- Revenue up 30%;
- Pre-tax loss up \$874K, driven predominantly by one-off impairment charges
- Excluding one-off items, the pre-tax loss **decreased** by \$358K
- Reduced interest bearing debt by \$3.2M
- EBITDA up by \$917K; from \$279K to \$1,196K

Significant EBITDA Growth

EBITDA has increased by \$917,000 over the prior comparable period

EBITDA RECONCILIATION	Half Year ended 31 December	
	2009	2008
	\$'000	\$'000
Revenue from continuing operations	\$17,305	\$13,326
Net Loss from continuing operations before tax	(2,058)	(1,184)
Add: One-off Impairment Charges	971	-
Add: One-off Convertible Note refinancing expense	261	-
Net Loss from continuing operations before tax and one-off items	(826)	(1,184)
Add: Depreciation and amortisation	604	246
Add: Finance charges	1,418	1,217
EBITDA	1,196	279

One-off Impairment Charges

Management elected to write down the recruitment business and the Gympie property assets, and to expense software assets that had previously been capitalised

One off Impairment Charges

- 510K write down of Gympie Private Hospital Property
- 460K write down of Recruitment Company RSG
- 150K write down in previously capitalised software costs
- 50K management restructuring costs (retrenchments)

Business Turnaround

Three under-performing businesses have been fixed or divested.

<u>Business</u>	<u>Action Taken</u>
RSG	<ul style="list-style-type: none">➤ Relocated from Newcastle to Mascot➤ Reorganised Management Structure➤ Consolidated back office functions➤ Refocused on core healthcare recruitment business
Forster Private Hospital	<ul style="list-style-type: none">➤ Improved Medical Staff communication➤ Equipped new rehabilitation unit➤ Invested \$80K in new beds & equipment
Northside Nursing	<ul style="list-style-type: none">➤ Divested for \$80K above carrying value

Management Restructure: \$500K Annual Savings

- Management Restructure
 - Reduced number of General Managers from 10 to 7
 - Discontinued operations in Saudi Arabia
 - Sold Northside Nursing Subsidiary
 - Consolidated Corporate General Manager's Functions
- Terminated all consulting contracts
- Renegotiated IT, telephony & insurance contracts
- Relocated and consolidated RSG

Hospitals – Summary Update

- Westmead Private Rehab Hospital
 - High occupancies
 - Consistent, strong performer
 - Sydney rehab market is becoming more competitive, but Westmead is well positioned

- Forster Private Hospital
 - Increasing use of its Public-Private partnership beds
 - Fully equipped rehab unit
 - Improved Doctor relations

- Gympie Private Hospital
 - Sale & Leaseback underway
 - Brownfield developments: Day Surgery and Radiology

- South Burnett Private Hospital
 - Introduction of new surgical services (ophthalmology, urology, ENT)

- Bega Valley Private Hospital
 - Operating close to capacity
 - Opening a second theatre

Community Care: North Coast Community Care

- Consistent, strong performer
- Based at Forster Private Hospital, with satellite offices
 - Taree
 - Tea Gardens
 - Hunter Valley (new)
 - Hastings (new)
 - Westmead (new)
- Developing Sydney Western suburbs
 - To serve patients around Westmead Rehab Hospital
 - Secured DVA Contract for Western Sydney
- Expanded service area by 60% in 2010
 - Now serving central NSW homes from the Hunter to the Hastings
 - Opened 3 new locations in March 2010
 - Expecting strong revenue growth in FY 2011

Recruitment Specialist Group

- **RSG delivered sub-optimal results in 2009**
 - PHG Management elected to impair RSG's carrying value by \$460K

- **Restructured management**
 - Changed reporting relationship
 - Relocated to Mascot
 - Insourced accounting functions
 - Restructured recruiting consultant contracts

- **Expanded nursing offering**
 - Established international recruitment network to source nurses from abroad
 - Servicing PHG and external Hospitals

PHG Trading Update

- **January to March YTD is significantly ahead of last year on a 'same-store' basis**
- **Reduced costs by \$500,000 annually**
- **Introduced \$1m in new revenue programs**
- **Significantly decreased debt and associated interest expense**
 - Retired \$3.2M of debt
 - Renegotiated banking agreement
- **Projecting a positive net profit in March**
- **Projecting a positive net profit for the June quarter**

Pipeline

- **Three due diligence projects underway**
- **Brownfield developments**
 - Forster Rehab Unit
 - Gympie Radiology
 - Gympie Day Surgery

EBITDA Estimates

The identified acquisitions will significantly enhance earnings by utilising existing infrastructure and exploiting group synergies.

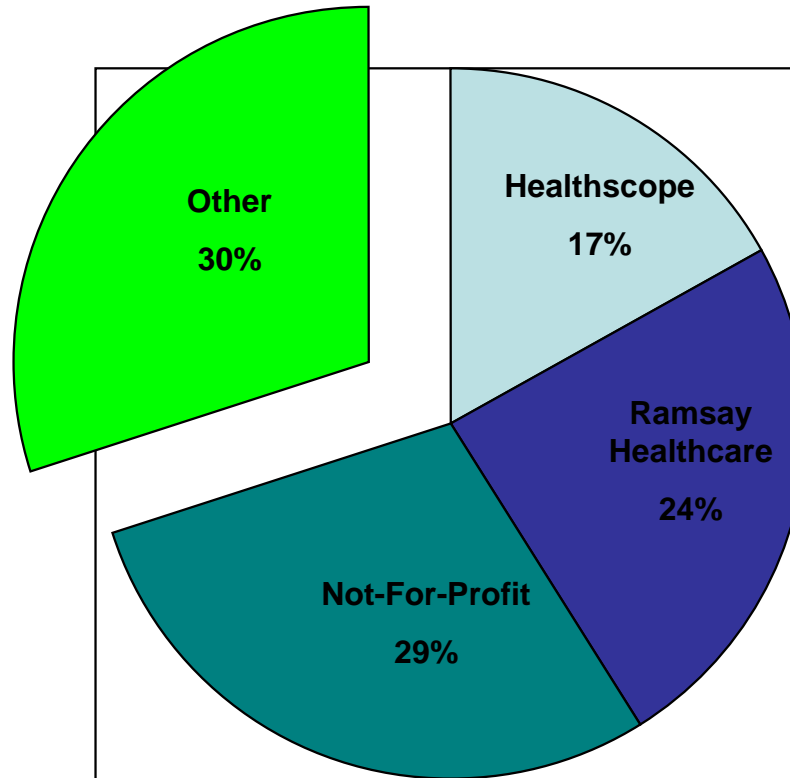
	EBITDA (\$000's)
A. Existing Operations – FY2010 H1 Actuals	1,196
Existing Operations – FY 2010 H2 Actual + Projections	1,350 to 1,550
B. Acquisitions undergoing Due Diligence*	
Hospital 1	700
Hospital 2	500
Hospital 3	400
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	4,146 to 4,346
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*Note1: The DD process, by design, may exclude potential acquisition candidates

*Note 2: The acquisition EBITDA's are annualised EBITDA's, i.e. not FY2010 EBITDA's

Consolidation Opportunity

There are 91 Australian private hospitals (30% of the market) that are not affiliated to Ramsay, Healthscope or any of the Not-For-Profits.



There are 542 private hospitals in operation, comprising 295 private and acute hospitals and 247 free-standing day hospital facilities.

Hospital Market Overview

- Public Health takeover by Canberra
 - Funded nationally, run locally
 - System in flux and turmoil
 - Locally managed budgets, transparent pricing, creates outsourcing opportunities
- Private Health Consolidation Opportunities
 - OFH in Receivership
 - Corporatisation of Cottage industry
 - New medical & surgical technologies
 - Increase Day Surgery procedures
 - Increased use of medical & surgical rehab
- Demographics
 - Ageing population, increase in chronic disease
 - Sustained private health insurance coverage at 45%
 - Hospital visits increasing at 5% per year for private health fund members (as per PHIAC, ABS Southern Cross Equities analysis)

Implication of Healthcare Reforms*

The proposed healthcare reforms are expected to be positive for private hospitals, primarily through increased access to elective surgery waiting lists

Proposed Reforms

- **State Controls moving to Regional Boards**
- **Casemix Funding**

Implications for Pvt Hospitals

- **Ability to access patients on regional surgery wait lists**
- **Common funding platform to compare efficiencies**
- **Increased ability to refer patients to most efficient providers – public or private**



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