

Ramsay Health Care Limited

Results Briefing

Year ended 30 June 2018

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30 August 2018



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Group Performance Overview

Group Highlights FY'18

Performance

- 6.8% increase in Core NPAT, 7.0% increase in EPS
- Group revenue up 5.4%
- Ramsay Australia performed above industry but experienced softer volume growth
- Ramsay GdS performed in line with expectations
- Significant downturn in NHS volumes in Ramsay UK
- Disciplined cost management
- Launched procurement joint venture with US-based Ascension Health

Growth

- Lower growth from Australian brownfields in FY'18 - investment focus on upgrading existing facilities
- Strong brownfield pipeline
- Bid launched 13 July 2018 for the pan-European healthcare company – Capiro

Quality

- Increasing our investment in innovation, research and measuring patient outcomes
- Rolling out leading international program on patient safety
- Expanded our cancer clinical trials network enabling us to offer the latest treatments to patients
- Centres of Excellence accreditation achieved in key specialty areas at our leading institutions

Group Performance FY'18

Ramsay Health Care Limited FY'18 performance:

- Core Net Profit After Tax of \$579.3 million, up 6.8%
- Core EPS of 279.8 cents, up 7% (in line with revised guidance provided in June 18)
- Group Revenue of \$9.2 billion, up 5.4%
- Group EBITDA of \$1.4 billion, up 6.2%
- Fully-franked final dividend of 86.5 cents, up 6.1% (total full year dividend of 144 cents fully-franked, up 7.1%)
- Statutory reported net profit after tax and after non-core items of \$388.3 million, down 20.6%

Year ended 30 June	2018 \$m	2017 \$m	Increase
Revenue	9,176.2	8,702.5	5.4%
EBITDAR	1,839.4	1,705.9	7.8%
EBITDA	1,395.9	1,313.9	6.2%
EBIT	1,007.6	943.4	6.8%
Core NPAT attributable to members of the parent ⁽¹⁾	579.3	542.7	6.8%
Core EPS ⁽²⁾ (cents per share)	279.8¢	261.4¢	7.0%
Final Dividend – fully franked (cents per share)	86.5¢	81.5¢	6.1%
Full Year Dividend – fully franked (cents per share)	144.0¢	134.5¢	7.1%

Notes:

All numbers are in Australian dollars unless otherwise stated

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

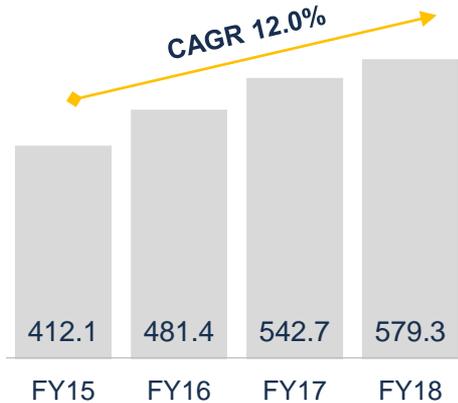
⁽²⁾ Core EPS is derived from core net profit after CARES dividends

Reconciliation to Statutory Reported Net Profit

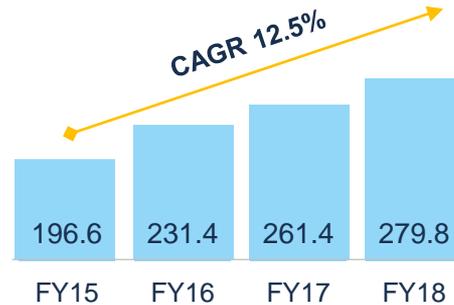
Year Ended 30 June	2018 \$m	2017 \$m	Increase/ (Decrease)
Core NPAT	579.3	542.7	6.8%
Net non-core items (net of minorities and net of tax)			
• Restructuring – RGdS	(29.9)	-	
• Impairment – Ramsay UK	(122.0)	(1.3)	
• Other	(39.1)	(52.5)	
	(191.0)	(53.8)	
Statutory Reported Net Profit after tax attributable to members of the Parent	388.3	488.9	(20.6)%

Consistent history of earnings growth...

Core Net Profit after Tax (NPAT)
(A\$m)



Core Earning per Share (EPS)
(cents per share)



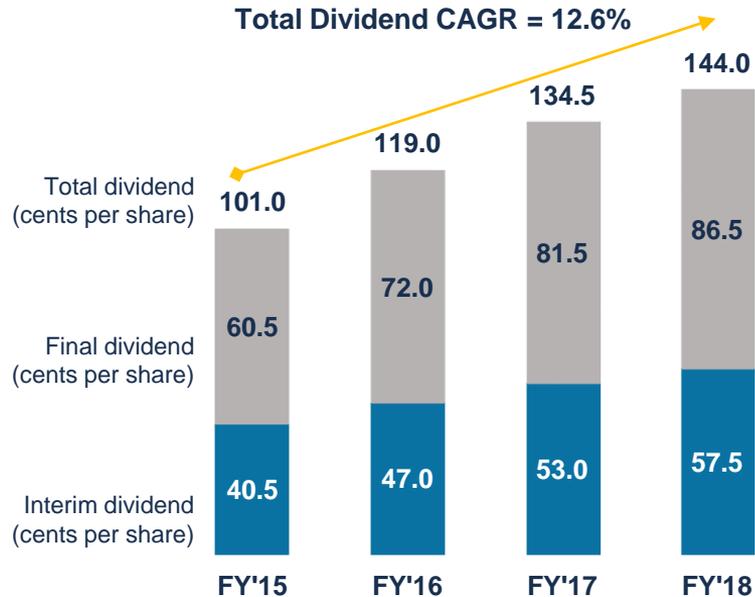
Core NPAT up 6.8% to \$579.3m

Core EPS up 7.0% to 279.8¢

Core EPS growth in line with
Core NPAT growth

Strong CAGR growth for Core
NPAT and Core EPS

...matched by growth in dividends



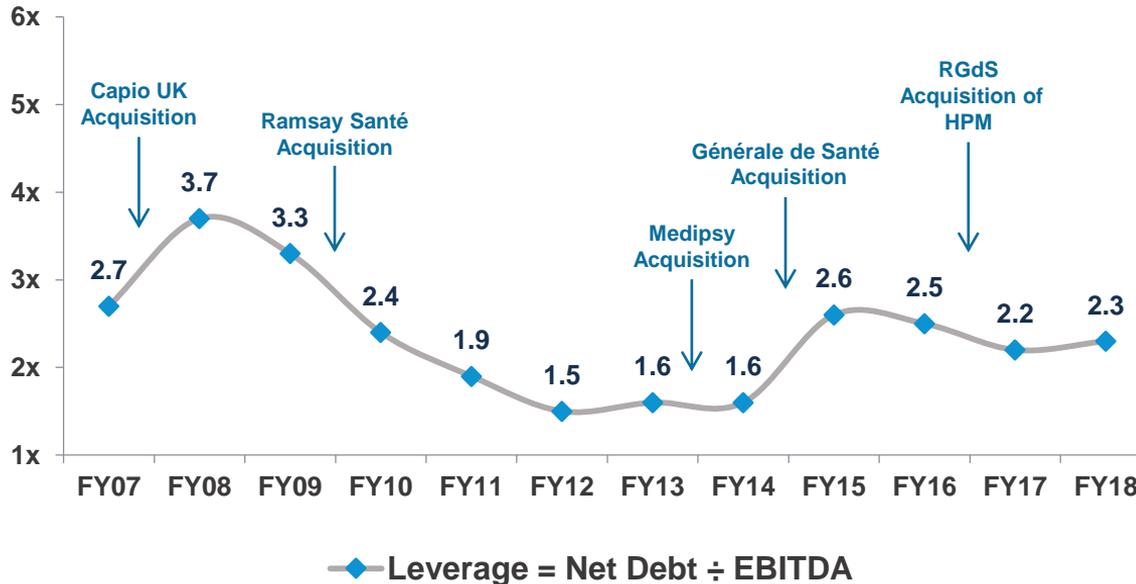
Final dividend fully franked, up 6.1% on previous corresponding period

Dividends for the full year up 7.1%, in line with growth in Core EPS of 7.0%

Maintenance of a full year dividend payout ratio of approximately 50% of Core EPS, balance reinvested into the business

...and balance sheet capacity to fund growth

**Consolidated Balance Sheet
Leverage Ratio**



Strong balance sheet with financial flexibility to continue to fund:

- the pipeline of brownfield capacity expansion
- future acquisitions

Leverage:

- Consolidated Balance Sheet leverage ratio = 2.3x
- 'Wholly Owned Funding Group' leverage ratio < 2x

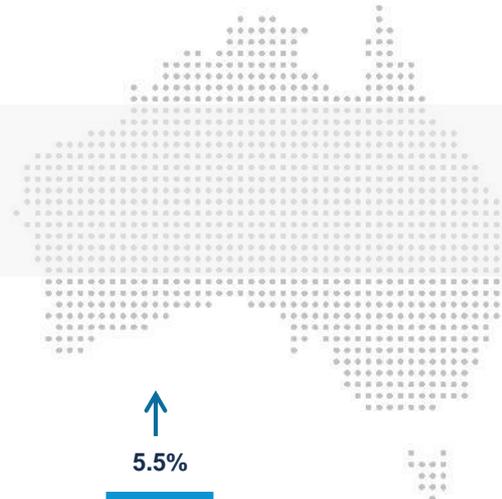
Strong & consistent operating cash flow with high cash conversion rate

A world map rendered in a blue dot-matrix style, set against a dark blue background. Several semi-transparent blue squares of varying sizes are overlaid on the map, primarily in the North American and European regions.

Segment Summary

Australia

Australian hospitals performed well despite industry headwinds, demonstrating strength and diversity of portfolio

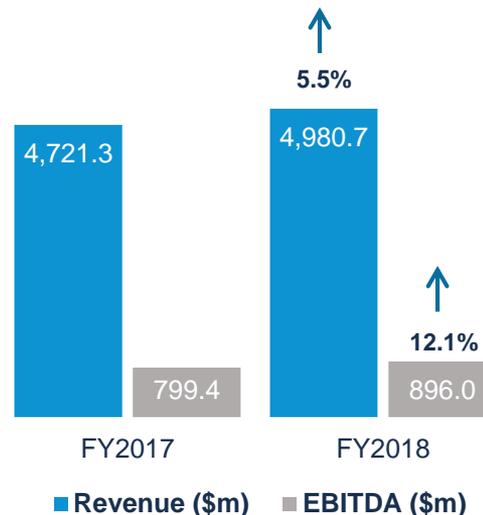


Performance FY'18

- Maintained admissions growth above industry but below normal admissions growth
- Industry being impacted by affordability and ongoing negative focus on private health insurance
- Operational efficiencies contributed to strong operating result
- Lower than normal growth from brownfield program - focus on replacement facilities
- Positive upside from pharmacy expansion in 1H, partly offset by investment in infrastructure and resources in 2H

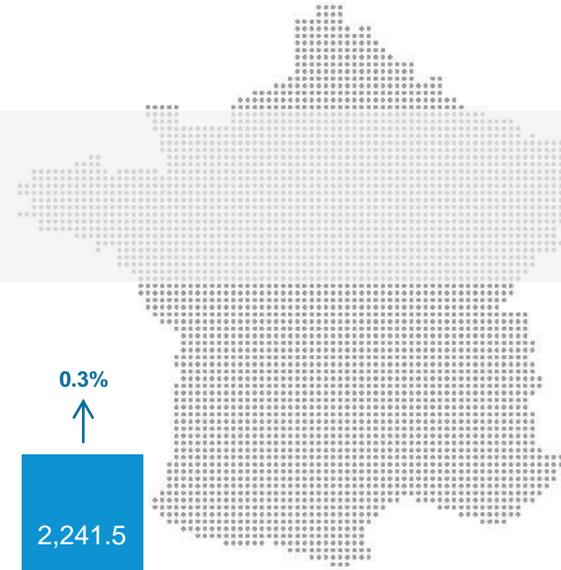
Outlook FY'19

- Health will be a key policy focus in upcoming federal election – creates continued uncertainty
- Continued volume growth but we are anticipating it will be at a slower rate for FY'19
- Maintain focus on innovation and cost optimization strategies
- Long term industry fundamentals will continue to drive demand for healthcare
- Brownfield programme will deliver \$242M in completed projects in FY'19
- Continued expansion of pharmacy franchise network



France

Improvement in operating environment for private hospitals in France

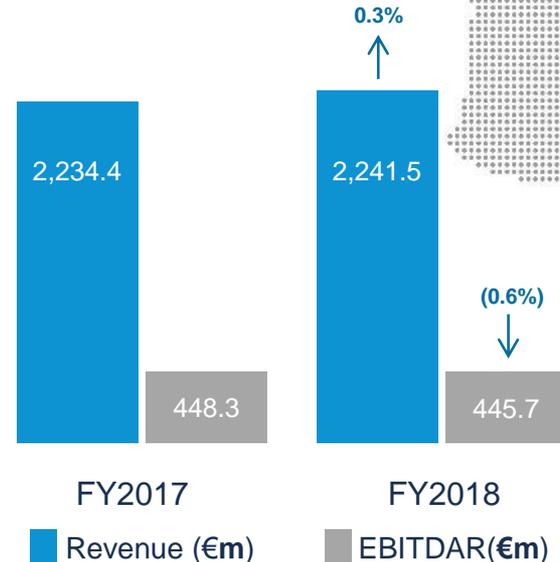


Performance
FY'18

- Ramsay GdS performed in line with expectations given tariff environment:
 - Revenue up 0.3% to €2.24 billion
 - EBITDAR down (0.6)% to €445.7 million
- Overall admissions growth particularly in mental health, ambulatory care and emergency presentations
- Achieved a leadership position in digitalisation of the patient journey, quality and safety
- Large scale restructuring programme to centralise non-core hospital functions is on track

Outlook
FY'19

- Expect tariffs for 2019 to follow same trend as 2018
- Changes to health funding anticipated to align with quality & value - should benefit RGdS which is recognized as “best in class” for quality & outcomes



United Kingdom

Challenging operating environment due to NHS cost constraints and referral management schemes

Performance
FY'18

- Performed below expectations despite tariff adjustment April 18:
 - Revenue down (5.2)% to £424.2 million
 - EBITDAR down (9.8)% to £102.7 million
- Significant downturn in NHS volumes
- Ramsay UK remains market leader in electronic GP referrals
- Focused on clinical leadership & cost efficiencies
- Recognised a charge relating to onerous lease provision and asset write-downs at certain UK sites in June FY'18

Outlook
FY'19

- Short term remains uncertain but potential for market upside if funding becomes available
- Significant extra funding recently announced for NHS



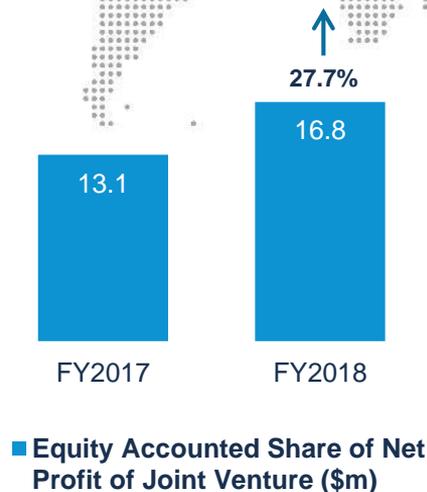
Growing market, remains competitive

Performance FY'18

- Strong operating performance in Malaysia
- Cost controls key focus area
- New developments targeting universal healthcare patients (BPJS) opening at two of our Indonesian facilities

Outlook FY'19

- New brownfields will continue to ramp up
- Appointing dedicated Asian acquisition lead to progress growth opportunities in this market
- Strengthening our management team



■ Equity Accounted Share of Net Profit of Joint Venture (\$m)

Strategy Update

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Group Strategy

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Brownfield Programme

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Acquisitions

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Out-of-hospital

Group Strategy

Continuing to create shareholder value through our focused strategy

Growth 		Efficiency 	Sustainability 
Driving stronger growth from the core	Developing new growth platforms	Strengthening the core	Building a more sustainable organisation
Organic Growth 	Acquisitions 	Operational Excellence 	Patient & Doctor Experience 
Brownfield Capacity 	Integrated Care 	Digitalisation 	Clinical Excellence 
Public/Private Collaboration 	New Models of Care 	Global Procurement 	Innovation 
			Global Talent 

...while behaving in accordance with the Ramsay Way 'People caring for People'

FY'18 Completed Brownfield Projects

During FY'18 the following projects were completed:



\$171.2m gross
capital
investment



21 consulting
suites,



208 Gross beds
204 Conversions²
4 Net beds



7 operating
theatres

Completed Projects

Northside Clinic

- Northside Clinic Greenwich Relocation (net 24 beds)

Greenslopes Private Hospital

- Jessie Vasey Wing conversion

Theatres/Cath Labs

- New theatre developments at The Avenue, Westmead, Sunshine Coast, North Shore

John Flynn Private Hospital

- New consulting suite complex

Lake Macquarie

- 30 new beds



FY'18 Approved Brownfield Projects

During FY'18 the following projects were approved & have not been completed:



\$325.0m gross capital investment



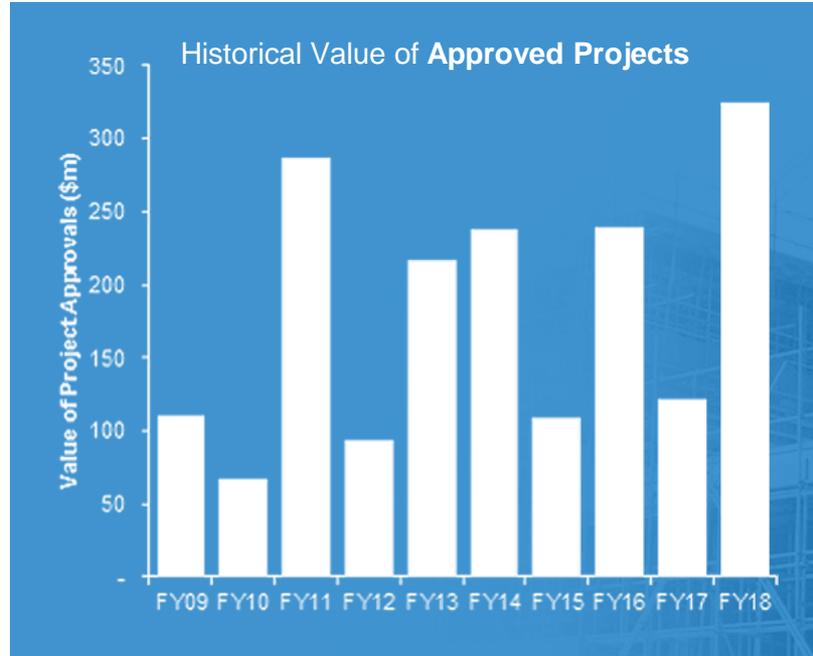
39 consulting suites



340 Gross beds
111 Conversions
229 Net beds



24 operating theatres



**Australian brownfield approvals only*

Brownfields Forecast for Completion in FY'19

Most benefits expected from FY'20 onwards



\$242.0m gross capital investment



30 consulting suites



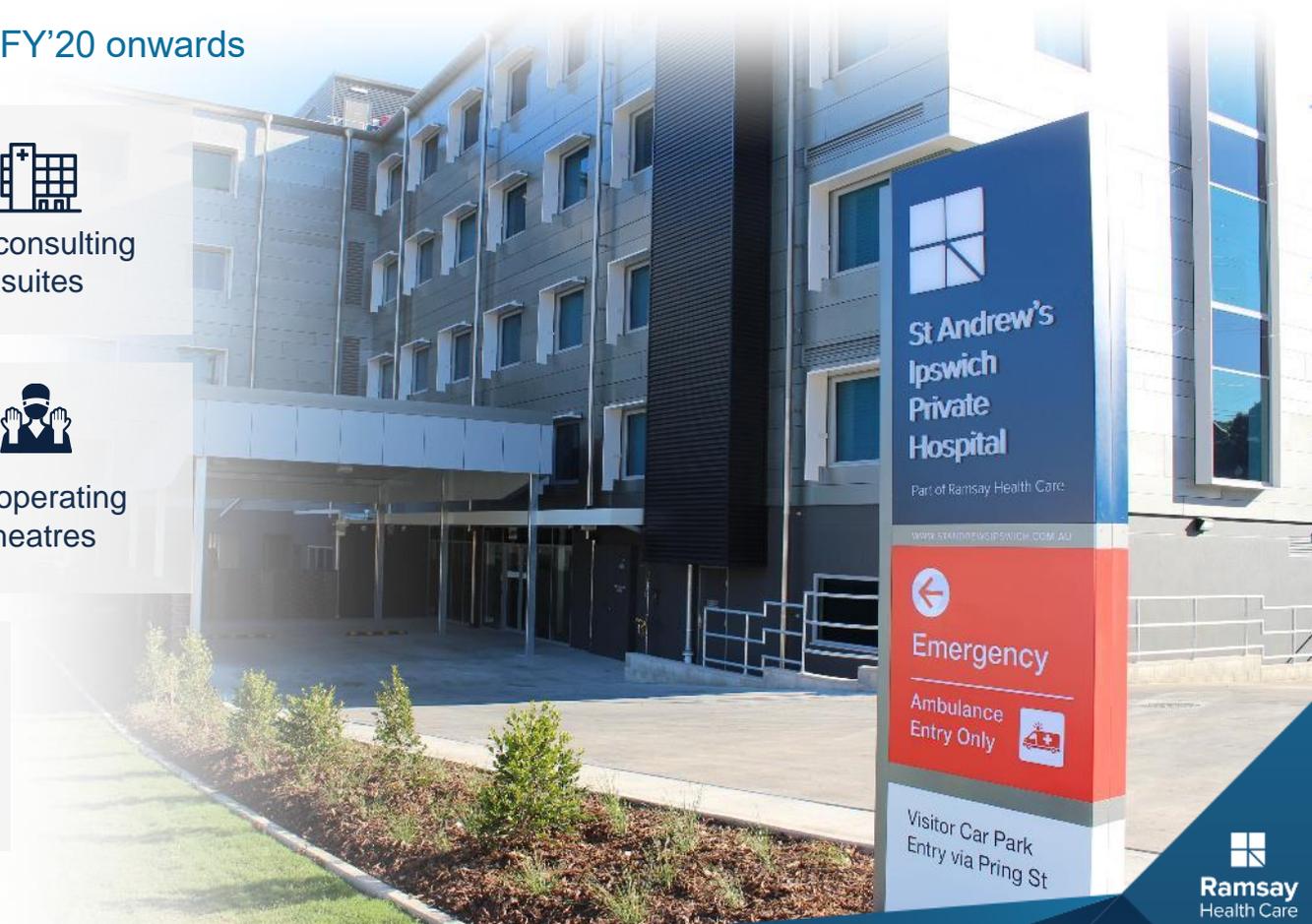
333 Gross beds
117 Conversions
216 Net beds



15 operating theatres



1 emergency department



Pipeline of acquisition opportunities remains strong

We remain acquisitive, but we will continue to be disciplined in our assessment of these opportunities.

- Strong balance sheet provides headroom for expansion
- Increased focus on new areas of growth and acquisition opportunities
- Investigating new models of care
- Takeover bid launched for pan-European healthcare company – Capio
- Increased resources to focus on acquisition opportunities, including appointing a dedicated Asian acquisition lead

Committed to expanding our pharmacy franchise network

In December 2017, Ramsay added Queensland's 18 Malouf pharmacies to its franchise network bringing total number of franchises to 54

Temporarily slowed rollout in order to strengthen the team and supporting infrastructure to grow this business sustainably for the long term.

Focused on ensuring our franchise network is effectively integrated with our hospital business

Aiming to become franchise network of choice for community based health solutions, pharmacy products and services



Strengthening the core: strong efficiency agenda

Operational Excellence

Implementation of LEAN to optimise workforce planning and theatre utilisation

RGDS clustering & centralised support centres

KPI benchmarking dashboards and apps



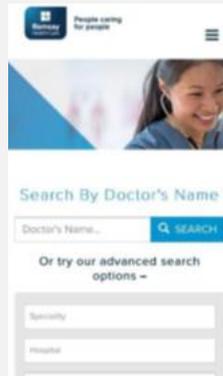
Digitalisation

RGDS digitalised patient pathway improving access

Specialist profile search engine

App providing patient information to doctors' mobiles

Electronic patient record rollout in UK



Global Procurement

Strong partnerships with local and global suppliers

Continuing to drive benefits from procurement strategy

Launched Ascension JV



We are building a sustainable organisation

Patient and Doctor Experience

Rolled out NPS

Investment in our facilities

Speaking up for Safety

Digital solutions for patients

Fast and secure WiFi rollout



Clinical Excellence

Data collection & benchmarking

Developing leading clinical trials network

'Centre of Excellence' accreditation in our leading institutions

Investment in research



Innovation

Innovation Units created in France and Australia

Targeting services beyond hospital walls

App for doctors - real-time patient information via mobile

Telemedicine services for clinical review of complex remote cases



Developing our Talent

Group Chief People Officer appointed

Global talent development programmes

Executive Leadership Development Programme



Outlook

Outlook

- In FY'19 we expect subdued growth in underlying earnings driven by combination of:
 - continuing challenging circumstances in UK;
 - slower rate of growth in Australia; and
 - neutral outlook in France
- We expect growth initiatives including brownfields and investments aimed at strengthening our business, to contribute strongly to earnings beyond FY'19
- Long term industry fundamentals are continuing to drive demand for healthcare
- Strong balance sheet provides headroom for expansion
- Barring unforeseen circumstances Ramsay is targeting positive Core EPS growth of up to 2% in FY'19:
 - impacted by higher interest and tax; and
 - corresponds to Core EBITDA growth of 4% to 6%

Questions

