

Financial Results **for the Half Year Ended 31 December 2008**

Private Hospital, Pathology & Medical Services
Australia, NZ, Malaysia & Singapore

Mr Bruce Dixon
Managing Director

19 February 2009

Highlights

Strong result – gaining market share

- ▶ Hospitals improving margins and producing strong revenue growth
- ▶ Hospital expansions commencing in second half in line with plan
- ▶ Australian pathology growing revenue ahead of market growth
- ▶ Labtests contract for pathology in New Zealand confirmed and on track for commencement August 2009.
- ▶ Malaysia, Singapore and New Zealand performing well.
- ▶ Annualised revenue from International Operations set to equal 40% of total Pathology revenue post August 2009
- ▶ Strong cash generation, \$251m in undrawn debt available and bank facility (renegotiated in June 2008) to mature July 2011

Financial Results

Solid growth in earnings and cash

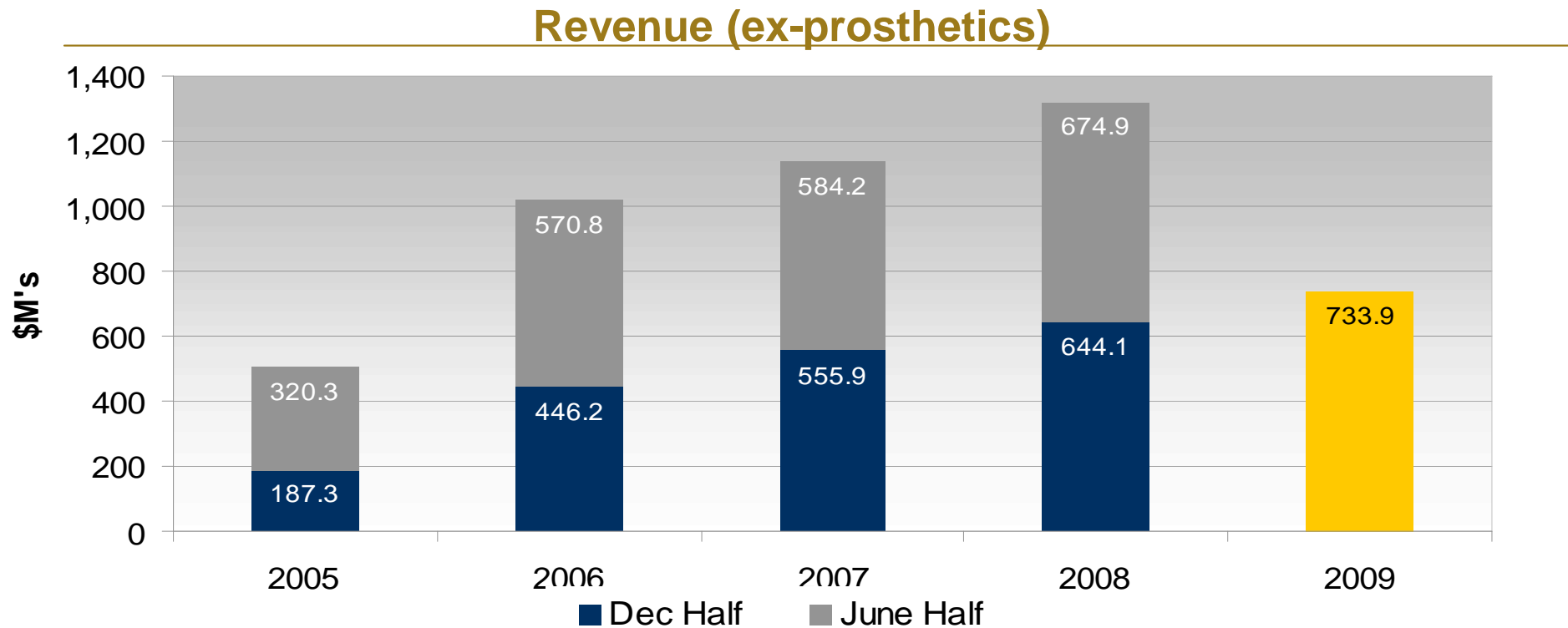
- ▶ **Net Operating Profit after Tax before Non-Recurring items (NRI's) of \$40.3m – up 9% on HY Dec 2007**
- ▶ **Non-recurring Items of \$(1.9)m after tax**
 - Net Profit after tax after NRI's of \$38.4m
- ▶ **Revenue (including prosthetics) up 14% to \$827.2m**
- ▶ **EBITDA from operations up by 16% to \$111.5m**
- ▶ **EPS before NRI's up by 5% to 16.4 cents**
 - EPS after NRI's of 15.6 cents (HY Dec 2007 6.6 cents)
- ▶ **Cashflow from operating activities of \$68.9m up by 12%**
 - 100% conversion of EBITDA to cashflow
- ▶ **Asset values reviewed – no impairment charges**
- ▶ **Interim Dividend of 10.5 cents per share fully franked**
 - Interim Dividends up by 10.5% on HY Dec 2007



14% Revenue Growth over HY Dec 2007

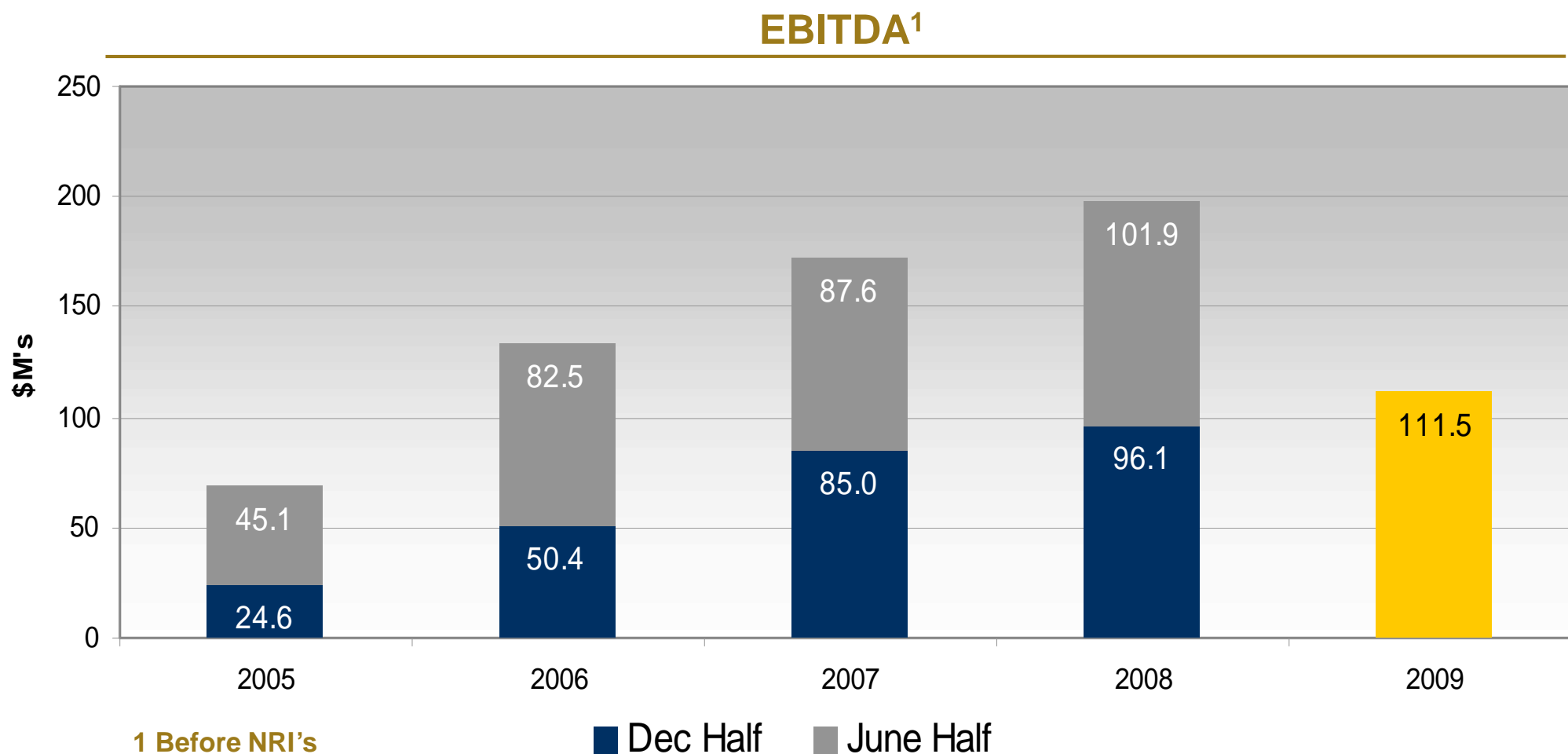
Revenue growth above market growth

- ▶ Hospitals revenue growth of 9.3%
- ▶ Pathology revenue growth of 30.6%



16% Increase in EBITDA¹ over HY Dec2007

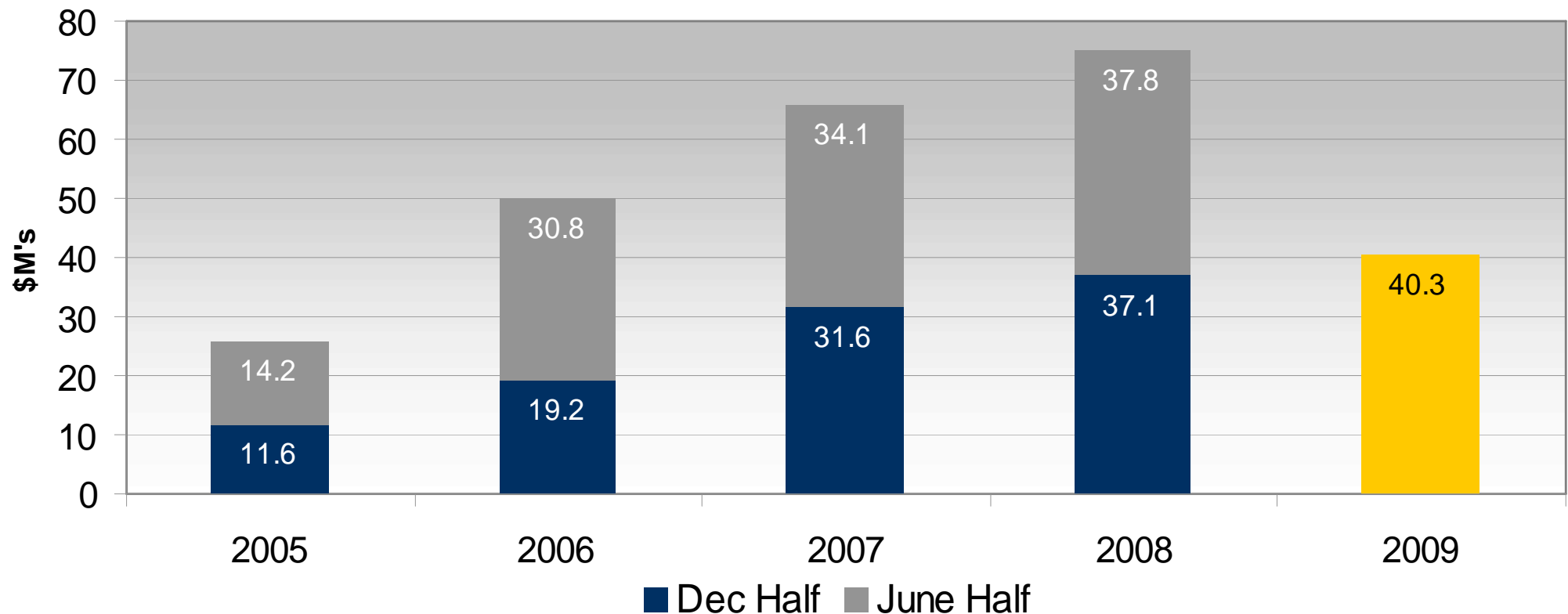
EBITDA growth ahead of revenue growth



9% Increase in Net Profit After Tax¹ over Dec 2007

Consistent earnings continue

Net Profit After Tax¹



¹ Before NRI's

Operating Cashflow

100% conversion of EBITDA into cash flow

Gross Operating Cash to EBITDA	\$m	
Cashflow from Operating Activities	68.6	▶ Strong, consistent positive cashflows from businesses
Add back		
Interest paid	23.8	▶ Continued focus on management of working capital
Income Tax paid	15.7	
NRI's cash items	2.7	
Gross Operating Cash Flow	110.8	
EBITDA (Pre NRI's)	111.5	
Ratio of Gross Operating Cash to EBITDA	99.4%	

Balance sheet and Debt

Balance sheet is in good shape and funding in place until 2011

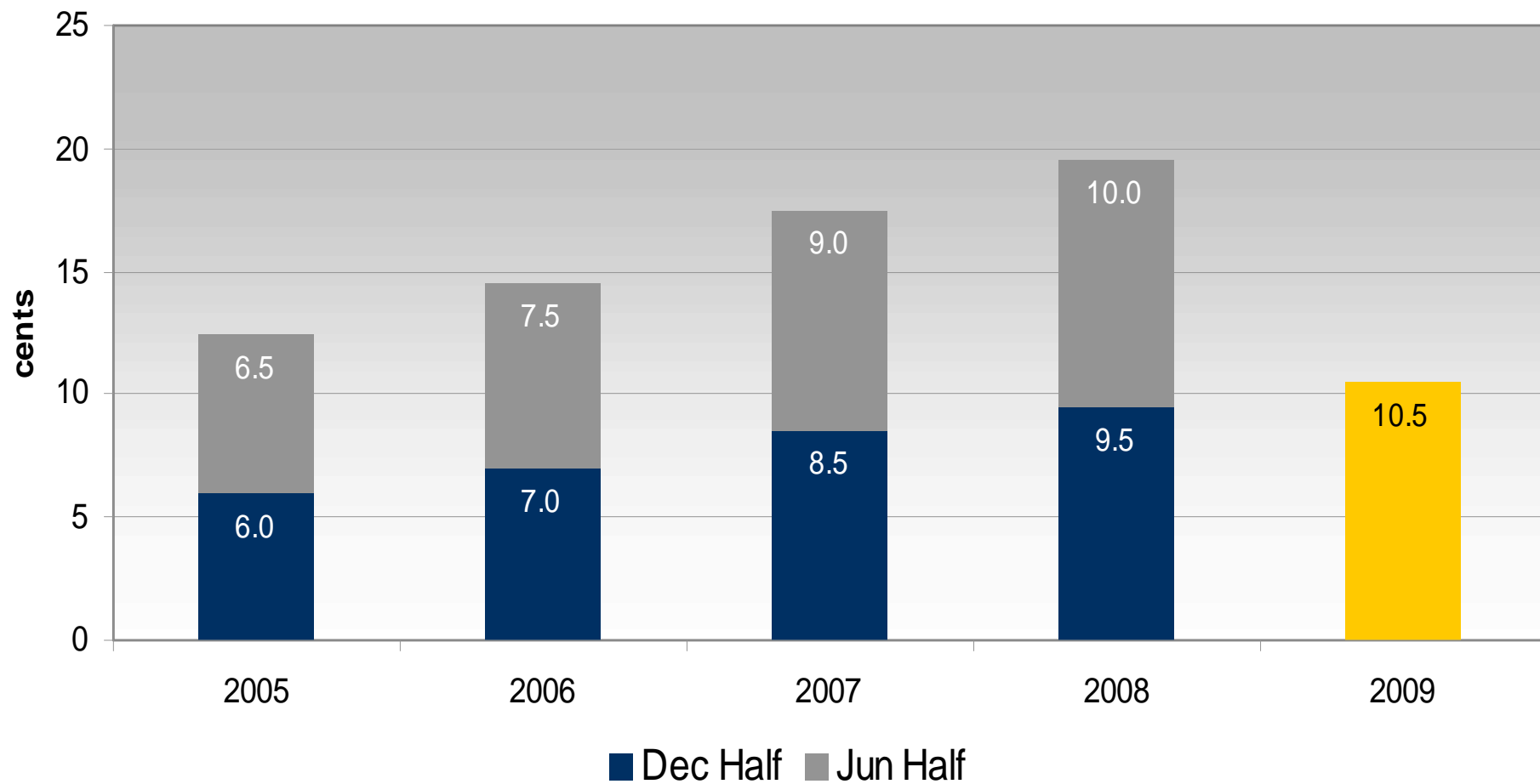
	31 Dec 2008	30 June 2008
Net Debt	\$601m	\$597.2m
Gearing	40.8%	41.3%
Interest cover	3.7	3.6
Securitisation	\$104.6m	\$91.1m

- ▶ Syndicated debt facilities of \$850m until June 2011
- ▶ Headroom of \$251m to fund future growth
- ▶ Working capital facility of \$25m with nil drawn down at 31Dec 2008
- ▶ Interest rates fixed on \$315m of debt at 7.7% to June 2011. The balance at BBSW plus margin
- ▶ Underwritten DRP to conserve funds for future growth

Interim Dividend up 10.5%

Consistent dividend growth continues

Dividend Per Share (cents)



Hospital Performance

An outstanding performance by hospitals

- ▶ Revenue growth of 9.3%
 - Growth particularly strong in larger higher acuity hospitals
 - Double digit growth in revenue at Brisbane private, Sunnybank private and Melbourne Private
- ▶ Margin growth of 70bps driven by rates and leveraging volume
- ▶ Patient demand consistent across the entire 6 months
- ▶ Construction of Norwest is ahead of plan and will open Q1 FY2010

Hospital Performance	1HY09	1HY08	Change
(\$m Before NRIs)			
Revenue ¹	549.0	502.5	9.3%
EBITDA	91.3	79.9	14.3%
EBITDA Margin	16.6%	15.9%	70 bps

¹ Excludes Prosthetics

Pathology Performance

Pathology records strong revenue growth

- ▶ Australian Pathology revenue growth of 15.0%
 - At or a above market in growth in all states
- ▶ Excluding the NZDG business (acquired Dec2007) margins were 30 bps below last year.
- ▶ Margins affected by government fee changes.Recovered in latter months via increased co-payments billed to patients.Will recover in second half.
- ▶ Malaysia and Singapore growing revenue at 28.3% year on year and improving margins

Pathology Performance	1HY09	1HY08	Change
Revenue	184.9	141.6	30.6%
EBITDA	27.0	21.7	24.4%
EBITDA Margin	14.6%	15.3%	-70 bps
EBITDA Margins 'Like for like' ¹	15.0%	15.3%	-30 bps

¹ EBITDA margin 'like for like' excludes NZDG

Labtests New Zealand

Labtests secures New Zealand contract – positively impacts earnings in 2009/10

- ▶ Contract confirmed by New Zealand Court of Appeal in September 2008. New Zealand Supreme Court denies Sonic leave to appeal on 12 February 2009.
- ▶ Revenue of NZ\$70m per annum fixed with annual CPI adjustment. No ramp up period - full NZ\$70m revenue from year 1.
- ▶ Contract for 8 years – will be in a position to commence from August 2009.
- ▶ Remaining capex spend of \$NZ 22m – total spend of NZ\$39.0.
- ▶ Implementation is on track – laboratory completed, equipment and IT platform expected to be in place by April. Management team in place, hiring of staff now commenced.



Hospital Infrastructure Expansion on track

Brisbane Private



Knox Private



Campbelltown



The Melbourne Clinic



Hospitals



Pathology



Medical Centres

Hospital Infrastructure Expansion on track

An opportune time for hospital expansion

- ▶ Planning approvals received for Knox private, The Melbourne Clinic, Victoria Rehabilitation Centre and Campbelltown Private. Brisbane Private approval expected shortly
- ▶ All expansion projects running on or ahead of plan
- ▶ Program expected to be completed by end of FY2012
- ▶ The economics of these projects have improved with investment allowance concession, competitive tendering and current excess capacity of contractors



Update on Hospital Infrastructure Expansion Plans

	CAPITAL \$m	BEDS	THEATRES	ESTIMATED COMPLETION DATE
Scheduled to Commence in FY 2009				
Brisbane Private (Stage 1 and 2)	14.0	20	3	Feb 2010
Campbelltown	22.0	60	2	May 2009
Knox	34.8	66		June 2011
The Melbourne Clinic	20.6	48		Dec 2009
Vic Rehabilitation Centre	8.4	30		Dec 2009
Feasibility Studies under Development				
Northpark	TBD	54	2	
Lady Davidson	TBD	54		
Allamanda stages 1 & 2)	TBD	99	2	
Newcastle	TBD	58	2	
John Fawcner	TBD	177	8	
The Hills (Conversion)	TBD	92		
Sunnybank	TBD	76	4	
Brisbane Private (Stage 3)	TBD	30		
Total Project Beds / Theatres		864	23	

Outlook

On track to deliver a strong full-year result

- ▶ Strong first half result provides confidence that the revenue growth experienced in both hospitals and pathology will continue in the second half
- ▶ Focus will remain on winning market share whilst maintaining margins in both sectors
- ▶ Continued investment and organic growth via expansion of existing facilities
- ▶ Strong cash generation to continue
- ▶ Challenging market conditions – rising unemployment and fiscal pressure on the Federal Government
- ▶ Forecast strong year end results



Questions

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