



Healthscope Limited

Presentation

UBS Australian Healthcare Conference

Bruce Dixon
Managing Director
16 November 2006



Healthscope

Overview – a company transformed

- Only National hospital provider covering all States and Territories with 43 Hospitals
- Vertically integrated healthcare provider with National and International pathology operations
- Integration of business complete and capture of pathology synergies throughout hospitals progressing well
- Business consolidating and improving margins in all divisions
- Awarded prestigious contract by Auckland District Health Boards to provide community pathology services in the region for 8 years, commencing 1 July 2007.

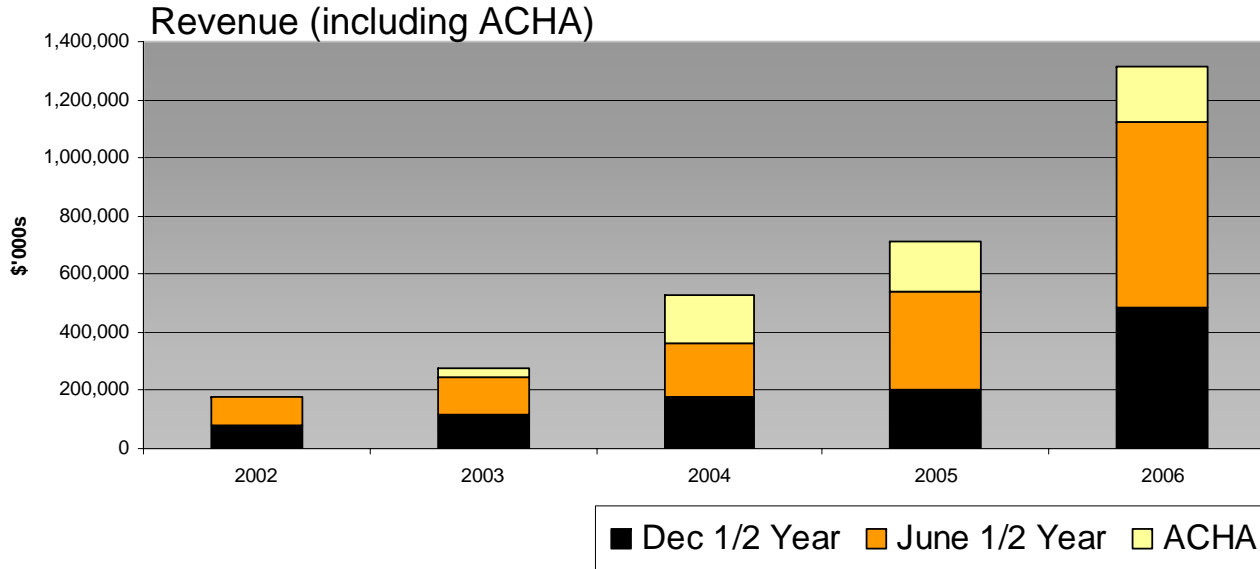


Operational Highlights 2005/06

- **Acquisition of 14 ex-Affinity hospitals now complete**
 - Acquisition repositioned the company
 - All quality assets
 - All trading at or above anticipated levels
 - Excellent market position
 - Many offer brownfield expansion opportunities
- **Core hospitals continued to improve margins**
- **Human pathology restructured and trading well**
 - Excellent brand position in NSW following acquisition of Davies Campbell de Lambert
 - Clayton laboratory performing well following restructure
 - Good growth in SA and QLD
 - New Zealand, Malaysia and Singapore continue to perform at or above expectations



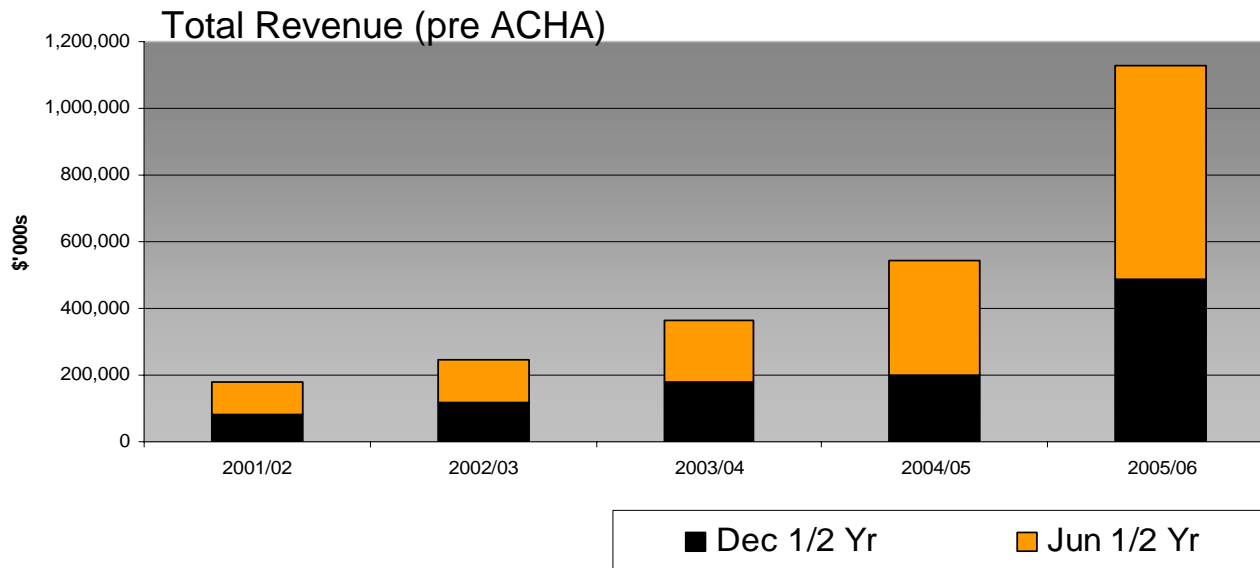
Acquisitions enhance revenue growth



FY 2006 Revenues

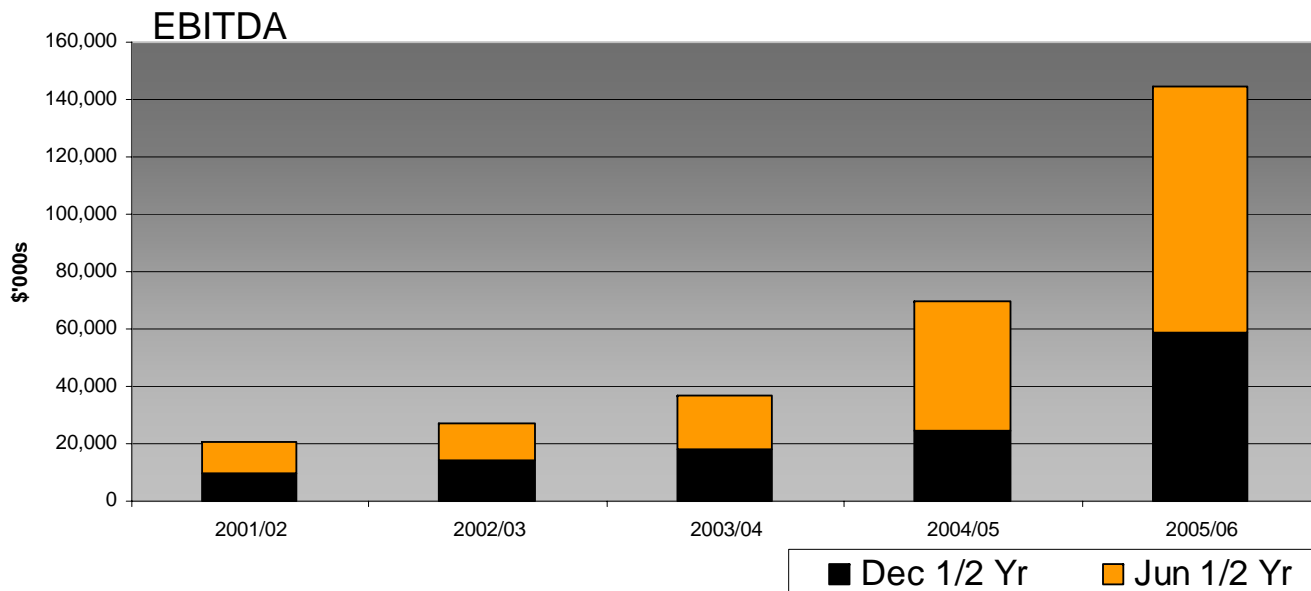
Revenue base is in excess of \$1,125 m – growth y-o-y over 50%.

- Including ACHA revenues exceeded \$1.3M
- 2nd Half Revenue - \$640m



Revenue Split
Hospitals – 78%
Pathology – 22%

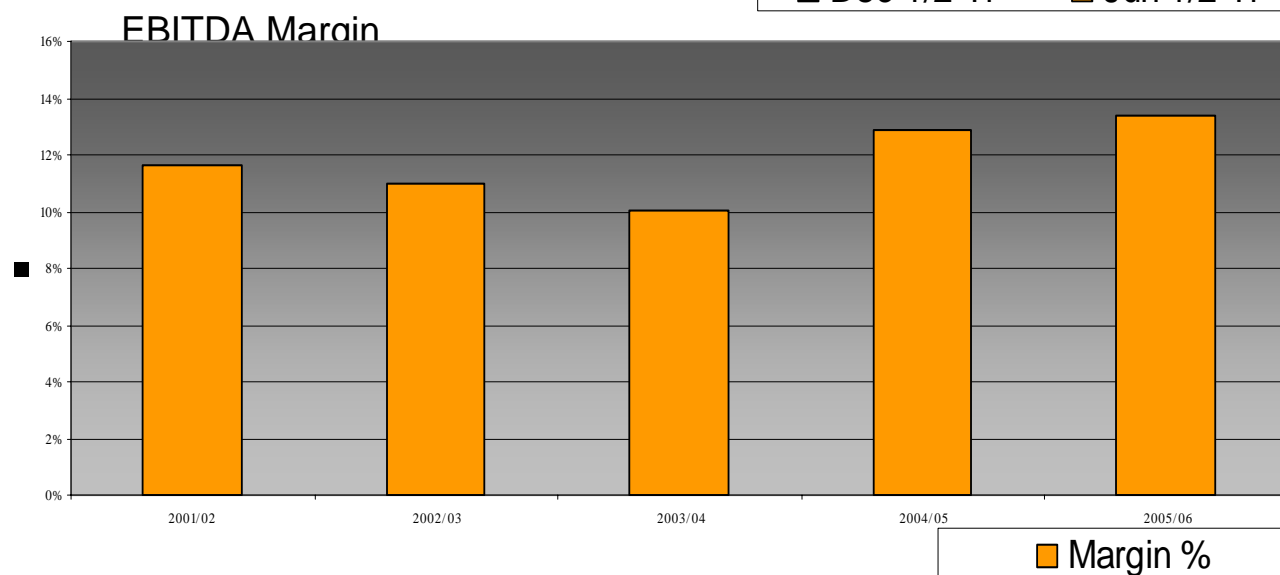
EBITDA growth, margins maintained



EBITDA growth reflects acquisitions over past 20 months

Stronger performance in 2nd-half due to:

- Affinity acquisition
- Core hospital's performance
- Pathology improvement



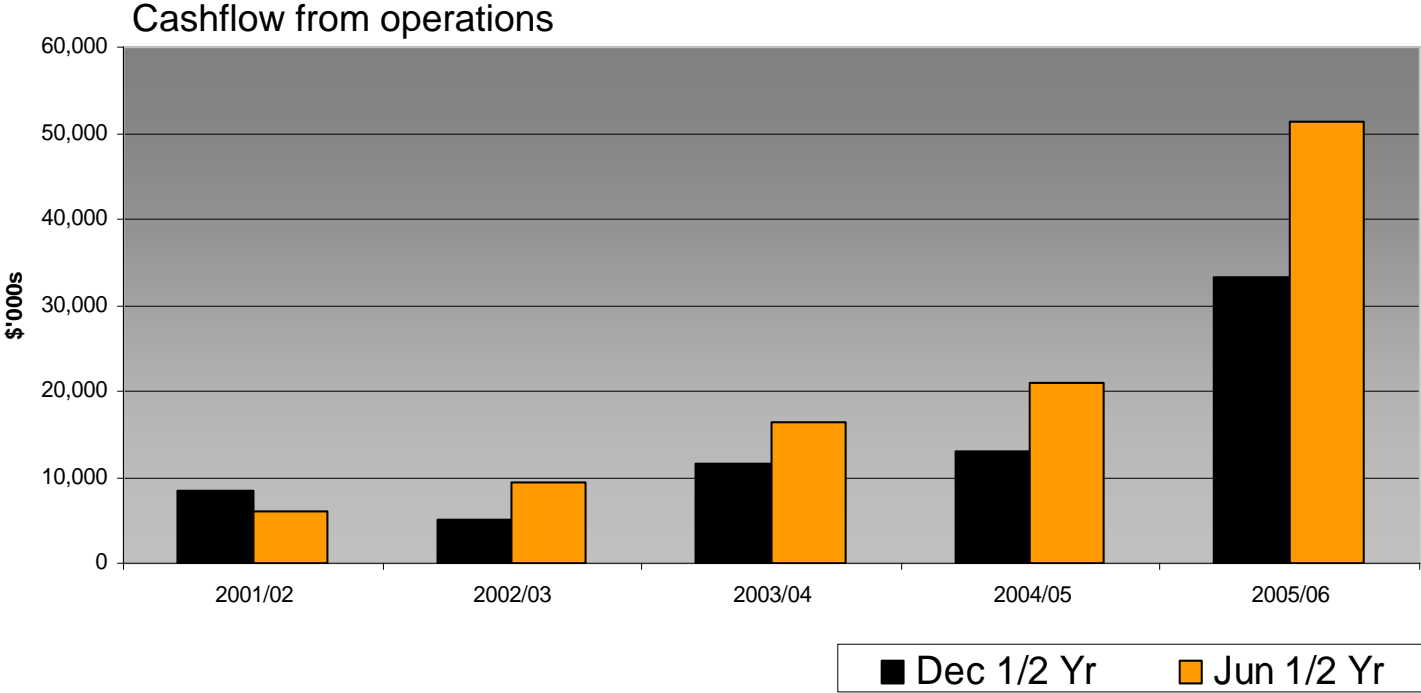
Overall EBITDA margins maintained YoY

Significant growth in 2nd-half



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Excellent cash-flow from operations



Excellent cash-flows available to service debt, fund required capital expenditure and potential investments

EBITDA Margins - Strong 2nd-half performance

Improvement forecast to continue this year

	HYDec 2005 \$M	HYJune 2006 \$M	Total \$M
EBIDA Margins	%	%	%
Total Core	11.5	13.3	12.5
Hospitals	11.1	13.3	12.4
Pathology	13.3	15.4	14.4



Current Operating Environment

Private Hospital Industry

- Industry continues to consolidate
- Private health insurance participation remains steady at 43.0% (PHIAC – June Quarter 2006) and demand remains strong for well-positioned hospitals
- Disappointing the privatisation/sale of Medibank has been delayed; may have provided impetus for consolidation of health insurance sector
- Demand for services remains solid

Pathology Industry

- Market remains competitive
- Pathology funding exceeding 5% growth cap agreed with Federal Government however fee adjustment unlikely this financial year
- All operators seeking to secure/own revenue source to protect business, ie
 - Sonic – IPN
 - Symbion – Medical Centres
 - Primary – Medical Centres
 - Healthscope – hospitals/skin clinics



A portfolio of quality hospitals

Flagship hospitals in every State/Territory

- Healthscope now has a portfolio of quality hospitals in every State/Territory of Australia including :
 - Medical/ Surgical – state-of-the-art hospitals such as The Prince of Wales Private, Nepean, Sunnybank, The Mount, Knox Private, Melbourne Private, Allamanda, Flinders, Ashford, The National Capital, Hobart Private, Geelong and Darwin.
 - Psychiatric – major clinics across the eastern seaboard including The Melbourne Clinic, The Victoria Clinic and The Sydney Clinic.
 - Rehabilitation - Flagship Victorian Rehabilitation Centre Eastern, Griffith and Lady Davidson.

Expansion opportunities

- 2 additional theatres and recovery areas being developed at The Mount to cater for excess demand. Works have commenced and completion expected 2008 at a cost of \$6M.
- A number of further 'brownfield' expansion opportunities across the portfolio are being reviewed.
- Newcastle acquisition and Campbelltown development on track with completion expected early 2007.
- Sale of 5 hospitals to Health E following a review of portfolio; all trading at margins below core hospitals.



Operating Review

Pathology; strong position for growth

- **Australian Human Pathology**
 - Business repositioned in each State
 - Strong focus on quality and service delivery
 - Good progress being made in capturing hospital pathology work; 2 laboratories still to be opened at The Hills and The Mount

- **New Zealand Human Pathology**
 - Successful in securing prestigious Auckland community pathology contract for 8 years commencing 1 July 2007, with revenues in excess of \$560M over contract term
 - good progress on establishing service
 - ahead of original timelines
 - excellent support from Auckland Health Boards
 - good interest from pathologists to join from overseas and locally
 - most senior appointments have been made

- **Malaysia and Singapore**
 - Continuing to grow market share with good organic growth in both regions



Outlook

- Focus on enhancing EPS and Return on Equity
- Review brownfield opportunities in hospitals
- Continue to develop Auckland Laboratory for contract commencement 1 July 2007
- Pathology division has continued the recovery evidenced in 2nd half '06
- First quarter in line with expectations – improvements made in second half '06 have continued into this year





Questions



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