
Macquarie Securities

Emerging Leaders Conference

Bruce Dixon
Managing Director
Healthscope Limited
May 2006

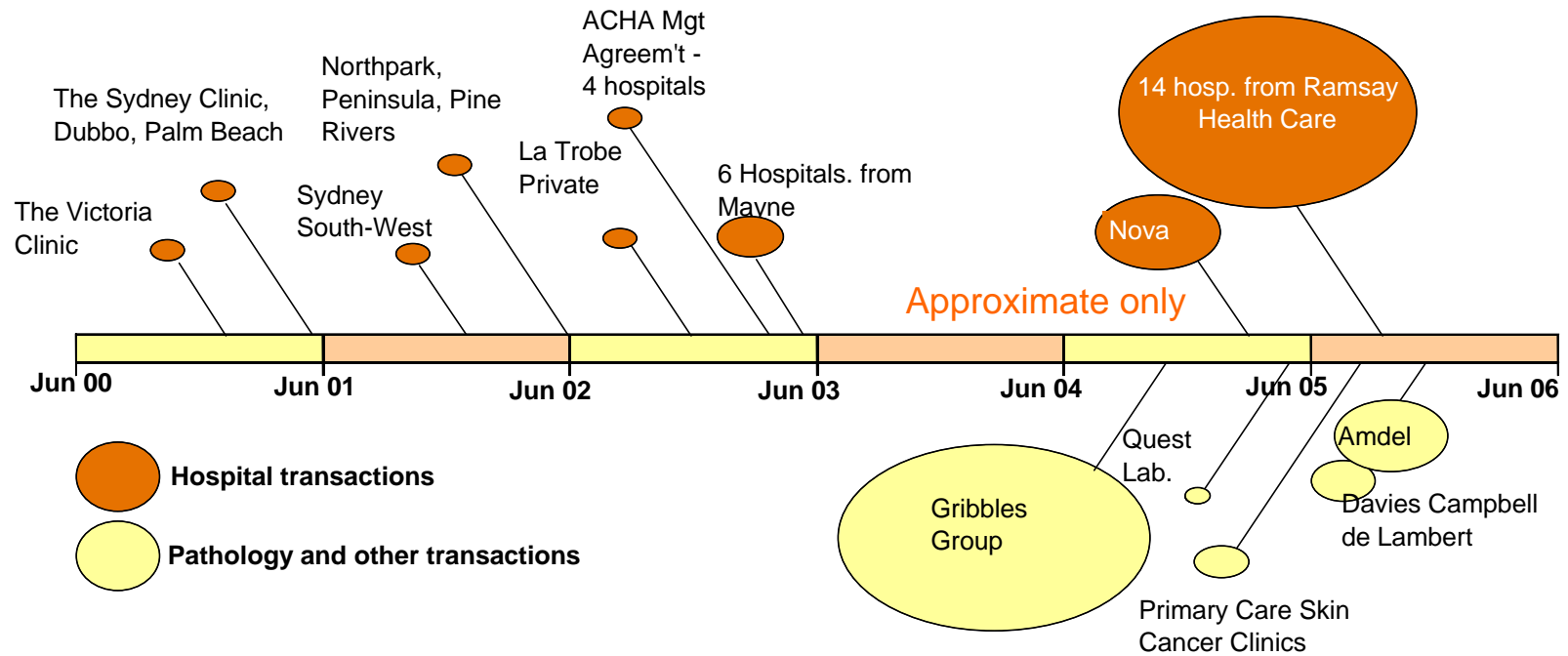
Overview

- Business in transition
- Hospital division represents 75% revenue; pathology 25%
- Vertical integration model working well
- Ex-Affinity hospitals performing well and to expectations
- On track to achieve our forecast in February 2006 of NPAT \$52 million
(inclusive of non-recurring items detailed at Half Year)



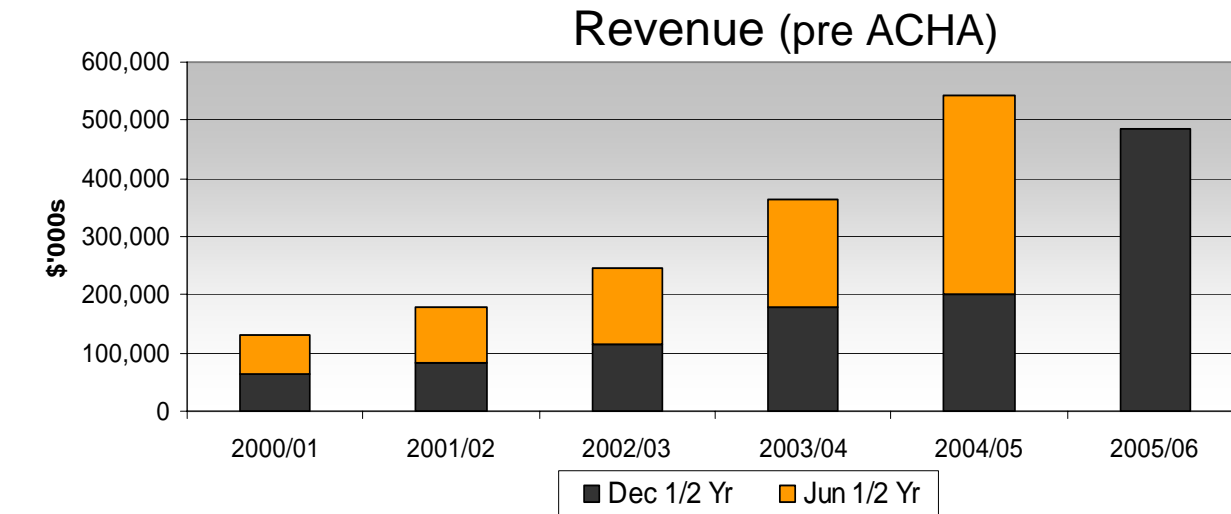
Overview

Company transformed, a business in transition

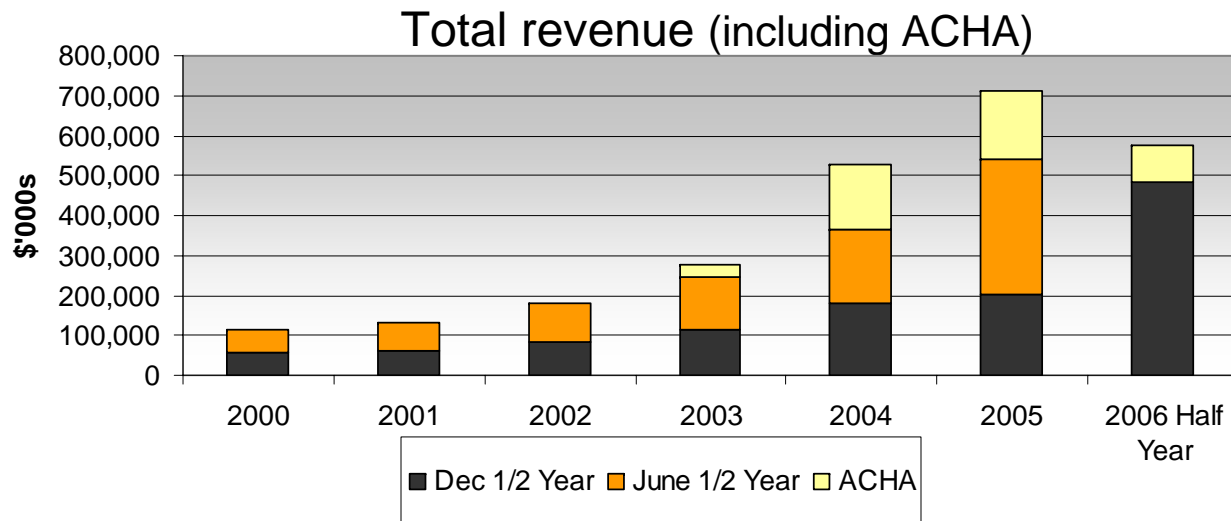


Group Financial Review – December '05

Acquisitions enhance revenue growth

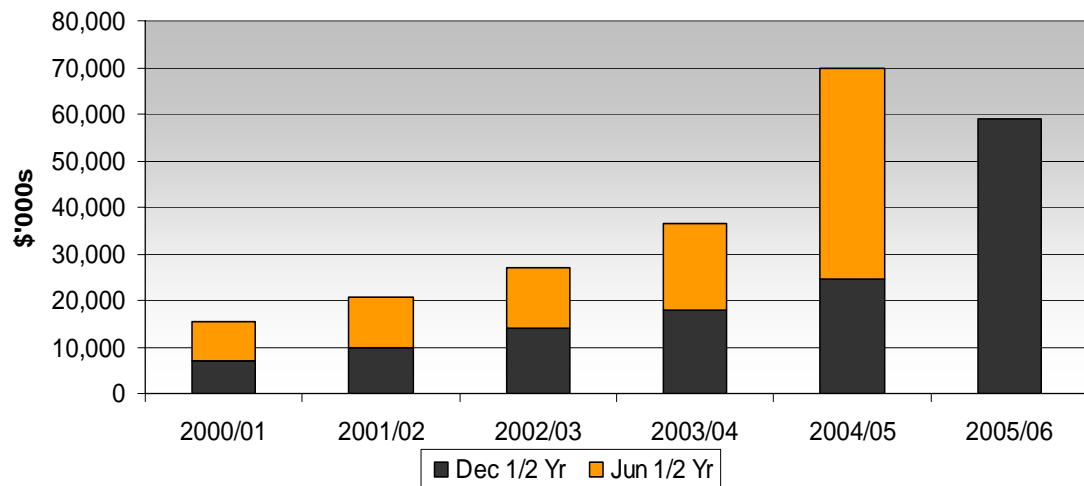


Core hospitals business performing strongly, but acquisition has transformed Healthscope revenues

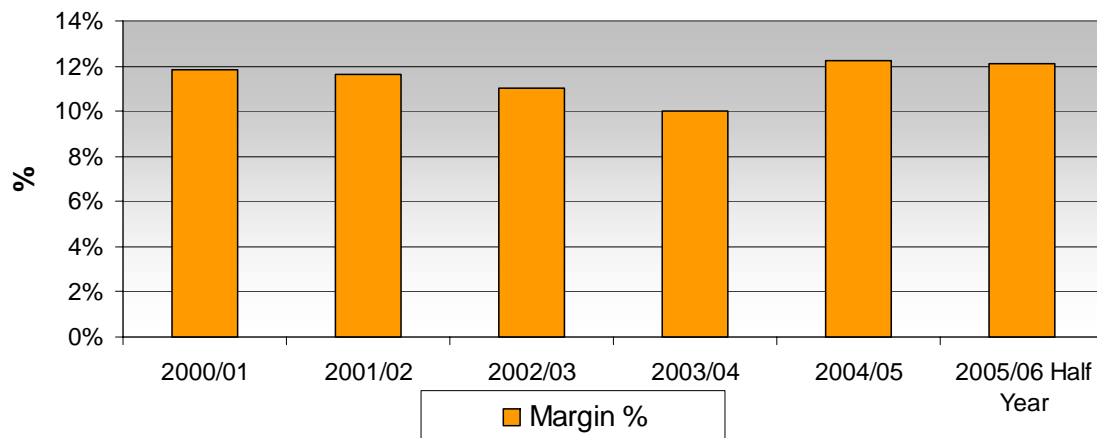


Group Financial Review

EBITDA growth strong, margins maintained



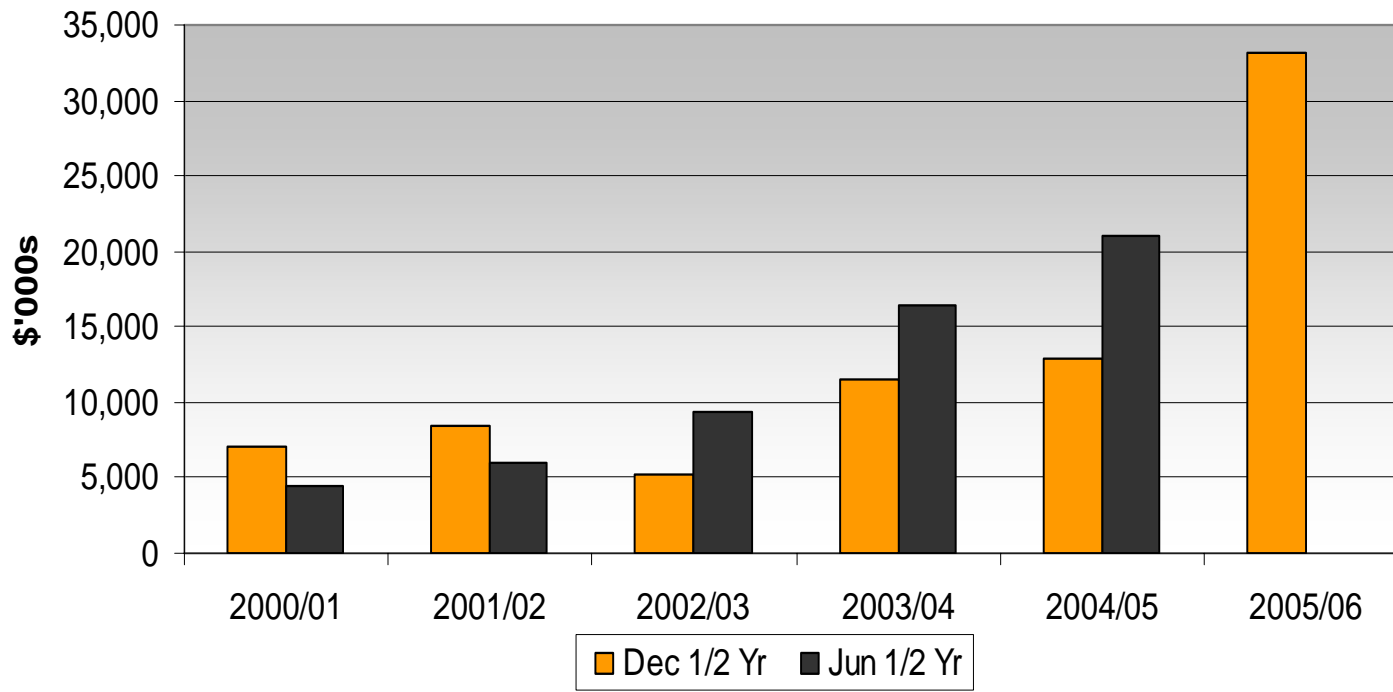
Strong EBITDA; core hospital business continues to grow



Overall EBITDA margins maintained through acquisitions

Group Financial Review

Strong cash-flow from operations



Strong cashflows available to service debt and fund required capital expenditure



Current Operating Environment

Hospital Industry

- Industry has undergone dramatic restructure
 - Now 2 major for-profit hospital operators
 - Consolidation of hospital sector likely to continue due to funding pressures but incremental change rather than transformational
- Private health insurance participation remains steady at 43.1% and demand remains strong for well-positioned hospitals

Pathology Industry

- Consolidation likely to continue as operators seek scale benefits
- Pathology funding exceeding 5% growth cap due to Federal Government initiatives, such as Medicare Plus Safety Net



Review of Operations

- Hospitals performance remains solid
- Ex-Affinity hospitals performing to expectations
- 3 hospitals still to transfer being The Hills, Prince of Wales Private and Melbourne Private
- NSW pathology operations consolidated with Davies Campbell de Lambert and performing well
- New 'LabCell' system in the Clayton laboratory fully operational



Vertical Integration Works and is the norm.....

- All diagnostic companies trying to secure their referral base;
 - Sonic with IPN
 - Primary with IPN and medical centre/pathology ownership
 - Symbion ownership of medical centres
- In USA, UK and SE Asia, majority of hospital operators retain pathology services in-house
- In Australia, majority of public hospitals retain pathology in-house; consequently doctors comfortable with a hospital owned pathology service
- Healthscope model has been well received and supported by our doctors



Vertical Integration.....where are we at?

- Progressively establishing service at each hospital -
 - Laboratories in the major medical/surgical facilities
 - Collection centres at all other hospitals
- Ex-Affinity hospitals providing great opportunity – majority large medical/surgical hospitals requiring significant pathology services
- Anticipate pathology services will be established and operational at all hospitals by June '06
- In-house service warmly welcomed by our doctors including the ACHA hospitals, ex-Nova and ex-Affinity hospitals



Market Rumours.....

ALL UNFOUNDED

The Future.....

- Short term
 - Consolidate hospital and pathology operations
 - Continue to acquire bolt-on hospitals and/or boutique pathology practices, ie
Newcastle Private
- Longer term exciting growth opportunities exist in South East Asia in both hospitals and pathology, leveraging off excellent position already held in Malaysia and Singapore

Questions

Macquarie Bank

Emerging Leaders Conference

Bruce Dixon
Managing Director
Healthscope Limited
May 2006