



# Macquarie Securities 2005 Emerging Leaders Conference

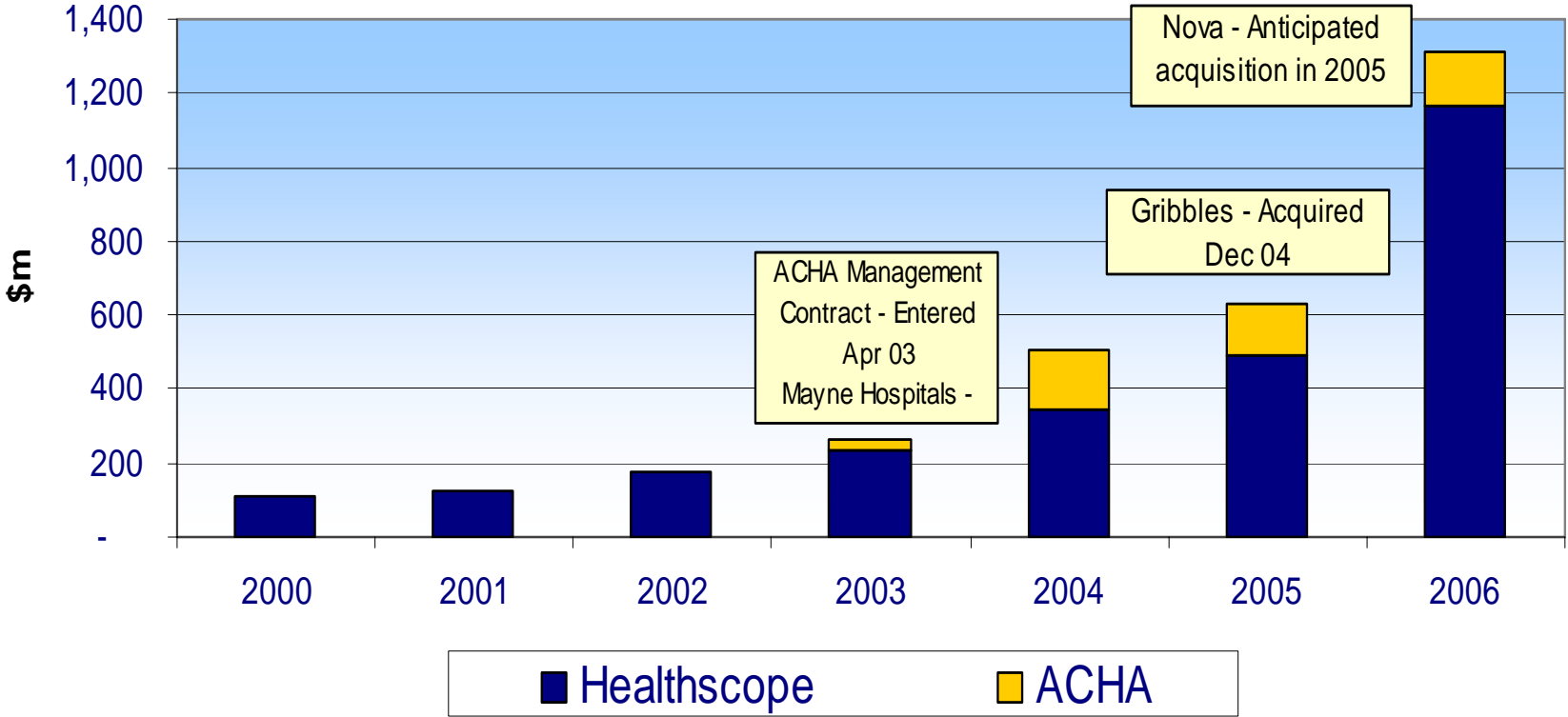
Bruce Dixon  
Managing Director  
Healthscope Limited

6 May 2005

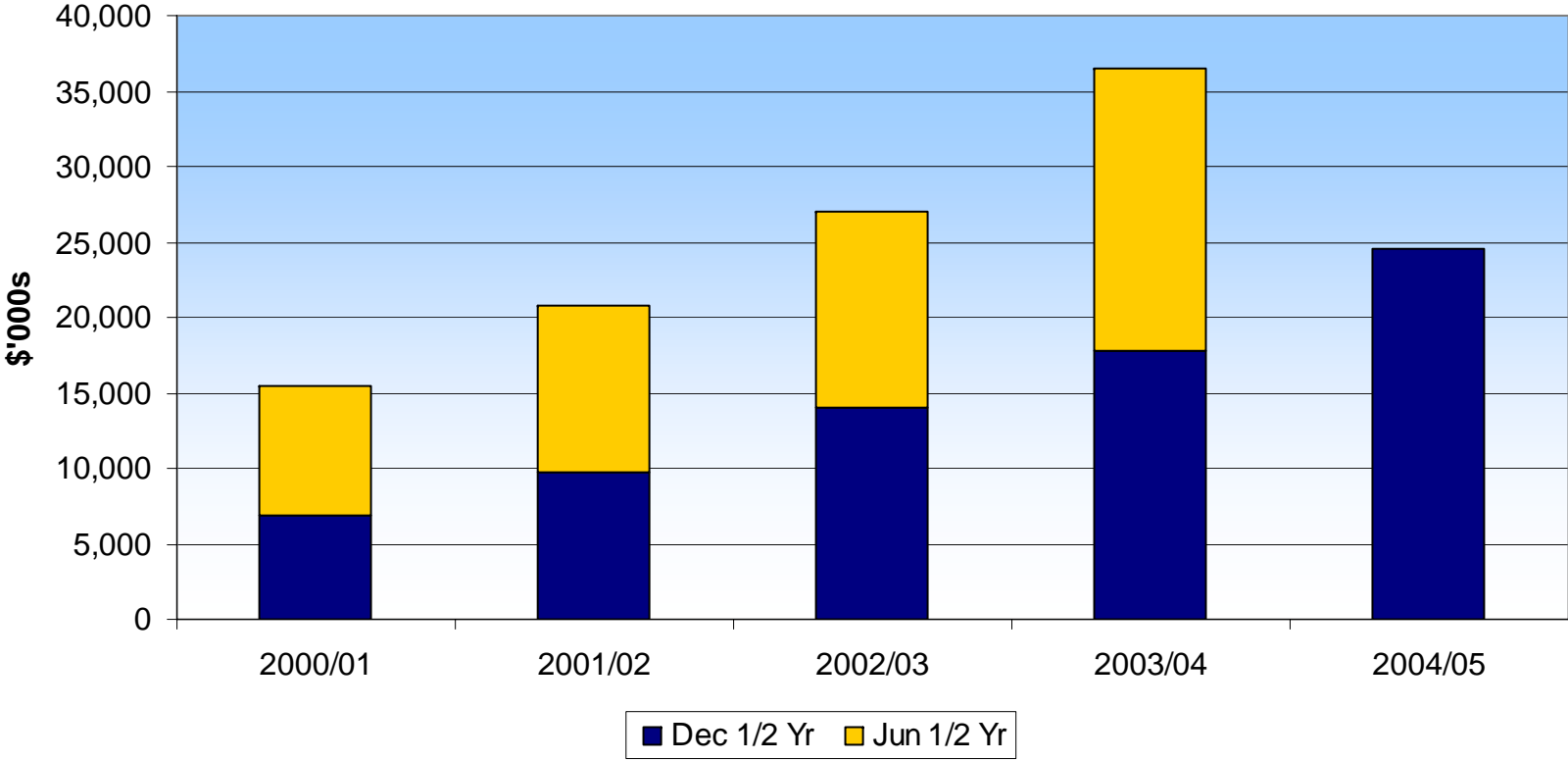
# Snapshot of Healthscope...

- One of the fastest growing stocks in the ASX 200
- Diversified revenue streams; hospitals and pathology
- Operating in 5 countries and employing over 10,000 people
- Inclusion of pathology services greatly enhances economics of the hospital business
- Vertical revenue streams (hospitals and pathology) consistent with all major hospital groups in US and South East Asia, ie the norm, not unique
- Gribbles acquisition had unique overlap with HSP hospitals and provides geographical expansion
- Nova provides entry into the attractive, fast growing Gold Coast and central NSW Coast regions
- Good depth of talented management in place

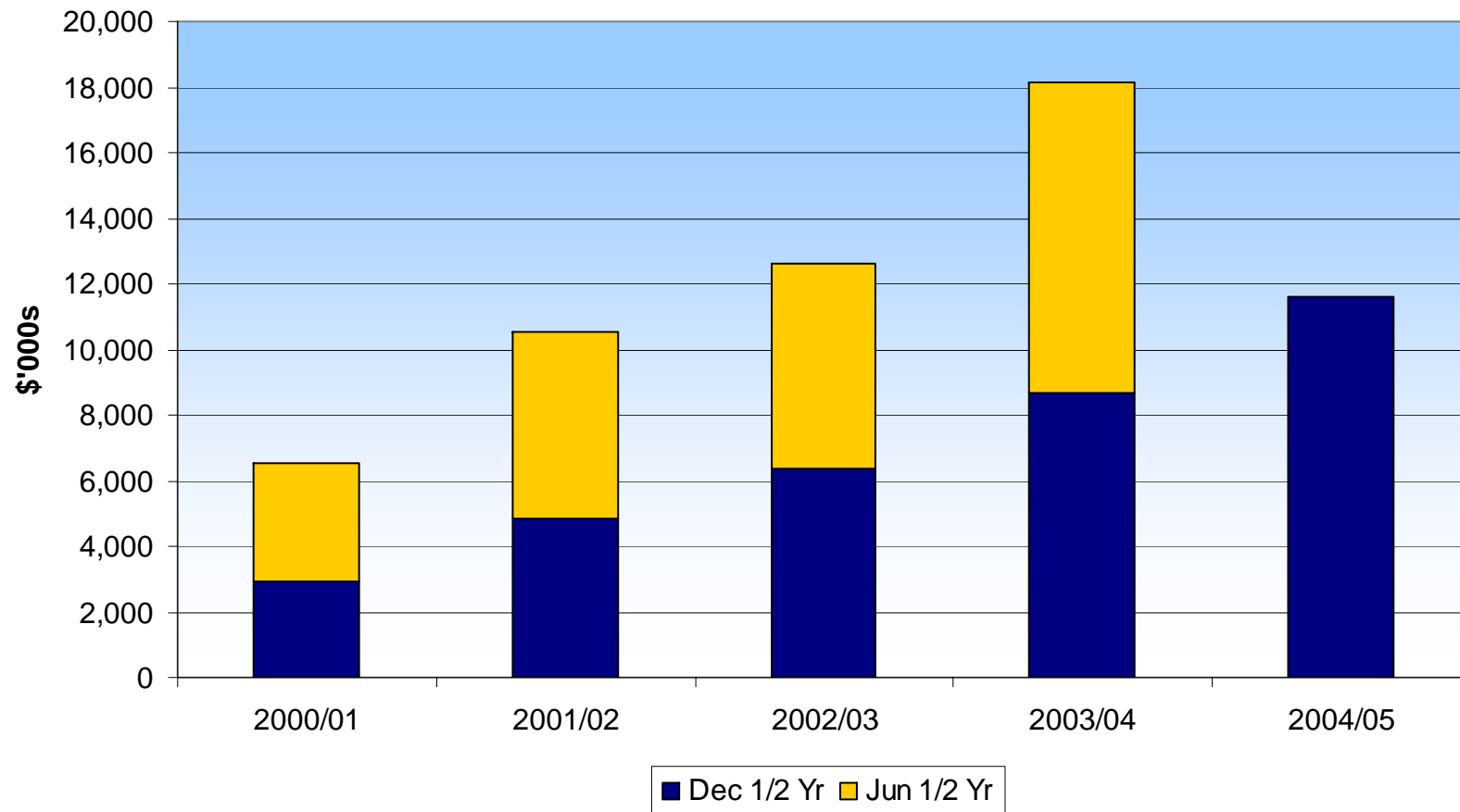
# Revenue growth time line



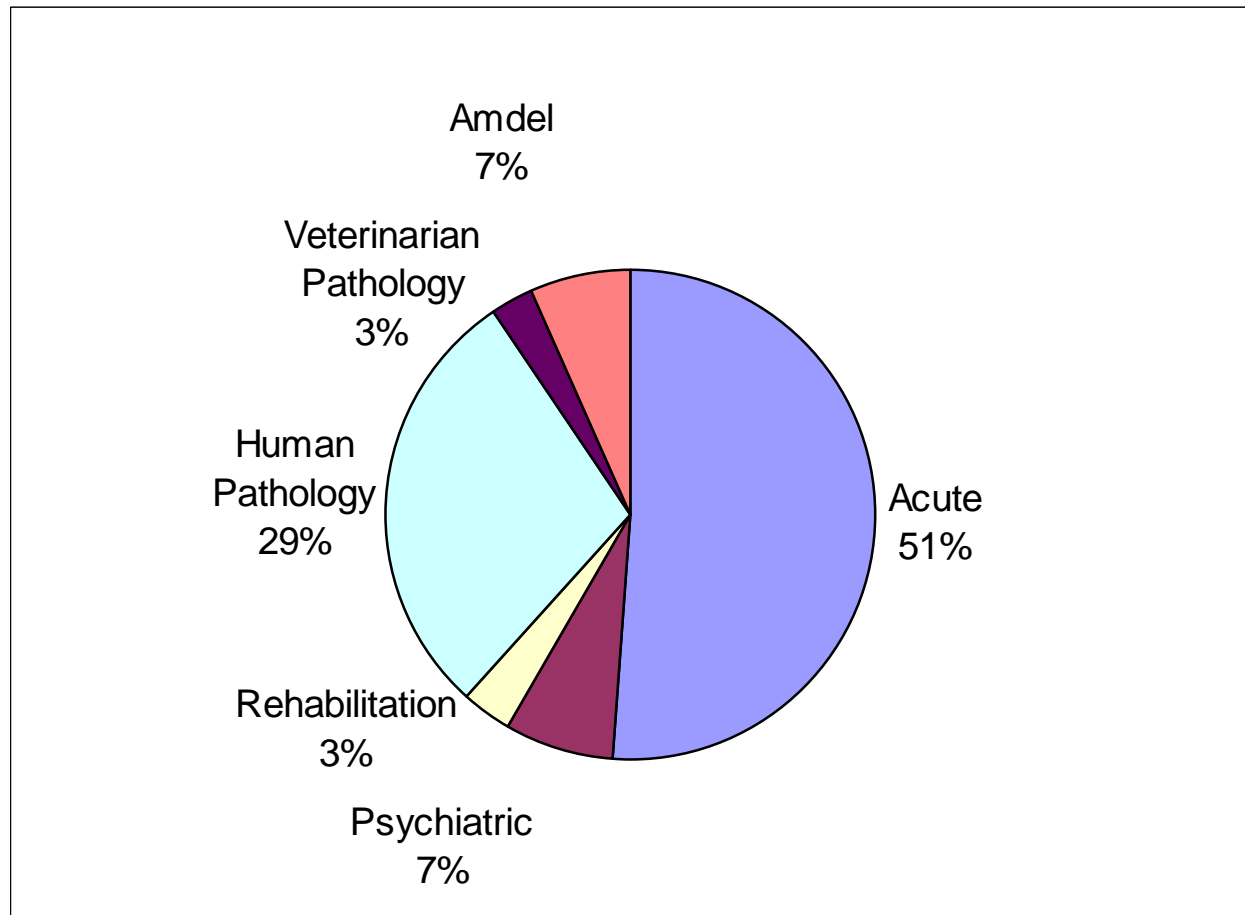
# Strong EBITDA growth



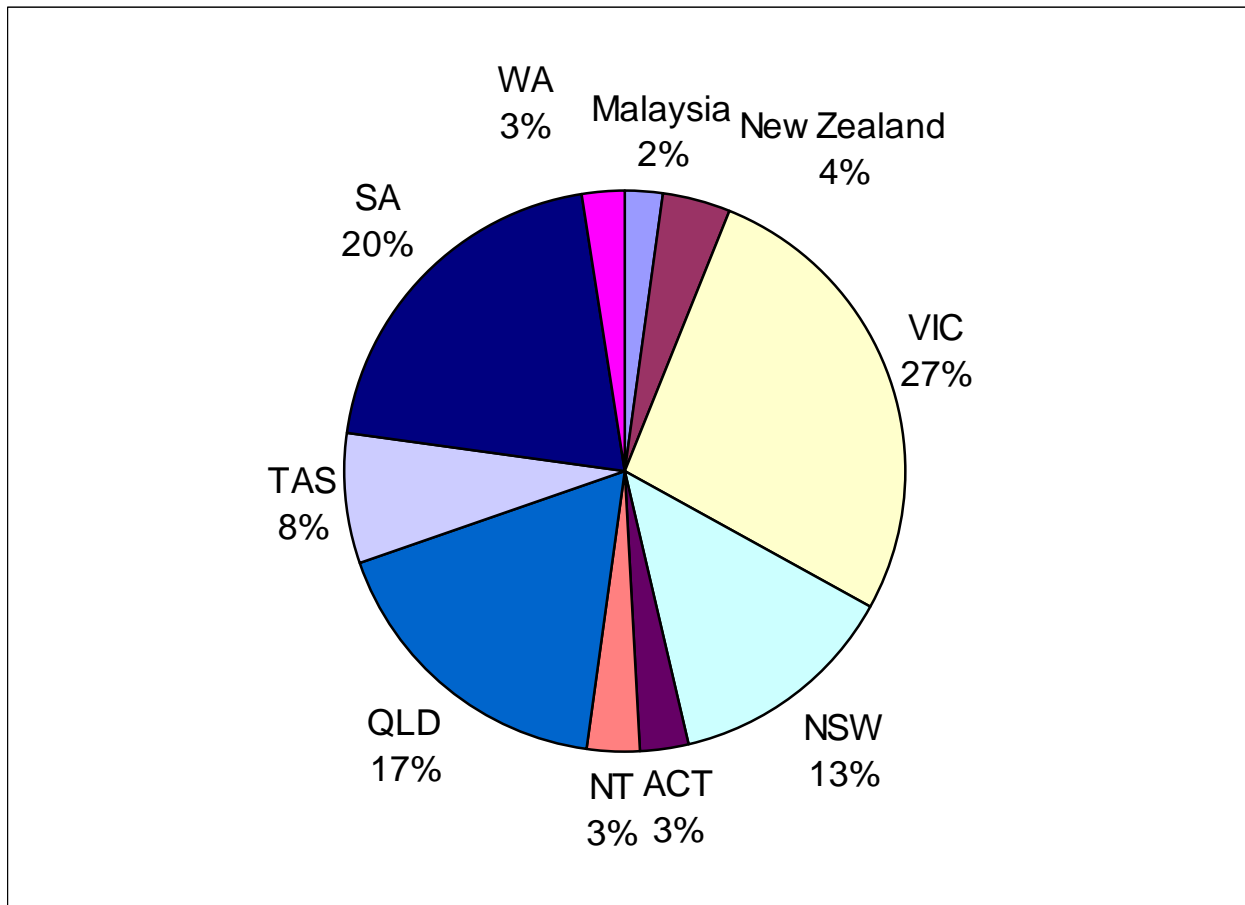
# Record net profit after tax



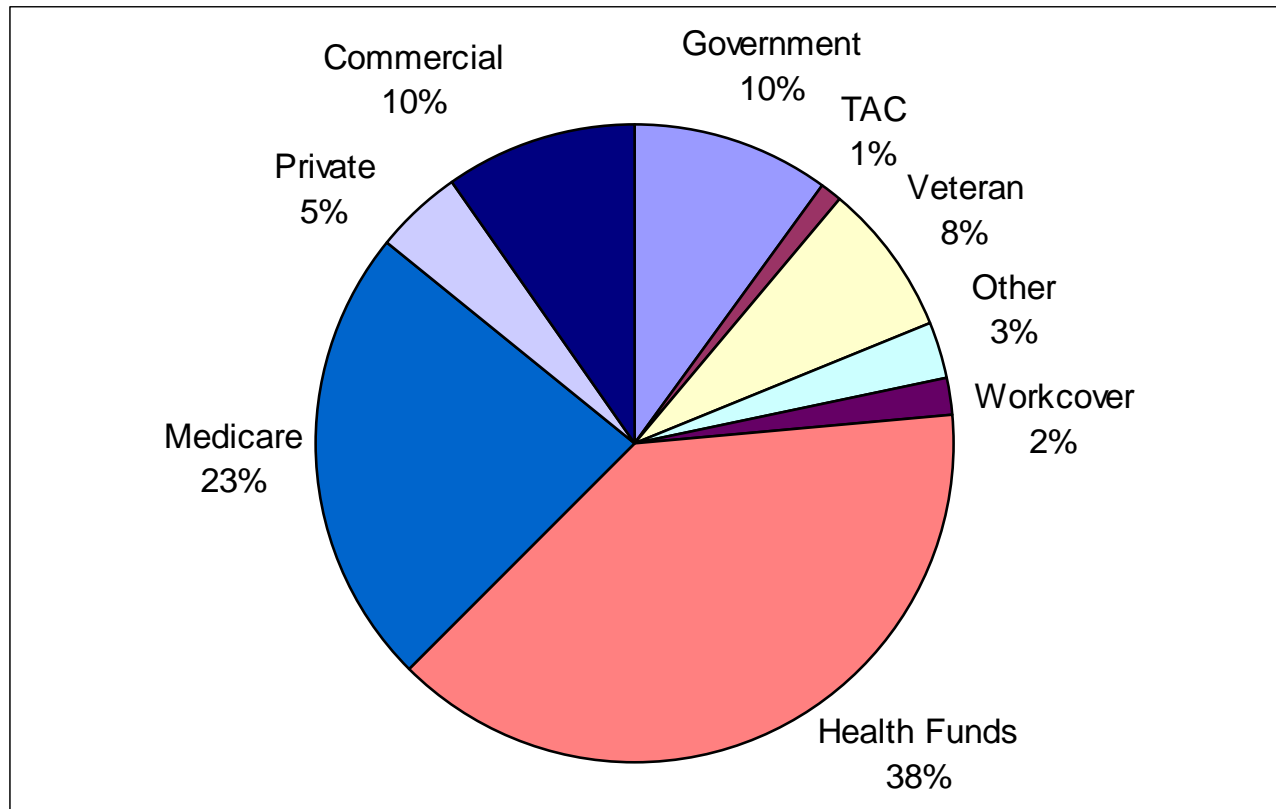
# Revenue by Division



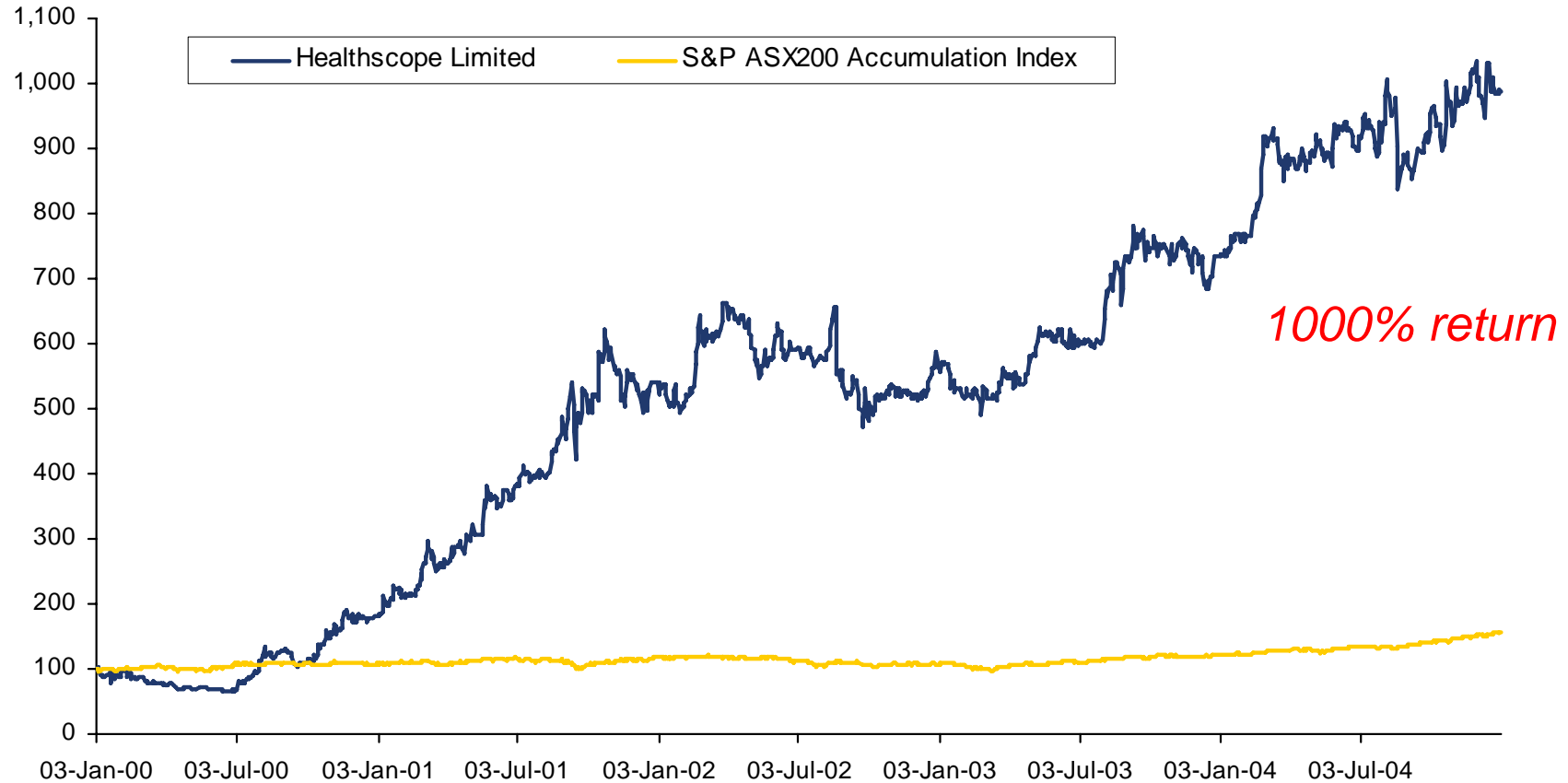
# Revenue by State/Country



# Revenue Payor Source



# Healthscope Limited Total Shareholder Return relative to S&P ASX200 Accumulation Index Performance - Jan 2000 to Present



# Favourable macro environment

- Ageing population
- Favourable Government policies/initiatives
  - 30% rebate
  - Lifetime Cover
  - GP bulk billing incentives, ie increasing demand for pathology
- 5 year (commencing 2004) pathology agreement with Government
- Health fund participation remains strong

# Industry dynamics

## – consolidation, consolidation, consolidation

- Market consolidation occurring in all segments of healthcare
  - Hospitals
  - Diagnostics (pathology & imaging)
  - GP practices
  - Day surgeries
- Vertical integration emerging, ie Sonic/IPN
- Consolidation driven by funding constraints/economies of scale
- Consolidation/rationalisation likely to continue for next few years
- Healthscope well positioned to take advantage of market restructure



# Healthscope

## – different to other providers

- Hospital regional/satellite strategy provides strong market positioning
- Only vertically integrated hospital/pathology group in Australia; similar model to US and South East Asia hospital groups
- Hospital economics greatly enhanced by inclusion of pathology services – 2 revenue streams from one asset (dramatically improved ROI)
- Acquisitions provide good geographical expansion
- Multiple growth options available

# Management strengthened with industry leaders...

- Senior management appointments have been made to strengthen existing team. Senior appointments include:
  - **Dr Matthew Egan, COO - Diagnostics**  
(previous CEO, Melbourne Pathology)
  - **Mr Neville Moller, Group GM – Pathology**  
(previous Operations Mgr, Melbourne Pathology)
  - **Ms Lela McGregor, Group GM - Marketing/Communication**  
(previous Director Marketing, Melbourne Pathology)
  - **Dr David Ellis, Pathologist – SA**  
(previous Pathologist, Clinipath-Sonic)
  - **Dr John Miliauskas, Pathologist - SA**  
(previous Pathologist, Sonic)
  - **Dr Tom Kennedy, Pathologist - TAS**  
(previous Private Practice)
- No further appointments required for Nova integration; current site managers to remain

# Integration of Gribbles - update

- Progressing well
- Laboratories established and operating at Geelong, Ashford, Modbury and Memorial Hospitals
- Laboratories still to be established by 30 June include; Peninsula, Hobart, Sydney South West and Darwin
- Collection Centres established and operating in 13 hospitals
- Model being well supported by our Doctors; uptake consistent with expectations
- Management depth greatly enhanced by recent senior appointments

# Nova acquisition - update

- Bidders and Target Statements issued; offer open until 17 May
- Confident acquisition being completed quickly
- Acquisition consistent with company strategy of owning/operating quality regional hospitals
- Provides excellent expansion into the attractive Gold Coast and Central NSW Coast regions
- Relatively easy integration – proven model for ‘bolt-on’ hospitals; good existing site management
- Plans to establish pathology service within 3 months of completing acquisition



# Growth opportunities

- Consolidation continues in hospital sector; likely to accelerate depending on outcome of Medibank tender
- Pathology consolidation continuing in Australia – funding cap encourages further amalgamations
- Malaysia and Singapore markets growing strongly; view South East Asia markets as strong future growth path

# Summary

## - where to.....

- Gribbles acquisition progressing well
- Nova integration plans finalised – do not foresee any major issues.  
Hope to complete transaction quickly
- Focus on consolidating/integrating Gribbles and Nova into the business
- Multiple growth options domestically and in South East Asia



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