



Healthscope

Financial Results

for the Full Year Ended 30 June 2009

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

Mr Bruce Dixon
Managing Director

26 August 2009



Highlights

Increased market share driving results

- Revenue of \$1654m, an increase of 11.2% on last year
- NPAT before NRI's of \$88.2m, an increase of 17.8% on last year
- Strong demand underpins the growth in revenue and earnings
- Hospitals solid consistent performance leveraging scale and investment in infrastructure
- Pathology margins increased in the second half of the year in Australia
- International operations growth of 45% to \$104.6m
- Labtests New Zealand opens one of the largest laboratories in the Southern Hemisphere
- Acquisition of Victorian private pathology provider, ARL
- Hospital infrastructure developments on track to add 224 beds
- Capital raising to support expansion of hospitals, acquisitions and opportunities for further growth



Financial Results

	FY 2009 \$ millions	FY 2008 \$ millions	Increase on Last year
Revenue	1654.0	1487.1	11.2%
EBIT	175.0	154.6	13.2%
EBITDA	228.3	197.9	15.4%
NPAT (before NRI's)	88.2	74.9	17.8%
Non-recurring items after tax	(15.9)	(10.5)	
NPAT	72.3	64.4	12.3%
EPS (before NRI's)	35.2¢	31.2¢	12.8%
DPS	21.5¢	19.5¢	10.3%

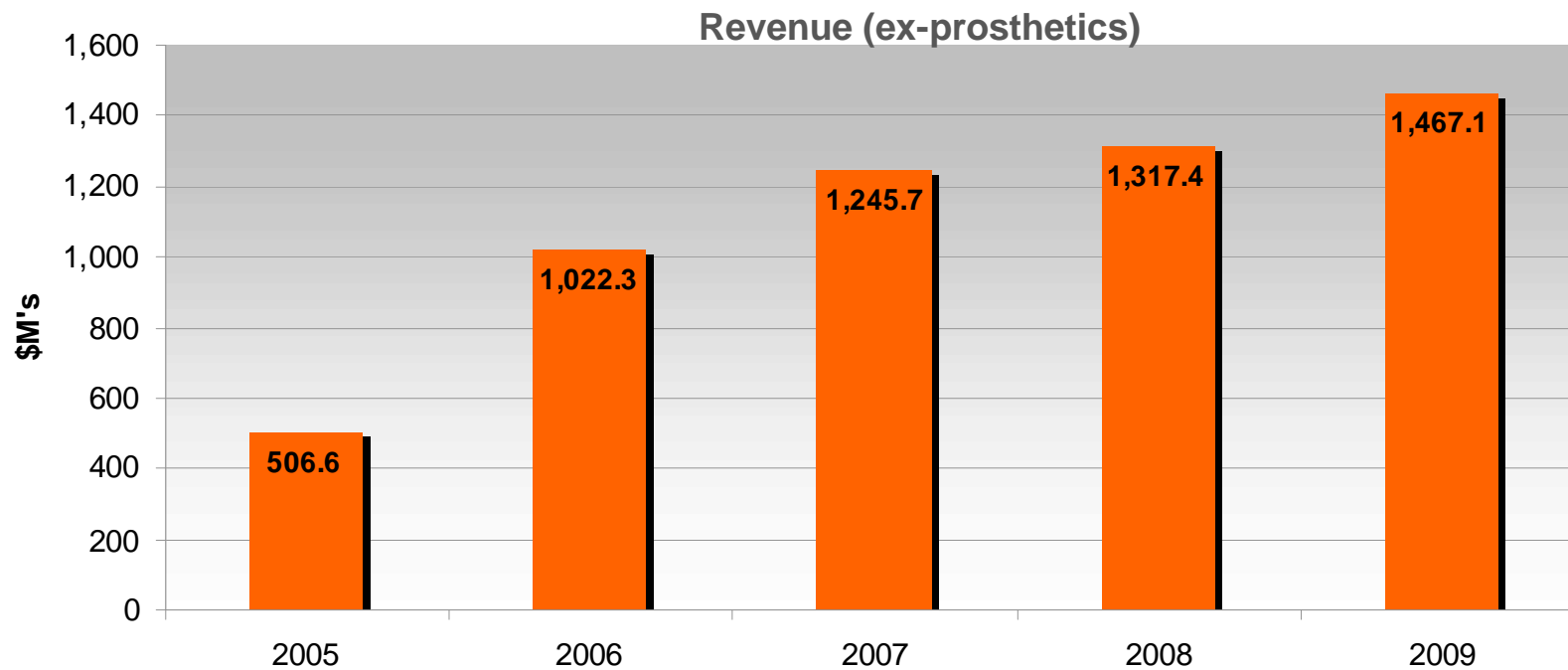
- High quality of earnings with increase in cashflow from operating activities of 21% over the previous year to \$150.5m
- Market share gains and increasing scale have supported improved margins
- Non-recurring items relate to Symbion acquisition costs (break fee) written off \$12.0m and restructure costs \$3.9m



11% Revenue Growth

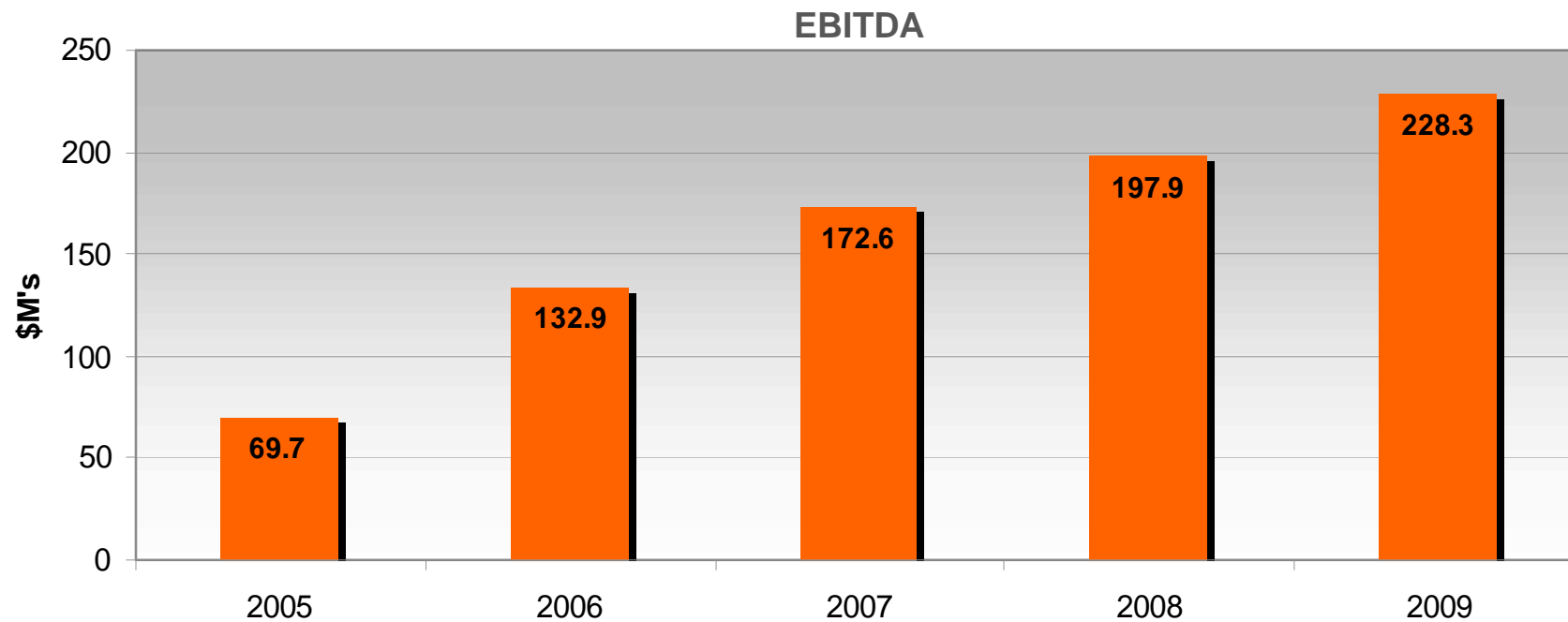
Gaining market share

- Hospitals revenue growth of 9.2%
- Pathology revenue growth of 18.4%



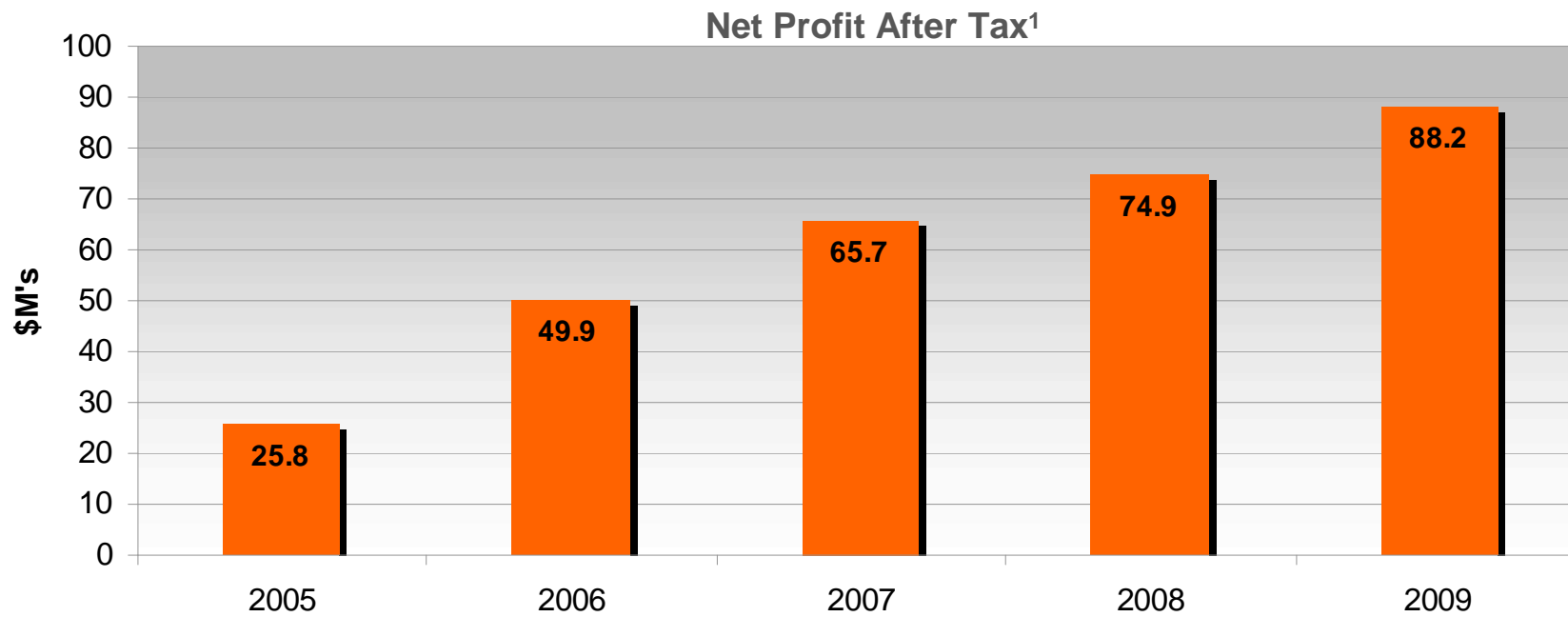
15% Increase in EBITDA

EBITDA margins improving



18% Increase in Net Profit After Tax

Consistent reliable earnings growth

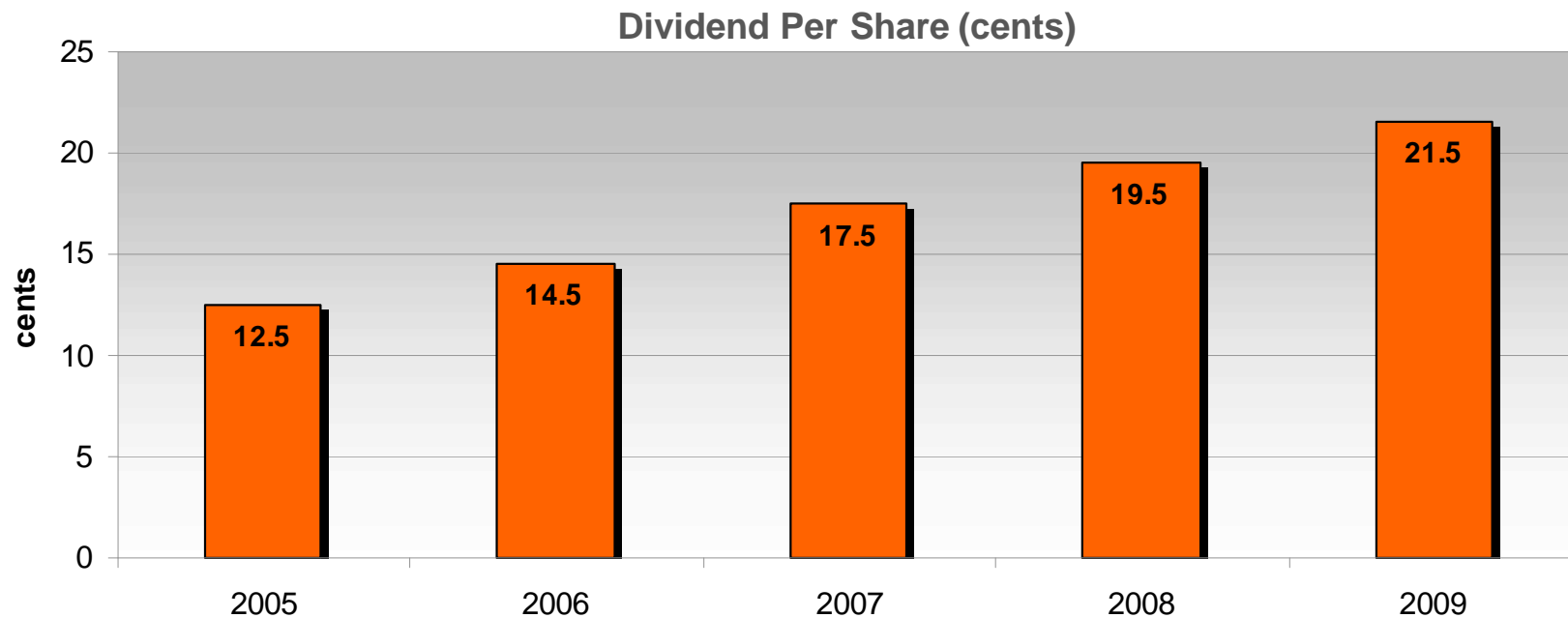


¹Excluding NRI's



Dividends up 10%

Dividends increasing consistently



Operating Cashflow

102% conversion of EBITDA into cash flow

Gross Operating Cash to EBITDA	\$M
Cashflow from Operating Activities	150.5
Add back	
Interest paid	48.5
Income Tax paid	27.7
NRI's cash items	5.6
Gross Operating Cash Flow	232.3
EBITDA (Pre NRI's)	228.3
Ratio of Gross Operating Cash to EBITDA	102%

▶ Operating cashflows - 21% increase on FY2008

▶ Improved processes in admissions to cash

Balance sheet and Debt

Cashflow and structure in place to support growth

	30 June 2009	30 June 2008
Net Debt	\$656.7m	\$597.2m
Gearing	42.0%	41.3%
Interest Cover	3.9 ¹	3.6 ¹
Securitisation	\$95.0m	\$91.1m

- Syndicated debt facilities of \$850m mature in July 2011
- Headroom of \$225m available in undrawn debt facilities at 30 June 2009
- Working capital facility of \$25m was un-drawn at 30 June 2009
- Interest rates fixed on \$395m of debt at 6.9%² to July 2011. The balance at BBSW plus margin.

¹Interest cover is EBITDA/Interest Expense after NRI's

² Total cost of funds 6.9% plus margin

Capital Expenditure and Investment

Investing for growth

	FY 2009 \$M
Capital Expenditure	
Brownfields	45.3
Greenfields	17.4
Other	102.3
	<hr/> 165.0
Acquisitions	34.3
Cash Outlay	<hr/> 199.3

Capital Expenditure and Investment

- Brownfields projects: Brisbane Private, Knox Private, Campbelltown Private, The Melbourne Clinic, Victorian Rehabilitation Centre.
- Greenfields: Norwest and Labtests NZ
- Other: Upgrades of equipment in hospitals, community houses (rehab), expansion of laboratories and medical centres

FY2010

- Acquisition of ARL
- Payments for completion of Norwest and Labtests
- Brownfields projects to commence at a further 6 hospitals
- Diagnostic imaging equipment in 6 hospitals
- Cash outlays for capex and investments expected to be approximately \$300m

Capital Management

Capital Raising

- Fully underwritten placement to institutional investors of \$140m
- New shares issued under placement entitled to FY2009 final dividend
- Share Purchase Plan (SPP) of up to \$15,000 of shares per shareholder¹
- Dividend Reinvestment Plan to remain active but not underwritten in relation to the FY2009 final dividend

Purpose of Raising

- Fund expansion of hospitals
- Fund recent acquisitions of pathology and medical centres and provide flexibility for pursuing future acquisition opportunities

¹ (SPP) issue price at lower of (a) the placement price adjusted downwards for the 11¢ 2009 final dividend to which the shares issued under the SPP will not be entitled and (b) the VWAP of Healthscope shares during the 5 trading days ending on the SPP closing date



Hospital Performance

An outstanding performance by hospitals

- Revenue growth of 9.2%
 - Strong organic growth across all hospitals
 - No change to underlying growth in hospital admissions despite tough economic climate and regulatory changes
- Margins improved 70 bps
- ACHA management fee higher due to adjustments for capital expenditure
- Campbelltown Private completed on time, Norwest Private opens September and a further 6 hospital expansions will be completed in FY2010

Hospital Performance	FY2009	FY2008	Change
Revenue ¹	1090m	998m	9.2%
EBITDA	178.7m	156.5m	14.2%
EBITDA Margin	16.4%	15.7%	70 bps

¹ Excludes Prosthetics



Pathology Performance

Pathology margins improve

- Australian Pathology revenue like with like growth, approximately 8%
 - Above market growth of 4.8%
- Margins up 30 bps on last year
- Margins increased in Australia in second half year

Pathology Performance	FY2009	FY2008	Change
Revenue	\$377.1m	\$318.4m	18.4%
EBITDA	\$61.8m	\$51.2m	20.7%
EBITDA Margin	16.4%	16.1%	30 bps

International Operations

International operations revenue exceeds \$100M

- Malaysia and Singapore increased revenue by 35% with improved margins

Labtests New Zealand

- One of the largest Laboratories in the Southern Hemisphere
- Transition arrangements progressing well
- Full transition to be completed on 7 September 2009
- Revenue of NZ\$70m per annum. No ramp up period - full NZ\$70m revenue from year 1
- Contract for 8 years – commencing September 2009

Hospital Infrastructure Expansion

Hospitals expanding to meet demand

- Campbelltown additional 51 beds and 2 theatres open and trading well
- The Melbourne Clinic, Victoria Rehabilitation Centre, Brisbane Private developments to be completed by February 2010
- Knox Private to be completed by November 2010
- These 5 developments add 224 beds and 5 theatres by November 2010
- Norwest Private to open 169 beds and 10 theatres on 7 September 2009
- Conversion of The Hills and Allamanda Stage 1 has commenced
- 6 projects in development approval phase

Update: Hospital Infrastructure Expansion

	CAPITAL \$M	BEDS	THEATRES	ESTIMATED COMPLETION DATE
COMPLETED				
Campbelltown	25	60	2	MAY 2009
IN CONSTRUCTION				
The Melbourne Clinic*	20	48		NOV 2009
Vic Rehabilitation Centre	8	30		NOV 2009
Brisbane Stage 1 & 2	14	20	3	FEB 2010
Knox Stage 1*	35	66	2	NOV 2010
Allamanda Stage 1	9		2	FEB 2010
The Hills (conversion)	10	62		OCT 2009
DEVELOPMENT APPROVAL PHASE				
Northpark*	TBC	41	3	TBC
Newcastle*	TBC	58	2	TBC
Brisbane Stage 3*	TBC	30		TBC
Knox Stage 2	TBC		2	TBC
Nepean	TBC		2	TBC
Prince of Wales	TBC		2	TBC
FEASIBILITY PHASE				
Sunnybank*		60	4	TBC
John Fawkner Stage 1				TBC
Lady Davidson		54		TBC

*Includes car park and consulting suites



Summary

- Revenue in FY2009 increasing ahead of market growth
- FY2009 results were very good in a difficult environment
- Hospitals expansion plan progressing well with 224 beds to be added in next 15 months
- Pathology business well positioned in a changing market
- Capital raising will support acquisitions, hospital expansion and future opportunities
- Outlook is positive for increasing market share and improving margins again in FY2010

Questions

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Managing Director

26 August 2009

