

Healthscope Limited

Macquarie Equities Emerging Leaders Conference

7 May 2004

Bruce Dixon
Managing Director

Healthscope
Valuing Relationships

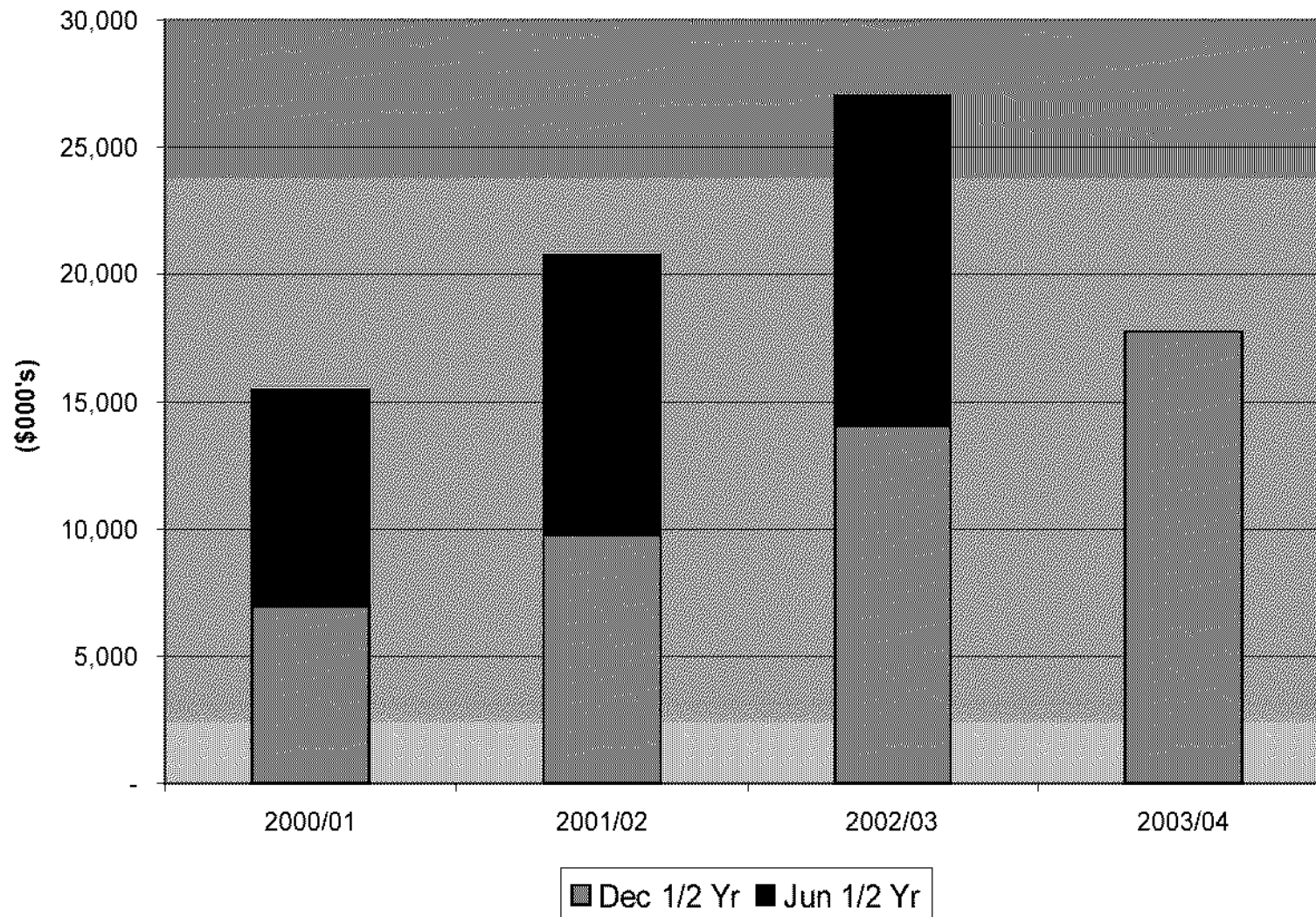
Background

- ❑ 30 hospitals Australia wide
- ❑ Specialise in satellite (regional) medical/surgical hospitals and psychiatric facilities
- ❑ Strong market positions held in medical/surgical hospitals in Tasmania, South Australia, Northern Territory, ACT and outer metro Melbourne
- ❑ Market leader in psychiatric services across eastern States
- ❑ Well positioned as restructuring of industry accelerates over next 3-5 years
- ❑ Labor party confirmed support for retention of 30% rebate on health insurance – minimises political risk

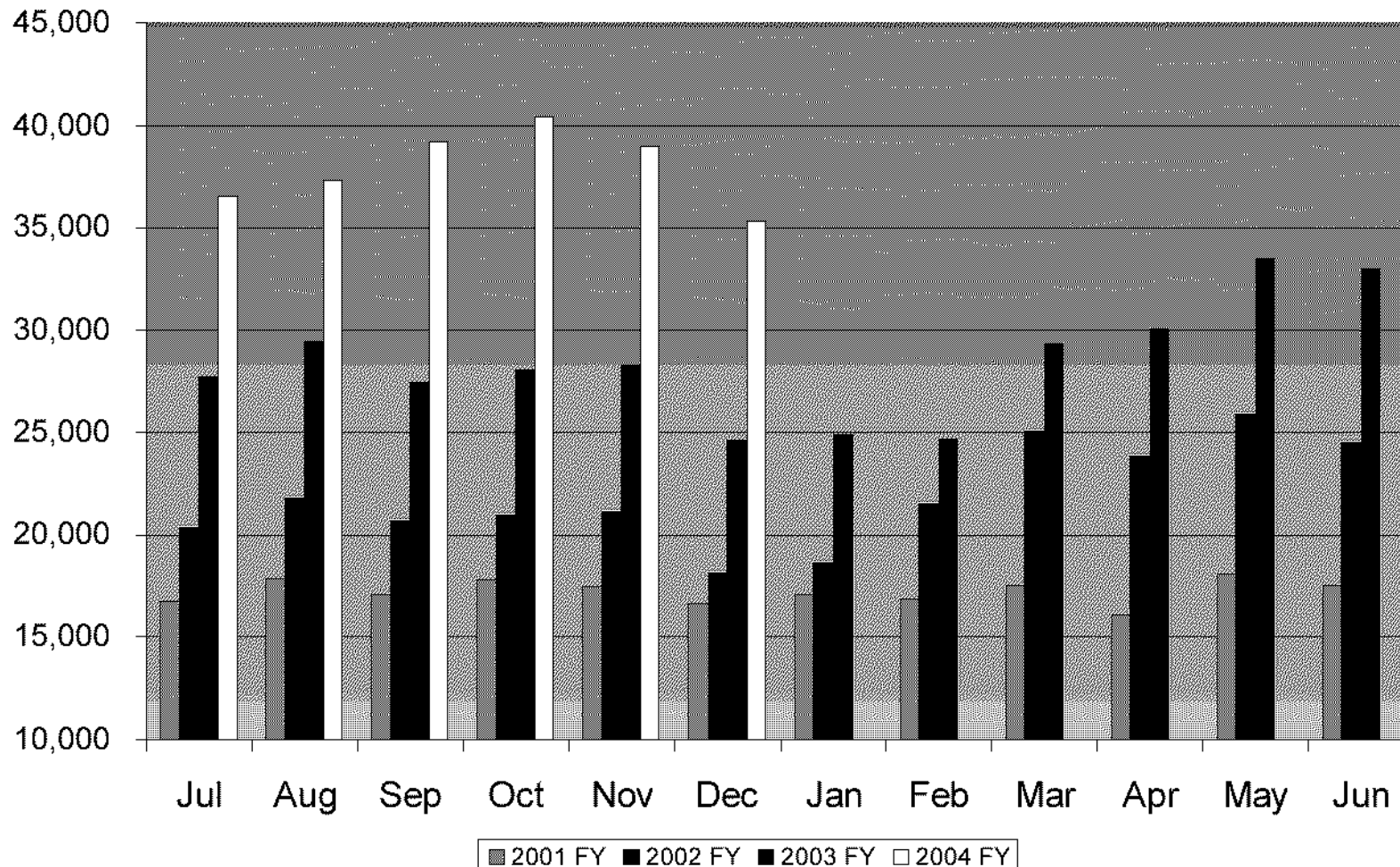
Financial Results

	Half Year 2004 \$M	Half Year 2003 \$M	% Growth
Revenue	179.2	115.5	55.2
EBITDA	17.7	14.0	26.6
EBIT	13.2	10.9	21.1
NPAT	8.7	6.4	35.8
EPS - cents	9.9	7.7	28.6

EBITDA



Activity Comparison (overnight & day patients)



Operational Update

- ❑ All divisions continued to perform to expectations
- ❑ Agreement reached with Tasmanian Government for HSP to exit loss-making Mersey Community Hospital contract
 - Contract performance flagged in half yearly presentation
 - Exit enables Government to implement much needed reforms on north west coast
 - Relationship with Government extremely positive; both parties worked closely to resolve issue
 - No material impact on earnings this year
 - Termination of contract effective 31 March 2005 or earlier by agreement
 - Currently negotiating final termination agreement; agreed no penalties for early termination for either party
 - Good outcome for Healthscope and Government

Operational Update

ACHA Management Contract

- ❑ Continues to improve in line with expectations
- ❑ Focus now on operational efficiencies in hospitals and revenue consolidation across group
- ❑ ACHA expected to deliver close to break even net profit from operating activities this year
- ❑ Business restructure will impact earnings in 2nd half

Operational Update

New Acquisitions

- ❑ All trading in line or above expectations
- ❑ Profitable at EBIT level (except Mersey)
- ❑ Outlook very positive, particularly in Hobart, Geelong, St Helen's and National Capital

Redevelopment Projects

- ❑ Refurbishment of The Melbourne Clinic well advanced
 - New extension (20 beds) on line this month; relieves some pressure on current beds, given many off line with refurbishment
 - Project completion still anticipated to be October 2004

- ❑ The Sydney Clinic refurbishment due to commence next month; tenders have been let; plans in place to 'decant' patients to Mosman during height of refurbishment program

- ❑ Redevelopment of Mosman Private being finalised. Program to complement The Sydney Clinic schedule

Quality Facilities

- ❑ Portfolio of quality hospitals; many industry benchmarks
- ❑ Upgrading / refurbishment of existing facilities including:
 - The Melbourne Clinic - completion 2004
 - The Sydney Clinic - completion 2005
 - Ivanhoe - completed
 - The Victoria Clinic - completed
 - Sydney South West - completed
 - Mosman - scheduled 2005
- ❑ Acquisitions include 'state-of-the-art' hospitals
 - Flinders
 - Hobart
 - Geelong
 - National Capital
 - Latrobe

Growth Opportunities

- ❑ Significant growth potential in current portfolio
- ❑ Growth opportunities include:
 - ACHA contract management improvement
 - Margin improvement in all new acquisitions, consistent with core HSP hospitals
 - Increased capacity / quality of stock following redevelopments
 - Further bolt-on hospital acquisitions
 - Management of not-for-profit hospitals (leveraging off ACHA success)

Outlook

- ❑ Financial Performance for 2003/04 still in line with analysts consensus forecasts
- ❑ Strong first half result may not be replicated in second half year due to restructuring costs at newly acquired hospitals and the impact of refurbishing The Melbourne Clinic
- ❑ Key focus is to continue margin improvement across the group – significant opportunity in both revenue growth and cost reductions
- ❑ Second half year focus will be to set the platform for 2004/05

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