

PRIMARY

HEALTH CARE LIMITED

FY2009 Results **Year Ended 30 June 2009**

Investor Presentation 11 August 2009

Highlights

- EBITDA operating performance in line with expectations
 - First full 12 month contribution from Symbion (acquired 1 March 2008)
 - Margin improvement in all divisions
 - Integration on track and synergies realised as forecast
- Underlying EBITDA growth of 16% from existing large scale Medical Centres
- NSW pathology labs integrated and other labs upgraded
- Restructure of Imaging business occurring
- Strong result from Health Technology business
- Capital Management
 - Sale of Symbion Consumer and Pharmacy businesses completed
 - Recent equity raising of \$342m via placements and share purchase plan
 - Debt facility negotiations progressing well

Summary Results

- Current period reflects full 12 month contribution from Symbion acquisition
- Margin improvement in all Divisions
- One-off items relate to Symbion transaction
- Final dividend of 7.0 cents per share fully franked
- DRP to be in operation (discount 2.5%)

| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 | 6 Months ended 31 Dec 2008 |
|---|-------------------------------|-------------------------------|-------------------------------------|
| Trading Revenue | 1,329.3 | 650.0 | 660.8 |
| Segment EBITDA | 348.1 | 175.1 | 155.0 |
| Finance Costs | (128.1) | (58.5) | (73.3) |
| Net Profit Before One-Off Items (After Tax) | 116.6 | 58.4 | 38.4 |
| One-Off Items (After Tax) | 1.7 | (48.0) | (19.3) |
| Total Net Profit (cont operations) | 118.3 | 10.4 | 19.1 |
| EPS – operating earnings - exc One Offs | 32.0 | 20.7 | 10.0 |
| EPS – statutory earnings | 28.1 | 2.5 | 4.9 |
| Dividend (¢) | 7.0 | 5.0 | 7.0 |

Income Statement

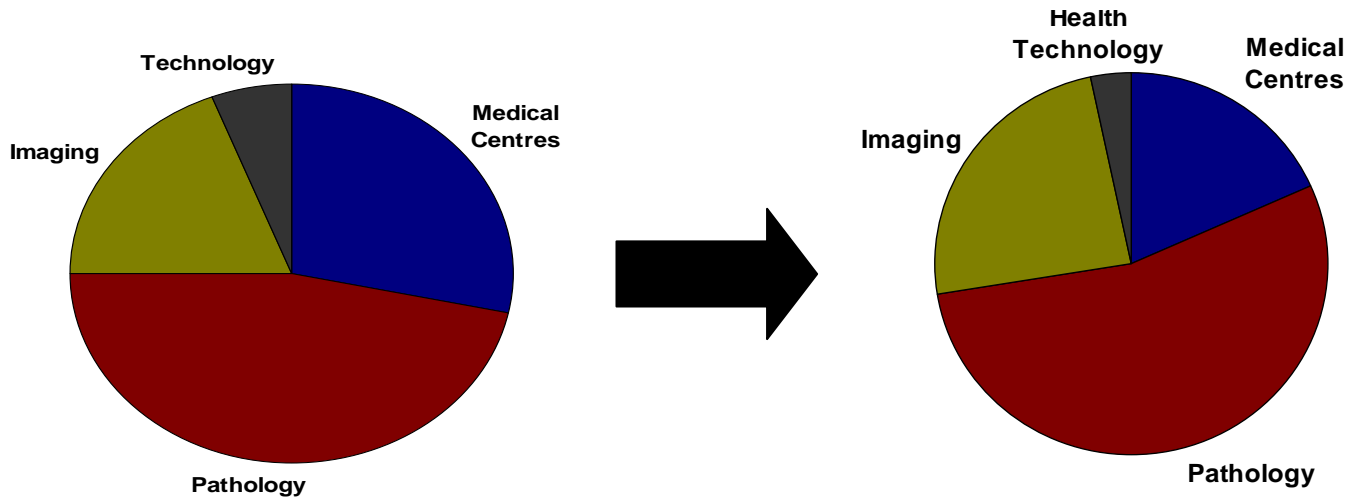
| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 | 6 Months ended 31 Dec 2008 |
|--|----------------------------|----------------------------|-------------------------------|
| Trading Revenue | 1,329.3 | 650.0 | 660.8 |
| Segment EBITDA | 348.1 | 175.1 | 155.0 |
| Depreciation & Amortisation | (67.8) | (39.4) | (34.5) |
| Other Revenue | 7.3 | 6.3 | 7.0 |
| EBIT | 287.6 | 142.0 | 127.5 |
| Finance Costs | (128.1) | (58.5) | (73.3) |
| Profit Before Tax & One-Off Items | 159.5 | 83.5 | 54.2 |
| Income Tax | (42.9) | (25.1) | (15.8) |
| Net Profit Before One-Off Items | 116.6 | 58.4 | 38.4 |
| One-Off Items (After Tax) | 1.7 | (48.0) | (19.3) |
| Total Net Profit from Continuing Operations | 118.3 | 10.4 | 19.1 |
| Minority Interest | (2.2) | (0.8) | (1.0) |
| Loss from Discontinued Operations | (7.6) | (1.8) | (6.6) |
| Reported NPAT | 108.5 | 7.8 | 11.5 |

Segment Analysis

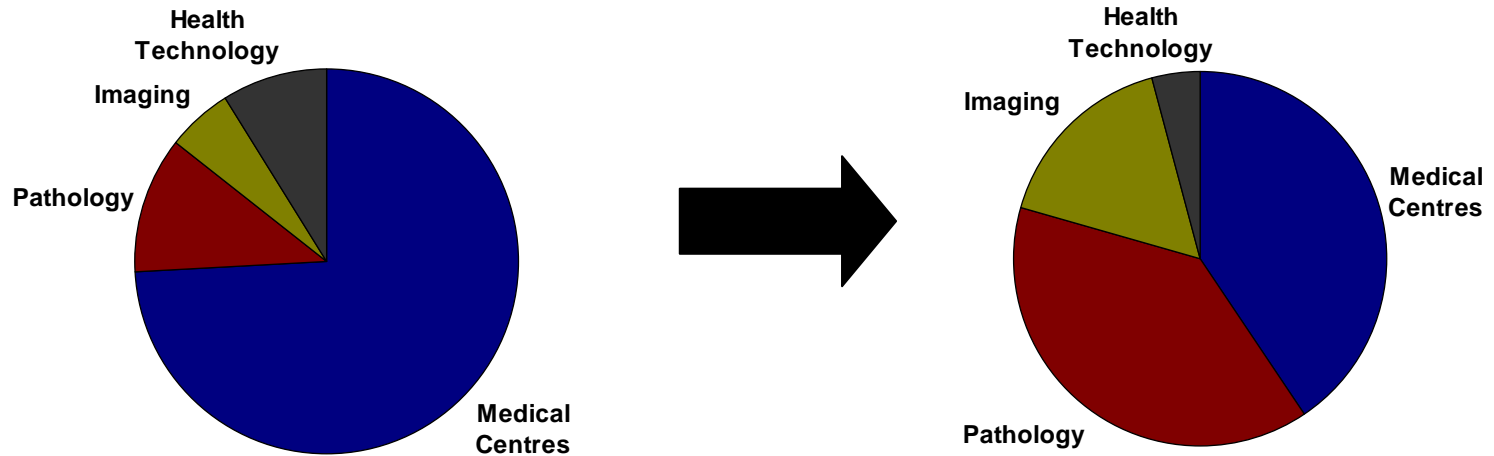
| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 | 6 Months ended 31 Dec 2008 |
|------------------------|----------------------------|----------------------------|-------------------------------|
| TRADING REVENUE | | | |
| Medical Centres | 252.0 | 189.1 | 122.5 |
| Pathology | 737.4 | 310.3 | 365.2 |
| Imaging | 314.4 | 129.1 | 162.2 |
| Health Technology | 49.4 | 38.6 | 22.5 |
| Intersegment | (23.9) | (17.2) | (11.6) |
| Total | 1,329.3 | 650.0 | 660.8 |
| EBITDA | | | |
| Medical Centres | 140.9 | 105.3 | 65.9 |
| Pathology | 145.2 | 53.2 | 63.0 |
| Imaging | 54.8 | 19.6 | 26.6 |
| Health Technology | 16.8 | 11.4 | 6.9 |
| Corporate | (9.7) | (14.5) | (7.4) |
| Total | 348.1 | 175.1 | 155.0 |

Segment Analysis

Revenue FY08 to FY09 (excluding intersegment sales)



EBITDA FY08 to FY09



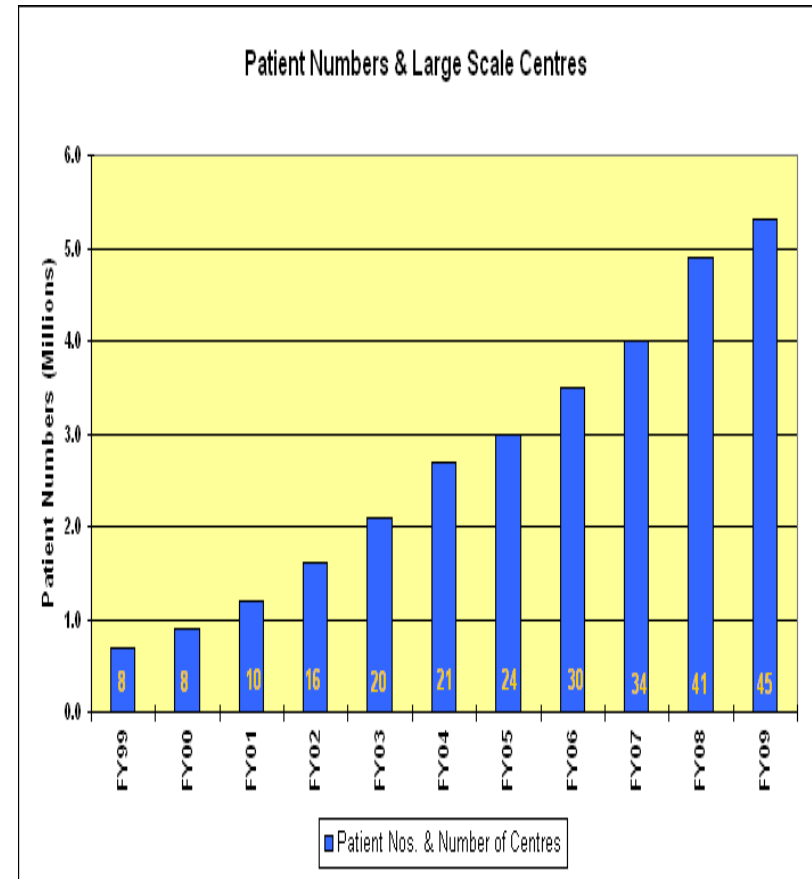
Medical Centres

| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 | 6 Months ended 31 Dec 2008 |
|----------------------|----------------------------|----------------------------|-------------------------------|
| Trading Revenue | 252.0 | 189.1 | 122.5 |
| EBITDA | 140.9 | 105.3 | 65.9 |
| <i>EBITDA Margin</i> | 55.9% | 55.7% | 53.8% |

- Current FY09 margin of 55.9% reflects:
 - Successful integration of Symbion centres
 - Maturing of large scale Primary centres
 - Major improvements in smaller Symbion centre profitability
- Continued organic growth in medical centres
 - GP attendances in Primary large scale centres up 9% in period
 - Primary large scale centres delivered EBITDA growth of 16%
- Continuing Primary medical centre roll-out strategy
 - 45 Primary large scale centres - 50 by December 2009
 - 88 GP practices contracted for FY09

Medical Centres

- 19 Symbion centres merged
- Doctor retention from the merged Symbion sites remains above expectations
- Backfilling and upgrading of certain Symbion sites occurring
- Co-payments now introduced into a number of centres
 - Doctors requesting this
 - Positive financial effect to date
 - Effective rebate reductions will lead to greater “user pays”



Pathology

| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 |
|----------------------|----------------------------|----------------------------|
| Trading Revenue | 737.4 | 310.3 |
| EBITDA | 145.2 | 53.2 |
| <i>EBITDA Margin</i> | 19.7% | 17.1% |

| 6 Months ended 31 Dec 2008 |
|-------------------------------|
| 365.2 |
| 63.0 |
| 17.2% |

- Pathology margin improvement to 19.7%
- Revenue growth of 1.0% for period – satisfactory during period of transition and integration for pathology operations
- Significant Federal Government cuts to Pathology Funding will lead to :
 - Shift of costs to Patients
 - Timing and extent uncertain

Pathology

- Merger of NSW based SDS and Lavery laboratories occurred
 - Largest merger of pathology laboratories in Australia
 - Most technologically advanced/automated
 - Service standards maintained during integration
- Further automations of core laboratories in WA, QLD and VIC complete
- Synergies being realised from :
 - Labour efficiencies
 - Reagent and consumables contracts
 - Operational efficiencies

Imaging

| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 | 6 Months ended 31 Dec 2008 |
|----------------------|----------------------------|-------------------------------|-------------------------------|
| Trading Revenue | 314.4 | 129.1 | 162.2 |
| EBITDA | 54.8 | 19.6 | 26.6 |
| <i>EBITDA Margin</i> | 17.4% | 15.1% | 16.4% |

- Structural change being implemented in business
- Site closures and head count reduction significant
- Introduction of staff productivity incentive schemes
- Revenues stable for combined business after allowing for closed sites
 - Solid result in period of significant change
 - Margin of 17.4% represents an improvement from first six months

Imaging

- Structural change will and does involve disruption
 - Change is not easy for some
 - Industrial action in Victoria
- A number of radiologists have moved to the Primary private practice model of care
 - i.e. from salary to normal performance fee for service
- Epworth Hospital - Primary won legal action
- Implementation of technology update across combined business occurring
- Changes expected to lead to productivity improvements going forward
- Implementation is gradual and gains are step-by-step

Health Technology

| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 |
|----------------------|----------------------------|----------------------------|
| Trading Revenue | 49.4 | 38.6 |
| EBITDA | 16.8 | 11.4 |
| <i>EBITDA Margin</i> | 34.0% | 29.4% |

| 6 Months ended 31 Dec 2008 |
|-------------------------------|
| 22.5 |
| 6.9 |
| 30.8% |

- Strong revenue growth and EBITDA growth reflecting growth in Medical Director and other software products
- Strong annual subscription renewal rates
- Hospital applications and sponsorship EBITDA slightly reduced in a more difficult environment for those products
- Margin improvement to 34.0%

Corporate Costs

| All amounts in \$m | Year ended 30 June 2009 | Year ended 30 June 2008 | 6 Months ended 31 Dec 2008 |
|--------------------|----------------------------|----------------------------|-------------------------------|
| Corporate Costs | (9.7) | (14.5) | (7.4) |

- Integration of Primary and Symbion senior management functions complete
- Significant Symbion head office headcount reduction
- Full run-rate of targeted \$13m corporate synergies have been realised

One-Off Items

| Year ended 30 June 2009 | Gross \$m | Tax \$m | Net \$m |
|---|--------------|---------------|------------|
| Break fee – provision release | 27.5 | 8.3 | 19.2 |
| Direct Restructuring Costs | (7.5) | (2.2) | (5.3) |
| Borrowing Costs Relating to Symbion Acquisition (excl. C&P) | (29.8) | (8.9) | (20.8) |
| Operating Loss on sale of business | - | (8.6) | 8.6 |
| Total One-Off Items | (9.8) | (11.4) | 1.7 |

- Litigation in respect of alleged break fees payable has been found in favour of Symbion and provisions written back
- As advised in FY2008 results, Symbion transaction-related borrowing costs amortised over 12 months to 13 February 2009
- Additional restructure costs of \$7.5m recognised in FY2009 to take account of greater level of redundancies than original estimate at 30 June 2008
- Operating loss attributable to Primary on sale of discontinued businesses

Balance Sheet

| As at | 30 June 2009 | 30 June 2008 | 31 December 2008 |
|-----------------------------------|--------------|--------------|------------------|
| | \$m | \$m | \$m |
| Current Assets (excluding Cash) | 189 | 174 | 178 |
| Goodwill & Intangibles | 2,968 | 2,912 | 2,931 |
| Assets Held for Sale | - | 1,286 | - |
| Non-Current Assets | 399 | 422 | 419 |
| Total Assets | 3,556 | 4,794 | 3,528 |
| Net Current Debt (Debt less Cash) | 1,210 | 2,190 | 1,498 |
| Other Current Liabilities | 183 | 243 | 210 |
| Liabilities Held for Sale | - | 536 | - |
| Non-Current Liabilities | 46 | 63 | 52 |
| Total Liabilities | 1,439 | 3,032 | 1,760 |
| Total Equity | 2,117 | 1,762 | 1,768 |

Debt Position

| Facilities | Available \$m | Drawn down at 30 June 2009 \$m |
|------------------------------------|---|--------------------------------------|
| Tranche A Syndicated | 1,438 | 1,438 |
| Secured Working Capital | 100 | - |
| Total Syndicated Facilities | 1,538 | 1,438 |
| | Less Cash held | 223 |
| | Net Debt at 30 June 2009 | 1,215 |
| | Less Cash received post 30 June 2009 re Equity Raisings | 75 |
| | Adjusted Net Debt at 30 June 2009 | 1,141 |

- \$780m Tranche B debt repaid in full
- Primary exercised option to extend its facilities to 13 February 2010
- Facility negotiations beyond February 2010 progressing well
- Primary has \$950m hedged until March 2010 at margin inclusive rate of 4.80%

Looking Forward for FY2010

- Continued extraction of Symbion synergies in line with original forecasts
- Margin improvement to continue in Medical Centres, Pathology and Imaging
- Primary to continue to adapt to Federal Healthcare Funding changes
- Focus on return to revenue market growth in Pathology and Imaging post integration
- Continued mixture of backfilling and steady roll-out for medical centres
- Finalise refinance of debt facility
- Significant EPS and bottom line profit growth anticipated