PRIMARY HEALTH CARE LIMITED
(ACN 064 530 516)
LEVEL 1, 30-38 SHORT STREET
LEICHHARDT NSW 2040
TEL: (02) 9561 3300 FAX: (02) 9561 3302

3 May 2011

ASX Limited
Company Announcements Office
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

MARKET ANNOUNCEMENT
(ASX:PRY)

MEDICAL CENTRES INVESTOR PRESENTATION

Primary Health Care Limited (Primary) attaches a presentation in relation to its Medical Centres Division in accordance with its ASX Listing Rule disclosure obligations, ahead of upcoming investor briefings.

Yours faithfully

Dr Edmund Bateman
Managing Director

Primary Health Care Limited

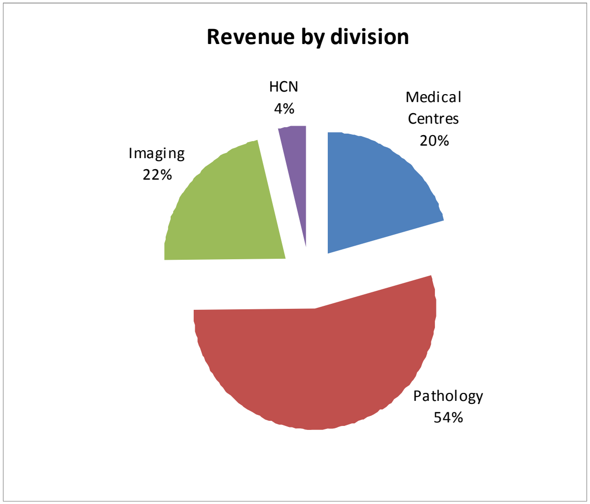
May 2011

Medical Centre Investor Presentation

Overview

- This presentation provides shareholders and investors with additional operational and financial detail in relation to the large scale medical centre model of Primary Health Care Limited (“Primary”).

- The Primary Medical Centre division continues to contribute strongly – contributing in excess of 40% of the group’s overall EBITDA.



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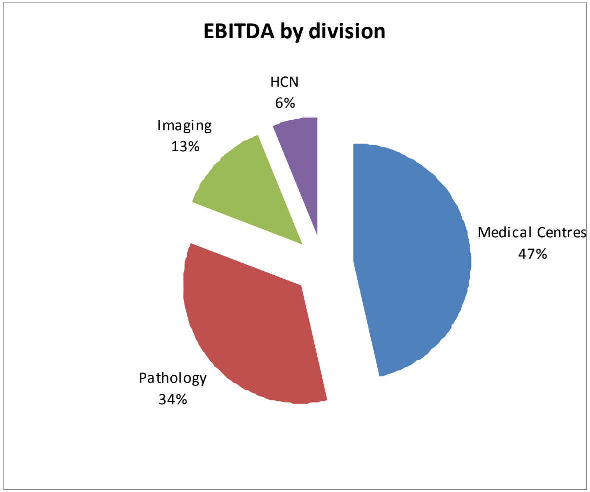

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Medical Centres EBITDA Margin % continues to operate in excess of 50%

(1), (2) % based on contribution by division to total Revenue and EBITDA of Primary respectively, based on 1st half results for FY2011. Corporate overheads have been allocated proportionally to EBITDA by division

Australian Medical Centre Environment

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- Primary Medical Centres provide comprehensive services including GPs, Dental, Physiotherapists, Specialists, Pharmacy, Day Surgery, Eye Clinics and other allied health services.
- General Practitioner ("GP") services represent c.65% of overall Medical Centre revenues.
- GP services alone in Australia is **a c. $3 billion** industry servicing in excess of **80 million patients** per annum.(1)
- The healthcare industry and specifically the GP market will continue to grow, driven by a number of factors:

Population demographics	An ageing population will result in an increase in healthcare needs. In 2010 intergenerational reports, the Federal government forecasts that the proportion of the Australian population aged over 65 will increase from 14% to 23% by 2050. In addition the overall Australian population will continue to grow c.3% per annum.
Technological advances	Ongoing advances in medical technology and knowledge are providing patients with access to an increasingly broader range of healthcare services.
Community health focus	Preventative health and chronic disease management is increasing demand for community based medical services.
Government funding	Industry funding via the Medicare system is expected to continue.
Cost pressure	Rising cost / administrative pressures disproportionately impact smaller practices and drive doctors towards amalgamation models such as Primary.
Sector composition	Increasing emergence of large medical centres is due in part to patient acceptance and government incentives. There are significant benefits to patients, medical practitioners and taxpayers.

(1) Based on Australian Medicare statistics for 2010

Primary's Unique Medical Centre Model

- Primary has the largest medical centre network in Australia. The model it operates is unique:

Large scale attractive facilities	▪ Well equipped and staffed ▪ Consolidated General Practitioner (GP) and other medical services ▪ Cost of replication by a competitor very high
Accessibility and Affordability	▪ Extended hours (7am – 10pm - 365 days a year) Affordable – bulk billing All primary health care needs serviced Accessible – community based
Comprehensive services	▪ Services at a large scale centres includes GP's (15-20) Dentists, physiotherapists and other allied health professionals Consulting specialists Pharmacy Radiology Pathology collection Day surgery, Specialists and eye clinics
All stakeholders benefit	▪ The model appeals to patients, doctors as well as being efficient for healthcare funders
Competitive Advantages	▪ Economies of scale ▪ Increasing return on capital over time as each centre ages ▪ Growth managed in stages ▪ High barriers to entry given the infrastructure in place and experience in the market

Large Scale Medical Centre

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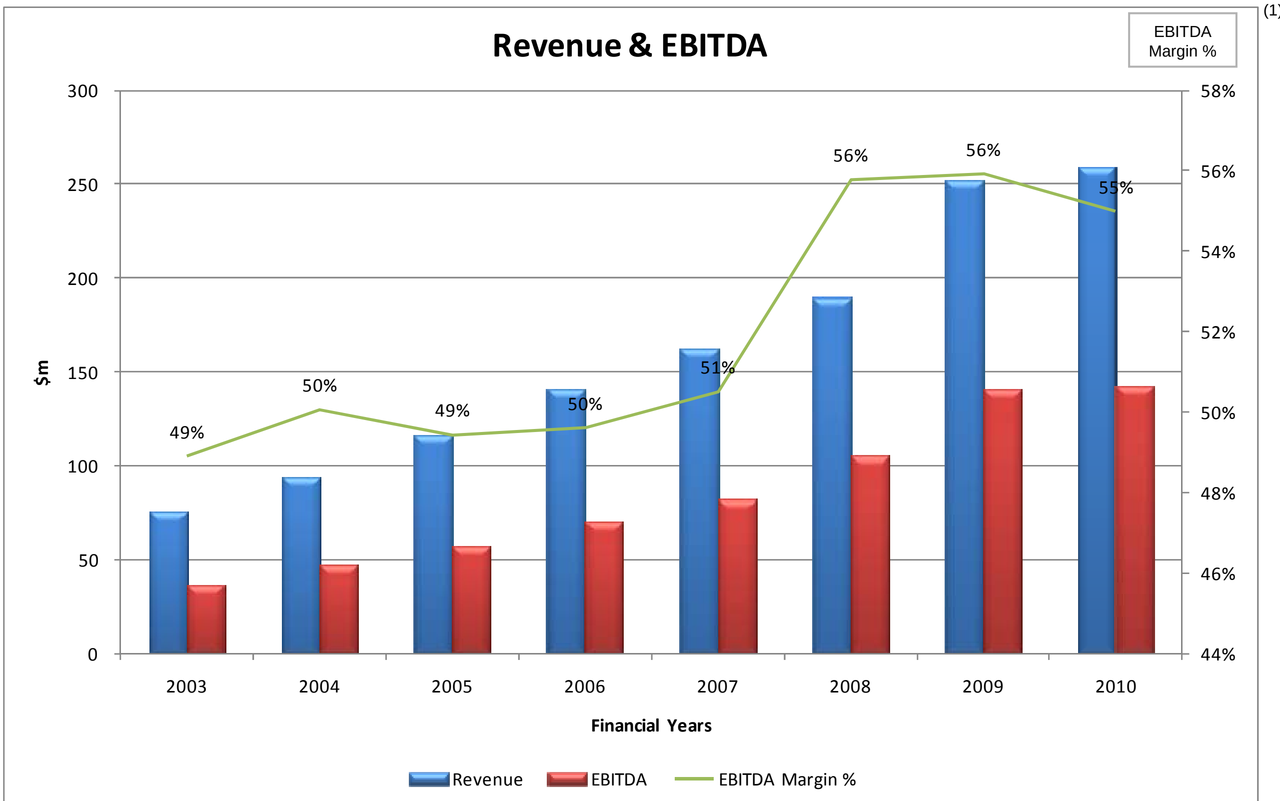
- Primary's medical centres are a community based model:
  - accessible by major roads
  - close to rail
  - close to bus stops
  - large community shopping centre nearby
  - car parking on site
- Large infrastructure established offering the complete range of primary care services in one facility at affordable rates, including:
  - General Practice
  - Dental
  - Physiotherapy
  - Pharmacy
  - Pathology
  - Radiology
  - Specialists

Medical Centres – financial history

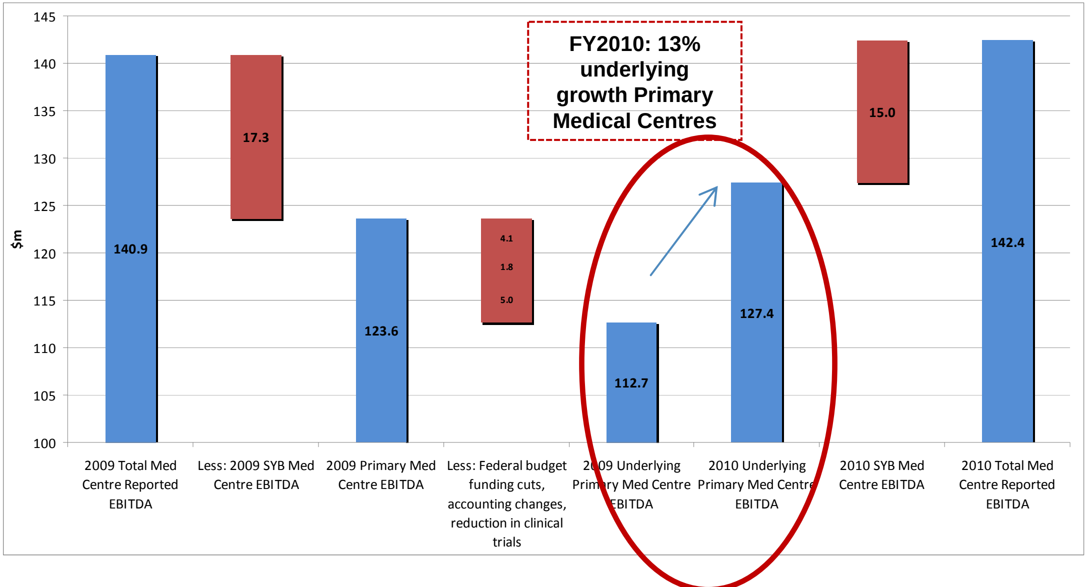
- Medical Centres has grown significantly over the last 7 years increasing EBITDA from c.$37m in 2003 to c.$142m in 2010, achieving a sustainable EBITDA margin of 50%+



(1) All figures based on reported results for the Medical Centre division of Primary. Note Symbion acquired effective 1 March 2008. Post Symbion acquisition, head office costs were reported as a separate segment in the Primary Group Annual Report from 2008 (not deducted from Medical Centre segment)

Medical Centre – underlying performance

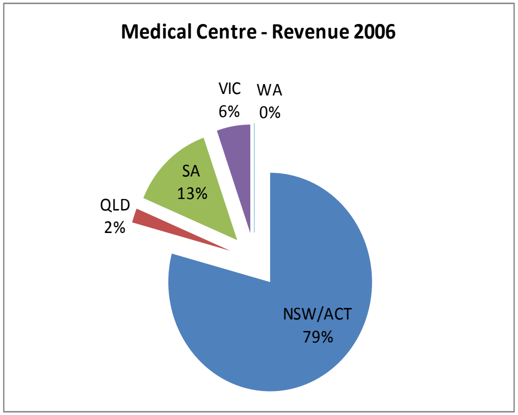
- There were a number of changes which impacted the Medical Centre EBITDA result across 2009 and 2010, including:
  - a reduction in government funding
  - a change in accounting standards
  - a change in Primary's clinical trial business
- The underlying EBITDA growth of the large scale Primary Medical Centres has been in excess of 10% per annum over the last 5 years.
- The chart below sets out the reported Medical Centre EBITDA for 2009 and 2010 adjusted for the key items highlighted above plus the extraction of the Symbion Medical Centres EBITDA contribution.
- The result shows the underlying growth of the large scale Primary Medical Centre business across 2009 to 2010.

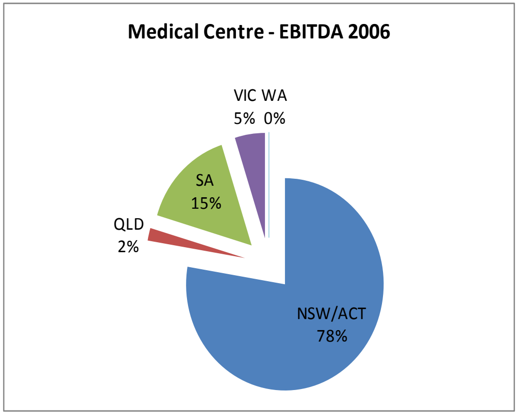


(1) Federal Budget cuts $4.1m, Accounting changes $1.8m, Clinical trials reduction $5.0m

Medical Centres – segmentation

- Medical Centres continue to provide significant growth opportunities in all States. Primary commenced its operations in NSW and has begun capitalising on the opportunities outside of NSW in recent years





Primary has been able to grow relatively quickly in QLD and VIC

Primary has been able to maintain its EBITDA margin as it grows

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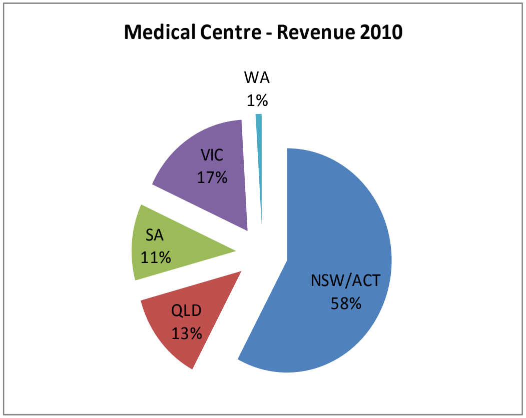
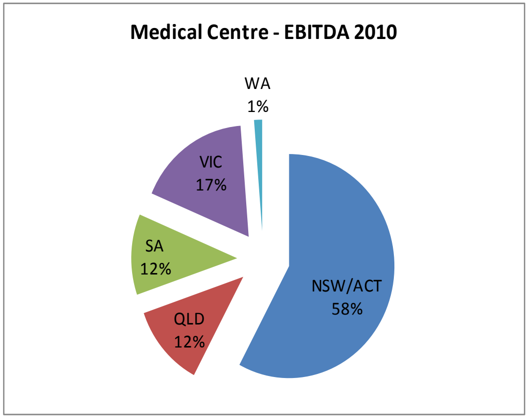




(1) Note all segmentation % are based on large scale Primary Medical Centres for comparison between 2006 and 2010 (excludes Symbion medical centres)

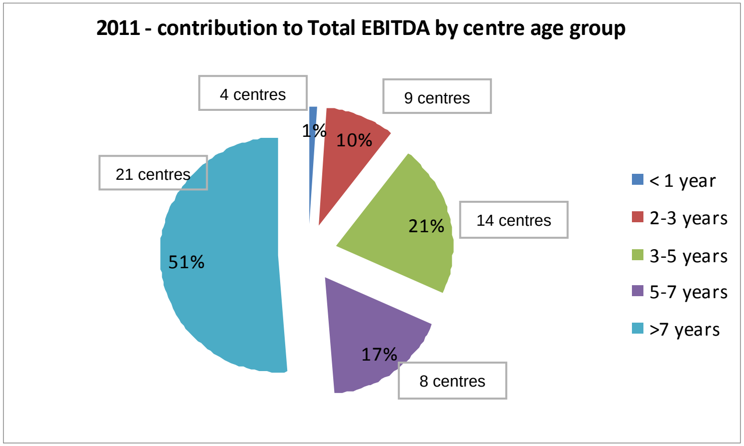
Current profile of medical centres

- In the last 5 years (2006-2011), Primary has invested significant capital in growing its medical centre business

2006 Medical Centres (31 in total)		
Age of centre	# Centres	Proportional % Contribution to Overall Med Centre EBITDA
< 1 year	7	4%
2-3 years	3	8%
3-5 years	11	44%
5-7 years	5	20%
> 7 years	5	24%
Total	**31 Centres**	**100%**

In 2012 and beyond, Primary expects to benefit from an increasing return on capital and an increase in EBITDA as the average age of its existing centres increases.

2011 Medical Centres (56 in total) (1)		
Age of centre	# Centres	Proportional % Contribution to Overall Med Centre EBITDA
< 1 year	4	1%
2-3 years	9	10%
3-5 years	14	21%
5-7 years	8	17%
> 7 years	21	51%
Total	**56 Centres**	**100%**



(1) % based on contribution based on 1st half results for FY2011. Analysis based on figures as at 1 May 2011

Typical profile of medical centre

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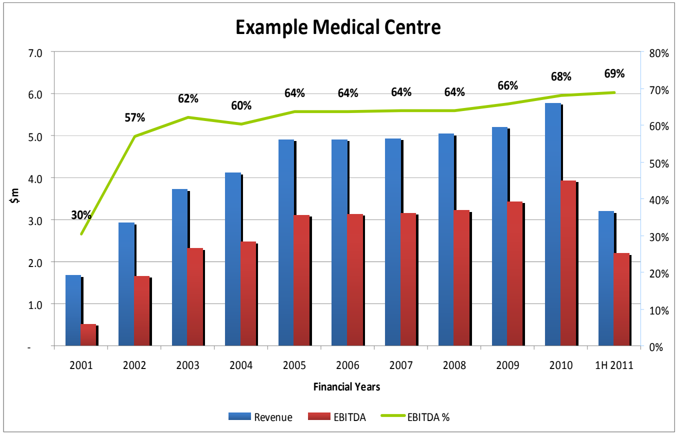
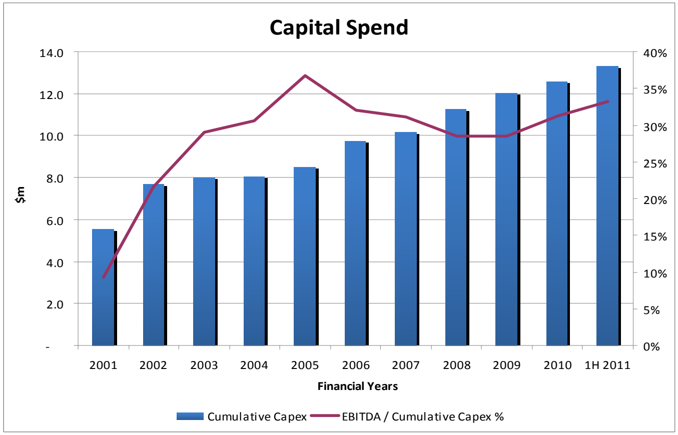
- For the purposes of providing a detailed financial example of the Primary Medical Centre model, set out below are actual numbers for a typical large scale medical centre (operating for 10 years in suburban Sydney)

('000')	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	6 mnths 2011
Revenue	1,691	2,927	3,737	4,106	4,908	4,905	4,936	5,042	5,215	5,781	3,200
EBITDA	513	1,663	2,323	2,471	3,118	3,126	3,158	3,218	3,432	3,933	2,206
EBITDA %	30%	57%	62%	60%	64%	64%	64%	64%	66%	68%	69%
Goodwill	3,148	1,877	266	50	387	1,200	400	1,000	724	499	675
Fixed Asset Spend	2,373	297	37	24	43	50	13	110	48	45	42
Total Capex	5,521	2,174	303	74	430	1,250	413	1,110	772	544	717
Cumulative Capex	5,521	7,695	7,998	8,072	8,502	9,752	10,165	11,275	12,047	12,591	13,308
EBITDA/Cumulative Capex %	9%	22%	29%	31%	37%	32%	31%	29%	28%	31%	33%(1)

Over a 10 year period a majority of capital is spent upfront, with EBITDA and ROCE increasing over time and capex reducing





(1) EBITDA annualised for the purposes of illustrating 2011 EBITDA/Cumulative Capex %

Primary's attractive model for GP's

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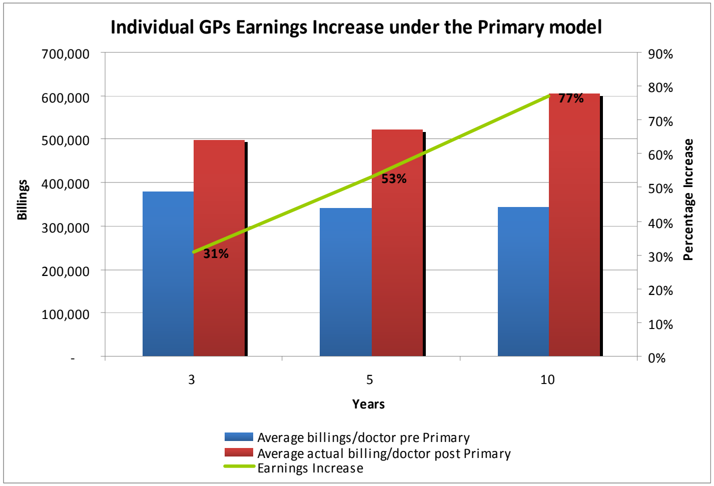
- The unique model of Primary allows GP's to focus on patient care with the ability for the GP to generate a higher fee per patient in Primary Medical Centres compared to stand-alone centres.

	Medicare GP Services (Patient Numbers)	Medicare Industry Revenue (total $ paid)	Medicare rebate for standard consultation	Primary GP Fee/Patient
2010	81.78 million	$2.84 billion	$34.69	c.$52.00+

(1)



(2)

- Average GP fee in Primary Medical Centres is c.$52 per patient. An average bulk billing Medicare fee for a standard consultation is $34.69 per patient. (3)
- GPs under the Primary model are able to earn higher fees due to the comprehensive offering of a Primary Medical Centre and its ability to accommodate on average, a higher case mix, an after hours service and other ancillary services.
- Primary typically shares patient billings with the GP 50% / 50% on commencement of a 5 year contract.
- With reference to the chart, a GP under the Primary model will earn c.30%+ above earnings on a GP stand alone basis (ie not part of the Primary network) after 3 years increasing to c.75%+ above earnings after 10 years under the Primary model – thus enhancing Primary's GP retention rates.
- Primary conducts all of the back office functions for a GP – effectively acting as a medical service company.

Australia has c. 25,000 GPs in total
(total FTEs of 15,000-20,000)

Primary has c. 1,000 – c.5% penetration of the total market

(1) Based on 2010 Australian Medicare statistics under item number 23 (basic GP consulting), (2) Based on Primary internal analysis and does not include adjustment for Medicare fee increases, (3) On average, Primary receives a service fee of c.50% of the average $52 GP fee

Profile of GP's – Primary vs Industry

- The profile of a Primary Medical Centres GP compares favourably with overall Australian industry data.

- This profile has been compared with medical centre data from the 2010 "BEACH Project" - Bettering the Evaluation And Care of Health Conducted. This was conducted by the Australian General Practice Statistics and Classification Centre (AGPSCC)

Criteria	Beach Project Survey - Industry	Primary Medical Centres
Hours worked		
< 20 hours per week	11%	8%
21-40 hours per week	56%	45%
40 hours per week / +	33%	40%
Accredited practice	91%	100%
Medical centres > 10 GPs	20%	94%
1 or more nurses	79%	100%
After hours offering	45%	100%
Pathology collection offered	49%	100%
Physiotherapy offered	29%	80%
Proportion of new patients	8%	15%

On average, the age of Primary GPs is less than the overall industry average (1)

(1) Based on Primary internal analysis

Future Growth Drivers

Industry growth	• GP attendances continue to grow (c.3 to 4% per annum). • Medicare funding continues to support GP services.
Population growth and demographics	• Australian population expected to grow consistently over the medium to long term. • Proportion of Australian population aged over 65 will increase from 14% to 23% by 2050.
Increasing penetration of GP market	• Primary has c.5% penetration in the Australian GP market – there is enough future supply to meet demand over the longer term. • GP trainee numbers have increased over time – c.3000 new medical students will be available from 2011 versus c.1500 medical students in 2007/2008. • New Zealand qualified GP's are now accredited to work in Australia (new legislation in last 12 months).
New centres / Growth in all States	• Primary has been able to increase its large medical centres from 31 in 2006 to 56 in 2011. There remains significant growth opportunities in each State. • Primary has been able to double its business in Victoria and QLD over the last 3 years. Primary has opened 4 medical centres in WA in the last 12 months.

Future Growth Drivers

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Backfilling existing centres

- The age profile of the Primary Medical Centres will bring an increasing return on capital and additional cashflow.
- Primary is currently utilising c.60% of its infrastructure. That is, the number of contracted Primary GPs could increase by at least 40% without any further spending on increasing capacity at existing centres or building new centres.

Diversification of revenue

- Primary has established facilities to cater across a number of services – GP, Dental, Pharmacy, Physiotherapy, Eye clinics, Day Surgery.
- Primary currently contracts with c.1275 medical professionals – 927 GPs, 107 Dentists, 52 Physiotherapists, 181 Specialists, 7 Eye specialists.

Other options

- Overseas expansion - NZ, Asia, India, China, Europe.
- Alliances – government, hospital groups, overseas primary care providers.

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