PRIMARY

HEALTH CARE LIMITED

Interim FY2012 Results
Six Months Ended 31 December 2011

Investor Presentation 15 February 2012

Income statement

$m	Six months 31 Dec 2011	Six months 31 Dec 2010
Trading revenue	**686.2**	**655.7**
EBITDA	**166.8**	**152.4**
Depreciation & Amortisation	**(43.6)**	**(40.3)**
Interest expense	**(43.6)**	**(43.5)**
Amortisation of borrowing costs (1)	**(12.5)**	**(4.1)**
Minorities and non-recurring items	**(1.0)**	**(35.7)**
Taxation	**(19.8)**	**(8.5)**
Net Profit After Tax	**46.3**	**20.3**
EPS (cents per share)	**9.3**	**4.1**

(1) Includes an $8.5m charge for expired debt facility costs re early re-financing. See ASX release dated 21 October 2011.

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Dividend

Six months ended 31 December	2011	2010
Interim dividend (cps) – fully franked	5.0	3.0

- Record Date - 30 March 2012
- Payable - 16 April 2012
- Dividend Reinvestment Plan in place - nil discount
- Approximately 50% pay-out ratio for half year
- Continued improving cash flow anticipated for second six months

Segment analysis

$m	Six months 31 Dec 2011	Six months 31 Dec 2010
Revenue		
Medical Centres	**144.7**	**137.5**
Pathology	**384.3**	**364.0**
Imaging	**153.1**	**145.1**
Health Technology	**24.6**	**24.5**
Corporate	**0.8**	**3.0**
Intersegment	**(21.3)**	**(18.4)**
Total	**686.2**	**655.7**
EBITDA		
Medical Centres	**79.0**	**74.5**
Pathology	**61.3**	**55.3**
Imaging	**26.9**	**21.1**
Health Technology	**9.5**	**9.7**
Corporate	**(9.9)**	**(8.2)**
Total	**166.8**	**152.4**

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Medical Centres

	Six months 31 Dec 2011	Six months 31 Dec 2010
Trading Revenue $m	**144.7**	137.5
EBITDA	**79.0**	74.5
EBITDA Margin (%)	***54.6***	*54.2*

- GP Patient attendances have grown 13% for the six months to 31 December 2011 in the 56 larger scale medical centres
- GP Patient attendances have grown 8% overall including smaller ex-Symbion centres
- EBITDA growth of 6% over prior corresponding period
- Productivity Commission Report shows number of patients deferring GP visits due to financial barriers has risen from 6.4% to 8.7%
- Primary to continue to roll-back co-payments to increase accessibility
- 57 GPs commenced during the six months
- One new centre to open 2HFY2012

Pathology

	Six months 31 Dec 2011	Six months 31 Dec 2010
Trading Revenue $m	**384.3**	364.0
EBITDA	**61.3**	55.3
EBITDA Margin (%)	***16.0***	*15.2*

- Organic revenue growth 5.6% for the six months to 31 December 2011
- EBITDA growth of 11%
- EBITDA/Revenue margin gain of 80bps
- Collection centre de-regulation has increased collection costs across the Industry
- Primary has scale and structure to enable realisation of efficiencies and improvements across its platform to mitigate increased collection costs
- Starting to realise revenue and earnings gains in a period of increased certainty over funding and industry de-regulation impacts

Imaging

	Six months 31 Dec 2011	Six months 31 Dec 2010
Trading Revenue $m	**153.1**	145.1
EBITDA	**26.9**	21.1
EBITDA Margin (%)	***17.6***	*14.5*

- Both EBITDA/Revenue margin and EBITDA have shown significant improvements over prior corresponding period reflecting:
  - Gross ‘like-for-like” billings growth 8.2% over prior corresponding period
  - EBITDA and margin improvements across hospitals, community sites and medical centres
  - Continuing incremental radiologist efficiencies with the move to fee-for-service model
  - Continued focus on efficiency and service improvements
  - Roll-out of reporting technology nearing completion
  - Improvements to continue in 2HFY2012

Health Technology

	Six months 31 Dec 2011	Six months 31 Dec 2010
Trading Revenue $m	**24.6**	24.5
EBITDA	**9.5**	9.7
EBITDA Margin (%)	***38.6***	*39.6*

- Software products renewal rates remain high amongst major products: Medical Director, Pracsoft and Blue Chip
- Government progress on E-health records remains slow

Corporate

$m	Six months 31 Dec 2011	Six months 31 Dec 2010
Revenue	**0.8**	3.0
Expenses	**(10.7)**	(11.2)
EBITDA	**(9.9)**	(8.2)

- Revenue comprises:
  - Interest received $0.3m (2010: $0.5m)
  - Liquidator's dividends $0.5m (2010: $1.7m)
  - Profit on sale of investments $nil (2010: $0.8m)
- Expenses slightly down on prior corresponding period

Operating cash flow

- Conversion of EBITDA into cash flow

Gross operating cash to EBITDA	$m
Cash flow from Operating Activities	**89.3**
Add back:	
- Interest paid	**50.7**
- Net Income Tax paid	**11.1**
- Non employee provisions paid	**9.7**
Gross Operating cash flow	**160.8**
EBITDA	**166.8**
Ratio of Gross Operating Cash Flow to EBITDA	**96.4%**

Balance Sheet

$m	31 Dec 2011	30 June 2011	31 Dec 2010
Current Assets (excluding Cash)	193	183	163
Goodwill & Intangibles	3,192	3,164	3,112
Non-Current Assets	444	435	438
Total Assets	**3,829**	**3,782**	**3,713**
Net Debt (Debt less Cash)	1,095	1,074	1,036
Other Current Liabilities	176	174	178
Non-Current Liabilities	29	30	38
Total Liabilities	**1,300**	**1,278**	**1,252**
Total Equity	**2,529**	**2,504**	**2,461**

Gearing Ratio (Net Debt/Net Debt + Equity)	**30.2**	**30.0**	**29.6**

Capital expenditure

$m	Six months 31 Dec 2011	Six months 30 June 2011	Six months 31 Dec 2010
Property, plant & equipment	39.1	45.1	54.0
Business acquisitions	39.0	42.8	42.1
Intangibles	5.0	11.2	9.2
TOTAL	**83.1**	**99.1**	**105.3**

- $83.1m capital expenditure in six months to 31 December 2011 (includes $5m deferred consideration for pathology acquisition)
- Capital expenditure trend likely to continue down for 2HFY2012

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Debt Position

$m	31 Dec 2011
Secured Syndicated Facility	**920**
Retail Bond	**152**
Secured Working Capital Facility	**100**
Bi-lateral facilities	**20**
Total Facilities available	**1,192**
Net balance sheet debt at 31 December 2011	**1,094**

- The successful $1.02bn re-financing in October 2011 provides an extended bank debt maturity profile for Primary as follows:
  - $770m three year four month non-amortising facility, maturing February 2015;
  - $100m three year four month revolving working capital facility, maturing February 2015; and
  - $150m five year non-amortising facility, maturing October 2016.
- Margin reduction to 225bps for February 2015 facility and 250bps for October 2016 facility.
- Interest cost $43.6m for six months to 31 December 2011 in line with expectations. Reduction expected to $39m for six months to 30 June 2012 (excludes amortised costs).
- Amortisation of borrowing costs expected to be $2.25m for six months going forward.

Summary

	Highlights
EBITDA growth	▪ 9.5% EBITDA growth to $166.8m (2010 $152.4m) ▪ Medical Centres 6%, Pathology 11% and Imaging 27% increase on pcp
Margin improvements	▪ Medical Centres 40bps, Pathology 80bps and Imaging 310bps on pcp
Debt re-financing complete	▪ $1.02bn debt re-finance complete and interest savings being achieved
Dividend increase	▪ Interim dividend 5.0 cents per share with payout ratio approximately 50%
Earlier earnings guidance confirmed	▪ Primary is operating in line with its trading expectations for FY2012 ▪ FY2012 NPAT (excluding $5.9m post tax charge for amortisation of expiring debt facility costs) expected to be $120m - $125m ▪ FY2012 EBITDA expected to be in the range $345m - $355m ▪ 2HFY2012 EBITDA expected to be ahead of 1H FY2012, in line with usual half-on-half trend (approximately 47.5%/52.5%)

Important Notice

The information provided in this presentation is based on the ordinary earnings of Primary Health Care Limited (the Company) as disclosed in the Appendix 4D released to the ASX on 15 February 2012. It contains certain forward-looking statements. The words “expect”, “forecast”, “estimate”, “anticipate” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, the Company’s future earnings, financial position and performance are also forward-looking statements which speak only as of the date they are made. Such forward-looking statements are not guarantees of the Company’s future performance and involve risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied in such statements including, but not necessarily limited to: regulatory, business, competitive and economic uncertainties and risks.

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