PRIMARY
HEALTH CARE LIMITED

Annual General Meeting

28 November 2014

PRIMARY HEALTH CARE LIMITED

AGM agenda

1	Chairman's address:	Rob Ferguson
2	Business update	
	• The Primary business and FY2014:	Andrew Duff
	• Medical Centres:	Henry Bateman
	• Pathology and Imaging:	James Bateman
	• Outlook:	Andrew Duff
3	Items of business:	Rob Ferguson
4	Other business:	Rob Ferguson

Timeline

Primary's services and scale have dramatically developed since 1985

1968
Dr Bateman establishes his Brookvale practice

1985
1st centre opened (Brookvale, NSW)

1990
2nd centre opened (Chatswood, NSW)

1996
3rd centre opened (Bankstown, NSW)

1998
Primary lists on ASX
Revenue $12m
NPAT $2m

2000
Acquisition of SDS (Pathology)

2005
Acquisition of Medical Director

2008
Acquisition of Symbion

2008
Primary added to S&P/ASX100

2010
50th centre opened (Morley, WA)

2013
Opening of relocated Brookvale centre

2014
Primary IVF launched

1985 — 1995 — 2005 — 2014

Our core principles

Patients

Unyielding focus on delivering affordable and accessible high-quality healthcare

Practitioners

Partner of choice for medical professionals

- Focus on patients not administration
- Attractive work / life balance
- Financially and professionally rewarding

Investors

Attractive risk-return framework

- Strong industry fundamentals
- Scale and leading market position
- Extensive growth opportunities

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Primary Health Care today

Medical Centres

- #1 national provider of large-scale medical centres (58)
- Continue to increase the number of GPs, specialists and other allied health providers
- Significant growth opportunities – backfill existing centres, new centre rollout
- Improving margins demonstrate robustness and leverage of Primary model

Pathology

- #2 national pathology provider; market leader in Queensland, Victoria and WA
- Large footprint of collection centres and laboratories
- Highly efficient provider due to investment in infrastructure and technology
- Scope for organic and inorganic growth

Imaging

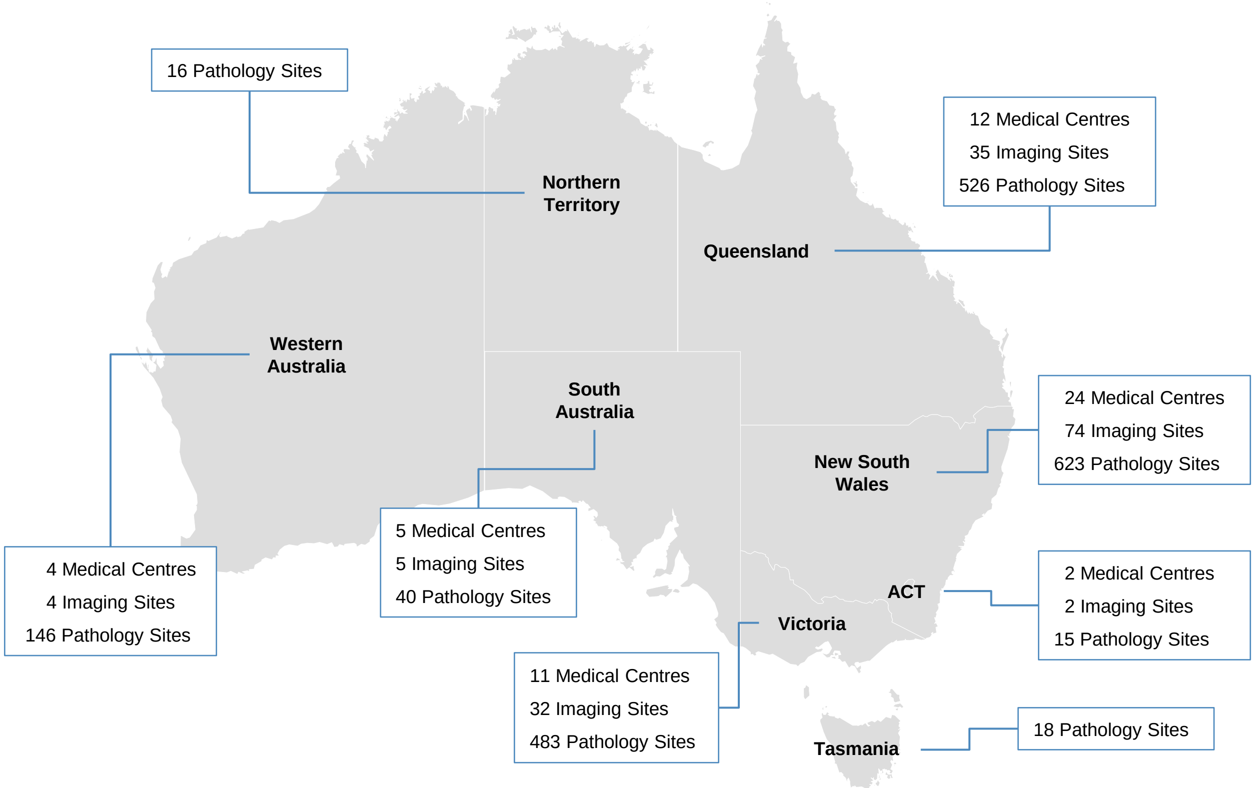
- #2 national imaging provider
- Operates in over 150 community, hospital and medical centre sites
- Strong underlying industry volume growth

Health technology

- #1 national provider of GP software
- Core ‘MedicalDirector Clinical’ products used by more than 17,000 clinicians each day
- Uniquely positioned to benefit from sector growth dynamics

Our footprint

Primary has an Australia-wide network of providers and market-leading infrastructure[1]



Note

1 "Medical Centres" represents large-scale centres

Health industry

Strong fundamentals underpin the growth of the Australian healthcare industry

Positive demographic trends

- Australia's population forecast to grow at 1.9% p.a. from 2012 to 2024[1]
- Number of Australians aged over 65 years expected to increase by 3.4% pa over this period[1]
- Highest healthcare spending growth is for those aged over 55[2]

Favourable sector dynamics

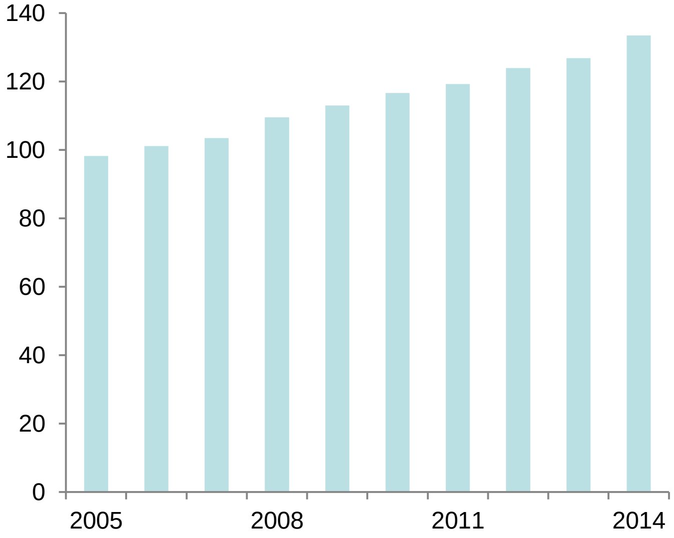
- Government and healthcare leaders recognise that improved primary care is fundamental to achieving better health outcomes
- Growing recognition that a robust "out of hospital" system helps contain healthcare costs

Notes
1 Source: ABS
2 Source: Australian Government Intergenerational Report

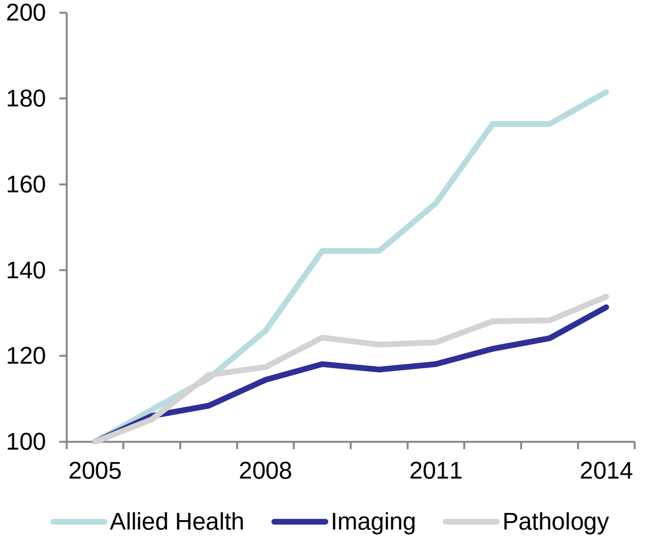
Health industry (cont'd)

Demand for healthcare services reflects strong industry fundamentals

Number of GP services (millions)[1,2]



Referral rate per GP encounter (2005 = 100)[1,2]



Notes

1 Source: Bettering the Evaluation and Care of Health (BEACH)

2 June year-end with the exception of 2014 which is 12 months to April 2014

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Divisional scale

Divisional scale is critical to the Primary model

- Scale in each of Primary's divisions delivers:
  - Benefits for patients, doctors and funders
  - Ability to better manage funding dynamics
  - Range of services to offer comprehensive healthcare outcomes
  - Capacity to make significant investment in infrastructure
  - Robust systems to meet regulatory and reporting requirements
- Each Primary division has a leading position in its respective geographies

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Key FY2014 group financial results

$m	Year ended 30 June 2014	Year ended 30 June 2013[1]
Revenue	**1,524.1**	1,440.0
EBITDA	**399.1**	381.2
Net profit after tax	**162.5**	150.1
Earnings per share (cps)	**32.2**	29.9
Final dividend per share - fully franked (cps)	**11.0**	11.0

FY2014 result highlights

- EBITDA up 4.7% to $399.1m
- 80 bps EBITDA margin expansion in Medical Centres
- 8.3% 2HFY2014 EBITDA growth in Medical Centres over pcp
- Revenue growth of 6.1% in Pathology and 7.7% in Imaging division
- EPS up 7.7% to 32.2 cents per share (up 9.7% excluding $3.0m refinancing charge)
- Final dividend of 11.0 cents per share (full year dividend of 20.0 cents per share, up 14.3% from FY2013)

Notes

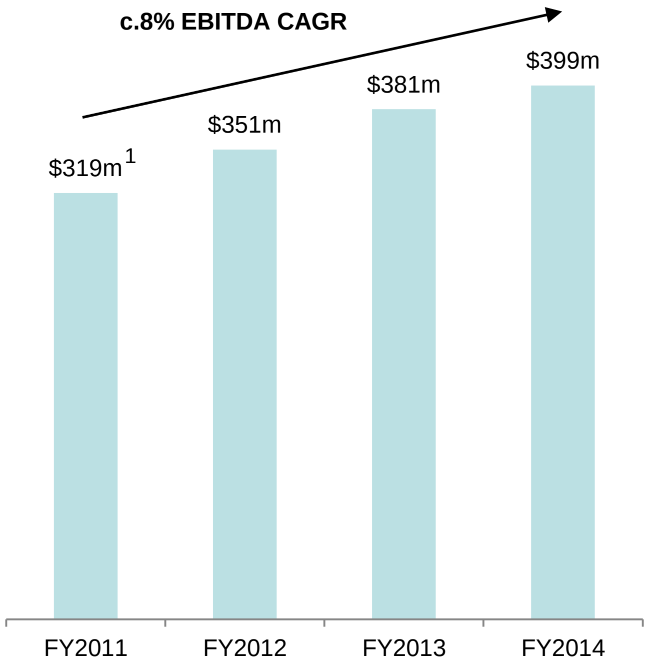
1 Comparatives adjusted for adoption of AASB11 Joint Arrangements as at 1 July 2013

2 FY2014 includes a $4.2m pre-tax charge ($3.0m post-tax) of unexpired fees relating to the November 2013 bank facility refinancing

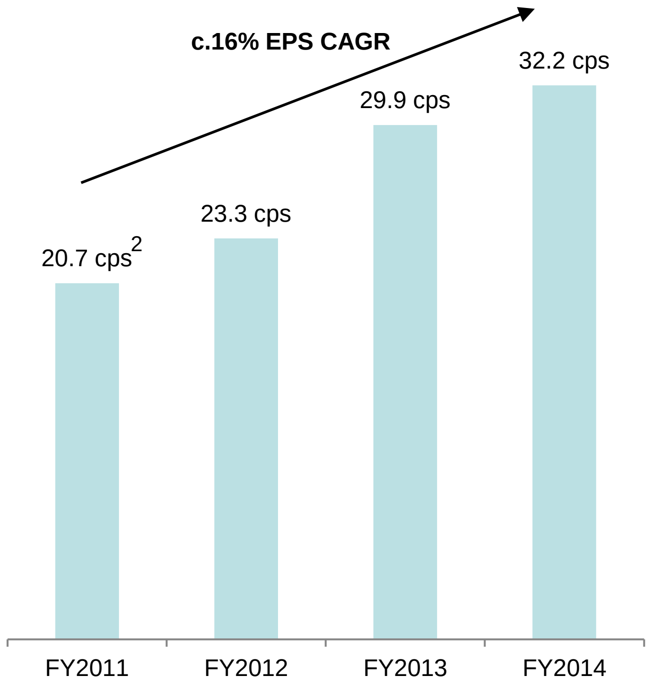
Group historical earnings performance

Strong earnings growth since FY2011

EBITDA ($m)



EPS (cents per share)



Notes

1 Excludes $9m non-recurring income relating to litigation proceeds

2 Excludes costs associated with a cost reduction program implemented following pathology funding cuts

Medical Centres: Sector themes

GPs are the cornerstone of the Australian health care system

- Demand for primary healthcare providers will continue to grow:
  - Demographic trends
  - Increasing prevalence of chronic diseases
  - Technological advances in medicine
  - Increasing breadth of GP services available
- Patients are increasingly demanding that all their primary care needs are met in the one location (“Medical Home”)
- Vertical integration as Government and private health insurers focus on preventative care to reduce “whole of patient care” cost
- Increasing supply of GPs in Australia may address previous imbalance

Medical Centres: Our unique model

Primary's medical centres are attractive to patients and medical practitioners

Significant benefits to patients…

- Community-based location
- Attractive, well-equipped and purpose-built facilities
- Accessible
  - 7.5 million GP visits per annum
  - Provide 7% of GP care and 23% of after hours GP care nationally
  - Open 365 days/year, 7am to 10pm
  - No appointment required
- Affordable
  - Medicare services bulk-billed
  - Non-Medicare services competitively priced
- Full suite of services at one site

… and medical practitioners

- Opportunity to earn materially higher incomes via facilities provided
- Service provision / centre model provides a strong flow and wide mix of patients
- Administration is handled by Primary
- Collegiate atmosphere
- Greater professional satisfaction and development
- Access to training / CPD services
- Broad range of equipment and facilities onsite
- Patient well-being maintained 365 days a year
- Ongoing refinement of model since 1985

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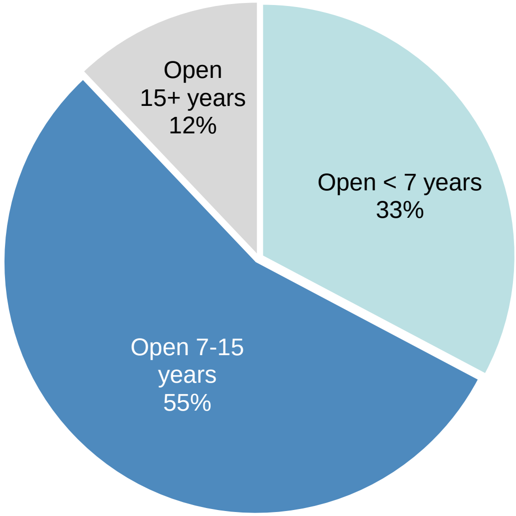
Medical Centres: Growth potential of existing centres

Centre age profile highlights growth potential of existing centres

Commentary

- Revenue and profitability increase as centres mature
  - c.7 years to reach initial "steady state" maturity
  - Performance continues to improve in Years 7+ as centres are "backfilled"
- Average centre age is 9.7 years
  - 1/3 of centres are less than 7 years old
- Brookvale highlights potential of "mature" centres
  - First Primary centre; opened in 1985
  - Relocated and reopened November 2013
  - Enhanced range of services
  - 100+ healthcare professionals
  - Continued improvement in performance

Age profile of existing large scale centres



Note
1 Centre ages at 28 November 2014

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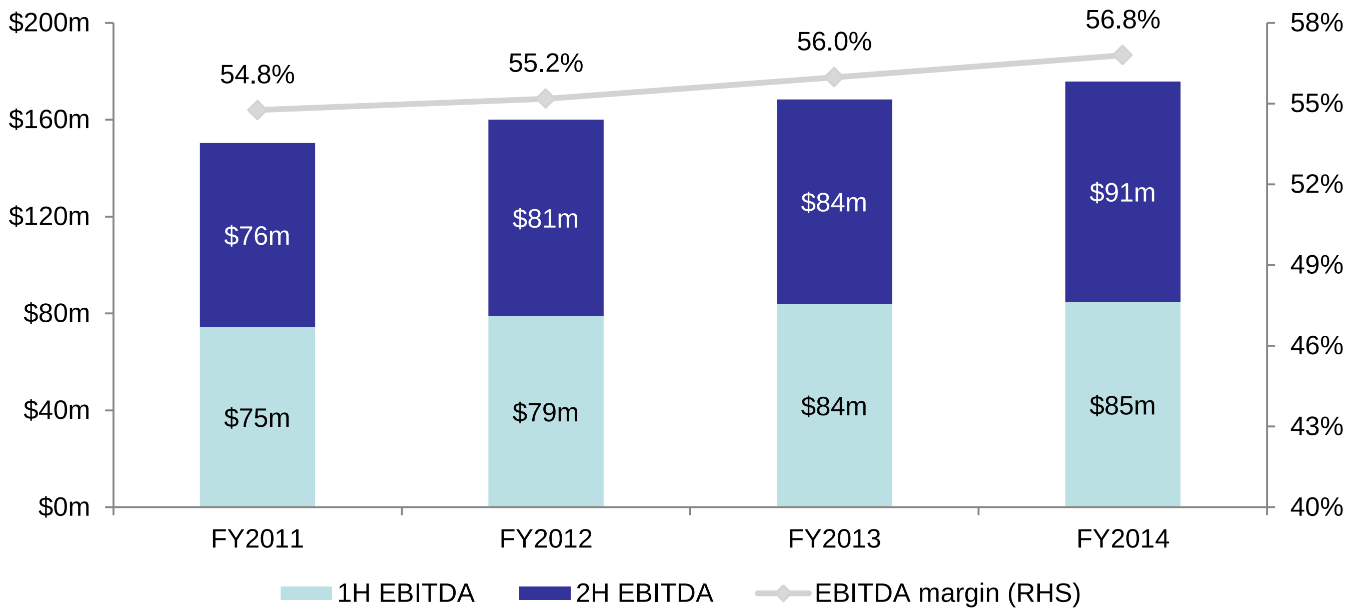
Medical Centres: EBITDA performance

Strong 2H2014 EBITDA performance



- 8.3% increase in 2H2014 over pcp despite no increase in Medicare funding in FY2014
- Strong margin improvement in extended period of negligible fee increases
- Headwind of smaller “Symbion” centres has now cycled through

Medical Centres: Growth opportunities

1 Leverage improving doctor recruitment dynamics

- Capital payments to doctors continue to trend favourably
- Doctor retention strong
- Current trend of a significant increase in registrar numbers

2 Backfill existing centres

- Newest 19 centres are currently under 7 years old
- Operational leverage as health professionals are added to a centre’s fixed cost base

3 Addition of new specialists to enhance offering

- Primary IVF launched July 2014
- Acquisition of additional specialist practices

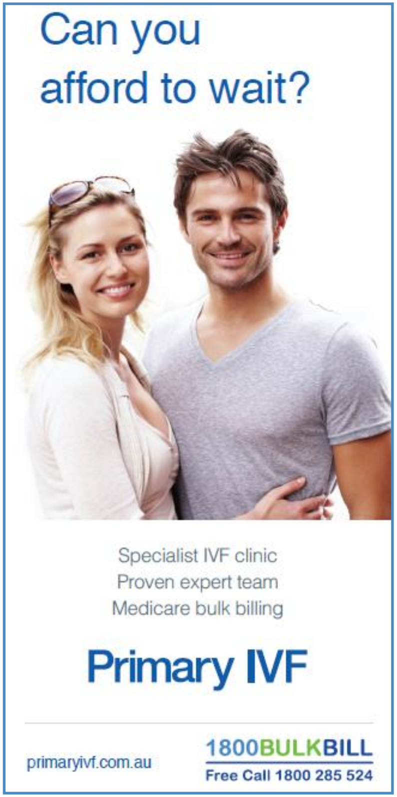
4 Roll-out of new / upgraded centres

- Successful opening of upgraded Warringah centre during FY2014
- Strong pipeline of new centres to be progressively rolled out from mid FY2016 onwards

Medical Centres: Primary IVF

Primary IVF has surpassed initial expectations since its launch in July 2014

- IVF Medicare services are bulk-billed (i.e. no co-payment)
- Initial site co-located at our George Street, Sydney medical centre
- Leading fertility specialists are contracted
- Initial focus on optimising the model, however early signs are good
  - Initial pregnancy rates above industry in each age bracket
- Modest contribution to earnings in the short-term
- Platform for future growth



Health Technology

National leader in GP software and online knowledge resources for hospitals

Industry trends

- Growing investment in Health IT (compared to historical underspend)
- Uncertain funding environment driving need for efficiencies
- Patient expectation to transact digitally (as they do elsewhere)
- Integration of reference information to provide proactive alerts

MedicalDirector

Business overview

- Leading position in clinical and practice management software
- Current focus on innovation that leverages our market position
- New initiatives include online appointments and exploring monetisation of access to our customer base

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Health insurance

Transport Health acquisition provides an initial, measured platform for our broader PHI objectives

Acquisition rationale

- Facilitates Primary's entry to private health insurance (PHI) market
- Provides Primary with a platform for future growth
  - Use PHI to increase volumes of existing Primary services
  - Leverage Primary's network to offer innovative PHI products

Transport Health

Transaction parameters

- Purchase price of $18m (net assets of c.$10m)

Overview of Transport Health

- c.5,000 policy holders currently
- Previously a restricted access fund ("open" since 10 November 2014)
- Provides policy holders with a broad range of PHI products

Pathology: Our infrastructure, expertise and scale

A leader in efficient and accessible high-quality pathology services

- 6 State-based pathology practices
- Team of over 300 specialist pathologists
- Largest national footprint of collection centres and laboratories:
  - Provides over 1/3 of the pathology services to Australian communit
  - c.1,800 patient collection centres
  - 4 high-volume laboratories
  - 100 regional and hospital laboratories
  - Coverage extends through remote central Australia and complex teaching and public hospitals
- Exceptional resource for referrers and their patients
- Over 15 million patient encounters in 2014

Laverty PATHOLOGY

QML Pathology.

Dorevitch PATHOLOGY

Abbott Pathology

Western Diagnostic PATHOLOGY

Tasmanian MEDICAL LABORATORIES

Pathology: Sector themes

Favourable industry dynamics despite funding pressures

- As previously advised to market:
  - Industry wide volumes subdued in late FY2014, and through into 1Q FY2015
- Referral volumes have normalised in September and October 2014
- Budgetary pressures resulting in increasing outsourcing of pathology services
- Similar pressures have also led to an environment of funding cuts
  - November 2014 Medicare cuts to Vitamins D and B12 / Folate testing
- Organic industry volume growth generally consistent over many years driven by:
  - Increased intensity of usage within each age cohort
  - Ageing population (older patients require more diagnostics per patient)
- Primary has been the consistent market leader over past number of years

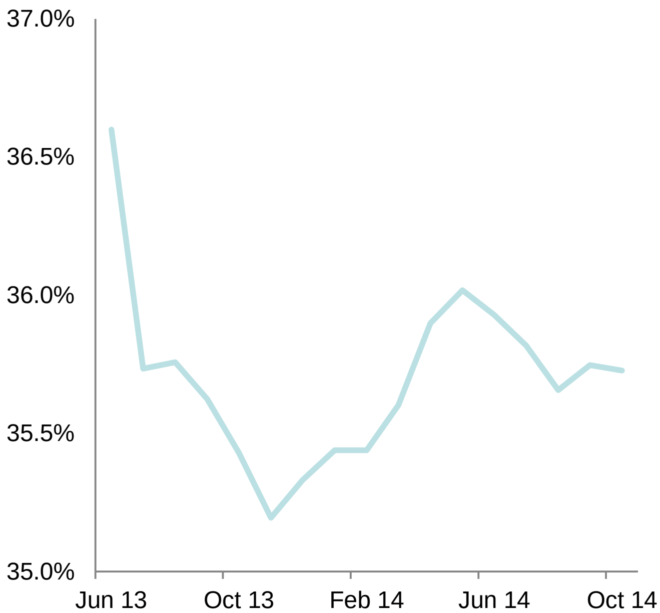
Pathology: Collection centres and deregulation

Primary is moderating its Collection Centre ("ACC") activities

Commentary

- We are moderating our ACC activities
- Our current national market share of collection centres is in line with pre-deregulation levels
- One competitor – aggressive rent escalation
- However, Primary ACC rental expense in FY2015 YTD is consistent with expectations
- Deregulation has spurred innovation
- Continued "discussion" of potential re-regulation is impacting ACC dynamics

Primary's "Like with Like" ACC market share

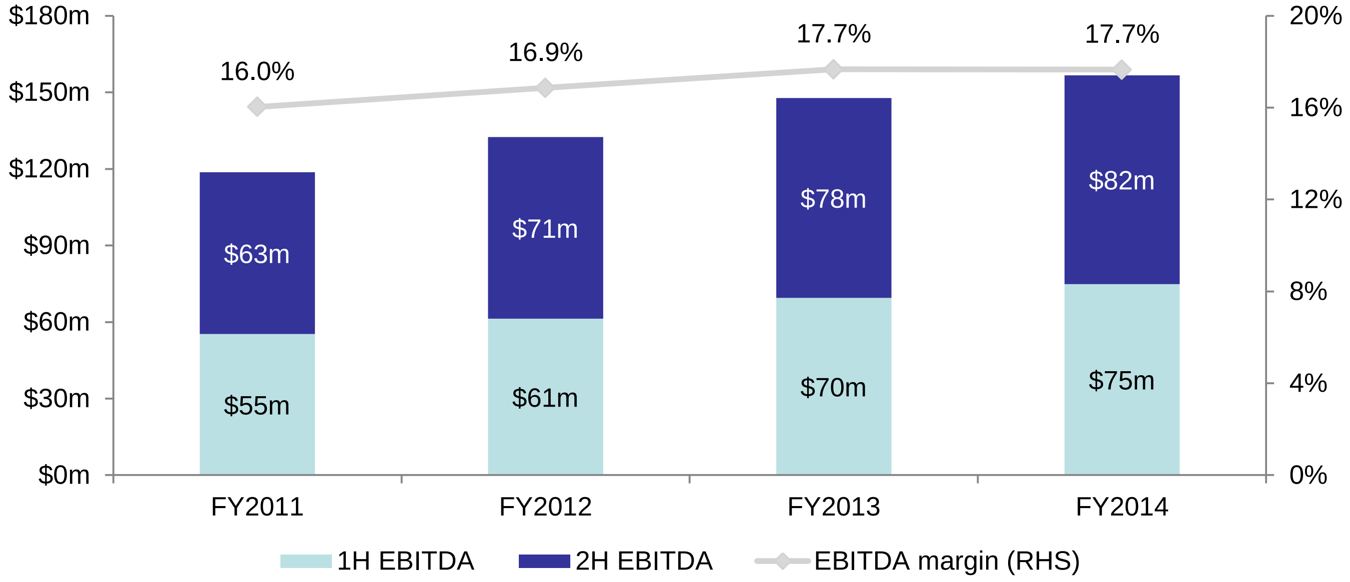


Note

1 Source: Medicare

Pathology: EBITDA performance

Consistent growth in EBITDA despite weak funding environment



- EBITDA growth supported by 6.2% revenue CAGR
- Achieved in an environment of net fee decreases
- Some ACC rent escalation over the period due to “land-grab” initiated by competitors

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Pathology: Growth opportunities

1 Ongoing investment in infrastructure and automation

- Maintain and extend quality, and efficiency leadership

2 “Bolt-on” acquisitions plus organic growth

- Early stage commencement of pathology services into Tasmania
- Acquisitions used to enhance capabilities, expand footprint and increase volumes
- 3 small acquisitions successfully completed in FY2014
- Australia’s leading diagnostic genetic sequencing business acquired in November 2014

3 Continued focus on Government outsourcing opportunities

- Pressure on government spending will continue
- Currently estimated 1/3 of pathology volume nationally is not contested
- PRY has unrivalled track record in outsourced opportunities (e.g. visa medical screening, state public sector etc)

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Imaging: Overview of our business

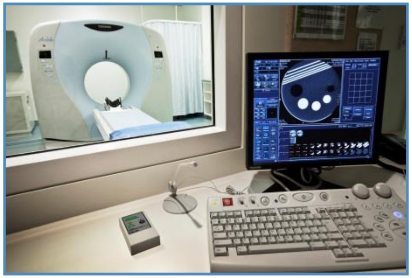
One of Australia's leading network of imaging practices

- National network of over 150 imaging practices
  - Includes community, medical centre and hospital sites
- Approximately 130 FTE radiologists
  - Many are recognised leaders / experts in their fields
- Largest provider to high acuity hospitals in Australia
- Full suite of modalities
  - Includes X-Ray, MRI, PET, CT and Ultrasound
- Major equipment refresh completed
- Over 2.7 million examinations in FY2014

Imaging: Sector themes

Imaging sector continues to benefit from attractive growth dynamics

- Growth in demand for and utility of medical imaging services
- Driven by:
  - Ageing demographics + increasing within age cohort intensity
  - Improving technology = improved diagnostics
  - Improving medical and patient education
- Funding being allocated on basis of lower cost to payers
  - For example, Coronary Artery CT scanning (CTCA)



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Imaging: Summary financials

Imaging division showing improving returns

$m	Year ended 30 June 2014	Year ended 30 June 2013[1]
Revenue	**316.1**	293.4
EBITDA	**73.0**	68.1
EBITDA margin (%)	***23.1%***	*23.2%*
EBITA	**45.9**	40.8
EBITA margin (%)	***14.5%***	*13.9%*

- 7.7% revenue growth
- Strong growth in MRI revenue since Medicare funding changes in November 2013
- Successful tender for immigration visa medicals outsourcing contract – commenced August 2014
- 18.9% EBITDA CAGR and 800 bps EBITDA margin expansion since FY2011

Notes

1 Comparatives adjusted for adoption of AASB11 Joint Arrangements as at 1 July 2013

Imaging: Growth opportunities

1 Improving utilisation of high end technologies

- November 2013 changes broadened the range of GP referrals for MRI covered by Medicare
- We are seeing increasing revenues at higher end
- Growth in molecular imaging

2 Ongoing focus on radiologist led practices

- Continued move to fee for service model
- Reduce reliance on locum services

3 Continued focus on Government and hospital outsourcing opportunities

- Leverage our unrivalled experience in this sector
- FY14 examples include immigration medicals and several hospitals

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Group outlook

FY2015 earnings guidance

- EBITDA $410m-$425m
- EPS growth of 5%-12%

Positioned for future growth

- 8 new medical centre sites identified for roll-out in mid FY2016 and beyond
- Successful tender for immigration visa medical screening contract highlights outsourcing potential
- Utilise scale and footprint e.g. Primary IVF business launched in July 2014
- Continue Medical Centres “backfill” strategy and expand bolt-on specialist practices
- Successful upgrade of original Brookvale medical centre highlights long-term growth potential
- Demand for healthcare services will continue to increase unabated for foreseeable future

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Items of business

1	Receipt of Annual Financial Report
2	Adoption of Remuneration Report
3	To re-elect Mr Brian Ball as a director
4	To re-elect Dr Paul Jones as a director
5	To re-elect Mr Andrew Duff as a director
6	To re-elect Mr Henry Bateman as a director

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