



Interim FY2013 Results
Six Months Ended 31 December 2012

Investor Presentation 6 February 2013

Strong first half result – all divisions performing to expectations

First half result key highlights

- Material margin gains in Medical Centres, Pathology, and Imaging
- EBITDA up 11.6% to \$186.1m
- NPAT up 50% to \$69.5m
- EPS up 48% to 13.8 cents per share
- Interim dividend up 30% to 6.5 cents per share

Improving cash flows

- 46% improvement in cash flows from operating activities
- 98% conversion of EBITDA into cash

FY2013 earnings guidance confirmation

- EPS growth expected to be in the range of 20% - 25% for FY2013
- EBITDA expected to be in the range of \$370m - \$380m for FY2013

Financial Summary

PRIMARY
HEALTH CARE LIMITED

\$m	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue	720.7	686.2
EBITDA	186.1	166.8
EBITDA margin	25.8%	24.3%
Depreciation & Amortisation	(44.5)	(43.6)
Finance costs ⁽¹⁾	(39.8)	(56.1)
Income tax	(31.1)	(19.8)
Net profit before minorities	70.7	47.3
Minorities	(1.2)	(1.0)
Net profit after tax	69.5	46.3
EPS (cps)	13.8	9.3
Interim dividend - fully franked	6.5 cents	5.0 cents

(1) 1H FY2012 Includes \$8.5m charge of unexpired fees upon refinancing of debt facility October 2011.

Segment Analysis

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\$m	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue		
Medical Centres	151.6	144.7
Pathology	409.5	384.3
Imaging	154.9	153.1
Health Technology	18.8	17.2
Corporate	0.5	0.8
Intersegment	(14.6)	(13.9)
TOTAL	720.7	686.2
EBITDA		
Medical Centres	84.0	79.0
Pathology	69.5	61.3
Imaging	35.0	26.9
Health Technology	9.7	9.5
Corporate	(12.1)	(9.9)
TOTAL	186.1	166.8

Cash Flow

Continuing strong conversion of EBITDA into cash		
\$m	Six months 31 Dec 2012	Six months 31 Dec 2011
Cash flow from operating activities	130.3	89.3
Add back		
- Interest and other finance costs paid	35.6	50.7
- Net income tax paid	15.2	11.1
- Restructure provisions paid	0.3	9.7
Gross operating cash flow	181.4	160.8
EBITDA	186.1	166.8
Ratio of gross operating cash flow to EBITDA	97.5%	96.4%

Medical Centres

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Margin growth and non-gp service growth as centre profile matures

	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue (\$m)	151.6	144.7
EBITDA (\$m)	84.0	79.0
EBITDA margin (%)	55.4%	54.6%

- Revenue growth of 4.8% across all medical centres
- Revenue growth of 8.7% in large-scale Primary medical centres
- EBITDA growth of 9.3% in large-scale Primary medical centres
- Margin improvement of 80 bps
- GPs and others continue to consistently join the group with acquisition price stable
- Strong growth in non-GP revenues as centres mature
- GP patient numbers dampened somewhat, consistent with the cautious economic environment in Q2 FY2013

Medical Centres

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Large-scale medical centre model continues to deliver sustained growth

\$m	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue		
Large-scale centres	140.2	129.0
Small scale (ex-Symbion) centres	10.0	12.6
Clinical Trials / Head Office	1.4	3.1
TOTAL	151.6	144.7
EBITDA		
Large-scale centres	87.1	79.7
Small scale (ex-Symbion) centres	4.4	5.2
Clinical Trials / Head Office ⁽¹⁾	(7.5)	(5.9)
TOTAL	84.0	79.0

(1) Includes acquisition related costs of GP and related practices expensed (stamp duty, legals, commissions)

Revenue growth and margin improvement

	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue (\$m)	409.5	384.3
EBITDA (\$m)	69.5	61.3
EBITDA margin (%)	17.0%	16.0%

- Revenue growth of 6.6% over 1H FY2012 with all States performing to expectation during 1H FY2013
- EBITDA growth of \$8.2m (13%) over 1H FY2012
- 100 bps improvement in EBITDA margins over 1H FY2012
- Capital expenditure requirements moderating in line with slowing ACC roll out
- Federal Government announced price impacts of approximately 1.3% effective 1 January 2013
- Collection centre rents have stabilised and in line with our expectation and broader industry trends

Imaging business improvement continues

	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue (\$m)	154.9	153.1
EBITDA (\$m)	35.0	26.9
EBITDA margin (%)	22.6%	17.6%

- Billings growth of 5% - reported revenue 1% up due to radiologists switching to fee-for-service model
- EBITDA grew \$8.1m (30%) over 1H FY2012
- 500 bps improvement in EBITDA margins over 1H FY2012
- 160 bps improvement in EBITDA margins over 2H FY2012
- Cost efficiencies continue

Primary committed to retain and invest in this business

	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue (\$m)	18.8	17.2
EBITDA (\$m)	9.7	9.5
EBITDA margin (%)	51.6%	55.2%

- All software products performing in line with expectations
- Senior management changes enacted during the period
- Revenue growth of 9% primarily in lower margin products
- Costs of detailed review of business expensed in period
- Opportunity to grow the business both internally and externally:
 - New functionality for software to be web-based
 - Enhanced products for new markets (specialists)

Corporate costs and infrastructure stable

\$m	Six months 31 Dec 2012	Six months 31 Dec 2011
Revenue	0.5	0.8
Expenses	(12.6)	(10.7)
EBITDA	(12.1)	(9.9)

- All Pan litigation legacy monies now received and accounted for
- Increase in costs mainly salary expense related
- Primary retains close to 20% shareholding in Vision post rights issue January 2013

Capital Investment

PP&E expenditure moderating and practice acquisitions strong

\$m	Six months 31 Dec 2012	Six months 30 June 2012	Six months 31 Dec 2011
Property plant & equipment	37.3	40.2	39.1
Business acquisitions	42.6	27.0	39.0
Intangibles	14.9	21.2	5.0
TOTAL	94.8	88.4	83.1

- PP&E decrease driven by reduced new medical centre openings
- Business acquisitions include GPs, radiologists, dental and allied health
- Intangible spend during this period includes \$7m on extension of GP contracts post 5 years

Debt Position

Balanced debt maturity profile and reducing margins	
\$m	31 Dec 2012
Bank and finance debt	924
Cash	(18)
Retail Bonds	152
Net debt per balance sheet at 31 Dec 2012	1,058

- \$1.02bn bank debt facility out to February 2015 and October 2016
- \$100m working capital facility undrawn at 31 December 2012
- Margins will decrease in Q3 FY2013 based on gearing ratio at 31 December 2012
- Primary has two bank facility covenants:

Gearing Ratio = Net Finance Debt (excluding Retail Bond) / EBITDA

- Actual ratio at 31 December 2012 is 2.49 (bank covenant < 3.25 times) ⁽¹⁾

Interest Cover = EBITDA / Net Interest Expense

- Actual ratio at 31 December 2012 is 4.85 (bank covenant > 3.0 times) ⁽¹⁾

(1) Formulas as per bank facility definitions

Summary and Outlook

Strong half year result

- 11.6% organic EBITDA growth
- NPAT growth 50%
- EPS growth of 48%
- Interim dividend up 30% to 6.5 cents per share

FY 2013 guidance

- 20%-25% EPS growth and EBITDA \$370m-\$380m
- Continue focus on organic growth
- Substantial footprint in place with no capacity constraints
- Strong cost controls supported by low inflation environment

Other opportunities

- Consolidation expected to continue
- Small bolt-on acquisitions possible if appropriately priced

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