

Primary Health Care Ltd

Financial Year Ended
30 June 2003

Results Presentation
20 August 2003

Financial Results 30 June 2003

● Summary

- EBITDA and EBITA (excl. property sales) up ~ 36% over prior period
- Driven by organic revenue growth and improved operating margins

<i>(\$ Million, except EPS)</i>	FY2003	<i>growth</i>	FY2002	<i>growth</i>	FY2001
Sales revenue (excl. property sales)	127.0	23%	103.1	15%	89.8
EBITDA (excl. property)	41.6	36%	30.6	22%	25.1
EBITA (excl. property)	32.7	36%	24.1	15%	20.9
Normalised NPAT	21.9	61%	13.6	14%	11.9
Normalised basic EPS <small>(cents per share)</small>	21.9	45%	15.1	9%	13.8

Normalised = before goodwill amortisation

Financial Results 30 June 2003

	(\$ 000s)	FY 2003	FY 2002	FY 2001
● Segmental				
– Medical Centres major driver	Medical centres	36,996	26,680	20,937
	Pathology	9,655	8,143	7,254
	Head office expenses	(5,002)	(4,170)	(3,135)
– Property sales complete	Sale of properties	3,190	(328)	-
	EBITDA	44,839	30,325	25,056
	Depreciation	8,993	6,567	4,121
	EBITA	35,846	23,758	20,935
	Goodwill amortised	9,350	7,314	5,567
	EBIT	26,496	16,444	15,368
	C/Note interest	-	168	278
	Interest expense	5,277	3,814	2,801
	Share of associate loss	201	170	66
	PBT	21,018	12,292	12,223
	Tax charge	8,428	5,963	5,898
	Profit After Tax	12,590	6,329	6,325
	Profit After Tax normalised	21,940	13,643	11,892

Financial Results 30 June 2003

- **Per Share Results**

- Reported earnings per share up 81% on prior period to 12.6cps
- Normalised earnings per share up 45% on prior period to 21.9cps (Normalised to remove impact of amortisation of goodwill)
- Final dividend of 7.5c per share taking total FY03 dps to 12.5 cents (compared with 7.5 cents for FY02)

Financial Results 30 June 2003

- **Earnings quality strong**
 - **Cashflow from operating activities up 28% to \$27.2m**
 - **Mirroring reported tax and interest adjusted EBITDA from operating activities**
 - **Days Receivables Outstanding maintained over the period**
 - **Maintained despite revenue growth of 23%**
 - **Maintained despite 5 new medical centres during period**

Operations - Medical Centres I

- **Increasing doctor and community acceptance**
 - GP attendances up 34% to 2.145m for the period
 - Revenues to PRY up 43% to \$75.7m for the period
 - Doctors continuing to join
- **Maintenance of operational performance**
 - EBITDA for all centres up 42% to \$32.0m
 - EBITA for all centres up 42% to \$24.3m
 - Margins maintained
- **Significant growth and margin improvement achieved despite substantial resources being devoted to new centre establishment**
 - 3 new centres opened in NSW during period
 - 2 new centres opened in SA during period

Operations - Medical Centres II

- Established centres continue to experience growth in patient acceptance & utilisation
- Established centres continue to expand depth and breadth of service offering to patients reflected in increased centre EBITDA per GP visit
- Newly opened centres showing evidence of shorter “ramp up” to cashflow positive

Medical Centre #	# of GP Attendances ('000s)			Centre EBITDA per GP Attendance		
	FY03	FY02	FY01	FY03	FY02	FY01
1 to 8 (>3yrs old)	1,094	1,062	982	\$ 18.64	\$ 17.87	\$ 16.30
9 to 16 (1<yrs<3)	761	534	258	\$ 16.17	\$ 14.42	\$ 19.13
17 to 21	290	0	0	\$ 14.81		
Total attendances	2,145	1,596	1,240			

Operations – Pathology I

- **Results**

- 21% increase in EBITA achieved over p.c.p.
- Driven by
 - organic top-line referral growth
 - improved operating margins

(\$ 000s)	FY 2003	<i>growth</i>	FY 2002	<i>growth</i>	FY 2001
Revenue	56,526	8%	52,263	1%	51,766
EBITDA	9,655	19%	8,143	12%	7,254
<i>Margin</i>	17.1%		15.6%		14.0%
EBITA	8,342	21%	6,886	8%	6,360
<i>Margin</i>	14.8%		13.2%		12.3%

Operations – Pathology II

- **Outlook**

- Focus upon operational improvements to drive superior levels of service to referring practitioners and their patients
- Bring SDS up to match profitability of peers
- Revenue growth in excess of market underwritten by medical centre operations
- Margin improvements are still available within existing revenue and laboratory structure

Operations - Information Technology

- **Doctors Desktop Solution**

- IT solution now in all centres. Significant in-house IT capability now present. Our IT infrastructure is a material advantage in centre development and management
- Certain medical centres mildly impacted by roll-out over the period
- Enabling doctors to provide quality of care, and improved income per hour worked
- The first IT solution in Australia used to deliver x-ray images to the referring GPs' desktop
- Enabling improved control of billings and collections

Future Growth

- **11 new centres opened in the last 18 months (with five in the last 12 months)**
- **Current centre profile will continue to provide growth to the group, especially over the next two years**
- **Starting to see the underlying strength of operations**
- **Negotiations for new sites underway in South Australia and Victoria**
- **Proposed accounting changes for the treatment of goodwill amortisation likely to impact reported earnings and increased potential to pay dividends for period ending FY05**

Major Opportunities

● Medical Environment

- All government incentives net dollar increase to our doctors & clearly of benefit to the company
- Apparent reduction in general community bulk-billing – working to advantage of Primary

● Bulk Billing

- PRY believes funded bulk-billing to be the most efficient and effective form of health care delivery with equality of access to all – to the benefit of patients, doctors, governments and ourselves

● Competition

- No change in competitive landscape
- In August 2003, Primary purchased 9.2% equity stake in Independent Practitioners Network Ltd at cost of \$4m