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Netcare Limited
Interim results presentation

For the six months ended 31 March 2008



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Note regarding forward looking statements

- The Company advises investors that any forward looking statements or projections made by the Company, including those made in these presentations, are subject to risk and uncertainties that may cause actual results to differ materially from those projected.
- Factors that may affect the Group's operations are described under "Risk Factors" on the investor relations website www.netcareinvestor.co.za

Highlights

South
Africa

United
Kingdom

Financials

Guidance



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Highlights



Chairman appointment

Group highlights

Group financial highlights

Geographical contribution

Highlights

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Appointment of new Chairman enhances independence of board



Jerry Vilakazi

Non-executive Chairman
Netcare Limited

- Appointed as independent non-executive Chairman with effect from 1 June 2008.
- BA (Unisa), MA (Thames Valley), MA (London) and MBA (California Coast University).
- CEO of Business Unity SA. He was MD of the Black Management Forum in 2004–2005, Public Service Commissioner (1999–2001), executive director of the SA Institute of Chartered Accountants (2001-2003), chief director for strategic planning at the Department of Home Affairs (1997-1998), and deputy director, affirmative action, in the Department of Public Service and Administration.
- Among his directorships are chairman: Mpumalanga Gaming Board, BMF Investment Company, Computershare and Execuprime..

Group highlights

- Strong organic and acquisitive growth in SA hospitals
 - Strong growth of managed care products for lower income markets
 - Awarded Africa's largest healthcare PPP in Lesotho
 - New managing directors appointed for SA Hospital, Netcare 911 and Primary Care divisions
 - UK hospitals now profitable after debt servicing
 - Strong growth in NHS patient admissions
 - Acquisition of seven Nuffield hospitals in the UK
- **11%** increase in basic earnings per share
 - **11%** increase in profit before taxation
 - **8%** increase in the interim reduction of capital per share to 14 cents per share
 - **16%** increase in group revenue, 12% organic growth
 - **15%** increase in United Kingdom core operating profit

Group financial highlights

R million	31 March 2007	31 March 2008	%
Revenue ¹	8 938	10 343	15,7
Operating profit ¹	1 444	1 584	9,7
Core operating profit ¹	1 477	1 635	10,7
Diluted headline earnings per share (cents)	22,5	23,1	2,7
Cash generated from operations	1 522	1 579	3,7
Net debt	30 564	36 834	20,5
Total assets	50 305	59 135	17,6
Operating profit margin ¹ (%)	16,2	15,3	
Core operating profit margin ¹ (%)	16,5	15,8	
Interest coverage (times)	1,2	1,4	

Strong revenue growth of 16% fuelled by Nuffield and Community acquisitions, supported by 12% organic growth

Excluding once-off charges of R51 million, core HEPS increased by 11,5% to 27,1 cents per share

Excluding foreign exchange translation impact, debt increased 7,5% as a result of new acquisitions, largely ring-fenced to UK

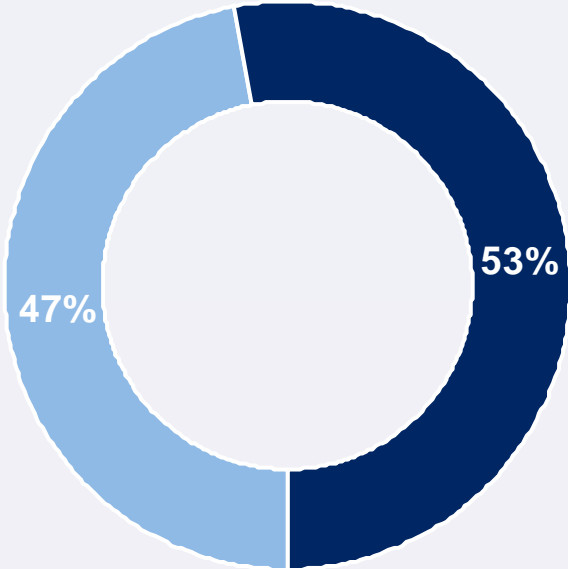
Margin impacted by once-off costs of R59m (£4,1m) in UK and tariff and cost pressures in SA

1. From continuing operations

Geographical contribution

Group revenue¹ contribution

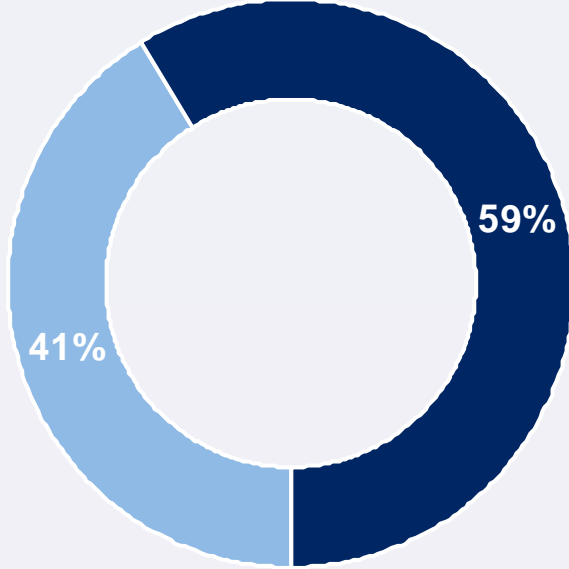
at 31 March 2008



■ South Africa ■ United Kingdom

Group operating profit¹ contribution

at 31 March 2008



■ South Africa ■ United Kingdom

1. Before excluding minorities

South Africa



Business highlights

Financial highlights

Revenue growth

Operating costs

Capital plan

Management priorities

South
Africa

Highlights

- **Fundamental change in billing, coupled with below inflationary tariff increases**
 - 6,2% average price per admission increase
- **Addressing the challenges posed by power outages and escalating costs**
 - Focus on core operations and sale of non-core assets
- **Continued investment for growth**
 - Community and Linkwood, adding 669 beds
 - R300m expansion capital, adding a further 98 beds
- **Continued partnerships with government**
 - On track with local Settlers/Port Alfred PPP, appointed by Department of Health in Egypt to review emergency services in Cairo, awarded Africa's largest healthcare PPP in Lesotho
- **Rapidly penetrating the lower income market**
 - 35% growth in managed care lives now supported by over 3 500 participating doctors
 - Partnership with key Funders/Medical Aid administrators to products for lower income market
- **Successful debt raising exercise – large portion fixed**

New business heads appointed for South African operations



Jacques du Plessis
Managing Director
Hospital Division



Dr Charmaine Pailman
Managing Director
Primary Care Division



Tumi Nkosi
Managing Director
Netcare 911

South African financial highlights

R million	30 March 2007	30 March 2008	%
Revenue ¹	4 189	4 907	17,1
Core operating profit ¹	615	646	5,0
Non-recurring items	(14)	7	
Operating profit ¹	601	653	8,7
Net financial expenses	(236)	(262)	11,0
Profit for the period	311	343	10
Capital expenditure	386	314	(18,7)
Net debt	5 116	6 051	18,3
Operating profit margin ¹ (%)	14,3	13,3	
Core operating profit margin ¹ (%)	14,7	13,2	
EBITDA margin ¹ (%)	17,8	16,7	
Interest coverage ² (times)	2,9	2,6	

Strong revenue growth of 17%, ahead of forecast, 13% organic growth

Profit on sale of peripheral businesses of R25m, offset by write-off of R7m on Bloemfontein PPP hospitals, restructuring costs of R5m, power outages impact of R5m

Net debt reduced by R500m to R5.5bn at 30 April 2008

Margin impacted by increased contribution from primary care, lower tariff increases and cost pressures

1. From continuing operations
 2. Operating profit divided by net interest paid



Strong revenue growth impinged by cost pressures

- **Revenue growth in hospital and trauma business of 15%**
 - Acquisitions fuelling growth
 - 11% organic growth supported by 4,7% increase in patient days
 - Average price increase per admission of 6,2%, well below inflation
- **Decline in operating profit margin**
 - Sub-optimal tariff increase and change in billing methodology
 - Power outage costs of R5m and restructuring costs of R5m
 - Labour cost pressure and other cost pressures
 - R7m write-off Bloemfontein PPP
 - Increase in bad debt expense and provision of R21m (higher interest rates)

South Africa: Hospital and trauma

R million	31 March 2007	31 March 2008	%
Revenue	3 709	4 275	15,3
EBITDA	712	751	5,5
Operating profit	580	593	2,2
%			
EBITDA margin	19.2	17.6	
Operating profit margin	15.6	13.9	

Successfully penetrating the lower income market

- **Strong revenue growth of 32% in primary care business**
 - 35% growth in managed care lives to 208 000 (GEMS)
 - 23% growth in network of participating doctors to 3,565
 - 6% growth in primary care visits to 1,8 million in six months
- **Decline in operating profit margin**
 - Increased contribution from Prime Cure at a lower margin
 - Sub-optimal tariff increase for GP's of 5,4%
 - Wages growing above tariff increases due to skills shortage
 - Increase in risk provisions

South Africa: Primary care

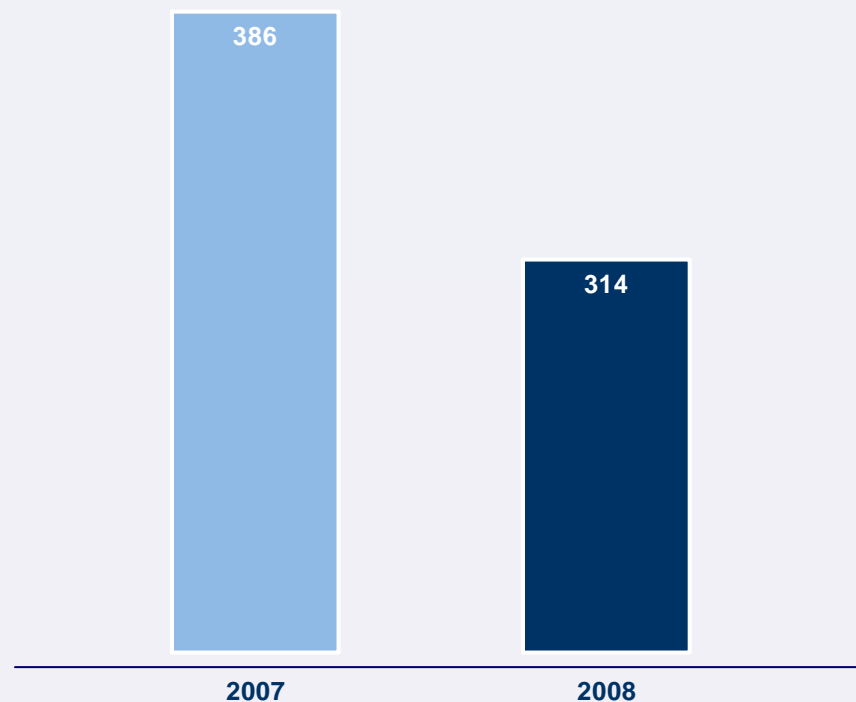
R million	31 March 2007	31 March 2008	%
Revenue	480	632	31,7
EBITDA	48	52	8,3
Operating profit	35	43	22,9
%			
EBITDA margin	10.0	8.2	
Operating profit margin	7.3	6.8	

Continued investment to support growth

- **Netcare South Africa's beds increased by 767 beds**
 - Acquisition of Community (636 beds)
 - Acquisition of Linkwood (33 beds)
 - Expansion to existing facilities (98 beds)
- **New projects recently completed**
 - Milpark Hospital Burns Unit (only private unit in Africa)
 - Mulbarton Hospital expansion
 - Sunward Hospital expansion
- **Capital expenditure budget for 2008 reduced from R800m to R700m**
 - R300 million expansionary spend
 - R60 million on generators

Netcare SA capital expenditure

31 March (Rm)



Management priorities for the year ahead

Pricing and regulations	Submission of NHRPL proposals
Low income model	Low income product development with funders and administrators
Cost efficiencies	Focus on cost and working capital management Sale of surplus assets
SAP rollout	Rollout of final phase of SAP to primary care and hospital divisions
Acquisitions	Integration of Community hospitals and Linkwood
Sale of Ampath	Ampath sale agreed, pending conditions precedent and Competition Commission approval



United Kingdom



- Business highlights
- Financial highlights
- Revenue growth
- Operational efficiencies
- Capital plan
- Management priorities

United
Kingdom

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Business highlights

- **Delivered bottom line profit within two years from acquisition date**
 - UK hospitals now profitable after debt servicing
- **Acquisition of Nuffield hospitals and OFT approval**
 - Net purchase consideration of £109m for seven hospitals
- **Solid revenue growth, programmes in place to drive top-line growth, NHS volumes doubled**
 - Sales force recruited, trained and fully operational
 - Netcare UK contracts fully operational, revenue almost doubled
- **Margin expansion on track as efficiency programmes continued, offset slightly by new sales and marketing costs and dilution from increased NHS volumes**
 - The restructuring of finance and establishment of shared services underway
 - Closure of Netcare UK head office and integration into GHG regional structure complete
- **Well positioned in an environment of rising interest rates**
 - Long-term debt in place at fixed rates

GHG delivers a profit in the period

£ million	30 March 2007	30 March 2008	%	
Revenue	337	376	11,6	Strong revenue growth of 11,6%, organic revenue growth of 8,6%
Core operating profit	59	68	15,3	
One-off items	(1)	(4)		Once-off costs of £4.1m incurred largely for restructuring (£2,2m) and transaction costs (£1,9m)
Operating profit	58	64	10,3	
Net finance expenses	(61)	(64)		
Profit/(loss) for the period	(2)	0,2		Profit for the period after taking into account once-off charges
Capital expenditure	17	22	29,4	
Net debt	1 787	1 923	7,7	Increase in debt due largely to Nuffield transaction.
Operating profit margin (%)	17,2	17,0		
Core operating profit margin (%)	17,5	18,1		Core operating profit margin expands as further efficiencies achieved
Core EBITDA margin (%)	25,8	26,3		
Interest coverage ¹ (times)	0,9	1,0		

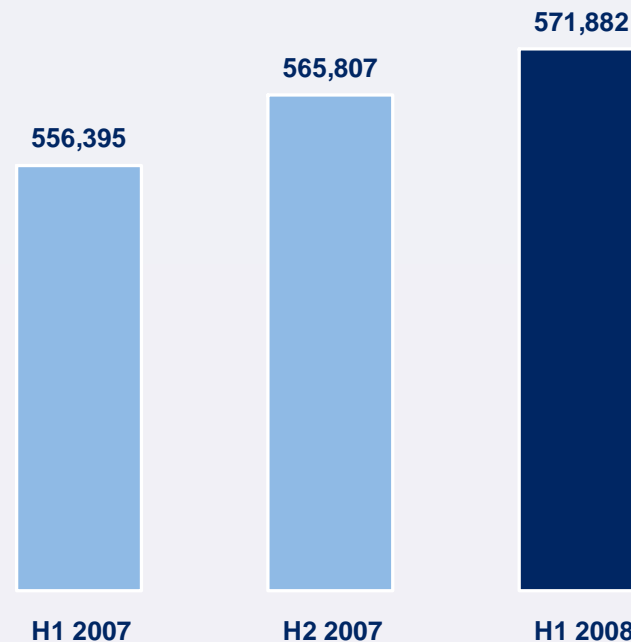
1. Operating profit divided by net interest paid

Revenue growth driven by good admission growth

- **Revenue growth of 11,6%** (In Pound Sterling)
 - GHG organic revenue growth in of 8,6%
 - Netcare UK contribution increases from £12m to £ 21m as new projects gain momentum
- **3% growth in total admissions¹ to 572 000**
 - Driven by growth in day cases and outpatient visits
- **1% growth in inpatient and day case admissions¹**
 - Admission growth impacted by Easter in March
 - April year to date inpatient admission growth of 3%
- **More than doubled contribution of NHS cases to BMI admissions¹**
 - NHS admissions increased 181%

Growth in total admissions¹

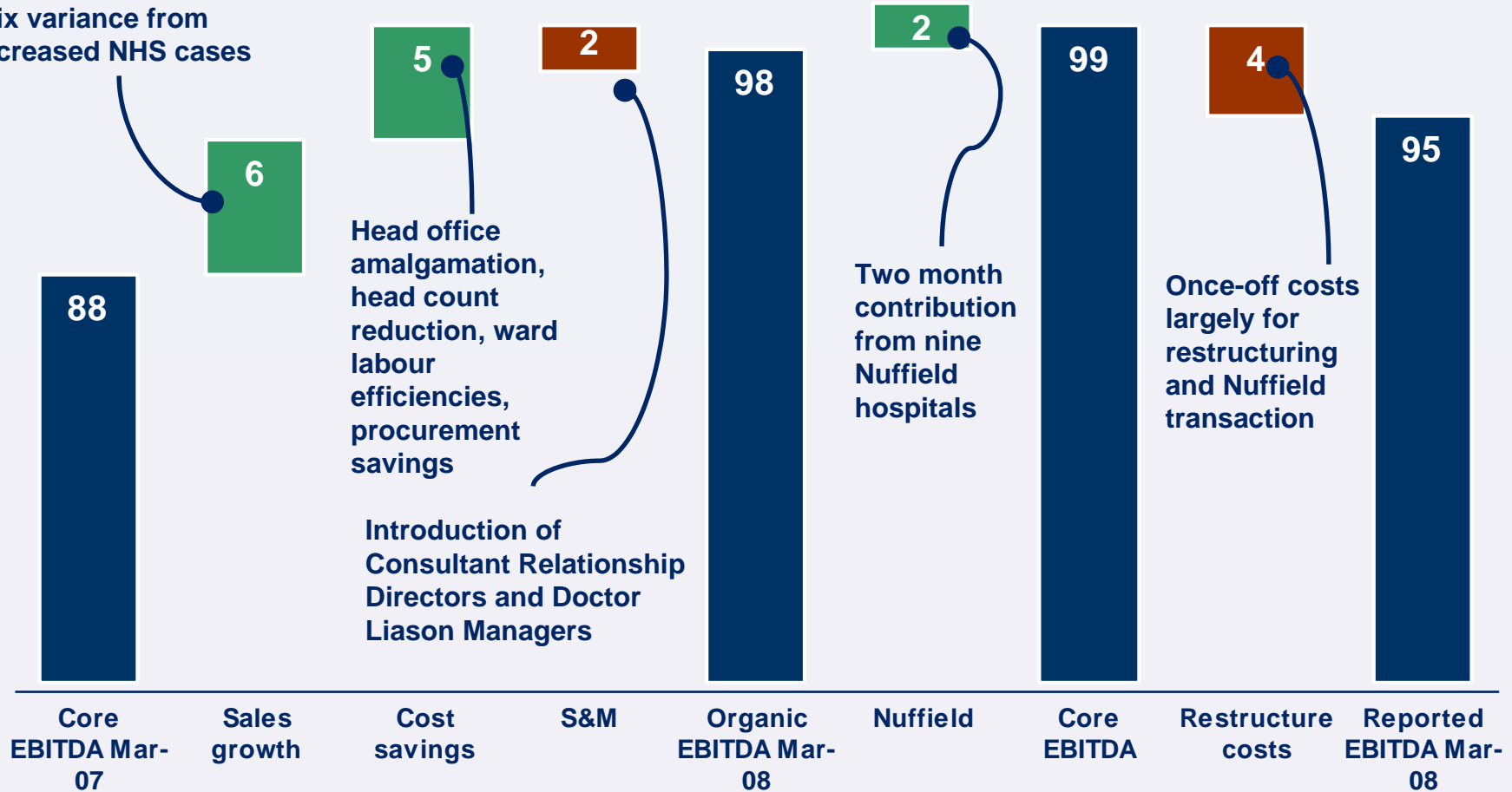
31 March 2007



1. Excludes two month contribution from Nuffield hospitals

Strong growth in core EBITDA of 14%

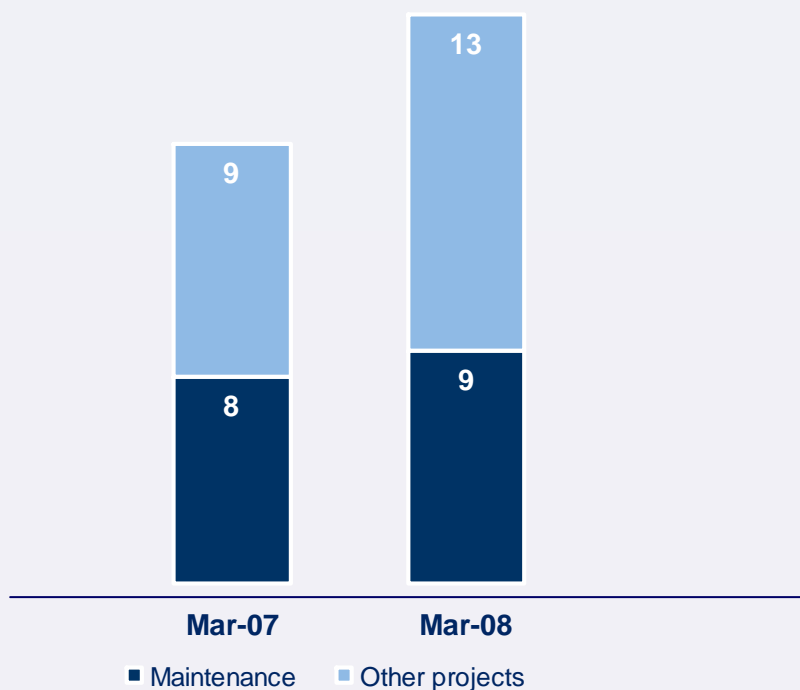
Volume growth offset slightly by negative mix variance from increased NHS cases



High investment return capex pipeline identified

Capital expenditure

£m



GHG capital budget of £60m for 2008

- £22m spent in first 6 months

Maintenance spend

- Refurbishment for 20 hospitals

Other spend

- **Rollout of imaging** – fast growing market and ‘gatekeeper’ to future caseload
- **Theatre capacity** – investing in bottleneck of the business
- **IT** – connectivity and infrastructure to allow improved return on marketing spend and better customer experience
- **New services** – reconfiguration of hospitals to support new services, e.g. A&E at the BMI Clementine Churchill Hospital

Management priorities for the year ahead

Top-line growth	Continue rollout of Consultant Relationship Directors (CRD) and Doctor Liason Managers (DLM) New regional services offering rolled out across 10 regions Continued focus on revenue growth supporting capital expenditure
Operational efficiencies	Continue efforts to increase ward and theatre labour efficiencies
Restructuring of business	Implement shared service for finance and other support services Centralise IT support services
Nuffield integration	Nursing labour efficiencies across the sites Deliver benefit of GHG procurement efficiencies



Financials



Factors impacting results

Summary financials

Group debt

Cash generation

Capital distributions

Financials

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Factors impacting results: Acquisitions

- **Acquisition of Community (682 beds)**
 - Community was acquired in October 2007 for 14,2m Netcare shares issued at R11,89, goodwill arising of R101m
 - Netcare assumed R171m in debt and R53m in capital commitments
 - R8m write off (after tax and interest) for various pre-acquisition items
- **Acquisition of Linkwood (33 beds)**
 - Acquired in November 2007 for R1000
 - Lent R22m to settle creditors and a further R5m for working capital requirements
- **Acquisition of Nuffield**
 - Nine hospitals acquired from Nuffield in February 2008 for a total consideration of £140m
 - Purchase of property, inventory and fixed tangible assets, goodwill arising of £18m
 - Two hospitals subsequently sold for £31m (proceeds in H2)
- **Restatement of prior year diluted weighted average number of shares in line with September 2007**
 - Diluted HEPS restated from 25,6 cents per share to 22,5 cents per share

Factors impacting results: Exchange rate and interest rate

- **Net derivative assets now in a net liability position of R533m**
 - No cash flow impact
- **The UK 10 year swap rates decreased from 5,75% to 5,25% resulting in a R1 223m fair value loss**
 - R16m fair value loss recognised in income (ineffective portion)
 - R1 207m accounted for directly to equity
- **Increase in cross currency swap asset**
 - The Rand weakened by 14,6% from 14,03: £1 at 30 September 2007 to 16,08:£1 at 31 March 2008
 - Cross currency swap agreements entered into at R12,17: £1

Net derivative instruments - liability

	30 Sep 2007	31 March 2008	Change
R million			
Net interest rate swaps (UK)	109	(921)	(1 030)
Cross currency swaps (SA)	188	388	200
	297	(533)	(830)

Rand Pound Sterling exchange rate



Summarised group income statement

ZAR million	31 March 2007	31 March 2008	%
Revenue	8 938	10 343	16
Operating profit	1 444	1 584	10
Net financial expense	(1 102)	(1 185)	8
Attributable earnings of associates	15	(3)	
Profit before taxation	357	396	11
Taxation	(94)	(85)	
Profit for the period from continuing operations	263	311	18
Profit from discontinued operation	39	50	
Profit for the period	302	361	20

Impacted by Community acquisition (including pre-acquisition write-offs of R8m), and the disposal of Healthshare

Low effective tax rate due to recognition of assessed losses, STC credit and DT liabilities release (reduction in tax rate)

Core headline earnings per share growth of 12%

Cents per share	31 March 2007	31 March 2008	%
Basic earnings per share	22,9	25,3	11
Headline adjustments	0,8	(1,6)	
Basic headline earnings per share	23,7	23,7	-
Other non-recurring items	0,6	4,2	
Core headline earnings per share	24,3	27,1	12
Weighted average number of shares (m)	1 219	1 260	3

Net profit on the sale of properties and investments

Non-recurring items include R8m impairment of investment, R6m write-off on Bloemfontein PPP hospitals, R5m restructuring costs, R5m power outages impact and R59m restructuring and transaction costs in UK

Weighted average shares in issue increased due largely to Community transaction of 14m Netcare shares in October 2007

Calculation of fully diluted earnings per share

Movement in shares in issue

	m
Shares at 30 September 2007	1 841
Share options	2
Community transaction	14
Shares at 31 March 2008	1 857
Treasury shares ¹	597
Shares at 31 March 2008	1 260
Weighted average number of shares	1 260
Options issued (incl BEE shares)	32
Fully diluted weighted shares	1 292

Calculation of diluted earnings per share

R million	31 March 2008
Headline earnings	298
Fully diluted headline earnings	298
Fully diluted headline earnings per share (cents)	23,1

1. Includes 160m HPFL shares which will be issued from September 2010, 20% over 5 years

Summarised group balance sheet - assets

R million	30 Sep 2007	31 March 2008	Acquisitions	Currency impact	Difference	
Non-current assets	45 328	53 025	2 564	6 086	(953)	Sale of Nottingham, Gerrard's Cross classified in current assets and the sale of 3 SA properties
PPE	26 683	32 291	2 548	3 535	(475)	
Goodwill	16 091	18 800		2 317	392	
Intangible assets	289	319	8	34	(12)	Goodwill arising from Community (R101m) and Nuffield (R273m)
Associated companies, investments and loans	298	125	8		(181)	
Financial asset	1 453	973		200	(680)	
Deferred taxation	514	517			3	
Current assets	5 211	6 110	158	349	392	
Total assets	50 539	59 135	2 722	6 435	(561)	

Community no longer treated as an associate, now consolidated

The increase in the SA cross currency swap offset by the decline in UK interest rate swap

Summarised group balance sheet – equity and liabilities

R million	30 Sep 2007	31 March 2008	Acquisitions	Currency impact	Difference	
Total shareholders equity	8 582	8 788		1 031	(825)	Fair value losses on interest rate swap derivatives in UK
Non-current liabilities	36 351	43 674	355	5 160	1 808	
Long term debt	28 944	34 923	104	4 346	1 529	
Financial liability	1 156	1 459			303	
Post retirement benefit obligation	115	123			8	
Deferred lease liability	63	73			10	
Deferred taxation	6 073	7 096	251	814	(42)	
Current liabilities	5 606	6 673	348	244	475	
Total equity and liabilities	50 539	59 135	703	6 435	1 458	Increase in UK interest rate swap due to fair valuing for interest rate declines, no cash impact

Increase in long-term debt to fund acquisition of Nuffield

Group debt

Net debt at 31 March 2008

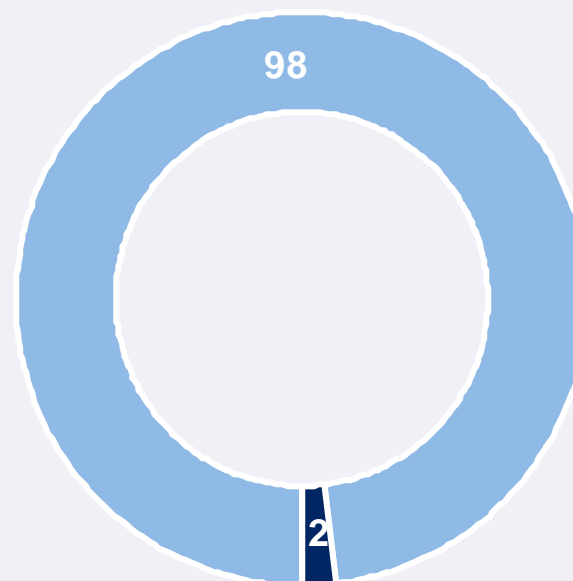
	Facilities	Utilised
UK Debt (£m)	2 093	1 923
UK Debt (Rm)	33 655	30 783
SA Debt (Rm)	7 904	6 051
Net debt (Rm)	41 559	36 834

Cost of debt (%)

	30 Sep 2007	31 March 2008
UK Debt	6,42	6,45
SA Debt	8,90	10,20
Gross debt	6,85	7,04

Fixed versus floating interest rate

at 31 March 2008, % (Assumes Ampath proceeds)



■ Fixed interest ■ Floating interest

South African debt position

- **Proceeds from the sale of Ampath in 2008 will substantially reduce debt**
- **Net debt at March 2008 impacted by late debtors payments due to Easter and new billing mechanisms**
 - Net debt at end of April was R5,3bn
- **Cost of debt increased from 8,9% to 10,2% due to increase in interest rates**
 - 78% of debt hedged at March 2008 for full duration of debt
- **GCR rating in February 2008**
 - A Long Term
 - A1 Short Term

SA debt at 31 March 2008*

	Debt Rm	Cost %
Convertible bond ¹	1 476	6,0
DMTN	1 945	11,4
Pref shares	481	8,6
Other debt	2 142	9,5
Total debt	6 044	10,2
Bank overdraft/(cash)	7	
Net debt	6 051	

*Exclusive of Ampath debt

1. Convertible Bond – cash interest paid at 6%, income statement IFRS interest charged at 9%

UK debt position

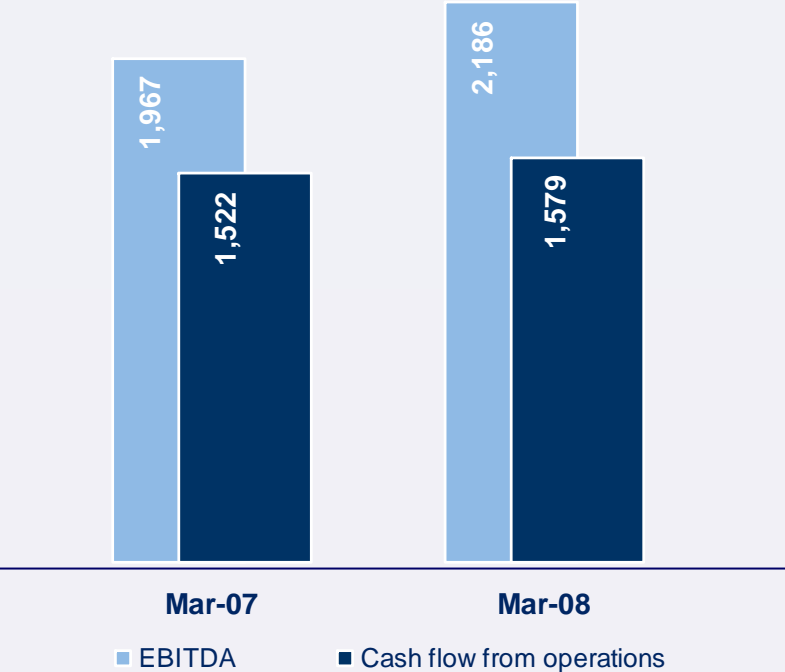
£m	30 Sep 2007	31 March 2008	Cost %
Propco	1 644	1 640	6,3
Opco	214	232	7,7
Nuffield		93	6,9
Other	7	6	5,5
Gross debt	1 865	1 971	6,5
Less: prepaid costs and accrued interest (net)	(13)	(11)	
Total debt	1 852	1 960	
Less: cash	(78)	(37)	
Net debt	1 774	1 923	

- **UK debt financing in place for next 5½ years**
 - Property debt repayable in quarterly capital installments, increasing annually, with a final bullet payment of £1,528m on 10 October 2013
- **UK interest rates fixed for 25 years**
- **£40m cash utilised for the Nuffield acquisition**

Cash flow generation impacted by Easter

Group cash generated from operations

R million



Net working capital for the group

R million	30 Sep 2007	31 March 2008
Inventory	600	668
Accounts receivable	2 875	3 774
Accounts payable	(2 570)	(3 094)
Taxation	(410)	(477)
	495	871

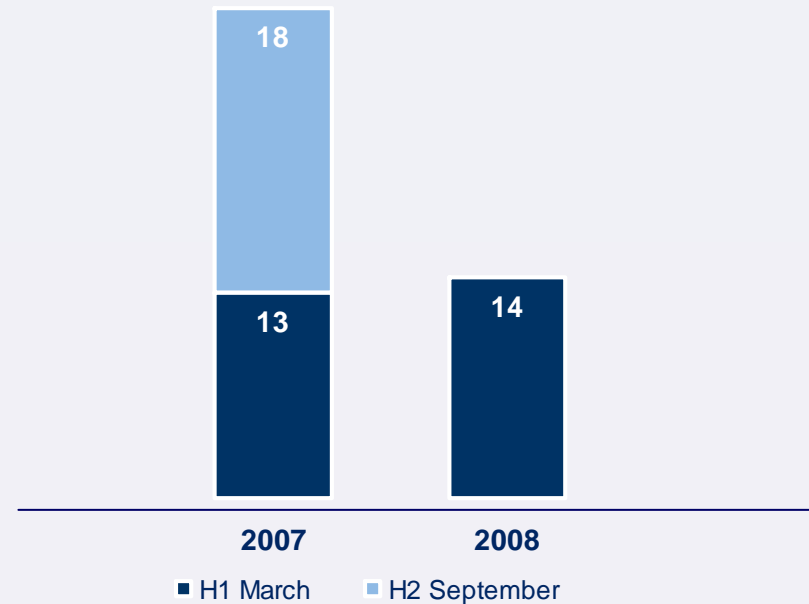


Growth in capital distributions

- **8% increase in the interim reduction of capital of 14 cents per share**
- **Distribution cover of 1,8 times**
- **Capital distributions determined after having regard for**
 - Degearing benefits
 - SA Leverage ratios
 - Investment opportunities
 - HPFL BEE shareholder requirements
 - Once-off items affecting SA results

Distribution per share

Cents per share



Guidance

South Africa

United Kingdom



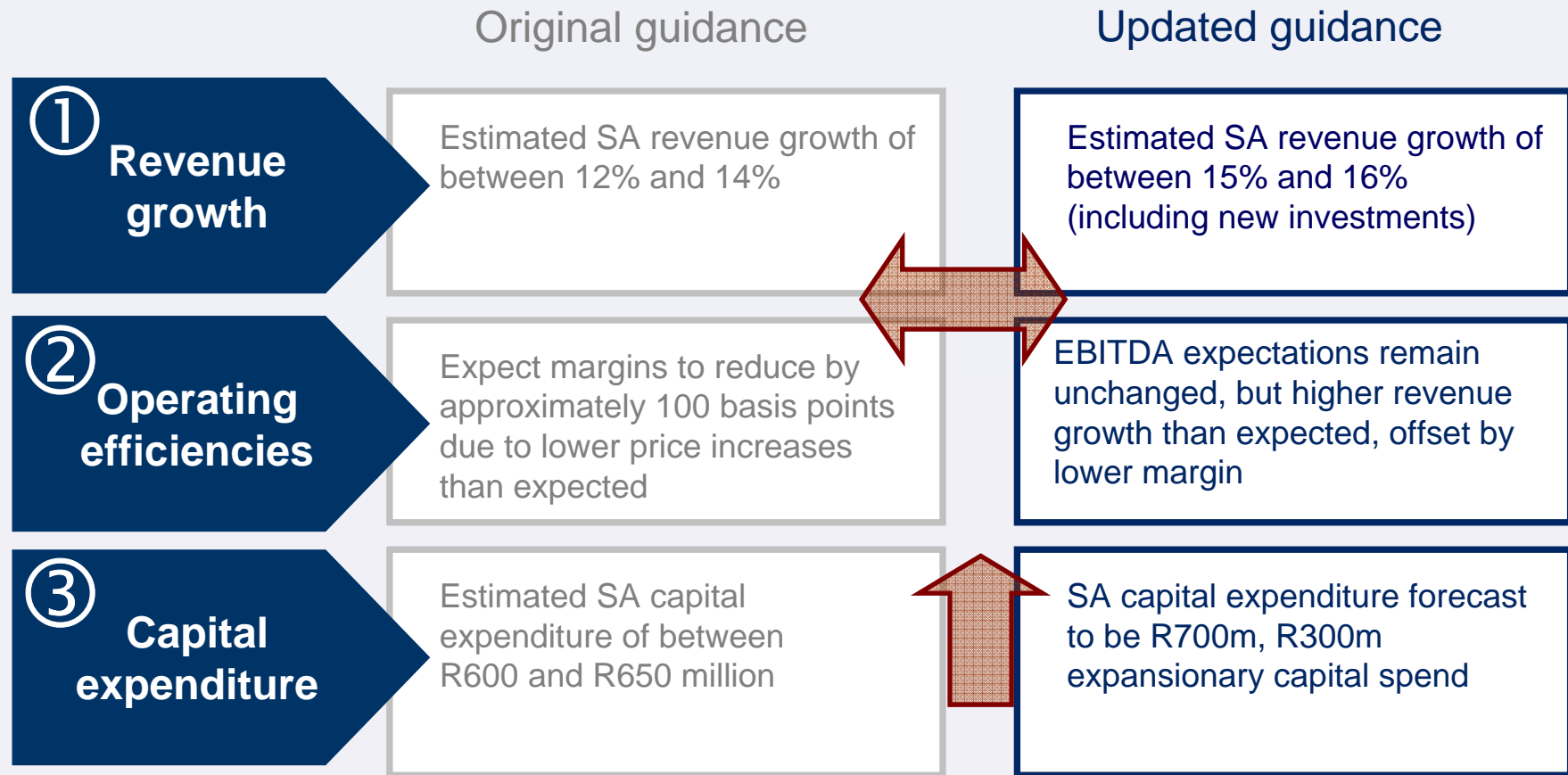
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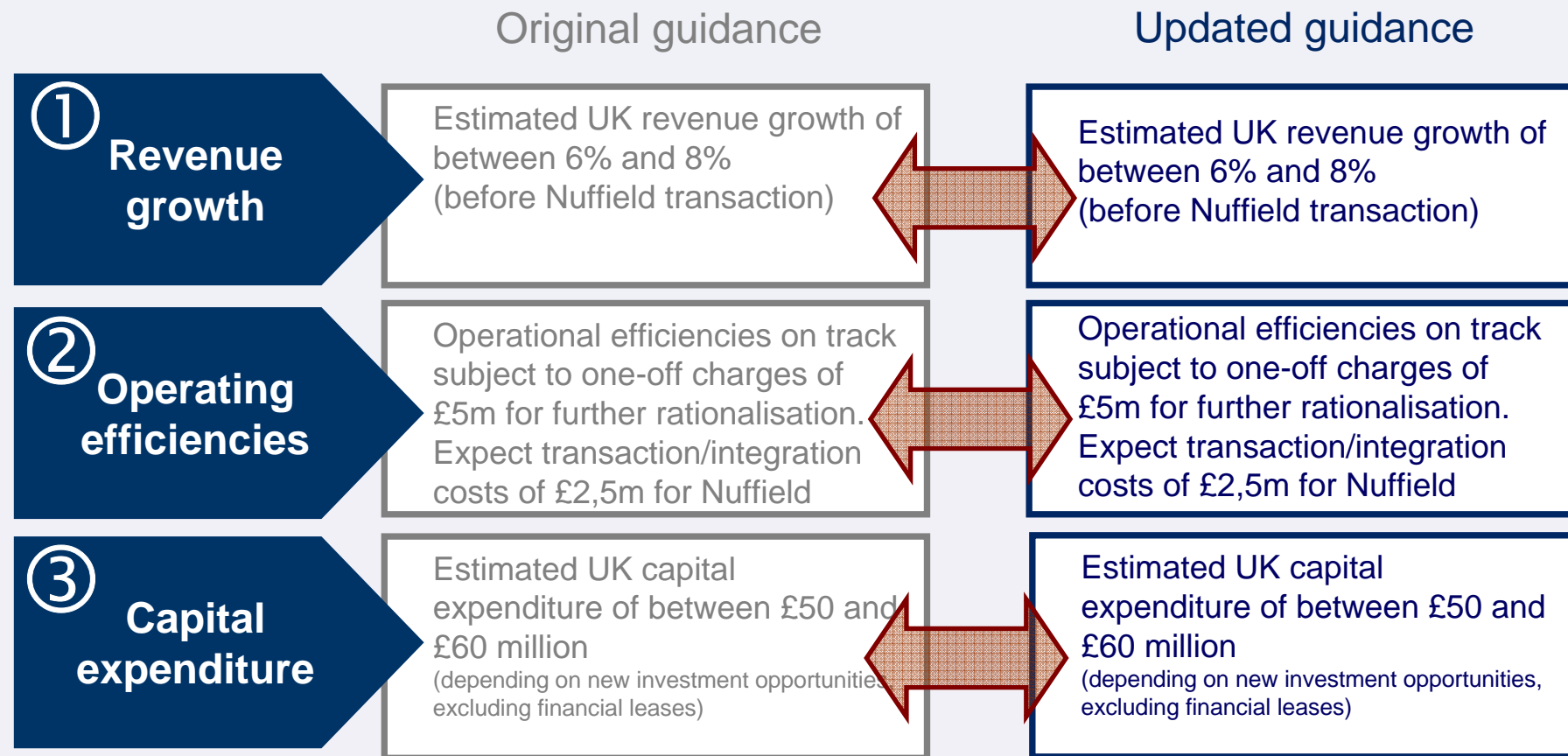
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South African guidance



United Kingdom guidance



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