

Network Healthcare Holdings Limited

Investor Day
30 August 2007

Peter Nelson
Chief Financial Officer





Outline

- Factors impacting results
- Capital structure
- Property portfolio
- Updated guidance





Factors impacting results





Key group figures and ratios

ZAR million	30 September 2006 12 months	31 March 2007 6 months
Revenue	11 616	9 176
EBITDA	2 122	2 047
Operating profit	1 568	1 519
Profit for the period	537	302
Headline earnings per share (cents)	56,2	23,7
Total assets	50 538	50 305
Net interest bearing debt	31 168	30 565
Ordinary shareholders' equity	2 237	3 631
EBITDA margin (%)	18,3	22,3
Operating profit margin (%)	13,5	16,5
Net debt to EBITDA (times)	10,6	7,5
Return on ordinary shareholders' equity (%)	29,2	19,7

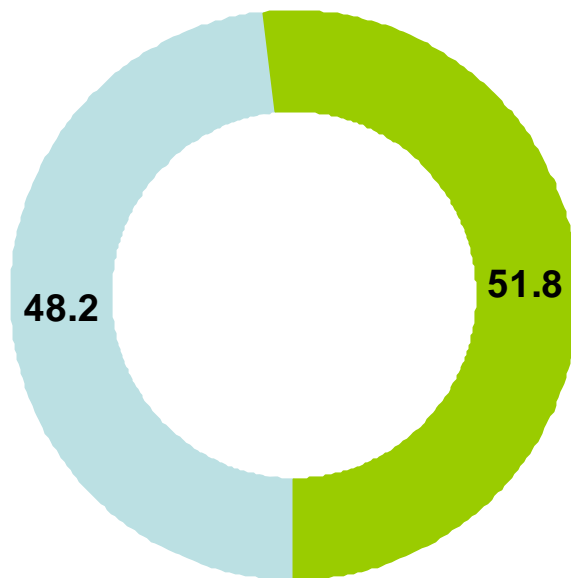




Geographical contribution

Group revenue contribution

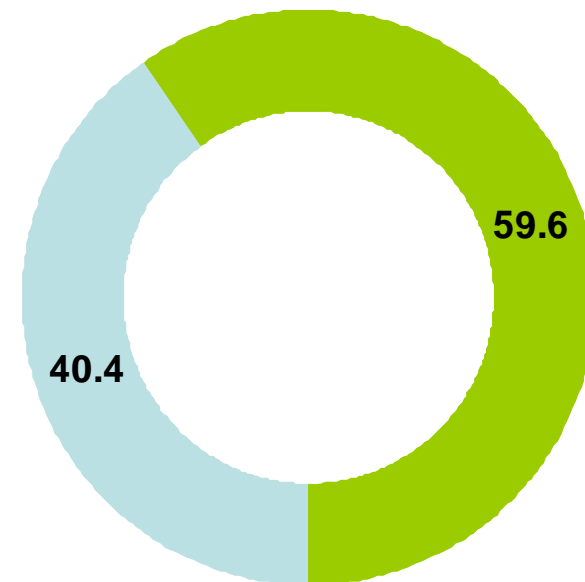
6 months to 31 March 2007, %



■ South Africa ■ United Kingdom

Group EBITDA contribution

6 months to 31 March 2007, %



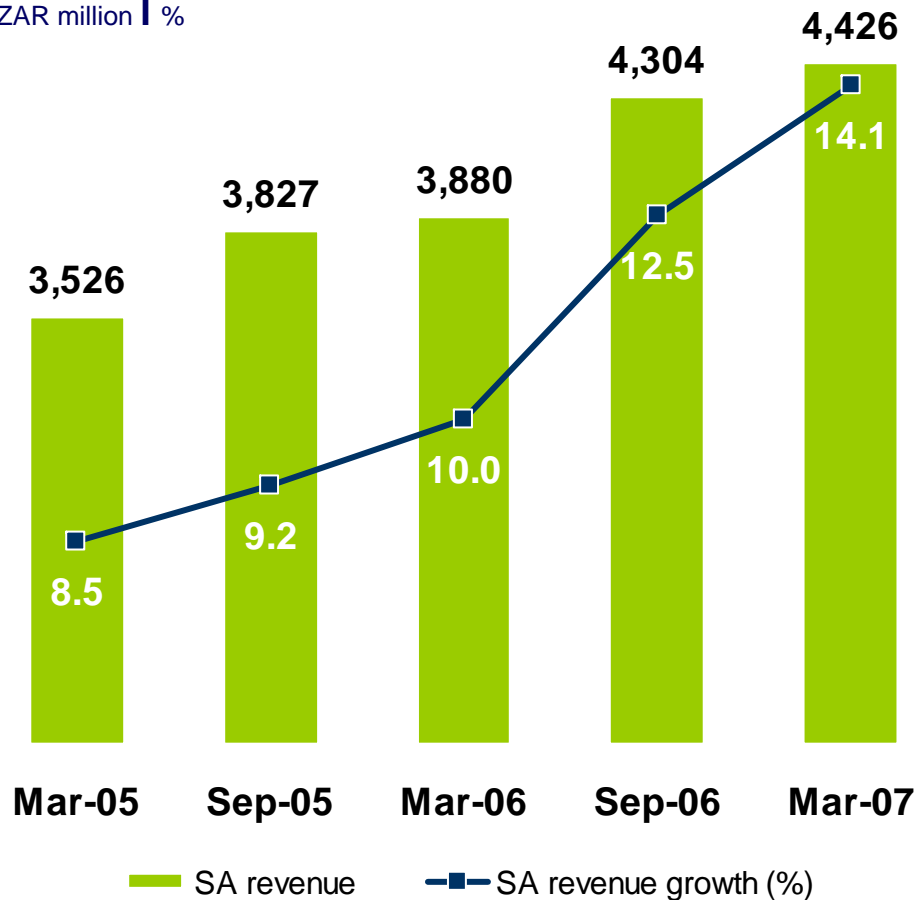
■ South Africa ■ United Kingdom



Strong growth in South Africa continues

South African 6 monthly revenue

ZAR million | %

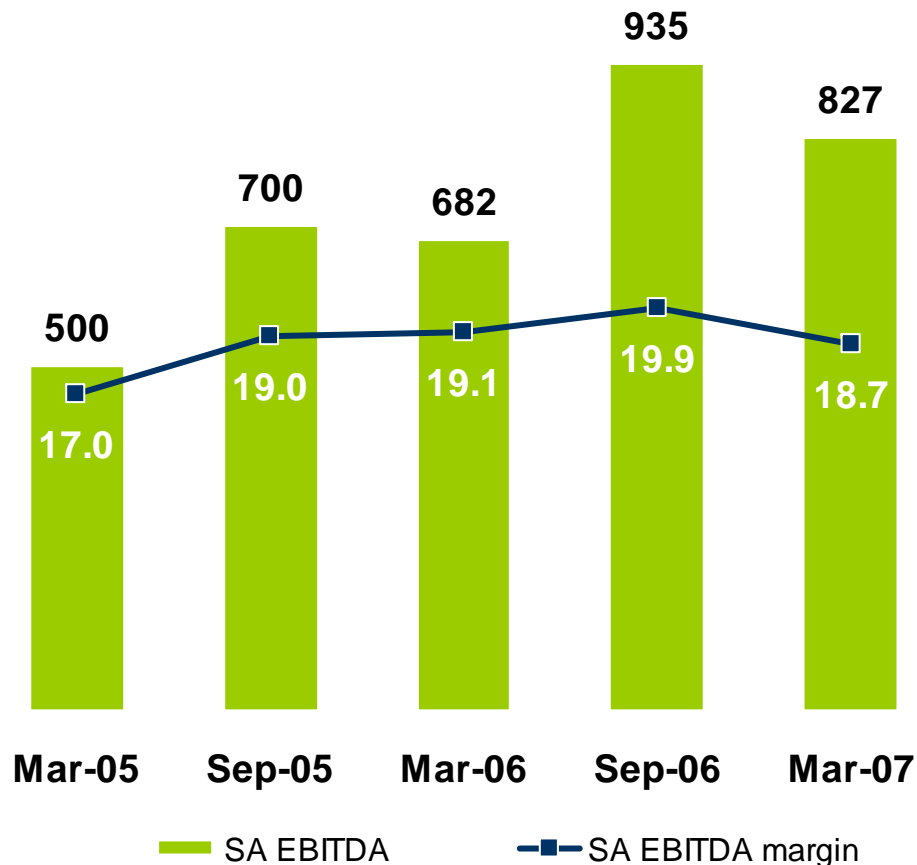


- H1 revenue growth of 14% driven by
 - 11.7% growth in hospital and trauma division
 - 23.9% growth in the ancillary business largely due to PrimeCure acquisition
- H2 revenue growth expected to be slower than H1
 - Largely due to the full inclusion of PrimeCure in the comparative
- SA revenue guidance for 30 September revised upwards
 - From 11%-12% to ~13%

South African profitability impacted by new hospitals and skills shortage

South African 6 monthly EBITDA and margin

ZAR million | % (excluding BEE expense and deferred lease)



- H1 EBITDA margin impacted by
 - Losses from two new hospitals
 - Higher employee costs due to training and wage inflation
- H2 EBITDA margin expected to be marginally higher than H1
 - Normal seasonality
- SA EBITDA margin guidance unchanged
 - 19%-20%, potentially closer to 19% given some uncertainties



Discontinued operation (Ampath)

Continued operations (SA excl Ampath)

ZAR million (6 months)	31 March 2007
Revenue	4 203
EBITDA	775
<i>EBITDA margin</i>	18,4
Operating profit	635
<i>Operating profit margin</i>	15,1

Discontinued operation (Ampath)

ZAR million (6 months)	31 March 2007
Revenue	224
EBITDA	52
<i>EBITDA margin</i>	23,2
Operating profit	41
<i>Operating profit margin</i>	18,3

The exclusion of Ampath from continued operations lowers the EBITDA margin from 18.7% to 18.4%

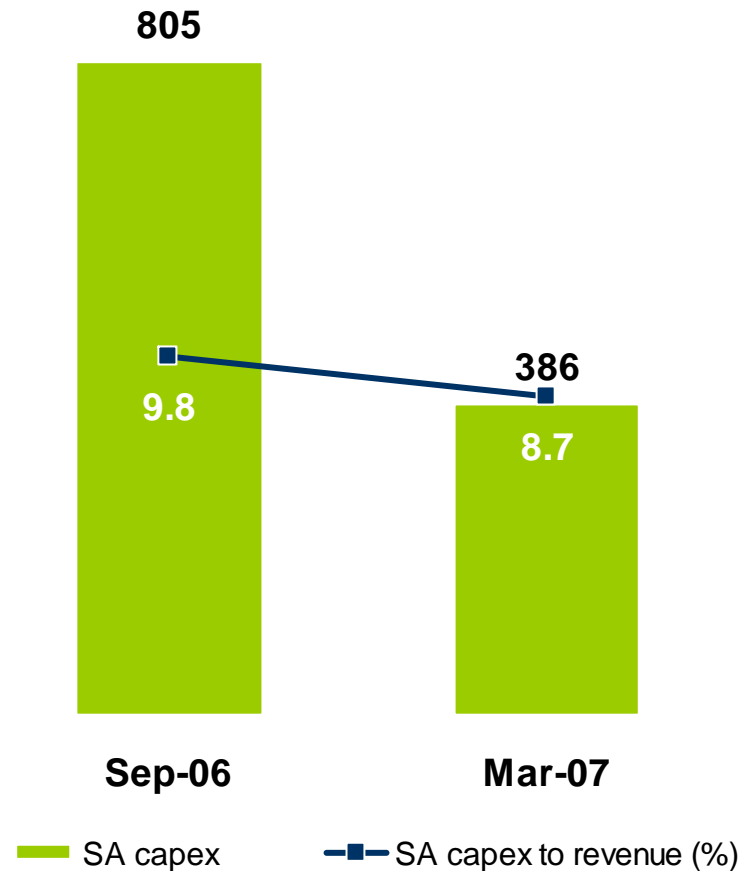




Reinvesting in the business

South African capital expenditure

ZAR million | %



- Capital expenditure budget for the year ended 2007 includes
 - ~R190 million for the two new hospitals
 - ~R100 million for SAP implementation
- SA capital expenditure guidance for 30 September 2007 revised down
 - Circa R800 million
 - Timing and carry over
 - Disciplined approach





SAP

- Netcare Hospitals, Operations Centre, Medicross, Netcare 911, procurement creditors all on SAP by August 2007 (financials & logistics);
- SAP (Hospital Information System) scheduled to go live at pilot on 1 October with rapid rollout following
- SAP provides the 15 to 20 year platform for effective shared service (next big project) and clinical cost analysis;
- IT infrastructure support under review for partnering with world class outsourcing partner; and
- Focus on clinical systems and on improving functional use of SAP (continuous business improvement)

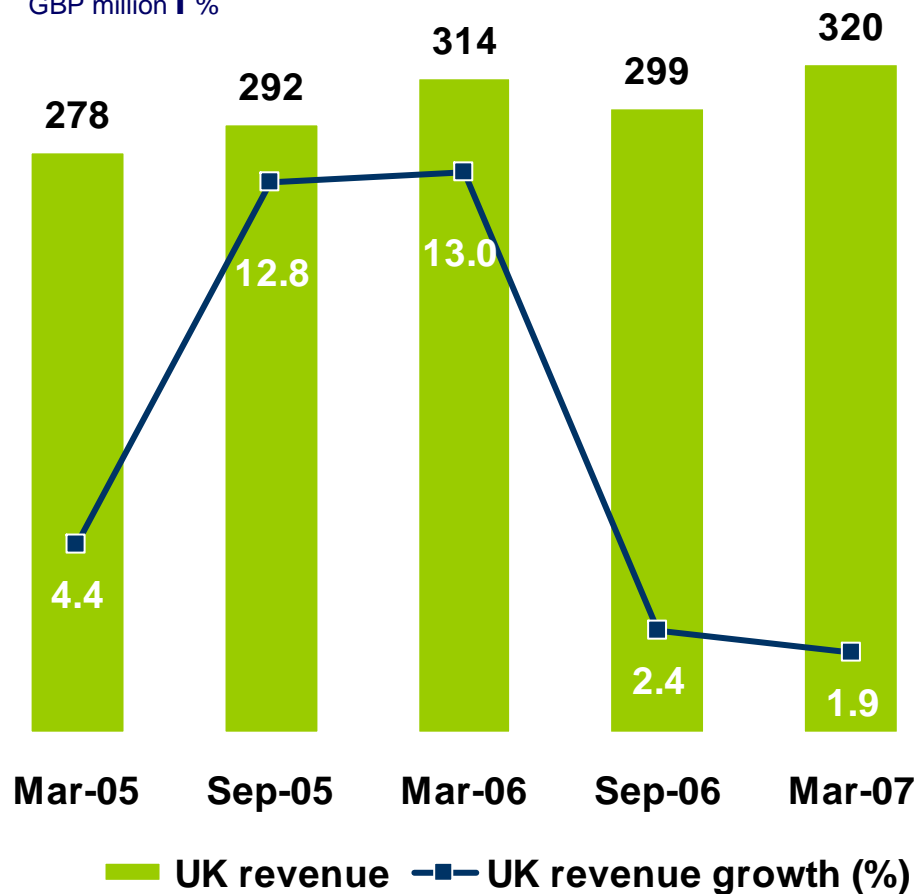




United Kingdom revenue growth

United Kingdom (BMI) 6 monthly revenue

GBP million | %



- H1 revenue growth of 1.9% driven by
 - Overall volume growth under pressure due largely to maturity of NHS contracts in 2006
 - Drop in cases partially compensated by an increase in revenue per case





United Kingdom profitability

Reported UK EBITDA and margin

As reported

6 months 31 March 2007	EBITDA £m	Margin %
BMI	86	26,5
Netcare UK	1	3,8
GHG	87	25,7

Adjusted UK EBITDA and margin

Adjusted to exclude Netcare UK bid and mobilisation costs

6 months 31 March 2007	EBITDA £m	Margin %
BMI	86	26,5
Netcare UK	2	15,1
GHG	88	26,1

- H1 EBITDA margin expanded due to significant operational efficiency savings
 - But negatively impacted by Netcare UK mobilisation and bid costs
- H2 EBITDA margin expected to be marginally lower than H1
 - Restructuring costs of £3,3m
- UK EBITDA margin guidance revised downwards
 - 25% (after restructuring costs)





Shares in issue

Movement in shares in issue

	Millions
Shares in issue at 30 September 2007	1 779
Share options	7
Netpartner collar	47
Shares in issue at 31 March 2007	1 833
Treasury shares ¹	596
Shares in issue at 31 March 2007	1 237
Weighted average number of shares	1 219
Shares on convertible bond	111
Options issued	56
Fully diluted weighted shares	1 386

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

Calculation of diluted earnings per share

R million (6 months)	31 March 2007
Headline earnings	289
Interest received on options converted	1
Interest paid on convertible bond	65
Fully diluted headline earnings	355
Fully diluted headline earnings per share (cents)	25.6

Fully diluted HEPS higher than basic of 23,7 cents per share as a notional interest rate for bond used





Capital structure

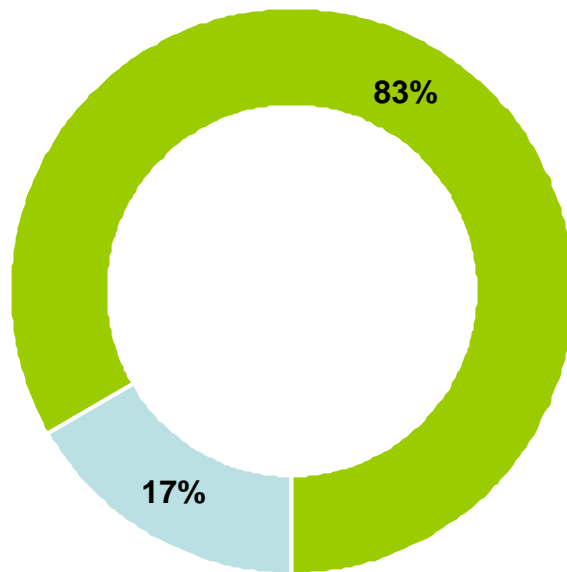




Group net debt

Group net debt

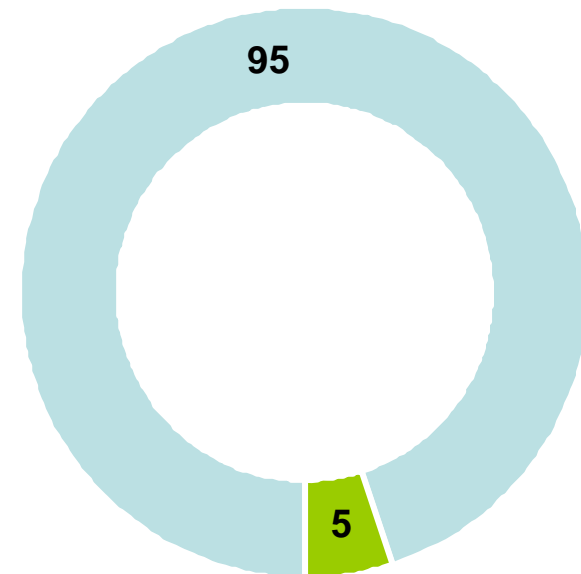
At 31 March 2007, %



■ South Africa ■ United Kingdom

Fixed versus floating interest rate

at 31 July 2007, %



■ Fixed interest ■ Floating interest





Cost of UK debt

Cost of debt

At 31 March 2007	Debt £m	Interest rate (%)	Estimate annual interest £m
Propco (1-10yr)	1 648	6,26	103,2
Opco	214	7,68	16,4
Other	3	4,3	0,1
Gross debt	1 865	6,40	119,7
Less unamortised debt raising costs	(42)		6,2
Commitment and arrangement fees			4,9
	1 823		130,8

- UK debt fixed
 - Propco debt fixed at 6.26% for first 10 years then at 7.3% for the remaining 15 years
- Including the amortisation of debt raising fees, weighted average cost of debt increases from 6,42% to 6,89%
- Interest on cash balances estimated to be £2,7m

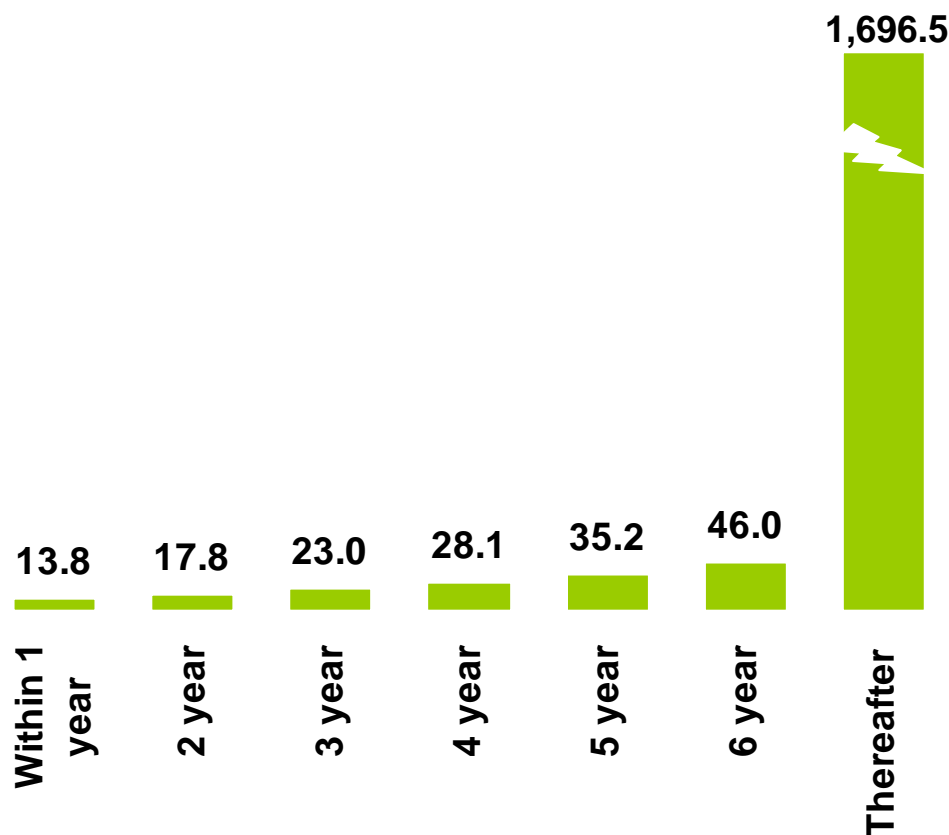




Repayment terms of UK debt

United Kingdom debt repayment profile

At 31 March 2007 | GBP million



- Property debt repayable in quarterly capital installments, increasing annually, with a final bullet payment of £1,528m on 10 October 2013
- Property covenants based on annual interest cover ratios (rental income/interest)
 - 2006/07 – 1.085
 - 2007/08 – 1.10
 - 2008/09 – 1.125
- Opco covenants based on cash cover/interest cover/leverage and capex





Cost of SA debt

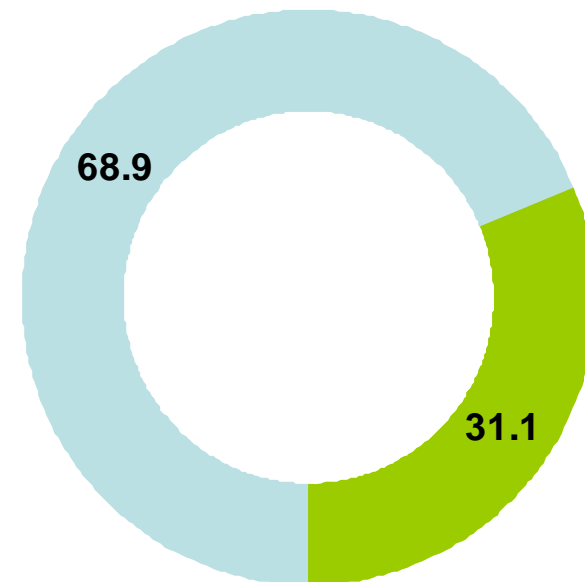
Cost of debt

At 31 March 2007	Debt	Average cost of debt (%)
DKW	1,412	11.4
Convertible bond	1,446	6.0
Preference shares	400	8.6
DMTN	1,550	8.8
BEE preference	85	8.6
RMB loan	198	9.2
Other	150	9.8
Total debt	5 241	8.8

- Weighted average maturity: 2.85 years

Fixed versus floating interest rate

at 31 July 2007, %



■ Fixed interest ■ Floating interest



Favourable movement in derivative instruments

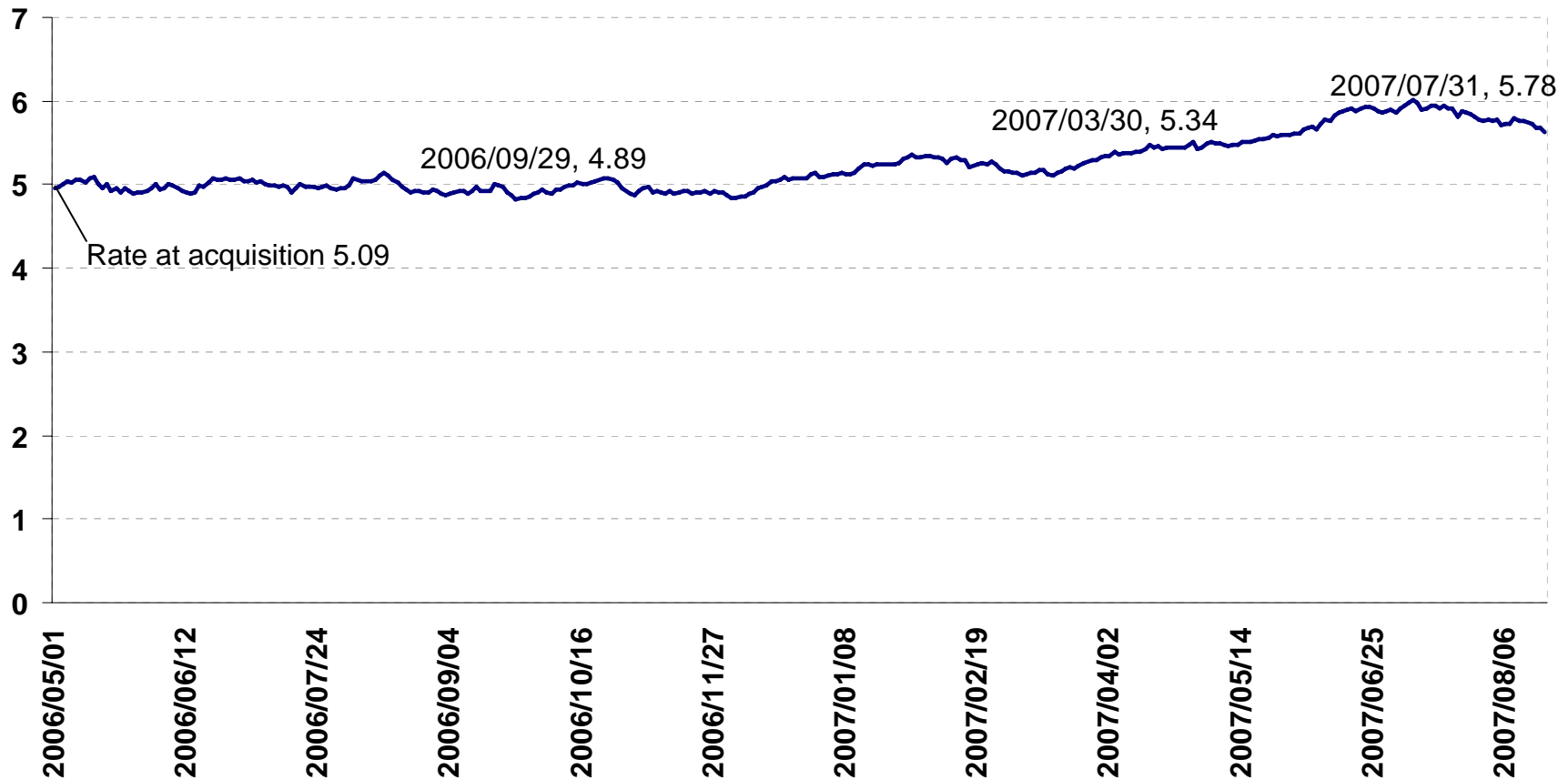
- UK interest rate swap liability revalued from £100m to £22m at 31 March 2007
 - at 30 June 2007, an asset of £73m (July 2007: £54m)
 - UK 10 year swap rates increased from 4.89% to 5,78% over 10 month period
 - £7,2m gain recognised through the income statement at [date], balance recognised in equity
- No fixed correlation between short-term and long-term rate
- Numbers change every day/month

Net derivative instruments

ZAR million	30 June 2007	31 March 2007	30 Sep 2006
Zero cost collar	-	-	(288)
Net interest rate swaps	1 026	(316)	(1 452)
Cross currency swaps	190	200	422
Net derivative instruments	1 216	(116)	(1 318)

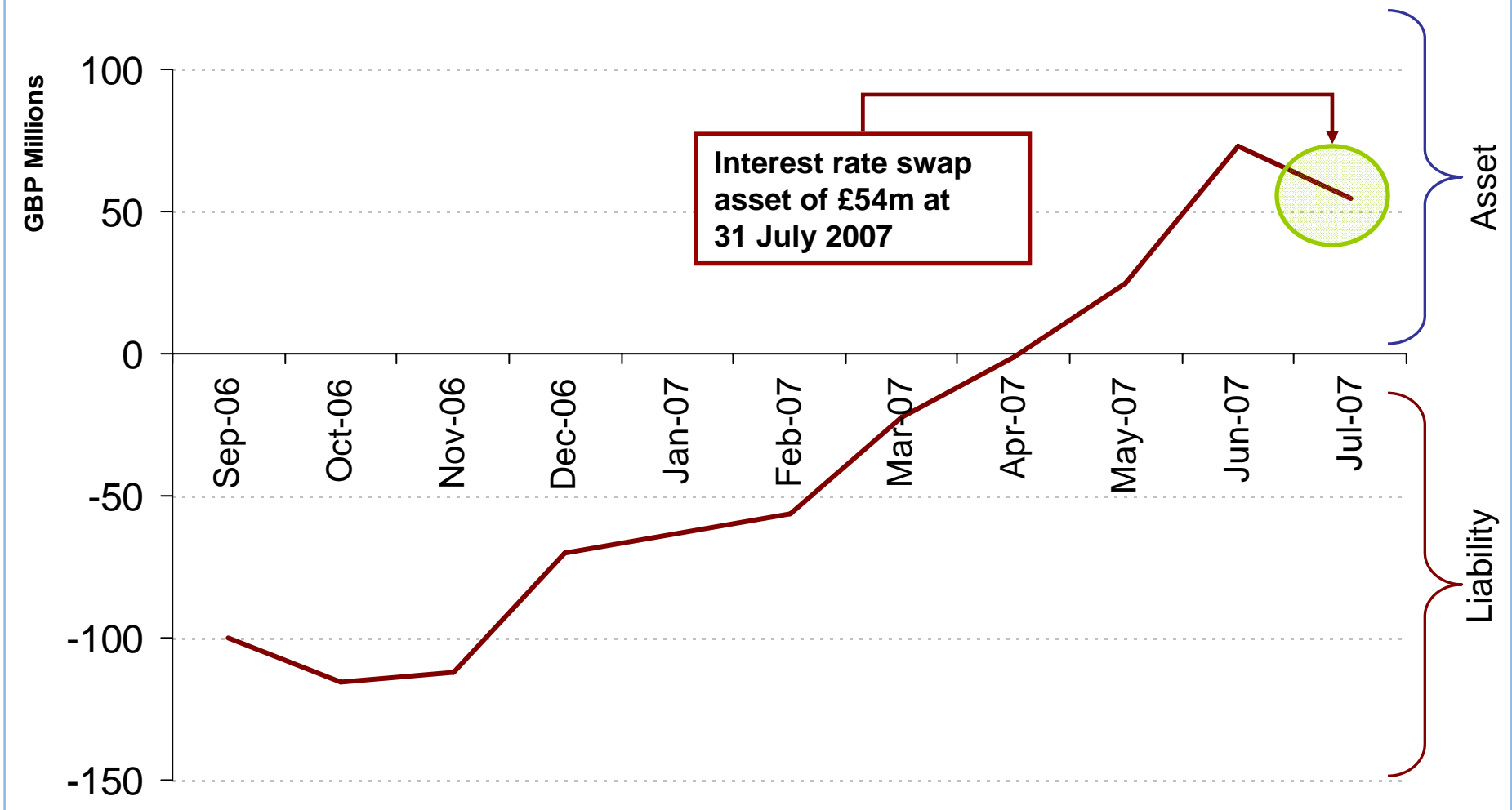


Movement in 10 year UK swap rate





Movement in GHG interest rate swaps





Property portfolio





SA property portfolio

SA property portfolio

ZAR million At 30 June 2007	Book value	Market value
Hospitals	3 148	9 083
Ancillary buildings		130
	3 148	9 213
Medicross buildings	124	342
Total portfolio	3 235	9 555

- Market value per hospital bed of R1,4 million
- Market value underpin per share of R7,84
- Hospital cap rate range of 8%-10%
- Medicross cap rate range 9.25%-11.50%
- Current renovations and upgrades of R185 million





UK Property Portfolio

- **A valuable property portfolio provides security to debt**
 - GHG currently owns 35 hospitals with 2,122 licensed beds that could be sold
 - Agreed phasing of properties for sale over a 5 year period
5/5/10/10/10
 - Shareholders agreeable to the sale of all properties
- **Netcare option to increase shareholding from 50.1% and 65.1% (Wholeco and Propco)**
- **Complex accounting implications**



Impact of a potential sale and leaseback of UK properties

Annualised impact on income statement

ZAR million	Annualised
Cash flow items	(23)
Cash rent expense	(1 740)
Propco finance cost savings	1 502
Opco finance cost savings	44
NTC local financing cost savings	171
Non-cash items	(336)
Straight lining of rent expense	(798)
Depreciation savings	376
Amortisation of debt raising costs	86
	(359)
Tax effect	109
	(250)
Attributable to minority interest	(185)
Attributable to ordinary shareholders	(65)
HEPS impact (cents)	(5,29)

Proforma balance

ZAR million	Before	After
At 31 March 2007		
PPE	26 837	5 820
Goodwill	16 409	3 943
Cash	1 176	3 680
Other assets	5 883	5 883
Total assets	50 305	19 326
Shareholders' equity	8 069	6 325
Long-term bank debt	30 177	5 276
Deferred lease liability	60	454
Deferred taxation	6 275	1 549
Other liabilities	5 724	5 722
Total equity and liabilities	50 305	19 326



Updated guidance





Updated South African guidance

①
Revenue growth

Interim guidance

SA revenue growth target of 11% to 12%



Updated guidance

SA revenue growth c.13%

②
Operating efficiencies

EBITDA target margin of 19%-20%



EBITDA margin target of c.19%, with Rand EBITDA maintained

③
Capital expenditure

Capital expenditure between R800-R900 million



Capital expenditure estimated at ~R800m





Updated United Kingdom guidance

①
Revenue growth

Original guidance

GHG group
revenue of £650 -
£700 million



Updated guidance

GHG group
revenue of £660 -
£680m (incl Netcare UK)

②
**Operating
efficiencies**

EBITDA target
margin of 26%



EBITDA target
margin of $\pm 25\%$
(after restructuring costs)

③
**Capital
expenditure**

Capital expenditure
between £40-£50m
(£25-£30m sustaining)



Capital expenditure
between £40-£50m
(£25m sustaining)





Investor Relations

Belinda Williams
+27 11 301 0211
belinda.williams@netcare.co.za

www.netcareinvestor.co.za

