

Unaudited Group interim results for the six months ended 31 March 2010

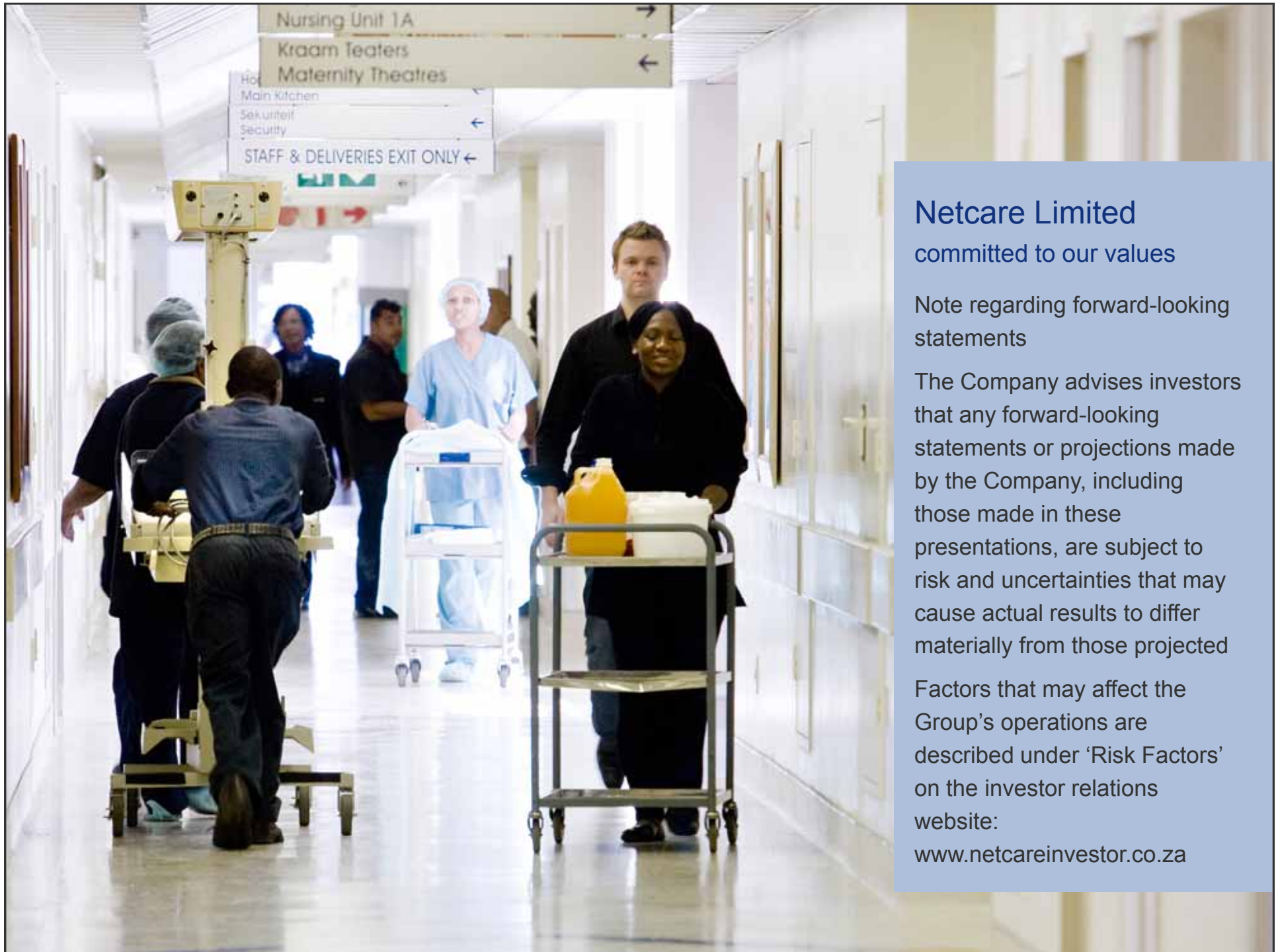
Richard Friedland | Group CEO

Vaughan Firman | Group CFO



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Netcare Limited

committed to our values

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

Presentation outline

Group highlights

South Africa (SA)

United Kingdom (UK)

Financial review

Guidance





Group highlights

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Group highlights

Results significantly impacted by appreciation of the Rand

Improved overall performance in both SA and UK

Basic EPS from continuing operations up 49%

Continued expansion of UK network

Maintained top position as most empowered company in healthcare sector*

19% increase in capital reduction of 19 cents per share

* Source: Top Empowerment Companies 2010 Survey - Financial Mail, 30 April 2010

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Group financial highlights

Rm	31 Mar 2009	31 Mar 2010	%	Constant currency %*
Revenue	11 619	11 038	(5,0)	4,9
EBITDA	2 474	2 400	(3,0)	9,7
Operating profit	1 822	1 843	1,2	13,7
Operating profit margin (%)	15,7	16,7		
Net debt	30 361	24 862	18,1	2,0
Adjusted basic HEPS (cents)#	33,4	42,9	24,6	28,4
Capital reduction (cents)	16	19	18,8	

Impact of currency conversion:

Negative swing of:

- 9,9% on revenue
- 12,7% on EBITDA
- 12,5% on operating profit

Positive impact of 16,1% reduction of net debt

* Average R:£ exchange rate 31 Mar 2009: R14,73 vs 31 Mar 2010: R12,00 (for income and expenditure)
Closing R:£ exchange rate 31 Mar 2009: R13,64 vs 31 Mar 2010: R11,03 (for assets and liabilities)

Adjusted to exclude the effects of the ineffective portion of the interest rate swaps

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South Africa (SA)

Financial and operating review

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Business overview

Continued growth in SA hospitals due to strong underlying demand for private healthcare

Turnaround in performance from Primary care and Netcare 911

Improved performance and positive earnings contribution from associates

Commenced operations in one clinic in Lesotho (PPP), two more to open during May

Continued capital investment in existing and new operations

Netcare Education celebrates 21 years, 3 500 students trained in 2010

Continued progress on transformation

Element	Weight	Empowerdex rating 2008/2009	Empowerdex rating 2009/2010
Ownership	20	17,04	16,81
Management control	10	6,25	6,25
Employment equity	15	6,47	7,43
Skills development	15	12,01	12,06
Preferential procurement	20	13,76	15,43
Enterprise development	15	14,82	15,00
Socio-economic development	5	5,00	5,00
Total	100	75,35	77,98

- Maintained number 1 ranking as most empowered company in the JSE healthcare sector*
- Ranked 13th in Overall category out of 100 companies

Increased spend with B-BBEE accredited suppliers (>80%)

- AA Empowerdex rating
- Level 3 rating (dti codes for B-BBEE)
- 110% spend recognition level

* Source: Top Empowerment Companies 2010 Survey - Financial Mail, 30 April 2010

SA – financial highlights

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	5 616	6 014	7,1
EBITDA	927	1 035	11,7
Operating profit	756	849	12,3
Capital expenditure	293	270	(7,8)
Net debt	4 255	4 212	1,0
EBITDA margin (%)	16,5	17,2	
Operating profit margin (%)	13,5	14,1	

Revenue growth in Hospitals and Emergency services offset by reduction in Primary care revenue

EBITDA growth due to:

- Operating efficiencies in Hospital division
- Improved performance at Netcare 911
- Turnaround in Primary care division

Solid operational leverage resulting in improved margins

SA Hospitals and Emergency services

77 new beds commissioned and several new facilities opened within existing hospitals

First neuro-interventional MRI and CT theatre in Africa

Rollout of third stage of SAP IT system commenced

5,3% growth in Netcare 911 managed lives to 7,9 million South Africans

Netcare 911's aeromedical division achieves international accreditation,* a first in SA

Hospitals and Netcare 911 fully prepared and trained for the 2010 FIFA World Cup™

* European Air Medical Institute (EURAMI) for emergency evacuation specialist services

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SA Hospitals and Emergency services – financial highlights

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	4 873	5 336	9,5
EBITDA	943	1 029	9,1
Operating profit	781	854	9,3
EBITDA margin (%)	19,4	19,3	
Operating margin (%)	16,0	16,0	

Hospitals maintained patient days off a high base with a 10,2% increase in revenue per patient day

Operational efficiencies in Hospital division partially offset by higher nurses training costs, SAP rollout expenses and CSI spend on indigent patients*

* Patients without medical aid, who are either treated and transported from road accidents and other emergencies and/or admitted to Netcare hospitals

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Primary care

Prime Cure	Improvement of operating platform and risk management	Managed care lives reduced to 172 000 – decrease of 28,4%	Reduction in risk profile with full risk now contributing 36% (from 59%)
Medicross	Significant improvement in operating efficiencies and working capital	Refurbishment programme initiated across network	Rollout of new practice management IT system



Primary care – financial highlights

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	743	678	(8,7)
EBITDA	(16)	6	
Operating profit	(25)	(5)	

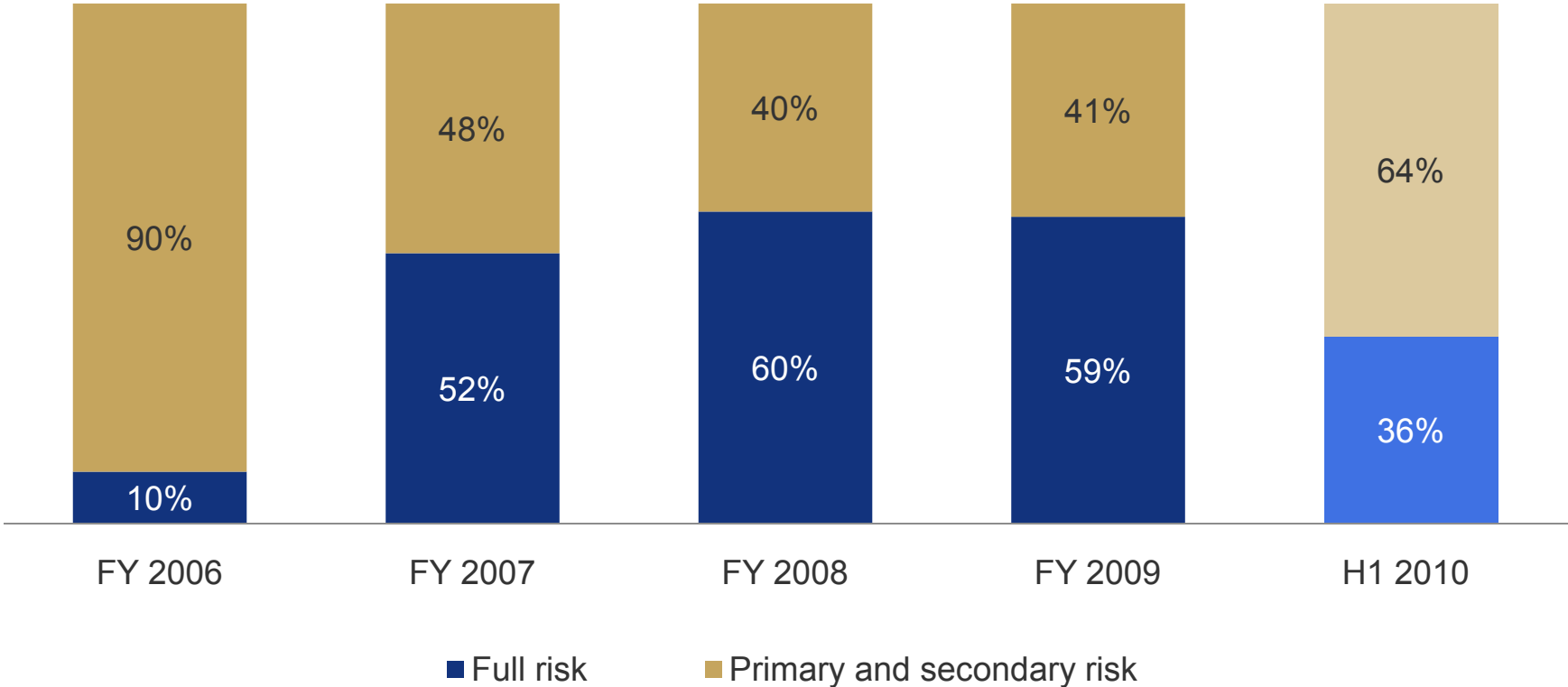
Decrease in revenue due to reduction in managed care lives and cancellation of loss-making contracts

EBITDA increased due to:

- Improved operational efficiencies
- Benefit of improved risk management

Primary care operating environment 2010

Change in risk profile



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Looking forward – a strong vote of confidence in South Africa!

Over and above planned capital expenditure, an additional R670m to be invested in expansion projects over the next 3 years

- New Waterfall Hospital
 - › 132 beds, 8 theatres
- 12 large projects
 - › 295 new beds
 - › 238 refurbished beds
- 21 smaller projects
- 3 theatres
- 30 consulting rooms

As a result, capex for 2010 will increase from R800m to R950m





Likotsi Clinic, Lesotho PPP - before



Likotsi Clinic, Lesotho PPP - after

Waterfall Hospital, Midrand





United Kingdom (UK)

Financial and operating review

BMI Healthcare

THE CONSULTANTS' CHOICE

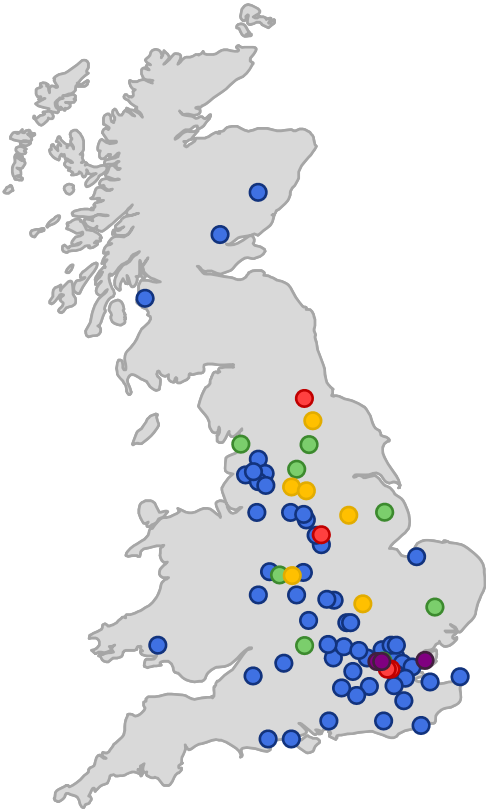


General Healthcare Group

Geographical coverage



3 new sites added to portfolio, increasing GHG's national coverage to 70



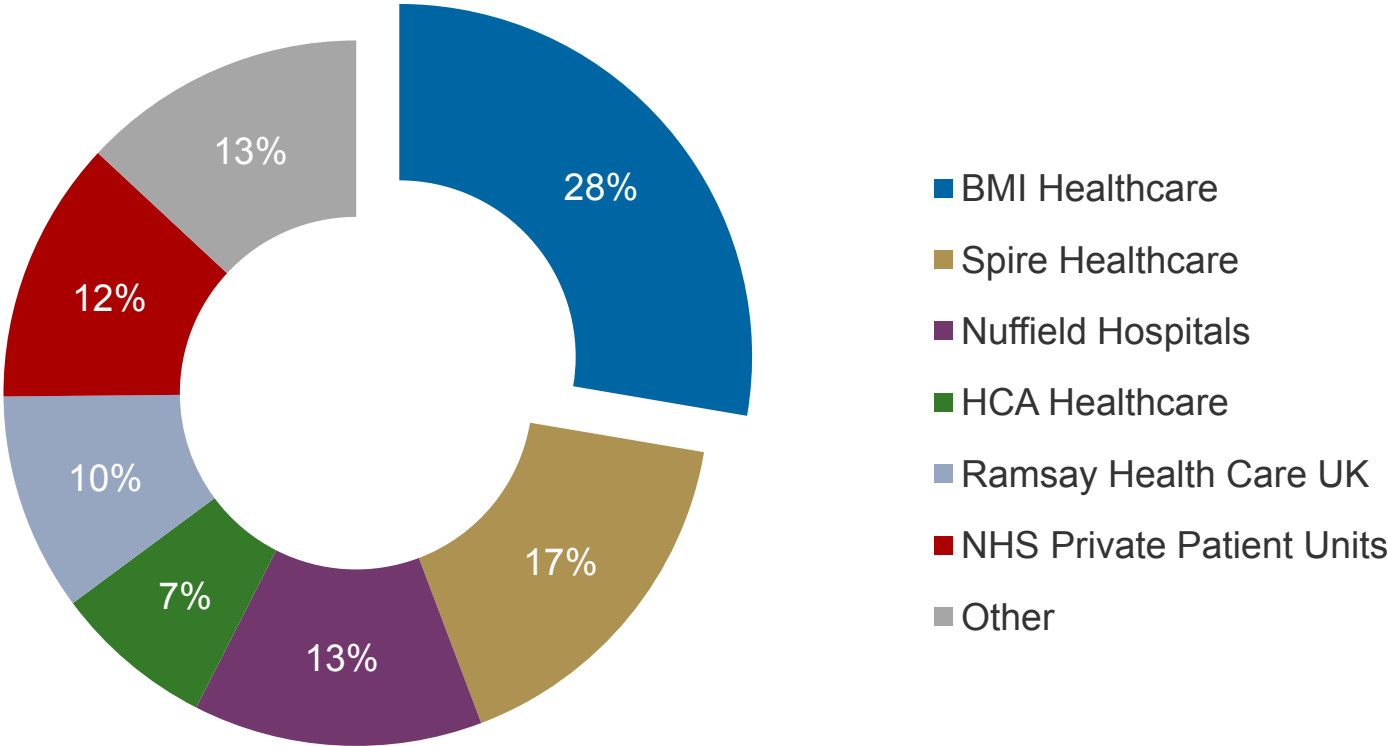
- 2006/07** 48 existing BMI hospitals & 4 Care fertility clinics
- 2006/07** 3 Netcare UK sites (1 closed 2009)
- 2007/08** 8 sites added: 7 Nuffield, Oxford Clinic
- 2008/09** 5 sites added:
 - Woodlands Private Hospital
 - Nottingham Primary Care Centre
 - London consulting rooms (City Medical)
 - BMI Fitzroy Square
 - Kingston (NHS Private Patient Unit)
- 2009/10** 3 sites added:
 - Harley Street Diagnostic Centre*
 - Weymouth Street Clinic*
 - Phoenix Hospital, Southend

* Acquired minority interest

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The UK's number 1 independent healthcare provider



UK independent hospital sector - market share (beds)

Source: Healthcare Market News, Laing & Buisson 2010 Issue 133

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Business overview

Challenging market conditions of higher unemployment and little to no inflation	Revenue growth of 2,8% and reported EBITDA growth of 8,3%	Efficiency programmes remain on track, margin improved by 0,1ppt
NHS volumes growing strongly and Self pay showing early signs of recovery	All debt covenants met with sufficient headroom	Given volatile market conditions, potential IPO of OpCo delayed

UK income statement

£m	31 Mar 2009	31 Mar 2010	%
Revenue	407,4	418,7	2,8
EBITDA before items below	109,4	113,0	3,3
Non-recurring and capital items	(3,6)	1,6	
Reported EBITDA	105,8	114,6	8,3
EBITDA margin	26,9	27,0	
Profit before tax	6,6	16,9	>100
Tax	(1,3)	(1,6)	
Profit after tax	5,3	15,3	>100

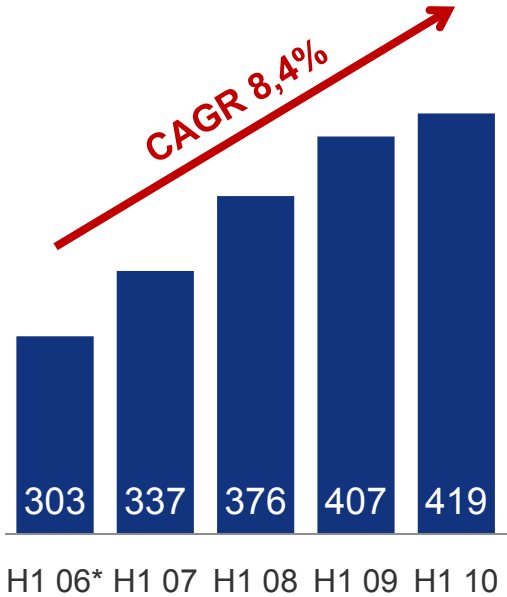
Volume up 2,6%, driven by NHS growth

Boosted by £3,7m capital gain on bargain purchase of assets

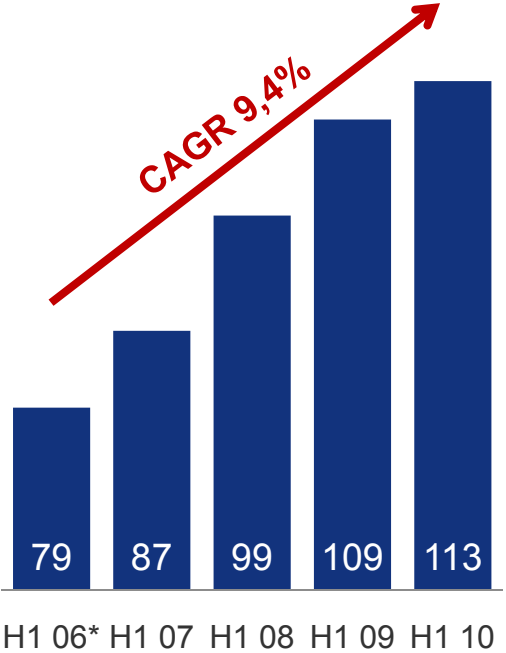
Strong growth due to leverage effect of depreciation and fixed interest, offset by £3m swap ineffectiveness

Growth trajectory – GHG (WholeCo)

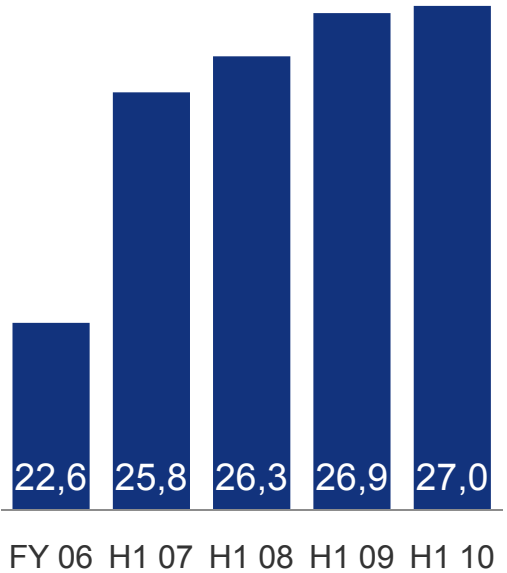
Revenue (£m)



EBITDA (£m)



EBITDA margin (%)



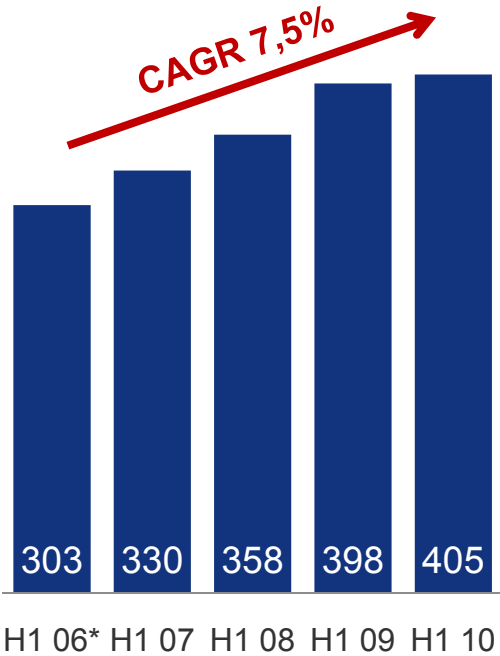
* Pro-forma numbers prior to Netcare acquisition of GHG in May 2006

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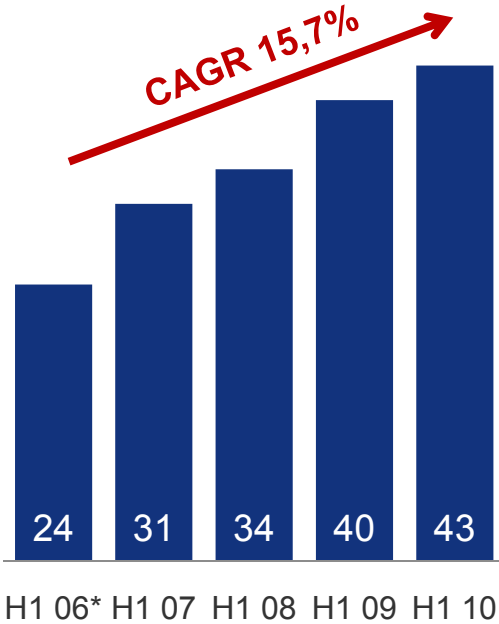


GHG leveraged growth

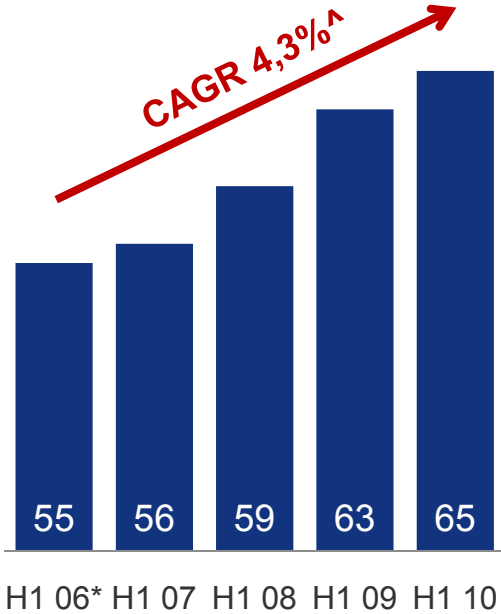
OpCo# revenue (£m)



OpCo# EBITDA (£m)



PropCo rent (£m)



Operating business achieved >15% annual growth in EBITDA

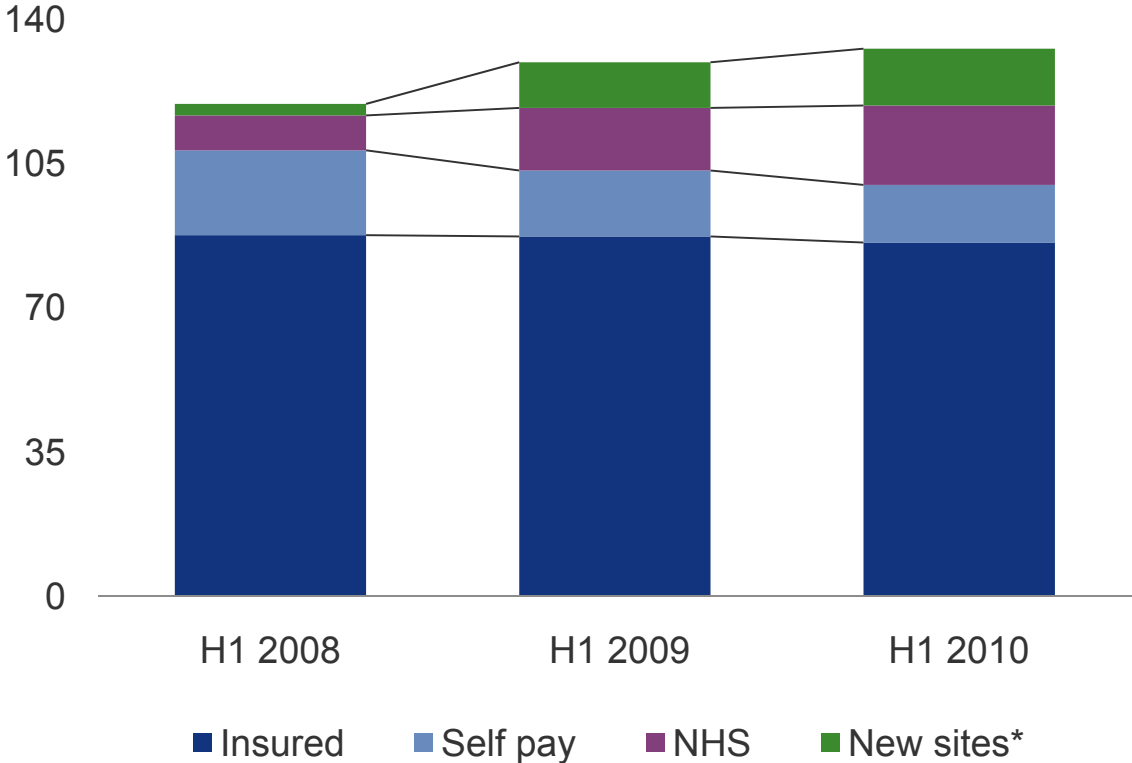
Excluding Netcare UK
 ^ Comprising fixed annual rental escalations of 2,5% plus 8 additional sites acquired in Feb 2008
 * Pro-forma numbers prior to Netcare acquisition of GHG in May 2006

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Caseload continues to grow organically and from acquisitions

Caseload by payor (inpatients and day cases)



Overall increase of 2,6%

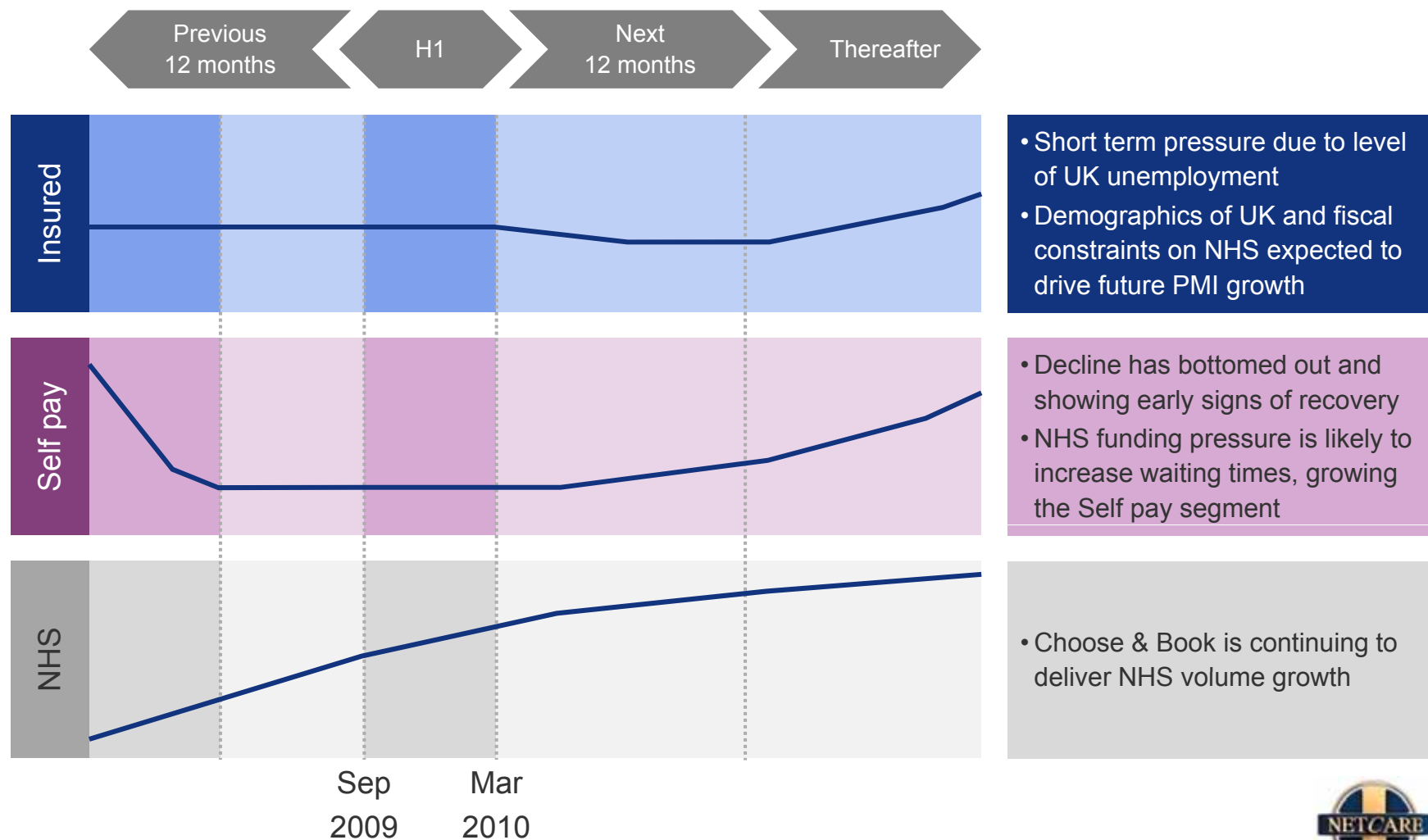
- 1,5% organic growth in the period
- Insured volumes marginally down due to snow effect
- Self pay volumes down versus last year, but showing signs of recovery
- Continued strong growth in NHS volumes
- Choose & Book growing steadily

* Cumulative acquisitions since 2007



Outlook for caseload

Caseload by payor grouping is tracking in line with expectations



- Short term pressure due to level of UK unemployment
- Demographics of UK and fiscal constraints on NHS expected to drive future PMI growth

- Decline has bottomed out and showing early signs of recovery
- NHS funding pressure is likely to increase waiting times, growing the Self pay segment

- Choose & Book is continuing to deliver NHS volume growth

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Looking forward – strengthening the business and consolidating acquisitions

Continued focus on working capital, streamlining internal processes & efficiencies and consolidation of acquisitions

Driving improved patient care and quality of outcomes

Looking to engage with the new government in providing solutions to expected fiscal constraint



Financial review

Exchange rate impact – no currency hedging

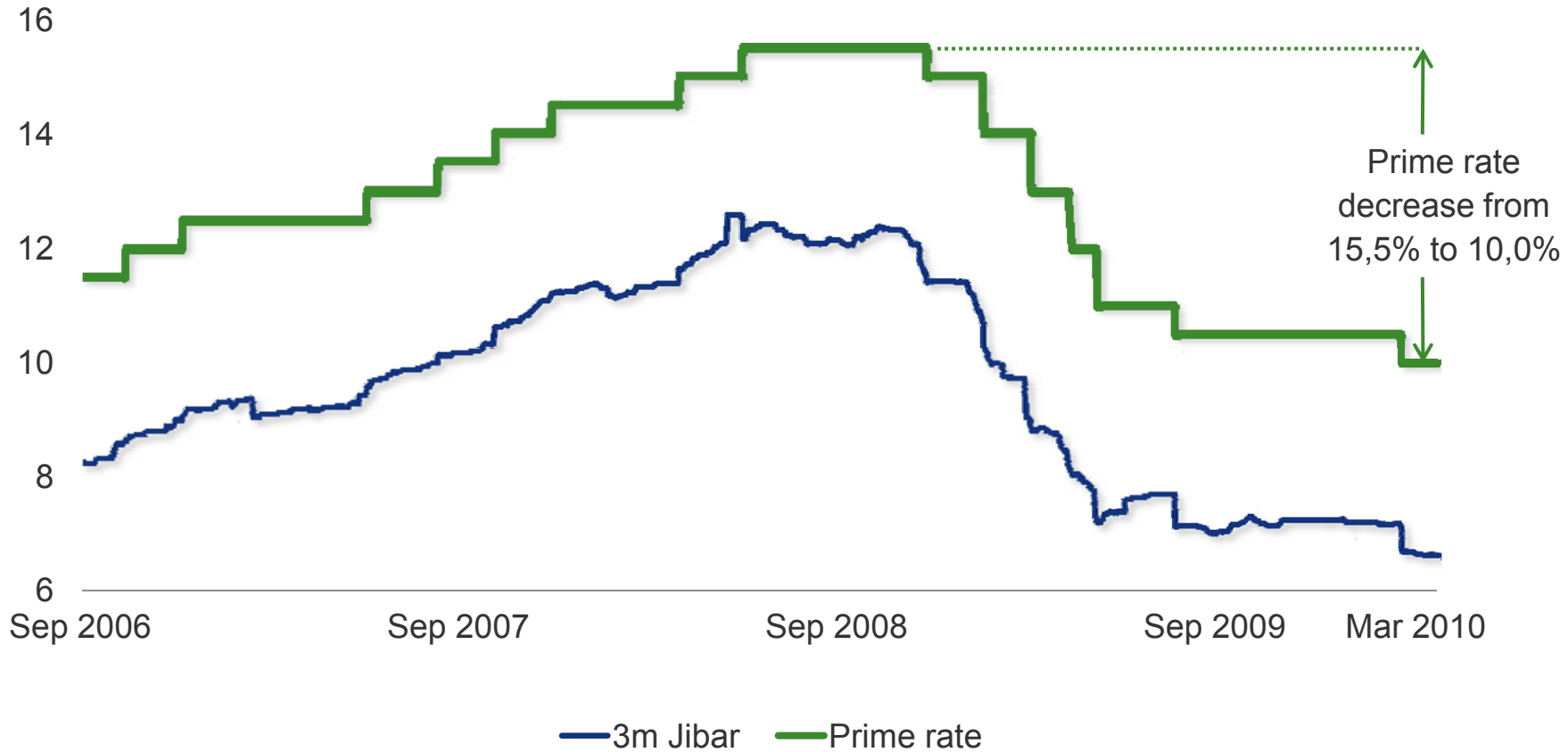
Strengthened R/£ exchange rate



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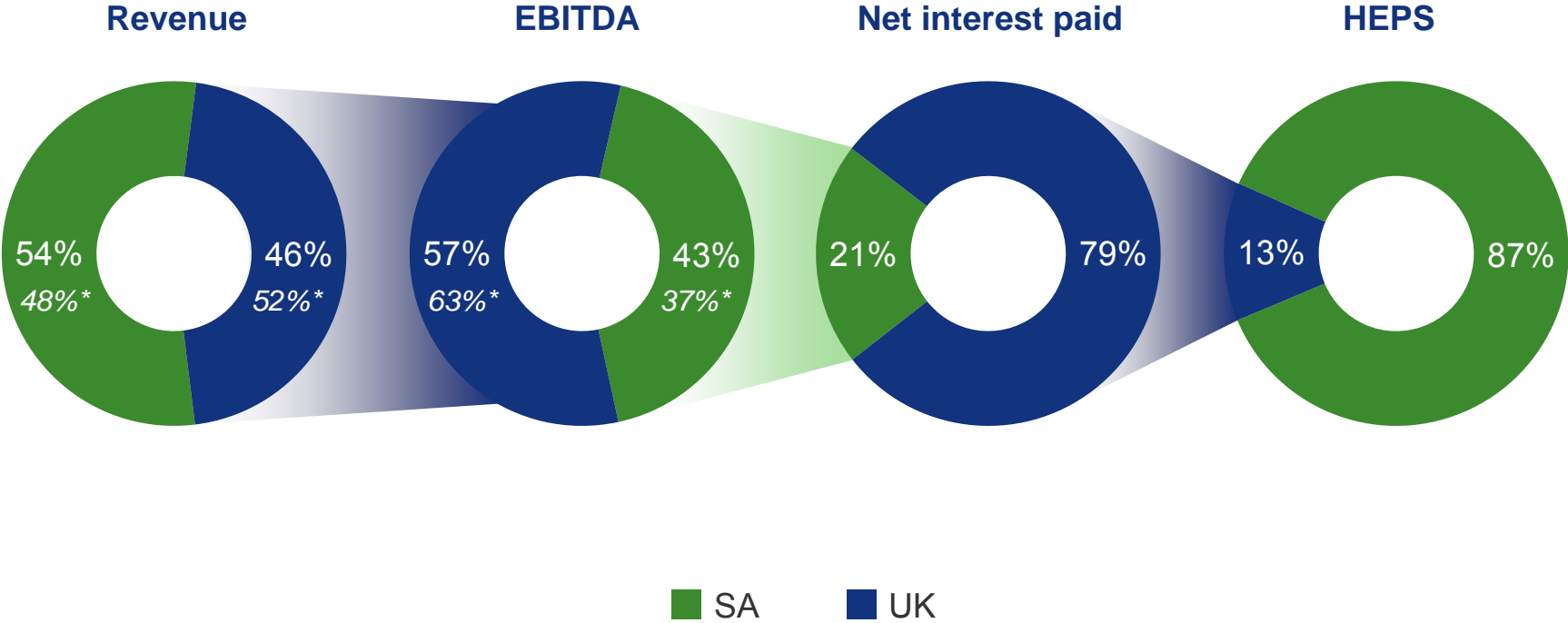
SA interest rate trends



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Geographic contributions



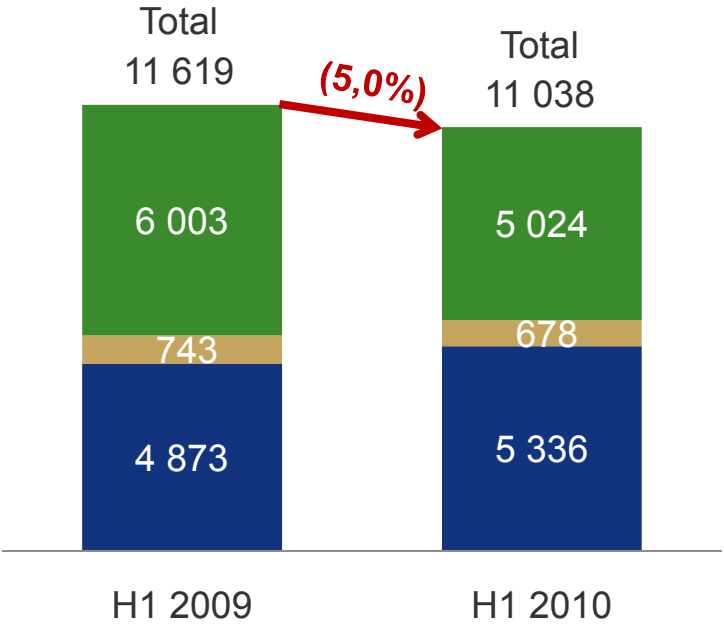
* H1 2009

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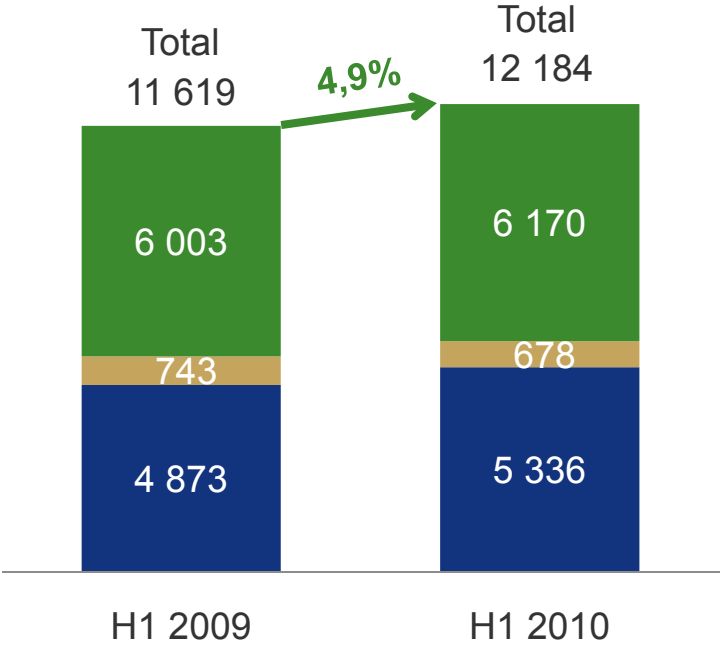


Revenue analysis

Actual rates (Rm)



Constant rates (Rm)

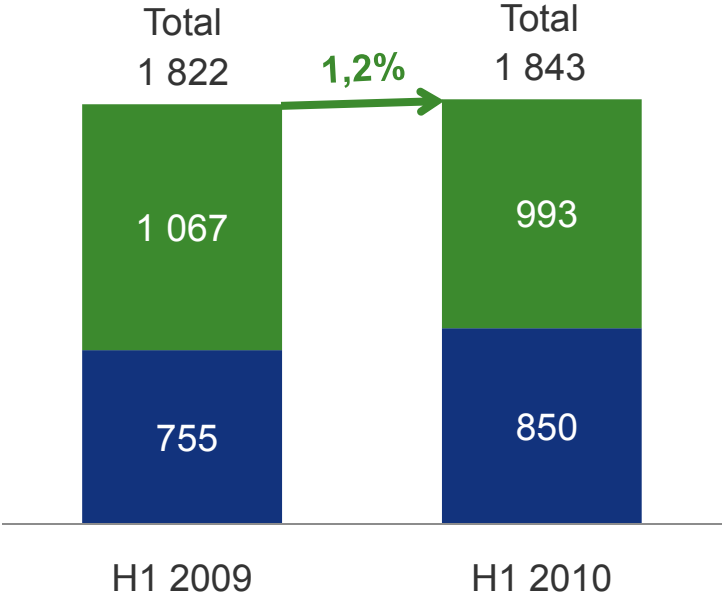


■ Hospitals and Emergency services ■ Primary Care ■ UK

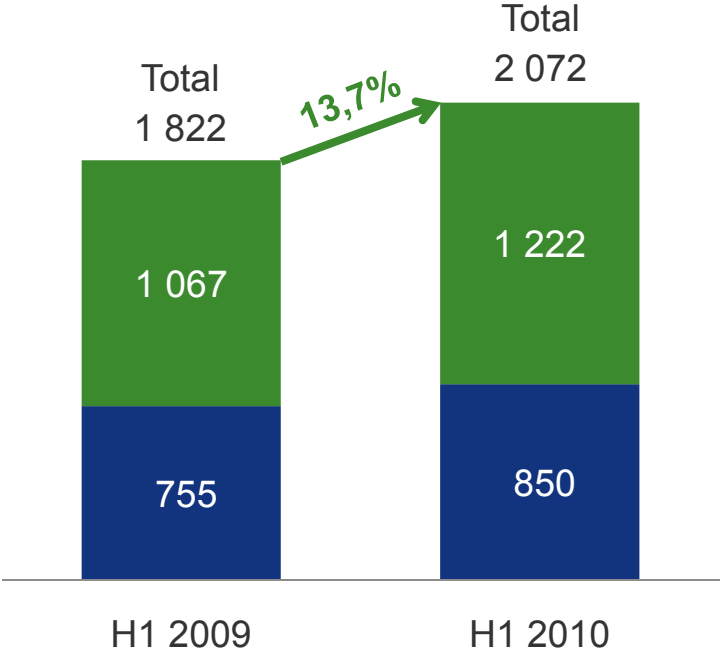


Operating profit analysis

Actual rates (Rm)



Constant rates (Rm)

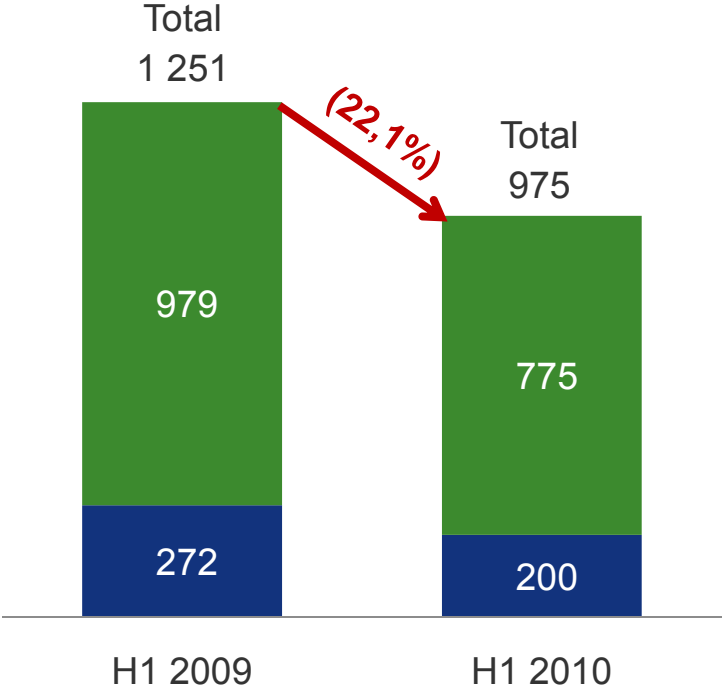


■ SA ■ UK

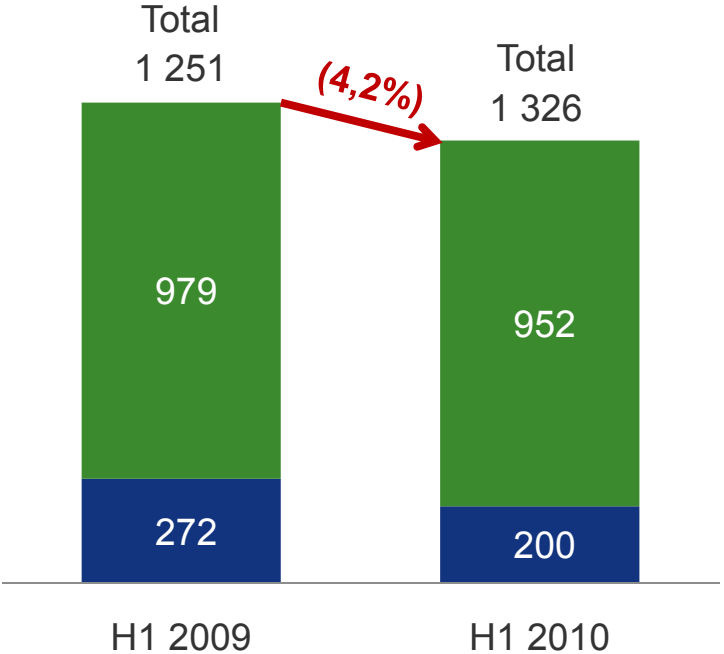


Interest rate analysis

Actual rates (Rm)



Constant rates (Rm)



■ SA ■ UK



Summarised Group income statement

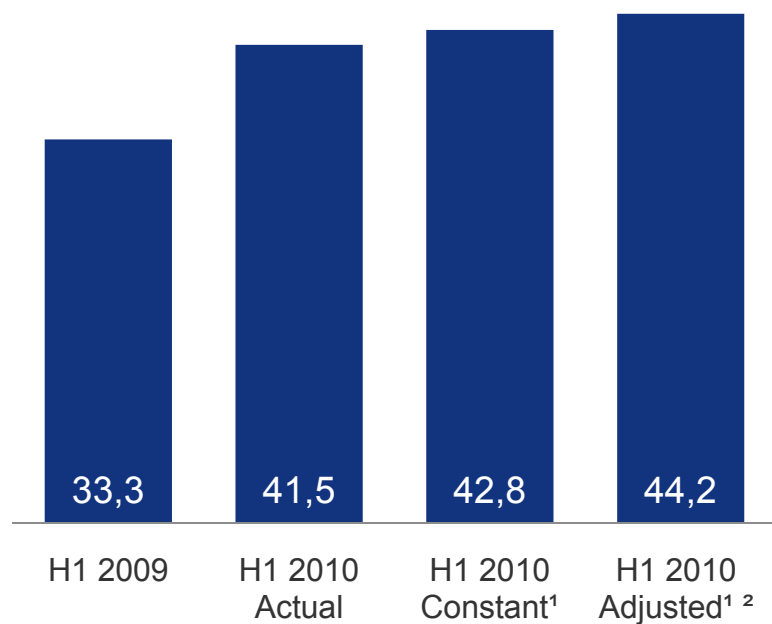
Rm	31 Mar 2009	31 Mar 2010	%
Revenue	11 619	11 038	(5,0)
Operating profit	1 822	1 843	1,2
Net financial expenses	(1 252)	(1 005)	19,7
Attributable earnings of associates	10	16	60,0
Profit before taxation	580	854	47,2
Taxation	(142)	(185)	(30,3)
Profit from continuing operations	438	669	52,7
Discontinued operation (Ampath)	634		
Profit for the period	1 072	669	(37,6)

- Both geographies delivered improved margins
- 13,7% increase in constant currency

- Including R36m (£3m) charge resulting from ineffective portion of swap reserve
- Decrease due to lower interest rates in SA and exchange rate impact

Headline earnings per share

Basic HEPS (Cents)



Cents	31 Mar 2009	31 Mar 2010	%
SA	29,8	35,9	20,5
UK	3,6	8,3	130,6
Adjusted HEPS¹²	33,4	44,2	32,3

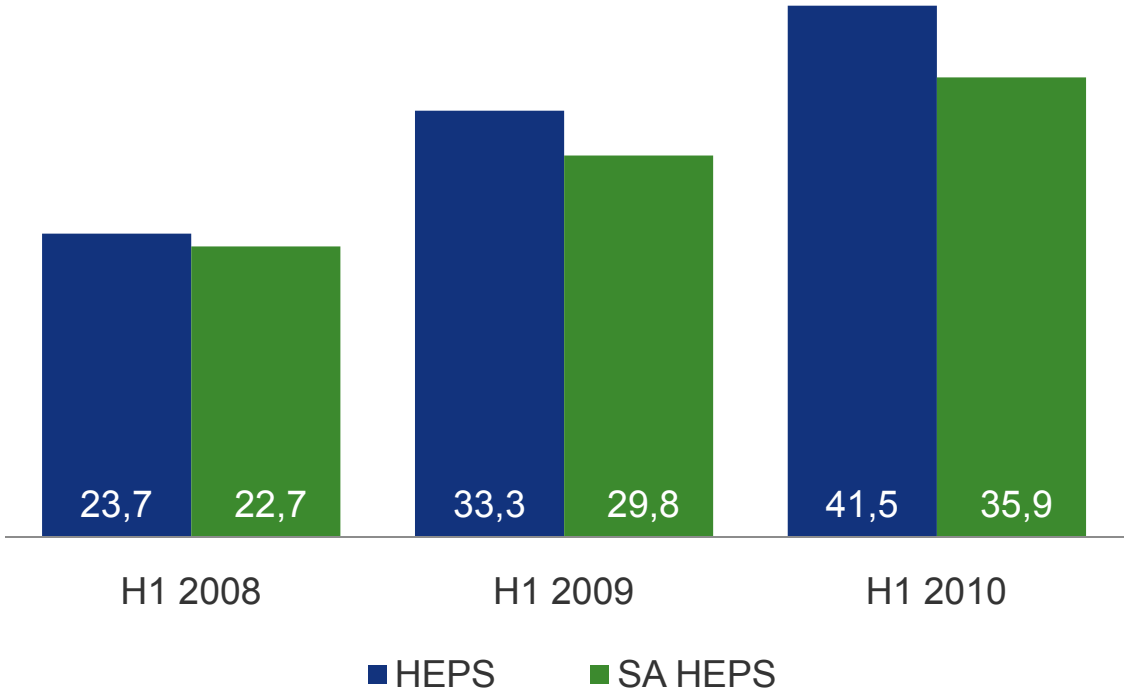
1. Calculated at constant exchange rates
2. Adjusted to exclude effects of ineffective portion of interest rate swaps

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Headline earnings trend and capital reduction per share

Cents



- Capital reduction of 19,0 cents per share

Compound growth rates

- HEPS 32%
- SA HEPS 26%



Summarised statement of financial position | assets

Rm	30 Sep 2009	31 Mar 2010	Forex effect	Other movement
Non-current assets	41 043	38 332	(2 684)	(27)
PPE	25 097	23 538	(1 537)	(22)
Goodwill and intangible assets	14 669	13 572	(1 071)	(26)
Associated companies, investments and loans	130	182	(5)	57
Deferred taxation	1 147	1 040	(71)	(36)
Current assets	4 095	4 396	(147)	447
Cash	803	1 094	(70)	362
Total assets	45 941	43 822	(2 901)	782

Capex of R270m in SA and R153m in UK, offset by depreciation

- Continued investment in SA PPPs
- Investment in Harley Street Diagnostic Centre and Weymouth Street Clinic in UK

Increase in inventory and debtors in SA and higher NHS debtors in UK

Summarised statement of financial position | equity and liabilities

Rm	30 Sep 2009	31 Mar 2010	Forex effect	Other movement	
Total shareholders' equity	7 133	6 997	(400)	264	Increase due to profit for the period of R669m, offset by capital reduction of R279m
Non-current liabilities	33 720	31 415	(2 347)	42	
Long-term debt	25 423	23 613	(1 730)	(80)	Increase of £14m in UK swap liability
Financial liability	2 797	2 739	(226)	168	
Other provisions	459	446	(14)	1	
Deferred taxation	5 041	4 617	(377)	(47)	Increase in short-term debt and bank overdraft of R444m in SA
Current liabilities	5 088	5 410	(154)	476	
Total equity and liabilities	45 941	43 822	(2 901)	782	
Net debt	26 454	24 862	(1 723)	131	

Group debt

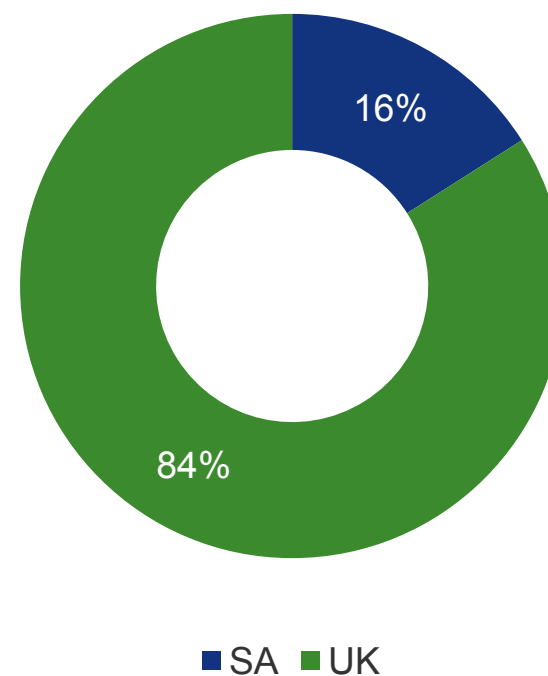
Gross debt at 31 Mar 2010

	Facilities	Utilised
UK debt (£m)	1 988	1 937
UK debt (Rm)	21 921	21 370
SA debt (Rm)	5 803	4 164
Group net debt (Rm)	27 724	25 534

Cost of debt (%)

	31 Mar 2009	31 Mar 2010
UK debt	6,5	6,4
SA debt	9,5	8,0
Gross debt	6,9	6,7

Geographic split of gross debt at 31 Mar 2010



SA debt position

Gross debt

Rm	Mar 2009	Mar 2010	Cost %
Convertible bonds ¹	1 568	1 510	6,0
DMTN	1 969	2 210	9,1
Preference shares	471	258	8,7
Other debt	548	186	11,2
Gross debt	4 556	4 164	8,0

55% of debt hedged at Mar 2010
(30 Sep 2009: 56%)

Cost of debt decreased from
8,1% at 30 Sep 2009 to 8,0%
due to decrease in interest rates

GCR rating in Feb 2010:

- **A-** long-term
- **A1-** short-term

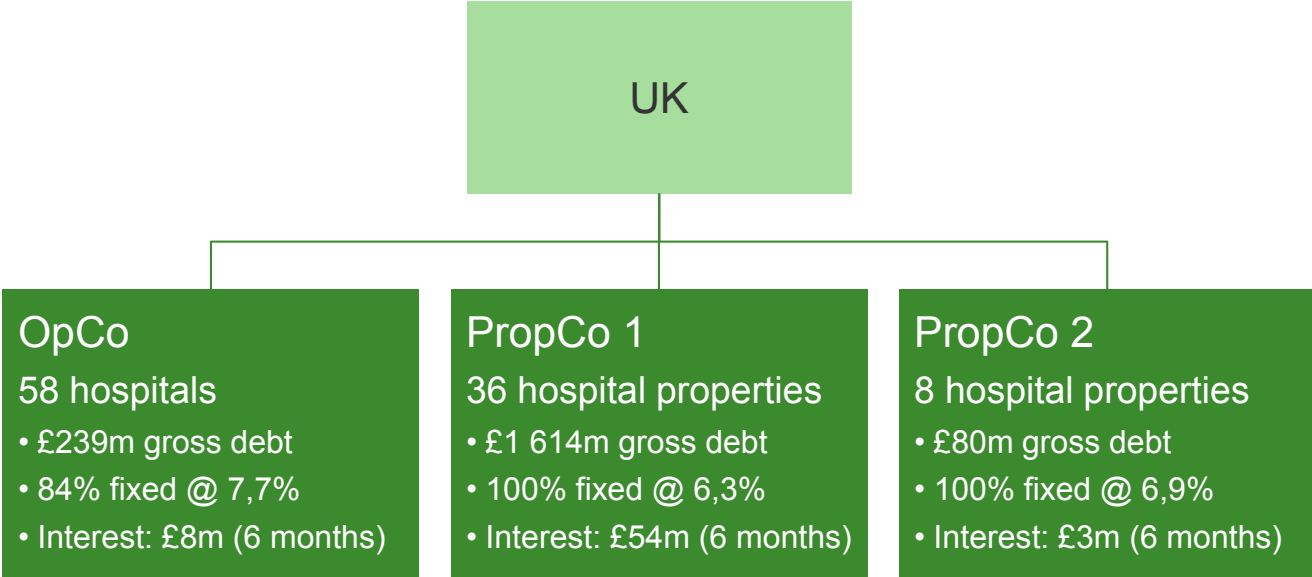
No change from Feb 2009

1. Convertible bonds – cash interest paid at 6,0%; income statement IFRS interest charged at 10,05%

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UK debt position

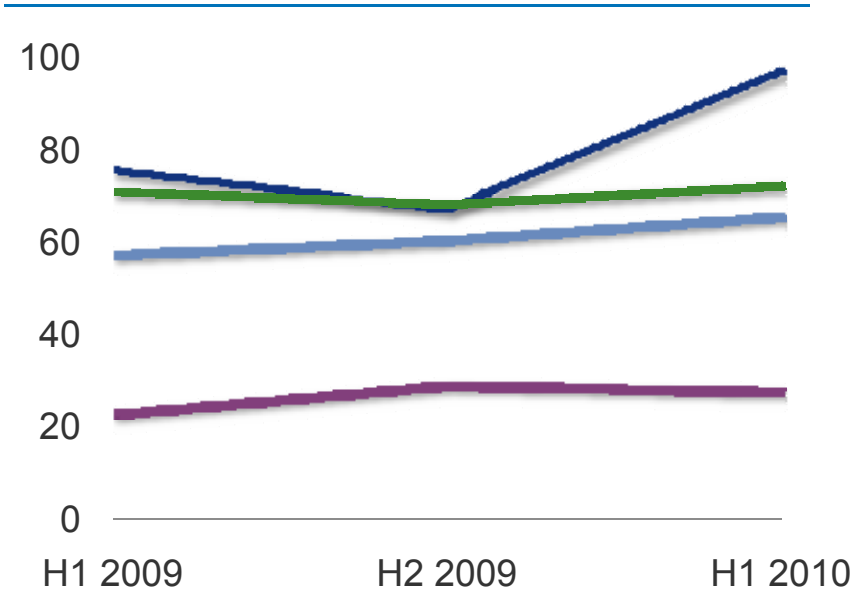


96% of GHG's debt is fixed until at least 2013
UK covenants all met adequately
Blended interest rate: 6,4%



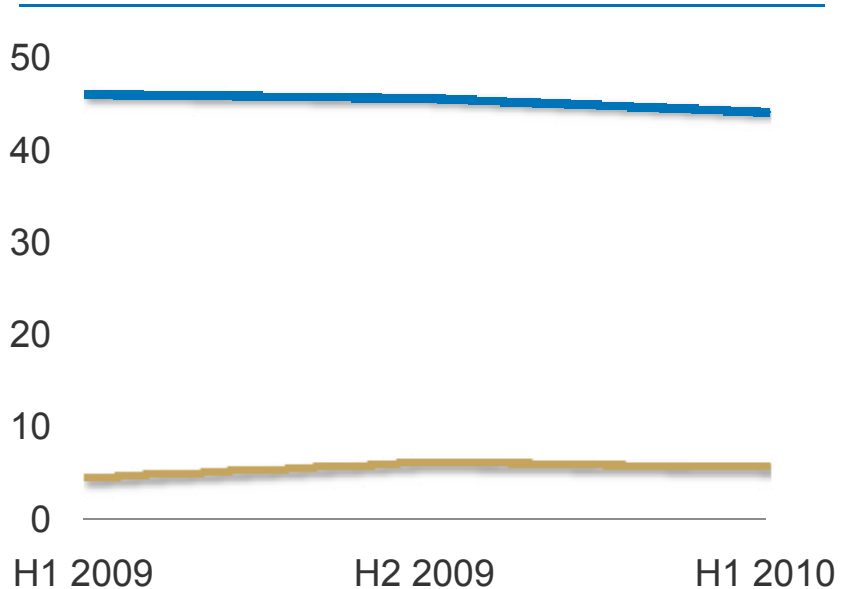
UK debt covenants – headroom

OpCo (£m)



- Cash cover - cashflow headroom
- Interest cover - EBITDA headroom
- Leverage - EBITDA headroom
- Capex - capex spent headroom

PropCo (£m)



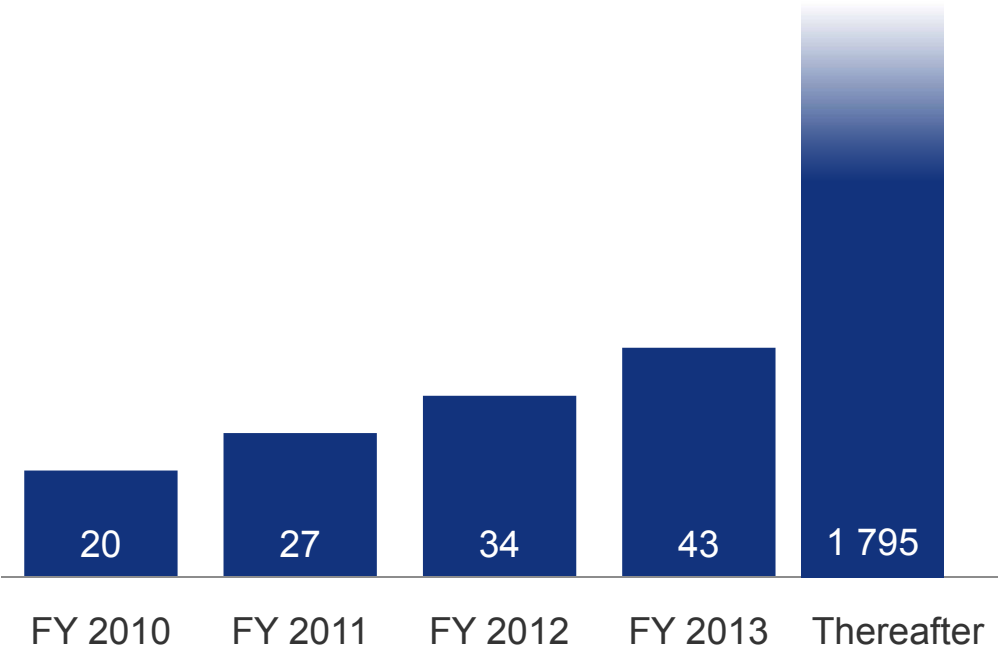
- Interest cover*
- Rent cover - EBITDA headroom

* Ratio secure throughout debt term due to fixed nature of interest rates and rental escalations



Repayment of UK debt

UK (£m)



- Thereafter consists of:
- PropCo 1 - Oct 2013 £1 535m
 - PropCo 2 - Feb 2015 £73m
 - OpCo facility A - Oct 2013 £7m
 - OpCo facility B - Oct 2014 £80m
 - OpCo facility C - Oct 2015 £80m
 - Capex facility - Oct 2013 £20m



Interest rate swaps

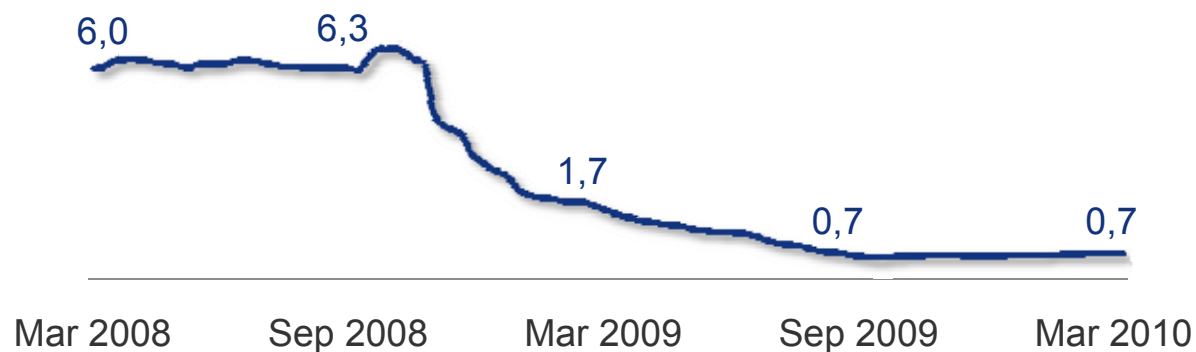
Net derivative instruments - liability

Rm	30 Sep 2009	31 Mar 2010	Change
Net interest rate swaps (UK)	2 771	2 712	59
Net interest rate swaps (SA)	26	27	(1)
Total	2 797	2 739	58

Recognised in:

- Equity (hedged portion) R23m
- Income statement (ineffective portion) R36m

Movement in UK swap rates 1 year (%)



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Working capital

	31 Mar 2009	31 Mar 2010	Movement	
SA (Rm)				
Inventories	356	437	81	Increased stock for Easter period
Trade and other receivables	1 931	2 024	93	Hospital debtors' days increased to 38,4 from 37,1 days due to COID,* offset by improvements in 911 and Primary care
Trade and other payables	(1 418)	(1 663)	(245)	
Taxation	(262)	(203)	59	
	607	595	(12)	Increase in creditor financing due to higher stock levels
UK (£)				
Net working capital	57	63	6	Impact of business mix change arising from increased NHS activity

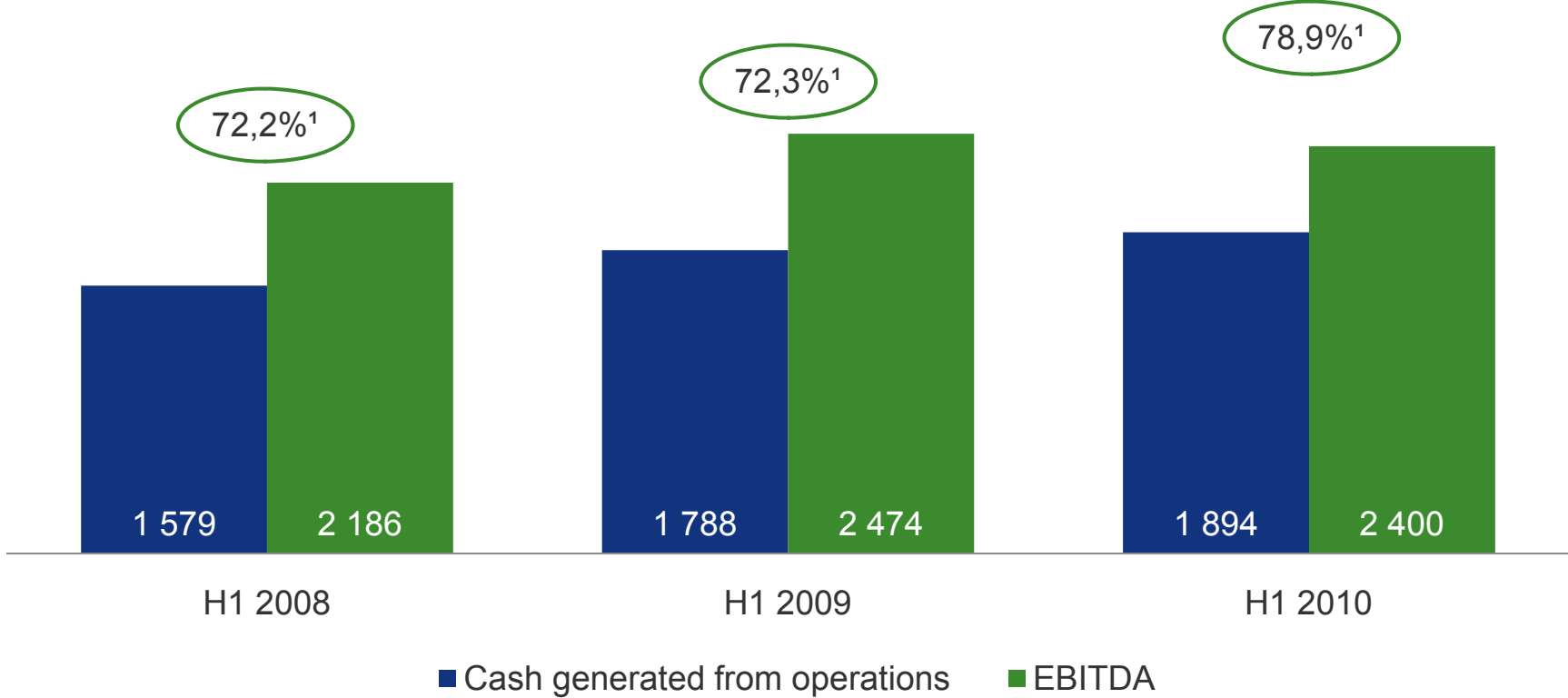
* The Commissioner for Occupational Injury and Disease

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Cash generation

Rm



1. Cash conversion to EBITDA ratio

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Guidance 2010

Guidance 2010

	SA	UK
Revenue growth	Estimating revenue growth between 7% and 10%	Estimating flat revenue growth
Operating efficiencies	Expecting improvement in EBITDA margins 17% to 18%	Expecting to maintain EBITDA margins
Capital expenditure	Estimating R950m	Estimating £50m

■ Unchanged ■ Revised



Unaudited Group interim results for the six months ended 31 March 2010

Richard Friedland | Group CEO

Vaughan Firman | Group CFO



You're in safe hands

