



Full Year Results Presentation

12 Months ended 31 December 2009

9 March 2010



Agenda

1. Introduction and Highlights Ray King, Chief Executive

2. Financial Review Tom Singer, Group Finance Director
 - 2.1 Group financial review
 - 2.2 Segmental results
 - 2.3 Cash and debt

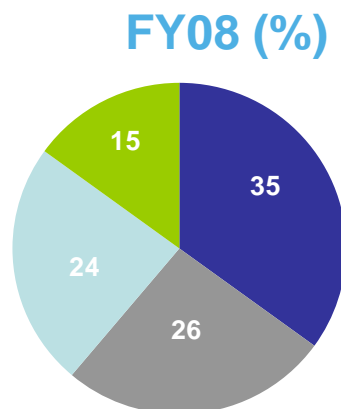
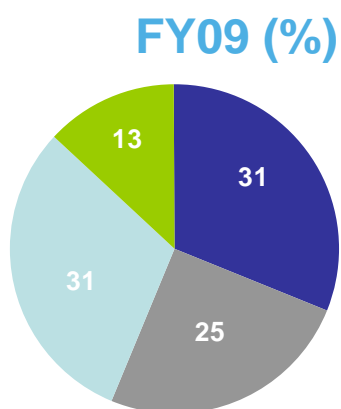
3. Strategy and Outlook Ray King, Chief Executive

FY 2009 business highlights

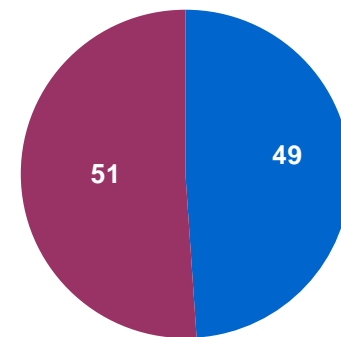
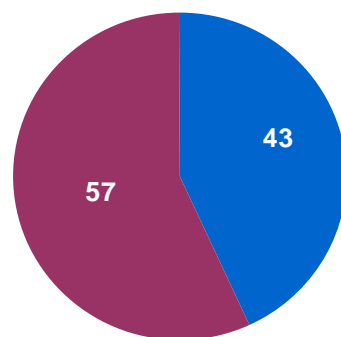
- Strong performance in 2009 – revenues and surplus up
- Total customer numbers increased to 10.4 million (2008: 10.3 million)
- Major operational achievements:
 - New UK operating platform successfully launched
 - Continuing actions to reduce costs and bear down on claims inflation
 - Integration and rebranding of recently acquired care homes in Australasia completed and integration of MBF on track
 - Opening of state-of-the-art Manises hospital in Valencia
 - International expansion of Health Dialog services
 - Continued high levels of investment in care homes

Revenues⁽ⁱ⁾

By segment



By geography



Total: £6.94bn

Total: £5.92bn

- Greater geographic diversification
- Growth in Asia Pacific following acquisitions (particularly MBF in May 2008)



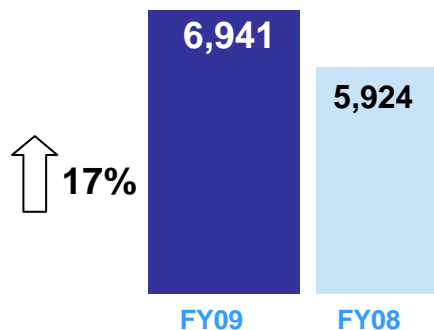
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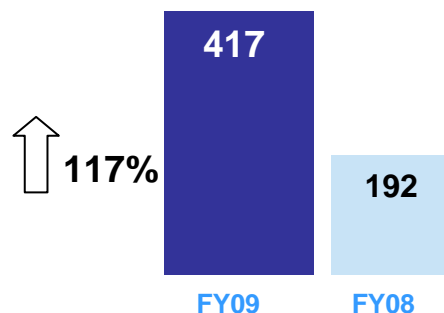


FY 2009 financial overview

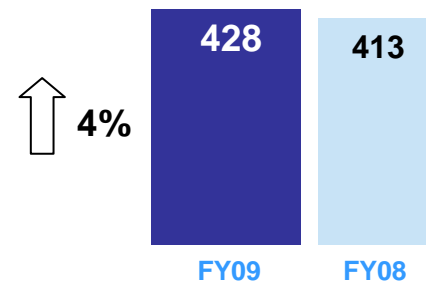
Revenues (£m) ⁽ⁱ⁾



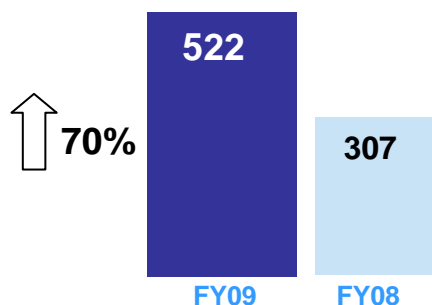
Statutory surplus (£m) ^{(i) (ii)}



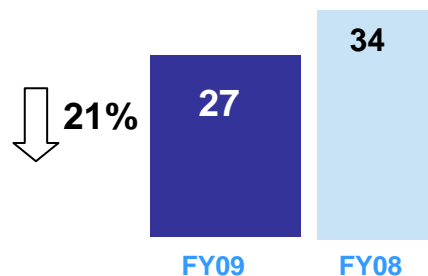
Underlying surplus (£m) ^{(i) (ii)}



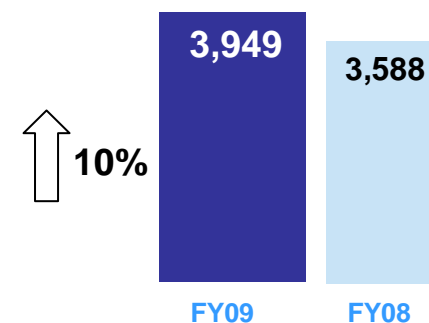
Net cash generated from operating activities (£m) ⁽ⁱ⁾



Leverage ⁽ⁱⁱⁱ⁾ (%)



Equity attributable to Bupa (£m) ⁽ⁱ⁾



(i) 2008 full year figures restated

(ii) Before taxation expense

(iii) Gross debt (including hybrid debt) divided by gross debt plus equity

Underlying surplus

£m	FY09	FY08 ⁽ⁱ⁾	Change (%)
Surplus before taxation expense	416.5	191.9	117%
Exclude:			
Net (gain)/loss on return seeking assets	(52.2)	97.7	
Impairment of goodwill	-	116.5	
Impairment of other intangible assets	19.3	24.3	
Amortisation of intangible assets arising on business combinations	34.9	25.5	
Profit on sale of businesses and assets	(20.0)	(5.6)	
Bupa Ireland RES provision release	-	(21.0)	
Other items ⁽ⁱⁱ⁾	29.7	(15.9)	
Underlying surplus before taxation expense	428.2	413.4	4%

- Underlying surplus growth of 4%
- At constant exchange rates, underlying surplus down 6%
- 63% of surplus generated outside of the UK

(i) 2008 full year figures restated

(ii) See appendix

Financial income and expenses

£m	FY09	FY08
<i>Financial income before return seeking asset performance</i>	64.0	163.1
<i>Return seeking asset performance (including FX hedging)</i>	<u>52.2</u>	<u>(97.7)</u>
Financial income	116.2	65.4
Financial expenses	(67.5)	(106.0)
Net financial income/(expenses)	48.7	(40.6)
<i>Net financial income/expenses (excluding return seeking asset performance)</i>	(3.5)	57.1

- Appreciation in value of return seeking asset portfolio
- Lower financial income and expenses due to lower interest rates; impact mitigated by extension of cash duration in late 2008
- Annualised return on Group cash and investments portfolio 5.1% (2008: 2.0%)

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UK and North America - FY 2009 Financials

Bupa Health and Wellbeing UK, Health Dialog, Bupa Home Healthcare, The Bupa Cromwell Hospital

	FY09 £m	FY08 £m	Change (%)
Revenues	2,131.4	2,069.3	3
Surplus	16.8	39.8 ⁽ⁱ⁾	(58)

- Overall a slight increase in revenues but a 58% decrease in surplus due to increasing claims costs and rising unemployment
- Bupa Health and Wellbeing UK: revenues broadly flat and customer numbers down 5%
- Bupa Health Assurance: 6% customer growth and increase in revenues
- Health Dialog: lives served declined 18% with organic revenues also down, but cost reductions resulted in growth in organic surplus
- Bupa Home Healthcare: focus on higher growth and margin products
- The Bupa Cromwell Hospital: flat revenue growth and reduced surplus

(i) 2008 surplus excludes one off provision releases in relation to Bupa Ireland of £21.0m



EMEALA - FY 2009 Financials

Sanitas PMI and Hospitals, Bupa International, Bupa Arabia

	FY09 £m	FY08 £m	Change (%)
Revenues	1,760.4	1,568.9	12
Surplus	157.7	138.5	14

- Businesses maintained leading market positions with 7% customer growth and delivered a 14% increase in surplus despite difficult conditions
- Sanitas: organic growth in revenues and surplus despite the ailing economy
- Bupa International: revenues up and growth in organic surplus despite a 3% decline in customer numbers
- Bupa Arabia: strong year assisted by legislation requiring expatriates to hold private medical insurance with membership growing 35%

Asia Pacific - FY 2009 Financials

Bupa Australia, Bupa Hong Kong, Bupa Thailand, Max Bupa India

£m	FY09 £m	FY08 £m	Change (%)
Revenues	2,122.8	1,394.3	52
Surplus	99.6	63.3	57

- Overall, member numbers up 2% and organic growth in revenues of 8% and surplus 12%
- Bupa is the second largest health insurer in Australia
- Bupa Australia / MBF: 2% rise in members. Organic revenue and surplus growth
- Hong Kong: 8% rise in members. Organic revenue and surplus growth
- Thailand: organic revenue and surplus growth
- India: on track to launch in first half of 2010

Care Services - FY 2009 Financials

Bupa Care Services UK, Bupa Care Services Australia, Bupa Care Services New Zealand, Sanitas Residencial

£m	FY09 £m	FY08 £m	Change (%)
Revenues	926.3	891.6	4
Surplus	133.7	131.8	1

- Overall revenues up 4% and surplus up 1%
- UK revenues up, but decline in surplus due to lower occupancy rates
- 130 UK beds added by opening new care homes in 2009
- Australia: record occupancy levels contributed to organic growth in revenues and surplus
- New Zealand: stable occupancy with revenues increasing organically
- Spain: despite recessionary pressures in Spain, revenues and surplus showed modest organic growth

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Cash generated from operating activities

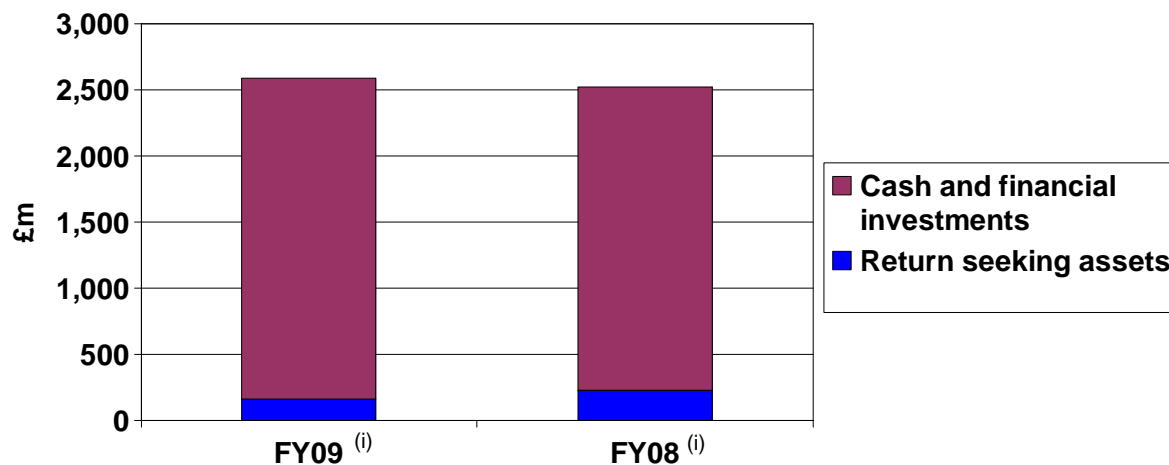
£m	FY09	FY08 ⁽ⁱ⁾	Change (%)
Surplus before taxation expense	416.5	191.9	
Adjustments for:			
Net financial income and expense	(48.7)	40.6	
Depreciation, amortisation and impairment	193.3	281.1	
Net gain on sale of businesses	(20.0)	-	
Other ⁽ⁱⁱ⁾	22.4	(10.3)	
Operating cashflow before changes in working capital/provisions	563.5	503.3	
Changes in working capital and provisions	21.7	(74.0)	
Cash generated from operations	585.2	429.3	36%
Income tax paid	(75.2)	(102.5)	
Cash generated from operations less tax paid	510.0	326.8	56%
(Increase)/decrease in cash held in restricted access deposits	12.3	(20.3)	
Net cash generated from operating activities	522.3	306.5	70%

(i) 2008 full year figures restated

(ii) Other represents net gain/loss on foreign exchange transactions, net gain/loss on disposal of property, plant and equipment, deficit on revaluation of property and impairment of equity accounted investments



Cash and investment portfolio



- Conservative investment portfolio
- Approx. 87% of portfolio held in investments at AA-/Aa3⁽ⁱⁱ⁾ or better
- £52m gains on return seeking assets in 2009
- Approx. £115m of return seeking asset redemptions in 2009; portfolio is now 6% of Group cash and investments

(i) Excludes assets backing life investment contract liabilities

(ii) Group policy requires rating of AA-/Aa3 or higher with two of Fitch, Moody's and S&P

Borrowings

£m	FY09	HY09	FY08
Bank borrowings: committed facilities	408	890	1,139
£350m senior bond due 2016	360	-	-
£330m hybrid bond	358	362	376
£235m care homes securitisation due 2029/2031	238	238	238
£50m debenture due 2014	59	59	60
Other borrowings	68	56	45
Gross borrowings	1,491	1,605	1,858

%	FY09	HY09	FY08	HY08
Leverage (i)	27	31	34	38
Leverage (ii)	21	24	27	32

- Strong focus on repayment of bank borrowings in 2009
- Moody's upgraded Bupa Insurance Ltd's IFSR⁽ⁱⁱⁱ⁾ from A3 to A2 in June 2009
- £350m bond issued in July 2009
- Planning to refinance bank facility in Q2 2010

(i) Gross debt (including hybrid debt) divided by (gross debt + equity)

(ii) As per (i) but hybrid classified as equity due to its technically perpetual nature

(iii) Insurance Financial Strength Rating



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Group strategic context and focus

Market context

- Long term trends in disease patterns and demographics underpin growth
- Government budgets under pressure – will need to partner with private sector

Bupa well-placed

- Strong brands, market positions and balance sheet
- Skill base in ageing, chronic disease management and wellbeing
- International breadth

Focus

- Markets where we can develop and sustain strong positions
- Leverage our broad international skill base to aid differentiation
- Prudent financial management



Current operating priorities

UK and North America

- **BH&W UK:** Continue focus on operations to maximise efficiency and service to customers. New operating platform will enable system improvements, product differentiation and greater efficiency
- **Health Dialog:** Restore growth in USA; international expansion

EMEALA

- **Sanitas:** Continue differentiation and focus on Manises start up as well as explore further PPP opportunities
- **Bupa International:** Maintain leadership through differentiation and continue to develop “big opportunity” markets
- **Latin America:** Build a multi channel distribution model/focus on key markets

Current operating priorities

Asia Pacific

- **Bupa Australia:** Plan to complete integration by end of 2010 to deliver synergies and broaden our healthcare offering
- **India:** Max Bupa JV will start trading in the first half of 2010

Care Services

- **Division:** Seek to increase bed capacity via extensions and new builds
- **UK:** Continue prudent cost management to limit impact of local authority funding restrictions; strengthen dementia care offering
- **Spain:** Grow occupancy levels, particularly in new homes
- **Australia/ New Zealand:** Take advantage of demand for nursing home places and high dependency care

Outlook

- 2010 likely to be another demanding year as the recovery in jobs lags behind the pickup in economic growth
- Health and care budgets under some pressure, resulting in both risks and opportunities
- Continue to manage the business carefully – controlling costs and capital expenditure
- Our markets offer excellent opportunities for long-term growth
- Confident that the Group is fit for growth when the world economy recovers



Full Year Results Presentation
12 Months Ended 31 December 2009

Questions and Answers

www.bupa.com



Appendix - Definitions and notes

Organic growth in revenues and surplus excludes the impact of foreign exchange movements and acquisitions and disposals.

Underlying surplus before taxation expense excludes non-recurring items mainly including adjustments relating to Bupa Ireland, amortisation of intangible assets arising on business combinations, impairment of goodwill and intangible assets, profit/(loss) on sale of businesses and assets, the impact of property revaluations, realised and unrealised foreign exchange gains and losses and the absolute return on return seeking assets.

Other items on Slide 7 includes the following:

£m	FY09	FY08 restated
Deficit arising on revaluation of property	16.2	1.4
Realised and unrealised foreign exchange losses / (gains)	12.4	(24.0)
Write off of DAC in Amedex Life business	1.1	11.5
Net gain on derecognition of available for sale financial investments	-	(4.7)
Impairment of equity accounted investment	-	6.1
Adjustments to initial valuation recognition on the hybrid bond	-	(6.2)
Other items	29.7	(15.9)