



8 AUGUST 2012

HALF YEAR RESULTS PRESENTATION

6 MONTHS ENDED 30 JUNE 2012

www.bupa.com

AGENDA

1 Introduction and Highlights
Stuart Fletcher, Chief Executive

- 2 Financial Review
Neil Taylor, Group Finance Director
- 2.1 Group financial review
- 2.2 Segmental results
- 2.3 Cash, debt and solvency II
-

3 Operating priorities and Outlook
Stuart Fletcher, Chief Executive

4 Q&A

Bupa's purpose is.....

longer, healthier, happier lives

GROUP STRATEGIC CONTEXT AND FOCUS

2012 HALF YEAR RESULTS PRESENTATION

Market context

- Long-term trends in healthcare and demographics underpin growth
- People want more choice and control over their healthcare
- Continued economic and regulatory pressure in many of our markets

Bupa well placed

- Strong brands, market positions and balance sheet
- Skill base in key areas of healthcare funding and provision, ageing, chronic disease management and wellbeing – much more than “just an insurer”
- International reach and reputation provides strong platform for growth

Focus

- Existing major markets where Bupa is a key player and can sustain and develop its strong positions
- Promising development opportunities in a number of markets
- Be seen as a healthcare partner by our customers to aid differentiation
- Impact the health and wellbeing of millions of people beyond our direct customer base
- Continued prudent financial management

Economic

- Continued growth in Asia Pacific / Australia
- Economic uncertainty in Europe
- Pressure on governments in UK and Spain

Political/regulatory



Australia

- Means testing for PHI rebate was introduced on 1 July
- Federal election due in 2013 with a likely change in Government
- Aged care reforms proposed in April. Funding concerns



UK

- Government spending restraint impacting aged care fees and referral levels
- Social Care White Paper / Draft Bill
- Engaging with Competition Commission investigation into private healthcare market



Spain

- Austerity measures intensify
- Cuts to public expenditure, especially healthcare

- Continued growth in 2012 in spite of some challenging markets
 - Revenues up 5%
 - Underlying profit before tax up 3%
 - Profit before tax up 5%

- Major operational highlights:
 - Overall customer numbers up 3% to 11.1m ⁽¹⁾
 - Good results in insurance businesses in Australia, Asia, the Middle East and Spain
 - Continuing challenges in the UK with soft economic backdrop
 - Continued focus on healthcare cost management and customer retention
 - Care home profits up notwithstanding UK government funding pressures
 - Continued strong levels of capital investment - £110m in H1

(1) Includes 1.5m of associates' customers (2011: 1.3m)

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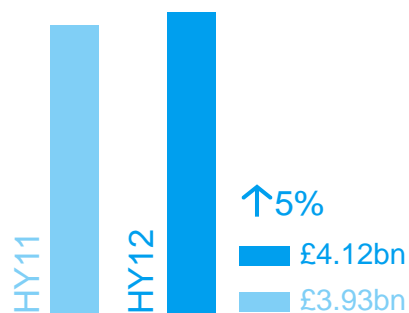
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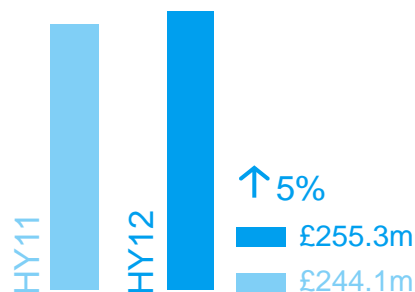
HY 2012 FINANCIAL OVERVIEW

2012 HALF YEAR RESULTS PRESENTATION

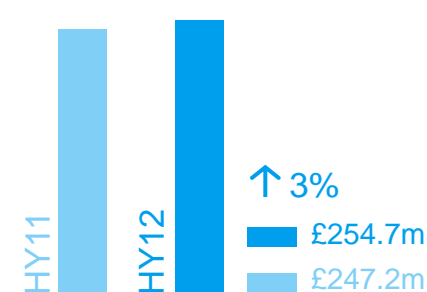
REVENUES (£M)



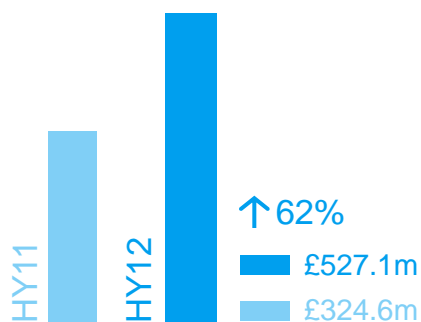
PROFIT BEFORE TAX (£M)



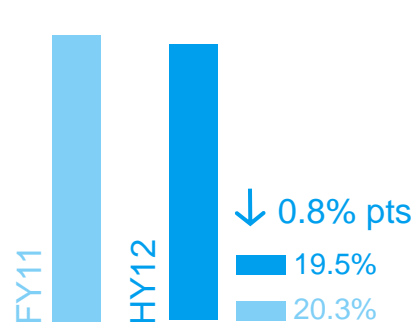
UNDERLYING PROFIT BEFORE TAX (£M)



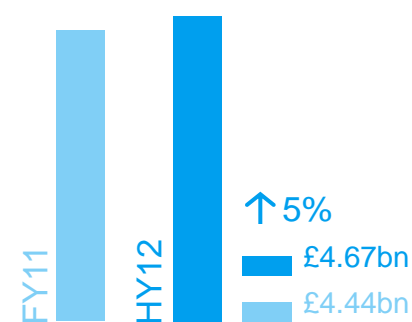
NET CASH GENERATED FROM OPERATING ACTIVITIES (£M)



LEVERAGE^(I) (%)



NET ASSETS (£M)



(I) Gross debt (including hybrid debt) / gross debt plus equity

UNDERLYING PROFIT

2012 HALF YEAR RESULTS PRESENTATION

	HY12 £m	HY11 £m	Change
Profit before tax	255.3	244.1	5%
Exclude:			
Profit on sale of businesses	-	(1.2)	
Profit on sale of equity accounted investment	(2.6)	-	
Amortisation of intangible assets arising on business combinations	13.8	17.3	
Gain on return seeking assets	(11.5)	(9.3)	
Revaluation gains arising on revaluation of property	(3.6)	(1.7)	
Other items (including foreign exchange)	3.3	(2.0)	
Underlying profit before tax	254.7	247.2	3%

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INTERNATIONAL MARKETS

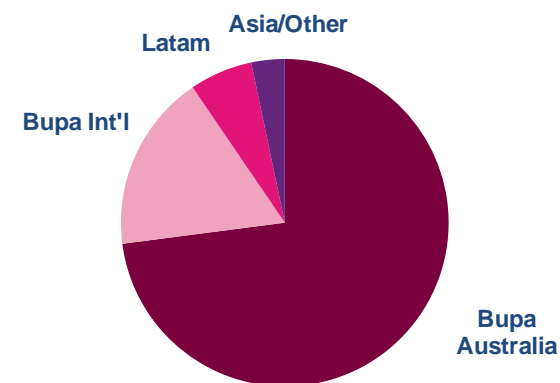
– HY 2012 FINANCIALS

Bupa Australia, Bupa International, Bupa Latin America, Bupa Hong Kong, Bupa Thailand, Max Bupa India, Bupa Arabia

	HY12 £m	HY11 £m	Change (%)	
Revenues	2,068.0	1,872.2	10	
Profit	150.2	139.3	8	<i>N.B. 9% increase excluding FX</i>

- Good performance with divisional revenues and profit up
- Bupa Australia: Increased revenues with customer numbers up to 3.4m
- Bupa International: Revenues up, stable underlying profit, strong increase in corporate customers
- Bupa Latin America: Marginal fall in customers amid competition
- Bupa Hong Kong: Strong performance; Customer numbers up 6%
- Bupa Thailand: 20% growth in customer numbers, strong revenues
- Max Bupa, India: Significant increase in customer numbers to 269,000
- Bupa Arabia: Robust growth, increase in customer numbers to 1.2m

REVENUES BY BUSINESS UNIT



EUROPE AND NORTH AMERICA

– HY 2012 FINANCIALS

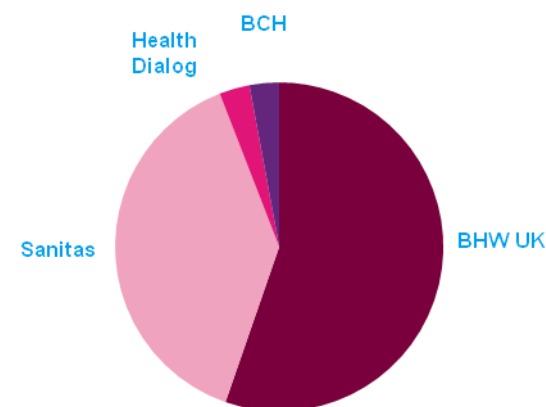
Bupa Health and Wellbeing UK, Sanitas, Health Dialog, The Bupa Cromwell Hospital

	HY12 £m	HY11 £m	Change (%)
Revenues	1,436.4	1,464.3	(2)
Profit	35.0	45.0	(22)

*N.B. 16% decrease
excluding FX*

- Bupa Health and Wellbeing:
 - Revenues flat but profits down reflecting pressure on costs
 - Steps being taken: 'open referral' roll out, continued negotiation with private hospital groups, revised pricing, announced dental expansion
- Sanitas -Steady revenues and increased profits in challenging market
 - 14 dental centres opened
- Health Dialog: Revenues and customers down. The business is looking to re-position the business more effectively
- Bupa Cromwell Hospital: Increased revenues; major investment project continues apace

REVENUES BY BUSINESS UNIT



CARE SERVICES

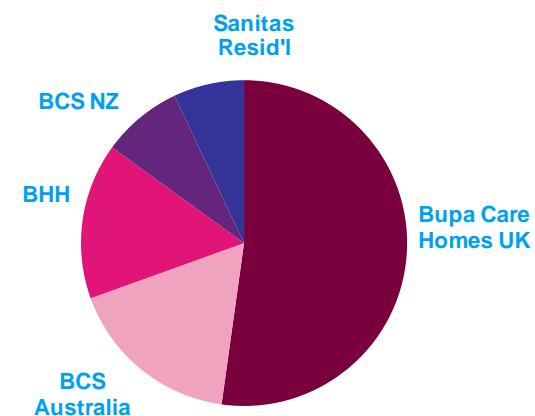
– HY 2012 FINANCIALS

Bupa Care Homes UK, Bupa Care Services Australia, Bupa Care Services New Zealand, Sanitas Residencial, Bupa Home Healthcare

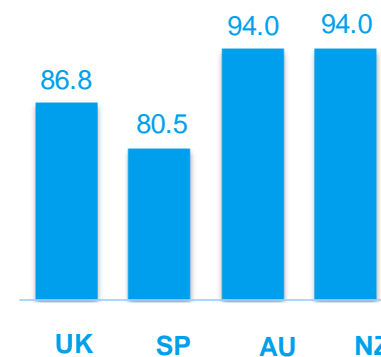
	HY12 £m	HY11 £m	Change (%)	
Revenues	612.9	588.7	4	
Profit	69.8	67.7	3	<i>N.B. 2% increase excluding FX</i>

- Divisional revenues and profit up despite a challenging environment in UK and Spain. Continued spend on developing the portfolio
- Bupa Care Homes UK: Revenues maintained, profit marginally lower due to decreased occupancy levels and higher staff costs
- Australia: Revenues, profit and occupancy increased
- New Zealand: Excellent occupancy levels delivering good growth
- Sanitas Residencial: Pressure on both occupancy and fees
- Bupa Home Healthcare: Good revenue growth in UK out-of-hospital care

REVENUES BY BUSINESS UNIT



CARE HOME OCCUPANCY (%)



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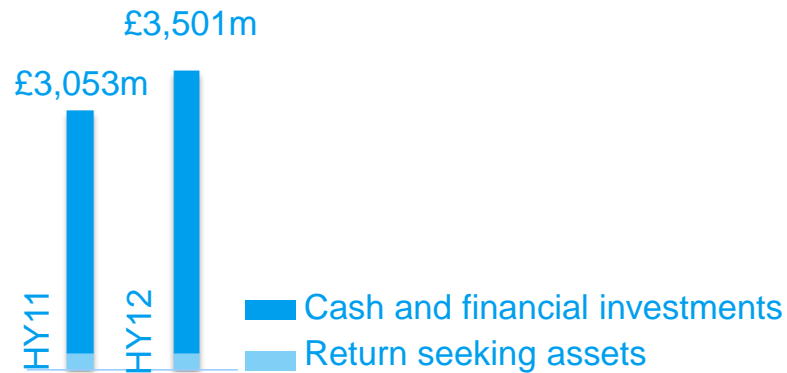
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CASH GENERATION

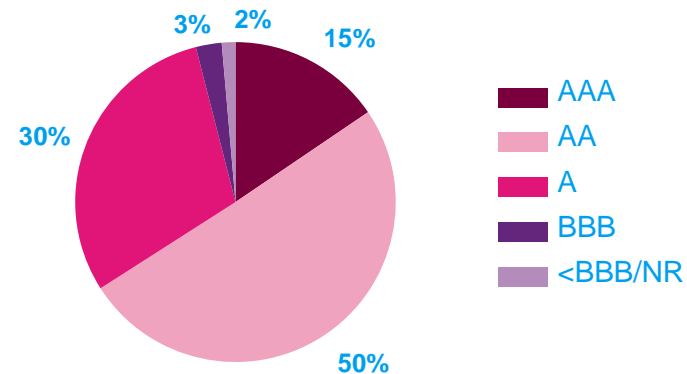
2012 HALF YEAR RESULTS PRESENTATION

	HY12 £m	HY11 £m
Profit before tax	255.3	244.1
Financial income	(59.2)	(50.2)
Financial expense	34.3	38.4
Depreciation, amortisation and impairment	93.1	92.9
Other non-cash items	(2.3)	(3.2)
Changes in working capital and provisions/Other	268.4	54.4
Tax paid	(62.5)	(51.8)
Net cash generated from operating activities	527.1	324.6
Capital expenditure	(110.4)	(78.4)
Net acquisitions/disposals of businesses	2.2	154.2
Net interest income received/paid	9.6	4.8
Other	13.3	34.3
Cash available for repayment of borrowings	441.8	439.5
Repayment of borrowings	(6.8)	(202.9)
Net increase in cash and financial investments	435.0	236.6
Closing cash and financial investments ⁽¹⁾	3,501.2	3,052.5

CASH AND INVESTMENT PORTFOLIO

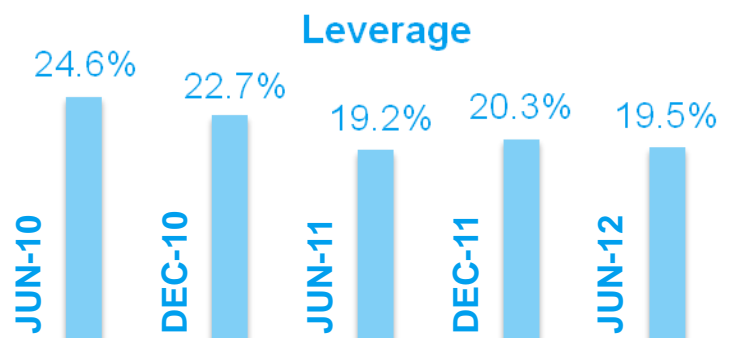


HY12 CASH AND INVESTMENTS BY CREDIT RATING (%)



- £3.5bn Group cash and financial investments
- Increase in cash due to growing businesses and no short-term debt to repay
- Conservative investment portfolio
- Approximately 95% of portfolio held in investments rated \geq A-/A3 by 1 or more agency
- £200m return seeking asset portfolio; equivalent to 6% of Group cash and financial investments

	HY12 £m	FY11 £m
Borrowings under £900m facility	-	-
£350m senior bond due 2016	361	361
£330m hybrid bond (perpetual)	426	413
£235m care homes securitisation due 2029 / 2031	238	238
£50m debenture due 2014	54	55
Other borrowings	55	62
Total borrowings	1,134	1,129



- £900m revolving credit facility undrawn at HY 2012
- Leverage marginally lower at 19.5%

- Regulatory timeline and some technical details remain open until trilogues complete, but we continue to progress our change programme to be fully compliant
- We aim to have substantially completed development by the end of 2012 and will refine solutions during 2013
- We expect to be comfortably solvent under Solvency II rules when they come into effect

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Europe & North America

-  **BHW:** Restore growth in key customer segments, increase influence over patient journey and support affordable pricing. Strong NPD pipeline and expansion of dental provision
-  **Sanitas:** Grow SME PMI, continue medical cost containment, increase self-pay in Hospitals and expand in dental
-  **HD:** Focus on retention and develop new propositions to health plans in response to the US Healthcare Reforms
-  **Bupa Cromwell Hospital:** Progress major redevelopment programme

International Markets

-  **Australia:** Aim to grow and capture market share under the Bupa brand
-  **Bupa Int'l:** Target SME and Individual to grow in a competitive market
-  **Latam:** Invest to grow distribution in selected markets
-  **Hong Kong:** Focus on product innovation and digital to drive continued growth
-  **Thailand:** Invest in sales and marketing to accelerate growth
-  **Arabia:** Expand distribution and building brand/healthcare credentials
-  **Max Bupa:** Develop the multi-channel distribution network
-  **China:** Grow IPMI proposition and explore opportunities in domestic market

Bupa Care Services

-  **BCS UK:** Focus on operating efficiency, maintaining quality of service. Continuing new builds for dementia care
-  **Sanitas Residencial:** Continue to focus on achieving occupancy maturity and building marketing capability
-  **BCS Australia:** Ambitious development programme to increase number of beds
-  **BCS NZ:** Continue to invest strongly in organic development including new builds
-  **Home Healthcare:** Continue to develop opportunities with NHS customers

- The long term drivers of healthcare create excellent opportunities for growth over the medium term
- We will continue to grow by deepening our presence in our established markets and seeking to differentiate Bupa as a healthcare partner to our customers, while investing to grow in developing markets
- The challenges and trends experienced in H1 are anticipated to continue for the remainder of 2012
- Bupa is well placed to adapt and develop businesses and propositions to ensure we continue to deliver quality healthcare services to our customers and wider communities and fulfil our purpose of longer, healthier, happier lives

QUESTIONS AND ANSWERS

THE BUPA GROUP STRUCTURE

