



HALF YEAR RESULTS PRESENTATION

Six months ended 30 June 2014

6 August 2014

AGENDA

- 1 **Group Highlights - Stuart Fletcher, CEO**
 - 2 Segmental Results - Stuart Fletcher, CEO
 - 3 Financial Review - Evelyn Bourke, CFO
 - 4 Operating Priorities and Outlook - Stuart Fletcher, CEO
 - 5 Q&A
-

HY 2014 GROUP HIGHLIGHTS:

STEADY TRADING PERFORMANCE UNDERPINNED BY GLOBAL DIVERSIFICATION

- Revenues £4.8bn, up 7%; up 16% at constant exchange rates (CER)
- Underlying profit before taxation flat at £259.8m⁽¹⁾, up 12% at CER
- Customer numbers up 39% to 22m⁽²⁾, including 4.4m added through major acquisitions
- Recent acquisitions performing well overall
- Continued investment and growth in LUX MED
- Completion of the acquisition of 56% of Cruz Blanca Salud in Chile
- Exclusive ten-year bancassurance deal with Hang Seng Bank in Hong Kong and mainland China
- Successful £350m senior bond issue in June 2014
- Particularly strong performance from Bupa Arabia, with customer growth of 55%

(1) To reflect the trading performance of the business in a consistent manner, we adjust profit before taxation for a number of one-off items. See slide 12

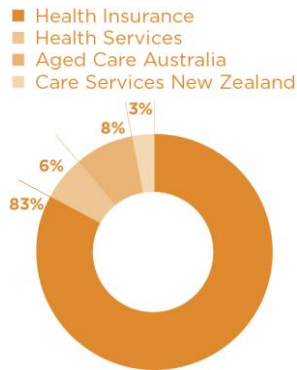
(2) Our definition of customers is an individual or party from whom Bupa derives revenue and who can elect to use our services. 2013 half year comparatives have been restated. The measurement counts customers irrespective of when they became customers during the reporting period, and includes 100% of customers in joint ventures and associates, and all micro health insurance customers. Revenue is measured on an earned basis and revenue from joint ventures and associates is excluded. Therefore significant growth in customer numbers in a period does not directly translate into reported revenue growth

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AUSTRALIA AND NEW ZEALAND

REVENUES BY BUSINESS



REVENUES ⁽¹⁾

£1,812.4m

(HY 2013: £1,910.5m Down 5%)

UNDERLYING PROFIT

£142.6m

(HY 2013: £115.9m Up 23%)

CUSTOMERS

4.7m

(HY 2013: 4.1m Up 14%)

Good growth driven by 2013 acquisitions and strong performance from health insurance business

Health Insurance

- Double digit profit growth
- Lower claims activity and change in regulation, reducing the level of our claims provision required

Health Services

- Strong growth in revenue
- Customer numbers increased by 223% to over half a million
- Driven largely by acquisition of Dental Corporation and continued strong performance by Bupa Optical
- Establishment of Bupa Visa Medical Services

Care Services

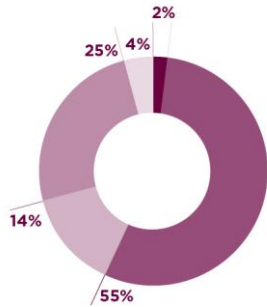
- Double digit revenue growth
- Expansion through acquisition of Innovative Care as well as new developments in New South Wales, Victoria, and New Zealand in 2014
- Occupancy increased to 92.9% in Australia and 91.4% in NZ

(1) Revenues of £1,812.4m do not include the revenues of equity accounted associates (Dental Corporation Canada)

UNITED KINGDOM

REVENUES BY BUSINESS

- Health Clinics
- Health Funding
- Home Healthcare
- Care Services
- Cromwell Hospital



REVENUES

£1,336.6m

(HY 2013: £1,255.3m Up 6%)

UNDERLYING PROFIT

£61.3m

(HY 2013: £59.2m Up 4%)

CUSTOMERS

3.5m

(HY 2013: 3.5m Flat)

Steady results despite constraints on public funding and weak consumer demand

Health Insurance

- Profit broadly flat
- Focus on effective management of healthcare costs in the face of aggressive competition

Care Services

- Occupancy increased year-on-year to 87.6%, highest rate since 2010
- Revenue increased as a consequence of higher occupancy and contribution of Richmond Care Villages
- Invested £16m in portfolio

Health Clinics

- Continued expansion of dental centre network, adding 11 new dental centres

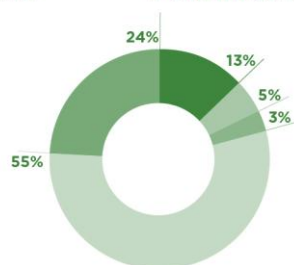
Home Healthcare and Hospital Services

- Bupa Home Healthcare delivered double digit revenue and customer growth, driven by new contracts won in the latter part of 2013
- Revenue and profits increased year-on-year at the Bupa Cromwell Hospital

SPAIN AND LATIN AMERICA DOMESTIC

REVENUES BY BUSINESS

- Hospitals and New Services Provision
- Residential
- Dental
- Health Insurance
- Cruz Blanca Salud



REVENUES

£885.0m

(HY 2013: £681.7m Up 30%)

UNDERLYING PROFIT

£54.4m

(HY 2013: £46.0m Up 18%)

CUSTOMERS

3.6m

(HY 2013: 2.2m Up 62%)

Strong growth in customers and revenue, mainly driven by acquisition of Cruz Blanca Salud

Health Insurance

- Revenues decreased, driven by increase in lapses and tough sales environment

Hospitals and Provision

- Growth in revenue and profit as a result of higher activity levels with occupancy rates above 90%

Dental

- Revenue increase driven by strong performance from new centres opened in 2012 and 2013
- Dental products independent of health insurance policies continued to grow, reaching nearly 95,000 members (43% higher than 2013)

Care Services

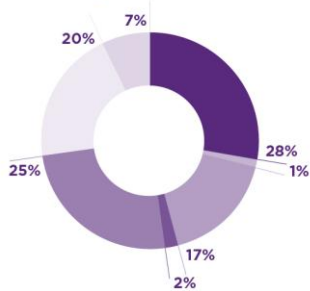
- Good growth in revenue and record occupancy rates, following a strong focus on private sector sales

Latin America Domestic

- Integration of Cruz Blanca Salud is progressing as planned

INTERNATIONAL DEVELOPMENT MARKETS

REVENUES BY BUSINESS



REVENUES⁽¹⁾

£250.3m

(HY 2013: £152.6m Up 64%)

UNDERLYING PROFIT

£(0.3m)

(HY 2013: £(5.1)m Up 94%)

CUSTOMERS

8.4m

(HY 2013: 5.3m Up 60%)

(1) Revenues of £250.3m do not include the revenues of equity accounted joint ventures (Max Bupa, India) and associates (Bupa Arabia)

Improved performance and strengthened market position in Hong Kong, Saudi Arabia and Poland

Health Insurance

- Highly competitive market conditions in Hong Kong, although overall, growth has continued. New bancassurance product suite for Hang Seng Bank due to launch in second half of 2014
- Very strong first half for Bupa Arabia, with new corporate contract wins
- In India, Max Bupa delivered good growth in revenue, increasing customers by 49% to over 800,000
- Bupa Thailand continued to grow despite the political unrest in the country

Subscription and Provision

- LUX MED continued to perform in line with original investment case.
- Medical subscriptions saw high single digit customer growth as well as double digit increase in revenue

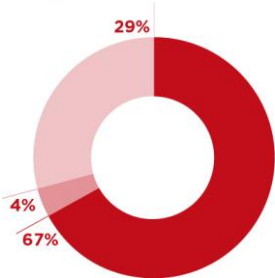
Health Analytics

- Sale of US operation Health Dialog to Rite Aid

BUPA GLOBAL

REVENUES BY BUSINESS

- Bupa Global Business Unit
- Bupa Global North America
- Bupa Global Latin America



REVENUES ⁽¹⁾

£487.0m

(HY 2013: £464.8m Up 5%)

UNDERLYING PROFIT

£37.4m

(HY 2013: £51.0m Down 27%)

CUSTOMERS

1.9m

(HY 2013: 0.7m Up 156%)

Revenue and customers up – however, underlying profit down due to higher claims costs

- Customer growth in all segments
- Investment in Highway To Health (HTH) added a further 1m customers
- Continued good performance in key markets, particularly in UAE and Hong Kong
- Individual customer retention rates remain strong, having improved year-on-year
- Development of BCBS partnership - creating largest global healthcare provider network
- Expanding GeoBlue, a product currently offered to Americans leaving the US to study, work or live abroad
- Collaboration with domestic businesses to offer customers wider range of options

(1) Revenues of £487.0m do not include the revenues of equity accounted associates (Highway to Health)

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HY 2014 FINANCIAL OVERVIEW

REVENUES

HY2013 £4.5bn

HY2014 £4.8bn

(Up 7%)

(Up 16% at CER)

UNDERLYING PROFIT BEFORE TAXATION⁽¹⁾

HY2013 £258.9m

HY2014 £259.8m

(Flat)

(Up 12% at CER)

STATUTORY PROFIT BEFORE TAXATION

HY2013 £218.0m

HY2014 £266.6m

(Up 22%)

NET CASH GENERATED FROM OPERATING ACTIVITIES

HY2013 £238.1m

HY2014 £542.9m

(Up 128%)

LEVERAGE⁽²⁾

FY2013 28.9%

HY2014 31.5%

(Up 2.6% pts)

IGD COVERAGE

FY2013 309%

HY2014 286%

(Down 7%)

(1) To reflect the trading performance of the business in a consistent manner, we adjust profit before taxation for a number of one-off items. See slide 13

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

UNDERLYING PROFIT

	HY 2014 £m	HY 2013 £m
Underlying profit before taxation	259.8	258.9
Non-underlying items	6.8	(40.9)
Statutory Profit before taxation	266.6	218.0
Taxation	(54.1)	(47.9)
Profit for the period	212.5	170.1

NON-UNDERLYING PROFIT ITEMS

	HY 2014 £m	HY 2013 £m
Amortisation of intangible assets	(27.1)	(16.9)
Restructuring costs	(1.0)	(4.3)
Transaction costs on acquisitions and disposals	(4.2)	(18.0)
Realised and unrealised foreign exchange gains	7.2	6.9
Net property revaluation gains	4.3	4.3
Net loss on disposal of fixed assets	(0.4)	(0.5)
Net profit on disposal of business	11.1	-
Gains/ (losses) on return seeking assets, net of hedging	12.7	(7.2)
Other – including central non-underlying profit items	4.2	(5.2)
Total non-underlying profit items	6.8	(40.9)

SOLVENCY

THE GROUP MAINTAINS STRONG SOLVENCY COVER

Group Solvency Position (IGD)	HY2014	FY2013
	£m	£m
Capital Resources	2,310.3	2,462.7
Capital Requirement	808.3	797.1
Solvency Surplus	1,502.0	1,665.6
Solvency Coverage %	286%	309%

£164M REDUCTION IN SURPLUS SINCE FY13 FOLLOWING THE ACQUISITION OF CRUZ BLANCA SALUD

Group Solvency Movements

	£m
2013 Year end solvency surplus	1,665.6
Profits	208.7
Change in capital associated with non-controlling interests	11.3
Acquisitions & Disposals	(364.5)
Increase in inadmissible assets	29.6
Foreign Exchange	12.5
Other movements	(50.0)
Change in requirement	(11.2)
2014 half year end solvency surplus	1,502.0

- Acquisitions and disposals reduced solvency surplus by £365m

SOLVENCY II

BUPA REMAINS COMFORTABLY SOLVENT UNDER THE NEW REGIME

- Solvency II will apply from 1 January 2016
- We will be regulated as a mixed activity Group, with Bupa Insurance Ltd and Sanitas Seguros regulated as Solo entities
- We will remain comfortably capitalised under Solvency II, both as a Group and at each Solo entity level

CASH GENERATION

PRIOR YEAR LOW DUE TO UNWIND OF 2012 PREMIUM PREPAYMENTS IN AUSTRALIA AND NEW ZEALAND. STRONG OPERATING CASHFLOW IN 2014.

	HY 2014 £m	HY 2013 £m
Profit before taxation	266.6	218.0
Financial income	(44.2)	(45.4)
Financial expenses	56.7	38.1
Depreciation, amortisation and impairment	129.8	104.4
Other non-cash items	(24.7)	13.1
Movements in Insurance assets/liabilities	203.5	53.6
Changes in working capital and provisions/Other	45.5	(105.1)
Taxation paid	(90.3)	(38.6)
Net cash generated from operating activities	542.9	238.1
Capital expenditure ⁽¹⁾	(136.1)	(115.8)
Net acquisitions/disposals of businesses	(191.7)	(498.0)
Net interest income received/paid	(28.4)	(7.4)
Repayment of borrowings	(405.1)	(290.7)
Proceeds from new borrowings	619.8	493.5
FX/Other	60.8	(3.3)
Net increase/(decrease) in cash and financial investments	462.2	(183.6)
Closing cash and financial investments⁽²⁾	3,516.0	3,376.3

(1) Includes purchase of investment properties

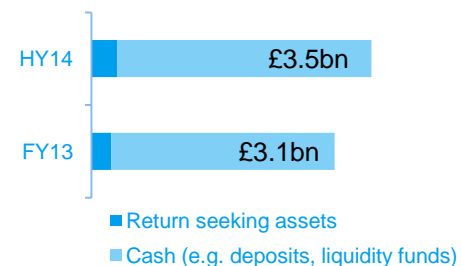
(2) Includes restricted assets

CASH AND FINANCIAL INVESTMENTS

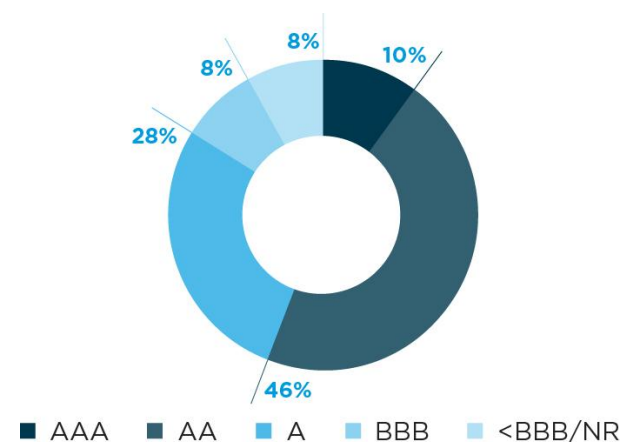
BUPA CONTINUES TO PURSUE A LOW RISK INVESTMENT STRATEGY

- £3.5bn cash and financial investments
- Increase in cash due to cashflows across the business – particularly in Australia, UK and Chile
- Conservative investment portfolio
- Approximately 84% of portfolio held in investments rated \geq A-/A3 by 1 or more agency
- £325m return-seeking asset portfolio held in UK and Australian insurance businesses (9% of Group cash and financial investments)

CASH AND INVESTMENT PORTFOLIO



HY14 CASH AND INVESTMENTS BY CREDIT RATING (%)

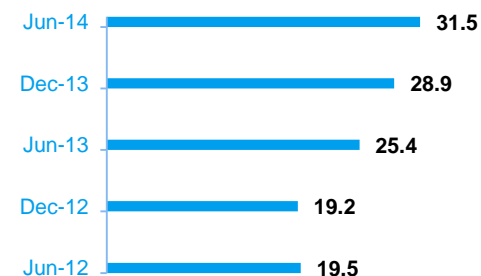


BORROWINGS

MODESTLY INCREASED LEVERAGE AS WE COMPLETED FINANCING OF ACQUISITIONS

	HY 2014	FY 2013
	£m	£m
Borrowings under £800m bank facility	295	150
Borrowings under £300m acquisition facility (expired June 2014)	-	225
£500m subordinated bond due 2023	499	499
£330m hybrid bond (perpetual)	396	386
£350m senior bond due 2016	362	365
£350m senior bond due 2021	347	-
£235m care homes securitisation due 2029 / 2031	238	238
£50m debenture due 2014	-	51
Cruz Blanca Salud	148	-
Other borrowings	77	69
Total borrowings	2,362	1,983

LEVERAGE (%)



- Higher levels of borrowing to fund Cruz Blanca Salud acquisition in February
- Successful £350m 7yr senior unsecured bond issued in June to refinance short-term bank debt
- £300m acquisition facility expired on bond issue
- £50m debenture stock repaid in June
- Bupa Finance Plc senior debt ratings re-affirmed at A- (Fitch) and Baa2 (Moody's)

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CURRENT OPERATING PRIORITIES

Australia & New Zealand

- Transformation – in health funding, enhancing end to end customer experience and operating efficiency
- Expanding our care home portfolio while creating additional services, e.g. care hubs
- Growing dental business and leveraging increased Bupa customer traffic (cross-selling)
- Growing the newly created Health Services business and delivering public sector opportunities

United Kingdom

- Transformation - delivering operational efficiencies and brand coherence by operating as a single Market Unit, organised around specific customer segments
- Optimising portfolios in care homes and clinics

Spain & Latin America Domestic

- Expanding owned dental provision network
- Capturing new Health Insurance customers
- Integration of Cruz Blanca Salud acquisition

International Development Markets

- In Hong Kong, successfully integrating Quality HealthCare and delivering bancassurance plans
- Accelerating the growth of LUX MED
- Transformation – creating a flexible operating system that will be used in multiple insurance markets

Bupa Global

- Partnering with other MU's to utilise joint scale and local market expertise to grow in domestic markets
- Regionalising operations in priority markets (e.g. US, Greater China)
- Develop distinctive and profitable set of tiered branded global healthcare propositions
- Create platform with HTH in the US

Bupa-wide priorities

- Implementing our global brand direction
- Continue to strengthen risk and governance capabilities
- Transforming Health Insurance operations
- Integrating acquisitions for delivery
- Focus on driving further cash generation
- Invest in leadership and talent capability
- Establish Bupa-wide practice sharing platforms

OUTLOOK

- Diversified international portfolio means we are well positioned for good growth well into the future
- Embedding and integration of acquired businesses firmly on track
- Our operating model and operational effectiveness programme are beginning to yield benefits
- Continued focus on fulfilling our purpose will deliver our goals

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QUESTIONS AND ANSWERS

APPENDIX: DETAILED ORGANISATION STRUCTURE

MARKET UNITS

Australia and New Zealand	United Kingdom	Spain and Latin America Domestic	International Development Markets	Bupa Global
Bupa Australia Health Insurance	Bupa Health Funding	Sanitas Seguros	Bupa Hong Kong	Bupa Global Business Unit
Bupa Aged Care Australia	Bupa Health Clinics	Sanitas Hospitales and New Services	Bupa Thailand	Bupa Global Latin America
Bupa Care Services New Zealand	Bupa Care Services UK	Sanitas Dental	Bupa Arabia	Bupa Global North America
Bupa Health Services Australia	Bupa Home Healthcare	Sanitas Residencial	Max Bupa	
	Bupa Cromwell Hospital	Latin America Domestic Development	LUX MED	
		Cruz Blanca Salud	Quality HealthCare	
			Bupa China	

DISCLAIMER

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

- *This document may contain certain forward-looking statements with respect to certain of the British United Provident Association Limited Group's ("**Bupa's**") plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Bupa's control, including, among others, global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the impact of competition, the timing, impact and other uncertainties of future mergers or combinations within relevant industries. As a result, Bupa's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Bupa's forward-looking statements. Bupa does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.*