



Half Year Results Presentation

Six months ended 30 June 2010

11 August 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, debt and solvency

3. Strategy and Outlook Ray King, Chief Executive

HY 2010 business highlights

- Robust performance in HY 2010 - revenues up 10%
 - statutory surplus down 1%
 - underlying surplus up 5%
- Profitability underpinned by growth in Bupa Australia, BHW and care homes businesses
- Major operational highlights:
 - Customer numbers higher at 10.9 million
 - Australian integration almost complete, with synergies ahead of expectations
 - New operating system in UK delivering efficiencies
 - Continuing high levels of investment in care homes
 - Successful refinancing of Group's bank facility
 - Continuing preparations for Solvency II

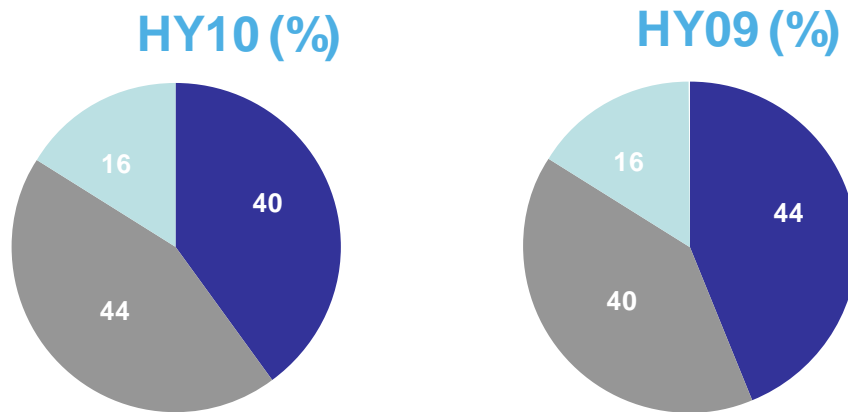
The new Bupa Group structure

		Bupa Group		
Divisions		Europe & North America	International Markets	Care Services
Business Units		Bupa Health & Wellbeing UK	Bupa Australia	Bupa Care Services UK
		Bupa Cromwell Hospital	Bupa International	Bupa Care Services Australia
		Sanitas	Bupa Latin America	Bupa Care Services New Zealand
		Health Dialog	Max Bupa India (JV)	Sanitas Residencial
		Bupa Scandinavia	Bupa Hong Kong	Bupa Home Healthcare
		Bupa Thailand		
		Bupa Arabia (JV)		
		Bupa China		

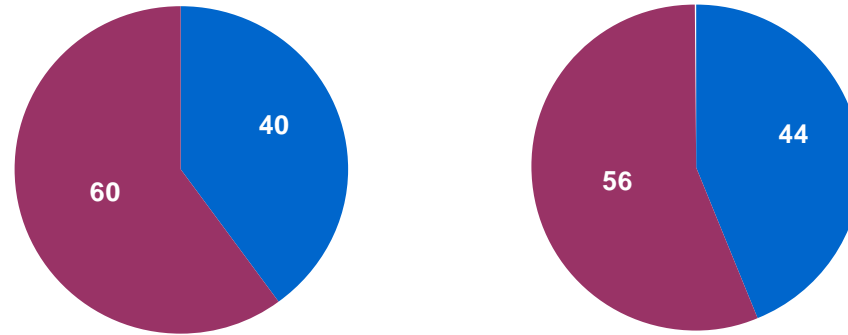


Revenues

By segment



By geography



Total: £3.71bn

Total: £3.38bn

- Continued benefit of greater geographic diversification
- Growth in International Markets segment following acquisitions and weakness of Sterling against Australian dollar

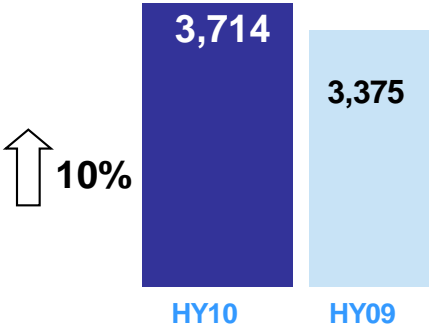


Agenda

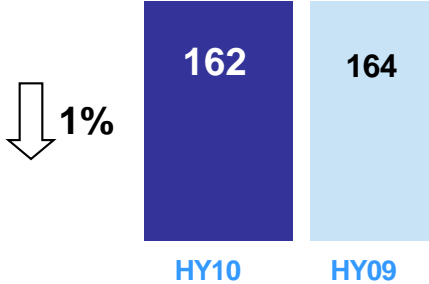
1. Introduction and Highlights Ray King, Chief Executive
2. Financial Review Tom Singer, Group Finance Director
 - 2.1 Group financial review
 - 2.2 Segmental results
 - 2.3 Cash, debt and solvency
3. Strategy and Outlook Ray King, Chief Executive

HY 2010 financial overview

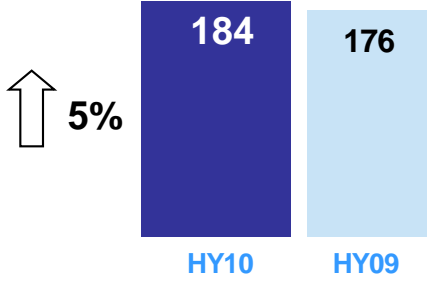
Revenues (£m)



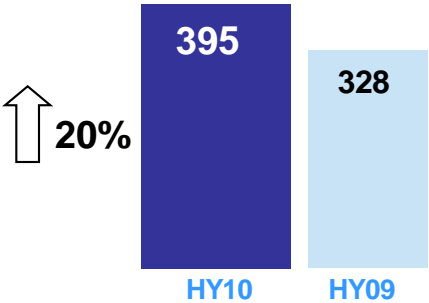
Surplus (£m) ⁽ⁱ⁾



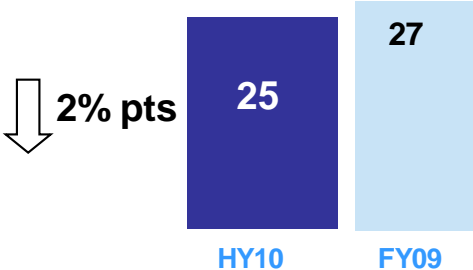
Underlying surplus (£m) ⁽ⁱ⁾



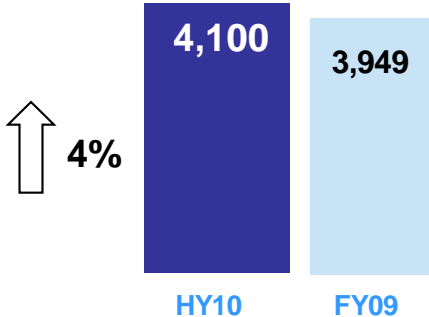
Net cash generated from operating activities (£m)



Leverage ⁽ⁱⁱ⁾ (%)



Equity attributable to Bupa (£m)



(i) Before taxation expense
(ii) Gross debt (including hybrid debt) divided by gross debt plus equity



Underlying surplus up 5%

£m	HY10	HY09	Change
Surplus before taxation expense	162.1	163.8	(1)%
Exclude:			
Loss/(Profit) on sale of businesses and assets	9.9	(1.1)	
Amortisation of intangible assets arising on business combinations	17.9	17.5	
Impairment of intangible assets arising on business combinations	4.7	-	
Gain on return seeking assets	(6.5)	(22.8)	
Realised and unrealised foreign exchange (gains)/losses	(2.9)	17.5	
Revaluation (gains)/losses arising on investment property	(1.6)	0.8	
Underlying surplus before taxation expense	183.6	175.7	5% (i)

- (i) The growth in underlying surplus, at constant exchange and interest rates and after an adjustment to eliminate the impact of integration and restructuring costs, would have been approximately 12%



Financial income and expenses

£m	HY10	HY09
<i>Financial income before return seeking assets and FX</i>	43.2	41.7
<i>Net FX gain/(loss)</i>	5.9	(5.7)
<i>Return seeking asset performance (including FX hedging)</i>	<u>6.5</u>	<u>22.8</u>
Financial income	55.6	58.8
Financial expenses	(36.4)	(31.2)
Net financial income/(expenses)	19.2	27.6
<i>Net financial income/expenses (excluding return seeking asset performance)</i>	12.7	4.8

- Impact of higher financial income due to higher AUD interest rates mitigated by lower GBP interest rates
- Continued appreciation in value of return seeking asset portfolio
- Lower bank interest offset by higher bond interest and hedging costs

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, debt and solvency
3. Strategy and Outlook Ray King, Chief Executive

Europe and North America - HY 2010 Financials

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

	HY10 £m	HY09 £m	Change (%)
Revenues	1,491.6	1,487.9	-
Surplus	27.3	43.1	(37)

- Divisional revenues up and surplus down in difficult economic conditions
- BHW UK: Lower claims and costs led to higher surplus notwithstanding flat revenues
- Single operating platform starting to deliver cost savings and efficiencies; 300 headcount reduction
- Bupa Health Assurance: Higher revenues from Individual Protection business but surplus down due to higher claims
- Sanitas: Higher revenues but surplus down due to higher claims; customer numbers stable
- Health Dialog: Recession has negatively impacted revenues and surplus; swift action taken to reduce costs

International Markets - HY 2010 Financials

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

£m	HY10 £m	HY09 £m	Change (%)
Revenues	1,638.7	1,335.0	23
Surplus	88.7	51.3	73

- Divisional revenues and surplus increased primarily due to a strong performance from the Australian business
- Bupa Australia: Revenue and surplus increased due to higher membership, improved loss ratio and cost reductions
- Bupa International: Increased revenue and surplus despite lower customer numbers
- Bupa Latin America: Revenue and surplus increased
- Max Bupa India: Launched in March in 6 cities; target of 9 by year-end
- Bupa Hong Kong: Revenue and surplus increased

Care Services – HY 2010 Financials

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

£m	HY10 £m	HY09 £m	Change (%)
Revenues	583.6	551.8	6
Surplus	66.1	62.0	7

- Divisional revenues and surplus increased with occupancy stable at 88%
- UK: Revenues and surplus increased despite low fee increases; occupancy 87% (2009: 88%)
- Australia: Revenues and surplus increased; occupancy 94% (2009: 96%)
- New Zealand: Revenues and surplus increased due to rising occupancy and fee increases; occupancy 93% (2009: 92%)
- Spain: Revenues and surplus increased due to rising occupancy and good cost management; occupancy 81% (2009: 78%)
- Bupa Home Healthcare: Revenue and patient numbers up but flat surplus

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, debt and solvency

3. Strategy and Outlook Ray King, Chief Executive

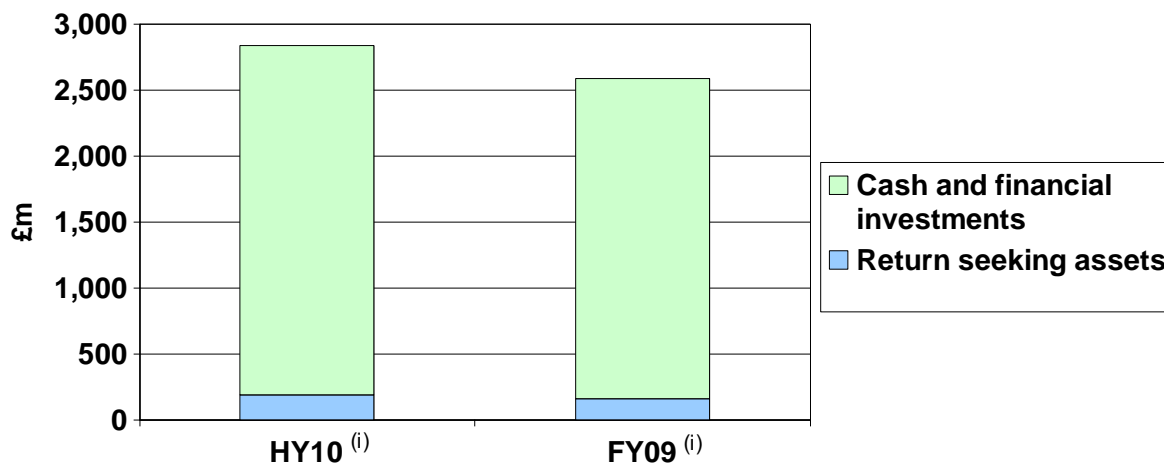
Cash generated from operating activities up 20%

£m	HY10	HY09	Change (%)
Surplus before taxation expense	162.1	163.8	
Adjustments for:			
Net financial income	(19.2)	(27.6)	
Depreciation, amortisation and impairment	94.5	81.0	
Net (gain)/loss on sale of businesses	9.9	(1.1)	
Other ⁽ⁱ⁾	3.3	15.7	
Operating cashflow before changes in working capital/provisions	250.6	231.8	
Changes in working capital and provisions	200.4	85.5	
Cash generated from operations	451.0	317.3	42%
Income tax paid	(55.9)	(2.0)	
Cash generated from operations less tax paid	395.1	315.3	25%
(Increase)/decrease in cash held in restricted access deposits	-	12.9	
Net cash generated from operating activities	395.1	328.2	20%

(i) 'Other' represents net gain/loss on foreign exchange transactions



Cash and investment portfolio



- Conservative investment portfolio
- Approx. 86% of portfolio held in investments at AA-/Aa3⁽ⁱⁱ⁾ or better
- No material non-UK, non-US government debt holdings
- £187m return seeking asset portfolio; equivalent to 7% 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	HY10	FY09	HY09
Bank borrowings: committed facilities	243	408	890
£350m senior bond due 2016	360	360	-
£330m hybrid bond	387	358	362
£235m care homes securitisation due 2029/2031	238	238	238
£50m debenture due 2014	58	59	59
Other borrowings	64	68	56
Gross borrowings	1,350	1,491	1,605

%	HY10	FY09	HY09	FY08
Leverage (i)	25	27	31	34
Leverage (ii)	18	21	24	27

- Continued focus on repayment of bank borrowings
- New bank facility completed June 2010: £900m facility maturing September 2013

(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



Solvency

- Group solvency approximately 225% at HY10 on an IGD basis
- Solvency II: Group-wide Solvency II programme in place

Moving from operational design to implementation

Active dialogue with FSA, DGS, CEIOPS and European Commission

Have commenced QIS-5 exercise

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, debt and solvency

3. Strategy and Outlook Ray King, Chief Executive



Group strategic context and focus

Market context

- Long term trends in chronic disease and demographics underpin growth
- People want more choice and control over their healthcare
- Governments' health reforms – provides opportunity for private sector partnership

Bupa well-placed

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

Focus

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

Current political and regulatory landscape

- **UK:** White paper published on reform of the NHS
 - Biggest change in decades
 - Commissioning shift from PCTs to GPs
 - Restructuring of regulation
 - Focus on shared decision making

Long-term Care Commission launched

- **US:** Obama healthcare reform
- **Group:** Solvency II regulation

Current operating priorities

Europe and North America

- **BHW UK:** New operating platform enables flexibility; focus on efficiencies and NPD
- **Sanitas:** NPD to drive differentiation; control over provider costs
- **Health Dialog:** Restore growth in USA; IP transfer to other Bupa businesses
- **Bupa Cromwell Hospital:** Significant redevelopment planned

International Markets

- **Bupa Australia:** Delivery of single product suite by year end; drive synergies from integration
- **Bupa International:** Maintain leadership through differentiation; develop “big opportunity” markets
- **Latin America:** Build a multi-channel distribution model/focus on key markets
- **India:** Build on successful launch

Care Services

- **Division:** Increase bed capacity via extensions and new builds
- **UK:** Prudent cost control 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; significant investment
- **Bupa Home Healthcare:** Capitalise on growing patient and NHS desire for home based care

Outlook: Clear opportunities despite challenging backdrop

- High unemployment and government funding pressures are impacting insurance markets in Europe and North America and UK aged care
- Bupa has continued to trade very well due to its balanced international portfolio and strong market positions
- Continuing economic growth should allow our markets to begin to recover in 2011
- Bupa well-placed given the long term trends in our markets



Half Year Results Presentation
Six months ended 30 June 2010

Questions and Answers

www.bupa.com

