



Full Year Results Presentation
12 months ended 31 December 2010

8 March 2011



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 II

3. Strategy and Outlook Ray King, Chief Executive

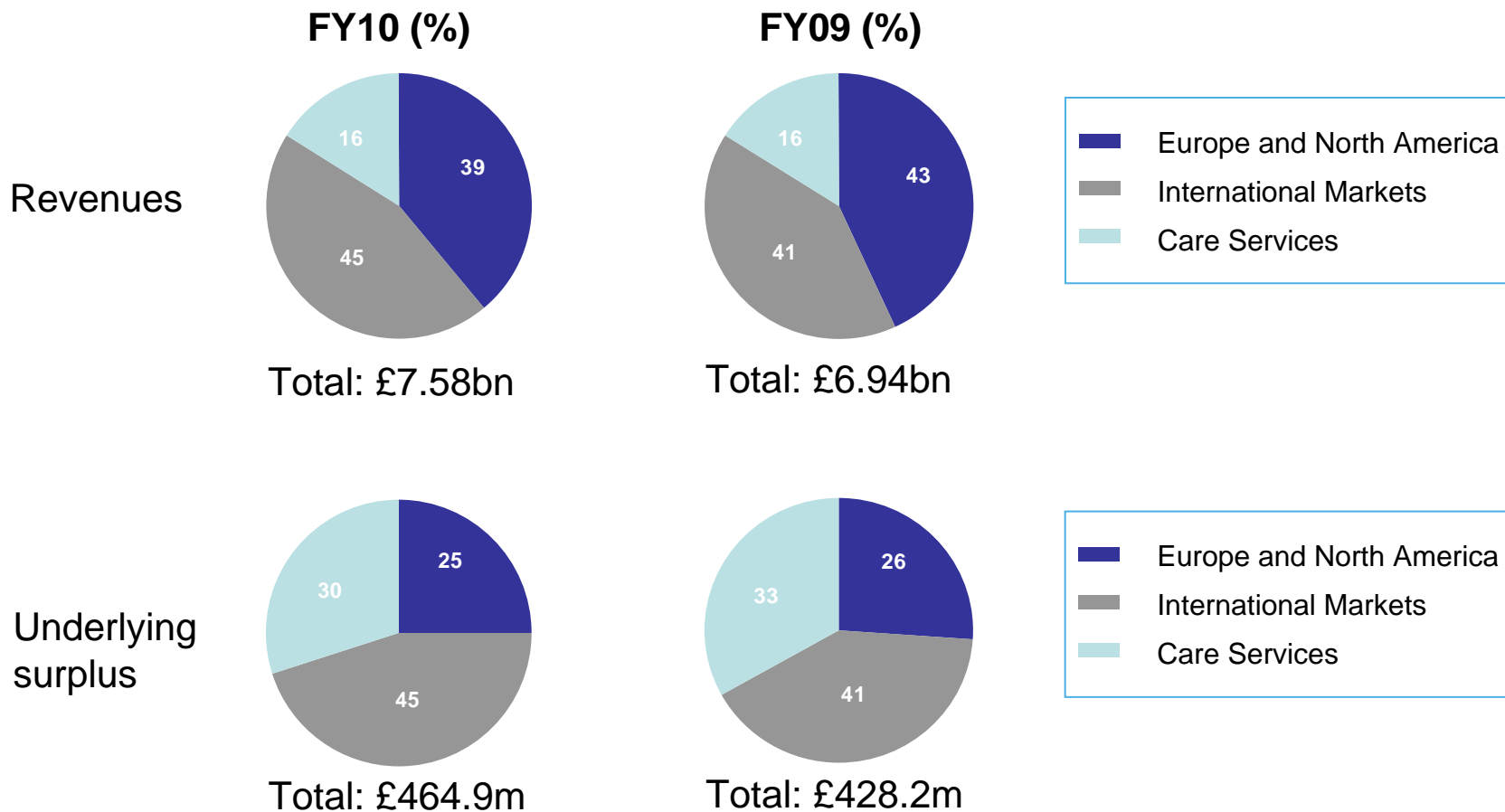


FY 2010 highlights

- Good trading performance in FY 2010
 - revenues up 9%
 - underlying surplus up 9%
 - statutory surplus down 72% primarily due to goodwill impairments

- Major operational highlights:
 - Customer numbers up to 11.2m
 - Strong growth in Australia and Middle East
 - Integration of MBF completed; synergies realised
 - Profitability up in BHW due to increased margins and restructuring programme
 - Care home profits stable notwithstanding UK public funding pressures
 - Successful refinancing of Group's bank facility
 - Divestment of non-core businesses
 - Good progress towards Solvency II compliance

Revenues and surplus by operating division



- Geographic diversification
- Continued strong presence of International Markets division



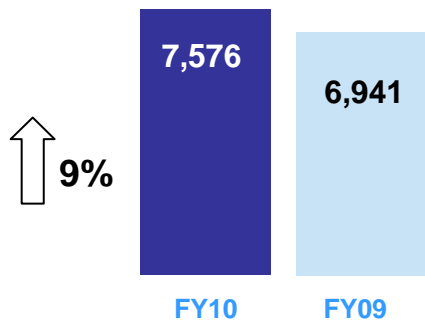
Agenda

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 II
3. Strategy and Outlook Ray King, Chief Executive

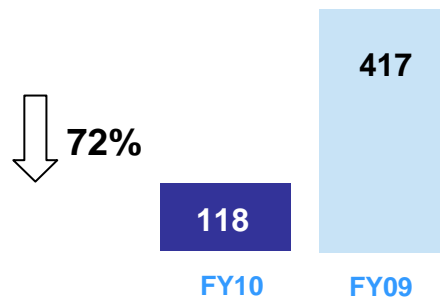


FY 2010 financial overview

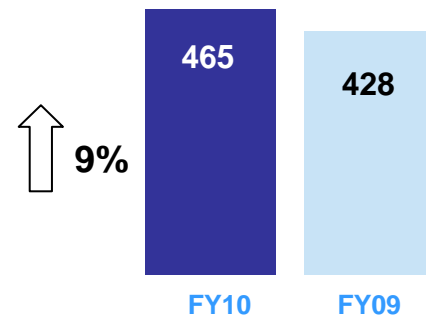
Revenues (£m)



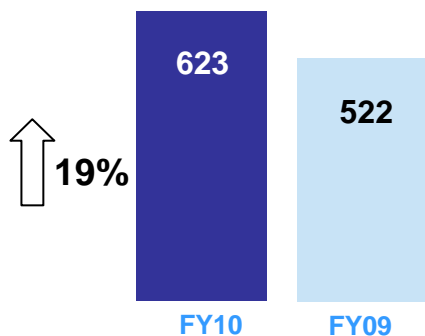
Surplus (£m) ⁽ⁱ⁾



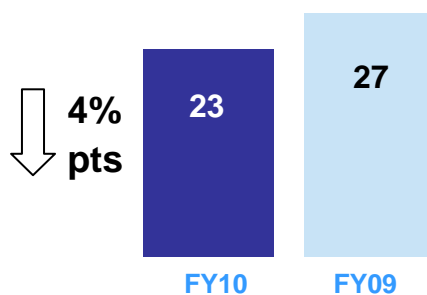
Underlying surplus (£m) ⁽ⁱ⁾



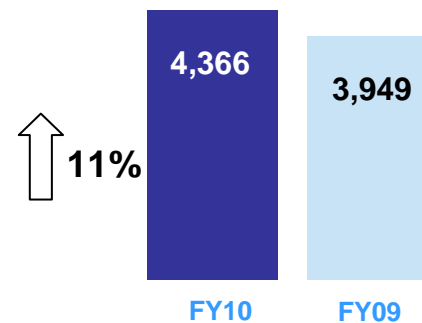
Net cash generated from operating activities (£m)



Leverage ⁽ⁱⁱ⁾ (%)



Equity attributable to Bupa (£m)



(i) Before taxation expense

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

Underlying surplus

	FY10 £m	FY09 £m	Change
Statutory surplus before taxation expense	118.0	416.5	(72%)
Impairment of goodwill arising on business combinations	249.2	-	
Amortisation and impairment of intangible assets	52.4	54.2	
Deficit arising on revaluation of property	35.1	16.2	
Loss/(profit) on sale of businesses and assets	18.1	(20.0)	
Gain on return seeking assets	(13.2)	(52.2)	
Other items	5.3	13.5	
Underlying surplus before taxation expense	464.9	428.2	9%

- Underlying surplus up 9%
- Surplus impacted by several one-off items, particularly goodwill impairments
- Impairments to Health Dialog and Bupa Home Healthcare due to sustained weak economic conditions and uncertainty over healthcare reforms in the US and UK
- Impairment to The Bupa Cromwell Hospital following additional redevelopment costs
- Charge to surplus following care homes property revaluation more than offset by gains reflected in the balance sheet

Financial income and expenses

	FY10 £m	FY09 £m
<i>Financial income before return seeking assets and FX</i>	85.8	75.1
<i>Net FX gain / (loss)</i>	(0.7)	(11.1)
<i>Return seeking asset performance (including FX hedging)</i>	<u>13.2</u>	<u>52.2</u>
Financial income	98.3	116.2
Financial expenses	(79.2)	(67.5)
Net financial income / (expenses)	19.1	48.7
Net financial income / expenses (excluding return seeking asset performance)	5.9	(3.5)

- Improved financial income from cash due to higher AUD interest rates
- Lower gains on the return seeking asset portfolio than 2009
- Higher financial expense due to full year effect of £350m bond issue in 2009

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 II

3. Strategy and Outlook Ray King, Chief Executive

Europe and North America - FY 2010 Financials

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

	FY10 £m	FY09 £m	Change (%)
Revenues	2,999.5	2,975.2	1
Surplus	116.7	102.6	14

- Divisional revenues and surplus increased in difficult economic conditions
- BHW UK: Revenues and surplus up and margins improved
Bupa Health Assurance sold 31 Jan 2011
- Sanitas: Increased revenues and surplus; new product launches and efficiencies
- Health Dialog: Surplus down and action taken to reduce costs and retain key clients in tough US environment
- Scandinavia: Insurance book closed to new business following a strategic review

International Markets - FY 2010 Financials

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

	FY10 £m	FY09 £m	Change (%)
Revenues	3,394.0	2,831.4	20
Surplus	208.9	166.5	25

- Divisional revenues and surplus up primarily due to strong growth in Bupa Australia and FX movements
- Bupa Australia: Revenues and surplus increased due to higher membership, FX, improved loss ratio and further integration synergies
- Bupa International: Marginal decline in customers but early 2011 indications positive
- Bupa Hong Kong: Revenues and surplus increased as customer numbers grew 12%
- Bupa Thailand: Good surplus and customer growth despite political instability
- Bupa Latin America: Revenues and surplus increased consolidating its position as the largest international health insurer in the region
- Max Bupa India: Launched in March with offices in 9 cities
- Bupa Arabia: Increased surplus as customer numbers rose 19%



Care Services - FY 2010 Financials

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

	FY10 £m	FY09 £m	Change (%)
Revenues	1,182.9	1,134.3	4
Surplus	139.7	138.7	1

- Divisional revenues and surplus continued to increase despite a challenging environment
- Occupancy stable at 88% and customer satisfaction levels remain very high
- UK: Revenues up, performance maintained despite low fee increases; occupancy 88% (2009: 88%)
- Australia: Revenues and surplus increased; occupancy remained high at 94% (2009: 96%)
- New Zealand: Revenues and surplus increased due to rising occupancy and lower use of agency staff; occupancy 94% (2009: 92%)
- Spain: Revenues and surplus increased due to rising occupancy and good cost management; occupancy 81% (2009: 80%)



Agenda

1. Introduction and Highlights Ray King, Chief Executive

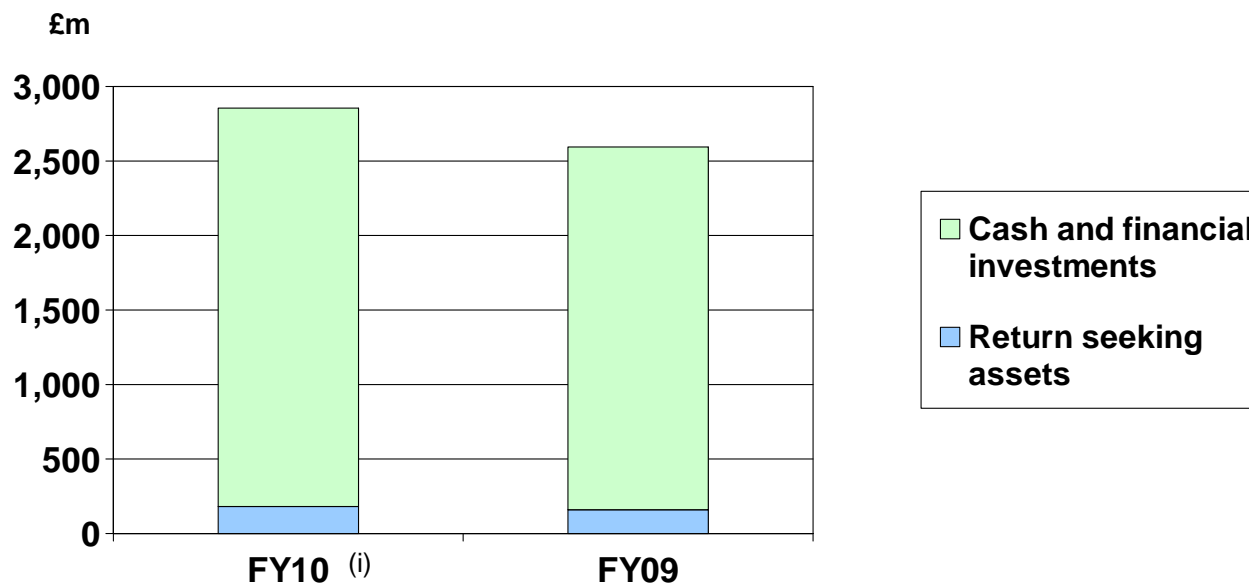
2. Financial Review Tom Singer, Group Finance Director
 - 2.1 Group financial review
 - 2.2 Segmental results
 - 2.3 Cash, debt and solvency II

3. Strategy and Outlook Ray King, Chief Executive

Cash generated from operating activities

	FY10 £m	FY09 £m	Change (%)
Surplus before taxation expense	118.0	416.5	
Net financial income	(19.1)	(48.7)	
Depreciation, amortisation and impairment	449.4	193.3	
Other non-cash items	54.5	2.4	
Increase in provisions and other liabilities under insurance contracts issued	80.1	62.1	
Increase in assets under insurance contracts issued	(19.5)	(34.1)	
Increase / decrease in net pension asset / liability	(33.0)	(32.7)	
Increase in trade and other receivables and other assets	36.4	20.5	
Increase in trade and other payables and other liabilities	65.7	5.9	
Cash generated from operations	732.5	585.2	25%
Income tax paid	(105.1)	(75.2)	
(Increase) / decrease in cash held in restricted access deposits	(4.2)	12.3	
Net cash generated from operating activities	623.2	522.3	19%

Cash and investment portfolio



- Increase in cash due to growing businesses and favourable FX movements
- Conservative investment portfolio
- Approx. 86% of portfolio held in investments at AA- / Aa3 or better
- £185m return seeking asset portfolio; equivalent to 7% of Group cash and investments

(i) Excludes £173.6m of BHA cash and investments which were designated as 'assets held for sale' at FY10

Borrowings

	FY10 £m	HY10 £m	FY09 £m
Bank borrowings	192	243	408
£350m senior bond due 2016	360	360	360
£330m hybrid bond	377	387	358
£235m care homes securitisation due 2029 / 2031	238	238	238
£50m debenture due 2014	57	58	59
Other borrowings	65	64	68
Gross borrowings	1,289	1,350	1,491

%	FY10	HY10	FY09	HY09
Leverage ⁽ⁱ⁾	23	25	27	31
Leverage ⁽ⁱⁱ⁾	16	18	21	24

- Continued focus on repayment of bank borrowings during 2010
- New bank facility negotiated 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 II

- Full Solvency II programme established
- Successful completion of QIS-5 exercise
- Continued strong lobbying on shape of regulation
- Designing a pragmatic and proportionate solution for Bupa
- Support direction of new regulation

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 II

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 reach and reputation provides strong platform for growth

Focus

- Markets where Bupa can develop and sustain strong positions
- Become a healthcare partner in all of our relationships to aid differentiation
- Continued prudent financial management

Political and regulatory landscape



- **UK:** Undertaking the most radical change in decades
 - Action to reduce the Budget deficit
 - Health and Social Care Bill published on the reform of the NHS
 - Commission on Funding of Care and Support launched



- **US:** Healthcare provision to ensure 95% of population covered
 - Obama healthcare reform bill passed March 2010
 - Healthcare provision expands to cover 32m more people (£627bn / 10 yrs)
 - Outlook for chronic disease management services looks promising



- **Australia:** Hung Parliament, first in 60 years
 - Labour party forms a minority government in coalition with a few independents
 - May attempt to reduce PHI tax benefits (although 45% of population has PHI)

Current operating priorities

Europe and North America

- **BHW UK:** Focus on efficiencies; NPD and more proactive condition management
- **Sanitas:** Distinctive programmes for key segments / conditions (eg, sport, oncology), Dental
- **Health Dialog:** Capitalise on healthcare reform; deploy capability in Bupa operations in Spain, Australia, UK
- **Bupa Cromwell Hospital:** Commence significant redevelopment; focus on acquiring / retaining best consultants

International Markets

- **Bupa Australia:** Differentiation to spur customer growth, further synergies
- **Bupa International:** Efficiency gains; increase flexibility of operating model e.g. greater regionalisation
- **Latin America:** Operational efficiency; increase onshore presence to unlock potential in Latam IPMI
- **Hong Kong / Thailand:** NPD to differentiate from multi-line competitors and grow membership base
- **India:** Continue to grow membership base; develop multi-channel distribution model

Care Services

- **Division:** Increase bed capacity via extensions and new builds, focus on dementia
- **UK:** Prudent cost control to limit impact of radical healthcare reform; strengthen dementia care offering
- **Spain:** Grow occupancy levels, particularly in new homes
- **Australia / New Zealand:** Deliver higher quality, person centred care; significant new build programme
- **Bupa Home Healthcare:** Growth in core markets; respond to NHS developments

Outlook: Clear opportunities despite challenging backdrop

- Bupa well positioned to grow given international scale, trusted brands, excellent market positions and strong balance sheet
- With continued economic growth in Asia Pacific and Latin America, we anticipate strong momentum in these markets
- Unemployment in US and Europe will impact our insurance related businesses, but we will continue to invest to differentiate and grow
- In Care Services, Australia and New Zealand will continue to perform well. In the UK, while long term trends are good, we expect some short term pressure on aged care funding
- Overall, the long term drivers of growth remain strong, creating demand for our products



Full Year Results Presentation
12 months ended 31 December 2010

Questions and Answers

www.bupa.com



The Bupa Group structure

Bupa Group			
Divisions	Europe and North America	International Markets	Care Services
	Business Units	Bupa Health and Wellbeing UK	Bupa Australia
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	

