



13 MARCH 2012

FULL YEAR RESULTS PRESENTATION

12 MONTHS ENDED 31 DECEMBER 2011

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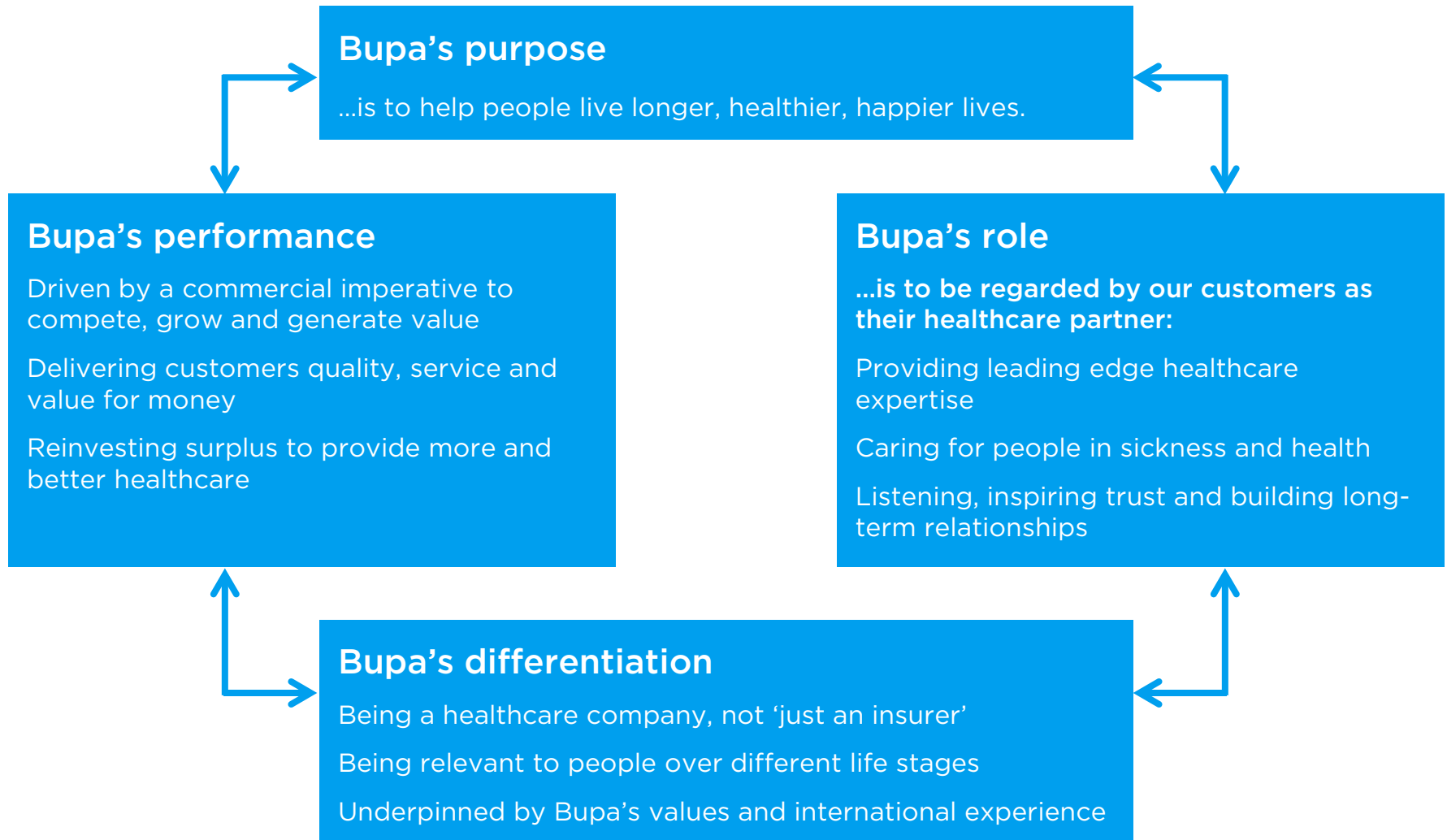
AGENDA

1 Introduction and Highlights
Ray King, 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
Ray King, Chief Executive
-

BUPA: FROM PURPOSE TO PERFORMANCE



GROUP STRATEGIC CONTEXT AND FOCUS

2011 FULL YEAR RESULTS PRESENTATION

Market context

- Long-term trends in chronic disease and demographics underpin growth
- People want more choice and control over their healthcare
- Continued pressure on government budgets

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 – “not 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 selected high growth economies in Asia and Latin America
- Be seen as a healthcare partner by our customers to aid differentiation
- Continued prudent financial management

Economic

- Continued ‘world of two halves’: stronger growth in Asia Pacific/Latin America vs the USA and Europe
- Economic uncertainty in the wake of sovereign debt issues
- Pressure on governments impacting Bupa businesses e.g. UK and Spain

Political/regulatory



UK

- Squeezed funding of aged care due to government cuts
- Long term funding being reviewed – Dilnot
- Helpful OFT market study into private healthcare provision market



Spain

- New government in place, needing to get to grips with budget cuts
- Pressure for increased taxes



Australia

- Government pushes healthcare reform: future means-testing for 30% PHI rebate

- Good growth in 2011 with a strong international performance
 - revenues up 6%
 - underlying surplus up 20%
 - surplus before tax up 86% including impairments to goodwill and intangible assets

- Major operational highlights:
 - Overall customer numbers up 3% to 10.8m ⁽¹⁾
 - Strong results in Australia, Asia and the Middle East
 - Good performance in European PMI businesses despite difficult economies
 - Care home profits up notwithstanding UK government funding pressures
 - Chronic disease management market challenging: Health Dialog goodwill fully impaired
 - Continued strong levels of capital investment
 - Acquisition of a leading hospital in Barcelona
 - Substantial brand investments
 - Faster I.T. developments, significant investment in web

AGENDA

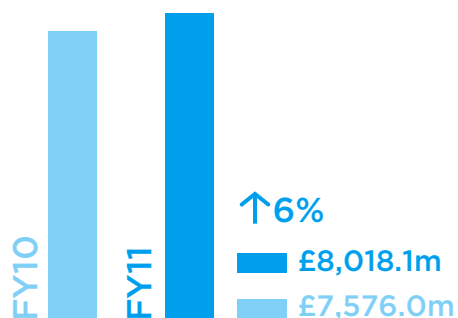
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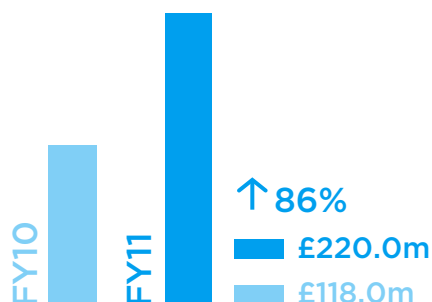
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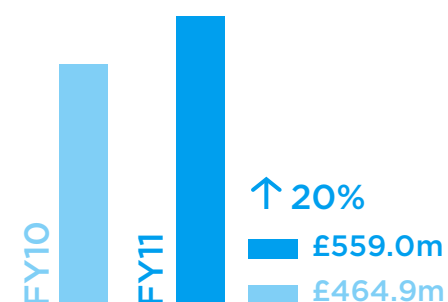
REVENUES (£M)



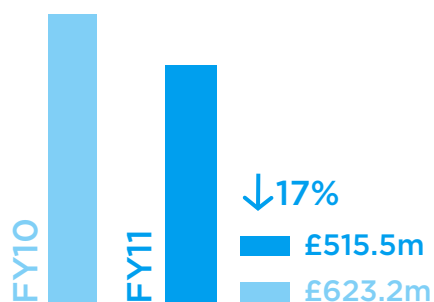
SURPLUS (£M)^(I)



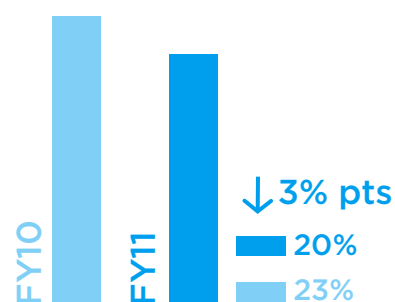
UNDERLYING SURPLUS (£M)^(I)



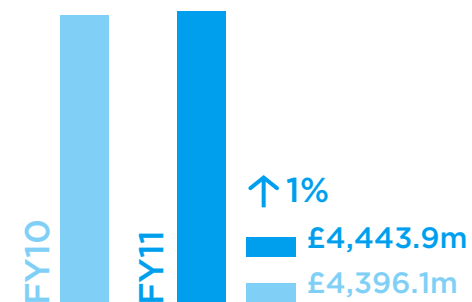
NET CASH GENERATED FROM OPERATING ACTIVITIES (£M)



LEVERAGE^(II) (%)



NET ASSETS (£M)^(III)



(I) Before taxation expense

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

(III) 2010 restated

UNDERLYING SURPLUS

2011 FULL YEAR RESULTS PRESENTATION

	FY11 £m	FY10 £m	Change
Underlying statutory surplus before taxation	559.0	464.9	20%
Exclude:			
Impairment of goodwill and intangible assets arising on the acquisition of Health Dialog	(241.1)	(158.8)	
Impairment of MBF brand	(57.3)	0.0	
Other goodwill impairment	0.0	(90.4)	
Other intangible assets impairment	(1.1)	(17.7)	
Amortisation of intangible assets arising on acquisition	(34.9)	(34.7)	
Impairment arising on revaluation of property	(17.5)	(35.1)	
Profit/(loss) on sale of businesses	0.3	(18.1)	
Gain on return seeking assets	6.6	13.2	
Other items	6.0	(5.3)	
Surplus before taxation	220.0	118.0	86%

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INTERNATIONAL MARKETS

- FY 2011 FINANCIALS

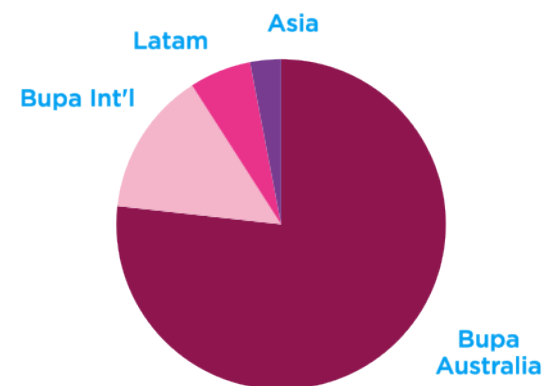
Bupa Australia, Bupa International, Bupa Latin America, Bupa Hong Kong, Bupa Thailand, Max Bupa India, Bupa Arabia

	FY11 £m	FY10 £m	Change (%)
Revenues	3,874.3	3,394.0	14
Surplus	283.4	208.5	36

N.B. 30% increase excluding FX

- Excellent performance with divisional revenues and surplus up
- Bupa Australia: Revenues and surplus up with strong growth in customer numbers
- Bupa International: Revenues and surplus increased, strong increase in corporate customers
- Bupa Latin America: Revenues and customer numbers increased
- Bupa Hong Kong: Strong performance; revenues, surplus and customer numbers up
- Bupa Thailand: Good growth in customer numbers, strong revenues
- Max Bupa, India: Completed first full year, significant increase in customer numbers
- Bupa Arabia: Robust growth, increase in customer numbers

REVENUES BY BUSINESS UNIT



EUROPE AND NORTH AMERICA – FY 2011 FINANCIALS

2011 FULL YEAR RESULTS PRESENTATION

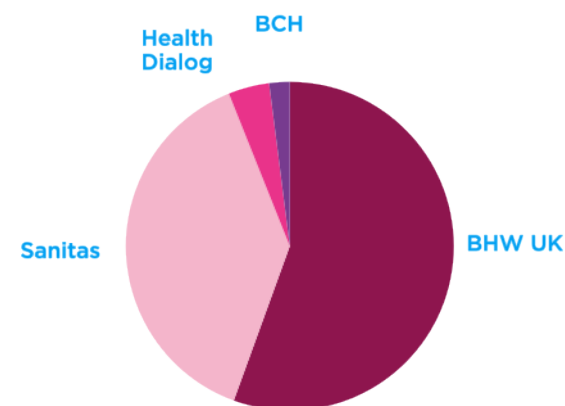
Bupa Health and Wellbeing UK, Sanitas, Health Dialog, The Bupa Cromwell Hospital, Bupa Scandinavia

	FY11 £m	FY10 £m	Change (%)
Revenues	2,933.7	2,999.5	(2)
Surplus	141.7	116.4	22

*N.B. 21% increase
excluding FX*

- Bupa Health and Wellbeing: Profitability up, strong customer retention
- Sanitas: Strong performance, focus on cost control
- Health Dialog: Focus on operating costs and retaining existing clients
- Bupa Cromwell Hospital: Increased revenues; major investment project at the hospital now underway
- Bupa Scandinavia: Closure of business; almost all customers transferred to other providers

REVENUES BY BUSINESS UNIT



CARE SERVICES

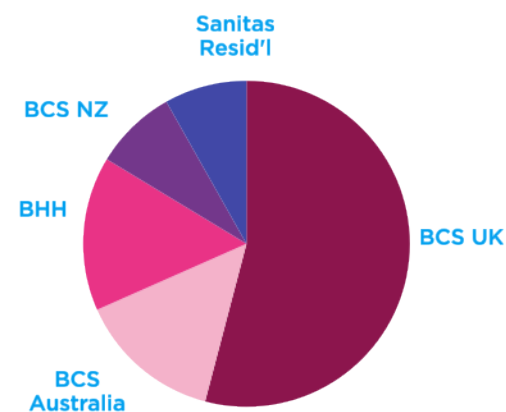
- FY 2011 FINANCIALS

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

	FY11 £m	FY10 £m	Change (%)	
Revenues	1,203.7	1,182.9	2	
Surplus	146.7	139.7	5	<i>N.B. 2% increase excluding FX</i>

- Divisional revenues and surplus continued to increase despite a challenging environment. Strong performance in Australia, NZ and Spain
- Bupa UK Care Homes: Revenues maintained, occupancy marginally down
- Bupa Home Healthcare: Careful management of cost base
- Australia: Revenues and surplus increased; occupancy remained high
- New Zealand: Excellent occupancy levels, strong growth supported by robust cost management

REVENUES BY BUSINESS UNIT



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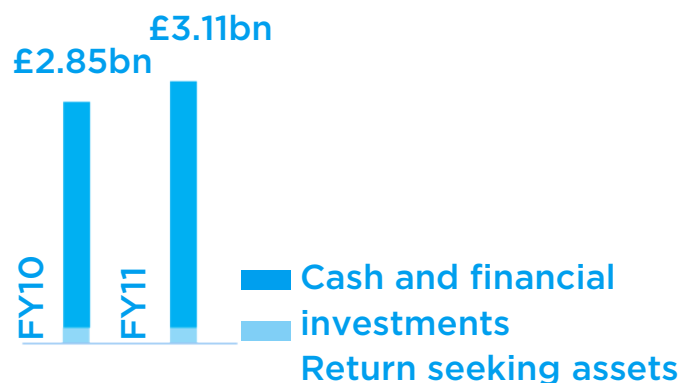
CASH GENERATION

2011 FULL YEAR RESULTS PRESENTATION

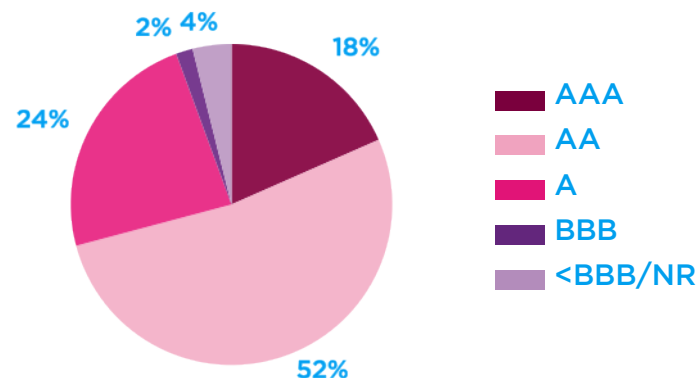
	FY11 £m	FY10 ⁽¹⁾ £m
Surplus before taxation expense	220.0	118.0
Financial income	(95.0)	(98.3)
Financial expense	74.5	79.2
Depreciation, amortisation and impairment	493.5	449.4
Other non-cash items	23.9	54.5
Changes in working capital and provisions/Other	(91.7)	125.5
Income tax paid	(109.7)	(105.1)
Net cash generated from operating activities	515.5	623.2
Capital expenditure	(211.1)	(171.2)
Net acquisitions/disposals of businesses	154.4	108.5
Net interest income received/paid	(1.6)	(3.7)
Other	8.4	8.7
Cash available for repayment of borrowings	465.6	565.5
Repayment of borrowings	(205.4)	(223.9)
<i>Reclassification of BHA cash and financial investments to available for sale</i>	<i>0.0</i>	<i>(173.6)</i>
Net increase in cash and financial investments	260.2	168.0
Closing cash and financial investments	3,111.5	2,851.3

(1) 2010 restated

CASH AND INVESTMENT PORTFOLIO



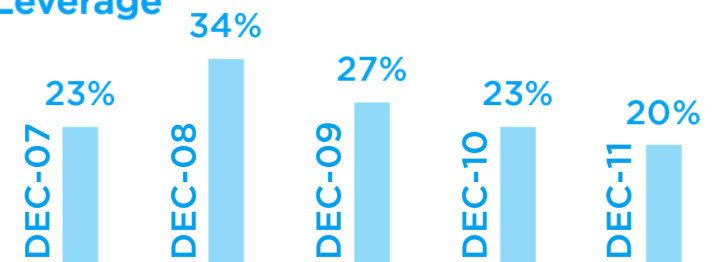
FY11 CASH AND INVESTMENTS BY CREDIT RATING (%)



- £3.1bn Group cash and financial investments
- Increase in cash due to growing businesses and favourable FX movements
- Conservative investment portfolio
- Approximately 70% of portfolio held in investments rated \geq AA-/Aa3 by 1 or more agency
- £179m return seeking asset portfolio; equivalent to 6% of Group cash and investments

	FY11 £m	FY10 £m
Borrowings under £900m facility	0	192
£350m senior bond due 2016	361	360
£330m hybrid bond (perpetual)	413	377
£235m care homes securitisation due 2029 / 2031	238	238
£50m debenture due 2014	55	57
Other borrowings	61	65
Total borrowings	1,128	1,289

Leverage



- £900m revolving credit facility fully undrawn at FY 2011
- Leverage down to 20%

- Despite slippage in the regulatory timeline to 2014, momentum is being maintained
- Aim to have most solutions delivered by the end of 2012 and will refine through 2013
- Starting to see the business benefits of the programme
- Successful participation in EIOPA stress test
- Working closely with UK and Spanish regulators
- In our assessment we are, and will be, comfortably solvent under published Solvency II measures

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Europe & North America

-  **BHW:** Drive growth in SME and increase influence over patient journey to drive down claims cost and support affordable pricing. Strong NPD pipeline
-  **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 achieve cost leadership and capture market share under the Bupa brand
-  **Bupa Int'l:** Target SME and Individual through a regionalised model to grow in an increasingly competitive market
-  **Latam:** Invest to grow distribution in selected markets
-  **Hong Kong:** Focus on product innovation and digital to drive continued growth in a market dominated by large, multi-line insurers
-  **Thailand:** Invest in sales and marketing to accelerate growth
-  **Arabia:** Focus on expanding distribution and building brand/healthcare credentials
-  **Max Bupa:** Focus on developing its multi-channel distribution network
-  **China:** Grow IPMI proposition and exploring opportunities in domestic market

Bupa Care Services

-  **BCS UK:** Focus on operating efficiency, maintaining quality of service and increasing private pay mix. 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 build
-  **Home Healthcare:** Continue to develop opportunities with NHS customers

- The long term drivers of healthcare create an excellent opportunity for growth and Bupa has the skills, footprint and brand to capitalise on them
- We will continue to deepen our presence in our established markets, seeking to differentiate Bupa as a healthcare partner to our customers while investing to grow in Asia and Latin America
- We expect the Group to continue to grow revenues and surplus in 2012 notwithstanding challenging economic conditions in the UK and Spain

QUESTIONS AND ANSWERS

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 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		