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ASX ANNOUNCEMENT

30 August 2017

RAMSAY HEALTH CARE REPORTS 13.0% RISE IN FULL YEAR CORE EPS AND 12.7% RISE IN CORE NET PROFIT

Financial Highlights

- Core net profit after tax[1] (Core NPAT) up 12.7% to $542.7 million
- Core earnings per share[2] (Core EPS) up 13.0% to 261.4 cents
- Group:
  - Revenue up 0.2% to $8.7 billion (up 4.1% in constant currency)
  - EBIT up 5.2% to $943.4 million
- Australia/Asia:
  - Australia revenue up 7.0% to $4.7 billion
  - Australia EBIT up 13.6% to $649.6 million
  - Equity accounted share of Asian joint venture net profits of $13.1 million, up 31.9%
- France:
  - Revenue up 0.3% to €2.2 billion
  - EBITDAR up 0.5% to €448.3 million
- United Kingdom:
  - Revenue up 4.6% to £449.2 million
  - EBITDAR up 1.7% to £113.9 million
- Final dividend 81.5 cents fully franked, up 13.2% on the previous corresponding period, bringing the full-year dividends to 134.5 cents fully franked, up 13.0%

Overview

Ramsay Health Care today announced a Core Net Profit After Tax of $542.7 million for the year ended 30 June 2017, a 12.7% increase on the previous corresponding period.

Core NPAT delivered Core EPS of 261.4 cents for the year, an increase of 13.0% on the 231.4 cents recorded in the previous corresponding period.

Directors have announced a fully-franked final dividend of 81.5 cents, up 13.2% on the previous corresponding period, taking the full year dividend to 134.5 cents fully-franked, up 13.0% on the prior year. The dividend Record Date is 6 September 2017 with payment on 28 September 2017. The Dividend Reinvestment Plan will remain suspended.

The Company's statutory reported net profit after tax (after net non-core items) of $488.9 million was up 8.6% on the prior year.

[1] *Before non-core items*
[2] *Core net profit after CARES dividends*

Commentary on Results

Ramsay Health Care Managing Director Craig McNally said growth in admissions and procedural volumes in Ramsay's Australian business ensured it delivered another year of strong revenue and EBIT growth, while its international businesses performed well, given challenging tariff environments.

Mr McNally said: "Australia remains the powerhouse of our business and delivered another year of impressive earnings growth, driven by strong demand and our brownfield developments. We continue to invest heavily in this market, expanding and improving the quality of our facilities to ensure we are well-placed to meet the demands of an ageing and growing population. This year was no different, with close to $500 million worth of projects either completed or commenced during the period including the opening of two brand new facilities: The Southport Private Hospital on the Gold Coast and the Border Cancer Centre in Albury.

"Globally, there are currently $385 million in projects under construction and due to complete over the next two years. Major expansions are underway at St Andrew's Private Hospital in Ipswich, Albert Road Clinic in Melbourne, Warners Bay Private Hospital in Newcastle and the new Northside Clinic in Sydney. We will open the new Croydon Day Surgery in the UK in September 2018. There remains no shortage of development opportunities and the strength of the pipeline means we are well-placed to meet future demand."

He said the Company's European businesses had delivered results in accordance with expectations demonstrating resilience in what are challenging tariff environments for the near term. "A strong focus on operational efficiencies in both regions ensured that in local currency EBITDAR growth was achieved during the period. In France, Ramsay Generale de Sante (RGdS) generated an increase in EBITDAR over the corresponding period of 0.5% to €448.3 million and in the UK EBITDAR increased 1.7% to £113.9 million. In both these markets we continue to focus on achieving volume growth and controlling costs.

"Ramsay's Malaysian and Indonesian facilities (part of a joint venture with Sime Darby) continue to perform well in challenging circumstances thanks to a focus on cost controls.

"Our procurement strategy continues to track to expectations in terms of delivering significant savings."

Mr McNally said across all Ramsay's existing markets there was exciting potential for out-of-hospital growth opportunities in adjacent businesses including retail pharmacy.

"The Ramsay pharmacy franchise network is expanding and is on track to total 55 retail pharmacies once current contracts are completed. These pharmacies are providing a base for the provision of medication management and other integrated care services to our patients beyond the hospital walls. In the past year we have opened four 24/7 community pharmacies which are located in our major hospitals. In the meantime, our existing hospital pharmacy dispensing business continues to perform well."

Balance Sheet, Cash Flow & Refinancing

Ramsay's robust balance sheet and strong cash flow generation continue~~s~~ to provide us with the flexibility to fund the continuing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs. At 30 June 2017, the Group Consolidated Leverage Ratio was 2.2 times, well within our internal parameters.

In November 2016, Ramsay and its wholly owned subsidiaries restructured their existing A$, GBP and Euro senior debt facilities, into new Syndicated Debt Facility Agreements. The new Agreements provide Ramsay with significantly improved terms and conditions, particularly lower margins and extended maturity in respect of the GBP and Euro debt facilities, increased flexibility to fund future growth initiatives, improved access to offshore debt markets and improved access to additional debt funding, provided financial and other undertakings are satisfied.

Additionally, on 11 August 2017, RGdS successfully completed an Amend and Extend of its senior debt facilities, achieving improved terms and conditions, including a 2 year extension of maturity date to 3 October 2022.

Outlook

Mr McNally said attractive demographic sector fundamentals combined with Ramsay's geographic, casemix and reimbursement diversification as well as consistent execution of Company strategy, would underpin future growth for the organisation.

"I remain committed to our focused strategy of organic growth, financially disciplined acquisitions, expansion of our existing business through brownfield developments and pursuing public/private collaborations where they make sense.

"Ramsay is expanding and developing our hospital business across the world to meet the ageing and growing population and the strength of our development pipeline gives us confidence that we can meet this demand."

"We expect strong growth in our Australian hospital business to continue in FY18 fuelled by ongoing growth in hospital utilisation rates as well as uplift from our brownfield development programme.

"In international markets, we are looking forward to the increase in tariff in the UK scheduled for April 2018 and in France, the election of the new government has seen an uplift in business and consumer sentiment, which bodes well for the future in that country.

"There is also increasing potential for out-of-hospital growth opportunities in adjacent businesses like retail pharmacy, across all markets in which we operate. We will continue to seek opportunities to broaden our care beyond hospitals to deliver integrated care across an increasingly disperse ecosystem.

"Importantly, we remain committed to delivering excellent healthcare to over three million patients each year and ensuring that our 60,000 staff have access to career enhancement and learning and development opportunities. I wish to thank the entire Ramsay team and the doctors who work with us for their ongoing dedication and commitment to our patients and Ramsay Health Care as we continue to achieve enormous success together.

"Based on operating conditions in each of our core markets, continued successful execution of our strategy, and barring unforeseen circumstances, Ramsay is targeting Core EPS growth of 8% to 10% for FY18."

Contacts:

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Attachment: Summary of Financial Performance.

Attachment:

Summary of Group Financial Performance
Year Ended 30 June
$ millions

	FY2017	FY2016	% Increase
Net Profit After Tax (NPAT)			
Operating revenue	8,705.4	8,684.1	0.2%
EBITDAR	1,705.9	1,669.4	2.2%
EBITDA	1,313.9	1,268.9	3.5%
EBIT	943.4	897.1	5.2%
Core NPAT attributable to members of the parent (1)	**542.7**	**481.4**	**12.7%**
Net non-core items, net of tax (3)	(53.8)	(31.1)	
Statutory Reported NPAT	488.9	450.3	8.6%
Earnings Per Share, (EPS) cents, attributable to members of the parent			
Core EPS (2)	**261.4**	**231.4**	**13.0%**
Statutory Reported EPS	234.9	216.1	8.7%
Dividends Per Share, cents			
Final dividend, fully franked	81.5	72.0	13.2%
Full-year dividends, fully franked	134.5	119.0	13.0%

Notes

(1) 'Core NPAT attributable to members of the parent' is before non-core items and from continuing operations. Générale de Santé has been consolidated from the acquisition date of 1 October 2014. The non-controlling interest's share of Générale de Santé NPAT has been removed in arriving at the Core NPAT attributable to members of the parent.

(2) 'Core EPS' is derived from core net profit after CARES dividends.

(3) Refer to Appendix 4E Note (a)(i) Reconciliation of net profit attributable to owners of the parent to core profit (segment result).