ASX ANNOUNCEMENT

28 February 2019

RAMSAY HEALTH CARE PERFORMANCE IN LINE WITH EXPECTATIONS. REAFFIRMS FULL YEAR GUIDANCE

Financial Highlights

- Core net profit after tax[1] (Core NPAT) up 1.0% to $290.8 million
    - Excluding Capio acquisition, Core NPAT up 1.8% to $293.2 million
- Core earnings per share[2] (Core EPS) up 1.2% to 140.6 cents
    - Excluding Capio acquisition, Core EPS up 1.9% to 141.7 cents
- Group:
    - Revenue up 14.9% to $5.1 billion[3] (ex Capio Revenue up 6.1%)
    - EBITDA up 9.8% to $728.6 million (ex Capio EBITDA up 7.2%)
- Australia/Asia:
    - Australia Revenue up 4.8% to $2.6 billion
    - Australia EBITDA up 5.7% to $484.6 million
    - Equity accounted share of Asia joint venture net profits up 29.4% to $11.0 million
- United Kingdom:
    - Revenue up 1.6% to £209.6 million[3]
    - EBITDAR down 9.2% to £44.8 million
- Continental Europe (inc Capio since 7 November 2018)
    - Revenue up 25.7% to €1.3 billion
    - EBITDAR up 19.1% to €231.3 million
- Interim dividend 60.0 cents fully franked, up 4.3% on the previous corresponding period

Overview

Ramsay Health Care today announced a Group Core Net Profit After Tax (Core NPAT) of $290.8 million for the six months to 31 December 2018, a 1.0% increase on the previous corresponding period. Excluding the Capio acquisition, Core NPAT increased 1.8% to $293.2 million.

Core NPAT delivered Core EPS of 140.6 cents for the half year, an increase of 1.2% on the 139.0 cents recorded in the previous corresponding period. Excluding the Capio acquisition, Core EPS increased 1.9% to 141.7 cents.

The Company's statutory net profit after tax, attributable to members of the parent (after adjusting for net non-core items after tax) of $270.1 million, up 9.6% on the prior half.

Directors are pleased to announce a fully-franked interim dividend of 60.0 cents, up 4.3% on the previous corresponding period. The dividend Record Date is 7 March 2019 with payment on 29 March 2019.

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[1] *Before net non-core items*
[2] *Core net profit after CARES dividends*
[3] *Revenue stated on a like for like basis excluding AASB15 uplift adjustment of £33.9million/$60.8million*

Commentary on Results

Ramsay Health Care Managing Director Craig McNally said the Company was on track to deliver on its guidance for FY'19 after an overall solid first half performance.

"Our Australian operations delivered 5.7% overall EBITDA growth on the previous corresponding period on the back of volume growth and an ongoing focus on achieving operational efficiencies.

"In the UK, while Q1 was challenging and impacted overall earnings for H1, there were good signs of recovery in NHS volume growth in Q2 and we are optimistic this will continue into H2 FY'19. We are also anticipating a positive announcement regarding the 1 April 2019 tariff."

He said the acquisition of Capio contributed to Ramsay Générale de Santé (RGdS) from 7 November 2018 resulting in increased revenue (up 25.7%) and EBITDAR (up 19.1%) performance.

Excluding Capio, RGdS delivered a half year result which was above expectations, with revenue up 2.5% and EBITDAR up 5.3%.

"Since the commencement of RGdS ownership, Capio contributed an operating result (EBIT) of $1.9 million to the Ramsay Group, which translated into a negative Core NPAT result of $2.4 million, after factoring in interest costs from Capio's debt and interest expense associated with the debt funding of this acquisition.

"While Capio had a dilutionary impact on Core NPAT in its first weeks of ownership, we are in the early stages of establishing and implementing our integration plan and we are confident that synergies will be realised. In the short term we are focused on prioritizing the new executive governance structure for Capio, harmonizing operations in France, divesting non-strategic assets and securing the relevant procurement and other identified synergies."

Strategy

Mr McNally said with the acquisition of Capio, Ramsay Health Care was delivering on its strategy of becoming a global health care operator and a 'provider system of choice' in the markets in which it operates. "We now have market leading positions in Australia, France and Scandinavia, which enables us to achieve improved economies of scale, best practice, cost leadership, speed to market, and innovation.

"The scale, diversity and quality of our portfolio across geographies and in terms of the mix of public and private provision, as well as our deep and experienced leadership, remain unique sources of differentiation for our business.

"Across the organisation we are focused on growing new and innovative services including cancer clinical trials and out-of-hospital healthcare provision including pharmacy, to deliver growth and sustainability of our business for the long term."

In respect of the Capio acquisition, Mr McNally reiterated its strategic fit with RGdS and its underlying growth fundamentals. "We have spent the first few months gaining a better understanding of this business and it is clear there are substantial synergies and opportunities. We expect Capio to be Core EPS accretive within two to three years but, given the timing of acquisition and delays to processes related to completion, we now expect it to be slightly EPS dilutive to the Ramsay Group in FY'19."

Ramsay Health Care's Australian brownfield development programme continues strongly with $151 million worth of brownfields completed in the first half including 169 gross beds (124 net beds) and 10 procedural suites. FY'19's full year forecast of completed projects is estimated to be $242 million. A further $70 million in capacity expansions were approved by the Board during the six months to 31 December 2018.

Balance Sheet & Cash Flow

Ramsay's balance sheet strength remains sound following the acquisition of Capio, and strong cash flow generation continues to provide flexibility to fund the continuing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs.

Outlook

Mr McNally said after a challenging period there were more positive signs emerging in the UK in terms of both price and volume growth. "There is some way to go in the UK, and Brexit may pose some challenges in the short term, but we are pleased that volume growth is returning and tariff looks likely to improve."

He said in France, the recently announced tariff increase was a clear positive for the sector. He said the Company would remain focused on achieving synergies related to the Capio transaction, integrating the business with RGdS and undertaking a review of non-strategic assets.

"In Australia, we maintain a market leadership position in terms of the strength and diversity of our portfolio with our focus on delivering high quality services. While there are short term challenges for the private healthcare sector, the long term outlook for the sector is positive.

"Barring unforeseen circumstances, we reaffirm our FY'19 Core EPS growth of up to 2% (including Capio)."

Contacts:

Craig McNally
Managing Director
Ramsay Health Care
+ 61 2 9220 1000

Carmel Monaghan
Chief of Staff
Ramsay Health Care
+ 61 438 646 273

Attachment: Summary of Financial Performance.

Attachment:

Summary of Financial Performance

	Half Year Ended 31 December $ millions		
	1st Half FY2019 (1)	1st Half FY2018	
	Group	**Group**	**% Increase**
Net Profit After Tax (NPAT)			
Operating revenue			
-ex AASB 15 adjustment	5,107.9	4,445.8	14.9%
-AASB 15 adjustment	60.8		
Total Operating revenue	**5,168.7**	**4,445.8**	**16.3%**
EBITDAR	977.3	872.5	12.0%
EBITDA	728.6	663.8	9.8%
EBIT	509.9	470.4	8.4%
Profit attributable to members of the parent			
Core NPAT (2)	**290.8**	**288.0**	**1.0%**
Net non-core items, net of tax (3)	(20.7)	(41.5)	
Statutory NPAT	270.1	246.5	9.6%

Earnings Per Share, (EPS) cents			
Core EPS (4)	**140.6**	**139.0**	**1.2%**
Statutory EPS	130.3	118.6	9.9%

Dividends Per Share, cents			
Interim dividend, fully franked	60.0	57.5	4.3%

Notes

(1) RGdS has consolidated the earnings of Capio since the acquisition date of 7 November 2018.

(2) 'Core NPAT' attributable to members of the parent is before net non-core items and from continuing operations. In accordance with the accounting standards Ramsay Générale de Santé (RGdS) is consolidated. The non-controlling interest's share of RGdS NPAT has been removed in arriving at the Core NPAT attributable to members of the parent.

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

(4) 'Core EPS' is derived from core net profit after CARES Dividends.