

**ASX ANNOUNCEMENT**

26 February 2015

**RAMSAY HEALTH CARE REPORTS 20.2% RISE IN FIRST HALF YEAR  
CORE EPS AND A 19.1% RISE IN CORE NET PROFIT**

Financial Highlights

- Core net profit<sup>1</sup> after tax (Core NPAT) up 19.1% to \$204.4 million
- Core earnings per share<sup>2</sup> (Core EPS) up 20.2% to 97.6 cents
- Group:
  - Revenue up 41.6% to \$3.3 billion
  - EBIT up 32.2% to \$377.8 million
- Australia/Asia:
  - Revenue up 8.8% to \$2.0 billion
  - EBIT up 12.6% to \$282.8 million
- United Kingdom:
  - Revenue up 9% to £198.1 million
  - EBIT up 9.1% to £15.5 million
- France:
  - Revenue up 437.1% to €646.1 million
  - EBIT up 542.4% to €46.0 million
- Interim dividend 40.5 cents fully franked, up 19.1% on the previous corresponding period

Overview

Australia's largest private hospital operator, Ramsay Health Care, today announced a Group Core Net Profit After Tax (Core NPAT) of \$204.4 million for the six months to 31 December 2014, a 19.1% increase on the previous corresponding period.

Group core NPAT delivered core EPS of 97.6 cents for the half year, an increase of 20.2% on the 81.2 cents recorded in the previous corresponding period.

The Company's reported net profit after tax (after deducting non-core items) of \$191.4 million was up 21.3% on the prior half.

Directors are pleased to announce a fully-franked interim dividend of 40.5 cents, up 19.1% on the previous corresponding period. The dividend Record Date is 10 March 2015 with payment on 26 March 2015.

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<sup>1</sup> Before non-core items

<sup>2</sup> Core net profit after CARES dividends

## Strategy

Ramsay Health Care Managing Director Christopher Rex said the Company had delivered another outstanding result driven by a solid operating performance in all its geographic segments as well as positive contributions from its most recent acquisitions.

“Our operations around the world are all performing solidly with volume growth at our existing facilities and growth through acquisition having a positive impact,” Mr Rex said.

“In completing our purchase of a controlling stake in Générale de Santé in October 2014, we are now a market leader in France as well as Australia and are thus very well-positioned to cater for the increasing demand for health care in these regions.

“At the same time, we continue to explore opportunities in existing and new markets and given the experience we have gained in hospital operations across the world over many years, we are confident that our management model can continue to be applied in more settings.”

## Operations

During the half year, Ramsay’s Australian and Asian business achieved revenue growth of 8.8% and EBIT growth of 12.6% on the back of strong admissions growth.

Ramsay’s UK business continues to grow well. NHS admissions increased by 12% and EBIT increased 9.1% to £15.5 million. Strong operating margins (EBITDAR) continue to be achieved in the UK.

Ramsay’s French business (Ramsay Santé and GdS combined) grew as a result of organic growth and positive contributions from Medipsy and Générale de Santé. Overall, EBITDAR increased by 596% and EBITDAR margins increased from 15.5% to 20.0%.

Ramsay Santé had an excellent half year with EBITDA increasing by 128.1% to €27.6 million due to the continued improvement of the existing operations coupled with the positive contribution from the Medipsy psychiatric facilities (acquired mid December 2013).

Admissions at Ramsay Santé’s medical/surgical hospitals were up 4% while psychiatric bed days were up 5% (on a like-for-like basis) showing demand in the French market is growing.

In its first three months Générale de Santé performed as anticipated, confirming due diligence expectations. We look forward to the value that this business will add to our French operations.

## Brownfields Capacity Expansion

Ramsay continued to focus on its capacity expansion programme, completing \$175M worth of brownfield expansions in Australia in the first half including the \$58.2 million expansion of Warringal Private in Heidelberg, Melbourne and the \$53.3 million expansion of Pindara Private on the Gold Coast, both of which were commissioned late in the reporting period.

A further \$190M brownfield developments were approved during the half with an ongoing pipeline of developments due to come on stream over the next few years.

“We anticipate ongoing growth in demand will continue to drive substantial capital investment in these facilities well into the future,” Mr Rex said.

### Acquisitions

During the half year Ramsay Health Care completed the acquisition of a controlling stake in Générale de Santé (GdS) and its 75 facilities (61 hospitals), bringing Ramsay's total portfolio in France to 115 facilities (101 hospitals), and making it the market leader in that country.

"The completion of the GdS acquisition makes Ramsay the leading private hospital operator in a country that has a well-respected health care system, an ageing demographic and a growing demand for health care services," Mr Rex said.

The Company, through its joint venture partnership with Sime Darby, has also recently announced it has signed a non-binding term sheet, with Chinese healthcare company Jinxin, to jointly operate five hospitals in the city of Chengdu, China.

The proposed joint venture involves four hospitals that Jinxin currently operates in Chengdu and a further 500 bed women's health hospital due to open in March 2015. With 2,300 beds these are premier hospitals in the region with a focus on women's health, mental health, general medical and traditional Chinese medicine.

### Balance Sheet and Cash Flow

Continuing strong and consistent operating cash flow and effective working capital management delivered a high cash conversion rate for the Group of 100% of operating profit (EBITDA) to gross operating cash flow. Ramsay's robust balance sheet and strong cash flow generation continues to provide us with the flexibility to fund the increasing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs.

### Outlook

"Our operations around the world are all performing solidly and the global demand for healthcare remains high due to population growth; increasing consumer wealth; government programmes to expand access to healthcare and an ageing population (the global population over 60 is forecast to triple by 2050)," Mr Rex said.

"Ramsay is focused on ensuring that we are capable of meeting this demand through our capacity expansion programme in our existing hospitals, and by acquiring strategically located hospitals in new and existing markets.

"The integration of Générale de Santé, growing this business, and achieving synergies and efficiencies, will be a major focus.

"I would like to thank all our staff and doctors for their ongoing contribution to our success and the excellent service they provide to our patients."

Based on the strength of the first half results and the continuation of robust growth across all our operations, and barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth of 18% to 20% for FY2015 (previously 14% to 16%) including nine months of Générale de Santé.

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Attachment: Summary of Financial Performance.

**Attachment:**

**Summary of Financial Performance**

**Half Year Ended 31 December  
\$ 000's**

	<b>1<sup>st</sup> Half FY2015</b>	<b>1<sup>st</sup> Half FY2014</b>	
	<b>Group</b>	<b>Group</b>	<b>% Increase</b>
<b><u>Net Profit After Tax (NPAT)</u></b>			
Operating revenue	3,341,214	2,360,139	41.6%
EBITDA	511,229	364,626	40.2%
EBIT	377,797	285,859	32.2%
<b>Core NPAT attributable to members of the parent (1)</b>	<b>204,409</b>	<b>171,585</b>	<b>19.1%</b>
Non-core items, net of tax (3)	(13,051)	(13,832)	
Reported NPAT	191,358	157,753	21.3%

  

<b><u>Earnings Per Share, (EPS) cents</u></b>			
<b>Core EPS (2)</b>	<b>97.6</b>	<b>81.2</b>	<b>20.2%</b>
Reported EPS	91.1	74.4	22.4%

  

<b><u>Dividends Per Share, cents</u></b>			
Interim dividend, fully franked	40.5	34.0	19.1%

**Notes**

- (1) 'Core NPAT attributable to members of the parent is before non-core items and from continuing operations. In accordance with the accounting standards Générale de Santé has been consolidated from 1 October 2014. The non-controlling interest's share of Générale de Santé NPAT (51.2%) 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) 'Non-core items, net of tax', include the non-cash portion of rent expense of \$8.2 million, net of tax, relating to the UK hospitals.