

ASX ANNOUNCEMENT

25 February 2016

**RAMSAY HEALTH CARE REPORTS 16.9% RISE IN FIRST HALF YEAR
CORE EPS AND A 16.2% RISE IN CORE NET PROFIT**

Financial Highlights

- Core net profit¹ after tax (Core NPAT) up 16.2% to \$237.4 million
- Core earnings per share² (Core EPS) up 16.9% to 114.1 cents
- Group:
 - Revenue up 24.9% to \$4.2 billion
 - EBIT up 12.7% to \$425.9 million
- Australia/Asia:
 - Australia Revenue up 7.4% to \$2.2 billion
 - Australia EBIT up 9.4% to \$302.7 million
 - Equity accounted share of Asia joint venture net profits of \$4.4 million
- United Kingdom:
 - Revenue up 2.7% to £203.4 million
 - EBIT up 9.3% to £17.0 million
- France:
 - Revenue up 57.2% to €1.0 billion
 - EBIT up 16.5% to €53.6 million
- Interim dividend 47.0 cents fully franked, up 16.0% 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 \$237.4 million for the six months to 31 December 2015, a 16.2% increase on the previous corresponding period.

Group Core NPAT delivered Core EPS of 114.1 cents for the half year, an increase of 16.9% on the 97.6 cents recorded in the previous corresponding period.

The Company's reported net profit after tax (after adjusting for non-core items) of \$224.9 million was up 17.5% on the prior half.

Directors are pleased to announce a fully-franked interim dividend of 47.0 cents, up 16.0% on the previous corresponding period. The dividend Record Date is 9 March 2016 with payment on 30 March 2016.

¹ Before non-core items

² Core net profit after CARES dividends

Strategy

Ramsay Health Care Managing Director Christopher Rex said the Company had delivered another good result.

In particular, he said the Australian business had an excellent half, recording solid organic admissions growth as well as positive contributions coming from recently opened brownfield developments.

“We are continuing to expand our facilities to meet demand and to this end, we have completed \$126 million worth of new developments so far this financial year.”

He said the rest of Ramsay’s operations around the world were all performing well with volume growth at existing facilities and growth through acquisition having a positive impact.

In December 2015, Ramsay Générale de Santé finalised the acquisition of the HPM Group of hospitals in Lille, bringing its total cluster of hospitals in Lille to 11, and giving Ramsay’s French business a strong presence in this region. Ramsay now has 124 facilities in France.

At the same time, Mr Rex said the Company was continuing to explore opportunities in existing and new markets.

“We maintain our interest in Asia and the opportunities that this region presents and are continuing to progress several prospects there.”

In August, Ramsay Health Care announced a strategic alliance with the International Consortium for Health Outcomes Measurement (ICHOM) which will see the Company take a global leadership position in measuring, reporting and benchmarking patient outcomes.

Operations

During the half year, Ramsay’s Australian business achieved revenue growth of 7.4% and EBIT growth of 9.4% on the previous corresponding period, driven by solid admissions growth.

“We are very pleased with our Australian hospital performance so far this year, which continues to experience good demand growth in line with our expectations,” Mr Rex said.

He said Ramsay was participating in the relevant government reviews currently underway in Australia and he was confident that they would achieve sensible, realistic outcomes which would only serve to further enhance the existing health care system.

“Rising demand for health care is a key issue for all the markets in which we operate and so government reviews and investigating new modes of health care delivery will be part of the vernacular for the foreseeable future. However, whatever measures are put in place, demand for health care will continue to rise due in most part to unchangeable demographic factors.”

Ramsay’s UK business continues to perform well. NHS admissions increased by 8% and EBIT increased 9.3% on the previous corresponding period to £17.0 million. Strong operating margins (EBITDAR) continue to be achieved in the UK.

“After a period of negative tariff change in the UK, recently released tariffs indicate an increase on average of around 1% from April this year,” Mr Rex said.

Ramsay’s French business, Ramsay Générale de Santé, performed to expectations. Revenue increased by 57.2% and EBITDAR increased by 49.6%, reflecting the additional three months

earnings contribution from Générale de Santé in this half compared to the corresponding prior half year period.

Brownfields Capacity Expansion

During the first six months, Ramsay Health Care completed 186 beds and 8 operating theatres totalling \$126M, as part of its brownfield capacity expansion programme. These projects came on line towards the end of the first half.

As part of this programme, Ramsay Health Care opened 60 new beds and six theatres at Hollywood Private Hospital as well as a 56 bed new accommodation wing at Cairns Private Hospital, both in October.

In addition to these developments, Ramsay Health Care opened the new Wollongong Private Hospital in January 2016. The 151 bed hospital with 10 theatres, replaces the existing 101 bed Figtree Private Hospital, which will be converted to a rehabilitation facility, which together will help to service growing demand in the Illawarra region.

Over the next twelve months, Ramsay Health Care will open a further 400 (310 net) beds and 12 theatres including major developments at Peninsula Private in Melbourne; St George Private and North Shore Private in Sydney and New Farm Clinic in Brisbane.

Acquisitions

Towards the end of December, Ramsay Générale de Santé completed the acquisition of the HPM Group, consisting of 9 hospitals in Lille, France.

With this acquisition, Ramsay Générale de Santé's expanded presence in the greater Lille area will now comprise 11 facilities with 2,180 employees, 700 doctors and is expected to treat approximately 160,000 patients per annum.

In China, the conditional contract for Ramsay Sime Darby to form a joint venture with Jinxin in Chengdu continues to evolve but still requires a number of significant conditions precedent to be satisfied by Jinxin to allow completion.

Balance Sheet and 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. Furthermore, the Group Consolidated Leverage Ratio of 2.7 times is within our internal parameters.

Outlook

Mr Rex said the demand for health care would continue to be driven by a combination of ageing; population growth, emerging technology and the rising rate of chronic disease.

"In particular, the future impact of the baby boomers moving into the 70 plus age group is going to substantially impact utilisation of hospital services in Australia, but also throughout the world, over the next two decades.

"With our strategically located portfolio of quality hospitals, Ramsay Health Care is well-prepared for this future demand and will continue to invest in our facilities to meet the needs of the communities they serve.

“Utilising our global experience in acquiring and integrating hospitals, we will continue to canvas opportunities in new and existing markets.”

Based on the strength of the first half results and the continuation of robust growth across all our operations, and barring unforeseen circumstances, Ramsay upgrades guidance for Core NPAT and Core EPS growth to 15% to 17% for full FY2016 (previously 12% to 14%).

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Attachment: Summary of Financial Performance.

Attachment:

Summary of Financial Performance

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

	1st Half FY2016	1st Half FY2015	
	Group	Group	% Increase
<u>Net Profit After Tax (NPAT)</u>			
Operating revenue	4,173,139	3,341,214	24.9%
EBITDA	606,702	511,229	18.7%
EBIT	425,907	377,797	12.7%
Core NPAT attributable to members of the parent (1)	237,442	204,409	16.2%
Non-core items, net of tax (3)	<u>(12,594)</u>	<u>(13,051)</u>	
Reported NPAT	224,848	191,358	17.5%

<u>Earnings Per Share, (EPS) cents</u>			
Core EPS (2)	114.1	97.6	16.9%
Reported EPS	107.9	91.1	18.4%

<u>Dividends Per Share, cents</u>			
Interim dividend, fully franked	47.0	40.5	16.0%

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 \$8.4 million, net of tax, relating to the UK hospitals.