

MARKET UPDATE

20 October 2016

Healthscope Limited (ASX: HSO) ("Healthscope") today provided an update on trading conditions for the first quarter of FY17.

The Company has experienced slower than expected revenue growth in Hospitals in the first quarter. Despite this recent softening in hospital activity during the period, Healthscope remains confident that the industry fundamentals have not changed and the long term demand outlook for the Hospitals division remains strong.

Healthscope's Managing Director, Robert Cooke said, "Over the last 12 months we have seen a heightened level of public commentary in relation to healthcare affordability and consumer confidence in private health insurance in Australia.

"Various data points across the industry tell us that the average rate of hospital volume growth generally has slowed. We have seen this impact a number of our hospitals resulting in increased variability in volumes and case mix month to month in the first quarter and particularly in September. Management focus continues to be on driving revenue growth and disciplined cost control. However, if the trend for the first quarter was to continue, it is likely that Operating EBITDA growth for our Hospitals division would be flat year on year.

"Healthscope continues to invest significant capital in its hospital expansion program focusing on key hospitals located in high growth corridors with ageing demographics. These projects are expected to deliver strong earnings growth as they complete and earnings ramp up over time."

Conference call

Robert Cooke, Managing Director and CEO, and Michael Sammells, Chief Financial Officer, will host a conference call on Friday, 21 October 2016 at 12.00pm (Melbourne time).

Analysts and investors who wish to participate in the conference call should dial 1800 268 560 (Australia) or +61 2 8047 9300 (international) and enter participant code 675292#.

For more information

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