ASX ANNOUNCEMENT

27 August 2009

RAMSAY HEALTH CARE REPORTS 18.9% RISE IN FULL-YEAR CORE NET PROFIT AND 22.1% RISE IN CORE EPS

Financial Highlights

- Core* EPS up 22.1% to 74.1 cents
- Core* net profit after tax up 18.9% to $146.4 million
- Group revenue up 20.6% to $3.2 billion
  - Australia and Indonesia revenue up 10.7% to $2.5 billion
- Group EBIT up 18.7% to $303.3 million
  - Australia and Indonesia EBIT up 10.4% to $259.5 million
- UK business continues to perform strongly
- Final dividend 21.5 cents fully franked, up 22.9% on the previous corresponding period, bringing the full-year dividend to 38.0 cents
- Up to $260 million capital raising to further strengthen balance sheet and enhance financial flexibility to pursue growth opportunities
- Targeting core NPAT growth of 12%-14% for the 2010 financial year

Overview

Australia's largest private hospital operator Ramsay Health Care today announced an 18.9% increase in Group core net profit after tax from continuing operations (before specific items and amortisation of intangibles) to $146.4 million for the year to 30 June 2009.

Group core net profit delivered core earnings per share (EPS) of 74.1 cents for the year, a 22.1% increase on the 60.7 cents recorded a year ago and ahead of the upgraded guidance announced in May 2009.

The result shows the continued strength of Ramsay's underlying business, ongoing cost containment and also reflects the benefit of the low interest rate environment.

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* *Before specific items and amortisation of intangibles*

Ramsay recorded specific items and amortisation of intangibles of $39.9 million (net of tax) for the 2009 financial year which mostly relate to deferred non-cash rent expense from the UK hospitals and include some restructuring and integration costs.

Directors are pleased to declare a final dividend of 21.5 cents per share fully franked, bringing the full-year dividend to 38.0 cents, up 16.9 % from the previous year. The dividend reinvestment plan (DRP) will remain active, offering participating shareholders a discount of 2.5%.

Ramsay Managing Director Christopher Rex said: “Ramsay has delivered yet another excellent performance for the full year, driven by a strong operating result and buoyed by the low interest rate environment.

“We have seen solid growth in hospital admissions in Australia and Indonesia and in the UK, Choose and Book volumes were higher than we anticipated.

“Strong volumes and revenue growth have been achieved without impacting our margins as a result of continued focus on cost control.

“Our brownfields programme is progressing well and is expected to be a growing contributor to future earnings, albeit dilutive to margins in the short term as these projects ramp up to full capacity.

“Our balance sheet is in good shape. Our senior debt facilities are in place until November 2012, providing the flexibility to fund future growth beyond our current brownfields programme.

“Looking ahead, we remain confident about growth prospects for the Group. The integration of Ramsay UK is complete and we have achieved a stable platform for expansion into the broader European market.

“Factors such as population growth, an ageing population and the “Baby Boomer” effect will drive demand for hospital care over the long term and we believe we are well positioned to capture that projected increase.”

Operational highlights Australia and Indonesia

Australia and Indonesia, Ramsay’s historical base operations, performed strongly on all operating levels.

Ramsay achieved strong EBIT growth of 10.4% for Australia and Indonesia, boosted by a 6% rise in admissions and revenue growth of 10.7%.

Operational highlights Ramsay UK

As foreshadowed, Ramsay UK performed better than expected. The integration of Ramsay UK is complete and the focus is now on growing and developing the business. As expected, the economic downturn had a marginally adverse effect on PMI (Private Medical Insurance), which is mainly driven by corporate purchasers, and self pay volumes.

However it is pleasing to note that NHS (National Health Service) work is continuing to grow in private hospitals and now comprises 44% of Ramsay UK admissions, up from 25% a year ago. The Government remains determined to sustain its investment in the NHS despite the economic downturn.

Patient referrals to ISTCs (Independent Sector Treatment Centres) were up 23% on the previous corresponding period. Renegotiation of the Wave 1 ISTC contract has commenced ahead of the March 2010 expiry.

On a like-for-like basis (comparing the June 2008 half and the June 2009 half to take into account the purchase of Ramsay UK in November 2007), operating margins before rent came in at 25.4%, up from 23.4%.

Capacity Expansion Programme

Australia

All brownfields projects previously announced to the market are progressing well and tracking to expectations.

Approximately $300 million of the $580 million (net) programme has been spent on 20 facilities over three years. Of the spent funds, around $150 million has been invested in projects which are now complete.

UK

The construction of previously approved capacity expansion projects of £28 million is progressing to plan.

While the growth in Choose and Book does generally not require additional bed capacity (as this comprises mostly day surgery or short stays) Ramsay continues to look for opportunities to expand operating capacity in high demand areas and which meet its investment criteria.

Capital Management and Cash Flow

Ramsay also announced today that it is conducting an underwritten institutional placement of new shares to raise approximately $220 million and a non-underwritten Share Purchase Plan (SPP) to raise up to an additional $40 million.

The capital raising will further strengthen Ramsay's balance sheet and increase its financial flexibility to continue to pursue growth initiatives. In the short term, proceeds from the capital raising will be used to reduce drawn debt under the Company's existing revolving debt facilities.

Following the capital raising, Ramsay's outstanding net debt will be approximately $1.1 billion and Ramsay's headroom within its senior debt facilities will be approximately $650-750 million (after allowing for current commitments under the brownfields programme) over the remaining three years. Ramsay' senior debt facilities are not scheduled to be refinanced until November 2012.

While interest rates are hedged at fixed rates on approximately 65% of Ramsay's debt, the business will continue to benefit going forward from lower interest rates on the floating portion of its debt should the current low interest rate environment prevail.

Ramsay Managing Director Christopher Rex said: "This equity raising further strengthens Ramsay's capital position. In the current environment, this provides the right balance between our commitment to invest in growth whilst at the same time prudently managing our balance sheet".

Regulatory and shareholder approval are not required in respect of the capital raising, as the total number of shares to be issued in the placement will not exceed 15% of the Company's issued capital and Paul Ramsay Holdings Pty Limited, majority shareholder, will not be participating in the placement.

The institutional placement has been underwritten at a minimum price of $10.00 per share with the final price to be determined by bookbuild. The new shares issued under the placement will be entitled to the FY09 Final Dividend of 21.5 cents per share.

Goldman Sachs JBWere is acting as sole Lead Manager, Bookrunner and Underwriter to the institutional placement.

The Share Purchase Plan will provide eligible retail shareholders on the register as at 5.00pm on 31 August 2009 with the opportunity to subscribe for up to $15,000 of new Ramsay shares.

Ramsay's ordinary shares are expected to remain in a trading halt pending the successful completion of the bookbuild for the placement. It is anticipated that the result of the placement and further details regarding the Share Purchase Plan will be announced to ASX prior to the commencement of trading on 28 August 2009.

Outlook

Despite the challenging economic environment Ramsay's underlying business is in excellent shape.

The strength of the business plus the projected increased demand for health care over the longer term means Ramsay is extremely well placed to capitalise upon growth opportunities available in Australia, the UK and Europe.

Ramsay's quality portfolio of hospitals will continue to generate strong organic growth and earnings from the $580 million (net) brownfields programme will increase as completed projects ramp up over the next three to four years.

The integration of Ramsay UK is complete and the focus is now on growing and developing the business and on completing the restructuring programme. Despite the economic downturn, the Government remains committed to investing in NHS and the business continues to attract high levels of Choose and Book volumes.

Ramsay continues to research acquisition opportunities close to its core competencies in a number of markets, especially in Europe where more reasonable valuations are starting to emerge. Any acquisition would need to meet Ramsay's strict investment criteria and add long-term value for shareholders.

Barring unforeseen circumstances, Ramsay is targeting core NPAT growth of 12%-14% for the Group for the 2010 financial year.

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Summary of Financial Performance

Year Ended 30 June
$ 000's

	Australia & Indonesia 2009	UK 2009	Group 2009 (1)	Group 2008 (1)	% Increase
Continuing Operations					
Operating Revenue	2,533,921	689,931	3,223,852	2,673,748	20.6%
EBITDAR	360,637	161,354	521,991	415,782	25.5%
EBITDA	335,200	76,413	411,613	342,179	20.3%
EBIT	259,488	43,842	303,330	255,640	18.7%
Core Net Profit After Tax - Continuing operations (2)			**146,395**	**123,087**	**18.9%**
(Loss) net of tax - divested operations				(2,659)	
Specific items and amortisation of intangibles, net of tax (3)			(39,922)	(28,230)	41.4%
Reported Net Profit After Tax			106,473	92,198	15.5%
Earnings Per Share (cents) (4)					
Core EPS - Continuing operations (2)			**74.1**	**60.7**	**22.1%**
Basic EPS			51.2	42.9	19.3%
Dividends Per Share (cents)					
Final dividend fully franked			21.5	17.5	22.9%
Full year divided fully franked			**38.0**	**32.5**	**16.9%**

Notes

(1) The full year to 30 June 2008 includes a seven-and-a-half month contribution from Ramsay UK (Ramsay UK was acquired on 23 November 2007).

(2) 'Core Net Profit After Tax - Continuing Operations' and 'Core Earnings Per Share - Continuing Operations' are before Specific items, amortisation of intangibles and divested operations.

(3) In line with accounting standards, specific items include the non-cash portion of rent expense of $28.3 million net of tax relating to the UK hospitals.

(4) All EPS calculations are based upon Net Profit After Tax adjusted for Preference Dividends.

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