

30 June 2015

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX Announcement

Pulse Health Ltd – Investor Update

Pulse Health Limited (ASX Code: PHG) is pleased to confirm FY15 earnings guidance and provide an operating update including exit of non-core assets, the ongoing ramp-up of Mackay Rehabilitation Hospital and strong progress with the commissioning of the new Gold Coast Surgical Hospital.

FY15 Guidance

Pulse Health is pleased to confirm guidance of FY15 underlying EBITDA growth from existing assets in excess of 20% above FY14.

Pulse Health enters FY16 with strong earnings momentum underpinned by the operational initiatives referred to below. Pulse Health provides an update on its unaudited pro forma underlying FY15F EBITDA. The pro forma underlying FY15F EBITDA is designed to provide an indication of the momentum in the business and is not a forecast in respect of FY16.

Underlying Momentum

Unaudited 11 Month EBITDA to May 2015 from existing assets	\$5.19m
June 2015F EBITDA (based on management's forecast)	\$0.46m
Forecast Underlying FY15F EBITDA⁽¹⁾	\$5.65m

Pro Forma Adjustments

Add		
	Mackay Rehabilitation Hospital (unaudited ramp-up losses incurred in FY15A to May)	\$1.05m
Add		
	The Hills Clinic annualised EBITDA (based on unaudited May 2015 EBITDA)	\$4.03m
Pro Forma Underlying FY15F EBITDA⁽²⁾		\$10.73m

- Forecast Underlying FY15F EBITDA excludes contributions from assets acquired and divested in FY15 and associated transaction costs.
- Pro Forma Underlying FY15F EBITDA is not intended as FY16 guidance, and excludes rent expenses associated with the sale and leaseback of the Gympie Private Hospital, and anticipated Gold Coast Surgical Hospital ramp-up costs.



Acquisition and development activity and performance

Mackay Rehabilitation Hospital has continued to ramp-up, since its acquisition in June 2014, to profitability in May 2015. Ramp-up losses in FY15 were approximately \$1.05m.

Acquisition of The Hills Clinic, a leading Sydney mental health hospital, was completed on May 5 2015, and early post acquisition performance is exceeding business case assumptions. Pro forma³ annualised EBITDA of \$4.03m includes synergies captured to May 2015.

The commissioning of Pulse's new specialist surgical facility, Gold Coast Surgical Hospital, is progressing to plan and the hospital will open in early September 2015. Very strong surgeon interest is enabling confidence that the business case assumption of break-even performance by the end of FY16 will be achieved. The Pro forma underlying FY15F EBITDA provided above excludes anticipated Gold Coast Surgical Hospital ramp-up costs.

The company continues to progress a pipeline of acquisition and development opportunities in accordance with the previously stated strategic criteria.

Exit of non-core assets

Pulse Health has entered into a heads of agreement for the sale and leaseback of the Gympie Private Hospital, incorporating the specialist medical centre and an adjoining residence on the same title.

Net proceeds are estimated at \$6.0m with execution of sale agreements anticipated by 30 June 2015.

Pulse Health will enter into an initial lease of:

- 15 years with a 10 year option exercisable at Pulse Health's discretion for Gympie Private Hospital and specialist medical centre; and
- one-year with a five year option exercisable at the landlord's discretion for the adjoining residence (Pulse Health currently sub-lets this residential property).

Both leases are structured on a triple net lease basis with Pulse Health responsible for capital expenditure and repairs. The Pro forma underlying FY15F EBITDA provided above excludes rent expense associated with the sale and leaseback agreement.

Pulse Health also owns an additional adjoining residential property that it considers non-core.

As previously announced, the sub-scale South Burnett Private Hospital in regional Queensland will close on 30 June 2015, and the sale of the non-core North Coast Community Care business was completed on 23 March 2015.



Funding

The new \$42m finance facility was established in April 2015, with National Australia Bank, on very competitive terms.

Following acquisition of The Hills Clinic and the initial investment in the fit-out and commissioning of the Gold Coast Surgical Hospital, Pulse Health retains significant funding flexibility.

As at May 2015, the company had \$13m of undrawn facilities and over \$3m of available cash on hand. Together with the proceeds from the sale of the Gympie Hospital freehold, total cash on hand will be in excess of \$9m.

Pulse Health will provide a further update with its full year results in August 2015.

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For more information of **Pulse Health** please visit www.pulsehealth.net.au

This announcement includes forward-looking statements regarding Pulse Health's expectations of its financial performance. Although Pulse Health believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected. No assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development and execution, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in interest rates and business and operational risk management. Accordingly you should not place undue reliance on any forward looking statement.