

ASX ANNOUNCEMENT

27 August 2015

RAMSAY HEALTH CARE REPORTS 20.0% RISE IN FULL YEAR CORE EPS AND 19.0% RISE IN CORE NET PROFIT

Financial Highlights

- Core net profit after tax¹ (Core NPAT) up 19.0% to \$412.1 million
- Core earnings per share² (Core EPS) up 20.0% to 196.6 cents
- Group:
 - Revenue up 49.8% to \$7.4 billion
 - EBIT up 37.4% to \$803.9 million
- Australia/Asia:
 - Revenue up 8.2% to \$4.1 billion
 - EBIT up 8.6% to \$521.4 million
- United Kingdom:
 - Revenue up 8.0% to £413.2 million
 - EBIT up 14.6% to £40.5 million
- France:
 - Revenue up 440.8% to €1,749.5 million
 - EBIT up 391.5% to €144.0 million
- Final dividend 60.5 cents fully franked, up 18.6% on the previous corresponding period, bringing the full-year dividend to 101.0 cents fully franked, up 18.8%

Overview

Australia's largest private hospital operator, Ramsay Health Care, today announced a Core Net Profit After Tax of \$412.1 million for the year ended 30 June 2015, a 19.0% increase on the previous corresponding period.

Core NPAT delivered Core EPS of 196.6 cents for the year, an increase of 20.0% on the 163.9 cents recorded in the previous corresponding period.

The Company's statutory reported net profit after tax (after deducting non-core items) of \$385.5 million was up 26.9% on the prior year.

Directors are pleased to announce a fully-franked final dividend of 60.5 cents, up 18.6% on the previous corresponding period, taking the full year dividend to 101.0 cents fully-franked, up 18.8% on the prior year. The dividend Record Date is 8 September 2015 with payment on 24 September 2015. The Dividend Reinvestment Plan will remain suspended.

¹ Before non-core items

² Core net profit after CARES dividends

Strategy

Ramsay Health Care Managing Director Christopher Rex said the Company's international expansion strategy, solid organic growth, brownfield developments and excellent cost management had contributed to the strong financial performance in FY2015.

"We have successfully developed a global portfolio of hospitals, strategically located to meet the growing demands and health care needs of the communities they serve and operated cost efficiently and according to *The Ramsay Way* philosophy of people caring for people," Mr Rex said.

"This year, we continued with our international expansion strategy acquiring Générale de Santé in France, where we are now the predominant private hospital operator. This acquisition places us in a leading position in the French market and, over the mid term, will provide a substantial growth opportunity for the Company.

"One of our key strengths is our ability to create shareholder value through financially disciplined capital investment in our existing facilities. In fiscal year 2015 we completed \$190 million worth of new brownfield developments, ensuring our facilities are up-to-date for patients, and providing our staff and doctors with the latest medical equipment.

"Patient outcomes and employee safety remain our priority. Ramsay Health Care has recently announced a Strategic Alliance with the International Consortium for Health Outcomes Measurement (ICHOM), becoming the first multinational hospital group to partner with the US-based organisation representing our commitment to continuous quality improvement in patient outcomes."

Operations

During the year, Ramsay's Australian and Asian business achieved revenue growth of 8.2% and EBIT growth of 8.6% on the back of strong volume growth as an ageing demographic and the increased disease burden drives increased admissions.

Ramsay's UK business delivered an outstanding result. This year the group experienced double digit growth in NHS admissions and EBIT increased 14.6% to £40.5 million. Strong operating margins (EBITDAR) continue to be achieved in the UK.

Both Ramsay Santé and Générale de Santé have performed at or above expectations during the year. Our first nine months of ownership of Générale de Santé has confirmed that the business is operating in line with our due diligence. Integration of the two hospital portfolios is now underway with synergies expected to be realised over the next twelve months. Ramsay Générale de Santé, as the merged entity is now known, is well positioned in each of its regional marketplaces to attract volume growth stemming from an ageing and growing population.

Brownfields Capacity Expansion

In FY2015, Ramsay completed developments worth \$190 million including the \$58.2 million expansion of Warringal Private in Heidelberg, Melbourne; the \$53.3 million expansion of Pindara Private on the Gold Coast; and the \$19.5 million expansion of Kareena Private in Sydney.

During the year, a further \$197 million was approved for new brownfields capacity expansion across the world as we continue to focus on meeting the needs of the communities we serve; keeping our facilities up-to-date and providing our patients, staff and doctors with the latest in theatres, wards and medical equipment.

Acquisitions

The merger of Ramsay Santé and Générale de Santé was finalised on 1 July 2015 following approval by Générale de Santé and Ramsay Santé shareholders at extraordinary general meetings held on that date.

The newly merged entity in which Ramsay now holds a 50.9% controlling interest includes 115 facilities (101 hospitals) and employs over 20,000 staff. Ramsay Générale de Santé is the largest private hospital group in France.

Further acquisition opportunities continue to arise in France as a result of consolidation of the sector. Ramsay Générale de Santé has recently entered into exclusive negotiations to acquire nine hospitals in Lille owned by HPM Group. The acquisition is now subject to regulatory approvals and completion is anticipated later this calendar year.

In 2015, through its joint venture partnership with Sime Darby, Ramsay signed an agreement with Chinese health care company, Jinxin, to jointly operate five hospitals in the city of Chengdu, China. The agreement with Jinxin is subject to the satisfaction of conditions precedent.

A successful outcome will give Ramsay a foothold in China and will allow us to develop operating expertise in this exciting market alongside an established Chinese health care organisation.

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 comprehensive and sustainable growth strategy has positioned Ramsay Health Care as one of the largest and most successful private hospital operators in the world," said Mr Rex.

"We have proven we have a truly exportable operational model with a track record of success in undertaking, and deriving benefit from, our international expansion strategy. We are now a market leader in two developed marketplaces – Australia and France.

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

"At the same time, demographics will continue to drive the need for capacity expansion and we expect ongoing benefits to flow from our brownfield investment strategy.

"Given the strong industry fundamentals and the continuing implementation of our successful growth strategy, barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth for the Group of 12% to 14% for FY16."

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Attachment: Summary of Financial Performance.

Attachment:

Summary of Financial Performance

Year Ended 30 June 2015
\$ millions

	FY2015	FY2014	
	Group	Group	% Increase
<u>Net Profit After Tax (NPAT)</u>			
Operating revenue	7,355.5	4,909.3	49.8%
EBITDAR	1,412.0	893.5	58.0%
EBITDA	1,106.3	751.5	47.2%
EBIT	803.9	584.9	37.4%
Core NPAT attributable to members of the parent (1)	412.1	346.2	19.0%
Non-core items, net of tax (3)	<u>(26.6)</u>	<u>(42.3)</u>	
Statutory Reported NPAT	385.5	303.8	26.9%
<u>Earnings Per Share, (EPS) cents, attributable to members of the parent</u>			
Core EPS (2)	196.6	163.9	20.0%
Statutory Reported EPS	183.5	143.0	28.3%
<u>Dividends Per Share, cents</u>			
Final dividend, fully franked	60.5	51.0	18.6%
Full-year dividend, fully franked	101.0	85.0	18.8%

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 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 \$16.6 million, net of tax, relating to the UK hospitals.