



ASX ANNOUNCEMENT

25 August 2008

RAMSAY HEALTH CARE REPORTS 11.5% RISE IN CORE NET PROFIT AND 11.8% RISE IN CORE EPS

Group Financial Highlights

(includes Ramsay UK, acquired 23 November 2007)

- Core net profit after tax up 11.5% to \$123.1 million
- Core EPS up 11.8% to 60.7 cents
- Revenues up 27.4% to \$2.7 billion
- EBIT up 20.4% to \$254.7 million
- Final dividend 17.5 cents fully franked, bringing the full-year dividend to 32.5 cents, representing a 12.1% increase on the previous year

Financial Highlights Australia & Indonesia

(excludes Ramsay UK)

- Core net profit after tax up 12.5% to \$124.2 million
- Core EPS up 12.9% to 61.3 cents
- Revenues up 9.1% to \$2.3 billion
- EBIT up 11.0% to \$234.8 million

Overview

Australia's largest private hospital operator Ramsay Health Care today announced an 11.5% increase in core net profit after tax from continuing operations (before specific items and amortisation of intangibles) for the Group to \$123.1 million for the 12 months to 30 June 2008.

Group core net profit, which includes a 7.5 month contribution from Ramsay UK, delivers core earnings per share (EPS) of 60.7 cents for the full year – an 11.8% increase on the 54.3 cents recorded last year.

The 11.8% rise in core EPS for the Group comes in at the upper end of Ramsay's guidance of low double digit growth (10%-12%).

Ramsay recorded specific items of \$26.5 million (net of tax) in the 2008 financial year, comprising the non-cash portion of the rental expense for the UK hospitals (previously announced to the market on 23 June 2008), restructuring and integration costs and a write off of unamortised capitalised borrowing costs from an earlier refinancing. These borrowing costs were written off after Ramsay entered into a new financing agreement in November 2007 when it purchased Capio UK (now Ramsay UK).

Directors have declared an increased final dividend of 17.5 cents per share fully franked, bringing the full-year dividend to 32.5 cents per share, up 12.1% from a year ago. The dividend reinvestment plan will remain active with a discount of 2.5%.

Ramsay Managing Director Chris Rex said the result was very pleasing, reflecting strong organic growth across the Australian and Indonesian portfolio and a better-than-expected performance from the UK.

“This is a very solid result for Ramsay’s Australian, Indonesian and UK businesses. I am pleased that core EPS growth of 11.8% is at the higher end of guidance.

“Healthcare is an excellent industry in Australia, Indonesia and the UK. We expect the industry’s strong fundamentals – ageing populations, growing expectations from patients for high quality health services and the desire for people to choose their doctor and their hospital – will continue to underpin Ramsay’s growth.

“Overall we are very pleased with the underlying performance of the business and Ramsay is very well positioned for future growth.”

On a like-for-like basis, Ramsay’s Australian and Indonesian core net profit after tax rose 12.5% to \$124.2 million.

Similarly, Ramsay’s Australian and Indonesian EBIT rose 11.0% to \$234.8 million while core EPS from continuing operations rose 12.9% to 61.3 cents.

Overview Ramsay UK

“The contribution from Ramsay UK was very pleasing and exceeded expectations with NHS (National Health Service) activity coming in ahead of budget,” Mr Rex said.

“The growth in NHS from both “Patient Choice” and spot contracts was very strong and patient referrals to Independent Sector Treatment Centres (ISTCs) continued to rise.

“With the Government’s firm commitment to NHS reforms and “Patient Choice” soon to be enshrined in legislation, we are very excited about our future in the UK and we will continue to look for capacity expansion and bolt-on acquisition opportunities that add value to our business.”

Operational highlights Australia and Indonesia

Ramsay achieved solid EBIT growth of 11.0%, reflecting an improved performance across the portfolio.

EBITDA hospital margins for Australia and Indonesia were steady at 15.3%, including prosthesis.

Total admissions in Australia grew 4.5% during the period. A number of Ramsay's Australian hospitals are now operating at capacity and cannot meet demand.

Operational highlights Ramsay UK

Integration of Ramsay UK is proceeding well and the business is performing better than expected with NHS work continuing to grow in private hospitals and now comprising more than 30% of admissions, up from 10% a year ago.

Whilst NHS volumes grow, Private Medical Insurance (PMI) remains stable and continues to underwrite the business.

ISTC admissions were up 8% on the prior year.

Growing NHS demand plus the Government's commitment to its reforms has bolstered Ramsay's confidence to expand capacity. Brownfield capital expenditure of £28 million has already been committed since the acquisition of Ramsay UK.

Operating margins before rent remain strong, at more than 20%.

Capital Management and Cash Flow

During the year Ramsay entered into a new five-year, senior debt facility with A\$ and GBP tranches. As a result of this refinancing, Ramsay has committed funding until November 2012. As well as funding the acquisition of Capio UK, this facility provides Ramsay with adequate headroom for further expansion opportunities.

The Group achieved a high conversion rate of operating profit to operating cash flow except for the UK where there was a working capital funding requirement in relation to the ramp up of the NHS business. Full-year cash flow from Ramsay's Australian and Indonesian hospitals was virtually in line with EBITDA, demonstrating the effective management of our working capital.

Planned Capacity Expansion

- Australia

Ramsay has a Board approved commitment of \$550 million for improvements and capacity expansion, of which approximately \$200 million has already been spent.

Construction has begun and is progressing well at: Hollywood, Joondalup, Greenslopes, North West, John Flynn and North Shore hospitals.

- UK

Since the acquisition of Capio UK last November, Ramsay has approved brownfields capital expenditure of £28 million over the 2009 and 2010 financial years and is targeting a return on investment of at least 15%, two-to-three years after completion.

These improvements and capacity expansion will be carried out at a number of facilities and will increase theatre day surgery and diagnostics capacity by approximately 17%.

Outlook

Operating in a growth industry with strong fundamentals both at home and abroad, Ramsay is confident about its future.

The ageing population, increasing life expectancy, increasingly high expectations for quality patient care and services and the desire for people to choose their doctor and hospital are features of the private hospital industry which will continue to underpin Ramsay's future growth.

Ramsay is focused on the key elements of its growth strategy: organic growth, investing in the existing business through its brownfields expansion programme and carefully selected acquisitions.

Ramsay owns and operates an excellent portfolio of hospitals and will continue to optimise growth at those hospitals.

Ramsay remains committed to undertaking brownfields investment opportunities in Australia. All major brownfield projects have been reassessed in light of recently announced changes to the healthcare environment. Following this reassessment, Ramsay remains confident about the programme and the future earnings it can deliver. Likewise Ramsay remains very confident about the outlook for the Australian healthcare market.

In the UK, Ramsay is focussed on developing and strengthening the business and will continue to investigate opportunities for capacity expansion and bolt-on acquisitions which complement Ramsay UK.

Ramsay UK outperformed expectations in the 2008 financial year and is expected to be EPS accretive in the 2009 financial year – one year ahead of schedule.

In relation to future acquisitions, Ramsay continues to research opportunities close to its core competencies in a number of markets.

Ramsay is targeting core EPS growth of 10%-12% for the total Group for the 2009 financial year, with strong health care fundamentals and organic growth set to continue.

Contacts:

Mr Chris Rex
Managing Director
Ramsay Health Care
+ 612 9433 3444

Joanne Collins
Gavin Anderson & Company
+ 612 9552 4499
+ 61 423 029 932

Summary of Financial Performance

Year Ended 30 June
\$ 000's

	Ramsay Australia & Indonesia 2008	Ramsay UK 2008	Ramsay Group 2008	Ramsay Group 2007	% inc/ (dec)
<u>Continuing Operations</u>					
Operating Revenue	2,289,204	384,544	2,673,748	2,099,054	27.4%
EBITDAR	327,072	87,503	414,575	294,175	40.9%
EBITDA	303,423	37,853	341,276	272,197	25.4%
EBIT	234,753	19,985	254,738	211,575	20.4%
Core Net Profit After Tax - Continuing operations	124,182	(1,095)	123,086	110,350	11.5%
Profit/(Loss) after tax - divested operations			(2,659)	274	
Specific items and amortisation of intangibles (net of tax)			(28,229)	(3,568)	
Net Profit After Tax			92,198	107,056	(13.9%)
<u>Earnings Per Share (cents)</u>					
Core EPS - Continuing operations	61.3	(0.6)	60.7	54.3	11.8%
Basic EPS			42.9	52.4	(18.1%)
<u>Dividends Per Share (cents)</u>					
Final dividend fully franked			17.5	16.0	9.4%
Full Year dividend fully franked			32.5	29.0	12.1%

Notes

- 1) 'Core Net Profit After Tax - Continuing Operations' and 'Core Earnings Per Share - Continuing Operations' are before Specific items, amortisation of intangibles and divested operations.
- 2) All EPS calculations are based upon Net Profit after tax adjusted for Preference Dividends.
- 3) In line with accounting standards, Specific items include the non-cash portion of rent expense (FY08:\$15million net of tax) relating to the UK hospitals (previously announced to the market on 23 June 2008).
- 4) In line with accounting standards, prior year has been restated for operations divested in FY 2008.
- 5) Ramsay UK was acquired on 23 November 2007. Ramsay UK results have been consolidated into the Ramsay Group from the date of acquisition to 30 June 2008