RAMSAY
HEALTH CARE

ASX ANNOUNCEMENT

26 February 2009

RAMSAY HEALTH CARE REPORTS 11.6% RISE IN FIRST HALF CORE NET PROFIT AND 11.0% RISE IN CORE EPS

Group Financial Highlights

- Core net profit after tax up 11.6% to $68.7 million
- Core EPS up 11.0% to 33.8 cents
- Group revenues up 35.5% to $1.6 billion
    - Australia and Indonesia revenue up 12.0% to $1.3 billion
- Group EBIT up 23.3% to $148.7 million
    - Australia and Indonesia EBIT up 10.9% to $134.0 million
- UK business performing strongly, in line with previously upgraded guidance
- Interim dividend 16.5 cents fully franked, up 10.0%

Overview - Group

Australia's largest private hospital operator Ramsay Health Care today announced an 11.6% increase in Group core net profit after tax from continuing operations (before specific items and amortisation of intangibles) to $68.7 million for the six months to 31 December 2008.

Group core net profit delivers core earnings per share (EPS) of 33.8 cents for the half year, an 11.0% increase on the 30.4 cents recorded a year ago.

The result reaffirms the strength of Ramsay's operations and its management team and highlights the resilience of the health care sector in turbulent economic times. The result also positions Ramsay to achieve its full-year growth targets.

Ramsay recorded specific items of $14.9 million (net of tax) in the December half, of which $12.3 million comprises the non-cash portion of the rental expense for the UK hospitals (previously announced to the market on 23 June 2008) and some restructuring and integration costs.

Directors are pleased to declare an interim dividend of 16.5 cents per share fully franked, up 10.0% from a year earlier. The dividend reinvestment plan will remain active, offering participating shareholders a discount of 2.5%.

Ramsay Managing Director Christopher Rex said: "This is another excellent result for Ramsay Health Care, reflecting the strength of the underlying business and highlighting the resilience of the health care industry in tough economic conditions.

"We have recorded improvements at a hospital level in Australia and Indonesia. Ramsay UK is performing in line with the previously upgraded guidance.

"In Australia, the latest health insurance figures show continued growth in membership despite a weakening economy and recent changes to the MLS (Medicare Levy Surcharge), demonstrating private health care's resilience to broader economic factors.

"Also positive for our business, the Government last week reaffirmed its support for a balanced health care system saying it would continue to work with the industry to ensure ongoing stability of the Australian private health sector.

"In the UK, despite the economic downturn, the Government recently committed to sustaining its investment in the NHS (National Health Service) which is becoming an increasingly significant part of the Ramsay UK business.

"We remain positive about the future growth prospects for the Group. We have a diverse revenue base, our business generates strong and consistent cash flow and we expect growth in demand for private health care will continue over the medium and long term, even in difficult economic times."

Overview Ramsay UK

As previously foreshadowed the first-half result reflects seasonal factors (with July, August and December affected by the holiday periods). As expected, the business made a positive contribution to EBIT, in line with expectations, and is on track to be EPS positive for the 2009 financial year.

NHS activity rose significantly during the half with an increase in volume from "Patient Choice" and local contracts.

Ramsay remains positive about the growth prospects for NHS activity, especially in light of the new NHS Constitution which will make patient choice a legal right.

Operational highlights Australia and Indonesia

Ramsay achieved strong EBIT growth of 10.9% for Australia and Indonesia, helped by higher admissions and effective cost management within its hospitals.

Total admissions for Ramsay's Australian and Indonesian hospitals rose 6%.

EBITDA hospital margins (excluding prostheses) for Australia and Indonesia rose to 18.2% from 18.0% in the previous corresponding period.

Operational highlights Ramsay UK

The integration of Ramsay UK is now largely complete, with the remaining work focused on improvements and efficiencies.

NHS activity is continuing to grow in private hospitals and now comprises more than 40% of Ramsay UK admissions, up from 20% a year ago.

Whilst NHS volumes grow, Private Medical Insurance (PMI) remains stable.

Patient referrals to ISTCs (Independent Sector Treatment Centres) were up 25% on the previous corresponding period.

Operating margins before rent remain strong at over 20%.

Capital Management and Cash Flow

Ramsay has committed debt funding in place until November 2012. The Group's strong and consistent cash flow underwrites its current debt servicing. The undrawn portion of the facility provides Ramsay with adequate headroom not only for its capital expansion programme, but also for future growth opportunities.

While a large portion of Ramsay's debt is fixed, the business will benefit going forward from lower interest rates on the floating portion of its debt.

Capacity Expansion Program

Australia

Two new projects with a total net investment of approximately $80 million were approved during the December half. These projects (at Warringal in Melbourne and Pindara on the Gold Coast) bring total Board-approved projects for improvements and capacity expansion to $580 million (net of sale proceeds from medical suites), of which approximately $245 million has been spent.

During the December half, a major redevelopment of the Joondalup Health Campus in Perth was approved by the WA Government. Approval followed in principle agreement for the expansion between Ramsay and the WA Government in April 2007.

The first major brownfield project to become fully operational will be Hollywood (total net spend of $88 million) in November 2009.

Recently completed projects include the expansion of the New Farm Clinic and the Specialist Medical Centre development and multi-storey car park at Greenslopes.

Key expansion projects due to be completed by the end of FY2010 include:

- construction of additional theatres and private rooms at Pindara (Queensland);
- additional private rooms and consulting suites at St George (New South Wales); and
- construction of an oncology facility at Greenslopes (Queensland).

UK

Ramsay has approved brownfield capital expenditure of £28 million over the 2009 and 2010 financial years.

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%.

These projects are being developed to satisfy NHS demand which continues its strong growth.

Outlook

Combining the strong underlying business of Ramsay Health Care with robust industry fundamentals, Ramsay remains confident about its future growth and is well positioned in the current climate of economic uncertainty.

Ramsay expects demand for health care will continue to grow over the medium and longer term, supported in part by an ageing population and rising expectations for high quality health services.

Board approval of two new brownfield projects during the half demonstrates Ramsay's confidence in the health care sector and in the ability of these projects to generate future earnings.

Ramsay UK has had a strong start to the second half and is on track to be EPS accretive for the 2009 financial year, one year ahead of schedule (as per upgraded guidance outlined in August 2008).

In relation to future acquisitions, Ramsay continues to research opportunities close to its core competencies in a number of markets. The Global Financial Crisis may present opportunities to grow the business and Ramsay will examine those which meet its strict investment criteria and which add long-term value for shareholders.

Despite a slowing economy, Ramsay's business remains strong and continues to perform in line with expectations as outlined at the Annual General Meeting in November 2008. However, to the extent that the current low interest rate environment is sustained through the balance of the financial year and barring unforseen circumstances, it is likely that Ramsay will deliver core EPS growth in excess of the original guidance of 10%-12% for the Group for the 2009 financial year.

Contact:
Mr Christopher Rex
Managing Director
Ramsay Health Care
+ 612 9433 3444

For media enquiries:
Ms Jo Collins
Kreab Gavin Anderson
+ 612 9552 4499
+ 61 423 029 932

Summary of Ramsay's Financial Performance

Half Year Ended 31 December
$ 000's

	Australia & Indonesia 2008	UK 2008	Group 2008 (4)	Group 2007 (4)	% Increase
Continuing Operations					
Operating Revenue	1,264,078	343,645	1,607,723	1,186,742	35.5%
EBITDAR	183,805	74,155	257,960	177,191	45.6%
EBITDA	171,395	30,382	201,778	156,967	28.5%
EBIT	134,080	14,671	148,751	120,593	23.3%
Core Net Profit After Tax - Continuing operations (1)			**68,671**	**61,558**	**11.6%**
(Loss) net of tax - divested operations			--	(1,271)	
Specific items and amortisation of intangibles, net of tax (3)			(14,921)	(9,353)	
Net Profit After Tax			53,750	50,934	5.5%

	Group 2008	Group 2007	% Increase
Earnings Per Share (cents) (2)			
Core EPS - Continuing operations (1)	**33.81**	**30.45**	**11.0%**
Basic EPS	25.23	24.33	3.7%
Dividends Per Share (cents)			
Interim dividend fully franked	16.5	15.0	10.0%

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 of $12.3 million net of tax (HY Dec 07: nil) relating to the UK hospitals (previously announced to the market on 23 June 2008).

4) The half year result to 31 December 2008 includes a full, six-month contribution from Ramsay UK. (HY December 07 includes approximately 1.5 months only).