

**RAMSAY ANNOUNCES \$8.4M NET PROFIT BEFORE ABNORMALS AND A 15%  
INCREASE IN EBIT**

September 6, 2000

- NPAT up 11% to \$6.6 million
- Group operating revenue up 26% to \$328 million
- Group EBIT up 15% to \$30.8 million
- Revenue from established hospitals up 11%
- EBIT from established hospitals up 23.5%
- Significant improvement predicted next year

Ramsay Health Care Limited, one of Australia's leading private health care providers, today announced a net profit of \$8.4 million before abnormals on group revenue of \$328 million. Net profit after tax and abnormals was up 11% from \$6 million to \$6.6 million.

Group earnings before interest and tax ("EBIT") totaled \$30.8 million, a 15% increase compared to the same period last year.

The abnormal loss of \$1.8 million, net of tax, related to the write off of costs associated with discontinued development projects, principally associated with the withdrawal from the Berwick Community Hospital privatisation project.

Ramsay Health Care Chairman, Mr Paul Ramsay, said the results reflected the success of the Company's tight focus on improving profitability while continuing to absorb depreciation and interest associated with the co-located Hospitals.

"The past year has enabled us to consolidate our position. Our established veterans hospitals, psychiatric hospitals and rural medical-surgical facilities have continued to deliver growth, and the two co-located hospitals are well positioned to take advantage of improvements in the private health care sector," Mr Ramsay said.

“The health care environment continues to be tough, but we believe we are now through the worst and have cautious expectations of a recovery ahead,” he said.

The three established divisions, the privatised veteran hospitals, psychiatric hospitals and rural medical-surgical hospitals, posted a 11% increase in revenue and a 24% increase in EBIT to \$34 million. The EBIT margin for the established hospitals was 13.4% as compared with 12% for the same period last year. This was due to both expanded capacity and enhanced productivity.

During the past year, Ramsay Health Care has focused on:

- Increasing profitability from established and co-located hospitals primarily through cost containment and the development of new businesses within existing hospitals.
- Construction of the new Mildura Base Hospital. The Hospital will open on September 19 and is expected to break even within the first 12 months.
- Reassessment of strategic direction and the ultimate withdrawal from projects including Princess Alexandra Private Hospital, Austin Repatriation privatisation and Berwick Community Hospital.
- Striving to achieve reimbursement rates from private health insurers that reflect the standard of service provided to patients.

Ramsay Health Care Managing Director Pat Grier said the Company expects to see an ongoing strong performance from the established hospitals, and to see some growth through the co-located hospitals and the new Mildura Base Hospital.

“Occupancy rates at the co-located hospitals continue to grow and some of the more responsible health funds are recognising the need to provide reimbursement appropriate to the cost associated with the level of care provided by these hospitals,” Mr Grier said.

“The private health care environment is changing for the better, and our challenge is to continue to work closely with the private health insurance industry in an effort to improve the rate of reimbursement to properly cover associated health care costs,” he said.

“Federal Government initiatives have increased health insurance membership by approximately 32% up to 41.2% of the population and a number of health funds are now being reasonable in their negotiations for the benefit of their members.”

The Board has approved a final dividend of 4.4 cents per share to be paid on October 31, 2000. The dividend is unfranked and brings the total dividend paid for the year to 7.4 cents.

Mr Ramsay said the outlook for the year ahead is considerably brighter than it has been in the past, particularly for Ramsay Health Care.

“Greater efficiencies have been achieved through aggressive cost containment, the co-located hospitals are expected to produce improved profitability in the next 12 months, and many of the health funds are now more rational in their negotiations,” Mr Ramsay said.

“We have every reason to believe that next year we will be reporting a significant improvement on this result,” he said.

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For further information please call:

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Attachment: Summary of Financial Performance

**Ramsay Health Care Limited**  
**Summary of Financial Performance**

|                                 | Year ended 30 June    |                |                      |               |                |                | %          |
|---------------------------------|-----------------------|----------------|----------------------|---------------|----------------|----------------|------------|
|                                 | Established Hospitals |                | Co-located Hospitals |               | Total          |                |            |
|                                 | 2000                  | 1999           | 2000                 | 1999          | 2000           | 1999           |            |
| Operating Revenue               | <u>257,705</u>        | <u>232,661</u> | <u>70,515</u>        | <u>27,180</u> | <u>328,220</u> | <u>259,841</u> | <u>26%</u> |
| EBITDA                          | 47,331                | 40,081         | 4,250                | 1,677         | 51,581         | 41,758         |            |
| EBIT                            | 34,474                | 27,914         | (3,646)              | (1,095)       | 30,828         | 26,819         |            |
| Profit before tax and abnormals |                       |                |                      |               | 9,962          | 12,755         |            |
| NPAT before abnormals           |                       |                |                      |               | 8,426          | 9,982          |            |
| Abnormal loss (net of tax)      |                       |                |                      |               | (1,810)        | (4,018)        |            |
| NPAT                            | <u>6,616</u>          | <u>5,964</u>   |                      |               | <u>6,616</u>   | <u>5,964</u>   | <u>11%</u> |
| EBIT Margin                     | 13.4%                 | 12.0%          | -                    | -             | 9.4%           | 10.3%          |            |
| EPS (cents per share)           |                       |                |                      |               | <u>6.1</u>     | <u>5.5</u>     |            |