

28 February, 2002

RAMSAY HALF YEAR NET PROFIT RISES 127%

Highlights

- Net profit after tax up 127% to \$14.8 million.
- Operating revenue up 42% to \$264.9 million.
- Group EBIT up 57% to \$28.9 million.
- Earnings per share up to 11.7 cents per share vs 6.0 cents.
- Interim dividend increased to 4.5 cents from 3.5 cents.
- Alpha acquisition exceeds expectations.
- Second half profit expected to at least match first half.
- Full benefits of improved private health care still to flow through to profits.

Overview

Leading private hospital operator Ramsay Health Care Limited today announced a 127% rise in net profit after tax to \$14.8 million for the six months to December 31, 2001 from \$6.5 million for the previous corresponding period.

The half year net profit includes the results of Alpha Healthcare Limited over which Ramsay Health acquired a controlling interest on 31 May, 2001.

The higher net profit result was achieved on a 42% rise in operating revenue to \$264.9 million for the half year. EBIT was 57% higher at \$28.9 million.

Earnings per share rose to 11.7 cents per share from 6.0 cents in the corresponding six months a year ago, while Ramsay's EBIT margin for the half year improved to 10.9% from 9.9%.

Group EBIT margin without Mildura Base Hospital, which is a management contract, was 11.7%, compared with 10.5% a year ago, highlighting the continuing profit improvement at the operational level.

An interim dividend of 4.5cents per share was declared, up from 3.5 cents in the previous six month period. The dividend is payable on April 30, 2002 to shareholders registered on April 15, 2002.

Ramsay managing director Pat Grier said: "It is very pleasing to be able to announce another significant improvement in Ramsay's profit, particularly as the result demonstrates the strength and potential of the existing Ramsay hospitals even before including the Alpha Healthcare hospitals acquired in May last year."

Divisions

All of Ramsay's five operating divisions (Veteran, Regional Medical/Surgical, Co-located, Psychiatric and Rehabilitation) performed well, delivering significant rises in revenue and EBIT.

Sydney's North Shore Private profit growth continued to accelerate and this earnings improvement is expected to continue.

EBIT for the existing Ramsay hospitals (not including the eight Alpha hospitals) rose 31% over the same period a year ago.

"Ramsay's strong hospital franchise enables us to continue to capitalise on the benefits of the improved private health care environment," Mr Grier said.

Alpha

Mr Grier said the integration of Alpha Healthcare was proceeding well and revenue and earnings outcomes were exceeding expectations due to the synergies, benefits and savings achieved through the merger post-acquisition. "We are very pleased with the Alpha acquisition. It has proven to be a very successful addition to, and a good fit with, our existing operations."

Maximising use of under utilised capacity at Alpha hospitals will further improve earnings of this group of hospitals over the next few years.

Cash Flow

Cash flows from operating activities continued to strengthen. Net operating cash flow increased 40% to \$42.5 million in the half year, demonstrating the strength of the underlying business and the company's ability to maximise returns from its portfolio.

Outlook

Ramsay is confident of at least matching the first half profit in the second half of the year, despite the fact the second half is seasonally weaker.

Mr Grier said Ramsay Health Care's good relationships with health funds and strategic profile of its hospital portfolio would position the company well to capitalise on the improved environment in the private health care sector.

"We see solid profit growth continuing over the medium term based on the strength of our hospital business, the additional occupancy we expect from Alpha hospitals, the added capacity from Ramsay hospitals coming onstream over the next few years, and assuming market conditions are in line with expectations", Mr Grier said.

"We are actively investigating growth and acquisition opportunities in the private hospital sector, in addition to ways to leverage our expertise in related markets within the wider health care sector. This positions Ramsay well for sustained earnings growth over the medium to long-term," he said.

Ramsay Health Care announced earlier this month that it had reached agreement to acquire the 76-bed Lake Macquarie Private Hospital from the Medical Benefits Fund of Australia. The acquisition will be earnings per share positive and Ramsay Health Care intends to redevelop this hospital to increase its capacity and further enhance its financial returns.

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Attachment: Summary of Financial Performance

ATTACHMENT: SUMMARY OF FINANCIAL PERFORMANCE

	Half Year ended 31 December		
	\$000's		
	2001	2000	% Increase
Operating Revenue	264,860	186,530	42%
EBITDA	40,210	28,432	41%
Depreciation and amortisation	11,280	10,007	
EBIT	28,930	18,425	57%
Interest	7,710	9,554	
Profit before tax	21,220	8,871	139%
Net profit after tax	14,770	6,518	127%
EBIT Margin	10.9%	9.9%	
EBIT Margin (excl. Mildura Base Hospital)	11.7%	10.5%	
EPS (cents per share)	11.7	6.0	
Interim Dividend (cents per share)	4.5	3.5	