



24 May 2004

ASX ANNOUNCEMENT

RAMSAY HEALTH CARE AGREES TO ACQUIRE BENCHMARK'S 10 HOSPITALS

Ramsay Health Care Ltd today announced it has agreed to acquire all the shares in Benchmark Healthcare Group for a total purchase price of \$125 million.

Benchmark operates 10 hospitals in Victoria and South Australia, comprising 980 hospital beds and 68 aged care beds. The total number of beds will rise to 1,119 beds in 2005 as a result of capacity expansion currently underway. The Group has annual revenue of approximately \$200 million.

The purchase, once finalised, will increase the number of facilities in Ramsay Health Care's portfolio to 35 and the number of licensed beds to approximately 4,000.

The acquisition, which is to be funded by debt and cash reserves, is expected to be finalised, subject to the satisfaction of conditions, in July 2004.

Ramsay Health Care Managing Director Pat Grier said:

“This is a strategically significant acquisition for Ramsay Health Care which will enhance our position as a leading private hospital operator. It will extend our national presence and enhance our existing portfolio of quality hospital assets.

“These are well run hospitals to which we can add value through our management expertise, our core relationships, synergies, and there is further upside when the extra capacity and medical specialties come on-stream.

“We expect the acquisition will be slightly earnings per share positive in the 2005 financial year. From 2006 onwards, we expect increased profit contributions from the extra capacity, enhanced services, and the realization of integration and management synergies.

“Importantly for Ramsay Health Care employees and our doctor partners, the acquisition is a good strategic and cultural fit. Our experience in integrating hospitals into the group will ensure the process of integrating the Benchmark hospitals will be smooth and effective and the value added by Benchmark employees will be maintained and enhanced.

“For Benchmark employees, the meeting of their professional aspirations will be enhanced by the scale and depth of Ramsay Health Care's facilities and support systems.

“This acquisition is in line with our stated strategy to grow the business both organically and through strategic acquisitions in the hospital and aged care sectors. It also meets our investment criteria and is expected to achieve our targeted return at the end of the integration process.

“It will not direct resources away from the pursuit of our aged care strategy.”

Of the 10 hospitals operated by Benchmark, four are owned outright, five are leased and one is a management contract.

A list of the Benchmark hospitals to be acquired is attached.

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APPENDIX: Benchmark Hospital Profile

Name	Current Beds	Future Beds '05	Location	Specialities
Beleura	117	118	Mornington, VIC	Med/surg/psych
Peninsula	135	135	Frankston, VIC	Med/surg/obs
Donvale	80	80	Donvale, VIC	Rehab
Mitcham	99	93	Mitcham, VIC	Med/surg/obs
South Eastern	116	103	Noble Park, VIC	Med/surg/A&E
The Valley	122	119	Mulgrave, VIC	Med/surg
Wakefield	142	204	Adelaide, SA	Med/surg
College Grove	32	62	Walkerville, SA	Rehab/geriatric
Central Districts	79	79	Elizabeth Vale, SA	Med/surg/obs
North Eastern	58 68	58 68	Campbelltown, SA	Med/surg/OBS Nursing home
Total	1,048	1,119		