

Media Release
25 February 2005

Affinity Health Limited reports solid half-year results

Highlights:

- Revenue \$668m up 5.0% on prior corresponding period
- EBITDA at \$84m up 13.6% on prior corresponding period
- EBITDA margin increased to 12.6%, from 11.6% in the prior corresponding period
- \$103m cash at bank as of 31 December 2004.
- Net profit up by \$28.1m from the group's maiden profit announcement to \$13.2m

Affinity Health Limited today announced its half-year results with continued increases in margins and earnings being underpinned by solid revenue growth. The results affirmed the strength of the business with improved performance across key indicators.

The company reported revenue of \$668.2 million, up by 5.0% on the prior corresponding period. EBITDA has increased by 13.6% over the prior corresponding period to \$84.0 million.

In addition, EBITDA margin increased to 12.6%, an increase from the prior corresponding period of 11.6%.

Net profit increased by \$28.1 million from the companies maiden profit announcement to \$13.2 million.

Admissions for the half-year grew to 276,000 (from 266,000 in the prior corresponding period), labour as a percentage of revenue held steady, and greater benefits were derived from supply and insurances.

Operating cashflow remained strong, and the business retained \$103 million at the bank as at 31 December.

Managing Director, Robert Cooke, said that the results demonstrated a sustained improvement across all areas of the business.

"We have been successfully working on all the important drivers of the business, which has seen the margin momentum continuing as we have remained focused on our business drivers" said Mr Cooke.

"We are pleased with the way the business is progressing from the improvements we have made across the group, which included expanding our experienced management teams through our hospitals. This enabled us to generate this performance purely from organic growth and we are now positioning for expansion from brownfields and acquisitions.

"The first half of the financial year is traditionally stronger, with less public holidays and disruptions, but the platform has been laid for sustainable performance.

"In our operations we have negotiated a 3.5 year EBA in Victoria, we've invested more in training and education for clinical staff, we continue to invest in new equipment, and we negotiated another three major health fund agreements.

"These achievements are possible through our Partnerships in Care model. Ultimately this flows through to better patient care and we are continually striving to ensure our systems are recognised as industry best practice which provide both quality care and financial benefits."

Mr Cooke said that the company was now actively pursuing development plans and looking to increase size and diversity of its hospital portfolio.

"Our growth will be driven by a range of opportunities that are available at our existing sites or through new developments and acquisitions," he said.

"In the past six months we approved a major development at North West Private in Brisbane, which came shortly after work commenced on our addition of theatres and beds at Knox Private in Melbourne. These projects, worth more than \$20 million, are indicative of what we are examining at our major sites where there is existing demand.



“In the last four months we have signed agreements for three new day surgery centres in Victoria and WA and we expect to accelerate this development in the coming months,” he added.

“Combining our growth strategy with active management of our portfolio we will continue to focus on growing higher margin businesses.”

Ends

* As the company was only established in December 2003 the prior corresponding period had only one month under the current ownership structure. For the purposes of comparison Affinity Health Limited has compared the first half of the current financial year to management accounts for the first half of the previous financial year.

For further information

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