

PRIMARY HEALTH CARE LIMITED 1H FY2014

PRIMARY HEALTH CARE HIGHLIGHTS FOR 1H FY2014:

- Net Profit After Tax (NPAT) of \$75.5m, up 8.6% (1H FY2013: \$69.5m)
- Earnings Per Share (EPS) of 15.0 cents per share, up 8.7% (1H FY2013: 13.8 cps)
- Excluding a \$3.0m non-cash after-tax charge re the early refinance of bank debt, NPAT and EPS growth were both up 13.0% to \$78.5m and 15.6cps respectively
- Margin gains in Medical Centres (40 bps), Pathology (20 bps) and Imaging (30 bps)
- A fully franked dividend of 9c per share, up 38% (1H FY2013: 6.5 cents)
- Successful refinance of bank debt at improved margins.

Primary Health Care Limited ("Primary") today reported an 8.6% increase in Net Profit after Tax (NPAT) to \$75.5m for the half year to 31 December 2013. Excluding a \$3.0m non-cash after-tax charge regarding the early refinancing of bank debt, NPAT and EPS growth were both 13.0% on prior year.

Primary's Managing Director, Dr Bateman said: "This result is in line with our expectations across all the major operating business units, reflecting both the resilience of the Primary business model, and the operational dedication of management, our medical professionals and our staff.

"Our focus continues to be our direct support of healthcare practitioners in their critical roles, with the provision of scale and infrastructure integral to affordable and accessible healthcare for our community."

PERFORMANCE ACROSS ALL DIVISIONS

Medical Centres

- Revenue \$151.7m, up 5.2% (excluding dental) across all centres
- Margins up 40 bps to 55.8%
- Warringah Medical Centre upgrade complete November 2013
- Considerable capacity to continue to add practices and services
- Continued commitment to training and education through our own medical centre network and supplemented via our online portal

Dr Bateman said: "In November 2013, we were delighted to open our relocated Warringah Medical Centre with a significant upgrade and redesign, including an expanded Day Surgery and Eye Clinic plus an MRI facility. The Centre's team includes more than 100 medical professionals with access to the latest facilities and technology to continue their three decades as the major provider of healthcare for the Manly Warringah community.

"The scale, professional collaboration and support that comes from co-location of healthcare professionals has enabled Primary to become the leading provider of after-hours GP care for the Australian community. This is a contribution that our GPs can be very proud of, at a time when emergency and outpatient departments of local hospitals are overburdened."

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| Pathology | <ul style="list-style-type: none"> • Revenue of \$436.2m, up 6.5% • Margins up 20 bps to 17.2% • EBITDA growth up 7.8% to \$74.9m • Strong track record of delivering efficiencies and margin gains • World-class laboratories in all mainland States and more than 1,550 Licensed Pathology Collection Centres, providing services to more than one-third of the Australian community • Small bolt on acquisitions continue and organic market share stable |
| Imaging | <ul style="list-style-type: none"> • Revenue of \$156.3m, up 6.5% • EBITDA growth of 7.9% to \$35.5m • Margin gains of 30 bps reflects contributions from all segments including hospitals, community sites and medical centres |
| Health Technology | <ul style="list-style-type: none"> • EBITDA of \$9.8m • New product enhancements delivered during the half – including an update of the MD product and the establishment of a new web-based medical information resource for PC, tablet and mobile • High margin business with good long term growth potential |

STRONG FINANCIAL POSITION

Primary successfully refinanced its bank debt facility out to January 2017 (\$625m) and November 2018 (\$625m), with pleasing margin improvements.

The refinancing, combined with a program of interest rate hedging in place for FY2014 and FY2015, will continue to decrease interest expense and consolidate EPS growth.

DIVIDEND & OUTLOOK

Primary Directors have declared a fully franked dividend of 9 cents per share, up 38% (1H FY2013: 6.5 cents).

Dr Bateman said: “The Board is pleased to provide shareholders with an increased dividend, reflecting the stability of the business and the confidence in Primary’s outlook.

“Primary continues to focus on organic growth and investing in leadership, scale, innovation, technology and healthcare education in order to maintain an affordable and sustainable model of healthcare, for all Australians.”

Primary re-confirms 7% to 13% EPS growth for FY2014 and EBITDA in the range of \$395m to \$410m. The guidance reflects the usual expected EBITDA split of 47.5% during 1H FY2014 and 52.5% during 2H FY2014.

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