

BELL POTTER**PRIMARY HEALTHCARE (PRY)**

FY16 result

RESULTS	FY15	FY16	CHANGE	CONSENSUS	BELL POTTER	
					ESTIMATES	COMMENTS
Revenue (\$m)	1599	1651	3.2%		1695	
EBITDA (\$m)	379.4	364.2	(4%)			
EBIT (\$m)	225.8	206.6	(8.5%)		209	
Net profit (\$m)	111.5	104.0	(6.7%)	106	104	pre-announced FY16 Core NPAT of \$104m, below the previous guidance of \$110m-\$115m
Dividend (cents)	20.0	12.0	(40%)	13.0	12.0	Final dividend of 6.4cps, 100% franked, Ex 26 Aug, Pay 14 Sep. Total div of 12.0 cps represents 60% payout of UNPAT

- **Divisional EBIT:** Medical Centres down 10.9% to \$85.9m, Pathology up 5.9% to \$134.9m, Imaging down 26.5% to \$25.2m, Corporate down 7.6% to \$49.7m
- Strategic transformation gaining momentum with the introduction of capital - light healthcare practitioner recruitment packages, re - focus on core activities to drive improved returns and investment for growth
- "In FY 2016, reduced capital expenditure, a stronger cash flow and a successful \$328 million capital recycling program delivered a stronger balance sheet, with net debt down from \$1.2 billion to \$816 million and gearing reducing from 32.4% to 25.2%."
- Net operating cash flow up 19% to \$285.1m

Outlook: "The transformation of Primary will continue in FY 2017, with further changes and capability - build, as we look to use our stronger balance sheet to invest and grow, while delivering good health outcomes to our patients, a preferred place to work for our healthcare practitioners and staff, and growth to our shareholders. We expect to see an improvement in performance in FY 2017."

Today's share price reaction: Up 3.6% to \$4.23 (12.23 pm)

Recommendation: Neutral rating likely to be maintained. Research report available tomorrow to Bell Potter clients.

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