

ASX ANNOUNCEMENT

24th February 2022

Underlying demand for healthcare services remains strong, masked by severe impact of COVID disruption

Key Highlights

- The result was severely impacted by the disruption from new waves of COVID, when operating conditions allowed, activity levels improved
- Ramsay's people, doctors and facilities continue to support the public sector and the community response to the pandemic
- Statutory profit declined 29.7% reflecting the impact of COVID related movement restrictions, isolation orders and surgical restrictions on activity levels and operating costs
- A fully franked dividend of 48.5 cps was declared, flat on the pcp
- The negative impact from COVID on the Australian business during the period is estimated to have been \$107m
- Non recurring items made a negative contribution of \$34.7m compared to a positive contribution of \$43.4m in the pcp. Items include acquisition, disposal and development costs of \$36.1m primarily associated with the Spire and Elysium transactions (\$3.2m in the pcp), net refinancing costs of \$11.3m (nil in the pcp), the write off of capitalised IT assets \$12.8m (nil in the pcp), impairments of \$5.6m and a gain on sale of assets in Europe of \$11.5m in this period (a profit of \$46.6m on the sale of assets in Germany and Australia in the pcp)
- Adjusting for non recurring items in this year and the pcp, Group profit before tax declined 1.3%
- Strong underlying result from Europe reflecting the benefit of organic growth and acquisitions
- The management of employee availability in the short term combined with recruitment and retention in the medium term are significant challenges facing the business
- The £775m¹ acquisition of Elysium Healthcare was completed on 31st January 2022 and builds on Ramsay's leading position in mental health and acute care in Australia and Europe and delivers opportunities for organic and inorganic growth in the UK
- Ramsay's balance sheet remains strong and will support the ongoing investment in brownfield and greenfield expansion of the facilities footprint combined with investment in the move into adjacent healthcare services
- Ramsay continues to build its digital and data foundations to leverage the existing business base and support entry into adjacent health services
- As COVID cases in the community decline, Ramsay is well positioned to benefit from the additional volume created by the backlog of elective surgery and medical cases from both the public and private sector
- "Ramsay Cares" strategy is focused on driving action through healthier people, stronger communities and a thriving planet

Group Financial Highlights	A\$m	%chg on pcp
Total revenue and other income less interest income	6,687.4	1.2
Earnings before interest and tax (EBIT)	489.2	(16.2)
Profit before tax	303.7	(23.8)
Statutory Profit	158.9	(29.7)
Interim Dividend per share (cps)	48.5	-
Fully diluted earnings per share (EPS) (cps)	67.7	(30.1)

"Our FY22 interim result has been severely impacted by further waves of COVID which have impeded surgical activity, increased costs, in particular staffing costs due to isolation orders, and resulted in lower non surgical activity due to movement restrictions. We have continued to provide our facilities and services to governments in our regions to address the impact of the pandemic on the public system and this has been, in Australia in particular, at a significant cost to the business.

"Despite the complex operating environment we have remained focused on pursuing our strategic vision, investing in growing, modernising and leveraging our world class hospital network and moving purposely into new and adjacent services. To this end we completed the acquisition of UK based leading mental healthcare provider Elysium at the end of January and Ramsay Santé has made several acquisitions of specialist primary healthcare businesses in the Nordic region. We have continued to invest in brownfield and greenfield expansion of our facilities to underpin and grow our market share. We have also invested in a number of programs to improve our climate resilience, develop and support our people and build our communities, with a particular focus on responsible sourcing and healthcare innovation.

"I would like to thank our people, and doctors who have continued to support our patients and our communities despite the many additional difficulties created by the pandemic, living Ramsay's purpose of people caring for people."

CEO & Managing Director Craig McNally

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¹ Refer to the ASX announcement dated 13th December 2021 "Acquisition of leading UK mental healthcare provider Elysium Healthcare" for further details on the business. Enterprise value of £775m is a pre IFRS 16 valuation

Regional Results

Asia Pacific	A\$m	%chg on pcp
Revenue from patients and other revenue	2,731.3	0.5
Revenue from government agreements	3.8	(79.1)
Share of Profit from Asian JV, Ramsay Sime Darby	7.9	(18.6)
EBIT	285.4	(5.9)

- The Australian 1HFY22 results were materially impacted by lockdowns and isolation orders driven by an increase in COVID cases combined with state government mandated surgical restrictions limiting private hospital activity to free up capacity for the potential overflow of urgent surgical and non surgical cases from public facilities
- Total segment revenue and other income declined 0.6% to \$2.7bn on the pcp and reflects the impact of COVID on activity levels and case mix
- Total admissions increased 2.1% on the pcp (2.4% on 1HFY20) with day patient admissions increasing 3.6% on the pcp and inpatient admissions declining 0.8% on the pcp reflecting restrictions in NSW allowing day surgery but restricting elective overnight surgery
- The 5.9% decline in EBIT reflects the impact of lower activity and case mix combined with an increase in costs associated with operating in a COVID environment, including the increased cost of PPE due to additional usage and higher prices, and the short term increase in staffing costs due to isolation orders. The estimated total impact of the disruption caused by COVID in 1HFY22 was \$107m
- During the period, due to a change in accounting policy, the business expensed \$12.6m of low value IT and other assets previously capitalised on the balance sheet, there was a \$5.6m impairment taken and \$4.2m of transaction costs incurred. The result in the prior period included a profit on the sale of development assets of \$10.9m
- Australia continued to invest in the expansion and modernisation of its facilities footprint. Capital expenditure for the period was \$157.3m
- The result includes Group head office expenses that declined \$19.1m over the pcp
- Ramsay Sime Darby reported 16.4% growth in EBIT for the period driven by the acquisition of a new hospital in Malaysia and the contribution of COVID treatment and vaccination activities. The decline in share of profit reflects a materially higher effective tax rate

UK	A\$m	%chg on pcp
Total segment revenue and other income	512.9	6.7
EBIT	(35.6)	(173.0)

- Ramsay UK's business was severely impacted by challenges stemming from the COVID pandemic. These included isolation orders impacting the availability of patients, doctors and employees at short notice resulting in material procedure cancellations and significantly higher personnel costs
- Ramsay reverted to its pre COVID commercial arrangements with the NHSE over the period however activity levels were impacted by COVID disruption. Admissions over the six month period increased 12.7% reflecting the more severe impact on activity of the pandemic in the pcp. Demand from private patients continued to grow as a percentage of total admissions over the period
- The business continued to incur higher costs associated with operating in a COVID environment including testing patients, doctors and staff, together with higher PPE costs. Additional costs associated with the COVID environment are estimated to have been £3m per month
- The business opened the Buckshaw day surgery hospital in Chorley in October, the third new hospital facility opened during the pandemic
- EBIT includes net transaction costs of A\$24.7m associated with the proposed scheme of arrangement for Spire Healthcare plc £2.5m, (A\$4.7m), which was voted down by Spire shareholders in July 2021 and the acquisition of mental health care provider Elysium Healthcare £10.8m (A\$20m) completed on 31st January 2022

Europe	A\$m	%chg on pcp
Total revenue from patients and other income	3,236.3	2.8
Income from government grants	203.1	(8.8)
EBIT	239.4	3.3

- Activity levels in the European business continued to be impacted by further waves of COVID. Higher vaccination levels and the lower level of severity of the Omicron variant meant hospitalisation rates remained manageable during the six month period but increased dramatically into December and the start of 2022
- During the six month period Ramsay Santé's hospitals in France continued to operate under the French Government's revenue guarantee arrangements which was extended from 1 July 2021 to 31 December 2021. The guarantee compensates the business for the use of its facilities and services when required during the pandemic
- Both the French and Nordic businesses received government funded compensation for the higher costs associated with operating in a COVID environment during the period
- Total European revenue increased 2.1% on the pcp. Excluding the contribution from the German hospitals sold in 1QFY21 and profit on asset sales in the current and prior year, revenue growth was 4.6% on the pcp
- EBIT growth excluding non recurring items in this period and the pcp was 14.8% reflecting the benefit of organic growth and acquisitions over the last twelve months
- Consistent with its strategy to enter adjacent healthcare services, during the period Ramsay Santé acquired an ophthalmology business in Sweden, a public primary care business in Denmark and an IVF business in Norway representing a total investment of €38m (A\$60m) with a further deferred consideration of €48m (A\$68.2m) subject to certain performance hurdles. The business continued to invest in brownfield expansion and its clustering strategy in France. Capital expenditure over the period was €126m (A\$199.7m)

Outlook²

"Our results in 2HFY22 will continue to be impacted by government imposed restrictions on capacity limiting our activity levels, combined with the additional costs of operating in the COVID environment. While surgical restrictions are now starting to ease in most of our regions we expect a transition period where our activities will continue to be disrupted by the impact of cancellations due to the availability of our people, doctors and patients and we incur the higher costs associated with staffing, PPE and procurement.

"Following the close of the Elysium transaction we are now focused on welcoming the team into the wider Ramsay Group, realising the growth opportunities and driving synergies. Our mental health specialist clinicians in Australia and France will work closely with the Elysium team to collaborate and drive innovation in Ramsay's mental health businesses ensuring we continue to deliver leading patient outcomes in this critical area.

"We will continue to invest in brownfield and greenfield development activities which we believe will drive growth, support margins and improve our market share. We will look for acquisition opportunities that are consistent with our strategy to expand our facilities footprint and move into new and adjacent services that complement our world class hospital network.

"We remain well positioned to benefit from the additional volume created by the growing backlog of surgical and non surgical cases in all our regions. The ability to fill staff vacancies is also a factor limiting activity across the healthcare industry globally, and Europe in particular, at the current time. Ramsay will invest in strategies to attract and retain staff to ensure it is well positioned to benefit from the expected lift in activity. We are working with governments, clinicians and other stakeholders in all our regions to develop strategies to safely operate in a COVID impacted environment and start to address the significant backlog of surgical and medical cases, some made more critical due to diagnostic delays caused by COVID."

CEO and Managing Director Craig McNally

Group

Volume is expected to increase as restrictions start to ease in most jurisdictions, however business activity in 2HFY22 is expected to continue to be volatile and costs will remain elevated:

- COVID isolation/illness and staff vacancies will impact activity levels
- The impact of surgical restrictions and the increase in costs due to the apparent peak in COVID cases in Australia in January, is estimated to have been \$48m. The financial impact on the business is expected to decrease as COVID cases decline and restrictions ease (except in Western Australia) over the coming months
- Vaccination rates remain critical to keeping COVID hospitalisation rates low

The business is expected to benefit from the additional volume created by the backlog of elective surgery and non surgical services both in the public and private sector as COVID cases in the community decline:

- Higher costs associated with staffing and increased PPE use and price are expected to gradually decline as the environment normalises, however they are likely to remain higher than pre COVID levels in FY23

Ramsay is working closely with governments, clinicians and other stakeholders to develop strategies to operate more efficiently and effectively in an endemic COVID environment. All regions are focused on strategies to:

- Manage the impact on activity levels and costs of medical staff and patients forced into isolation at short notice
- Improve the efficiency of hospital pathways following the operational disruption of COVID, and invest in digital strategies to recover productivity and improve patient experience and outcomes
- Invest in enhanced recruitment, training and retention programs to attract and retain our people

Ramsay is focused on welcoming the Elysium team into the wider Ramsay Group and realising the growth opportunities and driving synergies.

The business continues to invest in brownfield and greenfield development activities which will deliver growth and support margins and market share in the future.

Australia

The Australian result in 2HFY22 has already been impacted by elective surgical restrictions reintroduced in early January in both Victoria and NSW to different degrees (refer Asia Pacific Divisional outlook for detail). In NSW these restrictions started to ease from the 1st February. In Victoria restrictions have gradually eased over the course of February with all restrictions to be lifted on 28th February.

While the Queensland Government has not imposed surgical restrictions at this stage Ramsay has worked closely with the Government and is supplying 246 beds to the public sector in Queensland. The Queensland Government has not invoked the Private Hospital Funding Agreement at this stage and the beds are being provided on a daily rate.

In Western Australia the Department of Health has announced that from the 21st March for a period of seven weeks there will be restrictions on day surgery and overnight Category 2 and Category 3 surgery on private hospitals. During this time only Category 1 and urgent Category 2 surgery will be allowed. Similar restrictions have been placed on the public hospital system from the 14th March.

The impact of COVID related issues in the month of January, including surgical restrictions and isolation orders, is estimated to have been \$48m. Ramsay currently does not expect the extent of this impact to extend for the six months of 2HFY22, on the basis that surgical restrictions are being eased in each state (except Western Australia) and COVID case numbers appear to have peaked in January 2022 which will reduce the costs resulting from disruptions relating to isolation orders.

² Refer to the Review of Results of Operations for further details on the outlook for the Group and each region

The total EBIT impact in Australia of surgical restrictions, isolation orders and reluctance to enter hospital settings, including visitor restrictions, is expected to be material in 2HFY22 and will depend on the duration of the current restrictions, any further restrictions that may be imposed and the profile of the pandemic in Australia moving forward. Staff availability will remain an issue in the short term.

The business will continue to invest in its development pipeline with a number of large projects completed or to be completed in FY22 and FY23 to ensure its facilities footprint will be well positioned to assist with the backlog of surgical and non surgical cases expected to enter the system as COVID cases decline in the community. Projects include the development of a 12 bay emergency department in Hollywood private hospital with additional investment in bed capacity, the upgrade of the cardiac diagnostic facilities at Westmead, the expansion of surgical facilities at Greenslopes in Queensland, the new integrated medical precinct at North Shore Private and the public private partnership trial between NSW Health and Ramsay to deliver new mental health services to adolescents and young adults in Western Sydney at Northside Group Macarthur Clinic.

The business continues to work constructively with state governments to develop strategies to assist with addressing the backlog of surgical cases that has built as a result of COVID related restrictions over the last two years.

United Kingdom

On 10th January 2022 a new COVID related volume based agreement with the NHSE came into effect and is currently expected to expire on 31st March 2022 unless terminated earlier by mutual agreement. Under the agreement Ramsay will make its services and facilities available to the NHSE and its patients. Under the agreement Ramsay will continue to be able to treat private patients. The NHSE may trigger a Peak Surge Period on 7 days' notice should Ramsay's capacity be required to enable the NHSE to respond to COVID cases. In these circumstances, the affected hospitals will be paid on a cost recovery basis.

Business activity in 2HFY22 will depend on the ongoing impact of COVID on cancellations due to the availability of staff, doctors and patients. Management will continue to focus on strategies to mitigate the impact of cancellations and manage staffing costs.

The business will continue to work with the UK Government and the NHS around the model for the delivery of additional capacity over the medium to long term to address the expanding public wait list for elective surgery.

The acquisition of Elysium in the UK closed on 31st January 2022, the full year result will include a contribution from the business for five months.

The acquisition valued Elysium on pre IFRS16 enterprise value of £775m has been funded from Ramsay's existing debt facilities and is expected to deliver mid single digit EPS accretion in FY23. In FY22 and FY23 the Elysium business is expected to report the benefit of a recent investment in capacity with an approximate 9.5% increase in capacity over the 12 months to the end of December 2021¹.

Europe

Ramsay Santé has started 2HFY22 continuing to treat COVID patients while doing some private patient work subject to staff and capacity availability. Earnings in France in 2H will be dictated by the shape of the current and any future waves of COVID cases and the level of hospitalisations.

The French Government has indicated that a new revenue decree providing support for private hospital operators will be issued for the period covering 1 January 2022 to June 30th 2022 however the details in terms of application have not been announced and may not be the same as they have been under past decrees.

Earnings will be driven in part by the availability of staff which has been heavily impacted by absenteeism caused by COVID and general fatigue due to nature of the work over the pandemic.

The impact on the business of the Omicron wave on the Nordics region has not been as severe as in France to-date and the skew of activities to primary care has assisted with results in the region. The business will continue to benefit from the small bolt on acquisitions it has completed over the last twelve months.

Asia

- In 2HFY22 Ramsay Sime Darby is expected to continue to benefit from the recovery in patients in Malaysia following the easing of restrictions and the inclusion of the Bukit Tinggi Medical Centre. Indonesia is expected to see a more gradual improvement in patient volumes given the more material impact from COVID cases

For further details on the Outlook for the divisions please refer to the Operating and Financial Review

The release of this announcement has been authorised by the Ramsay Health Care Board of Directors

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ABOUT RAMSAY HEALTH CARE

Ramsay Health Care (Ramsay) provides quality health care through a global network of clinical practice, teaching and research. Ramsay Health Care's global network extends across 10 countries, with over eight million admissions/patient visits to its facilities in over 532 locations. Ramsay was founded by Paul Ramsay AO (1936-2014) in 1964 and has always focused on maintaining the highest standards of quality and safety; being an employer of choice; and operating the business based on a culture known as the "Ramsay Way" with a philosophy based on "People Caring for People". Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalization of A\$14.7bn² and an enterprise value (EV) of A\$17.7bn³ (EV of A\$22.9bn inclusive of lease liabilities). The Ramsay Group employs over 86,000 people globally. Ramsay's operations are split across four regions:

AUSTRALIA

Ramsay Australia has 72 private hospitals and day surgery units in Australia and is Australia's largest private hospital operator. Ramsay operations include mental health facilities as well as the operation of three public facilities. In addition, Ramsay has established the Ramsay Pharmacy retail franchise network which supports more than 59 community pharmacies. Ramsay Australia admits more than one million patients annually and employs more than 31,000 people.

EUROPE

Ramsay Santé is the second largest private care provider in Europe, operating specialist clinics and primary care units in approximately 350 locations across five countries in Europe. In France, Ramsay Santé has a market leading position with 132 acute care and mental health facilities. In Denmark, Norway and Sweden, Ramsay Santé operates 210 facilities including primary care units, specialist clinics and hospitals. Ramsay Santé also operates a 93-bed hospital in Italy. Ramsay Santé employs around 36,000 staff and its facilities treat approximately seven million patients each year. Ramsay Health Care owns 52.79% of Ramsay Santé which is listed on the European financial markets' platform Euronext.

UK

Ramsay UK has a network of 34 acute hospitals and day procedure centres providing a comprehensive range of clinical specialities to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service and provides neurological services through its three neuro-rehabilitation facilities. Ramsay UK cares for almost 200,000 patients per year and employs more than 7,300 people.

Ramsay recently acquired Elysium Healthcare a leading independent operator of long-term medium and low secure hospitals and complex care homes for individuals with mental health conditions. Elysium has 72 operational sites across the UK and approximately 2,000 beds. The business employs more than 6,000 people.

ASIA

In Asia, Ramsay Sime Darby Health Care Sdn Bhd operates three hospitals in Indonesia, three hospitals and a nursing college in Malaysia and one day surgery in Hong Kong. The business employs more than 4,000 people. Ramsay Sime Darby is a 50:50 joint venture arrangement with Malaysian multinational conglomerate Sime Darby Berhad.

Disclaimer

This announcement is in summary form and is not necessarily complete. It should be read together with the Ramsay Group's unaudited consolidated financial statements lodged with the ASX on 24th February 2022.

This announcement contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. Ramsay cautions against reliance on any forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by COVID-19.

While Ramsay has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. Ramsay will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections from time to time. The Ramsay Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement, subject to disclosure obligations under the applicable law and ASX listing rules.

² Please refer to www.Ramsayhealth.com/About-Us/Values website

³ Closing price on 22nd February 2022