

ASX ANNOUNCEMENT

29th April 2022

3QFY22 TRADING UPDATE - WELL POSITIONED TO BENEFIT FROM THE GROWING BACKLOG OF ELECTIVE SURGERY

- Ramsay remains well positioned to benefit from the growing backlog of elective surgery across each of its geographies and continues to invest in organic and inorganic initiatives to meet the forecast long-term growth in demand for healthcare services
- The Elysium Healthcare (Elysium) acquisition was completed on 31st January 2022 and the recommended offer by Ramsay Santé to acquire GHP Specialty Care AB is now unconditional. Elysium is performing in line with the expectations at the time of acquisition. Both acquisitions are expected to be EPS accretive in FY23
- Ramsay continues to invest in its business platform to drive growth in the medium term towards its strategic vision to be a digitally-enabled, patient-centred, integrated healthcare provider. This includes investment in its brownfield and greenfield development pipeline which enhances the value of the portfolio
- Unaudited Group NPAT for the nine months to 31st March 2022 was \$201.6m a decline of 38.9% on the pcp, reflecting the ongoing impact of COVID disruption on staff, patient and clinician availability and the increased costs associated with the operating environment. The result includes a \$5.8m EBIT contribution for the two months of ownership of Elysium
- Removing the impact of non-recurring items¹, unaudited NPAT for the nine-month period declined 6.8% on the pcp to \$269.7m
- Asia Pacific earnings continued to be impacted by surgical restrictions, COVID-related absenteeism and higher operating costs. Activity levels have started to improve in Australia, as elective surgery restrictions are lifted
- In Australia, the total impact of the disruption associated with COVID for the nine months to 31st March is estimated to have been \$196.2m, including \$89.2m in 3QFY22
- Admissions in the UK hospitals business are improving; however, earnings continue to be impacted by the costs associated with COVID-related cancellations at short notice, inflationary pressures in the UK including wage pressure and COVID-related costs
- Ramsay Santé reported an increase in earnings, primarily driven by stronger results from the Nordics region. Activity levels in France continue to be impacted by staffing shortages
- While COVID cases remain at elevated levels in the community, Ramsay expects to continue to experience disruption and the additional costs associated with operating in the current environment

Managing Director and CEO of Ramsay Health Care Craig McNally said, *“While the 3QFY22 has seen significant levels of disruption in the business due to high rates of COVID in the community, we are starting to see activity levels rise as surgical restrictions lift and our regions move into an endemic COVID setting.*

“We have continued to invest in our platform for future growth, including our brownfield expansion plans and completing the Elysium transaction. The focus is now on integrating recent acquisitions and driving synergies to improve returns. The business remains well placed to benefit from the growing backlog of surgeries and has had discussions with the public sector in each region as to how we play a constructive and sustainable role in meeting public health needs.

¹ Non-recurring items as disclosed in the tables on page 3

“We remain focused on our short- and long-term plans to address staff shortages and covid related fatigue among our frontline teams and to ensure that we remain an attractive place to work and an employer of choice. I would like to thank our people for continuing to live our purpose of ‘People Caring for People’ which has underpinned the resilience and success of the Ramsay business over many years.”

3QFY22 TRADING UPDATE

Ramsay Health Care Group - Unaudited Earnings to 31st March 2022

3 months ended 31 st March 2022 A\$'m	2022	2021 ¹	Chg%
Total Revenue	3,449.2	3,263.4	5.7
EBITDA	422.7	463.7	(8.8)
EBIT	190.3	247.1	(23.0)
Net profit after tax attributable to owners of the parent	42.7	104.2	(59.0)
9 months ended 31 st March 2022 A\$'m	2022	2021 ¹	Chg%
Total Revenue	10,136.6	9,869.6	2.7
EBITDA	1,375.3	1,502.7	(8.5)
EBIT	679.5	830.9	(18.2)
Net profit after tax attributable to owners of the parent	201.6	330.2	(38.9)

Non-Recurring Items - Unaudited Result for nine months to 31st March 2022

A\$'m	Asia Pacific	UK	Europe	Total
Net profit/(loss) on disposal of non-current assets	-	-	13.0	13.0
Expensing of IT and other assets	(12.6)	(0.2)	-	(12.8)
Impairment of fixed assets	(5.6)	-	-	(5.6)
Refund of prior year rent	-	-	8.3	8.3
Inventory write off	-	(18.9)	-	(18.9)
Transaction costs/ Acquisition, disposal, and development costs	(4.3)	(24.7)	(11.3)	(40.3)
Bank loan facility break costs	(11.8)	-	-	(11.8)
Total Impact before tax and minority interests	(34.3)	(43.8)	10.0	(68.1)

Non-Recurring Items - Unaudited Result for nine months 31st March 2021

A\$'m	Asia Pacific	UK	Europe	Total
Net profit/(loss) on disposal of non-current assets	-	-	33.3	33.3
Transaction costs/ Acquisition, disposal, and development costs	(1.6)	-	(1.9)	(3.5)
Profit on the sale of development assets	10.9	-	-	10.9
Total Impact before tax and minority interests	9.3	-	31.5	40.8

ASIA PACIFIC

Unaudited Earnings to 31st March 2022

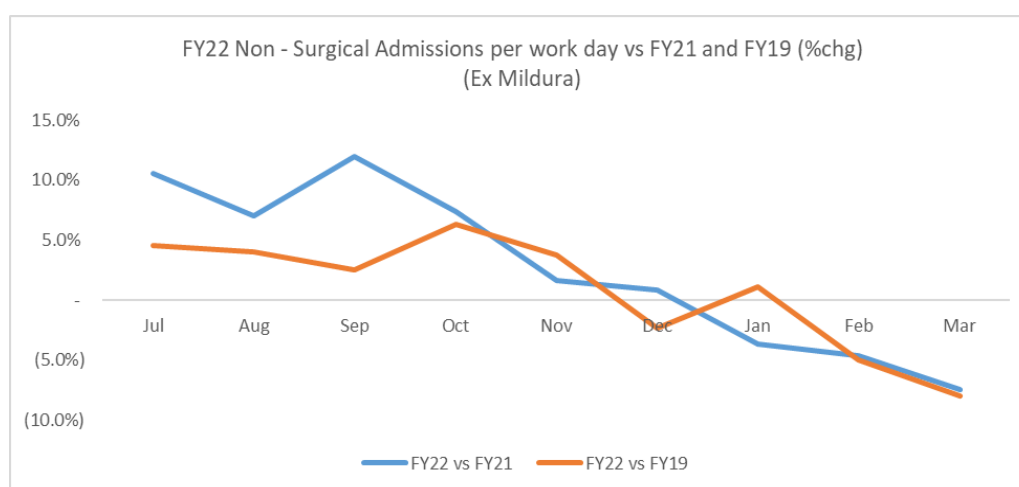
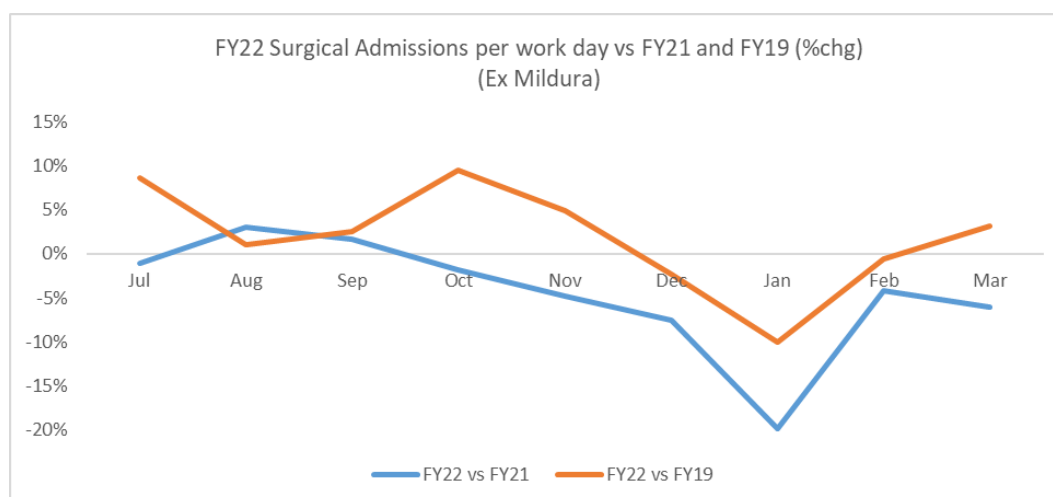
3 months ended 31 st March 2022 A\$'m	2022	2021	Chg%
Total Revenue	1,257.2	1,299.1	(3.2)
EBITDA	147.0	202.7	(27.5)
EBIT	86.9	148.2	(41.4)
9 months ended 31 st March 2022 A\$'m	2022	2021 ¹	Chg%
Total Revenue	3,997.3	4,056.3	(1.5)
EBITDA	555.0	614.8	(9.7)
EBIT	372.3	451.5	(17.5)

Australia

- During 3QFY22, the Australian business continued to be impacted by surgical restrictions, high rates of staff absenteeism and cancellations due to patient and doctor availability
- Activity levels started to improve during March, following the lifting of restrictions, however cancellations at short notice due to patient, clinician and staff isolation issues have continued to impact the business
- The impact of COVID related issues for the nine-month period is estimated at \$195.5m
- The impact of COVID related issues in 3QFY22 is estimated to have been \$89.2m, inclusive of the \$48m impact in January announced with the 1HFY22 result
- Mix issues continued to have a negative impact on margins given surgical restrictions, the treatment of public admissions in NSW and Victoria under state government agreements with no margin and the slow recovery in psych and rehab admissions
- Surgical restrictions in NSW and Victoria were completely lifted by the end of February and activity levels have gradually improved, albeit impacted by cancellations due to COVID related issues
- In Western Australia, public hospitals have been restricted to emergency surgery since the 14th of March. Private hospitals were restricted to day and short stay surgery from 21st March to 19th April, when they were allowed to return to 80% of normal procedural capacity
- A number of facilities in northern NSW and South-East Queensland incurred costs and cancellations as a result of the floods during March; the net impact of this is expected to be ~\$1m
- The result includes the non-recurring items reported in the 1HFY22 result including transaction costs of \$4.3m (\$1.6m in the pcp) and an impairment of fixed assets of \$5.6m. The result in the pcp included net profit on the disposal of assets of \$11.9m
- Ramsay Australia continued to invest in its greenfield and brownfield pipeline. For the nine months to the end of March the business invested approximately \$145m in its development pipeline and completed projects with a total investment value of \$232.5m delivering 240 net beds, 9 theatres and three new procedure rooms.

The graphs below show surgical and non-surgical admissions per workday compared to both FY21 and FY19, which represents the last full pre-COVID fiscal year:

- Surgical admissions for 3QFY22 were down 9.1% and 0.8% against 3Q FY21 and FY19 respectively. The recovery in surgical volumes in March was impacted by the introduction of restrictions in Western Australia
- Non-surgical volumes in 3QFY22 were down 5.4% and 4% on FY21 and FY19 respectively. 3QFY22 non-surgical volumes compared to FY21 and FY19 were dragged down by weak psych volumes, down 19.3% and 22.8% respectively and lower rehab volumes down 14.3% and 16.1% respectively



Ramsay Sime Darby

- The Ramsay Sime Darby joint venture reported a 10.9% increase in revenue over the pcp over the nine months to 31st March 2022, driven primarily by the inclusion of Bukit Tinggi Medical Centre in Malaysia, which was acquired in May 2021
- EBIT over the nine-month period increased 14% over the pcp, reflecting the expanded asset base and the contribution from the provision of COVID-related services in both Malaysia and Indonesia
- The equity accounted contribution from the joint venture, included in the Asia Pacific earnings, for the nine months to 31st March 2022 was \$12.3m compared to \$7.4m in the pcp

UK

Unaudited Earnings to 31st March 2022 (inclusive of Elysium earnings from 1st February 2022)

3 months ended 31 st March 2022 A\$'m	2022	2021 ¹	Chg%
Total Revenue	380.5	272.2	39.8
EBITDA	18.2	53.6	(66.0)
EBIT	(11.6)	32.2	(136.0)
9 months ended 31 st March 2022 A\$'m	2022	2021 ¹	Chg%
Total Revenue	893.4	753.1	18.6
EBITDA	28.2	147.4	(80.9)
EBIT	(47.2)	81.0	(158.3)

1. Does not include any earnings from Elysium

- Revenue for the nine-month period increased 18.6% on the pcp and includes a \$114.3m contribution from Elysium following completion of the acquisition on 31st January 2022. The UK hospital business reported a 3.5% increase in revenue for the nine-month period compared to the pcp
- EBIT for the nine-month period declined 158.3% on the pcp and includes a \$5.8m contribution from Elysium (Elysium EBITDA contribution \$11.7m). The UK hospital business reported an EBIT loss for the nine-month period of \$53m
- EBIT for the nine-month period includes non-recurring items \$24.7m of transaction costs, an inventory write-down of \$18.9m (booked in 3QFY22) and the expensing of IT assets of \$0.2m
- Excluding the impact of non-recurring items, the UK hospital business reported an EBIT loss for the nine-month period of \$9.2m
- Excluding the impact of non-recurring items, the UK hospital business reported EBIT of \$1.5m for the three months to 31st March 2022
- The UK hospital business continues to be impacted by highly disruptive short-term challenges as a result of the high number of cancellations due to COVID. There were approximately 21,100 episodes of care cancelled in the nine-month period
- The higher costs associated with operating in a COVID environment, combined with inflationary pressures across the business, have also impacted the result. The costs associated with operating in a COVID environment in the UK hospital business are estimated to have been £3m per month over the nine-month period
- While cancellations in the UK hospital business have remained high in the 3QFY22, lost time to COVID is gradually reducing and admissions continued to improve over the quarter, as we become more efficient at rebooking cancellations. There has been some relaxation of restrictions in the patient pathway since late February, which has supported the increase in admissions
- The recent relaxation of COVID restrictions in the UK has resulted in higher cases and hospitalisation rates. This remains a risk to activity levels in the business
- The Elysium acquisition was completed on 31st January 2022. The business is performing in-line with expectations and is expected to deliver annual benefits of at least £5m p.a. across procurement, leveraging systems and network scale with an opportunity for further growth synergies

- Elysium has been impacted by staff availability and the prevalence of COVID in the community and this had a small impact on occupancy levels
- Elysium offers a platform for growth through full utilisation of recently developed capacity, and delivering on its development pipeline, combined with potential bolt-on opportunities. The Elysium team have continued to develop their greenfield and brownfield pipeline with a number of small developments coming online including the Bere Clinic, a recently developed 12 bed child and adolescent mental health service facility focused on eating disorder service for 12–18-year-olds, which admitted its first patients on 10th March

RAMSAY SANTÉ

Unaudited Earnings to 31st March 2022

3 months ended 31 st March 2022 A\$'m	2022	2021	Chg%
Total Revenue	1,806.6	1,690.5	6.9
EBITDA	257.5	207.4	24.2
EBIT	115.0	66.6	72.7
9 months ended 31 st March 2022 A\$'m	2022	2021	Chg%
Total Revenue	5,246.0	5,060.1	3.7
EBITDA	792.1	740.5	7.0
EBIT	354.4	298.3	18.8

- Removing the impact of non-recurring items, revenue for the nine months to 31st March 2022 increased by 12.2% (ex-the German business sold in 2QFY21 \$55.6m and removing the impact of profit on the sale of assets in both FY21 \$35.7m and FY22 \$11.5m). The increase is driven by additional activity in the Nordics and the impact of the French Government subsidy for nurse salary increases
- Activity levels in France continue to be impacted by patient cancellations due to COVID isolation orders combined with staff shortages and elevated absenteeism rates. Total admissions for the nine months to 31st March increased 3.5% on the pcp
- France MSO (medical, surgical and obstetrics) activity levels continue to be slower to recover, with hospital capacity restricted by nursing shortages. Activity levels continue to be heavily skewed to day surgery
- The French Government has extended the principle of a revenue guarantee from 1 January 2022 to 30 June 2022, with the applicable mechanism yet to be confirmed by decree
- The French tariff for the 12 months to 1st March 2023 has been set at an increase of 0.7%
- Due to the business mix towards primary care and specialist clinics and the contribution of recent acquisitions, the Nordics region has continued to report revenue and EBIT growth on the pcp
- The result for the nine-month period includes a number of non-recurring items including net profit on the disposal of assets of \$13.0m (\$33.3m in the pcp), the refund of prior year rent of \$8.3m and transaction costs of \$11.3m (\$1.9m in the pcp)
- Removing the impact of non-recurring items, the EBIT result for the nine-month period increased 29.1% on the pcp

- During the period, Ramsay Santé (through its wholly owned subsidiary Capio Group Services AB) successfully launched an acquisition of Swedish specialty healthcare provider, GHP Specialty Care. The price represented an enterprise value of approximately €228m, with a 2021 EBITDA multiple of 12x. On 22nd April, all conditions of the proposed acquisition were achieved and closing is expected around 2nd May 2022. The acquisition is expected to be EPS accretive in FY23 and deliver an estimated €6m in synergies p.a. in year three
- GHP operates 24 specialist clinics in a select number of diagnostic areas including specialist competences in spine orthopedics, gastro, surgery, and arrhythmia. Combined, Capio and GHP will provide services covering eight out of the ten largest disease groups in Sweden. The acquisition is consistent with Ramsay Santé's strategy to increase its footprint in the Nordics region and consolidates its position by offering complementary geographical coverage with its existing healthcare activities in Sweden and Denmark

A conference call hosted by CEO and Managing Director Craig McNally and CFO Martyn Roberts will be held at 10.30am today to answer any questions regarding the update. To pre-register for the call please click on the following link:

[Ramsay Health Care Business Update](#)

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

Disclaimer

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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.