ASX RELEASE

24 February 2022

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Appendix 4D Half-Year Financial Report

Please find attached Ramsay Health Care's Appendix 4D for the half-year ended 31 December 2021.

A presentation of the results hosted by Managing Director and CEO, Craig McNally, and Group CFO, Martyn Roberts, will commence at 9.30am this morning followed by a question and answer session.

A webcast of the event will be hosted on the Ramsay Health Care website: https://www.ramsayhealth.com/Investors/Annual-and-Financial-Reports.

To pre-register for the webcast please click on the link below:

Ramsay Health Care HY22 Webcast registration

A recording and transcript of the webcast will be available later in the day.

Yours sincerely

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

Ramsay Health Care
ABN 57 001 288 768

ASX: HY22

Half Year Results

6 months to 31st December 2021

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Ramsay
Health Care

TABLE OF CONTENTS

1.

APPENDIX 4D – KEY MATTERS

Results for Announcement to the Market

Half year Ended 31 December A$'m	2021	2020	Chg (%)	Chg (%) CC[1]
Revenue from patients and other revenue	6,469.0	5,916.6	9.3	9.8
Total revenue and other income (less interest income)	**6,687.4**	**6,606.2**	1.2	2.6
Share of profit from Ramsay Sime Darby joint venture	7.9	9.7	(18.6)	(24.6)
Earnings before finance costs, tax, depreciation, amortisation and rent (EBITDAR)	**1,009.6**	**1,107.5**	(8.8)	(7.9)
Earnings before finance costs, tax, depreciation, amortisation and impairment (EBITDA)	**952.6**	**1,039.0**	(8.3)	(7.2)
Earnings before finance costs and tax (EBIT)	**489.2**	**583.8**	(16.2)	(14.6)
Financing costs associated with leases (AASB16)	(117.5)	(117.5)	-	0.4
Net other financing costs	(68.0)	(67.9)	(0.1)	1.2
Income Tax Expense	(94.9)	(132.8)	28.5	21.3
Net Profit after tax	**208.8**	**265.6**	(21.4)	(21.8)
Attributable to non-controlling interests	(49.9)	(39.6)	(26.0)	(32.5)
Net Profit after tax attributable to owners of the parent	**158.9**	**226.0**	(29.7)	(31.3)
Interim Convertible Adjustable Rate Equity Securities (CARES) dividend per share ($)[2]	1.7	1.7	(0.1)	
Franking - CARES (%)	100	100	-	
Interim ordinary dividend per share (¢)[3]	48.5	48.5	-	
Franking interim ordinary dividend (%)	100	100	-	
Basic Earnings per share (after CARES dividend) (¢)	67.8	97.2	(30.2)	
Fully diluted earnings per share (after CARES dividend) (¢)	67.7	96.9	(30.1)	
Weighted average number of ordinary shares (m)	227.8	227.8	-	
Fully diluted weighted average number of shares (m)	228.2	228.3	(0.1)	

1 Constant currency
2 Record date for FY22 interim CARES dividend is 30th March 2022, the payment date is 20th April 2022.
3 Record date for the FY22 ordinary interim dividend is 8th March 2022 and the payment date is 31st March 2022

Ramsay's results were materially impacted by the disruption caused by further waves of COVID-19 (COVID) in all the jurisdictions it operates in. The impacts included restrictions on surgical capacity and the flow on effects of isolation orders and movement restrictions on the availability of staff, clinicians and patients and the resultant impact on revenue and costs.

Revenue from patients and other revenue increased 9.3% on the prior corresponding period (pcp). The increase primarily reflects the inclusion of revenue from the UK business in the period (the UK operated under a net cost recovery agreement with the NHSE (National Health Service England) reflected in revenue from government contracts in the pcp).

Total revenue and other income increased 1.2% on the pcp and includes government revenue and cost compensation, primarily in the European region, for the use of Ramsay's services and facilities to assist the public sector with outbreaks of COVID during the period.

EBITDAR was 8.8% lower on the pcp reflecting the impact of higher costs associated with operating in the COVID environment including higher staffing and PPE costs; and the impact of a change in case mix due to surgical restrictions and COVID related movement restrictions.

EBITDAR includes the impact of surgical restrictions and lockdowns in Australia in 1HFY22 which is estimated to have been $107m.

EBITDAR includes non recurring items ($34.7m) compared to $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), the expensing of IT and other assets $12.8m (nil in the pcp), impairments of $5.6m, the benefit of the refund of prior year rent in France of $8.3m and a profit on sale of assets in Europe of $11.5m in this period (a profit of $46.6m on the sale of assets in Germany, France and Australia in the pcp).

Financing costs were flat over the pcp and include a net $11.3m break fee associated with the early repayment of two bank loan facilities during the period.

Free cashflow declined over the period primarily reflecting movements in working capital associated with the return of payments received in advance in prior periods under the revenue guarantee provided by the French Government.

Ramsay continued to invest in its facilities and footprint. Capital expenditure was $386.3m compared to $352m in the pcp.

On 13th December, Ramsay entered into an agreement to acquire UK mental healthcare provider Elysium Healthcare (Elysium) for £775m (~A$1.4bn)[1] funded through existing debt facilities. The transaction completed on 31st January 2022. At 31st December, 2021 Ramsay had leverage at the funding group level of 1.0x (2.4x on a proforma basis assuming the Elysium transaction had completed at 31st December).

A fully franked dividend of 48.5 cents per share (cps) flat on the pcp.

[1] Ramsay announced the acquisition of Elysium Healthcare on 13th December 2021. Refer ASX announcement for further detail

2.

REVIEW OF RESULTS OF OPERATIONS

2.1 Who We Are

Ramsay Health Care (Ramsay) provides quality healthcare 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 capitalisation of A$14.7bn[1] and an enterprise value (EV) of A$17.7bn[1] (EV of A$22.9bn inclusive of lease liabilities). Ramsay 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.

UK

Ramsay 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 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 7,000 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.

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 about 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.

ASIA

In Asia, Ramsay Sime Darby Health Care Sdn Bhd operates four hospitals in Indonesia, four 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.

[1] As at close of trade 22nd February 2022. Pre IFRS 16 basis

2.2 Group Performance

2.2.1 Overview of Results

Half year Ended 31 December A$'m	2021	2020	Chg (%)	Chg(%) CC[1]
Asia Pacific	2,740.1	2,757.2	(0.6)	(0.7)
UK	512.9	480.9	6.7	3.5
Europe	3,439.4	3,369.6	2.1	5.2
Total segment revenue & other income	**6,692.4**	**6,607.7**	1.3	2.6
Asia Pacific	414.2	418.0	(0.9)	(2.8)
UK	10.4	94.4	(89.0)	(89.3)
Europe	585.0	595.1	(1.7)	1.4
EBITDAR	**1,009.6**	**1,107.5**	(8.8)	(7.9)
Rent and short term low value leases	(57.0)	(68.5)	16.8	17.9
Asia Pacific	408.0	412.1	(1.0)	(2.3)
UK	10.0	93.8	(89.3)	(89.6)
Europe	534.6	533.1	0.3	3.5
EBITDA	**952.6**	**1,039.0**	(8.3)	(7.2)
Depreciation	(441.8)	(436.0)	(1.3)	-
Amortisation & impairment	(21.6)	(19.2)	(12.5)	0.1
Asia Pacific	285.4	303.3	(5.9)	(5.9)
UK	(35.6)	48.8	(173.0)	(170.5)
Europe	239.4	231.7	3.3	7.0
EBIT	**489.2**	**583.8**	(16.2)	(14.6)
Financing costs (AASB16 Leases)	(117.5)	(117.5)	-	0.4
Net other financing costs	(68.0)	(67.9)	(0.1)	1.2
Profit before Tax	**303.7**	**398.4**	(23.8)	(21.6)
Income Tax Expense	(94.9)	(132.8)	28.5	21.3
Net Profit after tax	**208.8**	**265.6**	(21.4)	(21.8)
Attributable to non-controlling interests	(49.9)	(39.6)	(26.0)	(32.5)
Net Profit after tax attributable to owners of the parent	**158.9**	**226.0**	(29.7)	(31.3)
Interim dividend per share (¢)	48.5	48.5	-	
Basic Earnings per share (after CARES dividend) (¢)	67.8	97.2	(30.2)	
Fully diluted earnings per share (after CARES dividend) (¢)	67.7	96.9	(30.1)	
Weighted average number of ordinary shares (m)	227.8	227.8	-	
Fully diluted weighted average number of shares (m)	228.2	228.3	(0.1)	

1 *Constant currency*

2.2.2 Revenue Breakdown by type

Half year Ended 31 December A$'m	2021	2020	Chg (%)	Chg (%) CC[1]
Revenue from patients and other revenue	6,469.0	5,916.6	9.3	9.8
Revenue from governments under COVID support contracts	3.8	412.7	(99.1)	(98.9)
Revenue from contracts with customers	**6,472.8**	**6,329.3**	2.3	3.6
Interest income	0.9	2.6	(65.4)	(63.3)
Other income - income from government grants	203.1	222.8	(8.8)	(6.4)
Other income - income from sale of development assets	-	18.4	(100.0)	(100.0)
Other income - net profit on disposal of non-current assets	11.5	35.7	(67.8)	(68.7)
Total revenue and other income before intersegment revenue	**6,688.3**	**6,608.8**	1.2	2.6

1 *constant currency*

In 1HFY22 Ramsay continued to make its facilities and clinical capabilities available to support public health systems in the regions in which it operates, to assist in the response to further outbreaks of the COVID virus. In return, governments contributed to the overall viability of the private hospital sector through contractual or legislative support.

Revenue from "Governments under COVID support contracts" reflects payments received under agreements with governments in both the UK (only in the pcp) and Australia (Victoria and NSW in 1HFY22) that are designed to compensate Ramsay for the net recoverable costs associated with maintaining its facilities and workforce for use by the public sector if required[2]. The decline reflects that in the prior period Ramsay UK operated under cost recovery agreements with the NHSE put in place to make Ramsay's services available to the public sector when required to meet the demands of the COVID pandemic. Revenue under that contract was reflected in "Revenue from governments under COVID support contracts". The business reverted to its traditional operating arrangements with the NHSE over the six month period as well as providing services to private patients.

"Other income from government grants" reflects payments received under the French Government decree which provided compensation for both lost revenue and the costs to Ramsay Santé providing its facilities and services to assist with supporting COVID patients. It also includes compensation for COVID related costs from governments in the Nordic region and the French Government compensation for the material wage increase granted to nurses across the system in 2020.

Group revenue from patients increased 9.3% on the pcp, the improvement primarily reflecting the inclusion of the UK business compared to the pcp . Revenue from patients was negatively impacted by elective surgery restrictions and the impact of isolation orders on the availability of employees, doctors and patients across all regions.

In FY21 revenue from patients included approximately $55.6m of revenue from facilities in Germany that were disposed of in 2QFY21.

Income from the sale of development assets of $18.4m in the pcp reflects the sale of consulting suites in Australia. The division booked a profit on sale of $10.9m in the pcp. There were no sales in this period.

Net profit on the disposal of assets reflects the sale of assets in France in 1HFY22 compared to the sale of assets in Germany and France in the pcp.

Refer Divisional Performance for further details

2.2.3 EBIT

Group EBIT

Non-Recurring Items in 1HFY22 Result

A$'m	Asia Pacific	UK	Europe	Total
Net profit/(loss) on disposal of non-current assets	-	-	11.5	11.5
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
Transaction costs/ Acquisition, disposal, and development costs	(4.2)	(24.7)	(7.2)	(36.1)
Total Impact before tax and minority interests	**(22.4)**	**(24.9)**	**12.6**	**(34.7)**

Non-Recurring Items in 1HFY21 Result

A$'m	Asia Pacific	UK	Europe	Total
Net profit/(loss) on disposal of non-current assets	-	-	35.7	35.7
Transaction costs/ Acquisition, disposal, and development costs	(1.6)	-	(1.6)	(3.2)
Profit on the sale of development assets	10.9	-	-	10.9
Total Impact before tax and minority interests	**9.3**	**-**	**34.1**	**43.4**

Group EBIT was lower on the pcp and includes the impact of elective surgical restrictions and movement restrictions on admissions; the higher costs associated with operating in a COVID environment including higher staffing costs due to the impact of isolation orders and higher PPE costs; and the impact of mix issues.

In Australia the estimated total impact of the disruption related to COVID in 1HFY22 was $107m.

Rental and short term low value lease costs declined primarily reflecting the refund of prior year rent of $8.3m in France.

Transaction, acquisition and developments costs primarily relate to transaction costs 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[1] and the acquisition of mental healthcare provider Elysium Healthcare £10.8m (A$20m) completed on 31st January 2022[2] ($3.2m total transaction costs in the pcp).

The net profit on disposal of assets relates to the sale of two facilities in France. The $11.5m profit compares to the $46.6m profit on the sale of assets and investments in Europe and Australia booked in the pcp.

Expensing of IT and other assets primarily relates to the internal decision to increase the threshold for capitalising assets.

Refer to Divisional Performance for further detail

[2] Refer Divisional performance and slide in presentation for further details on these contracts
[1] ASX announcement 19 July 2021 "Results of Scheme Meeting"
[2] ASX announcement 1st February 2022 "Completion of the acquisition of UK based mental healthcare provider Elysium Healthcare"

2.2.4 Financing Costs and Tax

Net financing costs were flat on the pcp and includes the $11.3m net upfront cost of terminating two fixed rate loan facilities totalling $200m which were due to expire in FY25. The net upfront costs of the early repayment of two debt facilities in 1HFY22 of $11.3m will be netted against an estimated reduction in financing costs of $2.7m in 2HFY22. The net reduction in financing costs in future years is estimated at $7m in both FY23 and FY24 and $3.5m in FY25.

The effective tax rate for the half was 31.2% compared to 33.3% in the pcp reflecting the change in the mix of the Group pre tax profit. The full year effective tax rate will be influenced by the relative contribution from the UK at a lower corporate tax rate compared to Santé at a higher rate but is expected to be between 34-35%.

2.2.5 Balance sheet

A$'m	31-12-2021	30-6-2021	31-12-2020
Working capital	(368.5)	(794.8)	(1,215.7)
Property plant & equip	4,537.1	4,488.6	4,466.6
Intangible assets	4,320.6	4,233.6	4,203.3
Current & deferred tax assets	177.5	150.7	211.6
Other assets/(liabilities)	(305.0)	1,646.2	(276.4)
Capital employed (before right of use assets)	**8,361.7**	**9,724.3**	**7,389.4**
Right of use assets	4,315.8	4,411.5	4,328.8
Capital employed	**12,677.5**	**14,135.8**	**11,718.2**
Capitalised Leases (AASB16)	**5,182.0**	**5,271.0**	**5,142.7**
Net Debt (excl. lease liability debt & incl. derivatives)[1]	2,985.9	4,314.0	2,149.4
Total shareholders funds (excl minority interest)	3,958.3	4,032.7	3,925.5
Invested Capital	**6,944.2**	**8,346.7**	**6,074.9**
Funding Group Net debt (excl. lease liability debt and incl derivatives) A$'m	840.7	2,565.1	625.6
Return on Capital Employed (ROCE) (%)[2]	8.5	8.6	7.0
Return on invested capital (ROIC) (%)[3]	5.5	5.4	4.1
Funding Group Leverage (Old Lease Standard AASB 117) (x)	1.0	2.9	0.9
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	4.2	4.7	3.4
FFO adjusted leverage (x)[4]	2.94	2.0	-

1 Net debt includes derivatives and excludes lease liabilities
2 ROCE - 12 month rolling EBIT / average of opening & closing capital employed
3 ROIC – defined as 12 month rolling NPAT (based on AASB16)/shareholder equity and net debt (pre AASB16 EBIT). Consistent with LTIP calculation
4 FFO - funds from operations. Ramsay estimate calculated in line with credit rating agency Fitch methodology. Fitch calculation may differ.

Proforma Net Debt and Leverage Metrics at 31st December 2021 (illustrative purposes only)

	31-12-2021[1]
Net debt (excl. lease liability debt and incl derivatives) A$'m	4,457.1
Funding Group Net debt (excl. lease liability debt and incl derivatives) A$'m	2,311.9
Funding Group Leverage (Old Lease Standard AASB 117) (x)	2.4
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	4.8
FFO adjusted leverage (x)[2]	4.2

1 Assumes Elysium Healthcare transaction was completed at 31st December 2021
2 FFO - funds from operations. Ramsay estimate calculated in line with credit rating agency Fitch methodology. Fitch calculation may differ.

The movement in "Other assets" and "Net debt" since 30th June 2021 primarily relates to the repayment of the funding drawn down and held in escrow at 30th June for the Spire transaction ($1.96bn).[3]

The Elysium Healthcare transaction closed on 31st January 2022.[4] The acquisition values the business on a pre-IFRS 16 enterprise value of £775m (A$1.4bn). Assuming the transaction was completed on 31st December 2021 Ramsay's available un-drawn debt capacity and cash headroom was $424.5m. On a proforma basis, Ramsay's FFO adjusted leverage was 4.2x which exceeds the target FFO adjusted leverage of 4.0x consistent with Ramsay's investment grade rating. However, as per Fitch's report on 14 December 2021, Ramsay does not expect a negative rating action given leverage is expected to drop below 4.0x within 12 to 18 months of the completion of the Elysium transaction assuming that the COVID operating environment improves over the time.

The change in working capital is mostly the result of the return of amounts in relation to the government grants provided under the French Government revenue guarantee decree.

Taking advantage of the current low interest rate environment during the period, Ramsay terminated two fixed rate loan facilities totalling $200m which were due to expire in FY25. The net upfront costs of the early repayment of the facilities was $11.3m and the future net reduction in finance costs is estimated at approximately $2.7m in 2HFY22, $7m in both FY23 and FY24 and $3.5m in FY25.

3 Ramsay announced a scheme of arrangement with Spire Healthcare plc in the UK on 26th May 2021. Shareholders of Spire voted against the arrangement on the 19th July 2021
4 Refer ASX announcements December 13th 2021 and January 31st 2022 for further details on the transaction

2.2.6 Cashflow

Half year ended 31 December A$'m	2021	2020	Chg (%)
EBITDA	952.6	1,039.0	(8.3)
Changes in working capital	(426.3)	349.4	(222.0)
Finance costs	(190.6)	(182.1)	(4.7)
Income tax paid	(133.5)	(130.8)	(2.1)
Movement in other items	(22.8)	(42.1)	45.8
Operating cash flow	**179.4**	**1,033.4**	(82.6)
Capital expenditure	(388.0)	(304.3)	(27.5)
Free cash flow	**(208.6)**	**729.1**	(128.6)
Net (acquisitions)/divestments	1,914.6	27.2	6,939.0
Interest & dividends received	1.6	29.6	(94.6)
Cash flow after investing activities	**1,707.6**	**785.9**	117.3
Dividends	(243.7)	(6.5)	(3,649.2)
Other financing cash flows	(1,771.9)	(868.7)	(104.0)
Net increase/(decrease) in cash	**(308.0)**	**(89.3)**	(244.9)
Interest cover (x) (EBITDA/finance charges)	5.3	5.7	-

The movement in working capital is mostly the result of the return of amounts in relation to the government grants provided under the French Government revenue guarantee decree.

Cash capital expenditure increased 27.5% reflecting brownfield programs primarily in Australia and Europe.

The large movements in divestments and financing cashflows reflects the repayment of the amount held in escrow at 30th June 2021 for the Spire transaction.

Dividends paid increased over the pcp given Ramsay did not pay an FY20 final year dividend due to the uncertainty created by the first wave of COVID.

2.2.7 Outlook

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 Australian 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 of 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 most states (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.

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 and was 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 2021.[5]

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 1st January 2022 to June 30th 2022. The details of the decree have not been announced at this stage.

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 detail refer to Divisional Outlook Statements

[5] Refer to the ASX announcement dated 13th December 2021 "Acquisition of leading UK mental healthcare provider Elysium Healthcare" for further details on the business

2.3 Divisional Performance

2.3.1 Asia Pacific

2.3.1.1 Overview of Results

Australia (including global head office costs)

Half year Ended 31 December A$'m	2021	2020	Chg (%)
Revenue from patients	2,731.3	2,719.1	0.5
Revenue from governments under COVID support contracts	3.8	18.2	(79.1)
Other income - income from the sale of development assets	-	18.4	(100.0)
Intersegment revenue	5.0	1.5	224.9
Total segment revenue and other income	**2,740.1**	**2,757.2**	(0.6)
EBITDAR	**406.3**	**408.3**	(0.5)
Rent	(6.2)	(5.9)	(5.1)
EBITDA	**400.1**	**402.4**	(0.6)
Depreciation	(110.0)	(102.6)	(7.2)
Amortisation and impairment	(12.6)	(6.2)	(103.2)
EBIT	**277.5**	**293.6**	(5.5)
Financing costs associated with leases (AASB16 leases)	(21.0)	(18.6)	(12.9)
EBIT after financing costs associated with leases	**256.5**	**275.0**	(6.7)
Capital Expenditure	**157.3**	**117.1**	34.3

Contribution from Asian Joint Venture

Half year Ended 31 December A$'m	2021	2020	Chg (%)
Share of profit from Joint Venture	7.9	9.7	(18.6)

Half year Ended 31 December MYR'm	2021	2020	Chg (%)
Revenue	585.1	524.7	11.5
EBITDA	135.2	116.9	15.7
EBIT	83.9	72.1	16.4

2.3.1.2 Review of Results

2.3.1.2.1 Australia

The 1HFY22 results were materially impacted by lockdowns and isolation orders driven by an increase in COVID cases combined with state government mandated surgical restrictions intended to limit private hospital activity, in order to free up capacity for the potential overflow of urgent surgical and non surgical cases from public facilities. The estimated impact of the disruption related to COVID in 1HFY22 was $107m.

During the six month period Ramsay Australia assisted the NSW and Victorian state governments with both staff and facilities under the private hospital funding agreements put in place at the start of the COVID pandemic. These agreements allow for activity based payments (includes for example public patient admissions, staff deployment to public hospitals, residential aged care facilities and vaccination centres and reserved beds) and viability payments being net recoverable costs (recoverable costs less any revenue generated from operations (including all public activity based funding) calculated on an accruals basis) to be claimed in return for maintaining workforce capacity at facilities required to assist with the COVID pandemic. Viability revenue under these contracts for the half year was $3.8m.

Total revenue and other income declined 0.6% to $2.7bn on the pcp and reflects the impact of COVID on activity levels and mix of patients combined with a 79.1% decline in receipts under government contracts under COVID related agreements and an $18.4m decline in receipts from the sale of development assets in the pcp.

Revenue from patients increased 0.5% on the pcp. Total admissions[1] 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. Key drivers of mix included:

- Surgical admissions per work day declined 1.8% on the pcp (increased 3.5% vs FY20), driven by a 5.3% decline in overnight and a 0.1% increase in day surgery. The moves reflect the impact of surgical restrictions in NSW (-8.4%), Queensland and Western Australia. In Victoria surgical admissions per work day increased 11.7% on the pcp reflecting the impact of the extended lockdown and surgical restrictions in that State in 1HFY21
- Non-Surgical admissions per work day increased 6.5% on the pcp (increased 1.2% compared to 1HFY20) driven by:
  - Medical admissions increased 6.0% (4.0% vs FY20), driven by overnight 3.8% and same day increased 7.2%

[1] All above statistics are exclusive of Mildura, which was handed back to public operation from 15 September 2020.

– Psych admissions declined 0.6% (-8.1% vs FY20), driven by overnight 1.1% and same day -1.0% reflecting the ongoing reluctance of both doctors and patients to visit hospital environments
– Rehab admissions increased 11.6% (-0.9% vs FY20), driven by overnight -1.0% and same day 14.4%. The strong increase reflecting the lower admissions in COVID impacted FY21
– Maternity admissions increased 15.4% (3.9% vs FY20)

Revenue from patients includes activity based payments for work done for NSW and Victorian governments charged on a cost recovery principle. This contributed approximately two thirds of the $68m of public patient revenue earned in these states during the period. Public admissions under more commercial arrangements, including existing public contracts, increased approximately 3.2%.

EBITDAR declined 0.4% reflecting case mix issues, higher personnel costs due to the impact of surgical restrictions and viability agreement requirements, as well as the impact of isolation orders and higher supply costs including PPE.

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.

The result in the prior period included profit on the sale of development assets of $10.9m.

The result includes group head office costs that declined $19.1m on the pcp at the EBIT level reflecting the release of various provisions which are no longer required.

EBIT declined 2.7% compared to the pcp and includes a 7.2% increase in depreciation reflecting the brownfield projects that completed in FY21. Amortisation and impairment charges include a $5.6m impairment of assets.

Revenue from Pharmacy services increased 1.7% to $241.8m, the business was impacted by reduced activity due to COVID.

2.3.1.2.2 Ramsay Sime Darby

Ramsay's 50:50 Asian joint venture Ramsay Sime Darby reported higher operating results for the six months period assisted by the inclusion of the Bukit Tinggi Medical Centre acquired in May 2021. Excluding the contribution from the new facility, revenue grew 3.9% over the pcp driven by growth in the provision of COVID related services including testing, vaccination and the treatment of public patients and a higher number of private patients following the lifting of movement restrictions in Malaysia.

The result benefited from an improvement in case mix to higher acuity cases and reduced use of PPE as staff adjust to operating in a COVID environment.

The 18.6% decline in share of profit compared to the pcp to $7.9m reflects a materially higher effective tax rate (34.2% compared to 18.8% in the pcp) due to withholding tax payments on dividend payments and the absence of previously available tax incentives.

2.3.1.3 Capital Expenditure

Total capital expenditure in Australia in 1HFY22 was $157.3m with that split $91.1m in brownfield and greenfield investment, $13.4m in other growth projects, $2.8m in digital and IT projects and $50.0m in routine and compliance.

Brownfield projects completed in 1HFY22 with a net investment of $164.3m included the completion of the new Hollywood Emergency Department, including 90 additional beds, a surgical expansion at Greenslopes including 3 operating theatres and 3 procedure rooms as well as additional shell space for future expansion, and the redevelopment of Beleura hospital in Victoria encompassing new consulting suites, an outpatient rehab gym and 46 net new beds.

Total brownfield capital expenditure for the FY22 full year is expected to be slightly below the bottom end of the previously provided forecast of $260-340m with some projects now delayed into FY23-FY25. Brownfield/greenfield development spend in FY23 and FY24 is expected to be above the $250-400m previously forecast as a result.

Total capital expenditure for the FY22 year has been revised down from $400-500m to $340-390m with investment in development projects expected to be $190-230m.

2.3.1.4 Outlook

In early January elective surgery restrictions were reintroduced in both Victoria and NSW to different degrees:

- Effective Thursday 6th January the Victorian Department of Health and Human Services announced that elective surgery was restricted to urgent elective surgery procedures, including Category 1 admissions in all private hospitals and day procedure centres in metropolitan Melbourne and Geelong and private hospitals (excluding day procedure centres) in regional centres, including Ballarat, Shepperton, Bendigo and the Latrobe Valley.[2] These restrictions represented the most onerous restrictions that have been in place in Victoria since the start of the pandemic. Victoria has re-started the viability agreement for a period of 40 business days with Ramsay entitled to activity based payments for services and viability payments to compensate Victorian facilities in a net recoverable cost position across the 40 business day period. The Victorian Government has announced the lifting of all surgical restrictions on 28th February
- Effective 10th January the NSW Ministry of Health announced restrictions on non-urgent overnight Category 2 and Category 3 elective surgery in all private hospitals in NSW[2]. On 1st February it was announced that restrictions would be eased to a 75% cap on elective surgery effective 7th February[3]. The business will seek to continue to support the public sector through the current COVID wave with public work to be done on top of the cap

[2] Refer ASX announcement 7th January 2022 "Update on elective surgery restrictions on Australian private hospitals"
[3] Refer ASX announcement 1st February "Update on surgical restrictions in NSW"

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 is paying a daily rate for reserved beds and a daily rate for utilised beds.

In Western Australia the Department of Health has announced that from the 21st March for a period of seven weeks, restrictions on day surgery and overnight Category 2 and Category 3 surgery at private hospitals for a period of up to seven weeks (subject to review). 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 of March.

The total EBIT impact of surgical restrictions, isolation orders and the reluctance of clinicians, patients and visitors to enter hospital settings 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.

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.

The higher cost of PPE due to usage and ongoing supply chain issues combined with the higher costs associated with staffing due to the impact of COVID on availability are expected to remain elevated over 2HFY22.

The availability of trained overseas nurses has been impacted by border restrictions on overseas arrivals and departures in Australia. Ramsay is investing to expand its nursing pool and has recently increased the intake of its graduate nurse training program and will have a second intake later in the year.

Over the medium term Ramsay continues to remain well placed to handle the backlog in surgical cases and the recovery in non surgical admissions including diagnostic patients that are expected to emerge as restrictions are lifted. The business continues to invest in its facilities footprint to attract new doctors and clinical staff to drive improved market share in the recovery.

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.

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.

The completion of the sale of the teaching college in Malaysia is expected to occur in 2HFY22.

2.3.2 Ramsay UK

2.3.2.1 Overview of Results

Half year Ended 31 December A$'m	2021	2020	Chg (%)
Revenue from patients and other revenue	512.9	86.4	493.6
Revenue from governments under COVID support contracts	-	394.5	(100.0)
Total segment revenue and other income	**512.9**	**480.9**	6.7
EBITDAR	**10.4**	**94.4**	(89.0)
Rent	(0.4)	(0.6)	33.3
EBITDA	**10.0**	**93.8**	(89.3)
Depreciation	(45.3)	(45.0)	(0.7)
Amortisation and Impairment	(0.3)	-	(100.0)
EBIT	**(35.6)**	**48.8**	(173.0)
Financing costs associated leases (AASB16 Leases)	(41.3)	(40.9)	(1.0)
EBIT less financing costs associated with leases	**(76.9)**	**7.9**	(1,073.4)
Capital Expenditure	29.2	25.9	12.7

Overview of Result in Local Currency

Half year Ended 31 December £'m	2021	2020	Chg (%)
Total Revenue and other income	275.4	266.1	3.5
EBITDAR	5.6	52.2	(89.3)
EBITDA	5.4	51.8	(89.6)
EBIT	(19.1)	27.0	(170.7)

2.3.2.2 Review of Results

Over 1HFY22 the UK business was severely impacted by challenges stemming from COVID circulating in the community. These included isolation orders impacting the availability of patients, doctors and staff at short notice resulting in material procedure cancellations and significantly higher personnel costs.

Movement restrictions introduced by the UK Government later in 2QFY22, in response to the rapid spread of the Omicron variant, further disrupted the performance of the business.

In the prior period (1HFY21) Ramsay UK operated under cost recovery agreements with the NHSE put in place to make Ramsay's services available to the public sector when required to meet the demands of the COVID pandemic. Revenue under that contract was reflected in "Revenue from governments under COVID support contracts". The business reverted to its traditional operating arrangements with the NHSE over the six month period as well as providing services to private patients.

While activity levels were impacted by COVID, admissions over the six month period increased 12.7% on the pcp to 90,000 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 at £3m per month.

The business benefited from the opening of Buckshaw Day surgery hospital in Chorley on 21st October 2021, the third new hospital facility opened during the pandemic.

The result 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[4] and the acquisition of mental healthcare provider Elysium Healthcare £10.8m (A$20m) completed on 31st January 2022.[5]

2.3.2.3 Capital Expenditure

Capital expenditure over the six month period was £15.7m (A$29.2m) of which £11.4m (`A$21.2m) was invested in brownfield developments, digital and growth projects. Projects completed during the period included Buckshaw day surgery hospital in Chorley opened in October 2021 and the electronic patient record deployment to all hospitals completed in November 2021.

Capital expenditure in 2HFY22 is expected to be in the range £33m-£50m (A$62m-A$93m).

4 ASX announcement 19 July 2021 "Results of Scheme Meeting"
5 ASX announcement 1st February 2022 "Completion of the acquisition of UK based mental healthcare provider Elysium Healthcare"

2.3.2.4 Outlook

On 10th January 2022, a new volume based agreement with the NHSE[1] 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 to ensure as many people as possible can continue to get the care they need including cancer care despite the increasing pressure on the public system caused by COVID. 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 business will continue to target higher private patient admissions as the self pay market in particular continues to grow.

Capital expenditure over 2HFY22 will be in the range of £33m-50m (A$62-93m) and will be focused on the upgrade of core payroll and HR systems and a new state of the art Day Case Unit and Diagnostic Centre at Prologis Park in Kettering, and an extension of Woodland Hospitals services due to be completed in early 2023.

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

The acquisition valued Elysium on a pre IFRS16 enterprise value of £775m and was funded from Ramsay's existing debt facilities and is expected to deliver to the Ramsay Group 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 2021.[2]

[1] Refer ASX announcement 10th January 2022 "Ramsay reaches agreement with NHS England"
[2] Refer to the ASX announcement dated 13th December 2021 "Acquisition of leading UK mental healthcare provider Elysium Healthcare" for further details on the business

2.3.3 Ramsay Santé

2.3.3.1 Overview of Results

Half year Ended 31 December A$'m	2021	2020	Chg (%)
France			
Revenue from patients and other revenue	2,264.9	2,211.9	2.4
Other income - net profit on disposal of non-current assets	11.5	9.2	25.0
Income from government grants	177.9	182.9	(2.7)
Total segment revenue and other income	**2,454.3**	**2,404.0**	2.1
EBITDAR	**464.8**	**466.5**	(0.4)
Rent	(38.4)	(53.6)	28.4
EBITDA	**426.4**	**412.9**	3.3
Depreciation	(224.5)	(226.5)	0.9
Amortisation & impairment	(2.0)	(2.7)	25.9
EBIT	**199.9**	**183.7**	8.8
Financing costs associated with leases (AASB16 Leases)	(49.7)	(53.0)	6.2
EBIT less financing costs associated with leases	**150.2**	**130.7**	14.9
Nordics			
Revenue from patients and other revenue	959.9	899.2	6.8
Income from government grants	25.2	39.9	(36.8)
Other income - net profit on disposal of non-current assets	-	26.5	(100.0)
Total segment revenue and other income	**985.1**	**965.6**	2.0
EBITDAR	**120.2**	**128.6**	(6.5)
Rent	(12.0)	(8.4)	(42.9)
EBITDA	**108.2**	**120.2**	(10.0)
Depreciation	(62.0)	(61.9)	(0.2)
Amortisation & impairment	(6.7)	(10.3)	35.0
EBIT	**39.5**	**48.0**	(17.7)
Financing costs associated with leases (AASB16 Leases)	(5.5)	(5.1)	(7.8)
EBIT less financing costs associated with leases	**34.0**	**42.9**	(20.7)
Total segment revenue and other income - Europe	**3,439.4**	**3,369.6**	2.1
Total EBITDAR - Europe	**585.0**	**595.1**	(1.7)
EBIT - Europe	**239.4**	**231.7**	3.3
Total Europe Capital Expenditure	**199.7**	**209.0**	(4.4)

Ramsay Santé - Result in local currency

Half year Ended 31 December €'m	2021	2020	Chg (%)
Total Revenue and other income	2,169.6	2,063.3	5.2
EBITDAR	369.4	364.1	1.5
EBITDA	337.7	326.2	3.5
EBIT	151.6	141.5	7.1

2.3.3.2 Review of Results

Ramsay Santé continued its commitment to take care of COVID patients in Europe with more than 4,000 patients treated in France, over the period, 1,500 in critical care, and more than 500 in Sweden. The business has continued to support governments to manage the pandemic through both COVID testing (20% of COVID tests in Norway are performed in Ramsay Santé facilities) and vaccination efforts.

The business reported strong activity growth overall, largely driven by out of hospital segments, contributing to enhanced care accessibility for the population (primary care, specialised care consultations, home care, imaging). The business reported more than 5 million patient visits during the period, up 13% on the pcp with 64% of visits accessing out of hospital services, up from 60% for the same period last year.

Ramsay Santé continued to invest in innovation, enhancing care quality and accessibility. During the period it launched its new digital front door in France, now serving the whole population thanks to new proposed services (including drug delivery, symptom checker, health guide); in Sweden a fully digitalised and automated vaccination centre will be launched in 2HFY22 with full through process for the patient from entry to the vaccination completion taking less than two minutes.

Total European revenue increased 2.1% on the pcp. Excluding the non recurring items in this period (profit on asset sales of $11.5m) and the prior period (profit on asset sales of $35.7m and revenue earned by the German hospitals pre sale $55.6m), revenue growth was 4.6% on the pcp. Excluding non recurring items in this period and the pcp including profit on sale of assets, reimbursement of overpaid rent of $8.3m and transaction fees of $7.2m ($1.6m in the pcp), EBIT increased 14.8% on the pcp primarily reflecting the benefit of organic growth and acquisitions made over the last twelve months.

France

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 by decree 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. The decree provided a guarantee of revenue equal to the 2020 billed revenue, inclusive of the 2020 revenue guarantee if any. As the actual billings over the six months period were below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall. The guarantee is assessed on a facility by facility basis and is calculated based on activity for the entire six month period covered by the decree.

Funds under the scheme are recognised under "Income from government grants" . Total payments in France over the period were €111m (A$177.9m) and included the revenue guarantee (€62.9m) combined with cost compensation associated with operating in a COVID environment and funding to cover the increase in nurses salaries committed to by the French Government in 2020.

In France underlying organic growth in revenue was 5.6% (ex foreign exchange movements). MSO (medical, surgical & obstetrics) admissions declined 0.8% on the pcp with the mix heavily skewed to day patients, increasing 0.6% on the pcp and inpatients declining 7.6%. Total FCR (follow up and rehab care) admissions increased 32.6% with the increase also skewed to day patients with inpatients declining 0.3% while day patients increasing 36.6%. Mental health admissions increased 21.7%.

France continued to be impacted by further waves of COVID infections. Higher vaccination rates and the lower severity of the Omicron variant has meant that COVID hospitalisations remained manageable during the six month period but increased dramatically into December and the start of 2022.

During the period isolation orders combined with critical staff shortages resulted in up to 30% of elective care procedures being cancelled. The business continues to be impacted by staff shortages due to fatigue stemming from COVID activity driving extended leave, resignations from the healthcare sector and the impact of COVID on the availability of staff.

The French business benefited from an $8.3m refund of prior year overpaid rent. It booked a profit on sale of assets of $11.5m compared to $9.2m in the pcp.

Nordics

In the Nordics "Revenue from patients and other revenue" increased 6.8%. Excluding the German business sold in 2QFY21 (revenue of $55.6m in the pcp) and the profit from asset sales in the pcp of $26.5m, revenue increased by approximately 11.5%. The growth was driven by underlying organic growth, the benefit of recent acquisitions and a foreign exchange benefit.

Organic growth was mainly driven by volume growth as MSO (medical surgical and obstetrics) admissions increased by 9.9% compared to pcp, positively impacted by new care contracts and additional revenues from COVID vaccinations and testing as well as a lower impact from restrictions on elective surgery compared to pcp.

The region has completed 9 acquisitions in the last 12 months contributing €30m (A$47.4m) to revenue compared to pcp.

The Nordics region received government support of A$25.2m represented in "Income from government grants". Support included revenue support for the use of facilities of €3.2m (A$5.1m) and compensation for costs incurred in relation to COVID of €12.6m (A$19.9m). Overall, the period was less impacted by COVID compared to pcp as reflected in the change in government support.

The Nordics business incurred acquisition, integration and development costs of $7.2m ($0.5m in pcp). In the prior period it booked a gain on disposal of assets in Germany of $26.5m. Stripping out the impact of these items EBITDAR grew 24.1% on the pcp reflecting the benefit of organic growth and acquisitions.

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. The total investment was approximately €38m (A$60m) with a further deferred consideration of €48m (A$68.2m) subject to certain performance hurdles.

2.3.3.3 Capital Expenditure

Total capital expenditure during the half was €126m (A$199.7m) including:

- maintenance
- significant investment in the expansion of its imaging assets portfolio
- further investment in digital tools, including the launch of the new version of the Ramsay portal
- optimisation and improvement of the portfolio of clinics, including the ongoing expansion of St Göran in Stockholm
- investment in 2 new surgical robots in France to reach 15 robots in total including 1 in Sweden

2.3.3.4 Outlook

The French Government has indicated that a new revenue decree providing support for private hospital operators will be issued for the period covering 1st January 2022 to June 30th 2022. The details of the decree have not been announced at this stage.

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 wave of COVID cases and the level of hospitalisations.

Earnings will also be impacted 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.

The elective surgery waiting lists in both France and the Nordics region continue to grow and Ramsay is well positioned to benefit from activity when the operating environment improves.

The business will continue to invest in the clustering of its facilities in France to drive efficiency and innovation. It will also continue to invest in its outpatient care including primary care in the Nordics region.

3.

DIRECTORS' REPORT

Ramsay Health Care Limited and Controlled Entities

The Directors present the Directors' Report for the half year ended 31 December 2021 for the consolidated entity consisting of Ramsay Health Care Limited (**Ramsay** or the **Company**) and its controlled entities (together, the **Group**).

DIRECTORS

The names and biographical details of the Company's Directors and Company Secretary in office during the half year are as set out below. Directors and the Company Secretary were in office for this entire period unless otherwise stated.

MICHAEL SIDDLE
Chairman
Appointed 27/05/14
(Appointed as a Director 26/5/75)

Mr Michael Siddle was appointed as Chairman of the Company on 27 May 2014, having formerly been Deputy Chairman for 17 years and a founding Director. He has built up significant knowledge of the business and the private hospital industry after starting with the Company in 1968. Mr Siddle has extensive experience in the management of private hospitals and has been integrally involved in Ramsay Health Care's successful expansion through construction, mergers and acquisitions.

Mr Siddle is also a Director of the Paul Ramsay Foundation.

Committee memberships:

- People & Remuneration Committee (Member)
- Nomination & Governance Committee (Member)

Independence status:

- Non-independent

PETER EVANS FCA
Deputy Chairman
Appointed 27/05/14
(Appointed as a Director 29/12/90)
Retired 24/11/2021

Mr Peter Evans was appointed as Deputy Chairman of the Company on 27 May 2014, having served as a Non-Executive Director since his appointment to the Board in 1990. Mr Evans began working with Ramsay Health Care in 1969. He is a Chartered Accountant who was in public practice for over 20 years with predecessor firms of KPMG. Mr Evans has specialised in the financial management of hospitals and has had extensive experience in the health care field for over 50 years.

Mr Evans is also a Director of the Paul Ramsay Foundation and has been actively involved with several other charitable organisations over many years.

Peter retired as a director of the Company at the close of the 2021 AGM on 24 November 2021. Peter is continuing his role as a Director of the Paul Ramsay Foundation.

Committee memberships:

- Risk Management Committee (Chair) (Retired 24/11/2021)
- Audit Committee (Member) (Retired 24/11/2021)

Independence status:

- Non-independent

CRAIG MCNALLY
CEO & Managing Director
Appointed 03/07/17

Mr Craig McNally was appointed Managing Director and Chief Executive Officer of Ramsay Health Care (Ramsay) on 3 July 2017, after serving seven years with Ramsay Health Care as Chief Operating Officer and 22 years prior to this in various roles including Head of Global Strategy and European Operations. Mr McNally is also the Chairman of Ramsay Santé.

Mr McNally is one of Ramsay's longest serving Executives having commenced with the Company in 1988. He has worked across operational, strategic and financial roles during his tenure.

For the last two decades Mr McNally has been responsible for the development and implementation of Ramsay's growth strategy including brownfield expansions, international market assessments, mergers and acquisitions and new business strategies. He has been at the forefront of all the major acquisitions and deals completed by Ramsay Health Care. His unique ability to assess the opportunities and risks associated with new business ventures and to evaluate their 'strategic fit', as well as his sound judgement and insight, has ensured the Company's successful growth both domestically and internationally.

He has been a key leader in the development of The Ramsay Way culture and in particular developing leadership capability within the global organisation.

ALISON DEANS
MA MBA GAICD
Non-Executive Director
Appointed 15/11/18

Ms Alison Deans has 25 years' experience building technology-enabled businesses involved in media, ecommerce, financial services and health, and across leadership roles as an executive, a director and in venture capital.

Ms Deans joined the Board of Ramsay Health Care in November 2018. She is also Chair of Cochlear Limited and a Non-Executive Director of SCEGGS Darlinghurst and Deputy Pty Ltd. She is also on the Investment Committee of Main Sequence Ventures.

In her executive career Ms Deans was previously the CEO of eBay Australia and New Zealand, CEO of eCorp Limited, (a publicly listed portfolio of digital businesses), CEO of Hoyts Cinemas, and most recently CEO of netus Pty Ltd - a technology investment company acquired by Fairfax.

Ms Deans also spent seven years as a Consultant with McKinsey & Company and is currently a Senior Advisor with the firm. She holds a Master of Business Administration from the Stanford Graduate School of Business and a Master of Arts (Physics) from Cambridge University.

In the past three years, Ms Deans has served as a Director of the following listed companies:

- Cochlear Limited (Appointed February 2015)
- Westpac Banking Corporation (Resigned December 2020)

Committee memberships:

- People & Remuneration Committee (Chair)
- Nomination & Governance Committee (Member)

Independence status:

- Independent

JAMES MCMURDO
BSC (ECONOMICS), ACA
Non-Executive Director
Appointed 10/09/19

Mr James McMurdo has over 30 years finance and banking experience. He has a background in corporate advisory spanning across mergers and acquisitions, strategic advisory and financing with experience across multiple industries including the healthcare sector. He has held senior operating management roles and worked extensively in both the Asia Pacific and European regions.

Mr McMurdo is one of the Founding Partners of Privatus Capital Partners, an advisory and merchant banking business focussed on private capital. Prior to establishing Privatus, Mr McMurdo held senior management roles at Deutsche Bank and was based in Hong Kong. During the time he was at Deutsche Bank he was Global Co-Head of Corporate Finance, Head of Corporate and Investment Bank for Asia Pacific and CEO for Australia and New Zealand. He sat on the firm's Global Executive Committee for the Corporate and Investment Bank for four years.

Prior to this, Mr McMurdo was a Partner at Goldman Sachs where he held senior positions in the Investment Banking Division in Australia and Europe.

Mr McMurdo holds a degree in Economics from the University of Newcastle upon Tyne and is a member of the Institute of Chartered Accountants for England & Wales.

Committee memberships:

- Audit Committee (Member)

Independence status:

- Independent

KAREN PENROSE
B.COM (UNSW) CPA FAICD
Non-Executive Director
Appointed 1/3/20

Ms Karen Penrose has had an extensive executive career in leadership and CFO roles, mainly in financial services. She is well-versed in financial management, customer outcomes and operating in a rapidly changing regulatory environment which stems from 20 years in banking with Commonwealth Bank and HSBC and eight years as a listed-company CFO.

Ms Penrose has been a full-time director since 2014 and is an experienced committee chair of audit and risk. In addition to being a Non-Executive Director of Ramsay Health Care, Ms Penrose also serves as a Director of Vicinity Centres, Bank of Queensland and Estia Health. Ms Penrose is a member of Chief Executive Women and on the Board of Marshall Investments Pty Limited and Rugby Australia Limited.

In the past three years, Ms Penrose has served as a Director of the following listed companies:

- Vicinity Centres (Appointed June 2015)
- Bank of Queensland (Appointed November 2015)
- Estia Health (Appointed October 2018)
- Ramsay Santé (Appointed February 2021)
- Spark Infrastructure Group (Resigned May 2020)

Committee memberships:

- Audit Committee (Chair)
- Risk Management Committee (Member) (Appointed as Chair 25 November 2021)

Independence status:

- Independent

STEVEN SARGENT B.BUS FAICD FTSE
Non-Executive Director
Appointed 25/11/21

Mr Steven Sargent's executive career included 22 years at General Electric, where he gained extensive multi-industry, international experience leading businesses in industries including healthcare, energy and financial services across the USA, Europe and Asia Pacific.

Mr Sargent has been serving as a non-executive director on several boards since 2015 and is currently a Non-Executive Director of Origin Energy Limited and Deputy Chairman and Lead Independent Director of infection prevention company Nanosonics Limited. He is also currently a Non-Executive Director and Chairman of OFX Group Limited, an international money services provider. Steve's unlisted board activities include Chairman of The Origin Energy Foundation Limited, Origin's philanthropic arm, and Non-Executive Director of The Great Barrier Reef Foundation.

Steve holds a Bachelor of Business from Charles Sturt University and is a Fellow with the Australian Institute of Company Directors and a Fellow with the Australian Academy of Technological Sciences and Engineering.

Committee memberships:

- Risk Management Committee (Member) (Appointed 22 February 2022)

Independence Status:

- Independent

CLAUDIA SÜSSMUTH DYCKERHOFF PHD
Non-Executive Director
Appointed 30/10/18

Dr Claudia Süssmuth Dyckerhoff PhD joined the Ramsay Health Care Board in October 2018, bringing expertise in market growth strategies, business development, and operational performance improvement in hospitals.

Dr Süssmuth Dyckerhoff has extensive global experience in hospitals and health care across Europe, Asia, and the USA. She joined McKinsey & Company in Switzerland in 1995 and was transferred to the USA focusing on supporting health care companies, including pharmaceutical/medical device companies, payor, provider and health systems in Europe and the USA. In 2006, Dr Süssmuth Dyckerhoff transferred to China, was elected Senior Partner in 2010 and supported health care companies as well as governments across Asia. She also led McKinsey's Asia-wide Health Systems and Services Sector.

Dr Süssmuth Dyckerhoff also supports start-ups in the Healthcare area, she joined the board of the Health Tech company HUMA in April 2021 and joined the board of QuEST Global in November 2020.

Dr Süssmuth Dyckerhoff studied Business Administration at the University of St Gallen, Switzerland as well as at ESADE, Barcelona where she graduated with an MBA/CEMS Master. She also holds a PhD in Business Administration from the University of St Gallen/University of Michigan Ann Arbor.

In the past three years, Dr Süssmuth Dyckerhoff has served as a Director of the following listed companies:

- Hoffmann La Roche (Appointed March 2016)
- Clariant AG (Appointed April 2016)

Committee memberships:

- Risk Management Committee (Member)

Independence status:

- Independent

DAVID THODEY AO
Non-Executive Director
(Appointed 28/11/17) and
Lead Independent Director
(Appointed 1/03/20)

Mr David Thodey AO is a business leader who has had an executive career in the technology and telecommunications industries, with more than 30 years of experience creating brand and shareholder value.

In addition to being a Non-Executive Director and Lead Independent Director of Ramsay Health Care, Mr Thodey is currently Chair of Tyro Payments Limited (a leading alternative payments provider) and Xero Limited (a small business accounting software company).

Mr Thodey was previously CEO of Telstra, Australia's leading telecommunications and information services company, Chair of Australia's national scientific research agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and prior to that he was CEO of IBM ANZ.

Mr Thodey holds a Bachelor of Arts in Anthropology and English from Victoria University, Wellington, New Zealand, attended the Kellogg School of Management postgraduate General Management Program at Northwestern University in Chicago, USA, and was awarded an Honorary Doctorate in Science and Technology from Deakin University in 2016 and an Honorary Doctorate of Business from University of Technology Sydney in 2018.

Mr Thodey is also a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE) and the Australian Institute of Company Directors (AICD).

Mr Thodey was awarded an Order of Australia in 2017 for his service to business and the promotion of ethical leadership and workplace diversity.

In the past three years, Mr Thodey has served as a Director of the following listed companies:

- Xero Limited (Appointed June 2019)
- Tyro Payments Limited (Appointed November 2018)
- Vodafone Group Plc (Resigned July 2020)

Mr Thodey is the Lead Independent Director and is a member of the following Committees:

- Nomination & Governance Committee (Chair)
- Audit Committee (Member) (Appointed 25 November 2021)
- People & Remuneration Committee (Member)
- Risk Management Committee (Member) (Appointed 25 November 2021 - 22 February 2022)

Independence Status:

- Independent

HENRIETTA ROWE B.ECON (SOC SCI) (HONS), LLB (HONS), FGIA, MAICD
Group General Counsel & Company Secretary
Appointed 25/06/19

Ms Henrietta Rowe was appointed Group General Counsel & Company Secretary on 25 June 2019 and is responsible for the Group legal, governance and secretariat functions.

Henrietta has more than 15 years' experience with leading global law firm, Herbert Smith Freehills, and in-house at the Commonwealth Bank of Australia, specialising in mergers and acquisitions, capital management and corporate governance.

Henrietta holds a Bachelor of Economics (Social Sciences) (Honours) and a Bachelor of Laws (Honours) from the University of Sydney, is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors Law Committee.

PRINCIPAL ACTIVITIES

During the half year, the principal activity of the Group was to own and operate hospitals and health care services in approximately 460 locations across Australia and globally. There were no significant changes in the nature of the Company's activities during the half year. Following the acquisition of UK mental healthcare provider Elysium Heathcare on 31 January 2022, Ramsay's network has increased to over 532 locations across Australia and globally.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Group for the half year ended 31 December 2021 is set out in the Review of Results of Operations which has been included at page 4 and forms part of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The written Auditor's Independence Declaration in relation to the review of the half year financial report has been included at page 22 and forms part of this report.

ROUNDING

The amounts contained in this report and in the half year financial report have been rounded to the nearest hundred thousand (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Instrument applies.

APPROVAL

Signed in accordance with a resolution of the Directors.

M.S. SIDDLE
Chairman
Sydney, 24 February 2022

C.R. McNALLY
Managing Director and Chief Executive Officer

Building a better working world

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Auditor's independence declaration to the directors of Ramsay Health Care Limited

As lead auditor for the review of the half-year financial report of Ramsay Health Care Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ramsay Health Care Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
24 February 2022

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4.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Ramsay Health Care Limited, we state that:

In the opinion of the Directors:

a. the consolidated financial statements and notes of Ramsay Health Care Limited are in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
   ii. complying with Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*;

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

M.S. SIDDLE
Chairman
Sydney, 24 February 2022

C.R. McNALLY
Managing Director and Chief Executive Officer

5.

AUDITOR'S REVIEW REPORT

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Independent auditor's review report to the members of Ramsay Health Care Limited

Conclusion

We have reviewed the accompanying half-year financial report of Ramsay Health Care Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
24 February 2022

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6.

FINANCIAL RESULTS

Contents

Consolidated Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Half year ended 31 December 2021 $m	Half year ended 31 December 2020 $m
Revenue from contracts with customers	2.a	6,472.8	6,329.3
Interest income		0.9	2.6
Other income – income from government grants	2.b	203.1	222.8
Other income – income from sale of development assets		-	18.4
Other income – net profit on disposal of non-current assets		11.5	35.7
Total revenue and other income		**6,688.3**	**6,608.8**
Employee benefit and contractor costs		(3,678.5)	(3,584.6)
Occupancy costs		(276.9)	(268.1)
Service costs		(247.9)	(224.5)
Medical consumables and supplies		(1,539.7)	(1,492.4)
Depreciation, amortisation and impairment		(463.4)	(455.2)
Cost of development assets sold		-	(7.5)
Total expenses, excluding finance costs		**(6,206.4)**	**(6,032.3)**
Share of profit of joint venture		8.2	9.9
Profit before tax and finance costs		**490.1**	**586.4**
Finance costs		(186.4)	(188.0)
Profit before income tax		**303.7**	**398.4**
Income tax		(94.9)	(132.8)
Net profit after tax for the period		**208.8**	**265.6**
Attributable to non-controlling interests		49.9	39.6
Attributable to owners of the parent		**158.9**	**226.0**
		208.8	**265.6**
Earnings per share (cents per share)			
Basic earnings per share (after CARES dividend)	4	67.8	97.2
Diluted earnings per share (after CARES dividend)	4	67.7	96.9

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half year ended	
	31 December 2021 $m	31 December 2020 $m
Net profit	**208.8**	**265.6**
Items that will not be reclassified to net profit		
Actuarial gain/(loss) on defined employee benefit obligation	7.1	(33.6)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Profit/(loss) taken to equity	4.7	(2.0)
Transferred to Income Statement	7.4	3.2
Net change in cost of hedging	-	2.0
Net gain on bank loan designated as a hedge of a net investment	-	4.5
Foreign currency translation	(11.9)	(55.3)
Income tax (expense)/benefit relating to these items	(5.8)	7.4
Other comprehensive income/(loss), net of tax	**1.5**	**(73.8)**
Total comprehensive income	**210.3**	**191.8**
Attributable to non-controlling interests	46.6	19.2
Attributable to owners of the parent	**163.7**	**172.6**
	210.3	**191.8**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021 $m	30 June 2021 $m	31 December 2020 $m
ASSETS				
Current assets				
Cash and cash equivalents		696.1	1,004.8	1,389.4
Trade and other receivables	9	1,844.7	1,809.5	1,587.2
Inventories	9	410.9	409.4	421.7
Derivative financial instruments	8	4.6	-	-
Income tax receivables		10.0	12.3	19.3
Prepayments		144.4	133.0	133.5
Other current assets	11	27.6	1,982.4	31.4
Total current assets		**3,138.3**	**5,351.4**	**3,582.5**
Non-current assets				
Other financial assets		99.4	82.9	84.0
Investments in joint venture		231.8	217.5	219.8
Property, plant and equipment		4,537.1	4,488.6	4,466.6
Right of use assets		4,315.8	4,411.5	4,328.8
Intangible assets		4,320.6	4,233.6	4,203.3
Deferred tax assets		417.4	457.6	431.6
Prepayments		10.9	10.9	11.1
Derivative financial instruments	8	4.7	-	-
Other receivables		77.6	70.6	69.5
Total non-current assets		**14,015.3**	**13,973.2**	**13,814.7**
TOTAL ASSETS		**17,153.6**	**19,324.6**	**17,397.2**
LIABILITIES				
Current liabilities				
Trade and other creditors	9	2,624.1	3,013.7	3,224.6
Loans and borrowings	6, 7	50.1	51.7	32.8
Lease liabilities		371.2	368.2	337.3
Derivative financial instruments	8	16.6	14.9	13.1
Provisions		174.5	185.0	137.7
Income tax payables		74.1	83.7	9.1
Total current liabilities		**3,310.6**	**3,717.2**	**3,754.6**
Non-current liabilities				
Loans and borrowings	6, 7	3,615.3	5,229.0	3,455.9
Lease liabilities		4,810.8	4,902.8	4,805.4
Provisions		392.2	386.3	409.5
Defined employee benefit obligation		234.9	249.1	252.9
Derivative financial instruments	8	9.3	23.2	37.0
Other creditors		95.1	30.7	25.5
Deferred tax liabilities		175.8	235.5	230.2
Total non-current liabilities		**9,333.4**	**11,056.6**	**9,216.4**
TOTAL LIABILITIES		**12,644.0**	**14,773.8**	**12,971.0**
NET ASSETS		**4,509.6**	**4,550.8**	**4,426.2**
EQUITY				
Issued capital		2,197.6	2,197.6	2,197.6
Treasury shares		(72.7)	(76.7)	(77.9)
Convertible Adjustable Rate Equity Securities (CARES)		252.2	252.2	252.2
Other reserves		(91.5)	(91.3)	(86.0)
Retained earnings		1,672.7	1,750.9	1,639.6
Parent interests		**3,958.3**	**4,032.7**	**3,925.5**
Non-controlling interests		**551.3**	**518.1**	**500.7**
TOTAL EQUITY		**4,509.6**	**4,550.8**	**4,426.2**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Attributible to Equity Holders of the Parent						
	Issued Capital	Treasury Shares	CARES	Other Reserves	Retained Earnings	Non-controlling Interests	Total
	$m	$m	$m	$m	$m	$m	$m
As at 1 July 2021	**2,197.6**	**(76.7)**	**252.2**	**(91.3)**	**1,750.9**	**518.1**	**4,550.8**
Total Comprehensive Income	-	-	-	1.7	162.0	46.6	210.3
Dividends paid	-	-	-	-	(240.2)	(3.5)	(243.7)
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	(9.9)	(9.9)
Treasury shares vesting to employees	-	4.0	-	(4.0)	-	-	-
Share based payment expense for employees	-	-	-	2.1	-	-	2.1
As at 31 December 2021	**2,197.6**	**(72.7)**	**252.2**	**(91.5)**	**1,672.7**	**551.3**	**4,509.6**
As at 1 July 2020	**2,197.6**	**(78.2)**	**252.2**	**(51.0)**	**1,431.9**	**483.4**	**4,235.9**
Total Comprehensive Income	-	-	-	(39.7)	212.3	19.2	191.8
Dividends paid	-	-	-	-	(4.6)	(1.9)	(6.5)
Treasury shares vesting to employees	-	0.3	-	(0.3)	-	-	-
Share based payment expense for employees	-	-	-	5.0	-	-	5.0
As at 31 December 2020	**2,197.6**	**(77.9)**	**252.2**	**(86.0)**	**1,639.6**	**500.7**	**4,426.2**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Half year ended 31 December 2021 $m	31 December 2020 $m
Cash flows from operating activities			
Receipts from customers		6,539.1	6,589.6
(Repayment)/receipt of government grants		(163.7)	499.7
Payments to suppliers and employees		(5,871.9)	(5,743.0)
Income tax paid		(133.5)	(130.8)
Lease finance costs		(117.5)	(117.5)
Other finance costs		(73.1)	(64.6)
Net cash flows from operating activities		**179.4**	**1,033.4**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(388.0)	(304.3)
Proceeds from sale of businesses and non-current assets		27.3	127.9
Interest and dividends received		1.6	29.6
Business combinations, net of cash received	10	(57.8)	(96.1)
Return of business combinations consideration held in escrow	11	1,967.8	-
Acquisition of investments and purchase of non-controlling interests		(22.7)	(4.6)
Net cash flows from/(used in) investing activities		**1,528.2**	**(247.5)**
Cash flows from financing activities			
Dividends paid	3	(240.2)	(4.6)
Dividends paid to non-controlling interests		(3.5)	(1.9)
Repayment of lease principal		(172.2)	(173.1)
Payment of refinancing costs		(1.5)	-
Proceeds from borrowings		1,820.9	387.7
Repayment of borrowings		(3,419.1)	(1,083.3)
Net cash flows used in financing activities		**(2,015.6)**	**(875.2)**
Net decrease in cash and cash equivalents		(308.0)	(89.3)
Net foreign exchange differences on cash held		(0.7)	(25.0)
Cash and cash equivalents at beginning of period		1,004.8	1,503.7
Cash and cash equivalents at end of period	12	**696.1**	**1,389.4**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Overview

This section sets out the basis on which the Group's financial report is prepared as a whole.

Ramsay Health Care Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report of Ramsay Health Care Limited and controlled entities (the **Group**) for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 24 February 2022.

a Basis of preparation

This general purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, including *AASB134 Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standard Board (the **AASB**) and the *Corporations Act 2001*. It does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report;
- has been prepared on the basis of historical cost, except for derivative financial instruments, listed investments and the assets and liabilities recognised through business combinations which have been measured at fair value;
- should be read in conjunction with the annual financial report of Ramsay Health Care Limited as at 30 June 2021, together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half year ended 31 December 2021;
- presents reclassified comparative information where necessary to conform to changes in presentation in the current half year;
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

b New and amended accounting standards and interpretations, effective 1 July 2021

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2021. The nature and effect of these changes are disclosed below.

AASB 2020-8 Amendments to AASs – Interest Rate Benchmark Reform – Phase 2: Amendments to AASB 4, AASB 7, AASB 9, AASB 16 and AASB 139

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (**IBOR**) is replaced with an alternative nearly risk-free interest rate (**RFR**).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

AASB 2021-3 Amendments to AASs – COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendments to AASB 16

The AASB amended the conditions of the practical expedient in AASB 16 that provides relief to lessees from applying the AASB 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. This amendment had no material impact on the interim consolidated financial statements of the Group.

c Accounting standards and interpretations issued but not yet effective

New and amended standards and interpretations issued by the AASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. The Group does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

I Results for the Half Year

This section provides additional information on the Group results for the half year, including further detail on results by segment, revenue, earnings per share and dividends.

1 Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based primarily on the country in which the service is provided, as this is the Group's major risk and has the most effect on the rate of return, due to differing currencies and differing health care systems in the respective countries. The Group has four reportable operating segments being Asia Pacific, UK, France and Nordics.

Discrete financial information about each of these operating businesses is reported to the Managing Director on at least a monthly basis.

Types of services

The reportable operating segments derive their revenue primarily from providing health care services to both public and private patients in the community.

Accounting policies and inter-segment transactions

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results include transfers between the segments. These transfers are eliminated on consolidation.

The accounting policies used by the Group in reporting segments are the same as those contained throughout the accounts and in prior periods.

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Half year ended 31 December 2021					
Revenue from contracts with customers	2,735.1	512.9	2,264.9	959.9	6,472.8
Other income – income from government grants	-	-	177.9	25.2	203.1
Other income – net profit on disposal of non-current assets	-	-	11.5	-	11.5
Total revenue and other income before intersegment revenue	2,735.1	512.9	2,454.3	985.1	6,687.4
Intersegment revenue	5.0	-	-	-	5.0
Total segment revenue and other income	**2,740.1**	**512.9**	**2,454.3**	**985.1**	**6,692.4**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**414.2**	**10.4**	**464.8**	**120.2**	**1,009.6**
Rent[2]	(6.2)	(0.4)	(38.4)	(12.0)	(57.0)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**408.0**	**10.0**	**426.4**	**108.2**	**952.6**
Depreciation, amortisation and impairment	(122.6)	(45.6)	(226.5)	(68.7)	(463.4)
Earnings before interest and tax (EBIT)[4]	**285.4**	**(35.6)**	**199.9**	**39.5**	**489.2**
Net finance costs					(185.5)
Income tax expense					(94.9)
Net profit after tax					**208.8**
Attributable to non-controlling interests					(49.9)
Net profit attributable to owners of the parent					**158.9**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, impairment and rent.
2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and impairment.
4 "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Half year ended 31 December 2020					
Revenue from contracts with customers	2,737.3	480.9	2,211.9	899.2	6,329.3
Other income – income from government grants	-	-	182.9	39.9	222.8
Other income – income from sale of development assets	18.4	-	-	-	18.4
Other income – net profit on disposal of non-current assets	-	-	9.2	26.5	35.7
Total revenue and other income before intersegment revenue	2,755.7	480.9	2,404.0	965.6	6,606.2
Intersegment revenue	1.5	-	-	-	1.5
Total segment revenue and other income	**2,757.2**	**480.9**	**2,404.0**	**965.6**	**6,607.7**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**418.0**	**94.4**	**466.5**	**128.6**	**1,107.5**
Rent[2]	(5.9)	(0.6)	(53.6)	(8.4)	(68.5)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**412.1**	**93.8**	**412.9**	**120.2**	**1,039.0**
Depreciation, amortisation and impairment	(108.8)	(45.0)	(229.2)	(72.2)	(455.2)
Earnings before interest and tax (EBIT)[4]	**303.3**	**48.8**	**183.7**	**48.0**	**583.8**
Net finance costs					(185.4)
Income tax expense					(132.8)
Net profit after tax					**265.6**
Attributable to non-controlling interests					(39.6)
Net profit attributable to owners of the parent					**226.0**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, impairment and rent.
2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and impairment.
4 "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

	Asia Pacific $m	UK $m	France $m	Nordics $m	Adjustments & Eliminations $m[1]	Total $m
As at 31 December 2021						
Assets & liabilities						
Segment assets	7,176.9	2,773.5	9,549.6	2,266.5	(4,612.9)	17,153.6
Segment liabilities	(2,570.7)	(2,422.5)	(7,440.4)	(1,131.2)	920.8	(12,644.0)
As at 30 June 2021						
Assets & liabilities						
Segment assets	8,303.0	3,399.7	10,019.0	2,111.1	(4,508.2)	19,324.6
Segment liabilities	(3,662.2)	(2,967.9)	(7,966.7)	(998.8)	821.8	(14,773.8)

1 Adjustments and eliminations consist of investments in subsidiaries, intercompany and receivables/payables, which are eliminated on consolidation.

Segment revenue reconciliation to Income Statement

	Half year ended 31 December 2021 $m	Half year ended 31 December 2020 $m
Segment revenue reconciliation to Income Statement		
Total segment revenue and other income	6,692.4	6,607.7
Intersegment revenue elimination	(5.0)	(1.5)
Interest income	0.9	2.6
Total revenue and other income	**6,688.3**	**6,608.8**

2 Revenue and other income

2.a Revenue from contracts with customers

	Half year ended	
	31 December 2021 $m	31 December 2020 $m
Revenue from patients and other revenue	6,469.0	5,916.6
Revenue from governments under COVID support contracts	3.8	412.7
Revenue from contracts with customers	**6,472.8**	**6,329.3**

REVENUE FROM GOVERNMENTS UNDER COVID SUPPORT CONTRACTS

Since 2020, specific contracts have been entered into with various government bodies under which Ramsay made available its facilities and services, including equipment and staff, to assist with the respective government's response to the COVID pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia

Agreements with the state governments of NSW, WA, QLD and VIC (each a State) commenced from either 31 March or 1 April 2020. In return for the commitment to maintain full workforce capacity at the facilities, Ramsay has received, and recognised as revenue, the net recoverable costs (being recoverable costs less any revenue generated from operations, calculated on an accruals basis (revenue amounts)) for these services. Recoverable costs include direct operating costs, service costs, corporate overhead costs (to the extent related to the provision of service), depreciation associated with pre-existing capital, which is owned, and depreciation associated with lease assets. Interest and debt servicing costs are excluded.

The agreements expire on various dates, depending on each State's requirements. These end dates are (in most cases) 20 or 30 days after the State gives notice but not before: in the case of VIC, the temporary restrictions imposed on private hospitals performing category 3 and non-urgent category 2 surgeries have been lifted; in the case of QLD, the State determines that activation of the Australian Health Sector Emergency Response Plan for Novel Coronavirus 2019 has ceased; and, in the case of NSW, the date notified by the Commonwealth government as being the last date covered by the private hospital financial viability payment under the National Partnership Agreement.

Recoverable costs and revenue amounts are aggregated quarterly with each quarter considered separately. Where the revenue amounts exceed recoverable costs the payment for that quarter is deemed to be zero.

VIC and QLD include a "Pause and Restart" mechanism whereby the State can put the agreement on pause allowing the Operator to return to normal operations and relieves the State of any payment obligations during the pause while allowing the State to restart the contract to provide COVID pandemic support when necessary. The QLD State government agreed to Ramsay's request to put the agreement on hold from 30 June 2020, but recommenced from 20 December 2021. While the VIC agreement was paused from 31 March 2021, it recommenced from 1 October 2021 through 30 November 2021 and then recommenced again from 1 January 2022 and is in place until 27 February 2022. The NSW agreement does not have a Pause and Restart mechanism and remains on foot.

The agreement with the State government of WA is now expired.

UK

A new, volume based agreement with NHS England (NHSE) came into effect on 10 January 2022 and expires on 31 March 2022 (unless terminated earlier by mutual agreement) and may be extended by mutual agreement on or before 15 March 2022. 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. Similar to the last agreement with the NHSE, Ramsay will be able to continue providing private patient activity.

Future events could cause the assumptions on which these revenue accruals are based to change, which could affect the future results of the Group. As the revenue recognised by the Group in accordance with the contracts is variable, revenue has been recognised only to the extent that it is highly probable that a significant revenue reversal of the cumulative amount of revenue will not occur when the uncertainty associated with the variable consideration is resolved.

2.b Other income – income from government grants

	Half year ended	
	31 December 2021 $m	31 December 2020 $m
Other income – income from government grants	203.1	222.8

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. Grants are accounted for on a gross basis in revenue and expenses, by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is recognised as other income.

Ramsay Santé was a beneficiary of the French government decree, issued on 6 May 2020 and covering the period until 31 December 2020. In 2021 the French government issued a new decree on 13 April 2021 covering the period 1 January 2021 to 30 June 2021 which subsequently was extended until 31 December 2021. For the period 1 July 2021 to 31 December 2021, the decree provided a guarantee of revenue equal to the 2020 billed revenue, inclusive of the 2020 revenue guarantee if any. As the actual billings over the six months period were below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall. In line with the requirements, under this guarantee, the estimates, payments and final square ups that form part of the revenue guarantee are being completed on a site-by-site basis. The law enacted on 22 January 2022 has extended the revenue guarantee until 30 June 2022, the implementation of which is subject to the publication of a new decree to determine in particular the scope and level of the guarantee as well as the terms and conditions for its payment.

As the final square up of the revenue guarantee for the period to 31 December 2021 will not be performed until late FY22 and the grant income recognised for Ramsay Santé is based on the current best estimate at hand at the time of issuing the Ramsay Group financial statements, these estimates may be updated and result in a different amount. Any resulting difference will be recognised in the Ramsay Group results in the period the final square up is performed.

3 Dividends

	Parent Half year ended	
	31 December 2021 $m	31 December 2020 $m
(i) Dividends determined and paid during the period on ordinary shares:		
Previous year final dividend paid		
Franked dividends – ordinary		
(103.0 cents per share) (31 December 2020: 0.0 cents per share)[1]	235.7	-
(ii) Dividends proposed and not recognised as a liability on ordinary shares:		
Current year interim dividend proposed		
Franked dividends – ordinary		
(48.5 cents per share) (31 December 2020: 48.5 cents per share)	111.0	111.0
(iii) Dividends determined and paid during the period on CARES:		
Previous year final dividend paid		
Franked dividends – CARES	4.5	4.6
(iv) Dividends proposed and not recognised as a liability on CARES:		
Current year interim dividend proposed		
Franked dividends – CARES	4.5	4.5

1 No final dividend determined for FY20.

The tax rate at which paid dividends have been franked is 30% (31 December 2020: 30%). All of the proposed dividends will be franked at the rate of 30% (31 December 2020: 30%).

4 Earnings per share

	Half year ended	
	31 December 2021 $m	31 December 2020 $m
Net profit for the period attributable to owners of the parent	158.9	226.0
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(4.5)	(4.6)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	154.4	221.4

	Half year ended	
	31 December 2021 Number of Shares (m)	31 December 2020 Number of Shares (m)
Weighted average number of ordinary shares used in calculating basic earnings per share	227.8	227.8
Effect of dilution – share rights not yet vested	0.4	0.5
Weighted average number of ordinary shares adjusted for the effect of dilution	228.2	228.3

The share rights granted to Executives but not yet vested, have the potential to dilute basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	Half year ended	
	31 December 2021 Cents per Share	31 December 2020 Cents per Share
Earnings per share		
basic (after CARES dividend) for the period	67.8	97.2
diluted (after CARES dividend) for the period	67.7	96.9

Calculation of earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

5 Net tangible assets

	As at		
	31 December 2021 $ per Share	30 June 2021 $ per Share	31 December 2020 $ per Share
Net tangible (liability)/asset per ordinary share	(0.23)	0.42	0.09

Net tangible assets are the total assets minus intangible assets and total liabilities, divided by the number of ordinary shares of the Company on issue at the reporting date. Net tangible assets includes the Right of Use assets as the underlying leases are for physical assets.

The reduction in net tangible assets from 30 June 2021 is a result of the payment of the final FY21 dividend together with liabilities recognised to fund the business combinations undertaken during the six months (Refer Note 10). As the majority of the assets recognised for the business combinations are goodwill and goodwill is excluded from the calculation, it results in a reduction in net tangible assets.

II Capital - Financing

This section provides further information on loans and borrowings and derivatives.

6 Loans and borrowings

RAMSAY AND ITS WHOLLY OWNED SUBSIDIARIES

New $200 million Bilateral Facility Agreements

In November 2021, Ramsay Health Care Australia Pty Limited entered into new bilateral revolving bank loan facilities totalling $200 million and reduced the Group's existing $800 million syndicated bank debt facility limit by $200 million. $100 million matures in November 2022 and $100 million matures in November 2023. The covenant package, group guarantees and other common terms and conditions in respect of the debt facilities are governed under a Common Terms Deed Poll.

Termination of $200 million Bilateral Term Loans

In November 2021, Ramsay Health Care Australia Pty Limited fully prepaid and terminated $200 million fixed interest rate bilateral term loans, with an early repayment cost of $11.8 million recorded in finance costs.

RAMSAY SANTÉ AND CONTROLLED ENTITIES

Issuance of EUR100 million Sustainability Linked Euro Private Placement Notes

In December 2021, Ramsay Santé and controlled entities issued EUR100 million sustainability linked Euro private placement notes, of which EUR40 million matures in Dec 2028, and EUR60 million matures in Dec 2029. These notes rank pari passu to the EUR1.65 billion term loan arranged in April 2021 and contain the same security package.

7 Fair value

Unless disclosed below, the carrying amount of the Group's financial assets and liabilities approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates depending on the type of borrowings. At reporting date, the market interest rates vary from 0.065% to 0.118% (30 June 2021: 0.060% to 0.0803%; 31 December 2020: 0.060% to 0.070%) for Australia, 0.187% to 0.262% (30 June 2021: 0.0555% to 0.0779%; 31 December 2020: 0.019% to 0.026%) for UK, and -0.583% to -0.572% (30 June 2021: -0.569% to -0.542%; 31 December 2020: -0.554% to -0.545%) for France respectively.

	As at					
	31 December 2021		30 June 2021		31 December 2020	
	Carrying Amount $m	Fair Value $m	Carrying Amount $m	Fair Value $m	Carrying Amount $m	Fair Value $m
Bank loans	3,508.8	3,541.7	5,280.7	5,381.3	3,488.7	3,584.8
Corporate notes	156.6	196.0	-	-	-	-
	3,665.4	**3,737.7**	**5,280.7**	**5,381.3**	**3,488.7**	**3,584.8**

The reduction in bank loans balance from 30 June 2021 to 31 December 2021 is as a result of the return of funds held in escrow (Refer Note 11).

8 Derivative financial instruments

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

Fair value

The Group has available to it various methods in estimating the fair value of a derivative financial instrument. The methods comprise:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of the financial instruments was estimated using the level 2 method valuation technique and is summarised in the table below.

	As at		
	31 December 2021 $m	30 June 2021 $m	31 December 2020 $m
Derivative financial Instruments - net liability			
Interest rate and foreign exchange derivative contracts – cash flow hedges	(16.6)	(38.1)	(50.1)

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

Transfer between categories

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the period.

III Assets and Liabilities – Operating and Investing

This section provides further information on some of the assets and liabilities used to generate profit.

9 Working capital

	As at		
	31 December 2021 $m	30 June 2021 $m	31 December 2020 $m
Trade and other receivables (current)	1,844.7	1,809.5	1,587.2
Inventories	410.9	409.4	421.7
Trade and other creditors (current)	(2,624.1)	(3,013.7)	(3,224.6)
	(368.5)	(794.8)	(1,215.7)

Consistent with prior periods, Ramsay actively manages the collection of debtor receipts and creditor and employee payments. This often results in a negative working capital metric. Any surplus or deficit in the working capital is managed through efficient use of the revolving debt facilities and cash balances. The Group had an undrawn facility limit of $2.2 billion as at 31 December 2021.

The change in Working Capital during the six months is mostly as a result of the return or recognition of amounts in relation to the government grants provided under the French government decree (Refer Note 2b) which are included in trade and other creditors (current) in the table above.

10 Business combinations

Business Combinations – December 2021

Ramsay has recognised amounts for business combinations in the financial statements for the half year ended 31 December 2021 which have been determined on a provisional basis only. These businesses are within the healthcare sector and have been acquired by Ramsay Sante.

	$m
Property, plant and equipment	21.8
Other assets	18.7
Liabilities	(23.5)
Fair value of identifiable net assets	17.0
Goodwill arising	115.0
Business combination date fair value of consideration transferred	132.0
The cash outflow as a result of the business combinations is as follows:	
Cash paid	(63.8)
Net cash acquired with the subsidiary	6.0
Net consolidated cash outflow	(57.8)
Cash paid	(63.8)
Deferred consideration	(68.2)
Total consideration	(132.0)
Direct costs relating to the business combinations – included within service costs	1.5

Business Combinations – December 2020

Ramsay has recognised amounts for business combinations in the financial statements for the half year ended 31 December 2020 which are as follows:

	$m
Assets	50.5
Liabilities	(31.3)
Fair value of identifiable net assets	19.2
Goodwill arising	76.9
Business combination date fair value of consideration transferred	96.1
The cash outflow as a result of the business combinations is as follows:	
Cash paid	(96.1)
Net consolidated cash outflow	(96.1)

The purchase price accounting has now been finalised. There was no difference in the provisional fair values initially recognised. These businesses are within the healthcare sector.

11 Other current assets

Included in the Other Current Assets balance at 30 June 2021, was $1,958.1 million which related to the business combination amounts held in escrow for the Spire acquisition.

On 26 May 2021, Ramsay announced that it had reached agreement with the board of Spire on the terms of a recommended cash offer to acquire the entire issued and to be issued share capital of Spire, by way of a scheme of arrangement under part 26 of the UK Companies Act 2006 (**Scheme**).

The Court Meeting and General Meeting at which Spire shareholders voted on resolutions to approve and implement the Scheme were held on 19 July 2021. As the requisite majority of votes required to pass all of the resolutions were not achieved, the proposed acquisition did not proceed. As a result, the amounts held in escrow of $1,958.1 million at 30 June 2021 were released and used to pay down loans and borrowings of the Group.

IV Other Information

This section includes other information that must be disclosed to comply with the accounting standards and other requirements, but that may not immediately be related to individual line items in the financial statements.

12 Cash and cash equivalents

For the purpose of the half year consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	As at	
	31 December 2021 $m	31 December 2020 $m
Cash at bank and on hand	696.1	1,389.4

13 Investments in joint venture

The main joint venture entity which contributes to Ramsay Health Care Limited's net profit is detailed below:

	Contribution to net profit Half year ended		Percentage of ownership interest As at	
Name of entity	31 December 2021 $m	31 December 2020 $m	31 December 2021	31 December 2020
Ramsay Sime Darby Health Care Sdn Bhd	7.9	9.7	50%	50%

14 Subsequent events

On 31 January 2022, Ramsay acquired 100% of leading UK based mental healthcare provider Elysium Healthcare (Elysium) for a pre-AASB 16 enterprise value of A$1.4 billion equivalent. Acquisition accounting has commenced and will be reflected in the 30 June 2022 financial statements. The acquisition was funded through Ramsay's existing debt facilities.

Elysium is a leading independent operator of long-term medium and low secure hospitals and complex care homes for individuals with mental health conditions and has a strong partnership with the National Health Service (NHS).

It will be operated as a complementary business to Ramsay's existing UK hospital operations and provides a unique opportunity to enter the growing UK mental health hospital market at scale with opportunities for both organic and inorganic growth.

Transaction costs for the acquisition of $20.0 million have been incurred during the six months and have been included in Service Costs.

There have been no other significant events after the balance date that may significantly affect the Group's operations in future years, the results of these operations in future years or the Group's state of affairs in future years.