

ASX Announcement

26th August 2022

Investment in the business builds the platform for medium to long term growth - short term COVID challenges remain

"FY22 proved again the resilience of Ramsay's people and business in the face of further severe disruption from COVID. I would like to thank our people and partners for continuing to work with us to support our patients, navigating the difficult operating environment while transitioning to the next phase of the pandemic.

"We have maintained our focus on the Group's medium to long term strategy continuing to invest to optimise our world class hospital network for future demand while entering into new and adjacent services. To support this we are investing in our digital and data road map, and have continued Ramsay's long standing commitment to research and clinical trials. These investments place Ramsay in a strong position within the sector to benefit from the growth in demand for healthcare services over the medium to long term.

"A key focus over the next few years is the recruitment and retention of our workforce. We are investing in our people to develop the leadership that will enable us to be successful well into the future.

"I would like to once again thank our people, clinicians and patients for supporting us through what has been another difficult period for the healthcare services industry."

CEO and Managing Director Craig McNally

Key Highlights

- Ramsay's employees, clinicians and facilities continued to provide **support to the public health sector through further waves of COVID-19 (COVID)** and have **supported local communities through localised crises with healthcare services and supplies.**
- Ramsay has continued to **invest in both organic and inorganic growth strategies to expand its facilities and broaden its services to drive growth in** underlying EPS and meet its vision to be a leading healthcare provider of the future:
 - The Elysium Healthcare (Elysium) acquisition completed on 31st January 2022, and is performing in-line with expectations to be EPS accretive in FY23. It builds on Ramsay's strong position in mental health and acute care and delivers a pipeline of growth opportunities;
 - The acquisition of Swedish speciality healthcare provider GHP Speciality Care (GHP) completed in early May compliments Ramsay Sante's existing business, and is expected to be EPS accretive in FY23;
 - The business invested \$370m in brownfield and greenfield projects combined with other growth initiatives including diagnostics; and
 - The business continues to build its digital and data foundations, a 5 year roadmap for Australia has been established
- The financial impact of COVID in FY22 was the most severe of the pandemic **due to the high prevalence of COVID in the community across all regions and elective surgery restrictions imposed in Australia.**
- The result reflects the impact of operating in the COVID environment including disruption in **activity levels** and **an increase in labour and PPE costs.** The estimated impact of the disruption in Australia net of government support payments was \$264m.
- Non-recurring items had a **negative impact on EBIT of \$60.1m** compared to a negative impact of \$34.2m in the pcp.
- A **final fully franked dividend of 48.5cps** was determined taking the full year dividend to 97.0cps.
- The **management of employee availability in the short term, combined with recruitment and retention in the medium term,** are significant issues continuing to face the business. Ramsay has increased investment in a number of strategies to address these issues.
- Ramsay announced its commitment to a **near-term science based target of a 42% reduction in Scope 1+2 emissions by 2030** and **long term science based target of net zero carbon emissions across the value chain (Scope 1+2+3) by 2040.**¹
- As announced on 22nd March 2022², Ramsay and Sime Darby Berhad are currently exploring a potential sale of their joint venture, Ramsay Sime Darby Health Care Sdn Bhd. **Ramsay and its partner continue to pursue this transaction.**

¹ Refer ASX announcement dated 29th June 2022 "Ramsay commits to science based decarbonisation targets"

² Refer ASX announcement dated 22nd March 2022 "Response to Speculation - Receipt of non binding indicative proposal for Ramsay's joint venture in Asia, Ramsay Sime Darby"

Group Financial Highlights

	A\$m	%chg on pcp	chg (%) cc ¹
Total revenue and other income less interest income	13,740.0	3.1	4.6
Earnings before interest and tax (EBIT)	891.3	(21.3)	(19.7)
Profit before tax	538.5	(27.4)	(25.1)
Statutory Profit	274.0	(39.0)	(37.6)
Final Dividend per share (cps)	48.5	(52.9)	-
Full year dividend per share (cps)	97.0	(39.7)	-
Fully diluted earnings per share (EPS) (cps)	116.1	(39.7)	-

¹ Constant currency

Outlook

GROUP



- **Ramsay has invested approximately \$2.7 billion over the past two financial years to expand and upgrade its facilities and broaden its service base.** This investment is underpinned by: **demographic trends** driving strong demand for healthcare services in western countries; **advances in clinical practice** improving patient outcomes and extending life expectancy; the **elective surgery backlog** created by the pandemic combined with an increase in demand for some non-surgical services; and increased government focus on the importance of **investment in maintaining strong, efficient healthcare systems.**
- Underlying earnings growth in FY23 **will benefit from the additional capacity created over the last few years combined with full year contributions from Elysium and recent acquisitions in Europe.** The focus will remain on driving the synergies, realising the growth opportunities and improving returns.
- In the near term, the industry **continues to be under pressure from a high level of COVID cases in the community** combined with the **highly restrictive guidelines around the patient pathway together with the resultant impact on the availability of the workforce,** impeding a recovery in volumes and productivity.
- The French Government has indicated that it will **extend the revenue guarantee from 1st July 2022 to 31st December 2022¹,** providing stability to earnings in the French acute hospital business while the operating environment remains unpredictable.
- Our partnership and relationships with governments in each of our markets have developed over the last few years. We believe there will be **meaningful opportunities for the private sector to partner with governments in the future.** Given our global health care capabilities and proven reliability as a private sector operator Ramsay is uniquely qualified to be a core healthcare partner.
- Given inflationary and COVID related pressures on costs Ramsay will focus on **negotiating improved terms with payors to reflect this,** (both health funds and governments) **leveraging the Group's global scale in procurements and driving efficiency and productivity improvements** where the operating environment allows.
- Ramsay believes the **outlook for the Group remains strong.** Our world class hospital network combined with our outstanding people and clinicians give us confidence that the business is well placed to take advantage of the positive long term dynamics driving the healthcare industry. **We expect a gradual recovery through FY23 and more normalised conditions from FY24 onwards**

For further details on the Outlook for the divisions please refer to the Operating and Financial Review in the Appendix 4E

¹ This is yet to be confirmed by decree

Regional Results

Asia Pacific	A\$m	%chg on pcp
Revenue from patients and other revenue	5,331.4	(1.8)
Revenue from government agreements	12.3	10.6
Share of Profit from Asian JV, Ramsay Sime Darby	15.3	41.7
EBIT	467.3	(26.5)

- Total revenue and other income declined 1.9% to \$5,361.2m on the pcp and primarily reflects the impact of COVID on activity levels and case mix over the period with a skew to day surgery reflecting government imposed surgical restrictions.
- The first nine months of FY22 were impacted by lock-downs and isolation orders combined with state government mandated surgical restrictions
- Over the final three months of FY22 the business was impacted by the disruption caused by high COVID case numbers in the community leading to high rates of sick leave and workforce disruption as well as high numbers of doctor and patient cancellations
- The business supported the national response providing staff and capacity to state governments with the estimated impact of the disruptions caused by COVID and state government-imposed restrictions being \$264m net of ~\$12m in viability payments received
- Non-recurring items had a negative \$39.4m impact on EBIT (negative \$0.9m in the pcp)
- Investment in greenfield and brownfield projects continued with total spend \$181m up 29% on the pcp
- The Ramsay Sime Darby joint venture contributed an equity accounted profit of \$15.3m for the period, an increase of 41.7% on the pcp

UK	A\$m	%chg on pcp	chg (%) cc ¹
Total segment revenue and other income	1,195.4	97.1	94.7
Revenue from government agreements	126.1	(69.8)	(70.2)
EBIT	(26.2)	(128.2)	(126.4)

¹ Constant currency

- Ramsay reverted to its pre COVID commercial arrangements with the National Health Service England (NHSE) for most of the period where it is paid for services provided. It entered into a volume based agreement for the period 10th January to 31st March 2022, which made its services available to the NHSE to meet the ongoing demands resulting from the COVID pandemic. During this period Ramsay was able to continue to provide private patient activity
- The Elysium acquisition contributed revenue of \$284.3m and EBIT of A\$23.1 for the five month period of ownership
- Ramsay UK was impacted by challenges stemming from COVID. These included isolation orders impacting the availability of patients, doctors and employees at short notice resulting in material procedure cancellations and significantly higher personnel costs. The estimated impact of the additional costs of operating in a COVID environment was £30.6m (~A\$56m) over the period
- Acute hospital inpatient admissions increased 16.9% and day patient admissions increased 4.2% reflecting the more significant impact on activity of the pandemic in the pcp. Demand from private patients continued to grow as a percentage of total admissions
- UK EBIT includes transaction costs of A\$26.2m associated with the proposed scheme of arrangement for Spire Healthcare plc and the acquisition of mental health care provider Elysium. The result also includes an \$18m write down of inventory
- The business opened the Buckshaw day surgery hospital in Chorley in October, the third new hospital facility opened during the pandemic
- Both UK businesses were impacted significant inflationary pressures in particular labour costs

Europe	A\$m	%chg on pcp	chg (%) cc ¹
Total revenue from patients and other income	6,662.4	3.9	7.0
Income from government grants	402.0	(6.1)	(3.3)
EBIT	450.2	11.5	15.9
PBT	285.3	68.1	76.3

¹ Constant currency

- Ramsay Santé continued its commitment to take care of COVID patients in Europe with more than 10,000 COVID cases treated in France and 2,000 in Sweden. It has continued to support governments to manage the pandemic through both COVID testing and vaccination efforts.
- The French business operated under revenue guarantee arrangements with the French Government for the 12 month period
- The business reported growth in activity levels over the 12 month period heavily weighted to day procedures and out of hospital activity in its primary and speciality care businesses in the Nordics region. Reflecting the strength of the Australian dollar against the euro, in local currency terms "Total revenue and other income" increased 6.3%
- Ramsay Santé profit before tax increased 68.1% to A\$285.3m on the pcp. Adjusting for non recurring items, profit before tax increased 17.0% on the pcp reflecting the skew of the Nordics business to out of hospital and primary healthcare services that were not as impacted by COVID combined with recent acquisitions in the region, offsetting the difficult trading conditions in the French acute hospitals business
- The business was impacted by inflationary pressures, in particular labour costs. The increased use of agency staff due to higher absenteeism and turnover rates also led to increased labour costs. These costs have been mitigated by the positive impact of the subsidies received both in France and the Nordics countries related to the COVID pandemic
- Consistent with its strategy to enter adjacent healthcare services markets, Ramsay Santé made a number of acquisitions in the Nordics region, the most significant being the acquisition of Swedish speciality health care provider GHP
- The business continued to invest in its digital and data strategy and its facility footprint. Capital expenditure for the period was \$333.8m

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Ramsay Health Care Limited

For further details please refer to the Operational and Financial Review in the Appendix 4E

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

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ABOUT RAMSAY HEALTH CARE

Ramsay Health Care (Ramsay) provides quality health care through a global network of clinical practice, teaching and research. Ramsay Health Care's global network extends across 10 countries, with over eight million admissions/patient visits to its facilities in over 532 locations. Ramsay was founded by Paul Ramsay AO (1936-2014) in 1964 and has always focused on maintaining the highest standards of quality and safety; being an employer of choice; and operating the business based on a culture known as the "Ramsay Way" with a philosophy based on "People Caring for People". Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalization of A\$16.5bn² and an enterprise value (EV) of A\$21.4bn¹ (EV of A\$26.9bn inclusive of lease liabilities). The Ramsay Group employs over 86,000 people globally. Ramsay's operations are split across four regions:

AUSTRALIA

Ramsay Australia has 73 private hospitals, clinics 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. The business also has 11 community psychology practices, hospital in the home services, telehealth and allied health clinics. 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 30,000 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 more than 35,000 staff and its facilities treat approximately seven million patients each year. Ramsay Health Care owns 52.79% of Ramsay Santé which is listed on the European financial markets' platform Euronext.

UK

Ramsay UK has a network of 34 acute hospitals and day procedure centres providing a comprehensive range of clinical specialities to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service. Ramsay UK cares for more than 184,000 patients per year and employs more than 6,600 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 76 operational sites across the UK and approximately 2,000 beds. The business employs more than 9,000 people.

ASIA

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

Disclaimer

This announcement is in summary form and is not necessarily complete. It should be read together with the Ramsay Group's unaudited consolidated financial statements lodged with the ASX on 26th August 2022.

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

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

¹ Please refer to www.Ramsayhealth.com/About-Us/Values website

² Closing price on 24th August 2022