

ASX ANNOUNCEMENT

25th February 2021

1HFY21 RESULT – OPERATIONAL AND FINANCIAL RESILIENCE DESPITE PANDEMIC DISRUPTION, WELL POSITIONED FOR SURGICAL BACKLOG AND LATENT DEMAND FOR NON-SURGICAL SERVICES

Key Highlights

- Ramsay Health Care's (Ramsay) 1HFY21 result reflects the ongoing impact of the COVID-19 pandemic including operational restrictions across the regions and lower demand for non-surgical services
- The result includes government payments for the use of Ramsay facilities to assist with the outbreaks of the pandemic over the six-month period
- The operating result includes the impact of:
 - Increased costs associated with operating in a COVID-19 environment
 - The negative impact of changes in case mix flowing from the pandemic
 - A net gain on the disposal of assets and investments of \$44m compared to the prior corresponding period (pcp)
- Ramsay's strong balance sheet and cash flow supported the continued investment in, and optimisation of the Group's facilities and footprint. Capital expenditure for the period was \$352m across the regions
- The decline in EPS encompasses the impact of the \$1.5bn capital raising in April/May 2020
- The Board declared a fully franked interim dividend of 48.5cps representing a payout ratio of 50% of statutory profit. The resumption of dividend payments reflects the Board's confidence in the strong balance sheet and cashflows of the business
- Established the "Ramsay Cares Strategy", a shared vision for sustainability across the global business
- Inaugural signatory to the 40:40 Vision initiative encouraging gender balance

Group Financial Highlights	\$'m	% chg
Revenue from patients and other revenue	5,916.6	↓6.6
Earnings before interest and tax (EBIT)	583.8	↓4.2
Statutory Net Profit	226.0	↓12.5
Dividend per share (cps)	48.5	↓22.4
Fully diluted earnings per shares (EPS) (cps)	96.9	↓21.1

"Our 1HFY21 result reflects the disruption caused by further waves of COVID-19 cases restricting surgical activity and other services across all our regions. Ramsay's team have once again demonstrated leadership in working with governments to relieve the burden on public hospital systems and the aged care sector, and our facilities in Europe the UK and Asia continue to treat COVID-19 patients. Our overwhelming primary focus continues to be protecting the safety and well-being of our patients, staff and doctors and I would like to thank them again for the commitment they have shown in the face of an extremely challenging environment. The result reflects the operational and financial resilience of the Ramsay business. Despite the disruption caused by the pandemic we continued to invest in the business across all regions as we look to maintain our competitive advantage and optimise our portfolio of facilities" **CEO & Managing Director Craig McNally**

Regional Results

Asia Pacific

Revenue from patients and other revenue \$2,719.1m ↑ 0.5% pcp

Revenue from government agreements \$18.2m

Share of profit from Asian JV, Ramsay Sime Darby, \$9.7m ↓ 22.4% pcp

EBIT \$303.3m ↓ 27.9% pcp

- Restrictions on activity over the period as Victoria operated under a viability agreement with the State Government. The impact of the Victorian lock down on the operating result was \$70m
- Revenue from patients increased 0.5% on pcp (ex-Vict. ↑ 4.9%)
- Surgical admissions ↑ 3.7% on pcp (ex-Vict. ↑ 8.5%)
- Non-surgical volumes ↓ 5.6%, on pcp (ex-Vict. ↓ 2.7%)
- The lower contribution from Ramsay Sime Darby reflects the impact of the pandemic in the Asian region
- Asia Pacific EBIT declined 27.9% reflecting restrictions on capacity, increased costs flowing from the pandemic combined with the impact of case mix changes.
- Includes a gain on the sale of assets and investments of \$10.5m compared to the pcp
- Total capital expenditure \$117.1m, full year expected to be in the range \$250-300m

UK

Revenue from patients and other revenue \$86.4m ↓ 82.5% pcp

Revenue from government agreements \$394.5m

EBIT \$48.8m ↑ 24.8% pcp

- Ramsay operated under a revised agreement with the National Health Service England (NHSE) that allowed for the return of some capacity. Ramsay supported the NHSE with capacity where required for COVID-19 cases as well as taking responsibility for non-COVID urgent services
- Total revenue declined 2.4% and includes the net cost recovery payment of \$394.5m from the NHSE as payment for Ramsay services over the period
- EBIT increased 24.8% over the pcp reflecting increasing volume and mix of private patients and NHS routine elective surgery in 2QFY21; combined with tight cost control
- Continued to invest in the business, capital expenditure was A\$26m over the period, two new facilities opened, Stourside and Beacon Park

Europe

Revenue from patients and other revenue \$3,111.1m ↓ 0.8% pcp

Income from government grants \$222.8m

EBIT \$231.7m ↑ 54.9% pcp

- Ramsay Santé continued to assist governments in the regions it operates to deal with the latest waves of the pandemic
- Received payments from the Government in France for revenue and cost support and cost support in some parts of the Nordics for the use of Ramsay facilities and services
- The result includes the impact of timing associated with government payments combined with the absence of 1H seasonality. The benefit of seasonality is expected to be offset in 2HFY21
- The result includes the contribution from the disposal of assets of \$33.8m compared to the pcp
- The Nordic region result reflects the different structure of the payment system in some parts of the region, combined with the generally lower impact of the pandemic
- Capital expenditure for the period was A\$209m

Outlook

- Ramsay's 2H FY21 result will be dictated by the shape of the pandemic curve in each of its regions and thus the extent to which each region can operate on an unrestricted capacity basis
- In Australia, Ramsay facilities have been largely operating at 100% unrestricted capacity since the end of November following the lifting of restrictions in Victoria, although recent snap lockdowns in Western Australia and Victoria have resulted in the reinstatement of short-term surgical restrictions. Momentum in admissions has improved in 2H FY21 as the pipeline of admissions in Victoria starts to flow
- Ramsay UK has signed a new volume-based agreement with the NHSE which makes its services available to the NHSE and its patients to meet the ongoing demands resulting from the COVID-19 pandemic. The agreement came into effect on 1 January 2021 and will expire on 31st March 2021
- In France the Government has advised it will be issuing a new decree providing payments to Ramsay Santé French operations from 1st January 2021 for a period to be determined, in return for the support from Ramsay Santé's facilities and capabilities
- Early data from offshore markets suggests vaccine rollouts are reducing the number and severity of cases, however uncertainties remain with the rates of vaccination and clinical outcomes
- Costs associated with operating in a COVID-19 environment will continue but are gradually reducing through better management and where there is a lower prevalence of the virus
- Ramsay will continue to invest in the business and optimise its facilities and footprint to strengthen its competitive advantage and leverage the scale of the business
- As part of its commitment to sustainability, Ramsay will commence aligning its reporting with the recommendations of the Task force on Climate related Financial Disclosure (TCFD) in its FY21 corporate reporting suite
- Surgical backlogs and latent demand for non-surgical services are expected to drive volumes as the general public's comfort with the hospital environment improves. Ramsay expects to assist with relieving pressure on public wait lists
- Ramsay's strong balance sheet and cashflow puts it in a strong position to pursue its long-term strategy to create the leading ecosystem for patient-centric integrated care
- Given the ongoing uncertainties, Ramsay is unable to provide guidance for FY21 full year results

"Our results in 2H FY21 will be dictated by the shape of the pandemic curve and the success of the vaccine rollout in reducing the severity and prevalence of cases. The rollout of the vaccine in Europe and the UK has gained pace and the majority of our staff and clinicians in the UK are now vaccinated. While the rollout of the vaccine gives us optimism that some normalcy in operating conditions and capacity will return, in light of the risks associated with further spikes in COVID cases, and the flow on impact to our facilities, we are not in a position to provide FY21 full year guidance. We believe we are well positioned into FY22 to take on additional volume associated with surgical backlogs and latent demand for non-surgical services and we will continue to look for opportunities to invest in our existing platform to create the leading ecosystem for patient-centric integrated care " **CEO & Managing Director Craig McNally**

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 500 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"¹. Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalization of A\$14.2bn² and an enterprise value of A\$16.4bn². The Ramsay Group employs over 77,000 people globally.

Ramsay's operations are split across four regions:

Australia

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

Europe

Ramsay Santé is the second largest private care provider in Europe, operating specialist clinics and primary care units in approximately 350 locations across five countries in Europe. In France, Ramsay Santé has a market leading position with 132 acute care and mental health facilities. In Denmark, Norway and Sweden, Ramsay Santé operates 210 facilities including primary care units, specialist clinics and hospitals. Ramsay Santé also operates a 93-bed hospital in Italy. Ramsay Santé employs around 36,000 staff and its facilities treat approximately seven million patients each year. Ramsay Health Care owns 52.5% 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 specialties to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service and provides neurological services through its three neurorehabilitation facilities. Ramsay UK cares for almost 200,000 patients per year and employs more than 7,300 people.

Asia

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

¹ Please refer to <https://www.ramsayhealth.com/About-Us/Values> for further details

² As at 22 February 2021