

ASX ANNOUNCEMENT

11th November 2021

RAMSAY HEALTH CARE – FY22 TRADING UPDATE

SURGICAL RESTRICTIONS AND ISOLATION ORDERS CONTINUE TO IMPACT THE OPERATING ENVIRONMENT, DEMAND PIPELINE REMAINS STRONG IN ALL REGIONS

Ramsay Health Care (Ramsay) (ASX: RHC) is participating in the UBS Australasian conference on Monday 15th November. Ahead of the conference the Company releases the following update on FY22 trading conditions.

Key Points

- Unaudited total revenue for the three months to 30th September 2021 (1QFY22) increased 1.3% on the prior corresponding period (pcp) to \$3.2bn
- Unaudited 1QFY22 EBIT declined 27.8% on the pcp to \$197.4m
- Unaudited 1QFY22 NPAT and minority interests declined 39.5% on the pcp to \$58.1m
- Ramsay Australia 1QFY22 earnings were impacted by elective surgery restrictions and disruption caused by isolation orders and lockdowns in Greater Sydney and Western Australia, the impact of COVID lockdowns in Victoria and disruption to activity levels in Queensland due to COVID related imposts on movement and isolation orders. All states incurred higher costs associated with operating in the COVID environment¹
- Ramsay UK has been impacted by significant procedure cancellations and higher operating costs, including staffing costs, associated with COVID related isolation orders¹
- Ramsay Santé's activity levels in France have been impacted by a fourth wave of COVID cases in southern France. The Nordic region is recovering well from COVID lockdowns¹
- Taking advantage of the current low interest rate environment, Ramsay has recently terminated two fixed rate loan facilities totalling \$200m which were due to expire in FY25. The net upfront cost of the early repayment of the facilities in 1HFY22 is \$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

Ramsay CEO and Managing Director Craig McNally said, "While the COVID environment has continued to create significant disruption across our business, we are seeing strong underlying demand for health care services across our regions. Our team will continue to support the public health sector as we transition the business to an environment where the world learns to live with COVID."

ASIA PACIFIC

Unaudited 1QFY22 Earnings – Asia Pacific

3 months ended 30 September \$'m	2021	2020	Chg (%)
Total Revenue	1,372.7	1,382.1	-0.7
EBIT	136.9	130.0	5.3

Activity levels and earnings in Australia during the 1QFY22 were impacted by:

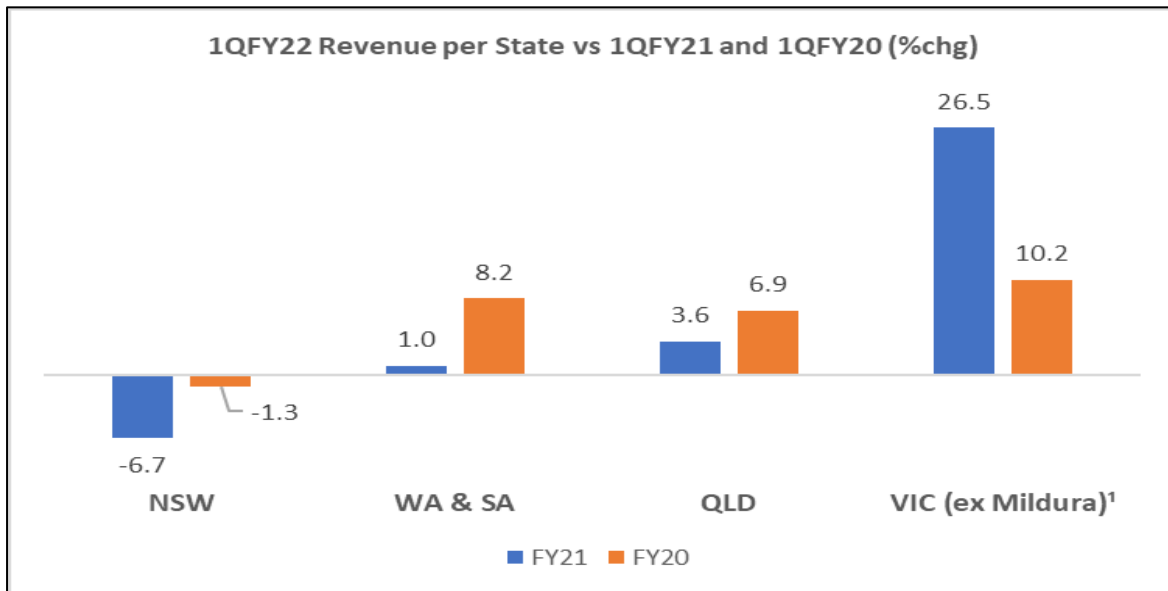
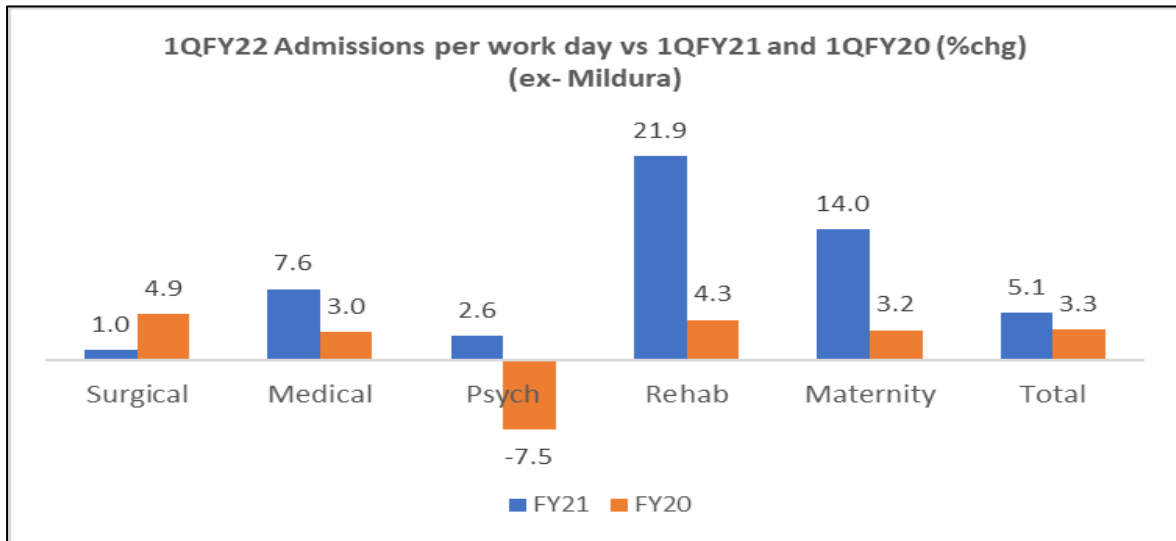
- The disruption of lockdowns and isolation orders in NSW across the quarter combined with elective surgery restrictions introduced by NSW Health effective 23rd August at seven of Ramsay's largest hospitals in Greater Sydney¹;
- The disruption of lockdowns and isolation orders in Victoria across the quarter;

¹ Refer to Ramsay Health Care FY21 Results released to the market on 26th August and the ASX announcement on 30th September outlining the restrictions introduced and the changes to the restrictions over the period

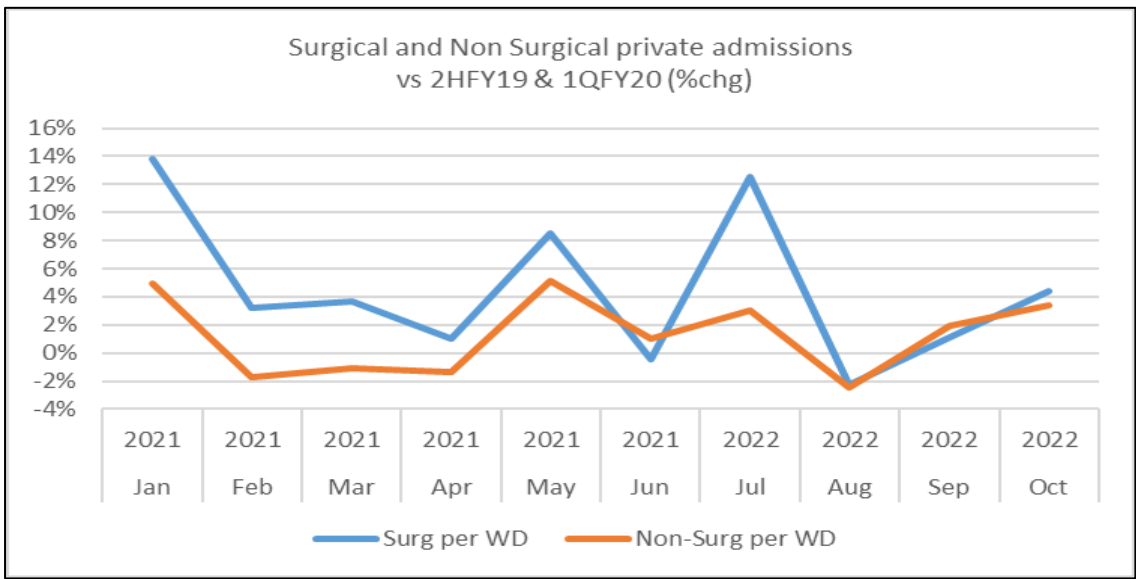
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- Elective surgical restrictions introduced on public hospitals in Perth over the month of September, including the two public health campuses operated by Ramsay, Joondalup and Peel;
- The impact of lockdowns, isolation orders and border closures on staffing costs and both surgical and non-surgical admissions in Ramsay hospitals in South East Queensland;
- Mix issues including a higher than usual proportion of day admissions to inpatients and a higher proportion of public patients; and
- The increased costs associated with operating in a COVID environment including increased labour costs.

The estimated total cost of this disruption in 1QFY22 was \$55m.



1. The comparison with 1QFY21 includes the payments received under viability agreements in 1QFY21 of \$17.8m



Note: Jan – June 21 compared to 2HFY19 and July-October 21 compared to July- October FY20
 Admission numbers are ex-public activity due to distortion of volumes done under COVID related agreements

Activity levels in the month of October continued to be impacted by COVID related disruptions including²:

- While day surgery restrictions on hospitals in Greater Sydney were lifted on 5th October, there were ongoing elective surgery restrictions in the seven hospitals in Greater Sydney and the impact of lockdowns on non-surgical admissions. Surgical restrictions were eased on all hospitals in Greater Sydney effective 25th October. Overnight elective surgery is now capped at 75 per cent in both public and private facilities in the Greater Sydney area; and
- On 23rd September 2021, the Victorian Department of Health and Human Services requested that all private hospital and day surgery centres in metropolitan Melbourne reduce elective surgery lists by 50% per month commencing 1st October 2021. Restrictions were further extended effective 14th October to only Category 1 and Category 2 elective surgeries across both public and private hospitals and day surgeries in metropolitan Melbourne.

Private surgical admissions per work-day in October were up 4.4% on October 2019 (i.e. pre-pandemic) and non-surgical admissions per work-day were up 3.4% on October 2019. This reflects good growth in Western Australia and Queensland, flat volumes in NSW following the reopening of day surgery and a significant decline in volumes in Victoria following the introduction of surgical restrictions. The costs of operating in a COVID environment remain elevated over the period and case mix issues continue to impact margin e.g. the predominance of day surgery in NSW.

Over the next few months activity levels will depend on when all elective surgical restrictions are lifted and the success of vaccinations in keeping Australia's COVID hospitalisations down to manageable levels in the public sector. The current state government timetables around lifting COVID related movement restrictions and border closures combined with the underlying demand for healthcare services should create a more favourable operating environment in 2HFY21.

² Refer to Ramsay Health Care FY21 Results released to the market on 26th August and the ASX announcements on 30th September and 20th October outlining the restrictions introduced and the changes to the restrictions over the period

Asia - Ramsay Sime Darby

- Ramsay's Asian joint venture, Ramsay Sime Darby, reported a 15.4% increase in revenue, reflecting underlying growth from the provision of COVID related services including testing, vaccination and treatment of public patients; combined with the inclusion of the Manipal Hospital acquired in May 2021 (MYR20.9m revenue for the quarter)
- Earnings for the quarter reflect mix changes and the higher costs of operating in the COVID environment
- FY22 NPAT will again be impacted by a higher effective tax rate (~24-25%) due to a lower investment tax allowance

UNITED KINGDOM (UK)

Unaudited 1QFY22 Earnings – United Kingdom

3 months ended 30 September \$'m	2021	2020	Chg (%)
Total Revenue	262.0	217.3	20.6
EBIT	(4.0)	25.2	(115.9)

Ramsay UK's 1QFY22 earnings were impacted by:

- The UK business experienced highly disruptive short-term challenges through 1QFY22 due to isolation orders impacting patients, doctors and staff at short notice resulting in a significant number of procedure cancellations over the three-month period;
- Whilst revenue was up on the COVID impacted pcp, the short notice associated with many of the cancellations made it difficult for the business to respond by reducing costs appropriately resulting in significantly higher personnel costs over the quarter;
- The business expects cancelled procedures to be re-booked over time;
- The result for 1QFY22 includes \$4.9m of costs associated with the Spire Healthcare plc (Spire) transaction that was voted down by some Spire shareholders in July 2021;
- The pipeline of admissions remains strong, in particular demand from private insured and self-funded patients and generally procedures have been at a higher level of acuity; and
- Public volumes have been slower to pick up post the lockdown than private volume as the National Health Service (NHS) implements new processes and procedures. The UK Government and the NHS have publicly stated they remain committed to reducing the significant healthcare waitlist in the UK.

Ramsay continues to work closely with the UK Government and the NHS around the model for delivery of additional capacity and is confident of receiving its share of public work as the framework is finalised

The operating environment in the UK has started to improve following the relaxation of rules around isolation and COVID protocols in hospital settings at the beginning of October. The business is adapting its operating model and processes to a 'living with COVID setting' whilst ensuring that Ramsay continues to treat patients in a safe clinical environment.

Ramsay UK officially opened the new Buckshaw Hospital day case facility in Chorley on 21st October. The hospital will provide services including diagnostics, physiotherapy, urology, endoscopy, orthopaedics, gynaecology, ear, nose and throat (ENT) and gastroenterology for private, insured and NHS patients.

EUROPE – RAMSAY SANTÉ

Unaudited 1QFY22 Earnings – Europe

3 months ended 30 September \$'m	2021	2020	Chg (%)
Total Revenue	1,594.8	1,588.9	0.4
EBIT	64.5	118.2	(45.4)

Ramsay Santé's 1QFY22 earnings reflect:

- Revenue increased (ex the German business sold in 2QFY21) by approximately 5% on the pcp. The increase in reported revenue includes the Government subsidy for nurse salary increases. France experienced lower patient volumes following a fourth COVID wave during the northern hemisphere summer;
- Revenue in 1QFY21 was positively impacted by a significant catch-up of volumes post the lockdown after the first COVID wave, reversing the traditional seasonality experienced in the first quarter of the fiscal year. The result in 1QFY21 also included net profit on the disposal of assets of €2.7m;
- The French Government has extended the revenue guarantee decree to be effective 1 July 2021 to 31 December 2021. The 1QFY22 period includes approximately the same contribution from government subsidies as the pcp;
- Staff attrition following COVID combined with mandatory vaccination for all staff in hospitals in France from mid-September has created a shortage of nurses impacting the ramp up of the business to meet the recovery in volumes. Management is fully focused on retaining and recruiting nursing staff to meet the solid underlying demand in volume; and
- Activity levels in the Nordics (ex the German business disposed of in 2QFY21) have been solid and driven by an increase in specialist care patients post COVID in both Sweden and Denmark and a continuation of COVID testing and vaccination activities.

Ramsay Santé remains focused on capturing its share of the strong demand for healthcare services post the restrictions related to COVID lockdowns in the last twelve months.

Ramsay Santé continues to deploy its strategic plan focused on strengthening the core business and growing through both green and brownfields developments as well as through potential bolt on acquisitions. During the current financial year, the business has acquired an ophthalmology clinic in Sweden, and has entered into transactions to acquire businesses in both the public primary care market in Denmark and the IVF market in Norway

A conference call hosted by CEO and Managing Director Craig McNally and CFO Martyn Roberts will be held at 9.15am today to answer any questions regarding the update. To pre-register for the call please click on the following link.

[Ramsay Health Care FY22 trading update](#)

The release of this announcement has been authorised by the Ramsay Health Care Disclosure Committee.

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