ASX ANNOUNCEMENT

26th August 2021

Ramsay Health Care FY21 Preliminary Financial Result

Key Highlights

- Solid result despite COVID environment; The strength of the underlying business together with an expanded pipeline of growth opportunities provides confidence for the medium to long term despite ongoing COVID disruption in FY22
- Ramsay Health Care (Ramsay) employees, doctors and facilities continued to support the public sector and community response to the rapidly changing demands of the COVID environment.
  - Ramsay Santé has looked after more than 11,000 COVID patients in its facilities
  - In the UK, Ramsay has looked after more than 650,000 NHS patients since the start of the pandemic
  - In Australia, Ramsay supported both public hospitals and aged care facilities through the Victorian lock down
- Statutory profit increased 58.1% reflecting a strong increase in admissions as our regions emerged from the initial wave of the pandemic. The significant increase in earnings was reported despite the disruptions caused by further COVID related lock-downs during FY21
- A fully franked final dividend of 103.0cps was determined taking the FY21 full year dividend to 151.5cps equivalent to the pre COVID FY19 full year dividend (cps). The full year dividend represents a payout ratio of 79% of statutory profit higher than historical levels reflecting the Board's recognition of the support of shareholders during the uncertainty of COVID and confidence in the strength of the Company's cashflow and balance sheet position
- The result includes government payments for the use of Ramsay facilities and services to assist with COVID outbreaks, and payments in some regions for the additional costs associated with operating in a COVID environment
- Ramsay's strong balance sheet and cash flow supported the continued investment in, and optimisation of, the Group's facilities and footprint to meet the strong underlying demand for healthcare services over the medium to long term
- The Australian business has identified a significant development pipeline which will lead to increased capex in the next few years as it expands the existing facilities platform and moves into adjacent services to meet the strong underlying demand for healthcare services
- The business is well positioned to continue to benefit from pent up demand for both private and public healthcare services across our regions
- Established the "Ramsay Cares" strategy, a shared vision for sustainability across the global business
- Successfully refinanced syndicated debt facilities for both the Wholly Owned Funding Group and Ramsay Santé with syndicated sustainability linked loans with embedded targets aligned with the "Ramsay Cares" strategy
- Ascribed investment grade rating of BBB (Stable) by Fitch

Group Financial Highlights	$'m	%chg on pcp
Revenue from patients and other revenue	12,435.5	3.9
Earnings before interest and tax (EBIT)	1,132.6	29.1
Statutory Profit	449.0	58.1
Final Dividend per share (cps)	103.0	n/a
Full Year Dividend (cps)	151.5	142.4
Fully diluted earnings per share (EPS) (cps)	192.6	47.6

"Our FY21 financial report is a solid result given the ongoing disruption to the business caused by the pandemic which saw significant restrictions placed on elective surgery and drove a material reduction in demand for non-surgical services. We have worked closely with governments across our regions to relieve pressure on the public hospital and aged care systems. As all our regions emerged from the lock-downs in 4QFY21 we started to benefit from the pent up demand for private healthcare services and we believe we are in a strong position to assist with addressing the public backlog of elective surgeries moving forward. The recovery in volumes has however been disrupted by further lock-downs. Lifting vaccination rates will be the key to the recovery.

"We have focused on remaining agile over this period taking advantage of opportunities that have emerged, however we have been careful to maintain financial discipline as we look to improve returns across the business. Despite the unpredictable operating environment over the last 12 months, we have continued to invest in all regions with a focus on modernising and expanding our world class hospital network, investing in data and digitisation and gold standards of clinical care and exploring opportunities to move into new and adjacent services to ensure we are well positioned to meet the strong underlying demand for healthcare services. We have a strong pipeline of development opportunities across the regions as we move into FY22 and beyond.

"The higher than normal dividend payout ratio this year reflects our strong cashflow and financial position allowing the full year dividend to be restored to the FY19 level. The Board recognises shareholder support during what has been the most challenging 18 months in the Company's history.

"I would like to thank our employees and clinicians who have continued to place patients first, working tirelessly since the start of the pandemic living the values of the Ramsay Way, "people caring for people", embodying Paul Ramsay's original vision of always putting patients first, delivering the best of care to people often facing the worst of circumstances." **CEO & Managing Director Craig McNally**

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Regional Results

Asia Pacific	$'m	%chg on pcp
Revenue from patients and other revenue	5,429.7	7.8
Revenue from government agreements	11.1	(64.1)
Share of Profit from Asian JV, Ramsay Sime Darby	10.8	(32.1)
EBIT	636.0	18.9

- Revenue from patients increased 7.8% to $5.4bn compared to the pcp (ex-Mildura up 10.2%)[1] reflecting strong growth in surgical admissions
- Revenue from patients in 2HFY21 increased 15.7% compared to the pcp to $2.1bn (an increase of 19.2% ex-Mildura)
- Revenue from patients in 2HFY21 increased 4.8% compared to 2HFY19 (an increase of 7.8% ex-Mildura)
- Restrictions on elective surgery in Victoria in 1HFY21 resulted in an estimated $70m direct cost to the business
- The impact of lock-downs across multiple states in 2HFY21 was estimated to be $13m
- Despite the disruption caused by COVID outbreaks throughout FY21, admissions growth was positive (compared to pcp and FY19) driven by strong double-digit growth in surgical admissions, while non-surgical admissions growth was more subdued:
  - Surgical admissions per word day (pwd)[1] increased 15.2% on pcp and 6.6% on FY19 (ex-Mildura)
  - Non-surgical admissions pwd[1] increased 3.1% on pcp and declined-0.5% on FY19 (ex-Mildura)
  - Strong public admissions growth in Ramsay's non-public hospitals -revenue up 100% and admissions up 40% on pcp
- The contribution from Ramsay Sime Darby was impacted by a higher tax rate, an impairment taken against the Hong Kong facility and the ongoing impact of the pandemic across the region
- EBITDA includes the impact of increased costs associated with the COVID environment including the higher costs and usage of PPE, higher personnel costs associated with screening and social distancing and lower volume rebates. In 1HFY21 COVID related costs excluding Victoria were $8-9m per month on average and reduced to $4-5m per month on average in 2HFY21 (Victoria inclusive)
- Total Australian capital expenditure was $260m There is a strong pipeline of brownfield and greenfield opportunities in FY22 and beyond

UK	$'m	%chg on pcp
Revenue from patients and other revenue	606.5	(21.3)
Revenue from government agreements	417.6	163.1
EBIT	92.8	83.4

- For the nine months to the end of March 2021 Ramsay continued to assist the UK Government through COVID outbreaks operating under special agreements with the National Health Service England (NHSE)
- Total revenue increased 10.2% to $1,024.1m and included payments from the NHSE of $417.6m representing net cost recovery for services provided by Ramsay to the NHSE over the 12 month period
- Private admissions returned strongly post the lock-down easing in April, and the increased weighting to these admissions during the 4QFY21 improved payor and complexity mix
- Neurological rehabilitation revenues over the 12 month period increased 4.4% despite social distancing restrictions and reflected an improved contribution
- EBIT increased 83.4% and included a 10% increase in personnel costs and an 18.9% increase in supplies and purchases both increases reflecting higher costs associated with operating in a COVID environment
- Capital expenditure for the 12 month period was $58m and included investment in the development of three new day hospitals

Europe	$'m	%chg on pcp
Revenue from patients and other revenue	6,839.9	6.9
Income from government grants	428.3	82.0
EBIT	403.8	38.3

- Over the 12 month period Ramsay Santé continued to play an important role assisting governments in the regions in which it operates to deal with the pandemic. The business treated over 11,000 COVID patients in its facilities over the 12 month period
- The business received financial compensation from the French Government and some parts of the Nordics for the use of Ramsay facilities and services
- Total European revenue increased 6.9% to $6,839.9m and included government grants of A$428.3m . Revenue was impacted compared to the pcp by the sale of a portfolio of nine German hospitals in 1HFY21 ~€80m
- EBIT increased 38.3% to $403.8m positively impacted by realised synergies from the Capio acquisition being well above initial estimates of €20m and also supported by Government compensation for increased costs associated with operating in a COVID environment. The result includes a $27.5m impairment of hospitals in France as part of a portfolio review and a net gain on the sale of assets in France and Germany of $12.3m
- Despite the impact of the pandemic, the Nordic region reported a strong result with EBIT increasing 585.3% to $46.6m reflecting the less volatile capitation reimbursement model in Sweden, the primary care business, a good result from the ophthalmology business in Norway, new care contracts, higher volumes in Denmark and a less severe impact on activity from COVID across most of the region
- Capital expenditure over the twelve month period was $356.2m an increase of 27.1% over the pcp

[1] Ramsay handed back the operation of the Mildura public hospital to the Victorian Government in September 2020

Outlook[2]

- Ramsay's FY22 result will be impacted by the ongoing global response to the COVID pandemic, including the success of vaccination programs in each region in reducing the number and severity of COVID cases. Vaccination rates will dictate the extent to which each region can operate on an unrestricted capacity basis and will influence patient and doctor comfort levels in returning to a hospital environment for both surgical and non-surgical services
- Surgical back logs and latent demand for non-surgical services are expected to continue to drive volumes as countries emerge from lock-downs. Ramsay expects to assist with relieving pressure on public wait lists. The pace at which backlogs are addressed will be dependent to an extent on Governments providing health systems with additional funding
- In Australia, the 1HFY22 results will be impacted by reduced activity levels flowing from the lock-downs in NSW, Queensland and Victoria. The EBIT impact of lock-downs in July in Australia was approximately $13m (inclusive of the higher costs associated with COVID)
- Due to the introduction of surgical restrictions on 23rd August 2021 at seven of Ramsay's hospitals in Greater Sydney the total EBIT impact in FY22 is forecast to be significantly more material and will depend on the duration of the restrictions. By way of reference, the estimated EBIT impact of an approximately 90 day restriction on elective surgeries in Victoria in 2020 was $70m. Ramsay's business in NSW is approximately twice the size of Victoria
- In the absence of lock-downs, earnings are expected to improve as peak COVID costs decline and further business efficiencies are identified. While margins are expected to improve through a return to a pre COVID case mix over time and peak COVID costs abating, the results will continue to be impacted by higher usage and elevated costs of PPE and other ongoing costs associated with social distancing and screening
- In the UK, the business is focused on the significant opportunity associated with the backlog of privately insured and self-funded patients in the UK and increasing its market share of these segments over time through further investment in clinical excellence to attract doctors and patients.
- Ramsay UK signed a new National Increasing Capacity Framework Agreement with the NHS for an initial term of two years, plus a two-year extension. The business will continue to support the NHS priorities flowing from the impacts of the pandemic and will work with the NHS to assist with addressing the backlog in elective procedures and treatments and waiting list reduction
- Activity in July and August has been impacted by snap 10-day isolation orders notified by the UK Governments COVID tracing app. This has resulted in employees, doctors and patients being forced to isolate at short notice driving the cancellation of surgeries. As the rules stipulating isolation upon receipt of an app notification are rolled back the recovery in admissions is expected to continue
- The UK business will have the full year benefit of capacity in three new facilities completed in the last twelve months. The business will continue to look for opportunities to expand the hospital footprint with new greenfield sites
- The French Government is expected to extend the revenue guarantee to 31st December 2021. The businesses in the Nordics are expected to continue to perform strongly (ex-lock-downs) as countries in the region emerge from COVID and the backlog in demand for healthcare services is addressed
- COVID case numbers in France and the Nordic region have increased in July and August driving higher hospitalisations, both businesses will be impacted by any further lock-downs
- 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. Total Group capital expenditure for FY22 is expected to be in the range of $900m-1.1bn. The increase in capital expenditure is primarily being driven by an increase in brownfield capital expenditure in Australia combined with growth capital expenditure in Europe and the UK and an increase in digital investment in the UK
- Capital expenditure is expected to remain at elevated levels in FY23-FY25 in light of the significant development pipeline in the Australian business
- Ramsay's strong balance sheet and cashflow position the business well to deliver on its long-term strategy and the business will remain disciplined in its approach
- As part of its commitment to sustainability, Ramsay has commenced aligning its reporting with the Taskforce for Climate related Financial Disclosures (TCFD) recommendations on climate-risk
- Investment in the "Ramsay Cares" sustainability strategy will be focused on the mental health and well-being of employees, setting the foundations to reduce the Company's energy intensity and emissions and an emphasis on responsible sourcing within medical supply chains

"Our FY22 results will be largely dictated by the effectiveness of global vaccination programs in reducing the number and severity of COVID cases around the world, reducing COVID hospitalisation rates, improving both doctors and the general publics' confidence in returning to health care settings and allowing the private hospital sector to operate without capacity restrictions. The UK and European businesses have started FY22 on positive trajectories after emerging from long and restrictive lock-downs, although both businesses continue to be impacted by issues associated with the COVID environment. The Australian and Asian businesses will continue to be impacted by lock-downs in 1HFY22 until vaccination rates progressively improve.

"We remain well positioned for strong growth over the medium term addressing the backlog in demand for healthcare services in both the public and private systems and we will continue to support the public health sector where required in the fight against COVID.

"We will continue to look for opportunities to invest and modernise our facilities and footprint in all regions to leverage our scale. We will explore opportunities to move into new and adjacent services in all existing markets to create an integrated patient centric business platform. The significant pipeline of brownfield and greenfield projects across the regions, in particular in Australia, is expected to deliver good organic growth and support margins and market share. Ramsay's strong balance sheet and cashflows position the business well to deliver on our long-term strategy and we remain focused on improving returns across the portfolio of businesses."

CEO and Managing Director Craig McNally

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

[2] Refer to the Operating and Financial Review for further details on the outlook for the Group and each region

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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 460 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$15.3bn[2] and an enterprise value (EV) of A$17.7bn[2] (EV of A$23.0bn inclusive of lease liabilities). 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 specialities 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 neuro-rehabilitation 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 www.Ramsayhealth.com/About-Us/Values website
[2] Closing price on 24th August 2021