ASX Announcement

29th February 2024

Strategic and operational initiatives start to deliver results, further benefits expected

- **7.8% revenue growth in constant currency driven by improving activity across all regions and tariff uplifts**
- **Some progress agreeing new terms with payors. In order to ensure long term sustainability, the industry in all regions must push for higher compensation as recent increases still do not address the impact of inflation over recent years**
- **Accelerated transformation programs in place to drive sustainable top line growth, productivity improvements and operating efficiencies**
- **Net profit after tax of $618m realised on the sale of Ramsay Sime Darby (RSD) reflecting the commitment to disciplined portfolio management. Funding Group[1] leverage 2.28x, within target range of <2.5x**
- **Continue to expect growth in NPAT (ex-net profit on RSD) in FY24 with earnings weighted to 2HFY24**

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Group Financial Highlights

Half Year Ended 31st December A$'m	2023	%chg on pcp	chg (%) cc[1]
Revenue from contracts with customers	8,085.1	13.8	7.8
Total revenue and other income less interest income	**8,159.3**	**10.5**	**4.7**
Earnings before finance costs, tax, depreciation, amortisation and rent (EBITDAR)	1,120.0	3.6	(1.3)
Earnings before interest and tax (EBIT) from continuing operations[2]	512.3	(4.7)	(6.7)
Profit after tax from continuing operations (after non-controlling interests)	**140.4**	**(23.0)**	**(28.0)**
Profit after tax from discontinued operations	618.1	-	-
Net Profit after tax attributable to owners of the parent	**758.5**	**290.2**	**285.5**
Non-recurring items included in profit after tax from continuing operations	(3.1)	(108.9)	-
Interim Dividend per share (cps)	40.0	(20.0)	-
Franking (%)	100.0	-	-
Fully diluted earnings per share (EPS) (cps)	328.0	295.7	-

1 Constant currency
2 On 13th November 2023 Ramsay announced that together with its partner Sime Darby Berhad (Sime Darby), it had entered into an agreement to sell its 50:50 joint venture in Asia, Ramsay Sime Darby (RSD). The transaction was completed on 28th December 2023. The investment in RSD has been re-classified as a discontinued operation in both this year and last year's results.

CEO and Managing Director Craig McNally

“I am pleased to report that activity levels continued to improve across all regions through the first half of FY24. This, combined with tariff uplift, drove patient revenue growth of 7.8% in constant currency.

"The rate of margin recovery continues to be impacted by high inflation in the healthcare sector, in particular wages and medical consumables, with tariff increases only partially offsetting cost increases. During the half, we made some progress agreeing new terms with payors to more adequately reflect inflation over the last few years, however there is still a way to go to ensure long-term industry sustainability, with many hospital operators losing money and closing or reducing services in the regions where we operate. The industry must continue to push for higher compensation as recent increases do not address the impact of inflation over recent years.

“Our increased investment in digital and data has also impacted margins, particularly in Australia, however the benefits from our accelerated transformation programs are beginning to flow through and we expect them to drive sustainable top line growth, improvements in productivity and deliver operational efficiencies going forward.

“We are pleased to have realised significant value through the sale of our Asian joint venture, Ramsay Sime Darby. This reflects our commitment to disciplined portfolio management. The sale delivered a net profit after tax of $618 million to Ramsay and has brought our Funding Group leverage to within our target range at 2.28x. Along with our new longer-dated debt facilities, this significantly strengthens our balance sheet, and reduces our financing costs.

“Excluding the proceeds from the sale of Ramsay Sime Darby, we continue to expect growth in earnings in FY24. This will be weighted to the second half, primarily due to the return of seasonality in our European earnings which have been smoothed by government support over the last few years. The long-term outlook for Ramsay remains strong, and we are confident in our ability to deliver improved returns for shareholders, underpinned by our strategy, market-leading positions and unique portfolio of assets.”

Review of Results

Statutory net profit after tax and non controlling interests increased 290.2% and includes the net profit after tax realised on the sale of Ramsay's Asian joint venture RSD of $618.1m. **The transaction was completed on 28th December 2023. Gross cash proceeds of $938.4m were used to repay debt facilities prior to 31st December 2023**.

Revenue from contracts with customers **increased 7.8% in constant currency driven by mid to high single digit growth in activity in all regions** combined with indexation increases.

Non recurring items at the EBIT line contributed a benefit of $6.9m compared to a benefit of $56.3m in the pcp. **Removing the impact of non recurring items, EBIT from continuing operations increased 5.0% on the pcp** driven by improved earnings in Australia and strong growth from the UK region, offset by lower earnings from Europe.

The result benefited from a weaker Australian dollar against the EUR and the GBP compared to the pcp. EBIT from continuing operations in constant currency declined 6.7% on the pcp.

Revenue from contracts with customers in the Australian region increased 6.0% on the pcp driven by a 4.7% increase in hospital admissions and improved indexation. Reported EBIT includes an increase in digital and data and cyber security related opex of $21.8m compared to the pcp. **Removing the impact of the increase in digital and data and cyber security opex Australian EBIT increased 7.8% on the pcp.**

The UK region reported a 26.2% increase in revenue from contracts with customers and a 135.8% increase in EBIT (15.3% and 115% in constant currency). The result reflects 10% growth in admissions in the UK acute hospital business and tariff increases combined with higher levels of case acuity; and a significant turnaround in the operating performance of Elysium reflecting a material reduction in the use of agency labour, lower staff turnover and improving occupancy levels. In constant currency terms EBIT increased 115%.

The European region reported a 17.1% growth in revenue from patients (7.4% in constant currency) driven by a 5.4% growth in hospital admissions, and good growth in primary care admissions combined with annual tariff increases. Inflation continues to impact the business with tariff increases not covering cost increases over the last few years. The result reflects the absence of government support payments in the half (A$133.9m €85.7m in the pcp) to offset COVID related expenses and cost inflation. **The EBIT result included a positive contribution from non-recurring items of $7.8m compared to $45.3m in the pcp. Removing the impact of non recurring items, EBIT declined 19.7% compared to the pcp (21.6% in local currency).**

Net financing costs (incl. AASB16 lease costs) increased 46.6% on the pcp to $309.5m inclusive of a negative non cash mark to market movement in Europe of $19.6m. **On a like for like basis (excluding non cash mark to market movements both this year and in the prior period) net financing costs (incl. AASB16 lease costs) increased 24.4% to $289.9m** reflecting higher average base rates compared to the pcp.

The effective tax rate on earnings from continuing operations for the period was 33.2% compared to 31.2% in the pcp reflecting higher CVAE taxes in France and Ramsay Santé's loss before tax result given its low company tax rate of 25%. The rate was lower than the forecast of approximately 36% due to the non-assessability of some non-recurring items reported in the period.

Net profit after tax and minority interests from continuing operations declined 23.0% to $140.4m. **Removing the impact of non recurring items including mark to market movements, net profit after tax and minority interests from continuing operations declined 3.1% to $143.5m.**

Funding Group leverage[1] at 31st December 2023 was 2.28x in line with the Group's target of below 2.5x

The Board determined a fully franked dividend of 40.0cps representing a payout ratio (excluding the contribution from the RSD sale) of 69.0% **at the top end of the Company's target dividend payout ratio range of 60-70%.**

Outlook

The healthcare industry continues to be underpinned by strong long term tailwinds and Ramsay remains well positioned to benefit from the industry dynamics. The immediate priority is on continuing to drive a range of transformation programs in each region to leverage Ramsay's strong position in each market to drive sustainable top line growth, productivity improvements and operating efficiencies.

Ramsay continues to expect further growth in Group earnings from continuing operations, reflecting mid-single digit top line growth driven by low to mid-single digit growth in activity levels combined with higher reimbursement rates. The results are expected be weighted to the second half of the year.

Margin recovery will be slowed by ongoing cost pressures that are not fully reflected in reimbursement structures, combined with an increase in digital and data opex investment which is an important plank for our future growth.

The focus is on improving the performance and returns of the Australian and French hospital businesses and continuing to improve the performance of Elysium.

The performance of the business will continue to be reviewed in the context of optimising shareholder returns, a range of strategies are actively being assessed to unlock value and drive improved performance from the Company's portfolio of assets.

Ramsay expects FY24 earnings to reflect:

- Mid single digit top line growth driven by low to mid single digit growth in activity and higher reimbursement levels
- Margin recovery will be slowed by ongoing inflationary pressures across most costs which are not fully reflected in reimbursement structures

[1] Funding Group - Ramsay Health Care Limited and all its subsidiaries excluding Ramsay Santé. Funding Group leverage used for banking covenant calculation Net Debt (preAASB16 basis)/Rolling 12 month Funding Group EBITDA (excluding non recurring items)

- An increase in digital and data opex investment in Australia of $28-38m over FY23 (total spend $55-65m). Digital and data capex $12-18m
- Depreciation and amortisation is expected to be in the range of $1.0bn - $1.1bn
- Net interest expense (including AASB16 lease costs) is now forecast to be in the range of $590-620m, this includes an estimate of the non cash negative mark to market movement of approximately $33m for the full year and transaction costs associated with new facilities in the Funding Group
- The FY24 effective tax rate is expected to be approximately 33-34%
- Investment in brownfield and greenfield projects in Australia is now expected to be $210-260m reduced from $250-300m focused on expanding hospital treatment capacity and the out of hospital services footprint
- Group capex is expected to be in the range of $0.8-1bn
- The dividend payout ratio is expected to be in the range of 60-70% of Statutory Net Profit (excluding the profit on the sale of RSD)

Appendix: Financial Results

Half Year Ended 31st December A$'m	2023	2022	Chg (%)	Chg(%) cc[1]
CONTINUING OPERATIONS[2]				
Australia	3,023.6	2,846.4	6.2	6.2
UK	1,148.3	910.2	26.2	15.3
Europe	3,992.6	3,628.6	10.0	0.9
Total segment revenue & other income	**8,164.5**	**7,385.2**	10.6	4.9
Australia	415.3	419.4	(1.0)	(1.0)
UK	152.9	89.1	71.6	56.5
Europe	551.8	572.9	(3.7)	(10.6)
EBITDAR	**1,120.0**	**1,081.4**	3.6	(1.3)
Rent on short term or low value leases	(76.5)	(66.9)	(14.3)	(4.8)
Australia	409.8	413.8	(1.0)	(1.0)
UK	150.8	87.7	71.9	56.8
Europe	482.9	513.0	(5.9)	(12.4)
EBITDA	**1,043.5**	**1,014.5**	2.9	(1.8)
Depreciation	(506.4)	(468.5)	(8.1)	(2.4)
Amortisation & impairment	(24.8)	(8.4)	(195.2)	(81.1)
Australia	296.1	295.0	0.4	0.4
UK	75.7	32.1	135.8	115.0
Europe	140.5	210.5	(33.3)	(35.2)
EBIT	**512.3**	**537.6**	(4.7)	(6.7)
Financing costs (AASB16 Leases)	(138.5)	(122.1)	(13.4)	(5.5)
Net other financing costs (net of interest income)	(171.0)	(89.0)	(92.1)	(82.9)
Profit before Tax	**202.8**	**326.5**	(37.9)	(33.2)
Income Tax Expense	(67.3)	(102.0)	34.0	10.3
Profit after tax from continuing operations	**135.5**	**224.5**	(39.6)	(43.5)
Profit after tax from continuing operations (after minority interests)	**140.4**	**182.4**	(23.0)	(28.0)
DISCONTINUED OPERATIONS				
Profit after tax from discontinued operations	**618.1**	**12.0**	-	-
Net profit after tax for the period	**753.6**	**236.5**	218.6	214.9
Attributable to non-controlling interests	4.9	(42.1)	111.6	110.7
Net Profit after tax attributable to owners of the parent	**758.5**	**194.4**	290.2	285.5
Interim dividend per share (¢)	40.0	50.0	(20.0)	-
Basic Earnings per share (after CARES dividend) (¢)	328.7	83.0	296.0	-
Fully diluted earnings per share (after CARES dividend) (¢)	328.0	82.9	295.7	-
Basic Earnings per share (after CARES dividend) (¢) from continuing operations[2]	58.0	77.7	(25.4)	-
Fully diluted earnings per share (after CARES dividend) (¢) from continuing operations[2]	57.9	77.6	(25.4)	-
Weighted average number of ordinary shares (m)	228.3	227.8	-	-
Fully diluted weighted average number of shares (m)	228.8	228.2	-	-

1 Constant currency
2 On 13th November 2023 Ramsay announced that together with its partner Sime Darby Berhad (Sime Darby), it had entered into an agreement to sell its 50:50 joint venture in Asia, Ramsay Sime Darby (RSD). The transaction was completed on 28th December 2023. The investment in RSD has been been re-classified as a discontinued operation in both this year and last years results.

For further details please refer to the Appendix 4D and Review of Results of Operations

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

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