Ramsay Health Care

To	Company Announcements Office	Date	27 February 2020
Company	ASX Limited		
From	Henrietta Rowe Group Company Secretary Ramsay Health Care Limited		
Subject	Financial Results Half Year ended 31 December 2019		

Please find attached the ASX Release relating to Ramsay Health Care's Results for the half year ended 31 December 2019.

Regards

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Ramsay Health Care

ASX ANNOUNCEMENT

27 February 2020

RAMSAY HEALTH CARE PERFORMANCE IN LINE WITH EXPECTATIONS. REAFFIRMS FULL YEAR GUIDANCE

Financial Highlights

- Core net profit after tax[1] (Core NPAT) of $273.6 million (up 3.4% on a like for like basis*)
- Core earnings per share[2] (Core EPS) of 132.5 cents (up 3.7% on a like for like basis*)
- Group:
  - Revenue up 22.5% to $6.3 billion (excl Capio revenue up 4.8%)
  - EBITDAR up 17.4% to $1.1 billion (excl Capio EBITDAR up 5.4%)
- Australia/Asia:
  - Australia Revenue up 3.9% to $2.7 billion
  - Australia EBITDAR up 2.4% to $530 million
  - Equity accounted share of Asia joint venture net profits up 13.6% to $12.5 million
- United Kingdom:
  - Revenue up 8.7% to £267.6 million
  - EBITDAR up 6.0% to £47.7 million
- Continental Europe**
  - Revenue up 44.3% to €1.9 billion (excl Capio revenue up 2.4%)
  - EBITDAR up 38.0% to €319.1 million (excl Capio EBITDAR up 7.4%)
- Interim dividend 62.5 cents fully franked, up 4.2% on the previous corresponding period

**The New Lease Accounting Standard (AASB16) was adopted on 1 July 2019 and comparatives have not been restated, as permitted under the transitional provisions in the standard. In order to make meaningful comparison of the results, commentary has been provided on a like for like basis under the Old Lease Accounting Standard (AASB117) for 1H FY20 and 1H FY19.*

***Ramsay Santé has consolidated the earnings of Capio since the acquisition date on 7 November 2018.*

Overview

Ramsay Health Care today reported a Group Core Net Profit After Tax (Core NPAT) of $273.6 million, for the six months to 31 December 2019. On a like for like basis*, this was an increase of 3.4% on the previous corresponding period.

Core EPS is 132.5 cents for the half year, which on a like for like basis* is an increase of 3.7% or 145.8 cents.

The Company's statutory net profit after tax, attributable to members of the parent (after adjusting for net non-core items after tax) is $258.4 million.

Directors are pleased to announce a fully-franked interim dividend of 62.5 cents, up 4.2% on the previous corresponding period. The dividend Record Date is 6 March 2020 with payment on 27 March 2020.

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[1] *Before net non-core items*
[2] *Core EPS is derived from core net profit after CARES dividends*

Overview continued

Ramsay Health Care Managing Director Craig McNally said overall, the business performed solidly in the 1H.

"Our businesses in the UK, Continental Europe and Asia performed well during the period but this was partially offset by more challenging conditions in Australia," Mr McNally said.

"During the 1H, we continued to invest in infrastructure and research to position the business for the future including, digitalizing and integrating our IT systems.

"At the same time, we are focused on opportunities outside our core hospital business that will further our position as a global integrated healthcare service provider with a more convenient and accessible healthcare offering to better meet the expectations of our clinicians and our patients."

Segment Results

Australia

Ramsay's Australian operations delivered revenue growth of 3.9% and an overall EBITDAR growth of 2.4% on the previous corresponding period.

"Admissions growth during the 1H was above the prior corresponding period however, overall activity growth in Australia remains subdued compared to the long term average," Mr McNally said.

"For the full year, Ramsay Australia is on track to complete approximately $168 million worth of projects including 197 beds (144 net beds), three operating theatres and 85 consulting suites. Two other major projects will complete soon after the end of this financial year at North West Private in Brisbane and John Flynn Private on the Gold Coast.

"In the 1H we completed $50 million worth of brownfield projects. A further $189 million worth of developments were approved by the Board during the period, including 207 net beds, eight operating theatres and a new emergency department as well as further onsite consulting suite developments.

"We continue to develop our hospital in the home strategy and are well-progressed in discussions with partners to create community and home-based healthcare services to provide rehabilitation in the home and out of hospital palliative care and chronic disease management programmes. We look forward to further expanding our services beyond the hospital walls and simplifying care coordination for our patients from hospital to home."

Continental Europe

Ramsay Santé (including Capio) performed well in H1 FY'20 with revenue up 44.3% and EBITDAR up 38.0%. "This was a good result given the ongoing strike actions in France," Mr McNally said.

"Excluding Capio, Ramsay Santé delivered a solid result with revenue up 2.4% and EBITDAR up 7.4% on the prior corresponding period. Activity for the first half was up against the prior corresponding periods in all areas.

"For the first time, the French Government has agreed to commit to giving a multi-year visibility on tariffs with a safety net of at least +0.2% in 2020, 2021 and 2022. For 2020, we have obtained 0.6% for MSO and 0.5% for rehab and mental health."

He said Ramsay Santé continued to make good progress on the integration of the Capio business and identified synergies were on track to be delivered.

United Kingdom

"Ramsay UK performed well during the 1H, recording its best half performance in recent years," Mr McNally said.

"Revenues were up 8.7% on the previous half assisted by an increase in overall activity for the 1H and strong performances particularly in private medical insurance and self pay volumes.

"Ramsay UK's EBITDAR performance was 6.0% ahead of the prior corresponding period."

He said the UK general election majority and Brexit provided a more certain environment and the positive signs in the UK in terms of volume growth should continue.

"It is good to see some commitment to longer term policies for health and to funding increases as well as a sharper focus on waiting lists."

Asia

"Ramsay's Asian joint venture (Ramsay Sime Darby) had another excellent half recording strong operating performances in both Malaysia and Indonesia and strong overall growth in admissions over the 1H FY'19."

Balance Sheet, Cash Flow and New Lease Standard

Ramsay's balance sheet and strong and reliable cash flow generation continue to provide the Company with the flexibility to fund the continuing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs.

The Group Consolidated Leverage Ratio (Net Debt/ EBITDA) measured under the old Lease Accounting Standard (AASB117) reduced from 3.1 times at 30 June 2019 to 2.9 times at 31 December 2019.

On the adoption of the new Accounting Standard (AASB16) the Group recognised right of use assets of $4.5 billion and Lease Liabilities of $4.9 billion which had previously been classified as operating leases. As a result of the recognition of the Lease Liabilities the Group Consolidated Leverage Ratio (Net Debt/EBITDA) measured under AASB16 is 4.5 times. As previously advised, while the adoption of the Standard has a significant non cash impact on the Profit & Loss and Balance Sheet for FY'20, it has had no impact on net cash flow, debt covenants and debt facility headroom.

Outlook

Mr McNally said while there continued to be positive signs for Ramsay's business in the UK and Europe, volume growth in Australia remained subdued.

"We expect the softer operating environment we have been experiencing in Australia to continue," Mr McNally said. "While we remain optimistic about the long term, this subdued volume growth, in combination with recent events including the bushfires and coronavirus, create an uncertain operating environment in the short term.

"Coronavirus may indeed create an impact for our global business and we are monitoring the impacts on supply chain and admissions."

He said growth remained a key focus and management continued to monitor and investigate acquisition and expansion opportunities as well as partnerships with government and other private healthcare providers.

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"We reaffirm our FY'20 Core EPS growth on a like-for-like basis of 2% to 4%, which corresponds to negative Core EPS of -6% to -4% under the new lease accounting standard AASB16. This guidance is based on Core EBITDAR growth of 8% to 10%, which is unaffected by the new lease standard."

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

Attachment: Summary of Financial Performance.

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Attachment: **Table 1**

Summary of Financial Performance (Based on new Lease Accounting Standard)

- H1, FY20 prepared under the new Lease Accounting Standard (AASB16 Leases)
- H1, FY19 prepared under the old Lease Accounting Standard (AASB117 Leases)

	Half Year Ended 31 December $ millions		
	1st Half FY2020	1st Half FY2019	
	Group (1) (AASB16 Leases)	Group (1) (AASB117 Leases)	% Increase/ -Decrease
Net Profit After Tax (NPAT)			
Operating revenue	**6,332.5**	**5,168.8**	**22.5%**
EBITDAR	1,146.6	977.1	17.4%
EBITDA	1,066.3	728.6	46.4%
EBIT	633.2	509.9	24.2%
Profit attributable to members of the parent			
Core NPAT (2)	**273.6**	**290.8**	**- 5.9%**
Net non-core items, net of tax (3)	(15.2)	(20.7)	
Statutory NPAT	258.4	270.1	- 4.3%
Earnings Per Share, (EPS) cents			
Core EPS (4)	**132.5**	**140.6**	**- 5.8%**
Statutory EPS	125.0	130.3	- 4.1%
Dividends Per Share, cents			
Interim dividend, fully franked	62.5	60.0	4.2%

Notes

(1) The FY20 period results include the impact of AASB16 leases, while the FY19 period results were prepared under the previous lease accounting requirements (AASB117 leases). Refer to the Overview section of the Appendix 4D for further information.

(2) 'Core NPAT' attributable to members of the parent is before net non-core items and from continuing operations. In accordance with the accounting standards Ramsay Santé is consolidated. The non-controlling interest's share of Ramsay Santé NPAT has been removed in arriving at the Core NPAT attributable to members of the parent. Ramsay Santé has consolidated the earnings of Capio since the acquisition date of 7 November 2018.

(3) Refer to Appendix 4D Note (a) (iii) Reconciliation of net profit attributable to owners of the parent to core profit (segment result).

(4) 'Core EPS' is derived from core net profit after CARES Dividends.

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Attachment: **Table 2**

Summary of Financial Performance (like for like based on old Lease Accounting Standard)

- H1 FY20 and H1 FY19 prepared on a like for like basis under the old Lease Accounting Standard (AASB117 Leases)

	Half Year Ended 31 December $ millions		
	1st Half FY2020	1st Half FY2019	
	Group (1) (AASB117 Leases)	Group (1) (AASB117 Leases)	% Increase
Net Profit After Tax (NPAT)			
Operating revenue	**6,332.5**	**5,168.8**	**22.5%**
EBITDAR	1,146.6	977.1	17.4%
EBITDA	832.4	728.6	14.2%
EBIT	564.8	509.9	10.8%
Profit attributable to members of the parent			
Core NPAT (2)	**300.6**	**290.8**	**3.4%**
Net non-core items, net of tax (3)	(19.5)	(20.7)	
Statutory NPAT	281.1	270.1	4.1%
Earnings Per Share, (EPS) cents			
Core EPS (4)	**145.8**	**140.6**	**3.7%**
Statutory EPS	136.2	130.3	4.5%
Dividends Per Share, cents			
Interim dividend, fully franked	62.5	60.0	4.2%

Notes

(1) The FY20 period results and the FY19 period results have been prepared on a like for like basis under the previous lease accounting requirements (AASB117 leases). Refer to the Overview section of the Appendix 4D for further information.

(2) 'Core NPAT' attributable to members of the parent is before net non-core items and from continuing operations. In accordance with the accounting standards Ramsay Santé is consolidated. The non-controlling interest's share of Ramsay Santé NPAT has been removed in arriving at the Core NPAT attributable to members of the parent. Ramsay Santé has consolidated the earnings of Capio since the acquisition date of 7 November 2018.

(3) Refer to Appendix 4D Note (a) (iii) Reconciliation of net profit attributable to owners of the parent to core profit (segment result).

(4) 'Core EPS' is derived from core net profit after CARES Dividends.