

Ramsay Health Care Limited

Results Briefing

Year ended 30 June 2020

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27 August 2020

[ramsayhealth.com](https://www.ramsayhealth.com)



Ramsay
Health Care

Important information

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The information in this presentation is general background information about Ramsay Health Care Limited and its subsidiaries (Ramsay Group) and their activities and is current as at 27 August 2020. It is in summary form and is not necessarily complete. It should be read together with the company's consolidated financial statements lodged with the ASX on 27 August 2020 which are in the process of being reviewed by the external auditor. The information in this presentation is general information only and is not intended to be relied upon as advice to investors or potential investors and does not take into account your objectives, financial situation or needs. Investors should consult with their own legal, tax, business and/or financial advisers in connection with any investment decision.

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Ramsay Health Care Limited
Level 18, 126 Phillip Street, Sydney NSW 2000
The release of this announcement has been authorised by the Ramsay Health Care Board of Directors

Ramsay Health Care Response to COVID-19

People Caring for People

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Ramsay Health Care Response to COVID-19

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Caring for our patients

The period has been filled with numerous examples of our doctors and staff going above and beyond including:

- Caring for many thousands of COVID-19 patients around the globe – 7000 in France
- Assisting the NHS England by performing thousands of operations on behalf of the public sector while it focused on COVID-19
- Joondalup Health Campus in Perth - one of the first facilities in Australia to take large cohort of COVID-19 patients with no cross infection to staff or doctors
- In Victoria, our staff are playing a critical role caring for COVID-19 patients, undertaking urgent public surgery & delivering up to 60 shifts a day in affected nursing homes
- Patient & visitor screening; increased cleaning & visitor restrictions adopted early to ensure safety

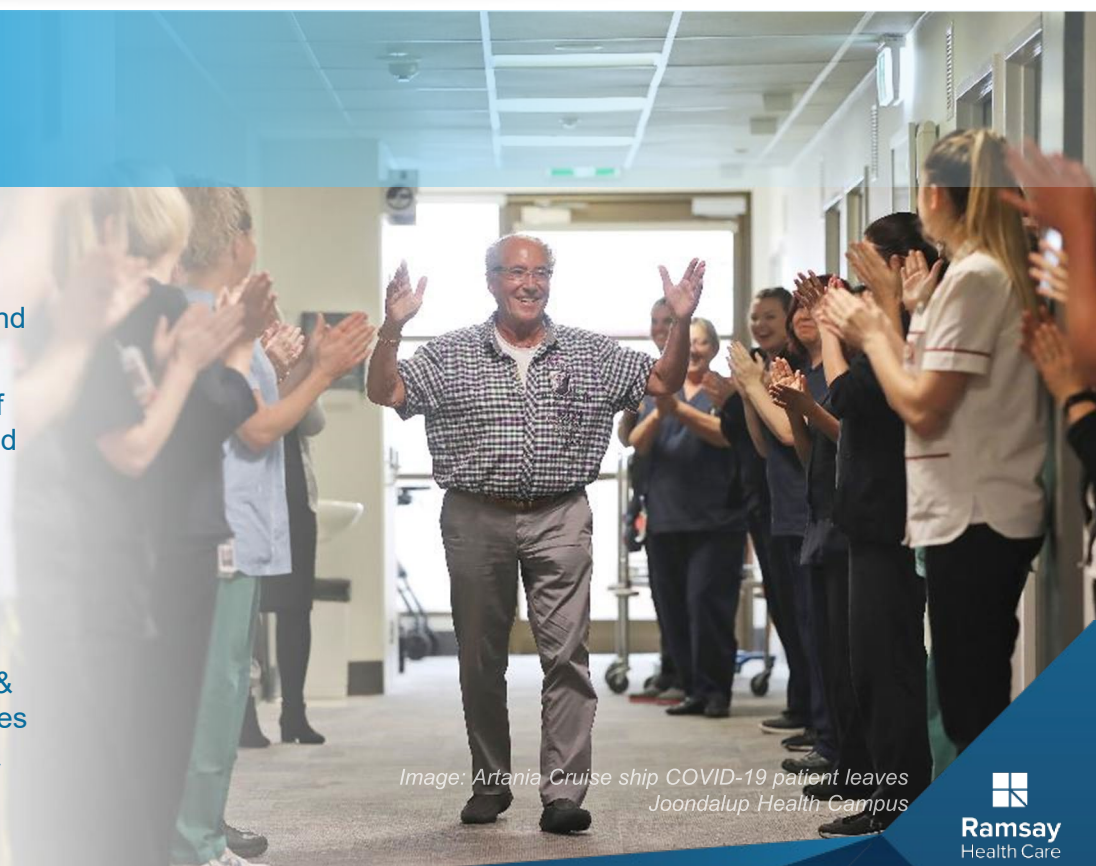


Image: Artania Cruise ship COVID-19 patient leaves Joondalup Health Campus

Ramsay Health Care Response to COVID-19

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Caring for our employees & doctors

- No employees were stood down because of the pandemic
- Stringent safety policies adopted early to limit transmission to our staff & doctors
- Wellbeing and employee assistance services and resources launched for our staff and doctors
- Frequent communication updates to staff and doctors
- Adopted virtual technology solutions early in the pandemic for improved communications



Ramsay Health Care Response to COVID-19

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Caring for our communities

- Leading role in achieving government partnerships to assist with national COVID-19 response efforts
- Assisting local public hospitals/aged care with beds, ventilators and staff
- Contributions to local businesses impacted during the pandemic



Ramsay Health Care Response to COVID-19

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Leveraging Scale

- Global supply chain management systems leveraged to limit shortfalls in supplies
- Our digital consultation platform, Capiro-Flow, in Swedish Proximity Care business expanded threefold to over 33,000 consultations per month
- Agile technology projects that enabled quick response to COVID-19 e.g. mental health and antenatal care programs delivered virtually
- Mobile workforce



Agenda

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02 Segment Performance

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Group Performance Overview

Group Financial Highlights FY'20

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Core NPAT down 43% to \$336.9 million

On a like for like basis, under the old Lease Accounting Standard (AASB 117 Leases), Core NPAT down 34.4% on the previous corresponding period

Statutory NPAT down 47.9% to \$284m

No Final Dividend declared. Interim Dividend 62.5 cents fully franked

Core EPS down 44.5% to 155.9 cents

On a like for like basis, under the old Lease Accounting Standard (AASB 117 Leases), Core NPAT down 34.4% on the previous corresponding period

Group Revenue up 7.3% to \$12.4 billion

Core EBITDAR down 7.0% to \$2.0 billion

Australia/Asia

Australia Revenue down 2.2% to \$5.1 billion

Australia EBITDAR down 23.2% to \$781.3 million

Equity accounted share of Asia JV net profits down 18.2% to \$15.9 million

United Kingdom

Revenue down 4.9% to £494.8 million

EBITDAR down 10.6% to £89.2 million

Continental Europe

Revenue up 14.3% to €3.9 billion

EBITDAR up 8.5% to €641.1 million



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Segment Summary

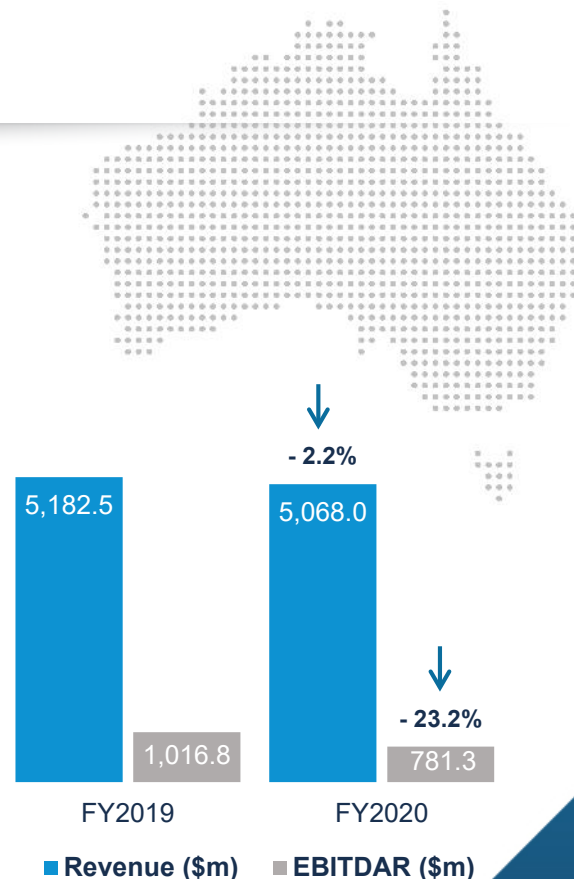
Australia

Performance FY'20

- Ramsay Australia was on track to meet full year targets as at end Feb 2020 but significantly impacted by elective surgery restrictions from March 2020
- Government agreements ran through to 30 June when most agreements were paused or terminated and Ramsay ceased drawing down on viability payment
- Business was broadly breakeven at the EBIT level for March to June 2020
- Early response to COVID-19 crisis ensured access to PPE, communications, screening and safety policy and processes were in place
- NPS for FY'20 was 75 (up from 73 in FY'19). In Q4 we recorded our highest NPS ever of 77.8
- Zero sentinel events recorded in FY'20
- Ramsay/Remedy 'hospital in the home' JV launched – *Ramsay Connect*

Outlook FY'21

- YTD surgical activity above last year outside of Victoria
- Increased costs associated with PPE, screening and cleaning
- Elective surgery restrictions reintroduced on 22 July in Victoria will impact Q1 results and potentially beyond – Victorian agreement restarted 23 July
- Many uncertainties remain with respect to the extent of the impact of the pandemic and the broader recovery of the economy
- Stronger relationships with public sector herald opportunities for the future



Continued investment in brownfields*

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Completed in FY'20

- \$255m
- 295 gross beds (222 net)
- 11 theatres
- 85 consulting suites



Approved in FY'20

- \$196m
- 209 net beds
- 9 gross theatres (7 net)
- 1 new ED + 1 ED expansion
- 13 consulting suites



Completion forecast FY'21

- \$54m
- 69 gross beds (5 net)
- 5 gross theatres (3 net)

Image: North West Private Hospital
Development Completed Jun 20

*Australian brownfield investment only

Continental Europe

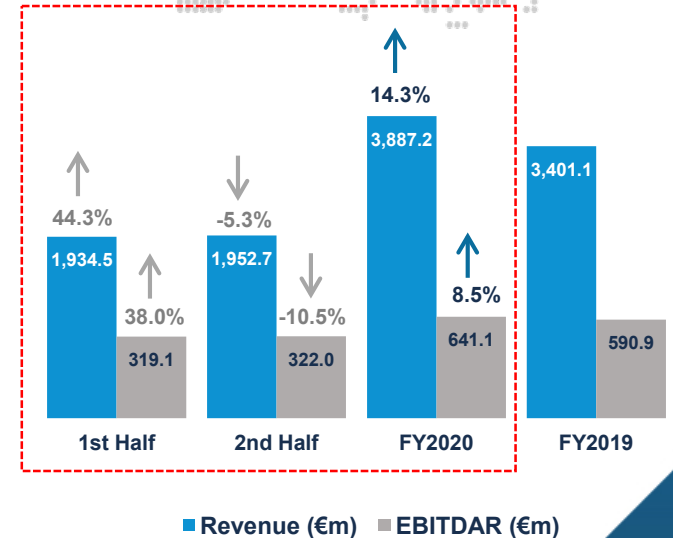
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Performance FY'20

- Ramsay Santé was on track to meet targets as at February 2020
- Activity in Q4 was adversely impacted by COVID-19
- The French government decreed a revenue guarantee for the private hospital sector (Mar – Dec 20)
- Our facilities in France, Italy and Sweden cared for over 7000 COVID-19 patients during the height of the pandemic
- Strong endorsement by governments of the support provided by Ramsay Santé in France and Sweden during the crisis

Outlook FY'21

- Surgical activity in France and the Nordics has been ramping up since June
- French government has announced new funding for healthcare sector which includes salary increase and wage scale review - to commence 1 Sept 2020. Government has committed to funding these increases for the private sector
- Uncertainties remain with respect to the duration of the pandemic and the revenue guarantee
- Identified synergies from integration of Capio will be achieved once normal activity resumes



United Kingdom

Performance FY'20

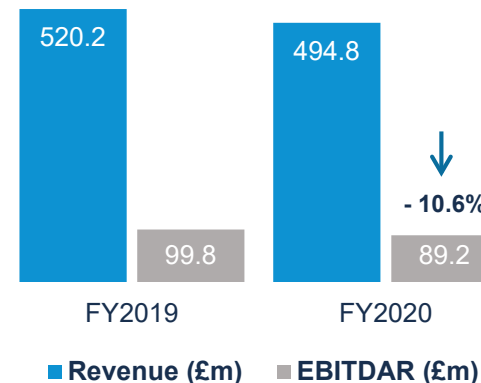
- Strong performance to February 2020 – heavily impacted by COVID-19 from March 2020
- Ramsay UK's 33 surgical hospitals were made available to the national effort - performed 13,000 urgent operations
- Ramsay UK received net cost recovery resulting in a broadly breakeven result at the EBIT level for March to June 2020

Outlook FY'21

- During COVID-19 Ramsay UK strengthened NHS relationships and expanded its capabilities in new service areas including cancer
- Significant waiting lists in the NHS – predicted 10 million by Dec 20
- Ramsay UK will participate in contract tender launched by NHS recently to identify operators to assist with reducing waiting lists (2+2 years)
- Uncertainties remain in relation to the pandemic and the duration of the current NHS agreement which remains on foot with possible December 2020 end date



↓
- 4.9%



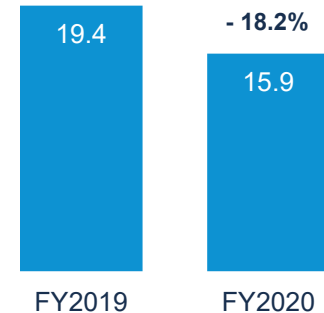
Asia

Performance FY'20

- No restrictions imposed on elective surgery during pandemic, however movement control orders impacted patient volumes
- Hundreds of COVID-19 patients treated in our Asian facilities, particularly in Indonesia
- No Government viability guarantees were available in Malaysia or Indonesia and employer economic impact support from both governments was minimal.

Outlook FY'21

- Most specialties starting to see patient volumes gradually increase



■ Equity Accounted Share of Net Profit of Joint Venture (\$m)

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Group Financials

GROUP PERFORMANCE FY'20

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Year ended 30 June	New Lease Standard (AASB16 Leases)			Old Lease Standard (AASB117 Leases)			Impact
	2020 \$m (1) AASB16 Leases	2019 \$m (2) AASB117 Leases	Inc/(Dec) %	2020 \$m (2) AASB117 Leases	2019 \$m (2) AASB117 Leases	Inc/(Dec) %	2020 \$m (1) AASB16 Leases
Operating Revenue	12,395.5	11,552.8	7.3%	12,395.5	11,552.8	7.3%	
EBITDAR	2,009.7	2,161.0	(7.0)%	2,009.7	2,161.0	(7.0)%	
Rent and Operating Lease expense	165.8	569.0	(70.9)%	651.8	569.0	14.5%	(486.0)
EBITDA	1,843.9	1,592.1	15.8%	1,357.9	1,592.1	(14.7)%	
Depreciation	891.7	484.1	84.2%	545.9	484.1	12.9%	345.8
EBIT	952.3	1,108.0	(14.1)%	812.0	1,108.0	(26.7)%	
Interest	411.3	169.2	143.1%	179.6	169.2	6.1%	231.7
Core NPAT attributable to members of the parent (3)	336.9	590.9	(43.0)%	387.7	590.9	(34.4)%	
Statutory NPAT	284.0	545.5	(47.9)%	327.1	545.5	(40.0)%	
Core EPS (4) (cents per share)	155.9	281.0	(44.5)%	180.2	281.0	(35.9)%	
Interim Dividend – fully franked (cents per share)	62.5	60.0	4.2%	62.5	60.0	4.2%	
Final Dividend – fully franked (cents per share)	-	91.5	-	-	91.5	-	
Full-year Dividend – fully franked (cents per share)	62.5	151.5	(58.7)%	62.5	151.5	(58.7)%	

Notes: All numbers are in Australian dollars unless otherwise stated

(1) The FY20 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 4E for further information.

(2) The FY20 results and the FY19 period results have been prepared on a like for like basis under the previous lease accounting requirements (AASB117 Leases)

(3) Core NPAT attributable to members of the parent is before non-core items. The minority interest share of Ramsay Sante' Core NPAT has been removed in arriving at Core NPAT attributable to members of the parent.

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

Capital Employed

Capital employed increased by \$4.5 billion following the adoption of AASB16

ROCE reduced due to the reduction in EBIT in FY'20 and the acquisition of Capio in FY19

A\$M	2020	2019	Var
Working capital	(875)	(440)	(435)
Property, plant & equipment	4,447	4,643	(196)
Intangible assets	4,246	4,263	(17)
Current & deferred tax assets	144	16	128
Other assets / (liabilities)	(140)	(547)	407
Capital employed (before right of use assets)	7,822	7,935	(113)
Right of use assets	4,478	-	4,478
Capital employed	12,300	7,935	4,365

Core Return on Capital Employed (ROCE) (before lease accounting changes)	10.4%	16.3%	(5.9) pts
Core Return on Capital Employed (ROCE)	9.4%	16.3%	(6.9) pts

ROCE = EBIT / average of opening and closing capital employed

- Working capital decreased due to revenue guarantee payments received in France being in excess of revenue guarantee accruals recognised in the period
- Property, plant & eqpt reduced due to a \$368m transfer to right of use asset
- Other assets / (liabilities) has increased due to the derecognition of the previously held deferred lease provision of \$294m (AASB16 related)
- ROCE to become an increased focus in future years with disciplined allocation of capital

Cash Flow

Government guarantee programs assisted operating cashflows (particularly in France)

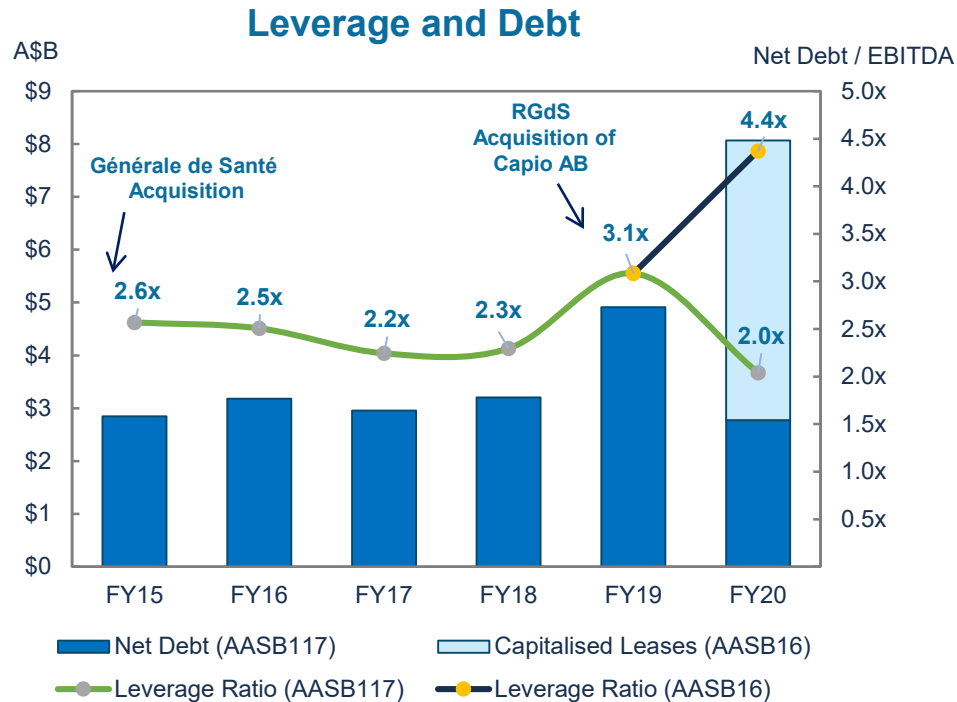
A\$1.5 billion equity raising has strengthened the balance sheet and enhanced financial flexibility

A\$M	2020	2019	Var
Core EBITDA	1,844	1,592	252
Changes in working capital	435	99	336
Finance costs	(419)	(159)	(260)
Income tax paid	(203)	(253)	50
Movement in other items	24	(376)	400
Operating cash flow	1,681	903	778
Capital expenditure	(681)	(594)	(87)
Free cash flow	1,000	309	691
Net acquisitions	(22)	(1,168)	1,146
Interest & dividends received	47	9	38
Cashflow after investing activities	1,025	(850)	1,875
Dividends paid	(335)	(321)	(14)
Other financing cashflows	(1,364)	759	(2,123)
Net shares issued	1,467	375	1,092
Net increase / (decrease) in cash	793	(37)	830

- 2020 under AASB16. 2019 under AASB117
- 2019 EBITDA includes rent & operating leases
- 2020 finance costs include interest associated with capitalised leases under AASB16.
- Positive working capital impact from revenue guarantee payments received in France being in excess of revenue guarantee accruals recognised in the period
- Major acquisition in 2019 of Capiro
- \$1.5bn proceeds from 2020 equity raising has been partially used to pay down debt

Leverage and Capital Management

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- Equity Raising of \$1.5 billion reduces leverage
- Strong balance sheet with financial flexibility to continue to fund the pipeline of brownfield capacity expansion and future acquisitions
- Leverage:
 - Consolidated Balance Sheet leverage:
 - Old Lease Standard (AASB 117) = 2.0x
 - New Lease Standard (AASB 16) = 4.4x
- Strong & consistent operating cash flow
- Next debt maturity is not until October 2022
- Available undrawn debt capacity and cash headroom of A\$3 billion (equivalent)

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Strategy

Group Strategy

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Our strong balance sheet supports our future growth strategy

Growth

Driving stronger growth from the core



Organic Growth



Brownfield Capacity



Public/Private Collaboration

Developing new growth platforms



Acquisitions



Integrated Care



New Models of Care

Efficiency

Strengthening the core



Operational Excellence



Digitalisation



Global Procurement

Sustainability

Building a more sustainable organisation



Patient & Doctor Experience



Clinical Excellence



Innovation



Global Talent

...while behaving in
accordance with the Ramsay Way
'People caring for People'

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Outlook

Outlook

- Ramsay's pandemic response demonstrates sustainability of the Company
- Many uncertainties remain with respect to the impact of the pandemic
- As a result, Ramsay is unable to provide guidance for FY'21
- Notwithstanding the significant near term uncertainties, over the longer term, strong industry fundamentals remain.
- Given the large backlog of patients awaiting surgery, we look forward to playing an enhanced role in assisting to relieve pressure on public waiting lists into the future.
- Following our recent \$1.5 billion equity raising, Ramsay is committed to expanding our business both in Australia and overseas. We have a strong balance sheet to support this growth strategy.

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Questions

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Appendix

Partnerships with government

Ramsay made its facilities and capabilities available to support public health systems in the global response to COVID-19. In return, governments contributed to the overall viability of the sector, including Ramsay, through contractual or legislative support.

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	Australia	United Kingdom	France
Overview	<ul style="list-style-type: none"> Federal Government executed a contract with each State and Territory Government to guarantee the viability of the private hospital sector during the COVID-19 pandemic Ramsay entered into agreements with the State Governments of NSW, WA, Queensland and Victoria, which commenced from either 31 March or 1 April 2020 	<ul style="list-style-type: none"> Ramsay entered into an agreement with NHS England with effect from 23 March 2020 to make the UK facilities and services available to the NHS and its patients Ramsay received cost recovery for its services, including operating costs, overheads, use of assets, rent and interest less a deduction for any private urgent elective care provided 	<ul style="list-style-type: none"> Decree issued on 7 May 2020, which provides a guarantee of revenue from 1 March 2020 to 31 December 2020, equal to 10/12th of the 2019 calendar year revenue from the government, with some small indexation factor
Terms	<ul style="list-style-type: none"> Ramsay received net recoverable costs (being agreed recoverable costs less any revenue generated from operations, calculated on an accrual basis) The principle of cost recovery implied that no profit would be made for the period the agreements are on foot, even if elective surgery resumed during this period Ramsay commits to maintain full workforce capacity at the facilities Vic and Qld include a "Pause and Restart" mechanism whereby the State can put the agreement on pause 	<ul style="list-style-type: none"> The basis of the agreement is cost recovery, i.e. no profit will be made for the period the agreement is on foot, even if elective surgery resumes during this period The NHS pays Ramsay weekly in advance based on approved budget 	<ul style="list-style-type: none"> Should the actual billings over this March to December period fall below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall The revenue guarantee applies to the March-December 2020 period as a whole facility by facility Social Security pays Ramsay Santé a monthly cash advance A final square-up of the revenue and cash advances will be performed in March 2021 on a site by site basis
Duration & Status	<ul style="list-style-type: none"> The Queensland agreement is currently on pause The WA agreement was terminated with effect from 30 June 2020. However, it was varied to include a right for the WA Department of Health to direct Ramsay for a 12 month period from 30 June 2020 to sign a new agreement on the same terms as the original agreement in order to respond to the COVID-19 pandemic The Victorian agreement restarted on 23 July 2020 	<ul style="list-style-type: none"> The Agreement continues on a rolling basis terminable by NHS England on one month's notice. Negotiations on foot with NHS England to extend and vary the agreement with a possible December 2020 end date 	<ul style="list-style-type: none"> Arrangement legislated to remain in place until 31 December 2020

Contact Us

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