

ASX ANNOUNCEMENT

13 November 2020

First Quarter Trading Update – Ramsay continues to assist with the response to the COVID-19 pandemic

Due to the ongoing impact of the COVID-19 pandemic on the Company's operations, and in advance of the Company's AGM on Tuesday 24th November, Ramsay Health Care Limited (**Ramsay**) (ASX: RHC) today provided an update on trading across the business in the first quarter (1Q) of FY'21 (based on unaudited figures for the three months to 30 September 2020).

Key Points

- Ramsay Australia reported a 1.5% increase in total revenue (ex-Victoria up 6.6%) reflecting a 1.7% increase in surgical admissions (ex-Victoria up 8%) and lower non-surgical activity
- Ramsay Australia EBITDAR declined compared to the pcp impacted by the restrictions on activity in Victoria during the second lockdown, and the increase in costs and impact on case mix as a result of the COVID-19 environment
- Ramsay Santé reported an increase in surgical volumes of circa 5.4% on the pcp combined with lower non-surgical activity
- Ramsay UK reported a decline in total revenue of 9.9% (£') over the pcp with volumes picking up
 in the latter part of the quarter
- Both the UK and France continue to operate under Government support arrangements which currently both run until 31st December 2020
- Given the near-term uncertainties in the market stemming from the COVID-19 pandemic, Ramsay is not in a position to provide guidance for FY'21

Ramsay Australia

In 1Q FY'21, Ramsay's surgical admissions in Australia were up 1.7% (ex-Victoria up 8%) on the pcp. Demand for other services including medical, mental health, obstetrics and rehabilitation were below the pcp for the quarter. Demand for some of these services has started to improve in recent weeks. Total revenue for 1Q FY'21 increased by 1.5% compared to the pcp (ex-Victoria up 6.6%).

Costs have remained at elevated levels due to the impact of COVID-19 including increased use of PPE, additional staffing associated with screening visitors to facilities, cleaning and changes in areas such as catering. The increase in additional costs in Australia for the first three months of the year was in the order of \$8-9m per month (ex-Victoria), inclusive of the impact of the COVID-19 restrictions on procurement benefits.

Ramsay Australia 1Q FY'21 EBITDAR declined versus the pcp with approximately half the decrease due to restricted surgical activity in Victoria and the other half due to increased costs and reduced procurement benefits as a result of operating in a COVID safe environment combined with a negative mix impact from the decrease in medical, mental health and rehabilitation case volume. The result was also marginally impacted by the transfer of the Mildura hospital back to the Victorian State Government on the 14th September.

The restrictions on elective surgery in Victoria started to ease at the end of September. On the 26th October, Ramsay moved to operating at 85% of unrestricted capacity and is currently expecting to move to 100% unrestricted capacity by 23rd November.

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Ramsay Santé

Ramsay Santé saw an increase in surgical activity in 1Q FY'21 with volumes increasing in the order of 5.4% on the pcp in France as clinicians sought to reduce the backlog of surgeries created by the first COVID-19 lockdown. The Nordic region has also reported growth in surgical volumes in recent months. Demand for other services has been below the prior period due to the impact of COVID-19.

Ramsay Santé has continued to operate under the French Government decree, which provides a guarantee of revenue from 1 March 2020 to 31 December 2020. In parallel with the French Government's funding guarantee scheme, the Government has also planned to adopt the level of allocations usually paid to health institutions in order to compensate for the additional costs related to the COVID-19 crisis that would not otherwise be covered.

Ramsay Santé has continued to look at the optimisation of its portfolio of facilities. To this end, the nine hospitals owned in Germany have recently been sold in two separate lines resulting in the exit of that market; two hospitals have been sold in France and one has been acquired cementing Ramsay Santé as the leading provider of hospital services in Dijon (Burgundy region).

Ramsay Santé has been responding to the second wave of COVID-19 cases in France. At the current time, Ramsay Santé is treating over 900 COVID patients with more than 320 patients in critical care. The business is working closely with the French government and the public sector to treat patients and will increase capacity where required through deprogramming non-urgent surgeries. In Sweden, 70 COVID patients are being treated, with 10 of those in intensive care.

Ramsay UK

After a slow start to 1Q FY'21, the UK has seen a recovery in private work in recent months as private health insurers and clinicians move to reduce the surgical wait lists, and a recovery in demand for other services such as oncology flowing from the public system. Total revenue for 1Q FY'21 was down 9.9% on the pcp (£').

Ramsay continues to operate under the agreement reached with NHS England earlier in the year where Ramsay receives net cost recovery for its services. In October, this agreement was formally varied and extended from 1 July 2020 to 31 December 2020 allowing for the return of some capacity for private patient activity and routine NHS elective activity.

In the face of an escalating second wave of COVID-19 cases in the UK, the business under the existing agreement has had to provide to the NHS some capacity in regions where there has been more severe outbreaks. The business will continue to work closely with the NHS to assist the public sector where required.

Asia

There were no restrictions imposed on elective surgery during the pandemic in the regions Ramsay's joint venture operates, however movement control orders impacted patient volumes.

Volumes in 1Q FY'21 were starting to increase in Malaysia but remain below the prior corresponding period. The recovery in Malaysia has been disrupted recently by a second wave of COVID-19 cases and the reintroduction of a conditional movement order. The second wave of cases in Malaysia has resulted in the Ramsay Sime Darby Health hospitals being awarded a contract to treat public patients for vascular surgery and this arrangement may extend to other disciplines. Our Indonesian hospitals continue to treat Government funded COVID-19 patients averaging 70 patients per day across the three hospitals.

Our diagnostic pathology services in Indonesia and Malaysia have benefitted from an increase in COVID-19 PCR (polymerise chain reaction) testing as a result of a second wave in both countries.

Outlook

Ramsay Managing Director and CEO Craig McNally said, "Ramsay's operating results continued to be impacted by the COVID-19 pandemic in 1Q FY'21. Surgical restrictions, regional outbreaks and lower demand for some services, combined with higher costs associated with operating in the current environment, have all impacted the results.

"We continue to work closely with Government bodies in all our regions to assist with localised outbreaks of the virus and the more comprehensive second wave of COVID-19 cases coming through in the northern hemisphere. Our key concerns remain managing the fatigue and mental health issues impacting our staff and clinicians and the welfare of our patients.

"There were a number of operational lessons learned in the first wave of the virus that our hospitals have been implementing to better manage safety and capacity and where appropriate this has allowed us to continue treating private patients and public wait lists where requested.

"Given the near-term uncertainties in the market, we are not in a position to provide guidance for FY'21. Notwithstanding the current environment, over the medium to long term the health care industry fundamentals remain positive. Ramsay is well positioned to capitalise on the shifting industry dynamics in each of our key markets. Following the recent equity raising, the Company has a strong balance sheet to support new opportunities as they arise" concluded Mr McNally.

Ramsay will release its FY21 interim results, for the six months ended 31st December 2020, to the market on 25th February 2021.

Ramsay Managing Director and CEO Craig McNally and CFO Martyn Roberts will host a conference call at 9.30am ADST this morning in relation to the release. The dial in details are below:

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

ABOUT RAMSAY HEALTH CARE

Ramsay Health Care 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 500 locations. The combined entity employs over 77,000 staff. Ramsay's operations are split across four regions as follows:

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 four 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 a pan-European operator of hospitals, specialist clinics and primary care units with around 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 34,800 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 specialties to private and self-insured patents as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service and provides neurological services through its three neurorehabilitation facilities. Ramsay UK cares for almost 200,000 patients per year and employs more than 7,300 staff.

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 staff. Ramsay Sime Darby is a 50:50 joint venture arrangement with Malaysian multinational conglomerate Sime Darby Berhad.