RAMSAY HEALTH CARE LIMITED

ABN: 57 001 288 768

ASX: FY21 HALF YEAR RESULT
6 MONTHS TO 31 DECEMBER 2020

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Ramsay Health Care Ltd

Appendix 4D and Operating and Financial Review

6 months ended 31st December 2020

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1. Appendix 4D – Key Matters

1.1. Results for Announcement to the Market

Six months Ended 31 December $'m	2020	2019	Chg (%)
Revenue from patients and other revenue	5,916.6	6,332.5	(6.6)
Total revenue and other income	**6,608.8**	**6,347.3**	**4.1**
Share of profit from Ramsay Sime Darby joint venture	9.7	12.5	(22.4)
Earnings before finance costs, tax, depreciation, amortisation and rent (EBITDAR)	**1,110.0**	**1,128.6**	**(1.7)**
Earnings before finance costs, tax, depreciation, amortisation (EBITDA)	**1,039.0**	**1,048.2**	**(0.9)**
Earnings before finance costs and tax (EBIT)	**583.8**	**609.5**	**(4.2)**
Financing costs associated with leases (AASB16)	(117.5)	(112.9)	(4.1)
Financing Costs	(67.9)	(84.3)	19.5
Income Tax Expense	(132.8)	(148.9)	10.8
Net Profit after tax	**265.6**	**263.4**	**0.8**
Minority interests attributable to non-controlling interests	(39.6)	(5.0)	(692)
Net Profit after tax attributable to owners of the parent	**226.0**	**258.4**	**(12.5)**
Convertible Adjustable Rate Equities (CARES) dividend per share ($)	1.73[1]	2.04	(29.1)
Franking CARES (%)	100	100	n/a
Interim ordinary dividend per share (¢)	48.5[2]	62.5	(22.4)
Franking ordinary dividend (%)	100	100	n/a
Basic Earnings per share (after CARES dividend) (¢)[3]	97.2	123.4	(21.2)
Fully diluted earnings per share (after CARES dividend) (¢)[3]	96.9	122.8	(21.1)
Weighted average number of ordinary shares (m)	227.8	204.5	11.4
Fully diluted weighted average number of shares (m)	228.3	205.5	11.1

1. Record date for 1HFY21 is 29 March 2021 Payment date 20 April 2021
2 Record date for 1HFY21 is 9 March 2021 Payment date is 31 March 2021
3 The denominator for the purpose of calculating both basic and diluted earnings per share in December 2019 has been adjusted to reflect the $1.5bn equity raise in the second half of FY20, at less than market value

- Revenue from patients declined 6.6% on the prior corresponding period (pcp) reflecting capacity restrictions under the various government contractual arrangements
- Total revenue increased 4.1% on the pcp and includes government payments for the use of Ramsay facilities to assist with further outbreaks of the COVID-19 virus
- EBITDAR declined 1.7% on the pcp inclusive of the increased costs associated with operating in the COVID-19 environment and impacted by case mix changes flowing from the pandemic
- EBITDAR includes an increase in the contribution from the disposal of assets and investments of $44m compared to the pcp. The European region disposed of two facilities in France and nine facilities in Germany combined with the disposal of development assets in Australia
- Free cashflow increased 159.3% and includes a timing benefit received by the European business under the French Government compensation arrangements. This benefit is expected to reverse in 2HFY21
- Ramsay continued to invest in and optimise its facilities and footprint. Capital expenditure for the period was $352m across the regions
- Financing costs declined 19.5% reflecting lower average net debt and lower interest rates
- Strong balance sheet at the end of the period. Consolidated Group leverage (AASB16) declined to 3.4x and leverage under Ramsay's wholly owned funding group declined to 1x
- Resumption of dividend payments with a fully franked interim dividend of 48.5cps declared representing a payout ratio of 50% of statutory profit

2. Who We Are

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 per year to its facilities in over 500 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"[1] which is guided by a values philosophy based on "People Caring for People"[1]. Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalisation of A$14.2bn[2] and an enterprise value of A$16.4bn[2]. The Ramsay Group employs over 77,000 people globally.

Ramsay's activities are split across four regions[3]:

Australia
Ramsay Australia has 72 private hospitals and day surgery units in Australia and is Australia's largest private hospital operator. Ramsay's 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 people 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 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.

During FY20, Ramsay undertook a review of its sustainability strategy and as a result developed global focus areas under the title of 'Ramsay Cares'[4] which aims to deliver stronger communities, healthier people and a thriving planet.

[1] Please refer to https://www.ramsayhealth.com/About-Us/Values for further details
[2] As at 22 February 2021
[3] Australia and Asia are combined as the Asia Pacific region for financial reporting purposes
[4] Refer to https://www.ramsayhealth.com/Sustainability/Sustainability-Reports for further details

3. Group Performance

3.1. Overview of Results

Six months Ended 31 December $'m	2020	2019	Chg (%)
Asia Pacific	2,757.2	2,714.2	1.6
UK	480.9	492.5	(2.4)
Europe	3,369.6	3,137.5	7.4
Total segment revenue & other income	**6,607.7**	**6,344.2**	4.2
Asia Pacific	420.5	532.0	(21.0)
UK	94.4	87.1	8.4
Europe	595.1	509.5	16.8
EBITDAR	**1,110.0**	**1,128.6**	(1.7)
Rent and short-term low value leases	(71.0)	(80.4)	11.7
Asia Pacific	412.1	523.2	(21.2)
UK	93.8	86.7	8.2
Europe	533.1	438.3	21.6
EBITDA	**1,039.0**	**1,048.2**	(0.9)
Depreciation & Amortisation	(455.2)	(438.7)	(3.8)
Asia Pacific	303.3	420.8	(27.9)
UK	48.8	39.1	24.8
Europe	231.7	149.6	54.9
EBIT	**583.8**	**609.5**	**(4.2)**
Financing costs (AASB16)	(117.5)	(112.9)	(4.1)
Financing Costs	(67.9)	(84.3)	19.5
Profit before Tax	**398.4**	**412.3**	**(3.4)**
Income Tax Expense	(132.8)	(148.9)	10.8
Net Profit after tax	**265.6**	**263.4**	**0.8**
Minority interests attributable to non-controlling interests	(39.6)	(5.0)	(692)
Net Profit after tax attributable to owners of the parent	**226.0**	**258.4**	**(12.5)**
Interim dividend per share (¢)	48.5	62.5	(22.4)
Basic Earnings per share (after CARES dividend) (¢)[1]	97.2	123.4	(21.2)
Fully diluted earnings per share (after CARES dividend) (¢)[1]	96.9	122.8	(21.1)
Weighted average number of ordinary shares (m)	227.8	204.5	11.4
Fully diluted weighted average number of shares (m)	228.3	205.5	11.1

Refer Divisional results review for further information on individual regional performance

1 The denominator for the purpose of calculating both basic and diluted earnings per share in December 2019 has been adjusted to reflect the $1.5bn equity raise in the second half of FY20, at less than market value.

- Following Ramsay's decision to cease reporting a core /non-core earnings split from FY21 the 1HFY20 core regional earnings split has been adjusted by the applicable non-core items to ensure an appropriate comparison with 1HFY21. The adjustments made are reflected in table 3.1.1 below

3.1.1. 1H FY20 adjustments to regional earnings to incorporate non-core items

Six months ended 31 December 2019 $'m	Asia Pacific	UK	Europe	Total
- Amortisation - service concession assets	(0.8)	-	-	(0.8)
- Net profit on disposal of non-current assets	5.1	-	2.3	7.4
- Impairment of fixed assets	-	(4.0)	(0.8)	(4.8)
- Restructuring - personnel costs	(3.2)	(0.7)	(2.0)	(5.9)
- Restructuring - service costs	(3.5)	-	(5.6)	(9.1)
- Income from the sale of development assets	2.1	-	-	2.1
- Book value of development assets sold	(6.7)	-	-	(6.7)
- Acquisition, disposal, and development costs	(3.6)	(0.2)	(2.0)	(5.8)
EBIT Impact	**(10.7)**	**(4.9)**	**(8.0)**	**(23.6)**

3.1.2. Revenue Breakdown by type

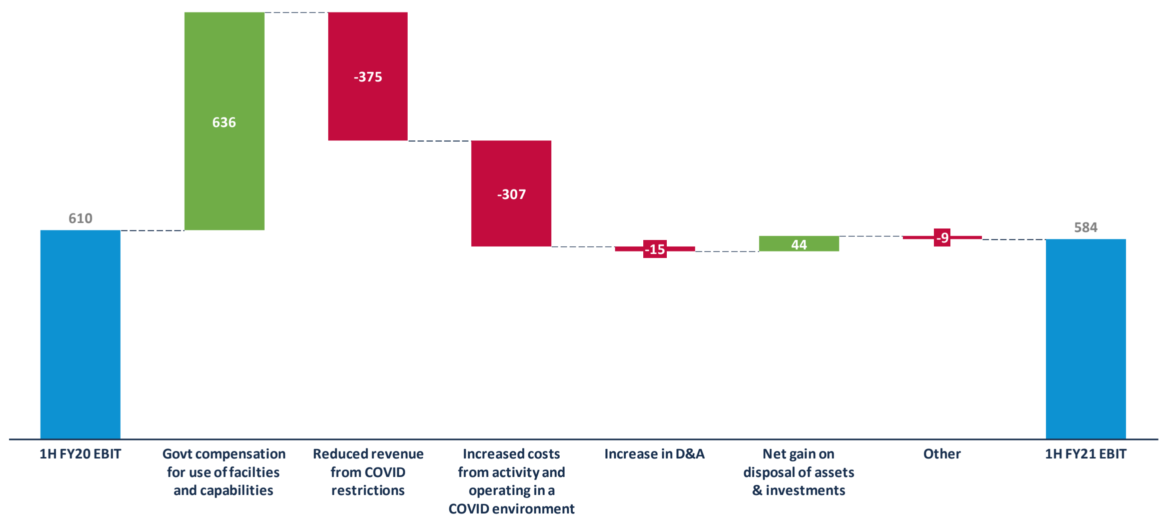
Six months Ended 31 December $'m	2020	2019	Chg (%)
Revenue from patients and other revenue	5,916.6	6,332.5	(6.6)
Revenue from governments under COVID 19 support contracts	412.7	-	**na**
Revenue from contracts with customers	**6,329.3**	**6,332.5**	(0.1)
Interest income	2.6	5.3	(50.9)
Other income - income from government grants	222.8	-	na
Other income - income from sale of development assets	18.4	2.1	778.3
Other income - net profit on disposal of non-current assets	35.7	7.4	382.4
Total revenue and other income	**6,608.8**	**6,347.3**	**4.1**

- In 1H FY21 Ramsay continued to make its facilities and capabilities available to support public health systems in the regions it operates, to assist in the response to further outbreaks of the COVID-19 virus. In return, governments contributed to the overall viability of the private hospital sector through contractual or legislative support
- Group revenue from patients declined 6.6% over the pcp reflecting the COVID-19 related capacity restrictions Ramsay operated in all of its regions in 1H FY21
- Revenue from "Governments under COVID 19 support contracts" reflects payments received under agreements with governments in both the UK and Australia (Victoria)[5] that compensated Ramsay for the net recoverable costs associated with maintaining its facilities and workforce for use by the public sector if required
- "Other income from government grants" reflects payments received under a French Government decree which provided both revenue and cost support from 1 March 2020 to 31 December 2020 (refer 4.3.2 for further detail) compensating Ramsay Santé for providing its facilities and capabilities to assist with supporting COVID 19 patients. It also includes cost support from some governments in the Nordic region
- Income from the sale of development assets reflects the sale of medical suites in Australia (refer 4.1.2.1 for further details)
- Net profit on disposal of non-current assets stems from the sale of two facilities in France and the sale of nine facilities in Germany by Ramsay Santé (refer 4.3.2 for further detail)

[5] Refer Section 4 Divisional Performance for further details on these contracts

3.2. EBIT

Group EBIT Bridge 1H FY20 – 1H FY21 ($'m)



- Group EBIT declined 4.2% on the pcp reflecting the impact of restrictions on surgical and other services on parts of the business over the six-month period combined with the increased costs associated with operating in a COVID-19 environment; offset to an extent by the government payments made in return for making Ramsay's facilities and capabilities available for use by the public sector
- Net gain on the disposal of assets and investments primarily reflects the impact of the disposal of development assets in Australia combined with the sale of nine facilities in Germany and two in France

3.3. Financing costs

- Net financing costs declined 19.5% over the pcp due to lower average interest rates and lower average drawn debt levels that declined 21% over the pcp over the six month period to $2.1bn and 147% on the pcp, following the pay down of facilities from the proceeds of the $1.5bn capital raising in April/May 2020
- Financing costs (AASB16 leases) related to right of use assets increased 4.1% over the pcp

3.4. Cashflow

Six months ended 31 December A$'m	2020	2019	Chg (%)
EBITDA	1,039.0	1,048.2	(0.9)
Changes in working capital	349.4	187.5	86.3
Finance costs	(182.1)	(198.8)	8.4
Income tax paid	(130.8)	(148.2)	11.7
Movement in other items	(42.1)	(238.2)	82.3
Operating cash flow	**1,033.4**	**650.6**	**58.8**
Capital expenditure	(304.3)	(369.4)	17.6
Free cash flow	**729.1**	**281.2**	**159.3**
Net (acquisitions)/divestments	27.2	(21.0)	229.5
Interest & dividends received	29.6	36.1	(18.0)
Cash flow after investing activities	**785.9**	**296.3**	**165.2**
Dividends	(6.5)	(194.1)	96.7
Other financing cash flows	(868.7)	(413.4)	(110.2)
Net increase/(decrease) in cash	**(89.3)**	**(311.2)**	**71.3**
Interest cover (x) (EBITDA/finance charges)	5.7	5.3	n/a

- In France cash advances received under revenue guarantee arrangements are reflected in working capital for the period and were in excess of revenue guarantee accruals
- The positive impact on working capital is expected to reverse in 2HFY21 following the harmonisation of payments received over the nine-month period 1st March 2020 to 31st December 2020 with actual revenue
- Group capital expenditure over the period including commitments was A$352m split between Europe at $209m, Australia A$117.1m and the UK A$25.9m. Capital expenditure declined 17.9% on the pcp reflecting the completion of projects ahead of time in Australia in FY20
- Group capital expenditure for the full year is expected to be in the range $650-750m
- The decline in dividends paid reflects the Board's decision not to declare an FY20 final dividend in light of the uncertainty associated with the COVID-19 environment
- Financing cashflows reflects the pay down of debt facilities following the $1.5bn capital raising at the height of the first COVID-19 wave in April/May
- Net debt has reduced over the period as the proceeds from the capital raising combined with improved working capital position have reduced debt

3.5. Balance sheet

- The balance sheet remains in a strong position with financial flexibility to fund the development pipeline and expansion opportunities
- Available liquidity in the form of cash and undrawn facilities to the Wholly Owned Funding Group (WOFG) is A$2.3 billion
- Balance sheet leverage at 31st December 2020 is:
  - WOFG (AASB117) = 1.0x
  - Consolidated Group (AASB16) = 3.4x
- Ramsay is currently working on refinancing the bank debt due in August 2022. The aim is to diversify sources and extend and stagger tenure

A$'m	31/12/2020	30/06/2020	Chg (%)
Working capital	(1,225.0)	(875.6)	(39.9)
Property plant & equip	4,466.6	4,447.2	0.4
Intangible assets	4,203.3	4,246.1	(1.0)
Net current & deferred tax assets/liabilities	211.6	143.6	47.4
Other assets/(liabilities)	(267.0)	(138.7)	(92.5)
Capital employed (before right to use assets)	**7,389.4**	**7,822.6**	(5.5)
Right of use assets	4,328.8	4,477.9	(3.3)
Capital employed	**11,718.2**	**12,300.5**	(4.7)
Capitalised Leases (AASB16)	**(5,142.7)**	**(5,289.2)**	**(2.8)**
Net Debt[1]	(2,149.4)	(2,775.4)	22.6
Total shareholders' funds (excl minority interest)	3,925.5	3,752.5	4.6
Invested Capital	**6,074.9**	**6,527.9**	**(6.9)**
Return on Capital Employed (ROCE) (%)	7.0	11.0	
Return on invested capital (ROIC)[2] (%)	4.1	4.4	
Wholly Owned Funding Group Leverage (Old Lease Standard AASB 117) (x)	1.0	1.0	
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	3.4	3.7	

1. Net Debt includes derivatives
2. ROIC calculated as : rolling 12 mth NPAT/Shareholders funds plus net debt minus lease liabilities

3.6. LTI remuneration targets

- In response to feedback on Ramsay's FY19 remuneration report the Board has introduced a number of changes to its executive remuneration structure from FY21. The threshold and stretch performance levels for our FY21 LTI grant have now been set as follows;
  - Vesting of 50% Performance Rights (PRs) granted is subject to a gateway requirement being met. The ROIC outcome for the Company over the three-year performance period is tested relative to the weighted average cost of capital (WACC) for the Company over the three-year performance period. The actual ROIC outcomes will need to be above WACC for vesting
  - Subject to the gateway requirement being met, the percentage of PRs that may vest will be based on the cumulative compound annual growth rate (CAGR) in EPS for the performance period in accordance with the following table:

EPS CAGR	Percentage of 50% PRs available to vest
Less than 3%	Nil
3%	30%
Between 3% and 9%	Straight line pro-rata between 30% and 100%
9%	100%

3.7. Outlook

- Ramsay's 2HFY21 result will be dictated by the shape of the pandemic curve in each region and thus the extent to which each region can operate on an unrestricted capacity basis
- In Australia, Ramsay facilities have been largely operating at 100% unrestricted capacity since the end of November following the lifting of restrictions in Victoria, although recent snap lockdowns in Western Australia, Queensland and Victoria have resulted in the reinstatement of short-term surgical restrictions. Momentum in admissions has improved in 2HFY21 as the pipe- line of admissions in Victoria starts to flow (refer 4.1.4 for further information on the Outlook for Asia Pacific)
- Ramsay UK has signed a new volume-based agreement with the NHSE which makes its services available to the NHSE and its patients to meet the ongoing demands resulting from the COVID-19 pandemic. The agreement came into effect on 1 January 2021 and will expire on 31st March 2021. (refer 4.2.4 for further detail on the outlook for the UK)
- In France, the Government has advised a new decree will be issued providing support for the Ramsay Santé French operations from 1st January 2021 for a period to be determined. (refer 4.3.4 for further detail on the outlook for the Europe)
- Early data from offshore markets suggests vaccine rollouts are reducing the number and severity of cases, however uncertainties remain with rates of vaccination and clinical outcomes
- Costs associated with operating in a COVID-19 environment will continue but are gradually reducing through better management and where there is a lower prevalence of the virus
- 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
- Surgical back logs and latent demand for non-surgical services are expected to drive volumes as the general public's comfort with the hospital environment improves. Ramsay expects to assist with relieving pressure on public wait lists
- As part of its commitment to sustainability, Ramsay will commence aligning its reporting with the Taskforce for Climate related Financial Disclosures TCFD recommendations on climate-risk in FY21 corporate reporting
- Ramsay's strong balance sheet and cashflow puts it in a good position to pursue our long-term strategy to create the leading ecosystem for patient-centric integrated care
- Given the ongoing uncertainties, Ramsay is unable to provide guidance for FY21 full year results

4. Divisional Performance

4.1. Asia Pacific

4.1.1. Overview of Results

Australia

Six months Ended 31 December $'m	2020	2019*	Chg (%)
Revenue from patients and other revenue	2,719.1	2,704.8	0.5
Revenue from governments under COVID 19 support contracts	18.2	-	n/a
Other income - income from the sale of development assets	18.4	2.1	776.2
Other income - net profit on disposal of non-current assets	-	5.1	n/a
Intersegment revenue	1.5	2.2	(31.8)
Total revenue and other income	**2,757.2**	**2,714.2**	**1.6**
EBITDAR	**410.8**	**519.5**	**(20.9)**
Rent	(8.4)	(8.8)	4.5
EBITDA	**402.4**	**510.7**	**(21.2)**
Depreciation and amortisation	(108.8)	(102.4)	(6.3)
EBIT	**293.6**	**408.3**	(28.1)
Financing costs associated with leases (AASB16 leases)	(18.6)	(17.0)	9.4
EBIT after financing costs associated with leases	**275.0**	**391.3**	(29.7)
Capital Expenditure	**117.1**	**160.5**	(27.0)

*1H FY20 restated to reflect non-core items taken below the line in FY20 refer table 3.1.1 for allocation of non-core items

Contribution from Asian Joint Venture

Six months Ended 31 December A$'m	2020	2019	Chg (%)
Share of profit from Joint Venture	9.7	12.5	(22.4)

4.1.2. Review of Results

4.1.2.1. Australia

- During the six-month period, Ramsay Australia assisted the Victorian Government with both staff and facilities to support the public hospital system and aged care sector impacted by the second significant wave of COVID-19 cases in the State
- Elective surgery restrictions in Victoria were reintroduced on 23 July 2020, phasing out from the end of September with 100% unrestricted capacity in all hospitals returned at the end of November. The impact of these restrictions to operating profit was $70m
- Ramsay Australia reported a 0.5% increase in revenue from patients compared to the pcp (ex-Victoria up 4.9%)
- Surgical admissions increased 3.7% on the pcp (ex-Victoria 8.5%) with momentum improving in the 2QFY21 as capacity at Victorian hospitals came back online and surgery pipelines started to build
- Demand for other services including medical, mental health, obstetrics and rehabilitation was 5.6% below the pcp (down 2.7% ex-Victoria). Activity levels gradually improved over 2QFY21 as demand for a number of non-surgical services, in particular medical services, started to return

- Non-surgical admissions in 1QFY21 were 7.3 % lower than pcp and this improved to down 3.7% lower than pcp in 2QFY21
- Total revenue includes $18.2m received from the Victorian government under the viability agreement commenced on 23 July 2020 which allows for net recoverable costs (recoverable costs less any revenue generated from operations calculated on an accruals basis) to be claimed by Ramsay in return for maintaining full workforce capacity at all facilities to assist with the COVID-19 pandemic
- The result was also impacted by the transfer of the Mildura hospital back to the Victorian State Government on 14th September 2020
- Revenue from the Pharmacy network grew 3.9% over the pcp despite the temporary closure or reduced hours of some pharmacies' in the network over the period due to restrictions associated with the COVID-19 environment. The operating performance of the Pharmacy business was also impacted by higher costs due to the COVID-19 environment
- The outbreak of COVID-19 cases on the Northern beaches in Sydney had an impact on activity levels and costs associated with the COVID-19 environment in hospitals on the north shore of Sydney in the second half of December, however the impact was marginal in the context of the overall result
- EBITDAR declined 20.9% on the pcp. The result includes the impact of additional costs and reduced procurement benefits associated with operating in a COVID-19 environment were $8.2m per month on average for the six-month period exclusive of Victoria
- EBITDAR includes profit on the sale of assets of $10.5m benefit on the pcp
- The result also includes an $8.8m increase on the pcp in net restructuring, administrative costs and provisions. This amount includes an increase in insurance costs compared to the pcp
- Depreciation and amortisation increased 6.3% on the pcp reflecting new facilities completed in FY20 as part of Ramsay's brownfield expansion program

4.1.2.2. Ramsay Sime Darby

- The contribution from Ramsay Sime Darby (RSD) declined 22.4% on the pcp to $9.7m. There were no restrictions imposed on elective surgery in Malaysia or Indonesia during the six-month period, however movement control orders and confidence amongst the public in visiting hospitals impacted patient volumes. In Hong Kong there was a Government directive to postpone all elective surgery in November following a fourth wave of cases
- The recovery in volumes in Malaysia in 1QFY21 was disrupted by a further wave of COVID-19 cases in mid-December and the reintroduction of a conditional movement order. RSD hospitals have worked closely with the Malaysian Government resulting in contracts to take non COVID patients for certain procedures from the public system to relieve the pressure on public facilities caused by COVID-19 cases. In Malaysia, RSD has also been treating self-funded COVID-19 cases
- RSD hospitals in Indonesia continue to treat Government, insured and self-funded COVID-19 patients
- Diagnostic pathology services in Indonesia and Malaysia have benefitted from an increase in COVID-19 PCR (polymerise chain reaction) testing as a result of further growth in cases in both countries

4.1.3. Capital Expenditure

- Ramsay Australia capital expenditure for the six-month period was $117.1m with $69.9m invested in brownfield developments. Projects completed during the six-month period included a day oncology unit at St George and the redevelopment of Nowra and Dudley hospital.
- Total capital expenditure in FY21 is expected to be in the range $250m-300m

4.1.4. Outlook

- Ramsay Australia expects patient volumes to start to normalise in 2HFY21 assuming that all States operate on an unrestricted capacity basis. Recent lockdowns in Western Australia, Queensland and Victoria did impact volumes for short periods of time
- The pace at which patient volumes recover remains uncertain. In particular, the rate of recovery in demand for non-surgical services is difficult to forecast and will be impacted by COVID-19 related operating restrictions and confidence amongst the public to return to the hospital environment
- Surgical admissions per workday have continued to be higher than the pcp with admissions in December and January increasing 3.5% and 5.7% respectively (ex-Victoria 5.3% and 7.6% respectively)
- Non-surgical admissions per workday versus the prior period in Australia was positive in January for the first time in FY21 growing at 1.4% and 4.1% (ex-Victoria)
- Ramsay has held public volumes steady in Western Australia and Queensland over the period and grown significantly in Victorian and NSW from a low base
- Ramsay Australia will continue to incur higher costs associated with operating in the COVID-19 environment in 2HFY21 however on an average monthly run rate basis the impact of these costs is expected to be lower than 1HFY21 dependent on patient volume. Scale benefits associated with global procurement benefits, calculated on a calendar year basis, are expected to return as volumes recover
- Ramsay Sime Darby will continue to offer assistance to the public sector in its regions. The joint venture expects to continue to participate in PCR testing across the regions. A return to normalcy in elective surgery and medical admissions will be dictated by the ability of countries in the region to reduce the spread and the impact of COVID-19
- Indonesia commenced its vaccination rollout in mid-January and Ramsay Sime Darby hospitals have been appointed to assist in rolling out the vaccination program. Vaccination of all staff was completed in the last few weeks. The rollout of the vaccine in Malaysia has recently commenced

4.2. Ramsay UK

4.2.1. Overview of Results

Six months Ended 31 December A$'m	2020	2019*	Chg (%)
Revenue from patients and other revenue	86.4	492.5	(82.5)
Revenue from governments under COVID 19 support contracts	394.5	-	na
Total revenue and other income	**480.9**	**492.5**	**(2.4)**
EBITDAR	**94.4**	**87.1**	**8.4**
Rent	(0.6)	(0.4)	(50)
EBITDA	**93.8**	**86.7**	**8.2**
Depreciation and amortisation	(45.0)	(47.6)	5.5
EBIT	**48.8**	**39.1**	**24.8**
Financing costs associated with leases (AASB16)	(40.9)	(41.4)	**1.2**
EBIT less financing costs associated with leases	**7.9**	**(2.3)**	**443.5**
Capital Expenditure	25.9	34.5	**24.9**

*1H FY20 restated to reflect non-core items taken below the line in FY20 refer table 3.1.1 for allocation of non-core items

Overview of Result in Local Currency

Six months Ended 31 December £'m	2020	2019	Chg (%)
Total Revenue	266.1	267.5	(0.5)
EBITDAR	52.2	47.3	10.4
EBITDA	51.8	47.1	10.0
EBIT	27.0	21.0	28.6

4.2.2. Review of results

- Ramsay UK continued to support the NHS during the second wave of the pandemic treating the highest volume of NHS patients in the independent sector throughout the pandemic. This has included over 210 Ramsay team members supporting NHS teams in local Trusts and over 20 NHS services moved to be hosted within Ramsay facilities
- Ramsay UK operated under a revised agreement reached with NHS England (NHSE), announced in October 2020[6], which was backdated and covered the period 1 July 2020 to 31 December 2020. The revised agreement provided for Ramsay UK to receive net cost recovery for its services to NHSE and allowed for the return of some capacity for private patient activity and routine NHS elective surgery activity
- The net cost recovery paid under the NHSE agreement for the six-month period was A$394.5m and is reflected in revenue from government contracts
- The 82.5% decline in net patient revenue reflects the capacity restrictions under the agreement with the NHSE. Private patient volumes started to recover slowly in July reflecting seasonal trends and the public's concerns around the hospital environment, however picked up strongly in the last four months of the period. In 2Q FY21 private patients represented approximately 25% of total patients compared to a more normalised 20% reflecting growth in market share of private patients over the period
- The UK business incurred higher costs associated with operating in a COVID-19 environment including higher pre-op costs associated with testing, higher staffing costs and higher PPE costs. These additional costs were offset to an extent by tight control over costs during the period

[6] ASX announcement 14 October 2020 "Ramsay Health Care Varies Agreement with NHS"

4.2.3. Capital Expenditure

- Capital expenditure over the six-month period was A$26m of which A$15m was invested in material developments and growth projects. This includes a brownfield development at Jacobs and a new greenfield development at Preston due to open in the northern hemisphere summer
- During the six-month period two new facilities were opened, Ramsay Stourside Hospital in Birmingham and Ramsay Beacon Park following a total investment of £4m
- Capital expenditure for the full year is expected to be in the range £40m to £60m

4.2.4. Outlook

- In December 2020, Ramsay[7] announced that Ramsay UK had signed a new volume-based agreement with the NHSE which makes its services available to the NHSE and its patients to meet the ongoing demands resulting from the COVID-19 pandemic
- The new agreement came into effect on 1 January 2021 and will expire on 31 March 2021, unless terminated earlier on 6 weeks' notice. The NHS may trigger a Peak Surge Period on 7 days' notice should Ramsay's capacity be required to enable the NHS to respond to COVID-19 cases. In these circumstances, the affected hospitals will be paid on a cost recovery basis
- Ramsay is able to continue providing private patient services under the new agreement
- The UK faces significant uncertainty associated with the pandemic in line with the rest of Europe. Additionally, it is unclear yet whether there will be any long-term supply impacts on the business from Brexit
- Ramsay UK will be impacted in the short term by the headwinds associated with COVID-19, the additional costs associated with operating in the COVID environment are expected to continue with the surge and variant strains in the pandemic cycle. The business will continue to support NHS priorities, such as urgent cancer and oncology patients
- 90% of UK staff were vaccinated by mid-February. The business is well placed to benefit from future activity flowing from NHS waiting lists and growth in private demand

[7] ASX announcement 22 December 2020 "Ramsay Health Care enters new agreement with NHS England"

4.3. Ramsay Santé

4.3.1. Overview of Results

Six months Ended 31 December A$'m	2020	2019*	Chg (%)
France			
Revenue from patients and other revenue	2,153.7	2,261.0	(4.7)
Other income - net profit on disposal of non-current assets	9.2	2.3	300.0
Income from government grants	182.9	-	n/a
Total revenue and other income	**2,345.8**	**2,263.3**	**3.6**
EBITDAR	462.6	420.4	10.0
Rent	(53.6)	(60.2)	(11.0)
EBITDA	**409.0**	**360.2**	**13.5**
Depreciation and amortisation	(228.4)	(222.8)	(2.5)
EBIT	**180.6**	**137.4**	**31.4**
Financing costs associated with leases (AASB16)	(53.0)	(49.6)	(6.9)
EBIT less financing costs associated with leases	**127.6**	**87.8**	**45.3**
Nordics			
Revenue from patients and other revenue	957.4	874.2	9.5
Income from government grants	39.9	-	n/a
Other income - net profit on disposal of non-current assets	26.5	-	n/a
Total revenue and other income	**1,023.8**	**874.2**	**17.1**
EBITDAR	**132.5**	**89.1**	48.7
Rent	(8.4)	(11.0)	(23.6)
EBITDA	**124.1**	**78.1**	**58.9**
Depreciation and amortisation	(73.0)	(65.9)	10.8
EBIT	**51.1**	**12.2**	**318.9**
Financing costs associated with leases (AASB16 leases)	(5.1)	(5.0)	2.0
EBIT less financing costs associated with leases	**46.0**	**7.2**	**538.9**
Revenue from patients and other revenue - Europe	**3,111.1**	**3,135.2**	**(0.8)**
Total European EBIT	**231.7**	**149.6**	**54.9**
Total European Capital Expenditure	**209.0**	**161.1**	**29.7**

*1H FY20 restated to reflect non-core items taken below the line in FY20 refer table 3.1.1 for allocation of non-core items

Ramsay Santé - Result in local currency

Six months Ended 31 December €'m	2020	2019	Chg (%)
Total Revenue	2,063.3	1,936.0	6.6
EBITDAR	364.1	314.7	15.7
EBITDA	326.2	270.8	20.5
EBIT	141.5	92.7	52.6

The numbers above reflect the Ramsay Santé result in local currency presented in the same format as the result presented in A$ presented above. The numbers include non-core items and the inclusion of government grants as revenue

4.3.2. Review of Results

- Ramsay Santé continued to assist governments in the regions in which it operates to deal with the pandemic. The business has treated over 5,000 COVID-19 patients between July and December 2020 including more than 2,000 in critical care in France and 75 in critical care in Sweden
- The French Government decree issued in May 2020 provided Ramsay Santé with a guarantee of revenue for the ten months from 1 March 2020 to 31 December 2020 to compensate it for the use of its facilities and services if required during the pandemic. The revenue guarantee is based on the average monthly revenue in CY2019 indexed for one year and multiplied by 10 reflecting the months covered by the decree. The method of calculation smoothed the business seasonality that is generally reported in the first half of the fiscal year
- The payments made under the revenue guarantee in France will be squared up with Ramsay Santé's actual billings for the period in March 2021 and any adjustments included in the FY21 accounts
- In parallel with the French Government's revenue funding guarantee scheme, the Government compensated for the additional costs related to the COVID-19 crisis that would not otherwise be covered. There is a timing lag associated with the cost support with payments for the period 1 March to 30 June, not being received until 1H FY21
- The French Government also provided compensation for the material increase in salaries for nursing staff committed to by the French Government in 2020. The increase in salaries is expected to be built into tariffs from 1 March 2021 moving forward
- Across the Nordic region Ramsay Santé also received government compensation for costs associated with operating in the COVID environment
- Total European revenue of $3,369.6m included government support of A$222.8m
- Revenue from patients in the French business declined 4.7% on the pcp. A strong first quarter in surgical volumes was offset by the cancellation of non-urgent surgical and medical activity in the second quarter as COVID-19 cases took priority. Surgical volumes for the six-month period were below the pcp
- Mental health, emergency and rehabilitation services were below the pcp impacted by the operating restrictions created by the COVID-19 operating environment
- Income from the sale of non-current assets of $9.2m in France reflects the sale of the Saint Vincent clinic in Besançon and the Saint Pierre Clinic in Pontarlier in France as part of the ongoing optimisation of Ramsay Santé's portfolio of facilities
- Patient revenue in the Nordic region increased 9.5% over the pcp the increase reflecting the different structure of the payment system in some parts of the region compared to France combined with higher volumes in specialist clinics and orthopaedics and a less severe impact on activity from COVID-19 in some regions including Norway, Sweden and Denmark
- During the 2QFY21 Ramsay Santé disposed of nine clinical facilities in Germany acquired as part of the Capio acquisition in FY19. This sale is included in the Nordics and reflects the reversal of a provision, taken against the underperforming German facilities at the time of the Capio acquisition of $25.7m. The German facilities made a small operating loss in FY20
- During the period Ramsay Santé acquired the Clinique de la Recouvrance, which has been incorporated into the Group's Mental Health division and the Polyclinique du Parc Drevon enabling it to strengthen its Burgundy division

4.3.3. Capital Expenditure

- Total capital expenditure for the six-month period was A$209m (€128m) and included the expansion of a number of existing sites, real estate acquisitions to expand consultation practices and a €16.5m investment in the Nordic region including expansion of St Göran hospital in Sweden
- Capital expenditure for the full year is expected to be in the range €170m-€220m

4.3.4. Outlook

- The French Government has advised it will issue a new decree providing support for Ramsay Santé's French operations from 1st January 2021 for a period to be determined
- Given the current uncertainty associated with the pandemic it is extremely difficult to predict the rate of recovery in patient volumes and whether the roll out of the vaccine will prevent further outbreaks of the virus impacting operating results in 2HFY21
- Ramsay Santé will continue to assist governments in its regions with COVID-19 cases in conjunction with addressing the backlog in surgical and non-surgical services
- The vaccine rollout is progressing after a slow start. Ramsay Santé is participating in the rollout with a number of vaccination centres created within its hospital facilities. The vaccination of Ramsay front line staff and vulnerable patients and members of the public is progressing

5. Directors Report

Ramsay Health Care Limited and Controlled Entities

Your directors submit their report for the half year ended 31 December 2020.

DIRECTORS

The names of the company's directors in office during the half year are as set out below. Directors were in office for this entire period unless otherwise stated.

A. Deans - Non-Executive Director
P. Evans - Non-Executive Deputy Chairman
J. McMurdo - Non-Executive Director
C. McNally - Managing Director
K. Penrose - Non-Executive Director
M. Siddle - Non-Executive Chairman
C. Süssmuth Dyckerhoff - Non-Executive Director
D. Thodey AO - Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of entities within the consolidated entity during the half year were the owning and operating of private hospitals and managing of public hospitals through "private / public collaborations". There were no significant changes in the nature of these activities during the half year.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Group for the half year ended 31 December 2020 is set out in the Operating and Financial Review which has been included at page 3 and forms part of this report.

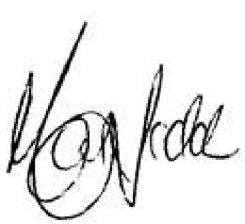
AUDITOR'S INDEPENDENCE DECLARATION

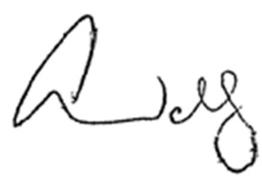
The written Auditor's Independence Declaration in relation to the review of the half year financial report has been included at page 20 and forms part of this report.

ROUNDING

The amounts contained in this report and in the half year financial report have been rounded to the nearest hundred thousand (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors.





M.S. Siddle
Chairman

C.R. McNally
Managing Director

Sydney, 25 February 2021

Ernst & Young
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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Ramsay Health Care Limited

As lead auditor for the review of the half-year financial report of Ramsay Health Care Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ramsay Health Care Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
25 February 2021

6. Financial report

Ramsay Health Care Limited and Controlled Entities

For the half year ended 31 December 2020

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CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $M	31 December 2019 $M
Revenue from contracts with customers	2	6,329.3	6,332.5
Interest income		2.6	5.3
Other income – income from government grants	3	222.8	-
Other income – income from the sale of development assets		18.4	2.1
Other income – net profit on the disposal of non-current assets		35.7	7.4
Total revenue and other income		**6,608.8**	**6,347.3**
Employee benefit and contractor costs		(3,584.6)	(3,444.3)
Occupancy costs		(268.1)	(268.5)
Service costs		(224.5)	(171.3)
Medical consumables and supplies		(1,492.4)	(1,415.7)
Depreciation, amortisation and impairment		(455.2)	(438.7)
Cost of development assets sold		(7.5)	(6.7)
Total expenses, excluding finance costs		**(6,032.3)**	**(5,745.2)**
Share of profit of joint venture		9.9	12.7
Profit before tax and finance costs		**586.4**	**614.8**
Finance costs		(188.0)	(202.5)
Profit before income tax		**398.4**	**412.3**
Income tax		(132.8)	(148.9)
Net profit after tax for the period		**265.6**	**263.4**
Attributable to non-controlling interests		39.6	5.0
Attributable to owners of the parent		**226.0**	**258.4**
		265.6	**263.4**
Earnings per share (cents per share)			
Basic earnings per share (after CARES dividend)	5	97.2	123.4
Diluted earnings per share (after CARES dividend)	5	96.9	122.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 December 2020 $M	31 December 2019 $M
Net profit after tax for the period	**265.6**	**263.4**
Items that will not be reclassified to net profit		
Actuarial (loss) on defined benefits plan	(33.6)	(21.0)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
(Loss)/gain taken to equity	(2.0)	11.4
Transferred to Income Statement	3.2	(2.2)
Net change in cost of hedging	2.0	0.7
Net gain on bank loan designated as a hedge of a net investment	4.5	25.5
Foreign currency translation	(55.3)	(61.9)
Income tax relating to components of other comprehensive income	7.4	2.0
Other comprehensive income for the period, net of tax	**(73.8)**	**(45.5)**
Total comprehensive income for the period	**191.8**	**217.9**
Attributable to non-controlling interests	19.2	(11.5)
Attributable to the owners of the parent	**172.6**	**229.4**
	191.8	**217.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	As at 31 December 2020 $M	As at 30 June 2020 $M	As at 31 December 2019 $M
ASSETS				
Current assets				
Cash and cash equivalents		1,389.4	1,503.7	433.1
Trade and other receivables		1,577.9	1,916.9	1,622.1
Inventories		421.7	411.0	374.9
Income tax receivable		19.3	14.6	26.4
Prepayments		133.5	175.4	137.5
Other current assets		40.7	39.2	33.3
		3,582.5	4,060.8	2,627.3
Assets classified as held for sale		-	-	16.6
Total current assets		**3,582.5**	**4,060.8**	**2,643.9**
Non-current assets				
Other financial assets		84.0	82.6	67.6
Investment in joint venture		219.8	245.8	250.2
Property, plant and equipment		4,466.6	4,447.2	4,368.3
Right of use assets		4,328.8	4,477.9	4,408.9
Intangible assets		4,203.3	4,246.1	4,213.3
Deferred tax asset		431.6	409.1	354.2
Prepayments		11.1	11.1	11.2
Receivables		69.5	78.1	89.2
Total non-current assets		**13,814.7**	**13,997.9**	**13,762.9**
TOTAL ASSETS		**17,397.2**	**18,058.7**	**16,406.8**
LIABILITIES				
Current liabilities				
Trade and other payables		3,224.6	3,203.5	2,249.9
Loans and borrowings		32.8	32.3	33.6
Lease liabilities		337.3	347.8	327.1
Derivative financial instruments	10	13.1	6.2	18.7
Provisions		137.7	133.7	125.8
Income tax payable		9.1	49.4	64.2
Total current liabilities		**3,754.6**	**3,772.9**	**2,819.3**
Non-current liabilities				
Loans and borrowings		3,455.9	4,195.5	4,957.2
Lease liabilities		4,805.4	4,941.4	4,869.1
Provisions		409.5	390.0	409.4
Defined employee benefit obligation		252.9	222.9	233.9
Derivative financial instruments	10	37.0	45.1	35.4
Other creditors		25.5	24.3	25.7
Deferred tax liability		230.2	230.7	234.4
Total non-current liabilities		**9,216.4**	**10,049.9**	**10,765.1**
TOTAL LIABILITIES		**12,971.0**	**13,822.8**	**13,584.4**
NET ASSETS		**4,426.2**	**4,235.9**	**2,822.4**
EQUITY				
Issued capital		2,197.6	2,197.6	713.5
Treasury shares		(77.9)	(78.2)	(72.4)
Convertible Adjustable Rate Equity Securities (CARES)		252.2	252.2	252.2
Other reserves		(86.0)	(51.0)	(58.6)
Retained earnings		1,639.6	1,431.9	1,533.8
Parent interests		**3,925.5**	**3,752.5**	**2,368.5**
Non-controlling interests		500.7	483.4	453.9
TOTAL EQUITY		**4,426.2**	**4,235.9**	**2,822.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued Capital $M	Treasury Shares $M	CARES $M	Other Reserves $M	Retained Earnings $M	Non-controlling interests $M	Total $M
As at 1 July 2019	**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,693.3**	**479.4**	**3,023.1**
AASB16 Leases Adjustment	-	-	-	-	(218.9)	-	(218.9)
As at 1 July 2019 - Restated	**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,474.4**	**479.4**	**2,804.2**
Total comprehensive income	-	-	-	(20.9)	250.3	(11.5)	**217.9**
Dividends paid	-	-	-	-	(190.9)	(3.2)	**(194.1)**
Acquisition of subsidiary/non-controlling interest	-	-	-	0.4	-	(10.8)	**(10.4)**
Shares purchased for executive performance share plan	-	(3.7)	-	-	-	-	**(3.7)**
Treasury shares vesting to employees	-	13.4	-	(13.4)	-	-	**-**
Share based payment expense for employees	-	-	-	8.5	-	-	**8.5**
As at 31 December 2019	**713.5**	**(72.4)**	**252.2**	**(58.6)**	**1,533.8**	**453.9**	**2,822.4**
As at 1 July 2020	**2,197.6**	**(78.2)**	**252.2**	**(51.0)**	**1,431.9**	**483.4**	**4,235.9**
Total comprehensive income	-	-	-	(39.7)	212.3	19.2	**191.8**
Dividends paid	-	-	-	-	(4.6)	(1.9)	**(6.5)**
Treasury shares vesting to employees	-	0.3	-	(0.3)	-	-	**-**
Share based payment expense for employees	-	-	-	5.0	-	-	**5.0**
As at 31 December 2020	**2,197.6**	**(77.9)**	**252.2**	**(86.0)**	**1,639.6**	**500.7**	**4,426.2**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $M	31 December 2019 $M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,589.6	6,355.8
Receipts of government grants		499.7	-
Payments to suppliers and employees		(5,743.0)	(5,358.2)
Income tax paid		(130.8)	(148.2)
Lease finance costs		(117.5)	(112.9)
Other finance costs		(64.6)	(85.9)
Net cash flows from operating activities		**1,033.4**	**650.6**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(304.3)	(369.4)
Proceeds from sale of businesses and non-current assets		127.9	9.9
Interest and dividends received		29.6	36.1
Business combinations, net of cash received	8	(96.1)	(11.4)
Acquisition of investments and purchase of non-controlling interests		(4.6)	(19.5)
Net cash flows used in investing activities		**(247.5)**	**(354.3)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	4a, 4c	(4.6)	(190.9)
Dividends paid to non-controlling interests		(1.9)	(3.2)
Repayment of lease principal		(173.1)	(173.4)
Purchase of ordinary shares		-	(3.7)
Proceeds from borrowings		387.7	229.0
Repayment of borrowings		(1,083.3)	(465.3)
Net cash flows from/(used in) financing activities		**(875.2)**	**(607.5)**
Net (decrease)/increase in cash and cash equivalents		(89.3)	(311.2)
Net foreign exchange differences on cash held		(25.0)	(1.2)
Cash and cash equivalents at beginning of period		1,503.7	745.5
Cash and cash equivalents at end of period	11	1,389.4	**433.1**

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

OVERVIEW

Ramsay Health Care Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report of Ramsay Health Care Limited and controlled entities (the 'Group' or the 'Consolidated Entity') for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on the 25 February 2021.

(a) Basis of preparation

This general-purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, including AASB134 "Interim Financial Reporting", other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. It does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report;
- has been prepared on the basis of historical cost, except for derivative financial instruments, listed investments, assets held for sale and the assets and liabilities recognised through business combinations which have been measured at fair value;
- should be read in conjunction with the annual financial report of Ramsay Health Care Limited as at 30 June 2020, together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half year ended 31 December 2020;
- presents reclassified comparative information where necessary to conform to changes in presentation in the current half year;
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191;
- adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2020, all of which did not have a material impact on the financial statements; and
- does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

(b) Accounting Standards and Interpretations Issued but Not Yet Effective

New and amended standards and interpretations issued by the AASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

I RESULTS FOR THE HALF YEAR

1. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based primarily on the country in which the service is provided, as this is the Group's major risk and has the most effect on the rate of return, due to differing currencies and differing health care systems in the respective countries. The Group has four reportable operating segments being Asia Pacific, UK, France and Nordics.

Discrete financial information about each of these operating businesses is reported to the Managing Director and his management team on at least a monthly basis.

Types of services

The reportable operating segments derive their revenue primarily from providing health care services to both public and private patients in the community.

Accounting policies and inter-segment transactions

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results include transfers between the segments. These transfers are eliminated on consolidation.

The accounting policies used by the Group in reporting segments are the same as those contained throughout the accounts and in prior periods.

I RESULTS FOR THE HALF YEAR (CONTINUED)

1. SEGMENT INFORMATION (CONTINUED)

	Asia Pacific $M	UK $M	France $M	Nordics $M	Total $M
Six months ended 31 December 2020					
Revenue from contracts with customers	2,737.3	480.9	2,153.7	957.4	6,329.3
Other income – income from government grants	-	-	182.9	39.9	222.8
Other income – income from the sale of development assets	18.4	-	-	-	18.4
Other income – net profit on the disposal of non-current assets	-	-	9.2	26.5	35.7
Total revenue and other income before intersegment revenue	2,755.7	480.9	2,345.8	1,023.8	6,606.2
Intersegment revenue	1.5	-	-	-	1.5
Total segment revenue and other income	2,757.2	480.9	2,345.8	1,023.8	6,607.7
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) [1]	**420.5**	**94.4**	**462.6**	**132.5**	**1,110.0**
Rent [2]	(8.4)	(0.6)	(53.6)	(8.4)	(71.0)
Earnings before interest, tax, depreciation and amortisation (EBITDA) [3]	**412.1**	**93.8**	**409.0**	**124.1**	**1,039.0**
Depreciation and amortisation	(108.8)	(45.0)	(228.4)	(73.0)	(455.2)
Earnings before interest and tax (EBIT) [4]	**303.3**	**48.8**	**180.6**	**51.1**	**583.8**
Net finance costs					(185.4)
Income tax expense					(132.8)
Net profit after tax					**265.6**
Attributable to non-controlling interest					(39.6)
Net profit attributable to owners of the parent					**226.0**
Six months ended 31 December 2019					
Revenue from contracts with customers	2,704.8	492.5	2,261.0	874.2	6,332.5
Other income – income from the sale of development assets	2.1	-	-	-	2.1
Other income – net profit on the disposal of non-current assets	5.1	-	2.3	-	7.4
Total revenue and other income before intersegment revenue	2,712.0	492.5	2,263.3	874.2	6,342.0
Intersegment revenue	2.2	-	-	-	2.2
Total segment revenue and other income	**2,714.2**	**492.5**	**2,263.3**	**874.2**	**6,344.2**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) [1]	**532.0**	**87.1**	**420.4**	**89.1**	**1,128.6**
Rent [2]	(8.8)	(0.4)	(60.2)	(11.0)	(80.4)
Earnings before interest, tax, depreciation and amortisation (EBITDA) [3]	**523.2**	**86.7**	**360.2**	**78.1**	**1,048.2**
Depreciation and amortisation	(102.4)	(47.6)	(222.8)	(65.9)	(438.7)
Earnings before interest and tax (EBIT) [4]	**420.8**	**39.1**	**137.4**	**12.2**	**609.5**
Net finance costs					(197.2)
Income tax expense					(148.9)
Net profit after tax					**263.4**
Attributable to non-controlling interest					(5.0)
Net profit attributable to owners of the parent					**258.4**

As Ramsay is no longer reporting a core/non-core earnings split, the segment results for the half year ended 31 December 2019 have been restated to reflect a consistent presentation with the segment results presented for the half year ended 31 December 2020.

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and rent.
2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation and amortisation.
4 "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

I RESULTS FOR THE HALF YEAR (CONTINUED)

1. SEGMENT INFORMATION (CONTINUED)

Assets & liabilities

	Asia Pacific	UK	France	Nordics	Adjustments & Eliminations*	Total
	$M	$M	$M	$M	$M	$M
As at 31 December 2020						
Segment assets	6,615.3	2,707.5	10,385.2	1,939.1	(4,249.9)	17,397.2
Segment liabilities	(2,092.8)	(2,254.2)	(8,331.2)	(854.1)	561.3	(12,971.0)
As at 30 June 2020						
Segment assets	6,500.8	2,716.0	10,602.9	1,866.9	(3,627.9)	18,058.7
Segment liabilities	(2,139.5)	(2,272.8)	(8,573.7)	(836.8)	-	(13,822.8)

* Adjustments and eliminations consist of investments in subsidiaries and intercompany and receivables/payables which are eliminated on consolidation.

	31/12/2020 $M	31/12/2019 $M
i) Segment revenue reconciliation to Income Statement		
Total segment revenue and other income	6,607.7	6,344.2
Intersegment sales elimination	(1.5)	(2.2)
Interest income	2.6	5.3
Total revenue and other income per Income Statement	6,608.8	6,347.3

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

		31/12/2020 $M	31/12/2019 $M
Revenue from patients and other revenue		5,916.6	6,332.5
Revenue from governments under COVID 19 support contracts	(i)	412.7	-
Revenue from contracts with customers		6,329.3	6,332.5

(i) Revenue from governments under COVID 19 support contracts

During the year ended 31 December 2020, specific contracts were entered into with various government bodies under which Ramsay made available its facilities and services, including equipment and staff, to assist with the respective government's response to the COVID 19 pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia – agreements with the state governments of NSW, WA, Queensland and Victoria (each a State) commenced from either 31 March or 1 April 2020. In return for the commitment to maintain full workforce capacity at the facilities, Ramsay has received, and recognised as revenue, the net recoverable costs (being recoverable costs less any revenue generated from operations, calculated on an accruals basis (revenue amounts)) for these services. Recoverable costs include direct operating costs, service costs, corporate overhead costs (to the extent related to the provision of service), depreciation associated with pre-existing capital, which is owned, and depreciation associated with amortisation of leases. Interest and debt servicing costs are excluded. The agreements expire on various dates, depending on each State's requirements. These end dates are (in most cases) 20 or 30 days after the State gives notice but not before; in the case of the State of Victoria, the temporary restrictions imposed on private hospitals performing category 3 and non-urgent category 2 surgeries have been lifted; in the case of the State of Queensland, the State determines that activation of the Australian Health Sector Emergency Response Plan for Novel Coronavirus 2019 has ceased; and, in the case of NSW, the date notified by the Commonwealth government as being the last date covered by the private hospital financial viability payment under the National Partnership Agreement.

I RESULTS FOR THE HALF YEAR (CONTINUED)

2. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Recoverable costs and revenue amounts are aggregated quarterly with each quarter considered separately. Where the revenue amounts exceed recoverable costs the payment for that quarter is deemed to be zero.

Victoria and Queensland include a “Pause and Restart” mechanism whereby the State can put the agreement on pause allowing the Operator to return to normal operations and relieves the State of any payment obligations during the pause while allowing the State to restart the contract to provide COVID 19 pandemic support when necessary. The Queensland State government agreed to Ramsay’s request to put the agreement on hold from 1 July 2020. While the Victorian agreement was paused from 30 June 2020, it was restarted with effect from 23 July 2020 to 31 March 2021. The NSW agreement does not have a Pause and Restart mechanism and remains on foot.

The agreement with the state government of WA was terminated with effect from 30 June 2020. However, it includes 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. This right can be exercised if the Department or the Commonwealth government reasonably form the view that this is necessary to ensure that the public and private health sectors can respond successfully to the COVID 19 pandemic.

UK – an agreement with NHS England, commenced on 23 March 2020, to make the Ramsay UK facilities and services available to the NHS England and its patients. Ramsay received, and recognised as revenue, the net cost of services provided, including operating costs, overheads, use of assets, rent and interest less a deduction for revenue earned through the provision of private, urgent elective care to patients. The term of the agreement was initially for a minimum of 14 weeks from 23 March 2020 and was then on a rolling basis, with one month’s notice. This agreement terminated on 31 December 2020. A new, volume based, agreement came into effect on 1 January 2021 and will expire on 31 March 2021, unless terminated earlier on 6 weeks’ notice.

Future events could cause the assumptions on which these revenue accruals are based to change, which could affect the future results of the Group. As the revenue recognised by the Group in accordance with the contracts is variable, revenue has been recognised only to the extent that it is highly probable that a significant revenue reversal of the cumulative amount of revenue will not occur when the uncertainty associated with the variable consideration is resolved.

3. OTHER INCOME - INCOME FROM GOVERNMENT GRANTS

	31/12/2020 $M	31/12/2019 $M
Other income – income from government grants	222.8	-

Government grants are recognised when there is reasonable assurance that the grant will be received, and all the attached conditions will be complied with. Grants are accounted for on a gross basis in revenue and expenses, by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as a deferred liability. When the criteria for retention has been satisfied, the deferred balance is recognised as other income.

Ramsay Santé was a beneficiary of the French government decree, issued on 7 May 2020, which provided 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. Should the actual billings over this March to December period fall below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall. In line with the requirements, under the guarantee, these estimates, payments and final square ups are completed on a site by site basis.

As the final square up of the revenue guarantee will not be performed until March 2021 and the grant income recognised for Ramsay Santé is based on the current estimate at hand at the time of issuing the 31 December 2020 Ramsay Group financial statements, these estimates may be updated and produce a different outcome for the 30 June 2021 Ramsay Group year-end results.

Ramsay has been notified by the French government that a new decree will be issued from 1 January 2021 to a date yet to be determined. As at the date of these financial statements, the decree has not been issued.

I RESULTS FOR THE HALF YEAR (CONTINUED)

4. DIVIDENDS

	31/12/2020 $M	31/12/2019 $M
(a) Dividends declared and paid during the period on ordinary shares:		
Previous year final dividend paid		
Franked dividends - ordinary		
(0.0. cents per share*) (2019: 91.5 cents)	-	184.9
*: No current year final dividend was declared		
(b) Dividends proposed and not recognised as a liability on ordinary shares:		
Interim dividend proposed		
Franked dividends – ordinary		
(48.5 cents per share) (2019: 62.5 cents)	111.0	126.3
(c) Dividends declared and paid during the period on CARES:		
Previous year final dividend paid		
Franked dividends – CARES	4.6	6.0
(d) Dividends proposed and not recognised as a liability on CARES:		
Interim dividend proposed		
Franked dividends – CARES	4.5	5.3

The tax rate at which paid dividends have been franked is 30% (2019: 30%). 100% of the proposed dividends will be franked at the rate of 30% (2019: 30%).

5. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	31/12/2020 $M	31/12/2019 $M
Net profit for the period attributable to the owners of the parent	226.0	258.4
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(4.6)	(6.0)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	221.4	252.4

	Number of Shares	Number of Shares*
Weighted average number of ordinary shares used in calculating basic earnings per share	227,778,411	204,479,862
Effect of dilution – share rights not yet vested *(a)*	553,298	993,321
Weighted average number of ordinary shares adjusted for the effect of dilution	228,331,709	205,473,183

(a) The share rights granted to Executives but not yet vested, have the potential to dilute basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

*The denominator for the purpose of calculating both basic and diluted earnings per share for 31 December 2019 has been adjusted to reflect the $1,500.0 million equity raise in the second half of FY20, at less than market value.

I RESULTS FOR THE HALF YEAR (CONTINUED)

5. EARNINGS PER SHARE (CONTINUED)

	31/12/2020 Cents per Share	31/12/2019 Cents per Share
Earnings per share		
- basic (after CARES dividend) for the period	97.2	123.4
- diluted (after CARES dividend) for the period	96.9	122.8

6. OTHER PERFORMANCE MEASURES

	31/12/2020 $ per Share	30/06/2020 $ per Share	31/12/2019 $ per Share
Net tangible asset/(liabilities) per ordinary share	0.09	(0.82)	(7.48)

II ASSETS AND LIABILITIES – OPERATING AND INVESTING

7. WORKING CAPITAL

	31/12/2020 $M	30/06/2020 $M	31/12/2019 $M
Trade and other receivables (current)	1,577.9	1,916.9	1,622.1
Inventories	421.7	411.0	374.9
Trade and other payables	(3,224.6)	(3,203.5)	(2,249.9)
	(1,225.0)	(875.6)	(252.9)

Consistent with prior periods, Ramsay actively manages the collection of debtor receipts and creditor and employee payments. This often results in a negative working capital metric. Any surplus or deficit in the working capital is managed through efficient use of the revolving debt facilities and cash balances.

8 . BUSINESS COMBINATIONS

Business Combinations – 2020

Ramsay has recognised amounts for business combinations in the financial statements for the six months ended 31 December 2020 which have been determined on a provisional basis only. These businesses are within the healthcare sector.

	$M
Fair value of identifiable net assets	19.2
Goodwill arising	76.9
Business combination date fair value of consideration transferred	96.1
The cash outflow as a result of the business combination is as follows:	
Cash paid	(96.1)
Net consolidated cash outflow	(96.1)

Business Combinations – 2019

Ramsay has recognised amounts for business combinations in the financial statements for the six months ended 31 December 2019 which are as follows:

	$M
Fair value of identifiable net assets	5.8
Goodwill arising	5.6
Business combination date fair value of consideration transferred	11.4
The cash outflow as a result of the business combination is as follows:	
Cash paid	(11.4)
Net consolidated cash outflow	(11.4)

The purchase price accounting has now been finalised. There was not a material difference in the provisional fair values initially recognised. These businesses are within the healthcare sector.

III FINANCIAL INSTRUMENTS

9. FAIR VALUES

Unless disclosed below, the carrying amount of the Group's financial assets and liabilities approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates depending on the type of borrowings. At reporting date, the market interest rates vary from 0.060% to 0.070% (June 2020: 0.093% to 0.102%) for Australia, 0.019% to 0.026% (June 2020: 0.090% to 0.141%) for UK, and -0.554% to -0.545% (June 2020: -0.510% to -0.422%) for France respectively.

	As at 31/12/2020		As at 30/06/2020	
	Carrying Amount $M	Fair Value $M	Carrying Amount $M	Fair Value $M
Loans and borrowings	3,488.7	3,584.8	4,227.8	4,657.9

10. DERIVATIVE FINANCIAL INSTRUMENTS

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

Fair value

The Group has available to it various methods in estimating the fair value of a derivative financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments was estimated using the level 2 method valuation technique and is summarized in the table below.

	As at 31/12/2020 $M	As at 30/06/2020 $M
Financial liabilities		
Derivative instruments – interest rate swaps and forward exchange contracts	(50.1)	(51.3)

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

Transfer between categories

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the period.

IV OTHER INFORMATION

11. CASH AND CASH EQUIVALENTS

	31/12/2020 $M	31/12/2019 $M
For the purpose of the half year consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank	1,389.4	433.1

12. INVESTMENT IN JOINT VENTURE

The main joint venture entity which contributes to Ramsay Health Care Limited's net profit is detailed below:

Name of entity	Contribution to net profit		Percentage of ownership interest	
	6 months ended 31/12/2020 $M	6 months ended 31/12/2019 $M	As at 31/12/2020	As at 31/12/2019
Equity accounted joint venture entity				
Ramsay Sime Darby Health Care Sdn Bhd	9.7	12.5	50%	50%
Total share of after-tax profits of equity accounted investment	**9.7**	**12.5**		

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ramsay Health Care Limited, we state that:

In the opinion of the directors:

(a) the financial information and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and the performance for the half year ended on that date; and
   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

M.S. Siddle
Chairman

C.R. McNally
Managing Director

Sydney, 25 February 2021

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Independent Auditor's Review Report to the Members of Ramsay Health Care Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ramsay Health Care Limited and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
Sydney
25 February 2021