



Ramsay
Health Care



Ramsay Health Care Limited

Annual Report 2021

Annual General Meeting 2021

The 2021 Annual General Meeting will be held on 24 November at 10.30am. Full details are available in Ramsay's Notice of Meeting.

Indicative Key Dates for 2022

RESULTS RELEASE DATES:

Interim Results – Thursday, 24 February 2022

Preliminary Final Results – Thursday, 25 August 2022

DIVIDEND PAYMENT DATES – ORDINARY SHARES

Interim Dividend – Thursday, 31 March 2022 (Record date 8 March 2022)

Final Dividend – Thursday, 29 September 2022 (Record date 6 September 2022)

DIVIDEND PAYMENT DATES – CARES

Wednesday, 20 April 2022 (Record date 30 March 2022)
Thursday, 20 October 2022 (Record date 28 September 2022)

ANNUAL GENERAL MEETING 2022

The 2022 Annual General Meeting of Ramsay Health Care Limited is scheduled to be held on Tuesday, 29 November at 10.30am (Sydney time). Full details will be provided closer to the date.

For more information

To view our interactive Annual Report and for more information on the Company including market announcements and for a copy of the Company's Corporate Governance Statement, visit the Investor Centre at: ramsayhealth.com

The World Health Organization (WHO) declared 2021 as the "International Year of Health and Care Workers" appropriately recognising the work of all employees working both at the front line and those supporting that effort since the outbreak of the pandemic. Ramsay Health Care has chosen to celebrate this year by profiling our people every week across each region in thanks and recognition for the vital work they carry out every day. The cover of this report celebrates some of our extraordinary employees.



World Health Organization

2021 INTERNATIONAL YEAR OF HEALTH AND CARE WORKERS

Support them so they can support you!

#SupportHealthCareWorkers

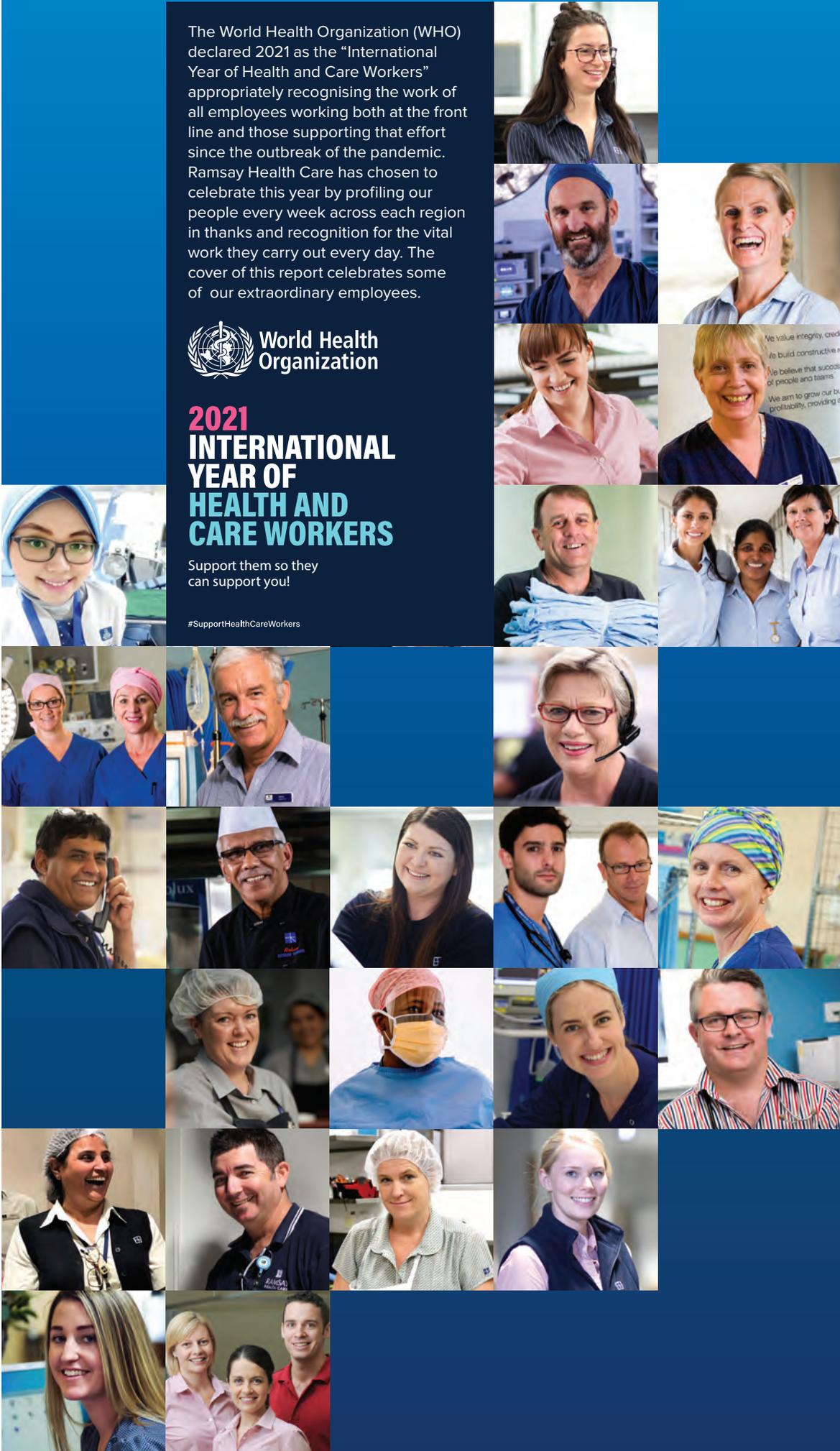


TABLE OF CONTENTS

1 HIGHLIGHTS	2
2 CHAIRMAN AND CEO LETTER	4
3 ABOUT RAMSAY HEALTH CARE	6
4 KEY RISKS	8
5 OPERATING AND FINANCIAL REVIEW	11
6 RAMSAY CARES	24
7 GOVERNANCE	30
8 REMUNERATION REPORT – AUDITED	36
9 DIRECTORS' REPORT	58
10 FINANCIAL RESULTS	63
11 INDEPENDENT AUDITORS' REPORT	126
12 ADDITIONAL INFORMATION	131

Corporate Directory As at 20 September 2021

Directors

Non Executive Directors

Michael Siddle (Chairman)
 Peter Evans (Deputy Chairman)
 Alison Deans
 James McMurdo
 Karen Penrose
 Claudia Süsmuth Dyckerhoff
 David Thodey AO

Executive Director

Craig McNally (Managing Director & CEO)

Group General Counsel & Company Secretary

Henrietta Rowe

Registered Office

Suite 18.03, Level 18
 126 Phillip Street
 Sydney NSW 2000 Australia

Email: enquiry@ramsayhealth.com
 Website: www.ramsayhealth.com
 Telephone: +61 2 9220 1000
 Facsimile: +61 2 9220 1001

Share Registry

Boardroom Pty Limited
 Level 12, Grosvenor Place
 225 George Street
 Sydney NSW 2000 Australia

Email: enquiries@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

Telephone Enquiries (from within Australia):

1300 737 760

Telephone Enquiries (from outside Australia):

+61 2 9290 9600

Facsimile: +61 2 9279 0664

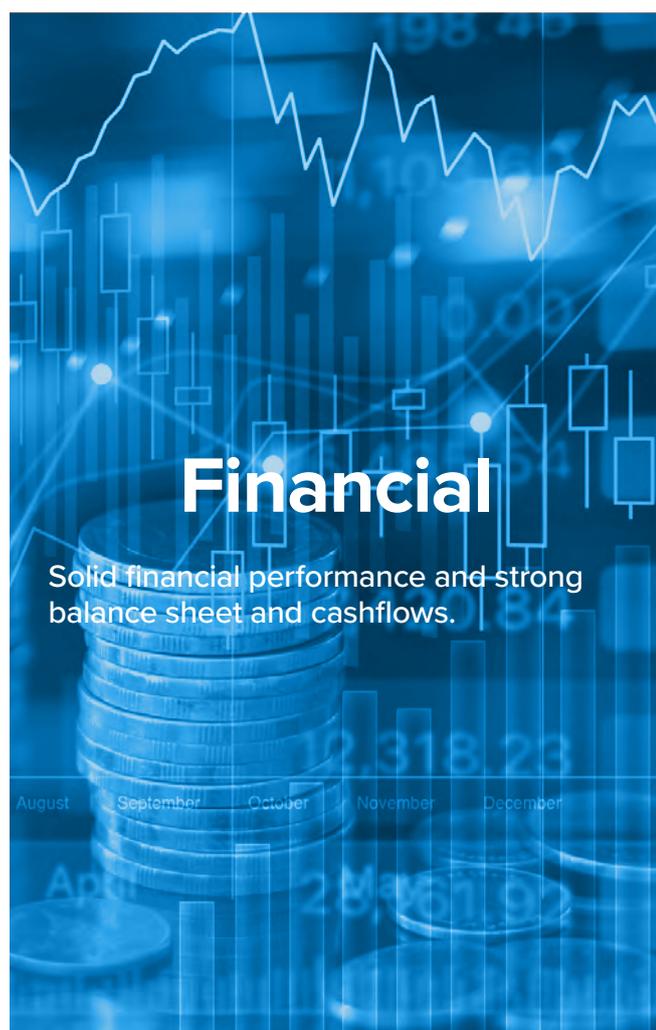
Auditor

Ernst & Young
 200 George Street
 Sydney NSW 2000 Australia

“ Our global team’s response to the pandemic has highlighted the strength of the Ramsay culture and the pervasiveness with which our philosophy ‘People caring for People’ guides our employees and drives our actions. ”

FY2021 Highlights

In FY21 Ramsay’s focus has continued to be on the sustainability of our business and ensuring we protected the well-being of our employees, our patients and our clinicians. The solid result reflects the resilience of the organisation in the face of an incredibly challenging operating environment.



Fully diluted EPS

192.6c

per share an increase of 47.6%

Dividend

151.5c

per share an increase of 142% on FY20

Return on Invested Capital
on a proforma basis¹ of

7.0%

1. Proforma basis assuming the Spire healthcare plc transaction was not in progress at 30th June 2021. Return on Invested Capital calculated as: rolling twelve month NPAT/Shareholders funds plus net debt minus liabilities.



Caring for our Patients

Patient feedback remains positive with excellent Net Promoter Scores measuring patient experience across the UK, Australia and Europe. Asia also received sound positive feedback.

+70 NPS

High-quality care

Caring for our People

Achieving gender balance (40:40:20), with women representing 45% of senior leaders and 43% of non-executive directors.

45%

Achieving gender balance

Caring for our environment

Reducing the environmental impact of health care by avoiding tonnes of single-use plastics, rolling out renewable energy and energy efficiency measures.

20 million

Single-use plastic items replaced with more sustainable options

Caring for our community

Supporting medical research into new and better treatments to shape the future of health care.

1000+

Clinical trials and research projects



Chairman & Managing Director's Review

Dear Fellow Shareholder,
Despite ongoing disruption from the COVID-19 (COVID) pandemic, Ramsay reported a solid result in FY21. The strength of the underlying business, together with an expanded pipeline of growth opportunities, provides us with confidence for the medium to long term.

Over the past 12 months, Ramsay employees and clinicians have worked hard to support the public health campaign against COVID. In Europe, Ramsay Santé has played a critical role assisting the French Government by treating more than 11,000 COVID patients since the start of the pandemic. Across the Nordic region, our employees have stepped up to treat COVID patients, provide polymerase chain reaction (PCR) testing in our primary health care facilities and, more recently, to help roll-out the vaccination program.

In the UK, Ramsay has been the leading provider of independent hospital services to the National Health Services (NHS) through both the provision of hospital capacity and treating non-COVID priority cases. Ramsay UK has looked after more than 650,000 NHS patients, hosted more than 20 NHS services from its facilities and provided 16,000 plus cancer treatments for NHS patients.

Our joint venture in Asia, Ramsay Sime Darby, has been assisting with escalating COVID case numbers in Indonesia and Malaysia since the start of 2021, providing testing and vaccination services and treating both public and private COVID patients.

In Australia, Ramsay employees have been deployed in public hospitals and aged care facilities impacted by the pandemic and Ramsay hospitals in New South Wales have been treating non-COVID patients to help ease pressure on the public system. In recent months, more than 400 Ramsay people have volunteered for community health roles such as working at public vaccination hubs.

On behalf of the Board and senior management, we would like to thank our team around the world for living the values of The Ramsay Way, embodying Paul Ramsay's vision of 'people caring for people' by delivering the best of care to people often facing the worst of circumstances. We would also like to extend our condolences to the families of team members who have passed away from COVID and those who have lost loved ones to this disease over the past 18 months.

RESULTS

We are pleased to announce that, despite the COVID disruption, Ramsay reported a 58.1% increase in statutory net profit to \$449.0m for the 12-month period to 30th June 2021 (FY21). The solid growth in earnings reflects strong growth in surgical admissions across our regions when lock-down restrictions were not in place. The results continued to be impacted by surgical operating restrictions, as well as the flow-on impact of social distancing and lock-downs on demand for non-surgical services. Earnings included revenue and cost support from governments in Europe and the UK for the use of our facilities and services. The result also includes the impact of higher costs associated with operating in a COVID environment and the margin impact of both a drop in non-surgical admissions and a higher proportion of lower acuity surgical services in the catch-up volume.

Our strong balance sheet and cashflow has been maintained with leverage at the wholly owned funding group level, on a proforma basis, declining to 0.7 times, driving lower financing costs over the year. We have a significant pipeline of growth opportunities and continue to explore strategic investment options to build scale or move into new and adjacent health care services, while remaining focused on maintaining our financial discipline as we look to improve returns across the business.

The Board determined a fully franked final dividend of 103 cents per share, taking the full year dividend to 151.5 cents per share, a material increase on the COVID impacted FY20 result and flat on the pre COVID FY19 full year dividend. The higher-than-normal payout ratio of 79% reflects the Board's confidence in the strength of the business and in recognition of those shareholders who have supported the Company through the pandemic.

Asia Pacific

The Asia Pacific region reported an 18.9% increase in EBIT to \$636.0m earned on an increase in total segment revenue and other income of 7.3% to \$5,464.1m. The Australian result was impacted by surgical restrictions and general disruption from a four-month lock-down in Victoria in the first half of the fiscal year and multiple snap state lock-downs in the second half of the fiscal year. The combined cost of the business interruption is estimated at \$83m. Despite the lock-downs, admissions growth was positive against both FY20 and FY19, reflecting double digit growth in surgical admissions and more subdued growth in non-surgical admissions.

We continued to invest in a strong pipeline of brownfield and greenfield developments, with total capital expenditure of \$260.0m over the course of the year. Brownfield projects completed during the year delivered 25 new net beds, one new operating theatre and seven renal chairs.

Our joint venture in Asia, Ramsay Sime Darby was impacted by a significant rise in COVID cases in the second half of the year, which resulted in surgical restrictions as medical systems struggled to deal with the rise in hospitalisations. The business was supported during the period by conducting extensive PCR testing in Malaysia and Indonesia and assisting with the vaccine roll-out.

United Kingdom

Our UK business reported an 83.4% increase in EBIT to \$92.8m on a 21.3% decrease in revenue from patients and other revenue to \$606.5m. The business was also heavily impacted by COVID outbreaks. The business operated under revised agreements with the NHS for most of the year, which provided Ramsay UK with net cost recovery for the services provided to the NHS, as well as accommodating the return of some capacity for private patient activity and routine NHS elective surgery activity. As stay-at-home restrictions were eased in the fourth quarter of the fiscal year, both private health insurance and self-funded admissions came back strongly. In April, we moved back to operating under normal arrangements with the NHS, however public sector volume recovered more slowly than the private sector.

The business continued to invest in building out its footprint, with two new facilities opened in the 12-month period and another new facility opening recently. The business has also increased its investment in capabilities and clinical excellence, as it seeks to attract a higher share of private sector patients and doctors.

Europe

Our European 52.5% owned subsidiary, Ramsay Santé reported a 38.3% increase in EBIT to \$403.8m. The business continued assisting governments across its regions, in particular in France, to treat COVID patients. The business continued to operate under revenue guarantee arrangements with the French Government and was also provided with financial compensation in relation to the costs associated with operating in a COVID environment. Across the Nordic regions, we were provided with financial payments in return for our services. The Nordic region reported a strong result, reflecting the different nature of services provided, as well as a lesser impact of COVID in some areas. During the 12-month period, the business continued to focus on its portfolio of facilities and disposed of a number of assets, as well as investing in its existing footprint.

As lock-downs gradually eased, admissions started to improve, however staffing remains a significant issue, with fatigued nurses and other clinical employees taking extended leave. We are continuing work to identify additional ways to support the mental health and well-being of our teams.

CAPITAL MANAGEMENT

During FY21, Ramsay took the first steps in pursuing a strategy to strengthen our balance sheet by extending and staggering the tenor and diversifying the sources of our debt. Both Ramsay's wholly owned funding group and our European 52.5% owned subsidiary, Ramsay Santé, completed the refinancing of debt facilities, with syndicated sustainability linked loans with staggered longer-term tenors. The embedded targets in each of these facilities are consistent with the Ramsay Cares sustainability strategy and have been designed to be meaningful targets that require us to increase our emphasis and investment in key programs across the Group.

During the year, as part of our focus on diversifying our debt sources, we were ascribed an investment grade rating of BBB (Stable) by Fitch.

RAMSAY CARES

During FY21, Ramsay officially launched its sustainability strategy under the banner of Ramsay Cares. We have established three global focus areas that aim to support healthier people, stronger communities and a thriving planet. Our approach to sustainability and any material social and environmental risks are overseen by the Board's Global Risk Management Committee. During the year, a number of sustainability initiatives were launched across the business. Additional emphasis and investment has gone towards supporting the mental health and the well-being of our staff, setting the foundations for emissions reduction and responsible sourcing within our medical supply chains. We committed to start reporting under the Taskforce on Climate Related Disclosures in our FY21 corporate reporting and this will continue to be embedded and expanded in FY22.

BOARD CHANGES

As part of our ongoing succession planning, Peter Evans flagged at the 2020 AGM he intends to retire at the end of his current three-year term, which ends at this year's AGM. Peter has been an engaged and active Non-Executive Director of Ramsay Health Care since his appointment in 1990 and, prior to that, as an executive joining us in 1969. Since the very early days, he has made an enormous contribution to the development of Ramsay. On behalf of the other Board members, we would like to thank Peter for his guidance and input into the strategic direction of the organisation over many years. We are now undertaking an external search for an additional non-executive director to join our Board.

STRATEGIC DIRECTION AND OUTLOOK

During the year, the Board and management team undertook a deep dive into Ramsay's strategic direction, looking at where the business wants to be by 2030 and what needs to be done to get there. Our overarching vision is to leverage Ramsay's global platform to be a leading patient-centric, integrated health care provider of the future. The 2030 strategy balances the needs of all our stakeholders, taking into account a rapidly changing environment. We are focused on delivering shareholder value and improving returns by:

- Growing, modernising and leveraging our world-class hospital network through both organic growth opportunities and strategic acquisitions where the financial metrics make sense for the business in the longer term.
- Purposefully moving into new and adjacent services that enhance the existing business and create more integrated health care pathways for our patients. This could potentially be through acquisitions but also leveraging the current business platform.
- Focusing on operational excellence using our scale, global network and strategic sourcing.
- Reinforcing our strong organisational foundations, including increased investment in our digital capabilities and creating a more sustainable business platform that can respond to the changing health care environment.

We are significantly increasing our development pipeline in fiscal year 2022 (FY22) and investment is expected to continue to be at elevated levels over the next few years. Over the medium term, returns from this investment are expected to be in-line with previous achievements.

FY22 has begun with all our regions continuing to deal with the challenges of the COVID environment, including lock-downs and surgical restrictions in Australia and isolation orders in the UK. Our FY22 results will be impacted by the global response to the pandemic, including the effectiveness of vaccination programs in reducing the number and severity of COVID cases. However, as each region adapts to our new normal, we are well positioned for growth through addressing the backlog in demand for health care services in both the public and private systems and benefiting from the long term underlying growth drivers. We have a strong balance sheet and cashflow to support the delivery of our strategy and will remain disciplined in our approach to investment.

We would like to close by again thanking our team, not just for their vital work through what has been a very difficult period in the Company's history but also for their commitment to the private and public health systems and the communities we serve.

Michael Siddle & Craig McNally

About Ramsay Health Care

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 to its facilities in over 460 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’ with a philosophy based on ‘People Caring for People’¹. Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalisation of A\$15.3bn² and an enterprise value (EV) of A\$17.7bn² (EV of A\$23.0bn inclusive of lease liabilities). Ramsay employs over 80,000 people globally. Ramsay’s operations are split across four regions:

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 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 more than 35,000 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.

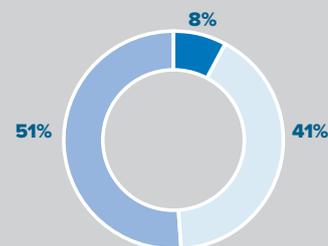
UK

Ramsay UK has a network of 34 acute hospitals and day procedure centres providing a comprehensive range of clinical specialities to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service and provides neurological services through its three neuro- rehabilitation facilities. Ramsay UK cares for almost 200,000 patients per year and employs more than 7,000 people.

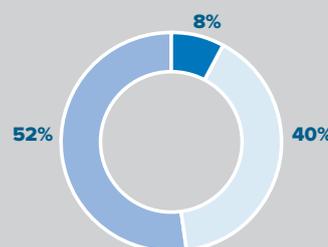
Asia

In Asia, Ramsay Sime Darby Health Care Sdn Bhd operates four hospitals in Indonesia, four 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.

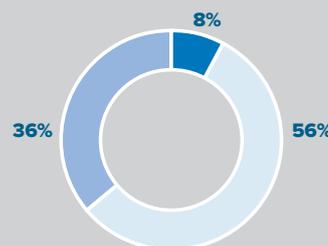
At a Glance



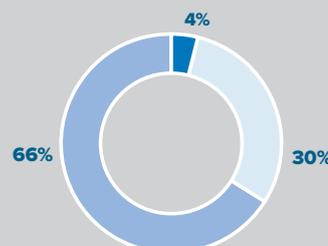
Revenue



EBITDAR

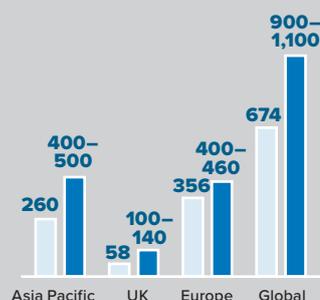


EBIT



Admissions

Asia Pacific Europe UK



FY21 and FY22F Capital Expenditure by Region \$m

FY21 FY22

1. Please refer to <https://www.Ramsayhealth.com/About-Us/Values website>

2. Closing price on 24th August 2021

“ Our overarching vision is to leverage our global platform to be a patient-centric integrated healthcare provider of the future. The strategy balances the needs of all our stakeholders taking into account the rapidly changing environment and the pressures that this places on global healthcare systems. ”

Global Health Care Services Provider

Strengths of the Global Business Model

- Market leading positions in private health care services
 - Ramsay Australia** – #1 Australia private hospital operator
 - Ramsay Santé**¹ – second largest private health care provider in Europe
 - #1 France
 - #1 Sweden
 - #2 Norway and Denmark
 - Italy 1 hospital in the Lombardy region
 - Ramsay UK** – largest independent supplier of services to the NHS
 - Ramsay Sime Darby**² – Indonesia, Malaysia and Hong Kong
 - 8 facilities leveraged to the growing middle class
- Strong and constructive relationships with stakeholders
- Economies of scale
- Diversified Portfolio – geography, payors, services mix
- Clinical best practice – sharing of ideas
- Scale to invest in innovation, education and research
- Deep and experienced leadership team



Group Strategy

Create the leading ecosystem for patient-centric integrated care

GROWTH

By growing, modernising and leveraging our World Class Hospital Network

Organic Growth

Leverage strong market share, underpinned by demographics and public sector backlog opportunities

Strategic expansion

Through brownfield and greenfield developments expanding our footprint and creating hospitals of the future

Public/Private Collaboration

COVID crisis has reinforced Public/Private collaboration creating opportunities across all regions to work with the public sector to improve health outcomes and drive productivity

Moving purposefully into New and Adjacent Services

Acquisitions

Disciplined strategy focused on acquisitions that deliver additional capabilities, integrated services and scale

Integrated Care

Strategy to expand beyond an episodic care model to delivering integrated care across pathway stages, care settings and services

New Models of Care

Manage disease in fit for purpose care settings and integrate key clinical and ancillary services

EFFICIENCY

Strengthening the core through strategic sourcing and operational optimisation

Operational Excellence

Rapid innovation driven by COVID-19 driving pathway modernisation delivering better outcomes for patients. Includes digital solutions

Strategic Sourcing

Further leveraging size and scale to offset rising costs through strategic supply chains

Digitisation

Sector evolution is being driven by technology enabled digitisation of healthcare system interactions and clinical delivery models

SUSTAINABILITY

Investing in strong organisational foundations

Patient & Doctor Experience

Changing patient and doctor expectations will drive changes to the model and improve outcomes

Clinical Excellence

Focused on integrated disease management in key therapeutic areas; cardiovascular, cancer, orthopaedics and mental health

Innovation

Invest in digital technology and research into new forms of care

Global Talent

Attraction and retention of industry leading talent will drive cross pollination of ideas around patient care and clinical excellence

1. Ramsay Santé is a listed company on Euronext. Ramsay Health Care owns 52.5% of Ramsay Santé

2. Ramsay Sime Darby Health Care SDN Bhd is a 50:50 JV with Sime Darby Berhad

4.

KEY RISKS

Ramsay is committed to meeting high standards of risk management in conducting its business. Effective risk management is the result of the collaborative endeavours of all key stakeholders and is engrained in the Ramsay culture.

Ramsay faces a number of business risks that could affect its operations, business strategies and financial prospects. The key risks¹ are described below, together with relevant mitigation strategies.

Risk	Potential impact	How Ramsay is responding
COVID-19		
COVID-19 continues to have a significant impact globally.	<ul style="list-style-type: none"> Government intervention in relation to the nature and scale of surgeries Illness, quarantine, fatigue and mental health impacts to our people Workforce shortages, including due to health care as a profession being perceived as less desirable Supply chain disruptions, particularly Personal Protective Equipment (PPE) Detrimental economic impacts increasing levels of unemployment that could result in declines in private health insurance membership Negative public perception of the safety of hospitals impacting volume of elective surgery 	<p>Ramsay has developed strong relationships with relevant government agencies and representatives in the regions in which it operates. This helps to ensure that the impacts to Ramsay (as part of the broader health care sector) are understood by government in considering the industry-wide response. Ramsay has had in place, and continues to negotiate, agreements with government in each of its key operating geographies to provide Ramsay with a level of cost recovery in return for such capacity arrangements (except for France, where there is a level of revenue recovery).</p> <p>Ramsay is providing support to employees, including through additional training, its Employee Assistance Programs and other wellness initiatives.</p> <p>Strict safety protocols have been implemented in hospitals and Ramsay has supply chain strategies in place to ensure adequate PPE.</p>
PEOPLE / WORKFORCE		
People are Ramsay's most important asset and are key to the organisation's ongoing success. It is important that Ramsay continues to attract and retain world class talent and provides a safe working environment.	<ul style="list-style-type: none"> Inability to develop and implement strategy Increased costs to the business associated with employee turnover and/or shortages Reputational damage and/or financial penalties due to serious injury to a person as a consequence of failure to maintain a safe workplace Operational disruption due to strikes or other forms of industrial action 	<p>Ramsay strives to continue to be an employer of choice to attract and retain employees, by:</p> <ul style="list-style-type: none"> Ensuring an attractive employee value proposition (e.g. remuneration, flexible working, career progression, succession planning, training and development) Maintaining an effective workplace health and safety framework. This framework includes policies, training, incident management, monitoring and reporting of safety performance Investment in projects, technology and infrastructure Focussing on The Ramsay Way culture - <i>People caring for people</i>
CLINICAL QUALITY & SAFETY		
The safety of our patients and the delivery of high quality clinical care is fundamental to Ramsay's success.	<ul style="list-style-type: none"> Reputational damage as a consequence of poor clinical outcomes Financial loss resulting from potential significant medical malpractice incidents or claims Potential impact on ability to recruit and retain clinicians and employees 	<p>Ramsay has in place a comprehensive Clinical Governance Framework, which includes:</p> <ul style="list-style-type: none"> Clinical effectiveness to ensure a high standard of quality and continuous improvement Clinical risk management ensuring our services are safe and minimise risk of error Credentialing, licensing and training frameworks Consumer participation which involves patients and carers in quality improvement activities and business planning through feedback.

¹ This report does not identify every risk that could affect Ramsay's business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise. Risks presented in this section are in no particular order.

Risk	Potential impact	How Ramsay is responding
RELATIONSHIPS WITH DOCTORS		
The recommendation of a patient's doctor is often the most significant factor in a patient's choice of hospital in many of Ramsay's regions. Most doctors operating or working at Ramsay's hospitals are not employees (other than in Scandinavia) and therefore have a choice of where to practice.	<ul style="list-style-type: none"> Loss of doctors and associated patient referrals Inability to provide leading clinical services Additional costs associated with doctor's decisions e.g. theatre times, use of supplies and timing of patient discharge 	<p>Ramsay continually invests in its facilities (e.g. theatres, equipment, nurses, beds and suites) and ensures it has strong relationships with its doctors through regular support and engagement, including providing education forums and opportunities for innovative research.</p> <p>Customer feedback (e.g. Net Promoter Score, complaints etc.) is closely monitored as this also impacts on doctor recommendations to patients.</p>
GOVERNMENT POLICY & REGULATION		
Ramsay operates in the healthcare industry which is subject to extensive laws, regulations, policies and ethical standards (which may vary by jurisdiction). Government policy may materially impact the role of Ramsay in provision of healthcare and/or the affordability of private health insurance.	<ul style="list-style-type: none"> Policies may effectively reduce the role of the private sector in a country's health system, including the involvement of the private sector in the provision of healthcare to public patients Economic factors or regulations may impact the affordability of private health insurance (particularly in Australia) and result in a reduction in the level of private health insurance coverage 	<p>Each country closely monitors current and proposed government policy and regulation, including through:</p> <ul style="list-style-type: none"> Maintaining and developing relationships with Government in all regions in which it operates. This takes place at all levels of government and at various levels within the business (e.g. at a national and local level). Membership and/or leadership in various industry representative bodies to ensure input into government healthcare policies and initiatives
FUNDERS - HEALTH INSURANCE FUNDS & GOVERNMENT SOURCES		
Ramsay relies on funding provided by private health insurers and governments in the provision of its services. Changes in government or health insurance funding could have a material impact on Ramsay's operations.	<ul style="list-style-type: none"> Failure to reach satisfactory commercial terms with major insurers or changes to government funding arrangements Reduction in earnings from health insurance funding due to a decline in the profitability of health funds, a decline in health fund membership or an inability of health funds to obtain premium increases (because of government regulation or other restrictions). 	<p>Ramsay plays an important role in supporting the health systems in the regions in which it operates and works to foster strong working relationships with both private health insurers and government funders.</p> <p>Our commitment to clinical quality as well as provision of cost effective, outcome focused care demonstrates to third party funders the value in contracting with Ramsay.</p>
CYBER SECURITY		
Ramsay handles and stores personal information, including health information, digitally and in paper form for its customers and employees. A cybersecurity incident may result in damage or interruption to Ramsay's information or operational systems, or those provided by third party vendors.	<ul style="list-style-type: none"> Suboptimal patient experience due to delays or disruption to service delivery Potential consequences for individuals (including patients and employees) of a privacy breach Increased costs as a result of recovery strategies and/or financial penalties Reputational damage as a consequence of a cyber breach. 	<p>Cybersecurity risk is addressed through a Global Cybersecurity Framework which includes controls associated with prevention, detection and recovery. In addition, the Framework is externally validated, routinely tested and subject to ongoing review and continuous improvement.</p>
COMPETITION, INNOVATION, DEVELOPMENTS & ACQUISITIONS		
Ramsay's growth strategy may be impacted by industry disruption, innovation, the actions of our competitors, the ability to identify future acquisitions or generate returns on developments.	<ul style="list-style-type: none"> Limited growth or inability to maintain earnings Limited improvement in service delivery when compared to competitors Difficulty in attracting and retaining employees Inability to fully respond to industry changes Redundancy of services and assets 	<p>Innovation is a key component of Ramsay's strategy. This involves exploring out of hospital opportunities as well as investing in facilities (new and existing) and new technologies to ensure that Ramsay is meeting consumer needs now and in the future.</p> <p>Prior to undertaking any acquisition or development, Ramsay undertakes comprehensive due diligence to identify key risks and ensure appropriate valuation, uses external advisors and all acquisitions are considered by the appropriate executive committee or the Board.</p>

4. KEY RISKS

RAMSAY HEALTH CARE LIMITED

Risk	Potential impact	How Ramsay is responding
CAPITAL STRUCTURE		
Ramsay's capital structure is designed to support its strategy and to be resilient to changes in equity and debt markets.	<ul style="list-style-type: none"> • Constrained capacity to execute strategy • Increased costs of funding • Reduced availability of funding 	Ramsay's capital management plan ensures a strong balance sheet to support its strategy. This includes a plan for diverse sources of capital, ongoing monitoring and compliance with limits and other thresholds as set out in the Treasury Policy. The policy provides a framework for the management of treasury risks including liquidity risk, interest rate risk, foreign exchange risk and counterparty credit risk, and is audited independently.
SUSTAINABILITY & CLIMATE CHANGE		
Ramsay is committed to sustainability and being resilient to a changing climate through our Ramsay Cares Sustainability Strategy.	<ul style="list-style-type: none"> • Loss of reputation leading to inability to attract employees and capital investment • Increased operating costs from being inefficient and exposure to more extreme weather events • Missed opportunities in responding to a transition to a low carbon economy 	The Ramsay Cares Sustainability Strategy outlines a shared vision for sustainability across the global businesses. Ramsay Cares sets measurable targets and is supported by an investment plan. Key focus areas include the mental health and the wellbeing of our people, setting the foundations to reduce our energy and emissions intensity and an emphasis on responsible sourcing within our medical supply chains. The strategy includes risk assessments in each region to identify climate related risks and how they may impact our business. The Ramsay FY21 Impact Report will include disclosure in accordance with the Task Force for Climate-related Financial Disclosures (TCFD).
LEGAL & REGULATORY		
Ramsay operates in a highly regulated industry. Hospitals are required to be licensed under various legislation in the jurisdictions within which they operate. Ramsay may also be involved in disputes or litigation, for example, with patients, suppliers, funders, regulatory bodies, or employees.	<ul style="list-style-type: none"> • Inability to operate a hospital if it is not accredited • Reputational damage due to lack of compliance or disputes • Costs associated with litigation (e.g. legal costs and damages) or lack of compliance (e.g. penalties) 	Ramsay has a framework to manage and monitor its legal and regulatory obligations. This includes ensuring compliance with local laws, employee training and effective management of licensing and accreditation.

5.

OPERATING AND FINANCIAL REVIEW



Martyn Roberts,
Group Chief Financial Officer

Group Performance

1 Key Highlights

- Solid result despite COVID environment; the strength of the underlying business, together with an expanded pipeline of growth opportunities, provides confidence for the medium to long term despite ongoing COVID disruption in FY22.
- Statutory profit increased 58.1%, reflecting a strong increase in admissions as our regions emerged from the initial wave of the pandemic. The significant increase in earnings was reported despite the disruptions caused by further COVID related lockdowns during FY21,
- A fully franked final dividend of 103.0cps was determined taking the FY21 full year dividend to 151.5cps equivalent to the pre COVID FY19 full year dividend (cps). The full year dividend represents a payout ratio of 79% of statutory profit higher than historical levels, reflecting the Board's recognition of the support of shareholders during the uncertainty of COVID and confidence in the strength of the Company's cashflow and balance sheet position.
- The result includes government payments for the use of Ramsay facilities and services to assist with COVID outbreaks, and payments in some regions for the additional costs associated with operating in a COVID environment.
- Ramsay's strong balance sheet and cash flow supported the continued investment in, and optimisation of, the Group's facilities and footprint to meet the strong underlying demand for healthcare services over the medium to long term.
- The Australian business has identified a significant development pipeline which will lead to increased capex in the next few years as it expands the existing facilities platform and moves into adjacent services to meet the strong underlying demand for healthcare services.
- The business is well positioned to benefit from pent-up demand for both private and public health care services across our regions.
- Successfully refinanced syndicated debt facilities for both the Wholly Owned Funding Group and Ramsay Santé, with syndicated sustainability-linked loans with embedded targets aligned with the Ramsay Cares strategy.
- Ascribed investment grade rating of BBB (Stable) by Fitch.



Chief Executive Officer Ramsay Santé, Pascal Roché (right), visiting Ramsay hospital Bois Bernard with Professor Benoît Vallet, Director General of the Hauts-de-France Regional Health Agency

5. OPERATING AND FINANCIAL REVIEW

RAMSAY HEALTH CARE LIMITED

Overview of Results

Twelve months Ended 30 June A\$m	2021	2020 ¹	Chg (%)	Chg(% CC ²)
Asia Pacific	5,464.1	5,090.0	7.3	7.3
UK	1,024.1	929.5	10.2	14.6
Europe	6,839.9	6,398.0	6.9	3.3
Total segment revenue & other income	13,328.1	12,417.5	7.3	9.4
Asia Pacific	871.6	776.2	12.3	11.9
UK	182.4	165.9	9.9	14.1
Europe	1,154.3	1,031.9	11.9	14.1
EBITDAR	2,208.3	1,974.0	11.9	13.2
Rent and short term low value leases	(154.8)	(165.8)	6.6	3.9
Asia Pacific	855.1	759.3	12.6	12.2
UK	181.2	164.6	10.1	14.2
Europe	1,017.2	884.3	15.0	17.1
EBITDA	2,053.5	1,808.2	13.6	14.8
Depreciation	(849.3)	(841.9)	(0.9)	(3.6)
Amortisation & impairment	(71.6)	(88.8)	19.4	17.4
Asia Pacific	636.0	535.0	18.9	18.1
UK	92.8	50.6	83.4	93.1
Europe	403.8	291.9	38.3	43.8
EBIT	1,132.6	877.5	29.1	31.0
Financing costs (AASB16)	(234.2)	(238.6)	1.8	0.9
Net Financing Costs	(156.8)	(172.7)	9.2	6.3
Profit before Tax	741.6	466.2	59.1	64.0
Income Tax Expense	(230.1)	(157.0)	(46.6)	(51.8)
Net Profit after tax	511.5	309.2	65.4	69.7
Minority interests attributable to non-controlling interests	(62.5)	(25.2)	(148.0)	(174.7)
Net Profit after tax attributable to owners of the parent	449.0	284.0	58.1	60.4
Interim dividend per share (¢)	48.5	62.5	(22.4)	
Final dividend per share (¢)	103.0	0.0	na	
Basic Earnings per share (after CARES dividend) (¢)	193.2	131.0	47.5	
Fully diluted earnings per share (after CARES dividend) (¢)	192.6	130.5	47.6	
Weighted average number of ordinary shares (m)	227.7	208.1	9.4	
Fully diluted weighted average number of shares (m)	228.4	208.9	9.3	

¹ Ramsay ceased reporting a core /non-core earnings split in FY21. The FY20 reported core regional earnings split has been restated by the applicable non-core items to ensure an appropriate comparison with FY21. The adjustments made are reflected in table below.

² Constant currency

1.1 Adjustments to FY20 regional earnings to incorporate non-core items

Twelve months ended 30 June 2020 \$'m	Asia Pacific	UK	Santé	Total
Amortisation - service concession assets	(1.7)	-	-	(1.7)
Net profit on disposal of non-current assets	11.2	-	-	11.2
Impairment of non-current assets	(16.0)	(20.7)	(0.8)	(37.5)
Restructuring - personnel costs	(3.7)	(0.7)	(2.6)	(7.0)
Restructuring - service costs	(18.3)	-	(6.5)	(24.8)
Income from the sale of development assets	2.1	-	-	2.1
Book value of development assets sold	(6.8)	-	-	(6.8)
Acquisition, disposal, and development costs	(6.5)	(0.5)	(3.3)	(10.3)
EBIT Impact	(39.7)	(21.9)	(13.2)	(74.8)
Income tax impact on non-core items	10.1	2.6	4.5	17.2
Non-controlling interests in non-core items net of tax	-	-	4.6	4.6
NPAT Impact	(29.6)	(19.3)	(4.1)	(53.0)

1.2 Revenue Breakdown by type

Twelve months Ended 30 June \$'m	2021	2020	Chg (%)	Chg (%) CC*
Revenue from patients and other revenue	12,435.5	11,970.7	3.9	5.8
Revenue from governments under COVID 19 support contracts	428.7	189.6	126.1	134.7
Revenue from contracts with customers	12,864.2	12,160.3	5.8	7.8
Interest income	7.1	12.7	(44.1)	(45.1)
Other income - income from government grants	428.3	235.2	82.1	87.3
Other income - income from sale of development assets	20.4	2.1	871.4	870.7
Other income - net profit on disposal of non-current assets	12.3	11.2	9.8	6.3
Total revenue and other income	13,332.3	12,421.5	7.3	9.4

- In FY21, Ramsay continued to make its facilities and clinical capabilities available to support public health systems in the regions it operates, to assist in the response to further outbreaks of the COVID virus. In return, governments contributed to the overall viability of the private hospital sector through contractual or legislative support.
- Revenue from "Governments under COVID support contracts" reflects payments received under agreements with governments in both the UK and Australia (Victoria)¹ 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 French Government decrees which provided compensation for both lost revenue and the cost from 1 March 2020 to 31 December 2020 and 1 January 2021 - 30 June 2021 (refer Divisional Results for further detail) of Ramsay Santé providing its facilities and services to assist with supporting COVID patients. It also includes compensation for COVID related costs from governments in the Nordic region.
- Group revenue from patients increased 3.9% over the prior corresponding period (pcp) reflecting stronger surgical admissions as the regions emerged from the first wave of the pandemic, offset by the impact of surgical restrictions introduced under further outbreaks of the virus and lower non-surgical admissions in the COVID environment.
- Income from the sale of development assets reflects the sale of medical suites in Australia (refer Refer Divisional Results for further detail).
- Net profit on disposal of non-current assets was earned on the sale of two facilities in France and the sale of nine facilities in Germany by Ramsay Santé (refer to Divisional Performance for further detail).

2 EBIT

Group EBIT

Non- Recurring Items in FY21 Result

\$'m	Asia Pacific	UK	Europe	RHC Group
Net profit on disposal of assets	11.9	-	12.3	24.2
Impairment/write off of fixed assets	(7.1)	-	(27.5)	(34.6)
Transaction costs/ Acquisition, disposal, and development costs	(5.7)	(8.7)	(9.4)	(23.8)
Total Impact before tax and minority interests	(0.9)	(8.7)	(24.6)	(34.2)
One-off tax credit	-	12.8	-	12.8

- Group EBIT increased 29.1% on the pcp and includes the impact of restrictions on surgical and non-surgical services across all regions over the period, combined with the increased costs associated with operating in a COVID environment; offset to an extent by government payments made in return for making Ramsay's facilities and capabilities available for use by the public sector and additional compensation in some jurisdictions for the higher costs of operating in a COVID environment.
- 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 a number in France. The profit taken on the sale of assets in Germany in the 1HFY21 result of \$25.7m has been partially offset in the full year result by provisions for indemnities and warranties associated with the sale of \$24m.
- Transaction and development costs includes the \$8.7m costs associated with the proposed scheme of arrangement with Spire Healthcare plc (Spire) in the UK that did not proceed. In total, transaction costs were \$23.8m over the 12 month period compared to \$10.3m in the pcp.
- The 6.6% decline in rent primarily relates to the sale of assets and the restructure of the portfolio in the European business.
- The 0.9% increase in depreciation primarily relates to the pipeline of new developments reaching completion and operation at the end of FY20 in the Australian business.

¹ Refer Divisional Performance for further details on these contracts

5. OPERATING AND FINANCIAL REVIEW

RAMSAY HEALTH CARE LIMITED

3 Financing Costs and Tax

- Net financing costs declined 9.2% over the pcp due to lower average interest rates and lower average drawn debt levels following the pay down of facilities from the proceeds of the \$1.5bn capital raising in April/May 2020.
- Financing costs includes the cost of closing out existing swaps during the refinancing of Ramsay Sante's syndicated debt facilities in May 2021 of \$12.5m.
- The effective tax rate for the period was 31%, lower than the forecast 33% at the 1H FY21 and slightly lower than the pcp due to a one off tax credit of \$12.8m booked in the UK related to the enacted change in the corporate tax rate during the period, resulting in an increase in the value of deferred tax assets (from leases) generating a tax credit (the UK tax rate has been legislated to rise from 19% to 25% from 1 April 2023).

4 Balance sheet

- The balance sheet remains in a strong position with the financial flexibility to fund the Company's development pipeline and expansion opportunities. At 30th June 2021 the balance sheet reflected the funds drawn down and held in escrow for the proposed scheme of arrangement with Spire Healthcare plc (Spire) (\$1.96bn) (reflected in "Other Assets". The scheme of arrangement was voted against by Spire shareholders in July¹ and the funds have been released and the debt repaid.
- On a proforma basis (assuming the the Spire transaction was not in process at 30 June 2021), available liquidity in the form of

cash and undrawn facilities to the Wholly Owned Funding Group² (WOFG) as at 30th June was A\$2.4bn (\$1.147bn as reported at 30th June 2021).

- Proforma leverage, return and net debt metrics are reflected in the table below.
- In June 2021, Ramsay announced the refinancing of the WOFG bank debt due in October 2022 with a \$1.5 billion multi-currency syndicated sustainability linked loan facility. The new facility comprises three \$500m tranches maturing in three, four and five years respectively.
- The new facility has embedded targets that are aligned with the three pillars of the Ramsay Cares sustainability strategy - Caring for People, Caring for Planet and Caring for Community. The targets have been designed to drive a more intense focus through the business on sustainability, including on the mental health and wellbeing of employees, setting the foundations to reduce our energy intensity and emissions and an emphasis on responsible sourcing within our medical supply chains.
- In April 2021, the Ramsay Santé Group refinanced its entire €1,650m syndicated debt facility which was due in October 2022 and October 2024 with a sustainability linked loan. The facility comprises two tranches, €900m which matures on April 22, 2026 and €750m on April 22, 2027 and has sustainability targets specific to the European business that also align with the "Ramsay Cares" strategy. The refinancing was completed at materially improved margins and is expected to drive interest cost savings in the order of €10m in FY22.

A\$m	30-6-2021	31-12-2020	30-6-2020
Working capital	(802.9)	(1,225.0)	(875.6)
Property plant & equip	4,488.6	4,466.6	4,447.2
Intangible assets	4,233.6	4,203.3	4,246.1
Current & deferred tax assets	150.7	211.6	143.6
Other assets/(liabilities)	1,654.3	(267.0)	(138.7)
Capital employed (before right of use assets)	9,724.3	7,389.4	7,822.6
Right of use assets	4,411.5	4,328.8	4,477.9
Capital employed	14,135.8	11,718.2	12,300.5
Capitalised Leases (AASB16)	5,271.0	5,142.7	5,289.2
Net Debt ¹	4,314.0	2,149.4	2,775.4
Total shareholders funds (excl minority interest)	4,032.7	3,925.5	3,752.5
Invested Capital	8,346.7	6,074.9	6,527.9
Return on Capital Employed (ROCE) (%)	8.6	7.0	8.7
Return on invested capital (ROIC) (%) ²	5.4	4.1	4.4
Wholly Owned Funding Group Leverage (Old Lease Standard AASB 117) (x)	2.9	0.9	1.0
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	4.7	3.4	4.4
FFO adjusted leverage (x) ³	2.0	-	4.5

¹ Net debt includes derivatives and excludes lease liabilities

² ROIC calculated as rolling 12 month NPAT/Shareholders funds minus lease liabilities

³ FFO - funds from operations. Ramsay estimate calculated in line with credit rating agency Fitch methodology. Fitch calculation may differ. FY21 calculation is on a proforma basis assuming that the Spire transaction was not in process at 30th June 2021

¹ Refer ASX announcement on 19th July for further details on the vote

² WOFG - excludes Ramsay Santé and Ramsay Sime Darby. Banking covenants calculated on WOFG balance sheet

Proforma Net Debt, Leverage and Return Metrics at 30th June 2021

	30-6-2021 ¹	30-6-2020
Net debt (excl. lease liability debt and incl. derivatives) A\$m	2,355.7	2,775.4
Return on Capital Employed (ROCE) (%)	9.3	8.7
Return on invested capital (ROIC) (%) ²	7.0	4.4
Wholly Owned Funding Group Leverage (Old Lease Standard AASB 117) (x)	0.7	1.0
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	3.7	4.4

¹ Assumes Spire transaction was not in process at 30th June 2021

² ROIC calculated as: rolling 12 month NPAT/Shareholders funds plus net debt minus liabilities

5 Cashflow

Twelve months ended 30 June A\$m	2021	2020	Chg (%)
EBITDA	2,053.5	1,808.2	13.6
Changes in working capital	(72.7)	435.0	(116.7)
Finance costs	(367.5)	(418.8)	12.2
Income tax paid	(228.2)	(203.4)	(12.2)
Movement in other items	96.1	59.7	61.0
Operating cash flow	1,481.2	1,680.7	(11.9)
Capital expenditure	(628.9)	(680.6)	7.6
Free cash flow	852.3	1,000.1	(14.8)
Net (acquisitions)/divestments	(1,910.2)	(22.7)	(8,315.0)
Interest & dividends received	34.9	47.3	(26.2)
Cash flow after investing activities	(1,023.0)	1,024.7	(199.8)
Dividends	(125.1)	(335.1)	62.7
Other financing cash flows	709.1	103.2	587.1
Net increase/(decrease) in cash	(439.0)	792.8	(155.4)
Interest cover (x) (EBITDA/finance charges)	5.6	4.3	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 2020 change in working capital reflected the impact of cash advances received from the French government in relation to the revenue guarantee scheme. So far, the payments have not been settled to the extent anticipated, resulting in only a small change in working capital in 2021. At 30th June 2021 the settlement to be paid to the French Government is estimated at €121m.
- The decline in dividends paid reflects the Boards decision not to determine an FY20 final dividend.
- Net acquisitions reflects the funds placed in escrow at 30th June for the purposes of the proposed Spire transaction (A\$1.96bn). These amounts were returned and the debt repaid following the shareholder vote in July.
- Financing cashflows reflect the repayment of debt facilities following the \$1.5bn capital raising launched in April 2020.
- Group capital expenditure over the period, including commitments, was A\$674m split between Europe, A\$356m, Australia A\$260m and the UK A\$58m. Capital expenditure declined on the pcip reflecting spend brought forward into FY20 following the completion of Australian projects ahead of time.
- Group capital expenditure for FY22 is expected to be in the range \$900-1,100m. Refer to Divisional Performance for further details.

6 Outlook



Outlook

- Ramsay's FY22 result will be impacted by the effectiveness of the ongoing global response to the COVID pandemic, including the success of vaccination programs in each region in reducing the number and severity of COVID cases. Vaccination rates will dictate the extent to which each region can operate on an unrestricted capacity basis and will influence patient and doctor comfort levels in returning to a hospital environment for both surgical and non-surgical services.
- Surgical backlogs and latent demand for non-surgical services are expected to continue to drive volumes as countries emerge from lock-downs. Ramsay expects to assist with relieving pressure on public waiting lists. The pace at which backlogs are addressed will be dependent, to an extent, on governments providing health systems with additional funding.
- In Australia, the 1HFY22 results will be impacted by reduced activity levels flowing from the lock-downs in NSW, Queensland and Victoria. The EBIT impact of lock-downs in July in Australia was approximately \$13m (inclusive of higher costs associated with COVID).
- Due to the introduction of surgical restrictions on 23rd August 2021 at seven of Ramsay's hospitals in Greater Sydney, the total EBIT impact in FY22 is forecast to be significantly more material and will depend on the duration of the restrictions. By way of reference, the estimated EBIT impact of an approximately 90 day restriction on elective surgeries in Victoria in 2020 was \$70m. Ramsay's business in NSW is approximately twice the size of Victoria.
- In the absence of further lock-downs, earnings are expected to improve as peak COVID costs decline and further business efficiencies are identified. While margins are expected to improve through a return to a pre-COVID case mix over time and peak COVID costs abating, the results will continue to be impacted by higher usage and elevated costs of PPE and other ongoing costs associated with social distancing and screening (refer Divisional Results for further information on the Outlook for Asia Pacific).
- In the UK, the business is focused on the significant opportunity associated with the backlog of privately insured and self-funded patients in the UK and increasing its market share of these segments over time through further investment in clinical excellence to attract doctors and patients.
- Ramsay UK signed a new National Increasing Capacity Framework Agreement with the NHS for an initial term of two years, plus a two-year extension. The business will continue to support the NHS priorities flowing from the impacts of the pandemic and will work with the NHS to assist with addressing the backlog in elective procedures and treatments and waiting list reduction.
- Activity in July and August has been impacted by snap 10-day isolation orders notified by the UK Government's COVID tracing app. This has resulted in employees, doctors and patients being forced to isolate at short notice, driving the cancellation of surgeries. As the rules stipulating isolation upon receipt of an app notification are rolled back, the recovery in admissions is expected to continue.
- The UK business will have the full year benefit of capacity in three new facilities completed in the last twelve months. The business will continue to look for opportunities to expand the hospital footprint with new greenfield sites (refer Divisional Results for further detail on the outlook for the UK).
- The French Government has extended the revenue guarantee decree issued in April 2021 for the period 1 January - 30 June 2021 to 31 December, providing support and certainty to Ramsay Santé. The businesses in the Nordics are expected to continue to perform strongly ex-lockdowns, as countries in the region emerge from COVID and the backlog in demand for health care services is addressed (Refer Divisional Results for further detail on the outlook for the Europe).
- COVID case numbers in France and the Nordic region increased in July and August, driving higher hospitalisations; both businesses will be impacted by any further lock-downs.
- 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. Total Group capital expenditure for FY22 is expected to be in the range of \$900m-1.1bn. The increase in capital expenditure is primarily being driven by an increase in brownfield capital expenditure in Australia, combined with growth capital expenditure in Europe and the UK and an increase in digital investment in the UK.
- Capital expenditure is expected to remain at elevated levels in FY23-FY25 in light of the significant development pipeline in the Australian business.
- Ramsay's strong balance sheet and cashflow position the business well to deliver on its long-term strategy and the business will remain disciplined in its approach to investment.
- As part of its commitment to sustainability, Ramsay has commenced aligning its reporting with the Taskforce for Climate related Financial Disclosures (TCFD) recommendations on climate-risk.
- Investment in the Ramsay Cares sustainability strategy will be focused on the mental health and wellbeing of employees, setting the foundations to reduce the Company's energy intensity and emissions and an emphasis on responsible sourcing within medical supply chains.

Divisional Performance

7 Asia Pacific

7.1 Overview of Results

Australia

Twelve months Ended 30 June \$'m	2021	2020 ¹	Chg (%)
Revenue from patients	5,429.7	5,037.1	7.8
Revenue from governments under COVID 19 support contracts	11.1	30.9	(64.1)
Other income - income from the sale of development assets	20.4	2.1	871.4
Other income - net profit on disposal of assets	-	11.2	na
Intersegment revenue	2.9	8.7	(66.7)
Total revenue and other income	5,464.1	5,090.0	7.3
EBITDAR	860.8	760.3	13.2
Rent	(16.5)	(16.9)	2.4
EBITDA	844.3	743.4	13.6
Depreciation	(204.9)	(197.4)	(3.8)
Amortisation and impairment charges	(14.2)	(26.9)	47.2
EBIT	625.2	519.1	20.4
Financing costs associated with leases (AASB16 leases)	(38.8)	(35.3)	10.0
EBIT after financing costs associated with leases	586.4	483.8	21.2
Capital Expenditure	260.0	348.8	(25.5)

¹ FY20 restated to reflect non-core items taken below the line in FY20. Refer Group Performance for allocation of non-core items

Contribution from Asian Joint Venture

Twelve months Ended 30 June \$'m	2021	2020	Chg (%)
Share of profit from Joint Venture	10.8	15.9	(32.1)

Twelve months Ended 30 June MYR'm	2021	2020	Chg (%)
Revenue	1,077.8	968.9	11.2
EBITDA	240.8	214.5	12.3
EBIT	133.3	100.6	32.5

7.2 Review of Results

7.2.1 Australia

- During the 1HFY21, 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 cases in that 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 estimated impact of these restrictions to EBITDAR in 1HFY21 was \$70m.
 - Total revenue includes \$11.1m received from state governments (mainly the Victorian Government) under the viability agreement that commenced on 23 July 2020, which allowed 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 the facilities required to assist with the COVID pandemic.
 - The result was impacted by the transfer of the Mildura hospital back to the Victorian State Government on 14th September 2020 (revenue impact \$50.5m compared to the pcp).
 - Over the course of 2HFY21, the Australian operations were impacted by COVID induced snap lock-downs across all states.
- The impact of each lock-down was influenced by whether surgical restrictions were imposed, the number of work days impacted and the nature of facilities in the state, such as emergency departments. The total cost to EBITDAR of the multiple state lock-downs is estimated to have been \$13m.
- Ramsay Australia reported a 7.8% increase in revenue from patients compared to the pcp (ex-Mildura up 10.2%)³.
 - Revenue from patients in 2HFY21 increased 15.7% compared to the pcp to \$2.1bn (19.2% increase ex-Mildura hospital).
 - Revenue for 2HFY21 increased 4.8% compared to 2HFY19 (ex-Mildura an increase of 7.8%).
 - FY21 surgical admissions per work day increased 12.8% on the pcp (ex-Mildura increased 15.2%).
 - Surgical admissions per work day in 2HFY21 increased 23.9% on the pcp (ex-Mildura an increase of 27.2%).
 - Surgical admissions in 2HFY21 increased 5% on 2HFY19 despite the impact of snap lock-downs (ex-Mildura an increase of 7.5%).
 - Non-surgical admissions per work day for the twelve months including medical, psych, obstetrics and rehabilitation were 2.1% above the pcp (up 3.1% ex-Mildura) the lower growth reflecting the impact of social distancing and lock-downs.

³ Ramsay transferred the operation of the Mildura public hospital back to the Victorian Government in September 2020

5. OPERATING AND FINANCIAL REVIEW

RAMSAY HEALTH CARE LIMITED

- Non-surgical admissions in 2HFY21 were 10.7% above the pcp (ex-Mildura an increase of 12.4%) driven by improving trends in rehab and psych and stronger maternity volumes, however non-surgical admissions were impacted by snap COVID lock-downs.
- Non-surgical admissions in 2HFY21 were 1.1% above 2HFY19 (ex-Mildura an increase of 2.3%) driven by weakness in day patient psych, inpatient rehab and maternity admissions.
- Strong public admissions growth in Ramsay's non-public hospitals, revenue was up 100% from a low base and admissions were up 40% on pcp.
- The result was impacted by the transfer of the Mildura hospital back to the Victorian State Government on 14th September 2020 (revenue impact \$50.5m compared to the pcp).
- Revenue from the pharmacy network grew 3.4% over the pcp to \$464m, driven by improved performance from our hospital dispensaries offsetting the lower revenue from the retail pharmacies due to the closure of stores or reduced hours during the year.
- EBITDAR increased 13.2% on the pcp and includes the impact of increased costs associated with operating in the COVID environment including the higher costs and usage of PPE, higher personnel costs associated with screening and social distancing and lower volume rebates. In 1HFY21, the impact of COVID related costs (excluding Victoria) to EBITDAR was \$8-9m per month on average and reduced to \$4-5m per month on average in 2HFY21.
- EBITDAR includes profit on the sale of medical suites of \$11.9m compared to profit on disposal of assets combined with the net income from the sale of development assets in the pcp of \$6.5m in the pcp. Refer to Group Performance for further details on non-recurring items in the result.
- In FY21, an impairment/write-off of \$7.1m was taken compared to a \$16m impairment in the pcp.
- Depreciation increased 3.8% on the pcp, reflecting new facilities completed in FY20 as part of Ramsay's brownfield expansion program.
- The Australian result includes global head office costs that increased by \$30.1m at the EBIT level compared to the pcp, primarily due to additional LTI and STI provisions and an increase in other provisions versus the pcp.



Ramsay Australia CEO Carmel Monaghan celebrates the local partnership between Waverley Private Hospital and Oz Harvest

7.2.2 Ramsay Sime Darby

- The contribution from Ramsay Sime Darby (RSD) declined 32% on the pcp to \$10.8m.
- The result was impacted by an impairment taken against the Hong Kong operation and a significantly higher tax rate due to a lower investment tax allowance.
- Revenue increased 11.2% to MYR1,077.8m. Lower elective surgical admissions were offset by higher diagnostic pathology services in Indonesia and Malaysia driven by an increase in COVID PCR testing and admission of COVID patients in Indonesia as a result of a significant growth in cases in both countries.
- In Malaysia, RSD hospitals have worked closely with the 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 cases. RSD has also been treating self-funded COVID cases.
- RSD hospitals in Indonesia continue to treat Government, insured and self-funded COVID patients.
- During the 12 month period, RSD acquired one hospital in Malaysia and signed the sale and purchase agreement for the divestment of the nursing college in Malaysia, which is pending the Ministry of Higher Education's approval, targeted to be obtained before the end of 2021.



Ramsay Sime Darby team members at The Central Hospital Hong Kong

7.3 Capital Expenditure

- Ramsay Australia capital expenditure for the 12 month period was \$260m, with \$140m invested in brownfield and greenfield developments. Projects completed during the 12 month period delivered 93 gross beds (net 25 beds), 3 theatres (net 1) and 17 renal chairs (net 7). Spend was lower in FY21 than the pcp due to the pull forward of spend as a number of projects completed earlier than schedule in FY20.
- Spend included \$16.7m on digital projects during the year.
- Total capital expenditure in FY22 is expected to be in the range \$400-500m. Of this \$260-340m is expected to be invested in greenfield or brownfield projects. This represents a significant increase in investment on the pcp, reflecting the acceleration of a number of projects to modernise and expand the existing hospital footprint, build out the mental health offering, invest in opportunities in new and adjacent health services and expand the cancer care business. Projects in FY22 include expansions at Greenslopes, Westmead, Beleura, Pindara and Hollywood combined with the greenfield hospital development at Epping in Victoria.

7.4 Outlook

- Ramsay Australia expects the volatility in patient admissions to reduce as vaccination rates increase, diminishing the need for lock-downs due to COVID outbreaks. The rate of recovery in demand for non-surgical services will be impacted by any ongoing COVID related operating restrictions and confidence among doctors and the general public to return to the hospital environment.
- While broad surgical restrictions had not been put in place initially in Greater Sydney, the extended lock-down that commenced in late June caused significant disruption to admissions as patients cancelled appointments, staff and doctors were forced into isolation due to exposure to COVID cases in the community and social distancing rules came back into force, impacting rehab and mental health admissions.
- The Victorian lock-downs since year-end have not imposed surgical restrictions but activity levels have been impacted by cancellations.
- Despite the lock-downs, total admissions for July (ex-Mildura) increased 4.3% compared to July 2020 and 6.3% compared to July 2019.
- The EBIT impact of lock-downs in Australia in July was approximately \$13m inclusive of COVID costs.
- Due to the introduction of surgical restrictions on 23rd August 2021 at seven of Ramsay's hospitals in Greater Sydney, the total EBIT impact in FY22 is forecast to be significantly more material and will depend on the duration of the restrictions. By way of reference, the estimated EBIT impact of an approximately 90 day restriction on elective surgeries in Victoria in 2020 was \$70m. Ramsay's business in NSW is approximately twice the size of Victoria.
- Over the medium term, top line organic growth is expected to be driven by a backlog in elective surgical admissions, a recovery in non-surgical admissions, organic market growth, a drive by the business to increase market share through investment in clinical facilities to attract new doctors and the expansion and improvement of the current hospital footprint.
- Ramsay Australia will continue to incur higher costs associated with operating in a COVID environment in FY22, primarily around the increased use and cost of PPE and the impact of social distancing measures. Scale benefits associated with global procurement, calculated on a calendar year basis, are expected to return in FY22 as volumes recover, however they will be impacted by lock-downs. Average monthly increase in costs associated with operating in a COVID environment ex the lock-downs are expected to continue to be in the order of \$4-5m per month in 1HFY22.
- Ex-lockdowns case mix is expected to move back towards pre-COVID levels, positively impacting margins, however overall EBITDAR margins are not expected to return to FY19 levels in FY22 due to the higher costs of operating in the COVID environment.
- Costs will be impacted by an increase in superannuation rate for employees and the imposition of the mental health levy via a payroll tax increase in Victoria from 1st January 2022.
- If borders remain closed, the availability of overseas trained nursing staff may become an issue for the business from a cost and availability perspective. Ramsay is focused on creating strong graduate training programs to build an experienced staff pool in-house to fill potential gaps.
- Depreciation is expected to increase in line with the completion of brownfield developments and the accelerated depreciation of two sites due to future planned upgrades and the return of the Peel public hospital to the Western Australian Government in August 2023.
- The pharmacy business is moving towards a model that focuses on hospital dispensaries and community franchise pharmacies co-located with or near medical centres and Ramsay sites to support patient pathways as part of an integrated health care solution.
- 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, supporting earnings in some areas. A return to pre-pandemic elective surgery and medical admissions will be dictated by the reduction in the spread and the impact of COVID, with vaccination rates currently low due to the availability of vaccines. The business should benefit from a new hospital in Malaysia acquired in 2HFY21.



Ramsay Australia Chief Executive Officer, Carmel Monaghan (second from the left) and team members

5. OPERATING AND FINANCIAL REVIEW

RAMSAY HEALTH CARE LIMITED

8 Ramsay UK

8.1 Overview of Results

Twelve months Ended 30 June \$'m	2021	2020 ¹	Chg (%)
Revenue from patients and other revenue	606.5	770.8	(21.3)
Revenue from governments under COVID 19 support contracts	417.6	158.7	163.1
Total revenue and other income	1,024.1	929.5	10.2
EBITDAR	182.4	165.9	9.9
Rent	(1.2)	(1.3)	(7.7)
EBITDA	181.2	164.6	10.1
Depreciation and amortisation	(88.4)	(93.2)	5.2
Impairment	-	(20.8)	na
EBIT	92.8	50.6	83.4
Financing costs associated with leases (AASB16)	(81.8)	(85.1)	3.9
EBIT less financing costs associated with leases	11.0	(34.5)	131.9
Capital Expenditure	58.0	65.7	11.7

¹ FY20 restated to reflect non-core items taken below the line in FY20 refer Group Performance for allocation of non-core items

Overview of Result in Local Currency

Twelve months Ended 30 June £'m	2021	2020	Chg (%)
Total Revenue and other income	567.7	494.8	14.7
EBITDAR	101.1	89.5	13.0
EBITDA	100.5	88.8	13.2
EBIT	51.4	26.9	91.1

8.2 Review of results

- Ramsay UK continued to support the NHS as further waves of the pandemic impacted the public health system during the year. Ramsay has treated 650,000+ NHS patients since the start of the pandemic, performed 16,000+ cancer treatments for the NHS and hosted 20+ NHS services including 50,000+ MRI and CT scans.
- In 1HFY21, Ramsay UK operated under an agreement with the NHS¹ covering the period 1 July 2020 to 31 December 2020. The agreement provided for Ramsay UK to receive net cost recovery for its services to NHS and allowed for the return of some capacity for private patient activity and routine NHS elective surgery activity.
- In 2HFY21, Ramsay operated under a revised volume-based agreement with the NHS, covering the period 1 January 2021 through to 31st March 2021². As a result of the jump in COVID cases, the NHS triggered peak surge arrangements, resulting in Ramsay capacity at 14 hospitals being utilised during the 3QFY21. In these circumstances, Ramsay was paid on a cost recovery basis.
- In the 4QFY21, Ramsay provided activity to the NHS under a new National Increasing Capacity Framework Agreement. This operating arrangement with the NHS is expected to continue through FY22.
- The net cost recovery paid under the NHS agreement for the 12 month period was A\$417.6m and is reflected in revenue from government contracts.
- Private admissions returned strongly post the lock-down easing in April and the increased weighting to these admissions during the 4QFY21 improved payor and complexity mix.
- The 21.3% decline in net patient revenue reflects the capacity restrictions under the various agreements with the NHS during the 12 month period.
- Neurological rehabilitation revenues over the 12 month period increased 4.4% despite social distancing restrictions and reflected an improved contribution.
- EBITDAR increased 9.9% and included a 10% increase in personnel costs and an 18.9% increase in supplies and purchases, both increases reflecting higher costs associated with operating in a COVID environment.
- The result includes A\$8.7m of transaction costs associated with the proposed scheme of arrangement with Spire, which was voted down by Spire shareholders on 19th July 2021.³

¹ ASX announcement 14 October 2020 "Ramsay Health Care Varies Agreement with NHS"

² ASX announcement 22 December 2020 "Ramsay Health Care enters new agreement with NHS England"

³ ASX announcement 19 July 2021 "Results of Scheme Meeting"

8.3 Capital Expenditure

- Capital expenditure over the 12 month period was A\$58m, of which \$23m was invested in brownfield developments, digital and growth projects. Projects included two new day hospitals in Beacon Park Hospital and Stourside Hospital, with a third, Buckshaw Hospital in Preston, due to open in September 2021.
- Ramsay UK also invested £12m in expanding and upgrading its diagnostic capabilities. The investment has been made in both new and upgraded modalities, including MRI, CT, X-ray and 3D mammography, as well as digital and remote technologies supporting the ongoing strategic commitment to expanding capacity for diagnostic services and ensuring the latest diagnostic technologies within and across the hospital footprint. The investment is critical to developing end-to-end patient pathways and meeting the sustained demand for health services forecast in the UK over the next few years.
- It further invested and deployed key technological infrastructure projects, including the roll-out of SAP and upgraded the electronic patient record (ePR) at 13 pilot locations prior to the full deployment of ePR to the remaining hospitals across the UK by November 2021.
- Capital expenditure in FY22 is forecast to be in the range \$100-140m. Projects will be focused on:
 - Strengthening the core hospital business, developing further greenfield hub-spoke day surgery and inpatient capabilities and diagnostic imaging capacity and enhanced remote and AI functionality;
 - Upfront investment in the patient health platform, with stakeholder interface and patient engagement including building digital bookings to insurers and integration with the electronic patient record development program commenced in FY21; and
 - Further investment in core network architecture and data management systems, including cloud capabilities and cyber security.



8.4 Outlook

- In April 2021, Ramsay signed a new National Increasing Capacity Framework Agreement with the NHS for an initial term of two years, plus a two-year extension.
- The business is focused on the significant opportunity associated with the backlog of privately insured and self-funded patients in the UK and to increase its share of these markets over time through increased investment in clinical excellence to attract doctors and patients.
- Ramsay will continue to support the NHS priorities flowing from the impacts of the pandemic and will work with the NHS to assist with addressing the backlog in elective procedures and treatment and waiting list reduction.
- The FY22 result will have the full year benefit of capacity in three new facilities completed in the last 12 months. It will continue to look for opportunities to expand the hospital footprint with new greenfield sites.
- Activity in July and August has been impacted by snap 10-day isolation orders notified by the UK Government's COVID tracing app. This has resulted in employees, doctors and patients being forced to isolate at short notice, driving the cancellation of surgeries. As the rules stipulating isolation upon receipt of an app notification are rolled back, the recovery in admissions is expected to continue.
- While 98% of Ramsay UK employees have been vaccinated, there is expected to be a need for booster vaccines to counter new variants of the virus and the risk of further lock-downs and uncertainty around the operating environment.
- It remains unclear whether Brexit and the post-COVID demand for additional nurses and clinicians in most countries in the world will impact Ramsay's access to appropriate skills and place pressure on the cost base in the UK.
- Whilst Ramsay UK will continue to be impacted by the higher costs associated with the COVID environment, the business has a number of efficiency projects in place to offset the increase in costs.
- The NHS 2021/22 tariff is yet to be finalised and is not due to be implemented until 1 October 2021.



Ramsay UK Chief Executive Officer, Dr Andrew Jones opening one of our new facilities, Stourside Hospital

5. OPERATING AND FINANCIAL REVIEW

RAMSAY HEALTH CARE LIMITED

9 Ramsay Santé

9.1 Overview of Results

Twelve months Ended 30 June A\$m	2021	2020 ¹	Chg (%)
France			
Revenue from patients and other revenue	4,574.9	4,352.7	5.1
Other income - net profit on disposal of assets	10.3	-	na
Income from government grants	336.4	235.2	43.0
Total revenue and other income	4,921.6	4,587.9	7.3
EBITDAR	947.4	863.4	9.7
Rent	(117.5)	(122.7)	4.2
EBITDA	829.9	740.7	12.0
Depreciation and Impairment	(465.7)	(446.7)	(4.3)
Amortisation	(7.0)	(8.9)	21.3
EBIT	357.2	285.1	25.3
Financing costs associated with leases (AASB16)	(103.5)	(107.6)	3.8
EBIT less financing costs associated with leases	253.7	177.5	42.9
Nordics			
Revenue from patients and other revenue	1,824.4	1,810.1	0.8
Income from government grants	91.9	-	na
Other income - net profit on disposal of assets	2.0	-	na
Total revenue and other income	1,918.3	1,810.1	6.0
EBITDAR	206.9	168.5	22.8
Rent	(19.6)	(24.9)	21.3
EBITDA	187.3	143.6	30
Depreciation	(112.0)	(104.6)	(7.1)
Amortisation	(28.7)	(32.2)	10.9
EBIT	46.6	6.8	585.3
Financing costs associated with leases (AASB16 leases)	(10.1)	(10.6)	4.7
EBIT less financing costs associated with leases	36.5	(3.8)	na
Total Revenue and other income - Europe	6,839.9	6,398.0	6.9
EBIT - Europe	403.8	291.9	38.3
Total Europe Capital Expenditure	356.2	280.2	27.1

¹ FY20 result in the table above is restated to reflect non-core items taken below the line in FY20. Refer Group Performance for allocation of non-core items

Ramsay Santé - Result in local currency

Twelve months Ended 30 June €'m	2021	2020	Chg (%)
Total Revenue and other income	4,282.5	3,887.2	10.2
EBITDAR	722.7	641.1	12.7
EBITDA	636.9	551.5	15.5
EBIT	252.8	192.8	31.1

9.2 Review of Results

- Over the 12 month period, Ramsay Santé continued to play an important role in assisting governments in the regions in which it operates to deal with the pandemic. The business treated well above 11,000 COVID patients in its facilities, significantly above Santé's market share in France and Sweden.
- In May 2020, the French Government issued a decree providing private hospital operators, including Ramsay Santé, with a guarantee of revenue for the ten months from 1 March 2020 to 31 December 2020, to compensate for the use of its facilities and services if required during the pandemic. The revenue guarantee was 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 driven by the northern hemisphere summer.

- In April 2021, the French Government issued a new revenue decree providing support for Ramsay Santé's operations from 1 January 2021 to 30 June 2021.¹ The calculation of revenue under the new decree is similar to the calculations under the decree issued in 2020, based on average monthly revenue in CY2019 with some indexation applied. Income from government grants in France for FY21 was \$336.4m.
- The payments made under the revenue guarantee in France are yet to be fully settled with Ramsay's actual billings, the build up in working capital on the balance sheet since the start of the pandemic has declined from its peak at 31 December 2020, however is still material. The current estimate of the payment to

¹ Refer ASX announcement 19 April 2021 for further details on the new decree

settle with the French Government at 30th June is currently a net position of €121m.

- In parallel with the revenue guarantee scheme, the French Government also provided compensation for the additional costs incurred related to operating in a COVID environment, including additional PPE costs.
- 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 has been built into tariffs from 1 March 2021 for the MSO (medical, surgical and obstetrics) business moving forward. The compensation for salary increases is reflected in the revenue line, offsetting the additional costs in the personnel expenses line.
- Ramsay Santé also received compensation from governments in the region for both lost revenue and costs associated with operating in the COVID environment in the Nordics region, predominantly in Sweden.
- Total European revenue increased 6.9% to \$6,839.9m and included government support payments of A\$428.3m. Revenue was impacted by the sale of a portfolio of nine German hospitals in 1HFY21 of ~€80m.
- During the period Ramsay Santé also booked transaction and development costs of \$9.4m compared to \$3.3m in the pcp
- Revenue from patients in the French business increased by 5.1% on the pcp, primarily due to the inclusion of the significant tariff increase related to the nursing salary increase. A strong first quarter in surgical volumes was offset by the cancellation of non-urgent surgical and medical activity at various times over the course of the rest of the year, as COVID cases took priority.
- Total MSO admissions in France increased 8.8% on the pcp to 2.1m, however inpatient admissions were down 1.5% limited by social distancing requirements and the reluctance of the public to attend hospitals due to the presence of COVID patients.
- Mental health admissions increased 5.9%, however inpatient admissions were impacted by social distancing requirements, as were rehabilitation admissions.
- The French result includes net profit on disposal of assets of \$10.3m in France and 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.

- EBITDA in France increased 9.7% on the pcp to \$947.4m, positively impacted by realised synergies from the Capiro acquisition being well above initial estimates of €20m and also supported by Government compensation for increased costs associated with operating in a COVID environment.
- France's result includes a \$27.5m impairment of hospitals identified as part of the ongoing strategic review of the portfolio compared to a \$0.8m impairment charge in FY20.
- Patient revenue in the Nordic region increased 0.8% over the pcp, reflecting the divestment of the German business (impact ~€80m revenue in the pcp). Patient revenue in the Nordics, excluding the effect of the German business, reported an organic revenue growth of above 9%. The organic growth was driven by the less volatile capitation reimbursement model in Sweden, the primary care nature of a lot of the businesses, new care contracts, the ophthalmology business in Norway and higher volumes in Denmark and a less severe impact on activity from COVID across most of the region. Total growth in the Nordics was also positively impacted by a number of small bolt-on acquisitions made during the year.
- During the 2QFY21, the Nordic region disposed of nine clinical facilities in Germany acquired as part of the Capiro acquisition in FY19. This sale reflects the reversal of a provision, taken against the underperforming German facilities at the time of the Capiro acquisition, of \$26m. Against this amount reported in 1HFY21, provisions totalling \$24m have been made for indemnities and warranties, taking the net gain on sale to \$2m. The German facilities reported a small operating loss in FY20.

9.3 Capital Expenditure

- Total capital expenditure for the 12 month period was A\$356.2m and included the expansion of a number of existing sites, real estate acquisitions to expand consultation practices and in the Nordic region investment included the expansion of St Göran hospital in Sweden.
- Capital expenditure in FY22 is expected to be in the range \$400-460m, with approximately 15% of the total budget invested in the Nordics region. Projects during the year include ongoing work on the extension of St Göran and the expansion of two hospitals in the Paris area.



9.4 Outlook

- The French Government has extended the revenue guarantee decree issued in April 2021 to 31 December 2021, providing support and some certainty to Ramsay Santé's French business.
- COVID cases in France declined rapidly after strict lock-downs and the Government has introduced strong incentives for people to get vaccinated, lifting penetration rates significantly and easing pressure on the hospital system.
- COVID case numbers have increased again during July and early August but predominantly in the non-vaccinated population. The higher case numbers have resulted in a higher number of patients being hospitalised.
- Ramsay Santé will continue to assist the French Government with COVID cases in conjunction with addressing the backlog in demand for surgical and non-surgical services. The ability to attract and retain nursing staff in France will be critical to Ramsay's ability to benefit from this backlog.
- In the Nordic region, COVID cases declined rapidly during June and July, with activity levels returning to pre-COVID levels in the main. COVID case numbers have also increased in the Nordics from the latter part of July and August from a low level. There are long waiting lists for elective care in the Nordics region and Ramsay remains focused on capturing additional volumes.
- In the absence of government compensation for COVID-related costs, margins in FY22 are expected to be impacted by increased personnel costs and higher PPE costs associated with the environment.
- Net interest costs in FY22 are expected to be approximately €10m below FY21 following the refinancing of Ramsay Santé's long-term debt at materially improved margins.
- In FY22, Ramsay Santé will be focused on:
 - Building out integrated patient pathways including primary care centres, imaging and further investment in digital physical care delivery
 - Continuing to improve efficiencies including the integration of support services in France into one premise
 - Optimising its hospital footprint and investing and modernising the network
 - Exploring bolt-on acquisition opportunities.

6.

RAMSAY CARES

The challenges of 2020-21 highlighted the importance of being a socially and environmentally sustainable business. Our long-term commitment to sustainability is driven through the Ramsay Cares Sustainability Strategy. Ramsay Cares focuses on fostering healthier people, stronger communities and a thriving planet. It reaffirms that we are here to have a positive impact for current and future generations.

Ramsay Cares

The Ramsay Cares Sustainability Strategy unites our global businesses in a shared vision for sustainability. It is underpinned by our philosophy of 'people caring for people' – we call it The Ramsay Way.



Ramsay Cares has three sustainability pillars:



Ramsay people across Australia, Europe, the United Kingdom and Asia were engaged with a global project to refresh Ramsay's approach to sustainability. This process re-energised our commitment to long-term sustainability across the business and led to the establishment of a Global Sustainability Management Committee, which developed a Global Sustainability Policy and the Ramsay Cares strategy.

In February 2021, the Board approved the Ramsay Cares objectives and targets to be achieved over the next three to five years. In the coming year, we will focus on engaging our people, patients and partners to help deliver the Ramsay Cares goals.

Ramsay is committed to driving action on the relevant United Nations Sustainable Development Goals (SDGs), which provide a blueprint to achieve a better and more sustainable future for all and underpin our Ramsay Cares Sustainability Strategy.

To support our commitment, Ramsay has become a participant in the United Nations Global Compact, a special initiative of the UN Secretary-General calling on companies to align their operations and strategies with ten universally accepted principles related to human rights, labour, the environment and anti-corruption.



Supporting global vaccination

Ramsay Health Care partners with national and regional governments to support the public health response to COVID outbreaks and assist with the roll-out of national vaccination programs.

Ramsay Santé and Ramsay UK have been publicly recognised for their outstanding contributions of both capacity and expertise.

As of June 2021, more than 330,000 vaccination doses had been provided in Capio facilities and at temporary centres for mass vaccination in region Stockholm and Halland in Sweden.

Ramsay Santé has delivered more than 160,000 vaccine doses and eight facilities in France are hosting vaccination centres.

Nurse immunisers, registered nurses and pharmacists from Ramsay Australia have joined hundreds of clinical staff working at mass immunisation hubs in several states.

Ramsay Sime Darby has overseen more than 75,000 vaccinations administered across Indonesian and Malaysian hospitals, including ensuring more than 12,200 people with a disability received their vaccinations.

For more detailed information about Ramsay Cares, please see the 2021 Impact Report.



The Ramsay Way of ‘people caring for people’ is exemplified in our steadfast focus on our patients, people and partners.

This focus ensures Ramsay can continue to deliver high-quality care during each wave of the COVID pandemic. It will underpin our endemic COVID operations and is critical to Ramsay’s success as a world-class global health care network.

High quality patient care

Throughout FY21, Ramsay maintained high-quality standards and 100% accreditation of our facilities. We continue to grow in-demand specialist services, with a global focus on four therapeutic areas - mental health, cardiology, orthopaedics and oncology. Comprehensive cancer care programs are being expanded in France, the UK and Australia. Mental health services are extending into regional areas and new out-of-hospital services have been a key focus, through proximity care, at home services, allied health and telehealth.



Patient experience

The quality of a patient’s experience is a priority for us. Feedback from patients is routinely gathered using the patient experience measure Net Promoter Score¹ (NPS). We are immensely proud that, despite such a challenging environment, Ramsay has maintained an excellent level of positive experience with high scores (above 70) across our operations in the UK (84), Australia (73), France (71) and the Nordics (71). Ramsay Sime Darby is transitioning to NPS and continues to show solid results (36).



Innovation and technology

Digitisation and innovative technology will drive transformation of our business. This year, exciting developments included knee surgeries in Augmented Reality in France and a surgical procedure at Sydney’s North Shore Private Hospital in Australia, viewed in real-time by participants around the world. In the UK and Sweden, patient care is benefitting from investment by Ramsay in a range of diagnostic technologies such as MRI, CT, 3D mammography and endoscopy suites.

Collaborating on quality

Ramsay Health Care has a Chief Medical Officer overseeing and advising on clinical quality and strategic issues in all our regions. During the year, the establishment of a Global Chief Medical Officer Group to advise on the COVID pandemic response has been invaluable.

January 2021 saw the retirement of Professor John Horvath AO as Group Chief Medical Officer. In April 2021, we welcomed to the role Professor Sir Edward Byrne AC (pictured right), who offers a wealth of knowledge and experience as a leader in education, research and policy globally.

Professor Byrne brings significant leadership and expertise; his contribution will be instrumental as Ramsay Health Care moves into an endemic COVID operating environment and works to deliver the Ramsay 2030 Strategy.

In May 2021, Ramsay Australia welcomed Dr Robert Herkes as Chief Medical Officer. Dr Herkes is a respected senior clinician who has served as Chief Medical Officer for the Australian Commission on Safety and Quality in Health Care. The Global Chief Medical Officer Group also includes Dato’ Dr Jacob Thomas (Ramsay Sime Darby), Dr Charles Ranaboldo (Ramsay UK), Dr Margareta Danelius (Ramsay Santé - Capio) and Dr Francois Demesmay (Ramsay Santé - France).

Ramsay Australia has established the role of Chief Nurse and Clinical Services Director, in which Dr Bernadette Eather is focused on nursing leadership, clinical governance, safety and quality, and patient experience.



¹ The Net Promoter Score (NPS) is an index ranging from -100 to +100 that measures the willingness of customers to recommend a company’s products or services to others.

6. RAMSAY CARES

RAMSAY HEALTH CARE LIMITED



The global pandemic has brought rapid change and unprecedented challenges to the health sector.

The direct and indirect impacts on our employees, patients and partners around the world cannot be underestimated. Through it all, Ramsay remains focused on 'people caring for people' - we call it The Ramsay Way.

The Ramsay Way

This year, guided by feedback from across the global business, we distilled Ramsay's enduring values into three simple yet powerful principles: *We value strong relationships, we aim to constantly improve and we seek to grow sustainably.* These values affirm that Ramsay is committed to making a positive, long-term difference in the world by caring for our people, our communities and our planet.

Investing in our people

Learning new skills is good for our people, patients, partners and business. That is why Ramsay invests in a wide range of training and development programs aimed at helping employees to grow, adapt and participate. Key highlights include:

- **Apprentice program** – Our first apprentice nurses qualified at Ramsay UK; 185 apprentices are studying clinical and non-clinical subjects and 93 are waiting to start on their development journey.
- **Nursing leaders** – Ramsay Australia launched four new development programs for nurses and midwives with a focus on emerging leaders, mental health nursing and a graduate fellowship program.
- **Global Ramsay Leadership Academy** – More than 100 managers from across Ramsay's global operations have enrolled in our intensive program aimed at accelerating future leaders and harnessing their bright ideas.
- **Ramsay Leadership Behaviours and Framework** – Ramsay UK launched new behaviour descriptors for all leaders and a suite of new courses. The aim is to provide clarity on 'what good looks like' and accelerate development of our Head of Department and Senior Leadership Teams.
- **Global Graduate Program** – Launched in June 2021, this 24-month program offers outstanding university graduates an opportunity for in-country and overseas experience across Ramsay's corporate and operational business units.

Diversity and inclusion

Ramsay Health Care is a significant employer of women and is committed to gender equality. Women comprise:

- **38 per cent** of Board members (43 per cent of non-executive directors)
- **45 per cent** of senior leadership (our global executive and direct reports).

In January, Ramsay pledged to achieve 40 per cent women in executive leadership by 2030 as one of the first signatories to *40:40 Vision*, an investor-led initiative to achieve gender balance in the leadership of Australia's largest listed companies

Wellbeing and resilience

Supporting, encouraging and empowering our people has never been more important. This year, Ramsay augmented its wide range of wellbeing programs with practical, innovative on-the-ground support for our employees and their families. This included opening wellbeing areas in UK hospitals, providing resilience training and offered nutritious £1 meals for employees among numerous initiatives to lift morale and reduce anxiety. In France, a preventative health program to support the physical and mental wellbeing of employees and their families was extended to include consulting and retired doctors, who have been instrumental in Ramsay Santé's COVID response. Ramsay is also investing in creating mentally healthy workplaces, with more than 100 Mental Health First Aiders trained across the UK and Australia. In Europe, managers are being trained to help identify and prevent signs of suffering and burnout.

Future leaders

Our Global Graduate Programme welcomed its inaugural cohort this year. The two-year programme offers an exciting springboard into the health care sector.

Following the success of Ramsay's long-running clinical graduate program, the new corporate programme immerses university graduates in the areas of strategy, marketing, finance, human resources, technology and operations.



Our first ten graduates were chosen from hundreds of applicants from Australia, the UK, Malaysia and Indonesia for their outstanding critical thinking, creativity, passion and potential. Their academic backgrounds include business, health information management, psychology, science and social sciences.

As well as being mentored by Ramsay's leaders, the graduates are immersed in a program tailored to develop their individual interests and inspire their contribution across the business. They also get an opportunity to work and learn overseas, with an eight-month placement at one of Ramsay's global locations.

We look forward to fostering their talents and skills to help shape the future of health care.



We know that a thriving planet is important to our health and wellbeing. We are focused on climate action and environmental performance across our value chain.

Responding to a changing climate

Ramsay is committed to taking action on climate change. This includes reducing impacts arising from our operations to help contribute to global mitigation measures aligned with the international Paris Agreement. We are building a resilient business that adapts to climate-related risks and takes advantage of opportunities from the transition to a low carbon economy by 2050.



We have undertaken the first stage of risk assessment for Asia, Australia, the UK, France and the Nordics to identify how climate-related risks may impact our business. The aim is to understand regional differences and short- and long-term implications.

The next stage will involve more in-depth analysis of common risk areas, such as existing buildings and supply chain. The Ramsay FY21 Impact Report will include our first disclosures in accordance with the Task Force for Climate related Financial Disclosures (TCFD).

Renewable energy

All regions are focusing on energy efficiency and reducing greenhouse gas emissions. A large renewable energy program is being rolled out at our hospitals, with a focus on Australia.



Reduce, reuse, recycle

Ramsay Australia has replaced more than 20 million pieces of single-use plastics, including substituting plastic water bottles for reusable jugs.

All other regions are driving a range of initiatives to reduce single-use plastics and Ramsay Sime Darby's Subang Jaya Medical Centre in Malaysia has opened a plastic-free, environmentally friendly café.



Greening theatres

We have started a concerted sustainability push in our theatres. Ramsay Santé has launched an awareness and information campaign to encourage anaesthesiologists to reduce their carbon footprint; other initiatives include using reusable containers in sterilisation processes and recycling intravenous tubing.





Ramsay Health Care values the contribution made to the many communities it serves and society at large.

Our focus on health care allows us to commit significant resources to clinical research, teaching and training. We are focused on a global approach to health care prevention and supporting local communities. Our procurement and sourcing activities have a ripple effect and we are working to make a positive impact across our value chain.

Clinical trials

As a local service provider with an international footprint, our investment in clinical research, teaching and training has a global impact. We test new therapies and new ways of doing things to improve treatment options and develop new models of care. Ramsay Santé is the number one private group in medical and scientific research in France, producing over 3,260 scientific publications in the past four years. As well, 4,336 patients were included in 679 clinical studies in 2020.



Ramsay Australia has an established Clinical Trials Network of 14 hospitals across the country, with plans to expand in the near future. Our dedicated clinical trials units conduct over 200 trials at any one time across numerous areas such as cancer, cardiology and neurology.

Ramsay Hospital Research Foundation (RHRF)

This year, \$1.85m funding was awarded to support research across Australia. Since inception, the Foundation has funded 24 projects, providing over \$13m of support to research in clinical areas such as rehabilitation, mental health, cancer and maternity. We have also collected outcome measures from more than 20,000 patients.

Responsible sourcing and supply chain

Working with our suppliers to reduce the risk of modern slavery practices and identify opportunities to reduce the environmental impact of the value chain has significant benefits for the broader community and our planet. As we continually improve our processes, a major review has shaped our focus areas for the next three years. Our global and regional procurement teams are working together to drive action and have adopted a new supplier sustainability assessment platform, where key suppliers are assessed by a third party.

Ramsay Santé Foundation

The Ramsay Santé Foundation's Prevent2Care Lab has supported 47 start-ups in a free incubation program for innovators in the field of health prevention. The Prevent2Care Lab and the Elior Group created the Nutrition Lab incubation program for start-ups working towards better community nutrition.

In 2019, the Ramsay Health Corporate Foundation, INCO and the Pfizer Innovation France endowment fund launched the Prevent2Care Tour, aiming to identify and reward associations in Lille, Lyon, Toulouse, Marseille and Paris. This year, five grant winners were chosen from more than 100 applicants.



Community programs

Ramsay supports accessible health care by delivering high-quality services in numerous regional areas. As well as helping more people access the care they need, when and where they need it, Ramsay provides significant regional employment and career opportunities which helps local communities grow and thrive.

Ramsay hospitals and clinics are eager to support their local communities. Whether raising funds or raising awareness, we know that every effort makes a difference.



A focus on youth mental health

Since 2018, the Ramsay Santé Health Foundation has organised Health Prevention Meetings designed to accelerate new programs that improve preventative health care measures. At each meeting, doctors, scientists, academics and other subject matter experts share their knowledge and present innovative initiatives.

In 2020, the Ramsay Santé Health Foundation organised its third Health Prevention Meeting focused on the question: **Suicide among young people: the other emergency?** A study carried out by the Foundation, in partnership with the conversational media Jam, had shed light on worrying figures for suicide among young people and the Meeting brought forward new ideas for tackling the issue.

This year, the Health Prevention Meetings addressed the theme of harassment in schools. At present, more than one in ten students is a victim of bullying and the meeting focused on key issues such as cyberbullying.



Sustainable financing

During the year, sustainability-focused approaches were incorporated into refinanced syndicated debt facilities for both the wholly owned funding group (WOFG) and Ramsay Santé.

The Ramsay Santé Group refinanced its €1,650m syndicated debt facility in April 2021 and the WOFG \$1.5 billion multi-currency syndicated sustainability linked loan facility was released in May, representing the first and largest such facility by a health care provider in the Asia-Pacific.

The debt facilities have embedded sustainability targets that are aligned with the Ramsay Cares strategy and designed to drive a more intense focus on sustainability across the business, including on the mental health and wellbeing of our people, reducing energy intensity and greenhouse emissions, and responsible sourcing within our supply chains.

The refinancing process brought together Ramsay teams from different countries and across functions, including environmental, engineering, finance, legal and risk.

The new facilities were significantly over-subscribed and received support from existing and new lenders, reflecting the growing level of interest in supporting sustainability linked loans.



For more detailed information about Ramsay Cares, please see the 2021 Impact Report.

7.

GOVERNANCE

We are committed to delivering high quality health care services, long-term sustainable growth and shareholder returns. The Board recognises the importance of good governance in achieving these corporate objectives, in discharging its responsibility to the Company and endeavouring to meet the expectations of all stakeholders and in executing the broader role of Ramsay as a good corporate citizen.

Our governance framework is designed to ensure that we are effectively managed, that statutory obligations are met and that the culture of personal and corporate integrity – *the Ramsay Way* – is reinforced. **The Ramsay Way philosophy is 'People Caring for People'**. We remain committed to maintaining these principles across all aspects of our business, honouring the architect of The Ramsay Way, the late Mr Paul Ramsay AO.

Our Board regularly reviews its corporate governance policies and processes to ensure they are appropriate to meet governance standards and regulatory requirements. The roles of the Board and the Committees are set out in the Charters, available on the Ramsay website at www.ramsayhealth.com/Investors/Board-of-Directors. Further details are set out in the Corporate Governance Statement for the financial year ended 30 June 2021, which outlines the key aspects of our corporate governance framework and practices and is available at www.ramsayhealth.com/Sustainability/Governance.

Corporate Governance Statement

The Company's 2021 Corporate Governance Statement can be found at: ramsayhealth.com/sustainability/governance/corporategovernancestatement2021

The Ramsay Way

People are at the heart of our success. As 'people caring for people' there are three key ways we approach our work every day.

We value strong relationships

Healthy working relationships lead to positive outcomes for all. We look out for the people we work with, and we respect and recognise them. Strong healthy relationships are the foundation of our stakeholder loyalty.

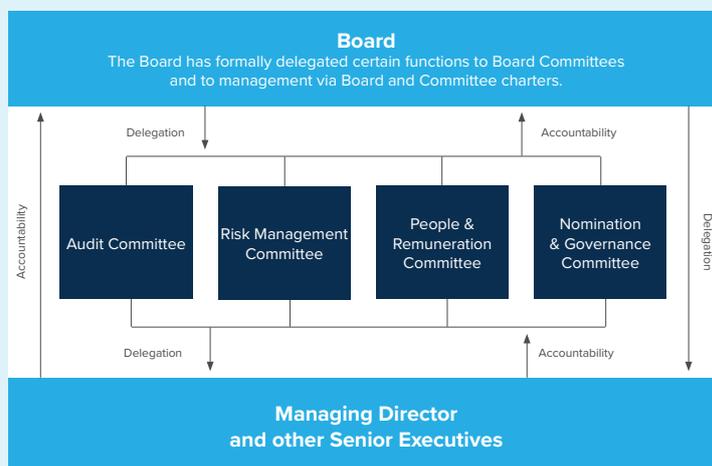
We aim to constantly improve

We do things the right way. We enjoy our work and take pride in our achievements. We are not afraid to challenge the status quo to find better ways.

We seek to grow sustainably

Maintaining sustainable levels of profitability are only part of our success. We prioritise long term success over short term financial gains. Because we care about our people, our community and our planet.

Our governance framework



Board of Directors – skills and experience

Our Board comprises eight directors, a majority of whom are independent Non-Executive Directors. Ramsay aims to maintain a Board that comprises Directors who are able to understand effectively and manage the issues arising in the Company's business, review and challenge the performance of management and optimise the Company's performance.

The following table sets out the various skills/experience that comprise our Board Skills Matrix:

Skill / Experience	Explanation
SECTORS/ACTIVITIES	
 Health Care	Knowledge and experience in the health care industry and international health systems.
 Multinational Experience	Ability to manage and oversee an organisation's business and strategic objectives from an international perspective.
SPECIFIC SKILLS AND EXPERIENCE	
 Strategy	Ability to identify and critically assess strategic opportunities and threats and to develop and implement successful strategies.
 Public Policy and Regulatory Affairs	Ability to influence public policy development and manage the implications of public and regulatory policy.
 Capital Management and Finance	Ability to assess financial performance, analyse financial statements and implement effective internal financial and risk controls.
 Technology and Disruption	Ability to leverage technological developments to support growth and drive competitive advantage, including responding to digital disruption.
 People and Culture	Ability to set & communicate corporate culture, motivate key capital talent, oversee management and evaluate the suitability of CEOs and other key executives.
 Workplace Health and Safety	Ability to oversee the proactive management of workplace health and safety practices.
 Consumer Focus	Ability to oversee a strong consumer-focused culture committed to achieving consumer outcomes.
 Operational Experience in Major Business	Ability to manage and oversee business operations and deliver sustained business success.
 Governance, Legal and Regulatory	Ability to assess the effectiveness of policies and procedures and to manage legal, compliance and reputational risks.
 Risk Management	Ability to identify and manage key risks to an organisation.
 Mergers & Acquisitions	Ability to assess strategic M&A opportunities and oversee execution/completion.

Biographical details of Directors and Company Secretary



MICHAEL SIDDLÉ
Chairman
Appointed 27/05/14
(Appointed as a
Director 26/5/75)

Mr Michael Siddle was appointed as Chairman of the Company on 27 May 2014, having been Deputy Chairman for 17 years and a founding Director. He has built up significant knowledge of the business and the private hospital industry, after starting with the Company in 1968. Mr Siddle has extensive experience in the management of private hospitals and has been integrally involved in Ramsay Health Care's successful expansion through construction, mergers and acquisitions.

Mr Siddle is also a Director of the Paul Ramsay Foundation.

Committee memberships:

- People & Remuneration Committee (Member)
- Nomination & Governance Committee (Member)

Independence status:

- Non-independent



PETER EVANS FCA
Deputy Chairman
Appointed 27/05/14
(Appointed as a
Director 29/12/90)

Mr Peter Evans was appointed as Deputy Chairman of the Company on 27 May 2014, having served as a Non-Executive Director since his appointment to the Board in 1990. Mr Evans began working with Ramsay Health Care in 1969. He is a Chartered Accountant who was in public practice for over 20 years with predecessor firms of KPMG. Mr Evans has specialised in the financial management of hospitals and has had extensive experience in the health care field for over 50 years.

Mr Evans is also a Director of the Paul Ramsay Foundation and has been actively involved with several other charitable organisations over many years.

Committee memberships:

- Risk Management Committee (Chair)
- Audit Committee (Member)

Independence status:

- Non-independent



CRAIG MCNALLY
CEO &
Managing Director
Appointed 03/07/17

Mr Craig McNally was appointed Managing Director and Chief Executive Officer of Ramsay Health Care (Ramsay) on 3 July 2017, after serving seven years with Ramsay Health Care as Chief Operating Officer and 22 years prior to this in various roles including Head of Global Strategy and European Operations. Mr McNally is also the Chairman of Ramsay Santé.

Mr McNally is one of Ramsay's longest serving Executives, having commenced with the Company in 1988. He has worked across operational, strategic and financial roles during his tenure.

For the last two decades, Mr McNally has been responsible for the development and implementation of Ramsay's growth strategy including brownfield expansions, international market assessments, mergers and acquisitions and new business strategies. He has been at the forefront of all the major acquisitions and deals completed by Ramsay Health Care. His unique ability to assess the opportunities and risks associated with new business ventures and to evaluate their 'strategic fit', as well as his sound judgement and insight, has ensured the Company's successful growth both domestically and internationally.

Mr McNally has been a key leader in the development of The Ramsay Way culture and, in particular, developing leadership capability within the global organisation.



ALISON DEANS
MA MBA GAICD
Non-
Executive Director
Appointed 15/11/18

Alison Deans has 25 years' experience building technology-enabled businesses involved in media, ecommerce, financial services and health, and across leadership roles as an executive, a director and in venture capital.

Ms Deans joined the Board of Ramsay Health Care in November 2018. She is also Chair of Cochlear Limited and a Non-Executive Director of SCEGGS Darlinghurst and Deputy Pty Ltd. She is also on the Investment Committee of MainSequence Ventures.

In her executive career, Ms Deans was previously the CEO of eBay Australia and New Zealand, CEO of eCorp Limited, (a publicly listed portfolio of digital businesses), CEO of Hoyts Cinemas and, most recently, CEO of netus Pty Ltd - a technology investment company acquired by Fairfax.

Ms Deans also spent seven years as a Consultant with McKinsey & Company and is currently a Senior Advisor with the firm. She holds a Master of Business Administration from the Stanford Graduate School of Business and a Master of Arts (Physics) from Cambridge University.

In the past three years, Ms Deans has served as a Director of the following listed companies:

- Cochlear Limited (Appointed February 2015)
- Westpac Banking Corporation (Resigned December 2020)

Committee memberships:

- People & Remuneration Committee (Chair)
- Nomination & Governance Committee (Member)

Independence status:

- Independent



JAMES MCMURDO
BSC (ECONOMICS),
ACA
Non-
Executive Director
Appointed 10/09/19

Mr James McMurdo has over 30 years finance and banking experience. He has a background in corporate advisory spanning across mergers and acquisitions, strategic advisory and financing with experience across multiple industries including the healthcare sector. He has held senior operating management roles and worked extensively in both the Asia Pacific and European regions.

Mr McMurdo is one of the Founding Partners of Privatus Capital Partners, an advisory and merchant banking business focussed on private capital. Prior to establishing Privatus, Mr McMurdo held senior management roles at Deutsche Bank and was based in Hong Kong. During his time at Deutsche Bank, he was Global Co-Head of Corporate Finance, Head of Corporate and Investment Bank for Asia Pacific and CEO for Australia and New Zealand. He sat on the firm's Global Executive Committee for the Corporate and Investment Bank for four years.

Prior to this, Mr McMurdo was a Partner at Goldman Sachs, where he held senior positions in the Investment Banking Division in Australia and Europe.

Mr McMurdo holds a degree in Economics from the University of Newcastle upon Tyne and is a member of the Institute of Chartered Accountants for England & Wales.

Committee memberships:

- Audit Committee (Member)

Independence status:

- Independent



KAREN PENROSE
B.COM (UNSW)
CPA FAICD
Non-
Executive Director
Appointed 1/3/20

Ms Karen Penrose has had an extensive executive career in leadership and CFO roles, mainly in financial services. She is well-versed in financial management, customer outcomes and operating in a rapidly changing regulatory environment which stems from 20 years in banking with Commonwealth Bank and HSBC and eight years as a listed-company CFO.

Ms Penrose has been a full-time director since 2014 and is an experienced committee chair of audit and risk. In addition to being a Non-Executive Director of Ramsay Health Care, Ms Penrose also serves as a Director of Vicinity Centres, Bank of Queensland and Estia Health. Ms Penrose is a member of Chief Executive Women and on the Board of Marshall Investments Pty Limited and Rugby Australia Limited.

In the past three years, Ms Penrose has served as a Director of the following listed companies:

- Vicinity Centres (Appointed June 2015)
- Bank of Queensland (Appointed November 2015)
- Estia Health (Appointed October 2018)
- Ramsay Santé (Appointed February 2021)
- Spark Infrastructure Group (Resigned May 2020)

Committee memberships:

- Audit Committee (Chair)
- Risk Management Committee (Member)

Independence status:

- Independent



CLAUDIA
SÜSSMUTH
DYCKERHOFF
PHD
Non-
Executive Director
Appointed 30/10/18

Dr Claudia Süßmuth Dyckerhoff PhD joined the Ramsay Health Care Board in October 2018, bringing expertise in market growth strategies, business development and operational performance improvement in hospitals.

Dr Süßmuth Dyckerhoff has extensive global experience in hospitals and health care across Europe, Asia, and the USA. She joined McKinsey & Company in Switzerland in 1995 and was transferred to the USA focusing on supporting health care companies, including pharmaceutical/medical device companies, payor, provider and health systems in Europe and the USA. In 2006, Dr Süßmuth Dyckerhoff transferred to China, was elected Senior Partner in 2010 and supported health care companies as well as governments across Asia. She also led McKinsey's Asia-wide Health Systems and Services Sector.

Dr Süßmuth Dyckerhoff also supports start-ups in the health care area; she joined the board of the Health Tech company HUMA in April 2021 and the board of QuEST Global in November 2020.

Dr Süßmuth Dyckerhoff studied Business Administration at the University of St Gallen, Switzerland as well as at ESADE, Barcelona where she graduated with an MBA/CEMS Master. She also holds a PhD in Business Administration from the University of St Gallen/University of Michigan Ann Arbor.

In the past three years, Dr Süßmuth Dyckerhoff has served as a Director of the following listed companies:

- Hoffmann La Roche (Appointed March 2016)
- Clariant AG (Appointed April 2016)

Committee memberships:

- Risk Management Committee (Member)

Independence status:

- Independent

7. GOVERNANCE

RAMSAY HEALTH CARE LIMITED



DAVID THODEY AO
Non-Executive Director
(Appointed 28/11/17) and
Lead Independent Director
(Appointed 1/03/20)

Mr David Thodey AO is a business leader with an executive career in the technology and telecommunications industries, garnering more than 30 years' experience creating brand and shareholder value.

In addition to being a Non-Executive Director and Lead Independent Director of Ramsay Health Care, Mr Thodey is Chair of Australia's national scientific research agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Chair of Tyro Payments Limited (a leading alternative payments provider) and Xero Limited (a small business accounting software company).

Mr Thodey was previously CEO of Telstra, Australia's leading telecommunications and information services company, and, prior to that, CEO of IBM ANZ.

Mr Thodey holds a Bachelor of Arts in Anthropology and English from Victoria University, Wellington, New Zealand; he attended the Kellogg School of Management postgraduate General Management Program at Northwestern University in Chicago, USA, and was awarded an Honorary Doctorate in Science and Technology from Deakin University in 2016, as well as an Honorary Doctorate of Business from University of Technology Sydney in 2018.

Mr Thodey is also a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE) and the Australian Institute of Company Directors (AICD).

Mr Thodey was awarded an Order of Australia in 2017 for his service to business and the promotion of ethical leadership and workplace diversity.

In the past three years, Mr Thodey has served as a Director of the following listed companies:

- Xero Limited (Appointed June 2019)
- Tyro Payments Limited (Appointed November 2018)
- Vodafone Group Plc (Resigned July 2020)

Mr Thodey is the Lead Independent Director and is a member of the following Committees:

- Nomination & Governance Committee (Chair)
- People & Remuneration Committee (Member)

Independence Status:

- Independent



HENRIETTA ROWE
B.ECON (SOC SCI) (HONS), LLB (HONS), FGIA, MAICD
Group General Counsel & Company Secretary
Appointed 25/06/19

Ms Rowe was appointed Group General Counsel & Company Secretary on 25 June 2019 and is responsible for the Group legal, governance and secretariat functions.

Ms Rowe has more than 14 years' experience with leading global law firm, Herbert Smith Freehills, and in-house at the Commonwealth Bank of Australia, specialising in corporate governance, mergers and acquisitions and capital management.

She holds a Bachelor of Economics (Social Sciences) (Honours) and a Bachelor of Laws (Honours) from the University of Sydney, is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors Law Committee.

The Ramsay Board and Board Committee membership

As at 30 June 2021

Name	Board	Audit Committee	Risk Management Committee	People & Remuneration Committee	Nomination & Governance Committee
Michael Siddle	●			○	○
Peter Evans	○	○	●		
Craig McNally	○				
Alison Deans	○			●	○
James McMurdo	○	○			
Karen Penrose	○	●	○		
Claudia Süßmuth Dyckerhoff	○		○		
David Thodey AO	○			○	●

● Chair and member ○ Member

Directors' meetings

The number of scheduled Board and committee meetings held during the financial year ending 30 June 2021 and the number of meetings attended by each of the Directors in office during this period is set out in the table below.

Please note the number of meetings that each Director was eligible to attend is included in brackets.

Name	Board	Audit Committee	Risk Management Committee	People & Remuneration Committee	Nomination & Governance Committee
Alison Deans	18 (19)	-	-	8 (8)	5 (5)
Peter Evans	19 (19)	9 (9)	4 (4)	-	-
James McMurdo	18 (19)	8 (9)	-	-	-
Craig McNally	19 (19)	-	-	-	-
Karen Penrose	19 (19)	9 (9)	3 (4)	-	-
Michael Siddle	19 (19)	-	-	8 (8)	5 (5)
Claudia Süßmuth Dyckerhoff	18 (19)	-	4 (4)	-	-
David Thodey AO	19 (19)	-	-	8 (8)	5 (5)

8.

REMUNERATION REPORT – AUDITED

Letter to Shareholders



Dear Shareholders,

On behalf of the Board of Ramsay Health Care (**Ramsay or the Group**), I am pleased to present you with our FY21 Remuneration Report (**Report**). Ramsay remains committed to ensuring our remuneration structures support Ramsay's strategy and The Ramsay Way ('People Caring for People'), as well as aligning our reward outcomes with the creation of sustainable, long-term value for shareholders and other stakeholders.

FY21 performance & highlights

FY21 has been marked by ongoing societal and commercial uncertainty, however the Group has adapted well and, once again, demonstrated notable resilience in numerous volatile settings. Across all markets, our people, doctors and facilities have carried on supporting a significant public sector and community response to the rapidly changing demands of the COVID environment. During FY21, the Group delivered solid financial results, including strong cash flow, to support ongoing investment and drive business growth.

At Ramsay, we understand that our people are our greatest assets; indeed, The Ramsay Way underpins everything we do. During FY21, the Board was especially pleased with the strong people and clinical outcomes delivered by the Group in particularly demanding circumstances. Despite multiple public health lockdowns in Australia, UK, Europe and Asia, the Group did not require any redundancies or stand downs and we continue to prioritise the health, safety and wellbeing of all our employees.

Ramsay's 2030 strategy has been progressed in the interests of long-term shareholder value. This has included building additional capabilities to ensure the Group is well placed to deliver various global and regional priorities. Our strong pipeline of organic growth opportunities has continued to evolve and the Group remains keenly focused on cultivating operational excellence through strategic sourcing and optimising business processes.

Linking remuneration outcomes with Group performance

In FY21, having regard to the Group's performance during the financial year (as outlined above) and the current external climate:

- **no increases were made to fixed annual remuneration (FAR) for Executive Key Management Personnel (KMP);**
- **the FY21 STI outcomes are between target and maximum for Executive KMP**, reflecting solid financial outcomes through the pandemic disruption with results improving as the business adapts to the unpredictable operating environment (refer to section 3.2 for further detail);
- **the FY19 LTI (tested at 30 June 2021) did not vest**, reflecting that there was no vesting against the relative TSR or EPS components. No portion of the EPS component vested given the impact of COVID in FY20. The relative TSR component of the FY18 LTI was also retested in FY21 and did not vest (refer to section 3.3 for further detail).

Remuneration changes for FY21

Changes to LTI

In response to feedback from our shareholders and as foreshadowed in the FY20 Remuneration Report, the Group has made a number of changes to the LTI plan for FY21 to more closely align with long term value creation and market practice.

Key changes included:

- **the introduction of a return on capital (ROIC) gateway in respect of the component of the LTI assessed against CAGR EPS.** Ramsay continues to pursue a growth strategy – including significant acquisitions, as well as organic capital investment – in a capital-intensive business. As such, the Group recognises that it is important to ensure that management deploys capital effectively. To reflect this, from FY21, the EPS component of the LTI grant will only vest if a threshold level of ROIC is achieved;

- **transitioning to an EPS vesting schedule assessed against long term growth targets.** From FY21, the EPS metric used in the LTI will be based on 3-year growth in EPS assessed against threshold and stretch performance levels. This will increase transparency for shareholders, strengthen the focus on long term performance and align with market practice;
- **the Group will no longer report Core EPS and Non-Core EPS.** To align with this, the EPS metric used for the FY21 LTI awards onwards will be statutory EPS.

After making these changes (as further outlined in section 2.5) to our LTI program, the Board is comfortable our FY21 arrangements meet our objectives and the expectations of stakeholders. While we will continue to monitor the effectiveness of the plan, the Board does not intend to make any substantive changes in the near term.

Non-Executive Director (NED) fees

From FY21 and as foreshadowed in last year's remuneration report, to align with market practice, the Board has determined to:

- **reduce the Chairman's fees from \$725,000 (FY20) to \$659,900 (FY21);**
- **reduce the Deputy Chairman's fee and NED Board base member fees by 20% from previous FY20 levels.** This will be achieved by no longer making the NED Share Rights Plan award that was previously equal to 20% of the NED's base fees (excluding Committee fees and superannuation). As approved at the 2020 AGM, the Group will provide NEDs with the opportunity to salary sacrifice a portion of their fees to be granted as share rights (if they choose to do so). There is no intention to adjust fees for FY22.

Further details are outlined in section 4 of this Remuneration Report.

Conclusion

The Board has reaffirmed its commitment to ensuring that reward outcomes continue to align with business performance by instituting remuneration structures that support both the achievement of Ramsay's strategic objectives and The Ramsay Way. We look forward to further feedback from shareholders on this FY21 Remuneration Report.

ALISON DEANS

Chair, People and Remuneration Committee



8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

Remuneration Report Contents

38	1 Key Management Personnel (KMP)
39	2 Executive Remuneration Framework
45	3 FY21 Performance & Remuneration Outcomes
51	4 Non-Executive Director Remuneration
53	5 Remuneration Governance
55	6 Further information

1 Key Management Personnel (KMP)

This Report for the year ended 30 June 2021 has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and the Accounting Standards.

The Report discloses the FY21 remuneration arrangements and outcomes for the people listed below, who are the individuals within the Group who have been determined to be KMP in the financial year to 30 June 2021. KMP are those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly.

During FY21, the Board of Ramsay reviewed its Executive KMP following a number of changes in personnel, ongoing changes to our business mix including geographies and refinements to responsibilities of existing roles. In particular, the Chief Strategy Officer left the Group at the end of FY20 and his responsibilities were assumed by the Managing Director and Chief Executive Officer (**MD & CEO**) and Group Chief Financial Officer (**Group CFO**). The former long-standing CEO Ramsay Australia ceased as KMP on 30 September 2020 and subsequently retired on 2 July 2021. The role of CEO Ramsay Australia has been replaced, however is no longer considered a KMP of the global Ramsay Group.

As a result of this review, the Executive KMP have been determined in FY21 to include two executives being the MD & CEO and Group CFO. The FY21 Executive KMP reflect the Group's organisational structure and that ultimate strategic responsibility (including approval of material strategic decisions) rests with these two executives. The Group's Executive KMP will continue to be reviewed in future years.

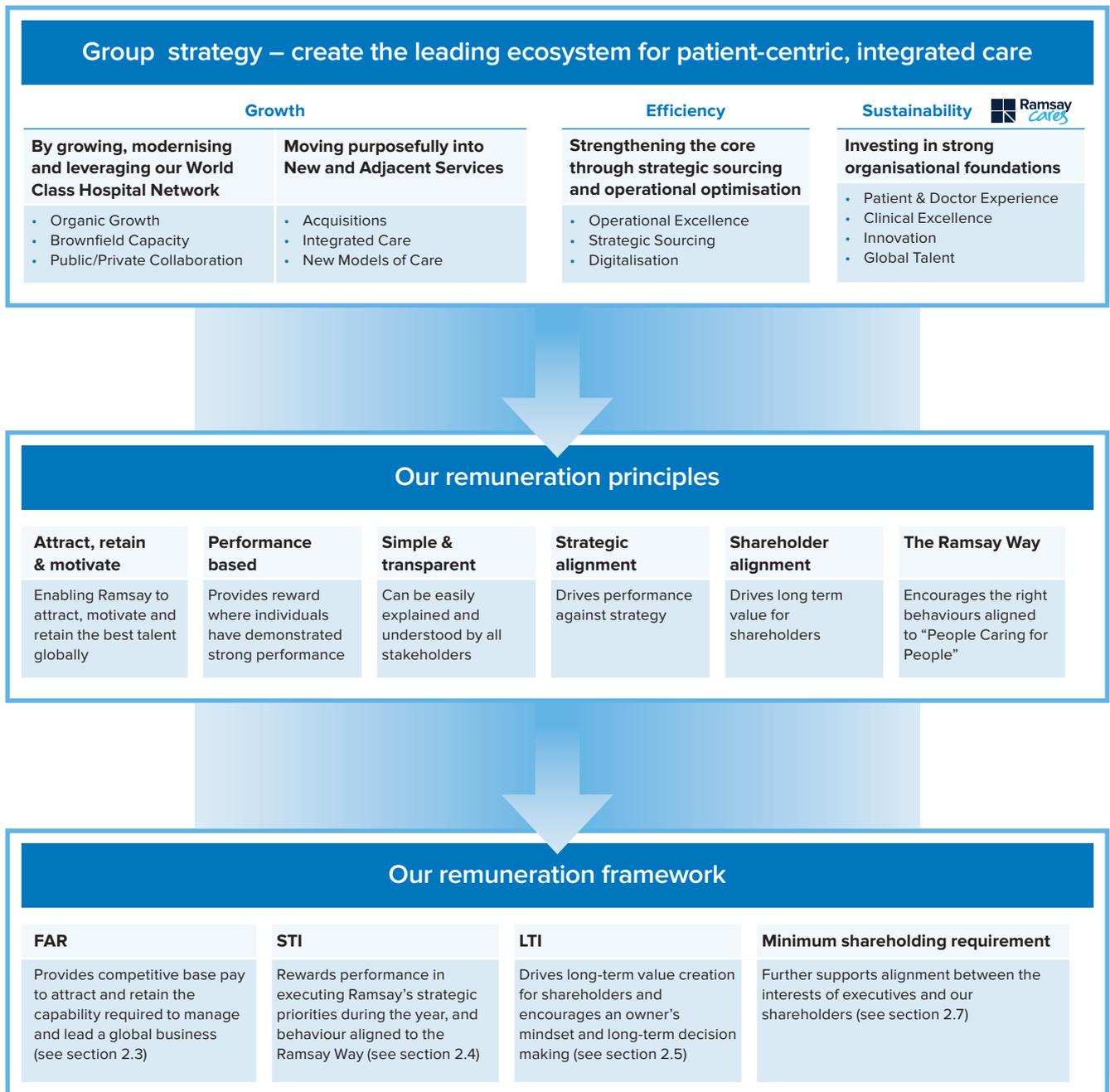
Name	Position	Term
Executive KMP		
Mr Craig McNally	MD & CEO	Full year
Mr Martyn Roberts	Group CFO	Full year
Mr Daniel Sims	CEO Ramsay Australia (former)	Until 30 September 2020 ¹
Non-Executive Directors		
Mr Michael Siddle	Chairman	Full year
Mr Peter Evans	Deputy Chairman	Full year
Ms Alison Deans	Non-Executive Director	Full year
Mr James McMurdo	Non-Executive Director	Full year
Ms Karen Penrose	Non-Executive Director	Full year
Dr Claudia Süßmuth Dyckerhoff	Non-Executive Director	Full year
Mr David Thodey AO	Non-Executive Director	Full year

¹ The CEO Ramsay Australia ceased as Executive KMP on 30 September 2020 and ceased formal employment with the Group on 2 July 2021.

2 Executive Remuneration Framework

2.1 Alignment of Ramsay’s strategy & remuneration framework

At Ramsay, our executive remuneration framework is designed to attract, motivate and retain a highly qualified and experienced group of executives. It is structured to align executives to the creation of long-term shareholder value by executing on our focused strategy and delivering on quality consumer outcomes, in accordance with The Ramsay Way ('People Caring for People').

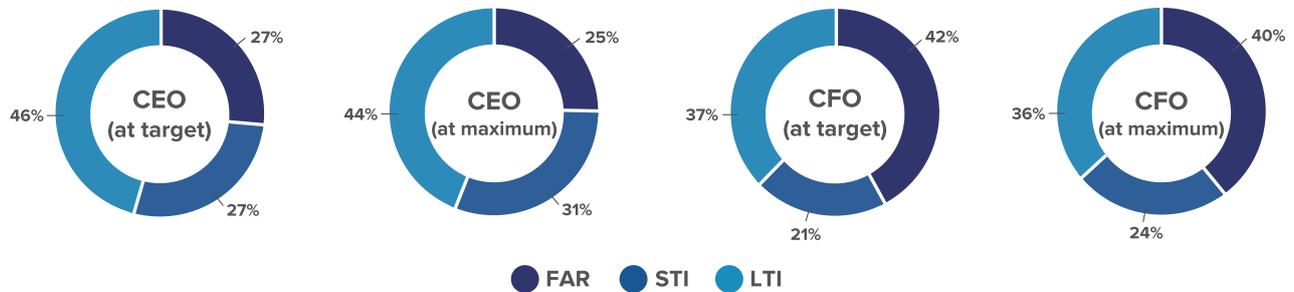


8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

2.2 Remuneration mix: the composition of our pay

The proportions of reward for current Executive KMP (i.e. the MD & CEO and Group CFO) that are delivered by each of the framework elements when “target” and “maximum” performance is achieved is set out below. The remuneration mix is weighted towards at-risk, performance-based remuneration to ensure a focus on both short-term and long-term performance, and alignment with shareholder interests.



2.3 Fixed Annual Remuneration (FAR) overview

FAR is set taking into account market benchmarks referenced to ASX-listed companies with similar market capitalisation, revenue and international operations. As a global organisation and recognising that there are no direct Australian listed competitors, consideration is also given to international healthcare organisations and other private healthcare operators in Australia.

To remain market competitive, FAR is reviewed annually against appropriate market benchmarks considering individual performance for the year and the executive's expertise brought to the role (see section 3.1 for FY21 FAR levels for Executive KMP).

2.4 FY21 Short-Term Incentives (STI)

The Group's STI plan is designed such that a proportion of Executives' remuneration is at-risk – to be delivered based on the achievement of performance measures linked to annual business objectives linked to the delivery of strategy.

The table below outlines the key terms and conditions applying to the STI arrangements for the Executive KMP during FY21. Refer to section 3.2 for detail in respect of FY21 STI outcomes.

Component	Detail																							
Opportunity levels	Executives	Target Opportunity (% of FAR)		Maximum Opportunity (% of FAR)																				
	CEO & MD	100		125																				
	Group CFO	50		60																				
	CEO Ramsay Australia (former)	50		62.5																				
Performance period	STI awards are assessed over the 12-month financial year. Any STI award payments are made after performance is tested at the end of the performance period.																							
How STI awards are assessed	<p>As shown in the diagram below, performance outcomes for all Executive KMP are determined based on both Group and individual performance, using a scorecard, and moderated by performance aligned with "The Ramsay Way" (see below for further detail on the STI scorecard measures and the performance modifier respectively).</p> <p>The Board, in conjunction with the People & Remuneration Committee may exercise judgement and apply discretion as is required to ensure that STI outcomes appropriately reflect the performance of the individual and the Group, as well as aligning to the expectations of Ramsay's stakeholders.</p>																							
	<table border="1"> <thead> <tr> <th colspan="2">STI Opportunity</th> </tr> </thead> <tbody> <tr> <td>FAR (\$)</td> <td>x</td> </tr> </tbody> </table>		STI Opportunity		FAR (\$)	x	x	<table border="1"> <thead> <tr> <th colspan="2">Unadjusted Outcome</th> </tr> </thead> <tbody> <tr> <td>Scorecard Result (%)</td> <td>x</td> </tr> </tbody> </table>	Unadjusted Outcome		Scorecard Result (%)	x	x	<table border="1"> <thead> <tr> <th colspan="2">Ramsay Way Modifier</th> </tr> </thead> <tbody> <tr> <td>The Ramsay Way (%)</td> <td>=</td> </tr> </tbody> </table>	Ramsay Way Modifier		The Ramsay Way (%)	=	=	<table border="1"> <thead> <tr> <th colspan="2">Performance Outcome</th> </tr> </thead> <tbody> <tr> <td>Value of STI Award (\$)</td> <td></td> </tr> </tbody> </table>	Performance Outcome		Value of STI Award (\$)	
STI Opportunity																								
FAR (\$)	x																							
Unadjusted Outcome																								
Scorecard Result (%)	x																							
Ramsay Way Modifier																								
The Ramsay Way (%)	=																							
Performance Outcome																								
Value of STI Award (\$)																								
Performance measures (i.e. STI scorecard)	<p>The STI scorecard measures are aligned to five key strategic priorities – each one fundamental to delivering on the Group's strategy. These priorities are all measurable over an annual cycle and fundamental to the delivery of our long-term strategy as they measure the financial outcomes and strategic foundations delivered during the year whilst also ensuring we are continually improving our culture, consumer engagement and, our high standards of quality.</p> <p>A copy of the MD & CEO's scorecard for FY21 can be found in section 3.2 of this report. For executives, the scorecard cascades from the MD & CEO.</p> <p>Clear threshold and stretch performance targets have been set for financial measures, to provide greater transparency to executives and shareholders on the performance that the Board expects to be achieved.</p> <p>For non-financial metrics, quantitative metrics are used wherever possible and complemented with qualitative metrics, assessed in performance appraisals undertaken by the People & Remuneration Committee and the Board, drawing on multiple sources of feedback.</p>																							
	Rationale	Operational Executives¹ (%)	Non-Operational Executives² (%)																					
Financial	NPAT, revenue and operating cash flow are critical to the delivery of returns for our shareholders.	50	40																					
Strategic	Delivery of annual strategic objectives that are key to delivering the long-term strategy.	15	20																					
People	Our people are our most important asset and our culture, The Ramsay Way ('People Caring for People'), is fundamental to our ongoing success.	15	20																					
Consumer	Listening and responding to the needs of our patients allows us to continually evaluate and improve on all aspects of our performance ensuring ongoing competitive advantage.	10	10																					
Quality	Delivering superior clinical outcomes is critical to our ongoing success, so we focus on maintaining the highest stands of clinical quality and safety.	10	10																					

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

Component	Detail										
'The Ramsay Way' Performance Modifier	<p>The Ramsay Way ('People Caring for People') is the Group's cultural backbone which assists in guiding decision making that is both people and outcome focused, while also balancing risk behaviours in both a financial and non-financial sense.</p> <p>The Ramsay Way performance modifier is a modifier which allows for adjustments to outcomes for each individual, based on their demonstration of The Ramsay Way values and behaviours. The application of this modifier can only reduce the quantum of awards, with the modifier being a multiplier between 0–100%.</p>										
Delivery	<p>After performance is assessed, the STI award is delivered 50% in cash and 50% in deferred equity in the form of restricted shares.</p> <ul style="list-style-type: none"> For the CEO & MD, restricted shares are granted and deferred for 3 years. For other Executive KMP, the deferral period is 2 years with 50% of the deferred equity being released after the first year and the second 50% released at the end of the subsequent year. <p>Restricted shares are allocated on a face value basis by dividing the deferred STI amount by the 5-day volume weighted average price (VWAP) of Group shares to the STI payment date (rounded to the nearest whole number of shares).</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Deferred STI Amount (\$)</th> <th></th> <th>Share Price (\$)</th> <th></th> <th>Allocation of Restricted Shares</th> </tr> </thead> <tbody> <tr> <td>(50% of STI Award)</td> <td>/</td> <td>Face value allocation using 5 Day VWAP to STI payment date</td> <td>=</td> <td>(Rounded to the nearest whole number)</td> </tr> </tbody> </table>	Deferred STI Amount (\$)		Share Price (\$)		Allocation of Restricted Shares	(50% of STI Award)	/	Face value allocation using 5 Day VWAP to STI payment date	=	(Rounded to the nearest whole number)
Deferred STI Amount (\$)		Share Price (\$)		Allocation of Restricted Shares							
(50% of STI Award)	/	Face value allocation using 5 Day VWAP to STI payment date	=	(Rounded to the nearest whole number)							

1 Includes MD & CEO and former CEO Ramsay Australia.

2 Includes Group CFO.

2.5 FY21 Long Term Incentives (LTI) – granted

Overview of changes

The LTI plan is designed to reward sustainable long-term performance and align executives to shareholder outcomes, while allowing Ramsay to attract and retain the best talent globally.

As noted above, key changes were made to the FY21 LTI plan to align with best practice. These changes included:

- the introduction of a ROIC gateway in respect of the component of the LTI assessed against CAGR EPS.** Ramsay continues to pursue a growth strategy – including significant acquisitions, as well as organic capital investment – in a capital-intensive business. As such, the Group recognises that it is important to ensure that management deploys capital effectively. To reflect this, from FY21, the EPS component of the LTI grant will only vest if a threshold level of ROIC is achieved;
- transitioning to an EPS vesting schedule assessed against long-term targets.** From FY21, the EPS metric used in the LTI will be based on a 3-year range for EPS growth against threshold and stretch performance levels. This will increase transparency for shareholders, strengthen the focus on long-term performance and is aligned with market practice;
- the Group will no longer report Core EPS and Non-Core EPS.** To align with this, the EPS metric used under the FY21 LTI onwards will be statutory EPS (as further outlined below).

Key terms

The table below outlines the key terms attaching to the LTI awards granted to Executive KMP during FY21.

Component	Detail												
Opportunity levels	<p>The table below outlines the face value of LTI awards granted to Executive KMP during FY21. LTI opportunities have been set based on the ability of the executive to influence sustainable long-term value creation.</p> <p>The CEO Ramsay Australia was granted an LTI in FY21 with a face value of \$2,098,346 or 219% of FAR (which reflects a legacy LTI arrangement which was progressively reduced each year). The Board of the Group determined that Mr Sims' FY21 LTI grant would be pro-rated to 2 July 2021 relative to the performance period (being the date he formally ceased employment with the Group), with the pro-rata amount left on foot to be tested and vest in the ordinary course at the original vesting dates. The pro-rata opportunity is shown in the table below. As Mr Sims retired, his other legacy LTI awards have been left on foot to be tested and vest in the ordinary course.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Executive KMP</th> <th>Maximum LTI Opportunity (% of FAR)</th> <th>Maximum LTI Opportunity (\$)</th> </tr> </thead> <tbody> <tr> <td>C.R. McNally</td> <td>175</td> <td>3,650,325</td> </tr> <tr> <td>M.J. Roberts</td> <td>90</td> <td>1,080,000</td> </tr> <tr> <td>D.A. Sims (former)</td> <td>73</td> <td>699,449</td> </tr> </tbody> </table>	Executive KMP	Maximum LTI Opportunity (% of FAR)	Maximum LTI Opportunity (\$)	C.R. McNally	175	3,650,325	M.J. Roberts	90	1,080,000	D.A. Sims (former)	73	699,449
Executive KMP	Maximum LTI Opportunity (% of FAR)	Maximum LTI Opportunity (\$)											
C.R. McNally	175	3,650,325											
M.J. Roberts	90	1,080,000											
D.A. Sims (former)	73	699,449											
Instrument	<p>The Group's LTI awards are delivered in performance rights.</p> <p>Performance rights are granted for no consideration as they form part of the remuneration package for Executive KMP. Each performance right is an entitlement to receive a fully paid ordinary share in Ramsay Health Care Limited at no cost (or an equivalent cash payment at the discretion of the Board).</p>												

Component	Detail																				
Allocation methodology	<p>Performance rights are granted using a face value methodology. Each individual's dollar value LTI opportunity (as a percentage of FAR) is divided by the five-day VWAP up to and including the first trading day of the performance period.</p> $\begin{array}{ c } \hline \text{Executive FAR Amount} \\ \text{(\$)} \\ \hline \end{array} \times \begin{array}{ c } \hline \text{LTI Opportunity} \\ \text{(\%)} \\ \hline \end{array} / \begin{array}{ c } \hline \text{Share Price} \\ \text{(\$)} \\ \hline \end{array} = \begin{array}{ c } \hline \text{Allocation of} \\ \text{Performance} \\ \text{Rights} \\ \hline \end{array}$ <p style="text-align: center;">Face value allocation using 5 Day VWAP to first day of performance period = (Rounded to the nearest whole number)</p>																				
Performance Period	3 years (i.e. 1 July 2020 – 30 June 2023) for the FY21 grant.																				
Calculation of Awards	<p>Overview</p> <p>FY21 LTI awards are subject to two performance conditions:</p> <ul style="list-style-type: none"> • Relative TSR (50%) against the S&P / ASX100 index (excluding real estate, finance and resources industries, as they have different drivers of operating performance); and • CAGR in EPS (50%) subject to the achievement of the ROIC gateway noted above. <p>Relative TSR (50%)</p> <p>A relative TSR performance condition is used, as the Board is of the view that use of a TSR hurdle provides a strong link between executive remuneration and shareholder return, relative to Ramsay's ASX peers.</p> <p>The Board also considers that it is appropriate to use a broader index-based comparator group (as outlined above) rather than a sector specific peer group as there are too few Australian healthcare companies of a similar size and scope of operations to Ramsay for benchmarking purposes.</p> <p>The following table sets out the vesting schedule in respect of the relative TSR performance metric.</p> <table border="1"> <thead> <tr> <th>Group's relative TSR</th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>Below 50th Percentile</td> <td>Nil</td> </tr> <tr> <td>50th Percentile</td> <td>50% vesting</td> </tr> <tr> <td>50th and 75th Percentile</td> <td>Vesting on a straight-line basis between 50% and 100% vesting</td> </tr> <tr> <td>Above 75th Percentile</td> <td>100% vesting</td> </tr> </tbody> </table> <p>CAGR EPS (50%)</p> <p>EPS has been chosen as it is linked to long-term growth targets and provides evidence of Ramsay's growth in profitability and is linked to shareholder returns.</p> <p>As noted above, from FY21, the measurement of EPS will be based on a 3-year growth range against threshold and stretch performance hurdles.</p> <p>Subject to the achievement of the ROIC gateway noted above, the following table sets out the vesting schedule in respect of the EPS performance metric.</p> <table border="1"> <thead> <tr> <th>CAGR EPS</th> <th>Vesting</th> </tr> </thead> <tbody> <tr> <td>Less than 3%</td> <td>Nil</td> </tr> <tr> <td>3% (threshold)</td> <td>50% vesting</td> </tr> <tr> <td>Between 3% and 9%</td> <td>Vesting on a straight-line basis between 50% and 100% vesting</td> </tr> <tr> <td>9% (stretch)</td> <td>100% vesting</td> </tr> </tbody> </table>	Group's relative TSR	Vesting	Below 50th Percentile	Nil	50th Percentile	50% vesting	50th and 75th Percentile	Vesting on a straight-line basis between 50% and 100% vesting	Above 75th Percentile	100% vesting	CAGR EPS	Vesting	Less than 3%	Nil	3% (threshold)	50% vesting	Between 3% and 9%	Vesting on a straight-line basis between 50% and 100% vesting	9% (stretch)	100% vesting
Group's relative TSR	Vesting																				
Below 50th Percentile	Nil																				
50th Percentile	50% vesting																				
50th and 75th Percentile	Vesting on a straight-line basis between 50% and 100% vesting																				
Above 75th Percentile	100% vesting																				
CAGR EPS	Vesting																				
Less than 3%	Nil																				
3% (threshold)	50% vesting																				
Between 3% and 9%	Vesting on a straight-line basis between 50% and 100% vesting																				
9% (stretch)	100% vesting																				
Gateway	<p>As noted above, the EPS component of FY21 LTI awards will be subject to a ROIC gateway, reflecting the capital intensive nature of the Group's business. That is, both the EPS hurdle and ROIC gateway will need to be met in order for any vesting to occur.</p> <p>The ROIC outcome for the Group over the 3-year performance period is tested relative to the weighted average cost of capital (WACC) for the Group over the 3-year performance period. The actual ROIC outcomes will need to be above WACC for vesting to occur. The Board will consider the impact of acquisitions (which are made in line with a Board approved acquisition plan) in the assessment of ROIC, including exclusion of capital spent and the returns from that acquisition for the period of the approved build and ramp-up, to ensure that participants are not penalized for undertaking an investment which is expected to deliver long-term profitable growth.</p>																				

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

Component	Detail
Board discretion and adjustment principles	<p>The Board, in conjunction with the People & Remuneration Committee, may exercise judgement and apply its overarching discretion as is required to ensure that LTI outcomes appropriately reflect the performance of the individual and the Group, as well as aligning to the expectations of Ramsay's stakeholders.</p> <p>In particular, the Board has discretion to make adjustments to the EPS outcomes used for the purposes of the FY21 LTI award and, as noted above under "Gateway", the Board will consider the impact of acquisitions (which are made in line with a Board approved acquisition plan) in the assessment of the ROIC gateway.</p> <p>To ensure any adjustments are consistently applied, five guiding principles will be applied as follows:</p> <ul style="list-style-type: none"> • Plan integrity and management accountability - adjustments will be made to align with the purpose of the plan and reflect management accountability for past decisions; • Nature and timing of adjustments - adjustments, both positive and negative, will only be made at the time of vesting; • Transparency - the Group will provide a clear rationale and disclosure, for any adjustments made, especially in case where performance has not been achieved; • Material or significant events - adjustments will only be made for events or items over the vesting period that have a material impact positively or negatively on the performance outcome, and consequently reward outcome; • Balance of interests - adjustments will be balanced to ensure outcomes are not unfairly biased towards either shareholders or management. <p>The Board will provide clear and transparent disclosure in respect of any exercise of Board discretion or adjustments to EPS in the relevant Remuneration Report.</p>

2.6 Other terms

The following components apply to both the STI and LTI.

Component	Detail
Board Discretion	As noted above, the Board, in conjunction with the People & Remuneration Committee, may exercise judgement and apply discretion as is required to ensure that incentive outcomes appropriately reflect the performance of the individual and the Group, as well as aligning to the expectations of Ramsay's shareholders.
Treatment on cessation of employment	<p>The Board retains absolute discretion in determining STI payments for a leaving executive. However, if an executive ceases employment with Ramsay before key performance indicator (KPI) targets are achieved, then they will generally not be entitled to receive any STI. However, if cessation of employment is due to retirement, illness, disability or death or is a Group-initiated termination other than for cause, the Executive may receive a pro-rata STI payment for the portion of the performance period they were employed.</p> <p>LTI performance rights may remain on foot with hurdles tested at the same time as other participants in the plan if cessation of employment is due to retirement, illness, disability or death or is a Group-initiated termination other than for cause.</p>
Malus and clawback	<p>The Board may take action to reduce, recoup or otherwise adjust "at-risk" remuneration including in-year incentives, unvested incentives and previously awarded incentives (cash or equity) where, in the opinion of the Board:</p> <ul style="list-style-type: none"> • the employee has acted fraudulently or dishonestly, engaged in gross misconduct and / or breached his or her duties or obligations to the Group (including acting in breach of the terms and conditions of their employment and/or Ramsay's Code of Conduct for Employees); • has engaged in an act which has brought the Group into disrepute or has acted or failed to act in a way that has contributed to, or is likely to contribute to, material reputational damage to the Group; • is convicted of an offence or has a judgement entered against them in connection with the affairs of the Group; • "at-risk" remuneration vests as a result of a Financial Misstatement Circumstance or the fraud, dishonesty, negligence or breach of duties or obligations of any other person and, in the opinion of the Board, the remuneration would not have otherwise vested; • adverse outcomes have arisen after vesting of "at-risk" remuneration (including during the deferral period) that cause a re-evaluation of the original assessment of performance generating the award; and/or • any other circumstances exist or have occurred which the Board determines in good faith to have resulted in the employee receiving an unfair benefit. <p>The ability of the Board to apply the policy is broad and includes (but is not limited to) lapsing or requiring repayment of awards, and for unvested equity re-setting performance conditions or amending the terms on which they are disposed.</p>

2.7 Minimum shareholding requirements

A minimum shareholding requirement was introduced from the start of FY20 for Executive KMP and NEDs. This Policy is intended to support alignment between KMP and the Group's shareholders and requires all Executive KMP and NEDs to obtain and hold Ramsay shares in line with the detail below:

Position	Minimum Shareholder Requirement	Timeframe to Acquire
MD & CEO	200% of FAR	Five years from time of appointment (or implementation of policy for individuals in role at 1 July 2019).
Executive KMP	100% of FAR	
Non-Executive Directors	100% of base annual fees	

3 FY21 Performance & Remuneration Outcomes

This section provides a summary of Ramsay's performance in FY21, and the actual remuneration outcomes that this delivered for our executives.

3.1 FAR levels

For FY21, there were no adjustments to fixed remuneration for executives. The table below sets out FAR level for Executive KMP for FY21.

Executive KMP	FY20 FAR (\$)	FY21 FAR (\$)
C.R. McNally	2,085,900	2,085,900
M.J. Roberts	1,200,000	1,200,000
D.A. Sims (former) ¹	960,000	960,000

¹ Mr Sims' FAR is shown on an annualised basis based on his contractual value for FY21. As noted above, the CEO Ramsay Australia ceased as Executive KMP part-way through FY21 on 30 September 2020.

3.2 Actual STI outcomes

Overview

Actual STI outcomes delivered to Executive KMP in FY21 are set out in the table below. An overview of performance against the FY21 scorecard (including key financial measures) is outlined below.

Executive KMP	Target STI opportunity (\$)	Target STI opportunity (% of FAR)	Maximum STI opportunity (\$)	Maximum STI opportunity (% of FAR)	% of FY21 STI awarded	% of maximum FY21 STI awarded	% of maximum FY21 STI award forfeited
C.R. McNally	2,085,900	100	2,607,375	125	110	88	12
M.J. Roberts	600,000	50	720,000	60	107	89	11
D.A. Sims (former) ¹	480,000	50	600,000	62.5	100	79	21

¹ The opportunity levels shown for Mr Sims represent his original STI opportunity at target and maximum for FY21 of \$480,000 (or 50% of his annualised FAR) and \$600,000 (or 62.5% of his annualised FAR) respectively. As Mr Sims ceased as Executive KMP with the Group on 30 September 2020, his STI opportunity levels for FY21 were pro-rated to the date he ceased as Executive KMP, for the purposes of Remuneration Reporting. Mr Sim's pro-rata maximum STI opportunity for his service as KMP in FY21 was \$150,000 which was tested and \$120,000 awarded in the ordinary course.

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

Performance against FY21 STI scorecard

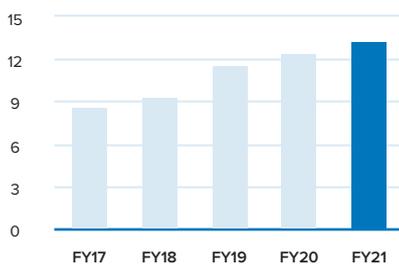
The table below provides an overview of performance achieved against the MD & CEO's FY21 STI scorecard, as approved by the Board.

Measure	Weighting	Achievement	Commentary on performance
Financial			
<ul style="list-style-type: none"> NPAT Revenue Operating cash flow 	50%	●	<ul style="list-style-type: none"> NPAT, Revenue and operating cashflow results all above target.
Strategic			
<ul style="list-style-type: none"> Growth investment Strategy development and implementation 	15%	●	<ul style="list-style-type: none"> Growth investment and new approvals near target. Strategy development completed and implementation completed for some but not all agreed milestones.
People			
<ul style="list-style-type: none"> Executive leadership capability Employee engagement and cultural framework Gender diversity in senior management Workplace fatalities = 0 Workplace safety as measured by top quartile long time injury frequency rate 	15%	●	<ul style="list-style-type: none"> Executive team strengthened with appointments of Group Chief Medical Officer and CEO Australia. Strong employee engagement in a very difficult environment. Gender targets and workplace safety measures achieved.
Consumer			
<ul style="list-style-type: none"> NPS 	10%	●	<ul style="list-style-type: none"> NPS targets achieved across all major regions.
Quality			
<ul style="list-style-type: none"> Hospital accreditation Never events Infection rates Unplanned readmissions Unplanned return to theatre 	10%	●	<ul style="list-style-type: none"> All hospital accreditations achieved. Quality measures achieved with improvement year on year and exceeded targets set relative to external benchmarks.

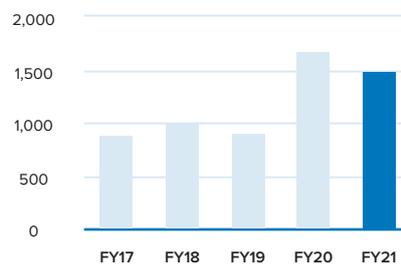
● Exceeded ● Met ● Partially met

The key financial metrics under the STI for FY21 STI were NPAT, Revenue and Operating Cashflow. Solid financial outcomes have been achieved in FY21 despite the COVID operating environment. The growth in earnings reflecting a strong increase in admissions as our regions emerged from the initial wave of the pandemic. Ramsay's strong balance sheet and cashflow supported the continued investment in, and optimisation of, the Group's facilities and footprint to meet strong underlying demand for healthcare services over the medium to long term.

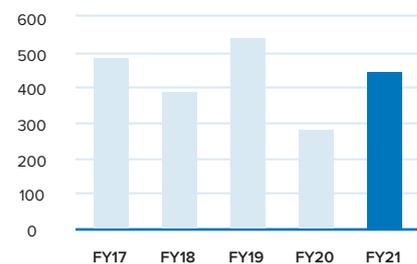
Revenue (\$bn)



Net Cash Flows from Operating Activity (\$m)



NPAT (\$m)



3.3 LTI outcomes

Overview

In FY21, two LTI awards were eligible to be tested:

1. re-testing of the TSR component of the FY18 LTI performance rights (noting that retesting no longer applies to LTI grants made from FY19)
2. assessment of the FY19 LTI awards.

As outlined below, there was no vesting in respect of either LTI grant in FY21.

Vesting outcomes (FY18 LTI)

There was no vesting of the FY18 LTI in FY21.

As disclosed in the FY20 Remuneration Report, there was a re-testing of the FY18 LTI performance rights subject to the TSR performance condition at 31 December 2020 and, if some or all FY18 Rights did not vest, a third and final re-testing of the unvested FY18 Rights at 30 June 2021. If there were any unvested FY18 Rights remaining at 30 June 2021, they would automatically lapse. Retesting no longer applies to LTI grants from FY19.

Refer to section 6 of the FY18 Remuneration Report for further detail on the terms attaching to the FY18 LTI awards, which can be accessed on the Group's website at [ramsayhealth.com/Investors/Annual-and-Financial-Reports](https://www.ramsayhealth.com/Investors/Annual-and-Financial-Reports).

Vesting outcomes (FY19 LTI)

Overview

The FY19 grant was due to be tested at the end of FY21 (with a performance period from 1 July 2018 to 30 June 2021) for the MD & CEO and the CEO Ramsay Australia. As detailed below, there was no vesting in respect of this grant reflecting that there was no vesting in respect of the relative TSR component or the EPS component.

Refer to section 6.2 of the FY19 Remuneration Report for full detail of the terms attaching to the FY19 LTI awards, which can be accessed on the Group's website at [ramsayhealth.com/Investors/Annual-and-Financial-Reports](https://www.ramsayhealth.com/Investors/Annual-and-Financial-Reports).

Performance measure	Weighting	Actual level of performance	Vesting outcomes under FY19 LTI
Relative TSR	50%	40.43 percentile	0% of relative TSR component
Aggregate EPS	50%	The Group's EPS in FY20 was significantly below guidance due to COVID-19. As a result of this and the legacy EPS hurdle, the Board determined that the EPS performance rights did not vest.	0% of aggregate EPS component
			0% overall vesting

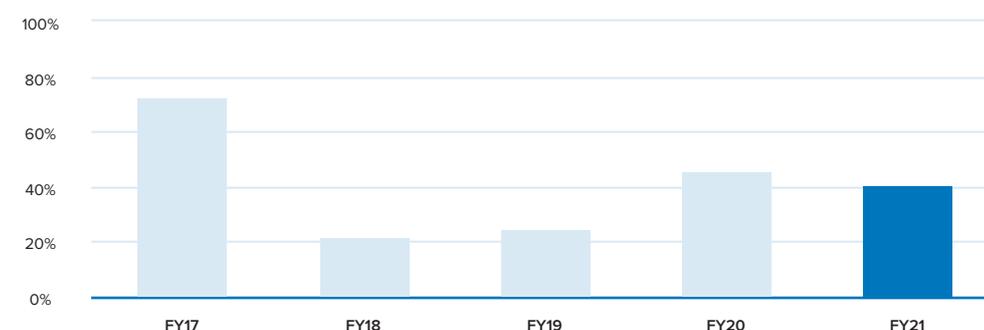
Relative TSR performance condition

The vesting schedule in respect of the relative TSR component of the FY19 LTI performance rights is set out below. The Group achieved a relative TSR ranking of 40.43 percentile, resulting in 0% vesting of this portion of the award.

Level of performance	Vesting outcomes
Below 50 th percentile	Nil
50 th percentile	50% vesting
50 th and 75 th percentile	Vesting on a straight-line basis between 50% and 100% vesting
Above 75 th percentile	100% percentile vesting
Actual relative TSR achieved: 40.43 percentile	Level of vesting: 0%

The 3-year relative TSR¹ performance over the last five years is detailed below:

TSR Percentile Ranking¹



¹ TSR percentile ranking is calculated with reference to the S&P / ASX200 index (excluding companies in real estate, finance and resources) for the FY17 and the S&P / ASX100 Index (with the same exclusions) for the other financial years.

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

EPS performance condition

From FY21, the measurement of EPS will be based on a 3-year growth range against threshold and stretch performance hurdles to align more closely with market practice.

However, the FY19 performance rights that were subject to the EPS performance hurdle were measured by comparing Ramsay's aggregate EPS over 3 years against an aggregate EPS target calculated based on Ramsay's market guidance for EPS disclosed at the start of each financial year. The annual EPS targets were then aggregated to provide the threshold and maximum 3-year targets for vesting of performance rights. These performance rights were subject to the vesting scale on a "step" basis as set out below.

The Group's EPS in FY20 was significantly below guidance due to COVID. As a result of this and the legacy EPS hurdle, the Board determined that the performance rights assessed against EPS did not vest.

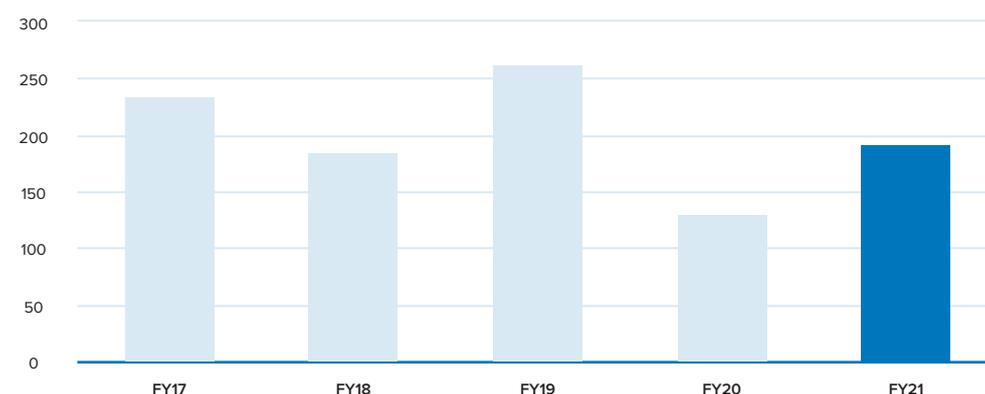
Level of performance	Level of vesting (%)
EPS well short of the market guidance	0
EPS just below the lower end of market guidance	25
Lower end of market guidance is achieved	50
Mid-point of market guidance is achieved	75
Upper end of market guidance is achieved	90
Well above the upper end of market guidance achieved	100
No additional rights will vest for EPS performance between the above specified points.	

The table below shows EPS performance relative to market guidance in the first 2 years of the performance period and the final nil vesting outcome in respect of the EPS component of the FY19 LTI.

	FY19 0% to 2% (cps)	FY20 -6% to 4% (cps)	% of Performance Rights to vest
<1% below guidance	272.4	261.5	25
Lower end of guidance	275.1	264.2	50
Middle of guidance	277.9	267.0	75
Upper end of guidance	280.6	269.8	90
>1% above guidance	283.4	272.5	100
Actual EPS Achieved & Vesting Outcome	281.0	155.9	0

The EPS performance for the last 5 years is detailed in the graph below:

EPS (cents/share)

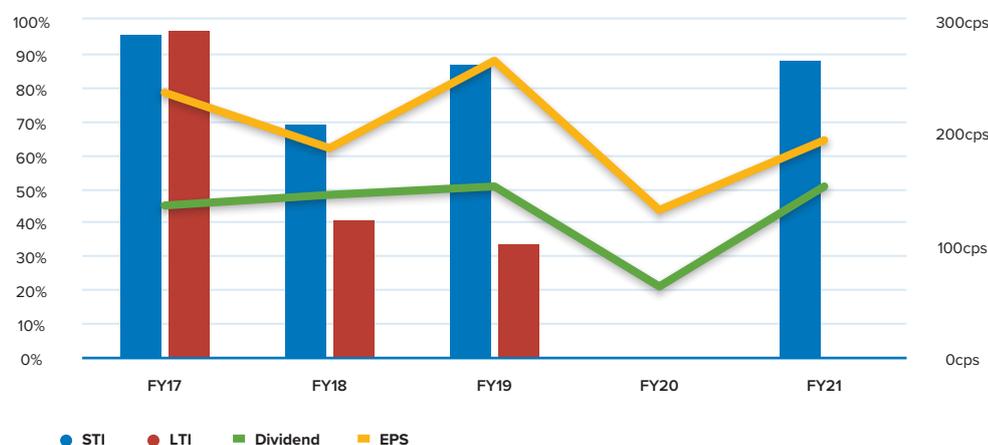


One-off awards

In joining Ramsay, the Group CFO Martyn Roberts forfeited significant unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights in FY20 equivalent to \$1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. The vesting of the performance rights is weighted to the longer-term with vesting in tranches of 20%, 30% and 50% over 3 years. The first tranche vested in FY21.

3.4 Five year Group performance correlated to variable reward outcomes

The graph and table below summarises STI and LTI outcomes over the past 5 years together with share price, dividend and NPAT performance demonstrating the alignment of at-risk reward outcomes and shareholder outcomes.



	FY21	FY20	FY19	FY18	FY17
CEO STI outcomes (% of maximum)	88	-	90	70	93.6
CEO LTI outcomes (% of maximum)	-	-	37	45	97
Closing share price at end of period (\$)	62.95	66.52	72.24	53.98	73.60
Dividends per Ordinary Shares (\$)	1.5150	0.6250	1.5150	1.4400	1.3450
NPAT (\$M)	449.00	284.00	545.50	388.30	488.90

3.5 Actual remuneration table (Executive KMP)

The table below provides a summary of the actual take-home pay received by Executive KMP during FY21. Unlike the statutory remuneration tables in section 3.6 below, the below table has not been prepared in accordance with the requirements of the Australian Accounting Standards and is unaudited. It is included on a voluntary basis to show what Executive KMP actually received in FY21, and amounts that are paid or vested to executives in FY21 (with an FY20 for comparison).

Name	Financial Year	FAR ¹ (\$)	Other payments (\$)	STI Awarded ² (\$)	LTI Vested (\$)	Total Actual Remuneration (\$)
C.R. McNally	FY21	2,131,330	-	2,294,490	-	4,425,820
	FY20	2,141,654	-	-	-	2,141,654
M.J. Roberts ³	FY21	1,200,000	207,403	642,000	-	2,049,403
	FY20	240,909	-	-	-	240,929
D.A. Sims ⁴ (former)	FY21	240,172	-	120,000	-	360,172
	FY20	985,596	-	-	-	985,596

¹ FAR includes cash salary, superannuation and non-monetary benefits such as private health insurance cover and motor vehicle running costs.

² STI represents the amount awarded for FY21 noting that 50% is deferred into equity for 3 years for the CEO, and 1 and 2 years for the CFO.

³ Mr Roberts commenced 20 April 2020 so amounts for FY20 relate to the period 20 April to 30 June 2020. In joining Ramsay, Mr Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to \$1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. On 20 April 2021 20% or 3,074 of the Rights vested, with a vesting date value of \$207,403.

⁴ Mr Sims ceased as Executive KMP on 30 September 2020. The FY21 remuneration details included within the table above reflect amounts paid to Mr Sims during his service period as a member of the Executive KMP only.

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

3.6 Statutory remuneration table (Executive KMP)

Details of each of the Executive KMP's remuneration for FY21 (calculated in accordance with the applicable Accounting Standards) are set out below. All values are in Australian Dollars (\$) unless otherwise stated.

Name	Financial Year	Fixed remuneration		Short-term benefits		Long-term benefits					Share Based Payments as % of Total Remuneration	Total Performance Related Remuneration (%)
		Cash Salary & Fees (\$)	Super-annuation (\$)	Non-Monetary Benefits ¹ (\$)	Accrued STI (\$)	Long Service Leave Entitlements (\$)	Deferred STI (\$)	LTI Share Based Rights ² (\$)	Accrued Termination / Retirement Benefits (\$)	Total Remuneration (\$)		
C.R. McNally	FY21	2,085,209	21,694	24,427	1,147,245	34,347	1,147,245	1,449,628	-	5,909,795	44	63
	FY20	2,085,900	21,003	34,751	-	59,769	-	(263,375)	-	1,938,048	(14)	(14)
M.J. Roberts ³	FY21	1,178,306	21,694	-	321,000	19,625	321,000	877,893	-	2,739,518	44	55
	FY20 ³	236,693	4,216	-	-	3,820	-	100,496	-	345,225	29	29
Former												
B.R Soden	FY21	-	-	-	-	-	-	-	-	-	-	-
	FY20	723,481	10,501	51,329	-	-	-	(752,025)	531,332	564,618	(133)	(133)
D.A. Sims ⁴	FY21	234,749	5,423	-	120,000	9,296	-	226,180	-	595,648	38	58
	FY20	938,997	21,003	25,596	-	20,907	-	(747,045)	-	259,458	(288)	(288)
O.J-M. Chretien	FY21	-	-	-	-	-	-	-	-	-	-	-
	FY20	1,000,000	21,003	-	-	17,062	-	(10,581)	500,00	1,527,484	(1)	(1)
Total	FY21	3,498,264	48,811	24,427	1,588,245	63,268	1,468,245	2,553,701	-	9,244,961	44	61
Total	FY20	4,985,071	77,726	111,676	-	101,558	-	(1,672,530)	1,031,332	4,634,833	(36)	(36)

¹ This figure represents non-monetary benefits such as health insurance cover and motor vehicle running costs that do not form part of the Executive KMP's cash salary.

² In accordance with the requirements of the Accounting Standards, the remuneration includes a proportion of the fair value of the performance rights awarded under the LTI program granted or outstanding during the year. The fair value is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that Executives may ultimately realise should the equity instruments vest. The fair value of the performance rights at the date of their grant has been determined in accordance with AASB 2 applying the Black-Scholes and Monte Carlo Simulation models. The assumption underpinning these valuations are set out in note 18 to the financial statements.

³ Mr Roberts commencing employment with the Group on 20 April 2020 so amounts for FY20 relate to the period 20 April to 30 June 2020. In joining Ramsay, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to \$1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. Subject to satisfaction of continuing employment and performance conditions, vesting is staggered over the 3 years as follows: 20% of the Rights or 3,074 vested on 20 April 2021, 30% of the Rights or 4,611 to vest on 20 April 2022, and 50% of the rights or 7,687 to vest on 20 April 2023. The FY21 cost attributable to these rights is included within LTI Share Based Rights in line with the requirements of the Australian Accounting Standards.

⁴ Mr Sims ceased as Executive KMP on 30 September 2020. The FY21 remuneration details included within the table above reflect amounts paid to Mr Sims during his service period as a member of the Executive KMP only.

4 Non-Executive Director Remuneration

4.1 Overview

For FY21, to align with market practice the Board has determined to:

- **reduce the Chairman's fees from \$725,000 (FY20) to \$659,900 (FY21)** and
- **reduce the Deputy Chairman's fee and NED Board base member fees by 20% from previous FY20 levels.** This will be achieved by no longer making the NED Share Rights Plan award that was previously equal to 20% of the NED's base fees (excluding Committee fees and superannuation). As approved at the 2020 AGM, the Group will still provide NEDs with the opportunity to salary sacrifice a portion of their fees to be granted as share rights (if they choose to do so). There is no intention to adjust fees for FY22.

4.2 Remuneration policy & arrangements

The Board sets the fees for its NEDs in line with the key objectives of the Group's NED remuneration policy set out below. NEDs fees are reviewed annually and are set at a level that is sufficient to attract and retain high calibre NEDs with skills and experience required to oversee a business of Ramsay's size and complexity.

Market competitive to secure and retain talented, qualified NEDs	Preserving and safeguarding independence and impartiality	Aligning NEDs and security holder interests
<p>The Board's policy is to remunerate NEDs at market-competitive rates to attract and retain NEDs of the highest calibre and requisite expertise having regard to:</p> <ul style="list-style-type: none"> • market data, • the size, complexity and international spread of the Group's operations and • the workload and time commitment of NEDs. 	<p>NED remuneration consists of base fees, and additional fees for the Chair and members of any Board Committee (with the exception of the Nomination Committee).</p> <p>No element of NED remuneration is "at-risk" (i.e. NEDs are not entitled to any performance-related remuneration) to preserve their independence and impartiality.</p>	<p>NEDs are encouraged to hold securities in the Group to create alignment between the interests of NEDs and shareholders. To create alignment between the interests of NEDs and shareholders, all NEDs are subject to a minimum shareholding requirement equal to 100% of their annual base fee. This requirement must be satisfied within 5 years of appointment for newly appointed NEDs. Refer section 2.7.</p>

4.3 Fees & other benefits

Aggregate fee pool

The current annual aggregate fee pool for NEDs is capped at \$3,500,000 (including statutory superannuation contributions), as approved by shareholders at the AGM held on 12 November 2014. No change is proposed to the fee pool.

FY21 fee structure

The table below outlines the revised FY21 fee schedule for NEDs. FY21 marks the fourth conservative year that NED fees have not been increased, rather a reduction in the Chair fee from \$725,000 to \$659,900 and a 20% reduction in the Deputy Chairman's and base member fee from FY20 levels occurred in FY21. All fees shown in the table below are inclusive of superannuation.

Position	Chair (inc. superannuation)	Member fee (inc. superannuation)
Board	Chair: \$659,900 Deputy Chair: \$271,674	\$227,200
Audit Committee	\$56,000	\$28,000
Risk Management Committee	\$50,000	\$25,000
People & Remuneration Committee	\$41,000	\$21,000
Nomination Committee	No fee provided for this committee	

Internationally based NEDs will also receive a travel allowance equivalent to \$10,000 per meeting for travel in excess of nine hours for attendance at Board meetings.

Prescribed benefits

NEDs appointed prior to October 2003 (being, Michael S Siddle & Peter J Evans) remain entitled to retirement benefits under the, now frozen, Directors' Retirement Benefits Plan. Under the plan, retirement benefits previously accrued on a pro-rata basis over a period of nine years, commence after a minimum service period of three years.

Entitlements are indexed in line with the one-year Commonwealth Government Bond Rate and are adjusted twice a year. No adjustments are made based on increases in NED fees or years of service. The indexation of retirement benefits occurs simply to preserve the real value of existing entitlements and not to enhance any NED's remuneration, and as such, is not counted towards the aggregate fee pool.

The value of the frozen benefits as at 30 June 2021, to which participating NEDs are entitled upon retirement are set out below:

Total Frozen Benefit 31 Dec 09 (\$)	Total Provision 30 June 2020 (\$)	Benefits paid in FY21 (\$)	Total Bond Rate Adjustment (\$)	Total Provision 30 June 2021 (\$)
2,879,813	1,244,096	-	1,668	1,245,764

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

4.4 Statutory remuneration table (NEDs)

The fees paid or payable to the NEDs of the Group in respect of FY21 are set out in the table below.

All values are in Australian dollars (\$) unless otherwise stated.

Name ¹	Fixed remuneration		Short-term benefits		Long-term benefits					Total Remuneration (\$)	Share Based Payments as % of Total Remuneration	Total Performance Related Remuneration (%)
	Financial Year	Cash Salary & Fees ² (\$)	Super- annuation (\$)	Non- Monetary Benefits ³ (\$)	Accrued STI (\$)	Long Service Leave Entitlements (\$)	Deferred STI (\$)	LTI Share Based Rights (\$)	Accrued Termination / Retirement Benefits ⁴ (\$)			
M.J. Siddle (Chairman)	FY21	638,206	21,694	-	-	-	-	-	737	660,637	-	-
	FY20	705,178	21,003	-	-	-	-	-	5,421	731,602	-	-
P.J. Evans (Deputy Chair)	FY21	351,695	21,694	-	-	-	-	-	931	374,320	-	-
	FY20	445,925	21,003	-	-	-	-	-	6,848	473,776	-	-
C.A. Deans (NED)	FY21	261,375	21,694	-	-	-	-	-	-	283,069	-	-
	FY20	297,863	21,003	-	-	-	-	-	-	318,866	-	-
J.M. McMurdo (NED)	FY21	248,408	21,694	-	-	-	-	-	-	270,102	-	-
	FY20	235,479	16,919	-	-	-	-	-	-	252,398	-	-
K.L.C. Penrose (NED)	FY21	301,359	21,694	-	-	-	-	-	-	323,053	-	-
	FY20	82,803	7,001	-	-	-	-	-	-	89,804	-	-
C.R. Süßmuth Dyckerhoff (NED)	FY21	245,294	21,694	-	-	-	-	-	-	266,988	-	-
	FY20	289,347	21,003	-	-	-	-	-	-	310,350	-	-
D.J. Thodey AO (NED)	FY21	240,875	21,694	-	-	-	-	-	-	262,569	-	-
	FY20	317,380	21,003	-	-	-	-	-	-	338,383	-	-
Retired												
R.H. McGeoch AO	FY21	-	-	-	-	-	-	-	-	-	-	-
	FY20	113,995	8,751	-	-	-	-	-	-	122,746	-	-
K.C.D. Roxburgh	FY21	-	-	-	-	-	-	-	-	-	-	-
	FY20	118,453	8,751	-	-	-	-	-	-	127,204	-	-
Total	FY21	2,287,212	151,858	-	-	-	-	-	1,668	2,440,738	-	-
Total	FY20	2,606,423	146,437	-	-	-	-	-	12,269	2,765,129	-	-

¹ Each of the NEDs listed in the table above held their named position for the whole of FY21.

² With respect to NED fees in FY20, this amount includes fees received in the form of share rights under the NEDs Share Rights Plan.

³ This figure represents non-monetary benefits such as health insurance cover and motor vehicle running costs that do not form part of the KMP's cash salary.

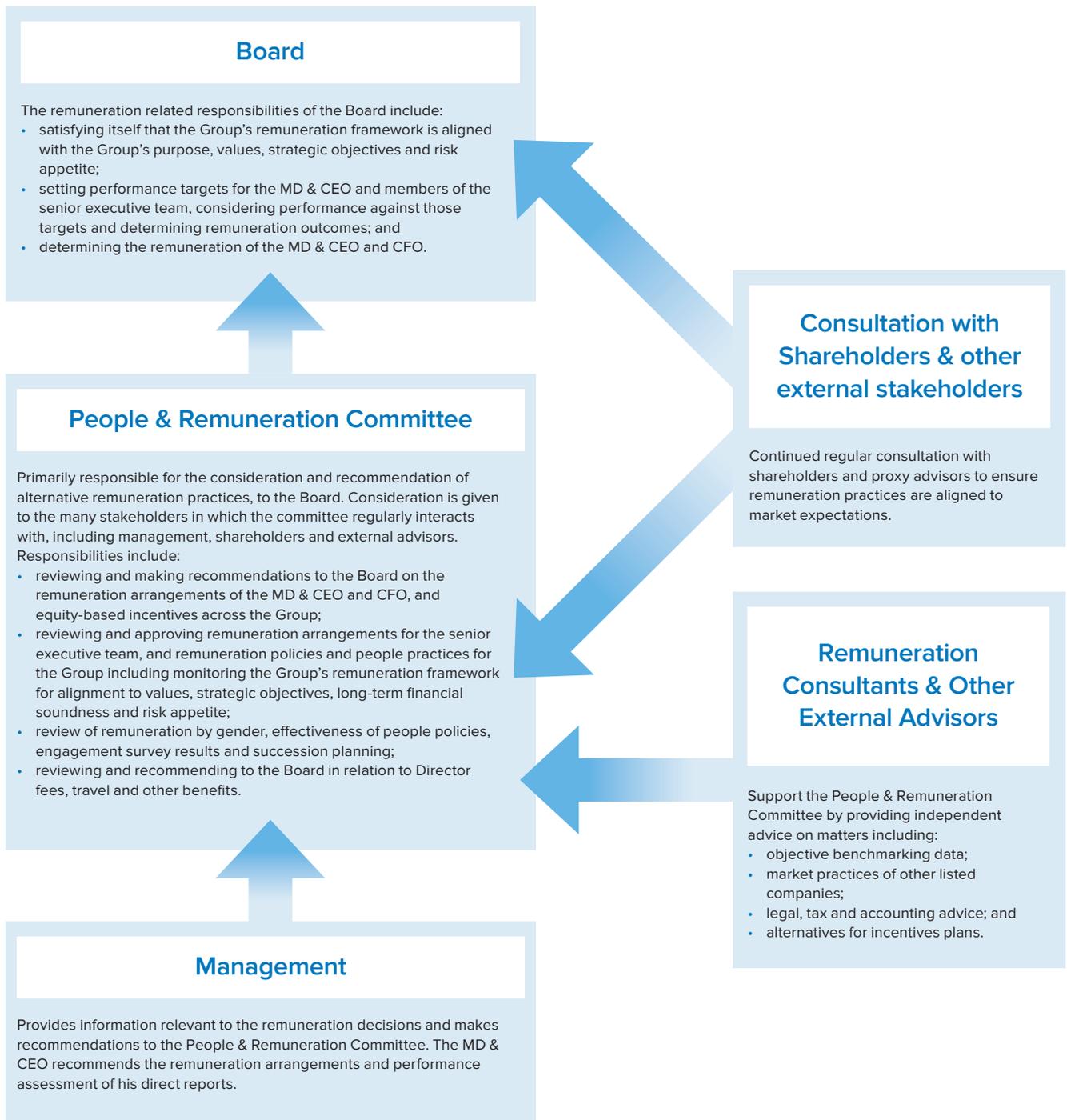
⁴ With respect to NEDs, this constitutes amounts provided for by Ramsay during the financial year in relation to the contractual retirement benefits which the NED will be entitled to upon retirement from office. These amounts represent the bond rate adjustment for the year as set out in section 4.3 above.

5 Remuneration Governance

5.1 Remuneration Governance

Overview

As summarised below, the Board oversees the Ramsay people strategy, both directly and through the People & Remuneration Committee. The People & Remuneration Committee seeks input from the MD & CEO and the Group Chief People Officer, who attend Committee meetings, except where matters relating to their own remuneration are considered.



8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

Interaction between risk & remuneration

Our remuneration framework has been structured to encourage long-term sustainable decision making from all of our leaders, ensuring that the interests of the Group's shareholders and broader stakeholder groups (i.e. customers, employees, community etc) are at the heart of all decisions. It is important that the Group's remuneration framework encourages the sound management of both financial (and non-financial risks) and mitigates against excessive risk taking or short-term oriented behaviours by executives.

This is achieved under the executive remuneration framework in a number of ways:

- **Structure:** under the executive remuneration framework, a portion of the STI is deferred into equity (vesting over 1 to 2 years, or 3 years depending on role) and the LTI is delivered in performance rights which are performance-tested over 3 years. Both of these mechanisms encourage alignment between executives and the Group's shareholders, as the value of these awards to participants fluctuates with the Group's share price;
- **Board discretion:** the Board, in conjunction with the People & Remuneration Committee, has the ability to exercise discretion to ensure the quantum of executive remuneration is appropriate in light of individual and Group performance (which extends to reductions in STI and LTI vesting outcomes, including to zero, for adverse risk outcomes). STI awards are also subject to The Ramsay Way ("People Caring for People") performance modifier,
- **Minimum shareholding requirements:** as noted in section 2.7 above, a minimum shareholding requirement was introduced in FY20 for executives and NEDs which requires the accumulation of Group shares over 5 years. This requirement encourages alignment between the interests of the Group's shareholders, and executives and NEDs;
- **Malus & clawback provisions:** incentives are subject to malus and clawback provisions which provide the Board with the ability to reduce and/or withhold any variable remuneration awards that have been awarded but remain unvested or unpaid, as well as recoup amounts that have previously been paid. These provisions are described in section 2.6; and
- **Remuneration governance:** in determining final variable remuneration outcomes each year, the People & Remuneration Committee will consult with the Risk Management Committee and Group Chief Risk Officer to ensure that the financial and non-financial risk considerations are taken into account.

5.2 Use of remuneration consultants

In accordance with its Charter, the People & Remuneration Committee can engage with remuneration consultants, according to specific guidelines.

Ramsay did not receive any "remuneration recommendations" as defined under the *Corporations Act 2001* (Cth) in FY21.

5.3 Details of Executive Service Agreements

The MD & CEO and Group CFO have written service contracts. The below details the key terms of these agreements.

Term	Further detail
Duration	<ul style="list-style-type: none">• Ongoing
Termination by employee	<ul style="list-style-type: none">• 6 months' notice. The Group may elect to make a payment in lieu of notice.• Employee may terminate the employment agreement without notice if a fundamental change occurs in his role or responsibilities.
Termination by Group	<ul style="list-style-type: none">• 12 months' notice (MD & CEO) or 6 months' (Group CFO) or payment in lieu of notice.• Ramsay may summarily terminate employment without notice in certain circumstances.
Restraint Period	<ul style="list-style-type: none">• 12 month restraint provision applies.

5.4 Security Trading Policy

All Ramsay NEDs and employees are subject to the Group's Securities Trading Policy, a copy of which is available on our website at [ramsayhealth.com/Sustainability/Governance](https://www.ramsayhealth.com/Sustainability/Governance).

This policy prohibits:

- the dealing (or procurement of another person to deal) with Ramsay's securities or the securities of another company where they are in possession of inside information;
- dealing with Ramsay securities during blackout periods;
- short-term dealing (e.g. buying and selling securities within a 12-month period or entering into forward contracts); and
- hedging Ramsay securities.

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

6 Further information

6.1 Executive KMP and NED share ownership

The table below outlines the holdings and movements during FY21 in the equity of Ramsay by each KMP, including their related parties. No shares were held nominally by any KMP or their related parties.

	Held at 1 July 2020		Received on Vesting of LTI		Received as Other Remuneration		Other Net Change Purchase / Sale		Held at 30 June 2021	
	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES
Non-Executive Directors										
M.S. Siddle	3,905,919	-	-	-	-	-	-	-	3,905,919	-
P.J. Evans	11,099	-	-	-	-	-	-	-	11,099	-
C.A. Deans	5,705	1,402	-	-	-	-	-	-	5,705	1,402
J.M. McMurdo	4,964	-	-	-	-	-	-	-	4,964	-
K.L.C. Penrose	957	-	-	-	-	-	-	-	957	-
C.R. Süßmuth Dyckerhoff	3,705	-	-	-	-	-	-	-	3,705	-
D.J. Thodey AO	11,071	700	-	-	-	-	-	-	11,071	700
Executive KMP										
C.R. McNally	351,707	-	-	-	-	-	-	-	351,707	-
M.J. Roberts	191	-	3,074	-	-	-	-	-	3,265	-
D.A. Sims ¹ (former)	104,257	-	-	-	-	-	-	-	104,257	-

¹ Mr Sims ceased as an Executive KMP on 30 September 2020. Mr Sims details are provided in the above table up until the date he ceased as KMP.

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

6.2 Movement in securities

The below table shows the movements (during FY21 and up to the date of this Report) in equity settled performance rights granted as remuneration to Executive KMP.

	Instrument	Date of Grant	Number of Rights Granted ¹	Vesting Date ²	Number of Rights Vested/ Exercised ³	Value of Rights Vested / Exercised ⁴ (\$)	Number of Rights Subject to TSR Retesting ^{5,6}	Number of Rights Forfeited / Lapsed ^{7,8}	Value of Rights Forfeited / Lapsed ⁹ (\$)
Executive KMP									
C.R. McNally	Equity settled performance rights	10-Nov-16	24,289	31-Aug-20	-	-	24,289	24,289	1,597,101
		17-Nov-17	47,958	31-Aug-20	-	-	-	23,979	1,576,717
				31-Aug-21	-	-	23,979	23,979	1,629,138
		17-Nov-18	66,346	31-Aug-21	-	-	-	66,346	4,507,561
		17-Nov-19	50,483	31-Aug-22	-	-	-	-	-
		15-Dec-20	55,563	31-Aug-23	-	-	-	-	
M.J. Roberts	Equity settled performance rights	20-Apr-20	15,372	Staggered ¹⁰	3,074	207,403	-	-	-
		15-Dec-20	16,193	31-Aug-23	-	-	-	-	-
D.A. Sims ¹¹ (former)	Equity settled performance rights	10-Nov-16	16,193	31-Aug-20	-	-	16,193	16,193	1,064,756
		17-Nov-17	42,571	31-Aug-20	-	-	-	28,380	1,866,101
				31-Aug-21	-	-	14,191	14,191	964,139
		15-Nov-18	47,186	31-Aug-21	-	-	-	47,186	3,205,826
		17-Nov-19	31,922	31-Aug-22	-	-	-	-	-
		15-Dec-20	31,940	31-Aug-23	-	-	-	21,293	1,446,651

¹ The implied maximum possible total value of the equity awards allocated during FY21 and yet to vest can be determined by multiplying the number of Performance Rights granted by the current share price of Ramsay shares. The minimum possible total value of LTI awards is nil. The weighted average fair value per FY21 Performance Right at the grant date was \$27.45 for the TSR performance hurdle and \$59.45 for the EPS performance hurdle. The performance criteria applicable to prior year grants are disclosed in prior Remuneration Reports.

² This vesting date is an indicative date only. Vesting of Performance Rights will occur once the Board has determined the extent to which the applicable performance hurdles have been met. Vesting will only occur after the announcement of the release of Ramsay's Full Year results for the previous financial year.

³ On the vesting of each Performance Right, the holder receives one fully-paid ordinary share in Ramsay, subject to disposal and other dealing restrictions, if held in the trust.

⁴ The value of vested Performance Rights is based on Ramsay's 5-day VWAP on the date of vesting (as there is no exercise price payable in respect of Performance Rights).

⁵ The FY17 LTIs subject to the TSR performance condition did not achieve the required performance threshold on re-testing and therefore lapsed on 31 August 2020.

⁶ The FY18 LTIs subject to the TSR performance condition failed to achieve the required performance threshold on re-testing and therefore lapsed on 31 August 2021.

⁷ The FY18 LTI Performance Rights subject to Core EPS performance condition did not achieve the relevant threshold required for vesting and therefore lapsed on 31 August 2020.

⁸ All the FY19 LTI Performance Rights subject to Core EPS performance condition and to the TSR performance condition did not achieve the relevant thresholds required for vesting and therefore lapsed on 31 August 2021.

⁹ The value of unvested Performance Rights is calculated using the relevant Ramsay 5-day VWAP at the date of lapsing.

¹⁰ In joining Ramsay, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to \$1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. Subject to satisfaction of continuing employment and performance conditions, vesting is staggered over the 3 years as follows: 20% of the Rights or 3,074 vested on 20 April 2021, 30% of the Rights or 4,611 to vest on 20 April 2022, and 50% of the rights or 7,687 to vest on 20 April 2023.

¹¹ Mr Sims ceased as an Executive KMP on 30 September 2020. The details for Mr Sims are provided in the above table up until the date he ceased as KMP. The Performance Rights granted to Mr Sims on 15 December 2020 have been adjusted on a pro-rata basis for the period of service up to the date of his retirement. Accordingly, a total of 21,293 Rights granted on 15 December 2020 have lapsed.

8. REMUNERATION REPORT – AUDITED

RAMSAY HEALTH CARE LIMITED

The movement during FY21 in the number of rights over ordinary shares in Ramsay held, directly or indirectly or beneficially, by each KMP, including their related parties is as follows.

	Equity Settled Performance Rights / Share Rights	Rights held at 1 July 2020	Number of Rights Granted	Number of Rights Vested / Exercised	Number of Rights Forfeited / Lapsed	Rights held at 30 June 2021	Number of Rights Vested / Exercised Post 30 June 2021
Non-Executive Directors							
M.S. Siddle	Share Rights	-	-	-	-	-	-
P.J. Evans	Share Rights	-	-	-	-	-	-
C.A. Deans	Share Rights	-	-	-	-	-	-
J.M. McMurdo	Share Rights	-	-	-	-	-	-
K.L.C. Penrose	Share Rights	-	-	-	-	-	-
C.R. Süßmuth Dyckerhoff	Share Rights	-	-	-	-	-	-
D.J. Thodey AO	Share Rights	-	-	-	-	-	-
Executive KMP							
C.R. McNally	Performance Rights	189,076	55,563	-	48,268	196,371	-
M.J. Roberts	Performance Rights	15,372	16,439	3,074	-	28,737	-
D.A. Sims ¹ (former)	Performance Rights	137,872	31,940	-	44,573	125,239	-

¹ Mr Sims ceased as an Executive KMP on 30 September 2020. Mr Sims details are provided in the above table up until the date he ceased as KMP.

6.3 Other transactions and balances with Executive KMP

Loans to Executive KMP

No Executive KMP or their related parties held any loans with the Group during the Reporting Period.

Other Executive KMP transactions

The Group did not engage in any transactions with Executive KMP or their related parties during the Reporting Period.

9.

DIRECTORS' REPORT

The Directors present the Directors' Report for the year ended 30 June 2021 for the consolidated entity consisting of Ramsay Health Care Limited (**Ramsay** or the **Company**) and its controlled entities (together, the **Group**).

The information referred to in the table below is incorporated into, and forms part of, this Directors' Report:

Item	Description	Section / page number of this Annual Report
1.	Key Risks	Section 4 on pages 8 to 10
2.	Operating and Financial Review	Section 5 on pages 11 to 23
3.	Remuneration Report	Section 8 on pages 36 to 57
4.	Directors' roles, skills and qualifications and all directorships of other listed companies held by each Director in the last 3 years	Section 7 on pages 32 to 34
5.	Company Secretary's qualifications and experience	Section 7 on page 34
6.	Number of Board and Committee meetings and Directors' attendance	Section 7 on page 35

Directors' relevant interests

Details of Director's holdings in the share capital of the Company as at the date of this report are as follows:

Name	Ordinary shares	Convertible Adjustable Rate Equity Securities (CARES)	Rights over Ordinary Shares
Alison Deans	5,705	1,402	-
Peter Evans	11,099	-	-
James McMurdo	4,964	-	-
Craig McNally	351,707	-	106,046
Karen Penrose	957	-	580 ¹
Michael Siddle	3,905,919	-	-
Claudia Süßmuth Dyckerhoff	3,705	-	-
David Thodey AO	11,071	700	-

¹ Ms Penrose acquired Share Rights by way of salary sacrifice under the Non-Executive Director Share Rights Plan, as approved by shareholders at the Annual General Meeting held on 24 November 2020.

Remuneration report

The Remuneration Report in Section 8 on pages 36 to 57 of this Annual Report is incorporated into, and forms part of, this Directors' Report.

Operating and financial review

Information on the operations of the Group during the financial year, the results of those operations, the Group's financial position and its business strategies and prospects is set out in the Operating and Financial Review (**OFR**) in Section 5 on pages 11 to 23 of this Annual Report and is incorporated into, and forms part of, this Directors' Report.

Principal activities

During the year, the principal activity of the Group was to own and operate hospitals and health care services in approximately 460 locations across Australia and globally. There were no significant changes in the nature of the Company's activities during the year.

State of affairs

Other than as referred to in the OFR, there have been no significant changes in the Group's state of affairs during the year.

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations are set out in the OFR in Section 5 on pages 11 to 23 of this Annual Report and is incorporated into, and forms part of, this Directors' Report.

Matters subsequent to the end of the financial year

On 26 May 2021, Ramsay announced that it had reached agreement with the board of Spire Healthcare Group PLC (**Spire**) on the terms of a recommended cash offer to acquire the entire issued and to be issued share capital of Spire, by way of a scheme of arrangement under part 26 of the UK Companies Act 2006 (Scheme). The Court Meeting and General Meeting at which Spire shareholders voted on resolutions to approve and implement the Scheme were held on the 19 July 2021. As the requisite majority of votes required to pass all of the resolutions were not achieved, the proposed acquisition will not proceed. As a result, the amounts held in escrow of \$1,958.1 million (Refer Note 16.a) at 30 June 2021, in relation to this business combination were released and subsequently used to pay down loans and borrowings of the Group.

There have been no other significant events after the reporting date that may significantly affect the Group's operations in future years, the results of these operations in future years or the Group's state of affairs in future years.

Dividends

Dividends paid or recommended for payment on ordinary shares are as follows:

- Final dividend recommended @ 103.0 per share (2020: 0.0 cents¹). Total of \$235.7 million (2020: \$0.0 million).
- Interim dividend paid during the year @ 48.5 cents per share (2020: 62.5 cents). Total of \$106.2 million (2020: \$126.3 million).

Dividends paid or recommended for payment on CARES are as follows:

- Final dividend recommended @ \$1.74 per security (2020: \$1.77). Total of \$4.5 million (2020: \$4.6 million).
- Interim dividend paid during the year @ \$1.73 per security (2020: \$2.04). Total of \$4.5 million (2020: \$5.3 million).

The tax rate at which dividends have been franked and recommended dividends will be franked is 30% (2020: 30%).

Environmental regulation

The Group holds licences from the Environment Protection Regulatory Bodies applicable to hospitals for the maintenance of a safe environment. The Directors are not aware of any breaches of these licences.

Non-audit services

Ernst & Young received or are due to receive \$2,753,006 for the provision of non-audit services. Refer to Note 21 for further information.

The Board is satisfied that the provision of non-audit services during the year by Ernst & Young is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

1. all non-audit services provided by Ernst & Young were reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor; and
2. the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

¹ No final dividend was determined

Indemnification and insurance of directors and officers

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the Directors and other executive officers, against the liabilities incurred while acting as such officers to the extent permitted by law.

In accordance with the Company's Constitution, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's Directors and certain executives. No Ramsay Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the financial year.

The Company agrees to pay a premium in respect of a contract insuring current and former directors and executives of the Company and its subsidiaries against liability that they may incur as an officer of the Company or any of its subsidiaries, including liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with certain exceptions. It is a condition of the insurance contract that no details of the premiums payable or the nature of the liabilities insured are disclosed.

Indemnification of auditor

As part of the Company's terms of engagement with Ernst & Young, the Company has agreed to indemnify Ernst & Young to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by Ernst & Young where they arise out of or occur in relation to any negligent, wrongful or wilful act or omission by Ramsay. No payment has been made to Ernst & Young by Ramsay pursuant to this indemnity, either during or since the end of the financial year.

Proceedings on behalf of the Company

No application has been made under section 237 of the Corporations Act 2001 (Cth) in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

Rounding

The amounts contained in this report and in the financial report have been rounded off to the nearest hundred thousand unless otherwise specified 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.

Approval

Signed in accordance with a resolution of the Directors.



M.S. SIDDLÉ
Chairman
Sydney, 24 September 2021



C.R. McNALLY
Managing Director and Chief Executive Officer



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Ramsay Health Care Limited

As lead auditor for the audit of the financial report of Ramsay Health Care Limited for the financial year ended 30 June 2021, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A stylized, handwritten-style logo of the letters 'EY' with a horizontal line through them, representing the Ernst & Young brand.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Douglas Bain', written over a horizontal line.

Douglas Bain
Partner
24 September 2021

Directors' declaration

In accordance with a resolution of the Directors of Ramsay Health Care Limited, we declare that:

In the opinion of the Directors:

- a. the consolidated financial statements and notes of Ramsay Health Care Limited for the year ended 30 June 2021 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 30 June 2021 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Overview Note;
- c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- d. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021;
- e. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



M.S. SIDDLÉ

Chairman

Sydney, 24 September 2021



C.R. McNALLY

Managing Director and Chief Executive Officer

10.

FINANCIAL RESULTS

Contents

CONSOLIDATED INCOME STATEMENT	64
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	65
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	66
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	67
CONSOLIDATED STATEMENT OF CASH FLOWS	68
NOTES TO THE FINANCIAL STATEMENTS	69
OVERVIEW	69
a Basis of preparation	69
b New and amended accounting standards and interpretations, effective 1 July 2020	69
c Accounting standards and interpretations issued but not yet effective	69
d Basis of consolidation	69
e Significant accounting judgements, estimates and assumptions	70
f Current versus non-current classification	70
g Foreign currency translation	70
I RESULTS FOR THE YEAR	71
1 Segment information	71
2 Revenue and other income	73
3 Expenses	76
4 Dividends	77
5 Earnings per share	78
6 Net tangible assets	78
II CAPITAL – FINANCING	79
7 Equity	80
8 Net debt	82
III ASSETS AND LIABILITIES – OPERATING AND INVESTING	91
9 Working capital	91
10 Business combinations	94
11 Property, plant and equipment	96
12 Right of use assets	98
13 Intangible assets	99
14 Impairment testing of goodwill	102
15 Taxes	103
16 Other assets (net)	106
IV RISK MANAGEMENT	112
17 Financial risk management	112
V OTHER INFORMATION	116
18 Share based payment plans	116
19 Subsequent events	118
20 Related party transactions	118
21 Auditors' remuneration	119
22 Information relating to subsidiaries	120
23 Closed group	123
24 Parent entity information	125
25 Material partly – owned subsidiaries	125

10. FINANCIAL RESULTS

RAMSAY HEALTH CARE LIMITED

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$m	2020 \$m
Revenue from contracts with customers	2.a	12,864.2	12,160.3
Interest income		7.1	12.7
Other income – income from government grants	2.b	428.3	235.2
Other income – income from the sale of development assets		20.4	2.1
Other income – net profit on disposal of non-current assets		12.3	11.2
Total revenue and other income		13,332.3	12,421.5
Employee benefit and contractor costs	3	(7,258.7)	(7,020.4)
Occupancy costs		(558.9)	(551.4)
Service costs		(447.8)	(315.0)
Medical consumables and supplies		(3,008.7)	(2,723.1)
Depreciation, amortisation and impairment	3	(920.9)	(930.7)
Cost of development assets sold		(8.5)	(6.8)
Total expenses, excluding finance costs		(12,203.5)	(11,547.4)
Share of profit of joint venture	16.b	10.9	16.1
Profit before tax and finance costs		1,139.7	890.2
Finance costs	3	(398.1)	(424.0)
Profit before income tax		741.6	466.2
Income tax	15	(230.1)	(157.0)
Net profit for the year		511.5	309.2
Attributable to non-controlling interests		62.5	25.2
Attributable to owners of the parent		449.0	284.0
		511.5	309.2
Earnings per share (cents per share)			
Basic earnings per share (after CARES dividend)	5	193.2	131.0
Diluted earnings per share (after CARES dividend)	5	192.6	130.5

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$m	2020 \$m
Net profit for the year	511.5	309.2
Items that will not be reclassified to net profit		
Actuarial (loss) on defined employee benefit obligation	(37.4)	(10.2)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Profit/(loss) taken to equity	17.1	(5.0)
Transferred to Income Statement	1.6	12.3
Net change in cost of hedging	3.1	1.4
Net (loss) on bank loan designated as a hedge of a net investment	(1.5)	(26.3)
Foreign currency translation	(69.0)	20.9
Income tax relating to components of other comprehensive income/(expense)	6.1	(0.8)
Other comprehensive income for the year, net of tax	(80.0)	(7.7)
Total comprehensive income for the year	431.5	301.5
Attributable to non-controlling interests	44.6	27.3
Attributable to owners of the parent	386.9	274.2
	431.5	301.5

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

10. FINANCIAL RESULTS

RAMSAY HEALTH CARE LIMITED

Consolidated Statement of Financial Position

AS AT 30 JUNE 2021

	Note	2021 \$m	2020 \$m
ASSETS			
Current assets			
Cash and cash equivalents	8.a	1,004.8	1,503.7
Trade and other receivables	9.a	1,801.4	1,916.9
Inventories	9.b	409.4	411.0
Income tax receivable	15	12.3	14.6
Prepayments		133.0	175.4
Other current assets	16.a	1,990.5	39.2
Total current assets		5,351.4	4,060.8
Non-current assets			
Other financial assets		82.9	82.6
Investments in joint venture	16.b	217.5	245.8
Property, plant and equipment	11	4,488.6	4,447.2
Right of use assets	12	4,411.5	4,477.9
Intangible assets	13	4,233.6	4,246.1
Deferred tax assets	15	457.6	450.1
Prepayments		10.9	11.1
Receivables	9.a	70.6	78.1
Total non-current assets		13,973.2	14,038.9
TOTAL ASSETS		19,324.6	18,099.7
LIABILITIES			
Current liabilities			
Trade and other creditors	9.c	3,013.7	3,203.5
Loans and borrowings	8.b	51.7	32.3
Lease liabilities	8.c	368.2	347.8
Derivative financial instruments	8.d	14.9	6.2
Provisions	16.c	185.0	133.7
Income tax payable	15	83.7	49.4
Total current liabilities		3,717.2	3,772.9
Non-current liabilities			
Loans and borrowings	8.b	5,229.0	4,195.5
Lease liabilities	8.c	4,902.8	4,941.4
Provisions	16.c	386.3	390.0
Defined employee benefit obligation	16.e	249.1	222.9
Derivative financial instruments	8.d	23.2	45.1
Other creditors		30.7	24.3
Deferred tax liabilities	15	235.5	271.7
Total non-current liabilities		11,056.6	10,090.9
TOTAL LIABILITIES		14,773.8	13,863.8
NET ASSETS		4,550.8	4,235.9
EQUITY			
Issued capital	7.a	2,197.6	2,197.6
Treasury shares	7.b	(76.7)	(78.2)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(91.3)	(51.0)
Retained earnings		1,750.9	1,431.9
Parent interests		4,032.7	3,752.5
Non-controlling interests		518.1	483.4
TOTAL EQUITY		4,550.8	4,235.9

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital (Note 7a)	Treasury Shares (Note 7b)	CARES (Note 7c)	Other Reserves	Retained Earnings	Non- controlling Interests	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
At 1 July 2020	2,197.6	(78.2)	252.2	(51.0)	1,431.9	483.4	4,235.9
Total Comprehensive Income	-	-	-	(47.4)	434.3	44.6	431.5
Dividends paid	-	-	-	-	(115.3)	(9.8)	(125.1)
Treasury shares vesting to employees	-	1.5	-	(1.5)	-	-	-
Share based payment expense for employees	-	-	-	8.6	-	-	8.6
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
At 30 June 2021	2,197.6	(76.7)	252.2	(91.3)	1,750.9	518.1	4,550.8
At 1 July 2019	713.5	(82.1)	252.2	(33.2)	1,693.3	479.4	3,023.1
AASB 16 Leases adjustment	-	-	-	-	(218.9)	-	(218.9)
At 1 July 2019 – Restated	713.5	(82.1)	252.2	(33.2)	1,474.4	479.4	2,804.2
Total Comprehensive Income	-	-	-	(5.8)	280.0	27.3	301.5
Dividends paid	-	-	-	-	(322.5)	(12.6)	(335.1)
Shares purchased for executive performance share plan	-	(9.8)	-	-	-	-	(9.8)
Treasury shares vesting to employees	-	13.7	-	(13.7)	-	-	-
Issue of share capital (net of transaction costs)	1,484.1	-	-	-	-	-	1,484.1
Share based payment expense for employees	-	-	-	1.3	-	-	1.3
Acquisition of subsidiary/non-controlling interest	-	-	-	0.4	-	(10.7)	(10.3)
At 30 June 2020	2,197.6	(78.2)	252.2	(51.0)	1,431.9	483.4	4,235.9

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

10. FINANCIAL RESULTS

RAMSAY HEALTH CARE LIMITED

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$m	2020 \$m
Cash flows from operating activities			
Receipts from customers		12,866.0	12,433.8
Receipts of government grants		305.9	235.2
Payments to suppliers and employees		(11,095.0)	(10,366.1)
Income tax paid		(228.2)	(203.4)
Lease finance costs	3	(234.2)	(238.6)
Other finance costs		(133.3)	(180.2)
Net cash flows from operating activities	8.a	1,481.2	1,680.7
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(628.9)	(680.6)
Proceeds from sale of businesses and non-current assets		132.1	34.6
Interest and dividends received		34.9	47.3
Business combinations, net of cash received	10	(90.1)	(25.4)
Business combinations consideration held in escrow	16.a	(1,951.5)	-
Acquisition of investments and purchase of non-controlling interests		(0.7)	(31.9)
Net cash flows used in investing activities		(2,504.2)	(656.0)
Cash flows from financing activities			
Dividends paid to ordinary shareholders of the parent		(115.3)	(322.5)
Dividends paid to non-controlling interests		(9.8)	(12.6)
Repayment of lease principal		(334.0)	(323.8)
Payments for ordinary shares bought back		-	(9.8)
Proceeds from borrowings		6,243.3	1,182.2
Repayment of borrowings		(5,173.4)	(2,222.3)
Costs of refinancing		(26.8)	-
Proceeds from share issue (net of transaction costs)		-	1,476.9
Net cash flows from/(used in) financing activities		584.0	(231.9)
Net (decrease)/increase in cash and cash equivalents		(439.0)	792.8
Net foreign exchange differences on cash held		(59.9)	(34.6)
Cash and cash equivalents at beginning of year		1,503.7	745.5
Cash and cash equivalents at end of year	8.a	1,004.8	1,503.7

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Overview



This section sets out the basis on which the Ramsay Group's financial report is prepared as a whole. Where a significant accounting policy is specific to a note, the policy is described within that note.

The consolidated financial report of Ramsay Health Care Limited (**the Group**) for the year ended 30 June 2021 was authorised for issue on 24 September 2021 in accordance with a resolution of the Directors. 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 nature of the operations and principal activities of the Group are described in the Directors' Report.

a Basis of preparation

This general purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001;
- 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;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- where necessary, and as a result of a change in the classification of certain revenues and expenses during the current year, comparative amounts in the consolidated income statement, and associated notes have been reclassified for consistency with presentation in the current period;
- 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;
- does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

b New and amended accounting standards and interpretations, effective 1 July 2020

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. The nature and effect of these changes are disclosed below.

AASB 2018-6 Amendments to AASs – Definition of a Business

The amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

AASB 2020-4 Amendments to AASs – COVID-19-Related Rent Concessions

The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. This amendment had no material impact on the consolidated financial statements of the Group.

c 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.

d Basis of consolidation

The consolidated financial statements comprise the financial statements of Ramsay Health Care Limited and its subsidiaries (**the Group**) as at and for the period ended 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

OVERVIEW

RAMSAY HEALTH CARE LIMITED

to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

e Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management has made a number of judgements, estimates and assumptions concerning the future. The key judgements, estimates and assumptions that are material to the financial statements relate to the following areas:

Note 2.b	Other income – income from government grants	Page 75
Note 8.c	Lease liabilities	Page 86
Note 10	Business combinations	Page 94
Note 11	Property, plant and equipment	Page 96
Note 13	Intangible assets	Page 99
Note 14	Impairment testing of goodwill	Page 102
Note 15	Taxes	Page 103
Note 16.c	Provisions	Page 108
Note 16.e	Defined employee benefit obligation	Page 110
Note 18	Share based payment plans	Page 116

f Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period
- Held primarily for trading, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period
- Held primarily for trading, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

g Foreign currency translation

Both the functional and presentation currency of Ramsay Health Care Limited and its Australian subsidiaries is Australian dollars (A\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are: British pounds for Ramsay Health Care (UK) Limited and Euro for Ramsay Santé SA. As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Ramsay Health Care Limited at the rate of exchange ruling at the reporting date and the Income Statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

I Results for the Year



This section provides additional information on the Group results for the year, including further detail on results by segment, revenue, expenses, earnings per share and dividends.

1 Segment information



The Managing Director and his management team examine the Group's performance and allocate resources from a geographic perspective and have identified four different business units. The segment information discloses the financial performance and total assets and liabilities of each operating business.

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.

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR

RAMSAY HEALTH CARE LIMITED

1 Segment information (Continued)

	Asia Pacific \$m	UK \$m	France \$m	Nordics \$m	Total \$m
Year Ended 30 June 2021					
Revenue from contracts with customers	5,440.8	1,024.1	4,574.9	1,824.4	12,864.2
Other income – income from government grants	-	-	336.4	91.9	428.3
Other income – income from the sale of development assets	20.4	-	-	-	20.4
Other income – net profit on the disposal of non-current assets	-	-	10.3	2.0	12.3
Total revenue and other income before intersegment revenue	5,461.2	1,024.1	4,921.6	1,918.3	13,325.2
Intersegment revenue	2.9	-	-	-	2.9
Total segment revenue and other income	5,464.1	1,024.1	4,921.6	1,918.3	13,328.1
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)¹	871.6	182.4	947.4	206.9	2,208.3
Rent ²	(16.5)	(1.2)	(117.5)	(19.6)	(154.8)
Earnings before interest, tax, depreciation and amortisation (EBITDA)³	855.1	181.2	829.9	187.3	2,053.5
Depreciation and amortisation	(219.1)	(88.4)	(472.7)	(140.7)	(920.9)
Earnings before interest and tax (EBIT)⁴	636.0	92.8	357.2	46.6	1,132.6
Net finance costs					(391.0)
Income tax expense					(230.1)
Net profit after tax					511.5
Attributable to non-controlling interest					(62.5)
Net profit attributable to owners of the parent					449.0

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.

	Asia Pacific \$m	UK \$m	France \$m	Nordics \$m	Total \$m
Year Ended 30 June 2020					
Revenue from contracts with customers	5,068.0	929.5	4,352.7	1,810.1	12,160.3
Other income – income from government grants	-	-	235.2	-	235.2
Other income – income from the sale of development assets	2.1	-	-	-	2.1
Other income – net profit on the disposal of non-current assets	11.2	-	-	-	11.2
Total revenue and other income before intersegment revenue	5,081.3	929.5	4,587.9	1,810.1	12,408.8
Intersegment revenue	8.7	-	-	-	8.7
Total segment revenue and other income	5,090.0	929.5	4,587.9	1,810.1	12,417.5
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)¹	776.2	165.9	863.4	168.5	1,974.0
Rent ²	(16.9)	(1.3)	(122.7)	(24.9)	(165.8)
Earnings before interest, tax, depreciation and amortisation (EBITDA)³	759.3	164.6	740.7	143.6	1,808.2
Depreciation and amortisation	(224.3)	(114.0)	(455.6)	(136.8)	(930.7)
Earnings before interest and tax (EBIT)⁴	535.0	50.6	285.1	6.8	877.5
Net finance costs					(411.3)
Income tax expense					(157.0)
Net profit after tax					309.2
Attributable to non-controlling interest					(25.2)
Net profit attributable to owners of the parent					284.0

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.

As Ramsay is no longer reporting a core/non-core earnings split, the segment results for the year ended 30 June 2020 have been restated to reflect a consistent presentation with the segment results presented for the year ended 30 June 2021.

1 Segment information (Continued)

	Asia Pacific \$m	UK \$m	France \$m	Nordics \$m	Adjustments & Eliminations \$m ¹	Total \$m
At 30 June 2021						
Assets & liabilities						
Segment assets	8,303.0	3,399.7	10,019.0	2,111.1	(4,508.2)	19,324.6
Segment liabilities	(3,662.2)	(2,967.9)	(7,966.7)	(998.8)	821.8	(14,773.8)
At 30 June 2020						
Assets & liabilities						
Segment assets	6,500.8	2,716.0	10,643.9	1,866.9	(3,627.9)	18,099.7
Segment liabilities	(2,139.5)	(2,272.8)	(8,614.7)	(836.8)	-	(13,863.8)

¹ Adjustments and eliminations consist of investments in subsidiaries, intercompany and receivables/payables, which are eliminated on consolidation.

Segment revenue reconciliation to Income Statement

	2021 \$m	2020 \$m
Segment revenue reconciliation to Income Statement		
Total segment revenue and other income	13,328.1	12,417.5
Inter segment sales elimination	(2.9)	(8.7)
Interest income	7.1	12.7
Total revenue and other income	13,332.3	12,421.5

2 Revenue and other income



The Group primarily derives revenue from providing health care and related services to both public and private patients in the community.

2.a Revenue from contracts with customers

	2021 \$m	2020 \$m
Revenue from patients	11,915.8	11,485.7
Revenue from governments under COVID-19 support contracts	428.7	189.6
Rental revenue	87.2	79.8
Revenue from ancillary services	432.5	405.2
Revenue from contracts with customers	12,864.2	12,160.3

2 Revenue and other income (Continued)



Accounting Policies

Revenue is recognised and measured at the amount of the consideration received or receivable to the extent that the performance obligations under contracts have been satisfied and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

REVENUE FROM PATIENTS

Revenue from patients is recognised on the date on which the services were provided to the patient.

REVENUE FROM GOVERNMENTS UNDER COVID-19 SUPPORT CONTRACTS

During 2020 and 2021, 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 pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia

Agreements with the state governments of NSW, WA, QLD and VIC (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 VIC, the temporary restrictions imposed on private hospitals performing category 3 and non-urgent category 2 surgeries have been lifted; in the case of QLD, 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.

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.

VIC and QLD 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 pandemic support when necessary. The QLD State government agreed to Ramsay's request to put the agreement on hold from 1 July 2020. While the VIC 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 included 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, which could be exercised if the Department or Commonwealth government formed the view that this was necessary to respond successfully to the COVID 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 the capacity and 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 expired on 31 March 2021.

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.

RENTAL REVENUE

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised in the Income Statement as an integral part of the total rental income.

REVENUE FROM ANCILLARY SERVICES

Income from ancillary services is recognised on the date the services are provided to the customer.

INCOME FROM SALE OF DEVELOPMENT ASSETS

Income from sale of development assets is recognised when the control of the development asset is transferred to the customer.

INTEREST INCOME

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2 Revenue and other income (Continued)

2.b Other income – income from government grants

	2021 \$m	2020 \$m
Other income – income from government grants	428.3	235.2



Significant Accounting Policies

INCOME FROM GOVERNMENT GRANTS

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 deferred income. When the criteria for retention have been satisfied, the deferred income balance is recognised as other income.



Key Accounting Judgements, Estimates and Assumptions

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. As the actual billings over this March to December period fell below the guaranteed revenue, then Ramsay Santé was entitled to the shortfall. In line with the requirements, under this guarantee, these estimates, payments and final square ups are being completed on a site by site basis. This funding was extended to 30 June 2021.

As the final square up of the revenue guarantee will not be performed until late FY22 and the grant income recognised for Ramsay Santé is based on the current estimate at hand at the time of issuing the Ramsay Group financial statements, these estimates may be updated and result in a different amount. Any resulting difference will be booked in the Ramsay Group results for the year ending 30 June 2022.

Subsequent to 30 June 2021, formal confirmation that the guarantee will be extended for the six months to 31 December 2021 has been given.

2.c Revenue from contracts with customers and income from government grants

	Note	2021 \$m	2020 \$m
Revenue from contracts with customers	2.a	12,864.2	12,160.3
Other income – income from government grants	2.b	428.3	235.2
Revenue from contracts with customers and income from government grants		13,292.5	12,395.5

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR

RAMSAY HEALTH CARE LIMITED

3 Expenses



A breakdown of specific expenses helps users understand the financial performance of the Group.

	Note	2021 \$m	2020 \$m
(i) Depreciation			
Depreciation – Plant and equipment		292.3	292.4
Depreciation – Buildings		145.5	148.2
Depreciation – Right of use asset – Property		344.8	339.6
Depreciation – Right of use asset – Plant and equipment		66.7	61.7
Total		849.3	841.9
(ii) Amortisation			
Amortisation – Service concession assets	13	34.7	33.2
Amortisation – Other		15.4	18.1
Total		50.1	51.3
(iii) Impairment			
Impairment – Plant and equipment		3.2	4.8
Impairment – Land and buildings		18.3	11.2
Impairment – Right of use asset – Property		-	20.8
Impairment – Intangible assets		-	0.7
Total		21.5	37.5
Total depreciation, amortisation and impairment		920.9	930.7
(iv) Property rental costs			
Expense relating to short term leases (included in occupancy costs)	8.c	20.2	21.2
Expense relating to leases of low value assets (included in occupancy costs)	8.c	7.3	3.5
Variable lease payments (included in occupancy costs)	8.c	0.9	0.5
(v) Employee benefit and contractor costs			
Wages and salaries		5,906.4	5,800.9
Workers' compensation		18.5	10.4
Superannuation		198.9	187.1
Termination benefits		17.5	28.4
Social charges and contributions on wages and salaries		827.6	776.4
Other employment		278.1	223.8
Share based payments (expenses arising from transactions accounted for as equity-settled share-based payment transactions)		11.7	(6.6)
Total		7,258.7	7,020.4
(vi) Finance costs			
Interest expense		166.1	189.0
Finance charges – Lease liability		234.2	238.6
		400.3	427.6
Finance cost – unwinding of discount and effect of changes in discount rates on deferred consideration		-	0.4
Finance costs capitalised		(2.2)	(4.0)
Total		398.1	424.0

3 Expenses (Continued)



Accounting Policies

FINANCE COSTS – RECOGNITION AND MEASUREMENT

Finance costs include interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

4 Dividends



Dividends are a portion of Ramsay Group's profit that are paid out to its shareholders, in return for their investment.

	Parent	
	2021 \$m	2020 \$m
(i) Dividends on ordinary shares paid during the year:		
<i>Interim dividend paid</i>		
Franked dividends – ordinary (48.5 cents per share) (2020: 62.5 cents per share)	106.2	126.3
<i>Previous year final dividend paid</i>		
Franked dividends – ordinary (0.0 cents per share) (2020: 91.5 cents per share) ¹	-	184.9
	106.2	311.2
(ii) Dividends proposed and not recognised as a liability:		
<i>Current year final dividend proposed</i>		
Franked dividends – ordinary (103.0 cents per share) (2020: 0.0 cents per share) ¹	235.7	-
(iii) Dividends determined and paid during the year on CARES:		
<i>Current year interim and previous year final dividend paid</i>		
Franked dividends – CARES	9.1	11.3
(iv) Dividends proposed and not recognised as a liability on CARES:		
<i>Final dividend proposed</i>		
Franked dividends – CARES	4.5	4.6
(v) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
franking account balance as at the end of the financial year at 30% (2020: 30%)	839.7	704.2
franking credits that will arise from the payment of income tax payable as at the end of the financial year ²	14.6	9.5
	854.3	713.7
The amount of franking credits available for future reporting periods:		
impact on the franking account of dividends proposed or determined before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(103.0)	(2.0)
	751.3	711.7

¹ No final dividend determined for FY2020.

² As Ramsay Health Care Ltd and its 100% owned subsidiaries have formed a tax consolidated group, effective 1 July 2003, this represents the current tax payable for the Australian group.

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR

RAMSAY HEALTH CARE LIMITED

4 Dividends (Continued)

The tax rate at which paid dividends have been franked is 30% (2020: 30%). \$240.2 million (2020: \$4.6 million) of the proposed dividends will be franked at the rate of 30% (2020: 30%).

5 Earnings per share



Earnings per share is the portion of post-tax profit allocated to each Ramsay ordinary share.

	2021 \$m	2020 \$m
Net profit for the year attributable to owners of the parent	449.0	284.0
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(9.1)	(11.3)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	439.9	272.7

	2021 Number of Shares (m)	2020 Number of Shares (m)
Weighted average number of ordinary shares used in calculating basic earnings per share	227.7	208.1
Effect of dilution – share rights not yet vested	0.7	0.8
Weighted average number of ordinary shares adjusted for the effect of dilution	228.4	208.9

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

	2021 Cents per Share	2020 Cents per Share
Earnings per share		
basic (after CARES dividend) for the year	193.2	131.0
diluted (after CARES dividend) for the year	192.6	130.5

Calculation of earnings per share

Basic earnings per share

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

Diluted earnings per share

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 year 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.

6 Net tangible assets



Net Tangible Assets ('NTA') are the total assets minus intangible assets and total liabilities, divided by the number of ordinary shares of the Company currently on issue. Net Tangible Assets includes Right of Use assets.

	2021 \$ per Share	2020 \$ per Share
Net tangible asset/(liabilities) per ordinary share	0.42	(0.82)

II Capital – Financing



This section discusses how the Ramsay Group manages funds and maintains capital structure, including bank borrowings, related finance costs and access to capital markets.

How the Group manages its capital – Financing

When managing capital, management's objective is to ensure the entity will be able to continue as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that is consistent with its targeted credit rating, ensuring sufficient headroom is available within such a rating to support its growth strategies whilst at the same time striving for the lowest cost of capital available to the entity. Prudent liquidity reserves in the form of committed undrawn bank debt facilities or cash are maintained in order to accommodate its expenditures and potential market disruption.

The Company may raise or retire debt, change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or financial instruments containing characteristics of equity, or sell assets to reduce debt in order to achieve the optimal capital structure. The Group's capital is comprised of equity plus net debt. Net debt is calculated as interest bearing liabilities plus derivatives relating to debt, less cash assets.

During 2021, dividends of \$115.3 million (2020: \$322.5 million) were paid. For the year ended 30 June 2021 fully franked ordinary dividends of 151.5c (2020: 62.5c) per share were declared.

The group monitors its capital structure primarily by reference to its Group Consolidated Leverage Ratio. Debt levels are assessed relative to the cash operating profits (EBITDA¹) of the Group that are used to service debt. This ratio is calculated as Net Debt/EBITDA and is 4.7x for the year ended 30 June 2021 (2020: 4.4x). Escrow funds of \$1.96 billion were recorded in the Statement of Financial Position at 30 June 2021. A normalised Group Consolidated Leverage Ratio of 3.7x has been calculated after reducing Net Debt by the \$1.96 billion cash held in escrow on 30 June 2021.

The Group has committed senior debt funding with various maturities starting in November 2022 and ending in June 2031 (please refer to Note 8.b for further information in relation to these borrowings). As such, these subsidiaries must comply with various financial and other undertakings in particular, the following customary financial undertakings:

- Total Net Leverage Ratio (Net Debt/EBITDA¹)
- Interest Cover Ratio (EBITDA¹/ Net Interest)
- Minimum Shareholders Funds

Details of Capital – Financing are as follows:	Note	2021	2020
		\$m	\$m
Equity	7	4,550.8	4,235.9
Net Debt	8	9,585.0	8,064.6
		14,135.8	12,300.5

¹ EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation.

NOTES TO THE FINANCIAL STATEMENTS

CAPITAL – FINANCING

RAMSAY HEALTH CARE LIMITED

7 Equity

	Note	2021 \$m	2020 \$m
Issued capital	7.a	2,197.6	2,197.6
Treasury shares	7.b	(76.7)	(78.2)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(91.3)	(51.0)
Retained earnings		1,750.9	1,431.9
Non-controlling interests		518.1	483.4
		4,550.8	4,235.9

7.a Issued Capital



Issued capital represents the amount of consideration received for the ordinary shares issued by Ramsay Health Care Limited (the Company).

Issued and paid up capital

	2021 Number (m)	2021 \$m	2020 Number (m)	2020 \$m
At 1 July	228.9	2,197.6	202.1	713.5
Shares issued – Share Placement (net of transaction costs)	-	-	21.4	1,183.3
Shares issued – Share Purchase Plan	-	-	5.4	300.8
At 30 June	228.9	2,197.6	228.9	2,197.6

Terms and conditions of issued capital

ORDINARY SHARES

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.



Accounting Policies

ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

7.b Treasury Shares



Treasury shares are the shares repurchased on the open market, for the share rights issued to employees under the Employee Share Plan.

	2021 \$m	2020 \$m
1.1 million ordinary shares (30 June 2020: 1.2 million)	76.7	78.2

Nature & Purpose

Treasury shares are shares in the Group held by the Employee Share Plan and are deducted from equity.

7 Equity (Continued)

7.c Convertible Adjustable Rate Equity Securities (CARES)



Convertible Adjustable Rate Equity Securities (CARES) are non-cumulative, redeemable and convertible preference shares in Ramsay Health Care Limited.

Issued and paid up capital

	2021 \$m	2020 \$m
2.6 million CARES shares fully paid (30 June 2020: 2.6 million CARES shares fully paid)	252.2	252.2

Terms and conditions of CARES

Issuer	Ramsay Health Care Limited
Security	Convertible Adjustable Rate Equity Securities (CARES) which are a non-cumulative, redeemable and convertible preference share in Ramsay.
Face Value	\$100 Per CARES.
Dividends	<p>The holder of each CARES is entitled to a preferred, non-cumulative, floating rate dividend equal to:</p> <p>Dividend Entitlement = (Dividend Rate x Face Value x N) / 365</p> <p>where:</p> <p>N is the number of days in the Dividend Period</p> <p>The payment of Dividends is at the Directors' discretion and is subject to there being funds legally available for the payment of Dividends and the restrictions which apply in certain circumstances under the financing arrangements.</p> <p>If declared, the first Dividend will be payable on each CARES in arrears on 20 October 2005 and thereafter on each 20 April and 20 October until CARES are converted or exchanged.</p>
Dividend Rate	<p>The Dividend Rate for each Dividend Period is calculated as:</p> <p>Dividend Rate = (Market Rate + Margin) x (1-T)</p> <p>where:</p> <p>The Market Rate is the 180 day Bank Bill Swap Rate applying on the first day of the Dividend Period expressed as a percentage per annum.</p> <p>The Margin for the period to 20 October 2010 was 2.85% per annum. It was determined by the Bookbuild held on 26 April 2005.</p> <p>T is the prevailing Australian corporate tax rate applicable on the Allotment Date.</p> <p>As Ramsay did not convert or exchange by 20 October 2010 the Margin was increased by a one-time step up of 2.00% (200 basis points) per annum.</p>
Step-up	One-time 2.00% (200 basis points) step-up in the Margin at 20 October 2010
Franking	<p>Ramsay expects the Dividends paid on CARES to be fully franked. If a Dividend is not fully franked, the Dividend will be grossed up to compensate for the unfranked component.</p> <p>If, on a Dividend Payment Date, the Australian corporate tax rate differs from the Australian corporate tax rate on the Allotment Date, the Dividend will be adjusted downwards or upwards accordingly.</p>
Conversion or exchange by Ramsay	<p>CARES have no maturity. Ramsay may convert or exchange some or all CARES at its election for shares or \$100 in cash for each CARES on 20 October 2010 and each Dividend Payment Date thereafter.</p> <p>Ramsay also has the right to:</p> <ul style="list-style-type: none"> • convert or exchange CARES after the occurrence of a Regulatory Event; and • convert CARES on the occurrence of a Change in Control Event. <p>Ramsay cannot elect to convert or exchange only some CARES if such conversion or exchange would result in there being less than \$50 million in aggregate Face Value of CARES on issue.</p>
Conversion Ratio	The rate at which CARES will convert into Shares will be calculated by reference to the market price of Shares during 20 business days immediately preceding, but not including, the conversion date, less a conversion discount of 2.5%. An adjustment is made to the market price calculation in the case of a Change in Control Event. The Conversion Ratio for each CARES will not be greater than 400 shares.
Ranking	CARES rank equally amongst themselves in all respects and are subordinated to all creditors but rank in priority to Shares.
Participation	Unless CARES are converted into Shares, CARES confer no rights to subscribe for new shares in any fundraising by Ramsay or to participate in any bonus or rights issues by Ramsay.
Voting Rights	CARES do not carry a right to vote at general meeting of Ramsay except in limited circumstances.

NOTES TO THE FINANCIAL STATEMENTS

CAPITAL – FINANCING

RAMSAY HEALTH CARE LIMITED

8 Net debt

	Note	2021 \$m	2020 \$m
Cash assets	8.a	1,004.8	1,503.7
Loans and borrowings – current	8.b	(51.7)	(32.3)
Lease liabilities – current	8.c	(368.2)	(347.8)
Loans and borrowings – non-current	8.b	(5,229.0)	(4,195.5)
Lease liabilities – non-current	8.c	(4,902.8)	(4,941.4)
Derivative net assets / (liabilities) – debt related	8.d	(38.1)	(51.3)
		(9,585.0)	(8,064.6)

8.a Cash and cash equivalents



Cash and cash equivalents comprise of cash at bank, cash on hand and short-term deposits with a maturity of less than 3 months. This note presents the amount of cash on hand at year end, together with further reconciliations in relation to the Statement of Cash Flows.

	2021 \$m	2020 \$m
Cash at bank and on hand	1,004.8	1,503.7

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.



Accounting Policies

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted cash.

Reconciliation to Statement of Cash Flows

	2021 \$m	2020 \$m
For the purposes of the Statement of cash flows, cash and cash equivalents comprise the following at 30 June		
Cash at bank and on hand	1,004.8	1,503.7

8 Net debt (Continued)

Reconciliation of net profit after tax to net cash flows from operations

	2021 \$m	2020 \$m
Net profit after tax for the year	511.5	309.2
Adjustments for:		
Share of profit of joint venture	(10.9)	(16.1)
Depreciation, amortisation and impairment	920.9	930.7
Interest received	(7.1)	(12.7)
Share based payments	11.7	(6.6)
Net profit on disposal of non-current assets	(12.3)	(11.2)
Other	2.2	-
Changes in assets & liabilities		
Deferred tax	(27.8)	(39.1)
Receivables	(103.9)	(268.1)
Other assets	66.1	5.6
Creditors, accruals and other liabilities	134.9	929.6
Provisions	(22.4)	(57.2)
Inventories	(11.4)	(84.0)
Current tax	29.7	0.6
Net cash flows from operating activities	1,481.2	1,680.7

Reconciliation of liabilities arising from financing activities

	As at 1 July 2020 \$m	Cash Flows \$m	Foreign Exchange Movement \$m	New Leases \$m	Acquisition of Subsidiary \$m	Disposal/ Termination or Reassessment of Leases \$m	Other \$m	As at 30 June 2021 \$m
Loans and borrowings – current	32.3	5.9	(0.3)	-	14.0	-	(0.2)	51.7
Loans and borrowings – non-current	4,195.5	1,064.0	(50.9)	-	15.7	-	4.7	5,229.0
Lease Liabilities	5,289.2	(334.0)	(54.0)	384.8	11.2	(26.2)	-	5,271.0
Total	9,517.0	735.9	(105.2)	384.8	40.9	(26.2)	4.5	10,551.7

	As at 1 July 2019 \$m	AASB16 Adjustment \$m	Restated Balance at 1 July 2019 \$m	Cash Flows \$m	Foreign Exchange movement \$m	New Leases \$m	Other \$m	As at 30 June 2020 \$m
Loans and borrowings – current	34.0	-	34.0	(1.7)	-	-	-	32.3
Loans and borrowings – non-current	5,209.4	-	5,209.4	(1,038.4)	16.7	-	7.8	4,195.5
Lease Liabilities	351.2	4,929.6	5,280.8	(323.8)	0.3	319.9	12.0	5,289.2
Total	5,594.6	4,929.6	10,524.2	(1,363.9)	17.0	319.9	19.8	9,517.0

Disclosure of financing facilities

Refer to Note 8.b.

NOTES TO THE FINANCIAL STATEMENTS

CAPITAL – FINANCING

RAMSAY HEALTH CARE LIMITED

8 Net debt (Continued)

8.b Loans and Borrowings



This note outlines the Group's loans and borrowings, which are predominantly from banks and other financial institutions, with varying maturities.

	Maturity	2021 \$m	2020 \$m
Current			
Secured bank loans:			
€ Bi-lateral Facilities ¹	Up to Jun 2031	51.7	32.3
Total current loans and borrowings		51.7	32.3
Non-current			
Unsecured bank and other financial institution loans:			
A\$ 1,500,000,000 Syndicated Facility Loan ²	Up to Jul 2026	1,195.4	-
A\$ 800,000,000 Syndicated Facility Loan ³	Dec 2023	716.5	-
A\$ 125,000,000 Bi-lateral Term Loan ⁴	Oct 2024	-	123.4
A\$ 200,000,000 Bi-lateral Term Loan ⁵	Oct 2024	199.6	197.4
£ 395,000,000 Syndicated Facility Loan ⁶	Nov 2022	-	289.3
€ 225,000,000 Syndicated Facility Loan ⁷	Nov 2022	-	288.0
€ 300,000,000 Syndicated Facility Loan ³	Oct 2024	474.3	488.4
		2,585.8	1,386.5
Secured bank loans:			
€ 1,650,000,000 Syndicated Term Loan ⁸	Up to Apr 2027	2,277.2	-
€ 1,725,000,000 Syndicated Term Loan ⁹	Up to Oct 2024	-	2,561.2
€ Bi-lateral Facilities ¹	Up to Jun 2031	366.0	247.8
		2,643.2	2,809.0
Total non-current loans and borrowings		5,229.0	4,195.5
Total loans and borrowings		5,280.7	4,227.8

¹ Euro bi-lateral facilities are secured by a first charge over certain Ramsay Santé and controlled entities' land and buildings. These loans are repayable in instalments over the term of the facilities.

² Sustainability linked syndicated revolving bank debt facility with equal tranches mature over 3 year, 4 year and 5 year.

³ Syndicated revolving bank debt facility.

⁴ Bi-lateral term loan facility repaid in full on 16 Dec 2020 and was originally repayable in Oct 2024.

⁵ Bi-lateral term loan facility and repayable in full on maturity.

⁶ Syndicated revolving bank debt facility was terminated in Jun 2021. It had the original maturity date of 22 Nov 2022.

⁷ Syndicated revolving bank debt facility terminated in Jun 2021. It had the original maturity date of 22 Nov 2022.

⁸ Sustainability linked syndicated term loan facilities repayable in full on maturity.

⁹ Syndicated term loan facilities repayable in full on maturity. This facility has been cancelled in April 2021.

RAMSAY AND ITS WHOLLY OWNED SUBSIDIARIES

Ramsay Funding Group's syndicated debt facility agreements and bi lateral debt facilities were partially refinanced with a sustainability linked syndicated revolving debt facility on 24 June 2021. The covenant package, group guarantees and other common terms and conditions in respect of the debt facilities are governed under a Common Terms Deed Poll (CTDP).

RAMSAY SANTÉ AND CONTROLLED ENTITIES

Ramsay Santé and controlled entities' senior debt facility agreements were fully refinanced with sustainability linked syndicated term loan facilities on 22 April 2021. The Group increased its borrowings under bi lateral debt facilities by €98,190,000 during the reporting period. The lenders to these debt facilities only have recourse to Ramsay Santé and certain Ramsay Santé controlled entities. The debt facilities are secured by first ranking pledges over certain material companies of Ramsay Santé, granted only by Ramsay Santé and certain Ramsay Santé controlled entities. Guarantees have also been provided and are provided only by Ramsay Santé controlled entities.

8 Net debt (Continued)

Fair values

The fair values of the Group's interest bearing loans and borrowings are determined by using the discounted cash flow method with discount rates that reflect market interest rates, specific country risk factors, individual creditworthiness of the counterparties and the other risk characteristics associated with the underlying debts.

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings 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 0.0803% (2020: 0.093% to 0.102%) for Australia, 0.0555% to 0.0779% (2020: 0.090% to 0.141%) for UK and -0.569% to -0.542% (2020: -0.510% to -0.422%) for France respectively.

The fair value of the interest bearing loans and borrowings was estimated using the level 2 method valuation technique in which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable. Set out in the table below is a comparison by carrying amounts and fair value of the Group's Interest bearing loans and borrowings.

	2021		2020	
	Carrying Amount \$m	Fair Value \$m	Carrying Amount \$m	Fair Value \$m
Bank loans	5,280.7	5,381.3	4,227.8	4,657.9

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 17.

Assets pledged as security

The carrying amounts of assets pledged as security for loans and borrowings are set out in the following table:

	2021 \$m	2020 \$m
<i>Fixed and floating charge</i>		
Fixed assets	3.1	-
Investment holdings in subsidiaries	3,917.8	3,667.2
Total non-current assets pledged as security	3,920.9	3,667.2

Defaults & breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

In April 2020, lenders to the Ramsay Funding Group provided consent to amend or waive key banking covenants tests, in connection with the funding agreements (FA) and the Common Term Deed Poll (CTDP), for the next two semi-annual covenant testing points up to and including the 31 December 2020 testing date.

This waiver was given on the condition that the Company did not declare a dividend in relation to its ordinary shares (it being agreed that CARES are not ordinary shares and that this condition did not therefore apply in respect of or seek to restrict the declaration or payment of dividends in respect of CARES) during the period up to 31 December 2020.



Accounting Policies

LOANS AND BORROWINGS

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

CAPITAL – FINANCING

RAMSAY HEALTH CARE LIMITED

8 Net debt (Continued)

8.c Lease liabilities



The Group has lease contracts for the use of hospitals, office space and various items of equipment and vehicles which it uses in its operations. Leases of hospitals and office space can have lease terms between 5 and 99 years, while vehicles and equipment generally have lease terms between 5 and 10 years.

Generally, the Group is restricted from assigning and subleasing the leased assets. A number of the lease contracts include extensions, termination options and variable lease payments, which are discussed below.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with a low value. The Group applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

	2021 \$m	2020 \$m
At 1 July	5,289.2	351.2
Adjustment on adoption of AASB16 Leases	-	4,929.6
At 1 July - Restated	5,289.2	5,280.8
Additions	384.8	319.9
Business Combination	11.2	-
Disposals or terminations	(91.0)	(9.4)
Payments	(568.2)	(562.4)
Accretion of interest	234.2	238.6
Reassessment of lease terms	64.8	21.4
Exchange differences	(54.0)	0.3
At 30 June	5,271.0	5,289.2

	2021 \$m	2020 \$m
Current lease liabilities	368.2	347.8
Non-current lease liabilities	4,902.8	4,941.4
Total lease liabilities	5,271.0	5,289.2

Assets pledged as security

The carrying amounts of assets pledged as security for lease liabilities are set out in the following table:

	2021 \$m	2020 \$m
Leased assets pledged as security	365.3	351.6

Cash outflows

The Group had total cash outflows for leases of approximately \$596.6 million in 2021 (2020: \$587.6 million) - the principal portion of lease payments totalled \$334.0 million (2020: \$323.8 million), interest payments totalled \$234.2 million (2020: \$238.6 million) and other payments relating to low-value assets, short term and variable lease payments totalled approximately \$28.4 million (included in payments to suppliers and employees) (2020: \$25.2 million).

8 Net debt (Continued)



Accounting Policies

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets, being those with a cost of \$50,000 or less; and
- Leases with a term of 12 months or less.

LEASE LIABILITIES

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

LEASE ASSETS

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the shorter of the useful life of the asset or the term of the lease. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of the lease.

The Group applies the short term lease recognition exemption to its short term lease of equipment, being those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the low-value assets recognition exemption to leases of equipment that are considered to be of low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight line basis over the lease term.



Key Accounting Judgements, Estimates and Assumptions

LEASE TERM

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the options to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

DISCOUNT RATES

The lease payments are discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate (IBR). The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

8 Net debt (Continued)

8.d Derivative financial instruments



A derivative is a financial instrument typically used to manage an underlying risk, using futures, swaps and options. The value change of a derivative is related to changes in a variable, such as interest rate or foreign exchange rate. The Group uses derivatives to manage exposure to foreign exchange and interest rate risk.

	2021 \$m	2020 \$m
Current liabilities		
Interest rate derivative contracts – cash flow hedges	(14.9)	(6.2)
Non-current liabilities		
Interest rate derivative contracts – cash flow hedges	(23.2)	(45.1)

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.

INTEREST RATE SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS – CASH FLOW HEDGES

Interest bearing loans in Australian Dollar of the Group currently bear an average variable base interest rate excluding margin of 0.0666% (2020: 0.1532%). Interest bearing loans in GBP of the Group currently bear an average variable base interest rate excluding margin of 0.0706% (2020: 0.1316%). Interest bearing loans in Euro of the Group currently bear a zero variable base interest rate excluding margin pursuant to an interest rate floor within the facility agreements whereby base interest rate (EURIBOR) is deemed to be zero when it is negative.

In order to reduce the variability of the future cash flows in relation to the interest bearing loans, the Group has entered into Australian Dollar, GBP and Euro interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 67% (2020: 57%) of the principal outstanding.

While the Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Included in bank loans at 30 June 2020 was a GBP borrowing of £120.0 million which was designated as a hedge of the net investment in the UK subsidiary. It was used to hedge the Group's exposure to changes in exchange rates on the value of its net investment in the UK operations. Gains or losses on the retranslation of this borrowing were transferred to Other Comprehensive Income to offset any gains or losses on translation of the net investment in the UK subsidiary. This was repaid in June 2021. A net loss on the bank loan designated as a hedge of the net investment in a subsidiary of \$3.4 million (2020: net loss \$15.8 million) was recognised in Other Comprehensive Income during the year.

Included in bank loans at 30 June 2020 was a Euro borrowing of €478.7 million which was designated as a hedge of the net investment in the French subsidiary. It was used to hedge the Group's exposure to changes in exchange rates on the value of its net investment in the French operations. Gains or losses on the retranslation of this borrowing were transferred to Other Comprehensive Income to offset any gains or losses on translation of the net investment in the French subsidiary. This was repaid in December 2020. A net gain on the bank loan designated as a hedge of the net investment in a subsidiary of \$1.9 million (2020: net loss \$10.5 million) was recognised in Other Comprehensive Income during the year.

Interest rate risk

Information regarding interest rate risk exposure is set out in Note 17.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains. Management constantly monitor the fair value of favourable contracts outstanding with any individual counterparty. Management only deal with prime financial institutions with appropriate credit ratings in order to manage this credit risk.

8 Net debt (Continued)

Fair Value of Derivative Financial Instruments

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

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the relevant notes.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

The notional principal amounts and period of expiry of the interest rate derivatives contracts are as follows:

	2021 \$m	2020 \$m
0-1 years	1,043.5	3,048.7
1-2 years	-	1,254.1
2-3 years	110.0	-
3-5 years	790.5	923.9
Over 5 years	-	-
	1,944.0	5,226.7

The interest rate derivatives require settlement of net interest receivable or payable each 90 or 180 days. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributed to the hedged risk are taken directly to equity and re-classified to the Income Statement when the interest expense is recognised.



Accounting Policies

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income, and later classified to profit and loss when the hedge item affects profit or loss.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

8 Net debt (Continued)



Accounting Policies

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement as other operating expenses.

The Group uses predominantly interest rate swap contracts as hedges of its exposure to fluctuations in interest rates. There is an economic relationship between the hedged item and the hedging instrument as the term of the interest rate swap matches the terms of the variable rate loan (that is, notional amount, maturity, base rate, payment and reset dates).

The Group only designates the intrinsic value of the interest rate option contracts as hedging instruments. The time value of the interest rate option contracts are recognised in Other Comprehensive Income and accumulated in a separate component of equity under the cost of Hedging Reserve. These deferred costs of hedging are recognised in the profit or loss on a systematic basis over the tenor of the interest rate option contracts.

Amounts recognised as Other Comprehensive Income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as Other Comprehensive Income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in Other Comprehensive Income remains in Other Comprehensive Income until the forecast transaction or firm commitment affects profit or loss.

Bank loan designated as a hedge of a net investment

The bank loan designated as a hedge of a net investment in a foreign operation is accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument (Bank Loan) relating to the effective portion of the hedge are recognised directly in Other Comprehensive Income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in Other Comprehensive Income is transferred to the Income Statement.

Subsequent Measurement

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transaction;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

Fair Value of Derivative Financial Instruments

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

III Assets and Liabilities – Operating and Investing



This section outlines how the Ramsay Group manages its assets and liabilities to generate profit.

How the group manages its overall financial position

The Group manages its overall financial position by segregating its balance sheet into two categories; Assets and Liabilities – Operating and Investing and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at both the site and group level while Capital – Financing (refer to section II) is managed centrally.

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	2021 \$m	2020 \$m
Working Capital	9	(802.9)	(875.6)
Property, plant and equipment	11	4,488.6	4,447.2
Right of use assets	12	4,411.5	4,477.9
Intangible assets	13	4,233.6	4,246.1
Current and deferred tax assets/(liabilities)	15	150.7	143.6
Other assets/(liabilities)	16	1,654.3	(138.7)
		14,135.8	12,300.5

9 Working capital

	Note	2021 \$m	2020 \$m
Trade and other receivables (current)	9.a	1,801.4	1,916.9
Inventories	9.b	409.4	411.0
Trade and other creditors (current)	9.c	(3,013.7)	(3,203.5)
		(802.9)	(875.6)

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.

9.a Trade and other receivables



Trade and other receivables primarily consists of amounts outstanding from Governments, Health Funds and Self Insured patients for delivering health care and related services.

	2021 \$m	2020 \$m
Current		
Trade and other receivables	1,863.4	1,978.6
Allowances for impairment loss	(62.0)	(61.7)
	1,801.4	1,916.9
Non-current		
Rental property bonds and guarantees receivable	37.3	52.0
Other	33.3	26.1
	70.6	78.1
Total	1,872.0	1,995.0

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

9 Working capital (Continued)

Allowances for impairment loss

An allowance for expected credit loss (ECL) is recognised based on the difference between the contractual cash flows and the expected cash flows. The Group has applied a simplified approach in calculating ECLs by establishing a provision matrix for forward-looking factors specific to the debtors and the economic environment.

Movements in the provision for impairment loss were as follows:

	2021 \$m	2020 \$m
At 1 July	(61.7)	(43.4)
Charge for the year	(29.5)	(43.2)
Foreign exchange translation	0.6	(2.1)
Amounts written off	24.3	27.0
Disposal of subsidiary	4.3	-
At 30 June	(62.0)	(61.7)

Ageing analysis

At 30 June, the ageing analysis of trade and other receivables is as follows:

	Total \$m	Neither past due nor impaired \$m	0-30 Days PDNI ¹ \$m	31-60 Days PDNI ¹ \$m	61-90 Days PDNI ¹ \$m	91+ Days PDNI ¹ \$m	Considered impaired \$m
2021	1,934.0	1,439.1	218.6	81.2	13.6	119.5	62.0
2020	2,056.7	990.0	245.3	238.5	211.9	309.3	61.7

¹ PDNI – Past due not impaired

Receivables past due but not considered impaired are: \$ 432.9 million (2020: \$1,005.0 million). Payment terms on these amounts have not been re-negotiated as based on the credit history of receivables past due not considered impaired, management believes that these amounts will be fully recovered. This is due to the fact that the Group mainly deals with the Government and creditworthy Health Funds.

Related party receivables

For terms and conditions of related party receivables refer to Note 20.

Fair value

Due to the short term nature of the current receivables, the carrying value approximates fair value. The carrying values of the discounted non-current receivables approximates their fair values.

Credit risk

The maximum exposure to credit risk for current receivables is their carrying value. Collateral is not held as security. The Group's credit risk is low in relation to trade debtors because the majority of transactions are with the Government and Health Funds. The maximum exposure to credit risk for non-current receivables at the reporting date is the carrying value of these receivables. The majority of the non-current receivables are assessed as low risk.

Foreign exchange & interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 17.

9 Working capital (Continued)

9.b Inventories



Inventories include medical supplies to be consumed in providing future patient services, and development assets, including medical suites to be sold, that are currently under construction.

	2021 \$m	2020 \$m
Amount of medical supplies to be consumed in providing future patient services – at cost	363.8	365.2
Development assets to be sold that are currently under construction – at cost	45.6	45.8
Total	409.4	411.0

Inventory expense

Medical supplies recognised as an expense for the year ended 30 June 2021 totalled \$3,008.7 million (2020: \$2,723.1 million) for the Group. This expense has been included in the medical consumables and supplies in the Income Statement. The cost of development assets sold which has been recognised as an expense for the year ended 30 June 2021 totalled \$8.5 million (2020: \$6.8 million) for the Group. This expense has been included in Cost of development assets sold in the Income Statement.



Accounting Policies

Inventories are recorded using the FIFO method and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

9.c Trade and other creditors



Trade and other creditors consists of amounts owing to employees and suppliers for goods and/or services delivered and customer amounts paid in advance of provision of services.

	2021 \$m	2020 \$m
Trade payables	1,164.6	1,148.6
Sundry creditors and accrued expenses	474.1	505.5
Employee and Director entitlements	1,061.6	993.6
Other creditors ¹	313.4	555.8
Total	3,013.7	3,203.5

¹ Included in this balance is funding received in advance from various Governments under COVID-19 arrangements

Fair values

Trade and other creditors amounts are non-interest bearing and are normally settled on 30-60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

10 Business combinations



Ramsay's growth has been driven by an ongoing pipeline of acquisitions of healthcare businesses.

Business Combinations – 2021

Ramsay has recognised amounts for business combinations in the financial statements for the year ended 30 June 2021 which have been determined on a provisional basis only. These businesses are within the healthcare sector.

	\$m
Assets	58.7
Liabilities	(53.0)
Fair value of identifiable net assets	5.7
Goodwill arising	108.2
Business combination date fair value of consideration transferred	113.9
The cash outflow as a result of the business combination is as follows:	
Cash Paid	(113.9)
Net cash acquired with the subsidiary	23.8
Net consolidated cash outflow	(90.1)

Business Combinations – 2020

Ramsay has recognised amounts for business combinations in the financial statements for the year ended 30 June 2020 which are as follows:

	\$m
Assets	16.2
Liabilities	(10.4)
Fair value of identifiable net assets	5.8
Goodwill arising	19.6
Business combination date fair value of consideration transferred	25.4
The cash outflow as a result of the business combination is as follows:	
Cash Paid	(25.4)
Net consolidated cash outflow	(25.4)

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.

10 Business combinations (Continued)



Accounting Policies

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value and is calculated as the sum of the business combination date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Business combination related costs are expensed as incurred.

In accounting for a business combination, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the business combination date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the business combination date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of AASB 9, it is measured in accordance with the appropriate standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.



Key Accounting Judgements, Estimates and Assumptions

The Group recognises the identifiable assets and liabilities of businesses at their business combination date fair values. Where a significant amount of land and buildings are recognised in the business combination, the fair value will be determined by an external valuer using an approach relevant to the market in that country.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

11 Property, plant and equipment



Property, plant and equipment represents the investment by the Group in tangible assets such as land, buildings, hospital fit-outs and medical equipment.

	Land & Buildings \$m	Plant & Equipment \$m	Assets Under Construction \$m	Total \$m
30 June 2021				
Cost	3,854.2	2,744.8	499.7	7,098.7
Accumulated depreciation and impairment	(818.6)	(1,791.5)	-	(2,610.1)
	3,035.6	953.3	499.7	4,488.6
<i>Movement:</i>				
At 1 July 2020	3,007.0	952.8	487.4	4,447.2
Additions	93.4	216.7	274.2	584.3
Transferred from assets under construction	143.4	88.9	(232.3)	-
Business combination	2.8	6.3	-	9.1
Reclassification (Note 13)	-	3.6	(24.4)	(20.8)
Depreciation	(145.5)	(292.3)	-	(437.8)
Impairment	(18.3)	(3.2)	-	(21.5)
Disposals	(17.0)	(12.6)	(3.8)	(33.4)
Exchange differences	(30.2)	(6.9)	(1.4)	(38.5)
At 30 June 2021	3,035.6	953.3	499.7	4,488.6
30 June 2020				
Cost	3,820.0	2,583.8	487.4	6,891.2
Accumulated depreciation and impairment	(813.0)	(1,631.0)	-	(2,444.0)
	3,007.0	952.8	487.4	4,447.2
<i>Movement:</i>				
At 1 July 2019	3,169.0	1,112.0	361.8	4,642.8
Transfer to right of use asset (Note 12)	(219.6)	(148.7)	-	(368.3)
Restated 1 July 2019	2,949.4	963.3	361.8	4,274.5
Additions	90.9	215.2	327.2	633.3
Transferred from assets under construction	117.0	81.4	(198.4)	-
Business combination	13.6	-	-	13.6
Depreciation	(148.2)	(292.4)	-	(440.6)
Impairment	(11.2)	(4.8)	-	(16.0)
Disposals	(6.9)	(2.5)	(0.7)	(10.1)
Exchange differences	2.4	(7.4)	(2.5)	(7.5)
At 30 June 2020	3,007.0	952.8	487.4	4,447.2
1 July 2019				
Cost	3,992.0	2,685.5	361.8	7,039.3
Accumulated depreciation and impairment	(823.0)	(1,573.5)	-	(2,396.5)
	3,169.0	1,112.0	361.8	4,642.8

11 Property, plant and equipment (Continued)



Accounting Policies

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings and integral plant – 40 to 60 years
- Plant and equipment, other than plant integral to buildings – various periods not exceeding 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

IMPAIRMENT

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the Consolidated Income Statement in the expense category Depreciation, amortisation and impairment.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

DERECOGNITION & DISPOSAL

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.



Key Accounting Judgements, Estimates and Assumptions

Useful lives of assets are estimated based on historical experience. The useful life of assets are assessed annually and adjusted where deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

12 Right of use assets



A right of use asset represents the Group's, as a lessee, right to use an asset over the life of a lease. This is a new asset concept introduced by the accounting standard *AASB16 Leases*, which the Group first adopted on 1 July 2019 – see note 8.c for the Group's lease arrangements and related lease liabilities recognised.

	Leased property \$m	Leased plant & equipment \$m	Total \$m
30 June 2021			
Cost	5,690.5	378.5	6,069.0
Accumulated depreciation	(1,501.0)	(156.5)	(1,657.5)
	4,189.5	222.0	4,411.5
<i>Movement:</i>			
At 1 July 2020	4,271.8	206.1	4,477.9
Additions	320.9	88.1	409.0
Business combination	10.9	0.3	11.2
Depreciation	(344.8)	(66.7)	(411.5)
Reassessment of lease terms	62.6	1.7	64.3
Disposals or terminations	(65.4)	(3.0)	(68.4)
Exchange differences	(66.5)	(4.5)	(71.0)
At 30 June 2021	4,189.5	222.0	4,411.5
30 June 2020			
Cost	5,445.2	338.3	5,783.5
Accumulated depreciation	(1,173.4)	(132.2)	(1,305.6)
	4,271.8	206.1	4,477.9
<i>Movement:</i>			
At 1 July 2019	-	-	-
Adjustment on adoption of AASB16 Leases	4,130.6	49.4	4,180.0
Transfer from property, plant and equipment (Note 11)	219.6	148.7	368.3
Restated 1 July 2019	4,350.2	198.1	4,548.3
Additions	251.4	68.5	319.9
Depreciation	(339.6)	(61.7)	(401.3)
Impairment	(20.8)	-	(20.8)
Reassessment of lease terms	21.4	-	21.4
Disposals or terminations	(5.0)	(0.5)	(5.5)
Exchange differences	14.2	1.7	15.9
At 30 June 2020	4,271.8	206.1	4,477.9
1 July 2019			
Cost	-	-	-
Accumulated depreciation	-	-	-
	-	-	-

Leased assets, where pledged, are used as security for the related lease liabilities. Refer note 8.c.

13 Intangible assets



The Group's investment in intangible assets includes goodwill, service concession assets, brand names and software.

	Goodwill \$m	Service Concession Assets \$m	Other \$m ¹	Total \$m
30 June 2021				
Cost	3,766.3	220.9	513.6	4,500.8
Accumulated depreciation	-	(121.2)	(146.0)	(267.2)
	3,766.3	99.7	367.6	4,233.6
<i>Movement:</i>				
At 1 July 2020	3,783.4	115.5	347.2	4,246.1
Additions	-	0.6	46.7	47.3
Business combination	108.2	7.6	0.1	115.9
Reclassification (Note 11)	-	15.1	5.7	20.8
Disposals	(61.0)	-	(7.1)	(68.1)
Amortisation	-	(34.7)	(15.4)	(50.1)
Impairment	-	-	-	-
Exchange differences	(64.3)	(4.4)	(9.6)	(78.3)
At 30 June 2021	3,766.3	99.7	367.6	4,233.6
30 June 2020				
Cost	3,783.4	216.0	460.1	4,459.5
Accumulated depreciation	-	(100.5)	(112.9)	(213.4)
	3,783.4	115.5	347.2	4,246.1
<i>Movement:</i>				
At 1 July 2019	3,767.0	154.0	342.3	4,263.3
Adjustment on adoption of AASB16 Leases	-	(6.8)	-	(6.8)
Restated 1 July 2019	3,767.0	147.2	342.3	4,256.5
Additions	-	3.1	27.6	30.7
Business combination	19.6	-	-	19.6
Disposals	(1.2)	-	(5.5)	(6.7)
Amortisation	-	(33.2)	(18.1)	(51.3)
Impairment	-	-	(0.7)	(0.7)
Exchange differences	(2.0)	(1.6)	1.6	(2.0)
At 30 June 2020	3,783.4	115.5	347.2	4,246.1
1 July 2019				
Cost	3,767.0	219.2	436.5	4,422.7
Accumulated depreciation	-	(65.2)	(94.2)	(159.4)
	3,767.0	154.0	342.3	4,263.3

¹ Mainly brands and internally generated software costs

13 Intangible assets (Continued)



Accounting Policies

GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The key factor contributing to the goodwill relates to the synergies existing within the acquired businesses and also expected to be achieved as a result of combining these facilities with the rest of the Group.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is determined to have an indefinite life.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated such that:

- It represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

SERVICE CONCESSION ASSETS

Service concession assets represent the Group's right to operate hospitals under Service Concession Arrangements. Service concession assets constructed by the Group are recorded at the fair value of consideration received or receivable for the construction services delivered. Service concession assets acquired by the Group are recorded at the fair value of the assets at the date of acquisition. All service concession assets are classified as intangible assets.

To the extent that the Group has an unconditional right to receive cash or other financial assets under the Service Concession Arrangements a financial asset has been recognised. The financial asset is measured at fair value on initial recognition and thereafter at amortised cost using the effective interest rate method. The financial asset will be reflected on initial recognition and thereafter as a 'loan or receivable'.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:

- Service Concession Asset – over the term of the arrangement
- Software - 2 to 10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Income Statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill impairment testing. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

13 Intangible assets (Continued)



Accounting Policies

	Service Concession Assets	Brands	Software costs
Useful lives	Finite	Indefinite	Finite
Amortisation method used	Amortised over the period of the lease	Not applicable	Amortised over the period of expected future benefit from the related project on a straight line basis
Internally generated or acquired	Acquired	Acquired	Internally generated
Impairment testing	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.	Annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.



Key Accounting Judgements, Estimates and Assumptions

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. Useful lives are reviewed annually and adjustments made where deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

14 Impairment testing of goodwill



Goodwill arises when the Group acquires a business. It is the portion of the purchase price that is higher than the sum of the fair value of net assets acquired, which represents the synergies expected to arise from the acquisition. Goodwill is impaired when its historical cost exceeds its current recoverable amount.

Description of the cash generating units and other relevant information

Goodwill acquired through business combinations has been allocated in part to individual cash generating units and part to segments as synergies are achieved from the larger Group. Management assess goodwill by aggregating cash generating units to the level of the segment for purposes of impairment testing because the goodwill relates to synergies existing within the acquired business and synergies achieved from combining acquired facilities with the rest of the Group. Goodwill is tested for impairment on an annual basis, as a minimum.

Goodwill has been allocated to the Asia Pacific business, the UK business, the French business and the Nordics as follows:

	Asia Pacific \$m	UK \$m	France \$m	Nordics \$m	Total \$m
2021	1,181.7	279.6	1,250.2	1,054.8	3,766.3
2020	1,181.7	272.7	1,280.9	1,048.1	3,783.4



Key Accounting Judgements, Estimates and Assumptions

The recoverable amount of the Asia Pacific business, the UK business, the French business and the Nordics business has been determined based on a value in use calculation using cash flow projections as at 30 June 2021 based on financial estimates approved by senior management and the Board of Directors covering the following financial year. In determining the 2022 (year 1) cash flow projections and subsequent year growth factors, management has factored in the performance of the Group in the current year, including the period impacted by the COVID pandemic. As COVID is only expected to have a short term impact on the business, Management currently forecasts that the Group volume and cost profiles will return to pre-COVID levels in 2023 for all CGUs. A growth factor is then applied to the following 4 years through to the end of the value in use models. Key assumptions used in the value in use calculations are outlined in the table below. Significant assumptions used in the impairment testing are inherently subjective and in times of economic uncertainty caused by the COVID pandemic, the degree of subjectivity is higher than it might otherwise be.

	Asia Pacific %	UK %	France %	Nordics %
Terminal growth rate (Year 5+)				
2021	3.0	1.9	1.0	2.0
2020	3.3	1.9	1.0	2.0
Pre-tax discount rate				
2021	9.7	8.4	7.9	7.6
2020	10.3	8.2	7.7	7.2

Key inputs in value in use calculations are:

- Tax rates have been estimated at 30% for Australian operations, and 19% - 34.4% for overseas operations consistent with the current local tax legislation.
- Discount rates – discount rates reflect management's estimate of the time value and the risks specific to each of the cash generating units that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the unit.
- Growth rate estimates – they are based on management's internal estimates of long term growth rates for each of the cash generating units.

Management has performed sensitivity testing by CGU and on the aggregated CGUs based on assessing the effect of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates. COVID is only expected to have a short term impact on the business and therefore the impact on the value in use for each CGU is minimal.

For Asia Pacific, the United Kingdom, France and the Nordics, management do not consider that any reasonably likely changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates would result in the carrying value of goodwill exceeding the recoverable amount.

15 Taxes



This note provides an analysis of the income tax expense and deferred tax balances, including a reconciliation of the tax expense recognised, reconciled to the Group's net profit before tax at the Group's applicable tax rate. A deferred tax asset or liability is created when there are temporary differences between the accounting profit and taxable profit, representing a future income tax recoverable or payable.

(i) Income tax expense

	2021 \$m	2020 \$m
The major components of income tax expense are:		
Income Statement		
Continuing operations:		
<i>Current income tax</i>		
Current income tax charge	266.9	193.1
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(31.2)	(36.7)
Adjustments in respect of deferred income tax of previous years	(5.6)	0.6
Income tax expense reported in the Consolidated Income Statement	230.1	157.0

(ii) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Income Statement and tax expense calculated per the statutory income tax rate

	2021 \$m	2020 \$m
A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax	741.6	466.2
At the Parent Entity's statutory income tax rate of 30% (2020: 30%)	222.5	139.8
Expenditure not allowable for income tax purposes	26.8	13.7
Amounts not assessable for income tax purposes	(11.1)	(39.1)
Impact of changes in foreign tax rates on deferred tax balances	(27.7)	(2.6)
Other French income tax expense	18.1	44.4
Foreign tax rate adjustment due to differences in rates between Australia and Other Countries	12.1	6.4
Other	(10.6)	(5.6)
Income tax expense reported in the Consolidated Income Statement	230.1	157.0

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

15 Taxes (Continued)

(iii) Recognised tax assets and liabilities

	2021 \$m Current income tax	2021 \$m Deferred income tax	2020 \$m Current income tax	2020 \$m Deferred income tax
Opening balance	(34.8)	178.4	(40.9)	56.6
Adjustment on adoption of AASB 16 Leases	-	-	-	59.6
Restated opening balance	(34.8)	178.4	(40.9)	116.2
(Charged)/ credited to income	(266.9)	36.8	(193.1)	36.1
Credited to equity	-	4.8	-	11.5
Payments	228.2	-	198.1	-
Exchange differences	1.6	0.9	1.1	12.3
Acquisitions and disposals of subsidiary	0.5	1.2	-	2.3
Closing balance	(71.4)	222.1	(34.8)	178.4

	Statement of Financial Position	
	2021 \$m	2020 \$m
<i>Amounts recognised in the Statement of Financial Position for Deferred Income Tax at 30 June:</i>		
Deferred tax liabilities		
Inventory	(20.5)	(17.1)
Recognition of revenue	(17.4)	(56.4)
Depreciable assets	(124.6)	(123.6)
Other provisions and lease liabilities	(133.4)	(128.1)
Gross deferred tax liabilities	(295.9)	(325.2)
Set-off of deferred tax assets	60.4	53.5
Net deferred tax liabilities	(235.5)	(271.7)
Deferred tax assets		
Employee provisions	201.5	168.3
Other provisions and lease liabilities	243.1	268.5
Unearned income	6.6	6.9
Losses	55.4	48.3
Derivatives	11.4	11.6
Gross deferred tax assets	518.0	503.6
Set-off of deferred tax liabilities	(60.4)	(53.5)
Net deferred tax assets	457.6	450.1

(iv) Tax consolidation

Ramsay Health Care Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group effective 1 July 2003. Ramsay Health Care Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax funding and sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries using a group allocation method on a modified standalone basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

TAX EFFECT ACCOUNTING BY MEMBERS OF THE TAX CONSOLIDATED GROUP

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes using a group allocation method, on a modified standalone basis in accordance with the principles of AASB 112 *Income Taxes*. Allocations under the tax funding agreement are made every six months.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company. There is no difference between the current and deferred tax amounts allocated under the tax funding agreement and the amount subsequently charged to the subsidiary. Therefore, there is no contribution/distribution of the subsidiaries' equity accounts.

As a result of tax consolidation, intercompany assets of Ramsay Health Care Limited have increased by \$9.7 million (2020: increased by \$10.5 million). This is included in the summarised information relating to Ramsay Health Care Limited. Refer to Note 24.

(v) Tax losses

At 30 June 2021, there were nil (2020: \$0.7 million) capital losses carried forward and therefore no resulting deferred tax asset has been recognised.

15 Taxes (Continued)



Accounting Policies

INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.



Key Accounting Judgements, Estimates and Assumptions

In determining the Group's deferred tax assets and liabilities, management is required to make an estimate about the availability of future taxable profits and cash-flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences recognised.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

16 Other assets (net)

	Note	2021 \$m	2020 \$m
Prepayments – current and non-current		143.9	186.5
Other assets – current	16.a	1,990.5	39.2
Other financial assets – non-current		82.9	82.6
Investments in joint venture	16.b	217.5	245.8
Receivables – non-current	9.a	70.6	78.1
Provisions – current and non-current	16.c	(571.3)	(523.7)
Defined employee benefit obligation	16.e	(249.1)	(222.9)
Other creditors – non-current		(30.7)	(24.3)
		1,654.3	(138.7)

16.a Other current assets



Other current assets relate to non-trade amounts owned by the Group which are due or receivable within 12 months.

	2021 \$m	2020 \$m
Business combination amounts held in escrow	1,958.1	-
Other current assets	32.4	39.2
Total	1,990.5	39.2

The business combination amounts held in escrow are governed by the escrow agreement between Ramsay and third parties for the potential Spire acquisition. This amount is not treated as cash and cash equivalents due to the terms and conditions associated with the escrow arrangement. Under this arrangement the cash held in escrow is not readily available to Ramsay. These are term deposits denominated in AUD, GBP and EUR which earn interest. The amounts held in escrow were subsequently refunded in July 2021. Refer to Note 19 for further details.

16 Other assets (net) (Continued)

16.b Investments in joint venture



The Group has a 50% interest in Ramsay Sime Darby Health Care Sdn Bhd (RSDH), a joint venture involved in operating hospitals and day surgery facilities across Malaysia, Indonesia and Hong Kong and a 50% interest in Ascension Ramsay Global Sourcing Limited. The Group's interest in both entities is accounted for using the equity method in the consolidated financial statements.

	2021 \$m	2020 \$m
At 1 July	245.8	270.3
AASB 16 Leases adjustment	-	(0.2)
Share of profit of joint venture	10.9	16.1
Dividend paid	(24.9)	(35.0)
Foreign currency translation and other equity movements	(14.3)	(5.4)
At 30 June	217.5	245.8



Accounting Policies

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Income Statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of joint venture' in the Income Statement.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

16 Other assets (net) (Continued)

16.c Provisions



A provision is a liability with uncertain timing and amount, but the expected settlement amount can be reliably estimated by the Group. The main provisions held are in relation to insurance, restructuring, legal obligations, unfavourable contracts and employee benefits.

	2021 \$m	2020 \$m
Current		
Restructuring provision	14.4	16.0
Unfavourable contracts	3.8	10.8
Insurance provision	19.3	13.7
Legal and compliance provision	89.5	38.7
Other provisions	58.0	54.5
	185.0	133.7
Non-current		
Employee and Director entitlements	42.3	41.3
Unfavourable contracts	45.7	67.8
Insurance provision	71.3	74.2
Restructuring provision	63.2	51.6
Legal and compliance provision	156.4	148.8
Other provisions	7.4	6.3
	386.3	390.0
Total	571.3	523.7

Movements in provisions

	Restructuring \$m	Insurance \$m	Unfavourable contracts \$m	Legal and compliance \$m	Other provisions \$m	Total \$m
At 1 July 2020	67.6	87.9	78.6	187.5	60.8	482.4
Business combination	-	-	-	5.1	3.0	8.1
Arising during the year	52.2	9.2	-	81.8	16.2	159.4
Utilised during the year	(32.1)	(5.1)	(6.8)	(11.2)	(6.9)	(62.1)
Unused amounts reversed	(8.0)	(1.6)	(20.8)	(12.8)	(6.3)	(49.5)
Exchange differences	(2.1)	0.2	(1.5)	(4.5)	(1.4)	(9.3)
At 30 June 2021	77.6	90.6	49.5	245.9	65.4	529.0
Current 2021	14.4	19.3	3.8	89.5	58.0	185.0
Non-current 2021	63.2	71.3	45.7	156.4	7.4	344.0
	77.6	90.6	49.5	245.9	65.4	529.0
Current 2020	16.0	13.7	10.8	38.7	54.5	133.7
Non-current 2020	51.6	74.2	67.8	148.8	6.3	348.7
	67.6	87.9	78.6	187.5	60.8	482.4

16 Other assets (net) (Continued)

Nature and timing of provisions

RESTRUCTURING PROVISION

The restructuring provision primarily relates to:

- the restructuring of the Group subsequent to acquisitions. Provisions are made in the year the restructuring plans are drawn up and announced to employees; and
- restructuring of entities with the Group.

INSURANCE PROVISION

Insurance policies are entered into to cover the various insurable risks. These policies have varying levels of deductibles. The medical malpractice provision is made to cover deductibles arising under the Medical Malpractice Insurance policy, including potential uninsured and 'Incurred but not Reported' claims.

EMPLOYEE LEAVE BENEFITS

Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

UNFAVOURABLE CONTRACTS

This provision consists of VAT and other taxes payable on impaired right of use assets for certain leases.

LEGAL AND COMPLIANCE PROVISION

The legal and compliance provision primarily relates to amounts provided for litigation that is currently in the court process or a matter under review by a relevant authority.



Accounting Policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



Key Accounting Judgements, Estimates and Assumptions

The insurance provision is actuarially assessed at each reporting period using a probability of sufficiency between 80% - 95% based on differing exposures to risk. The greatest uncertainty in estimating the provision is the costs that will ultimately be incurred which is estimated using historical claims, market information and other actuarial assessments. Included in the insurance provision is an amount for claiming handling expenses at between 5%-10% of the estimated Ramsay claim cost.

16.d Superannuation commitments

The Group contributes to industry and individual superannuation funds established for the provision of benefits to employees of entities within the economic entity on retirement, death or disability. Benefits provided under these plans are based on contributions for each employee and for retirement are equivalent to accumulated contributions and earnings. All death and disability benefits are insured with various life insurance companies. The entity contributes to the funds at various agreed contribution levels, which are not less than the statutory minimum.

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES – OPERATING AND INVESTING

RAMSAY HEALTH CARE LIMITED

16 Other assets (net) (Continued)

16.e Defined employee benefit obligation



A defined benefit plan is an employer-based program that pays retirement benefits based on a predetermined formula such as the employee's length of employment, age and salary history. The Group has a defined employee benefit obligation in France as required to be paid under local legislation. There is also a defined benefit obligation in the Nordics.

In contrast to a defined contribution plan, the employer, not the employee, is responsible for all of the planning and investment risk of a defined benefit plan. The Group has a defined contribution obligation in other jurisdictions. Refer Note 16.d.

The following tables summarise the funded status and amounts recognised in the consolidated Statement of Financial Position for the plans:

	2021 \$m	2020 \$m	2019 \$m	2018 \$m	2017 \$m
Net (liability) included in the Statement of Financial Position					
Present value of defined benefit obligation	(473.5)	(418.4)	(389.9)	(85.7)	(80.2)
Fair value of plans assets	224.4	195.5	174.6	5.3	5.0
Net (liability) – non-current	(249.1)	(222.9)	(215.3)	(80.4)	(75.2)

	2021 \$m	2020 \$m
Net expense for the defined employee benefit obligation (Note 3) (recognised in superannuation expenses)	21.1	24.5

Changes in the present value of the defined benefit obligation are as follows:

	2021 \$m	2020 \$m
Opening defined benefit obligation	(418.4)	(389.9)
Acquisitions	(1.3)	-
Current service cost	(18.5)	(18.9)
Interest cost	(5.1)	(9.0)
Benefits paid	14.1	10.5
Actuarial losses on obligation	(51.1)	(11.6)
Exchange differences on foreign plans	6.8	0.5
Closing defined benefit obligation	(473.5)	(418.4)

Changes in the fair value of plan assets are as follows:

	2021 \$m	2020 \$m
Opening fair value of plans assets	195.5	174.6
Expected return	2.5	3.4
Contributions by employer	17.5	19.6
Benefits paid	(3.7)	(3.2)
Actuarial gains	11.4	1.4
Exchange differences on foreign plans	1.2	(0.3)
Closing fair value of plans assets	224.4	195.5
Actuarial return on plan assets	2.5	3.4

16 Other assets (net) (Continued)

Plan assets are invested as follows:

	2021 %	2020 %
Equities	27.8	21.6
Bonds	46.1	49.9
Property	8.3	9.4
Other	17.8	19.1

The Group expects to contribute nil to its defined benefit obligations in 2022.

	2021 \$m	2020 \$m
Actuarial losses recognised in the Statement of Comprehensive Income	39.7	10.2
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	142.3	102.6

The principal actuarial assumptions used in determining obligations for the liabilities are shown below (expressed as weighted averages):

	2021 %	2020 %
Discount rate	0.9 to 2.0	1.1 to 1.6
Future salary increases	1.0 to 2.9	1.0 to 2.9
Future pension increases	1.0 to 2.0	1.0 to 2.9



Accounting Policies

The Group has defined employee benefit obligations in the Nordics and in France, arising from local legislative requirements.

The cost of providing benefits under these obligations are determined using the projected unit credit method using actuarial valuations. Actuarial gains and losses for the defined obligation are recognised in full in the period in which they occur in Other Comprehensive Income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested, immediately following the introduction of, or changes to, the obligation.

The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds) less unrecognised past service costs.



Key Accounting Judgements, Estimates and Assumptions

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. In determining the appropriate discount rates, the interest rates of corporate bonds in France and the Nordics is considered. The mortality rate is based on publicly available mortality rates for France and the Nordics. Future salary increases are based on expected future inflation rates in France and the Nordics.

IV Risk management



This section discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

17 Financial risk management



This note provides a summary of the Group's exposure to key financial risks, including interest rate, foreign currency, credit and liquidity risks, along with the Group's policies and strategies to mitigate these risks. There have been no material changes to our risk management policies since 30 June 2020.

Primary responsibility for identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and short-term deposits, derivatives, and other financial assets.

The Group manages its exposure to key financial risks, including market risk (interest rate and foreign currency risk), credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group enters into derivative transactions, principally interest rate swap contracts and foreign exchange forward contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Group has entered into a Syndicated Facility Agreement with its Banks. The Syndicated Facility Agreement is with prime financial institutions. By entering into a Syndicated Facility Agreement with a number of financial institutions compared to financing through a Bilateral Facility Agreement, the Group has reduced its counterparty risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The level of debt is disclosed in Note 8.b.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2021 \$m	2020 \$m
Financial Assets		
Cash and cash equivalents	1,004.8	1,503.7
Business combination amounts held in escrow	1,958.1	-
	2,962.9	1,503.7
Financial Liabilities		
Bank Loans	(3,070.2)	(1,815.0)
Net exposure	(107.3)	(311.3)

Interest rate derivatives contracts are outlined in Note 8.d, with a net negative fair value of \$38.1 million (2020: negative \$51.3 million) which are exposed to fair value movements if interest rates change.

17 Financial risk management (Continued)

Interest rate sensitivity

The following sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the end of the reporting period, as specified in the following table, if the interest rates had been higher or lower than the year end rates and all other variables were held constant, the consolidated entity's post tax profit and Other Comprehensive Income would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
AUD				
+60 basis points (2020: +45 basis points)	(3.5)	- ¹	1.4	1.4
-60 basis points (2020: -45 basis points)	3.5	- ¹	(1.1)	(1.0)
GBP				
+50 basis points (2020: +55 basis points)	2.2	(0.1)	- ²	1.0
-50 basis points (2020: -55 basis points)	(2.2)	0.3	- ²	(0.9)
EUR				
+30 basis points (2020: +40 basis points)	14.3	(4.8)	- ²	11.8
-30 basis points (2020: -40 basis points)	(12.5)	4.8	- ²	(12.0)

¹ There would be no significant impact on net profit as unhedged interest rate exposures are not significant.

² There were no outstanding interest rate derivative contracts which have been designated as effective hedges at the year end.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the interest rate volatility observed during the relevant financial year. The change in sensitivity applied for 2021, versus 2020, is due to the change in interest rate volatilities applicable to 2021.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group manages its foreign exchange rate exposure within approved policy parameters by utilising foreign currency swaps and forwards.

When a derivative is entered into for the purpose of being a hedging instrument, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in foreign currency.

The Group hedges its exposure to fluctuations on the translation into Australian dollars of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forward contracts.

17 Financial risk management (Continued)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in GBP, Euro and MYR exchange rates, with all other variables held constant. The impact on the Group's post tax profit is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
<i>British Pound (GBP)</i>				
+15% (2020: +20%)	(0.1)	(0.2)	(55.2)	(32.8)
-15% (2020: -20%)	0.1	0.3	74.6	48.9
<i>Euro (EUR)</i>				
+15% (2020: +20%)	..1	(0.1)	(110.6)	(8.8)
-15% (2020: -20%)	..1	0.1	149.5	12.8
<i>Malaysian Ringgit (MYR)</i>				
+15% (2020: +20%)	..1	..1	(28.7)	(38.6)
-15% (2020: -20%)	..1	..1	38.8	56.4

¹ There would be no significant impact on net profit as unhedged foreign currency exposures are not significant. (2020: unhedged foreign currency exposures were insignificant.)

The movement in the post-tax profit amounts is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in foreign currencies, where the functional currency of the entity is a currency other than the above currencies. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in equity arises from changes in the borrowings (net of cash and cash equivalents) in the hedge of net investments in overseas operations (UK, France and Malaysia) and cash flow hedges. These movements will off-set the translation of the overseas operations' net assets in Australian dollar.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, derivative instruments and other financial instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

Trade receivables

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The majority of transactions are with the Governments and Health Funds.

The Group's credit policy requires all debtors to pay in accordance with agreed terms. The payment terms for the major debtors range from 15 days to 30 days.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised based on expected credit loss where the Group measures the impairment using a lifetime expected loss allowance for all trade receivables. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

The Group's credit risk is spread across a number of Health Funds and Governments. Whilst the Group does have significant credit risk exposure to a single debtor or group of related debtors, the credit quality of these debtors is considered high, as they are either Health Funds, governed by the prudential requirements of APRA, or Governments.

The credit quality of financial assets that are neither past due nor impaired is considered to be high, due to the absence of defaults, and the fact that the Group deals with creditworthy Health Funds and the Governments. Management has also put in place procedures to constantly monitor the exposures in order to manage its credit risk.

Financial instruments and cash deposits

Credit risks related to balances with banks and financial institutions are managed by Ramsay Group Treasury in accordance with Board approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The investment of surplus funds is made only with approved counterparties and within credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The Group does not hold any credit derivatives to off-set its credit risk exposure. The Group's maximum exposure for financial derivative instruments is noted in the liquidity table below.

17 Financial risk management (Continued)

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and leases.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Ramsay has established management reporting covering its worldwide business units that reflects expectations of management's expected settlement of financial assets and liabilities.

The Group continually reviews its liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months \$m	3 to 12 months \$m	1 to 5 years \$m	> 5 years \$m	Total \$m
Year ended 30 June 2021					
Trade and other liabilities	(2,998.8)	-	-	-	(2,998.8)
Loans and borrowings	(23.9)	(104.3)	(4,007.6)	(1,613.2)	(5,749.0)
Lease liabilities	(150.8)	(452.4)	(1,737.3)	(5,174.0)	(7,514.5)
Financial derivatives	(4.6)	(13.3)	(23.1)	-	(41.0)
	(3,178.1)	(570.0)	(5,768.0)	(6,787.2)	(16,303.3)
Year ended 30 June 2020					
Trade and other liabilities	(3,187.1)	-	-	-	(3,187.1)
Loans and borrowings	(30.5)	(106.1)	(4,382.6)	(126.8)	(4,646.0)
Lease liabilities	(119.7)	(359.1)	(1,703.6)	(5,207.2)	(7,389.6)
Financial derivatives	(2.7)	(4.6)	(44.8)	-	(52.1)
	(3,340.0)	(469.8)	(6,131.0)	(5,334.0)	(15,274.8)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts.

	Less than 3 months \$m	3 to 12 months \$m	1 to 5 years \$m	> 5 years \$m	Total \$m
Year ended 30 June 2021					
Inflows	-	0.1	1.6	-	1.7
Outflows	(4.6)	(13.4)	(24.7)	-	(42.7)
Net	(4.6)	(13.3)	(23.1)	-	(41.0)
Discounted at the applicable interbank rates	(1.6)	(13.3)	(23.2)	-	(38.1)
Year ended 30 June 2020					
Inflows	0.3	2.0	1.4	-	3.7
Outflows	(3.0)	(6.6)	(46.2)	-	(55.8)
Net	(2.7)	(4.6)	(44.8)	-	(52.1)
Discounted at the applicable interbank rates	(1.6)	(4.6)	(45.1)	-	(51.3)

Collateral

The Group pledged part of its longer term deposits in order to fulfil the collateral requirements for the secured funding agreement (fiducie-sûreté). At 30 June 2020, the fair values of the term deposits pledged was \$12.1 million. No term deposits were held as collateral at 30 June 2021 due to changes in the terms and conditions of the secured funding agreement during 2021. The counterparties had an obligation to return the securities to the Group. There were no significant terms and conditions associated with the use of collateral.

V Other information



This section includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18 Share based payment plans



A share based payment is a transaction in which the Group receives goods or services in exchange for rights to its own shares. Ramsay operates one performance rights scheme, where share rights may be issued to eligible employees.

An executive performance rights scheme was established in January 2004 where Ramsay Health Care Limited may, at the discretion of the Board, grant rights over the ordinary shares of Ramsay Health Care Limited to executives of the consolidated entity. The rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the ASX. Non-executive directors are not eligible for this plan.

Information with respect to the number of rights granted under the executive performance rights plan is as follows:

	2021		2020	
	Number of Rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	1,277,546		1,685,969	
granted	246,907	\$43.30	263,096	\$52.59
vested	(7,505)	\$68.22	(201,620)	\$69.32
forfeited	(472,611)	\$56.17	(469,899)	\$53.46
Balance at end of year	1,044,337		1,277,546	
Exercisable at end of year	-		-	

The following table summarises information about rights held by participants in the executive performance rights plan as at 30 June 2021:

Number of Rights	Grant Date	Vesting Date ¹	Weighted Average Fair Value ²
152,291	17-Nov-17	28-Aug-20	\$32.61
199,444	15-Nov-18	31-Aug-21	\$33.86
219,441	15-Nov-18	31-Aug-21	\$51.22
104,244	15-Nov-19	31-Aug-22	\$33.36
123,203	15-Nov-19	31-Aug-22	\$68.62
122,849	15-Dec-20	31-Aug-23	\$27.14
122,865	15-Dec-20	31-Aug-23	\$59.45
1,044,337			

¹ The vesting date shown is the most likely vesting date subject to full satisfaction of the respective performance conditions.

² Fair value at grant date

18 Share based payment plans (Continued)



Accounting Policies

The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits, being the Executive Performance Rights Plan (equity-settled transactions), which provides benefits to senior executives and Directors.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined by an external valuer using the Monte Carlo and the Black Scholes models.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ramsay Health Care Limited (market conditions).

EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (Share Based Payment Reserve), over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired and
- The number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

TREASURY SHARES

Shares in the Group held by the Executive Performance Share Plan are classified and disclosed as Treasury shares and deducted from equity.



Key Accounting Judgements, Estimates and Assumptions

Performance rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Ramsay Health Care Limited.

The fair value of share rights with TSR performance conditions (market based conditions) are estimated on the date of grant using a Monte Carlo model. The fair value of share rights with non-market performance conditions are estimated at the date of grant using the Black Scholes Option Pricing model. The following weighted average assumptions were used for grants made on 17 November 2017, 15 November 2018, 15 November 2019 and 15 December 2020:

	Granted 15-Dec-20	Granted 15-Nov-19	Granted 15-Nov-18	Granted 17-Nov-17
Dividend yield	2.40%	2.31%	2.88%	2.27%
Expected volatility	30.32%	22.50%	22.50%	22.5%
Risk-free interest rate	0.10%	0.75%	2.11%	1.93%
Effective life of incentive right	3 years	3 years	3 years	3 years

The expected volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

19 Subsequent events



This note outlines events which have occurred between the reporting date, being 30 June 2021 and the date this financial report is authorised.

On 26 May 2021, Ramsay announced that it had reached agreement with the board of Spire Healthcare Group PLC (Spire) on the terms of a recommended cash offer to acquire the entire issued and to be issued share capital of Spire, by way of a scheme of arrangement under part 26 of the UK Companies Act 2006 (“Scheme”).

The Court Meeting and General Meeting at which Spire shareholders voted on resolutions to approve and implement the Scheme were held on the 19 July 2021. As the requisite majority of votes required to pass all of the resolutions were not achieved, the proposed acquisition will not proceed. As a result, the amounts held in escrow of \$1,958.1 million (Refer Note 16.a) at 30 June 2021, in relation to this business combination were released and subsequently used to pay down loans and borrowings of the Group.

There have been no other significant events after the reporting date that may significantly affect the Group’s operations in future years, the results of these operations in future years or the Group’s state of affairs in future years.

20 Related party transactions



This note discloses the Group’s transactions with its related parties, including their relatives or related businesses.

Transactions with Related Party Entities and the Group

For the year ended 30 June 2021 there were no outstanding transactions (2020: \$nil) to be billed to or billed from related party entities.

Compensation of Key Management Personnel

	2021 \$	2020 \$
Non-Executive Directors		
Short term benefits	2,287,212	2,606,423
Post-employment benefits	153,526	158,706
	2,440,738	2,765,129
Executive Directors		
Short term benefits	3,256,881	2,895,461
Post-employment benefits	21,694	31,504
Other long term benefits	1,181,592	591,101
Performance/Incentive rights	1,449,628	(1,015,400)
	5,909,795	2,502,666
Executives		
Short term benefits	1,854,055	2,201,286
Post-employment benefits	27,117	46,222
Other long term benefits	349,921	541,789
Performance/Incentive rights	1,104,073	(657,130)
	3,335,166	2,132,167
Total		
Short term benefits	7,398,148	7,703,170
Post-employment benefits	202,337	236,432
Other long term benefits	1,531,513	1,132,890
Performance/Incentive rights	2,553,701	(1,672,530)
	11,685,699	7,399,962

21 Auditors' remuneration



This note summarises the total remuneration received or receivable by the Group's external auditors for their audit, assurance and other services.

	2021 \$	2020 \$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	2,127,656	2,311,672
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements	-	48,350
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	557,709	555,842
Assurance related	-	165,301
Advisory services	2,134,941	-
	4,820,306	3,081,165
Amounts received or due and receivable by overseas member firms of Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	3,944,572	3,552,735
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	60,356	679,274
	4,004,928	4,232,009
	8,825,234	7,313,174
The total fees paid to Ernst & Young member firms by service type are:		
Audit Services	6,072,228	5,912,757
Non-audit Services	2,753,006	1,400,417
	8,825,234	7,313,174
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
Audit or review of the financial report	2,493,263	1,950,577

NOTES TO THE FINANCIAL STATEMENTS

OTHER INFORMATION

RAMSAY HEALTH CARE LIMITED

22 Information relating to subsidiaries



This note provides a list of all the significant entities controlled by the Group as at the reporting date, including those included in the Closed Group.

Name	Country of Incorporation	% Equity Interest	
		2021	2020
RHC Nominees Pty Limited ¹	Australia	100%	100%
RHC Developments Pty Limited	Australia	100%	100%
Ramsay Health Care Investments Pty Limited	Australia	100%	100%
Ramsay Hospital Holdings Pty Limited	Australia	100%	100%
Ramsay Hospital Holdings (Queensland) Pty Limited	Australia	100%	100%
Ramsay Health Care Ventures Pty Limited	Australia	100%	100%
Ramsay Finance Pty Limited	Australia	100%	100%
Ramsay Aged Care Holdings Pty Limited	Australia	100%	100%
Ramsay Aged Care Properties Pty Limited	Australia	100%	100%
RHC Ancillary Services Pty Limited	Australia	100%	100%
Linear Medical Pty Limited	Australia	100%	100%
Newco Enterprises Pty Limited	Australia	100%	100%
Sydney & Central Coast Linen Services Pty Limited	Australia	100%	100%
Benchmark Healthcare Holdings Pty Limited	Australia	100%	100%
Benchmark Healthcare Pty Limited	Australia	100%	100%
AHH Holdings Health Care Pty Limited	Australia	100%	100%
AH Holdings Health Care Pty Limited	Australia	100%	100%
Ramsay Centauri Pty Limited	Australia	100%	100%
Alpha Healthcare Pty Limited	Australia	100%	100%
Ramsay Health Care Australia Pty Limited	Australia	100%	100%
Donvale Private Hospital Pty Limited	Australia	100%	100%
The Benchmark Hospital Group Pty Limited	Australia	100%	100%
Dandenong Valley Private Hospital Pty Limited	Australia	100%	100%
Benchmark – Surrey Pty Limited	Australia	100%	100%
Benchmark – Peninsula Pty Limited	Australia	100%	100%
Benchmark – Donvale Pty Limited	Australia	100%	100%
Benchmark – Windermere Pty Limited	Australia	100%	100%
Benchmark – Beleura Pty Limited	Australia	100%	100%
Beleura Properties Pty Limited	Australia	100%	100%
Affinity Health Holdings Australia Pty Limited	Australia	100%	100%
Affinity Health Finance Australia Pty Limited	Australia	100%	100%
Affinity Health Pty Limited	Australia	100%	100%
Affinity Health Foundation Pty Limited	Australia	100%	100%
Affinity Health Holdings Indonesia Pty Limited	Australia	100%	100%
Hospitals of Australia Pty Limited	Australia	100%	100%
Glenferrie Private Hospital Pty Limited	Australia	100%	100%
Relkban Pty Limited	Australia	100%	100%
Relkmet Pty Limited	Australia	100%	100%
Votrait No. 664 Pty Limited	Australia	100%	100%
Votrait No. 665 Pty Limited	Australia	100%	100%
Australian Medical Enterprises Pty Limited	Australia	100%	100%
AME Hospitals Pty Limited	Australia	100%	100%
Victoria House Holdings Pty Limited	Australia	100%	100%
C&P Hospitals Holdings Pty Limited	Australia	100%	100%
HCoA Hospital Holdings (Australia) Pty Limited	Australia	100%	100%
AME Properties Pty Limited	Australia	100%	100%
AME Superannuation Pty Limited	Australia	100%	100%

¹ Entities included in the deed of cross guarantee as required for the instrument

22 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest	
		2021	2020
Attadale Hospital Property Pty Limited ¹	Australia	100%	100%
Glengarry Hospital Property Pty Limited	Australia	100%	100%
Hadassah Pty Limited	Australia	100%	100%
Rannes Pty Limited	Australia	100%	100%
Hallcraft Pty Limited	Australia	100%	100%
Jamison Private Hospital Property Pty Limited	Australia	100%	100%
Affinity Health (FP) Pty Limited	Australia	100%	100%
Armidale Hospital Pty Limited	Australia	100%	100%
Caboolture Hospital Pty Limited	Australia	100%	100%
Joondalup Hospital Pty Limited	Australia	100%	100%
Joondalup Health Campus Finance Limited	Australia	100%	100%
Logan Hospital Pty Limited	Australia	100%	100%
Noosa Privatised Hospital Pty Limited	Australia	100%	100%
AMNL Pty Limited	Australia	100%	100%
Mayne Properties Pty Limited	Australia	100%	100%
Port Macquarie Hospital Pty Limited	Australia	100%	100%
HCoA Operations (Australia) Pty Limited	Australia	100%	100%
Hospital Corporation Australia Pty Limited	Australia	100%	100%
Dabuvu Pty Limited	Australia	100%	100%
NBH Hold Co. Pty Limited	Australia	100%	100%
NBH Operator Pty Limited	Australia	100%	100%
HOAIF Pty Limited	Australia	100%	100%
HCA Management Pty Limited	Australia	100%	100%
Malahini Pty Limited	Australia	100%	100%
Tilemo Pty Limited	Australia	100%	100%
Hospital Affiliates of Australia Pty Limited	Australia	100%	100%
C.R.P.H Pty Limited	Australia	100%	100%
Hospital Developments Pty Limited	Australia	100%	100%
P.M.P.H Pty Limited	Australia	100%	100%
Pruinosa Pty Limited	Australia	100%	100%
Australian Hospital Care Pty Limited	Australia	100%	100%
Australian Hospital Care (Allamanda) Pty Limited	Australia	100%	100%
Australian Hospital Care (Latrobe) Pty Limited	Australia	100%	100%
Australian Hospital Care 1988 Pty Limited	Australia	100%	100%
AHC Foundation Pty Limited	Australia	100%	100%
AHC Tilbox Pty Limited	Australia	100%	100%
Australian Hospital Care (Masada) Pty Limited	Australia	100%	100%
Australian Hospital Care Investments Pty Limited	Australia	100%	100%
Australian Hospital Care (MPH) Pty Limited	Australia	100%	100%
Australian Hospital Care (MSH) Pty Limited	Australia	100%	100%
Australian Hospital Care (Pindara) Pty Limited	Australia	100%	100%
Australian Hospital Care (The Avenue) Pty Limited	Australia	100%	100%
Australian Hospital Care Retirement Plan Pty Limited	Australia	100%	100%
eHealth Technologies Pty Limited	Australia	100%	100%
Health Technologies Pty Limited	Australia	100%	100%
Rehabilitation Holdings Pty Limited	Australia	100%	100%
Bowral Management Company Pty Limited	Australia	100%	100%

¹ Entities included in the deed of cross guarantee as required for the instrument

NOTES TO THE FINANCIAL STATEMENTS

OTHER INFORMATION

RAMSAY HEALTH CARE LIMITED

22 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest	
		2021	2020
Simpak Services Pty Limited ¹	Australia	100%	100%
APL Hospital Holdings Pty Limited ¹	Australia	100%	100%
Alpha Pacific Hospitals Pty Limited ¹	Australia	100%	100%
Health Care Corporation Pty Limited ¹	Australia	100%	100%
Alpha Westmead Private Hospital Pty Limited ¹	Australia	100%	100%
Illawarra Private Hospital Holdings Pty Limited ¹	Australia	100%	100%
Northern Private Hospital Pty Limited ¹	Australia	100%	100%
Westmead Medical Supplies Pty Limited ¹	Australia	100%	100%
Herglen Pty Limited ¹	Australia	100%	100%
Mt Wilga Pty Limited ¹	Australia	100%	100%
Sibdeal Pty Limited ¹	Australia	100%	100%
Workright Pty Limited ¹	Australia	100%	100%
Adelaide Clinic Holdings Pty Limited ¹	Australia	100%	100%
eHospital Pty Limited ¹	Australia	100%	100%
New Farm Hospitals Pty Limited ¹	Australia	100%	100%
North Shore Private Hospital Pty Limited ¹	Australia	100%	100%
Phiroan Pty Limited ¹	Australia	100%	100%
Ramsay Health Care (Asia Pacific) Pty Limited ¹	Australia	100%	100%
Ramsay Health Care (South Australia) Pty Limited ¹	Australia	100%	100%
Ramsay Health Care (Victoria) Pty Limited ¹	Australia	100%	100%
Ramsay Health Care Services (QLD) Pty Limited ¹	Australia	100%	100%
Ramsay Health Care Services (VIC) Pty Limited ¹	Australia	100%	100%
Ramsay Health Care Services (WA) Pty Limited ¹	Australia	100%	100%
Ramsay Pharmacy Retail Services Pty Limited ¹	Australia	100%	100%
Ramsay International Holding Company Pty Limited	Australia	100%	100%
Ramsay Professional Services Pty Limited ¹	Australia	100%	100%
Ramsay Diagnostics (No. 1) Pty Limited ¹	Australia	100%	100%
Ramsay Diagnostics (No. 2) Pty Limited ¹	Australia	100%	100%
Ramsay Health Care (UK) Limited	UK	100%	100%
Ramsay Health Care UK Finance Limited	UK	100%	100%
Ramsay Health Care Holdings UK Limited	UK	100%	100%
Ramsay UK Properties Limited	UK	100%	100%
Linear Healthcare UK Limited	UK	100%	100%
Independent British Healthcare (Doncaster) Limited	UK	100%	100%
Ramsay Diagnostics Limited	UK	100%	100%
Ramsay Health Care UK Operations Limited	UK	100%	100%
Independent Medical (Group) Limited	UK	100%	100%
Exeter Medical Limited	UK	100%	100%
Ramsay Health Care (UK) No.1 Limited	UK	100%	100%
Ramsay Health Care Leasing UK Limited	Guernsey	100%	100%
Ramsay Santé SA ²	France	52.54%	52.50%
Capio AB	Sweden	52.54%	52.50%

¹ Entities included in the deed of cross guarantee as required for the instrument

² Ramsay Santé SA (formerly Ramsay Générale de Santé SA) owns a number of subsidiaries, none of which are individually material to the Group

23 Closed group



This note presents the consolidated financial performance and position of the Australian wholly owned subsidiaries, which together with the parent entity, Ramsay Health Care Limited, are referred to as the Closed Group.

Entities subject to instrument

Pursuant to Instrument 2016/785, relief has been granted to the entities in the table of subsidiaries in Note 22, (identified by footnote 1) from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Instrument, these entities entered into a Deed of Cross Guarantee on 22 June 2006 or have subsequently been added as parties to the Deed of Cross Guarantee by way of Assumption Deeds dated 24 April 2008, 27 May 2010, 24 June 2011, 20 October 2015, 17 December 2015 and 14 May 2019. The effect of the deed is that Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a wholly owned Australian entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Ramsay Health Care Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated Income Statement and Statement of Financial Position of the entities that are members of the Closed Group are as follows:

Consolidated Income Statement	Closed Group	
	2021 \$m	2020 \$m
Profit from operations before income tax	564.2	428.1
Income tax expense	(178.3)	(128.5)
Net profit for the year	385.9	299.6
Retained earnings at the beginning of the year	1,467.0	1,557.1
AASB 16 Leases adjustment	-	(67.2)
Dividends provided for or paid	(115.3)	(322.5)
Retained earnings at the end of the year	1,737.6	1,467.0

NOTES TO THE FINANCIAL STATEMENTS

OTHER INFORMATION

RAMSAY HEALTH CARE LIMITED

23 Closed group (Continued)

Consolidated Statement of Financial Position	Closed Group	
	2021 \$m	2020 \$m
ASSETS		
Current Assets		
Cash and cash equivalents	17.1	564.7
Trade and other receivables	683.5	618.4
Inventories	160.7	160.0
Prepayments	30.2	31.7
Other current assets	1,322.7	9.9
Total Current Assets	2,214.2	1,384.7
Non-current Assets		
Other financial assets	648.4	648.8
Investments in joint ventures	217.5	245.8
Property, plant and equipment	2,440.5	2,381.6
Right of use assets	458.2	347.2
Goodwill and Intangible assets	1,076.3	1,073.8
Deferred tax assets	193.9	185.3
Prepayments	10.9	11.1
Non-current receivables	207.1	205.2
Total Non-current Assets	5,252.8	5,098.8
TOTAL ASSETS	7,467.0	6,483.5
LIABILITIES		
Current Liabilities		
Trade and other creditors	153.7	990.9
Lease liability	21.0	16.6
Provisions	66.1	41.3
Derivative financial instruments	2.7	4.6
Income tax payable	6.4	6.9
Total Current Liabilities	249.9	1,060.3
Non-current Liabilities		
Interest-bearing loans and borrowings	1,947.1	536.5
Lease liability	565.1	450.0
Provisions	129.0	129.3
Derivative financial instruments	4.3	9.6
Total Non-current Liabilities	2,645.5	1,125.4
TOTAL LIABILITIES	2,895.4	2,185.7
NET ASSETS	4,571.6	4,297.8
EQUITY		
Issued capital	2,197.6	2,197.6
Treasury shares	(76.7)	(78.2)
Convertible Adjustable Rate Equity Securities (CARES)	252.2	252.2
Retained earnings	1,737.6	1,467.0
Other reserves	460.9	459.2
TOTAL EQUITY	4,571.6	4,297.8

24 Parent entity information



This note presents the stand-alone summarised financial information of the parent entity Ramsay Health Care Limited.

	2021 \$m	2020 \$m
Information relating to Ramsay Health Care Limited		
Current assets	2,831.4	2,652.5
Total assets	2,976.1	2,806.7
Current liabilities	2.0	3.3
Total liabilities	2.0	3.3
Issued capital	2,197.6	2,197.6
Other equity	776.5	605.8
Total shareholders' equity	2,974.1	2,803.4
Net profit for the year after tax	282.3	279.8

As a condition of the Instrument (set out in Note 23), Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee.

25 Material partly – owned subsidiaries



This note provides information of the significant subsidiaries that the Group owns less than 100% shareholding in.

Ramsay Santé (formerly Ramsay Générale de Santé) has a material non-controlling interest (NCI): This entity represents the French and Nordic segments for management and segment reporting.

Financial information in relation to the NCI is provided below:

Proportion of equity interest and voting rights held by non- controlling interests

Refer to Note 22 which discloses the equity interest held by the Ramsay Group. The remaining equity interest is held by the non-controlling interest.

Voting rights for Ramsay Santé at 30 June 2021 are 52.8% (2020: 52.1%). The remaining interest is held by the non-controlling interest.

Accumulated balances of non-controlling interests

Refer to the Consolidated Statement of Changes in Equity.

Profit allocated to non-controlling interests

Refer to the Consolidated Income Statement.

Summarised Statement of Profit or Loss and Statement of Financial Position for 2021 and 2020

Refer to Note 1. The French and Nordic segments consist only of this subsidiary that has a material non-controlling interest.

Summarised cash flow information

	2021 \$m	2020 \$m
Operating	872.3	988.1
Investing	(325.5)	(306.3)
Financing	(418.4)	(408.4)
Net increase in cash and cash equivalents	128.4	273.4

INDEPENDENT AUDITORS' REPORT



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Ramsay Health Care Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Ramsay Health Care Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



Why significant	How our audit addressed the key audit matter
<p>1. Carrying value of goodwill</p> <p>As disclosed in Note 14 of the financial report and in accordance with the requirements of Australian Accounting Standards, the Group performed an annual impairment test of the Australian, UK, French and Nordics cash generating units ("CGUs") to determine whether the recoverable value of these assets exceeds their carrying amount at 30 June 2021.</p> <p>A value in use model was used to calculate the recoverable amount of each cash generating unit ("CGU").</p> <p>Significant assumptions used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty caused by the COVID-19 pandemic, the degree of subjectivity is higher than it might otherwise be.</p> <p>This matter was considered a Key Audit Matter due to the extent of audit effort and judgement required to assess the reasonableness of the forecast cash flows, growth rates, discount rates and terminal growth rates used by the Group in undertaking the impairment review.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the methodology used by the Group met the requirements of Australian Accounting Standards. ▶ For the Group's value in use models, we: <ul style="list-style-type: none"> ▶ Tested the mathematical accuracy of the models; ▶ Assessed the basis of preparing cash flow forecasts, considering the accuracy of previous forecasts and budgets, current trading performance and the impact of COVID-19; ▶ Assessed the appropriateness of other key assumptions such as the discount rates and terminal growth rates with reference to publicly available information on comparable companies in the industry and markets in which the Group operates; and ▶ Performed sensitivity analyses on the key assumptions and evaluated whether a reasonably possible change in these assumptions could cause the carrying amount of the cash generating unit to exceed its recoverable amount. <p>We involved valuation specialists in performing these procedures where appropriate.</p> <p>We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.</p>
<p>2. Provision for insurance</p> <p>As disclosed in Note 16(c) of the financial report, the insurance provision covers deductibles arising under insurance policies, including potential uninsured claims. Significant judgement is required in its determination due to the uncertainty in predicting future claims arising from past events.</p> <p>The Group engages a third-party actuary to assess the carrying value at each reporting date. This assessment involves evaluating assumptions in relation to ultimate outcomes on individual claims, claims handling costs and discount rates.</p> <p>This matter was considered a Key Audit Matter due to the level of judgement required to estimate the value of the liability.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the key assumptions adopted by the actuary and used by the Group to determine the value of the provision. Specifically, we have reviewed the assumptions compared to industry practice, potential known claims and actual historical claims. ▶ Assessed the competence, qualifications and objectivity of the independent actuary the Group used. ▶ As the appropriateness of these provisions relies on specific claims information, we have reviewed and tested controls over the operating effectiveness of the Group's processes for capturing and recording the data. ▶ Evaluated the adequacy of the disclosures relating to the provision in the financial report, including those made with respect to judgements and estimates. <p>Given the specialist nature of the calculation performed to value the provision, our actuarial specialists were involved in the assessment of the valuation model and key assumptions.</p>



Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 57 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ramsay Health Care Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

11. INDEPENDENT AUDITORS' REPORT

RAMSAY HEALTH CARE LIMITED



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain'.

Douglas Bain
Partner
Sydney
24 September 2021

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

ADDITIONAL INFORMATION

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 10th September 2021.

a Distribution of Shareholders – Ordinary Shareholders

Size of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
1-1,000	69,376	18,202,912	7.950
1,001-5,000	9,525	18,671,530	8.160
5,001-10,000	688	4,661,290	2.040
10,001-100,000	267	5,910,243	2.580
100,0001 and over	46	181,419,572	79.270
Totals	79,902	228,865,547	100.000

b Less than marketable parcels of ordinary shares

The number of shareholdings held in less than marketable parcels is 604 holders, for a total of 1,670 ordinary shares.

c 20 Largest Shareholders – Ordinary Shareholders

Name	Number of fully paid Ordinary Shares	% of Issued Capital
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	51,594,147	22.542%
2 PAUL RAMSAY HOLDINGS PTY LIMITED	42,999,269	18.787%
3 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	30,788,535	13.452%
4 CITICORP NOMINEES PTY LIMITED	15,714,365	6.866%
5 NATIONAL NOMINEES LIMITED	7,228,641	3.158%
6 BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,986,109	2.178%
7 WOOLWICH INVESTMENTS PTY LTD <THE SIDDLE FAMILY TRUST>	3,750,000	1.638%
8 BNP PARIBAS NOMS PTY LTD <DRP>	2,943,857	1.286%
9 CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	2,759,174	1.206%
10 ARGO INVESTMENTS LIMITED	2,023,131	0.884%
11 CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,949,041	0.852%
12 AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	1,915,000	0.837%
13 BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,126,284	0.492%
14 CERTANE CT PTY LTD	1,083,948	0.474%
15 NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,062,130	0.464%
16 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,052,692	0.460%
17 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	883,811	0.386%
18 MUTUAL TRUST PTY LTD	769,053	0.336%
19 CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	638,713	0.279%
20 BNP PARIBAS NOMS (NZ) LTD <DRP>	538,278	0.235%
Total of Securities	175,806,178	76.811%

d Substantial Shareholders

The names of the Substantial Shareholders listed in the Company's Register as at 10th September 2021:

Shareholders	Number of fully paid Ordinary Shares	% of Issued Capital
Paul Ramsay Foundation Limited/Paul Ramsay Holdings Pty Limited	42,999,269	18.787

e Voting Rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or by a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

12. ADDITIONAL INFORMATION

RAMSAY HEALTH CARE LIMITED

f On-market purchases

During the year ended 30 June 2021 the Company purchased NIL ordinary shares on-market for the purposes of its employee and Non-Executive Director share plans (including to satisfy the entitlements of holders of vested performance rights to acquire shares under the Executive Performance Rights Plan).

g Distribution of Convertible Adjustable Rate Equity Securities (CARES) Holders

Size of Holding	Number of CARES holders	CARES	% of Issued Securities
1-1,000	3,656	1,097,627	42.220
1,001-5,000	246	491,196	18.890
5,001-10,000	17	113,849	4.380
10,001-100,000	12	321,754	12.380
100,0001 and over	3	575,574	22.140
Totals	3,934	2,600,000	100.000

h Less than marketable parcels of CARES

The number of CARES held in less than marketable parcels is 2 holders, for a total of 4 CARES.

i 20 Largest CARES Holders

Name	Number of fully paid CARES	% of Issued Capital
1 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	330,756	12.721%
2 CITICORP NOMINEES PTY LIMITED	134,500	5.173%
3 NATIONAL NOMINEES LIMITED	110,318	4.243%
4 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	81,596	3.138%
5 MUTUAL TRUST PTY LTD	64,241	2.471%
6 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	29,548	1.136%
7 NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	24,434	0.940%
8 LONGHURST MANAGEMENT SERVICES PTY LTD	20,969	0.806%
9 CITICORP NOMINEES PTY LIMITED <DPSL A/C>	18,343	0.706%
10 FIRST SAMUEL LTD ACN 086243567 <<ANF ITS MDA CLIENTS A/C>	15,895	0.611%
11 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	15,806	0.608%
12 AUSTRALIAN EXECUTOR TRUSTEES LIMITED	14,344	0.552%
13 PERODA NOMINEES PTY LIMITED <BERMAN SUPER FUND A/C>	13,159	0.506%
14 DAP1000 PTY LTD	12,050	0.463%
15 NULIS NOMINEES (AUSTRALIA) LIMITED	11,369	0.437%
16 NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	9,365	0.360%
17 AGO PTY LTD <SUPERANNUATION FUND A/C>	7,850	0.302%
18 REGION HALL PTY LTD	7,676	0.295%
19 BETH MACLAREN SMALLWOOD FOUNDATION P/L	7,500	0.288%
20 CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	7,349	0.283%
Total Securities of Top 20 Holdings	937,068	36.041%

j On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.



World Health Organization

2021 INTERNATIONAL YEAR OF HEALTH AND CARE WORKERS

Support them so they
can support you!

#SupportHealthCareWorkers

The World Health Organization (WHO) declared 2021 as the “International Year of Health and Care Workers” appropriately recognising the work of all employees working both at the front line and those supporting that effort since the outbreak of the pandemic. Ramsay Health Care has chosen to celebrate this year by profiling our people every week across each region in thanks and recognition for the vital work they carry out every day. The cover of this report celebrates some of our extraordinary employees.



2021 INTERNATIONAL YEAR OF HEALTH AND CARE WORKERS

Support them so they
can support you!

#SupportHealthCareWorkers



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

