

Ramsay Health Care Funding Group

Combined Financial Report

6 months to 31 December 2023

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Ramsay
Health Care

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1 Independent Auditor's Report



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Independent auditor's review report to the directors of Ramsay Health Care Limited

Conclusion

We have reviewed the accompanying half-year financial report of Ramsay Health Care Limited (the Company) and entities that form the Ramsay Health Care Funding Group (the Funding Group), which comprises the combined statement of financial position as at 31 December 2023, combined income statement, combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year combined financial report does not present fairly, in all material respects, the Funding Group's financial position as at 31 December 2023 and its financial performance, and its cash flows for the half-year ended on that date, in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and Australian Accounting Standard AASB 134 *Interim Financial Reporting* as issued by the Australian Accounting Standards Board (AASB).

Basis for conclusion

We conducted our review in accordance with ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ISRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Funding Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Managements' responsibilities for the half-year financial report

Management is responsible for the preparation and fair presentation of half-year financial report in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as management determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the Funding Group's financial position as at 31 December 2023 and its financial performance and its cash flows for the half-year ended on that date, in accordance with

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International Accounting Standard IAS 34 *Interim Financial Reporting* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

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

Ernst and Young

Ernst & Young

Clingo

Vida Virgo
Partner
Sydney
29 February 2024

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2 Directors' Statement

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

In the opinion of the Directors:

- a. the combined financial statements and notes of the Ramsay Health Care Funding Group
 - i. present fairly their financial position as at 31 December 2023 and of their performance for the half year ended on that date; and
 - ii. comply with Accounting Standards *IAS 34/AASB134 Interim Financial Reporting*;
- b. there are reasonable grounds to believe that the Funding Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



D. THODEY
Chair
Sydney, 29 February 2024



C.R. McNALLY
Managing Director and Chief Executive Officer

3 Financial Results

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Combined Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Half year ended	
		31 December 2023 \$m	31 December 2022 \$m
CONTINUING OPERATIONS			
Revenue from contracts with customers		4,158.0	3,750.7
Interest income		0.9	0.2
Other income – income from sale of development assets		4.1	1.5
Other income – net profit on disposal/acquisition of non-current assets and businesses		4.6	-
Total revenue and other income		4,167.6	3,752.4
Employee benefit and contractor costs		(2,293.9)	(2,077.3)
Occupancy costs		(155.2)	(135.8)
Service costs		(181.1)	(126.5)
Medical consumables and supplies		(973.9)	(910.0)
Depreciation, amortisation and impairment		(188.8)	(174.4)
Cost of development assets sold		(2.1)	(0.9)
Total expenses, excluding finance costs		(3,795.0)	(3,424.9)
Share of (loss)/profit of joint venture		-	(0.2)
Profit before tax and finance costs		372.6	327.3
Finance costs		(142.6)	(113.6)
Profit before income tax		230.0	213.7
Income tax		(71.1)	(68.9)
Profit after tax from continuing operations		158.9	144.8
DISCONTINUED OPERATIONS			
Profit after tax from discontinued operations	10	618.1	12.0
Net profit after tax for the period		777.0	156.8
Attributable to non-controlling interests		2.8	2.1
Attributable to owners of the parent		774.2	154.7
		777.0	156.8
		Cents per Share	Cents per Share
Earnings per share (EPS) attributable to equity holders of the parent			
Basic earnings per share (after CARES dividend)	3	335.6	65.6
Diluted earnings per share (after CARES dividend)	3	334.9	65.5
Earnings per share (EPS) attributable to equity holders of the parent from continuing operations			
Basic earnings per share (after CARES dividend)	3	64.9	60.3
Diluted earnings per share (after CARES dividend)	3	64.7	60.2

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

Combined Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Half year ended	
	31 December 2023 \$m	31 December 2022 \$m
Net profit after tax for the period	777.0	156.8
Items that will not be reclassified to net profit		
Actuarial gain on defined employee benefit obligation	-	0.1
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Taken to equity	(29.0)	12.7
Transferred to Income Statement	(12.0)	(0.9)
Foreign currency translation	(46.1)	21.0
Income tax benefit/(expense) relating to these items	29.8	(0.8)
Other comprehensive (loss)/income, net of tax	(57.3)	32.1
Total comprehensive income	719.7	188.9
Attributable to non-controlling interests	2.8	2.1
Attributable to owners of the parent	716.9	186.8
	719.7	188.9

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

Combined Statement of Financial Position

AS AT 31 DECEMBER 2023

	Note	As at		
		31 December 2023 \$m	30 June 2023 \$m	31 December 2022 \$m
ASSETS				
Current assets				
Cash and cash equivalents	7	56.5	79.7	82.7
Trade and other receivables	8	1,060.8	969.7	941.0
Inventories	8	186.9	195.2	211.7
Derivative financial instruments	6	17.4	35.0	14.9
Income tax receivables		1.3	29.8	43.0
Prepayments		101.0	71.6	84.7
Other current assets		11.3	10.2	11.5
		1,435.2	1,391.2	1,389.5
Assets held for sale		-	251.0	2.3
Total current assets		1,435.2	1,642.2	1,391.8
Non-current assets				
Other financial assets		30.1	30.2	30.3
Investment in joint ventures		0.9	0.9	250.0
Other investments		802.9	830.0	739.1
Property, plant and equipment		3,459.9	3,338.8	3,202.6
Right of use assets		1,588.2	1,598.7	1,501.2
Intangible assets		2,901.0	2,936.5	2,822.0
Deferred tax assets		317.0	263.7	328.5
Prepayments		10.4	10.5	10.7
Derivative financial instruments	6	5.2	40.8	48.8
Other receivables		8.9	7.7	8.3
Total non-current assets		9,124.5	9,057.8	8,941.5
TOTAL ASSETS		10,559.7	10,700.0	10,333.3
LIABILITIES				
Current liabilities				
Trade and other creditors	8	1,165.6	1,248.1	1,243.9
Lease liabilities		71.0	67.5	59.8
Derivative financial instruments	6	0.8	-	6.1
Provisions		42.5	46.1	60.4
Income tax payables		24.9	-	10.1
Total current liabilities		1,304.8	1,361.7	1,380.3
Non-current liabilities				
Loans and borrowings	4, 5	2,023.8	2,765.2	2,698.6
Lease liabilities		2,367.7	2,382.6	2,219.8
Provisions		128.9	127.7	122.6
Derivative financial instruments	6	4.1	-	-
Other creditors		11.4	11.7	11.6
Deferred tax liabilities		109.8	114.4	102.0
Total non-current liabilities		4,645.7	5,401.6	5,154.6
TOTAL LIABILITIES		5,950.5	6,763.3	6,534.9
NET ASSETS		4,609.2	3,936.7	3,798.4
EQUITY				
Issued capital		2,229.6	2,216.4	2,197.6
Treasury shares		(64.0)	(67.8)	(69.4)
Convertible Adjustable Rate Equity Securities (CARES)		252.2	252.2	252.2
Other reserves		13.4	68.7	(70.5)
Retained earnings		2,162.7	1,453.8	1,476.6
Parent interests		4,593.9	3,923.3	3,786.5
Non-controlling interests		15.3	13.4	11.9
TOTAL EQUITY		4,609.2	3,936.7	3,798.4

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

Combined Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Attributable to Equity Holders of the Parent						Non-controlling Interests	Total
	Issued Capital	Treasury Shares	CARES	Other Reserves	Retained Earnings			
	\$m	\$m	\$m	\$m	\$m	\$m		
As at 1 July 2023	2,216.4	(67.8)	252.2	68.7	1,453.8	13.4	3,936.7	
Total Comprehensive Income	-	-	-	(57.3)	774.2	2.8	719.7	
Dividends paid	-	-	-	-	(65.3)	(0.9)	(66.2)	
Shares issued – Dividend Reinvestment Plan	13.2	-	-	-	-	-	13.2	
Treasury shares vesting to employees	-	3.8	-	(3.8)	-	-	-	
Share based payment expense for employees	-	-	-	5.8	-	-	5.8	
As at 31 December 2023	2,229.6	(64.0)	252.2	13.4	2,162.7	15.3	4,609.2	
As at 1 July 2022	2,197.6	(72.4)	252.2	(101.1)	1,437.8	10.7	3,724.8	
Total Comprehensive Income	-	-	-	32.1	154.7	2.1	188.9	
Dividends paid	-	-	-	-	(115.9)	(0.9)	(116.8)	
Treasury shares vesting to employees	-	3.0	-	(3.0)	-	-	-	
Share based payment expense for employees	-	-	-	1.5	-	-	1.5	
As at 31 December 2022	2,197.6	(69.4)	252.2	(70.5)	1,476.6	11.9	3,798.4	

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

Combined Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Half year ended	
		31 December 2023 \$m	31 December 2022 \$m
Cash flows from operating activities			
Receipts from customers		4,083.9	3,697.4
Payments to suppliers and employees		(3,736.9)	(3,253.6)
Income tax paid		(89.7)	(103.2)
Lease finance costs		(72.0)	(65.5)
Other finance costs		(53.2)	(46.2)
Net cash flows from operating activities		132.1	228.9
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(242.3)	(228.2)
Proceeds from sale of other non-current assets		0.1	0.2
Interest and dividends received		1.8	1.3
Business combinations, net of cash received		(4.1)	(66.7)
Proceeds from sale of interest in joint venture, net of transaction costs	10	936.7	-
Net cash flows from/(used in) investing activities		692.2	(293.4)
Cash flows from financing activities			
Dividends paid to equity holders of the parent	2	(52.1)	(115.9)
Dividends paid to non-controlling interests		(0.9)	(0.9)
Repayment of lease principal		(35.7)	(30.3)
Payment of refinancing costs		(15.3)	(1.5)
Proceeds from/(Payment of) borrowings with related entities		1.7	(0.2)
Proceeds from borrowings		3,318.0	1,018.8
Repayment of borrowings		(4,063.4)	(835.1)
Net cash flows (used in)/from financing activities		(847.7)	34.9
Net decrease in cash and cash equivalents		(23.4)	(29.6)
Net foreign exchange differences on cash held		0.2	(0.6)
Cash and cash equivalents at the beginning of period		79.7	112.9
Cash and cash equivalents at the end of period	7	56.5	82.7

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Overview



This section sets out the basis on which the Ramsay Funding Group's financial report is prepared as a whole.

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

The financial report of Ramsay Health Care Limited (**the Company**, or **the Parent**) and entities in the Funding Group (together, **the Funding Group**, or **the Group**) for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 29 February 2024.

a Funding Group Information

The purpose of these combined financial statements is to provide financial statements prepared on a combined basis, of entities in the Funding Group. The entities in the Funding Group are listed in note 22 in the latest annual Combined Financial Report as at 30 June 2023. There were no material entities added to the Funding Group after 30 June 2023.

b Basis of preparation

The combined financial statements aggregate the financial statements of Ramsay Health Care Limited and entities in the Funding Group. The Funding Group includes all controlled entities (wholly owned and partially owned) that are consolidated by Ramsay Health Care Limited, with the exception of Ramsay Santé SA and its controlled entities (**Ramsay Santé Group**). The investment in the Ramsay Santé Group is included at cost within Other Investments. The financial statements are required to be prepared on this basis in order to present the financial information of the Funding Group for the purposes of the Australian Medium Term Note (**AMTN**) Programme and the Euro Medium Term Note (**EMTN**) Programme.

This financial report:

- has been prepared in accordance with Australian Accounting Standards, including *AASB134 Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standard Board (**AASB**) and the *Corporations Act 2001*. It does not include all notes of the type normally included within the annual combined financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report;
- has been prepared on the basis of historical cost, except for derivative financial instruments;
- should be read in conjunction with the annual combined financial report of the Ramsay Funding Group as at 30 June 2023, together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half year ended 31 December 2023;
- presents reclassified comparative information where necessary to conform to changes in presentation in the current year; In addition, on 28 June 2023, the Group classified an investment in joint venture as discontinued operation. In accordance with

AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the Group has:

- presented the profit or loss from the discontinued operation separately in the Income Statement in the current period and restated the prior period;
 - presented the assets of the discontinued operation as held for sale, separately from other assets in the Statement of Financial Position, with no re-presentation of amounts in the prior period before it was classified;
- 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.

c New and amended accounting standards and interpretations, effective 1 July 2023

The Group has adopted all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2023, all of which did not have a material impact on the financial statements:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 1 & AASB 112]*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

d 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 future annual financial statements are not expected to have a material impact to 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. The Group has not early adopted any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

I Results for the Half Year



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

1 Segment information

Identification of reportable segments

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

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

On 28 June 2023, the Group classified an investment in joint ventures as a discontinued operation. Consequently, the profit or loss from the investment classified as a discontinued operation is no longer presented in the segment disclosures from continuing operations for both the current and prior periods. Refer to Note 10 for further details.

Discrete financial information about each of these operating businesses is reported to the Managing Director 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.

Assets and liabilities by segment

	Australia \$m	UK \$m	Adjustments & Eliminations \$m ¹	Total \$m
As at 31 December 2023				
Segment assets	9,387.5	5,196.8	(4,024.6)	10,559.7
Segment liabilities	(3,798.9)	(5,073.1)	2,921.5	(5,950.5)
As at 30 June 2023				
Segment assets	8,903.5	5,199.3	(3,402.8)	10,700.0
Segment liabilities	(4,042.7)	(5,047.6)	2,327.0	(6,763.3)
As at 31 December 2022				
Segment assets	8,670.3	4,902.5	(3,239.5)	10,333.3
Segment liabilities	(4,014.8)	(4,593.0)	2,072.9	(6,534.9)

¹ Adjustments and eliminations consist of investments in subsidiaries and intercompany balances, which are eliminated on combination.

Segment revenue reconciliation to Income Statement

	Half year ended	
	31 December 2023 \$m	31 December 2022 \$m
Total segment revenue and other income	4,171.9	3,756.6
Intersegment revenue elimination	(5.2)	(4.4)
Interest income	0.9	0.2
Total revenue and other income	4,167.6	3,752.4

1 Segment information (Continued)

Profit or loss by segment

	Australia \$m	UK \$m	Total \$m
Half year ended 31 December 2023			
Revenue from contracts with customers	3,009.7	1,148.3	4,158.0
Other income – income from sale of development assets	4.1	-	4.1
Other income – net profit on disposal/acquisition of non-current assets and businesses	4.6	-	4.6
Total revenue and other income before intersegment revenue	3,018.4	1,148.3	4,166.7
Intersegment revenue	5.2	-	5.2
Total segment revenue and other income	3,023.6	1,148.3	4,171.9
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)¹	415.3	152.9	568.2
Rent ²	(5.5)	(2.1)	(7.6)
Earnings before interest, tax, depreciation and amortisation (EBITDA)³	409.8	150.8	560.6
Depreciation, amortisation and impairment	(113.7)	(75.1)	(188.8)
Earnings before interest and tax (EBIT)⁴	296.1	75.7	371.8
Net finance costs			(141.8)
Income tax expense			(71.1)
Net profit after tax from continuing operations			158.9
Attributable to non-controlling interests			(2.8)
Net profit from continuing operations attributable to owners of the parent			156.1
Half year ended 31 December 2022			
Revenue from contracts with customers	2,840.5	910.2	3,750.7
Other income – income from sale of development assets	1.5	-	1.5
Total revenue and other income before intersegment revenue	2,842.0	910.2	3,752.2
Intersegment revenue	4.4	-	4.4
Total segment revenue and other income	2,846.4	910.2	3,756.6
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)¹	419.4	89.1	508.5
Rent ²	(5.6)	(1.4)	(7.0)
Earnings before interest, tax, depreciation and amortisation (EBITDA)³	413.8	87.7	501.5
Depreciation, amortisation and impairment	(118.8)	(55.6)	(174.4)
Earnings before interest and tax (EBIT)⁴	295.0	32.1	327.1
Net finance costs			(113.4)
Income tax expense			(68.9)
Net profit after tax from continuing operations			144.8
Attributable to non-controlling interests			(2.1)
Net profit from continuing operations attributable to owners of the parent			142.7

¹ "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, impairment 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, amortisation and impairment.

⁴ "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

2 Dividends

	Parent Entity Half year ended	
	31 December 2023 \$m	31 December 2022 \$m
(i) Dividends determined and paid during the period on ordinary shares:		
<i>Previous year final dividend paid</i>		
Franked dividends – ordinary (25.0 cents per share) (31 December 2022: 48.5 cents per share)	57.3	110.6
(ii) Dividends proposed and not recognised as a liability on ordinary shares:		
<i>Current year interim dividend proposed</i>		
Franked dividends – ordinary (40.0 cents per share) (31 December 2022: 50.0 cents per share)	91.5	114.1
(iii) Dividends determined and paid during the period on CARES:		
<i>Previous year final dividend paid</i>		
Franked dividends – CARES	8.0	5.3
(iv) Dividends proposed and not recognised as a liability on CARES:		
<i>Current year interim dividend proposed</i>		
Franked dividends – CARES	8.7	7.6

The tax rate at which paid dividends have been franked is 30% (31 December 2022: 30%). All of the proposed dividends will be franked at the rate of 30% (31 December 2022: 30%).

3 Earnings per share

	Half year ended					
	31 December 2023			31 December 2022		
	Continuing operations \$m	Discontinued operations \$m	Total \$m	Continuing operations \$m	Discontinued operations \$m	Total \$m
Net profit for the period attributable to owners of the parent	156.1	618.1	774.2	142.7	12.0	154.7
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(8.0)	-	(8.0)	(5.3)	-	(5.3)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	148.1	618.1	766.2	137.4	12.0	149.4

	Half year ended	
	31 December 2023	31 December 2022
	Number of Shares (m)	Number of Shares (m)
Weighted average number of ordinary shares used in calculating basic earnings per share	228.3	227.8
Effect of dilution – share rights not yet vested	0.5	0.4
Weighted average number of ordinary shares adjusted for the effect of dilution	228.8	228.2

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

The denominator for the purpose of calculating both basic and diluted earnings per share for the half year ended 31 December 2022 has been adjusted to reflect the shares issued under the Dividend Reinvestment Plan in FY23 and FY24, at less than market value.

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.

	Half year ended					
	31 December 2023			31 December 2022		
	Continuing operations Cents per Share	Discontinued operations Cents per Share	Total Cents per Share	Continuing operations Cents per Share	Discontinued operations Cents per Share	Total Cents per Share
Earnings per share (EPS) attributable to equity holders of the parent						
Basic earnings per share (after CARES dividend)	64.9	270.7	335.6	60.3	5.3	65.6
Diluted earnings per share (after CARES dividend)	64.7	270.1	334.9	60.2	5.3	65.5

Calculation of earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the period. The ordinary shares outstanding used in the calculation is that of Ramsay Health Care Limited, which is a listed entity that is included in the Funding Group.

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 period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The ordinary shares outstanding used in the calculation is that of Ramsay Health Care Limited, which is a listed entity that is included in the Funding Group.

II Capital - Financing



This section provides further information on loans and borrowings and derivatives.

4 Loans and borrowings

During the half year, net A\$2,000 million of facilities were cancelled due to the completion of refinancing tasks and redeployment of Ramsay Sime Darby sale proceeds to prepaying and cancelling facilities.

Both the EUR300 million and A\$514 million syndicated facilities were cancelled in July 2023 and A\$1,500 million of bilateral facilities were cancelled in December 2023. A new six year A\$500m Term Loan facility was entered into in December 2023.

In October 2023, the A\$1,500 million sustainability linked syndicated facility, comprising equal tranches of A\$500 million, was extended by 2.25 years with each tranche now maturing in October 2026, October 2027 and October 2028. In November 2023, A\$955 million of bilateral facilities were extended by up to 12 months.

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.

The Group had an undrawn facility limit of \$920 million as at 31 December 2023.

5 Fair value

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. For the financial year, the variable base interest rates vary from 3.69% to 4.47% (30 June 2023: 1.10% to 4.12%; 31 December 2022: 1.10% to 3.11%).

	As at					
	31 December 2023		30 June 2023		31 December 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$m	\$m	\$m	\$m	\$m	\$m
Bank loans	2,023.8	2,039.1	2,765.2	2,773.4	2,698.6	2,716.1

The decrease in bank loans balance from 30 June 2023 to 31 December 2023 is mainly a result of the repayment of debt using the proceeds from the sale of Ramsay Sime Darby Health Care Sdn Bhd (refer to note 10), partially offset by general operational requirements, including capital expenditure and acquisitions.

6 Derivative financial instruments

Instruments used by the Group

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

Fair value

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

Level 1	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

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

	As at		
	31 December 2023 \$m	30 June 2023 \$m	31 December 2022 \$m
Current assets			
Interest rate and foreign exchange derivative contracts – cash flow hedges	16.9	26.5	14.1
Interest rate and foreign exchange derivative contracts – economic hedges	0.5	8.5	0.8
Non-current assets			
Interest rate and foreign exchange derivative contracts – cash flow hedges	5.2	32.0	48.8
Interest rate and foreign exchange derivative contracts – economic hedges		8.8	
	22.6	75.8	63.7
Current liabilities			
Interest rate and foreign exchange derivative contracts – cash flow hedges	(0.4)	-	(0.3)
Interest rate and foreign exchange derivative contracts – economic hedges	(0.4)		(5.8)
Non-current liabilities			
Interest rate and foreign exchange derivative contracts – cash flow hedges	(4.1)	-	-
	(4.9)	-	(6.1)
Net derivative assets/(liabilities)	17.7	75.8	57.6

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

Transfer between categories

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

7 Cash and cash equivalents

For the purpose of the half year consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	As at		
	31 December 2023 \$m	30 June 2023 \$m	31 December 2022 \$m
Cash at bank and on hand	56.5	79.7	82.7

III Assets and Liabilities – Operating and Investing



This section provides further information on some of the assets and liabilities used to generate profit.

8 Working capital

	As at		
	31 December 2023	30 June 2023	31 December 2022
	\$m	\$m	\$m
Trade and other receivables (current)	1,060.8	969.7	941.0
Inventories	186.9	195.2	211.7
Trade and other creditors (current)	(1,165.6)	(1,248.1)	(1,243.9)
	82.1	(83.2)	(91.2)

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

9 Net tangible assets

	As at		
	31 December 2023	30 June 2023	31 December 2022
	\$ per Share	\$ per Share	\$ per Share
Net tangible assets per ordinary share	6.54	3.71	3.28

Net tangible assets are the total assets minus intangible assets, deferred taxes and total liabilities, divided by the number of ordinary shares of the Company currently on issue at the reporting date. Net tangible assets include right of use assets as the underlying leases are for physical assets.

The increase in net tangible assets from 30 June 2023 is a result of the proceeds from the sale of Ramsay Sime Darby Health Care Sdn Bhd (refer to note 10).

10 Assets held for sale/Discontinued operations

Assets held for sale

	As at		
	31 December	30 June	31 December
	2023	2023	2022
	\$m	\$m	\$m
Assets of continuing operations			
Property, plant and equipment	-	-	2.3
Assets of discontinued operations			
Investment in joint ventures	-	251.0	-
Total assets held for sale	-	251.0	2.3

Discontinued operations - Sale of Ramsay Sime Darby Health Care Sdn Bhd (RSDH)

On 28 June 2023, the Group publicly announced the decision, together with the joint venture partner Sime Darby Berhad, to sell the 50:50 joint venture RSDH in Malaysia. On 28 December 2023 the Group and Sime Darby Berhad completed the sale of RSDH.

Financial information relating to the discontinued operations for the period is set out below. For further information about the discontinued operation, please refer to note 16.b in the Group's annual financial statements for the year ended 30 June 2023.

	Half year ended	
	31 December	31 December
	2023	2022
	\$m	\$m
Results of discontinued operations		
Share of profit of joint venture	-	12.0
Pre-tax gain on sale of interest in joint venture, net of transaction costs	660.9	-
Profit before income tax	660.9	12.0
Income tax	(42.8)	-
Profit after tax from discontinued operations	618.1	12.0
Gain on sale of discontinued operations is calculated as follows		
Consideration received in cash	938.4	-
Carrying amount of interest in joint venture sold	(251.0)	-
Reclassification of amounts previously recognised in other comprehensive income to net profit	(15.0)	-
Disposal costs	(11.5)	-
Income tax	(42.8)	-
Total gain on sale of discontinued operations	618.1	-
Cash flows of discontinued operations		
Operating	-	-
Investing	936.7	-
Financing	-	-
Net increase/(decrease) in cash and cash equivalents	936.7	-

	Half year ended	
	31 December	31 December
	2023	2022
	Cents per Share	Cents per Share
Contribution to earnings per share by discontinued operations		
Basic earnings per share (after CARES dividend)	270.7	5.3
Diluted earnings per share (after CARES dividend)	270.1	5.3

IV Other Information



This section includes other information that must be disclosed to comply with the accounting standards and other requirements, but that may not immediately be related to individual line items in the financial statements.

11 Contingent liabilities

Contingent liabilities are possible future cash payments arising from past events that are not recognised in the financial statements, as the likelihood of payment is not considered probable or cannot be reliably measured.

The Group has a number of bank guarantees to third parties for various operational and legal purposes, none of which are individually material to the Group. No provision has been made in the financial statements in respect of these bank guarantees, as the probability of having to make a payment under these guarantees is considered remote.

The only material guarantee is for workers compensation self-insurance liabilities as required by State WorkCover authorities for \$49.3 million as at 31 December 2023 (30 June 2023: \$48.2 million). No provision has been recognised in the financial statements for these contingent liabilities. However a provision for self-insured risks relating to workers compensation claims has been provided for, along with provisions for legal and compliance matters. The accounting policies for these provisions are described in Note 15.d of the Funding Group's 30 June 2023 financial statements.

12 Subsequent events

There have been no significant events after the balance 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.