

ASX ANNOUNCEMENT

11th February 2025

ANNOUNCEMENT OF TWO NON-RECURRING ITEMS RELATED TO ELYSIUM AND RAMSAY SANTÉ

Ramsay Health Care (ASX: RHC) today announced two non-cash, non-recurring items expected to be booked in Ramsay's Group financial accounts for the six months ended 31 December 2024.

- **UK Segment Impairment:** Goodwill and other asset impairment of \$305m/£151 million. The post-tax impact at the Group level is \$291m/£144 million.
- **Release of a tax provision related to Ramsay Santé:** Uncertain tax liability provision release of \$64.5m (\$34.0m after minority interests), related to the acquisition of Ramsay Santé in 2015.

UK segment

The UK segment consists of Ramsay core UK Hospitals business and the Elysium mental health services business. In the Group's FY24 full year results it was noted that the UK segment had minimal headroom post impairment testing.

As at 31 December 2024, the total goodwill recognised in this segment (pre-impairment) was £898 million, of which £746m was generated from the acquisition of Elysium and two subsequent smaller acquisitions by Elysium.

In light of shifts in the UK market including the increase in UK National Insurance and Living wage from April 2025, the latter impacting the majority of Elysium's workforce, Ramsay has completed updated impairment testing.

The updated assessment resulted in the following outcomes:

- Ramsay UK Hospitals valuation has increased, driven by an improved tariff outlook for 2024 and 2025, and ongoing positive momentum in activity as the NHS partners with the independent hospital sector to reduce elective surgery wait lists.
- Elysium's valuation has declined, driven by continued occupancy challenges in mental health rehabilitation and neurological services, as well as a slower than planned ramp up in occupancy at new sites. Margin recovery assumptions are challenged by the ongoing impacts of increasing UK Living Wages, rising over 30% since the acquisition, and National Insurance contributions, that to date have not been fully matched by funding, coupled with slower occupancy improvement.
- The impairment model results in Elysium's value reducing by an amount broadly in line with the goodwill generated on the acquisition of the Elysium business. In the UK segment, this is partially offset by the increase in valuation for Ramsay UK Hospitals, resulting in the post-tax impairment of \$291m/£144 million.

Actions to improve operational rigour and performance

Ramsay's Board and management acknowledge the weak performance of the Elysium business since its acquisition in January 2022. To increase operational rigour and focus on financial outcomes, the Group has appointed an experienced Chief Operating Officer for Elysium, who commenced in January 2025. All capital expenditure related to further site expansion has ceased, while management concentrates on improving current performance. The Group will also complete a rapid strategic and performance diagnostic, supported by external consultants, to identify initiatives to improve profitability. The management team continues to focus on working with the NHS and local authorities to reflect the increased complexity and acuity of residents in Elysium facilities in our fees.

Ramsay Managing Director and CEO Natalie Davis said:

“We acknowledge the challenging performance in the Elysium business since acquisition and are taking immediate steps to increase focus on operational excellence and improve performance. The Elysium team delivers high quality clinical care across its services, and we will rapidly review how we reposition the business in response to structural shifts impacting profitability.”

“It is pleasing to see the strengthening performance of Ramsay UK’s core Hospital business. We remain committed to partnering with the NHS across the UK to reduce elective surgery wait lists, and to providing choice and high quality care to our UK hospital patients.”

Release of provision related to Ramsay Santé

The half year results will contain the release of a non-cash uncertain tax position taken up by Ramsay at the time of the acquisition of an interest in Ramsay Santé in 2015. The tax provision of \$64.5m (\$34.0m after minority interests) has been released, as the time period required to hold the provision has lapsed.

Finalisation of 1H FY25 accounts

Subject to finalisation of accounts and audit review:

- 1H FY25 EBIT excluding non-recurring items is expected to be in the range of \$490-\$500m;
- 1H FY25 NPAT attributable to owners of the parent excluding non-recurring items is expected to be in the range of \$150m-\$160m.

As a result of the impairment, Ramsay no longer expects growth in NPAT and non-controlling interests from continuing operations in FY25.

The 1H FY25 accounts will be released on 27 February 2025.

To pre-register for the webcast please click on the following link: [Ramsay Health Care 1HFY25 webcast pre registration](#)

Notes to announcement:

This announcement, including the expected impairment amounts, are subject to finalisation of accounts and audit review and approval.

The calculation of the Funding Group debt covenants and Group dividend determination exclude the impact of these non-recurring, non-cash items.

NPAT: Net profit after tax and non-controlling interests from continuing operations.

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The release of this announcement has been authorised by the Ramsay Health Care Board of Directors.