



Spire Healthcare

FY22 Results Presentation

2 March 2023



Looking after you.

Disclaimer

These materials contain certain forward-looking statements relating to the business of Spire Healthcare Group plc (the “Company”), including with respect to the progress, timing and completion of the Company’s development, the Company’s ability to treat, attract, and retain patients and customers, its ability to engage consultants and GPs and to operate its business and increase referrals, the integration of prior acquisitions, the Company’s estimates for future performance and its estimates regarding anticipated operating results, future revenues, capital requirements, shareholder structure and financing. In addition, even if the Company’s actual results or development are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of the Company’s results or developments in the future. In some cases, you can identify forward-looking statements by words such as “could,” “should,” “may,” “expects,” “aims,” “targets,” “anticipates,” “believes,” “intends,” “estimates,” or similar words. These forward-looking statements are based largely on the Company’s current expectations as of the date of this presentation and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the Company’s expectations could be affected by, among other things, uncertainties involved in the integration of acquisitions or new developments, changes in legislation or the regulatory regime governing healthcare in the UK, poor performance by consultants who practice at our facilities, unexpected regulatory actions or suspensions, competition in general, the impact of global economic changes, and the Company’s ability to obtain or maintain accreditation or approval for its facilities or service lines. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made during this presentation will in fact be realised and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in these materials.

The Company is providing the information in these materials as of this date, and we disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Any problems please email Laura.Young@spirehealthcare.com

Agenda

FY22 Overview

Justin Ash, Chief Executive Officer

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Jitesh Sodha, Chief Financial Officer

Strategic developments

Justin Ash, Chief Executive Officer

Expanding our proposition

Peter Corfield, Chief Commercial Officer

Outlook for FY23

Justin Ash, Chief Executive Officer

Q&A



Spire Healthcare

FY22 Overview

Justin Ash, Chief Executive Officer

Looking after you.

Our purpose: Making a positive difference to people's lives through outstanding personalised care

Our strategy

Help to meet UK healthcare needs by running great hospitals and developing new services



Drive hospital performance

Continue growth in our existing hospital estate with increasing margins



Build on quality

Maintain strong quality and safety credentials as a competitive advantage in all our activities



Invest in our workforce

Recruit, retain and develop a great workforce



Champion sustainability

Become recognised as an ESG leader in our industry



Expand our proposition

Selectively invest to attract patients and meet more of their healthcare needs




Deliver strong financial performance


Financial discipline supporting cash generation, targeted investment and improving ROCE / shareholder returns

FY22 – a period of good progress


Revenue
£1,198.5m
(up 8.3% vs FY21)



Adjusted
EBITDA
£203.5m
(up 14.2% vs FY21)




Adjusted
EBIT
£105.6m
(up 30.2% vs FY21)



>£15m cost savings
delivered as
planned
*On track to deliver
further £15m cost
savings in 2023-24*

ROCE
6.2%
(up 1.3 pp vs FY21)



Proposed final dividend of 0.5 pence per share – in line with dividend policy

Continued strong demand

Market: Continued demand against backdrop of strain in the NHS

Self-pay

Demand materially higher than pre-pandemic

PMI

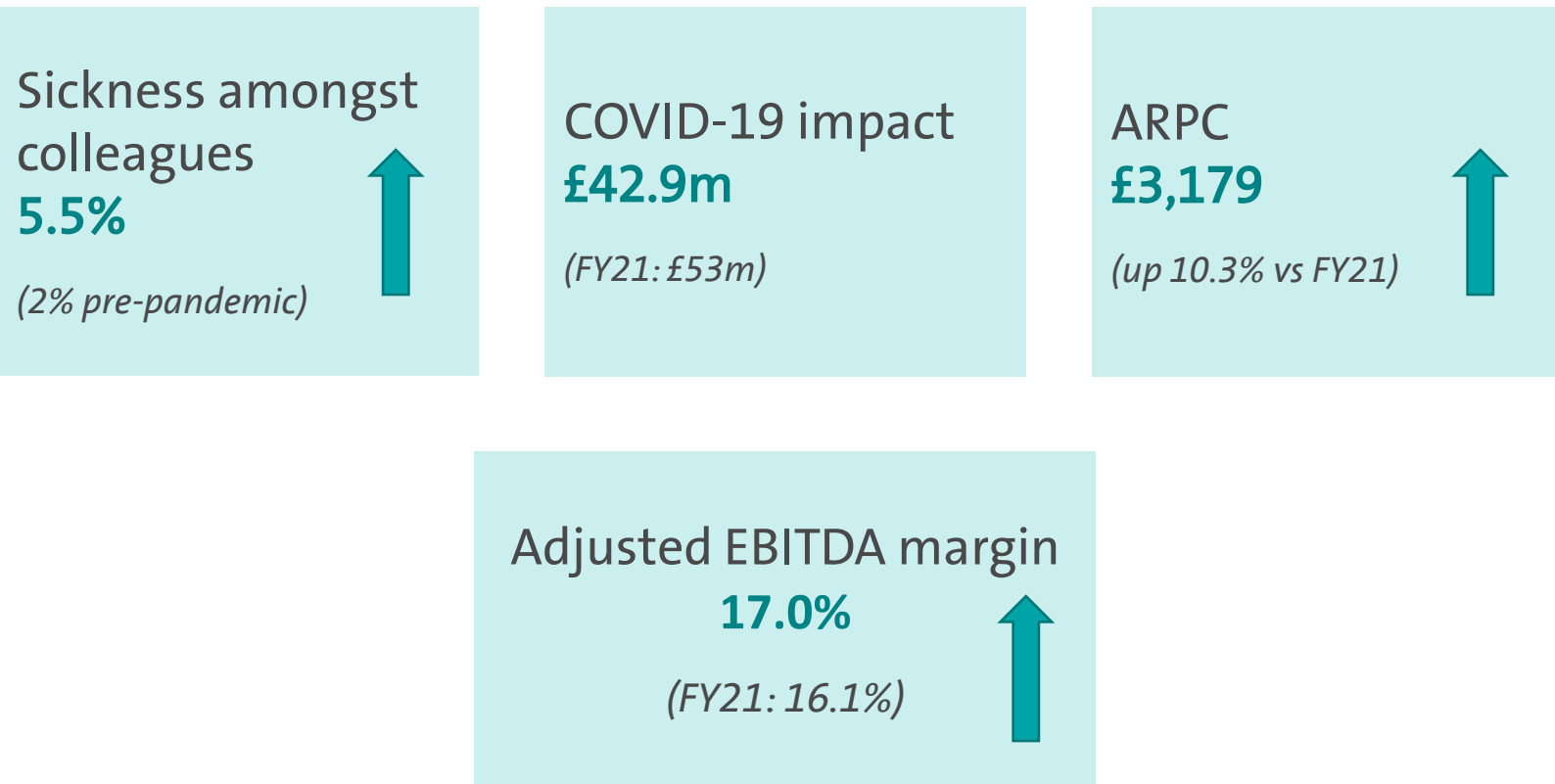
Recovered well

NHS

Focus on eRS referrals and orthopaedics

Managing in a challenging environment

Focus on margins through COVID-19 disruption, high inflation and workforce pressure



Delivering on our purpose

98% of inspected sites 'Good',
'Outstanding' by the CQC (or equivalent in
Scotland and Wales)

96% patients rating experience as 'Good'
or 'Very Good'

86% agree that our
care has made a
**positive
difference**
(no change)

92% agree that our
care was
outstanding
(no change)

94% agree that our
care was
personalised
(no change)

Source: Spire Healthcare Patient Discharge Survey

Base: 2022, Positive Difference n=40,740; Base: 2022, Outstanding / Personalised Care n=44,750

Notes: Scores shown are based on full year 2022 data, change measured versus 2021. 'Positive Difference' excludes 'Too early to tell'

Thank you to our people





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FY22 Financial Review

Jitesh Sodha, Chief Financial Officer

Looking after you.

Financial headlines FY22: P&L

Revenue
£1,198.5m

(FY21: £1,106.2m)

Adjusted
EBITDA
£203.5m

(FY21: £178.2m)

Adjusted EBIT
£105.6m

(FY21: £81.1m)

Adjusted
Profit Before
Tax
£14.1m

(FY21: Loss £7.0m)

ROCE
6.2%

(FY21: 4.9%)

Adjusted
EBITDA
Margin
17.0%

(FY21: 16.1%)

Adjusted EBIT
Margin
8.8%

(FY21: 7.3%)

Statutory
Profit After
Tax
£8.2m

(FY21: Loss £8.9m)

Financial headlines FY22: balance sheet

Capex
£90.1m

(FY21: £77.1m)

Net bank debt
£250.1m

(FY21: £224.9m)

EBITDA covenant
ratio (Net
Debt/EBITDA)
2.2x

(FY21: 2.3x)

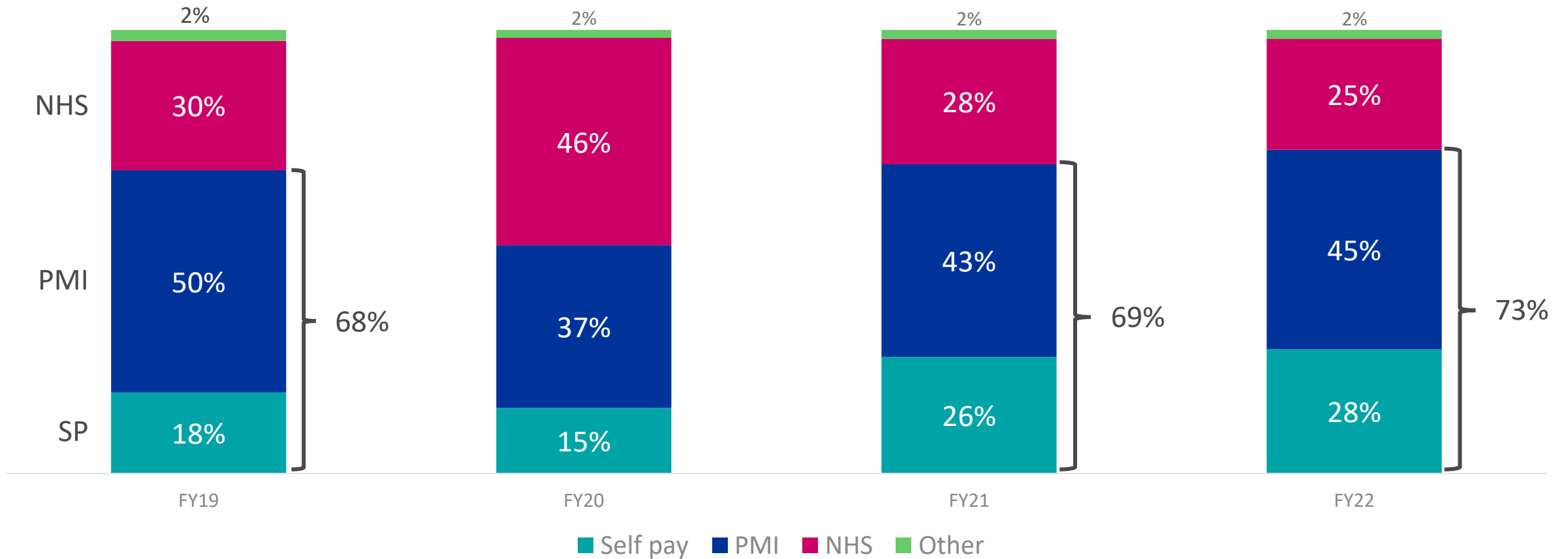
Repaid £100m of
bank loan

Re-financed £325m
senior facility

Acquired The
Doctors Clinic
Group for £12m

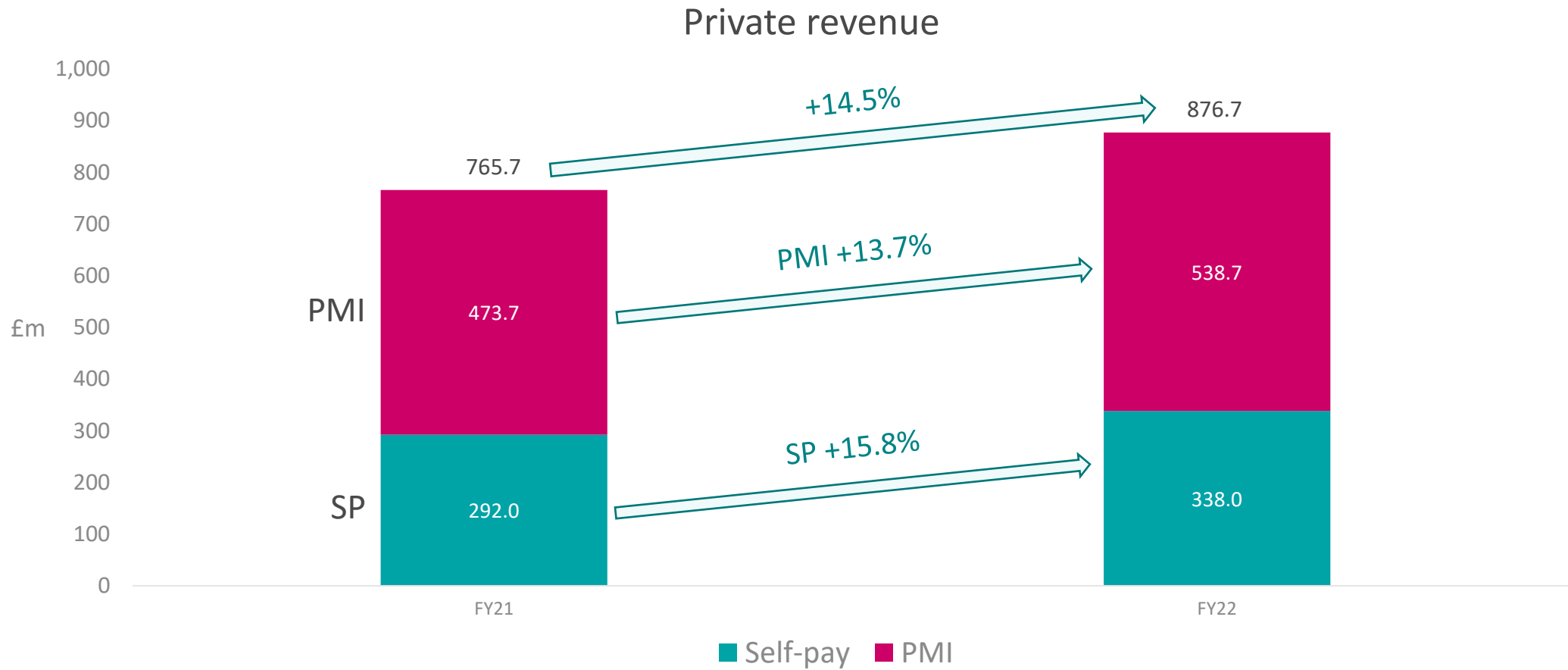
Payor mix: maintained focus on Private

Revenue by payor



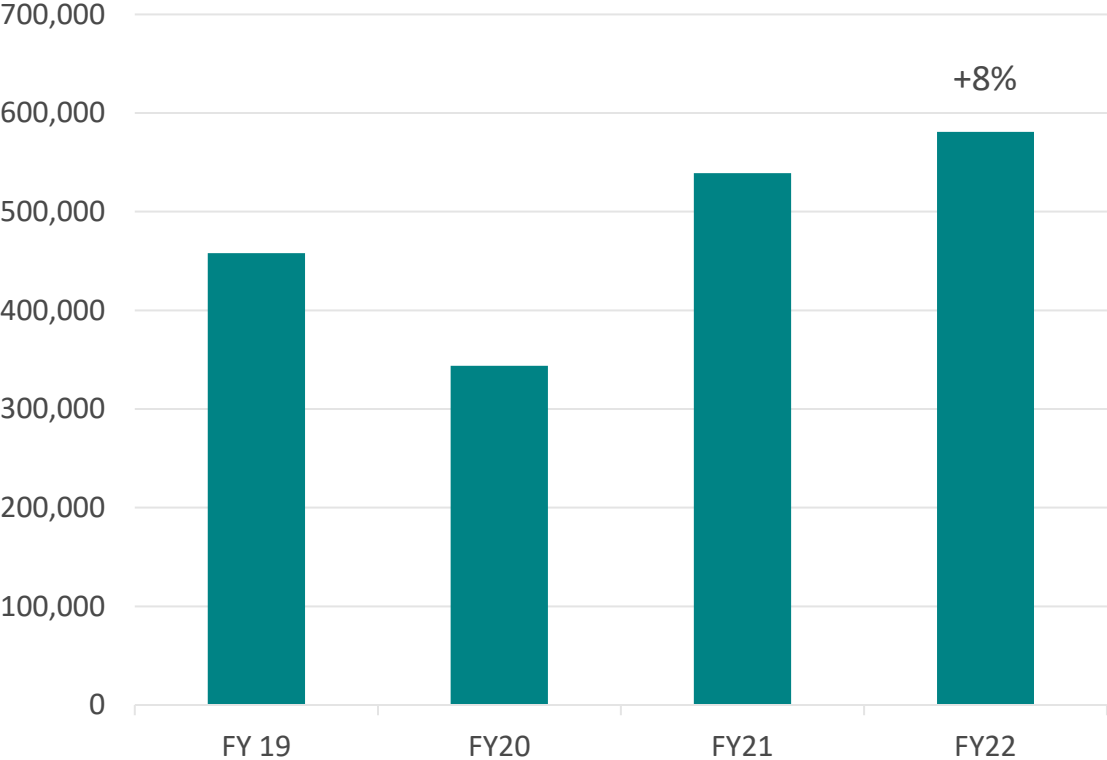
(2020 & Q1 2021 impact by NHS COVID-19 contracts)

Private revenue growth

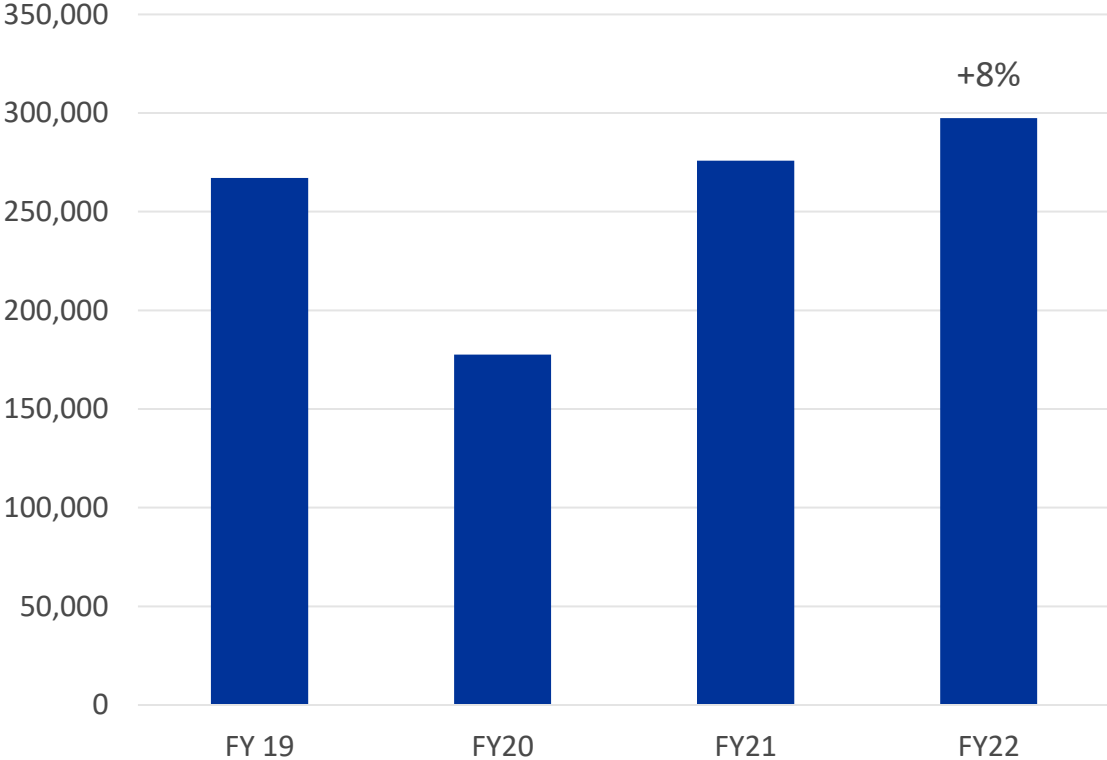


Private volumes – outpatient and procedures

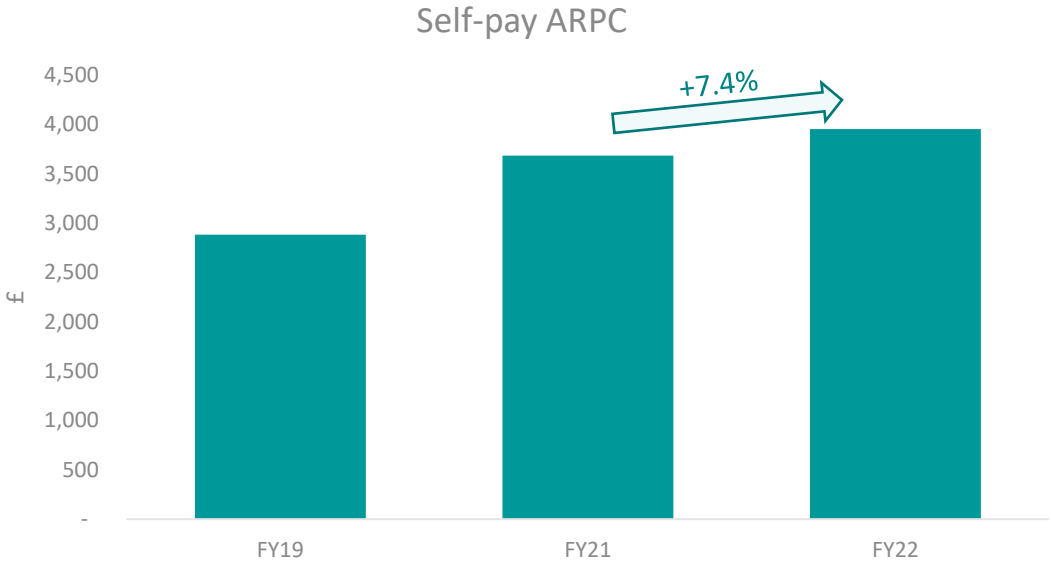
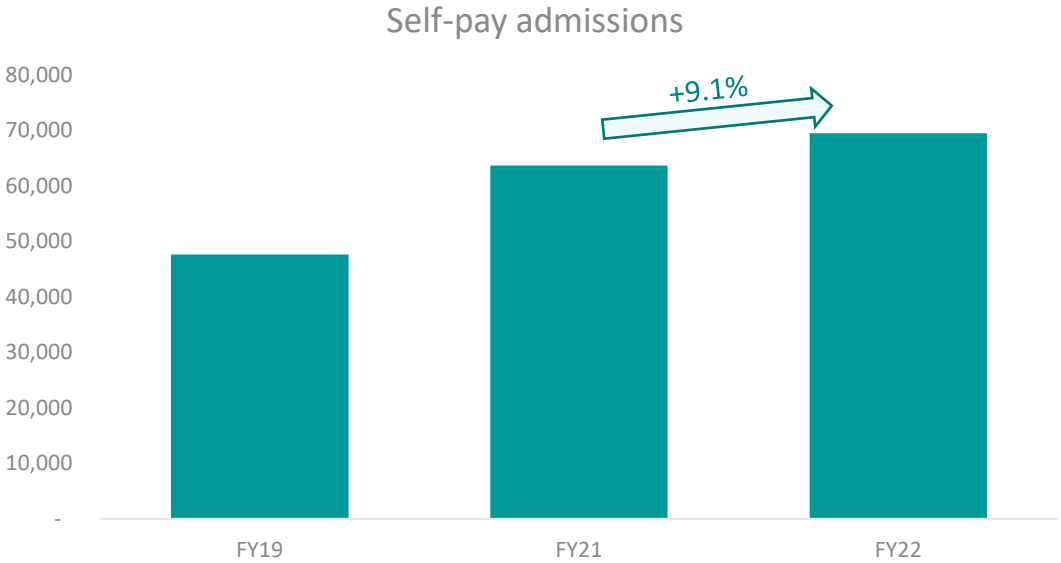
New outpatient consultations



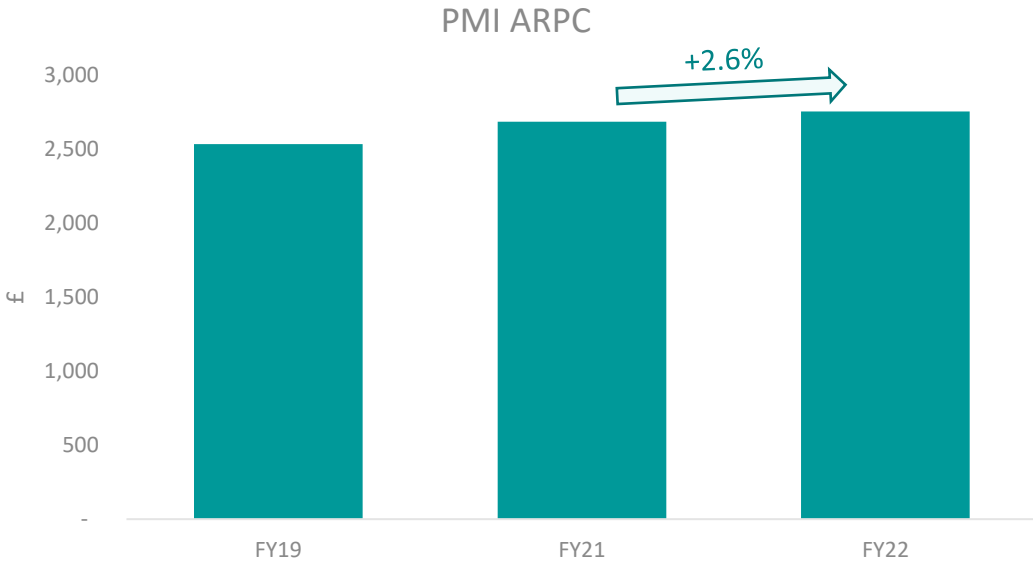
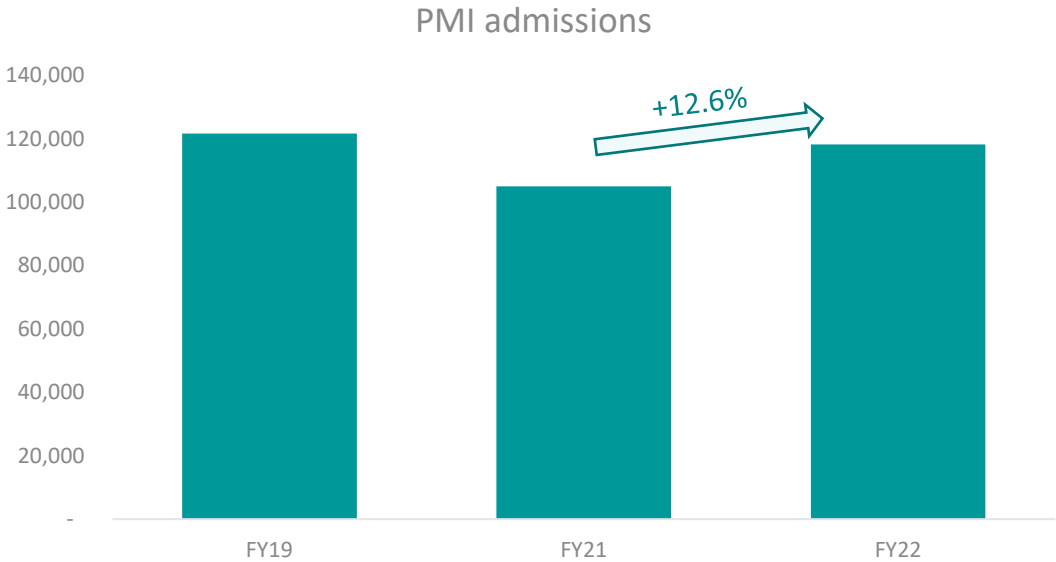
IPDC and OP procedures



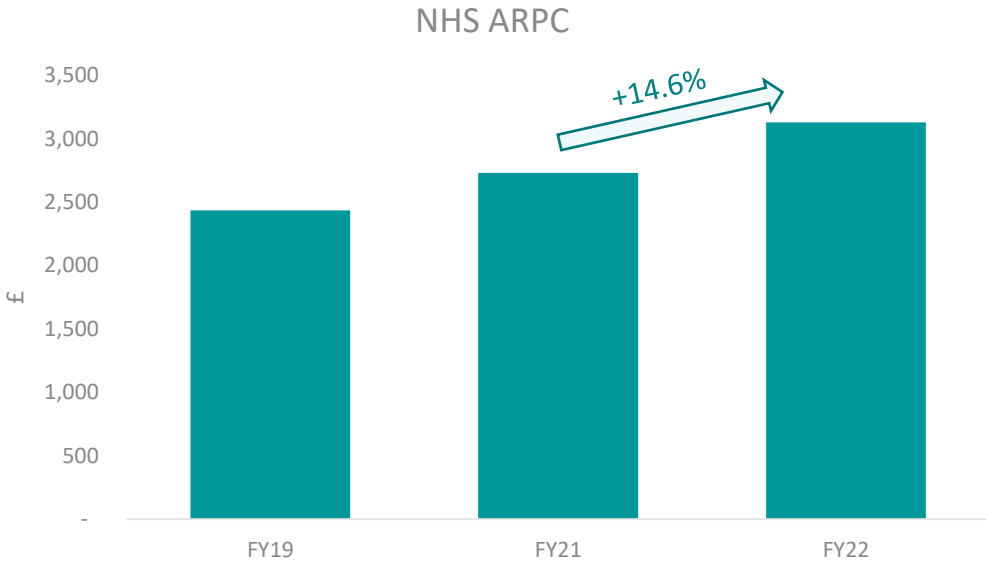
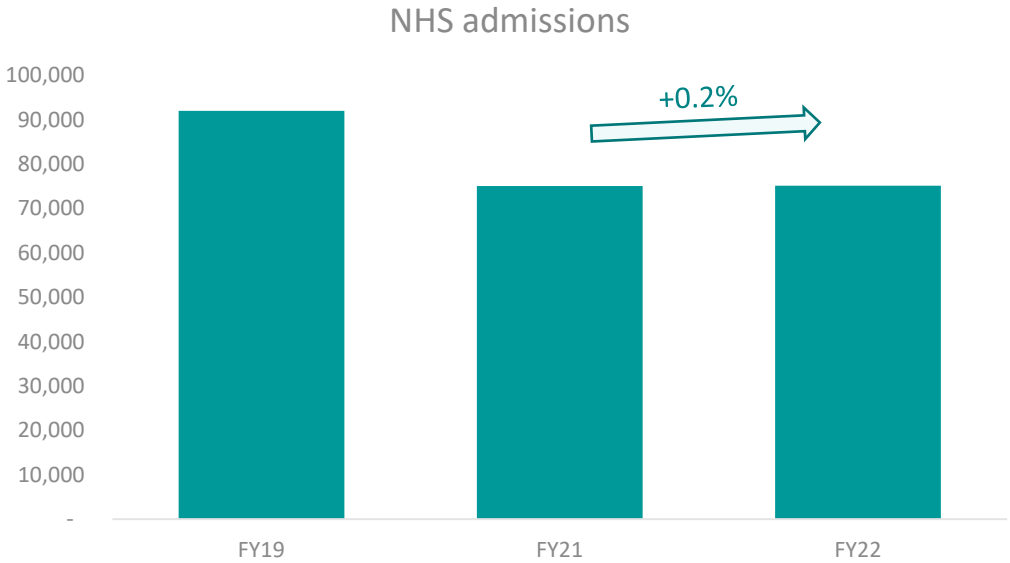
Self-pay – Admissions and ARPC



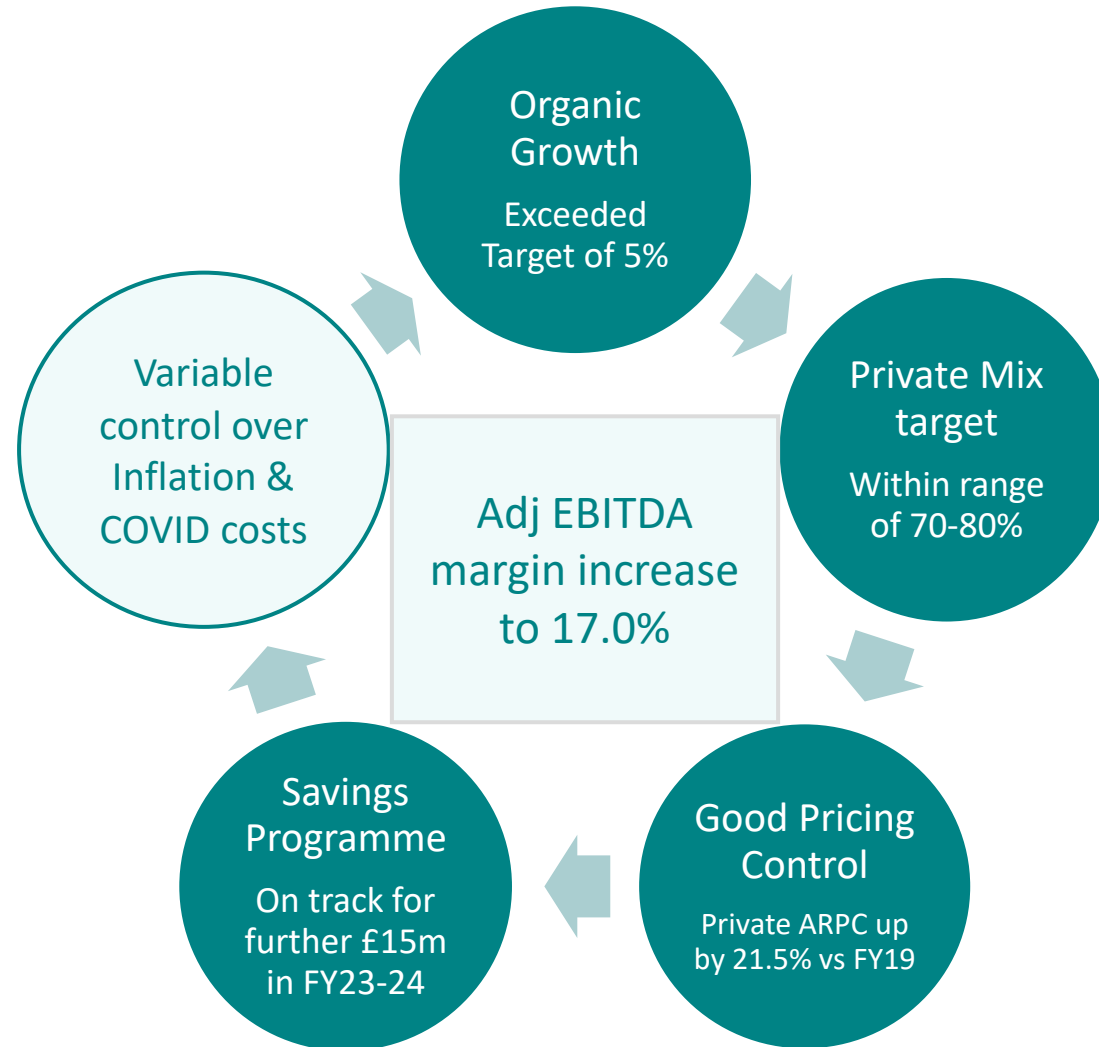
PMI – Admissions and ARPC



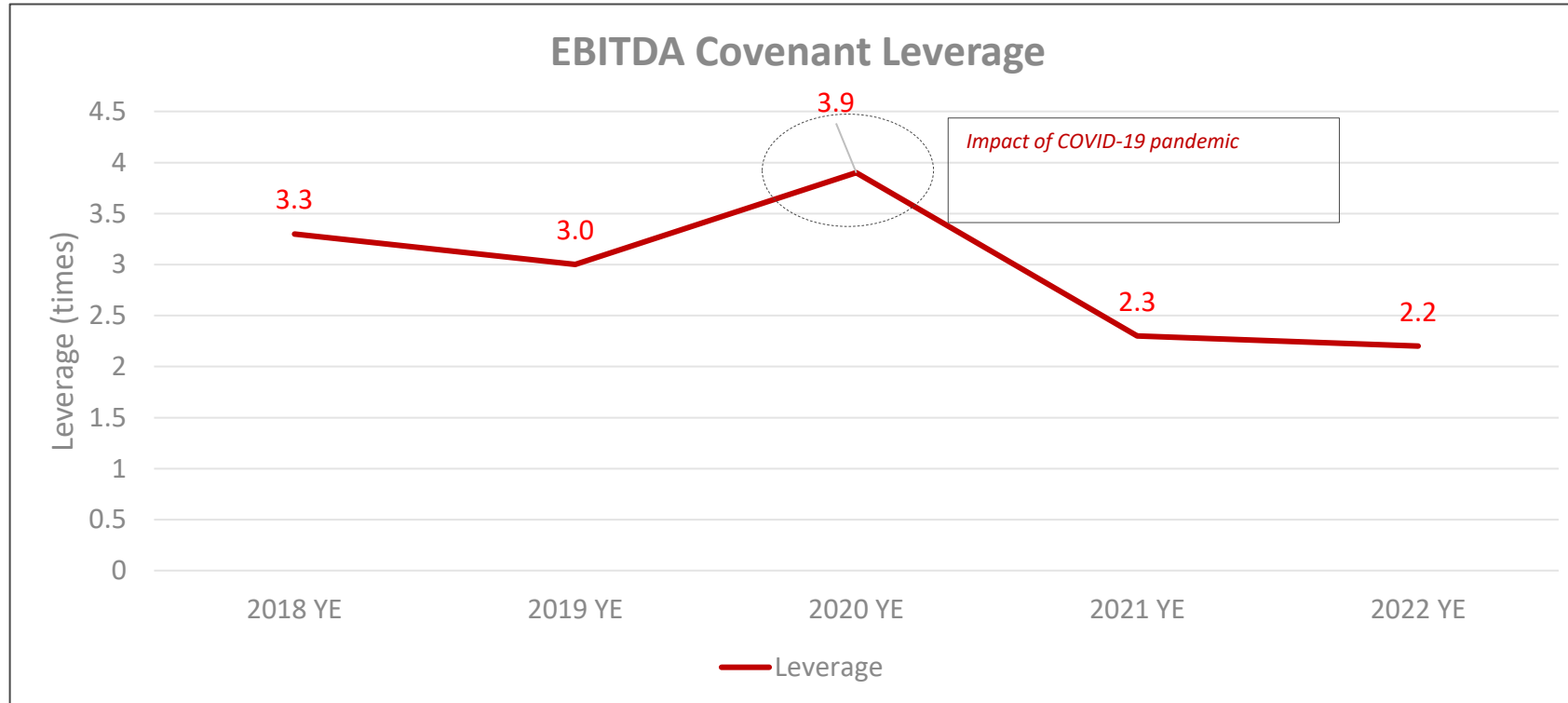
NHS – Admissions and ARPC



Margin improvement



EBITDA Covenant Leverage



IFRS 16 results in future lease rentals being recognised as Debt (EBITDA to total debt ratio decreased to 5.5x from 5.9x).

Fair Value of Freehold Portfolio >£1.3bn but held on balance sheet at £652.2m

Loan to value ratio less than 1

Capex and portfolio management

Targeted Capex

- Focused on payback and ROCE
- 6-7% of revenue on average to fund core estate and capacity projects (average 6.7% 2020-22)
- Major capacity projects funded within existing Capex
 - Yale: £11m
 - Edinburgh Shawfair: £8m

Portfolio management

Sold Sussex and acquired Claremont

- Improvement in ROCE of 20%

Genesis profit share arrangement:

- Return over 10% ahead of plan

The Doctors Clinic Group

Spire Yale





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Strategic developments

Justin Ash, Chief Executive Officer

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Become recognised as an ESG leader in our industry



Expand our proposition

Selectively invest to attract patients and meet more of their healthcare needs



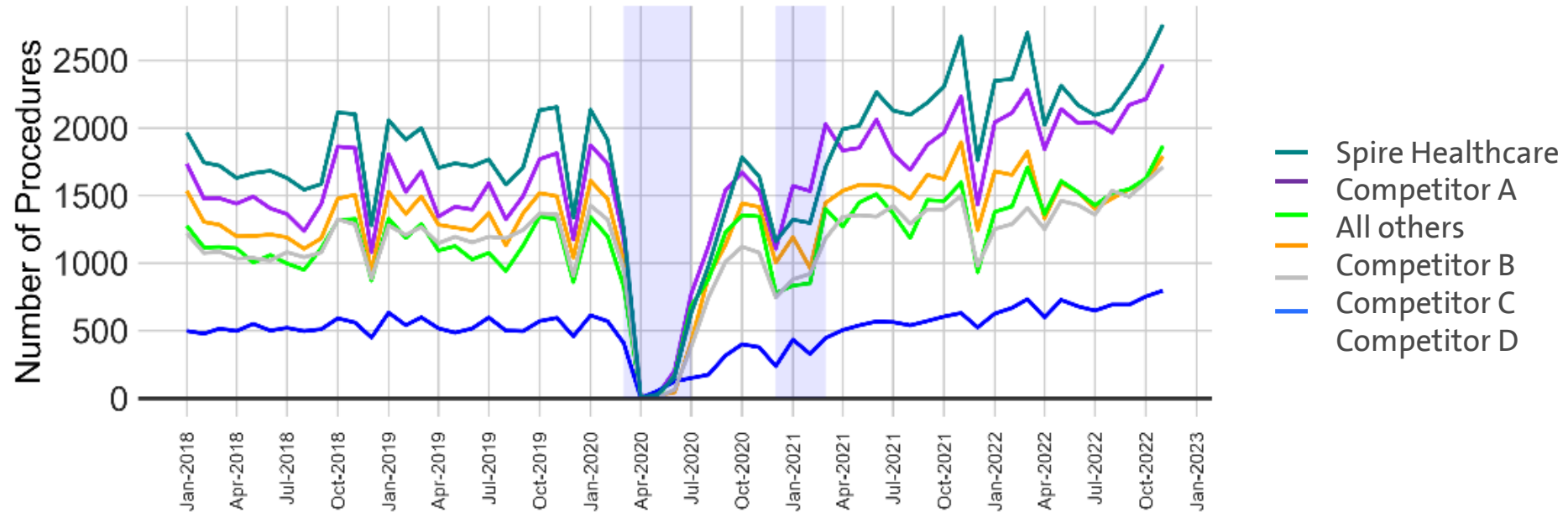
Deliver strong financial performance

Financial discipline supporting cash generation, targeted investment and improving ROCE / shareholder returns

Pillar: Drive hospital performance



Hip and knee procedures Volume among independent sector providers



Source: Spire Healthcare analysis of NJR data

Pillar: Build on quality



Delivered Quality Improvement initiatives

98% of inspected sites 'Good', 'Outstanding' by the CQC (or equivalent in Scotland and Wales)

3rd year of only 'Good' or 'Outstanding' ratings

Pillar: Invest in our workforce



- 5% pay award to colleagues in September; lower paid up to 16% over the year
- Around 1,000 colleagues on a development programme
- 5% of permanent workforce participating in one of our apprenticeships
- Bringing recruitment in-house

- 80% of colleagues proud to work for Spire Healthcare
- 78% of consultants rate the quality of care given to their patients by Spire Healthcare as 'Excellent' or 'Very Good'

Pillar: Champion sustainability



- On track to becoming net carbon zero by 2030
- Reduced carbon emissions in 2022 by 6%

- Initiatives include:
 - Replacing gas-power boilers
 - Installing electric vehicle charging points
 - Increasing recycling rates
 - Reducing waste sent to landfill

- Highly commended for 'Net Zero Strategy of the Year' at BusinessGreen Leaders Awards

Pillar: Expand our proposition



- Investing to attract patients and meet more of their healthcare needs
- Working to becoming an integrated healthcare provider
- Services in:
 - Primary care
 - Diagnosis
 - Occupational health
 - Long-term condition management
- Purchased The Doctors Clinic Group



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Expanding our proposition

Peter Corfield, Chief Commercial Officer

Looking after you.

Our three areas of focus to expand our proposition

Spire Healthcare new services

Day case clinics

- Standalone day case facilities
- One stop clinic for key specialities
- Includes diagnostics
- 1 or 2 theatres (local anaesthetic)

2 Spire Clinics
to be launched in 2023

Primary healthcare

- Private GP services
- Minor procedures
- Health assessments
- Chronic condition management

Available in 56 locations
(35 in hospitals; 21 standalone)

Occupational health

- Industrial health compliance
- Back to work support
- Employee health assessments and screening

700 corporate clients

The Doctors Clinic Group



- Modest investment in company with 200 employees
- Platform for growth and synergies with existing business
- Aligned to Spire Healthcare's five-year growth strategy
 - Meeting increased demand for healthcare in the UK
 - Supporting delivery of a broader range of healthcare services
- Provides entry into a new market – occupational health
- Broadening our reach into the London market

The Doctors Clinic Group cont'd

Occupational health

- Over 700 clients
- Full range of health and wellbeing services
- Growing market as employers look to improve attendance, retention and attraction
- Opportunity for downstream referrals
- OH market highly fragmented



- Re-brand service to Spire Healthcare
- Diagnostic and secondary care referral pathways
- Organic growth and synergies
- Develop proposition (eg InSpire)

Primary healthcare

- 22 medical centres, 8 in central London
- Private GP market growing
- Opportunity for downstream referrals
- Integration and scale-up opportunity
- Defined strategy for geographic expansion



- Re-brand service to Spire Healthcare
- Diagnostic and secondary care referral pathways
- Increase number of medical centres
- Synergies (eg medical drugs)



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Outlook

Justin Ash, Chief Executive Officer

Looking after you.

Outlook for 2023

Anticipate further growth in revenue, profit and ROCE

Private revenue growth; modest increase in NHS activity

Further margin improvement

Sustained pressures in workforce especially people costs and absence, and healthcare inflation

Ongoing savings programme and pricing management – impact mainly in H2

Committed to highest quality patient care and increasing sustainability



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Looking after you.



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Appendix

Looking after you.

Technical guidance for 2023

Total property rent	c.£92-97m (FY22: £93.7m)
D&A	c.£100-105m (FY22: £97.9m)
Capex*	c.£80-90m (FY22: £90.1m)
Net financing costs	c.£93-100m (FY22: £94.6m)
Tax**	Effective corporate tax rate between 30-40% as a result of deferred tax movements (FY22: NM)
Net bank debt	c.£200-250m (31 December 2022: £250.1m)

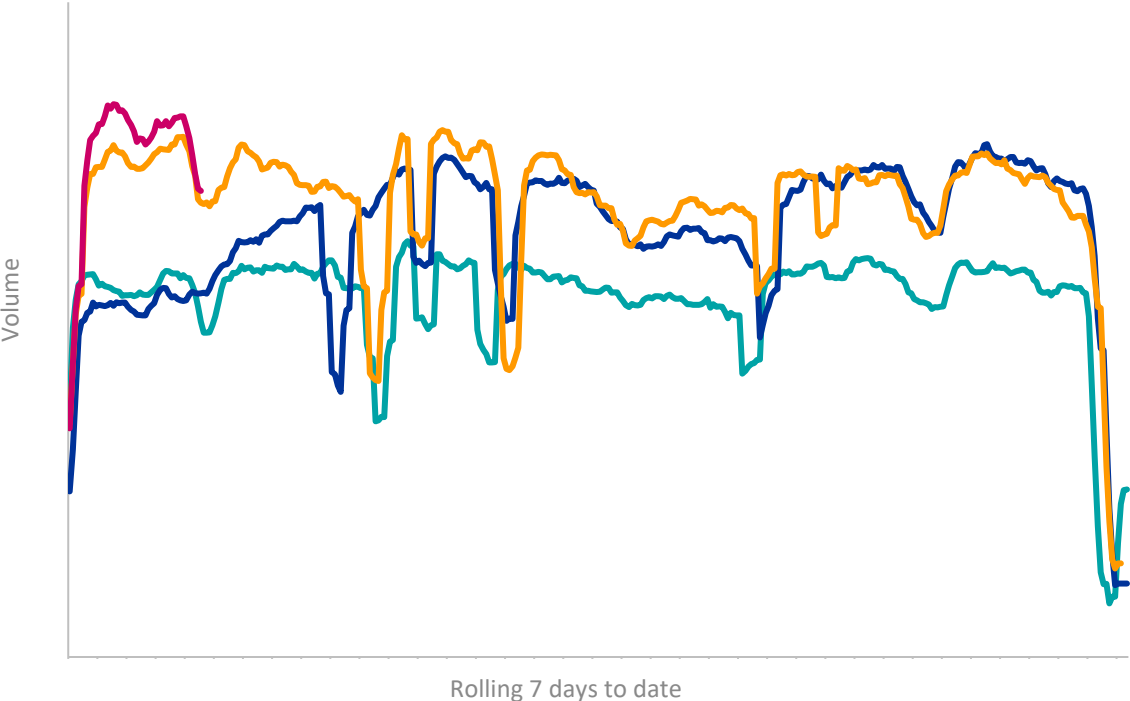
* Excludes Capex on clinics or adjacent propositions

** The tax effective rate is driven by the statutory rate of 25%, adjusted for disallowable items (eg non-qualifying depreciation) and movements on deferred tax (primarily in respect of IFRS 16 leases)

Private volumes – outpatient and admissions

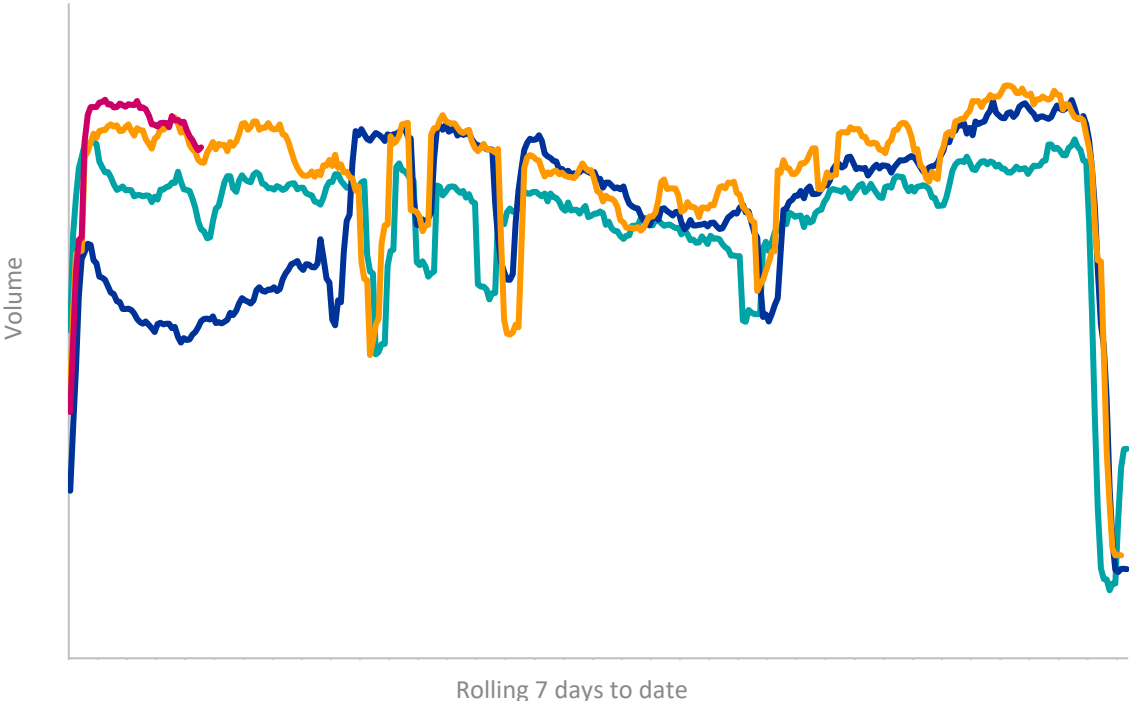
Private new outpatient consultation

— 2019 — 2021 — 2022 — 2023

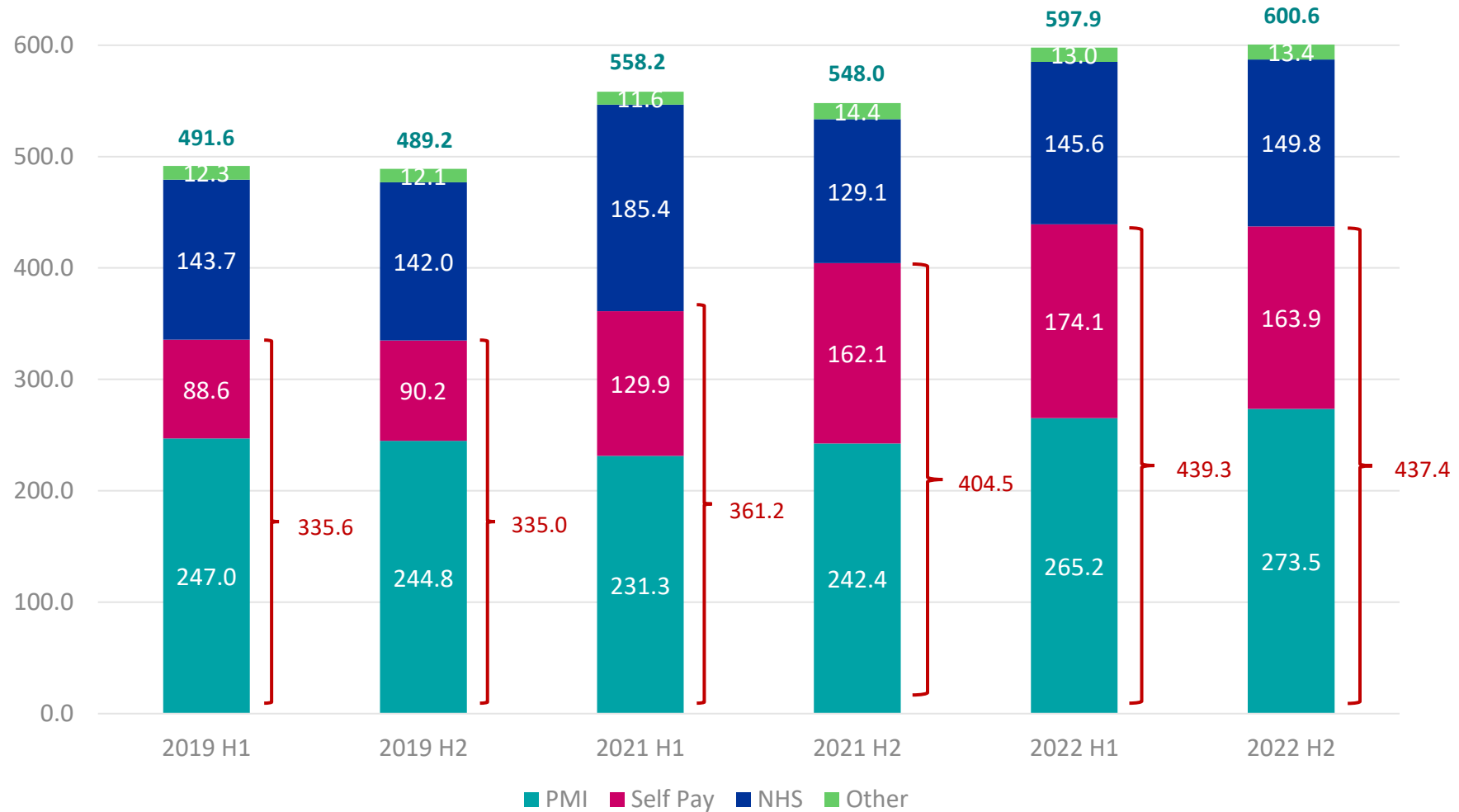


Private IPDC admissions

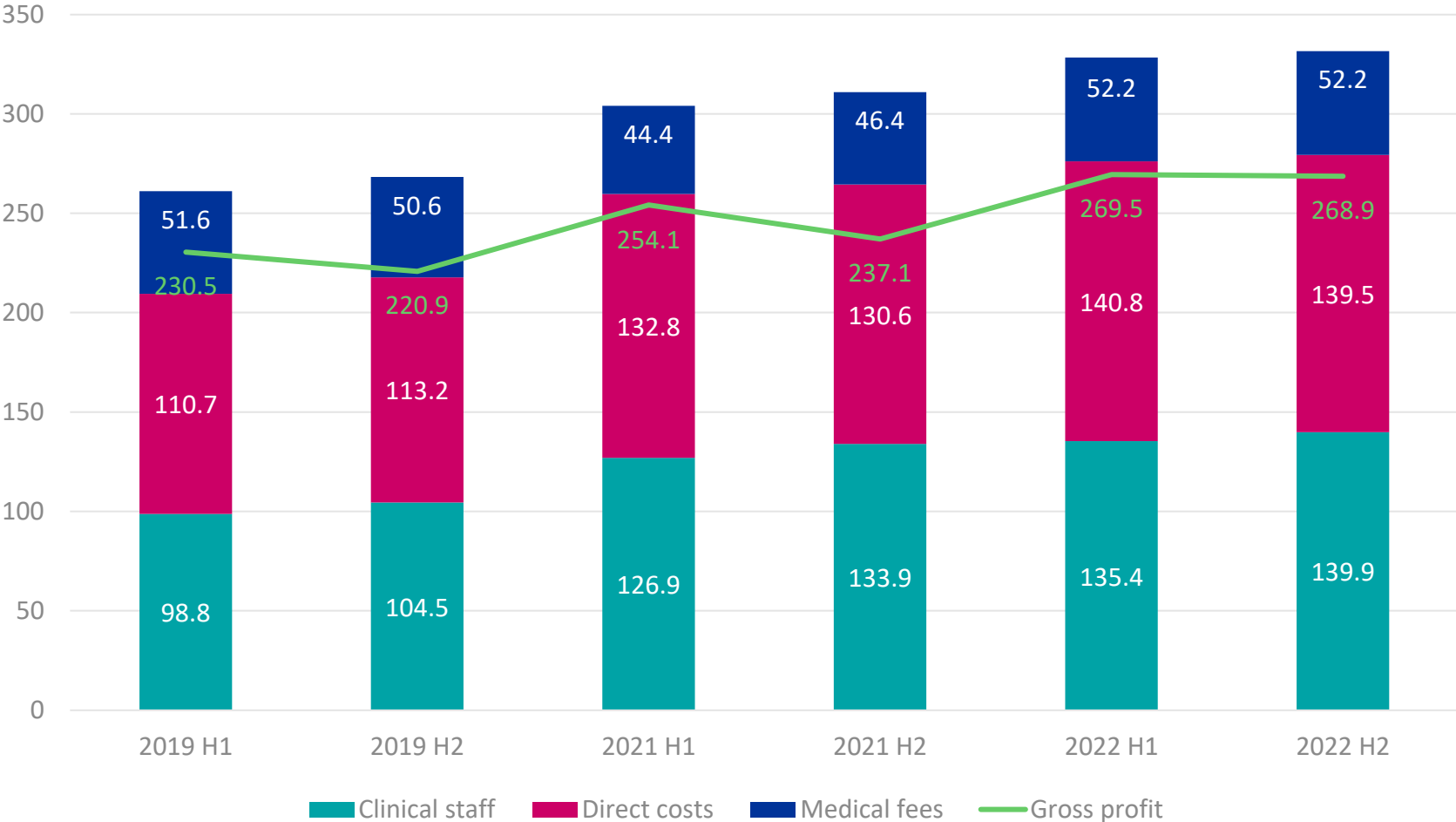
— 2019 — 2021 — 2022 — 2023



Revenue by Payor



Cost of sales analysis



Maintained higher ARPC – reflects pricing, private mix and acuity

	PMI			Self-pay			Total private			NHS		
	FY19	FY21	FY22	FY19	FY21	FY22	FY19	FY21	FY22	FY19	FY21	FY22
IPDC admissions ('000s)	121.6	104.9	118.2	47.6	63.7	69.5	169.3	168.6	187.7	92.0	75.0	75.1
ARPC (£)	2,533	2,686	2,756	2,884	3,683	3,955	2,632	3,062	3,199	2,434	2,731	3,129
ARPC YOY growth (%)			+2.6			+7.4						+14.6
Total revenue (£m)	491.8	473.7	538.7	178.8	292.0	338.0	670.6	765.7	876.7	285.7	314.5	295.4

Note: NHS ARPC is stated gross of consultant fees

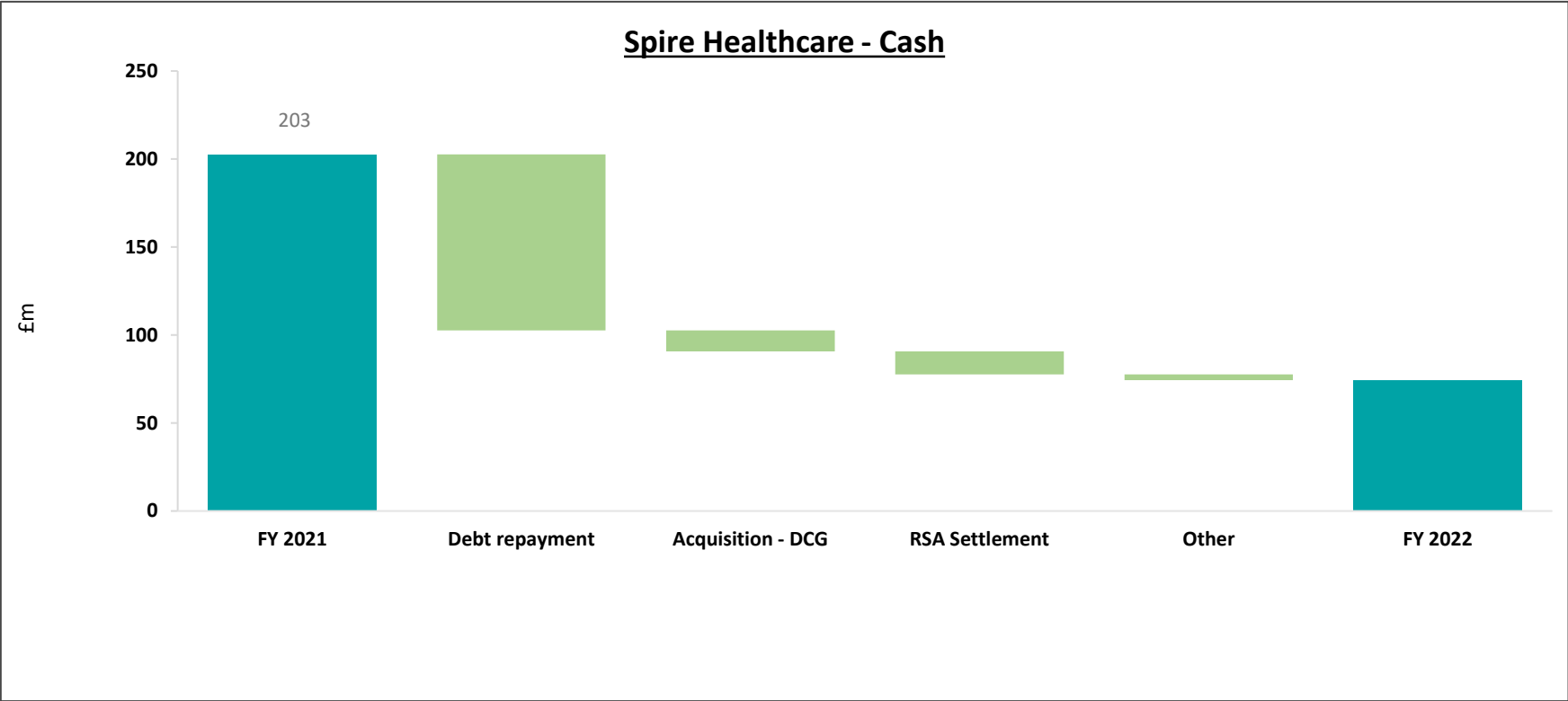
Cash flow

£m	FY22	FY21	FY20	FY19
Cash from operating activities	196.7	172.4	160.0	184.9
Working capital movement	(15.0)	11.4	(3.9)	17.9
Capex	(87.7)	(67.0)	(46.3)	(60.2)
Proceeds from disposal of assets *	3.7	88.9	-	11.6
Acquisition cash outflow **	(11.3)	(14.7)	-	-
Financing activities	(214.7)	(94.7)	(97.9)	(110.0)
Tax	(0.1)	-	3.6	(1.1)
(Decrease)/Increase in cash	(128.4)	96.3	15.5	43.1
Opening cash balance	202.6	106.3	90.8	47.7
Closing cash balance	74.2	202.6	106.3	90.8

*Proceeds in 2021 relate to the sale and leaseback of Spire Cheshire and the sale of Spire Sussex. Proceeds in 2019 relates to the sale of Bristol and Baddow Specialist Cancer Centres.

**The costs of acquisitions relates to the Claremont Hospital.

Cash



Cash and borrowings

£m	Dec 22	Dec 21	Dec 20
Bank borrowings	324.3	427.5	420.8
Cash	74.2	202.6	106.3
Net bank debt	250.1	224.9	314.5

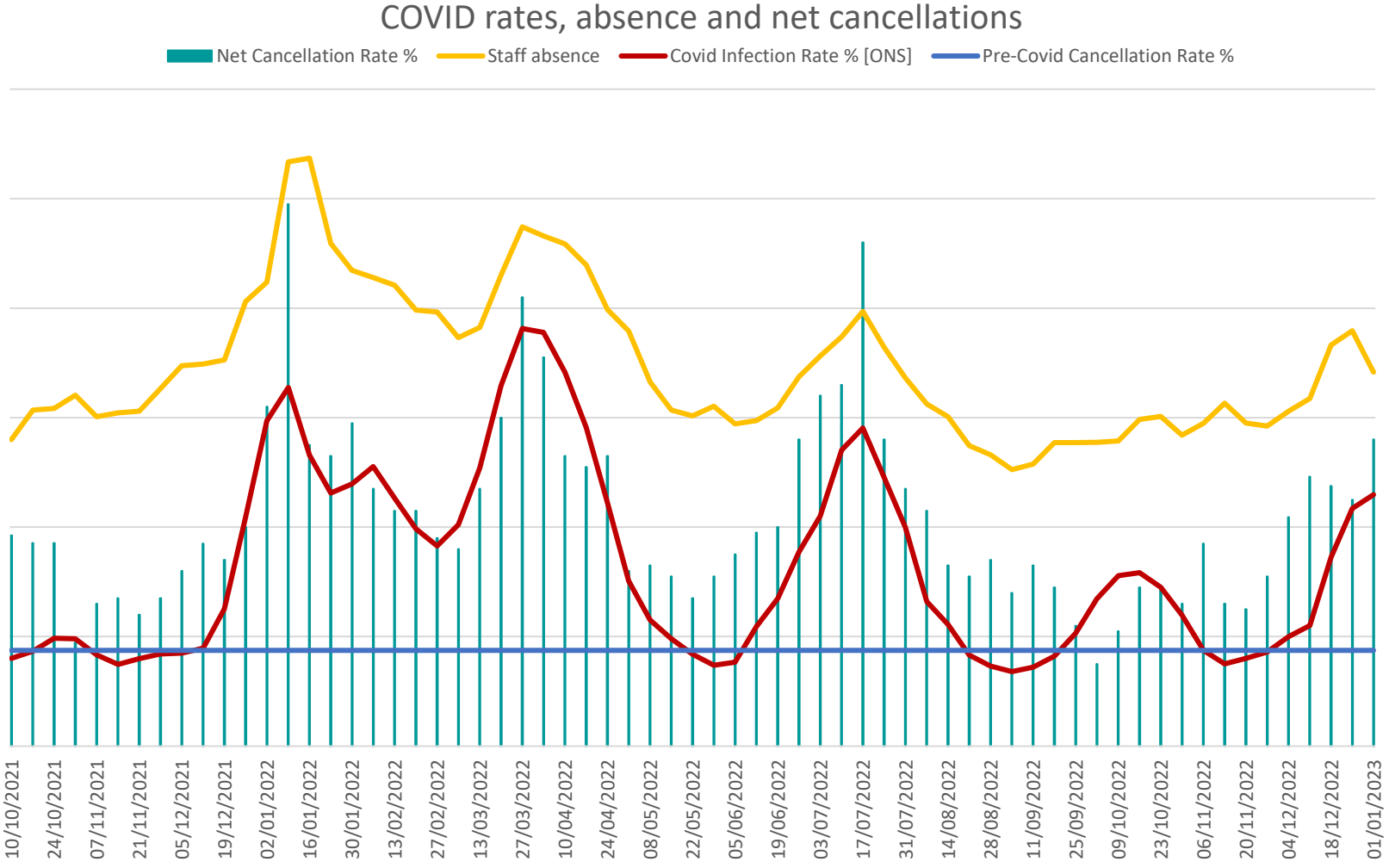
£m	Dec 22	Dec 21	Dec 20
Bank borrowings	324.3	427.5	420.8
Lease liabilities (under IFRS 16)	866.5	837.8	749.5
Total borrowings	1,190.8	1,265.3	1,170.3

Net bank debt and Total debt under IFRS16

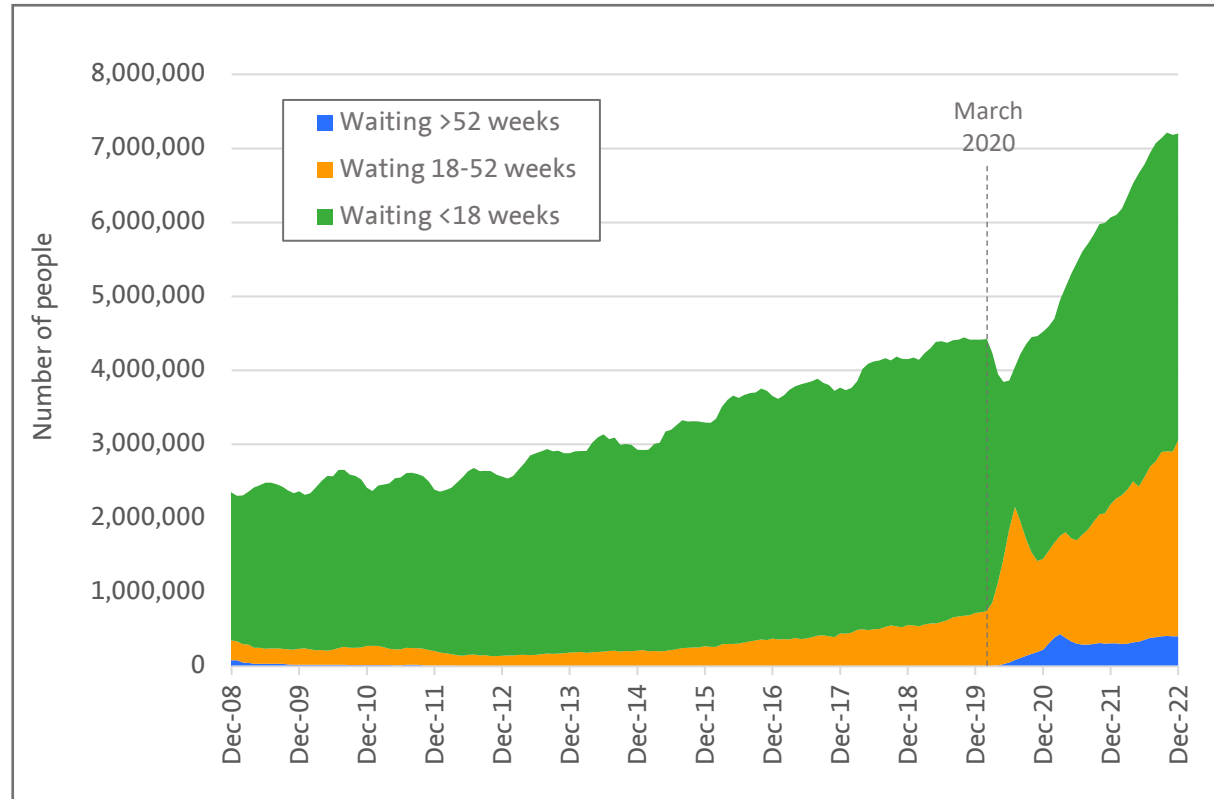
Net Bank Debt	2022 YE £m	2021 YE £m
Bank Debt (incl. paid fees and accrued interest)	324.3	427.5
<i>less</i> Cash	74.2	202.6
Net Bank Debt	250.1	224.9

Total Debt (IFRS 16)	2022 YE £m	2021 YE £m
Bank Debt (incl. paid fees and accrued interest)	324.3	427.5
<i>Plus</i> Lease Liabilities	866.5	837.8
Total IFRS 16 Debt	1,190.8	1,265.3
<i>Less</i> Cash	74.2	202.6
Net Total IFRS 16 Debt	1,116.6	1,062.7
EBITDA/ Net Total Debt Ratio	5.5	5.9

Continued exposure to COVID impact – last 12 months



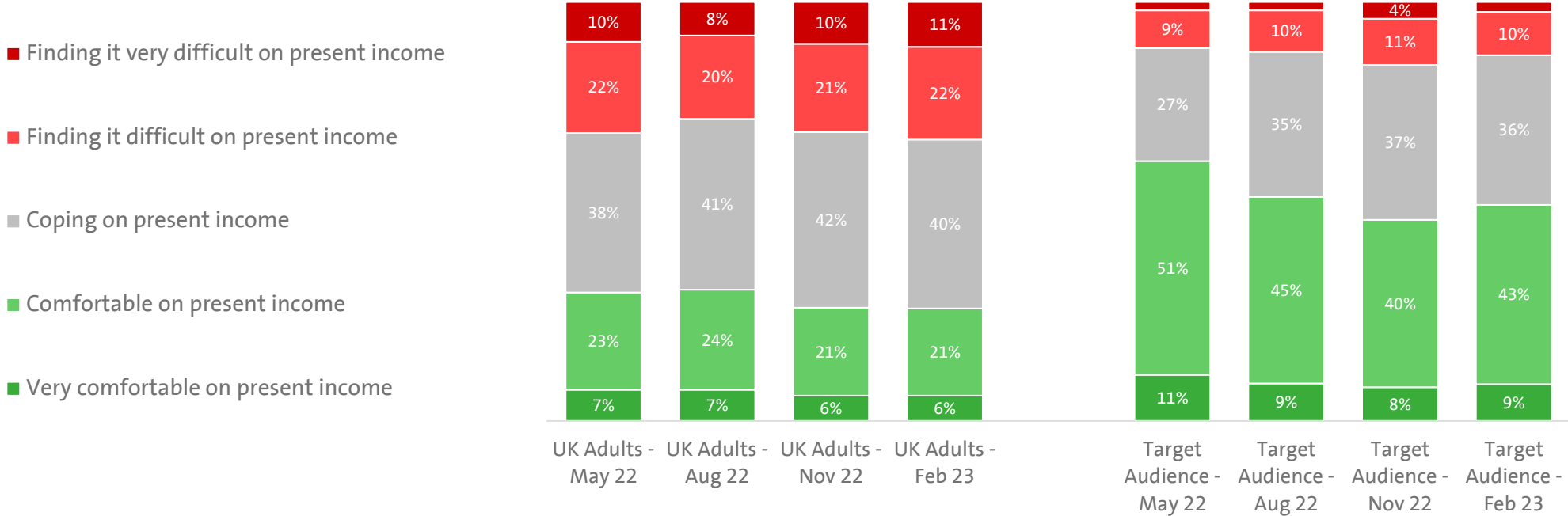
Latest NHS England waiting list



Source: NHS England: <https://www.england.nhs.uk/statistics/statistical-work-areas/rtt-waiting-times/>

Comfort on current income: UK adults and our target population

- We asked how they felt about their current financial situation

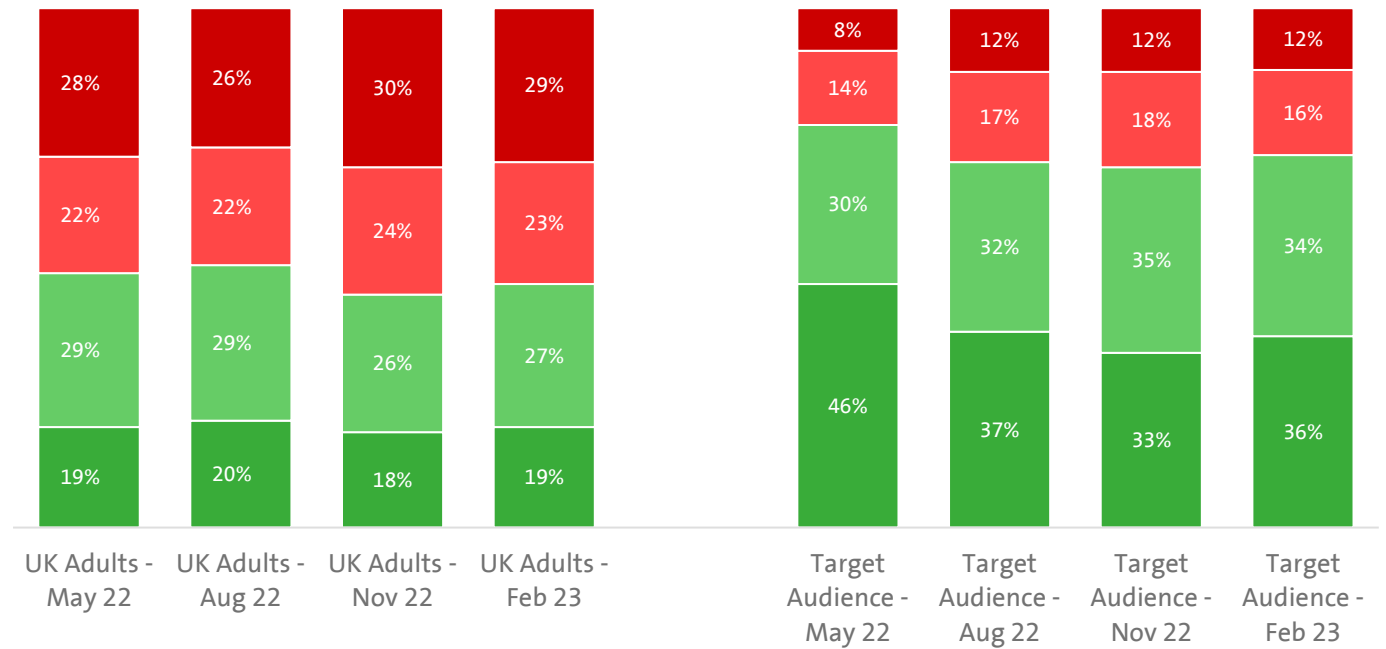


Q. Which one of the following best describes how you feel about your financial situation at the moment?

Ease of accessing £5k: UK adults and our target population

- We asked how easily they could find £5,000 for medical treatment if they needed to
- Target population: Still more resilient than the population at large

- It would be impossible
- It would be very difficult
- It would be a little difficult, but possible
- This wouldn't be a problem



Q. How easily could you access £5,000 for medical treatment if you felt you really needed to?

Hospital and clinic ratings from CQC, HIW* and HIS†

Site	Rating	Site	Rating	Site	Rating	Site	Rating
Alexandra ¹	Requires Improvement	Edinburgh/Shawfair [†]	Good	London East	Good	Thames Valley	Good
Brighton/Montefiore	Outstanding	Elland	Good	Manchester	Outstanding	Tunbridge Wells	Good
Bristol	Good	Fylde Coast	Good	Methley Park	Good	Washington	Good
Bushey	Good	Gatwick	Good	Norwich	Good	Wellesley	Good
Cambridge Lea	Good	Harpenden	Good	Nottingham	Outstanding	Wirral	Good
Cardiff*	Positive	Hartwood	Good	Parkway	Good	Yale*	Positive
Cheshire	Outstanding	Hull	Good	Portsmouth	Good		
Clare Park	Good	Leeds	Good	Regency	Good		
Claremont	Outstanding	Leicester	Good	South Bank	Good		
Dunedin	Good	Little Aston	Good	Southampton	Good		
Edinburgh/Murrayfield [†]	Exceptional	Liverpool	Good	St. Anthony's	Good		
Abergele Clinic*	Positive	Hesslewood Clinic	Good	London Bridge	Good	Waterloo	Good
Bushey Diagnostic Centre	Good	Kings Cross	Good	Old Street	Good		