



Establishing a new standard for the
health sector in Europe: Study of an
acquisition by Ramsay Générale de
Santé of Humana AB

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Abstract

Healthcare is central to the world as we know. As the world and population evolve, new challenges gain shape. This principle applies to the health sector as well, with ageing population, increasing chronic diseases and the rise of mental health.

Therefore, this dissertation aims to study, as of December 31st 2023, how Ramsay Générale de Santé, a leading private comprehensive health French company can acquire Humana AB, a private Swedish welfare player. For that, Discounted Cash Flow and Trading and Transaction Multiples were used to obtain the value for both firms and then assess whether this acquisition would create value.

The deal, projects that Ramsay would acquire Humana for c. € 621,19M, implying a premium of 75% over its share price of € 2,45 at December 29th 2023. This acquisition would rely on Ramsay using a mix of cash on hand and take over Humana's existing debt, resulting in an approximated split of 35%/65%, respectively.

The synergies from this transaction are mainly driven by Ramsay being able to offer an even more comprehensive care offering, achievement of economies of scale, Humana having better resources to offer a both more specialized and digital care, while Ramsay having a strong track record of integrating strategic investments.

With the previous context, the deal would preliminarily result in synergies of € 190,2M, almost 3% of both firms combined without synergies. With the aforementioned financing mix, this deal would offer an average accretion of 25,7% to Ramsay.

Keywords: Mergers & Acquisitions, Synergies, Healthcare, Welfare

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Resumo

A saúde é fundamental no mundo como o conhecemos. À medida que o mundo e a população evoluem, novos desafios surgem. Este princípio aplica-se igualmente ao sector da saúde, com o envelhecimento da população, o aumento das doenças crónicas e a generalização da saúde mental.

Portanto, esta dissertação pretende estudar, a 31 de dezembro de 2023, como a Ramsay Générale de Santé, empresa privada francesa líder de saúde, pode adquirir a Humana AB, operador sueco privado de bem-estar. Deste modo, aplicaram-se o Discounted Cash Flow e os Múltiplos de Cotação e Transação para obter o valor das empresas e, avaliar se esta aquisição criaria valor.

A transação prevê que a Ramsay adquira a Humana por c. € 621,19M, o que implica um prémio de 75% sobre a sua cotação de € 2,45 a 29 de dezembro de 2023. Esta aquisição assume a Ramsay financiar-se com uma combinação de caixa e ao assumir a dívida existente da Humana, resultando numa proporção de aproximadamente 35%/65%, respetivamente.

As sinergias desta transação resultam principalmente do facto da Ramsay poder oferecer uma oferta ainda mais abrangente, da obtenção de economias de escala, da Humana dispor de melhores recursos para oferecer cuidados mais especializados e digitais e da Ramsay ter um forte histórico de integração de aquisições.

Dado o contexto anterior, o negócio resultaria preliminarmente em sinergias de € 190,2M, c. 3% do valor das duas empresas combinadas sem sinergias. Com a estrutura de financiamento anteriormente referida, esta transação proporcionaria um aumento médio de 25,7% à Ramsay.

Palavras-chave: Fusões e Aquisições, Sinergias, Cuidados de Saúde, Bem-estar

Título: Definir um novo padrão para o setor da saúde na Europa: Estudo de uma aquisição pela Ramsay Générale de Santé da Humana AB

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List of abbreviations

APV – Adjusted Present Value

Avg. – Average

B – Billion

BV – Book Value

b.p. – basis point

CAGR – Compound Annual Growth Rate

CapEx – Capital Expenditures

CRP – Country Risk Premium

c. – circa

D/E – Debt to Equity

D&A – Depreciations and Amortizations

EBIT – Earnings Before Interest and Taxes

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization

EIU – Economist Intelligence Unit

EPS – Earnings per Share

EU – European Union

EUR – Euros

EV – Enterprise Value

FCF – Free Cash Flow

FCFE – Free Cash Flow to Equity

FCFF – Free Cash Flow to the Firm

GDP – Gross Domestic Product

ICR – Interest Coverage Ratio

IPO – Initial Public Offering

Kd – Cost of Equity

Ke – Cost of Debt

KPI – Key Performance Indicator

LT – Long term

M – Million

M&A – Mergers and Acquisitions

Mg. – Margin

NFD – Net Financial Debt

NWC – Net Working Capital

OECD – Organization for Economic Cooperation and Development

p.a. – per annum

p.p. – percentual point

PV – Present Value

rf – Risk-free rate

SEK – Swedish Krona

TV – Terminal Value

UK – United Kingdom

vs. – versus

WACC – Weighted Average Cost of Capital

WC – Working Capital

YOY – Year over Year

YTM – Yield to Maturity

1. Introduction

The health sector is in continuous change, with a strong link to technological disruption, socio-economic trends and public sector management. With these factors in mind, innovation and progress cannot always be found internally, which pushes the need for looking at external sources of development.

In Europe major health players constantly find themselves in this situation, raising the need to grow inorganically, i.e., through Mergers and Acquisitions (M&A). A firm that probably fits into this profile is Ramsay, a leading European healthcare firm that operates in several countries in Europe. Therefore, this thesis dissertation has the fundamental research question of: should as of 31st December 2023 Ramsay consider the acquisition of the Swedish welfare company Humana?

To answer this, it is necessary to understand: (i) how one can quantitatively assess both firms value, either individually or combined including synergies; (ii) what are the main concerns regarding how an M&A transaction is processed; (iii) how the healthcare sector is organized, how much is it worth and what are the factors underlying its future growth, (iv) what are both firms competitive advantages and how can they fit into each other.

Consequently, this dissertation follows the order of: Chapter 2 explores Valuation Techniques and M&A literature; Chapter 3 analyses the healthcare sector in Europe; Chapter 4 explores each company; Chapter 5 preliminarily identifies the areas where both firms might fit; Chapter 6 assesses the worth of Ramsay and Humana and the result of both firms operating together; Chapter 7 delineates the terms for the transaction and Chapter 8 gives a final recommendation towards the transaction.

This dissertation was made with the intention of using what the best there is from both academic research, but equally from practical work done by industry practitioners.

2. Literature review

2.1. Valuation techniques

2.1.1. Intrinsic/Absolute valuation techniques

Intrinsic value is regarded as the methods through which the worth of an asset is assessed, taking into account its fundamental characteristics (Damodaran, 2012). More precisely, the methodologies that belong to this class are often referred as Discounted Cash Flow, which involves the forecasting and consequent discounting of the Cash Flows generated by the respective asset (Damodaran, 2012). According to Damodaran, Formula 1 displays the mechanics of the DCF methodology.

$$\text{Value} = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t}$$

where n = Life of the asset

CF_t = Cash Flow in period t

r = Discount rate

Formula 1 – Present Value (PV) Calculation

2.1.1.1. Free Cash Flow to the Firm methodology

There exist several DCF models¹ (Damodaran, 2012). However, the Free Cash Flow to the Firm (FCFF)² is the main one used by practitioners as it is considered to have the best results, despite working better when a company is expected to have a stable capital structure (Koller et al., 2020). Therefore, this version will be the one mainly explored, which has as output the Firm or Enterprise Value (EV), i.e., the value of operating assets (Koller et al., 2020). In Formula 2, the PV formula is adapted for the FCFF.

$$\text{Value of Firm} = \sum_{t=1}^{t=n} \frac{FCFF_t}{(1+WACC)^t} + \frac{TV}{(1+WACC)^n}$$

where

n = Life of the asset

¹ All DCF approaches have the same parameters, although the Cash Flows used and respective discount rate vary (Damodaran, 2012)

² Also known as WACC / Enterprise DCF (Koller et al., 2020)

FCFF_t = Free Cash Flow to the Firm in period t

TV = Terminal Value

WACC = Weighted Average Cost of Capital

Formula 2 – Firm Value according to FCFF

2.1.1.1.1. Free Cash Flow

FCFF is independent of a firm's capital structure and represents the cash flow available to all capital providers, i.e., debt and equity holders (Koller et al., 2020). Table 1 demonstrates how FCFF is calculated according to Rosenbaum and Pearl (2022).

Earnings Before Interest and Taxes

(-) Taxes³

= **Earnings Before Interest After Taxes**

(+) Depreciation & Amortization

(-) Capital Expenditures

(-) Increase/(Decrease) in Net Working Capital

= **Free Cash Flow to the Firm**

Table 1 – FCFF Formula

2.1.1.1.2. Discount rate – Weighted Cost of Capital (WACC)

The discount rate is the rate used to discount cash flows, reflecting their riskiness (Damodaran, 2012). The rate represents an opportunity cost and is a product of the time value of money and the risk inherent to a business/project (Koller et al., 2020). The discount rate appropriate when developing a DCF is the Weighted Cost of Capital (Rosenbaum & Pearl, 2022). It represents the return expected by the capital providers, generally debt and equity holders⁴, considering their respective weights in the asset's target capital structure, following the structure in Formula 3 (Koller et al., 2020).

$$WACC = \frac{D}{E + D} k_d(1 - t) + \frac{E}{E + D} k_e$$

³ Taxes refer to the firms Operating Profit and the rate applied is the marginal tax rate (Koller et al., 2020)

⁴ A company's investors include holders of debt, equity and preferred equity (Koller et al., 2020)

where

$D/(E+D)$ = Target level of debt⁵ to value⁶

$E/(E+D)$ = Target level of equity to value

k_d = Cost of debt

k_e = Cost of equity

t = Marginal tax rate

Formula 3 – WACC

2.1.1.1.3. Discount rate – Cost of equity

Beginning with k_e , despite the Capital Asset Pricing Model (CAPM) being the industry standard, capturing a company's cost of equity remains a challenge (Koller et al., 2020). The main idea behind the CAPM is that a security's return equals to the sum of a risk premium which represents the assumed systematic risk, i.e., non-diversifiable risk⁷, and the return of a risk-free asset (Rosenbaum & Pearl, 2022). On Formula 4, we can observe the elements that compose CAPM (Rosenbaum & Pearl, 2022).

$$K_e = r_f + \beta_L(r_m - r_f)$$

where

r_f = Risk-free rate

β_L = Levered Beta

$r_m - r_f$ = Expected return on the market – risk-free rate = Market Risk Premium

Formula 4 – CAPM

Risk-free rate

To obtain a risk-free rate, one should look at investments that don't have either default risk or reinvestment risk (Damodaran, 1999). This means using 10-year⁸ government bond rates for a

⁵ Debt = Short-term debt + Long-term debt – Excess Cash (Koller et al., 2020)

⁶ The ratios must be calculated using market-based values, instead of book values according to Koller et al. (2020) and (Damodaran, 2012)

⁷ As asset specific risk is diversifiable, equity holders don't receive a risk premium for it (Rosenbaum & Pearl, 2022)

⁸ The 10-year bond is used instead of a 30-year bond due to being more liquid, whereas a 1-year rate is not used because it wouldn't match the maturity of most Cash Flows (Koller et al., 2020)

mature industry as healthcare. As the valuation targets of this thesis are European companies⁹, the risk-free rate is the lowest of the 10-year government bond rates denominated in Euros (Damodaran, 2008).

Beta

Koller et al. (2020) claim that beta (β) represents the degree of sensitivity of a security in accordance with the aggregate stock market. Betas are obtained from regressing a security's return against market returns, as in Formula 5 (Damodaran, 1999).

$$R_i = \alpha + \beta_i R_m$$

where

R_i = Security's return

R_m = Market return¹⁰

Formula 5 – Beta calculation

Due to the fact that individual company betas are potentially biased from unique events, it is advisable to build a peer group beta, regularly called an “industry beta”¹¹ (Koller et al., 2020). One should first use Formula 5 to get each peer's levered beta and then remove the financial leverage effect by unlevering the betas, through Formula 6¹² (Koller et al., 2020).

$$\beta_L = \beta_U \left(1 + \frac{D}{E} (1 - t) \right)$$

where

β_L = Levered Beta

β_U = Unlevered Beta

D/E = Debt-to-equity ratio at market value

t = Company's marginal tax rate

Formula 6 – Levered Beta

Market risk premium (MRP)

⁹ For a valuation to be consistent, the Cash Flows and the discount rate must be in the same currency due to inflation (Damodaran, 2012)

¹⁰ Generally measured with a market index as the S&P 500 or the MSCI (Rosenbaum & Pearl, 2022)

¹¹ Koller et al. (2020) suggests using the median whereas Damodaran (1999) recommends using the average

¹² The formula is simplified with the assumption that the beta of debt (β_D) is zero (Koller et al., 2020)

Koller et al. (2020) considers appropriate a MRP of 5,0%, despite the fact that there isn't a single reliable way to calculate it. Rosenbaum & Pearl (2022) suggest a range of 5,0% to 8,0%, while Kroll (2024) recommends a range of 5,5% to 6,0% for European companies, similar to the 5,0% in 2024 from KPMG (2024). Additionally, Koller et al. (2020) claim that a MRP of 8,0% leads to undervaluation.

2.1.1.1.4. Discount rate – Cost of debt

For investment-grade¹³ companies with traded bonds, Koller et al. (2020) and Rosenbaum & Pearl (2022) suggest using the yield to maturity (YTM) as the cost of debt. For this to be valid, the bond should have high liquidity, be option-free and long term. If these conditions are not met, Koller et al. (2020) suggest the same approach as Damodaran (2012), which consists in assigning a “synthetic” credit rating to the firm and then use the average YTM observed in traded bonds with the same rating. After obtaining the cost of debt it should be adjusted for tax shields, as demonstrated in Formula 7 (Koller et al., 2020).

$$\text{After – Tax Cost of Debt} = K_d(1 - t)$$

where

K_d = Pre-tax Cost of Debt

t = Company's marginal tax rate

Formula 7 – After-tax cost of debt

2.1.1.1.5. Discount rate – Target Capital Structure

To finally obtain the WACC, the target capital structure is needed. The emphasis in estimating a target structure rather than using its current market values comes from the fact that a company doesn't hold its target ratio at all the time, being susceptible to short-term events (Koller et al., 2020). The most common approach is to analyze the current and historical market-value capital structure of the company and benchmark it with the peer group's median or average (Rosenbaum & Pearl, 2022).

2.1.1.1.6. Terminal Value

When performing a DCF, the first years are forecasted annually in detail, which becomes unsustainable after 5-15 years, as a result of lack of information (Koller et al., 2020). Hence

¹³ BBB or higher (Koller et al., 2020)

the need to calculate a Terminal Value (TV) at the end of the projection period, which is based in the last year of forecasting (Rosenbaum & Pearl, 2022). The TV holds the biggest weight when calculating a firm's EV, so the basis for calculation must represent a stable year in company's performance. There are two main methods to calculate TV, namely the Multiple Approach and the Perpetuity Growth Model (Damodaran, 2012).

Multiple Approach

The multiple approach consists in calculating TV as a multiple of the terminal year's EBITDA or other financial metric (Damodaran, 2012). To minimize skewness, one should use a normalized multiple and EBITDA (Rosenbaum & Pearl, 2022). Damodaran (2012) is critical of this method as he regards it under the relative valuation field, while Koller et al. (2020) don't endorse this approach either as it tends to ignore future growth.

Perpetuity Growth Model

A growth model makes use of the perpetuity formula, and its main assumption is the company's stable growth rate, which tend to be between 2,0% to 4,0% (Rosenbaum & Pearl, 2022). (Damodaran, 2012) claims that this growth rate cannot be higher than the growth rate of the economy where the firm operates in. Formula 8 illustrates how the growth model is calculated (Rosenbaum & Pearl, 2022).

$$TV = \frac{FCFF_n(1 + g)}{WACC - g}$$

where

FCFF_n = Terminal year's FCFF

g = stable growth rate

Formula 8 – Growth model

2.1.2. Relative valuation techniques

Relative valuation, informally known as multiples, consists in valuing a firm by looking at similar assets, usually in the shape of a multiple of value relative to a performance metric, as EBITDA or Earnings (Kaplan & Ruback, 1996). The underlying assumptions are that the comparable assets are expected to have the same financial, growth and risk profiles of the firm

being valued; while firm value is presumed to vary directly with changes in the performance metric (Kaplan & Ruback, 1996).

Koller et al. (2005) and Fernández (2002) are among the authors that defend that multiples should be used as a secondary valuation methodology, being a stress-test for an intrinsic value method. In fact, multiples have several limitations according to Damodaran (2012): (i) it is easy to overlook the fundamental differences between comparables and firm; (ii) multiples reflect a market mood, making the valuation more volatile; (iii) the process is not as transparent as in intrinsic valuation.

Despite the aforementioned pitfalls, multiples remain one of the primary methodologies for practitioners (Rosenbaum & Pearl, 2022). Choosing a peer group consistent with the firm being valued is a cornerstone in performing a multiples analysis (Rosenbaum & Pearl, 2022). The focus on quality over quantity is so significant that Koller et al. (2005) claim that a truly appropriate peer group can have up to only one company. Table 2 summarizes Rosenbaum & Pearl (2022) framework for finding strong peers.

| Business Profile | Financial Profile |
|--|---|
| <ul style="list-style-type: none"> • Sector • Products and Services • Customers and End Markets • Distribution Channels • Geography | <ul style="list-style-type: none"> • Size • Profitability • Growth Profile • Return on Investment • Credit Profile |

Table 2 – Business and Financial Profile Framework

Moreover, Rosenbaum & Pearl (2022) further divide multiples into “trading” and “transaction”: “trading” multiples reflect current market conditions, while “transaction” multiples use historic M&A transactions as a basis. The latter usually arrives at a higher valuation range due to control premiums paid or potential synergies that justify a higher price (Rosenbaum & Pearl, 2022).

Table 3 displays some of the most used multiples¹⁴ according to Fernández (2002).

| Name | Formula |
|--|---|
| Enterprise value to EBITDA ¹⁵ | EV/EBITDA ¹⁶ |
| Enterprise value to Sales | EV/Sales |
| Price to Earnings | Price/Earnings |
| Price to Book | Market Capitalization/Equity Book Value |

Table 3 – Most used multiples

Lastly, according to Fernández (2002), the most appropriate multiples for valuing healthcare companies are P/E and EV/EBITDA. Nonetheless, one should have in mind the fact that EBITDA doesn't consider changes in NWC and CapEx (Fernández, 2002).

2.2. Mergers & Acquisitions

2.2.1. Definition

M&A arises in order to generate value, whether by acquiring another firm or selling an unprofitable business unit. According to Koller et al. (2020), M&A tends to create value by increasing the sum of all combined cash flows concerning the transaction.

However, not all M&A transactions are planned with the same intentions. Firms might want to make an acquisition for different reasons, including growth, synergies and diversification (Gaughan, 2018).

Growth tends to be an important motive for M&A, as it is a faster mean to acquire new capabilities than by developing them internally (Gaughan, 2018). Specifically, cross-border acquisitions are a relevant method of transaction as it opens up new markets for firms that already have high market share in their current end-markets, despite potential impact from exchange rates on the target's price (Gaughan, 2018).

¹⁴ Koller et al. (2005) recommend using forward-looking multiples, if not available use historical data

¹⁵ EV multiples should be prioritized as they are less influenced by capital structure and other factors, including tax regimes (Koller et al., 2005)

¹⁶ Koller et al. (2005) suggest that EV and EBITDA should be adjusted for nonoperating items

Synergies are defined as the value created by M&A that cannot be generated by both firms independently (Damodaran, 2005). Damodaran (2005) organizes synergies into two categories – Operating Synergies and Financial Synergies. Operating synergies may result from elimination of duplicities, economies of scale, increase in bargaining power or the complementarity of different competitive advantages, while Financial Synergies arise from debt capacity increases, tax benefits, and when one firm has excess cash that can finance the other one's projects (Damodaran, 2005). Additionally, synergies can be classified into revenue and cost synergies (Rosenbaum & Pearl, 2022).

Transaction can be either friendly or hostile. What differs each is the alignment between both firms' boards. In a hostile takeover, the acquirer is forced to make a tender offer, which is directly sent to the firm's shareholder for approval.

2.2.2. Types of Mergers & Acquisitions

M&A transactions can fit into horizontal, vertical and conglomerates (Rosenbaum & Pearl, 2022).

Horizontal transactions refer to when a firm acquires another in the same business segment and stage in the value chain. This type of transaction is sought by buyers to achieve economies of scale, widen their product and geographic scope and acquire specific know-how (Rosenbaum & Pearl, 2022).

Vertical integration refers to acquisitions between companies that have a value chain dependency. When a firm purchases a supplier, it is referred as backward integration, whereas if a firm acquires a client, it's a forward integration (Rosenbaum & Pearl, 2022). With this type of transaction, a firm benefits from a more coordinated value chain, being able to increase gross margins and client satisfaction.

Conglomerates refer to acquisitions between firms with unrelated business segments, end-products and end-markets. Its main goal is to benefit from portfolio diversification and efficiency in pivoting to high-growth markets (Rosenbaum & Pearl, 2022).

2.2.3. Payment method

M&A transactions are generally financed with one or a mix of cash on hand, debt or equity. The payment method is a key input for a successful transaction, as it has direct influence on EPS accretion/dilution and credit statistics, which affects the maximum price the buyer is willing to pay (Rosenbaum & Pearl, 2022). Cash on hand and debt are typically regarded as the cheapest, while avoiding shareholder dilution. However, with equity financing, firms don't have to commit with debt repayment schedules and liquidity management.

3. Healthcare Facilities industry analysis

3.1. Industry overview

According to the Global Industry Classification Standard (2016), the Healthcare Facilities industry refers to the activity developed by companies that own and operate facilities including hospitals, nursing homes and rehabilitation and retirement centers. Figure 1 positions the industry within the global Healthcare industry (S&P, 2016).

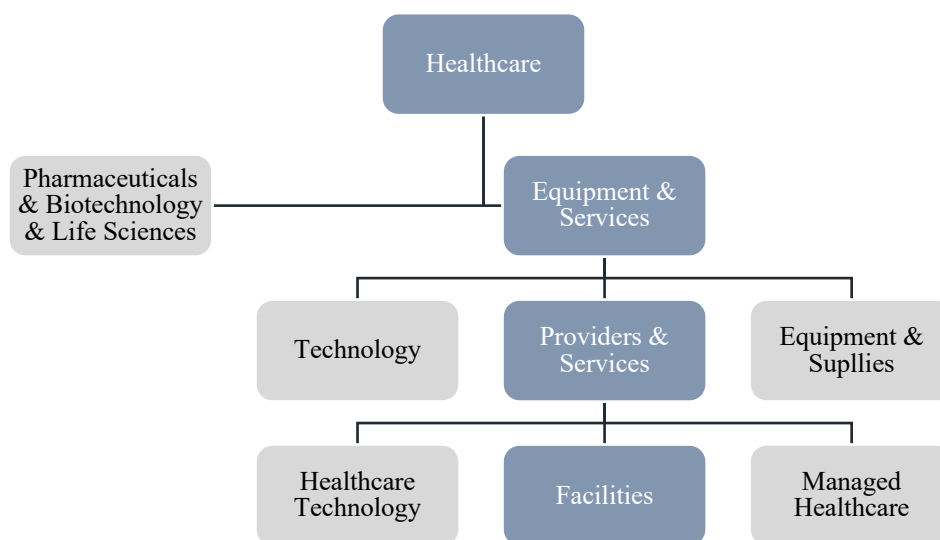


Figure 1 – Healthcare Facilities industry positioning according to GICS

In 2023, the European Healthcare Facilities market was valued at € 2280B, having experienced a 5-year CAGR of 3,9% and is expected to reach around € 3000B until 2028 with a 5,4% CAGR (Marketline, 2024). The geographies that concentrate most activity are Germany, UK, and France, as visible on Table 4 (Marketline, 2024).

| Geography | % |
|------------------|----------|
| Germany | 22,6 |
| United Kingdom | 15,9 |
| France | 15,1 |
| Italy | 7,8 |
| Spain | 6,4 |
| Rest of Europe | 32,2 |

Table 4 – European Healthcare Facilities geographical segmentation in 2023

Additionally, Table 5 lists some of the main traded European companies in the sector and their respective Market Capitalization¹⁷ and Revenues for FY23 (S&P).

| Company Name | Country | Market Capitalization (B €) | Revenues (B €) |
|-----------------------------|----------------|------------------------------------|-----------------------|
| Fresenius SE & CO. KGaA | Germany | 15,8 | 22,3 |
| Galenica AG | Switzerland | 3,9 | 3,9 |
| Emeis SA | France | 2,2 | 5,2 |
| Ramsay Générale de Santé SA | France | 2,1 | 4,7 |
| Medicover AB | Sweden | 2,0 | 1,8 |
| Spire Healthcare Group Plc | United Kingdom | 1,1 | 1,6 |
| Rhön-Klinikum AG | Germany | 0,7 | 1,7 |
| Attendo AB | Sweden | 0,5 | 1,5 |
| Ambea AB | Sweden | 0,4 | 1,2 |
| Clariane SE | France | 0,3 | 5,0 |

Table 5 – Main Listed Healthcare Facilities companies in Europe (non-exhaustive)

3.2. Operating segments

According to Marketline (2024), the industry can be subdivided into 5 segments: Inpatient Care, Outpatient Care, Long-Term Care, Medical Goods and Collective Services and Capital Formation. The share of each segment in the total market has been stable, with Inpatient Care being the most important subsector, as it can be seen for 2023 on Table 6 (Marketline, 2024).

Further, the Inpatient, Outpatient and Long-Term care segments are thoroughly defined. The other segments are not explored as it won't be relevant for the following analyses.

¹⁷ As of 31/12/2023

| Segment | Value (B €) | % | CAGR₁₈₋₂₃ |
|--|--------------------|---------------|-----------------------------|
| Inpatient Care | 638,5 | 28,0 | 3,4% |
| Outpatient Care | 573,9 | 25,2 | 3,7% |
| Long-Term Care | 367,0 | 16,1 | 3,5% |
| Medical Goods | 385,1 | 16,9 | 2,8% |
| Collective Services and Capital Formation | 315,3 | 13,8 | 7,6% |
| Total | 2.279,7 | 100,00 | 3,9% |

Table 6 – European Healthcare Facilities value by operating segment in 2023

Inpatient Care

Inpatient care relates to any treatment that includes the patient’s overnight stay, regardless of the facility or procedure, including hospitals or nursing homes (Marketline, 2024). Its share is the highest due to the costs of patient hospitalization and includes medical practice regarding complex surgeries, severe diseases and medical procedures that demand continuous monitoring like childbirth (Cigna).

Outpatient Care

Outpatient care is the most diverse segment comprising any medical procedure where the patient doesn’t stay in, from medical tests to any other minor surgery or consultation (St. George’s University, 2021). As it doesn’t involve an overnight stay, this segment demands less capital, enabling the presence of a diverse set of players including hospitals, small private clinics, mobile clinics and home-based care clinics (Marketline, 2024).

Long-term Care

According to Marketline (2024), Long-Term care includes services where a patient is monitored and assisted daily, due to aging, disability, chronic illness, psychiatric need or substance addiction. This range of services are usually performed in nursing homes, assisted living facilities or even in the patients’ home.

3.3. Key growth drivers

Increasing digitalization

The Covid-19 pandemic incited irreversible change in healthcare, particularly by identifying technological gaps and digitalization opportunities (Deloitte Insights, 2023). The continuous

digitalization of healthcare services can improve quality as a result of leveraging data integration and higher personalization of patient experience¹⁸ (Castellví et al., 2020). Additionally, healthcare facilities with technological infrastructures can see their costs decrease, by allowing better prevention and enabling early intervention¹⁹ (Castellví et al., 2020). Finally, technology can be a path towards a more asset-light healthcare activity through telemedicine and other forms of home care (Deloitte, 2022). The high adoption rate of wearable digital health devices is moving the trend forward (Castellví et al., 2020).

Ageing population

In the EU-27, 21,3% of the population is considered old – over 65 years – and is expected to be 29,4% in 2050, while the median age will grow in the same period by 4,5 years reaching 48,2 years (Eurostat, 2025b). Furthermore, life expectancy sits at an all-time high of 81,5 years (Eurostat, 2025b). Coupled with the fact that fertility is on a lower end²⁰, the old-age dependency ratio is bound to increase (Eurostat, 2025b). Therefore, ageing and its immediate consequences are predicted to increase health activity as older people are the age group which spends the most time at healthcare facilities²¹ and represent a big weight of the long-term care segment customers.

Mental Health awareness

According to the European Commission (2023), during the pandemic, anxiety and depression had a significant uptick in EU countries, with a focus in the younger age groups. The Eurobarometer (2023) estimated that 46,0% of Europeans felt depressive symptoms in the last twelve months and this issue is expected to cost around € 600B. Likewise, 25,0% of people will suffer from a mental disease during their lifetime (Deloitte, 2022). Mental health presents a strong opportunity as it is a way to diversify into younger customers and is a market with a predominantly technological footprint. According to Deloitte (2022), mobile apps around the mental health vertical are not only a source of aid to people, but are also a channel for entering

¹⁸ According to Deloitte (2022), 3 quarters of patients expect more accessible personalized medical experience

¹⁹ A study found that technology adoption reduced emergency-room occupation by 9,00% and patient hospitalization by 17,0% (Deloitte, 2022)

²⁰ EU-27 fertility rate, i.e., the average number of children born per woman was 1,46 in 2022 (Eurostat, 2025a)

²¹ The average length of hospital stay for inpatients concentrates after reaching the 65 years old age group, peaking in the 85 years and over group (Eurostat, 2023)

in the telemedicine ecosystem of a healthcare facility firm. Deloitte (2022) claims that only the mental health and well-being mobile app market can grow at 20% p.a..

Rising prevalence of chronic diseases

Chronic diseases²² are one of the leading death causes in European countries and if not well managed by medical professionals is a major factor of lack of quality of life (OECD, 2024) Deloitte (2022) forecasts that a third of adults globally have a chronic condition and in 2020, it was estimated that over 40,0% of Europeans above 65 years old live with at least two chronic conditions (OECD, 2024), constraining healthcare facilities. As it was previously mentioned, people are increasingly living more years. However, the quality of these years tends to be in jeopardy due to the incidence of chronic conditions (OECD, 2024). With this in mind, there can be expected a significant rise in preventative care activity (Marketline, 2024).

3.4. Key risks

Labor shortage

(Deloitte, 2022) attributes the Covid-19 pandemic as the tipping point for medical professional burnout. Workers in the healthcare sector have experienced heavy workloads and a low perceived compensation (Deloitte, 2022). According to the OECD (2024), the shortage of health workers is the main constraint in the European health system, despite governmental action. With a lower supply of professionals and an increasing demand, the labor market for health workers has become more competitive, growing into a key issue for healthcare facilities (Deloitte, 2022). While hiring temporary workers became a quick solution, personnel costs have risen and the shortages have also limited some companies' capacity to attend to their customer's needs, affecting topline revenue (Wong et al., 2023). Despite believing labor costs to have reached its maximum, (Wong et al., 2023) highlights that costs are nevertheless high and the labor market for health professionals persists tight.

High inflation

The inflation in the EU reached its peak in 2022, with a value of 9,2% and from that has been decreasing to 6,4% in 2023 (Eurostat, 2024). According to (Wong et al., 2023), inflation has contracted margins in the healthcare facilities industry, more precisely regarding personnel costs, energy costs and rents. Despite beliefs that inflation will now follow a downward trend, as government and insurance fees are negotiated in advance, companies have seen their costs

²² A condition that cannot be cured, but only controlled (National Cancer Institute)

grow with inflation, but not been able to reflect the effect on their prices (Wong et al., 2023). Additionally, as inflation rose, European governments dedicated more financial resources towards other sectors than healthcare²³ (Eurostat, 2022).

Government financing cut down

As there were created specific financing lines for subsidizing healthcare efforts throughout the Covid-19 pandemic, Wong et al. (2023) claims that the end of those subsidies can squeeze some companies' bottom lines. According to Deloitte (2022), there is a growing pressure for healthcare to increase its quality, while requiring fewer financial resources, which can make cutting pandemic financing an easy decision for some governments. In fact, health expenditure as a percentage of GDP rose in the EU-27 from 7,9% to 8,8% (Eurostat, 2022).

Interest rate exposure

According to Wong et al. (2023), on average companies in the healthcare sector have 88% of their total debt financed with variable rates. With EURIBOR rates reaching their highest values since the 2008 crisis at around 4,0% in 2023, interest coverage ratios were put under considerate pressure Wong et al. (2023). Additionally, Wong et al. (2023) reports that companies in the healthcare facilities subsector average a Debt/EBITDA ratio of around 7 times. Therefore, not only the rate hikes limit bottom line profitability, but also increase the companies' probability of default, which consequently can lead to a rating downgrade, creating a negative credit spiral (Wong et al., 2023).

Lack of trust in the sector

According to (Deloitte, 2022), the healthcare sector has continuously struggled with gaining the population's trust. In Europe, trust in the healthcare system is divergent within countries. For instance, in Portugal 91,0% of people trust that their health system knows what treatment is better, while in Hungary that value is only 10,0% (Statista, 2024). In addition, the Covid-19 pandemic just helped in further developing the divergence between practitioners and patients. One particular case that caught the eye of European customers was big French nursing homes

²³ Although no data is available for EU-27, there was a trend for healthcare expenditure as % of GDP in most countries to decrease by 50 b.p.

operators Emeis (previously Orpea²⁴) and Clariane were exposed for allegedly offering patients bad quality service to boost profitability (Investigate Europe, 2021).

3.5. Mergers & Acquisitions in the sector

M&A activity in the European healthcare facilities sectors has been stable in the long term, with an annual average of 143 deals corresponding to € 2,35B in aggregate transaction value according to S&P Capital IQ Pro. Nonetheless, in 2023 there was a steep decline in deal activity, amounting to almost less 40,0%, while the aggregate transaction value went down by -30,8% (S&P). Strategic buyers are the main investors, as they conduct on average 83,8% of transactions and deal premiums²⁵ are approximately 26,8%. S&P (2023) expects M&A activity to recover as interest rates should cool down in the following years. The last 5-year M&A activity in the sector is depicted in Figure 2.

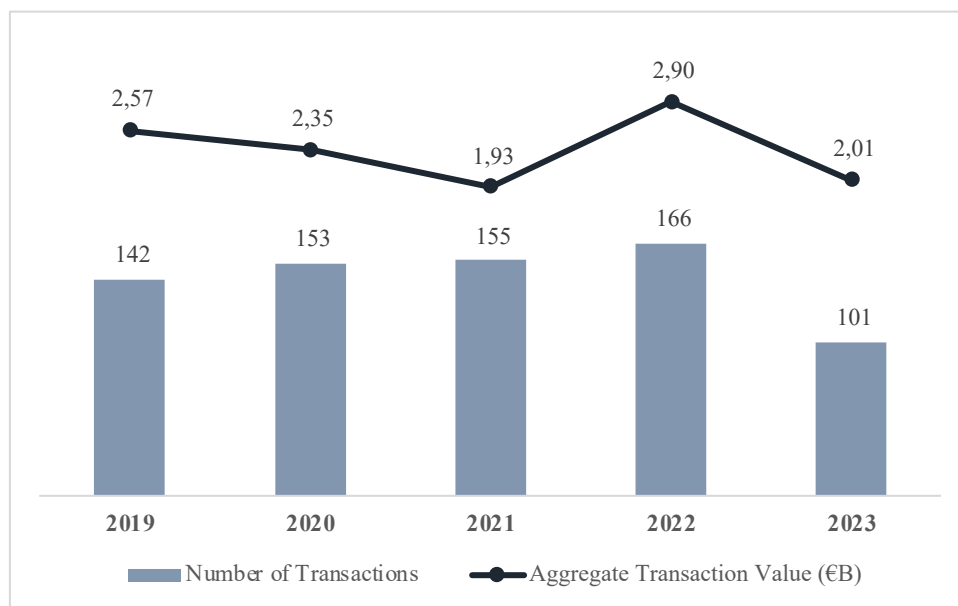


Figure 2 – Number of transactions and aggregate value between 2019 and 2023

²⁴ Emeis is also being investigated by European authorities for white-collar crime, including money laundering

²⁵ Benchmarked with stock prices 3 months before; information was available for only two deals (S&P)

4. Company analyses

4.1. Ramsay Générale de Santé SA

Founded in 1987, Ramsay Générale de Santé SA²⁶ is a private French healthcare facilities group that operates in France, Sweden, Norway, Denmark and Italy (Ramsay, 2023). Ramsay is the 3rd largest private healthcare firm in Europe, counting with 438 facilities, employing a workforce of 38.000 people and serving each year up to 12M clients (Ramsay, 2023). Ramsay has a comprehensive healthcare offer, as it can be observed in Table 7, that illustrates the company's operating footprint by country and offering (Ramsay, 2023).

| Segment | Country | | | | | % |
|--|---------|--------|--------|---------|-------|-------|
| | France | Sweden | Norway | Denmark | Italy | |
| Medicine, Surgery, Obstetrics & Dialysis | ✓ | ✓ | ✓ | ✓ | ✓ | 70,0 |
| Local Care | ✓ | ✓ | ✓ | ✓ | ✓ | 11,0 |
| Mental Health | ✓ | ✓ | ✓ | ✓ | | 6,0 |
| MCR ²⁷ | ✓ | ✓ | ✓ | ✓ | | 5,0 |
| Imaging | ✓ | ✓ | ✓ | ✓ | | 4,0 |
| Elderly | | ✓ | | | | 3,0 |
| Other ²⁸ | ✓ | ✓ | ✓ | ✓ | | 1,0 |
| % | 67,7 | 26,1 | 2,7 | 3,0 | 0,5 | 100,0 |

Table 7 – Ramsay's country and operating segments with weight in 2023's revenue

4.1.1. Business profile

Ramsay's current strategic focuses are increasing the digitalization of their services and adopting a more comprehensive care offer in the regions where it operates (Ramsay, 2023). Ramsay's ambition is to become the primary private healthcare services provider in Europe and tend to only have activity in countries where it expects to become a leader (Ramsay, 2023). Regarding M&A, Ramsay is experienced, having acquired Capio AB in 2018, a key health operator in the Nordics, and in 2022 bought GHP Specialty Care AB, furthering its influence in the Nordics. According to Ramsay (2023), its criteria when acquiring a company are that it

²⁶ From now on Ramsay

²⁷ Medical care and rehabilitation

²⁸ Home care and Telemedicine & E-Health

leads to a higher competitive strength in the geographical areas it operates in and expand its footprint within these areas; and to further increase its service portfolio with the end-goal of being present in all segments of care.

4.1.2. Share price performance

As observable in Figure 3, since 2014, Ramsay's stock price (GDS), has never decreased further than € 12,95 and reached its maximum of € 24,00 in April 2022. However, the firm's stock value has been on a declining trend since reaching its maximum, with index benchmarks STOXX Europe 600 Healthcare (SXDR)²⁹ and STOXX Europe 600 (SXXGR) outperforming the stock by more than 50 p.p.. This might result from the fact that Ramsay has been spending a lot in acquisitions in the last few years, which has increased its leverage, while simultaneously not achieving an undisputed leading position in a market volatile to market conditions.

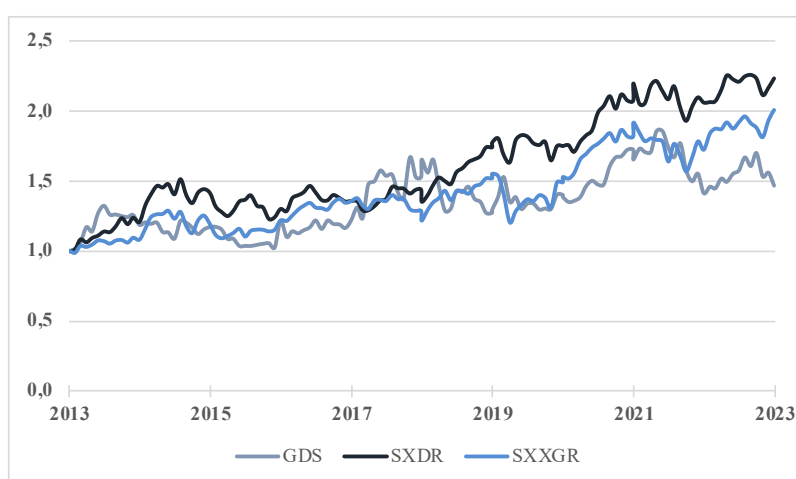


Figure 3 – Ramsay's stock performance (2014-2023)

4.1.3. Ownership structure

Ramsay's ownership structure is mainly dominated by two big companies – Ramsay Health Care Ltd and Crédit Agricole SA. Both shareholders are highly committed to the company and prioritize control. Ramsay Healthcare Ltd is a leading Australian private healthcare operator and Crédit Agricole SA is one of the main French banks.

²⁹ Fund mainly composed by pharmaceutical companies

| Shareholder | # of shares | % |
|------------------------|-------------|--------|
| Ramsay Health Care Ltd | 58.276.376 | 52,8 |
| Crédit Agricole SA | 43.953.926 | 39,8 |
| Mr. André Attia | 7.275.296 | 6,6 |
| Free float | 836.776 | 0,8 |
| Total | 110.369.389 | 100,00 |

Table 8 – Ramsay's shareholder structure at 31/12/2023

4.1.4. Operating and Financial analysis

Since 2018, year when Ramsay announced its acquisition of Capiro AB, the former has experienced a high growth in performance, represented by its EBITDA, EBIT and Net income. Nonetheless, the company's costs have been growing at a higher pace than its Revenues, namely Personnel costs and Purchases used. This is mainly driven by rising labor costs and inflation, which Ramsay hasn't been able to translate in its prices, as they are generally defined by government and private insurance contracts negotiated in advance. On one hand, it's interesting to observe in Table 9 (Ramsay) the difference in growth between EBITDA and EBIT, which can be worrying as the company's path to digitalization should hint the opposite. On the other hand, Ramsay claims it has been able to successfully integrate the companies it has acquired, which gives hope for the future.

| In M€ | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR |
|-----------------|---------|----------|----------|----------|----------|----------|-------|
| Revenue | 2241,5 | 3401,1 | 3746,2 | 4022,6 | 4301,0 | 4701,5 | 16,0% |
| Personnel costs | (971,5) | (1647,9) | (1991,1) | (2115,7) | (2244,1) | (2498,8) | 20,8% |
| Purchases used | (450,0) | (644,7) | (731,6) | (818,6) | (890,7) | (978,8) | 16,8% |
| EBITDA | 255,6 | 330,8 | 546,8 | 643,8 | 658,4 | 621,4 | 19,4% |
| EBIT | 125,7 | 156,9 | 184,7 | 272,0 | 281,1 | 218,2 | 11,7% |
| Net income | 15,1 | 15,3 | 18,1 | 73,8 | 127,8 | 63,9 | 33,5% |

Table 9 – Ramsay's P&L performance (2018-2023)

In Table 10, Ramsay's EBITDA and EBIT margins are compiled for 2018 to 2023 (Ramsay). The first key takeaway is that Ramsay's profitability is around 1 p.p. below its peer group's median for both margins, revealing either a lack of capacity in translating its leading position or of cost discipline. Additionally, this table allows us more perspective on why the firm's

stock is being outearned, as after reaching maximum performance in 2021, its margins have only been decreasing and by over 2 p.p..

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Peer Group Median 2023 |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------------|
| EBITDA mg. | 11,4% | 9,7% | 14,6% | 16,0% | 15,3% | 13,2% | 14,8% |
| EBIT mg. | 5,6% | 4,6% | 4,9% | 6,8% | 6,5% | 4,6% | 5,5% |

Table 10 – Ramsay’s EBITDA and EBIT margins (2018-2023)

Table 11 compiles some solvency and leverage ratios of Ramsay for the same period as before. Since 2018, Ramsay’s short-term solvency has been declining. Furthermore, Ramsay’s D/E has been growing as a result of a higher demand for debt, probably due to previously low interest rates. However, as we can observe by the ICRs and NFD/EBITDA, pressure has been generated by the steep rise in interest rates. Although the negative evolution in these indicators isn’t problematic from a day-to-day perspective, it can influence credit rating, especially when searching for capital to fund acquisitions.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current ratio | 1,2 | 1,1 | 1,0 | 1,0 | 0,9 | 0,9 |
| Debt/Equity | 2,7 | 2,0 | 3,9 | 3,6 | 3,3 | 3,3 |
| NFD/EBITDA | 3,7 | 5,0 | 6,2 | 5,0 | 5,8 | 6,1 |
| ICR (EBITDA) | 6,5 | 4,9 | 4,2 | 5,2 | 5,3 | 4,2 |
| ICR (Adjusted) ³⁰ | 4,3 | (18,6) | (13,5) | 2,1 | (0,3) | 1,5 |

Table 11 – Ramsay’s leverage and solvency KPIs (2018-2023)

³⁰ Adjusted for Capital Expenditures

4.2. Humana AB

Humana AB³¹ is a welfare provider based in Stockholm and operates in the Nordics – Sweden, Finland, Norway and Denmark (Humana, 2024). Humana employs over 22.000 people and serves up to almost 10.000 clients with functional disabilities, psychological issues, mental health diseases and elder people (Humana, 2024). Humana’s service offering is displayed in Table 12, by country (Humana).

| Segment | Country | | | | % |
|-----------------------|---------|---------|--------|---------|-------|
| | Sweden | Finland | Norway | Denmark | |
| Individual and family | ✓ | ✓ | ✓ | ✓ | 50,7 |
| Personal assistance | ✓ | | ✓ | | 35,9 |
| Elderly care | ✓ | ✓ | | | 13,4 |
| % | 68,5 | 19,7 | 11,5 | 0,3 | 100,0 |

Table 12 – Humana's country and operating segments with weight in 2023's revenue

4.2.1. Business profile

Humana aims to facilitate the maximum of people’s lives with its care services, providing impaired people with personal assistance, rehabilitation to people suffering from addiction and mental health diseases and care for the elderly (Humana, 2024). The company is keen on specialization, avoiding bulk services, and developing and implementing new techniques in the sector (Humana, 2024). Regarding inorganic growth, Humana aims to increase its geographical presence, existing operations and specialization; while being able to be more innovative and have a more complementary offering, achieving economies of scale as well.

4.2.2. Share price performance

In Figure 4, Humana’s stock performance is plotted since its IPO in 2016, having reached a maximum of SEK 80,0 in May 2016 and a minimum of SEK 14,5 in April 2023. Despite a positive beginning, Humana’s stock price has been losing value over the years, resulting in a cumulative return of -65,8%, far from the benchmark indexes SXDR and SXXGR. This erosion of value might come as a consequence of Humana not being able to gain a more significant competitive position when compared to its local peers and its difficulties in managing relationships with sector regulators.

³¹ From now on Humana

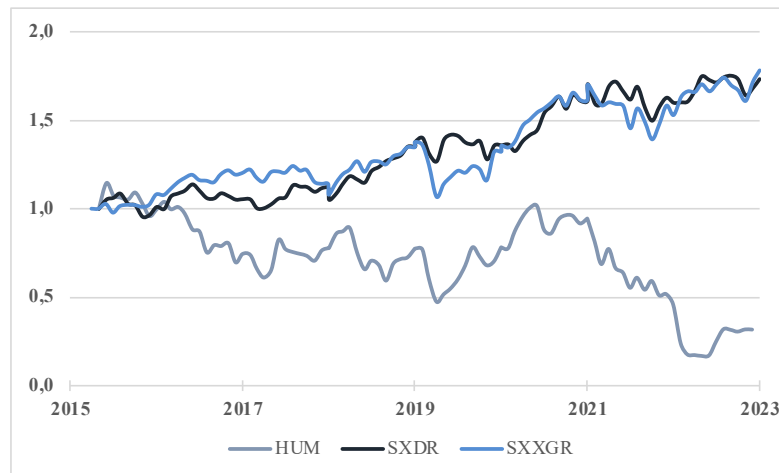


Figure 4 – Humana’s stock performance (2016-2023)

4.2.3. Ownership structure

Humana’s ownership structure is comprised by 47.826.058 shares, which are dispersed by several shareholders, as visible in Table 13 (S&P). The main shareholder accounts for 27,9% of total shares and is Impilo Care AB, a Swedish private equity firm³².

| Shareholder | # of shares | % |
|------------------------------|-------------|------|
| Impilo Care AB | 13.328.425 | 27,9 |
| Incentive AS | 5.624.889 | 11,8 |
| SEB Investment Management AB | 2.395.323 | 5,0 |
| Nordea Investment Funds | 2.387.029 | 5,0 |
| Alcur Fonder AB | 2.110.504 | 4,4 |
| Total | 25.846.170 | 54,0 |

Table 13 – Humana’s top investors at 31/12/2023³³

4.2.4. Operating and Financial analysis

Table 14 breakdowns Humana’s profitability from 2018 to 2023 (Humana). Despite a 7,7% CAGR in revenue and a 16,6% growth rate for EBITDA, net income has decreased over time, having reached its maximum in 2021. Humana has been particularly affected by a growth in leverage and in the interest rates. As pointed previously in the industry analysis, Humana

³² Investment entry in 2019

³³ Free float amounts to 45,0%

follows the rule of healthcare companies suffering from increasing labor costs. As noticed for Ramsay, Humana's EBITDA has been growing at a faster pace than its EBIT. Although not observable in this table, Humana's sales figures for 2023 were strongly hit by the fact that its Personal Assistance license was revoked in Sweden, only returned in June 2023, losing around 16,0% in revenue (Humana, 2024).

| In M SEK | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | CAGR |
|-------------------|----------|----------|----------|----------|----------|----------|--------|
| Revenue | 6725,0 | 7467,0 | 7797,0 | 8188,0 | 9241,0 | 9728,0 | 7,7% |
| Personnel costs | (5202,0) | (5784,0) | (6039,0) | (6333,0) | (7253,0) | (7530,0) | 7,7% |
| External Expenses | (1044,0) | (958,0) | (913,0) | (926,0) | (1082,0) | (1200,0) | 2,8% |
| EBITDA | 460,0 | 697,0 | 843,0 | 913,0 | 896,0 | 992,0 | 16,6% |
| EBIT | 391,0 | 369,0 | 471,0 | 493,0 | 439,0 | 454,0 | 3,0% |
| Net income | 245,0 | 187,0 | 262,0 | 276,0 | 210,0 | 179,0 | (6,1%) |

Table 14 – Humana's P&L performance (2018-2023)

Humana's EBITDA and EBIT margins are plotted in Table 15 (Humana). Humana's EBITDA margin has grown considerably, as a consequence of a lower weight of external expenses. Nevertheless, the figure for 2023 is almost half of the peer group's median, which might be the result of personnel costs amounting for almost 78,0% of revenues. Regarding the EBIT margin, this value is a lot closer to the peer group's median, despite still being lower. The growth in the EBITDA margin isn't being equally translated in the EBIT margin due to consistent increases in D&A.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Peer Group Median 2023 |
|------------|------|------|-------|-------|------|-------|------------------------|
| EBITDA mg. | 6,8% | 9,3% | 10,8% | 11,2% | 9,7% | 10,2% | 18,5% |
| EBIT mg. | 5,8% | 4,9% | 6,0% | 6,0% | 4,8% | 4,7% | 6,6% |

Table 15 – Humana's EBITDA and EBIT margins (2018-2023)

In Table 16 Humana's solvency and leverage indicators are displayed for the interval of 2018 to 2023 (Humana). Humana has a consistently current ratio below 1. Furthermore, D/E has duplicated in the selected period, with the NFD/EBITDA figure also increasing towards the latter years. Finally, Humana's ability to cover interest payments has slightly declined over the

years, which shouldn't be too troubling as the company should be able to recover due to the expected declines in interest rates.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current ratio | 0,9 | 0,8 | 0,8 | 1,1 | 1,0 | 0,8 |
| Debt/Equity | 0,9 | 2,0 | 1,8 | 1,9 | 2,0 | 1,8 |
| NFD/EBITDA | 3,0 | 5,3 | 4,2 | 4,6 | 5,31 | 4,8 |
| ICR (EBITDA) | 6,1 | 5,8 | 6,1 | 6,6 | 5,4 | 4,5 |
| ICR (Adjusted) ³⁴ | 3,8 | (16,6) | 4,5 | (2,8) | (1,1) | 1,5 |

Table 16 – Humana's leverage and solvency KPIs (2018-2023)

³⁴ Adjusted for Capital Expenditures

5. Deal rationale

The acquisition of Humana by Ramsay can be justified by the following reasons:

5.1. More comprehensive care offer in the regions where Ramsay leads

Humana's service offering covers some of Ramsay's blank spaces in the regions where the latter intends to be the main player. With Humana capabilities, Ramsay can exploit the rise in chronic diseases, mental health needs and ageing population without having to develop internally, which is usually more expensive (Rosenbaum & Pearl, 2022). Not only can Ramsay then lead these newer segments, it can further benefit from existing customers that will look for Humana's current service offering and vice-versa. Ramsay with this deal would gain bargaining power when negotiating with private insurers. Finally, Humana's facilities' network would increase Ramsay's geographical footprint, unlocking newer locations in the Nordics.

5.2. Economies of scale

As analyzed in the company analysis, Humana has high personnel costs, which was further penalized due to rising labor costs. By being integrated in Ramsay's, a more optimal human resources management can be attained, as employees from both companies could now perform a higher degree of services. Moreover, Humana would benefit from Ramsay's strong bargaining power with suppliers, potentially achieving lower costs and better paying terms.

5.3. Higher degree of specialization and digitalization

With this acquisition, Humana could leverage Ramsay's resources to develop their services, as in having contact with highly specialized doctors and research. From Ramsay's side, there's the benefit that Humana has also been investing in digitalization, which represents a big opportunity especially relating to mental health and services directed to younger patients.

5.4. Positive acquisition's track record

Ramsay has a strong history of acquiring companies even in adjacent sectors, which can facilitate the integration of Humana's operations into Ramsay's, namely its acquisition of Capio AB. Another benefit from this track record is a possible easier funding process as shareholders and financial sponsors trust Ramsay when it makes an acquisition.

6. Valuation

6.1. Ramsay

In figure 5, Ramsay's valuation range is plotted, according to the DCF and Trading Multiples methods, and Ramsay's share price high and low throughout the 52-week window of 2023. Ramsay's share price final valuation is € 21,05 according to the DCF, which sits at the lower middle of the range of € 15,24 to 28,51 provided by the DCF method. When benchmarked against the 52-week high-low, the value sits slightly above the middle, despite displaying a 10,8% upside towards the price of € 19,00 at 29/21/2023. Comparing with the Trading Multiples from Ramsay's peer group, the € 21,05 price exceeds the valuation range for multiples both from 2022 and 2023.

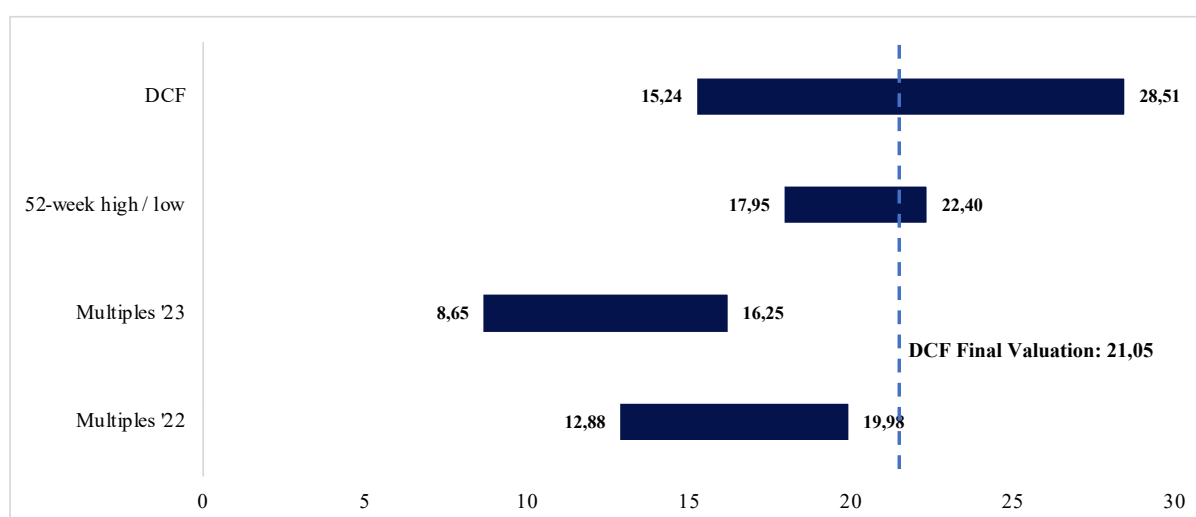


Figure 5 – Ramsay's Valuation Chart (in Euros)

6.1.1. DCF

As mentioned before, Ramsay's implied share price calculated by the DCF equals to € 21,05, which translates to a total equity value of € 2323,0M. This value results from the calculation of Ramsay's EV of € 5884,7M, which is then subtracted by the Book Value of Net Debt, € 3582,0M, and Minority Interests of € 31,0M. The EV to Equity Value Bridge of Ramsay is exhibited in Figure 6. The DCF was the chosen intrinsic valuation method as the industry and company are mature, resulting in a stable capital structure and the lack of information regarding debt schedules would be difficult if doing an APV. Throughout the 6.1.1 chapter the DCF approach to Ramsay will be explored, being divided into Free Cash Flow Projection, WACC Computation, Terminal Value Calculation and Sensitivity Analysis.

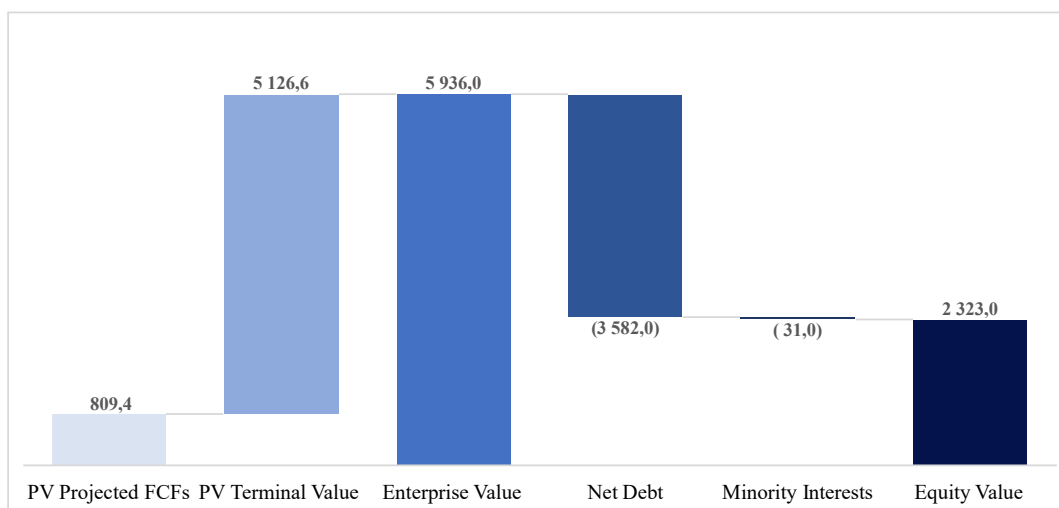


Figure 6 – Ramsay's Enterprise Value to Equity Value Bridge (in M €)

6.1.1.1. FCF Projection

Table 17 compiles the Free Cash Flow projections for Ramsay between 2024 and 2028. The projection period is only 5 years as the firm is mature, operates in an equally mature industry and due to market information availability. Further, detail for the calculation method for every relevant input for FCF can be consulted.

| In M € | 2024E | 2025E | 2026E | 2027E | 2028E |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 5 021,0 | 5 320,1 | 5 715,2 | 6 018,0 | 6 277,1 |
| EBITDA | 740,8 | 794,9 | 882,6 | 929,3 | 969,3 |
| (-) D&A | 455,1 | 482,2 | 518,0 | 545,5 | 569,0 |
| EBIT ³⁵ | 285,7 | 312,7 | 364,5 | 383,8 | 400,3 |
| (-) Operating Taxes | 71,4 | 78,2 | 91,1 | 96,0 | 100,1 |
| NOPAT | 214,3 | 234,5 | 273,4 | 287,9 | 300,3 |
| (+) D&A | 455,1 | 482,2 | 518,0 | 545,5 | 569,0 |
| (-) Δ NWC | (11,2) | (3,8) | (26,3) | (24,0) | (23,3) |
| (-) CapEx | 502,1 | 558,6 | 685,8 | 631,9 | 627,7 |
| FCFF | 178,5 | 162,0 | 131,9 | 225,5 | 264,9 |

Table 17 – Ramsay's FCFF forecast (2024-2028)

³⁵ The value of "Other non-recurring income/(expenses)" reported by the group on its Financial Statements was disregarded for FCFF calculation due to its non-recurring nature

Revenue

The Revenue value for each projection year was forecasted for each geography where Ramsay is active – France, Sweden, Norway, Denmark and Italy.

The projections were based on the intersection of 3 data sources: (i) revenue's historical growth; (ii) historical values and growth forecast of the healthcare market from 2018 to 2028 from sector intelligence database Marketline; and (iii) historical values and growth forecast of GDP and health expenditure (as % of GDP) from Macroeconomic database (EIU, n.d.). More specifically, revenue was calculated by benchmarking historical growth for each country with the historical growth of the healthcare market and of health expenditure for the respective country. This relationship between the figures coupled with Ramsay's strategy allowed for the projection, always controlled by calculating the implicit market share.

As in Figure 7, after growing at a 16,0% CAGR from 2018 to 2023, mainly resulting from inorganic growth in the Nordics, Ramsay's revenue is expected to grow on average by 6,0% p.a.. Growth is largely driven by the assumption that Ramsay will continue to gain market share in the Nordics, as it is still integrating Capiro AB's operations, despite decelerated. Deep diving into each country, revenue in France will grow at a 5,1% CAGR, with Ramsay's market share maintaining a stable range of 1,3% to 1,4%, as revenue isn't expected to grow more than 6,0%.. Regarding the Nordics, Ramsay's activity in Sweden is expected to grow at a 7,8% CAGR, more than c. 2 p.p above the CAGR for the overall market in the geography, growing its market share from 2,8% in 2023 to 3,1% in 2028. In Norway, revenue is projected to grow at a CAGR of 7,8% vs. 5,4% for its relevant market, achieving a market share of 0,5%, a growth of 5 b.p. from 2023. Denmark follows the same trend of the other Nordics with Ramsay's revenue for the country growing at a 7,2% CAGR (vs. 4,0% for the sector), as it has grown 43,0% p.a. in the previous 5 years. Finally, Italy's activity is projected to grow at 2,0%, a proxy for the target inflation rate in Europe, as revenues have stabilized. For more information please refer to Appendix 9.1.

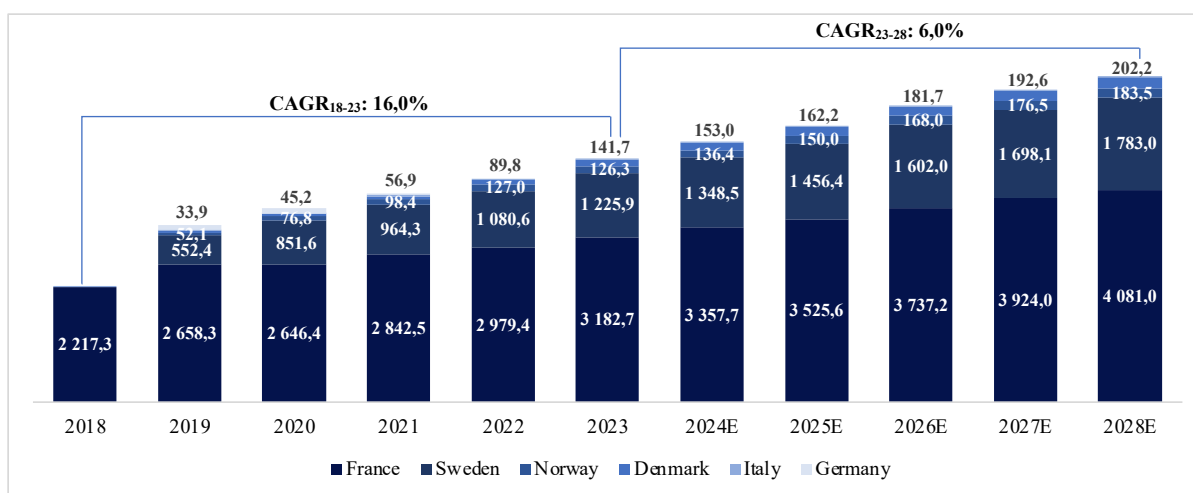


Figure 7 – Ramsay's Revenue Forecast by Geography

Employee Benefits

Employee Benefits have historically been Ramsay's largest cost item, weighing c. 53,2% of Revenues in 2023. As Ramsay offers detail into the item, forecasts for each individual line were made, by using historic percentages based on revenue figures.

In Table 18, the average for the period of 2018-2023, the historical value for 2023 and the forecast were compiled for the weight of Employee Benefits on revenues. The significant subitems are Wages and Salaries and Social Security. The first is expected to grow by 1,5 p.p. due to the aforementioned trend of rising labor costs in the health sector and the second is expected to remain stable at c. 12,7%. Additionally, Interim is expected to be c. 1,2% as the item has been growing, but the value verified in 2023 doesn't seem to be future pattern.

| In % | Avg.18-23 | 2023H | 2024E | 2025E | 2026E | 2027E | 2028E |
|--------------------|-----------|-------|-------|-------|-------|-------|-------|
| Employee Benefits | 50,5% | 53,2% | 52,3% | 52,3% | 51,8% | 51,8% | 51,8% |
| Wages and salaries | 36,4% | 36,2% | 37,7% | 37,7% | 37,2% | 37,2% | 37,2% |
| Social security | 12,9% | 12,7% | 12,7% | 12,7% | 12,7% | 12,7% | 12,7% |
| Retirement bonuses | (0,0%) | 0,0% | 0,1% | 0,1% | 0,1% | 0,1% | 0,1% |
| Incentives | 0,2% | 0,2% | 0,2% | 0,2% | 0,2% | 0,2% | 0,2% |
| Profit-sharing | 0,3% | 0,3% | 0,3% | 0,3% | 0,3% | 0,3% | 0,3% |
| Interim | 0,9% | 3,6% | 1,2% | 1,2% | 1,2% | 1,2% | 1,2% |
| Other | (0,2%) | 0,1% | 0,2% | 0,2% | 0,2% | 0,2% | 0,2% |

Table 18 – Ramsay's Employee Benefits Forecast by Subitem

Purchases used, Other operating income and expenses, Taxes and duties, Rents

As Ramsay doesn't provide further detail into these items, each was calculated as whole unit. Purchases used pertain to the acquisition of medical items³⁶. Other operating income and expenses refers to subcontracting fees and expenses with maintenance and general services, whereas Taxes and Duties includes payroll taxes and all tax except income tax, and Rents comprises all contracts with low value or that have a term below one year (Ramsay, 2023). For forecasting purposes, Purchases used are assumed to stay between 20,6%-20,8% as in 2023, as the item has been growing slowly, but shouldn't change much in the near future. All other items have been forecasted based on the last 4 years average, as percentages are stable and don't follow a specific logic. Figure 8 compiles the estimations for each of these items for both 2023 and the projection period.

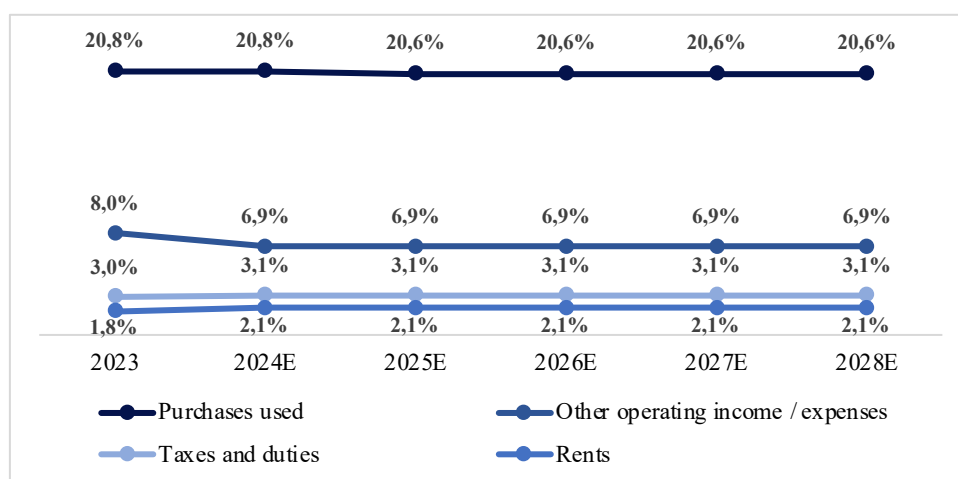


Figure 8 – Ramsay's Other Costs Forecasts

EBITDA

As a consequence of the previous forecasts, we arrive at the EBITDA projections in Figure 9. EBITDA will grow at a CAGR of 9,3%, boosted by the revenue growth, caused by the full integration of the Nordics, and the inversion in the increasing trend in labor costs and reduction of other operating costs. The forecast assumes that the EBITDA mg. will grow c. 2 p.p.. reaching 15,4% in the final projection year, which surpasses the peers' median for 2023 of 14,8%.

³⁶ Including molecules, blood, prostheses, among others (Ramsay, 2023)

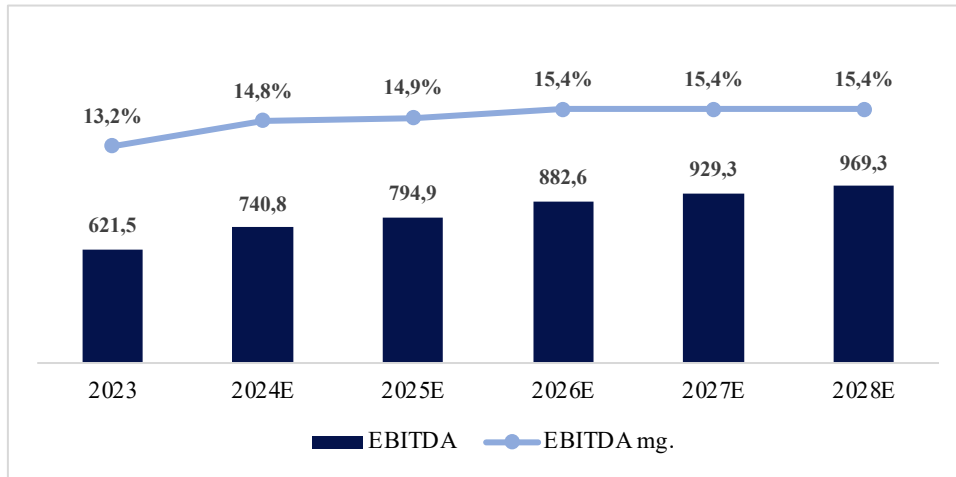


Figure 9 – Ramsay's EBITDA and EBITDA mg. Forecast

D&A and CapEx

Figure 10 summarizes the assumptions for both D&A and CapEx. It is assumed that D&A will be constant throughout the projection period at 9,1% of revenue, the average for the post Capio acquisition. On the other hand, CapEx is expected to float around 10,0% in most years, higher than D&A due to expansion CapEx. For 2026E, the percentage goes up to 12% in order to unlock the strong sales growth (of 7,4%) forecasted.

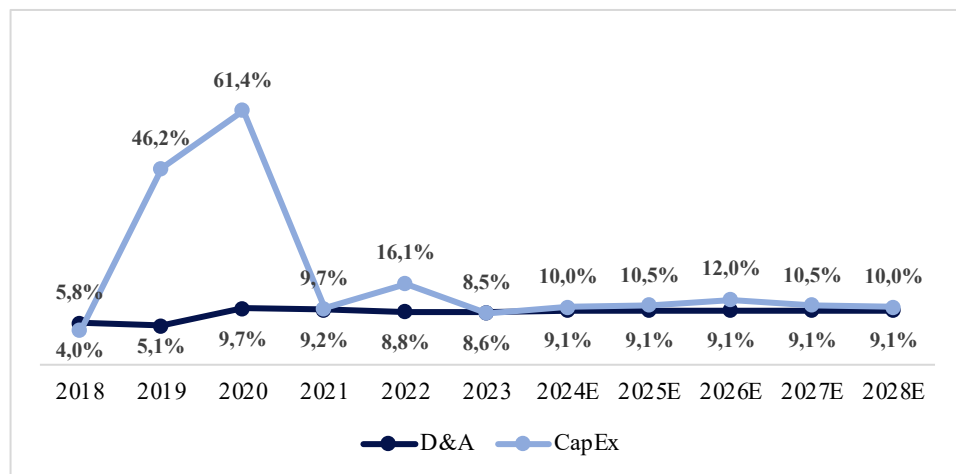


Figure 10 – Ramsay's D&A and CapEx Forecast

Income Tax

Despite the Effective Tax rate having an inconsistent behavior, for FCFF projections, the statutory tax rate for France of 25,0% has been assumed.

Changes in NWC

Figure 11 summarizes the inputs for the projection of NWC and its subitems for the forecast period. Days Outstanding for Receivables, Payables and Stocks are assumed to be the same as in 2023, whereas other current assets and liabilities revert uniformly to their post Capio acquisition averages.

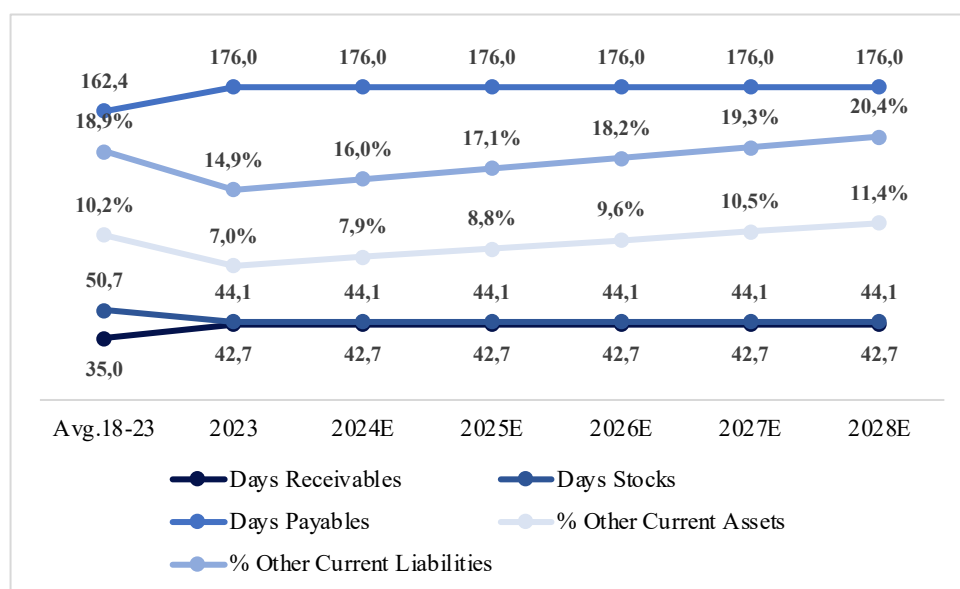


Figure 11 – Ramsay's NWC Forecast

6.1.1.2. WACC

Table 19 breaks down the discount rate used for the DCF of Ramsay. Regarding K_e , the 2023 average yield of the 10-year German Bond yield of 2,5%, was assumed as the risk-free rate. For the MRP, a 5,0% rate was premium was used, as a conclusion from the several sources mentioned on the literature review. As for the Beta, the peer group's mean unlevered beta of 0,4 was then relevered at the target capital structure of D/E equal to 1,9³⁷, resulting in a 1,0 levered beta. Then a CRP of 0,7% was added to capture the risk of operating in France as a business, arriving at a K_e of 8,3%. Regarding K_d , YTM on traded bonds for Ramsay weren't available, therefore a cost of debt with a synthetic credit spread was built. Using Damodaran's data for Default Spreads interpolation, a credit rating of B1 was assumed, and consequently a 3,1% credit spread was added to the rf, as the latter served as the base rate for K_d . With all the inputs collected, a WACC of 5,6% was finally calculated.

³⁷ The target capital structure derives from the fact that Ramsay's capital structure calculated with market values has averaged at c. 1,9 in the last 5 years, whereas the peer's mean for 2023 was c. 1,3

| WACC | | Notes |
|----------------------|-------------|---|
| Risk-free rate | 2,5% | Avg. yield of 10-year German bond for 2023 (LSEG) |
| MRP | 5,0% | Kroll (2024) and KPMG (2024) |
| Beta unlevered peers | 0,4 | Appendix 9.2 |
| Beta levered Ramsay | 1,0 | Target D/E of 1,9 |
| CRP | 0,7% | (Damodaran, 2024b) |
| Ke | 8,3% | |
| Base rate | 2,5% | Risk-free rate |
| Debt Spread | 3,1% | B1 rating interpolation from Damodaran (2024a) |
| Kd | 5,6% | |
| Tax rate | 25,0% | France's statutory tax rate (PWC, 2024a) |
| After-tax Kd | 4,2% | |
| D/E | 1,9 | |
| WACC | 5,6% | |

Table 19 – Ramsay's WACC Calculation

6.1.1.3. Terminal Value

Ramsay's Terminal Value was done by using the perpetual growth methodology. Table 20 displays the inputs and calculations in order to arrive at the TV. Ramsay's perpetual growth rate was calculated by multiplying the LT real GDP growth for France and Sweden by their respective weights in revenue generation³⁸.

| Terminal Value (in M €) | | Notes |
|--------------------------------|---------------|--------------|
| Terminal Year FCFF | 264,9 | |
| Perpetual growth rate (g) | 1,6% | EIU |
| WACC | 5,6% | |
| Terminal Value | 6732,1 | |
| Discount Factor | 0,8 | 5 years |
| PV of Terminal Value | 5126,6 | |

Table 20 – Ramsay's TV Calculation

³⁸ $g = (\text{France \%} * \text{Real GDP growth France}) + (\text{Sweden \%} * \text{Real GDP growth Sweden}) = (0,7 * 1,4) + (0,3 * 1,9)$

6.1.1.4. Sensitivity Analysis

In table 21, one can analyze the behavior of Ramsay's implicit valuation when the perpetuity growth rate and WACC experience 25 b.p. adjustment. For valuation purposes, only the intervals of ± 50 b.p..

| | | Perpetual growth rate | | | | |
|------|------|-----------------------|-------|--------------|-------|-------|
| | | 1,1% | 1,4% | 1,6% | 1,9% | 2,1% |
| WACC | 5,1% | 22,04 | 25,32 | 29,07 | 33,40 | 38,45 |
| | 5,3% | 18,67 | 21,54 | 24,79 | 28,51 | 32,80 |
| | 5,6% | 15,68 | 18,21 | 21,05 | 24,27 | 27,95 |
| | 5,8% | 13,01 | 15,24 | 17,75 | 20,56 | 23,75 |
| | 6,1% | 10,60 | 12,60 | 14,81 | 17,29 | 20,08 |

Table 21 – Ramsay's DCF Sensitivity Analysis

6.1.2. Trading multiples

To proceed with a trading multiples analysis, one first needs to select a peer group. For Ramsay, a search for European companies in the healthcare facilities sector was conducted, arriving initially at 58 companies. Further filtering was performed to find companies with a similar business model and sensitive to same growth drivers and risks, resulting in the following list: Fresenius SE & Co KGaA, Medcover AB, Medclin AG, Rhön Klinikum AG, Spire Healthcare Group, Garofalo Health Care Spa, Pihlajalinna Oyj and Terveystalo Oyj. Subsequently, EV/Revenues, EV/EBITDA and EV/EBIT multiples were collected for 2022 and 2023, which resulted in a valuation range of € 8,65 to € 19,98. To find more information refer to Appendix 9.3.

6.2. Humana

As for Ramsay, Figure 12 plots the valuation range for Humana, not only according to the DCF, 2023's high and low and Trading Multiples, but also through Transaction Multiples. From the DCF, one arrives at share price of SEK 46,83, slightly below the middle point for the DCF range of SEK 27,96 to SEK 72,14. Interestingly, the final value from DCF is below the intervals derived from both the Trading and Transaction Multiples, suggesting Humana might be undervalued and Ramsay could have to pay a high premium to takeover the company. Additionally, the implicit upside vs. the price of 28,15 at 29/12/23 sits high at c. 66,4%.

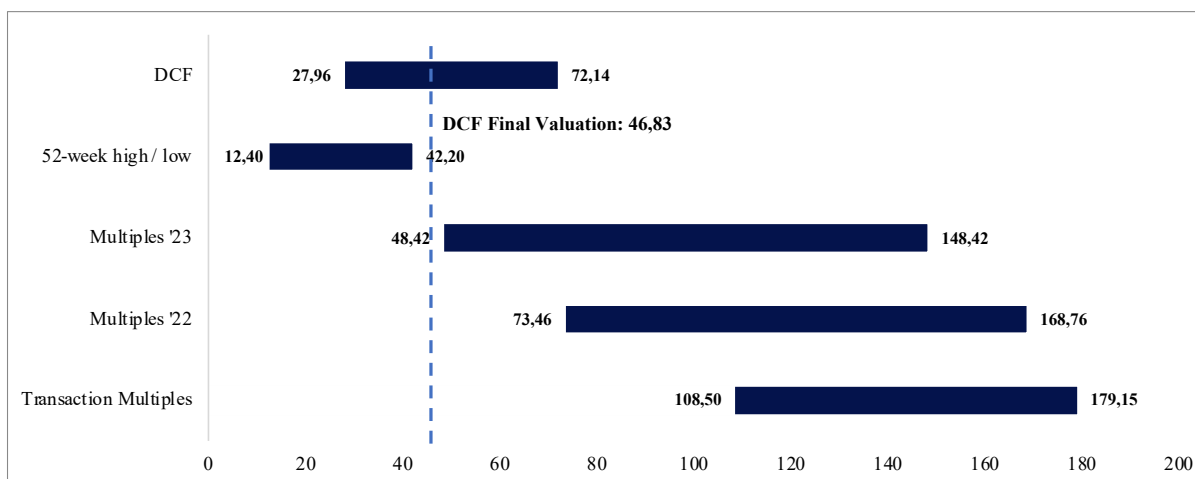


Figure 12 – Humana's Valuation Chart (in SEK)

6.2.1. DCF

Humana's share price of SEK 46,83 corresponds to an Equity Value of SEK 2239,8M. Humana's EV was calculated at 7009,8M, relying even more on its TV (c. 92,1%), which was then deducted by a Net Debt value of SEK 4731,0M and minority interests of SEK 39,0M. The EV to Equity Value Bridge of Humana is exhibited in Figure 13. This Chapter will break down the most important assumptions regarding Humana's DCF.

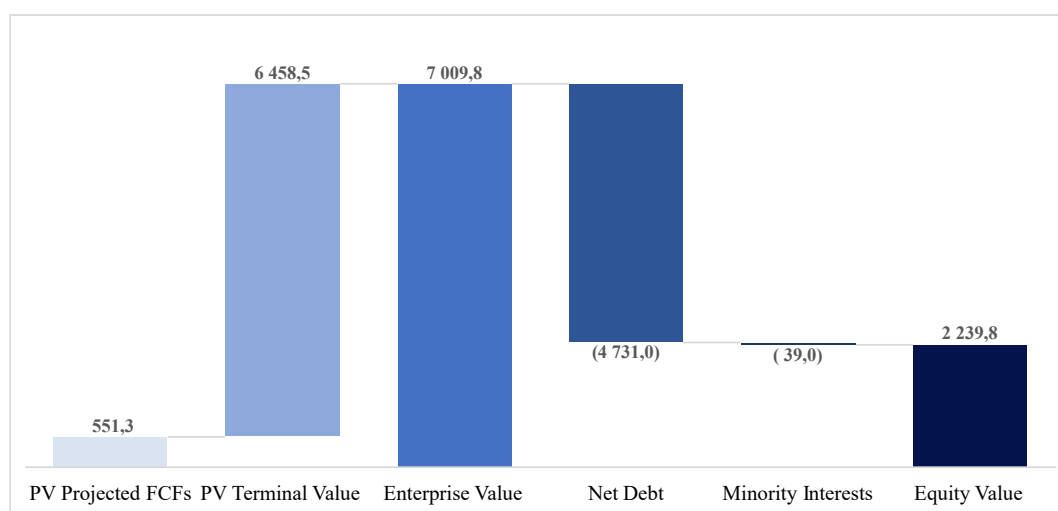


Figure 13 – Humana's Enterprise Value to Equity Value Bridge (in M SEK)

6.2.1.1. FCF Projection

The Free Cash Flow projections for Humana between 2024 and 2028 are gathered in Table 22. As for Ramsay, the projection period considers only the next 5 years due to the firm's and

industry's maturity and stability and also information availability. Further, detail for the calculation of every relevant input for FCF is provided.

| In M SEK | 2024E | 2025E | 2026E | 2027E | 2028E |
|---------------------|--------------|--------------|----------------|--------------|--------------|
| Revenues | 10 304,4 | 10 809,1 | 11 516,5 | 12 129,3 | 12 558,0 |
| EBITDA | 1 033,2 | 1 083,8 | 1 154,7 | 1 216,1 | 1 259,1 |
| (-) D&A | 509,9 | 534,9 | 569,9 | 600,2 | 621,5 |
| EBIT ³⁹ | 523,2 | 548,9 | 584,8 | 615,9 | 637,7 |
| (-) Operating Taxes | 107,8 | 113,1 | 120,5 | 126,9 | 131,4 |
| NOPAT | 415,4 | 435,8 | 464,3 | 489,0 | 506,3 |
| (+) D&A | 509,9 | 534,9 | 569,9 | 600,2 | 621,5 |
| (-) Δ NWC | (19,8) | (104,1) | (62,1) | 23,5 | 4,2 |
| (-) CapEx | 618,3 | 864,7 | 1 497,1 | 849,1 | 841,4 |
| FCFF | 326,9 | 210,1 | (400,8) | 216,7 | 282,1 |

Table 22 – Humana's FCFF forecast (2024-2028)

Revenue

For the revenue forecast of Humana, the approach was again to make projections by geography – Sweden, Finland, Norway and Denmark.

The forecasting method for each geography is identical as the one used for Ramsay, having as sources: (i) revenue's historical growth; (ii) historical values and growth forecast of the healthcare market from 2018 to 2028; and (iii) historical values and growth forecast of GDP and health expenditure (as % of GDP).

Figure 14 depicts the evolution of Humana's revenue until 2028E, where after registering a CAGR of 7,7% from 2018 to 2023, is it now expected to grow at a CAGR of 5,2%. Revenue growth has as main drivers upticks in the activity in Norway, Finland and Sweden, respectively with CAGRs of 7,4%, 6,2% and 4,6%. In Sweden, Humana's biggest revenue source, it is estimated that market share will fall by 18 b.p. due to the revoking of its license. Whereas for Finland, market share is forecasted to continue growing from 3,6% to 3,7%

³⁹ The value of "Other operating expenses" reported by the Humana on its Financial Statements was disregarded for FCFF calculation due to its non-recurring nature

In Norway, a market where Humana grew on average by 24,8% p.a. in the last 5 years, it is projected that it will increase its market share from 0,8% to 0,9%. Lastly, Denmark is expected to grow only at 2,0% as the firm's activity there is not material.

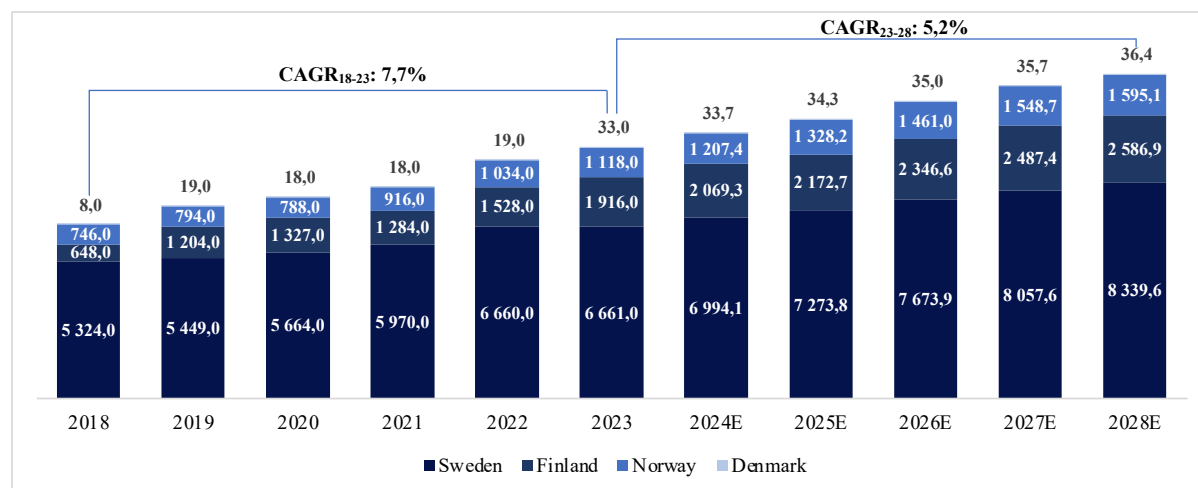


Figure 14 – Ramsay's Revenue Forecast by Geography

Personnel Costs

Humana's main costs are with labor, weighing on average c. 77,6% of Revenues. In order to forecast the item, projections for each subitem were conducted. Salaries and benefits were forecasted at 58,7% of revenue as the result of the last 4-years average, which goes in hand with the industry overview. Social security was estimated as the last 5-years average. Pension costs were forecasted as the maximum value in the last 3 years, which is similar to the 2023 figure and other costs were calculated as the last 4 years average.

| In % | Avg.18-23 | 2023H | 2024E | 2025E | 2026E | 2027E | 2028E |
|-----------------------|-----------|-------|-------|-------|-------|-------|-------|
| Personnel Costs | 77,6% | 77,4% | 78,0% | 78,0% | 78,0% | 78,0% | 78,0% |
| Salaries and benefits | 58,4% | 57,9% | 58,7% | 58,7% | 58,7% | 58,7% | 58,7% |
| Social security | 13,8% | 13,3% | 13,6% | 13,6% | 13,6% | 13,6% | 13,6% |
| Pension costs | 3,7% | 4,1% | 4,2% | 4,2% | 4,2% | 4,2% | 4,2% |
| Other costs | 1,7% | 2,0% | 1,4% | 1,4% | 1,4% | 1,4% | 1,4% |

Table 23 – Humana's Personnel Costs Forecast by Subitem

Other external expenses

Other external expenses refer to overheads⁴⁰, having been forecasted as an average of the last two years, stabilizing at c. 12,0% as observable on Figure 15.

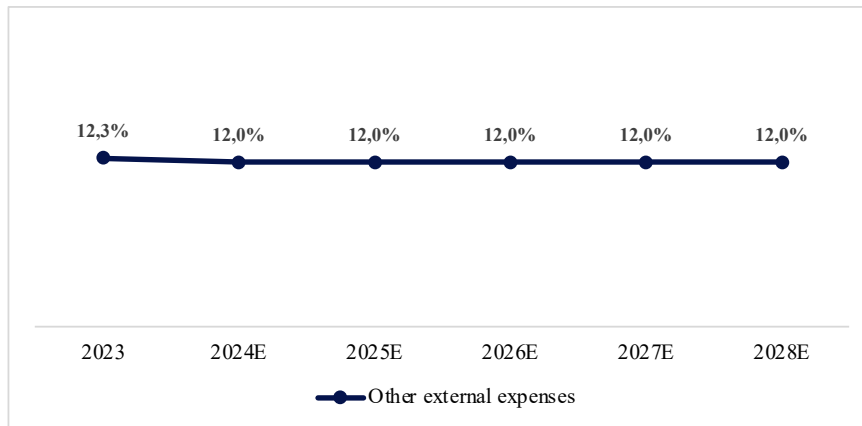


Figure 15 – Ramsay's Other Costs Forecasts

EBITDA

With the previous forecasts in mind the EBITDA numbers on Figure 16 are generated, with a CAGR of 4,8% and a margin decrease of 30 b.p..

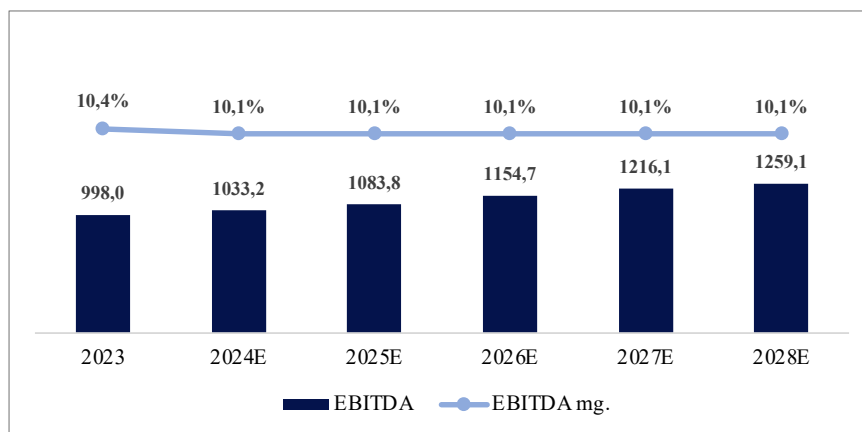


Figure 16 – Humana's EBITDA and EBITDA mg. Forecast

⁴⁰ Namely IT and Marketing expenses, among others

D&A and CapEx

D&A was projected for all projection years as the average of the last 5 years at 4,9% of revenue, whereas Capex floats between 6,0% and 13,0%, with percentages being adjusted to the expected revenue growth.

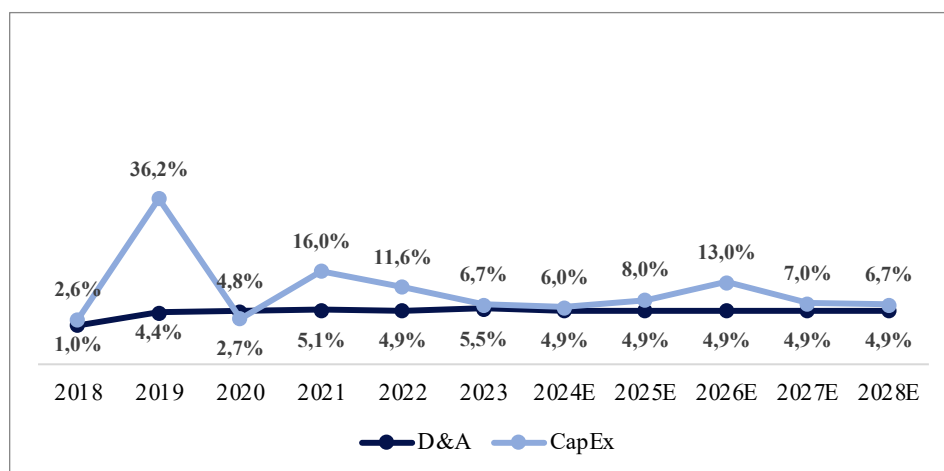


Figure 17 – Humana's D&A and CapEx Forecast

Income Tax

For FCFE projections, the statutory tax rate for Sweden of 20,6% has been adopted.

Changes in NWC

NWC items were forecasted for the first 3 years as equal to the 2023 figures, then uniformly approaching the last 4-years average towards the end of the projection period. The estimations are compiled on Figure 18.

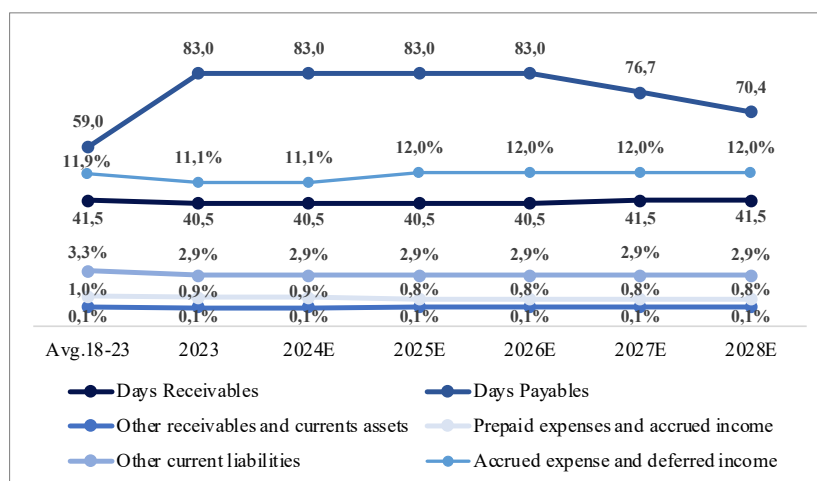


Figure 18 – Ramsay's NWC Forecast

6.2.1.2. WACC

The WACC estimation mechanic was exactly the same as for Ramsay, as seen on Table 24. However, to be consistent with the forecast in SEK, the risk free-rate is the average yield for 2023 of the 10-year Swedish bond. The target D/E was defined at 3,0, considering the firm's history and peers' median. In this case, a CRP isn't needed as the rate refers to Sweden's currency and sovereign debt. For Kd calculations, the implicit synthetic rating is B2, with a 3,6% credit spread (Damodaran. 2024), while the tax rate for Sweden is 20,6%.

| WACC | | Notes |
|----------------------|-------------|--|
| Risk-free rate | 2,5% | Avg. yield of 10-year Swedish bond for 2023 (LSEG) |
| MRP | 5,0% | Kroll (2024) and KPMG (2024) |
| Beta unlevered peers | 0,2 | Appendix 9.2 |
| Beta levered Ramsay | 0,8 | Target D/E of 3,0 |
| CRP | 0,0% | (Damodaran, 2024b) |
| Ke | 6,4% | |
| Base rate | 2,5% | Risk-free rate |
| Debt Spread | 3,6% | B2 rating interpolation from Damodaran (2024a) |
| Kd | 6,1% | |
| Tax rate | 20,6% | Sweden's statutory tax rate (PWC, 2024b) |
| After-tax Kd | 4,9% | |
| D/E | 3,0 | |
| WACC | 5,3% | |

Table 24 – Humana's WACC Calculation

6.2.1.3. Terminal Value

Humana's TV was also performed with the perpetual growth method, with Sweden's LT real GDP growth forecast as the perpetual growth rate.

| Terminal Value (in M SEK) | | Notes |
|----------------------------------|---------------|--------------|
| Terminal Year FCFF | 282,1 | |
| Perpetual growth rate (g) | 1,9% | EIU |
| WACC | 5,3% | |
| Terminal Value | 8346,5 | |
| Discount Factor | 0,8 | 5 years |
| PV of Terminal Value | 6458,5 | |

Table 25 – Humana's TV Calculation

6.2.1.4. Sensitivity Analysis

Table 26 exhibits Human's implicit share price sensitivity to 25 b.p. changes in both its WACC and perpetual growth rate.

| | | Perpetuity growth rate | | | | |
|-------------|-------------|-------------------------------|-------------|--------------|-------------|-------------|
| | | 1,3% | 1,6% | 1,9% | 2,1% | 2,3% |
| WACC | 4,8% | 49,55 | 60,70 | 73,74 | 89,20 | 107,83 |
| | 5,0% | 38,64 | 48,18 | 59,22 | 72,14 | 87,45 |
| | 5,2% | 29,12 | 37,38 | 46,83 | 57,77 | 70,56 |
| | 5,5% | 20,75 | 27,96 | 36,13 | 45,50 | 56,33 |
| | 5,8% | 13,34 | 19,67 | 26,80 | 24,90 | 44,18 |

Table 26 – Humana's DCF Sensitivity Analysis

6.2.2. Trading multiples

As with Ramsay, for Humana a peer group was selected to perform a trading multiples analysis. The search for peers began with retrieving European healthcare firms that operate mainly in the long-care and welfare sectors, which was then further filtered to find similar business models, concluding in the following 6 firms: Ambea AB, Attendo AB, Emeis SA⁴¹, Clariane SE, LNA Santé SA and Pihlajalinna Oyj. The analysis used the EV/Revenues, EV/EBITDA and EV/EBIT multiples for 2022 and 2023, which concluded in a valuation range between SEK 48,42 and SEK 168,76. More information on Appendix 9.3.

⁴¹ Emeis SA values ended up not being used as the multiples are extremely negatively skewed

6.2.3. Transaction multiples

As Humana is the target in the acquisition, a transaction multiples analysis was conducted. The criteria for transactions was that they occurred 5 years prior to 31/12/2023 and were in the European healthcare facilities market. This search resulted in over 700 transactions. However, only data for 10 transactions was publicly available. From this 10 only 7 fit with the hypothesized acquisition of Humana. For these transactions, EV/EBITDA and EV/EBIT multiples were gathered, resulting in a valuation range of SEK 108,5 to SEK 179,16. It should be pointed that this valuation range is heavily positively skewed. More information on Appendix 9.4.

6.3. Merged Firm

As Ramsay's valuation is significantly higher than Humana's, the proposed transaction will have the shape of an acquisition rather than a merger between both firms.

In order to assess the transaction's projected benefit, it is key to understand the value of the combined firms without considering synergies. The combined EV amounts to EUR 6547,1M, EUR 5936,0M from Ramsay, the acquirer, and EUR 611,1M⁴² from Humana, the target.

6.3.1. Synergies

As mentioned previously, synergies can arise from operational sources or from potential financial gains. For this transaction analysis, only operational synergies are considered, due to the uncertainty in measuring financial synergies. Table 26 summarizes the synergies addressed in the context of the transaction.

In order to forecast revenue synergies, only the revenue in Sweden and Norway was considered, as those are the only locations where both firms operate currently. For Sweden the target revenue enhancement is estimated at 0,25% of the revenue for the region, while 0,20% for Norway. Revenue synergies are expected to arise from the acquisition of new clients to Ramsay's facilities from clients of Humana and vice-versa, as well due to increase revenue from digital mental health services.

⁴² Average Exchange rate of EUR/SEK for 2023, equal to 11,5 (EIU)

Cost synergies are expected to derive from savings in Personnel costs, Purchases used and Other operating income / expenses. For Personnel costs, the target synergy is 0,25%, whereas Purchases used are expected to decrease until 2,0%. These synergies result from Ramsay's stronger bargaining power and duplicities' elimination. Finally, Other operating income / expenses are expected to decrease at a target of 1,0%, for the same underlying reasons, having an immaterial impact on the transaction.

Synergies aren't expected to grow afterwards, reaching the total value of € 190,2M.

| Synergies (in € M) | 2024E | 2025E | 2026E | 2027E | 2028E | Total | % |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|
| Synergy realization | 30,0% | 50,0% | 70,0% | 80,0% | 100,0% | – | – |
| Revenue synergies | 1,6 | 2,9 | 4,4 | 5,3 | 6,9 | 21,1 | 58,8% |
| Sweden | 1,5 | 2,6 | 4,0 | 4,8 | 6,3 | 19,1 | 53,2% |
| Norway | 0,1 | 0,3 | 0,4 | 0,5 | 0,6 | 2,0 | 5,6% |
| Cost synergies | 1,2 | 2,1 | 3,1 | 3,6 | 4,8 | 14,8 | 41,2% |
| Personnel costs | 0,5 | 0,9 | 1,4 | 1,6 | 2,1 | 6,6 | 18,4% |
| Purchases used | 0,6 | 1,1 | 1,7 | 2,0 | 2,6 | 8,1 | 22,6% |
| Other operating income / expenses | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 0,2% |
| Total synergies | 2,8 | 4,9 | 7,5 | 9,0 | 11,7 | 35,9 | 100,0% |

Table 27 – Transaction's Estimated Synergies

6.3.2. Transaction fees

In order to fulfill the transaction, Ramsay would need support from consultants regarding M&A advisory. This cost is estimated at c. 1,0% of Humana's EV, i.e., € 6,2M and is expected to be paid until the completion of the deal.

6.3.3. Discount rate

The WACC used to value the combined firm considering synergies is 5,6%, which is based on the WACCs used to discount each firm. The key difference is the calculation of the unlevered beta that results from the weighted average of each firm's unlevered beta, with the weight of each firm in the combined EV as coefficients. Table 28 sums up the WACC calculation.

| WACC | | Notes |
|---------------------|-------------|---|
| Risk-free rate | 2,5% | Avg. yield of 10-year German bond for 2023 – LSEG |
| MRP | 5,0% | Koller et al (2020) and KPMG (2024) |
| Beta unlevered | 0,4 | EV Weighted average of each firm's unlevered beta |
| Beta levered Ramsay | 1,0 | Target D/E of 1,9 |
| CRP | 0,7% | Damodaran (2024) |
| Ke | 8,1% | |
| Base rate | 2,5% | Risk-free rate |
| Debt Spread | 3,1% | B1 rating interpolation from Damodaran (2024) |
| Kd | 5,6% | |
| Tax rate | 25,0% | France's statutory tax rate |
| After-tax Kd | 4,2% | |
| D/E | 1,9 | |
| WACC | 5,6% | |

Table 28 – Merged Firm WACC Calculation

6.3.4. Merged firm valuation

Plugging all values together, the Merged Firm is valued at € 6731,0M, with synergies weighing c. 2,9%. Figure 19 exhibits the breakdown of the Merged Firm's EV.

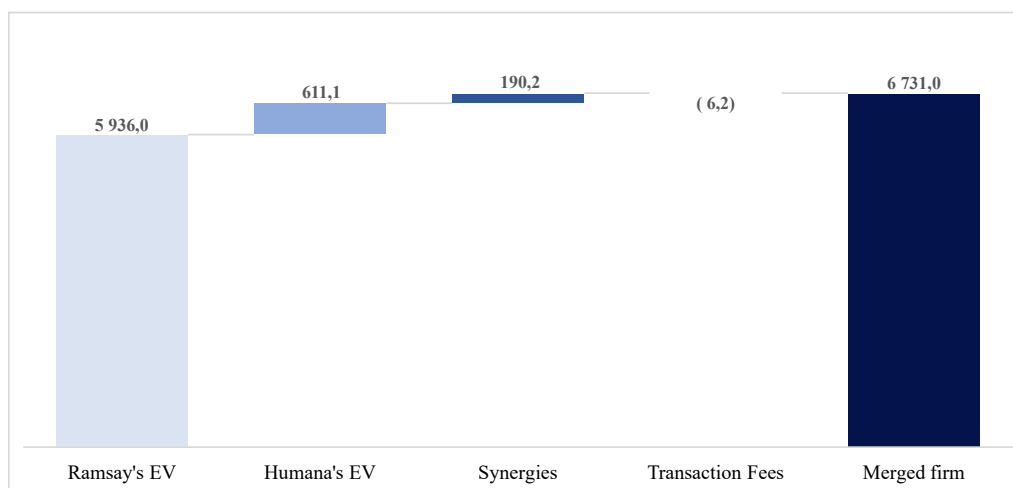


Figure 19 – Merged Firm EV (in M €)

7. Transaction structuring

7.1. Takeover methodology

Ramsay should approach this transaction as a friendly takeover, in order to avoid paying a higher premium. This deal represents a strong opportunity for Humana's shareholders to cash out. No information was found about potential antitakeover mechanisms.

7.2. Premium analysis

The maximum premium Ramsay can pay to Humana's shareholders considering the price of € 2,45 at 29/12/23 is above 300%, giving the transaction a comfortable cushion. Table 29 sums up the analysis.

| In M € | |
|------------------------------------|---------------|
| Humana's EV | 611,1 |
| (+) PV of synergies | 190,2 |
| (-) Transaction Costs | 6,2 |
| (-) Net Debt | 412,4 |
| (-) Noncontrolling Interest | 3,4 |
| Equity value with synergies | 379,3 |
| # Shares outstanding | 47,83 |
| Maximum price | 7,93 |
| Implied maximum premium | 323,6% |

Table 29 – Premium Analysis

7.3. Transaction price and payment method

With the all the previous analyses in mind, Ramsay should consider a premium of 75% to acquire Humana, leading to a € 4,29 share price and therefore an EV of € 621,19M.

To finance this acquisition two approaches have been designed – (i) pay in cash with an equity raise and (ii) pay in cash with a debt raise. Stock offerings have not been considered due to Ramsay's tight shareholder structure, with its investors not hinting at giving up any stake in the group, and also by the fact that Humana's main shareholder is a fund that requires liquidity to generate returns.

In option (i), it is expected that 34,2% of Humana’s EV will be financed with cash on hand from Ramsay, while the rest if obtained from an equity raise from Ramsay’s current shareholders. This equity raise would result in the issuance of 23,8M shares.

Option (ii) assumes the purchase of Humana’s equity with Ramsay’s cash on hand, while Humana’s existing debt be transferred to Ramsay’s balance sheet, opening the door for potential renegotiations at better terms.

In Appendix 9.6 detail regarding calculations made for each option are available for further clarification.

7.4. Accretion / Dilution analysis

To analyze if the deal effectively improves Ramsay’s EPS, an accretion / dilution analysis was made, with the additional aim of assessing with financing option is the most accretive. Table 30 exhibits the analysis for financing option number (ii). Please refer to Appendix 9.6 for the analysis for option (i) and more information on option (ii) calculations.

From the Table, one can conclude that the deal considerably accretive, with an average accretion of 25,7%, a positive indicator for Ramsay’s shareholders.

| (in €) | 2024E | 2025E | 2026E | 2027E | 2028E |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Ramsay’s Standalone EPS | 0,97 | 1,09 | 1,37 | 1,44 | 1,50 |
| Pro-forma EPS | 1,23 | 1,39 | 1,70 | 1,79 | 1,89 |
| Accretion / Dilution (%) | 27,4% | 26,9% | 24,0% | 24,6% | 25,5% |

Table 30 – Accretion / Dilution Analysis

7.5. Transaction analysis for 31/12/24 prices

Despite the research question referring to the end of 2023, would this transaction continue being so appealing as of December 31st 2024? At the end of 2024, Ramsay’s share price dropped to €12,40, while Humana’s grew to SEK 35,52, i.e. € 3,10. This change in prices would imply that the maximum premium Ramsay could pay is 255,8%⁴³, still a solid margin.

⁴³ Maximum premium at 31/12/24 = $(7,93/3,10) * 100 = 255,8\%$

However, when one looks at the accretion/dilution analysis⁴⁴ with these new values, the story slightly changes. For the previously preferred financing option (ii) would add the need to obtain additional debt, that would have as interest rate Ramsay's Standalone Kd. This option would lead to a lower average accretion of 24,3%, which isn't much of a change.

Nonetheless, questions arise regarding the terms of the debt, as with Ramsay's decrease in its share price, its credit rating should decrease as well. Regarding option (ii), where no debt is issued, the transaction becomes dilutive, with an average dilution of -4,9%. This comes as a consequence of the need to issue of 40,8M shares, driving a heavy decrease on post-merger EPS. For more information, refer to Appendix 9.7.

⁴⁴ Except for the changes mentioned, the rest of the inputs remain unaltered

8. Conclusion

To conclude, let's first recall the research question this thesis aims to answer: should as of 31st December 2023 Ramsay consider the acquisition of the Swedish welfare company Humana?

The answer from the analyses made throughout the dissertation indicate a positive answer. The suggestion for Ramsay to consider acquiring Humana can be defended both from a strategic and a financial point of view.

Beginning with the strategic side, the health care market is a robust one, with a forecasted 5-year CAGR of 5,4% for Europe. This sector is expected to grow mainly due to increasing digitalization of the business, the ageing of the European population, a rising prominence of chronic diseases and the generalization of mental health awareness. Secondly, Ramsay and Humana appear to fit well, with both firms wanting to invest in a more digital business, Ramsay having a vision for becoming a holistic health solution and Humana aiming to become a specialized player in the welfare segment. For the visions of each company, the other seems to have the resources to push the needle. Ramsay has a strong balance sheet, technological backbone and close relationship with both regulators and health academia. Humana is a rising player in the welfare sector in the Nordics, with unique service offering for its clients. Therefore, the deal holds strategic value as it would unlock a more comprehensive offer for Ramsay while allowing Humana to gain market share in the Nordics' welfare sector, attain economies of scale, boost digitalization and benefit from Ramsay's acquisition integration platform. The aforementioned arguments materialize in an estimation of € 190,2M in synergies, through increased revenue in both Sweden and Norway – the countries where the two firms operate –, and decreasing costs, namely Personnel Costs, and Purchases Used.

Now going to the financial side of things, Ramsay was valued at € 21,05 per share, a 10,8% upside given its price at the end of 2023, which isn't much different from its 52-week range and is above its relative valuation. On the other hand, Humana was valued at SEK 46,83, a 66,4% upside vs its share price at December 29th 2023, that sits above its 52-week trading window, but is significantly lower than its relative valuation.

Having compiled the arguments and the financial figures for transaction appraisal, for this deal to be completed a premium of 75% was assumed, due to the downward trend of Humana's share price and the valuation derived from the trading and transaction multiples. The logic is that Humana's shareholders should demand a high premium. This shouldn't be an issue though, as from analyses performed the amount of synergies net of transaction costs allow Ramsay to pay up to a 323,6% premium over Humana's current share. Moving onwards to how the transaction shall be financed by Ramsay, the choice that seems the most easy to implement and most attractive financially is using cash on hand to acquire Humana's equity and take over Humana's liabilities. This financing option would lead to an average 5-year of 25,7%, a very appealing number.

Nonetheless, to move forward, Ramsay would need to do a deeper analysis of Humana, i.e., a Due Diligence, with a focus on revenues and contracts and liabilities.

Additionally, a final aspect to consider is that in just one year, the deal could lose a lot of its appetite, with the changes in prices of both firms. This just comes to show that timing is key in a transaction and that one should forecast several acquisition scenarios.

9. Appendix

9.1. Detailed Revenue for Ramsay and Humana

| In billions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| France Nominal GDP | 2 575,29 | 2 521,19 | 2 445,63 | 2 742,49 | 2 586,67 | 2 827,11 | 2 939,01 | 3 131,37 | 3 347,78 | 3 510,54 | 3 663,13 |
| Δ% | NA | -2,10% | -3,00% | 12,14% | -5,68% | 9,30% | 3,96% | 6,54% | 6,91% | 4,86% | 4,35% |
| Health expenditure | 288,69 | 279,85 | 295,92 | 337,33 | 307,81 | 319,46 | 323,29 | 347,58 | 374,95 | 396,69 | 421,26 |
| Health expenditure (% of GDP) | 11,21% | 11,10% | 12,10% | 12,30% | 11,90% | 11,30% | 11,00% | 11,10% | 11,20% | 11,30% | 11,50% |
| Δ% | NA | -3,06% | 5,74% | 13,99% | -8,75% | 3,78% | 1,20% | 7,51% | 7,87% | 5,80% | 6,19% |
| France healthcare providers sector value | 289,3 | 279,9 | 296,0 | 336,7 | 316,8 | 344,5 | 358,5 | 383,1 | 410,0 | 439,6 | 472,6 |
| Δ% | NA | -3,26% | 5,78% | 13,75% | -5,90% | 8,73% | 4,07% | 6,86% | 7,02% | 7,22% | 7,51% |
| Ramsay Market | 196,0 | 190,3 | 201,1 | 224,0 | 210,7 | 229,0 | 238,4 | 254,7 | 272,6 | 292,3 | 314,2 |
| Δ% | NA | -2,87% | 5,63% | 11,41% | -5,95% | 8,69% | 4,11% | 6,86% | 7,02% | 7,22% | 7,51% |
| Ramsay Revenue (in millions) | 2 217 | 2 658 | 2 646 | 2 843 | 2 979 | 3 183 | 3 358 | 3 526 | 3 737 | 3 924 | 4 081 |
| Δ% | NA | 19,89% | -0,45% | 7,41% | 4,82% | 6,82% | 5,50% | 5,00% | 6,00% | 5,00% | 4,00% |
| Market Share % | 1,13% | 1,40% | 1,32% | 1,27% | 1,41% | 1,39% | 1,41% | 1,38% | 1,37% | 1,34% | 1,30% |

Table 31 – Revenues Estimations for France

| In billions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sweden Nominal GDP | 510,17 | 492,71 | 503,98 | 587,84 | 535,10 | 541,35 | 541,47 | 559,32 | 669,00 | 725,78 | 771,93 |
| Δ% | NA | -3,42% | 2,29% | 16,64% | -8,97% | 1,17% | 0,02% | 3,30% | 19,61% | 8,49% | 6,36% |
| Health expenditure | 56,22 | 53,51 | 57,28 | 65,51 | 57,26 | 60,09 | 59,02 | 61,53 | 72,92 | 79,11 | 84,14 |
| Health expenditure (% of GDP) | 11,02% | 10,86% | 11,37% | 11,15% | 10,70% | 11,10% | 10,90% | 11,00% | 10,90% | 10,90% | 10,90% |
| Δ% | NA | -4,82% | 7,03% | 14,38% | -12,61% | 4,95% | -1,78% | 4,24% | 18,52% | 8,49% | 6,36% |
| Sweden healthcare providers sector value | 56,2 | 53,5 | 57,5 | 66,2 | 58,0 | 57,8 | 60,2 | 63,6 | 67,2 | 71,1 | 75,5 |
| Δ% | NA | -4,92% | 7,61% | 15,11% | -12,43% | -0,31% | 4,14% | 5,65% | 5,66% | 5,80% | 6,19% |
| Ramsay Market | 43,5 | 41,5 | 44,6 | 50,8 | 44,5 | 44,4 | 46,2 | 48,8 | 51,6 | 54,6 | 57,9 |
| Δ% | NA | -4,45% | 7,35% | 13,90% | -12,39% | -0,19% | 4,04% | 5,65% | 5,66% | 5,80% | 6,19% |
| Ramsay Revenue (in millions) | 0 | 552 | 852 | 964 | 1 081 | 1 226 | 1 348 | 1 456 | 1 602 | 1 698 | 1 783 |
| Δ% | NA | NA | 54,16% | 13,23% | 12,06% | 13,45% | 10,00% | 8,00% | 10,00% | 6,00% | 5,00% |
| Market Share % | 0,00% | 1,33% | 1,91% | 1,90% | 2,43% | 2,76% | 2,92% | 2,98% | 3,11% | 3,11% | 3,08% |
| Humana Market (SEK) | 170,8 | 161,3 | 174,0 | 191,0 | 166,6 | 165,5 | 173,0 | 182,7 | 193,1 | 204,3 | 216,9 |
| Δ% | NA | -5,59% | 7,89% | 9,76% | -12,78% | -0,64% | 4,51% | 5,65% | 5,66% | 5,80% | 6,19% |
| Humana Revenue (in millions) | 5 324 | 5 449 | 5 664 | 5 970 | 6 660 | 6 661 | 6 994 | 7 274 | 7 674 | 8 058 | 8 340 |
| Δ% | NA | 2,35% | 3,95% | 5,40% | 11,56% | 0,02% | 5,00% | 4,00% | 5,50% | 5,00% | 3,50% |
| Market Share % | 3,12% | 3,38% | 3,26% | 3,13% | 4,00% | 4,02% | 4,04% | 3,98% | 3,97% | 3,94% | 3,84% |

Table 32 – Revenues Estimations for Sweden

| In billions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Norway Nominal GDP | 408,11 | 379,11 | 338,68 | 460,76 | 548,86 | 450,13 | 478,03 | 521,77 | 578,46 | 624,52 | 644,59 |
| Δ% | NA | -7,11% | -10,66% | 36,05% | 19,12% | -17,99% | 6,20% | 9,15% | 10,86% | 7,96% | 3,21% |
| Health expenditure | 40,65 | 39,58 | 38,68 | 45,20 | 43,36 | 40,06 | 42,54 | 47,48 | 52,64 | 56,83 | 59,95 |
| Health expenditure (% of GDP) | 9,96% | 10,44% | 11,42% | 9,81% | 7,90% | 8,90% | 8,90% | 9,10% | 9,10% | 9,10% | 9,30% |
| Δ% | NA | -2,63% | -2,28% | 16,87% | -4,07% | -7,61% | 6,20% | 11,60% | 10,86% | 7,96% | 5,48% |
| Norway healthcare providers sector value | 40,5 | 39,5 | 39,0 | 45,7 | 42,5 | 40,7 | 42,8 | 44,7 | 46,8 | 49,7 | 52,9 |
| Δ% | NA | -2,53% | -1,15% | 17,10% | -6,91% | -4,33% | 5,16% | 4,44% | 4,70% | 6,20% | 6,44% |
| Ramsay Market | 31,6 | 30,9 | 30,2 | 35,5 | 33,0 | 31,6 | 33,3 | 34,7 | 36,4 | 38,6 | 41,1 |
| Δ% | NA | -2,36% | -2,07% | 17,48% | -7,07% | -4,18% | 5,11% | 4,44% | 4,70% | 6,20% | 6,44% |
| Ramsay Revenue (in millions) | 0 | 52 | 77 | 98 | 127 | 126 | 136 | 150 | 168 | 176 | 184 |
| Δ% | NA | NA | 47,41% | 28,13% | 29,07% | -0,55% | 8,00% | 10,00% | 12,00% | 5,00% | 4,00% |
| Market Share % | 0,00% | 0,17% | 0,25% | 0,28% | 0,38% | 0,40% | 0,41% | 0,43% | 0,46% | 0,46% | 0,45% |
| Humana Market (SEK) | 136,9 | 134,7 | 130,5 | 150,6 | 141,1 | 133,7 | 141,2 | 147,5 | 154,4 | 164,0 | 174,5 |
| Δ% | NA | -1,55% | -3,15% | 15,45% | -6,34% | -5,26% | 5,64% | 4,44% | 4,70% | 6,20% | 6,44% |
| Humana Revenue (in millions) | 746 | 794 | 788 | 916 | 1 034 | 1 118 | 1 207 | 1 328 | 1 461 | 1 549 | 1 595 |
| Δ% | NA | 6,43% | -0,76% | 16,24% | 12,88% | 8,12% | 8,00% | 10,00% | 10,00% | 6,00% | 3,00% |
| Market Share % | 0,55% | 0,59% | 0,60% | 0,61% | 0,73% | 0,84% | 0,86% | 0,90% | 0,95% | 0,94% | 0,91% |

Table 33 – Revenues Estimations for Norway

| In billions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Denmark Nominal GDP | 328,57 | 319,44 | 328,92 | 377,61 | 371,70 | 376,47 | 393,59 | 413,02 | 458,70 | 479,97 | 499,11 |
| Δ% | NA | -2,78% | 2,97% | 14,80% | -1,57% | 1,28% | 4,55% | 4,93% | 11,06% | 4,64% | 3,99% |
| Health expenditure | 33,19 | 32,42 | 35,26 | 40,59 | 35,31 | 35,39 | 34,64 | 41,30 | 46,33 | 48,96 | 51,41 |
| Health expenditure (% of GDP) | 10,10% | 10,15% | 10,72% | 10,75% | 9,50% | 9,40% | 8,80% | 10,00% | 10,10% | 10,20% | 10,30% |
| Δ% | NA | -2,30% | 8,75% | 15,12% | -13,01% | 0,22% | -2,12% | 19,24% | 12,17% | 5,67% | 5,01% |
| Denmark healthcare providers sector value | 33,4 | 32,5 | 34,8 | 40,0 | 34,8 | 36,9 | 38,1 | 39,7 | 41,5 | 43,5 | 45,6 |
| Δ% | NA | -2,77% | 7,12% | 14,89% | -12,96% | 6,12% | 3,25% | 4,20% | 4,53% | 4,82% | 4,83% |
| Ramsay Market | 27,6 | 26,7 | 28,3 | 30,7 | 28,1 | 29,8 | 30,3 | 31,5 | 33,0 | 34,6 | 36,2 |
| Δ% | NA | -3,02% | 5,88% | 8,50% | -8,43% | 5,92% | 1,68% | 4,20% | 4,53% | 4,82% | 4,83% |
| Ramsay Revenue (in millions) | 0 | 34 | 45 | 57 | 90 | 142 | 153 | 162 | 182 | 193 | 202 |
| Δ% | NA | NA | 33,33% | 25,88% | 57,82% | 57,80% | 8,00% | 6,00% | 12,00% | 6,00% | 5,00% |
| Market Share % | 0,00% | 0,13% | 0,16% | 0,19% | 0,32% | 0,48% | 0,51% | 0,51% | 0,55% | 0,56% | 0,56% |
| Humana Market (SEK) | 82,7 | 79,6 | 82,7 | 90,2 | 83,8 | 88,1 | 89,6 | 93,3 | 97,6 | 102,3 | 107,2 |
| Δ% | NA | -3,85% | 4,00% | 8,97% | -7,06% | 5,06% | 1,74% | 4,20% | 4,53% | 4,82% | 4,83% |
| Humana Revenue (in millions) | 8 | 19 | 18 | 18 | 19 | 33 | 34 | 34 | 35 | 36 | 36 |
| Δ% | NA | 137,50% | -5,26% | 0,00% | 5,56% | 73,68% | 2,00% | 2,00% | 2,00% | 2,00% | 2,00% |
| Market Share % | 0,01% | 0,02% | 0,02% | 0,02% | 0,02% | 0,04% | 0,04% | 0,04% | 0,04% | 0,03% | 0,03% |

Table 34 – Revenues Estimations for Denmark

| In billions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Italy Nominal GDP | 1 935,33 | 1 860,05 | 1 751,66 | 1 991,65 | 1 913,50 | 2 088,48 | 2 141,84 | 2 180,68 | 2 207,50 | 2 246,34 | 2 286,11 |
| Δ% | NA | -3,89% | -5,83% | 13,70% | -3,92% | 9,14% | 2,56% | 1,81% | 1,23% | 1,76% | 1,77% |
| Health expenditure | 167,99 | 161,10 | 168,69 | 183,35 | 168,39 | 181,70 | 188,48 | 194,08 | 194,26 | 197,68 | 201,18 |
| Health expenditure (% of GDP) | 8,68% | 8,66% | 9,63% | 9,21% | 8,80% | 8,70% | 8,80% | 8,90% | 8,80% | 8,80% | 8,80% |
| Δ% | NA | -4,10% | 4,71% | 8,69% | -8,16% | 7,90% | 3,73% | 2,97% | 0,09% | 1,76% | 1,77% |
| Italy healthcare providers sector value | 167,9 | 161,0 | 168,8 | 183,5 | 167,5 | 178,0 | 180,6 | 187,9 | 195,6 | 203,9 | 213,0 |
| Δ% | NA | -4,13% | 4,82% | 8,71% | -8,72% | 6,29% | 1,45% | 4,04% | 4,10% | 4,24% | 4,46% |
| Ramsay Market | 108,8 | 103,4 | 107,9 | 115,2 | 105,1 | 111,5 | 113,3 | 117,9 | 122,7 | 127,9 | 133,6 |
| Δ% | NA | -5,01% | 4,38% | 6,77% | -8,83% | 6,16% | 1,57% | 4,04% | 4,10% | 4,24% | 4,46% |
| Ramsay Revenue (in millions) | 24 | 24 | 18 | 25 | 24 | 25 | 25 | 26 | 26 | 27 | 27 |
| Δ% | NA | 0,41% | -25,51% | 36,46% | -2,43% | 2,90% | 2,00% | 2,00% | 2,00% | 2,00% | 2,00% |
| Market Share % | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% |

Table 35 – Revenues Estimations for Italy

| In billions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Finland Nominal GDP | 255,09 | 248,35 | 251,24 | 274,35 | 260,89 | 274,94 | 283,64 | 296,31 | 314,99 | 334,59 | 351,24 |
| Δ% | NA | -2,64% | 1,17% | 9,20% | -4,91% | 5,39% | 3,16% | 4,47% | 6,30% | 6,22% | 4,98% |
| Health expenditure | 23,06 | 22,77 | 24,19 | 27,00 | 25,28 | 25,29 | 25,81 | 26,96 | 28,98 | 30,78 | 32,67 |
| Health expenditure (% of GDP) | 9,04% | 9,17% | 9,63% | 9,84% | 9,69% | 9,20% | 9,10% | 9,10% | 9,20% | 9,20% | 9,30% |
| Δ% | NA | -1,24% | 6,24% | 11,58% | -6,36% | 0,06% | 2,04% | 4,47% | 7,47% | 6,22% | 6,12% |
| Finland healthcare providers sector value | 23,0 | 22,8 | 24,2 | 27,7 | 26,0 | 27,9 | 28,8 | 30,5 | 32,2 | 34,1 | 36,3 |
| Δ% | NA | -0,80% | 6,07% | 14,50% | -6,33% | 7,47% | 3,12% | 5,90% | 5,57% | 5,90% | 6,45% |
| Humana Market (SEK) | 45,6 | 45,6 | 47,7 | 54,1 | 49,9 | 53,0 | 55,4 | 58,6 | 61,9 | 65,6 | 69,8 |
| Δ% | NA | 0,00% | 4,65% | 13,33% | -7,84% | 6,38% | 4,39% | 5,90% | 5,57% | 5,90% | 6,45% |
| Humana Revenue (in millions) | 648 | 1 204 | 1 327 | 1 284 | 1 528 | 1 916 | 2 069 | 2 173 | 2 347 | 2 487 | 2 587 |
| Δ% | NA | 85,80% | 10,22% | -3,24% | 19,00% | 25,39% | 8,00% | 5,00% | 8,00% | 6,00% | 4,00% |
| Market Share % | 1,42% | 2,64% | 2,78% | 2,37% | 3,06% | 3,61% | 3,74% | 3,71% | 3,79% | 3,79% | 3,71% |

Table 36 – Revenues Estimations for Finland

9.2. Unlevered Beta Estimations for Ramsay and Humana

| Comparable Companies Unlevered Beta | | | | | | |
|-------------------------------------|----------------------------|----------------------|------------------------|-------------|-------------------|----------------|
| Company | Predicted Levered Beta (4) | Market Value of Debt | Market Value of Equity | Debt/Equity | Marginal Tax Rate | Unlevered Beta |
| Fresenius SE & Co KgaA | 1,05 | 15 830,0 | 15 843,0 | 99,92% | 30,00% | 0,62 |
| Medicover AB | 1,62 | 985,0 | 986,0 | 99,90% | 20,60% | 0,90 |
| Mediclin AG | 0,22 | 480,0 | 130,0 | 369,23% | 30,00% | 0,06 |
| Rhoen Klinikum AG | (0,06) | 150,0 | 671,0 | 22,35% | 30,00% | (0,05) |
| Spire Healthcare Group | 1,48 | 1 450,0 | 1 056,0 | 137,31% | 25,00% | 0,73 |
| Garofalo Health Care Spa | 0,47 | 228,0 | 332,0 | 68,67% | 24,00% | 0,31 |
| Pihlajalinna Oyj | 0,39 | 378,0 | 160,0 | 236,25% | 20,00% | 0,13 |
| Terveystalo Oyj | 0,86 | 636,0 | 1 516,0 | 41,95% | 20,00% | 0,64 |

Table 37 – Unlevered Beta Estimation for Ramsay

| Comparable Companies Unlevered Beta | | | | | | |
|-------------------------------------|----------------------------|----------------------|------------------------|-------------|-------------------|----------------|
| Company | Predicted Levered Beta (4) | Market Value of Debt | Market Value of Equity | Debt/Equity | Marginal Tax Rate | Unlevered Beta |
| Ambea AB | 1,12 | 768,7 | 424,0 | 181,30% | 20,60% | 0,46 |
| Attendo AB | 0,98 | 1 233,5 | 524,0 | 235,40% | 20,60% | 0,34 |
| Emeis SA | 0,62 | 9 219,0 | 2 195,0 | 420,00% | 25,00% | 0,15 |
| Clariane SE | 0,71 | 1 387,8 | 257,0 | 540,00% | 25,00% | 0,14 |
| LNA Santé SA | 0,63 | 784,0 | 215,0 | 364,65% | 25,00% | 0,17 |
| Pihlajalinna Oyj | 0,39 | 378,0 | 160,0 | 236,25% | 20,00% | 0,13 |

Table 38 – Unlevered Beta Estimation for Humana

9.3. Trading Multiples Detail for Ramsay and Humana

| Company | EV / Revenue 2023 | EV / Revenue 2022 | EV / EBITDA 2023 | EV / EBITDA 2022 | EV / EBIT 2023 | EV / EBIT 2022 |
|--------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Fresenius SE & Co KgaA | 1,8x | 2,5x | 10,3x | 10,7x | 16,6x | 25,8x |
| Medicover AB | 1,1x | 1,2x | 7,9x | 7,8x | 31,2x | 25,3x |
| Mediclin AG | 0,6x | 0,6x | 4,4x | 4,9x | 24,4x | 22,7x |
| Rhoen Klinikum AG | 0,3x | 0,6x | 3,6x | 8,1x | 9,3x | 24,8x |
| Spire Healthcare Group | 1,5x | 1,7x | 8,8x | 10,1x | 15,9x | 20,0x |
| Garofalo Health Care Spa | 1,5x | 1,4x | 8,7x | 8,1x | 13,1x | 12,0x |
| Pihlajalinna Oyj | 0,7x | 0,8x | 7,3x | 9,3x | 25,1x | 33,5x |
| Terveystalo Oyj | 1,2x | 1,1x | 7,8x | 6,6x | 16,7x | 13,1x |

Table 39 – Ramsay’s Peer Group’s Trading Multiples

| Company | EV / Revenue 2023 | EV / Revenue 2022 | EV / EBITDA 2023 | EV / EBITDA 2022 | EV / EBIT 2023 | EV / EBIT 2022 |
|------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Ambea AB | 1,2x | 1,2x | 7,1x | 7,2x | 16,1x | 16,9x |
| Attendo AB | 1,2x | 1,3x | 6,8x | 8,8x | 17,0x | 35,3x |
| Emeis SA | 2,9x | 2,6x | 14,2x | 4,0x | (125,9x) | -18,5x |
| Clariane SE | 1,7x | 1,9x | 8,4x | 9,0x | 27,1x | 25,8x |
| LNA Santé SA | 1,3x | 1,4x | 6,6x | 7,2x | 15,1x | 16,4x |
| Pihlajalinna Oyj | 0,7x | 0,8x | 7,3x | 9,3x | 25,1x | 33,5x |

Table 40 – Humana’s Peer Group’s Trading Multiples

9.4. Transaction multiples detail for Humana

| Date Announced | Acquirer | Target | Target Geography | Implied Enterprise Value (M €) | EV / EBITDA | EV / EBIT |
|----------------|--------------------------------------|-----------------------------|------------------|--------------------------------|-------------|-----------|
| 19/10/23 | Spire Healthcare Group | Vita Health Group Ltd | UK | 85,0 | 18,1x | n.a |
| 07/03/23 | Capio AB | GHP Specialty Care | Sweden | 272,6 | 15,1x | 33,2x |
| 05/04/23 | Garofalo Health Care Spa | Sanatorio Triestino Spa | Italy | 16,9 | 7,0x | n.a. |
| 14/01/22 | Wren House Infrastructure Management | Voyage Healthcare group Ltd | UK | 667,0 | 13,3x | 21,7x |
| 13/12/21 | Ramsay Health Care Ltd | Elysium Healthcare Ltd | UK | 908,8 | 13,5x | 100,7x |
| 08/06/21 | Terveystalo Oyj | Feelgood Svenska AB | Sweden | 70,0 | 13,4x | n.a. |
| 03/07/20 | Garofalo Health Care Spa | XRAY One Srl | Italy | 13,6 | 7,6x | n.a. |
| 28/02/20 | Broermann Holding GmbH | Rhoen Klinikum AG | Germany | 1 056,4 | 9,0x | 21,1x |
| 11/04/19 | Oaktree Capital Group Llc | IASO Sa | Greece | 262,9 | 10,2x | 14,8x |
| 21/01/19 | Humana AB | Coronaria Oy | Finland | 71,0 | 16,5x | n.a. |

Table 41 – Humana’s Comparable Transaction Multiples

9.5. FCFE Estimation Detail for Ramsay and Humana

| In M SEK | 2024E | 2025E | 2026E | 2027E | 2028E |
|--|--------------|--------------|--------------|--------------|--------------|
| Revenues | 5 021,0 | 5 320,1 | 5 715,2 | 6 018,0 | 6 277,1 |
| (-) Employee Benefits | 2 627,4 | 2 784,1 | 2 962,3 | 3 119,3 | 3 253,6 |
| (-) Purchases Used | 1 045,3 | 1 097,3 | 1 178,8 | 1 241,3 | 1 294,7 |
| (-) Other operating income/expenses | 348,7 | 369,5 | 396,9 | 417,9 | 435,9 |
| (-) Taxes and Duties | 154,3 | 163,5 | 175,7 | 185,0 | 193,0 |
| (-) Rents | 104,5 | 110,7 | 118,9 | 125,2 | 130,6 |
| EBITDA | 740,8 | 794,9 | 882,6 | 929,3 | 969,3 |
| (-) D&A | 455,1 | 482,2 | 518,0 | 545,5 | 569,0 |
| EBIT ⁴⁵ | 285,7 | 312,7 | 364,5 | 383,8 | 400,3 |
| (-) Operating Taxes | 71,4 | 78,2 | 91,1 | 96,0 | 100,1 |
| NOPAT | 214,3 | 234,5 | 273,4 | 287,9 | 300,3 |
| (+) D&A | 455,1 | 482,2 | 518,0 | 545,5 | 569,0 |
| (-) Δ NWC | (11,2) | (3,8) | (26,3) | (24,0) | (23,3) |
| (-) CapEx | 502,1 | 558,6 | 685,8 | 631,9 | 627,7 |
| FCFE | 178,5 | 162,0 | 131,9 | 225,5 | 264,9 |

Table 42 – Ramsay’s Detailed FCFE Forecast (2024-2028)

⁴⁵ The value of “Other non-recurring income/(expenses)” reported by the group on its Financial Statements was disregarded for FCFE calculation due to its non-recurring nature

| In M SEK | 2024E | 2025E | 2026E | 2027E | 2028E |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 10 304,4 | 10 809,1 | 11 516,5 | 12 129,3 | 12 558,0 |
| (-) Other external expenses | 1 238,8 | 1 299,5 | 1 384,5 | 1 458,2 | 1 509,7 |
| (-) Personnel costs | 8 032,5 | 8 425,8 | 8 977,3 | 9 455,0 | 9 789,1 |
| EBITDA | 1 033,2 | 1 083,8 | 1 154,7 | 1 216,1 | 1 259,1 |
| (-) D&A | 509,9 | 534,9 | 569,9 | 600,2 | 621,5 |
| EBIT⁴⁶ | 523,2 | 548,9 | 584,8 | 615,9 | 637,7 |
| (-) Operating Taxes | 107,8 | 113,1 | 120,5 | 126,9 | 131,4 |
| NOPAT | 415,4 | 435,8 | 464,3 | 489,0 | 506,3 |
| (+) D&A | 509,9 | 534,9 | 569,9 | 600,2 | 621,5 |
| (-) Δ NWC | (19,8) | (104,1) | (62,1) | 23,5 | 4,2 |
| (-) CapEx | 618,3 | 864,7 | 1 497,1 | 849,1 | 841,4 |
| FCFF | 326,9 | 210,1 | (400,8) | 216,7 | 282,1 |

Table 43 – Humana’s Detailed FCFE Forecast (2024-2028)

⁴⁶ The value of “Other non-recurring income/(expenses)” reported by the group on its Financial Statements was disregarded for FCFE calculation due to its non-recurring nature

9.6. Accretion /Dilution Calculations with 31/12/23 prices

| Valuation Summary | | | Target | Acquirer |
|----------------------------------|--|--|---------------|-----------------|
| Company Name | | | Humana AB | Ramsay Sante |
| Ticker | | | HUM | GDS |
| Current Share Price (29/12/2023) | | | 2,45 | 19,00 |
| Premium to Current Share Price | | | 75% | |
| Offer Price per Share | | | 4,29 | |
| Fully Diluted Shares | | | 47,8 | 110,4 |
| Equity Value | | | 205,38 | 2 097,02 |
| Plus: Total Debt | | | 471,25 | 3 934,2 |
| Plus: Preferred Equity | | | - | - |
| Plus: Noncontrolling Interest | | | 3,4 | 31,0 |
| Less: Cash and Equivalents | | | (58,8) | (352,2) |
| Enterprise Value | | | 621,19 | 5 710,02 |

Table 44 – Valuation Summary for 31/12/23 prices

| Transaction Summary | | | | | | |
|---------------------------|---------------|--------------------|----------------------------------|---------------|-----------------|--|
| Sources of Funds | | | | Uses of Funds | | |
| | Amount | % of Total Sources | | Amount | % of Total Uses | |
| Revolving Credit Facility | - | - % | Purchase Humana Equity | 205,4 | 29,9% | |
| Term Loan A | - | - % | Repay Existing Debt | 471,3 | 68,7% | |
| Term Loan B | - | - % | Purchase Noncontrolling interest | 3,4 | 0,5% | |
| Term Loan C | - | - % | Transaction Fees | 6,2 | 0,9% | |
| 2nd Lien | - | - % | Debt Financing Fees | - | - % | |
| Senior Notes | - | - % | | | - % | |
| Senior Subordinated Notes | - | - % | | | - % | |
| Issuance of Common Stock | 451,3 | 65,8% | | | - % | |
| Cash on Hand | 234,94 | 34,2% | | | - % | |
| Other | - | - % | | | - % | |
| Total Sources | 686,25 | 100,0% | Total Uses | 686,25 | 100,0% | |

Table 45 – Sources & Uses Table for Financing Option (i)

| Pro Forma Ownership | | | Shares | Ownership |
|---------------------------------------|--|--|--------------|---------------|
| Existing GDS shares | | | 110,4 | 82,3% |
| New issued GDS shares | | | 23,8 | 17,7% |
| Pro Forma Fully Diluted Shares | | | 134,1 | 100,0% |

Table 46 – Number of Shares Calculation for Financing Option (i)

| Pro Forma Combined Financial Summary | | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| | 1 | 2 | 3 | 4 | 5 | |
| | 2024 | 2025 | 2026 | 2027 | 2028 | |
| Sales | 5 920,9 | 6 265,2 | 6 723,5 | 7 080,7 | 7 378,8 | |
| % growth | 6,7% | 5,8% | 7,3% | 5,3% | 4,2% | |
| EBITDA | 833,4 | 894,4 | 990,7 | 1 044,4 | 1 090,9 | |
| % margin | 14,1% | 14,3% | 14,7% | 14,7% | 14,8% | |
| Interest Expense | 161,3 | 170,9 | 183,5 | 193,3 | 201,6 | |
| Net Income | 141,6 | 158,9 | 193,5 | 204,6 | 214,9 | |
| % margin | 2,4% | 2,5% | 2,9% | 2,9% | 2,9% | |
| Fully Diluted Shares | 134,1 | 134,1 | 134,1 | 134,1 | 134,1 | |
| Diluted EPS | 1,06 | 1,18 | 1,44 | 1,53 | 1,60 | |

Table 47 – Financial Summary for Financing Option (i)

| Accretion / (Dilution) Analysis | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| GDS Standalone Diluted EPS | 0,97 | 1,09 | 1,37 | 1,44 | 1,50 |
| HUM Standalone Diluted EPS | 0,43 | 0,45 | 0,48 | 0,50 | 0,52 |
| Pro Forma Combined Diluted EPS | 1,06 | 1,18 | 1,44 | 1,53 | 1,60 |
| Accretion / (Dilution) - € | 0,09 | 0,09 | 0,08 | 0,09 | 0,10 |
| Accretion / (Dilution) - % | 9,3% | 8,5% | 5,5% | 5,9% | 6,7% |

Table 48 – Accretion/Dilution Analysis for Financing Option (i)

| Transaction Summary | | | | | |
|---------------------------|---------------|--------------------|----------------------------------|---------------|-----------------|
| Sources of Funds | | | Uses of Funds | | |
| | Amount | % of Total Sources | | Amount | % of Total Uses |
| Revolving Credit Facility | - | - % | Purchase Humana Equity | 205,4 | 95,5% |
| Term Loan A | - | - % | Repay Existing Debt | - | - % |
| Term Loan B | - | - % | Purchase Noncontrolling interest | 3,4 | 1,6% |
| Term Loan C | - | - % | Transaction Fees | 6,2 | 2,9% |
| 2nd Lien | - | - % | Debt Financing Fees | - | - % |
| Senior Notes | - | - % | | | - % |
| Senior Subordinated Notes | - | - % | | | - % |
| Issuance of Common Stock | - | - % | | | - % |
| Cash on Hand | 214,99 | 100,0% | | | - % |
| Other | - | - % | | | - % |
| Total Sources | 214,99 | 100,0% | Total Uses | 214,99 | 100,0% |

Table 49 – Sources & Uses Table for Financing Option (ii)

| Pro Forma Ownership | | |
|---------------------------------------|--------------|---------------|
| | Shares | Ownership |
| Existing GDS shares | 110,4 | 100,0% |
| New issued GDS shares | 0,0 | - % |
| Pro Forma Fully Diluted Shares | 110,4 | 100,0% |

Table 50 – Number of Shares Calculation for Financing Option (ii)

| Pro Forma Combined Financial Summary | | | | | |
|--------------------------------------|--------------|--------------|--------------|----------------|----------------|
| | 1 | 2 | 3 | 4 | 5 |
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| Sales | 5 920,9 | 6 265,2 | 6 723,5 | 7 080,7 | 7 378,8 |
| % growth | 6,7% | 5,8% | 7,3% | 5,3% | 4,2% |
| EBITDA | 833,4 | 894,4 | 990,7 | 1 044,4 | 1 090,9 |
| % margin | 14,1% | 14,3% | 14,7% | 14,7% | 14,8% |
| Interest Expense | 169,0 | 178,8 | 191,9 | 202,1 | 210,6 |
| Net Income | 135,9 | 152,9 | 187,2 | 198,0 | 208,1 |
| % margin | 2,3% | 2,4% | 2,8% | 2,8% | 2,8% |
| Fully Diluted Shares | 110,4 | 110,4 | 110,4 | 110,4 | 110,4 |
| Diluted EPS | 1,23 | 1,39 | 1,70 | 1,79 | 1,89 |

Table 51 – Financial Summary for Financing Option (ii)

| Accretion / (Dilution) Analysis | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| GDS Standalone Diluted EPS | 0,97 | 1,09 | 1,37 | 1,44 | 1,50 |
| HUM Standalone Diluted EPS | 0,43 | 0,45 | 0,48 | 0,50 | 0,52 |
| Pro Forma Combined Diluted EPS | 1,23 | 1,39 | 1,70 | 1,79 | 1,89 |
| Accretion / (Dilution) - € | 0,26 | 0,29 | 0,33 | 0,35 | 0,38 |
| Accretion / (Dilution) - % | 27,4% | 26,9% | 24,0% | 24,6% | 25,5% |

Table 52 – Accretion/Dilution Analysis for Financing Option (ii)

9.7. Accretion /Dilution Calculations with 31/12/24 prices

| Valuation Summary | | | Target | Acquirer |
|----------------------------------|--|--|---------------|-----------------|
| Company Name | | | Humana AB | Ramsay Sante |
| Ticker | | | HUM | GDS |
| Current Share Price (29/12/2023) | | | 3,10 | 12,40 |
| Premium to Current Share Price | | | 75% | |
| Offer Price per Share | | | 5,42 | |
| Fully Diluted Shares | | | 47,8 | 110,4 |
| Equity Value | | | 259,15 | 1 368,58 |
| Plus: Total Debt | | | 471,25 | 3 934,2 |
| Plus: Preferred Equity | | | - | - |
| Plus: Noncontrolling Interest | | | 3,4 | 31,0 |
| Less: Cash and Equivalents | | | (58,8) | (352,2) |
| Enterprise Value | | | 674,97 | 4 981,58 |

Table 53 – Valuation Summary for 31/12/24 prices

| Transaction Summary | | | Sources of Funds | | | Uses of Funds | | |
|---------------------------|---------------|--------------------|----------------------------------|---------------|-----------------|---------------|--|--|
| | Amount | % of Total Sources | | Amount | % of Total Uses | | | |
| Revolving Credit Facility | - | - % | Purchase Humana Equity | 259,2 | 35,0% | | | |
| Term Loan A | - | - % | Repay Existing Debt | 471,3 | 63,6% | | | |
| Term Loan B | - | - % | Purchase Noncontrolling interest | 3,4 | 0,5% | | | |
| Term Loan C | - | - % | Transaction Fees | 6,7 | 0,9% | | | |
| 2nd Lien | - | - % | Debt Financing Fees | - | - % | | | |
| Senior Notes | - | - % | | | - % | | | |
| Senior Subordinated Notes | - | - % | | | - % | | | |
| Issuance of Common Stock | 505,6 | 68,3% | | | - % | | | |
| Cash on Hand | 234,94 | 31,7% | | | - % | | | |
| Other | - | - % | | | - % | | | |
| Total Sources | 740,56 | 100,0% | Total Uses | 740,56 | 100,0% | | | |

Table 54 – Revised Sources & Uses Table for Financing Option (i)

| Pro Forma Ownership | | | Shares | Ownership |
|---------------------------------------|--|--|--------------|---------------|
| Existing GDS shares | | | 110,4 | 73,0% |
| New issued GDS shares | | | 40,8 | 27,0% |
| Pro Forma Fully Diluted Shares | | | 151,1 | 100,0% |

Table 55 – Revised Number of Shares Calculation for Financing Option (i)

| Pro Forma Combined Financial Summary | | | | | | |
|--------------------------------------|--------------|--------------|--------------|----------------|----------------|--|
| | 1 | 2 | 3 | 4 | 5 | |
| | 2024 | 2025 | 2026 | 2027 | 2028 | |
| Sales | 5 920,9 | 6 265,2 | 6 723,5 | 7 080,7 | 7 378,8 | |
| % growth | 6,7% | 5,8% | 7,3% | 5,3% | 4,2% | |
| EBITDA | 833,4 | 894,4 | 990,7 | 1 044,4 | 1 090,9 | |
| % margin | 14,1% | 14,3% | 14,7% | 14,7% | 14,8% | |
| Interest Expense | 161,3 | 170,9 | 183,5 | 193,3 | 201,6 | |
| Net Income | 141,6 | 158,9 | 193,5 | 204,6 | 214,9 | |
| % margin | 2,4% | 2,5% | 2,9% | 2,9% | 2,9% | |
| Fully Diluted Shares | 151,1 | 151,1 | 151,1 | 151,1 | 151,1 | |
| Diluted EPS | 0,94 | 1,05 | 1,28 | 1,35 | 1,42 | |

Table 56 – Revised Financial Summary for Financing Option (i)

| Accretion / (Dilution) Analysis | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|--|
| | 2024 | 2025 | 2026 | 2027 | 2028 | |
| GDS Standalone Diluted EPS | 0,97 | 1,09 | 1,37 | 1,44 | 1,50 | |
| HUM Standalone Diluted EPS | 0,43 | 0,45 | 0,48 | 0,50 | 0,52 | |
| Pro Forma Combined Diluted EPS | 0,94 | 1,05 | 1,28 | 1,35 | 1,42 | |
| Accretion / (Dilution) - € | (0,03) | (0,04) | (0,09) | (0,09) | (0,08) | |
| Accretion / (Dilution) - % | (3,0%) | (3,7%) | (6,4%) | (6,0%) | (5,4%) | |

Table 57 – Revised Accretion/Dilution Analysis for Financing Option (i)

| Transaction Summary | | | | | | |
|---------------------------|---------------|--------------------|----------------------------------|---------------|-----------------|--|
| Sources of Funds | | | | Uses of Funds | | |
| | Amount | % of Total Sources | | Amount | % of Total Uses | |
| Revolving Credit Facility | - | - % | Purchase Humana Equity | 259,2 | 96,2% | |
| Term Loan A | 17,2 | 6,4% | Repay Existing Debt | - | - % | |
| Term Loan B | 17,2 | 6,4% | Purchase Noncontrolling interest | 3,4 | 1,3% | |
| Term Loan C | - | - % | Transaction Fees | 6,7 | 2,5% | |
| 2nd Lien | - | - % | Debt Financing Fees | - | - % | |
| Senior Notes | - | - % | | | | |
| Senior Subordinated Notes | - | - % | | | | |
| Issuance of Common Stock | - | - % | | | | |
| Cash on Hand | 234,94 | 87,2% | | | | |
| Other | - | - % | | | | |
| Total Sources | 269,30 | 100,0% | Total Uses | 269,30 | 100,0% | |

Table 58 – Revised Sources & Uses Table for Financing Option (ii)

| Pro Forma Ownership | | | Shares | Ownership |
|---------------------------------------|--|--|--------------|---------------|
| Existing GDS shares | | | 110,4 | 100,0% |
| New issued GDS shares | | | 0,0 | - % |
| Pro Forma Fully Diluted Shares | | | 110,4 | 100,0% |

Table 59 – Revised Number of Shares Calculation for Financing Option (ii)

| Pro Forma Combined Financial Summary | | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| | 1 | 2 | 3 | 4 | 5 | |
| | 2024 | 2025 | 2026 | 2027 | 2028 | |
| Sales | 5 920,9 | 6 265,2 | 6 723,5 | 7 080,7 | 7 378,8 | |
| % growth | 6,7% | 5,8% | 7,3% | 5,3% | 4,2% | |
| EBITDA | 833,4 | 894,4 | 990,7 | 1 044,4 | 1 090,9 | |
| % margin | 14,1% | 14,3% | 14,7% | 14,7% | 14,8% | |
| Interest Expense | 170,9 | 180,7 | 193,9 | 204,0 | 212,6 | |
| Net Income | 133,9 | 151,0 | 185,3 | 196,0 | 206,1 | |
| % margin | 2,3% | 2,4% | 2,8% | 2,8% | 2,8% | |
| Fully Diluted Shares | 110,4 | 110,4 | 110,4 | 110,4 | 110,4 | |
| Diluted EPS | 1,21 | 1,37 | 1,68 | 1,78 | 1,87 | |

Table 60 – Revised Financial Summary for Financing Option (ii)

| Accretion / (Dilution) Analysis | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--|
| | 2024 | 2025 | 2026 | 2027 | 2028 | |
| GDS Standalone Diluted EPS | 0,97 | 1,09 | 1,37 | 1,44 | 1,50 | |
| HUM Standalone Diluted EPS | 0,43 | 0,45 | 0,48 | 0,50 | 0,52 | |
| Pro Forma Combined Diluted EPS | 1,21 | 1,37 | 1,68 | 1,78 | 1,87 | |
| Accretion / (Dilution) - € | 0,25 | 0,28 | 0,31 | 0,34 | 0,37 | |
| Accretion / (Dilution) - % | 25,6% | 25,3% | 22,7% | 23,4% | 24,4% | |

Table 61 – Revised Accretion/Dilution Analysis for Financing Option (ii)

9.8. Financial Statements for Ramsay, Humana and Merged Firm

| In millions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue on a like-for-like basis | 2 215,4 | 3 374,7 | 3 166,0 | 3 977,4 | 4 215,1 | 4 602,4 | 4 933,5 | 5 227,3 | 5 615,6 | 5 913,2 | 6 167,7 |
| Changes in the scope of consolidation | 26,1 | 26,4 | 580,2 | 45,2 | 85,9 | 99,1 | 87,5 | 0,1 | 0,1 | 0,1 | 0,0 |
| Reported revenue | 2 241,5 | 3 401,1 | 3 746,2 | 4 022,6 | 4 301,0 | 4 701,5 | 5 021,0 | 5 320,1 | 5 715,2 | 6 018,0 | 6 277,1 |
| Employee benefits | (971,5) | (1 647,9) | (1 991,1) | (2 115,7) | (2 244,1) | (2 498,8) | (2 627,4) | (2 784,1) | (2 962,3) | (3 119,3) | (3 253,6) |
| Purchases used | (450,0) | (644,7) | (731,6) | (818,6) | (890,7) | (978,8) | (1 045,3) | (1 097,3) | (1 178,8) | (1 241,3) | (1 294,7) |
| Other operating income and expenses | (280,7) | (408,6) | (273,2) | (226,8) | (293,6) | (377,1) | (348,7) | (369,5) | (396,9) | (417,9) | (435,9) |
| Taxes and duties | (93,8) | (109,0) | (114,1) | (131,8) | (129,6) | (139,2) | (154,3) | (163,5) | (175,7) | (185,0) | (193,0) |
| Rents | (189,9) | (260,1) | (89,4) | (85,9) | (84,6) | (86,2) | (104,5) | (110,7) | (118,9) | (125,2) | (130,6) |
| EBITDA | 255,6 | 330,8 | 546,8 | 643,8 | 658,4 | 621,4 | 740,8 | 794,9 | 882,6 | 929,3 | 969,3 |
| Depreciation and amortisation | (129,9) | (173,9) | (362,1) | (371,8) | (377,3) | (403,2) | (455,1) | (482,2) | (518,0) | (545,5) | (569,0) |
| Current operating profit | 125,7 | 156,9 | 184,7 | 272,0 | 281,1 | 218,2 | 285,7 | 312,7 | 364,5 | 383,8 | 400,3 |
| Other non-recurring income/(expenses) | (59,9) | (38,1) | (8,5) | (21,4) | 10,2 | 22,2 | 17,8 | 18,9 | 20,3 | 21,3 | 22,3 |
| Operating profit | 65,8 | 118,8 | 176,2 | 250,6 | 291,3 | 240,4 | 303,5 | 331,6 | 384,8 | 405,2 | 422,6 |
| Net borrowing cost | (39,1) | (66,9) | (130,2) | (123,2) | (123,5) | (147,1) | (150,6) | (159,6) | (171,5) | (180,6) | (188,3) |
| Other finance income and expenses | (3,2) | (3,6) | (0,8) | (24,1) | 17,4 | (5,6) | (10,6) | (11,2) | (12,1) | (12,7) | (13,3) |
| Income tax | (8,5) | (33,0) | (27,1) | (29,5) | (57,3) | (23,8) | (35,6) | (40,2) | (50,3) | (53,0) | (55,3) |
| Share of profit of joint venture | 0,1 | | | | (0,1) | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| NET PROFIT OF THE CONSOLIDATED GROUP | 15,1 | 15,3 | 18,1 | 73,8 | 127,8 | 63,9 | 106,7 | 120,5 | 150,9 | 158,9 | 165,8 |

Table 62 – Ramsay’s Income Statement (2018-2028E)

| In millions of euros | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Goodwill | 754,4 | 1 674,8 | 1 735,5 | 1 762,6 | 2 065,1 | 2 062,7 |
| Other intangible assets | 23,8 | 263,5 | 245,5 | 241,2 | 244,7 | 213,8 |
| Property, plant and equipment | 869,2 | 1 107,1 | 894,9 | 918,0 | 950,2 | 991,2 |
| Right-of-use (IFRS 16) | | | 2 106,8 | 2 079,8 | 2 058,2 | 2 047,1 |
| Investments in equity-accounted companies | 0,6 | 0,3 | 0,3 | 0,3 | 0,2 | 0,2 |
| Non-current financial assets | 69,1 | 87,4 | 88,9 | 85,6 | 119,4 | 170,2 |
| Deferred tax assets | 45,2 | 146,3 | 91,4 | 125,4 | 94,7 | 106,4 |
| Non-current assets | 1 762,3 | 3 279,4 | 5 163,3 | 5 212,9 | 5 532,5 | 5 591,6 |
| Inventories | 67,8 | 98,9 | 108,5 | 111,4 | 111,2 | 118,2 |
| Customers | 157,6 | 361,0 | 312,9 | 323,4 | 422,0 | 538,6 |
| Other current assets | 190,6 | 231,9 | 569,3 | 406,4 | 574,0 | 329,0 |
| Tax assets | 9,8 | 11,8 | 12,3 | 7,6 | 4,7 | 17,5 |
| Current financial assets | 0,3 | 9,7 | 10,0 | 11,6 | 11,0 | 10,7 |
| Cash and cash equivalents | 308,0 | 368,5 | 538,2 | 608,4 | 132,5 | 352,2 |
| Assets held for sale | 5,6 | | | | | |
| Current assets | 739,7 | 1 081,8 | 1 551,2 | 1 468,8 | 1 255,4 | 1 366,2 |
| TOTAL ASSETS | 2 502,0 | 4 361,2 | 6 714,5 | 6 681,7 | 6 787,9 | 6 957,8 |
| Share capital | 56,9 | 82,7 | 82,7 | 82,7 | 82,7 | 82,7 |
| Share premium | 71,2 | 611,2 | 611,2 | 611,2 | 611,2 | 611,2 |
| Consolidated reserves | 334,8 | 293,6 | 305,2 | 311,4 | 400,1 | 502,6 |
| Net profit attributable to owners of parent | 7,3 | 8,2 | 13,4 | 65,0 | 118,4 | 49,4 |
| Equity attributable to owners of the parent | 470,2 | 995,7 | 1 012,5 | 1 070,3 | 1 212,4 | 1 245,9 |
| Non-controlling interests | 40,8 | 42,8 | 24,7 | 28,4 | 26,3 | 31,0 |
| TOTAL EQUITY | 511,0 | 1 038,5 | 1 037,2 | 1 098,7 | 1 238,7 | 1 276,9 |
| Borrowings and financial debt | 1 195,6 | 1 955,3 | 1 730,5 | 1 673,6 | 1 763,6 | 1 893,8 |
| Debt on commitments to purchase non-controlling interests | | | | | 48,9 | 46,3 |
| Non-current lease liability (IFRS 16) | | | 1 973,8 | 1 940,2 | 1 922,3 | 1 928,0 |
| Provisions for retirement and other employee benefits | 51,0 | 132,9 | 136,9 | 157,6 | 115,7 | 105,4 |
| Non-current provisions | 63,5 | 128,3 | 171,1 | 176,9 | 164,7 | 155,3 |
| Other non-current liabilities | 12,2 | 32,4 | 33,0 | 32,6 | 8,9 | 6,7 |
| Deferred tax liabilities | 50,9 | 112,6 | 29,7 | 51,2 | 39,7 | 52,8 |
| Non-current liabilities | 1 373,2 | 2 361,5 | 4 075,0 | 4 032,1 | 4 063,8 | 4 188,3 |
| Current provisions | 17,8 | 36,5 | 43,6 | 51,7 | 48,4 | 39,9 |
| Suppliers | 191,9 | 266,2 | 342,0 | 343,8 | 410,8 | 471,9 |
| Other current liabilities | 329,5 | 574,3 | 982,2 | 901,8 | 775,6 | 699,6 |
| Tax liabilities | 13,3 | 14,8 | 20,0 | 16,6 | 19,2 | 1,6 |
| Current financial debt | 63,7 | 69,4 | 24,8 | 38,1 | 35,4 | 58,8 |
| Debt on commitments to purchase non-controlling interests | | | | | | 7,3 |
| Current lease liability (IFRS 16) | | | 189,7 | 198,9 | 196,0 | 213,5 |
| Liabilities related to assets held for sale | | 1,6 | | | | |
| Current liabilities | 617,8 | 961,2 | 1 602,3 | 1 550,9 | 1 485,4 | 1 492,6 |
| TOTAL SHAREHOLDERS' EQUITY & LIABILITIES | 2 502,0 | 4 361,2 | 6 714,5 | 6 681,7 | 6 787,9 | 6 957,8 |

Table 63 – Ramsay’s Balance Sheet (2018-2023)

| In millions of Swedish Krona | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net revenue | 6 714,0 | 7 446,0 | 7 771,0 | 8 176,0 | 9 199,0 | 9 638,0 | 10 233,9 | 10 735,1 | 11 437,6 | 12 046,3 | 12 472,0 |
| Other operating revenue | 11,0 | 21,0 | 26,0 | 12,0 | 42,0 | 89,0 | 70,6 | 74,0 | 78,9 | 83,0 | 86,0 |
| Total revenue | 6 725,0 | 7 467,0 | 7 797,0 | 8 188,0 | 9 241,0 | 9 728,0 | 10 304,4 | 10 809,1 | 11 516,5 | 12 129,3 | 12 558,0 |
| Other external expenses | (1 044,0) | (958,0) | (913,0) | (926,0) | (1 082,0) | (1 200,0) | (1 238,8) | (1 299,5) | (1 384,5) | (1 458,2) | (1 509,7) |
| Personnel costs | (5 202,0) | (5 784,0) | (6 039,0) | (6 333,0) | (7 253,0) | (7 530,0) | (8 032,5) | (8 425,8) | (8 977,3) | (9 455,0) | (9 789,1) |
| Other operating expenses | (19,0) | (28,0) | (2,0) | (16,0) | (10,0) | (6,0) | (18,0) | (18,9) | (20,1) | (21,2) | (21,9) |
| EBITDA | 460,0 | 697,0 | 843,0 | 913,0 | 896,0 | 992,0 | 1 015,2 | 1 064,9 | 1 134,6 | 1 194,9 | 1 237,2 |
| Depreciation/amortisation and impairment | (70,0) | (327,0) | (371,0) | (420,0) | (457,0) | (538,0) | (509,9) | (534,9) | (569,9) | (600,2) | (621,5) |
| Operating profit | 391,0 | 369,0 | 471,0 | 493,0 | 439,0 | 454,0 | 505,2 | 530,0 | 564,6 | 594,7 | 615,7 |
| Net Financing costs | (73,0) | 4,0 | (133,0) | (135,0) | (142,0) | (196,0) | (210,1) | (220,4) | (234,8) | (247,3) | (256,0) |
| Profit before tax | 317,0 | 249,0 | 332,0 | 354,0 | 274,0 | 232,0 | 295,1 | 309,6 | 329,8 | 347,4 | 359,7 |
| Income tax | (72,0) | (61,0) | (70,0) | (78,0) | (64,0) | (53,0) | (60,8) | (63,8) | (67,9) | (71,6) | (74,1) |
| Profit for the year | 245,0 | 187,0 | 262,0 | 276,0 | 210,0 | 179,0 | 234,3 | 245,8 | 261,9 | 275,8 | 285,6 |

Table 64 – Humana’s Income Statement (2018-2028E)

| In millions of Swedish Krona | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------|---------|---------|---------|---------|----------|
| Goodwill | 3 168,0 | 3 897,0 | 3 815,0 | 4 148,0 | 4 409,0 | 4 402,0 |
| Other intangible assets | 8,0 | 5,0 | 5,0 | 11,0 | 40,0 | 37,0 |
| Property, plant and equipment | 560,0 | 377,0 | 314,0 | 360,0 | 464,0 | 432,0 |
| Right-of-use assets | 0,0 | 2 089,0 | 2 119,0 | 2 669,0 | 2 930,0 | 3 167,0 |
| Deferred tax assets | 0,0 | 25,0 | 28,0 | 41,0 | 39,0 | 44,0 |
| Non-current financial assets | 9,0 | 8,0 | 14,0 | 14,0 | 18,0 | 16,0 |
| Non-current assets | 3 745,0 | 6 401,0 | 6 295,0 | 7 243,0 | 7 899,0 | 8 098,0 |
| Trade receivables | 847,0 | 834,0 | 852,0 | 923,0 | 1 026,0 | 1 079,0 |
| Tax receivables | 21,0 | 26,0 | 68,0 | 70,0 | 106,0 | 75,0 |
| Other receivables and currents assets | 8,0 | 7,0 | 9,0 | 7,0 | 16,0 | 10,0 |
| Prepaid expenses and accrued income | 83,0 | 128,0 | 62,0 | 64,0 | 69,0 | 92,0 |
| Cash and cash equivalents | 514,0 | 836,0 | 759,0 | 695,0 | 690,0 | 675,0 |
| Current assets | 1 473,0 | 1 830,0 | 1 749,0 | 1 759,0 | 1 907,0 | 1 930,0 |
| TOTAL ASSETS | 5 218,0 | 8 231,0 | 8 044,0 | 9 002,0 | 9 806,0 | 10 029,0 |
| Share capital | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Other paid-in capital | 1 094,0 | 1 096,0 | 1 096,0 | 1 096,0 | 1 096,0 | 1 096,0 |
| Reserves | 28,0 | 29,0 | (6,0) | 21,0 | 50,0 | 22,0 |
| Retained earnings, including profit for the year | 1 007,0 | 1 158,0 | 1 264,0 | 1 436,0 | 1 592,0 | 1 768,0 |
| Group share of equity | 2 130,0 | 2 284,0 | 2 354,0 | 2 553,0 | 2 739,0 | 2 886,0 |
| Non-controlling interests | 17,0 | 22,0 | 0,0 | 0,0 | 0,0 | 39,0 |
| Total shareholders' equity | 2 147,0 | 2 305,0 | 2 354,0 | 2 553,0 | 2 739,0 | 2 926,0 |
| Non-current lease liabilities | 0,0 | 1 902,0 | 1 958,0 | 2 557,0 | 2 733,0 | 2 908,0 |
| Other non-current interest-bearing liabilities | 1 259,0 | 1 769,0 | 1 499,0 | 2 146,0 | 2 263,0 | 1 755,0 |
| Deferred tax liabilities | 73,0 | 71,0 | 70,0 | 74,0 | 58,0 | 58,0 |
| Provisions | 0,0 | 0,0 | 0,0 | 4,0 | 3,0 | 1,0 |
| Non-current liabilities | 1 332,0 | 3 741,0 | 3 527,0 | 4 780,0 | 5 056,0 | 4 722,0 |
| Current lease liabilities | 0,0 | 270,0 | 232,0 | 216,0 | 318,0 | 389,0 |
| Other current interest-bearing liabilities | 633,0 | 607,0 | 581,0 | 3,0 | 88,0 | 354,0 |
| Trade payables | 121,0 | 129,0 | 128,0 | 165,0 | 187,0 | 273,0 |
| Other current liabilities | 228,0 | 256,0 | 257,0 | 279,0 | 299,0 | 283,0 |
| Accrued expense and deferred income | 757,0 | 922,0 | 965,0 | 1 006,0 | 1 119,0 | 1 083,0 |
| Current liabilities | 1 739,0 | 2 185,0 | 2 163,0 | 1 669,0 | 2 011,0 | 2 381,0 |
| TOTAL SHAREHOLDERS' EQUITY & LIABILITIES | 5 218,0 | 8 231,0 | 8 044,0 | 9 002,0 | 9 806,0 | 10 029,0 |

Table 65 – Ramsay’s Income Statement (2018-2023)

| In millions of euros | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---------|---------|---------|---------|---------|
| Reported revenue | 5 920,9 | 6 265,2 | 6 723,5 | 7 080,7 | 7 378,8 |
| Changes in the scope of consolidation | 93,7 | 99,2 | 106,5 | 112,1 | 116,9 |
| Revenue on a like-for-like basis | 5 827,2 | 6 166,0 | 6 617,1 | 6 968,6 | 7 261,9 |
| Employee benefits | 3 327,3 | 3 517,7 | 3 743,5 | 3 941,8 | 4 104,7 |
| Purchases used | 1 152,7 | 1 209,5 | 1 297,8 | 1 366,4 | 1 423,7 |
| Other operating income and expenses | 350,3 | 371,1 | 398,6 | 419,8 | 437,8 |
| Taxes and duties | 154,3 | 163,5 | 175,7 | 185,0 | 193,0 |
| Rents | 104,5 | 110,7 | 118,9 | 125,2 | 130,6 |
| EBITDA | 831,9 | 892,7 | 989,0 | 1 042,5 | 1 089,0 |
| Depreciation and amortisation | 499,6 | 528,9 | 567,7 | 597,8 | 623,2 |
| Other non-recurring income/(expenses) | 17,8 | 18,9 | 20,3 | 21,3 | 22,3 |
| EBIT (Operating Profit) | 350,1 | 382,7 | 441,5 | 466,1 | 488,1 |
| Net Borrowing cost | 169,0 | 178,8 | 191,9 | 202,1 | 210,6 |
| Other finance income and expenses | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| EBT | 181,1 | 203,9 | 249,6 | 263,9 | 277,4 |
| Income tax | 45,3 | 51,0 | 62,4 | 66,0 | 69,4 |
| NET PROFIT OF THE CONSOLIDATED GROUP | 135,9 | 152,9 | 187,2 | 198,0 | 208,1 |

Table 66 – Humana’s Income Statement (2024E-2028E)

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