

BMI Healthcare: Announcement

Date: 27 November 2018

On 1st of October 2018 BMI Healthcare Limited ("BMI Healthcare") announced an agreement on its financial restructuring, which will see a major recapitalisation of the business, including a rent reduction of £65 million per annum, a capital injection of at least £58 million¹ and an extension of its senior banking facilities to at least 2023. It was also announced that Hospital Topco Limited ("Hospital Topco"), the parent company of the landlords for 35 of BMI Healthcare's hospitals (the "Theatre Properties"), and BMI Healthcare's lenders each agreed to a transaction which would bring BMI Healthcare's operations and the 35 Theatre Properties back under common ownership.

Further to this announcement, Hospital Topco has launched a solicitation process in order to solicit participations from certain of its existing financial stakeholders in a senior new money loan to be issued as part of the financial restructuring transaction described above.

As part of the negotiations with Hospital Topco and its stakeholders, BMI Healthcare has provided the following financial information for the FYE ("financial year ended") 2017 through FYE 2022.

Actuals (£m)		Forecasts (30 September year-end)				
FY17²		FY18	FY19	FY20	FY21	FY22
Revenue	Revenue Growth (%)					
310	Inpatient	(6.7%)	(7.1%)	1.1%	1.9%	1.9%
264	Daycase	0.3%	(6.0%)	1.6%	3.6%	3.1%
263	Outpatient	(2.8%)	(4.5%)	2.1%	3.8%	3.6%
51	Other	4.5%	0.1%	1.4%	2.3%	2.3%
Costs (£m)	Cost Growth (%)					
(305)	Labour	(3.9%)	(8.1%)	(1.4%)	2.1%	3.8%
(197)	Supplies	3.0%	(3.3%)	2.3%	4.9%	4.7%
(194)	Other Operating Costs	(2.0%)	(9.1%)	1.5%	2.4%	2.6%
Cash Flow Items	Cash Flow Items (% of Revenue)					
(165)	Total Rent ³	(19.7%)	(13.2%)	(13.3%)	(13.3%)	(13.2%)
(7)	Exceptional Costs	(2.5%)	(2.2%)	(0.5%)	(0.2%)	–
(49)	Capex	(3.1%)	(7.5%)	(9.3%)	(7.1%)	(5.7%)
22	Change in NWC % Sales	0.5%	(1.3%)	0.0%	0.3%	(0.4%)
(3)	Tax and Other	(0.1%)	(1.0%)	(1.2%)	(0.9%)	(0.9%)

Note: BMI Healthcare's post-transaction senior banking facilities to consist of a committed revolving credit facility of £30m and a term loan of £85m, both paying an interest rate of LIBOR+2.75%. The senior banking facilities also include an additional £20m uncommitted revolving credit facility basket. BMI Healthcare will also have approximately £15m of finance leases outstanding at the time of the transaction.

¹ Capital injection could be up to £65m

² Excludes c.£3m p.a. of EBITDAR from associates

³ Assumes Theatre Rent growing at 2.5% p.a

Reconciliation of FY17 Announcement EBITDAR to Blue Tenant 1 Limited FY17 Accounts (£m)

FY17 Headline EBITDAR in Blue Tenant 1 Ltd Accounts	187
Contribution from JVs	3
Share of associates (not reported in Tenant 1 accounts)	1
Decontamination unit contribution	2
Pedaclip Ltd and Blue Tenant 2 Ltd adjustments	0
GHG Leasing consolidation adjustment	2
FY17 Announcement EBITDAR	194

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