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RAMSAY HEALTH CARE LIMITED – FY26 RESULTS RELEASE

[START OF TRANSCRIPT]

Natalie Davis: Good morning, everyone, and welcome to Ramsay Healthcare's Full Year Results Presentation for the 12 Months Ending 30th of June '26. I'm Natalie Davis, the Managing Director and Group CEO, and I'm joined today by our Group CFO, Anthony Nielsen. Today, we will share our financial results and the significant progress we have made over the past year in transforming the business.

I'm pleased that we are maintaining high patient NPS scores and clinical excellence in every region, building transformation momentum in the Australian business and improving performance and capital returns across the group. I'd like to thank our incredible people and our clinicians who dedicate themselves to our patients and are the foundation of our success.

Turning to Slide 4. We've made good progress delivering against our 3 key priorities: First, the multiyear transformation of our market-leading Australian hospital business, second, strengthening capital discipline and improving returns across the portfolio; and third, involving our culture to innovate and accelerate delivery.

Our strength in Group Executive team and the capability they are building in key commercial and operational areas has enabled us to accelerate the pace of our transformation. In Australia, a high acuity growth focus improved theatre utilisation, revenue indexation and cost management has delivered underlying EBIT growth of 11.2% and a plus 30 basis points uplift in EBIT margin.

Importantly, we're also well progressed with our proposed separation of Ramsay Santé, which is on track for completion in late 2026, subject to a shareholder vote in November.

Turning to Slide 5 and looking at the headline numbers in constant currency movements for the full year. Revenue was \$18.6 billion, reflecting 4.2% growth compared to FY25, driven by 8% revenue growth in Australia. Underlying EBIT increased 11.8% and underlying NPAT increased 22.9%, reflecting focus on improving performance through transformation programs in each region. Reported NPAT was \$329 million.

We've strengthened capital discipline, focusing growth and development capex on Australia and procedural capacity. Reflected in group ROE increasing by 30 basis points and funding group ROIC plus 60 basis points to 6.3%. Our focus on performance improvement and cash conversion has seen Australia and both U.K. businesses net cash flow positive for the period and improved our funded group leverage to less than 2x.

The Board has determined a final fully franked dividend of \$0.485 per share, which is up 21.3% and taking the full year dividend to \$0.91 per share, up 13.8% on the prior period and representing a payout ratio of 60.3% of underlying earnings. These results highlight the momentum building across our business and the positive impact of our strategic initiatives.

Slide 6 provides more detail on our underlying results and the split between the funding group contribution and Ramsay Santé. All regions improved performance. Australia, reporting 11.2% growth in underlying EBIT on 8% growth in revenue. Both U.K. businesses reporting growth in earnings through operational initiatives, mitigating the impact of lower funding by the NHS.

Ramsay Santé's improved EBIT was driven by Swedish business and performance improvement initiatives more than offsetting the difficult funding environment in France.

Moving to focus on each region. Starting with Australia on Slide 8. Our transformation continues to build momentum, driven by our big 5 hospital operations improvement initiatives. Our strategic focus on growing in high acuity and priority therapeutic areas, improving theatre utilisation and focus on procurement initiatives has driven admissions and revenue growth and margin expansion. Pleasingly, we achieved this alongside improved patient, doctor and team NPS scores.

With the new executive team in place, we have started to accelerate the execution of our 2030 strategy. We are looking forward to National Capital Private Hospital joining our Ramsay Network next week and serving the local community.

During the year, we also signed a new partnership agreement with one of our major insurers which will enable us to focus on collaborating to strengthen the private health proposition. We have grown our Ramsay Research & Development Network to 22 sites and continue to grow clinical trials activity with a 28% increase.

Turning to the Australian results in more detail on Slide 9. The business delivered 11.2% growth in underlying EBIT, driven by higher activity and acuity levels and improved utilisation of

treatment capacity, improved private health insurance indexation and effective cost management. We reported a 30 basis point improvement in underlying EBIT margin to 9.4%.

The impact of the new funding mechanism at Joondalup Public Campus was partially mitigated to approximately negative \$26 million by actions, including a focus on timely discharge of patients, agency reduction, increased winter activity, as our clinicians continue to provide excellent care to the local community.

Underlying labour costs were flat as a percentage of revenue and lower excluding the impact of Joondalup funding reflecting a focus on reduced agency use over the period. We were also able to lower supply costs as a percentage of labour through procurement savings.

Our portfolio optimisation efforts have continued with four sites closed and excess land holdings put up for sale. Before moving to the key drivers of our results, Slide 10 details some of the underlying trends in the Australian private healthcare market.

The market is showing improving fundamentals with hospital coverage continuing to grow as Australians prioritise their health care growing by 2.5% per annum in the last three years and pay-out ratios gradually improving, however, with some way to go.

Acute private hospitals remain the predominant setting for private healthcare and are evolving their services to include day procedures. Down sharing from Gold policies to Silver hospital coverage continues impacting private mental health and maternity in particular.

Now delving deeper into Ramsay Australia's activity trends on Slide 9, sorry, Slide 11. Excluding the impact of Peel and Border Cancer Hospital, which have both returned to public operation, you can see we observed strong growth in our core surgical and day activity, coupled with higher inpatient acuity.

Surgical admissions, which account for more than half of our total admissions grew 4.1%, increasing 40 basis points as a percentage of our total admissions, reflecting our focus on growth in key therapeutic areas.

Medical admissions were up 3.2% and rehabilitation admissions increased by 3.8%. And Mental Health admissions declined by 3.9% and but this was mainly due to declining day admissions with overnight mental health admissions, which contribute the majority of our revenue in Mental Health, increasing by 0.9%.

Looking at funding types. Private admissions grew 2.8%. Public admissions increased by 9.5%, reflecting strong activity at Joondalup and a 7.7% increase in public and private activity. Day only admissions increased by 3.8%, boosted by new surgical centres at Charlestown and Caloundra, while overnight IPDAs increased by 3%, reflecting a higher overnight acuity mix.

Moving to Slide 12 and our strategic use of data insights and uplift in our sales force are supporting growth in a number of visiting medical officers or doctor partners. Our share of complex therapeutic activity and improved theatre utilisation.

We achieved 3.3% growth in meeting VMOs, enabled by improved catchment-based data insights. Our theatre utilisation improved to 70% in FY26 from 69% in FY25 as we opened an additional 22 new theatres during the 12-month period indicating our success in increasing utilisation of theatres at our key sites.

And we increased robotics usage supported by improved robotics utilisation tracking. Slide 13. Total capex was 365 million, which was flat from the prior period and below the original forecast of \$410 million to \$440 million, reflecting lower than forecast development spend as we focus on improving utilisation of existing facilities and the timing of reimbursements from landlords of \$30.8 million, primarily associated with the development of key lease sites in Mildura and Beleura.

Our development investment in Australia remains focused on increasing procedural capacity in major hospitals within growth corridors. In total, we opened 22 theater and procedure rooms during the period.

The increase in routine and maintenance capex reflects an investment in existing facilities to ensure strategically located sites fit for purpose in the future and continue to meet high clinical safety and amenity standards.

In financial year '27, we're planning to open 11 new theaters cast labs at sites, including our largest hospital, Hollywood and Perth, and St. George in Sydney. We're in the final phase of our ring private expansion, including our recently opened emergency department.

In financial year '27, we'll continue with our key programs to drive the transformation of the business with our initiatives underpinned and enabled by our investment in data, technology and AI.

We have defined our technology road map with priorities, including the upgrade of our patient administration system, which will be part of our broader revenue cycle management transformation to speed up cash collection, improve accuracy to reduce rework and streamline administrative manual processes. And a smart rostering system and team up to enable flexible working, reduce administrative burden for our hospital teams and improve effectiveness of our rosters.

Moving to Slide 15 and the outlook. As we continue to focus on delivery of our multiyear transformation, Australia is targeting incremental year-on-year EBIT growth, both including and excluding the NatCat acquisition and margin expansion driven by activity growth, improved capacity utilisation, revenue indexation in line with cost indexation, operational improvement initiatives and including a \$10 million to \$15 million increase in investment in IT, technology and transformation.

National Capital is expected to be underlying EPS accretive in the first 12 months of ownership. Transmission operating costs are expected to be in the range of \$9 million to \$11 million in financial year '27. Total capex for Australia is expected to be \$380 million to \$410 million, inclusive of NatCat.

Moving to the U.K. region on Slide 16, where both our U.K. hospitals and Elysium businesses are focused on performance improvement plans to mitigate weakness in NHS funding. Pleasingly, both businesses delivered an increase in underlying EBIT and were net cash flow positive.

U.K. hospitals focused on acuity, private activity growth and cost management to mitigate NHS funding headwinds from Q2. The Elysium turnaround is beginning to gain traction under the leadership of new CEO, Joe O'connor in weak market conditions through a focus on rightsizing our services to local demand and cost reduction.

Moving to each business in turn, beginning on Slide 17. Our U.K. hospitals delivered underlying EBIT growth of 10.3% in constant currency successfully mitigating an 8% decline in NHS activity and tariff indexation below cost growth.

The result was achieved through a focus on higher complexity NHS work and private activity growth of 2.9% and which drove a 6.7% increase in average revenue per admission. The business focused on disciplined cost management program, resulting in labor costs as a percent of revenue declining by 30 basis points and the EBIT margin improving 80 basis points.

Turning to Slide 18. We expect Ramsay U.K. to deliver EBIT growth in financial year '27 with a focus on driving higher acuity and growth in private medical insurance and self-pay activity, ongoing delivery of efficiency transformation programs across finance and operations, including rostering initiatives and creation of finance shared services hubs, and continuing to work closely with local and national NHS stakeholders to attract NHS work and target acuity.

NHS tariff guidance for the year beginning first of April '26, has been recently lifted to 1.24%. The backdated amount related to first of April '26 to 30th of June '26 will be included in the financial year '27 results.

Turning to Slide 19. Elysium's turnaround plan gained traction in the second half of financial year '26, delivering a 43% growth in underlying EBIT for the year. This was achieved through site and ward closures to match local demand, reduce central and agency costs, including a reduction in FTE at an average fee uplift of 4.4%, reflecting complexity of patient services.

There was also a strong focus on working capital and a reduction in debtors, which combined with reduced capex through positive cash flow. Elysium reported results include a net 13.2 million of costs associated with its restructure, including site impairments of net 9.9 million.

Our ongoing focus for Elysium on Slide 20 is to continue delivering on the turnaround plan, which includes increasing conversion rates of new patient opportunities, including a focus on complex recovery services, further improvements to labour mix, including reducing agency costs further, negotiating with payers for appropriate up reflecting service complexity.

We're targeting EBIT growth in financial year '27 as the business turnaround continues to progress. Turning now to Europe. And on Slide 21, we're on track with our separation plans for Ramsay Santé to support long-term value creation for Ramsay's shareholders as we move towards a Ramsay shareholder vote in late November.

The business has continued to focus on performance improvement in both France and the Nordics. Moving to Slide 22. And despite funding headwinds in France, Ramsay Santé reported a reduced underlying loss in Europe. The Nordics region delivered a strong result driven by Sweden's performance improvement, which included the impact of the new Sankt Göran 8-year contract and improved performance in its other services, including Proximity Care.

France has multiple work streams on force focused on operational efficiency, which partially mitigated the funding shortfall. On Slide 23, Ramsay Santé's focus in financial year '27 will include cost control, efficiency and cash generation, growing profitable activity, including growth

in Sweden and the full year impact of the new Sankt Göran contract and sustained advocacy for fair tariff outcomes in France.

Turning to Slide 24. The proposed separation of Ramsay Santé is well on track with the demerger meeting for the shareholder vote progressing towards 24th of November 2026. The benefits of the demerger proposal include: it simplifies Ramsay's portfolio, enabling us to focus on transformation and growth potential of our core Australian hospitals business.

It also simplifies our reported financial profile through deconsolidation of Ramsay Santé from Ramsay's financial statements. Demerger should improve Ramsay Santé's focus and already established independently managed and publicly listed business to continue to pursue its European focus strategy and transformation.

There is limited separation complexity given Ramsay Santé already operates independently of Ramsay, inking separate financing and balance sheet arrangements. And it gives our shareholders the opportunity to retain ownership interest in Ramsay Santé.

Assuming shareholders vote in favour of the separation, Ramsay Santé will be treated as a discontinued business line item in our financial year '27 half and full year results. Costs associated with the demerger will be detailed in the skin booklet.

Moving to sustainability on Slide 25. And Ramsay remains on track with both our 2030 Scope 1 and 2 greenhouse gas emissions targets and our 2028 supplier engagement target. We're committed to working with our partners to understand and address emissions across our supply chain.

However, our progress in this area is limited to how quickly our suppliers are able to reduce a magnetron Scope 1 and 2 emissions. As a result, we've revised our long-term net 0 greenhouse gas emission targets, taking into account the current and anticipated commercial and operating environment.

We will now target net zero Scope 1 and 2 emissions by equity share by 2050 instead of 2040 and Ramsay U.K. and Elysium Healthcare will target net 0 Scope 3 emissions by 2050. Our net 0 Scope 3 group target will be considered following engagement with our suppliers in line with our near-term target.

I'll now hand over to Anthony to provide a more detailed look at our financial performance.

Anthony Neilson: Thank you, Natalie. Good morning, everyone. Moving to our group financial performance on Slide 27, it's important to note that all regions reported EBIT growth in local currency reflecting positive transformation momentum in Australia and our focus on operational improvement programs across all regions.

This drove a 30 basis point improvement in EBIT margins to 6.2%, with cost discipline, resulting in a 20 basis point improvement in employee costs as a percentage of revenue and a 10 basis point improvement in medical supplies and consumables as a percentage of revenue.

Underlying EPS grew 27% in constant currency. The underlying effective tax rate was approximately 35%, consistent with our guidance. Reported tax was slightly higher at approximately 37%.

These rates are high relative to corporate tax rates in the jurisdictions Ramsay operates, reflecting the impact of French CVAE, which is a corporate value-add tax and Ramsay Santé's loss before tax result in the FY26 period. The final dividend of \$0.485 per share brings the full year dividend to \$0.91 per share, up 13.8% from FY25 with a payout ratio of 60.3% underlying earnings.

Turning to Slide 28. We continue to maintain a strong focus on cash generation. Operating cash flow reflects a 46% improvement in the funding group coming from Australia and both U.K. businesses, offset by a negative working capital variance in Ramsay Santé primarily reflecting the timing of payments from the French government versus the prior period.

The decline in capex spend reflects capital discipline in development expenditures in Australia and the U.K. operations. This resulted in free cash flow of \$697 million, which was relatively flat compared to the prior year. Net cash inflow from divestments mainly relates to sale and leaseback of 4 sites in France, and the sale of Hotdoc investment in Australia. Dividends paid increased reflecting the suspension of the dividend reinvestment plan for the final dividend in FY25.

Moving to Slide 29. Our consolidated balance sheet remains stable with key changes relating to the net impact of currency translation on the balance sheet was approximately \$300 million reduction in net assets. An underlying increase in property, plant and equipment includes the completion of developments in Australia, partially offset by the restructure of portfolios in all regions.

Working capital movements mainly relate to movements in Ramsay Santé associated with the timing of government receivables and the Elysium portfolio restructure resulted in a \$300 million reduction to the right-of-use assets. ROCE increased 110 basis points to 11% for the group.

Turning to Slide 30, and the funding group, which excludes Ramsay Santé delivered underlying NPAT growth of 17.9% to \$398.4 million with a 5.2% increase in revenue in constant currency.

The result was driven by underlying EBIT growth across all businesses, with an improved performance in Australia of plus 11.2% in underlying EBIT, a plus 10.3% underlying EBIT contribution from our U.K. acute business, and a plus 43.5% increase in underlying EBIT for Elysium.

The result include a 7.3% increase in depreciation, reflecting the completion of major projects in Australia over the period. higher financing costs, reflecting the increase in base rates over the period and reduced hedging compared to the prior period and an underlying tax rate of approximately 29%. ROCE for the funding group increased 124 basis points to 14.8%.

Moving to Slide 31. The funding group's leverage has decreased to 1.83x and remains well below our target range of 2.5x. Interest cover is also strong at 8.94x. All businesses in the funding group were net cash flow positive for the year showing a strong focus on improving cash flow, working capital management, capital allocation and returns across the funding group. We maintained liquidity of \$1.066 billion, some of which will be utilised for the \$251 million acquisition of NatCap next week.

Leverage is expected to continue to be below our target range post this acquisition. The weighted average cost of debt in FY27 is currently expected to be approximately 5.5%, and approximately 60% of our funding group debt is hedged for FY27. In FY27, total net interest costs, inclusive of AASB 16 lease costs for the funding group are forecast to be \$280 million to \$300 million.

On Slide 32, Ramsay Santé remains well supported by its own funding arrangements. In July 2026, they announced the completion of a refinancing of EUR1.75 billion of senior debt extending their tenure by 2 years to 2033 and including a change of control provision, which is consistent with our proposed separation. Its bank leverage ratio was 4.7x at 30 June, and liquidity stood at EUR487 million, comprising EUR185 million in undrawn bank facilities and EUR302 million in cash.

Turning to Slide 33. And as I have shown above in the results, our focus on improving capital management and cash flows, delivering improved returns and lowered leverage for the funding group over the period. Disciplined cost management across the funding group resulted in underlying EBITDA margins of plus 60 basis points and underlying employee benefits as a percentage of revenue declining 20 basis points.

Activities over the period included a focus on revenue cycle management and improved working capital across all businesses with cash conversion in Australia, improving by 4 days over the period and further work to do. Focus on utilisation of facilities and portfolio optimisation resulted in a decrease in capex and improved capital allocation across the business.

Cash generation from portfolio optimisation will continue in Australia and Elysium. These activities and focus on improved results drove an improvement in the funding group ROCE to 14.8%.

Turning to Slide 34 and group capex was \$734.2 million, a decrease of 6.1% in constant currency reflecting disciplined development spend in Australia focused on expanding procedural capacity, lower capex in the U.K. and flat in Europe, reflecting our capital discipline in the current funding environment mainly due to lower development and growth expenditures.

And routine and compliance spend was increased in Australia to ensure our hospitals are future fit. Our high clinical quality and safety standards and the amenity of our hospitals is maintained. Our forecast range of funding group capex in FY27 is \$480 million to \$520 million consistent with the FY26 spend of \$488 million in constant currency.

Overall, we made good progress from a financial perspective in FY26 with the company in a strong financial position to continue to deliver in FY27. With that, I'll now hand back to Natalie for the outlook and closing remarks.

Natalie Davis: Thanks, Anthony. And turning to Slide 36. In closing, I want to reiterate our commitment to continuing delivery of our strategic priorities. In FY27, we expect to continue the positive momentum with EBIT growth expected in Australia and the U.K. businesses.

We're looking forward to completing the National Capital acquisition, caring for the local community and welcoming the team to Ramsay next week. We're preparing for the proposed separation of Ramsay Santé in December, subject to Ramsay's shareholder vote on the 24th of November.

The Group Executive will host an Investor Day on the 30th of November, to share our progress and plans as we continue to evolve Ramsay for the future. I'm proud of the progress we've made as a team and our unwavering commitment to providing excellent care for our patients. Thank you for joining us, and we'll now open the floor for questions.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speakerphone, please pick up the handset to ask your question.

Your first question today will come from David Low of UBS. Please go ahead.

David Low: Thank you for taking my questions. Just starting with Slide 12 and the utilisation trends. I can see that you've got much higher utilisation in the Top 5 sites. I mean where do you think you can take the utilisation to -- I mean what's maximum -- and is it possible to get the lesser sites up to levels that you're seeing in the Top 5 hospitals?

Natalie Davis: Thanks for the question. Yes. If you look at our distribution or utilisation across all of our sites. What you see is we have five sites, and they tend to be very large hospitals that have utilisation in that range of about 80% to 85%. And that's broadly in line with what you would see as best practice around the world in the sector.

So, our focus has really been particularly in our large hospitals that are often adjacent to a public hospital and attract that complexity of work that we're known for. Our focus has really been particularly at those sites trying to attract more doctors, serve more patients and increase utilisation of those hospitals.

And that's in areas like cardiology and cancer care and orthopaedics. So that 80% to 85% would be our kind of aspiration for a really good level of utilisation in one of our major hospitals. And, you know, when we get close to that, that's when we consider increasing our procedural capacity.

David Low: Okay. Great. Thanks for that. So, it would seem that at the top 5 sites, you're quite close to needing additional capacity.

Natalie Davis: Well, some of those sites, we're already in the process of adding capacity. So, you would have seen in the presentation later on, we talk about where we're adding sites. We're adding theatres over the next or cath labs over the next 12 months.

And they include a focus on some of our major sites like Westmead, St. George, and Hollywood, we're adding two theatres and two cath labs. So, we've already been effectively prioritising our capital investment based on levels of utilisation.

David Low: Okay. Thanks. And just the other topic I wanted to touch on was the opex, the IT opex that you've laid out for 10 million to 15 million. Can you talk a little bit more about, you know, what you're spending on -- what -- will that be a headwind to margins effectively? Or do you expect that, that investment will pay back quickly enough that it would be offset?

Natalie Davis: Yes. So, what we're -- what we've done with our technology road map is very clearly to find a sequenced approach. So, we're thoughtfully investing in technology. We know we need to invest in technology to enable our questions in our hospitals to reduce their administrative further to improve our processes.

And we're particularly prioritising two things at the moment: one, effectively is an upgrade of our patient administration system, which is the backbone to revenue cycle management. So that, you know, starts with patient admission itself and then goes all the way through to coding and sending the bill out.

So that needs to be upgraded and that will really help us in terms of the speed at which that process works. And also make it much less manual than it is today and free up time for our clinicians.

So, we will get started on that. And, you know, that is quite a big system upgrade, and we'll do that progressively hospital by hospital. So, it will take a while for that to translate into benefits but those benefits are significant.

At the same time, we are focusing on effectively, a new smart rostering system for our team. We have a workforce of 35,000. We have effectively legacy systems that our numbers are using to roster team members at the moment.

It's probably the thing that takes up a lot of their time that, you know, when I first joined Ramsay and I heard very clearly from the numbs that they would really appreciate a better way of doing that. So that's the other one which we will start implementing over the course of the next 12 months. And again, these things will take time to fully implement because it's not just about the system, it's about the change management and the processes around that.

But we have thought very carefully around which investments to prioritise and we are working towards a plan where we can still, you know, invest in these investments, but also simultaneously continue to focus on delivering year-on-year margin growth.

David Low: Great. Thank you very much for that.

Operator: The next question will come from Sacha Krien of Evans & Partners. Please go ahead.

Sacha Krien: Good morning. Thanks for taking my questions. I was hoping for a bit more colour on the Australian EBIT growth outlook, you are talking about incremental growth, excluding NatCap, I am just wondering how that compares to your language in FY26 of EBIT momentum. It sounds like weaker growth, but I am just wondering whether I am reading that wrong. So maybe you could clarify.

Natalie Davis: I think we are not giving guidance to the level that you are asking for. So what we are saying is we have been focusing over the last 18 months really on building our transformation momentum, and we will continue to focus on those same initiatives that we have outlined today. So really focusing on growth and targeting growth of both market growth and in particular, in the high acuity areas that we are known for.

We will continue to target revenue indexation in line with our cost indexation. And we will continue working on our own operational improvements, including procurement and increasingly, as we implement our new system revenue cycle management process.

And so we are working towards margin growth year-on-year in the Australian business, but we will be investing in a stronger business as well as we do that. And we've called out the \$10 million to \$15 million increase in opex that we're planning to make for IT and technology spend over the next 12 months as part of that.

Sacha Krien: Yes. Okay. Thanks. And just wondering if you could talk a little bit about the admissions trends in the second half. That surgical number of 4.1% looks a bit softer than the 5.4% in the first half, but I think maybe you have made a couple of restatements there. So if you could just talk about some of the trends in admissions in the second half and whether you are still seeing strong growth as you saw in the first half.

Natalie Davis: Yes. So thank you very much for that question. So we will see in the footnote to that page that we have called out that we did reclassify some admissions that were made in the

first half from surgical to medical. And those were part of the work that we do at Jindal Public Campus, which is one of our biggest campuses. So what you are seeing there for the year is more broadly reflective of what we also saw in the first half.

Sacha Krien: Okay. Thanks helpful.

Natalie Davis: Does that help?

Sacha Krien: Yeah. That's great. Thank you.

Operator: Your next question today will come from David Stanton of Jefferies. Please go ahead.

David Stanton: Good morning, team, and thanks very much for taking my questions. Perhaps we could focus on revenue growth for '27. Australia, you saw very impressive revenue growth. Do you think you can match that in percentage terms, that kind of growth level in '27? And then perhaps I could follow up by asking the same questions for the U.K., both the U.K. hospitals and Elysium.

Natalie Davis: So revenue growth in the U.K. as well, specifically.

David Stanton: Yes, sure. So basically in the U.K., whether you think you are going to see positive revenue growth in constant currency in '27 for both the U.K. and for Elysium, please?

Natalie Davis: Okay. So if I start with Australia, so what you are seeing in the revenue growth number there is broadly 8% revenue growth. and admissions growth on a like-for-like basis of around the 3% mark. So we have excluded the impact of Peel but also the impact of Border Cancer Hospital, which we added back to the public earlier this year.

And so the rest of the 8% growth, therefore, is accounted for through both revenue indexation, which we are targeting effectively revenue indexation in line with our cost indexation as well as a focus on acuity of work and the focus on the work that we do very well, and we have high market share in and that's what we do in our big major hospitals, cardiology and orthopedics and cancer care in particular.

So that focus will continue. Those components effectively, we will continue to target into the next financial year as we already are. So we will continue to really focus on growth and specifically in the areas that I just mentioned. And we are increasing our focus on our business development managers who go out and talk to specialists about why they should choose Ramsay to perform their surgery.

There is a number of enhancements we continue to do in terms of the data we're providing our hospital teams around catchments and GP referral patterns. And so we continue to set an ambition for ourselves of growing above the market, particularly in the areas that we're focusing on.

We will continue to aim for revenue indexation broadly in line with our cost -- our growth. And we also continue to target that acuity mix, which supports that revenue line.

If I turn to the U.K., I know I speak to both businesses separately because it is quite different. In U.K. hospitals this year, we had a very strong start to the year, and then we had the pullback of NHS funding from about November, December.

And the team managed that very well in terms of flexing the cost base towards a lower level of activity but also focusing on private work, as well as making sure that the work we're doing for the NHS is high acuity. So again, those components support that the revenue number you've seen today.

When we look at the U.K., we, at the moment, in terms of kind of the indicative activity plan that we've been given by the NHS for our hospitals. We are seeing growth there in those indicative activity plans. But we will continue to focus on acuity and we will continue to focus on private work.

We think that's a significant opportunity for us, particularly in some of our hospitals there in those commuter belts around the London area, so that we'll continue to do. And if there is any uncertainty on funding, we'll continue to really make sure that we're flexing our cost base and focusing on efficiency, so that we can deliver the EBIT growth that we've got in our outlook statement.

With MSC, we've experienced weak demand. And what we have done over the past 12 months is really rightsized our available beds by geography effectively and by service line. So we closed about 239 beds over the last 12 months. Broadly speaking, we're not planning on any more significant closures. We think we're probably right on the most significant degree of rightsizing that we need to.

So the focus now will be continuing to make sure that we're converting as many referrals as we're getting and really developing differentiated services, and we've started to do effectively personalised services very complex patients. That's our complex recovery services that we've

called out. And we will continue with our turnaround plan and operational efficiency focus there as well.

David Stanton: Understood. So I guess put it in a nutshell, but potentially maybe Australia, that level of revenue growth is potentially a stretch target for '27, what you did in '26? And it sounds like you are targeting sort of positive revenue growth for Elysium in the U.K. in '27?

Natalie Davis: I'll leave you to draw your own conclusions for what I've said, but I think I've given you a good idea of what we're trying to balance and how we're going to achieve the profit growth in those businesses.

David Stanton: Understood. Thank you.

Operator: Your next question will come from Davin Thillainathan of Goldman Sachs. Please go ahead.

Davin Thillainathan: This morning, Natalie and Anthony thanks for your presentation. I just want to start on the Australian business and the EBIT margin improvement that you've guided to. Thinking about the building blocks there, from my perspective, it looks like the timing of capacity coming on, you did sort of more openings in FY26 and then there's less going to '27. So I would think that should help your margins, just given it does take some time to ramp into those capacity.

And then you've got procurement savings that happened into FY26. I assume that should continue into '27. And then you've got the Joondalup headwind that reduced in the second half, which I assume is going to help again into '27.

So I would think those 3 blocks are going to help your margins, but could you just comment on that? And then secondly, any other key drivers we should be thinking about?

Natalie Davis: Okay. Thank you. That is a very thoughtful question. So if I start on capacity utilisation, yes, you are right. We did add 22 theatres over the last year. Some of them, we have only just recently opened. So Strathfield, for example, in Sydney, we have just recently opened and the capacity we have added to hospitals like Joondalup Private, for example, means that we are still very much focused on driving increases in utilisation around that hospital catchment.

So it is, as you say, the more that we can fill the existing capacity, the more that supports marginal contribution into the Australian result. On procurement, I would say in the second half, we started to get some traction in terms of what we are trying to do and there is overall a very

significant opportunity there, as I have discussed before, because even though we are the largest private hospital operator in Australia, we traditionally have really been moving most procurement decisions to individual hospitals.

And so on both the clinical and the nonclinical side, we have been focusing on how do we actually create national tenders and national approaches? And more transparency to our hospital teams so they can also make better decisions.

We did have success in the second half and you would have seen that, that supported a decrease in our cost of supplies as a percent of revenue for the year. And procurement is something that we will continue to target over the next 12 months. And we have just, over the last couple of weeks, rolled out what the teams called a Switch and Save dashboard for hospitals.

And this really gets down to a very practical level of medical consumables that hospitals are purchasing and provides the hospital teams the data on exactly the same type of consumable, which is very complex to do, as you can imagine, and we prioritise this effectively for each hospital, the opportunities they have, if they switch to a different supplier in the amount that they can save.

So that they can then effectively have conversations with clinicians in the hospital around switching over to better products. So that is something that we have just started to roll out to our 20 major hospitals that will support procurement benefits over the next months.

And then in terms of the Joondalup impact in '26, it was relatively equally placed the impact of that funding agreement and our mitigation over the two halves. And so looking forward, we had a very significant impact from the change in the funding agreement because we shifted to the state price and historically, that state price had not been increased enough to cover cost inflation.

So there was a step down effectively in what we were paid. This year, the state price in WA has gone up by, I think, almost 3.9%. So it is much closer to our labour costs. and cost increases in that hospital. And so that will not be a significant drag in terms of our F '27 performance. And we are very much focusing in Joondalup on partnering very closely with the local health district and continuing to serve that community.

There is a growing need for healthcare there. It is a growing catchment. The government has funded the new public capacity there. So there is two wards opened there in last few months known as [inaudible]. So that has been funded for the New Year. We have also been

progressively opening and getting funding for the mental health capacity that was built there. So we have received funding this year for the remainder of that capacity as well. So we will continue to work with the LHD there to continue to meet the needs of that community.

Davin Thillainathan: Thanks. And then if I think about, so those are all great levers into '27. But if I think about some of your EBAs and the wage indexations that to come through, there is a step up in say, periods like FY28. So how do you manage, I guess, the business to ensure you've got that recurring EBIT growth into '28? Like what are the some of the drivers you think that will start to help beyond a 12-month window?

Natalie Davis: Yes. So just if I step back and talk a bit about where we're up to on our EBAs. Just recently, we've had our Queensland EBA proposal endorsed by the team there. It follows relatively closely the public EBA. So, it still needs to be endorsed by the Fair Work Commission.

But the team has endorsed effectively a 14% increase over 4 years, so just to give you a sense of the Queensland uplift. And we will be beginning very soon the negotiation of our New South Wales EPA. So, the current EBA ended on the 30th of June.

We enter into that negotiation in terms of our current wage rates in New South Wales being a parity, largely speaking, with the public sector. And the public agreement there, which was recently agreed, it gives about a 3% yearly uplift for the next couple of years.

I think the uplift that you're referring to is probably the Victorian EBA. So, we did, in the last 12 months, also finalised our Victoria EPA as you will be aware, that public EBA there had a very significant uplift in wages around November, December of 2027 calendar year.

And our EBA has been agreed and approved by the team. It's actually a 4-year EBA. And it will have a step-up around that period to the overall increase; it's around about 24% over the 4 years. So that gives you a sense of the different EBAs in the state at the current state.

Our labour costs in general at the moment are running fairly closely in line with our revenue indexation. And broadly speaking, again, if you do broad math, and you have a look at the employee cost growth that we've disclosed for '26 at 7.9%. Broadly speaking, our labour costs are growing at about 5%.

And we expect that level to continue over the next few years. And that's before we probably foresee some impacts from the fair work fair value case as well flowing through. So, our

corporate plan effectively forecast out our wage growth, and we use that to inform our private health insurer negotiations.

And if there's any differences, then we will go back and renegotiate with our private health insurer partners. We've also, as I've spoken to previously, been in a process of trying through those negotiations to negotiate effectively year-on-year revenue indexation, which is linked to sector-wide metrics.

And we're making good progress on that. You'll see in the results. We have 4 agreements that effectively have a level of mapping towards or formula links to sector metrics year-on-year. And just to give you a sense of the size of that roughly when we look at our private revenues, so PHI related revenues, that roughly covers about 48% of our revenue at the moment those types of contracts.

Davin Thillainathan: Thanks, Natalie.

Operator: Your next question will come from Andrew Goodsall of MST Marquee. Please go ahead.

Andrew Goodsall: Thanks very much for taking my questions. Just looking at the Australian business. Just trying to understand where you are in your digital and data. I know you've spoken to this bid and you've given us your capex spend. Could you give us a sense of what your opex was for digital and data in '26 versus '25? And then just that opex go forward?

Natalie Davis: So, we really have stopped providing specifically what we're spending in that digital data transformation space. What we did say last year as we were entering this year is we were actually going to reduce some of the investment, if you recall, in the previous transformation effort we had significant resources around things like project management and change management. We're really focused on slimming down the team and then resetting the technology road map going forward.

And so now as I've kind of described, we've got, I think, a very well sequenced plan that is going to help us and help support effectively those what we call the big 5 hospital operations initiatives. So those initiatives will help to deliver value. And at the moment, that I would say, the value from our investments so far has really come through on the data side in terms of the data that we're providing through our hospitals, particularly to support their discussions around growth, both in terms of attachment and referral patterns, but also in terms of utilisation of existing theatre and cath lab capacity.

And also we've added data there on robotics utilisation as well over the last 6 months. So very much -- and that data has been very heavily used by the hospital teams because it lets them make very practical decisions around where they have opportunities to better utilise the existing capacity, where they're backfilling that capacity when we have cancel issues or holidays and also how we are continuing to grow and attract new doctors to the Ramsay network.

So that's been a fantastic foundation. And just recently, as I mentioned, the procurement data insights that were provided are very similar in terms of very actionable by our hospital teams to make better decisions. We've also rolled out, over the last 12 months, a rebate fetal monitoring system, which is supporting our clinicians.

So we're also in parallel to some of those business technology initiatives continue to look at technology initiatives to enable our clinicians. And we're in the process of rolling out a system to support some of our oncology infusion services as well.

So we'll continue to very thoughtfully sequence what we're investing and try and manage overall at a business level to make sure that we're growing our margins for the overall business as we continue to make those much needed investments.

Andrew Goodsall: Would the net of all of those initiatives be below where you were in '25. And would you expect that to sort of stay at these levels?

Natalie Davis: I think to your first part of that question, yes, there were savings relative to FY25, as I described, but we are now at the point where we're starting to increase that investment in the targeted areas in a thoughtful way.

Anthony Neilson: As we said, Andrew, we'll look at -- I look at guidance next year from the savings we've achieved this year, an extra \$10 million to \$15 million coming into FY27.

Andrew Goodsall: On the debt opex?

Anthony Neilson: Yes.

Andrew Goodsall: And then just quickly on U.K., you've given us a lot of colour on turnaround. It's been a good turnaround, particularly Elysium. But just trying to understand the environment there or just your understanding of last year, we had that sort of November overspend, I guess, on shutdown. But is that plausible this year or things in place to make that a bit more clear?

Natalie Davis: So I think Elysium, many U.K. hospitals have different dynamics. So let me just separate those. So with U.K. hospitals that really saw that pullback in activity funding around November, December of last year that we then had to -- team did a great job effectively tailoring and flexing the business based on that pull back.

I think what we're seeing this year so far is the indicative activity plans that we're getting at a hospital level are supporting activity growth. And we're also, I guess, spreading out that activity growth more evenly or planning to spread it out more evenly throughout the year.

We've also seen just last week, the NHS lift the tariff to 1.24% as well, which will support revenue growth in the U.K. hospitals business. So I guess at this point, we're planning for activity growth, but we're also very conscious that things can change.

And we know we need to develop our private work, and that's both self-pay and private health insurers work in the U.K. business to really diversify our revenue streams. And the team again made very good progress in the second half around self-pay, in particular. So as that pullback happened, there were obviously patients on the NHS waiting list who needed their surgery done. And so our self-pay growth was higher in that second half.

And then we do have a very attractive proposition for private health insurer partners in the U.K. as well because we drive very high-quality hospitals, and we're a very efficient operator. So we'll continue to really grow that part of the business and from level of diversification.

Elysium was more of a -- I guess it was less of that kind of pullback in November, December. It was more a shift in NHS policy towards more community-based care. And so we found we were experiencing fewer referrals into inpatient facilities and also faster discharges into the community. So that's really been a shift, I guess, in the approach by the NHS.

As I said, the team feels like we've done a substantive realignment of our supply of beds to the demand at a local geography and a local service level. And so the focus now really is on filling the capacity that we have by continuing to make sure we work on our cost.

Andrew Goodsall: Thank you.

Operator: Your next question will come from Craig Wong-Pan from RBC. Please go ahead.

Craig Wong-Pan: Thank you. There was mention of a new partnership agreement with a major insurer. Just wanted to see if you could elaborate more on this and the benefits you could expect?

Natalie Davis: Look, we don't tend to get into specific details of specific commercial arrangements. But what I would say is it's been very pleasing to over the last 12 months really discussed with private health insurer partners, the opportunities we have to really modernise the care that we're delivering and to modernise the funding, therefore, of that care.

And one of the things we've worked on with a few of our private health insurer partners is really changing the way, for example, that mental health is funded. So we've had a traditional, I guess, inpatient care model and an inpatient funding model. And we're, normally, in legacy contracts paid in line with length of stay, one of our mental health clinics, it might be 21 days in terms of mental health day.

But we know the community is changing. We know that there's a preference now towards community-based care. And we know that a lot of our workforce also in psychiatrists are also treating people in different settings and using telehealth more. And that follow-up from an inpatient stage is very important.

And so we've been working with a number of our private health insurance partners to effectively change the way that we're funded. So we're not just funded for that inpatient stay, but that we're funded and incentivised to support people post that stay into the community. And that means that we actually can deliver better patient outcomes because we provide continuity of care.

And we are reducing that risk of that same patient being readmitted into a mental health clinic. And so that's a good example of, I think, the shift you'll see us continuing to make together with private health insurers around modern care delivery model and the funding then to support that.

Craig Wong-Pan: Okay. Thank you. That's helpful. Then just wanted to touch on the admissions growth. Like within rehab, there was quite strong growth in the second half. I just wanted to understand if something had changed to drive that higher growth in the second half?

Natalie Davis: Not specifically, but we have continued in rehab. If you look at our last two years of results, we have continued to see strong growth in rehab. And this really is an aging population and a population with more chronic diseases and comorbidities. And so if you do, unfortunately, have a fall and you live at home by yourself, it really does make a difference to be able to access that rehab treatment post surgery.

And our teams do an amazing job actually getting everyone literally back on their feet, exercising in the gyms, and really able to go home and live an independent life. And so we continue to see

the strong demand for rehab facilities, and there's still an opportunity for us to do a better job of connecting our own rehab facilities with hospital care.

So really providing, again, that continuity of care from hospital into rehab and really to help Australians with more independent lives for longer. So I think broadly speaking, that's what we have seen in that number.

Craig Wong-Pan: Okay. And then on the U.K. businesses, both Elysium and U.K. hospitals, there's a good improvement in margins in the second half. There were a few different factors that impacted in the period. I was just trying to understand if that second half margin a good level to indicate for FY27 or is there puts and takes there around the initiatives you have experienced, the funding changes. Just trying to get a sense of if that second half margins are good indicator for '27?

Natalie Davis: So just one general comment on the U.K. and actually, the European business is the second half always looks stronger than the first half because of seasonality impact. So that impact is obviously there in the results. With Elysium, we did to see an improvement in the margin in the second half, and that really was the impact of the rightsizing of our facilities, which led to significant cost reduction as well as our ongoing focus on central costs coming through and the fee uplift being supported.

So I think we are seeing more momentum. But what we are effectively saying is to take the overall EBIT for Elysium and assume we have growth in that overall EBIT for the year, just knowing that we do have that seasonality impact in the overseas businesses.

Craig Wong-Pan: Okay. And then just my last question. The net interest expense, the guidance there for a AUD20 million to AUD40 million increase. Just wanted to understand that what's driving that? I see base rates assume to be a bit higher, but is that also being driven by National Capital? Or what's driving that increase?

Anthony Neilson: Yes, both, yes. So yes, base rates are higher. And yes, we will draw down and increase leverage a small amount due to the NatCap acquisition.

Craig Wong-Pan: Okay. Thank you.

Operator: Your next question will come from Laura Sutcliffe of Citi. Please go ahead.

Laura Sutcliffe: Thank you for taking my question. Just going back to EBIT margin expansion in Australia. Across the call, you have mentioned quite a long list of drivers. But what are the one

or two that are really going to move the needle at this stage in the transformation process or perhaps another way to put it is, which one or two do you absolutely have to deliver on for the plan to work?

Natalie Davis: Yes. I think it's hard to just call out one or two things that we need to land next year. We have set out effectively focus areas for the Australian business, and they are at different stages. But we do need to continue the momentum. So we do continue to focus on growth in high-acuity areas. We do need to maintain our revenue indexation in line with our cost indexation.

And then we do need to work on our efficiencies and procurement is the one that we have probably started to get some traction on, that we are well positioned in terms of the initiatives that we are launching at the moment into the business to create impact in this current financial year.

Revenue cycle management, I think, is more kind of in the earlier phases where we are really building the foundation to then begin to deliver impact. So I think the visibility of the benefits in the P&L will probably be largely FY28 and beyond. And then there are some benefits of agency reduction that we expect to come through in the next 12 months as well, and that continues to be a focus.

But really managing our workforce and optimising rostering we'll only be able to do fully in terms of realised full potential of that once the smart rostering system is implemented, and that's still a while away. So hopefully, you can get a sense of we're working on a number of things, and there's very clear focus areas in the business to make sure that we're sequencing our efforts and seeing those benefits come through year-on-year margin improvement.

Laura Sutcliffe: Thanks. That's really helpful. And then just one more. In Australia, this year, are you seeing lower flu-related admissions this year than you did last year?

Natalie Davis: Look, I think it's -- overall, it's very public. It's been less of a serious flu season this year. But we're obviously continuing to focus on growing our hospitals and our admissions and medical as well as surgical. So we continue to grow and we continue to target above market growth.

Laura Sutcliffe: Thank you.

Operator: Your next question will come from Chris Cooper of JPMorgan. Please go ahead.

Chris Cooper: Good morning. Thank you for taking the questions. The new partnership with a major insurer, I mean, that process seemed to start to finish more quickly and probably more amicably than some examples in the recent past. Are you able to sort of shed any light on why you think those discussions seemingly getting wrapped up a little bit more efficiently nowadays?

Natalie Davis: Well, there was a lot of work on -- I think we spoke in February around entering into that negotiation and the preparatory work happens even before then. But I think we have been talking to our private health insurer partners about the need for us to have our cost inflation reflected in revenue indexation.

I think it's very well understood that the costs across the sector in health care are rising and that there is sustained cost pressure and private health insurers are more understanding of that and are beginning to come to the table, and the more that we can negotiate around an element of effectively year-on-year indexation that is linked to sector metrics.

What that does is it basically then frees up time for both teams to actually talk about how we change the funding structure itself and how do we strengthen the private health proposition, because that's ultimately what we're trying to do here. We're trying to provide a very strong private health proposition to encourage more Australians to take up private health insurance.

And we need to do that collaboratively with our private health insurer partners. So if we can avoid having to go back each year in the middle of a contract and renegotiate indexation, and that does mean that we can spend more time actually on trying to find the opportunities to strengthen that private health proposition and the mutual benefit of growing private health insurance coverage in Australia.

Chris Cooper: And in terms of those contracts that have built-in indexation, you said 3 of the smaller ones after the half year results. You're now seeing 4 and that comprises, I think you said 48% of your PHI revenue. So, we infer from that the new one that has just been renegotiated, the large one that's now got in-built indexation in it?

Natalie Davis: So I'm not making any specific comments on any 1 particular contract, but we have given you that 48%, just to give you a sense of the coverage now that we do have.

Chris Cooper: Understood.

Natalie Davis: Yeah.

Chris Cooper: Okay. And just one on cash. You made the comment yourself or Antony that this is each of the different businesses within the funding group were all net cash flow positive. I assume that's the first time that's happened. You're guiding to growth for each of them in fiscal '27. Can I just confirm there's no sort of foreseeable reason why these businesses won't therefore, continue to be net cash flow positive through '27 and probably '28 at this point?

Anthony Neilson: Again, we're not giving specific guidance on each business. But in answer to your first part of the question, I haven't been here that long, but Kelly is nodding saying, yes, we believe that's the first time that the businesses have been net cash -- all net cash positive. So it is a fantastic effort across the board with all the initiatives and performance in U.K. and Australia that Natalie talked about. And hopefully, we can continue that momentum.

Chris Cooper: Okay. And just one, final one. As to talk on the fleet utilisation, 22 new operating theatres in the year, obviously, a decent uplift about 5% or so. Some of those appear to be quite late in the year.

So, I guess the question is, would you anticipate continuing to grow OT capacity around that sort of mid-single-digit level in '27? Or are we now in the process of focusing more on utilisation of that additional capacity rather than building more capacity?

Natalie Davis: So we're definitely focused on filling that capacity, but we've also got 11 new theatres or cash labs coming online this year. And, you know, we're adding capacity where we've already got high utilisation.

So, you know, I mentioned some of the hospitals where we're adding the capacity, Hollywood where we've got two theatres and two cath labs, St. George, and Westmead, they're all hospitals that have a high level of utilisation already. So, they need the new capacity. And so, when the new capacity opens, we'll be filling that capacity.

But at the same time, we've got to still fill up some of the capacity that we opened in the last 12 months, particularly where we've got very significant investments on one site. So, June private in particular.

You know, that will be a focus for growth over the next 2 years to 3 years to really ramp up the private side. But even, you know, if I think back to the Northern, which we opened a while ago, we are still focusing on ramping up that facility. So, we're doing both at the same time.

Chris Cooper: Great. Thank you.

Operator: Your next question will come from Steve Wheen of Jarden. Please go ahead.

Steve Wheen: Yeah. Good morning. I just wanted to talk to margins in Australia. When I look at first half '26 adjusting out the impact of the headwind from June-July, it looked like the EBIT margins up 30 basis points to 40 basis points. Turning to second half, it's up 100 on the – you know, stripping out June-July.

I'm just trying to understand, is that gap or that acceleration of the margin improvement pricing related? I mean I know there's a number of contributors to this, but you indicated in the first half that you were pursuing perhaps clawing back some of the lack of indexation you hadn't received from insurers? And is that part of that? And now that we're moving to dynamic pricing, can we sort of maintain that sort of gap that allows that margin to improve? Thanks.

Natalie Davis: So, there was a higher margin uplift in the second half, but that can partially be explained by impacts last year, including, in particular, the cycle that you'll recall that impacted Queensland. And that impacted, in particular, some of our big sites around the Gulf Coast and Green Fleets as well.

So, part of that uplift effectively. It's really related to the prior period impacts rather than what we've done in this year. There was an improvement in procurement benefits that started flowing through in the second half to support that uplift in the second half as well.

So, you know, we've set on revenue indexation that broadly speaking, looking forward, we expect revenue indexation in line with our cost indexation for '27 and we'll continue to focus on acuity to support further revenue growth per admission ahead of that.

Steven Wheen: Okay. And so, do you expect to be able to shift that 48%? Or is there -- or is that sort of dynamic pricing not likely to be achieved across the whole PHI base?

Natalie Davis: We are trying to implement a level of dynamic indexation in all of our negotiations. We basically negotiate with different insurers at different moments in time. So, every time we will come up for renegotiation, we will try and create an agreement where we can put that in place. I think it works for both sides.

It really is a fair mechanism for indexation because it's referencing externally available benchmarks. And it does mean, as I said, that the teams on both sides instead of almost every year, which has been the pattern over the last few years going back to the table to renegotiate annual indexation.

The teams can instead spend time actually thinking through how to create partnership agreements and how do we really modernise funding and modernise health care delivery, which is the conversations that we really do want to have with our private health insurers. So we'll continue to try and effectively make that part of our agreements going forward.

Steven Wheen: Okay. Thanks, Natalie. Second question for me is just on the portfolio review. In particular, Australia again, I noticed that you've been able to make some small divestitures. I just wonder if there's further to come. And then as part of a portfolio, just interested in the allocation of some immediate capex to National Capital.

Is that to expand the operating theatre capacity within that hospital given how the strong levels of growth it enjoys? And also as part of the portfolio, sorry, is ring and Northern hospital, are they at a point where they're going to sort of drive margin or are they still ramping to be a little bit of a drag in FY27? Thanks.

Natalie Davis: Okay. Well, that is a lot of questions in one question, but I will have a go. So first of all, on our portfolio review of our hospitals. So we do see the ownership of our hospitals as a strategic advantage. We have been reviewing the portfolio really having a look at some of our smaller sites and what you see us do in a few examples, and I might talk through a couple, is look at sites that were really not being heavily utilised where we have neighbouring sites that can provide that service and transferring the patients and the team and the doctors to nearby Ramsay site.

So, if I take Glenferrie in Victoria, that is a surgical centre that we closed. It is close to the Avenue and Masada, Ramsay hospitals. And so effectively, the vast majority of our patient services, our team and our clinicians have shifted to other Ramsay hospitals. Several in New South Wales when we actually looked at the patients that we were serving, most of them were actually coming from Sydney.

And so we'll be able to provide that continuity of service to those patients from our Wentworthville Clinic and our North Side Clinic. So we've been making these decisions effectively at some of our smaller sites where we can consolidate our services and continue to provide services to the local community.

And we'll obviously continue to review our portfolio, but we don't have a significant plan of closures looking forward. NatCap capex. So NatCap, we're very excited next week to be finally having NatCap join the Ramsay network. Obviously, once the NatCap becomes a part of Ramsay, we'll have a much better idea of exactly where and when we want to invest.

But the plan at the moment actually on capital is to focus on building a kitchen at NatCap at the moment, the NatCap Hospital gets free from the public hospital next door. The team has basically told us that the quality of that needs to be improved.

And we are scaling up, as you know, across our Ramsay sites and our new food offer, which will be at your request signing offer. And so in NatCap, we're building a kitchen there to be able to provide that offer to patients, which will improve experience. And we also think that will pay off in terms of financial returns.

And as we get to know the NatCap team and the clinicians and the doctors in that area, we do understand that it has quite a high level of utilisation. It's got a very strong reputation, and we have seen opportunities in that hospital to expand either theatre or cast lab capacity.

So we will put that in the plan once we get a little bit closer and understand exactly what is needed and what the opportunity is. They Warringal in Northern. They are quite different. So the Northern is a brand-new greenfield hospital. That is really still focused on ramping up in terms of impact, but it is delivering profitability.

And we continue to focus on really maximising the potential of the Northern and we'll be ramping it up over the next few years. Warringal is a well-established hospital in Victoria right next door to the Austin. And so it is a significant development, but we have been progressively opening that development, including three theatres last year and including the emergency department, which we effectively have soft launch a couple of weeks ago.

And it is very pleasing to hear from the team that we are already getting quite a large number of people accessing that service, which will really provide rapid access to emergency services in that part of Melbourne. And then where necessary, we are then also treating those patients in the hospital. And so Warringal, I would not call Warringal a drag. It is a very successful hospital that we are continuing to grow.

Steven Wheen: Fantastic. Thanks for answering all those questions.

Operator: Your next question will come from Saul Hadassin of Barrenjoey. Please go ahead.

Saul Hadassin: Yeah, good morning thanks for taking my questions I will try and stick to two. First one, Anthony, maybe for you, the portfolio optimisation. Just wondering, where does retail pharmacy fit in to Ramsay these days? We have not heard much about what is happening with

that footprint. Is that, does that still remain a core asset? Or does the retail pharmacy component, does that become part of the, of some type of review as well?

Anthony Neilson: So look, from a pharmacy performance in FY27, it was part of the whole focus around improving cash flow and improving returns. So pleasingly, there is initiatives in the pharmacy business that have been underpinning our performance in FY27. And that will, FY26 and that will continue into FY27. So we will continue to do performance improvements. And that does include reviewing the whole portfolio and seeing how it fits into continued performance.

Natalie Davis: Just on that one if you think about pharmacy, we have hospital dispensaries which are clearly part of our hospital preparations they need to grow up to that. We then have pharmacies that are within the actual Ramsay hospital very close by and then we have some community pharmacies that are in places where we do not have hospitals and we still really have an opportunity with the pharmacies that are on our site so within our catchments to strengthen our connection again between the hospital care and the pharmacy care that we are providing.

Saul Hadassin: Thanks for that and then just a follow-up, again, maybe one for you, Anthony. Just reconciling from EBIT down to NPAT for the wholly owned funding group. Is it correct there is about an \$8 million outside equity interest in the wholly owned funding group?

Anthony Neilson: Sorry, minority interest in the whole on funding rate?

Saul Hadassin: Yes, that is right.

Anthony Neilson: Small, there is a small portion.

Saul Hadassin: Around \$8 million, I think, is what I calculate.

Anthony Neilson: Yes. Correct. I am just looking for the file here.

Saul Hadassin: Thanks very much that is all I had.

Operator: Your next question will come from David Bailey of Morgan Stanley. Please go ahead.

David Bailey: Thanks. Good morning. I will try and be quick. So a very strong underlying margin performance in '26, about 70 bps. Just wondering if you think you can replicate that again in fiscal '27?

Natalie Davis: Well, as we have said on this call, we are not providing specific guidance. I think I have already spoken through the plan we have to deliver year-on-year margin improvement. Noting that we will be investing 10 million to 15 million in IT and technology.

David Bailey: And I might have missed it. Did you say what the saving was in '26 on that digital and data spend?

Natalie Davis: No, we did not.

David Bailey: Okay. Maybe just in terms of the comment around indexation to offset cost inflation. I mean, looking forward, are you expecting the insurers to be able to put out costs? Or are you sort of thinking that premiums will increase going forward. So, if there's perfect pass-through on the hospital side, just wondering your thoughts as to the implications on the insurer and the consumer side.

Natalie Davis: Well, I think, first of all, we're looking to see the level of the payout ratio still increase back to levels that it was pre-COVID. And there is still a long way to go on that as you've seen on the chart. So, I think that's really important for Australians to know that the premium increases that they are being asked to pay are being passed through to hospitals to cover costs.

And yes, it's important for private health insurers to run efficient businesses just like it's up to us to run efficient and effective hospitals. So that needs to happen as well. And we're very conscious of the affordability of private health insurance, and we'll continue to engage with the government on sector-wide reform and providing more transparency and simplicity around private health insurer products.

So, I think the whole sector really needs to work on doing everything that they can to make sure that premiums continue to be affordable for Australians and hospitals and insurers are running as efficiently and effectively as they can.

David Bailey: So, for 20 still looking forward, given the wage increases coming through, is your expectation you'll continue to be able to offset the cost inflation through indexation '28, '29?

Natalie Davis: So, we're not giving specific guidance on '28, '29 at this point. But what we are saying is we will continue to see revenue indexation that is in line with our cost indexation.

David Bailey: Got it. Thank you.

Operator: Your next question will come from Christine Trinh of Macquarie. Please go ahead.

Christine Trinh: Morning, Natalie and Anthony. Thanks for taking my questions and for the thorough answers so far. I'll also try to be quick here. To start, just on utilisation of theatres, up 70%, including the new sites. What was that on a like-for-like basis just excluding those new sites, please?

Natalie Davis: So, we haven't given the like-for-like. But obviously, it's been a very significant improvement on a like-for-like basis because we've added...

Christine Trinh: Higher than the 70?

Natalie Davis: So, the 70 includes the impact of the new theatres. So the 90 basis point improvement would have been a lot higher if we had only taken a like-for-like.

Christine Trinh: Perfect. And then just on the provision, 21 million for the Fair Work Commission case, just your assumptions in that provision and maybe the number of nurses that might impact out of the 35,000 workforce, please?

Natalie Davis: Okay. So that is a provision we've made, which we've outlined in the accounts. It's specific to cause in our New South Wales old EBA. And so in the current EPA in New South Wales, that course has been amended. And so that's what you see in the account is a remediation provision for annual leave loading related to a call that was in the previous New South Wales EBA.

And so there was an interpretation of that cause that was different to the way that we had historically been applying annual leave loading in New South Wales to nurses. And that Fair Work Commission ruled in a decision in December '24 that our interpretation was not correct, and we accept that decision.

We have been working since then on effectively the calculations to remediate. It has to be done on an individual team member level because you have to understand the roster that, that person would have been bolstered on during the time they've taken annually. And so, we've been communicating with the team around our progress on that, and we'll be remediating that in the next couple of months.

Christine Trinh: And just 1 final one. Just given the recent step-up in EBAs across the states, do you think we've reached a bit of an equilibrium here? Just trying to understand whether, I

guess, future EBAs will come in at more standard levels providing, I guess, less of a cost shock other than what we've seen over the last 12 months?

Natalie Davis: I think we're still going to see the pressure on wages coming through. We are trying to effectively, as you've heard me talk to today negotiate EBAs with a longer tenure. So, the Victorian and Queensland EBAs that we've negotiated for four years to give us and the team more certain here around wages over the foreseeable future. But I do think that we just need to be conscious of the Fair Work value case and the impact of that. So, we're still waiting for that decision.

But we expect that, that impact will be phased over a number of years and probably more towards for us, the impact will be more towards the outer years of our planning period both because of the phasing of the decision, but also because of the -- effectively the buffer we have between the rates that we pay and the entry-level award rate that's subject to that decision.

Christine Trinh: And sorry, just 1 quick follow-up. Just a number of award wages compared to EPA at the moment. I would assume it's a small proportion.

Natalie Davis: Yes, our nurses are on ABA.

Christine Trinh: Yeah. Okay. Thank you.

Natalie Davis: Okay. Apologies to the operator. I think that's the end of the questions, and thank you very much, everyone, for your thoughtful and very thorough questions today. We look forward to welcoming NatCap hospital next week. It's an exciting moment for us, a hospital with a leading reputation in the Canberra catchment.

And as you've heard from today's call, the whole team is very much focused on continuing to deliver great health care right across Australia and in our global operations and continuing the transformation of Ramsay, and we look forward to speaking more about it. Thank you.

Operator: That does conclude our conference for today. Thank you for participating. And you may now disconnect.

[END OF TRANSCRIPT]