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RAMSAY HEALTH CARE LIMITED – 1H26 RESULTS RELEASE

[START OF TRANSCRIPT]

Natalie Davis: Good morning, and welcome to Ramsay Health Care's Financial Results for the six months to 31st of December 2025. My name is Natalie Davis and I'm joined today by Anthony Neilson, our Group CFO, who commenced with Ramsay in late November.

After 12 months in the role, I'm pleased to report that we're making good progress on our key priorities. The refresh of our Group Executive is now complete, strengthening capability and supporting the acceleration of our multi-year transformation program. We remain focused on delivery against the three priorities I first outlined this time last year that are shown on Slide 3.

First, disciplined execution of the transformation of our market-leading Australian hospital business. In the half, we've improved patient, people, and doctor NPS, grown admissions with a focus on high acuity, and have lifted our theatre utilisation.

Our second priority is strengthening capital allocation and improving returns across the portfolio. You will have seen last week's announcement regarding the proposed distribution of Ramsay's investment in Ramsay Santé to Ramsay shareholders. Subject to obtaining the relevant approvals, we believe this will simplify the group and enable focus on the transformation of the core Australian hospital business.

We have also progressed the turnaround of Elysium by right-sizing the business for the current environment through site closures and reducing available beds. With Joe O'Connor joining as CEO in January, we expect the turnaround to continue to gain traction.

Our third priority is evolving our culture to innovate and accelerate delivery. I'm pleased to say that our group leadership team is in place, strengthening capability, and our patient and people NPS scores remain high across the group, reflecting the commitment of our teams and clinicians and the quality of the care we provide.

Turning to the half-year results on Slide 5, we reported 7.3% growth in underlying EBIT and 8.1% growth in underlying NPAT, and that was driven by Australia. The Board has determined a fully franked dividend of \$0.0425 per share, up 6.3% and representing a 60% payout ratio of underlying earnings.

Slide 6 shows the underlying performance across each region and the contribution to the funding group and the consolidated group result. Australia was the key driver, reporting underlying EBIT growth of 7.1%, supported by good activity growth, higher acuity, improved PHI indexation, and cost management, which together helped offset the impact of the new funding mechanism at Joondalup Health Campus.

The team at Joondalup have progressed a range of operational programs, including a focus on reducing agency usage, which has also helped to partially mitigate this impact. A lower underlying net loss from Ramsay Santé supported the result, reflecting growth in Sweden and performance actions in France that partially offset the government funding pressures in that market.

Turning to the performance of each region and starting with Australia. Slide 8 lays out our 2030 Strategy, where our vision is to innovate to be Australia's most trusted, leading healthcare provider and to deliver long-term value for our shareholders through the five pillars of our strategy.

Our strategy will innovate Ramsay. We will lead in local catchments, growing our services, patient care, and relationships with specialists and GPs in communities around our strategically located hospitals. Differentiate ourselves in priority therapeutic areas, including cardiology, orthopaedics, and cancer care.

Create One Ramsay advantages powered by digital and AI to capture the synergies enabled by our market-leading scale. Connect patient and doctor journeys from hospital care to community-based care. And work with our communities and partners to shape Australia's leading healthcare system for the future.

We will measure progress with clear financial and non-financial metrics, and early indicators include our patient, doctor, and people NPS metrics, growth in admissions, cost efficiencies through One Ramsay advantages, and revenue indexation that better matches cumulative cost growth.

Turning to Slide 9, and through all the change underway, it's important to reinforce that our patients, people, and clinical excellence remain at the heart of what we do and how we operate. We've leveraged Ramsay's strong reputation in clinical trials to launch a national Ramsay Research and Development Network, supporting 23% growth in clinical trials activity in the first half.

Growth in admitting VMOs and strong theatre utilisation contributed to good activity and market share gains. The changing environment in the delivery of private healthcare is creating opportunities for us, given our strong and stable reputation and portfolio of strategically located and owned facilities.

The proposed acquisition of National Capital Private Hospital is a clear example of this, delivering us access to an attractive catchment area where we're not currently represented and a hospital with a strong reputation for clinical excellence.

Our focus on utilisation across catchment areas has also seen some development projects postponed or reshaped, with development spend now expected to be below the bottom end of the guidance range. We continue to drive cost efficiencies and maintain capital discipline through our Big Five hospital initiatives, supported by pilot programs across the business. Following last year's review, digital and data opex remains on track to be at or below FY25 spend.

Turning to the Australian result on Slide 10, the business delivered top-line and profit growth despite the impact of the new funding mechanism at Joondalup. Revenue from customers increased 8.2%, driven by a 3.1% increase in hospital admissions and improved indexation. Revenue from our private hospital portfolio grew 8.7%.

EBIT margins, excluding Joondalup, improved by 40 basis points on the prior period, driven by higher activity levels and case acuity, increased theatre utilisation, and improved PHI indexation relative to wage inflation.

Looking at activity in more detail on Slide 11, our core surgical admissions grew 5.7%, with day admissions growing more strongly than overnight admissions. However, a higher acuity mix resulted in inpatient IFTAs increasing at a faster rate than inpatient admissions.

We remain disciplined with our capex spend in Australia, where it's focused on projects with good returns and strategic value. On Slide 12, the major development projects in the half were the completion of Ramsay Private at Joondalup Campus and the final phase of the expansion of Warringal in Melbourne, due to be completed in the second quarter of financial year '27.

We have 23 new theatres and procedure rooms scheduled to open in financial year '26, concentrated in major hospitals in key catchment areas. Development capex for the full year is now expected to be in a range of 170 million to 190 million, below our previously guided range, reflecting our disciplined approach to utilisation and capital allocation.

Turning to the outlook for Australia on Slide 13. In the second half, we'll continue to advance our multi-year transformation program in Australia. We aim to finalise negotiations on the Victorian and Queensland nurse EBAs by the end of this financial year.

We will continue to work with our payers to recover both the gap created by cumulative revenue indexation below cost indexation and future wage inflation, as well as innovating our funding to better support innovation in care models. We have one major PHI contract renewal due in the second half.

We expect EBIT growth momentum in Australia to continue in the second half, driven by growth in activity in our priority therapeutic areas, revenue indexation, cost focus, and partial mitigation of the impact of the new funding mechanism at Joondalup.

We will continue to progress the proposed acquisition of National Capital Hospital, which is expected to transition into the Ramsay portfolio in the first quarter of financial year '27 and be EPS accretive in the first 12 months of ownership.

Turning to the UK region on Slide 14. Both businesses are operating in challenging conditions. The UK acute hospital business was impacted by NHS budgetary restrictions towards the end of the period. This was mitigated by focus on high acuity and private work, as well as operational initiatives.

Elysium continues to face weak market demand from local authorities. The turnaround plan is underway and beginning to gain traction, including central cost reductions, agency reductions, site optimisation, and fee negotiations.

Turning to the acute hospital business results on Slide 15. The business delivered 3.5% revenue growth in constant currency driven by a higher acuity case mix, increased private paid missions and tariff indexation. NHS admissions slowed and declined in quarter two as NHS budgetary constraints began to impact activity.

A continued focus on managing complexity and consistent operational excellence helped to mitigate the impact of lower NHS volumes. The result included backdated indexation, excluding this impact underlying EBIT margins improved 30 basis points to 9.3%.

Turning to the outlook for the acute business on Slide 16. NHS activity outlook for the third quarter, financial year '26, is expected to remain negative compared to the prior period. The UK hospital business will continue to focus on growing private volumes and driving operational excellence to help offset the NHS funding uncertainty, which we expect to prevail until the new NHS fiscal year.

As the leading private provider to the NHS, Ramsay UK remains well positioned to support the UK government's objectives to reduce elective surgery, outpatient and diagnostic wait lists when

additional funding is anticipated to be made available in the new NHS fiscal year from the 1st of April, with a strong pipeline of patients through its outpatient clinics.

On Slide 17, Elysium has remained focused on its turnaround program, informed by the recommendations of the performance diagnostic completed in the second half of financial year '25. Key priorities include site optimisation, cost reduction and fee negotiation that better reflects the complexity of services we provide. This resulted in the closure of 163 beds at underperforming sites in the first half, with five sites expected to be closed in the second half. A number of these properties have been put to market for sale.

Turning to the outlook on Slide 18, Elysium's new CEO Joe O'Connor commenced in January and is leading the performance improvement plan. We expect the ongoing focus on the plan and the initiatives already taken in 2025 will see the turnaround continue to gain traction.

Turning to Ramsay Santé on Slide 19. As announced last week, we are progressing the proposed demerger of Ramsay Santé via an in-specie distribution of our 52.8% investment to Ramsay shareholders. While this process continues, we remain focused on the performance improvement programs across the European business and particularly in France, which continues to face funding headwinds and broader market uncertainty. In the Nordics, the focus remains on continuing the performance momentum of the Swedish business and the turnaround programs in Denmark and Norway.

Turning to Ramsay Santé's results on Slide 20, and the business delivered a 4.4% increase in underlying EBIT in constant currency, driven by a strong result from the Nordics region, in particular the performance in Sweden. This was partially offset by weaker results in France, where the reduction in subsidies of EUR20 million compared to the prior period and the inadequacy of tariff indexation continue to pressure earnings.

Turning to the outlook for Ramsay Santé on Slide 21. Across Europe, the focus remains on cost control, efficiency and cash generation, as well as continuing the performance momentum of the Swedish business. Activity growth in Europe is expected to continue in the second half driven by day admissions, partially offset by the impact of a three-day French doctor strike in January. The new contract at St Göran commenced 5th of January 2026 for 8+4 additional years on improved terms which will assist the Nordics result.

As outlined in detail in last week's announcement on Slide 22, we believe that the proposed demerger of Ramsay Santé through in-specie distribution will simplify Ramsay and enable both organisations to focus on transforming their respective businesses. We will update the market as we work towards the release of the demerger booklet and subject to receiving necessary approvals, currently expect to complete the in-specie distribution in December 2026.

I'll now hand you over to Anthony to run through the financials in more detail.

Anthony Neilson: Thanks, Natalie. Good morning everyone. Natalie has already covered much of Slide 24, so I'll just highlight a few points, noting currency translation has impacted some of the movements on the P&L and balance sheet for this half.

In this result, we have focused on underlying numbers given the large non-recurring items in the UK region and Ramsay Santé in the first half of last year. Items excluded from underlying profit this half were \$11 million negative impact on net profit and primarily relate to transaction and restructuring costs. There is a detailed reconciliation shown in the appendix.

Underlying NPAT showed strong growth for the half of 8.1%, driven by activity growth across Australia and Europe, combined with higher acuity across Australia and UK, and revenue

indexation in Australia. There continues to be a focus on operational efficiencies across all regions to mitigate cost pressures.

The underlying NPAT tax rate was 36%, slightly higher than last year. This reflects the impact of CVAE taxes in France which calculated on turnover despite France being in a pre-tax loss position in the first half. The full year tax rate is forecast to be approximately 35%, reflecting a higher rate in Ramsay Santé.

Operating cash flow on Slide 25 improved 16.9% to \$350 million for the period, driven by the performance of Australia and lower tax paid than the previous corresponding period which included the sale of Ramsay Sime Darby.

Improving our cash conversion is one of our key priorities in all regions and we are all investing in systems and processes to strengthen cash collection and drive cost out and efficiency programs across all businesses.

Capex cash outflow increased from prior period mainly due to development projects in Australia. I will touch on capex in more detail on Slide 31. Dividends paid increased 20%, reflecting the suspension of the dividend reinvestment plan for fiscal year '25 final dividend.

Turning to Slide 26. Currency translation had a significant impact on the face of the balance sheet for this period to the tune of \$84 million. Movements in working capital primarily related to Ramsay Santé and the timing of periodic true up payments with French government with advances repaid reducing payables. Consolidated net debt is 5.1 billion and I'll show a separate breakdown between the Funding Group and Ramsay Santé on the coming slides.

67% of the consolidated group's floating rate debt in the second half of this fiscal year '26 is hedged at an average base rate of 3%. We have provided both the Funding Group and Ramsay Santé summary balance sheets in the appendix so you can see the group results excluding Santé.

Turning to the Funding Group performance on Slide 27. Underlying NPAT grew 5% which was driven by good growth in Australia, partly offset by a lower contribution from the UK. UK margins were impacted by higher costs and lower occupancy at Elysium.

Elysium cost efficiency initiatives began to gain momentum late in the half with continued focus on these initiatives in the second half. Total financing costs including lease costs increased 1.3% in constant currency due to higher average base rates and a small increase in drawn debt during the half.

Moving to the Funding Group debt and leverage on Slide 28. Given the separate funding arrangements of the Funding Group and Ramsay Santé, looking at the group's consolidated leverage is not a meaningful metric. The Funding Group shows leverage excluding Santé and is 2.22 times, within our target range of less than 2.5 times and interest cover remains strong.

Fitch recently reaffirmed its BBB minus investment grade rating for the Funding Group. We have adequate liquidity in place for the purchase of the National Capital Hospital in FY27 and leverage is expected to remain within our target range of less than 2.5 times.

During the period we successfully refinanced our key syndicated debt facilities, extending tenor and reducing our margin by 30 basis points. While base rates are increasing, our weighted average cost of debt has declined 20 basis points since 30th of June 2025, reflecting the refinancing of our facilities at lower margins. We remain reasonably well hedged with 65% of our debt hedged at an average base rate of 3.65% which is below current spot rates for the second half of the year.

Moving to Ramsay Santé's debt position on slide 29 and it remains well supported by its own separate funding arrangements with tenor extended significantly over the last 12 months. The business has EUR391 million of liquidity available with leverage of 5.3x and the company is focused on improving cash flows and driving cost out and efficiency programs to reduce leverage over time.

Turning to Slide 30 and our focus is on improving capital management, cost discipline and cash flows across the group. First, we are improving capital allocation and returns. A range of programs are underway to recycle capital into higher returning projects of the business and lift utilisation of existing facilities and assets. In the overseas business, we will drive capital discipline and focus on maintenance projects and the optimisation of service and assets.

Second, we need to strengthen both operating and investing cash flow. We have multiple initiatives in place to improve working capital with revenue cycle management, cost out and efficiency programs being a key focus. We are also reviewing capital spend and we will be pushing all these initiatives harder.

In the near term, our priority is maintaining our leverage and our credit rating at current levels. Looking at capital expenditure in more detail on Slide 31, our focus is on capital discipline with capex modified for the current environment with both UK and Ramsay Santé spend lower in local currency.

Group capex increased 27 million between periods in constant currency terms due to higher Australian development capex with focus on development projects increasing procedural capacity in Joondalup and Warringal. We have reduced the full year capex range to between \$755 million to \$795 million, which is \$40 million below the previous range to reflect the lower spend.

I will now hand you back to Natalie to talk about the outlook.

Natalie Davis: Thanks, Anthony. So, to recap briefly, our strategic priorities remain clear, transforming our market-leading Australian hospital business, strengthening our capital discipline and improving capital returns across the portfolio and evolving our culture of people caring for people to innovate and drive performance.

Our financial year 2026 full year results are expected to reflect the following: In Australia, we expect continued EBIT growth momentum driven by increased activity in priority therapeutic areas, revenue indexation, cost focus and partial mitigation of the impact of the new Joondalup funding mechanism.

In our UK hospital business, we expect NHS activity in the third quarter to remain negative compared to prior period due to NHS budget constraints for the remainder of the UK fiscal year ending 31st of March.

Ramsay UK remains well-positioned to support the UK government's objectives to reduce waiting lists and has a strong pipeline of patients through its outpatient clinics when anticipated additional funding is made available in the new NHS fiscal year from the 1st of April.

For Elysium, we'll remain focused on improving performance and expect the turnaround to continue to gain traction over the second half. In Europe, we expect activity growth to continue in the second half, driven by day admissions, partially offset by the impact of the French three-day doctor strike in January.

Our net financing costs are forecast to be 590 million to 610 million and our underlying effective tax rate is expected to be approximately 35% given the high tax rate in Ramsay Santé. Group capex guidance has been reduced with spend in the second half to be lower than the first half.

Finally, the dividend payout ratio for the year is expected to be 60% to 70% of underlying net profit after tax and non-controlling interest. Overall, I'm very proud of the progress we have made and the commitment of our team members to providing excellent care for our patients, while we transform and strengthen the business for the future.

And with that, I'll open up to 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're on a speakerphone, please pick up the handset to ask your question.

Your first question comes from Lyanne Harrison at Bank of America. Please go ahead.

Lyanne Harrison: Good morning, Natalie. Good morning, Anthony and thank you for taking my questions and congratulations on a very strong result for Australia. What we saw compared to the results for the first quarter results that you mentioned at the AGM, we certainly saw an acceleration of growth both at revenue and EBIT in the second quarter. What are your expectations as we are in third quarter now and then for the fourth quarter as well? Can we expect that revenue growth and that EBIT growth to continue to grow at a faster rate and what would be supporting those?

Natalie Davis: Thank you, Lyanne, and thank you very much to the whole team in Australia for really focusing on growth and performance momentum over the half. I think what we've guided to today is really looking at year-on-year EBIT growth momentum continuing throughout the year.

I think it's important to remember that there is seasonality in Australia and in some of our businesses it works the other way. So, we do tend to have a lower EBIT result in the second half because of January, when a lot of doctors are on holidays and we don't do as many surgeries in the business as well as Easter has a smaller effect. So, what we're guiding to is the year-on-year EBIT growth momentum will continue and we're not saying anything more specific than that.

Lyanne Harrison: Okay, thank you. And as a follow-up, you've renegotiated some of your PHI contracts over the last few months and with some good fee increases. Can you comment on we've seen PHI premium increases in the vicinity of it's going to be about 4% or a little bit more from April of this year. How will those increases be captured in the fee terms on the contracts you've already negotiated?

Natalie Davis: Thank you for the question. And it's been very pleasing to see that Australians have kept up their private health insurance coverage even through significant cost of living pressures. I think the Minister when he approved the latest round of premium increases acknowledged the very significant cost increases and cost pressures that the private hospital sector is facing.

And we would expect those premium increases to be passed along to private hospitals to cover those cost pressures and the Minister has talked about the benefits payout ratio having decreased over time since COVID and his expectation that that would increase.

And so we will be talking to all our private health insurer partners to ensure that the revenue indexation we receive on an ongoing basis reflects our genuine cost pressures and those pressures are real and they will continue into the medium term.

Lyanne Harrison: Thank you. I'll leave it there.

Operator: Your next question comes from Andrew Goodsall at MST Marquee. Please go ahead.

Andrew Goodsall: Thanks very much. Just to focus on the UK, if I may. I guess just with Elysium, just obviously you're doing some performance improvement there, but just wondering whether you can see that as a permanent resolution to something that might be more structural.

And then secondly on UK, just I saw that the NHS has got this idea of a sprint to the end of the financial year with additional elective surgery but that's not reflected in your comments, so just wondering what your thoughts were there as well?

Natalie Davis: Thank you for those questions. And so focusing on the UK and I'll take each business separately. With Elysium, we completed last year a very significant performance diagnostic and the team has gone about implementing that under the first of all the leadership of Nick Costa and now Joe O'Connor since he joined in January.

We see a very significant improvement potential for Elysium from the current performance which is very weak. We have focused a lot over the last six months on cost reduction, so central cost reduction we've now done two phases of reducing FTE in that business. We've focused on reducing agency costs and importantly we've focused on decreasing the number of available beds.

And the demand that I think we've experienced throughout the half has probably been weaker than we originally expected and so you see we've closed 163 beds in the half and we will continue to look at potential site closures and putting properties up for sale to make sure that the services we provide really match the demand from the sector.

However, having said all that, we see significant potential for us to turn around the performance and to continue focusing on both the top line through providing high-quality services for very complex patients and making sure that our fees reflect the quality and the complexity of the service we provide, improving our conversion rates which we have improved in the half but there's more opportunities to do that.

When we get a referral, to making sure that we convert all of those referrals and continuing to focus on cost. We continue to see more potential for that. So, we continue to be confident that that turnaround is continuing to gain traction, and we saw an improvement in performance towards the end of the first half.

Natalie Davis: On the UK and what's happening with the NHS, so we're certainly seeing, and you know, from the end of the first half, we're certainly seeing a step-back in activity across our hospitals. A number of our hospitals have activity management plans in place.

In some cases, where those plans have been in place, we have managed to get effectively separate contracts to fund further activity above that activity plan level. But overall, as we said, we expect negative NHS activity in quarter 3. And then, you know, we're well positioned when we anticipate there'll be more funding provided from April to grow our business over there.

Andrew Goodsall: Thanks. And just a quick one for Anthony. Appreciate you breaking out the funding groups there, but just with the refis, just if you had any sort of costs associated with that and if they were taken through the P&L?

Anthony Neilson: The anything that was small was in the non-recurring items for that. And we did take some items capitalised into the balance sheet.

Andrew Goodsall: Got it. Thank you.

Operator: The next question is from David Low at UBS. Please go ahead.

David Low: Thanks very much. Natalie, if I could just start with Joondalup, so you're quite specific as to the headwind there. We can back calculate from the comment about 40 basis points there, but just wondering, relative to your expectations there in terms of the headwind, whether anything's changed, whether you've been able to mitigate it more than expected?

Natalie Davis: Yes, so last year we talked about the new funding mechanism at Joondalup Public and the expected impact that would have. We also said we would partially mitigate that impact on the campus itself. And we have continued to do that, and I would say that the mitigation is in line with what we're expecting. And there's a number of things we've done there.

We've worked to increase activity with the government WA, like many states across Australia, experienced a very strong flu season. And so we had additional capacity that that's been funded at the beginning of the financial year in that flu season.

But we're also continuing to work on our operational initiatives and there's been a big focus in particular on reducing agency at Joondalup, which we successfully at the end of the half ran what we call a professional pathways program, and that program attracts nurses out of non-hospital sectors, so sectors like aged care, into the hospital system.

We had a very successful recruitment drive, and I think around 50 nurses have started with us at the hospital, which will enable us to reduce agency at that hospital. We also last week we also had the pleasure of opening Joondalup Private, so that's the expansion of the private facilities.

It's a very significant expansion. It creates for the first time dedicated private theatres in that campus, and we're now focusing on ramping up the growth in the private part of that hospital. So overall I'd say the mitigation that we expected is on track and as we thought.

David Low: Okay, perfect. Thank you. Look, the other question I had was I think certainly the revenue growth in Australia was a positive surprise. Just wondering, we can see the activity that you've broken out there and back calculate price increase, but within the activity, is mix a positive driver there and can that trend continue on into, you know, this calendar year?

Natalie Davis: Yes, I think what we saw in the half was pleasingly a focus by our teams on higher-acuity work, and you can see that in the activity numbers. So, and not just in admissions but in IPT growth. And the fact that our IPT growth was in line with admissions growth, I think has driven that positive mix benefit. It came through on both surgery, but it also came through on some of our medical admissions.

And so, that's something that continues to be a focus for us. We're very focused on utilising our theatres as much as we can, and thinking about our theatre utilisation in terms of catchment, so that our major hospitals are very much focused on attracting high-acuity work, and then some of our smaller day centres and smaller hospitals then can then attract the lower-acuity work, and so

we're trying to really optimise the way we're thinking about our portfolio within catchments to focus on mix.

David Low: Okay, great. So, it sounds like that can continue as a positive trend second half, basically?

Natalie Davis: It will continue to be a focus for us.

David Low: Okay. Right. Great. Thanks very much.

Operator: The next question is from Craig Wong-Pan at RBC. Please go ahead.

Craig Wong-Pan: Thanks. Just wanted to understand about the Australian capex. You know, the guidance there's been revised and your comments about being disciplined on capex. Just wanted to see if you could provide any comments about how we should think about the run rate of capex going forward?

Natalie Davis: Thank you. So, what we're really doing, and I just explained I think the catchment thinking that Stuart Winters in particular, who's our new Chief Operating Officer, is bringing to the business. We're continuing to really focus on existing theatre utilisation, but we're also really thinking through our portfolio and how do we, for example, in Lake Macquarie catchment we opened Charlestown, which is a day surgery.

That was operationally separately managed to Lake Macquarie, which is our big hospital there. They're now all under the same leadership, and we're now developing, you know, a catchment strategy across that. The other thing that Stuart is really focused on is thinking through how do we better use the physical infrastructure that we have in our existing hospitals to be able to add procedural capacity effectively and efficiently.

And I think St George is a good example of this where we're doing a development and we're effectively taking existing space within the hospital that's an ICU and converting that into theatre space, which is linked to the existing theatre complex. And we're moving ICU into an area that was full of beds that were not being utilised.

So, what we're trying to do is, as we've said over the last year, is focus very much on procedural capacity, adding beds by exception, and utilising the existing assets that we have within a catchment fully before we're increasing procedural capacity. So, you'll see very selective and strategic developments from us going forward. We're not yet guiding to next year on that.

Craig Wong-Pan: Okay. And then I just wanted to move to the clinical trials research and development network that you talked about. Could you just provide some more details around that and specifically the benefits that the Ramsay Group gets from having that network?

Natalie Davis: Yes, thank you. It's a small part of our business, but it's one that we're all incredibly excited about. So, with clinical trials, we have traditionally run a site-by-site model, and we had around about 20 sites that were providing capacity to doctors who wanted to do research in our hospitals.

To give you an example, it's very common and important in cancer care. So, a lot of patients when they're coming for treatment to their doctors are looking for the latest chemotherapy drugs and treatments. And if we can provide access to clinical trials, we can provide actually leading treatment for patients. And we can also ensure that we're attracting doctors.

And we can actually see that doctors who do clinical trials with us actually have a higher NPS with Ramsay. So, it's a small part of the business at the moment. I think it has significant potential and it's important to reinforcing our core hospital business because it does mean that we can provide leading care to patients and also attract more doctors to working with Ramsay.

Craig Wong-Pan: Okay, makes sense. And then just my last question, one for Anthony. The comments you made about improve or having cash conversion as a key priority. Just trying to understand what you're focused on here. Is it just about faster collections or something about like claims? Yes, could you just give us some cover on what you're trying to do there?

Anthony Neilson: Yeah, thanks, Craig. Yeah, look, definitely, receivables improvement is a big driver that we have there in the revenue cycle management looking at all of our systems and processes, both from Australia and international perspective to get the days debtors down and the improvement through the billing cycle and cash collection accuracy of billings all of those sorts of things are a big, big driver that flow straight through to the bottom line if we can improve that working capital position.

Craig Wong-Pan: Okay. Thank you.

Operator: The next question comes from David Stanton at Jefferies. Please go ahead.

David Stanton: Morning, team, and thanks very much for taking my questions. Impressive 5.7% growth in Australia in surgical admissions. Firstly, bottom line, what's driving that? Is it the market growth at that level or do you think you're taking share? And if so, how is that happening? Thank you.

Natalie Davis: Thank you, David, for the question. We think we're probably taking market share at the moment when we look at our growth relative to the market, and I know there's more market statistics coming out tomorrow, so we'll see how that goes. I've spoken previously about the focus where we're doing on growth across our hospitals. So over the last 12 months, we've been providing to all of our hospital CEOs data that's very easy for them to use which enables them to do a few things.

First of all, it looks at every therapeutic area by doctor and it looks at theatre utilisation. It gives an indication of profitability of that work. It also gives an indication of to what extent is that doctor cancelling lists and what period of time do they let us know if they are cancelling a list because the more time we have, obviously the more we can then fill that theatre with other work, with other doctors.

The other data set that we're giving to hospitals is around catchments, and more data around the specialists in that catchment that do work with us and don't do work with us, as well as the GPs and the ones that are referring to specialists who work in our hospitals and other GP practices that are not. So that's been new.

It's all in one place and it enables our team therefore to go and have conversations with doctors where we know we need to increase theatre utilisation. And it also enables us in terms of our business development managers and our GP liaison officers to be much more targeted around where they're spending their time to be able to attract new doctors to come and work with Ramsay.

And I think the other thing that's been helping us over the last six months is obviously you know, the very strong clinical reputation that we have but also our stability as a very strong business with ownership of our hospitals and I think that's also been helping in the current environment to

attract more doctors to come and work with Ramsay. We're continuing to really focus on how do we improve and strengthen our doctor proposition and our proposition in our therapeutic areas that we're focusing on.

David Stanton: Understood. Thank you. And is it fair to say, given your previous commentary that with these upcoming EBAs, you believe that they'll more than likely be covered by the increases in PHI premiums or what should we be thinking there?

Natalie Davis: So, we continue to see wage pressure out into the medium term and that's coming through from public sector nursing EBAs, and we have to be competitive to be able to attract the nursing workforce that we need in every state. The one that we are negotiating at the moment is in Victoria, and that's obviously against the backdrop of a very significant public sector EBA increase of 28% over four years, but significantly back-dated to November-December 2027 calendar year.

So, we expect continued pressure on wages across Australia, and we will continue as we negotiate with private health insurers to cover that cost pressure, and it's very genuine and it's being experienced by the whole sector in terms of the revenue indexation that we're receiving.

In some cases, we have now got dynamic, what we call dynamic indexation in place. There's three contracts where we do this, and we're talking to more health insurers about this. And what that basically does is once we agree the first year indexation, the second and the third year indexation in the contract are linked to externally referenced cost benchmarks so that those cost pressures when they're genuine and they're sector-wide will be reflected in our revenue indexation.

And the importance of that apart from ensuring that we're paid fairly is also freeing up management time to actually look at the structure of these funding agreements the way we're providing care and innovating our care models and innovating the funding to support that. So that's the opportunity for us to work with our private health insurer partners to really innovate the proposition for Australians for private healthcare.

David Stanton: Thank you. Very clear. And finally from me, we've talked to, or you've talked or the company's talked to digital upgrades, can you give us sort of an update on spending options and, and timing potentially? Thank you.

Natalie Davis: Thank you. So, we've been in a bit of a reset, I think on digital and data transformation. And as we said last year, while we did that we focused on effectively maintaining and even possibly reducing the spend in that team. We've now got Dr. John Doulis, who's joined us as our Chief Technology Officer. John comes from HCA hospitals in the US, which I would say is one of the leading hospital health systems, when it comes to thinking through how to really use technology and digital technology to drive better patient experience, team experience and business outcomes.

So, John joined in early November. He's now at the point where he's got some very clear priorities for where he's going to work with the team on. And they're very much aligned with the big five initiatives that we've been talking about in our hospital. So, they're very much linked to operational improvement.

The top three are really around revenue cycle management and in particular upgrading our Patient Admin System or PAS, which is very outdated, that will enable us to speed up our revenue cycle management system and also improve accuracy in that system.

The second one is around workforce and introducing a smart rostering system, that's something that will free up a lot of time for our nurse unit managers who spend a lot of time on rostering at the moment with three different legacy systems. It's a pretty manual process. It'll also give our team more flexibility.

And the third one is, is thinking through how do we use technology to really track prosthesis and consumables as they're being sourced into our hospitals and used in our hospitals and then charged to private health insurers. So, very clear priorities and, we'll continue to keep everyone updated as to our technology roadmap.

David Stanton: Thank you.

Operator: The next question comes from Davin Thillainathan at Goldman Sachs. Please go ahead.

Davin Thillainathan: Thanks. Hi, Natalie. Hi, Anthony. Thanks for the opportunity. Just wanted to think through the Australian business and your revenue growth that you're demonstrating there. I think in the first quarter, you did a growth that was about 6.5% and then in the half that stepped up to 8.2%, so clearly some better momentum happening in that second quarter.

Now my understanding was in the first quarter you had benefited from some high flu admissions and I wouldn't have expected that to continue. So perhaps could you talk through, any sort of material changes that occurred over that second quarter to allow that level of growth to step up, please?

Natalie Davis: No that -- so that is true. So, we do benefit in that July to August period from winter flu season and that was a, a particular a serious flu in terms of the impact it had on Australians right around the country. So, we did see more medical admissions and longer length of stay associated with those admissions.

But as I've said, you know, we continued to experience good growth through the half and I think that's really, that's really was a continued focus by our hospital teams on recruiting doctors and utilising, theatres and you also would have seen in the result we also shared that, our public work increased a little bit. You know, some of that was at Joondalup but some of that also was in New South Wales. So that continues to also be an area of focus.

So, I don't think there was, one thing I can point to say it was due to that. It's a focus for us and we really continue to focus on that going forward in every major hospital and catchment that we have.

Davin Thillainathan: Great, thanks. And my next question is on your capex which you have lowered in Australia. Now, understand part of that is clearly you are utilising your existing facilities better. But just thinking about other changes you've made with capex delivery, as an example, noticed that your Joondalup capex was also lower than your budget.

Could you perhaps talk through any other changes you're making on the actual delivery of all these, sort of growth initiatives and perhaps is that what's sort of helping that capex lower as well? Thanks.

Natalie Davis: Yes, I, I think Joondalup, was a very well-delivered project. We had a good, delivery partner there, and, it was delivered on time and on budget actually slightly earlier, and that's hard to do. So, I think, that was a really good example of, working well with a delivery partner. But most of the, decrease in our guidance on capex is really about us as the leadership

team, you know, myself and Anthony, who are in the, in the capital forum that we've described in the document, really stress-testing with the teams, around:

Do we need to do this development proposal and do we need to do it right now? And really encouraging the teams to first of all focus on utilisation before, before bringing business cases to us. So, it, it really is more that, you know, rigor around the way we're approving capital projects.

Davin Thillainathan: Yes. And my last one, just trying to understand, the sort of digital and data spend in your P&L. I think you had about 90 million in FY25. Could you sort of help us understand what was spent in the first half and what the expectation is for FY26, please?

Natalie Davis: Yes, I think, we've said before that digital and data spend will be at or below, if we can, that, that level of last year, and we've said that we're on track, we're not going to split that between halves.

Davin Thillainathan: Okay. Thank you.

Operator: The next question is from Laura Sutcliffe at Citi. Please go ahead.

Laura Sutcliffe: Hello. Thank you for taking my question. Firstly, on the UK, is the volume headwind you've seen in the third quarter enough that you could potentially end up with, revenue in the second half being flat or going backwards versus the first half, or do you still expect that revenue can grow in the second half over the first half in the UK?

Natalie Davis: So, we're, we're not guiding to revenue in the UK, but, I will make, a few comments. We do, as we've said in the release, we do see, NHS activity being negative in the third quarter and then, we're well-prepared as we anticipate new funding to come in in quarter four to grow, NHS activity. But we're also focusing, on acuity.

So, acuity mix, and that's supporting the result, that you've seen in the first half. And the team is also focusing on growing private, and that includes both self-pay and, our agreements with private health insurers. So, all of those, factors we'll be focusing on. And of course, remembering seasonality in the UK, it's opposite to Australia, so, you know, we see a weaker, summer over there, which impacts the first half.

Laura Sutcliffe: Are those activities you just mentioned the mitigation, activities that you were mentioning earlier, or is there a bit more to the mitigation piece?

Natalie Davis: Yes, so the mitigation, is, is around growing our private work. So, we focused very much on NHS work in that business, but we are putting more and more focus on private work, which you can imagine is, is more profitable for us, than NHS work. We are focusing on acuity of mix, and we're also focusing on operational efficiencies and cost mitigation, and we'll be stepping up the cost focus as well, given the uncertainty, on the NHS funding front.

Laura Sutcliffe: Okay, that's clear. Thanks. And then secondly, looking at some of Santé's reporting, and the proposed, distribution. Could you tell us if any of the mechanics around change of control there would potentially leave you in a position where you had to make payments, to Santé or others?

Natalie Davis: So, as Anthony's explained today, the Santé debt is non-recourse to Ramsay Health Care. And so, the debt that we hold as the funding group relates to Australia and the UK businesses. So, when you think about the separation of Ramsay Santé from Ramsay Health Care, in this case, Ramsay Santé is already a separate listed entity on the Euronext.

It already has, its own governance structure. It has, its own debt structure. And so, the approvals, will be happening, mostly in the Australian context around, our shareholders, and putting a proposal to them through a scheme of arrangement around, thinking through whether there's value to Ramsay Health Care shareholders, from effectively holding these two entities separately.

And we do think that there is, strategic, logic and it's quite strong, logic around, you know, effectively Ramsay Santé's an independent entity focusing on their strategy of integrated healthcare in European market and Ramsay Health Care really focusing on the priorities that we've laid out today and in particular the, the continued transformation of the Australian business. So, I think it's important just to understand that there's, the debt of Santé is non-recourse and there's no guarantees from Ramsay Health Care.

Laura Sutcliffe: Okay. Thanks. I just thought I would clarify, because the, the potential amount they mention in their documents is, is quite large. Thanks.

Operator: The next question is from Steve Wheen at Jarden. Please go ahead.

Steve Wheen: Yes, good morning, Natalie. I just had a question with regards to the Victorian EBA. We've seen your offer that you've provided to the nurses. Just trying to understand what the reaction to that offer has been and whether or not you're getting recognition from the PHIs as to that step up that happens, sort of in the back end, I think, of 28, where you're mimicking what happened in the public EBA in Victoria.

Natalie Davis: So, we're in the process at the moment of, of negotiating the Victorian EBA, with the unions and with our team, and so I won't be commenting today on, on how that negotiation is, is going.

Steve Wheen: Okay. Then can I ask a bit of an extension of the EBA question, which is you've mentioned in your presentation from an outlook perspective that you're attempting to close the funding gap from payers from a, the, the cumulative gap from payers versus the cost inflation?

Can you talk to how that is possible? I mean, I can see with the arrangements you've got in place already that you're covering current, inflationary pressures in financial year '26, but how do you claw back some of those historical, underpayments from the insurers?

Natalie Davis: Yeah, so I, I think, the discussion that we have with our private health insurer partners and, you know, this is, this is a discussion that's, that's really happening, you can see it at a sector level in regards to private hospital viability. But overall, the premium increases that have been approved for private health insurers over the last five years since COVID have not fully been passed through to private hospitals. And that benefits payout ratio has decreased over time.

Now we believe that those premiums that Australians pay should be passed on to hospitals and the hospital sector is experiencing very genuine cost pressures and so that is the discussion that we have with our private health insurer partners and we've experienced as I've described an improved level of revenue indexation, but we haven't yet managed to achieve that closure of that cumulative historic gap.

And that is a challenging discussion, but we will continue to strive to achieve that and quite often as we're entering into new contract renewals for a number of years and looking at partnership opportunities and talking about dynamic indexation in the outer years, that is the opportunity for us to work through that cumulative gap because you can't really agree to dynamic indexation

unless, the base is correct or the base is corrected over time. So, it's a challenging discussion, but it's one that we continue to have.

Steve Wheen: Okay, great. And just some points to confirm. The coverage that you're getting from the insurers at the moment in FY26, how much line of sight do you have for that coverage to extend beyond FY26 relative to the EBAs that you've put in place?

Natalie Davis: So we always when we negotiate with private health insurers, we always look at effectively the cost pressures that have been effectively locked in through EBA arrangements, but we also do forecast out what we expect EBA pressure to be and if for some reason the EBAs end up being at a higher level, we will always go back to the private health insurers to discuss that.

I think the dynamic indexation that I was describing is a way that that becomes a, a very fair discussion because it's referenced to external benchmarks, which really do show whether there is genuine industry-wide cost pressure in the system.

Steve Wheen: Okay, so knowing what you know now, you can still say that your PHI coverage extends into FY27?

Natalie Davis: No, that's not what I'm saying. I'm saying there's a series of contracts that we have with private health insurer partners. We're in the process of negotiating one at the moment in the second half and so it's a rolling process. In some cases we have existing contracts in place, the three examples I've given on dynamic indexation, that's in place in the outer years, but in others we have contracts that will come up for a-year in the next year or two and we'll have to renegotiate that as well. So, it's a dynamic process.

Steve Wheen: All right. Maybe could you indicate how many of the insurers are on these dynam, I mean, you've said three, but are they the big ones or are they the more smaller ones?

Natalie Davis: Yes, we've said before that the three that we've got at the moment are not the major insurers.

Steve Wheen: Okay. Last one from me, just with regards to the Joondalup offsets, was there any evidence of that in first half or are we expecting that sort of more second half and beyond? And then in addition, is there any way we could sort of get a better understanding of the sequencing of data and digital because obviously the key point for this stock at the moment is the turnaround in margins in Australia and that can be a bit distorting unless we know what that sequencing looks like between first half and second half?

Natalie Davis: So, the Joondalup mitigation I've described in, I think a previous question. So, we're on track in terms of what we planned for Joondalup. In the first half, there was a benefit from a public activity which was due to the flu season and the pressure that was putting on the health system in WA.

We then obviously over the half focused on putting in cost and operational initiatives, including that focus on agency reduction which we recruited that group of nurses into Joondalup around November-December, takes a period of time obviously for them to be trained, so that we can reduce agency spend.

So, we're continuing to focus on it and the flu impact won't be repeated in the second half, but you'll see other operational initiatives having more impact like the one I've just described. The digital and data opex I think what we've said is, it's this year is really one of a reset.

We are keeping that spend in line with the current year or less. We've very much John is really focused on his priorities and developing that roadmap going forward. We're on track overall for the year and we really do understand as a management team that we're aiming here to get year-on-year margin growth in the Australian business.

And that so we will think about very much the digital and data investments we make, ensuring that they're connected to operational initiatives that have payoff so that we can then reinvest in further digital investment as it's required, but understanding that over time, we are all focused on improving the performance of the Australian business.

Steve Wheen: Okay. I'll leave it there. Thanks a lot.

Natalie Davis: Thank you.

Operator: The next question comes from Saul Hadassin at Barrenjoey. Please go ahead.

Saul Hadassin: Thanks. Good morning, Natalie and Anthony. I'll try and stick to two questions. First one, Natalie, just you mentioned I think at the AGM that theatre utilisation had improved by about 1% in the first quarter of fiscal '26. I'm just wondering if you had any comments about where that went in the second quarter of the fiscal year?

Natalie Davis: Yeah, I thought we had given you that number and it was -- we've given you a 12-month rolling number a130%, so 1.3% in the last 12 months in terms of theatre utilisation. So that's on slide 9.

Saul Hadassin: Sure. So, the assumption being that it's improved into the second quarter versus the first, though?

Natalie Davis: So, we're seeing overall an improvement in theatre utilisation and that's including the impact of new theatres that we've opened over that time. So, obviously, as we increase admissions and IPDAs that fills the existing theatres, but then we open capacity and we have to fill up that new capacity as well. So, the 1.3% improvement over the last 12 months I think was a very strong result given that there was a very large number of new theatres opened in that time, 16 new theatres.

Saul Hadassin: Sure. And then just a follow-up I note in the presentation of the wholly owned funding group result that labour cost and contractor cost on a constant currency basis was up 6%. I just wanted to see whether there was any disparate growth rates between the UK and Australia in that or is that reflective of sort of both regions in terms of their labour cost inflation?

Natalie Davis: I'm going to pass that one to Anthony.

Anthony Neilson: Yeah, thanks, Saul. Look, there's nothing materially different. It's, it's largely reflected between both regions with similar numbers give or take in, in the wages.

Saul Hadassin: Great, thank you. That's all I had.

Operator: The next question comes from Sasha Krien at Evans & Partners. Please go ahead.

Sasha Krien: Morning. Thanks for taking my questions. Just a bit of an extension to one of the earlier questions. It looks like you've removed the reference to revenue indexation being greater than or equal to labour cost inflation. I'm just wondering if anything has changed on that front? And Natalie, I think your labour cost growth in Australia was circa 7.8 or something like that?

Natalie Davis: Yeah, so the 7.8 I think you're referring to is, the growth in the total labour dollars. And so that includes both activity and, wage inflation as well as any mix impact. And activity, you know, was in the region of 3.1, excluding the impact of Peel. So, you can get a sense from that as to what's happened with, wage inflation. And similarly on the revenue line, in terms of Australian revenue and that level of, implied indexation, noting that there's always a, a mix impact as well.

Sasha Krien: Yes, but does that previous statement around '26 and '27 still stand?

Natalie Davis: So, I think, what we said in the last, statement was saying as a leading indicator that revenue indexation, was in line with cost indexation and that's continued to be the case in the half. So, you know, we're definitely experiencing improved revenue indexation relative to both what we've faced historically, and relative to cost indexation, but as I've described on the call, it's an ongoing, focus for us and we need to continue to make sure as we renew contracts, that we're achieving that.

Sasha Krien: Yeah, I guess I'm just wondering if, like I think that statement previously applied to '27 and I can't see it unless I'm missing it. So, I mean, are you suggesting it's maybe been a little bit harder to close the gap than expected? I'm just trying to work out if anything has changed?

Natalie Davis: No, I think you're reading into something that wasn't there in the first place. So that, that comment at the AGM was in relation to the performance in the first quarter, it wasn't a, it wasn't an outlook statement into FY27.

Sasha Krien: Okay. And second question just on the UK. I'm just wondering the proposed NHS tariff increase. I'm just wondering if there's any scope for that to be increased, as we've seen in previous years, given some of the award wage increases that have, that have come through?

Natalie Davis: Yeah, so I think, that is a good question. So, we saw effectively the tariff being guided to 0%, 0.03% in the UK. That reflected broadly speaking a 2% assumption on wages, in the UK, in the health sector, offset by an efficiency assumption of about 2%. I think a few weeks ago we've seen, a wage number come out of the NHS that's more likely to be around 3%.

And so, historically when that's happened at least over the past two years, we have seen effectively a back-dating, tariff increase. It may not be the full amount of the difference. It's not guaranteed. So, you know, there Nick Costa would say that, you know, there have been opportunity -- some years where that hasn't been, paid back and back-dated. So, we have to wait and see. But in the past two years, there has been an adjustment, if wages have been higher than what has been assumed, but we don't know yet.

Sasha Krien: Okay. And I'll sneak one more-quick one in on the UK? Just in terms of the NHS activity, are you expecting a full rebound into '27, given some of the, I guess, the government's recommitment to sort of closing or reducing the wait list and using private hospitals to do that?

Natalie Davis: I think, it's very hard for all of us to really know. It depends very much on, you know, the budget in the UK, the therefore the budget that gets given to the NHS. As you know, this government has previously, been very clear that their election priority is to reduce wait lists and that there's a very important role for the private sector to play in doing that, and we are the largest provider of NHS services in the UK.

So, we are well positioned, but it's very hard for us at this point, I think as it is for everyone, in the UK, to be certain of what will happen. It really does depend on budget outcomes and, political outcomes, in the UK.

Sasha Krien: Okay, great. Thank you.

Operator: The next question comes from Andrew Paine at CLSA. Please go ahead.

Andrew Paine: Yeah, morning. Thanks for taking my questions and congrats on the result. Just wanting to circle back to Elysium. Really just wanting to know if you think the current performance there is leading to a shift in your longer-term plans for that business or do you think you'll continue to focus on adjusting cost base and keep things like growth capex on hold?

Natalie Davis: So, for the moment, the posture is that the focus is on performance improvement. So, any growth capex is on hold, continues to be on hold, and the focus very much is on, making sure that we're managing costs, and managing the services we provide to the local levels of demand. There's also a focus in the turnaround, you know, thinking through how we actually improve the offers that we're providing into the market.

So, we've previously called out, neuro is an area where we think, we need to reposition our services towards a slightly, lower complexity, lower acuity cohort where there's a bigger, demand pool. The team is also focused at the moment on, bespoke packages, and this really is, I think, somewhat unique to Elysium, because we have a very, very good reputation of providing care to very complex individuals.

And so in a number of, locations we are talking to local authorities to take individual patients with very highly complex needs, and those packages are developed with pricing that's, commensurate to the effort that we need to put and the care that we need to put around those individuals. So, I think we have more work to do in the future around thinking through how do we strategically position our services in the market? But very much at the moment the focus is on turning around the business and continuing to gain momentum from that in the result.

Andrew Paine: That's great, yeah. That makes sense. Thanks. And, and just another quick one. Just any numbers you can give us around the expected contribution of National Capital? I know you said it's expected to be EPS accretive in the first 12 months, but if you can give us any numbers that, that would help?

Natalie Davis: Yeah at this point, we're not giving out any numbers. So we're, we're very excited about welcoming the Nat Cap team to the Ramsay family. That will happen we think, around the end of July at the moment. We're in the transition planning period but it's a very attractive catchment area with high rates of private health insurance.

It has a great leadership team in place. They have a good reputation with doctors and they do work in the complex therapeutic areas that we do. And they have a very strong relationship with the Canberra Health Service. And so Nat Cap is very much a hospital which is very akin to some of our major and very successful hospitals around the country.

Andrew Paine: Okay, that's great. Look, thanks, that's all I had.

Natalie Davis: Thank you.

Operator: The next question comes from David Bailey at Morgan Stanley.

David Bailey: Yeah, thanks, good morning. The Joondalup headwind was about \$14 million. I'll just touch on an earlier question. How much was the benefit from lower digital and data spend in the first half?

Natalie Davis: So, as I've said, we're not giving any half guidance on our spend. So the - we're on track to basically maintain or slightly lower our spend on digital and data for the year. But we're not providing any specific guidance on the half.

David Bailey: Okay, but it says in the pack that it was lower. How much lower was it?

Natalie Davis: I'm not providing any specific numbers on digital and data.

David Bailey: Okay. Fair enough. Okay. In terms of the commentary around PHI increases, it sounds like it's offsetting wage inflation at the moment. You made the comment that participation is still holding up. But there is a significant increase in the proportion of exclusionary policies which looks to be a drag on utilisation.

If we think into fiscal '27 if price is matching your cost inflation and there is potential lower for lower utilisation on the fact that people are downgrading their policies. Do you see a situation whereby you can grow your EBIT margins at the 60-basis point implied by guidance and potentially the 100 basis points at the top end?

Natalie Davis: Thank you for the very detailed question. I think when we look at private health insurance coverage in Australia what we have seen is downgrading, as you've just mentioned particularly from gold into silver and bronze policies. But the overall rate of hospital-level coverage is staying at around about the 45% level. Now the, the significant impacts of that downgrading are being felt in particular in maternity and mental health that are only available on that gold-level coverage.

And that has probably a very significant impact particularly for younger people looking at whether to take up private health insurance because those two features are, are important. And so we're very much -- a strong participant in the sector-wide discussion that is going on around how do we maintain the proposition for Australians around affordable private mental health and maternity-level coverage.

And I won't be going on specific any specific guidance on margin in the outer years, apart from saying that it's our focus as a management team. And we're making progress, the transformation is underway and we will continue to focus on lifting the performance in the Australian business with all the challenges that we're facing, but also the opportunities that we have as Australia's largest private healthcare company.

David Bailey: And just one final one from me, just the Fair Work value case, just the status of that and expectations around yeah, potential for wage increases, duration and from when they could potentially be implemented as well?

Natalie Davis: So that at the moment, the Fair Work value case is before the Fair Work Commission so we're also waiting to see where that eventuates. We are expecting, I think, a level of phasing to any increase that is approved in there. So and I've previously said at the moment when you look at our wages we are above the award wages and we therefore expect

that and the combination of phasing really to mean that the pressure from that in terms of sector-wide from an -- our wage pressure will be more in the outer years rather than in the short term.

David Bailey: Thank you.

Natalie Davis: So, I think that might be the last question.

Operator: Yes it was the last question. If you'd like to make any closing remarks.

Natalie Davis: Thank you. Well I'd want to say thank you all for joining the call and for a really great set of in-depth questions on our business. As you've seen in the results, I laid out three very clear priorities for Ramsay Health Care. And we are well underway in terms of the work we're doing as a new group executive leadership team to really capture the potential of Ramsay Health Care. And we look forward to engaging with you all on that journey. Thank you very much.

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

[END OF TRANSCRIPT]