

## Industry headwinds prevail, but Ramsay is working to mitigate their impact.

<b>Company/ASX Code</b>	Ramsay Health Care Limited/RHC
<b>AGM time and date</b>	10.30am AEDT 26 November 2024
<b>Location</b>	Sheraton Grand Sydney Hyde Park, 161 Elizabeth Street, Sydney
<b>Registry</b>	Boardroom
<b>Type of meeting</b>	In person with live webcast *
<b>Monitor</b>	Peter Gregory and Gareth Eastwood
<b>Pre-AGM Meeting</b>	With Chair, David Thodey; Rem Chair, Alison Deans; Co Secretary, Henrietta Rowe; Chief People Officer, Colleen Harris; and Head of Investor Relations, Kelly Hibbins.

Monitor Shareholding: The individual involved in the preparation of this voting intention has a shareholding in this company.

\*Shareholders attending by webcast will be able to submit written questions (limited to 1000 characters) **but will not be able to vote**. Shareholders who attend by webcast may vote by appointing a proxy (including ASA) with either their directed or undirected vote by using this link [Ramsay proxy appointment for 2024 AGM](#) before 10.30am 24 November 2024.

### 1. How we intend to vote

No.	Resolution description	
2	To adopt the Remuneration Report	For
3.1	To re-elect Mr David Ingle Thodey	For
3.2	To re-elect Dr Claudia Ricarda Rita Süssmuth Dyckerhoff	Undecided
3.3	To elect Ms Helen Kurincic	For
4	Grant of Performance Rights to incoming Managing Director	For
5	Amendment to Company's Constitution – Insertion of Proportional Takeover Provisions	For

### 2. Summary of Issues and Voting Intentions for AGM

- Need to reassess development plans following delays, increased costs and interest rates.
- Fair and reasonable reimbursement is a challenge for the industry.
- Anticipation of the changing nature of healthcare delivery.
- Data and digital transformation to benefit all who relate to Ramsay.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

### 3. Matters Considered

#### Accounts and reports

##### Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	888.7*	298.1	274	449	284
Share price (\$)	47.46	56.29	73.24	62.95	66.52
Dividend (cents)	80	75	97	151.5	62.5
Simple TSR (%)	-14.27%	-22.11%	17.89%	-3.09%	-7.05%
EPS (cents)	380.9*	124.8	116.1	192.6	130.5
CEO total remuneration, actual (\$m)	3.392	2.924	3.923	4.426	5.124

\*Excluding the Ramsay Sime Darby sale gain, NPAT was \$270.6m, EPS was 111.1 cents per share. Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

For shareholders who invested at the end of 2020 their return at the end of 2024 was negative \$15.03 or a TSR of -23%. While COVID had significant effect on this result, there has been anticipation by both the company and shareholders of a faster return to pre COVID performance. This has not happened, and to be fair to Ramsay, they are not alone in having to deal with the challenges faced by the private hospital industry.

Turning to FY24, the most notable financial event was the sale of Ramsay Sime Darby in Malaysia, yielding a NPAT gain of \$618m. The cash proceeds of \$925m has been used to reduce debt, reducing interest costs and have significantly strengthened the balance sheet. The Funding Group (Ramsay excluding Sante) leverage ratio at 30 June 2024 was 2.00x down from 3.22x at 30 June 2023 and is well under 2.5x which is the lower end of its covenant range. This gives Ramsay headroom for value adding growth investments. (Leverage is defined as net debt/rolling 12-month EBTIDA.)

With the core continuing business overall Ramsay achieved operating revenue growth at constant currency (cc) of 5.4% to \$16.8b. NPAT of \$270.7m was a cc increase of 2.4%. Hospital admissions increased by 3.4% and while margin recovery has slowed by significant cost inflation Ramsay have increased productivity (labour cost as a % of patient revenue) by 1%. Ramsay continued to invest (\$286m) in brownfield and greenfield projects with a focus on expanding treatment capability.

While NPAT is heading in the right direction, profit and dividends are lower than shareholder expectations. This is attributed to:

- Cost inflation from increased remuneration to hospital staff, with some cases of industrial action, together with other increases in the cost of operating private hospitals that are not recoverable. While this is a key concern in all regions and some instances of progress has been made, changes in government, reviews and other delays are impacting on all participants in the private healthcare industry. Each of the regional CEOs is responsible for negotiating for more realistic reimbursement from the private insurers as a group, with individual insurers and with governments who have some ability to influence outcomes. At

the pre AGM meeting we discussed progress being made in this area, and we will ask for a further update on this critical strategy at the AGM.

- As Ramsay has a continuing capital program with projects often flowing over multiple financial years Ramsay now has a situation where the return for many of these projects is close to the WACC. This has occurred as interest rates have risen since COVID lows, some projects have suffered delays and substantial inflation of building related costs. The board has now adjusted the CAPEX hurdle rate to reflect the current situation and reasonable expectations, but it will take some time for this hurdle rate to be achieved. The board is confident this will be achieved.

As an international company Ramsay has differences in the business models and circumstances in each geography that Ramsay operates in. Here is a high level summary of each region with details available in [the Ramsay FY24 results presentation](#):

Australia Ramsay's revenue of \$6b grew by 6.3% in FY24 from a 3.1% increase in admissions and some progress with private and public payers yielding improved revenue indexation. A productivity focus delivered a 2.4% improvement with further opportunities identified. Digital, data and transformation programs incurred a \$35.8m increase in OPEX on pcp.

The UK region (acute hospital and Elysium) business had FY24 revenue of \$2.3b which was a 13.5% cc increase from strong volume growth from both acute hospitals and Elysium. EBIT for Elysium was a turnaround from a pcp loss of \$19.7m to profit of \$44.2m. The acute hospital business benefited from 27.4% of admissions being private pay and the Elysium focus on recruitment, retention and training has reduced the cost of agency labour and higher occupancy and higher daily rates are all delivering for Ramsay UK.

Europe, with a 6.5% cc increase in revenue to \$8.3b, has benefited from cost control and growth in profitable adjacencies. The gap between inflation and tariffs is a continuing concern with EBITDA falling 4.8% in cc.

Digital and Data Investment is viewed by Ramsay as important to lift productivity, but also as a means of improving the experience of staff, patients, partners and doctors, with tangible benefits already being seen. It is an implementation of "The Ramsay Way", and while this is being led in Australia it will flow onto other regions in transforming the company and driving sustainable top line growth, productivity improvements and operating efficiencies. Increased OPEX spend will continue to impact margin recovery in the short term but will create a better business going forward.

### **Governance and culture**

Following a review of Board Committee structure Ramsay has implemented a strengthening of the focus on the management of clinical risk as part of the Risk Committee while maintaining in the commitment to delivering the best clinical care.

Ramsay has a Board Skills Matrix in its Corporate Governance Statement where the number of directors who have each skill is shown, and this meets the ASX Corporate Governance Principles and Recommendations. ASA would prefer the matrix be modified to show the skill set of each director. This would enable individual shareholders to make a more informed decisions when casting their vote to elect directors. In addition, ASA proposes that specific skills of private hospital leadership and reimbursement experience be included in the skills matrix.

It would be valuable for shareholders if the Board Skills matrix was included in the Annual Report as well as the Corporate Governance Statement.

### **Key board or senior management changes**

Ramsay's long standing Managing Director and Group CEO, Craig McNally, will retire at the end of June 2025. On 1 October 2024 Natalie Davis commenced as Group CEO elect and she will work with Craig McNally for an orderly transition before becoming Managing Director and Group CEO later in FY25.

Helen Kurincic joined the Board on 1 March 2024 bringing valuable healthcare understanding having recently been Chair of Integral Diagnostics and a NED of Australian health insurer, HBF Health. Previously she has held Executive and Non-Executive health care roles and contributed to government healthcare policy reform. Her health care career started as an intensive care nurse at Royal Melbourne Hospital

### **Sustainability/ESG**

In 2020 Ramsay launched its Ramsay Cares strategy with the 3 planks for Caring for People, Caring for Community and Caring for the Planet as its sustainability roadmap.

### **ASA focus issues (not discussed above or under remuneration report or re-election of directors)**

Fair treatment of shareholders – Ramsay's AGM will be in person with an online webcast. At the webcast shareholders will be able to watch the proceedings and submit written questions on the platform. They will not be able to ask voice questions. Also the platform does not provide for voting – this must be completed 2 days before the AGM, and before shareholders have seen or heard the Chair and CEO presentations, have heard the presentations by directors standing for election, or having heard the answers to questions that they or other shareholders have put to the Board. ASA asks companies to use a full hybrid AGM where online shareholders can participate as if they were at the meeting.

## **4. Rationale for Voting Intentions**

### **Resolution 2 Adoption of the Remuneration Report (for)**

With the transition of Managing Director and CEO during FY25 this is the arrangement for remuneration. Further details are shown in Appendix 1:

- Natalie Davis will receive fixed remuneration of \$1.8m per annum. This is inclusive of superannuation and any salary sacrifice arrangements. Natalie's appointment date was 1 October 2024.
- Natalie Davis will participate in the STI from her commencement date, i.e. 1 October 2024.
- Craig McNally will participate in the STI in FY25. Craig McNally remains Managing Director until the transition to Natalie Davis later this year. The outcome of performance against the FY25 scorecard will be disclosed in the FY25 Remuneration Report as per usual.
- Craig McNally will not receive an LTI award for FY25. Natalie Davis will participate. Shareholder approval for this award is being sought at the Annual General Meeting in November 2024.

The Ramsay remuneration plan is consistent with ASA Guidelines, apart from the 3 year performance period for the LTI.

### **Resolution 3.1 Re-election of Mr David Ingle Thodey (for)**

David Thodey, first elected to the Board in 2017, was appointed as Chair following the FY23 AGM. He is an accomplished business leader with strong experience with technology and innovation and has also made significant contributions in public policy. While he had not been directly involved with healthcare prior to joining Ramsay he does demonstrate a strong understanding of the business and as Chair, we anticipate he will take a pragmatic approach, given the rapidly evolving market place, to leading Ramsay forward. His technology and innovation experience is an important contribution to the Board.

### **Resolution 3.2 Re-election of Dr Claudia Ricarda Rita Süßmuth Dyckerhoff (Undecided)**

Claudia Dyckerhoff has been a RHC director since 2018, and as stated in the Notice of Meeting, she has an impressive background, including in hospitals and healthcare. However, we are not clear as to how contemporary this is, in what geography her experience covers, and the nature of her contribution to the Ramsay Board. At the AGM we will ask her to provide for shareholders more information about these questions before deciding whether to support her re-election.

### **Resolution 3.3 Election of Ms Helen Kurincic (For)**

Helen Kurincic brings a depth of experience in the healthcare industry. With the planned retirement of Group CEO Craig McNally and non-executive director Michael Siddle having stepped down as Chair her appointment to the Board will provide a valuable hands-on industry perspective.

### **Resolution 4 Grant of Performance Rights to incoming Managing Director (For)**

This grant is for Performance Rights (PR) in line with the Company's existing LTI and STI with vesting occurring when performance hurdles are met. This is not a sign on incentive for Ms Davis. The current Managing Director, Mr McNally, while still to be employed for all of FY25, will not receive an LTI award for FY25.

Ms Davis will be granted 57,472 PRs. The number of PRs has been determined by dividing the FY25 grant value of \$2,700,000 by the 5-day Volume Weighted Average of the Company's share price up to and including 1 July 2024 (AU\$46.9796), with 1 July being the first trading day of the performance period.

Shares issued as a result of these Performance Rights will be purchased on market.

### **Resolution 5 Amendment to Company's Constitution – Insertion of Proportional Takeover Provisions (For)**

ASA considers this is a non-controversial special resolution. It is to insert the constitutional provision, which require shareholders to vote on whether a proportional bid is allowed to proceed. We prefer full takeover offers, and this provision allows shareholders a say on any controlling shareholder who only bids for a proportion of each shareholder's interest.

#### **ASA Disclaimer**

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## Appendix 1

### Remuneration framework detail

Ramsay Remuneration Summary for the retiring CEO								
	FY24 CEO remuneration Plan						Actual FY24	
	Threshold		Target		Maximum		\$m	% of Total
CEO rem. Framework for FY24	\$m	% of Total	\$m	% of Total	\$m	% of Total		
<b>Fixed Remuneration</b>	<b>2,085</b>		<b>2,085</b>	<b>27%</b>	<b>2,085</b>	<b>25%</b>	<b>2,142</b>	<b>63%</b>
STI - Cash			1,043	13.3%	1,303	15.6%	626	18.4%
STI - Equity			1,043	13.3%	1,303	15.6%	626	18.4%
<b>Total STI</b>	<b>Not disclosed</b>		<b>2,085</b>	<b>27%</b>	<b>2,606</b>	<b>31%</b>	<b>1,251</b>	<b>37%</b>
<b>LTI</b>	<b>1,460</b>		<b>3,649</b>	<b>47%</b>	<b>3,649</b>	<b>44%</b>	<b>Not vested</b>	<b>0%</b>
<b>Total</b>			<b>7,819</b>	<b>100%</b>	<b>8,340</b>	<b>100%</b>	<b>3,393</b>	<b>100%</b>

#### STI achievement

% of target	% of max
60%	48%

### Ramsay Remuneration Summary for the incoming CEO \*

	FY25 CEO Remuneration Structure					
	Threshold		Target		Maximum	
CEO rem. Framework for FY25	\$m	% of Total	\$m	% of Total	\$m	% of Total
<b>Fixed Remuneration</b>	<b>1,800</b>		<b>1,800</b>	<b>29%</b>	<b>1,800</b>	<b>27%</b>
STI - Cash			900	14.3%	1,125	15.5%
STI - Equity			900	14.3%	1,125	15.5%
<b>Total STI</b>	<b>Not disclosed</b>		<b>1,800</b>	<b>29%</b>	<b>2,250</b>	<b>33%</b>
<b>LTI</b>	<b>1,260</b>		<b>2,700</b>	<b>43%</b>	<b>2,700</b>	<b>40%</b>
<b>Total</b>			<b>6,300</b>	<b>100%</b>	<b>6,750</b>	<b>100%</b>

\* participation will be pro rated for her 1 October 2024 commencement date