

Ramsay Health Care 2023 AGM report

ASX code	RHC
Meeting date	Tuesday, 28 November 2023
Type of meeting	Physical with watch only webcast
Monitor	Peter Gregory and Jennifer Owen
Pre AGM-meeting	With Chair Michael Siddle, Chair Elect David Thodey, Rem Chair Alison Deans, Company Secretary Henrietta Rowe, Chief People Officer Colleen Harris and Head of Investor Relations Kelly Hibbons

Meeting Statistics

Number of holdings represented by ASA	216
Number of shares represented by ASA	315,121
Value of shares represented by ASA	\$15.6m
Total number attending meeting	In person 61 shareholders and 41 visitors attended. There were 113 people online
Market capitalisation	\$12.9 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

The [AGM presentations by the chair and CEO](#) gave a good description of the state of the business, including:

- The challenges facing the global private hospital sector, with a reassurance that RHC was performing better than its peers,
- RHC's focus on people recruitment and retention, sustainability, operational and digital transformation and having a strong balance sheet,
- The Elysium business has been disappointing but is now showing encouraging trends with 900 new people onboarded and occupancy increasing.
- RHC leadership is committed to improving shareholder returns including lifting dividends, results and dividends for shareholders,
- RHC expects a growth in earnings in FY24 underpinned by single digit revenue, with a weighting to the second half.
- [A recording of the AGM is on the Ramsay website.](#)

The chair said the video - [Ramsay Health Care Australia Investor Presentation, 10 November 2023](#) was recommended for shareholders to understand RHC's transformation program.

There was good engagement from shareholders, including questions submitted prior to the meeting. The responses included:

- RHC did not make any donations to the Voice, although it noted that the Paul Ramsay Foundation, RHC's largest shareholder and a completely separate organisation did donate the Yes campaign,
- In 2022 KKR expressed interest in RHC. Their due diligence did not result in a formal offer for the board to consider,
- Cyber risk is different in each region and RHC has invested to ensure it has the right information security teams in each region. A data review is underway to ensure only necessary information is retained.
- RHC derives much of its income outside of Australia. It has \$876million in its franking credit account and expects to be paying fully franked dividends for the foreseeable future,
- RHC had a change in their lead audit partner. No changes in audit firm are planned,
- RHC has learnt many lessons from the Covid experience including the capacity that they had within the organisation to respond when people were under extreme pressure and the critical importance of communication, policies, and procedures. RHC are implementing the learnings.
- Artificial Intelligence will be part of the RHC digital and data transformation, but in terms of clinical use its implementation will be cautious and only based on clear evidence.

ASA questions

- The company acknowledges the need to strengthen the board with hospital operation experience, and while it is difficult to find such people, they continue to search. With the CEO there is a continuing succession planning process.
- All of the services provided by RHC are related to the core private hospital business with a view to enhanced patient outcomes. There is an annual review process in each region that verifies the contribution of each service and facility against the company 2030 expectations. Adjustments are made where appropriate.
- RHC know that the healthcare system is changing – Covid has changed things – now is the biggest change in 55 years and RHC is transforming the business to firstly increase efficiencies in delivery of care and secondly in responding to the radical innovation in clinical care so that all stakeholders benefit from RHC's clinical excellence.
- In considering the impairment testing of the Elysium business it is done in the context of the whole UK business. At year end there was not seen to be a need for any further Elysium impairment. While the progress of Elysium, especially with reducing Covid caused labour costs, has not got to pre-acquisition expectations, there is now the ability to also expand capacity and management is less concerned about getting to expected performance.
- RHC has a very disciplined process for evaluating acquisitions against the RHC long term strategy and its 5 year hurdle rates. Most acquisitions that RHC considers don't meet its requirements and no action is taken.
- RHC clarified that while it flags certain expenses as out of the ordinary, it does not remove these costs from normal earnings in the accounts. The reason for identifying these costs is to enable external parties to make their own decision on how these are treated in their own independent analysis.

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