



## 2017 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Ladies and gentlemen,

The 2017 financial year was a good one for Sonic Healthcare. Sonic reported a net profit of \$428 million, on revenues of just over \$5.1 billion. We continued to pursue our progressive dividend policy and rewarded shareholders with a 4.1% increase in total dividends per share for the year.

In addition to strong underlying organic revenue growth and margin improvements in the Laboratory and Imaging divisions in 2017, Sonic also worked on and completed synergistic business acquisitions including:

- the Staber Laboratory Group in Germany in January 2017
- West Pacific Medical in California, also in January 2017, and
- in July 2017, Medical Laboratory Bremen in Germany.

Our exciting new growth strategy in the USA of partnering with hospital systems for delivery of their laboratory testing began to bear fruit in 2017, with the formation of joint ventures with:

- Western Connecticut Health Network, and
- Baptist Memorial Health Care, both commencing in April 2017, and
- since year end, with the New York University hospital system.

This year marks Sonic’s 30th anniversary as a listed company. During this time, Sonic has become an ASX Top 50 company, and has been one of the best performing stocks on the ASX, with a total shareholder return of over 15,000%.

Sonic acquired its first laboratory practice in 1987, Sydney-based Douglass Hanly Moir Pathology (then known as Douglass Laboratories). From that humble beginning, Sonic has grown to provide medical services to over 108 million patients a year, and to become a critical part of the healthcare infrastructure of eight countries. This has been made possible through the company’s unwavering commitment to provide exceptional patient care and outstanding service to doctors, as part of our unique Medical Leadership culture. This strong organisational culture gives us a distinct advantage over competitors, but much more importantly it ensures we do our very best to deliver to our doctors, other clinicians and their patients, the safest and very best quality care and service we can. It is what makes us special; it is what has made us successful.

With the abundance of suitable growth opportunities available to Sonic, we look forward to the next 30 years with great optimism.

As part of planning for our future, the development and renewal of the Board has been an important consideration for your Board. All of us on the Board are delighted that Neville Mitchell has recently joined the Board as an independent, non-executive director. Neville brings a wealth of international healthcare and finance experience to Sonic’s Board, and I am confident that his input and influence will add significant value to Sonic.



Sonic's Board now comprises five independent directors and three executive directors, including a pathologist, a radiologist and a registered General Medical Practitioner. We continue to believe it is important to have doctors on our Board as a key element of Medical Leadership.

I would like to recommend that all shareholders take time to read Sonic's 2017 Corporate Responsibility Report. The report highlights Sonic's contributions to education, the steps we take to minimise our environmental impact and our support for local and disadvantaged communities. It describes our Catalyst Program, which involves using Sonic's medical expertise and resources to directly address the dire medical needs in some of the most troubled places in the world. We should all be very proud of the work Sonic and its people do in these areas.

Sonic's standing as a socially responsible company continues to be evidenced by our ongoing inclusion (since March 2008) in the FTSE4Good Index Series. To remain in the Series, Sonic is independently assessed against stringent environmental, social and governance criteria. We continue to invest resources to further develop our policies, practices and reporting in these areas.

I wish to acknowledge and thank our talented management teams around the world, and all of Sonic's 33,000 dedicated staff for their hard work in 2017 and the future.

I also extend sincere thanks to Sonic's shareholders for their continued strong support of the company.

**Prof. Mark Compton AM**

22 November 2017