



2013 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

Ladies and gentlemen,

2013 has been a strong year for Sonic Healthcare, with a record net profit up 6% on the prior year, or 7% excluding currency fluctuations. Our share price has significantly outperformed the broader market over the past 12 months, and we have also rewarded shareholders with increased dividends per share.

Sonic's financial record and outlook continue to be robust, with consistent revenue and earnings growth, a reliable dividend stream, and a healthy balance sheet. Our operations are well positioned in each of our markets, and our diversification by geography and business line helps to protect us against adverse regulatory changes in any particular market. As a healthcare company, regulatory changes, including fee changes, are perhaps our biggest risk, at least in the short term. In the longer term regulatory changes create opportunities for us to accelerate the consolidation of fragmented markets, a core part of our strategy. The acquisition of Healthscope's pathology operations in Western Australia in October 2012, and our recently announced acquisition of Labco's German businesses are prime examples of this.

One financial metric in 2013 which on face value was disappointing was the decline in our reported Return on Invested Capital. The calculation of this metric however is subject to many variables, and if, for example, we corrected for currency exchange rate movements and the timing of corporate tax payments, there would have been accretion in the return. Improving Return on Invested Capital remains a major focus of the Board and management.

Sonic's greatest asset is its culture, one of the main elements of which is our "medical leadership" philosophy, which recognises that first and foremost we are a group of specialist medical practices, providing professional services to our medical colleagues, referring physicians. This philosophy influences every significant management decision. It differentiates us from our competitors in the eyes of our customers, who appreciate our unique understanding of their needs, our staff, who are impassioned by an employer who shares their view of the importance of the medical and scientific side of the business, and laboratory founders and owners, who prefer to sell their practice to a company with a similar set of values to their own. Medical leadership has and will continue to play a key role in Sonic's organic and acquisitional growth. The presence on the Sonic Board of Dr Colin Goldschmidt, a pathologist, Dr Philip Dubois, a radiologist, and Dr Jane Wilson, a general practitioner, is an important element in promoting our Medical Leadership philosophy.

Medical leadership has resulted in Sonic's focus on quality in every aspect of our operations. Quality comes in many forms, from employing renowned, sub-specialised pathologists, to our blood collectors offering a reassuring smile to patients. You may have noticed our new slogan on our courier cars or elsewhere, which is "Quality is in our DNA". To our staff these are not empty words, but rather the embodiment of all their efforts and our strategies to position Sonic to our customers as the preeminent operator in each of our markets.

Thanks to the dedication and talent of Sonic's management teams and staff, your company is strongly positioned to grow value for shareholders into the future.

Thank you for your continued support.

Peter Campbell
21 November 2013