

SONIC HEALTHCARE

Annual General Meeting

17 November 2016



Forward-looking Statements

This presentation may include forward-looking statements about our financial results, guidance and business prospects that may involve risks and uncertainties, many of which are outside the control of Sonic Healthcare. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, adverse decisions by Governments and healthcare regulators, changes in the competitive environment and billing policies, lawsuits, loss of contracts and unexpected growth in costs and expenses. The statements being made in this presentation do not constitute an offer to sell, or solicitation of an offer to buy, any securities of Sonic Healthcare. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Sonic Healthcare). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward-looking statement will be achieved. Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements. The information provided in this presentation is based on and should be read in conjunction with the 2016 Annual Report released to the ASX on 22 September 2016 and may include earnings figures restated on a "constant currency" basis.



FY '16 Headlines

- ▶ A milestone year
 - ▶ Annual revenue >A\$5 billion
 - ▶ Earnings per share (EPS) > A\$1.00
- ▶ FY '16 guidance achieved
 - ▶ EBITDA of A\$831 million
 - ▶ EBITDA guidance A\$815-840 million
 - ▶ Constant currency
- ▶ Revenue growth 20% to A\$5.1 billion
- ▶ EPS growth 27% to A\$1.09
- ▶ Full-year dividend up 5.7% to A\$0.74 per share
- ▶ Strong earnings growth in Europe and USA
- ▶ Accretive acquisitions successfully integrated



FY '16 Summary

A\$M	FY '16	FY '15	Growth
Revenue	5,052	4,201	20%
Underlying EBITDA	876	731	20%
Net profit	451	348	30%
Cash generated from operations	708	512	38%
Earnings per share (A\$)	1.09	0.86	27%

▸ Revenue growth

- Strong organic growth in laboratory division ~7% (constant currency, including UK JV)
- Growth further enhanced by accretive acquisitions and FX tailwind

▸ Earnings growth

- Major contributions from USA and European operations
- Includes UK JV, Swiss and Belgian acquisitions
- Negative earnings growth in Australian pathology division – impacted by collection centre infrastructure costs
- Imaging earnings impacted by low market growth

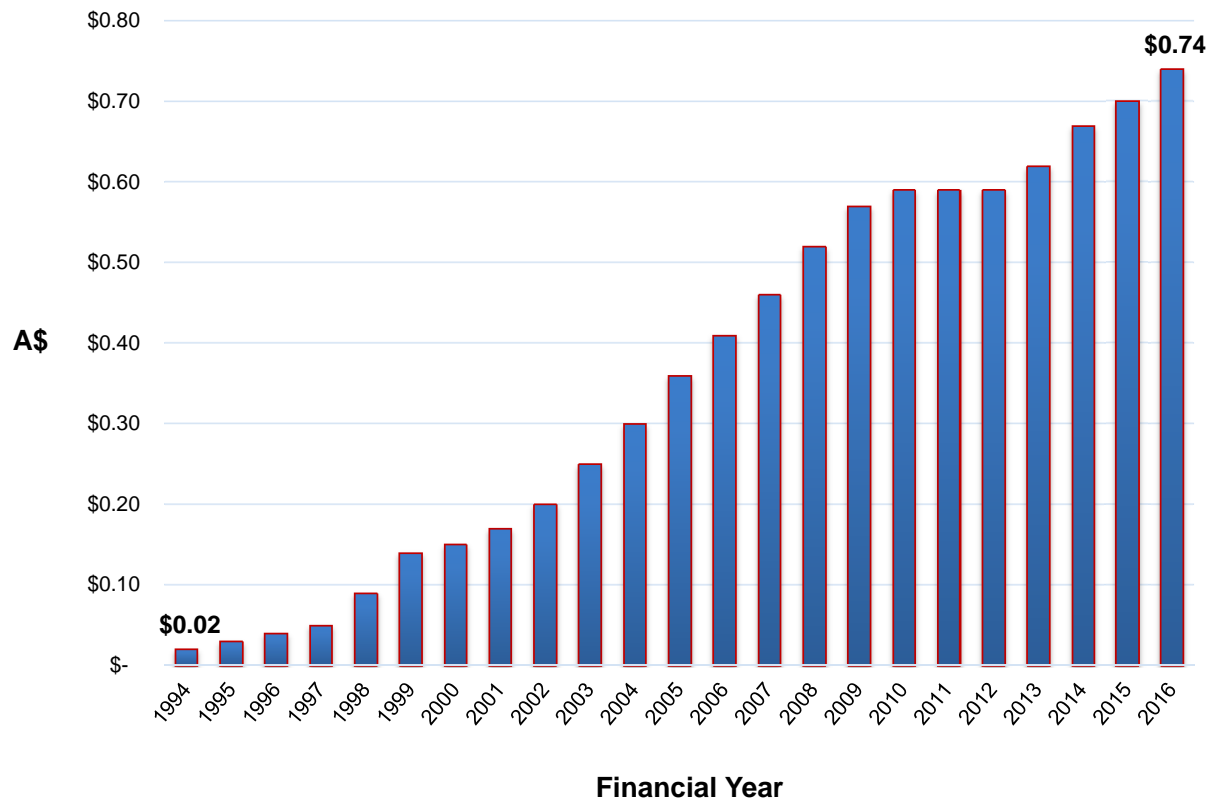


FY '16 Dividends

A\$	FY '16	FY '15	Growth
Interim Dividend	\$0.30	\$0.29	3.4%
Final Dividend	\$0.44	\$0.41	7.3%
Total Dividends	\$0.74	\$0.70	5.7%



Full-year Dividend History

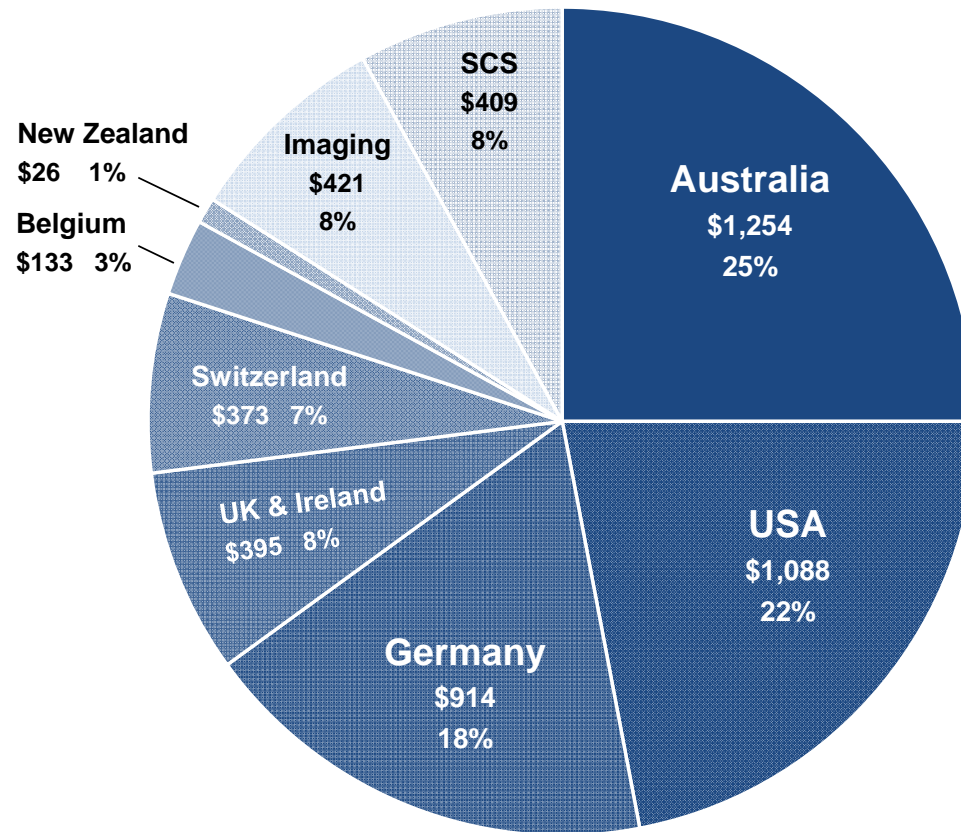


FY '17 Guidance

- Guidance confirmed after 4 months' trading
- Staber and GLP Systems acquisitions – minor FY '17 benefit due to timing/size
- Guidance as issued 17 August 2016:
 - EBITDA
 - Approximately 5% growth on underlying FY '16 EBITDA of A\$876 million (constant currency FY '16 FX rates)
 - Excludes potential upside from future acquisitions and Australian regulatory reform
 - Interest expense
 - Expected to increase by 5–10% (constant currency)
 - Current base rates assumed to prevail
 - Tax rate
 - Expected at ~25%



FY '16 – Revenue Split

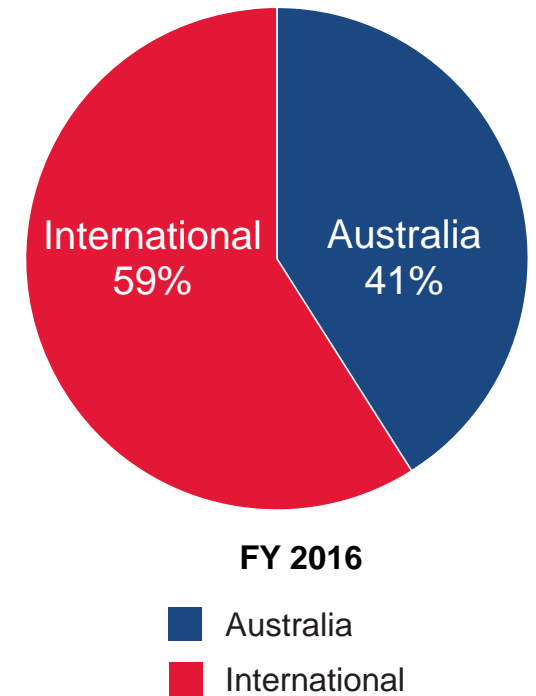
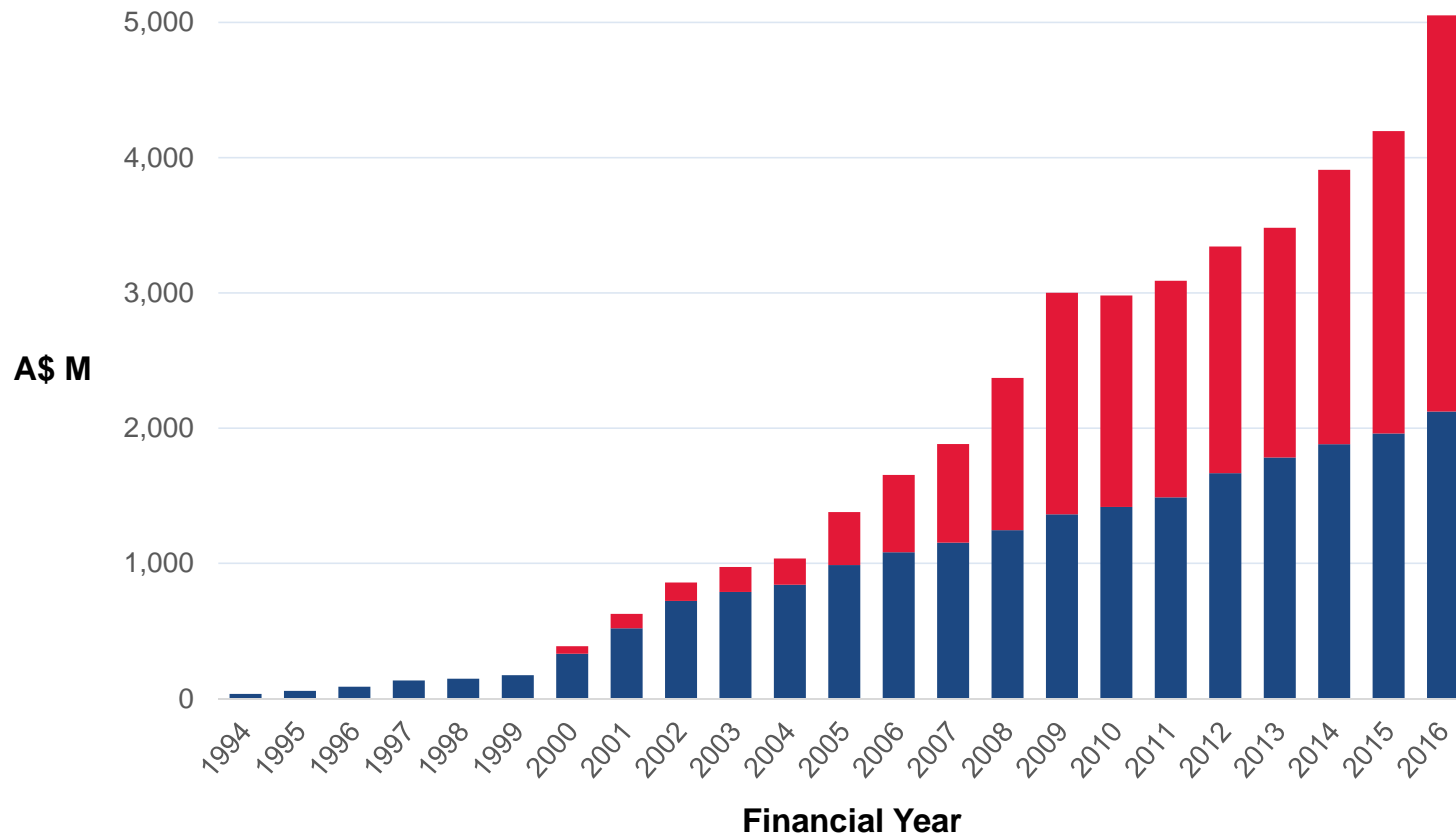


- Statutory revenue in A\$ M
- Revenue excludes non-recurring gain (\$35 M) and interest income (\$4 M)

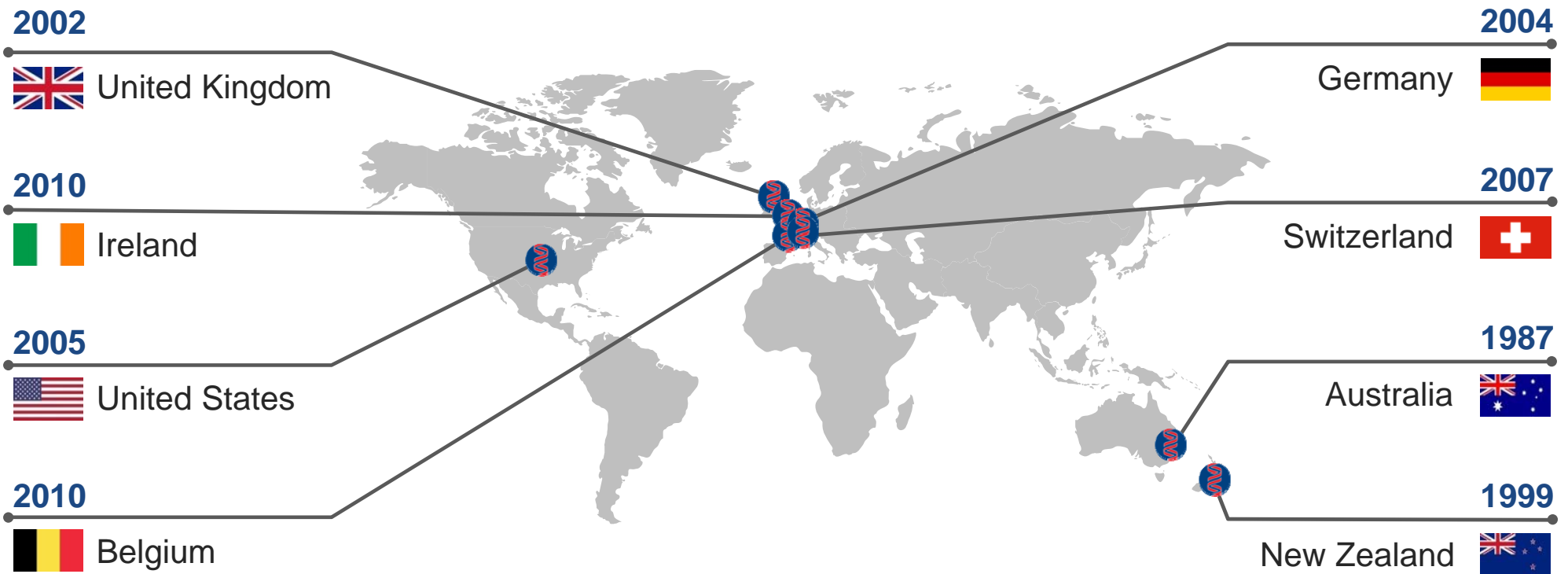
SCS - Sonic Clinical Services (IPN Medical Centres, occupational health and other clinical service entities)



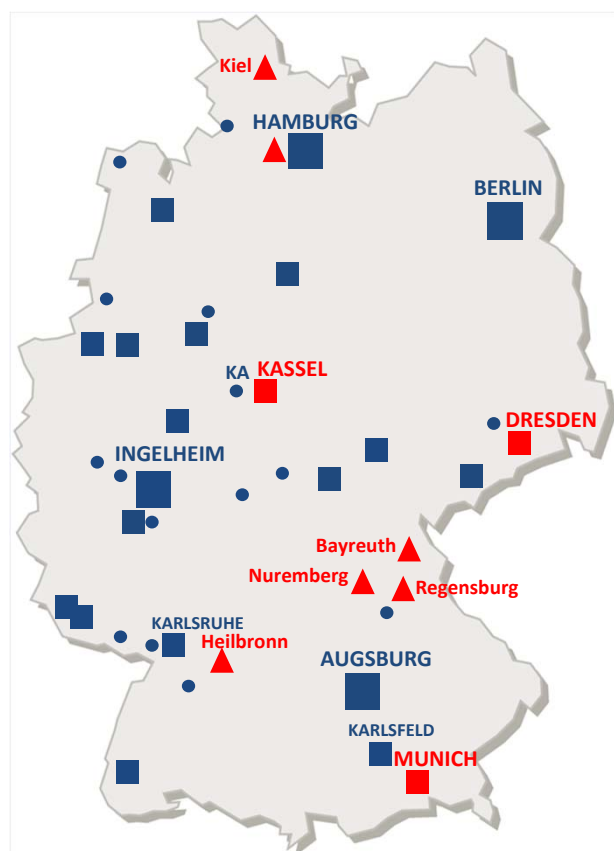
Revenue History



International Expansion



Acquisition of Staber Laboratory Group (Germany)



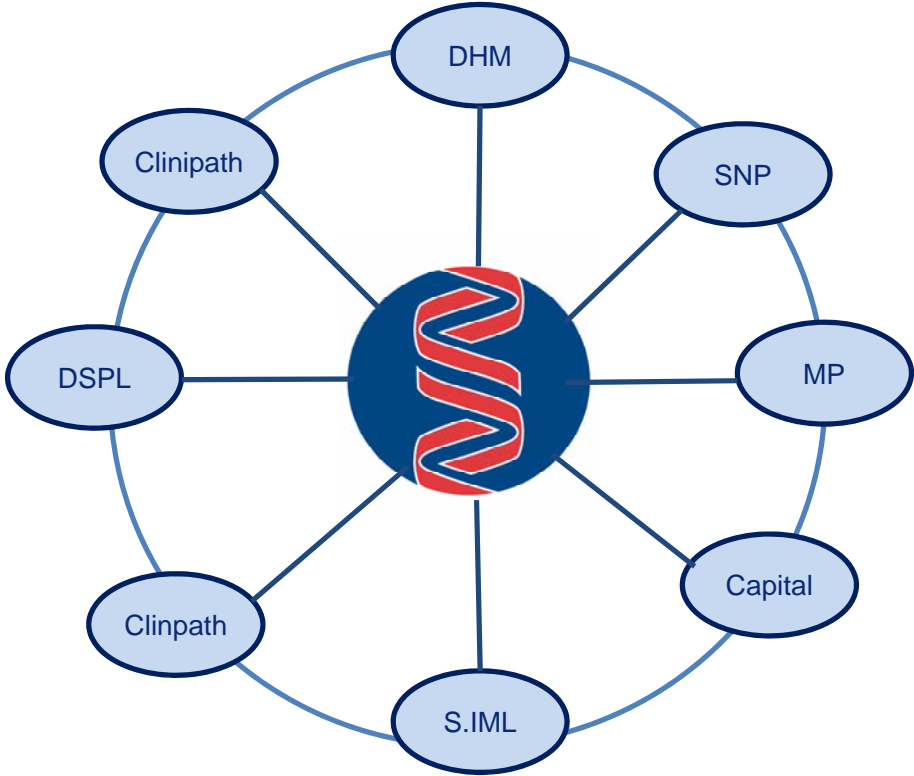
- ● Sonic Healthcare Germany laboratories
- ▲ Staber laboratories (hospital/routine labs not shown)

- ▶ Acquisition announced on 4 November 2016
 - ▶ Completion expected Q1 calendar 2017
- ▶ Annual revenue ~€80 million (~A\$115 million)
- ▶ Purchase price €120 million (~A\$170 million)
- ▶ ~1,000 staff, including 50 pathologists
- ▶ Laboratories
 - ▶ 3 hub laboratories – Munich, Dresden, Kassel
 - ▶ 14 regional laboratories
- ▶ A classic Sonic transaction, in line with core strategies
 - ▶ Right country, right partners, complementary infrastructure
 - ▶ Consolidate fragmented laboratory markets
- ▶ Integration of Staber into Sonic Healthcare Germany
 - ▶ Cultural alignment
 - ▶ Growth and synergy opportunities
- ▶ 3-4% EPS accretive in year one, then increasing
- ▶ ROIC accretive from year two

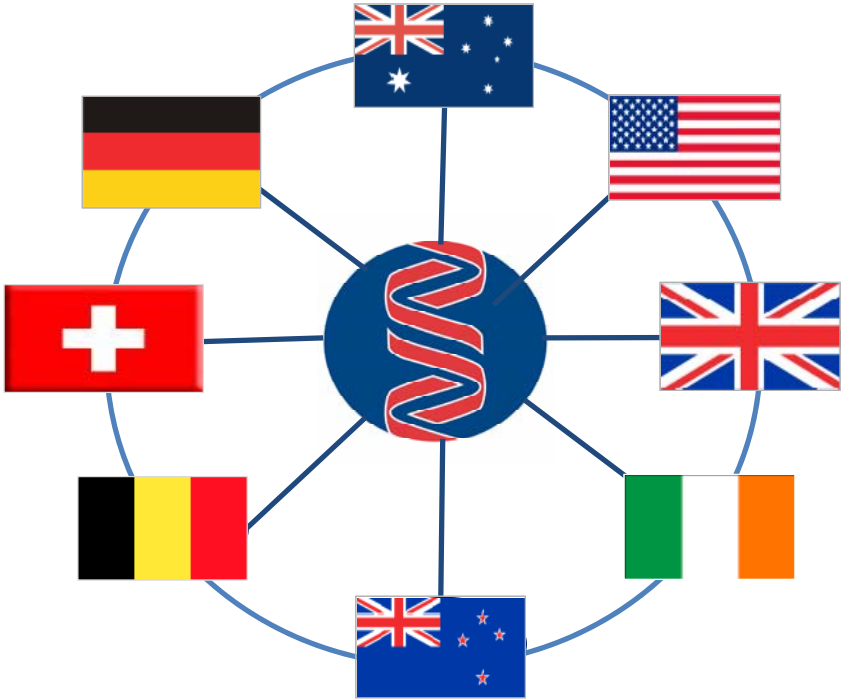


MANAGEMENT STRUCTURE

Federated Structure Australia



Global Federation



Synergies
Procurement
Finance
IT
Centralisation
Best practice
Culture / Values



Procurement

- Consumables: 16% of revenue, A\$812 million in FY2016
- Global procurement program
 - Standardise and lower costs across 8 countries of operation
 - A collaboration involving Sonic financial / technical / professional experts
 - Competitive tenders (RFPs)
- Sonic the first lab company to initiate global procurement
 - Major price differentials between countries
 - “Supplier silos” broken down
- Major ongoing cost reductions achieved, with more to follow



Sonic Healthcare today

Operations	FY 2016
Countries of operation	8
Patients consultations per year	105,000,000
Patient consultations per business day	420,000



#1

Australia
Germany
Switzerland
UK











Our Staff

Employment	30 June 2016
Total employees	31,298
Women in workforce	76.4%
Women in senior leadership positions	50.5%
Temporary staff & contractors engaged in total workforce	2.7%
Annual employee turnover	16.5%
Annual senior leadership turnover	5.9%



Employed Staff by Country

	Country	Employees
	Australia	15,877
	USA	6,528
	Germany	5,565
	UK	1,597
	Switzerland	987
	Belgium	502
	New Zealand	183
	Ireland	59
	SONIC TOTAL	31,298



Sonic Healthcare – at a glance

World's 3rd
largest medical
diagnostic
company

Annual revenues
> A\$5 billion

Market
capitalisation
~A\$9 billion

>31,000
employees
worldwide

>100 million
patients per year

Laboratory
medicine, imaging
and clinical
services





Medical Leadership

Personalised
Service for
Doctors &
Patients

Professional
& Academic
Expertise

Respect for
Our People

Operational
Excellence

Company
Conscience



Sonic Dx – Secure online results service

- ▶ Available to all referring doctors in Australia
- ▶ View pathology results – anywhere, anytime
- ▶ Securely share reports with medical colleagues or patients
- ▶ Request additional tests electronically
- ▶ View cumulative results and graphs



Going to the moon and back for our patients

- ▶ Sonic's Australian pathology collectors made 640,000 home visits in FY 2016 to patients unable to attend a collection centre
- ▶ 5.1 million Km travelled in FY2016 by these collectors



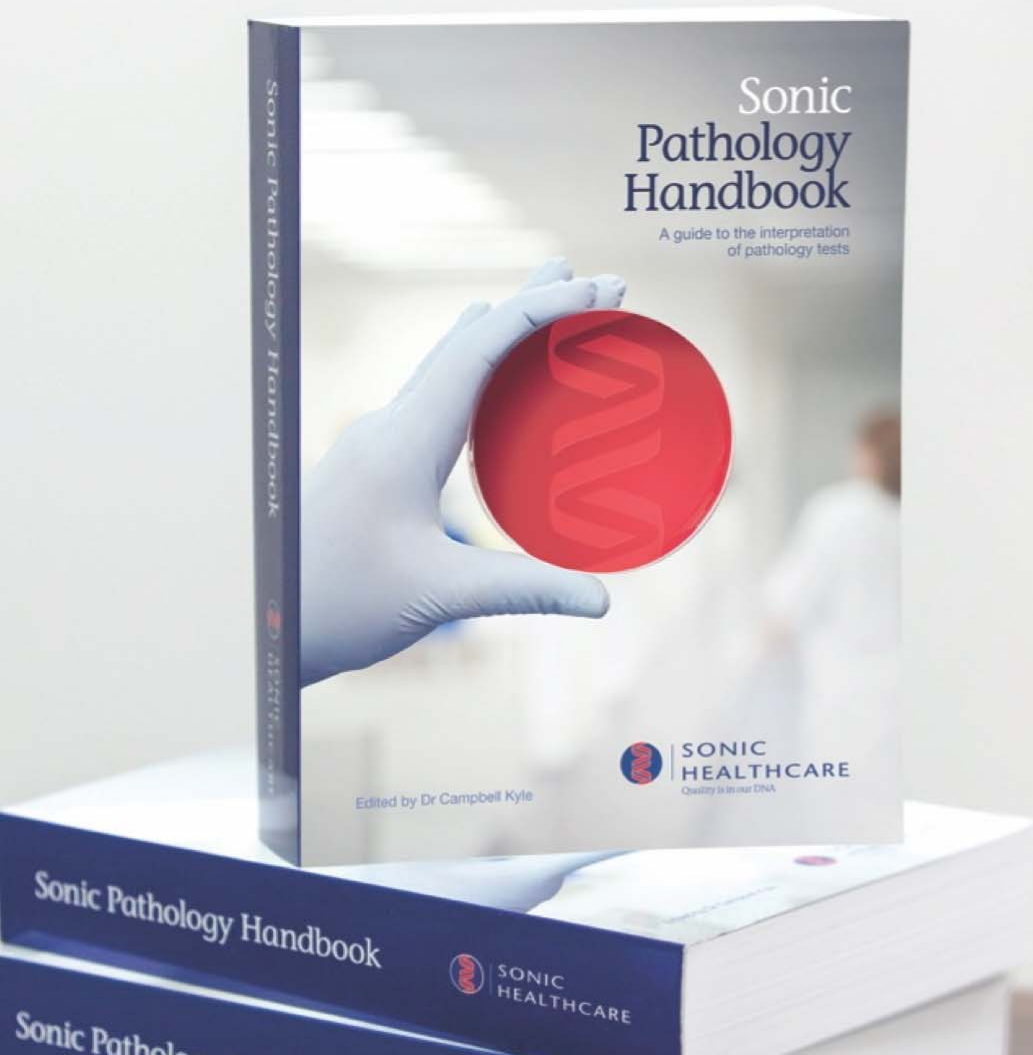
Committed to continuous education

- ▶ Graduate and postgraduate medical training
- ▶ Consultation with clinicians over patient management
 - ▶ Telephone consultations
 - ▶ Hospital multi-disciplinary team meetings
- ▶ Academic research
 - ▶ Journal publications
 - ▶ Textbook chapters
- ▶ National and international conference speakers
 - ▶ Sonic's "rock star" medical specialists



Sonic Pathology Handbook

- ▶ A practical guide to pathology tests, written by Sonic for Australian clinicians
- ▶ Powerful collaboration amongst 65 Sonic pathologists
- ▶ Reflects Sonic's deep expertise across all areas of pathology
- ▶ 35,000 copies distributed to Australian doctors
- ▶ Available in soft copy and via the SonicEdu app
- ▶ Currently being adapted for Sonic's international divisions
- ▶ Overwhelming response to Handbook's release



SonicConnect

- ▶ A dedicated corporate resource aimed at *connecting Sonic's* people via culture, values and leadership principles
- ▶ Operating globally, SonicConnect propagates Sonic's culture and promotes a positive, cooperative and efficient work environment
- ▶ Widely embraced by Sonic staff internationally
- ▶ An essential element in fostering Sonic's Medical Leadership model





GLP Systems Track Total Lab Automation

- ▶ Sonic moves to 80% ownership of GLP Systems (announced 8 November 2016)
- ▶ Revolutionary automated track system for laboratory specimen management
- ▶ Joint Sonic/GLP Systems initiative
- ▶ Developed in Sonic's Hamburg lab, beta tested in Germany and Australia
- ▶ In routine operation in Sonic's labs in Hamburg, Berlin, Sydney and Brisbane
- ▶ Will soon launch in Sonic's new lab in central London
- ▶ Scalable and customisable – capable of up to 30,000 specimens a day
- ▶ Ready for international commercialisation



Building for the Future

- ▶ Infrastructure expansion and renewal
 - ▶ Growth of operations
 - ▶ Focus on quality
 - ▶ Drive for efficiencies
- ▶ Ongoing investment in state-of-the-art facilities
 - ▶ Laboratories, imaging facilities, equipment platforms, IT systems
 - ▶ Intelligent design, optimized for workflow efficiency
 - ▶ Aesthetically pleasing workplaces
 - ▶ Environmentally friendly buildings
- ▶ Property spend to reduce from FY 2018, after several years of significant investment



Health Services Laboratories
Halo Building, London



MEDICAL LEADERSHIP: OPERATIONAL EXCELLENCE (Building for the future)



Bioscientia – Ingelheim, Germany



MEDICAL LEADERSHIP: OPERATIONAL EXCELLENCE (Building for the future)



Sullivan Nicolaides Pathology - Brisbane

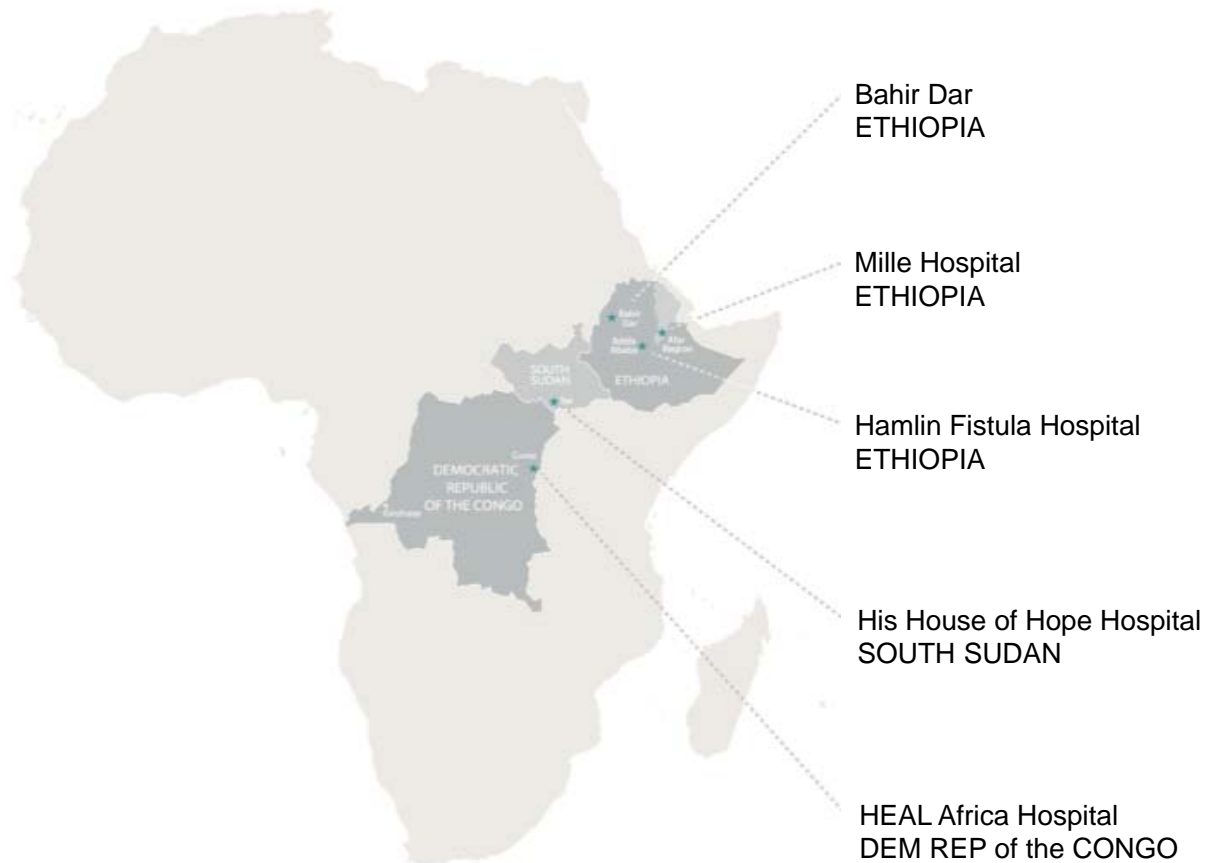


Catalyst Program

- ▶ Sonic's dedicated charitable aid program
- ▶ Objectives of Catalyst Program
 - ▶ Provide long-term healthcare improvements to manifestly disadvantaged communities
 - ▶ Make use of in-house expertise to establish sustainable, localised self-reliance in pathology and radiology
 - ▶ On-the-ground Sonic resources in Africa
 - ▶ Replaces donations to generic charities
- ▶ Catalyst Program resonates with Sonic staff and serves as a unifying force for a good cause



Catalyst Program – Sharing Our Expertise



- ▶ 5 locations in Africa
- ▶ Partnership with HEAL Africa and other local hospitals since 1996
- ▶ Establishing and equipping pathology and radiology departments, delivering enormous benefits to patient care
- ▶ Sponsoring local pathologist and radiologist studies
- ▶ Ongoing training of local technical and other staff by Sonic staff



Summary

- Sonic Healthcare in a strong and stable position
- 31,000 people employed in 8 countries of operation
- A\$5 billion in annual revenue, A\$450 million p.a. in net profit in FY 2016
- Strong industry drivers – ageing of population, new tests, preventative medicine
- Medical Leadership culture is the company's greatest strength and most important attribute and will continue to drive positive outcomes
- Sonic faces the future with great optimism





SONIC
HEALTHCARE

Thank you

