Sonic Healthcare

Financial and Operational Review

Year ended 30 June 2013

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20 August 2013

Forward-looking statements

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The information provided in this presentation is based on and should be read in conjunction with the Appendix 4E released to the ASX on 20 August 2013 and includes earnings figures restated on a "constant currency" basis.

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Headlines

Growth	Constant Currency	Statutory
Revenue	4.7%	4.1%
EBITDA	4.9%*	3.6%
Net profit	7.1%	6.0%
Earnings per share	5.5%	4.5%

* *4.5% EBITDA growth after expensing $2.5 million implementation costs of US cost-out initiative*

- Record revenue and earnings results
- EBITDA margins
  - Pathology margin ex-USA and UK up 40 basis points
  - Imaging margin up 80 basis points
  - IPN margin up 80 basis points
- US$60 million p.a. cost-out initiative underway in USA
- Total dividend payout up 5% to 62 cents per share
- FY ‘14 guidance: approximately 5% EBITDA growth (constant currency)

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Constant currency = FY ‘13 results restated using FY ‘12 currency exchange rates

Financial Summary

A$M	FY '13 Constant Currency	GROWTH FY '13 v FY '12 Constant Currency	FY '13 Statutory	CURRENCY TRANSLATION EFFECTS
Revenue	3,503	4.7%	3,484	(19)
EBITDA	652	4.5%	647	(5)
Interest Expense	63	(15.5)%	63	0
Net profit	338	7.1%	335	(3)

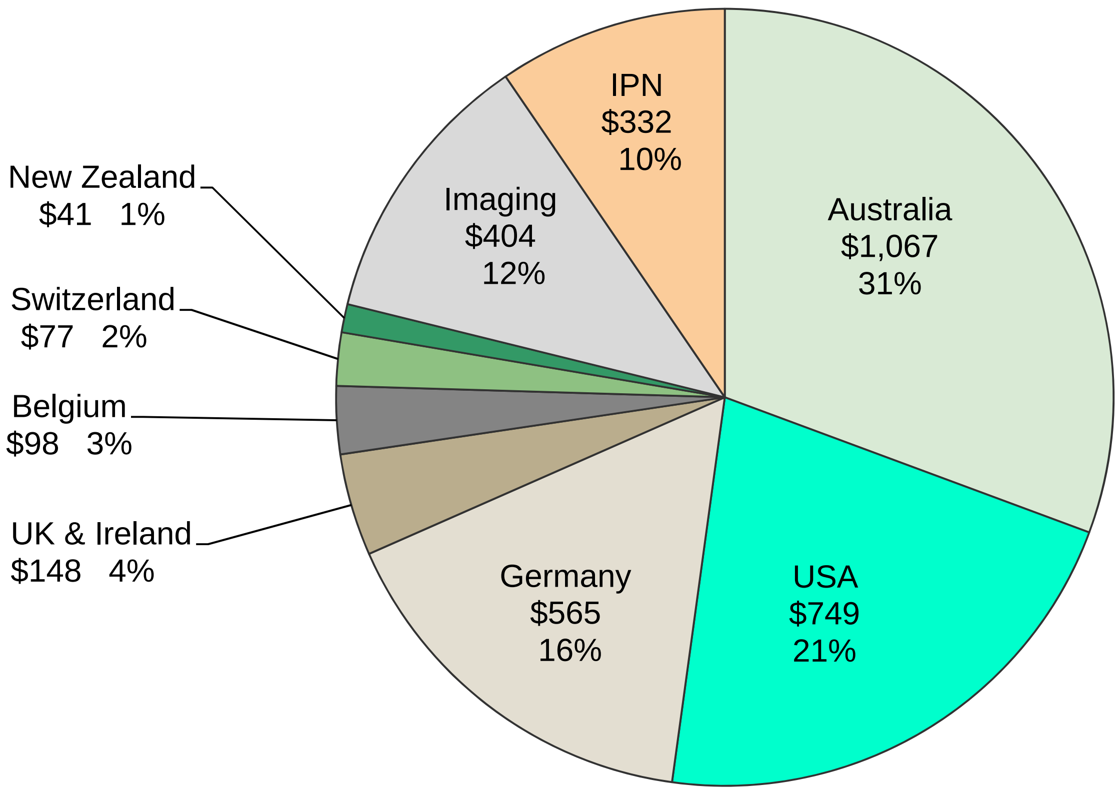
- EBITDA growth: 4.9% excluding $2.5 million implementation costs of US cost-out initiative
- EPS (constant currency): 85.1 cents, up 5.5% on FY '12
- EPS (statutory): 84.3 cents, up 4.5% on FY '12

FY ‘14 Guidance

- EBITDA growth of approximately 5%
  - Guidance based on constant currency rates (FY ‘13 FX rates)
  - Equates to approximately 12% growth at current exchange rates
  - Based on FY ’13 EBITDA of A$647 million
  - Includes estimated impacts of possible FY ’14 fee adjustments in Australia, Germany and the USA
  - Excludes future acquisitions
- Interest and tax guidance
  - Interest expense to decrease ~10% (constant currency)
  - Effective tax rate FY ’14 expected to be ~25%

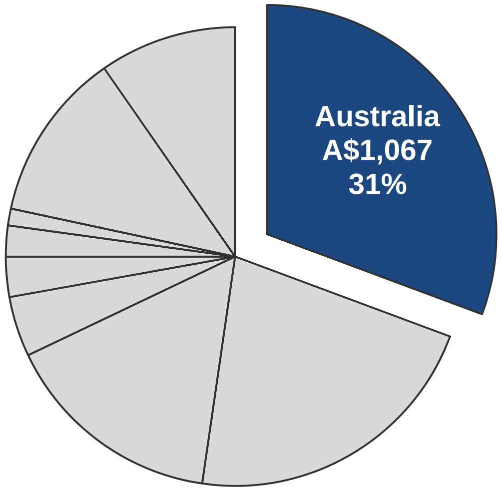
Revenue Split

FY '13



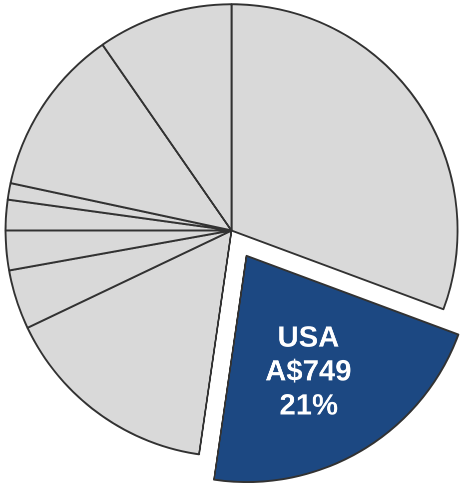
Statutory revenue in A$ million
IPN - Medical centres and occupational health services in Australia

Australian Pathology



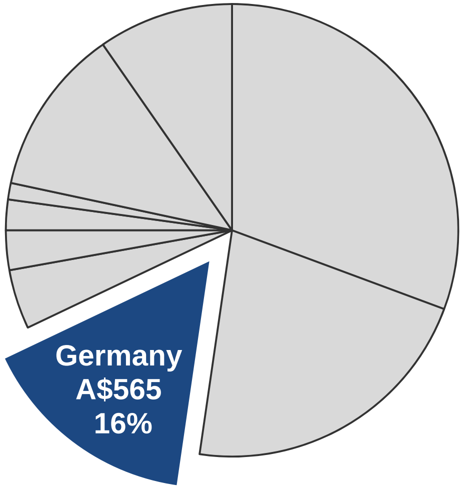
- Revenue growth 6.3%
  - Organic growth 5%
  - Medicare fee reduction of ~1.1% from 1 January 2013
- $10 million p.a. cost-out initiative
  - Over and above normal cost efficiency measures
  - Partial impact in FY ‘14
  - Mainly labour savings
- Synergy capture, cost control and process re-engineering ongoing
- Pathology Funding Agreement
  - Industry spend exceeded funding cap by small amount in FY ’13
  - Potential offsetting adjustments to cap
  - Small cut included in Sonic’s FY ‘14 guidance

USA



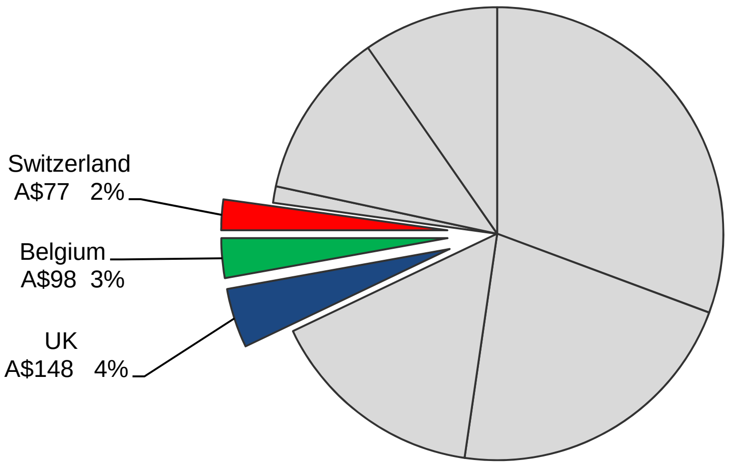
- Revenue
  - Revenue impacted by fee cuts commencing in H2 FY ‘13
  - Full-year revenue declined 2.5%
  - Improving organic volume growth in recent months (April through July 2013)
  - New revenue initiatives in early phases of implementation
  - Obamacare expected to enhance market growth from 2014 (not in FY ‘14 guidance)
- US$60 million p.a. cost-out initiative
  - A major operational exercise in planning and execution
  - FY ’13 impact ~US$15 million
  - FY ’14 impact ~US$50 million
  - FY ‘15 impact ~US$60 million
  - Excludes implementation costs of US$2.5 million expensed in FY ’13
  - Further implementation costs of ~US$5 million included in FY ‘14 guidance
  - Cost-out comprises mainly labour and procurement savings, including centralisation projects and rationalisation of divisions
  - Majority of savings already locked in

Germany



- Revenue growth 7%
  - Organic revenue growth 4% (impacted by fee “quotas”)
  - Market share gains through quality and service
  - Strong growth in esoteric testing
- Ongoing synergy capture and cost control
- Acquisition opportunities
  - Previously announced acquisitions included in FY ‘13 revenue
  - Active pipeline of synergistic acquisitions
- Regulatory environment
  - National funding structure for statutory insurance (EBM) since October 2012
  - Impact of EBM “quotas” included in Sonic’s FY ‘13 result and FY ‘14 guidance (affecting <50% of Sonic Germany revenues)
  - Quotas: Q2 FY ‘13 = 95.3%, H2 FY ‘13 = 89.2%, H1 FY ‘14 = 91.8%
  - H2 FY ‘14 quota expected to improve

UK, Belgium, Switzerland



- UK
  - UK revenue growth 36% due to contract wins (BMI, North-West London Trust and Ramsay)
  - Core business performing strongly, increased earnings, margins diluted by contracts
  - Major National Health Service outsource opportunities in progress
- Belgium
  - Stable revenue and earnings performance
- Switzerland
  - Continued strong organic revenue growth of 7%
  - Synergies from collaboration with Germany

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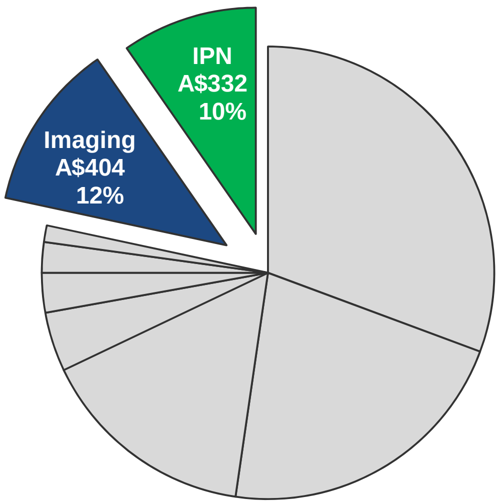
• Sonic Imaging
• IPN



- Sonic Imaging
  - Revenue growth (organic) 5%
  - EBITDA growth 9.3%, margin up by 80 bps
  - Strong performance ongoing
- IPN – Medical Centres and Occupational Health
  - Revenue growth medical centres 7%
  - Revenue growth occupational health 20%, largely organic
  - Strong divisional performance with margin expansion of 80 bps
  - Strong culture and medical leadership model, attractive to GPs
  - >1,600 GPs in growing IPN network

Sonic Debt Summary
Investment Grade Credit Metrics

		30 June ‘13	30 Jun ‘12
Net interest-bearing debt	A$M	1,739	1,571
Gearing ratio	%	37.3	37.6
Interest cover	X	8.6	7.0
Debt cover	X	2.4	2.5

- Available headroom >$500 million
- Increased net debt due to weaker AUD

- Gearing ratio = Net debt / Net debt + equity (bank covenant limit <55%)
- Interest cover = EBITA / Net interest expense (bank covenant limit >3.25)
- Debt cover = Net debt / EBITDA (bank covenant limit <3.5)
- Formulas as per bank facility definitions

Dividends

	FY ‘13	FY ‘12	Growth
Interim Dividend	$0.25	$0.24	4%
Final Dividend	$0.37	$0.35	6%
TOTAL Dividend	$0.62	$0.59	5%

- Dividend franked to 45%
- Record Date 4 September 2013
- Payment Date 24 September 2013
- Dividend Reinvestment Plan suspended

Overview of Sonic Healthcare

- World’s third-largest medical diagnostics company
  - Market leading positions in 8 countries on 3 continents
  - 26,000 employees
- Attractive and growing global healthcare markets
  - Growing and ageing populations (ageing baby boomers)
  - Preventative medicine / screening for early disease detection
  - New tests, especially genetics
- Unique culture and values
  - Medical leadership model
  - Federated management structure (distributed leadership / local brands)
  - Focus on highest possible quality
  - Experienced and passionate staff, employer of choice
- Proven business model
  - Successful consolidator of fragmented markets
  - Using market differentiation to drive organic and acquisitional growth
  - Margin expansion through synergy capture and economies of scale
  - Early adopter of technology to drive efficiencies
- Strong and stable financial record and outlook
  - Consistent revenue and earnings growth
  - Reliable dividend stream
  - Investment grade balance sheet

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Summary and Outlook

- Ongoing earnings growth despite current pricing pressures in Sonic's major markets
- Pricing pressure in major markets driving further consolidation to Sonic's advantage
- Acquisition and contract growth opportunities in key markets
- Strong organic revenue growth in Australia and Germany
- Market growth recovery in USA, enhanced by Obamacare from 2014
- Successful US$60 million cost-out initiative in USA to drive future earnings
- 5% growth in total dividend per share in FY '13
- Expect EBITDA growth of approximately 5% in FY '14 (constant currency)
- FY '14 guidance equates to ~12% EBITDA growth at current exchange rates

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Thank you