

17 August 2023

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam,

RESULTS FOR THE YEAR ENDED 30 JUNE 2023

Attached in accordance with Listing Rule 4.3A is the Appendix 4E for Sonic Healthcare Limited for the year ended 30 June 2023.

The release of this announcement was authorised by the Board of Sonic Healthcare Limited.

Yours faithfully
Sonic Healthcare Limited



Paul Alexander
Company Secretary

Sonic Healthcare Limited
ABN 24 004 196 909

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2023
Lodged with the ASX under Listing Rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended 30 June 2023

Financial Results \$'000

	2023 Statutory	% Change
Revenue from ordinary activities	8,168,948	(12.5)%
Profit after tax from ordinary activities attributable to members	684,984	(53.1)%

Dividends

	FY2023	FY2022	% Change
Cents per share			
Final dividend	62¢	60¢	3.3%
Final dividend franked amount per security	62¢	60¢	3.3%
Interim dividend	42¢	40¢	5.0%
Interim dividend franked amount per security	42¢	40¢	5.0%

The final dividend is scheduled to be paid on 21 September 2023 to shareholders registered as at close of business on 7 September 2023 (the record date). The Company's Dividend Reinvestment Plan ('DRP') remains suspended for this dividend.

Explanation of results

\$'000	2023 Constant Currency ¹	2023 Statutory	2022 Statutory	% Change 2023 Constant Currency versus 2022	2023 Statutory versus 2022
Base business revenue	7,510,648	7,683,541	6,911,644	8.7%	11.2%
COVID-19 revenue	478,155	485,407	2,428,510	(80.3)%	(80.0)%
Total Revenue	7,988,803	8,168,948	9,340,154	(14.5)%	(12.5)%
EBITDA²	1,678,484	1,707,524	2,830,447	(40.7)%	(39.7)%
Depreciation	(624,030)	(631,298)	(607,427)	2.7%	3.9%
EBITA	1,054,454	1,076,226	2,223,020	(52.6)%	(51.6)%
Amortisation of intangibles	(70,261)	(71,630)	(67,990)	3.3%	5.4%
Net interest expense	(71,096)	(73,408)	(77,825)	(8.6)%	(5.7)%
Income tax expense	(219,306)	(223,257)	(561,739)	(61.0)%	(60.3)%
Net (profit) attributable to minority interests	(23,063)	(22,947)	(54,900)	(58.0)%	(58.2)%
Net profit attributable to Sonic shareholders	670,728	684,984	1,460,566	(54.1)%	(53.1)%
Cash generated from operations		1,471,033	2,225,821		(33.9)%
Earnings per share					
Basic earnings per share (cents per share)	142.8	145.8	305.5	(53.3)%	(52.3)%
Diluted earnings per share (cents per share)	142.0	145.0	302.5	(53.1)%	(52.1)%

¹ For an explanation of 'Constant Currency' refer to 2(a) in the Commentary on Results.

² EBITDA = Earnings before interest, tax, depreciation and amortisation.

An explanation of the figures reported above is provided in the following pages of this report.

COMMENTARY ON RESULTS For the year ended 30 June 2023

1. Headlines

- Revenue A\$8,169 million.
- EBITDA A\$1,708 million.
- Net profit A\$685 million.
- Comparison with FY2022 impacted by reduction in COVID-19 related revenues (A\$485 million versus A\$2.4 billion).
- Base business revenue (ex-COVID testing) organic growth of 7% versus FY2022 (6% in H1, 9% in H2) and 13% versus FY2019 (constant currency, per working day).
- Strong cash generation with 110% conversion of EBITDA to gross operating cash flow.
- Earnings per share up 19% versus FY2019 (pre-pandemic).
- Progressive dividend policy maintained, increase of 2 cents (3.3%) to 62 cents per share (100% franked) for the FY2023 Final Dividend, full-year dividend up 4% to A\$1.04 per share.
- Three synergistic European acquisitions announced during H2, total enterprise value ~A\$890 million.
- Currently progressing several new acquisition and contract opportunities.
- Balance sheet strength to fund future growth opportunities.
- FY2024 earnings guidance: EBITDA for FY2024 expected to be A\$1.7 – 1.8B, equating to up to 5% growth over FY2023.

2. Explanation of results

(a) Constant Currency

As a result of Sonic's expanding operations outside of Australia, Sonic is increasingly exposed to currency exchange rate translation risk i.e. the risk that Sonic's offshore earnings and assets fluctuate when reported in AUD.

The average currency exchange rates for the year to 30 June 2023 for the Australian dollar ('A\$', 'AUD' or '\$') versus the currencies of Sonic's offshore earnings varied from those in the comparative period, impacting Sonic's AUD reported earnings ('Statutory' earnings). The underlying earnings in foreign currency are not affected.

As in prior periods, in addition to the statutory disclosures, Sonic's results for the year have also been presented on a 'Constant Currency' basis (i.e. using the same exchange rates to convert the current period foreign earnings into AUD as applied in the comparative period, being the average rates for that period). This facilitates comparability of the Group's performance by providing a view on the underlying business performance without distortion caused by exchange rate volatility, so that an assessment can be made of the growth in earnings in local currencies.

In preparing the Constant Currency reporting, the foreign currency elements of each line item in the Income Statement (including net interest expense and tax expense) are restated using the relevant comparative period average exchange rate. There is only this one adjustment to each line item so no reconciliation is required.

The average exchange rates used were as follows:

	2023 Statutory	2022 and Constant Currency
AUD/USD	0.6732	0.7255
AUD/EUR	0.6432	0.6445
AUD/GBP	0.5590	0.5458
AUD/CHF	0.6315	0.6763
AUD/NZD	1.0925	1.0669

To manage currency translation risk Sonic uses 'natural' hedging, under which foreign currency assets (businesses) are matched to the extent possible with same currency debt. Therefore:

- as the AUD value of offshore assets changes with currency movements, so does the AUD value of the debt; and
- as the AUD value of foreign currency EBIT changes with currency movements, so does the AUD value of the foreign currency interest expense.

As Sonic's foreign currency earnings grow, debt is repaid, and interest rates change, the natural hedges have only a partial effect, so AUD reported earnings do fluctuate. Sonic believes it is inappropriate to hedge translation risk (a non-cash risk) with real cash hedging instruments.

COMMENTARY ON RESULTS For the year ended 30 June 2023

2. Explanation of results (continued)

(b) Revenue

Revenue breakdown AUD M	2023 Statutory Revenue	% of 2023 Statutory Revenue	2023 Constant Currency Revenue	2022 Statutory Revenue	Growth 2023 Constant Currency v 2022
Laboratory – Australia and New Zealand	1,968	24.1%	1,969	2,491	(21.0)%
Laboratory – USA	2,114	25.9%	1,961	2,169	(9.6)%
Laboratory – Europe	2,895	35.5%	2,867	3,539	(19.1)%
Radiology – Australia	796	9.8%	796	706	12.7%
Other	382	4.7%	382	433	(11.7)%
Revenue	8,155	100.0%	7,975	9,338	(14.6)%
Interest income	14		14	2	
Total revenue	8,169		7,989	9,340	(14.5)%

Revenue reductions in the Laboratory and Other operations relate to much lower demand for COVID-19 related services, with COVID revenue of A\$485 million in FY2023, versus A\$2,429 million in the prior year (down 80%).

Base business revenue (excluding COVID services) grew organically by 7% (on a Constant Currency and working day basis) versus the comparative period and 13% versus FY2019 (pre-pandemic). Base business organic revenue growth gained momentum during the year, such that growth was 6% in the first half, and 9% in the second.

Particularly strong organic base business growth was achieved in the Australian (11%), German (10%), and Belgian (12%) laboratory businesses. Sonic's Swiss base business achieved growth of 1%, with strong volume and mix growth, including market share gains, offsetting a fee cut that took effect on 1 August 2022 with an annual impact on Swiss revenue of ~7%.

Non-organic impacts on Laboratory revenue included the annualisation of the acquisition of ProPath in the USA in mid-December 2021.

Radiology revenue growth was strong at 13%, augmented by the acquisition of Canberra Imaging Group (1 September 2021). Organic growth per working day was 11%.

Revenue for Sonic Clinical Services ('SCS'), mainly comprising Sonic's medical centre and occupational health businesses (the major component of the Other segment, which also includes other minor operations), reduced 10% from the prior year, mainly due to the cessation of COVID related services. Revenue improved in the second half due to increasing doctor hours and increasing private billing by General Practitioners.

COMMENTARY ON RESULTS For the year ended 30 June 2023

2. Explanation of results (continued)

(c) Earnings

Earnings and margins for the year were impacted by the dramatic reduction in COVID revenues, particularly in the second half (COVID revenue in the first half was A\$379 million, dropping to A\$106 million in the second half). Second half margins were affected by legacy COVID-related labour and infrastructure costs.

Sonic's Radiology business (which does not provide COVID-related services) achieved more than 20% EBITDA growth, including contributions from acquisitions. Radiology's EBITDA margin expanded by ~150 basis points.

The 7.0% growth in labour cost versus the prior year includes currency translation impacts equating to ~2.4%, and acquisition related labour costs equating to ~2.5%.

Consumables cost decreased as a percentage of revenue due to reductions in COVID volumes and successful procurement and operational initiatives.

Major drivers and initiatives are locked in to growing earnings in FY2024 and FY2025.

(d) Depreciation

Depreciation increased 4% from the prior year (3% on a Constant Currency basis), less than the growth in base business revenue.

(e) Intangibles amortisation

Intangibles amortisation relates to internally developed and purchased software.

(f) Interest expense and debt facilities

Net interest expense decreased 9% on the prior year (at Constant Currency rates), due to strong operating cashflow and higher interest rates on cash deposits, whilst debt was at fixed rates.

Sonic's debt is drawn in foreign currencies as 'natural' balance sheet hedging of Sonic's offshore operations (see (a) Constant currency above).

Interest rate risk management arrangements are in place in accordance with Sonic's Treasury Policy.

COMMENTARY ON RESULTS
For the year ended 30 June 2023

2. Explanation of results (continued)

(f) Interest expense and debt facilities (continued)

Sonic's net interest bearing debt (excluding lease liabilities under AASB 16 *Leases*) at 30 June 2023 comprised:

	Facility Limit M	Drawn M	AUD \$M Available
Notes held by USA investors – USD	US\$550	US\$550	-
Notes held by USA investors – EUR	€515	€515	-
Bank debt facilities			
- USD (multicurrency) limits	US\$100	-	150
- Euro (multicurrency) limits	€509	€2	831
- AUD (multicurrency) limits	A\$157	-	157
- CHF (multicurrency) limits	CHF125	-	210
Minor debt/leasing facilities	n/a	11*	-
Cash	n/a	A\$(798)*	798
Available liquidity at 30 June 2023			2,146
Net interest bearing debt (excluding lease liabilities under AASB 16)		A\$886	

* Various currencies

Sonic's credit metrics at 30 June 2023 were as follows:

	30.6.23	31.12.22	30.6.22
Debt cover (times)	0.6	0.5	0.3
Interest cover (times)	29.4	36.9	47.3
Gearing ratio	9.9%	10.5%	9.7%

Definitions:

- Debt cover = Net debt/EBITDA (bank covenant limit <3.5)
- Interest cover = EBITA/Net interest expense (bank covenant limit >3.25)
- Gearing ratio = Net debt/[Net debt + equity] (USPP covenant limit <55%)
- Calculations as per Sonic's debt facility definitions, which exclude the impacts of AASB 16 *Leases*

Sonic's senior debt facility limits are due to expire as follows (**note that the figures shown below are the facility limits, not drawn debt**):

Calendar Year	AUD M	USD M	Euro M	CHF M
2023	-	-	-	-
2024	-	-	345	-
2026	-	-	245	-
2027	157	100	349	-
2028	-	-	-	125
2030	-	300	-	-
2032	-	150	85	-
2035	-	100	-	-
	157	650	1,024	125

COMMENTARY ON RESULTS
For the year ended 30 June 2023

2. Explanation of results (continued)

(g) Tax expense

The effective tax rate for the year was 24%, down from 27% in the prior year. The unusually low tax rate in the year largely reflects overprovisions in prior years and a higher level than usual of potential tax deductions relating to vested employee options.

(h) Cash flow

Cash generated from operations was 34% lower than in the prior year, reflecting the reduction in COVID-19 revenue. Gross operating cash flow equated to 110% of EBITDA (95% in the prior year). Conversion of EBITDA to cash was enhanced by reductions in debtors and inventory related to COVID-19 testing. Tax paid in the period was 59% more than the tax expense due to timing of instalments and return lodgements.

(i) Guidance for FY2024

Sonic expects EBITDA for FY2024 in the range of A\$1.7B to A\$1.8B. This equates to up to 5% growth on FY2023 EBITDA, with base business performance offsetting the material reduction in COVID-related earnings.

Net interest expense is expected to increase by ~25% from the FY2023 level, due to the recently announced business acquisitions.

The effective tax rate is expected to be in the range of 25-27%.

Key guidance considerations:

- Current currency exchange rates and base interest rates are assumed to prevail
- Excludes any future business acquisitions other than those already announced
- Incorporates potential fee reductions in the USA from 1 January 2024 (impact ~US\$10M)
- No other regulatory changes are assumed

Sonic continues to pursue additional acquisition opportunities.

FULL YEAR REPORT
For the year ended 30 June 2023

CONTENTS	PAGE
Consolidated Income Statement	9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Consolidated Cash Flow Statement	12
Consolidated Statement of Changes in Equity	13
Notes to the Consolidated Financial Statements	14
Compliance Statement	21

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Revenue from operations		8,168,948	9,340,154
Labour and related costs		(3,868,375)	(3,614,351)
Consumables used		(1,279,695)	(1,604,459)
Depreciation		(631,298)	(607,427)
Transportation		(217,016)	(206,134)
Utilities		(178,462)	(163,082)
Borrowing costs expense		(87,025)	(79,819)
Amortisation of intangibles		(71,630)	(67,990)
Other expenses from ordinary activities		(904,259)	(919,687)
Profit from ordinary activities before income tax expense		931,188	2,077,205
Income tax expense		(223,257)	(561,739)
Profit from ordinary activities after income tax expense		707,931	1,515,466
Net (profit) attributable to minority interests		(22,947)	(54,900)
Profit attributable to members of Sonic Healthcare Limited		684,984	1,460,566
Basic earnings per share (cents per share)	4	145.8	305.5
Diluted earnings per share (cents per share)	4	145.0	302.5

The above Consolidated Income Statement should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Profit from ordinary activities after income tax expense	707,931	1,515,466
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	320,502	90,886
<i>Items that will not be reclassified to profit or loss</i>		
Fair value gain on financial asset	1,921	-
Actuarial (losses)/gains on retirement benefit obligations	(1,454)	23,688
Other comprehensive income for the period, net of tax	320,969	114,574
Total comprehensive income for the period	1,028,900	1,630,040
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	993,054	1,580,036
Minority interests	35,846	50,004
	1,028,900	1,630,040

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED BALANCE SHEET
As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Current assets			
Cash assets and cash equivalents		797,994	779,997
Receivables		1,022,175	1,217,462
Inventories		199,201	216,193
Other		113,801	92,258
Total current assets		2,133,171	2,305,910
Non-current assets			
Receivables		37,739	38,191
Other financial assets		175,799	145,222
Property, plant and equipment		1,510,930	1,321,121
Right-of-use assets		1,287,176	1,303,743
Intangible assets		7,789,619	7,361,486
Deferred tax assets		72,375	68,991
Other		7,820	7,349
Total non-current assets		10,881,458	10,246,103
Total assets		13,014,629	12,552,013
Current liabilities			
Payables		959,992	1,018,552
Lease liabilities		346,791	341,858
Current tax liabilities		220,608	374,259
Provisions		342,722	328,236
Other		8,230	21,369
Total current liabilities		1,878,343	2,084,274
Non-current liabilities			
Interest bearing liabilities		1,673,461	1,576,934
Lease liabilities		1,080,228	1,093,945
Deferred tax liabilities		332,731	264,240
Provisions		103,861	99,245
Other		24,143	5,201
Total non-current liabilities		3,214,424	3,039,565
Total liabilities		5,092,767	5,123,839
Net assets		7,921,862	7,428,174
Equity			
Parent entity interest			
Contributed equity	5	3,842,423	3,860,948
Reserves	7	339,884	61,172
Retained earnings	8	3,554,197	3,351,020
Total parent entity interest		7,736,504	7,273,140
Minority interests		185,358	155,034
Total equity		7,921,862	7,428,174

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	8,520,953	9,423,315
Payments to suppliers and employees (inclusive of goods and services tax)	(6,639,798)	(6,744,340)
Gross operating cash flow	1,881,155	2,678,975
Interest received	13,617	1,994
Borrowing costs	(83,752)	(76,960)
Income taxes paid	(339,987)	(378,188)
Net cash inflow from operating activities	1,471,033	2,225,821
Cash flows from investing activities		
Payment for purchase of controlled entities, net of cash acquired	(82,390)	(547,160)
Payments for property, plant and equipment	(389,125)	(286,953)
Proceeds from sale of non-current assets	15,204	14,990
Payments for investments	(27,525)	(81,209)
Payments for intangibles	(107,888)	(91,636)
Repayment of loans by other entities	19,575	14,893
Loans to other entities	(7,892)	(12,105)
Net cash (outflow) from investing activities	(580,041)	(989,180)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)	84,265	48,815
Payments for buyback and treasury shares	(130,933)	(302,548)
Proceeds from borrowings	116,109	137,836
Repayment of borrowings	(119,218)	(418,039)
Principal elements of lease payments	(371,204)	(344,489)
Dividends paid to Company's shareholders	(480,353)	(455,397)
Dividends paid to minority interests in controlled entities	(10,177)	(15,472)
Net cash (outflow) from financing activities	(911,511)	(1,349,294)
Net (decrease) in cash and cash equivalents	(20,519)	(112,653)
Cash and cash equivalents at the beginning of the financial year	779,997	899,827
Effects of exchange rate changes on cash and cash equivalents	38,516	(7,177)
Cash and cash equivalents at the end of the financial year	797,994	779,997

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total \$'000
Balance at 1 July 2022	3,860,948	61,172	3,351,020	7,273,140	155,034	7,428,174
Profit for period	-	-	684,984	684,984	22,947	707,931
Other comprehensive income for the period	-	309,524	(1,454)	308,070	12,899	320,969
Total comprehensive income for the period	-	309,524	683,530	993,054	35,846	1,028,900
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(480,353)	(480,353)	-	(480,353)
Shares issued	100,763	(16,488)	-	84,275	-	84,275
Transfers to share capital	8,917	(8,917)	-	-	-	-
Share based payments	-	18,453	-	18,453	-	18,453
Acquisition of shares	(134,100)	-	-	(134,100)	-	(134,100)
Costs of share transactions net of tax	(7)	-	-	(7)	-	(7)
Allocation of treasury shares	5,902	(2,735)	-	3,167	-	3,167
Acquisition of minority interests	-	(21,125)	-	(21,125)	(680)	(21,805)
Contributions from minority interests	-	-	-	-	5,480	5,480
Dividends paid to minority interests in controlled entities	-	-	-	-	(10,322)	(10,322)
Balance at 30 June 2023	3,842,423	339,884	3,554,197	7,736,504	185,358	7,921,862
Balance at 1 July 2021	4,081,981	(19,158)	2,322,163	6,384,986	119,357	6,504,343
Profit for period	-	-	1,460,566	1,460,566	54,900	1,515,466
Other comprehensive income for the period	-	95,782	23,688	119,470	(4,896)	114,574
Total comprehensive income for the period	-	95,782	1,484,254	1,580,036	50,004	1,630,040
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(455,397)	(455,397)	-	(455,397)
Shares issued	67,592	(18,751)	-	48,841	-	48,841
Transfers to share capital	8,265	(8,265)	-	-	-	-
Share based payments	-	17,240	-	17,240	-	17,240
Acquisition of shares	(302,548)	-	-	(302,548)	-	(302,548)
Costs of share transactions net of tax	(18)	-	-	(18)	-	(18)
Allocation of treasury shares	5,676	(5,676)	-	-	-	-
Acquisition of minority interests	-	-	-	-	1,249	1,249
Contributions from minority interests	-	-	-	-	153	153
Dividends paid to minority interests in controlled entities	-	-	-	-	(15,729)	(15,729)
Balance at 30 June 2022	3,860,948	61,172	3,351,020	7,273,140	155,034	7,428,174

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, the 2022 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1 Summary of significant accounting policies

This financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Sonic Healthcare Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 2 Segment information

The Group's Chief Executive Officer and the Board of Directors (the chief operating decision makers) review the Group's performance both by the nature of services provided and geographic region. Discrete financial information about each operating segment is reported to the Chief Executive Officer and the Board of Directors on at least a monthly basis and is used to assess performance and determine the allocation of resources.

The Group has the following reportable segments.

(i) Laboratory

Pathology/clinical laboratory services provided in Australia, New Zealand, the United Kingdom, the United States of America, Germany, Switzerland and Belgium. The geographic regions have been aggregated into one reportable segment as they provide similar services and have similar expected growth rates, cost structures, risks, and return profiles.

(ii) Radiology

Diagnostic imaging services provided in Australia.

(iii) Other

Includes corporate office functions, medical centre operations (IPN), occupational health services (Sonic HealthPlus), and other minor operations. In addition acquisition costs and certain other non-recurring costs are expensed in this segment from time to time.

The internal reports use a 'Constant Currency' basis for reporting revenue and Net Profit Before Tax ('NPBT') with foreign currency elements restated using the relevant prior period average exchange rates. The segment revenue and NPBT have therefore been presented using Constant Currency. NPBT is calculated after lease interest, but excluding interest on debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Note 2 Segment information (continued)

Year ended 30 June 2023	Laboratory \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue (Constant Currency)	6,796,265	796,109	388,158	(5,346)	7,975,186
Currency exchange movement	180,145	-	-	-	180,145
Segment revenue	6,976,410	796,109	388,158	(5,346)	8,155,331
Interest income					13,617
Total revenue					8,168,948
Segment NPBT (Constant Currency)	931,971	102,595	(75,737)	-	958,829
Currency exchange movement	19,888	-	-	-	19,888
Segment NPBT	951,859	102,595	(75,737)	-	978,717
Unallocated net interest expense					(47,529)
Profit before tax					931,188
Income tax expense					(223,257)
Profit after income tax expense					707,931
Allocated interest expense	29,118	5,300	5,078	-	39,496
Depreciation and amortisation expense	511,880	83,141	107,907	-	702,928
EBITDA	1,484,509	190,833	32,182	-	1,707,524
Year ended 30 June 2022	Laboratory \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue	8,199,159	706,287	437,712	(4,998)	9,338,160
Interest income					1,994
Total revenue					9,340,154
Segment NPBT	2,106,241	77,344	(59,730)	-	2,123,855
Unallocated net interest expense					(46,650)
Profit before tax					2,077,205
Income tax expense					(561,739)
Profit after income tax expense					1,515,466
Allocated interest expense	27,748	4,505	916	-	33,169
Depreciation and amortisation expense	505,178	76,567	93,672	-	675,417
EBITDA	2,638,392	158,414	33,641	-	2,830,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Note 3 Dividends

	2023 \$'000	2022 \$'000
Total dividends paid on ordinary shares during the year		
Final dividend for the year ended 30 June 2022 of 60 cents (2021: 55 cents) per share paid on 21 September 2022 (2021: 22 September 2021), franked to 100% (2021: 65%)	283,382	263,441
Interim dividend for the year ended 30 June 2023 of 42 cents (2022: 40 cents) per share paid on 22 March 2023 (2022: 23 March 2022), franked to 100% (2022: 100%)	196,971	191,956
	480,353	455,397

Dividends not recognised at the end of the year

On 16 August 2023 the directors declared a final dividend of 62 cents per share (2022: 60 cents) franked to 100% (2022: 100%), payable on 21 September 2023 with a record date of 7 September 2023. Based on the number of shares expected to be on issue at the record date, the aggregate amount of the proposed final dividend to be paid out of retained earnings at the end of the year, but not recognised as a liability is:

294,480	283,382
----------------	---------

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan remains suspended for the FY2023 final dividend.

	2023 Cents	2022 Cents
Basic earnings per share	145.8	305.5
Diluted earnings per share	145.0	302.5

Note 4 Earnings per share

	2023 Shares	2022 Shares
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	469,768,140	478,143,904
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	472,443,512	482,880,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Note 5 Contributed equity

	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Share capital				
Fully paid ordinary shares	470,805,824	471,798,972	3,842,423	3,866,850
Other equity securities				
Treasury shares	-	(162,347)	-	(5,902)
	470,805,824	471,636,625	3,842,423	3,860,948

Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$'000
01/07/22	Opening balance	471,798,972		3,866,850
Various	Own shares acquired during buyback	(4,288,073)		(134,100)
Various	Shares issued following exercise of employee options/rights	3,294,925	Various	100,763
Various	Transfers from equity remuneration reserve			8,917
Various	Costs of share transactions net of tax			(7)
30/6/23	Closing balance	<u>470,805,824</u>		<u>3,842,423</u>

Movements in other equity securities:

01/07/22	Opening balance	(162,347)	(5,902)
29/07/22	Own shares acquired during buyback in FY2022, now cancelled	95,765	3,167
Various	Allocation of treasury shares	1,734,507	59,918
Various	Subscription for unissued shares by SHEST*	<u>(1,667,925)</u>	<u>(57,183)</u>
30/6/23	Closing balance	<u>-</u>	<u>-</u>

*Sonic Healthcare Employee Share Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Note 6 Unlisted share options / performance rights

Exercise Price	Expiry Date	Balance at 1.7.22	Granted	Exercised	Forfeited	Expired	Balance at 30.6.23
\$21.64	22/11/2022	478,846	-	(478,846)	-	-	-
\$21.69	21/11/2023	667,787	-	-	-	-	667,787
\$21.83	14/10/2023	1,280,000	-	(476,000)	-	-	804,000
\$24.30	21/12/2023	725,000	-	(212,500)	(105,000)	-	407,500
\$28.58	05/12/2023	4,286,199	-	(1,673,000)	(40,000)	-	2,573,199
\$27.28	22/05/2024	5,120,000	-	(386,500)	(90,000)	-	4,643,500
\$29.26	19/11/2024	588,894	-	-	-	-	588,894
\$34.21	18/11/2025	527,191	-	-	-	-	527,191
\$39.75	19/11/2025	4,656,633	-	-	(40,000)	-	4,616,633
\$31.59	26/10/2026	-	4,602,206	-	-	-	4,602,206
\$38.90	18/11/2026	343,367	-	-	-	-	343,367
\$35.93	22/05/2027	-	100,000	-	-	-	100,000
\$32.79	17/11/2027	-	377,504	-	-	-	377,504
Performance Rights	01/10/2023	-	63,374	(51,559)	-	-	11,815
Performance Rights	01/10/2023	-	3,172	(3,172)	-	-	-
Performance Rights	19/11/2024	64,907	-	(64,907)	-	-	-
Performance Rights	18/11/2025	69,624	-	-	-	-	69,624
Performance Rights	18/11/2026	54,427	-	-	-	-	54,427
Performance Rights	17/11/2027	-	66,371	-	-	-	66,371
Performance Rights	One third on 01/09/2022	-	-	-	-	-	-
Performance Rights	One third on 01/09/2023	-	-	-	-	-	-
Performance Rights	One third on 01/09/2024	52,911	-	(15,023)	(7,831)	-	30,057
		<u>18,915,786</u>	<u>5,212,627</u>	<u>(3,361,507)</u>	<u>(282,831)</u>	<u>-</u>	<u>20,484,075</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Note 7 Reserves

	2023	2022
	\$'000	\$'000
Foreign currency translation reserve	475,760	166,967
Equity remuneration reserve	(123,199)	(113,512)
Share option reserve	16,427	16,427
Revaluation reserve	3,272	3,272
Financial assets at FVOCI* reserve	1,921	-
Transactions with minority interests	(34,297)	(11,982)
	339,884	61,172

Movements

Foreign currency translation reserve

Balance 1 July	166,967	70,871
Net exchange movement on translation of foreign subsidiaries	308,793	96,096
Balance	475,760	166,967

Equity remuneration reserve

Balance 1 July	(113,512)	(98,060)
Share based payments	18,453	17,240
Employee share scheme issue	(19,223)	(24,427)
Transfer to share capital (options exercised)	(8,917)	(8,265)
Balance	(123,199)	(113,512)

Share option reserve

Balance 1 July	16,427	16,427
Movement	-	-
Balance	16,427	16,427

Revaluation reserve

Balance 1 July	3,272	3,272
Movement	-	-
Balance	3,272	3,272

Financial assets at FVOCI reserve*

Balance 1 July	-	-
Fair value gain in period	1,921	-
Balance	1,921	-

Transactions with minority interests

Balance 1 July	(11,982)	(11,668)
Acquisition of minority interests	(21,125)	-
Net exchange movement	(1,190)	(314)
Balance	(34,297)	(11,982)

* FVOCI = Fair value through other comprehensive income

Note 8 Retained earnings

	2023	2022
	\$'000	\$'000
Retained earnings at the beginning of the financial year	3,351,020	2,322,163
Net profit attributable to members of Sonic Healthcare Limited	684,984	1,460,566
Dividends paid in the year	(480,353)	(455,397)
Actuarial (losses)/gains on retirement benefit obligations (net of tax)	(1,454)	23,688
Retained earnings at the end of the financial year	3,554,197	3,351,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Note 9 Net asset backing

	2023	2022
Net tangible asset* backing per ordinary security	\$0.28	\$0.14
Net asset backing per ordinary security	\$16.83	\$15.74

* Net tangible assets include right-of-use assets

Note 10 Events occurring after reporting date

Since the end of the financial year, no matter or circumstance not otherwise dealt with in these financial statements has arisen that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than the settlement of the acquisition of Synlab Suisse on 3 July 2023 (refer to the ASX announcement on 27 June 2023 for details).

Forward-looking statements

This Preliminary Final Report (Appendix 4E) 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 or unexpected growth in costs and expenses. The statements being made in this report 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.

COMPLIANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations or other standards acceptable to ASX.

Identify other standards used

NIL

This report, and the accounts upon which the report is based use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.

Signed: 
Company Secretary

Date: 17 August 2023

Print name: PAUL ALEXANDER