



SONIC
HEALTHCARE

Annual General Meeting

16 November 2023



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CEO's Presentation

Dr Colin Goldschmidt

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 or unexpected growth in costs. 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 2023 Annual Report.



Headlines FY 2023

A\$M (Statutory)	FY 2023	FY 2022	Change
Base business* revenue	7,684	6,912	11%
COVID revenue	485	2,428	(80)%
Total Revenue	8,169	9,340	(13)%
EBITDA	1,708	2,830	(40)%
Net Profit	685	1,461	(53)%

- Revenue and earnings comparisons with FY 2022 impacted materially by reduction in COVID revenue
- Base business revenue growth 11% vs FY 2022, 7% organic growth**
- Earnings per share up 19% vs FY 2019 (pre-pandemic)
- Cash generation: 110% conversion of EBITDA to gross operating cash flow
- Full-year dividend up 4% to A\$1.04, fully franked
- Three synergistic European acquisitions announced during H2, total enterprise value ~A\$890 million
- Currently progressing several new acquisition and contract growth opportunities
- Future growth supported by strong balance sheet position

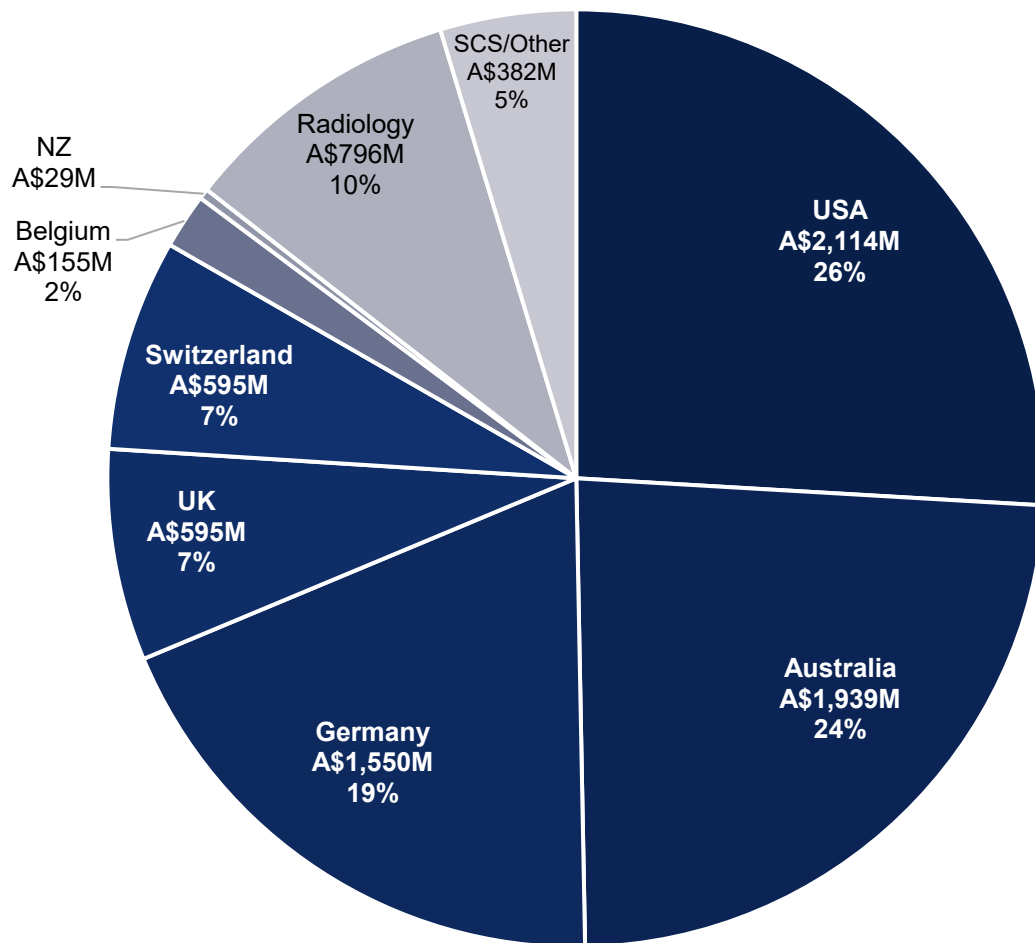
* **Base business excludes COVID revenue**

** **Base business organic revenue growth**

Growth in base business revenues normalised for working days, currency exchange rates and acquisitions/disposals



FY 2023 Revenue Split



Revenue in A\$ millions

Total Revenue A\$8,169 million (including A\$14 million interest)

SCS / Other = Sonic Clinical Services (IPN Medical Centres, Sonic HealthPlus, other clinical service entities) and other minor operations



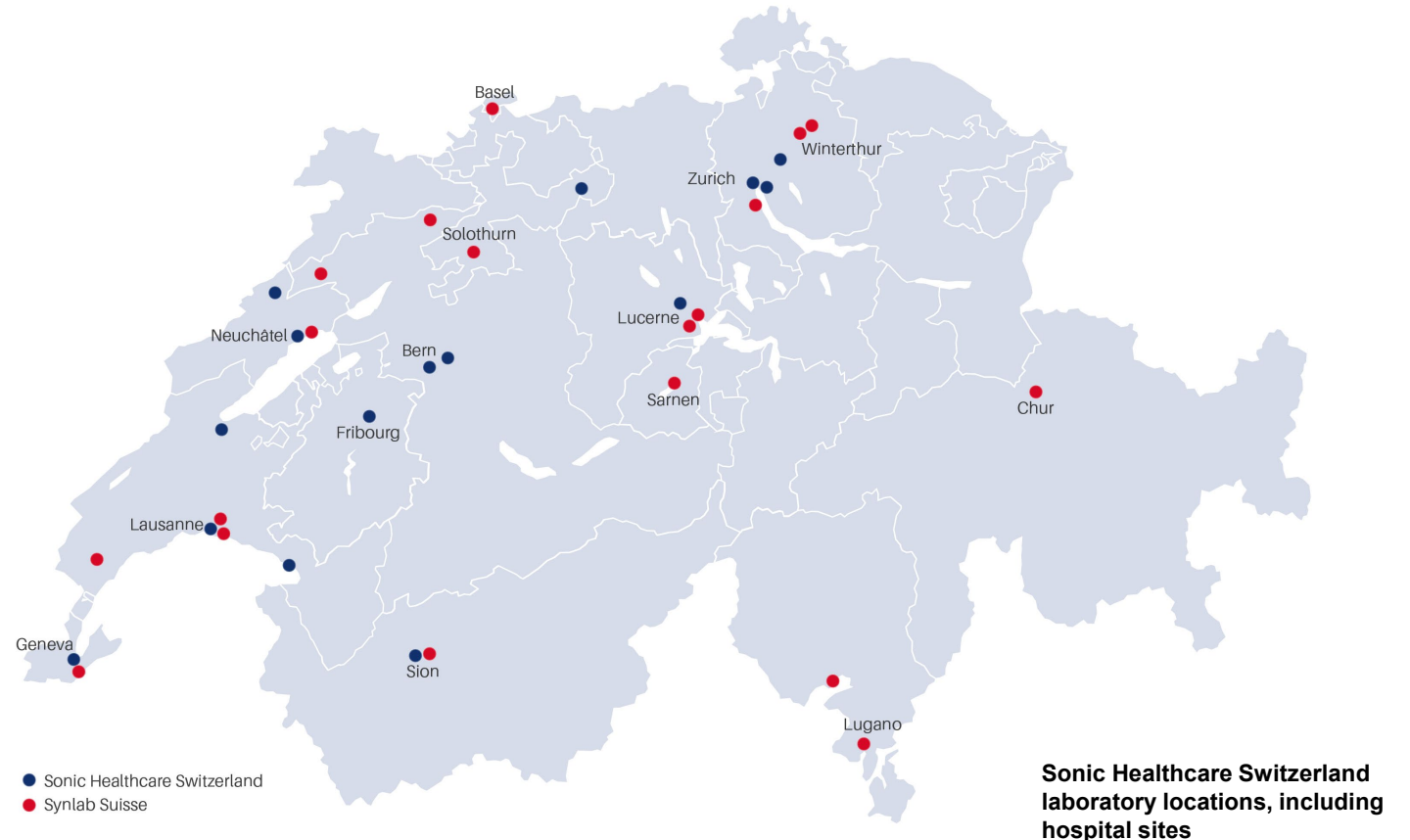
German Acquisitions

- **Diagnosticum Laboratory Group**
 - Annual revenue ~€65 million (~A\$110 million)
 - Highly complementary footprint with laboratories across eastern Germany offering broad range of testing, including genetics
- **Medical Laboratories Duesseldorf (MLD)**
 - Annual revenue ~€50 million (~A\$84 million)
 - Leading laboratory in Duesseldorf region with strong focus on hospital laboratory services
- Further acquisitions under consideration



Swiss Acquisition of Synlab Suisse

- Synlab Suisse
 - Annual revenue ~CHF 100 million (~A\$175 million)
 - Highly complementary footprint of 19 laboratories across all three Swiss language regions
 - Integration and synergy plans commenced
- Potential for further acquisitions



Earnings Growth

- Transitioning from high volume COVID testing environment to intense focus on base business revenue and earnings growth
- Major drivers and initiatives locked in for earnings growth in FY 2024 and FY 2025
 - Strong base business organic revenue growth momentum and consequent operating leverage
 - Post-COVID normalisation of workforce ongoing
 - Integration and turnaround of Synlab Suisse acquisition
 - Revenue and earnings, plus synergies from other recently announced and previous acquisitions
 - Implementation of enhanced revenue collection system in USA, with material upside in FY 2025
 - Fee indexation in various markets and contracts, including Radiology, UK, Belgium and SCS
 - Laboratory infrastructure rationalisation underway in Hamburg (3 labs into 1) and Munich (2 labs into 1)
 - Digital pathology and AI to enhance efficiencies in anatomical pathology
 - Ongoing procurement initiatives continuing to drive savings
- Future growth to be augmented by additional acquisitions and contracts, including those currently under consideration



FY 2024 Guidance (Issued 17 August 2023)

- Guidance

- EBITDA A\$1.7 – 1.8 billion
- Equates to up to 5% growth on FY 2023 EBITDA, with base business performance offsetting material reduction in COVID-related earnings
- Interest expense to increase by ~25%, reflecting recently announced acquisitions
- Effective tax rate 25 – 27%

- Key guidance considerations

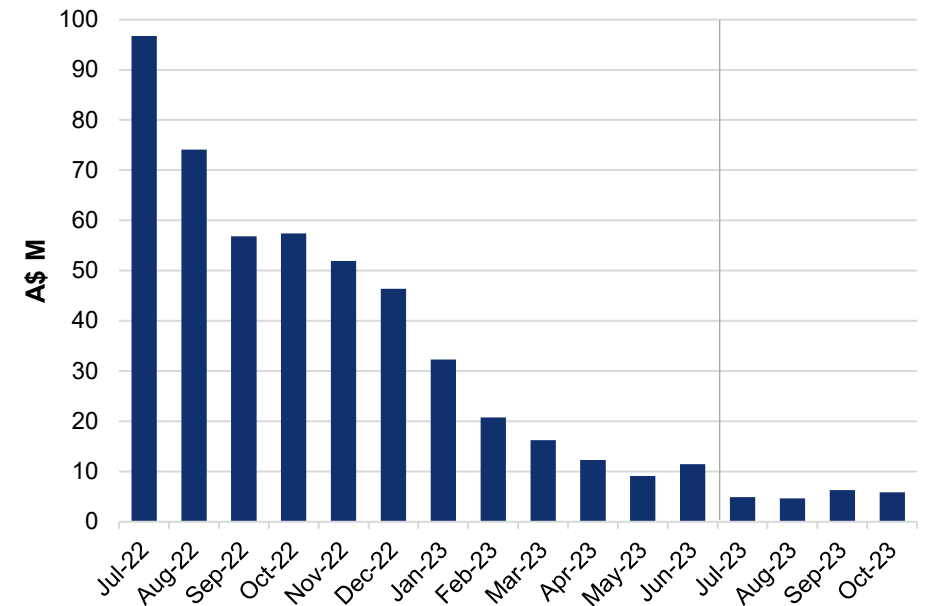
- Assumes current currency exchange rates and interest rates prevail
- Includes announced acquisitions only, with majority of synergies to flow post-FY 2024
- Incorporates potential PAMA fee reductions (USA) from January 2024, ~US\$10 million impact
- No other regulatory changes assumed



FY 2024 Guidance Update

- FY 2024 EBITDA guidance maintained after 4 months' trading
- Split of EBITDA between half years
 - Pre-COVID (FY 2017-2019) split: H1 ~46% vs H2 ~54%
 - FY 2024 forecast split: H1 ~42% vs H2 ~58%
 - More accentuated FY 2024 split driven by phasing in of profit enhancement initiatives and timing of recent acquisitions and related synergies
- Interest expense now to include funding for Pathology Watch
- Revenue growth
 - Total base business* revenue growth YTD 17% (including acquisitions)
 - Strong base business organic revenue growth** YTD of 7%
 - Budgeted PAMA fee reductions (USA) likely to be deferred
 - Marked reduction in COVID revenue, as expected

COVID Revenue by Month



* Base business excludes COVID revenue

** Base business organic revenue growth

Growth in base business revenues normalised for working days, currency exchange rates and acquisitions/disposals



Digital Pathology and AI

- Digital pathology is the digitisation of anatomical pathology workflow
- Anatomical pathology is the study of organs and tissues to determine the cause and effect of disease
- Anatomical pathology is required for the diagnosis of all cancers
- Digital pathology and AI are set to transform anatomical pathology through step-change gains in efficiency, quality and capacity



Digital Pathology and AI

- Digital pathology
 - Anatomical pathology undergoing revolutionary transformation to automation, digitisation and the use of AI tools
 - Sonic Healthcare is one of the world's largest anatomical pathology providers with annual revenue >A\$1 billion and employing >1,000 anatomical pathologists
 - Sonic making significant investments in IT and infrastructure to unlock this material upside opportunity
- Franklin.ai joint venture
 - JV to develop anatomical pathology AI products
 - Synergy between Sonic (medical) and Franklin (AI) teams powering development and outcomes
 - Nearing completion of first anatomical pathology AI product, validation studies to begin in 2024
 - Franklin.ai products to be deployed within Sonic and sold globally



Pathology Watch Acquisition

- Medical technology and dermatopathology company (Utah, USA)
- Proprietary IP used to create end-to-end digital pathology platform
- Platform includes a laboratory information system, digital pathology viewer, image storage and AI algorithms
- Significant value-creating opportunities for Sonic:
 - Pathology Watch has built a rapidly growing dermatopathology business – current run rate US\$15 million revenue p.a.
 - Acquisition will accelerate Sonic’s transition to digital pathology – dermatopathology initially, then other specialities
 - Efficiencies at pathologist level and from caseload distribution across anatomical pathology networks
 - Market leading product providing competitive advantage to drive sales
 - Supporting pathologist recruitment, retention, second opinions, remote reporting
 - Prognostic AI algorithm for melanoma in development pipeline
- Synergies with Franklin.ai
 - Acceleration of Franklin AI applications into Sonic’s AP practices
 - Potential to accelerate adoption of Franklin’s AI products in global markets
- Purchase price US\$130 million, settlement expected December 2023



Sustainability







www.sonichealthcare.com/sustainability2023

Independent ESG ratings improved during FY 2023:





MSCI 	FY 2023 A+	Leader
	FY 2022 A	Average

ISS ESG 	FY 2023 C+	Prime
	FY 2022 C	Prime

Sonic's Material Topics

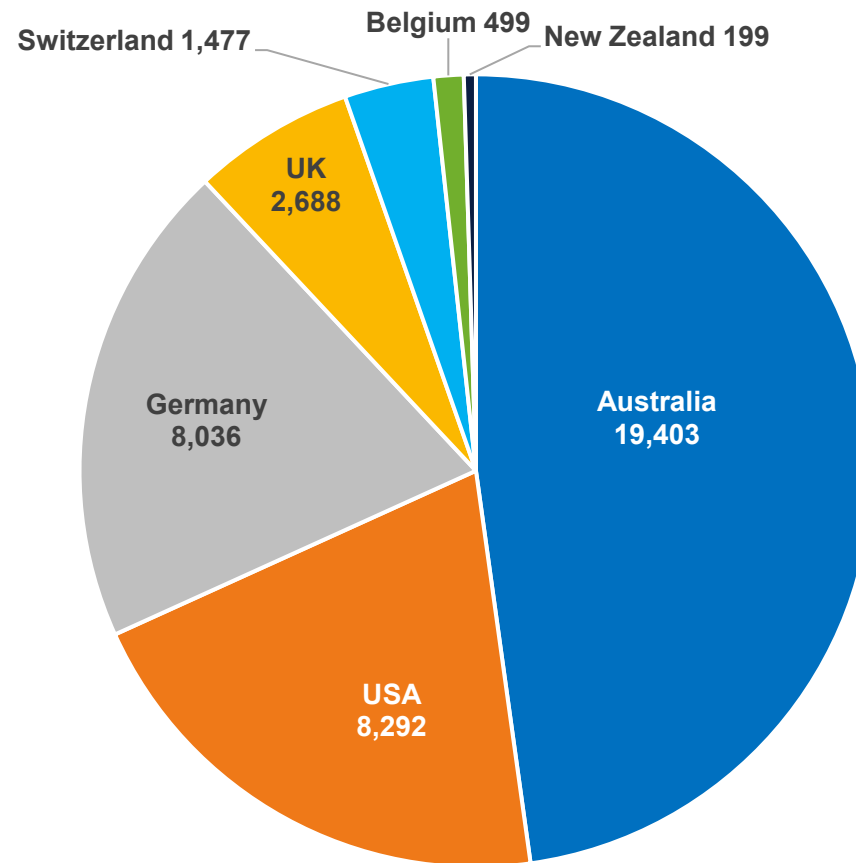
	Environment	Climate change
		Circular economy and waste
	Our people	Employee attraction, engagement and development
		Workforce health, safety and wellbeing
	Communities	Service quality and safety
		Access and affordability
	Governance	Ethics, integrity, compliance
		Privacy and information security
		Human rights

Sustainability

	Key Goals	FY 2023 Key Achievements
 Environment	<ul style="list-style-type: none"> Net-zero by 2050 Reduce scope 1 and 2 greenhouse gas emissions by 43% by 2030 (from FY 2021 baseline) 	<ul style="list-style-type: none"> Qualitative TCFD disclosure complete Initial scope 3 inventory estimates complete Renewable energy transition commenced 10% reduction in global emissions 1.2 M kWh solar electricity generated 17% hybrid / electric vehicles in global fleet
 Our people	<ul style="list-style-type: none"> 40:40:20 gender diversity at senior executive level by 2030 Average 10 hours' training per employee p.a. Injury rates (LTIFR) at or below relevant industry benchmark 	<ul style="list-style-type: none"> 40% female representation at senior executive level 16hr / employee achieved in FY 2023 Injury rate 3.6 (benchmark 4.0)
 Communities	<ul style="list-style-type: none"> Quality accreditation at 100% of facilities Charitable donations of at least 5% p.a. of the Sonic Healthcare Foundation's total assets by 2024 	<ul style="list-style-type: none"> 100% of our facilities quality-accredited in FY 2023 Foundation on track to achieve 5% target Sonic's additional donations and sponsorships \$8M
 Governance	<ul style="list-style-type: none"> Demonstrate improvement in Cybersecurity Framework maturity scores (NIST) Publish annual Modern Slavery Statement 	<ul style="list-style-type: none"> Latest independent NIST audit in progress 2023 Modern Slavery Statement published



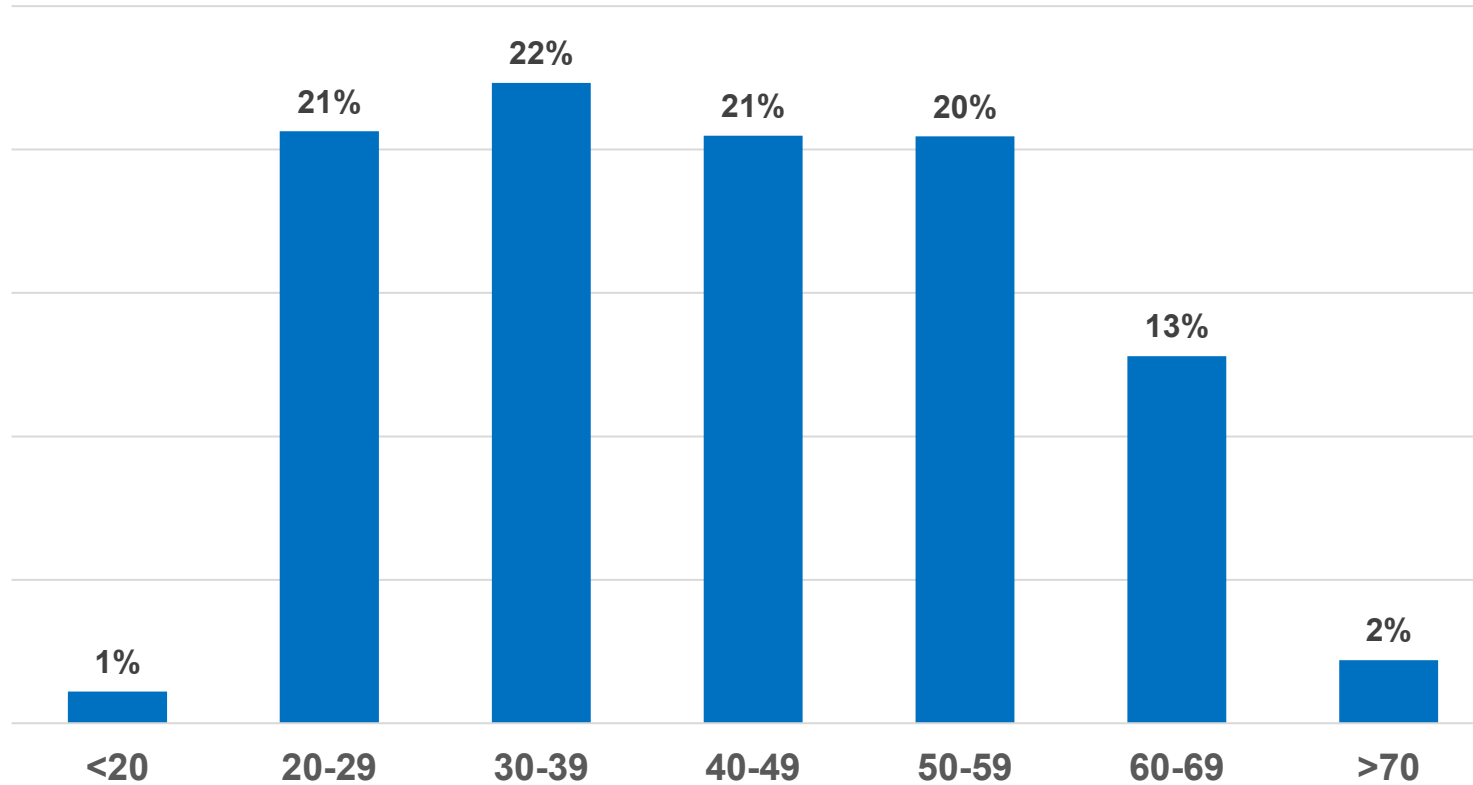
Headcount by Country



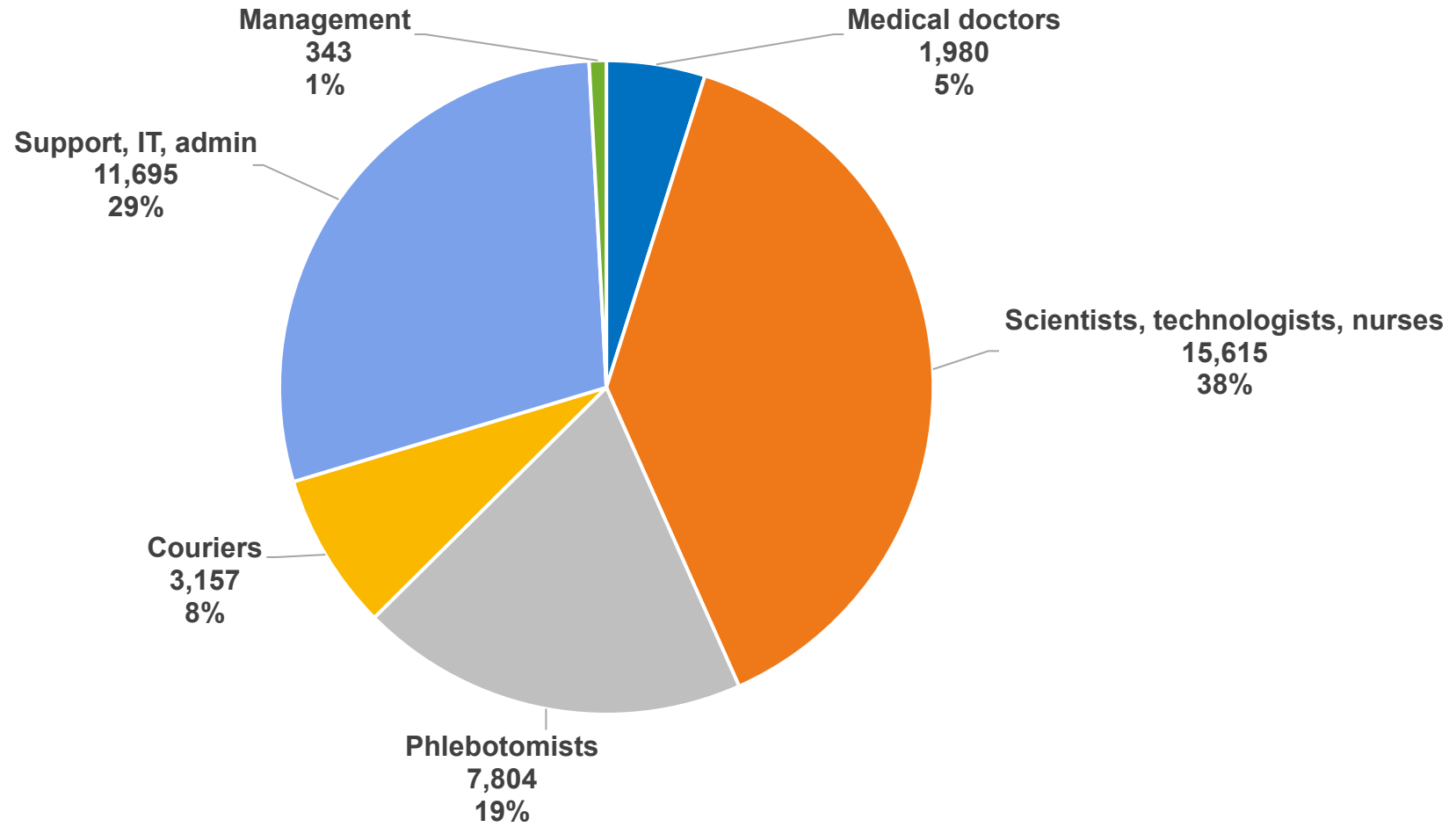
Total Workforce 40,594
Company snapshot 30 June 2023



Headcount by Age Bracket



Headcount by Role





Medical Leadership

Leaders who understand and respect doctors and the medical profession

In healthcare, if your leaders are true “Medical Leaders”, you create an entirely different organisation



“The Sonic Difference”

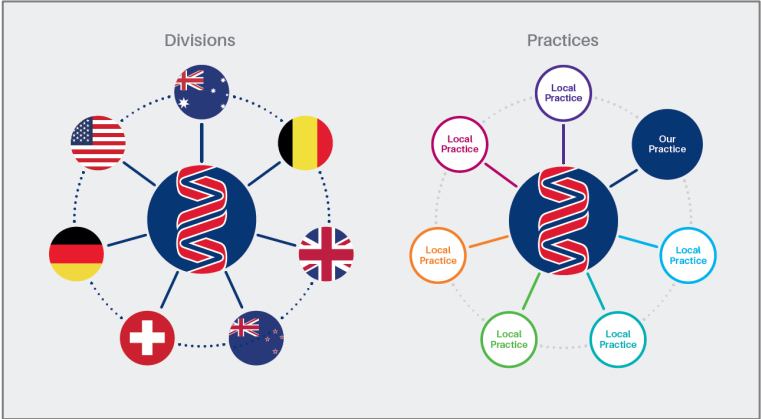


Core Values

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Core Values

- Commit to service excellence**
To willingly serve all those with whom we deal, with unsurpassed excellence.
- Treat each other with respect and honesty**
To grow a workplace where trust, team spirit and equity are an integral part of everything we do.
- Demonstrate responsibility and accountability**
To set an example, to take ownership of each situation to the best of our ability and to seek help when needed.
- Be enthusiastic about continuous improvement**
To never be complacent, to recognise limitations and opportunities for ourselves and processes, and to learn through these.
- Maintain confidentiality**
To keep all information pertaining to patients, as well as professional and commercial issues, in strict confidence.



Federated Structure



Medical Leadership has made *The Difference!*

Transformative in Sonic Healthcare. A system doctors can trust.

STAFF – Working in a medical practice, helping patients, aspiring to a higher purpose

CUSTOMERS – Natural trend to highest levels of quality and patient care

SHAREHOLDERS – Financial success, shareholder returns



Medical Leadership drives quality

Transformative in Sonic Healthcare. A system doctors can trust.

STAFF – Working in a medical practice, helping patients, aspiring to a higher purpose

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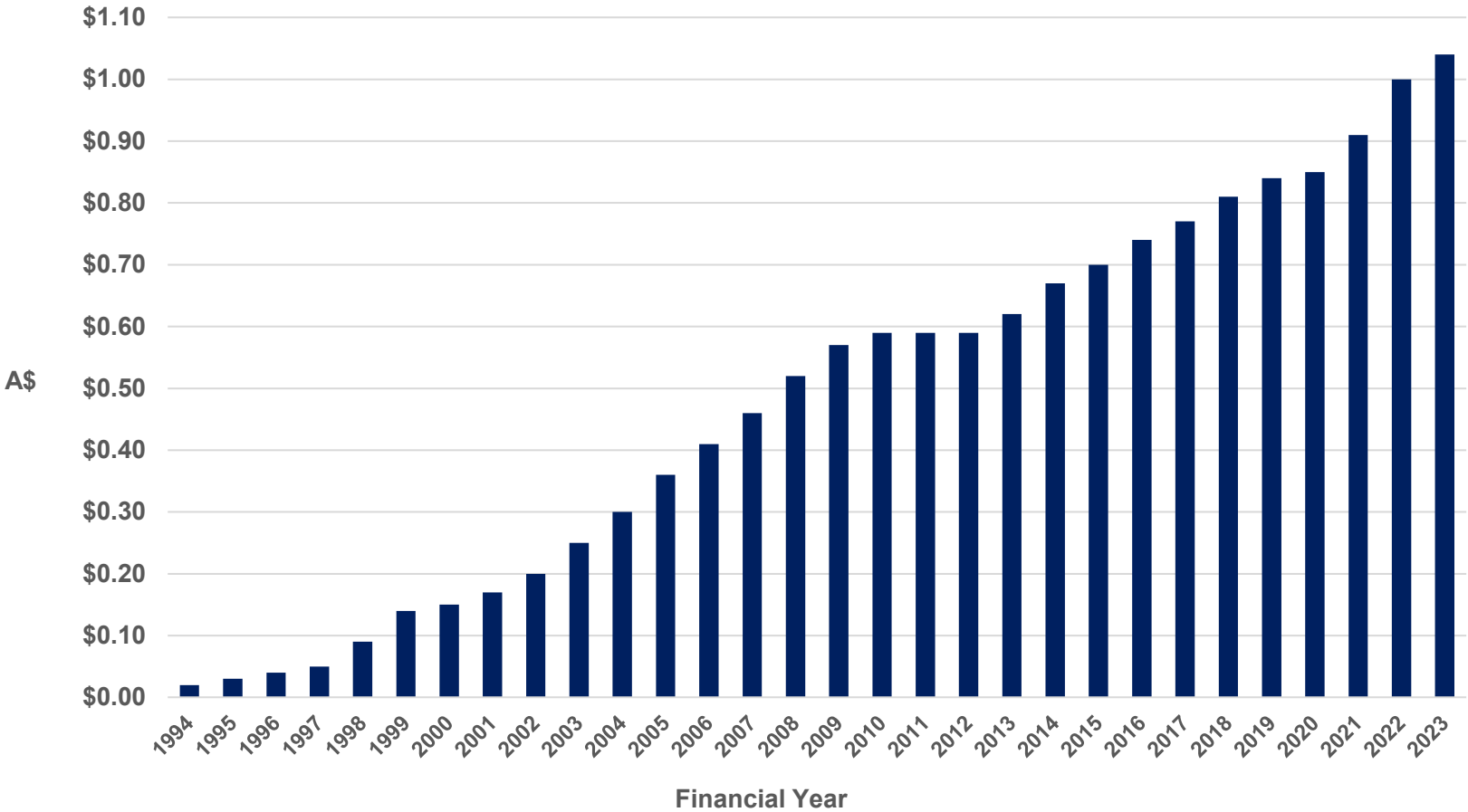


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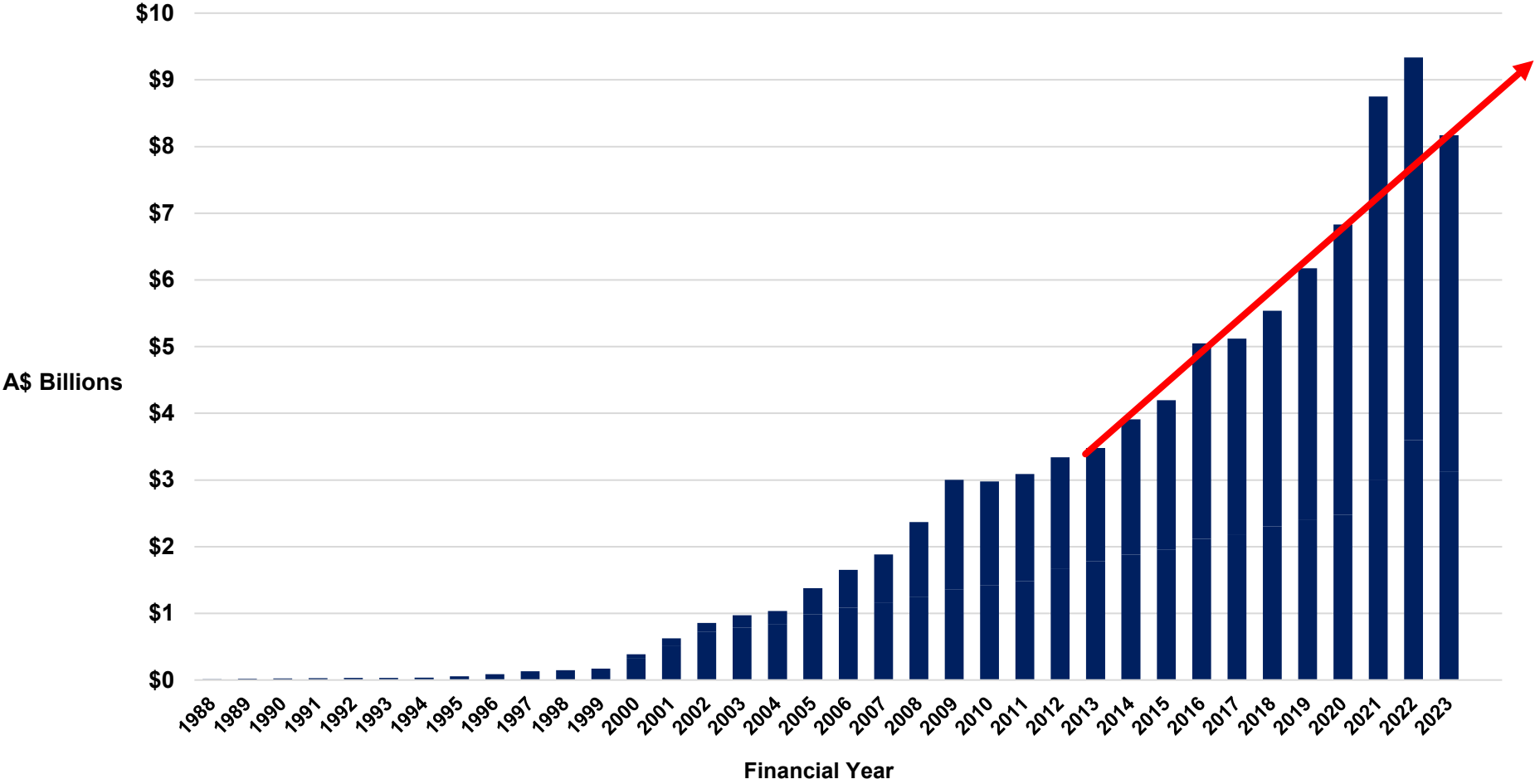
Quality is in our DNA



Annual Dividends: 30-Year History



Annual Revenue: 35-Year History





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Thank you