



SONIC
HEALTHCARE
Quality is in our DNA

Annual General Meeting

21 November 2013



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 Appendix 4E released to the ASX on 20 August 2013 and Sonic's 2013 Annual Report and includes earnings figures restated on a "constant currency" basis.



Headlines FY '13

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

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

Sonic Debt Summary

Investment Grade Credit Metrics

		30 June '13	30 June '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 >\$400 million post Labco acquisition
- 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

FY '14 Guidance Unchanged

- ▶ EBITDA growth of approximately 5%
 - ▶ Guidance based on constant currency rates (FY '13 FX rates)
 - ▶ Equates to approximately 11% growth at current exchange rates
 - ▶ Includes estimated impacts of possible FY '14 fee adjustments in Australia, Germany, Belgium and the USA
 - ▶ Excludes Labco and future acquisitions
- ▶ Interest and tax guidance
 - ▶ Interest expense to decrease ~10% (constant currency)
 - ▶ Effective tax rate FY '14 expected to be ~25%
- ▶ Results tracking in line with guidance after 4 months of FY '14
 - ▶ Cost-out programs on track
 - ▶ USA: ongoing positive organic volume growth

Sonic Healthcare

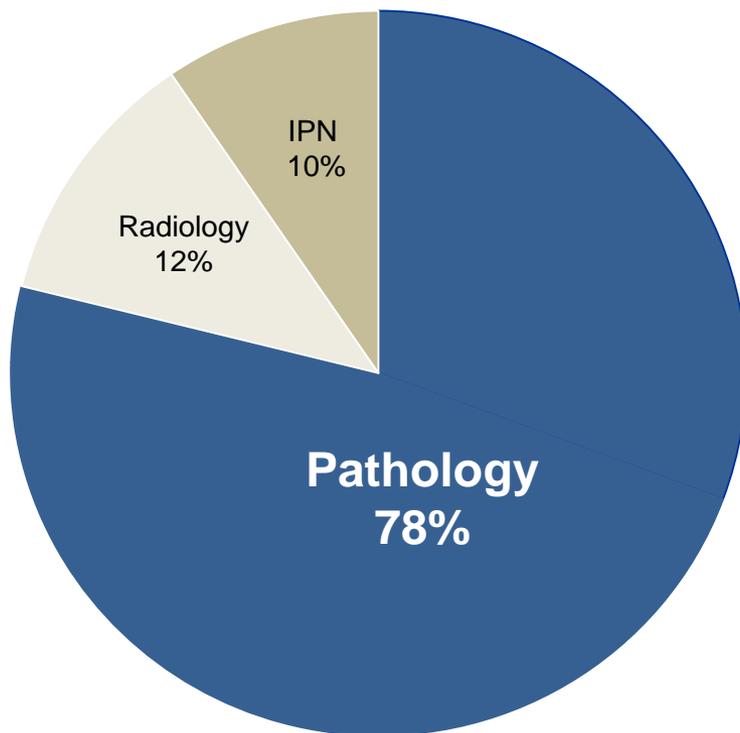
Shareholder Update



Sonic Healthcare

- ▶ Unconventional story
- ▶ Customised corporate philosophy
- ▶ Unusual corporate structure
- ▶ From small lab in Top Ryde, Sydney...
- ▶ ...to annual revenues of \$3.5 billion
- ▶ ...employing 26,000 people
- ▶ ...in 3 continents
- ▶ ...market leader in Australia and Germany
- ▶ ...No. 3 player in the USA
- ▶ Top 50 ASX company
- ▶ Market cap ~\$6.5 billion

Revenue Split FY '13



Sonic Healthcare

Snapshot

- ▶ **Established in 1987**
 - ▶ Sonic acquires Douglass Laboratories (revenues A\$13 million p.a.)
 - ▶ Pathology market fragmented, cottage industry
- ▶ **1992-1993**
 - ▶ Takeover offer for Sonic (at \$0.15 per share)
 - ▶ New majority owner, new Board, new management
- ▶ **1994-1998**
 - ▶ Series of acquisitions in NSW, SA and ACT
 - ▶ Formation of Douglass Hanly Moir Pathology
- ▶ **1999**
 - ▶ Turning point for company
 - ▶ SGS Group acquisition
 - ▶ Sonic becomes largest pathology company in Australia
 - ▶ Revenue from ~\$175 million to ~\$475 million p.a.

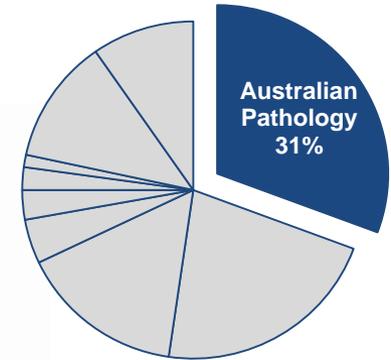
Sonic Healthcare

Snapshot

- ▶ Established in 1987
 - ▶ Single pathology lab in Sydney (Douglass Laboratories)
 - ▶ Pathology market fragmented
- ▶ **1992-1993**
 - ▶ Takeover offer for Sonic @ \$0.15 per share
 - ▶ New majority owner, new Board, new management
- ▶ Appointment of (unsuspecting) pathologist as CEO of Sonic!
- ▶ Why a pathologist?
 - ▶ Pathology is the backbone of medicine
 - ▶ Customers are doctors: GPs and specialists
 - ▶ Key staff: Pathologists and lab scientists
- ▶ Success in pathology
 - ▶ Resonance with customers to drive revenue
 - ▶ Resonance with key staff to drive quality, efficiency and productivity
 - ▶ Medical Leadership model: Keeping the business “medical”

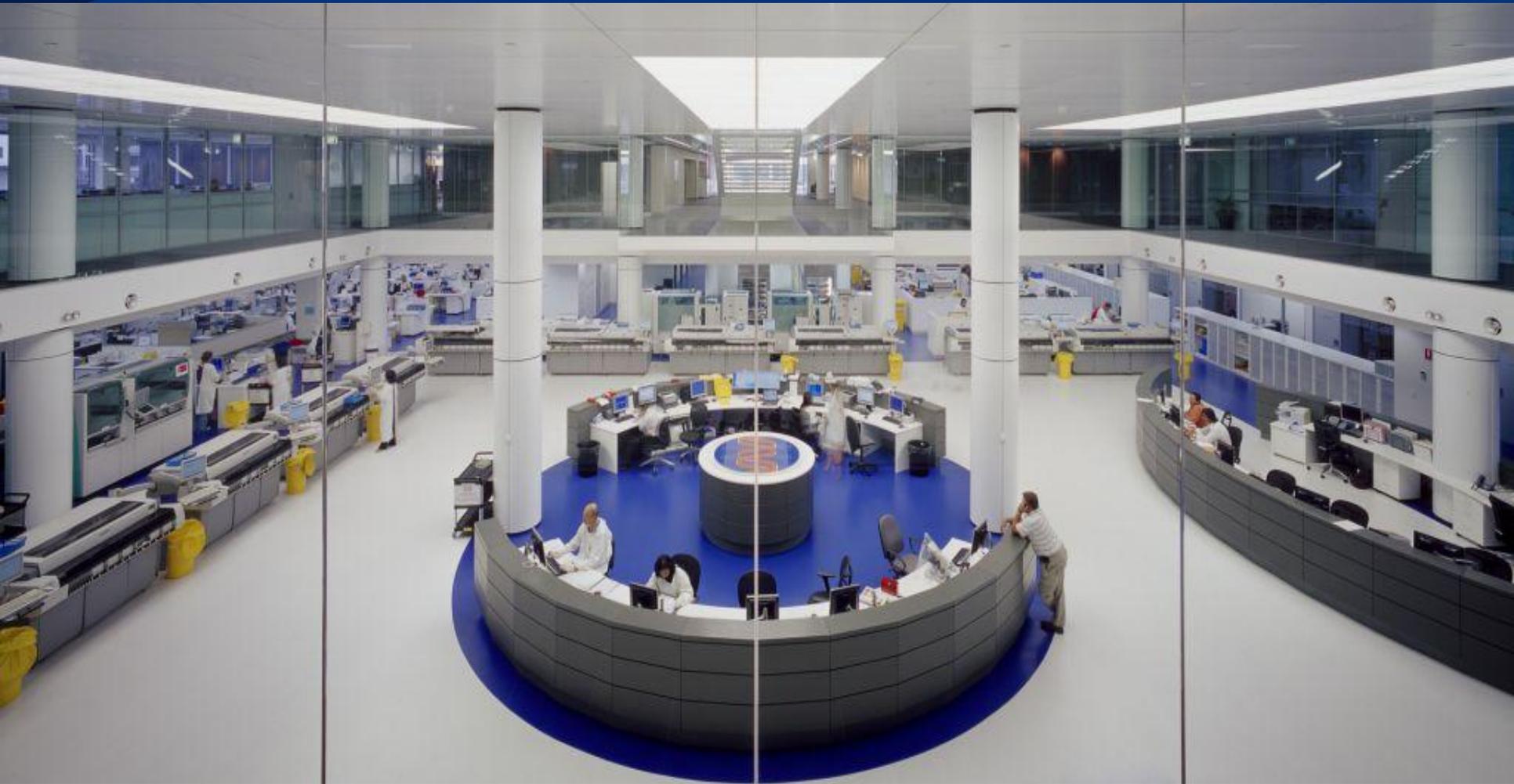
Australia

Pathology Operations



- FY'13 revenue A\$1,067 million
- 9,200 employed staff

Modern Laboratories



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State-of-the-art Automation



The Sonic Difference

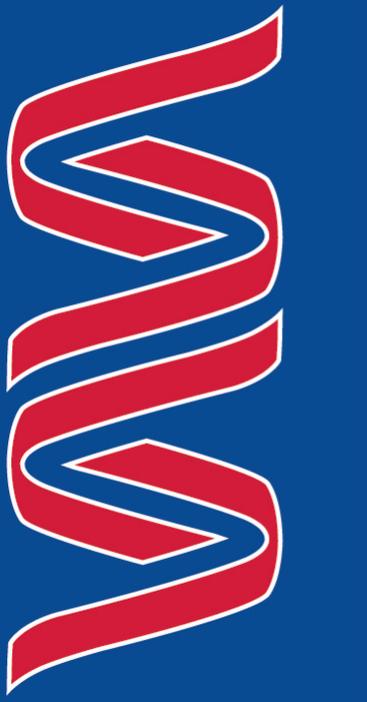
2000 / 2001

- ▶ Consensus and unity achieved
 - ▶ Business model
 - ▶ Corporate structure
 - ▶ Business philosophy
 - ▶ Outcomes
 - ▶ Core Values
 - ▶ Medical Leadership
 - ▶ Federated structure
- } The Sonic Difference

SonicConnect

A dedicated Sonic department
To connect Sonic's people globally
To promote The Sonic Difference

Sonic Core Values



Our Values

Commit to Service Excellence

To willingly serve all those with whom we deal; with unsurpassed excellence.

Treat each other with Respect & Honesty

To grow a workplace where trust, team spirit, and equity are an integral part of everything we do.

Demonstrate Responsibility & 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.



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Medical Leadership Model



Sonic Healthcare Model



Our Values

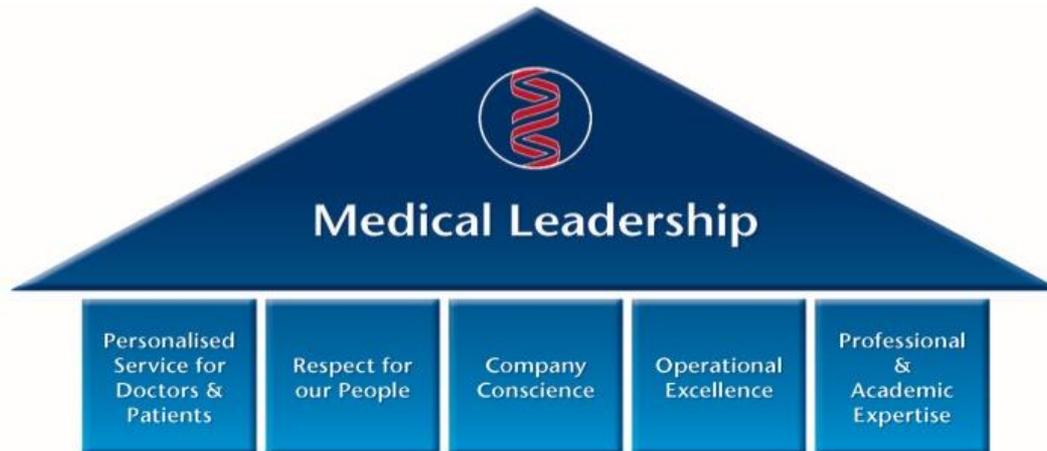
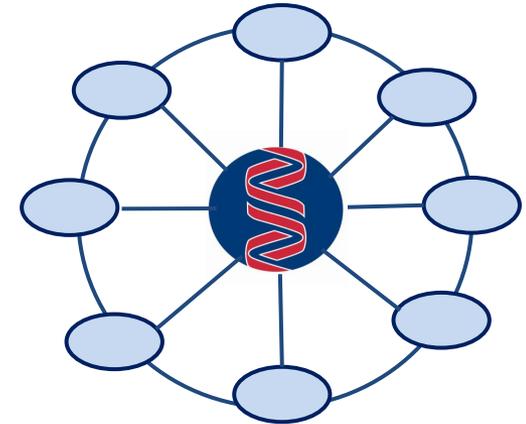
Commit to Service Excellence
To deliver care of the highest quality with unsurpassed confidence.

Treat each other with Respect & Honesty
To give a workplace where trust, team spirit, and equity are an integral part of everything we do.

Demonstrate Responsibility & Accountability
To set an example, to take ownership of each situation to the best of our ability, and to act with integrity.

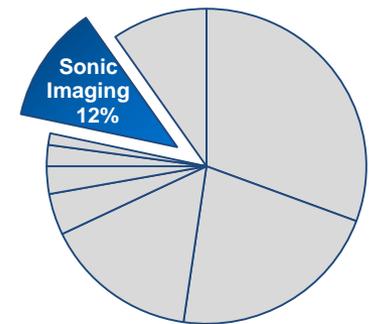
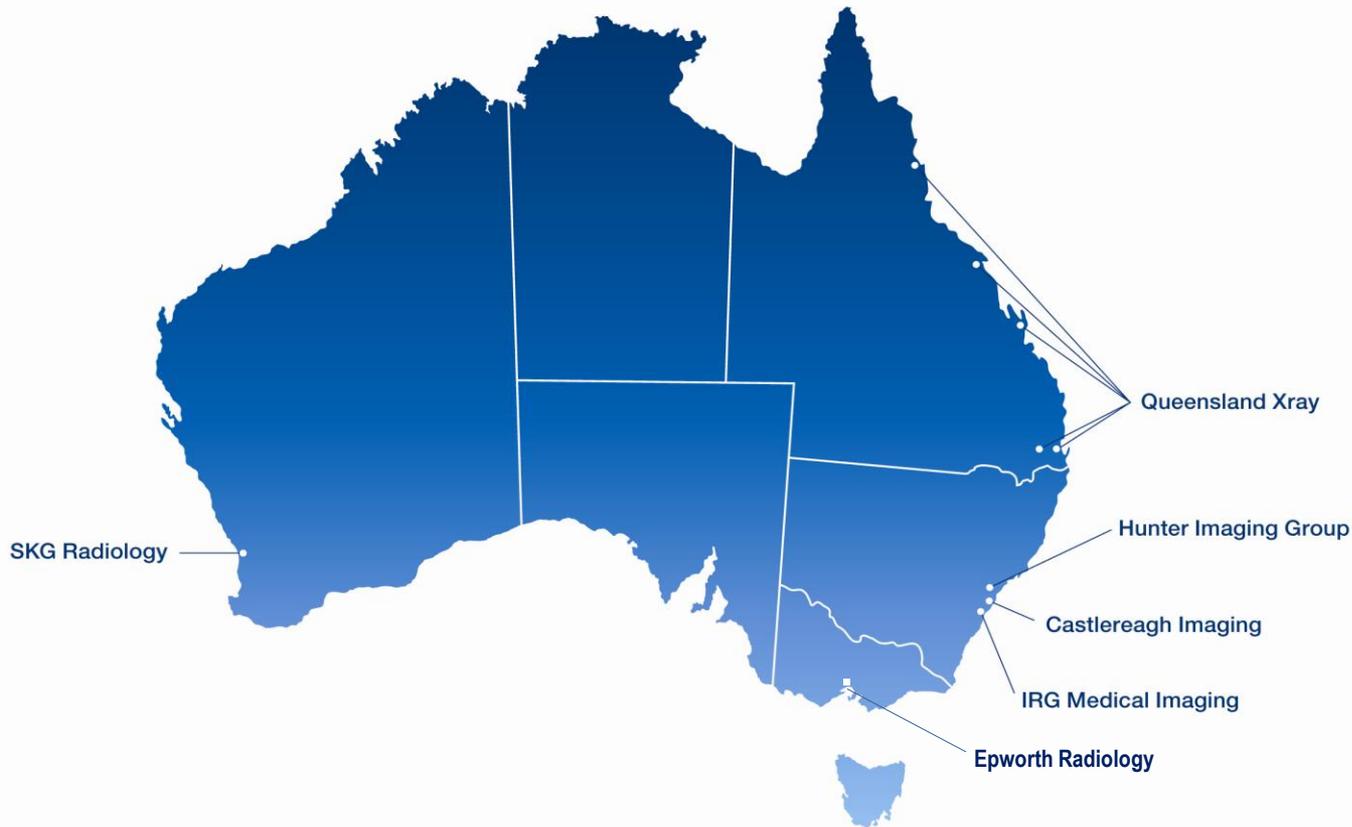
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2001 – Radiology

Sonic Imaging



FY'13 revenue A\$404 million
2,300 employed staff

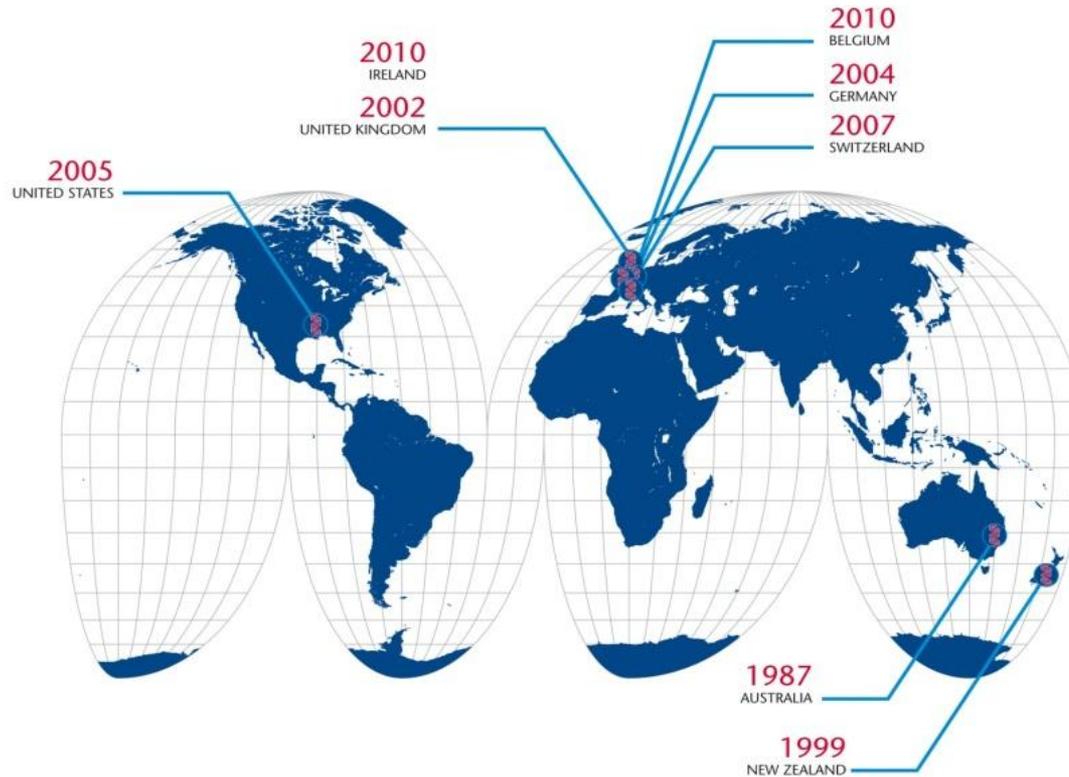
Sonic in 2002

- ▶ Sonic's position in Australian pathology
 - ▶ Market leader
 - ▶ ~35% market share
 - ▶ Further acquisitional growth limited
- ▶ Proven, successful model
 - ▶ Core Values
 - ▶ Medical Leadership
 - ▶ Federated management structure
- ▶ Analysis of off-shore pathology markets
 - ▶ Would the Sonic model succeed in overseas markets?
 - ▶ Why do Australian companies fail in overseas markets?
 - ▶ Strict criteria used to determine country suitability and risks
 - ▶ UK, Germany, USA identified as suitable opportunities for Sonic

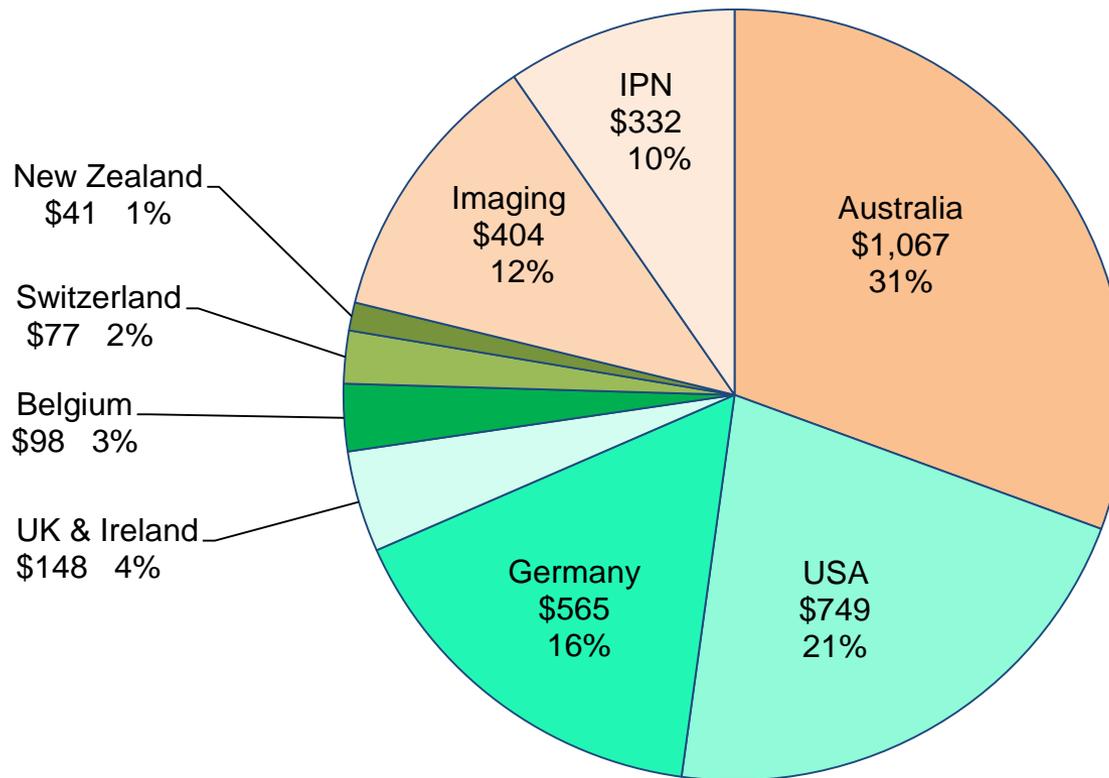
Sonic goes international

- ▶ 2002 – UK
- ▶ 2004 – Germany
- ▶ 2005 – USA
- ▶ 2007 – Switzerland
- ▶ 2010 – Belgium, Ireland

Global Operations



Revenue Split FY '13



Statutory revenue in A\$ million

IPN - Medical centres and occupational health services in Australia

Sonic Healthcare

Major Markets

USA

Germany

Australia



Sonic Healthcare USA

Federated structure by division

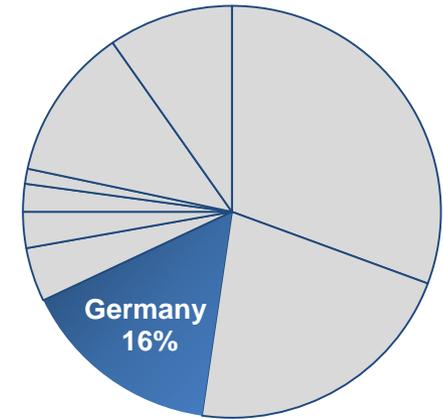


Sonic Healthcare Germany

National coverage



Sonic Healthcare Germany
Laboratory locations



- FY'13 revenue A\$565 million
- 4,000 employed staff
- Head Office: Berlin



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Acquisition of Labco Germany



- ▶ Acquisition announced September 2013
- ▶ Settlement expected early December 2013
- ▶ Purchase price of €76 million
- ▶ Annual revenue ~€53 million
- ▶ 5 laboratories in West and South-West Germany
- ▶ 22 pathologists, ~400 staff
- ▶ Immediately EPS accretive
- ▶ ROIC accretive post synergies (from Year 2)
- ▶ A highly synergistic acquisition

Schottdorf Laboratory

Augsburg, Germany





BIOSCIENTIA
LABOR INGELHEIM

Konrad-Adenauer-S
17

Bitte geben Sie Ihren postlichen an unserer Empfang ab. Bitte für postlester Ihre Angabe

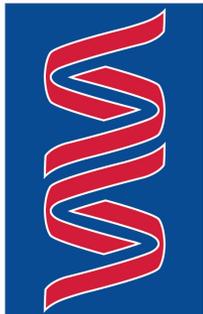


Lab 28 / Sonic Germany Head Office

Berlin, Germany



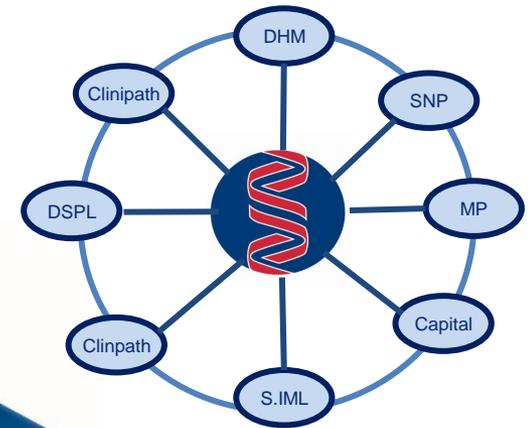
Sonic Healthcare Model



Our Values

- Commit to Service Excellence**
To deliver care of the highest quality with unsurpassed confidence.
- Treat each other with Respect & Honesty**
To give a workplace where trust, team spirit, and respect are an integral part of everything we do.
- Demonstrate Responsibility & Accountability**
To set an example in our community of high standards to the best of our ability, and to act with integrity.
- Be Enthusiastic about Continuous Improvement**
To never be complacent, to identify initiatives and opportunities for service and process, and to learn through these.
- Maintain Confidentiality**
To keep all information pertaining to patients, as well as professional and commercial data, in strict confidence.

SONIC HEALTHCARE
"The DNA Connection"



HEAL Africa Hospital

Goma, Democratic Republic of the Congo



Goma, DRC

“One of the most underprivileged areas in the world”



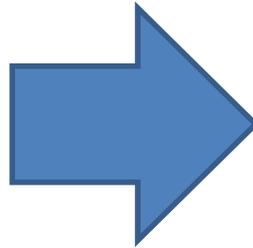
HEAL Africa Hospital



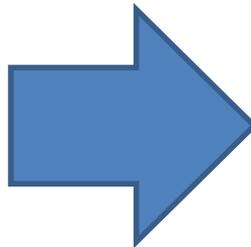
HEAL Africa Hospital



Sonic Healthcare supports HEAL Africa Hospital



Sonic Healthcare supports HEAL Africa Hospital



Sonic / Africa / Charity

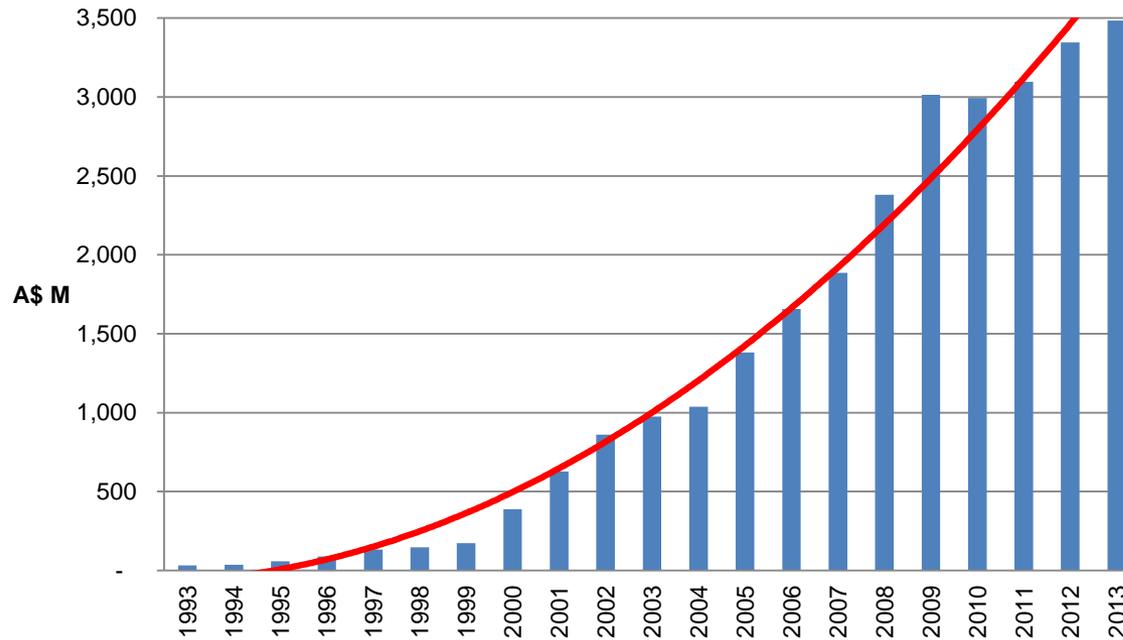
- ▶ A Sonic global initiative (Sonic's Catalyst Program)
- ▶ On-site provision of training and resources
- ▶ Sonic has made a big difference
- ▶ Literally saving lives
- ▶ A highly cost-effective charitable activity
- ▶ Program has galvanised and inspired Sonic's people

Sonic Healthcare Looking ahead...

Building on our solid foundation...

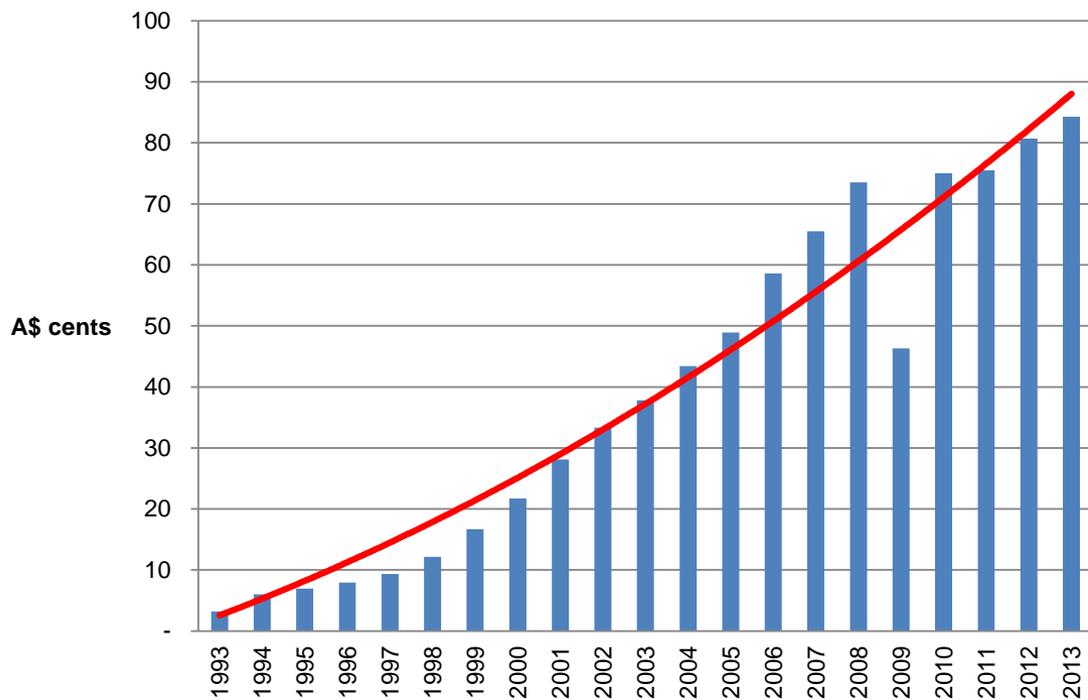
For future success

Revenue



	1993	2013
Revenue (A\$ million)	33	3,484

Earnings per share

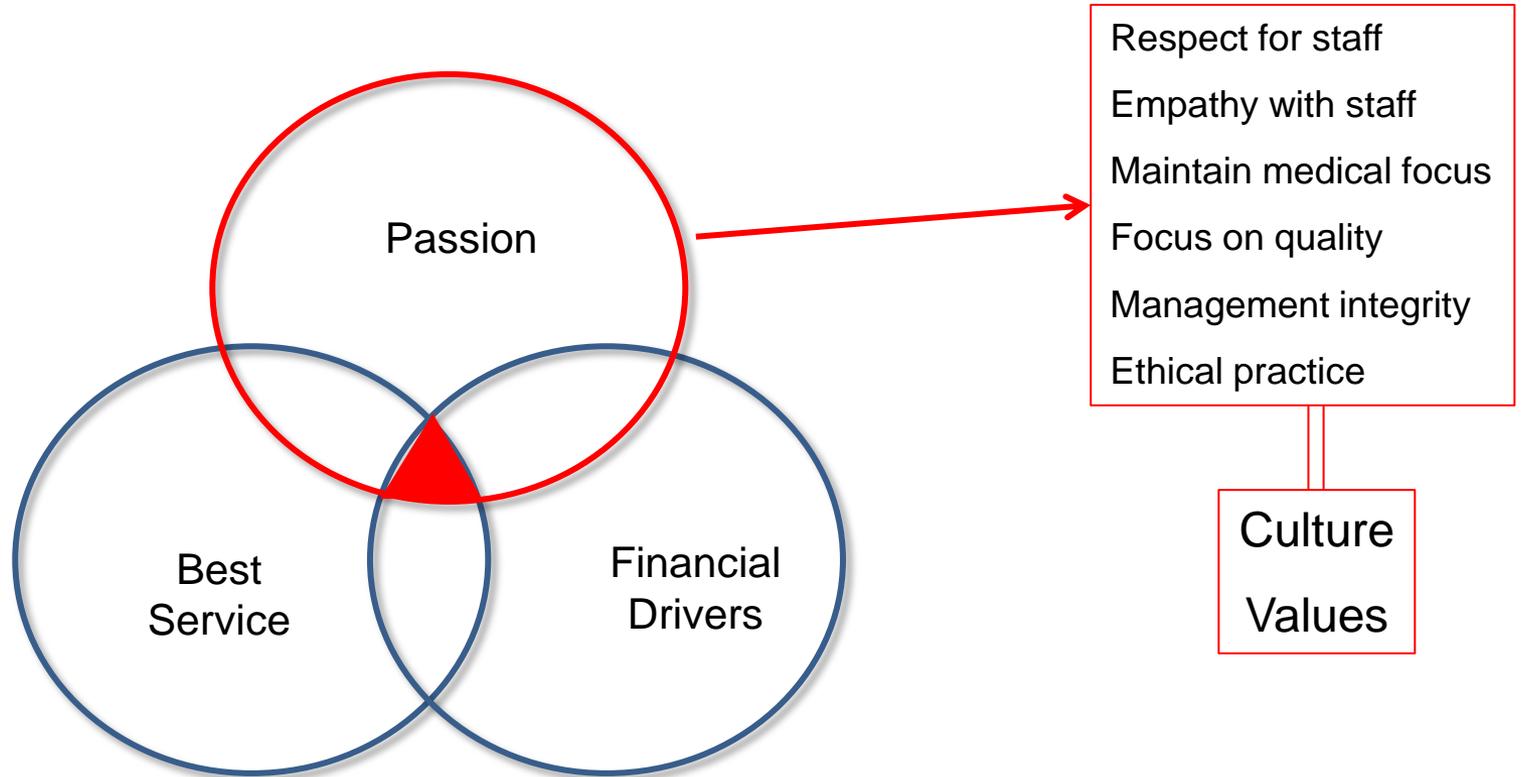


	1993	2013
EPS (A\$ cents)	3.2	84.3



“Good To Great”

Jim Collins



Global Pathology Industry

- ▶ Pathology integral to healthcare system
 - ▶ 70% of all medical diagnoses depend on pathology
 - ▶ 100% of cancer diagnoses depend on pathology
- ▶ Strong underlying growth drivers
 - ▶ Ageing of population
 - ▶ New tests
 - ▶ Genetic testing
 - ▶ Preventative medicine – front end vs back end
- ▶ Funding
 - ▶ Some fee cuts to curb growth
 - ▶ Australia – industry growth cap
 - ▶ USA – cuts to Medicare/Medicaid (~20% of Sonic's US revenue)
 - ▶ Germany – one-off caps imposed on statutory insurance revenue (~50% of Sonic's German revenue)



Overview of Sonic Healthcare



- ▶ World's third-largest medical diagnostics company
 - ▶ Market leader in Australia, Germany, UK
 - ▶ 26,000 employees
- ▶ Attractive and growing global healthcare markets
- ▶ Proven business model
 - ▶ Successful consolidator of fragmented markets
 - ▶ Market differentiation to drive organic and acquisitional growth
 - ▶ 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
- ▶ Strongly embedded culture and values
 - ▶ Medical leadership model
 - ▶ Federated management structure
 - ▶ Focus on highest possible quality
 - ▶ Experienced and passionate managers and staff

The Road Ahead for Sonic

- ▶ Staff first
- ▶ Preservation of strong culture and values
- ▶ Pursuit of quality, service and good medicine
- ▶ Our business is a force for good:
 - ▶ We see millions of patients each year
 - ▶ We perform millions of tests/examinations each year
 - ▶ Our work is the backbone of the healthcare system
 - ▶ We prevent, diagnose and monitor disease
 - ▶ We improve the health of communities we serve





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Thank you





SONIC HEALTHCARE

	RESOLUTION	FOR	AGAINST	OPEN	OPEN TO CHAIR	ABSTAIN
1	Ms Kate Spargo Re-election as Director	237,977,532	10,553,689	20,846,294	20,295,460	724,811
2	Dr Jane Wilson Re-election as Director	240,550,603	8,388,624	20,852,889	20,297,455	310,210
3	Dr Philip Dubois Re-election as Director	151,747,689	97,180,405	20,858,471	20,295,112	315,761
4	Adoption of Remuneration Report	237,208,773	9,652,542	20,827,175	20,288,063	1,949,765