

SONIC
HEALTHCARE

Annual General Meeting

19 November 2015



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 2015 Annual Report released to the ASX on 24 September 2015 and may include earnings figures restated on a "constant currency" basis.



Summary FY '15

A\$ M	FY '15
Revenue	4,201
EBITDA (before expensing non-recurring costs)	731
Net profit (after expensing non-recurring costs)	348

- ▶ Revenue growth
 - ▶ Organic growth ~5%, enhanced by accretive acquisitions
 - ▶ Strong growth in Germany, UK and Switzerland
 - ▶ US growth strengthening
 - ▶ Australian pathology growth impacted by 1 November 2014 fee changes
- ▶ Operating costs
 - ▶ Impact of Australian collection infrastructure costs
 - ▶ H2 FY '15 successful cost-out and restructure at CBLPath (NY)
- ▶ Non-recurring costs
 - ▶ German debtors provision ,CBLPath restructure costs, New Zealand contract exit costs, acquisition costs – total A\$36M EBITDA impact



Dividends

A\$	FY '15	FY '14	Growth
Interim Dividend	\$0.29	\$0.27	7.4%
Final Dividend	\$0.41	\$0.40	2.5%
Total Dividends	\$0.70	\$0.67	4.5%

- ▶ Final dividend franked to 55%
- ▶ Record Date 11 September 2015
- ▶ Payment Date 22 October 2015
- ▶ Dividend Reinvestment Plan (DRP) active for final dividend

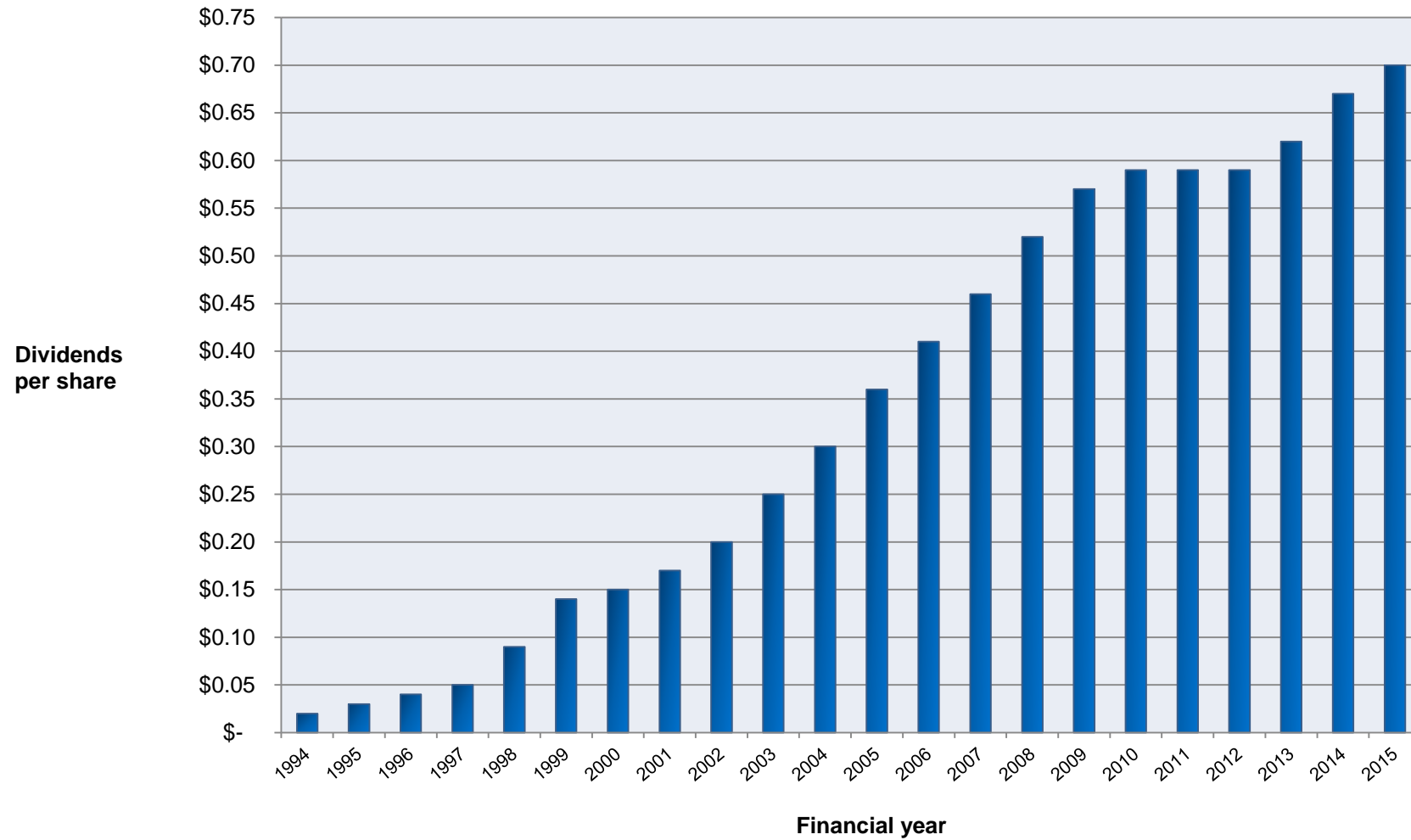


Dividend Reinvestment Plan (DRP)

- ▶ Dividend Reinvestment Plan
 - ▶ 1.5% discount
 - ▶ 26.4% participation by shareholders
 - ▶ Shares issued at \$18.31
- ▶ Dividend Shortfall Placement with CBA Equities
 - ▶ Covered 71.9% of shortfall from shareholder participation
 - ▶ Shares issued at \$18.76
- ▶ DRP and Dividend Shortfall Placement
 - ▶ Equity raised A\$130.8 million
 - ▶ Fine tune capital structure following acquisitions in July 2015



Dividend History



Trading Update – October YTD

- ▶ Tracking in line with guidance
- ▶ UK outperforming expectations
- ▶ Sonic's Australian pathology revenue growth substantially stronger than Medicare market data
- ▶ Imaging market growth subdued, most likely related to uncertainty around Australian Medicare schedule review



FY '16 Guidance Reaffirmed

- ▶ **EBITDA**

- ▶ A\$815-840 million at constant currency rates (FY '15 FX rates)
- ▶ At current FX rates, full-year EBITDA growth expected to exceed 20%
- ▶ Normal earnings weighting to H2 more accentuated this year (acquisition costs in H1, acquisition synergies and cost initiatives ramping into H2, full 6 months of UK JV)
- ▶ Excludes future acquisitions

- ▶ **Interest expense**

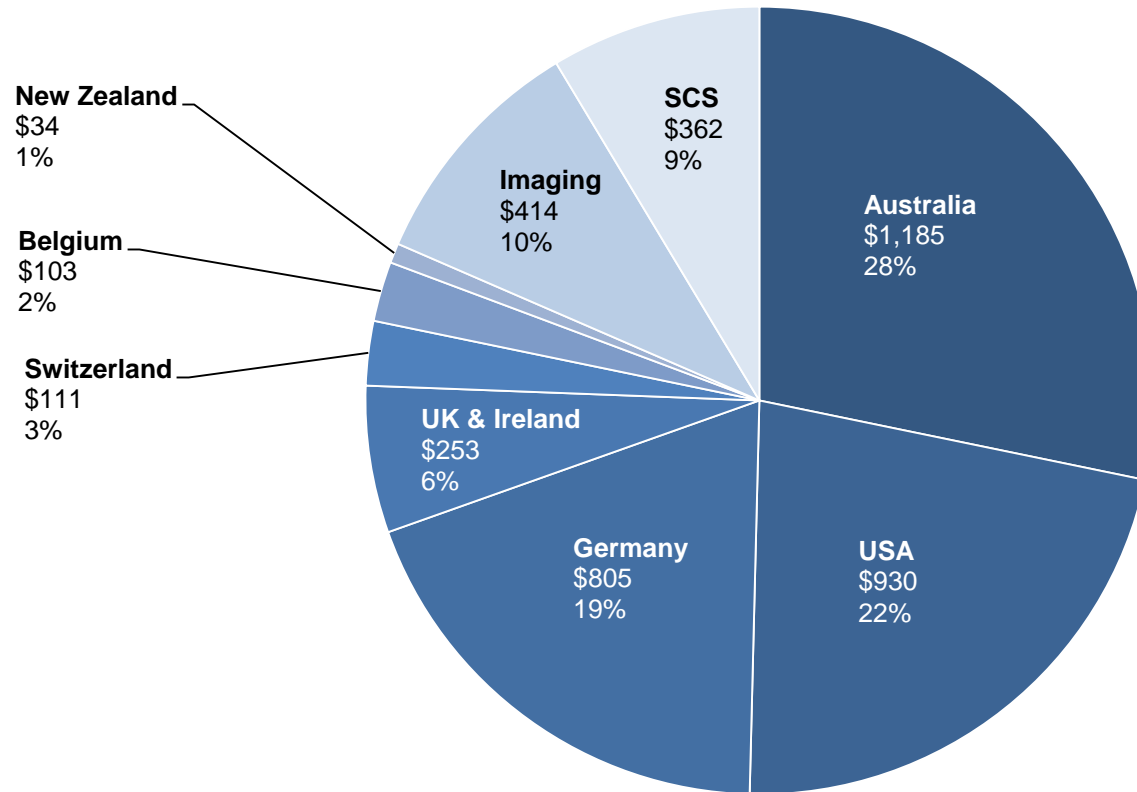
- ▶ Expected to increase by 5-10% (constant currency) due to acquisitions completed in July 2015
- ▶ Current base rates assumed to prevail

- ▶ **Tax rate**

- ▶ Expected at ~25%



FY '15 Revenue Split

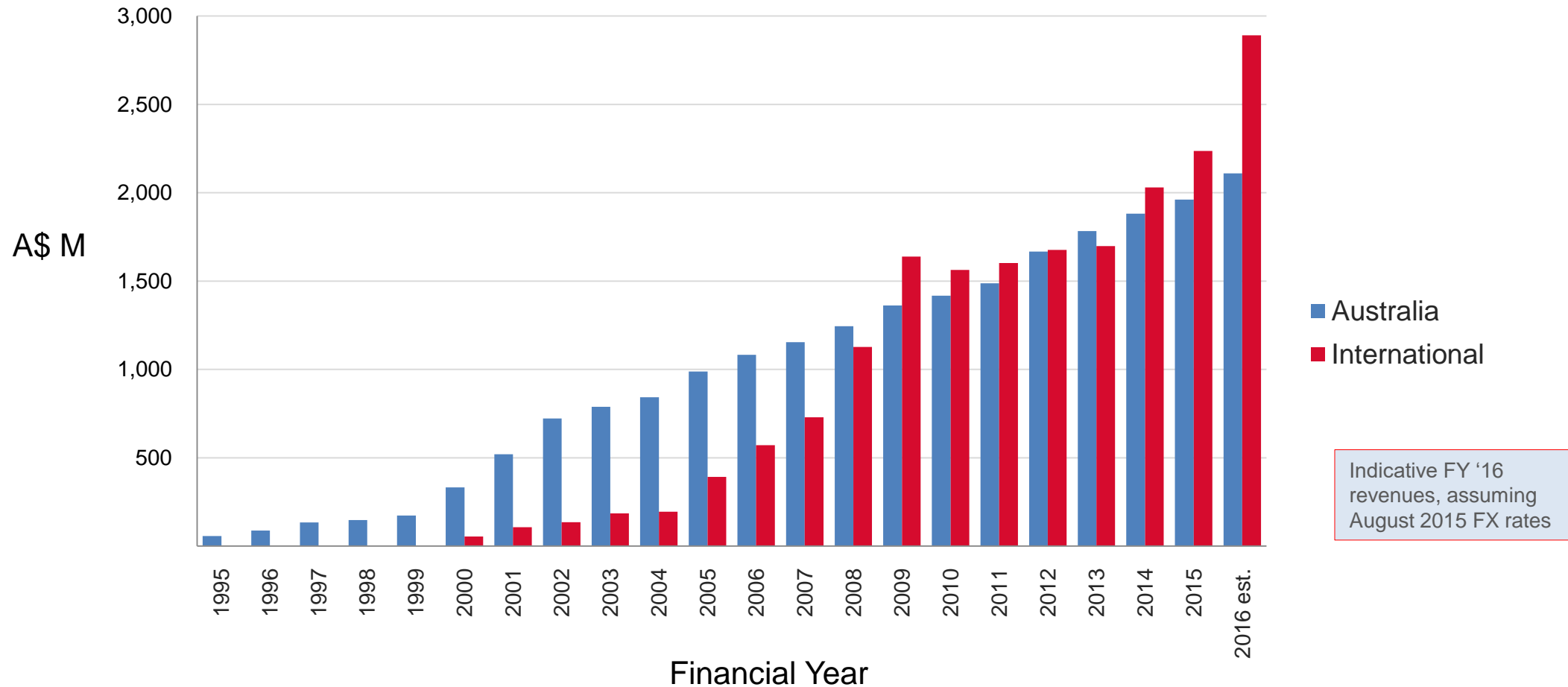


Statutory revenue in A\$ M

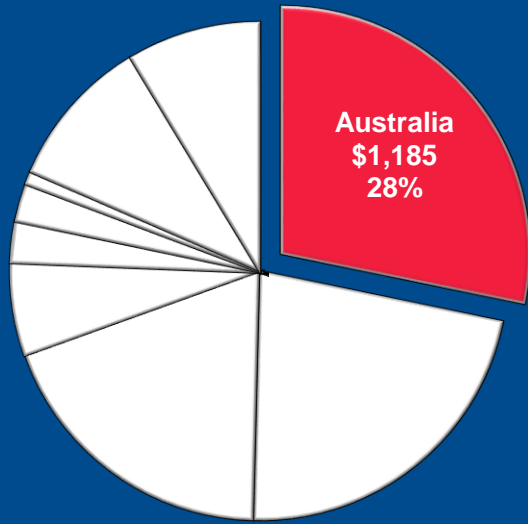
SCS = Sonic Clinical Services (IPN Medical Centres, occupational health and other clinical service entities)



Revenue Split – Australia vs International



Australian Pathology



- ▶ **FY '15 Revenue**
 - ▶ 5% growth, including SAN Pathology acquisition (added 50 bps)
 - ▶ Fees and volumes impacted by Medicare changes 1 November 2014
 - ▶ Sonic growth substantially stronger than Medicare market data
- ▶ **FY '15 Earnings**
 - ▶ Negative earnings growth in FY '15
 - ▶ Impact of Medicare fee cuts and specimen collection infrastructure costs
- ▶ **Review of collection infrastructure costs**
 - ▶ Initial focus on low-performing collection centres
 - ▶ Aiming for staged reduction of centre numbers
- ▶ **FY '16 growth**
 - ▶ Ongoing above-market volume and revenue growth
 - ▶ Strong growth in specialist and esoteric markets, including genetics
 - ▶ Cycled through 1 November 2014 Medicare fee cut



USA

▸ FY '15 Revenue

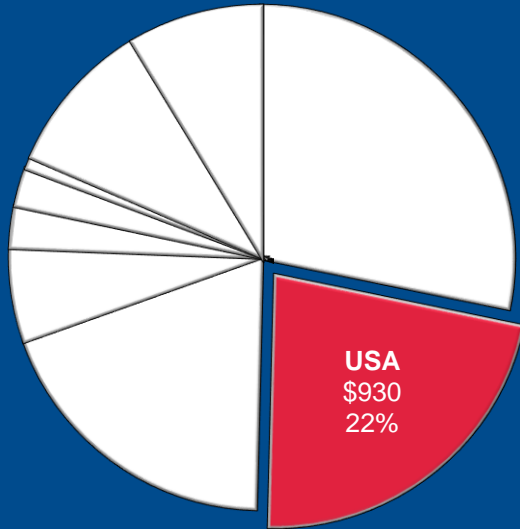
- Full-year revenue growth 2% (1% in H1, 3% in H2)
- Market volume growth improving

▸ FY '15 Earnings

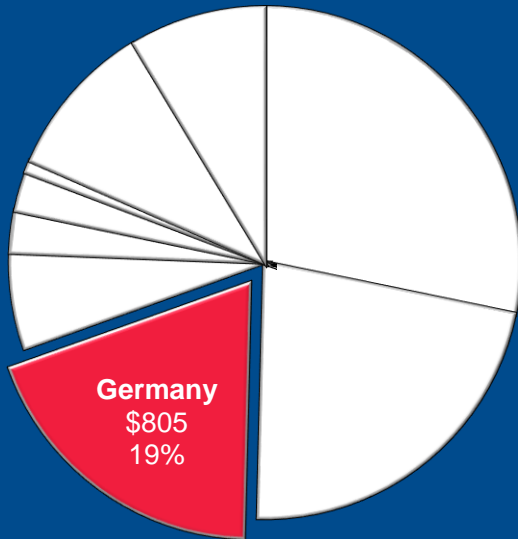
- Negative earnings growth in FY '15, largely CBLPath-related
- Major restructure of CBLPath successfully completed
- CBLPath recurring annual savings >US\$10 million achieved

▸ FY '16

- Large procurement tenders launched
- Medicare fee increase for anatomical pathology from 1 January 2016
- Billing initiatives to drive revenue and cash collection
- Increased centralisation and in-sourcing of esoteric tests
- CBLPath turnaround
- Renewed focus on cost reduction and efficiency gains
- Market growth returning towards long-term trend rates
- Strong earnings growth forecast



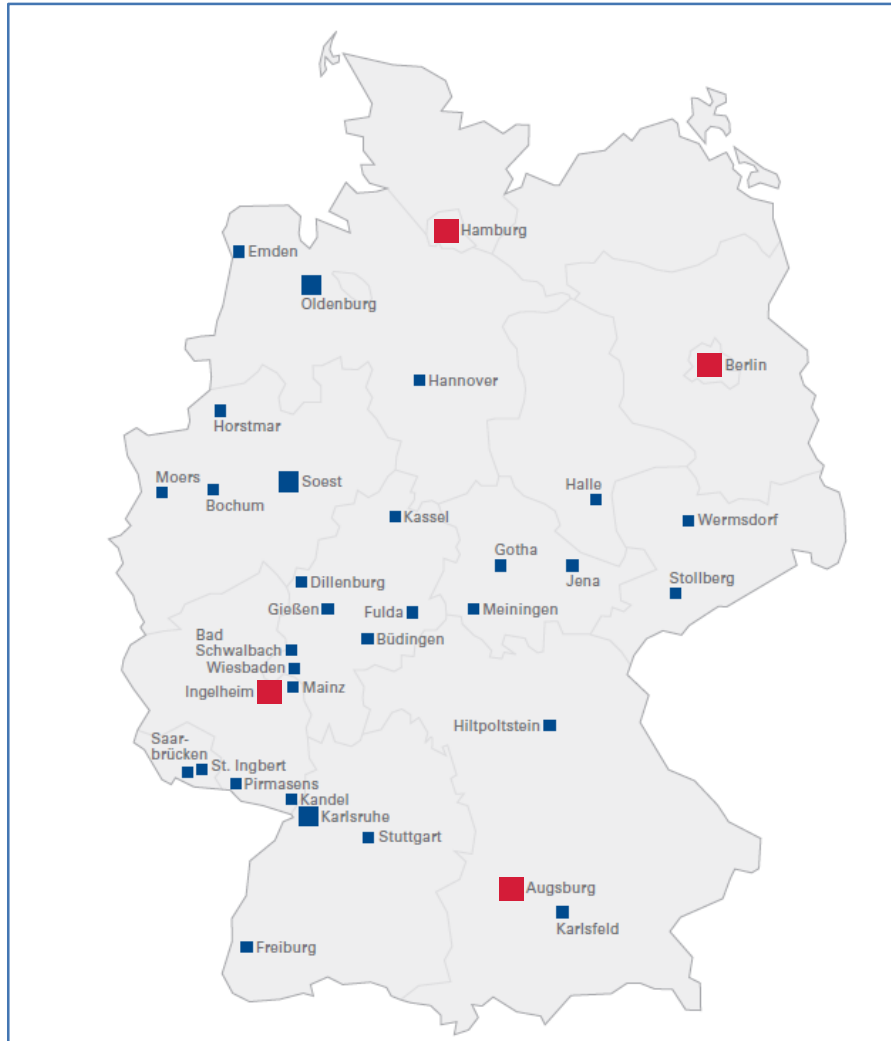
Germany



- ▶ FY '15 revenue
 - ▶ 11% growth, 6% organic, well above market growth
 - ▶ Continued market share gains in all segments of operation
 - ▶ Investments in IT, new tests and innovative technologies driving growth
- ▶ Acquisitions and integration
 - ▶ Labco integration completed successfully
 - ▶ 4 small bolt-on acquisitions, now completely merged
- ▶ Regulatory environment
 - ▶ EBM fee quota to remain unchanged to end of calendar year
 - ▶ No major changes expected



Germany



HISTORY

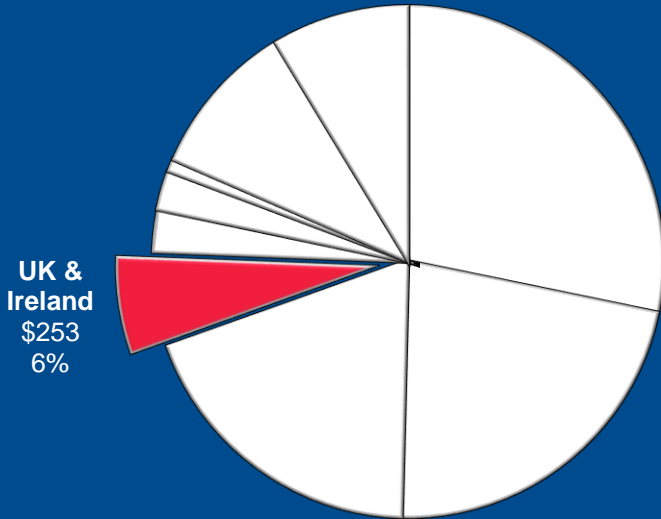
- ▶ Market entry in 2004
- ▶ 6 large and several smaller acquisitions
- ▶ Organic growth, integration of acquired laboratories, hospital projects, innovation and service

CURRENT POSITION

- ▶ Market leader in Germany
- ▶ 8 Sonic Germany *federation members*
- ▶ 40 laboratories
 - ▶ 2 central reference laboratories
 - ▶ 2 regional central laboratories
 - ▶ 21 regional laboratories
 - ▶ 15 hospital laboratories
- ▶ 5,400 employees



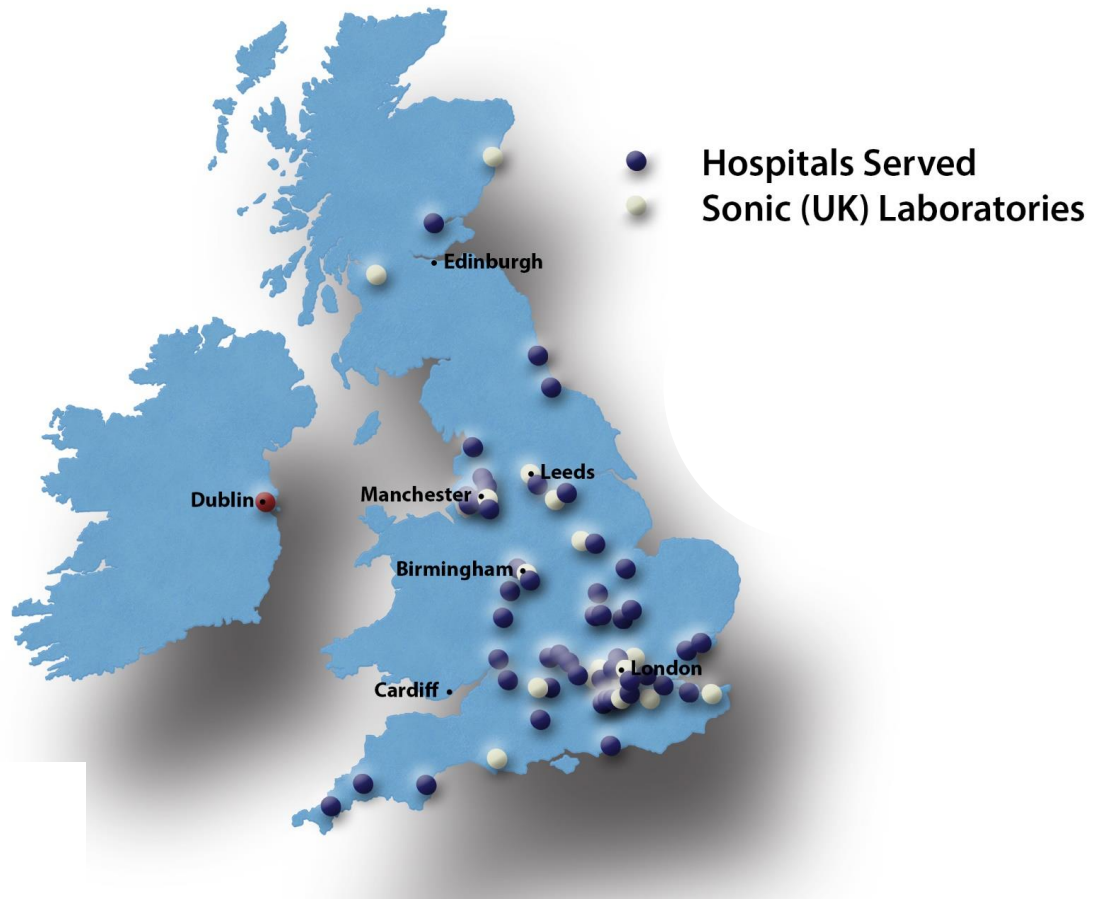
UK



- ▶ FY '15 revenue growth 25%
 - ▶ Includes 3 months of JV with UCLH and Royal Free
 - ▶ Strong private market growth
- ▶ JV with University College London Hospital / Royal Free
 - ▶ Commenced 1 April 2015
 - ▶ Includes North Middlesex University Hospital as customer
 - ▶ Transition of staff and services completed seamlessly
 - ▶ Relocation to new ultra-modern laboratory in H2 calendar 2016
 - ▶ Targeting further NHS outsourcing opportunities
- ▶ FY '16
 - ▶ Robust performance YTD in both NHS and private markets
 - ▶ FY '16 revenue growth ~40% expected – includes full year of JV



UK / Ireland

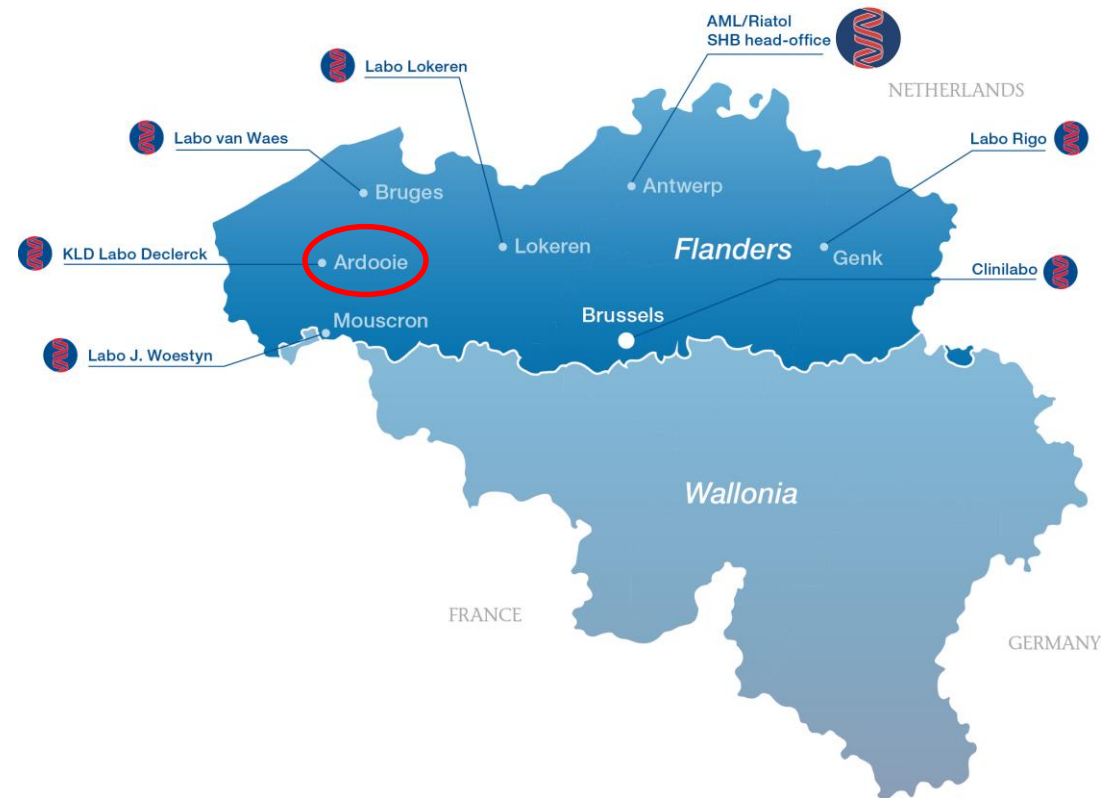
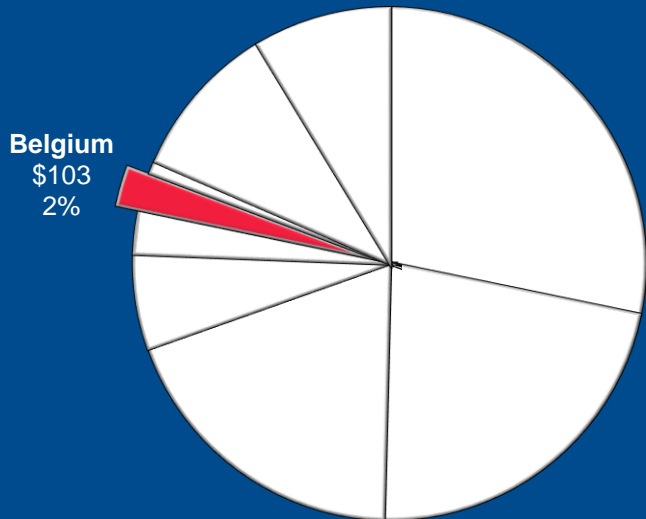


New Sonic UK lab – H2 CY2016
“Halo Building”
Euston Road
Central London

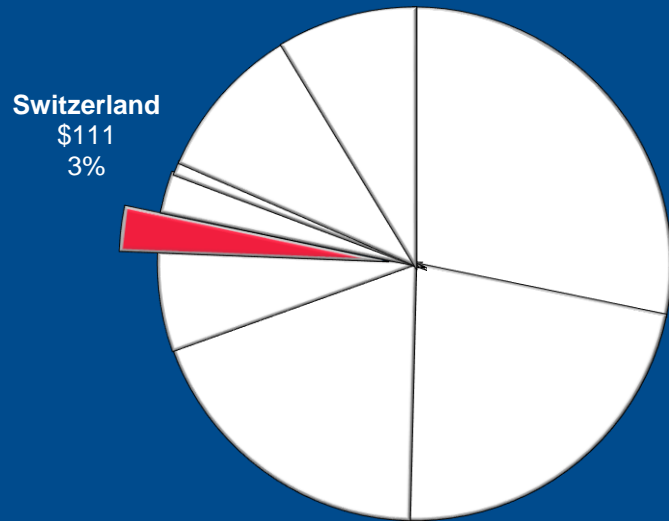


Belgium

- ▶ Revenue growth returns after cycling through November 2013 fee cut
- ▶ KLD acquisition successfully closed 3 July 2015, integration underway
- ▶ Stable regulatory outlook



Switzerland

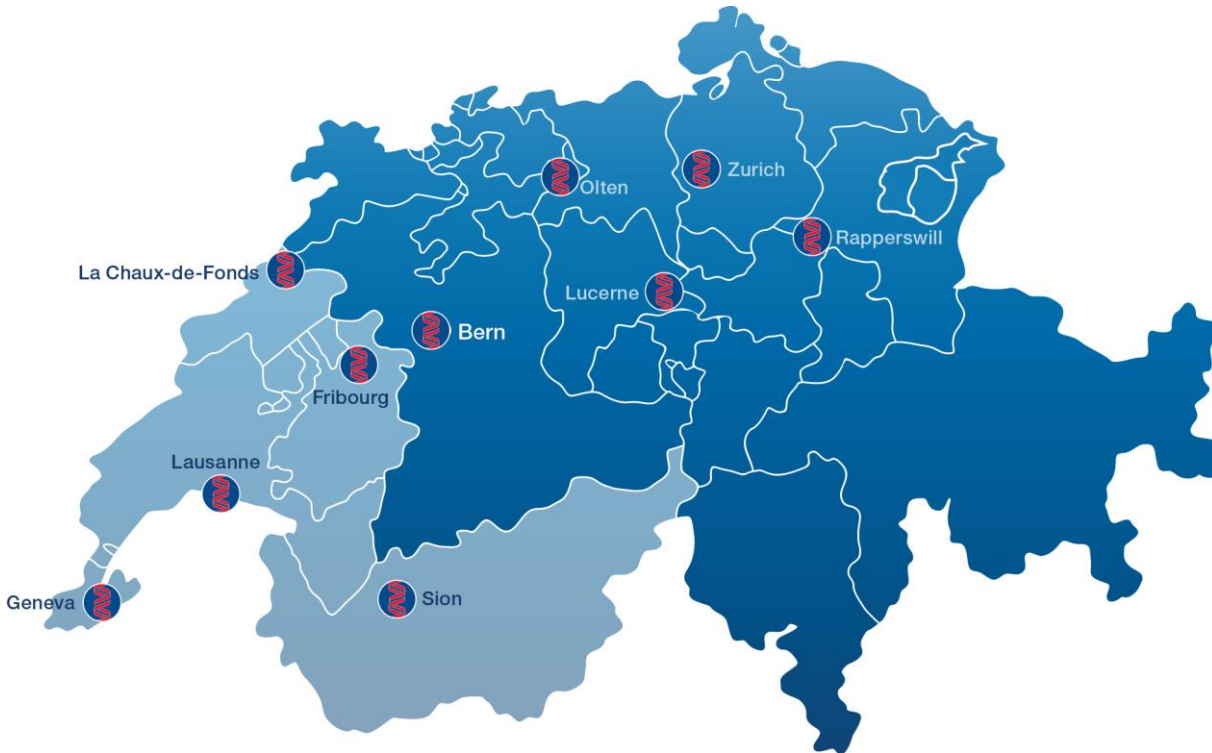


- ▶ FY '15 revenue growth 5%
- ▶ Strong earnings and margin growth
- ▶ Stable regulatory environment
- ▶ Medisupport acquisition closed 2 July 2015
- ▶ Sonic now clear #1 player in Switzerland
- ▶ Well placed for growth and further acquisitions



Switzerland

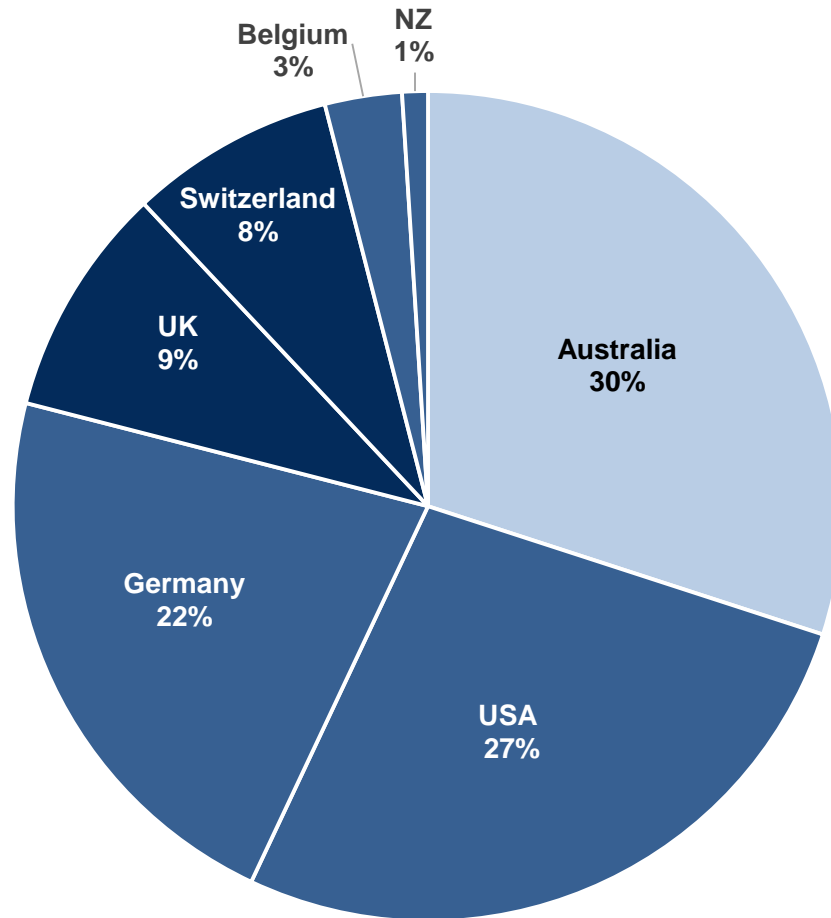
Medisupport Acquisition



- ▶ **Strong market position**
 - ▶ Covering both French and German speaking regions
 - ▶ Laboratories in 10 cities
 - ▶ Attractive mix of routine and esoteric testing
 - ▶ Excellent genetics capabilities, including next generation sequencing
- ▶ **Outstanding cultural fit**
 - ▶ Values based on Medical Leadership, quality and service
 - ▶ Federated structure, akin to Sonic's
 - ▶ Experienced, committed management team
- ▶ **Transaction details**
 - ▶ Annual revenues ~CHF160 million (~A\$225 million)
 - ▶ Initial EPS accretion 8%, increasing further with synergies
 - ▶ ROIC accretive in FY '16



FY '16 Indicative Laboratory Revenue Split



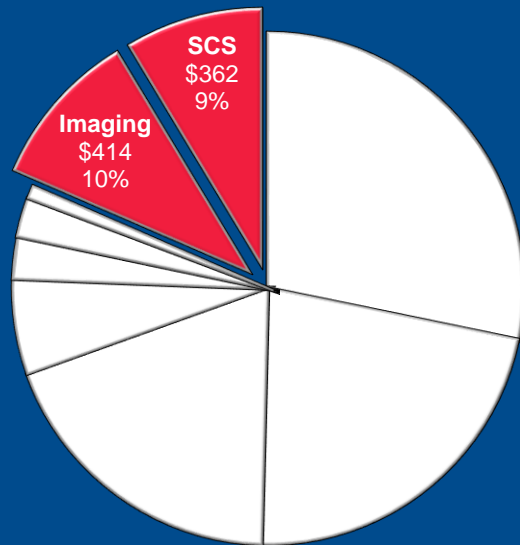
- UK ~40% increase in revenue with UCLH/Royal Free JV
- Switzerland >200% increase in revenue with Medisupport acquisition
- Healthy organic revenue growth in all divisions
- Australia ~30% of total Sonic laboratory revenue
- Strong laboratory revenue growth expected in FY '16

Laboratory revenue excludes
Imaging and SCS revenues

Assumes August 2015 FX rates



Sonic Imaging



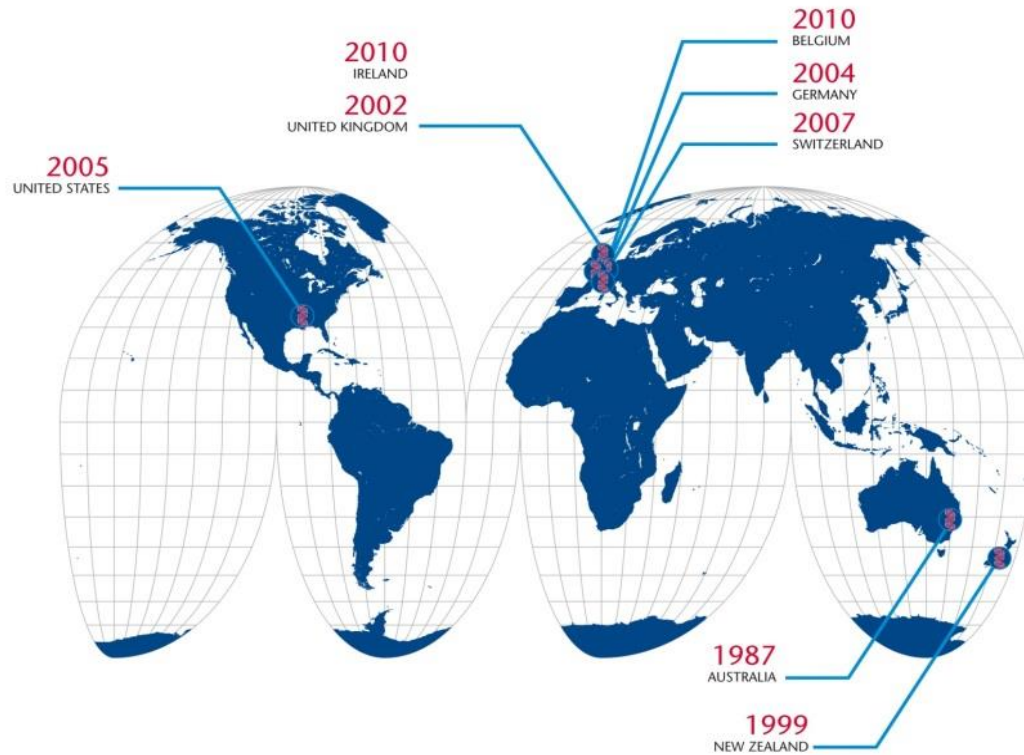
- ▶ Australian Imaging: FY '15 revenue growth 3%, margin up 10 bps
- ▶ Total imaging FY '15 revenue and margin impacted by 2014 sale of NZ business
- ▶ FY '16 YTD – market growth subdued

Sonic Clinical Services (SCS)

- ▶ Includes IPN Medical Centres and Occupational Health
- ▶ FY '15 revenue growth 4%
- ▶ Medical Centre operations strong, FY '15 revenue growth 6%
- ▶ Unmatched infrastructure provides future growth opportunities



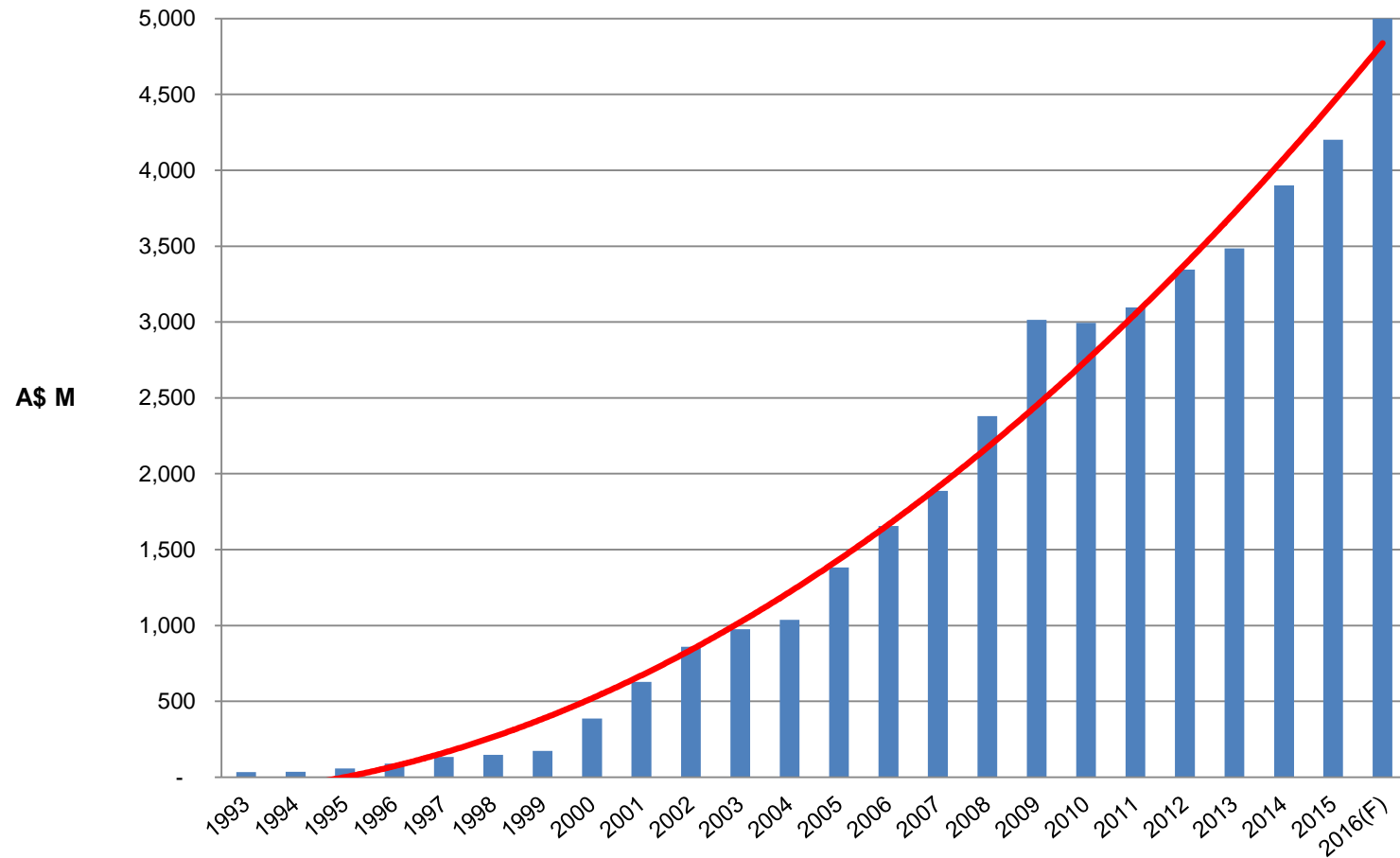
International Expansion



- ▶ 1987 – Australia
- ▶ 1999 – NZ
- ▶ 2002 – UK
- ▶ 2004 – Germany
- ▶ 2005 – USA
- ▶ 2007 – Switzerland
- ▶ 2010 – Belgium, Ireland



Annual Revenue



Indicative FY '16 revenues, assuming August 2015 FX rates



Culture



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.

SONIC HEALTHCARE
Quality is in our DNA

The Sonic Difference



Summary and Outlook

- ▶ Sonic poised for significant growth
 - ▶ Strong revenue and earnings growth forecast for FY '16 (refer guidance)
 - ▶ Targeting additional acquisitions and contract opportunities
 - ▶ FX tailwind expected in FY '16
- ▶ Company strength
 - ▶ Strong position in all markets, #1 position in Australia, Germany, UK, Switzerland
 - ▶ Medisupport acquisition adds substantial scale to Sonic in Switzerland and Europe
 - ▶ Performance turnaround in USA
 - ▶ Dividend growth 4.5% FY '15, committed to ongoing dividend growth
 - ▶ Sonic's unique Medical Leadership culture driving ongoing value for all stakeholders





SONIC
HEALTHCARE

Thank you

