Financial and Operational Review

For the half year ended 31 December 2016

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15 February 2017

Forward-looking statements

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Headlines

- On track to achieve full-year FY 2017 guidance
- H1 FY 2017 results
  - Revenue growth 5%, underlying EBITDA growth 6% (constant currency)
  - Margin expansion in laboratory division 30 basis points, driven by international operations
  - Australian earnings adversely impacted by Government policies
- Accretive acquisitions and joint ventures
  - Acquisitions: Staber Laboratory Group and Medical Laboratory Bremen (Germany), West Pacific Medical Laboratory (USA)
  - Hospital JVs: Western Connecticut Health Network (USA) and Baptist Memorial Health Care (Tennessee)
  - GLP Systems (total lab automation) – increased ownership from 25% to 80%
- Sonic's global footprint delivering financial strength and risk mitigation

Summary

	STATUTORY			CONSTANT CURRENCY		
A$ M	H1 FY 2017	H1 FY 2016	Growth	H1 FY 2017	H1 FY 2016	Growth
Revenue	2,476	2,453	1%	2,575	2,453	5%
EBITDA (before expensing non-recurring costs)	414	409	1%	431	409	6%
Net profit (after expensing non-recurring costs)	197	188	5%	206	188	10%
Earnings per share (cents)	47.1	45.9	3%	49.2	45.9	7%

- Statutory results impacted by 4-5% translation effect of stronger Australian dollar
- Revenue growth
  - 5% constant currency
  - Organic growth highlights: Australian pathology 4%, Germany 6%, Switzerland 6%, USA 3%
- Earnings growth
  - Laboratory division: margin accretion of 30 basis points
  - Particularly strong earnings growth in Germany and Switzerland
- Non-recurring costs of A$6.5 million (acquisitions, lab relocations, restructures)
- Strong cash generation
  - Cash generation from operations A$333 million, up 2.6% on comparative period
  - 102% conversion of EBITDA to gross (pre-interest and pre-tax) operating cash flow

Constant currency = H1 FY 2017 results restated using H1 FY 2016 currency exchange rates

FY 2017 Guidance Maintained

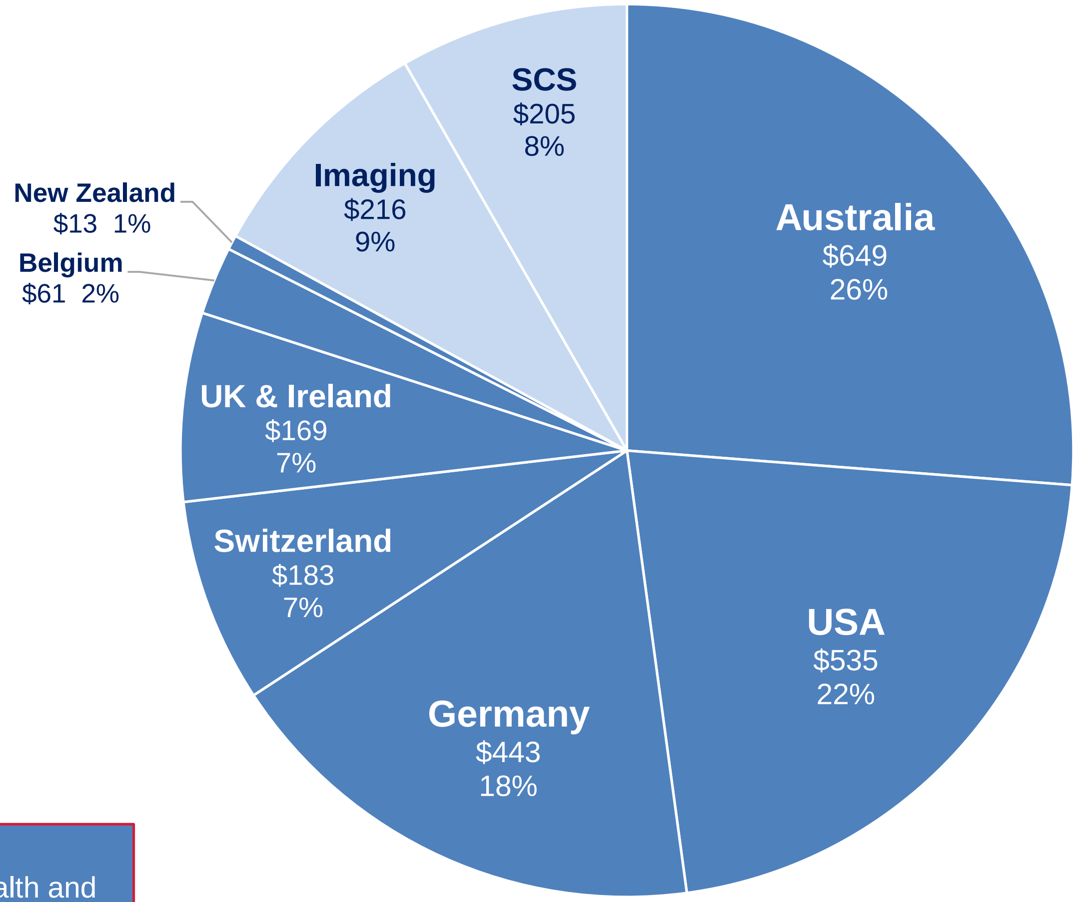
- EBITDA
  - Guidance issued 17 August 2016: Approximately 5% growth on underlying FY 2016 EBITDA of A$876 million (constant currency FY 2016 FX rates), excluding acquisitions in the period
  - On track after 7 months' trading to achieve full-year guidance
  - Acquisitions expected to add less than 1% to FY 2017 EBITDA guidance
  - Allows for A$5 million p.a. new rent from sale and lease-back of properties in June 2016
- Interest expense
  - Expected to increase by 5–10% (constant currency)
  - Current base rates assumed to prevail
- Tax rate
  - Expected at ~25%

Dividends

A$	H1 FY 2017	H1 FY 2016	Growth
Interim Dividend	0.31	0.30	3.3%

- Interim dividend franked to 20%
  - FY 2017 final dividend franking level expected to be ~20%
  - Franking level impacted by growth in international earnings, as well as interest, corporate overhead and other (e.g. R&D) tax deductions in Australia
- Record Date 8 March 2017
- Payment Date 11 April 2017
- Dividend Reinvestment Plan to operate for interim dividend
  - Fine tuning of capital structure in light of announced acquisitions
  - 1.5% discount, 10 day pricing period (13 March to 24 March)
  - DRP applications due by 9 March
  - No underwriting of DRP

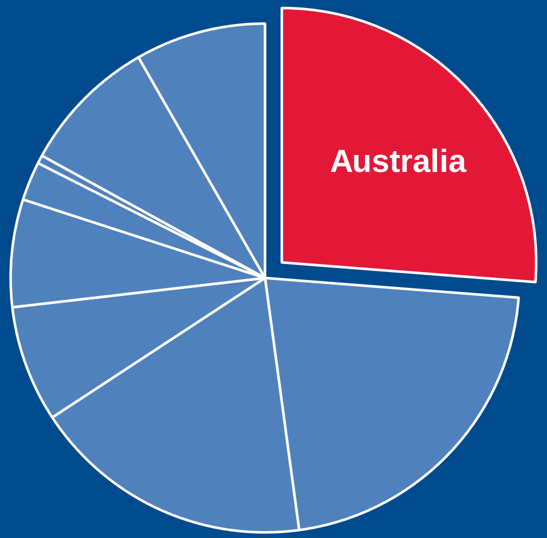
H1 FY 2017 Revenue Split



SCS = Sonic Clinical Services (medical centres, occupational health and other clinical service entities)

Statutory revenue in A$ millions

Total H1 FY 2017 revenue A$2,474 million (excludes A$2 million interest income)

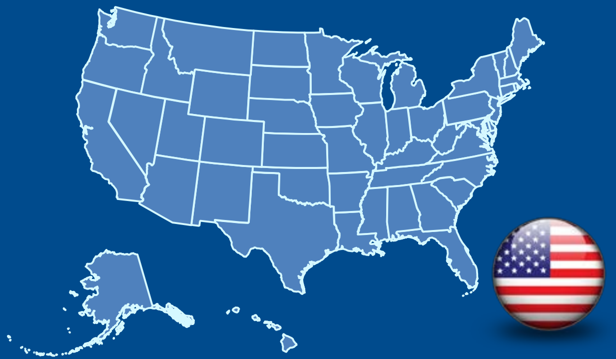


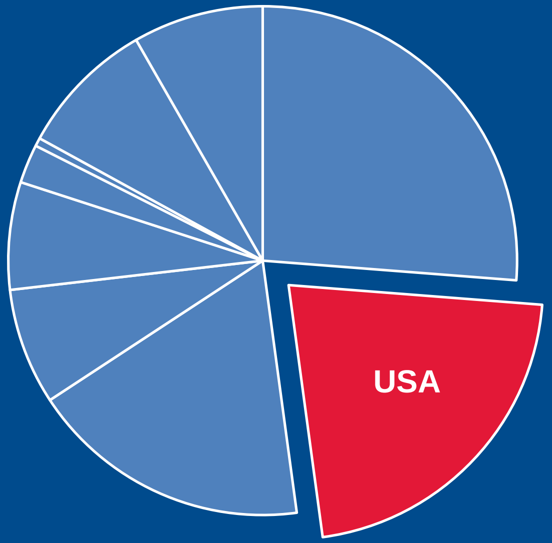
Australian Pathology

- Revenue
  - 7% growth, 4% organic, ahead of Medicare market data
  - APP (Adelaide) acquisition in December 2015, synergy realisation on track
- Earnings
  - Modest earnings growth excluding APP acquisition
  - Collection centre cost burden remains but cost growth contained in period
- Regulatory Update
  - Previously announced reform to clarify definition of collection centre market rent delayed
  - Previously announced Medicare fee cuts delayed until rent reform implemented
- New state-of-the-art laboratory for Sullivan Nicolaides Pathology, Brisbane
  - Successful relocation to new lab completed in late CY 2016
  - Enhanced operating efficiencies and excess capacity for future growth
  - GLP Systems total lab automation installed and in full operation (following successful installation at Douglass Hanly Moir Pathology in Sydney)
  - A major health infrastructure enhancement for Queensland and Australia

New Sullivan Nicolaides Pathology laboratory

Brisbane, Australia



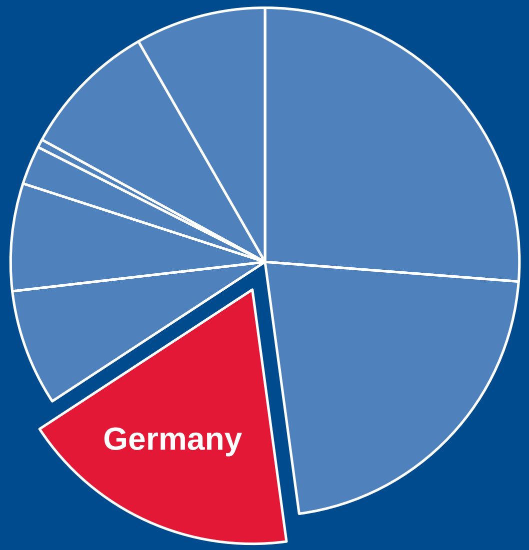


USA

- Revenue
  - 3.3% organic growth (constant currency), continues growth momentum of recent years
  - Ongoing strong growth at CPL, Sonic's largest US lab, based in Austin, Texas
- Earnings growth with stable margins
- Hospital joint ventures
  - Western Connecticut Health Network: partnership for lab services in Connecticut, managed by Sonic's Sunrise Medical Laboratories, New York
  - Baptist Memorial Health Care: partnership for bacteriology centre of excellence, managed by and located in Sonic's AEL laboratory in Memphis, Tennessee
  - Both JVs to commence in April 2017
  - Further opportunities in pipeline
- Acquisition of West Pacific Medical Laboratory
  - Completed January 2017
  - Comprehensive laboratory, based in Los Angeles
  - ~$30 million revenue p.a., currently loss-making
  - Significant synergies with Sonic's Californian operations to follow in FY 2018

Danbury Hospital

Largest hospital in Western Connecticut Health Network



Germany

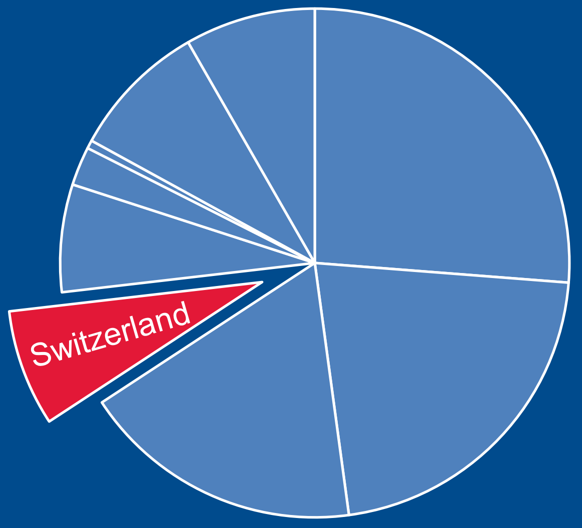
- Financials
  - 6% organic revenue growth (constant currency), well above market growth
  - Strong earnings growth and margin expansion
- Synergistic acquisitions
  - Staber Laboratory Group, completed 17 January 2017, revenue ~€80 million p.a.
  - Medical Laboratory Bremen expected to complete July 2017, revenue ~€30 million p.a., now cleared by antitrust regulator
  - Significant earnings accretion expected from FY 2018
- Operational highlights
  - Integration of Staber Laboratory acquisition underway, with wide range of programs initiated
  - New 8,600 square metre addition to Bioscientia central lab (Ingelheim) commissioned
- Regulatory environment
  - Private fee schedule (GOÄ) changes unlikely in medium term
  - EBM fee quotas to remain unchanged at least to end of financial year
  - Possible change of EBM quota system from federal to regional basis, no net revenue impact expected

New Bioscientia Laboratory

Ingelheim, Germany

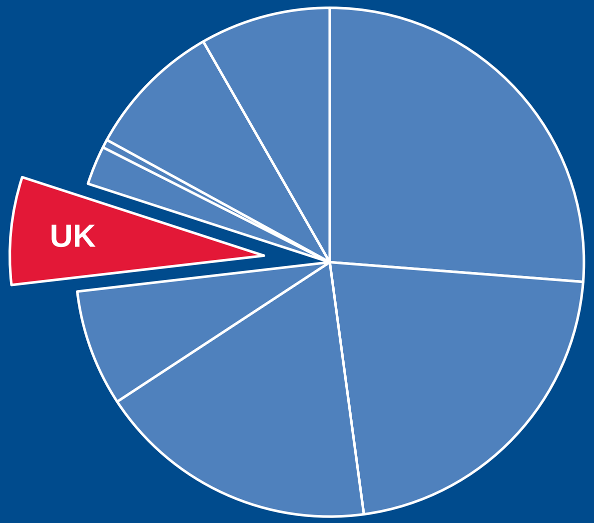
Switzerland

- Financials
  - 8% revenue growth (constant currency)
  - Strong earnings and margin growth
- Operational highlights
  - Medica (Zurich) continuing strong performance
  - Medisupport (acquired July 2015) delivering on expected synergies
- Regulatory environment stable



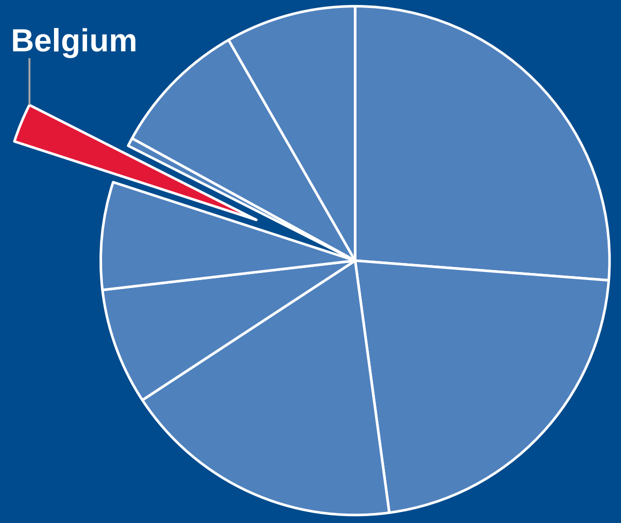
UK

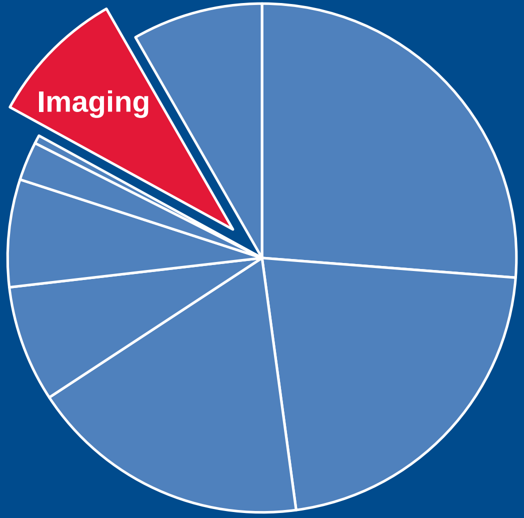
- Financials
  - 3% organic growth (constant currency)
  - Private revenue (“Harley Street” market, non-hospital) growth 9%
  - Revenue and earnings impacted by contractual adjustments and lower growth in hospital volumes
- Operational highlights
  - Health Services Laboratories (HSL) joint venture with UCLH and Royal Free performing well
  - New outsource contracts for HSL worth ~£5 million p.a. since inception, with larger opportunities in pipeline
  - Expansion of Manchester hub lab to accommodate newly awarded Sexual Health contracts for Central and Southern UK
- New state-of-the-art central London core laboratory (“Halo” building)
  - Current focus on commissioning and relocation project planning
  - Staged relocation over coming months
  - Lab incorporates GLP Systems’ total lab automation technology



Belgium

- Financials
  - Flat revenue growth (constant currency)
  - Revenue and earnings impacted by fee cut 1 April 2016
- Operations
  - KLD acquisition (July 2015) – integration initiatives ongoing
  - Antwerp laboratory awarded national HPV (cervical cancer) screening program
  - Stable operating conditions



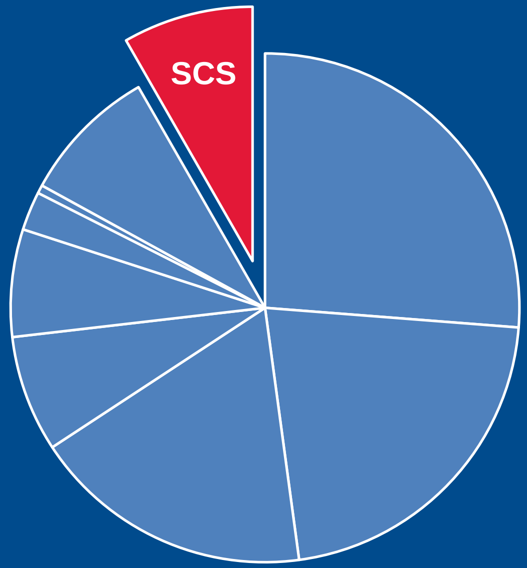


Sonic Imaging

- Financials
  - 4% revenue growth, in line with Medicare market data
  - Market growth continues to improve, yet still below historical trend rate
  - EBITA growth of 3%
- Operational highlights
  - Ongoing investment in latest technologies (5th PET CT scanner, prostate imaging etc)
  - Establishment of targeted greenfield imaging sites
- Regulatory environment
  - Proposed Medicare fee cut delayed, discussions with Government ongoing
  - Government committed to implementing fee indexation for radiology, in tandem with GP fee indexation resumption

Sonic Clinical Services (SCS)

- SCS includes medical centres and occupational health
  - Australia’s largest primary care and occupational health provider
  - 235 centres and ~2,200 GPs
- Financials
  - 6% revenue growth, including acquisitions
  - Medical centre earnings impacted by GP fee indexation freeze
- Operational highlights
  - Ongoing successful doctor recruitment, with low turnover rates
  - Rationalisation of centres to enhance efficiencies and capture acquisition synergies
  - Rollout of state-of-the-art hardware and software throughout 235 centres almost complete



Debt Metrics

		31 Dec 2016	30 Jun 2016
Net interest-bearing debt	A$ M	2,395	2,284
Gearing ratio	%	38.8	38.0
Interest cover	X	11.3	11.5
Debt cover	X	2.6	2.6

- Increase in debt due to acquisitions, FX changes and investment in new laboratory buildings and equipment
- Available headroom post-interim dividend and announced acquisitions >A$400 million, assuming refinancing of maturing April 2017 facility

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

Outlook

- On track to achieve full-year guidance, usual seasonal earnings weighting to H2
- Ongoing strong organic revenue growth of ~5% expected, underpinned by industry drivers and strong, established brands
- Announced synergistic acquisitions and hospital joint ventures to enhance earnings growth in FY 2018
- Ongoing pipeline of acquisition and joint venture opportunities
- Technology and automation, including GLP Systems, boosting efficiencies
- Infrastructure investments in recent years creating capacity for future growth and efficiencies
- Geographical diversification provides growth opportunities and risk mitigation
- Sonic’s strong Medical Leadership culture binds our global team of 32,000 staff and provides critical market differentiation

SONIC HEALTHCARE

Thank you