Financial and Operational Review

For the year ended 30 June 2016

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17 August 2016

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FY ‘16 Headlines

- FY ’16 guidance achieved: A$831 million vs A$815-840 million EBITDA constant currency
- Revenue growth 20% to A$5.1 billion
- Earnings per share (EPS) growth 27% to A$1.09
- Final dividend up 7.3% to A$0.44 per share (full-year up 5.7% to A$0.74)
- Strong earnings growth in Europe and USA
- Accretive acquisitions successfully integrated

FY ‘17 Guidance

- EBITDA
  - Approximately 5% growth on underlying FY ‘16 EBITDA of A$876 million (constant currency FY ‘16 FX rates)
  - Allows for A$5 million new rent for sale/lease-back properties
  - Excludes potential upside from future acquisitions and Australian regulatory reform
- Interest expense
  - Expected to increase by 5–10% (constant currency)
  - Current base rates assumed to prevail
- Tax rate
  - Expected at ~25%

FY ‘16 Summary

A$M	FY ’16	FY ’15	Growth
Revenue	5,052	4,201	20%
Underlying EBITDA (before non-recurring items)	876	731	20%
EBITDA (after non-recurring items)	880	695	27%
Net profit (after non-recurring items)	451	348	30%
Cash generated from operations	708	512	38%
Earnings per share (A$) (after non-recurring items)	1.09	0.86	27%

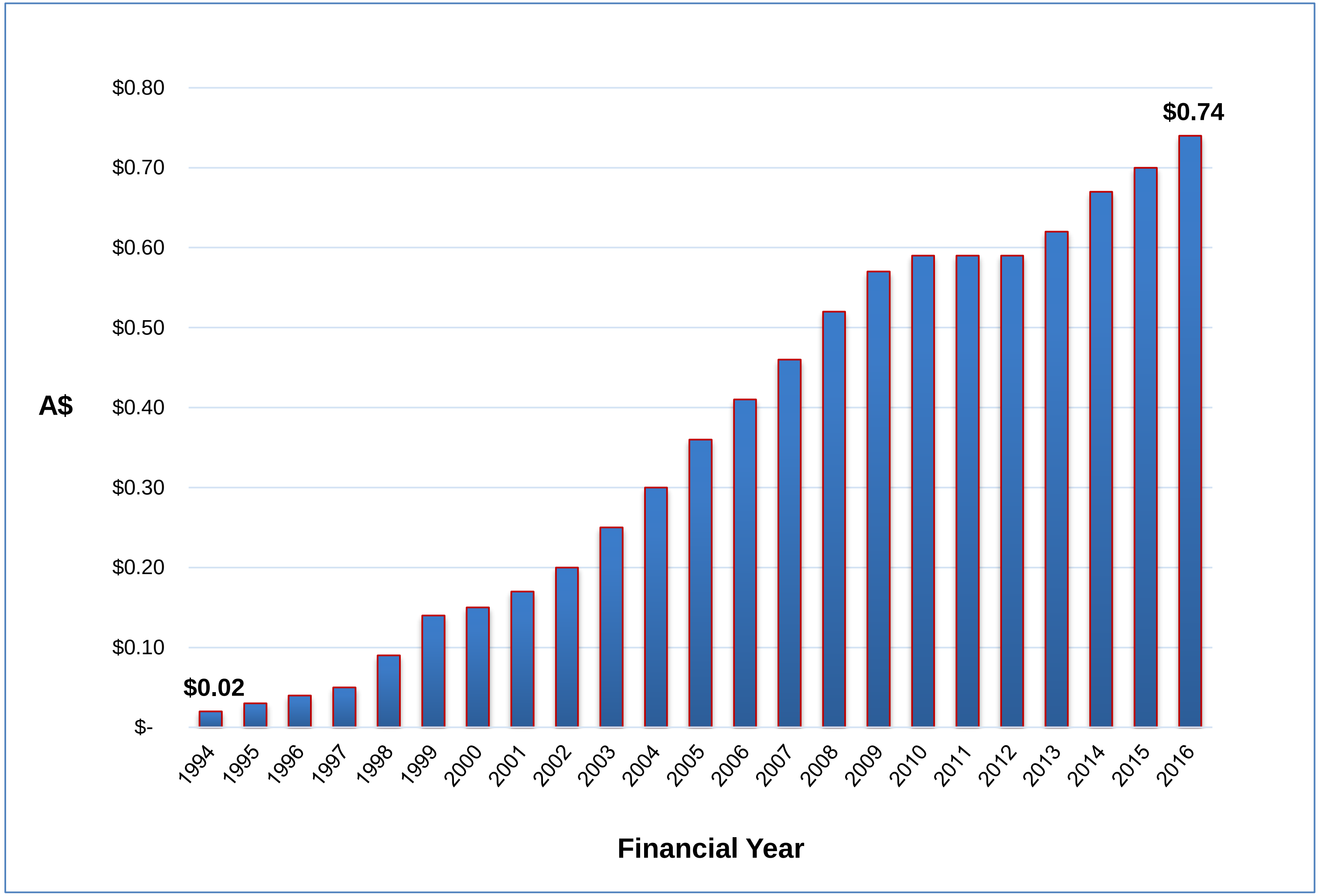
- Revenue growth
  - Strong organic growth in laboratory division ~7% (constant currency, including UK JV)
  - Growth further enhanced by accretive acquisitions, gain on property sale and FX tailwind
- Earnings growth
  - Major contributions from USA and European operations, includes UK JV, Swiss and Belgian acquisitions
  - Imaging earnings impacted by low market growth
- Non-recurring items (NRIs) – net gain of A$4 million
  - Gain of A$34.8 million – sale and leaseback of two Australian properties (Melbourne and Perth)
  - Cost of A$16.3 million – acquisition and restructuring expenses (A$9.2 million expensed in H1)
  - Cost of A$14.4 million – provision for committed restructuring programs (largely related to new labs in London and Hawaii)

Dividends

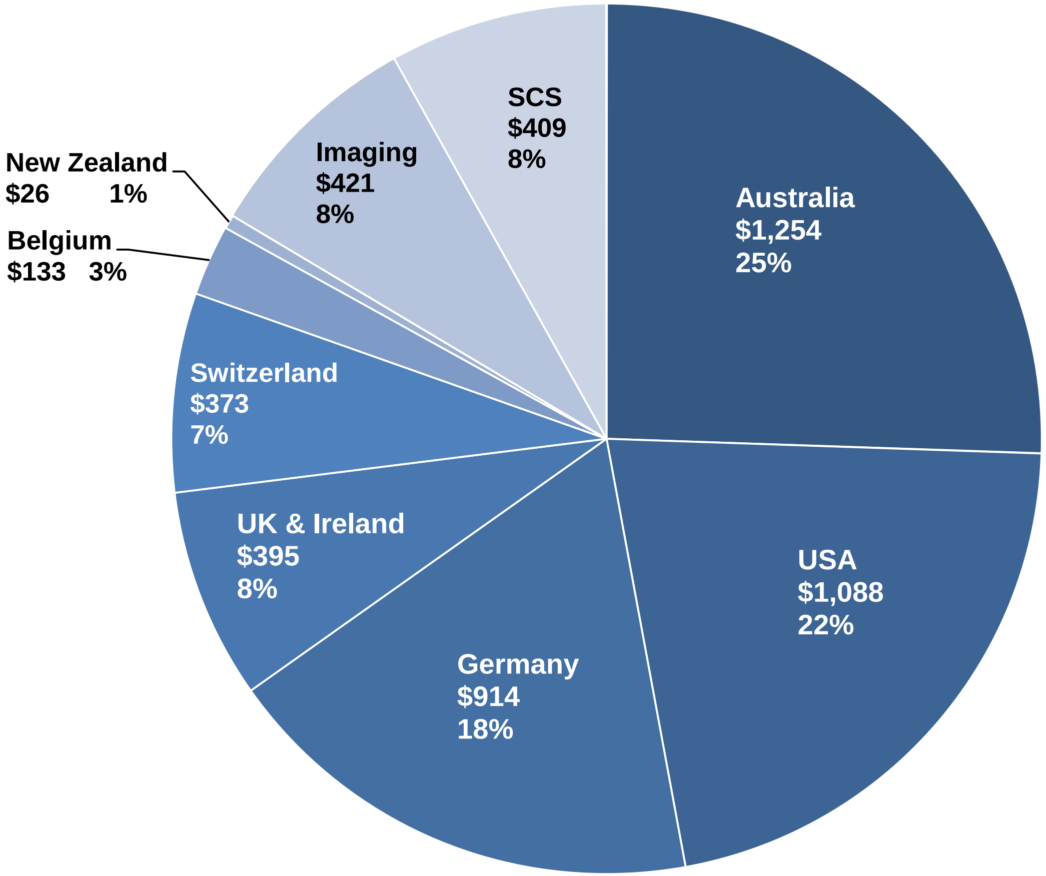
A$	FY ‘16	FY ‘15	Growth
Interim Dividend	$0.30	$0.29	3.4%
Final Dividend	$0.44	$0.41	7.3%
Total Dividends	$0.74	$0.70	5.7%

- Final dividend franked to 30%
- Record Date 9 September 2016
- Payment Date 27 September 2016
- Dividend Reinvestment Plan suspended

Full-year Dividend History



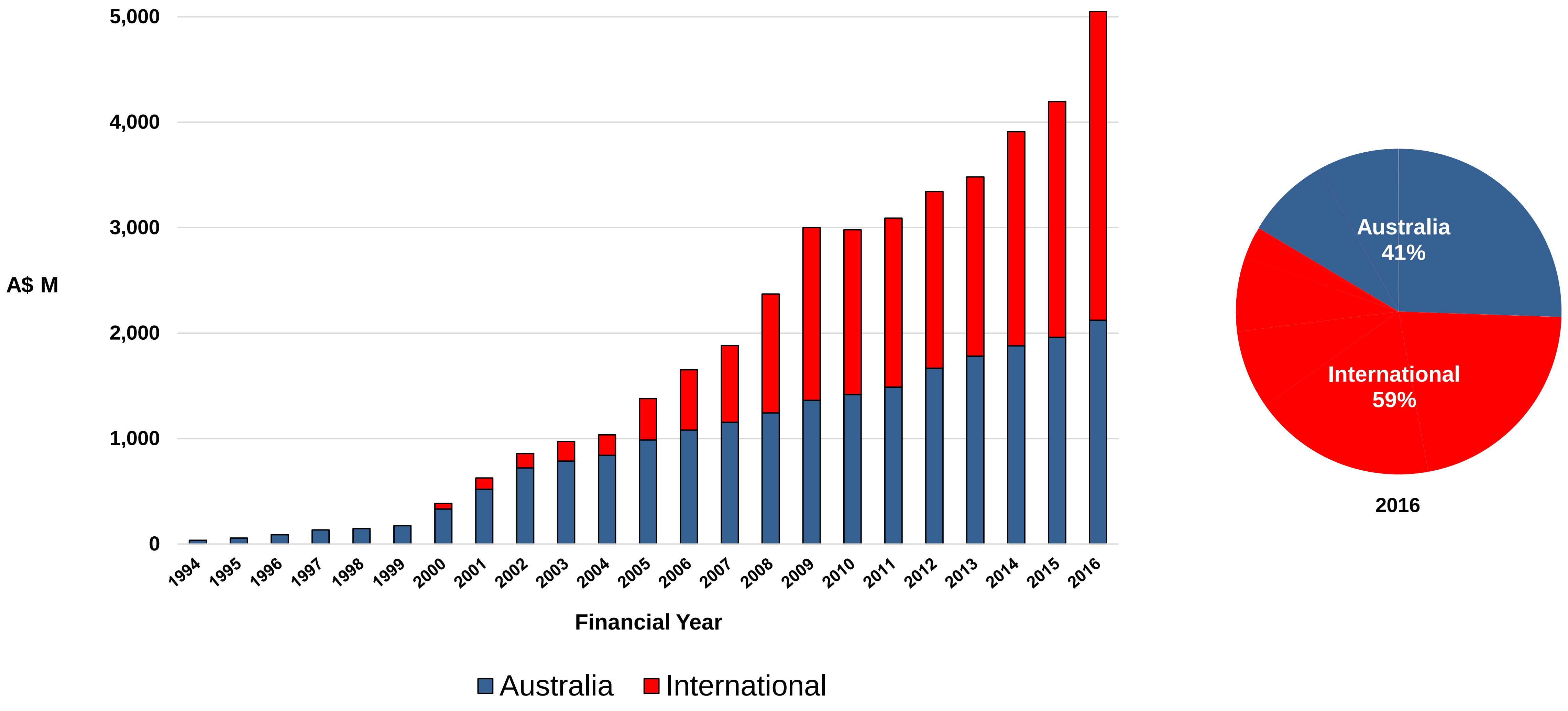
FY ‘16 Revenue Split



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

- Statutory revenue in A$ M
- Revenue excludes non-recurring gain ($35 M) and interest income ($4 M)

Revenue



5,000
4,000
3,000
2,000
1,000
0
A$ M
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1996
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1998
1999
2000
2001
2002
2003
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2006
2007
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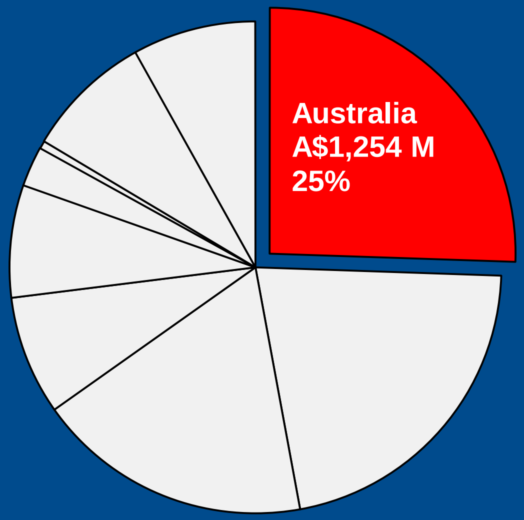
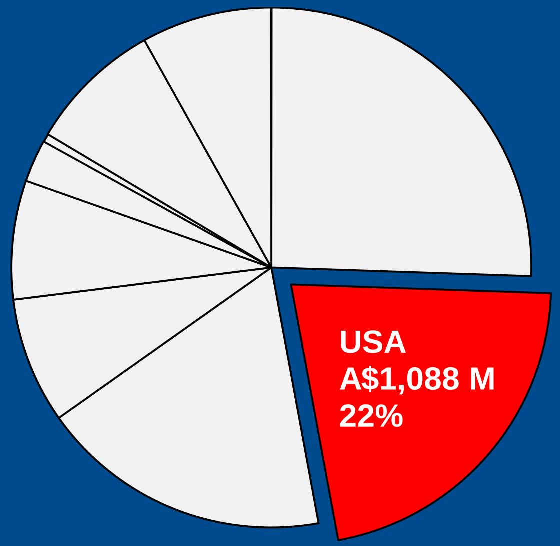
2009
2010
2011
2012
2013
2014
2015
2016
Financial Year
Australia
41%
International
59%
2016
Australia
International

Australian Pathology



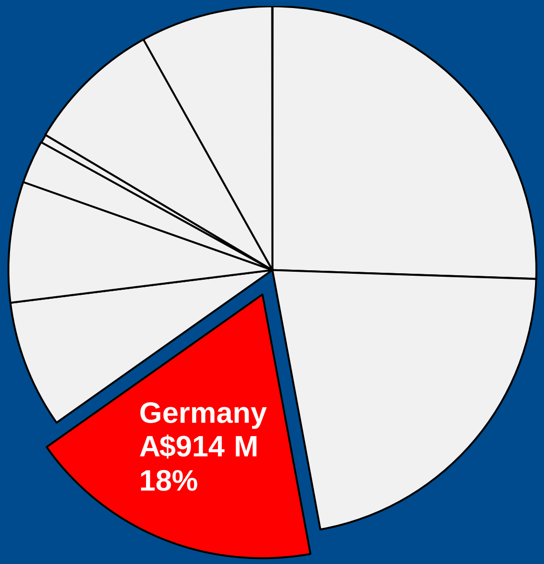
- Revenue
  - 6% growth, 4% organic, in line with Medicare market growth
  - APP (Adelaide) acquisition (December 2015) fully integrated
- Earnings
  - Negative earnings growth in FY ‘16
  - Impact of specimen collection infrastructure costs and Nov ‘14 Medicare fee cuts
  - H2 earnings substantially stronger than H1, mainly due to cost control and APP acquisition
  - Synergy and efficiency initiatives ongoing
- Regulatory Update
  - Government progressing with reform announced 13 May 2016 to clarify definition of collection centre market rent
  - Previously announced Medicare fee cuts delayed until rent reform measures implemented
- Sonic #1 player, organic growth and contract opportunities



USA

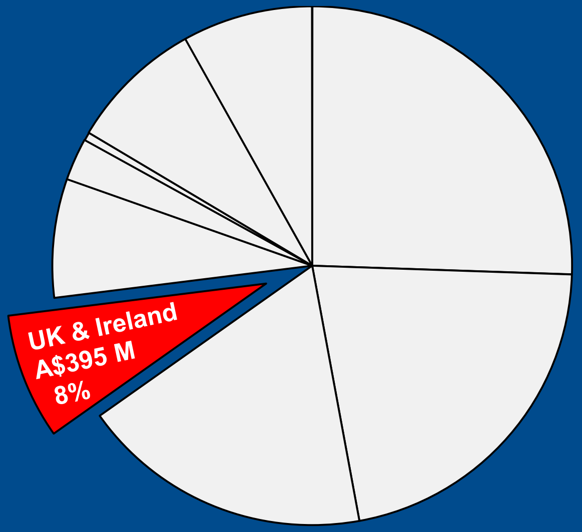
- Revenue
  - 2% organic growth (constant currency)
  - 17% growth in A$ (statutory)
  - Growth variable between divisions: >6% growth at CPL (Texas, Sonic's largest US lab), negative growth at restructured CBLPath (yet strong earnings growth)
- Operational highlights
  - Mid-Atlantic division successfully integrated into Northeast division
  - New chemistry/immunology platform rollout following national tender
  - Numerous revenue and efficiency initiatives in train
- Regulatory environment
  - Proposed US Medicare fee adjustments ("PAMA") postponed to January 2018 (potentially impacting ~20% of Sonic's total US revenue)
- Sonic a leading player, market fragmented, organic growth, acquisition and contract opportunities

Germany

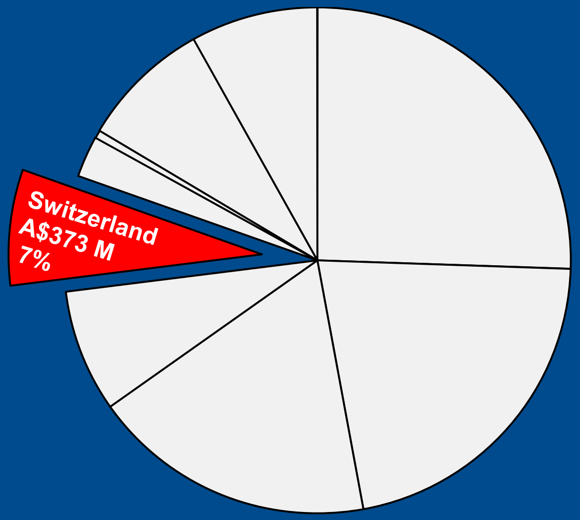


- Revenue
  - 7% growth, 6% organic (constant currency), well above market growth
  - 14% growth in A$ (statutory)
- Operational highlights
  - Market share gains in all segments due to quality and service excellence
  - Leading position in human genetics / next-generation sequencing (NGS)
- Regulatory environment
  - Private fee schedule (GOÄ) reform curtailed for the medium term
  - EBM fee quota to remain unchanged at least to end of calendar year
- Sonic #1 player, market fragmented, organic growth, acquisition and contract opportunities

UK

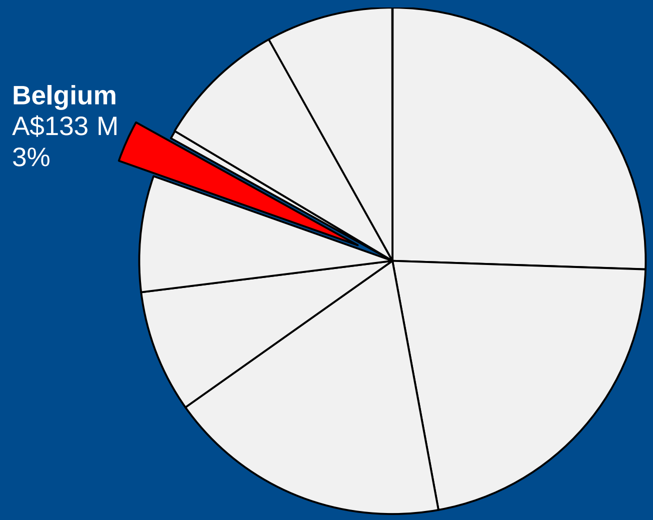


- Revenue
  - 46% organic growth (constant currency)
  - 57% growth in A$ (statutory)
  - Private sector revenue growth 8% (organic)
- Operational highlights
  - Health Services Laboratories (HSL) joint venture with UCLH and Royal Free (commenced 1 April 2015) performing ahead of expectations
  - New outsource contracts for HSL worth ~£5 million per annum won in FY ‘16
  - New central London lab (“Halo Building”) nearing completion
- Sonic #1 player, organic growth and contract opportunities



Switzerland

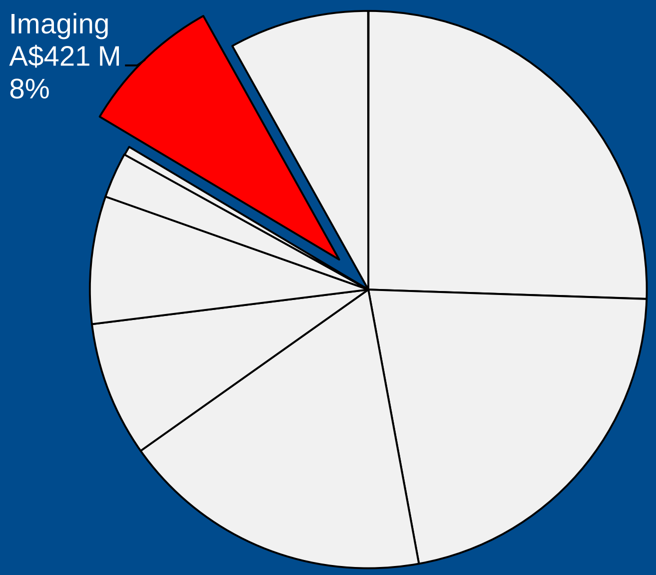
- Revenue
  - 205% growth, 9% organic (constant currency)
  - 237% growth in A$ (statutory)
- Operational highlights
  - Medisupport acquisition (July 2015) performing strongly
  - Medica business #1 in Zurich, ongoing strong performance
  - Leading provider of esoteric testing in Switzerland
  - Quality and service innovations driving growth
- Regulatory environment stable
- Sonic #1 player, market fragmented, organic growth, acquisition and contract opportunities



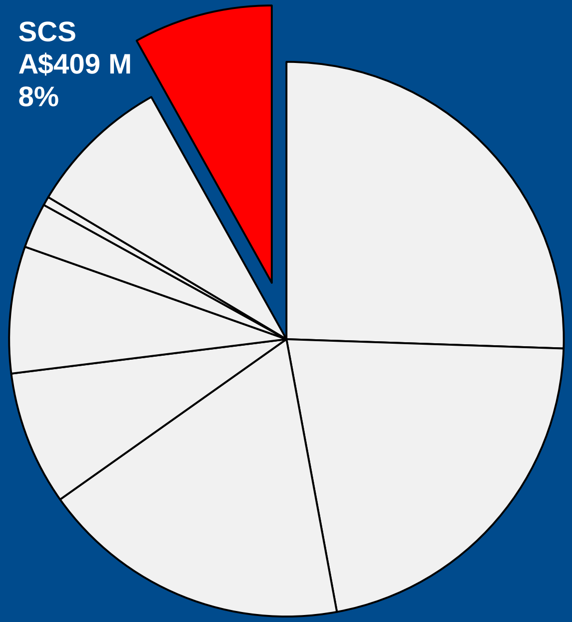
Belgium

- Revenue
  - 22% growth, 3% organic (constant currency)
  - 29% growth in A$ (statutory)
- Operational highlights
  - KLD acquisition (July 2015) – integration initiatives well advanced
  - Strong operational and financial performance
- Regulatory environment
  - ~4% fee reduction from April 2016, incorporated into FY ‘17 guidance
- Sonic #2 player, organic growth, market fragmented, acquisition and contract opportunities

Sonic Imaging



- Revenue
  - Full-year growth ~2% (H1 growth <1%, H2 growth >2%)
  - Market growth improving, yet still subdued
  - Expect underlying demand to return to historical growth levels
- Earnings
  - Full-year earnings growth negative, improving trend in H2
  - Expect positive earnings growth in FY ‘17
- Operational highlights
  - Commenced operations in two new Queensland hospitals
  - Continued revenue and cost initiatives in train
- Regulatory environment
  - Proposed Medicare fee cut delayed, discussions with Government ongoing
  - Government committed to fee indexation for radiology, in tandem with GP indexation resumption
- Sonic #2 player, organic growth and contract opportunities



Sonic Clinical Services (SCS)

- SCS includes medical centres and occupational health
  - Australia's largest primary care and occupational health provider
  - 240 centres and ~2,150 GPs
- Revenue and earnings
  - 13% revenue growth, including acquisitions
  - Medical centre revenue impacted by Australian Medicare fee indexation freeze
  - H2 earnings growth stronger than H1
- Operational highlights
  - Positive reputation driving strong GP recruitment and record-low GP churn
  - Leveraging unmatched infrastructure to play leading role in improving chronic disease management
- Markets fragmented, organic growth, acquisition and contract opportunities

Capital Management

		30 June '16	30 June '15
Net interest-bearing debt	A$ M	2,284	1,976
Equity	A$ M	3,733	3,326
Gearing ratio	%	38.0	37.3
Interest cover	X	11.5	10.8
Debt cover	X	2.6	2.7

- Increase in debt due to FX changes (~A$60 million) and acquisitions
- Opportune sale and lease-back of two properties to fine tune capital structure
- Available headroom at 30 June 2016 ~A$600 million

- 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

- Expect solid FY ‘17 earnings growth
- Ongoing growth supported by strong industry drivers: population growth and ageing, new tests, focus on preventative medicine and chronic disease management
- Progressive dividend policy
- Market leader in four major Western countries, strong position in all markets
- Active acquisition and contract pipeline
- Medical Leadership culture unifies company and provides competitive advantage
- Major infrastructure investment over past 5 years, including new state-of-the-art laboratory buildings, imaging practices and equipment platforms, creating future capacity and efficiencies
- Sonic Healthcare in strong and stable position, well positioned for future growth

SONIC HEALTHCARE

Thank you