



MEDIA RELEASE – 20 FEBRUARY, 2019

## FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### 1. Summary

- On track after seven months of trading to achieve full year earnings guidance issued in August 2018 (3-5% underlying EBITDA growth, constant currency).
- Full-year earnings guidance upgraded to 6-8% underlying EBITDA growth (constant currency) to incorporate Aurora Diagnostics acquisition.
- Underlying EBITDA growth: 7% (to A\$485 million) actual currency; 3.4% constant currency.
- Revenue growth of 9% to A\$2.9 billion.
- Solid organic revenue growth of ~4.5% (constant currency).
- Net profit growth of 7% to A\$223 million (growth adjusted for A\$20 million one-off tax gain in previous year).
- Earnings per share growth of 5% to 51.9 cents (growth adjusted for one-off tax gain in previous year).
- Cash generated from operations growth of 5% to A\$369 million (101% conversion of EBITDA to cash flow).
- Strong performance in US, Australian and Swiss laboratory operations.
- Strategic acquisition of Aurora Diagnostics (completed January 2019) to augment future growth, funded by well-supported A\$928 million equity raising.
- Progressive dividend policy maintained (increase of 1 cent (3.1%) to 33 cents for the FY 2019 Interim Dividend).

### 2. Commentary

Sonic Healthcare today reported a statutory net profit for the half year to 31 December 2018 of A\$223 million, on revenues of A\$2.9 billion.

Sonic's CEO, Dr Colin Goldschmidt, said: "Sonic Healthcare has performed well in the half-year, with our US, Swiss and Australian laboratory operations achieving particularly strong earnings growth. I am especially proud that the revenue of our US business grew 8% organically in the half, which we believe is well above market, driven in part by the success of our hospital laboratory joint ventures and early wins from our billing system enhancement project. We believe there is significant upside to come from both of these initiatives, and we are working on a number of additional potential hospital laboratory opportunities, as well as pursuing other avenues of organic and acquisitional growth.

We completed the acquisition of Aurora Diagnostics in January 2019, and to have added 32 anatomical pathology practices and 220 pathologists to our US operations is tremendously exciting. Sonic's global success to date has been driven by our Medical Leadership culture which, among other important tenets, recognises that pathologists are the natural leaders within laboratories. We look forward to working with Aurora's management and pathologists to grow and enrich both the anatomical pathology and clinical laboratory operations of our expanded US business. Our US business is now our largest globally, so its strong performance in the half year bodes well for Sonic's future.

Significant events occurring during the half year included the acquisition of the anatomical pathology practice Pathology Trier in Germany, and the formation of a laboratory joint venture with ProMedica Health System, Inc. in the mid-west of the US. These transactions will provide further benefits in future periods.

Sonic now has more than 900 pathologists globally, which I suspect comprises the largest pathologist group in the world.

The Sonic group as a whole achieved organic revenue growth of approximately 4.5% in the half year, close to our long term historical and expected average of around 5%. This was a pleasing outcome given specific headwinds in the half for certain markets, particularly Germany, our third largest market.

As is usual in Sonic, and an integral part of our culture, our local leadership teams continue to work tirelessly on a range of revenue growth and operational efficiency initiatives. Just two current examples of these are the contract bidding processes underway in our UK business which have the potential to secure additional revenues in excess of £100 million per annum, and the management and operational merger of our Bioscientia and Labdiagnostic businesses in Germany. It is the effort, innovation and passion of our leaders and staff that give me such optimism for the future of our company, and I take this opportunity to thank all 36,000 of Sonic's people, including our newest team members from Aurora, for the superb care they deliver to our patients and the high quality services they provide to our colleagues in the medical community."

**Dr Colin Goldschmidt**

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*For further information regarding the result, please refer to Dr Goldschmidt's PowerPoint Presentation and to Sonic's Appendix 4D Half Year Report, both of which will be posted on the Sonic Healthcare website by 10.00am, 20 February 2019 ([www.sonichealthcare.com](http://www.sonichealthcare.com)).*

**Forward-looking statements**

*This media release 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 media release 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.*