

**MEDIA RELEASE – 17 August 2023**

**FINANCIAL RESULTS FOR YEAR ENDED 30 JUNE 2023**

**1. Summary**

<b>A\$M (Statutory)</b>	<b>FY 2023</b>	<b>FY 2022</b>	<b>Change</b>
Base business revenue	<b>7,684</b>	6,912	11%
COVID-19 revenue	<b>485</b>	2,428	(80%)
Total Revenue	<b>8,169</b>	9,340	(13)%
EBITDA	<b>1,708</b>	2,830	(40)%
Net Profit	<b>685</b>	1,461	(53)%

- Revenue and earnings comparisons with FY 2022 impacted materially by the 80% reduction in COVID-19 related revenues (A\$485 million versus A\$2.4 billion).
- Base business revenue (ex-COVID testing) organic growth very strong at 7% versus FY 2022 (6% in H1, 9% in H2) and 13% versus FY 2019 (constant currency, per working day).
- 110% conversion of EBITDA to gross operating cash flow.
- Earnings per share up 19% versus FY 2019 (pre-pandemic).
- Progressive dividend policy maintained, increase of 2 cents (3.3%) to 62 cents per share (100% franked) for the FY 2023 Final Dividend, full-year dividend up 4% to A\$1.04 per share.
- Three synergistic European acquisitions announced during H2, total enterprise value ~A\$890 million.
- Currently progressing several new acquisition and contract opportunities.
- Balance sheet strength to fund future growth opportunities.
- FY 2024 earnings guidance: EBITDA for FY 2024 expected to be A\$1.7 – 1.8B, equating to up to 5% growth over FY 2023.

**2. Commentary**

Sonic Healthcare today reported a net profit for the year to 30 June 2023 of A\$685 million, on revenues of A\$8.2 billion.

Sonic's CEO, Dr Colin Goldschmidt, said: "Sonic Healthcare continues to transition from the high volume COVID-19 testing environment to business as usual. Whilst our headline numbers for the 2023 financial year show significantly lower revenue and earnings versus the prior year, this is the result of 80% less COVID-related revenue. Our earnings per share for the year were 19% higher than in the most recent pre-pandemic comparable period, FY 2019.

"Our base business revenue (excluding COVID services) grew 11% in total versus the prior year and organically by 7% on a like-for-like basis. Pleasingly, base business organic revenue growth gained momentum during the year, with 6% growth in the first half, and 9% in the second. Strong growth has continued into July 2023. Sonic's Medical Leadership culture, and related investments over decades in people and infrastructure, have optimally positioned Sonic's operations to be strong in the specialist and hospital referrer sub-markets, and to capitalise on the accelerating trend towards higher value tests and modalities in both laboratory medicine and radiology. In turn, this has driven market share growth.

“We have invested in the development and commercialisation of innovative testing capabilities, including genetic tests, such as ThyroSeq® and Oncotype DX®, microbiome testing, including our relationship with Microba, and others.

“In addition, Sonic has successfully positioned itself as a trusted partner for government organisations, hospital groups, and other healthcare providers to provide outsourced or joint venture laboratory services. As a very recent example of this, Sonic has been chosen as the only private laboratory organisation to provide genetic testing for the ProSPeCT project, a landmark new national cancer genomic profiling study in Australia, to enable clinical trials for new cancer therapies. We are also close to finalisation of the 15-year contract to provide laboratory services for the Hertfordshire and West Essex ICS Pathology Transformation Procurement, a major UK NHS laboratory outsourcing. We continue to explore other contract opportunities in the UK and more broadly.

“Synergistic acquisitions are an ongoing part of our strategy to consolidate fragmented laboratory and radiology markets, and we have recently announced three highly attractive acquisitions. The Diagnosticum Laboratory Group and Medical Laboratories Duesseldorf are superb additions to our German laboratory operations. Both are high-quality, well-respected labs, with strong cultural alignment with Sonic, and complementary footprints with our existing operations. The acquisition of Synlab Suisse significantly adds to Sonic’s market leading position in Switzerland, and provides the opportunity for substantial rationalisation and synergies.

“In the post-pandemic environment, our management teams around the globe are focused on base business organic growth and margin improvement. We have locked in major initiatives in our businesses to promote earnings growth over coming years, including adjusting our workforce to match the vastly reduced COVID-related revenues.

“Sonic expects that the use of artificial intelligence in pathology and radiology will cause step-changes in efficiency, quality, and capacity in coming years, and we are investing in IT and infrastructure, including for digital pathology, to unlock these material upsides. Our Franklin.ai joint venture is nearing completion of its first AI product, with validation studies and field trials to commence in early 2024. Harrison.ai, in which Sonic has a 20% interest, continues to progress its radiology AI joint venture and Sonic is already using their chest X-ray product throughout our radiology operations, whilst the second product, for CT brain, is currently being evaluated by our practices.

“Sonic views sustainability as an integral part of our business strategy, and we continue to invest in our sustainability initiatives to achieve the goals we have established. A detailed update on our progress will be provided in our 2023 Sustainability Report, due to be released in November 2023.

“Sonic’s 41,000 staff around the world are united and energised by our unique Medical Leadership culture, which we describe as The Sonic Difference. I am inspired every day by the talent, dedication and deep expertise of our managers, pathologist, radiologists and staff, and I offer each of them my sincere thanks for everything they do to provide the outstanding services on which Sonic’s reputation depends.”

**Dr Colin Goldschmidt**

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This announcement has been authorised by the Board of Directors of Sonic Healthcare Limited – please refer to the contact details above.

For further information regarding the result, please refer to Dr Goldschmidt's PowerPoint Presentation and to Sonic's FY 2023 Appendix 4E Preliminary Final Report, both of which will be posted on the Sonic Healthcare website by 9.00am, 17 August 2023 ([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, or 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.*