

**MEDIA RELEASE – 16 FEBRUARY 2023**
**FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022**
**1. Summary**

<b>A\$M (Statutory)</b>	<b>H1 FY 2023</b>	<b>Change vs H1 FY 2022</b>	<b>Change vs H1 FY 2020 (pre-pandemic)</b>
Base business revenue	<b>3,703</b>	9%	11%
COVID-19 revenue	<b>379</b>	(72)%	n/a
Total Revenue	<b>4,082</b>	(14)%	22%
EBITDA	<b>920</b>	(40)%	33%
Net Profit	<b>382</b>	(54)%	50%
Cash generated from operations	<b>785</b>	(25)%	47%
Earnings per share (A\$ cents)	<b>80.9</b>	(53)%	52%

- Comparison with H1 FY 2022 impacted by reduction in COVID-19 related revenues (A\$379 million versus A\$1.3 billion in prior period).
- Earnings per share up 52% versus H1 FY 2020 (pre-pandemic).
- Base business revenue (ex-COVID testing) organic growth of 6% versus H1 FY 2022 and 8% versus H1 FY 2020 (constant currency, per working day). Growth gaining momentum with January 2023 versus January 2020 revenue up 10%, particularly strong in Australian Pathology division.
- Base business margins in line with pre-pandemic levels.
- Currently progressing several acquisition and contract opportunities.
- Gearing level close to historic lows, with ~A\$1.5 billion of available liquidity, well positioned to fund growth.
- Progressive dividend policy maintained, increase of 2 cents (5%) to 42 cents (100% franked) for the FY 2023 Interim Dividend.

**2. Commentary**

Sonic Healthcare today reported a net profit for the half-year to 31 December 2022 of A\$382 million, on revenues of A\$4.1 billion.

Sonic's CEO, Dr Colin Goldschmidt, said: "At face value, Sonic Healthcare's result for the half-year shows declining revenue and earnings as a result of a dramatic reduction in revenue from COVID-19 related services against the same period in the prior year. Taking a longer-term view, our net profit for the half-year is an amazing 50% higher than in the most recent pre-pandemic comparable period, being H1 FY 2020.

"The reduction in COVID related revenues also tends to mask the performance of our base business, which remains strong and is gaining further momentum. Base business revenue grew 6% organically versus H1 FY 2022 and 8% versus H1 FY 2020. For the month of January 2023 base business organic growth for the group was 10% versus January 2020. I am particularly pleased with the growth momentum of our Australian Pathology business, where growth in January was 16% versus January 2020. Comparing our own Australian base business Medicare billings to the national Medicare data over the last decade shows that Sonic has been consistently growing market share organically.

“Organic revenue growth continues to be a core focus and strategy for all of Sonic’s businesses, leveraging our Medical Leadership culture to drive market share growth, especially in the specialist and hospital referrer sub-markets. We are well-positioned to capitalise on the accelerating trend towards higher value tests and modalities in both laboratory medicine and radiology. We expect ongoing strong growth in genetic testing, including prenatal tests, and through exclusive or limited provider tests such as ThyroSeq®, Oncotype DX®, microbiome testing and others. Our base business organic growth is assisted by strong underlying industry drivers and is expected to be enhanced by post-pandemic catch-up testing.

“A further plank to our organic growth strategy is to participate in the growing trend for hospitals and other healthcare providers to outsource or joint venture laboratory services. Sonic has a successful track record in this space and we are currently pursuing several contract opportunities, including having been awarded preferred bidder status for the Hertfordshire and West Essex ICS Pathology Transformation Procurement, a large 15-year UK NHS laboratory contract.

“Enhancing our organic revenue growth, synergistic acquisitions (mainly ProPath and Canberra Imaging in the prior year) added approximately 3% to our base business revenue in the half-year. We are currently progressing additional acquisition opportunities to add to future growth.

“With the reduction in COVID revenues and the current global inflationary environment, cost management is even more of a focus than is usual. Sonic’s base business margins remain strong and in line with pre-pandemic levels and we continue to focus on automation and other efficiency gains, as well as on procurement savings. During the half-year Sonic’s operations intentionally maintained COVID testing capacity in case of new waves/strains. Costs are being wound down to reflect recent COVID volume levels, including through reductions in overtime, casual and contractor hours.

“Sonic’s joint venture with Harrison.ai, called Franklin.ai, to develop best-in-class AI diagnostic solutions for pathology, has been progressing at pace, leveraging the powerful synergy between the Sonic and Franklin teams. Critical milestones have been achieved along the path to the release of the first histopathology solution within the next 18 months. Sonic intends to use Franklin products in-house to enhance efficiency and quality in our global operations, whilst Franklin’s strategy is to sell its AI products into global markets following regulatory approvals.

“Sonic’s 2022 Sustainability Report, released in November 2022, sets out the company’s sustainability governance structure, material sustainability topics, key goals (including our net zero strategy), and key achievements to date. We continue to progress our sustainability initiatives across our operations.

“Having played a major role in combating the COVID-19 pandemic for our communities over the last three years, Sonic Healthcare’s more than 40,000 staff have proven their resilience, and the value of Sonic’s culture, people and infrastructure. With the worst of the pandemic seemingly now behind us, we look forward to continuing to provide world-leading medical diagnostic services to our patients and their physicians. I would like to offer my sincere admiration and thanks to our staff for the outstanding services they provide, and for their dedication and loyalty.”

**Dr Colin Goldschmidt**

Chief Executive Officer / Managing Director

Sonic Healthcare Limited

Ph.: (02) 9855 5333

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 H1 FY 2023 Appendix 4D Half Year Report, both of which will be posted on the Sonic Healthcare website by 9.00am, 16 February 2023 ([www.sonichealthcare.com](http://www.sonichealthcare.com)).

**Forward-looking statements**

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