

## 2020 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Ladies and gentlemen,

The 2020 financial year was perhaps the most challenging in the history of Sonic Healthcare. For the first eight and a half months, the company was performing strongly, at least to our expectations, but in mid-March the COVID-19 pandemic began to have a major impact on our communities, and consequentially on our patient volumes and revenues. The response of Sonic’s people to the many and varied challenges posed by COVID-19 was, and continues to be, superb, and will live long in my memory. I believe all of us, as shareholders, can be immensely proud to be owners of this company.

You have heard us speak on many occasions of the paramount importance of Sonic’s Medical Leadership culture, but never has there been more obvious evidence of this than over the last eight months. The way that Sonic’s Medical Leaders, all of our staff, have stood up and provided guidance, inspiration, innovation and determination, not just within the company, but with various levels of government, healthcare organisations and many other healthcare stakeholders within our markets has been simply stunning. It provided a stark example of how Sonic is a trusted partner with governments and other healthcare organisations and agencies, recognising our high quality, highly professional service and agility – the products of strong culture and long term investment in building our impeccable reputation for the services and care we deliver. Another point to note about commitment of Sonic’s people was the willingness of Sonic’s Board, managers, doctors and other staff to take voluntary pay cuts, reduce hours, take leave or assist the company in other ways when the outlook was at its darkest is sure testament to the strength of our culture. Fortunately we have since been able to repay and modestly reward our staff for their sacrifice and loyalty.

Sonic reported a net profit of \$528 million for the 2020 financial year. Revenue increased 10% to \$6.8 billion. The strength of our balance sheet going into the pandemic and the recovery we saw in our base businesses enabled us to continue our progressive dividend policy, with a modest 1.2% increase, to 85 cents, in total dividends per share for the full year.

Strong cash generation in the financial year produced a reduction in net interest bearing debt of \$277 million, after payments for acquisitions and dividends, resulting in Sonic’s gearing at 30 June 2020 being well below our long-term average. The ratio of Net Debt to EBITDA was at the lowest level in 20 years, a robust position to be in during uncertain times. As you would assume based on the September quarter trading update we provided to the market a few weeks ago, our debt metrics are even more favourable at present, providing a solid foundation for the company’s ongoing operations and future growth.

As part of planning for Sonic’s future, the development, renewal and diversity of the Sonic Board continue to be important considerations. We were delighted that Professor Suzanne Crowe AO joined the Board as an independent, Non-executive Director with effect from 6 April 2020. Suzanne is up for election today and you will have an opportunity to hear from her and to ask her questions shortly. Suzanne is a Fellow of the Royal Australasian College of Physicians, and you will be comforted to know that she is a specialist in infectious diseases, a distinguished scientist and medical researcher. Suzanne’s insights into the COVID-19 pandemic provided immediate value to the Board and the company. Suzanne’s appointment was consistent with our ongoing belief in the importance of having doctors on our Board as a key element of Sonic’s Medical Leadership culture and strategy.

The other recent change to the Board related to Dr Philip Dubois, who retired from his executive position with the company in June 2020 and is therefore now considered a Non-executive Director. Philip has previously advised that he will retire from the Sonic Board by the end of his current three-year term (in November 2022).

Sonic's Board now comprises seven Non-executive Directors, six of whom are considered independent, and two executive Directors, being the Chief Executive Officer and the Chief Financial Officer. The Board includes a pathologist, a radiologist, a medical specialist and a registered general medical practitioner, in keeping with our Medical Leadership culture.

Last year, the Sonic Board set a target to reach at least 30% female representation on our Board within two years. We achieved this target with Professor Crowe's appointment, with female membership on our Board now at 33%, up from 25% previously.

As noted at last year's AGM, Neville Mitchell was selected by the Board to be Chairman of our Audit Committee from 1 October 2019, succeeding Lou Panaccio, who retired from the Chair position he held for almost 10 years. Lou remains on the Committee, working closely with Neville to ensure a seamless transition.

I note that the 2020 edition of Sonic's Corporate Responsibility Report is now available on Sonic's website. This document is a terrific summary of what Sonic Healthcare is all about, and I highly recommend that shareholders take time to read it. It describes how we care for our people, the environment, and for both our own communities and communities in dire need. This year's report includes a special section on Sonic's amazing response to the COVID-19 pandemic.

Sonic's standing as a socially responsible company continues to be evidenced by our inclusion in the FTSE4Good Index Series. Sonic has now also been included in the FTSE4Good Australia 30 Index. Sonic is independently assessed against stringent environmental, social and governance practices and is one of 30 Australian companies included in this Index. We continue to invest resources to improve our performance and reporting in these important areas.

In closing, I take this opportunity to thank my fellow Directors – all of who also stood up brilliantly with the rest of the company to face the COVID crisis; Sonic's Chief Executive Dr Colin Goldschmidt and the outstanding leadership teams around the world, and our almost 37,000 staff for the courage, dedication, expertise, and flexibility they have shown this year. Thanks to their efforts, our response to the COVID-19 pandemic has reinforced Sonic's role as a leading health care provider in the markets in which we operate.

Thank you to you, Sonic's shareholders, for your continued interest in and support of the company and the Board.

**Professor Mark Compton AM**

12 November 2020

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This announcement has been authorised by Sonic's Company Secretary, whose contact details for further information are as follows:

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