

24 August 2022

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam

CEO PRESENTATION – FULL YEAR RESULTS TO 30 JUNE 2022

At 10.00am AEST today, Dr Colin Goldschmidt, Chief Executive Officer, will host a presentation of Sonic Healthcare's results for the full year ended 30 June 2022. The slides for that presentation are enclosed.

The release of this announcement was authorised by the Board of Sonic Healthcare Limited.

Yours faithfully
Sonic Healthcare Limited



Paul Alexander
Company Secretary



SONIC
HEALTHCARE

Financial and Operational Review

Year ended 30 June 2022

Colin Goldschmidt
CEO, Sonic Healthcare
24 August 2022

Forward-looking Statements

This presentation 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, unexpected growth in costs and expenses and the progress of the COVID-19 pandemic. The statements being made in this presentation 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. The information provided in this presentation is based on and should be read in conjunction with the Appendix 4E released to the ASX on 24 August 2022 and may include earnings figures restated on a "constant currency" basis.



Headlines

- Record revenue and earnings for FY 2022
 - Revenue A\$9.3 billion, up 7%
 - EBITDA A\$2.8 billion, up 11%
 - Net profit A\$1.5 billion, up 11%
- Growth
 - 7% revenue growth comprising COVID testing 3%, base business 2% and acquisitions 2%
 - Organic revenue growth 5%
 - Acquisitions: A\$628 million invested in year, pursuing further opportunities
 - Profit growth reflecting strong operating leverage
- Dividends
 - Full-year dividend A\$1.00 (up 10%), final dividend \$0.60 (up 9%) fully franked
 - Progressive dividend strategy maintained
- Capital management
 - Gearing at record low level, no current exposure to interest rate increases
 - Available liquidity ~A\$1.6 billion
 - On-market share buy-back of up to A\$500 million ongoing, A\$294 million completed



Financial Summary

A\$ million (Actual Currency)	FY 2022	FY 2021	Growth
Revenue	9,340	8,754	7%
EBITDA	2,830	2,560	11%
Net profit	1,461	1,315	11%
Cash generated from operations	2,226	2,043	9%

- Revenue and earnings

- Strong result a function of solid base business growth combined with ongoing COVID testing in all countries of operation
- Contribution from acquisitions during the year

- Cash generation

- Strong growth in cash generation reflecting earnings growth
- 95% conversion of EBITDA to gross operating cash flow*
- EBITDA to cash conversion impacted by temporary movements in working capital (refer Appendix 4E for detailed commentary)

*** Gross operating cash flow:**

Net cash inflow from operating activities before interest and tax (refer Cash Flow in Appendix 4E)

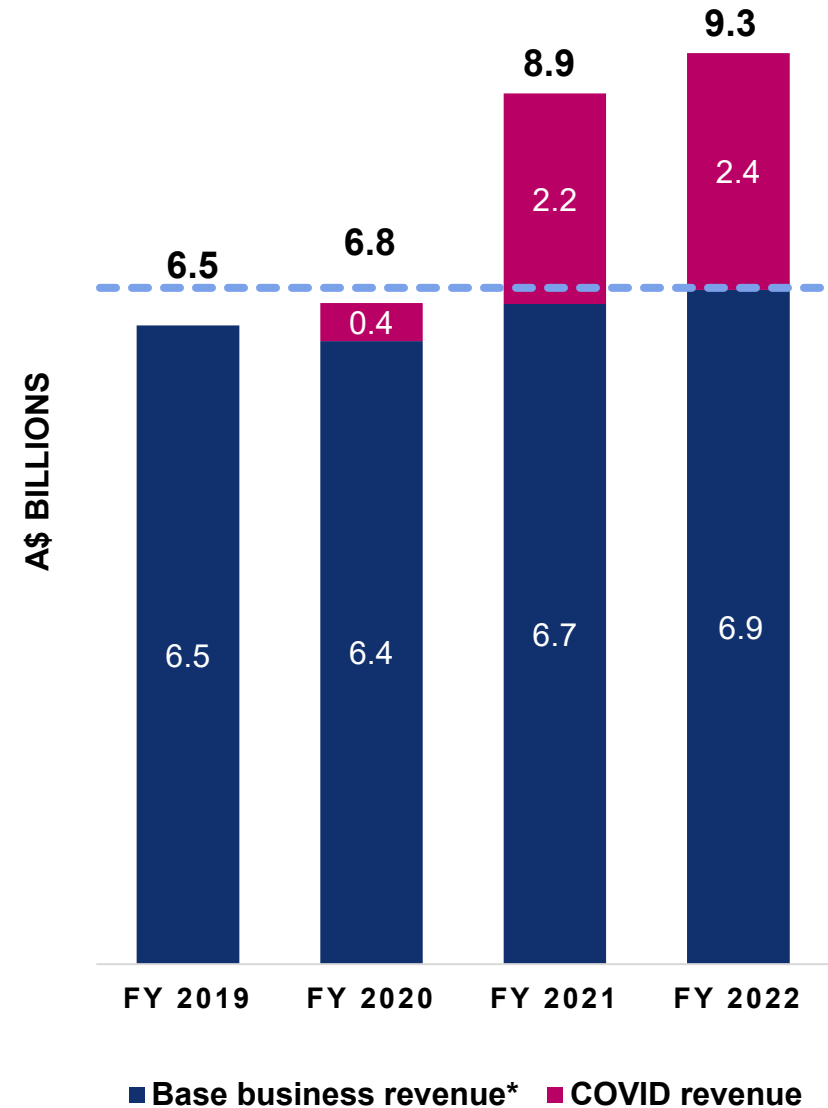


FY 2022 Revenue

- Total revenue
 - 7% growth on FY 2021
 - Organic (constant currency) growth 5%
- Base business revenue*
 - 2.1% organic growth on FY 2021
 - 5.5% organic growth on FY 2019 (pre-pandemic)
- COVID revenue
 - 13% growth on FY 2021 (constant currency) to A\$2.4 billion
- Over 55 million COVID PCR tests performed March 2020 to date
- Sonic's revenue growth benefits from geographical and business line diversification

*** Base business revenue**

- Total revenue excluding COVID revenue
- FY 2019, 2020, 2021 base business revenues normalised for:
 - Currency exchange rates
 - Acquisitions/disposals of businesses



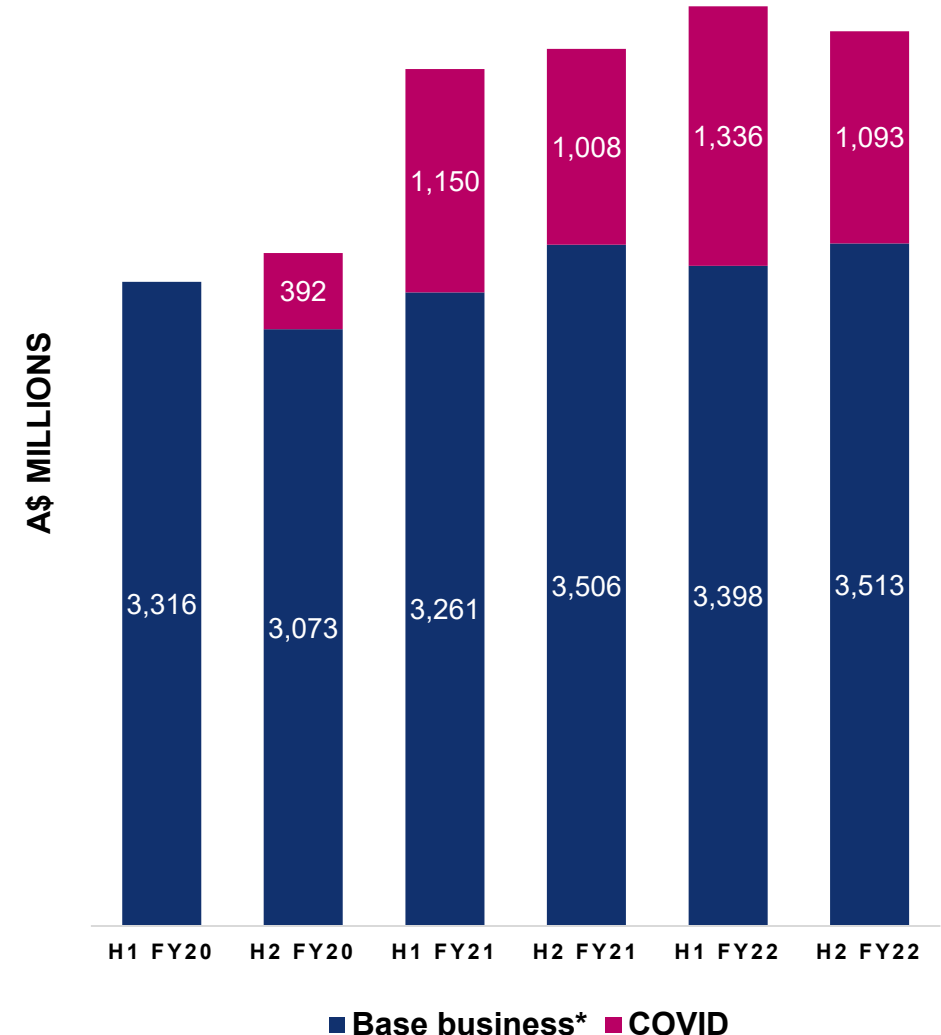
Base Business Revenue

- H2 FY 2022 base business revenue at record level
- H2 vs H1 FY 2022: 3.4% base business growth
- H2 FY 2022 vs H2 FY 2021: base business growth despite Omicron wave in H2 FY 2022, which drove 8% growth in COVID revenue
- Underlying industry growth drivers remain strong, including ageing and growing populations, preventative medicine and new tests
- Sonic's Medical Leadership culture, together with strong market positions in multiple countries, provide competitive advantage

*** Base business revenue**

- Total revenue excluding COVID revenue
- FY 2020 and FY 2021 base business revenues normalised for:
 - Currency exchange rates
 - Acquisitions/disposals of businesses

Half Year Revenue

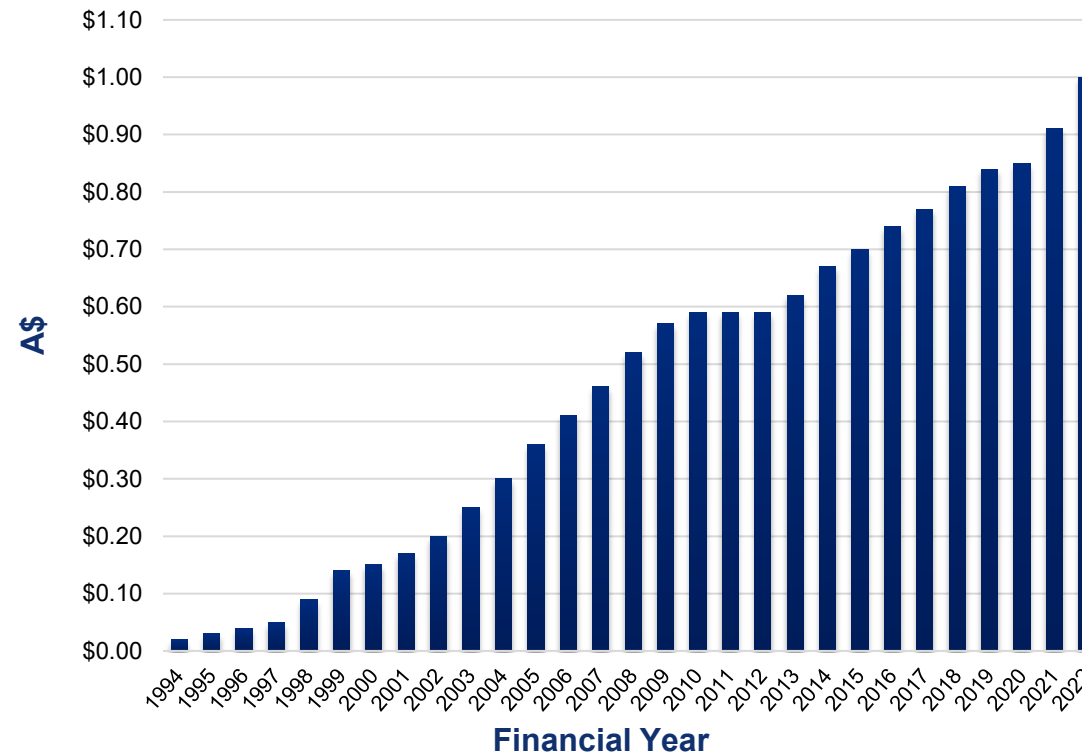


Dividends

A\$	FY 2022	FY 2021	Growth
Interim Dividend	\$0.40	\$0.36	11%
Final Dividend	\$0.60	\$0.55	9%
Total Dividends	\$1.00	\$0.91	10%

- Progressive dividend strategy maintained
- FY 2022 dividends franked to 100%
- Final dividend Record Date 7 September 2022
- Payment Date 21 September 2022
- Dividend Reinvestment Plan remains suspended

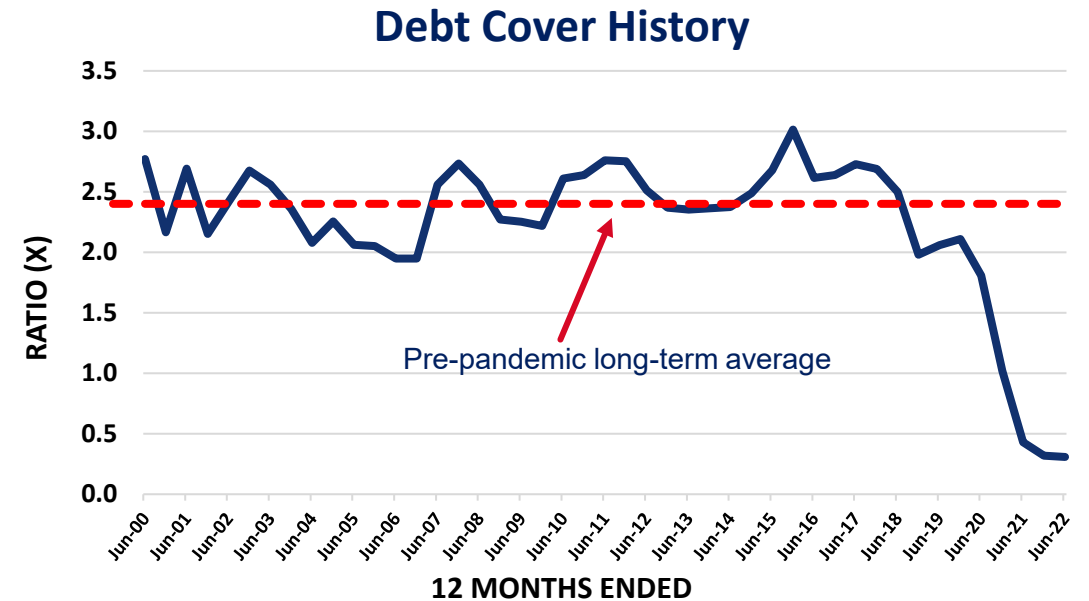
Dividend History



Capital Management

		30 June 2022	30 June 2021
Net interest-bearing debt	A\$M	812	940
Equity	A\$M	7,428	6,504
Debt cover	X	0.3	0.4
Gearing ratio	%	9.7	12.5
Interest cover	X	47.3	33.8

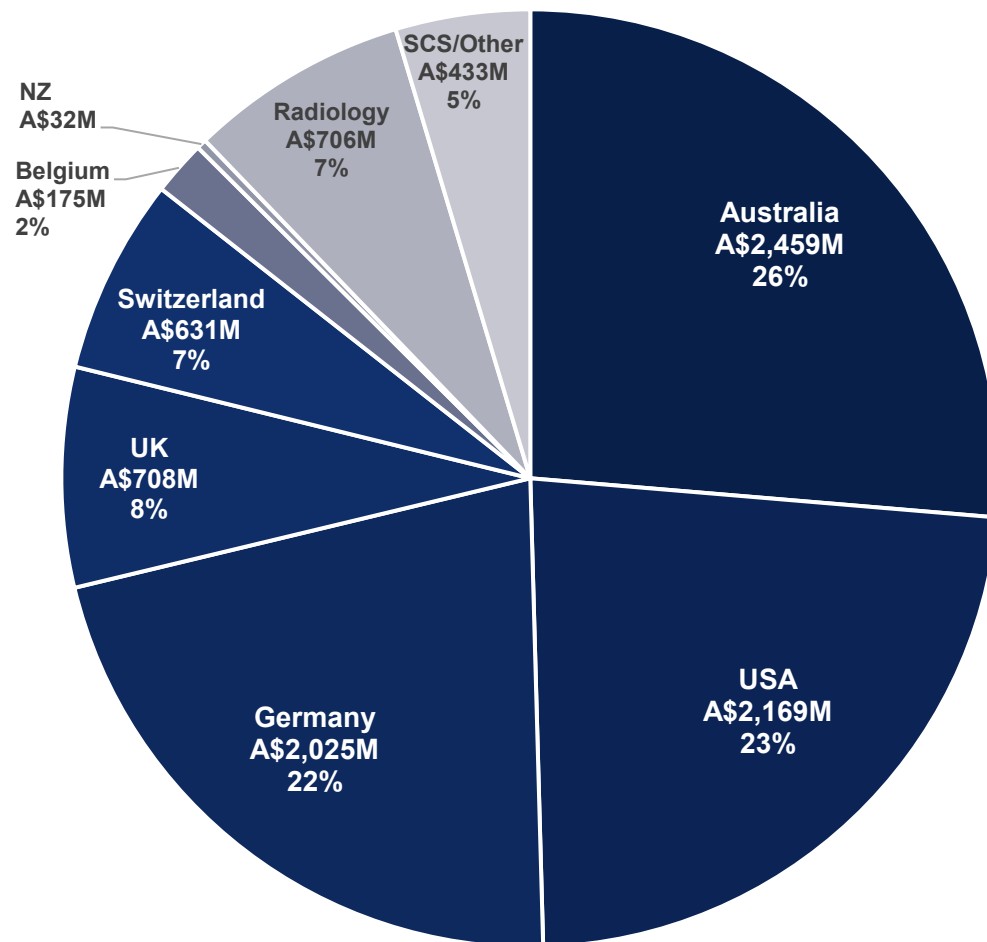
- No current exposure to interest rate movements, bank debt fully repaid, remaining debt in long-term fixed rate notes
- Gearing at record low level
- Decrease in net debt driven by strong operating cash flow, offset by acquisitions and share buy-back
- On-market share buy-back of up to A\$500 million ongoing, A\$294 million completed
- Current available headroom ~A\$1.6 billion (pre-final dividend)
- Well placed for ongoing acquisitional growth



- Debt cover = Net debt / EBITDA (covenant limit <3.5)
- Gearing ratio = Net debt / Net debt + equity (covenant limit <55%)
- Interest cover = EBITA / Net interest expense (covenant limit >3.25)
- Formulas as per facility definitions, which exclude impacts of AASB 16



FY 2022 Revenue Split



Revenue in A\$ millions

Total Revenue A\$9,340 million (including A\$2 million interest)

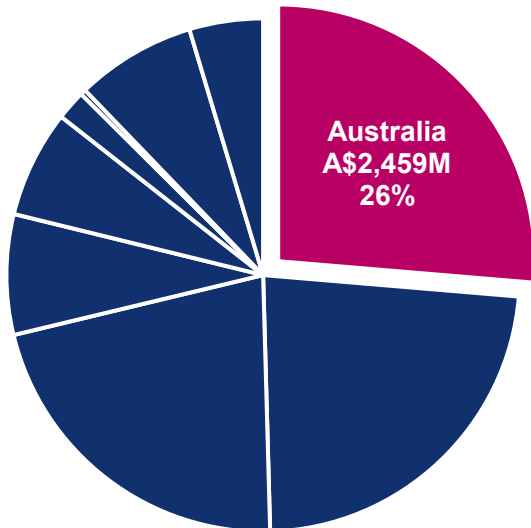
SCS / Other = Sonic Clinical Services (IPN Medical Centres, Sonic HealthPlus, other clinical service entities) and other minor operations



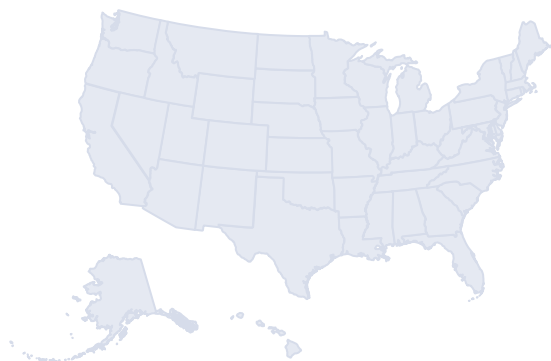
Australian Pathology



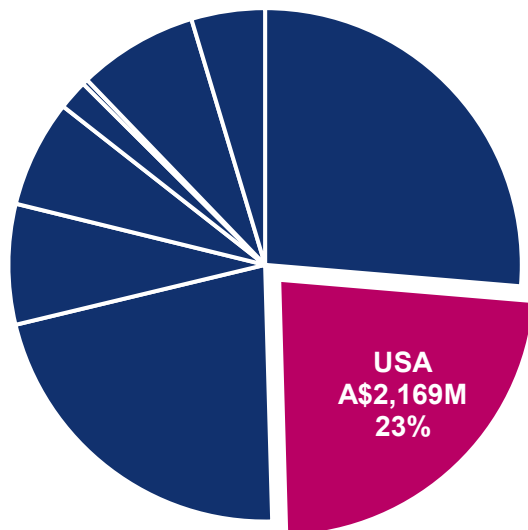
- FY 2022 revenue
 - Total revenue growth 24%
 - COVID revenue growth 143%
 - Base business organic revenue down 1% vs FY 2021, reflecting effects of pandemic
 - Base business organic revenue growth 11% vs FY 2019 (pre-pandemic)
- Operations
 - Contract to provide COVID PCR testing across 3,000 aged care facilities for Federal Government extended at least to end September 2022
 - Ongoing expansion of genomic testing capabilities and national marketing of Sonic Genetics
 - Rollout of GLP total laboratory automation across all Australian laboratories complete
 - Major construction commenced to expand Sullivan Nicolaides Pathology's Brisbane laboratory to accommodate strong recent and future growth



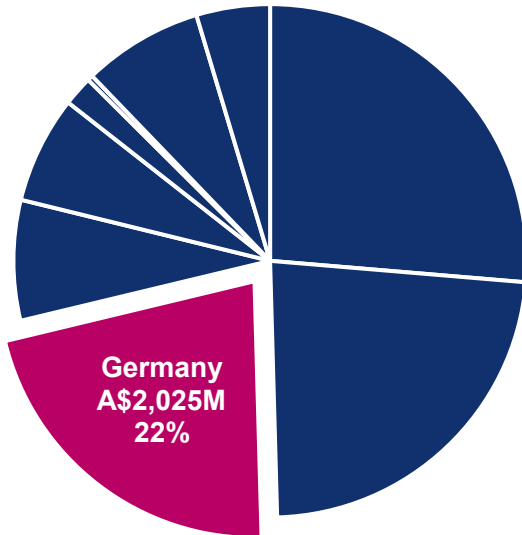
USA



- **FY 2022 revenue (constant currency)**
 - Total revenue down 6%
 - Base business organic revenue growth 2%
 - COVID revenue down 38%
- **Operations**
 - ProPath acquisition completed December 2021, integration proceeding to plan
 - ThyroSeq (exclusive thyroid cancer genomic test) revenue continuing to grow strongly
 - Significant ongoing labour productivity gains over pre-pandemic levels
 - Draft legislation to delay and reduce PAMA cuts to Medicare fee schedule gaining support
 - Sonic appointed as one of five US laboratory companies approved for monkeypox testing, launched July 2022 at Sonic Reference Laboratory (Austin, TX)



Germany



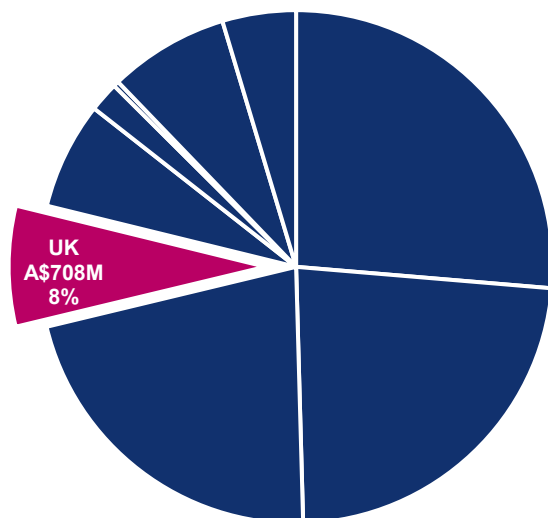
- FY 2022 revenue (constant currency)
 - Total revenue growth 5%
 - Base business organic revenue growth 3%
 - COVID revenue growth 9%
- Operations
 - National program for whole genome sequencing for COVID variants extended until at least July 2023, > 140,000 sequences performed by Sonic to date
 - New laboratories being built in Hamburg and Munich to merge existing facilities in both locations, creating efficiencies and providing capacity for future growth
 - Oncotype DX[®] breast cancer gene expression test volumes growing rapidly, Sonic the exclusive provider in Germany and only testing lab in Europe



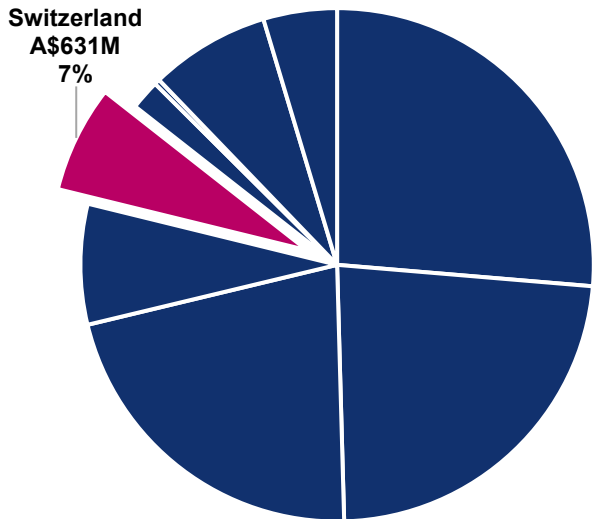
UK



- FY 2022 revenue (constant currency)
 - Total revenue growth flat
 - Strong base business organic growth of 24%
 - COVID revenue down 41%
- Operations
 - Significant increase in private sector GP referrals, a result of patient demand for private services
 - Cleveland Clinic London laboratory successfully opened 29 March 2022, current activity exceeding expectations
 - Contracts to provide private hospital laboratory services to Ramsay Health Care and Circle Health (previously BMI) extended for 5 years
 - Strong NHS-sourced base business growth with resumption of normal NHS hospital activity
 - NHS COVID surge laboratory contract concluded March 2022, other NHS and private sector COVID testing ongoing
 - Pursuing further NHS contract opportunities



Switzerland



- FY 2022 revenue (constant currency)

- Total revenue growth 8%
- Base business organic revenue growth 5%
- COVID revenue growth 27%

- Operations

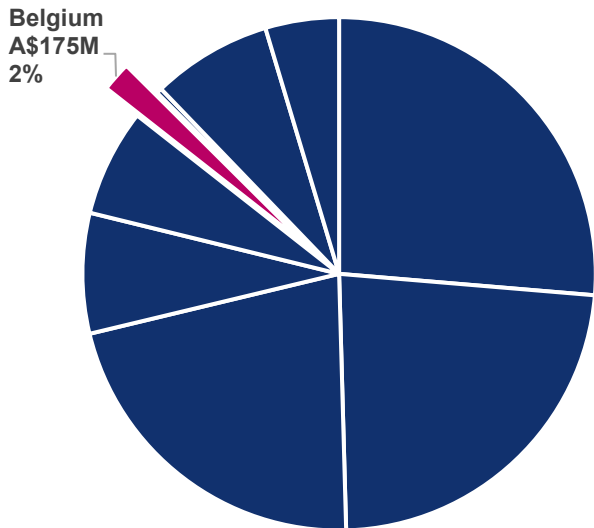
- New CEO appointed for Sonic's Zurich operations (Medica) following passing of founder CEO Dr Franz Kaeppli, seamless internal succession achieved
- 10% reduction to national fee schedule from 1 August 2022, impacting Sonic's Swiss revenue by ~7% per annum
- Strong base business volume growth (including market share gains) and efficiency initiatives to temper impact of fee cut



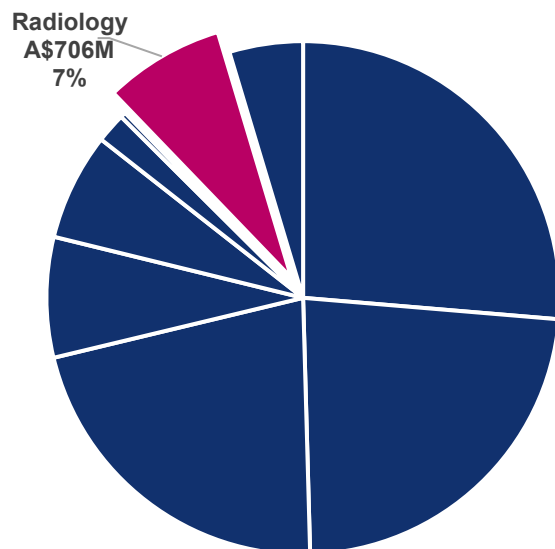
Belgium



- FY 2022 revenue (constant currency)
 - Total revenue down 4%
 - Full-year base business revenue growth flat, growth returned in H2
 - COVID revenue down 13%
- Operations
 - New CEO appointed for Sonic Healthcare Benelux following retirement of founder CEO Geert Salembier, who has assumed a non-executive Chair role, seamless internal succession achieved
 - Installation of new generation total laboratory automation system proceeding smoothly



Radiology



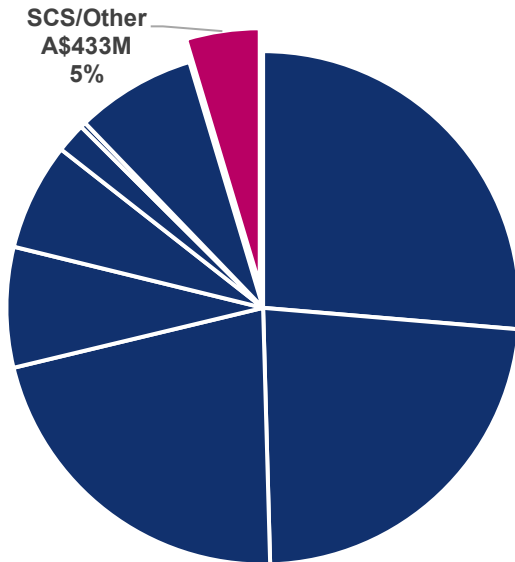
- **FY 2022 revenue**
 - Total revenue growth 14%
 - Organic revenue growth 2% (cycling 15% growth in prior year)
- **FY 2022 earnings**
 - EBITDA growth 3%, net profit before tax down 10%
 - Current year profit (excluding acquisitions) significantly higher than before pandemic
 - Profit growth impacted by cycling extraordinary strong result in FY 2021 and pandemic impacts, including staff absenteeism and patient cancellations
 - Margins diluted by strategic Epworth Medical Imaging (EMI) acquisition
- **Operations**
 - Canberra Imaging Group acquisition completed September 2021, integration proceeding to plan
 - Hospital-based EMI acquisition (completed March 2021) providing platform for expansion in Victoria, first greenfield community site opened March 2022 in Melbourne
 - Four other greenfield sites established in FY 2022, three of which incorporate PET CT
 - Nine extra Medicare-eligible MRI licences in FY 2023 related to announced regulatory changes



Sonic Clinical Services (SCS)



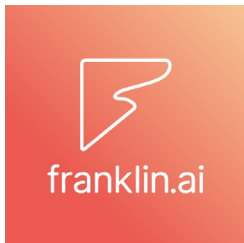
- FY 2022 revenue
 - Revenue growth 5%
 - Driven by pandemic-related services, routine GP revenue subdued
- Operations
 - >1.1 million COVID-19 vaccinations administered to date in clinics, mass vaccination hubs, aged care facilities and workplaces
 - Facilitated high-volume on-site occupational health testing for COVID-19
 - Current primary care market presenting challenges leading to an increasing number of GPs choosing private billing
 - Working with industry and government on initiatives to address critical GP and workforce shortages



Partnership with Harrison.ai



- Investment in Harrison.ai
 - 20% strategic (non-controlling) equity stake, acquired H1 FY 2022
 - Harrison.ai has an existing joint venture called Annalise.ai, a market leader in radiology AI
 - Annalise.ai chest X-ray product is the world's most comprehensive, capable of detecting 124 findings, marketed internationally with over 500 global installations to-date, including >100 Sonic radiology sites
 - Brain CT scan product about to be commercialised, tools for other modalities to follow



- Franklin.ai
 - Sonic's joint venture with Harrison.ai to develop best-in-class AI diagnostic tools for pathology
 - Rapidly built team of 30 experts to date covering all aspects of the project
 - Histopathology slide digitisation system built, generating mass data catalogue for AI model development
 - Product development and implementation strategy well underway
 - Targeting first product release within 2 years



Sustainability

- Sustainability Report
 - Sonic's global sustainability strategy and achievements will be detailed in Sonic's 2022 Sustainability Report to be released in November 2022
- Recent progress
 - Sustainability governance and management structures established at board, executive and operational levels globally
 - Sonic Sustainability Steering Committee has determined the company's material sustainability topics and net zero strategy (to be included in 2022 Sustainability Report)
 - New Chief Leadership Officer role established to promote Sonic's culture of Medical Leadership
 - Global Scope 1 and 2 emissions baseline (2021) completed
 - Accelerating transition of global fleet to lower emission vehicles
 - Commenced Sonic's global transition to renewable energy, Australian operations to reach 100% by 2030 (currently 30%)
 - Global Scope 3 emissions baseline to be established during FY 2023 and reduction targets to follow
- Sonic Healthcare Foundation
 - Sonic Healthcare Foundation established in FY 2022, initial contribution from Sonic of A\$40 million
 - Majority independent board in place
 - Investment managers appointed
 - Charitable activities commenced, further projects under consideration



Outlook – FY 2023

- Guidance not provided due to pandemic-related unpredictability
- Base business growth expected to accelerate
 - Strong underlying industry drivers and market share growth
 - Backlog of testing postponed during pandemic
 - July 2022 base business organic revenue* growth 3.9% vs July 2021
 - July 2022 base business organic revenue* growth 11.0% vs July 2019 (pre-pandemic)
- COVID testing demand ongoing
 - Future level dependent on evolution and fluctuation of pandemic
 - Heightened awareness of respiratory illnesses driving demand for both COVID and other respiratory virus tests
 - July 2022 COVID revenue A\$94 million
- Cost management
 - Wage increases expected to be moderate, staggered impacts of multi-year agreements
 - Ongoing adjustments to staffing levels to match COVID volumes and focus on automation and innovation
 - Consumables cost reduced in FY 2022, no net price increases expected in FY 2023
 - Inflationary pressures on relatively minor cost categories of utilities and transport
- Progressive dividend strategy expected to continue in FY 2023 and beyond



Summary

- Record financial result driven by COVID testing, growth of base business and acquisitions
- Substantial ongoing COVID testing expected into future, level dependent on pandemic evolution
- Total dividends for year A\$1.00 per share, up 10%, franked to 100%
- Acquisitions of ~\$628 million for the year, further opportunities under consideration
- Record low gearing supporting future growth and insulating against interest rate increases
- On-market share buy-back of up to A\$500 million well progressed
- Significant progress made in Sonic's ESG/sustainability strategy, updated report due November 2022
- Sonic's AI initiative, Franklin.ai, progressing at pace
- Augmented global programs to further strengthen Sonic's Medical Leadership culture
- Medical Leadership providing critical market differentiation and competitive advantage





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Thank you