SONIC HEALTHCARE

Financial and Operational Review

For the year ended 30 June 2019

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CEO, Sonic Healthcare
20 August 2019

Forward-looking statements

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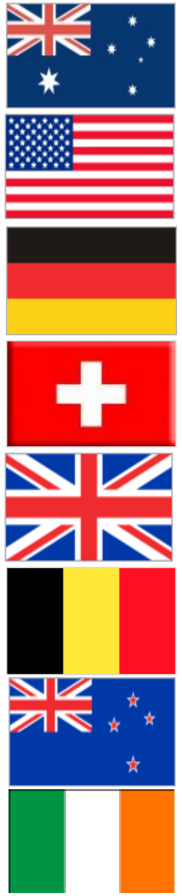
Headlines



- FY 2019 result in line with guidance (constant currency)
  - Underlying EBITDA growth 6.7%
- Statutory result strong (actual currency)
  - Revenue growth 11.6% to A$6.2 billion
  - EBITDA growth 13.3% to A$1.1 billion
  - Net profit growth 15.6% to A$550 million
- Final dividend up 4.1% to A$0.51 per share (full-year dividend up 3.7% to A$0.84)
- Strategic acquisition of Aurora Diagnostics completed in January 2019
- Strategic divestment of non-core GLP Systems completed in June 2019
- Growth momentum strong – major opportunities ahead

FY 2019 Summary

A$M Actual Currency	FY 2019	FY 2018	Growth
Revenue	**6,184**	**5,541**	**12%**
Non-recurring gain (GLP Systems)	(50)	-	
New revenue accounting standard (AASB 15) impact	9	-	
Underlying Revenue	**6,143**	**5,541**	**11%**
EBITDA	**1,075**	**948**	**13%**
Non-recurring gain (GLP Systems)	(50)	-	
New revenue accounting standard (AASB 15) impact	9	-	
Non-recurring costs	27	14	
Underlying EBITDA	**1,061**	**962**	**10%**
Net profit	**550**	**476**	**16%**
EPS (cents)	**122**	**112**	**9%**

- Revenue and earnings
  - Group organic revenue growth ~4% (constant currency)
  - Revenue reduced by ~A$33 million due to merger of US Midwest business into 49% owned ProMedica JV
  - Underlying EBITDA growth 6.7% (constant currency)
  - EPS growth impacted by Aurora acquisition-related capital raising and A$20 million one-off tax benefit in prior year
  - New revenue accounting standard (AASB 15) effective 1 July 2018 (reclassification of doctor contract amortisation)
- Non-recurring items
  - Gain on sale of GLP Systems A$50 million pre-tax, A$49 million after tax
  - Costs relating to acquisitions, contract bids, laboratory relocations, mergers and restructuring
- Strong cash generation
  - Cash generation from operations A$847 million, up 10% on prior year
  - 102% conversion of EBITDA to gross operating cashflow, after adjustments for non-operating cash items (GLP Systems gain and AASB 15)

FY 2020 Guidance

- Guidance excludes impact of new lease accounting standard AASB 16
  - Refer to Appendix 4E for estimated financial impact of AASB 16
- Guidance
  - EBITDA growth 6-8% on underlying FY 2019 EBITDA of A$1,052 million* (constant currency)
  - Interest expense to increase by ~3% (constant currency)
  - Effective tax rate ~25%
  - Capital expenditure expected to be significantly lower in FY 2020
- Key guidance considerations
  - Excludes future acquisitions
  - Incorporates PAMA fee reductions (USA) equivalent to ~2% of total group EBITDA
  - No other regulatory changes assumed
  - Current interest rates assumed to prevail
  - Assuming current exchange rates prevail, EBITDA guidance would increase by an additional ~3%

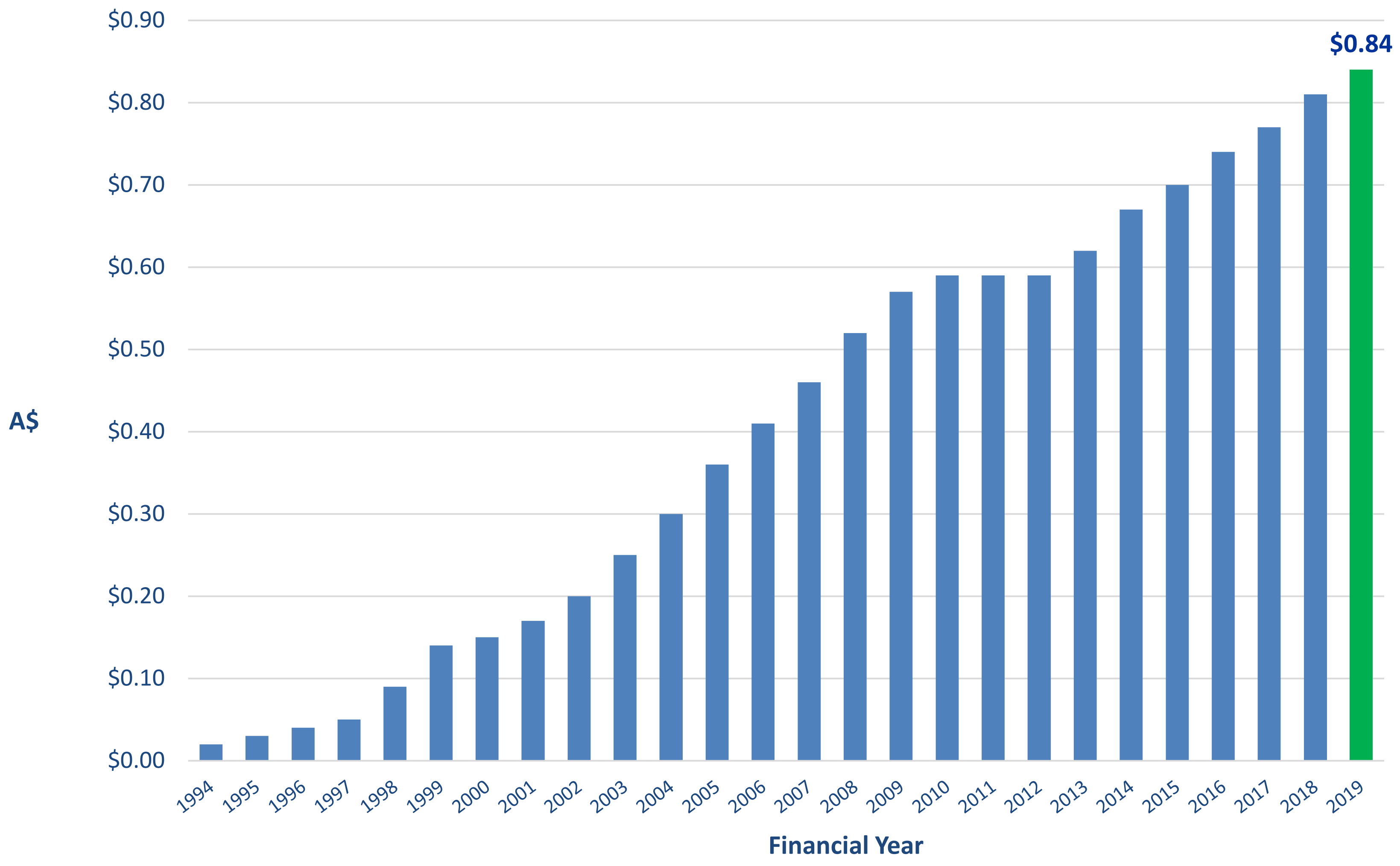
* Impact of revenue accounting standard (AASB 15) will be considered "underlying" in FY 2020, changing base from A$1,061 to A$1,052

Dividends

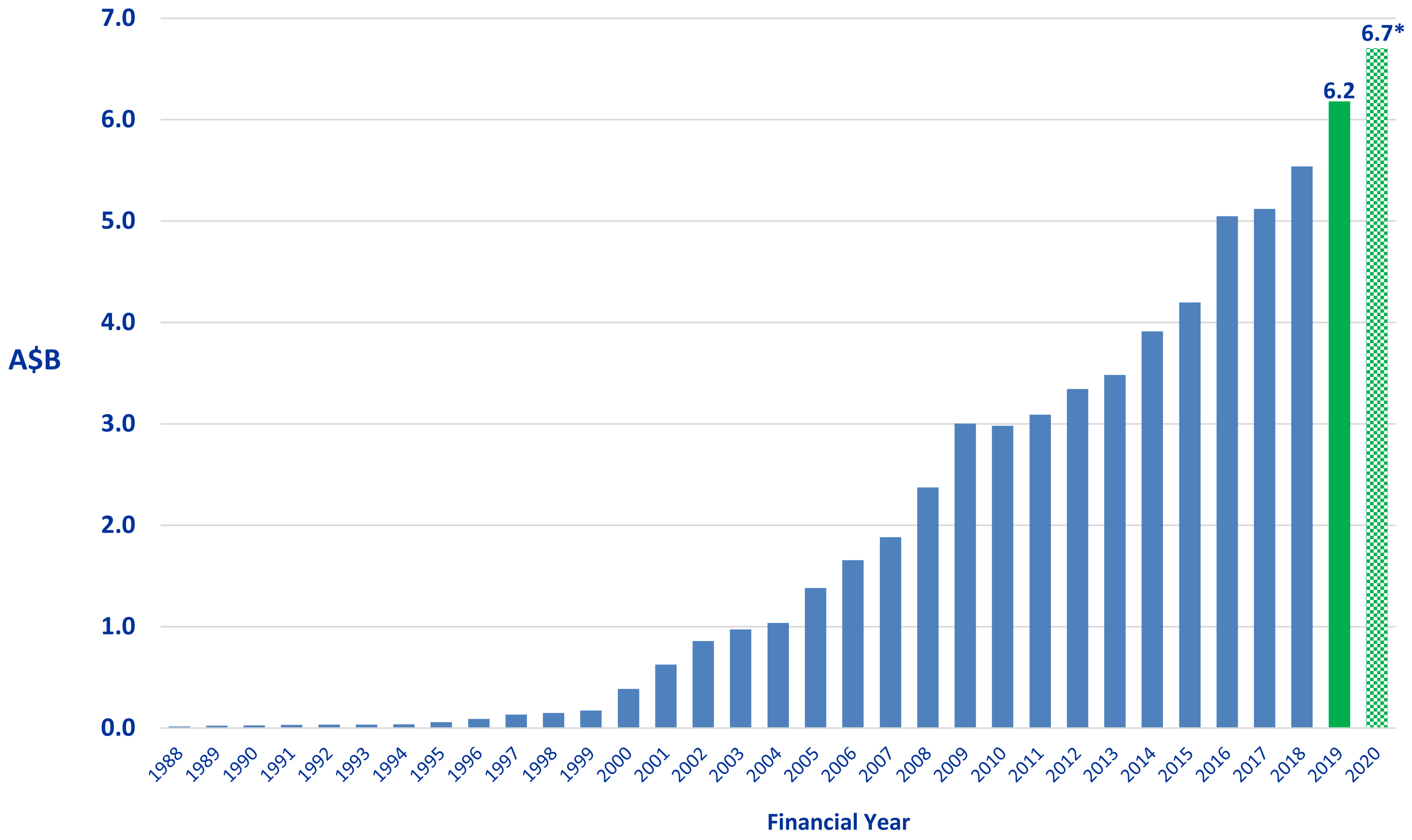
A$	FY 2019	FY 2018	Growth
Interim Dividend	$0.33	$0.32	3.1%
Final Dividend	$0.51	$0.49	4.1%
Total Dividends	$0.84	$0.81	3.7%

- Final dividend franked to 30% (interim dividend franked to 20%)
- Record Date 11 September 2019
- Payment Date 25 September 2019
- Dividend Reinvestment Plan suspended

Full-year Dividend History

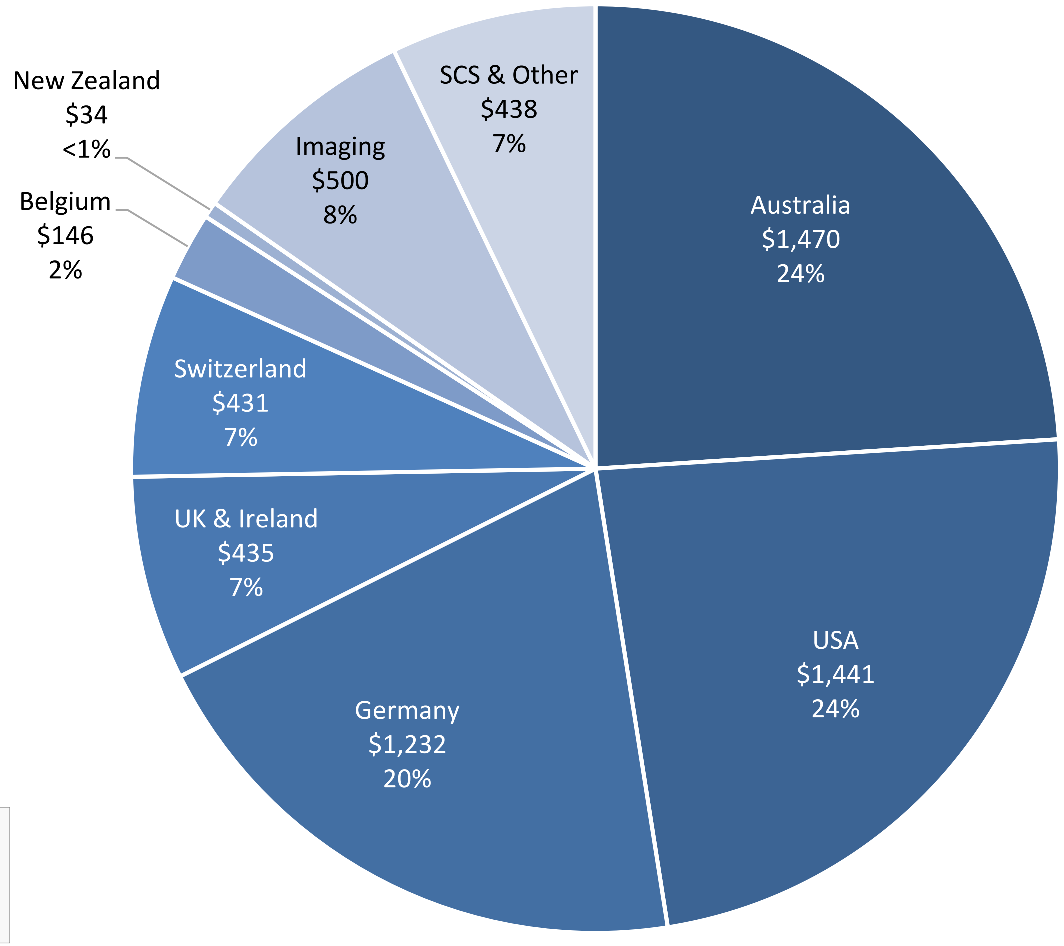


Annual Revenue History



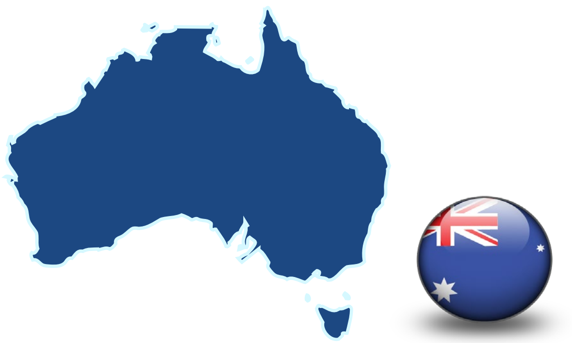
* FY 2020 revenue, including full year of Aurora acquisition, based on market consensus forecast, including FX rate assumptions. Illustrative only, not Sonic guidance.

FY 2019 Revenue Split



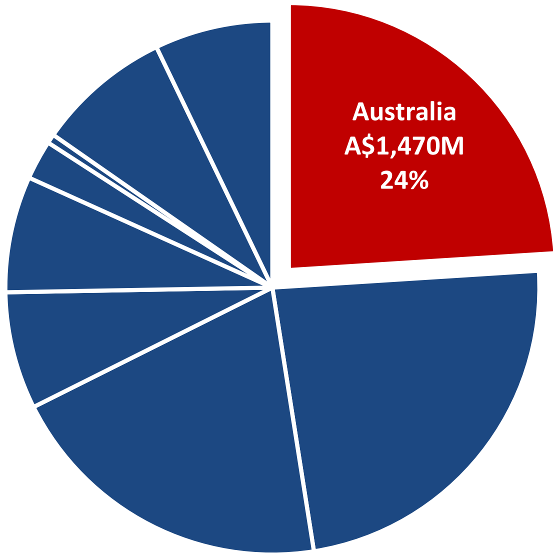
SCS & Other = Sonic Clinical Services (IPN Medical Centres, Sonic HealthPlus, other clinical service entities), GLP Systems and other minor operations

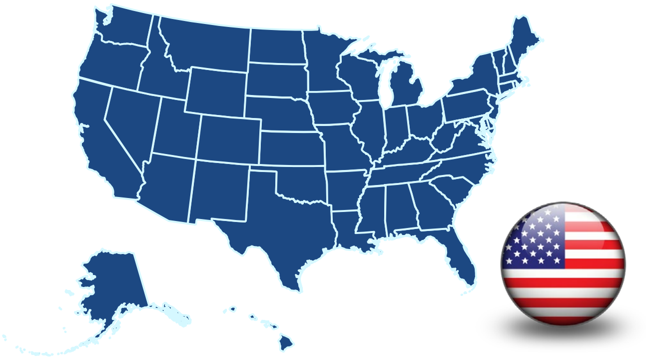
- Statutory revenue in A$M
- Chart excludes interest income (A$7M) and non-recurring gain (A$50M) from sale of GLP Systems

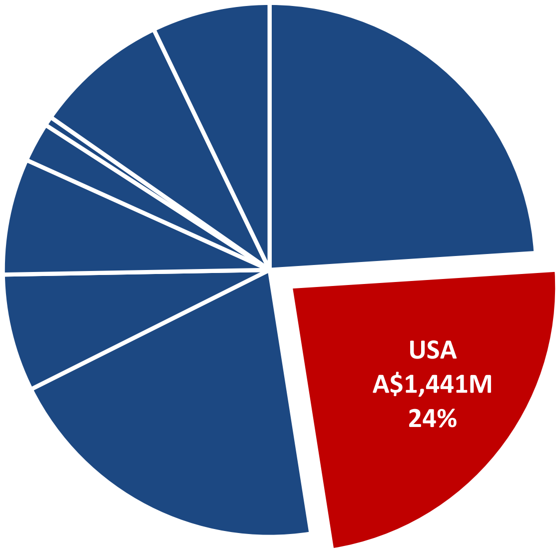


Australian Pathology

- Financials
  - 5% organic revenue growth, market share gains
  - Earnings growth and margin accretion ongoing
  - Significant savings from procurement
- Operations
  - Number of collection centres reduced by ~60 (net) in FY 2019
  - Successful relocation to new state-of-the-art laboratory in Adelaide in H2 FY 2019
  - National roll-out of total lab automation system (GLP Systems) under way, Adelaide completed, Perth next
  - Proprietary IT solutions delivering ongoing efficiency gains, especially in pre-analytical and results areas
  - Sonic Genetics positioned strongly, largest team of genetic pathologists in Australia
  - ~400 pathologists and thousands of qualified scientists underpin Medical Leadership culture
- Stable regulatory environment

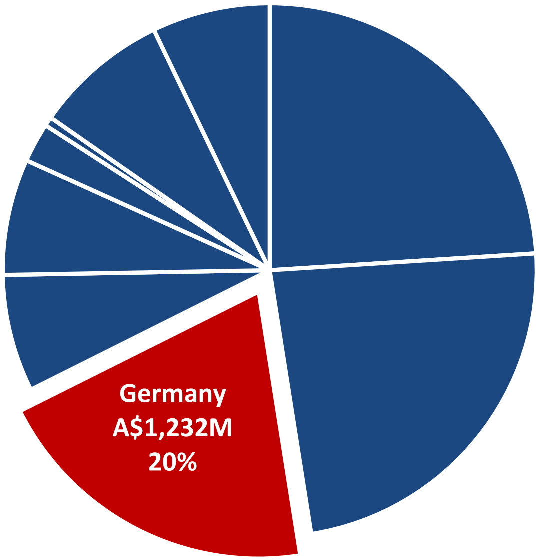






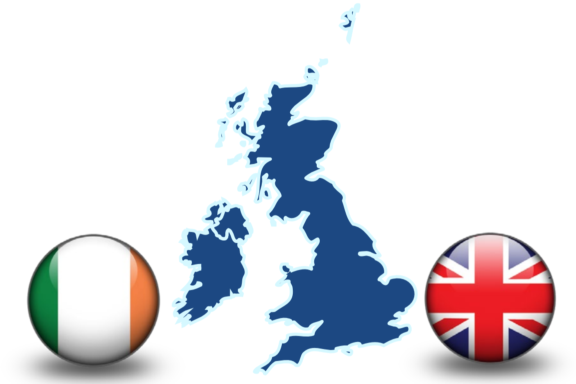
USA

- Financials
  - Revenue growth 18% (constant currency), including Aurora acquisition
  - Organic revenue growth 5% (constant currency)
  - Revenue and earnings impacted by PAMA Medicare fee cuts, weighted to H2
- Aurora acquisition
  - Completed January 2019, integration proceeding to plan
  - Major expansion into >US$10 billion US anatomical pathology market
  - Provides strategic platform for growth in anatomical, clinical and hospital laboratory market segments
- Operations
  - Successful implementation of Sonic's Apollo IT system into Midsouth division
  - Pipeline of acquisitions and hospital laboratory opportunities
  - Billing systems enhancement project ongoing
  - Post-Aurora acquisition, PAMA applicable to ~12% of total US revenue
  - Medical Leadership culture provides differentiation in the US market, supported by team of ~300 pathologists

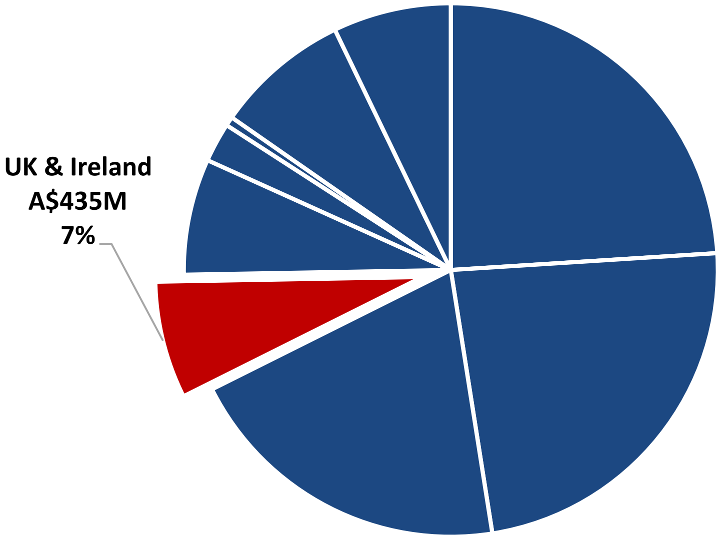


Germany

- Financials
  - Revenue growth 3.5% (constant currency)
  - Revenue and margins impacted by April 2018 regulatory changes
  - Organic revenue growth and margins trending stronger in recent months
- Operations
  - Pathology Trier (acquired July 2018) successfully integrated, with synergy activity ongoing
  - Successful expansion into ~€1 billion German anatomical pathology market
  - Active acquisition pipeline in anatomical and clinical pathology markets
  - Large number of efficiency projects in progress, including laboratory mergers and relocations
  - Team of ~300 pathologists and ~300 PhD scientists underpinning Medical Leadership culture
- Regulatory environment unchanged

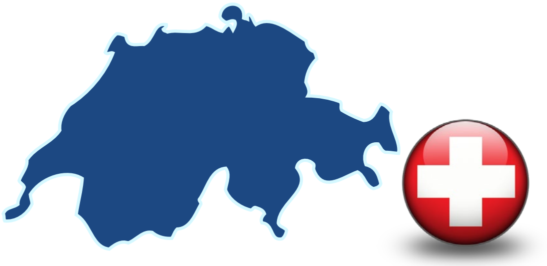


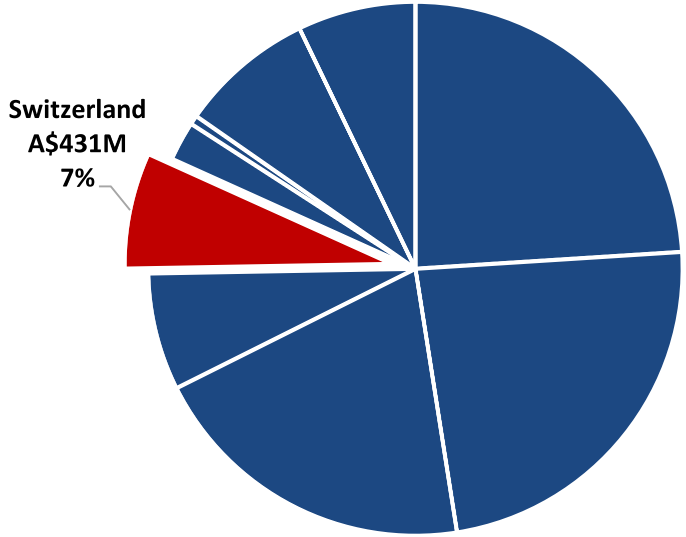
UK and Ireland



- Revenue
  - 9% organic revenue growth (constant currency), including Barnet / Chase Farm hospital contract (commenced October 2017)
  - Continuing strong growth in private market (non-National Health Service)
- Operations
  - Ongoing operational optimisation, including integration of Barnet / Chase Farm
  - Merging NHS partner facilities to operate UK's largest histopathology laboratory
  - Recent NHS contract win to provide HPV testing for whole of London, ~£15 million revenue p.a., initial term 5 years, progressive commencement mid-FY 2020
  - Bidding on further NHS contracts with potential revenues in excess of £150 million p.a.

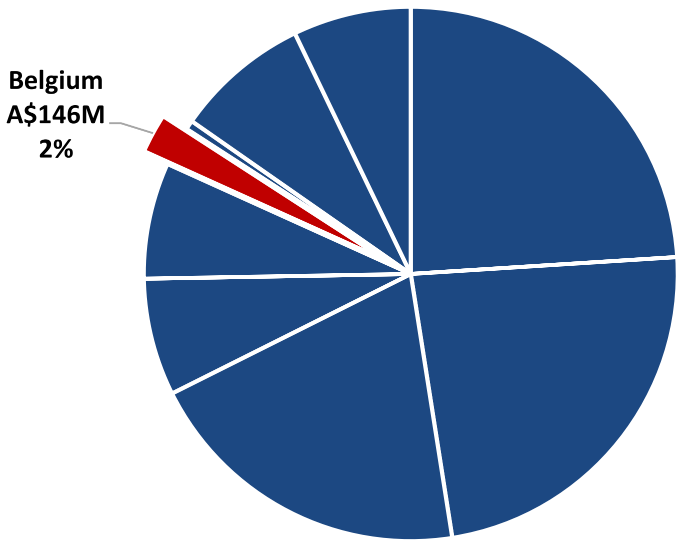
Switzerland





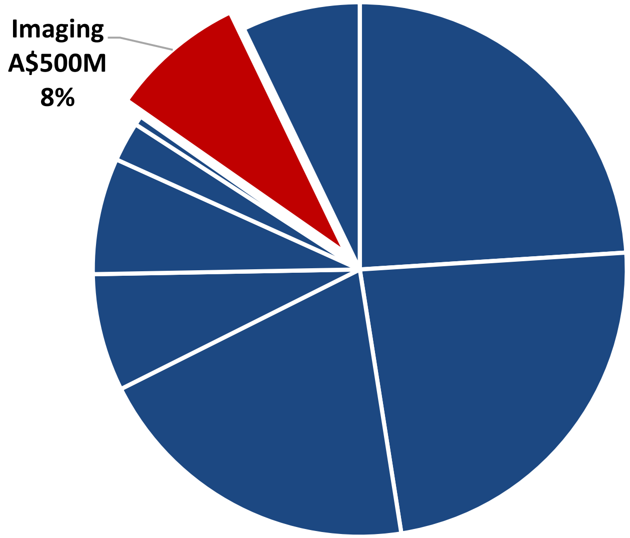
- Financials
  - Organic revenue growth 4%
  - Strong earnings and margin growth
- Operations
  - Zug Cantonal Hospital contract commenced 1 January 2019, operating to plan
  - Innovative IT and eHealth solutions supporting high-level services
  - Leading genetics laboratories providing cutting-edge clinical services
  - Large range of workflow and efficiency programs across multiple sites
- Regulatory environment stable

Belgium



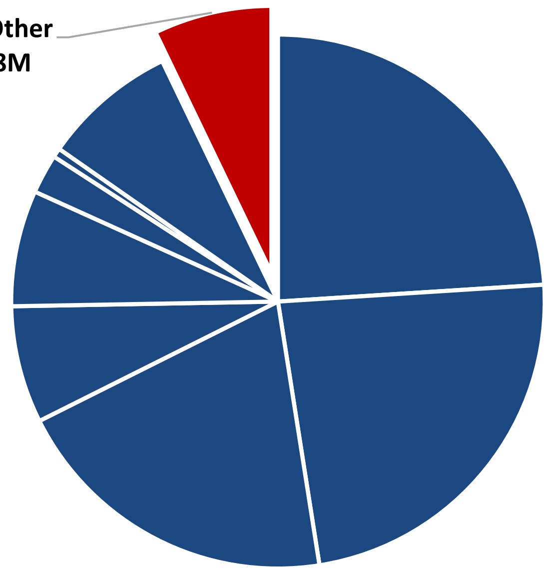
- Financials
  - Flat revenue growth (constant currency) impacted by targeted fee cut in period
- Operations
  - Stable operations
  - Cost and efficiency initiatives in train
  - Focus on speciality testing and in-house genetic testing
- Regulatory environment stable

Sonic Imaging



- Financials
  - 6% organic revenue growth
  - 7% earnings growth, with margin accretion
- Operations
  - Received three full MRI licences during the recent Government allocation
  - Projects continue to realise further national synergies
  - Expansion via greenfield and new modality opportunities
  - Investment in technologies to improve workflow efficiencies
- Regulatory environment stable
  - Introduction of fee indexation from July 2020 affecting ~80% of Medicare imaging schedule
  - Industry association working to extend indexation to remaining modalities

Sonic Clinical Services (SCS)



- SCS includes medical centres (IPN) and occupational health (Sonic HealthPlus)
  - Australia's largest primary care and occupational health provider
  - 233 centres and ~2,400 GPs
- Operations
  - Ongoing successful doctor recruitment and retention – 85 new GPs (net) in FY 2019
  - Cost and efficiency initiatives in train, including centre consolidations
- Strengthening financial performance in H2
- Regulatory outlook stable

Capital Management

		30 June 2019	30 June 2018
Net interest-bearing debt	A$M	2,299	2,483
Equity	A$M	5,492	4,283
Gearing ratio	%	29.5	36.7
Interest cover	X	10.5	10.1
Debt cover	X	2.1	2.5

- A$928 million of equity raised mid-FY 2020 to fund Aurora acquisition and future growth
- Current total weighted pre-tax average cost of debt is ~2.7%
- Current available headroom ~A$1 billion (after FY 2019 final dividend)

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

Outlook

- Company well positioned for ongoing strong growth
- Rich pipeline of acquisition, joint venture and contract opportunities
- Strong balance sheet with headroom for expansion
- Geographical diversification provides growth opportunities and risk mitigation
- Stable, experienced and dynamic global management teams
- Technology and innovation driving efficiencies
- Procurement and other synergy initiatives delivering ongoing benefits
- Global team of >1,000 pathologists, >200 radiologists and thousands of qualified technical staff underpin Sonic's Medical Leadership culture

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Thank you