

21 February 2022

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

Via electronic lodgement

Dear Sir / Madam

CEO PRESENTATION – HALF-YEAR RESULTS TO 31 DECEMBER 2021

At 10.00am AEDT today, Dr Colin Goldschmidt, Chief Executive Officer, will host a presentation of Sonic Healthcare's results for the half-year ended 31 December 2021. 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



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Company Secretary
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SONIC
HEALTHCARE

Financial and Operational Review

Half-year ended 31 December 2021

Colin Goldschmidt
CEO, Sonic Healthcare
21 February 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 4D released to the ASX on 21 February 2022 and may include earnings figures restated on a "constant currency" basis.



Headlines

- Record financial performance driven by pandemic testing and base business growth
- H1 FY 2022 results
 - Revenue A\$4.8 billion (7% growth)
 - EBITDA A\$1.5 billion (18% growth)
 - Net profit A\$828 million (22% growth)
- Acquisitions
 - A\$585 million invested in period, with active pipeline of opportunities
- Capital Management
 - Gearing at record low level
 - Available liquidity ~A\$1.4 billion
 - On-market share buy-back up to A\$500 million announced
- Progressive dividend strategy maintained
 - Interim dividend \$0.40 per share – franked to 100%



Financial Summary

A\$ million (Actual Currency)	H1 FY 2022	H1 FY 2021	Growth
Revenue	4,757	4,432	7%
EBITDA	1,540	1,307	18%
Net profit	828	678	22%
Cash generated from operations	1,041	810	28%

- Revenue and earnings

- Result demonstrates strong operating leverage in laboratory division, with significant margin expansion
- High volumes of COVID testing during the period

- Cash generation

- Strong growth in cash generation reflecting EBITDA growth and lower interest payments
- 85% conversion of EBITDA to gross operating cash flow*
- EBITDA to cash conversion impacted by increased debtors and inventory related to rapid ramp up of COVID testing in December 2021, as also occurred in December 2020

*** Gross operating cash flow:**

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



Revenue

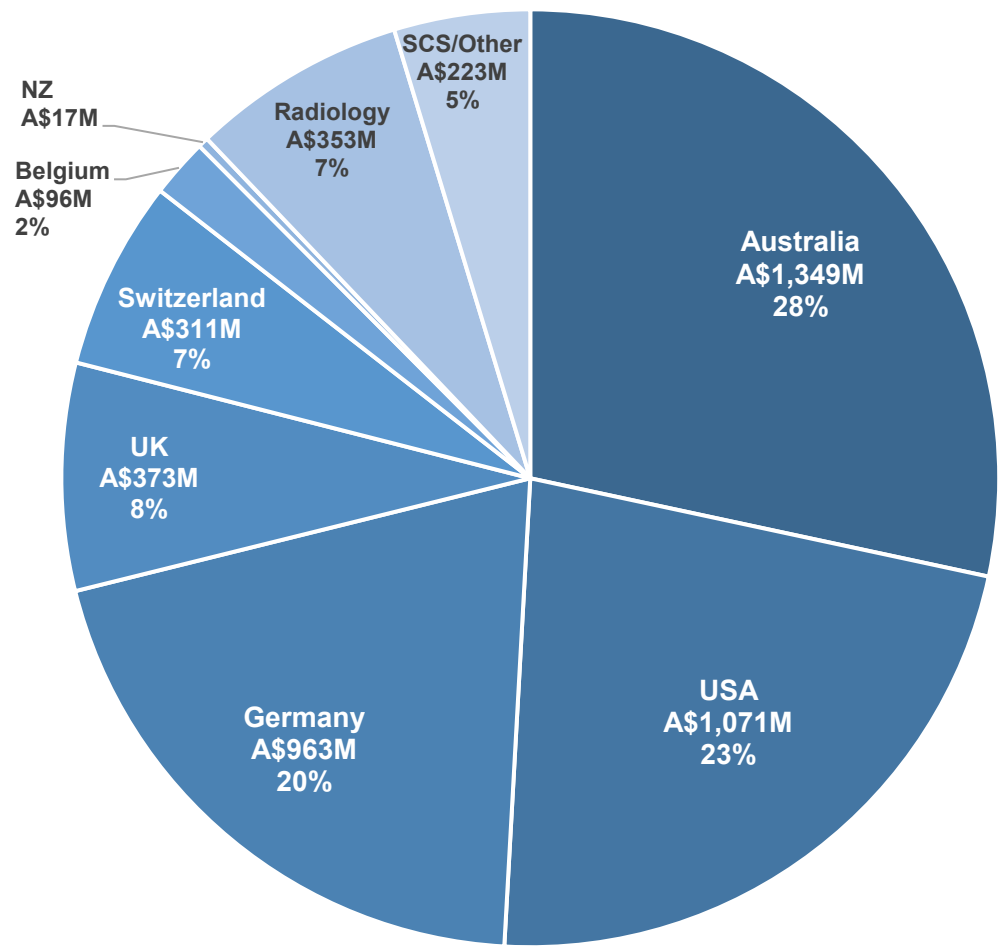
- H1 FY 2022 base business revenue*
 - Up 4.3% on H1 FY 2021
 - Up 2.5% on H1 FY 2020 (pre-pandemic)
- Expect ongoing growth of base business – strong underlying drivers, including catch-up of testing postponed through pandemic
- H1 FY 2022 COVID revenue
 - Up 16% (constant currency) to A\$1.3 billion
- Future COVID testing levels
 - Dependent on evolution of testing regimens, seasonal outbreaks
 - Expect a sustainable level of COVID testing into the future, including routine COVID testing, screening programs, variant testing, whole genome sequencing, antibody tests

* Base business revenue

- Total revenue excluding COVID revenue
- H1 FY 2020 and H1 FY 2021 base business revenues normalised for:
 - Currency exchange rates
 - Acquisitions/disposals of businesses



H1 FY 2022 Revenue Split



Revenue in A\$ millions

Total Revenue A\$4,757 million (including A\$1 million interest)

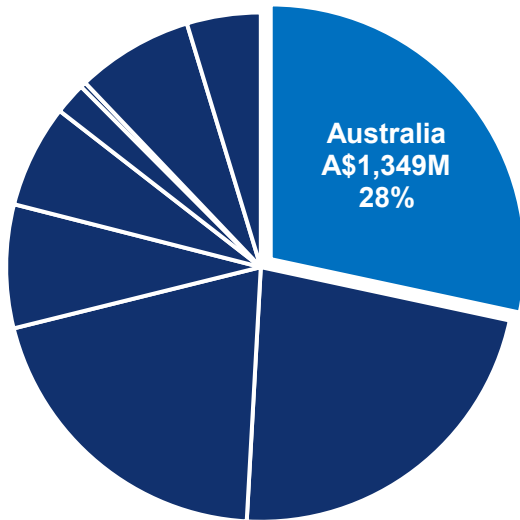
SCS / Other = Sonic Clinical Services (IPN Medical Centres, Sonic HealthPlus, other clinical service entities) and other minor operations



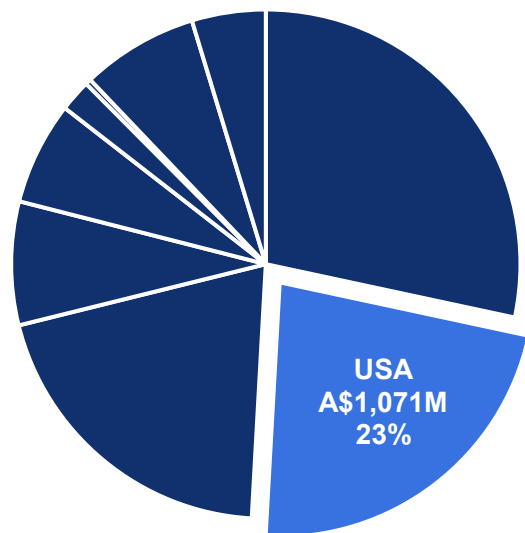
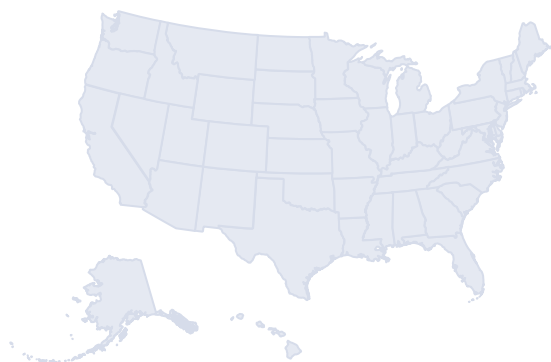
Australian Pathology



- H1 FY 2022 revenue
 - Base business organic growth 1%, reflecting effects of pandemic
 - COVID revenue growth 215%
- Operations
 - Contract to provide COVID testing in aged care facilities for Federal Department of Health extended to at least June 2022
 - COVID PCR Medicare fee reduced by 15% from 1 January 2022
 - Sonic Genetics continuing to grow strongly, including expansion of test menu



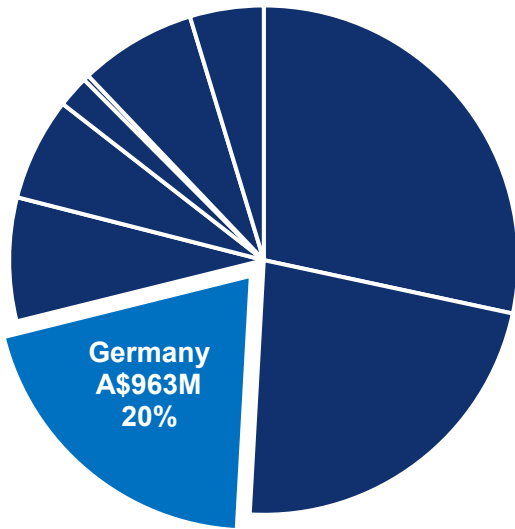
USA



- H1 FY 2022 revenue (constant currency)
 - Base business organic growth 4%
 - COVID revenue down 34%
- Operations
 - ProPath acquisition completed December 2021, integration proceeding well
 - PAMA (Medicare Clinical Laboratory Fee Schedule) fee reductions deferred to January 2023, annual impact ~US\$15 million
 - Changes to Medicare anatomical pathology fees from January 2022 to have negligible impact on Sonic
 - Ongoing successful sales strategy for Thyroseq (exclusive thyroid cancer genomic test), revenue up 28% on corresponding period



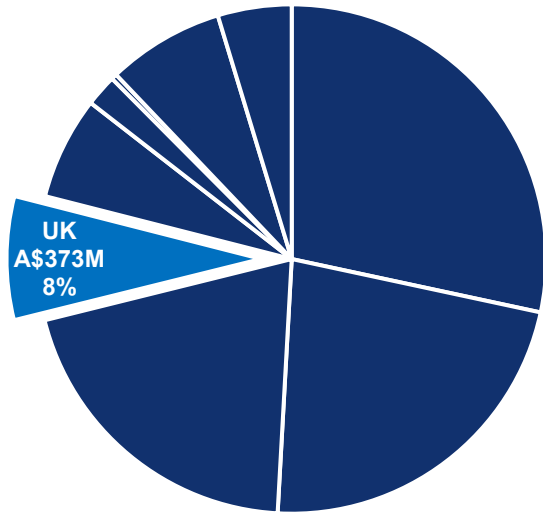
Germany



- H1 FY 2022 revenue (constant currency)
 - Base business organic growth 6%
 - COVID revenue down 15%
- Operations
 - COVID testing reached unprecedented levels during January and early February 2022
 - Ongoing utilisation of COVID PCR testing, school/government screening, sequencing of variants, virus whole genome sequencing, antibody testing
 - Continued strong growth in anatomical pathology division, including focus on acquisitions
 - Successful launch of Oncotype DX[®] breast cancer gene expression test as exclusive provider in Germany



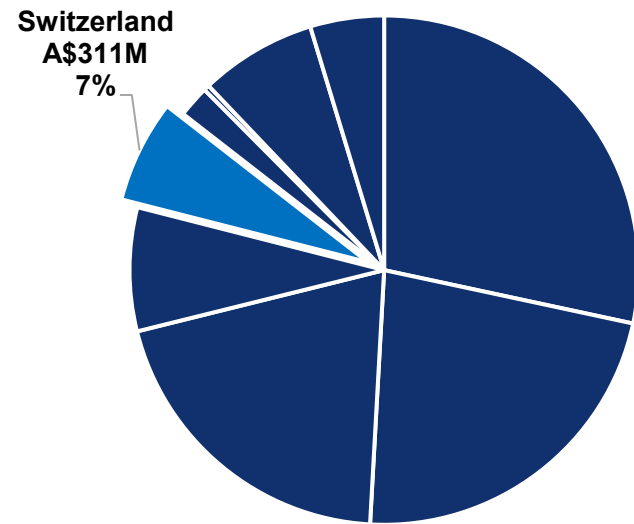
UK



- H1 FY 2022 revenue (constant currency)
 - Base business organic growth 31% (16% growth on H1 FY 2020)
 - Strong private and NHS base business growth including recovery from pandemic impact in prior period
 - COVID revenue down 20% (volumes up, revenue impacted by public/private referral mix)
- Operations
 - Greater London HPV screening contract contributing to growth (program suspended earlier in pandemic)
 - Major private hospital contracts recently extended for 5 years
 - New laboratory in Cleveland Clinic London to commence operations in April 2022
 - New Manchester laboratory (opened April 2021) processing double previous volumes



Switzerland



- H1 FY 2022 revenue (constant currency)

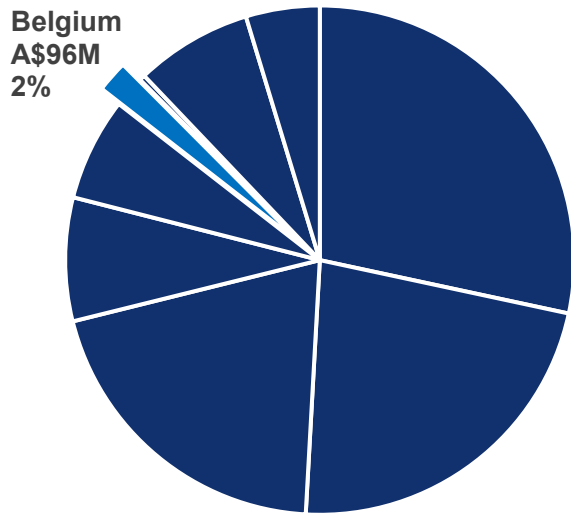
- Base business organic growth 4%
- COVID revenue growth 15%

- Operations

- Additional COVID PCR testing capacity installed in early 2021, fully utilised during Delta and Omicron waves
- Participation in large-scale cantonal school COVID testing programs
- Ongoing, successful rollout of state-of-the-art test result delivery solution for referrers and patients



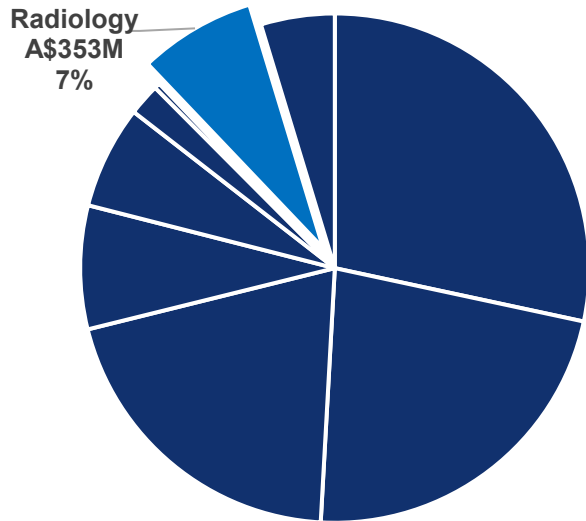
Belgium



- H1 FY 2022 revenue (constant currency)
 - Base business down 5%
 - COVID revenue down 2%
- Operations
 - Strong COVID testing volumes in January and February 2022
 - Successful core lab instrumentation and automation upgrades



Radiology



■ H1 FY 2022 revenue and earnings

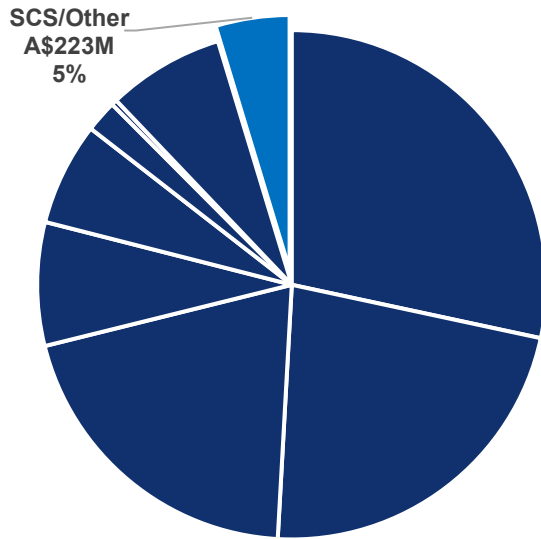
- Revenue growth 16%, including contributions from Epworth Medical Imaging (EMI) and Canberra Imaging Group acquisitions
- Organic revenue growth 3%
- EBITDA growth 7%
- Margin compression due to pandemic impacts and relatively low margin EMI business

■ Operations

- Patient volumes and costs temporarily impacted by pandemic (regional lockdowns, elective surgery cessation, staff absenteeism)
- New cancer care PET CT partnership with GenesisCare at two sites
- Ongoing greenfield and brownfield investments, especially focussed on additional PET CT and MRI systems



Sonic Clinical Services (SCS)



- H1 FY 2022 revenue and earnings
 - Revenue growth 7%
 - Modest earnings growth
- Operations
 - Medical centres continue to be negatively impacted by pandemic
 - Occupational Health business has rebounded strongly
 - Revenue from COVID vaccination initiatives compensating for medical centre revenues, at relatively low margins



Partnership with Harrison.ai

- Artificial Intelligence (AI) has significant potential to enhance diagnostic accuracy, reproducibility and efficiency in pathology and radiology
- Following global search, Sonic elected to partner with Harrison.ai, a world leader in healthcare AI
- Harrison.ai partnered with I-MED Radiology Network to form Annalise.ai
 - Developed world's most comprehensive AI solution for chest X-ray in under 2 years
 - AI solution for brain CT soon to be launched
 - Other radiology AI modules to follow
- Sonic's partnership with Harrison.ai
 - 20% strategic (non-controlling) equity stake in parent company Harrison.ai
 - Joint Venture with Harrison.ai to develop best-in-class AI diagnostic tools for anatomical and clinical pathology
 - Deploying Annalise.ai chest X-ray tool in more than 100 Sonic radiology sites throughout Australia
- Sonic's deep clinical expertise, combined with Harrison.ai's proven AI methodologies, set to create powerful force in healthcare AI



Acquisitions

- Outlay of A\$585 million for synergistic acquisitions/investments in H1 FY 2022 including:
 - ProPath acquisition (Dallas, TX), revenue US\$110 million (December 2021)
 - Canberra Imaging Group acquisition (Australia), revenue A\$60 million (September 2021)
 - Investment in Harrison.ai and establishment of pathology AI joint venture (November 2021)
 - Earnout payment for outperformance by Pathologie Trier (Germany) (acquisition completed 2018)
- Sonic's global management teams continue to focus on growth
 - Value accretive acquisitions
 - Outsource contracts
 - Exclusive tests – Thyroseq (USA), Oncotype DX® (Germany)
- Active pipeline of opportunities under evaluation



Capital Management

		31 December 2021	30 June 2021
Net interest-bearing debt	A\$M	1,054	921
Equity	A\$M	7,193	6,504
Gearing ratio	%	12.9	12.5
Interest cover	X	44.9	33.8
Debt cover	X	0.3	0.4

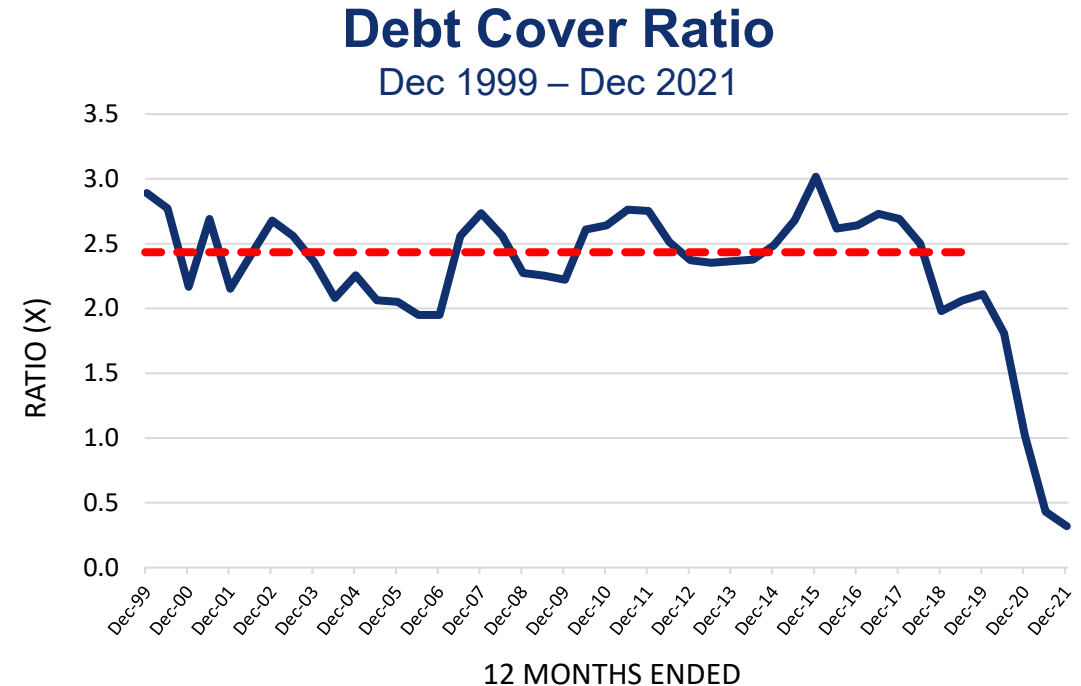
- Gearing ratio = Net debt / Net debt + equity (covenant limit <55%)
- Interest cover = EBITA / Net interest expense (covenant limit >3.25)
- Debt cover = Net debt / EBITDA (covenant limit <3.5)
- Formulas as per facility definitions, which exclude impacts of AASB 16

- Increase in net debt as a result of acquisitions
- Current available headroom ~A\$1.4 billion (before interim dividend)
- Well positioned for ongoing value-accretive acquisitions and other growth opportunities



On-Market Share Buy-Back – up to A\$500 million

- Sonic's gearing currently at record low level
- Intention to move towards long-term average gearing through a combination of synergistic acquisitions and share buy-back
- On-market share buy-back announced today of up to A\$500 million over 12 months, as part of active approach to capital management (details in separate market release)
- Progressive dividend policy unchanged



- Debt Cover Ratio = Net debt / EBITDA as per debt facility definition, which excludes impacts of AASB 16
- Pre-pandemic long-term average ———



Interim Dividend

A\$	H1 FY 2022	H1 FY 2021	Growth
Interim Dividend	\$0.40	\$0.36	11%

- Progressive dividend strategy maintained
- Franked to 100%
- Record Date 9 March 2022
- Payment Date 23 March 2022
- Dividend Reinvestment Plan suspended



Sustainability

■ Environment

- Global data for Scope 1 and 2 emissions to be reported in Sonic's FY 2022 Sustainability Report (previously only Australia and UK included)
- Australian energy RFP underway, considering renewable options
- Accelerating global programs to reduce waste, emissions and energy consumption
- On track to develop and announce net-zero emissions target by 2022 AGM

■ Social

- Sonic's core purpose is to provide high-quality, safe and accessible medical services to communities served
- Ongoing focus on employee health, safety and wellbeing during pandemic
- Strengthening formal goals for staff engagement, diversity, inclusion, training and development
- Establishment of Sonic Healthcare Foundation with initial A\$40 million contribution

■ Governance

- Corporate Responsibility and Modern Slavery reports published in period
- Continuing to build out sustainability leadership and management teams in each division
- Strengthening Sonic's sustainability framework to meet expectations of stakeholders



Detailed



Global Index | Australia 30 Index



Prime



Rating A

Sonic Healthcare Foundation

- Establishing the Sonic Healthcare Foundation as part of Sonic's social commitment to support communities
- Sonic has expensed its initial contribution to the Foundation of A\$40 million
- Mandate to be determined in consultation with Sonic's global leadership teams
 - Charitable donations
 - Medical research
- Foundation to be formally launched in coming months

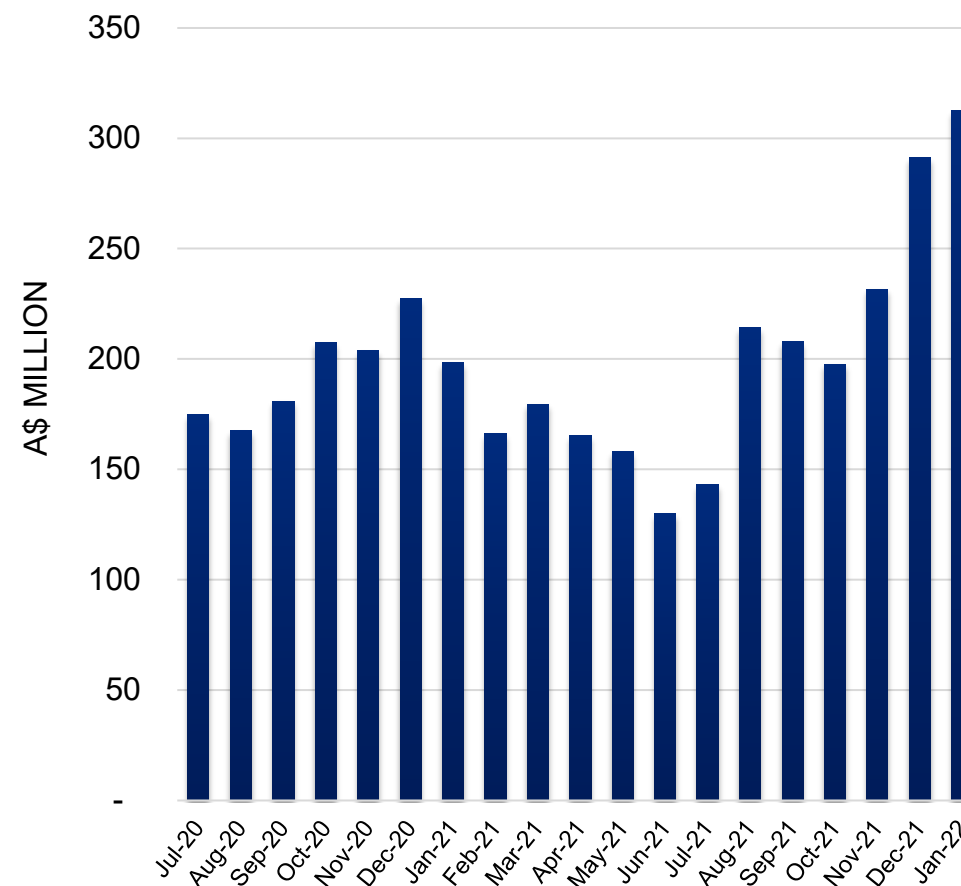


Outlook – H2 FY 2022

- Guidance not provided as COVID revenues remain unpredictable
- January 2022 constant currency revenue A\$818 million vs A\$693 million in January 2021 (18% growth, 15% organic)
- February 2022 COVID testing – still high in Europe, slowing in Australia and the USA
- Ongoing base business growth, with potential post-pandemic rebound
- Active pipeline of M&A opportunities

COVID Testing Revenue

July 2020 – January 2022



Constant currency, using H1 FY 2022 FX rates



Summary

- Record financial performance driven by COVID testing and growth of base business
- Expect COVID testing to continue into future, level dependent on pandemic evolution
- Acquisitions of ~\$585 million in period, active pipeline of opportunities
- Dividend growth of 11% to A\$0.40 per share, 100% franked
- On-market share buy-back announced as part of active capital management
- Progressing sustainability initiatives, including establishment of Sonic Healthcare Foundation
- Strong balance sheet underpinning global operations and future growth
- Medical Leadership culture strengthened over course of pandemic
- Company's fine stature and reputation a result of outstanding contribution of Sonic's global staff





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Thank you