

2018 ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Ladies and gentlemen,

The 2018 financial year was an outstanding year for Sonic Healthcare and our shareholders. Sonic reported a record net profit of \$476 million, on revenues of just over \$5.5 billion, an increase of 11% and 8% respectively. We continued to pursue our progressive dividend policy and rewarded shareholders with a 5.2% increase in total dividends per share for the year, and we also invited shareholders to reinvest their 2018 interim dividend back into the Company via our Dividend Reinvestment Plan.

In addition to strong underlying organic revenue growth and margin improvements in both the Laboratory and Imaging divisions in 2018, earnings growth was augmented by synergistic business acquisitions, contract wins and laboratory joint ventures with US hospital groups.

Our financial results and operational achievements are the product of a clear and consistent strategy. The buy-in to this strategy from our people has delivered exceptional service to our customers, established workplaces that are secure and fulfilling, and created value for you our shareholders.

Let me take this opportunity to summarise our strategy.

A key element of our strategy is to continue to invest time and effort into maintaining, communicating and reinforcing our Medical Leadership culture. Sonic's strong and unique culture is perhaps its greatest asset. Medical Leadership recognizes that first and foremost we are a group of specialist medical practices, providing professional services to our medical colleagues, referring doctors. This philosophy influences every significant management decision. It differentiates us from our competitors in the eyes of our customers, who appreciate our unique understanding of their needs, our staff, who are impassioned by an employer who shares their view of the importance of the medical and scientific side of the business, and laboratory founders and owners, who prefer to sell their practice to a company with a similar set of values to their own.

Our strategy includes leveraging our Medical Leadership culture to grow organically and through value-enhancing acquisitions and joint ventures.

We seek to participate in, and benefit from, the consolidation of fragmented medical laboratory markets in targeted geographies. To date we have achieved strong market positions in eight countries, which in turn provide further growth opportunities, as well as risk mitigation through geographical diversification.

We intend to remain focussed on Sonic's core businesses, as we believe this reduces risk and facilitates value creation.

We protect Sonic's existing value by ensuring the company's reputation and service levels are never compromised. As part of this we have an unwavering commitment to quality in everything that we do, and this is reflected in our corporate motto "Quality is in our DNA", which you may have noticed on our courier cars or collection centre signage.



We continually seek to enhance financial performance through targeting synergies, economies of scale and many other initiatives.

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The last element of our strategy is to maintain an investment grade financial profile to ensure flexibility and to manage liquidity and funding risks.

With our strategy firmly in place. Sonic is set to continue to benefit from the expected growth in demand globally for diagnostic healthcare services.

As part of planning for Sonic's future, the development and renewal of the Board continues to be an important consideration. We were delighted when Neville Mitchell agreed to join the Board last year as an independent, non-executive director. Neville's international healthcare and finance experience has enabled him to quickly become a highly valuable Sonic Board member.

Sonic's Board currently comprises five non-executive independent directors and three executive directors, including a pathologist in Colin and a radiologist in Philip. Jane is an independent non-executive director, who is also a registered General Medical Practitioner. We continue to believe it is important to have doctors on our Board as a key element of Medical Leadership. It is likely we will add a further independent director with a medical background to the Board during 2019.

As in previous years I recommend that shareholders take time to read Sonic's Corporate Responsibility Report. Printed copies of the 2018 edition are available here today or you can find it on our web site.

The report describes Sonic's approach to caring for our people, caring for the environment, and caring for both our own communities and communities in need. I would particularly like to highlight our Catalyst Program, which involves using Sonic's medical expertise and resources to directly address the dire medical needs in some of the most troubled places in the world. We can be very proud of the work Sonic and its people do in these areas.

Sonic's standing as a socially responsible company continues to be evidenced by our ongoing inclusion in the FTSE4Good Index Series. To remain in the Series, Sonic is independently assessed against stringent environmental, social and governance criteria. We continue to invest resources to further develop our policies, practices and reporting in these areas.

I wish to acknowledge and thank our talented management teams around the world, my fellow Directors, and all of Sonic's 35,000 dedicated staff for their efforts, expertise and passion for the company. I also extend sincere thanks to Sonic's shareholders for their continued support of the company.

Mark Compton AM

21 November 2018