

14 October 2020

TRADING UPDATE: SEPTEMBER 2020 QUARTER RESULTS

Sonic Healthcare (ASX: SHL; ADR: SKHHY) continues to perform a crucial frontline role in combating the COVID-19 pandemic, with its laboratories in Australia, the USA and Europe testing thousands of people every day for COVID-19, whilst seamlessly also providing essential routine (non-COVID) healthcare services. Sonic's leadership teams around the world continue to work with state and federal governments, healthcare authorities and each other to develop, support and enhance pandemic control initiatives. High quality COVID-19 testing remains the key to enabling identification of positive cases, contact tracing, isolation and quarantining and underpins the epidemiology which informs broader policy-related measures. To date Sonic has conducted more than 9 million COVID-19 PCR tests globally.

Headline management financial results for the quarter to 30 September 2020 ('Q1 FY 2021') are presented below.

A\$M	Q1 FY 2021	Q1 FY 2020	Growth
Revenue	2,144	1,661	29%
EBITDA	580	340	71%

Notes:

- EBITDA = Earnings before interest, tax, depreciation and amortisation
- Includes the impact of AASB 16 *Leases* in both periods
- Actual average currency exchange rates used in both periods
- Based on unaudited management financial reports

The majority of Sonic's divisions grew base business (excluding COVID-19 testing) revenues during the quarter, and cost savings initiatives that were implemented during the early days of the pandemic continue to provide benefits to earnings and margins. Base business volumes in the USA and the UK remain below pre-pandemic levels (currently down in the ranges of 5-10% and 10-15% respectively). Base business performance in the quarter was augmented by substantial volumes of COVID-19 testing.

It remains uncertain how long the current revenue growth rates will continue, with both base business and COVID-19 testing volumes potentially fluctuating in different markets as the pandemic evolves. Base business volumes may be impacted by factors including social restrictions, lockdowns and reduced out-patient and in-patient clinical activity. COVID-19 testing revenue is subject to significant variability driven by factors which include general pandemic activity, government or health authority decisions or policy changes and developments in medical technology (new testing modalities, vaccines etc). Sonic has not provided earnings guidance for FY 2021 due to the ongoing level of uncertainty resulting from the pandemic and would caution that the growth levels in the first quarter may not continue throughout FY 2021.

As examples of the volatility, Sonic's current volume of COVID-19 PCR testing per day in Australia is significantly lower than it was at its peak, and is only about 10% of Sonic's global COVID-19 PCR daily volumes, whereas Sonic's COVID-19 testing volumes in Germany are currently at a new peak level.

Sonic's CEO, Dr Colin Goldschmidt, said: "In these unprecedented times, Sonic's global leadership teams continue to adapt and respond superbly to a fluid COVID-19 environment encompassing increased testing volumes, maintenance of rapid turnaround of results, evaluation of new testing platforms, global supply chain issues, different collection modalities and necessary IT enhancements. Our leaders continue to draw on Sonic's strong Medical Leadership culture, and to leverage the group's collective management and medical experience and team spirit at national and international levels. In addition, Sonic's decades-long investments in cutting edge infrastructure and equipment have created the flexibility required to embrace the rapid growth and new environment presented by the COVID-19 pandemic.

"I wish to sincerely thank once again all our staff for their incredible work and resilience over the long months of the pandemic to date. It is their dedication and stamina which channel the material contribution made by Sonic Healthcare to overall pandemic control."

Sonic advises that the Australian Government has recently extended to March 2021 Sonic's contract (awarded in April 2020) to provide the dedicated pathology service for rapid sample collection and testing for COVID-19 in residential aged care facilities. Over 2,700 residential aged care facilities across the country are eligible for this service, which is provided through Sonic's national network of laboratories and collection teams.

Sonic has been selected and funded by the US and UK governments to create additional COVID-19 PCR 'surge' testing capacity in preparation for the Northern Hemisphere winter.

This announcement has been authorised by Sonic Healthcare's Board of Directors. For further information regarding this announcement, please contact:

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