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SONIC HEALTHCARE LIMITED

18 February 2021

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

Via electronic lodgement

Dear Sir / Madam,

RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Attached in accordance with Listing Rule 4.2A is the consolidated financial report, directors' report and auditors' review report for Sonic Healthcare Limited for the half-year ended 31 December 2020.

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

Yours faithfully
Sonic Healthcare Limited

Paul Alexander
Company Secretary

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Sonic Healthcare Limited

ABN 24 004 196 909

ASX APPENDIX 4D AND HALF YEAR REPORT – 31 DECEMBER 2020

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 2020 Annual Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the six months ended 31 December 2020

Financial Results **$'000**	**Six months ended 31.12.20 Statutory**		**% Change**
Revenue from ordinary activities	**4,432,233**		**32.7%**
Profit after tax from ordinary activities attributable to members	**677,635**		**166.4%**

Dividends

Cents per share	**FY2021**	**FY2020**	**% Change**
Interim dividend	**36¢**	34¢	**5.9%**
Interim dividend franked amount per security	**10.80¢**	10.20¢	**5.9%**

The record date for determining entitlements to the interim dividend will be 10 March 2021. The interim dividend will be paid on 24 March 2021. The 2021 interim dividend includes no conduit foreign income. The Company's Dividend Reinvestment Plan remains suspended for this dividend.

Explanation of results

$'000	**Six months ended 31.12.20 Constant Currency***	**Six months ended 31.12.20 Statutory**	**Six months ended 31.12.19**	**% Change 31.12.20 Constant Currency versus 31.12.19**	**% Change 31.12.20 Statutory versus 31.12.19**
Revenue	4,488,115	**4,432,233**	3,340,586	34.4%	**32.7%**
Earnings before interest, tax, depreciation and intangibles amortisation (**EBITDA**)	1,320,551	**1,306,854**	690,027	91.4%	89.4%
Depreciation	(280,290)	**(278,547)**	(258,141)	8.6%	7.9%
Earnings before interest, tax and intangibles amortisation (**EBITA**)	1,040,261	**1,028,307**	431,886	140.9%	138.1%
Amortisation of intangibles	(35,015)	**(34,543)**	(31,981)	9.5%	8.0%
Net interest expense	(52,604)	**(49,756)**	(52,516)	0.2%	(5.3)%
Income tax attributable to operating profit	(256,634)	**(254,596)**	(85,136)	201.4%	199.0%
Net (profit) attributable to minority interests	(11,929)	**(11,777)**	(7,858)	51.8%	49.9%
Net profit attributable to Sonic shareholders	684,079	**677,635**	254,395	168.9%	**166.4%**
Cash generated from operations		**810,478**	534,171		51.7%
Earnings per share					
Basic earnings per share (cents per share)	143.4	**142.1**	53.6	167.5%	165.1%
Diluted earnings per share (cents per share)	142.2	**140.9**	53.3	166.8%	164.4%

* For an explanation of 'Constant Currency' refer to 2(a) in the Commentary on Results.

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COMMENTARY ON RESULTS
For the half year ended 31 December 2020

1. Headlines

- Revenue growth of 33% to A$4.4 billion.
- EBITDA growth of 89% to A$1.3 billion.
- Net profit growth of 166% to A$678 million.
- Sonic Healthcare continues to play a key role in combating the COVID-19 pandemic in its markets, whilst continuing to provide its usual essential healthcare services**.**
- More than 18 million COVID-19 PCR tests have been performed to date in ~60 Sonic laboratories globally.
- Sonic's 37,000 staff are unsung heroes, providing vital testing for their communities.
- Significant revenue and earnings contribution from COVID-19 testing, leveraging existing infrastructure.
- Base business revenue (ex-COVID testing) H1 FY2021 down 1% versus H1 FY2020 (Constant Currency).
- Margin accretion in both laboratory and imaging divisions.
- Strong balance sheet, with gearing at record low level and A$1.3 billion of available liquidity (pre-interim dividend).
- Progressive dividend policy maintained, increase of 2 cents (6%) to 36 cents for the FY2021 Interim Dividend.

2. Explanation of results

(a) Constant currency

As a result of Sonic's expanding operations outside of Australia, Sonic is increasingly exposed to currency exchange rate translation risk i.e. the risk that Sonic's offshore earnings and assets fluctuate when reported in AUD.

The average currency exchange rates for the six months to 31 December 2020 for the Australian dollar ('A$', 'AUD' or '$') versus the currencies of Sonic's offshore earnings varied from those in the comparative period, impacting Sonic's AUD reported earnings ('Statutory' earnings). The underlying earnings in foreign currency are not affected.

As in prior periods, in addition to the statutory disclosures, Sonic's results for the half year have also been presented on a 'Constant Currency' basis (i.e. using the same exchange rates to convert the current period foreign earnings into AUD as applied in the comparative period, being the average rates for that period). This facilitates comparability of the Group's performance, by providing a view on the underlying business performance without distortion caused by exchange rate volatility, so that an assessment can be made of the growth in earnings in local currencies.

In preparing the Constant Currency reporting, the foreign currency elements of each line item in the Income Statement (including net interest expense and tax expense) are restated using the relevant prior period average exchange rate. There is only this one adjustment to each line item so no reconciliation is required.

The average exchange rates used were as follows:

	31.12.20 Statutory	**31.12.19 and Constant Currency**
AUD/USD	0.7232	0.6846
AUD/EUR	0.6123	0.6170
AUD/GBP	0.5536	0.5437
AUD/CHF	0.6592	0.6763
AUD/NZD	1.0729	1.0593

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COMMENTARY ON RESULTS
For the half year ended 31 December 2020

2. Explanation of results (continued)

(a) Constant currency (continued)

To manage currency translation risk Sonic uses 'natural' hedging, under which foreign currency assets (businesses) are matched to the extent practicable with same currency debt. Therefore:

- as the AUD value of offshore assets changes with currency movements, so does the AUD value of the debt; and
- as the AUD value of foreign currency EBIT changes with currency movements, so does the AUD value of the foreign currency interest expense.

As Sonic's foreign currency earnings grow, debt is repaid, and interest rates change, the natural hedges have only a partial effect, so AUD reported earnings do fluctuate. Sonic believes it is inappropriate to hedge translation risk (a non-cash risk) with real cash hedging instruments.

(b) Revenue

Revenue breakdown
A$M

	Six months ended 31.12.20 Revenue	% of 31.12.20 Revenue	Six months ended 31.12.20 Constant Currency Revenue	Six months ended 31.12.19 Revenue	Growth 31.12.20 Constant Currency v 31.12.19
Laboratory – Australia and New Zealand	988	22%	988	788	25.4%
Laboratory – US	1,187	27%	1,254	896	40.0%
Laboratory – Europe	1,751	39%	1,740	1,178	47.7%
Imaging – Australia	304	7%	304	266	14.2%
Other	202	5%	202	213	(5.2)%
Revenue	4,432	100%	4,488	3,341	34.4%

Total revenue growth for the half year was 33% (34% organic growth on a Constant Currency basis), enhanced by COVID-19 testing revenue in each of Sonic's laboratory businesses. Base business revenue (excluding COVID testing) declined by 1% (on a Constant Currency basis) versus the comparative period, due to pandemic related lockdowns and fear of infection. Sonic's base business is becoming increasingly resilient to impacts of pandemic waves and benefits from geographical and business diversification.

The Laboratory division achieved organic revenue growth of 39% in the half year (Constant Currency), with particularly strong growth in Sonic's Northern Hemisphere markets.

Imaging revenue growth was strong at 14%, including market share gains and driven by investments in greenfield sites and new equipment in prior periods.

Revenue for Sonic Clinical Services ('SCS'), mainly comprising Sonic's medical centre and occupational health businesses (the major component of the Other segment, which also includes other minor operations), declined 4% from the comparative period as a result of the pandemic.

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COMMENTARY ON RESULTS
For the half year ended 31 December 2020

2. Explanation of results (continued)

(c) Earnings

EBITDA grew 89%, or 91% on a Constant Currency basis. EBITDA growth of 103% in the Laboratory division was enhanced by COVID-19 testing. Laboratory division margins increased from 20.9% to 30.9%. Sonic's Imaging business reported 19% EBITDA growth and 90 basis points of margin improvement.

The high volume of COVID-19 PCR tests performed has caused consumables cost to significantly increase as a percentage of revenue, whilst labour cost has reduced substantially on the same basis. Sonic's US business continues to benefit from labour savings resulting from structural changes made at the beginning of the pandemic. All other expense lines have reduced as a percentage of revenue.

Net profit growth of 166% on 33% growth in revenue demonstrates the operating leverage in Sonic's businesses.

(d) Depreciation

Depreciation increased 8% on the comparative period, reflecting the growth of the Company, but well below total revenue growth.

(e) Intangibles amortisation

Intangibles amortisation relates to internally developed and purchased software.

(f) Interest expense and debt facilities

Net interest expense decreased 5% on the prior year largely due to strong operating cash flow allowing debt reduction.

The majority of Sonic's debt is drawn in foreign currencies as 'natural' balance sheet hedging of Sonic's offshore operations (see 2(a) Constant currency above).

Interest rate risk management arrangements are in place in accordance with Sonic's Treasury Policy.

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COMMENTARY ON RESULTS
For the half year ended 31 December 2020

2. Explanation of results (continued)

(f) Interest expense and debt facilities (continued)

Sonic's net interest bearing debt (excluding lease liabilities under AASB 16 *Leases*) at 31 December 2020 comprised:

	Facility Limit M	Drawn M	AUD $M Available
Notes held by Private Placement investors – USD	US$800	US$800	-
Notes held by Private Placement investors – EUR	€515	€515	-
Bank debt facilities			
- USD limits	US$175	-	227
- Euro limits	€550	€283[+]	423
- AUD (Multicurrency) limits	A$48	-	48
- CHF limit	CHF125	CHF125	-
Minor debt/leasing facilities	n/a	A$19*	-
Cash	n/a	A$(857)*	857
Available funds at 31 December 2020			1,555
Net interest bearing debt		A$1,648	

[+] Includes debt drawn in CHF (CHF 37M)
* Various currencies

In January 2021 Sonic repaid US$250M of United States private placement notes at their maturity using cash and bank facilities. Current available liquidity (pre-interim dividend) is ~A$1.3 billion.

Sonic's credit metrics at 31 December 2020 were as follows:

	31.12.20	30.6.20
Gearing ratio	21.6%	26.1%
Interest cover (times)	20.5	11.5
Debt cover (times)	1.0	1.8

Definitions:
- Gearing ratio = Net debt / [Net debt + equity] (USPP covenant limit <55%)
- Interest cover = EBITA / Net interest expense (bank covenant limit >3.25)
- Debt cover = Net debt / EBITDA (bank covenant limit <3.5)
- Calculations as per Sonic's debt facility definitions, which exclude the impacts of AASB 16 *Leases*

Sonic's senior debt facility limits at 17 February 2021 expire as follows (**note that the figures shown are the facility limits, not drawn debt**):

Calendar Year	AUD M	USD M	Euro M	CHF M
2022	-	75	270	-
2023	48	100	120	125
2024	-	-	345	-
2026	-	-	245	-
2030	-	300	-	-
2032	-	150	85	-
2035	-	100	-	-
	48	725	1,065	125

Sonic's excellent relationships with its banks, its investment grade credit metrics, and its strong and reliable cash flows significantly reduce refinancing risk.

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COMMENTARY ON RESULTS
For the half year ended 31 December 2020

2. Explanation of results (continued)

(g) Tax expense

The effective tax rate is 27%, up from 25% in the comparative period, which included a number of adjustments that did not re-occur in the current period.

(h) Cash flow

Excluding the impacts of AASB 16 *Leases*, cash generated from operations was 74% higher than in the comparative period and gross operating cash flow equated to 81% of EBITDA. Cash generation was impacted by increases in debtors (~A$195 million) and inventory (~$A90 million) related to the rapid growth in COVID-19 testing. In particular, the German statutory insurance fee payment system involves delays of around 5 months for revenue growth over the corresponding quarter in the prior year. No issues are expected in collecting the cash from these debtors post 31 December 2020. In addition, a number of Sonic's jurisdictions provided COVID-related tax payment concessions such that payments were deferred from H2 FY2020 to H1 FY2021.

(i) FY2021

Sonic expects a strong second half result based on the revenue growth trend in January and February (to date), however it is not providing earnings guidance for FY2021 due to COVID-19 related unpredictability. The pandemic has the potential to cause fluctuations in both the base business and COVID-19 testing revenues, although the base business is becoming increasingly resilient to the impacts of pandemic waves.

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STATUTORY HALF YEAR REPORT

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report and Financial Statements for the year ended 30 June 2020 and any public announcements made by Sonic Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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DIRECTORS' REPORT

Your Directors present their report on the Group consisting of Sonic Healthcare Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2020.

1. Names of Directors

The Directors of the Company in office during the half year and up to the date of this report are:

Prof. M.R. Compton – Chairman
Dr C.S. Goldschmidt – Managing Director
Mr C.D. Wilks – Finance Director
Prof. S. Crowe
Dr P.J. Dubois
Mr N. Mitchell
Mr L.J. Panaccio
Ms K.D. Spargo
Dr E.J. Wilson

2. Review of operations

Revenue for the period increased 33% to A$4.4 billion through strong organic growth mainly relating to COVID-19 testing.

Net profit and diluted earnings per share grew by 166% and 164% respectively. EBITDA grew 89%.

Summary:

- Sonic Healthcare continues to play a key role in combating the COVID-19 pandemic in its markets, whilst continuing to provide its usual essential healthcare services**.**
- More than 18 million COVID-19 PCR tests have been performed to date in ~60 Sonic laboratories globally.
- Sonic's 37,000 staff are unsung heroes, providing vital testing for their communities.
- Significant revenue and earnings contribution from COVID-19 testing, leveraging existing infrastructure.
- Base business revenue (ex-COVID testing) H1 FY2021 down 1% versus H1 FY2020 (Constant Currency).
- Margin accretion in both laboratory and imaging divisions.
- Strong balance sheet, with gearing at record low level and A$1.3 billion of available liquidity (pre-interim dividend).
- Progressive dividend policy maintained, increase of 2 cents (6%) to 36 cents for the FY2021 Interim Dividend.

Further information on the operations and financial results and position of the Company is included in the Commentary on Results section attached to this report, the presentation released to the ASX on the same day as this Appendix 4D, and in the 2020 Annual Report. This information includes results presented on a 'Constant Currency' basis – current period results presented using the comparative period average currency exchange rates to translate offshore earnings. The Constant Currency information is not required to be audited or reviewed in accordance with Australian Auditing Standards.

DIRECTORS' REPORT

3. Subsequent events

Since the end of the financial period, the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

4. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached to this Half Year Report.

5. Rounding of amounts to nearest thousand dollars

The Company is a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

This report is made in accordance with a resolution of the Directors.

M.R. Compton
Chairman

Dr C.S. Goldschmidt
Director

Sydney
17 February 2021

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Auditor's Independence Declaration

As lead auditor for the review of Sonic Healthcare Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sonic Healthcare Limited and the entities it controlled during the period.



Brett Entwistle
Partner
Pricewaterhouse Coopers

Sydney
17 February 2021

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CONSOLIDATED INCOME STATEMENT
For the half year ended 31 December 2020

	Notes	Six months ended 31.12.20 $'000	Six months ended 31.12.19 $'000
Revenue from operations		**4,432,233**	3,340,586
Labour and related costs		**(1,689,236)**	(1,587,995)
Consumables used		**(830,695)**	(514,125)
Depreciation		**(278,547)**	(258,141)
Repairs and maintenance		**(103,328)**	(96,429)
Transportation		**(92,965)**	(88,762)
Utilities		**(73,342)**	(73,657)
Borrowing costs expense		**(51,352)**	(56,005)
Amortisation of intangibles		**(34,543)**	(31,981)
Other expenses from ordinary activities		**(334,217)**	(286,102)
Profit from ordinary activities before income tax expense		**944,008**	347,389
Income tax expense		**(254,596)**	(85,136)
Profit from ordinary activities after income tax expense		**689,412**	262,253
Net (profit) attributable to minority interests		**(11,777)**	(7,858)
Profit attributable to members of Sonic Healthcare Limited		**677,635**	254,395
Basic earnings per share (cents per share)	4	**142.1**	53.6
Diluted earnings per share (cents per share)	4	**140.9**	53.3

The above statement should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2020

	Six months ended 31.12.20 $'000	Six months ended 31.12.19 $'000
Profit from ordinary activities after income tax expense	**689,412**	262,253
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(240,614)**	(11,447)
Items that will not be reclassified to profit or loss		
Actuarial gains retirement benefit obligations	**2,916**	1,912
Other comprehensive (loss) for the period, net of tax	**(237,698)**	(9,535)
Total comprehensive income for the period	**451,714**	252,718
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	**442,784**	242,225
Minority interests	**8,930**	10,493
	451,714	252,718

The above statement should be read in conjunction with the accompanying notes.

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CONSOLIDATED BALANCE SHEET
As at 31 December 2020

	Notes	31.12.20 $'000	30.6.20 $'000
Current assets			
Cash assets and cash equivalents		**856,841**	1,230,149
Receivables		**1,209,979**	986,770
Inventories		**247,551**	163,425
Other		**68,905**	74,761
Total current assets		**2,383,276**	2,455,105
Non current assets			
Receivables		**33,079**	50,429
Other financial assets		**107,652**	91,754
Property, plant and equipment		**1,221,707**	1,230,498
Right-of-use assets		**1,238,818**	1,267,582
Intangible assets		**6,605,831**	6,954,904
Deferred tax assets		**60,684**	70,759
Other		**5,574**	6,099
Total non current assets		**9,273,345**	9,672,025
Total assets		**11,656,621**	12,127,130
Current liabilities			
Payables		**1,025,612**	983,831
Interest bearing liabilities		**323,625**	364,198
Lease liabilities		**305,581**	298,923
Current tax liabilities		**159,807**	145,163
Provisions		**270,293**	259,826
Other		**72,002**	18,192
Total current liabilities		**2,156,920**	2,070,133
Non current liabilities			
Interest bearing liabilities		**2,162,360**	2,872,429
Lease liabilities		**1,043,973**	1,080,331
Deferred tax liabilities		**168,722**	173,335
Provisions		**156,947**	163,538
Other		**43,812**	102,966
Total non current liabilities		**3,575,814**	4,392,599
Total liabilities		**5,732,734**	6,462,732
Net assets		**5,923,887**	5,664,398
Equity			
Parent entity interest			
Contributed equity	6	**4,077,719**	4,000,910
Reserves	8	**(82,861)**	175,426
Retained earnings		**1,834,480**	1,397,417
Total parent entity interest		**5,829,338**	5,573,753
Minority interests		**94,549**	90,645
Total equity		**5,923,887**	5,664,398

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2020

	Six months ended 31.12.20 $'000	Six months ended 31.12.19 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**4,372,003**	3,447,731
Payments to suppliers and employees (inclusive of goods and services tax)	**(3,286,878)**	(2,800,774)
Gross operating cash flow	**1,085,125**	646,957
Interest received	**1,596**	3,495
Borrowing costs	**(54,472)**	(53,653)
Income taxes paid	**(221,771)**	(62,628)
Net cash inflow from operating activities	**810,478**	534,171
Cash flows from investing activities		
Payment for purchase of controlled entities and investments, net of cash acquired	**(4,296)**	(47,009)
Payments for property, plant and equipment	**(143,777)**	(134,999)
Proceeds from sale of non current assets	**1,305**	3,389
Payments for investments	**(20,549)**	(9,104)
Payments for intangibles	**(43,424)**	(43,164)
Repayment of loans by other entities	**10,159**	16,142
Loans to other entities	**(7,749)**	(6,537)
Net cash (outflow) from investing activities	**(208,331)**	(221,282)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities (net of transaction costs and related costs)	**51,413**	19,940
Proceeds from borrowings	**-**	54,619
Repayment of borrowings	**(574,980)**	(293,019)
Principal elements of lease payments	**(159,350)**	(158,264)
Transaction with minority interests	**-**	5,518
Dividends paid to Company's shareholders	**(243,488)**	(242,148)
Dividends paid to minority interests in controlled entities	**(4,650)**	(4,659)
Net cash (outflow) from financing activities	**(931,055)**	(618,013)
Net (decrease) in cash and cash equivalents	**(328,908)**	(305,124)
Cash and cash equivalents at the beginning of the financial period	**1,230,149**	736,646
Effects of exchange rate changes on cash and cash equivalents	**(44,400)**	4,711
Cash and cash equivalents at the end of the financial period	**856,841**	436,233

The above statement should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2020

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Minority interests $'000	Total $'000
Balance at 1 July 2020	4,000,910	175,426	1,397,417	5,573,753	90,645	**5,664,398**
Profit for the period	-	-	677,635	677,635	11,777	**689,412**
Other comprehensive income for the period	-	(237,767)	2,916	(234,851)	(2,847)	**(237,698)**
Total comprehensive income for the period	-	(237,767)	680,551	442,784	8,930	**451,714**
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(243,488)	(243,488)	-	**(243,488)**
Shares issued	71,793	(20,380)	-	51,413	-	**51,413**
Transfers to share capital	5,341	(5,341)	-	-	-	**-**
Acquisition of treasury shares	(325)	-	-	(325)	-	**(325)**
Share based payments	-	5,201	-	5,201	-	**5,201**
Reduction in minority interests	-	-	-	-	(414)	**(414)**
Dividends paid to minority interests in controlled entities	-	-	-	-	(4,612)	**(4,612)**
Balance at 31 December 2020	**4,077,719**	**(82,861)**	**1,834,480**	**5,829,338**	**94,549**	**5,923,887**
Balance at 1 July 2019	3,966,892	146,275	1,299,163	5,412,330	79,536	5,491,866
Change in accounting standards (AASB 16)	-	-	(20,046)	(20,046)	-	(20,046)
Restated balance at 1 July 2019	3,966,892	146,275	1,279,117	5,392,284	79,536	5,471,820
Profit for the period	-	-	254,395	254,395	7,858	262,253
Other comprehensive income for the period	-	(14,082)	1,912	(12,170)	2,635	(9,535)
Total comprehensive income for the period	-	(14,082)	256,307	242,225	10,493	252,718
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(242,148)	(242,148)	-	(242,148)
Shares issued	28,480	(8,540)	-	19,940	-	19,940
Transfers to share capital	1,981	(1,981)	-	-	-	-
Share based payments	-	2,574	-	2,574	-	2,574
Contributions of minority interests	-	-	-	-	5,648	5,648
Dividends paid to minority interests in controlled entities	-	-	-	-	(4,656)	(4,656)
Balance at 31 December 2019	3,997,353	124,246	1,293,276	5,414,875	91,021	5,505,896

The above statement should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 1 Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Sonic Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 2 Segment information

Business segments

The Group's Chief Executive Officer and the Board of Directors (the chief operating decision makers) review the Group's performance both by the nature of services provided and geographic region. Discrete financial information about each operating segment is reported to the Chief Executive Officer and the Board of Directors on at least a monthly basis and is used to assess performance and determine the allocation of resources. The internal reports use a 'Constant Currency' basis for reporting revenue and EBITA with foreign currency elements restated using the relevant prior period average exchange rates, and are also prepared excluding the impacts of AASB 16 *Leases*. The segment revenue and EBITA have therefore been presented using Constant Currency and excluding AASB 16 impacts.

The Group has the following reportable segments:

(i) Laboratory
Pathology/clinical laboratory services provided in Australia, New Zealand, the United Kingdom, the United States of America, Germany, Switzerland, Belgium and Ireland. The geographic regions have been aggregated into one reportable segment as they provide similar services and have similar expected growth rates, cost structures, risks, and return profiles.

(ii) Imaging
Diagnostic imaging services provided in Australia.

(iii) Other
Includes corporate office functions, medical centre operations (IPN), occupational health services (Sonic HealthPlus), and other minor operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 2 Segment information (continued)

Half Year ended 31 December 2020	Laboratory $'000	Imaging $'000	Other $'000	Eliminations $'000	Consolidated $'000
Segment revenue (Constant Currency)	3,983,199	303,557	211,234	(6,892)	4,491,098
Currency exchange movement	(56,888)	-	-	-	(56,888)
Segment revenue	**3,926,311**	**303,557**	**211,234**	**(6,892)**	**4,434,210**
AASB 16 revenue impact					(3,412)
Interest income excluding impact of AASB 16					1,435
Total revenue					**4,432,233**
Segment EBITA (Constant Currency)	1,016,339	47,482	(30,748)	-	1,033,073
Currency exchange movement	(11,878)	-	-	-	(11,878)
Segment EBITA	**1,004,461**	**47,482**	**(30,748)**	**-**	**1,021,195**
AASB 16 EBITA impact					7,112
Amortisation expense					(34,543)
Unallocated net interest expense including impact of AASB 16					(49,756)
Profit before tax					**944,008**
Income tax expense					(254,596)
Profit after income tax expense					**689,412**
Depreciation expense	205,736	30,953	41,858	-	**278,547**

Half Year ended 31 December 2019	Laboratory $'000	Imaging $'000	Other $'000	Eliminations $'000	Consolidated $'000
Segment revenue	2,861,449	265,699	220,055	(6,755)	3,340,448
AASB 16 revenue impact					(3,169)
Interest income excluding impact of AASB 16					3,307
Total revenue					3,340,586
Segment EBITA	404,293	35,728	(18,650)	-	421,371
AASB 16 EBITA impact					10,515
Amortisation expense					(31,981)
Unallocated net interest expense including impact of AASB 16					(52,516)
Profit before tax					347,389
Income tax expense					(85,136)
Profit after income tax expense					262,253
Depreciation expense	189,238	29,742	39,161	-	258,141

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 2 Segment information (continued)

Disaggregated revenue (excluding interest and rental income)

	Six months ended 31.12.20 $'000	Six months ended 31.12.19 $'000
Laboratory		
Australia	**972,827**	770,213
Germany	**1,012,600**	631,386
USA	**1,187,206**	895,564
Switzerland	**300,739**	232,513
UK & Ireland	**333,500**	239,392
Belgium	**103,280**	73,532
New Zealand	**14,925**	16,805
Non-Laboratory		
Imaging	**303,509**	265,567
Other (Medical centres, occupational health services, etc.)	**199,668**	208,395
	4,428,254	3,333,367

Note 3 Dividends

	Six months ended 31.12.20 $'000	Six months ended 31.12.19 $'000
Dividends paid during the half year	**243,488**	242,148

Dividends not recognised at the end of the half year

Since the end of the half year the Directors have declared an interim dividend of 36 cents (2020: 34 cents) franked to 30% (2020: 30%).

The dividend is payable on 24 March 2021 with a record date of 10 March 2021. The interim dividend includes no conduit foreign income.

Based on the number of shares on issue at 17 February 2021 the aggregate amount of the proposed interim dividend to be paid out of retained earnings at the end of the half year, but not recognised as a liability is:	**172,021**	161,519

Dividend Reinvestment Plan
The Company's Dividend Reinvestment Plan remains suspended for the FY2021 interim dividend.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

	Six months ended 31.12.20 $'000	Six months ended 31.12.19 $'000
Note 4 Earnings per share		
Basic earnings per share	**142.1**	53.6
Diluted earnings per share	**140.9**	53.3

	Six months ended 31.12.20 Shares	Six months ended 31.12.19 Shares
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**476,896,996**	474,576,651
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**480,935,923**	477,006,381

Note 5 Goodwill

	31.12.20 $'000	30.6.20 $'000
Cost	**6,239,855**	6,586,063
Accumulated impairment	**(99,711)**	(99,729)
Net book amount	**6,140,144**	6,486,334
Opening cost	**6,586,063**	6,422,865
Acquisition/(disposal) of businesses (net)	**-**	93,409
Foreign exchange rate movements	**(346,208)**	69,789
Closing cost	**6,239,855**	6,586,063
Opening accumulated impairment	**(99,729)**	(102,135)
Foreign exchange movements	**18**	2,406
Closing accumulated impairment	**(99,711)**	(99,729)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 6 Contributed equity

	31.12.20 Shares	30.6.20 Shares	31.12.20 $'000	30.6.20 $'000
Share capital				
Fully paid ordinary shares	**477,810,801**	475,182,416	**4,078,191**	4,001,057
Other equity securities				
Treasury shares	**(16,035)**	(6,035)	**(472)**	(147)
	477,794,766	475,176,381	**4,077,719**	4,000,910

Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
01/07/20	Opening balance	475,182,416		4,001,057
Various	Shares issued following exercise of employee options/rights	2,628,385	Various	71,793
Various	Transfers from equity remuneration reserve	-		5,341
31/12/20	Closing balance	477,810,801		4,078,191

Movements in other equity securities:

Date	Details	Number of shares	$'000
01/07/20	Opening balance	(6,035)	(147)
Various	On market purchase of Sonic shares by SHEST*	(10,000)	(325)
Various	Allocation of treasury shares	1,474,385	49,070
Various	Subscription for unissued shares by SHEST	(1,474,385)	(49,070)
31/12/20	Closing balance	(16,035)	(472)

* Sonic Healthcare Employee Share Trust

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 7 Unlisted share options and performance rights

Exercise Price	Expiry Date	Balance at 1.7.20	Granted	Exercised	Forfeited	Expired	Balance at 31.12.20
$18.49	20/08/2020	415,000	-	(415,000)	-	-	**-**
$19.78	11/10/2020	1,233,500	-	(1,233,500)	-	-	**-**
$19.41	20/11/2020	356,641	-	(356,641)	-	-	**-**
$21.62	17/09/2021	716,000	-	(363,500)	-	-	**352,500**
$22.02	17/09/2021	155,000	-	(37,500)	-	-	**117,500**
$21.62	17/11/2021	237,666	-	-	-	-	**237,666**
$23.34	05/05/2022	885,000	-	(160,000)	-	-	**725,000**
$21.64	22/11/2022	675,145	-	-	(196,299)	-	**478,846**
$21.69	21/11/2023	667,787	-	-	-	-	**667,787**
$21.83	14/10/2023	2,000,000	-	-	-	-	**2,000,000**
$24.30	21/12/2023	980,000	-	-	-	-	**980,000**
$28.58	05/12/2023	4,336,199	-	-	-	-	**4,336,199**
$27.28	22/05/2024	5,170,000	-	-	-	-	**5,170,000**
$29.26	19/11/2024	588,894	-	-	-	-	**588,894**
$34.21	18/11/2025	-	527,191	-	-	-	**527,191**
Performance Rights	01/10/2021	-	8,709	-	-	-	**8,709**
Performance Rights	01/10/2021	-	2,572	-	-	-	**2,572**
Performance Rights	22/11/2022	87,762	-	(62,244)	(25,518)	-	**-**
Performance Rights	21/11/2023	87,560	-	-	-	-	**87,560**
Performance Rights	19/11/2024	64,907	-	-	-	-	**64,907**
Performance Rights	18/11/2025	-	69,624	-	-	-	**69,624**
		18,657,061	608,096	(2,628,385)	(221,817)	-	**16,414,955**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 8 Reserves

	31.12.20 $'000	31.12.19 $'000
Foreign currency translation reserve	**13,063**	202,956
Equity remuneration reserve	**(103,785)**	(86,521)
Share option reserve	**16,427**	16,427
Revaluation reserve	**3,272**	3,272
Transactions with minority interests	**(11,838)**	(11,888)
	(82,861)	124,246
Movements		
Foreign currency translation reserve		
Balance 1 July	**251,294**	217,016
Net exchange movement on translation of foreign subsidiaries	**(238,231)**	(14,060)
Balance	**13,063**	202,956
Equity remuneration reserve		
Balance 1 July	**(83,265)**	(78,574)
Share based payments expense	**5,201**	2,574
Employee share scheme issue	**(20,380)**	(8,540)
Transfer to share capital (options exercised)	**(5,341)**	(1,981)
Balance	**(103,785)**	(86,521)
Share option reserve		
Balance 1 July	**16,427**	16,427
Movement in period	**-**	-
Balance	**16,427**	16,427
Revaluation reserve		
Balance 1 July	**3,272**	3,272
Movement in period	**-**	-
Balance	**3,272**	3,272
Transactions with minority interests		
Balance 1 July	**(12,302)**	(11,866)
Net exchange movement	**464**	(22)
Balance	**(11,838)**	(11,888)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2020

Note 9 Net asset backing

	31.12.20	30.6.20
Net tangible asset backing per ordinary security	**($1.43)**	($2.72)
Net asset backing per ordinary security	**$12.40**	$11.92

Note 10 Events occurring after the balance sheet date

Since the end of the financial period no matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years has arisen.

Forward-looking statements

This Half Year Report and ASX Appendix 4D 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 and unexpected growth in costs and expenses. The statements being made in this report 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.

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DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 12 to 24 are in accordance with the *Corporations Act 2001,* including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Sonic Healthcare Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



M.R. Compton
Chairman



Dr C.S. Goldschmidt
Director

Sydney
17 February 2021

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Independent auditor's review report to the members of Sonic Healthcare Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Sonic Healthcare Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Sonic Healthcare Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Brett Entwistle
Partner

Sydney
17 February 2021