



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

**CEO PRESENTATION – HALF-YEAR RESULTS TO 31 DECEMBER 2020**

At 8.30am AEDT today, Dr Colin Goldschmidt, Chief Executive Officer, will host a presentation of Sonic Healthcare's results for the half-year ended 31 December 2020. 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**

**Paul Alexander**  
Company Secretary



SONIC  
HEALTHCARE

# Financial and Operational Review

Half-year ended 31 December 2020

Colin Goldschmidt  
CEO, Sonic Healthcare  
18 February 2021

# 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 and unexpected growth in costs and expenses. 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 18 February 2021 and may include earnings figures restated on a "constant currency" basis.



# Headlines – H1 FY 2021

- H1 FY 2021 results

- Revenue A\$4,432 million (33% growth)
- EBITDA A\$1,307 million (89% growth)
- Net profit A\$678 million (166% growth)

- COVID-19

- Sonic's COVID testing capability continues to play a crucial role in pandemic control
- >18 million COVID PCR tests performed to date in ~60 Sonic laboratories globally
- Sonic's 37,000 staff providing vital testing for countries in which we operate
- Significant revenue and earnings contribution from COVID-19 testing, leveraging existing infrastructure
- Global base business revenue (ex-COVID testing) H1 FY 2021 down 1% vs H1 FY 2020 (constant currency), significantly less impacted than in first months of pandemic

- Strong balance sheet

- Gearing at record low level
- Available liquidity ~A\$1.3 billion (pre-interim dividend)

- Progressive dividend strategy maintained

- Interim dividend \$0.36 per share



# Financial Summary – H1 FY 2021

A\$M Actual Currency	H1 FY 2021	H1 FY 2020	Growth
Revenue	4,432	3,341	33%
EBITDA	1,307	690	89%
Net profit	678	254	166%
Cash generated from operations	810	534	52%

- Revenue and earnings

- Result demonstrates strong operating leverage in laboratory division
- COVID testing enabled by historical investments in people and infrastructure (expertise, equipment, facilities, IT, supply chain, etc)

- Cash generation strong but impacted by:

- COVID-related debtors up ~A\$195 million at period end, due to rapid revenue growth and German quarterly payment system
- COVID-related inventory up ~A\$90 million at period end
- Tax payments deferred from H2 FY 2020 to H1 FY 2021 (COVID concessions)
- Excluding AASB 16 and adjusted for the debtor and inventory movements, >100% conversion of EBITDA to cash



# FY 2021

- Strong H2 result expected based on revenue growth trend in January and February (to date)
- FY 2021 earnings guidance not provided due to COVID-19 related unpredictability
- Outlook dependent on potential fluctuations in base business and COVID-19 testing revenues
  - Global base business increasingly resilient to impacts of pandemic waves and benefitting from geographical and healthcare sector diversity – evidenced by only 1% decline in H1 FY 2021
- Experience shows that temporary base business declines are more than offset by increased COVID-19 testing revenue



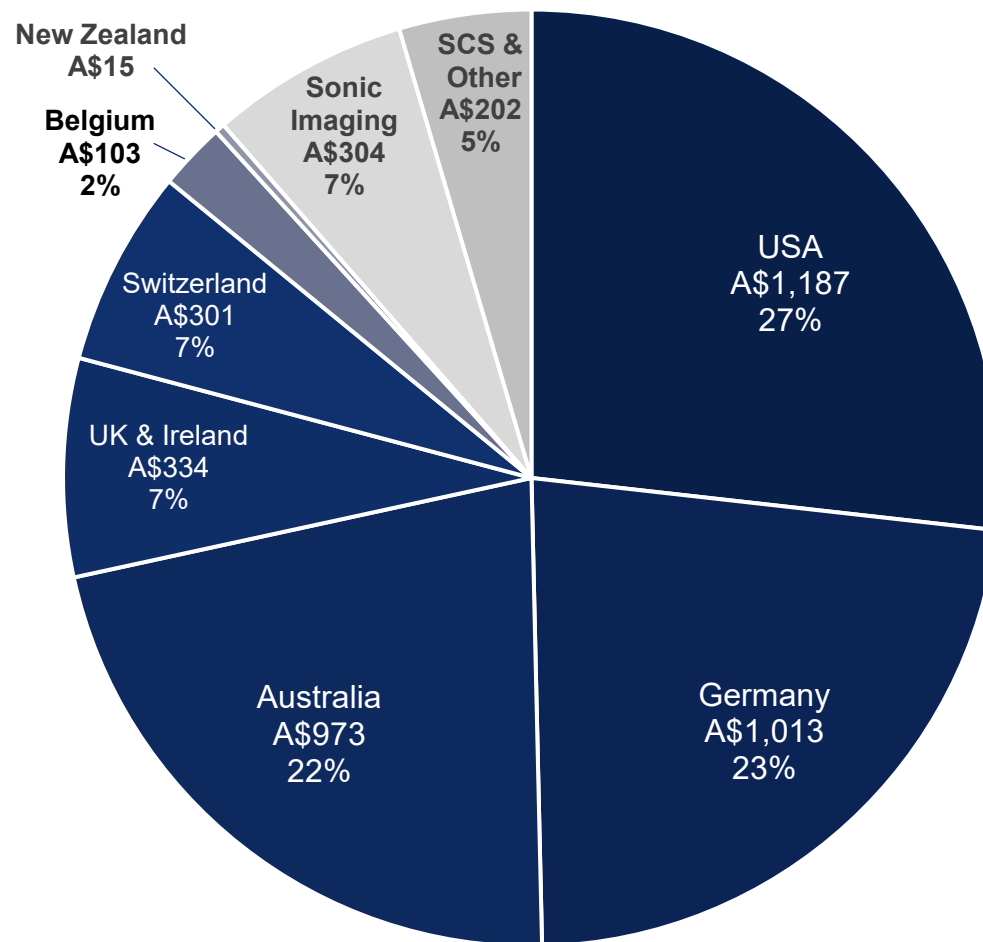
# Interim Dividend

A\$	FY 2021	FY 2020	Growth
Interim Dividend	\$0.36	\$0.34	6%

- Progressive dividend strategy maintained
- Franked to 30%
- Record Date 10 March 2021
- Payment Date 24 March 2021
- Dividend Reinvestment Plan suspended



# H1 FY 2021 Revenue Split



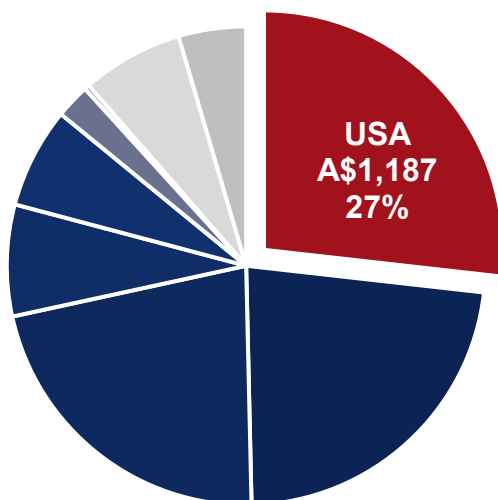
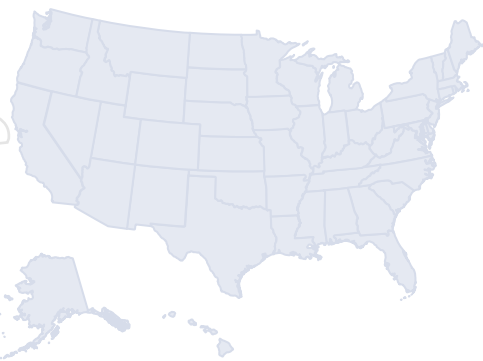
SCS & Other = Sonic Clinical Services (IPN Medical Centres, Sonic HealthPlus, other clinical service entities) and other minor operations

Revenue in A\$M





# USA



## ■ H1 FY 2021 revenue

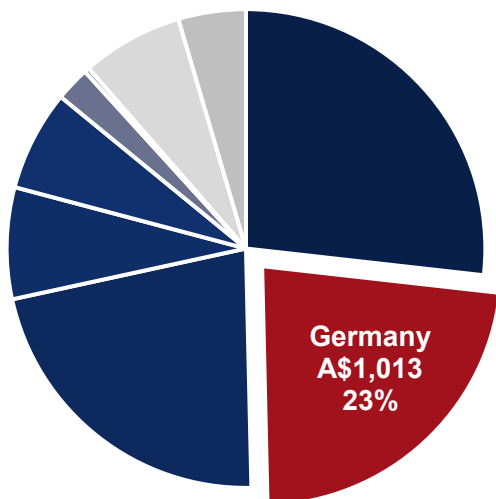
- 39% organic growth, constant currency
- Base business revenue down 8% in H1 – second wave impact significantly less than first
- Government grants (US\$26 million in total) repaid in February 2021
- Proposed changes to Medicare anatomical pathology fees from January 2021 revised, now negligible impact on Sonic
- PAMA (clinical laboratory fee schedule) fee reductions deferred to January 2022

## ■ Operations

- High volume COVID PCR and serology tests in 13 laboratories across the country
- Awarded National Institutes of Health contract to create surge capacity for COVID-19 testing
- Ongoing labour savings from structural changes at beginning of pandemic
- Thyroseq national sales strategy underway, dedicated laboratory in NY nearing completion, current annual revenue ~US\$20 million



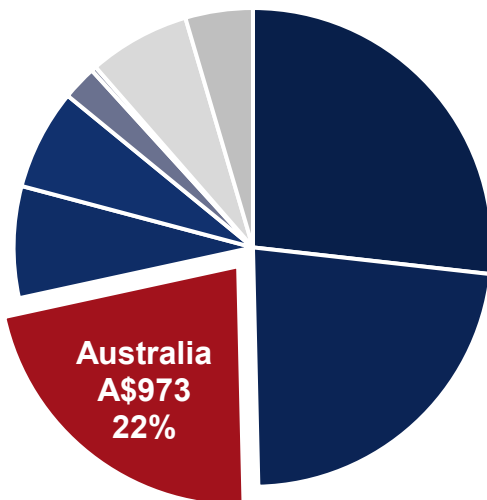
# Germany



- H1 FY 2021 revenue
  - 58% organic growth, constant currency
  - Base business revenue minimally impacted despite lockdowns
  - No government subsidies received in FY 2020 or H1 FY 2021
- Operations
  - Sonic the largest provider of COVID-19 PCR tests in Germany, in 30 laboratories nationwide
  - Established national SARS-CoV-2 mutation screening program (weekly re-testing of PCR-positive specimens)
  - Ramp-up of SARS-CoV-2 whole-genome sequencing since January 2021, feeding into national and scientific databases
  - Active support and leadership of industry association and direct pandemic-related Government advisory role
  - National HPV cervical cancer screening program contributing to future growth, enhanced by pandemic-related backlog in testing



# Australian Pathology



- H1 FY 2021 revenue
  - 26% organic revenue growth
  - Base business revenue growth 5%
  - No government subsidies received in FY 2020 or H1 FY 2021
- Operations
  - Sonic is a leading provider of COVID PCR testing in Australia
  - Maintaining PCR surge capacity in every state to assist with outbreak management
  - Sonic providing COVID surveillance testing for Australia's aged care facilities under Federal Government contract
  - National Bowel Cancer Screening contract extended for 2 years from January 2021
  - Expansion of genetics testing facility in Sydney completed to support ongoing strong growth



# UK

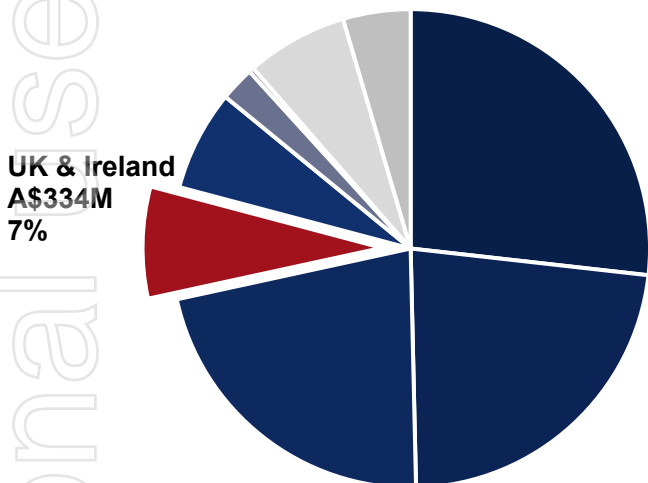


- H1 FY 2021 UK revenue

- 43% organic growth, constant currency
- Private market base business largely recovered
- NHS (public) base business slightly down in H1 – second wave impact significantly less than first

- Operations

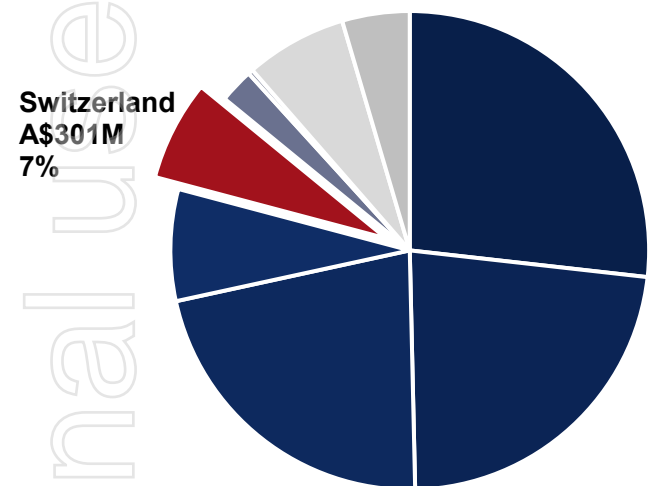
- New on-site COVID PCR surge lab, opened December 2020, now at full capacity
- TDL's new Manchester laboratory facility to open March 2021, enhancing base business capacity and efficiency



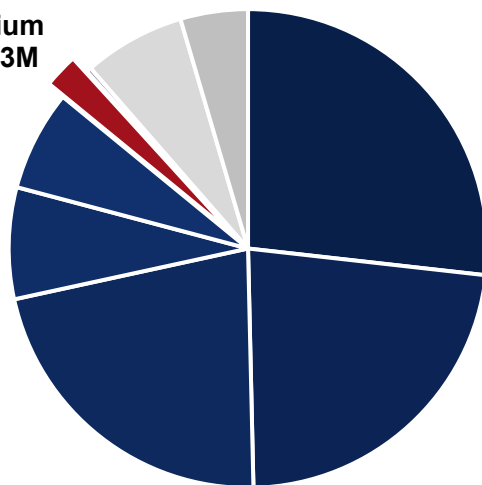
# Switzerland



- H1 FY 2021 revenue
  - 26% organic growth, constant currency
  - Base business revenue growth 6%
- Operations
  - COVID testing ramped up during H1
  - Additional PCR capacity commissioned with two more COVID testing facilities opened



# Belgium



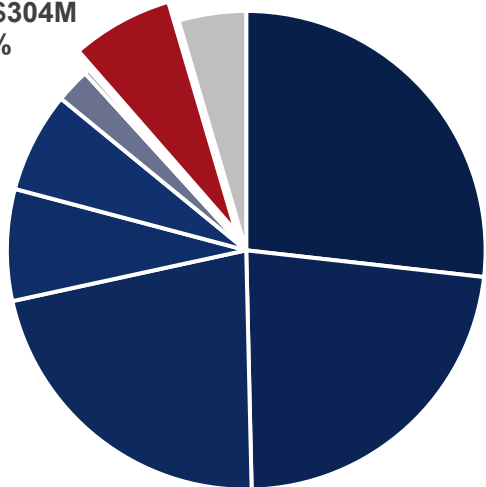
- H1 FY 2021 revenue
  - 39% organic growth, constant currency
  - Base business revenue down 4% in H1 – second wave impact significantly less than first
- Operations
  - COVID PCR testing volumes substantially increased during H1, consolidated at Antwerp central laboratory
  - Ongoing, strong growth in molecular and genetics testing, including pre-natal testing (NIPT)



# Sonic Imaging



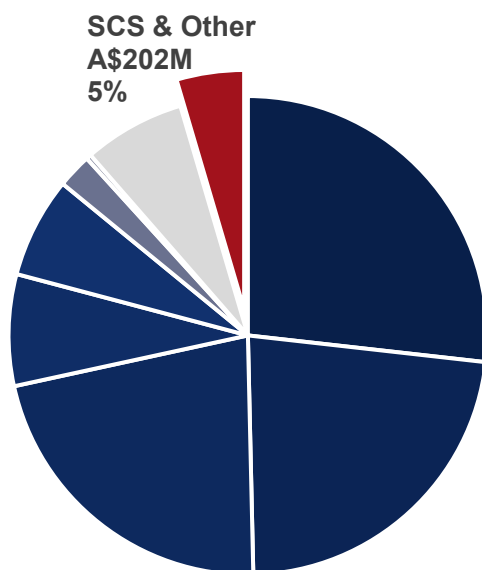
Sonic Imaging  
A\$304M  
7%



- H1 FY 2021 revenue and earnings
  - 14% revenue growth, including market share gains
  - 19% EBITDA growth
  - No government subsidies received in FY 2020 or H1 FY 2021
- Operations
  - Benefitting from workflow and other efficiency projects
  - Investments in greenfield sites in recent years driving growth
  - Moving to majority ownership of Epworth Medical Imaging in Victoria in H2 (annual revenue ~\$35 million p.a.)



# Sonic Clinical Services



- H1 FY 2021 revenue and earnings
  - Revenue down 4%, impacted by pandemic
  - Profit maintained at prior year level
  - No government subsidies received in FY 2020 or H1 FY 2021
- Operations
  - GP service provision maintained throughout pandemic
  - Ongoing utilisation of flexible care delivery models, including telehealth
  - Selected by Federal Government to provide capacity for COVID-19 vaccination
  - Expect to play a significant role in Australian vaccination program





# Capital Management

		31 December 2020	30 June 2020
Net interest-bearing debt	A\$M	1,648	2,022
Equity	A\$M	5,924	5,664
Gearing ratio	%	21.6	26.1
Interest cover	X	20.5	11.5
Debt cover	X	1.0	1.8

- *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, excluding AASB 16*
- *Net interest-bearing debt excludes AASB 16 impact*

- Reduction in net debt of A\$374 million includes A\$124 million exchange rate impact
- Current total weighted pre-tax average cost of debt is ~2.5%
- Debt cover ratio lowest in more than 20 years
- Current available headroom ~A\$1.3 billion (before FY 2021 interim dividend)
- Well positioned to continue to pursue value-accretive growth opportunities, including acquisitions



# Outlook

- Sonic provides essential healthcare services, base business increasingly resilient to impacts of pandemic
- Expect demand for COVID-19 PCR testing to continue into foreseeable future, volumes unpredictable
- Potential growing demand for COVID-19 serology testing (immunity status)
- Increasing acquisition, contract and joint venture growth opportunities
  - Supported by very strong balance sheet
  - Currently bidding on significant opportunities in Australia, UK, USA and Alberta, Canada
- Sonic in strong position for future growth
  - Geographical diversification, providing increased opportunities for expansion
  - Underlying strong healthcare growth drivers unchanged
  - Leading market positions in Australia, Germany, USA, UK, Switzerland
  - Deep-seated culture, with committed, experienced global leadership teams





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**Thank you**