

17 August 2023

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

Via electronic lodgement

Dear Sir / Madam,

RESULTS FOR THE YEAR ENDED 30 JUNE 2023

Attached in accordance with Listing Rule 4.3A is the Appendix 4E for Sonic Healthcare Limited for the year ended 30 June 2023.

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

Year ended 30 June 2023

Dr Colin Goldschmidt
CEO, Sonic Healthcare
17 August 2023

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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 or unexpected growth in costs. 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 4E released to the ASX on 17 August 2023 and may include earnings figures restated on a "constant currency" basis.



Headlines

A\$M (Statutory)	FY 2023	FY 2022	Change
Base business* revenue	7,684	6,912	11%
COVID revenue	485	2,428	(80)%
Total Revenue	8,169	9,340	(13)%
EBITDA	1,708	2,830	(40)%
Net Profit	685	1,461	(53)%

- Revenue and earnings comparisons with FY 2022 impacted materially by reduction in COVID revenue
- Base business revenue growth 11% vs FY 2022, 7% organic growth**
- Base business organic revenue growth momentum: H1 6%, H2 9%
- Earnings per share up 19% vs FY 2019 (pre-pandemic)
- Cash generation: 110% conversion of EBITDA to gross operating cash flow
- Final dividend A\$0.62 per share, fully franked, full-year dividend up 4% to A\$1.04
- Three synergistic European acquisitions announced during H2, total enterprise value ~A\$890 million
- Currently progressing several new acquisition and contract growth opportunities
- Future growth supported by strong balance sheet position

* Base business excludes COVID revenue

** Base business organic revenue growth

Growth in base business revenues normalised for working days, currency exchange rates and acquisitions/disposals



FY 2024 Guidance

■ Guidance

- EBITDA A\$1.7 – 1.8 billion
- Equates to up to 5% growth on FY 2023 EBITDA, with base business performance offsetting material reduction in COVID-related earnings
- Interest expense to increase by ~25%, reflecting recently announced acquisitions
- Effective tax rate 25 – 27%

■ Key guidance considerations

- Assumes current currency exchange rates and interest rates prevail
- Includes announced acquisitions only, with majority of synergies to flow post-FY 2024
- Incorporates potential PAMA fee reductions (USA) from January 2024, ~US\$10 million impact
- No other regulatory changes assumed



Earnings Growth

- Transitioning from high volume COVID testing environment to intense focus on base business revenue and earnings growth
- H2 FY 2023 margins impacted by legacy COVID-related labour and infrastructure costs
- Major drivers and initiatives locked in for earnings growth in FY 2024 and FY 2025
 - Strong base business organic revenue growth momentum and consequent operating leverage
 - Post-COVID normalisation of workforce ongoing
 - Integration and turnaround of zero-margin ~CHF100 million revenue Synlab Suisse acquisition
 - Revenue and earnings, plus synergies from other recently announced and previous acquisitions
 - Implementation of enhanced revenue collection system in USA, with material upside
 - Fee indexation in various markets and contracts, including Radiology, UK, Belgium and SCS
 - Laboratory infrastructure rationalisation underway in Hamburg (3 labs into 1) and Munich (2 labs into 1)
 - Digital pathology and AI to enhance efficiencies in anatomical pathology
 - Ongoing procurement initiatives continuing to drive savings
- Future growth to be augmented by additional acquisitions and contracts, including those currently under consideration



AI and Digital Pathology Strategy

- AI to transform pathology and radiology through step-change gains in efficiency, quality and capacity in coming years
- Digital pathology (digitisation in anatomical pathology)
 - Sonic Healthcare is one of the world's largest anatomical pathology providers with annual revenue >A\$1 billion and employing >1,000 anatomical pathologists
 - Anatomical pathology undergoing revolutionary transformation to automation, digitisation and the use of AI tools
 - Sonic making significant investments in IT and infrastructure to unlock this material upside opportunity
- Franklin.ai (pathology AI) joint venture
 - Synergy between Sonic (medical) and Franklin (AI) teams powering development and outcomes
 - Nearing completion of first anatomical pathology AI product, validation studies to begin in early 2024
 - Franklin.ai products to be deployed within Sonic and sold globally
- Harrison.ai / Annalise.ai (radiology AI) investment
 - Annalise.ai chest X-ray AI tool deployed throughout Sonic Radiology
 - Evaluation of CT brain AI application underway within Sonic
 - Annalise AI products being sold globally

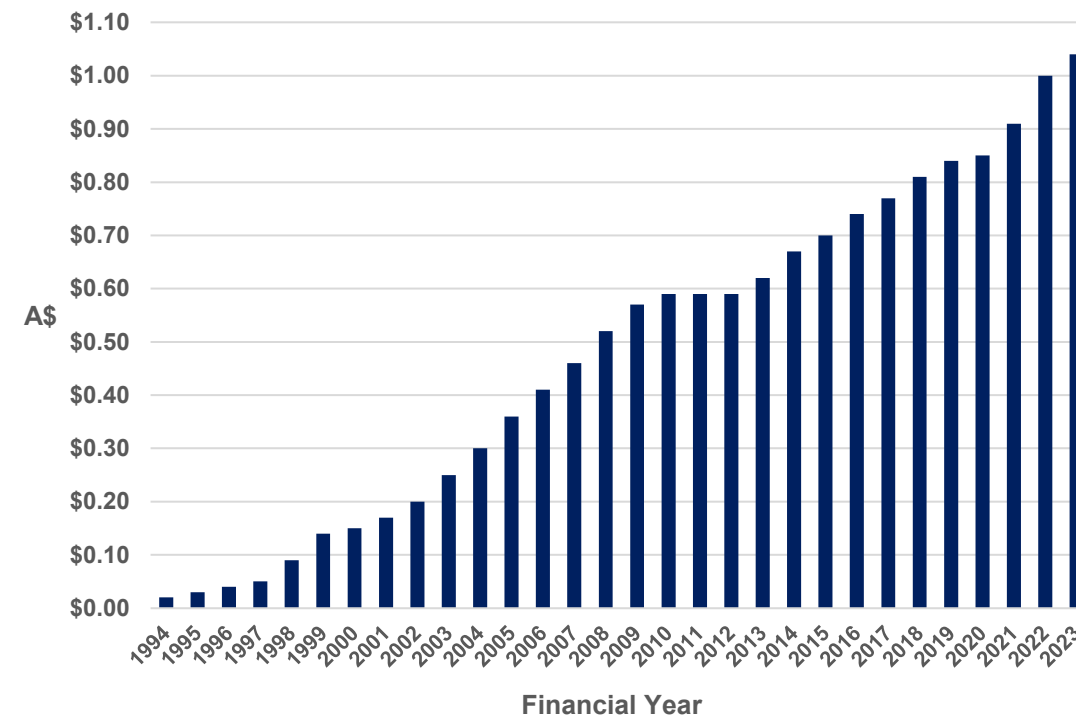


Dividends

A\$	FY 2023	FY 2022	Growth
Interim Dividend	\$0.42	\$0.40	5%
Final Dividend	\$0.62	\$0.60	3%
Total Dividends	\$1.04	\$1.00	4%

- Final dividend franked to 100%
- Record Date 7 September 2023
- Payment Date 21 September 2023
- Progressive dividend strategy maintained

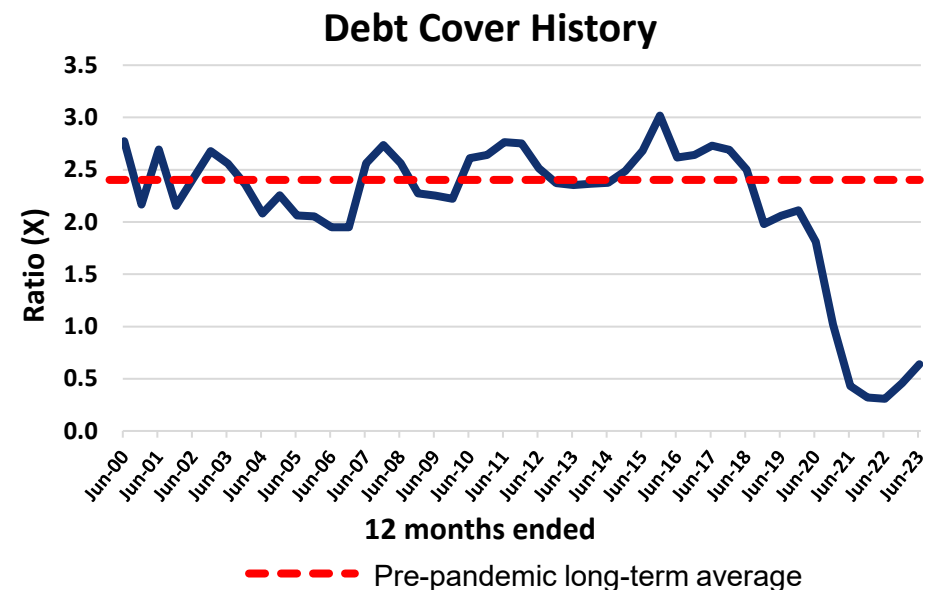
Dividend History – 30 Years



Capital Management

		30 June 2023	30 June 2022
Net interest-bearing debt	A\$M	886	812
Equity	A\$M	7,922	7,428
Debt cover	X	0.6	0.3
Gearing ratio	%	9.9	9.7
Interest cover	X	29.4	47.3

- Increase (A\$74 million) in net debt includes currency exchange movements of A\$43 million
- On-market share buy-back of A\$425 million completed
- Available headroom at 30 June 2023 ~A\$2.1 billion (before final dividend and ~A\$890 million of announced acquisitions)
- Balance sheet strength for future acquisitions and other growth opportunities



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

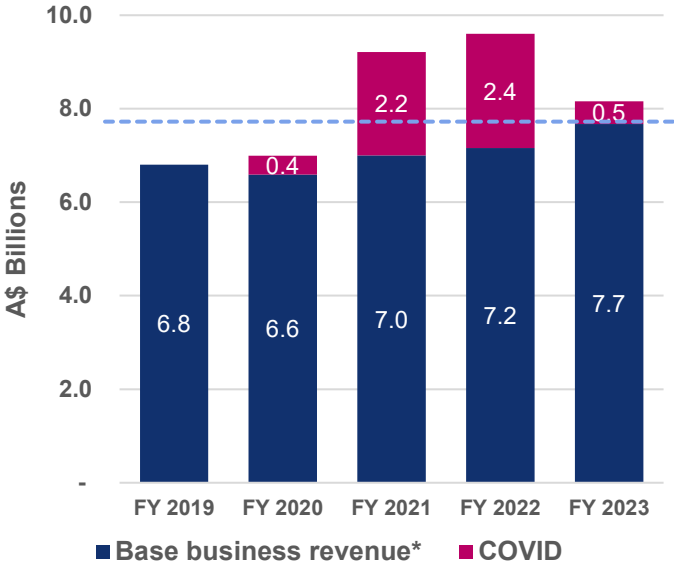


Revenue

- Base business revenue
 - 11% base business revenue growth
 - 7% organic growth on FY 2022 (6% in H1, 9% in H2)
 - 13% organic growth on FY 2019 (pre-pandemic)
 - Strength in specialist and hospital referral markets
 - Strong organic growth continuing, July 2023 up 8%

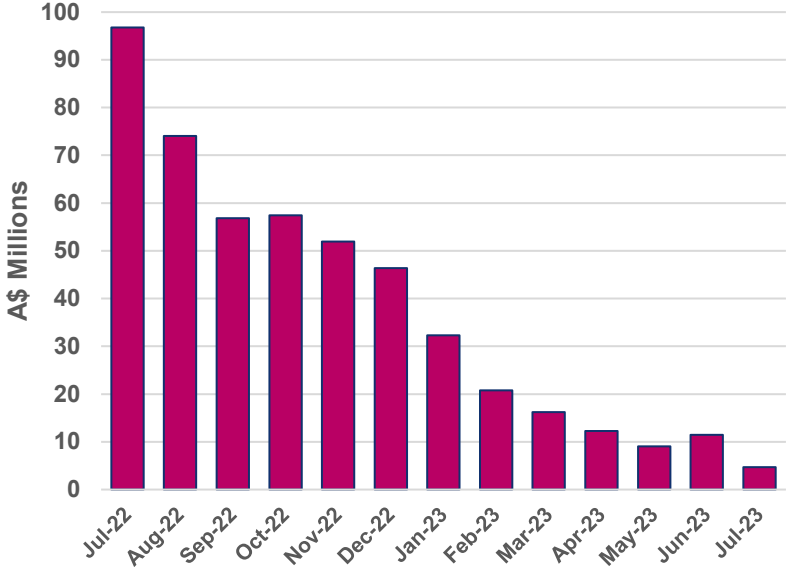
- COVID revenue
 - 80% reduction on FY 2022 (peak COVID testing year)
 - FY 2023 split: H1 A\$379 million, H2 A\$106 million
 - COVID testing increasingly incorporated into respiratory virus panels

Sonic Group Revenue



*** Base business revenue**
 Prior period base business revenues normalised for working days, currency exchange rates and acquisitions/disposals

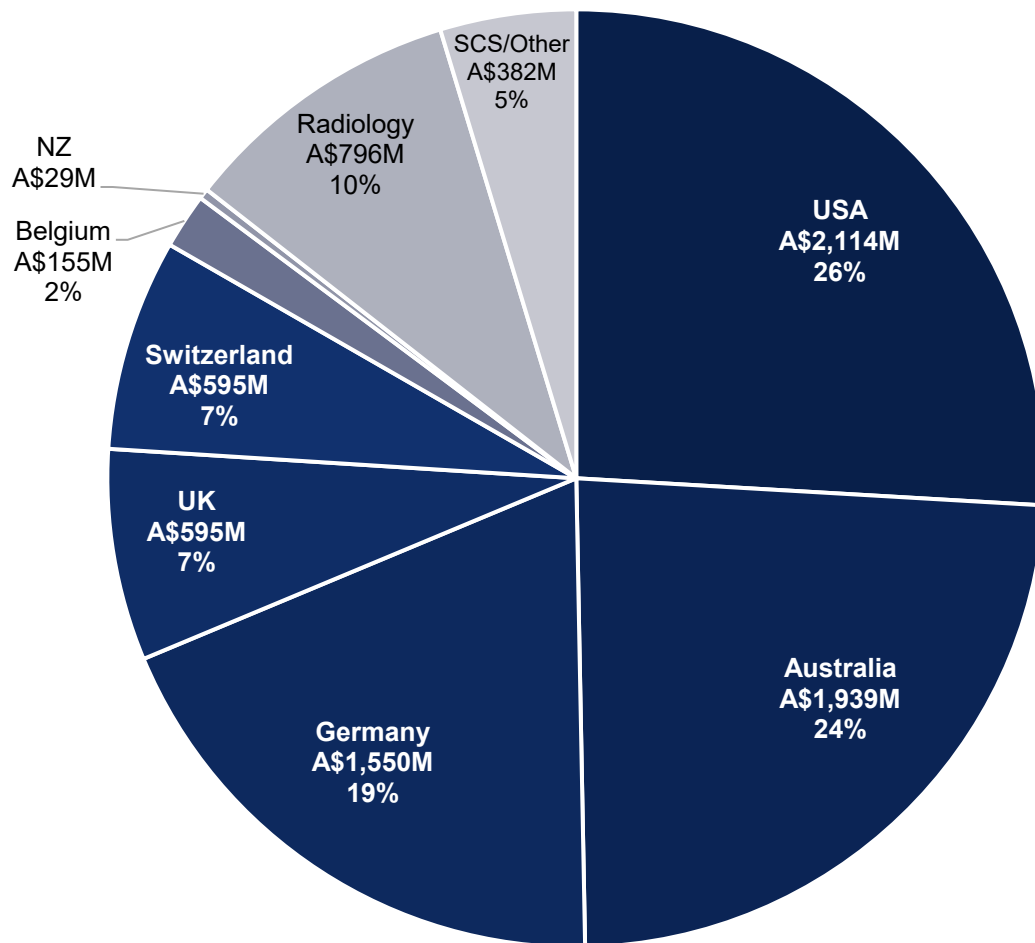
COVID Revenue by Month



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FY 2023 Revenue Split



Revenue in A\$ millions

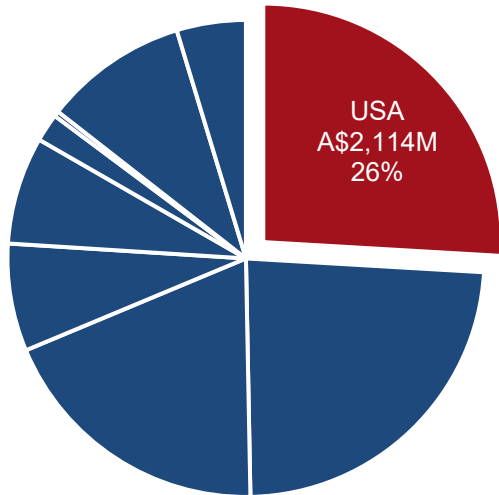
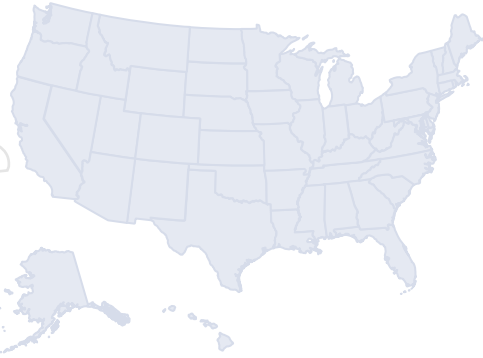
Total Revenue A\$8,169 million (including A\$14 million interest)

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

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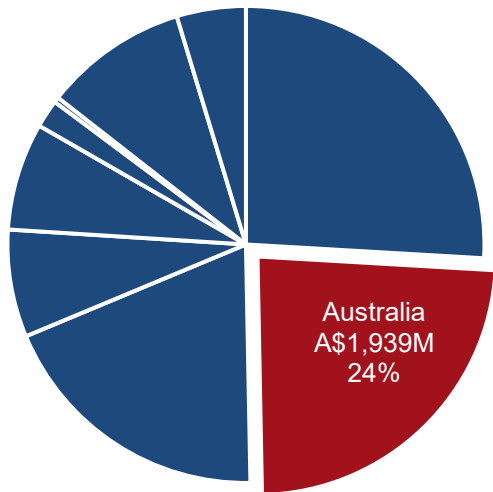
USA



- FY 2023 base business revenue (constant currency)
 - Base business organic growth 4%
- Operations
 - Excluding acquisitions, workforce maintained at below pre-pandemic levels
 - Ongoing strong Thyroseq revenue growth (exclusively licensed thyroid cancer genetic test)
 - Successful implementation of enhanced revenue collection system at pilot site, national roll-out during FY 2024 with material upside potential into future years
 - Deferral of PAMA Medicare fee cuts until at least calendar year 2024, draft legislation (SALSA) to delay and reduce cuts still pending



Australian Pathology

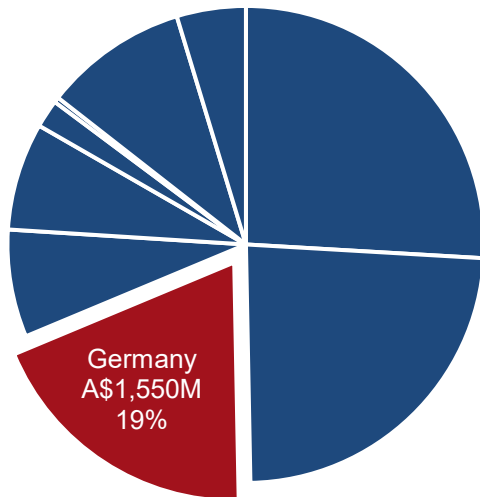


- FY 2023 base business revenue
 - Base business organic growth 11%
 - Strong growth from specialists, driving anatomical pathology and genetic testing
- Operations
 - Sonic selected as only private laboratory for landmark national cancer genomics profiling study (PrOSPeCT) to enable clinical trials for new cancer therapies
 - Strategic partnership to deliver Microba's microbiome testing services, including jointly developed world-first comprehensive metagenomic test for gut pathogens (MetaPanel)
 - Sullivan Nicolaides Pathology ~A\$80 million Brisbane hub laboratory building extension on track for completion in February 2024, supporting future growth and efficiencies



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Germany



- FY 2023 base business revenue (constant currency)

- Base business organic growth 10%
- Strong organic growth from specialists, driving anatomical pathology, molecular and genetic testing

- Operations

- Two regional laboratory mergers completed with further mergers planned for Hamburg and Munich in FY 2024
- New Biovis laboratory in Limburg providing capacity for rapidly growing microbiome testing – European market leader
- Oncotype DX® breast cancer genetic test revenues continuing to grow strongly (Sonic is the exclusive provider in Germany and only testing lab in Europe)



German Acquisitions

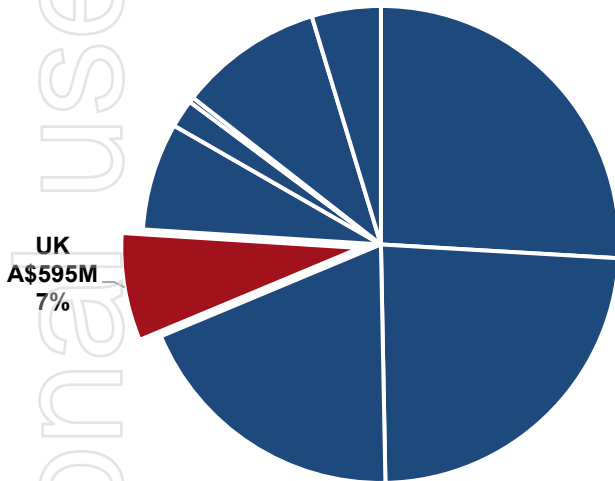
- **Diagnosticum Laboratory Group**
 - Annual revenue ~€65 million (~A\$110 million)
 - Closing of acquisition expected Q2 FY 2024
 - Highly complementary footprint with laboratories across eastern Germany offering broad range of testing, including genetics
- **Medical Laboratories Duesseldorf (MLD)**
 - Annual revenue ~€50 million (~A\$84 million)
 - Closing of acquisition expected in Q2 FY 2024
 - Leading laboratory in Duesseldorf region with strong focus on hospital laboratory services
- Further acquisitions under consideration



UK



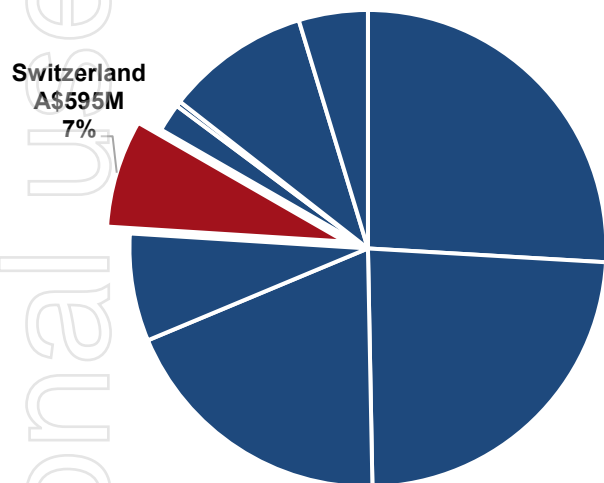
- FY 2023 base business revenue (constant currency)
 - Base business organic growth 6% following 24% growth in FY 2022
 - Strong private and NHS base business growth
- Operations
 - Contract for 15-year UK NHS laboratory outsourcing (Hertfordshire and West Essex) now in final governance process
 - Awarded preferred bidder status for Whittington Health NHS Trust, minimum 5-year outsourcing
 - Early-stage processes for further large NHS outsourcing opportunities



UK
A\$595M
7%



Switzerland



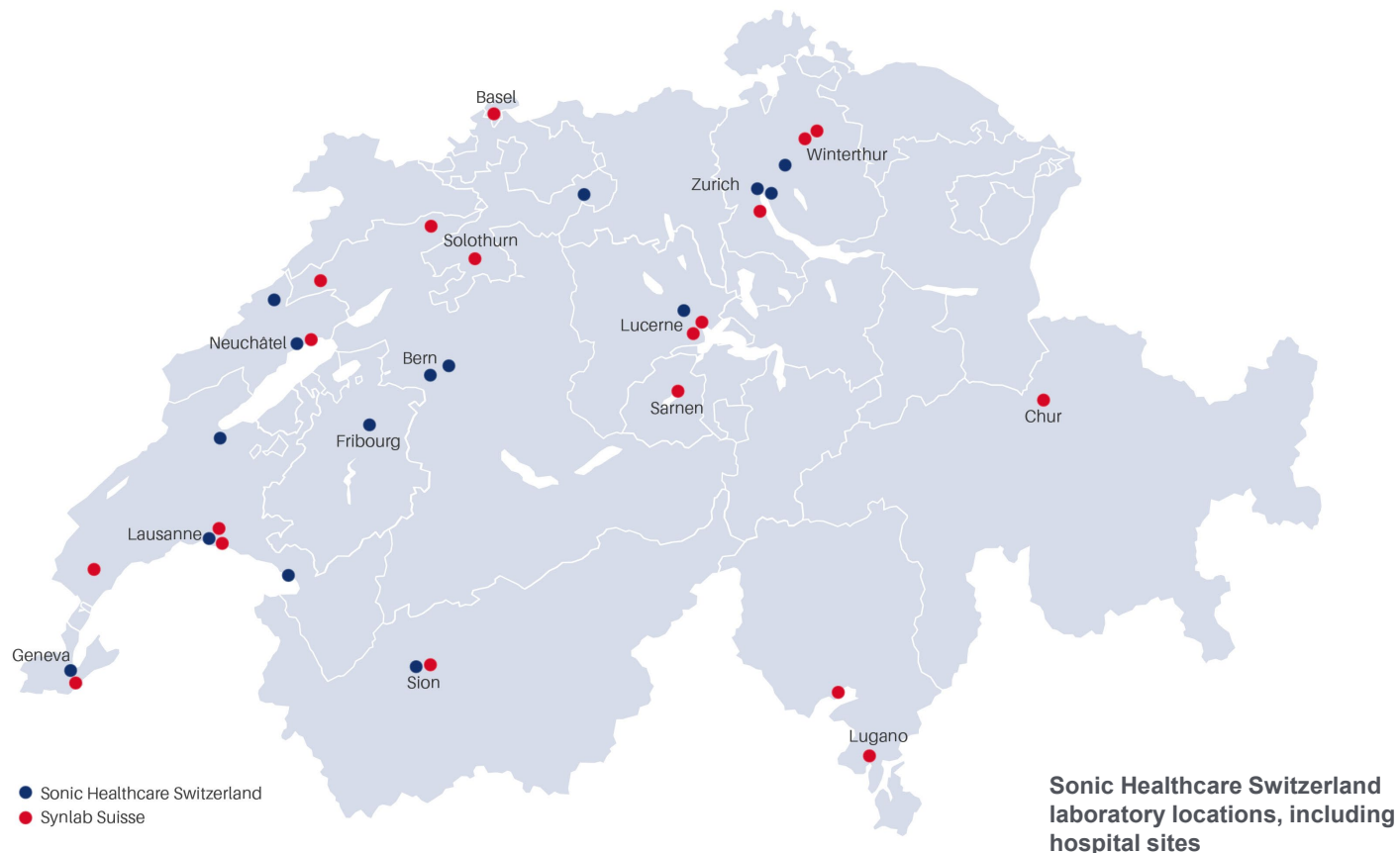
- FY 2023 base business revenue (constant currency)
 - Base business organic revenue growth 1%
 - Fee cut from 1 August 2022 – effective impact ~7% on total revenue
 - Strong organic volume growth, including market share gains, offsetting impact of fee cut
- Operations
 - Growth driven predominantly by specialist referrals, including anatomical pathology and genetics
 - Planning set for integration of Synlab Suisse acquisition into Sonic's laboratory network



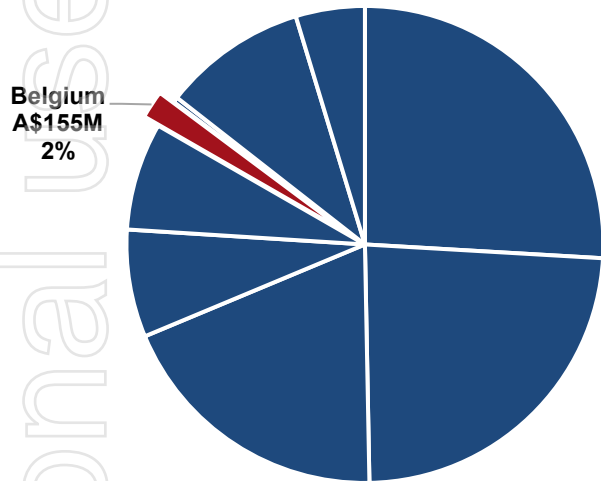
Swiss Acquisition of Synlab Suisse

■ Synlab Suisse

- Annual revenue ~CHF 100 million (~A\$175 million)
- Settled 3 July 2023
- Business currently at breakeven profitability level
- Highly complementary footprint of 19 laboratories across all 3 Swiss language regions
- Integration and synergy plans well developed
- Potential for further acquisitions



Belgium



- FY 2023 base business revenue (constant currency)
 - Base business organic growth 12%
 - Strong growth augmented by fee indexation (6% effective 1 January 2023)
- Operations
 - New Antwerp central lab workflow and automation successfully completed



Radiology

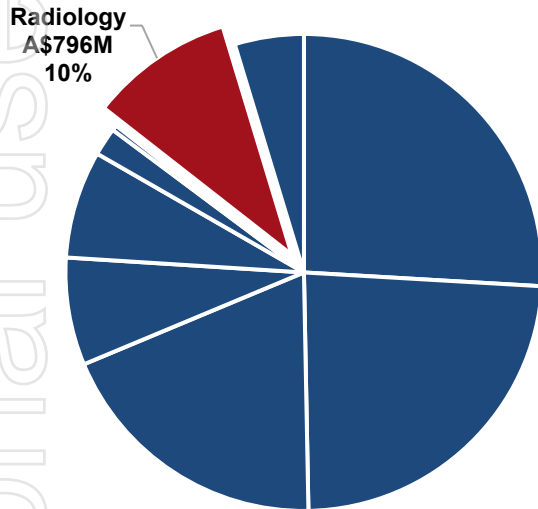


- FY 2023 revenue and earnings

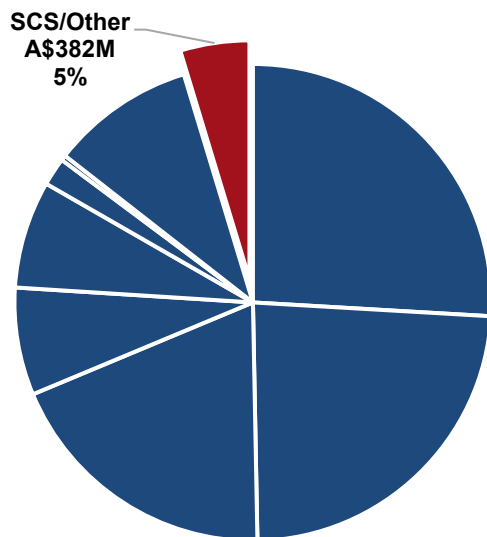
- Revenue growth 13%
- Organic revenue growth 11%
- EBITDA growth 20%
- Margin expansion of ~150 bps

- Operations

- Improved same site revenues underpinned by brownfield expansions (MRI, CT, PET CT)
- Focus on cost control augmenting margin expansion across the division
- Eight new regional Medicare-funded MRI licences in FY 2023
- Successful strategy to expand into community radiology market in Victoria gaining momentum



Sonic Clinical Services (SCS)



- FY 2023 revenue and earnings
 - Revenue down 10%, mainly due to cessation of COVID-related services
 - Revenue improving in H2 due to increasing doctor hours and private billing by GPs
 - Decline in earnings reflecting lower revenue
- Operations
 - Positive outlook for FY 2024 with increased private billing and government funding increases (indexation from 1 July 2023, targeted fee increase from 1 November 2023)
 - New Defence Force contract for pre-recruitment medicals commenced 1 July 2023, revenue ~A\$30 million p.a.



Sustainability

- Progress on key short-term goals
 - Sustainability clauses added to new supplier contracts – completed
 - Submission of Climate Disclosure Project (CDP) questionnaire – completed
 - Global scope 3 (value chain) emissions inventory – in progress
 - Baseline Qualitative Taskforce for Climate-related Financial Disclosures (TCFD) assessment – in progress
- Transition to renewable energy sourcing (Australia, Germany, USA) has commenced
- Full details of ESG progress to be published in Sonic's FY 2023 Sustainability Report (November 2023)
- Independent ESG ratings improved during FY 2023, validating Sonic's sustainability strategy and improved reporting

MSCI 	FY 2023 A+	Leader
	FY 2022 A	Average

ISS ESG 	FY 2023 C+	Prime
	FY 2022 C	Prime



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Summary

- Strong organic base business revenue growth gaining momentum
 - 6% in H1 FY 2023, 9% in H2 FY 2023
- Organic revenue growth enhanced by
 - Market strength, particularly in specialist and hospital market segments
 - Exclusive rights to novel diagnostic tests (Thyroseq®, OncotypeDX®, Microba etc.)
- Earnings growth initiatives in train
- Investing heavily in automation, IT, digital pathology and AI to drive growth, efficiencies and margin
- Acquisition and contract growth
 - Integration plans set for recent acquisitions of Synlab Suisse (Switzerland), Diagnosticum and MLD (Germany)
 - Further acquisition and contract opportunities under consideration, supported by strong balance sheet
- Sonic's ~41,000 global staff
 - Culturally united under Sonic's Medical Leadership model – “The Sonic Difference”
 - Strong, stable and experienced global team of managers, pathologists and radiologists





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Thank you

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