



MEDIA RELEASE – 20 February 2024

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. Summary

A\$M (Statutory)	H1 FY 2024	H1 FY 2023	Change
Base business revenue	4,267	3,703	15%
COVID revenue	39	379	(90)%
Total Revenue	4,306	4,082	5%
EBITDA	737	920	(20)%
Net Profit	202	382	(47)%

- H1 FY 2024 EBITDA in line with guidance provided at 2023 AGM.
- On track to achieve full-year EBITDA guidance provided in August 2023, more likely towards the lower end of the guidance range (A\$1.7-1.8 billion).
- Revenue and earnings comparisons with H1 FY 2023 impacted materially by the 90% reduction in COVID related revenues (A\$39 million versus A\$379 million).
- Strong base business revenue (ex-COVID revenue) organic growth of 6.2% versus H1 FY 2023 (constant currency, per working day).
- Cost reduction programs well advanced.
- Recent (post 1 July 2023) acquisitions and contract wins have secured ~A\$500 million of new annual revenue.
- Further acquisition and contract opportunities under consideration.

2. Commentary

Sonic Healthcare today reported a net profit for the half-year to 31 December 2023 of A\$202 million, on revenues of A\$4.3 billion.

Sonic's CEO, Dr Colin Goldschmidt, said: "As previously flagged, the 2024 financial year is one of transition for Sonic Healthcare, as the impacts on our business of the COVID pandemic dissipate, and we return to normal business. Whilst our headline numbers for the half-year show significantly lower earnings versus the comparative period, this is the result of having 90% less COVID-related revenue in the current period.

"Total base business (excluding COVID-related services) revenue growth of 15% includes contributions from the three synergistic acquisitions that were completed in the half, being Medical Laboratories Duesseldorf and Diagnosticum Laboratory Group, both in Germany, and Synlab Suisse in Switzerland. These are excellent businesses which significantly strengthen our already-established market leading positions in Germany and Switzerland. Since July 2023, Sonic has secured approximately A\$500 million of new annual revenue through acquisitions and major contracts, and we look forward to the benefits these will bring to Sonic in future periods.



“Our base business revenue grew organically by 6.2% on a like-for-like basis versus H1 FY 2023 and 14.3% versus H1 FY 2020 (pre-pandemic). Organic base business growth was particularly strong in our Australian (9%), German (8%), and UK (13%) laboratory businesses. The USA and Swiss operations both achieved base business organic growth of 4%, with Swiss growth impacted by a fee cut in the prior year.

“Organic revenue growth for our Radiology division was strong at 11%, and included benefits from the accelerating trend towards higher value modalities, along with Medicare fee indexation. Revenue for Sonic Clinical Services grew 12%, including 4% organically.

“Over the last 2 years, we have invested around A\$350 million in carefully selected synergistic diagnostic technologies which, while not currently providing a financial return, have very material future earnings potential. These include PathologyWatch, Harrison.ai/Franklin.ai and Microba. In each case, Sonic is not just a financial investor, but rather an important partner capable of adding enormous value to the technology through our deep medical expertise, data repositories, and distribution capabilities.

“The use of artificial intelligence in pathology and radiology is expected to cause step-changes in efficiency, quality, and capacity in coming years, and Sonic will be a major beneficiary. The first AI product of our Franklin.ai joint venture is now ready for validation studies and field trials are about to commence. Harrison.ai, in which Sonic has an ownership interest, continues to successfully progress its ground-breaking radiology AI products. PathologyWatch’s unique end-to-end digital pathology platform, incorporating a laboratory information system, digital pathology viewer, image storage and AI algorithms, will accelerate Sonic’s transition to digital pathology and related use of AI globally.

“In keeping with Sonic’s ingrained Medical Leadership culture, we also invest in the development and commercialisation of innovative testing capabilities, including genetic tests, such as ThyroSeq® and Oncotype DX®, microbiome testing, and others. Given our strength in the specialist and hospital referrer sub-markets, Sonic is very well positioned to capitalise on the ongoing trend towards higher value, more complex laboratory/pathology testing.

“Sonic’s management teams around the world are acutely focused on base business organic growth and margin improvement. Major initiatives are underway to grow earnings, including large scale cost-out programs. We expect earnings in the second half to be substantially higher than in the first, as the contribution of these initiatives ramps up and the benefits of recent acquisitions accrue.

“I wish to thank each of Sonic’s 42,000 staff for their contributions to the high-quality services that Sonic provides to our referrers, patients and other customers every day.”

Dr Colin Goldschmidt

Chief Executive Officer / Managing Director

Sonic Healthcare Limited

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This announcement has been authorised by the Board of Directors of Sonic Healthcare Limited – please refer to the contact details above.

For further information regarding the result, please refer to Dr Goldschmidt’s PowerPoint Presentation and to Sonic’s H1 FY 2024 Appendix 4D Half Year Report, both of which will be posted on the Sonic Healthcare website by 10am on 20 February 2024 (www.sonichealthcare.com).

Forward-looking statements

This media release 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 and expenses. The statements being made in this media release 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.