

### Annual General Meeting 19 November 2019



### **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. The information provided in this presentation is based on and should be read in conjunction with the 2019 Annual Report released to the ASX on 25 September 2019 and may include earnings figures restated on a "constant currency" basis.



## Headlines FY 2019



- FY 2019 result in line with guidance (constant currency)
  - Underlying EBITDA growth 6.7%
- Statutory result strong (actual currency)
  - Revenue growth 11.6% to A\$6.2 billion
  - EBITDA growth 13.3% to A\$1.1 billion
  - Net profit growth 15.6% to A\$550 million
- Final dividend up 4.1% to A\$0.51 per share (full-year dividend up 3.7% to A\$0.84)
- Strategic acquisition of Aurora Diagnostics completed in January 2019
- Growth momentum strong major opportunities ahead



### FY 2020 Guidance

- FY 2020 EBITDA growth guidance confirmed after 4 months' trading
- Guidance
  - EBITDA growth 6-8% on underlying FY 2019 EBITDA of A\$1,052 million (constant currency)
  - Interest expense to decrease by ~5% (constant currency)\*
  - Effective tax rate ~25%
  - Capital expenditure expected to be significantly lower in FY 2020
- Key guidance considerations
  - Excludes impact of new lease accounting standard AASB 16 refer to 2019 Annual Report for details
  - Excludes future acquisitions
  - Incorporates PAMA fee reductions (USA) equivalent to ~2% of total group EBITDA
  - No other regulatory changes assumed
  - Current interest rates assumed to prevail

\*Previous guidance was an increase of ~3%. Revision due to favourable pricing achieved on recent USPP note issue and lower US\$ base rates



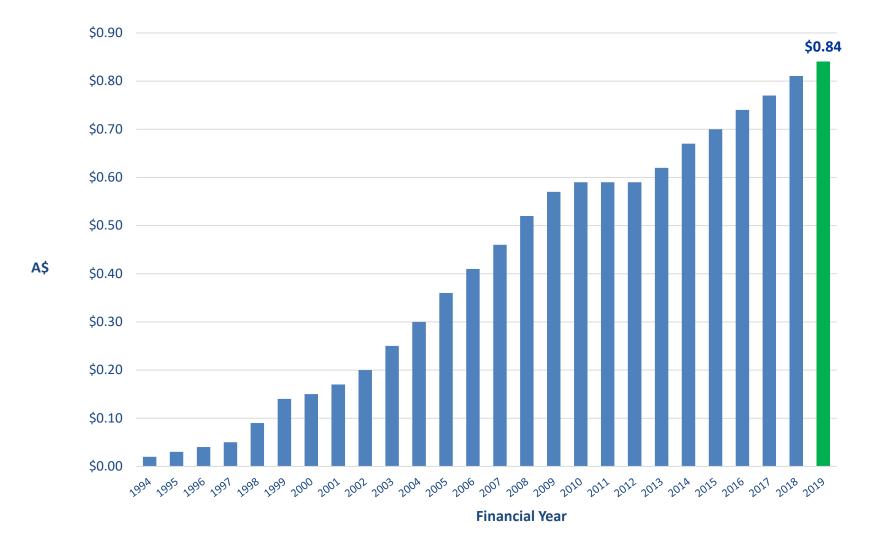
### Dividends

A\$	FY 2019	FY 2018	Growth
Interim Dividend	\$0.33	\$0.32	3.1%
Final Dividend	\$0.51	\$0.49	4.1%
Total Dividends	\$0.84	\$0.81	3.7%

- Final dividend franked to 30% (interim dividend franked to 20%)
- Record date 11 September 2019
- Payment date 25 September 2019
- Dividend Reinvestment Plan suspended

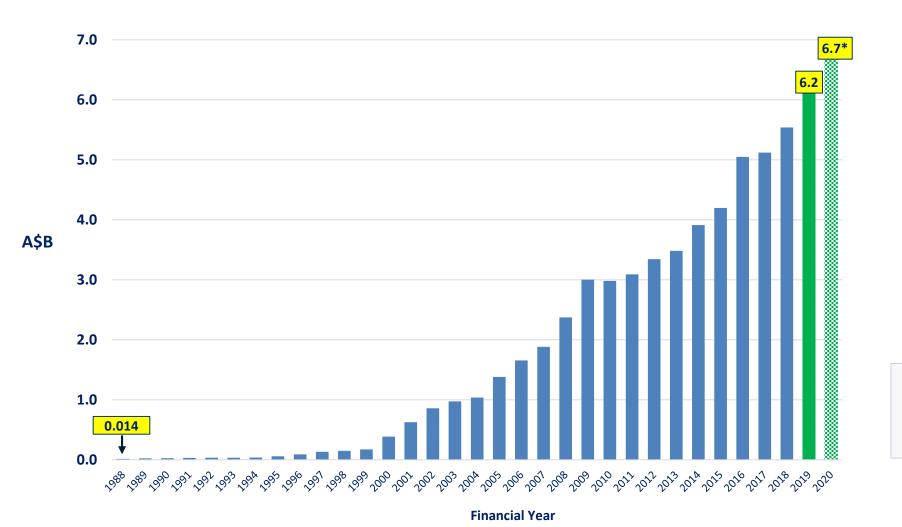


### Full-year Dividend





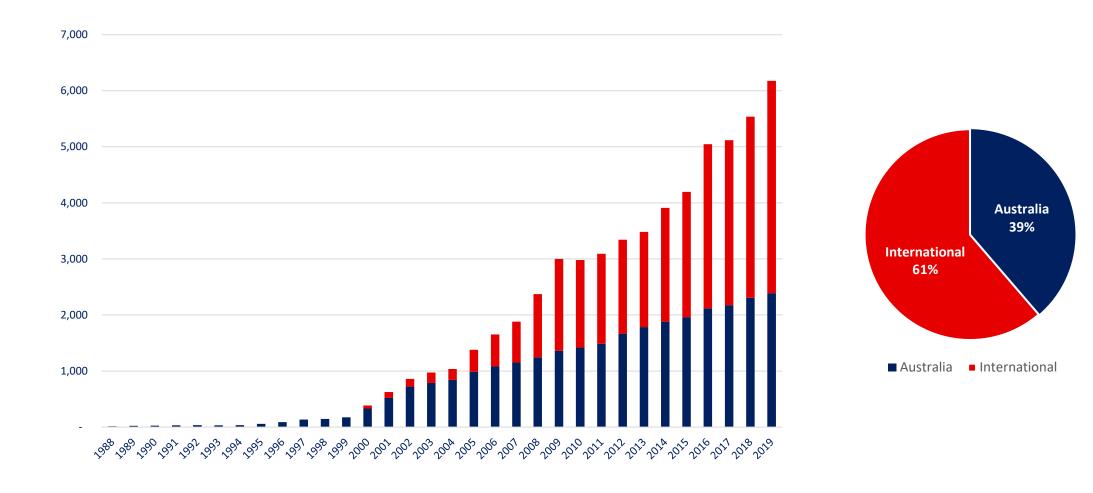
### **Annual Revenue**



\* FY 2020 revenue, including full year of Aurora acquisition, based on market consensus forecast, including FX rate assumptions. Illustrative only, not Sonic guidance.

# Annual Revenue

#### Australia v International





A\$M



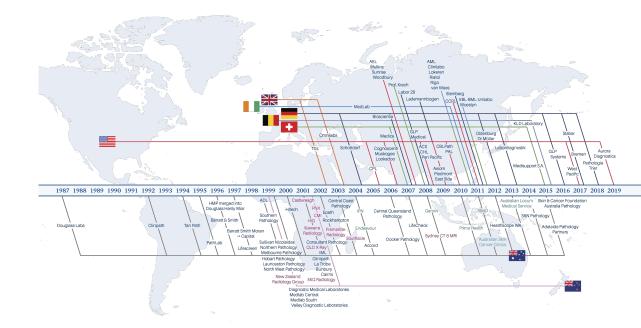
## **International Expansion**





### Acquisitions – 32 Years of Enrichment

- Acquired companies are culturally aligned
  - Integrations and mergers smooth
  - Fall-out minimal
  - Drives loyalty, commitment, passion
  - Global unity of purpose
- Acquired companies add value to Sonic
  - Adding people and talent
  - Geographical diversification
  - Strengthening of Medical Leadership
  - Pooling of resources, sharing of ideas, benchmarking
  - Economies of scale national and global





### Sonic Healthcare Today

- International healthcare company providing laboratory, imaging and primary care services
- Third largest medical laboratory company in the world
- Top-50 ASX listed, market capitalization ~\$13.5 billion
- Revenue A\$6.2 billion p.a., EBITDA A\$1.1 billion p.a. (FY 2019)
- Operating in 8 countries Australia, USA, Germany, UK, Switzerland, Belgium, NZ, Ireland
- #1 laboratory medicine player in Australia, Germany, Switzerland, UK
- #3 laboratory medicine player in the USA
- 37,000 employees
- 120 million patients per annum
- Embedded culture of Medical Leadership, driving high-quality medicine and best patient outcomes



### Corporate Responsibility Report



ABN 24 004 196 909







### Behind Every Test is a Patient Corporate Responsibility Report 2019



#### My Story Dealing with the unexpected

Over the past 10 years, non-Invasive prenatal testing (NIPT) has quickly become one of the most commonly used genetic tests when screening pregnant women for early indications of whether their fetus Is likely to have Down syndrome (trisomy 21), Edwards syndrome (trisomy 18) or Patau syndrome (trisomy 13). The straightforward blood test can be performed at 10 weeks gestation and doesn't pose any threat to the fetus.

Sometimes, however, unexpected results occur that require further investigation and follow-up. This was the case one Friday afternoon for Dr Benard Conrad, Chief Medical Officer at Genesupport, the specialist genetics laboratory within Medisupport, one of Soni's Swits laboratories.

Dr Conrad was contacted by his colleague, Dr Marco Belfore, who had seen some unexpected results while reviewing a routine NIPT report. Multicopy gains of chromosomal material at 4q25 and at 8p24-8p21 were evident in the result – a strong indication of the presence of a material cancer, despite a completely normal fetal result.

On seeing the unusual result, Dr Conrad enlisted the support of Dr Jean Benhattar, Medisupport's expert molecular pathologist, to see whether he could determine what type of cancer the mother may have. After reviewing the literature, he came back an hour later, explaining that the result was consistent with Hodglini lymphoma. Dr Conrad immediately called the patient's gynaecologist wh contacted an oncologist to examine the patient over the weekend. This resulted in a confirmed diagnosis of Hodgkin lymphoma.

The pregnancy progressed without chemotherapy, resulting in a healthy baby. The mother started chemotherapy immediately after birth, and is now in full remission.

"In genetic medicine, nothing is routine. You always have to be looking for the unexpected. We are glad that we were able to help diagnose this patient, even though we weren't testing her for that condition. More than that, we are thrilled that both mother and baby are doing well," said Dr Conrad.

#### Email from a long-standing shareholder:

- "I wanted to say how good it was, and how much of a picture it paints of the organization, beyond the financial numbers that underpin it.
- I enjoyed the 'My Story' segments and in particular the one featuring Dr Conrad. It's a great example of someone not being limited by the parameters of their role, and going the extra mile, and in this case possibly saving a life."



### Pathologists

- Medical Specialists in the laboratory
  - Medical degree 6 years
  - Internship/Residency 2 years
  - Pathologist Fellowship 5 years
- Supervise testing and ensure quality in pathology laboratory
- Consultants to clinicians GPs and specialists
  - Result interpretation, diagnosis and treatment
  - Drive optimum patient care
- Form collegiate relationships with clinicians
  - Understand medicine, clinicians, doctor-patient relationship
  - Carry goodwill, drive growth
- Leaders in the laboratory
  - Resonance with staff and customers
  - Understand operations and the business of pathology

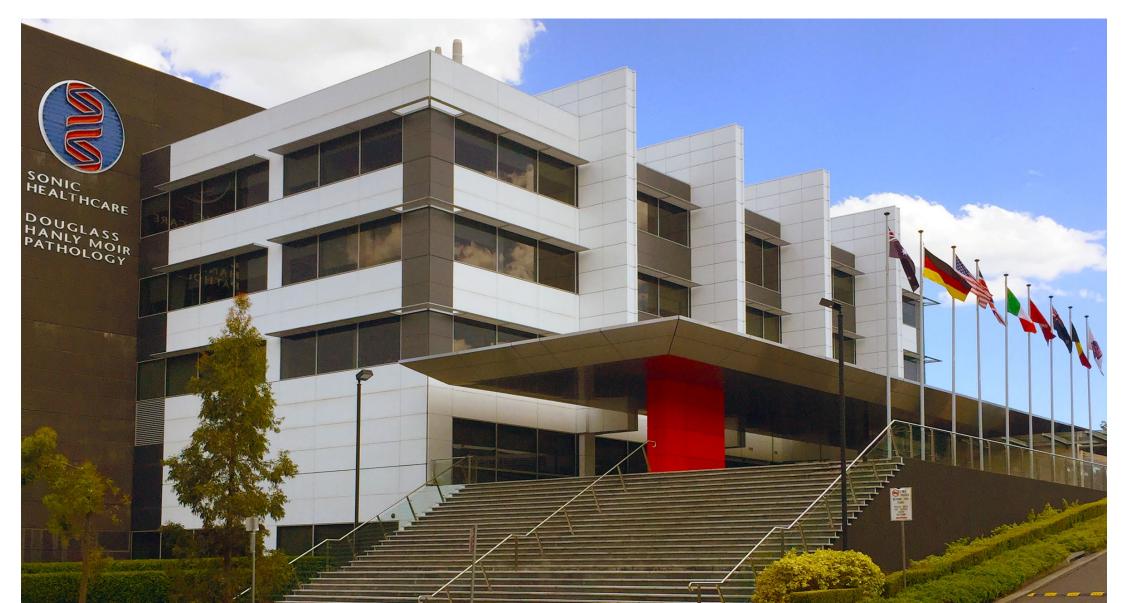
Pathologists are the heart of Sonic's Medical Leadership culture



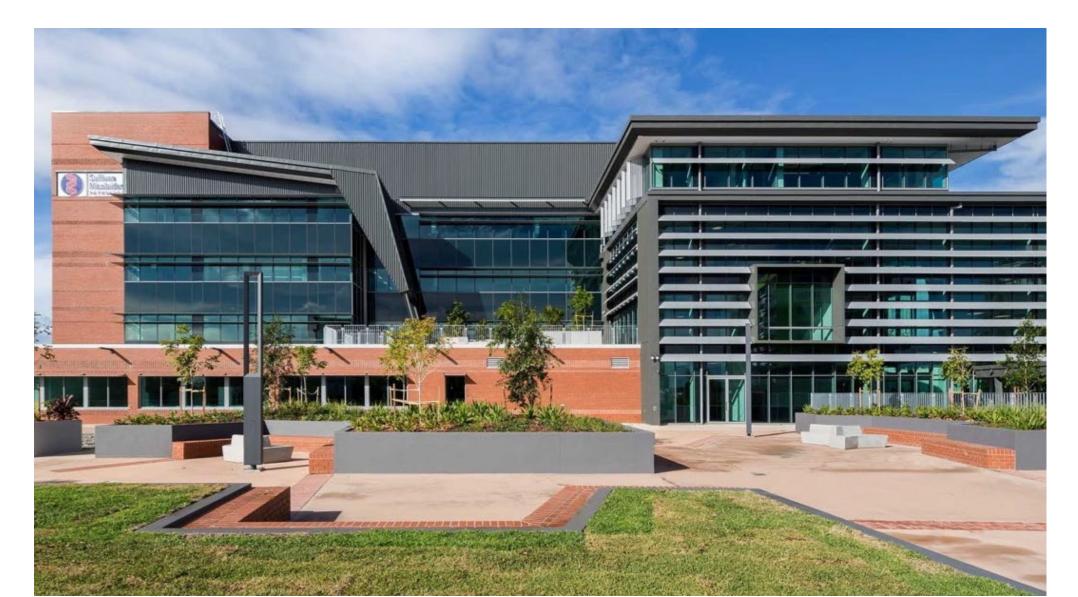
### Sonic Pathology Australia National Coverage / Market Leader



### Douglass Hanly Moir Pathology Sydney, Australia



### Sullivan Nicolaides Pathology Brisbane, Australia



### Sonic Healthcare Germany

National Coverage / Market leader



Sonic Healthcare Germany Laboratory locations

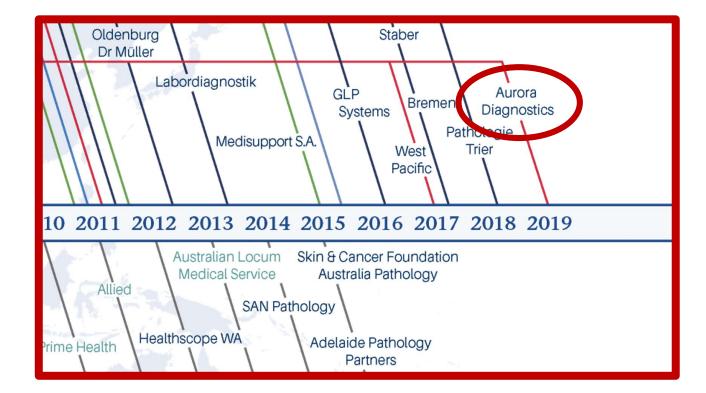
### Bioscientia Ingelheim, Germany



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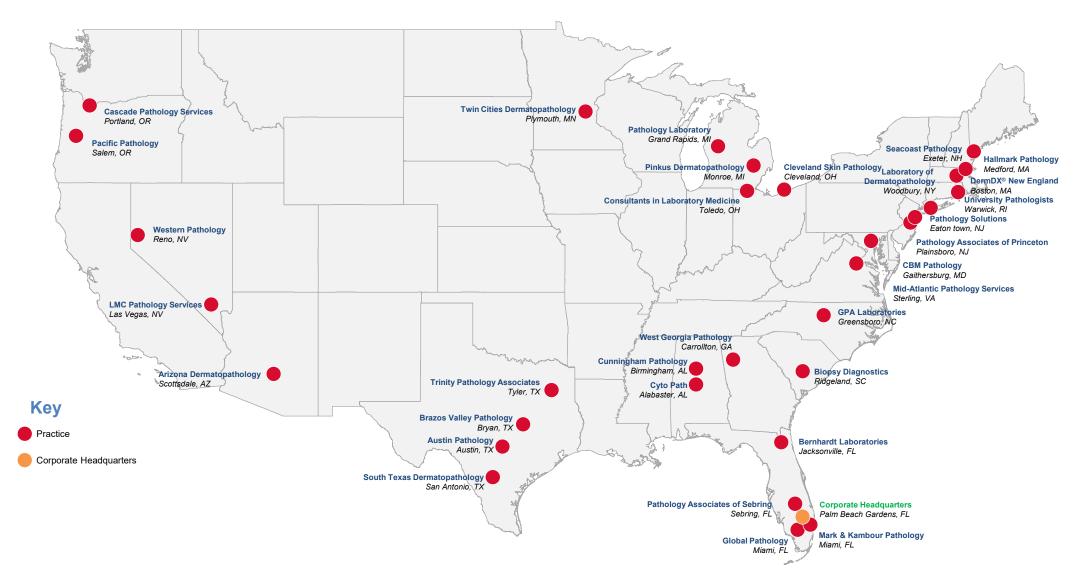


### **Aurora Diagnostics Acquisition**



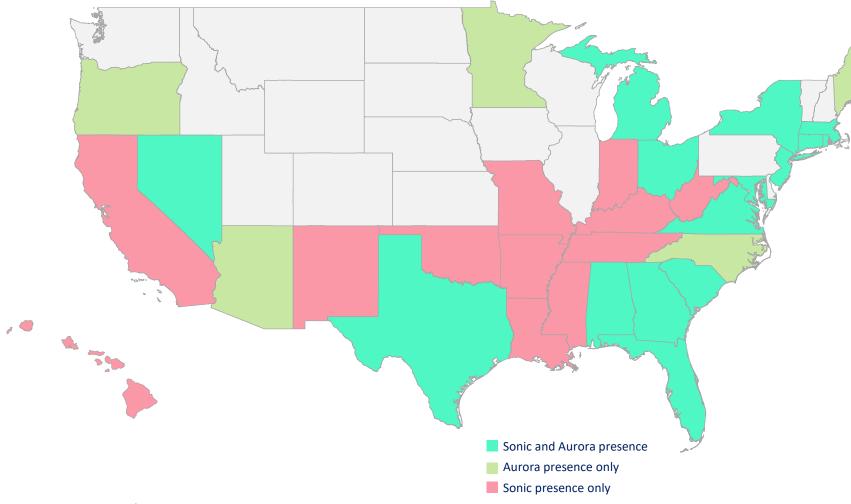
- A seminal event in Sonic's history
- Revenue ~A\$430 million (~7% of Sonic's revenues)
- 32 practices, 19 states, 220 pathologists
- >100 hospital contracts, serving ~23,000 physicians
- Experienced leadership team
- US Anatomical Pathology market ~A\$20 billion p.a.
- Growth platform in world's largest market
- Synergy opportunities
- Strengthens Sonic's Medical Leadership model in USA
- Differentiates Sonic in USA lab market

### **Aurora Diagnostics**





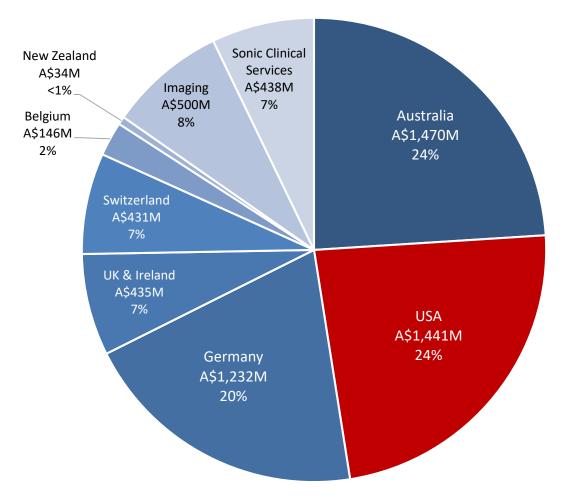
### Aurora Acquisition Growth and Synergy Opportunities



- Growth in Anatomical Pathology market
- Access more clinicians
- Access more hospitals
- Cross-sell from Anatomical to Clinical Pathology
- Centralise complex tests
- Strengthen databank
- Pathologists and Medical Leadership



### Revenue Split – FY 2019



### Outlook



- Company well positioned for ongoing strong growth
- Rich pipeline of acquisition, joint venture and contract opportunities
- Strong balance sheet with headroom for expansion
- Geographical diversification provides growth opportunities and risk mitigation
- Stable, experienced and dynamic global management teams
- Technology and innovation driving efficiencies
- Procurement and other synergy initiatives delivering ongoing benefits
- Global team of >1,000 pathologists, >200 radiologists and thousands of qualified technical staff underpin Sonic's Medical Leadership culture





# Thank you

