SONIC HEALTHCARE

Financial and Operational Review

For the year ended 30 June 2017

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16 August 2017

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FY 2017 Headlines

- FY 2017 result in line with guidance – underlying EBITDA growth 5.3% (constant currency)
- Underlying revenue growth 5.8% to A$5.3 billion (constant currency)
- Underlying net profit growth 4.4% (constant currency)
- Final dividend up 4.5% to A$0.46 per share (full-year dividend up 4.1% to A$0.77)
- Strong earnings growth in Laboratory and Imaging divisions
- Accretive acquisitions and hospital laboratory joint ventures to augment ongoing strong organic growth

FY 2018 Guidance

- EBITDA
  - 6-8% growth on underlying FY 2017 EBITDA of A$889 million (constant currency FY 2017 FX rates)
  - No regulatory changes assumed, including proposed US Medicare fees
  - Excludes future acquisitions
- Interest expense
  - Expected to increase by 10-15% (constant currency)
  - Current base rates assumed to prevail
- Tax rate
  - Expected at ~25%
- Capital Expenditure
  - Expected to be significantly lower in FY 2018, following completion of major infrastructure projects

FY 2017 Financial Summary

	STATUTORY			UNDERLYING CONSTANT CURRENCY		
A$ M	FY 2017	FY 2016	Growth	FY 2017	FY 2016	Growth
Revenue	5,122	5,052	1%	5,308	5,018	6%
EBITDA	869	880	(1)%	923	876	5%
Net profit	428	451	(5)%	459	440	4%
Earnings per share (A$)	1.02	1.09	(7)%	1.10	1.07	3%

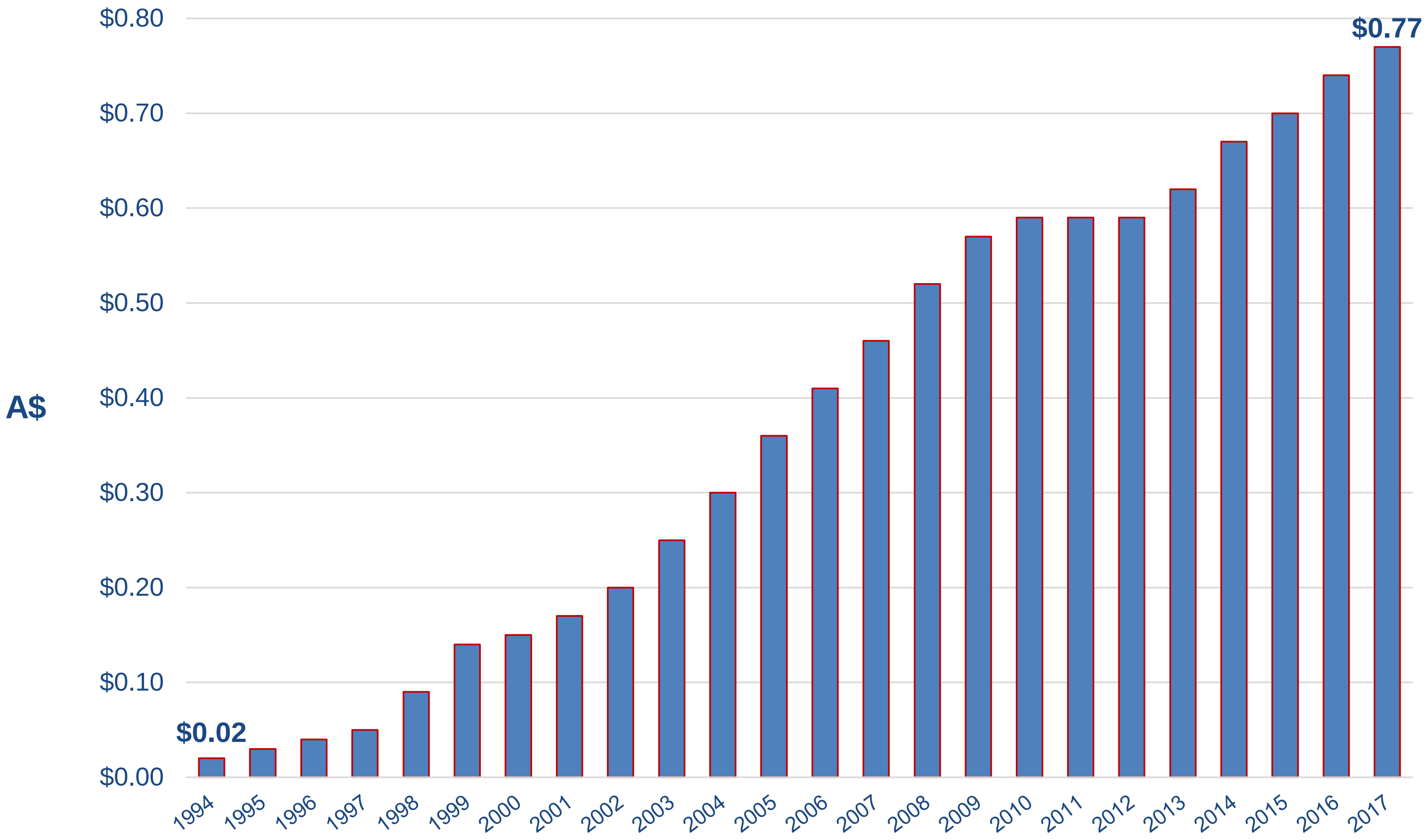
- Statutory earnings growth negatively impacted by currency movements and significant non-recurring items in FY 2016
- Underlying constant currency results adjusted for:
  - ~4% foreign currency headwind
  - A$35 million after tax capital gain on sale of building in FY 2016
  - Non-recurring costs – acquisitions, lab relocations and restructures (FY 2017 = A$21 million, FY 2016 = A$31 million)
- Underlying revenue growth 6%
  - Laboratory division (global) 6%, organic ~4%
  - Imaging division 5%, organic ~4%
- Underlying earnings growth
  - Laboratory division (global) 8% EBITDA growth, margin accretion 25 basis points
  - Imaging division 7% EBITDA growth, margin accretion 30 basis points
- Strong cash generation
  - Cash generation from operations A$736 million, up 4% on comparative period
  - 103% conversion of EBITDA to gross (pre-interest and pre-tax) operating cash flow

Dividends

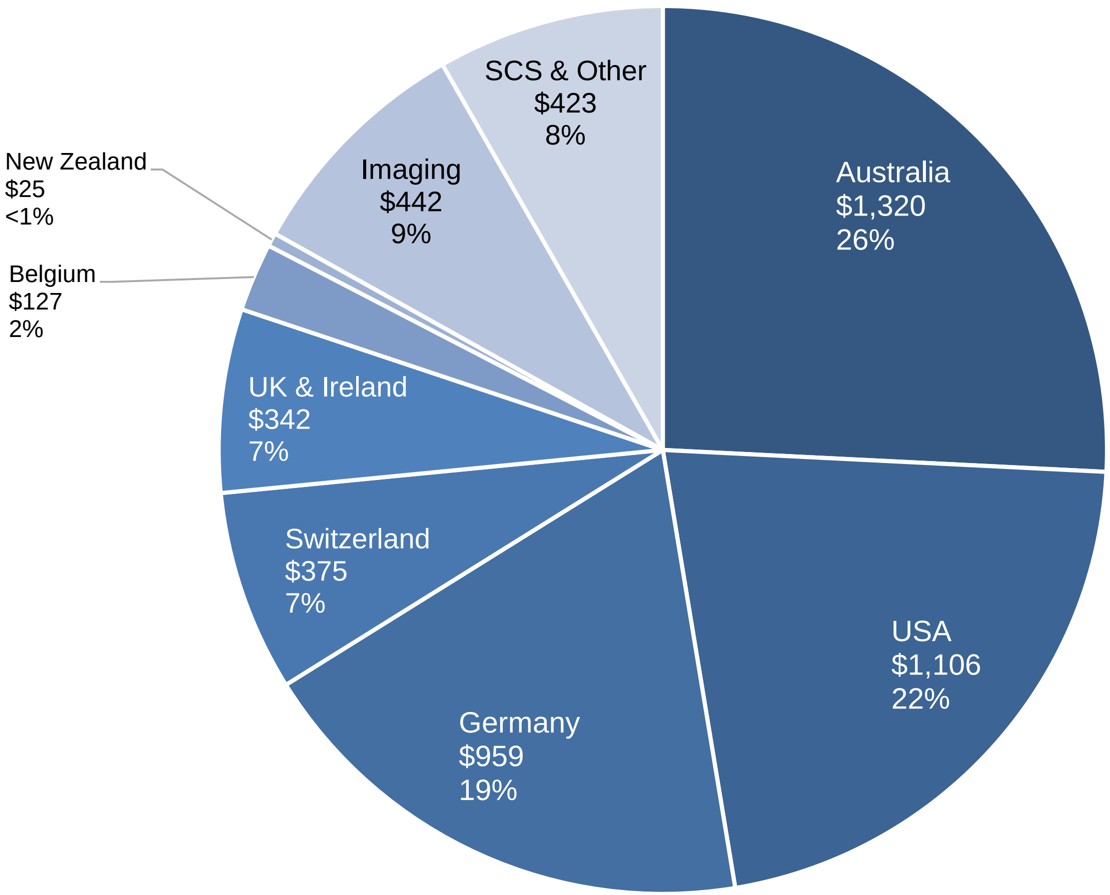
A$	FY 2017	FY 2016	Growth
Interim Dividend	$0.31	$0.30	3.3%
Final Dividend	$0.46	$0.44	4.5%
Total Dividends	$0.77	$0.74	4.1%

- Final dividend franked to 20%
- Record Date 11 September 2017
- Payment Date 11 October 2017
- Dividend Reinvestment Plan (DRP) to operate for final dividend
  - Fine tuning of capital structure following recent acquisitions
  - 1.5% discount, 10 day pricing period (14 to 27 September 2017)
  - DRP applications due by 12 September
  - No underwriting of DRP

Full-year Dividend History



FY 2017 Revenue Split

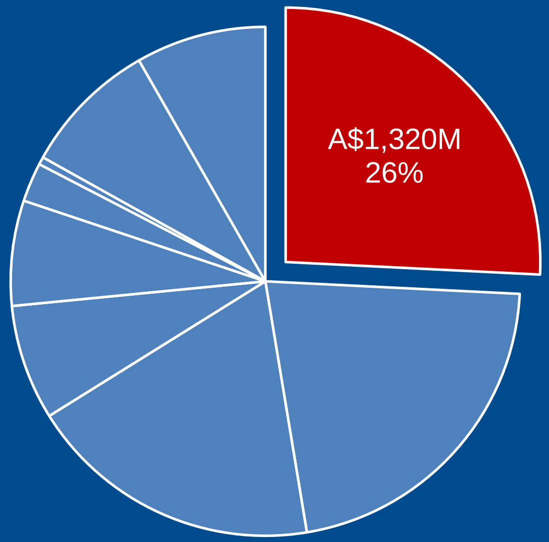


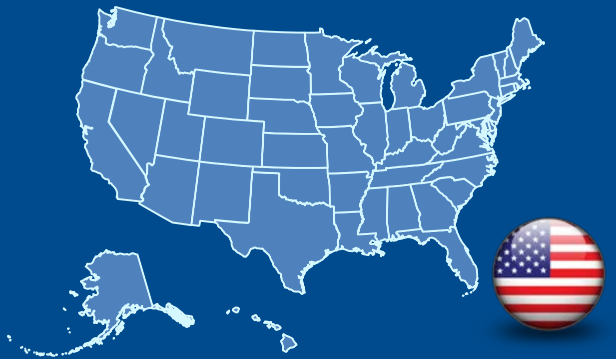
SCS & Other = Sonic Clinical Services (IPN Medical Centres, occupational health, other clinical service entities) and other minor operations

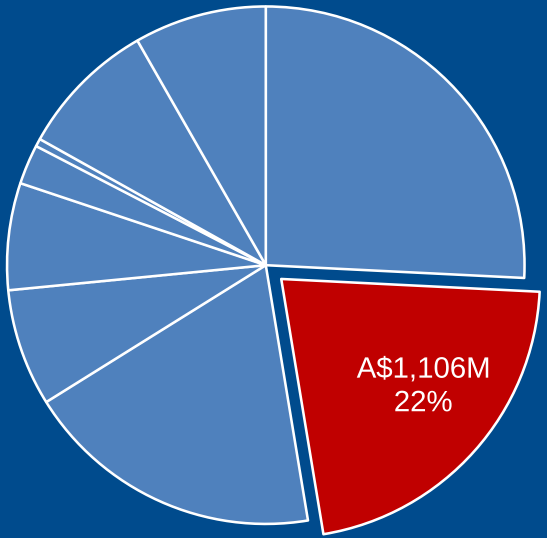
- Statutory revenue in A$ M
- Revenue excludes interest income ($3 M)

Australian Pathology

- Revenue
  - 5% growth, ~4% organic, above Medicare market growth
- Earnings
  - Return to earnings growth and margin accretion in FY 2017
  - Successful ongoing strategies to manage costs
  - Outlook positive after several years of negative earnings growth
- Regulatory environment stable
- Operational outlook
  - Stable, growing, innovative, market-leading business
  - Recently completed lab infrastructure provides enhanced operating efficiencies and capacity for future growth
  - Targeting organic growth and contract opportunities
  - A major provider of vital health infrastructure in Australia





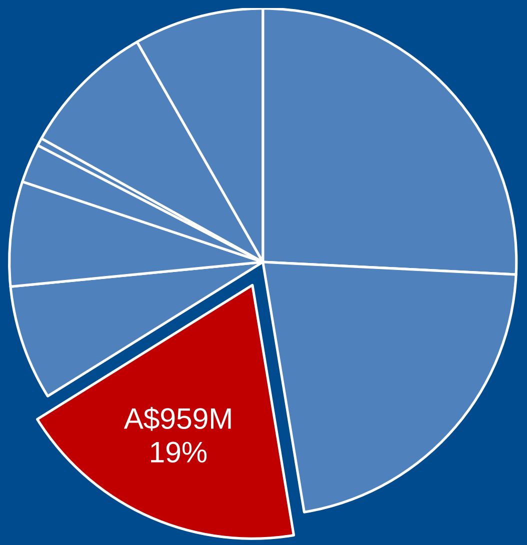


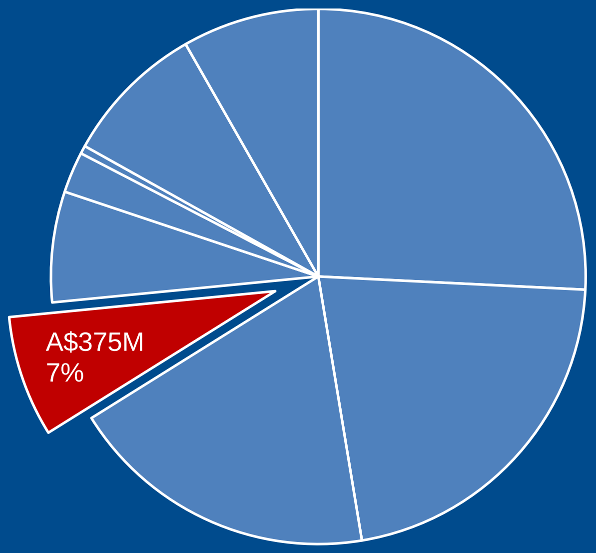
USA

- Revenue
  - 5% growth, ~3% organic (constant currency), in line with market growth
- Operational highlights
  - Southeast division integrated into CPL/Southwest division
  - Integration of Californian operations progressing well after acquisition of West Pacific Medical Laboratory (Los Angeles) in January 2017
  - Western Connecticut Health Network and Baptist Memorial Health Care (Memphis) hospital laboratory JVs progressing well, following commencements in April 2017
- Regulatory environment
  - Proposed US Medicare fee adjustments (“PAMA”), applicable to ~20% of Sonic’s total US revenue, possibly from January 2018
  - Potential PAMA impact on Sonic’s FY 2018 EBITDA estimated at <1%
- New JV with NYU Langone Health
  - JV partnership signed with New York University (NYU) hospital system, to commence September 2017
  - Sonic’s Sunrise Medical Laboratories (New York) and NYU to offer enhanced outpatient laboratory services to over 2,000 physicians affiliated with the NYU hospital system
  - Sonic to own 20%, with potential to move to 51% ownership in time
- Further acquisition and JV opportunities in pipeline

Germany

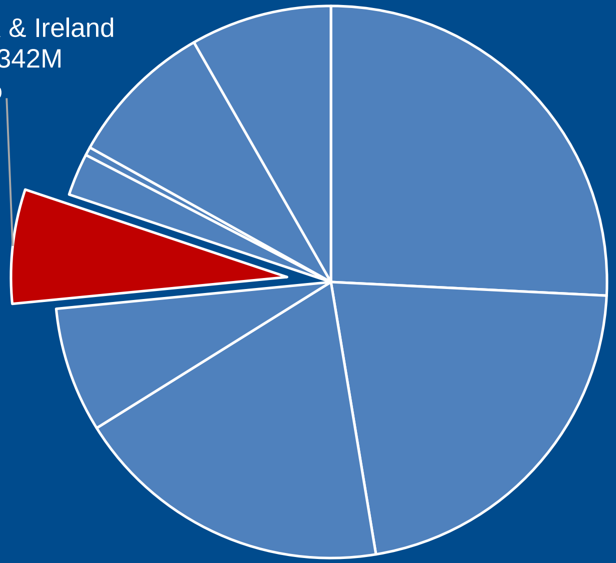
- Financials
  - 11% revenue growth, ~5% organic (constant currency), above market growth
  - Strong increase in earnings and margin
- Acquisitions
  - Staber Laboratory Group, completed January 2017
  - Bremen Medical Laboratory, completed July 2017
  - Acquisitions provide broader geographical coverage, synergies and test menu expansion
  - Significant earnings accretion expected in FY 2018 and beyond
  - Market still fragmented, targeting further opportunities
- Operational highlights
  - Integration of acquisitions well underway, with range of programs including mergers
  - Expansion of Bioscientia central lab (Ingelheim) seamlessly completed
- Regulatory environment
  - Private fee schedule (GOÄ) changes unlikely in medium term
  - EBM fee quota likely to remain unchanged to end of calendar year, with limited visibility thereafter





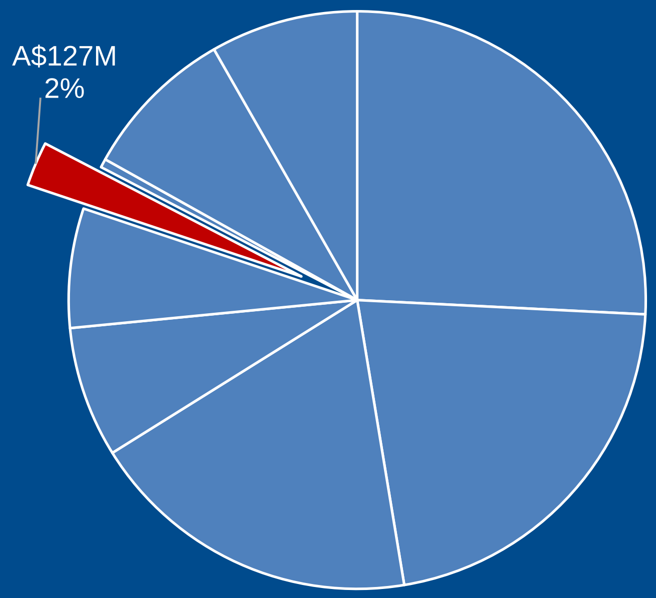
Switzerland

- Financials
  - ~5% organic revenue growth (constant currency)
  - Ongoing strong earnings and margin growth
- Operational highlights
  - Stable, growing and innovative businesses
  - Wide geographical coverage
  - Leading provider of esoteric testing in Switzerland
- Regulatory environment stable
- Sonic #1 market position
  - Market still fragmented
  - Organic growth, acquisition and contract opportunities



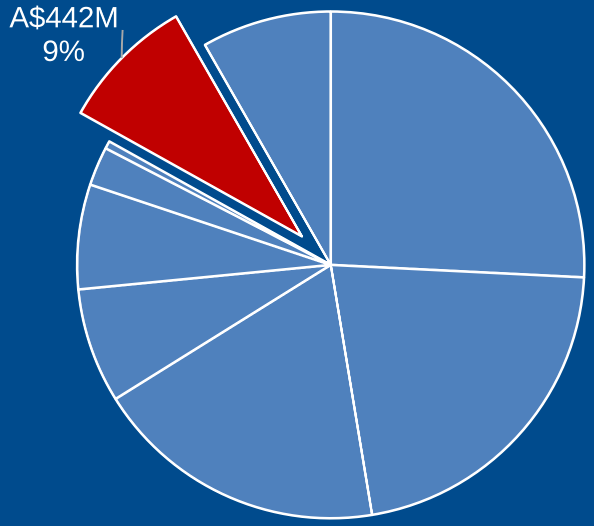
UK & Ireland

- Organic revenue growth ~4% (constant currency)
- Operational highlights
  - Health Services Laboratories (HSL) joint venture with UCLH and Royal Free performing well
  - Further NHS contracts in the pipeline, with a new hospital contract close to signing
  - New private laboratory established seamlessly by TDL at the Hospital of St John & St Elizabeth
  - Strong Irish revenue and earnings growth from low base
- New central London hub laboratory ("The Halo")
  - Building works and commissioning completed
  - Lab incorporates GLP Systems' total lab automation technology
  - Staged relocation nearing completion



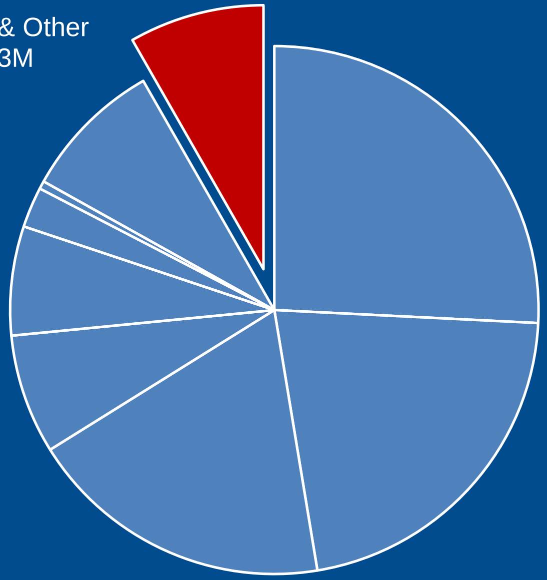
Belgium

- Financials
  - ~1% organic revenue growth (constant currency)
  - Revenue and earnings adversely impacted by recent fee changes
- Operational highlights
  - Genetic sequencing platform established in Antwerp central laboratory
  - In-house NIPT (non-invasive prenatal testing) commenced recently, stimulating organic growth
- Strong, stable business
- Stable regulatory outlook



Sonic Imaging

- Strong financial performance
  - 5% revenue growth
  - EBITDA growth of 7%, 30 basis points of margin accretion
- Operational highlights
  - Recent greenfield sites ramping up, with further opportunities planned
  - Market growth strengthening in recent months
- Regulatory outlook positive
  - Government to implement partial fee indexation from 2020



Sonic Clinical Services (SCS)

- SCS includes medical centres and occupational health
  - Australia's largest primary care and occupational health provider
  - 236 centres and >2,200 GPs
- Financials
  - ~1% organic revenue growth
  - Medical centre revenue and earnings adversely impacted by GP fee indexation freeze
  - Expect revenue and earnings growth in FY 2018
- Operational highlights
  - Successful doctor recruitment and retention
  - Active pipeline of acquisitions
  - Range of patient service enhancements and cost control measures underway
  - Dr Ged Foley appointed as new CEO of SCS – prior role as CEO of IPN Medical Centres
- Regulatory outlook positive
  - Government to implement fee indexation progressively over coming years

Capital Management

		30 June 2017	30 June 2016
Net interest-bearing debt	A$ M	2,435	2,284
Equity	A$ M	3,926	3,733
Gearing ratio	%	38.3	38.0
Interest cover	X	10.8	11.5
Debt cover	X	2.7	2.6

- Increase in debt due to acquisitions, partly offset by strong operating cashflow and exchange rate changes
- Current available headroom ~A$650 million (before FY 2017 final dividend)

- 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

Outlook

- Sonic is market leader in four major Western countries, with strong position in all its markets
- Global management team stable, experienced and passionate
- Medical Leadership culture unifies company, augments services and provides competitive advantage
- Strong global industry fundamentals, including increasing non-cyclical demand for healthcare services
- Active pipeline of accretive acquisition, joint venture and contract opportunities, augmenting strong organic growth
- Expect strong constant currency EBITDA growth in FY 2018
- Ongoing strong cashflow generation underpins progressive dividend policy
- Sonic Healthcare in prime position to capitalise on attractive healthcare dynamics

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Thank you