SONIC HEALTHCARE

Financial and Operational Review

For the half year ended 31 December 2017

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15 February 2018

Forward-looking statements

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Headlines

- On track to achieve full-year FY 2018 guidance after 7 months trading
- H1 FY 2018 results
  - Revenue growth 8%, EBITDA growth 9%
  - Margin expansion of 20 basis points
  - Result achieved on fewer working days than in prior period
  - One-off US net tax benefit of A$20 million
- Solid organic growth
- Accretive acquisitions and joint ventures contributing to growth
  - Acquisition of Medical Laboratory Bremen (Germany) and NYU JV completed in H1 2018
  - Active pipeline of further opportunities
- Progressive dividend policy ongoing
- Solid base for future growth
  - Strong culture, global leadership team, reputation, modern infrastructure, industry dynamics

H1 FY 2018 Summary

A$M Statutory	H1 FY 2018	H1 FY 2017	Growth
Revenue	2,673	2,476	8%
EBITDA	445	407	9%
Net profit including US net tax benefit	229	197	16%
Net profit excluding US net tax benefit	209	197	6%
Cash generated from operations	352	333	6%
EPS including US net tax benefit (cents)	54.1	47.1	15%
EPS excluding US net tax benefit (cents)	49.4	47.1	5%

- H1 growth affected by fewer working days (Germany -3, Switzerland -2, elsewhere -1)
- Revenue and earnings growth
  - Group organic revenue growth ~5%, constant currency, normalised for working days
  - Growth further enhanced by accretive acquisitions and joint ventures
  - Group margin accretion of ~20 bps
  - Strong margin accretion in laboratory division, normalised for working days
- US tax benefit
  - Restatement of net deferred tax liabilities to new 21% tax rate
  - One-off non-cash net benefit of A$20 million

FY 2018 Guidance Reaffirmed

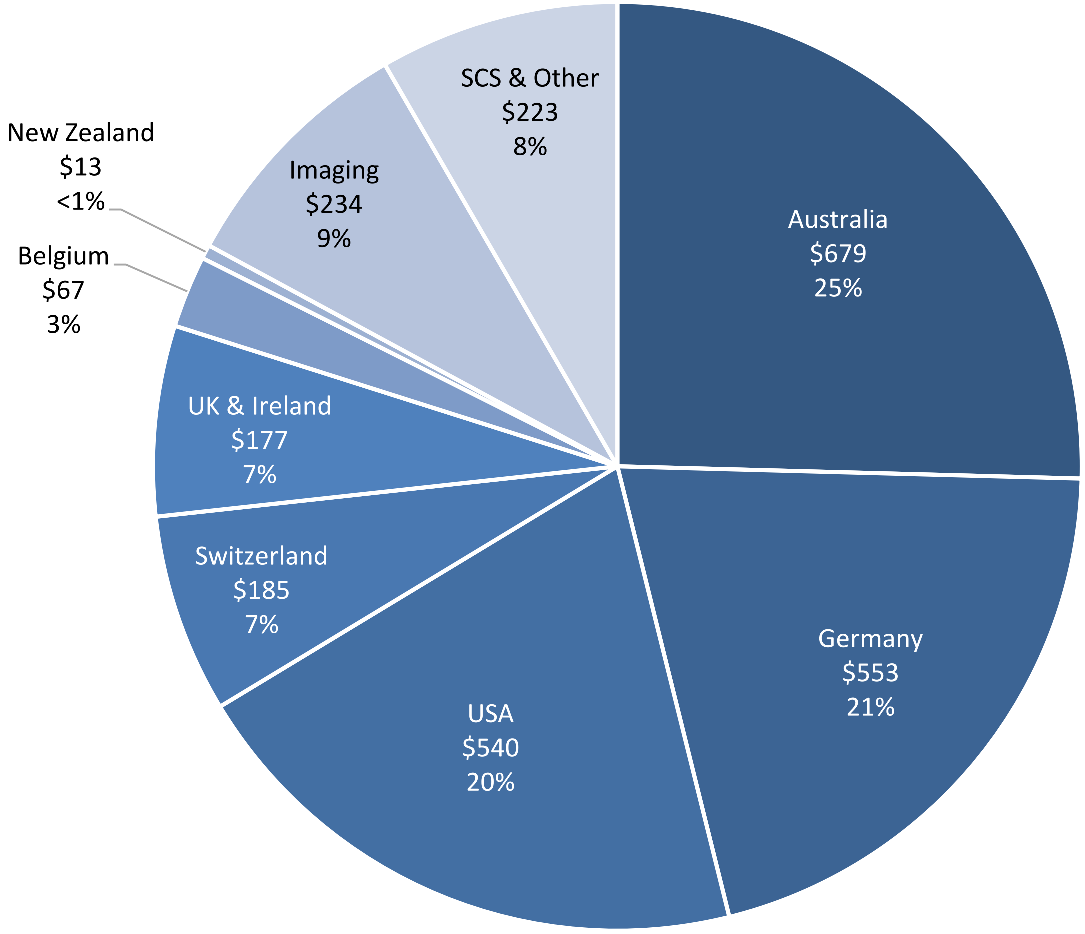
- EBITDA
  - Guidance issued 16 August 2017: 6-8% growth on underlying FY 2017 EBITDA of A$889 million (constant currency FY 2017 FX rates), no regulatory changes assumed
  - 6-8% EBITDA growth maintained despite regulatory changes in USA and Germany
- Interest expense
  - Expected to increase by 10-15% (constant currency)
  - Current base rates assumed to prevail
- Tax rate
  - Expected at ~25%, excluding one-off US net tax benefit
- Capital expenditure
  - Expected to be significantly lower in FY 2018, following completion of major infrastructure projects

Dividends

A$	H1 FY 2018	H1 FY 2017	Growth
Interim Dividend	0.32	0.31	3.2%

- Interim dividend franked to 20%
- Record Date 7 March 2018
- Payment Date 10 April 2018
- Dividend Reinvestment Plan to operate for interim dividend
  - Fine tuning of capital structure
  - 1.5% discount, 10 day pricing period (12 March to 23 March)
  - DRP applications due by 8 March
  - No underwriting of DRP

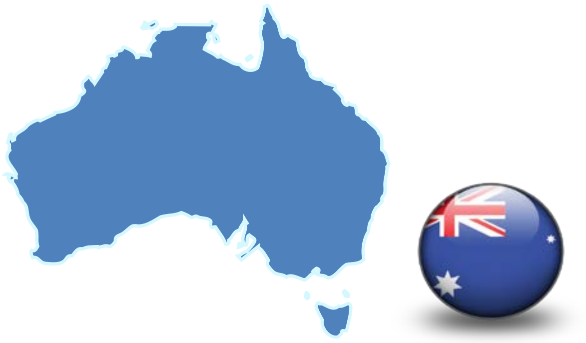
H1 FY 2018 Revenue Split

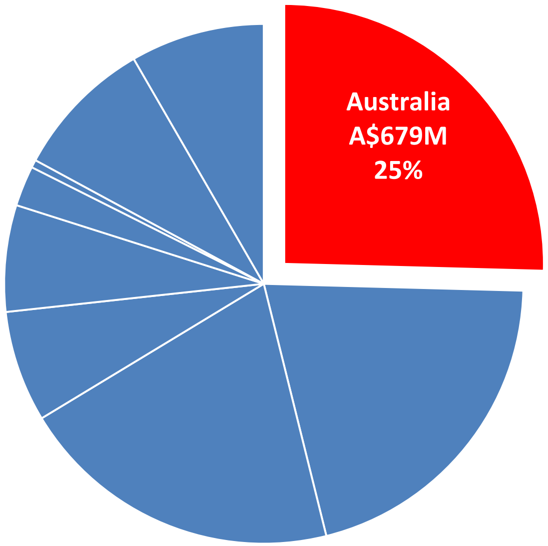


SCS & Other = Sonic Clinical Services (IPN Medical Centres, Sonic HealthPlus, other clinical service entities), GLP Systems and other minor operations

- Statutory revenue in A$M
- Chart excludes interest income ($1M)

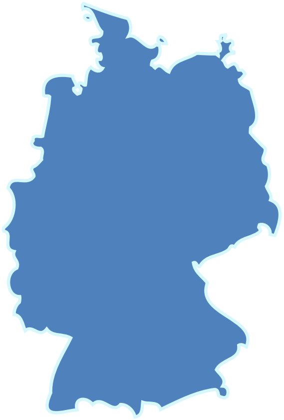
Australian Pathology

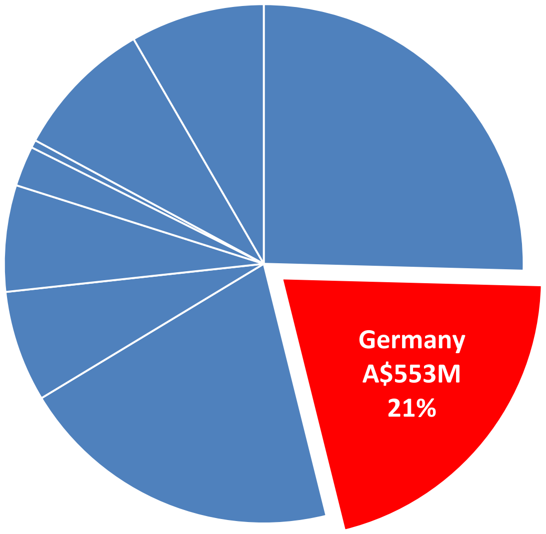




- Revenue
  - 5% organic growth
- Earnings
  - Earnings growth and margin accretion ongoing
  - Collection centre costs stabilised
- National Bowel Cancer Screening contract
  - Successful launch 2 January 2018
  - Volumes ramping up
  - Expected annual revenue ~A$30 million per annum

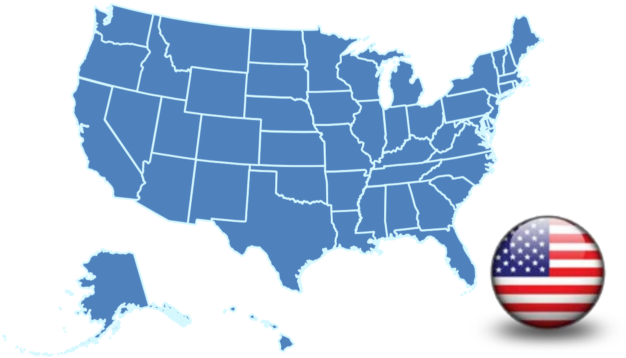
Germany

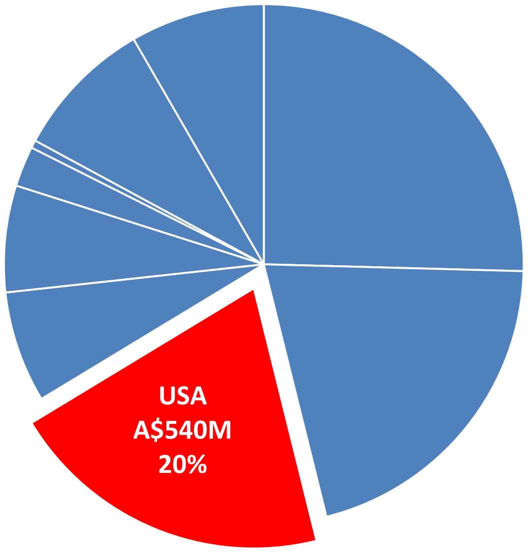




- Revenue
  - 20% revenue growth (constant currency)
  - 4% organic revenue growth, normalised for working days
- Synergistic acquisitions
  - Staber Laboratory Group integration proceeding to plan, first lab merger already completed
  - Medical Laboratory Bremen acquired July 2017, integration underway
  - Active pipeline of further acquisitions
- Regulatory changes
  - Changes to EBM (statutory insurance) fees from 1 April 2018
  - FY 2018 impact <0.4% of total German revenue
  - Strategies to mitigate earnings impact in progress
  - Private fee schedule (GOÄ) changes unlikely in medium term

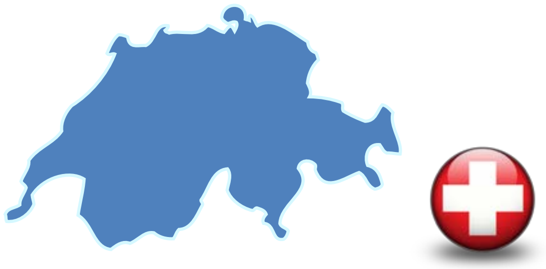
USA

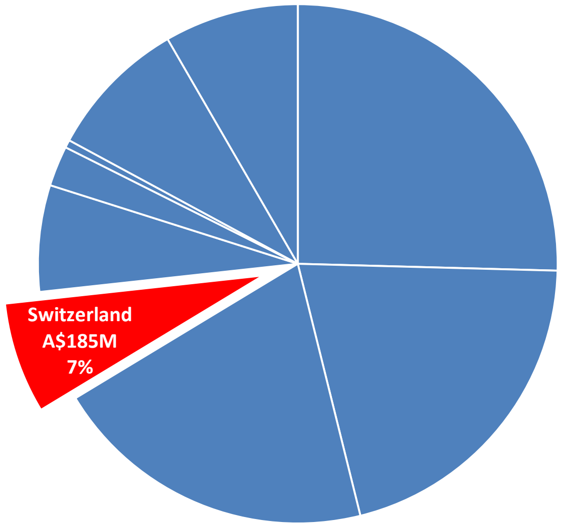




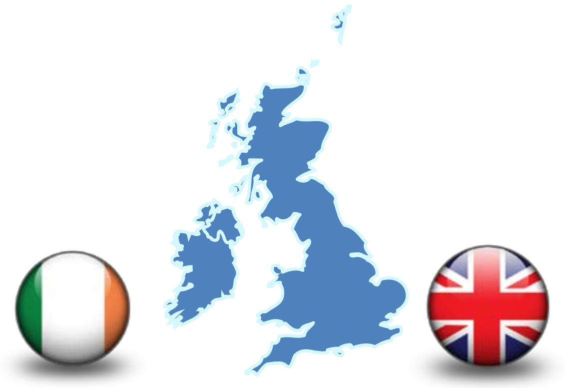
- Revenue
  - 4.4% growth (constant currency)
  - Organic growth ~2% when normalised for working days and hurricanes (Harvey, Irma)
- Hospital joint ventures
  - 3 hospital lab JVs now operating successfully
  - New York University hospital system JV commenced October 2017
  - Further hospital laboratory opportunities in pipeline
- Regulatory update
  - PAMA fee cuts to Medicare revenue commenced January 2018
  - FY 2018 revenue impact ~US$3 - 4 million
  - Strategies to mitigate earnings impact in development
  - Industry lawsuit in progress to overturn fee schedule implementation – outcome expected mid-2018
  - If lawsuit unsuccessful, significant further industry consolidation expected

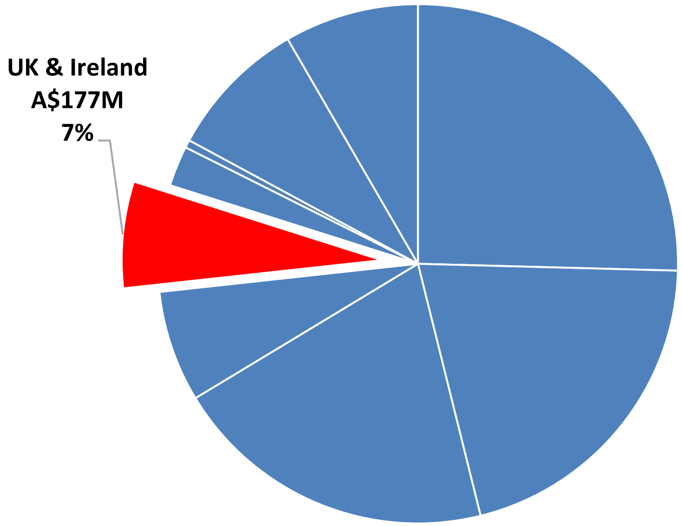
Switzerland





- Revenue
  - 3% organic revenue growth (constant currency)
  - 5% organic revenue growth, normalised for working days
- Operations
  - Ongoing strong performance
  - Small acquisition completed in Zurich (January 2018) ~CHF3 million annual revenue
- Regulatory environment stable

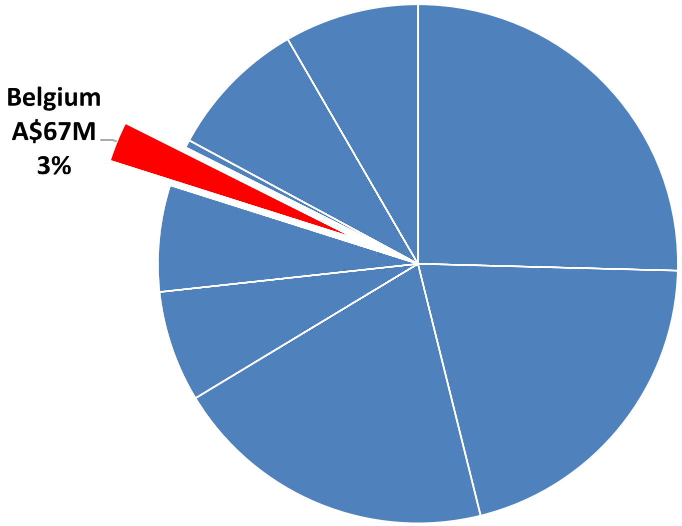




UK and Ireland

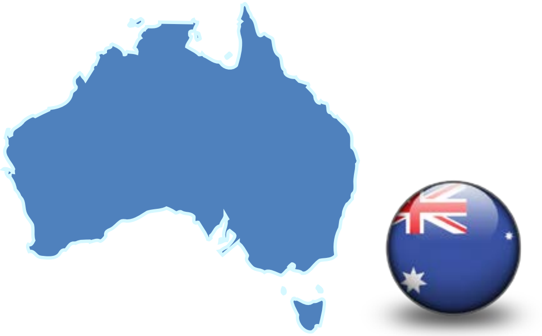
- Revenue
  - 5% organic revenue growth (constant currency)
  - 6% organic revenue growth, normalised for working days
- Operations
  - Operations stable
  - Relocation to Halo Building completed successfully during the period
  - New NHS hospital laboratory contract (Barnet / Chase Farm) successfully commenced October 2017, adding over £12 million in annual revenue
  - Active pipeline of further contract opportunities

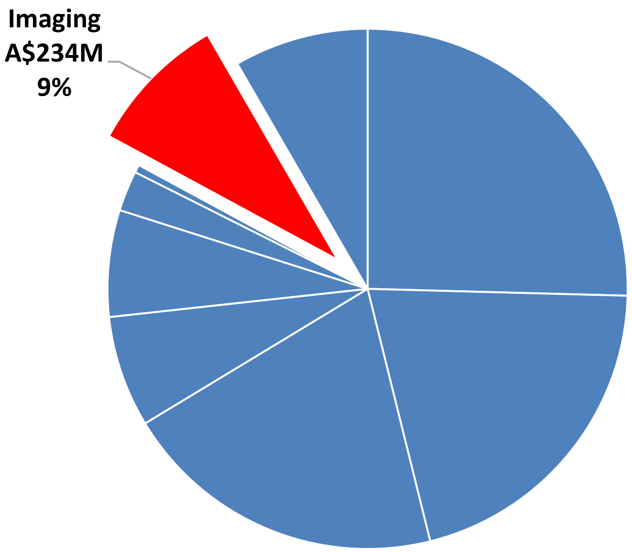
Belgium



- Revenue
  - 6% revenue growth (constant currency)
  - 7% organic revenue growth, normalised for working days
  - In-house NIPT (non-invasive prenatal testing) and other initiatives driving growth
- Operations
  - Focus on efficiencies and integration of recent acquisitions
- Regulatory update
  - Indexation fee increase from January 2018 (full-year effect ~1% of total revenue)
  - Stable outlook

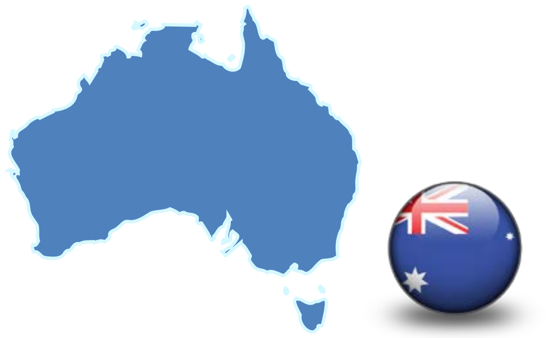
Sonic Imaging

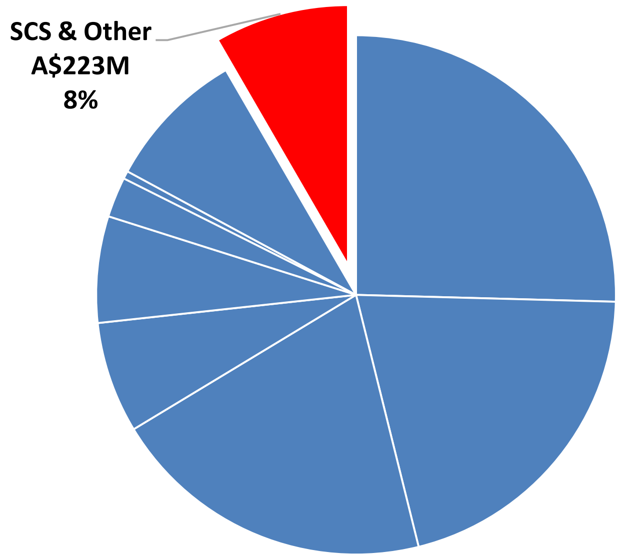




- Financials
  - 8% organic revenue growth, 9% normalised for working days
  - Strong earnings growth
- Operations
  - Benefiting from investments in equipment and greenfield sites over recent years
  - Leveraging resources and infrastructure to drive efficiencies
  - Ongoing focus on cost control
  - Strong, stable team of radiologists, managers and staff
- Regulatory environment
  - Government to implement partial fee indexation for radiology from 2020

Sonic Clinical Services (SCS)





- SCS includes medical centres (IPN) and occupational health (Sonic HealthPlus)
  - Australia’s largest primary care and occupational health provider
  - 233 centres and ~2,260 GPs
- Financials
  - 3% revenue growth, 4% normalised for working days
  - Modest earnings growth for period
- Operations
  - Ongoing successful doctor recruitment and retention
  - Rationalisation of centres to enhance efficiencies
- Regulatory outlook
  - Government implementing fee indexation progressively over coming years

Capital Management

		31 December 2017	30 June 2017
Net interest-bearing debt	A$M	2,515	2,435
Equity	A$M	4,049	3,926
Gearing ratio	%	38.3	38.3
Interest cover	X	10.4	10.8
Debt cover	X	2.7	2.7

- Increase in debt due to acquisitions and exchange rate changes, partly offset by strong operating cashflow
- In October 2017, refinanced €160 million with 7 and 15 year tenors at average fixed rate of ~2%
- Sonic's current total weighted pre-tax average cost of debt is ~2.5%
- Current available headroom ~A$650 million (before FY 2018 interim 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

- On track to achieve full-year guidance
- Long-term organic revenue growth of ~5% expected, underpinned by industry drivers and well-established brands
- Active pipeline of acquisition, contract and joint venture opportunities
- Infrastructure investments in recent years driving revenue and earnings growth
- Geographical diversification provides growth opportunities and risk mitigation
- Progressive dividend policy to continue, supported by consistent, strong cashflows and earnings
- Ongoing core commitment to corporate responsibility principles
- Sonic's deeply embedded Medical Leadership culture binds our global team of 34,000 staff and provides critical market differentiation

Thank you