

24 June 2020

## TRADING UPDATE

On 20 March 2020, Sonic Healthcare (ASX: SHL; ADR: SKHHY) withdrew its earnings guidance for FY 2020 due to the level of uncertainty resulting from the Covid-19 pandemic. For the 8.5 months to mid-March 2020, Sonic's trading results were in line with the earnings guidance previously provided, however in the second half of March, the pandemic and associated lockdowns precipitated dramatic falls in base patient volumes and revenues, almost simultaneously across Sonic's global businesses. With significant uncertainty surrounding the potential extent of the falls and the timing to recovery, Sonic's global divisions responded swiftly, firstly to secure the safety of staff and then to reduce costs considerably to mitigate against the revenue shortfalls.

The declines in base business revenues varied significantly by market, but early stabilisation of levels became evident in late April, followed by commencing recovery during May, at different rates in each market. In recent weeks, the majority of Sonic's divisions have returned to pre-Covid base volumes and revenues. Base revenues in the USA, the UK, Ireland, and Belgium are still below pre-Covid levels but the positive trend in each of these continues. In addition to the recovery of base volumes/revenues, many of Sonic's businesses are integrally involved in substantial Covid-19 testing.

Flowing from this, Sonic's trading results for March and April 2020 were substantially below forecast, with May results stronger than expected. This positive trend has continued through June to date. Whilst there remains uncertainty and volatility associated with the pandemic, Sonic is now in position to provide new earnings guidance for FY 2020.

For FY 2019 Sonic reported statutory Earnings before Interest, Tax, Depreciation and Intangibles Amortisation (EBITDA) of A\$1.075 billion. Sonic now expects to report underlying EBITDA for FY 2020 at a similar level, excluding the impact of the new lease accounting standard AASB 16, which became effective from 1 July 2019. This guidance is provided using actual FY 2020 currency exchange rates to date and is based on unaudited management financial reports and estimates.

Given the current levels of uncertainty related to the pandemic, Sonic is not in a position to provide guidance for FY 2021 at this time, however a further update will be provided with the FY 2020 results release in August 2020.

Sonic's CEO, Dr Colin Goldschmidt, said: "Sonic's global leadership teams have responded magnificently to the Covid crisis, making use of established executive experience, trusted culture, team spirit and wide-open Sonic collaboration channels at national and international level. Our leaders have shown great flexibility and have adapted rapidly to an entirely new operating environment. Sonic continues to play a crucial frontline role in combating the pandemic, with our laboratories in Australia, the USA and Europe testing thousands of patients per day for Covid-19.

"The safety of our 37,000 staff and our patients has remained a paramount focus through the pandemic, and I congratulate all of our staff, and especially those involved in the collection and handling of Covid-19 specimens, for their dedication not only to Sonic but to the communities and countries they serve.

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“In the early stage of the pandemic, at a time of great uncertainty, Sonic’s Board of Directors, CEO, and senior executives took voluntary 50% remuneration cuts, as a demonstration of solidarity with our staff. Many other senior staff throughout the company also accepted temporary pay reductions. Overtime hours were minimised, hiring was frozen and thousands of our staff were furloughed. Fortunately, in many of the countries in which we operate, it has been possible to access remuneration assistance for furloughed staff via government support schemes. Furloughed staff have been recommencing work progressively, as patient volumes return to normal.

“I wish to thank sincerely every one of our managers and staff, particularly those who sacrificed financially or in other ways during the pandemic. The reaction of Sonic’s people to this crisis has been truly inspiring.”

This announcement has been authorised by Sonic Healthcare’s Board of Directors. For further information regarding this announcement, please contact:

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