



20 July 2015

## Earnings Guidance

In light of recent market speculation, Sonic Healthcare Limited ("Sonic") (SHL.AX) provides the following financial update:

- FY2015 EBITDA<sup>1</sup> is expected to be approximately A\$730 million, before expensing non-recurring costs totaling approximately A\$13 million.
- FY2016 EBITDA is expected to be in the range of A\$850-875 million (at current exchange rates), up approximately 20% on FY2015 expected statutory EBITDA. This guidance excludes future acquisitions and potential earnings from the proposed contract with Alberta Health Services<sup>2</sup>, due to uncertainty around the commencement date. Sonic expects to be able to update guidance for this in coming months.

The expected FY2015 EBITDA is 3-4% lower than guidance previously provided, largely due to issues impacting the Australian Pathology market, being:

- lower volumes than anticipated in recent months and a more significant impact than previously modelled of the 1 November 2014 changes to fees and descriptors for certain tests under the Medicare Benefits Schedule; and
- further escalation of specimen collection infrastructure costs.

The non-recurring costs in FY2015 mainly relate to the restructuring of Sonic's CBLPath business in the USA – now successfully completed - as flagged in the earnings guidance provided in Sonic's Half Year to December 2014 results presentation<sup>3</sup>. In addition, exit costs were incurred following contract expiries in Auckland and Wellington, New Zealand.

For further information regarding this announcement, please contact:

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<sup>1</sup> EBITDA = Earnings before interest, tax, depreciation and intangibles amortisation. FY2015 EBITDA is still subject to finalisation of year end procedures and audit.

<sup>2</sup> Further information in relation to the proposed contract is contained in Sonic's release to the market of 17 October 2014 and in Sonic's CEO's presentation released to the ASX on 17 February 2015.

<sup>3</sup> Released to the ASX on 17 February 2015.