



2012 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Ladies and gentlemen,

2012 marks the 25th anniversary of Sonic Healthcare as a company and it is fitting that in this year your company has delivered a record net profit, up more than 7% on the prior year. Operating margins have increased, and return on invested capital has improved by 90 basis points. Our share price has outperformed the broader market by about 10% over the last 12 months, and we have also rewarded shareholders with a dividend payout ratio of 73%.

Sonic has invested substantial capital over the years to achieve Top 3 market positions in each of its 10 markets. Our successful model of consolidating fragmented markets is now well progressed in the large US and German laboratory markets, and we can expect benefits to flow from this for years to come.

Our market leadership positions give us the opportunity to influence the healthcare systems in which we operate by raising the benchmark for quality and efficiency, and by engaging with governments and other stakeholders in relation to industry issues.

Most governments around the world are faced with rapidly growing healthcare budgets, as aging populations, new technologies and other factors stimulate demand for healthcare services. These growth drivers are of course very positive for Sonic in terms of volumes, and our strong market positions and levels of efficiency mean that we can weather occasional fee adjustments, such as those Colin will describe in his presentation, much better than smaller players in our markets. Fee changes therefore can help us further consolidate markets, to our benefit in the long term.

It might come as a surprise to you to hear that the Australian Medicare Schedule fee for many pathology tests is actually lower now than it was two decades ago. This is true even for our most common test, the full blood count. Despite fees declining substantially in real terms, we have been very successful financially in Australia because of the efficiencies we have been able to achieve. Looking forward, we expect this to be the case in our offshore markets as well.

Our 2012 Annual Report includes our inaugural “Company Conscience” report, which sets out some of the ways Sonic and its people seek to contribute positively to their communities and the environment. If you have not had a chance to read it yet, I commend it to you as I believe we can all be proud of the efforts being made, especially in relation to our major company-wide initiative, supporting the Heal Africa Hospital in the Congo.

I would like to thank Sonic’s management teams and staff, and my fellow Directors, for the contributions they have made to the success of Sonic to date. Your Company is on a very solid footing to continue to grow value into the future for you, its shareholders.

Introduction to Resolution 1 - Re-election of Mr Colin Jackson

Colin’s biography is included in your notice of meeting. His background is in laboratory management, including 11 years as CEO of Sonic’s Tasmanian pathology practice, and before that, in professional accounting practice.

Colin has been an Executive director of Sonic since 1999, when he joined the Board effectively as a representative of the ex-SGS Medical group practices which Sonic acquired that year – still our largest single acquisition. Initially he played an important role in assisting to integrate the acquired practices into Sonic. His key role now is to represent Sonic at

national industry level, through his position as President of the industry body, the Australian Association of Pathology Practices. Colin was involved in helping to secure the 5 year Pathology Funding Agreement between industry and the Australian Federal Government last year, which you may recall brought an end to a period of terrible instability for the industry. His position on the Sonic Board adds considerable weight to his input with Government and other industry stakeholders.

In addition to his commercial and strategic input to the Board, Colin also has a strong interest in corporate governance.

Introduction to Resolution 2 – Adoption of the remuneration report

As you are all aware, Remuneration Reports are topical and controversial given the application of the “two strikes” rule, which is described in the Notice of Meeting. There will always be differences in views on individual elements of the Report and the pay structures it describes, but we would ask you to look at the Report as a whole. Sonic’s 2012 Remuneration Report includes not only the required historical information for the 2012 year, but also details the arrangements approved by shareholders at Sonic’s 2011 AGM that will continue to apply for the next 4 years for our CEO and CFO, Colin and Chris.

Thank you.

Peter Campbell
22 November 2012