

## Sonic Healthcare 2024 AGM Report

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| <b>ASX code</b>        | SHL  |
| <b>Meeting date</b>    | Tuesday, 19 November 2024  |
| <b>Type of meeting</b> | Hybrid   |
| <b>Monitor</b>         | Sue Howes  |
| <b>Pre AGM-meeting</b> | Yes, with Mark Compton (Chair), Kate Spargo (Chair Remuneration) and Paul Alexander (Co Sec) |

### Meeting Statistics

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|--|-----------------------------|
| <b>Number of holdings represented by ASA</b> | 286                         |
| <b>Number of shares represented by ASA</b>   | 585,265                     |
| <b>Value of shares represented by ASA</b>    | \$15.33m                    |
| <b>Total number attending meeting</b>        | 94 physical, 83 online      |
| <b>Market capitalisation</b>                 | \$13.4 billion              |
| <b>ASA open proxies voted</b>                | ASA voted as detailed below |

*Monitor Shareholding: The individual (or their associates) involved in the preparation of this report has no shareholding in this company.*

This AGM was topical and informative with ample time and opportunity provided to all attendees to pose questions that ranged from regulation in various jurisdictions, through COVID adjustments to the ability of the company to ensure profitability from recent acquisitions.

The questions were fully answered and good insight into the operations of the organisation was provided to shareholders. A video of the AGM is available on the company website [here](#).

Voting on the resolutions was interesting with 87% for Kate Spargo's re-election, 89.6% for the remuneration report, and just over 90% for the increase in director fees, which would usually indicate some level of dissatisfaction. The LTI approval resolutions for the CEO and CFO were passed with close to 95% favourability.

The company indicated it is on a path to improved profitability by right-sizing the workforce post COVID, booking revenue from more recent and large acquisitions, and improving the EBITDA margins of some of its more recent, low margin or loss making, acquisitions. The company predicts shareholders will see an improvement in profit compared to revenue over the next three financial years. The shift in share price post AGM would indicate this outline has been well received.

Sonic also shared opportunities for expanding digitisation in histopathology as a key market and assured shareholders that it was deliberate and considered in making acquisitions and ensured

they met minimum ROIC standards, but generally measured this from year three onwards, i.e. post synergies being executed.

The company was quizzed on the change in US administration – seen as positive as FDA restrictions on lab-developed tests would likely be lifted and thus improve market position for Sonic, Australian scheduled fees – pathology fees have not been indexed or increased for around 20 years, but recent changes will mean about 1/3 of fees will be indexed to inflation.

Guidance was provided in August and reconfirmed at the AGM. The company also advised it had sold a division in the USA that had been attributing an approximately \$20m operating loss per annum.

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