

Sonic Healthcare Limited 2023 AGM report

ASX code	SHL
Meeting date	Thursday, 16 November 2023
Type of meeting	Hybrid
Monitor	Michael Batchelor, Robert Macmahon
Pre AGM-meeting	Mark Compton Chairman, Kate Spargo Chair remuneration Committee, Paul Alexander Company Secretary

Meeting Statistics

Number of holdings represented by ASA	301
Number of shares represented by ASA	647,920
Value of shares represented by ASA	\$18.9m
Total number attending meeting	155 attendees
Market capitalisation	\$13.9B
ASA open proxies voted	ASA voted in favour of all the resolutions

The meeting was almost a celebration of Sonic’s medical leadership model and the growth potential due to “blockbuster” tests and AI adoption by Sonic.

On the morning of the AGM, Sonic announced a new acquisition in the AI space – Pathology Watch. Covered in the CEO’s presentation, the cited benefits of the acquisition included acceleration of Sonic’s transition to digital pathology, provision of competitive advantage in existing dermatopathology markets, and the promotion of significant synergies with Franklin.ai, Sonic’s AI partner.

The meeting was relatively upbeat, and all resolutions passed comfortably, although the issues of options and performance rights against vote was around 19.5%. Questions ranged from detailed testing technology through to financial performance and limits of “internationalisation” and enhanced opportunities for knowledge sharing across Sonic.

ASA’s questions provided in advance and detailed below, were comprehensively answered and Sonic positively engaged with ASA both at the AGM and the Chairman meeting prior.

1. While the underlying (non-COVID) business continues to grow, does Sonic expect Total Revenues to fall again in FY 24? *While Sonic does not provide revenue guidance, no.*
2. Could Sonic provide an update on the progress of the turnaround of the Synlab Suisse acquisition and the lab infrastructure rationalisation in Hamburg and Zurich? *Covered generally in the CEO presentation.*

3. Could Sonic provide an update on the progress with its AI initiatives? *Covered generally in the CEO presentation.*
4. While roughly businesses of similar size, base business organic growth in the US at 4% seems to lag Australia and Germany at 11% and 10%, respectively. Are there any reasons why US organic growth will not reach similar levels to Australia and Germany? *Sonic does not expect organic growth in the US to increase to Australian and German levels. It does not know why particularly but feels that Sonic is growing at the US market rate.*

ASA had previously raised the lack of clarity of the remuneration report. In discussions after the AGM, Kate Spargo, the remuneration committee chair, said she was happy to consider ASA's input regarding best practice remuneration reporting.

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