

Half Year Results

For the period ended 31 December, 2009

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The information provided in this presentation is based on and should be read in conjunction with the Appendix 4D released to the ASX on 23 February 2010 and includes earnings figures restated on a "constant currency" basis.

Highlights

- ▶ Strong net profit growth in line with Sonic guidance
- ▶ Full year earnings guidance reaffirmed
- ▶ Ongoing, strong organic revenue growth in key global markets
 - ▶ Australian pathology – 8% organic growth
 - ▶ USA – 8% organic growth
 - ▶ Europe – 5% organic growth
- ▶ Margin expansion in USA and Europe
- ▶ Belgian acquisition 4-5% p.a. EPS accretive
- ▶ On track to offset Australian pathology fee cuts
- ▶ Acquisition momentum ongoing
- ▶ Balance sheet strength

FY 2010 Guidance Maintained

	FY 2010 Guidance
Net profit after tax (NPAT) growth	10 - 15%

- ▶ Constant currency rates (FY '09)
- ▶ Excludes acquisitions announced since guidance released in August 2009 (Medhold and East Side)
- ▶ Based on FY '09 NPAT of A\$315 million
- ▶ Incorporates impact of Auckland contract

Financial Summary

		H1 '10 CONSTANT CURRENCIES*	H1 '10 vs H1 '09 GROWTH
Revenue	A\$M	1,566	9%
EBITDA	A\$M	288	10%
EBITA	A\$M	239	10%
NPAT	A\$M	162	19%
NPAT - growth adjusted for H1 '09 NRIs	A\$M	162	12%

- **H1 '10 constant currencies – presented using currency exchange rates applied in H1 '09*
- *For equivalent statutory numbers, refer to Appendix 4D*

Interim Dividend

	H1 '10	H1 '09	Change
Interim Dividend	A\$0.24	A\$0.22	9%

- ▶ Dividend franked to 35%
- ▶ Record Date 10 March 2010
- ▶ Payment Date 25 March 2010
- ▶ Dividend Reinvestment Plan remains suspended

Organic Revenue Growth

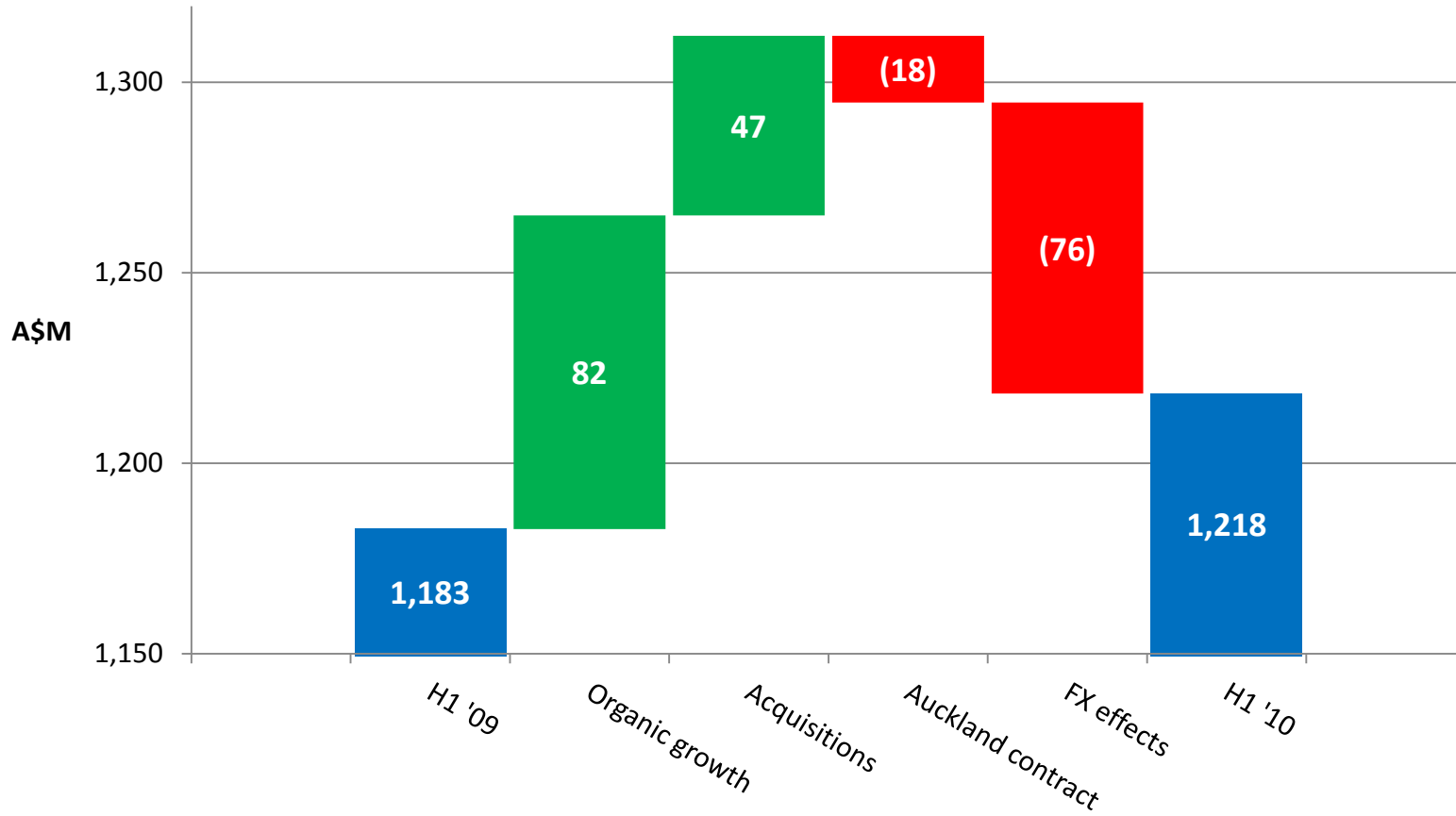
Excluding acquisitions

	Organic Revenue Growth* Acquisitions excluded
Australian pathology	8%
USA	8%
Europe	5%
Radiology	4%

* *Constant currency basis*

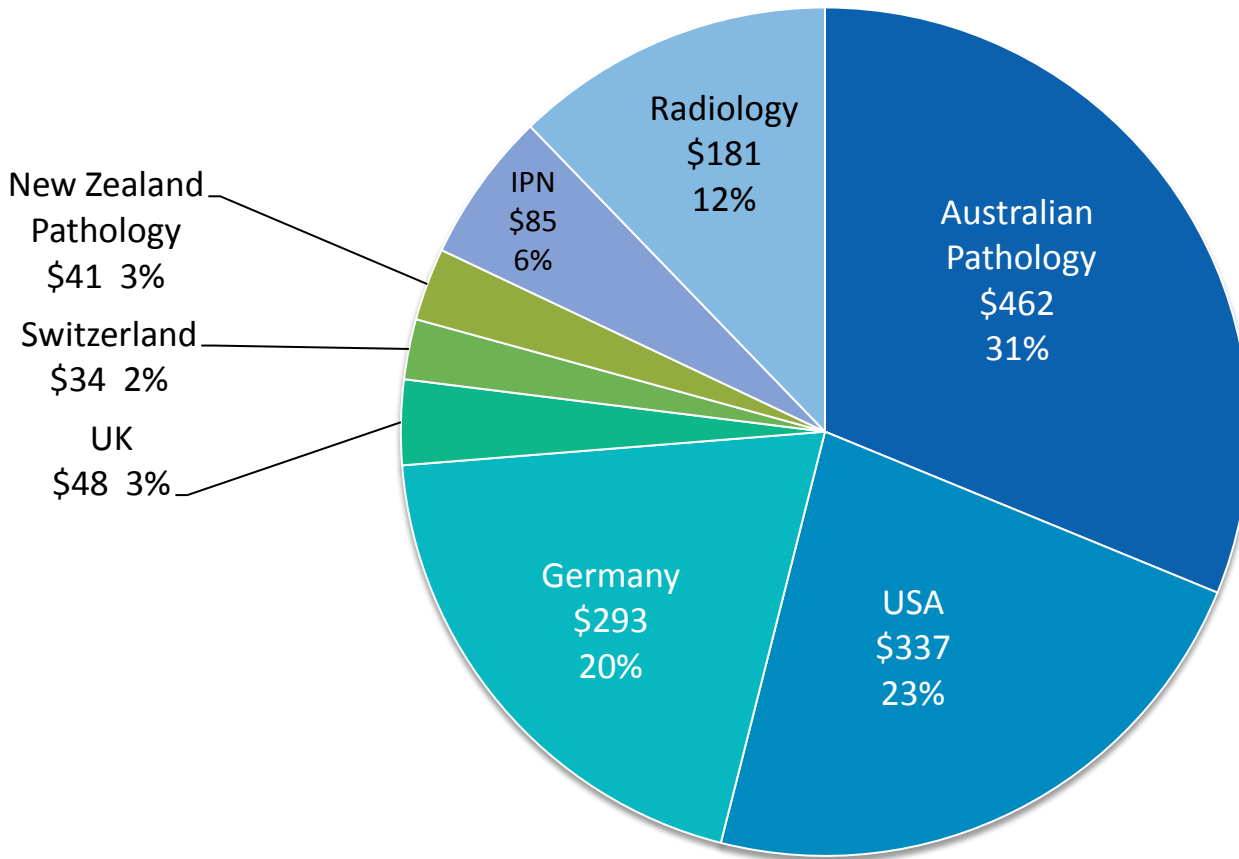
Sonic Global Pathology Revenue

Revenue Contribution (H1 '10)



Revenue Split

H1 '10



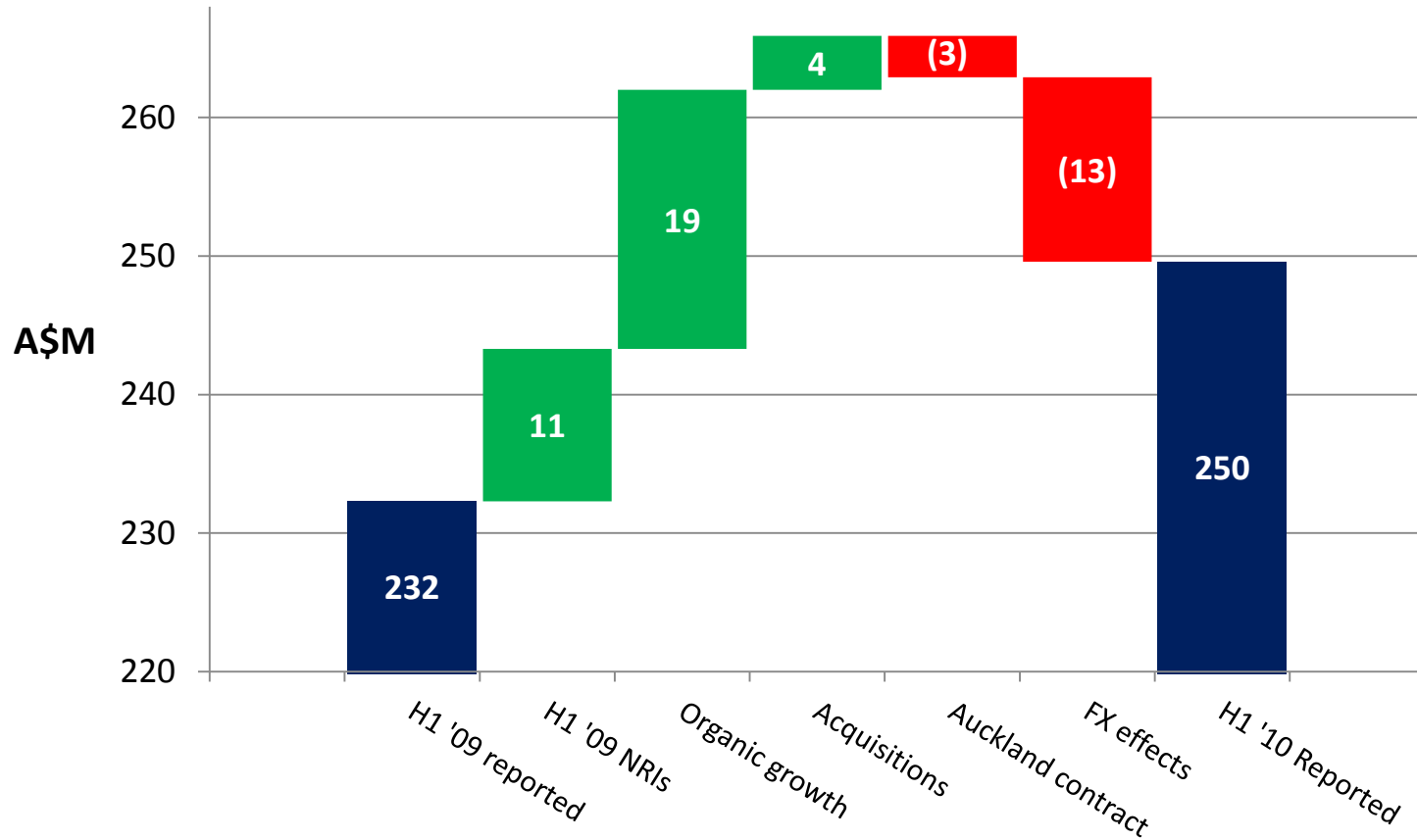
- Geographical diversification:
Operations in 7 countries
(Belgium from 12 Feb 2010)
- Strong AUD understates off-shore revenues



Revenue in A\$ million

Sonic Global Pathology Earnings

EBITDA Contribution (H1 '10)



Synergies and Margin Expansion Pathology

- ▶ A\$19 million organic EBITDA added in H1 '10
- ▶ USA – margin expansion of 80 basis points (bps)
 - ▶ Follows >200 bps margin expansion in FY '09
- ▶ Germany – margin expansion of 30 bps
 - ▶ Follows >100 bps margin expansion in FY '09
 - ▶ Despite fee cuts from January and April 2009
- ▶ Australian Pathology
 - ▶ Margins maintained despite fee cuts
 - ▶ Average fee ramp up from Nov/Dec 2009
- ▶ Future
 - ▶ Continued focus on margin expansion through synergy capture
 - ▶ Germany and USA – integration and rationalisation
 - ▶ Australia – earnings growth and cost management
 - ▶ Sonic global purchasing initiatives

Sonic Debt Summary

Investment Grade Credit Metrics

		31 Dec '09	30 Jun '09	31 Dec '08
Net interest-bearing debt	A\$M	1,149	1,198	1,536
Gearing ratio	%	31.3	32.1	36.5
Interest cover	X	9.7	6.5	5.7
Debt cover	X	1.9	2.2	2.3

- Long-term (7 and 10 years) US debt raising completed Jan '10 – US\$250 million
- Current available headroom ~A\$600 million (after Medhold, before interim dividend)

▶ *Notes:*

- ▶ *Gearing ratio = Net debt / Net debt + equity (bank covenant limit <55%)*
- ▶ *Interest cover = EBITA / Net interest expense (bank covenant limit >3.25)*
- ▶ *Debt cover = Net debt / EBITDA (bank covenant limit <3.5)*
- ▶ *Formulas as per syndicated bank facility definitions*

Australian Pathology

- ▶ Organic revenue growth 8%
- ▶ On track to offset fee cuts
- ▶ Billing initiatives
 - ▶ Targeted at complex tests and hospital work
 - ▶ Pensioners/health care card holders exempted
 - ▶ Ramped up in November/December 2009
- ▶ Margins maintained despite fee cuts
- ▶ Sonic's business – robust, competitive, highest quality

Operational Highlights

H1 '10

- ▶ 5 acquisitions completed in past 6 months
 - ▶ 4 highly synergistic - Axiom, Piedmont, East Side, Lademannbogen
 - ▶ 1 new beach head – Medhold (Belgium)
 - ▶ Pipeline of new acquisitions
- ▶ USA
 - ▶ Strong and stable operations
 - ▶ Synergy capture delivering margin increment
- ▶ Germany
 - ▶ Strong performance, offsetting recent fee changes
 - ▶ Hamburg merger completed seamlessly
- ▶ BMI contract win in UK – 60 hospitals
- ▶ New Auckland laboratory contract – 10% of previous volume
- ▶ Europe
 - ▶ Regulatory environment stable in Germany, Switzerland, UK
 - ▶ European laboratory market consolidation accelerating
- ▶ Escalating savings from Sonic global purchasing efforts

Sonic Imaging

- ▶ Challenging market conditions
- ▶ Revenue growth 4%
- ▶ Long awaited fee increases effective 1 November 2009
- ▶ Management focus on tools for improved efficiency: 'doctors desktop'
- ▶ Outlook more positive as fee changes flow through

Belgium

Medhold Acquisition

- ▶ Acquisition of Medhold Group
 - ▶ Transaction successfully completed 12 Feb 2010
 - ▶ Immediately EPS accretive – 4-5% EPS accretion in FY '11
- ▶ Medhold an ideal partner for Sonic
 - ▶ Culture and values very similar
 - ▶ Experienced, outstanding management team
 - ▶ Annie Vereecken, Geert Salembier and team
- ▶ Opportunity to drive market consolidation
 - ▶ Belgian lab industry still highly fragmented
 - ▶ Medhold top 3 player and active consolidator
 - ▶ Existing pipeline of add-on acquisitions
- ▶ Additional foothold in the Netherlands
 - ▶ Public laboratory market gradually opening up
 - ▶ Esoteric referrals into Medhold's Antwerp laboratory

Belgian Lab Market

- ▶ Stable healthcare system – statutory insurance (mandatory) and optional private cover
- ▶ Pathology market ~€1.4 billion with >50% private
- ▶ Long-term average market growth of ~5% p.a.
- ▶ Same fee schedule applicable to public and private sectors
- ▶ Doctor-collect system, no collection centre infrastructure

Belgium

Medhold Acquisition



- ▶ Head office and main lab in Antwerp
- ▶ 5 locations, >300 staff and >30 pathologists
- ▶ Highly efficient hub-and-spoke infrastructure, served by in-house courier fleet
- ▶ Brand new, ultra-modern, 6,000m² laboratory in Antwerp
- ▶ Central hub lab for testing from Belgium and Netherlands
- ▶ Full range of tests – routine, esoteric, histopathology, cytology etc

Sonic Healthcare

Outlook

- ▶ On track to deliver full-year earnings guidance
- ▶ Strong revenue and earnings to continue
- ▶ Additional synergistic acquisitions in Germany, USA and Belgium
- ▶ Synergy activity in USA and Europe active and ongoing
- ▶ Resilient business model and global infrastructure
- ▶ Strong culture driving company unity and purpose

Sonic Healthcare – Key Attributes

- ▶ **GROWTH**
 - ▶ Strong , consistent revenue and earnings growth
 - ▶ Track record of acquisitions, integration, synergy
 - ▶ Diagnostic industry growth – ageing population, preventative medicine, new tests
- ▶ **SECURITY**
 - ▶ Investment grade balance sheet
 - ▶ Global operations – spread of risk
 - ▶ Market leadership positions
 - ▶ Management stability
- ▶ **CULTURE**
 - ▶ Medical Leadership model
 - ▶ Federation structure
 - ▶ Sonic Core Values



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THANK YOU

