SONIC HEALTHCARE

Half Year Results

For the period ending 31 December, 2008

Dr Colin Goldschmidt

CEO, Sonic Healthcare

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Highlights

- Record results for half-year period
- Strong organic revenue growth in main global markets
  - Australian laboratory division 8%
  - USA laboratory division 6%
  - German laboratory division 7%
- Synergy capture on track in USA and Germany
  - USA margins ↑ 200 basis points
  - Germany margins ↑ >100 basis points
- Radiology growth and operations stable
- Cautious approach to acquisition activity
- No debt-related issues
- On track to achieve full-year guidance (after 7 months)

Financial Highlights

		Actual H1 '09	Growth H1 '09 vs H1 '08
Revenue	A$M	1,439	28%
EBITDA	A$M	262	18%
EBITA	A$M	217	17%
NPAT	A$M	137	21%
EPS	cents	38.8	12%
Interim Dividend	cents	22	10%

Revenue Growth

	6 Months ended 31 Dec 2008 (A$M)	6 Months ended 31 Dec 2007 (A$M)	Growth
Total Revenue	1,439	1,127	28%

- Divisional revenue growth rates
  - Laboratory – 31% (organic and acquisitions)
  - Radiology – 5%
  - Primary care (IPN) – 41% (organic and acquisitions)
- Exchange rate movements: ↑ reported revenue of A$62M
- Little to no impact on revenue from global financial crisis

Organic Revenue Growth

	Organic Revenue Growth* Acquisitions excluded
Australia – Laboratory	8%
USA	6%
Germany	7%
UK	16%
Australia – Radiology	5%

** Revenue growth rates in local currencies*

Acquisitions impacting FY'09 revenue

	FY 2007/8												FY 2008/9											
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
Sunrise (USA)																								
Bioscientia (GER)																								
Labor-28 (GER)																								
GLP Medical (GER)																								
Clin Labs Hawaii (USA)																								
Gemini (IPN – AUS)																								
Others (small)																								

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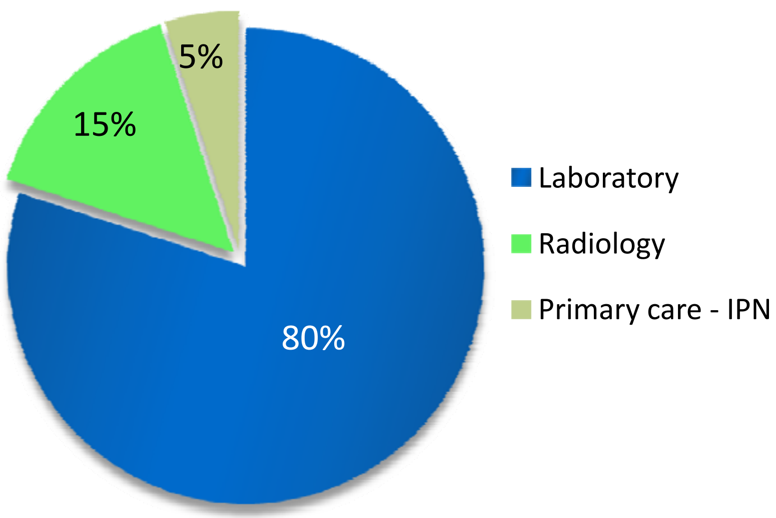
Revenue Mix

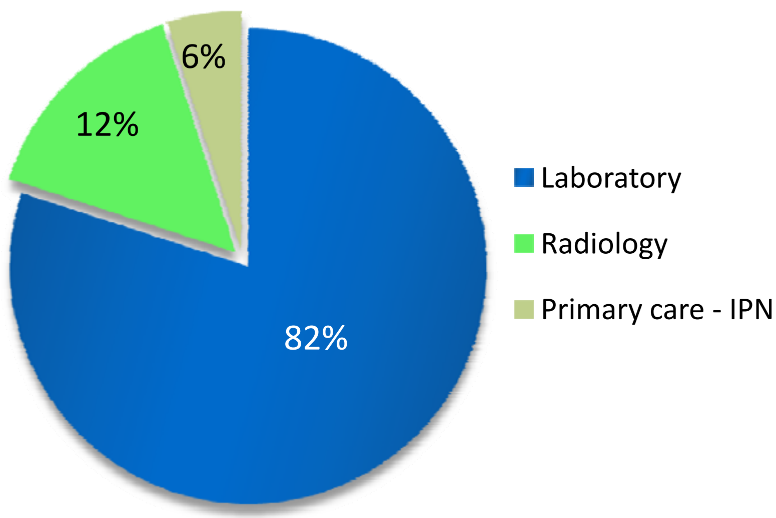
For half-years ended 31 December 2007 and 2008

6 Months to 31 December '07



Total Revenue H1 '08 = A$1,127M

6 months to 31 December '08



Total Revenue H1 '09 = A$1,439M

Earnings Growth

	6 Months ended 31 December '08	6 Months ended 31 December '07	Growth
EBITDA (A$M)	261.8	221.1	18.4%
NPAT (A$M)	136.5	113.3	20.5%
EPS (diluted) (cents)	38.8	34.7	11.8%
Cash generation (A$M)	187.7	174.0	7.8%

Cash generation

- *In line with cash profit*
- *Growth rate on previous period affected by outstanding cash generation in that period (109% of cash profit)*

Shares on issue (WANOS*)	351,817	326,714	7.7%

**WANOS = diluted weighted average number of shares*

Earnings Margins

	6 Months ended 31 December '08	6 Months ended 31 December '07
EBITDA margin	18.2%	19.6%
EBITA margin	15.0%	16.5%
Net profit margin	9.5%	10.1%

- Low margin acquisitions dilute pre-existing Sonic margins
- Australian laboratory margins down 90 bps for half
  - Fee cuts announced in 2008 Federal Budget (A$5M impact)
  - One-off costs: New laboratory (Sydney), new IT implementation (Sydney)
  - Strong recovery forecast for second half: market share gains, patient co-payments
- Germany
  - Schottdorf restructure 31 Dec '07: ↑ revenue A$18M, no added earnings
  - One-off costs associated with direct billing implementation
  - Excluding one-off impacts, EBITDA margin ↑ >100 bps
- USA margin expansion 200 bps (excluding recent Hawaiian acquisition CLH)
- New Zealand pathology margin contraction
- Australian radiology margin contraction

**bps = basis points of margin*

2009 Full-Year Guidance

	FY 2009 Guidance
Revenue growth	>15%
Earnings per share growth	>10%

- Sonic 2009 guidance unchanged since August 2008
- Sonic tracking in line with guidance after 7 months of trading

Currency Exchange Impact

H1 ‘09 actuals vs H1 ‘09 restated at H1 ‘08 FX rates:

- Revenue impact for half-year: ↑ A$62 million
- NPAT impact for half-year: ↑ A$5.1 million
- EPS impact for half-year: ↑1.5 cents
- FX earnings impact mitigated by FX interest impact

Interim Dividend

	H1 '09	H1 '08	Change
Interim Dividend	A$0.22	A$0.20	10%

- Dividend franked to 60%
- Record Date 12 March 2009
- Payment Date 26 March 2009
- Dividend Reinvestment Plan suspended

Debt Summary

		31 Dec '08	30 Jun '08
Net Interest-bearing Debt	A$ M	1,536	1,238

Covenant	Formula As per bank definitions		Actual For period to 31 Dec '08	Covenant Limit
Gearing ratio	Net debt / Net debt + equity	%	36.5	<55
Interest cover	EBITA / Net interest expense	X	5.7	>3.25
Debt cover	Net debt / EBITDA	X	2.3	<3.5

Debt Update

- Debt tranche (~A$500 million) refinanced in Dec '08 (expiry 30 Apr '10)
- Other main debt facility expiry dates in 2011 and 2012
- Facility limits denominated in foreign currencies (mainly USD and EUR)
- Debt drawn in foreign currencies
  - Off shore assets funded in local currency
  - Exchange rate effects on earnings offset by FX effects on interest in same currency
- Available funds ~A$530 million (pre-interim dividend)

Interest Expense

	6 Months ended 31 Dec 2008 (A$M)	6 Months ended 31 Dec 2007 (A$M)	Growth (A$M)
Net interest expense	44.7	31.6	13.1

- Interest expense growth

Increased debt levels to fund acquisitions	A$ +8.3 million
Exchange rate movements	A$ +5.3 million
Interest rate/margin changes	A$ - 0.5 million
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	A$ 13.1 million

Australian Pathology

- Revenue growth of Australian pathology division 8%
  - Medicare market growth 4.9%
  - Robust organic growth in Sydney, Brisbane, Melbourne, Perth
  - Market share gains
- Establishment of new centres of excellence
  - Dermatopathology in Brisbane
  - Gynaecological pathology in Sydney ("GynaePath")
  - Very strong growth of both units
- Impacts during H1 '09
  - New laboratory building and IT system implementation in Sydney
  - Medicare fee cuts from 1 July 2008
- Predict outperformance for second half
  - Strong start to second half
  - Market share growth gaining momentum

Australian Pathology
Medicare Reimbursement

- Medicare rebate cuts in 2008 Federal Budget
  - Effective from 1 July '08
  - Impacted Sonic revenue and EBIT by ~A$5 million
  - Increasing patient co-payments to mitigate fee cuts
- Review of Medicare pathology funding in progress
  - Outcome in May 2009 Federal Budget
- Australian pathology industry
  - An essential service to Australian community
  - Medicare rebates per test have not increased for >10 years
  - Labs have absorbed unremitting cost increases – labour, consumables
  - Sonic's Australian pathology division employs >7,500 people
  - Consolidation of industry is at an end – 3 players control ~90% of market
  - Confident that government will understand the need for adequate funding

New Zealand Pathology

- NZ earnings decline under new fixed price contracts
- Diagnostic Medlab (DML)
  - Earnings reduced, margins significantly down
  - Volumes up ~5%
  - Fixed price contract of NZ$72M p.a.
  - Healthscope contract value is NZ$65M p.a. (FY ’09) and NZ$67M (FY ‘10)
  - DML has additional revenue of ~NZ$10M p.a. (cytology and corporate testing) – not subject to Health Board contracts
  - DML is one of Sonic’s most efficient lab operations

Auckland Laboratory Contract

- Leave to appeal denied – announced 12 February 2009
- Contract represents <2% of Sonic's revenue and earnings
- Existing Auckland infrastructure (loyal staff, lab, collection network) owned or employed by Sonic
- Not clear how new contract can be implemented without enormous risk to health care provision in Auckland
- Sonic continues to provide excellent pathology services to community of Auckland under an agreement with the Auckland District Health Boards

Sonic Healthcare USA

- Strong financial and operational performance ongoing
- Organic growth (excluding acquisitions) 6%
- Hawaiian lab acquisition (CLH)
  - Smooth integration into Sonic USA structure
- Ongoing synergy activity
  - Underlying margin expansion of 200 basis points (excluding Hawaiian acquisition)
  - Internal mergers, centralisation, purchasing, IT, sales, marketing
  - Sonic's Apollo IT system to be launched in Southeast division in Apr '09
- Fee/pricing status
  - Medicare (~20% of total revenue) fee increase of 4.5% instituted 1 Jan '09
- Future growth
  - Earnings and margin growth via organic growth and synergy capture
  - Sonic pursuing synergistic acquisitions
  - Little to no impact from global financial crisis
- Dedicated and experienced management team driving progress

Sonic Healthcare Germany

- Financial performance
  - Organic revenue growth of 7%
  - Underlying margin expansion >100 basis points
- Synergy benefits
  - Expect >€10M synergy benefits over 2-5 years (Schottdorf/Bioscientia) : >50% locked in
  - Expect additional >€5M synergy benefit over 2-3 years (Labor 28/GLP)
  - Hamburg laboratory merger to be completed in 2009
  - Plan for Berlin laboratory merger being finalised
  - Exceeding synergy expectations in purchasing and equipment maintenance
  - Commencing synergy flow from courier rationalisation, insurances, centralisation of testing, fleet management, sales, marketing, IT, quality systems
- Management
  - Teams from all 4 Sonic labs collaborating well to drive synergies
- Market
  - General M&A activity markedly reduced
  - Sonic continues to explore opportunities for synergistic acquisitions

Germany – Fee Reforms

- "Direct billing" reform for routine labs
  - Commenced 1 October 2008
  - Eliminates discounts to GPs
  - Average fee increase, slight volume reduction, higher admin costs – net impact as budgeted
  - Significant one-off implementation costs in half
  - Outstanding management effort allowed smooth implementation
- Public fee schedule (EBM)
  - Fee reduction for select esoteric tests from 1 January 2009
  - Impact being evaluated
- Private fee schedule (GOÄ)
  - No change expected in medium term

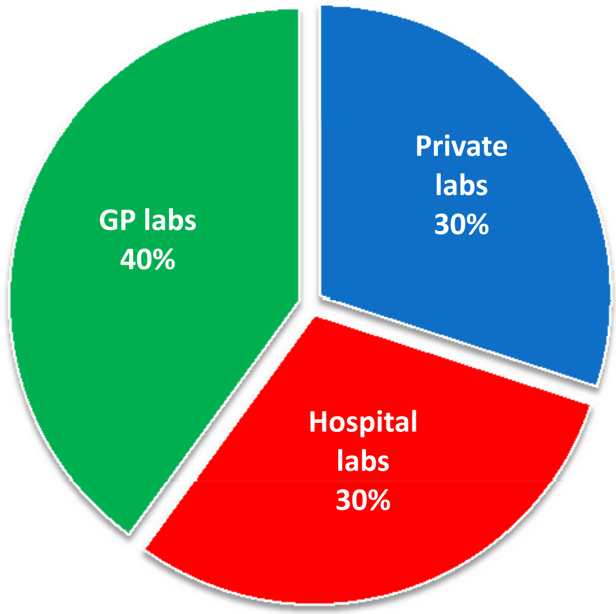
Switzerland

- Solid financial performance
- Acquisition of Prof. Krech laboratory
  - Completed 1 July 2008 – comprised two small labs
  - Zurich lab closed and Kreuzlingen lab downsized – both fully integrated into main Medica lab in Zurich
  - Synergies flowing earlier than anticipated
- Outstanding management team

Switzerland – Fee reforms

- New government fee schedule published
  - Fee reductions for high-volume routine tests
  - Fee increases for manual and esoteric tests
  - New "case fee" per request
- Timeline
  - Phased in over 2 years, commencing 1 July 2009
- Potential impact for Sonic
  - Estimated minor revenue impact on current volumes
  - Medium-term positive implication – ↑consolidation
  - GP labs/small hospital labs dependent on routine tests
  - Sonic's Medica business well equipped to manage changes

Swiss Laboratory Market



Source: Sonic estimates

UK

- Strong revenue and earnings growth (16%)
- Harley Street market growth solid
- NHS work now represents ~20% of revenue
- Further outsourcing opportunities being pursued
- Dedicated management team driving growth

Sonic Imaging

- Sonic Imaging financials
  - Sonic Australian imaging revenue growth 6%
  - Strong revenue growth at Queensland X-Ray and Castlereagh Imaging
  - Margin contraction of ~100 basis points
- Sonic awarded 3 new MRI licences in H1 '09
  - Hunter Valley, NSW (1)
  - Perth, WA (2)
- Future strategy
  - Counter falling margins via patient co-payments for services
  - Continue to provide highest quality imaging services to community

Australian Radiology Industry

- Industry conditions remain difficult
- No Medicare rebate increase per examination for >10 years
- Minimal economies of scale available in radiology
- Inevitable cost increases in radiology practices – labour, equipment
- Closure of unprofitable regional centres
- Vicious cycle: closure of centres → pressure on public hospital radiology departments → outsourcing to private radiology companies
- Failure of small radiology companies → reduced patient access to services
- Confident that government will understand the vital importance of private radiology sector to the community

IPN

- Sonic's acquisition of IPN minorities completed September 2008
- IPN business integrated smoothly into Sonic structure
- Focus on extracting relevant synergies
- EBITDA growth ~30% (including Gemini acquisition)
- IPN/Sonic model provides market differentiation

Summary

- Sonic Healthcare in strong position
- Resilient business model and infrastructure
- Solid growth set to continue – Australia, Europe, USA
- Market share gains in Australian laboratory division ongoing
- Synergy activity in USA and Europe active and ongoing
- Stable debt position with ~A$530 million available funds
- Little impact on business from global financial crisis
- Sonic's operations provide essential healthcare services
- Committed, stable world-wide management team
- Strong, binding Sonic culture

THANK YOU