



Interim Results

Half Year to 31 December 2003

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Sonic Half Year Summary

(1 July – 31 Dec 2003)

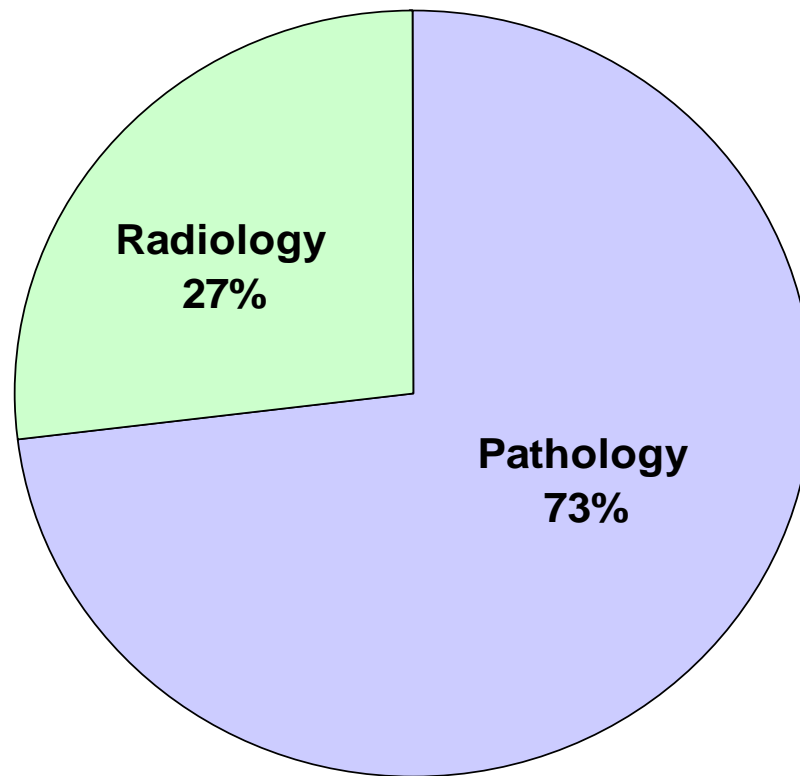
- **Excellent first half performance**
 - EBITA up 13.6%
 - Core Net Profit up 14.1% (net profit up 35%)
 - Core EPS up 12.4%
 - EBITA margin 18.3% (up from 17.0%)
- **Solid start to second half**
 - January EBITA strong
- **Full-year guidance unchanged**
 - Revenue, EBITA, margins all on target
 - Trending towards upper end of guidance range
- **Sonic operations tracking well**
 - Integration synergies delivering outcomes
 - Organic growth ongoing
 - Positive culture and values adding to value
- **UK pathology strong and stable**
 - Relocation to new laboratory completed
 - JV with UCLH (NHS) in operation
 - Excellent future growth potential

Revenue

	6 Months ended 31.12.03 \$'000	6 Months ended 31.12.02 \$'000	Movement %
Total Revenue	509,859	485,531	5.0%

- **Organic revenue growth**
 - Sonic Australian diagnostics growth at or above market
 - New Zealand pathology growth rates lower than Australia
 - Sonic UK pathology growth strong
 - Excluding acquisitions and foreign exchange rate effects, Sonic's organic revenue growth is ~4.8%
- **Acquisitions impacting revenue growth for H1, 2004**
 - Rockhampton Pathology (Oct '02), Fremantle Radiology (Dec '02), Haskell Pathology (May '03), Omnilabs UK (July '03), SDSG Radiology (Dec '03)

Sonic Revenue Split H1, 2004



Earnings Growth

		6 Months ended 31.12.03	6 Months ended 31.12.02	Movement %
EBITA	(\$'000)	93,545	82,356	13.6%
Core NPAT	(\$'000)	55,345	48,506	14.1%
Core EPS	(cents)	20.8	18.5	12.4%
NPAT	(\$'000)	25,720	19,101	34.7%
EPS	(cents)	9.78	7.37	32.7%
Cash Generation	(\$'000)	81,508	66,167	23.2%

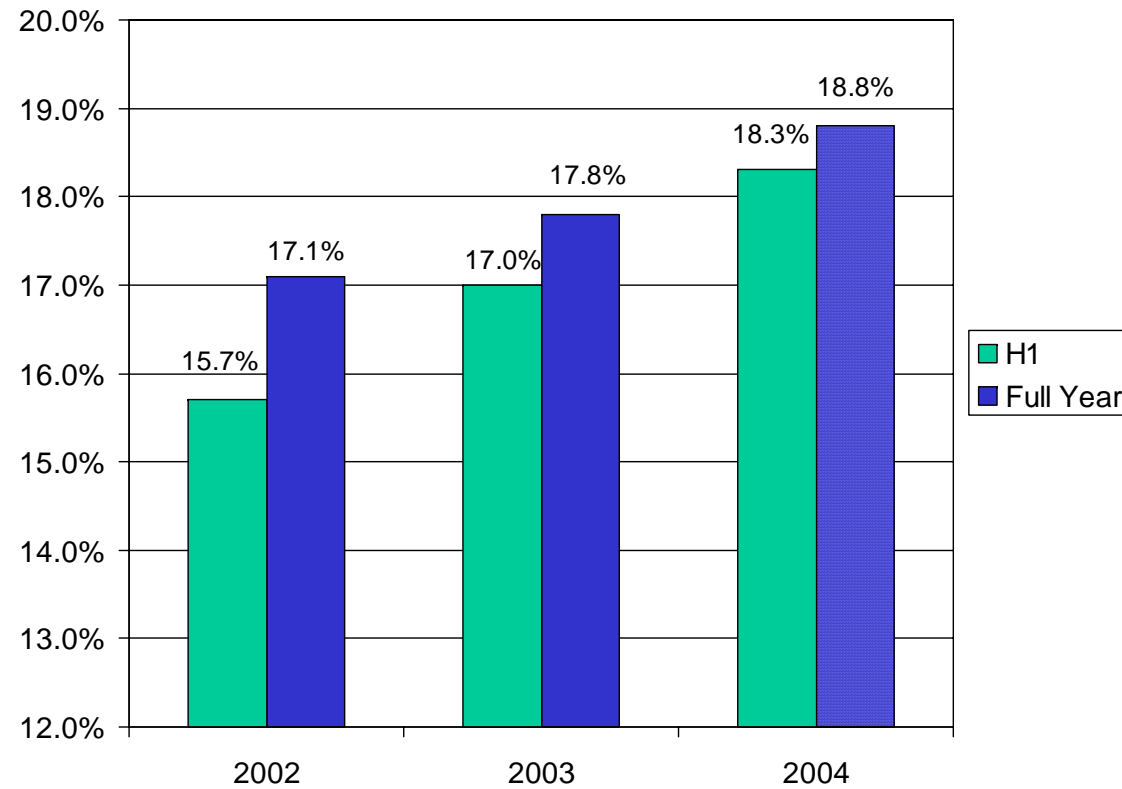
Core = Before Amortisation of Intangibles


EBITA Margins

Sonic	6 Months ended 31.12.03	6 Months ended 31.12.02
EBITA Margin	18.3%	17.0%
EBITDA Margin	22.3%	21.2%

- Margin expansion continues
 - Revenue growth with marginal profit
 - Entity cost reduction initiatives
 - Sonic synergy initiatives (benchmarking, IT, sales/marketing, purchasing, centralisation etc)
 - Pathology margin growth strong
 - Radiology margins up on previous half
- On track to achieve full-year EBITA margin target
 - 18.1 – 18.8% = EBITA margin range derived from Sonic guidance
 - Second half historically higher margins than first half

Sonic Margin Expansion



 = Full-year 2004 EBITA margin forecast derived from upper range of Sonic revenue and EBITA guidance

2004 Guidance Unchanged

	2003 Actuals \$M	2004 Guidance \$M	Growth* %
Revenue	974.8	1,020 – 1,035	5.4%
EBITA	173.1	185 - 195	9.8%

Trending towards upper end of full-year guidance range

Notes

- Growth* calculated using mid-point of 2004 guidance
- Includes Omnilabs (loss in first half) and SDSG (from December '03) acquisitions
- Intangibles amortisation \$59 - 60 million
- Assumes no further acquisitions

Pathology Operations

- Pathology division performing above expectation
- Largest four entities all outperforming budgets
 - Douglass Hanly Moir Pathology (New South Wales)
 - Sullivan Nicolaides Pathology (Queensland)
 - Melbourne Pathology (Victoria)
 - Diagnostic Medlab (Auckland)
- Margin expansion set to continue
 - Synergies between Sonic entities
 - Cost management at local level
 - Ongoing organic revenue growth

Radiology Operations

- Sonic Imaging division improving performance
 - H1 2004 margins up on H1 2003 margins
 - H1 2004 margins up on full-year 2003 margins
- Queensland X-Ray performing particularly well
- Industry growth low in first half, impacting margin growth
- Synergistic acquisitions (eg SDSG, Fremantle Radiology)

Interim Dividend

	2004 \$	2003 \$	Movement %
Interim Dividend	0.10	0.08	25.0%
Final Dividend (Forecast)	0.20 (F)	0.17	17.6%(F)
Full Year Dividend (Forecast)	0.30 (F)	0.25	20.0%(F)

- Dividend fully franked at 30%
- Record Date
 - 3 March 2004
- Payment Date
 - 17 March 2004
- Dividend Reinvestment Plan suspended

Balance Sheet Summary

		31.12.03	30.6.03	31.12.02
Receivables (current)	\$M	106.6	111.4	100.3
Intangibles (net)	\$M	1,097.3	1,111.1	1,170.6
Total Interest-bearing Debt	\$M	538.1	561.3	608.7
Equity	\$M	842.5	831.3	838.1
Interest Cover (EBITDA / Net Interest)	X	6.7	5.9	5.7
Gearing (Net I.B. Debt / Equity)	%	61%	64%	69%

Undrawn senior debt facilities - \$81.1 million (31.12.2003)
 - \$93.7 million (19.02.2004)

Australian Pathology Funding

- Current Agreement: Government funding for total industry capped at 5% growth p.a.
- Agreement Term : 1 July 1999 – 30 June 2004
- 3.3% fee increase from 1 December 2003
 - Applied to all pathology test items
 - Intended to adjust growth to agreed target by 30 June 2004
- New, similar agreement expected from 1 July 2004
- Private billing unrestricted and not subject to funding cap

Australian Radiology Funding

- New 5 year funding agreement in operation since 1 July 2003
- Government funding cap for total industry growth:
 - 2003/4 – 5.5%
 - 2004/5 – 5.3%
 - 2005/6 – 5.0%
 - 2006/7 – 5.0%
 - 2007/8 – 5.0%
- H1 industry growth rate 3.8% (per HIC statistics)
- Private billing unrestricted and not subject to funding cap

Sonic IT

- Roll-out of Sonic proprietary software ongoing
 - Pathology software – Apollo
 - Radiology software – Apollo RIS
- Apollo roll-out : Pathology
 - Sullivan Nicolaides Pathology – successful launch July 2003
 - Diagnostic Services (Tasmania) – successful launch December 2003
 - Southern.IML Pathology (Wollongong) and Clinipath (Perth) next
- Apollo RIS roll-out : Radiology
 - Queensland X-Ray – roll-out almost completed
 - Castlereagh Imaging (Sydney) – next
- Lasting and incremental benefits will flow from the implementation of Sonic's software

UK Pathology

- TDL business stable and strong
- Omnilabs merger completed and successful
 - Staff reductions
 - Property amalgamations
 - Equipment rationalisation
- Laboratory relocated to new facility in Whitfield Street
 - Completed and successful
 - State-of-the-art equipment and premises
- TDL – UCLH joint venture now operational
 - Merger of automated pathology
 - Facilities, services and management provided by TDL

Sonic Healthcare

Current Status

- Medical Diagnostics Company
 - Pathology
 - Radiology
- Large business
 - Pathology and Radiology are complex operations
 - ~\$1 Billion annual revenue
 - Growth history and expectation
 - > 11,000 employed staff
- Customer services outstanding
 - Tens of thousands of referring doctors
 - Millions of patients served each year
 - Tens of millions of services provided each year
 - Accuracy, consistency, turnaround times excellent
- Reputation pre-eminent
- Management and Staff
 - Stable, experienced, committed, passionate team
 - Pro-active management style

Sonic Core Values

- Commit to service excellence
- Treat each other with respect and honesty
- Demonstrate responsibility and accountability
- Strive for continuous improvement
- Maintain confidentiality

Future Growth

- Australia
 - Market growth in diagnostics ~5% p.a.
 - Market share growth, especially pathology
 - Synergistic acquisitions
- New Zealand
 - Market growth
 - Market share growth
- U.K. pathology
 - Ongoing private pathology growth
 - Further joint ventures with NHS
- European pathology

Summary

- Outstanding first half result
- Strong start to second half
- Trending towards upper end of full-year guidance range
 - Revenue
 - Earnings
 - Margins
- Dependable business model
 - Revenue growth and profit drivers
 - Infrastructure and goodwill well established
- Growth opportunities
 - Australia
 - New Zealand
 - U.K.
 - Europe

