

SONIC
HEALTHCARE
LIMITED

Annual General Meeting

25 November 2004

Dr Colin Goldschmidt
Managing Director

Sonic Healthcare

Current Status

- Company in excellent shape
- Record financial results FY 2004
- On target to achieve FY 2005 guidance
- Larger entities showing strong earnings growth
- German acquisition outperforming
- Major new growth prospects in UK

FY 2004 Highlights

- Revenue growth 6.4%
- Core NPAT growth 17.6%
- Core EPS growth 14.8%
- EBITA margin expansion 1.1% (110 basis points)
- Full year dividend 30 cents per share (up 20%)
- Five year funding agreements in place in Australia
- Sonic enters German pathology market
- Expanding UK pathology operations
- Sonic set for ongoing growth

Core = Before Amortisation of Intangibles

2004 Guidance Delivered

Full Year 2004	Sonic Guidance \$M	Actuals \$M
Revenue	1,020 - 1,035	1,037
EBITA	185 - 195	197

Sonic 2004 guidance unchanged since first released in August 2003

FY 2005 Guidance Unchanged

	2004 Actuals	2005 Guidance	Growth*
	\$M	\$M	%
Revenue	1,037	1,290 – 1,330	26.3%
EBITA	197	235 -245	21.8%

2005 Guidance

- Growth* calculated using mid-point of 2005 guidance
- Includes full year of Schottdorf
- Includes IPN estimate from 26.8.04
- Intangibles amortisation \$64 million
- Excludes Endeavour or other acquisitions
- Assumes constant exchange rates

Trading Update

4 Months to 31 October, 2004

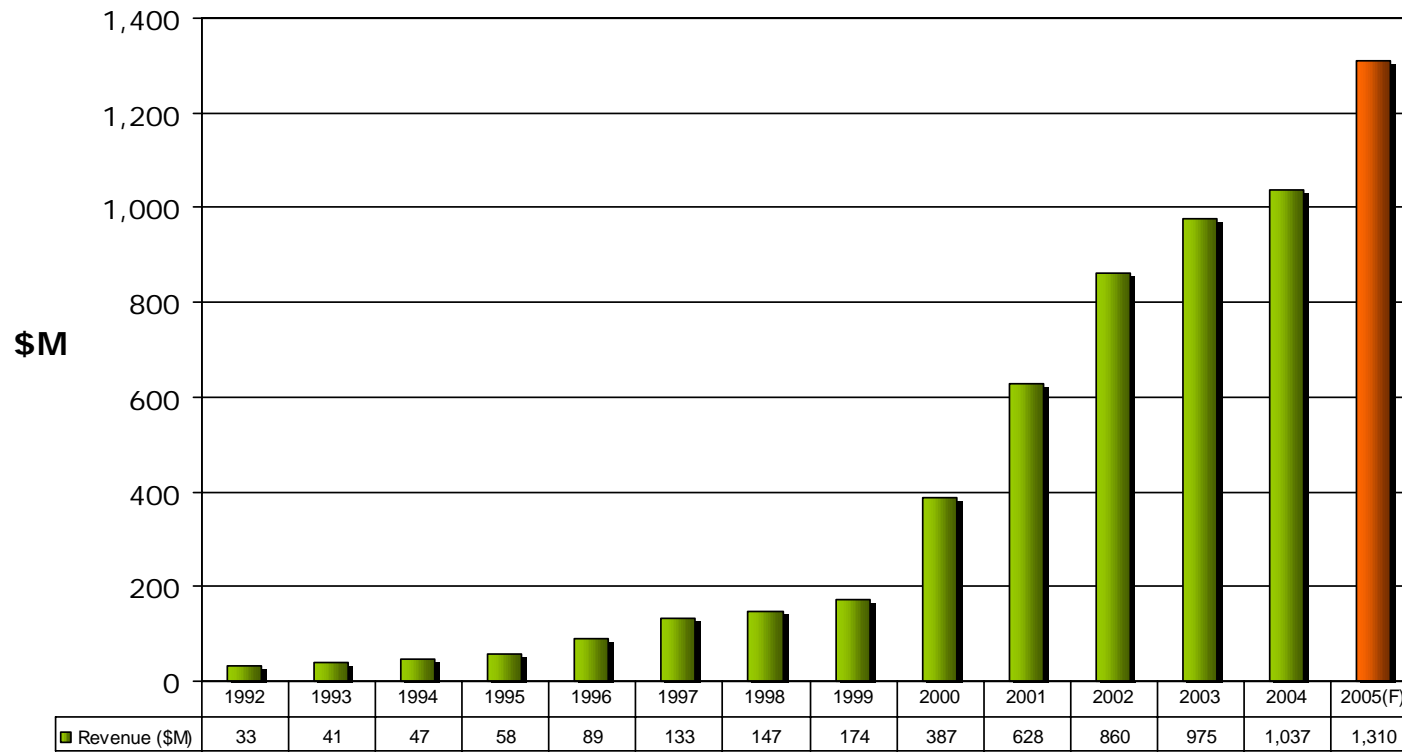
- Revenue and earnings in line with FY '05 guidance
- On target to achieve revenue and earnings forecasts
- German business tracking strongly since acquisition

Revenue

	2004 (\$M)	2003 (\$M)	Growth (%)
Total Revenue	1,037.4	974.8	6.4%

- Acquisitions completed in FY 2004/5
 - Omnilabs, SDSG Radiology, Schottdorf (29 June 2004)
 - IPN (August 2004)
 - Accord Diagnostics (completion pending)
- Organic revenue growth (excluding acquisitions) ~ 6%
 - Australian pathology revenue growth in line with market
 - Australian radiology revenue growth in line with market
 - U.K. pathology revenue growth strong

SHL Annual Revenue



Strong Earnings Growth

		FY 2004	FY 2003	Movement
EBITA	(\$M)	196.6	173.1	13.5%
Core NPAT	(\$M)	117.0	99.5	17.6%
Core EPS	(cents)	43.4	37.8	14.8%
Cash Generation	(\$M)	156.3	137.4	13.8%

Nine consecutive years of double-digit EPS growth!

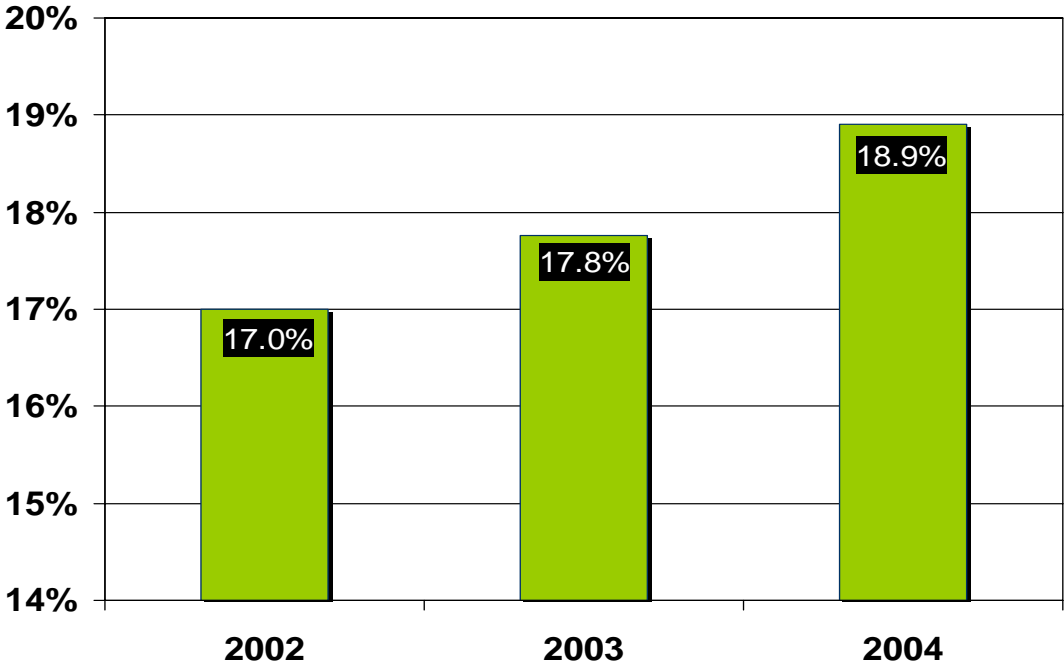
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Earnings Margin Growth

	FY 2004 (%)	FY 2003 (%)	Movement (basis points)
EBITA Margin	18.9%	17.8%	+110 bps
EBITDA Margin	23.0%	21.9%	+110 bps

- Strong margin growth in FY 2004
- Local entity cost management
 - Outstanding management teams throughout Sonic
 - Stability and commitment of CEOs, managers, pathologists/radiologists
- Central Sonic synergy initiatives
 - Benchmarking, IT, purchasing, centralisation
- Revenue growth of 6.4% with EBITA growth of 13.5%
 - Revenue added \$62.6 million
 - EBITA added \$23.4 million

Sonic EBITA Margin Expansion



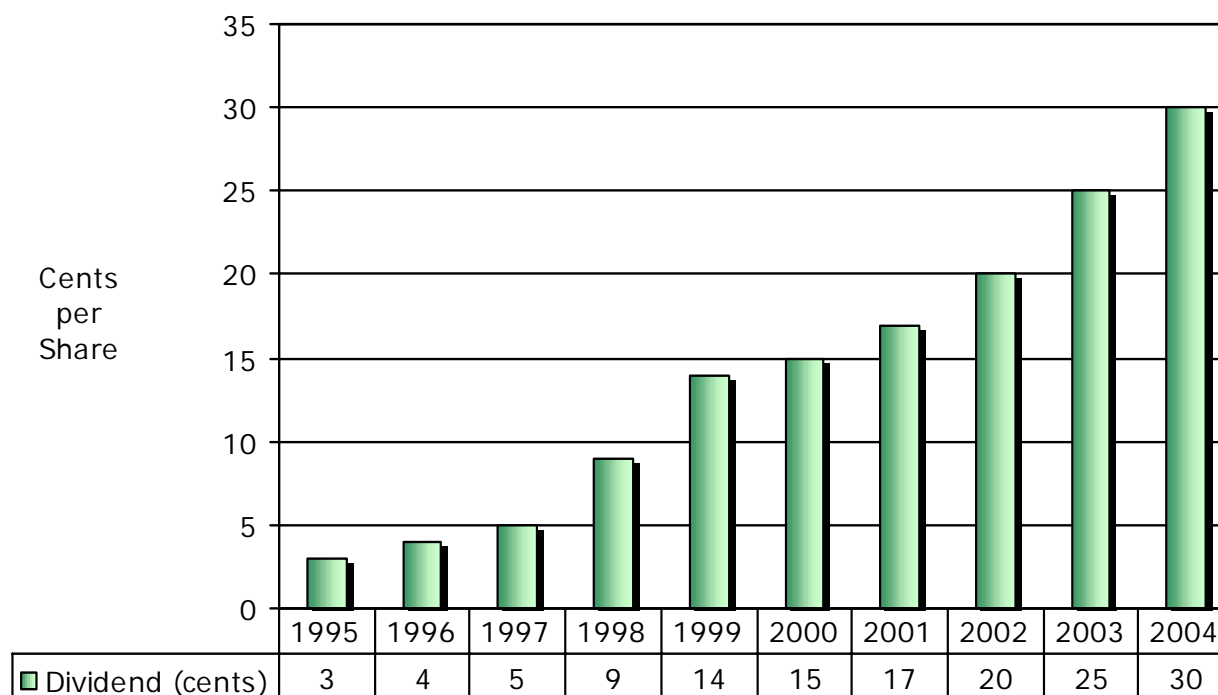
FY 2005 margins will be diluted by Schottdorf and IPN

Full-year Dividend

	2004	2003	Change
Full Year Dividend	\$0.30	\$0.25	20%

- Growth in dividends continues to increase
- Fully franked to 30%
- Reflects ongoing strong cash flow in Sonic

Full-year dividend 10 Year History



Debt Summary

		30.6.04	30.6.03
Total Interest-bearing Debt	\$M	641.3	561.3
Gearing (Net IB Debt / Equity)	%	74	64
Net Interest-bearing debt / EBITDA	X	2.62	2.50
Interest Cover (EBITDA / Net Interest)	X	6.98	5.93

- **New \$700 million senior debt facility**
 - Expected to be finalised by mid-December
- **Benefits of new facility**
 - Reduced cost of funds
 - No longer secured (negative pledge structure)
 - More flexible structure and covenants
 - Non-amortising facility
 - Creates \$120 million head room post-Endeavour transaction

Australian Diagnostic Funding Agreements

- Pathology Funding Agreement
 - New agreement commenced 1 July 2004
 - 5 year term
 - 5% compound industry growth rate
 - 3% fee increase awarded in November 2003
- Radiology Funding
 - New agreement commenced 1 July 2003
 - 5 year term
 - 5% average compound industry growth rate
 - 3% fee increase for non-MRI effective 1 December 2004
 - MRI fees reduced to facilitate expansion of licencing

IPN

- Sonic's partial bid for IPN successful
 - Sonic equity now ~72%
 - Acquisition cost ~\$43 million
- IPN to remain independent
 - Independently listed
 - Independently managed
 - Sonic Board representation (Chairman Colin Jackson)
- Pathology referrals
 - Potential to capture additional pathology referrals
 - Potential for radiology referrals
- IPN to succeed in own right
 - IPN financials consolidated into Sonic's from 26.8.04
 - Sonic working with IPN to capture synergies
 - Sonic to assist IPN's growth and competitiveness

27 Operating Companies

14 Pathology Companies

1. Douglass Hanly Moir Pathology
2. Sullivan Nicolaides Pathology
3. Melbourne Pathology
4. Diagnostic Medlab
5. The Doctors Laboratory
6. Diagnostic Services
7. Clinpath Laboratories
8. Southern.IML Pathology
9. Clinipath/Bunbury Pathology
10. Medlab South
11. Medlab Central
12. Capital Pathology
13. Valley Diagnostic Laboratories
14. The Schottdorf Group

9 Radiology Companies

1. Queensland X-Ray
2. SKG Radiology
3. Castlereagh Imaging
4. Hunter Imaging Group
5. Mercy Radiology
6. Illawarra Radiology Group
7. Palmerston North X-Ray
8. Castlereagh Hong Kong
9. Canterbury Medical Imaging

4 Other Companies

1. Lifescreen Australia
2. Sonic Clinical Trials
3. Sonic Clinical Institute
4. IPN



U.K. Pathology

- Three transactions to date
 - TDL acquisition
 - Omnilabs acquisition
 - TDL-UCLH joint venture
- TDL business stable and strong
 - Double digit revenue growth
 - Merger synergies from Omnilabs acquisition
- Relocation to new laboratory and UCLH merger
 - Completed successfully in late 2003
 - TDL – UCLH joint venture fully operational
 - First significant public-private partnership in UK pathology
 - State-of-the-art automated laboratory
 - Showcase for future public-private partnerships
- Growth
 - Private pathology market growth (Harley Street market)
 - NHS hospital pathology partnerships
 - GP pathology outsourcing

Sonic Expands into Germany

- Sonic acquires 56% of The Schottdorf Group
 - 44% held by Dr Bernd Schottdorf (founding pathologist)
- Schottdorf Group
 - One of Germany's largest pathology groups
 - Main lab near Munich, largest lab in Europe
 - Operations throughout Germany
 - Outstanding services, highly efficient operations
- Important strategic step for Sonic
 - Entry into German pathology market
 - Springboard for further European expansion

Schottdorf Group

Key Investment Features

- Leading market position
 - One of four major national operators
- Growth and profitability
 - Ongoing volume growth
 - Growth of new doctors
 - Revenue and earnings growth
- Strong reputation
- Long-standing customer relationships
- Efficient workflow and logistics network
- Outstanding management team
- Synergy potential
 - With TDL
 - With other Sonic labs
- Platform for future growth
 - Germany
 - Europe

Future Growth

- Australia
 - Market growth in diagnostics ~5% p.a.
 - Market share growth, especially pathology
 - Synergistic acquisitions
 - Marginal profit from revenue growth
- New Zealand
 - Market growth
 - Market share growth
- U.K. - TDL
 - Ongoing private pathology growth
 - Further joint ventures with NHS
 - Outsourcing of GP pathology
- Germany - Schottdorf Group
 - Well positioned for growth in German market
 - Platform for further German and European expansion