

SONIC
HEALTHCARE

Annual General Meeting
30 November 2007

Dr Colin Goldschmidt
CEO / Managing Director

FY 2007 Financial Highlights

	Growth 2007 vs 2006
Revenue	14%
EBITA	12%
NPAT	15%
EPS	12%
Dividend (full-year)	12%

- Record result delivered
- 2007 guidance achieved

FY 2008 Guidance

- ▶ Revenue growth 20 – 25%
- ▶ Earnings per share growth >12%

Variables:

- ▶ Acquisition settlement timing
- ▶ Assumes capital raising
- ▶ Foreign exchange rates
- ▶ Interest rates
- ▶ No German synergies assumed in 2008



Update FY 2008

- ▶ **After four months trading, Sonic expects to achieve its full-year guidance**
 - ▶ Exchange rate movements
- ▶ **Second half expected to be significantly stronger than first half**
 - ▶ Acquisitions in first half
 - ▶ Costs associated with restructuring from acquisitions
 - ▶ Radiology slower to improve than expected
 - ▶ Ongoing earnings improvement strategies



Capital Raising / Share Purchase Plan

- ▶ **Capital raising of A\$400 million to fund acquisitions**
 - ▶ Completed on 23 August, 2007
 - ▶ Raising 3X oversubscribed
 - ▶ Price @ 5% discount (\$14.20) to market price
- ▶ **Share Purchase Plan (SPP)**
 - ▶ Now completed, with over 60% participation,
 - ▶ \$64 million raised @ \$14.20 per share
- ▶ **Capital raised to refinance existing bridge facilities**
- ▶ **Acquisitions of >A\$1 billion in calendar 2007**
 - ▶ Bioscientia, Schottdorf minorities (Germany)
 - ▶ Sunrise Medical Laboratories, Clinical Pathology Laboratories minorities, American Esoteric Laboratories (USA)
 - ▶ Medica Laboratory Group (Switzerland)
 - ▶ Other smaller laboratory companies
- ▶ **Balance sheet set for future growth**



Sonic Healthcare

20th Anniversary



- ▶ **September 1987**
 - ▶ Lists on Australian Stock Exchange
- ▶ **September 2007**
 - ▶ Acquires Bioscientia in Germany
- ▶ **Strong growth prospects**
 - ▶ Australia, USA, Europe

Sonic Healthcare Profile I

- ▶ **A Medical Diagnostics Company**
 - ▶ Laboratory Medicine
 - ▶ Radiology
 - ▶ Primary Care - Medical Centres
- ▶ **A Growth Company**
 - ▶ Current annualised revenue ~A\$ 2.3 billion
 - ▶ Current market capitalisation ~A\$ 5.6 billion
- ▶ **Unique Sonic Healthcare Model**
 - ▶ Medical Leadership
 - ▶ Personalised Service
 - ▶ “Federation” Structure
 - ▶ Care for staff
- ▶ **Sonic model has delivered commercial success**



Sonic Healthcare Profile II

- ▶ **Ethical and professional work practice**
 - ▶ Corporate and laboratory operations
 - ▶ A Medical practice (more than a business)
- ▶ **Non-bureaucratic, yet outcome orientated**
 - ▶ Industry and market leadership
 - ▶ High quality services
 - ▶ Innovation and efficiency
 - ▶ Financial strength
- ▶ **People**
 - ▶ Staff to be as happy/fulfilled as possible
 - ▶ Staff to be proud of association with Sonic
 - ▶ Long service with company (10/15/20 year awards)
 - ▶ Happy Staff → Happy Customers → Happy Shareholders



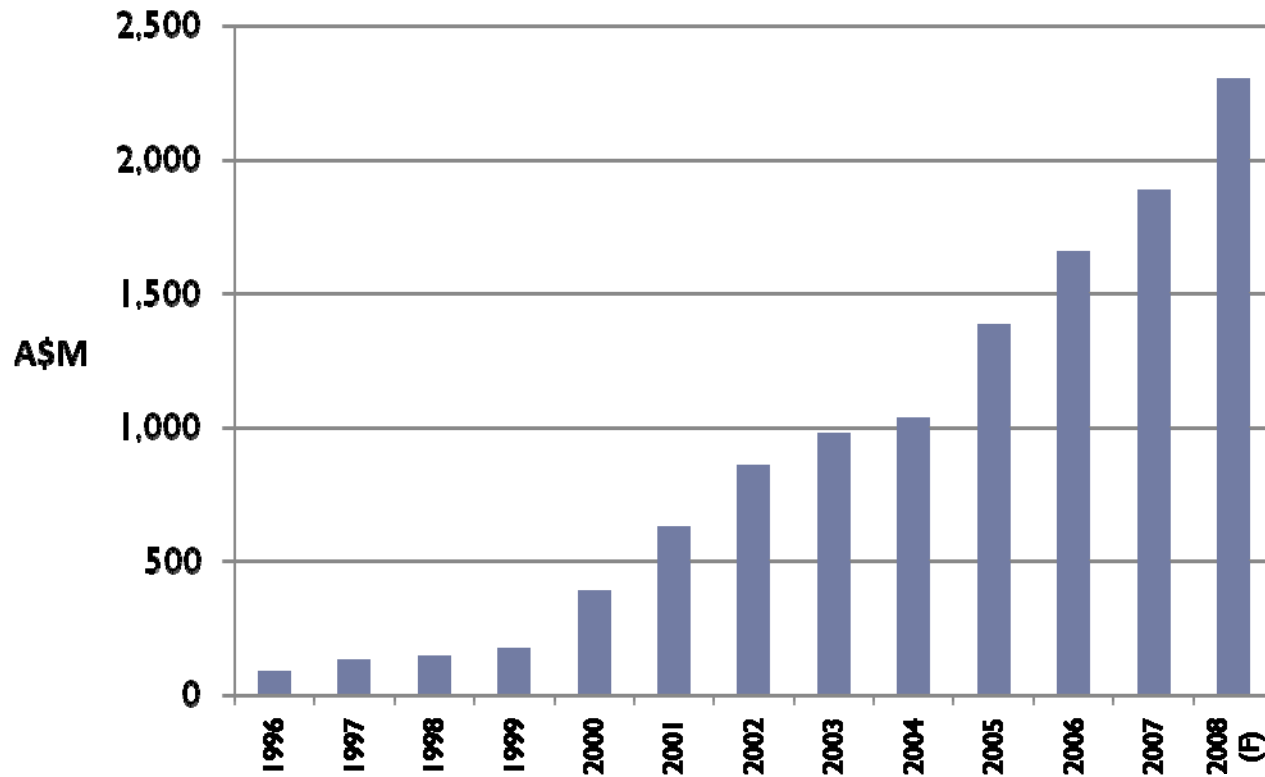
Sonic Healthcare Profile III

- ▶ Largest lab company in Australia
- ▶ Largest lab company in Europe
- ▶ Largest independent lab in the UK
- ▶ Third largest lab company in the USA
- ▶ Only international lab company in the world
 - ▶ Australia
 - ▶ New Zealand
 - ▶ UK
 - ▶ Germany
 - ▶ Switzerland
 - ▶ USA
- ▶ Sonic employs >16,000 people



Sonic Financials

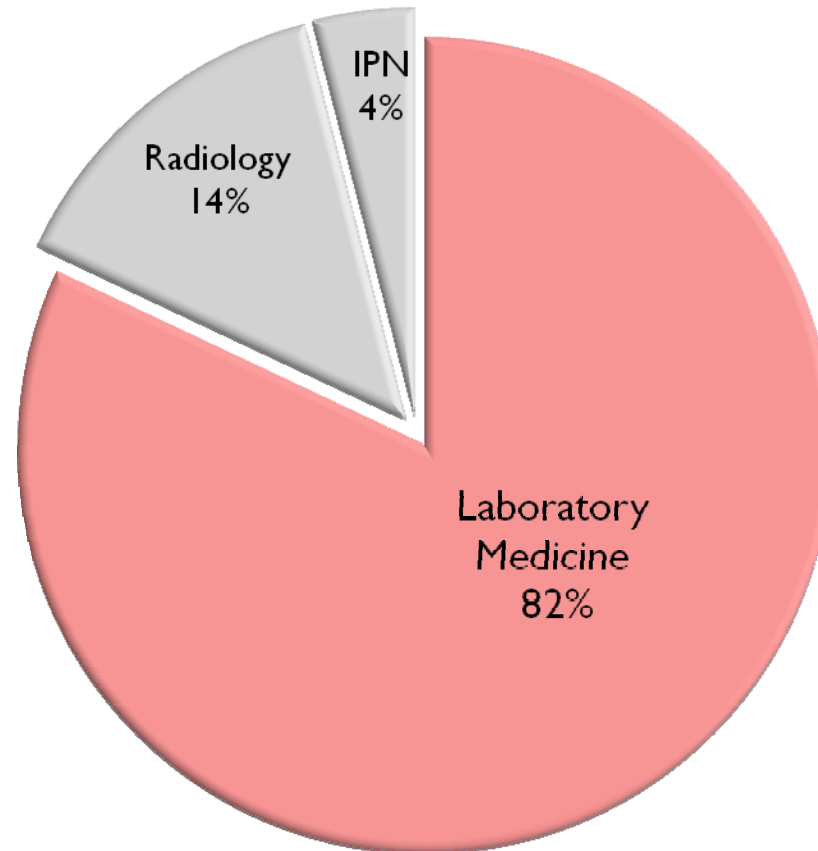
Revenue



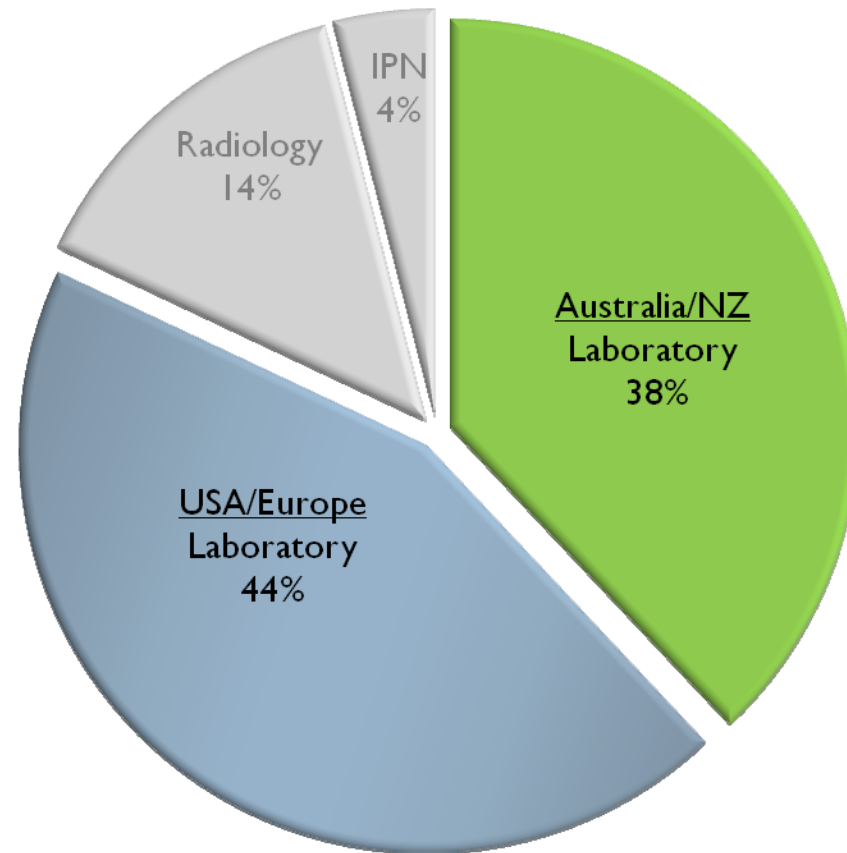
	1987	2008
Revenue (A\$ million)	12	~2,300

Sonic Revenue Mix

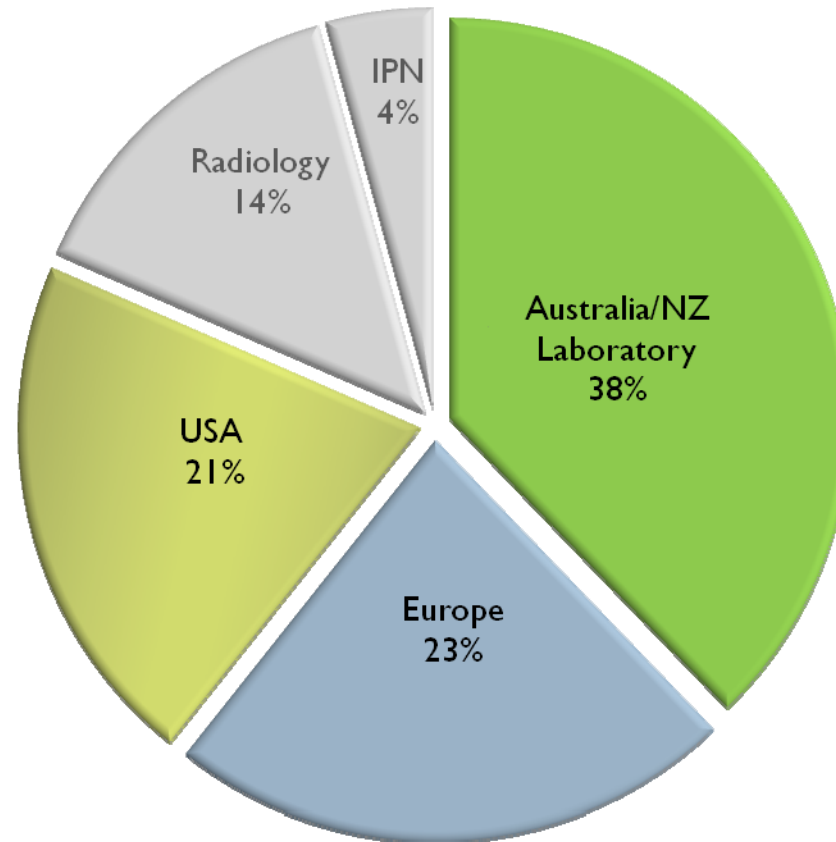
2007 - Annualised



Sonic Revenue Mix

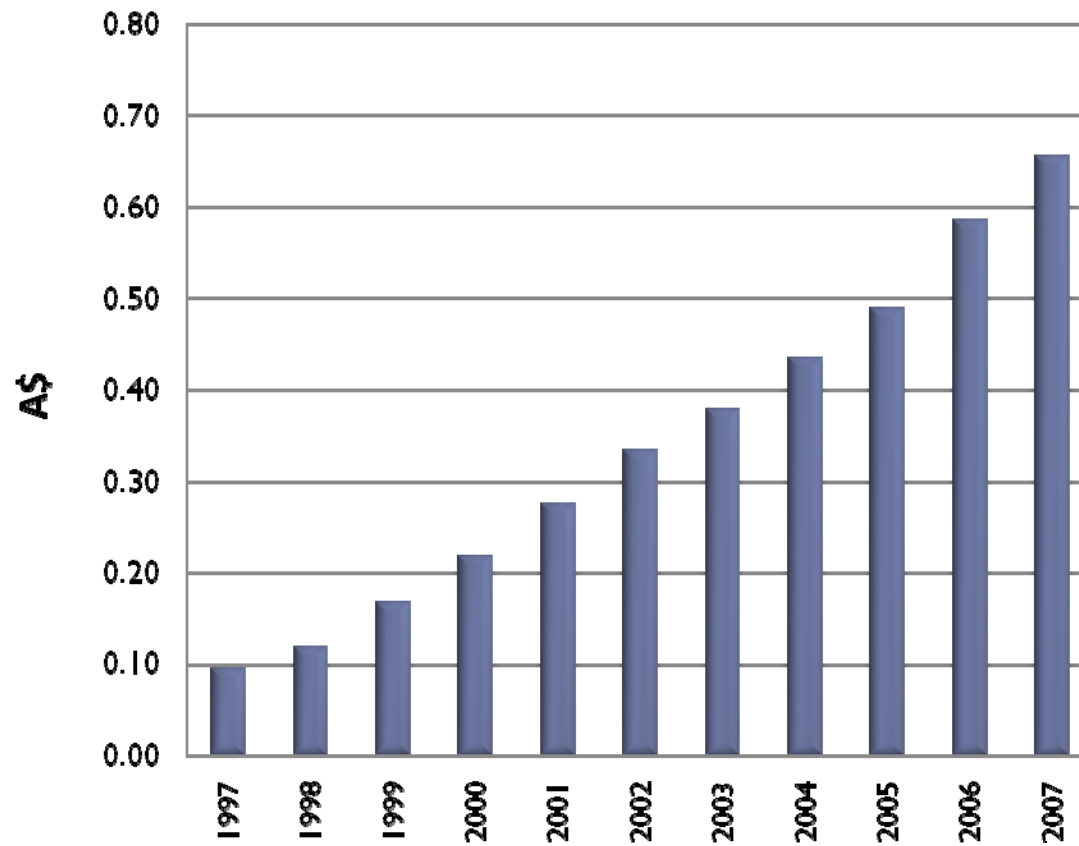


Sonic Revenue Mix



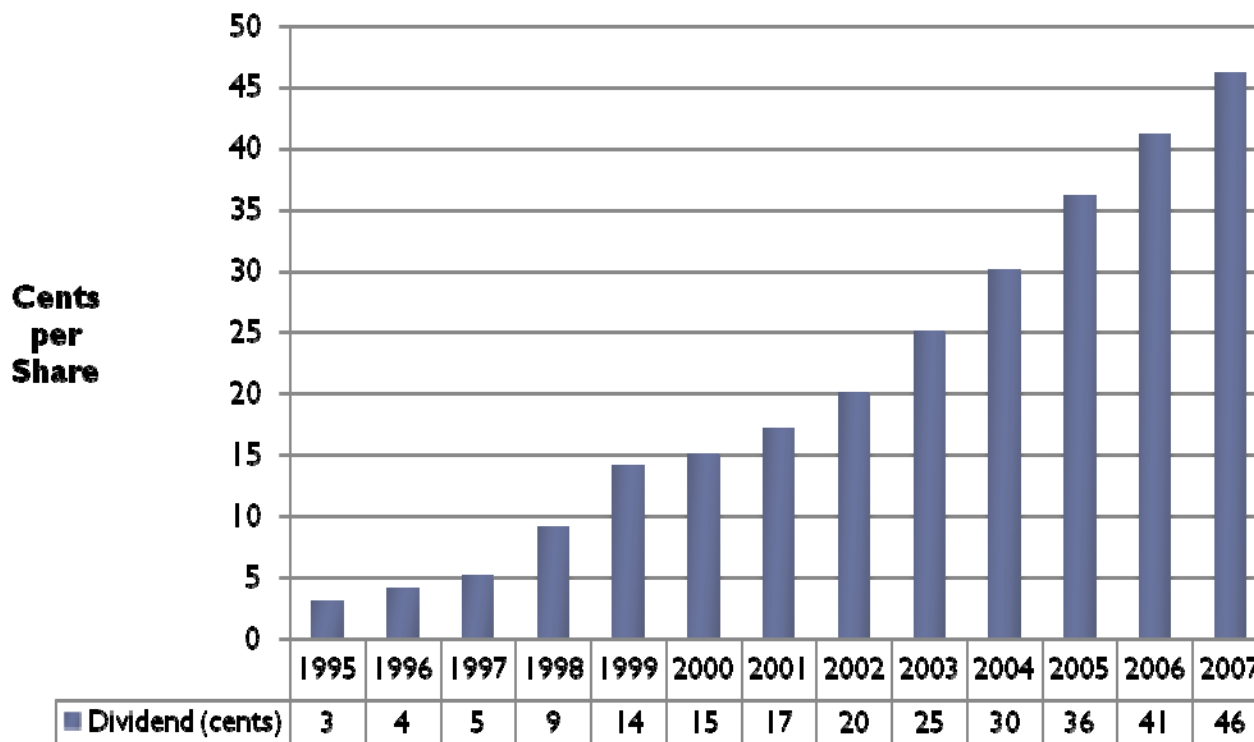
Sonic Financials

Earnings per Share



	1987	2007
Earnings per Share (A\$)	\$0.00	\$0.66

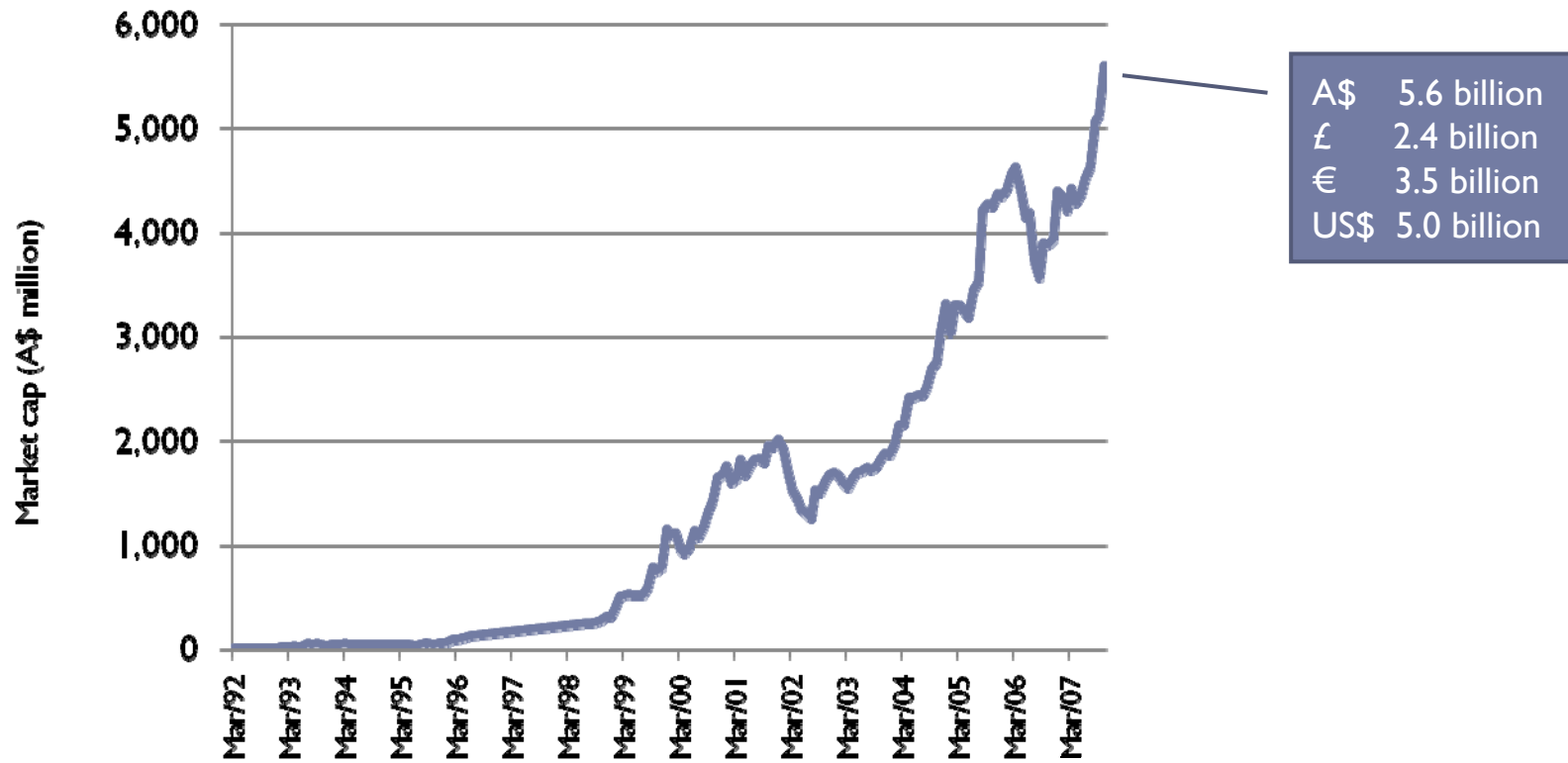
Full-year dividend 13 Year History



	1987	2007
Full-year dividend (A\$)	0	0.46

Sonic Financials

Market Capitalisation



	1987	2007
Market capitalisation (A\$ million)	10	5,600

Sonic Financials

Share Price



	1987	2007
Stock Price (A\$)	\$0.10	\$16.80

Sonic Imaging

- ▶ **Annual revenue in FY 2007 : \$327 million**
 - ▶ ~ 14% of Sonic's annualised '07 revenue
- ▶ **Radiology market conditions (Australia)**
 - ▶ Global radiologist shortage (now easing), labour cost pressures (radiologists and technicians), MRI licensing restrictions, public hospital competition, poor re-imburement metrics,
- ▶ **Financial results**
 - ▶ Lower revenue growth and margins
 - ▶ Range of measures instituted to improve performance
 - ▶ Efficiency gains from digital imaging applications
 - ▶ Uplift expected in ~12 months time
- ▶ **Team dedication**
 - ▶ Commitment of radiologist team, led by Dr Philip Dubois
 - ▶ Commitment of practice staff
 - ▶ Collaboration between Sonic's imaging companies



UK

- ▶ Sonic acquires TDL in 2002
- ▶ Sonic acquires Omnilabs in 2003
- ▶ TDL – Omnilabs merger in 2004
- ▶ TDL is the largest independent laboratory in the UK
- ▶ UK Government decision to outsource NHS lab contracts
 - ▶ Sonic/TDL wins UCLH NHS contract in 2004
 - ▶ Sonic/TDL wins Ealing NHS contract in 2006
 - ▶ Dedicated NHS Project Team located in London
- ▶ TDL performance strong



Germany

Schottdorf Group

- ▶ **Laboratory features**
 - ▶ Largest laboratory by volume in Europe
 - ▶ National network, impressive systems and workflow
 - ▶ High level of efficiency
- ▶ **Sonic and Schottdorf Group**
 - ▶ Sonic currently owns 62% of Schottdorf
 - ▶ Corporate restructure in progress, assisted by Dr and Mrs Schottdorf
 - ▶ Restructure helps ownership transition
 - ▶ Sonic will move to 100% ownership by 31 December, 2007
- ▶ **Schottdorf tracking strongly**



Germany

Bioscientia

- ▶ **Sonic completed acquisition of Bioscientia September, 2007**
- ▶ **Bioscientia profile**
 - ▶ One of Europe's top laboratories and one of five national labs in Germany
 - ▶ Extensive referral network from Middle East and Africa
 - ▶ College of American Pathologists (CAP) accredited laboratory
 - ▶ Young and experienced management team
 - ▶ **Bioscientia and Sonic have common cultures and values**



Sonic Healthcare in Germany

- ▶ **Market Leadership**
 - ▶ Bioscientia + Schottdorf = Strong market force!
 - ▶ Sonic is No. 1 or No. 2 player in Germany (Limbach joint ventures)
 - ▶ Sonic is No. 1 lab player in Europe (TDL, Schottdorf, Bioscientia, Medica)
- ▶ **Collaboration between Bioscientia and Schottdorf**
 - ▶ Sonic now has two central laboratories – Ingelheim and Augsburg
 - ▶ Vision is for two labs to work together as much as possible
 - ▶ Synergy potential – purchasing, couriers, centralisation of testing, sales, marketing, IT, doctors, labs etc
- ▶ **Future growth**
 - ▶ German laboratory market is fragmented
 - ▶ Market consolidation gaining momentum
 - ▶ Sonic pursuing new acquisition opportunities
 - ▶ German and European expansion



Switzerland

- ▶ **Sonic acquired Medica in May 2007**
 - ▶ Medica's main laboratory based in Zurich
 - ▶ Service provision throughout Switzerland
 - ▶ Excellent cultural fit with Sonic
 - ▶ Reputation for service and scientific excellence
- ▶ **Management**
 - ▶ Founder Dr Franz Kaeppli to continue in role of CEO
- ▶ **Swiss laboratory market**
 - ▶ Medica is third largest laboratory player
 - ▶ Market is fragmented,
 - ▶ GPs still operate small office labs
- ▶ **Medica tracking strongly**



USA

- ▶ **Sonic entered US lab market in late 2005**
- ▶ **Acquisitions**
 - ▶ CPL, AEL, Sunrise Medical Laboratories
 - ▶ Others: Cognoscenti, Mullins, etc
- ▶ **Sonic establishes US corporate office**
 - ▶ Holding company – Sonic Healthcare USA, Inc.
 - ▶ Corporate team located in Austin, Texas
 - ▶ Dr Robert Connor (CEO), David Schultz (President)
 - ▶ Divisional structure of operations established
- ▶ **Growth**
 - ▶ Annualised US revenue currently >\$500 million
 - ▶ Organic growth and further acquisitions
 - ▶ Sonic model and culture provide differentiation
- ▶ **Financials**
 - ▶ Strong revenue growth ongoing
 - ▶ One-off infrastructure establishment costs

Sonic Healthcare Global Model

- ▶ **A uniquely differentiated model**
- ▶ **Medical Leadership**
 - ▶ Pathologists/Staff engaged
- ▶ **Federation structure**
 - ▶ Identity of local labs
 - ▶ Decentralised management
 - ▶ Personalised service
- ▶ **Focus on our people**
 - ▶ Happy staff...
- ▶ **Co-operative synergy model**
 - ▶ Friends and colleagues
- ▶ **“Anti-corporate”**
 - ▶ Soul of a small company in body of large company!
- ▶ **Financial strength**
 - ▶ Track record





Thank You

