



Annual General Meeting

20 November 2008

Colin Goldschmidt

CEO and Managing Director

FY 2008 Highlights

- ▶ Outstanding performance with record result
- ▶ Strong revenue, earnings and cash flow growth
- ▶ Guidance achieved despite currency headwind
- ▶ Synergy / margin expansion in USA and Germany
- ▶ Sonic well set for ongoing growth



2008 Financial Highlights

	Growth 2008 vs 2007
Revenue	26%
EBITA	17%
NPAT	24%
EPS	12%
Cash Generation	24%
Dividend (full-year)	13%



FY 2008 Guidance Delivered

	FY 2008 Guidance	FY 2008 Actuals	FY 2008 Constant currency basis*
Revenue growth	"20 – 25%"	26%	30%
Earnings per share growth	">12%"	12.2%	14.7%

* FY 2008 actuals at FY 2007 currency exchange rates



FY 2009 Guidance

(Issued August 2008)

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

Variables:

- ▶ Foreign exchange rates
- ▶ Interest rates
- ▶ Assumes underwritten DRP
- ▶ Excludes new acquisitions



Guidance Update FY 2009

- ▶ Sonic reaffirms original guidance on post-equity raising basis
 - ▶ Revenue growth >15%
 - ▶ EPS growth >10%
- ▶ Underlying global business remains robust
 - ▶ In local currency terms, global operations delivering to expectations
 - ▶ Volumes not impacted by global financial crisis
 - ▶ Medical diagnostic services recession resistant
 - ▶ Synergy activity on track
- ▶ Ongoing business focus
 - ▶ Organic and acquisitional growth
 - ▶ Synergy capture



Equity Raising

- ▶ Institutional placement of A\$425 million
 - ▶ Conducted on 12 November, 2008
 - ▶ Raising 2.5X oversubscribed
 - ▶ Issue price of A\$11.60 (~10.8% discount to previous closing price)
 - ▶ Issue of ~36.6 million shares
- ▶ Share Purchase Plan (SPP)
 - ▶ Eligible shareholders may subscribe for up to A\$5,000
 - ▶ SHL shares offered at same price (A\$11.60) as institutional placement
 - ▶ Record date – 17 November 2008
 - ▶ Offer closes 5.30 p.m. AEDT 12 December 2008
- ▶ Rationale
 - ▶ To fund synergistic acquisitions
 - ▶ To strengthen Sonic's balance sheet



Debt Update

- ▶ Recent restructure of Sonic's senior bank facilities
 - ▶ Majority of Sonic's debt drawn in US dollars and Euro
 - ▶ Facility limits now fixed in foreign currencies
 - ▶ Small Australian dollar limit for other currencies
- ▶ Net debt currently A\$1,650 million
 - ▶ Debt held in foreign currencies, mainly USD and EUR
- ▶ Headroom of ~A\$475 million available for acquisitions
- ▶ Extension of debt tranche expiring 15 March 2009
 - ▶ Completion expected before calendar year end
 - ▶ Expect to extend on market terms



Revenue FY 2008

	2008 (A\$M)	2007 (A\$M)	Growth (%)
Total Revenue	2,380	1,886	26%

- ▶ Total organic revenue growth (excluding acquisitions) >7%
- ▶ Australian pathology organic revenue growth ~8%
- ▶ US organic revenue growth >8%
- ▶ UK organic revenue growth >10%
- ▶ Germany and Switzerland organic revenue growth strong
- ▶ Negative impacts on revenue growth
 - ▶ New Zealand pathology revenue growth flat
 - ▶ Radiology revenue growth 2%
 - ▶ Foreign exchange rate movements reduced revenue by A\$77 million



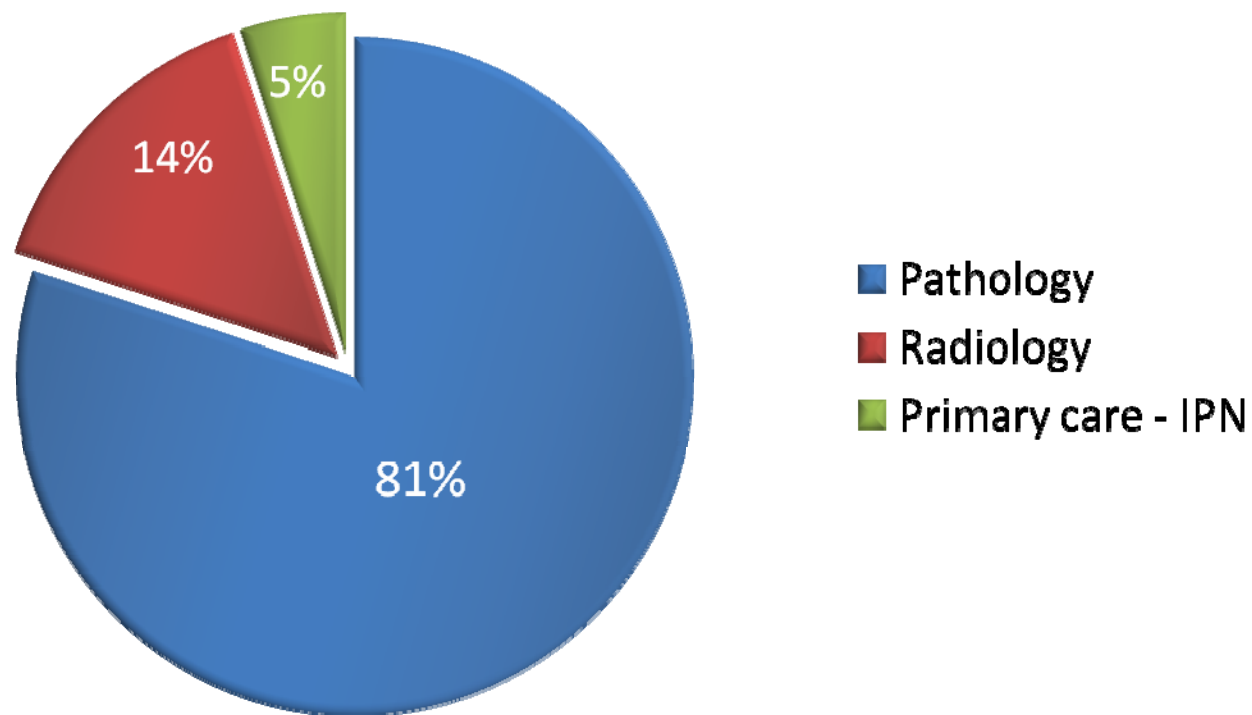
Acquisitions impacting FY'09 revenue

	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)																								



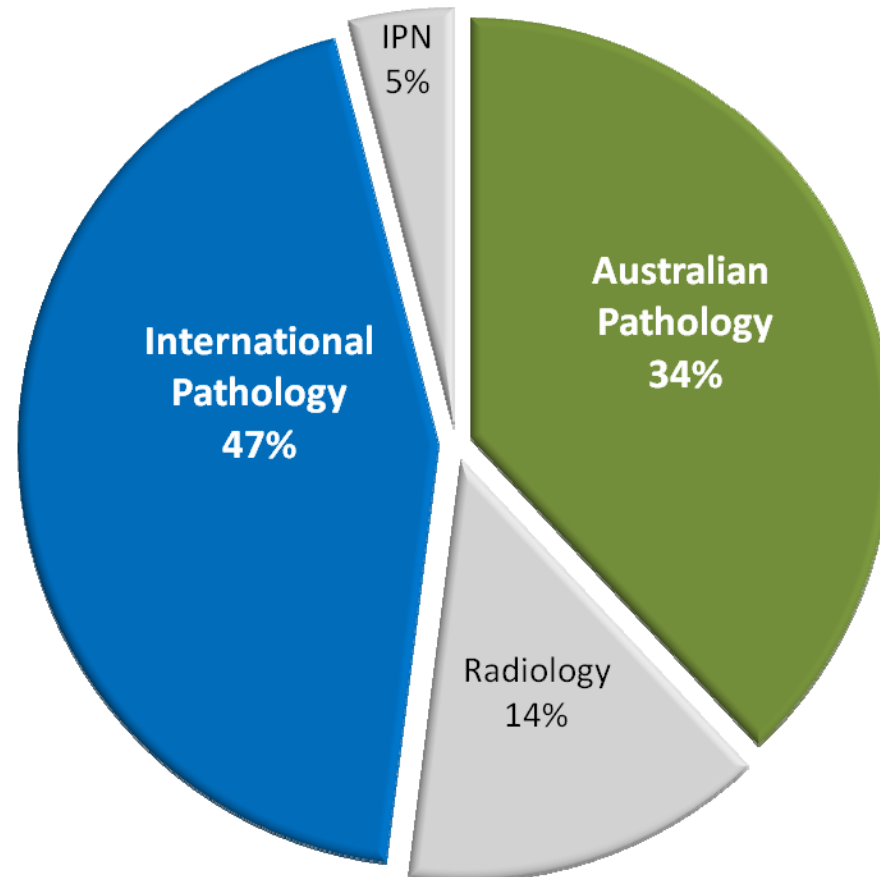
Revenue Mix

For full-year ended 30.6.08

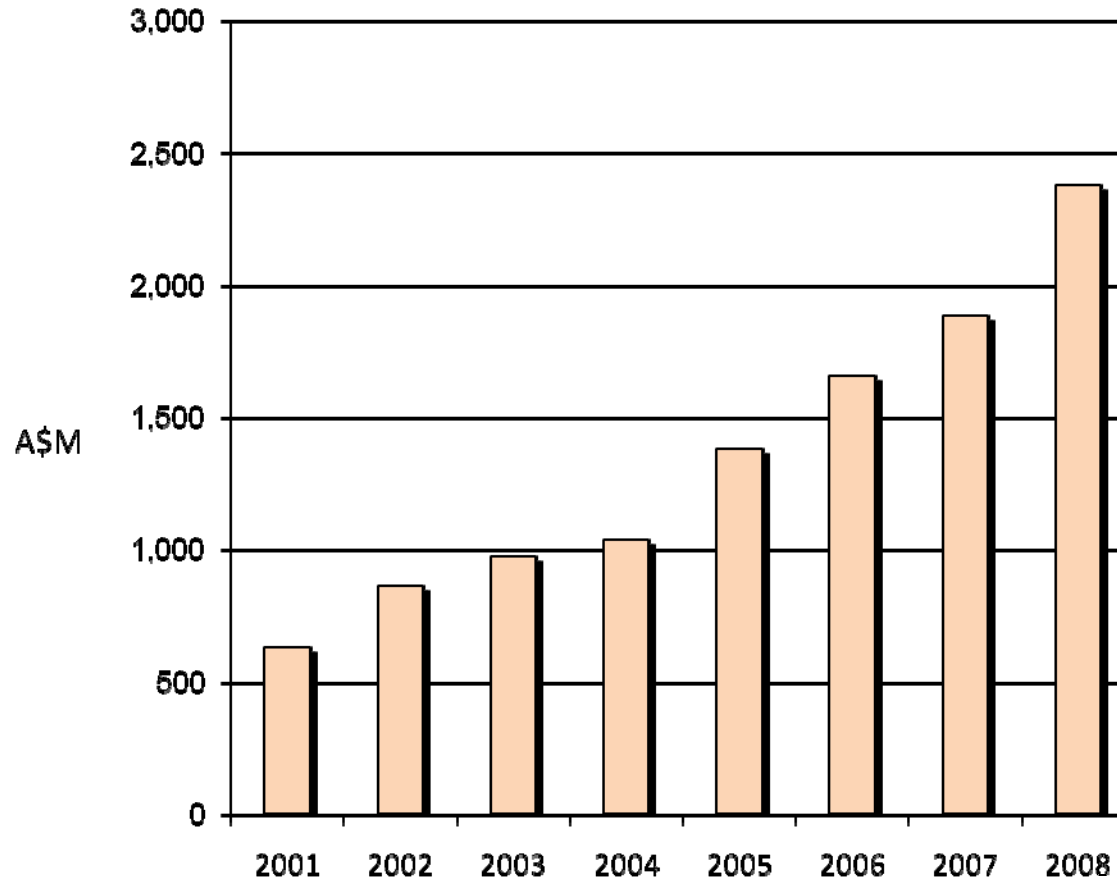


Sonic Revenue Mix

For full-year ended 30.6.08

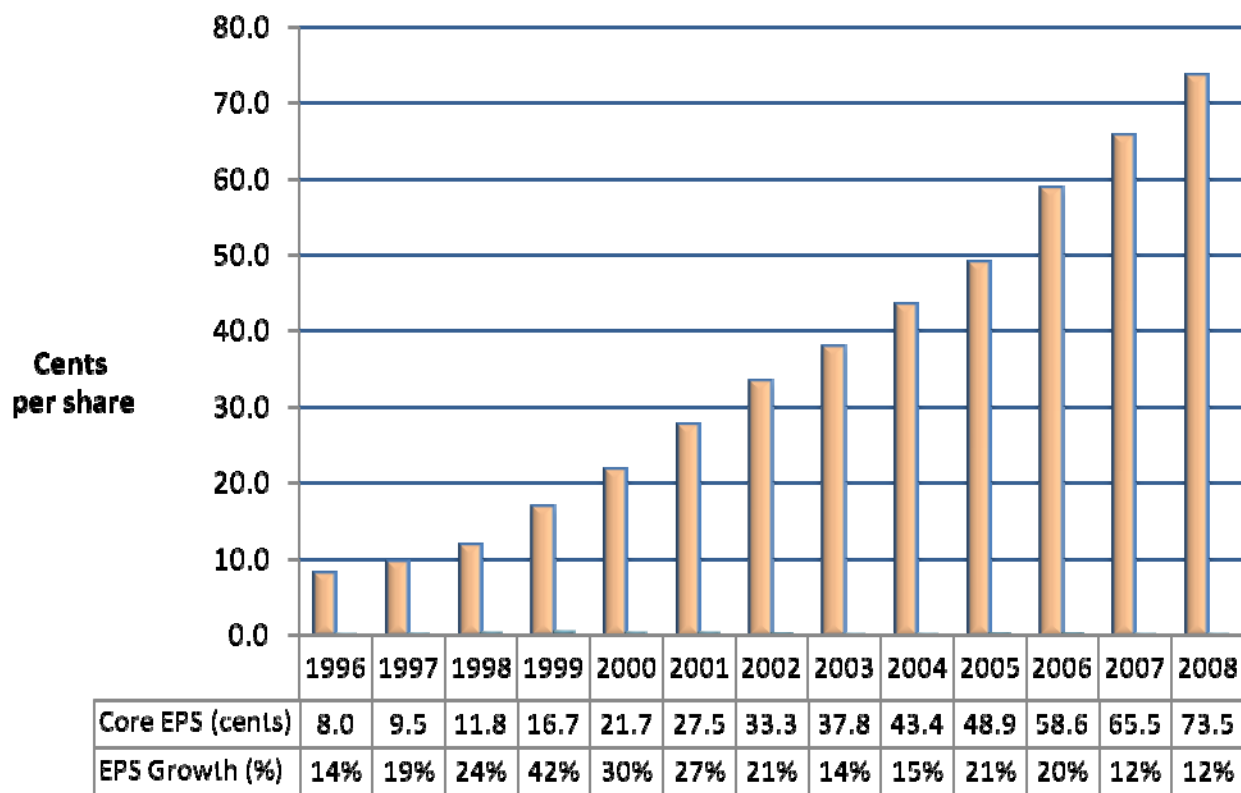


Annual Revenue



Earnings per Share

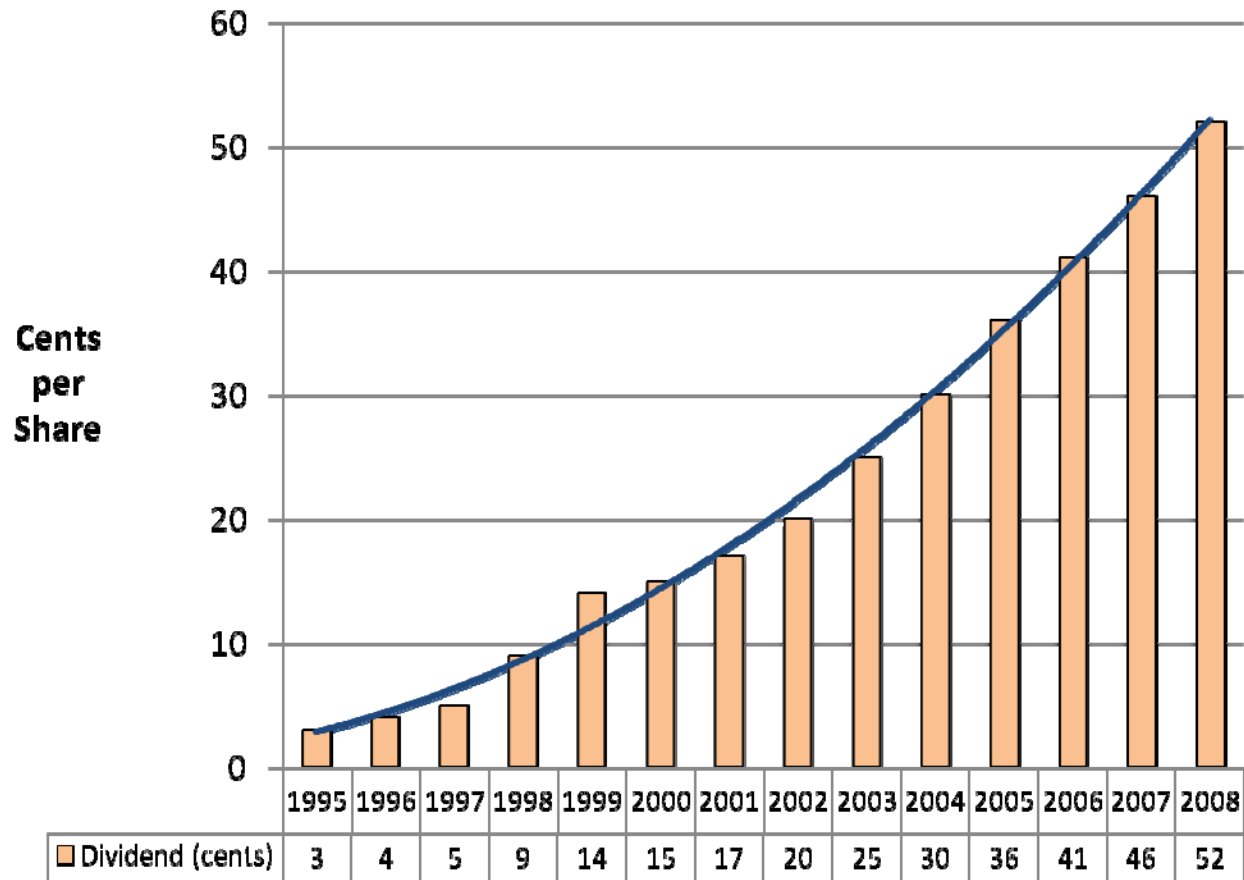
EPS and EPS Growth



13 consecutive years of double-digit EPS growth

Full-year dividend

14 Year History



Dividend

	2008	2007	Change
Interim Dividend	\$0.20	\$0.17	18%
Final Dividend	\$0.32	\$0.29	10%
Full Year Dividends	\$0.52	\$0.46	13%

- ▶ Dividend fully franked at 30%
- ▶ Record Date 12 September 2008
- ▶ Payment Date 9 October 2008
- ▶ Dividend Reinvestment Plan operated

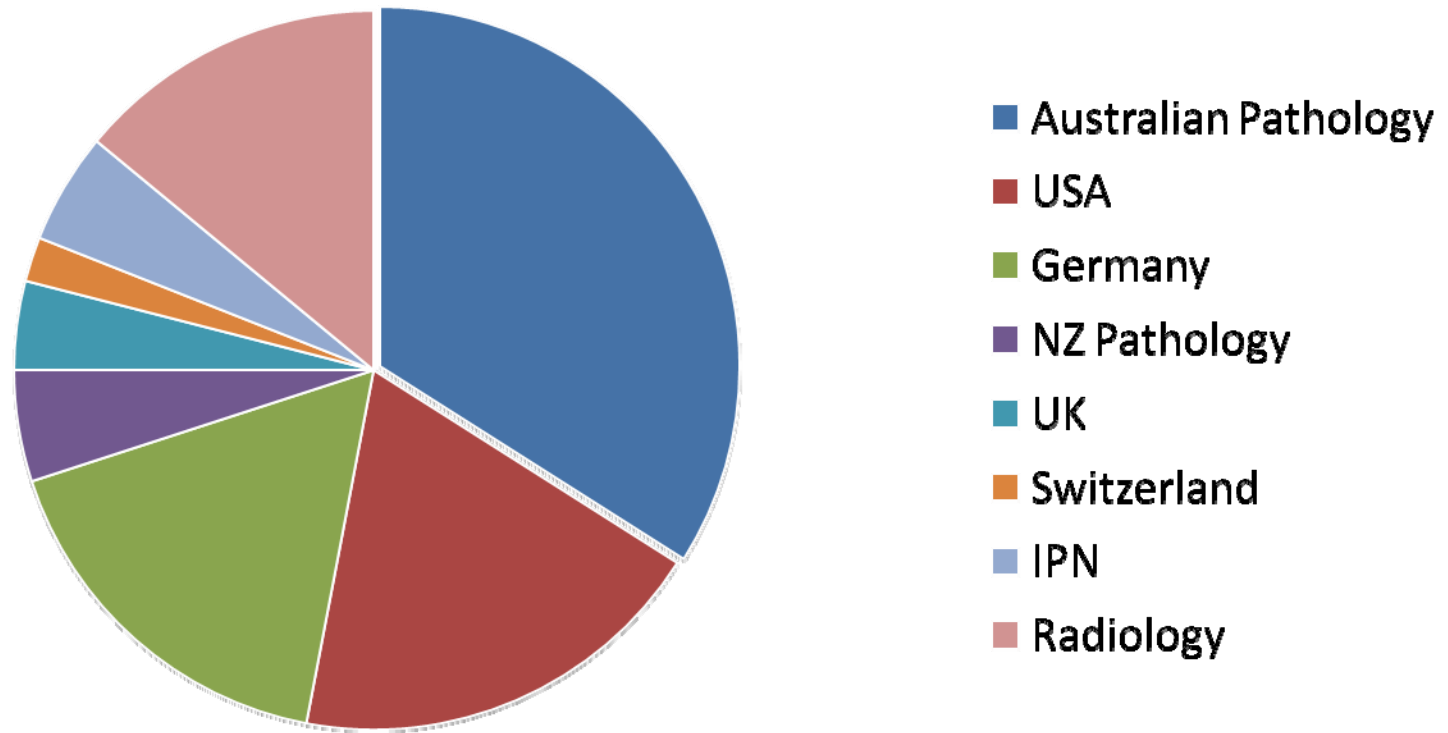


Dividend Reinvestment Plan (DRP)

- ▶ DRP activated for the first time since 2004
- ▶ Complemented capital management strategy in light of recent and ongoing acquisitional growth
- ▶ Fully underwritten by Citi
- ▶ Total DRP raising ~\$107 million
- ▶ Discount 2.5%
- ▶ Shareholder uptake ~40%
- ▶ Shares allotted on 9.10.08



Operational Summary



Australian Pathology

- ▶ Revenue growth of ~8% in FY 2008
- ▶ Ongoing strong revenue growth in FY 2009 to date
- ▶ Douglass Hanly Moir Pathology (Sydney)
 - ▶ Successfully relocated to new laboratory November 2007
 - ▶ Successfully installed Sonic's Apollo IT system October 2008
- ▶ Australian Medicare reimbursement status
 - ▶ Pathology strategic review by government in progress
 - ▶ Pathology industry providing input into review
 - ▶ Current funding agreement ends 30 June 2009
 - ▶ No rebate adjustments until review completed



USA

- ▶ Sonic Healthcare USA performing strongly
- ▶ Organic growth (excluding acquisitions) >8%
- ▶ Synergy activity escalating
 - ▶ Internal mergers, centralisation, purchasing, IT, sales, marketing
 - ▶ Margin expansion of 190 basis points (H2 '08 vs H1 '08)
- ▶ Fee/pricing status
 - ▶ 4.5% increase to Medicare fees from 1 January '09
 - ▶ Stabilisation of private insurance fee rates
- ▶ Growth
 - ▶ Earnings and margin growth via organic growth and synergy capture
 - ▶ Acquisition opportunities ongoing



Germany

- ▶ **Sonic Healthcare Germany**
 - ▶ Schottdorf and Bioscientia organic revenue growth ~8%
 - ▶ Labor-28 (Berlin) – settled 1 July 2008
 - ▶ GLP Medical (Hamburg) – settled 1 September 2008
- ▶ **Synergy benefits**
 - ▶ >€10 million over 2-5 years (Schottdorf/Bioscientia) – 25% already locked in
 - ▶ Additional >€5 million over 2-3 years (Labor-28/GLP)
 - ▶ Focus on purchasing , couriers, equipment maintenance, vehicle leasing, laboratory rationalisation, inter-referrals, sales, marketing, IT, insurances
 - ▶ Cross border referrals from UK and Switzerland increasing
 - ▶ Sonic Germany margin expansion of >200 basis points (H2 '08 vs H1 '08)
- ▶ **Management**
 - ▶ Outstanding management team and pathologists
 - ▶ High levels of expertise and collaboration



Switzerland

- ▶ Strong result for FY 2008 year
 - ▶ Solid revenue/earnings growth, with margin expansion
 - ▶ Strong management team
- ▶ Acquisition of Lab. Prof. Krech
 - ▶ Completed 1 July 2008
 - ▶ A synergistic “bolt-on” acquisition
 - ▶ 2 small labs: Zurich lab closed, Kreuzlingen lab downsized
- ▶ Synergies
 - ▶ Prof. Krech lab fold-in benefits
 - ▶ Purchasing in tandem with Sonic Germany
 - ▶ Cross-border referrals to Sonic labs in Germany



UK

- ▶ Robust revenue and earnings growth
- ▶ Harley Street market growth strong
- ▶ NHS contracts
 - ▶ UCLH contract progressing well
 - ▶ Ealing contract operating well (commenced 1 July 2008)
 - ▶ Further outsourcing opportunities



New Zealand Pathology

- ▶ Revenue and earnings flat
- ▶ Outstanding laboratories, managers, pathologists
- ▶ Reimbursement structures forcing service contraction
- ▶ Auckland laboratory contract appeal process
 - ▶ Court of Appeal, Wellington, May 5-14 2008
 - ▶ Appellant – Lab Tests Auckland (Healthscope)
 - ▶ Respondents – Auckland District Health Boards, DML (Sonic) and Harbour Primary Health Organisation
 - ▶ Judgement in favour of Lab Tests, reinstating their contract
 - ▶ Final appeal to Supreme Court of New Zealand



Radiology

- ▶ Difficult market conditions persisted through FY 2008
 - ▶ Cost and competitive pressures
 - ▶ Medicare reimbursement rates flat for >10 years
- ▶ Sonic Imaging performance FY 2008
 - ▶ Revenue growth ~2%
 - ▶ EBITA margin compression of 1.6%
- ▶ Sonic Imaging trading update
 - ▶ Improving revenue and earnings FY 2009
 - ▶ Sonic's SKG (Perth) wins two new MRI licences
- ▶ Industry issues have stabilised
 - ▶ Cost pressures abating
 - ▶ Growth opportunities being pursued – new centres, contracts
 - ▶ Possible Medicare rebate increase



IPN – Acquisition of minority interests

- ▶ Sonic moved to 100% ownership of IPN on 30 September 2008
 - ▶ Acquisition of outstanding 28.53%
 - ▶ Achieved via Scheme of Arrangement
- ▶ Sonic paid 27 cents per share (~\$75.6 million)
- ▶ IPN management to remain in place
- ▶ Sonic and IPN working together for mutual benefit



IPN Performance

- ▶ IPN continues to perform strongly
- ▶ Financial highlights
 - ▶ Revenue up 29% to A\$123 million
 - ▶ EBITDA up 32% to A\$19.9 million
 - ▶ Net profit up 27% to A\$8.7 million
- ▶ Ongoing growth via recruitment and acquisition
 - ▶ GP numbers increased by 132 to 843 at year end
 - ▶ Gemini acquisition – scale and access to occupational health market
- ▶ IPN established as premium service provider to GPs
 - ▶ Clinical independence
 - ▶ High quality centres and GPs allow private billing



Future Growth

- ▶ European laboratory market
 - ▶ German synergies flowing
 - ▶ UK and Switzerland strong
 - ▶ Organic and acquisitional growth
- ▶ USA laboratory market
 - ▶ Synergies flowing
 - ▶ Organic and acquisitional growth
- ▶ Australian pathology market
 - ▶ Annual revenue >\$800 million
 - ▶ Ongoing strong organic growth



The Sonic Difference

- ▶ Sonic culture embraced by staff and customers globally
 - ▶ Medical Leadership
 - ▶ Federation structure
 - ▶ Personalised service
 - ▶ Respect for our >20,000 people
- ▶ Sonic model underlies success to date
 - ▶ Strong, loyal and flexible leadership teams
 - ▶ Staff commitment
 - ▶ 13 years of double-digit EPS growth
 - ▶ High quality and service excellence
 - ▶ Outstanding reputation
- ▶ Future
 - ▶ Sonic model and culture will drive ongoing shareholder value



Thank you

