



SONIC
HEALTHCARE
LIMITED

PRESS RELEASE – 17 AUGUST, 1999

Full Year Result to 30 June, 1999

The Board of Sonic Healthcare Limited takes pleasure in announcing the following results for the year ended 30 June, 1999.

1. RESULTS

	June 1999 \$000's	June 1998 \$000's	% Movement
Total Revenue	173,647	147,279	17.9%
EBIT (before Goodwill)	35,947	25,360	41.75%
Goodwill	4,007	3,262	22.84%
Net Interest	2,216	2,443	↓ 9.29%
Operating Profit	29,724	19,655	51.23%
Tax	12,273	8,178	50.07%
After Tax Profit	17,451	11,477	52.05%
Other Relevant Information			
After Tax Profit (Goodwill added)	21,458	14,739	45.59%
Cash generated from operations	31,515	23,313	35.18%
Basic earnings per share	14.2¢	9.4¢	51.06%
EBIT (before Goodwill) as a % of Revenue	20.7%	17.2%	20.35%
Final Dividend (fully franked)	11¢	7¢	57.14%
Total Dividend for the Year (fully franked)	14¢	9¢	55.56%

2. DIVIDEND

A final dividend of 11 cents per ordinary share (fully franked at 36%) will be paid on 17 September, 1999 with a Record Date of 6 September, 1999.

3. COMMENTS ON THE RESULT FOR THE YEAR

The 1998/1999 financial year has been exceptional for Sonic both in terms of revenue and profit growth. The Company achieved record earnings per share (EPS) of 14.2 cents, representing EPS growth of 51% over the previous year. Net earnings (before goodwill amortisation) grew by 46% to \$21.5M, whilst earnings before interest, tax and goodwill (EBITGA) grew by 42% to \$36M (previous year \$25M).

Revenue growth has been driven by a combination of strong organic growth in all divisions and the impact of the Alpha acquisition which was completed in January, 1999. Sonic's volume growth has exceeded market growth in its areas of operation, with strongest market share growth in the Sydney area.

Sonic's Managing Director, Dr Colin Goldschmidt, said that the outstanding 51% EPS growth was achieved on revenue growth of only 18%, reflecting the success of Sonic's ongoing strategy of margin expansion through efficiency gains and initiatives. "Our lift in EBITGA margin from 17% to 21% is pleasing in light of our overall strategy. Our plan to standardise and centralise services and systems throughout the Sonic group is now well under way. The outcome of this strategy will be significant further EPS growth, independent of possible future acquisitions." Dr Goldschmidt said that substantial EBIT margin expansion has been achieved in all operating subsidiaries, including those not involved with previous mergers or acquisitions.

Dr Goldschmidt said that he and the Board were very happy with the result and that the Company would remain focused on pursuing initiatives aimed at increasing the group's EPS. He explained that the Alpha acquisition had made a positive contribution to the result and that the merger had been completed seamlessly thanks to the dedication of the staff and management from both groups. He reiterated, however, that the main benefits of this acquisition would not be seen until the 1999/2000 financial year.

Dr Goldschmidt said that the Board's decision to declare a final dividend of 11 cents was consistent with its policy of ensuring that shareholders receive a reasonable yield on their investment as well as capital growth. Although the dividend payout is a high proportion of reported after tax earnings, it represents only 55% of cash generated from operations.

Dr Goldschmidt said that he was very positive about the future growth prospects of Sonic and the healthcare industry generally and confirmed that the Company would aggressively pursue expansion opportunities that it believes are in the best interests of shareholders.

Any queries regarding this announcement should be directed to:-

Dr Colin Goldschmidt
Managing Director

Tel: (02) 98 555 333

Fax: (02) 9878 5066

E-mail: colgold@msn.com.au