



Presentation to
BNP Paribas
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Agenda

- Financials
 - 3rd Quarter 2002
 - 2002 full-year projections
 - 2003 expectation
- Market Update
 - Pathology
 - Radiology
- Foundation Healthcare
- UK Acquisition
- Sonic Future Strategy

Third Quarter 2002 Results

(Unaudited)

- Revenue \$213 million
- EBITA \$36.6 million
- EBITA Margin
 - 17.7% (excluding SciGen) : 3rd quarter 2002
 - 16.3% (excluding SciGen) : 1st half 2002

4th Quarter 2002

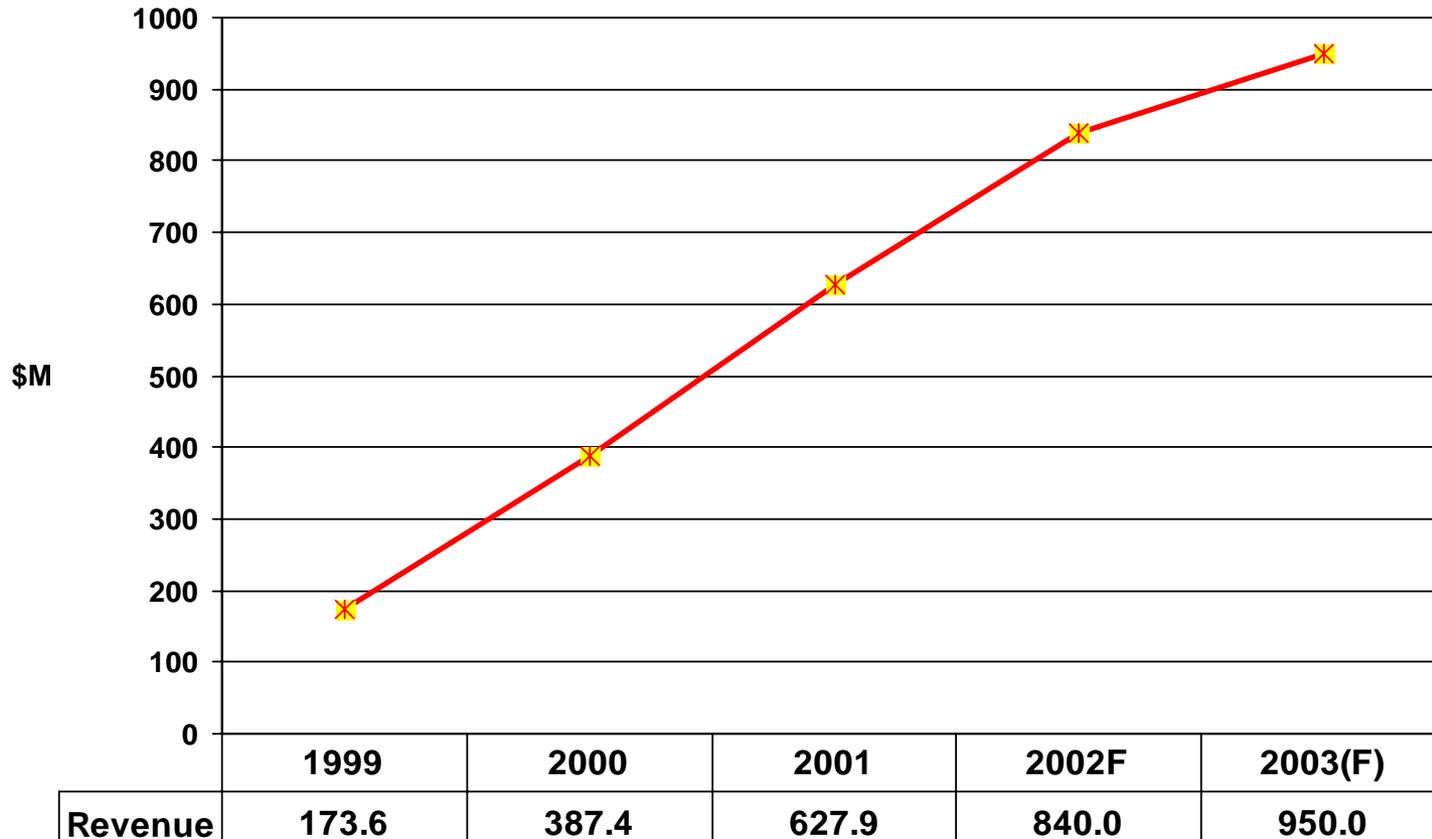
- Sonic entities all tracking well
- Melbourne Pathology
 - Organic market growth
 - Significant cost reductions
 - Service now excellent
 - EBITA margins touching 15%
- Southern.IML merger
 - Seamless merger, no disruption to services
 - Significant margin expansion of both entities
- Clinipath/E-Path merger
 - Seamless merger, no disruption to services
 - Cost reductions in both entities prior to merger

2003 Guideline

- Revenue range: \$950-\$965 million
- EBITA range: \$166-\$174 million
- EBITA % range: 17.5–18.0%

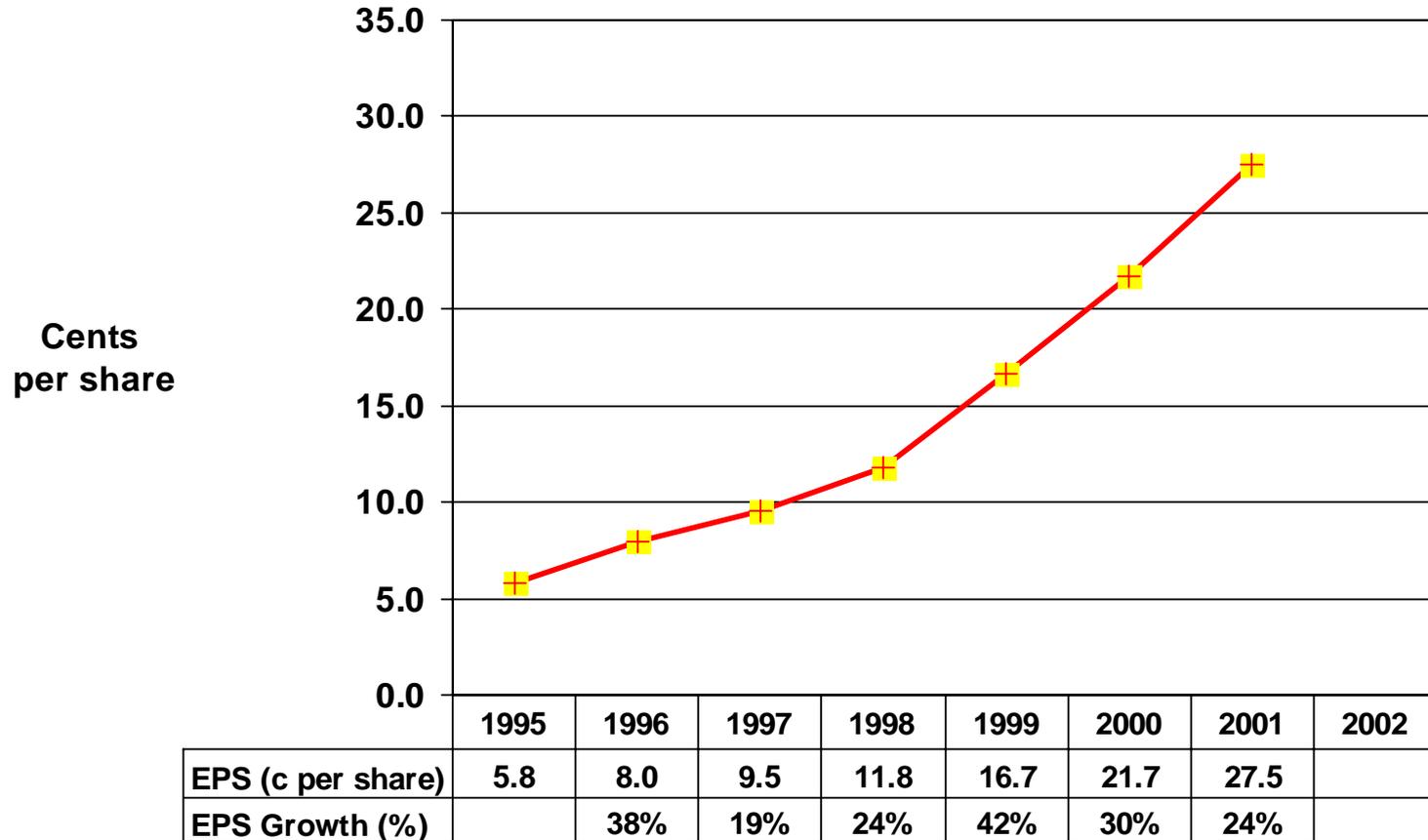
Sonic Annual Revenues (\$M)

(Forecast 2002 and 2003 Revenues)

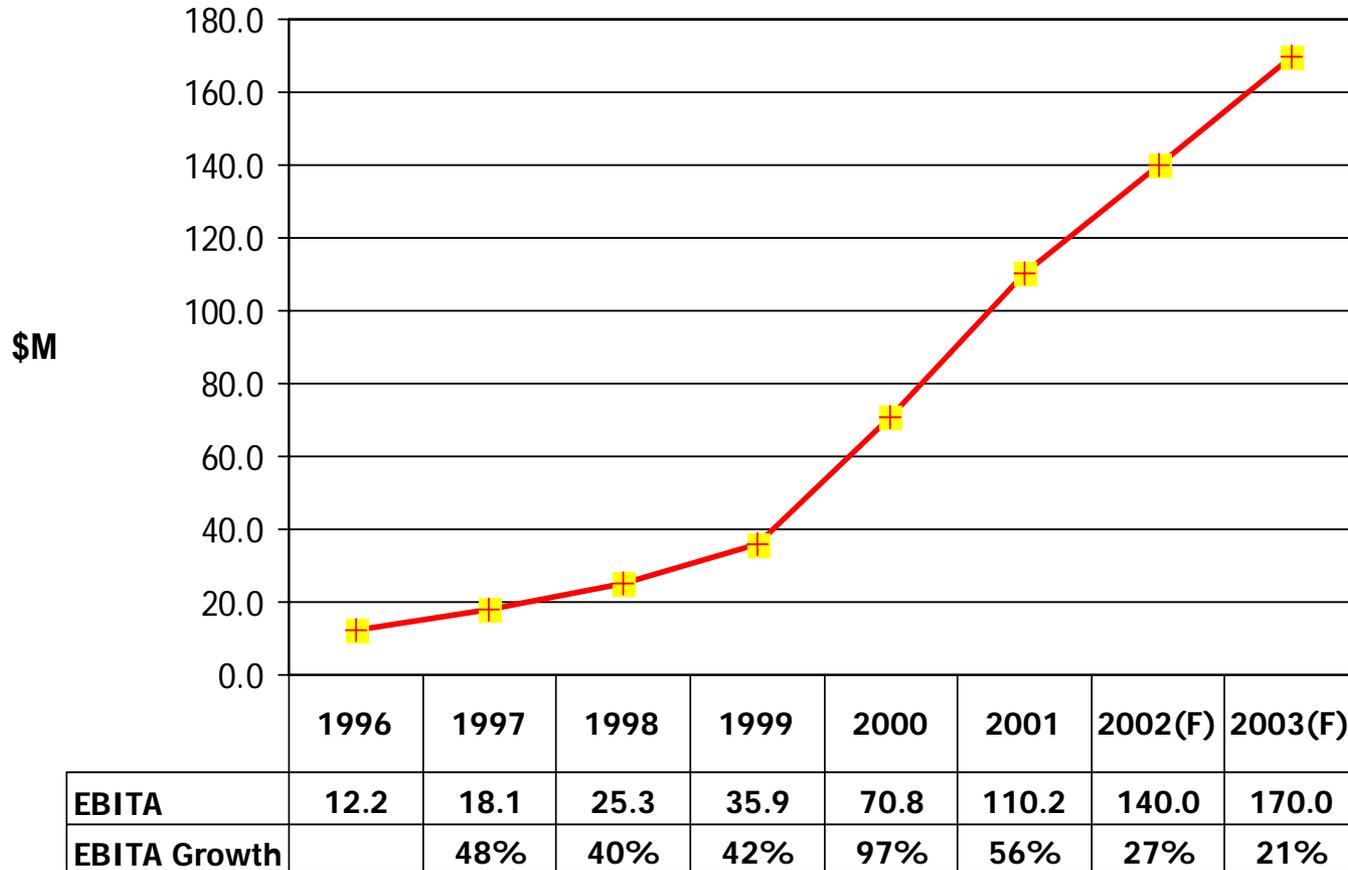


*2003 forecast revenue assumes no new acquisitions

Sonic – EPS & EPS Growth



EBITA & EBITA Growth



2003 Forecast EBITA assumes no new acquisitions

2002(F) EBITA includes SciGen (refer ASX Release 29 April 2002)

Sonic EBITA Margin Expansion

1999	20.7%		Pure “Old Sonic” (NSW and SA pathology operations only). Pre-SGS acquisition.
2000	17.9%		SGS Acquisition in December 1999. SGS EBITA margins 13.5% at time of acquisition. Dilution effect of low margin acquisitions.
2001	18.3%		Early SAT synergies commencing to flow. SGS dilution still evident.
2002(F)	16.5%		Dilution effect of low margin acquisitions (IML, Clinipath, E-Path, PMI, SKG, Cairns, Townsville). One-off Melbourne event.
2003(F)	17.5-18.0%		Margin expansion resumes.



= Expected dilution effect of low-margin acquisitions

Incremental Phases of Sonic

- **Phase I (1992-1998)**
 - Revenue \$30 - \$175million
 - Building pathology assets
 - Critical mass
 - Service excellence with customers
 - Branding in healthcare market

Margin expansion through Rationalisation (1+1=3)
- **Phase II (1999-2001)**
 - Revenue \$175 - \$600million
 - Doubling of volumes
 - National/NZ coverage
 - SAT initiative

Margin expansion through inter-company synergies (2X1=3)
- **Phase III (2002-)**
 - Revenue \$600million -
 - Ongoing rationalisation of Australian assets
 - International expansion

Margin expansion through continued rationalisation and overseas growth

Pathology Update

- “Funding Cap” Agreement runs to 2004
 - Adjusted market growth close to cap budget
 - No fee reductions anticipated
- No evidence to support public sector competition impact
- Sonic holds strong market positions in all Australian states, in NZ and in the UK
 - Branding, image
 - Service
 - Professional relationships

Radiology Update

- Sonic radiology entities tracking well
- Integration of Sonic Imaging
 - Sonic Amalgamation Teams (RadSATs) established
 - Group purchasing
 - Co-branding and co-marketing with Sonic pathology
- Margin expansion

Foundation Healthcare (FNC) Alliance

- Strategic rationale of the FNC investment: to capture pathology referrals from FNC centres
- Sonic achieving incremental revenue growth from FNC medical centres
- Carrying value of Sonic's 10% investment
 - Management confident that no write down required
 - Value of future cashflows plus value of investment are greater than current carrying value of investment

UK Acquisition

The Doctors' Laboratory (TDL)

- Largest private pathology company in UK
- Based in London's "Harley Street" district
- TDL commenced operation in 1987
- Annual revenue ~£20 million (A\$55 million)
- High margin business
- Strong historical revenue and EBIT growth rates, set to continue

TDL Acquisition Details

- Purchase price £65 million
 - £58 million - Cash
 - £7 million – Sonic shares
- Represents 9.3X prospective EBITA multiple
- No liabilities assumed
- Transaction EPS positive

TDL Management

- Executive Chairman – Dr Ray Prudo (Co-founder)
- CEO – Mr David Byrne
- Established management team with excellent track record
- All Management and staff retained, with senior managers contracted by Sonic
- TDL employs over 200 staff
- Senior staff to be issued with Sonic options
- Autonomous management, with Sonic input to expand the business
- No integration risk – TDL an established, successful business with experienced management team

Sonic/TDL Cultures

- Sonic and TDL have common cultures
 - People focussed
 - “Medical management” strategy
 - High quality operation and service levels
 - Outstanding professional reputation

Sonic's Value to TDL

- Lab design, systems, workflow
- Consolidation, centralisation
- Rationalisation, financial efficiencies
- Large laboratory operation
- Benchmarking and KPI's
- IT and E-products
- Purchasing
- Mergers and acquisitions
- Access to capital markets

UK Health

- Total health expenditure 6.7% of GDP
- State of Health Report : *Delivering The NHS Plan* (April 2002)
 - “Catch-up” funding to 9.4% of GDP by 2008
 - Increase of 7.5% above inflation expenditure on healthcare over next 5 years (2003-2008)
 - Reduce waiting lists and waiting times
 - Increase NHS infrastructure
 - Foster public-private partnerships

UK Pathology

- Public Private Partnerships (PPP) in pathology
 - Private laboratory operates hospital laboratory
 - Private laboratory provides off-site laboratory for public hospital
 - Private laboratory provides management services to hospital
- *Delivering the NHS Plan (April 2002)*
 - “The NHS will explore with the private sector the potential for investment in services such as pathology and imaging”
 - “Partnership at a regional level for modernisation of pathology services” will be considered.
- NHS contracts to private sector need not be put to tender

UK Healthcare

- *Press Release – Health Secretary, Alan Milburn (30 April 2002):*
“New Freedoms for Local Health Services to Buy the Best Care for NHS Patients”
 - “Primary Care Trusts should feel free to commission care from wherever they can get the best service for patients”
 - “Primary Care Trusts have discretion to commission care wherever it is best provided: in primary care or secondary care, from a local NHS hospital or from another hospital, from the public, the private or the voluntary sectors”

Sonic Strategy

- To partner with established players in suitable offshore markets
- UK market / TDL platform an ideal base for expansion into UK
 - Private Pathology Market
 - NHS Market
- European pathology markets highly fragmented and present excellent opportunities for future growth and rationalisation

Sonic Future Strategy

- Pathology
 - Ongoing consolidation and rationalisation
 - SAT strategy has 3 to 4 years to run
 - Organic, market share growth
 - Acquisitions
- Radiology
 - Proceed with national roll out using PMI/QXR/SKG as platform
 - Organic growth and margin expansion
 - Capture synergies with Sonic pathology
- Foundation Healthcare
 - Build on the established alliance
- Overseas expansion
 - TDL acquisition
 - UK pathology opportunities
 - European pathology



Thank You!