



SONIC
HEALTHCARE
LIMITED

Annual General Meeting

27 November 2003

Dr Colin Goldschmidt
Managing Director

FY 2003 Highlights

- Revenue growth 13%
- NPAT growth 20%
- EPS growth 13.5%
- EBITA margin expansion 0.7% (70 basis points)
- Full year dividend 25 cents per share
- Expanding UK pathology operations
- Sonic set for ongoing growth

2003 Guidance Delivered

		Sonic Guidance	Sonic Actuals
Full Year 2003	Revenue	\$970 - 980M	\$974.8M
	EBITA	\$172 - 176M	\$173.1M
	EBITA %	17.75 - 18.00%	17.76%

Update FYTD 2004

4 Months to 31 October

- Revenue and earnings currently in line with full-year FY2004 guidance
- ~3% fee increase for Australian pathology from 1 December 2003

2004 Guidance

	2003 Actuals \$M	2004 Guidance \$M	Growth* %
Revenue	974.8	1,020 – 1,035	5.4%
EBITA	173.1	185 - 195	9.8%

2004 Guidance

- Growth* calculated using mid-point of 2004 guidance
- Includes Omnilabs acquisition (loss in first half)
- Intangibles amortisation \$59-60 million
- Assumes no new acquisitions

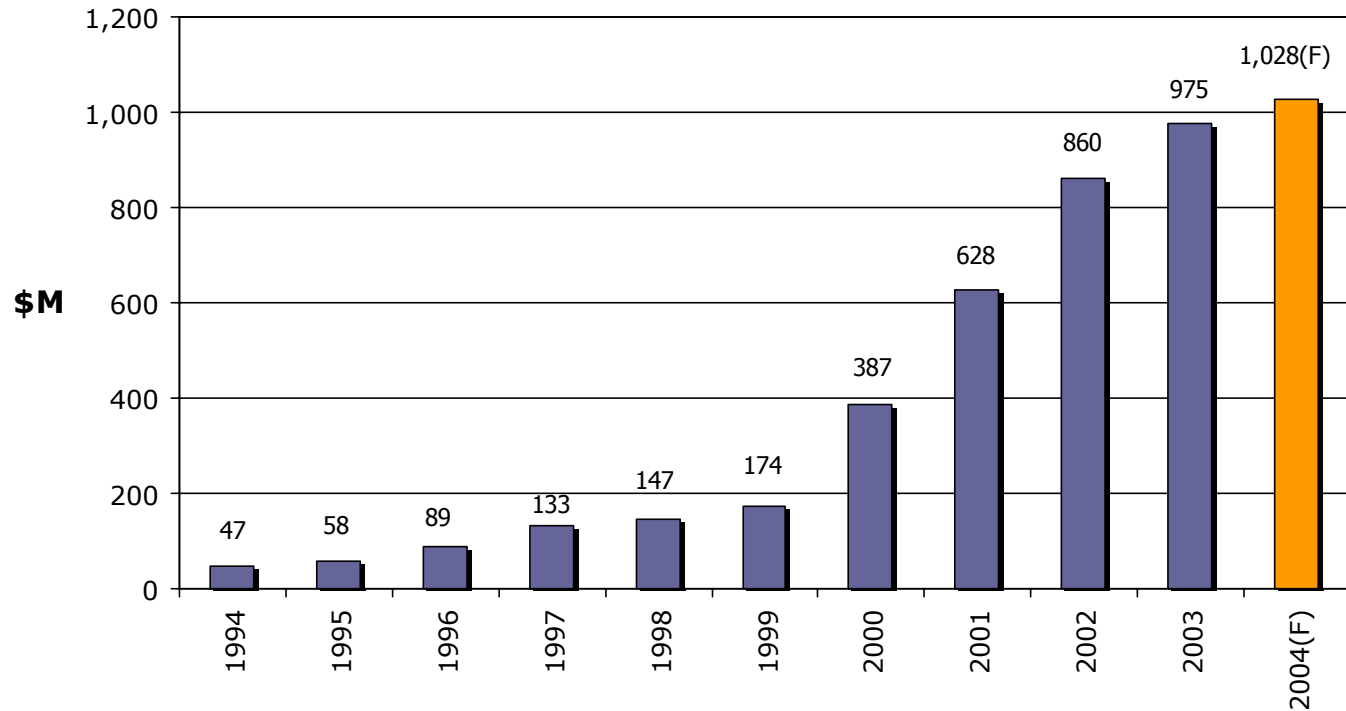
Revenue

	2003 (\$M)	2002 (\$M)	Growth (%)
Total Revenue	974.8	859.8	13.4%

- Acquisitions have contributed to revenue growth
- Organic revenue growth ~ 5.9%
(excluding acquisitions)
- Australian and UK pathology particularly strong

Annual Revenue

10 Year History



2004 (F) = mid-point of Sonic market guidance
2004 (F) assumes no new acquisitions

Sonic Revenue Growth

- Market growth
 - 5% Pathology/Radiology Funding Agreement
 - Pathology Industry Q1 2.1% growth
 - Imaging Industry Q1 2.9% growth
- Market share growth
- Growing average fee
 - More services per patient
 - More complex testing in Sonic Pathology
 - More complex modalities in Sonic Imaging
 - Private billing initiatives
- Sonic Clinical Institute
 - Esoteric testing
- Acquisitions
 - Local
 - Off-shore



Australian Medicare Growth Data

FY2003 v FY2002

	Services (Tests/Items)	Episodes (Patients)	Total Fees Paid (\$)
Australian Pathology (FY 2003)	4.2%	2.4%	4.6%
Australian Imaging (FY 2003)	3.7%	n/a	5.0%

- Medicare data reflect broad industry growth rates
- Pathology – current status
 - Growth tracking at 2.9% (Q1, FY 2004)
 - 3% fee increase to correct funding agreement undershoot
 - New Pathology Funding Agreement from 1 July 2004
- Radiology – current status
 - Trend towards more complex modalities (fee growth > item growth)
 - Growth tracking at 2.1% (Q1, FY 2004)

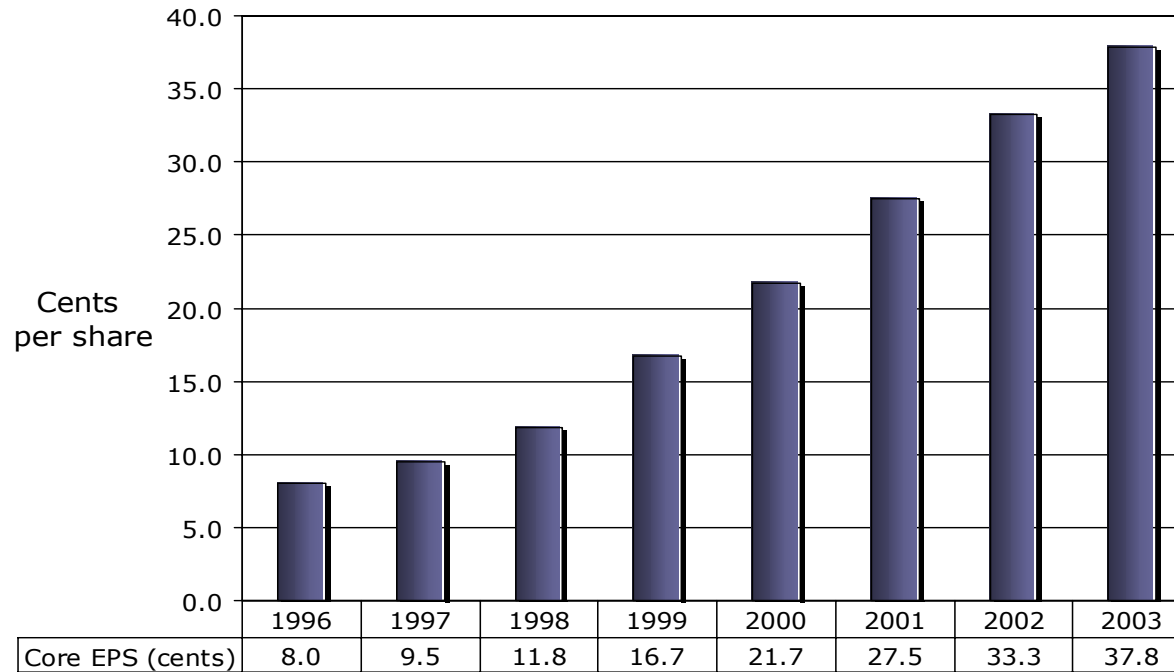
Earnings

		FY 2003	FY 2002	Change
EBITDA	\$M	213.9	183.7	16.4%
EBITA	\$M	173.1	146.7	18.0%
Core* NPAT	\$M	99.5	83.2	19.6%
NPAT	\$M	40.9	33.8	21.0%
Core* EPS	cents	37.8	33.3	13.5%

*Core = Before Amortisation of Intangibles

Core Earnings per Share

Double-digit EPS Growth last 8 Years



Core EPS = Earnings per Share before amortisation of intangibles

Earnings Margins

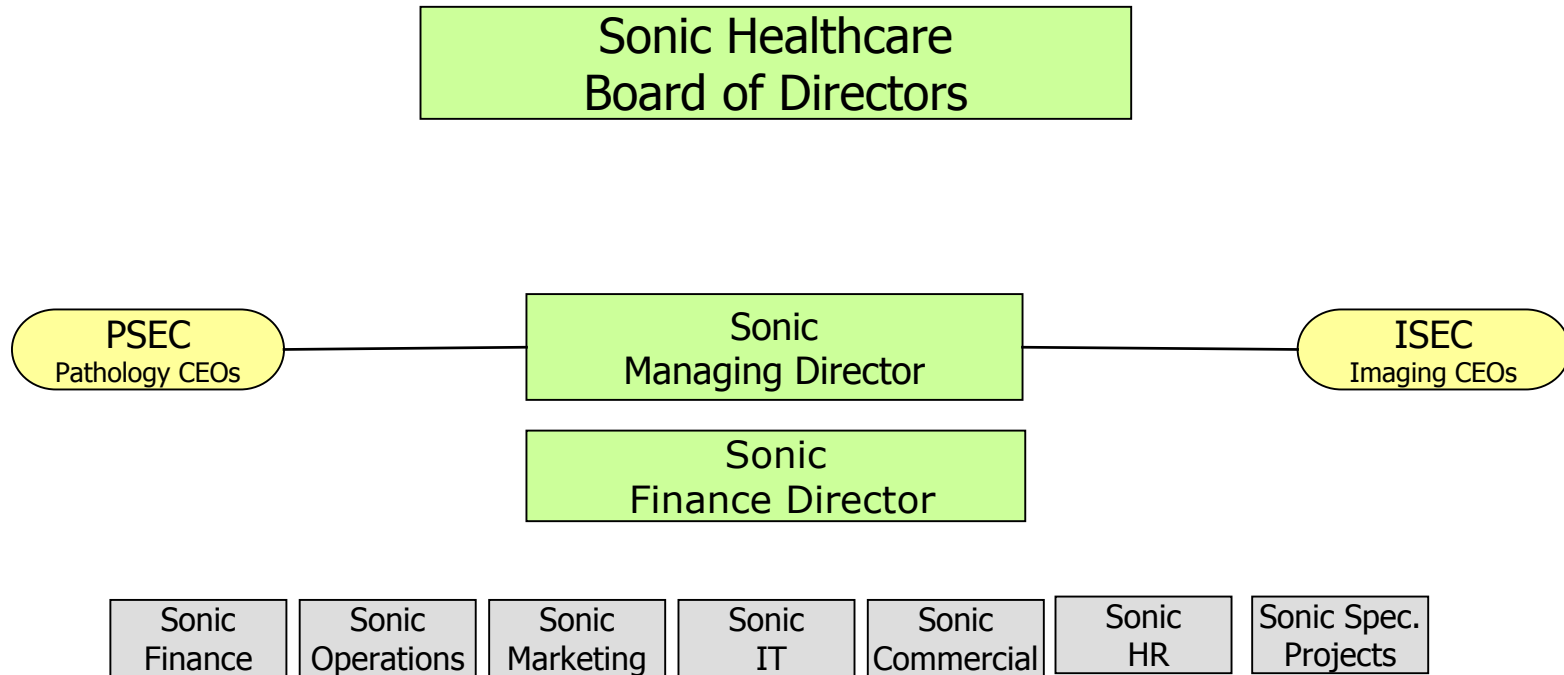
	2003	2002
EBITDA Margin	21.9%	21.4%
EBITA Margin	17.8%	17.1%

- Margin expansion in FY2003
 - Revenue growth and marginal profit
 - Ongoing cost management in practices
 - Inter-practice synergies
 - Improved performance at Melbourne Pathology
 - TDL (UK) strong performance
 - SciGen demerger
- Margin growth set to continue in FY2004

Sonic Healthcare Operations

- Large and complex business
 - ~\$1 Billion annual revenue
 - > 11,000 employed staff
- Customer services outstanding
 - Accuracy, consistency, turnaround times
- Reputation underpins Sonic's value
- Operational management
 - Stable, experienced, committed, passionate team
 - Pro-active management style
- Benchmarking
 - Operational
 - Financial
- Information Technology
 - Rollout of Sonic Apollo system (Pathology)
 - Rollout of Sonic RIS system (Radiology)
 - Operational and financial edge

Sonic Management Structure



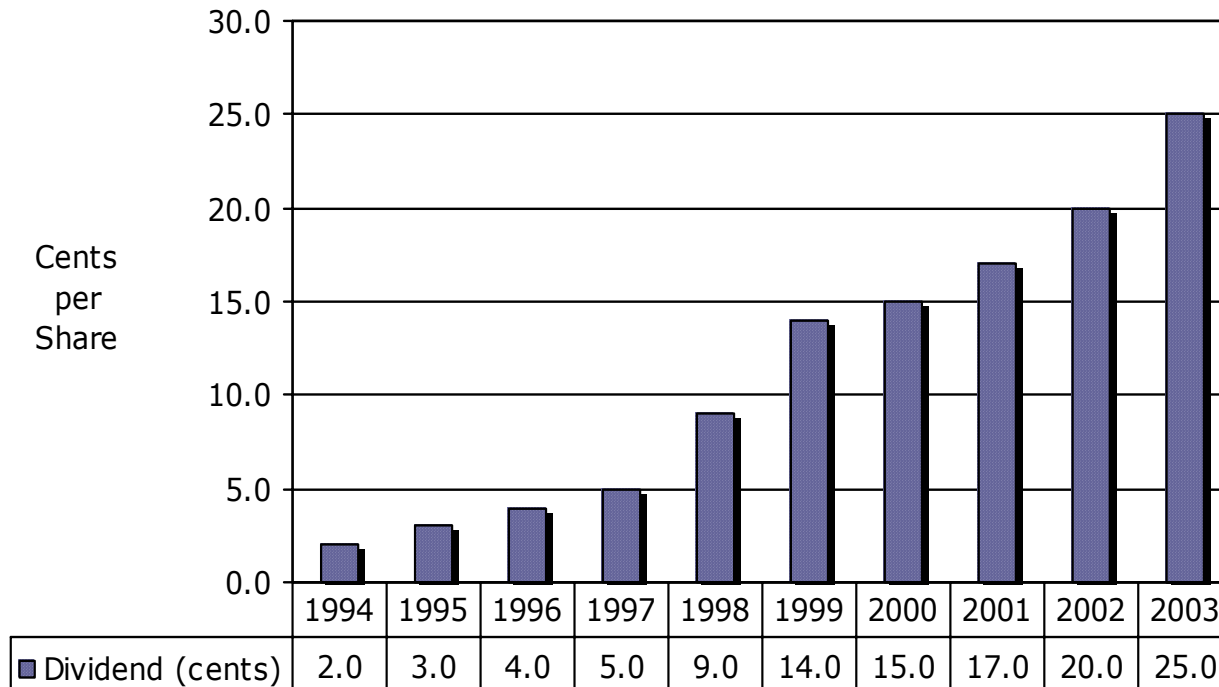
Dividend FY 2003

	2003	2002	Change
Interim Dividend	\$0.08	\$0.04	100%
Final Dividend	\$0.17	\$0.16	6%
Full Year Dividend	\$0.25	\$0.20	25%

- Final Dividend
 - 17 cents per share, fully franked
- Full-year Dividend
 - 25 cents per share, fully franked
 - 20 cents in 2002
 - Increase of 25%
- Dividend yield 3.82%, fully franked
 - Grossed up yield 5.45%
 - (based on \$6.55 share price as at 30 June 2003)*
- Dividend Reinvestment Plan reactivated for final 2003 dividend

Dividend

10 Year History



Australian Pathology Funding Agreement

- Fee increase of ~3% announced
24 November 2003
 - Effective 1 December 200
 - Applied uniformly across all pathology items
 - Designed to lift growth to agreed 5% industry growth level by 30 June 2004
 - Exact increase pending modelling
- New Pathology Funding Agreement
 - To commence 1 July 2004
 - Negotiations to commence in new year
 - No adverse issues anticipated

Australian Radiology Funding Agreement

- New 5 year Memorandum of Understanding commenced 1 July 2003
- Funding growth rates
 - 2003/4 – 5.5%
 - 2004/5 – 5.3%
 - 2005/6 – 5.0%
 - 2006/7 – 5.0%
 - 2007/8 – 5.0%
- Magnetic Resonance Imaging (MRI) funding included in agreement
- Industry growth of 2.9% in Q1 FY 2004

Corporate Governance

- Sonic working towards compliance with ASX recommendations
- Nominations Committee
 - Established 3 July 2003
 - 2 Independent Directors / 1 Executive Director
 - Function to review Board structure
 - Two executive Directors have retired
 - Plan to appoint one non-executive Director by June 2004
- Audit Committee
 - 2 Independent Directors / 1 Executive Director from July 2003
 - Finance Director resigned from committee
- Remuneration Committee
 - 2 Independent Directors
- Sonic Share Trading Policy
- Other ASX recommendations being actioned

Sonic U.K. Expansion

- Three Transactions to date
 - Acquisition of TDL – April 2002
 - Acquisition of Omnilabs – July 2003
 - Joint venture with UCLH – August 2003
- UK pathology market ~£2 Billion pa
- England and Ireland opportunities

Whitfield St Laboratory

- Floor space 3,400 m² in total
 - ~700m² for Autolab
 - Balance split between TDL and UCLH operations
- Consolidation of 5 existing TDL/Omnilabs sites
- Fitout of Whitfield St facility almost complete
 - Relocation in December 2003
 - Significant excess capacity
 - TDL continues to pursue new expansion opportunities (NHS and Private)

TDL-UCLH Joint Venture

- Major strategic move for Sonic
- A significant Public Private Partnership in the NHS
- Joint venture agreement for automated pathology
 - First of its kind in the UK
- JV structured as a cost sharing arrangement
 - Cost savings from scale, automation, lab design, workflow etc
 - TDL savings estimated at £0.75 million in first full year
 - Savings are largely offset by additional cost of Whitfield St facility
- Significant upside from new work volume processed in the autolab

Sonic International Strategy

- To partner with established players in suitable offshore markets
- TDL platform an ideal base for expansion in UK
 - Private Pathology Market
 - NHS Market
 - Omnilabs and UCLH transactions provide evidence of incremental growth opportunities
- European pathology markets
 - Highly fragmented
 - Present opportunities for future growth and rationalisation

Future Strategy

- Australia and New Zealand
 - Organic growth and marginal profit
 - Efficiency gains from existing operations
 - Synergistic acquisitions in pathology and radiology
- UK pathology
 - TDL organic growth and marginal profit
 - TDL/Omnilabs/UCLH merger benefits
 - NHS and Private market expansion
- European pathology
 - Large, fragmented markets
 - Non-corporatised ownership

Thank you





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