Financial and Operational Review

Year ended 30 June 2012

Colin Goldschmidt

CEO, Sonic Healthcare

21 August 2012

Forward-looking statements

This presentation may include forward-looking statements about our financial results, guidance and business prospects that may involve risks and uncertainties, many of which are outside the control of Sonic Healthcare. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, adverse decisions by Governments and healthcare regulators, changes in the competitive environment and billing policies, lawsuits, loss of contracts and unexpected growth in costs and expenses. The statements being made in this presentation do not constitute an offer to sell, or solicitation of an offer to buy, any securities of Sonic Healthcare. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Sonic Healthcare). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward-looking statement will be achieved. Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements.

The information provided in this presentation is based on and should be read in conjunction with the Appendix 4E released to the ASX on 21 August 2012 and includes earnings figures restated on a "constant currency" basis (current period earnings calculated using the same currency exchange rates as used in the comparative period to translate offshore earnings).

Highlights

Growth	Constant Currency	Statutory
Revenue	11%	8%
EBITDA	12%	9%
Net Profit	10%	7%
Operating cashflow	N/A	19%

- Full-year guidance met
- Strong revenue growth
- Margin expansion 30 bps
- ROIC accretion 90 bps
- Ongoing synergy capture, particularly procurement
- Strong and stable operations

Constant currency: FY ‘12 results restated using FY ‘11 currency exchange rates

Financial Summary

		FY '12 Constant Currency	Growth FY '12 v FY '11 Constant Currency	FY '12 Statutory	Currency Translation Effects
Revenue	A$M	3,423	11%	3,346	(77)
EBITDA	A$M	639	12%	624	(15)
Net Interest Expense	A$M	78	20%	74	4
Net Profit	A$M	323	10%	316	(7)
Earnings per Share (EPS)	cents	82.5	9%	80.7	(1.8)

- EBITDA margin expansion 30 bps
  - Pathology division – 30 bps
  - Imaging division – 90 bps
  - Positive margin contribution from Australian and German laboratory operations
  - Some margin dilution from US laboratory operations
- Operating cash flow – A$487 million, 107% of cash profit
  - Amount and timing of tax payments
- Earnings impacted by A$4 million of acquisition-related expenses

Dividends and DRP

	FY '12
Interim Dividend	A$0.24
Final Dividend	A$0.35
Total Dividend	A$0.59

- Final dividend franked to 45%
- Record Date 7 September 2012
- Payment Date 9 October 2012
- Dividend Reinvestment Plan activated
  - Fine-tuning of capital structure
  - Expectation of Healthscope acquisition
  - Discount rate 2.5%

FY ‘13 Guidance

- EBITDA growth of 5-10%
  - Range allows for fee changes in key markets
- Interest expense to decrease by 5-10%
  - Due to lower base rates in the USA and Europe
- Effective tax rate ~26%
- Based on constant currency (FY ‘12 FX rates)
- Excludes Healthscope and other future acquisitions

Return on Invested Capital (ROIC)

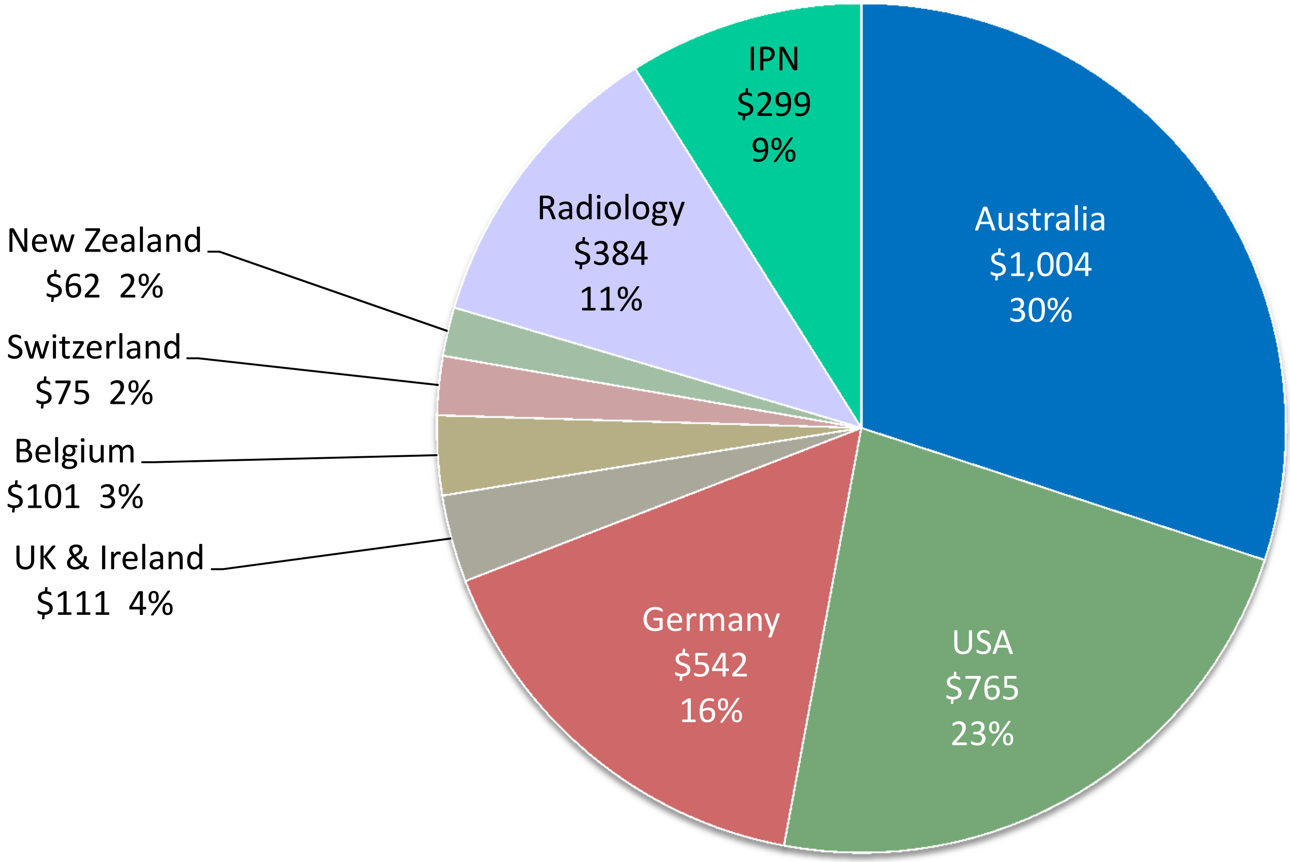
	FY '12	FY '11	Change
ROIC	9.8%	8.9%	90 bps

- Improvement driven by:
  - Organic revenue and earnings growth
  - Synergy capture
  - Synergistic acquisitions
  - No beachhead acquisitions – critical mass achieved in major markets
- ROIC accretion to continue

ROIC calculated as EBIT less tax paid divided by average invested capital

Revenue Split

FY '12



Statutory revenue in A$ M

Australian Pathology

- Revenue growth 9%
  - Market growth (Medicare outlays) for same period 7%
- Market share growth
  - Sonic growth > market growth
  - FY '12: 28% larger than nearest competitor
  - FY '11: 25% larger than nearest competitor
- Efficiency gains and synergy capture ongoing
  - Procurement savings – major tender underway
- Healthscope acquisition
  - ACCC decision expected 30 August 2012
  - If approval granted, settlement expected in September 2012

Australian Pathology
Regulatory Environment

- Pathology funding agreement
  - 5 year agreement providing industry stability
  - Target growth rate exceeded in year one
  - Industry and Government discussing target adjustments
- Collection centre deregulation
  - Growth of new collection centres has slowed
  - Sonic opening new centres where prudent

USA

- Revenue growth 11%
  - Organic revenue growth 2%, yet higher than major competitors
  - Industry growth remains subdued
- Operations
  - New Sonic USA CEO, David Bryant from 1 September 2012
  - Follows retirement of David Schultz after 7 years of outstanding service
  - Synergy, integration, centralisation ongoing
  - New esoteric testing facility in Sonic's Austin lab progressing well
- Regulatory Environment
  - Medicare revenue represents ~22% of Sonic's total USA revenue
  - 0.7% Medicare fee increase from January 2012
  - ~5% Medicare fee cut from January 2013 = ~1% p.a. cut on total USA revenue
- Outlook
  - Long-term industry growth drivers unchanged
  - Industry conditions driving further consolidation, to Sonic's advantage
  - Potential upside of additional ~30 million insured lives (Obamacare) from 2014

Germany

- Revenue growth 7%
  - Organic revenue growth 6%
- Synergy capture ongoing
  - Procurement savings – major tenders underway
  - Benefits of completed lab mergers
  - Rationalisation of logistics networks
  - Centralisation of testing
  - Roll-out of e-Health solutions
- Synergistic acquisitions
  - ~A$10 million revenue p.a. acquisition in December '11
  - ~A$6 million revenue p.a. acquisition in July '12

Germany

Regulatory Environment

- New national funding structure for statutory insurance (“EBM”) fees
  - Commences 1 October ‘12
  - Replaces regional funding – regional short payments to cease
  - Details of new funding structure not finalised
  - Adjustments aimed at curbing above-average industry growth
  - Initial quarterly adjustment expected from 1 October ‘12
  - Industry challenging legality of adjustments
  - Changes discourage self-referral labs
  - Increase in pathologist-based fee item
- No changes to balance of Sonic Germany’s revenue

Europe
Belgium, Switzerland, UK & Ireland

- UK & Ireland
  - Revenue growth 23% – includes BMI and Ramsay contracts and organic growth
  - North West London Hospital Trust contract implementation underway
  - Currently participating in major NHS tenders
  - Bowel cancer screening contract win in Ireland
- Belgium
  - Revenue growth 16% - includes prior year acquisitions and organic growth
  - ~3% fee increase from January 2012
  - Successful integration of acquisitions early in financial year
- Switzerland
  - Organic revenue growth 5%
  - Synergy capture and tight cost control

Sonic Imaging
Medical Centres (IPN)

- Sonic Imaging
  - Organic revenue growth 6%
  - Tight cost control
  - Additional full and partial MRI licences from November 2012
  - Radiologist leadership and engagement
  - Stable workforce and business
- IPN
  - Revenue growth 35%, including acquisitions and organic growth
  - Some margin dilution from greenfield start-up centres
  - Allied and Matrix acquisitions seamlessly integrated
  - National occupational health business (Kinetic Health) tracking well
  - Synergies with pathology operations
  - GP morale and engagement at all-time high

Sonic Debt Summary

		30 June '12	30 June '11
Net interest-bearing debt	A$M	1,571	1,536
Gearing ratio	%	37.6	37.9
Interest cover	X	7.0	7.4
Debt cover	X	2.5	2.8

Available headroom ~A$780 million

- Before final dividend and DRP
- Excludes potential Healthscope acquisition

- *Gearing ratio = Net debt / Net debt + equity (bank covenant limit <55%)*
- *Interest cover = EBITA / Net interest expense (bank covenant limit >3.25)*
- *Debt cover = Net debt / EBITDA (bank covenant limit <3.5)*
- *Formulas as per bank facility definitions*

Sonic Healthcare - Overview

- Global medical diagnostics service provider
- Top-3 market position in laboratory medicine in 8 countries
  - Australia #1
  - USA #3
  - Germany #1 or 2
  - UK/Ireland #1
  - Belgium #2
  - Switzerland #3
  - New Zealand #2
  - Australian radiology #2
  - Australian medical centres #1
- Consistent, successful model over 25 years
  - Strong culture and values
  - Medical Leadership philosophy
  - Superior quality and service
  - Management depth and stability
  - Enhancing shareholder value

Outlook

- Consistent application of proven model
- ROIC and EPS accretion
- Market share gains in major markets
- Cost control and efficiency gains
- Leverage existing infrastructure for synergies and earnings growth
- Prudent acquisition and expansion strategies
- Sonic in attractive industry – strong growth drivers

ROIC – Return on invested capital
EPS – Earnings per share

SONIC HEALTHCARE

Thank You