

SONIC
HEALTHCARE

Half Year Results

For the period ended 31 December, 2007

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26 February 2008

Highlights - Financial

- Revenue ↑ 28% to A\$1, 127 million
- Net Profit ↑ 21% to A\$113.3 million
- Cash generation ↑ 26% to A\$174.0 million

- EPS growth 11.2%
- Interim dividend 20 cents (fully franked)

- Full-year guidance unchanged

Highlights - Operational

- Largest incremental revenue phase in Sonic's history
- Australian pathology operations strong
- Robust US growth set to continue
- US operational synergies commenced
- Integration of German labs underway
- Further US and European acquisitions ahead
- Ongoing earnings growth momentum

Revenue Growth

	6 Months ended 31.12.07 (\$M)	6 Months ended 31.12.06 (\$M)	Growth
Total Revenue	1,127.1	881.3	27.9%

- Laboratory revenue growth 33%
 - Incorporates strong organic growth and acquisitions
 - Impacted by foreign currency and low growth rate of New Zealand market
- Radiology revenue growth 4%
 - No acquisitions
- Primary care (IPN) revenue growth 27%
 - Organic growth and acquisitions

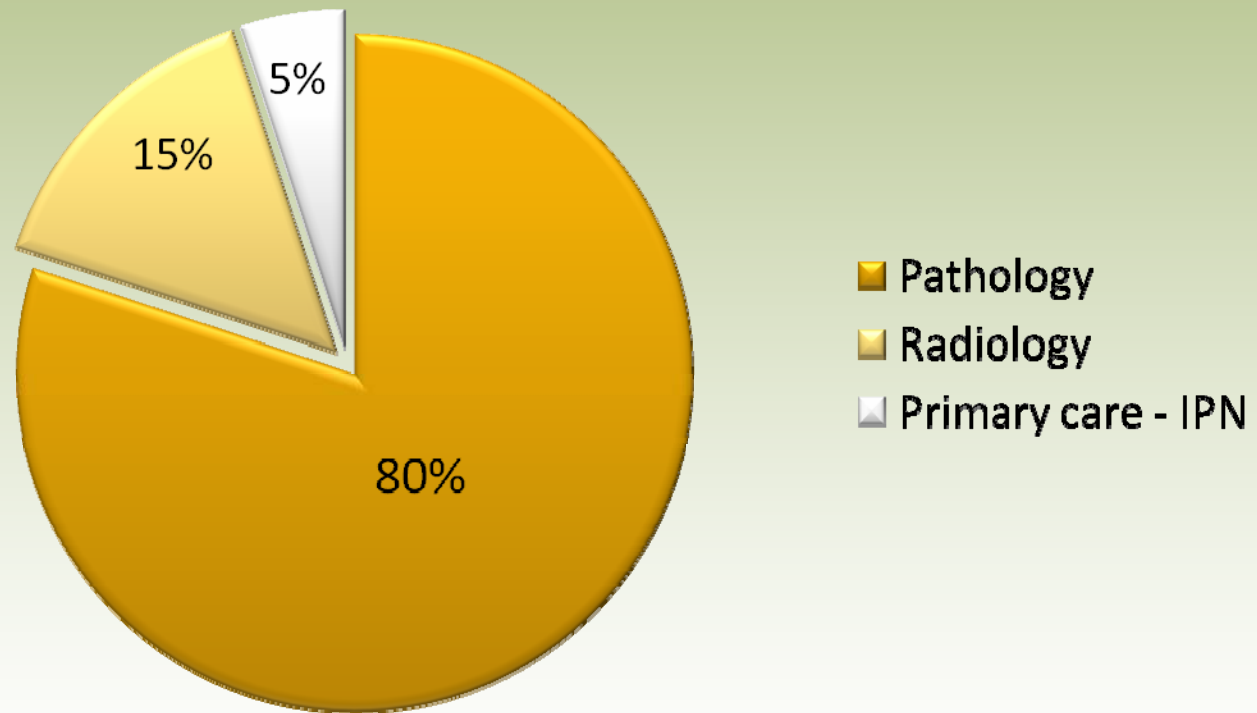
Organic Revenue Growth

	Organic Revenue Growth* Acquisitions excluded
Total Laboratory	11.1%
Australian Pathology	8.4%
USA (excluding Sunrise)	10.5%
Schottdorf	7.1%
TDL (excluding Ealing contract)	17.1%
New Zealand Pathology	- 1.5%
Radiology	3.6%

* Revenue growth rates in local currencies

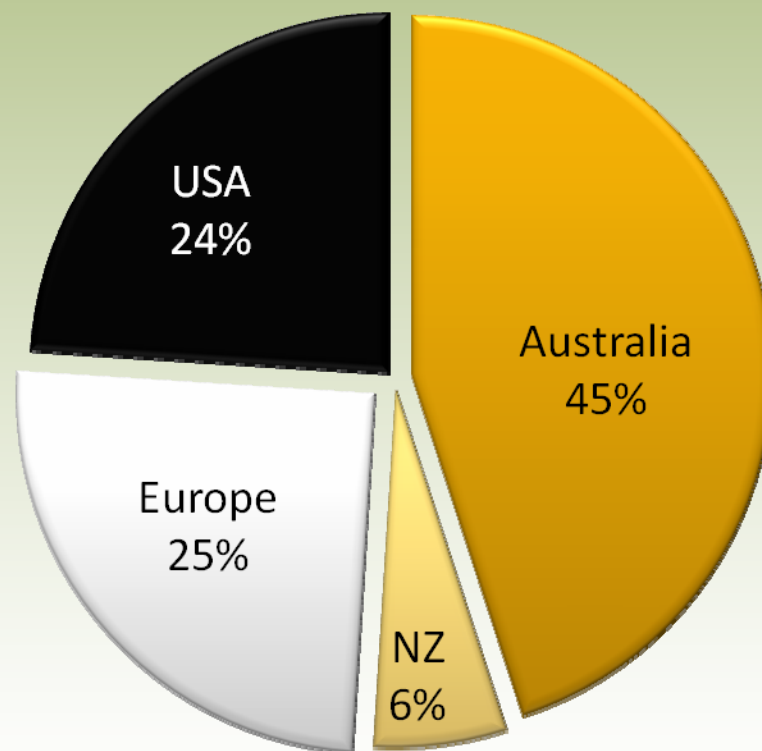
Revenue Mix

For half-year ended 31.12.07

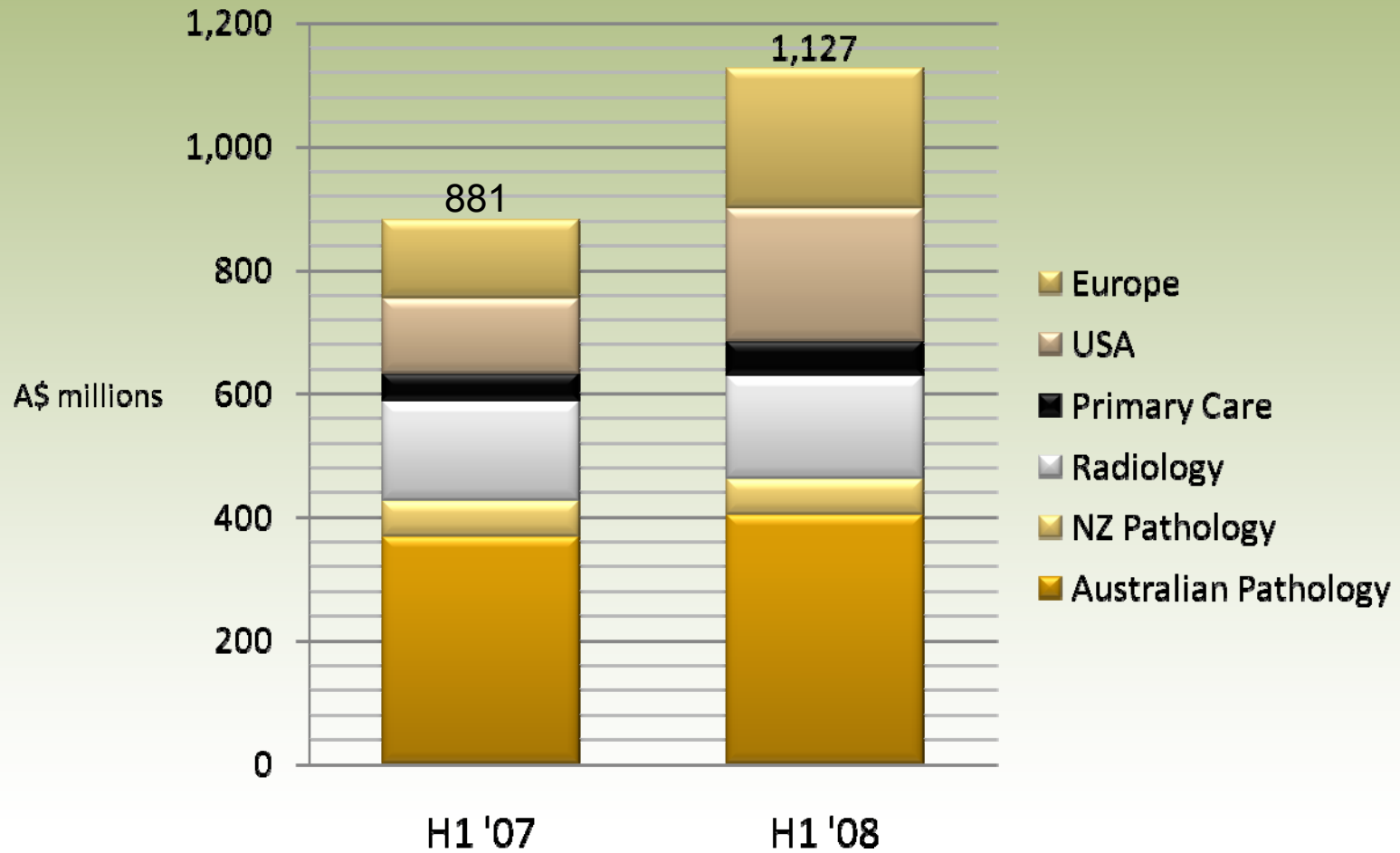


Revenue – Pathology/Laboratory

For half-year ended 31.12.07



Half-year Revenue Growth



Vigorous Growth Phase

- Transformational growth
 - An international diagnostics company
 - Operations in 6 countries
 - >16,000 employees world-wide
- Over the past 2-3 years:
 - ~A\$1 billion added to annualised revenues
 - Sonic's annualised revenue has almost doubled
- USA annualised revenue now >A\$500 million
 - Synergy benefits yet to flow
- European annualised revenue now >A\$500 million
 - Synergy benefits yet to flow
- Strong revenue growth set to continue
 - Sonic model and culture driving acquisitions
 - Demand for laboratory tests increasing
 - Diagnostic sector largely recession proof

Earnings Growth

		6 Months ended 31.12.07	6 Months ended 31.12.06	Growth %
EBITA	(\$'000)	185,776	160,191	16.0%
EBITDA	(\$'000)	221,088	190,280	16.2%
NPAT	(\$'000)	113,299	93,528	21.1%
EPS	(cents)	34.7	31.2	11.2%
Cash Generation	(\$'000)	174,048	138,118	26.0%

Earnings Margins

	6 Months ended 31.12.07	6 Months ended 31.12.06
EBITA Margin	16.5%	18.2%
EBITDA Margin	19.6%	21.6%

- Margin dilution due to:
 - Low margin acquisitions – AEL (Jan'07), Mullins (Apr'07), Sunrise (Jul'07), Bioscientia (Sep'07)
 - Radiology – Low revenue growth with margin contraction
 - New Zealand pathology – Flat revenue growth with margin contraction
 - Establishment costs of US corporate office
- Australian pathology
 - Margins up 40 basis points
 - December volumes abnormally low (associated with public holidays)
 - Stronger second half expected
- Second-half margins expected to be higher

2008 Full-Year Guidance

	2008 Guidance
Revenue Growth	20 –25%
EPS Growth	>12%

- Sonic 2008 guidance unchanged since 23 August 2007
- Sonic tracking in line with 2008 guidance after 7 months trading
- Currency exchange has impacted revenue, EBIT and EPS

Stronger growth offsets currency impact

- Full-year guidance issued August 2007
 - Guidance issued using FY 2007 currency rates
- Calculated full-year FX impact at FY '07 rates
 - Revenue impact ↓~A\$65 million
 - EPS growth impact ↓~240 basis points
 - EBITA impact ↓~A\$10 million
- Today, with half-year '08 result release
 - Revenue and EPS growth guidance unchanged
 - Includes estimated adverse FX impacts on revenue and EPS

Currency Exchange Impact

H1'08 Actual vs H1'08 at H1'07 constant FX

	H1'08 Actual (Growth %)	H1'07 Constant FX (Growth %)	FY'08 Guidance Growth (%)
Revenue	28%	32%	20 –25%
EBITA	16%	19%	N/A
NPAT	21%	23%	N/A
EPS	11.2%	13.0%	>12%

- Revenue impact for half-year ~A\$40 million
- NPAT impact for half-year ~A\$2 million

Interim Dividend

	H1 '08	H1 '07	Movement %
Interim Dividend	\$0.20	\$0.17	17.6%

- Dividend fully franked at 30%
- Record Date 11 March 2008
- Payment Date 26 March 2008
- Dividend Reinvestment Plan remains suspended

Debt Summary

		31.12.07	30.6.07
Net Interest-bearing Debt	A\$ M	1,274	1,139
Gearing (Net IB Debt/Equity)	%	67	79
Debt / EBITDA	X	2.88	2.81
Interest cover (EBITDA / Net Interest)	X	7.00	8.04

- Senior debt facility upsized Nov '07 to A\$1,750 million
- Bridge debt facility A\$400 million to be repaid 31.3.08
- Headroom post-bridge repayment ~A\$450 million
- Debt held in foreign currencies as “natural” hedge
- No exposure to Australian interest rate increases

Radiology

- Revenue growth 3.6%
 - Competition
 - MRI licence allocations
 - Static Medicare rebate levels
- Earnings
 - H1 '08 EBITDA ↓3.5%
 - H1 '08 EBITDA margin (20.7%) ↓150 bps
- Positive future outlook
 - Cost pressures stabilising
 - Radiologist shortage easing
 - Sonic-wide synergies (purchasing, IT, benchmarking etc)
 - Seeking Medicare rebate increases, uncapped funding
 - Committed, talented radiologist group
 - Turnaround ahead, slower than expected

IPN

- IPN delivers record half-year result
 - Strong revenue and earnings growth
- Doctor numbers up 25% to 765
- Significant ongoing growth ahead
 - Unique model with professional independence
 - Model presents clear market differentiation
- IPN's continued growth provides ongoing benefits for Sonic's diagnostic practices

New Zealand Pathology

- Represents 5% of Sonic's total revenue
- Revenue growth flat
 - New contracts following national RFP process in 2007
 - Government sponsored programs to dampen demand
- Earnings growth slightly negative
- Auckland laboratory contract
 - Court of Appeal hearing set down for May
 - Decision not until expected late 2008
 - Staff loyalty and practitioner support continue
- Election year in NZ
 - Health is shaping as an election issue.

Australian Pathology

- Australian pathology division tracking strongly
- H1'08 revenue growth 9% (organic growth 8.4%)
- H1'08 margin expansion 40 basis points
- Higher margins expected in second half
- Sonic large labs continue to outperform
- Dedicated, experienced managers and pathologists
- Market conditions favour Sonic labs
- Strong ongoing organic growth anticipated

New DHM Lab Facility, Sydney

- Project completed within budget
- Smooth relocation into new lab November 2007
- New lab will facilitate enhanced operations
 - New workflow with efficiency gains
 - Accommodate anticipated market growth
 - Centralisation of testing
- A stunning laboratory showpiece
- Investor lab tours offered in April

UK Pathology

- TDL performing strongly
 - Organic revenue growth 17.1% (excluding Ealing contract)
 - Private pathology market buoyant
- Ealing contract commenced
 - Pathology provision for Ealing Hospital and Primary Care NHS Trusts
 - First NHS contract since Lord Carter report on NHS pathology
 - Contract commenced 1 July, 2007 with 5 year initial term
 - Project bedded down and running well
 - TDL announced as preferred bidder for Ealing Trust histopathology contract
- Sonic/TDL progressing further outsourcing opportunities
- Committed, experienced management team
 - David Byrne, Dr Ray Prudo and team
- Collaboration with Schottdorf and Bioscientia
 - Esoteric referrals to Schottdorf increasing
 - Technical benchmarking with Sonic European labs

Germany

- Bioscientia acquisition completed in September 2007
 - A premier national laboratory in Germany
 - Substantial overlap with Schottdorf business
 - Integration of Bioscientia into Sonic structure complete
- Acquisition of outstanding Schottdorf minority interests
 - Completed 31 December 2007
 - Clears way for synergy capture in Germany
 - Expect synergy benefits of >€10 million p.a. over next 2-5 years
- Strong and experienced management team
 - Evangelos Kotsopoulos (Sonic)
 - Bernd and Gaby Schottdorf (Schottdorf)
 - Markus Nauck, Johannes Brill, Lothar Krimmel (Bioscientia)
- Strong growth prospects
 - New acquisition opportunities ahead
 - Acquisitions will all be synergistic

Synergy Activity in Germany

Schottdorf - Bioscientia

- Management teams working well together
 - Meetings of respective CEOs, CFOs
 - Management meetings: sales, couriers, lab, IT, pathologists
- Purchasing
 - New “lowest value” consumables agreements signed
 - All suppliers under evaluation
 - Sonic global pricing where possible
- Centralisation and standardisation
 - Insurances, vehicle leasing, test platforms
 - Financial reporting, equipment servicing and maintenance
- Inter-referral of previously outsourced tests
- Rationalisation of outlying courier routes
- Joint sales and marketing projects underway
- Cross-border collaboration with Sonic UK and Switzerland

Switzerland

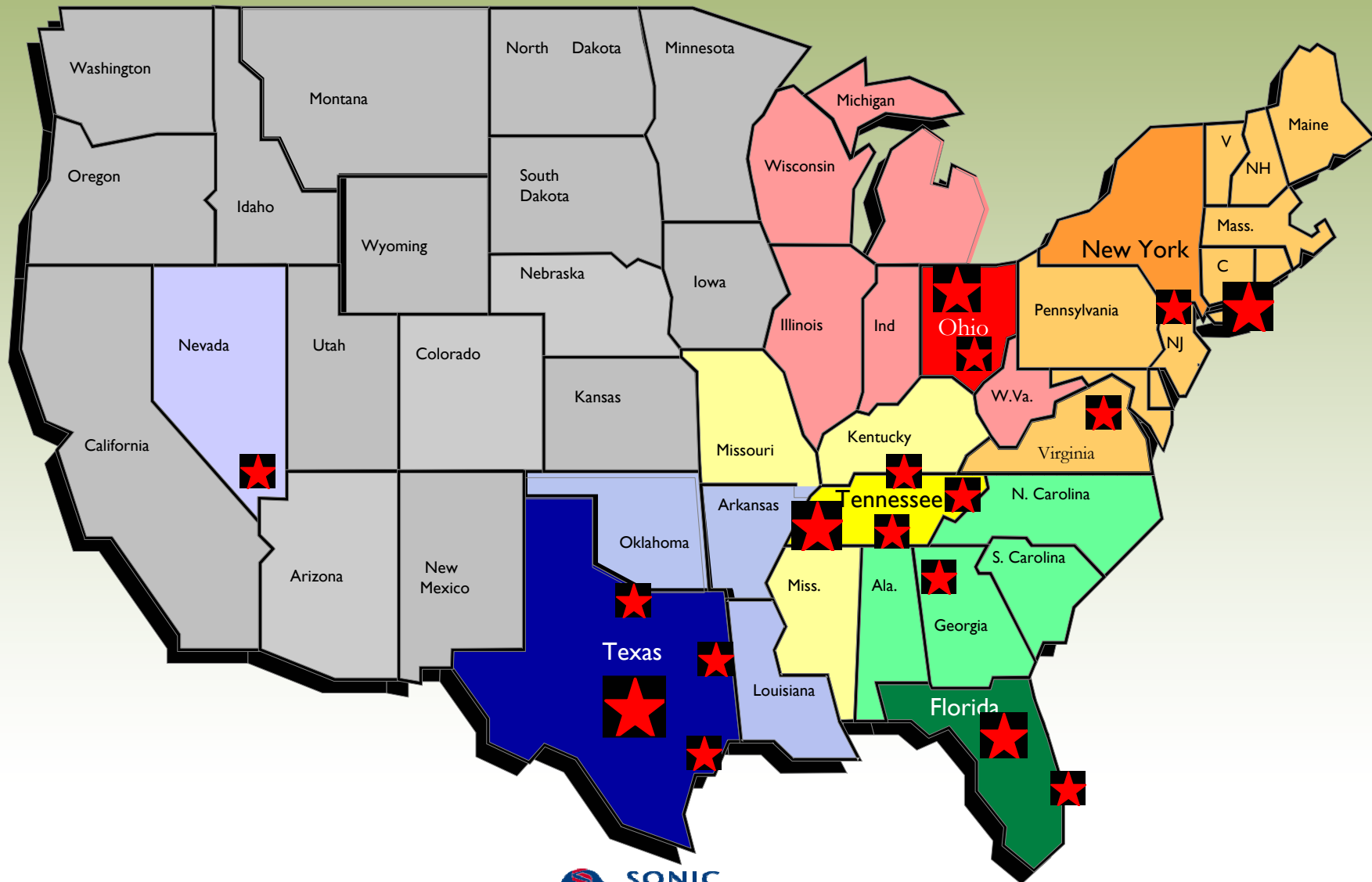
- Sonic acquired Medica laboratory in May 2007
- Smooth integration into Sonic completed
- Committed, experienced management team
 - Dr Franz Kaeppli and team
- Solid H1 '08 results
 - Strong organic market growth
 - Revenue and earnings growth strong
 - Performance in line with expectation
- Commencing collaboration with Sonic Germany

USA

- Fertile ground for Sonic expansion
 - Revenue growth 76% (H1'08 vs H1'07)
 - Organic revenue growth 10.5% (H1'08 vs H1'07)
 - New acquisition opportunities ahead
 - Sonic model and culture providing differentiation
 - Sonic annualised USA revenue >A\$500 million
- Corporate office established in Austin, Texas
 - Some establishment costs incurred
 - Stable and committed management team
 - Dr Robert Connor, David Schultz, Paul Miller
- Synergy activity gaining momentum

Sonic Healthcare USA

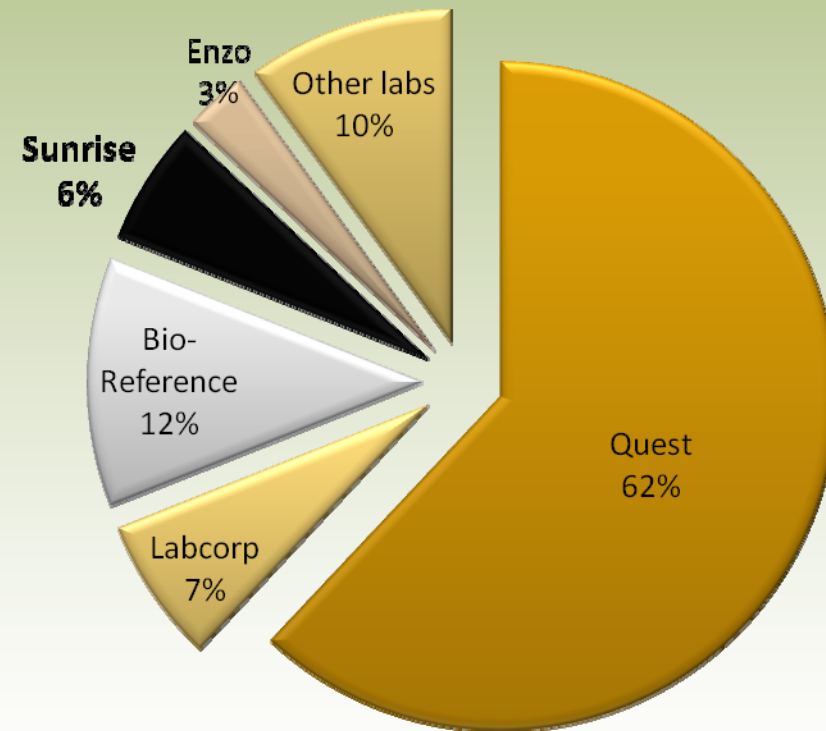
Labs and Operating Markets



Sunrise Medical Laboratories

- Sonic acquired Sunrise in July 2007
- Largest regional lab in NY, with >350 employees
- Effective, passionate leadership team, headed by Larry Siedlick
- Strong organic growth ongoing
- 20% revenue growth in calendar 2007
- Market dynamics favour ongoing market share gains

Share of Physician Office market
in New York City area



Estimated Total Market US\$1 billion

Source: *Laboratory Economics*
January 2007

US Synergy Activity

- AEL corporate office closed down
- AEL Dallas lab closed, tests referred to Austin and Memphis
- Centralisation of maximum outsourced tests from all Sonic labs to CPL Austin
- Centralise all remaining outsource work to single esoteric lab
- Standardised financial reporting
- Integration of Mullins (Augusta) with Cognoscenti (Orlando)
- ACS (New Jersey) to integrate with Sunrise (NY)
- FML (Virginia) to integrate with Sunrise (NY)
- Woodbury (Tennessee) to integrate with MPL (Memphis)
- Las Vegas – acquired infrastructure for new growth market
- Group purchasing (USA and global)
- Commence Sonic Apollo LIS implementation in USA
- Sonic Healthcare USA: benchmarking, back office, culture etc

Future Growth

- Sonic's robust expansion set to continue
 - Sonic revenue has doubled in past 2-3 years
 - Rapid growth set to continue apace
 - Deeply embedded culture and values driving momentum
- Sonic has 3 main current growth markets
 - Australian pathology market
 - USA laboratory market
 - German (and wider European) laboratory market
- Growth markets to deliver synergy benefits
 - Australia – market share growth with margin expansion
 - USA – new acquisitions and rationalisation of assets
 - Germany – new acquisitions and rationalisation of assets
 - Wider European markets present further growth potential