



SONIC
HEALTHCARE
LIMITED

2001/2 Financial Results

Colin Goldschmidt
Managing Director
22 August 2002

Sonic Summary

- Strong growth in 2002
 - Revenue up 37%
 - Organic market share growth in Australian pathology
 - Earnings up 33% (EBITA)
- Sound operations
 - Synergies and rationalisation flow to bottom line
 - Melbourne Pathology outperforms
 - Exceptional result in 2nd Half (esp. 4th Quarter)
- TDL (UK) solid
 - Robust revenue and earnings growth
- Margin expansion set to continue

	EBITA Margin
1 st Half 2002	15.67%
2 nd Half 2002	18.32%
Full-Year 2002	17.07%
Full-Year 2003 (F)	17.75-18.00%

2002 Results Summary

		2002	2001	Change
Revenue	\$M	859.8	627.9	+37%
EBITDA	\$M	183.7	131.9	+39%
EBITA	\$M	146.7	110.6	+33%
NPAT	\$M	33.8	26.2	+29%
NPAT*	\$M	83.2	56.4	+47%
EPS*	cents	33.3	28.1	+19%
Cash Generated	\$M	146.7	67.2	+118%

* Before Amortisation of Intangibles

Balance Sheet Summary

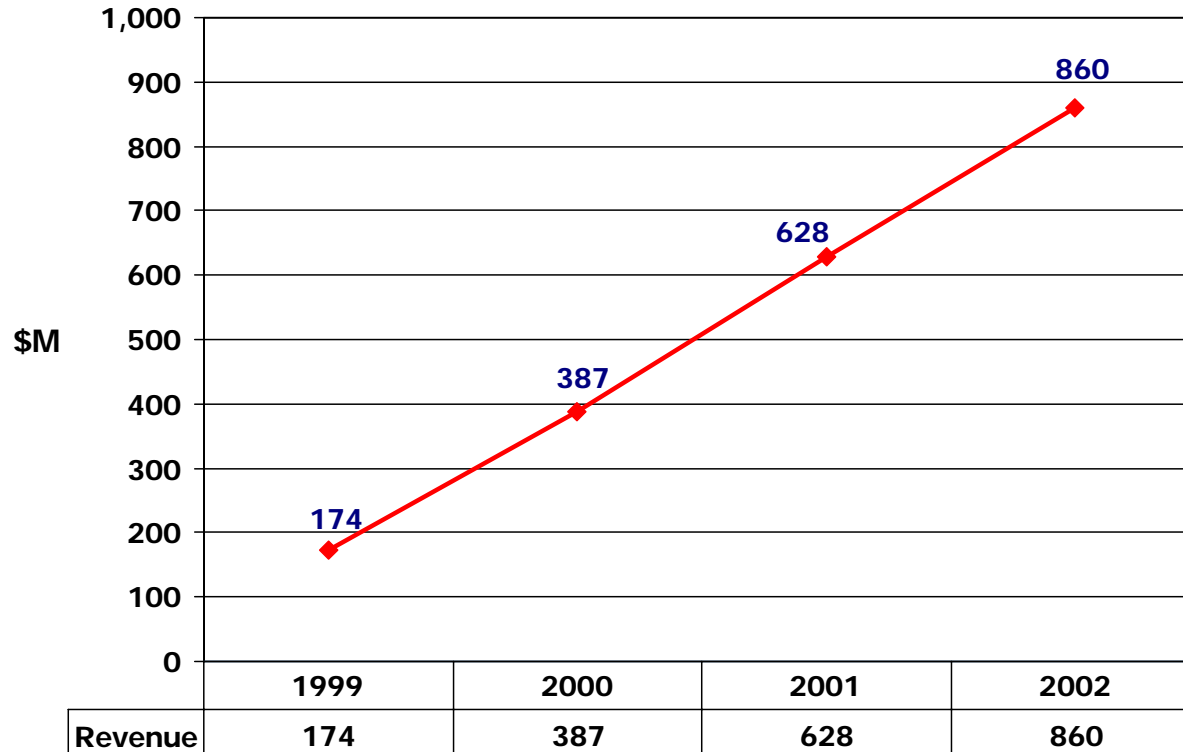
Receivables (current)	\$M	108.6	109.0
Intangibles (net)	\$M	1,189.7	915.9
Amortisation of Intangibles	\$M	49.4	30.3
Interest-bearing Senior Debt*	\$M	442.3	407.4
Total Interest-bearing Debt	\$M	515.3	466.6
Interest Cover (EBITA / Net Interest)	X	4.7	4.5
Equity	\$M	837.5	608.4
Gearing (Net IB Debt / Equity)		0.59	0.73

*Undrawn senior debt facilities - \$167.7 million (30 June 2002)
 - \$141.0 million (22 Aug 2002)

Dividend and DRP

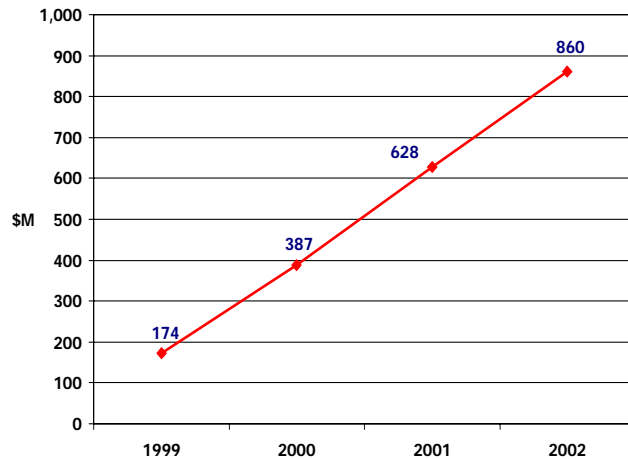
- Final Dividend
 - 16 cents per share, fully franked
 - 13 cents in 2001
- Full-year Dividend
 - 20 cents per share, fully franked
 - 17 cents in 2001
 - Increase of 17.6%
- Record Date: 4 September
- Payment Date: 19 September
- DRP suspended until further notice

Annual Revenue (\$M)



Pathology Revenue Growth

Sonic Total Annual Revenue



Segmental Revenue Analysis (2002)

Pathology - \$625 M
Radiology - \$232 M
Other - \$ 3 M

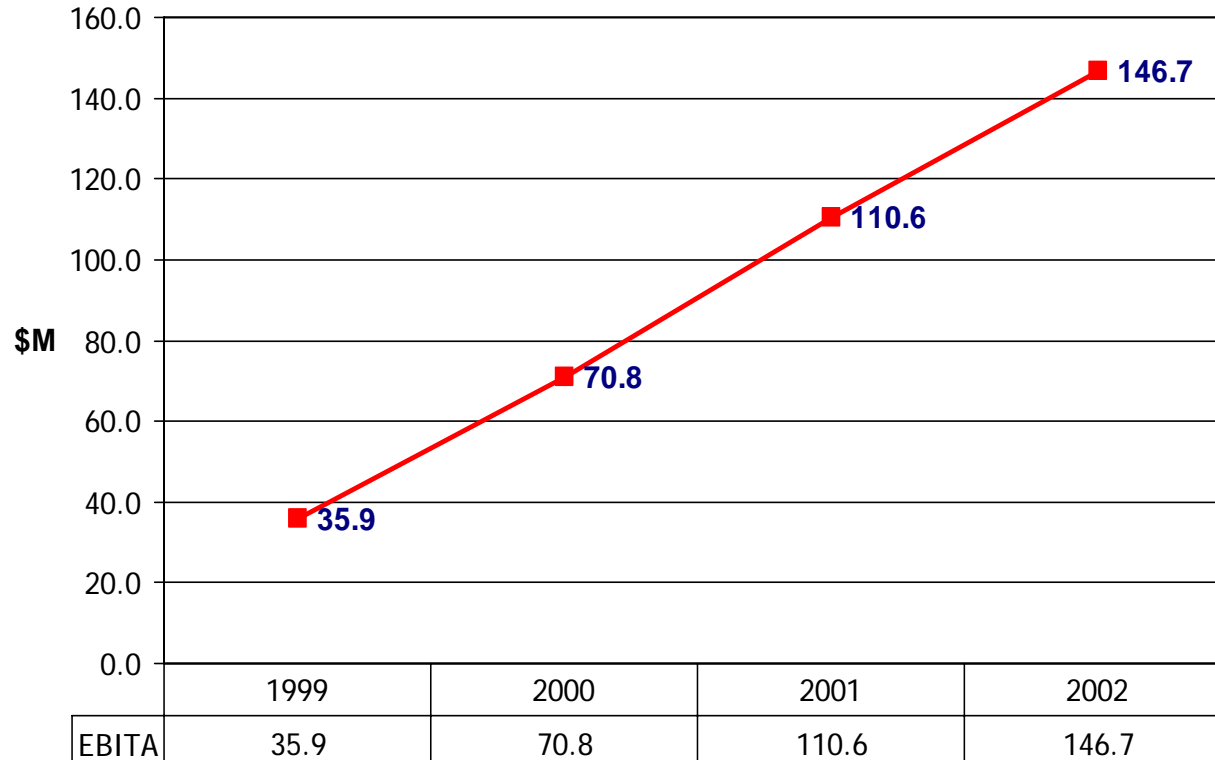
Sonic Australian Pathology Revenue

- Organic Revenue Growth of Australian Pathology = 6.32%
 - Acquisitions excluded
 - AHC contract loss excluded
- Sonic market share gain
 - Sonic growth 6.32%
 - Industry growth ~ 5%

Pathology acquisitions impacting 2002 revenue

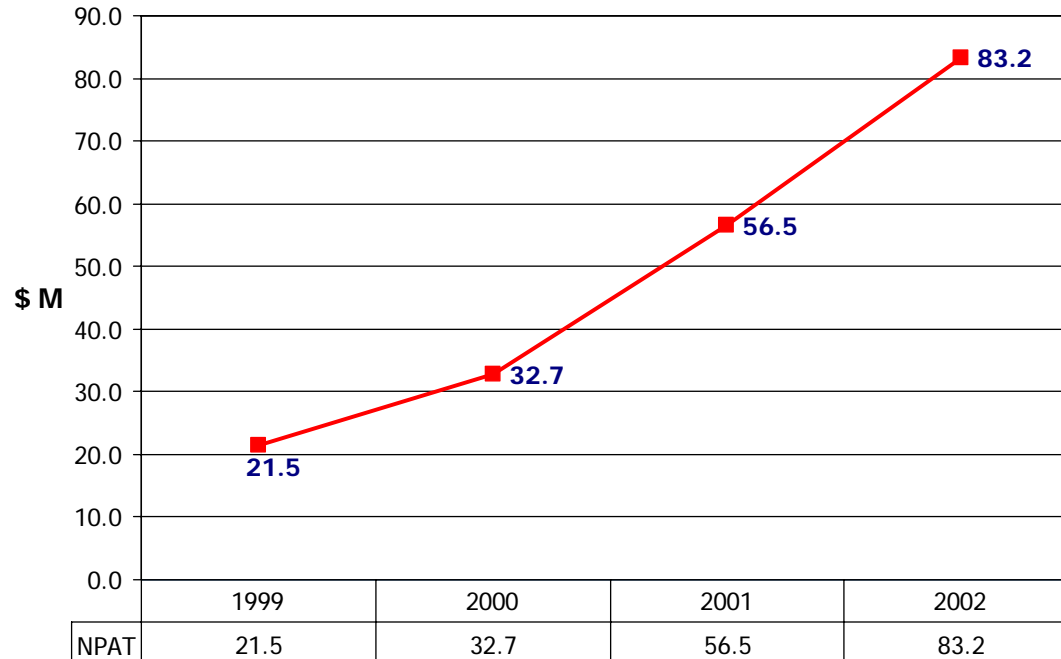
Townsville (1.2.01)
IML (6.7.01)
Clinipath (1.8.01)
Cairns (1.9.01)
E-Path (1.3.02)
TDL (10.4.02)

EBITA (\$M)



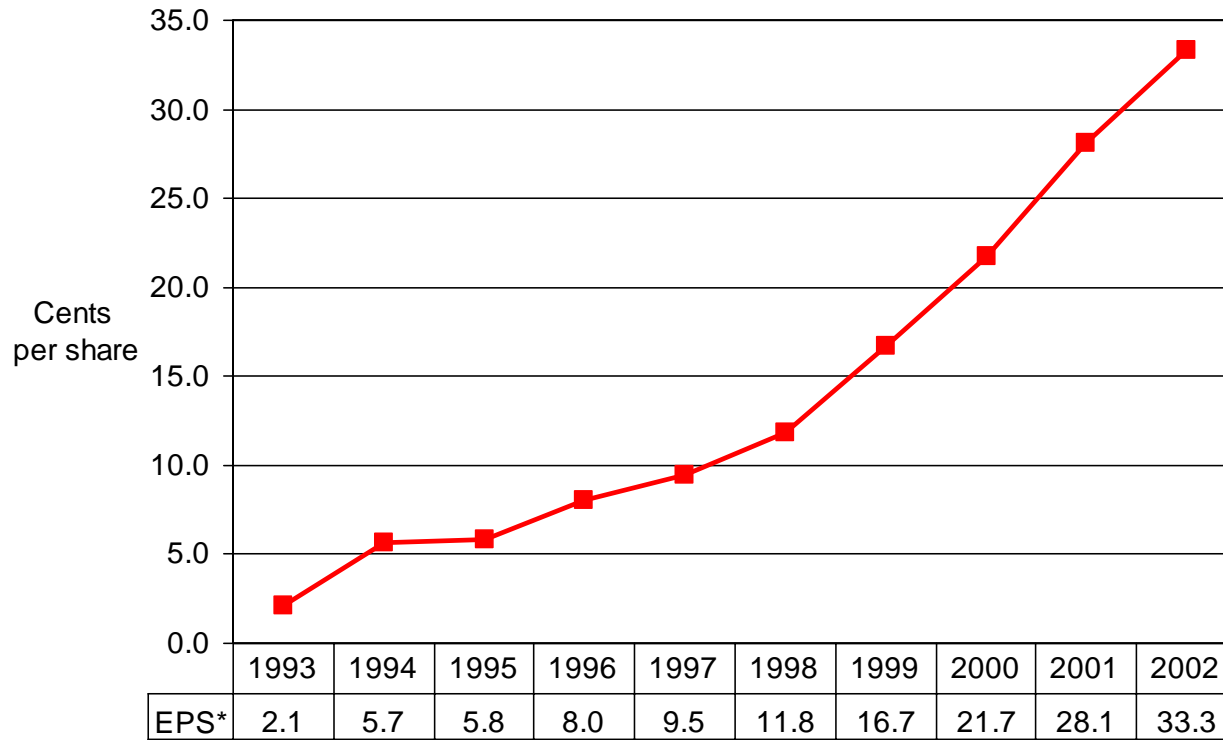
Note: EBITA includes SciGen

NPAT (Normalised)



NPAT (Normalised) = NPAT before Amortisation of Intangibles

10 Year EPS* History







*Earnings per Share (before Amortisation of Intangibles)


2003 Guidance

	2002(A)	2003(F)	
		Low	High
Revenue (\$M)	860	970	980
EBITA (\$M)	147	172.0	176.4
EBITA Margin (%)	17.1	17.75	18.00

- Assumes no new acquisitions
- Assumes current foreign exchange rates

EBITA Margins

1999	20.7%		Sonic pre-SGS acquisition (NSW and SA pathology operations only).
2000	17.9%		SGS acquisition in December 1999. SGS EBITA margins 13.8% at time of acquisition. Sonic margins diluted.
2001 (1 st Half)	17.3%		Early SAT synergies commencing to flow. First full year of SGS dilution evident.
2001 (2 nd Half)	17.8%		Seasonal – better 2 nd half.
2002 (1 st Half)	15.7%		Dilution effect of low margin acquisitions (IML, Clinipath, E-Path, PMI, SKG, Cairns, Townsville). Melbourne event.
2002 (2 nd Half)	18.3%		Seasonal - better 2nd half; Melbourne Pathology turnaround; Strong revenue growth; SAT synergies.
2002 Full Year	17.1%		
2003 (F)*	17.9%		

 = Dilution effect of low-margin acquisitions

* 2003(F)=17.75-18.00%

EBITA Margins include SciGen

EBITA Margin Improvement in 2nd Half

- Seasonal variation
 - 2nd half better than 1st half
- Melbourne Pathology turnaround
 - 1st half EBITA margin ~8%
 - 2nd half EBITA margin ~15%
- Margin improvement in other lower margin acquisitions
 - IML, Cairns, Townsville, Clinipath, E-Path
- Organic revenue growth
- TDL contribution in 2nd half
- SAT synergies
 - Purchasing, IT, Printing, Benchmarking

Margin Expansion: Case Study I

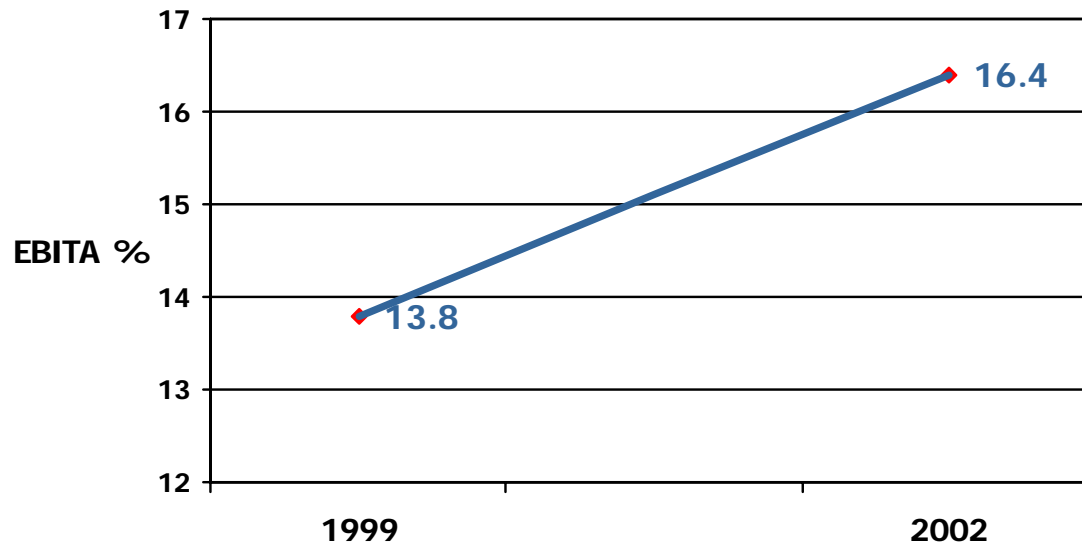
Melbourne Pathology (MP)

- EBITA margins in years prior to merger ~10%
- 1st Half 2002 margin ~8%
- 2nd Half 2002 margin ~15%
 - Outperformance
 - 15% - highest in MP's history!
 - Anticipate >15% in 2003
- MP Transformation
 - New laboratory
 - New workflow
 - New IT system
 - New management

Margin Expansion: Case Study II

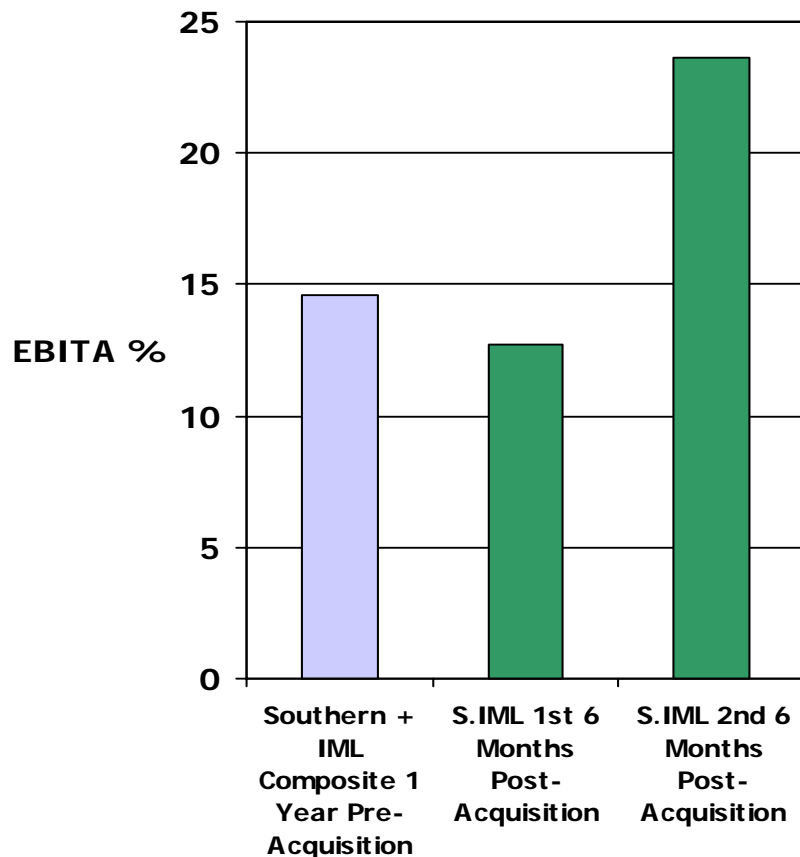
SGS Medical Group

- SGS Acquisition 1 December 1999
- SGS EBITA Margin 13.8% at acquisition
- SGS EBITA Margin 16.4% in FY 2002



Margin Expansion: Case Study III

Southern.IML Pathology



- IML Acquisition 6 July 2001
- IML EBITA margin 6.5% at acquisition
- Southern Pathology merged with IML to form Southern.IML Pathology
- S.IML EBITA margin >20% in 2nd half 2002

Pathology Fee Agreement

- Tracking within parameters of Agreement
 - 3 year total spend ~\$3.5 billion
 - ~0.2% (\$6.4 million) variation from agreed industry spend
- No fee reduction envisaged
- Published Medicare growth rates are not comparable with the 5% "Cap"
 - Health Program Grants
 - Private insurance initiative
 - Changes to Schedule
- Agreement expires 30 June 2004
 - Industry and Government anticipate new "cap" agreement in 2004

Sonic Imaging

- Imaging providing ~25% of Sonic's annualised revenue
- All entities tracking in line with budget
 - SKG margin expansion excellent since acquisition
- Imaging Sonic Executive Committee (ISEC)
 - Coordination of operations and synergies
- RADSATS
 - Formation of 8 Radiology SATs
 - Platform for operational efficiencies
- Combined pathology/radiology diagnostic centres
 - Roll-out continues
- Castlereagh Imaging
 - New CEO appointed – Dr Alice Killen (ex-CEO Mater Hospital, Sydney)

Radiology Fee Agreement

- Industry expenditure tracking close to agreed parameters
- No fee reduction envisaged
- Agreement expires 30 June 2003
- Industry and Government anticipate new “cap” agreement

UK Acquisition - TDL

- Business tracking strongly
- Organic revenue growth
 - 2002 Annual Growth 16%
 - 2003 (F) Annual Growth ~20%
- Forecast 2003 Revenue ~£21 million
- Forecast 2003 EBITA of ~£7million

TDL Operations

- Excellent service provision and market standing
- Strong financial performance
- Sonic/TDL exploring NHS and private market expansion
 - A medium term strategy
 - Strategy does not require further UK acquisition in short term
- New laboratory under consideration – Capex <£1 million
- TDL included in Sonic SAT synergy program
 - Including purchasing, lab design, benchmarking
- Sonic and TDL management working well together
 - Sonic and TDL have similar cultures
 - Common medically-focused management styles

SciGen

- SciGen spin-out plan in progress
 - 65% of SciGen to be owned by Sonic shareholders
 - Sonic to inject cash of ~\$23 million (net)
- De-merger process
 - Capital reduction and distribution in specie
 - New demerger tax provisions expected to apply
- Timetable
 - Documents to be lodged with ASIC shortly
 - Potential for listing by November 2002
- Transaction remains subject to approvals
 - Shareholder
 - ASX
 - ASIC
 - Court

SciGen Operational Update

- Vietnam
 - Hepatitis B Vaccine registration completed
 - Opportunity for Government contract
 - Significant private market
 - Staff recruitment - Country Manager, Regional Manager, Sales Team
- India
 - Insulin registration expected September 2002
 - Contracts signed for sales, marketing and distribution of SciGen products with Ranbaxy Laboratories and Shreya Health and Life Sciences
 - Initial Insulin orders received
- Singapore
 - Hepatitis B Vaccine registration expected soon
- Korea
 - Human Growth Hormone registration complete
 - Sales team being established

Foundation Healthcare Alliance

- Alliance agreement and equity transferred to the newly restructured Foundation/Lifecare entity
- Sonic achieving significant revenue growth from Foundation medical centres
- Alliance plus Equity value
 - Auditors have signed off on the DCF valuation
 - Valuation uses conservative discount rate of 10%
 - Valuation significantly higher than the carrying value of the investment

Sonic Business Strengths

- **Sonic Reputation** – Strong position in Australia, NZ, UK, HK
- **Sonic Business Model** – Stable, ethical and growing
- **Sonic Management** – Experienced and stable
- **Sonic Core Values** – Respecting our people
- **Diagnostic Markets** - Stable and growing
- **UK Acquisition** – TDL financial strength and growing
- **UK Acquisition** – Sonic entry into new growth markets
- **Organic Revenue Growth** – 15 year consistent history
- **Acquisitional Growth** – History of successful integrations
- **Synergies and Rationalisation** – Margin expansion
- **EPS Growth** – 10 year consistent history

Conclusion

- Revenue growth ongoing
- Earnings growth ongoing
- Margin expansion ongoing

	2002(A)	2003(F)	Growth (%)*
Revenue	\$860M	\$970-980M	13.4%
EBITA	\$147M	\$172-176M	18.4%
EBITA Margin	17.1%	17.75-18.00%	

*Growth rate based on mid-point of range

Forecasts assume no new acquisitions



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