SONIC HEALTHCARE

Financial and Operational Review

Year to 30 June 2010

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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 24 August 2010 and includes earnings figures restated on a "constant currency" basis.

Financial Summary - Statutory

		FY 2010	FY 2009
Revenue	A$M	2,995	3,014
EBITDA	A$M	544	425
NPAT	A$M	293	171
Operating cash flow	A$M	429	430

- Revised FY 2010 guidance achieved (NPAT A$290-295 million)
- FY 2010 – impacted by currency exchange rate movements
- FY 2009 – impacted by Non Recurring Items (mainly related to Auckland, New Zealand pathology contract)

Financial Summary - Operating

		FY 2010 CONSTANT CURRENCY	FY 2010 vs FY 2009 GROWTH
Revenue	A$M	3,259	8%
EBITDA	A$M	591	2%
NPAT	A$M	317	1%

Adverse impacts on FY 2010 earnings growth

- NPAT ~A$18 million – Australian regulatory change impacts
  - Queensland pathology – temporary loss of market share
  - Low Australian pathology market volumes
  - Radiology
  - Effect vs original FY 2010 guidance: NPAT A$30-35 million (announced May 2010)
- NPAT ~A$9 million – Loss of Auckland laboratory contract (announced previously)
- NPAT ~A$3 million – Acquisition costs expensed (new IFRS rule)

- *FY 2010 constant currency – presented using FY 2009 exchange rates*
- *Growth presented using FY 2009 ordinary earnings*

FY 2011 Guidance
NPAT growth range expanded

	FY 2011 Guidance
Net profit after tax (NPAT) growth	5 - 15%

- Rationale for wider guidance range – Australian pathology
  - FY 2011 guidance given May 2010 assumed earlier return to normal market growth rates
  - Expect growth to return by November 2010 (anniversary of fee cuts)
- Guidance
  - Based on FY 2010 NPAT of A$293million
  - On constant currency basis (FY 2010 rates)
  - Excludes new acquisitions
- Earnings strongly weighted to second half of financial year

Dividend

	2010	2009	Change
Interim Dividend	$0.24	$0.22	9.1%
Final Dividend	$0.35	$0.35	0.0%
Full Year Dividends	$0.59	$0.57	3.5%

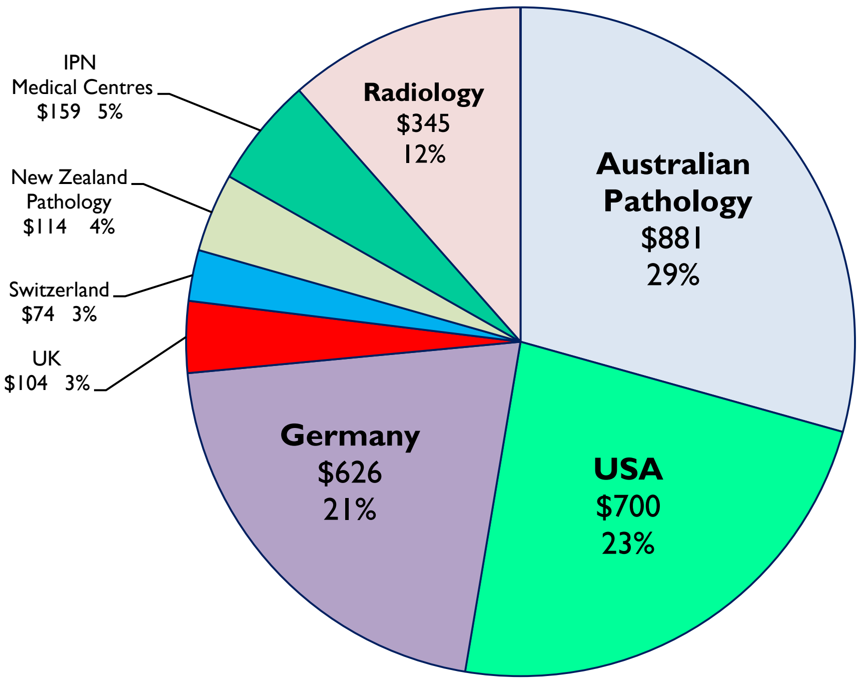
- Dividend franked to 35%
- Record Date 14 September 2010
- Payment Date 28 September 2010
- Dividend Reinvestment Plan remains suspended

Operational Highlights

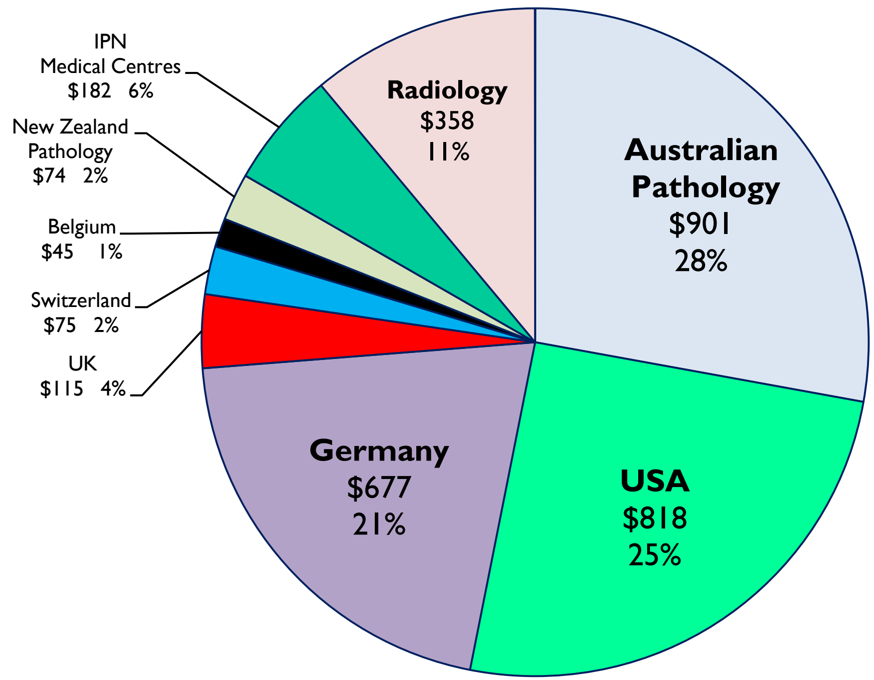
- Business expansion
  - 4 synergistic pathology acquisitions in FY 2010
  - Prime Health synergistic acquisition by IPN
  - Contract wins – BMI (60 UK hospitals), Irish cytology, Macquarie University Hospital
  - Ongoing organic growth in all key markets
- Entry into Belgian laboratory market
  - Acquisition of Medhold Group completed 12 Feb 2010
  - Relocation to state-of-the-art Antwerp facility completed
  - Active M&A pipeline
- Cost control and synergies
  - Mergers in USA and Germany
  - Global purchasing
  - Ongoing efficiency programs
- Stable regulatory environment in USA and Europe
- Appointment of 2 new Non-Executive Directors
  - Ms Kate Spargo
  - Dr Jane Wilson

Sonic Revenue Split
FY 2009 vs FY 2010

FY 2009



FY 2010 (constant FX)



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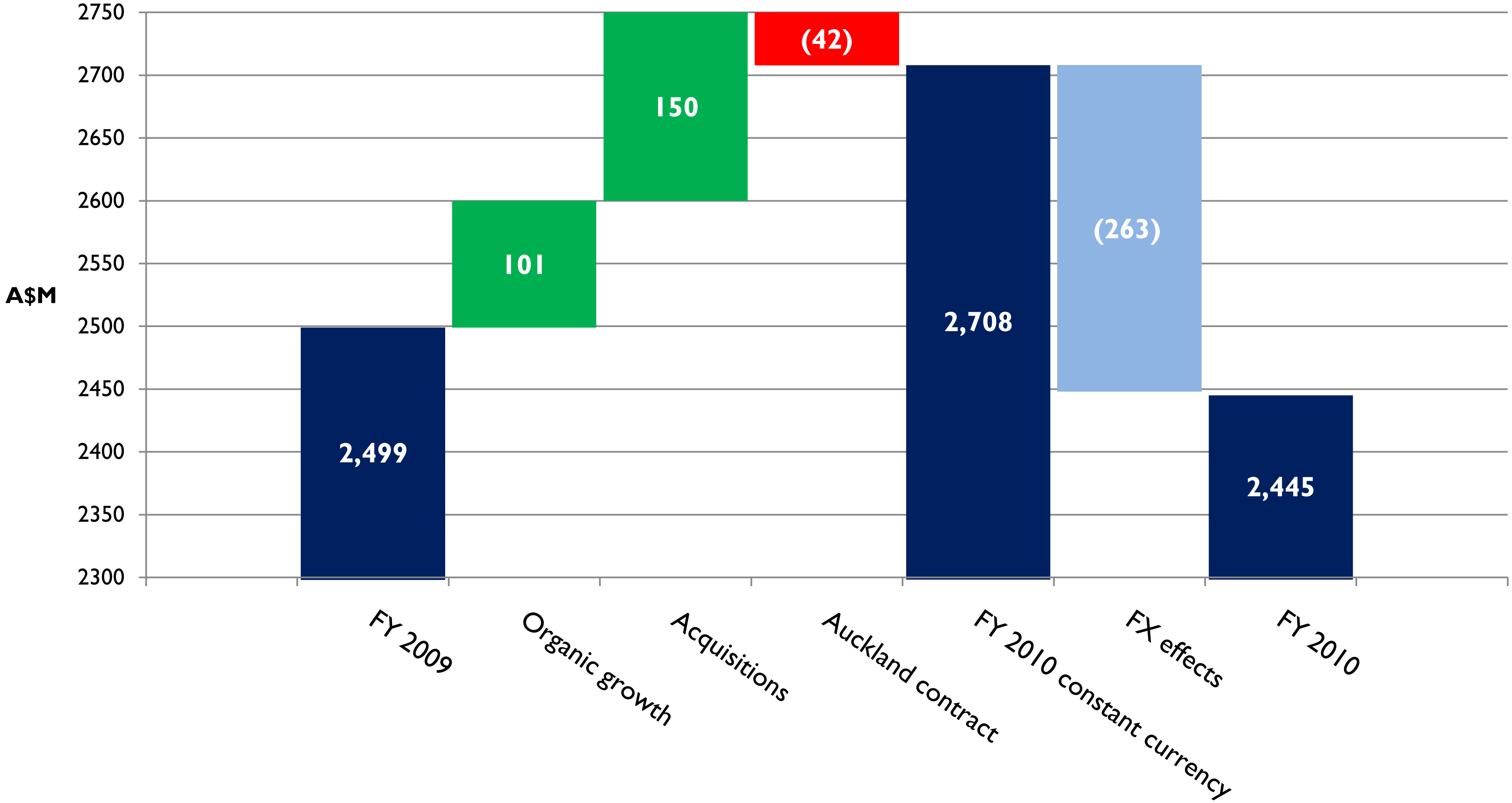
Organic Revenue Growth

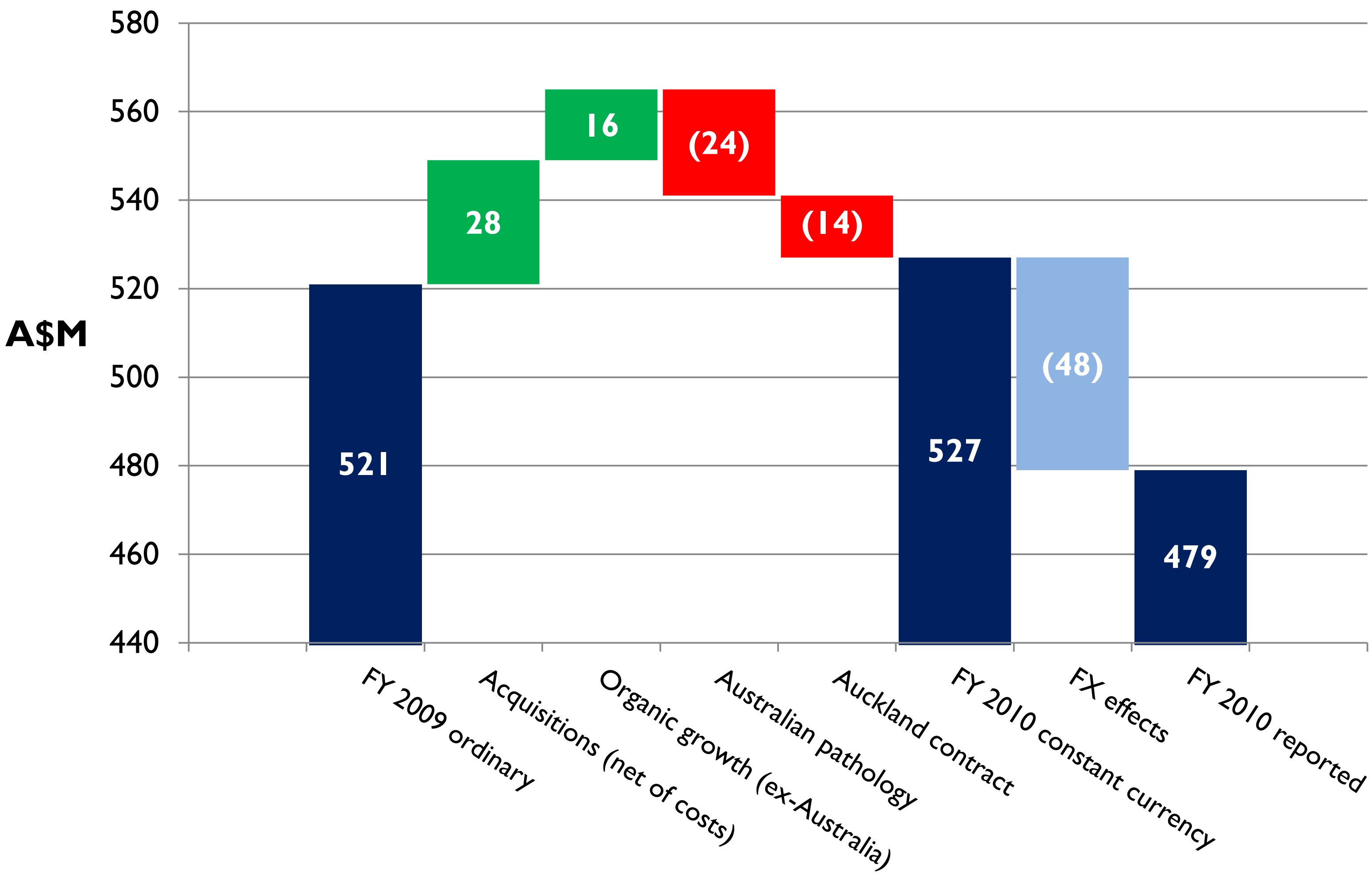
	Organic Revenue Growth* Acquisitions excluded
Australian pathology	2.3%
USA	6.3%
Europe	4.0%
Radiology	3.5%

** Constant currency basis*

Pathology
Global Revenue Contribution



Pathology
Global EBITDA Contribution



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Australian Pathology
Growth Dynamics

- Sonic commands strong market position
  - Clear market leader in revenue and profitability
  - Resilient, premium brands
  - Leading position in specialist and hospital markets
- Sonic growth
  - 2.3% organic revenue growth FY 2010 vs market growth of <1%
  - 4.2% organic revenue growth FY 2010 (ex-Queensland)
  - Achieved in setting of fee cuts, low market growth and temporary growth decline in Queensland
  - Sonic has gained ~0.5% volume market share (ex-Queensland) in FY 2010
  - Queensland volumes now fully recovered
  - Fee cuts offset via billing changes (ex-Queensland)
- Market growth
  - Volume growth remains abnormally low in recent months
  - Current volume growth on last year's high base (swine flu epidemic)
  - Growth expected to recover from Nov 2010 – anniversary of low growth cycle

Australian Pathology
Regulatory Issues

- Medicare fee cuts
  - Industry agreement (MOU) unilaterally terminated by Government
  - 2% fee cut from July 2008 (A$180 million over 4 years)
  - 5% fee cut from Nov 2009 (A$416 million over 4 years)
- Abolition of capped collection centre scheme (from 1 July 2010)
  - Previous capped system designed to limit uncontrolled demand and industry cost
  - Blowout in new collection centres with ~700 new centres already added to existing 2,400
  - Almost all new collection centres placed in GP surgeries, with GP landlords
  - Majority of new centres are defensive in nature (located in premises of existing referrers)
  - Additional industry cost with no benefit to patients
  - Additional collection centres likely to trigger demand growth
- Sonic collection centres
  - Sonic has opened ~130 new centres to date
  - Sonic's strong specialist and hospital referral base not affected (~45% of revenue)
  - Sonic to continue growing market share with relatively fewer new centres

USA

- Sustained strong performance from Sonic USA
  - Revenue growth – 16.6%, organic growth 6.3%
  - EBITDA growth – 19.1%
  - Margin expansion – 50 basis points (follows >200 bps gain last year)
- Integration of acquisitions
  - East Side (Rhode Island) integrating with Sunrise (NY operations)
  - Piedmont Medical consolidated with Virginia operations
  - Axiom (Tampa, FL) consolidated with Florida operations
- Infrastructure for growth in Sonic's key markets
  - Sunrise (NY) – relocating to 10,000 square metre building in September
  - CPL (Austin, TX) – 3,500 square metre laboratory extension completed
  - AEL (Memphis, TN) – relocating to new, purpose built 8,000 square metre lab in December
- Regulatory outlook
  - Minor Medicare fee reduction, equivalent to ~0.5% of billings from Jan 2011
  - 30 million more insured lives (Obama Reforms) ⇨ increased demand from 2014
- Acquisition pipeline active

Germany

- Financial performance
  - Organic revenue growth >3%
  - Margin expansion of 20 bps (follows >100 bps expansion in FY 2009)
  - Despite fee cuts in early 2009
- Synergy gains on track
  - Initial synergy target of €15 million p.a. ~70% achieved to date
  - Synergy target expected to be exceeded
  - Mergers: Hamburg lab merger completed, two more planned for 2011
  - Courier rationalisation in process
  - Further synergies: purchasing, equipment servicing, centralisation of testing
- Stable fee environment
  - No changes expected to public (EBM) or private (GOÄ) fee schedules
- Management
  - Establishment of German head office in Berlin
  - Appointment of CEO, Sonic Healthcare Germany – Mr Evangelos Kotsopoulos (to relocate from Sydney to Berlin)

Sonic Imaging

- Organic revenue growth 3.5%
- Earnings maintained
- Revenue and volume
  - Medicare fee increase in Nov 2009 only applicable to bulk-billed items
  - Strong growth in MRI and nuclear medicine
  - Competition from bulk-billing public hospital and other providers
  - Lower industry CT volumes in second half of year
- Efficiency benefits in FY 2011 from Sonic's new broadband network
  - Particularly in regional areas
- Committed and loyal radiologists and staff

Sonic Debt Summary
Investment Grade Credit Metrics

		30 Jun 10	31 Dec 09	30 Jun 09
Net interest-bearing debt	A$M	1,501	1,149	1,198
Gearing ratio	%	37.0	31.3	32.0
Interest cover	X	9.4	9.7	6.5
Debt cover	X	2.6	1.9	2.2

- Long-term (7-10 years) US debt raising completed Jan 2010 – US$250 million
- Bank debt tranche (A$450 million equivalent) refinanced for 5 years in April 2010
- Current available headroom ~A$465 million (after final dividend payment)

- *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*

Outlook

- Sonic Healthcare in strong position in key markets
  - Australia, USA, Germany
- Strong growth and synergies in USA and Europe
  - Critical mass, integration prospects, outstanding management teams
- Australian pathology market
  - Normal growth trend will resume
- Underlying industry growth drivers remain strong
  - Ageing of population, preventative medicine, new tests
- Pipeline of synergistic acquisitions
  - USA, Germany, Belgium
- Investment grade balance sheet
- Earnings growth to resume
  - 5-15% NPAT growth FY 2011

Thank You