SONIC HEALTHCARE

Financial and Operational Review
Year to 30 June 2008

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CEO and Managing Director

21 August 2008

FY 2008 Highlights

- Outstanding performance with record result
- Strong revenue, earnings and cash flow growth
- Guidance achieved despite currency headwind
- Synergy / margin expansion in USA and Germany
- Sonic well set for ongoing growth

2008 Financial Highlights

	Growth 2008 vs 2007
Revenue	26%
EBITA	17%
NPAT	24%
EPS	12%
Cash Generation	24%
Dividend (full-year)	13%

FY 2008 Guidance Delivered

	FY 2008 Guidance	FY 2008 Actuals	FY 2008 Constant currency basis*
Revenue growth	"20 – 25%"	26%	30%
Earnings per share growth	">12%"	12.2%	14.7%

* FY 2008 actuals at FY 2007 currency exchange rates

Revenue

Acquisitions impacting FY 2008 revenue

	2008 (A$M)	2007 (A$M)	Growth (%)
Total Revenue	2,380	1,886	26%

	FY 2006/7												FY 2007/8											
ACQUISITION	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
AEL (USA)																								
Medica (Switzerland)																								
Sunrise (USA)																								
Bioscientia (GER)																								
Gemini (IPN – AUS)																								
Others (small)																								

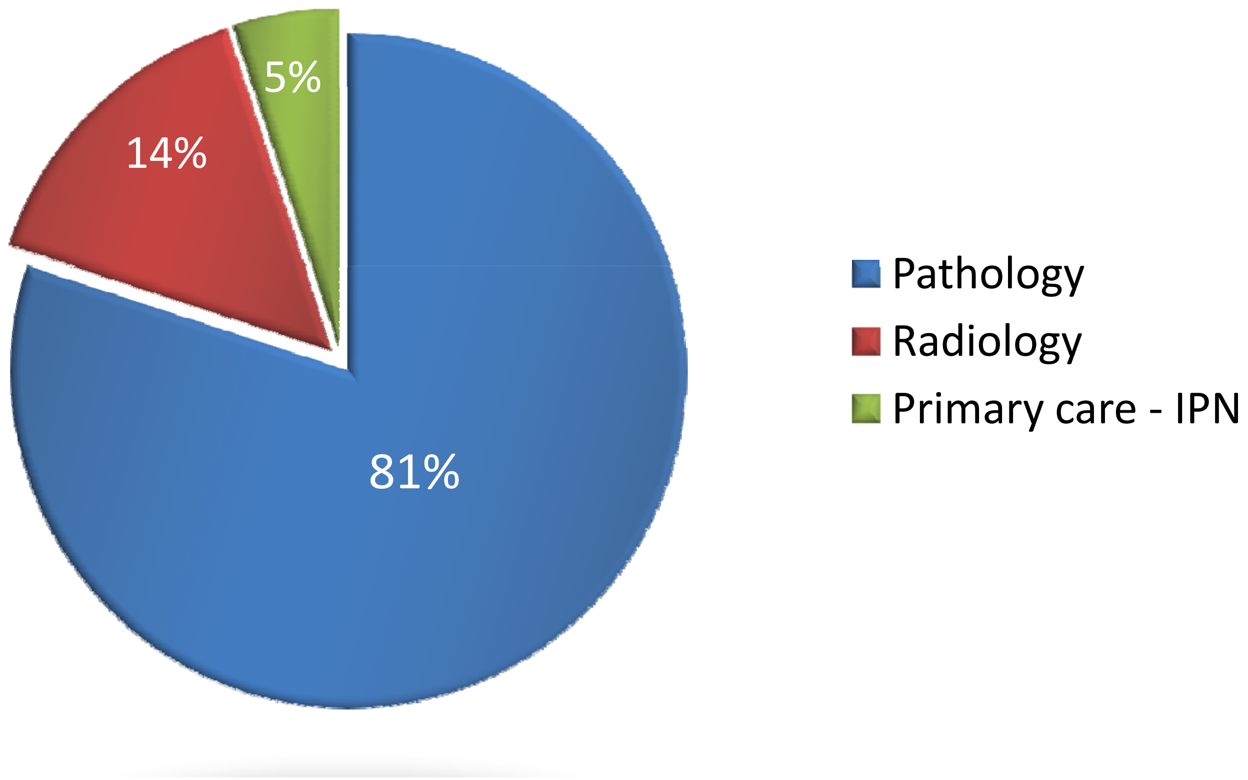
Revenue FY 2008

	2008 (A$M)	2007 (A$M)	Growth (%)
Total Revenue	2,380	1,886	26%

- Total organic revenue growth (excluding acquisitions) >7%
- Australian pathology organic revenue growth ~8%
- US organic revenue growth >8%
- UK organic revenue growth >10%
- Germany and Switzerland organic revenue growth strong
- Negative impacts on revenue growth
  - New Zealand pathology revenue growth flat
  - Radiology revenue growth 2%
  - Foreign exchange rate movements reduced revenue by A$77 million

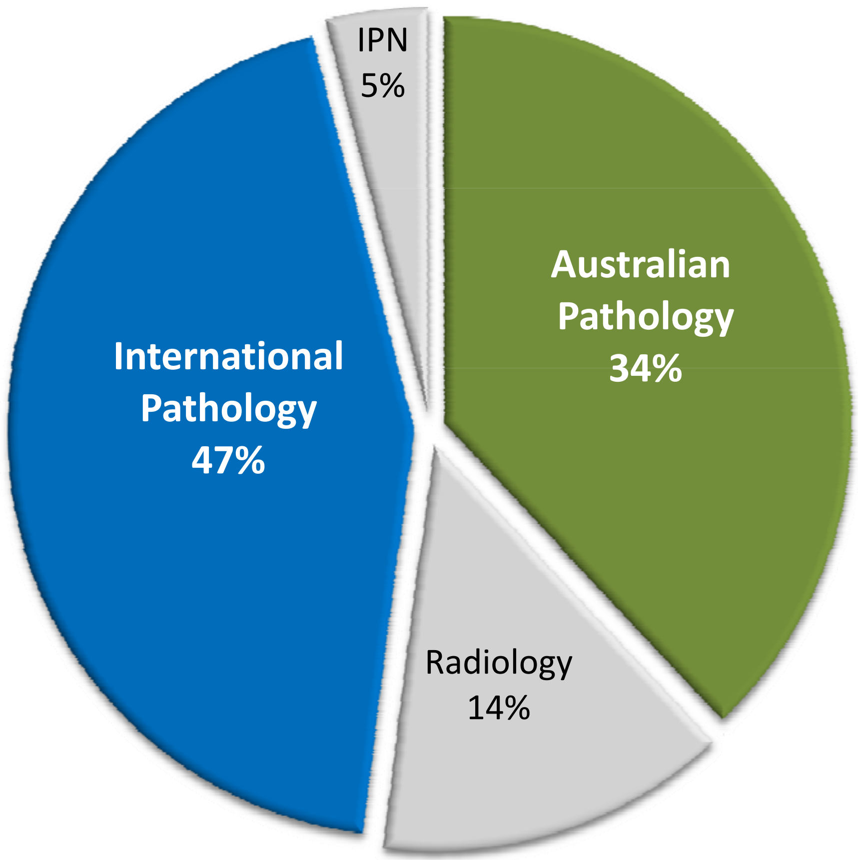
Revenue Mix

For full-year ended 30.6.08

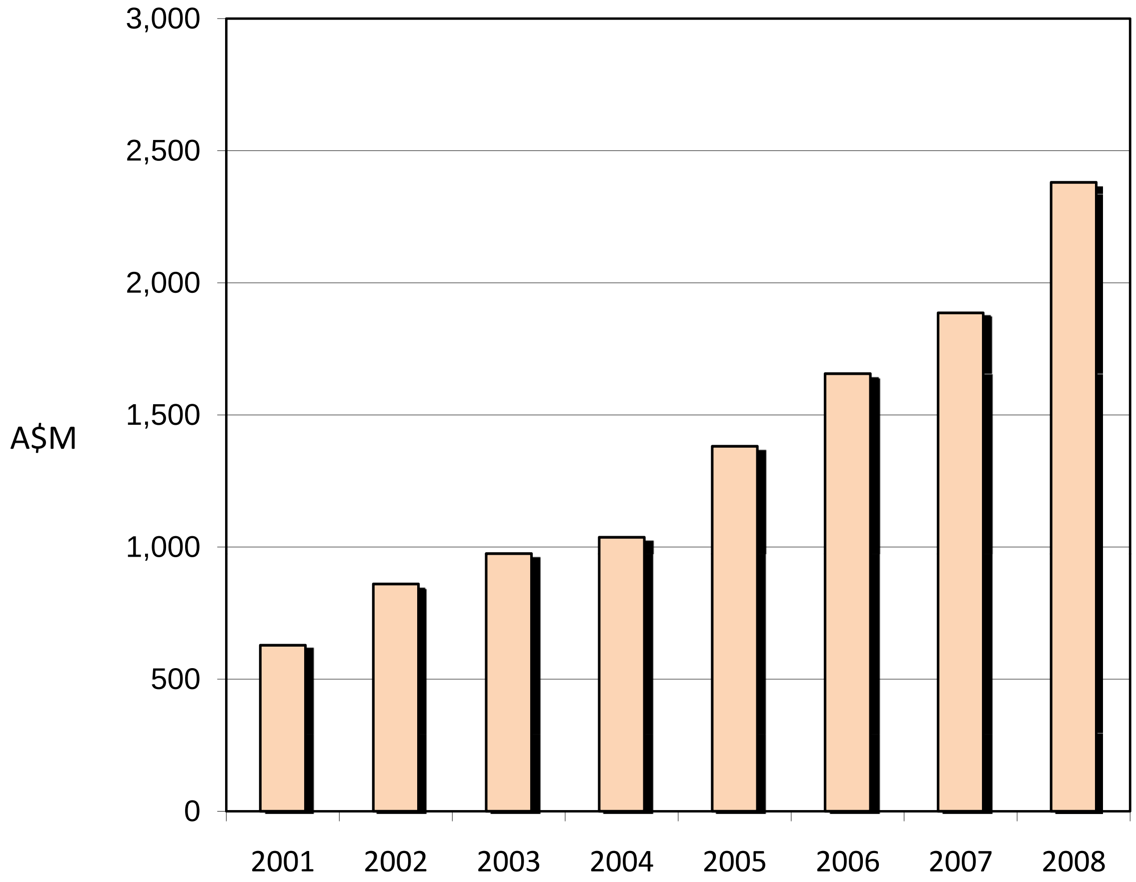


Sonic Revenue Mix

For full-year ended 30.6.08



Annual Revenue



Acquisitions impacting FY'09 revenue

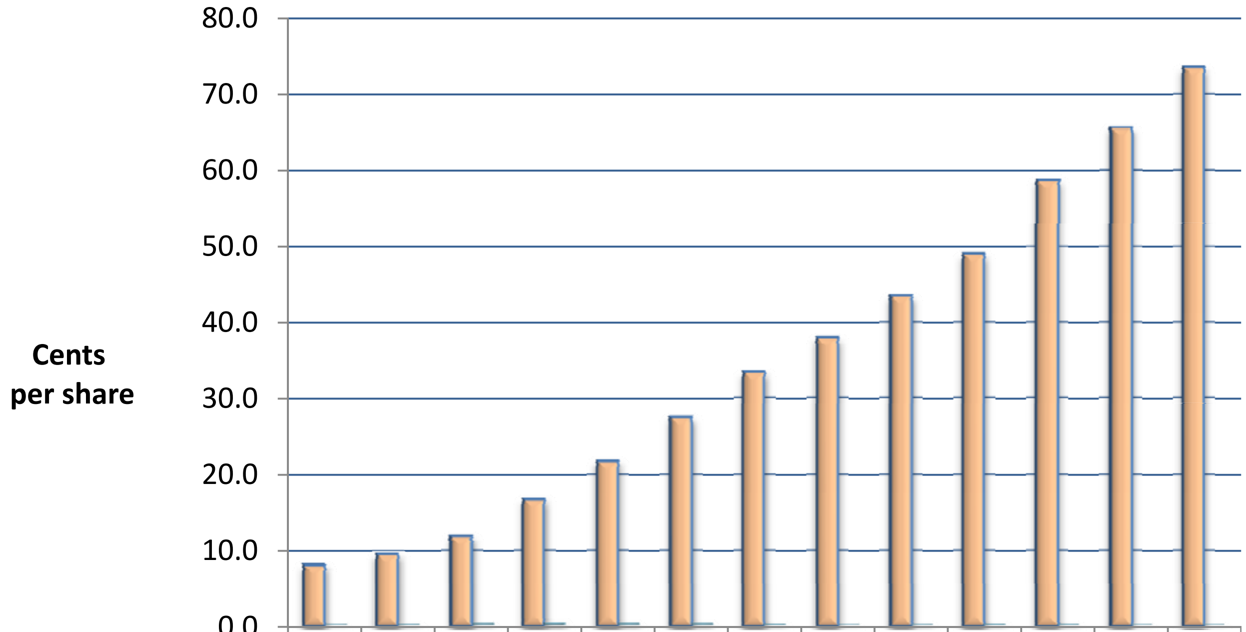
	FY 2007/8												FY 2008/9											
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
Sunrise (USA)																								
Bioscientia (GER)																								
Labor-28 (GER)																								
GLP Medical (GER)																								
Clin Labs Hawaii (USA)																								
Gemini (IPN – AUS)																								
Others (small)																								

Earnings Growth

		FY 2008	FY 2007	Movement
EBITDA	(A$M)	478.6	405.7	18%
EBITA	(A$M)	402.7	343.6	17%
NPAT	(A$M)	245.1	198.1	24%
EPS (diluted)	(cents)	73.5	65.5	12%
Cash Generation	(A$M)	331.9	267.9	24%

Earnings per Share

EPS and EPS Growth



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Core EPS (cents)	8.0	9.5	11.8	16.7	21.7	27.5	33.3	37.8	43.4	48.9	58.6	65.5	73.5
EPS Growth (%)	14%	19%	24%	42%	30%	27%	21%	14%	15%	21%	20%	12%	12%

13 consecutive years of double-digit EPS growth

Operating Margin

	FY 2008	FY 2007	Movement
EBITA Margin	16.9%	18.2%	(130) bps*

- Acquisitions dilute margins
  - Acquisition of businesses with lower operating margins than Sonic's average existing margins
- Radiology division – low growth, cost pressures
- New Zealand pathology – flat growth, flat margins
- Australian pathology – ongoing strong performance
- IPN – 160 bps margin expansion
- Germany /USA – significant H2 margin expansion

*bps = basis points of margin

Synergy – USA and Germany

EBITA Margin expansion

	H2 2008 vs H1 2008
USA	↑ 190 basis points
Germany	↑ >200 basis points

Includes northern hemisphere seasonal bias towards H2

Currency Exchange Impact

2008 Actual vs 2008 restated at 2007 FX rates

	2008 Actual	2008 @ 2007 FX
Revenue growth	26%	30%
EPS growth	12.2%	14.7%

FY'08 Guidance
20 –25%
>12%

- Revenue impact for year ~A$77 million
- NPAT impact for year ~A$5.5 million
- EPS impact for year 1.7 cents (75.2 vs 73.5 cents)

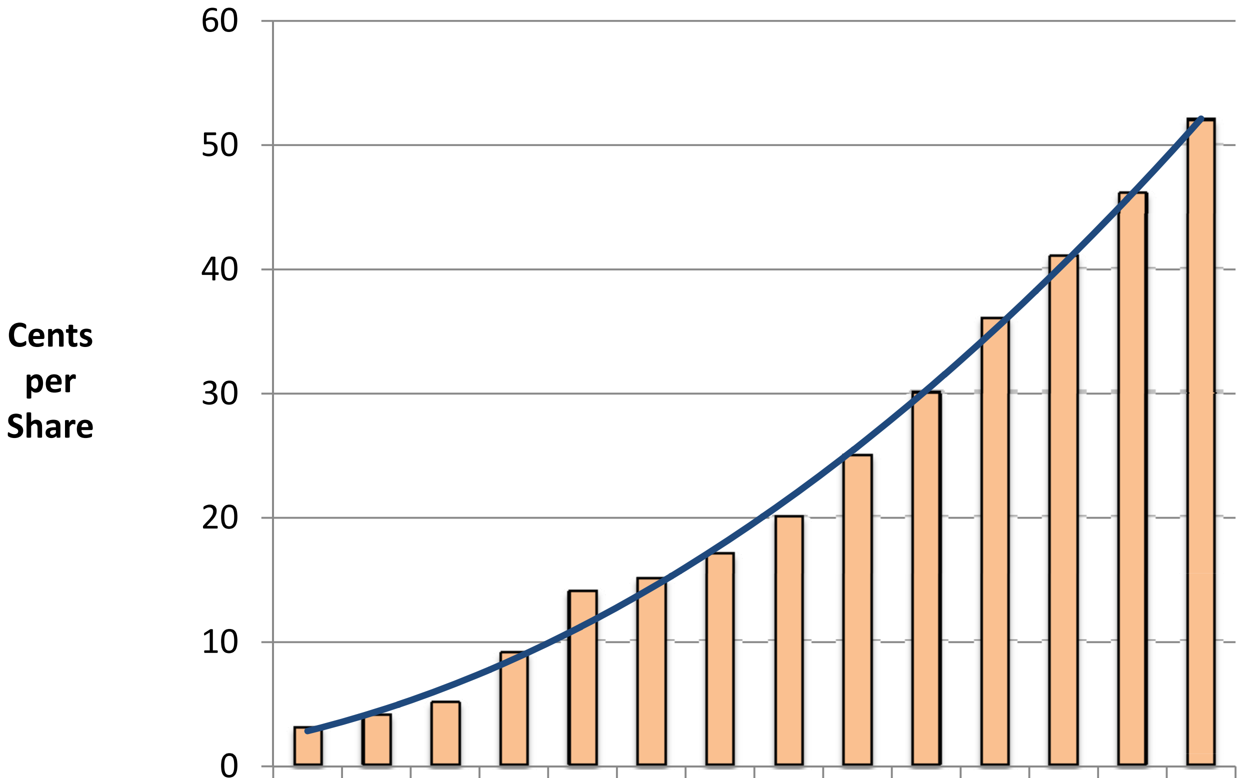
Dividend

	2008	2007	Change
Interim Dividend	$0.20	$0.17	18%
Final Dividend	$0.32	$0.29	10%
Full Year Dividends	$0.52	$0.46	13%

- Dividend fully franked at 30%
- Record Date 12 September 2008
- Payment Date 9 October 2008
- Dividend Reinvestment Plan reinstated

Full-year dividend

14 Year History



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dividend (cents)	3	4	5	9	14	15	17	20	25	30	36	41	46	52

Dividend Reinvestment Plan (DRP)

- DRP activated for the first time since 2004
- Complements capital management strategy in light of recent and ongoing acquisitional growth
- Fully underwritten by Citi
- Total DRP raising ~$107 million
- Discount 2.5%
- Shares allotted on 9.10.08

Debt Summary

		30.6.08	30.6.07
Net Interest-bearing Debt	A$ M	1,238	1,139
Gearing (Net IB Debt/Market Cap.)	%	25.5	25.2
Net Debt / EBITDA	X	2.59	2.81
Interest cover (EBITDA / Net Interest)	X	7.38	8.04

Forecast net debt at 30 September 2008 – A$1,670 million

- Using exchange rates at 18 August, 2008
- Dependent on timing of settlement of acquisitions

Debt Structure

- Senior debt facility upsized November 2007 to A$1,750 million (7 banks)
- New A$160 million facility (July 2008) with 2 existing banks
- Headroom post-settlement of announced acquisitions (incl. IPN) ~A$310 million
- A$500 million senior debt tranche expires 15.3.09 – expect to refinance with existing banks
- Underwritten DRP to “fine tune” capital structure
- Debt held in foreign currencies as “natural” hedge
- No exposure to Australian interest rate changes

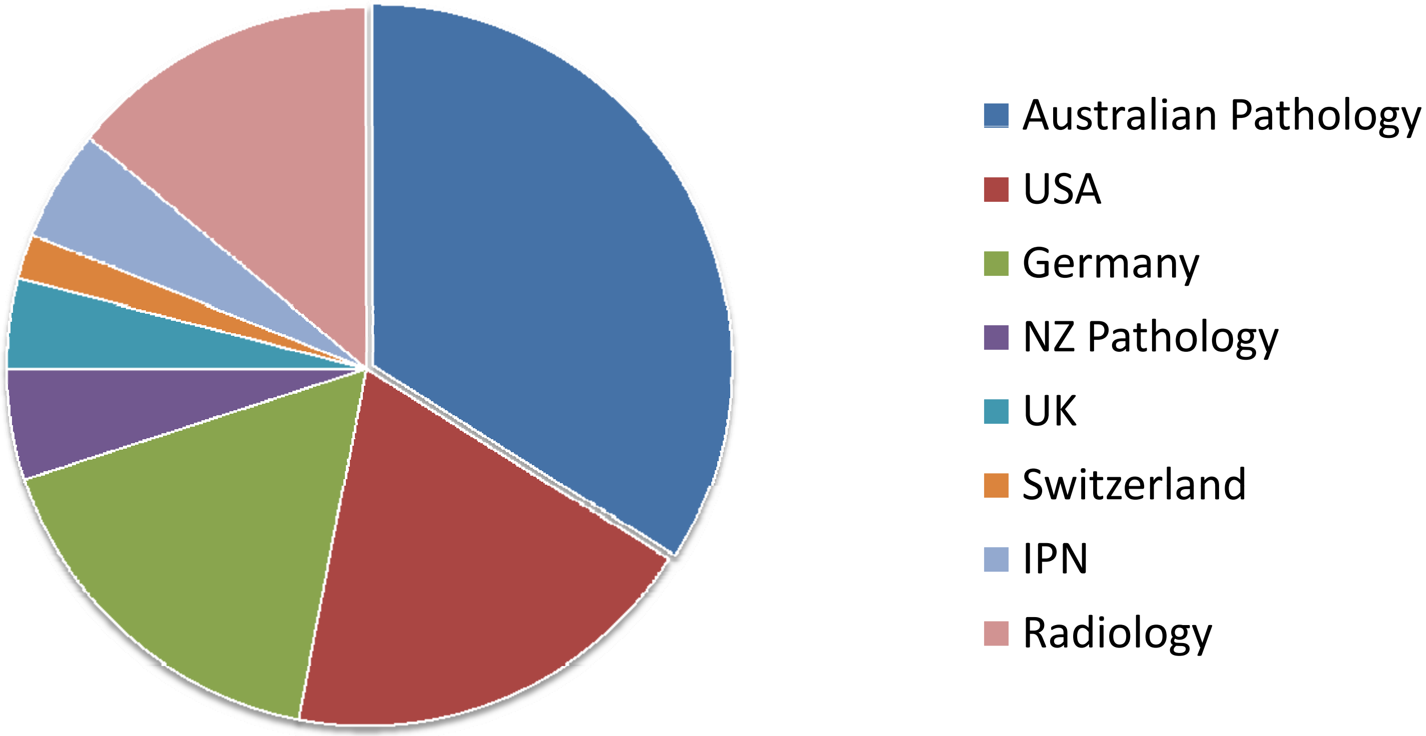
FY 2009 Guidance

	FY 2009 Guidance
Revenue Growth	>15%
Earnings per share	>10%

Variables:

- Foreign exchange rates
- Interest rates
- Assumes underwritten DRP
- Excludes new acquisitions

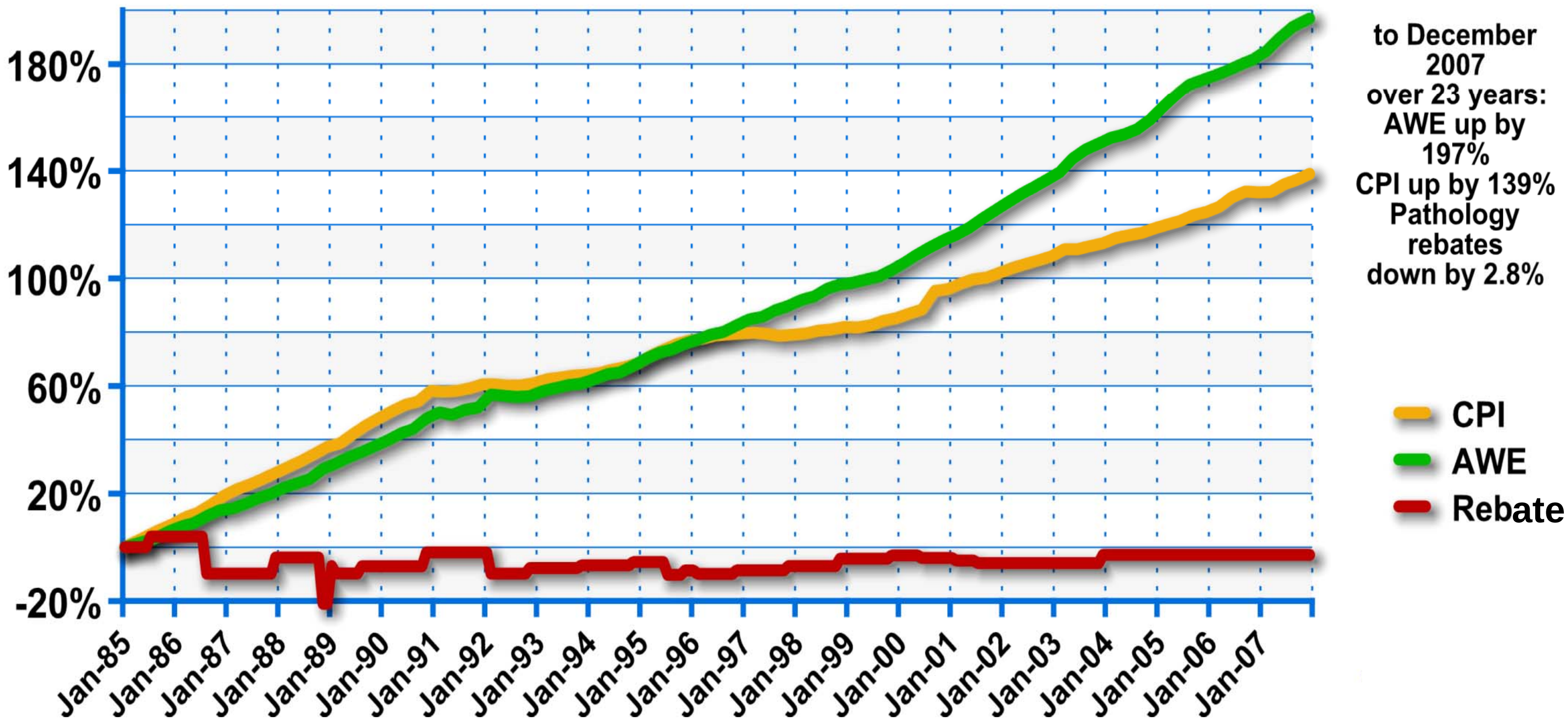
Operational Summary



Australian Pathology

- Revenue growth of Australian pathology division ~8%
- Anticipate ongoing market strength and synergies
- Australian Medicare reimbursement status
  - Rebate cuts in May 2008 budget
  - MOU ends 30 June 2009
  - Pathology strategic review by inter-departmental committee
  - Pathology industry association (AAPP) will have input into review
  - Understand review to be completed by end of calendar 2008
  - No rebate adjustments until review completed

Cost Indices and Medicare Rebates for Pathology Australia: 1985-2007



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USA

- Sonic Healthcare USA performing strongly
- Organic growth (excluding acquisitions) >8%
- Ongoing strong growth in New York area
- Synergy activity escalating
  - Internal mergers, centralisation, purchasing, IT, sales, marketing
  - Margin expansion of 190 basis points (H2 '08 vs H1 '08)
- Fee/pricing status
  - Medicare competitive bidding project terminated
  - Probable CPI-linked increase to Medicare fees from 1 January '09
- Growth
  - Earnings and margin growth via organic growth and synergy capture
  - Acquisition opportunities ongoing

Sonic Healthcare Germany

Central and branch laboratories

Germany

- Sonic Healthcare Germany
  - Schottdorf and Bioscientia organic revenue growth ~8%
  - Labor-28 (Berlin) – settled 1 July 2008
  - GLP Medical (Hamburg) – settlement expected September 2008
- Synergy benefits
  - >€10 million over 2-5 years (Schottdorf/Bioscientia) – 25% already locked in
  - Additional >€5 million over 2-3 years (Labor-28/GLP)
  - Focus on purchasing , couriers, equipment maintenance, vehicle leasing, laboratory rationalisation, inter-referrals, sales, marketing, IT, insurances
  - Cross border referrals from UK and Switzerland increasing
  - Sonic Germany margin expansion of >200 basis points (H2 '08 vs H1 '08)
- Management
  - Outstanding management team and pathologists
  - High levels of expertise and collaboration

Germany – Fee Reforms

- Private fee schedule (GOA)
  - No changes expected
- Public fees / Statutory health system
  - Direct billing of sickness funds by labs from 1 October 2008
  - GP discounts no longer possible
  - Will lead to higher average fee, added admin costs, possible lower volumes
- Self-referral labs
  - Non-laboratory specialists (gynaecologists, urologists, endocrinologists)
  - To be phased out over 5 years, commencing 1 January 2009
  - Tests should flow to private labs over time
- Impact of changes predicted to be beneficial to Sonic

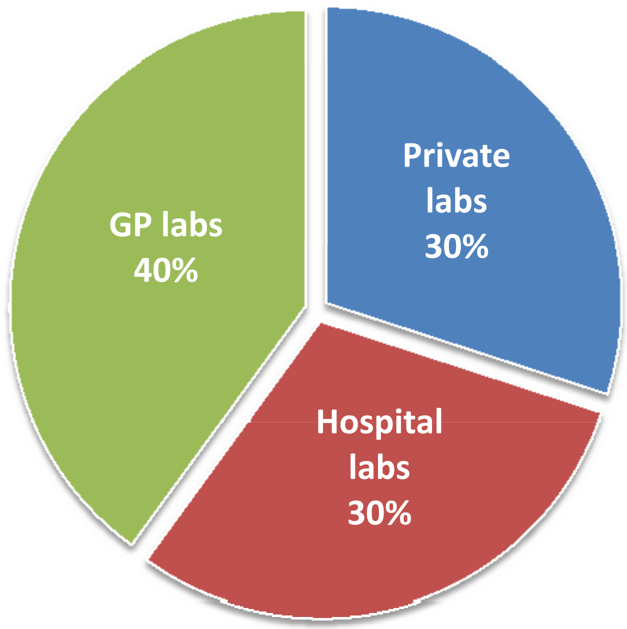
Switzerland

- Strong result for year
  - Solid revenue/earnings growth, with margin expansion
  - Strong management team
- Acquisition of Labor Prof. Krech
  - Completed 1 July 2008
  - 2 small labs: Zurich lab to close, Kreuzlingen lab to downsize
- Synergies
  - Prof. Krech lab fold-in benefits
  - Purchasing in tandem with Sonic Germany
  - Cross-border referrals to Sonic labs in Germany

Switzerland – Fee reforms

- Swiss government draft proposal to realign laboratory fee relativities
  - Price reductions for high-volume routine tests
  - Price increases for manual and esoteric tests
  - No resemblance to 10% across-the-board reductions in 2006
  - Formal consultation process with lab industry currently underway
- Potential impact for Sonic
  - Medica well equipped to manage changes
  - Medium-term positive
  - Small GP labs make up ~40 of lab market
  - GP labs perform mainly routine tests
  - GP lab closures augmented Medica revenue in 2006

Swiss Laboratory Market



Source: Sonic estimates

UK

- Robust revenue and earnings growth
- Harley Street market growth strong
- NHS contracts
  - UCLH contract progressing well
  - Ealing contract operating well (commenced 1 July 2008)
  - Termination of Beds and Herts tender process
  - Further outsourcing opportunities

New Zealand Pathology

- Revenue and earnings flat
- Outstanding laboratories, managers, pathologists
- Reimbursement structures forcing service contraction
- Auckland laboratory contact appeal process
  - Court of Appeal, Wellington, May 5-14
  - Appellant – Lab Tests Auckland (Healthscope)
  - Respondents – Auckland District Health Boards, DML (Sonic) and Harbour Primary Health Organisation
  - Judgement expected soon
  - Further right of appeal to Supreme Court of New Zealand

Radiology

- Difficult market conditions persisted through FY 2008
  - Cost and competitive pressures
  - Medicare reimbursement rates flat for >10 years
- EBITA margin compression of 1.6%
- Revenue growth ~2%
  - Competition and lower private billing levels
- Industry issues have stabilised
  - Cost pressures abating
  - Growth opportunities being pursued – new centres, contracts
  - Possible Medicare rebate increase

IPN

- IPN continues to perform strongly
- Financial highlights
  - Revenue up 29% to A$123 million
  - EBITDA up 32% to A$19.9 million
  - Net profit up 27% to A$8.7 million
- Ongoing growth via recruitment and acquisition
  - GP numbers have increased by 132 to 843 at year end
  - Medical centres have increased from 89 to 120
  - Gemini acquisition – scale and access to occupational health market
- IPN established as premium service provider to GPs
  - Clinical independence
  - High quality centres and GPs allow private billing

IPN – Acquisition of minority interests

- Sonic currently owns 71.47% of IPN equity
- Scheme of Arrangement underway to acquire outstanding 28.53%
- Fully supported by IPN Independent Directors
- Recommended by Independent Expert
- Proxies in favour already received from larger shareholders
- Scheme meeting – 11 September 2008
- If successful, implementation date is 30 September 2008

Future Growth

- European laboratory market
  - German synergies flowing
  - UK and Switzerland strong
  - Organic and acquisitional growth
- USA laboratory market
  - Synergies flowing
  - Organic and acquisitional growth
- Australian pathology market
  - Annual revenue >$800 million
  - Ongoing strong organic growth

The Sonic Difference

- Sonic culture embraced by staff and customers globally
  - Medical Leadership
  - Federation structure
  - Personalised service
  - Respect for our >20,000 people
- Sonic model underlies success to date
  - Strong, loyal and flexible leadership teams
  - Staff commitment
  - 13 years of double-digit EPS growth
  - High quality and service excellence
  - Outstanding reputation
- Future
  - Sonic model and culture will drive ongoing shareholder value

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Thank you