



Financial and Operational Review

Year to 30 June 2005

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CEO and Managing Director

23 August 2005

2005 Summary

- Sonic delivers record earnings result
- Sonic guidance (upgraded in Feb '05) exceeded
- Strong group revenue growth
- Full-year dividend up by 20%
- CPL (USA) acquisition a major growth step for Sonic
- Sonic in strong position to drive shareholder value

2005 Financial Highlights

	Growth 2005 vs 2004
Revenue	33%
EBITA	33%
NPAT	34%
Operating Cashflow	40%
Core* EPS	21%
EPS	31%
Dividend (full-year)	20%

2005 Guidance Delivered

Full Year 2005	Sonic Guidance \$M	Actuals \$M
Revenue	1,330 - 1,370	1,382
EBITA	245 - 260	261

Sonic 2005 guidance was upgraded in February 2005

Revenue 2005

	2005 (\$M)	2004 (\$M)	Growth (%)
Total Revenue	1,382.4	1,037.4	33.3%

- Acquisitions completed in FY 2005 include IPN, Endeavour Healthcare/Accord Pathology
- Strong organic revenue growth (excluding acquisitions) ~7%
- German laboratory (Schottdorf) delivered strong revenue growth

Revenue Growth 2006

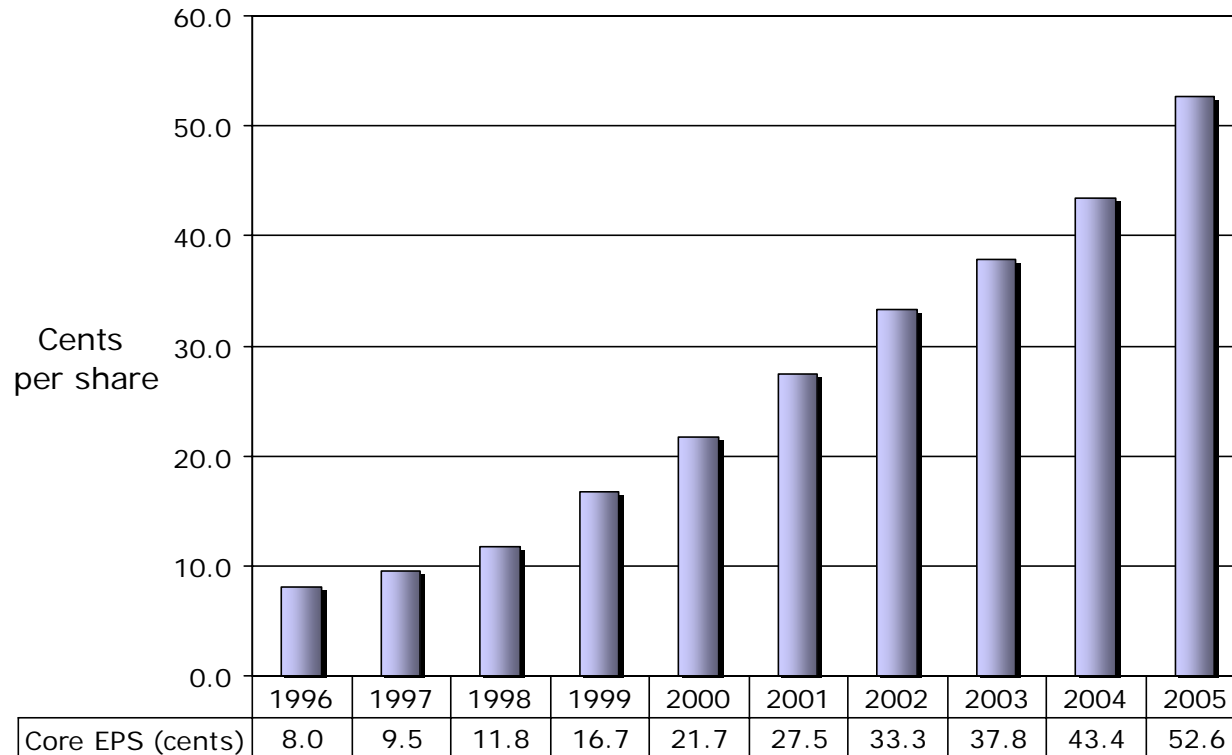
- CPL acquisition (from October 2005)
- IPN (consolidated from 26 August 2004)
- Endeavour/Accord acquisition from November 2004
- Sonic organic growth
- Possible new acquisitions

Earnings Growth

		FY 2005	FY 2004	Movement %
EBITA	(\$M)	261.1	196.6	32.8%
Core* NPAT	(\$M)	145.6	117.0	24.5%
Core* EPS	(cents)	52.6	43.4	21.2%
NPAT	(\$M)	77.5	57.6	34.4%
EPS	(cents)	28.5	21.7	31.3%
Cash Generation	(\$M)	218.3	156.3	39.6%

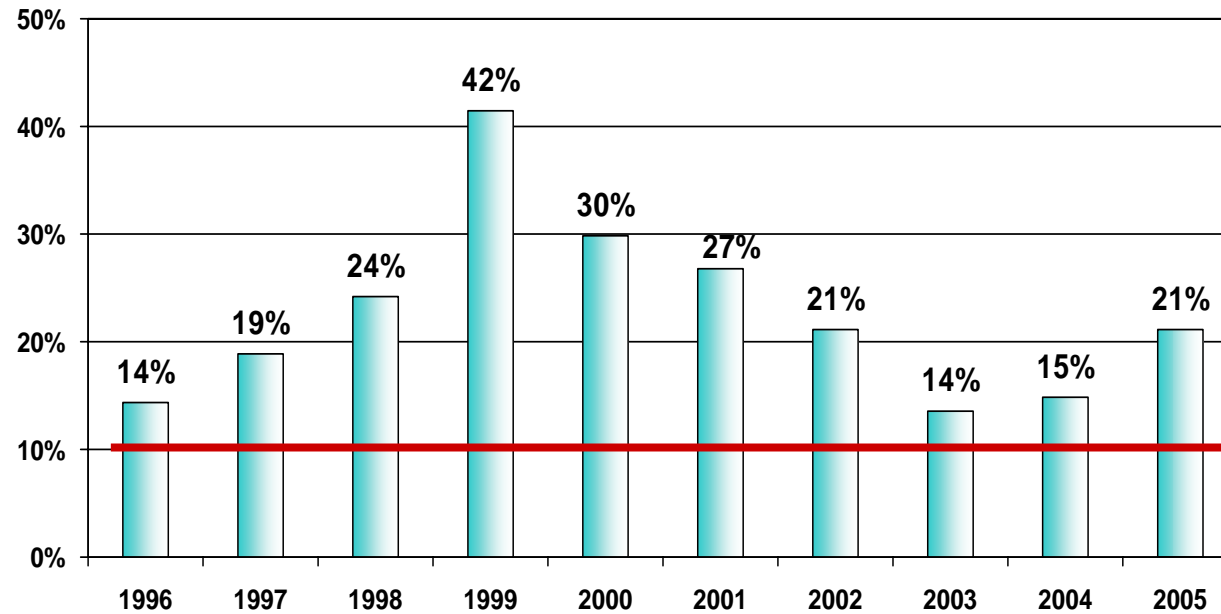
*Core = Before Amortisation of Intangibles

Core Earnings per Share



10 Years of Double-digit EPS Growth!

SHL - Core Earning per Share Growth (%)



Earnings Margins

- EBITA margin 18.9%
- EBITDA margin 22.5%
- Low margin acquisition of IPN (August 2004) has diluted Sonic's margins in 2005
- Excluding IPN, Sonic's EBITA margin is 19.4%

2006 Guidance

	2005 Actuals \$M	2006 Guidance \$M	Growth %
Revenue	1,382	1,600 – 1,670	18.3%
EBITA	261	300 – 320*	18.8%

- Growth calculated using mid-point of 2006 guidance
- Includes full year of IPN
- Includes CPL from October 2005
- ***Includes AIFRS impact of equity expense of \$6.3 million**
- Assumes no new acquisitions
- Assumes constant exchange rates

Final Dividend

	2005	2004	Change
Interim Dividend	\$0.13	\$0.10	30%
Final Dividend	\$0.23	\$0.20	15%
Full Year Dividend	\$0.36	\$0.30	20%

- Dividend fully franked at 30%
- Record Date 6 September 2005
- Payment Date 19 September 2005
- Dividend Reinvestment Plan remains suspended

Balance Sheet Summary

		30.6.05	30.6.04
Receivables (current)	\$M	144.9	145.6
Intangibles (net)	\$M	1,197.0	1,162.2
Total Interest-bearing Debt	\$M	657.6	641.3
Equity	\$M	882.6	847.8
Gearing (Net IB Debt / Equity)	%	71	74
Net Interest-bearing debt / EBITDA	X	2.01	2.62
Interest Cover (EBITDA / Net Interest)	X	7.49	6.98

Undrawn senior debt facilities ~\$ 175 million (excludes CPL- related facility)

Pathology Operations

- Strong volume growth from larger entities
 - Melbourne Pathology (Victoria)
 - Sullivan Nicolaides Pathology (Queensland)
 - Douglass Hanly Moir Pathology (New South Wales)
 - Schottdorf Group (Germany)
- Melbourne Pathology
 - New CEO, Mr David Pinkus (previous roles of Finance and Business Development at Melbourne Pathology)
 - New management team has delivered outstanding results since their appointment in early 2005
 - Market share gains in Melbourne
- Clinipath (Perth)
 - Completed successful merger of Accord Pathology
 - Set to implement Sonic's proprietary laboratory IT system (Apollo)
- New Zealand pathology
 - Revenue growth rates lower than Australia

Radiology Operations

- Solid performances from Sonic's large practices
 - Queensland X-Ray
 - SKG Radiology
- Sonic Imaging margin growth strong in 2005
- SKG launches licensed MRI at Hollywood Hospital
- Queensland X-Ray – Greenslopes Hospital MRI now licensed
- Sonic radiology IT system (Apollo RIS) roll-out continues

UK Pathology - TDL

- NHS outsourcing update
 - Pathology outsourcing tenders delayed due to election and focus on radiology tenders and primary care outsourcing
 - Pathology tenders expected later this year
- TDL performing well in Harley Street market
- TDL – UCLH joint venture progressing well
- Program of referrals from TDL to Schottdorf now successfully established

German Pathology - Schottdorf

- Schottdorf business achieved outstanding results for the year
- Strong volume growth and efficiencies
- Acquisition earnout of €8.1 million paid in full
- Evolving opportunities in German hospital pathology market

IPN

- Sonic holds 72% interest in IPN
- IPN results consolidated into Sonic from 26.8.04
- IPN acquisition of Endeavour Healthcare
 - Completed on 26.11.05
 - 18 Medical Centres acquired (Sydney and Perth)
 - Integration into IPN structure successful
 - Loan of \$8 million from Sonic to fund the acquisition
- Sonic and IPN collaboration for mutual benefit
 - Referrals, banking, IT, purchasing etc
 - Sonic executives join IPN Board
- IPN performance improved
 - Medicare fee changes
 - Endeavour acquisition
- New CEO recruitment process in progress

Future

- **Sonic Australian businesses in strong position**
 - Excellent pathology and radiology businesses
 - Extensive infrastructure
 - Outstanding relationships with medical profession
- **Strong offshore growth prospects**
 - CPL a major new growth market
 - TDL/Sonic UK set for extended growth path
 - Schottdorf Germany tracking well
 - Further offshore acquisitions
- **Sonic in strong position to continue delivering shareholder value**



Thank you