



SONIC
HEALTHCARE

Interim Results

Half Year to 31 December 2004

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Managing Director

22 February 2005



SONIC
HEALTHCARE

Sonic Half Year Summary

(1 July – 31 Dec 2004)

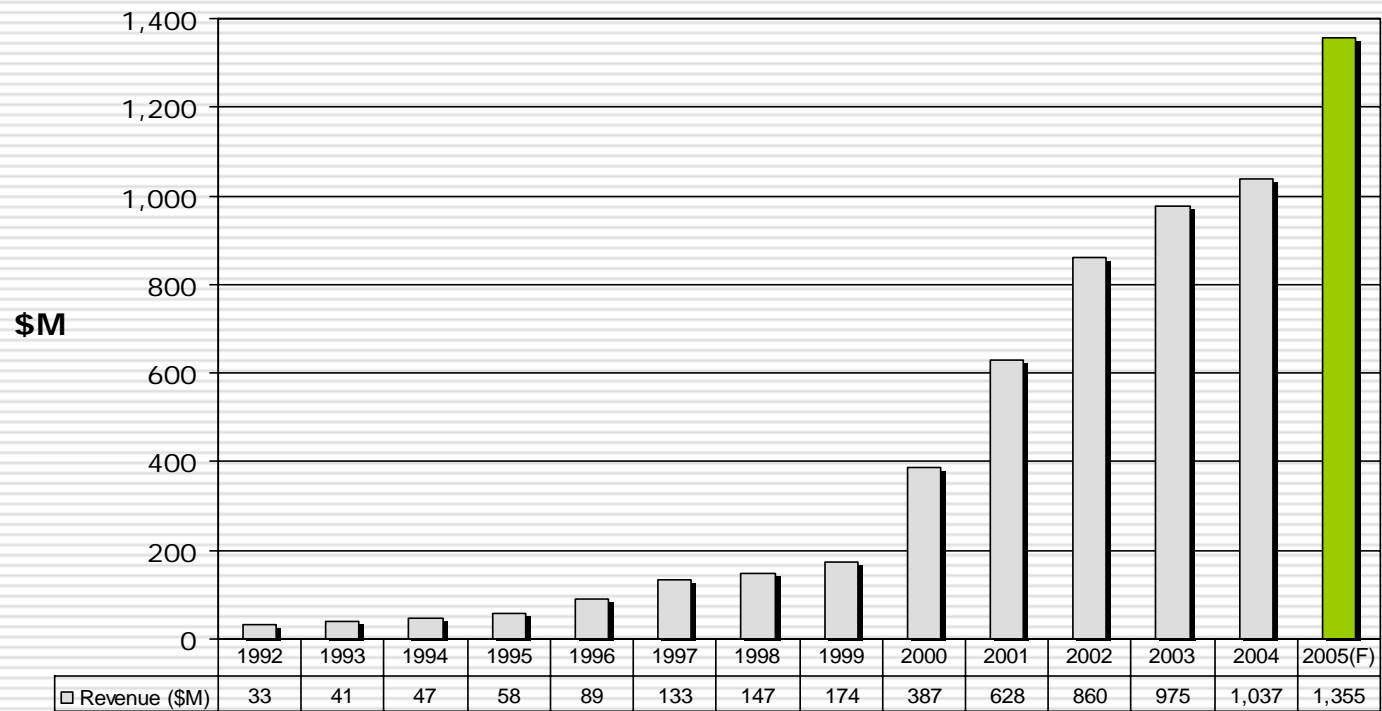
- **Excellent first half performance**
 - EBITA up 33%
 - Core Net Profit up 24% (net profit up 37%)
 - Core EPS up 21%
- **Solid start to second half**
 - January earnings strong
- **Full-year guidance upgraded**
- **Sonic operations tracking well**
 - Accord integration successfully completed
 - Margin expansion ongoing
- **German pathology outperforming**

Revenue

	6 Months ended 31.12.04 \$'000	6 Months ended 31.12.03 \$'000	Movement %
Total Revenue	672,982	509,859	32.0%

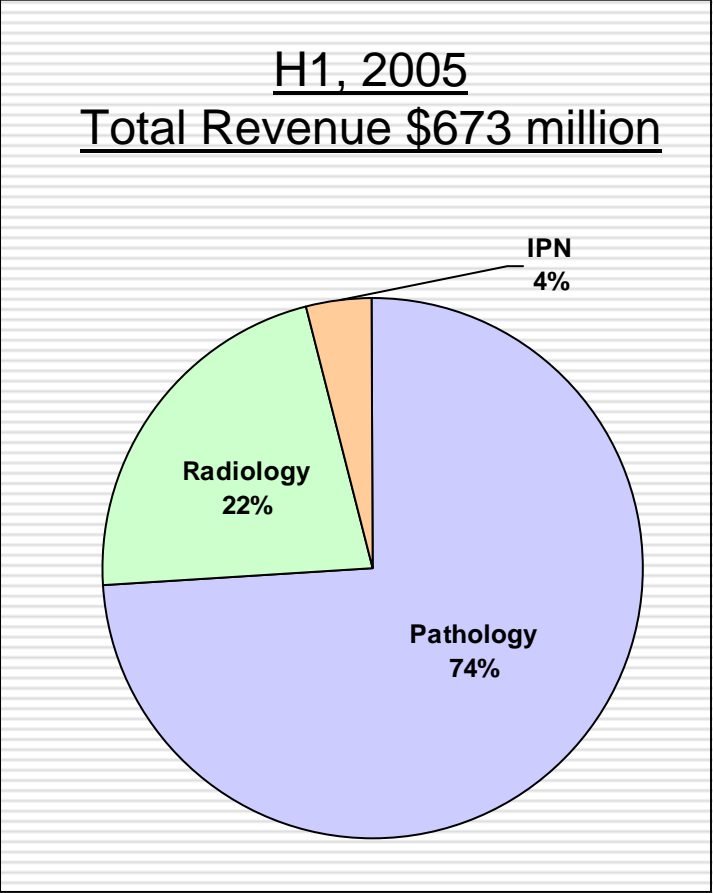
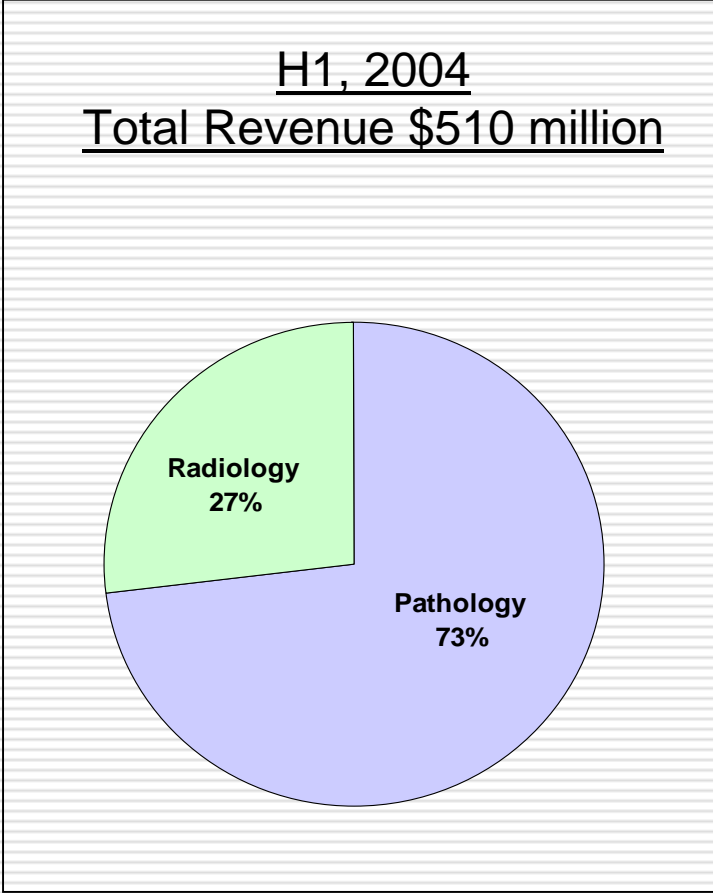
- Consolidation of Schottdorf business (56%) acquired 29.6.04
- Consolidation of IPN business (72%) acquired 28.8.04
- Endeavour/Accord acquired 26 November '04
- Sonic organic volume growth in line with market growth rate

SHL Annual Revenue



 = Forecast 2005 Revenue

Sonic Revenue Split

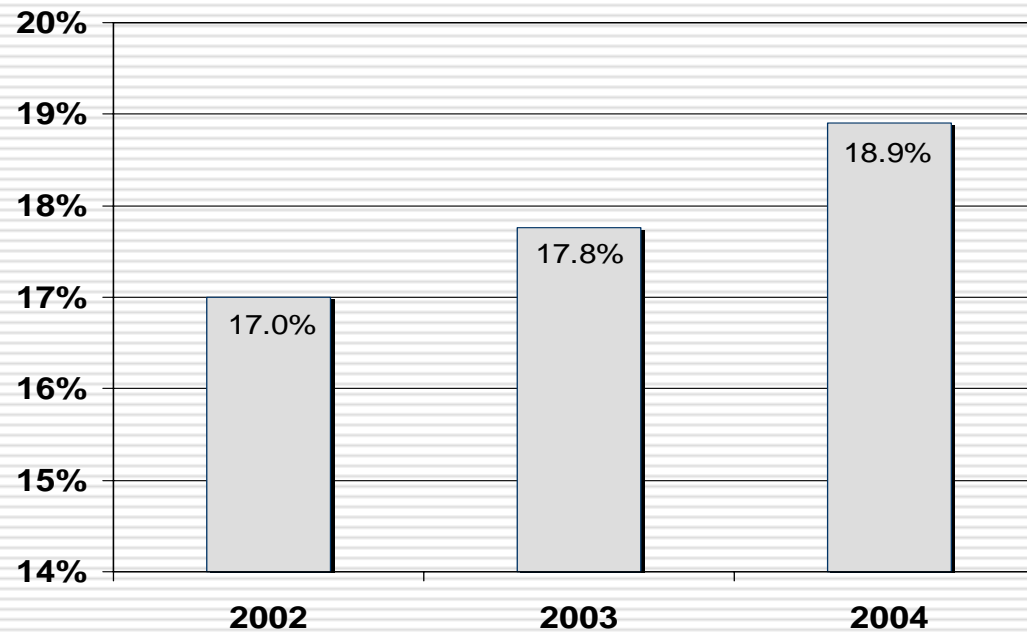


Earnings Growth

		6 Months ended 31.12.04	6 Months ended 31.12.03	Movement %
EBITA	(\$'000)	124,544	93,545	33.1%
Core NPAT	(\$'000)	68,804	55,345	24.3%
NPAT	(\$'000)	35,303	25,720	37.3%
Core EPS	(cents)	25.0	20.8	20.5%
Cash Generation	(\$'000)	96,643	81,508	18.6%

Core = Before Amortisation of Intangibles

Sonic EBITA Margin Expansion



FY 2005 margins will be diluted by Schottdorf and IPN

EBITA Margins

	6 Months ended 31.12.04	6 Months ended 31.12.03
EBITA Margin	18.5%*	18.3%

*** H1 '05 margins have been impacted by the acquisition of lower margin businesses (Schottdorf, IPN)**

- Excluding Schottdorf and IPN, margin growth in excess of 50 basis points, compared with previous corresponding period
- Pathology and radiology divisions contributing to margin expansion
- Margin expansion to continue
 - Organic revenue growth with marginal profit
 - Entity cost reduction initiatives
 - Margin expansion of recent acquisitions
 - Synergistic acquisitions (like Accord Pathology)

2005 Guidance Upgraded

	2004 Actuals \$M	Previous 2005 Guidance \$M	Upgraded 2005 Guidance \$M
Revenue	1,037	1,290 – 1,330	1,340 – 1,370
EBITA	197	235 – 245	245 - 260

Notes

- Includes Schottdorf, IPN and Accord acquisitions
- Intangibles amortisation \$68 million
- Assumes no further acquisitions

Balance Sheet Summary

		31.12.04	30.6.04	31.12.03
Receivables (current)	\$M	141.7	145.6	98.1
Intangibles (net)	\$M	1,244.9	1,162.2	1,097.3
Total Interest-bearing Debt	\$M	726.7	641.3	538.1
Equity	\$M	857.0	847.8	842.5
Gearing (Net IB Debt / Equity)	%	80	74	61
Net Interest-bearing Debt / EBITDA	X	2.31	2.62	2.28
Interest Cover (EBITDA / Net Interest)	X	7.02	6.98	6.65

Undrawn senior debt facilities - \$143.5 million (22.2.2005)

Senior Debt Refinancing

- New \$700 million refinancing completed December 2004
- ANZ Bank as lead arranger
- Increased headroom (\$143.5 million currently)
- Lower margins
- More flexible covenant structure
- No amortisation requirement

Interim Dividend

	2005 \$	2004 \$	Movement %
Interim Dividend	0.13	0.10	30%

- Dividend fully franked at 30%
- Record Date 3 March 2005
- Payment Date 17 March 2005
- Dividend Reinvestment Plan remains suspended

Pathology Operations

- Strong performance in pathology division
- Large pathology entities outperforming budgets
 - Douglass Hanly Moir Pathology (New South Wales)
 - Schottdorf Group (Germany)
 - Sullivan Nicolaides Pathology (Queensland)
 - Melbourne Pathology (Victoria)
- Margin expansion set to continue
 - Synergies between Sonic entities
 - Cost management at local level
 - Ongoing organic revenue growth
 - Bolt-on acquisitions

Radiology Operations

- Radiology division delivering solid results
 - H1 2005 margins up on H1 2004 margins
- Large entities outperforming expectations
 - Queensland X-Ray (Queensland)
 - SKG Radiology (Western Australia)

New MRI Licences

- New MRI licences announced 21 February 2005
 - 21 additional MRI licences awarded
 - 15 of 21 providers will bulk bill all patients
 - 101 licensed MRI units now in Australia
- Sonic gains 2 additional licences
 - Greenslopes Private Hospital - QXR
 - Hollywood Private Hospital – SKG
 - Sonic now operates 12 licensed MRI units
 - Sonic operates several “unfunded” MRI units

Sonic IT

- Roll-out of Sonic proprietary software (“Apollo”) ongoing
- Pathology roll-out
 - Southern.IML Pathology (Wollongong) completed in August 2004
 - Clinipath (Perth), Clinipath and Douglass Hanly Moir next
- Radiology
 - Queensland X-Ray (Queensland), Castlereagh Imaging (Sydney) and IRG Radiology (Wollongong) completed in 2004
- Version upgrades in Apollo
 - Ongoing development of pathology and radiology software
- Apollo platform will provide lasting benefits to Sonic

Accord Acquisition

- Sonic acquisition of Accord Pathology completed on 26.11.04
- Two physical mergers successfully completed
 - Accord Pathology (Perth) merged into Sonic's Clinipath
 - Accord Pathology (Sydney) merged into Sonic's DHM Pathology
- Merger rationalisation benefits flowing immediately

IPN

- Sonic now has 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
- IPN referrals to Sonic pathology laboratories increasing
- Sonic and IPN collaboration for mutual benefit
 - Referrals, banking, IT, purchasing etc
- IPN performance set to improve
 - Endeavour acquisition
 - Medicare fee changes

UK Pathology

- TDL continues to grow organically in Harley Street market
- TDL-Omnilabs-UCLH merger
 - Whitfield Street autolab operating well
 - Rationalisation benefits from mergers
- Inter-laboratory referrals with Schottdorf commenced
- Sonic Europe group purchasing initiative

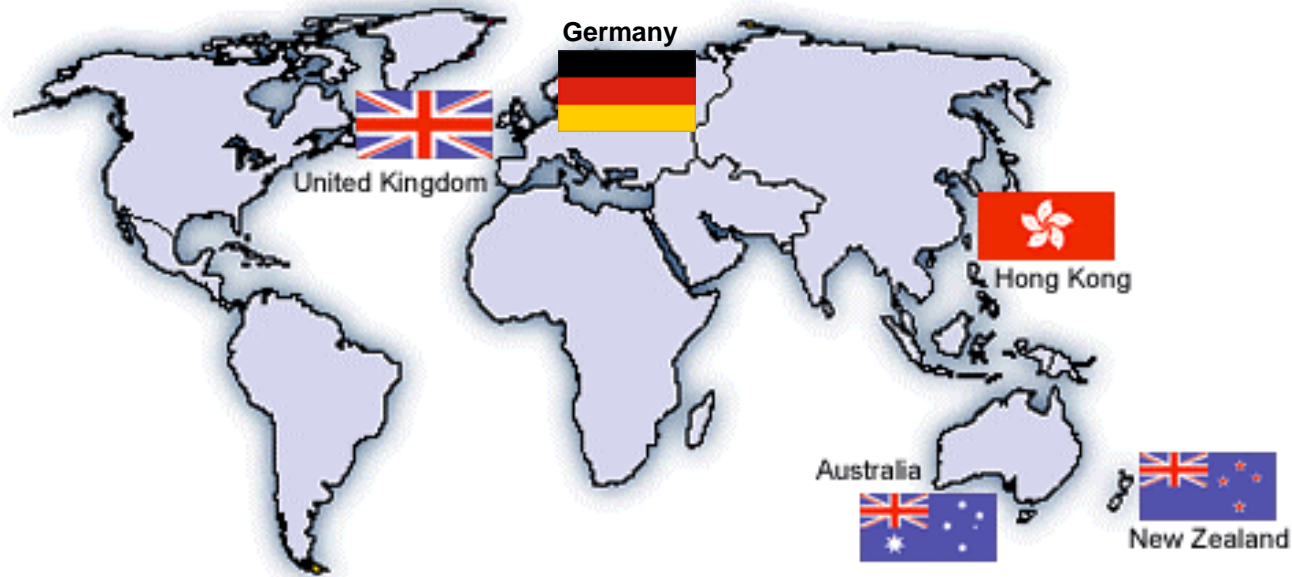
NHS Outsourcing - Update

- UK pathology market now estimated at £3-4 billion p.a.
- ~15% of this to be spent on outsourced contracts
- UK Dept of Health in process of contract structuring
 - Large scale vs small scale contracts
 - Input from major players
 - UK elections in May
- Possible additional contracts
 - Liquid Based Cytology
 - STD testing

German Pathology

- Acquisition of 56% interest in Schottdorf Group
 - Integration into Sonic complete
 - Consolidation into Sonic's results from 28.6.04
- Schottdorf business tracking above budget
 - Strong revenue and earnings growth
- Sharing of “know-how” between Sonic and Schottdorf
 - In depth analysis of Schottdorf operations completed
 - Benchmarking of systems for improved efficiencies
- Sonic European synergies
 - TDL / Schottdorf inter-referral of esoteric tests
 - Sonic Europe group purchasing
- Expansion opportunities
 - Germany – leverage from existing infrastructure
 - Continental Europe – Schottdorf as beach-head

Sonic Healthcare Global Operations



In FY 2005, ~30% of Sonic's EBITA will be sourced offshore

Sonic Healthcare - Current Status

- Company in excellent shape
- Record financial results H1 '05
- Profit upgrade for FY '05
- Healthy balance sheet
- German acquisition outperforming
- Major new growth prospects in UK
- Ongoing earnings growth from local operations
- Expansion opportunities in European markets

