



MEDIA RELEASE – 22 FEBRUARY, 2005

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER, 2004

1. Highlights

- Full year guidance upgrade (refer 2. below)
- Revenue of \$673M, an increase of 32% over the previous year
- EBITA up 33.1% to \$124.5M
- EBITA margin increase from 18.3% to 18.5% despite acquisition of lower margin businesses
- Core Net Profit up 24.3% to \$68.8M
- Core EPS up 20.5% to 25.0¢
- Net profit after tax up 37.3% to \$35.3M
- EPS up 33.7% to 13.1¢
- Interim dividend up 30% to 13¢ (fully franked, to be paid on 17 March, 2005)

2. 2005 Full Year Guidance – Earnings Upgrade

	Guidance issued 23 August, 2004	Guidance issued 22 February, 2005
Revenue	\$1,290M - \$1,330M	\$1,330M - \$1,370M
EBITA	\$235M - \$245M	\$245M - \$260M

3. Commentary on Results

Sonic Healthcare today reported a core net profit (before amortisation of intangibles) for the half year to 31 December 2004 of \$68.8 million, an increase of 24.3% over the previous year. The result was achieved on revenues of \$673 million, 32% higher than the previous year.

Sonic's Managing Director, Dr Colin Goldschmidt, said: "Sonic Healthcare has delivered record earnings for the half year which, when combined with January's trading, gives us the confidence to upgrade our EBITA guidance for the full year. Pathology and radiology have both contributed to this outstanding result, with Sonic's largest subsidiaries showing solid growth and earnings results. The performance of the Schottdorf Group in Germany was particularly strong."

Sonic's Board has declared a fully-franked dividend of 13 cents per share. Dr Goldschmidt said that the 30% increase in the interim dividend reflected Sonic's strong and predictable earnings and cash flows. The increase also underpins the Board's desire to reduce the differential between the interim and final dividends. "It is certainly anticipated at this stage that the final dividend will also increase over last year's and that shareholders will continue to be rewarded via increasing fully-franked dividends, as Sonic's earnings continue to grow." Dr Goldschmidt said that, in absolute terms, revenue growth for the period had never been greater, driven by acquisitions and strong organic growth during the period. He added that: "We are fortunate that our existing operations are performing well and Sonic will continue to pursue its expansion strategies in both local and overseas markets."

Dr Goldschmidt pointed out a number of significant milestones achieved during the half year, including:

- The integration of the Schottdorf Group into Sonic, following the acquisition of a 55.9% interest on 28 June 2004.
- The successful bid for control of Independent Practitioner Network (IPN). (Sonic currently holds ~72%.) IPN's results have been consolidated into Sonic from 26 August 2004.
- Announcements in the UK confirming the National Health Service's (NHS) intention to outsource to private operators significant amounts of pathology and radiology testing.
- The acquisition by Sonic of Accord Pathology and the acquisition by IPN of Endeavour Healthcare's medical centres on 26 November 2004. The Accord Pathology businesses have since been completely merged into Sonic's existing operations in Sydney and Perth.
- Sonic's proprietary laboratory information system, Apollo, was implemented into Southern.IML Pathology (based in Wollongong) in August 2004. Implementation of the Apollo radiology information system was completed for Queensland X-Ray, Castlereagh Imaging and Illawarra Radiology Group. Development of both (pathology and radiology) Apollo systems has continued during the period with upgrades implemented at all sites for improved functionality.
- Sonic completed the refinancing of its senior debt facility, with a new facility of \$700 million provided by its existing banking syndicate. The new facility is more flexible, has a lower cost of funds and provides Sonic with significant "head room" for expansion.

Dr Goldschmidt said, "Sonic is now well-placed to participate in the changing environment of European pathology. TDL's existing infrastructure and its relationships with the NHS in the UK, together with the strategic position, large capacity and expertise of the Schottdorf Group in Germany, provide an outstanding springboard from which to grow further in these and other European markets. Sonic is now a very strong and stable company, with tremendous growth prospects, as demonstrated by this half year's result. The position that we are in is a tribute to the commitment of our dedicated team of doctors, managers and staff, whom I would like to thank for their contribution to Sonic's success to date."

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For further information regarding the result, please refer to Dr Goldschmidt's PowerPoint Presentation and to Sonic's Appendix 4D Half Year Report, both of which will be posted on the Sonic Healthcare website at 10.00am, 22nd February, 2005 (www.sonichealthcare.com.au).