



Annual General Meeting
18 November 2011



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 Sonic's 2011 Annual Report released to the ASX on 29 September 2011 and includes earnings figures restated on a "constant currency" basis.



Summary FY '11

- ▶ Financial summary
 - ▶ Revenue up 10% (constant currency)
 - ▶ EBITDA up 11% (constant currency)
 - ▶ NPAT up 6% (constant currency) – guidance met
 - ▶ Full-year dividend maintained at 59 cents per share, 28% franked
- ▶ Margin expansion in major divisions
 - ▶ Germany up 120 bps, USA up 60 bps
 - ▶ Radiology up 100 bps
 - ▶ IPN (Medical Centres) up 190 bps
- ▶ Australian pathology business – H2 turnaround
 - ▶ Negative H1 revenue / earnings growth due to fee cuts and low market growth
 - ▶ H2 '11 vs H2 '10: revenue growth 6%, margin expansion 190 bps
 - ▶ Stable funding environment for next 5 years
- ▶ Sonic in strong position
 - ▶ Stability and future growth
 - ▶ Enhancement of shareholder value



FY '12 Guidance

- ▶ EBITDA growth of 10-15%
- ▶ Interest expense to increase by ~30%
 - ▶ Due to increased margins and growth in debt since July 2010
 - ▶ Expect interest expense to decline in FY '13
- ▶ Effective tax rate ~26%
 - ▶ Reflecting expansion in countries with higher tax rates
- ▶ Based on constant currency (FY '11 FX rates)
- ▶ Excludes future acquisitions
- ▶ On track after 4 months' trading



Trading Update

4 Months through Oct 2011

- ▶ EBITDA growth tracking within guidance range
- ▶ Strong revenue growth in Australian pathology (~8%)
- ▶ USA organic revenue growth soft (~2%), higher than competitors
- ▶ German organic revenue growth (~5%), exceeding budget



Regulatory Update

- ▶ USA
 - ▶ Austerity proposals creating uncertainty in financial markets
 - ▶ Existing funding regime – 0.7% Medicare fee increase from 1 Jan 2012
 - ▶ Most likely austerity measure – 2% Medicare fee cut from 2013
 - ▶ US Medicare revenue <5% of Sonic’s total revenue
 - ▶ Potential upside of additional ~30 million insured people (Obamacare)
- ▶ Germany
 - ▶ Lab funding not tied to government budgets
 - ▶ Lab testing well funded by independent statutory and private insurers
 - ▶ Short payments by some regional funders (“KVs”)
 - ▶ Temporary and being contested
 - ▶ System errors identified in KV data
 - ▶ Industry working collaboratively to resolve
 - ▶ Legal advice supports recoverability
 - ▶ Short payments lower in June quarter vs March quarter



Financial Summary FY '11

Currency Translation Effects

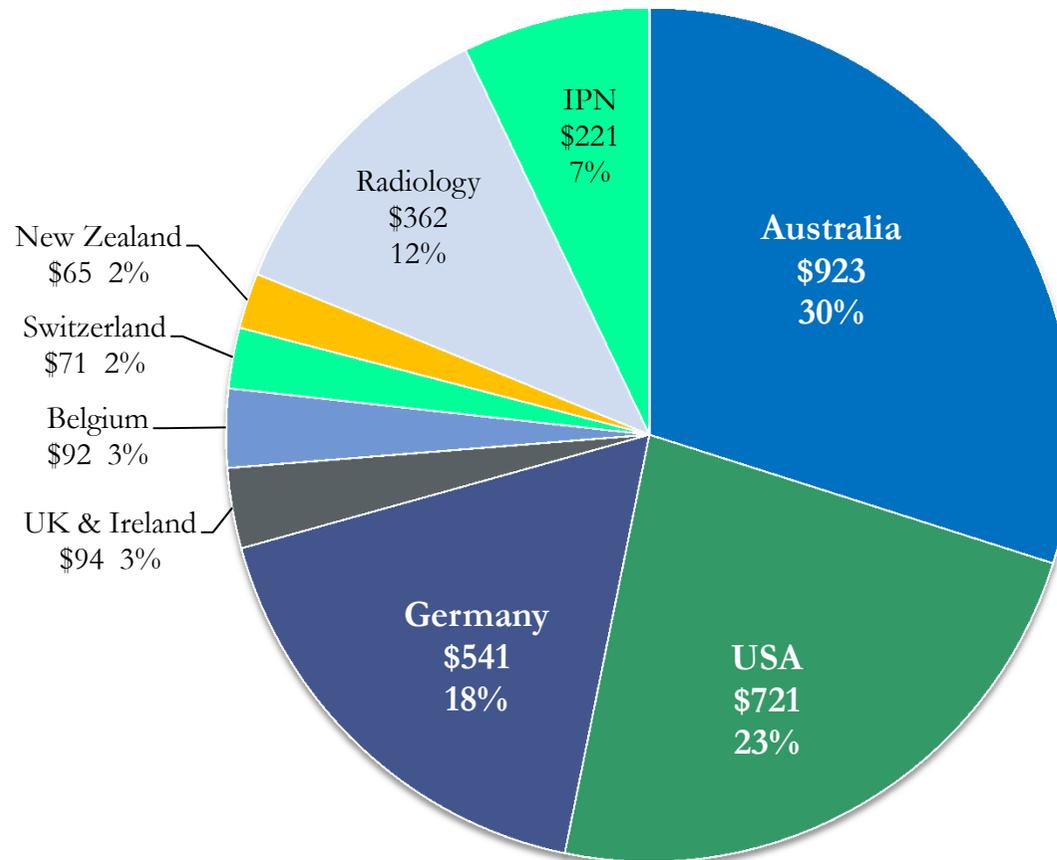
A\$M	FY '11 Constant Currency *	GROWTH FY '11 v FY '10 Constant Currency *	FY '11 Statutory	CURRENCY TRANSLATION EFFECTS
Revenue	3,287	10%	3,096	(191)
EBITDA	605	11%	570	(35)
NPAT	311	6%	295	(16)

- ▶ EPS – 79.7 cents (constant currency), up 6% on FY '10
- ▶ Operating cash flow – \$409 million, in line with cash profit

* Constant Currency – FY '11 values presented using FY '10 currency exchange rates

Revenue Split

FY '11



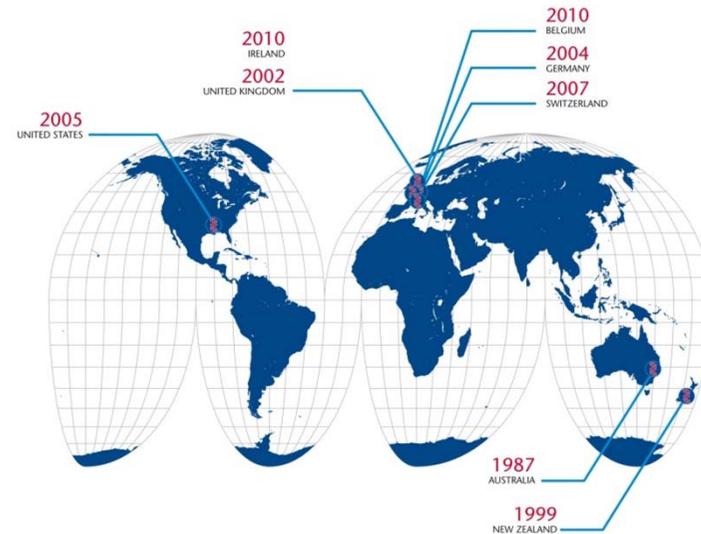
Statutory revenue in A\$ M



Sonic Healthcare Model

- ❖ Building a strong and successful company
- ❖ Enhancing value for stakeholders

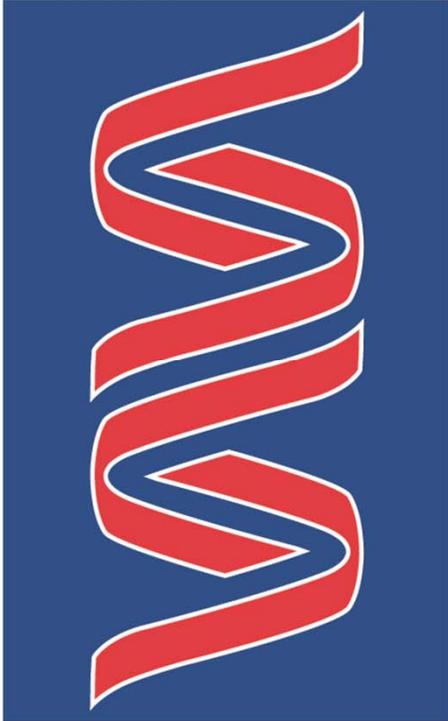
- ▶ Sonic people
 - ▶ Core Values
- ▶ Customer services
 - ▶ Sonic Foundation Principles
- ▶ Shareholder value
 - ▶ EPS and ROIC



EPS – Earnings per share
ROIC – Return on invested capital (return after tax)

Sonic People

Core Values



Our Values

Commit to Service Excellence
To willingly serve all those with whom we deal; with unsurpassed excellence.

Treat each other with Respect & Honesty
To grow a workplace where trust, team spirit, and equity are an integral part of everything we do.

Demonstrate Responsibility & Accountability
To set an example, to take ownership of each situation to the best of our ability, and to seek help when needed.

Be Enthusiastic about Continuous Improvement
To never be complacent, to recognise limitations and opportunities for ourselves and processes; and to learn through these.

Maintain Confidentiality
To keep all information pertaining to patients, as well as professional and commercial issues, in strict confidence.



**SONIC
HEALTHCARE**
"We take it personally"



Customer Services

Sonic Foundation Principles



Shareholder Value Business Model

- ▶ Model designed to drive EPS and ROIC accretion
 - ▶ Proven in Australia over past two decades
 - ▶ Well-advanced in USA and Europe
- ▶ Phase 1
 - ▶ Initial acquisition in new market
 - ▶ EPS accretion
 - ▶ Low ROIC
- ▶ Phase 2
 - ▶ Add synergistic acquisitions
 - ▶ EPS accretion
 - ▶ Initially ROIC dilutive
- ▶ Phase 3
 - ▶ Organic growth, synergies, margin expansion
 - ▶ EPS accretion
 - ▶ ROIC accretion



Return on Invested Capital (ROIC)

Australian Pathology



Year ended 30 June



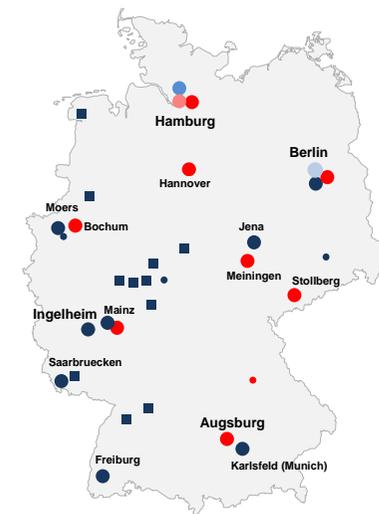
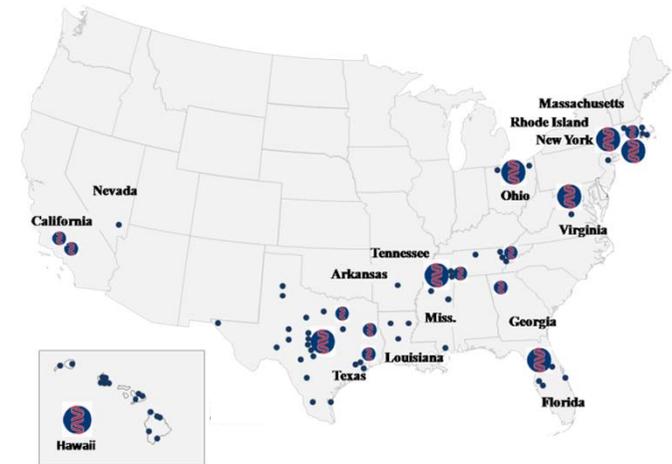
- 1 – SGS Medical Group, Hi-Tech acquisitions
- 2 – SGS minority interests acquisitions
- 3 – Clinipath, Cairns Pathology acquisitions
- 4 – Regulatory impacts (fee cuts, collection centres)
- 5 – Forecast FY '12 ROIC

— ROIC
 Forecast FY '12 ROIC

Return on Invested Capital (ROIC)

USA and Germany

- ▶ Critical mass and significant infrastructure platforms established in both markets (Phase 1)
- ▶ Synergistic bolt-on acquisitions (Phase 2)
- ▶ Current focus on organic growth, synergy capture, margin expansion and ROIC accretion (Phase 3)
- ▶ Initial ROIC dilution due to acquisitions
 - ▶ USA – investment since Sept '05 ~US\$1,264 million
 - ▶ Germany – investment since Sept '07 ~€430 million
 - ▶ USA and Germany – FY '11 ROICs exceed Sonic's WACC
- ▶ ROIC accretion to accelerate in USA and Germany



WACC – Weighted average cost of capital

Sonic's Business Model

- ▶ Strategic Clarity
 - ▶ Roll-up of fragmented markets
 - ▶ Margin expansion via synergies, rationalisation and economies of scale
 - ▶ Ongoing organic growth, with marginal profit gains
- ▶ Consistency
 - ▶ Sonic's pathology model essentially unchanged over 15 years
 - ▶ Model successfully rolled out in Australia in 1990's
 - ▶ Extension of same model into the USA and Europe
 - ▶ Corporate culture unchanged – Core Values, Medical Leadership, Federated Structure
- ▶ Confidence
 - ▶ Demonstrably successful financial model
 - ▶ Model delivers world-class service levels
 - ▶ Key to overall success is strong corporate culture



Outlook

- ▶ Underlying company strength – all divisions performing well
- ▶ Australian pathology – strong market position / business turnaround
- ▶ USA – margin expansion / ROIC accretion
- ▶ Europe – margin expansion / ROIC accretion
- ▶ Imaging – improving performance despite tough market
- ▶ A\$630 million credit lines available for synergistic acquisitions
- ▶ Outstanding global team of pathologists and radiologists
- ▶ Talented operational management teams to drive future success
- ▶ Strong corporate culture / Medical Leadership model
- ▶ Stable industry in volatile times





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Thank You

