Half Year Results

For the period ended 31 December, 2010

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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 the Appendix 4D released to the ASX on 22 February 2011 and includes earnings figures restated on a "constant currency" basis.

Summary

- Financial summary
  - Revenue up 8% (constant currency)
  - EBITDA up 3% (constant currency)
  - Operating cashflow up 12%
- Margin expansion in all major divisions except Australian pathology
- Volume growth returns to Australian pathology market
- Sonic gains market share in Australian pathology
- Result impacted by
  - Regulatory issues in Australian pathology
  - Adverse foreign currency effects (revenue ↓ \$ 98 million, EBITDA ↓ \$ 18 million)
  - Higher interest and tax expenses
- Strong balance sheet and ~\$500 million war chest
  - 5 synergistic laboratory acquisitions in past 6 months
  - Acquisition pipeline remains active in USA and Europe

Financial Summary

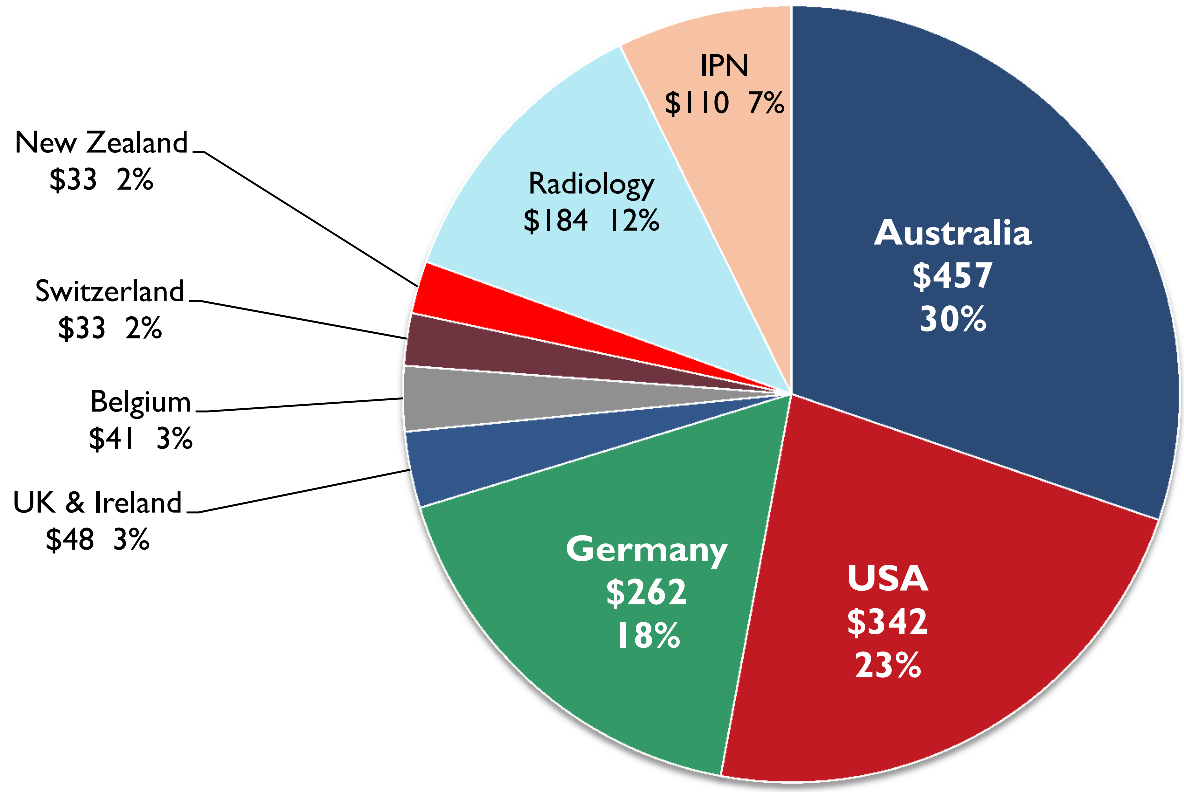
		H1 '11 CONSTANT CURRENCY*	H1 '11 vs H1 '10 GROWTH
Revenue	A$M	1,612	8%
EBITDA	A$M	283	3%
Interest Expense	A$M	33	56%
NPAT	A$M	144	(7%)
Operating Cash Flow	A$M	221	12%

- H1 '11 – impacted by currency exchange rate movements
- *H1 '11 constant currency – presented using currency exchange rates applied in H1 '10
- For equivalent statutory numbers, refer to Appendix 4D

FY 2011 Guidance

- Full-year guidance issued Aug 2010 – NPAT growth 5-15%
- Expect full-year NPAT growth towards lower end of range
  - Australian pathology regulatory issues
  - Severe weather – Queensland floods and northern hemisphere winter
- Guidance
  - Based on FY 2010 NPAT of A$293million
  - On constant currency basis (FY 2010 rates)
  - Excludes new acquisitions since August 2010
- Earnings strongly weighted to second half of financial year (as previously advised)

Revenue Split
H1 '11



Revenue in A$ million

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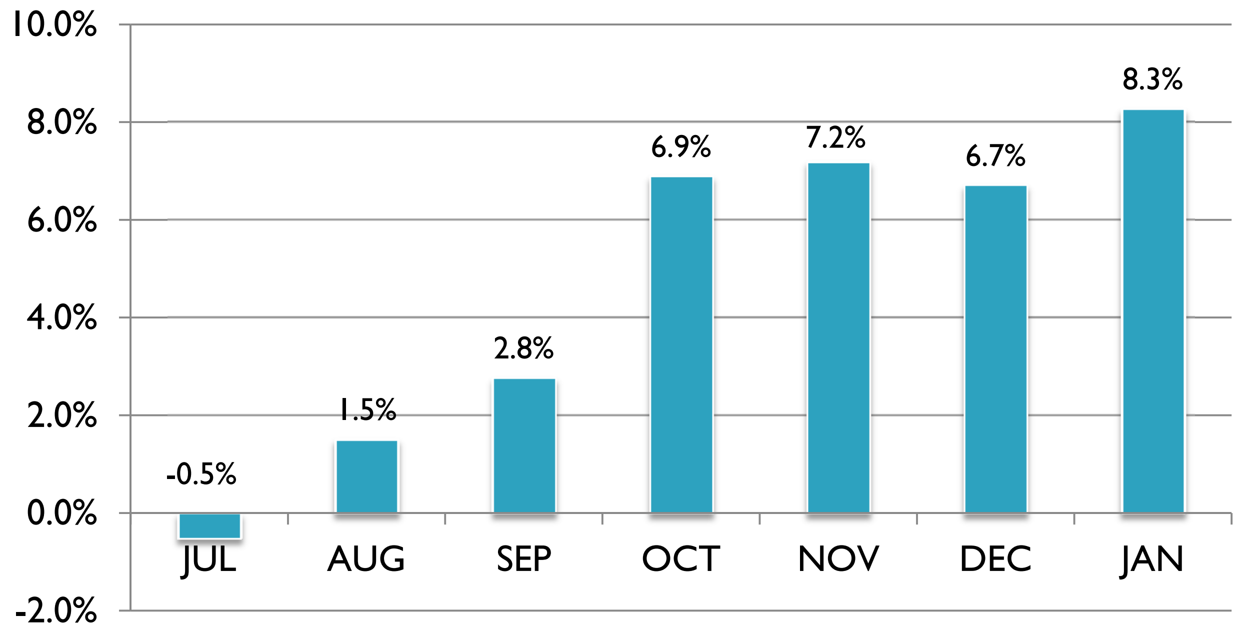
Sonic Australian Pathology
Organic Volume Growth FY '11



<u>Sonic organic volume growth H1 '11 vs H1 '10</u>

- Australia – Sonic 4.1% vs Market 3.3% (source: Medicare data)
- Australia excl. Queensland – Sonic 3.3% vs Market 2.1% (source: Medicare data)

Organic volume growth = Average patient episodes per working day for each month vs same month previous year, excluding acquisitions

Sonic Australian Pathology
Operations

- Government fee cuts (1 Nov '09) and new collection centre regulations (1 Jul '10)
- EBITDA reduction of $30 million H1 '11 vs H1 '10
  - Fee cut effect (extra 4 months vs comparative), partially mitigated by Sonic's private billing initiatives
  - Reversal of co-pay strategy in Queensland
  - Cost burden of new collection centre regulations
  - Low market volume growth during period
- Expect significant improvement H2 '11
  - Return of market volume growth plus market share gains
  - Ongoing tight cost control – labour and consumables

Australian Pathology
Collection Centre Changes

- Abolition of capped collection centre scheme (from 1 July 2010)
  - Previous capped system designed to limit uncontrolled demand and industry cost
  - Market blowout in new collection centres with ~1,100 new centres added to prior ~2,400
  - Almost all new collection centres placed in GP surgeries, with GP landlords
  - Average cost per centre declining as roll-out continues into smaller centres
- Sonic's collection centres
  - Sonic has opened ~220 new centres to date (~20% of total new centres)
  - Sonic's strong specialist and hospital referral base not affected
  - Plan to continue growing market share with relatively fewer new centres
- Sonic hopeful that new regulations will be reviewed in light of outcomes to date

USA

- Revenue growth 10%
- Margin expansion 120 bps
- Outstanding financial and operational performance
- Synergy capture ongoing
  - Procurement, IT standardisation (Apollo), centralisation of testing
- Advancing esoteric capabilities in Austin lab
- 3 acquisitions completed in past 6 months
  - CBLPath (New York) – integration smooth, revenue and cost synergies ahead
  - Entry into California via PAL and CCPC acquisitions
  - Excellent prospects for organic and acquisitional growth in California
- Regulatory environment stable
- Senior management Sonic USA
  - David Schultz – CEO, Sonic Healthcare USA
  - Dr Charles Miraglia – CMO, Sonic Healthcare USA
  - Dr Robert Connor retired in December 2010 after 5 years' outstanding service as CEO
- Sonic's strong US growth set to continue

Europe
Germany, Belgium, Switzerland

- Germany
  - Revenue growth 7%
  - Margin expansion 60 bps
  - Ongoing synergy capture (lab mergers, procurement, courier restructure, equipment servicing)
  - Head office established Jan 2011
  - Stable regulatory environment – no changes expected to fee schedules
  - Acquisition pipeline active
- Belgium
  - Medhold performance strong
  - 2 bolt-on acquisitions recently completed – synergies to flow in FY '12
  - Acquisition pipeline active
- Switzerland
  - Continues to perform well with revenue and earnings growth

Europe
UK & Ireland

- UK
  - Revenue growth 8%
  - Margin expansion 50 bps
  - New BMI contract (70 hospitals) – transition under way, revenue and earnings will commence in FY '12
  - NHS outsourcing opportunities ahead
  - Private hospital outsourcing opportunities
- Ireland
  - Beach head established via cytology contract – operational success
  - Broader government outsourcing opportunities developing

Sonic Imaging
Medical Centres – IPN

- Sonic Imaging
  - Revenue growth 2%
  - Margin expansion 110 bps
  - Extensive review of operations and cost structures completed
  - Radiologists and staff committed to business improvement
- IPN
  - Revenue growth 29%
  - Margin expansion 90 bps
  - Strong organic growth backed by successful doctor recruitment strategies
  - New medical centres – acquisitions and greenfield sites

Sonic Debt Summary

Investment Grade Credit Metrics

		31 Dec '10	30 Jun '10	31 Dec '09
Net interest-bearing debt	A$M	1,440	1,501	1,149
Gearing ratio	%	37.1	37.0	31.3
Interest cover	X	8.0	9.4	9.7
Debt cover	X	2.6	2.6	1.9

- All debt drawn in foreign currencies and affected by exchange rates
- Additional 10 year US debt raising completed Jan '11 – US$250 million
- Current available headroom ~A$500 million (after interim dividend)

- *Gearing ratio = Net debt / Net debt + equity (bank covenant limit <55%)*
- *Interest cover = EBITA / Net interest expense (bank covenant limit >3.25)*
- *Debt cover = Net debt / EBITDA (bank covenant limit <3.5)*
- *Formulas as per bank facility definitions*

Interest and Tax Expense

		H1 '11 Constant Currency	H1 '10	Change %
Interest Expense	A$M	33.4	21.4	56%
Tax Expense	A$M	48.5	44.8	8%

- $12 million additional interest expense
  - ~$8 million – interest on additional debt to fund acquisitions
  - ~$4 million – higher interest rates due to refinancing of prior lower margin debt and long-term fixed US debt
- Effective tax rate increased from 22% to 25%
  - Expansion in countries with higher tax rates (USA and Belgium)
  - Australian Investment Allowance in prior period
  - Expect full-year effective tax rate of ~25%

Interim Dividend

	H1 '11	H1 '10
Interim Dividend	A$0.24	A$0.24

- Dividend franked to 28%
- Record Date 10 March 2011
- Payment Date 24 March 2011
- Dividend Reinvestment Plan remains suspended

Outlook

- Offshore operations set to continue performing strongly
- Further significant synergy potential in USA and Europe
- Excellent growth platforms in USA and Europe
- Acquisition pipelines active in overseas markets
- War chest of ~$500 million for acquisitions
- Underlying growth drivers of diagnostic industry remain strong
- Australian pathology
  - Market growth has resumed – Sonic winning market share
  - Government-Industry collaboration essential for sustainable outcomes
  - Sonic remains the strongest player in the Australian pathology market
- Exceptional global management teams to drive future success

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Thank You