



Citigroup Investment Conference
London
11 March 2004

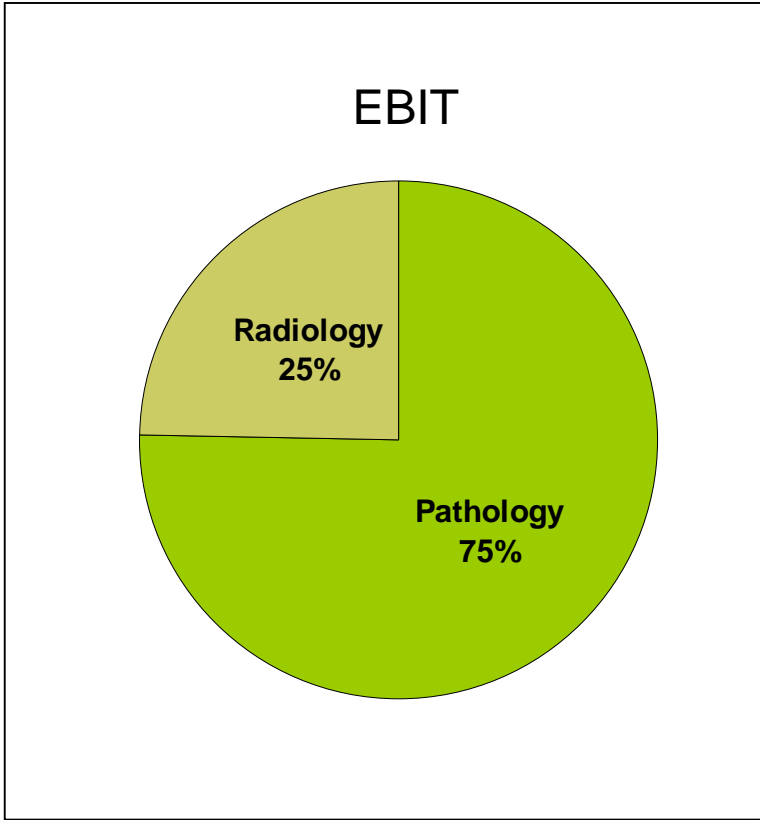
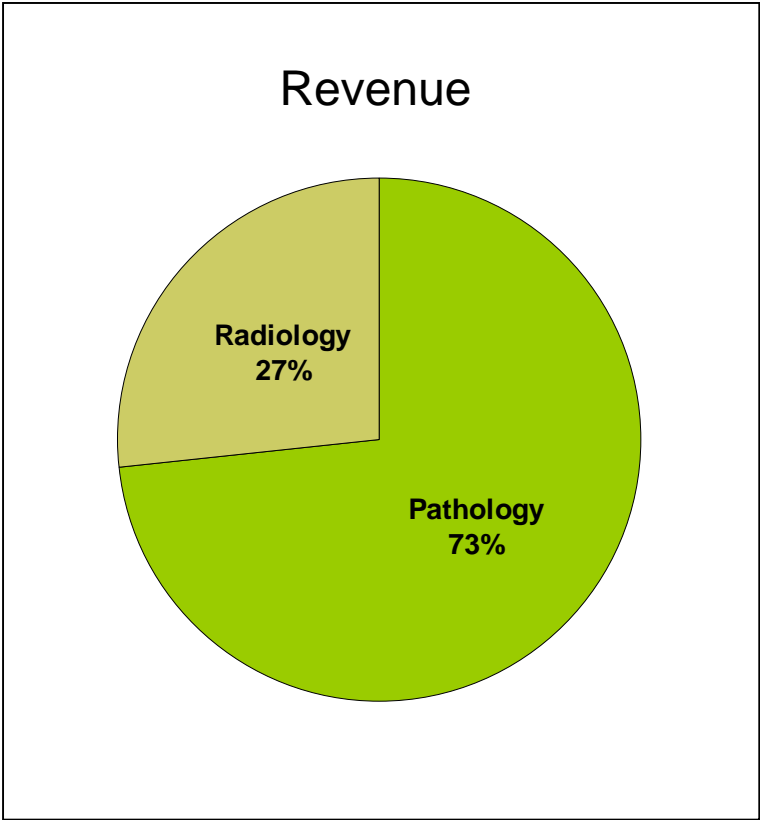
Dr Colin Goldschmidt
Managing Director/CEO

Sonic Healthcare

- Medical Diagnostic Services
 - Pathology
 - Radiology
- ASX100 Company
 - Listed in 1987
 - Market Cap ~\$2 billion
 - Largest pathology company in Australia and New Zealand
- Growth
 - Acquisitions
 - Organic growth
- Margin Expansion
 - Marginal profit
 - Synergies of scale and rationalisation
- People
 - Sonic employs >11,000 people
 - People-focused core values

Sonic Healthcare

Revenue/EBIT Contribution by Division (FY2003)



25 Operating Subsidiaries

13 Pathology Companies

1. Douglass Hanly Moir Pathology/
Barratt & Smith Pathology
2. Sullivan & Nicolaides Pathology
3. Melbourne Pathology
4. Diagnostic Medlab
5. The Doctors Laboratory
6. Diagnostic Services
7. Clinpath Laboratories
8. Southern.IML Pathology
9. Clinipath/Bunbury Pathology
10. Medlab South
11. Medlab Central
12. Capital Pathology
13. Valley Diagnostics

9 Radiology Companies

1. Queensland X-Ray
2. SKG Radiology
3. Castlereagh Imaging
4. Hunter Imaging Group
5. Mercy Radiology
6. Illawarra Radiology Group
7. Palmerston North X-Ray
8. Castlereagh Hong Kong
9. Canterbury Medical Imaging

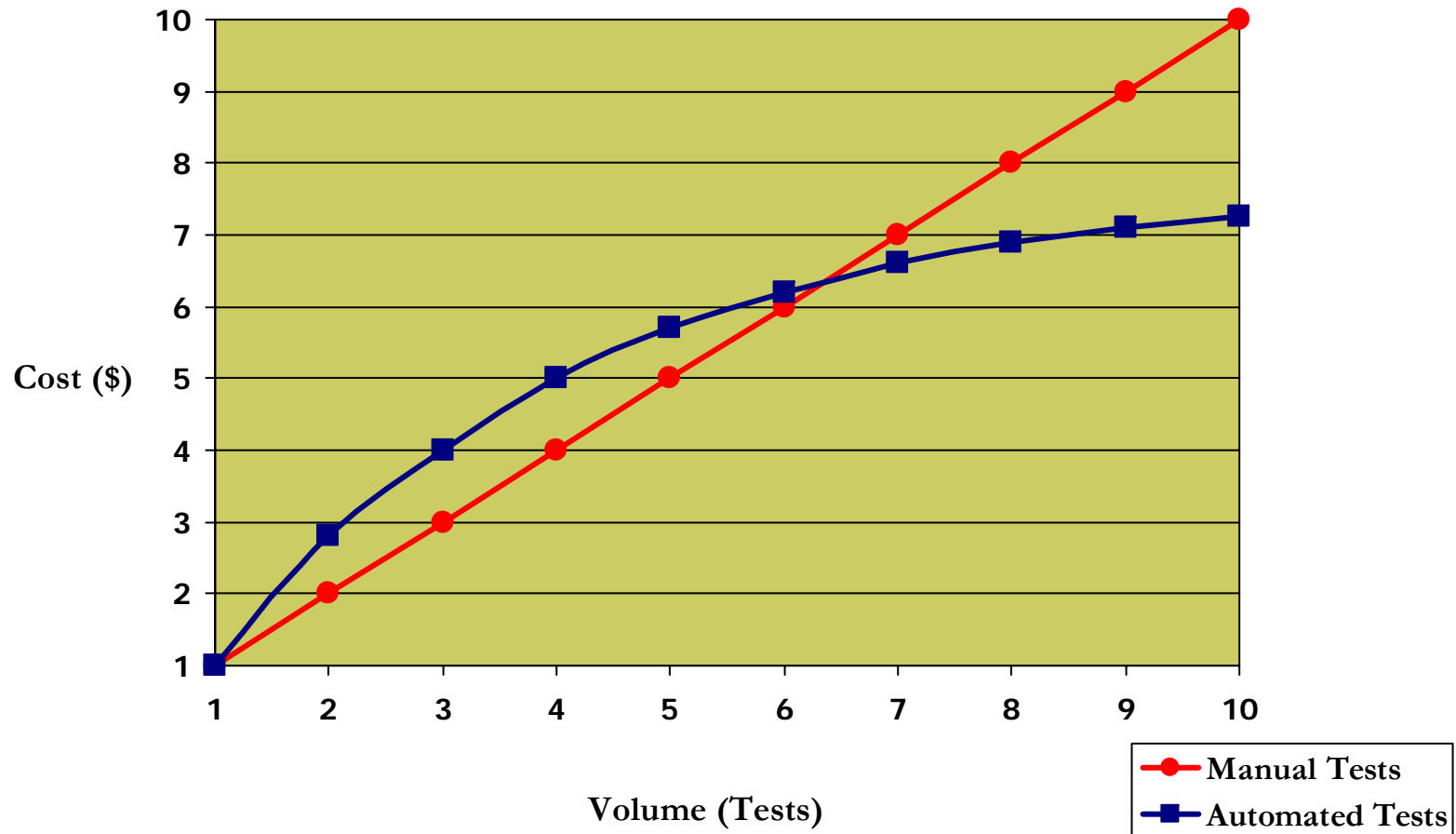
3 Special Market Pathology Companies

1. Lifescreen Australia (Insurance)
2. Sonic Clinical Trials (Pharmaceutical)
3. Sonic Clinical Institute (Esoteric Testing)

Margin Expansion

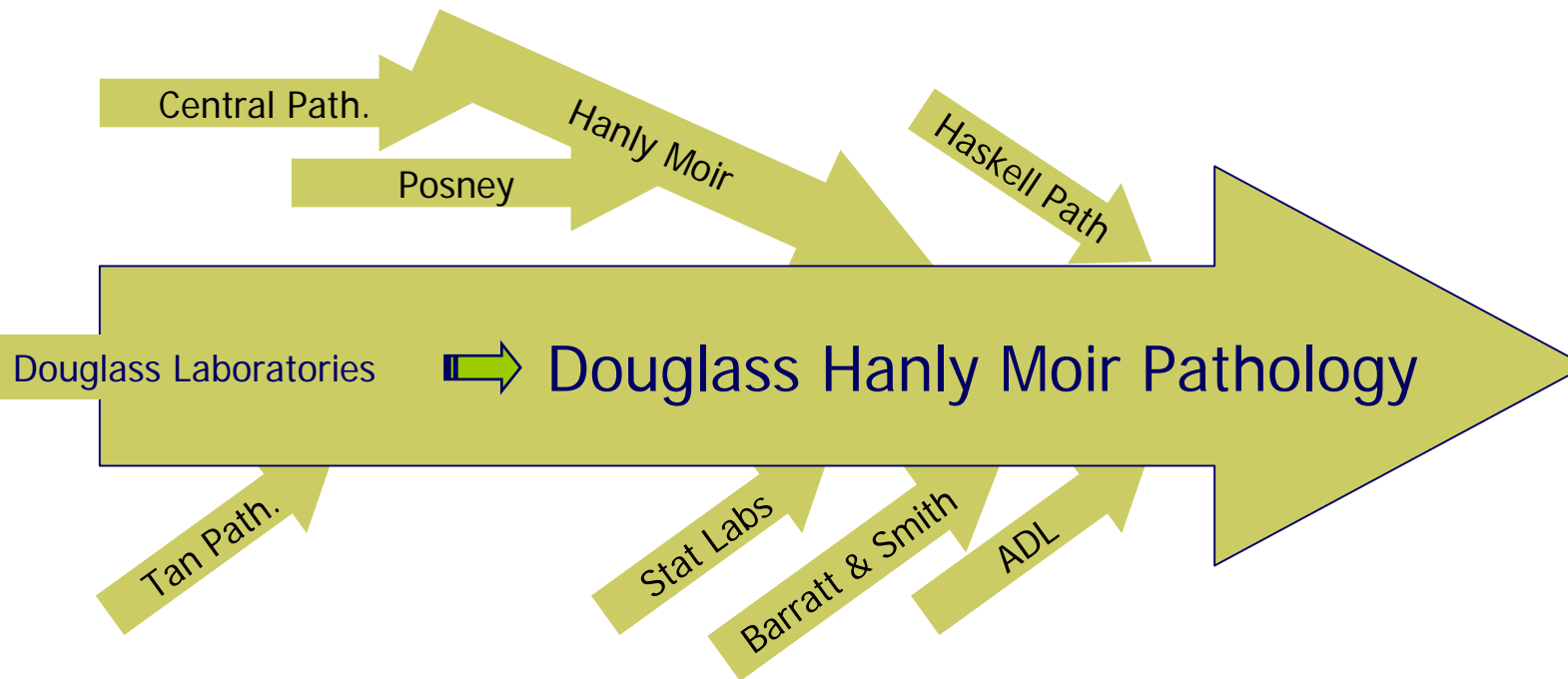
- Revenue growth and marginal profit
 - High fixed costs
 - Incremental volume at low unit cost
 - Acquisitional and organic growth
- Synergy capture
 - Centralisation
 - Benchmarking
 - IT
 - Purchasing
 - Others

Scale Benefits and Marginal Profit in Pathology



Margin Expansion through Rationalisation

Douglass Hanly Moir Pathology - Sydney



1987
1,000 patients/day

2004
14,000 patients/day

*No staff redundancies
Rationalisation via natural attrition*

2004 Guidance

	2003 Actuals \$M	2004 Guidance \$M	Growth* %
Revenue	974.8	1,020 – 1,035	5.4%
EBITA	173.1	185 - 195	9.8%

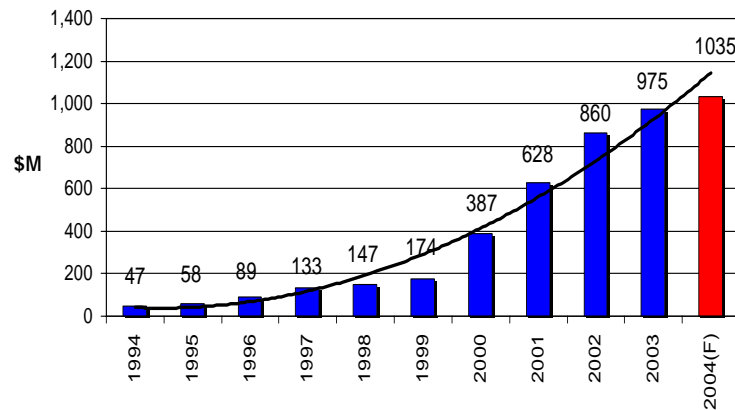
2004 Guidance

- Growth* calculated using mid-point of 2004 guidance
- Includes Omnilabs acquisition (loss in first half)
- Intangibles amortisation \$59-60 million
- Assumes no new acquisitions
- Second half seasonally stronger than first half

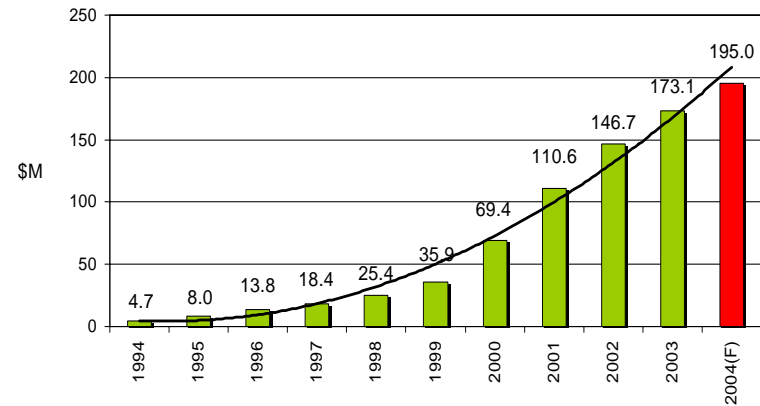
Sonic Healthcare

10 Year History

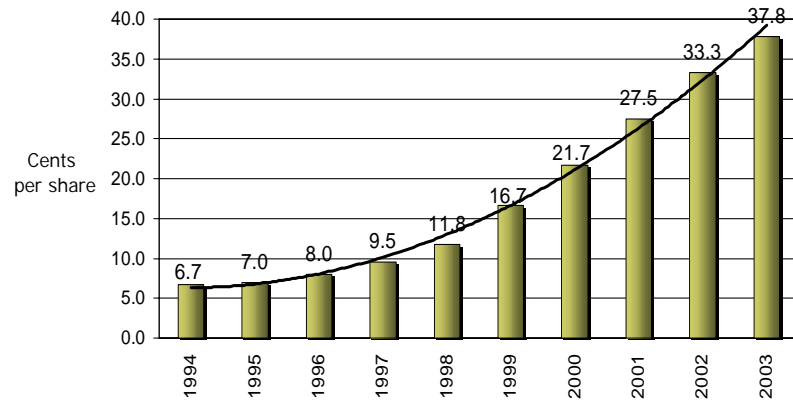
Annual Revenue (\$M)



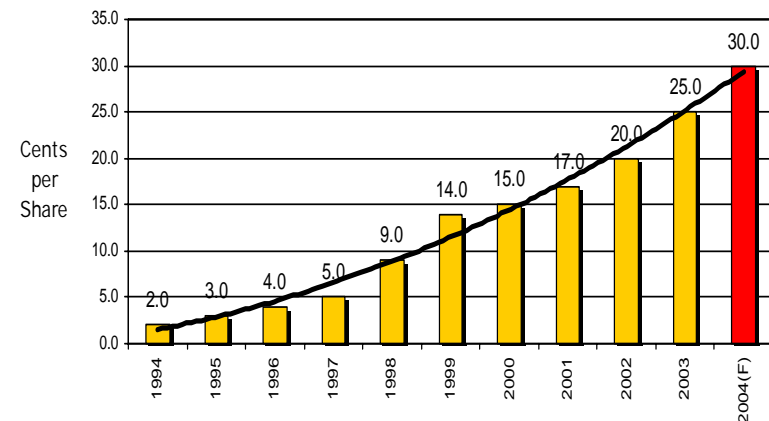
EBITA (\$M)



Core EPS



Dividends



Revenue and EBITA forecasts for 2004 taken from upper end of Sonic market guidance, issued in August 2003

Sonic Half Year Summary

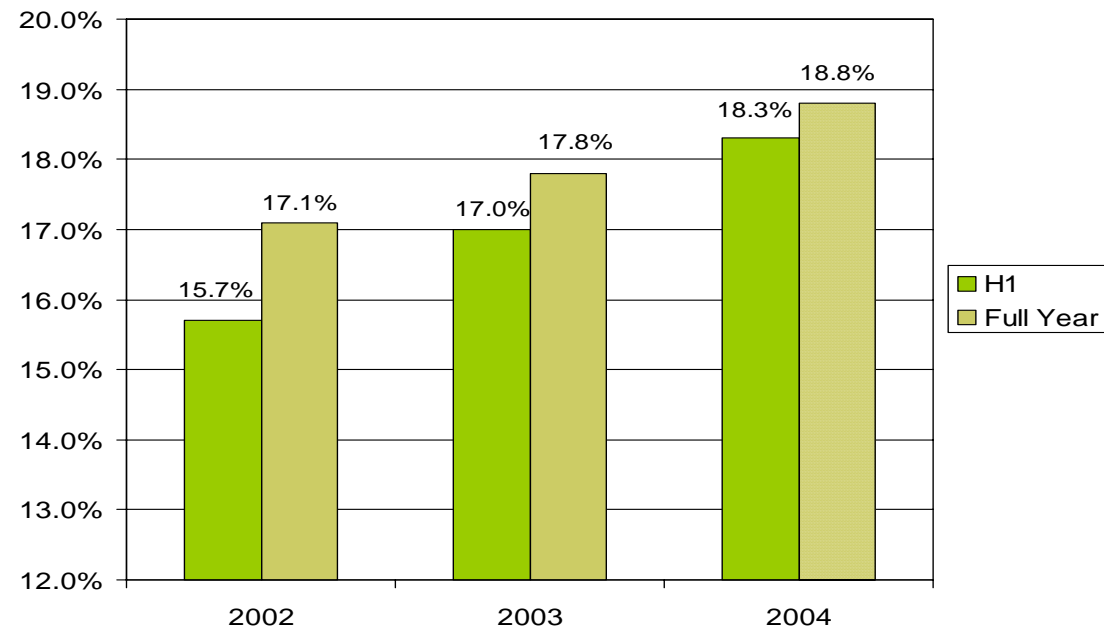
(1 July – 31 Dec 2003)


- Excellent first half performance
 - EBITA up 13.6%
 - Core Net Profit up 14.1% (net profit up 35%)
 - Core EPS up 12.4%
 - EBITA margin 18.3% (up from 17.0%)
- Solid start to second half
 - January EBITA strong
- Full-year guidance unchanged
 - Revenue, EBITA, margins all on target
 - Trending towards upper end of guidance range
- Sonic operations tracking well
 - Integration synergies delivering outcomes
 - Organic growth ongoing
 - Positive culture and values adding to value
- UK pathology strong and stable
 - Relocation to new laboratory completed
 - JV with UCLH (NHS) in operation
 - Excellent future growth potential

Core = Before amortisation of intangibles

Sonic Margin Expansion

EBITA Margin H1 vs Full-year



 = Full-year 2004 EBITA margin forecast derived from upper range of Sonic revenue and EBITA guidance

Sonic Growth

- Earnings growth in H1, 2004
 - EBITA growth-----13.6%
 - Core NPAT growth-----14.1%
 - Core EPS growth-----12.4%
- Consistent EPS growth
 - Organic growth with marginal profit
 - Local cost management
 - Sonic-wide integration synergies
- Growth drivers in medical diagnostics
 - Ageing of population
 - Preventative medicine
 - New tests (genetic testing, MRI etc)

Sonic U.K. Pathology

- Three Transactions since April 2002
 - Acquisition of TDL
 - Acquisition of Omnilabs
 - Joint venture with NHS
- UK pathology market ~£2 Billion

The Doctors Laboratory (TDL)

- ❑ Sonic acquired TDL in April 2002
- ❑ Largest private pathology company in UK
- ❑ Based in London's "Harley Street" district
- ❑ Co-founded by Dr Ray Prudo (Executive Chairman) in 1987
- ❑ David Byrne (CEO) leads strong management team
- ❑ Strong revenue / EBIT growth rates, set to continue

Omnilabs Acquisition

- Omnilabs acquisition from MIA completed in July 2003
- TDL/Omnilabs merger
 - Successfully completed in late 2003
- Losses until merger complete
 - Incorporated into 2004 guidance
- EBIT contribution from Omnilabs post-merger ~£1M p.a.
 - Commences after relocation to Whitfield St site

TDL-UCLH Joint Venture

- Major strategic move for Sonic/TDL
- A significant Public Private Partnership in the NHS
- Joint venture agreement for automated pathology
 - First of its kind in the UK
- JV structured as a cost sharing arrangement
 - Cost savings from scale, automation, lab design, workflow etc
 - TDL savings estimated at £0.75 million in first full year
 - Savings are largely offset by additional cost of Whitfield St facility
- Significant upside from new work volume processed in the autolab

Whitfield St Laboratory

- Floor space 3,400 m² in total
 - Autolab ~700m²
 - Balance split between TDL and UCLH operations
- Consolidation of 5 existing TDL/Omnilabs sites
- Fitout of Whitfield St facility essentially complete
 - State-of-the-art facility and equipment
- Significant excess capacity
 - TDL continues to pursue new expansion opportunities (NHS and Private)
- TDL – UCLH joint venture now operational
 - Merger of automated pathology
 - Facilities, services and management provided by TDL

Sonic UK/European Strategy

- To partner with established players in suitable markets
- TDL platform an ideal base for expansion in UK
 - Private Pathology Market
 - NHS Market
 - Omnilabs and UCLH transactions provide evidence of incremental growth opportunities
- European pathology markets
 - Fragmented and non-corporatised
 - Present opportunities for future growth and rationalisation

Sonic Healthcare Today

- Large and growing business
 - ~\$1 Billion annual revenue
 - > 11,000 employed staff
 - Efficiency and productivity gains continuous
- Excellent pathology and radiology services
 - >16 million patients serviced in 2003
 - >40 million tests performed in 2003
- Operational management
 - Stable and experienced team
 - Committed and passionate people
 - Pro-active management style
- Growth strategy
 - Local – Earnings growth through marginal profit gains and cost management
 - U.K. – TDL strong base, Omnilabs merger, UCLH joint venture
 - Europe – Growth opportunities in large markets

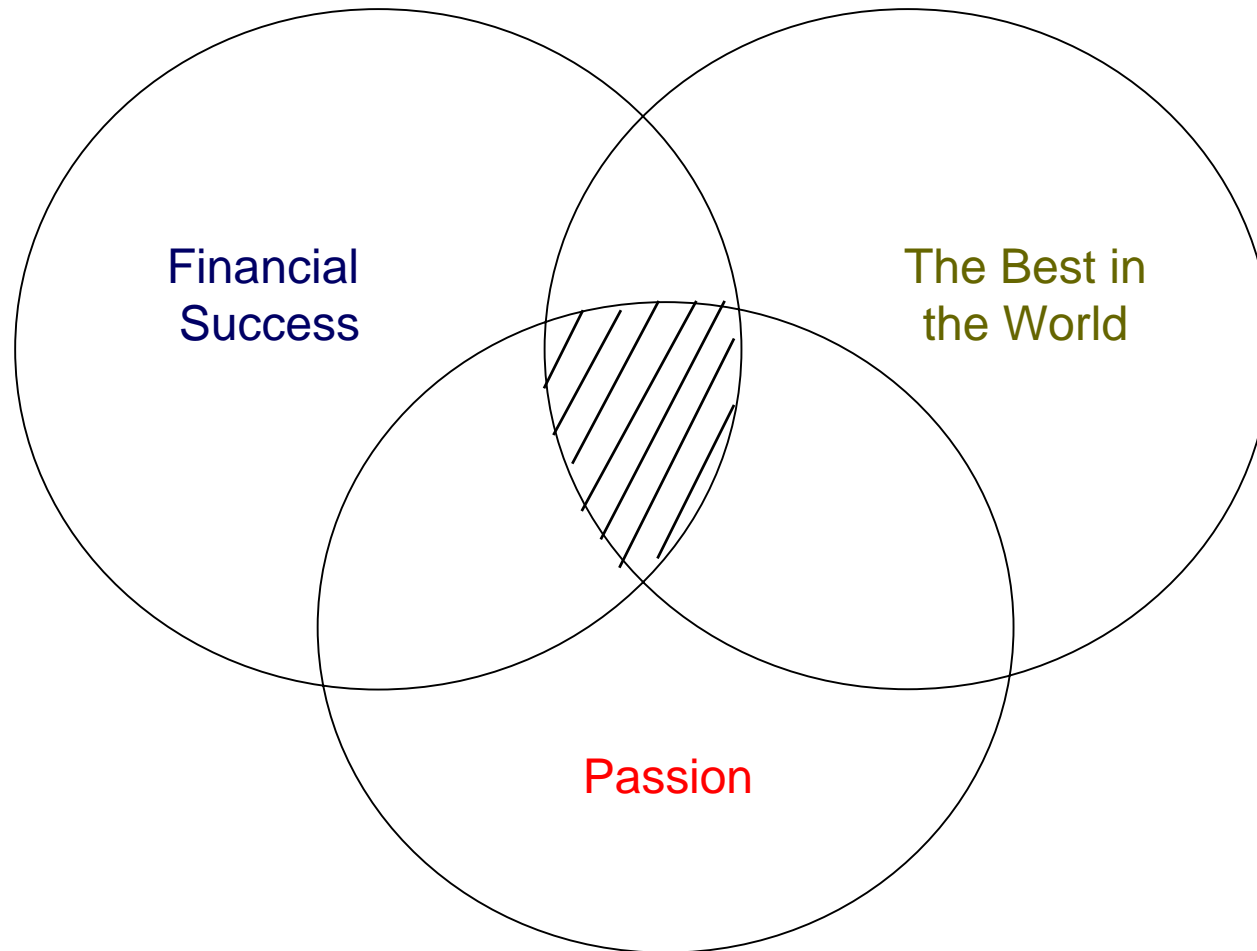
Sonic Core Values

- Commit to service excellence
- Treat each other with respect and honesty
- Demonstrate responsibility and accountability
- Strive for continuous improvement
- Maintain confidentiality

Sonic Healthcare Successful Outcomes...



“Good To Great”



Future Growth Strategy

- Australia and New Zealand
 - Organic growth and marginal profit
 - Efficiency gains from existing operations
 - Synergistic “bolt-on” acquisitions
- UK pathology
 - TDL organic growth and marginal profit
 - TDL/Omnilabs/UCLH merger benefits
 - NHS and Private market expansion
- European pathology
 - Large, fragmented markets
 - Major growth opportunities

Thank you

