

UBS Warburg
Australian Healthcare Conference

SONIC HEALTHCARE

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Agenda

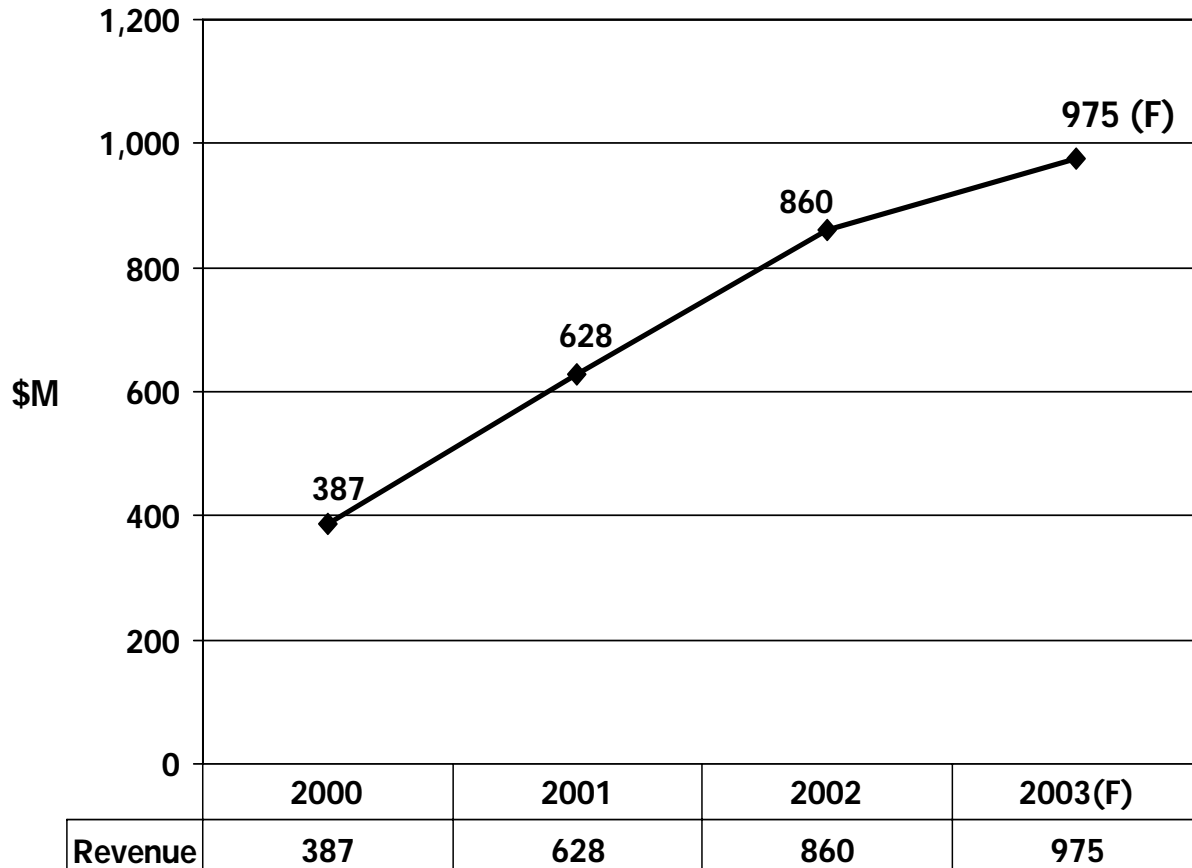
- 2002(A) and 2003(F)
- Revenue and EBIT Issues
- SciGen Spin-out
- UK Pathology/TDL
- Future

2002 Results Summary

		2002	2001	Change
Revenue	\$M	859.8	627.9	+37%
EBITDA	\$M	183.7	131.9	+39%
EBITA	\$M	146.7	110.6	+33%
NPAT	\$M	33.8	26.2	+29%
NPAT*	\$M	83.2	56.4	+47%
EPS*	cents	33.3	28.1	+19%
Cash Generated	\$M	146.7	67.2	+118%

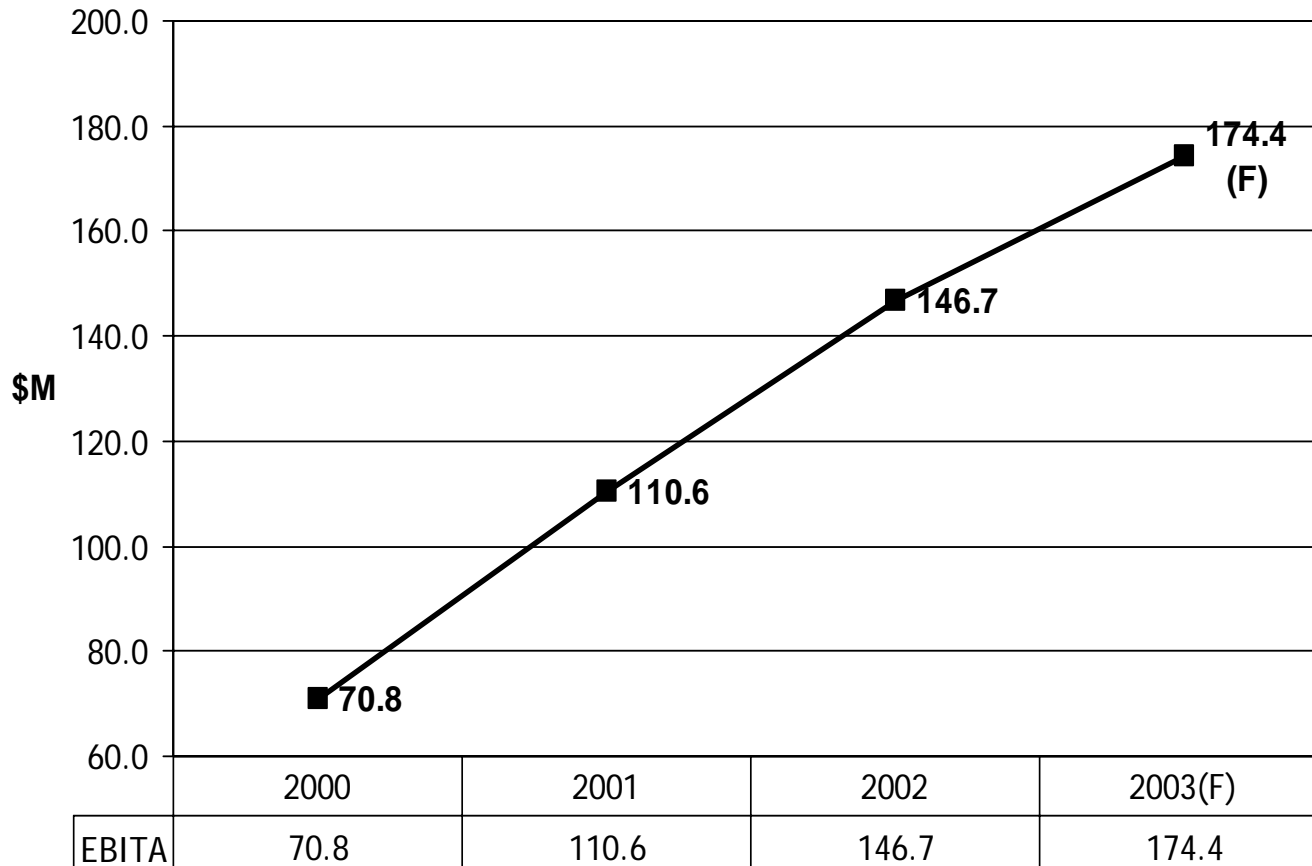
* Before Amortisation of Intangibles

Annual Revenue (\$M)



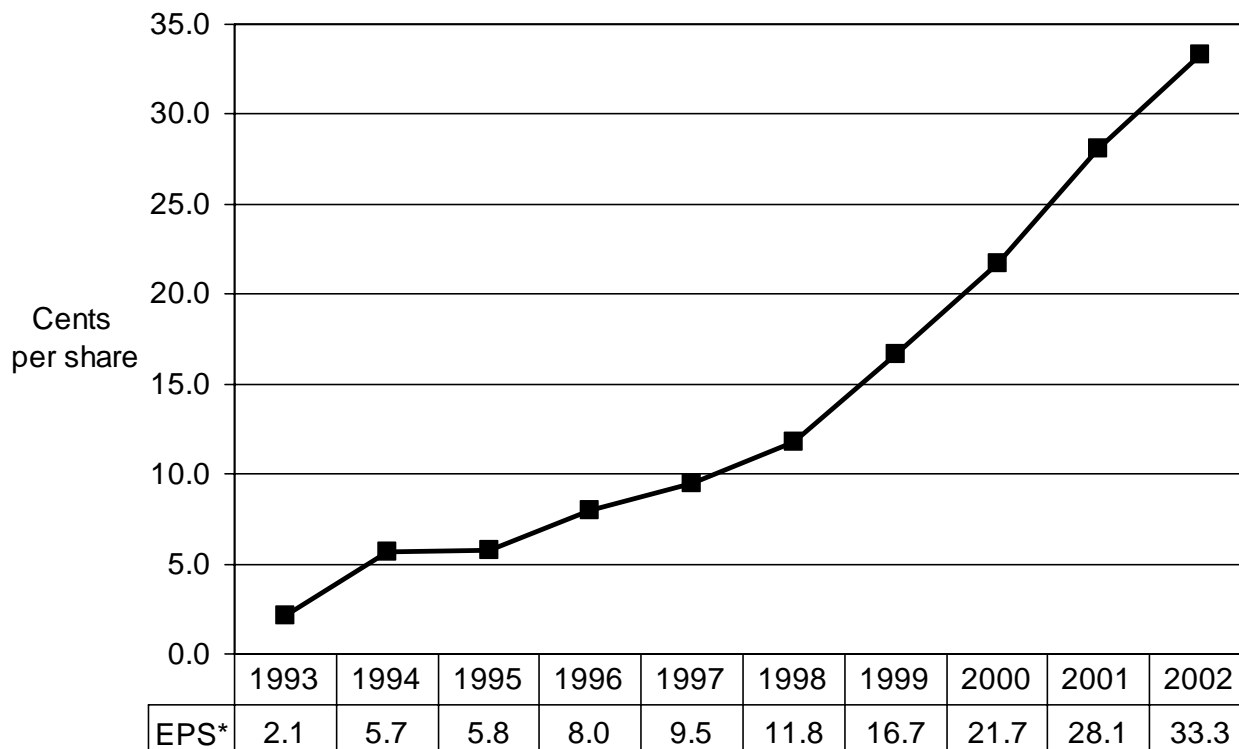
2003 revenue forecast assumes no new acquisitions

EBITA (\$M)



2003 EBITA forecast assumes no new acquisitions

10 Year EPS* History



*Earnings per Share (before Amortisation of Intangibles)

2003 Guidance

	2002(A)	2003(F)	Growth (%)
Revenue	\$860M	\$970-980M	13.4%
EBITA	\$147M	\$172-176M	18.4%
EBITA Margin	17.1%	17.75-18.00%	

- Assumes no new acquisitions
- Assumes current foreign exchange rates

Diagnostics Markets

Australia and New Zealand

- Market growth of ~5%
- Potential to grow market
- Underlying demand
 - New Technologies
 - Ageing Population
 - Preventative Medicine

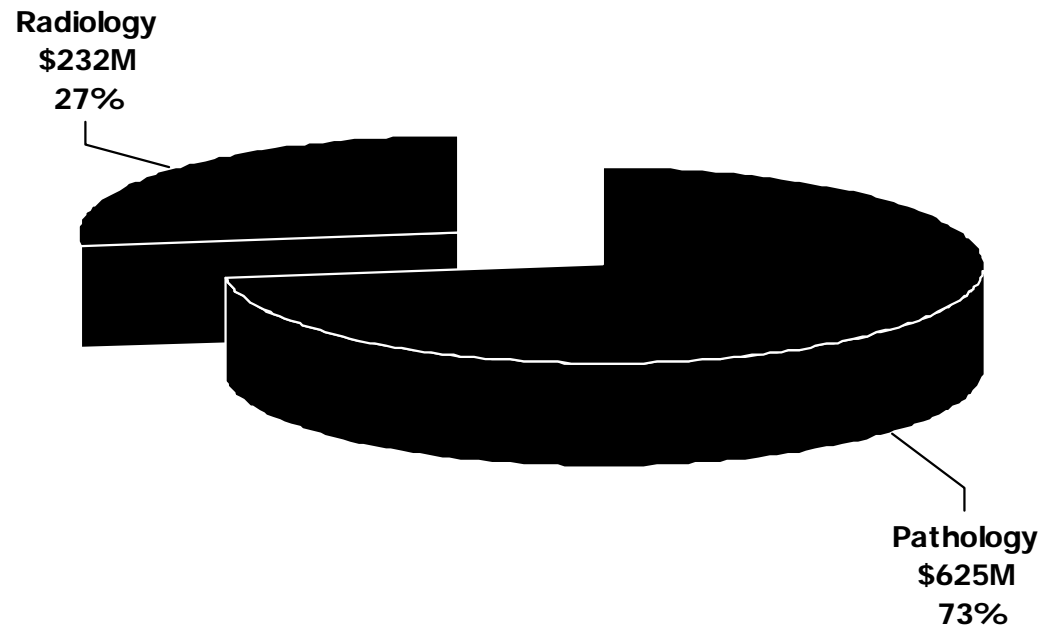
Funding

- General government support for “front-end” diagnostic medicine
- Funding Agreements
 - Radiology – June 2003
 - Pathology – June 2004
- Trend towards bulk-billing has plateaued

EBIT Growth Drivers - 2003

- Revenue Growth/Marginal Profit
 - Market Growth
 - Market Share Growth
 - Synergistic Acquisitions
- Synergies
 - SAT Program
 - Corporate Initiatives
- Technology
 - IT
 - Workflow, instrumentation
- UK Market

Segmental Revenue (2002)



Sonic Healthcare

25 Operating Entities

■ Pathology - 13

- 8 Australia
- 4 NZ
- 1 UK

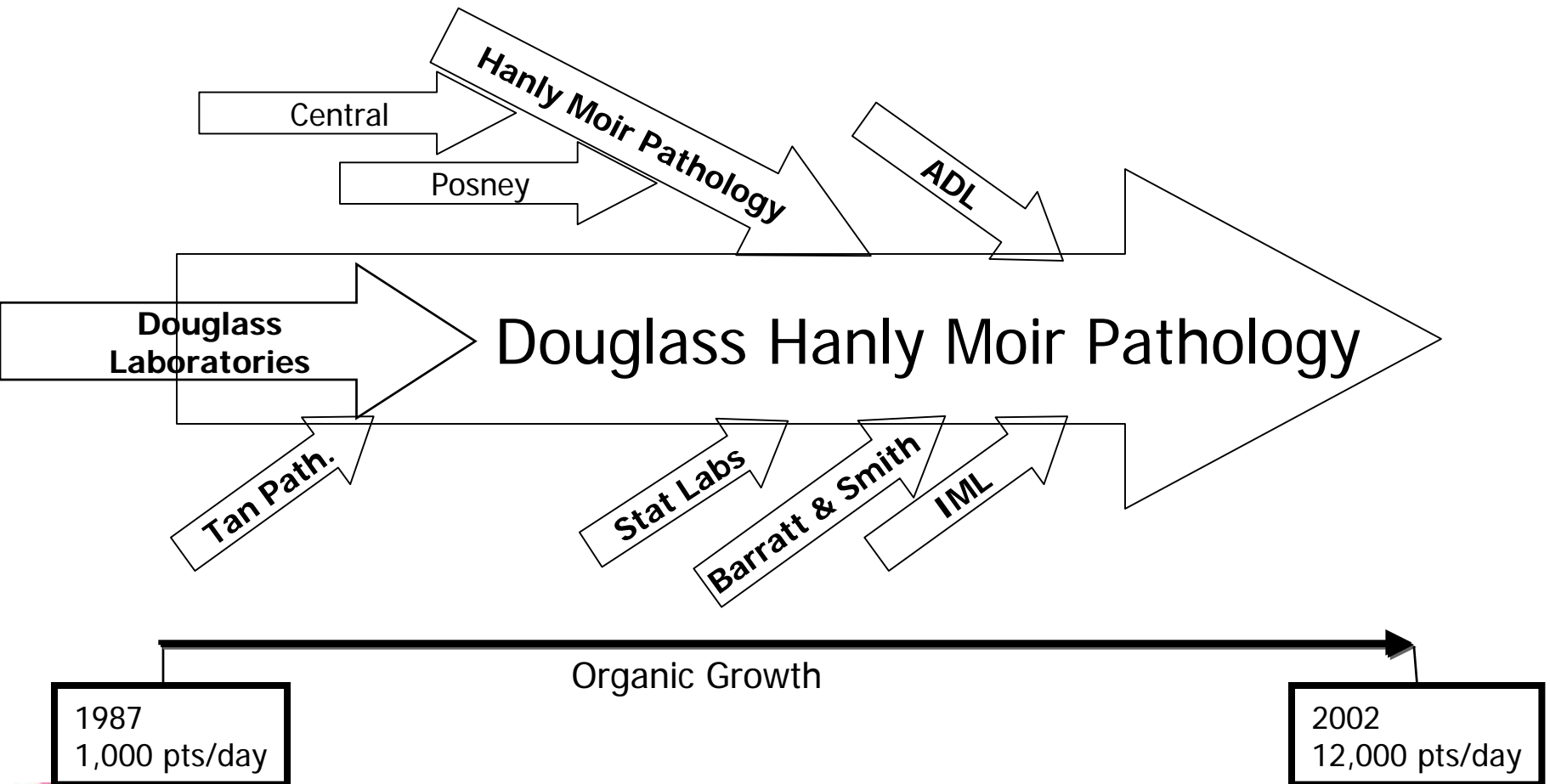
■ Radiology - 9

- 5 Australia
- 3 NZ
- 1 Hong Kong

■ Others - 3

- Lifescreen
- Sonic Clinical Trials
- SciGen

Marginal Profit



SciGen “Spin-Out”

- I.M. distributed to shareholders yesterday
- Shareholder vote on demerger schemes
 - 13 November 2002 (after Sonic AGM)
- Sonic shareholders entitled to SciGen shares on a 1 for 1 basis
- SciGen’s shares deemed to be 20 cents each, based on Sonic’s equity injection
- If approved, SciGen will commence trading on ASX
 - 15 November – Deferred settlement
 - 28 November – Normal basis
- SciGen road show in early November
 - Mark Compton - CEO

U.K. Pathology

NHS Pathology - Background

- Long standing recognition of problems (Audit Commission 1991/93)
 - Quality issues
 - Staffing issues
 - Service Issues
- Capital investment in pathology neglected over many years
- Pressure to modernize pathology
- Increased emphasis on partnerships with private sector in pathology

The London Region Pathology Strategy Document (April 2001)

- Pathology services need to improve and modernise
- Advocates collaboration between trusts (serving larger populations of 1-2m)
- Centralisation of core laboratories
- Collaboration with private sector

'The Role of the Private Sector in the NHS'

(House of Commons Health Committee Report 2001-2 Volume I)

- Pathology services need rationalisation and structural reorganisation
- Private sector providers have introduced greater efficiency without compromising clinical standards
- Variety of models need to be tested

Department of Health – July 2002

- Government believes larger integrated networks offer best way to plan and manage pathology services
- Larger size allows for new technologies and modern information systems to increase quality and efficiency and affords better opportunities for training and education
- Believes private sector can make a positive contribution
- Private Sector contribution includes investment, expertise, process redesign and project management

Government's Response to the House of Commons
Health Committee's First Report on the Role of the Private Sector in the NHS
(Department of Health July 2002)

UK Pathology Market

- £1 to 2 billion per annum
- Low spend by OECD standards
- Spent largely in NHS
- Annual growth 7 to 12 %

Pathology Spend as % of GDP

UK	6.7%
Western Europe	~12%
USA	14.5%
Australia	8.5-9.0%

UK Health

- Total health expenditure 6.7% of GDP
- State of Health Report : *Delivering The NHS Plan* (April 2002)
 - “Catch-up” funding to 9.4% of GDP by 2008
 - Increase of 7.5% above inflation expenditure on healthcare over next 5 years (2003-2008)
 - Reduce waiting lists and waiting times
 - Increase NHS infrastructure
 - Foster public-private partnerships

Pathology in the UK

- Approximately 300 NHS pathology services (Acute Trusts)
- About 1700 separate NHS laboratories
- >100 Private Laboratories
- Market
 - Fragmented
 - Inefficient

Investment Opportunities

- NHS Trusts
- Primary Care Trusts
- Diagnostic and Treatment Centres
- Private Pathology Sector

Models for Public Private Partnerships

- Facilities Management
 - Management Fee
 - Performance Bonus
- Financial Partnering
 - Sharing of cost savings
- Joint Venture
- Outsourcing
 - Service Contracts

UK - TDL

- TDL revenue growing at over 15%
 - Business tracking well
- Plans progressing for new laboratory facility in central London
 - Sonic design
 - Sonic workflow
 - Capex ~£1 million
- Sonic/TDL progressing a number of NHS opportunities
 - Market will be kept informed with material information

Sonic UK Strategy

- **Sonic/TDL Partnership**
 - Sonic 15 year experience in Australia
 - TDL 15 year experience of UK market
- **Collaborate with NHS Trusts**
 - Service enhancements
 - Efficiency gains
 - Volume expansion
 - EBIT growth
 - Win-win outcomes
- **Expand private sector pathology**
 - Organic
 - Acquisition

Sonic Future Strategy

■ Pathology

- Ongoing consolidation and rationalisation
- SAT strategy has 3 to 4 years to run
- Organic, market share growth
- Build relationships with independent healthcare entities
- Acquisitions

■ Radiology

- Organic growth and margin expansion
- Capture synergies with Sonic pathology
- Acquisitions

■ Overseas expansion

- TDL acquisition
- UK pathology opportunities
- European pathology