



| SONIC
HEALTHCARE

Annual General Meeting

13 November 2002

Colin Goldschmidt

Managing Director

Agenda

- 2002 Financial Results
 - Revenue and Earnings
 - 1st Half 2003 Guidance
 - UK Pathology
 - Sonic Future Strategy
-

- SciGen Spin Out
Mark Compton (CEO)

2002 Full Year Results

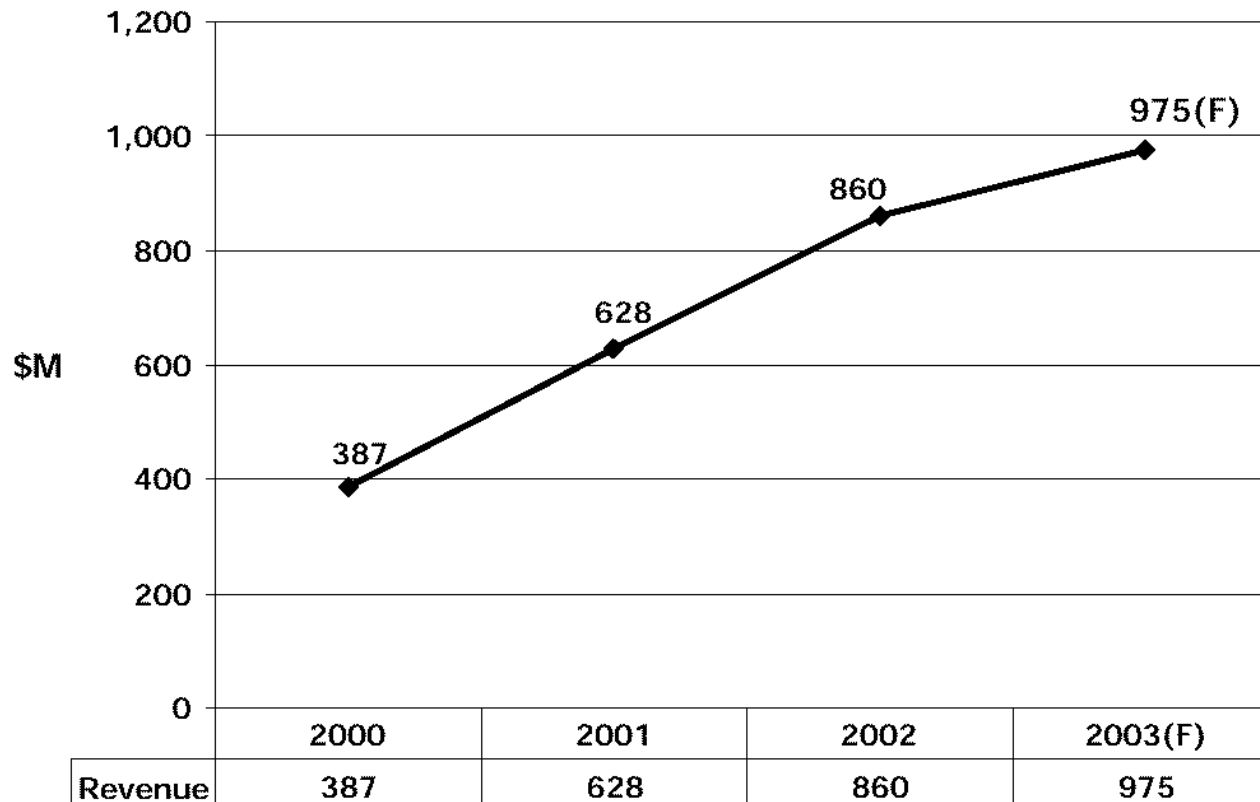
		2002	2001	Change
Revenue	\$M	859.8	627.9	+37%
EBITDA	\$M	183.7	131.9	+39%
EBITA	\$M	146.7	110.6	+33%
NPAT	\$M	33.8	26.2	+29%
NPAT*	\$M	83.2	56.4	+47%
EPS*	cents	33.3	28.1	+19%
Cash Generated	\$M	146.7	67.2	+118%

* Before Amortisation of Intangibles

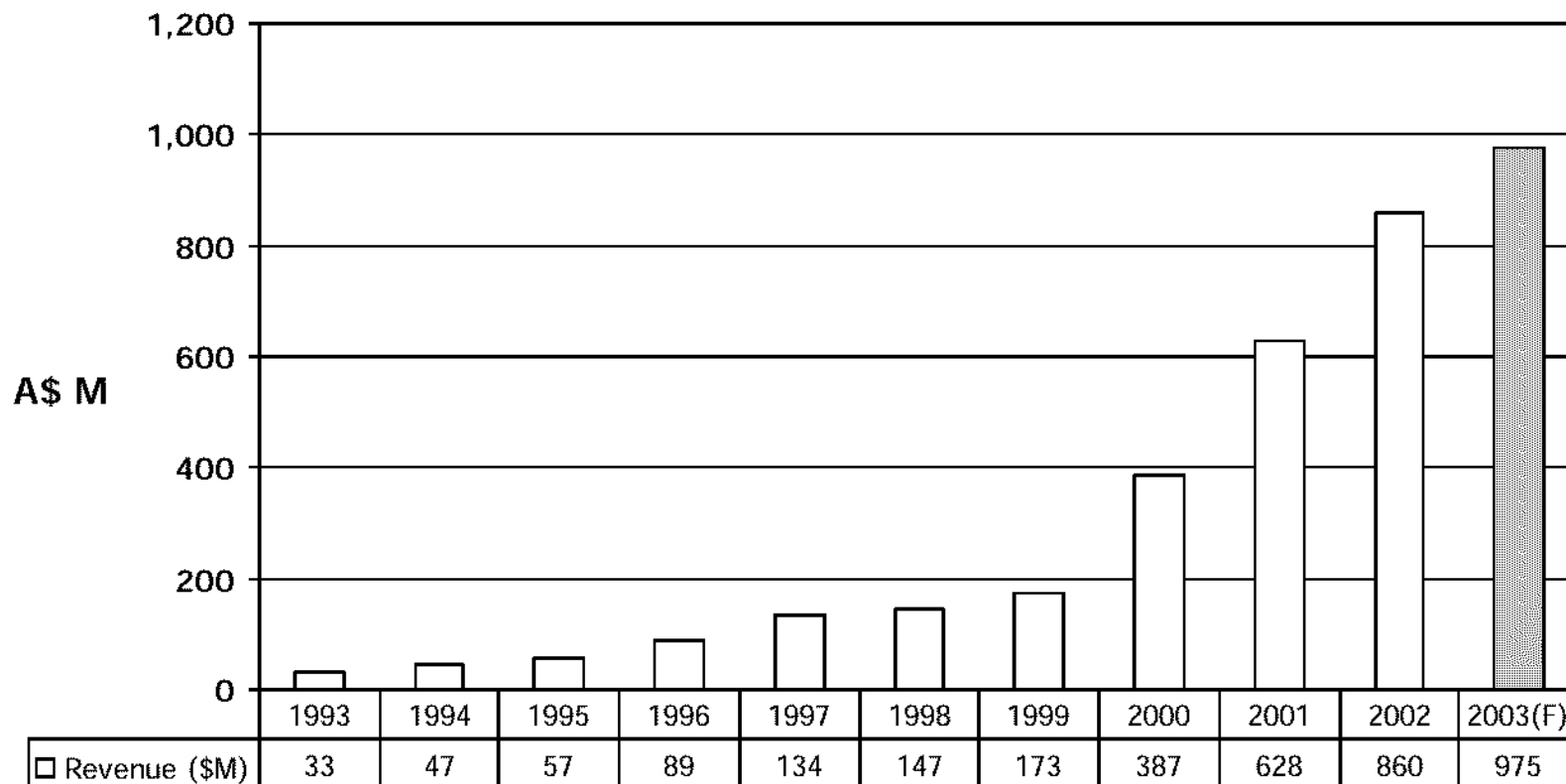
EBITA Margins

2002 (1 st Half)	15.7%
2002 (2 nd Half)	18.3%
2002 Full Year	17.1%

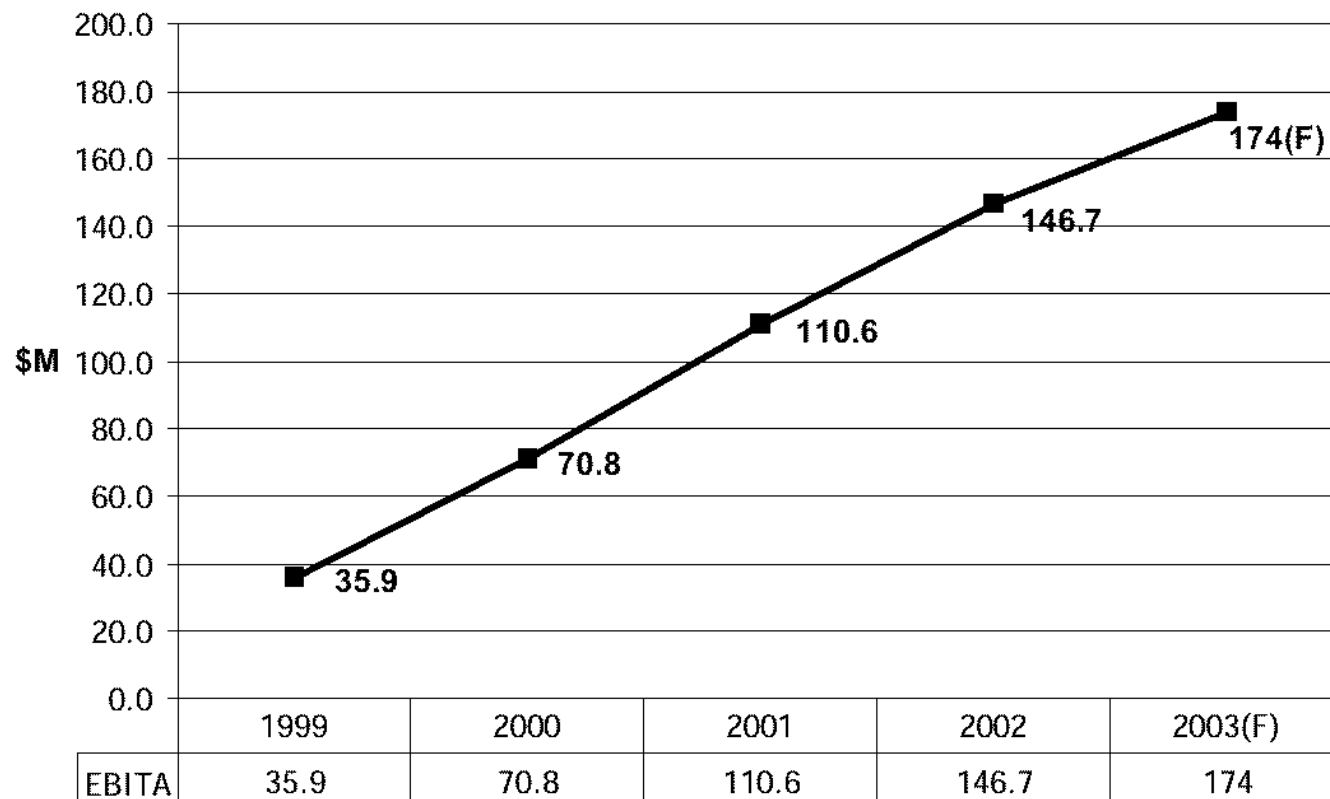
Annual Revenue (\$M)



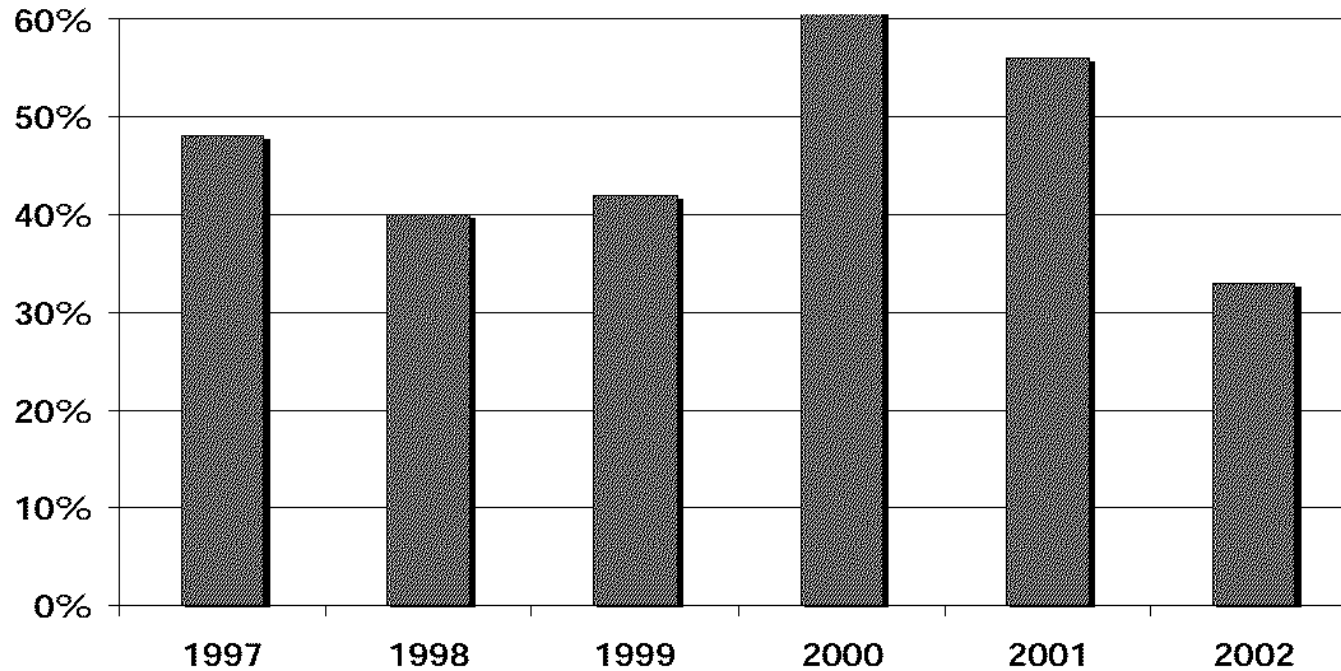
Sonic Healthcare 10 Year Annual Revenues



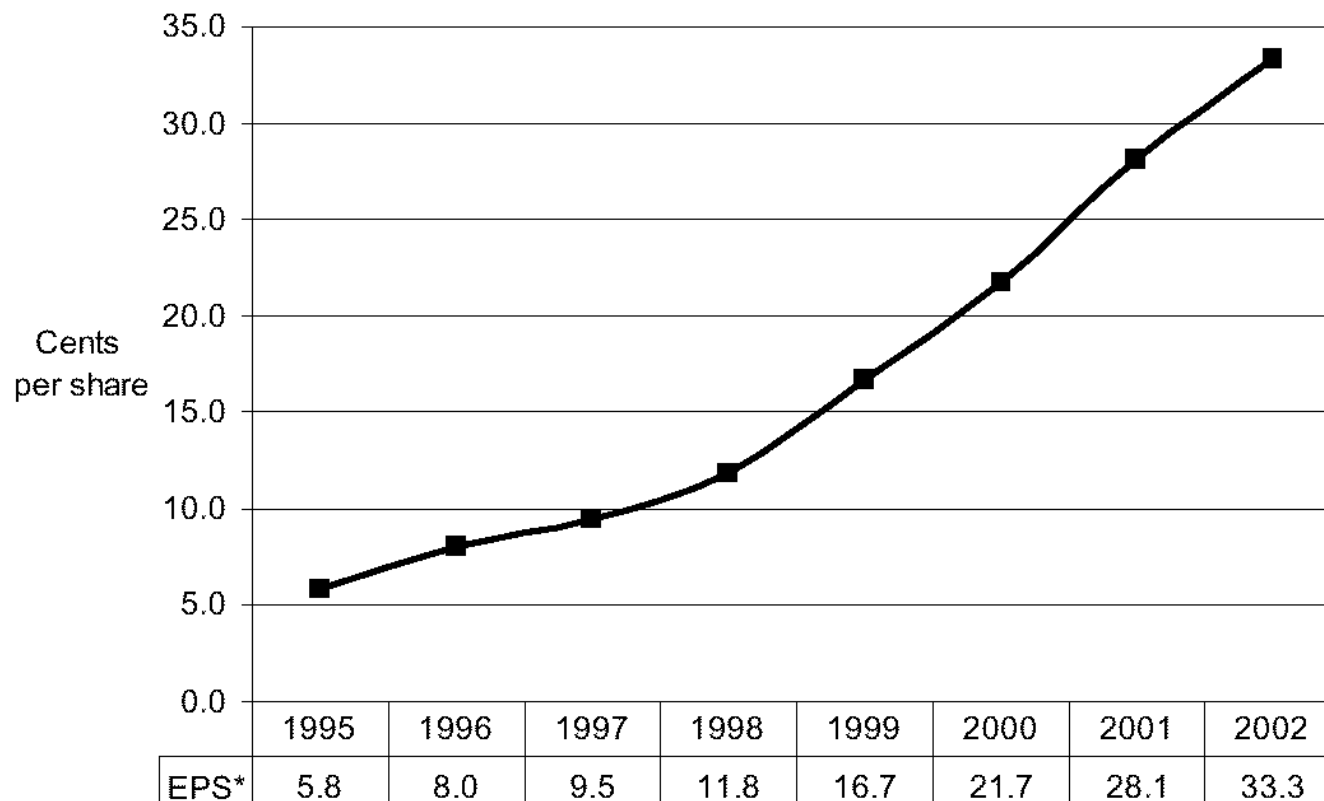
EBITA (\$M)



EBITA Growth (%)

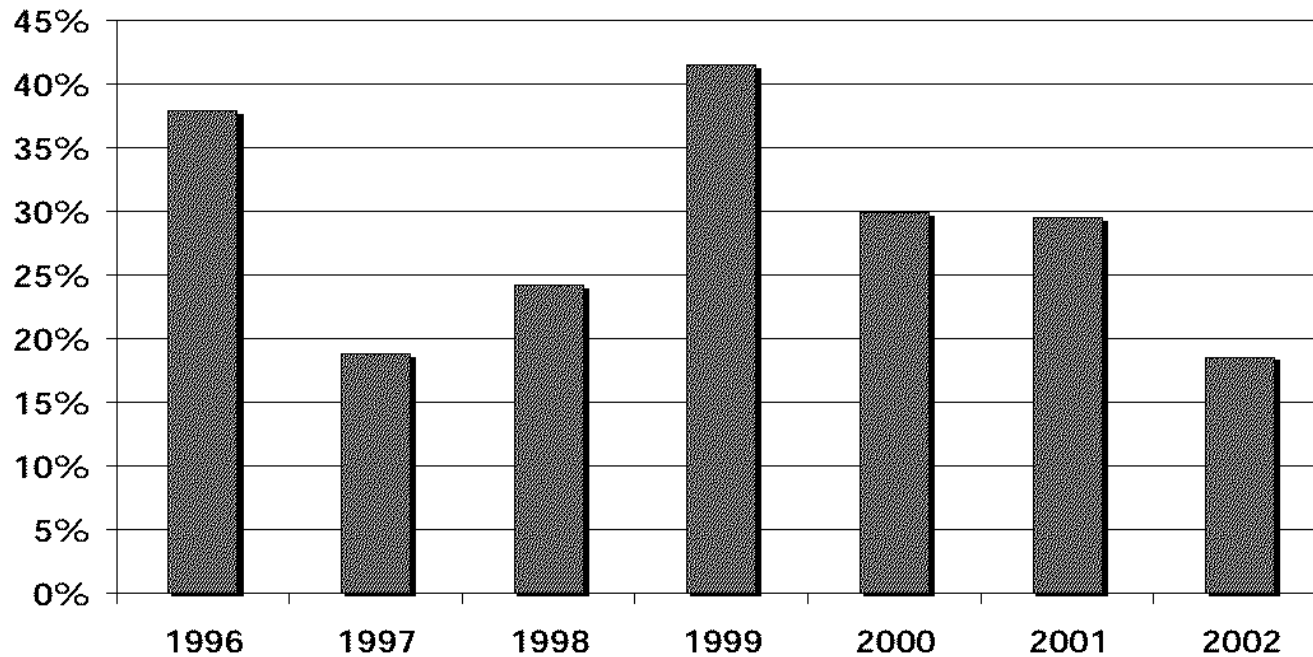


Earnings per Share



Earnings per Share
before Amortisation of Intangibles

EPS Growth (%)



EPS = Earnings per Share
before Amortisation of Intangibles

YTD 2003

- Sonic performing within previous guidance range
- 2003 Full Year Guidance (unchanged):

	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%	

- 2003 1st Half EBITA guidance - \$80-82million
- 2nd Half traditionally better than 1st half – seasonal impact
- SciGen losses eliminated in 2nd half through demerger

*Growth rate based on mid-point of guidance range

EBIT Growth Drivers - 2003

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

Funding

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

UK Pathology

TDL

(The Doctors Laboratory)

- TDL business tracking well
 - Revenue growing at over 15%
 - Q1, 2003 EBITA in line with budget
- Plans progressing for new laboratory facility
 - In Harley Street district of central London
 - Sonic design
 - Sonic workflow
 - Capex ~£1 million
- NHS opportunities
 - Sonic/TDL progressing a number of opportunities
 - A medium term strategy
 - 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
- Sonic/TDL/NHS Partnership
 - Service enhancements
 - Efficiency gains
 - Volume expansion
 - EBIT growth
 - Win-win outcomes
- Expand private sector pathology
 - Organic
 - Acquisition

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

July 2002

UK Department of Health

- Government believes private sector can make a positive contribution to NHS
- 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 - 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%

April 2002

UK Health

- “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

State of Health Report : *Delivering The NHS Plan* (April 2002)

Models for Public Private Partnerships

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

Sonic Future Strategy

- Pathology
 - Ongoing consolidation and rationalisation
 - SAT strategy to capture synergies
 - 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

Thank you