



Weaker dollar could boost Sonic earnings

Jessica Gardner

Sonic Healthcare chief executive Colin Goldschmidt has flagged earnings growth in the coming year, which could be boosted further by the weakening Australian dollar.

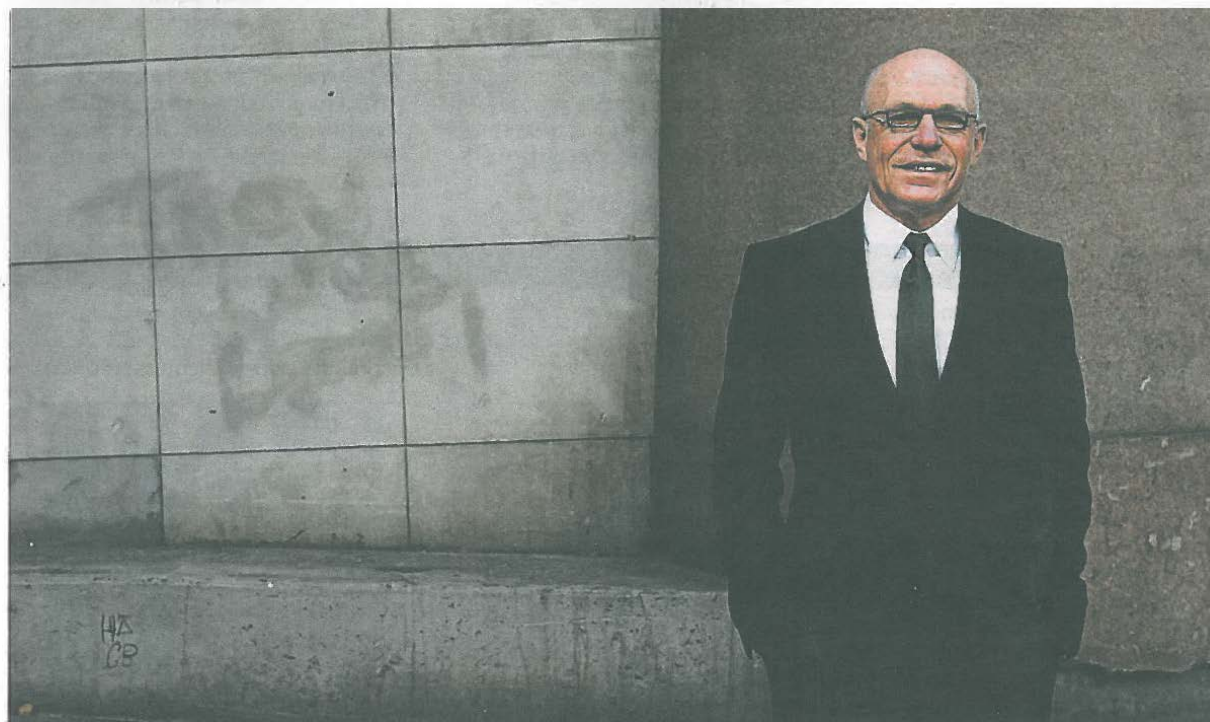
The upbeat guidance, which followed record full-year net profit and revenue on Tuesday, sent shares up 6 per cent to a fresh 12-month high of \$15.44.

The company reported a 6 per cent increase in net profit to \$335 million, above analysts' consensus estimate of \$327 million, for the 12 months ended June 30. Revenue grew 4.1 per cent to \$3.48 billion, in line with analysts' expectations. Earnings before interest, tax, depreciation and amortisation rose 3.6 per cent to \$647 million.

Dr Goldschmidt said the company was "strong and stable and well-positioned for future revenue and profit growth in attractive healthcare markets".

Based on 2012-13 exchange rates, the company gave guidance for a 5 per cent rise in earnings before interest, tax, depreciation and amortisation. At current exchange rates, the guidance is equivalent to EBITDA growth of 12 per cent. Dr Goldschmidt said that about half of the group's earnings is from offshore, so the weaker Australian dollar will be "extremely positive" for Sonic.

Argo Investments senior portfolio



Colin Goldschmidt says the company is strong and stable and well-positioned for future revenue. PHOTO: PETER BRAIG

Sonic Healthcare

Full year	2013	2012
Sales (\$m)	3,484	3,346
Pretax (\$m)	532.2	513.6
Net (\$m)	335.0	316.0
EPS	84.8¢	81.1¢
Final div*	37¢	35¢
*Payable	Sept 24	
	Close	Change
Shares (last)	\$15.44	+85¢

manager Christopher Hall described the company's guidance as "reasonable growth". He said Mr Goldschmidt delivered a "pretty upbeat story". Mr Hall said the company might look to acquire

offshore pathology providers in the coming year. "[Sonic has] got plenty of firepower and I suggest that they'll probably be acquisitive in order to continue their top-line growth."

Philo Capital's head of listed equities Hugh Dive said although he had been "a bit pessimistic" Sonic delivered "a pretty solid result".

"The highlight for me was Europe," Mr Dive said. "The US was obviously weaker but we had the teaser there about Obamacare, which is expected to lead to growth."

US revenue declined 2.5 per cent to \$749 million due to fee cuts in the second half of the year. Revenue in Ger-

many, which accounts for 16 per cent of revenue, rose 7 per cent to \$565 million.

Mr Goldschmidt announced \$US60 million (\$A66 million) worth of costs would be removed from the US business over the next year. He said via acquisitions and organic growth the US business had recently reached a critical mass. "We can now use our expertise to get cost out of the business, without affecting service and revenue," he said.

Sonic shares have gained 17.2 per cent in the past year, just ahead of the ASX/S&P 200, which rose 16.3 per cent.

The company will pay a final dividend of 37¢ a share, of which 45 per cent will be franked, on September 24.