

26 April 2023

## **ACQUISITION OF MEDICAL LABORATORIES DUESSELDORF, GERMANY**

Sonic Healthcare Limited (“Sonic”) (ASX: SHL ; ADR: SKHHY) is pleased to announce that it has signed binding agreements to acquire Medical Laboratories Duesseldorf (MLD), one of the leading clinical laboratories in Duesseldorf, the capital of Germany’s most populous state of North-Rhine Westphalia (pop. 18 million).

MLD is expected to generate revenues of approx. €50 million in FY2024 and employs around 300 staff including 13 pathologists. It operates a highly efficient hub-and-spoke infrastructure around its 24/7 Duesseldorf central laboratory, as well as several branch and hospital sites across the Duesseldorf metropolitan region.

The laboratory was founded in 1968 and is today led by three pathologist partners and their team. All partners and the senior team at MLD will remain with Sonic following the transaction and will work together closely with Sonic’s federation of laboratories in Germany. MLD’s laboratories cover all relevant specialist disciplines across laboratory medicine, with a particularly strong focus on service provision to hospitals.

The purchase price of €180 million (cash and debt free) will be funded in Euro from Sonic’s existing cash and debt facilities, with most of the purchase price being tax deductible in Germany over 15 years as goodwill amortisation. The transaction is immediately earnings per share (EPS) accretive and the return on invested capital (ROIC) will exceed Sonic’s cost of capital. EPS and ROIC accretion will increase further as significant synergies in multiple areas of infrastructure and operations (including procurement) are achieved. The transaction is subject to customary closing conditions, including medical regulatory approvals and is expected to occur before the end of the 2023 calendar year.

Sonic’s CEO, Dr Colin Goldschmidt said: “Following our recent announcement of the acquisition of the Diagnosticum laboratory group, our partnership with Medical Laboratories Duesseldorf continues our focus on accretive expansion in the German market. We warmly welcome the pathologists and staff of MLD into our German and worldwide team of colleagues at Sonic Healthcare and we look forward to working together with this highly reputable and experienced group. The combination with MLD in the West of Germany will further enhance our offering to clinicians and their patients in this important region of the country.”

Whilst an important strategic step for Sonic Healthcare Germany, the transaction is not considered to be material for Sonic Healthcare Limited. This announcement has been authorised by Sonic’s Managing Director. For further information regarding this announcement, please contact:

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