

3 April 2023

ACQUISITION OF DIAGNOSTICUM LABORATORY GROUP, GERMANY

Sonic Healthcare Limited ("Sonic") (ASX: SHL ; ADR: SKHHY) is pleased to announce that it has signed binding agreements to acquire the Diagnosticum group of laboratories, one of the largest clinical and anatomical pathology laboratory groups operating in the South East of Germany, around the city of Dresden.

Diagnosticum is expected to generate revenues of €65 million in FY2024. The group employs 25 pathologists and operates 15 laboratories across its regional geography, including several hospital laboratories and an advanced genetics laboratory in Frankfurt.

The group was founded by Dr Stephan Scholz following German reunification in 1990 and is today led by Dr Christian Scholz, his son, and a group of 16 pathologist partners. All partners and the senior team at Diagnosticum will remain with Sonic following the transaction and will manage Diagnosticum as a new member of the federation of Sonic laboratories in Germany. The group covers all relevant specialist disciplines across laboratory medicine, microbiology, anatomical pathology and human genetics.

The purchase price of €190 million (cash and debt free) will be funded in Euro from Sonic's existing cash and debt facilities, with the majority 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 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: "We are delighted that the pathologists and staff of Diagnosticum will join Sonic Healthcare's expanding German and global team and I take the opportunity to warmly welcome these new colleagues to our company. Diagnosticum's reputation and expertise will complement and add substantial value to Sonic Healthcare and we look forward to working with our new colleagues to further strengthen and propagate our Medical Leadership culture, in the interest of our clinicians and their patients."

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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