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SONIC HEALTHCARE COMPLETES TWO U.S. LABORATORY ACQUISITIONS

Sonic Healthcare Limited ("Sonic") (SHL.AX) is pleased to announce that it has acquired **Piedmont Medical Laboratory** ("PML"), based in Winchester, Virginia, and **Axiom Laboratories**, based in Tampa, Florida.

PML was established in 1991 and is a regional laboratory servicing an integrated network of community-based hospitals, physicians and health care providers, in the states of Virginia and West Virginia. The business has experienced steady revenue growth and has current annual revenue of ~US\$11 million.

PML will become part of Sonic's existing Mid-Atlantic division, which is based in Chantilly, Virginia, close to Washington, D.C. The operations of PML are contiguous with those of Sonic's Mid-Atlantic division and the merger of the two operations will add critical mass to Sonic's operations in this region and will also provide the opportunity for significant synergy capture.

Dr Stuart Monroe and Dr Michael Orlando, currently associated with PML, will continue to provide medical and supervisory services as pathologists with the expanded Sonic Healthcare operation in this area. The management teams of both Sonic and PML are committed to the ongoing delivery of high quality medical laboratory and patient care services.

The PML transaction follows on from the recently completed acquisition of Axiom Laboratories ("Axiom"), based in Tampa, Florida. Axiom was founded in 1995 and has annual revenue of ~US\$5 million. Axiom provides incremental volume for Sonic's Southeast division, based in Orlando. The acquisition also presents further expansion opportunities in the rapidly growing Tampa area and will facilitate synergy and efficiency gains via rationalisation of services between the two operations.

The purchase price for both businesses comprises upfront cash payments totalling US\$20 million and a performance based earn-out of up to US\$2.5 million payable over 2 years. The structure of the Axiom acquisition will provide tax deductions for goodwill amortisation over 15 years, with a total net present value to Sonic of ~US\$1 million.

Sonic Healthcare's CEO and Managing Director, Dr Colin Goldschmidt said: "Both Piedmont Medical Laboratory and Axiom Laboratories represent valuable synergistic acquisitions for Sonic. PML will serve to extend our service in the Mid-Atlantic area and will also offer operating synergies due to the close proximity to our current operation. Axiom adds further critical mass and growth potential for Sonic in the important Florida market. I take this opportunity to warmly welcome all PML and Axiom staff to the Sonic Healthcare group."

For further information regarding this announcement, please contact:

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