



**SONIC
HEALTHCARE
LIMITED**

3 August 2018

Laboratory Joint Venture with ProMedica Health System, USA

Sonic Healthcare Limited ("Sonic") (ASX: SHL ; ADR: SKHHY) is pleased to announce that it has signed agreements to enter into a laboratory joint venture ("the JV") with ProMedica Health System, Inc. ("ProMedica"). Whilst not a material transaction for Sonic, the formation of the JV will be another positive step in Sonic's ongoing hospital laboratory partnership growth strategy.

ProMedica is a nationally recognised not-for-profit healthcare network based in Toledo, Ohio. ProMedica's network includes more than 2,300 physicians and 70,000 employees, treating patients at 13 acute care hospitals and over 500 post-acute and outpatient facilities throughout 30 States.

Under the agreements, Sonic will contribute its laboratory business based in Ohio (known as Pathology Laboratories, Inc. or PathLabs) into the JV and ProMedica will contribute its existing outreach/community laboratory business and certain hospital inpatient testing. To achieve a 49% ownership interest in the JV, Sonic will also contribute an amount of cash, to be funded in USD from existing debt facilities or cash.

PathLabs joined Sonic in 2005 as part of Sonic's acquisition of Clinical Pathology Laboratories ("CPL"), Sonic's first (and largest) acquisition in the USA, and currently has annual revenue of ~US\$30 million. The JV will have significantly more revenue and will provide PathLabs with greater operating scale and efficiencies, as well as a platform for enhanced future growth.

Sonic will manage the day to day operations of the JV. However, as Sonic will not have a controlling interest, it will not consolidate the JV in its financial reports. The transaction is expected to be accretive to Earnings Per Share ("EPS") and Return on Invested Capital ("ROIC") in year one. The expected commencement date of the JV is 1 September 2018.

The JV will trade as ProMedica Pathology Laboratories LLC and will have a defined area of operations. It will operate from a state-of-the-art core laboratory recently commissioned by ProMedica and situated adjacent to ProMedica's Toledo Hospital. The new laboratory provides the JV with significant capacity for the future. PathLabs' existing Toledo laboratory will be closed after a transition period and PathLabs' staff will transfer to ProMedica.

Sonic's CEO, Dr. Colin Goldschmidt said: "We are honoured to partner with a prestigious healthcare network such as ProMedica. The formation of the joint venture will enhance not only the career prospects and professional interactions of our staff in Ohio, but also the service levels and expertise we provide to our referring physicians, patients and other customers. The joint venture will also be well placed for future growth."

For further information regarding this announcement, please contact:

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