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## UK JOINT VENTURE WITH NHS HOSPITALS

Sonic Healthcare Limited ("Sonic") (SHL.AX) is pleased to announce that its UK subsidiary, The Doctors Laboratory (TDL), has signed contracts with the University College London Hospital NHS Foundation Trust (UCLH) and the Royal Free London NHS Foundation Trust (the Royal Free) to form a partnership - Health Services Laboratories LLP - to provide state-of-the-art pathology and analytics services to the National Health Service (NHS).

Sonic Healthcare CEO, Dr Colin Goldschmidt, said that the formalisation of the partnership represented an important milestone for Sonic. "We are honoured and excited to partner with UCLH and the Royal Free and look forward to providing leading-edge pathology services to clinicians and patients at optimum efficiency levels. Our well-established Medical Leadership model is ideally suited to the special needs of our NHS partners and I am confident that TDL, with the full support of Sonic's global resources, will add value and serve to deliver significant benefits to all stakeholders into the future."

David Byrne, chief executive of The Doctors Laboratory and Health Services Laboratories, said: "This is a ground breaking partnership, bringing together The Doctors Laboratory and Sonic Healthcare's experience in large scale clinical laboratory operations with the NHS Trusts' excellent environments for clinical care and clinical teaching, as well as research and development in diagnostics and our shared commitment to patients. Our intention is to develop a world-leading facility that delivers an unrivalled service to our patients and substantial efficiencies for the NHS."

Lord Carter of Coles will be the first chairman of Health Services Laboratories. In addition to a successful career in business Lord Carter has advised the UK government on a wide range of issues, including the pathology sector. The partnership will use the efficient hub and spoke system, recommended by his influential review of pathology services in 2008, to create a clinically-led organisation always aiming to maintain the highest quality standards and deliver substantial efficiencies to the NHS through leading-edge technology, adoption of best working practices, investment in infrastructure and IT and through economies of scale.

Sir Robert Naylor, UCLH chief executive, said: "This new venture aims to deliver on the vision for pathology services outlined by Lord Carter in his seminal report. We have never been frightened about teaming up with the private sector when we know we can deliver savings for the NHS and - most importantly - better outcomes for patients. This is a model that is likely to be used more frequently in the NHS in the future."

David Sloman, chief executive of the Royal Free said: "We aim to retain, recruit, motivate and develop the highest quality workforce by offering an excellent working environment, opportunities for personal and professional development. It will also ensure all parties are best equipped to maximise research and educational opportunities ensuring the service stays at the forefront of patient care."

UCLH was the first major NHS trust to develop a commercial relationship with an independent pathology partner, The Doctors Laboratory, in 2002. The partnership has been extremely successful using the latest technology and processing more samples and saving tax payers' money due to shared costs.

The partnership is expected to formally commence late in 2014 once a number of regulatory issues have been completed, and has been awarded a ten year contract to provide pathology services for UCLH and the Royal Free. Sonic, with an ownership interest of 51%, will consolidate the partnership and incremental reported revenue is expected to be approximately £50 million in its first year. TDL is starting the process of fitting out a new state-of-the-art hub laboratory in central London, to accommodate Health Services Laboratories and to provide capacity for the continuing growth of TDL's other existing business. The new laboratory will replace TDL's existing facility in Whitfield Street, London.

Health Services Laboratories will seek to partner with other NHS hospital trusts in the future, offering a world-leading pathology service at an economic cost.

For further information regarding this announcement, please contact:

**Dr Colin Goldschmidt**  
CEO and Managing Director  
Sonic Healthcare

Telephone: +61 2 9855 5333  
Email: [colgold@msn.com.au](mailto:colgold@msn.com.au)

**Chris Wilks**  
CFO and Finance Director  
Sonic Healthcare

Telephone: +61 2 9855 5404  
Email: [cdwilks@bigpond.com](mailto:cdwilks@bigpond.com)