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Serco Group plc announces the acquisition of SDC

Serco Group plc ("Serco"), the international management services company, is pleased to announce that it has acquired SDC for a consideration of £2 million.

SDC is a leading healthcare management consultancy, project management and solutions business. SDC specialises in services to health organisations providing strategy development, health planning, capital project advisory services, performance improvement and implementation services. SDC reported a turnover of £1.4 million for its year ended March 2002 and its contribution post acquisition is expected to be earnings enhancing.

The acquisition will create a strong platform for Serco to grow further business in health, building on our existing track record in providing support services to Norfolk and Norwich, Wishaw General and Leicester Royal Infirmary hospitals, and waiting list brokerage through Serco Euromedic. The new business will be known as Serco SDC.

Serco SDC will develop new business opportunities in providing additional service capacity to the NHS and in developing NHS LIFT schemes, whilst, maintaining SDC's tradition of high quality strategic consultancy advice.

Chris Hyman, Chief Executive, Serco Group plc stated: -

"We see considerable growth opportunities in the healthcare sector and are delighted to welcome the staff of SDC into Serco. This acquisition gives Serco strength and depth in a vital public service sector, adding to the capabilities that the company already has in this market, and the role that it plays.

SDC provides us with an immediate capability in providing strategic advice and consultancy to all layers of the NHS and capability to enter the markets in services that we believe will be provided to the NHS by the independent sector on a sustainable basis, including direct clinical services, performance improvement through the Trust Franchising scheme and future PFI/PPP projects in hospital and primary care assets."

Ian Savage, Chief Executive, SDC said:

"SDC has been looking for a partner to support achievement of its vision and strategy. In Serco we have found the ideal partner; an organisation that has similar ambitions in healthcare and that can supplement the SDC skill base. The combined resources and capabilities of the two firms will create a major new business for the healthcare market."

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Notes for Editors

Serco is an international provider of management services to government and industry. The company covers a wide range of activities, from controlling satellites and operating computer networks for the European space agency, to managing and operating the Docklands Light railway where Serco was recently voted national rail Operator of the year. The company employs over 34,000 staff in 36 countries.

Serco provides non-clinical support services to three major hospital sites in the UK and to customers in Hong Kong and New Zealand. Two of those sites – Norfolk and Norwich University Hospital and Wishaw General Hospital were built through the Private Finance Initiative.

Serco Euromedic is a specialist brokerage company, established to facilitate the treatment of NHS waiting list patients in the private sector in the UK and in Europe.

The Managing Director of Serco SDC will be Ian Savage. Richard Darch will be Director of Business Development and Tim Flanagan will be Director of Consulting Services.

SDC was founded in the early 1990's by three senior consultants from PriceWaterhouse. The practice currently employs 14 members of staff.

NHS LIFT (NHS Local Improvement Finance Trust) is the joint venture company set up by the Department of Health and Partnerships UK plc (PUK) for the redevelopment and management of the primary care estate, e.g. doctor's surgeries. NHS LIFT will own and lease premises to GP's (as well as dentists, chemists, etc) and will empower and assist the regeneration of local communities by providing better healthcare facilities.

More information on:

SDC can be found at www.sdcgroup.co.uk

Serco can be found at www.serco.com