

SYNLAB

SYNLAB Q1'22 Results

12 MAY 2022



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Agenda

1. Q1'22 Highlights
2. Q1'22 Financial results
3. Q1'22 Business review
4. Outlook
5. Appendix

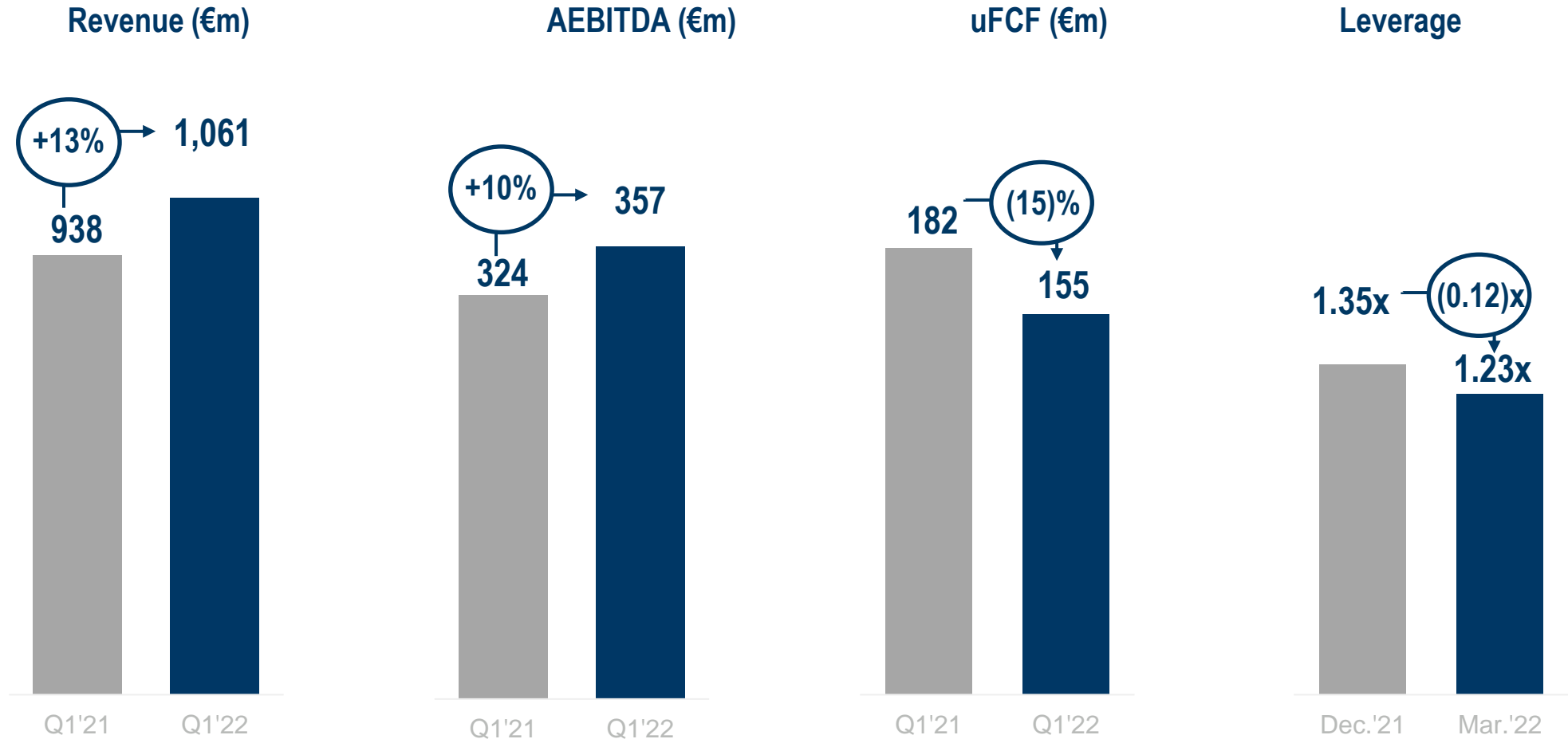




Q1'22 Highlights

Mathieu Floreani, CEO

Q1'22 highlights



Another quarter of growth and profit expansion

Q1'22 operational highlights

Organic growth

Softness in base business in Jan-Feb (Omicron wave)

- Growth rebound in March

Retail initiative ongoing

- 40+ blood collection points opened in Q1'22

Specialty tests reinforced

- OncoDNA partnership in Germany

SEL contract

Operational excellence

SALIX on track

- €5m savings delivered in Q1'22

STS¹

- +5 new countries joining program (21 in total)
- Acceleration of the training pace

Core lab equipment renewal and automation

>90% completed



M&A

Continuous capital deployment

- 8 acquisitions YTD
- 6 countries: Germany, Italy (3), Spain, Mexico, Portugal, Ecuador
- ~€32m annualized revenue
- Total EV: ~€63m³

Integration of 2021 acquisitions on track

Employee engagement / ESG

ESG report released on 29 April 2022



- Defining high-impact areas and tangible targets

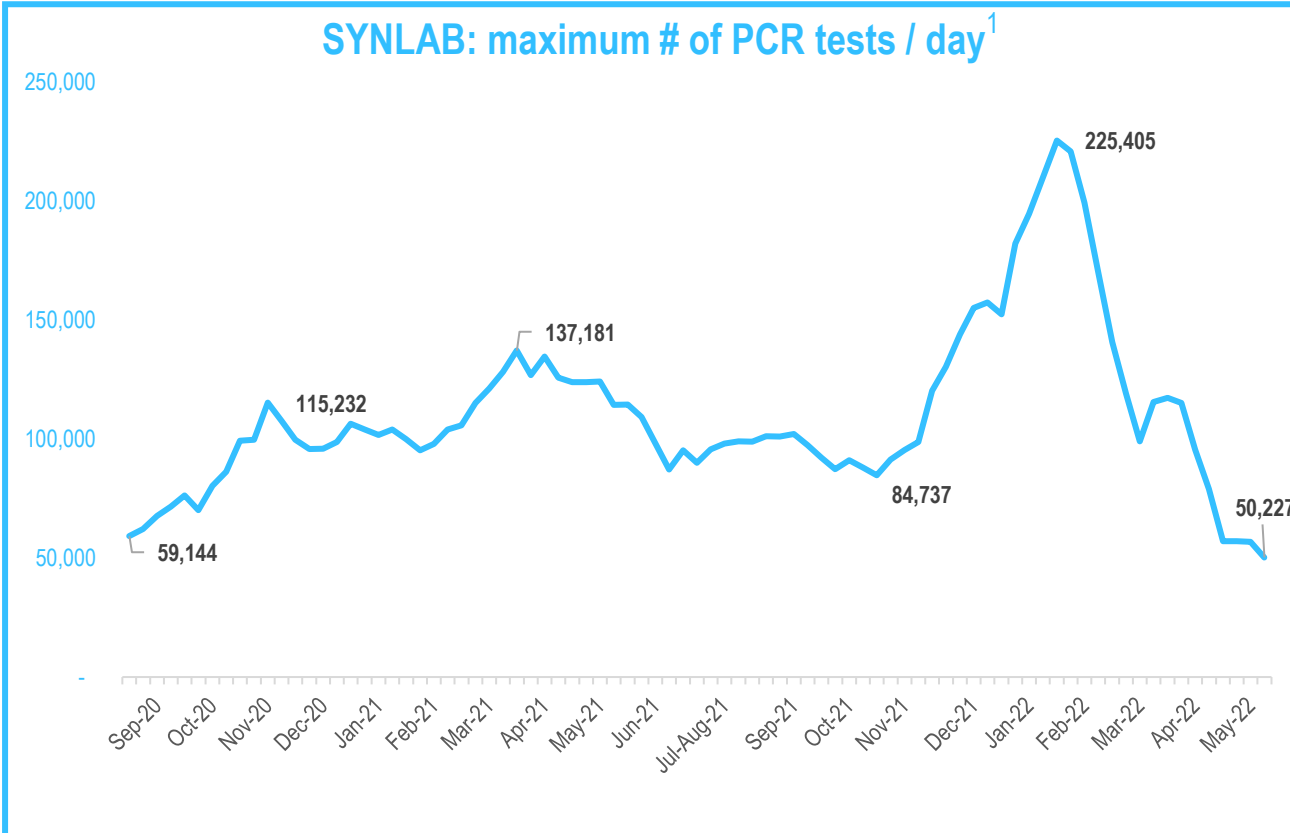
3. On a debt and cash free basis

1. SYNLAB Transformation System

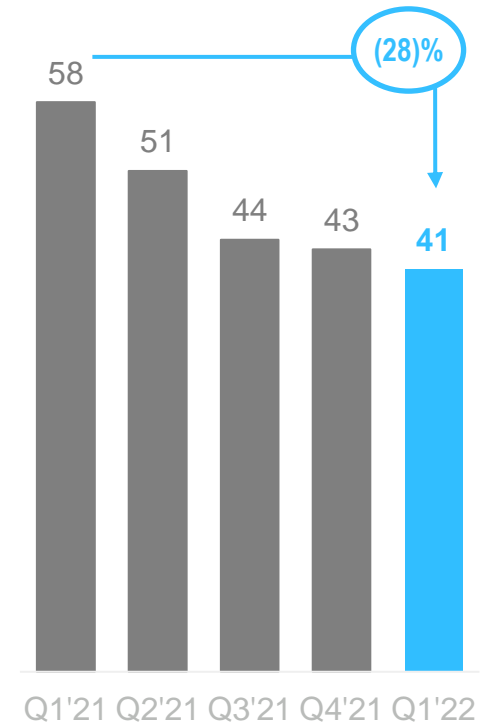
2. Group-wide employee engagement survey

Leadership in COVID-19 response

SYNLAB: maximum # of PCR tests / day¹



PCR test price evolution (€)



50+ million PCR tests performed since the beginning of the pandemic

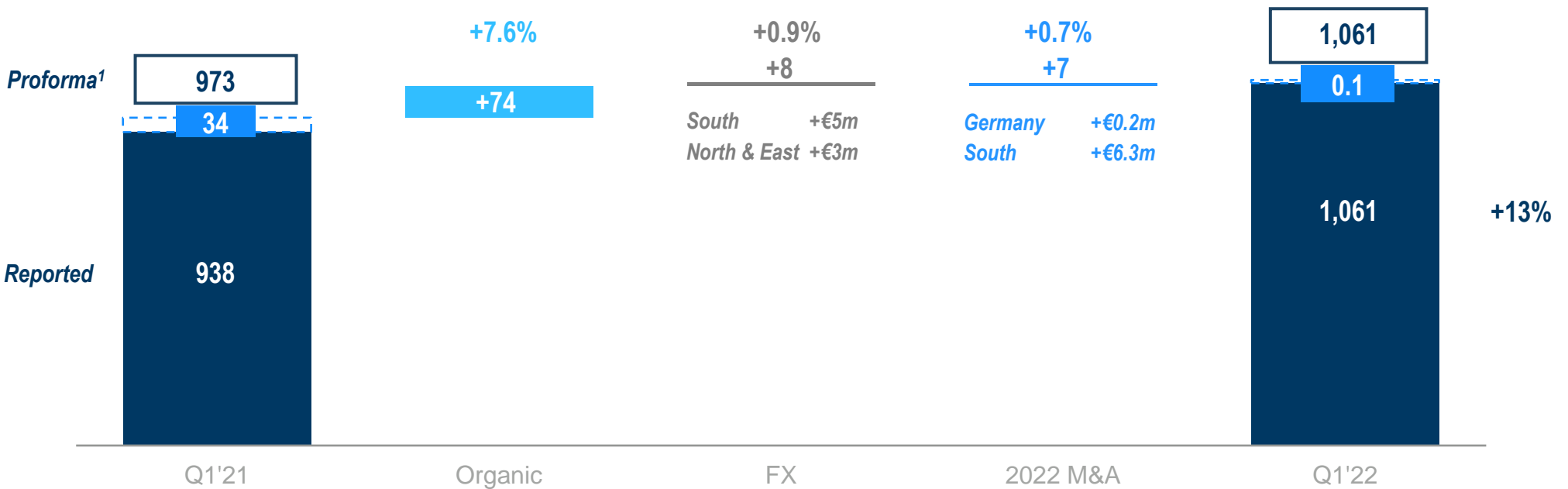
Q1'22 Financial results

-SYNLAB AG, UNAUDITED FINANCIALS-

Sami Badarani, CFO

Another quarter of revenue expansion in Q1'22

Revenue (in €m)

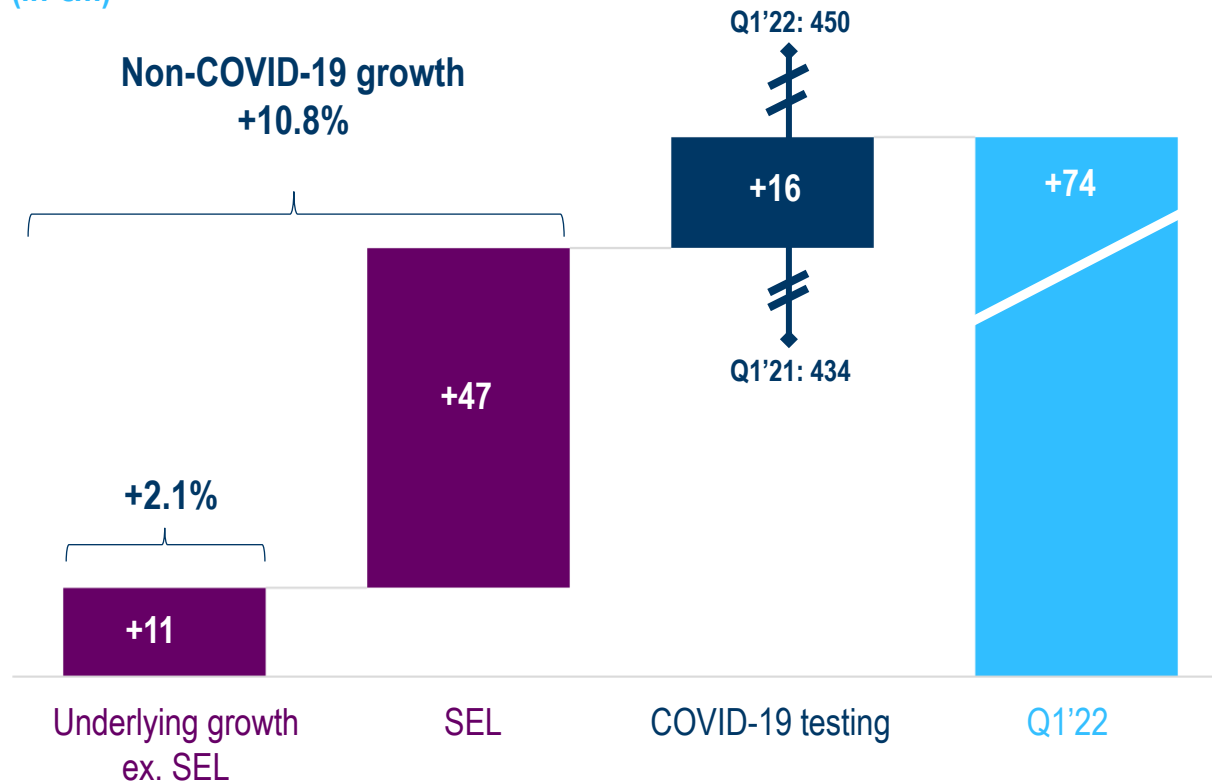


Strong growth, mostly organic

Strong organic growth (ex. COVID-19 testing)

Q1'22 organic revenue growth build-up

(in €m)



Underlying growth ex. SEL

- By segment
 - France: (1.1)%
 - Germany: +3.9%
 - South: (1.0)%
 - North & East: +9.1%

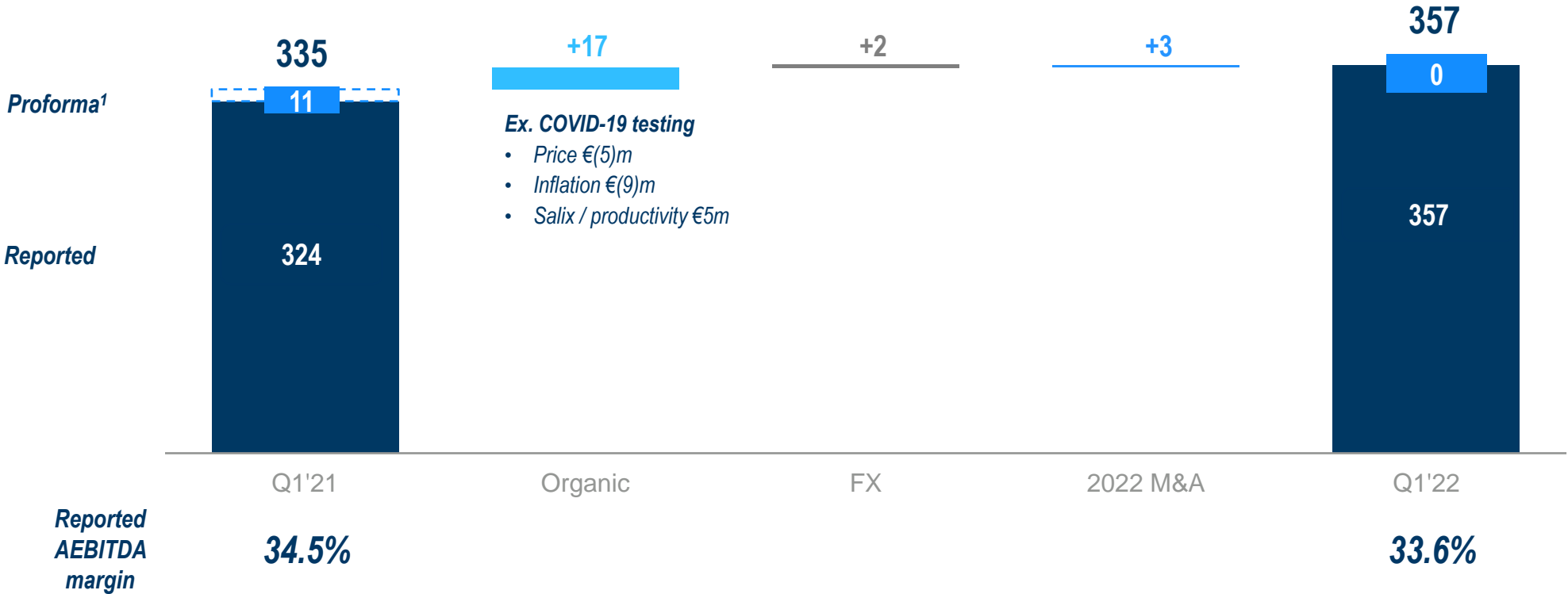
Q1'22 COVID-19 Testing

- 10.2m PCR tests
 - ~87% of C19 testing volume
 - Average price @~€41 (vs. ~€58 in Q1'21 and ~€43 in Q4'21)
- 1.5m non-PCR tests

Underlying growth: soft Jan.-Feb. (Omicron wave), strong March rebound @4%+

Strong AEBITDA performance

AEBITDA (in €m)



Strong margin expansion before PCR price decline (~€170m or 9pts of margin)

Net profit expansion

Q1'22

(€m)	Reported	Adj.	Adjusted	Adjusted VLY	
EBITDA	356.4	+0.5	356.9	+33	●—● Minor -acquisition-related- adjustments
D&A & impairment	(70.4)	+13.6	(56.8)	(13)	●—● €13.6m customer list amortization
Operating profit	286.0	+14.1	300.1	+20	Improved financial results
Net finance results	4.6		4.6	+33	●—● ~€(14)m interest expense – lower borrowings / borrowing costs ~€5m exchange gain ~€14m financial instruments revaluation
Income tax expense	(72.8)	(3.0)	(75.8)	(15)	●—● 25% effective tax rate
Other	(1.9)		(1.9)	-	
Net profit (Group share)	215.9	+11.1	227.0	+38	

Improved financial results, partly offset by a higher tax expense

Robust cash flow generation

(€m)	Q1'22	Q1'21	VLV	
AEBITDA	356.9	324.1	32.8	
Movements in working capital	(129.2)	(84.1)	(45.1)	●—● DSO@69 (Mar.'21 @73, Dec.'21: @62)
Income tax paid	(15.3)	(12.1)	(3.2)	●—● Higher operating results
Change in provisions & other	9.2	3.4	5.8	
Operating cash flow	221.6	231.4	(9.8)	
Net Capex (incl. leases ¹)	(66.4)	(49.6)	(16.8)	●—● €8m increase from CAPEX purchase €9m increase from leases (SEL and M&A)
As % of revenue	(6.3)%	(5.3)%	(1.0)ppt	
Unlevered free cash flow	155.3	181.8	(26.5)	
Net interest ¹	(13.6)	(36.9)	23.2	●—● Decreased debt Average cost of borrowings ² @1.9% in Q1'22
Free cash flow	141.6	144.9	(3.3)	

Cash conversion: unlevered free cash flow @44% of AEBITDA

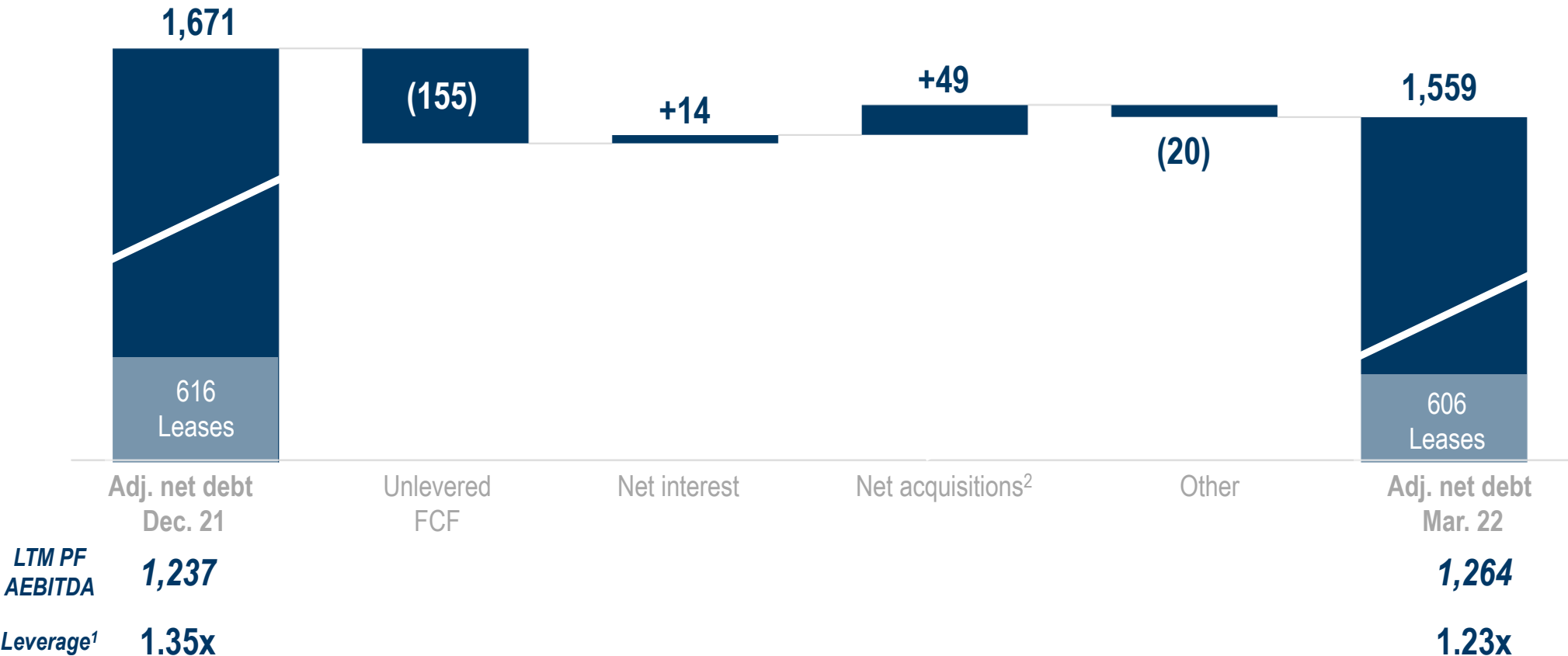
Strong balance sheet

(€m)	Mar.'22	Dec.'21	Var.	
Goodwill	2,471	2,440	+31	●—● Additions from the 5 Q1'22 acquisitions
Net fixed assets	1,498	1,488	+10	
Net Working Capital	288	146	+143	●—● Temporary increase from Omicron wave
<i>NWC as a % of LTM rev.</i>	7.3%	3.8%	+3.5pts	
Capital Employed	4,256	4,074	+182	
Equity	2,495	2,256	+239	
Net debt ¹	1,489	1,602	(113)	●—● Net debt reduction
Other	272	216	+56	●—● Income tax liability
Resources	4,256	4,074	+182	
Cash	541	444	+97	●—● +€500 million undrawn RCF

ROCE @19% in Q1 2022

Further reduction in debt / leverage

(in €m)



Further leverage reduction



Q1'22 Business review
Mathieu Floreani, CEO

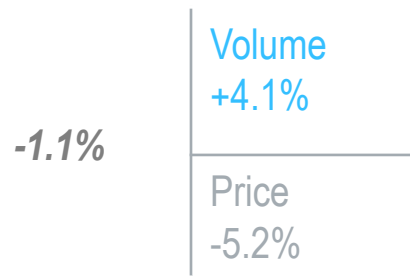
FRANCE (20% of Group revenue)



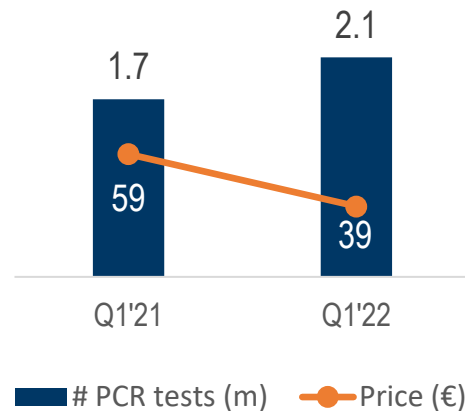
Key financials

(€m)	Growth		
	Q1'22	Q1'21	Total
Revenue	212	229	(7)%
AOP	54	70	(23)%
AOP margin	25.5%	30.6%	(5.1)ppt

Q1'22 underlying growth



COVID-19 PCR



Revenue

Q1 decline:

- 1) lower COVID-19 contribution vol. +22% / price (34)%
- 2) underlying growth decline: robust volume growth offset by price decrease as per 3-year agreement (2.5% since January 2022) + Q1 unfavorable comps (2021 price decrease started only in April)

Profitability

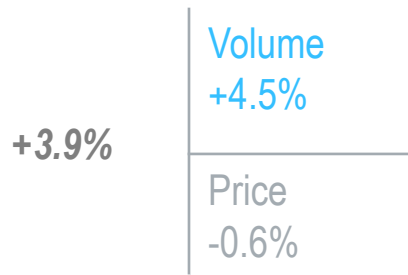
Q1 reduction due to lower COVID-19 price, margin remains very high, and above Q4'21 (24.0%)

GERMANY (22% of Group revenue)

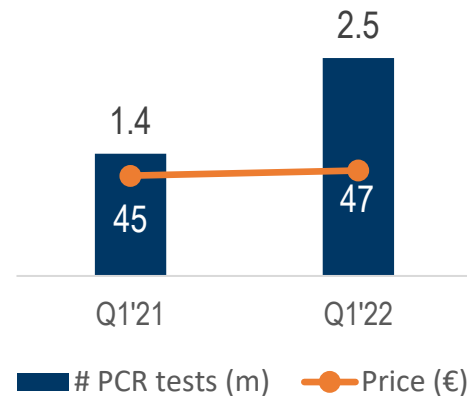
Key financials

(€m)	Growth		
	Q1'22	Q1'21	Total
Revenue	235	179	+32%
AOP	81	46	+75%
AOP margin	34.6%	25.9%	+8.7ppt

Q1'22 underlying growth



COVID-19 PCR



Revenue

Q1 growth:

- 1) higher COVID-19 contribution vol. +74% / price +4%
- 2) strong, volume-driven underlying growth against soft comparison base, limited price pressure from lower quarterly quotations

Profitability

Q1 record profit and margin reflecting volume leverage

M&A

1 Specialty lab acquired ~€3 million revenue (FY'21)

New offering

Lollipop test developed for schools now also available for companies

SOUTH (28% of Group revenue)

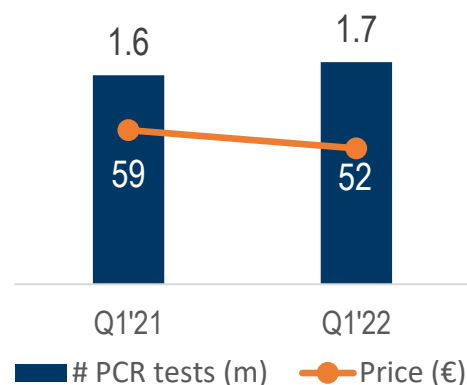
Key financials

(€m)			Growth
	Q1'22	Q1'21	Total
Revenue	300	264	+13%
AOP	62	64	(3)%
AOP margin	20.6%	24.1%	(3.5)ppt

Q1'22 underlying growth



COVID-19 PCR



Revenue

Q1 growth:

- 1) lower COVID-19 contribution vol. +7% / price (11)%
- 2) underlying good volume growth offset by Italy high comparison base and phasing impact (reimbursement schedule in Campania)
- 3) strong M&A contribution

Profitability

Q1 margin: lower COVID-19 price, Italy impact and provision in Colombia vs. positive volume leverage and no dilutive impact from 2021 M&A. Margins remain high, and above Q4'21 (18.1%)

Network expansion

25+ BCP opened in Q1'22

M&A

6 bolt-on acquisitions since January 2022 in Italy, Mexico, Portugal, Ecuador
 +1 Specialty lab in Spain (Sistemas Genómicos)
 ~€29m revenue on annualized basis (FY'21)

NORTH & EAST (30% of Group revenue)

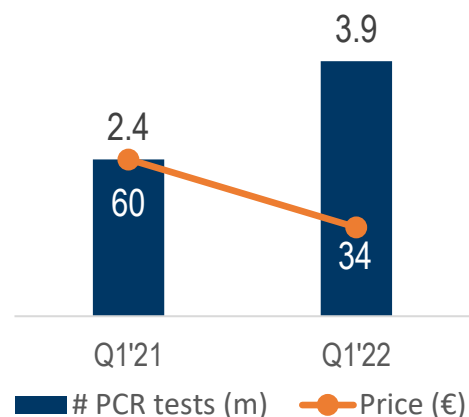
Key financials

(€m)	Growth		
	Q1'22	Q1'21	Total
Revenue	315	267	+18%
AOP	103	100	+3%
AOP margin	32.8%	37.6%	(4.8)ppt

Q1'22 underlying growth (ex SEL)



COVID-19 PCR



Revenue

Q1 increase:

- 1) lower COVID-19 contribution vol. +62% / price (43)%
- 2) very strong underlying organic growth: +51% of which +9.1% ex SEL: strong volume growth and positive prices (price indexation)

Profitability

Q1 margin reduction due to lower COVID-19 price, margins remain very high (also considering dilutive impact from SEL) and above Q4'21 (26.9%)

Network expansion

10+ BCP opened in Q1'22

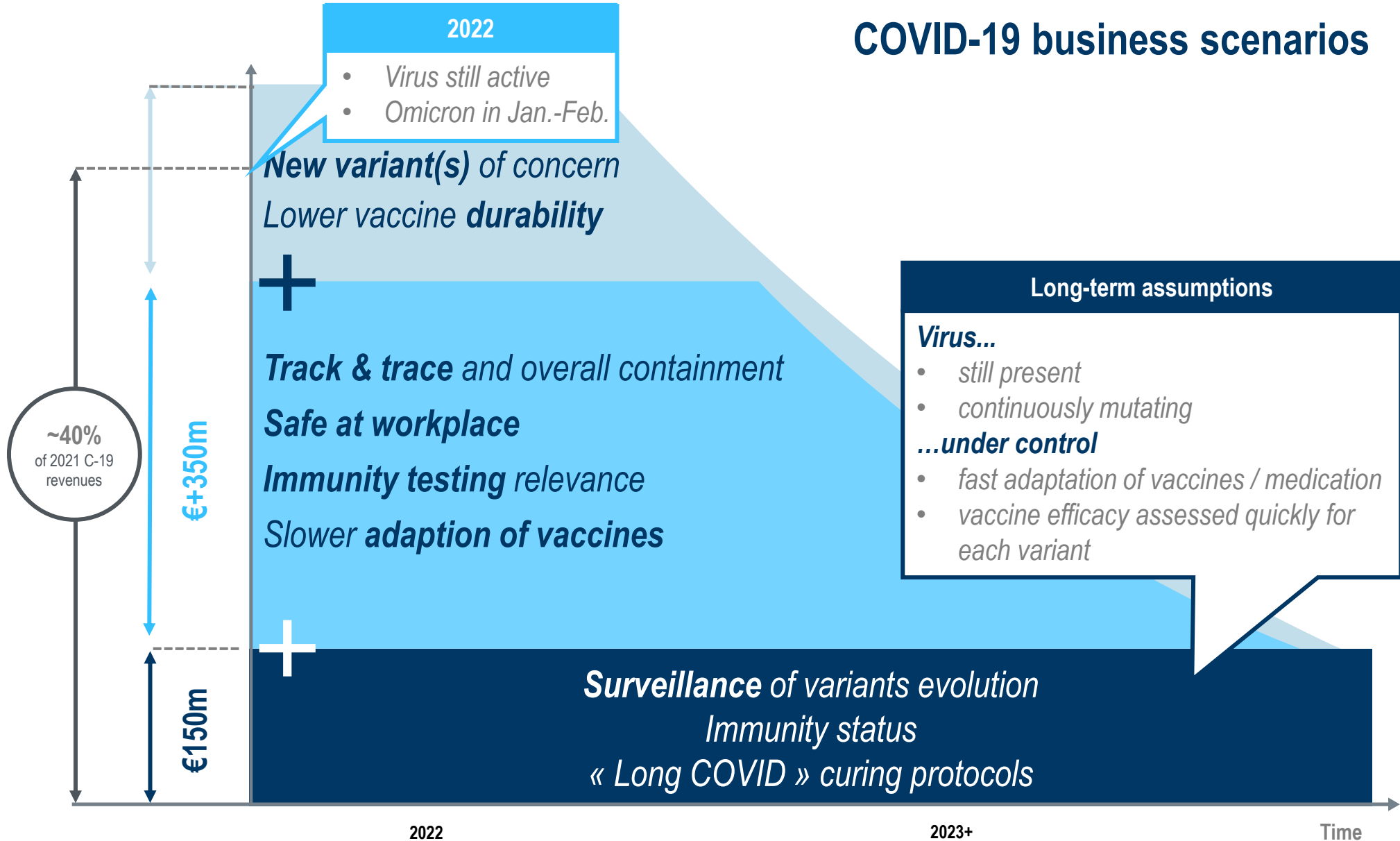
War in Ukraine

Ukraine operations closed temporarily (€2m rev. in FY'21), increased activity in neighboring countries



Outlook
Mathieu Floreani, CEO

COVID-19 business scenarios



2022 outlook

	2022 outlook (March 2022)	2022 outlook (May 2022)
Revenue	~€3.0bn	~€3.1bn +63% vs 2019
AEBITDA margin	23-25%	24-25%
M&A spend	>€200m	>€200m

2022 capital allocation: prioritizing future growth

- Capex¹ of ~€270m (9% of revenue): Digitalization, Cyber security, BCP expansion, SEL transformation
- M&A >€200m : bolt-on and mid-sized deals
- Dividend sustained policy: ~20% payout²

Q&A

SYNLAB

Financial calendar / Investor contact



2022-Financial calendar

AGM	16 May 2022
Investor Day (please register now)	21 June 2022
H1 2022 results	11 August 2022
Q3 results	10 November 2022

Investor contact

Mark REINHARD
Head of Investor Relations

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80809 Munich / Germany
ir@synlab.com

Appendix

Segment reporting

Reported (€m)	Revenue						AOP			
	Q1'22	Q1'21	Total Growth	Organic Growth	FX Growth	M&A Growth	Q1'22	Q1'21	Margin, Q1'22	Margin, Q1'21
France	211.5	228.6	-7.5%	-8.8%	-	1.3%	54.0	70.0	25.5%	30.6%
Germany	235.2	178.8	31.6%	31.0%	-	0.5%	81.3	46.4	34.6%	25.9%
South	299.6	264.2	13.4%	-2.2%	1.8%	13.8%	61.6	63.7	20.6%	24.1%
North & East	314.7	266.6	18.1%	16.9%	1.1%	-	103.2	100.2	32.8%	37.6%
SYNLAB GROUP	1,061.0	938.2	13.1%	7.6%	0.9%	4.7%	300.1	280.3	28.3%	29.9%

South: Italy, Switzerland, Spain, Portugal, Latin America

North & East: UK & Ireland, Belgium, Nordics (Finland, Estonia, Denmark, Sweden), Central Europe (Austria, Czech Republic, Hungary, Slovakia), Emerging markets

Consolidated statement of income

€ 000	From 1 January to 31 March	
	2022	2021
Continuing operations		
Revenue	1,061,005	938,214
Material and related expenses	(255,551)	(243,039)
Payroll and related expenses	(307,017)	(268,921)
Other operating income	7,424	7,945
Other operating expenses	(149,494)	(119,791)
Depreciation and amortisation	(70,376)	(56,271)
Impairment of non-current assets	-	-
Operating profit	285,991	258,137
Share of loss of associates and other non-controlling interest	(790)	(907)
Profit on disposal of investment	(471)	-
Finance income	24,838	8,823
Finance costs	(20,220)	(37,595)
Profit / (loss) before taxes	289,348	228,458
Income tax expenses	(72,826)	(57,534)
Profit / (loss) from continuing operations	216,522	170,924
Discontinued operations		
Profit / (loss) after tax for the period from discontinued operations	-	17,868
Profit / (loss) for the period	216,522	188,792
thereof: Profit / (loss) attributable to non-controlling interests	648	646
thereof: Profit / (loss) attributable to equity holders of the parent company	215,874	188,146
Basic earnings per share from continuing operations (in EUR)	0.97	0.85
Diluted earnings per share from continuing operations (in EUR)	0.97	0.85

Consolidated statement of financial position

	As at 31 March 2022	As at 31 December 2021		As at 31 March 2022	As at 31 December 2021
€ 000			€ 000		
ASSETS			EQUITY AND LIABILITIES		
Goodwill	2,470,575	2,440,037	EQUITY		
Intangible assets	729,669	725,926	Contributed capital	222,222	222,222
Property, plant and equipment	279,694	273,022	Additional paid-in capital	3,789,447	3,788,983
Right of use assets	572,179	580,494	Cumulative translation adjustment	24,283	15,210
Investments in associates	5,070	4,831	Accumulated deficit	-1,540,918	-1,769,537
Financial non-current assets	52,822	42,690	Total parent company interests	2,495,034	2,256,878
Other non-current assets	4,997	5,092	Non-controlling interests	258	-1,179
Deferred tax assets	61,719	41,747	Total equity	2,495,292	2,255,699
Total non-current assets	4,176,725	4,113,839	LIABILITIES		
Inventories	108,825	110,020	Loans and borrowings (non-current)	1,413,654	1,417,635
Trade accounts receivables	721,102	632,553	Non-current lease liabilities	488,771	501,688
Financial current assets	72,683	62,272	Employee benefits liabilities	31,930	45,283
Other current assets	133,408	63,771	Non-current provisions	2,041	2,365
Cash and cash equivalents	540,640	443,747	Contract liabilities	9,971	10,038
Total current assets	1,576,658	1,312,363	Other non-current liabilities	52,820	52,283
Total assets	5,753,383	5,426,202	Deferred tax liabilities	208,375	185,424
			Total non-current liabilities	2,207,562	2,214,716
			Current loans and borrowings	10,020	12,573
			Current lease liabilities	116,952	113,988
			Trade accounts payable	345,980	387,123
			Contract liabilities	13,605	7,540
			Current provisions	16,093	11,612
			Income tax liabilities	185,545	115,956
			Other current liabilities	362,334	306,995
			Total current liabilities	1,050,529	955,787
			Total liabilities	3,258,091	3,170,503
			Total equity and liabilities	5,753,383	5,426,202

Consolidated statement of cash flows

€ 000	From 1 January to 31 March	
	2022	2021
Operating profit	285,991	258,137
Depreciation, amortisation, impairment	70,379	56,271
Change in provisions	536	1,010
Loss (income) from the disposal of non-current assets	439	174
Other non-cash revenues and expenses	8,778	11,952
Operating cash flow before changes in net working capital	366,123	327,544
Change in inventories	3,285	12,327
Change in trade accounts receivable	(90,100)	(62,944)
Change in trade accounts payable	(43,711)	(46,686)
Change in other net working capital	1,279	13,197
Income tax paid	(15,263)	(12,082)
<i>Cash flow from operating activities continuing operations</i>	<i>221,613</i>	<i>231,356</i>
<i>Cash flow from operating activities discontinued operations</i>	<i>-</i>	<i>1,233</i>
Cash flow from operating activities (A)	221,613	232,589
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	(49,023)	(31,710)
Purchase of intangibles and property, plant and equipment	(28,602)	(20,652)
Sale of subsidiaries, net of cash disposed and changes in debt	-	9,530
Proceeds from sale of intangibles and property, plant and equipment	425	421
Cash paid for other non-current assets	(250)	-
Cash received from other non-current assets	-	15
Interest received	132	117
Dividends received	3	-
Cash flow (used in)/from investing activities (B)	(77,315)	(42,279)

€ 000	From 1 January to 31 March	
	2022	2021
Proceeds from non-controlling interests	900	-
Interest paid and other financing activities	(18,225)	(39,944)
New loans, borrowings and other financial liabilities	693	-
Repayment of loans, borrowings and other financial liabilities	(92)	(544,064)
Repayment of lease liabilities	(33,706)	(26,397)
Dividends paid and other payments to non-controlling interests	(1,215)	(838)
<i>Cash flow used in financing activities continuing operations</i>	<i>(51,645)</i>	<i>(611,243)</i>
<i>Cash flow used in financing activities discontinued operations</i>	<i>-</i>	<i>(22)</i>
Cash flow used in financing activities (C)	(51,645)	(611,265)
TOTAL CASH FLOWS (A+B+C)	92,653	(420,956)
Cash and cash equivalent at the beginning of the period	96,952	904,707
Net foreign exchange differences	4,299	3,158
Cash and cash equivalents at the end of the period	540,477	486,909
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	96,952	(417,798)

Glossary

Organic growth represents a non-IFRS measure calculating the growth in revenue for a given period compared to the comparable period of the prior year for the same scope of businesses, excluding discontinued operations, and in constant currency, i.e. using the exchange rates of the prior year reported period.

When calculating organic growth, SYNLAB uses the scope of businesses that have been consolidated in the Group's financial statement of the previous financial year. Revenue contribution from businesses acquired in the course of the prior year but not consolidated for the full year are adjusted as if they had been consolidated as from January of the prior year. All revenues from businesses acquired since 1 January of the current year are excluded from the calculation.

Adjusted EBITDA (AEBITDA), is operating profit adjusted for (by adding-back) the following:

- *depreciation and amortization;*
- *impairment of goodwill;*
- *expenses for strategic projects (2021: IPO costs only, YTD 2022: none);*
- *acquisition and post-merger integration related expenses;*
- *pre-IPO share-based payments for 2020.*

Adjusted operating profit (AOP) is operating profit adjusted for the following:

- *customer list amortization;*
- *impairment of goodwill;*
- *expenses for strategic projects (2021: IPO costs only, YTD 2022: none);*
- *acquisition and post-merger integration related expenses;*
- *pre-IPO share-based payments for 2020.*

Adjusted net profit is defined as profit from continuing operations (Group share) adjusted for adjustment items (see adjusted operating profit definition) and for the tax effect on adjustment items.

Adjusted net debt is defined as the sum of financial debt including loans and borrowings adding back capitalized transactions costs, lease liabilities, deferred price considerations for acquisitions, net of cash & cash equivalents.

Unlevered free cash flow pre-M&A (uFCF) is defined as the sum of cash flow from operating activities of continuing operations, net CAPEX (defined as the cash outflow from the purchase of intangibles and property, plant and equipment, net of proceeds from the sale of intangibles and property, plant and equipment) and leases (defined as the sum of lease repayments and lease interest).

Return on capital employed (ROCE) is defined as the last twelve months' AOP after tax (using a normalized tax rate of 28%) on capital employed (defined as the sum of goodwill, net fixed assets and net working capital), adjusted for rights of use assets and deferred tax.

Q1'22 leverage calculation

Net Debt (€m)	Mar'22			Dec'21
	Net Debt as in the Balance Sheet	Capitalized Transaction Costs	Adjusted Net Debt	Adjusted Net Debt
RCF (€500m, 2.5%*+EURIBOR)	-	-	-	-
Term Loan (2,5%+EURIBOR), due 2026	314	6	320	320
Term Loan (2,5%+EURIBOR), due 2027	369	16	385	385
Term Loan (2.5%*+EURIBOR), due 2026	715	19	735	735
Total borrowings	1,399	41	1,440	1,440
Embedded derivatives	13	(13)	-	-
Accrued Interest	8	-	8	11
Other Bank Debt	2	-	2	2
Leases**	606	-	606	616
Cash	(541)		(541)	(444)
Total Net Debt	1,489	27	1,516	1,625
Net deferred consideration for acquisitions			43	46
Total Net Debt			1,559	1,671

LTM PF AEBITDA

(€m)	LTM Mar'22	FY'21
Reported AEBITDA	1,242.6	1,209.8
PF for M&A	21.3	27.6
PF AEBITDA	1,263.9	1,237.4
Debt	1,559	1,671
Leverage	1.23x	1.35x

Operating profit to AOP and AEBITDA reconciliation

€m	Q1 2022	Q1 2021
Operating profit	286.0	258.1
Strategic projects costs	-	4.0
Acquisitions related costs ¹	0.5	5.0
Impairment of non-current assets	-	-
Customer list amortisation	13.6	12.4
Share-based payments	-	0.7
Adjusted operating profit (AOP)	300.1	280.3
Depreciation and amortisation	70.4	56.3
Customer list amortisation (elimination)	(13.6)	(12.4)
Adjusted EBITDA (AEBITDA)	356.9	324.1

ROCE

€m	Mar'22	FY 2021
Capital Employed	4,256	4,074
Adjustments:		
Right of use assets	(572)	(580)
Net deferred tax	147	144
Adjusted Capital Employed*	3,831	3,637
AOP	1,016	996
Income tax expense @28%	(284)	(279)
Return @28% tax rate	731	717
ROCE	19.1%	19.7%

* Includes ~800 M€ of assets relating to the Labco and synlab merger in 2015