



# SYNLAB



## SYNLAB

### Goldman Sachs

Global Healthcare Conference

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9 JUNE 2021

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## Agenda

1. Company presentation
2. Recent highlights
3. Q1'21 Financial results
4. 2021 Outlook
5. Appendix







# Company presentation

## Unique investment case in European healthcare



- 1 Growth Market**  
Large, growing diagnostic testing market of fundamental relevance in delivering medical outcomes
- 2 Leader**  
The largest pan-European platform by revenue. benefitting from scale leadership, unique customer access and scientific know-how
- 3 Customer Centric Medical Excellence**  
Focused on medical and operational excellence to drive organic growth
- 4 Consolidator**  
M&A platform continuously driving market consolidation in a highly fragmented market
- 5 Value Creation**  
Strong track record of organic and inorganic topline growth and clear trajectory to continue delivering value creation, with considerable room for further growth

## Large, growing market of fundamental relevance

### Non-cyclical growth trends accelerated by new growth areas

#### Non-cyclical growth trends

- Demographics
- Hospital outsourcing
- Diagnostics and disease prevention focus
- Clinical test innovation
- Out-of-pocket payments
- Innovation impact on pricing

#### Emerging markets opportunity

LATAM

Asia

Africa

#### New market opportunities



Precision medicine



Direct-to-Consumer diagnostic support market

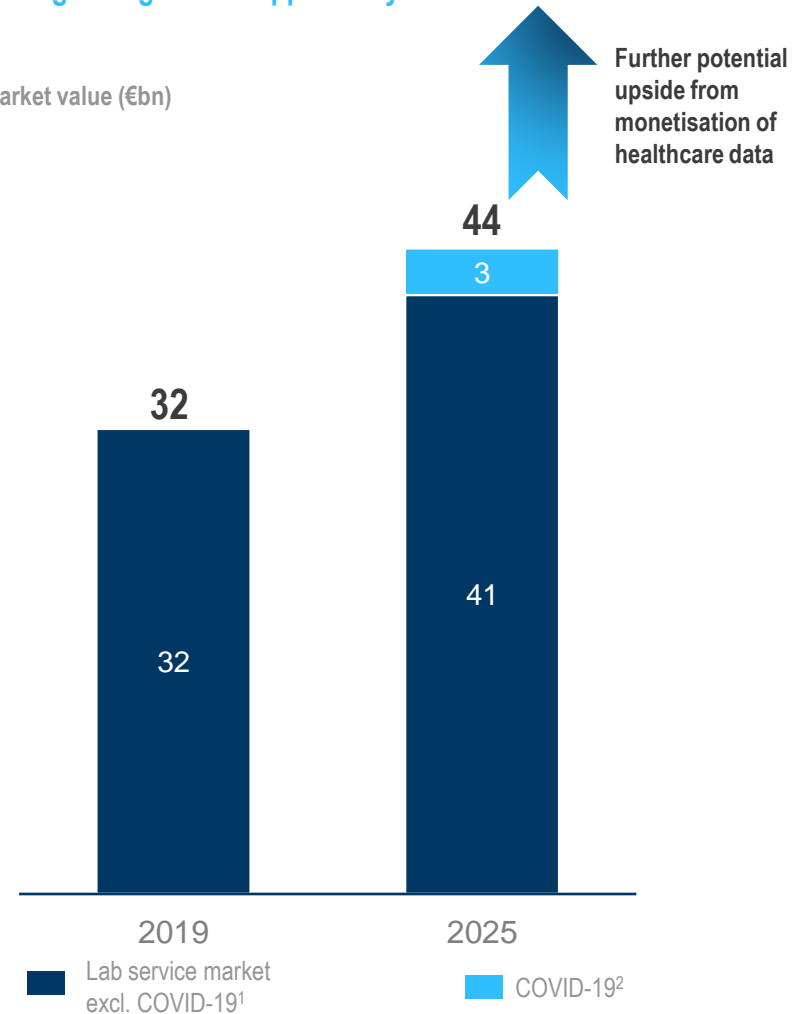


Digital / AI / data service

#### Pandemics

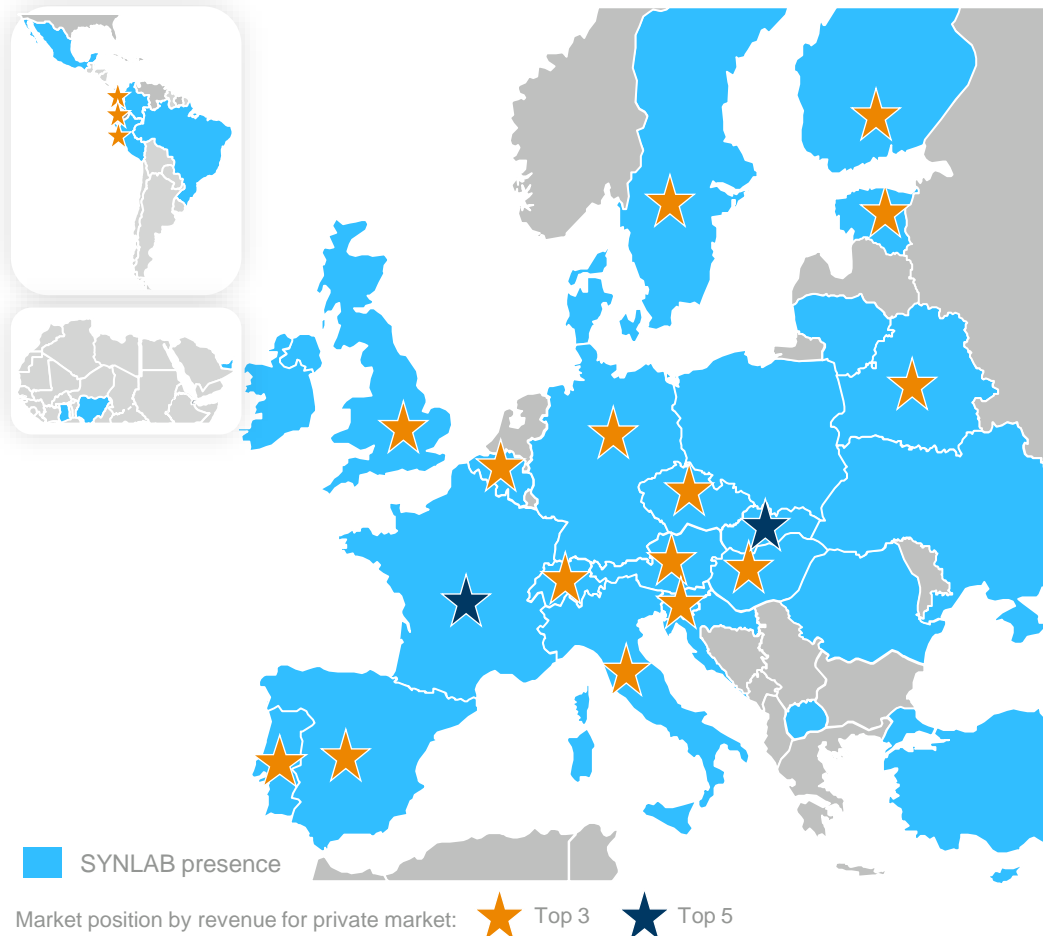
### Large and growing market opportunity

Market value (€bn)



## Largest European clinical laboratory & medical diagnostic services company

### Leading positions in our key markets



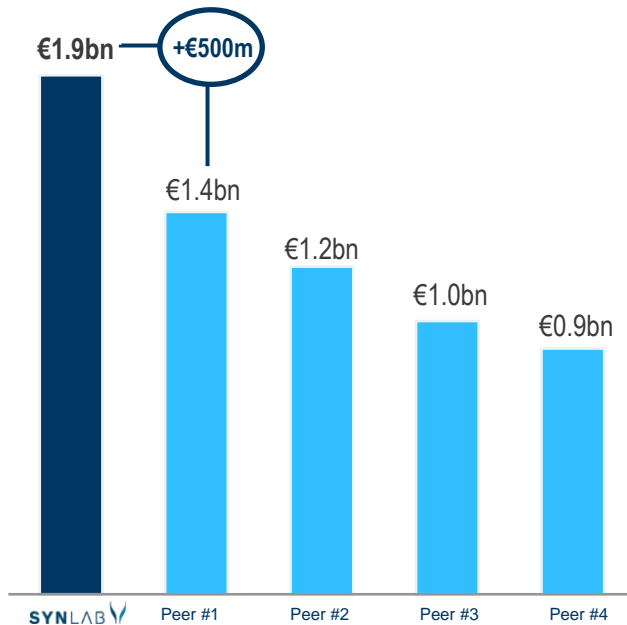
### Key highlights

- ✓ Largest pan-European lab chain with strong market positions in all key European geographies
- ✓ Attractive and expanding exposure to fast-growing emerging markets
- ✓ Diversified across business models, regulatory regimes, payors, and testing modalities
- ✓ 36 countries globally
- ✓ >1.200 medical experts
- ✓ >5.000 types of tests offered
- ✓ ~500m tests processed per annum
- ✓ ~100m patients per annum

# Leader on a market where scale matters

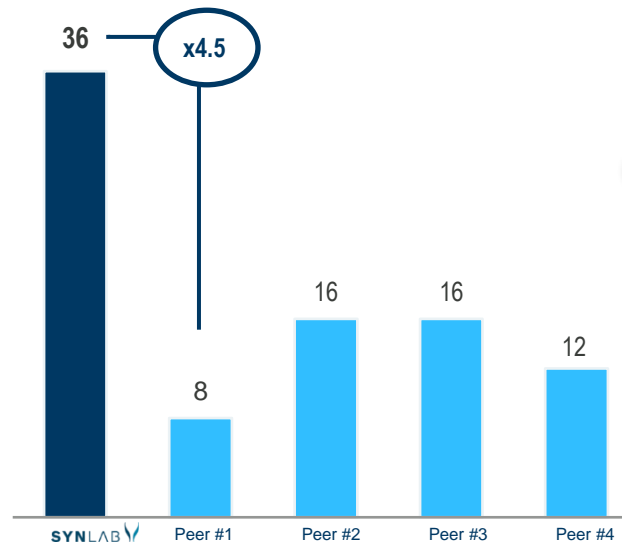
## Pan-European scale

2019 Revenue (SYNLAB excluding A&S)



## International footprint

Number of countries with company presence



## Benefits of scale

- ✓ Ability to **capture volumes** and **grow market share**
- ✓ **Procurement power**, and **automation**
- ✓ **Attracting top** medical and professional **talent**
- ✓ Ability to **create new capabilities** (Retail, Hospital, Lean)
- ✓ **Critical mass** to strengthen **integrated IT infrastructure**
- ✓ Opportunity for **data analytics**





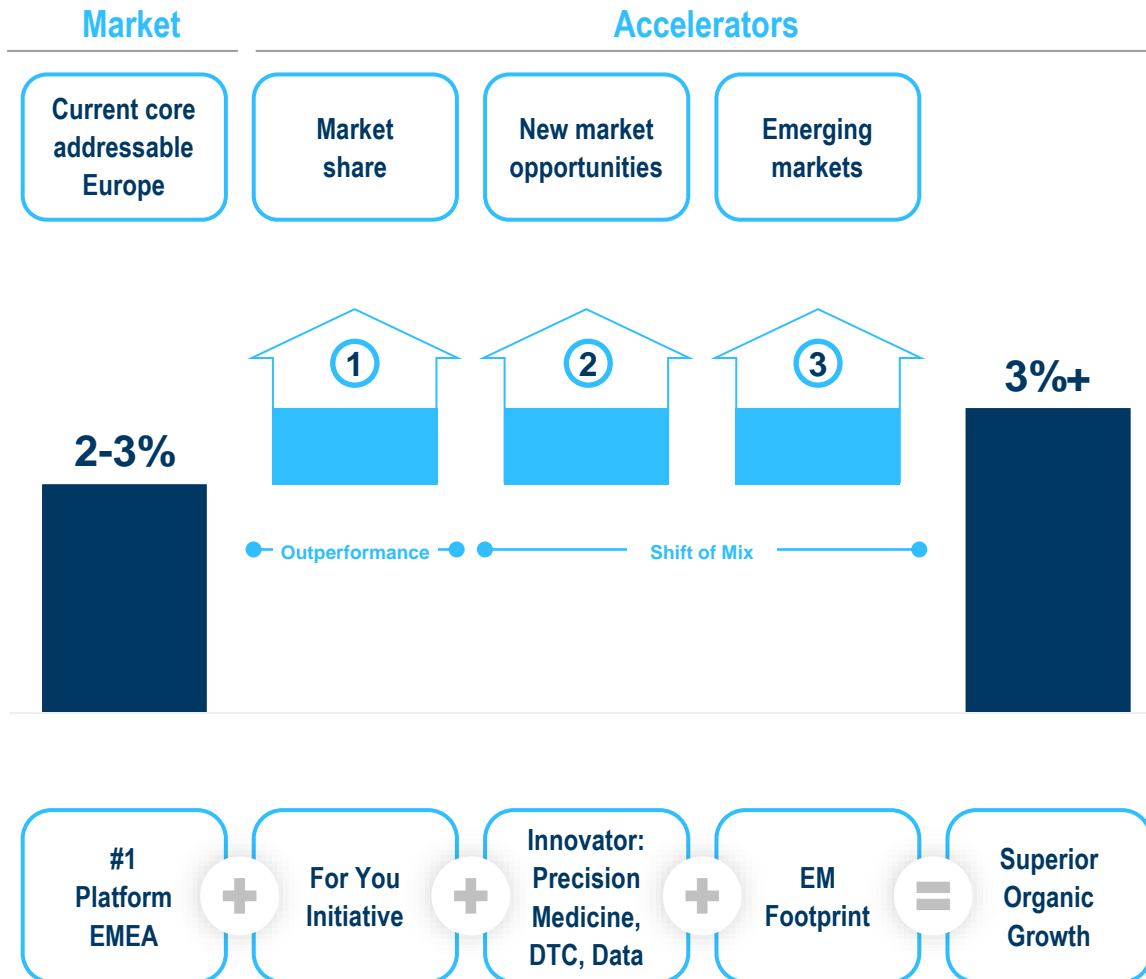
# Growth strategy based on customer centric medical excellence



## Three strong growth pillars



# Delivering above market organic growth



Expect to continue to grow organically at **c.3%+ p.a.** in the mid-term through:

- 1 **Market share gains** due to superior execution driven by For You initiatives
- 2 Tapping into **new market opportunities**
- 3 Increased footprint in **high growth emerging markets**

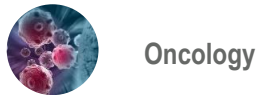
# Well-positioned to deliver the future of medicine

Trend

## 1 Precision medicine

- Customization of medical decisions, treatments and products being tailored to the individual patient

Therapies rely on biomarkers and require regular testing; examples of applications:



Oncology



Cardio-vascular



Pediatric / prenatal

Drivers for Dx and lab services

## 2 Direct-to-consumer

- Patients **take control** of their own **health metrics** increasing use of **diagnostics**

### Lifestyle monitoring / prevention



Physical wellbeing



Cardiovascular health



Fertility

### Infectious disease detection



HIV



Coronavirus

### Drugs detection



Drugs



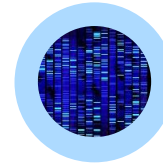
Alcohol

## 3 Digital/AI/Data services

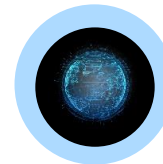
- **Digital physician/patient interface**, **rule-based** annotation-support, **machine learning** in Dx



**Virtual consultation** with AI driven triage, diagnosis and referral



**Machine learning** based analysis of biological data sets



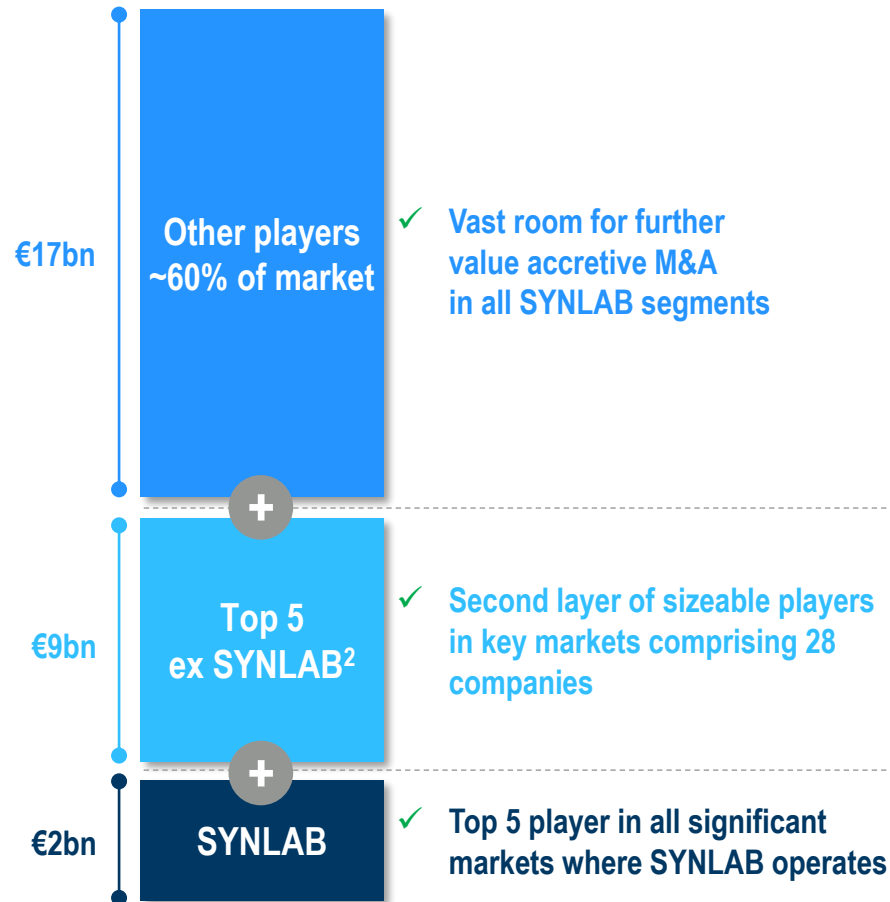
**AI-drive holistic data integration** of medical data sets, e.g. can be used in drug development



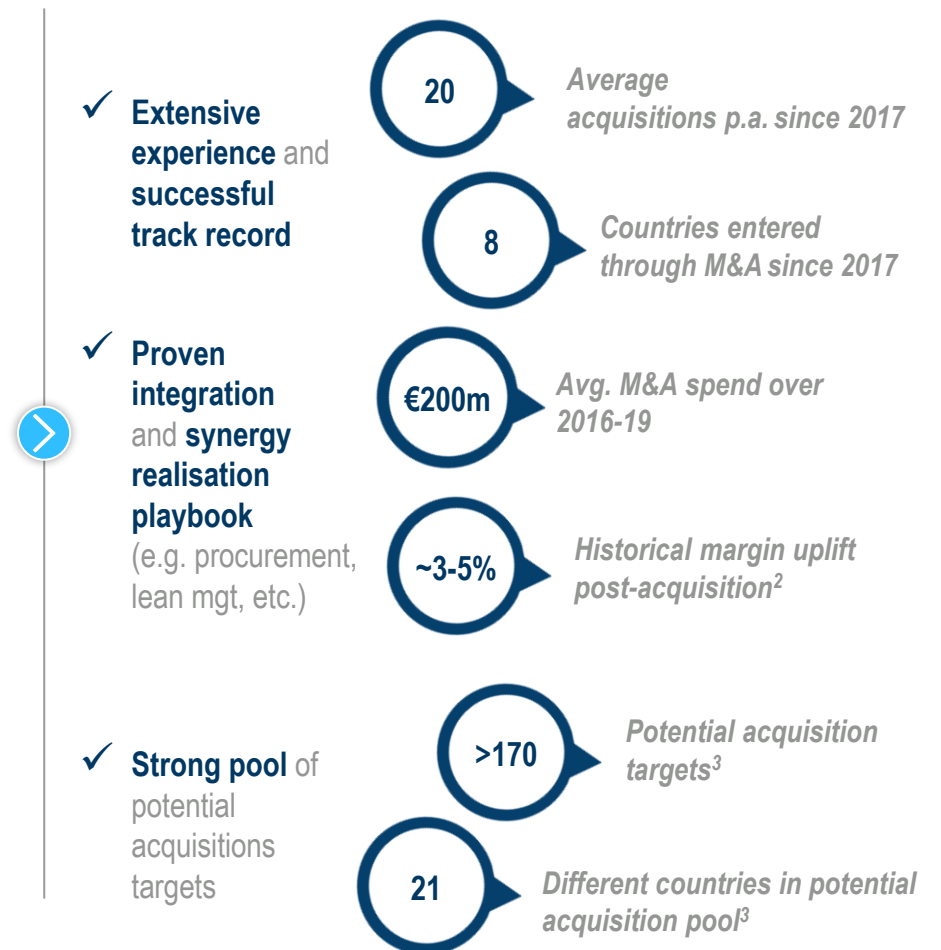
**Clinical decision support** through machine learning

## Huge potential for value accretive M&A

Addressable market (€bn)



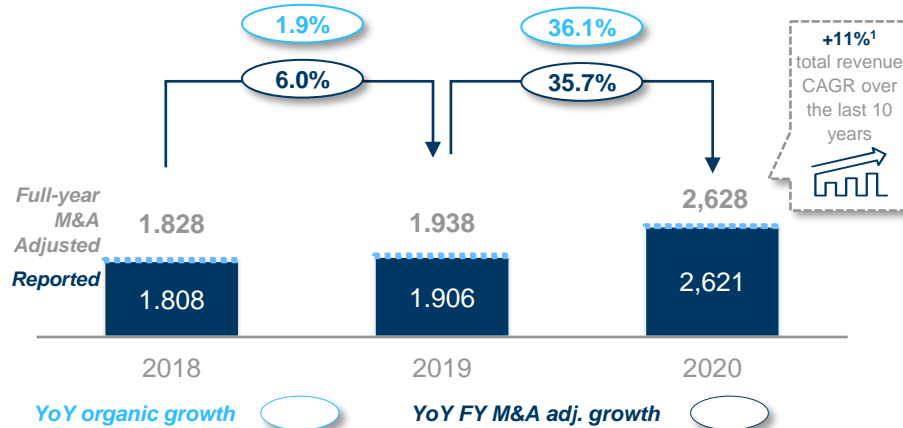
Proven ability to grow through value accretive M&A



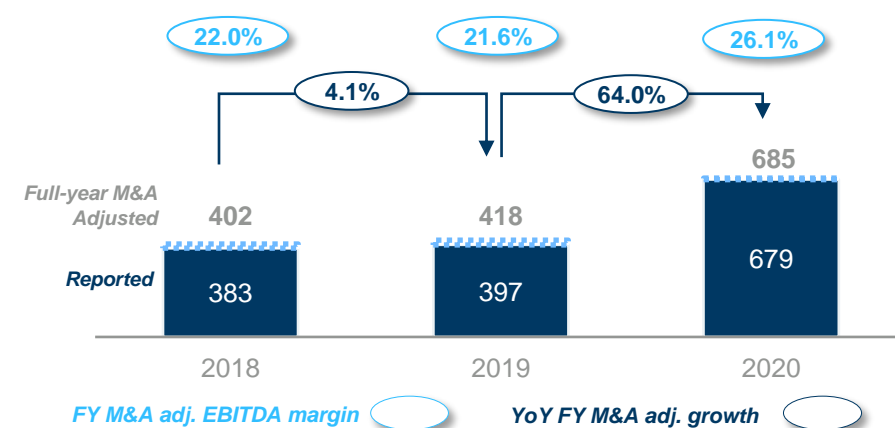


## Key financial highlights

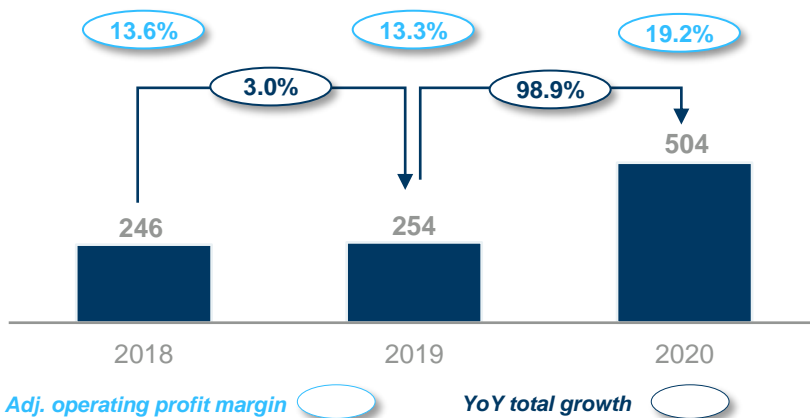
Revenue (in €m)



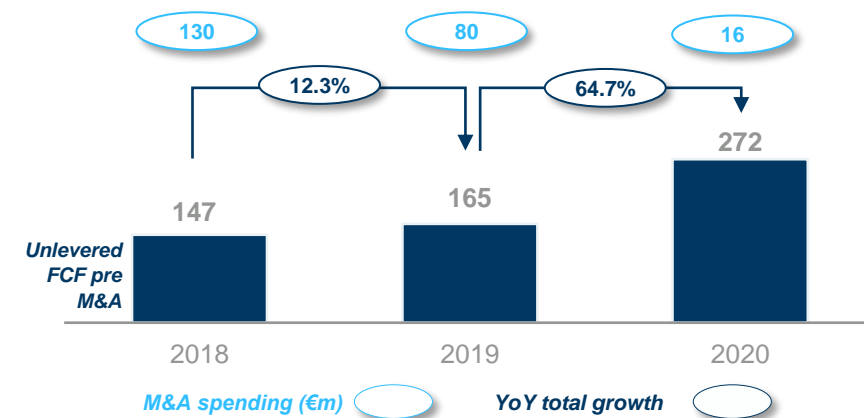
Adjusted EBITDA (in €m)



Adjusted operating profit (in €m)



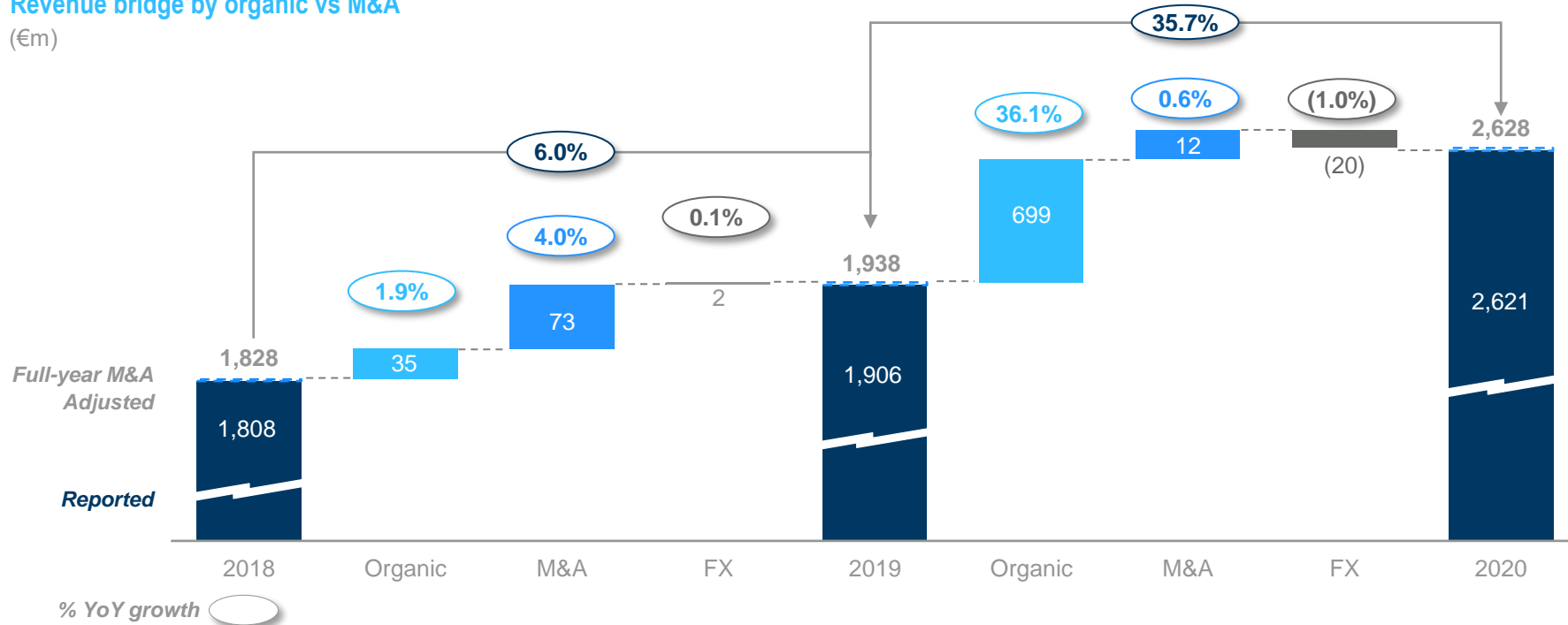
Unlevered free cash flow (in €m)



# Track record of strong organic growth and continued successful acquisitions

## Revenue bridge by organic vs M&A

(€m)

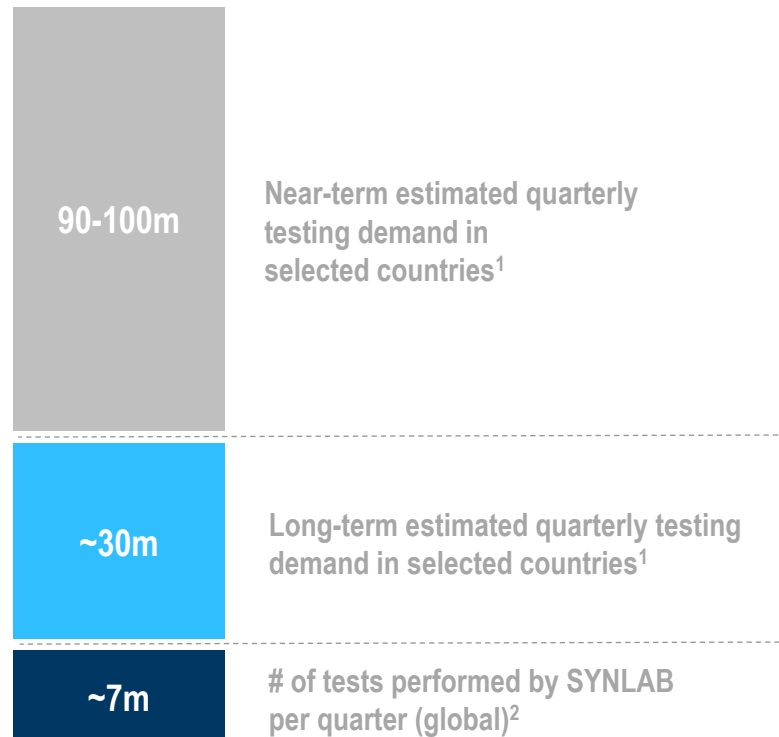


- Resilient organic growth of 1.9% supported by diversification of business
  - Underlying price development of (0.3)%
- M&A historically strongly supported our solid growth
- Limited seasonality in the volume of tests
  - Usually slightly lower in H2 from lower volume during vacation and the holiday period

- 36.1% organic growth driven by COVID-19 impact
  - 11.6m COVID-19 PCR tests in 2020
  - Estimated ~€620-630m COVID-19 revenue contribution of which ~€805m from testing revenue and estimated ~€(185)-(175)m impact from confinement
- Organic growth of 3.5 - 4.0% excluding COVID-19 impact
  - Price development of ~0.5%

# COVID-19 testing expected to remain a long-term necessity

## Quarterly COVID testing volumes



## Supporting considerations

Herd immunity not expected to be achieved within 4 years



Testing continues to be required for track and tracing, and overall containment



Long term surveillance needed like for many other infectious diseases

- On-going need of testing to monitor disease recurrence and potential mutations
- COVID inclusion in standard respiratory test panels in high risk periods

**Regularly tested infectious diseases – Selected examples:**

- Other respiratory: H1N1, H5N1, H7N9 and other influenza accounting for thousands of tests per week during i.e. the flu season
- Other non-respiratory: HIV still accounting for >60m tests p.a. in Europe<sup>3</sup>

25 May 2021 - **SYNLAB and Hospital District of Helsinki and Uusimaa extend partnership (up to December 2023) for comprehensive PCR-testing for SARS-CoV-2 in Finland**

Source: Company information; International management consultancy

Note: The scope of the third party analysis covers Germany, France, Italy, Spain, Colombia; Key assumptions of the third party analysis are as follows: immunity for 4 quarters; Vx efficacy 70% in 2021, 80% as of Q2 2022; % of adult population (+15 yo) vaccinated is 56% in 2021, 73% in 2022 and 75% in 2023-2024

1. France, Germany, Italy, Spain, Colombia; 2. SYNLAB Q4-20 test volume at 7.2m; 3. Source: ECDC HIV / AIDS Surveillance in Europe 2019 (2018 data). Consists of 26 countries in Europe. Does not include unlinked anonymous testing and excluding HIV tests performed as part of blood donor screening

## Financial guidance – Key financials

		Actual		Guidance
Metric		2019	2020	Mid-term
Revenue	FY M&A adj. revenue (€bn)	1.9	2.6	
	% Total growth	6%	36%	~10% p.a. <sup>1</sup>
	% Organic growth ex C19	1.9%	3.5 - 4.0%	3%+ p.a.
	C19 contribution to organic revenue (€bn)	-	0.6	~80% of 2020 net levels in 2022, ~40% of 2020 net levels in 2023; decreasing to an ongoing level of around ~30% thereafter
Margin	FY M&A/ Lease Adj. EBITDA margin (%) <sup>2</sup>	21.6%	26.1%	~23%
Cash flow	Unlevered FCF pre M&A (€m)	165	272	45 - 50% EBITDA conversion
	M&A spending (€m)	80	16	~200 p.a.

Source: Company information

1. Using FY2019 as base year;

2. 2019 financials include the estimated EBITDA effect on adjusted certain amendments to embedded lease contracts (agreed during December 2019 and effective on January 1, 2020)

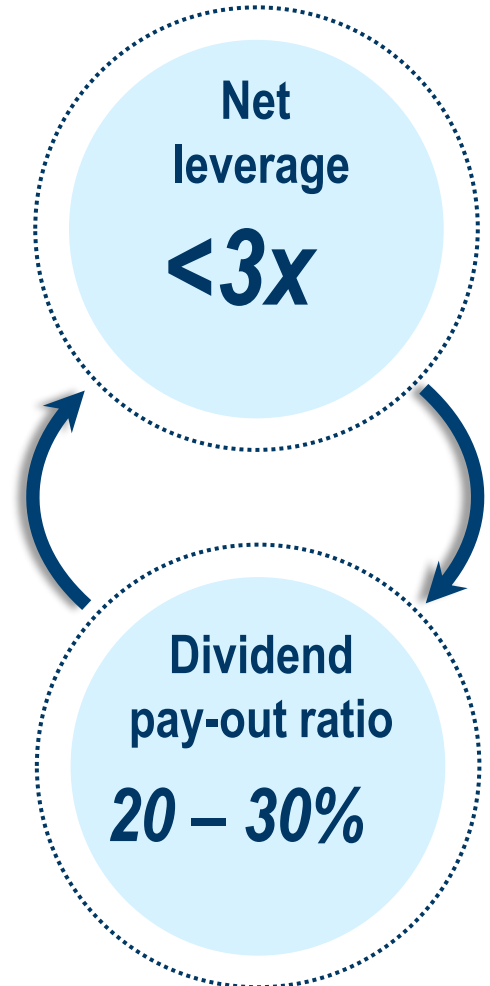
## Financial policy

### Leverage

- Net debt / EBITDA leverage ratio target of below 3.0x<sup>1</sup> in the mid term
  - Flexibility to exceed that ratio for short periods of time to pursue value-accretive acquisitions

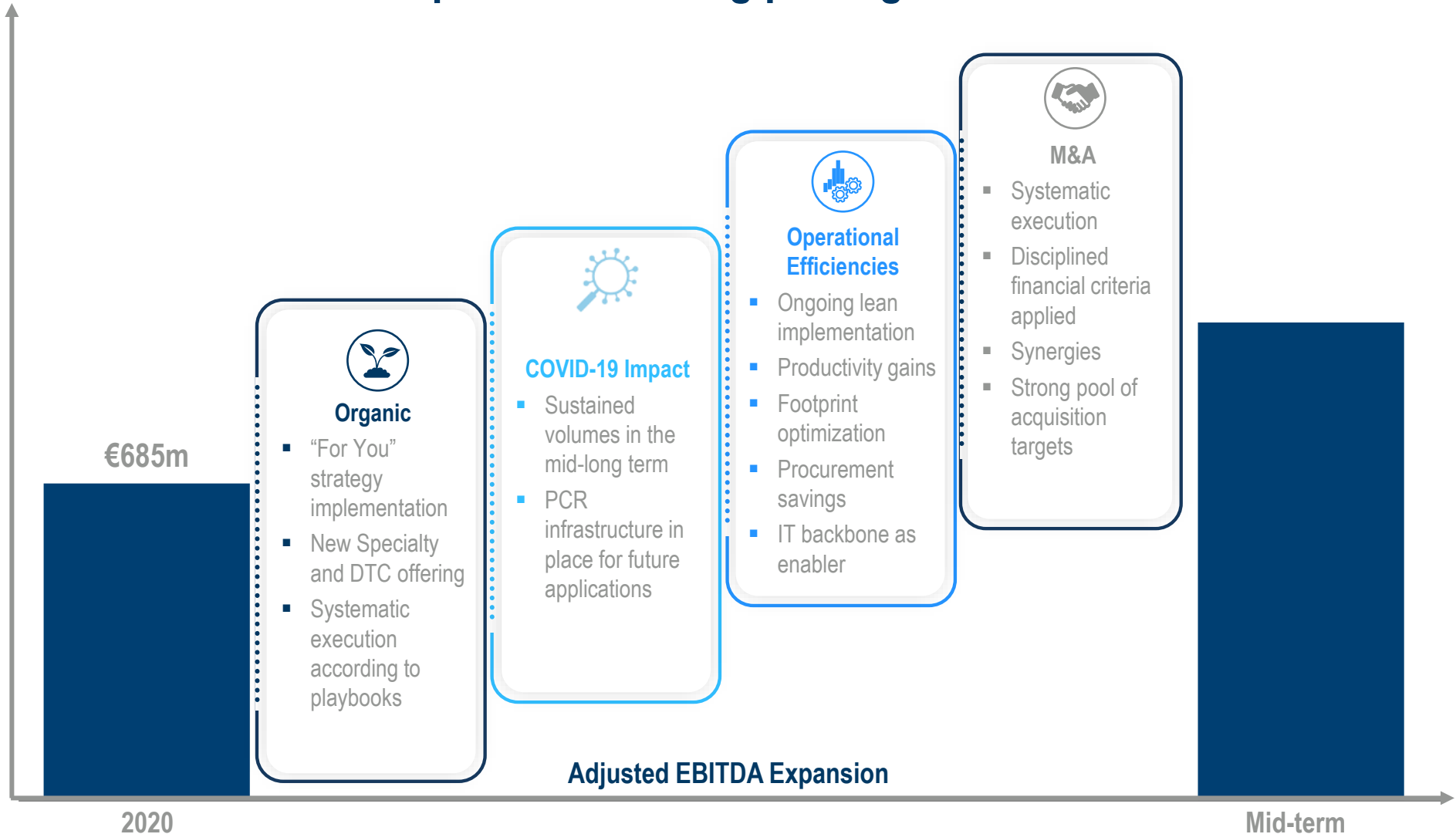
### Dividend pay-out

- Dividend pay-out ratio target of 20-30% of the prior year's adjusted net profit
  - First dividend expected to be paid in 2022



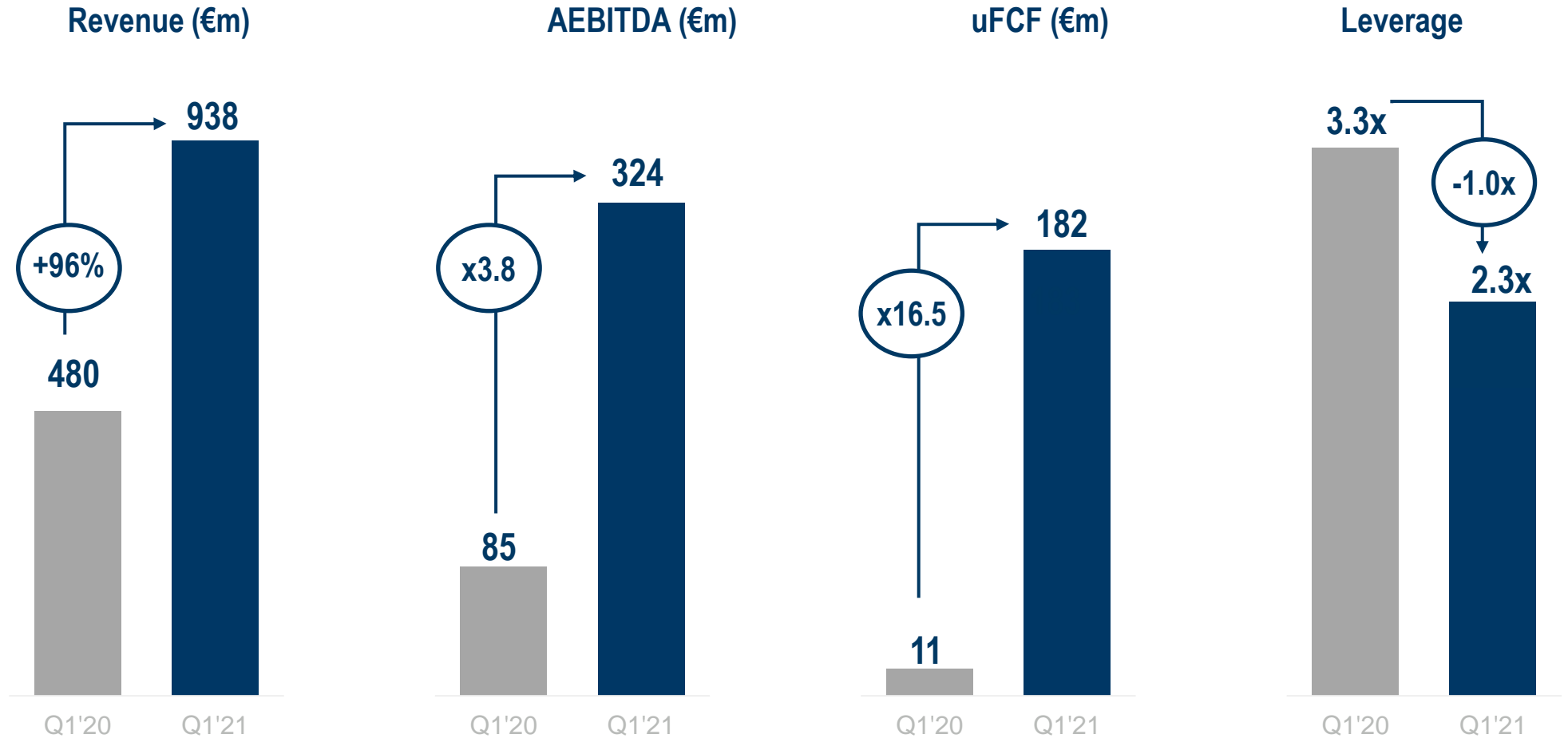


# Set to deliver continued profitable strong profit growth



# Recent highlights

## Q1 2021 Financial highlights



## Recent operational highlights

### Accelerated organic growth

#### South-East London (SEL) contract mobilization

- Contract started April 1<sup>st</sup>
- New executive team in place
- Hub lease signed, transformation work ongoing



#### For You Initiatives

- BCP\* network optimization (France, Italy, Colombia)
- Net Promoter Score campaign extension

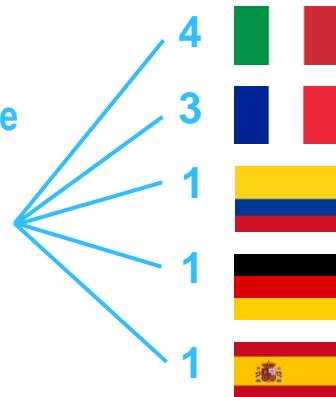
### Operational excellence

- €4.5m SALIX savings in Q1'21
- LIS solutions roll out progressing well (France)
- ERP roll out on track (South and the UK)
- Core lab equipment renewal and automation



### M&A resuming

- 10 deals closed to date
- Total EV: €44m
- YTD'21 > FY'20



### Improved employee engagement

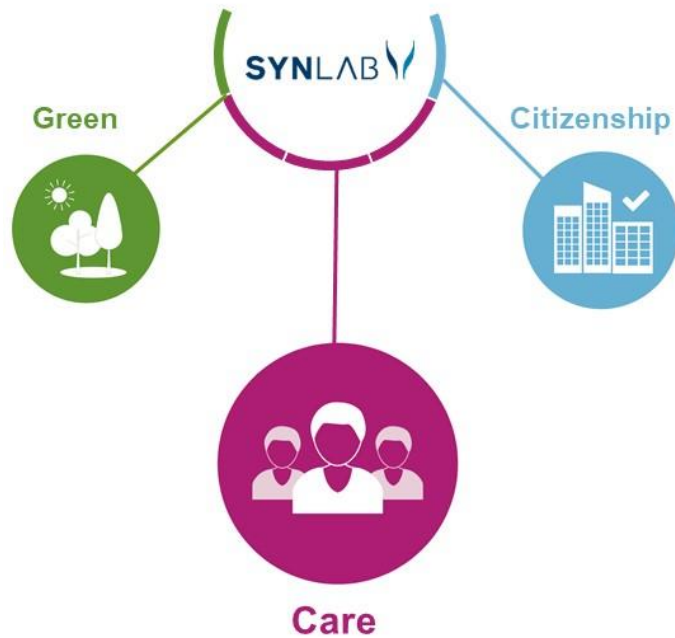
#### 2021 SYNLAB Dialogue\*\*

**ESG**

- 30 countries + HQ
- 65% participation (above 12.000 employees)
- + 13pts engagement score

## ESG: progress on all fronts

### The 3 pillars of our ESG strategy



### First ESG report issued March 2021



### Measurable targets implemented on

- Access to high quality healthcare
- Health & Safety
- Research & Innovation
- Employee empowerment
- Community impact
- Diversity & Equality
- Responsible supply chain management
- Climate change
- Waste reduction
- Environmental management

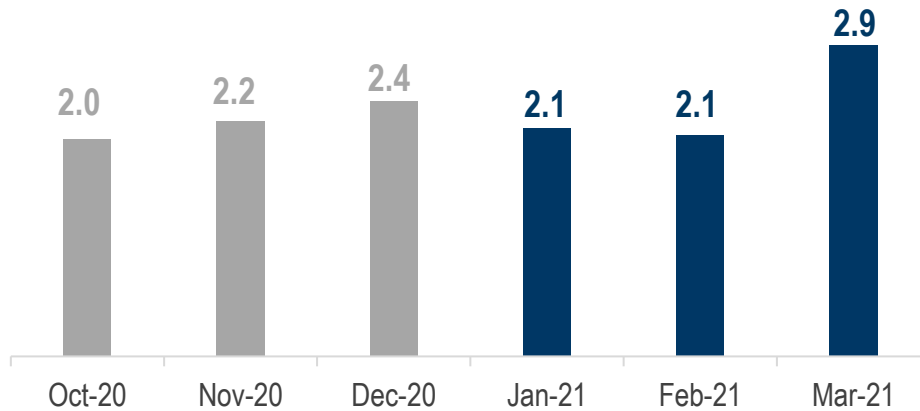
**New governance structure, ESG committee set-up**



# Leadership in COVID-19 response

## Continuously strong PCR testing volume

SYNLAB PCR testing volumes (in million)



- COVID-19 testing volumes at levels never seen since the start of the pandemic (France, Italy, Nordics in March, Colombia, Peru in January....)
- Antibody testing gradually rising
- Sequencing leading capabilities (e.g. Germany)

## Testing also critical for « back to normal »



***SYNLAB providing comprehensive PCR testing services for schools, corporates of all industries (retail, travel, hotel, sport...)***

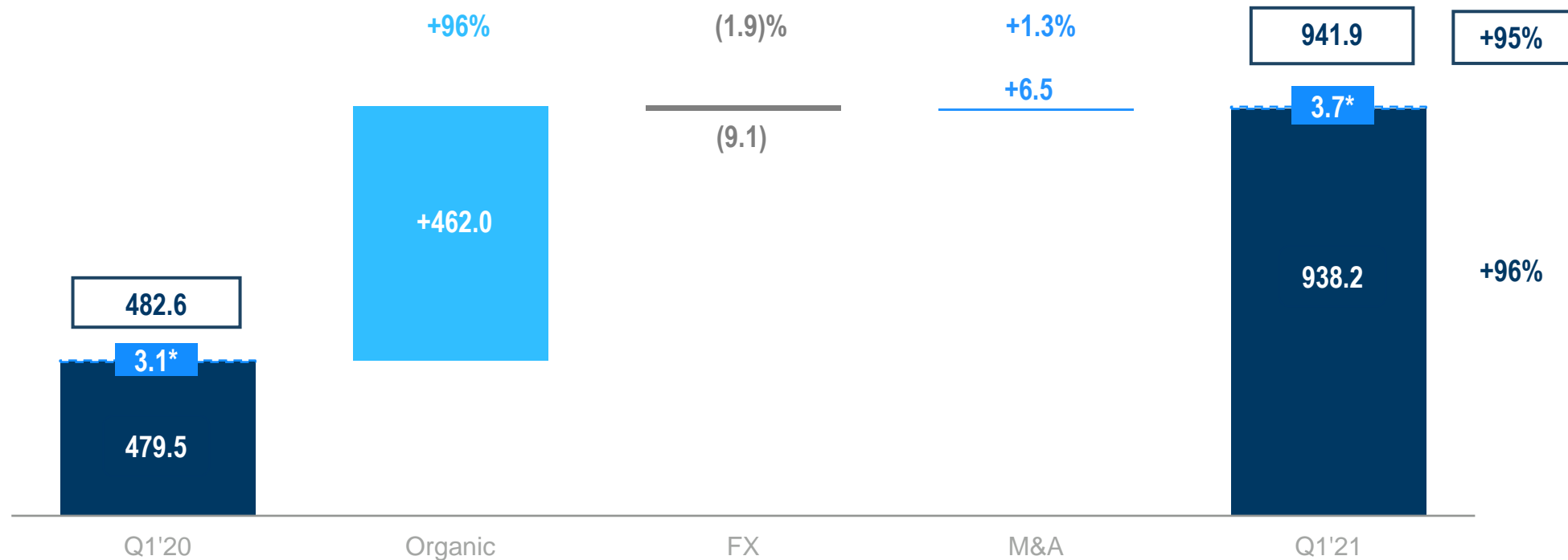
\* From program launch to end of March 2021

# Q1'21 Financial results

-SYNLAB LIMITED, UNAUDITED FINANCIALS-

## Nearly doubling revenue on an organic basis

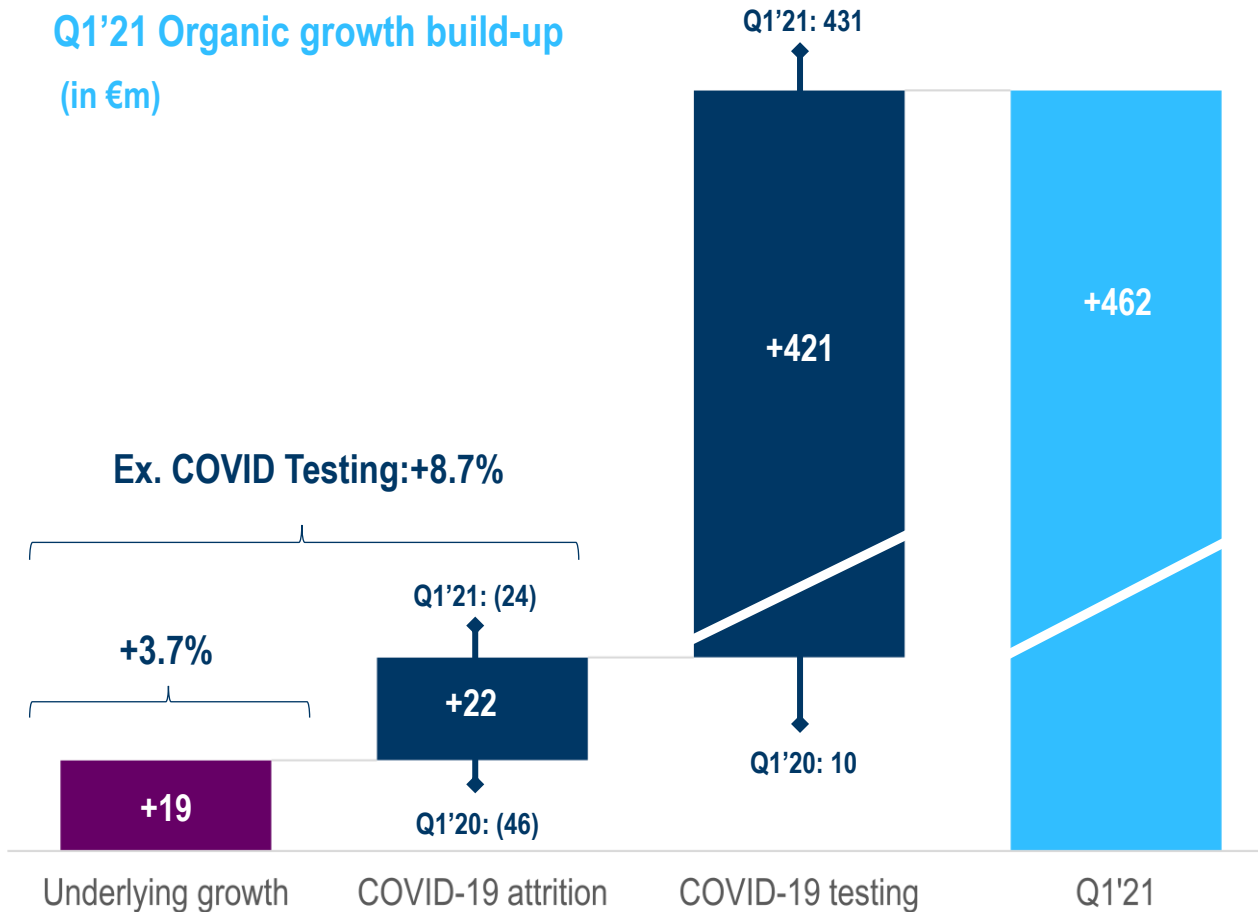
(in €m)



**Outstanding organic growth, small FX headwind, M&A resuming**

# Strong underlying organic growth

Q1'21 Organic growth build-up  
(in €m)



## Strong Underlying Growth

- Favorable pricing
- For You initiatives delivering

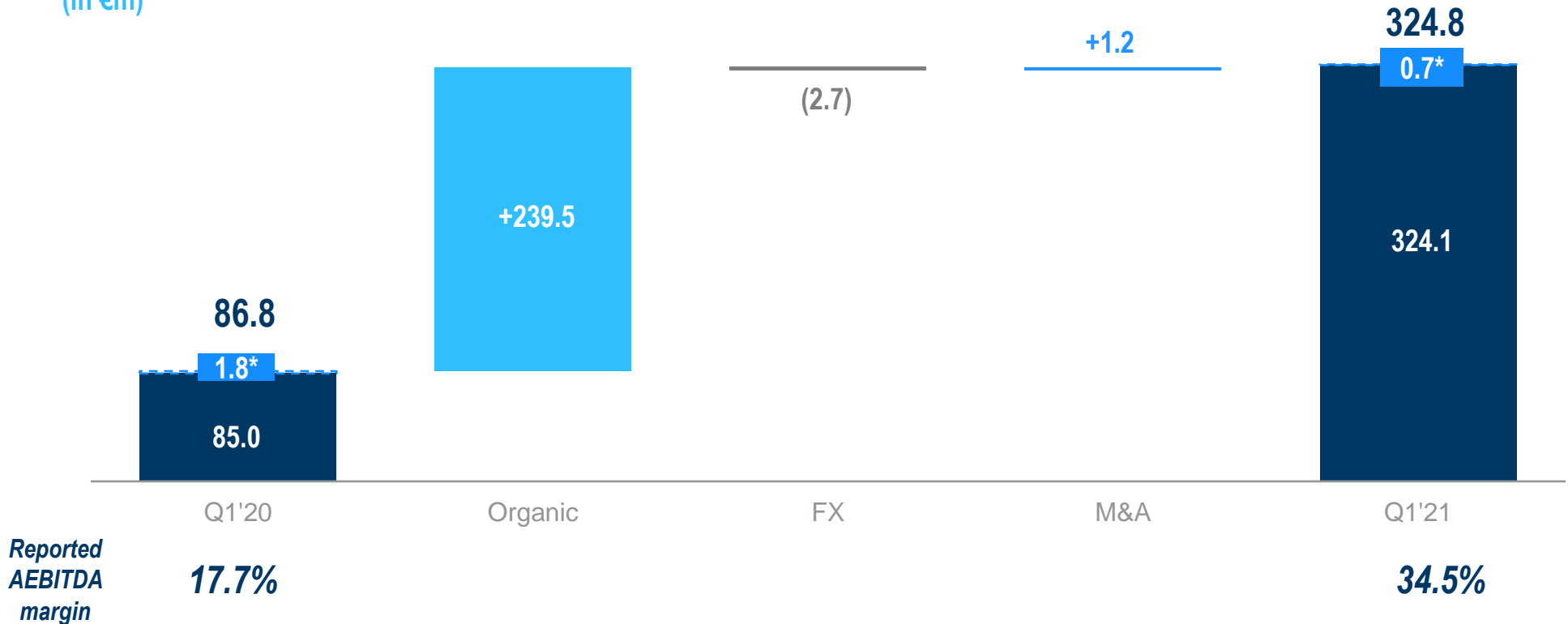
## COVID-19 Testing

- 7.1m PCR tests
  - ~94% of all Testing revenue
  - Average price @~€58 (vs. ~€61 in Q4'20)
- 0.8m non-PCR tests
  - Increase in March, mostly Antibody Tests

**Revenue growth of +8.7% ex. COVID-19 testing**

## Strong AEBITDA performance: +€239m vs. Q1'20

(in €m)



**AEBITDA margin at 34.5% vs. 31.8% in Q4'20**

## Volume leverage on contained cost base

(€m)	As % of rev.	Q1'21	VLV	Drivers (selected)	AEBITDA Impact (€m)
<b>Revenue</b>	<b>100%</b>	<b>938.2</b>	<b>+96%</b>	<b>+</b> Positive price	<b>+0.5</b>
Materials	26%	(243.0)	+118%	<b>-</b> PCR overweight in Test mix	
<b>Gross profit</b>	<b>74%</b>	<b>695.2</b>	<b>+89%</b>		
Personnel*	29%	(268.2)	+32%	<b>+</b> Contained inflation	<b>(3.0)</b>
Net other OPEX	11%	(102.9)	+30%	<b>+</b> Productivity (SALIX) :	<b>+4.5</b>
<b>AEBITDA</b>	<b>34.5%</b>	<b>324.1</b>	<b>x3.8</b>	<b>+</b> Rest of Business**	<b>+237</b>

**Q1'21 Organic AEBITDA increase +€239m**

## Record net profit

Q1'21

(€m)	Reported	Adj.	Adjusted	Adjusted VLY
<b>EBITDA</b>	<b>314.4</b>	<b>+9.7</b>	<b>324.1</b>	<b>+239.1</b>
D&A	(56.3)	+12.4	(43.9)	(4.3)
<b>Operating profit</b>	<b>258.1</b>	<b>+22.1</b>	<b>280.3</b>	<b>+234.8</b>
Associates & other	(0.9)		(0.9)	(1.5)
Net Finance Costs	(28.8)		(28.8)	+11.2
Income tax expense	(57.5)	(3.3)	(60.8)	(53.6)
Discontinued	17.9	(17.9)		
<b>Net profit</b>	<b>188.8</b>	<b>+1.0</b>	<b>189.8</b>	<b>+191.0</b>

### Adjustments details

- €9.7m OPEX adjustments
  - €4.0m strategic project costs, incl. €3m IPO related
  - €4.9m net acquisition-related and restructuring costs
  - €0.7m pre-IPO share-based payments
- €12.4m customer list amortization
- Tax effect of adjustments
- €17.9m from residual sale of A&S business

**€190m of adjusted net profit in Q1'21**



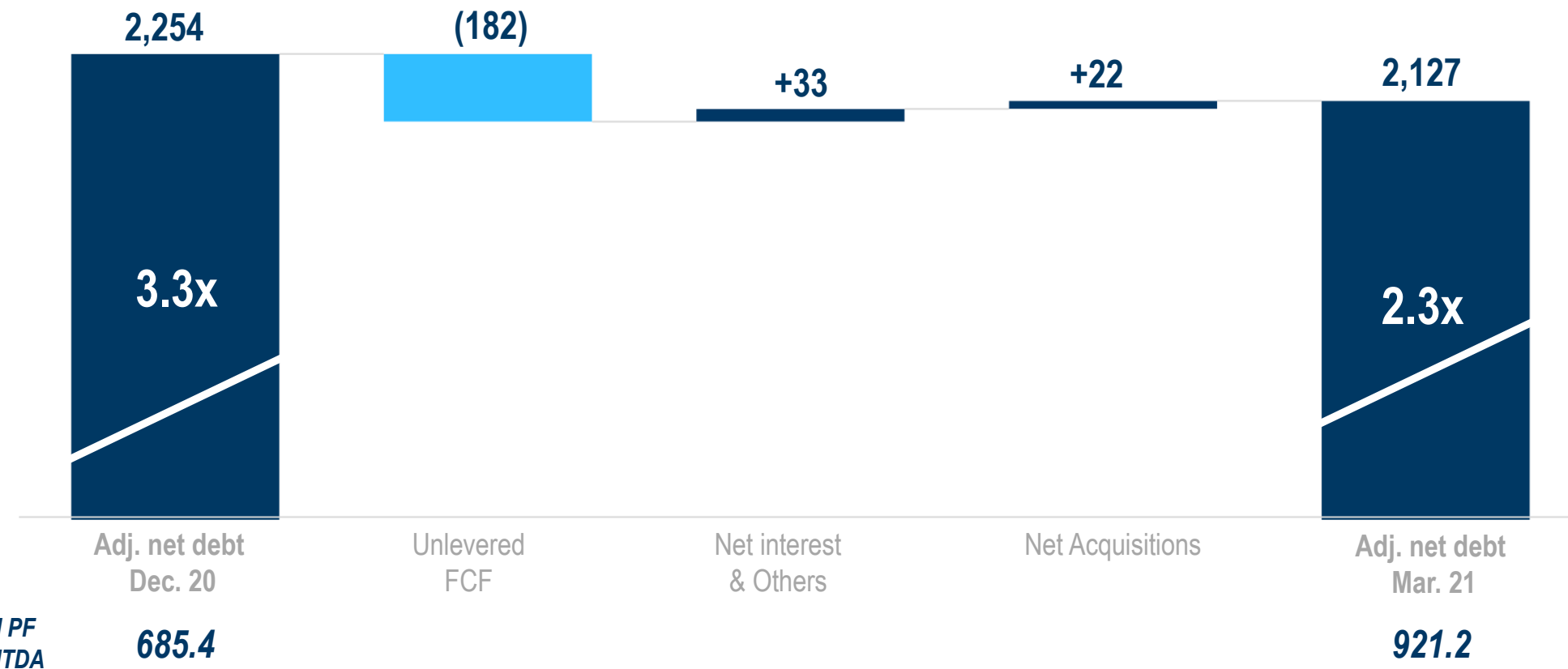
## Record cash flow generation

(€m)	Q1'21	Q1'20	VLV	
<b>AEBITDA</b>	<b>324.1</b>	<b>85.0</b>	<b>+239.1</b>	DSO@73 ( Dec.'20: @77 Mar.'20: @56)
Movements in working capital	(84.1)	(23.8)	(60.3)	
Income tax paid	(12.1)	(3.3)	(8.8)	Higher income tax paid due to improved financial performance
Change in provisions & other	3.4	(6.1)	+9.5	
<b>Operating cash flow</b>	<b>231.4</b>	<b>51.8</b>	<b>+179.6</b>	
Net Capex	(20.2)	(13.8)	(6.5)	€3.6m COVID-19 related CAPEX in Q1'21
Leases*	(29.4)	(26.7)	(2.7)	
As % of revenue	(5.3)%	(8.4)%	+3.1pts	
<b>Unlevered free cash flow</b>	<b>181.8</b>	<b>11.3</b>	<b>+170.4</b>	56% conversion of AEBITDA
Net interest*	(36.9)	(33.8)	(3.0)	
<b>Free cash flow</b>	<b>144.9</b>	<b>(22.5)</b>	<b>+167.4</b>	

\* Lease interest included in Leases

## Lowest leverage ratio since inception of the Group

(in €m)



**Strong financial position**



**2021 Outlook**

## 2021 Outlook

*“Based on the very strong start to the year\*, SYNLAB expects the  
EUR 3 billion revenue mark to be comfortably exceeded in 2021”*

### Q2 2021

**COVID-19**

Sustained activity

**SEL**

Contract start (April 1<sup>st</sup> 2021)

**M&A**

Strong pipeline

### FY 2021

**>€3.0bn**

Revenue

**~10%**

Organic growth (ex COVID-19)

**~€300-350m**

uFCF

# Appendix

## Financial calendar / Investor contact



### 2021-Financial calendar

<b>Q2/H1 Results</b>	<b>12 August 2021 (pre-market)</b>
<b>Q3 Results</b>	<b>10 November 2021 (pre-market)</b>
<b>Q4/FY Results</b>	<b>16 March 2022 (pre-market)</b>

### Investor contact

**Mark REINHARD**

Head of Investor Relations

**SYNLAB**

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[ir@synlab.com](mailto:ir@synlab.com)

## Segment reporting

(€m)	Revenue				AOP			
	Q1'21	Q1'20	Organic Growth	Underlying Growth	Q1'21	Q1'20	Margin, Q1'21	Margin, Q1'20
France	228.6	117.9	92.9%	2.2%	70.0	20.2	30.6%	17.1%
Germany	178.8	113.0	58.3%	0.3%	46.4	6.5	25.9%	5.7%
South	264.2	142.9	84.3%	5.8%	63.7	9.3	24.1%	6.5%
North & East	266.6	105.8	154.6%	5.0%	100.2	9.5	37.6%	9.0%
<b>SYNLAB GROUP</b>	<b>938.2</b>	<b>479.5</b>	<b>95.7%</b>	<b>3.7%</b>	<b>280.3</b>	<b>45.4</b>	<b>29.9%</b>	<b>9.5%</b>

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



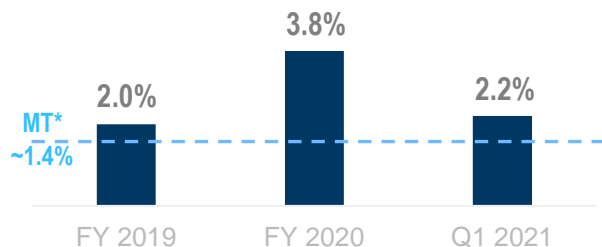
## FRANCE (24% of Group revenue)



### Key financials

(€m)	Growth			
	Q1'21	Q1'20	Total	Organic
Revenue	229	118	+94%	+93%
Adjusted operating profit (AOP)	70	20	x3.5	
AOP margin	30.6%	17.1%	+13.5pts	

### Underlying organic growth trend



### Other main KPI

#### COVID-19 PCR tests

- ✓ Volume 1.7m in Q1'21
- ✓ Test price\*\* decrease from June 1<sup>st</sup>

### Key growth opportunities



### Financial highlights

- ✓ **Organic growth**
  - ✓ Strong COVID-19 testing volumes (>Q4'20)
  - ✓ Q1'20 included material confinement impact
  - ✓ Robust underlying growth
    - ✓ underlying volume growth
    - ✓ specific For You initiatives (BCP)
    - ✓ stable prices
- ✓ **Prices** Q2 decrease from April 7, in line with 3-year agreement
- ✓ **Profitability:** strong volume leverage

### Business highlights

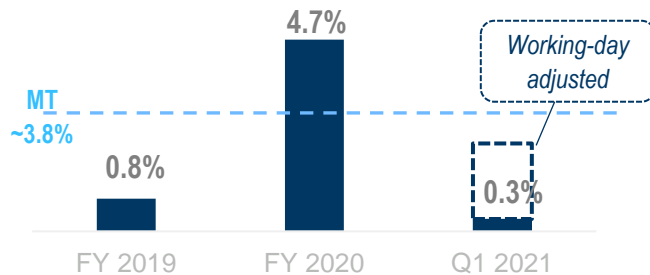
- ✓ **COVID-19 response:** variant detection, set-up of saliva testing for repetitive mass-screening (schools, retirement homes)
- ✓ **M&A:** 3 bolt-on ~€14m in annualized revenues

# GERMANY (19% of Group revenue)

## Key financials

(€m)	Growth			
	Q1'21	Q1'20	Total	Organic
Revenue	179	113	+58%	+58%
Adjusted operating profit (AOP)	46	6	x7.2	
AOP margin	25.9%	5.7%	+20.2pts	

## Underlying organic growth trend



## Other main KPI

### COVID-19 PCR tests

- ✓ Volume 1.4m in Q1'21
- ✓ Public price decrease from ~€50 to ~€44 as of May 1<sup>st</sup>

## Key growth opportunities

**Prescribers**  
Sales initiatives, tailored offering

**Hospitals**  
Better service, better value

**Specialty tests**  
Genetics, cytology, toxicology

## Financial highlights

- ✓ **Organic growth**
  - ✓ Strong COVID-19 testing volumes, yet <Q4'20
  - ✓ Subdued underlying volume growth, incl.
    - ✓ negative calendar impact (~€2m)
    - ✓ volume softness in region West due to temporary resource constraints
    - ✓ prices stable in Q1
- ✓ **Profitability:** strong volume leverage

## Business highlights

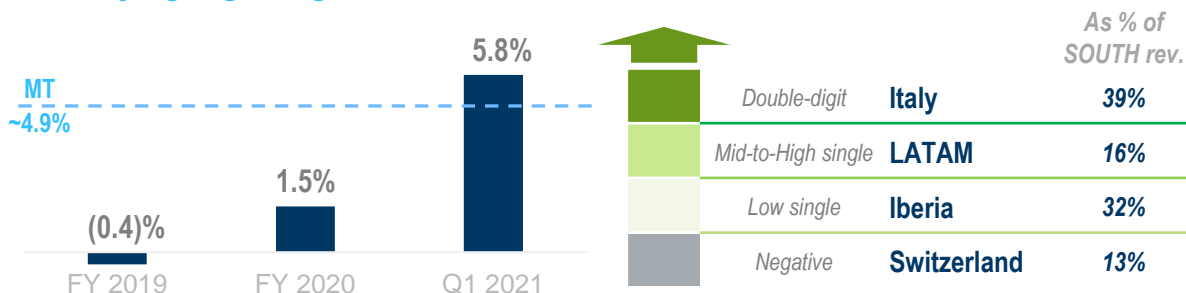
- ✓ **COVID-19 response:** #1 market share in variants testing (sequencing), PCR pooling mass tests for schools and companies
- ✓ **Lab automation** solution completed in Augsburg
- ✓ **M&A:** 1 bolt-on closed post Q1'21 representing ~€2m in annualized revenues

# SOUTH (28% of Group revenue)

## Key financials

(€m)	Growth			
	Q1'21	Q1'20	Total	Organic
Revenue	264	143	+85%	+84%
Adjusted operating profit (AOP)	64	9	x6.9	
AOP margin	24.1%	6.5%	+17.6pts	

## Underlying organic growth trend



## Key growth opportunities

**Prescribers**  
Sales initiatives. tailored offering

**D2C**  
Opportunity

**LATAM**  
Emerging markets

## Financial highlights

- ✓ **Organic growth:**
  - ✓ Strong COVID-19 testing volumes (>Q4'20)
  - ✓ Underlying growth acceleration (ex Switzerland)
    - ✓ volume growth + broadly stable prices
    - ✓ For You growth initiatives (Italy BCPs)
  - ✓ Switzerland: rollover effect of 2020 customer losses and price decrease
- ✓ **Profitability:** margins up across the board reflecting strong volume leverage

## Business highlights

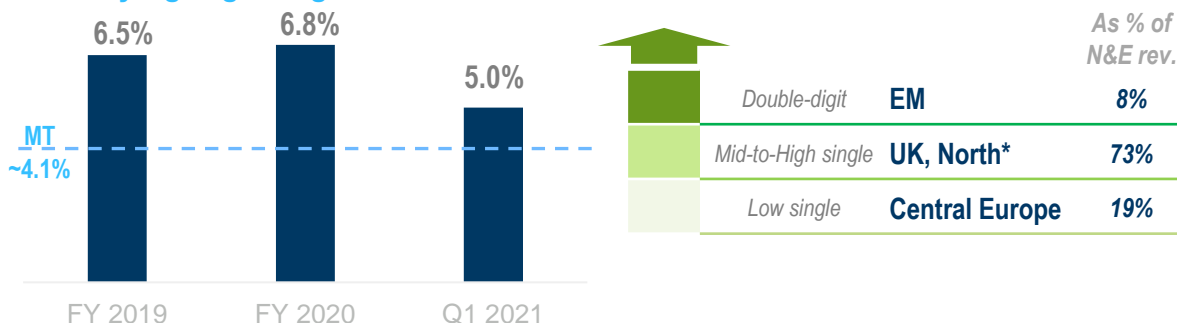
- ✓ **COVID-19 response:** testing services for large online retailer in Italy, school testing in Portugal, mass testing in 3 Swiss cantons
- ✓ **M&A:** 4 bolt-on closed in Italy post Q1'21: 1 in Colombia and 1 in Spain representing ~€5m in annualized revenues

# NORTH & EAST (29% of Group revenue)

## Key financials

(€m)	Growth			
	Q1'21	Q1'20	Total	Organic
Revenue	267	106	+152%	+155%
Adjusted operating profit (AOP)	100	10	x10.5	
AOP margin	37.6%	9.0%	+28.6pts	

## Underlying organic growth trend



## Key growth opportunities



## Financial highlights

### ✓ Organic growth

- ✓ Sharp growth in COVID-19 testing volumes (>Q4'20), including short-term (<12months) testing contracts in North Europe
- ✓ Sustained underlying growth
  - ✓ volume growth + positive pricing in many countries
  - ✓ For You initiatives

- ✓ **Profitability:** strong volume leverage, further uplift by short-term COVID-19 contracts in North Europe

## Business highlights

- ✓ **COVID-19 response:** renewal of short-term contract in North Europe, partnership with Hungarian Olympic committee
- ✓ **SEL contract** successful mobilization, started 1st April

A photograph of a modern laboratory with various pieces of equipment and workstations. The image is overlaid with a semi-transparent blue filter. In the center, the text 'SYNLAB' is written in a bold, dark blue font, followed by a stylized logo consisting of two upward-pointing leaf-like shapes. Two thin, dark blue diagonal lines cross the image, one from the top right towards the center and another from the bottom left towards the center. The background shows laboratory benches, equipment, and a person working in the distance.

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