



# SYNLAB Q1'23 RESULTS

10 May 2023

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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## AGENDA

1. Q1'23 Highlights
2. Q1'23 Financial results
3. Q1'23 Business review
4. Outlook
5. Appendix



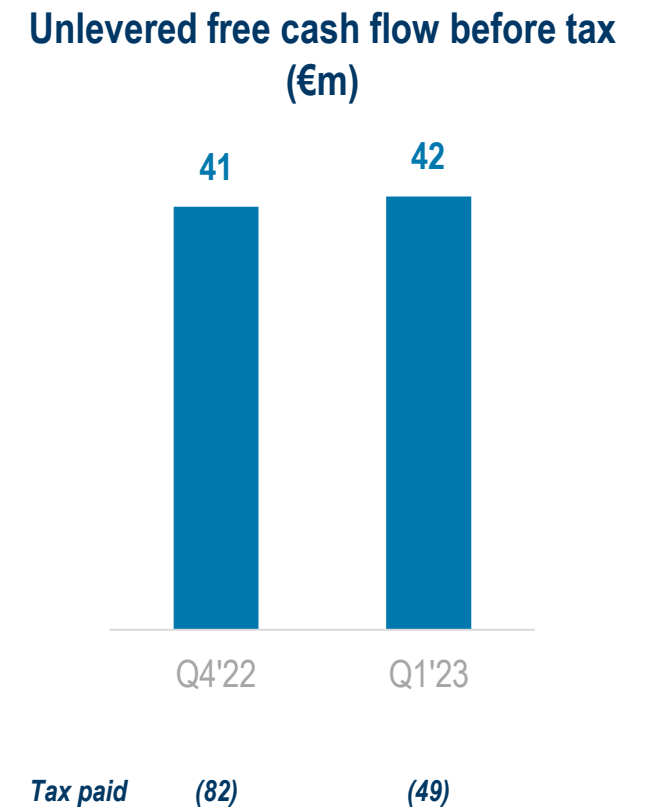
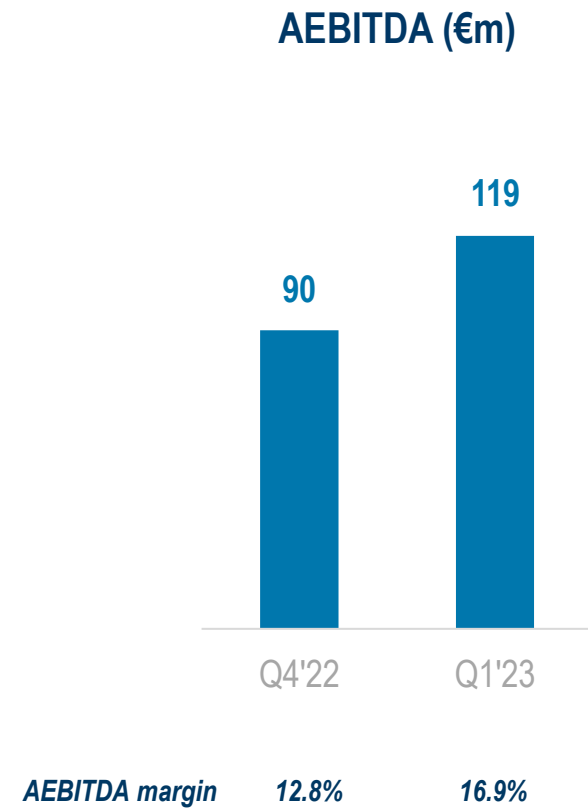
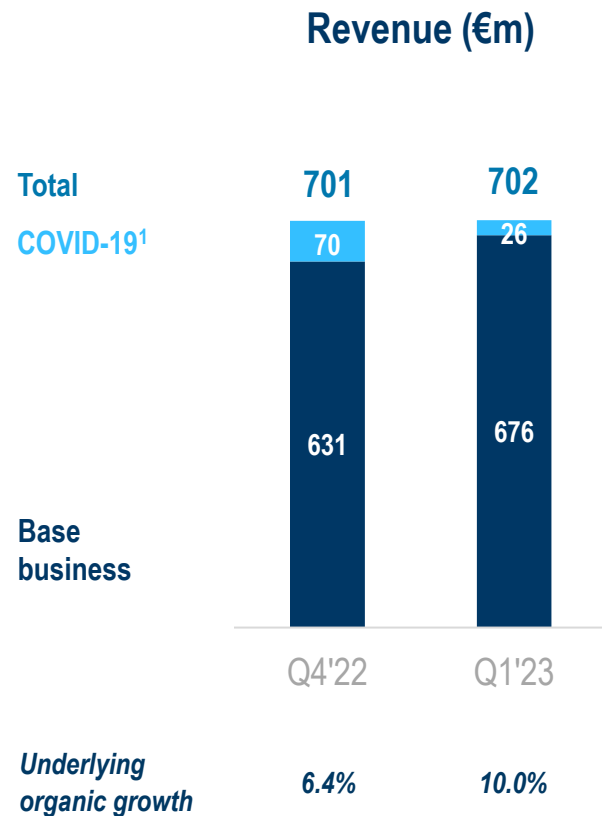




# Q1'23 HIGHLIGHTS

Mathieu Floreani, CEO

## Performance overview



**Strong start into 2023**

## Q1'23 highlights – implementation of strategy continues

### Organic growth

#### Base business +10.0% growth in Q1

- Positive price in Germany, South and North & East
- Over-delivery of For You Growth Initiative

#### Retail initiative progressing

- NPS roll-out to B2C completed and to B2B initiated in 5 countries, NPS score stable at 87

#### Renewal of hospital contracts, e.g. Hospital da Luz in Portugal

### Operational excellence

#### Efficiencies

- SALIX: €10m savings in Q1'23 (+15% as compared to Q1'22)
- Procurement and technical services: Transformation ongoing for higher synergies across regions
- Synnovis (SEL): Transformation continuing on track
- Reduction of COVID-19 capacity and workforce

### M&A

#### 4 acquisitions YTD, in line with temporary reduction of M&A spent in 2023

- 2 countries: Belgium (2), Germany (2)
- ~€10.2m annualised revenue
- Total EV: ~€24m<sup>1</sup>

Integration of Mexico and Chile well on track with synergies delivered above expectation



### Employee engagement / ESG

#### Employer brand

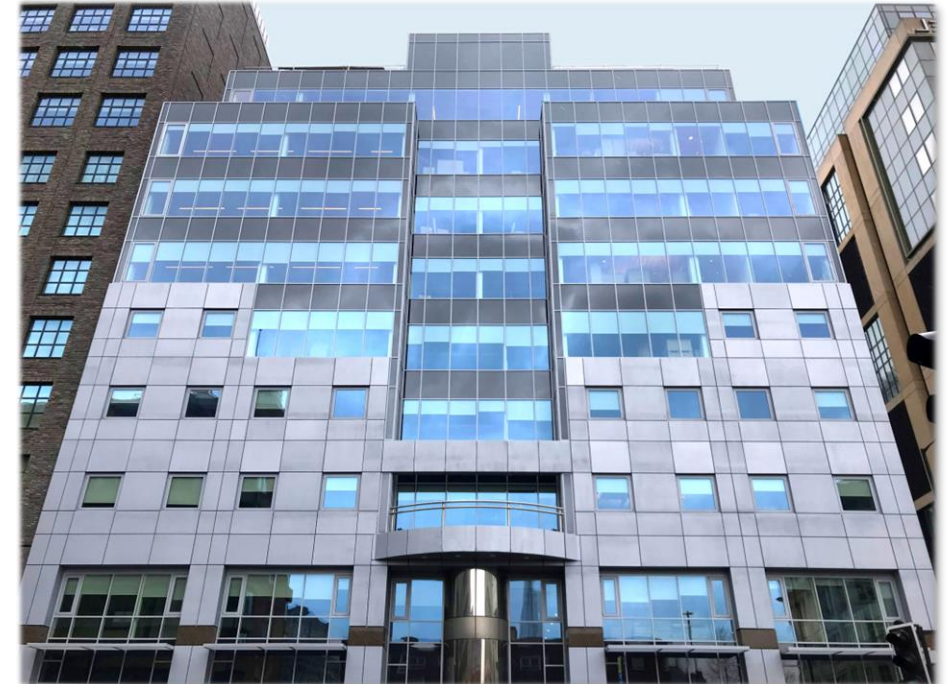
- Already 141 scientific publications in Q1'23
- SYNLAB Dialogue 2023 completed, actions initiated

#### ESG

- ESG Report jointly published with FY'22 results
- SYNLAB Foundation funding colorectal cancer awareness and testing campaign in Portugal
- Trainings on adherence to Supply Chain Act

## ESG case study: SYNNOVIS – State-of-the-art hub laboratory in South-East London

- Partnership between SYNLAB UK & Ireland, Guy's and St Thomas' NHS Foundation Trust, and King's College Hospital NHS Foundation Trust.
- A new hub laboratory is being built in a refurbished building providing efficient routine and specialist testing using state-of-the-art equipment.
- €10.3m CAPEX investments in Q1'23, ~€75m expected in FY'23
- **ESG highlights:**
  - Technology to significantly reduce plastic in sample transports, reducing waste and improving processes.
  - The logistics delivering samples will be sustainable, making wide use of electric vehicles.
  - Digital pathology services to allow clinicians to review results remotely, without needing to visit the hub in person.
  - The building is aiming for high sustainability standards through a BREEAM excellent rating. It has excellent public transport links and once opened, it will use 100% renewable energy resources.



SYNNOVIS hub laboratory, Friars Bridge Court, London





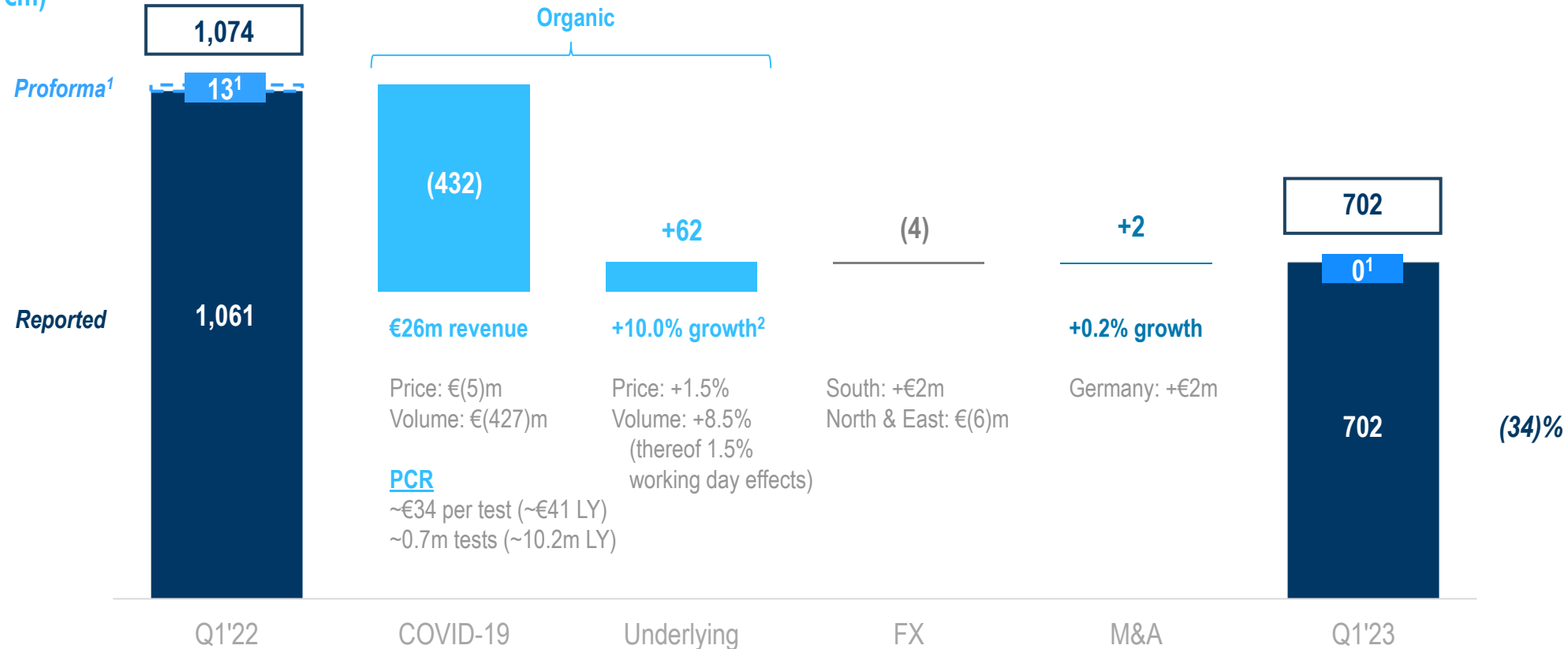
# Q1'23 FINANCIAL HIGHLIGHTS - UNAUDITED -

Sami Badarani, CFO



## Q1'23 revenue – High comparison base in Q1'22

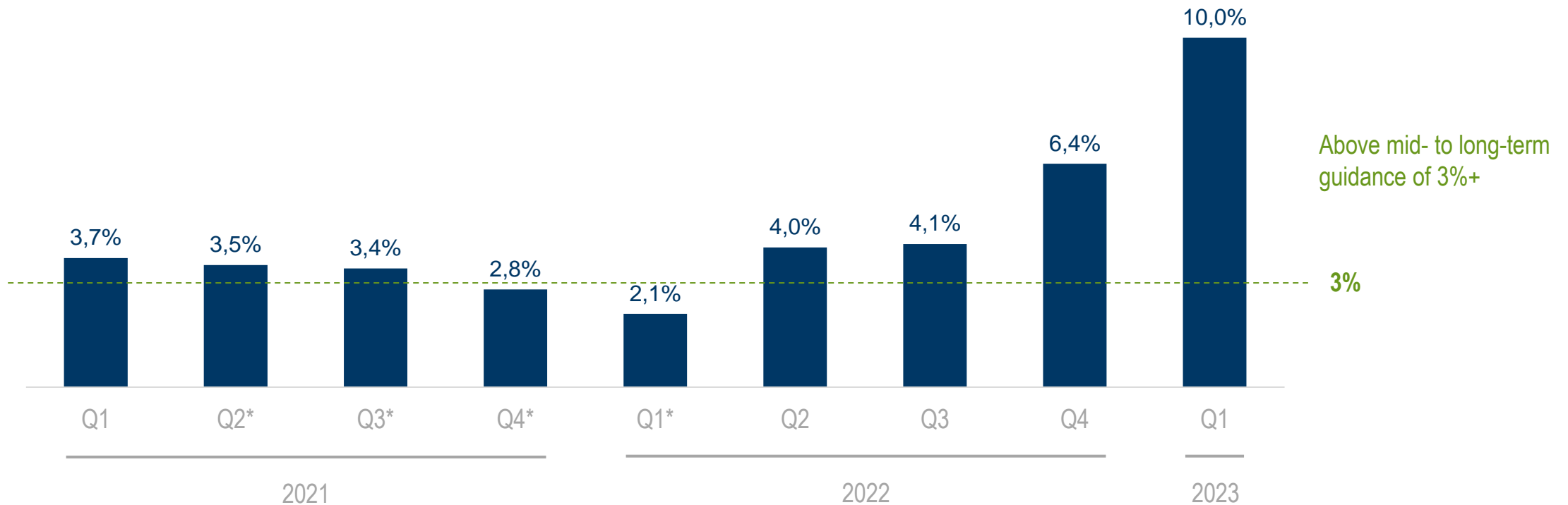
Revenue (in €m)



**Q1'23 underlying organic growth @10.0%: Price increases and strong volume**

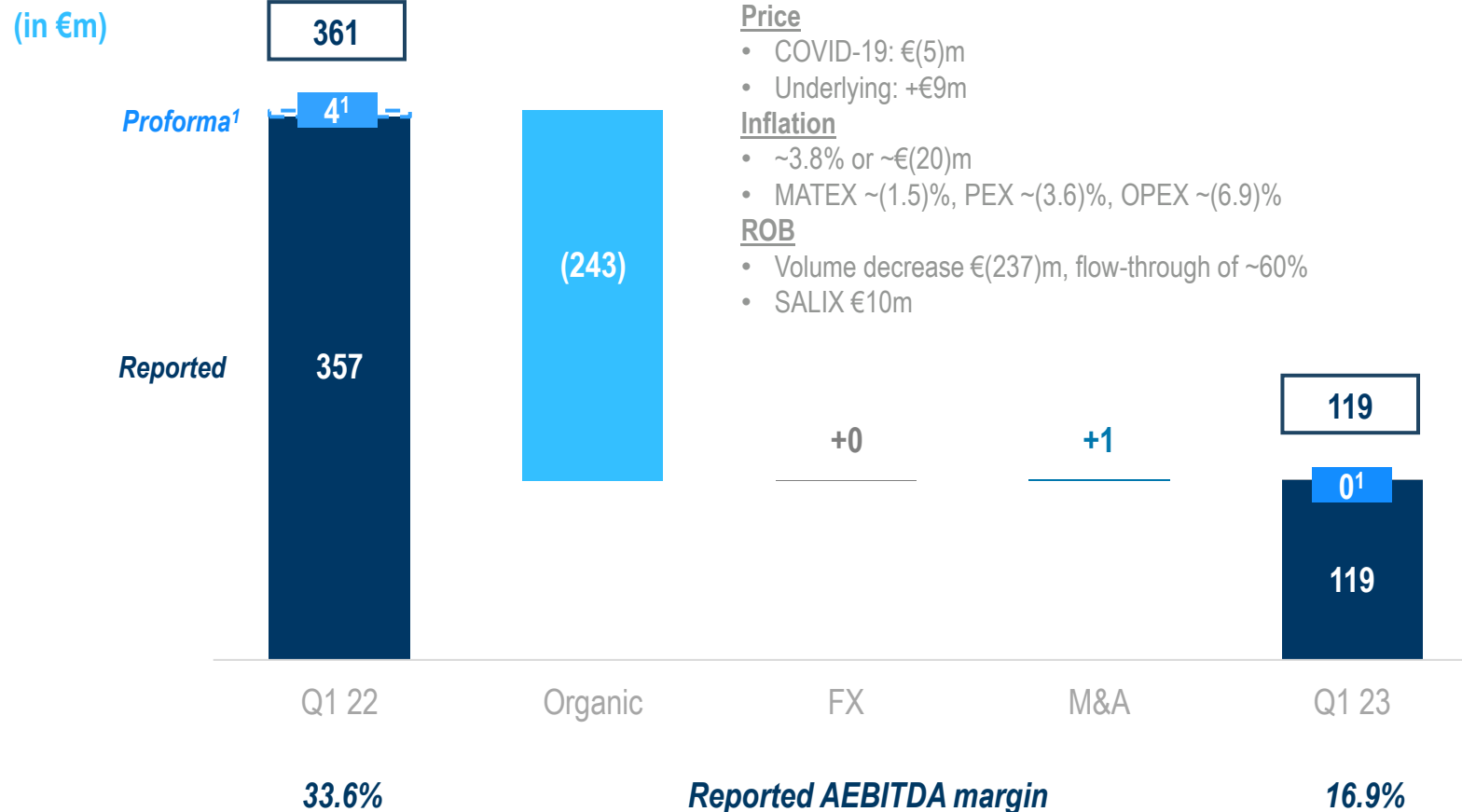
## Underlying organic growth (excl. COVID testing)

Positive price development (1.2% - 1.5%)

**Underlying organic growth accelerating after COVID pandemic**

## Q1'23 AEBITDA margin improved after Q4'22 low point



### Q4'22 margin normalisation

Reported margin: 12.8%

- One-off adjustments €40m
- Reduce COVID-19 revenues to Q1'23 level (at 50% margin)

Normalised margin: **16.4%**

→ 50 bp improvement Q1'23 vs. normalised Q4'22

**Q1'23 margin at mid-point of FY2023 AEBITDA margin guidance (16-18%)**

## Q1'23 P&L summary

(€m)	Q1'23			Change (vs. Adjusted)	
	Reported	Adj.	Adjusted		
<b>EBITDA</b>	<b>117.4</b>	1.1	<b>118.5</b>	<b>(238.4)</b>	●—● Minor acquisition-related adjustments
D&A & impairment	(72.1)	14.1	(58.0)	(1.2)	●—● €14m customer list amortisation
<b>Operating profit</b>	<b>45.3</b>	15.3	<b>60.5</b>	<b>(239.6)</b>	
Net finance results	(20.5)	-	(20.5)	(25.1)	●—● Higher borrowing interest cost of ~€(8)m, lower derivatives gain of ~€(12)m, and other ~€(5)m
Income tax expense	(11.5)	(3.1)	(14.6)	61.9	●—● 28% adjusted effective tax rate
Other	14.7	(15.2)	(0.5)	0.8	●—● FX translation gain on remaining A&S legal entity liquidation (non-cash)
<b>Net profit (Group share)</b>	<b>27.9</b>	(3.0)	<b>24.9</b>	<b>(202.0)</b>	
<b>EPS<sup>1</sup></b>	<b>0.13€</b>		<b>0.11€</b>		

**Lower adjusted net profit resulting from lower AEBITDA and increasing finance cost**



## Cash flow in Q1'23

(€m)	Q1'23	Q1'22	Change	
<b>AEBITDA</b>	<b>119</b>	<b>357</b>	<b>(238)</b>	
Movements in working capital	(18)	(129)	111	<ul style="list-style-type: none"> <li>DSO at 63 (Mar'22: 69)</li> <li>Normalising working capital</li> </ul>
Income tax paid	(49)	(15)	(34)	<ul style="list-style-type: none"> <li>Timing of tax payments</li> </ul>
Change in provisions & other	1	10	(9)	
<b>Operating cash flow</b>	<b>53</b>	<b>222</b>	<b>(169)</b>	
Net CAPEX (incl. leases <sup>1</sup> )	(60)	(67)	7	<ul style="list-style-type: none"> <li>CAPEX containment despite €8m SEL CAPEX increase</li> </ul>
<i>As % of revenue</i>	<i>(8.6)%</i>	<i>(6.3)%</i>	<i>(2.3)ppt</i>	
<b>Unlevered free cash flow</b>	<b>(7)</b>	<b>155</b>	<b>(162)</b>	
Net interest <sup>1</sup>	(8)	(12)	4	<ul style="list-style-type: none"> <li>Decreased debt</li> <li>Average cost of borrowings<sup>2</sup> at 3%</li> </ul>
<b>Free cash flow</b>	<b>(15)</b>	<b>143</b>	<b>(158)</b>	

**€42m unlevered free cash flow before tax payments**

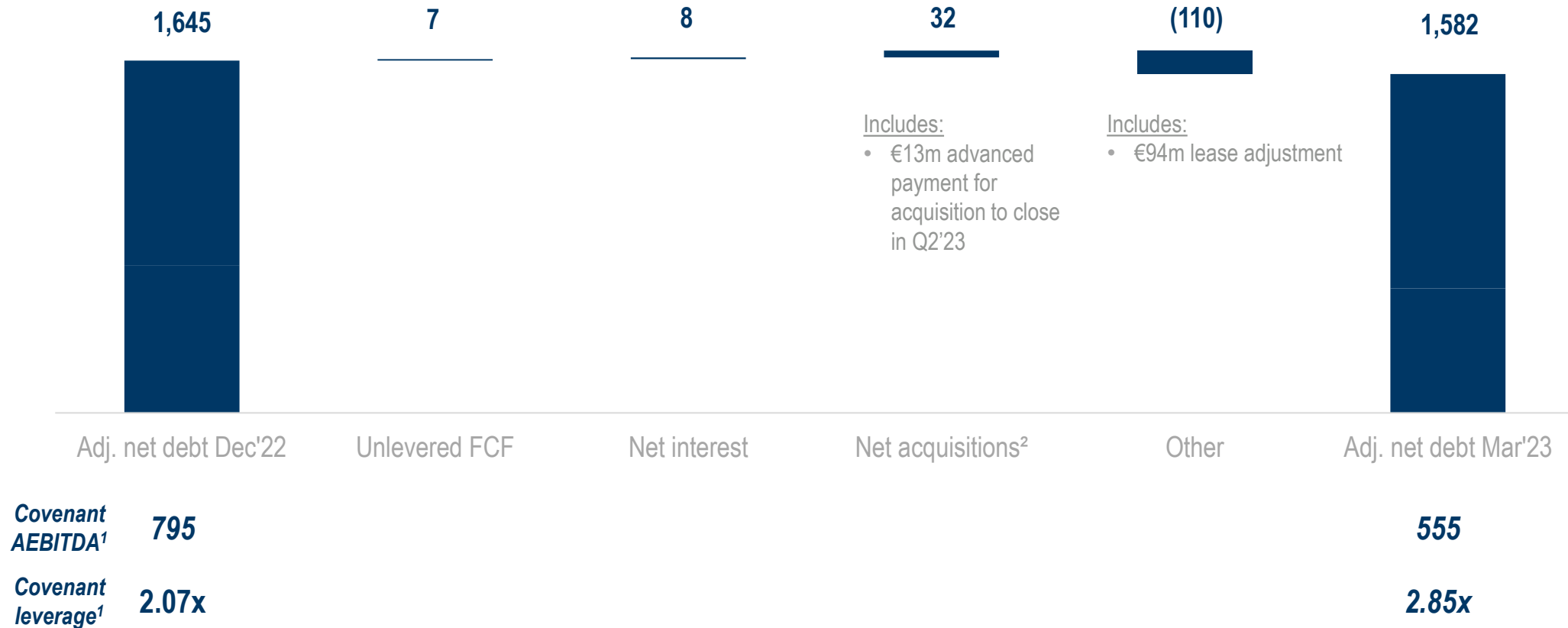
## Q1'23 balance sheet summary

(€m)	Mar'23	Dec'22	Change	
Goodwill	2,353	2,323	30	●—● Additions from the 3 FY'23 acquisitions
Net fixed assets	1,622	1,646	(24)	
Net Working Capital	89	94	(5)	
<i>NWC as a % of LTM rev.</i>	3.1%	2.9%		●—● Normalisation post COVID-19 ongoing
<b>Capital Employed</b>	<b>4,064</b>	<b>4,063</b>	<b>1</b>	
Equity	2,356	2,333	23	
Net debt <sup>1</sup>	1,615	1,575	40	
Other	93	154	(61)	●—● Income tax liability
<b>Resources</b>	<b>4,064</b>	<b>4,063</b>	<b>1</b>	
<b>Cash</b>	<b>396</b>	<b>542</b>	<b>(146)</b>	●—● +€500m undrawn RCF ●—● €100m gross debt reimbursed in Feb'23

**Stable capital employed**

## Adjusted net debt<sup>1</sup> for covenant calculation

(in €m)



**Leverage below 3x**



# Q1'23 BUSINESS REVIEW - UNAUDITED -

Mathieu Floreani, CEO

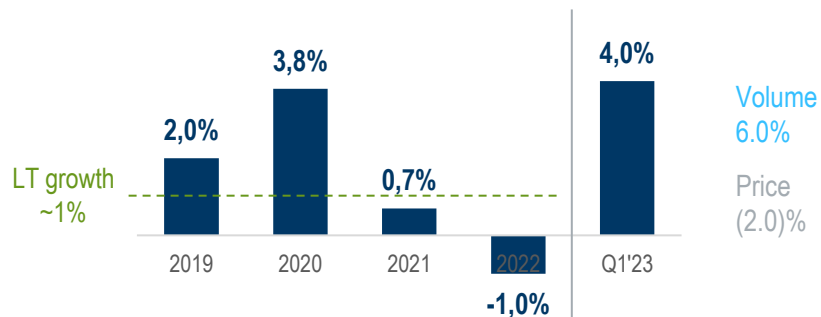


## FRANCE (20% of Group revenue)

### Key financials

(€m)	Q1'23	Q1'22	% var.
Revenue	143.3	211.5	(32)%
AOP	18.6	54.0	(66)%
AOP margin	13.0%	25.5%	(12.5)ppt

### Underlying organic growth



### Q1 Revenue

**Underlying growth:** Price decrease starting Feb'23, flat volume despite 2 days of strike impact €(0.8)m

**COVID-19:** Testing revenue at ~€7m

### Q1 Profitability

AOP margin reduction due to lower COVID-19 contribution (price and volume); inflation contributing (3.5)ppt to margin drop (biggest driver being energy cost); COVID-19 capacity ramp down ongoing (45 COVID-related FTE remaining at end of Mar'23)

### COVID-19 PCR test

Public price now at 28€ per PCR

### 2023 price update

Price decreases starting in Feb'23

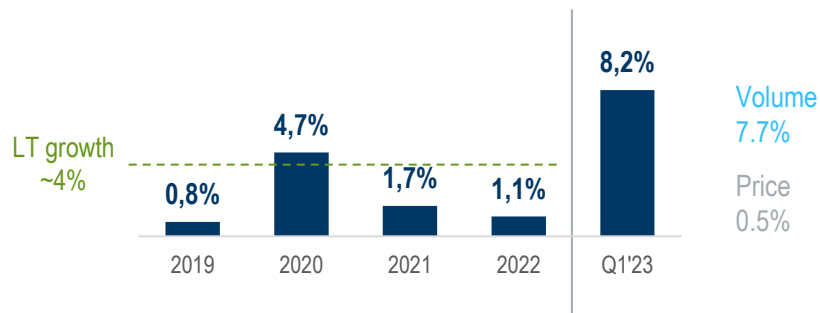
New 3-year plan to be negotiated by end of Q3'23

## GERMANY (20% of Group revenue)

### Key financials

(€m)	Q1'23	Q1'22	% var.
Revenue	139.8	235.2	(41)%
AOP	(2.6)	81.3	(103)%
AOP margin	(1.9)%	34.6%	(36.5)ppt

### Underlying organic growth



### Q1 Revenue

**Underlying growth:** Strong volume from low base and robust new customer wins

**COVID-19:** Testing revenue at ~€12m

### Q1 Profitability

AOP margin reduction due to lower COVID-19 contribution (price and volume); inflation contributing (1.8)ppt to margin drop (drivers being PEX and energy cost); COVID-19 capacity ramp down ongoing (175 COVID-related FTE remaining at end of Mar'23); COVID-19-related one-offs of ~€(2.7)m

### M&A

1 lab acquired in Q1'23 ~€9m annualised revenue

### COVID-19 PCR test

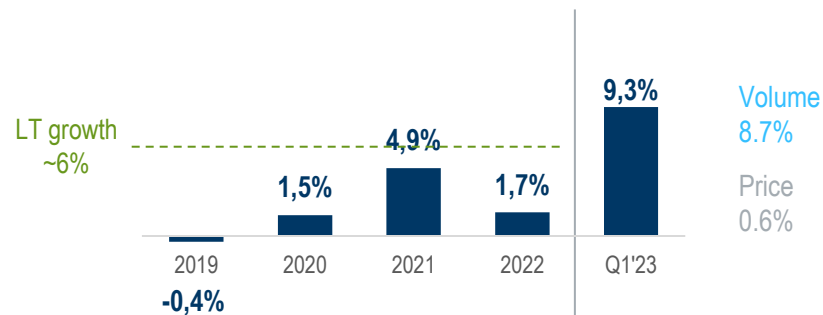
Price reduction to €19.90 as of April 2023

## SOUTH (32% of Group revenue)

### Key financials

(€m)	Q1'23	Q1'22	% var.
Revenue	225.4	299.6	(25)%
AOP	23.2	61.6	(62)%
AOP margin	10.3%	20.6%	(10.3)ppt

### Underlying organic growth



### Q1 Revenue

**Underlying growth:** Driven by robust volume across the countries except Switzerland and positive price development in all countries except Switzerland  
→ underlying organic growth without Switzerland at 12.1%

**COVID-19:** Testing revenue at ~€4m

### Q1 Profitability

AOP margin reduction due to lower COVID-19 contribution (price and volume); inflation contributing (1.6)ppt to margin drop (drivers being PEX and energy cost); COVID-19 capacity ramp down ongoing (60 COVID-related FTE remaining at end of Mar'23); dilutive effect of Switzerland on AOP margin of (2.5)ppt

### Network expansion

Slow down of BCP opening

### M&A

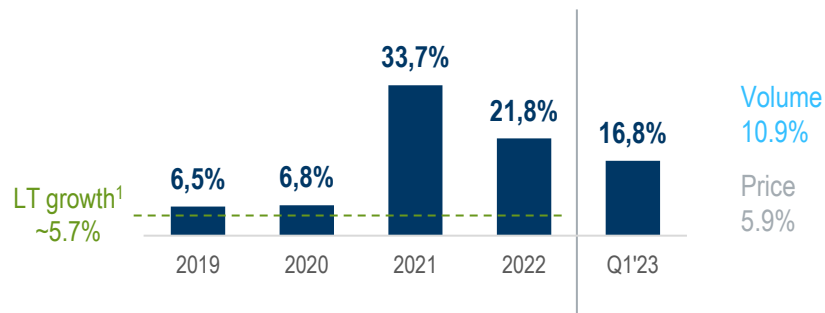
Chile contributing to growth

## NORTH & EAST (28% of Group revenue)

### Key financials

(€m)	Q1'23	Q1'22	% var.
Revenue	193.9	314.7	(38)%
AOP	21.3	103.2	(79)%
AOP margin	11.0%	32.8%	(21.8)ppt

### Underlying organic growth



### Q1 Revenue

**Underlying growth:** Strong expansion at +16.8% in Q1'23 driven by volume growth and price increases (price indexation)

**COVID-19:** Testing revenue at ~€7m

### Q1 Profitability

€0.8m positive price net of inflation

AOP margin reduction due to lower COVID-19 contribution (price and volume); COVID-19 capacity ramp down ongoing (48 COVID-related FTE remaining at end of Mar'23); dilutive impact of SEL to AOP margin of (2.8)ppt

### M&A

2 bolt-on acquisitions in Q1'23 in Belgium (VET Business) ~€1.4m annualised revenue

### SEL

Work on fitting and equipping the new hub has commenced





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# OUTLOOK

Mathieu Floreani, CEO

## 2023 Outlook

	Q1'23	Guidance 2023
Revenue	€702m	~€2.7bn
AEBITDA margin	16.9%	16-18%
M&A spend	€32m	~€100m

### Key assumptions

- ~4% underlying organic growth (with accelerated price increases)
- ~€50 million COVID-19 testing revenue
- Doubling of SALIX savings
- Inflation net of price trajectory confirmation



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## Q&A

Mathieu Floreani, CEO

Sami Badarani, CFO

## Investor contact & financial calendar

### Investor contact

**Dr. Anna Niedl**  
Head of Investor Relations  
**SYNLAB**  
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[ir@synlab.com](mailto:ir@synlab.com)

### Financial calendar

<b>AGM 2023</b>	17 May 2023
<b>Half-Year Financial Report 2023</b>	9 August 2023
<b>Q3/9M'23 Quarterly Statement</b>	8 November 2023
<b>Annual Report 2023</b>	14 March 2024

### Upcoming events

<b>Berenberg Diagnostics Conference</b>	11 May 2023
<b>Barclays C-Suite Conversation</b>	12 June 2023
<b>Deutsche Bank German Swiss Austrian Conference</b>	20 June 2023
<b>Stifel European Healthcare Summit</b>	29 June 2023





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APPENDIX

## Revenue and AOP by segment

Reported (€m)	Revenue							
	Q1'23	Q1'22	Q1'23 PF	Q1'22 PF	Total Growth	Organic Growth	FX Growth	M&A Growth
France	143.3	211.5	143.3	212.9	-32.7%	-32.7%	0.0%	0.0%
Germany	139.8	235.2	139.8	237.1	-41.1%	-42.0%	0.0%	1.0%
South	225.4	299.6	225.4	313.0	-28.0%	-28.6%	0.7%	0.0%
North & East	193.9	314.7	194.0	311.0	-37.6%	-35.8%	-1.9%	0.1%
<b>SYNLAB GROUP</b>	<b>702.4</b>	<b>1,061.0</b>	<b>702.4</b>	<b>1,074.1</b>	<b>-34.6%</b>	<b>-34.5%</b>	<b>-0.3%</b>	<b>0.2%</b>

Reported (€m)	AOP			
	Q1'23	Q1'22	Margin, Q1'23	Margin, Q1'22
France	18.6	54.0	13.0%	25.5%
Germany	-2.6	81.3	-1.9%	34.6%
South	23.2	61.6	10.3%	20.6%
North & East	21.3	103.2	11.0%	32.8%
<b>SYNLAB GROUP</b>	<b>60.5</b>	<b>300.1</b>	<b>8.6%</b>	<b>28.3%</b>



## Operating profit to AOP and AEBITDA reconciliation

€m	Q1'23	Q1'22
<b>Operating profit</b>	<b>45.3</b>	<b>286.0</b>
Strategic projects costs	(0.0)	0.1
Acquisitions related costs <sup>1</sup>	1.1	0.4
Customer list amortisation	14.2	13.6
<b>Adjusted operating profit (AOP)</b>	<b>60.5</b>	<b>300.1</b>
Depreciation and amortisation	72.1	70.4
Customer list amortisation (elimination)	(14.2)	(13.6)
<b>Adjusted EBITDA (AEBITDA)</b>	<b>118.5</b>	<b>356.9</b>

## Consolidated statement of income

€ 000	1 January to 31 March	
	2023	2022
<b>Revenue</b>	<b>702,371</b>	<b>1,061,005</b>
Material and related expenses	(169,075)	(255,551)
Payroll and related expenses	(288,974)	(307,017)
Other operating income	9,855	7,424
Other operating expenses	(136,769)	(149,494)
Depreciation and amortisation	(72,138)	(70,376)
<b>Operating profit</b>	<b>45,270</b>	<b>285,991</b>
Share of loss of associates and other non-controlling interest	(225)	(790)
Profit on disposal of investment	15,151	(471)
Finance income	14,967	24,838
Finance costs	(35,493)	(20,220)
<b>Profit / (loss) before taxes</b>	<b>39,670</b>	<b>289,348</b>
Income tax expenses	(11,515)	(72,826)
<b>Profit / (loss) for the period</b>	<b>28,155</b>	<b>216,522</b>
thereof: Profit / (loss) attributable to non-controlling interests	253	648
thereof: Profit / (loss) attributable to equity holders of the parent company	27,902	215,874
<b>Earnings per share (basic and diluted, in €)</b>	<b>0.97</b>	<b>0.85</b>

## Consolidated statement of financial position

€ 000	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>		
Goodwill	2,352,887	2,323,423
Intangible assets	723,224	733,238
Property, plant and equipment	315,123	311,506
Right-of-use assets	635,762	655,968
Investments in associates	1,326	1,281
Financial non-current assets	78,158	80,518
Other non-current assets	4,556	4,700
Deferred tax assets	48,645	47,916
<b>Total non-current assets</b>	<b>4,159,681</b>	<b>4,158,550</b>
Inventories	77,331	84,094
Trade accounts receivables	453,350	443,089
Financial current assets	62,011	47,299
Other current assets	96,137	106,398
Cash and cash equivalents	396,303	541,684
<b>Total current assets</b>	<b>1,085,132</b>	<b>1,222,564</b>
<b>Total assets</b>	<b>5,244,813</b>	<b>5,381,114</b>

### EQUITY AND LIABILITIES

#### EQUITY

Contributed capital	222,222	222,222
Additional paid-in capital	2,933,784	2,932,618
Treasury shares	-35,730	-35,730
Cumulative translation adjustment	25,094	31,771
Accumulated deficit	-789,695	-817,710
<b>Total parent company interests</b>	<b>2,355,675</b>	<b>2,333,171</b>
<b>Non-controlling interests</b>	<b>69</b>	<b>70</b>
<b>Total equity</b>	<b>2,355,744</b>	<b>2,333,241</b>

#### LIABILITIES

Loans and borrowings (non-current)	1,314,726	1,411,000
Non-current lease liabilities	545,741	557,773
Employee benefits liabilities	31,300	31,042
Non-current provisions	3,993	3,562
Contract liabilities	9,594	9,510
Other non-current liabilities	42,295	62,862
Deferred tax liabilities	184,749	189,375
<b>Total non-current liabilities</b>	<b>2,132,398</b>	<b>2,265,124</b>
Current loans and borrowings	19,904	15,873
Current lease liabilities	130,972	132,187
Trade accounts payable	293,810	313,693
Contract liabilities	12,782	10,515
Current provisions	29,918	31,517
Income tax liabilities	15,780	56,836
Other current liabilities	253,505	222,128
Liabilities directly associated with assets classified as held for sale	-	-
<b>Total current liabilities</b>	<b>756,671</b>	<b>782,749</b>
<b>Total liabilities</b>	<b>2,889,069</b>	<b>3,047,873</b>
<b>Total equity and liabilities</b>	<b>5,244,813</b>	<b>5,381,114</b>

## Consolidated statement of cash flows

	For the quarter ended 31 March			For the quarter ended 31 March	
	2023 € 000	2022 € 000		2023 € 000	2022 € 000
<b>Operating Profit</b>	<b>45,270</b>	<b>285,991</b>			
Depreciation, amortisation, impairment	72,130	70,379	Interest paid	0	900
Change in provisions	553	536	New loans, borrowings and other financial liabilities	-15,670	-18,225
Loss from the disposal of non-current assets	-416	439	Repayment of loans, borrowings and other financial liabilities	16	693
Other non-cash revenues and expenses	2,020	8,778	Repayment of lease liabilities	-100,646	-92
Change in inventories	7,013	3,285	Acquisition of non-controlling interests	-28,536	-33,706
Change in trade accounts receivable	-8,550	-90,100	Dividends paid and other payments to non-controlling interests	-582	-1,215
Change in trade accounts payable	-21,054	-43,711	<b>Cash flow used in financing activities (C)</b>	<b>-145,418</b>	<b>-51,645</b>
Change in other net working capital	4,984	1,279	<b>TOTAL CASH FLOWS (A+B+C)</b>	<b>-147,491</b>	<b>92,653</b>
Income tax paid	-48,800	-15,263	<b>Cash and cash equivalent at the beginning of the period</b>	<b>541,590</b>	<b>443,525</b>
<b>Cash flow from operating activities (A)</b>	<b>53,150</b>	<b>221,613</b>	Net foreign exchange differences	2,076	4,299
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	-31,571	-49,023	<b>Cash and cash equivalent at the end of the period</b>	<b>396,175</b>	<b>540,477</b>
Purchase of intangibles and property, plant and equipment	-26,144	-28,602	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-145,415</b>	<b>96,952</b>
Proceeds from sale of intangibles and property, plant and equipment	453	425			
Increase in other non-current assets	0	-250			
Interest received	2,036	132			
Dividends received	3	3			
<b>Cash flow used in investing activities (B)</b>	<b>-55,223</b>	<b>-77,315</b>			

## FY'23 leverage calculation

### Covenant net debt

(€m)	Mar'23			Dec'22
	Net debt as in the balance sheet	Capitalised transaction costs	Other adjustments	Adjusted net debt
RCF (€500m), due 2026				-
Term Loan B, due 2026	217	3		320
Term Loan B, due 2027	372	13		385
Term Loan A, due 2026	721	14		735
<b>Total borrowings</b>	<b>1,310</b>	<b>30</b>		<b>1,440</b>
Embedded derivatives	4	(4)		0
Accrued interest	19			14
Other bank debt	2	1		3
Leases	675		(94)	690
Cash	(396)			(542)
<b>Total net debt</b>	<b>1,615</b>	<b>27</b>		<b>1,605</b>
Net deferred consideration for acquisitions	43		(8)	40
<b>Total adjusted net debt for covenant</b>				<b>1,645</b>

### Covenant AEBITDA

(€m)	Q1'23
<b>Reported LTM AEBITDA</b>	515.0
<b>PF for M&amp;A &amp; disposals</b>	7.1
<b>PF AEBITDA</b>	<b>522.1</b>
<b>Covenant adjustments</b>	32.5
<b>AEBITDA for covenant</b>	<b>554.7</b>
<b>Adjusted net debt for covenant</b>	1,582
<b>Covenant leverage</b>	<b>2.85x</b>

## Explanation of non-IFRS measures

**Organic growth** represents a non-IFRS measure calculating the growth in revenue for a given period compared to the equivalent prior year period for the same scope of businesses presented in a uniform currency, i.e. using the exchange rates of the prior-year period.

When calculating organic growth, SYNLAB uses the scope of businesses that have been consolidated in the Group's prior year financial statement. Revenue contribution from businesses acquired in 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 amortisation
- Impairment of goodwill
- Expenses related to acquisition and post-merger integration

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

- Customer list amortisation
- Impairment of goodwill
- Expenses related to acquisition and post-merger integration

**Adjusted net profit** is defined as profit (Group share) adjusted for adjustment items defined in the adjusted operating profit definition including the respective tax effects.

**Adjusted net debt** is defined as per banking covenant, the sum of financial debt including loans and borrowings adding back capitalised transaction costs, adjusted lease liabilities, and adjusted 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, 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).