



SYNLAB Q2/H1'23 RESULTS

9 August 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. Q2/H1'23 Highlights
2. Q2/H1'23 Financial results
3. Q2/H1'23 Business review
4. Outlook
5. Appendix

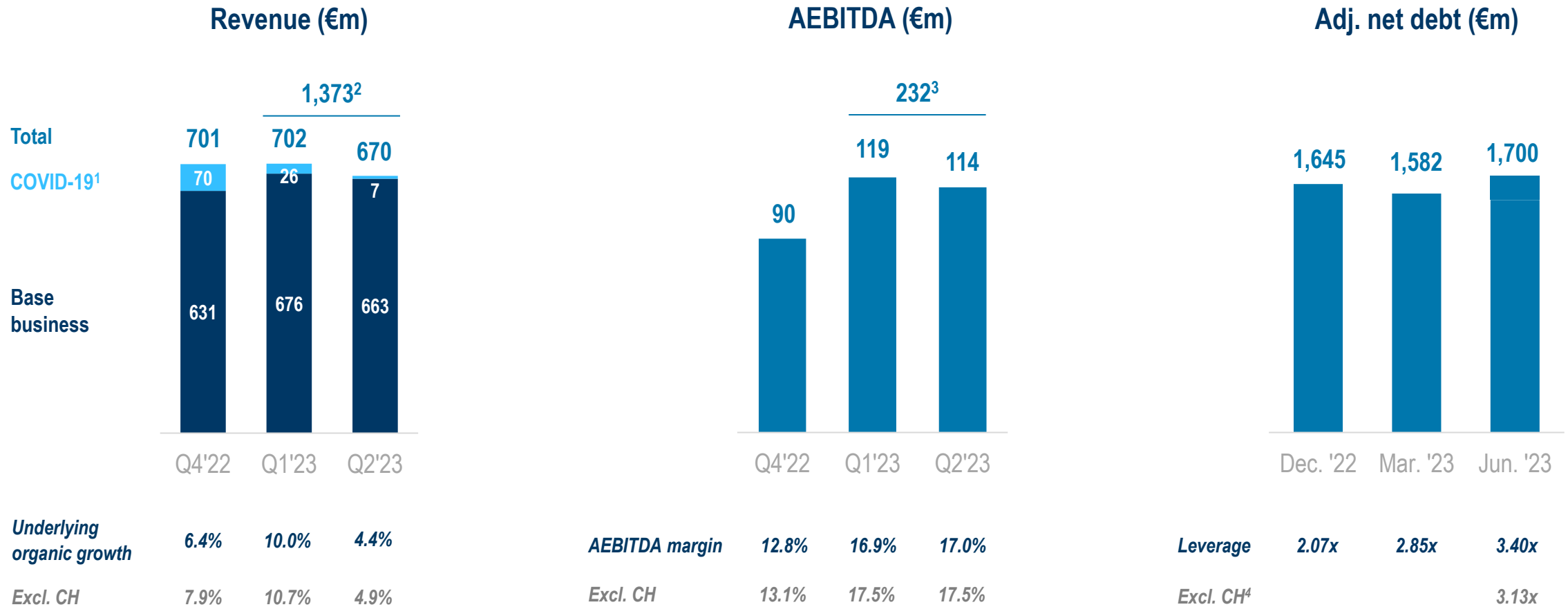




Q2/H1'23 HIGHLIGHTS

Mathieu Floreani, CEO

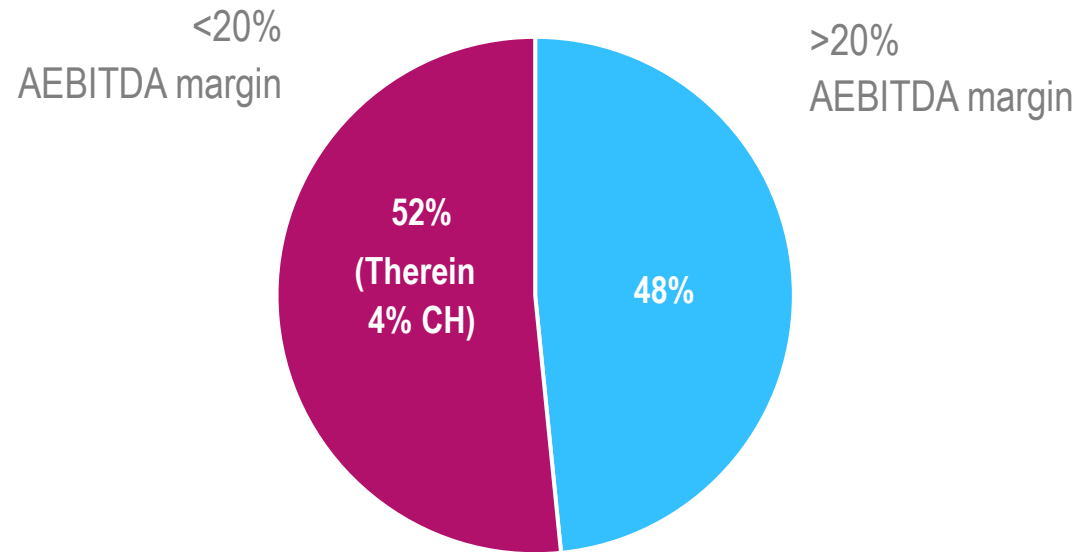
Performance overview



Q2'23 performance as expected

Portfolio management

H1'23 revenue split by AEBITDA margin



Portfolio management at all levels

- Country, segment, entity, contract or even customer

Drivers:

- Country mix
- Activity Mix
- Densification
- Accretive bolt-on acquisitions
- FTE efficiencies
- Lab footprint
- Digitalisation
- Automation
- STS / Lean

Reinforced focus on countries with an AEBITDA margin of less than 10%

Q2'23 highlights – implementation of strategy continues

Organic growth

Base business +4.4% growth in Q2

- Positive price in Germany and North & East
- Over-delivery of >€7m of For You Growth Initiative

Retail initiative progressing

- NPS roll-out to B2C completed and to B2B already active in 10 countries, NPS score stable at 87

CRM roll-out and Sales Effectiveness Training ongoing

Operational excellence

Efficiencies

- SALIX: €11.3m savings in Q2'23 (+39% as compared to Q2'22)
- Portfolio management strategy: Mexican labs merged into central hub lab
- Synnovis (SEL): Transformation continuing overall on track
- Reduction of COVID-19 capacity and workforce nearly completed

M&A

6 acquisitions in H1'23, in line with temporary reduction of M&A spent in 2023

- 3 countries: Belgium (2), Germany (3), Italy (1)
- ~€55m annualised revenue
- Total EV: ~€74m¹

Portfolio management strategy: Divestment of Swiss business, reduction of adj. net debt by ~€160m



Employee engagement / ESG

Employer brand

- Already 195 scientific publications in H1'23
- SYNLAB Dialogue 2023 completed, actions initiated

ESG

- Start of construction of new, innovative Healthcare Center in Florence, Italy, according to highest ESG standards
- Conduction of ESG investor survey
- IT security certified according to ISO27001

ESG highlights



ESG integration into new investments

- ✓ Synnovis hub laboratory (SEL)
- ✓ New laboratory opened in Munich
- ✓ New medical centre to be built in Florence



Cybersecurity

- ✓ ISO27001 certification for SYNLAB data centre
- ✓ 3rd-party cybersecurity scorecard extended to cover all portfolio countries



Engaging with our financial stakeholders

- ✓ Conduction of ESG survey
- ✓ Feedback used for ESG reporting going forward

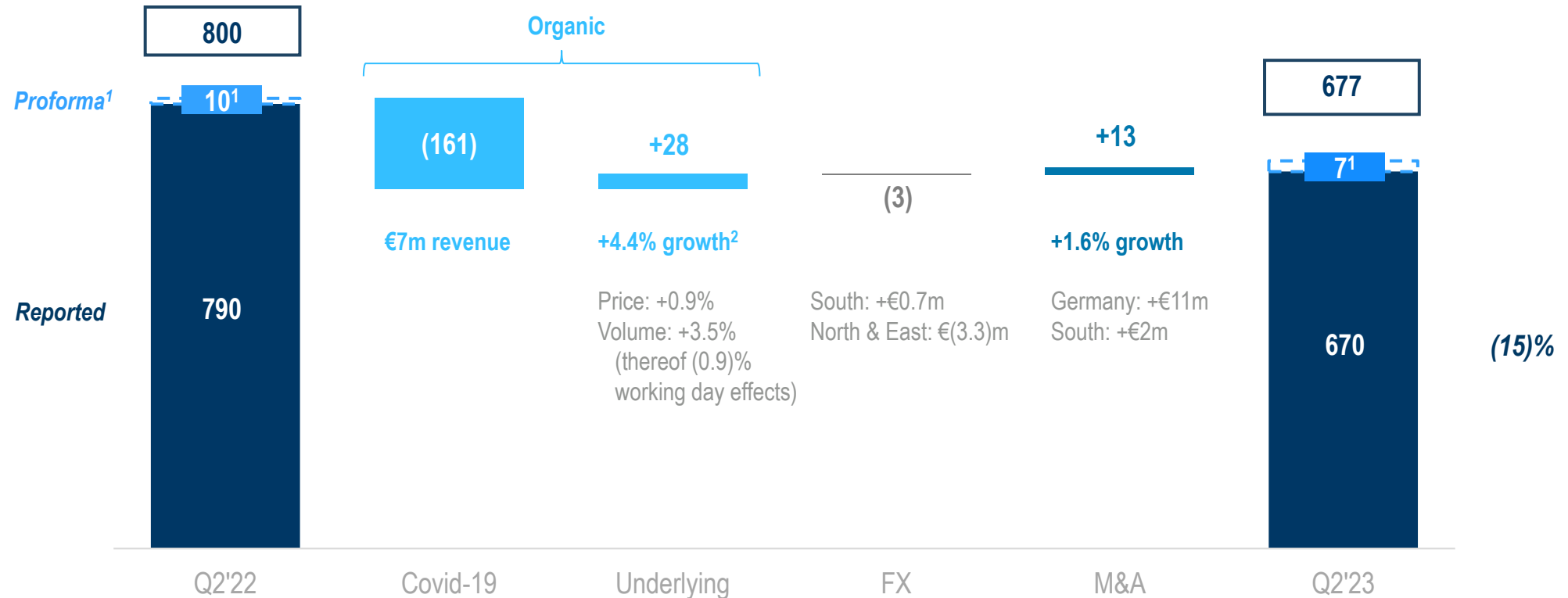


Q2/H1'23 FINANCIAL HIGHLIGHTS

Sami Badarani, CFO

Q2'23 revenue – High comparison base in Q2'22

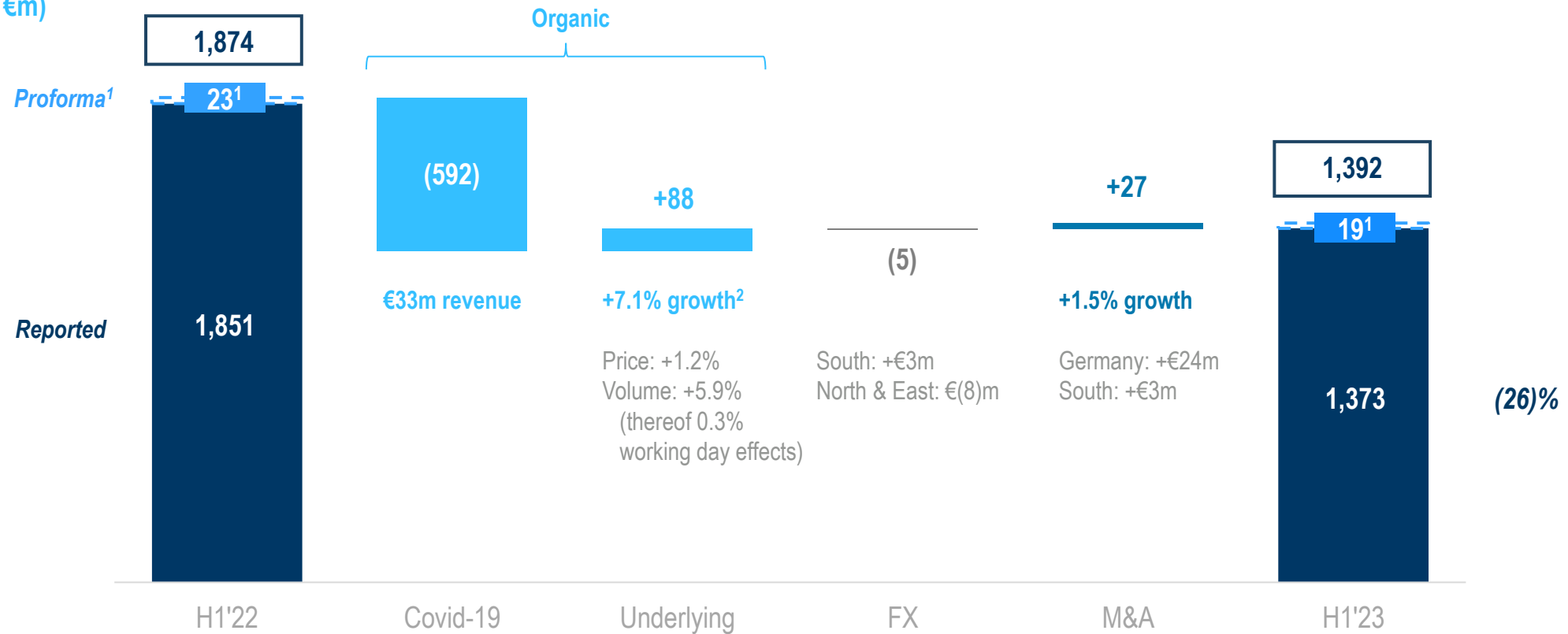
Revenue (in €m)



Underlying growth excluding Switzerland at 4.9%

H1'23 revenue – High comparison base in H1'22

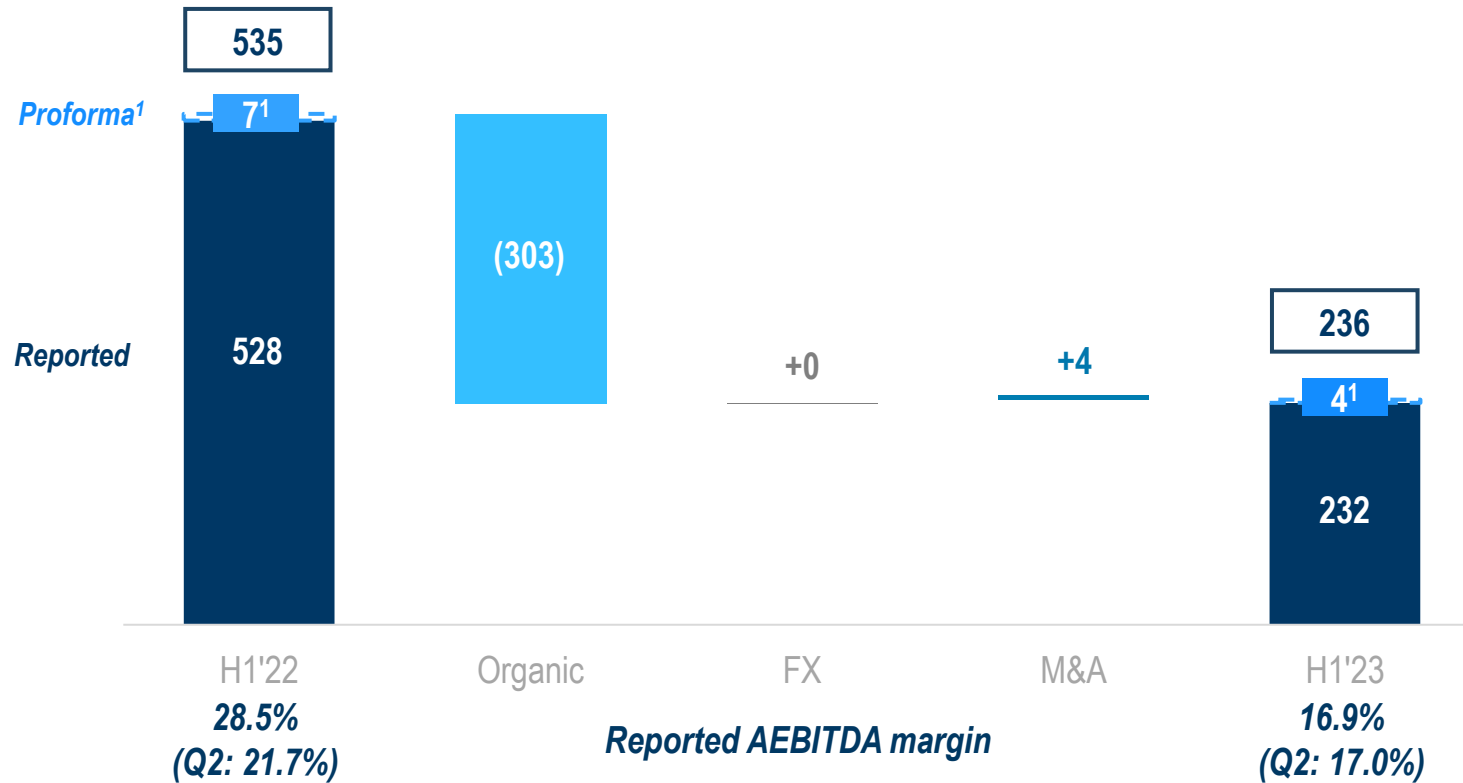
Revenue (in €m)



Underlying growth excluding Switzerland at 7.7%

H1'23 AEBITDA margin at mid-point of FY2023 guidance (16-18%)

AEBITDA (in €m)



Organic drivers

Price

- COVID-19: €(5)m
- Underlying: +€15m

Inflation

- ~3.4% or ~€(37)m
- MATEX ~(-1.7)%, PEX ~(-3.8)%, OPEX ~(-4.7)%

ROB

- Volume decrease €(298)m
- SALIX €21m

Excluding Switzerland:

17.5%
(Q2: 17.5%)

Improving AEBITDA margin in Q2'23 despite sequential drop of profitable COVID-19-related business

H1'23 P&L summary

(in €m)	H1'23			Adjusted vs. LY	
	Reported	Adj.	Adjusted		
EBITDA	229.8	2.5	232.3	(295.7)	●—● Minor acquisition-related adjustments
D&A & impairment	(146.7)	28.7	(118.0)	0.8	●—● €29m customer list amortisation
Operating profit	83.1	31.2	114.3	(296.5)	
Net finance results	(35.2)	-	(35.2)	(35.4)	●—● Higher interest cost of ~€(17)m, lower derivatives gain of ~€(23)m, and FX accounting impacts of ~€5m
Income tax expense	(22.2)	(6.1)	(28.3)	61.5	●—● 28% adjusted effective tax rate
Other	14.3	(15.2)	(0.9)	0.8	●—● FX translation gain on remaining A&S legal entity liquidation (non-cash)
Net profit (Group share)	40.0	9.9	49.9	(271.2)	
Adjusted EPS¹			0.23€		

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

Q2/H1'23 cash flow summary

(in €m)	Q2'23	H1'23	H1'23 vs. LY
AEBITDA	114	232	(296)
Movements in working capital	(38)	(55)	(13)
Income tax paid	(2)	(51)	69
Change in provisions & other	1	2	(16)
Operating cash flow	75	128	(256)
Net CAPEX (incl. leases ¹)	(80)	(140)	(0)
<i>As % of revenue</i>	<i>(12.0)%</i>	<i>(10.2)%</i>	<i>(2.7)ppt</i>
Unlevered free cash flow	(5)	(12)	(256)
Net interest ¹	(12)	(20)	(0)
Free cash flow	(17)	(32)	(256)

H1'23 unlevered free cash flow one-offs

(in €m)	H1'23
Synnovis new lab CAPEX	~(30)
Tax in Germany (COVID-19)	~(30)
France billing delay (LIS implementation)	~(15)
COVID-19 working capital normalisation	~(10)

Stable cash generation model impacted by one-offs

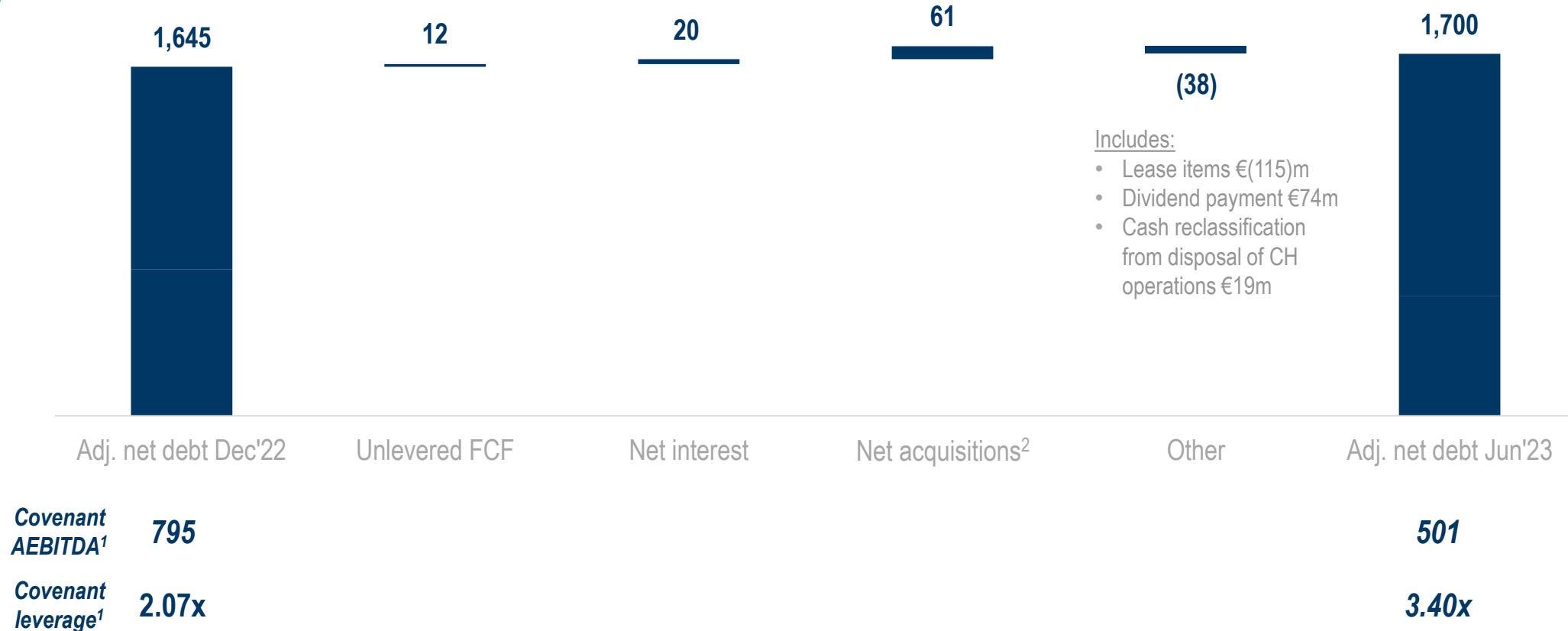
H1'23 balance sheet summary

(€m)	Jun'23	Dec'22	Change	
Goodwill	2,338	2,323	15	●—● Additions from the six H1'23 acquisitions
Net fixed assets	1,541	1,646	(105)	
Net working capital	100	94	7	●—● ~€25m one-offs in H1'23
<i>NWC as % of LTM revenue</i>	3.8%	2.9%		
Held for sale ¹	138		138	
Capital employed	4,117	4,063	55	
Equity	2,305	2,333	(28)	●—● €74m dividend payment of SYNLAB AG
Net debt ²	1,730	1,575	155	
Other	82	154	(72)	●—● Including income tax liability, pension provisions
Resources	4,117	4,063	55	
Cash¹	276	542	(266)	●—● +€500m undrawn RCF at end of H1'23

€220m Term Loan B fully repaid following disposal of Switzerland operations in Jul'23

Adjusted net debt¹ for covenant calculation

(in €m)



Leverage at 3.13x considering disposal of Switzerland operations



Q2/H1'23 BUSINESS REVIEW

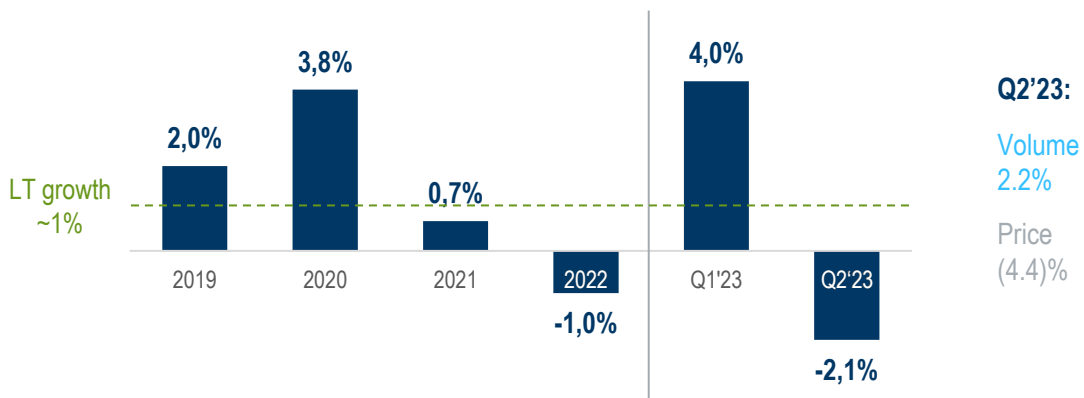
Mathieu Floreani, CEO

FRANCE (20% of Group revenue)

Key financials

(€m)	Q2'23	Q2'22	% var.	H1'23	H1'22	% var.
Revenue	129.3	170.9	(24)%	272.5	382.4	(29)%
AOP	14.4	28.9	(50)%	33.0	82.9	(60)%
AOP margin	11.1%	16.9%	(5.8)ppt	12.1%	21.7%	(9.6)ppt

Underlying organic growth



Q2 Revenue

Underlying growth: Price decrease of 2.9% starting Feb'23 and of 1.4% starting Apr'23 → YTD 3.2%, (1.3)ppt working day impact

COVID-19: Testing revenue at ~€2.5m

Q2 Profitability

AOP margin lower than in Q1 from incremental price drop and negative working day effect partially offset by lower inflation impact on OPEX and positive productivity

COVID-19 PCR test

Public price now at 27€ per PCR

2023 price update

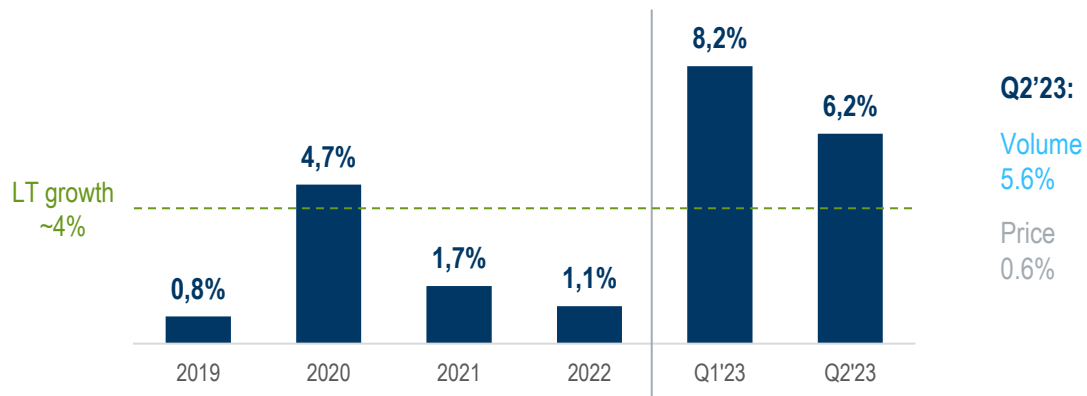
New 3-year plan negotiations finalized resulting in a healthcare budget growth of 0.4% per year in 2024-2026, same overall principles as in the previous 3-year plans, balancing market-driven volume growth with price adjustment in line with SYNLAB long-term growth assumption.

GERMANY (20% of Group revenue)

Key financials

(€m)	Q2'23	Q2'22	% var.	H1'23	H1'22	% var.
Revenue	127.9	170.8	(25)%	267.6	406.0	(34)%
AOP	(3.2)	26.5	(112)%	(5.8)	107.8	(105)%
AOP margin	(2.5)%	15.5%	(18.0)ppt	(2.2)%	26.6%	(28.7)ppt

Underlying organic growth



Q2 Revenue

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

COVID-19: Testing revenue at ~€0.9m

Q2 Profitability

AOP margin reduction due to lower COVID-19 contribution (price and volume); inflation contributing (1.7)ppt to margin drop (drivers being PEX and energy cost); COVID-19 capacity ramp down mostly completed, incurring COVID-19-related restructuring costs

Portfolio review in process.

M&A

3 acquisitions in H1'23 (2 in Q2'23) ~€49m annualised revenue

COVID-19 PCR test

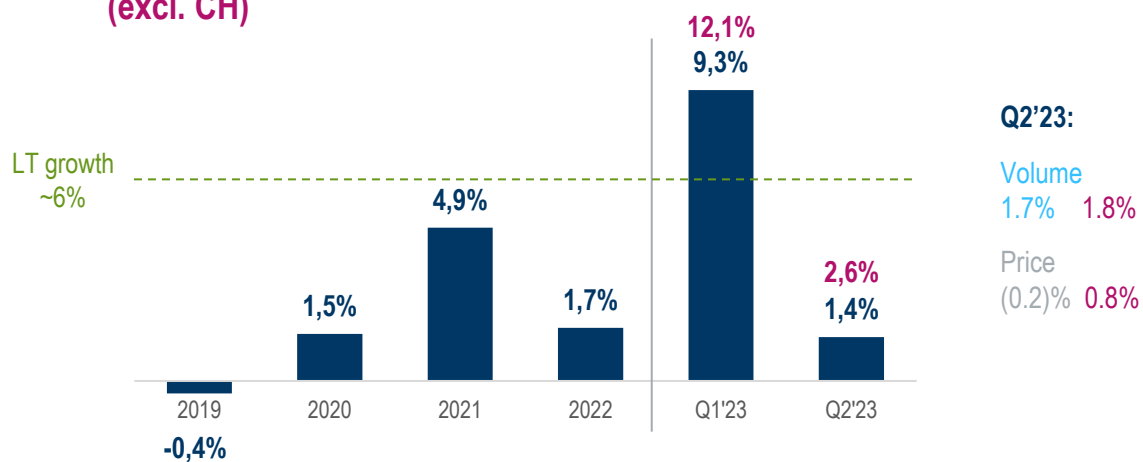
Public price now at 17.00€ per PCR

SOUTH (32% of Group revenue)

Key financials

(€m)	Q2'23	Q2'22	% var.	H1'23	H1'22	% var.
Revenue	218.0	238.5	(9)%	443.4	538.1	(18)%
AOP	18.3	25.7	(29)%	41.5	87.2	(52)%
AOP margin	8.4%	10.8%	(2.4)ppt	9.4%	16.2%	(6.9)ppt
(excl. CH)	10.3%	8.8%	1.5ppt	11.5%	15.2%	(3.8)ppt

Underlying organic growth (excl. CH)



Q2 Revenue

Underlying growth: At 2.6% without Switzerland, strong volume across all countries on a normalized basis, strong price increases across the countries except for Portugal

COVID-19: Testing revenue at ~€1.8m

Q2 Profitability

AOP margin improving by 1.5ppt excluding Switzerland, SALIX savings, favorable base volume effect and positive price overcompensating inflation of (1.8)ppt and lower COVID-19 contribution (price and volume). COVID-19 capacity ramp-down nearly completed

M&A

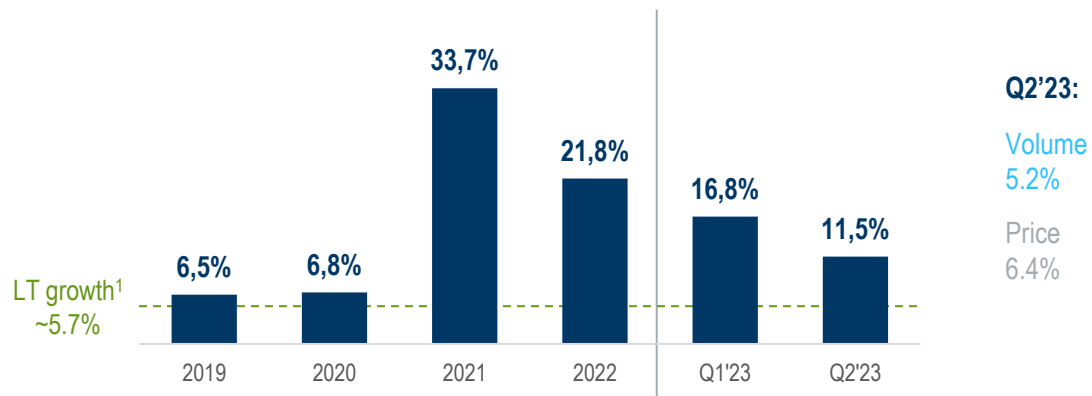
Chile contributing to growth, 1 bolt-on acquisition in H1'23 in Italy

NORTH & EAST (28% of Group revenue)

Key financials

(€m)	Q2'23	Q2'22	% var.	H1'23	H1'22	% var.
Revenue	195.2	210.2	(7)%	389.1	524.9	(26)%
AOP	24.3	29.7	(18)%	45.6	132.8	(66)%
AOP margin	12.5%	14.1%	(1.7)ppt	11.7%	25.3%	(13.6)ppt

Underlying organic growth



Q2 Revenue

Underlying growth: Strong expansion at +11.5% driven by volume growth and price increases (price indexation)

COVID-19: Testing revenue at ~€1.8m

Q2 Profitability

Price increase €1.5m above the inflation

AOP margin reduction due to lower COVID-19 contribution (price and volume); COVID-19 capacity ramp down nearly completed; positive one-off impact in AOP margin of 1.1ppt

Synnovis (SEL)

Continued work on fitting and equipping the new hub



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OUTLOOK

Mathieu Floreani, CEO

2023 Outlook confirmed

	Q2'23	H1'23	Guidance 2023
Revenue	€670m	€1,373m	~€2.7bn
AEBITDA margin	17.0%	16.9%	16-18%
M&A spend	€29m	€61m	~€100m

Key assumptions

- Revenue reduction by ~€50 million following sale of operations in Switzerland
- >4% underlying organic growth (increase from ~4% stated before)
- ~€40 million COVID-19 testing revenue (decrease from ~€50 million stated before)
- Doubling of SALIX savings
- Inflation net of price trajectory confirmation



SYNLAB 

Q&A

Mathieu Floreani, CEO

Sami Badarani, CFO

Investor contact & financial calendar

Investor contact

Dr. Anna Niedl
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Financial calendar

Q3/9M'23 Results	8 November 2023
Q4/FY'23 Results	25 March 2024
Q1'24 Results	8 May 2024
AGM 2024	17 May 2024
Q2/H1'24 Results	8 August 2024
Q3/9M'24 Results	7 November 2024

Upcoming events

Jefferies “Back to School” Fireside Chat	11 September 2023
Baader Investment Conference	18 September 2023
Berenberg Goldman Sachs German Corporate Conference	20 September 2023
BNP Paribas Exane DILS Conference	12 December 2023



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APPENDIX

Revenue by segment

Revenue								
Reported (€m)	Q2'23	Q2'22	Q2'23 PF	Q2'22 PF	Change	Organic Growth	FX Growth	M&A Growth
France	129.3	170.9	129.3	171.9	(24.8)%	(24.8)%	0.0%	0.0%
Germany	127.9	170.8	133.8	172.8	(22.6)%	(29.0)%	0.0%	6.5%
South	218.0	238.5	219.0	249.5	(12.2)%	(13.2)%	0.3%	0.7%
North & East	195.2	210.2	195.2	206.3	(5.4)%	(3.9)%	(1.6)%	0.1%
SYNLAB Group	670.3	790.4	677.3	800.6	(15.4)%	(16.7)%	(0.3)%	1.6%

Revenue								
Reported (€m)	H1'23	H1'22	H1'23 PF	H1'22 PF	Change	Organic Growth	FX Growth	M&A Growth
France	272.5	382.4	272.5	384.8	(29.2)%	(29.2)%	0.0%	0.0%
Germany	267.6	406.0	284.0	409.9	(30.7)%	(36.6)%	0.0%	5.8%
South	443.4	538.1	446.1	562.6	(20.7)%	(21.8)%	0.5%	0.6%
North & East	389.1	524.9	389.2	517.5	(24.8)%	(23.3)%	(1.6)%	0.1%
SYNLAB Group	1,372.7	1,851.4	1,391.8	1,874.8	(25.8)%	(26.9)%	(0.3)%	1.5%

AOP by segment

AOP

Reported (€m)	Q2'23	Q2'22	Margin, Q2'23	Margin, Q2'22
France	14.4	28.9	11.1%	16.9%
Germany	(3.2)	26.5	(2.5)%	15.5%
South	18.3	25.7	8.4%	10.8%
North & East	24.3	29.7	12.5%	14.1%
SYNLAB Group	53.8	110.7	8.0%	14.0%

AOP

Reported (€m)	H1'23	H1'22	Margin, H1'23	Margin, H1'22
France	33.0	82.9	12.1%	21.7%
Germany	(5.8)	107.8	(2.2)%	26.6%
South	41.5	87.2	9.4%	16.2%
North & East	45.6	132.8	11.7%	25.3%
SYNLAB Group	114.3	410.8	8.3%	22.2%

Operating profit to AOP and AEBITDA reconciliation

(in €m)	H1'23	H1'22
Operating profit	83.1	206.3
Strategic projects costs	(1.0)	0.1
Acquisitions related costs ¹	3.5	4.0
Impairment non current assets	0.0	173.0
Customer list amortisation	28.7	27.4
Adjusted operating profit (AOP)	114.3	410.8
Depreciation and amortisation	146.7	144.6
Customer list amortisation (elimination)	(28.7)	(27.4)
Adjusted EBITDA (AEBITDA)	232.3	528.0

Consolidated statement of income

€ 000, unless stated otherwise	From 1 January to 30 June	
	2023	2022
Revenue	1,372,713	1,851,439
Material and related expenses	(327,051)	(440,558)
Payroll and related expenses	(572,307)	(606,111)
Other operating income	19,318	14,833
Other operating expenses	(262,862)	(295,703)
Depreciation and amortisation	(146,689)	(144,606)
Impairment of non-current assets	(14)	(173,000)
Operating profit	83,108	206,294
Share of loss of associates and other non-controlling interest	(487)	(1,133)
Profit on disposal of investment	15,151	972
Finance income	35,518	44,928
Finance costs	(70,715)	(44,735)
Profit before taxes	62,575	206,326
Income tax expenses	(22,169)	(83,451)
Profit for the period	40,406	122,875
thereof: Profit attributable to non-controlling interests	425	1,062
thereof: Profit attributable to equity holders of the parent company	39,981	121,813
Earnings per share (basic and diluted, in €)	0.18	0.55

Consolidated statement of financial position

ASSETS

€ 000

	30 Jun 2023	31 Dec 2022
Goodwill	2,337,947	2,323,423
Intangible assets	631,375	733,238
Property, plant and equipment	348,925	311,506
Right-of-use assets	607,152	655,968
Investments in associates	1,402	1,281
Financial non-current assets	70,175	80,518
Other non-current assets	4,656	4,700
Deferred tax assets	51,249	47,916
Total non-current assets	4,052,881	4,158,550
Inventories	70,375	84,094
Trade accounts receivables	436,520	443,089
Financial current assets	62,532	47,299
Other current assets	82,554	106,398
Cash and cash equivalents	256,333	541,684
Assets classified as held for sale	185,875	-
Total current assets	1,094,189	1,222,564
Total assets	5,147,070	5,381,114

EQUITY AND LIABILITIES

€ 000

	30 Jun 2023	31 Dec 2022
EQUITY		
Contributed capital	222,222	222,222
Additional paid-in capital	2,862,987	2,932,618
Treasury shares	-35,675	-35,730
Cumulative translation adjustment	35,629	31,771
Accumulated deficit	-778,724	-817,710
Total parent company interests	2,306,439	2,333,171
Non-controlling interests	-972	70
Total equity	2,305,467	2,333,241
NON-CURRENT LIABILITIES		
Loans and borrowings (non-current)	1,315,735	1,411,000
Non-current lease liabilities	520,359	557,773
Employee benefits liabilities	29,067	31,042
Non-current provisions	3,653	3,562
Contract liabilities	9,828	9,510
Other non-current liabilities	38,124	62,862
Deferred tax liabilities	174,421	189,375
Total non-current liabilities	2,091,187	2,265,124
CURRENT LIABILITIES		
Current loans and borrowings	23,500	15,873
Current lease liabilities	126,590	132,187
Trade accounts payable	276,799	313,693
Contract liabilities	13,097	10,515
Current provisions	27,840	31,517
Income tax liabilities	10,728	56,836
Other current liabilities	223,941	222,128
Liabilities directly associated with assets classified as held for sale	47,921	-
Total current liabilities	750,416	782,749
Total liabilities	2,841,603	3,047,873
Total equity and liabilities	5,147,070	5,381,114

Consolidated statement of cash flows

€ 000	H1 2023	H1 2022
Operating profit	83,108	206,294
Depreciation, amortisation, impairment	146,626	317,607
Change in provisions	273	679
Loss (income) from the disposal of non-current assets	(155)	2,076
Other non-cash revenues and expenses	4,090	19,103
Change in inventories	10,614	14,579
Change in trade accounts receivable	(322)	52,189
Change in trade accounts payable	(32,214)	(70,979)
Change in other net working capital	(33,013)	(37,805)
Income tax paid	(50,513)	(119,478)
Cash flow from operating activities (A)	128,494	384,265
Acquisition of subsidiaries, net of cash acquired	(60,977)	(73,139)
Purchase of intangibles and property, plant and equipment	(62,404)	(62,729)
Sale of subsidiaries, net of cash disposed and changes in debt	-	(4)
Proceeds from sale of intangibles and property, plant and equipment	700	349
Cash paid for other non-current assets	-	(298)
Interest received	3,531	209
Dividends received	3	358
Cash flow used in investing activities (B)	(119,147)	(135,254)
Acquisition of treasury shares	-	(11,711)
Interest paid	(35,445)	(29,639)
New loans, borrowings and other financial liabilities	545	690
Repayment of loans, borrowings and other financial liabilities	(100,946)	(293)
Repayment of lease liabilities	(66,913)	(68,982)
Contribution from non-controlling interests	-	900
Dividends paid and other payments to non-controlling interests	(74,862)	(75,628)
Cash flow used in financing activities (C)	(277,621)	(184,663)
Total cash flows (A+B+C)	(268,274)	64,348
Cash and cash equivalent at the beginning of the period	541,590	443,525
Net foreign exchange differences	2,138	3,119
Cash and cash equivalents at the end of the period	275,454	510,992
Cash and cash equivalents in the disposal group	(19,241)	-
Cash and cash equivalents in balance sheet	256,213	510,992

FY'23 leverage calculation

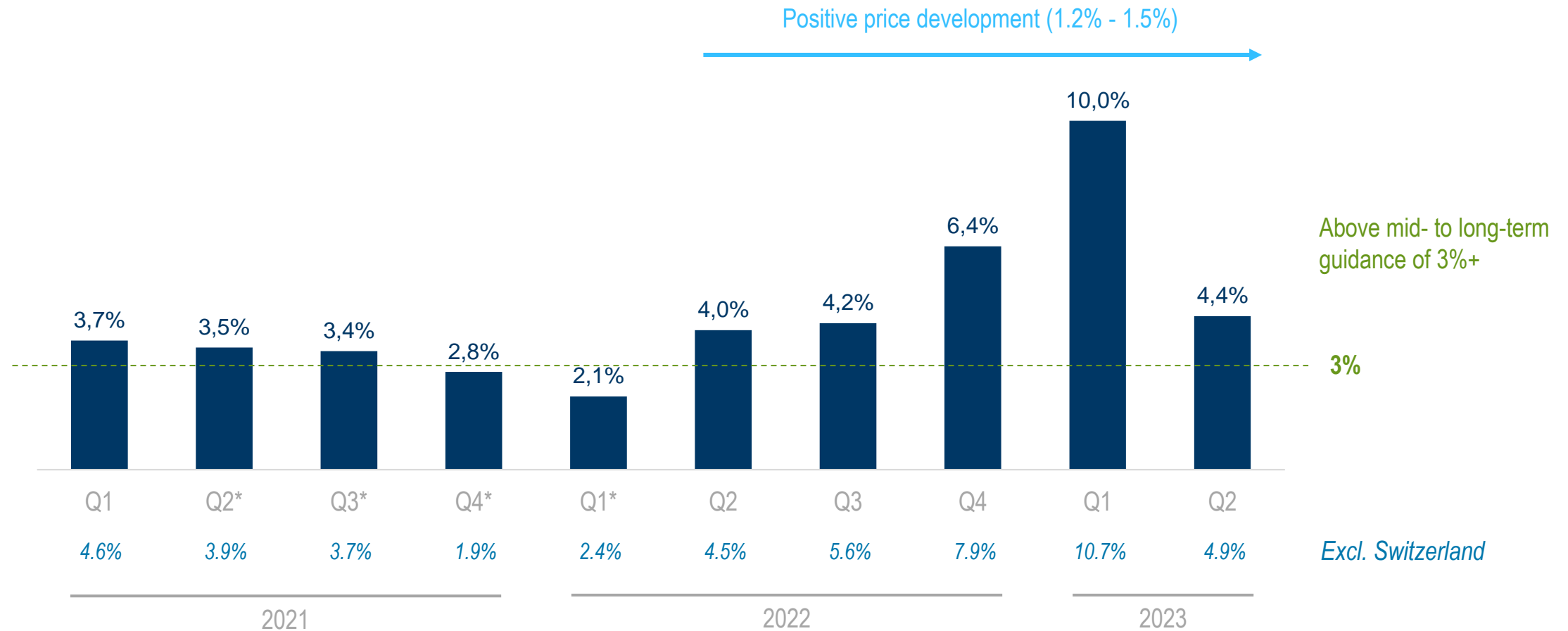
Covenant net debt

(€m)	Jun'23					Dec'22
	Net Debt as in the balance sheet	Capitalised transaction costs	Other Adj.	IFRS 5 Adj.	Adjusted net debt	Adjusted Net Debt
RCF (€500m), due 2026	-	-	-	-	-	-
Term Loan (2.5%+EURIBOR), due 2026	217	3	-	-	220	320
Term Loan (2.5%+EURIBOR), due 2027	373	12	-	-	385	385
Term Loan A (2.5%+EURIBOR), due 2026	722	13	-	-	735	735
Total borrowing	1,312	28	-	-	1,340	1,440
Derivatives	3	(3)	-	-	-	-
Accrued interest	22	-	-	-	22	14
Other bank debt	3	-	-	-	3	3
Leases	647	-	(84)	12	575	690
Cash	(256)	-	-	(19)	(276)	(542)
Total net debt	1,730	25	(84)	(7)	1,664	1,605
Net deferred considerations for acquisitions	42	-	(6)	-	36	40
Total net debt					1,700	1,645

Covenant AEBITDA

(in €m)	H1'23
Reported LTM AEBITDA	457.7
PF for M&A & disposals	8.0
PF AEBITDA	465.7
Covenant adjustments	35.2
AEBITDA for covenant	500.8
Adjusted net debt for covenant	1,700
Covenant leverage	3.40x

Underlying organic growth (excl. COVID testing)



Underlying organic growth accelerating after COVID pandemic

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).