

SYNLAB 

SYNLAB
9M'21 Results
Roadshow

NOVEMBER 2021



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Agenda

1. Company presentation and outlook
2. Recent highlights
3. Q3-9M'21 Financial results
4. Appendix








Company presentation


Unique investment case in European healthcare




- 

Growth Market
Large, growing diagnostic testing market of fundamental relevance in delivering medical outcomes
- 

Leader
The largest pan-European platform by revenue. benefitting from scale leadership. unique customer access and scientific know-how
- 

Customer Centric Medical Excellence
Focused on medical and operational excellence to drive organic growth
- 

Consolidator
M&A platform continuously driving market consolidation in a highly fragmented market
- 

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

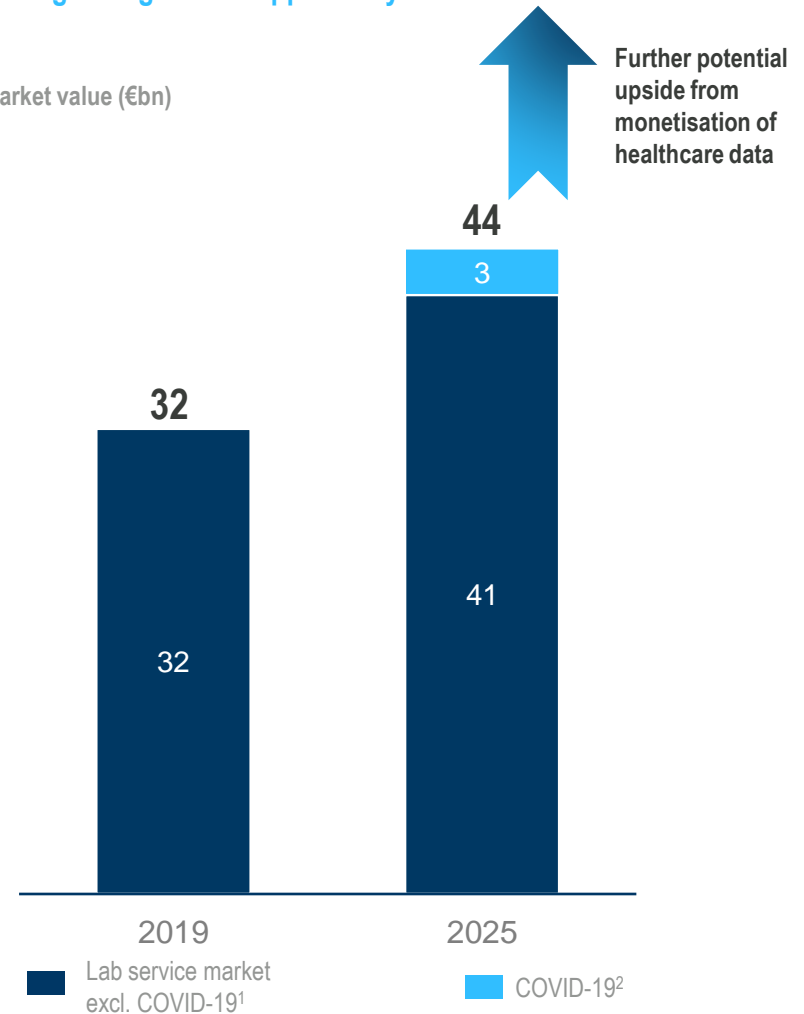


Digital / AI / data service

Pandemics

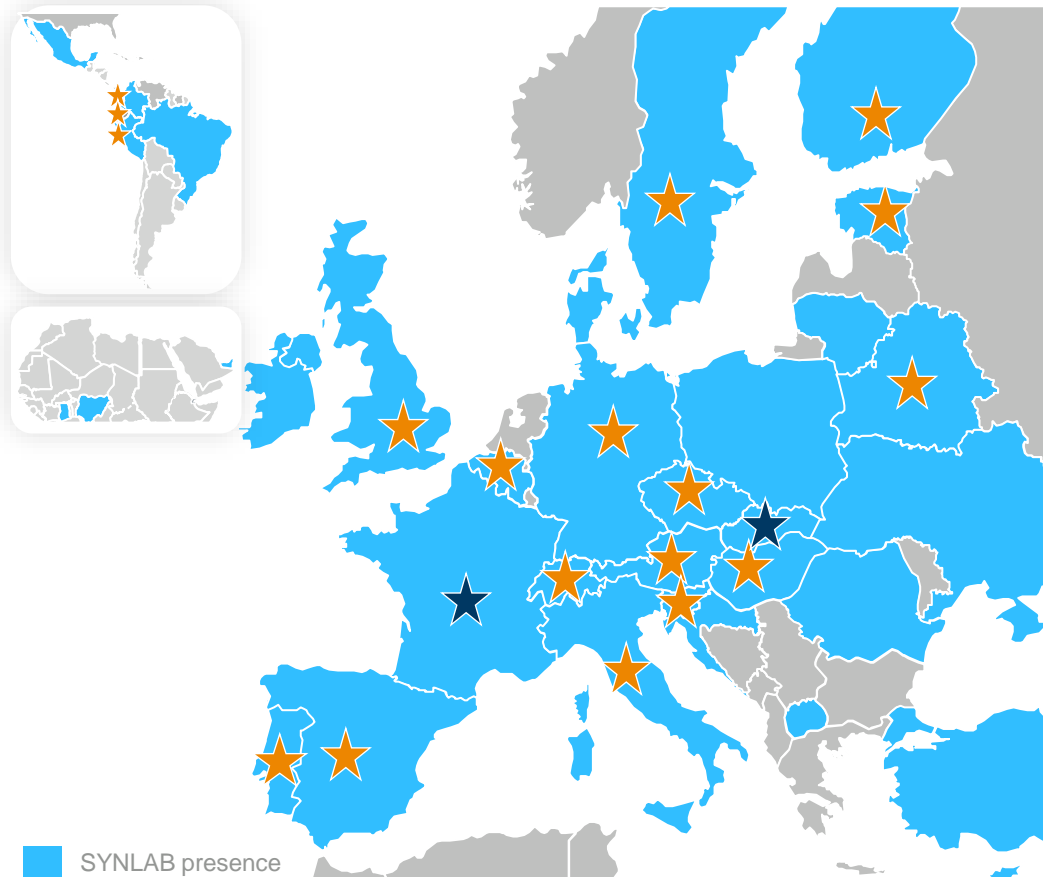
Large and growing market opportunity

Market value (€bn)



Largest European clinical laboratory & medical diagnostic services company

Leading positions in our key markets



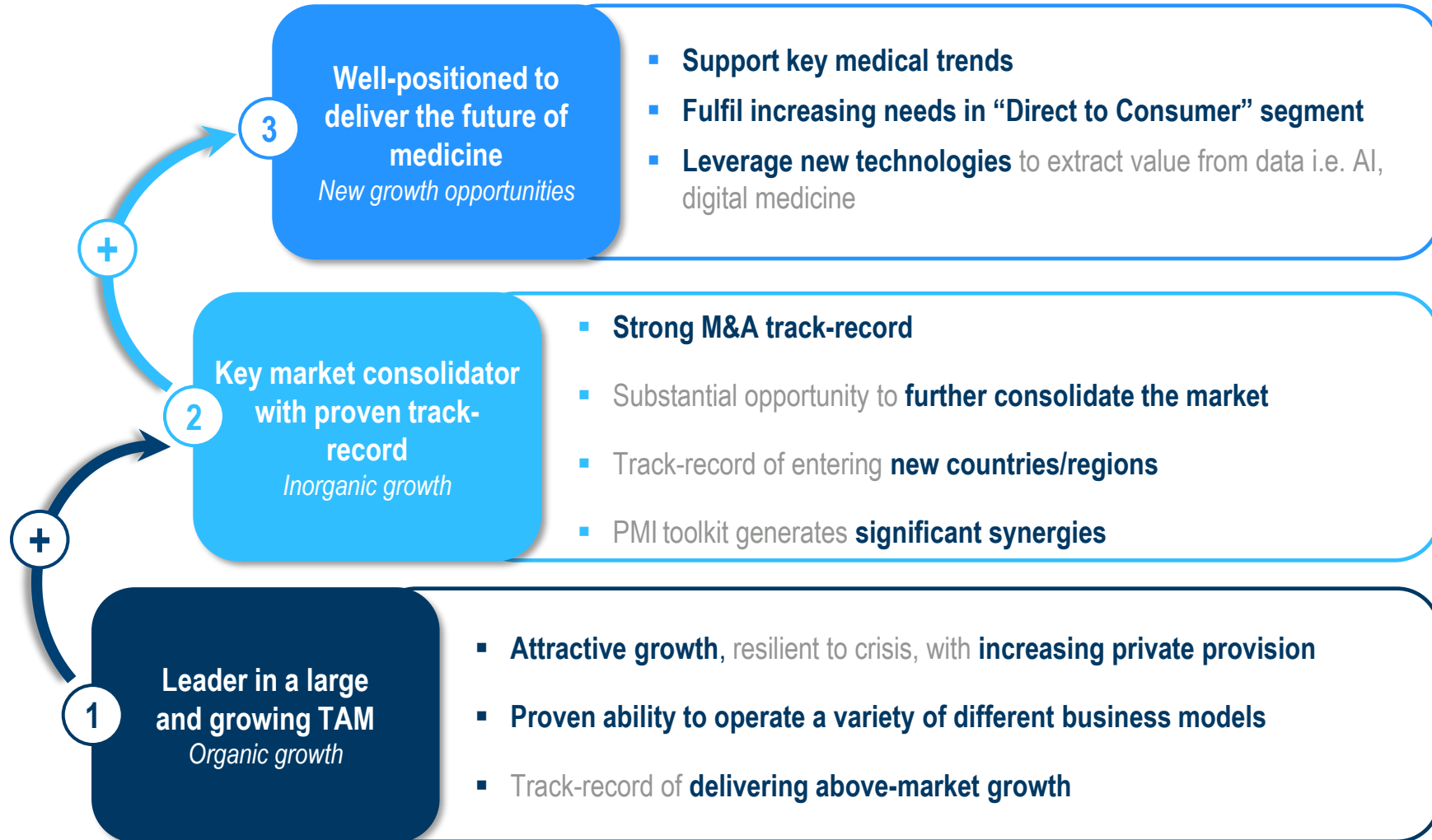
Key highlights

- ✓ 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
- ✓ **€2.6bn revenue**
- ✓ 36 countries globally
- ✓ >1.200 medical experts
- ✓ >5.000 types of tests offered
- ✓ ~500m tests processed per annum
- ✓ ~100m patients per annum

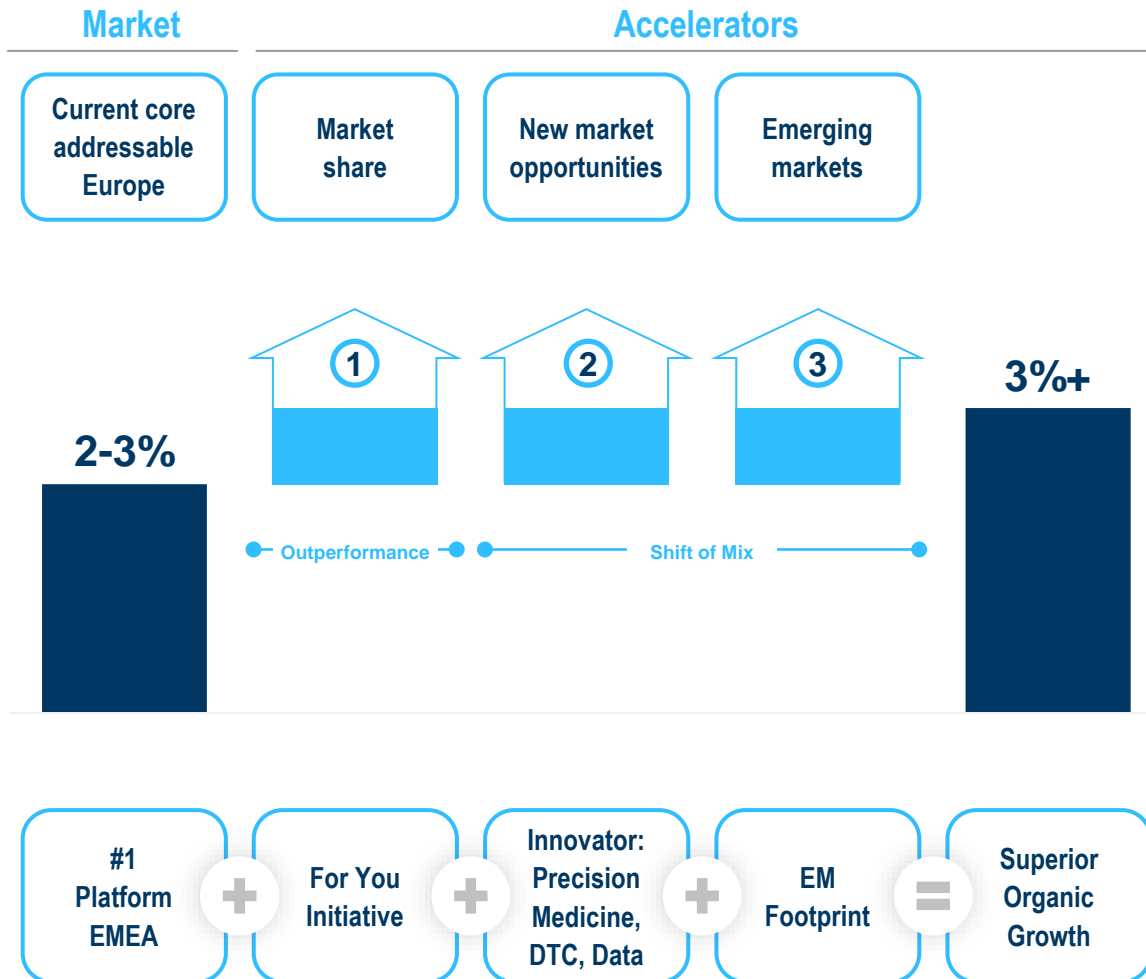
Growth strategy based on customer centric medical excellence



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**

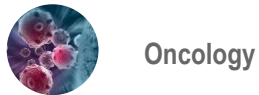
Well-positioned to deliver the future of medicine

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



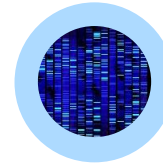
Alcohol

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



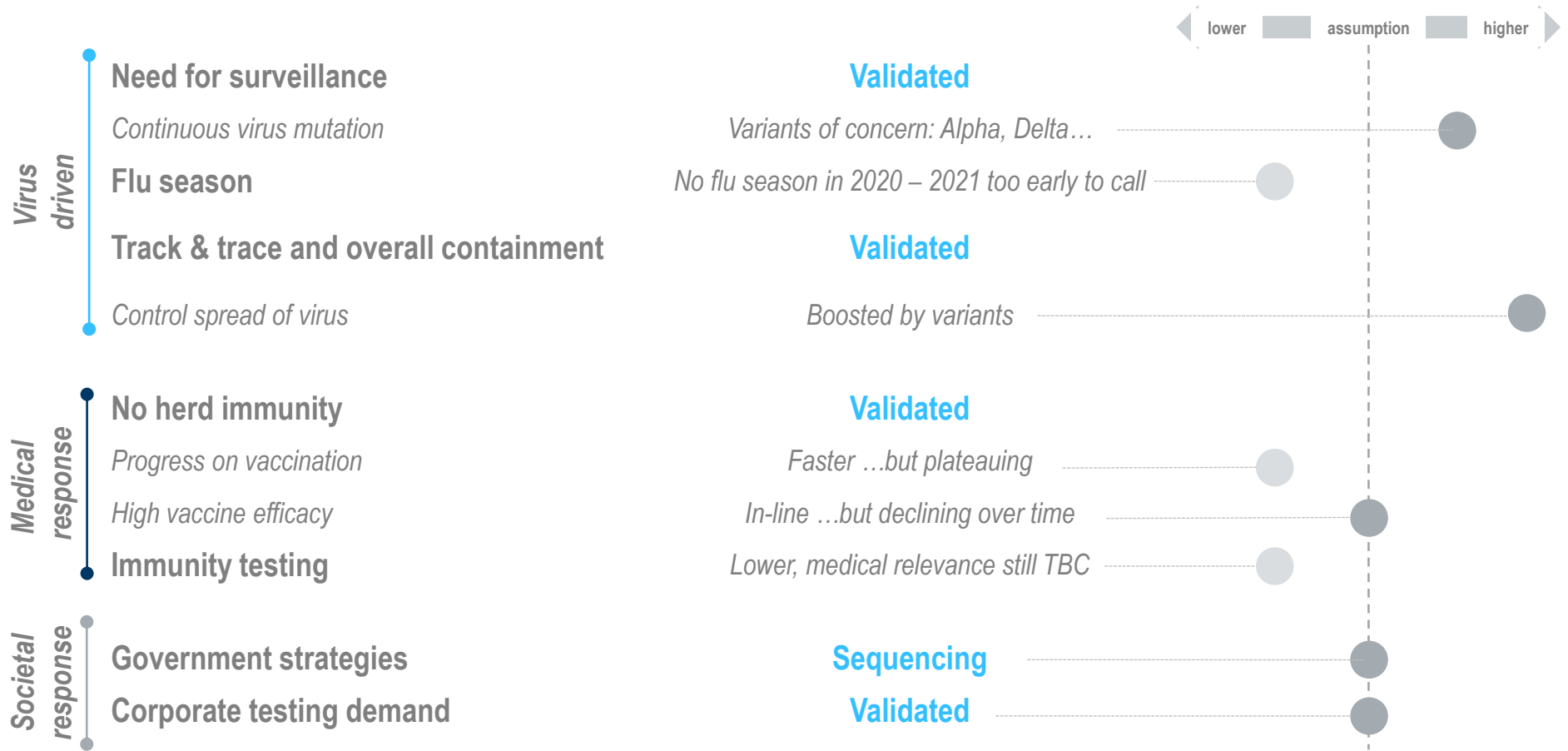
AI-drive holistic data integration of medical data sets, e.g. can be used in drug development



Clinical decision support through machine learning

Key COVID drivers in 2021

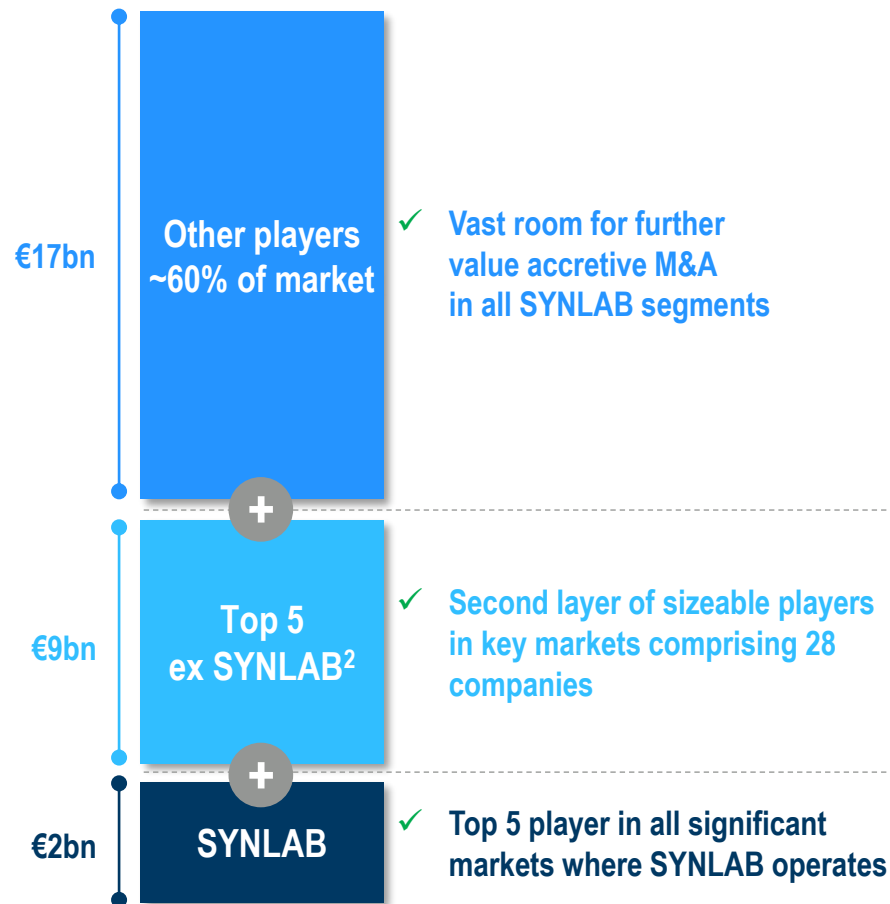
Real life (2021) vs. IPO assumption



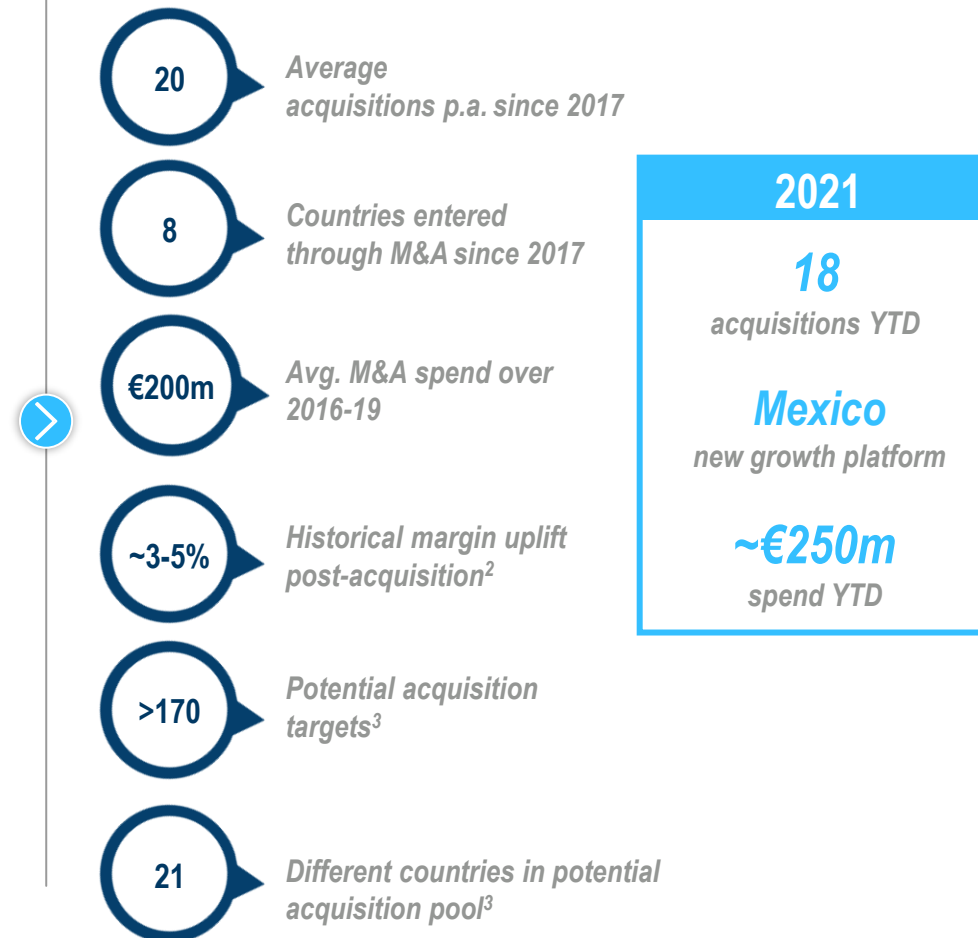
Testing does not disappear with vaccination

Huge potential for value accretive M&A

Addressable market (€bn)

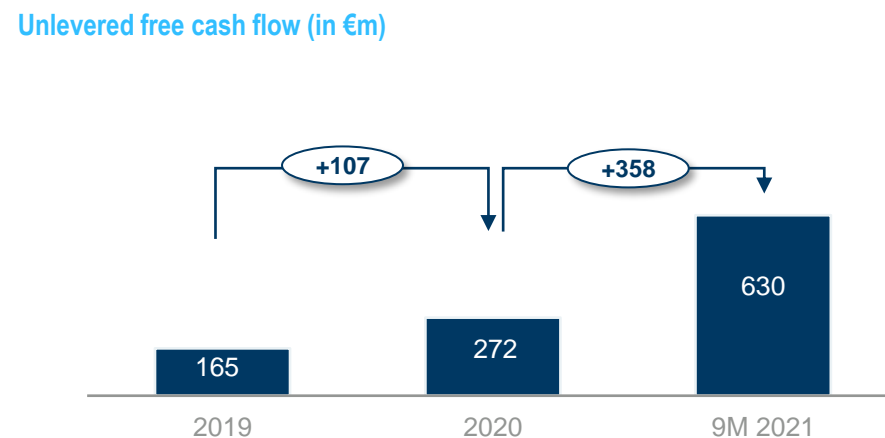
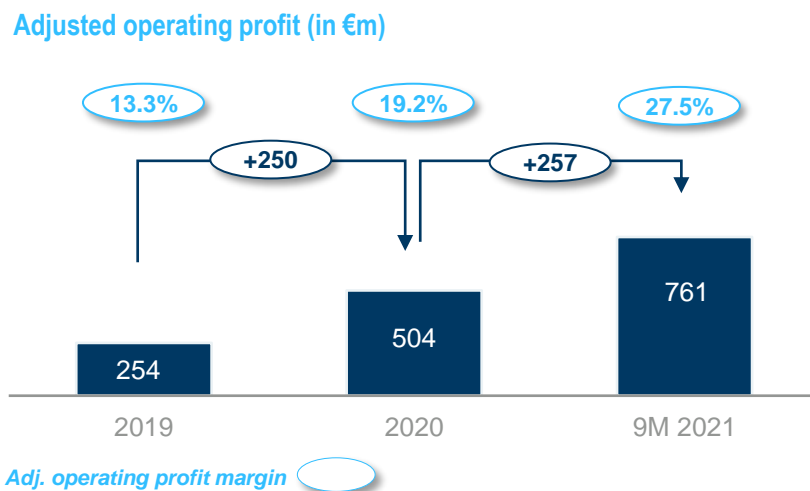
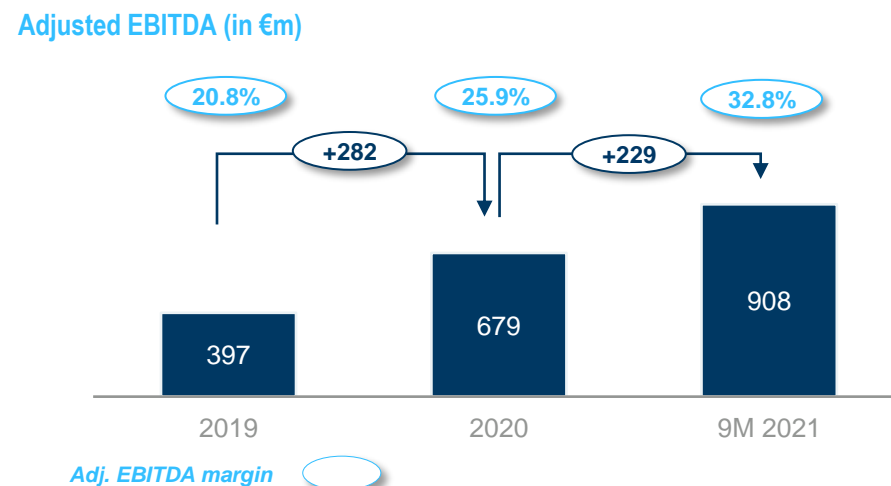
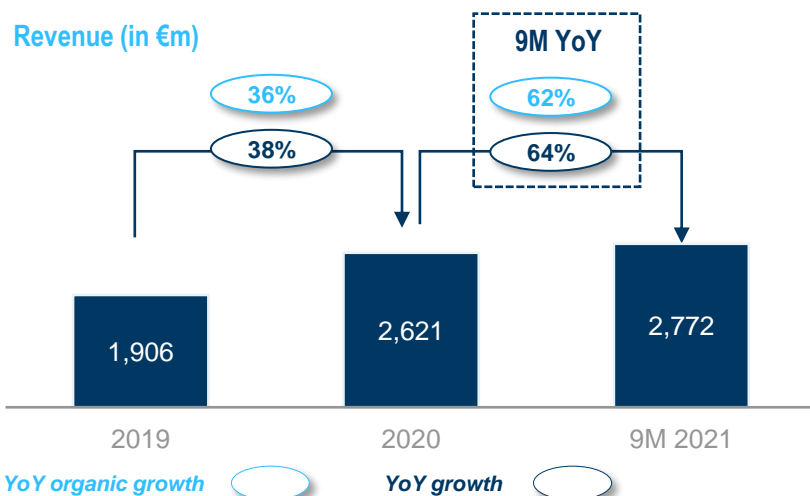


Proven ability to grow through value accretive M&A



2021
18 acquisitions YTD
Mexico new growth platform
~€250m spend YTD

Key financial highlights



Successful execution of strategic growth plan in 2021

	At IPO	Current guidance	Status	Outperformance Key enablers
Organic growth	~10%	~10%	Delivering	<ul style="list-style-type: none"> • For You growth initiatives • SEL execution
M&A (EV, in €m)	~200	>200	Acceleration	<ul style="list-style-type: none"> • Strong and diversified pipeline • Mid-sized acquisitions • Price discipline
COVID-19 revenue (€m)	~800 (2021) ~500 (2022)	>1,300 (2021)	2 years in 1	<ul style="list-style-type: none"> • Best commercial, operational and medical execution

Strong execution and transformation capabilities for the future

Over-delivering on IPO 2021 financial targets

	At IPO	Current guidance	Outperformance
Revenue (€bn)	>3.0	>3.5	↗ >+0.5
Total growth	~17%	>34%	↑ >x2
AEBITDA (€m)	~800*	>1,000	↗ >200
AEBITDA margin	~26%*	>30%	↗ >4ppts
Unlevered FCF (€m)	300-350	>700	<div style="border: 2px solid green; padding: 5px;"> ↑ >350 € >1.70/share </div>

Ahead of plan with additional capacity to accelerate

Company outlook

2022 outlook

Revenue

~ €2.9bn

+50%
vs 2019

AEBITDA margin

23-25%

M&A spend

> €200m

IPO mid-term outlook

3%+ organic growth*

~10% total growth*

~23% AEBITDA margin

45-50% AEBITDA to uFCF
conversion

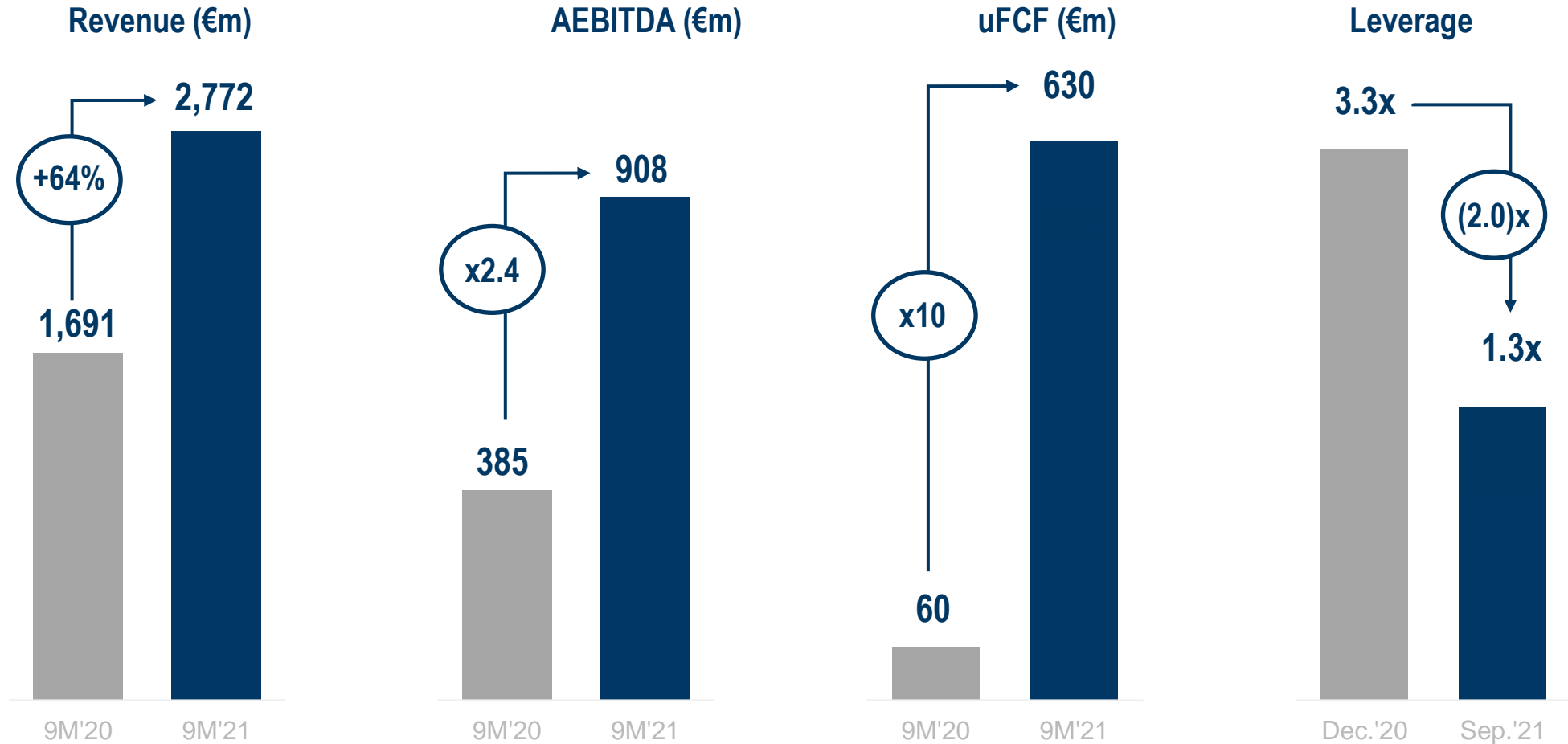
Financial policy

Net leverage <3x

Dividend payout ratio: 20-30%**

Recent highlights

9M 2021 Financial highlights



2021 guidance materially higher than IPO targets

Q3'21 operational highlights

Accelerate organic growth

Retail

- Opening blood collection points (130+ YTD)

Prescribers

- SYNconnect –prescribers Germany

Hospital

- Colombia contract win

Specialty tests

- Reinforcing European leadership (South & East)

Operational excellence

SALIX on track: €15m savings delivered after 9M

STS* (1000+ transformation initiatives...)

Core lab equipment renewal and automation
(75% completed, lastly in Madrid)



M&A acceleration

Global reach, strong execution capabilities

- 18 deals closed year-to-date
- ~€113m in annualized revenue* = ~5.5% of base business*
- total EV: ~€250m
- pipeline remains strong

Improved employee engagement

Employee Participation Plan

- launched September
- 36 countries
- 100% employees eligible

ESG



Retail initiative: create best patient experience

Opening / refurbishing BCPs....



Madrid, Spain



Le Pian, France



Nancy, France



Lima, Peru

...and listening to feedback

- Net Promoter Score (NPS) as meaningful, standardised metric for **customer satisfaction**
- Platform expanded **across all countries and sites**
- **Real-time feedback** along the customer journey

5) Would you recommend SYNLAB to a friend or colleague? (0 = highly unlikely, 10 = highly likely) *



I want a response to my feedback

Send



Setting up new growth platform in Mexico



Highly attractive market

Large:

- ~MXN 32bn or (~€1.3bn) -ex. COVID-
- ~5% CAGR mid-term

Fragmented:

- >14,000 labs, ~70 with 50+ employees
- Top 3 players have ~25% market share

Favorable demographics, including:

- increase of prevalence (diabetes, heart diseases...)
- focus on prevention
- outsourcing opportunity

Pricing:

- 50% out-of-pocket

SYNLAB new platform for growth

LMP Laboratorio Médico Polanco

- *Top 4 player with 4% market share*
- *100 diagnostic service points
1,700 employees*
- *€55m revenue in 2020**

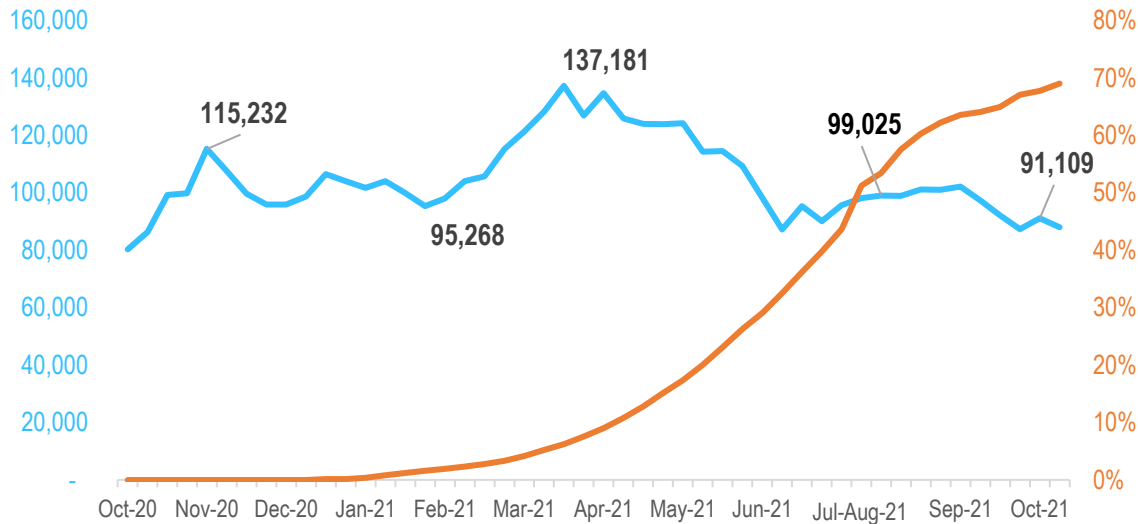
+ 1 bolt-on

- *completed end of August*
- *€8m revenue in 2020*

COVID-19 testing volumes

SYNLAB: maximum # of PCR tests / day (weekly)

Full vaccination levels*



Dominant variant



Recent highlights

- SYNLAB is a key provider of **safe@work** (12,700 contracts signed since inception) and **PCR school testing** in various geographies

"LOLLIPOP" SAMPLING



+

POOLING METHOD



=

COST-EFFECTIVE & ACCURATE*

≥95%
sensitivity

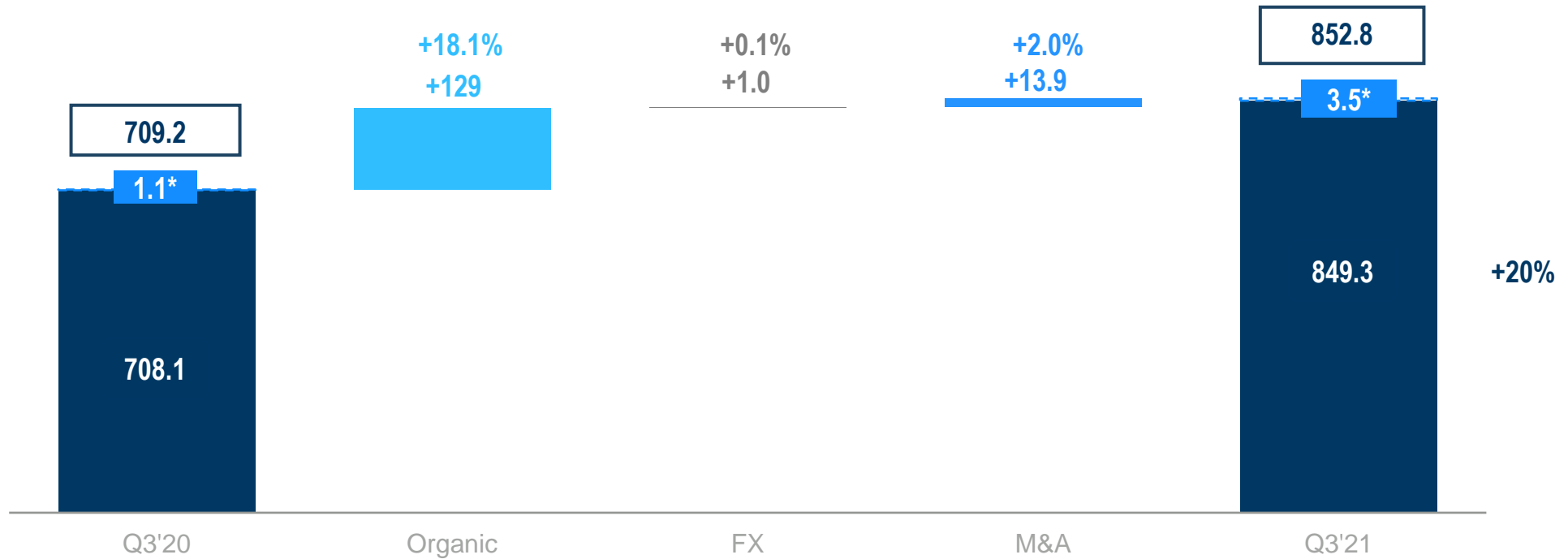
Volumes holding at high levels due to geographic diversification

Q3-9M'21 Financial results

-SYNLAB AG, UNAUDITED FINANCIALS-

Strong Q3'21 revenue growth

(in €m)

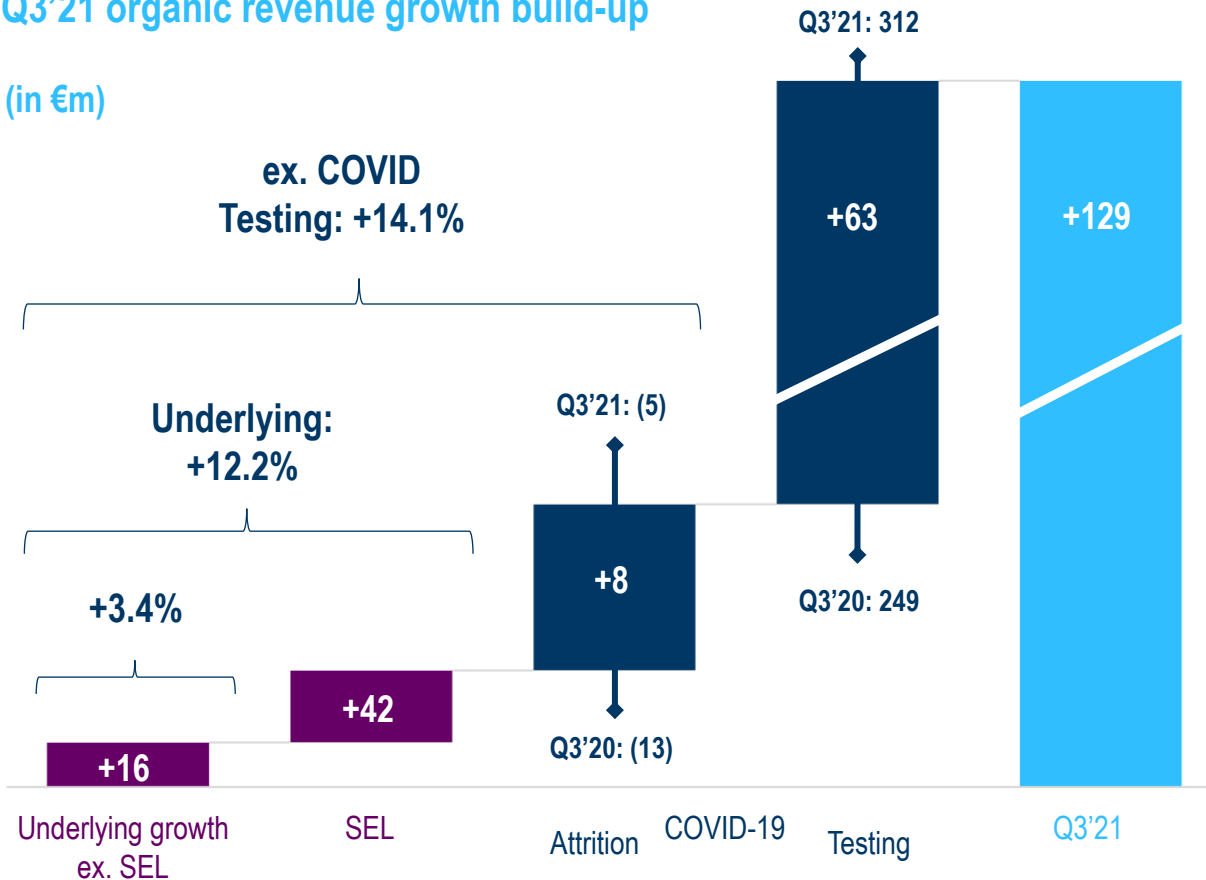


20% growth vs. comparable base including strong COVID-19 testing

Underlying organic growth further accelerated in Q3'21

Q3'21 organic revenue growth build-up

(in €m)



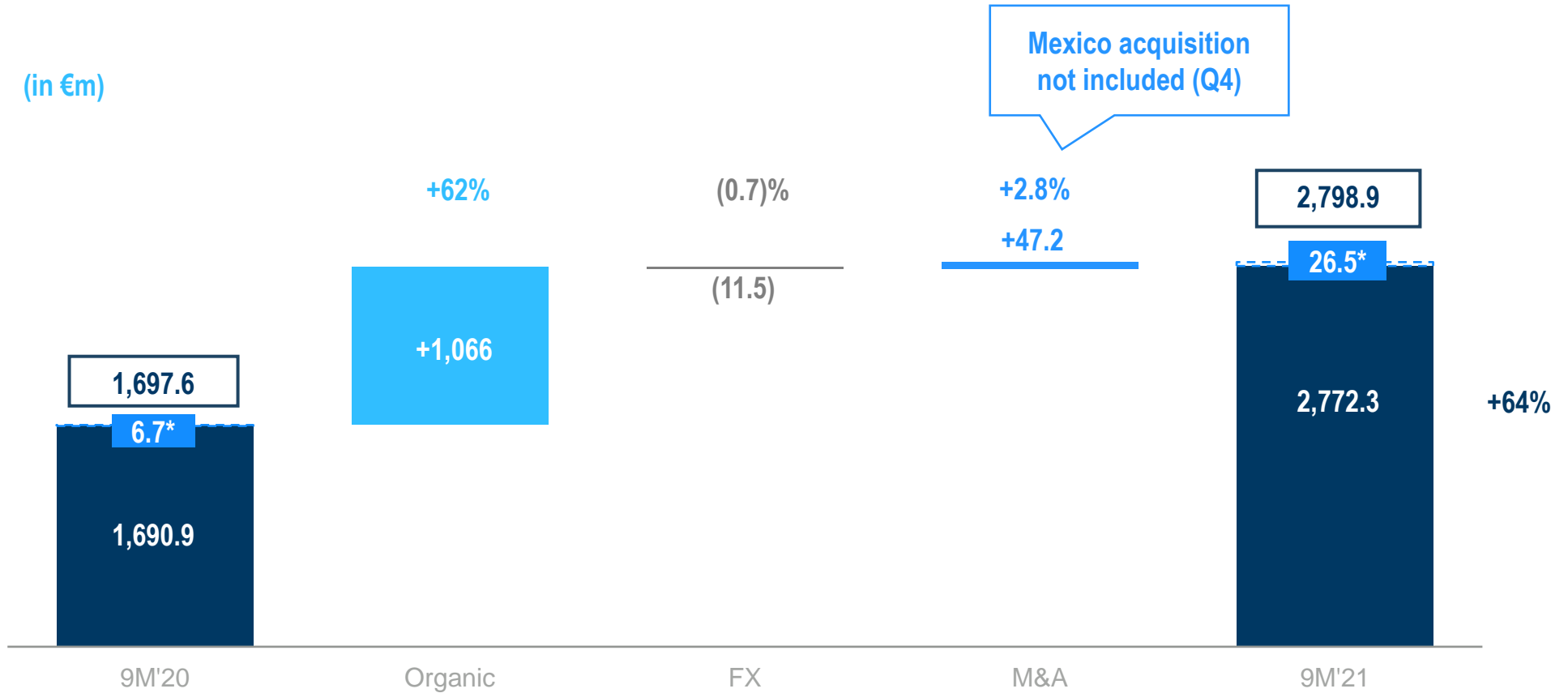
COVID-19 Testing

- 6.3m PCR tests
 - ~83% of total C19 testing volumes
 - Average price @~€44 (vs. ~€51 in Q2'21)
- 1.3m non-PCR tests
 - broadly stable vs. Q2'21

Organic revenue growth of +14% ex. COVID-19 testing

Major revenue expansion in 9M'21

(in €m)

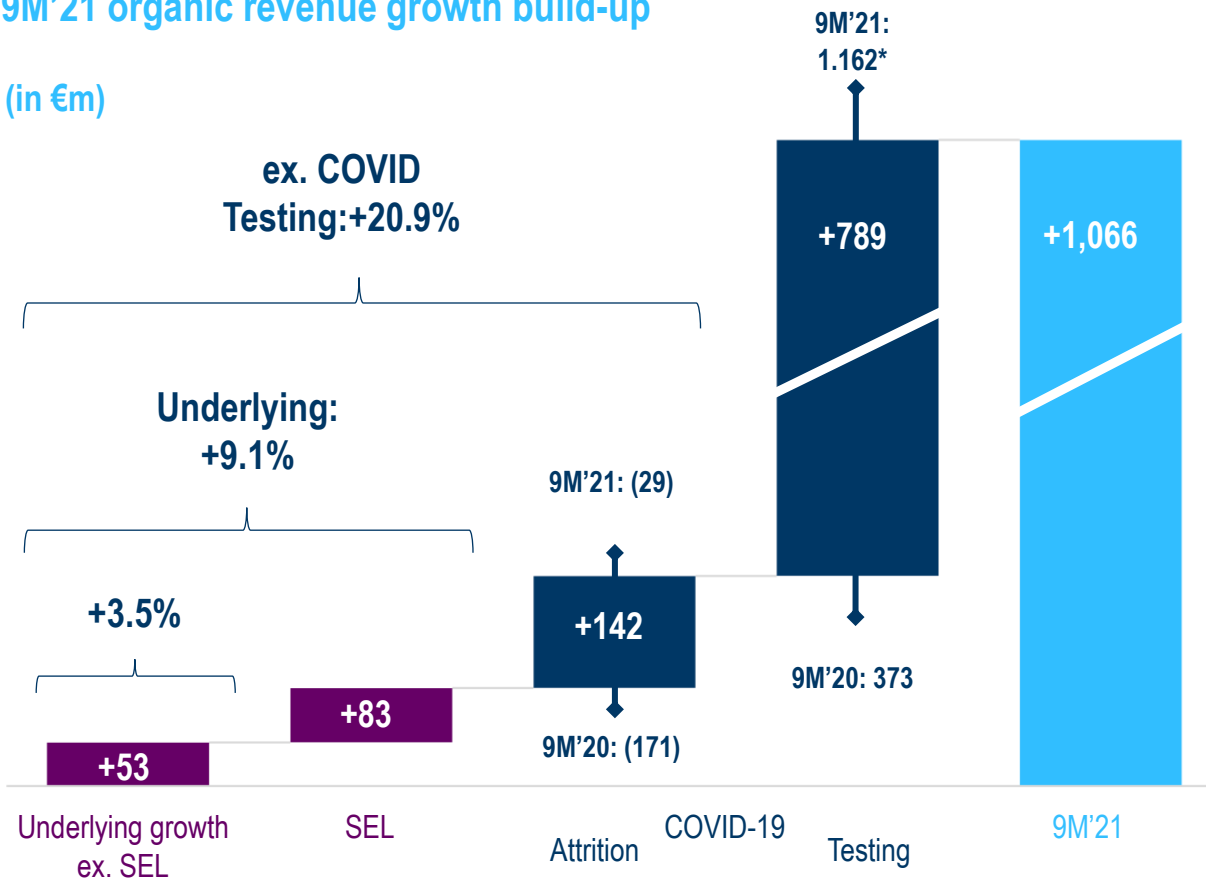


Outstanding organic growth, limited FX headwind, M&A growth resuming

Strong underlying organic growth in 9M'21

9M'21 organic revenue growth build-up

(in €m)



COVID-19 Testing

- 20.8m PCR tests
 - ~86% of C19 testing volume
 - Average price @ ~€52 (vs. ~€61 in Q4'20)
- 3.5m non-PCR tests
 - Increased since March, mostly antibody tests

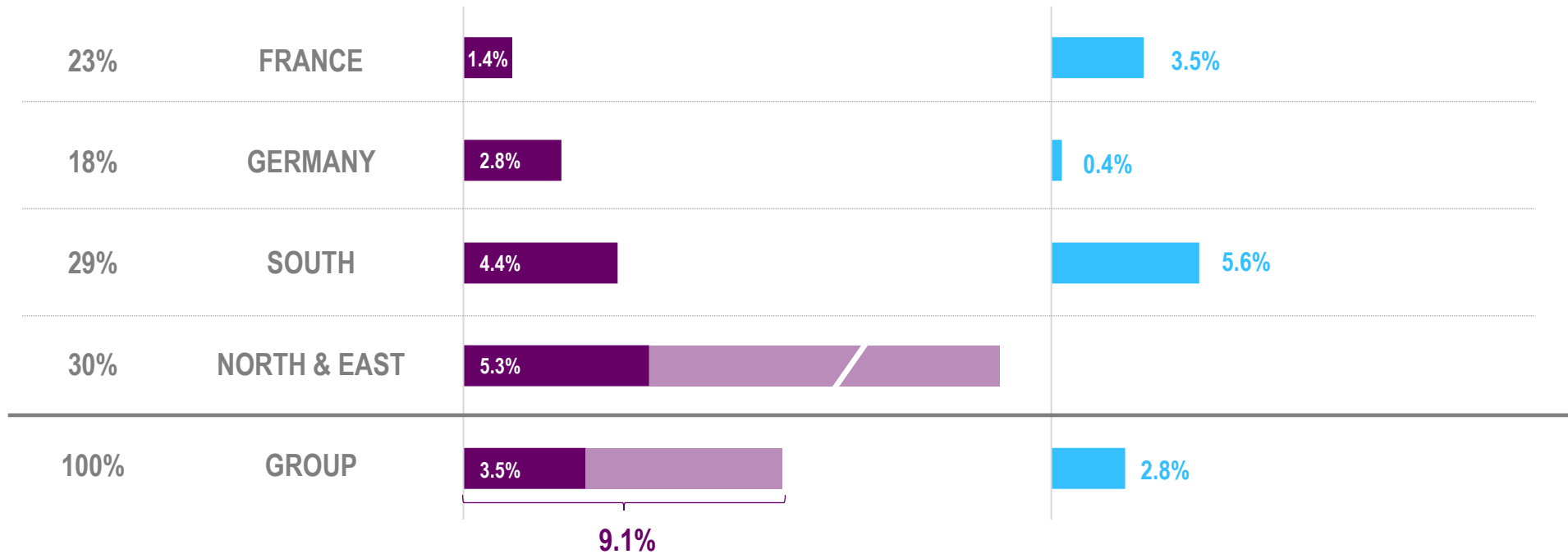
Organic revenue growth of +21% ex. COVID-19 testing

* Total 9M'21 COVID-19 testing revenue at €1.166 million, including revenues from acquired companies

Growth by segment

9M'21 underlying organic growth and M&A by segment

% OF PF REVENUE



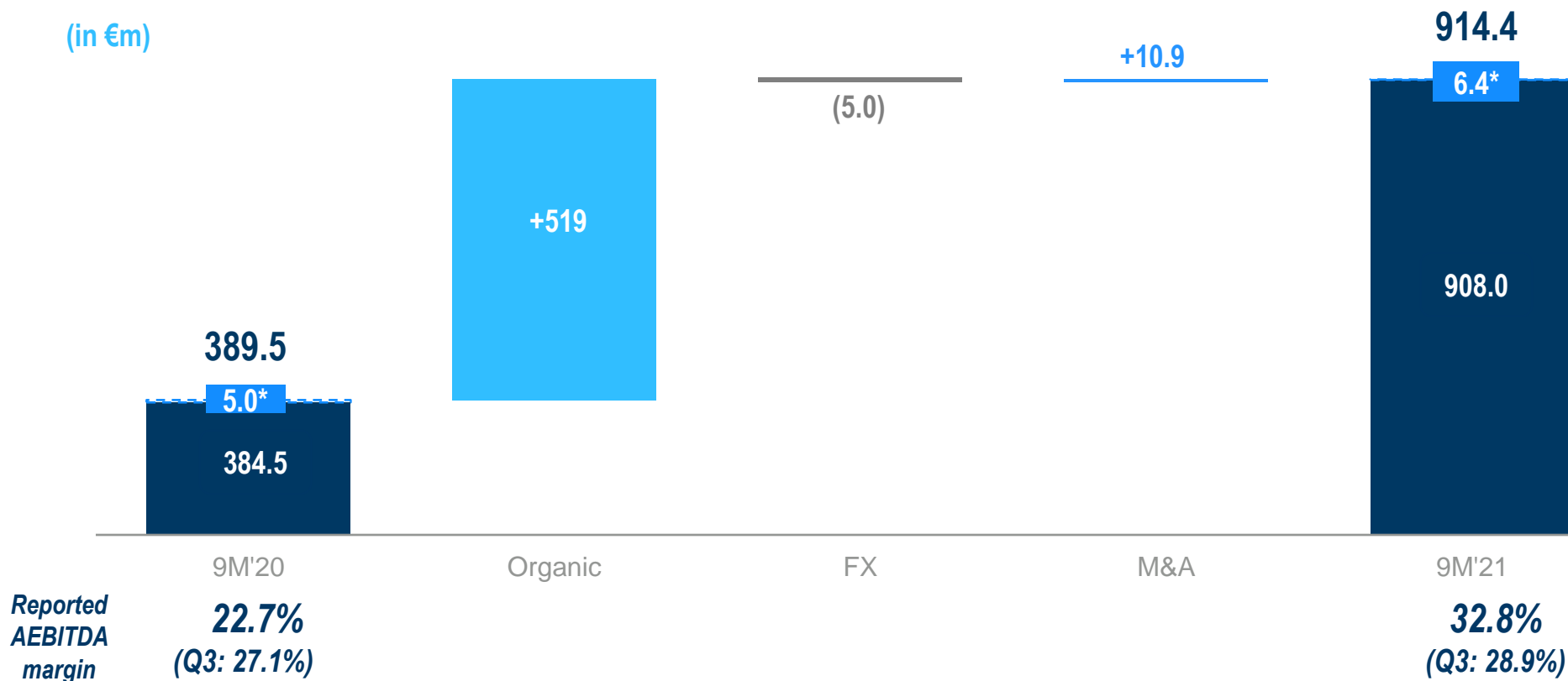
Underlying growth >6% in 19 out of 36 countries representing > 1/3 of the Group revenue

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

North & East: UK, Belgium, Nordics, Austria, East Europe, Emerging Markets

Strong AEBITDA performance: +€519m vs. 9M'20

(in €m)



AEBITDA margin at record level in 9M'21

Volume leverage on contained cost base

(€m)	As % of rev.	9M'21	VLY		Drivers (selected)	AEBITDA Impact (€m)
Revenue	100%	2,772	+64%	-	Negative price (ex. COVID-19)	(6)
Materials	25%	(689)	+58%			
Gross profit	75%	2,083	+66%			
Personnel	30%	(825)	+31%	+	Contained inflation	(12)
Net other OPEX	13%	(350)	+47%	+	Productivity (SALIX)	+15
AEBITDA	32.8%	908	x2.4	+	Volume*	+522

9M'21 Organic AEBITDA increase +€519m

90bps+ gross margin improvement and ~50% flow through on volume

Record net profit

9M'21

(€m)	Reported	Adj.	Adjusted	Adjusted VLY
EBITDA	874.0	+34.0	908.0	+523.5
D&A & impairment	(184.9)	+38.3	(146.6)	(19.3)
Operating profit	689.1	+72.3	761.4	+504.2
Net finance costs	(86.6)		(86.6)	+55.7
Income tax expense	(145.1)	(10.9)	(156.0)	(111.2)
Other	13.9	(17.9)	(4.0)	(1.5)
Net profit (Group share)	471.3	+43.6	514.9	+447.3

Drivers

- **€34.0m** OPEX adjustments
 - €22.3m IPO related costs
 - €7.6m net acquisition-related / PMI
 - €4.1m other (strategic IT projects...)
- **€38.3m** customer list amortization
- Lower borrowings and lower borrowing cost
- **€10.9m** of tax effect of adjustments
 - ~24% effective tax rate
- **€17.9m** from residual sale of A&S business

€515m of adjusted net profit in 9M'21

Record cash flow generation

(€m)	9M'21	9M'20	VLY	
AEBITDA	908.0	384.5	+523.5	<ul style="list-style-type: none"> DSO@57 (Sep.'20: @80) €54m inventory reduction vs. year-end 2020
Movements in working capital	(24.1)	(152.1)	+128.0	
Income tax paid	(94.1)	(27.2)	(66.9)	
Change in provisions & other	(3.7)	(13.7)	+10.0	<ul style="list-style-type: none"> Higher income tax paid due to improved financial performance
Operating cash flow	786.1	191.5	+594.6	
Net Capex (incl. leases*)	(155.9)	(131.7)	(24.2)	<ul style="list-style-type: none"> €8.7m COVID-19 related CAPEX (~€32m since start of the pandemic)
As % of revenue	(5.6)%	(7.8)%	+2.2pts	
Unlevered free cash flow	630.2	59.8	+570.4	
Net interest*	(81.0)	(104.5)	+23.5	<ul style="list-style-type: none"> Decreased debt; Average cost of borrowings 2.5% in Q3'21**
Free cash flow	549.2	(44.7)	+593.9	

Strong cash conversion: unlevered free cash flow @69% of AEBITDA

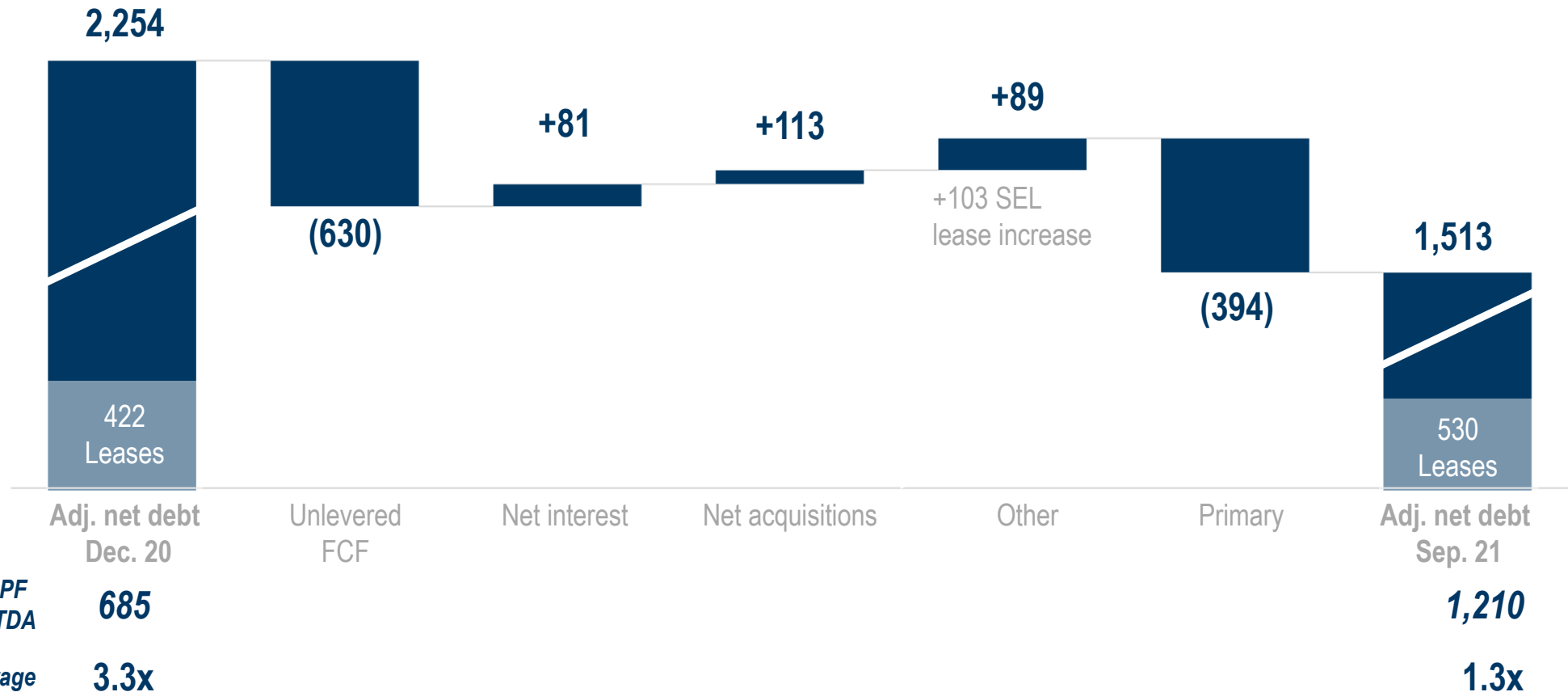
Strong balance sheet

(€m)	9M'21	Dec'20	Var.	
Goodwill	2,326	2,212	+114	} ●——● Acquisitions & SEL
Net fixed assets	1,343	1,234	+109	
Net Working Capital	144	116	+28	
<i>NWC as a % of LTM rev.</i>	3.9%	4.4%	-0.5pts	●——● Normalization of NWC requirement
Capital Employed	3,814	3,562	+252	
Equity	2,081	1,204	+877	
Net debt*	1,503	2,235	(732)	●——● Net debt reduction
Other	230	124	+106	●——● Income tax liability
Resources	3,814	3,562	+252	

€620m cash and cash equivalents + €500m undrawn RCF

Lowest leverage ratio since inception of the Group

(in €m)



2x leverage reduction since end Dec.20

Appendix

Financial calendar / Investor contact

Upcoming roadshows and conferences

Jefferies Healthcare conference	18 November 2021
Exane CEO Medtech conference	22 November 2021
Kepler Diagnostics day	23 November 2021
Oddo-BHF Midcap conference	7 January 2022
JPM Healthcare conference	10-11 January 2022

2021/22-Financial calendar

Q4/FY results	16 March 2022 (pre-market)
Investor Day (save the date)	21 June 2022

Investor contact

Mark REINHARD

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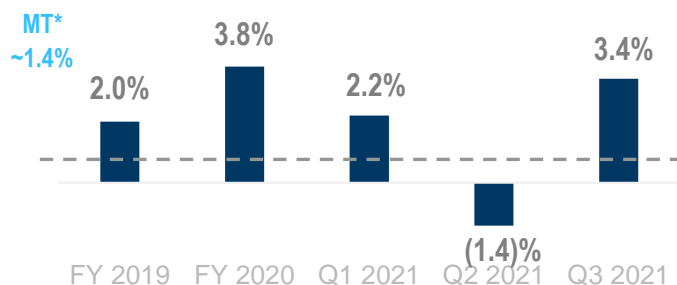
FRANCE (23% of Group revenue)



Key financials

(€m)	Q3'21	Growth		Growth	
		Total	9M'21	Total	
Revenue	187.0	+6%	628.6	+52%	
AOP	50.1	+5%	166.8	+89%	
AOP margin	26.8%	(0.2)ppt	26.5%	+5.1ppt	

Underlying organic growth trend



Other main KPI

COVID-19 PCR tests

- ✓ 1.3m in Q3'21 / 4.6m in 9M'21
- ✓ June 1st test price** decrease, from €55 to €44 all inclusive
- ✓ PCR tests reimbursed under stricter conditions from 15 October

Q3'21 Financial highlights

- ✓ **Organic growth: 3.3%**
 - ✓ COVID-19 decline vs. Q2'21 broadly stable vs. Q3'20
 - ✓ Strong underlying growth at 3.4%:
 - ✓ (++) volume growth, working-day effect
 - ✓ (-) price decrease = 3-year agreement
 - ✓ BCP network optimization ongoing (For You)
- ✓ **Profitability:** major uplift from volume leverage, broadly stable vs. H1'21 and up vs. Q3'20

Q3'21 Business highlights

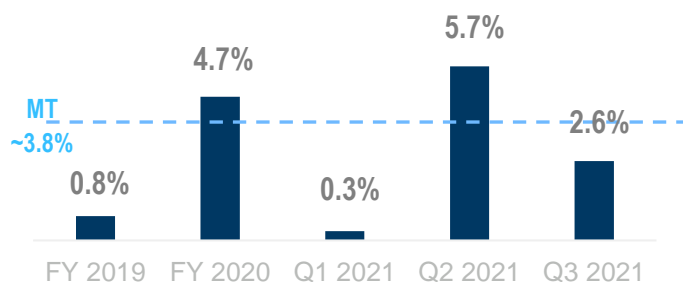
- ✓ **COVID-19 response:** genetic accreditation for variant sequencing, significant school testing contract
- ✓ **M&A:** very selective approach, focus on small bolt-ons

GERMANY (18% of Group revenue)

Key financials

(€m)	Q3'21	Growth	
		Total	9M'21
Revenue	144.9	(3)%	512.1
AOP	14.3	(30)%	110.2
AOP margin	9.9%	(3.7)ppt	21.5%

Underlying organic growth trend



Other main KPI

COVID-19 PCR tests

- ✓ 0.8m in Q3'21 / 3.7m in 9M'21
- ✓ Public price range €35-€44

Q3'21 Financial highlights

- ✓ **Organic growth: (3.3)%**
 - ✓ COVID-19 testing drop in volume & price vs. both Q2'21 and Q3'20
 - ✓ Underlying growth of 2.6%
 - ✓ volume-driven
- ✓ **Profitability:** COVID-19 drives margin contraction: lower revenue + one-off expenses

Q3'21 Business highlights

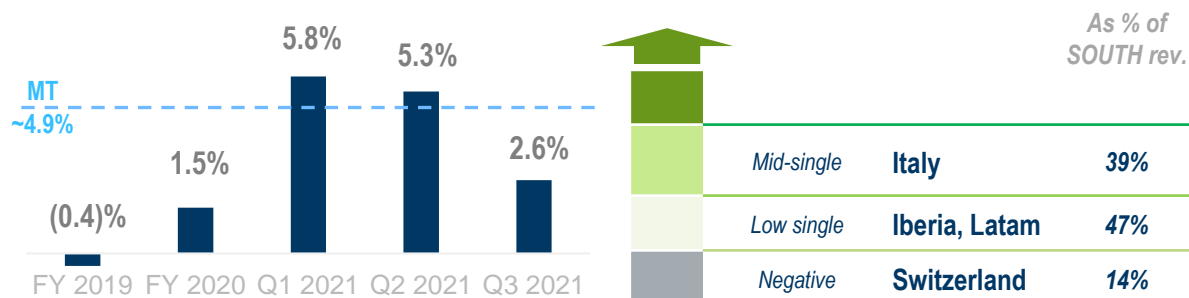
- ✓ **COVID-19 response:** #1 market share in variants testing (sequencing), PCR mass tests for schools ongoing
- ✓ **Prescribers:** SYNconnect
- ✓ **M&A:** 1 bolt-on closed in Q2'21

SOUTH (29% of Group revenue)

Key financials

(€m)	Growth		Growth	
	Q3'21	Total	9M'21	Total
Revenue	239.8	+3%	785.3	+46%
AOP	50.5	+11%	189.7	+149%
AOP margin	21.1%	+1.4ppt	24.2%	+10ppt

Underlying organic growth trend Q3'21 focus



Q3'21 Financial highlights

- ✓ **Organic growth: 1.2%**
 - ✓ COVID-19 testing strong comparable base
 - ✓ Underlying growth of 2.6%
 - ✓ continued strong growth in Italy
 - ✓ strong comparable base in Latam (Colombia)
 - ✓ Switzerland: still negative, mainly driven by price decrease of Dec. 2020 (genetics)
- ✓ **Profitability:** major uplift from volume leverage, below H1'21 peak but above Q3'20

Q3'21 Business highlights

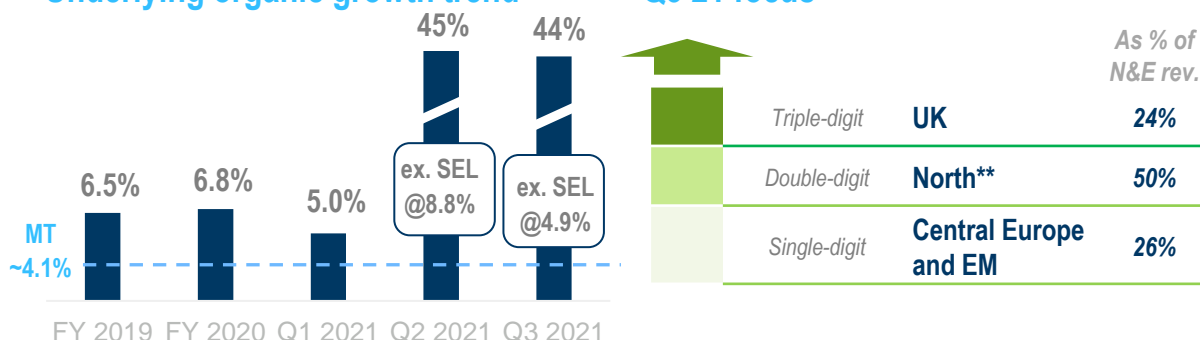
- ✓ **COVID-19 response:** school testing in Portugal, mass testing in several Swiss cantons
- ✓ **Hospital:** contract gains (Colombia...)
- ✓ **Specialty** testing reinforced (Italy, Spain)
- ✓ **M&A:** mid-sized deals in Italy and Mexico + bolt-on in Spain and Mexico

NORTH & EAST (30% of Group revenue)

Key financials

(€m)	Growth		Growth	
	Q3'21	Total	9M'21	Total
Revenue	277.6	+86%	846.4	+138%
AOP	77.2	+133%	294.7	x5.7
AOP margin	27.8%	+5.6ppts	34.8%	+20.4ppts

Underlying organic growth trend Q3'21 focus



Q3'21 Financial highlights

- ✓ **Organic growth of 84%**
 - ✓ Sustained high COVID-19 testing volumes (new high): short-term contracts (North) + SEL
 - ✓ Very strong underlying growth at 44%
 - ✓ SEL contract contribution
 - ✓ Ex. SEL 4.9% growth : For You initiatives in North
- ✓ **Profitability:** major uplift from volume leverage, below H1'21 peak but strongly above Q3'20

Q3'21 Business highlights

- ✓ **COVID-19 response:** HUS partnership delivery
- ✓ **Hospital:** SEL contract successful roll-out
- ✓ **Prescribers:** connecting to doctors in Austria
- ✓ **Retail:** Estonia flagship BCP

Segment reporting

(€m)	Revenue				AOP			
	Q3'21	Q3'20	Organic Growth	Underlying Growth	Q3'21	Q3'20	Margin, Q3'21	Margin, Q3'20
France	187.0	176.8	3.3%	3.4%	50.1	47.7	26.8%	27.0%
Germany	144.9	149.9	(3.3)%	2.6%	14.3	20.4	9.9%	13.6%
South	239.8	232.0	1.2%	2.6%	50.5	45.6	21.1%	19.7%
North & East	277.6	149.5	83.6%	44.1%	77.2	33.2	27.8%	22.2%
SYNLAB GROUP	849.3	708.1	18.1%	12.2%	192.1	146.8	22.6%	20.7%

(€m)	Revenue				AOP			
	9M'21	9M'20	Organic Growth	Underlying Growth	9M'21	9M'20	Margin, 9M'21	Margin, 9M'20
France	628.6	412.7	49.8%	1.4%	166.8	88.4	26.5%	21.4%
Germany	512.1	384.2	33.0%	2.8%	110.2	41.2	21.5%	10.7%
South	785.3	538.2	44.9%	4.4%	189.7	76.2	24.2%	14.2%
North & East	846.4	355.8	137.2%	30.0%	294.7	51.4	34.8%	14.4%
SYNLAB GROUP	2,772.3	1,690.9	62.8%	9.1%	761.4	257.2	27.5%	15.2%

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

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 curved, 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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