

SYNLAB

Analyst and Investor Call - Cinven Public Takeover

October 2, 2023

Operator: Good afternoon, ladies and gentlemen, and welcome to the SYNLAB analyst and investor call on Cinven's announcement of public takeover offer.

At this time, all participants are in listen only mode. But following presentation, we will conduct a question and answer session. And if at any time you would require operator assistance, please press star zero. Also note that this call is recorded on Monday, October 2, 2023.

I now would like to turn the meeting over to Matthew Floreani. Please go ahead.

Mathieu Floreani: Thank you. Good afternoon. Good morning to everyone. Thank you for joining this call to answer your questions. And this is about the information published on Friday morning of last week, the 29th of September, of the intent of Cinven to make an offer on the shares of SYNLAB and SYNLAB having signed an investment agreement with Cinven.

For the sake of fluidity, we thought it would be better not to make a presentation, I think most of you are very familiar with this kind of events, and to jump directly into Q&A. So I'm of course here with Sami on the call -- Sami Badarani, our CFO, and we will answer

together the questions. So I turn it back to the operator so that you can manage the questions, please.

Operator: Thank you, sir. Ladies and gentlemen, if you would like to ask a question at this time, please press star one on your telephone keypad. You will hear a three tone acknowledging your request. And should you wish to withdraw your questions, please press star followed by two. Please go ahead and press star one now if you have any questions.

And your first question will be from Angelo Manca. Please go ahead, Angelo.

Angelo Manca: Yeah. Hi. In your first leaves (ph) you stated that the Board of Directors believes the Cinven offers is a good way for risk averse investors, but does not fully evaluate the company. So I was wondering if you could tell us what the fair value of the company is according to the advisors that you have engaged? Thank you.

Mathieu Floreani: Thank you for your question. We will not answer this question precisely. But you also know probably some of the say traditional say thresholds to consider a long term value of the company in comparison to an offer to be inadequate. And Sami, please, say something, of course, if you want to add anything.

Sami Badarani: No, but we will elaborate more on our position as management board and supervisory board in the recent statement

that will be published once the offer has been approved by Buffin (ph).

Angelo Manca: Okay, sorry, just a follow up. And I'm not familiar with this kind of threshold you were mentioning. Could you tell us what that is?

Mathieu Floreani: Well, I think, as Sami said, at this point we're not in in the process of reasoned statement yet. So that leaves us time -- leaves you time on your side to get familiar and on our side to prepare the reasoned statement.

Angelo Manca: Okay. Thank you.

Operator: Thank you. Next question will be from Kirill Talai at Natixis. Please go ahead, Kirill.

Kirill Talai: Well, thanks. Thanks for taking my question. I have one please. On the credit side or otherwise and your company? Would be interesting to know the (audio gap) if you could communicate on that.

Mathieu Floreani: Sorry, I didn't hear you acoustically. Could you repeat and speak a bit louder?

Kirill Talai: Yes. Sorry. Please communicate on the new capital structure, how it's going to look like, differ, you know, so the -- when you go through this offer with Cinven.

Mathieu Floreani: Well, yeah, I can't -- Sami.

Sami Badarani: Yeah, I mean, it's too early to say because we don't know the conclusion of the offer. What we can say what Cinven

has communicated. We know that Cinven owns 43% of their shares and they have communicated that they have already secured a little bit more than 36%, which brings them between 79 and 80%. That's what we put today. And that we have -- that they have communicated. The success, it depends the result of the offers that we will know when it happens.

Kirill Talai: Okay. Thank you very much.

Operator: Thank you. Once again, ladies and gentlemen, if you would like to ask a question, please press star followed by one on your touchtone phone.

And your next question will be from Louise Boyer at Stifel. Please go ahead.

Louise Boyer: Hello. Thank you for having this call. Just a quick question. Could you remind us what is the timeline of the operation?

Mathieu Floreani: Yes. So the timeline is starting last Friday, Cinven has about three weeks to put an offer through BaFin. BaFin has 10 working days to validate the offer. Once the offer is validated, there will be an acceptance period, which is either four weeks or five weeks Cinven to decide and communicate. And in parallel, there will be filings for three different regulatory approvals and these filings are merger controls, so that's antitrust, EU foreign subsidies, and FDI.

Once the acceptance period is over, Cinven will communicate the percentage they reached of bringing their shares to the offer, which is minimum 80% because already 80% percent of people -- of shareholders have committed to bring their shares. So between 80% and 100% that this will be their communication. And then once the three regulatory clearances have been given, the offer can be settled. The deal is then consummated and this should if you add everything up and say regulatory clearances are as usual more or less this should bring us in a period between probably sometime end of December and sometime early February latest.

Operator: Thank you. Next question will be from Hugo Solvet at BNP Paribas.

Hugo Solvet: Hi, guys. (audio gap) and in the press (audio gap) you mentioned (audio gap) statement from the supervisory board on the offer which clearly suggests that price does not really respect the long term value of the company, yet the supervisory board approved the transaction. So just (audio gap) what's going on (audio gap) research to be published. Thank you.

Mathieu Floreani: So I don't know if it was on my side. Sami, did you hear it acoustically correctly or not? Because for me it was very interrupted.

Sami Badarani: No, I didn't get it completely, Hugo. I don't know if you can re-summarize your question.

Hugo Solvet: Yeah, sure. Let me know if you can hear me well. In the press release you mentioned some reasoned state (audio gap) from the supervisory board when can we expect this and given (audio gap).

Mathieu Floreani: Yeah. You are disappearing.

Operator: Hugo, your line is cutting out. If you are on speakerphone or hands free, could you please pick up your handset?

Hugo Solvet: Yeah. Is that better now?

Mathieu Floreani: Yes. So we can already answer the first part, which is the reasoned statement must be published by supervisory board and management board no later than two weeks after BaFin approved the offer. Now you can easily go carry on with the second part of your question.

Hugo Solvet: Yeah. That's okay. (audio gap) I think given the line is lacking.

Mathieu Floreani: Okay. Thank you.

Operator: Thank you. Next question will be from David Abraham at BTIG. Please go ahead.

David Abraham: Good afternoon. Could you give us a bit of a steer in which specific jurisdictions will require a merger control clearances and foreign direct investment in approvals please?

Mathieu Floreani: In which jurisdictions? This is a good question. I think it's a European-wide. So now I think it's for most

of our jurisdictions, our 30 plus countries. But at EU I think the topic is taken at the EU level.

Sami Badarani: You don't need to go individually everywhere. But this I'm not 100% sure. So we can -- if you send to investor relations, your question with your email address, we will answer that.

David Abraham: Perfect. Thank you very much.

Operator: Thank you. Next question will be from Alex Devon at Alcentra. Please go ahead, Alex.

Alex Devon: Hi, good afternoon. Can you hear me okay?

Mathieu Floreani: Yes, perfect.

Alex Devo: Yeah. So first of all, I just would like to mention you are having issue with the conference call. There are a lot of investors who are not able to dial in. I think the number -- the UK number that you communicated seems to be wrong. The US number I mean, I had to wait for 10 minutes or something to have an operator on the line. So I couldn't join. I miss on that -- I know a lot of our investors are not on the call because of that. So just FYI. And sorry, I missed the beginning of the call.

I got two main questions. The first one is in terms of timing. And again, sorry if you answered it before. In terms of timing of the process, how long is it gonna take to get approval? And I'm also curious to hear about the existing debt in place, what the plans for

it, and again, what the expected timetable. Is it expected to remain in place or is it going to be refinanced? Thank you very much.

Mathieu Floreani: Okay, so I will repeat back the timing because some other people indeed that might be in the same situation than you and for the debt question, Sami will, of course, answer it.

And so on the timing, what I mentioned is that Cinven has about three weeks now to, from last Friday, to put an offer to BaFin to say file an offer with BaFin. BaFin has 10 working days to answer, to validate this offer. Once this is done, then Cinven can launch the acceptance period, which is four or five weeks. They have to decide which timing they go for. And once this is done, they will let us know which -- let everyone know which percentage they reached after the acceptance period. Which percentage being no less than 80% that they already secured. And then, the regulatory -- the three regulatory approvals mentioned earlier will have to be cleared, so that the offer can be consummated.

The timeline up to the end of the acceptance period is very rigorously legal and legally framed by the German stock exchange rules, but the acceptance or the clearance of the three regulatory points is more say subject to variations. So what we anticipate is if it goes as it usually seems to go in such cases, it should be anytime -- the consummation of the agreement, the settlement of the offer -- should be anytime between sometime end of December and early

February. That's the summary on this part and for the debt, I will leave it to Sami.

Sami Badarani: Yeah, on the debt there is no plan on the short term to change anything on our structure. We currently have a term loan B of 385 million that will remain in place and even with the transaction, with this offer ongoing. And then we have the term loan A which which is more complicated. It's conditioned with the leverage ratio and which will probably, if the offer goes through, , will probably in the future, and I'm speculating now, will be refinanced. But in the meantime, with the proceeds of Poodle (sale of the veterinary business) that we have completed in September, we have planned already to reimburse the 100 million of the term loan A.

Alex Devo: Okay, but the -- because there was some communication on new financing that goes on top of the term loan B existing and the term loan B is not gonna be reimbursed. So maybe at a later stage, but that's not the plan, initial plan is it?

Sami Badarani: No plan to change the term loan B to my -- today.

Alex Devo: Sorry? Excuse me?

Sami Badarani: There is no plan to change anything to the term long B today.

Alex Devo: Okay. Thank you.

Sami Badarani: Yeah.

Alex Devo: Thank you very much. That was helpful.

Operator: Do you have any further questions, sir? Thank you. Once again, ladies and gentlemen, to register and get in the queue for questions, please press star followed by one.

And your next question will be from Alex Apostolidis at Beacon Vance. Please go ahead.

Alex Apostolidis: Hi, good afternoon. Hopefully you can hear me okay. Just one question regarding the purchase price multiple, roughly eight, eight and a half times? How do you view that relative to some of the private players which have been valued higher than that historically? I just wanted to get your thoughts on that.

And just secondly, given the line hasn't been great, and difficulty dial in, but just quickly, when do you expect this transaction to close in terms of the acceptance threshold? That's all I have. Thank you.

Mathieu Floreani: So just to be clear, you mentioned something that I take the opportunity to clarify, there is no acceptance threshold that Cinven has put for their offer to be valid. So the only conditions that have to be fulfilled are the three regulatory conditions we mentioned several times in the last few minutes. This is the only -- these are the only conditions. And the timeline, as I said, should be depending on these three regulatory clearances anytime between end of December and early February.

Now, as to the eight and a half times. Well, I would say the market is the market and conditions have probably changed also

compared to other prior transactions in our industry, we have fulfilled our fiduciary duties meaning also looking for a higher offer. And at the end, the best offer in this current environment was the one from Cinven. So I think this also puts ultimately a price tag even if we can consider that compared to the past or the long term future. It can have a different opinion, of course.

Alex Apostolidis: Thank you. And just a follow up, and apologies again, if you've covered. But in terms of Cinven's strategy here. What should we view that as? Is that to pursue M&A? Is that to raise margins again? Is it to raise productivity? Just to get a sense of what the thesis behind the take private here is, in your view?

Mathieu Floreani: I think they're very in line with our long term strategy. And this encompasses all you mentioned, right, recovering higher productivity pre-pandemic productivity level, continuously working on our volume and leverage, pushing organic growth to three percent plus in the medium term, and continuing to do M&A, of course.

Alex Apostolidis: Thank you.

Operator: Thank you. Next question will be from Palash Joshi at the Pent Water. Please go ahead.

Palash Joshi: Hi. I'm sorry, I know you've covered this before, but you mentioned when you answered your previous question, I'm sorry, I was late joining the line. There were three regulatory

approvals. Could you please repeat again which those three are? Thank you so much.

Mathieu Floreani: Yes. So they are merger control, so sometimes called the antitrust, they are EU foreign subsidies control, and they are FDI, so foreign direct investment control. So these are the three regulatory approvals.

Palash Joshi: Are you able to indicate which regions you're going to be filing in at this stage?

Mathieu Floreani: I think we are filing across our regions, but knowing also that some of these are pretty straight forward, simple not being an owner of competing labs, right. So --

Palash Joshi: Sure. Thank you.

Mathieu Floreani: The merger will be quite straight forward.

Palash Joshi: Appreciate it. Thank you very much.

Operator: Thank you. One more time. Ladies and gentlemen, if you would like to ask a question, please press star followed by one on your touchtone phone.

And currently, Mr. Floreani, it -- oh. I'm sorry, we do have another question coming from Paul Dean at Churchill Capital. Please go ahead. Please go ahead, Paul. Unmute your line.

Paul Dean: Hey, guys. Thanks for taking my call. Just had a quick question on some of the other parties you discussed -- you talked with prior to the Cinven offer. Can you give any more color on

perhaps the who those parties were or were they strategic or financial buyers?

Mathieu Floreani: Yes, Paul, on this one that we won't comment further. Sorry for that. Because we also have some strict NDA and an agreement with these parties not to communicate anything that could lead to understand who they are.

Paul Dean: Thank you. Any discussion going on?

Mathieu Floreani: Say that again. Sorry.

Paul Dean: Any discussions ongoing?

Mathieu Floreani: No.

Paul Dean: Okay.

Operator: Thank you. And at this time -- I'm sorry. At this time, it appears that we have no other questions registered.

Mathieu Floreani: Yeah. Let's give it a bit of time because I just heard earlier from Alex there were some connection issues for some people. So we can still leave it one minute for everyone to get to it.

Operator: Certainly, sir. Just a reminder then for those who wish to ask a question please press star one on your telephone keypad.

Mathieu Floreani: All right. Looks like -- anyone has a last question?

Operator: We do have a question now from Oliver Dehais at CIC Bank. Please go ahead, Oliver.

Oliver Dehais: Yeah, thank you. Is it possible to you will indicate us what's the leverage or (inaudible) Cinven intends to put if it's 100% extra (inaudible).

Mathieu Floreani: I will leave that to Sami.

Sami Badarani: Yeah, no. There is no firm number here to communicate. And obviously it will depend on the success of the offer whether we go to 100% or lower than that obviously.

Oliver Dehais: Okay.

Operator: A reminder ladies and gentlemen to please press star (audio gap). It appears, Mr. Floreani, right now we do not have any questions.

Mathieu Floreani: Okay. So maybe just for everyone, our next communication will be on the 8th of November for our Q3 results, which is next opportunity to exchange questions. Meanwhile, do you have another one?

Operator: Actually, we do have, sir, a follow up from Paul Dean at Churchill Capital.

Mathieu Floreani: Okay.

Paul Dean: Hey, thanks, guys. I'm just curious if Cinven had mentioned anything about delisting?

Mathieu Floreani: No, they have not at this point.

Paul Dean: Okay, so we would expect a follow up there?

Mathieu Floreani: I would pose that question to them, indeed, that you should follow up with them.

Paul Dean: Thanks. I appreciate the time.

Mathieu Floreani: Yeah.

Operator: Thank you. We have no other questions again, sir.

Mathieu Floreani: But you see, patience is rewarding. So I just wanted to make sure that everyone has truly a chance to ask a question and not cut it short. So if you wait again a few seconds to see if there is any follow up question.

Operator: Certainly.

We do have a question from Ryan Kahn at Bardin Hill. Please go ahead, Ryan.

Ryan Kahn: Hello. Thank you for the time. Any thoughts as to why the stock is trading above the offer price of 10?

Mathieu Floreani: I would love to ask you the same question. No. I mean, the short answer is no. It's not clear to me unless Sami has any view.

Sami Badarani: No, not enough intelligence on this topic yet.

Ryan Kahn: Thanks.

Operator: Thanks. Again, ladies and gentlemen, please press star one on your telephone keypad should you have a question.

Mathieu Floreani: Okay. It seems that we have -- you have no other one coming in?

Operator: No questions at this time.

Mathieu Floreani: All right. So I think we can probably conclude it here. Thank you, everyone for participating at short

notice. That comes with these events. And again, we will be connected the 8th of November for our Q3 members and meanwhile you can direct questions if any to investor relations at SYNLAB. Thank you for your participation and we stay in touch. Bye-bye.

Operator: Thank you, sir. Ladies and gentlemen, this does indeed conclude your conference call for today. Once again, thank you for attending. And at this time, we do ask that you please disconnect your lines.