

**DIPLOMA PLC**  
INVESTOR  
DAY 2017

# Life Sciences - Healthcare

Wednesday 1<sup>st</sup> February 2017





**Dan Brown**  
CEO  
Diploma Healthcare Group

# DHG - Operating Businesses

## DIPLOMA HEALTHCARE GROUP

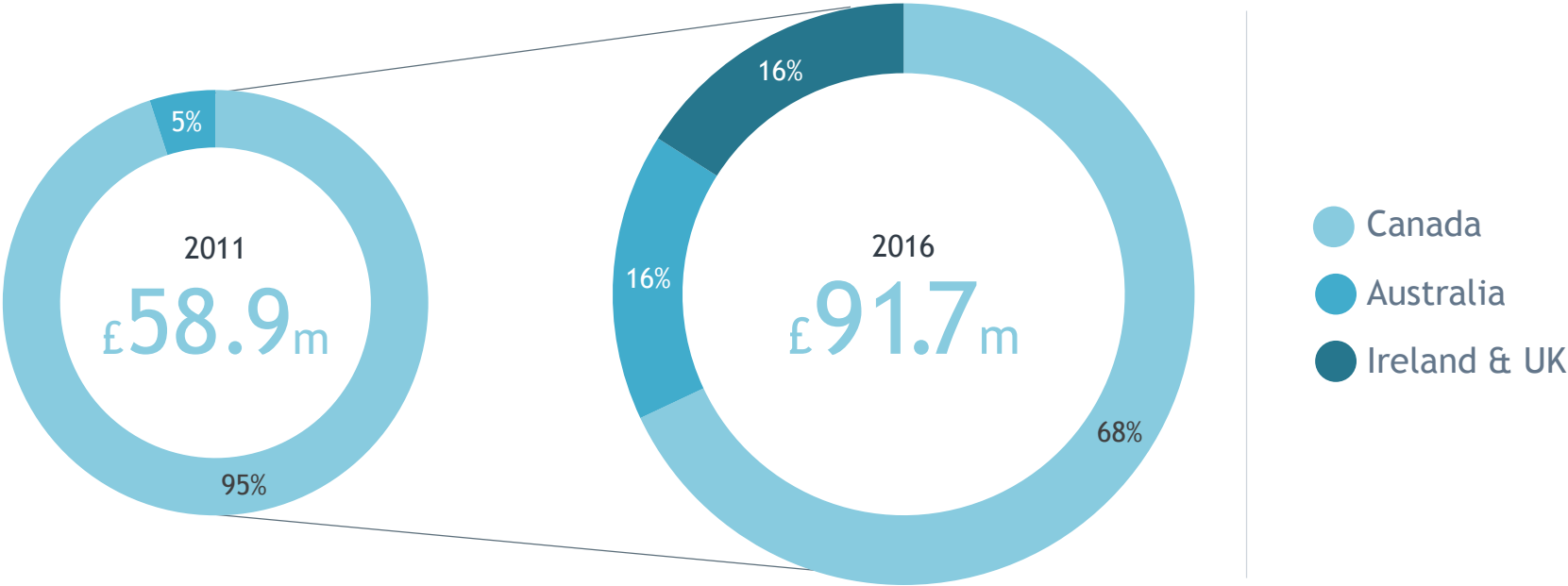
Toronto, Canada

235 Employees



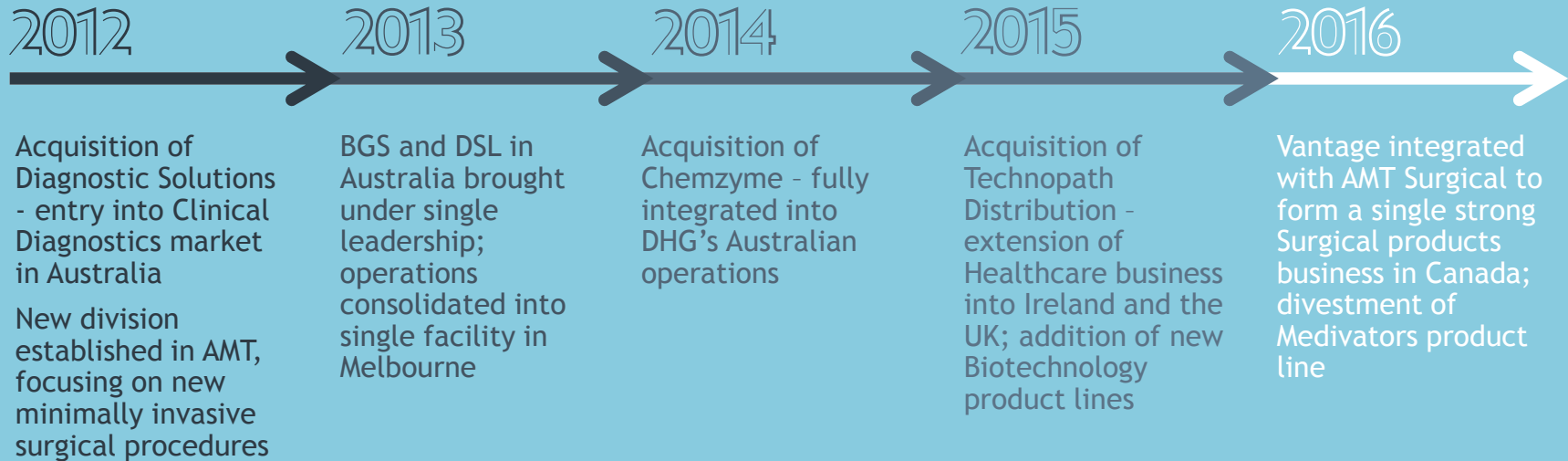
# Five Year Development

Five year revenue CAGR: 9% p.a.



# DHG Healthcare

Acquire, Build, Grow strategy





Video available at:

<http://www.diplomaplc.com/media-centre/video-library/>

# Focus on Niche Market Segments

## Clinical Diagnostics



How doctors determine disease and monitor health through blood and tissue testing

## ← Specialty Surgical →

### Electro-Surgery



Operations completed with modern scalpels using high-frequency electric current to cut and coagulate tissue

### MI Surgery



Surgeons employ new technologies for imaging and surgical access to improve patient outcomes

### GI/Endoscopy



Use of imaging equipment to diagnose and treat conditions of the gastrointestinal tract

### Biotechnology



Rapid testing for microbial contamination in food, dairy, water and pharmaceuticals

Market leading positions in well defined niches within broader medical device markets

# Competitive Positioning

- Quality manufacturer-branded products sourced under long term distribution agreements
- Multi-year customer contracts for consumables and service underpin ca. 70% of revenues
- Full service solutions provided by highly qualified technical specialists
- Financing of capital equipment
- Network of trained service engineers to maintain instrumentation
- Cost-effective route to market for medium-sized, medical device manufacturers





## Geographic markets

	Canada	Australia	Ireland	UK
Healthcare expenditure	Ca. £120bn	Ca. £90bn	Ca. £20bn	Ca. £180bn
As % of GDP	10.1%	9.3%	9.4%	9.8%
5-year growth	2-3% p.a.	4-5% p.a.	2-3% p.a.	3-4% p.a.
10-year growth	4-5% p.a.	6-7% p.a.	4-5% p.a.	5-6% p.a.
Public : private	71 : 29	67 : 33	69 : 31	79 : 21

Focus on geographical markets which suit our value-added distribution model

# Growth Opportunities - Existing Businesses

**1****Focus on growth segments**

Minimally invasive/image assisted technologies, healthcare optimisation and safety, specialised diagnostics

**2****Value-added services**

Bundle technical support and other value-added services into longer term contracts

**3****Manage product life-cycles**

Introduce new products from existing and new suppliers and own-branded products to maintain growth and margins

**4****Bolt-on acquisitions**

Use acquisitions to leverage infrastructure investment and to enter new medical disciplines

Increase share of specialised segments in existing markets

# Growth Opportunities - Leverage Product Portfolio

						
Clinical diagnostics	✓✓✓			✓✓		✓✓✓
Electrosurgery		✓✓✓			✓✓✓	
MI Surgery		✓✓	✓	✓✓	✓	
GI/Endoscopy			✓✓✓			
Digestive Health				✓✓✓		
Biotechnology				✓✓		

# Growth Opportunities - International Expansion

1

## Europe

Explore opportunities in Europe, building from TPD base - e.g. Nordic countries (Sweden, Denmark and Norway) and Benelux

2

## Asia Pacific

Target countries with well funded Healthcare systems (spend > 8.5% of GDP) - e.g. Singapore, Malaysia

3

## Expanded supplier sourcing

New sources of technology, supplier-identified new markets

4

## Strategic acquisitions

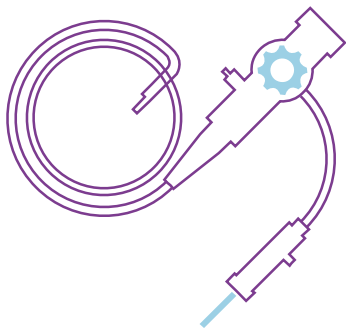
Acquire established local distribution businesses to accelerate entry to new markets

Pursue acquisition opportunities in Europe and Asia Pacific

# Key Messages

## 1

The Healthcare business has developed substantially over the five years



## 2

A robust platform has been established with high barriers to entry

## 3

There is substantial further runway for growth over the next five years:

- Increase share of specialised segments in existing markets
- Leverage product portfolio across existing businesses
- Pursue acquisition opportunities in Europe and Asia Pacific

## 4

Use acquisitions of established local distribution businesses to accelerate entry to new markets