

LIFE SCIENCES

The Life Sciences Sector sources and supplies technology-driven, value-add solutions in the In Vitro Diagnostics, Scientific and Medtech segments of the global healthcare market.

FINANCIAL HIGHLIGHTS

£212.9m

Revenue

FY22: £188.6m | +13% YoY

£43.2m

Adjusted operating profit

FY22: £41.0m | +5% YoY

£36.4m

Statutory operating profit

FY22: £42.5m | (14%) YoY

+8%

Organic revenue growth

F22: (4%)

20.3%

Adjusted operating margin

F22: 21.7% | (140)bps

LIFE SCIENCES

Canada
Europe
Australia

CANADA: 42%

Our Canadian businesses supply innovative and leading diagnostic technologies, surgical and endoscopic solutions to Canadian healthcare providers. They offer technical expertise, service and support to find the right solution for their customers.

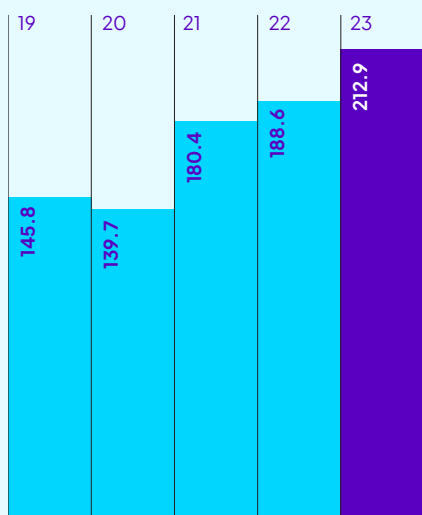
EUROPE: 39%

Our European businesses distribute, service and install a wide range of laboratory equipment and consumables, surgical products, medical technology and devices, life sciences solutions, and medical nutrition to customers in hospitals, community care, laboratories, and primary care.

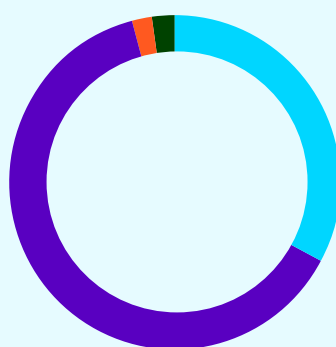
AUSTRALASIA: 19%

Our Australian businesses distribute surgical instrumentation, diagnostic pathology, medical research and innovative laboratory equipment solutions to a range of laboratories, hospitals, and university research departments across Australia and New Zealand.

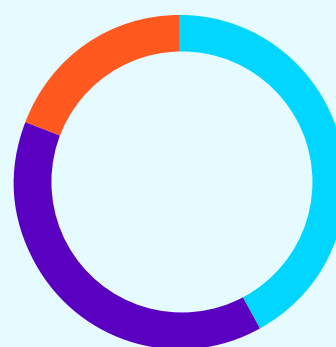
REPORTED REVENUE £



REVENUE BY SEGMENT¹



REVENUE BY GEOGRAPHY¹



¹ Pro forma revenue is stated after total adjustments of £3.4m to Reported revenue for acquisitions completed during the year.

LIFE SCIENCES SECTOR CONTINUED



PETER SOELBERG
SECTOR CEO, LIFE SCIENCES

“Our Life Sciences Sector is well positioned for the continued growth, investment and adoption of new technology in the healthcare sector, which will support improved patient care.”

2023 HIGHLIGHTS

- Organic revenue +8% (2022: -4%): The Sector has returned to growth, with momentum accelerating, driven by the normalisation of surgical procedure and diagnostic testing volumes despite ongoing healthcare staffing challenges.
- Positive outlook as governments act to address healthcare staffing shortages with automation and the associated increase in capital project funding.
- Operating margins remain well ahead of our financial model but declined year-on-year, as expected, primarily due to a higher proportion of relatively lower margin capital sales; a full year effect of Accuscience (which has a lower margin with lower capital intensity); plus ongoing scaling investments.
- Continued investments being made to build scale in the facilities and systems in Canada and Europe following the successful completion of the scaling project in Australasia.

REVENUE DIVERSIFICATION DRIVING ORGANIC GROWTH

All businesses in the Sector have successfully diversified revenue streams to capitalise on the recovery of surgical and operating room procedures, as well as the increased funding for capital projects. During the year, we have secured new contracts across all regions as governments and hospitals increase capacity to clear the surgical backlogs and reinvest in new medical research laboratories.

New product introduction and the adoption of new technology were the primary drivers of growth in FY23. Growth has been driven by automated diagnostic testing in histology; molecular testing in infectious disease; haematology testing in oncology; AI-assistance in diagnostic & therapeutic endoscopy; single-use endoscopy in surgical urology procedures; and point of care patient monitoring and ultrasound.

Organic revenue +8%. The Sector has returned to growth with momentum accelerating, driven by the normalisation of surgical procedure and diagnostic testing volumes.

+ 8%

Our growth in Canada has been driven largely by implementation of technology and innovation by hospitals to address acute staffing shortages, with successful expansion in the urology, gynaecology and endoscopy specialties as well as technological adoption in laboratories and increased focus in interventional diagnostics testing.

The Australian and New Zealand markets moved out of restrictive business conditions in January, resulting in increased activities in surgery case numbers (as staff availability improved), scientific projects and studies, and pathology testing.

In Europe, our Irish and UK businesses continue to see growth in the In Vitro Diagnostics (IVD) segment and the scientific segment driven by improvement in technologies for R&D and manufacturing regulations. In the Nordics, we are well positioned to further expand into the critical care, surgical and gastrointestinal segments through national tender and contract wins.

BUILDING SCALE

In Australia, we have successfully combined the operations of our two businesses to generate operational efficiencies, such as warehouse process improvements and freight consolidation. Similar projects are underway in the Canadian and European businesses, focusing on facilities and ERP systems. Together, these projects will build three scaled platform businesses to enable the Sector to capitalise on future growth opportunities.

TARGETED ACQUISITIONS TO ACCELERATE GROWTH

In July 2023 we acquired GM Medical in Denmark, distributing consumables and capital equipment for anaesthesia, critical care, surgery, obstetrics, neonatology, simulation and sterilisation. GM Medical is highly complementary to our existing Danish business, Simonsen & Weel.

OUTLOOK

With tailwinds from the recovery in surgical procedures, and increasing investment in pre-emptive diagnostics, the Sector's growth outlook remains positive. All businesses in the Sector continue to focus on building their portfolio of products and services to broaden their value proposition to both suppliers and customers.

FY24 will see a continuation of private and public laboratories investing to meet the growing demand for expanded diagnostics and screening utilising new automation and molecular testing; surgical and critical care capacity being rebuilt and expanded in healthcare systems; and drug and vaccine research and development, and companion diagnostics fields accelerating.

LIFE SCIENCES AUSTRALIA

The Life Sciences Australia business navigate a highly technical and specialised environment in order to bring innovative surgical, pathology, and medical research products to market.

Following an investment from Diploma, the Life Sciences Australia business has built capability and organisational strength by consolidating its facilities, third-party logistics, warehousing and ERP systems, bringing them all under one roof.

This has allowed the business to move from a generalised model to a specialised model, allowing them to bring in specialist talent to manage inventory, operations, service, and accounts. The new facility is also designed to support collaboration between teams.

Another advantage of the move has been that clients are now able to visit the facility for product demonstrations and see first-hand the logistical value-add benefits that are on offer.

