



# Disposal of Life Molecular Imaging

Investor and Analyst Presentation

13 January 2025



# PRESENTATION OUTLINE

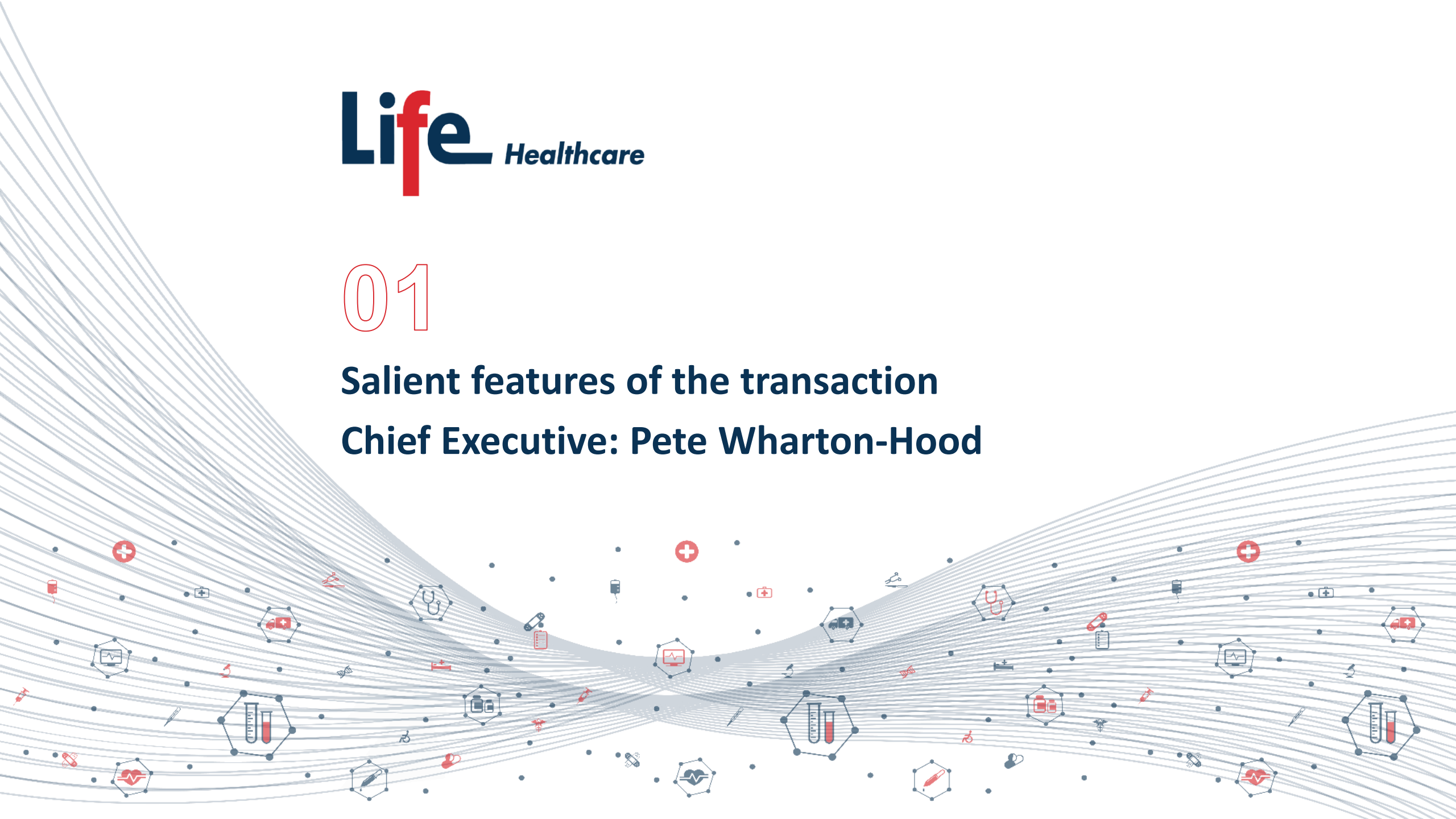
1. Salient features of the transaction
2. Transaction rationale
3. Commercial aspects of the transaction
4. Life Healthcare strategy post transaction
5. Next steps & transaction timeline



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**Salient features of the transaction**

**Chief Executive: Pete Wharton-Hood**





# TRANSACTION SUMMARY

1	<b>The transaction</b>	<ul style="list-style-type: none"> <li>The disposal by Life Healthcare, through its wholly owned subsidiary Life Medical Group Limited (LMGL) of 100% of Life Molecular Imaging (LMI) to Lantheus Holdings Inc. (Lantheus)</li> </ul>
2	<b>Overview of the purchaser</b>	<ul style="list-style-type: none"> <li>Lantheus is a leading radiopharmaceutical-focused company with proven expertise in developing, manufacturing, and commercialising pioneering diagnostic and therapeutic products and artificial intelligence (AI) solutions</li> </ul>
3	<b>Transaction rationale</b>	<ul style="list-style-type: none"> <li>The transaction provides an opportunity for shareholders to unlock significant value and de-risk the execution of the LMI business plan while still participating in the future growth of LMI through the earnouts, milestone payments and retained rights in Africa</li> </ul>
4	<b>Purchase consideration</b>	<ul style="list-style-type: none"> <li>Initial upfront payment of US\$350 million (approximately ZAR 6,475 million*) payable upon closing and further potential earnout and milestone payments of up to US\$400 million (approximately ZAR 7,400 million*) linked to future sales of LMI products up to 2034</li> <li>Net proceeds from the upfront payment anticipated to be US\$200 million (approximately ZAR 3,700 million*) returned to shareholders</li> </ul>
5	<b>Conditions precedent</b>	<ul style="list-style-type: none"> <li>Category 1 transaction in terms of the JSE Listings Requirements, requiring &gt;50% shareholder approval at a general meeting</li> <li>Applicable regulatory clearances from required regulatory authorities in the USA, Germany and the United Kingdom</li> <li>SARB approval in terms of the Exchange Control Regulations of the guarantee provided by Life Healthcare</li> <li>Consent of the purchaser of Alliance Medical Group (AMG) in terms of the sale and purchase agreement related to the sale of AMG</li> </ul>
6	<b>Indicative timeline</b>	<ul style="list-style-type: none"> <li>Distribution of circular to shareholders – end February 2025</li> <li>Shareholder vote – end March 2025</li> <li>Expected closing – 2H2025</li> </ul>

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\*Based on ZAR/USD exchange rate of ZAR18.50



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**Transaction rationale**

**Chief Executive: Pete Wharton-Hood**



# TRANSACTION RATIONALE

The transaction delivers a material unlock of value upfront, de-risking the execution of the LMI business plan while allowing shareholders to participate in the potential growth through future earnout, milestone and royalty payments

✓	<b>Ability for shareholders to unlock significant value</b>	<ul style="list-style-type: none"><li>• Opportunity for shareholders to unlock material value in LMI and achieve a highly attractive return on the LMI investment</li></ul>
✓	<b>Acceleration of value</b>	<ul style="list-style-type: none"><li>• De-risks the value in the LMI business plan and enables shareholders realise the longer-term value upfront</li></ul>
✓	<b>Shareholders continue to participate in LMI growth going forward</b>	<ul style="list-style-type: none"><li>• Shareholders continue to benefit from earnout payments and retention of the net economic benefits relating to the RM2 sub-license agreement with Lantheus in 2024</li><li>• Life Healthcare retains the right to manufacture and distribute LMI products and pipeline in Africa</li></ul>
✓	<b>Life Healthcare is not a natural long-term owner of LMI</b>	<ul style="list-style-type: none"><li>• Strategy has always been to realise value once traction in sales growth has been achieved</li><li>• Avoids near-term dilution from R&amp;D investments required to maximise the potential of LMI</li></ul>
✓	<b>LMI is well positioned in Lantheus's hands</b>	<ul style="list-style-type: none"><li>• Highly respected industry partner capable of realising the value of LMI's R&amp;D capabilities and pipeline</li><li>• Uniquely positioned to invest in and grow LMI's portfolio of imaging assets and ensure that the business meets its growth potential</li></ul>
✓	<b>Repositioning of Life Healthcare</b>	<ul style="list-style-type: none"><li>• Leading, diversified, and integrated healthcare services provider in southern Africa with clear capital allocation priorities, a resilient and sustainable financial profile, and a strong cash generation ability</li></ul>

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# WHO IS LANTHEUS

Leading radiopharmaceutical-focused company

## PURPOSE

Enable clinicians to Find, Fight and Follow disease to deliver better patient outcomes

## STRATEGY

Maximize value of existing portfolio and expand innovative radiopharmaceuticals pipeline

## PATIENTS

Approx 7 million patient lives impacted in 2024<sup>1</sup>

- More than 65 years of improving patient care by making advancements across the healthcare spectrum
- Diversified portfolio and pipeline consists of therapeutic and diagnostic radiopharmaceutical products with multi-billion dollar total addressable markets across:
  - Precision diagnostics that find and follow diseases in non-oncologic conditions
  - Radiopharmaceutical oncology diagnostic and therapeutic products that find, fight and follow cancer
  - Strategic partnerships that empower precision medicine using biomarkers and digital solutions
- Commercial products are used by nuclear medicine physicians, oncologists, radiologists, urologists, internal medicine physicians, sonographers and technologists working in a variety of clinical settings
- Operationally efficient and financially disciplined with strong balance sheet to enable future business development
- Listed on the NASDAQ stock exchange, market capitalisation of approximately US\$6.5 billion (ZAR 120 billion)

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Note:

1. Lantheus internal analyses and data on file



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## Commercial aspects of the transaction

CFO: Pieter van der Westhuizen

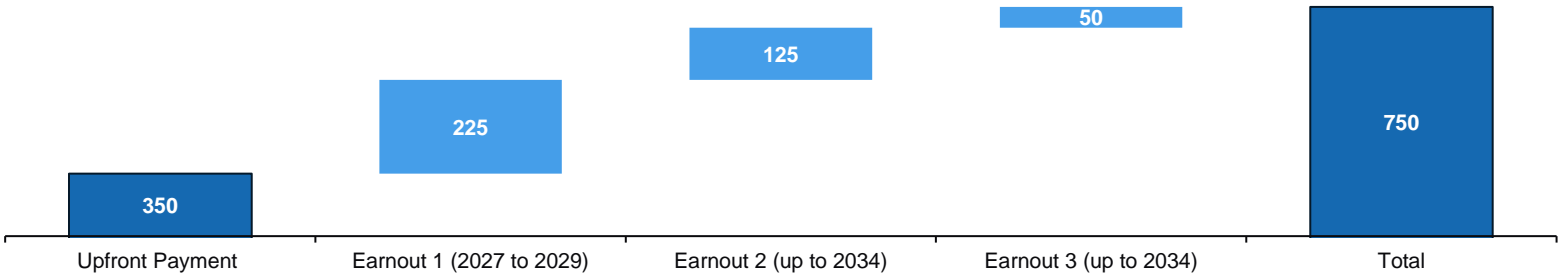




# PURCHASE CONSIDERATION

In addition to the Purchase Consideration, Life Healthcare retains the right to Africa and net economic benefits to RM2

## Purchase Consideration (US\$m)



## Earnouts

1	<b>Earnout 1</b>	<b>Annual NeuraCeq® Net Sales Earnout Payments</b> <ul style="list-style-type: none"><li>Annual payment, in cash, for each of the 2027, 2028 and 2029 calendar years of an amount equal to 23% of NeuraCeq® net sales in the USA in that calendar year that exceed US\$225m, capped at US\$225m in aggregate for the three-year period</li></ul>
2	<b>Earnout 2</b>	<b>NeuraCeq® Net Sales Milestone Payment</b> <ul style="list-style-type: none"><li>One time milestone payment of US\$125m, in cash, if NeuraCeq® global net sales exceed US\$1.25bn in any single calendar year in the period from closing until 31 December 2034</li></ul>
3	<b>Earnout 3</b>	<b>Other Pipeline Assets Net Sales Milestone Payment</b> <ul style="list-style-type: none"><li>One time milestone payment of US\$50m, in cash, if aggregate net sales in the USA of three of LMI pipeline products (known as PI-2620, GP1, and DED) exceed US\$500m in any single calendar year in the period from closing until 31 December 2034</li></ul>

## RM2 and Africa licensing

In addition, as part of the transaction, Life Healthcare will retain:

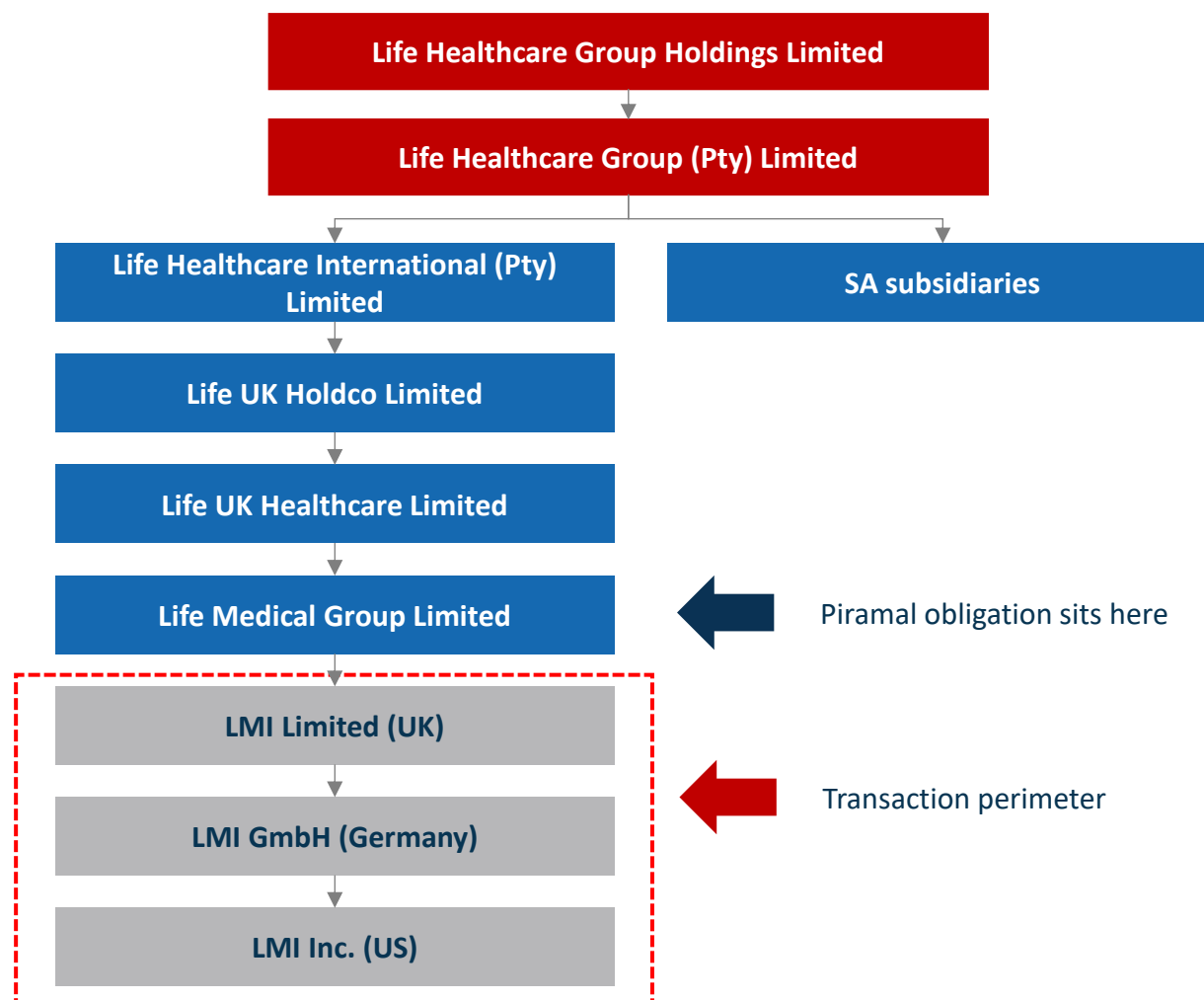
- ✓ Right to manufacture, commercialise and distribute LMI products in Africa, representing further potential upside
- ✓ LMI’s rights under the RM2 sub-license agreement with Lantheus in June 2024, subject to agreeing terms on which the net economic benefit of that sub-license agreement will be delivered prior to completion of the transaction

RM2 sub-license agreement provides for milestone and royalty payments linked to the development, approval and sales of RM2’s early-stage novel radiotherapeutic and radio diagnostic products

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# LMI CORPORATE STRUCTURE & PIRAMAL ARRANGEMENT

LMI Limited (UK) is owned by LMGL. A profit-sharing arrangement exists at LMGL, which covers profit generated by LMI as well as proceeds from a sale of the business



## Understanding the Piramal profit-sharing arrangement

- LMI contingent consideration will become payable to Piramal when the acquired business generates a positive cash contribution, measured on a cumulative basis from the date of acquisition (refer below)

### If Life holds LMI

Management EBITDA = EBITDA + Cash spend on fixed and intangible assets, post LMI management incentives

If cumulative Management EBITDA > 0

**Piramal earns:**

50% of Management EBITDA

**Period & expiry:**

10-year period Expires 2028

**Cap:**

\$200m

### If LMI is sold

If LMI is sold, Piramal shares in the profits, provided the cumulative EBITDA is positive (post LMI management incentives)

**Piramal earns:#**

- 50% of:
- sale proceeds if cumulative EBITDA > 0
  - Earnouts
  - Aggregate management EBITDA after LMI Management share

**Expiry**

Expires 2028

**Cap:**

\$200m

# Lantheus and Life Healthcare to contribute equally to payments due to Piramal and LMI Management, with Lantheus's contribution subject to a maximum aggregate of US\$30m, and Life Healthcare to contribute any remaining balance due. These payments only become due to the extent there is positive cumulative management EBITDA

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# NET PROCEEDS TO LIFE HEALTHCARE

Life Healthcare intends to return the net proceeds of the upfront payment to shareholders within 12 months of closing

US\$m	Upfront Payment <sup>1</sup> (Within 12 months of closing)	Potential Earnouts <sup>2</sup> (Between 2026 and 2034)
Upfront payment	350	
Est. earnout 1 (NeuraCeq USA sales)		225
Est. earnout 2 (NeuraCeq global sales)		125
Est. earnout 3 (other pipeline products USA sales)		50
<b>Total Lantheus payments</b>	<b>350</b>	<b>400</b>
Cash and debt-like items (incl. NWC adjustment and incentive schemes)	20	
Transaction costs	(12)	(2)
LMI Management Payment	(18)	(14)
Piramal Contingent Consideration	(140)	(60)
Lantheus contribution to LMI Management and Piramal		30
<b>Net proceeds to Life Healthcare from the Transaction</b>	<b>200</b>	<b>354</b>

- Aggregate Piramal payment capped at US\$200m
- Net proceeds from the upfront payment and potential RM2 milestones intended to be returned to shareholders within 12 months of closing
- Lantheus to contribute 50% of the payments to LMI management and Piramal up to a maximum amount of US\$30m

In addition, Life Healthcare has retained the rights to RM2 milestone payments which could be up to US\$310 million, however, this is dependent on various regulatory approvals being granted after the successful development of the product

## Notes:

1. Net proceeds of the Upfront Payment are an estimate and are subject to finalisation at closing
2. Represents potential earnouts and payments to LMI Management and Piramal. These are estimates which are subject to both business performance and the earnouts

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# Life Healthcare strategy post transaction

## Chief Executive: Pete Wharton-Hood





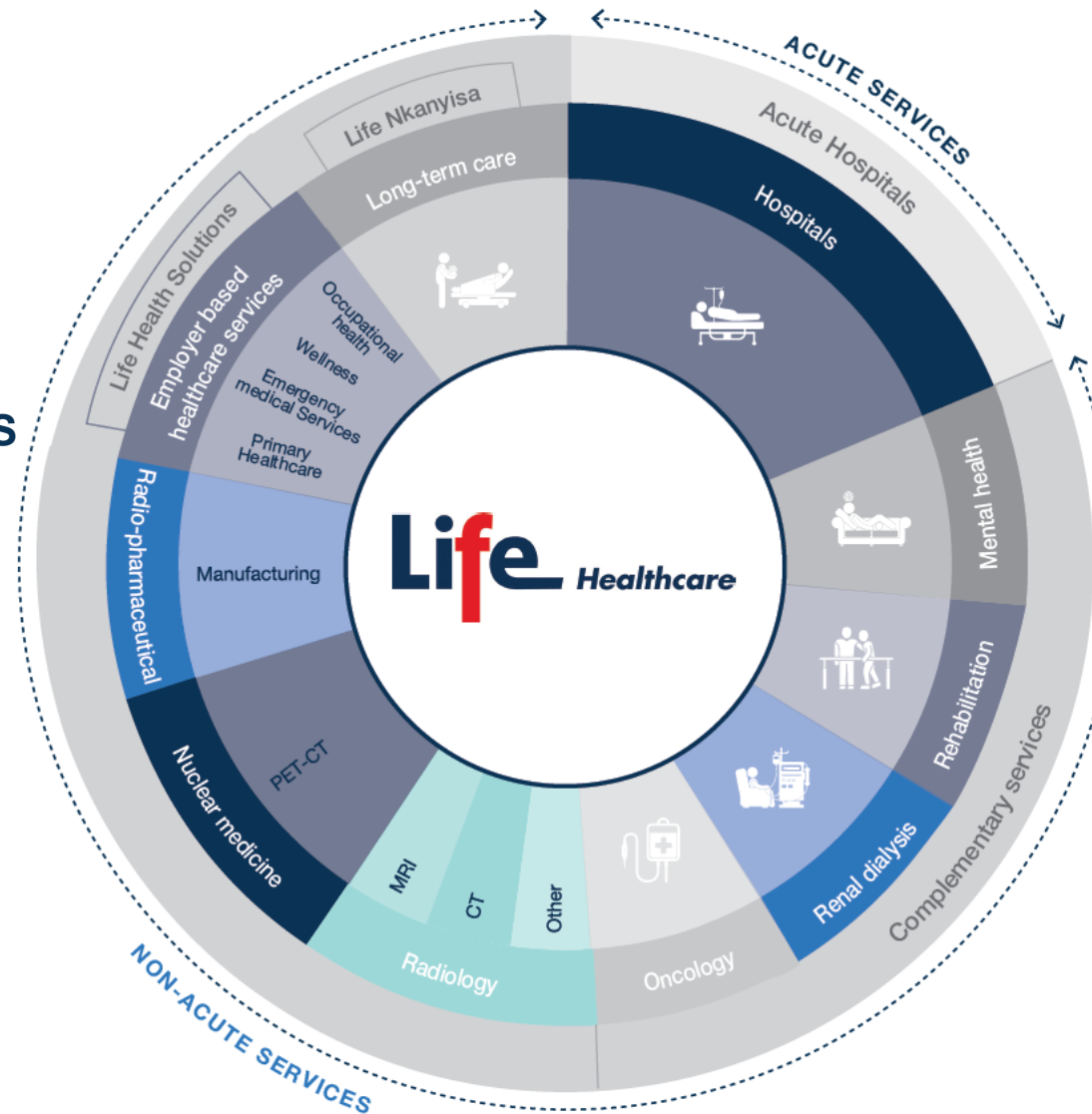
# WHO WE ARE | OUR PORTFOLIO – SOUTHERN AFRICA

## ACUTE

- 71 healthcare facilities
- Acute hospitals:
  - 48 facilities
  - 8 308 beds

## COMPLEMENTARY SERVICES

- Mental health facilities:
  - 9 facilities
  - 607 beds
- Acute rehabilitation units:
  - 7 units
  - 287 rehabilitation beds
- 1 012 renal dialysis stations
- 5 oncology units



## DIAGNOSTICS<sup>1</sup> & RADIO PHARMA

- 2 cyclotrons
- 3 PET-CT sites
- 7 imaging sites

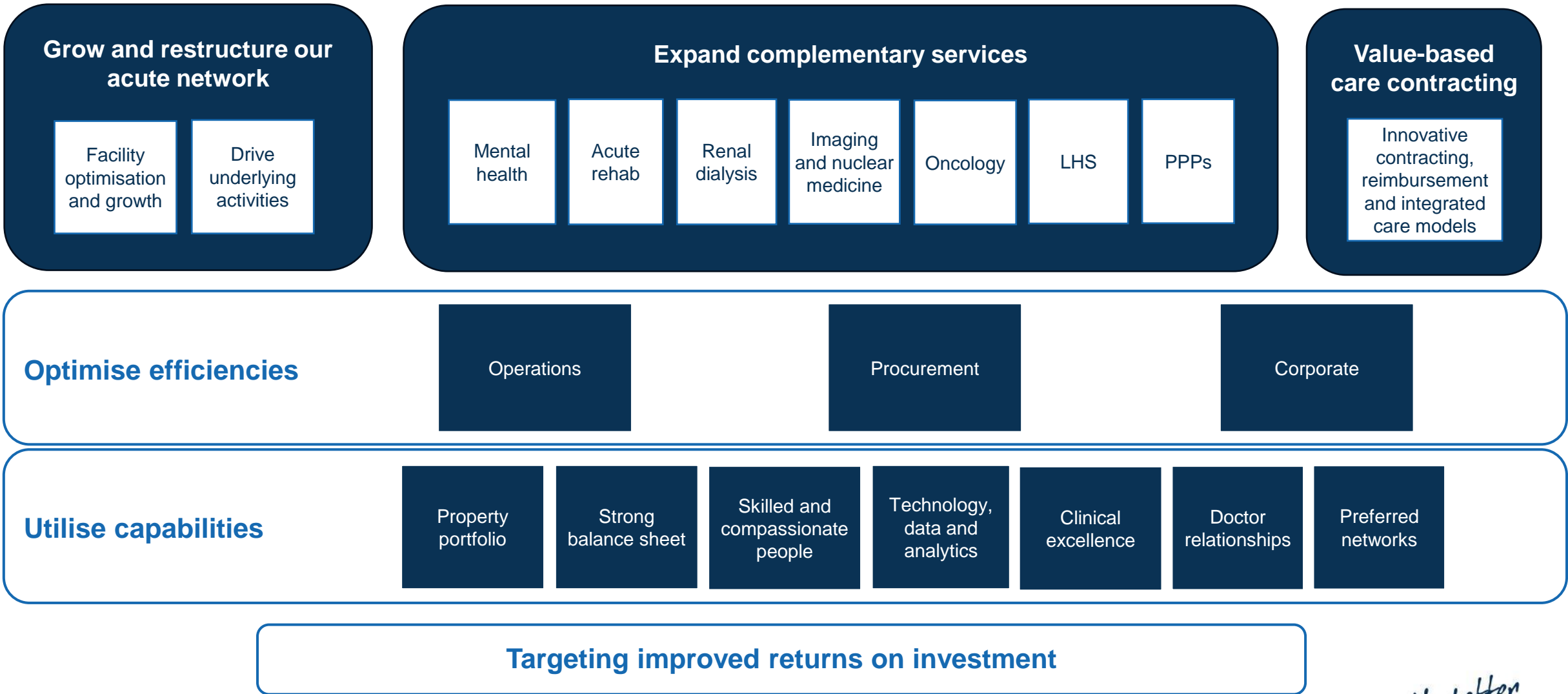
## HEALTHCARE SERVICES

- Employer based on-site occupational health and wellness<sup>2</sup>
- 2 341 PPP<sup>3</sup> beds

<sup>1</sup> Radiology and nuclear medicine

<sup>2</sup> Life Health Solutions (LHS)

<sup>3</sup> Public-private partnerships – Life Nkanyisa



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<p><b>Strong Growth</b></p>	<ul style="list-style-type: none"> <li>■ Growth plans 2025/2026:                     <ul style="list-style-type: none"> <li>■ 219 beds:                             <ul style="list-style-type: none"> <li>■ 79 beds in FY2025</li> <li>■ Commence build of 140 bed hospital</li> </ul> </li> </ul> </li> <li>■ Continued strong growth in Complementary services:                     <ul style="list-style-type: none"> <li>■ Imaging transactions underway</li> <li>■ New PET-CT sites</li> <li>■ Renal Dialysis growth</li> </ul> </li> </ul>
<p><b>Drive asset utilisation</b></p>	<ul style="list-style-type: none"> <li>■ Occupancies at 70%</li> </ul>
<p><b>Optimise</b></p>	<ul style="list-style-type: none"> <li>■ Operational efficiencies</li> <li>■ Embed FMC renal operations</li> <li>■ Expand roll-out of renal dialysis integrated care programme</li> <li>■ Pursue further asset optimisation opportunities</li> </ul>
<p><b>Underpinned by</b></p>	<ul style="list-style-type: none"> <li>■ Fortress balance sheet with net debt to normalised EBITDA: 0.45x</li> <li>■ Strong cash generation</li> <li>■ ROCE at 19.8%</li> </ul>

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**Next steps & transaction timeline**

**Chief Executive: Pete Wharton-Hood**





# CONCLUSION

## The transaction

- Provides the ability for shareholders to unlock significant value
- De-risks execution of the LMI business plan, through an acceleration of value
- Enables shareholders to continue to participate in LMI growth going forward through milestone and royalty payments
- Ensures Life Healthcare retains the right to manufacture and distribute LMI products and pipeline in Africa
- Repositions Life Healthcare as a leading, diversified, and integrated healthcare services provider in southern Africa

## Salient dates

**End February 2025**



Distribution of circular to shareholders

**End March 2025**



General meeting of shareholders and shareholder vote

**Second Half 2025**



Finalisation of transaction

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*Questions?*  
**Thank you**