

## Strong revenue growth boosts earnings and cash flows three-fold in Q1 2012

Luxembourg, 3 May 2012

Eurofins achieved organic growth of over 10% during its seasonally weaker first quarter, driving a three-fold increase in earnings per share (EPS) and Net Operating Cash Flows. The 36% increase in total revenues to EUR 224m due to strong organic growth and solid contribution from recent acquisitions led to a 49% increase in adjusted EBITDA to EUR 29m. The Group's ability to maximise operating momentum has translated to a three-fold increase in statutory earnings per share to EUR 0.30, and a significant widening of Net Operating Cash Flows to EUR 23m. For the first time in at least ten years, the Group generated Free Cash Flow during the first quarter of the year. Since January 1, 2012, Eurofins also concluded five profitable acquisitions and successfully moved its legal corporate seat to Luxembourg. The Company was officially struck-off from the French Register of Commerce effective March 30, 2012. The developments and strong results in Q1 bode well for the remainder of 2012.

Q1 2012 EURm	Q1 2012			Q1 2011			+/- % Adjusted Results
	Adjusted Results <sup>1</sup>	Separately disclosed items <sup>2</sup>	Statutory Results	Adjusted Results	Separately disclosed items	Statutory Results	
Revenues	224.1		224.1	164.3		164.3	36.4%
EBITDA <sup>3</sup>	28.8	-3.9	24.9	19.3	-2.0	17.3	48.9%
EBITDA Margin	12.8%		11.1%	11.8%		10.5%	108bp
EBITAS <sup>4</sup>	17.6	-5.0	12.5	9.7	-3.1	6.6	80.8%
Net Profit for the Group	10.5	-6.2	4.3	5.9	-4.3	1.2	76.4%
EPS <sup>5</sup>	0.73		0.30	0.38		0.08	92.1%
Capex	11.7		11.7	8.8		8.8	33.4%
Net Operating Cash Flow <sup>6</sup>	22.9		22.9	6.8		6.8	237.2%
Free Cash Flow <sup>7</sup>	7.5		7.5	-1.4		-1.4	NM

### Q1 2012 Results Highlights

- Revenues increased 36% year-on-year to EUR 224m. Organic growth during the quarter was over 10%, well-above the Group's 5% mid-term objective.
- Strong growth across all markets, specifically in the US and UK, where growth further accelerated. Continued solid performance from recent acquisitions, notably Lancaster, supports Group investment strategy and provides further growth engine.
- Adjusted EBITDA rose 49% to EUR 29m on 108bp margin expansion despite typical front-loaded fixed costs and impact of IPL losses. Improved profitability, in addition to declining depreciation costs relative to sales, therefore boosted adjusted EBITAS by 80% to EUR 18m.
- The strong operating momentum boosted statutory EPS and net operating cash flow 3-fold to EUR 0.30 and EUR 23m respectively. The Group generated Free Cash Flow of EUR 7.5m in Q1 2012, signalling a reversal of the previous trend for Free Cash Outflow in the first quarter of the year, as the Group focuses on consistent cash generation.
- Net Debt<sup>8</sup> as of March 31, 2012 was EUR 261m, representing Net Debt/equity of 0.9x and Net Debt/Clean<sup>9</sup> EBITDA of 1.7x, largely unchanged from the end of December 2011, despite multiple acquisitions during the quarter, and lower equity base due to the quadrupling in dividends. Hence, the debt ratios remain well-below the Group's maximum debt covenant limits of 1.5x and 3.5x respectively.

**Comments from the CEO, Dr. Gilles Martin:**

"The solid performance achieved by the Group during a seasonally quiet period supports our optimism that we should be able to deliver, or even exceed, our objective of generating at least EUR 950m of revenues in 2012 and EUR 1bn of revenues and EUR 210m in adjusted EBITDA for 2013. More importantly, it is further confirmation of the continued strengthening of Eurofins' position in its markets. Indeed, the large investments in research and development (R&D), infrastructure and technology now enable Eurofins to offer unprecedented and unmatched range of high quality services to its clients on 5 continents. This bodes well for future growth and profitability."

**Revenues**

Revenues for the first quarter of 2012 stood at EUR 224.1m, representing a 36.4% year-on-year increase, over 10% of which was generated organically. The strong organic growth confirms the solid progress that the Group is making in gaining market share across its businesses by leveraging its enlarged, modern laboratory network following the last investment programme.

The strong operating momentum during the quarter was seen in all of Eurofins' markets, through a combination of increased market volumes and market shares. In Europe, Eurofins' largest markets remain solid and posted strong growth consistent with trends seen in 2011. Specifically, the Group generated strong double-digit organic revenue growth in the UK, on the back of increased market volumes, and Eurofins' increased market share in the Public Analyst business. Likewise, the Group's intense efforts in 2011 to gain market share in the Benelux has translated to very strong revenue growth, which should be sustained following recent acquisitions that reinforce Eurofins' leading position in the region. In the US, the steady growth in the market for food testing, following recent regulatory developments<sup>i</sup> and food scares<sup>ii</sup> in addition to Eurofins' growing market footprint, led to a further acceleration in organic growth. During the quarter, for example, Eurofins US won an exclusive supplier agreement contract with a national industry association for pet food safety testing. The QTA outsourcing agreement with BASF is evidence that the Group's growing market presence is also drawing the attention of large customers. In line with the positive market developments in the US, Eurofins is expanding its site in Louisiana to accommodate growing activities. Once completed, the 50,000 sq. ft. site will be one of the largest analytical testing facilities in the Southeastern US region.

Elsewhere, Eurofins' newer markets continue to see strong growth thanks to growing demand for testing in food, environment and pharmaceutical products. The Group is gaining further inroads in China, with food testing customer count at 1,833 at the end of Q1 2012, versus 967 in Q4 2011. In Brazil, the steady growth in testing volumes is supported by both the thriving local consumer and export markets for food and produce. The acquisition of ALAC therefore reinforces Eurofins' position in this attractive, rapidly-growing market. In Japan, the Group continues to gain traction in the local market, and benefits from its capabilities especially in radioactive material analysis (RMA). The investment in FASMAC and the recent acquisition of a majority stake in Nihon Kanyo KK should allow Eurofins to strengthen its footprint in the Japanese market.

Across its businesses, food testing remains solid, underpinned by market growth and increased market share. Volumes during the seasonally quieter Q1 support a positive outlook for the remainder of the year. Eurofins' pharmaceutical testing activities posted strong growth, with further strengthening of the recovery in central laboratory business evident during the quarter, in addition to strong performance from pharmaceutical products testing. Environmental testing also delivered growth, with seasonal acceleration expected later in the year.

<sup>i</sup> US Food Safety Modernization Act (FSMA) introduced in January, 2011

<sup>ii</sup> Contamination of cantaloupes, ground turkey and orange juice, to name a few, in 2011 alone

Overall, the trends across the Group's markets remain positive and allow management to be optimistic on the outlook for the medium term.

### Geographical Revenue Breakdown

Q1 2012 (EUR m)	Q1 2012	As % of total	Q1 2011	As % of total
Benelux	20.2	9.1%	17.0	10.3%
UK & Ireland	12.2	5.4%	8.9	5.4%
France	45.3	20.2%	33.0	20.1%
Germany	41.6	18.5%	38.5	23.5%
North America	48.9	21.8%	18.8	11.5%
Nordic Countries	33.9	15.1%	30.6	18.6%
Other (including Emerging Markets)	21.9	9.8%	17.5	10.7%
<b>Total</b>	<b>224.1</b>	<b>100%</b>	<b>164.3</b>	<b>100%</b>

### Profitability

Adjusted EBITDA rose 48.9% to EUR 28.8m on a 108bp margin expansion to 12.8% despite typical front-loaded fixed costs and operating losses from IPL. In-line with the Group's objective of bringing its start-ups closer to break-even or profitability by the end of 2012, losses from these activities narrowed from EUR 1.6m in Q1 2011 to EUR 1.1m in Q1 2012. Even after taking into account the one-off costs incurred during the period from integration and reorganization of IPL, the recently-acquired Benelux companies and other acquisitions, plus the legal and administrative costs related to the transfer of the corporate seat of Eurofins Scientific SE (the Group's holding company) to Luxembourg, Eurofins' statutory EBITDA still rose 43.7% to EUR 24.9m.

Total cost inflation across the Group was still moderately slower than the revenue acceleration, despite acquisitions made since Q1 2011. Given that depreciation costs have declined as a proportion of revenues, the higher revenues and stronger margins have widened adjusted EBITAS by 80.8% to EUR 17.6m, and statutory EBITAS by 89.9% to EUR 12.5m. Therefore, despite the increase in interest expenses from the higher debt levels compared to Q1 2011 following the completion of large acquisitions (Lancaster and IPL), Eurofins generated statutory net profit of EUR 4.3m in Q1 2012, a more than 3-fold increase from the EUR 1.2m achieved in Q1 2011.

### Balance Sheet

Total assets at the end of March 31, 2012 was EUR 1,051.6m, a 22.5% increase compared to the same period in the previous year. Despite payment for multiple acquisitions during the quarter, cash and cash equivalents at the end of the period was still EUR 153.5m. Net Debt stood at EUR 261.1m, implying Net Debt/clean EBITDA of 1.7x, and Net Debt/equity of 0.9x (in spite of the quadrupled dividend in 2012), and remain well below the 3.5x and 1.5x threshold respectively as set by the Company's debt covenants. Therefore, the Group remains more than sufficiently funded for its growth plans given its existing liquidity, and the outlook for its profitability and cash generation.

Net working capital (NWC) as of March 31, 2012 was 5.9% of revenues, higher than the 5.4% at the end of December 2011, but moderately lower compared to March 2011. This is partly due to the stronger growth and the timing of payments given the current profile of the Group. Management is focused on managing NWC closer to 5% of revenues by the end of the year, after the seasonally higher Q2 and Q3, according to annual target.

### Cash flows

The higher profitability in Q1 2012 has resulted in a 3x increase in the Group's Net Operating Cash Flow to EUR 22.9m. Capital expenditures in Q1 2012 came to EUR 11.7m, versus EUR 8.8m in Q1 2011. However, as a proportion of revenues, capital expenditures declined modestly to 5.2% in Q1 2012. This, in addition to the significant increase in operating cash flow has resulted in Free Cash Flow (FCF) generation of EUR 7.5m for Q1 2012, marking the first

FCF-positive Q1 in over 10 years that the Company has been investing heavily to become the global leader in its field.

- <sup>1</sup> Adjusted – reflects the ongoing performance of the mature and recurring activities excluding “separately disclosed items”
- <sup>2</sup> Separately disclosed items - includes one-off costs from integration, reorganization and discontinued operations and other non-recurring costs, temporary losses related to network expansion/start-ups, amortisation of intangible assets related to acquisitions, goodwill impairment, transaction costs related to acquisitions, non-cash accounting charges for stock options, and relevant tax effect from adjustment of all separately disclosed items.

Q1 2012 Separately disclosed items	Q1 2012	Q1 2011
One-off costs from integration, reorganization and discontinued operations, and other non-recurring costs	2.7	0.4*
Temporary losses related to network expansion/Start-ups	1.1	1.6
EBITDA impact	3.9	2.0
Depreciation costs specific to start-ups	1.2	1.1
EBITAS impact	5.0	3.1
Amortisation of intangible assets related to acquisitions, goodwill impairment, transaction costs related to acquisitions, non-cash accounting charges for stock options and tax effect from adjustment of all separately disclosed items	1.2	1.2
Total impact on Net Profit	6.2	4.3

\*includes positive one-off effects from litigation outcome (EUR 0.9m)

- <sup>3</sup> EBITDA – Earnings before Interest, Tax, Depreciation and Amortization
- <sup>4</sup> EBITAS – Earnings Before Interest, Tax, Amortization of intangible assets related to acquisitions and impairment of goodwill and non-cash accounting charge for Stock options
- <sup>5</sup> EPS – earnings per share before payment of dividends to hybrid bond holders
- <sup>6</sup> Net Operating Cash Flow – net cash provided by operating activities after tax
- <sup>7</sup> Free Cash Flow – Net Operating Cash Flow, less interest and hybrid dividend paid and cash used in investing activities (but excluding payments for acquisitions)
- <sup>8</sup> Net Debt – long and short-term borrowings less cash and cash equivalents
- <sup>9</sup> Clean - excludes one-off costs from integration, reorganization and discontinued operations, amortisation of acquisition intangibles, non-cash accounting charges for stock options, and other non-recurring costs, but including losses related to network expansion/start-ups

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#### Notes for the editor:

##### Eurofins – a global leader in bio-analysis

Eurofins Scientific is the world leader in food and pharmaceutical products testing. It is also number one in the world in the field of environmental laboratory services and one of the global market leaders in agroscience, genomics and central laboratory services.

With over 12,000 staff in more than 160 laboratories across 32 countries, Eurofins offers a portfolio of over 100,000 reliable analytical methods for evaluating the safety, identity, composition, authenticity, origin and purity of biological substances and products. The Group provides its customers with high-quality services, accurate results in time and expert advice by its highly qualified staff.

Eurofins is committed to pursuing its dynamic growth strategy by expanding both its technology portfolio and its geographic reach. Through R&D and acquisitions, the Group draws on the latest developments in the field of biotechnology and analytical chemistry to offer its clients unique analytical solutions and the most comprehensive range of testing methods.

As one of the most innovative and quality oriented international players in its industry, Eurofins is ideally positioned to support its clients' increasingly stringent quality and safety standards and the expanding demands of regulatory authorities around the world.

The shares of Eurofins Scientific are listed on the NYSE Euronext Paris Stock Exchange (ISIN FR0000038259, Reuters EUFI.PA, Bloomberg ERF FP).

**Important disclaimer:**

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