



## **Eurofins issues new EUR 150m hybrid bond to refinance existing hybrid capital and maintain optimal balance sheet**

**24 January 2013**

Eurofins announces that it has successfully issued a EUR 150m new hybrid bond to refinance its existing EUR 150m hybrid capital, whilst maintaining full balance sheet flexibility in order to respond swiftly to compelling growth opportunities. Eurofins has also simultaneously launched a tender offer for the existing hybrid bond (ISIN FR0010474627) which expires on the 30<sup>th</sup> of January, 2013.

The structure of the new issue is similar to the existing hybrid bond, with a perpetual maturity, but callable at par by Eurofins in January 2020, and bears a fixed annual coupon of 7.00% for the first seven years, lower than the 8.08% yield of the existing hybrid bond. The structure ensures that the hybrid bond is accounted for as 100% equity according to international financial reporting standards (IFRS), thereby leaving Eurofins substantial headroom in its financing capacity as debt ratios are kept well below the Company's debt covenant limits.

Given that the size of the new issue corresponds to the size of the existing hybrid bond (in par value), the transaction should have limited impact on the Group's net debt or its debt ratios. Going forward, Eurofins will benefit from the reduced coupon payments given the lower yield of the new bond.

Eurofins launched the transaction to pre-finance the redemption on its existing hybrid bond, effectively lengthening the overall maturity profile of the Company, whilst maintaining the optimal structure of its balance sheet. The transaction allows Eurofins to maintain its existing liquidity for growth investments. At the end of September 2012, the Company's net debt stood at EUR 306m, implying net debt to clean EBITDA<sup>1</sup> of 1.8x and net debt to equity of 0.9x, versus its covenant limits of 3.5x and 1.5x respectively. Therefore, given its existing capital structure, Eurofins retains significant additional capacity in its balance sheet to respond to investment opportunities swiftly and efficiently.

Comment from **Dr. Gilles Martin**, Eurofins CEO: *"The transaction to refinance the hybrid bond issued in 2007 and 2011 with a new hybrid bond bearing a lower coupon allows Eurofins to secure stable, long term financing, whilst maintaining significant flexibility in our balance sheet. In addition to improving Eurofins' debt profile, which should translate to improved conditions for potential future debt issuance to replace, if needed, the existing OBSAAR and Schuldschein instruments when they come due, and to improving the Group's return on core equity, this capital structure allows Eurofins to pursue growth opportunities regardless of financial market developments. We are convinced that the Group has the appropriate funding mix and sufficient financial capability to execute on its business plan of growing organically and through selective acquisitions to reach EUR 2bn in revenues by 2017, whilst delivering high returns on capital and minimizing liquidity risk. The success of the new transaction is another illustration of the attractiveness of our industry, and of Eurofins' business model."*

The refinancing of the hybrid bond, along with increasing cash flows, strengthens Eurofins' funding position to drive growth without raising leverage risk. Along with the EUR 170m proceeds from the Schuldschein issued in July 2011, and the EUR 174m raised from the 2010 OBSAAR, the Group is sufficiently funded to pursue its organic and external growth plans in the next five years.

The new hybrid bond was placed with institutional investors across Europe, with the transaction, co-managed by HSBC and Bayern LB, well received and completed quickly. The instrument will be listed on the Frankfurt Stock Exchange with ISIN XS0881803646.

*<sup>1</sup>Earnings before interest, tax, depreciation and amortization, excluding one-off costs from reorganization and discontinued operations, but including losses related to network expansion (17 start-ups)*

**For more information, please visit [www.eurofins.com](http://www.eurofins.com) or contact:**

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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 agrosience, genomics, discovery pharmacology and central laboratory services.

With over 13,000 staff in more than 170 laboratories across 33 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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