

Eurofins sets new mid-term objective to reach EUR 4bn of revenues by 2020 and should exceed EUR 2.2bn pro-forma revenues in 2015

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- Following completion of the acquisition of Biomnis on the 14th of October, Eurofins has reviewed its mid-term objectives.
- Consistently strong organic growth and an acceleration in acquisitions should allow the Group to achieve more than EUR 2.2bn in revenues and close to EUR 400m of adjusted EBITDA on a pro-forma basis in 2015, implying that Eurofins should be able to outperform its 2017 EUR 2bn revenue objective more than one year earlier than planned as previously announced, and two years earlier than planned on a pro-forma basis. Thus, on a pro-forma basis, Eurofins will have reached its objective of doubling in size from EUR 1bn of revenues in 2012 to EUR 2bn in only 3 years.
- For 2016, Eurofins' management has set the revenue objective at EUR 2.5bn.
- From then on, in line with continued strength in underlying trends across its businesses, and the outlook for further consolidation opportunities in many of Eurofins' markets, the management is positive that the Group should be able to continue to generate sustainable growth and achieve revenues of EUR 4bn in 2020, at constant currency exchange rates.
- After over 30% growth in 2015 and 2016, this objective implies annual growth expectation of about 12.5% over the following 4 years (2017 to 2020). This is based on achieving an annual organic growth objective of 5% on average over the period, with the remainder to be achieved through acquisitions of about EUR 1bn over the period 2016-2020, an average of ca. EUR 200m per year if spread evenly between 2016 and 2020.
- As previously communicated, Eurofins plans to continue investing in many start-up laboratories (35 between 2014 and 2016, of which 21 already opened as of mid-2015) and in innovative testing technologies.
- Given the scale and the profitability of its mature businesses, the objective is for the Group to double in size again from EUR 2bn to EUR 4bn whilst continuing to deliver substantial profit improvements, as the proportion of the mature businesses which has EBITDA margin above 20% continue to expand. Over time, steady reduction in dilution from start-ups and businesses in restructuring should allow adjusted EBITDA margin of the mature businesses and the Group as a whole to converge.
- The investment program in very large state of the art sites and IT solutions on the 2013 perimeter is on track to be completed as planned by 2017. The objective is thus that capex should gradually normalize to 6% of sales (which still includes significant growth capex), effectively boosting further the Group's cash flow generation going forward.

Following the multiple successful bond and hybrid capital funding exercises in the first 7 months of 2015, the Group is already well-funded for at least the first phase of its new mid-term plan. The timing and magnitude of funding exercises required to reach the Group's EUR 4bn revenue objective and repayment of existing debt instruments when they come due will depend on when the EUR 1bn revenues to be acquired as part of the 2016-2020 5-year plan will be completed. If acquisitions materialize linearly over 5 years (ca. EUR 200m of additional revenues per year), and the Group reaches its organic growth and profitability objectives, the achievement of EUR 4bn of revenues by 2020 should be possible without additional equity and while staying within Eurofins' current financial covenants. Only very large single acquisitions or a faster ramp up of acquisitions above EUR 200m/year early in the cycle should require additional equity (hybrid or otherwise). Going forward, the Group intends to maintain a strong balance sheet with sufficient headroom at all times to be able to respond to opportunities swiftly. Furthermore, earnings impact from interest expense should be increasingly offset by growing contributions from newly-acquired businesses after their full consolidation.

Comments from the CEO, Dr. Gilles Martin: "The expected early achievement of our 2017 EUR 2bn revenue objective in 2016 (and already in 2015 on a pro-forma basis) reflects the successful execution of our strategy to pursue sustainable growth. Our ability to grow earnings despite temporary dilution from heavy investments including our multiple start-ups or from new acquisitions that are not yet at Group profitability level demonstrate the strong inherent profitability of our business as a whole. The bioanalytical testing industry is at the threshold of exciting developments, where science, medicine and technology are converging. Eurofins is very well-positioned to lead, and benefit from these developments. In light of this, we are confident in setting the objective to achieve EUR 2.5bn of revenues in 2016, and from then on, to grow by about 12.5% per year over the medium term to reach revenues of EUR 4bn by 2020, whilst delivering significant earnings growth over that period. We intend to remain focused and committed to securing leadership in markets where we can make a difference while being conservatively financed, and maintaining our leadership in our existing markets. This disciplined and long-term oriented approach to the exciting markets we operate in has proven to be key in creating significant shareholder value over the years, and we intend to pursue it with the same focus on quality and innovation to continue offering unparalleled services to our clients."

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Notes for the editor:

Eurofins – a global leader in bio-analysis

Eurofins Scientific is the world leader in food, environment and pharmaceutical products testing. It is also one of the global market leaders in agrosience, genomics, discovery pharmacology and central laboratory services. In addition, Eurofins is one of the key emerging players in specialty clinical diagnostic testing in Europe and the USA.

With 20,000 staff in around 200 laboratories across 38 countries, Eurofins offers a portfolio of over 130,000 reliable analytical methods for evaluating the safety, identity, composition, authenticity, origin and purity of biological substances and products, as well as for innovative clinical diagnostic. The Group provides its customers with high-quality services, accurate results on 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 Euronext Paris Stock Exchange (ISIN FR0000038259, Reuters EUFI.PA, Bloomberg ERF FP).

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