Eurofins further reduces its financing costs after redeeming its EUR 300m November 2018 Eurobond and extends its organic growth objectives beyond 2020

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Eurofins Scientific (EUFI.PA), a global scientific leader in bioanalytical testing, announces that it will today repay its 3.125% EUR 300m Eurobond issued in November 2013 (ISIN: XS0996772876) from available liquidity as planned. As a result, the Group's average cost on senior debt will now be below 2%.

The company takes this opportunity to confirm its 2018 objectives (revenues of EUR 3.8bn reported and EUR 4.3bn proforma) as well as its recently upgraded mid-term objectives[1] (EUR 4.6bn revenues in 2019, EUR 5bn revenues and EUR 1bn Adjusted[2] EBITDA[3] in 2020). Based on current and historical trading and outlook, management is confident that these objectives are achievable, including the annual 5% organic growth[4] objective. This 5% secular annual organic growth objective was first set on the 28th of January 2011, has not been modified since and has been consistently exceeded every year, fuelled by structural underlying growth drivers across Eurofins' business lines and geographical footprint. This growth level is also a factor of past investments made to develop a unique offering to clients in terms of breadth of testing portfolio and focus on quality, scientific excellence and fast turnaround times of results. As an illustration, in the first ten months of the year to 31st October 2018, Eurofins' U.S. environment testing business that the Group has owned and integrated for a few years grew over 5% organically whereas organic growth at the recently acquired TestAmerica was just above 2%. Some of Eurofins' more recently acquired businesses may at the moment, like the French routine clinical diagnostics operations or TestAmerica, grow below the group average. However, these investments are part of an overall strategy to build a sustainable high growth group that can deliver a lasting positive impact on health, stable careers to its teams and above market returns for its shareholders for long periods of time. Eurofins' various activities are synergetic and have been selected to reinforce each other like, for example, the genomic and proteomic revolutions have led to the advent of personalized medicine where diagnostics and pharmaceutical products tailored to each individual and their illnesses have to be implemented in tandem and a continuum of pathogen testing technologies span food, environment and patients testing. Before joining Eurofins, companies acquired have also usually neither had significant sales activities outside their national markets nor benefited from technology transfers from international sister companies or cross selling within the Eurofins network. Overall, Eurofins' objective is to invest in a mix of health focused high tech non-cyclical laboratory testing businesses driven by long term growth megatrends that together offer sustainable growth prospects in excess of 5% per annum and significant scalability and network effects to drive sustainable high margins over the long term. This should also make the Group very resilient to economic downturns as exemplified by continued positive organic growth in the worst years (2008-2010) of the last great recession.

As a result of this market focus on testing for life and its current balanced business mix, Eurofins believes that setting a secular annual organic growth target of 5% beyond 2020 is an achievable objective. Eurofins also expects to see the benefits on its organic growth and profitability of its exceptional 2015-2020 infrastructure and IT solutions investment programme upon completion of this programme as well as the end of the drag on operational performance from the reorganization and integration of recently acquired companies. Beyond 2020, once ongoing exceptional investments to build a global laboratories platform are completed and Eurofins starts reaping the benefits of its size, investments and leading market positions it has built in its chosen markets in the developed world, Eurofins management also foresees additional growth opportunities to expand into new high growth geographies (Asia-Pacific in particular).

Eurofins believes, contrary to the opinion expressed recently by an analyst, that it measures organic growth in a conservative manner, in particular with respect to the impact of acquisitions on this metric. Consistently since 2000 when pro forma results for year N-1 started to be included in its annual accounts, Eurofins has included in its annual organic growth calculation for year N all companies that had been acquired (acquisitions closed) before the 31st of December of year N-1 so the year N-1 data coincides with the pro forma included in the Group's consolidated accounts. The company considers this method to be conservative given organic growth of acquisitions tends to be slightly hindered by integration measures in the years immediately post acquisition[5] (due for example to reorganizations, site specialization, deployment of standard IT solutions and portfolio streamlining). Because of these effects, waiting twelve months to include acquisitions in the organic growth calculation or only including companies acquired as of the 31st December of year N-2 or the 31st December of year N-3 should generally lead to higher organic growth figures than those reported by Eurofins. Eurofins has made an unusually high number of acquisitions since 2014. By way of example, the average organic growth reported by the Group for the last four years (2014-2017) is over 7%. If the company had, in each of these four years, included only acquisitions closed at the end of year N-2 for this calculation (as opposed to end of year N-1 as reported, i.e. all acquisition closed in 2016 are included in the calculation for organic growth reported by Eurofins in 2017) this figure would have been higher at 7.5%. The results are the same when looking at the last six years (2012-2017). Hence the company's method appears conservative. Doing the calculation only with companies consolidated at the end of year N-3 would lead to an even higher organic growth result. The company does not want to confuse the markets by publishing a variety of organic growth calculations each year, but looking at each year individually, or performing the organic growth calculation excluding companies acquired in the last twelve months, also confirm the conclusion that the method used consistently by Eurofins since 2000 does not overstate organic growth.

In the last three years, the company has significantly expanded its range of financing sources and can now rely on many long duration (typically 5 years) bank lines of credit which makes its access to funding more flexible and less expensive. Eurofins no longer needs to pay significant amounts of interest to hold large sums of cash on its balance sheet as it did until 2016 and believes that it is already well funded to achieve its growth objectives as outlined above, and has access to sufficient liquidity to carry out its investment plans in terms of network expansion and IT solutions development in order to build out its unique and hard to replicate platform by 2020 and fund its objectives for acquisitions, while maintaining its strong financial discipline. Eurofins evaluates at all times the merits of a variety of financing instruments and now has established history and credibility throughout a well-diversified universe of sources. Eurofins has grown from EUR 50m revenues in 2000 to EUR 1,950m in 2015 with a mix of organic growth and acquisitions with only EUR 52m equity raised from its IPO and secondary offerings between 1997 and 2000 and did not raise equity for fifteen years until 2016, when larger acquisitions were made. Going forward, Eurofins is well funded, expects substantial cash flow increases beyond 2020 and, as past years have shown, is comfortable growing its business for a very long period of time without accessing equity. Conversely, Eurofins has, in the distant past when its share price was depressed, purchased treasury shares and has currently an active shareholder authorization to do so that it may elect to use at any time. In January 2020, Eurofins' expensive hybrid (EUR

300m, 7% fixed coupon) will become callable and this should also provide the Group with another opportunity to free cash flow for its investments and its shareholders.

Comment from **Dr. Gilles Martin**, Eurofins CEO: “Over the last 2 years, we were able to significantly reduce our average cost of funding whilst extending the maturity of our debt instruments at low fixed interest rates, limiting the potential negative impact of a rising interest rate environment and giving us visibility on our financing structure and costs. We also significantly expanded our access to long term and flexible bank financing. Today, Eurofins is very strong in its markets in Europe and the U.S.A., and not yet fully developed in the rest of the world. In particular, we see significant long term growth opportunities coming from developing markets. We are already investing in these regions but anticipate intensifying our efforts there once we complete our U.S. & Europe platforms by 2020”.

[1] This is based on the assumption of Eurofins achieving its 5% organic growth objective and acquiring laboratories generating ca. EUR200 million revenues per annum in each of 2019 and 2020 (consolidated at mid-year). Those objectives are set at 30/09/2018 exchange rates, as published in our Nine Months 2018 press release dated 23/10/2018.

[2] Adjusted (non IFRS measure) - reflect the ongoing performance of the mature and recurring activities excluding “separately disclosed items”. Separately disclosed items - includes one-off costs from integration, reorganisation, discontinued operations and other non-recurring income and costs, temporary losses and other costs related to network expansion, start-ups and new acquisitions undergoing significant restructuring, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, loss/gain on disposal and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions, net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income) and the related tax effects.

[3] EBITDA (non IFRS measure) – Earnings before interest, taxes, depreciation and amortisation, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, loss/gain on disposal and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions.

[4] Organic growth for a given period (Q1, Q2, Q3, Half Year, Nine Months or Full Year) - non-IFRS measure calculating the growth in revenues during that period between 2 successive years for the same scope of businesses using the same exchange rates but excluding discontinued operations. For the purpose of organic growth calculation for year Y, the relevant scope used is the scope of businesses that have been consolidated in the Group’s income statement of the previous financial year (Y-1). Revenue contribution from companies acquired in the course of Y-1 but not consolidated for the full year are adjusted as if they had been consolidated as from 1st January Y-1. All revenues from businesses acquired since 1st January Y are excluded from the calculation. This definition remains unchanged since the annual accounts for the year 2000.

[5] Over the last 4 years (2014 to 2017), Eurofins’ average reported organic growth was above 7%. During this period, on average for the accounts of each year N, acquisitions acquired in year N-1 grew organically 350bps less in year N than the rest of the Group. Excluding these acquisitions made during year N-1 from the organic growth calculation for year N, the average organic growth would have been over 7.5% over the period 2014-2017 instead of over 7% as reported.

Should we have used the twelve- month rolling technique to calculate our organic growth (include acquisitions into organic growth after twelve months of ownership), average organic growth would also have been above the 7% reported over the period 2014-2017. The same conclusions apply to the six years’ period between 2012 and 2017.

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Notes for the editor:

Eurofins – a global leader in bio-analysis

Eurofins Scientific through its subsidiaries (hereinafter sometimes “Eurofins” or “the Group”) believes it is a scientific leader in food, environment and pharmaceutical products testing and in agroscience CRO services. It is also one of the independent market leaders in certain testing and laboratory services for genomics, discovery pharmacology, forensics, CDMO, advanced material sciences and for supporting clinical studies. In addition, Eurofins is one of the emerging players in specialty clinical diagnostic testing in Europe and the USA. With over 45,000 staff in more than 650 laboratories across 45 countries, Eurofins offers a portfolio of over 150,000 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 objective is to provide 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).

Important disclaimer:

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