

## Eurofins revenues grow 27% in Q1 2019 to EUR 1,067m

26 April 2019

- Q1 2019 revenues increased 27.2% year-on-year to EUR 1,067m vs EUR 839m in Q1 2018
- Organic growth<sup>1</sup> of 4.9% during the period, adjusted for calendar working days' effect, in line with the Group's annual objective (3.6% if not adjusted for calendar working days' effect)
- Excluding Boston Heart Diagnostics (US), which continues to face significant reimbursement and regulations changes, organic growth was 5.7% in Q1 2019 (adjusted for calendar working days' effect)
- Eurofins confirms its 2019 objectives<sup>2</sup> to generate EUR 4.5bn revenues, EUR 850m adjusted<sup>3</sup> EBITDA<sup>5</sup> and EUR 350m Free Cash Flow to the Firm<sup>6</sup>

### Comment from the CEO, Dr. Gilles Martin:

"Most of the Group's companies have had a very good start to the year. Excluding the effect of fewer calendar working days and despite continued challenges at Boston Heart Diagnostics, Eurofins achieved its growth objectives in Q1. This allows us to remain confident that we should achieve our objectives for this year. We continue to work hard to complete our 2015-2020 strategic plan to build a one-of-a-kind global network of state-of-the-art laboratories and bespoke IT solutions aimed at offering a unique level of service to our clients and generating long-term sustainable growth and profitability."

**Table 1: Q1 2019 Organic Growth Calculation and Revenue Reconciliation**

	EURm (unless otherwise stated)
<b>Q1 2018 reported revenues</b>	<b>839</b>
+ Q1 2018 acquisitions - revenue part not consolidated in Q1 2018 at Q1 2018 FX rates	156
- Q1 2018 revenues of discontinued activities / disposals <sup>7</sup>	-2
= Q1 2018 pro-forma revenues (at Q1 2018 FX rates)	993
+ Q1 2019 FX impact on Q1 2018 pro-forma revenues	28
<b>= Q1 2018 pro-forma revenues (at Q1 2019 FX rates) (a)</b>	<b>1,021</b>
<b>Q1 2019 organic scope* revenues (at Q1 2019 FX rates) (b)</b>	<b>1,058</b>
<b>Q1 2019 organic growth rate (b/a-1)</b>	<b>3.6%</b>
Q1 2019 acquisitions - revenue part consolidated in Q1 2019 at Q1 2019 FX rates	9
<b>Q1 2019 reported revenues</b>	<b>1,067</b>

\* Organic scope consists of all companies that were part of the Group as at 01/01/2019. This corresponds to the 2018 pro-forma scope.

Adjusting for the negative calendar working days' effect (almost one full day less vs. Q1 2018), Q1 2019 organic growth of 4.9% was in line with the Group's objective of 5% for 2019. This is despite continued severe reimbursement and utilisation challenges at Boston Heart Diagnostics ("BHD"), impacted by changes of regulations, insurance policies and coverage decisions for innovative tests leading to a ca. -90bp drag to Group organic growth during the period. However, BHD represented less than 1% of the Group's total revenues in Q1 2019.

**Table 2: Geographical Revenue Breakdown**

(EUR m)	Q1 2019	As % of total	Q1 2018	As % of total	Growth %
France	214.7	20.1%	183.3	21.8%	17.1%
Germany	110.1	10.3%	96.8	11.5%	13.7%
Benelux	68.4	6.4%	61.1	7.3%	11.9%
Nordic Countries	59.4	5.6%	50.2	6.0%	18.2%
UK & Ireland	68.7	6.4%	50.3	6.0%	36.6%
Total Western Europe	521.2	48.8%	441.7	52.6%	18.0%
North America	384.6	36.0%	266.0	31.7%	44.6%
Rest of the World	161.7	15.1%	131.6	15.7%	22.9%
<b>Total</b>	<b>1,067.5</b>	<b>100 %</b>	<b>839.4</b>	<b>100 %</b>	<b>27.2%</b>

Western Europe remains the largest region for Eurofins, representing c.49% of total Group revenues in Q1 2019, with France generating 20% of total Group revenues, ahead of Germany which accounted for 10% of total Group revenues, whilst Benelux, the UK & Ireland, and the Nordic countries each contributed ca.6% to Q1 2019 revenues. North America generated 36% of total Group revenues and Rest of the World the remaining 15%.

Most of the Group's businesses continue to deliver robust growth across all geographies thanks to the Group's on-going investments and efforts to build a state-of-the-art network of laboratories aimed at generating long-term sustainable and profitable growth. Western Europe had a very strong start to the year with organic growth above Group average, with a particularly strong performance in Food testing and Environment testing. For example, France saw double digit organic growth in Food testing and Environment testing where Eurofins is the global leader. The French clinical diagnostic business continues as expected to represent a drag to the Group overall organic growth. The German Environment testing business also grew double digit organically whilst Eurofins' organic growth in its Food testing business was above the Group's 5% objective. The Nordic countries delivered organic growth above the Group's 5% objective overall, whilst UK & Ireland saw double digit organic growth in the period as the site reorganisation efforts, in the BioPharma and Food testing segments in particular, started to yield encouraging results. The Benelux organic growth was positive though below the Group's 5% objective. North America organic growth was below Group average, impacted by BHD and despite seeing almost double digit organic growth performance in Eurofins Food testing business, including Covance Food Solutions and organic growth above the Group's 5% objective in our Environment testing business, including TestAmerica. The Rest of the World continued to perform strongly with double digit organic growth in Q1 2019.

Overall the Group's growth is still affected by the temporary impact of site reorganisations and moves in some markets and the disruptions caused by the deployment of new IT solutions. In Clinical Diagnostics, the business continues to focus on innovation as demonstrated by the recent approval by the New York State Department of Health for the newest option to its MaternalFetalScreenSM | T1 test – Y chromosome assessment. Eurofins also expects to benefit from the recent reimbursement of non-invasive prenatal testing (NIPT) in the French market and probably in the German market next year.

The Group continues to work on its corporate governance and is pleased to announce that the appointment of Deloitte Audit as its new Group auditor after 19 years of audit services by PricewaterhouseCoopers Audit has been approved by shareholders at the Annual General Meeting of the Group's parent company held yesterday. This should also result in an increased coverage for the audit of its 2019 consolidated financial statements.

<sup>1</sup> 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 two successive years for the same scope of businesses using the same exchange rates (of year Y) 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 1<sup>st</sup> January Y-1. All revenues from businesses acquired since 1<sup>st</sup> January Y are excluded from the calculation.

<sup>2</sup> At 2018 average exchange rates.

<sup>3</sup> Adjusted - reflects the ongoing performance of the mature and recurring activities excluding "separately disclosed items"<sup>4\*</sup>.

- 4 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.
- 5 EBITDA – 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.
- 6 Free Cash Flow to the Firm – Operating Cash Flow, less Net capex.
- 7 Discontinued activities / disposals: discontinued operations are a component of the Group's core business or product lines that has been disposed of, or liquidated; or a specific business unit or a branch of a business unit that has been shut down or terminated, and is reported separately from continued operations. Disposals correspond to the sale by Eurofins of business assets to a third party. For more information, please refer to Note 3.19 of the Consolidated Financial Statements of the 2018 annual report.

## Conference Call

Eurofins will hold a conference call with analysts and investors today at 15:00 pm CET to discuss the results and performance of Eurofins, as well as its outlook, followed by questions and answers (Q&A).

In order to listen to the conference call by telephone dial one of the numbers below and enter the following access code: **78 00 91**.

UK +44 (0)330 336 9104

USA +1 323 794 2442

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**No need to dial in.** From any device, click the link below (becomes active 15 minutes prior to start time), then simply enter your details and phone number to have the system call you:

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**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 through its subsidiaries (hereinafter sometimes “Eurofins” or “the Group”) believes it is a scientific leader in food, environment, pharmaceutical and cosmetics products testing and in agrosience CRO services. It is also one of the global 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 leading global emerging players in specialty clinical diagnostic testing. With about 45,000 staff in more than 800 laboratories across 47 countries, Eurofins offers a portfolio of over 200,000 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:**

This press release contains forward-looking statements and estimates that involve risks and uncertainties. The forward-looking statements and estimates contained herein represent the judgment of Eurofins Scientific's management as of the date of this release. These forward-looking statements are not guarantees for future performance, and the forward-looking events discussed in this release may not occur. Eurofins Scientific disclaims any intent or obligation to update any of these forward-looking statements and estimates. All statements and estimates are made based on the information available to the Company's management as of the date of publication, but no guarantee can be made as to their validity.