

## **Eurofins reports Core Business organic growth close to 10% in Q1 2021 and 44.3% overall**

**28 April 2021**

- Q1 2021 revenues increased 41.3% year-on-year to EUR 1,614m from EUR 1,142m in Q1 2020, despite a foreign exchange headwind of -3.7% (Q1 2021 vs. Q1 2020 average FX rates).
  - Very strong organic revenue growth<sup>1</sup> of 44.3% in Q1 2021 reflecting the significant contribution from COVID-19 related activities and the rapidly accelerating growth of the Group's Core Business (excluding COVID-19 related clinical testing and reagent revenues)
  - Despite ongoing lockdown restrictions in many key markets, the Group's Core Business delivered close to 10% organic revenue growth in Q1 2021 (over 11% adjusted for public working days' impact) against a robust comparable trading period in Q1 2020 (Q1 2020 organic growth was 4.1%)
  - COVID-19 related clinical testing and reagents activities contributed revenues of close to EUR 400m in Q1 2021
- Eurofins remains very active in fighting the pandemic and continued its innovation and product launches throughout Q1.
  - Eurofins upgraded its PCR testing kits with enhanced capabilities to detect COVID-19 Variants of Concern and to help track the spread of these mutations.
  - In the U.S., Eurofins launched its direct-to-consumer COVID-19 Home Collection PCR Kit on Amazon supporting testing at home without a prescription. Eurofins is also partnering with Uber in more than two dozen U.S. cities to deliver its COVID-19 Home Collection PCR Kits ([click here to see Uber press release](#)).
  - Eurofins also launched Home Collection PCR Kits using gargling samples in Germany and Spain.
  - In the UK, the Group is providing low cost at-home PCR testing kits, facilitating greater access to affordable and accurate PCR testing to support a return to travel.
  - Eurofins launched a quantitative antibody ELISA kit to measure immune response to COVID-19 and vaccines
  - Eurofins set up very high throughput SARS-CoV-2 Next Generation Sequencing (NGS) capacity and won large contracts to support several countries and institutions in their programmes to monitor and identify the emergence and spread of new Variants of Interest or of Concern
- The Group continues to expand its SAFER@WORK™ offering, initiating partnerships with a broad range of companies and organisations including the Radisson Hotel Group, to provide their guests with access to convenient and affordable PCR testing; Aena, to set up testing facilities at several airports; Luxaviation to provide COVID-19 testing to offer an exceptional level of safety to private flights passengers; and with the International Air Transport Association (IATA) to

provide access to Eurofins' testing facilities globally through their new IATA digital Travel Pass ([click here to see IATA press release](#)).

- The Group now has more than 3,200 SAFER@WORK™ contracts with potential revenues of up to EUR 550m, signed or in final stage, across 36 countries. As previously indicated the revenues from these contracts are likely to fall in H2 2021, as they are dependent on employees coming back to work and travel and leisure activities recommencing.
- The strong financial performance recorded in 2020 and continued in Q1, has further reduced the Group's net indebtedness and increased its liquidity. As a consequence, in January the Group repaid EUR 112m short-term borrowings (Schuldschein and commercial paper) and in April exercised the make-whole call of its 2022 senior notes.
  - In agreement with the terms of the 2022 senior notes, the make-whole redemption amount per note is set at EUR 102,545.57 (including accrued interest on the notes until, but excluding, the make-whole redemption date, 3 May) and will result in a reduction in gross indebtedness of EUR 279.2m and a cash outflow of EUR 286.3m.
- Eurofins has also continued to strengthen its Board of Directors with the appointment of two new experienced independent directors, Evie Roos and Ivo Rauh, at its recent Annual General Meeting. Evie Roos will chair the Nomination and Remuneration Committee and Ivo Rauh will join both the Corporate Governance Committee and the Nomination and Remuneration Committee.

**Outlook:** Whilst the duration and magnitude of the COVID-19 related contribution remains uncertain, it appears increasingly likely that 2021 objectives will be materially exceeded and significant levels of testing for COVID-19 may continue well beyond Q1 2021. The exact impact and timing of vaccination, new variants of concern and public health policy decisions is however impossible to estimate. As a result, the financial objectives set for 2021, 2022 and 2023 announced with our 2020 results remain unchanged at this time. However, the outlook for 2021 and beyond becomes even stronger than was apparent when publishing 2020 results. Eurofins Core Business may be enhanced sustainably by a large number of factors and COVID-19 testing may continue at some level well beyond 2021.

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

“Following on from the strong financial results of 2020, the first quarter of 2021 has further demonstrated the ongoing strength of Eurofins and its end markets. They validate our long-term strategy of investing significantly to build the best teams and laboratory infrastructure to realise our vision to be the world leader in Testing for Life, and of focusing on providing high-quality and innovative laboratory testing services that contribute to improving global health, safety and protecting the environment.”

“Whilst the overall impact of COVID-19 remains uncertain, the Group continues to rapidly develop a broad portfolio of new products and services to fight the pandemic, alongside investing in its laboratory network and IT systems. This investment should support improving margins, cash flow generation and return on capital for future periods. The year has started well and the accelerating growth of our Core Business underpins our confidence for 2021 and the years ahead.”

## Conference Call

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

[Click here to Join Call >>](#)

**No need to dial in.** From any device, click the link above to join the conference call. Alternatively, you may dial-in to the conference call via telephone using one of the numbers below:

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**Table 1: Q1 2021 Organic Growth Calculation and Revenue Reconciliation**

	EUR m (unless otherwise stated)
<b>Q1 2020 reported revenues</b>	<b>1,142</b>
+ 2020 acquisitions - revenue part not consolidated in Q1 2020 at Q1 2020 FX rates	23
- Q1 2020 revenues of discontinued activities / disposals <sup>5</sup>	5
= Q1 2020 pro-forma revenues (at Q1 2020 FX rates)	1,161
+ Q1 2021 FX impact on Q1 2020 pro-forma revenues	(43)
<b>= Q1 2020 pro-forma revenues (at Q1 2021 FX rates) (a)</b>	<b>1,117</b>
<b>Q1 2021 organic scope* revenues (at Q1 2021 FX rates) (b)</b>	<b>1,613</b>
<b>Q1 2021 organic growth rate (b/a-1)</b>	<b>44.3%</b>
Q1 2021 acquisitions - revenue part consolidated in Q1 2021 at Q1 2021 FX rates	1
Q1 2021 revenues of discontinued activities / disposals <sup>5</sup>	0
<b>Q1 2021 reported revenues</b>	<b>1,614</b>

\* Organic scope consists of all companies that were part of the Group as at 01/01/2021. This corresponds to the 2020 pro-forma scope.

**Table 2: Geographical Revenue Breakdown**

(EUR m)	Q1 2021	As % of total	Q1 2020	As % of total	Growth %
Europe	1,000	62.0%	624	54.6%	60.3%
North America	490	30.4%	423	37.1%	15.8%
Rest of the World	123	7.6%	95	8.3%	29.8%
<b>Total</b>	<b>1,614</b>	<b>100.0%</b>	<b>1,142</b>	<b>100.0%</b>	<b>41.3%</b>

### Selection of operational highlights:

Eurofins experienced strong activity across its diverse Drug Discovery portfolio, with a strong pickup in activity around discovery programmes in Q1. The BioPharma Product Testing market remains very robust. Eurofins customers increasingly look to secure dedicated resources as overall Biologics testing demand continues to outpace capacity within the analytical testing market. Very strong demand for Advanced Therapy Medicinal Products (ATMPs) testing services as contract development and manufacturing organisations (CDMOs) continue to ramp up manufacturing capacity. Eurofins continued to invest in its

CDMO campus in Toronto in order to provide full service in the field of small molecule drug substance and drug product development and manufacturing services.

The Group also continued to reinforce its capabilities in Food Testing across Europe in Q1, with a start-up laboratory in Lodz, Poland, and a new laboratory in Croatia close to Zagreb. Eurofins also launched its new Next Generation Sequencing (NGS) offer for bacterial flora identification, which enables the rapid identification of all bacterial species that are dominant in a sample, without any enrichment, isolation or purification steps. In the U.S., Food and Agriproducts testing continued to see strong volume growth across the entire portfolio. R&D projects for both large and start-up food manufacturers have come back strongly following delayed spending during 2020.

The Environment Testing business in Australia and New Zealand recovered well in Q1 2021. The North American business was briefly interrupted by winter storms in February before a very strong rebound in late March. Environment Testing in Brazil remains under pressure, largely due to the unabated local COVID-19 situation. Major laboratory infrastructure projects in California (U.S.) and Sydney (Australia) remain on track.

Eurofins' business lines continued to work together to share knowledge and enhance cross selling efforts. As an example, per- and polyfluoroalkyl substances (PFAS) testing is becoming of increasing interest not only for environmental customers, but also for the food industry. In our Core Business, we have used some of our biopharma capacity for priority COVID-19 therapeutics and vaccine work. We anticipate this to continue for some time before it will be replaced with other work as demand from increasingly well-funded biotech and biopharma companies is growing fast. Furthermore, several of our Food and Environment Testing laboratories continued to provide strong support to our Clinical Testing laboratories with ongoing COVID-19 testing activities.

Consistent with 2020, M&A has remained deprioritised in Q1 2021, as the Group focuses on responding to COVID-19 and investing in the existing business. Nevertheless Eurofins has acquired 10 companies since the beginning of 2021, with annualised 2020 revenues of these companies totalling more than EUR 30m. Most notable acquisitions were Beacon Discovery (BioPharma in the U.S.) and Medlab Pathology (Clinical Diagnostics in Ireland).

<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 2 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 of 1st January Y-1. All revenues from businesses acquired since 1st January Y are excluded from the calculation.

<sup>2</sup> Adjusted results – reflect the ongoing performance of the mature<sup>4</sup> and recurring activities excluding "separately disclosed items"<sup>3</sup>.

<sup>3</sup> Separately disclosed items – include one-off costs from integration, reorganisation, discontinued operations<sup>5</sup> 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<sup>6</sup>, 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.

<sup>4</sup> Mature scope – excludes start-ups and acquisitions in significant restructuring. A business will generally be considered mature when: i) The Group's systems, structure and processes have been deployed; ii) It has been audited, accredited and qualified and used by the relevant regulatory bodies and the targeted client base; iii) It no longer requires above-average annual capital expenditures, exceptional restructuring or abnormally large costs with respect to current revenues for deploying new Group IT systems. The list of entities classified as mature is reviewed at the beginning of each year and is relevant for the whole year.

<sup>5</sup> Discontinued activities / disposals – discontinued operations are a component of the Group's Core Business or product lines that have 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 3.20 of the Consolidated Financial Statements for the year ended 31 December 2020.

<sup>6</sup> Share-based payment charge and acquisition-related expenses, net – Share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, loss/gain on disposal, negative goodwill and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions.

## Notes to Editors:

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

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## About Eurofins – the global leader in bio-analysis

Eurofins is Testing for Life. Eurofins is the global leader in food, environment, pharmaceutical and cosmetic product testing and in agrosience Contract Research Organisation services. Eurofins is one of the market leaders in certain testing and laboratory services for genomics, discovery pharmacology, forensics, advanced material sciences and in the support of clinical studies, as well as having an emerging global presence in Contract Development and Manufacturing Organisations. The Group also has a rapidly developing presence in highly specialised and molecular clinical diagnostic testing and in-vitro diagnostic products.

With over 50,000 staff across a decentralised and entrepreneurial network of more than 800 laboratories in over 50 countries, Eurofins offers a portfolio of over 200,000 analytical methods to evaluate the safety, identity, composition, authenticity, origin, traceability and purity of a wide range of products, as well as providing innovative clinical diagnostic testing services and in-vitro diagnostic products.

The Group's objective is to provide its customers with high-quality services, innovative solutions and accurate results on time. Eurofins is ideally positioned to support its clients' increasingly stringent quality and safety standards and the increasing demands of regulatory authorities as well as the requirements of healthcare practitioners around the world.

In 2020, Eurofins reacted quickly to meet the global challenge of COVID-19, by creating the capacity to help over 20 million patients monthly who may have been impacted by the pandemic with our testing products and our services and directly supporting healthcare professionals working on the front line to fight the virus. The Group has established widespread PCR testing capabilities and has carried out over 15 million tests in its own laboratories, is supporting the development of a number of vaccines and has established its SAFER@WORK™ testing, monitoring and consulting programmes to help ensure safer environments during COVID-19.

Eurofins has grown very strongly since its inception and its strategy is to continue expanding 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.

Shares in Eurofins Scientific are listed on the Euronext Paris Stock Exchange (ISIN FR0014000MR3, Reuters EUFI.PA, Bloomberg ERF FP).

*Until it has been lawfully made public widely by Eurofins through approved distribution channels, this document contains inside information for the purpose of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended.*

## 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 guarantees can be made as to their completeness or validity.