Eurofins Core Business sets record performance in Q2 2021 with 25% organic growth year-on-year

5 August 2021

- Strong growth of revenues, resulting in a record six month period with EUR 3,272m revenues in H1 2021 up 41% vs. H1 2020, thanks to strong growth of Eurofins' Core Business (excluding COVID-19 related clinical testing and reagent revenues) and sustained revenues from COVID-19 testing and reagents (close to EUR 750m).
- The Core Business delivered strong organic growth[13] in H1 2021 (17% year-on-year) despite some of Eurofins' businesses remaining affected by lockdowns during H1 2021.
- Just looking at H1 2021 vs. H1 2020 however, which is an easy comparable, affected by temporary lockdowns, does not give the best picture of long-term organic growth and business recovery. We thus provide comparison with the pre-pandemic period of H1 2019 as an additional data point. Core Business organic growth was 16% in H1 2021 vs. H1 2019, and close to 13% vs. H1 2019 corrected for the EUR 62m estimated missing revenues from the cyber-attack of 2 June 2019.
- With organic revenues 13% above H1 2019 in H1 2021, Eurofins' Core Business is once again leading the TIC industry in terms of organic growth. Since the last pre-pandemic comparable period (H1 2019) the Core Business has delivered a CAGR of over 6% compared with an average of about 0.5% for the three historic TIC leaders. Eurofins has done a very modest level of acquisitions in 2019, 2020 and H1 2021 and this again confirms that acquisitions do not boost organic growth. In fact, integration efforts rather reduce organic growth.
- The strong growth of the Core Business in the first half of 2021 comes in part from a faster recovery than expected. At the time of FY 2020 results publication, we estimated that EUR 250m revenues had been lost in FY 2020 due to the impact of COVID-19 lockdowns and travel restrictions and the objective was to recover these revenues by 2022. It appears that these revenues have been largely recovered now, earlier than forecast, and were complemented by further organic growth of more than 5%.
- In Q2 2021, Eurofins' Core Business achieved organic growth of 25% (19% vs. Q2 2019, and close to 13% vs. Q2 2019 corrected for the EUR 62m estimated missing revenues from the cyber-attack of June 2019), confirming the recovery and fast organic growth of the Core Business, which is tracking well above the Group's 5% annual objective since 2019 in spite of some remaining drag from the pandemic.
- Total revenues including COVID-19 testing and reagents grew 41% in H1 2021 and 43% organically, well above initial expectations.
- Record adjusted[1] EBITDA[3] of EUR 1,008m in H1 2021 (+104% year-on-year), representing a 30.8% adjusted EBITDA margin.
- Strong cash flow generation, with Free Cash Flow to the Firm[10] of EUR 489m (+55% year-on-year), which, coupled with controlled capital expenditure, enabled the Group to further lower its leverage to 1.0x (net debt/last 12 months proforma adjusted EBITDA) despite significant one-off bond repurchase costs in H1 2021.
- Refinancing exercises carried out in H1 2021 enabled the Group to secure a EUR 750m 10-year bond with a coupon below 1% and will bring the average cost of financing below 1.8% from the second half of 2021 onwards as the Group fully repaid in May and June 2021 its 2022 and 2023 Eurobonds and

successfully purchased a significant portion of its 2024 and 2026 Eurobonds which were bearing much higher interest rates.

- Second investment grade credit rating from Fitch Ratings after the one secured with Moody's last year.
- Reported basic earnings per share (EPS)[8] increased by 317% to a record EUR 2.17 in H1 2021 compared to EUR 0.52 in H1 2020.
- The growth in the Core Business was broad based and across business lines. Notable product launches and innovation included:
  - Highly innovative rapid testing methods including for the identification of sugars and the organic certification of products;
  - New proprietary advanced testing methods to expand Clinical Diagnostics' services for transplant patients;
  - Differentiated services / technologies in Environment Testing including a new automated and robotised PFAS testing method supporting the lowest detection limits globally;
  - TruGraf® approved with Humana for in-network coverage of Medicare kidney transplant patients effective August 1, 2021.
- Continued commitment and innovation to fight the COVID-19 pandemic:
  - Over 25 million COVID-19 PCR tests completed since the start of the pandemic;
  - Over 125,000 SARS-CoV-2 samples sequenced from 23 countries since our press release on 28 December 2020;
  - Broad network of over 1,000 testing centres developed in Europe to facilitate summer travelling through SAFER@WORK™.
- Eurofins has made further progress in H1 towards the completion of its infrastructure and operational excellence programmes.
- Outlook: As outlined previously, the Group's 2021 objectives set on March 1, 2021 were likely to be significantly exceeded. The uncertainties surrounding new variants and public health responses still make precise predictions impossible, but if Eurofins were to generate only EUR 1 billion revenues from COVID-19 testing and reagents in FY 2021 (so only EUR 250 million in H2) and 5% organic growth in H2 2021 for its Core Business, the annual revenues for FY 2021 would exceed EUR 6,150m. This can be taken as an upgraded revenue objective for FY 2021. On this basis adjusted EBITDA would likely exceed EUR 1,700m in FY 2021. Eurofins thus now upgrades FY 2021 objectives for revenues by 13% to EUR 6,150m and for adjusted EBITDA by 36% to EUR 1,700m all at average H1 2021 exchange rates. Should COVID-19 testing continue at high levels in Q4 2021, this could once again be significantly exceeded.
- Objectives for FY 2022 remain unchanged and exclude any COVID-19 related testing revenues or potential ongoing disruptions from the pandemic: FY 2022 revenue objective remains at EUR 5,450m excluding acquisitions in both 2021 and 2022, and EUR 5,700m including potential proforma revenues from acquisitions of EUR 150m in 2021 and EUR 200m in 2022 (consolidated for 6 months) all at average 2020 exchange rates. In reality, COVID-19 and associated testing may unfortunately continue at a meaningful level in 2022. However, it is still impossible to quantify at this stage due to the uncertainty about new variants which may emerge and public policy responses. Eurofins continues to carry out very significant COVID-19 testing numbers each day at the moment and significant COVID-19 related testing may be required through 2021 or much longer.
- Objectives for FY 2023 also remain unchanged and do not include any COVID-19 impact either. The revenue objective for FY 2023 is EUR 5,725m excluding acquisitions in 2021, 2022 and 2023, and EUR 6,175m including potential proforma revenues from acquisitions of EUR 150m in 2021, EUR 200m in 2022 and EUR 200m in 2023 (consolidated for 6 months) all at average 2020 exchange rates.

- Objectives for adjusted EBITDA and Free Cash Flow to the Firm for FY 2022 and FY 2023 also remain unchanged.
- Eurofins is on track to add EUR 150m annualised proforma revenues from acquisitions in 2021.

Comments from the CEO, Dr. Gilles Martin:

"I am delighted to see Eurofins deliver a record set of financial results for the first six months of 2021. Our Core Business has continued to perform very well with strong growth across business lines and geographies. Alongside the Core Business, we remain agile and innovative, developing new solutions to fight the pandemic. Business outlook remains very strong in almost all our areas of activity. Eurofins' focus on Testing for Life and investing for over 10 years to build a leading global position and unmatched state-of-the-art laboratory network is providing a solid foundation for strong profitable growth in the post pandemic times. It increasingly appears that the evolutions resulting from the pandemic will drive increasing demand for Eurofins' services for many years to come. Eurofins intends to continue growing its market share, improving utilisation of its laboratories and aiming for a gradual improvement of the profitability margins of its Core Business, while being ready to respond very quickly to any new public health crisis.

Going forward Eurofins intends to continue to invest significantly to be the most digital and innovative member of its industry and participate meaningfully in the new markets opened by the many recent genomic, proteomic, and life sciences scientific breakthroughs."

Business Review

The following figures are extracts from the Condensed Interim Consolidated Financial Statements and should be read in conjunction with the Condensed Interim Consolidated Financial Statements and Notes for the period ended 30 June 2021. The First Half Year 2021 Report can be found on Eurofins' website at the following location: https://www.eurofins.com/investors/reports-and-presentations/

Table 1: Half Year 2021 Results Summary

	H1 2021			**H1 2020**			**+/- % Adj. Results**	**+/- % Rep. Results**
In EUR m except otherwise stated	**Adjusted[1] Results**	Separately disclosed items[2]	Reported Results	**Adjusted[1] Results**	Separately disclosed items[2]	Reported Results		
Revenues	3,272	-	3,272	2,323	-	2,323	*41%*	*41%*
EBITDA[3]	1,008	-19	989	493	-35	459	*104%*	*116%*
EBITDA Margin (%)	*30.8%*		*30.2%*	*21.2%*		*19.7%*	*+960bps*	*+1,050bps*
EBITAS[4]	813	-29	785	311	-52	259	*162%*	*203%*
Net profit[7]	582	-167	415	187	-92	95	*211%*	*339%*
Basic EPS (EUR)[8]	3.05	-0.87	2.17	1.03	-0.51	0.52	*196%*	*317%*
Net cash provided by operating activities			709			445		*59%*
Free cash Flow to the Firm[10]			489			315		*55%*
Net capex[9]			220			130		*69%*
Net Debt[11]			2,015			2,584		*-22%*
Leverage (net debt/last 12 months proforma adjusted EBITDA)			1.0x			2.5x		*-1.5x*

Note: Definitions of the alternative performance measures used can be found at the end of this press release

Revenues

Revenues grew by 41% from EUR 2,323m to EUR 3,272m in H1 2021. The Group's Core Business (excluding COVID-19 related clinical testing and reagent revenues) delivered 17% organic growth in H1 2021 (16% vs. H1 2019, and close to 13% vs. H1 2019 corrected for the EUR 62m estimated missing revenues from the cyber-attack impact of June 2019) and 25% in Q2 2021 (19% vs. Q2 2019, and close to 13% vs. Q2 2019 corrected for the EUR 62m estimated missing revenues from the cyber-attack impact of June 2019). Revenues from COVID-19 related testing and reagents were close to EUR 750m in H1 2021. In H1 2021, total organic growth was 43%.

The strong growth of the Core Business in the first half of 2021 comes in part from a faster recovery than expected. At the time of FY 2020 results publication, an estimated EUR 250m revenues had been lost in FY 2020 due to the impact of COVID-19 lockdowns and travel restrictions. These revenues have been largely recovered now, earlier than forecast, and were complemented by further organic growth of more than 5%.

Table 2: Organic Growth Calculation and Revenue Reconciliation

	In EUR m except otherwise stated
H1 2020 reported revenues	**2,323**
+ H1 2020 acquisitions - revenue part not consolidated in H1 2020 at H1 2020 FX rates	44
- H1 2020 revenues of discontinued activities / disposals[15]	-5
= H1 2020 pro-forma revenues (at H1 2020 FX rates)	2,362
- H1 2021 FX impact on H1 2020 pro-forma revenues	-78
= H1 2020 pro-forma revenues (at H1 2021 FX rates) (a)	**2,284**
H1 2021 organic scope* revenues (at H1 2021 FX rates) (b)	**3,261**
H1 2021 organic growth rate (b/a-1)	**43%**
H1 2021 acquisitions - revenue part consolidated in H1 2021 at H1 2021 FX rates	11
H1 2021 revenues of discontinued activities / disposals[15]	0
H1 2021 reported revenues	**3,272**

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

Table 3: Breakdown of Revenue by Operating Segment

In EUR m except otherwise stated	**H1 2021**	**As % of total**	**H1 2020**	**As % of total**	***Growth %***
Europe	2,005	61%	1,276	55%	57%
North America	1,008	31%	859	37%	17%
Rest of the World	259	8%	188	8%	38%
Total	**3,272**	**100%**	**2,323**	**100%**	**41%**

Europe

In Europe, revenues increased 57% to EUR 2,005m compared to EUR 1,276m in H1 2020. Europe now accounts for c. 61% of Group revenues, in part due to a greater proportion of COVID-19 related revenues generated in Europe.

Food Testing in Europe had a strong performance in the first half of the year. More stringent regulations across many geographies and new testing methods developed and launched by Eurofins are increasing demand for the Group’s Food Testing services. In the UK, all pre-packed foods for direct sale will require allergen labelling as of October 2021 which will likely increase demand for allergen testing. In the Netherlands, Eurofins developed and launched a new rapid testing method for the identification of sugars in food and feed products. It has been approved by the International Organization for Standardization (ISO), the European Committee for Standardization (CEN) and the International Dairy Federation (IDF) as the official method for testing milk and milk products including infant formulae, and conforms to the AOAC 2018.001 standards. In France, INAO (Institut National des Appellations d'Origine) has granted Eurofins Hygiène Alimentaire with the status of Organic Certification Body, expanding its services to assist companies with the organic certification of their products.

The Environment Testing business experienced very strong volumes across most geographies in Europe, with continued market share gains. More stringent regulations are increasing demand for Environment Testing services, especially around per- and polyfluoroalkyl substances (PFAS), soil protection and asbestos. Demand for PFAS testing is increasing across many geographies. In Sweden, Eurofins developed a new automated and robotised PFAS testing method supporting the lowest detection limits globally. This new testing method will be rolled-out to other Environment and Food Testing laboratories across Eurofins' global network. In Germany, regulations around handling mineral substitute building materials, soil protection and contaminated sites testing are being strengthened. In France, the regulations around asbestos testing became stricter with a new decree enforced as of April 2021. Eurofins Analyses pour le Bâtiment Sud-Ouest was the first laboratory in France to be accredited under this new decree.

The new building for the Eurofins Villapharma BioPharma laboratory located in Murcia (Spain) has now been completed, increasing our capacity for chemistry testing services to serve customer demand.

North America

In North America, which accounts for 31% of Group sales, revenues increased by 17% to EUR 1,008m, compared to EUR 859m in H1 2020.

In North America, BioPharma business growth continued to be strong across all services. Eurofins Discovery launched a new biotherapeutics business start-up to serve the large molecule drug discovery market. Eurofins Contract Development and Manufacturing Organization (CDMO) initiated the construction of a new spray dryer operation for its drug product business unit that will support phase I/II development and niche commercial products. It is expected to be completed in Q4 2021. Eurofins CDMO is also planning to construct a new high potency Active Pharmaceutical Ingredient (API) facility, which is expected to be completed in April 2022, as well as a new large scale API plant in 2023 to accommodate increasing demand.

Eurofins' Clinical Diagnostics business in North America continues to innovate new testing methods to expand its services for transplant patients. Eurofins Viracor continued to invest in research studies to demonstrate the utility of their innovative assays, including a liver-specific Viracor TRAC study and a study researching the benefits of combining the use of Viracor TRAC and TruGraf testing. Both studies have been completed and are under review for publication. Eurofins Transplant Genomics' TruGraf test saw steady quarter-on-quarter increases in sample volumes (+41% in Q2 2021 vs. Q1 2021). Eurofins received its first nationwide contract for TruGraf. Humana, a leading health care company that offers a wide range of insurance products and health and wellness services, will offer in-network coverage for the TruGraf blood gene expression test to its Medicare kidney transplant patients, effective August 1, 2021.

The Environment Testing business in North America was impacted by restrictions around sample collection and adverse weather conditions. Nonetheless, legislative and regulatory drivers are supporting growth in Environment Testing, including litigation related to specialty testing services such as PFAS and 1-4 dioxane and a societal shift to increase focus around ESG. Eurofins has reinforced its leadership position in Environment Testing with the addition of differentiated services and technologies, specifically PFAS in blood, serum, soil vapor and stack emissions as well as non-target PFAS forensic testing, emerging pollutants (e.g. 6-PPD Quinone) testing and dioxin testing.

Eurofins' Food Testing businesses in North America continue to develop and launch new testing methods. Eurofins DQCI was selected by the American Dairy Products Institute (ADPI) and the Dairy Foods magazine as an honouree in the 2021 Breakthrough Award for Dairy Ingredient Innovation program for A1/A2 testing. Eurofins Food Integrity and Innovation (EFII) initiated the development of a method for the analysis of selected mycotoxins (aflatoxins and ochratoxin A) in hemp plants and products. The method workflow employs immunoaffinity clean-up columns (IAC) from Eurofins Technologies and will be submitted for AOAC International Official Method of Analysis consideration. Eurofins' Good Manufacturing Practice (GMP) microbiology laboratory in Horsham, Pennsylvania, received dual

ISO-17025 and cGMP certification for their robust quality management system (QMS) from the American Association for Laboratory Accreditation (A2LA). This is the first Eurofins laboratory in North America to accomplish dual accreditation, and it will enable Eurofins to support expanded and more rigorous infant formula testing methods.

Rest of the World

In the Rest of the World, revenues increased by 38% to EUR 259m, compared to EUR 188m in H1 2020.

Eurofins' Food and Feed Testing laboratory footprint was strengthened in Southeast Asia with new start-up laboratories commissioned at Penang (Microbiology and Chemistry) and Johor (Microbiology) in Malaysia and the addition of a food and dairy microbiology laboratory in Singapore. In China, Eurofins established new accredited pesticide residue methods to meet the novel Chinese pharmacopoeia Maximum Residue Limit (MRL) regulations.

In BioPharma services, there was a significant increase in demand for CDMO services from India. Eurofins Central Laboratory in China moved to a much larger new state-of-the-art building in Shanghai to accommodate increasing demand for specialty testing to support clinical research in China.

COVID-19 Response

Eurofins remained at the forefront of the fight against the global pandemic launching new solutions to fight the spread of the virus and its variants. Eurofins has now completed over 25 million COVID-19 PCR tests since the start of the pandemic. Eurofins has sequenced more than 125,000 SARS-CoV-2 samples from 23 countries since its press release on 28 December 2020 announcing the launch of a new ARTIC Next Generation Sequencing (NGS) service.

Clinical Enterprise, Inc., a Eurofins company, was awarded a U.S. Government agreement to expand national COVID-19 testing. The agreement with the U.S. Department of Health and Human Services, in coordination with the U.S. Department of Defense (DOD), will expand testing opportunities in K-8 schools, underserved populations and congregate settings such as homeless shelters.

Eurofins Viracor launched COVID-19 inSIGHT™ T Cell immunity testing to provide healthcare providers with critical insight to aid treatment decisions. Eurofins Genomics launched SynPure LPA (Linear Polyacrylamide) for use in COVID-19 testing and other research and development applications.

Eurofins Technologies developed its GSD NovaType III SARS-CoV-2 RT-PCR assay for the rapid detection of SARS-CoV-2 Variants of Concern. Eurofins also upgraded its COVID-19 wastewater testing capabilities with variant detection capabilities. Eurofins Denmark won the national surveillance contract for monitoring of wastewater to track SARS-CoV-2 spread.

Through its SAFER@WORK™ programmes, Eurofins continues to enable many industries to sustain or re-start operations. As of the end of June 2021, over 3,250 SAFER@WORK™ contracts across 36 countries have been signed or are in the final stages.

Eurofins has developed a broad network of testing centres to facilitate summer travelling, including:

- Around 1,000 testing centres across Europe covering major travel hubs, providing testing accessibility in a broad variety of locations to facilitate summer travel;
- Mobile testing centres in France, Belgium and Germany to process up to 200 PCR tests per day (each);
- The network is supported by an intuitive web-portal allowing travellers to book appointments and access their testing information.

Eurofins signed significant SAFER@WORK™ partnerships, including with:

- Several cruise lines;
- Hotel Groups, to provide their guests with access to convenient and affordable PCR testing;
- Airports, to set up testing facilities at a number of airports;
- Private jet operators, to offer an exceptional level of safety to private flight passengers;

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.

Environmental, Social and Governance (ESG)

The Group continues to embed best practices in business operations and make further progress on all three dimensions of ESG. In July 2021, Eurofins' Board of Directors expanded the scope and duties of the Corporate Governance Committee to include environmental and social matters relevant to the Group and its stakeholders. The Committee was consequently renamed as the Sustainability and Corporate Governance Committee reflecting the importance of these topics and the Board's focus upon them. On 22 April 2021, Mr. Pascal Rakovsky was appointed as Lead Independent Director.

Eurofins' Carbon Footprint Reduction programme was officially rolled out at regional level and management responsibilities have been extended to local CO_2 Champions and Business Leaders. All Business Units and more Senior Leaders now have ESG targets, focused on gender diversity, safety, environment and compliance, conditioning a part of their variable compensation.

Recognising the Group's significant efforts towards ESG, Eurofins' ESG rating by Sustainalytics improved from 'Medium Risk' to 'Low Risk' in June 2021. We remain committed to continuing to enhance our corporate disclosures and, as an ESG enabler, to support our customers' evolving testing needs and help them assess and improve their environmental and social impact.

Infrastructure Programme

In the first six months of 2021, Eurofins has added 13,000 m^2 of laboratory, office and storage space through the delivery of building projects, as well as acquisitions, new leases and consolidation of sites.

The Group continued to focus on growth in Asia in H1 2021, opening 7,000 m^2 of state-of-the-art laboratory and office space in its brand-new flagship building in Shanghai in April, acquiring a 4,000 m^2 facility in Taiwan, as well as opening smaller laboratories in Vietnam, Cambodia and Japan. There are scheduled new facilities opening in H2 2021 in Chengdu (China), Thailand and the Philippines.

Eurofins Calscience is nearing the completion of an almost 8,000 m^2 highly efficient state-of-the-art laboratory building in Tustin, California. This building will combine two large environmental testing laboratories in the Los Angeles area, and house Eurofins EMLab P&K, while providing space for additional Eurofins operations and future expansion. Operations are scheduled to start at the end of Q3 2021.

Also in Q3 2021, the construction of a new microbiology and product testing competence centre in Aix-en-Provence (France) will reach completion. This centre will cover over 4,000 m^2 and will combine five microbiological laboratories from the South-East of France, as well as two product testing laboratories.

Eurofins is well on track to deliver its 2021 and 2022 plans for expansion and modernisation of 83,500 m^2 of laboratory and office space.

Financial Review

Revenues grew by 41% from EUR 2,323m to EUR 3,272m in H1 2021. The Group's Core Business (excluding COVID-19 related clinical testing and reagent revenues) delivered 17% organic growth in H1 2021 (16% vs. H1 2019, and close to 13% vs. H1 2019 corrected for the EUR 62m estimated missing revenues from the cyber-attack impact of June 2019) and 25% in Q2 2021 (19% vs. Q2 2019, and close to 13% vs. Q2 2019 corrected for the EUR 62m estimated missing revenues from the cyber-attack impact of June 2019). Revenues from COVID-19 related testing and reagents were close to EUR 750m in H1 2021.

Record adjusted EBITDA of EUR 1,008m delivered in H1 2021 (+104% year-on-year), representing a 30.8% adjusted EBITDA margin (+960bps year-on-year).

Table 4: Separately Disclosed Items[2]

In EUR m except otherwise stated	**H1 2021**	**H1 2020**
One-off costs from integrations, reorganisations and discontinued operations[15], and other non-recurring income and costs	-12	-11
Temporary losses and other costs related to network expansion, start-ups and new acquisitions in significant restructuring	-7	-24
EBITDA[3] impact	-19	-35
Depreciation costs specific to start-ups and new acquisitions in significant restructuring	-10	-17
EBITAS[4] impact	-29	-52
Share-based payment charge and acquisition-related expenses, net[5]	-60	-59
Net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income)*	-96	-2
Tax effect from the adjustment of all separately disclosed items	18	21
Non-controlling interest on separately disclosed items	-	-0
Total impact on net profit attributable to owners and hybrid investors	-167	-92
Impact on Basic EPS[8] (EUR)	-0.87	-0.51

*Mostly one-off cost of early retirement of bonds performed in Q2 2021

Separately Disclosed Items (SDI) at EBITDA level decreased by 46% to EUR 19m in H1 2021 and stood at 1.9% of adjusted EBITDA in H1 2021 vs. 7.1% in H1 2020, in line with the Group's objective of targeting less than EUR 30m SDI per annum at EBITDA level.

Reported EBITDA increased 116% year-on-year to EUR 989m in H1 2021 from EUR 459m in H1 2020, representing a 30.2% reported EBITDA margin, a 1,050bps improvement year-on-year.

Table 5: Breakdown of Reported EBITDA by Operating Segment

In EUR m except otherwise stated	**H1 2021**	**EBITDA margin %**	**H1 2020**	**EBITDA margin %**	***Growth %***
Europe	652	32.5%	244	19.1%	167%
North America	304	30.1%	227	26.4%	34%
Rest of the World	77	29.6%	35	18.8%	117%
Other(1)	-44		-48	-	-9%
Total	**989**	**30.2%**	**459**	**19.7%**	**116%**

(1) Other corresponds to Group Service Centres

In terms of EBITDA growth, Europe and the Rest of the World benefited most, with Europe in particular recording a 167% growth in reported EBITDA and a 1,340bps year-on-year change in reported EBITDA margin. North America also delivered strong results, with reported EBITDA growth of 34% and a 370bps EBITDA margin improvement year-on-year. The Rest of the World segment delivered 117% growth in reported EBITDA and generated an EBITDA margin of 29.6% in H1 2021 (+1,080bps year-on-year). COVID-19 related activities were accretive to Group margins.

Depreciation and amortisation (D&A) increased by 2% year-on-year to EUR 204m. As a percentage of revenues, D&A stood at 6.2% of Group revenues in H1 2021 vs. 8.6% in H1 2020, a 240bps decrease year-on-year, as the Group has now finalised the vast majority of its significant 2015-2020 investment programme in laboratories to create a network of state-of-the-art facilities in large buildings enabling scale effects, with the most innovative equipment and fully digital with advanced IT solutions. The Group will continue to undertake significant IT investment projects to fully digitalise and optimise its network of laboratories, their IT solutions and IT security.

Net finance costs amounted to EUR 147m, representing a 199% increase compared to H1 2020. The finance costs for the six months ended 30 June 2021 include a one-off cost of EUR 92m from early repayment of our 2022, 2023, 2024 and 2026 bonds, followed by the successful issuance of a 10-year bond with a coupon below 1%. This should decrease the Group's average cost of financing to below 1.8% from H2 2021 onwards.

Income tax expense increased to EUR 163m in H1 2021 vs. EUR 56m in H1 2020 implying an income tax rate of 28.1% vs. 37.2% last year. Income tax paid increased in H1 2021 to EUR 140m vs. EUR 18m in H1 2020 as temporary support measures put in place by some governments in 2020 were not repeated in 2021 and the Group was able to utilise a smaller amount of tax loss carry forwards in H1 2021 compared to last year.

Reported net profit attributable to owners of the Company and hybrid capital investors stood at EUR 415m (12.7% of revenues, +339% compared to EUR 95m in H1 2020), resulting in a record basic EPS of EUR 2.17 (+317% year-on-year vs. EUR 0.52 in H1 2020).

Cash Flow and Financing

Table 6: Cash Flow Reconciliation

In EUR m except otherwise stated	**H1 2021 reported**	**H1 2020 reported**	***Y-o-Y variation***	***Y-o-Y variation %***
Net cash provided by operating activities	709	445	264	59%
Net capex (i)	-220	-130	-90	69%
Free Cash Flow to the Firm	489	315	173	55%
Acquisitions spend and other investments (ii)	-57	-76	19	-25%
Net cash used in investing activities (i) + (ii)	-277	-205	-71	35%
Net cash (used in)/provided by financing activities	-719	85	-803	-950%
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	-272	319	-591	-185%
Cash and cash equivalents and bank overdrafts at end of period	639	614	25	4%

Net cash provided by operating activities significantly increased in H1 2021, up 59% to EUR 709m vs. EUR 445m in H1 2020. Net working capital[12] increased to 6.6% of the Group's revenues in H1 2021 vs. 5.3% at the end of 30 June 2020 (calculated as a percentage of last quarter revenues times four) as temporary postponements of social charges and tax payments put in place by some governments in 2020 are no longer in place in 2021.

Net capex spend for the period amounted to EUR 220m vs. EUR 130m in H1 2020, as the Group caught up with some capex projects which had been cautiously frozen last year at the onset of the COVID-19 pandemic.

Free Cash Flow to the Firm[10] was EUR 489m, a significant increase of 55% compared to EUR 315m in H1 2020. Net capex increased 69% in H1 2021 representing 6.7% of Group revenues (vs. 5.6% of Group revenues in H1 2020).

On May 2021, Fitch Ratings assigned an investment grade credit rating of BBB- with a stable outlook to Eurofins. This second credit rating, equivalent to the first credit rating of Baa3 (stable) assigned by Moody's in July 2020, confirms Eurofins' credit strength based on its leadership positions in most of its activities and its underlying resilient end-markets. It gives Eurofins greater flexibility for its future financing needs. Shortly after, Eurofins successfully priced a new EUR 750m 10-year 0.875%-coupon senior unsecured bond, purchased all of its outstanding 2022 and 2023 bonds and some of its outstanding 2024 and 2026 bonds through make-whole calls or successful tender offers. Thanks to these successful refinancing exercises, Eurofins has reduced its corporate senior gross debt by almost EUR 500m, while decreasing its average cost of financing to below 1.8% from H2 2021 onwards.

Net debt[11] at the end of June 2021 stood at EUR 2,015m (a reduction of 10% vs. EUR 2,242 at the end of December 2020). The leverage ratio (net debt divided by last 12 months proforma adjusted EBITDA) decreased to 1.0x at the end of June 2021, from 1.6x at the end of December 2020.

Acquisitions

During the first six months of 2021, the Group completed 12 acquisitions of which 6 were asset deals. These companies / activities have been fully consolidated from the date the Group took control of these entities. Prior to their acquisition, these entities generated revenues of EUR 37 million for the year ended 31 December 2020 and employed approximately 250 employees.

The businesses acquired contributed to Eurofins' consolidated revenues for EUR 12 million and to consolidated net profit for EUR -0.3 million from their acquisition date to 30 June 2021. The contribution to EBITDA for the same period amounted to EUR 2 million. If these businesses had been acquired as of 1 January 2021, the Group's consolidated revenues would have been increased by an additional EUR 8 million, and consolidated net profit by EUR 0 million. The EBITDA would also have been increased by an additional EUR 1 million.

Since 1 July 2021, Eurofins has completed seven acquisitions. This includes the acquisition of DNA Diagnostics Center ("DDC"), a leader in consumer genetic testing in the United States for a purchase price of approximately USD 172 million. DDC anticipates delivering revenues of over USD 55 million in 2021. Of the remaining six acquisitions, one is located in North America, four in Europe and one in Rest of the World (Japan).

The total annual revenues of these acquisitions made since 1 July 2021 to date amounted to over EUR 95 million in 2020 for an aggregate acquisition price of over EUR 225 million including DDC. The businesses acquired employ approximately 570 employees.

Summary unaudited interim condensed consolidated financial statements for the period ended 30 June 2021:

Table 7: Summarised Income Statement

For the six months ended 30 June

In EUR m except otherwise stated	**2021** Reported Results	**2020** Reported Results
Revenues	3,272	2,323
Operating costs, net	-2,283	-1,865
EBITDA	989	459
EBITDA Margin	*30.2%*	*19.7%*
Depreciation and amortisation	-204	-200
EBITAS	785	259
Share-based payment charge and acquisition-related expenses, net	-60	-59
EBIT	725	200
Finance income	1	2
Finance costs	-148	-51
Share of profit of associates	2	1
Profit before income taxes	579	151
Income tax expense	-163	-56
Net profit for the period	416	95
Attributable to:		
Owners of the Company and hybrid capital investors	415	95
Non-controlling interests	0	0
Basic earnings per share (EUR)*		
- Total	2.17	0.52
- Attributable to owners of the Company	2.09	0.43
- Attributable to hybrid capital investors	0.09	0.09
Diluted earnings per share (EUR)*		
- Total	2.07	0.50
- Attributable to owners of the Company	1.99	0.41
- Attributable to hybrid capital investors	0.08	0.09
Basic weighted average shares outstanding - in millions	191	182
Diluted weighted average shares outstanding - in millions	201	191

* Following a ten-for-one stock split in November 2020, the figures for 2020 have been restated as if the stock split had been effective on 1 January, 2020.

Table 8: Summarised Balance Sheet

In EUR m except otherwise stated	**30 June 2021** Reported Results	**31 December 2020** Reported Results
Property, plant and equipment	1,667	1,575
Goodwill	3,643	3,524
Other intangible assets	815	825
Investments in associates	7	6
Financial assets and other receivables	55	51
Deferred tax assets	61	77
Total non-current assets	**6,248**	**6,057**
Inventories	169	157
Trade receivables	978	949
Contract assets	338	245
Prepaid expenses and other current assets	198	189
Current income tax assets	89	66
Derivative financial instruments assets	0	0
Cash and cash equivalents	640	912
Total current assets	**2,413**	**2,518**
Total assets	**8,661**	**8,576**
Share capital	2	2
Treasury shares	-	-
Hybrid capital	1,000	1,000
Other reserves	1,555	1,543
Retained earnings	1,577	1,311
Currency translation reserve	-55	-165
Total attributable to owners of the Company	*4,079*	*3,690*
Non-controlling interests	31	26
Total shareholders' equity	**4,110**	**3,716**
Borrowings	2,527	2,917
Deferred tax liabilities	116	115
Amounts due for business acquisitions	64	49
Employee benefit obligations	74	73
Provisions	12	8
Total non-current liabilities	**2,793**	**3,163**
Borrowings	128	238
Interest due on borrowings and earnings due on hybrid capital	44	51
Trade accounts payable	531	542
Contract liabilities	163	137
Current income tax liabilities	123	84
Amounts due for business acquisitions	63	56
Provisions	26	36
Other current liabilities	679	552
Total current liabilities	**1,758**	**1,696**
Total liabilities and shareholders' equity	**8,661**	**8,576**

Table 9: Summarised Cash Flow Statement

For the six months ended 30 June

In EUR m except otherwise stated	2021	2020
	Reported	Reported
Cash flows from operating activities		
Profit before income taxes	579	151
Depreciation and amortisation	204	200
Share-based payment charge and acquisition-related expenses, net	60	59
Financial income/(expense), net	144	46
Share of profit from associates	-2	-1
Transactions costs and income related to acquisitions	-4	-3
Changes in provisions employee benefit obligations	-7	-3
Other non-cash effects	0	-0
Change in net working capital	-128	13
Cash generated from operations	**849**	**463**
Income taxes paid	-140	-18
Net cash provided by operating activities	**709**	**445**
Cash flows from investing activities		
Purchase of property, plant and equipment	-200	-113
Purchase, capitalisation of intangible assets	-23	-20
Proceeds from sale of property, plant and equipment	3	3
Net capex	-220	-130
Free Cash Flow to the Firm	*489*	*315*
Acquisitions of subsidiaries net of cash acquired and proceeds from disposals of subsidiaries	-58	-76
Disposals/(acquisition) of investments, financial assets and derivative financial instrument, net	1	-1
Interest received	0	1
Net cash used in investing activities	**-277**	**-205**
Cash flows from financing activities		
Proceeds from issuance of share capital	13	545
Proceeds from borrowings	743	595
Repayments of borrowings	-1,249	-924
Repayments of lease liabilities	-74	-75
Dividends paid to shareholders and non-controlling interests	-0	-
Earnings paid to hybrid capital investors	-15	-15
Interests and premium paid	-136	-41
Net cash (used in)/provided by financing activities	**-719**	**85**
Net effect of currency translation on cash and cash equivalents and bank overdrafts	15	-5
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**-272**	**319**
Cash and cash equivalents and bank overdrafts at beginning of period	911	295
Cash and cash equivalents and bank overdrafts at end of period	**639**	**614**

1 Adjusted results - reflect the ongoing performance of the mature[14] and recurring activities excluding "separately disclosed items[2]".

2 Separately disclosed items - include one-off costs from integration, reorganisation, discontinued operations[15] 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 charges[5], impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, gains/losses on disposal of businesses 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 – 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 EBITAS – EBITDA less depreciation and amortisation.

5 Share-based payment charge and acquisition-related expenses, net – 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 EBIT – EBITAS less Share-based payment charge and acquisition-related expenses, net.

7 Net Profit – Net profit for equity holders after non-controlling interests but before payment to Hybrid capital holders.

8 Basic EPS – earnings per share (basic) total (to equity holders before payment of dividends to Hybrid capital holders). Following a ten-for-one stock split in November 2020, the figures for 2020 have been restated as if the stock split had been effective on 1 January 2020 .

9 Net capex – Acquisition of intangible assets, property, plant and equipment, less proceeds from the disposal of such assets.

10 Free Cash Flow to the Firm - Net cash provided by operating activities, less Net capex.

11 Net debt – Borrowings, less cash and cash equivalents.

12 Net working capital – Inventories, trade receivables and contract assets, prepaid expenses and other current assets less trade accounts payable, contract liabilities and other current liabilities excluding accrued interest receivable and payable.

13 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.

14 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.

15 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.

Notes to Editors:

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:

UK: + 44 330 336 9105
US: + 1 646 828 8143
FR: + 33 176 772 274
BE: + 32 240 406 59
DE: + 49 692 222 134 20

Confirmation Code: 333 07 88

For more information, please visit www.eurofins.com or contact:

Investor Relations
Eurofins Scientific SE
Phone: +32 2 766 1620
E-mail: ir@eurofins.com

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 agroscience 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 55,000 staff across a decentralised and entrepreneurial network of 900 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 25 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, travel and events 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.