Eurofins reports robust financial performance in H1 2019 despite disruptions from the June cyber-attack

29 August 2019

- Revenues increased 24.3% year-on-year to EUR 2,168m in H1 2019 vs. EUR 1,743m in H1 2018.

- Due to the lack of comparability of the revenues for the month of June as a result of the June 2nd cyber-attack, like for like organic growth[10] for Q2 and H1 2019 unfortunately cannot be determined. Organic growth in the period January to May 2019 was over 4.5% (5.5% excluding Boston Heart Diagnostics, "BHD"), in line with the Group's annual objective. In July 2019, organic growth was above those year-to-date May 2019 values, confirming the good recovery of the business after the cyber-attack.

- The exact revenues and profits that were lost during the month of June will unfortunately never be known exactly. As can be judged today, estimates based on extrapolation of year-to-date May 2019 growth figures, or taking into account July growth, lead to a range of values with an average impact of EUR 62m on revenues and EUR 51.5m on EBITAS[4] and EBITDA[3]. Those numbers are of course only estimates. The net financial impact (after insurance compensation) is expected to be much lower, as business interruption insurance coverage for this criminal cyber-attack has been confirmed. Eurofins insurance coverage exceeds the estimates mentioned above but efforts to determine and agree on exact damages will be on-going for a while.

- Reported EBITDA increased 28.9% year-on-year to EUR 371m, resulting in a 17.1% reported EBITDA margin, a 60bps improvement year-on-year. Excluding a rounded estimated impact from the cyber-attack of EUR -50m and the impact of IFRS 16 application (EUR +62m), reported EBITDA would have increased by 24.6% year-on-year to EUR 359m with previous accounting rules, resulting in a 16.1% reported EBITDA margin, a moderate 40bps decrease year-on-year, mainly due to BHD losses and the consolidation of lower margins of TestAmerica offsetting operational improvements.

- Adjusted[1] EBITDA increased 29.5% year-on-year to EUR 415m, resulting in a 19.1% adjusted EBITDA margin, a 70bps increase year-on-year.

- Reduced spend in H1 2019 on capex (EUR 157m, EUR 121m excluding IFRS 16) and M&A (EUR 115m), in line with the Group's objectives, had a positive impact on cash generation, with free cash flow to the firm[9] of EUR 75m (+60.1% year-on-year, EUR 49m excluding IFRS 16) in spite of the impact of the cyber-attack.

- Adjusted basic earnings per share (EPS)[7] was stable at EUR 8.83 whilst reported basic EPS fell by 35.7% in H1 2019 to EUR 3.31 mostly due to the impact of the cyber-attack.

- Net debt at the end of June 2019 increased to EUR 3,241m from EUR 2,651m at the end of December 2018 mainly as a result of IFRS 16 implementation (IFRS 16 increased net debt by EUR 505m and EBITDA by EUR 62m for six months). Leverage at the end of June 2019 (net debt to adjusted L12M EBITDA) stood at 3.52x on a pro-forma basis and at constant accounting rules (excluding IFRS 16), in line with the Group's self-imposed limit of 3.5x in spite of the fact that Eurofins has not yet received insurance payments to cover for the cyber-attack losses and L12M

EBITDA was not corrected for the one-off missing gross margin resulting from revenue losses which followed the cyber-attack.

- On April 26th, 2019, the Annual General Meeting of Eurofins' shareholders approved the change of Group auditors to Deloitte Audit.
- Outlook: Whilst Eurofins believes the bulk of the gross financial impact from the cyber-attack was recorded in June 2019, it is too early to assess the total net financial impact on the Group's full-year 2019 results. As is customary in such matters, Eurofins is still in discussions with its insurers regarding the reimbursement amount that they will provide. As evidenced in July, the Group has returned to good performance, in line with its objectives and has a positive outlook on the rest of the year.

Comments from the CEO, Dr. Gilles Martin:

"In H1 2019, Eurofins continued to make significant progress towards the objectives of its five year 2015-2020 plan to build a unique global network of state-of-the-art laboratories, market leadership positions, scale and scientific excellence to offer even better, faster, more cost effective and more differentiated services to its clients and as a result significantly improve its competitive advantage, profitability and cash flow generation to benefit its long-term oriented shareholders for years to come. As the Group moves closer to the end of its five-year infrastructure development plan, the focus has shifted from new investments, including start-ups and M&A, to finalising the internal investments already initiated, integrating the recently acquired businesses and making progress towards operational excellence, and thus laying the groundwork for improved profitability, cash flow and return on investment. Unfortunately several Group laboratories were hit by a severe criminal cyber-attack on Sunday June 2nd 2019, which significantly affected some of Eurofins businesses in June and temporarily hampered their financial performance. Due to the strong commitment and hard work of our teams, normal operations have now fully recovered and the outlook is good for the remainder of 2019 and 2020. The Group will now continue to focus on further improving its margins, cash flow generation, return on investment and on deleveraging."

Business Review

June 2nd cyber-attack:

As communicated in an ad-hoc press release on Monday June 24th, since Monday June 17th, the vast majority of affected laboratories' operations had been restored. The production and reporting IT systems of essentially all those that still were not live then became operational again during the following week. Restoration operations continued for a few more weeks for some less important back office and software development systems. Most affected companies worked diligently to catch up on their cyber-attack related backlog in the last two weeks of June.

Eurofins companies alerted and are cooperating with law enforcement agencies and renowned IT forensics and security companies in the investigation of this matter. Forensics investigations have been completed and historic or related dormant threat agents identified were eliminated. Additional security and monitoring tools were deployed since then and world class cyber security experts were engaged. All this will be providing additional protection and monitoring. We are continuing to work intensively with leading cybersecurity experts to further secure our current systems and infrastructure and to add enhanced security features and measures to protect our systems and data. The investigations conducted so far by our internal and external IT forensics experts have concluded that there now should be no significant residual risk from the ransomware attack and have not found evidence of any unauthorised theft or transfer of confidential client data. The security of our client data and of all our IT systems is of the utmost importance to Eurofins. Eurofins companies remain committed to making significant investments in the continuous improvement of the security of their IT systems.

Eurofins being fortunately well insured, it could well be that the full missing margin caused by this criminal act will be compensated by its insurers. Coverage has been confirmed and discussions about exact determination of damages will be on-going for some months. We hope to have brought this close to resolution and to have received at least partial payments by year end. However, unfortunately the significant impact of lost revenues in June due to IT systems disconnection or unavailability, forensics and remediation costs, renders the comparability of H1 2019 financial statements to those of H1 2018 substantially meaningless. We have attempted to provide indications regarding revenues evolution trends based on year-to-date May 2019 results. As no exact determination of lost revenues and margins for June is possible, correcting results for such estimated effects in our H1 financial statements would be hazardous. Missing revenues in July originated essentially only from Eurofins Forensics UK awaiting government clearance to restart operations which was given at the end of July. As July's revenues growth confirms, the operations of other affected Eurofins companies appear to have fully restarted.

The following figures are extracts from and should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements and Notes for the period ended 30 June 2019.

Table 1: Half Year 2019 Results Summary

***Not adjusted for missing margin related to the cyber-attack**

	H1 2019 (including IFRS 16)			**H1 2018**			**+/- % Adjusted Results**	**+/- % Reported Results**
In EUR m except otherwise stated	**Adjusted[1] Results ***	Separately disclosed items[2]	Statutory Results	Adjusted Results	Separately disclosed items	Statutory Results		
Revenues	2,167.7	-	2,167.7	1,743.3	-	1,743.3	*24.3%*	*24.3%*
EBITDA[3]	414.9	-44.0	370.9	320.4	-32.5	287.8	*29.5%*	*28.9%*
EBITDA Margin (%)	19.1%		17.1%	18.4%		16.5%	*+70bps*	*+60bps*
EBITAS[4]	250.8	-62.2	188.7	226.6	-43.7	182.9	*10.7%*	*3.1%*
Net Profit[6]	156.9	-98.0	58.9	155.9	-64.8	91.1	*0.7%*	*-35.4%*
Basic EPS[7] (EUR)	8.83	-5.52	3.31	8.82	-3.66	5.15	*0.1%*	*-35.7%*
Net Operating Cash Flow[8]			232.0			217.8		*6.5%*
Free Cash Flow to the Firm[9]			74.9			46.8		*60.1%*
Net capex			157.1			171.0		*-8.2%*
Net Debt			3,241.4			1,638.9		*97.8%*
Leverage Ratio (net debt/Last 12 Months (L12M) adjusted EBITDA)			3.70x			2.61x		
Leverage Ratio (net debt/L12M pro-forma adjusted EBITDA)			3.62x			2.44x		

Note: Definitions of the terms used can be found at the end of this press release

Revenues

Revenues in Q2 2019 were EUR 1,100.2m, bringing Group revenues for the first half of 2019 to EUR 2,167.7m, representing a strong increase of 24.3% vs. H1 2018.

Table 2: Geographical Revenue Breakdown

(EUR m)	**H1 2019**	**As % of total**	**H1 2018**	***As % of total***	***Growth %***
France	426.8	19.7%	370.1	21.2%	15.3%
Germany	220.7	10.2%	199.6	11.5%	10.6%
Benelux	134.5	6.2%	119.8	6.9%	12.3%
Nordic Countries	119.0	5.5%	110.6	6.3%	7.6%
UK & Ireland	133.2	6.1%	112.1	6.4%	18.8%
Total Western Europe	1034.3	47.7%	912.3	52.3%	13.4%
North America	798.1	36.8%	552.7	31.7%	44.4%
Rest of the World	335.3	15.5%	278.4	16.0%	20.4%
Total	**2,167.7**	**100.0%**	**1,743.3**	**100.0%**	**24.3%**

Western Europe generated total revenues of EUR 1,034.3m in H1 2019, representing 47.7% of total Group revenues, and an increase of 13.4% vs. H1 2018. In H1 2019, Western Europe organic growth was above that of the Group year-to-date to May 2019, with a solid performance across Food, Environment and BioPharma testing.

By country, France generated revenues of EUR 426.8m in H1 2019, a 15.3% increase vs. H1 2018, and representing 19.7% of total Group revenues. Year-to-date to May 2019 organic growth in France was above Group average with double digit organic growth in Food, Environment and BioPharma testing services. In Food testing, chemistry analyses grew particularly fast thanks to significant market share gains whilst the integration of Alpa's activities also helped consolidate Eurofins' leadership in the hygiene audit and consulting business. The growth in Environment testing activities was mainly supported by Eurofins' water testing and polluted sites analytical services, which saw strong sales activities towards key accounts. Clinical Diagnostics was stable with encouraging growth in the second quarter both for the routine and specialty testing activities and despite the reimbursement cuts applied from April 1st 2019.

Germany generated revenues of EUR 220.7m in H1 2019, a 10.6% increase vs. H1 2018, and representing 10.2% of total Group revenues. Year-to-date to May 2019 organic growth in Germany was overall slightly below Group average despite double digit organic growth in Environment testing services and above Group average in Food testing services.

The Group's businesses in the Benelux generated revenues of EUR 134.5m in H1 2019, representing a 12.3% increase vs. H1 2018, and 6.2% of total Group revenues. Year-to-date to May 2019 organic growth in Benelux was slightly below Group average despite double digit organic growth in Environment testing services and organic growth above Group average in BioPharma testing services as the Group continues to successfully take market share.

In the UK and Ireland, Eurofins generated revenues of EUR 133.2m in H1 2019, representing an 18.8% increase vs. H1 2018, and 6.1% of total Group revenues. Year-to-date to May 2019 the UK and Ireland saw double digit organic growth, as the significant site reorganisation efforts made during the last two years start to yield results as demonstrated by the double digit organic growth performance in BioPharma services. Eurofins' Environment testing services also saw double digit organic growth.

Eurofins' businesses in the Nordic Countries generated revenues of EUR 119.0m in H1 2019, representing a 7.6% increase vs. H1 2018, and 5.5% of total Group revenues. Year-to-date to May 2019 organic growth in the Nordic Countries was slightly below Group average despite gaining market share on the back of strong service levels, in particular much improved turnaround times and high quality IT solutions for customers.

Eurofins' business in North America generated total revenues of EUR 798.1m in H1 2019, representing 36.8% of total Group revenues, and an increase of 44.4% vs. H1 2018. Year-to-date to May 2019 organic growth was below Group average, largely driven by the negative impact of BHD, which represented a -90bps drag to Group organic growth and despite a very strong performance elsewhere, particularly in the Food and Environment testing businesses, both generating organic growth above the Group average. The integrations of TestAmerica in the U.S. and EnvironeX in Canada are progressing ahead of schedule, including site reorganisations and Laboratory Information Management System (LIMS) consolidation. The integration of Covance Food Solutions (renamed Eurofins Food Integrity and Innovation, "EFII") also continues to be significantly ahead of schedule. IT infrastructure is now integrated and commercial activities of the legacy food testing business and EFII have been coordinated across market verticals and areas of expertise producing significant organic growth opportunities. The BioPharma division saw positive organic growth despite continued disruption from the rollout of the new LIMS system, which is progressing to plan and should be substantially completed at the largest sites by year end. Demand for services continues to be strong, particularly for new drug modalities, and accordingly the Group is increasing capacity in a number of key areas. In Clinical Diagnostics, the performance continues to be negatively impacted by BHD. However, the other businesses saw solid developments and their pipeline is promising. For instance, Eurofins NTD launched a new test (Presence of Y) that improves the clinical utility of its first trimester testing and offers a valuable lower cost alternative to Next Generation Sequencing (NGS) based non-invasive prenatal testing ("NIPT") and Viracor and TGI have a number of high potential tests to be launched soon.

Eurofins' business in the Rest of the World generated revenues of EUR 335.3m in H1 2019, a 20.4% increase vs. H1 2018, representing 15.5% of total Group revenues. Year-to-date to May 2019 organic growth in the Rest of the World was close to double digit. In Latin America, activity in the Food sector has maintained a very positive trajectory in both Brazil and Chile resulting in three separate laboratory capacity expansion projects. In Asia, strong organic growth was experienced in both Food and Environment testing on the back of capacity and service investments made in the last couple of years. In Australia and New Zealand, strong organic growth in Food and Environment testing was supported by the Group's expansion into testing of emerging environmental contaminants as well as food nutrition and food contaminants, and the addition of laboratory capacity.

Profitability

Adjusted EBITDA increased 29.5% year-on-year to EUR 415m, resulting in a 19.1% adjusted EBITDA margin, a 70bps increase year-on-year. Separately disclosed items[2] (SDI) as a proportion of adjusted EBITDA stood at 10.6% vs. 10.2% in H1 2018. They include significant costs for the consolidation into modern campuses of acquired businesses in Canada, Austria and California, as well as extra remediation and forensics expenses incurred following the cyber-attack. Beyond the reorganisation and cyber-attack remediation costs, ramp up of start-up losses and BHD losses contributed to higher SDI in H1 2019. Estimated operating losses generated by missing revenues due to the business interruption following the cyber-attack in affected laboratories are not included in SDI. This missing margin is due to the revenue losses in June 2019 in those affected laboratories and the resulting loss of profit given that fixed costs (mainly personnel expenses and facilities costs) could not be eliminated or reduced during the period as personnel was doing more manual work to fulfil the most urgent orders while systems were being screened and restored.

Reported EBITDA grew by 28.9% in H1 2019 to EUR 370.9m, largely impacted by the implementation of IFRS 16 (which increased reported EBITDA by EUR 62m) and the cyber-attack impact, resulting in a 17.1% margin (+60bps vs. last year).

Table 3: Breakdown of Reported EBITDA by Operating Segment

(EURk)	H1 2019 (including IFRS 16)	% of segment revenues	H1 2018	% of segment revenues	*Growth %*
Western Europe	168,751	16.3%	152,156	16.7%	10.9%
North America	175,712	22.0%	116,890	21.1%	50.3%
Rest of the World	52,350	15.6%	40,619	14.6%	28.9%
Other[1]	-25,901		-21,864		18.5%
Total	370,912	**17.1%**	287,802	**16.5%**	28.9%

(1) Other corresponds to Group Service Centres

Depreciation and amortisation increased to 8.4% of revenues in H1 2019 vs. 6.0% in H1 2018, due to IFRS 16 (6.1% excluding IFRS 16).

Finance costs amounted to EUR 49m, representing 2.2% of revenues vs. 1.8% in H1 2018 (1.7% excluding IFRS 16 impact).

The income tax expense was relatively stable in absolute terms at EUR 30.0m vs. EUR 31.7m in H1 2018, despite a lower profit before tax, mostly due to a one-time unfavourable comparable in the U.S. in 2018.

Net profit decreased to EUR 58m in H1 2019 vs. EUR 91m in H1 2018, mainly as a result of the cyber-attack disruptions, leading basic EPS to decrease from EUR 5.15 in H1 2018 to EUR 3.31 in H1 2019.

Cash Flow & Financing

Table 4: Cash Flows Reconciliation

(EURm)	**H1 2019 reported**	**IFRS 16 impact**	**H1 2019 excluding IFRS 16**	**H1 2018 reported**	***Y-o-Y variation*** ***H1 2019 ex. IFRS 16 vs. H1 2018***
Net Cash from Operations	232	-62	170	218	-48
Net Cash from Investing	-223	36	-187	-384	+197
Free Cash Flow to the Firm	*75*	*-26*	*49*	*47*	*+2*
Net Cash from Financing	-226	26	-200	-101	-99
Net increase (decrease) in Cash and cash equivalents	-212	0	-212	-265	+53

Net working capital stood at 6.4% of revenues impacted by higher days of sales outstanding (DSO) at recently acquired companies (as it usually takes some time to align them to Group standards) and difficulties in collections during the cyber-attack. Free cash flow to the firm remained stable excluding IFRS 16, despite the impact from the cyber-attack. Net cash provided by financing activities decreased by EUR 99m to –EUR 200m excluding the impact from IFRS 16 as the Group repaid some of its commercial paper and credit facilities, in an effort to manage its cash on hand and borrowings more optimally at quarter end. As previously reported, the Group believes that it has already secured ample and sufficient liquidity to carry on with the execution of its 2015-2020 mid-term plan.

Net debt increased to EUR 3,241m as of June 2019 vs. 2,651m as of December 2018, with the majority of the increase coming from the implementation of IFRS 16 (EUR +505m net debt, EUR +62m EBITDA). The Group's leverage at the end of June 2019 (net debt to adjusted L12M EBITDA) stood at 3.52x vs. 3.38x at December end on a pro-forma basis and at constant accounting rules (excluding the impact of IFRS 16), in line with the Group's self-imposed limit of 3.5x in spite of the negative impact of the cyber-attack on EBITDA. The implementation of IFRS 16 only had a minor impact on leverage, bringing net debt to adjusted L12M EBITDA on a pro-forma basis to 3.62x in June 2019.

Acquisitions

During the first six months of 2019, the Group performed sixteen acquisitions which generated total revenues in excess of EUR 95m in 2018 with approximately 1,200 employees.

In particular, in June 2019, Eurofins announced the acquisition of Transplant Genomics Inc. ("TGI"), a molecular diagnostics company committed to improving organ transplant outcomes with non-invasive serial monitoring guided by genomics. Eurofins' Clinical Diagnostics capabilities and market footprint serving transplant patients, which includes VRL, Inc. (the largest pre-transplant laboratory network in the U.S.) and Viracor, Inc. (the largest specialty post-transplant clinical laboratory in the U.S. currently serving approximately 70% of all transplant programs in the U.S., focusing on post-transplant infectious disease and immune status monitoring services) provide an ideal platform in which to launch TGI's highly anticipated TruGraf blood gene expression test. TruGraf is the first blood test that allows physicians to reassure patients with stable renal function following kidney transplants that their graft is not harbouring silent rejection without the need for an invasive and costly surveillance biopsy. TGI has recently received a draft Local Coverage Determination (LCD) decision from Centers for Medicare & Medicaid Services (CMS) via Palmetto GBA's Molecular Diagnostic Services (MolDX) Program, supporting the upcoming launch of TruGraf and is awaiting final reimbursement decisions.

Infrastructure Programme

In the first six months of 2019, according to its plans, Eurofins has added significant state-of-the-art laboratory space through delivery of new building projects, new acquisitions, but also through expansion of its world class campuses.

Eurofins' new five-story 15,000m^2 addition in Lancaster, Pennsylvania U.S., will be delivered in Q3 2019. It is designed with lean and sustainability motives in mind. This thirteenth expansion in Eurofins Lancaster's nearly 60-year history adds 50% more capacity to its existing 30,000m^2 facility, now totalling more than 45,000m^2.

The Hamburg campus in Germany has added a new 15,000m^2 building at the end of May and is now transferring Food testing, Agroscience and BioPharma services activities from other locations in the area, thus allowing consolidation of activities on the Eurofins Hamburg campus. This new laboratory has been designed for high flexibility, leaner processes and higher efficiency and will allow stronger interdisciplinary cooperation.

In Austria, the new campus in Wiener Neudorf near Vienna has been delivered in March, consolidating the Food and Environment activities in the area into a new 3,500m^2 facility, while also renovating part of the pre-existing 1,300m^2 building. This new campus is able to serve customers from a common platform, the largest private service laboratory in Austria offering an unmatched range of testing services. It has also been designed to allow for further extensions and consolidations.

Further new building and renovation projects have been successfully completed in H1 2019, of which the most significant are: in the Netherlands a new 2,800m^2 building in Heerenveen for Food testing, in Belgium the renovation of 1,200m^2 in Nazareth for the Environment testing business, and the new Clinical Diagnostics laboratory at Médipôle in Lyon, France. Eurofins EAG Laboratories have also moved into a new fully renovated 3,400m^2 facility in Shanghai, significantly increasing its capacity to serve its customers in China.

Eurofins is well on track to deliver its 2019 plan for construction and renovation of 60,000m^2 laboratory surfaces in addition to new space from acquisitions.

Start-ups Programme

Start-ups or green-field laboratories are generally undertaken in new markets, and in particular in emerging markets, where there are often limited viable options for acquisitions or in developed markets when Eurofins transfers technology developed by its R&D and Competence Centres abroad or expands geographically.

In H1 2019, the Group opened 10 new start-ups, bringing the total number of start-ups created since 2000 to 155. The 155 start-up laboratories opened since the year 2000 had a 90bps contribution to Group organic growth for the period January–May 2019.

Of these 155 start-ups, over 40% are in Europe, close to 30% in APAC, over 20% in North America and close to 10% in Latin America. By business line, ca. 40% are in Food & Feed testing, 20% are in Pharma/Biotech/Agroscience services, over 20% in Environment testing, and over 6% are in Clinical Diagnostics.

Post-Closing Events

Change of scope:

Since July 1st, 2019, Eurofins has completed the acquisition of five companies: one in Environment testing in Spain, one in Food testing in France, one in Environment testing in Poland and two in Clinical Diagnostics in France and in Brazil. The total annual revenue of these acquisitions was in excess of EUR 32m in 2018.

1 Adjusted - reflect the ongoing performance of the mature[11] and recurring activities excluding "separately disclosed items[2]".

2 Separately disclosed items - includes one-off costs from integration, reorganisation, discontinued operations[12] 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[5], 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 – 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, 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.

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

7 Basic EPS – earnings per share (basic) total (to equity holders before payment of dividends to Hybrid capital holders).

8 Net Operating Cash Flow – Net cash provided by operating activities (after tax).

9 Free Cash Flow to the Firm - Operating Cash Flow, less Net capex.

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

11 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 their 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. In FY 2018, 93% of total Group revenues were included in the mature scope up from 91% in FY 2017.

12 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 for the year ended 31 December 2018.

The First Half Year Report 2019 can be found on Eurofins website at the following location: https://www.eurofins.com/investor-relations/reports-presentations/

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).

Click here to Join Call >>

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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 agroscience 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. Eurofins provides in the Income Statement certain alternative performance measures (non-IFRS information such as "Adjusted Results[1] and Separately Disclosed Items[2]") that exclude certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends.

In addition, Eurofins shows the following measures: "EBITDA[3], EBITAS[4]" in the Income Statement and "Organic growth[10]" with the objective to be close and consistent with the information used in internal Group reporting to measure the performance of Group companies and information published by other companies in the sector.

Management believes that providing these APMs (Alternative Performance Measures) enhances investors' understanding of the company's core operating results and future prospects, consistent with how management measures and forecasts the company's performance, especially when comparing such results to previous periods or forecasts and to the performance of our competitors. This information should be considered in addition to, but not in lieu of, information prepared in accordance with IFRS. These APMs are described in more detail in the Consolidated Financial Statements 2018 in Notes 1.27 and 1.28.