

After strong NM 2017 performance Eurofins brings forward by 1 year, to 2019, its EUR 4bn annual revenues objective

24 October 2017

- Revenues grew 16.2% in Q3 2017 to EUR 731m, bringing revenues in the first nine months of 2017 (NM 2017) to EUR 2,128m, a 15.8% increase compared to NM 2016 (15.7% at constant currency exchange rates).
- Organic growth* in the first nine months of 2017 was close to 6%, above the Group's annual objective of 5%. Adjusted for public working days impact, Q3 organic growth (+7.4%), further strengthened vs Q2 (+6.3%) and Q1 (+5.7%).
- Revenues from North America, where the Group continues to expand rapidly, and where it generated over 30% of total revenues, increased 12.9% in NM 2017 (+12.4% at constant currency exchange rates). Organic growth* in North America was well above the Group's average. As announced on September 18th, 2017, Eurofins signed an agreement to acquire EAG Laboratories, a leading global scientific services company with an EBITDA margin close to 30% that expects to generate revenues in excess of US\$ 220m this year. EAG is not consolidated yet.
- In Germany, where the Group recently acquired Institut Nehring on October 16th and LifeCodexx, GATC and Hygel in last July, the Group has delivered strong performance across most of its business lines with organic growth* above Group average.
- Year to date, Eurofins has signed and/or closed over 40** acquisitions for a total annualised revenue of ca. EUR 600m** including EAG and LGC Forensics. Overall these acquisitions are quite accretive as their EBITDA margin is slightly above 20%, and their EV/EBITDA multiple in the low double digit area. The Group's annual M&A revenue objective (EUR 200m) has thus been substantially exceeded, reflecting Eurofins' strong commitment to expand its network of laboratories and portfolio of advanced analytical tests by acquiring leading laboratories.
- Growth trends remain positive in most of the Group's businesses and geographies. As a result of its accelerating M&A and start-up programs, Eurofins has acquired or strengthened global leadership positions in 4 business lines: Agrosience services, Genomics services, Forensics services and Discovery Pharmacology, and substantially reinforced its position in Clinical Genetics. Additionally, it has established new business lines in the dynamic and growing markets of Advanced Materials Sciences and Pharma Contract Development and Manufacturing Organizations (CDMO).
- Outlook: should the customary closing conditions be met for signed transactions already announced but not yet closed, the management is confident to deliver reported revenues in excess of its initial objective of EUR 2.9bn***, and in the vicinity of EUR 3.35bn*** on a pro-forma basis for 2017. Taking into account a 5% per year organic growth in 2018 and 2019, and additional yearly revenues of EUR 200m from acquisitions in 2018 and 2019, Eurofins would reach in 2019 already, 1 year in advance versus its initial objective, annual revenues of EUR 4bn***. Based on those hypotheses, the Group has thus set new revenues objectives of EUR 3.6bn*** for 2018 and EUR 4bn*** for 2019, bringing ahead by one year that objective.

Comments from the CEO, Dr. Gilles Martin: “Eurofins’ Q3 results and performance over the first nine months of 2017 reflect the strong underlying trends that characterize the markets in which the Group operates. Our commitment to always develop or acquire advanced technologies and start-up laboratories to continuously expand our state-of-the-art portfolio of analytical services and laboratories has allowed Eurofins to grow rapidly, doubling in revenues every 3 years on average from 2005 to 2016. The Group’s recent acceleration in M&A activity, including our largest acquisition year-to-date of EAG Laboratories, should help consolidate Eurofins’ markets, improve service to our clients and expand the margins of newly acquired firms that gain access to Eurofins’ portfolio of competencies, logistics and clients. These positive Group-wide M&A developments, coupled with our solid NM 2017 performance, have prompted Eurofins’ management to bring forward by 1 year, to 2019, its EUR 4bn 2020 revenue objective. Should this be achieved, Eurofins will have doubled in size once again in only 4 years.”

* Organic growth for a given period (Q1, Q2, Q3, Half Year, Nine Months or Full Year) - non-IFRS measure calculating the growth in revenues during that period between 2 successive years for the same scope of businesses using the same exchange rates but excluding discontinued operations.

For the purpose of organic growth calculation for year Y, the relevant scope used is the scope of businesses that have been consolidated in the Group’s income statement of the previous financial year (Y-1). Revenue contribution from companies acquired in the course of Y-1 but not consolidated for the full year are adjusted as if they had been consolidated as from 1st January Y-1. All revenues from businesses acquired since 1st January Y are excluded from the calculation.

** including EAG (closing of which being still pending fulfillment of customary conditions precedent).

*** at constant exchange rates (as at 09/2017).

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Notes for the editor:

Eurofins – a global leader in bio-analysis

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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).

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