



## Eurofins

A global leader in bioanalytical testing in the food, environment, pharmaceutical, agrosciences and clinical sectors

**Consistently delivering strong, sustainable, profitable growth**

***Doubled revenues more than 3 times (every 3 years on average) between 2005 and 2017***

***Sales & EBITDA multiplied by more than 12 times between 2005 and 2017***

***Basic EPS multiplied by more than 11 times between 2005 and 2017***

Corporate Presentation  
October 2018

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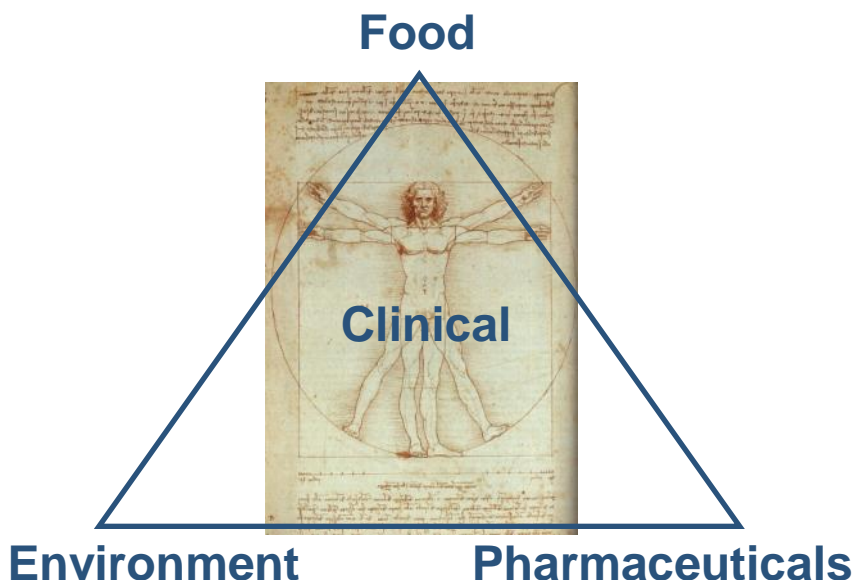
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- **Introduction**
- Market & Strategic Positioning
- Finance & Outlook
- Summary
- Appendix

# Eurofins' Mission is to contribute to global Health, Safety & Environment with the best in bioanalysis



Eurofins provides testing services in four main areas that have a strong impact on human health:



- Founded in 1987
- IPO in 1997 in Paris at EUR 1.83 per share (vs EUR 476.40 at 29/06/2018)
- Over 40,000 employees accross more than 650 laboratories in 45 countries
- Over 150,000 validated analytical methods

<u>Key figures</u>	<u>2017</u>	<u>2014-2017 CAGR</u>
Revenues	EUR 2.97bn	28%
Revenues (pro-forma)	EUR 3.44bn	
Adj. EBITDA*	EUR 557m	29%
Reported EBITDA	EUR 513m	31%
Op CashFlow	EUR 405m	24%
Earnings per share	EUR 12.68	34%

## H1 2018 Achievements

Revenues	EUR 1,743m Revenues, +25% vs. H1 2017
Reported EBITDA	EUR 288m EBITDA, +31% vs. H1 2017

## NM 2018 Achievements

Revenues	EUR 2,698m Revenues, +27% vs. NM 2017
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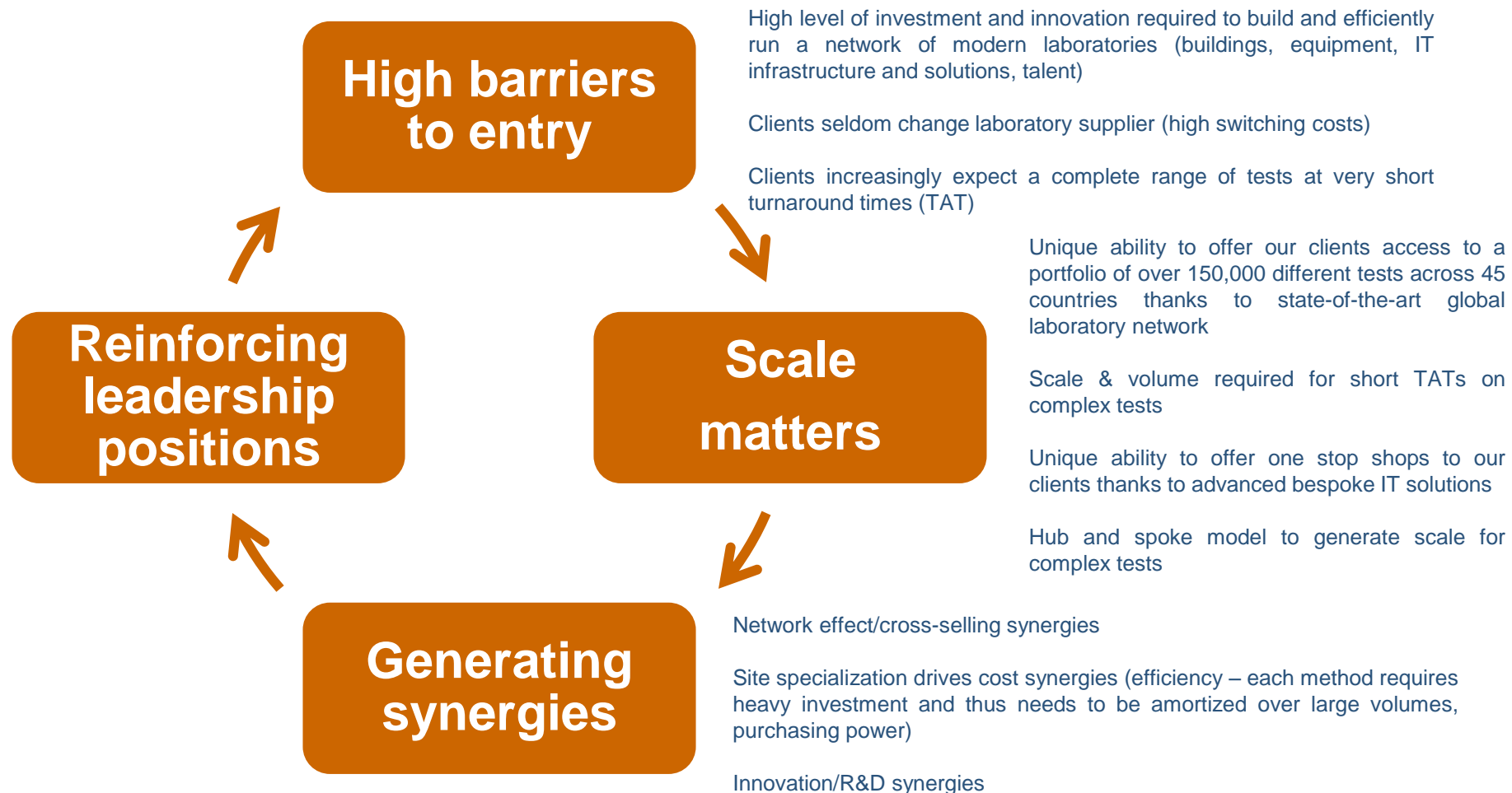
## Financial Objectives\*\*

FY 2018	Over EUR 3.8bn Revenues EUR 4bn Pro-forma Revenues	} Raised/set on 26.06.2018
FY 2019	EUR 4.6bn Revenues	
FY 2020	EUR 5bn Revenues EUR 1bn adjusted EBITDA	} Raised/set on 23.10.2018

\*Adjusted – reflects the ongoing performance of the mature and recurring activities excluding “separately disclosed items”

\*\*At 30th September 2018 exchange rates, including acquiring ca. EUR 200m per annum in each of 2019 and 2020 (consolidated at mid-year)

# Building leadership positions in an industry with significant network effects and competitive advantage for the market leader



**Reinforcing leadership positions**

**High barriers to entry**

**Scale matters**

**Generating synergies**

➡ **We have been building a hard to replicate laboratory platform**

➡ **Some competitors who tried to diversify into our sector are starting to exit some of our markets (LabCorp, Exova, TÜV Rheinland, Applus etc.). Smaller/mid-size players lose market share**

# Building a unique platform for global leadership in our attractive high growth markets with large network effects



**High barriers to entry exist in Eurofins' markets. Significant investments are required to build and efficiently run modern laboratories. Clients seldom change laboratory supplier.**

- Constant scientific breakthroughs lead to novel equipment and testing methods. Methods often take years to be developed and validated
- Clients increasingly expect a complete range of tests – Food testing is over 130,000 validated tests already.
- Stickiness of business. Switching costs are high. Clients often have decade-long stable relationships with their laboratory of choice.

**Bioanalytical testing is a highly scalable activity**

- Economies of scale in testing and logistics are huge and create a large cost advantage for the market leader vs. competitors.

**In order to unlock economies of scope and scale, a global standardized network of laboratories is needed**

- Developing a state-of-the-art global laboratory network takes decades and requires very large investments:
- Advanced bespoke IT solutions are required to offer a one-stop-shop for clients around the globe providing them access to the full range of services offered by all laboratories in the network
  - Automation, artificial intelligence (AI) and proprietary reagents and methods are very expensive and these investments require large scale to be justified.

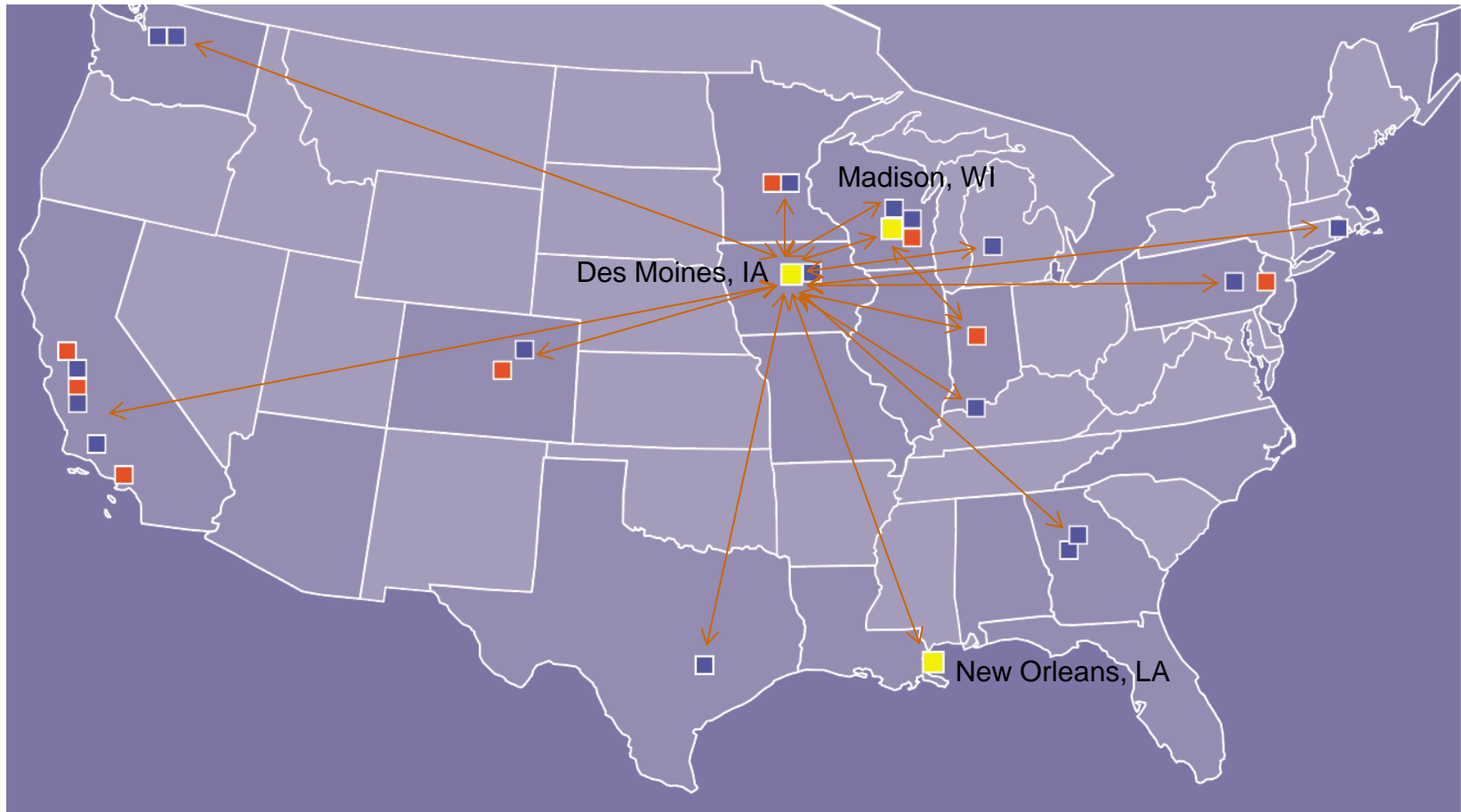
**Eurofins' 2020 growth plan, aimed at building a leading one of a kind global laboratories platform in its chosen high growth markets, is well underway**

- For over 15 years, Eurofins has been consistently investing more than its peers to develop a hard-to-replicate network of laboratories and a very broad portfolio of advanced bio-analytical tests and more non time critical tests to its large hub labs.
- These large investments, aimed at long-term value creation, impact Eurofins' short term cash flow generation and margins
- After 2020, when Eurofins' 5 years growth/expansion phase comes to completion, the company should be able to leverage its global network of laboratories, market leadership positions, scale and scientific excellence to significantly improve its cash flow generation and profitability to benefit its long-term oriented shareholders for years to come.

Since 2015, Eurofins has built a one of a kind hub and spoke laboratories infrastructure platform in the U.S. Food testing market – Hub and spoke model allows for cost-effective and timely delivery of testing results



- Eurofins is structuring its unique network of laboratories using the hub and spoke model embraced by the largest global logistics companies:
  - Centralize complex chemistry at hub laboratories
  - Carry out time critical microbiology testing and sample collection/courier routes at/around satellite local (spoke) laboratories



## 2020 growth plan half-way update: building a one of a kind hub and spoke laboratories infrastructure platform for global leadership in our markets – Large hub laboratories capture scale advantage



### ➤ Building large high throughput laboratory campuses (hubs of the hub and spoke structure)

Added or brought to most modern standards over 430,000m<sup>2</sup> of laboratory surface between 2005-2017

2015 +55,000m²	2016 +46,000m²	2017 +53,000m²	2018 +105,000m² planned	2019 – 2020 +140,000m² planned	
Freiberg, DE Shenzen, CN Hamburg, DE Uppsala, SE Reichenwalde, DE ext. Moss, NO Douai, FR ext. Les Ulis, FR ext. Boston, MA ext. Louisville, KY	Almeria, ES Nove Zamky, SK Saverne, FR ext. Horsham, PA Niefern, DE ext. Vergeze, FR ext. Aix-en-Provence, FR Lyon, FR Atlanta, GA Ebersberg, DE	Nantes, FR ext. Livingston, UK Madrid, ES Ho Chi Minh City, VN Gurgaon, IN Bangalore, IN Lancaster, PA ext. Hangzhou, CN Dayton, NJ Hasselt, BE	Lancaster, PA ext. Suzhou, CN Taipei, TW Wolverhampton, UK ext. Munich, DE ext. Dungarvan, IE ext. Melbourne, AU Madrid, ES Fresno, CA Wesseling, DE ext.	Hamburg, DE ext. Des Moines, IA ext. Bangalore, IN ext. Vienna, AU ext. Murcia, ES Barneveld, NL ext. Pomona, CA	Kansas City, MO Heerenveen, NL Gelsenkirchen, DE Bucharest, RO Toronto, CA

### ➤ Consolidating inefficient smaller sites into large high throughput campuses

Separately disclosed items (SDIs) related to one-off costs and temporary/non-recurring losses (ie. integration, reorganisation, network expansion, start-ups) should decrease gradually.

	2015	2016	2017	2018 - 2020	2020 onwards
SDIs (at FY)	€15.8m	€18.5m	€43.5m	Decreasing gradually	Minimal
SDIs/adjusted EBITDA	H1 2015 : 7.1%	H1 2016 : 2.6%	H1 2017 : 12.4%	H1 2018 : 10.2%	

### ➤ Start-up labs opened in high-growth markets where acquisition prices are too high and/or acquisition options are limited

2015	2016	2017	2018 - 2020
10	20	30	Decreasing gradually

### ➤ Investments in developing state of the art bespoke IT solutions

New generation standardized tool

2015	2016	2017	2018 - 2020
€30m + Opex	€35m + Opex	€35m + Opex	To be completed by 2020



# 1987 – 2017: In only 30 years we built a unique global network

1987

From **1** laboratory in Nantes (France) in 1987...

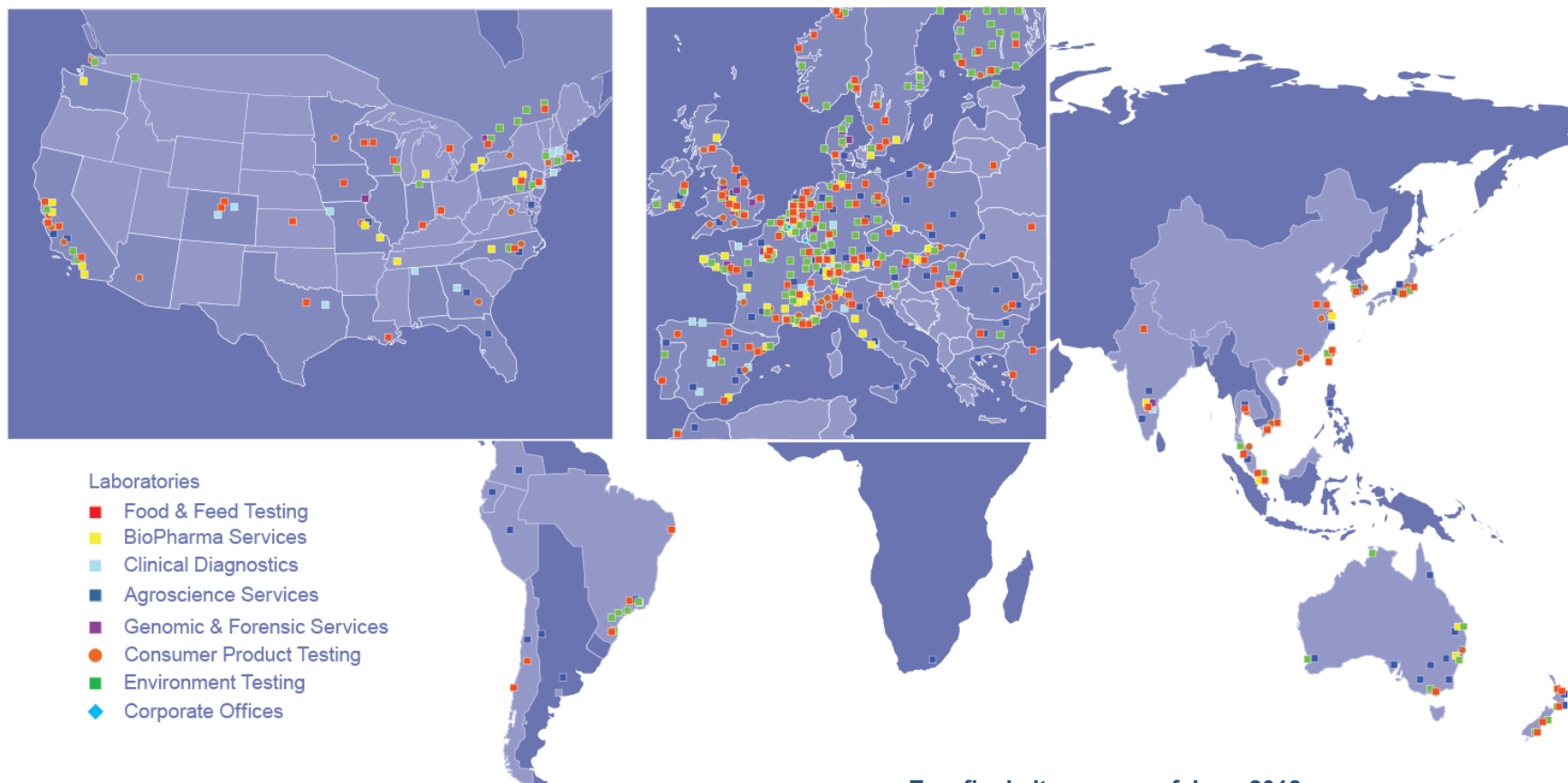
2018

**4**  
employees

... to more than **650** laboratories around the world in 2018!

... now present in **45** countries !

**> 40,000**  
employees



# Eurofins posted strong revenue growth in Q3 2018 and raised its objectives for 2019-2020

## Revenues objective for 2020 now set at EUR 5bn



**Q3/NM 2018: Eurofins continues to make significant progress towards its five year 2015-2020 plan to build a unique, highly efficient hard to replicate state-of-the-art global testing laboratory network**

- 30.6% revenue growth in Q3 2018 to EUR 955m, +26.8% to EUR 2,698m in first nine months.
- Organic growth<sup>1</sup> over 5% in Q3 2018.
- Acquisitions signed and/or closed year-to-date ca. EUR 700m\* of total annualized revenues.
- The Group rebalanced its activity between the US and Europe.
- Fewer acquisitions planned for the next couple of years (EUR 200m per annum like in 2016).
- Focus on completion of operational excellence programme and using its scale to offer even better and differentiated testing services to clients.
- Revenue objectives\*\* raised – from EUR 4.3bn to EUR 4.6bn for 2019  
– from EUR 4.7bn to EUR 5bn for 2020
- EUR 1bn Adjusted<sup>2</sup> EBITDA<sup>3</sup> objective for 2020.
  - These objectives are based on the assumption of Eurofins achieving its 5% organic growth objective and acquiring laboratories generating ca. EUR200 million revenues per annum in each of 2019 and 2020, consolidated at mid-year.
- Excluding acquisitions EUR 4.7bn revenue and EUR 950m Adjusted EBITDA objectives for 2020\*\*.

<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 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.

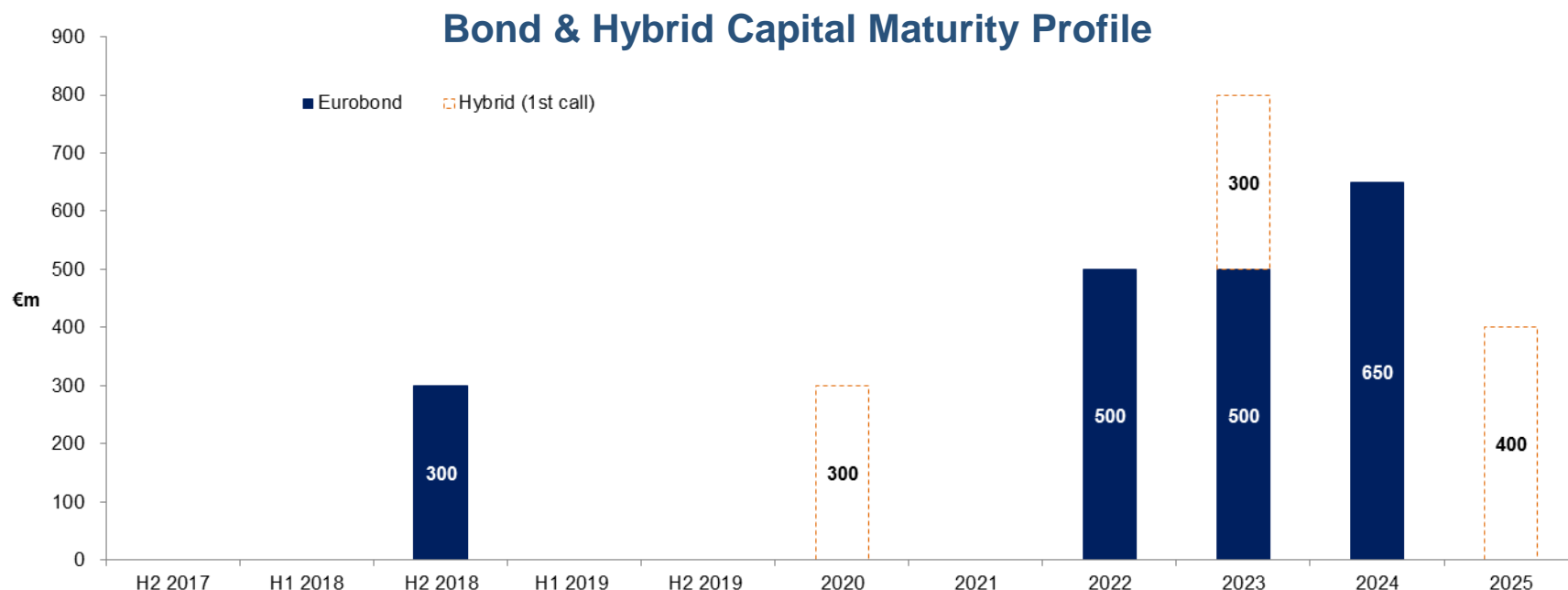
<sup>2</sup>Adjusted - reflect the ongoing performance of the mature and recurring activities excluding "separately disclosed items". Separately disclosed items - includes one-off costs from integration, reorganisation, discontinued operations and other non-recurring income and costs, temporary losses and other costs related to network expansion, start-ups and new acquisitions undergoing significant restructuring, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, loss/gain on disposal and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions, net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income) and the related tax effects.

<sup>3</sup>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.

\*including TestAmerica (closing still pending fulfillment of regulatory and customary conditions).

\*\*at 30th September 2018 exchange rates, including TestAmerica (closing still pending fulfillment of regulatory and customary conditions).

## The majority of Eurofins' debt instruments bear low fixed interest rates for long maturities



Over the years, strict financial discipline has allowed Eurofins to significantly reduce its average cost of funding by refinancing older more expensive debt instruments and issuing new ones at favourable rates:

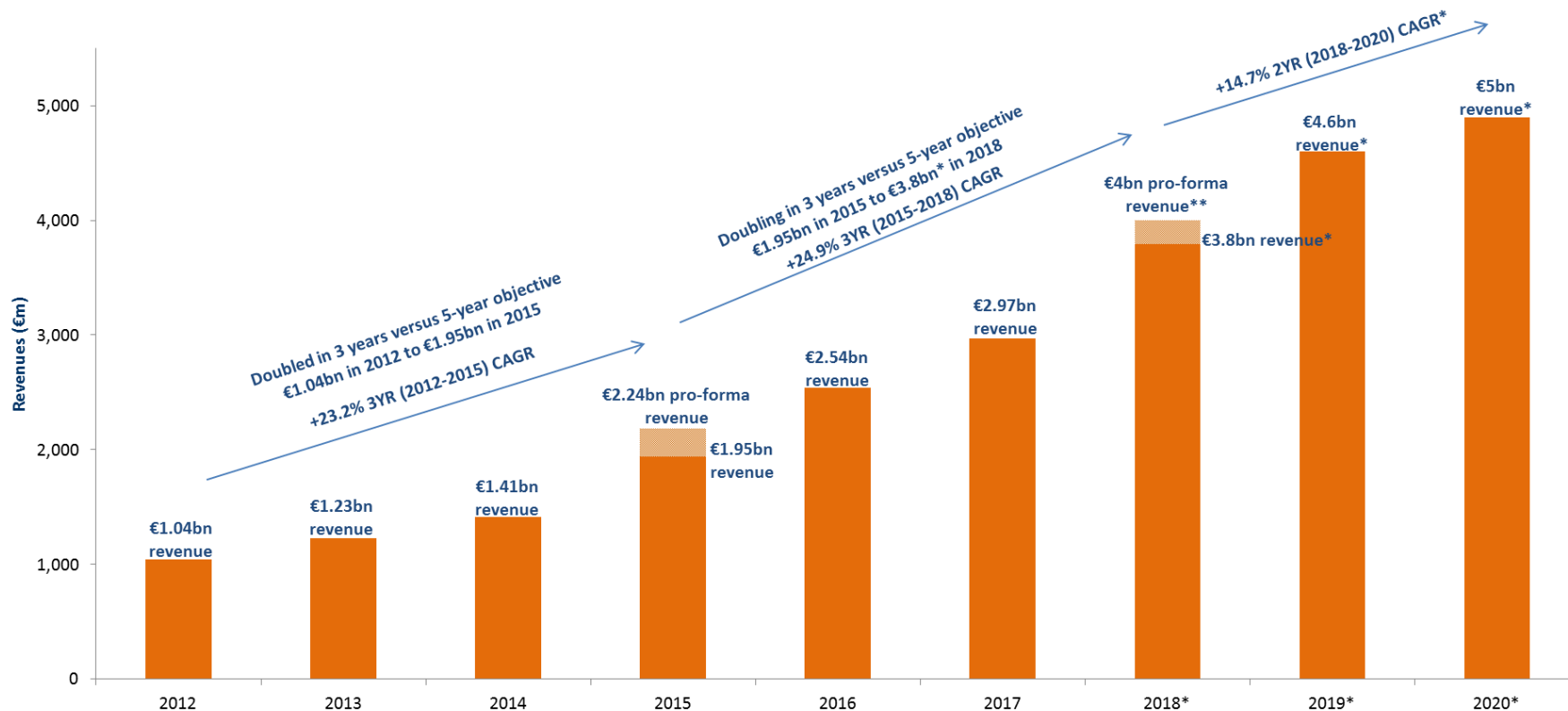
- the majority of our debt instruments now bear low fixed interest rates for long maturities providing us with more strategic flexibility until higher operating cash flows kick in after our investment phase ends in 2020.
- In **2019**, after we repay our expensive 3.125% EUR 300m bond in November 2018, the average interest we shall pay on our debt should fall well below 2%.
- The average cost of coupons on Hybrid capital should be further reduced from 4.86% to 3.95% in February **2020** after the call date of its Hybrid instrument issued in 2013. Thus freeing EUR 20m cash per year for its shareholders.

Upwards revision of objectives to once again double revenues in only 3 years (between 2015 and 2018) instead of 5, and reach €5bn in 2020 vs €4bn originally planned in 2015 for 2020



Illustration of Eurofins' 2018-2020 growth objectives assuming constant/linear acquisition volume and growth rate each year

## Eurofins plans to achieve €5bn\* revenues in 2020

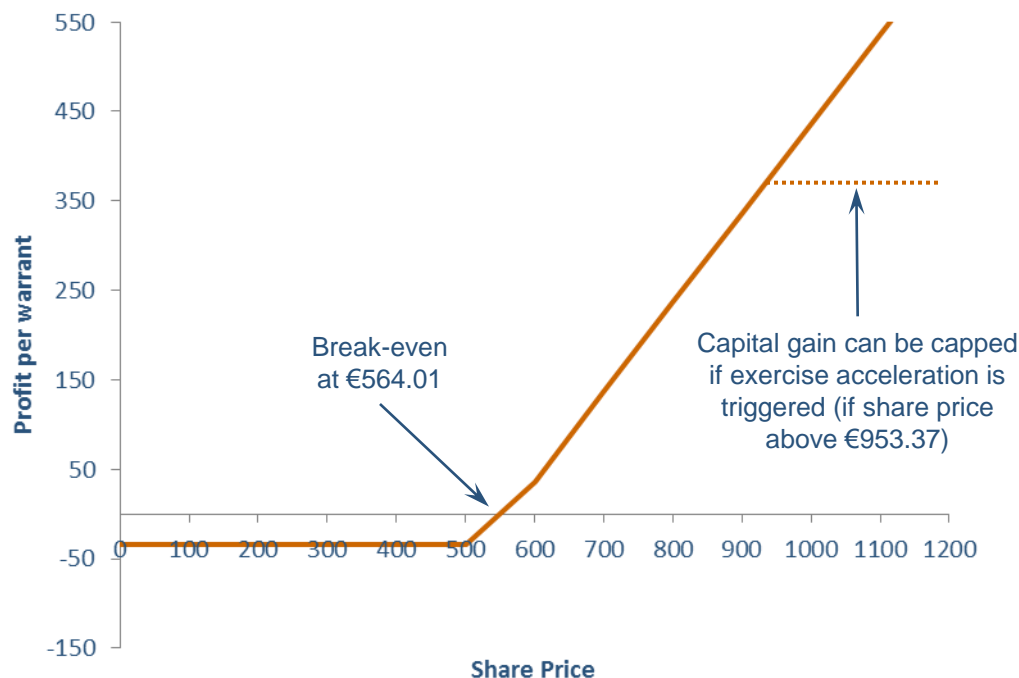


\* Objective at 30th September 2018 exchange rates including acquiring ca. EUR 200m per annum in each of 2019 and 2020 (consolidated at mid-year)

\*\* Pro-forma Objective at 30th September 2018 exchange rates

# New warrants program highlights the long-term commitment of Eurofins' key leaders and their trust in the growth potential of the Group

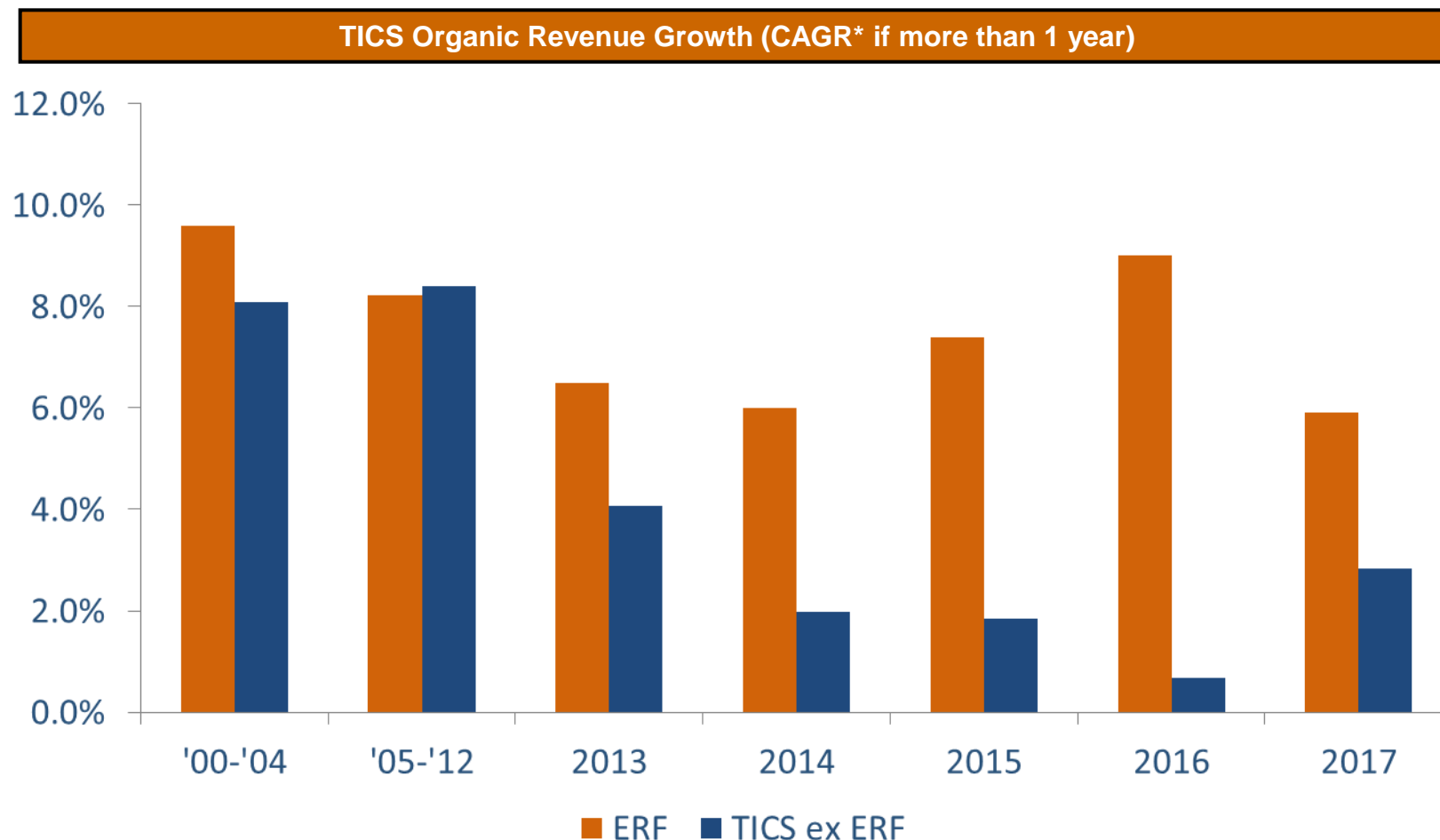
## Upside/Downside for warrant holders



- In June 2018, Eurofins issued 124,460 warrants exclusively to the Group's top leaders
  - Exercise Price €529.65
  - Purchase Price €34.36
  - Break-even Price €564.01
- The warrants are not publicly listed but each warrant gives its holder the right to subscribe to or purchase one Eurofins share at the exercise price of €529.65 between June 1<sup>st</sup> 2022 and May 31<sup>st</sup> 2026
- Eurofins will have the right to accelerate the exercise of the warrants from June 2022 onwards if the share price is above €953.37 (i.e. 180% of exercise price)

- This new warrants program, which has been subscribed by ca. 100 key leaders, brings €4.3m of proceeds to Eurofins and will have very limited potential impact on shareholder dilution.
- This issuance highlights the long-term commitment of Eurofins' top management and their trust in the growth potential of the Group, its ability to reach its mid-term objectives and to continue its rapid profitable growth beyond 2020.

**Eurofins has lower cyclicalty, generates comparable organic growth to its peers that are less focused on testing for life in each peak of the cycle, and higher growth when the economy slows**



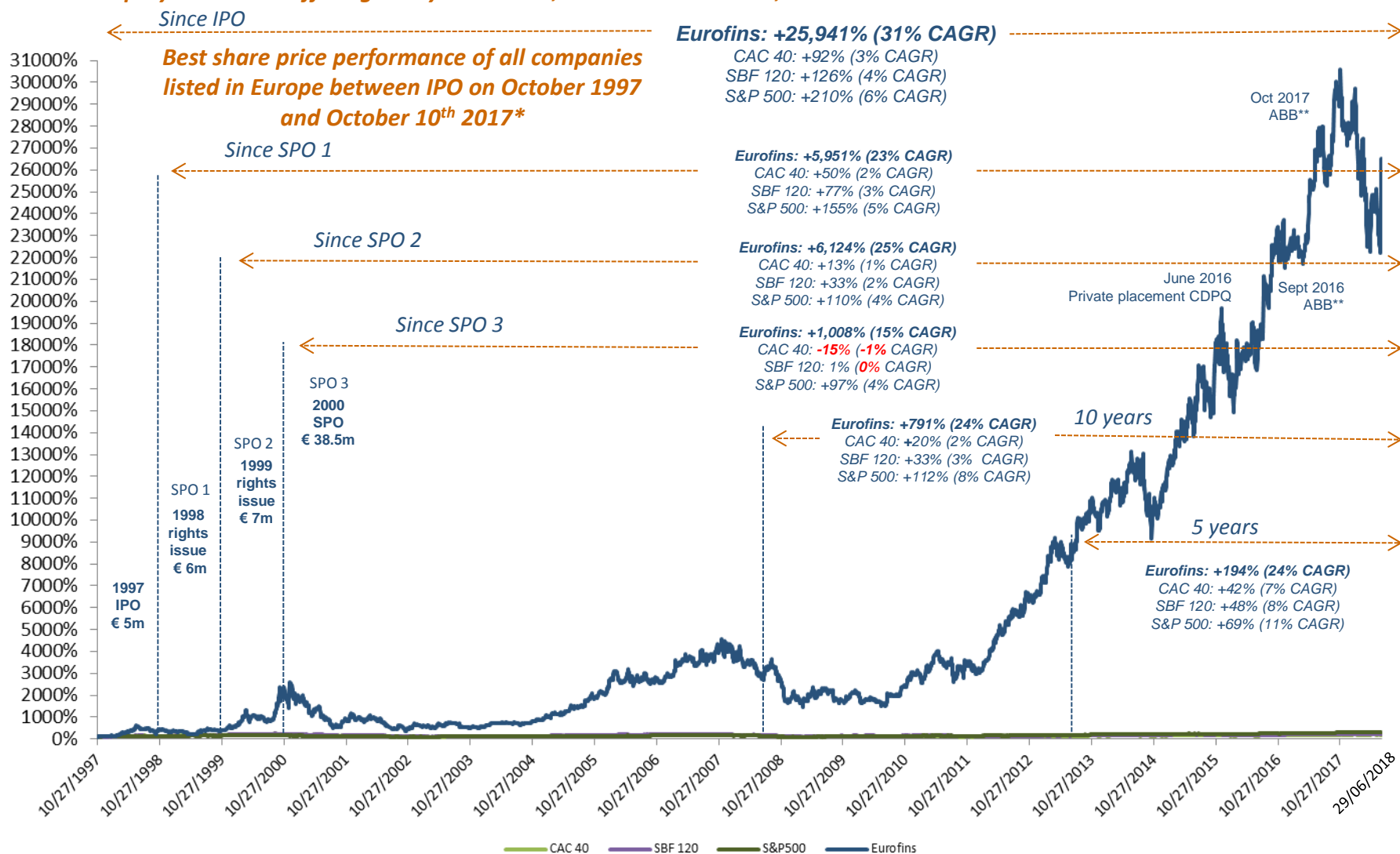
Source: Eurofins, Company websites,  
TICS ex ERF = SGS, Intertek, Bureau Veritas

\*Compound annual growth rate (CAGR)

# Eurofins has vastly outperformed the market since its IPO and each of its 6 equity offerings (based on share price of EUR 476.40 as of 29 June 2018)



Total equity raised in 7 offerings: only EUR 852m, EUR 57m 1997-2000, EUR 496m in 2016 and EUR 299m in 2017



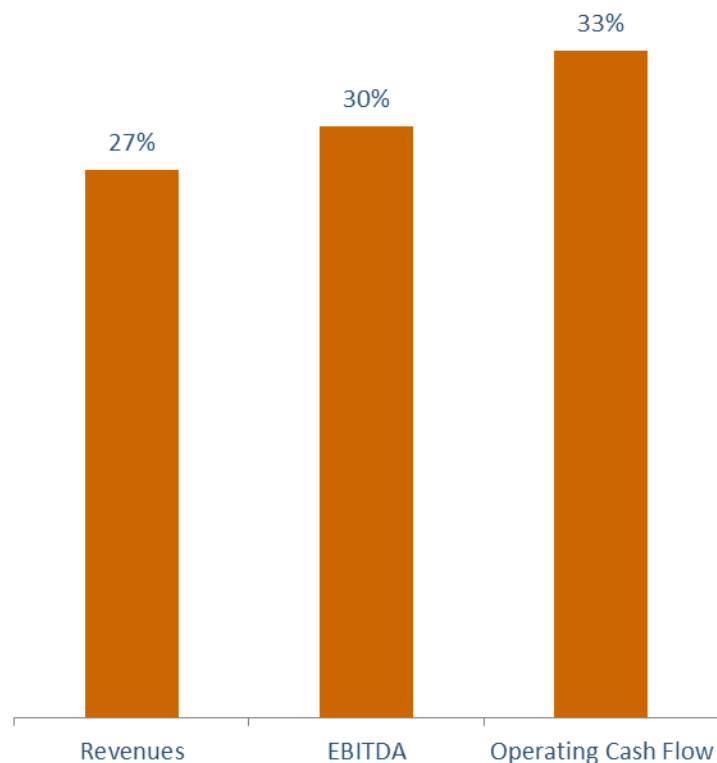
\*Source Marten & Co. study 24<sup>th</sup> October 2017

\*\*ABB: Accelerated Book Building

# Strong revenue, profitability and cash flow growth in H1 2018



## Eurofins 3 year Report Card: H1 2015 – H1 2018 CAGR



## H1 2018: Strong growth & operating momentum

- 24.8% revenue growth to EUR 1,743m
- Over 5% organic growth\* in Q2 2018 and close to 5% for H1
- EBITDA grew 31.4% to EUR 288m resulting in a margin increase of 80bps. Adjusted EBITDA grew 28.1% to EUR 320m (18.4% of revenues) thanks to accretive 2017 acquisitions and better operating leverage
- Separately disclosed items (SDI) as a proportion of Adj. EBITDA narrowed significantly to 10.2% (vs. 12.4% in H1 2017), and SDI as a proportion of sales also decreased from 2.2% to 1.9%
- In spite of all the investments in start-ups and reorganizations, adjusted basic EPS is up 31.0% to EUR 8.82 and basic EPS grew 17.4% in H1 2018 to EUR 5.15 thanks to stable depreciation (6.0% of revenues) and finance costs (1.8% of revenues) and improved income tax expense (1.8% of revenues, -60bps) compensating an increase in acquisition related costs (mainly amortization of acquired intangible assets).
- Finance costs amounted to EUR 31m and average interest rates on borrowings decreased by 40bps to 2.4% (vs. 2.8% in H1 2017)
- Operating cash flow grew +74% to EUR 218m thanks to the growth of revenues and margins and a well-controlled net working capital which improved to 4.7% of revenues (-20bps vs. 4.9% in H1 2017)
- Eurofins' management remains confident in its objective of reducing capex towards 6% of sales by 2020, when the Group's five year investment programme will be approaching completion

\*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.



# Eurofins expands its footprint in North America, the UK and Asia with the acquisition of Covance Food Solutions



- On August 1<sup>st</sup> 2018, Eurofins announced the successful closing of the transaction to acquire Covance Food Solutions (CFS) from LabCorp for USD 670m on a cash free debt free basis : CFS is a leading provider of food product testing services, product safety and consulting solutions for end-use segments spanning the entire food supply chain.
- **Covance Food Solutions:** became a part of LabCorp as a result of their USD 6.1bn acquisition of Covance in 2015.

## Covance Food Solutions:

- Offers an extensive set of routine and specialized laboratory testing and consulting services focused on ensuring product safety, quality and adherence to internal and external standards for existing and in-development food, beverage and supplement products.
- Operates integrated network of 12 facilities (9 in the US, 2 in the UK and 1 in Asia)
- Expects to generate USD 160m in 2018 with an EBITDA margin well in excess of Eurofins objectives
- This acquisition represents a significant investment, but Eurofins is well-funded for it and intends to maintain its strong financial discipline and solid balance sheet.
- Transaction is an asset deal and should yield ca. USD 10m tax savings annually for the next 15 years
- Was one of the pioneers in food testing in the USA and has, over the years, built strong client relationships with most of the top US food and beverage multinational corporations
- Covance Food Solutions significantly reinforces Eurofins' global service offering in the highly competitive food testing market

## Strong cultural fit between Covance Food Solutions and Eurofins:

- Both companies have an outstanding reputation for scientific excellence
- Eurofins and Covance Food Solutions have a complementary geographic footprint, client focus and service offering, no restructuring of either business should be necessary

# In H1 2018, Eurofins reached new number 1 leadership positions in the U.S. and Europe thanks to organic growth, strategic acquisitions and start-up laboratories



Eurofins has achieved new **leadership** positions in Food, Environment and Biopharma Product testing:

- **U.S. – market leader in Food testing** – achieved thanks to strong organic growth over the last quarters and the acquisition of Covance Food Solutions in the U.S. , one of the food testing pioneers in the country. The reputation for scientific excellence of both Covance Food Solutions and Eurofins, and their complementary geographic footprints, client groups and service offerings will further benefit both companies' customers
- **U.S. – market leader in Environment testing\*** – achieved thanks to the signing of TestAmerica, the U.S. leader in Environment Testing
- **Spain – market leader in Food testing** – achieved through strong organic growth and the acquisition of ECOSUR in Spain, one of the largest food testing companies in Spain and a key emerging player in Turkey.
- **Finland – market leader in Environment testing** – Eurofins established its presence in the Finnish market last year with the acquisitions of Nab Labs, Ramboll Labs and Ahma. Less than a year later, Eurofins strengthened its number 1 position in this market thanks to the acquisition of VTT's testing, inspection and certification subsidiaries (VTT ES & Labtium).
- **Germany, France and the Netherlands – market leader in Biopharma Product testing** – this year Eurofins acquired PHAST in Germany, one of Europe's leading service providers in the field of pharmaceutical product quality with laboratories in Germany and Switzerland. Eurofins also became the market leader in Biopharma Product testing in France and the Netherlands through last year's acquisitions of Amatsigroup, Bactup, LC<sup>2</sup> and Sinensis Life Sciences.
- **Ireland – market leader in Environment testing** – the recent acquisitions of City Analysts and ELS and the significant organic expansion in Eurofins' laboratories and facilities in Dungarvan, Ireland, provided Eurofins with the market leadership position in the Irish Environment testing market.

In an industry where scale matters, reaching new number 1 leadership positions is crucial in order to offer the best service at the lowest cost to clients

# In October 2018, Eurofins announced the acquisition of TestAmerica, further expanding its environment testing footprint in North America



- On October 1<sup>st</sup> 2018, Eurofins announced the signing of the acquisition of **TestAmerica**: the leading environment testing laboratory in the U.S., delivering innovative technical expertise and analytical testing services to its clients for many years.
- **TestAmerica**: operates an integrated network of 24 full service testing laboratories and 40 service centres throughout the U.S.. TestAmerica employs over 2,000 staff serving a large number of long standing Fortune 500 clients.

## TestAmerica will provide Eurofins with the #1 position in the U.S. Environment Testing market:

- a largely complementary geographic footprint and technical offering to Eurofins' existing laboratories in this market, further strengthening Eurofins' global service offering in the highly competitive environmental testing market
- will generate economies of scale with respect to rare/complex tests, R&D, operational costs and operational optimization/harmonization/specialization of sites to improve efficiencies
- values aligned in terms of quality, service and technology

➡ Eurofins has now established leadership positions across all its main historic core business lines - Food and feed testing, Environment testing\*, BioPharma product testing, Drug discovery services, Agrosience CRO services and Cosmetics Products testing, both globally and in its two historic home markets – Europe and North America



## In 2017, Eurofins became the Global/European leader in 4 business lines



Eurofins has achieved new **leadership** positions in four business lines, including:

- **Global leader in Discovery Pharmacology** – achieved through the acquisitions of Villapharma in Spain and DiscoverX which has operations in the USA and the UK. The Discovery Pharmacology market is experiencing a growing outsourcing trend; Eurofins' global leadership position in this market should provide significant growth opportunities.
- **Global leader in Agrosience services** – the acquisitions of JACC and Ecopro in Japan reinforced Eurofins leadership in this area and provided an entry into the Japanese Agrosience market. Also, the acquisition of EAG Laboratories strengthened Eurofins' leadership in Agrosience services.
- **Global leader in Genomics sequencing services** – achieved thanks to the acquisition of GATC, one of Europe's specialists in DNA sequencing.
- **European leader in Forensics services** – the recent acquisition of LGC Forensics, the largest player in the UK forensics market, brought Eurofins to a leadership position in the European forensics market.

Additionally, Eurofins has created three **new strong business lines**:

- **Pharma CDMO\*** – Eurofins entered the dynamic and growing CDMO market earlier this year with the acquisition of Advinus in India. This was followed by the acquisitions of Amatsigroup in France and Alphora in Canada.
- **Advanced Materials Sciences** – the acquisition of EAG Laboratories provided Eurofins with an entry into the very high tech Materials Sciences market, where EAG is number one in its core segments.
- **Clinical Genetics** – the acquisitions of Genoma in Italy and Lifecodexx in Germany, two pioneers of non-invasive prenatal testing in Europe, reinforce Eurofins solid market position in Clinical Genetics.

# Eurofins is strengthening its global leadership in Pharmaceutical Discovery Services



Pharmaceutical Drug  
Discovery Industry



- Increasing focus on cost optimization
- Growing outsourcing trend
- Global pharmaceutical and biotech companies need dynamic, flexible and reliable partners

3 historic acquisitions:

- Cerep
- Panlabs
- DDS-Millipore

2 recent acquisitions:



- **Eurofins acquired Villapharma (Spain) and DiscoverX (USA & UK) in 2017**
- **Villapharma** provides organic synthesis and medicinal chemistry services for the discovery and optimization of potential new drug candidates
- **DiscoverX** develops, manufactures, and commercializes reagents, complete cell-based assay kits, profiling and screening services for drug discovery and life science markets
- **Business model:** Villapharma and DiscoverX run research outsourcing business models for their clients. The operating model of both companies offers flexibility to adapt to partners' needs at every stage of pharma discovery

**Eurofins has expanded its comprehensive portfolio of laboratory services and should benefit from the trend in outsourcing within the discovery field to Contract Research Organizations (CROs)**

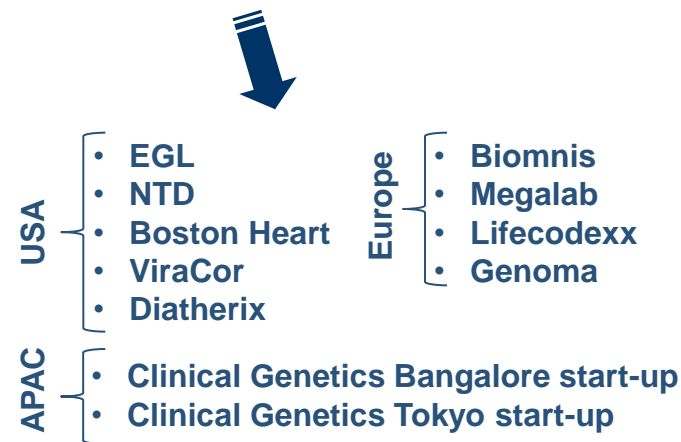
# Eurofins is setting up a global network of clinical genetics laboratories



- Nowadays, Clinical Genetics is a central element in healthcare and Clinical Diagnostics, contributing to every stage of patient care
- Throughout all three of Eurofins' start-up programs, several large investments in global clinical genetics laboratories have been made, giving Eurofins a unique portfolio of services for cutting-edge applications.
- Eurofins, through acquisitions and start-up laboratories, is investing heavily in advanced technologies:

- Predictive tests for genetic diseases and oncology
- Side effects/efficacy of drugs
- Rare diseases testing
- Non Invasive Prenatal Testing
- Personalized medicine offering patients individualized treatment based on their genetic and metabolic profiles
- Next Generation Sequencing - Whole Genome Sequencing

Developments in genetics and genomics will have a significant impact on tomorrow's clinical diagnostics market



Since 2014, Eurofins has already developed a network of laboratories focused on clinical genetics in several countries around the globe, including: India, Japan, France, Germany, Spain, Italy and the USA

# Eurofins is expanding its global offering in non-invasive prenatal testing (NIPT)



In September 2017, Eurofins' Genoma introduced GeneSafe™, the first non-invasive prenatal test that screens for both de novo (non-inherited gene mutations) and inherited single-gene disorders.

- GeneSafe™ detects over 40 severe genetic disorders: that may occur in absence of any family history of the condition.
- GeneSafe™ is the first NIPT to detect disorders that are increasingly prevalent with advanced paternal age: later-stage parenthood is becoming increasingly common.
- GeneSafe™ is more advanced than other NIPTs currently available: identifying fetal conditions that could be missed by traditional prenatal testing.
- Many disorders screened with GeneSafe™:
  - Are not typically associated with abnormal prenatal ultrasound findings.
  - May not be evident until late second/third trimester or even after delivery.



In July 2017, Eurofins acquired a majority stake in LifeCodexx AG, Europe's first NIPT provider and one of the most innovative NIPT players.

- LifeCodexx has been developing innovative and clinically validated tests since 2010.
- LifeCodexx's PrenaTest® was Europe's first NIPT: for the determination of the most common chromosomal disorders in unborn children. This was a substantial development that changed prenatal diagnostics considerably.
- LifeCodexx, following a positive CE marking, began rolling-out their unique qPCR-based NIPT capabilities in December 2016: leading to increased cost-efficiency and rapid turnaround time, another significant innovative step in the NIPT field.

Eurofins NIPTs are very reliable (>99% of conclusive results), fast (turnaround time under 2 weeks, qPCR assays only take 2-3 days) and simple (only a small blood sample required). Eurofins is the first provider to offer the aforementioned novel NIPT tests, GeneSafe™ and qPCR-based NIPT, to the market.



# In 2017, Eurofins reinforced its leadership in biopharmaceutical product testing and enters the CDMO\* industry



- On June 13<sup>th</sup> Eurofins acquired Alphora Research Inc.: a full service CDMO for complex and niche small molecule active pharmaceutical ingredients (APIs)
- Alphora is experiencing fast growth: with organic growth and EBITDA margin well above Eurofins' objectives

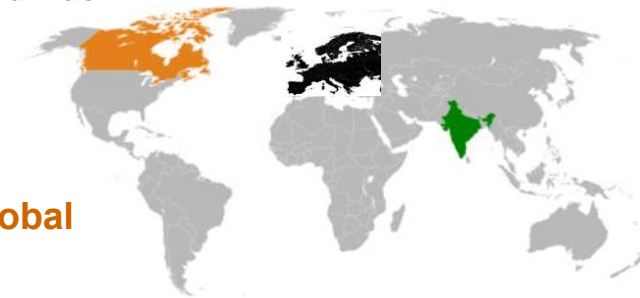
- On July 10<sup>th</sup> Eurofins signed an agreement to acquire Amatsigroup (France): one of the largest independent multi-specialist biopharma product development service platforms in Europe and a leading international CDMO player.
- Amatsigroup's unique offering for specialty and biopharma clients: includes biopharmaceutical analysis, formulation development, manufacturing, biological research & development, among other services.
- Amatsigroup is well-positioned to leverage and strengthen its position in the CDMO industry



- On July 26<sup>th</sup> Eurofins signed an agreement to acquire Advinus Therapeutics (India): a leading preclinical and clinical phase contract research company.
- Advinus serves diverse industries: including Biotech, Pharmaceuticals, Biologics, Agrochemicals, Nutraceuticals and Cosmetics.
- Innovative player: Advinus is a leader in early phase development with a track record of 50 Investigational New Drug (IND) applications accepted worldwide.

Eurofins is now able to service its customers on three different continents in the dynamic and growing CDMO market

These three companies complement very well Eurofins' existing global leadership in biopharma product testing





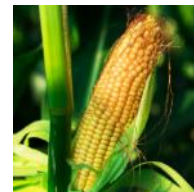
## In 2017, Eurofins expanded its footprint in North America with the acquisition of EAG Laboratories



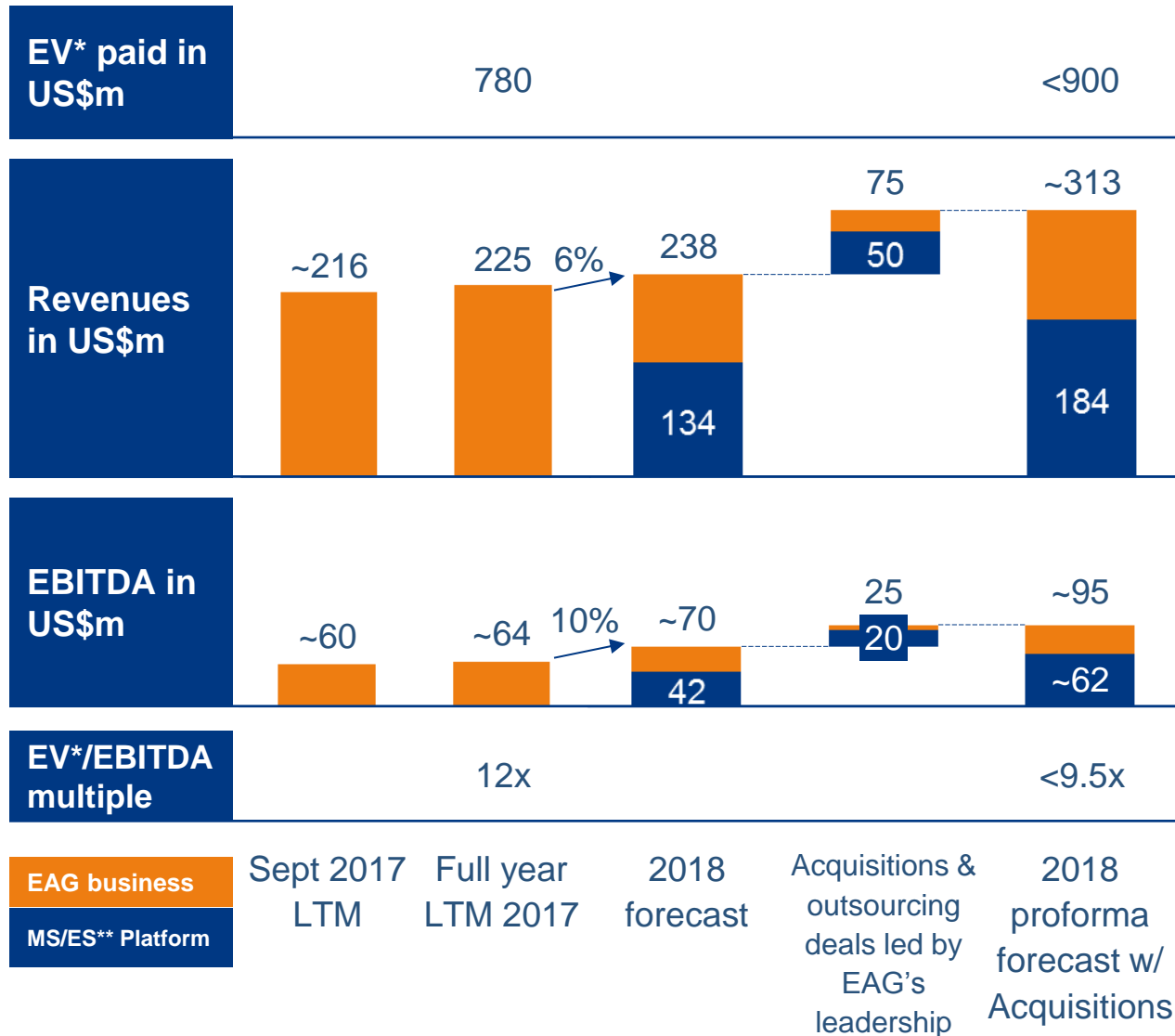
- On December 4<sup>th</sup> 2017, Eurofins announced the closing of the acquisition of **EAG Laboratories**: a leading global scientific services company providing analytical testing and consulting solutions to a diverse and demanding set of end markets.
- **EAG Laboratories**: serves over 4000 clients worldwide with 21 laboratories across 18 locations. EAG employs over 1000 qualified scientists that are deeply committed to answering complex scientific questions through creative problem-solving, objective analysis and expert data interpretation.

EAG Laboratories are at the forefront of technological advancement with leading edge technologies across a broad scope of industries:

- **Biopharmaceuticals** – from early discovery through post-commercialization. Reinforces Eurofins leading position in these markets.
- **Medical Devices** – offering a complete suite of analytical services. Reinforces Eurofins leading position in these markets.
- **Agroscience services** – comprehensive suite of advanced services for the development, evaluation and registration of crop science products. Reinforces Eurofins leading position in these markets.
- **Materials Sciences** – leader in its niches with main competition in Japan and South-East Asia.



# EAG Platform Trajectory under Eurofins ownership



- Attractive EBITDA multiples for bolt-on acquisitions led by EAG's leadership (single digits)
- Solid organic growth mid-to-high single digit top-line and double-digit EBITDA
- Synergies for back-office between Eurofins and EAG as well as add-on acquisitions under EAG platform
- Several synergistic & complementary acquisitions in process to create unmatched global platform

\* Cumulative Enterprise Value

\*\* Materials Sciences (MS), Engineering Sciences (ES)

# In 2017, Eurofins becomes the European leader in Forensics Testing services



- On October 12<sup>th</sup> 2017, Eurofins signed an agreement to acquire the Forensics and Security division of LGC (“LGC Forensics”): the largest player in the UK forensics market, a European pioneer in forensics and a significant forensics DNA testing provider in the UK and Germany.
- LGC Forensics is one of the most trusted forensic services providers in the world: their strong customer relationships with major European police forces will support Eurofins’ leadership in the European Forensics market.
- Eurofins Forensic Services, together with the acquisition of LGC Forensics, offers the most comprehensive range of forensic science services in Europe: Eurofins Forensics has dedicated laboratories in Germany, France, Belgium and now in the UK, providing tailored forensics testing services to police forces and legal services organizations across Europe, including:
  - Forensic DNA Analysis:
    - DNA profiling from blood, saliva and other probes
    - Paternity and relationship analyses
    - DNA profile interpretation and comparison for suspects
    - Crime scene analyses.
  - Forensic Toxicology:
    - Expert witness and consultancy services
    - Broadest range of detectable drugs and chemicals in Europe
    - Determination of substance misuse, including alcohol, drugs, hormones, doping agents and pharmaceuticals
  - Eurofins’ acquisition of LGC Forensics adds Digital Forensics to the business lines: Eurofins Forensics will now offer additional services, including:
    - Computer and mobile phone forensics
    - Cell site analysis
    - Imagery and audio visual analysis



**Digital forensics will provide Eurofins with strong growth potential, driven by an increasing prevalence of cyber-crimes.**

## Acquisitions signed and/or closed up to 30/06/2018

Tsing Hua (TW)  
Food Analytica (HU)  
Labo Van Poucke (BE)  
ELS and City Analysts (IE)  
NMDL-LCPL (NL)  
Lab Frontier (KR)

Eichrom Laboratoires (FR)  
Protec Bio-testing (FR)  
Covance Food Solutions (US)\*  
PHAST (DE)  
Astellas (JP)\*  
VTT (FI)  
+ Some small bolt-on acquisitions

Total Annualised Revenues in 2017

ca. € 400m

- Mostly high-growth and profitable companies that provide Eurofins access to new, promising growth markets and client groups.
- Limited restructuring required.
- In H1 2018, Eurofins closed 25 acquisitions which contributed EUR 40m to consolidated revenues in the first half of 2018.

# Meaningful industry consolidation is underway



## Selection of recent significant transactions in the testing industry

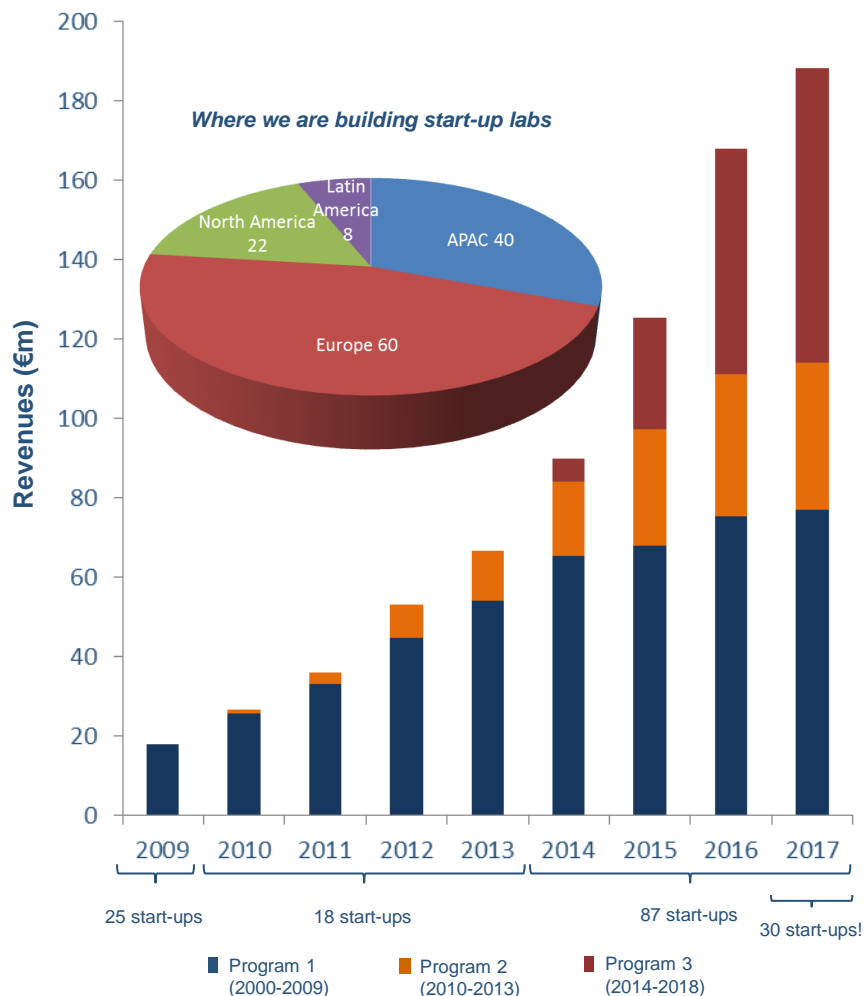
Date	Company	Acquirer	Geography	Sales (€m)	EV (€m)	EV/Sales (x)	EV/EBITDA (x)
<b>2018</b>							
September	Genewiz	Brooks Automation	US	102	383	3.8x	N/A
July	Halo	Cambrex	US	87	353	4.0x	15.7x
March	BIO7	Cerba	FR	110	500	4.5x	N/A
March	Integrated DNA Technologies Inc.	Danaher Corp	US	163	1,628	10.0x	N/A
<b>AVERAGE</b>						<b>5.6x</b>	<b>15.7x</b>
<b>2017</b>							
September	Chiltern International	Labcorp	US	133	990	7.4x	N/A
June	EUROIMMUN	PerkinElmer	DE	166	1,139	6.9x	32.0x
May	Patheon	Thermo Fischer	NL	1,712	6,424	3.8x	18.1x
April	Exova	Element Materials Tech	UK	401	743	1.9x	9.4x
January	Cerba	PSP, Partners Group	FR	630	1,800	2.9x	12.0x
<b>AVERAGE</b>						<b>4.6x</b>	<b>17.9x</b>
<b>2016</b>							
December	Unilabs	Apax IX	CH	675	1,500	2.2x	11.8x
November	Cepheid	Danaher	US	485	3,770	7.8x	N/A
January	WIL Research	Charles River	US	194	527	2.7x	13.0x
<b>AVERAGE</b>						<b>4.2x</b>	<b>12.4x</b>
<b>2015</b>							
December	Element Materials Technology	Bridgepoint	UK	270	900	3.3x	12.2x
December	LGC	KKR	UK	358	1,237	3.5x	14.2x
October	Professional Service Industries (PSI)	Intertek	US	227	290	1.3x	7.6x
July	Amedes	Antin Infrastructure Partners	DE	399	775	1.9x	9.7x
June	Environmental Resources Mgmt	Omers Private Equity	UK	835	1,511	1.8x	14.4x
June	Bio-Reference Laboratories	Opko Health	US	787	1,337	1.7x	12.6x
June	Synlab (Majority stake)	Cinven	DE	756	1,750	2.3x	12.1x
May	Labco	Cinven	FR	650	1,200	1.8x	9.1x
<b>AVERAGE</b>						<b>2.2x</b>	<b>11.5x</b>
<b>2014</b>							
November	Covance	Labcorp	US	2,465	5,320	2.2x	16.5x
June	Zygo Corporation	AMETEK	US	142	257	1.8x	13.0x
February	Maxxam Analytical International Corporation	Bureau Veritas SA	CA	179	433	2.4x	12.5x
January	Diagnósticos Da América Sa	Cromossomo Participações Li Sa	BR	1,009	1,420	1.6x	8.7x
<b>AVERAGE</b>						<b>2.0x</b>	<b>12.7x</b>

Source: Mergermarket, Company announcements, Bloomberg Terminal, Estimates based on publicly available information

# Start-ups an increasingly attractive investment as we leverage our scale and experience



## 130 laboratories start-ups between 2000 and 2017



## Substantial acceleration offers tremendous growth potential

### 1) Acceleration in laboratories start-up programs

- 25 start-ups 2000-2009 (Program 1)
- 18 start-ups 2010-2013 (Program 2)
- **94** start-ups 2014-2018 (Program 3)
  - **30** start-ups opened in 2017 alone and **7** in H1 2018 (vs. an average 20 p.a. in past 3 years)
  - These 137 start-ups had an accretive effect of more than 40bp on our organic growth in 2017
- 7 start-ups in NM 2018

### 2) Commitment to invest for future growth

- Eurofins start-up program represents a significant investment for the future and has a short-term dilutive impact on the Group's margins and cash flows.
- On average, start-up periods last for 2 to 3 years in mature markets and 2 to 5 years in emerging markets in order to reach breakeven before they become profitable
- Start-ups from the first two programs (2000-2009, 2010-2013) were in line with the average margin of the Group
- Start-ups from our third program (2014-2018) were very dilutive, they represent significant investments for the future

### 3) Start-up investments complement our acquisition strategy

- Alternative strategy in high-growth markets and emerging markets where acquisition prices are too high and/or there are limited viable options for acquisitions

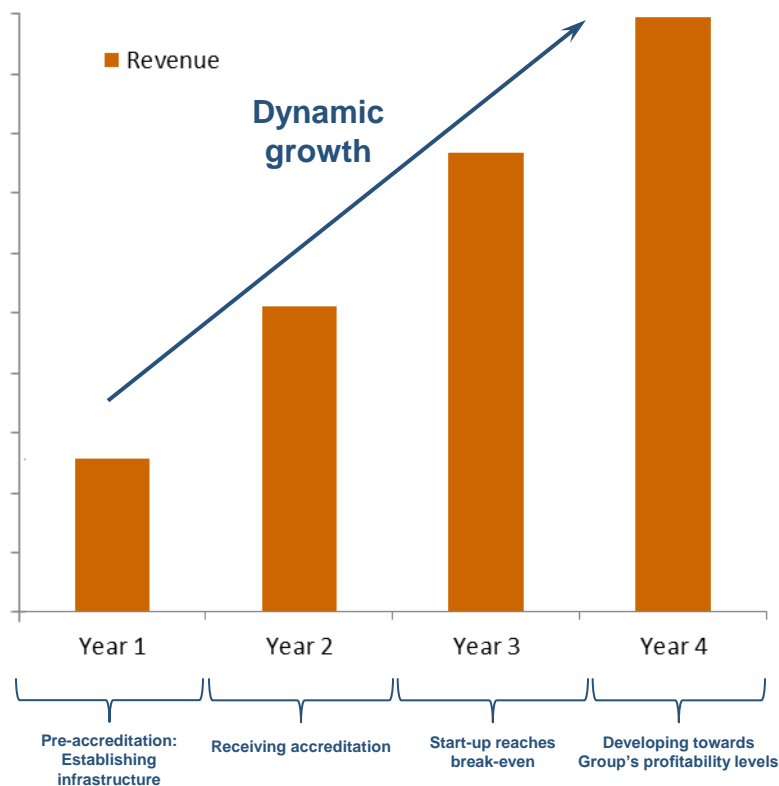
## Start-ups expected to break-even on Year 3 and typically reach Group's profitability objectives shortly thereafter



### Illustration

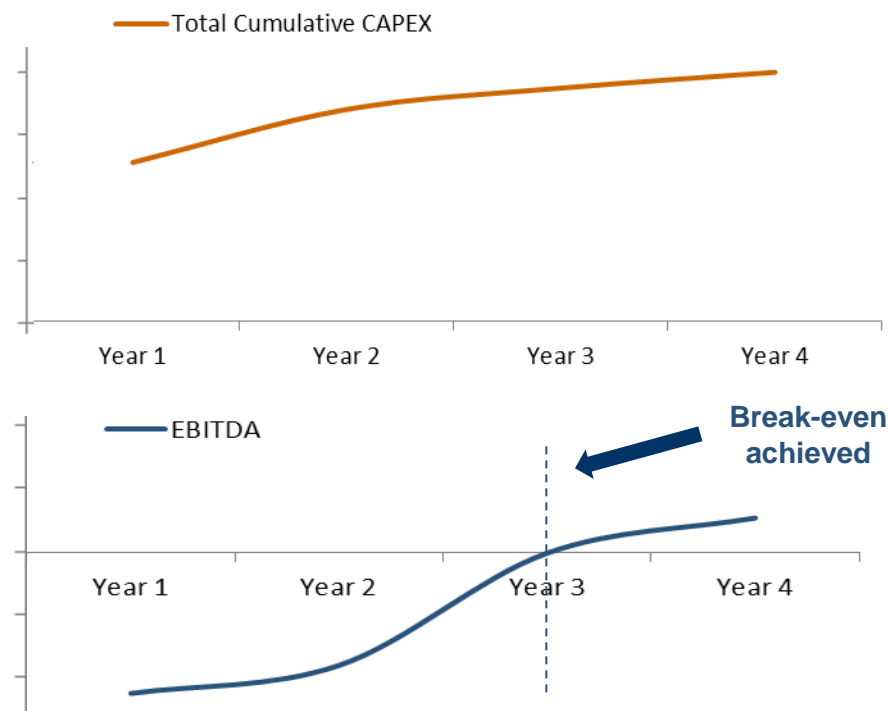
#### Example of a typical Eurofins' start-up:

##### Start-up A



#### Start-ups development:

- 1) Large investments have short-term dilutive impact on Group's margins and FCF
- 2) Growth momentum allows start-ups to typically break-even on Year 3 post-creation
- 3) From year 5 ROCE generally better than growth via acquisitions



# What we are passionate about: Our company DNA

## Entrepreneurship

We are a network of independent, intrapreneur-led companies and a school for those who aspire to become entrepreneurs. Eurofins launches 20 start-ups a year.

## Testing for Life

Everything we do has a positive impact on LIFE, HEALTH and the ENVIRONMENT.

## Results

We deliver outstanding results each year and create thousands of sustainable, highly-skilled jobs. Eurofins is a house of achievers, high performers and a meritocracy where success is rewarded with equity. Our share price has increased 290 fold in the last 20 years and has been one of the best performing in the world.

## Diversity

We are international and diverse. Our global and multicultural network of companies is a stimulating environment for graduates and professionals from all over the world to whom we offer fast track global careers.



## Science & Innovation

We lead our industry in science and innovation. Our laboratories have invented numerous new testing methods and applications during the last 30 years.

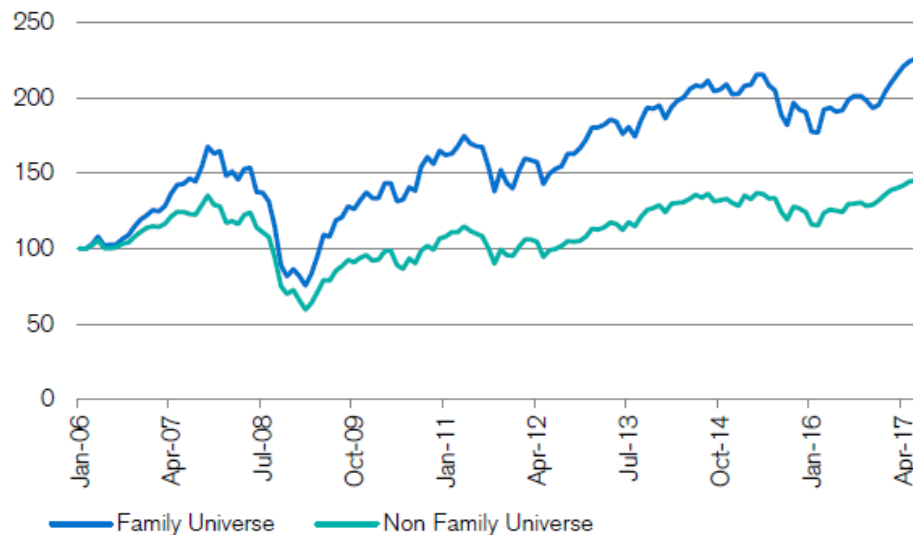
## Growth

Our teams and leaders are passionate about growth and have successfully achieved N°1 or N°2 positions in many markets around the world.



# Credit Suisse report shows that family-owned businesses outperform their peers\*

Market-cap-weighted sector-adjusted returns: Family-owned companies have outperformed since 2006



Source: Company data, Credit Suisse estimates

## Family-owned companies outperform non-family-owned peers...

Family-owned companies outperformed in every region (annual excess returns ranged from 310 bp in non-Japan Asia to 510 bp in Europe) and in every sector.

## ...supported by superior growth and Profitability

Revenue and EBITDA growth is stronger, EBITDA margins are higher and cash flow returns are better. Family-owned companies also appear to have a **greater focus on innovation** as research and development (R&D) spending is higher.

**Family-owned companies have a longer-term and conservative focus** Company interviews show: greater **focus on quality long-term growth** than non-family owned peers.

Family-owned companies on average tend to **favor capital preservation and long-term value creation** rather than more short-term gains.

# Leading global and local market positions in attractive high-growth markets\* (1/2)...



## Food & Feed Testing



**Eurofins position** **N°1\***  
**worldwide**  
**Start 1987**

**Total market size estimate\*** ~ EUR 3bn

## Testing for Pharma/Biotech/Agrosciences



**Eurofins position** **N°1 to N°3\***  
**worldwide**  
**Start 2000-2005**

**Total market size estimate\*** ~ EUR 5bn

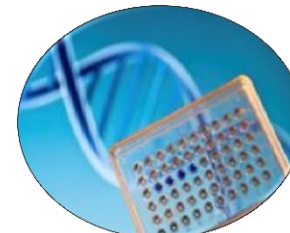
## Environment Testing



**Eurofins position** **N°1\***  
**worldwide**  
**Start 2000**

**Total market size estimate\*** ~ EUR 4bn

## Clinical Diagnostics



**Eurofins position** **Start-Up**  
**Start 2014**

**Total market size estimate\*** ~ EUR 162bn\*\*

Eurofins' focus Genomics/Esoteric Testing:  
~ EUR 5-10bn\*

### Segment description

Ensuring food quality and preventing contamination and foodborne illnesses caused by pathogens and other harmful substances. Expertise includes a.o. testing for dioxins and organic contaminants, pesticides, mycotoxins, allergens, authenticity, pathogens and vitamins

Full range of laboratory services for biopharmaceutical product development, quality testing, discovery and pharmacology services, genomic sequencing and genotyping as well as phase I – IV clinical research programs

Analysis of drinking water, groundwater, seawater, soil, sediment, air, etc; using analytical methods to assess their purity/absence of pollution and impact on health and the environment

Biological samples (blood, urine, etc.) analysis to diagnose diseases and aid in medical decisions

### Key clients

9 of top 10 largest global food and beverage producers are clients

9 out of 10 largest global pharma companies are customers

Industrial companies, water plants, local councils, construction companies, etc.

Doctors, hospitals, health insurers, patients

### Large peers

SGS, Bureau Veritas, Intertek, etc.

LabCorp/Covance, Charles River, Quintiles, etc.

ALS, SGS, Bureau Veritas, Idexx, etc.

LabCorp, Quest, Sonic Healthcare, Synlab, Unilabs, Cerba, etc.

\*To the best of Eurofins' knowledge, based on data available to the Group

\*\* Million Insights, June 2017 <https://www.millioninsights.com/industry-reports/clinical-laboratory-services-market> (At 23/10/2018 USD/EUR exchange rate of 0.87)

# Leading global and local market positions in attractive high-growth markets\* (2/2)

## Food & Feed Testing



**Eurofins position** **N°1\***  
**worldwide**  
**Start 1987**

**Total market size estimate\*** ~ EUR 3bn

## Testing for Pharma/Biotech/Agrosciences



**N°1 to N°3\***  
**worldwide**  
**Start 2000-2005**

~ EUR 5bn

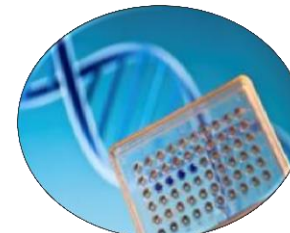
## Environment Testing



**N°1\***  
**worldwide**  
**Start 2000**

~ EUR 4bn

## Clinical Diagnostics



**Start-Up**  
**Start 2014**

~ EUR 162bn\*\*

Eurofins' focus Genomics/Esoteric Testing:  
~ EUR 5-10bn\*

### Eurofins ranking

N°1\* worldwide  
N° 1 in the USA  
N° 1 in Europe  
N° 1 in Germany  
N° 1 in France  
N° 1 in Nordics/Scandinavia  
N° 1 in Benelux  
N° 1 in the UK & Ireland  
N° 1 in Spain  
N° 1 in Brazil  
N° 1 in Agro Testing EU

N° 1 Worldwide in Pharma Products Testing  
N° 1 Worldwide in Discovery Pharmacology Services  
N° 1 Worldwide in Agroscience CRO services  
Among top 5 global providers of central laboratory and genomic services  
N° 1 or 2 in most segments/ countries in Europe and the USA

N°1\* worldwide  
N° 1 in the USA\*\*\*  
N° 1 in Europe  
N° 1 in Germany  
N° 1 in France  
N° 1 in Nordics/Scandinavia  
N° 1 in Ireland  
N° 1 in Benelux  
N° 2 in Japan

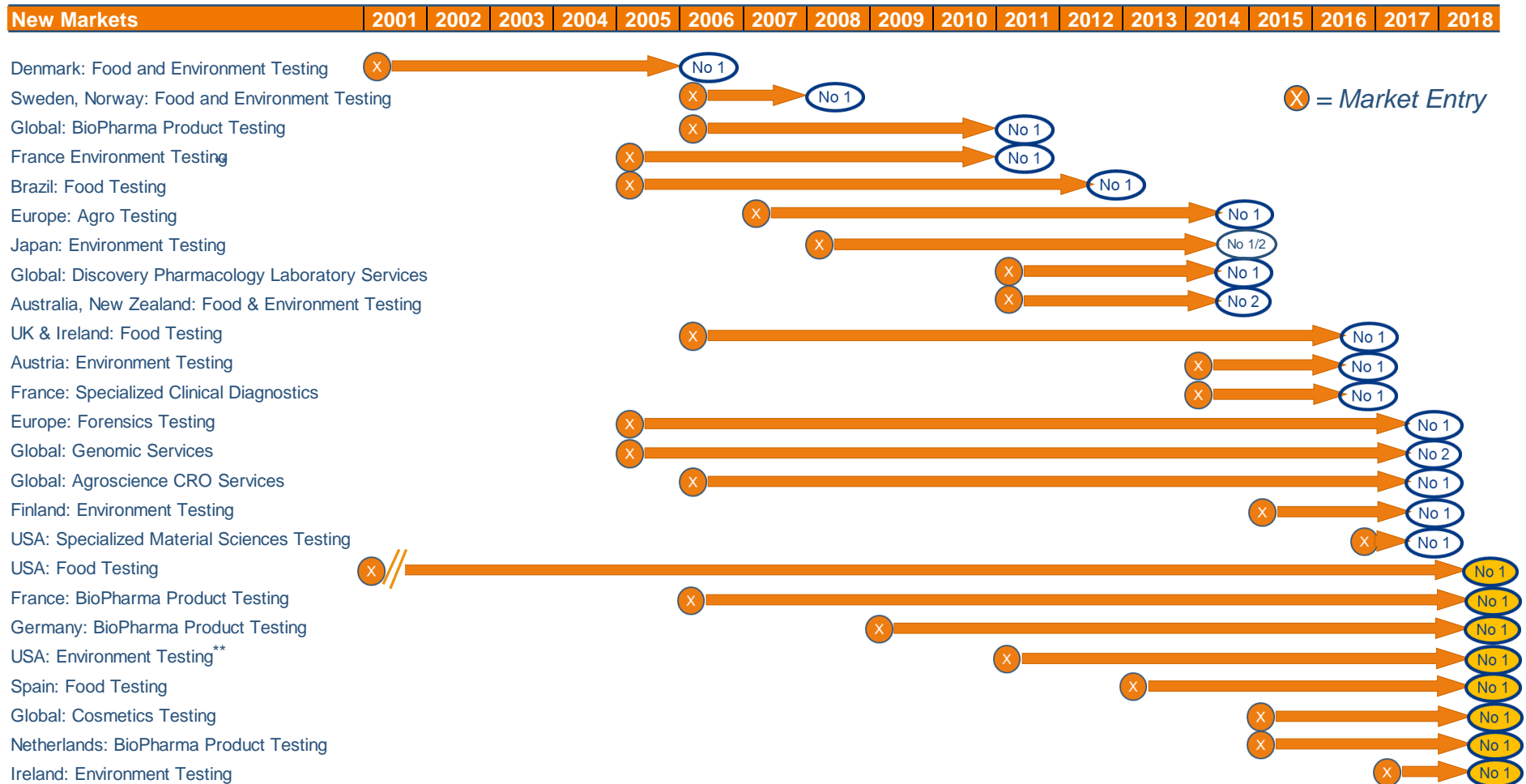
Establishing leadership in targeted higher-growth innovative niche areas (e.g. genomics, infectious diseases, etc.) of the clinical testing market, mainly in the US and Europe, as well as market access through local laboratories in many large markets worldwide to distribute advanced tests.

\*To the best of Eurofins' knowledge, based on data available to the Group

\*\* Million Insights, June 2017 <https://www.millioninsights.com/industry-reports/clinical-laboratory-services-market> (At 23/10/2018 USD/EUR exchange rate of 0.87)

\*\*\* Pending closing of TestAmerica acquisition

# Eurofins is the leader in most of its markets and continues to build global & local leadership positions\* in markets where scale matters



**Eurofins already has long-standing N°1 or N°2 positions in its historic markets, Europe and North America, across its major business lines: Food, Environment, BioPharma, Agrosience, Genomics, Forensics**

\*To the best of Eurofins' knowledge, based on data available to the Group

\*\* Pending closing of TestAmerica acquisition

## Secular Underlying Fundamentals

Increasing wealth and quality of Life

Technological progress

Advancing globalisation

## General Market Drivers

Consumer expectations for protection

New analytical methods and lower detection limits  
New biotech products

Risks linked to global sourcing and brand vulnerability

## Laboratory Market Drivers

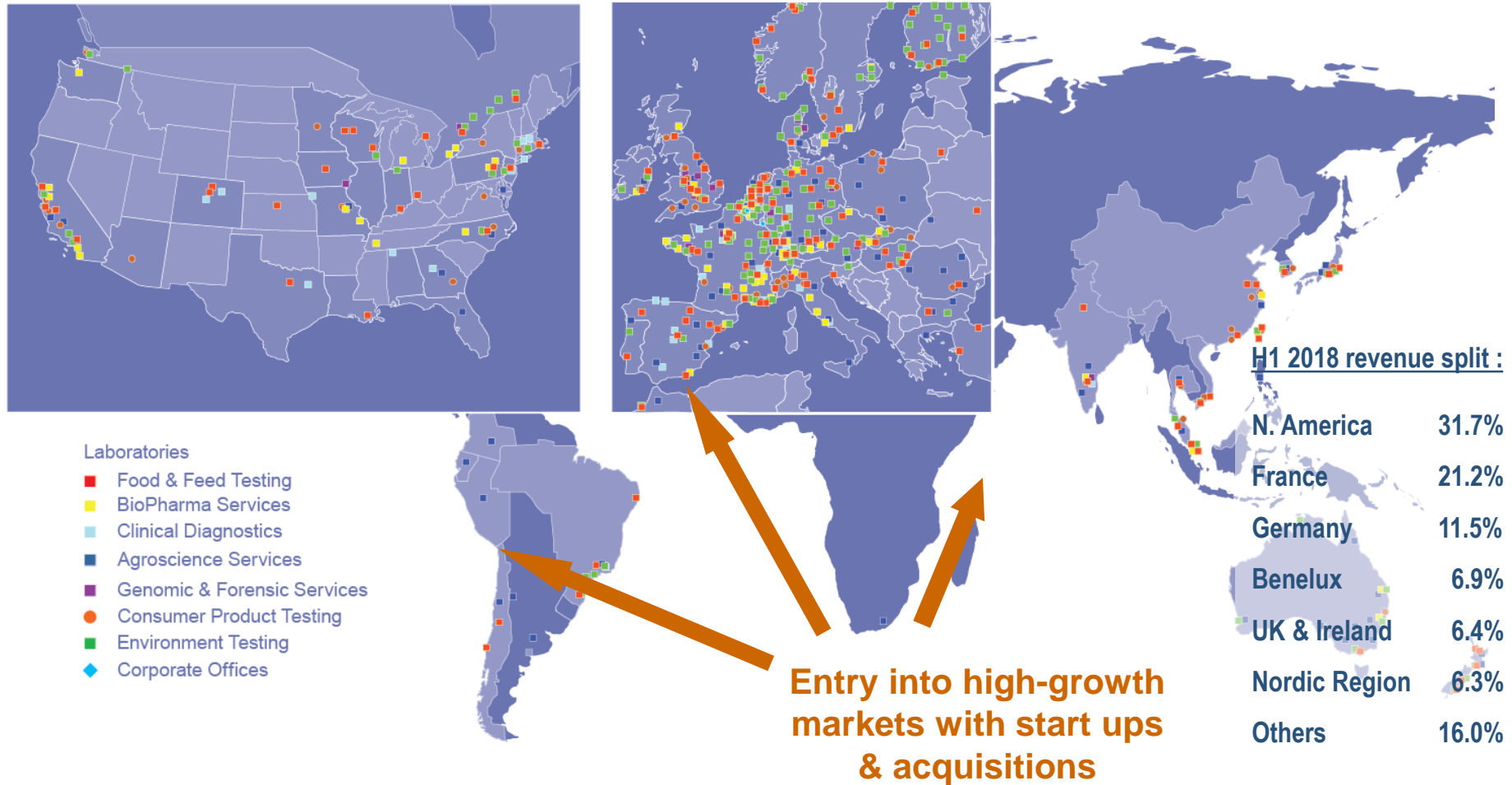
Demand for safe pharmaceuticals, quality food and clean environment

Consolidation of the fragmented laboratory market and scale effects

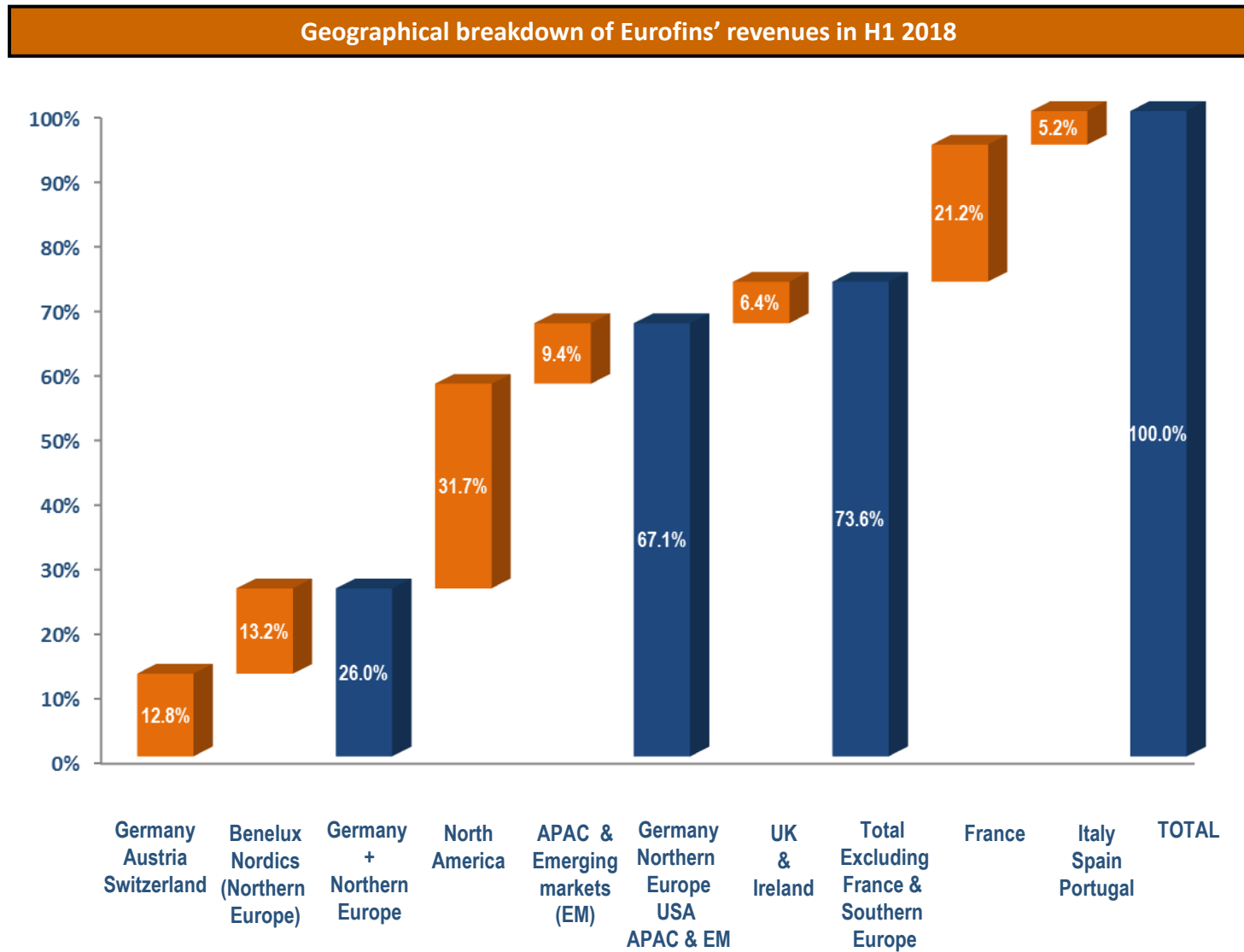
Outsourcing of internal laboratories by industry

One-stop shopping (focus on few global testing suppliers)

An international network of world class, standardised laboratories is attractive for our customers



**80%** of the world's population still has limited access to testing laboratories





# Eurofins' strategy aims at building long lasting competitive advantage in very attractive markets



## Leading technology

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- Competence Centres & R&D activities
- Proprietary technologies (e.g. proof of origin, virus syndromic panels, authenticity testing, etc.)
- Continuous development/acquisition of advanced technologies
- Best in class state of the art laboratories

## One stop shop

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- International network with a presence in 45 countries
- Vast technological portfolio with more than 150,000 validated methods
- Over 400 million tests performed per year
- But one contact person for each customer

## Quality of customer service

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- Extensive expertise in local regulations for all major markets, and one-stop contact for compliance in multiple countries
- Globally reliable standards of high quality and consistency
- International key accounts management
- Internet-based transactions and access to testing results

## Pure-play laboratory operator

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- Industrialised processes, bespoke IT solutions
- Unrivalled expertise accessible to all customers
- Continually expanding geographical coverage
- Proven operating model that can be rolled-out in various/multiple markets



- Introduction
- **Market & Strategic Positioning**
- Finance & Outlook
- Summary
- Appendix

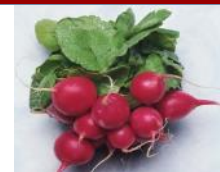
# The Food testing market enjoys robust growth drivers

**Food scares and crises, widely covered in the media**

**Globalisation: Raw materials sourced from countries with different QC practices**

**Consumers' increasing awareness and demand for safe and high quality food**

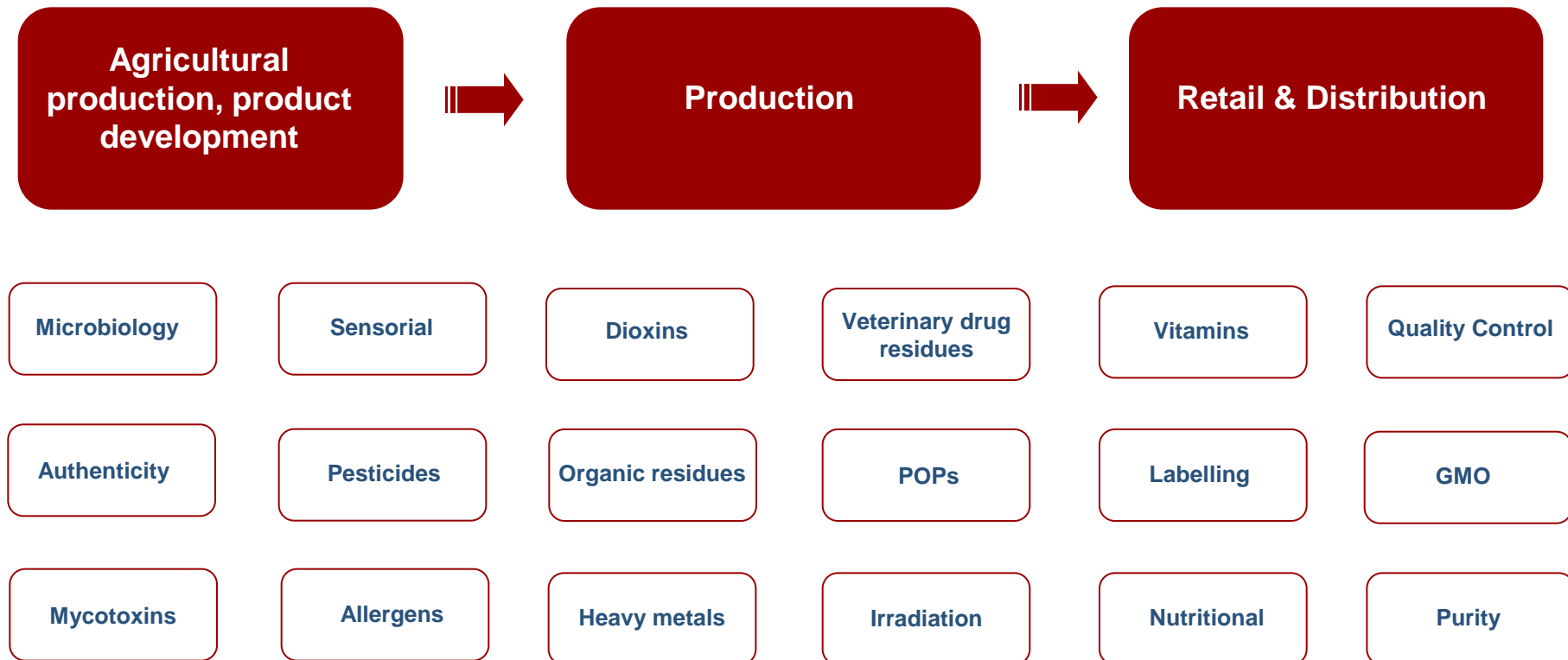
**Outsourcing of industry's internal or state-owned laboratories**



- **Compels industry to strengthen its testing programs**
- **New products (GMOs, new packaging, etc.) create need for new tests**
- **Governments increase regulations on food control**
- **Brands have become more global and vulnerable to contaminations**
- **Transparency and traceability are becoming the priorities**
- **Increasing pressure on producers and manufacturers to invest in testing**

**Demand for a high quality, state-of-the-art, international network of laboratories**

# Eurofins' Food & Feed testing offering is the most comprehensive in the market



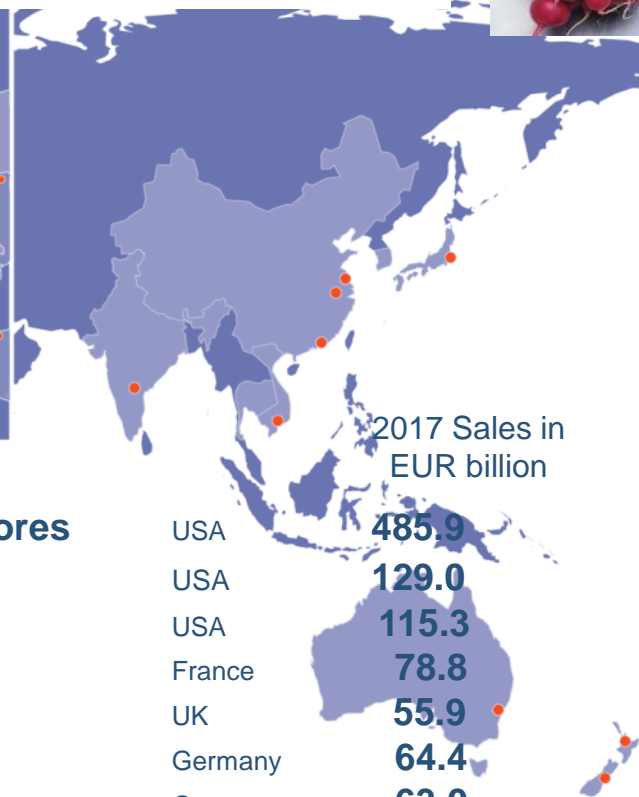
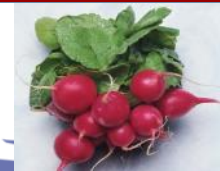
# High profile food scares have expensive consequences for producers...

Year	Brand/ Country	Contamination	Impact	Cost	
2008	Sanlu/ Fronterra + global brands	<b>Melamine in dairy products</b> ➔	50,000 infants ill, 6 deaths, global recall of dairy and related products, criminal charges in China	➔ Unquantified	 <i>BBC News</i>
2008	Irish pork	<b>Dioxins</b> ➔	Recall of Irish pork products, job losses, destruction of 100,000 pigs	➔ > EUR 300m	<i>Irish Exporters Association</i>
2008	Kellogg's, Unilever, General Mills	<b>Salmonella in peanut butter</b> ➔	9 dead, 683 people sick, global recall of peanut butter and related products (1,600 types of products involved)	➔ ~ USD 100m Est. only for Kellogg's	<i>Bloomberg</i>
2009	Nestlé	<b>E. Coli in cookie dough</b> ➔	70 people sick, 25 people hospitalized, job losses, withdrawal of 86 million "cookies-worth", court proceedings initiated		<i>CNN Health</i>
2011	Germany	<b>Dioxins in eggs, poultry and pork</b> ➔	About 3,000 tons of feed contaminated with oil intended for use in bio-fuels, 4700 farms closed, revenues lost, tightening regulation		<i>BBC news</i>
2013	Europe	<b>Beef products contaminated with horse meat</b> ➔	Sales of frozen burgers plunged 43% and frozen ready meals fell 13% in the UK between 21 Jan – 17 Feb, 2013, at the height of the scandal	➔ ~ EUR 360m Market value lost for Tesco	<i>The Guardian</i>
2015	USA Chipotle	<b>E-coli outbreak at restaurants in multiple states</b> ➔	53 people sick, 22 hospitalized in 9 states across the US. 15% decline in like-for-like sales during the period	➔ ~ USD 8bn Market value lost	<i>CNN</i>
2017	Europe	<b>Fipronil in European eggs</b> ➔	Farms shut down in the Netherlands, Belgium, Germany and France. Supermarkets have also withdrawn millions of eggs from sale		<i>BBC news</i>

# Eurofins is meeting the demands of global players for high quality testing



- The largest global food & beverage producers and retailers are clients of Eurofins



## Food and Beverage

	2017 Sales in EUR billion
Nestlé	Switzerland 90.1
PepsiCo	USA 63.5
Unilever	UK /Netherlands 53.7
Coca-Cola	USA 35.4
Mars*	USA 35.0
Kraft Heinz	USA 26.2
Danone	France 24.7
McDonalds	USA 22.8
Kelloggs	USA 12.9
Pernod Ricard	France 9.0

## Retailers

	2017 Sales in EUR billion
Wal-Mart Stores	USA 485.9
CostCo	USA 129.0
Kroger	USA 115.3
Carrefour	France 78.8
Tesco	UK 55.9
Lidl*	Germany 64.4
Aldi*	Germany 63.0
Metro AG*	Germany 58.4
ITM Enterprises*	France 40.0
Casino Guichard	France 36.0

Source: Bloomberg \* Forbes or other publicly available sources/estimates

# The Pharma testing market is both healthy and full of potential



**Need for big pharma companies to expand new drugs pipelines**



**Rapid technological change & increasing complexity in testing require ongoing investment in technology & expertise**



- The increasing complexity of clinical trials leads to increasing amounts of diagnostic procedures performed per patent
- Regulatory bodies (e.g. FDA) are demanding more study data to improve safety
- New wave of biologics require more testing
- Clinical trial processes are becoming increasingly rigorous to ensure drug efficacy
- The spend per drug trial is rapidly increasing

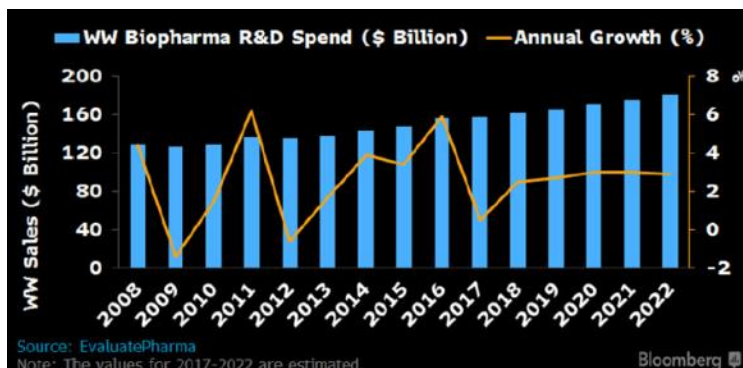


**Greater trial complexity & size will increase likelihood of using CROs**

# Underlying trends are intact for continued growth



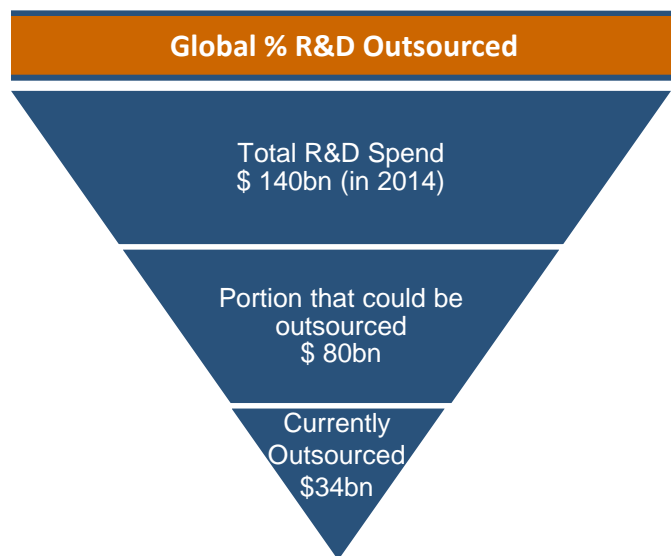
## Global Drug R&D Spending (US\$ bn)



- Pharmaceutical and biotechnology R&D spending is expected to rise to \$161 bn in 2018
- 2017 was a record year in FDA novel drug approvals, the purest measure of biopharma pipeline productivity
  - Drug approvals fuel reinvestment across the R&D value chain
- Record cash on biotech balance sheets provides R&D funding through 2020

Source: Bloomberg Intelligence 4 Dec, 2017

## Global % R&D Outsourced



- Sponsors outsource drug development to:
  - Reduce their fixed cost base
  - Access competencies that they do not have in-house
  - Access experience and regulatory expertise in new geographies
- Growth of biotechnology industry:
  - Limited physical infrastructure
  - Lack of internal expertise

Source: Citigroup Research 18 Feb, 2014

## Spanning the entire drug development cycle



### Genomics

Sequencing  
Oligonucleotides  
Pharmacogenomics  
Transcriptomics  
Genotyping  
SNP-analysis



### Discovery Pharmacology

High-throughput-  
screening  
Molecular-  
Pharmacology  
Cell-based Assays  
*In Vitro* Screening  
*In Vitro* Profiling  
*In Vivo* Safety  
*In Vivo* efficacy



### Pre-clinical/ Early Development

Pharmacology  
Bioanalytical  
Analysis  
Translational  
Medicine  
Phase I Studies



### Clinical (Central Laboratory/ Bioanalytical)

Biomarkers  
Bioanalysis  
Immunogenicity  
Proteomics  
Microbiological and  
Anti-infective  
analysis  
Bioavailability  
Bioequivalence



### Development & Manufacturing

Complex API  
Development  
Multi-Step Synthesis  
Cytotoxic and Highly  
Potent  
DS and DP  
Manufacturing



### BioPharma Products Testing

Pharmaceuticals,  
Biologics, Medical  
Device: Safety,  
Characterization,  
Quality Control,  
Process  
Development  
Hygiene Monitoring  
Packaging



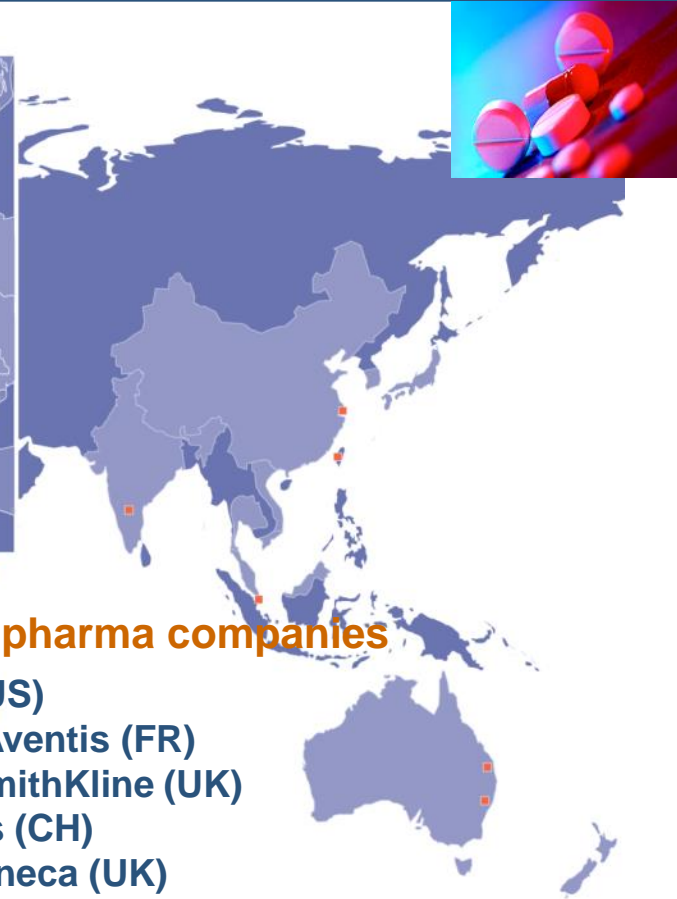
New line of business (CDMO)



# 9 of the top 10 largest global pharmaceutical companies are clients of Eurofins

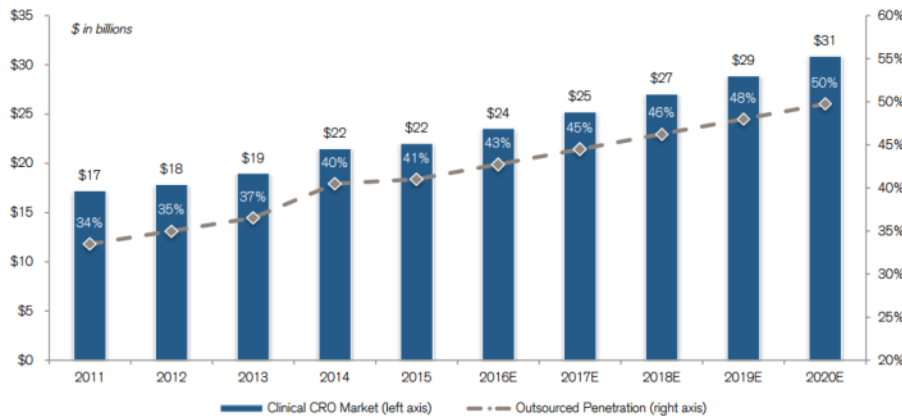


## Eurofins pharma locations



## Global CRO Market Outlook

Figure 1: The clinical CRO market will grow 7% (2015-2020E CAGR); outsourced penetration will go to 50%



Note: Clinical CRO market includes only Clinical, excludes Discovery, Preclinical, Central Laboratory, and Post-Approval/Commercialization

Source: CRO Industry Primer, 20 June 2016, Credit Suisse

## Top 10 pharma companies

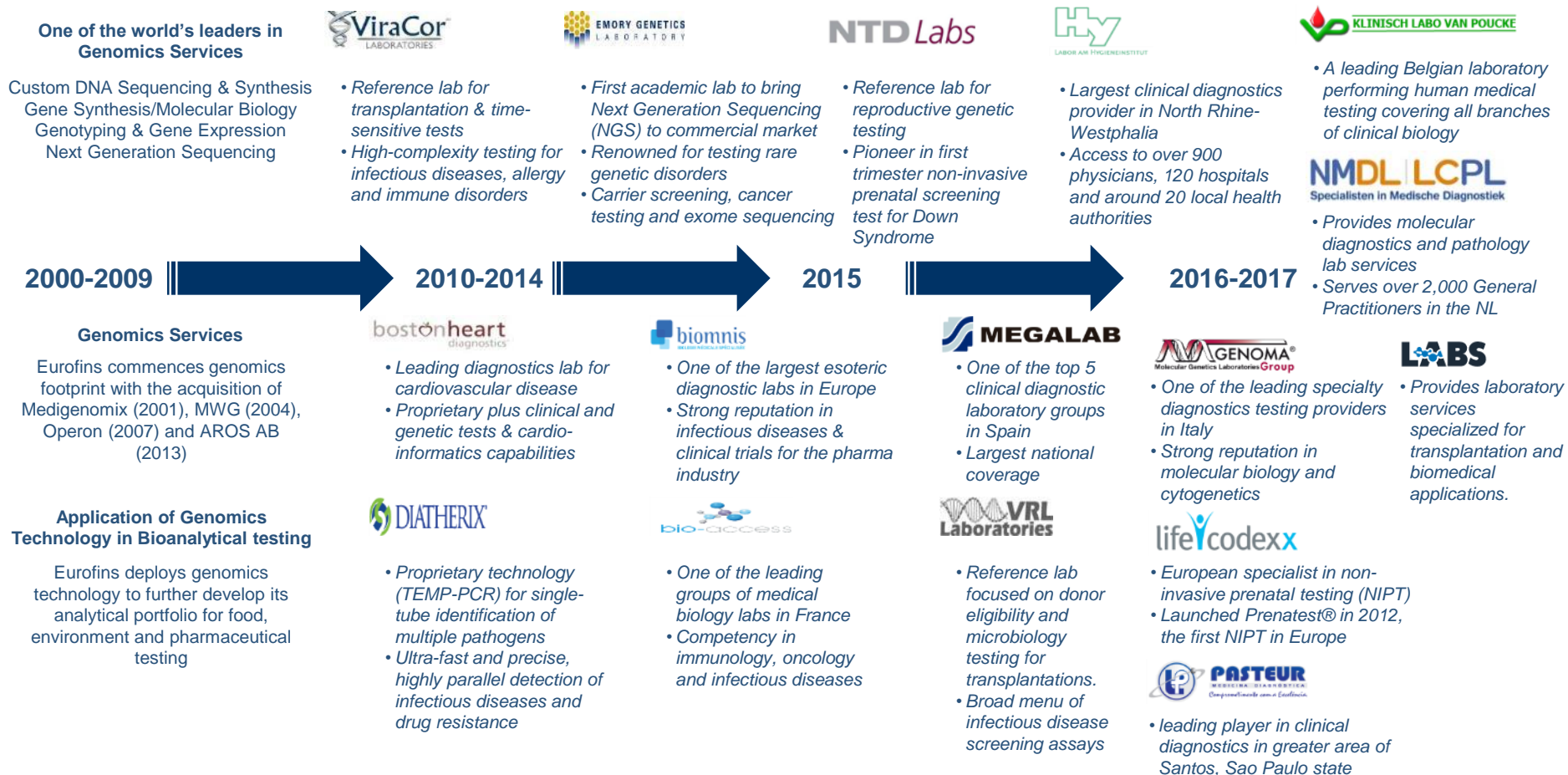
Pfizer (US)  
Sanofi Aventis (FR)  
GlaxoSmithKline (UK)  
Novartis (CH)  
AstraZeneca (UK)  
Merck & Co (US)  
Johnson & Johnson (US)  
Roche (CH)  
Eli Lilly & Co (US)  
Bristol-Myers Squibb (US)

# Eurofins Specialized Clinical Diagnostic Network Evolution



*“Genomics is one of the key technologies enabling personalized medicine...”*

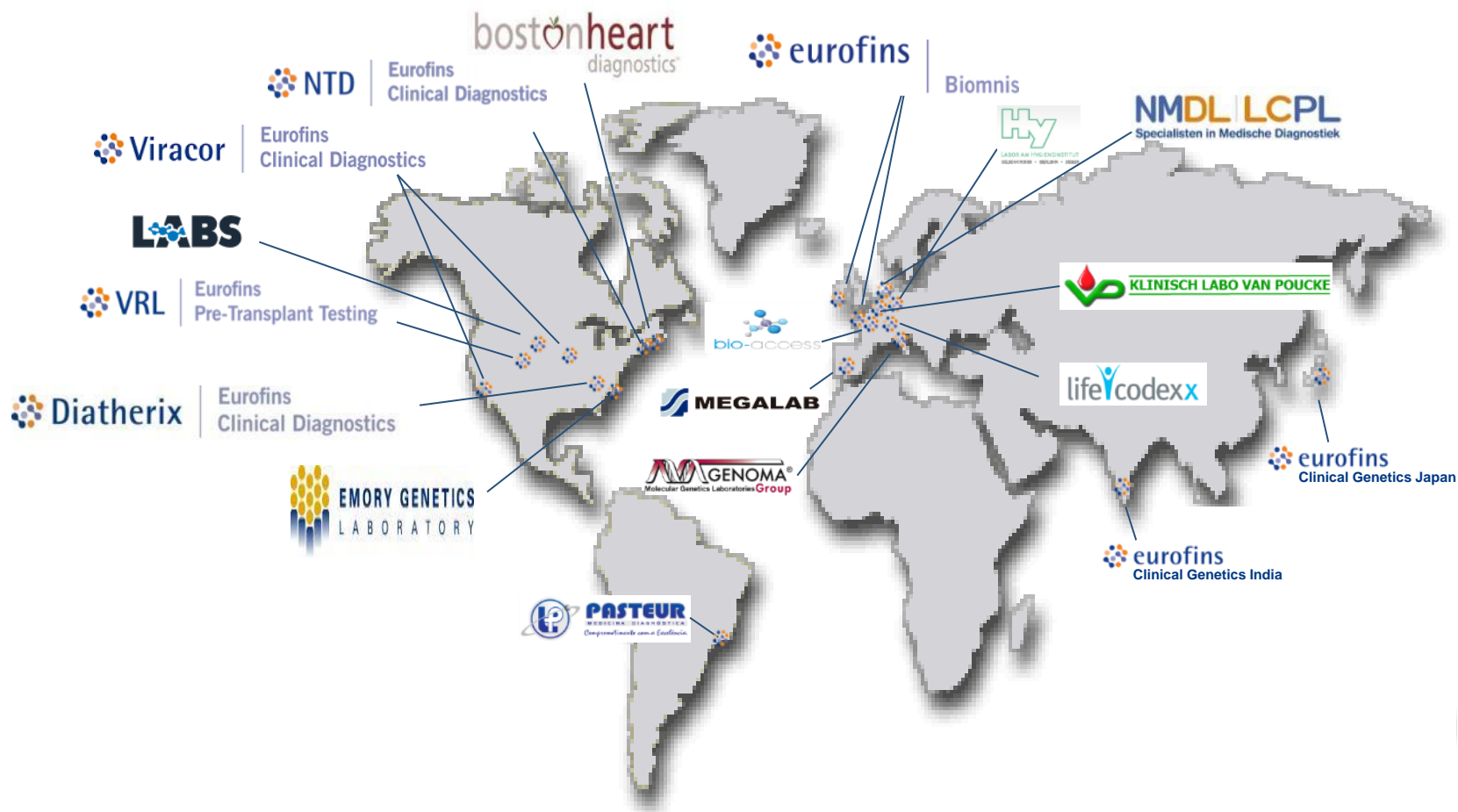
**Establishing platform to deploy genomics expertise for development of innovative clinical diagnostic tests to serve global healthcare community**



# Eurofins Specialized Clinical Diagnostic Footprint



Establishing leadership in targeted higher-growth niche areas of the clinical testing market





Rise in  
contamination &  
pollution issues



Progress in epidemiology  
& medicine has identified  
more compounds as toxic



- Increasing demand by citizens for a clean environment
- EU expanding regulation (e.g. REACH)
- Increasingly long list of products identified as toxic
- Requirement for more sophisticated analyses and more expensive equipment



**Compels industry to increase testing and outsource internal labs**

# Eurofins serves all the main environmental testing markets



Eurofins is the No.1 environmental testing service provider in the world\*



*Lancaster Environmental Testing is the laboratory of choice for Fortune 500 companies in the USA*

*Consulting and sampling companies are natural partners*

## WATER

- Drinking water and groundwater analysis
- Full range of contaminants

## AIR

- Outdoor pollutants
- Indoor and ambient pollutants

## SOIL

- Analysis of soil for full range of contaminants

*\* Management estimate based on available information*

- Strong regulated markets (EU, USA) are still amending and adding regulations
- Eastern European rules catching up with EU
- Fast development of regulation in Asia
- Regulation used for support of trading blocks (e.g. EU, NAFTA, ASEAN)

### Major pieces of legislation

- European Food Regulation (EC)178/2002
- Recently passed
- European REACH directive
  - US Country of Origin Labelling (COOL) law
  - PRC Food Safety Law in China
  - Food Safety Modernization Act (FSMA) in USA
  - Comprehensive Review of Food Labelling Law and Policy in Australia & New Zealand

### Key areas of food regulation

- Food imports
- Labelling (e.g. allergen, origin label, reference intakes)
- Foodstuffs (marketing standards for beverages, meat, fish, dairy products)
- Pesticides
- GMO & GM products
- Additives (vitamin & mineral fortification, flavourings, sweeteners, enzymes)

# EU regulations a key driver for the testing industry

## – e.g. REACH directive

### Objectives

- Listing and assessing the safety of **30,000** chemical substances used by industries in Europe **over 11 years**
- Replacing the most dangerous ones - no chemical safety studies were conducted before 1981; only 3700 new chemicals analysed up to 2008 out of 100,000 used currently in EU

### Estimated cost

**EUR 10bn** according to the EU including **EUR 1.5bn** for testing over 11 years

### Examples of affected products or industries

Metals, resins, acids, solvents, oils, fibres in textile, car components, toys, cosmetics, plastics, rubber, microchip, etc.

Food and drug ingredients are excluded

### Type of testing

**Physico-chemical properties:** density, viscosity, etc.

**Toxicity:** skin, eye, mutagenicity, inhalation, oral, reproductive

**Ecotoxicity:** invertebrates, plants, fish, birds, soil, water, degradation

### Time line Increasing testing requirements from 2010





## Outsourcing adds to market growth

### *Examples of laboratories outsourced to Eurofins*



Company	Outsourced Activity	Country
Astellas	Astellas Analytical Science Labs	Japan
Danish Hydrology Inst.	Official water reference lab	Scandinavia
Suez/Sita	Envirolab	The Netherlands
Danish farmers association	Steins' water/environment laboratory	Denmark
Lyon University Hospital	Phase I Activity	France
Austrian Research Institute	Food testing	Austria
Clermont University	Mineral water analysis	France
Raisio Group	Food product testing	Finland
Mondi	Environmental, paper/pulp testing	Slovakia
DLG Group	Food and feed producer	Denmark
Miljølaboratoriet	Environmental testing network	Denmark
BASF/QTA	Environmental, chemicals	USA
MWH Global	Environmental, water-testing	USA
TÜV SÜD	Dioxin Analysis	Germany
Cranswick plc	Food testing	UK
Danone	Infant and clinical nutrition analysis	Germany



# Eurofins is developing high Barriers to Entry around its businesses



## Offering a premium quality service ...

- **Portfolio:** over 150,000 validated methods – unique in the world and ahead of competition
- **Global laboratory network:** fully set up for cross-selling worldwide to customers
- **Accreditations:** multiple international accreditations
- **One-stop shop:** single point of contact for compliance to regulations of many countries
- **Standardised testing** in 45 countries
- **Sales and marketing:** international teams plus dedicated key account management
- **Reputation:** high standards of quality and consistency - the Eurofins brand
- **Internet:** web-based transactions and online access to testing results increase switching costs

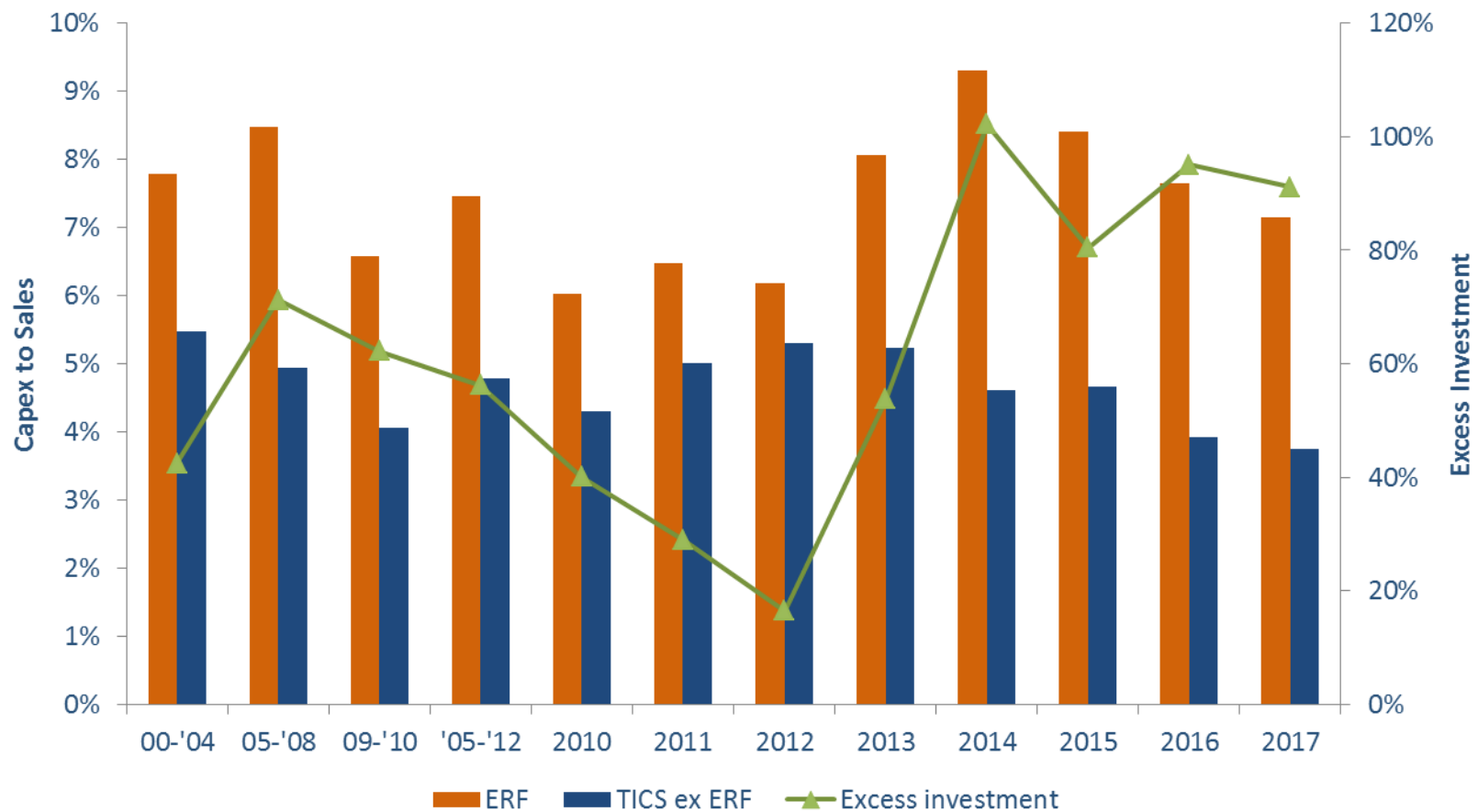
## ... and leveraging internal efficiencies

- **Industrialising** the laboratory process: rationalisation of sites and personnel
- **Competence Centres:** high volume laboratories providing highest levels of expertise and service
- **Technology:** the latest available in the market providing the most accurate results
- **Economies of scale** in Group purchasing and sales functions
- **IT systems:** cross-Group information tools and standardised production systems

- Introduction
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# We have built a hard-to-replicate world-class infrastructure

Eurofins has been consistently investing more than its peers



Source: Eurofins, Company websites

TICS ex ERF = SGS, Intertek, Bureau Veritas

# Midterm objective to reach 20% adjusted EBITDA margin, and strengthen cashflow generation

In spite of 20 start-ups per year (average past 3 years) Separately Disclosed Items (SDI) costs reduced significantly as % of Adjusted EBITDA and as a proportion of sales.

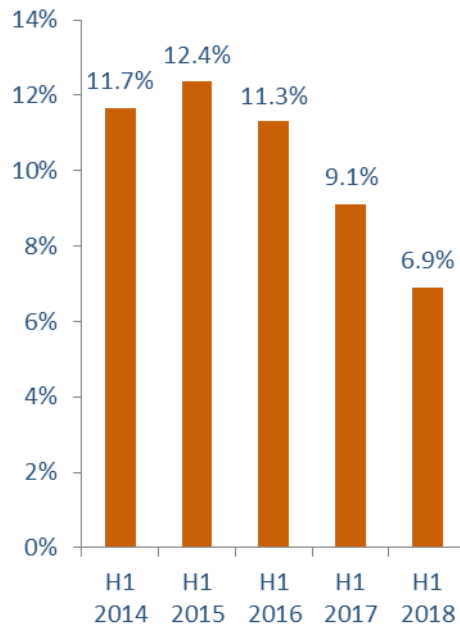
## *Eurofins Cashflow Expansion Levers*

Objectives:

- Reduce relative impact of start-ups and SDI
- Bring capex back to 6% of revenues by 2020

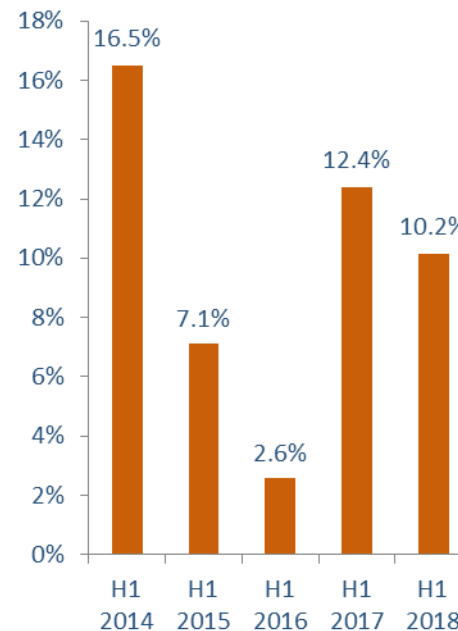
Start-ups & businesses in significant restructuring is significantly decreasing relative to size of the Group

Start-ups & businesses in significant restructuring as % of Group revenues



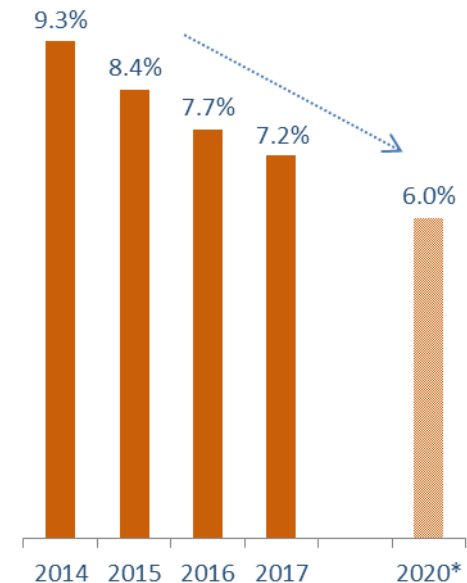
SDI should reduce again relative to EBITDA of mature companies after stabilizing of start-up openings

SDI costs as % of Group EBITDA



Capex should gradually normalize back to 6% of sales, further unlocking cashflow

CAPEX as % of Group sales

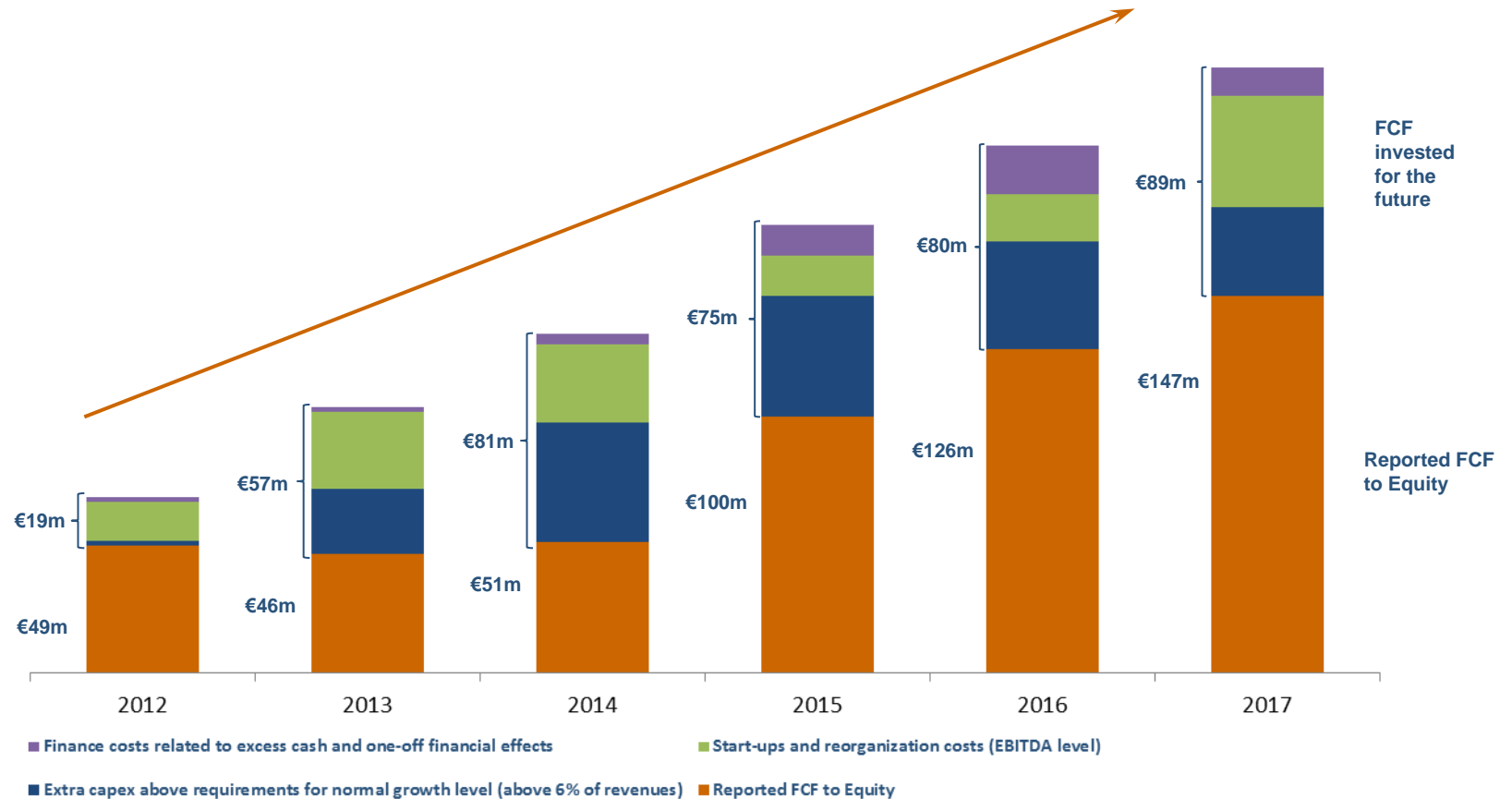


\* Objective

# Eurofins is allocating part of its cash flow towards building its leading global platform



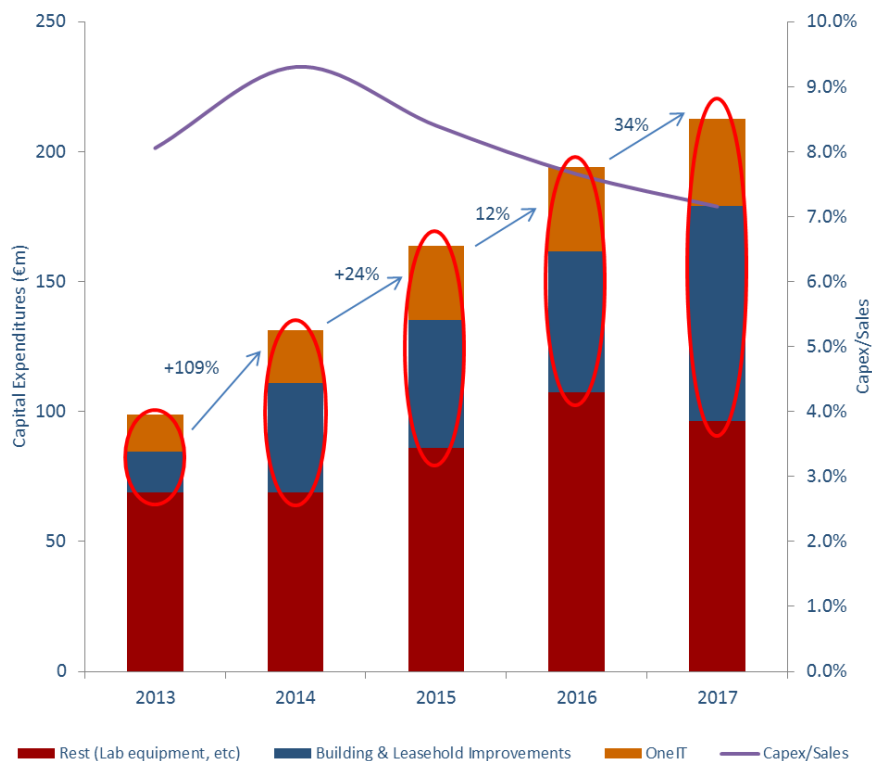
## Cashflow expansion levers: cash investments impacting cashflows



\*Free Cash Flow to Equity - Operating Cash Flow, less interest paid and net cash used in investing activities other than for acquisitions of subsidiaries net of cash acquired and for derivative financial instruments

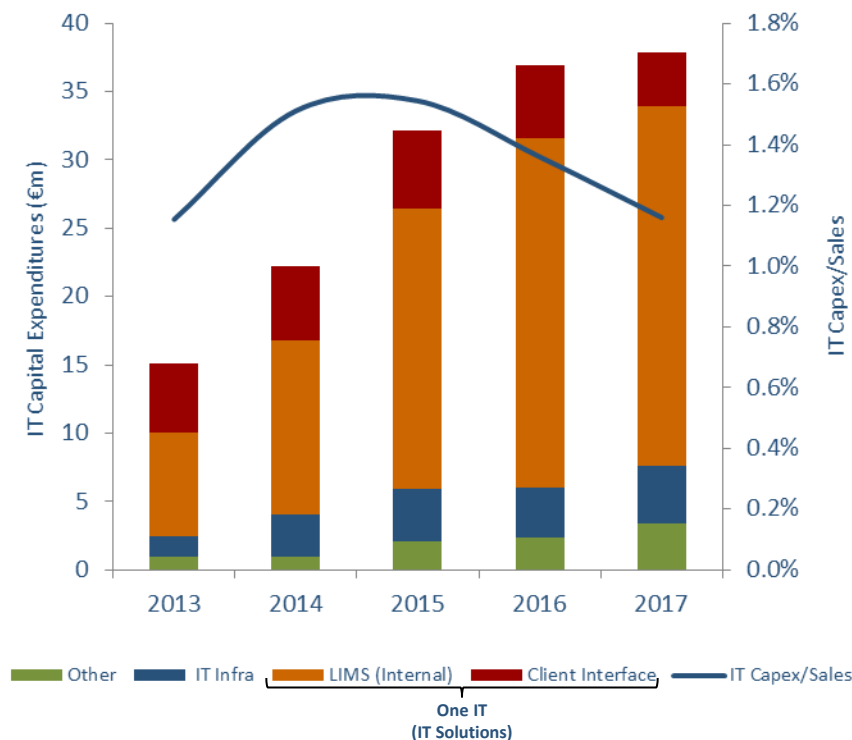
# Network Build-Out to Position for the Future

## Capex remains driven by network expansion investments



	2013	2014	2015	2016	2017	H1 2018
Lab surface added m <sup>2</sup>	40,000	60,000	55,000	46,000	53,000	13,000

## Continuous investments in state-of-the-art IT solutions



- First Generation OneIT deployed in ca. 85% of Food and Environment laboratories
- New Generation Genomics and Agrosience IT systems deployment completed
- New Generation Biopharma Product Testing system deployed in 50% of labs
- Eurofins On Line (EOL) almost fully deployed in Food and Environment business lines

## Laboratory Network Investments: Expansion / Modernization of Laboratory Sites



- Since 2005, 120 new/expanded large modern state-of-the-art sites to enable consolidation / closure of smaller or old sites
- Total of over 430,000 m<sup>2</sup> added or brought to most modern standards between 2005-2017 (over 53,000 m<sup>2</sup> in 2017)
- 182,000 m<sup>2</sup> of additional modern surface planned for 2018-2019, of which over 105,000 m<sup>2</sup> planned to come on stream in 2018

### Major facilities : new or recently upgraded and planned for 2018-2019

2013	2014	2015	2016	2017	2018-2019	
Auckland, NZ ext.	Hamburg, DE ext.	Freiberg, DE	Almeria, ES	Nantes, FR ext.	Suzhou, CN	Des Moines, IA ext.
Yokohama, JP ext.	Vejen, DK ext.	Shenzen, CN	Nove Zamky, SK	Livingston, UK	Fresno, CA	Bangalore, IN ext.
Hamburg, DE ext.	Bangalore, IN	Hamburg, DE	Saverne, FR ext.	Madrid, ES	Wolverhampton, UK ext.	Vienna, AU ext.
Seattle, WA	New Orleans, LA	Uppsala, SE	Horsham, PA	Ho Chi Minh City, VN	Munich, DE ext.	Murcia, ES
Vergeze, FR ext.	Lancaster, PA ext.	Reichenwalde, DE ext.	Niefern, DE ext.	Gurgaon, IN	Taipei, TW	Barneveld, NL ext.
Graauw, NL	Auckland, NZ	Moss, NO	Vergeze, FR ext.	Bangalore, IN	Bucharest, RO	Hamburg, DE ext.
Wageningen, NL	Sydney, AU	Douai, FR ext.	Aix-en-Provence, FR	Lancaster, PA ext.	Dungarvan, IE ext.	Pomona, CA
	Bordeaux, FR	Les Ulis, FR ext.	Lyon, FR	Hangzhou, CN	Wesseling, DE ext.	Kansas City, MO
	Mounds View, MN	Boston, MA ext.	Atlanta, GA	Dayton, NJ	Melbourne, AU	Heerenveen, NL
		Louisville, KY	Ebersberg, DE	Hasselt, BE	Lancaster, PA ext.	Gelsenkirchen, DE

# Eurofins is already present in countries generating over 83% of the world's GDP... but still has lots of room to grow



International Monetary Fund (Estimates as of October 2017)			Eurofins market presence				
Country	GDP (\$tn)	% of world's GDP	Eurofins presence	Food testing	Environment testing	Biopharma Services	Clinical Diagnostics
EU			✓	#1	#1	#1	✓
USA	20.2	23.9%	✓	#1	#1**	#1*	✓
China	13.1	15.6%	✓	✓		✓	
Japan	5.1	6.0%	✓	✓	#1/2	✓	✓
Germany	3.9	4.7%	✓	#1	#1	#1*	✓
France	2.8	3.3%	✓	#1	#1	#1*	✓
UK	2.7	3.2%	✓	#1	✓	✓	✓
India	2.7	3.1%	✓	✓	✓	✓	✓
Brazil	2.2	2.6%	✓	#1	✓		✓
Italy	2.1	2.4%	✓	✓		#1*	✓
Canada	1.8	2.1%	✓	✓	✓	✓	
South Korea	1.6	1.9%	✓	✓	✓		
Russia	1.5	1.8%					
Australia	1.5	1.8%	✓	✓	#2	#1*	
Spain	1.4	1.7%	✓	#1	✓	✓	✓
Mexico	1.3	1.5%					
Indonesia	1.1	1.3%					
Turkey	0.9	1.1%	✓	✓			
Netherlands	0.9	1.1%	✓	#1	#1	#1*	✓
Switzerland	0.7	0.8%	✓	✓	✓	✓	
Saudi Arabia	0.7	0.8%					
Argentina	0.6	0.8%	✓				
Sweden	0.6	0.7%	✓	#1	#1	#1*	
Taiwan	0.6	0.7%	✓	✓	✓	✓	
Poland	0.6	0.7%	✓	✓	✓		
Belgium	0.5	0.6%	✓	✓	✓	✓	✓
Total top 25	70.9	84.0%	21	19	16	16	11
Eurofins is present in 21 countries of the world's top 25 economies:							
+ presence in 24 other countries	4.1	4.8%					
Eurofins is present in 45 countries:							
	70.4	83.4%					

#1 = Eurofins is market leader  
 \* = in BioPharma Products Testing (BPT)  
 \*\* = Pending closing of TestAmerica acquisition

...and penetrates  
**Top 25 countries**  
 with more and  
 more of its  
 services !



# Heavy investment in high-growth markets and resources for future profits



## Network Investments

- **€1.05 bn total investments in laboratory network over the last 10 years 2008-2017**
- **137 start-up laboratories to reinforce footprint opened since 2000:**
  - 25 between 2000-2009 (Pr. 1)
  - 18 between 2010-2013 (Pr. 2)
  - 57 between 2014-2016 (Pr. 3)
  - 30 in 2017 alone
  - 7 in H1 2018
- **Typically losses in years 1 and 2 of about EUR 1-2m p.a. per start-up**
- **Initial Capex EUR 1- 3m per lab** (e.g. premises, equipment)

## Building corporate resource for future size and growth

- **Recruitment of top leadership**
- **Additional layer of management to lead global business lines**
- **Central IT systems and processes**  
(e.g. ERP, CRM)
- **Additional central cost (Eurofins' Group Service Centre finance & IT management costs)**
  - +EUR 10m 2010 vs 2005
  - +EUR 41m 2016 vs 2010
  - +EUR 17m 2017 vs 2015

## Bringing recently acquired labs to group standards

- **Deploy proprietary IT systems**  
eLIMS, eCommerce (EOL)
- **Best practice lab organisation & processes**
- **Consolidation into large, world-class sites**
- **Standardised testing procedures**
- **Invest in state-of-the-art technology**

## Positive trends drive solid operating results

In EUR m except otherwise stated	H1 2018			H1 2017			+/- %	+/- %
	Adjusted <sup>1</sup> Results	Separately disclosed items <sup>2</sup>	Statutory Results	Adjusted Results	Separately disclosed items	Statutory Results	Adjusted Results	Reported Results
Revenues	1,743.3	-	1,743.3	1,396.9	-	1,396.9	24.8%	24.8%
EBITDA	320.4	-32.5	287.8	250.1	-31.0	219.1	28.1%	31.4%
EBITDA Margin (%)	18.4%		16.5%	17.9%		15.7%	+50bps	+80bps
EBITAS	226.6	-43.7	182.9	179.1	-44.1	135.0	26.5%	35.5%
Net Profit	155.9	-64.8	91.1	114.2	-39.7	74.5	36.6%	22.4%
Basic EPS (EUR)	8.82	-3.66	5.15	6.73	-2.34	4.39	31.0%	17.4%
Operating Cash Flow			217.8			125.3		73.8%
Free Cash Flow to the Firm			46.8			28.0		67.1%
Net capex			171.0			97.4		
Net Debt			1,638.9			758.7		
Leverage Ratio (net debt/Last 12 Months (L12M) adjusted EBITDA)			2.61x			1.48x		
Leverage Ratio (net debt/L12M pro-forma adjusted EBITDA)			2.44x			1.43x		

<sup>1</sup>Adjusted – reflects the ongoing performance of the mature and recurring activities excluding “separately disclosed items”

<sup>2</sup>Separately disclosed items – include one-off costs from integration, reorganisation, discontinued operations and other non-recurring income and costs, temporary losses and other costs related to network expansion, start-ups and new acquisitions undergoing significant restructuring, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, loss/gain on disposal and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions, net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income) and the related tax effects.

	Jun 2018	Dec 2017
■ Net Debt/ LTM Adjusted EBITDA	2.61 x	2.51 x
■ Net Debt/ProForma LTM Adjusted EBITDA	2.44 x	2.14 x
■ Net Debt (EUR m)	1,638.9	1,396.0
■ Total Equity (EUR m)	2,552.8	2,482.0
■ Cash + cash equivalents (EUR m)	559.0	820.4

Net Debt calculation	Short-term borrowings
	+ Long-term borrowings
	- Cash & cash equivalents
	= NET DEBT

## Hybrid

- EUR 300m hybrid issued in Jan 2013/Jul 2014, callable at par by Eurofins in Jan 2020. Bears a fixed coupon of 7.00% until first call, Euribor 3m + 818 bp thereafter if not called
- EUR 300m hybrid issued in April 2015, callable at par by Eurofins in April 2023. Bears a fixed coupon of 4.875% until first call, Euribor 3m + 701 bp thereafter if not called
- EUR 400m hybrid issued in November 2017, callable at par by Eurofins in November 2025. Bears a fixed coupon of 3.25% until first call, Euribor 3m + margin\* thereafter if not called. This is the lowest ever hybrid coupon achieved by Eurofins and is structured for optimum equity qualification by rating agencies

## Eurobond

- EUR 300m Eurobond issued in Nov 2013, 5-yr maturity (Nov 2018) at an annual interest of 3.125%
- EUR 500m Eurobond issued in Jan 2015, 7-yr maturity (Jan 2022) at an annual interest of 2.25%
- EUR 500m Eurobond issued in Jul 2015, 7.5-yr maturity (Jan 2023) at an annual interest of 3.375%
- EUR 650m Eurobond issued in Jul 2017, 7-yr maturity (Jul 2024) at an annual interest of 2.125%, the lowest ever coupon achieved by the Group

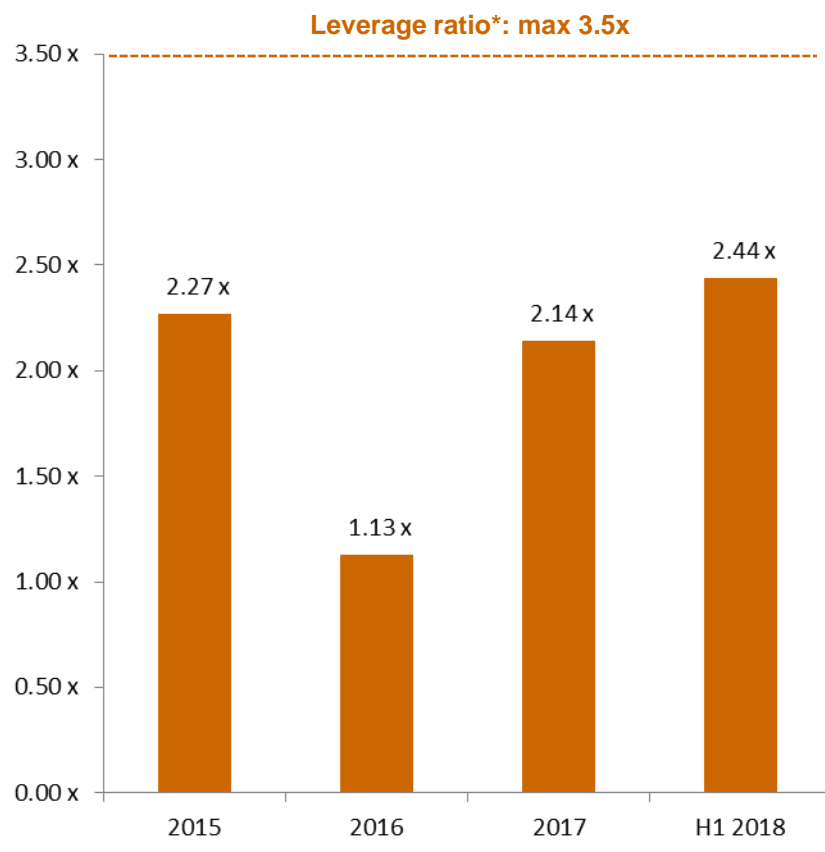
## Schuldschein

- EUR 550m Schuldschein loan issued in Jul 2018 offering a blended interest rate of 1.38%\*\* with an average maturity of 5 years. Schuldschein was structured with maturities of 4-yr (Jul 2022) and 7-yr (Jul 2025) with both fixed and variable rates

\* Margin depends on Eurofins' rating scenario: 250bp if unrated; if rated please refer to the prospectus of the Hybrid issue (ISIN: XS1716945586), available at [www.bourse.lu](http://www.bourse.lu)

\*\* Calculated on the fixed tranches

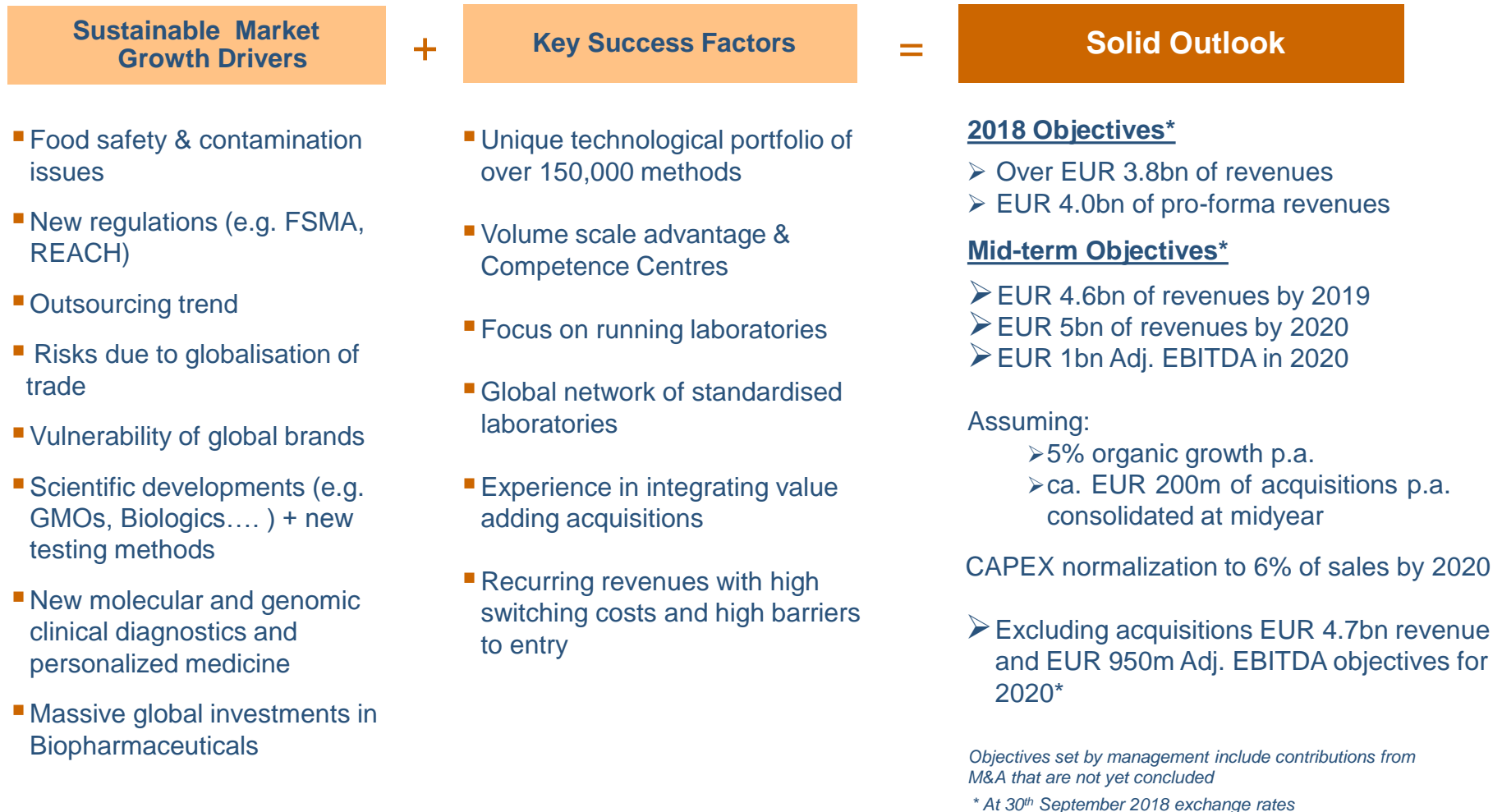
## Strong Balance Sheet as of 30/06/2018



\*Leverage = Net Debt/L12M Pro-forma Adjusted EBITDA

- **Leverage ratio\* remains well below 3.5x**
- **Large financial flexibility with fairly long financing maturity**
  - EUR 300m Eurobond issued in 2013; maturing 2018
  - Hybrid capital of EUR 300m; perpetual, callable 2020
  - EUR 500m Eurobond issued in 2015; maturing 2022
  - EUR 500m Eurobond issued in 2015; maturing 2023
  - Hybrid capital of EUR 300m; perpetual, callable 2023
  - EUR 650m Eurobond issued in 2017; maturing 2024
  - Hybrid capital of EUR 400m; perpetual, callable 2025
  - Revolving Credit Facilities
- **Continued profitability improvement of existing businesses, in addition to increasing profit contribution from recently-acquired companies allows Eurofins to remain well below its debt covenant limit and maintain significant balance sheet headroom and financial war chest**

# Outlook: becoming the world leader in the bioanalytical testing market



***Eurofins' unique position in a young, fast growing and fragmented market should lead to long term, sustainable profitability***

- Introduction
- Market & Strategic Positioning
- Finance & Outlook
- **Summary**
- Appendix

## Conclusion: our sustainable competitive advantage



Best in class technology and quality give best brand protection

N° 1 or 2 worldwide in most business lines

Network in 45 countries

State-of-the-art laboratory infrastructure

High switching costs for clients

Good cash flow visibility

Experienced multi-national leadership



High-growth, non-cyclical markets driven by secular mega-trends

Advancing globalisation but with very few global testing suppliers

Fragmented competition & opportunities for consolidation

Very recurring business; 6% - 12% typical historic organic growth for the last 20 years

High barriers to entry



- Track record of profitable growth – Strong ROCE and cash flow generation potential
- ROCE\* of 14.3% and ROE\*\* of 15.7% in 2017 despite significant future-orientated investments and one-off restructuring costs. ROCE\* on capital employed excluding goodwill of over 45%
- 5-year CAGR (2012-2017): Revenues 23%, Operating Cash Flow 25%
- Large potential to roll out business model in fast growing economies
- Following past intense investment cycles Eurofins is well-positioned to double in size between 2015 and 2018 and achieve EUR 5bn in revenues by 2020\*\*\* whilst gaining and maintaining leadership in multiple markets and improving profitability

\*ROCE = Adj. EBITAS/Average Capital Employed over previous 4 quarters

\*\*ROE = Net Profit/Equity (excl. Hybrid) at the beginning of the year

\*\*\*at 30<sup>th</sup> September 2018 exchange rates

## **Appendix / Back up slides**



# Condensed Interim Consolidated Income Statement



EUR Thousands	H1 2018			H1 2017		
	Adjusted results	Separately disclosed items	Reported Results	Adjusted results	Separately disclosed items	Reported Results
<b>Revenues</b>	<b>1,743,315</b>	-	<b>1,743,315</b>	<b>1,396,931</b>	-	<b>1,396,931</b>
Operating costs, net	-1,422,965	-32,549	-1,455,513	-1,146,834	-31,034	-1,177,868
<b>EBITDA</b>	<b>320,351</b>	<b>-32,549</b>	<b>287,802</b>	<b>250,097</b>	<b>-31,034</b>	<b>219,063</b>
Depreciation and amortisation	-93,735	-11,120	-104,855	-70,949	-13,070	-84,019
<b>EBITAS</b>	<b>226,615</b>	<b>-43,668</b>	<b>182,947</b>	<b>179,148</b>	<b>-44,104</b>	<b>135,044</b>
Share-based payment charge and acquisition- related expenses, net	-	-40,834	-40,834	-	-14,317	-14,317
<b>EBIT</b>	<b>226,615</b>	<b>-84,502</b>	<b>142,113</b>	<b>179,148</b>	<b>-58,421</b>	<b>120,727</b>
Finance income	190	10,927	11,117	363	12,606	12,969
Finance costs	-27,095	-3,943	-31,038	-19,926	-4,384	-24,310
Share of (loss)/ profit of associates	335	-	335	305	-	305
Profit before income taxes	200,046	-77,519	122,527	159,890	-50,199	109,691
Income tax expense	-44,086	12,420	-31,666	-42,428	9,504	-32,924
<b>Net profit for the period</b>	<b>155,960</b>	<b>-65,099</b>	<b>90,861</b>	<b>117,462</b>	<b>-40,695</b>	<b>76,767</b>
<b>Attributable to:</b>						
Equity holders of the Company	155,887	-64,773	91,114	114,161	-39,699	74,462
Non-controlling interests	73	-326	-253	3,301	-996	2,305
Earnings per share (basic) in EUR						
- Total	8.82	-3.66	5.15	6.73	-2.34	4.39
- Attributable to hybrid capital investors	1.17	0.20	1.38	0.82	0.23	1.05
- Attributable to equity holders of the Company	7.65	-3.87	3.78	5.91	-2.57	3.34
Earnings per share (diluted) in EUR						
- Total	8.38	-3.48	4.90	6.39	-2.22	4.17
- Attributable to hybrid capital investors	1.12	0.19	1.31	0.77	0.22	1.00
- Attributable to equity holders of the Company	7.26	-3.67	3.59	5.62	-2.44	3.17
Weighted average shares outstanding (basic) - in thousands	17,675	-	17,675	16,961	-	16,961
Weighted average shares outstanding (diluted) - in thousands	18,605	-	18,605	17,865	-	17,865

# Condensed Interim Consolidated Balance Sheet



EUR Thousands	June 30, 2018	December 31, 2017
Property, plant and equipment	792,556	685,998
Goodwill	2,669,643	2,505,337
Other intangible assets	760,223	735,120
Investments in associates	4,579	5,642
Financial assets and other receivables	48,434	43,942
Deferred tax assets	26,329	29,690
<b>Total non-current assets</b>	<b>4,301,765</b>	<b>4,005,729</b>
Inventories	53,196	51,805
Trade accounts receivable	730,660	705,716
Prepaid expenses and other current assets	122,084	99,478
Current income tax assets	75,679	58,745
Derivative financial instruments assets	99,963	90,477
Cash and cash equivalents	558,987	820,357
<b>Total current assets</b>	<b>1,640,569</b>	<b>1,826,578</b>
<b>Total assets</b>	<b>5,942,334</b>	<b>5,832,307</b>
Share capital	1,770	1,764
Hybrid capital	1,000,000	1,000,000
Other reserves	944,122	934,857
Retained earnings	556,628	522,881
Currency translation differences	11,486	-16,332
Total attributable to equity holders of the Company	2,514,006	2,443,170
Non-controlling interests	38,806	38,803
<b>Total shareholders' equity</b>	<b>2,552,812</b>	<b>2,481,973</b>
Borrowings	1,671,241	1,662,099
Derivative financial instruments liabilities	-	239
Deferred tax liabilities	127,776	126,352
Amounts due for business acquisitions	58,256	49,521
Retirement benefit obligations	57,331	55,535
Provisions for other liabilities and charges	3,750	4,695
<b>Total non-current liabilities</b>	<b>1,918,354</b>	<b>1,898,441</b>
Borrowings	526,640	554,231
Interest and earnings due on hybrid capital	50,332	64,472
Trade accounts payable	305,432	301,863
Advance payments received	41,165	46,670
Deferred revenues	58,696	55,072
Current income tax liabilities	27,023	21,455
Amounts due for business acquisitions	77,104	88,235
Provisions for other liabilities and charges	13,646	15,027
Other current liabilities	371,129	304,868
<b>Total current liabilities</b>	<b>1,471,168</b>	<b>1,451,893</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,942,334</b>	<b>5,832,307</b>

# Condensed Interim Consolidated Cash Flow Statement

EUR Thousands	H1 2018	H1 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	122,527	109,691
Adjustments for:		
Depreciation and amortisation	104,855	84,019
Share-based payment charge and acquisition-related expenses, net	40,834	14,317
Other non-cash effects	127	328
Financial income and expense, net	19,442	10,500
Share of profit from associates	-335	-305
Transactions costs and income related to acquisitions	-4,303	-2,801
Increase (decrease) in provisions, retirement benefit obligations	-1,989	371
Change in net working capital	-26,750	-46,994
<b>Cash generated from operations</b>	<b>254,407</b>	<b>169,126</b>
Income taxes paid	-36,610	-43,782
<b>Net cash provided by operating activities</b>	<b>217,796</b>	<b>125,344</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-151,787	-77,151
Purchase, capitalisation of intangible assets	-20,164	-21,417
Proceeds from sale of property, plant and equipment	926	1,180
<b>Net capex</b>	<b>-171,024</b>	<b>-97,388</b>
<i>Free cash Flow to the Firm<sup>1</sup></i>	<i>46,772</i>	<i>27,956</i>
Acquisitions of subsidiaries net of disposals, net of cash acquired	-214,256	-150,565
Change in investments, financial assets and derivative financial instrument, net	1,121	-1,809
Interest received	399	1,605
<b>Net cash used in investing activities</b>	<b>-383,759</b>	<b>-248,157</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	9,367	5,536
Proceeds from borrowings	2,480	448
Repayments of borrowings	-45,128	-63,156
Dividends paid to shareholders and non-controlling interests	-439	-600
Earnings paid to hybrid capital investors	-35,669	-35,625
Interest paid	-31,523	-32,134
<b>Net cash provided by financing activities</b>	<b>-100,912</b>	<b>-125,531</b>
Net effect of currency translation on cash and cash equivalents and bank overdrafts	1,523	-5,760
<b>Net decrease in cash and cash equivalents and bank overdrafts</b>	<b>-265,351</b>	<b>-254,104</b>
Cash and cash equivalents and bank overdrafts at beginning of period	816,026	825,667
<b>Cash and cash equivalents and bank overdrafts at end of period</b>	<b>550,675</b>	<b>571,563</b>

\* Free Cash Flow to the Firm – Net cash provided by operating activities, less Net capex.

# EAG provides Eurofins an entry into the dynamic and growing Materials and Engineering Sciences markets



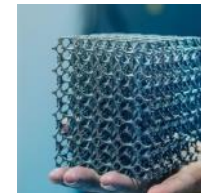
EAG believes that it holds the N°1 position in both Materials and Engineering Sciences markets, in the USA.

➤ Materials and Engineering Sciences represent over 50% of EAG's total revenue.

The Materials Sciences business segment is expected to further grow organically, driven by continued growth in key end markets such as high tech, transportation, medical devices and defense.

EAG offers the most comprehensive and broad portfolio in Materials and Engineering Sciences:

- **Advanced Microscopy** – Scanning Electron Microscopy (SEM) and Transmission Electron Microscopy (TEM), essential techniques to investigate sample microstructure, morphology, particle size, particle coating and defects.
- **Composition Analysis & Material Identification** – EAG helps their clients to:
  - Determine the potential source of identified materials.
  - Compare chemistries of different materials.
  - Confirm identity of suspected materials.
  - Identify a material from a potential competitor.
- **Deformulation** – industry leader in reverse engineering. Experienced chemists in separation, identification and quantitation of ingredients in a formulation.
- **Metallurgical and Failure Analysis** – investigations of various products and components used in the aerospace, transportation, consumer products, construction and medical device industries.
- **Trace Elemental Analysis** – expertise in ultra-trace concentrations, whose mass fractions are measured below the parts per million levels. Even the Presence of small levels of unwanted contaminants may influence the characteristics of materials in terms of physical, electrical or other properties.



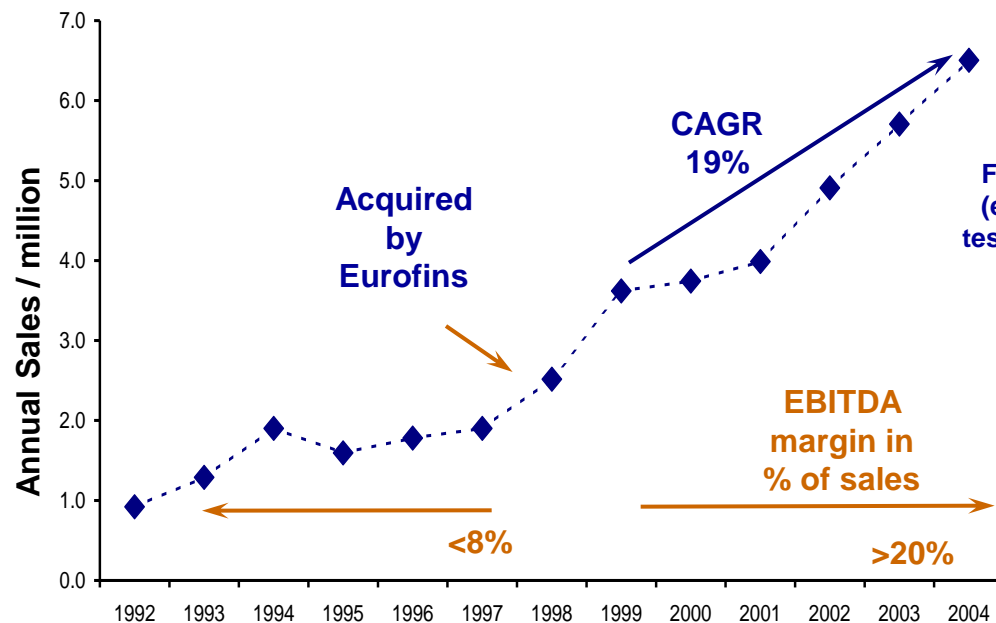
# Post acquisition and integration into Eurofins, both sales and profits often increase significantly



## Illustration

Actual example of an acquired lab:

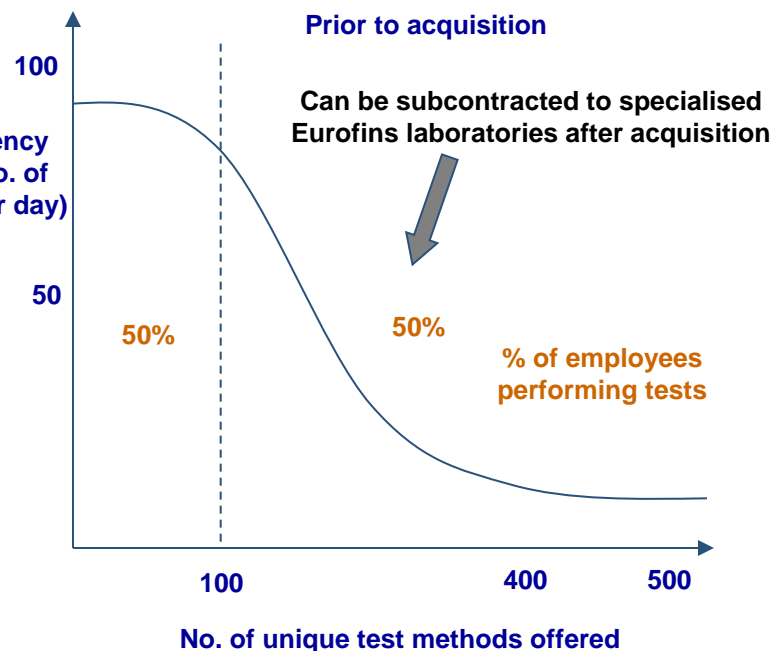
### Company A



Growth drivers post acquisition:

- 1) Sales increase through cross selling of Eurofins lab specialities internationally
- 2) Cost reduction – focus on most frequently performed tests

## Focus and scale drive profitability



# Shareholder Returns: TICS & Clinical Diagnostics Companies



	Based on share prices as of close 29.12.2017							Shareholder Returns						
	Based on share prices							Total Shareholder Returns						
	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Eurofins	100.0	217.5	348.8	376.4	571.4	719.0	901.1	100.0	219.5	354.4	384.6	586.6	741.4	933.0
SGS	100.0	130.3	132.0	131.5	122.9	133.2	163.4	100.0	135.3	140.4	144.3	139.7	156.6	198.5
Intertek	100.0	152.3	154.7	114.7	136.5	171.1	255.0	100.0	154.3	158.8	119.8	145.3	185.1	280.2
BV	100.0	150.4	150.9	130.1	130.7	130.8	162.7	100.0	153.1	156.9	138.3	142.2	146.1	185.7
ALS	100.0	110.2	91.2	55.6	41.3	66.2	76.6	100.0	115.6	100.7	64.3	49.5	80.9	99.6
Quest Diagnostics	100.0	100.4	92.2	115.5	122.5	158.3	169.6	100.0	101.5	95.2	121.9	132.0	174.1	190.1
Sonic Healthcare	100.0	118.2	147.0	164.0	158.4	189.7	202.7	100.0	123.9	160.7	186.4	186.5	231.6	267.1
Charles River	100.0	137.1	194.1	232.9	294.1	278.8	400.5	100.0	137.1	194.1	232.9	294.1	278.8	400.5
Neogen	100.0	147.9	223.7	242.8	276.7	323.1	402.5	100.0	147.9	223.7	242.8	276.7	323.1	402.5
Opko	100.0	98.2	172.2	203.9	205.1	189.8	100.0	100.0	98.2	172.2	203.9	205.1	189.8	100.0
Labcorp	100.0	100.8	106.3	125.5	143.8	149.3	185.5	100.0	100.8	106.3	125.5	143.8	149.3	185.5
Idexx	100.0	120.6	138.2	192.7	189.5	304.8	406.4	100.0	120.6	138.2	192.7	189.5	304.8	406.4
FTSE100	100.0	105.8	121.1	117.8	112.0	128.2	138.0	100.0	110.0	130.5	131.5	129.7	154.5	173.0
DAX	100.0	129.1	161.9	166.2	182.1	194.6	219.0	100.0	129.1	161.9	166.2	182.1	194.6	219.0
S&P500	100.0	113.4	147.0	163.7	162.5	178.0	212.6	100.0	116.0	153.5	174.5	176.9	198.1	241.3
CAC40	100.0	115.2	136.0	135.2	146.8	153.9	169.0	100.0	120.4	147.1	150.8	168.9	183.7	206.8

Figure 1 Share price evolution 2011-2017

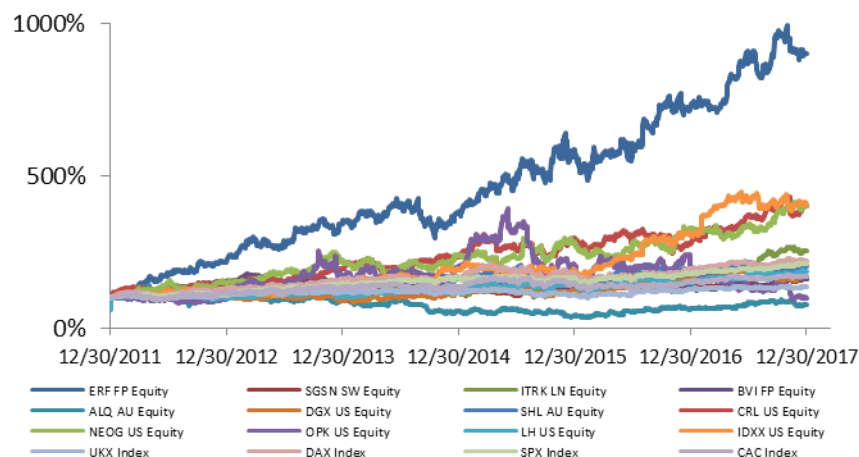
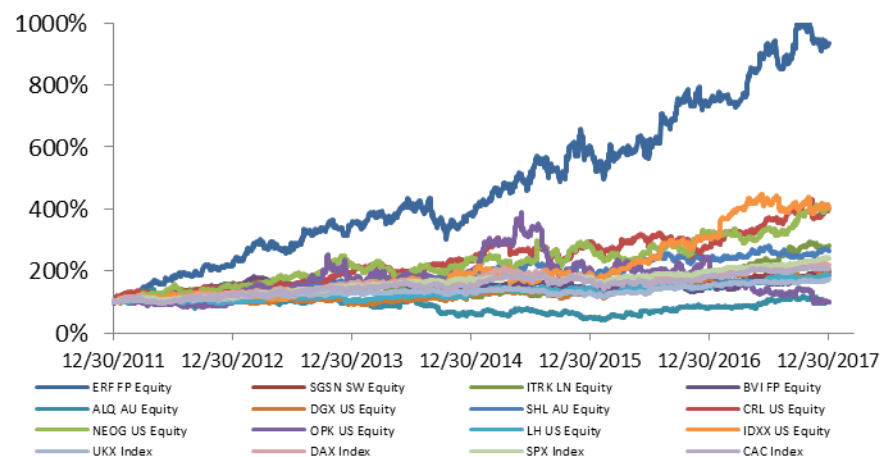


Figure 2 Total Shareholder Returns 2011-2017 (Assumes all dividends re-invested)



# Shareholder Returns: TICS & Clinical Diagnostics Companies



Historical Share Price Development (Y vs Y-1)							Compounded Growth			
	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	5Y Growth	2 Y 2016-2017	3Y 2015-2017	4 Y 2014-2017	5Y 2013-2017
Eurofins	60.4%	7.9%	51.8%	25.8%	25.3%	314.4%	26%	34%	27%	33%
SGS	1.3%	-0.3%	-6.6%	8.4%	22.6%	25.4%	15%	8%	5%	5%
Intertek	1.6%	-25.9%	19.0%	25.4%	49.1%	67.5%	37%	31%	13%	11%
BV	0.4%	-13.8%	0.4%	0.1%	24.4%	8.2%	12%	8%	2%	2%
ALS	-17.2%	-39.0%	-25.7%	60.2%	15.7%	-30.5%	36%	11%	-4%	-7%
Quest Diagnostics	-8.1%	25.3%	6.1%	29.2%	7.2%	69.0%	18%	14%	16%	11%
Sonic Healthcare	24.4%	11.6%	-3.4%	19.8%	6.8%	71.5%	13%	7%	8%	11%
Charles River	41.6%	20.0%	26.3%	-5.2%	43.7%	192.1%	17%	20%	20%	24%
Neogen	51.3%	8.5%	14.0%	16.8%	24.6%	172.1%	21%	18%	16%	22%
Opko	75.5%	18.4%	0.6%	-7.5%	-47.3%	1.9%	-30%	-21%	-13%	0%
Labcorp	5.5%	18.1%	14.6%	3.8%	24.2%	84.1%	14%	14%	15%	13%
Idexx	14.6%	39.4%	-1.6%	60.8%	33.4%	237.0%	46%	28%	31%	28%
FTSE100	14.4%	-2.7%	-4.9%	14.4%	7.6%	30.3%	11%	5%	3%	5%
DAX	25.5%	2.7%	9.6%	6.9%	12.5%	69.7%	10%	10%	8%	11%
S&P500	29.6%	11.4%	-0.7%	9.5%	19.4%	87.5%	14%	9%	10%	13%
CAC40	18.0%	-0.5%	8.5%	4.9%	9.8%	46.6%	7%	8%	6%	8%

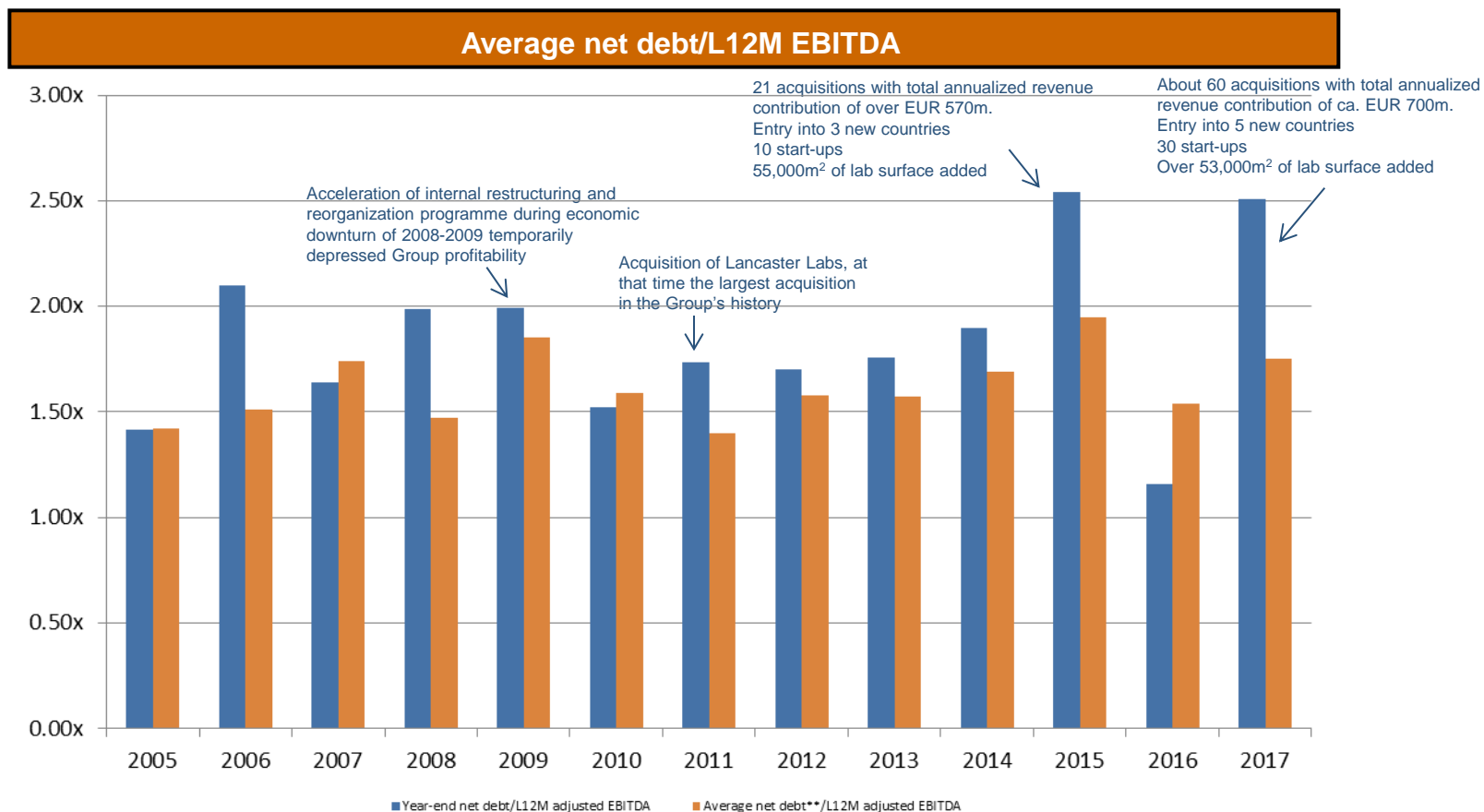
Source: Bloomberg

Based on share prices at close of 31 December of each year

Long term (since IPO) Eurofins performance track record by 5 year intervals (Compounded Growth)										
	IPO 27/10/1997 - 31/12/2001	Eurofins Outperformance Factor	01/01/2002- 31/12/2006	Eurofins Outperformance Factor	01/01/2007- 31/12/2011	Eurofins Outperformance Factor	01/01/2013- 31/12/2017	Eurofins Outperformance Factor	27.10.1997- 31.12.2017	Eurofins Outperformance Factor
Eurofins	72.7%		27.2%		0.8%		54.6%		32.5%	
FTSE100	1.9%	38.4x	3.6%	7.6x	-2.2%	N/A	6.6%	8.2x	2.3%	13.9x
DAX	7.4%	9.8x	5.0%	5.4x	-2.2%	N/A	16.3%	3.4x	6.2%	5.2x
S&P500	7.0%	10.4x	4.3%	6.3x	-2.4%	N/A	16.3%	3.4x	5.7%	5.7x
CAC40	13.7%	5.3x	3.7%	7.4x	-10.6%	N/A	10.6%	5.1x	3.3%	9.7x

Source: Bloomberg

# Strong financial discipline at all times



\*\*Average Net Debt: Average of Net Debt at end of current and previous period