



## Eurofins

A global scientific leader in bioanalytical testing in the food, environment, pharmaceutical, agrosiences, cosmetics products testing and clinical sectors

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

*Doubled revenues more than 3 times (every 4 years on average) between 2005 and 2019*

*Sales & reported EBITDA multiplied by more than 19 times between 2005 and 2019*

*Basic reported EPS multiplied by more than 12 times between 2005 and 2019*

Corporate Presentation  
Full Year 2019 Results

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- **Executive Summary**
- Market & Strategic Positioning
- Financial review
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- 02 June cyber-attack significantly affected operations and financial results but business back to strong organic growth in Q4
- Boston Heart Diagnostics reimbursements reduction led to significant top line shrinkage in 2019 but litigations settled, company less material and refocused on growth

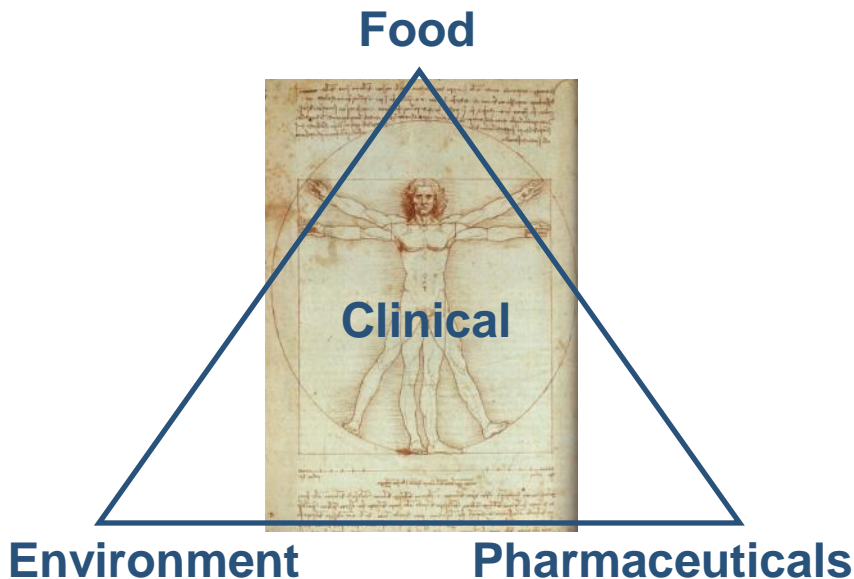
Corrected for those 2 factors:

- Organic growth well above that of peers and accelerating
- Margin of pre 2017 mature business and 2017/2018 acquisitions continues to improve in spite of cyber-attack defocus
- Leverage reduced from 3.68x to 3.08x / target to be back to 2.5x by end 2021
- Expected benefits on margins and cash flow – high investments made in 2016-2020 and global network building program ending as planned in 2020
- Significant ESG improvements made in 2019
- Clinical diagnostics launched several high value tests and is ready to support public health authorities with mitigation efforts of SARS 2-COV epidemic
- Group leadership significantly strengthened with successful experienced leaders
- Positive outlook in resilient health focused markets on margins and cash flow
- Continued disciplined investment policy with target to deleverage back to 2.5x by end 2021

# 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 €1.83 per share (vs. €494.20 at 31/12/2019)
- Over 47,000 employees across network of over 900 independent companies in over 50 countries operating more than 800 laboratories
- Over 200,000 validated analytical methods

<u>Key Figures</u>	<u>FY 2019**</u>	<u>FY 2014 – FY 2019 5 year CAGR**</u>
Revenues	€4,563m	26%
Adjusted* EBITDA	€931m	29%
Reported EBITDA	€833m	29%
Net Cash provided by operating activities	€678m	26%
Basic adj. EPS	€20.19	19%

<u>Financial Objectives***</u>		
FY 2020	€5.0bn Revenues €1.1bn Adjusted EBITDA €500m Free CF to the Firm <sup>1</sup>	} Set on 04.03.2020
FY 2021	€5.45bn Revenues €1.25bn Adjusted EBITDA €600m Free CF to the Firm <sup>1</sup> Leverage <sup>2</sup> : ca. 2.5x by end of 2021	

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

\*\*Including the negative impact of the cyber-attack in June 2019 and IFRS 16 impact in FY 2019

\*\*\*2020 and 2021 objectives include 5% organic growth and €200m annual revenues from acquisitions consolidated at mid-year in each of 2020 and 2021 (all objectives include IFRS 16 and are set at constant average 2019 FX rates)

## 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)

# Some of Eurofins' Innovations: TruGraf and Other Specialised Transplant Tests



## ➤ Background

- Eurofins acquired US-based Transplant Genomics Inc. ("TGI") as a pre-revenue company in May 2020
- TGI had developed a test, called "TruGraf®" to rule out **subacute / silent kidney rejection** in transplant patients with stable renal function
- TruGraf® testing is provided as a service exclusively available through TGI's CLIA lab
- TruGraf® is the **1st and only viable non-invasive alternative to surveillance biopsies**, and the only one covered for this indication
- TruGraf received reimbursement approval from Palmetto GBA for USD 2,841 per test in December 2019
- Sample numbers have been growing **over 30%** month on month since then

## ➤ Technology

- TruGraf works by analyzing blood gene expression patterns and comparing them to patterns observed in reference populations who are biopsy-confirmed as either immune quiescent (TX) or not (not-TX)

## ➤ Market Opportunity

- Competitors estimating the total addressable market in the U.S. around USD 2bn

## ➤ Other Developments

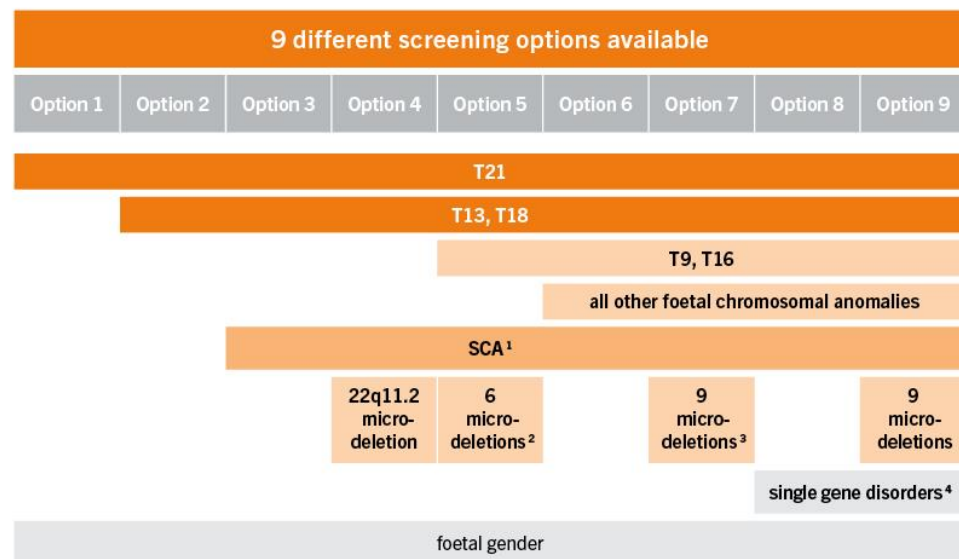
- In December 2019, Eurofins successfully worked with AMA/CPT®<sup>1</sup> to secure a Proprietary Laboratory Analyses (PLA) code for TRAC™, a proprietary donor derived cell-free DNA assay for use in kidney transplant rejection monitoring (comparable to competitors' tests in the market)

<sup>1</sup> American Medical Association / Current Procedural Terminology

# Some of Eurofins' Innovations: Becoming Leader in Non-Invasive Prenatal Testing (NIPT) in Europe thanks to our R&D



- Eurofins is the **No 1 player in the fast growing European NIPT market** with ca. 150,000 non-invasive prenatal tests performed in 2019 vs. ca. 100,000 tests in 2018
- Eurofins offer a **very comprehensive and innovative portfolio** of tests in that market – from trisomy 21 to rare chromosome abnormalities (RCAs)



1 Sex Chromosome Anomalies (SCA): Turner-Syndrome, Triple X-Syndrome, Klinefelter-Syndrome, XYY-Syndrome  
 2 DiGeorge syndrome (22q11.2), Cri-du-Chat syndrome (5p15.3), Prader-Willi syndrome (15q11.2), Angelman syndrome (15q11.2) and 1p36 microdeletion, Wolf-Hirschhorn syndrome (4p16.3)  
 3 include the 6 above plus Jacobsen syndrome (11q23), Langer-Giedion syndrome (8q24.11-q24.13) and Smith-Magenis syndrome (17p11.2)  
 4 Screens for inherited and *de novo* single-gene disorders. Inherited genetic disorders screened are: cystic fibrosis, beta-thalassemia, sickle cell anemia and autosomal recessive deafness. De novo disorders screened can cause skeletal dysplasia, cardiac defects, multiple congenital anomalies, autism, epilepsy and/or intellectual disability

# Some of Eurofins' Innovations: Becoming Leader in Non-Invasive Prenatal Testing (NIPT) in Europe thanks to our R&D



## Eurofins LifeCodexx:

- In December 2016, Eurofins LifeCodexx launched the **worldwide first noninvasive prenatal test (NIPT) assay based on a quantitative real-time PCR** for prenatal testing of foetal trisomy 21 (**qNIPT**)
- The novel and proprietary **qNIPT** assay allows significant **cost efficiencies and speed** over other NIPT methods as it is based on polymerase chain reaction (PCR), the most widely used platform within the molecular diagnostic space. This test's significantly lower cost and faster processing time allows more pregnant women to opt for NIPT

## Eurofins Genoma:

- In 2017, Eurofins Genoma unveiled a step-change breakthrough in NIPT technology developing, for the first time ever, a NIPT that screens for inherited and de novo single gene mutations: **Eurofins GeneSAFE™**. This innovative test screens for several clinically significant and life-altering genetic disorders that are not screened for with other NIPT technologies
- **Eurofins PrenatalSAFE® Karyo** screens for rare aneuploidies and segmental chromosome imbalances (gains and losses) in every chromosome in the fetal genome, providing karyotype-level insight

**Eurofins Biomnis and Eurofins Megalab** are also leaders in the NIPT market in their respective regions. **Ninalia** from Eurofins Biomnis has experienced a clear growth in France due to NIPT being reimbursed from January 2019

# Some of Eurofins' Innovations: Onconext - Next Generation Oncology Diagnostics



- **Onconext from Eurofins Genoma** is an advanced molecular diagnostics solution for personalized cancer care that uses state of the art technology
- The team comprises multidisciplinary professionals specialized in molecular biology and genetics applied to the study of cancer
- Onconext includes an advanced suite of oncology panels:
  - **Onconext Risk:** detects germline mutations involved in genetic predisposition to cancer
  - **Onconext Liquid:** analysis of circulating tumor DNA (ctDNA) for cancer detection and monitoring (liquid biopsy)
  - **Onconext Tissue:** detects somatic mutations in tumor DNA (tDNA) from tissue samples coming from traditional biopsies
- Those tests cover many of the **most common cancer types** including breast, ovarian/uterine, melanoma, colon, gastric, pancreas, prostate, cerebral, renal, and pheochromocytoma/paraganglioma
- Eurofins Genoma also develops tailor made solutions for its pharma customers and educate oncologists in the clinical utility and use of Onconext in personalized medicine. The ultimate goal of those projects is to make liquid biopsy a reality for patients. An example of this kind of project is the NGBreast project run in Italy with 80 oncology teams (see [www.NGBreast.it](http://www.NGBreast.it))



# Some of Eurofins' Innovations: Onconext - Next Generation Oncology Diagnostics



TUMOR BIOPSY	ONCONEXT LIQUID
Invasive and expensive	Non -invasive and less expensive
Specific to localized tumor site	Less dependent on original tumor site since tumor from both primary and metastatic sites release DNA into the bloodstream
Assessment of tumor heterogeneity limited to section of biopsy analyzed	Can capture tumor heterogeneity
Difficult to biopsy some organs	Easy to collect sample from blood
Not viable if primary tumor has been resected or if the tumor cannot be easily visualized via imaging studies	Allows for serial evaluation in absence of detectable primary tumor or metastases
A limited amount of tissue may be obtained for immunohistochemical and genomic analysis	A few copies of mutant ctDNA are sufficient for analysis
Serial biopsies are difficult to tolerate	Patient can tolerate serial blood draws for evaluation; may lead to greater compliance
	New tool that can be applied for evaluation of response to therapy and for detection of residual disease
	May allow for evaluation of development of resistance
	May aid in early detection of cancer

### ➤ Example 1: Detecting Microplastic in Food

- Growing issue of microplastic affecting the food and environment
- Microplastic potentially harms nature, animals and human health
- A Eurofins laboratory in Australia is the first laboratory offering commercial services for microplastic detection. Using innovative Laser Direct Infrared (LDIR) technology, Eurofins can detect Microplastic particles with size  $<10\ \mu\text{m}$
- Norwegian Eurofins teams have developed a detection method increasing processing speed by 60 times
- A Eurofins team in the US used Fourier-Transform Infra-Red Spectroscopy (FTIR) technologies for microplastic testing with the potential to become the industry benchmark in the USA



### ➤ Example 2: Developing methods for detecting PFAS (Per- and polyfluoroalkyl substances) in Environment Testing

- PFAS are a group of  $>4,000$  chemical compounds that are used in numerous industrial applications and are potentially harmful for nature, animals and human health
- Eurofins is meeting increasing demand for detection using state-of-the-art Liquid Chromatography Quadrupole Time-of-Flight (LC-QToF) technology
- The methodology developed has the potential to detect „known unknowns“ (target compounds) as well as „unknown unknowns“ (non-target compounds).

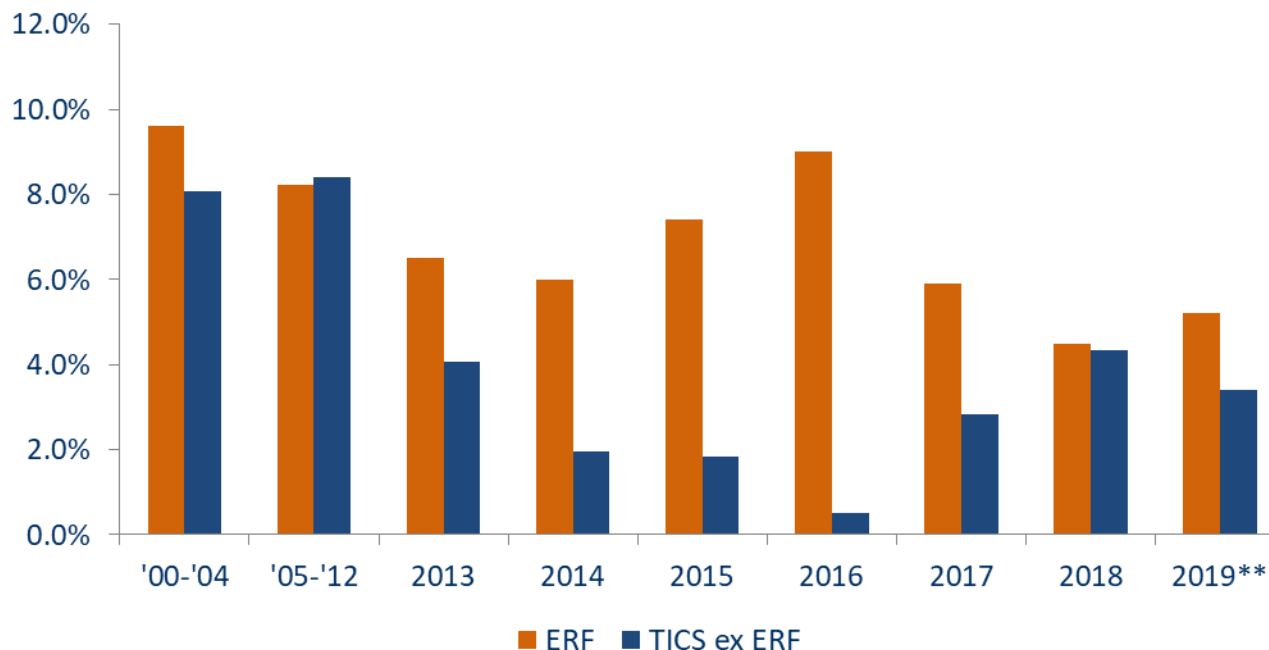


- All operations and systems have been restored
- The investigations conducted so far by our internal and external IT forensics experts have concluded that there should be no significant residual risk from the ransomware attack and have not found evidence of any unauthorised theft or transfer of confidential client data
- The security of our client data and of all our IT systems is of the utmost importance to Eurofins. Eurofins companies remain committed to making significant investments in the continuous improvement of the security of their IT systems
- Net impact (net of already received insurance reimbursement): for FY 2019 the cyber-attack may have had an estimated impact of:
  - EUR -69m on Group revenues (vs. EUR -62m estimated at H1 2019)
  - EUR -75.2m on EBITAS and EBITDA (vs. EUR -51.5m estimated at H1 2019)

# Building leadership positions in an industry with attractive and resilient organic growth characteristics

- **Market Structural growth:** est. ~1.5-2x Gross Domestic Product (GDP) growth, globalisation, urbanisation, increasing need and demand for a healthier life and safer environment. Testing is the most efficient and cost effective way to prevent risks (e.g. blood tests = 4% of healthcare costs but used in 60% to 70% of medical decisions\*), outsourcing trend
- **Limited cyclicality:** A large majority of Eurofins' revenues are recurring, focused on resilient/defensive sectors (testing for life, i.e. testing food, pharmaceuticals, the environment and products that have an impact on our health), diversified industry and geographical exposure

TICS Organic Revenue Growth (average if more than 1 year)



In spite of its lower growth routine clinical testing component, Eurofins is outperforming its peers thanks to leadership positions achieved in its chosen less cyclical markets

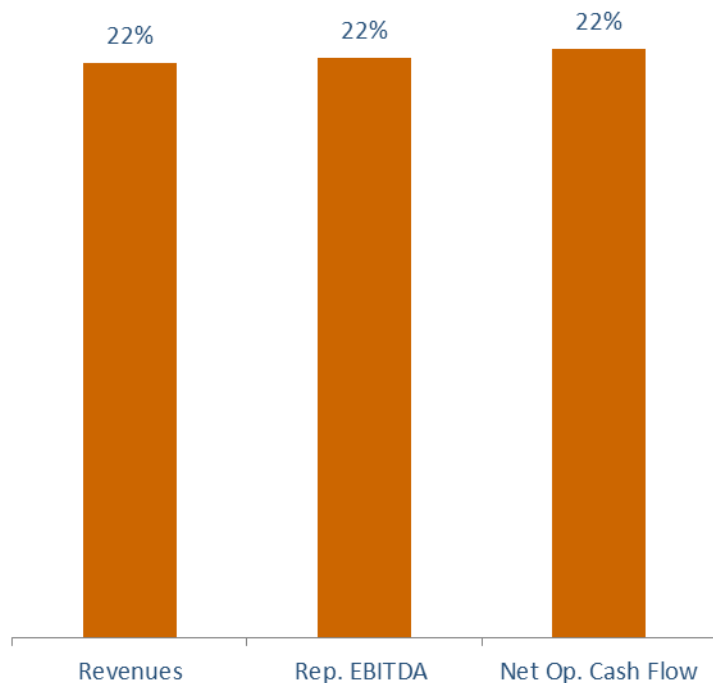
Source: Eurofins, Company websites

TICS ex ERF = SGS, Intertek, Bureau Veritas

\*Source: Mayo Clinic

\*\*Organic growth adjusted for calendar working days' effect (average of +4.9% in Q1 2019, +5.1% in Q3 2019 and +5.6% in Q4 2019) for Eurofins. Not corrected for BHD reimbursement changes

## Eurofins 3 year Report Card: FY 2016 – FY 2019 CAGR\*\*



## FY 2019 Results Highlights

- Revenues grew 20.7% from EUR 3,781m to EUR 4,563m for the full financial year 2019 (FY 2019)
- Organic growth\* was strong at 5.4% in Q4 2019. Due to the lack of comparability with the revenues of the month of June 2018 as a result of the 02 June 2019 cyber-attack on Eurofins servers, like for like organic growth for the full year 2019 unfortunately cannot be determined. However, organic growth (adjusted for calendar working days' effect) showed increased momentum throughout the year (+4.9% in Q1 2019, +5.1% in Q3 2019, and +5.6% in Q4 2019). Excluding Boston Heart Diagnostics ("BHD") which suffered very large reimbursement reductions in 2019, organic growth (adjusted for calendar working days' effect) was +5.7% in Q1 2019, +6.0% in Q3 2019 and +6.5% in Q4 2019.
- Reported EBITDA increased 27.9% year-on-year to EUR 833m in FY 2019, representing an 18.3% reported EBITDA margin, a 110bps improvement year-on-year. At constant accounting rules<sup>15</sup> (i.e. excluding the impact of IFRS 16 application of EUR +130.8m) and corrected for the estimated impact of the cyber-attack (estimated at EUR -75.2m), reported EBITDA would have increased by 19.3% year-on-year to EUR 777m, resulting in a 16.8% reported EBITDA margin, a moderate 40bps decrease year-on-year, mainly due to BHD losses and the dilutive margin of TestAmerica, consolidated in full in FY 2019, more than offsetting underlying operational improvements.
- The impact of the loss of revenue and profit on FY 2019 results and the additional expenses incurred as a result of the criminal cyber-attack that hit Eurofins on 02 June 2019 is estimated at EUR -69m on revenues and EUR -75m on EBITDA and EBITAS net of a ca. EUR 10m first insurance payment received in Q3 2019. Eurofins insurance coverage exceeds these estimates, but efforts to determine and agree on exact damages reimbursements will be ongoing for a while.

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

For the purpose of organic growth calculation for year Y, the relevant scope used is the scope of businesses that have been consolidated in the Group's income statement of the previous financial year (Y-1). Revenue contribution from companies acquired in the course of Y-1 but not consolidated for the full year are adjusted as if they had been consolidated as from 01 January Y-1. All revenues from businesses acquired since 01 January Y are excluded from the calculation.

\*\*Including the negative impact of the cyber-attack in June 2019

# Eurofins has Significantly Strengthened its Group Leadership in the Last 3 Years



- Eurofins has enhanced its leadership by adding **six new members to its Group Operating Council (GOC)** over the last three years

## **Yvoine McCort**

Senior Vice President Environment Testing Europe

- Previous work experience in healthcare and optics
- Held various business development and general management positions at Air Liquide and Essilor, including some 15 years based in the Asia-Pacific region and most recently as Managing Director Home Healthcare Australia and International Development Director Home Healthcare at Air Liquide

## **Joachim Reichelt**

Senior Vice President Food & Feed Testing Europe

- Previous work experience in the food and private equity sector
- Held various management positions at frozen food retailer Eismann, Aryzta Group including most recently as CEO at Hofmann Menu

## **Rajesh Saigal**

Group Executive Vice President Asia, Middle East and Consumer Product Testing

- Held senior executive and strategic experience positions at Intertek, Honeywell, Danfoss and Gewiss including most recently as Executive Vice President at Intertek for South Asia and South East Asia

## **Mark Thys**

Chief Transformation Officer

- Held managerial positions in various countries in Finance, Project Leadership, Sales and General Management at Goodyear including most recently as Managing Director of Sales & Operations EMEA

## **Brian Williams**

Group Executive Vice President Environmental Testing North America, Latin America and Pacific

- 30 years' experience in the Testing, Inspection and Certification (TIC) sector
- Held managerial positions at ALS Limited including most recently as Group General Manager of the Global Minerals Division

## **Christian Wurst**

Chief Operating Officer Food & Environment Testing

- Previous work experience in the logistics industry
- Held managerial positions with CEVA Logistics, Wincanton and DB Schenker and most recently as Regional CEO Europe of Panalpina

## 2020 growth plan 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 close to 815,000m<sup>2</sup> of laboratory and offices surface between 2005-2019 (including space used by companies acquired during the period)

2016 +46,000m <sup>2</sup>	2017 +53,000m <sup>2</sup>	2018 +64,000m <sup>2</sup>	2019 +65,000m <sup>2</sup>	2020 – 2021 +100,000m <sup>2</sup> planned
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	Suzhou, CN Taipei, TW Wolverhampton, UK ext. Planegg, DE ext. Dungarvan, IE ext. Melbourne, AU Fresno, CA Wesseling, DE ext. Bangalore, IN Katowice, PL	Vienna, AT ext Shanghai, CN Guangzhou, CN Hamburg, DE ext. Heerenveen, NL Bucharest, RO Santa Clara, US Lancaster, US ext.	Toronto, CA Guangzhou, CN Leipzig, DE Galten, DK Tallinn, EE Murcia, ES Aix-en-Prov'ce, FR Les Ulis, FR Saverne, FR Cork, IE

### ➤ 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.

Values at Full Year	2016	2017	2018	2019	2020	Beyond 2020
SDIs	€18.5m	€43.5m	€68.4m	€97.8m	Target <€60m	Target <€30m p.a.
SDIs/adjusted EBITDA	3.9%	7.8%	9.5%	10.5%		

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

2016	2017	2018	2019	2020-2021
22	30	15	15	Limited, focusing mainly on Asia Pacific

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

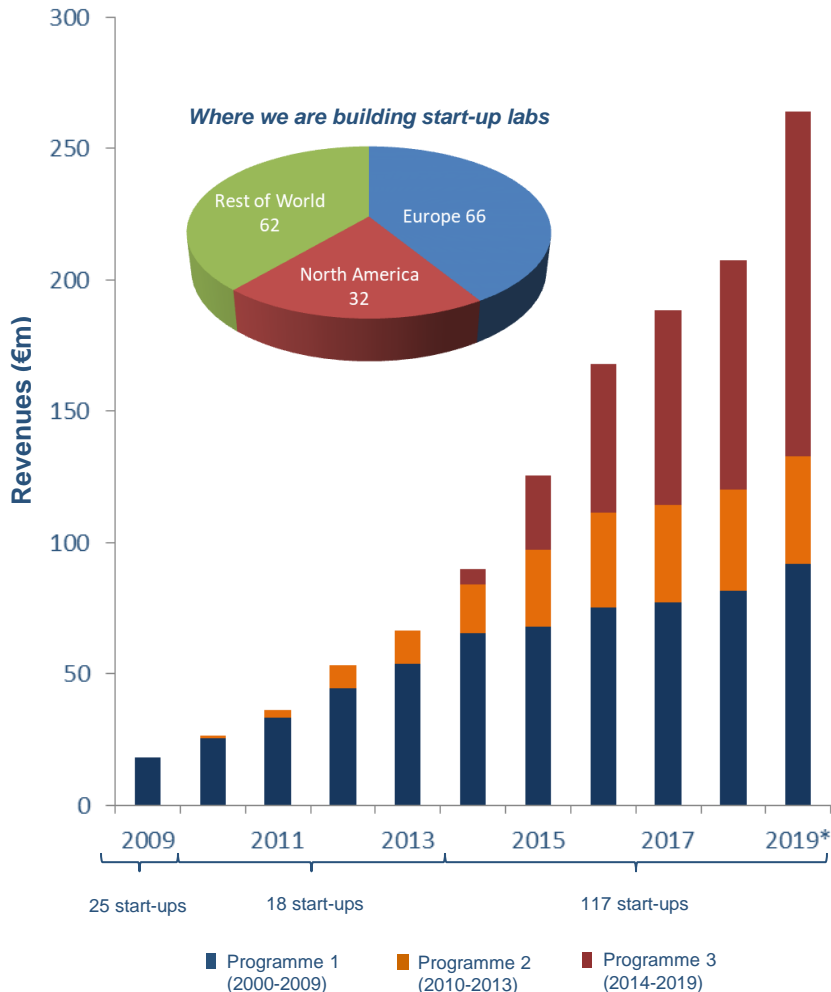
Total spend on new generation standardized tool

2016	2017	2018	2019	2020-2021
€35m + Opex	€32m + Opex	€33m + Opex	€33m + Opex	To be completed by 2020

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



## 160 laboratories start-ups between 2000 and 2019



## Substantial acceleration offers tremendous growth potential

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

- 25 start-ups 2000-2009 (Programme 1)
- 18 start-ups 2010-2013 (Programme 2)
- **102** start-ups 2014-2018 (Programme 3)
  - **30** start-ups opened in 2017 and **15** in 2018 (vs. an average 20 p.a. in previous 5 years)
- 15 start-ups opened in FY 2019
- These **160** start-ups had an accretive effect of **+90bps** on organic growth for the period Jan – May 2019, **+120bps** in Q3 2019 and **+90bps** in Q4 2019

### 2) Commitment to invest for future growth

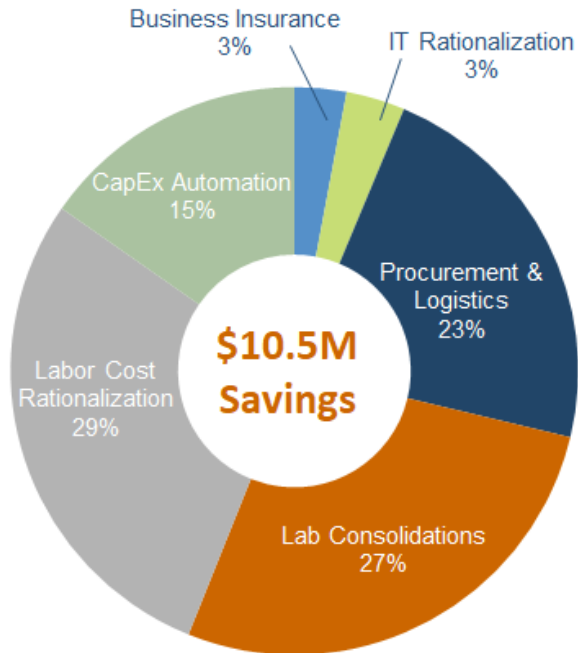
- Eurofins start-up programme represents a significant investment for the future and has a short-term dilutive impact on the Group's margins and cash flows.
- On average, start-up periods last for 2 to 3 years in mature markets and 2 to 5 years in emerging markets in order to reach breakeven before they become profitable
- Start-ups remain dilutive to Group margin overall, generating 4.0% adjusted EBITDA margin in 2019 (corrected for the cyber-attack impact and excluding IFRS 16 impact) but this is mostly due to losses incurred in recently launched start-ups (Programme 3). Start-ups from programmes 1 and 2 are as a whole in line with Group's profitability (corrected for the cyber-attack impact and excluding IFRS 16 impact).

### 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

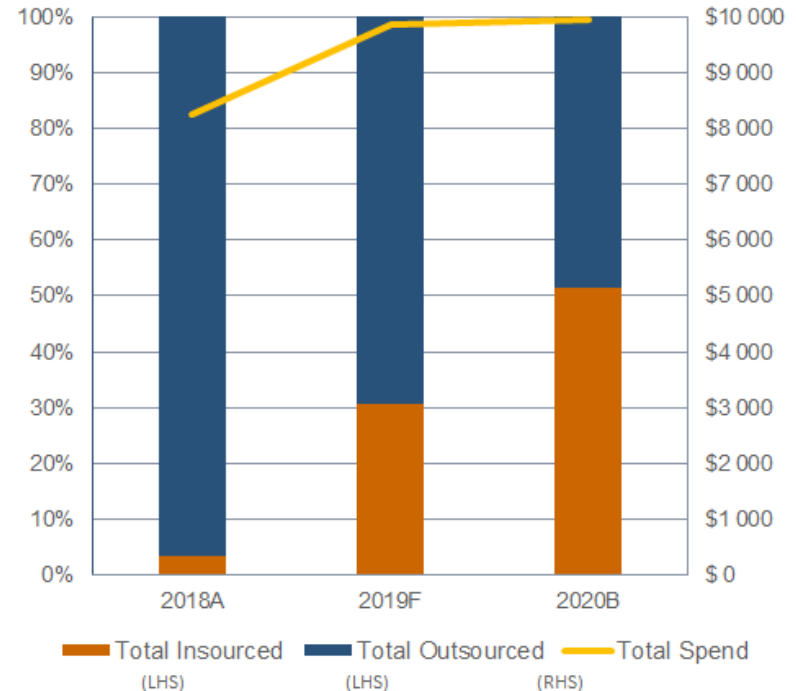
\*2019 revenues are corrected for the estimated cyber-attack impact

## TestAmerica Annualized (2019) Cost Base Management



- **5%** total annualized of base reduction
- **16%** back office & IT cost base reduction

## Group Insourced Spend Improvement

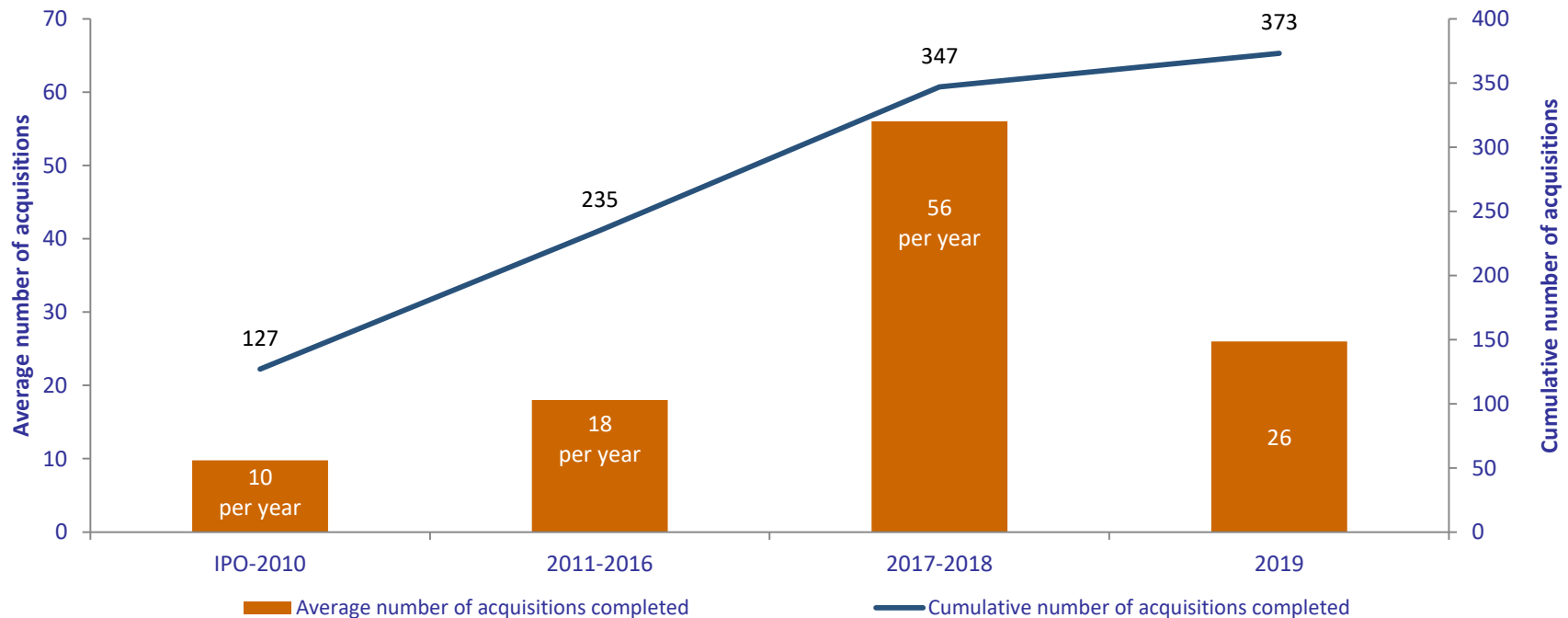


- **40%** insourced sample containers
- **60%** insourced test work

# Eurofins is experienced in successfully integrating acquisitions and is returning to its historic M&A run rate



- M&A has always been an integral part of Eurofins long-term strategy to build a unique bioanalytical testing platform for global leadership in its attractive high growth and very scalable markets
- From its IPO (Oct. 1997) to 2019 Eurofins has completed 373 acquisitions to consolidate the bioanalytical testing market, build leadership positions in its markets, expand its portfolio of testing methods and customers, generate economies of scale and create barriers to entry
- 2017 and 2018 were two exceptional years of M&A activity as unique opportunities became available during that time, including EAG Laboratories, Covance Food Solutions and TestAmerica
- In 2019 Eurofins reverted back to its normal M&A activity. In the coming years the Group will focus more on operational excellence than M&A since the most strategic acquisitions have already been completed and the laboratory network in the U.S. for Food and Environment Testing is now largely completed



- Eurofins has a long track record of acquiring and successfully integrating acquired businesses

## Margin Development – Mature Scope of Business

	2017	2018	2019
Mature scope revenues	2,714	3,505	4,315 <sup>1</sup>
Mature scope as % of total revenues	91%	93%	93%
Adjusted EBITDA margin of mature scope	20.5%	20.5% Stable	20.5% <sup>1</sup> Stable
Adjusted EBITDA margin of mature scope created or acquired before 2017	20.7%	21.2% +50bps	21.6% <sup>1</sup> +40bps
2017 and 2018 acquisitions combined adjusted EBITDA margin	N/A	17.6% <sup>2</sup>	18.4% <sup>1</sup> +80bps
2019 acquisitions adjusted EBITDA margin	N/A	N/A	14.3%

<sup>1</sup> excluding the impact of IFRS16 and corrected for the impact from the cyber-attack

<sup>2</sup> proforma for 2018 acquisitions

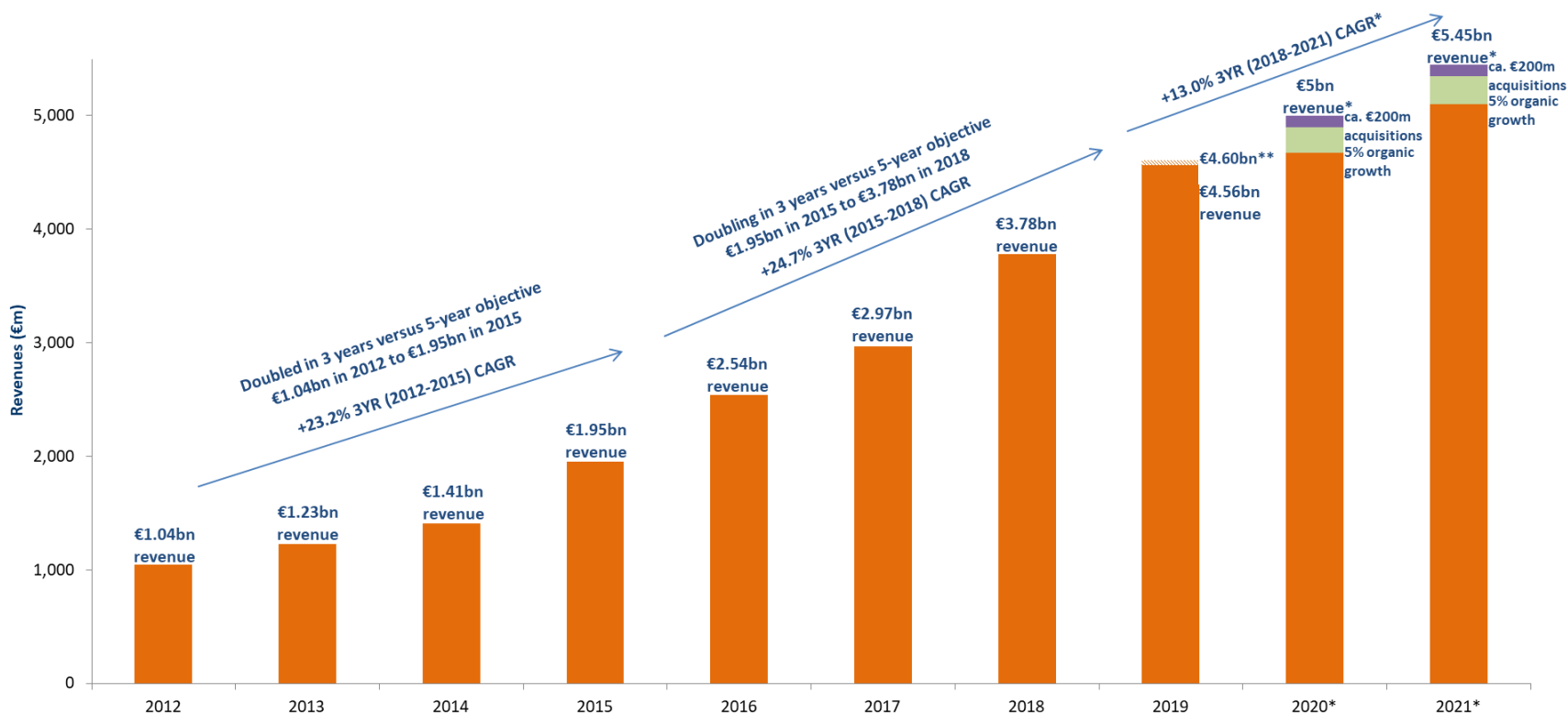
- Margin progression of mature scope of businesses (93% of revenues) post year 3 after investment providing tailwind to adjusted EBITDA
- Acquisitions of 2017 and 2018 combined saw 80bps margin improvement in 2019 although not yet fully integrated
- 2019 acquisitions still more dilutive

Objectives are to achieve €5bn revenues in 2020 (vs. €4bn originally planned in 2015 for 2020) and €5.45bn revenues in 2021



Illustration of Eurofins' 2020-2021 growth objectives assuming constant/linear acquisition volume and growth rate each year

Eurofins' objective updated on 04 March 2020 is to achieve €5bn\* revenues in 2020 and €5.45bn revenues in 2021



\*2020 and 2021 objectives include 5% organic growth and €200m annual revenues from acquisitions consolidated at mid-year in each of 2020 and 2021 (all objectives include IFRS 16 and are set at constant average 2019 FX rates)

\*\*Pro-forma revenue

- Eurofins' Food testing laboratories in China have already developed testing methods for SARS 2-CoV to help manufacturers resume their business activities
- Eurofins' Clinical testing laboratories in multiple countries are finalising the validation of their own tests and sourcing some commercially available ones to support health authorities testing needs
- Eurofins Diatherix is working to integrate SARS 2-CoV in its broad respiratory syndromic panels detecting 32 viruses and bacteria to help healthcare practitioners identify other pathogens causing similar symptoms
- Eurofins Technologies is working to add CoV to its range of virus testing kits for both laboratories and for on-site use by the industry should this become a question in certain environmental or food samples
- Eurofins' revenues in China, South Korea and Italy are only slightly over 3% of Group revenues. As of 4 March 2020, no material impact on Group revenues. Like any company, Eurofins' laboratories are updating their business continuity plans to attempt to mitigate potential supply chain or other interferences to operations.
- Overall, Eurofins' laboratories operate in resilient non-cyclical healthcare-related areas, which have historically been less affected by economic cycle variations

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

## Testing for Pharma/Biotech/Agrosciences



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

Eurofins position

Total market size estimate\*

~ € 6bn

## Food & Feed Testing



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

~ € 4bn

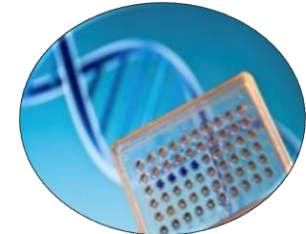
## Environment Testing



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

~ € 5bn

## Clinical Diagnostics



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

> € 312bn\*\* by 2025

Eurofins' focus Genomics/Esoteric Testing:

~ € 5-10bn\*

Segment description

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

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

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

More than 90% of top 20 largest global pharma companies are customers

The largest global food and beverage producers are clients

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

Doctors, hospitals, health insurers, patients

Large listed peers

Pharmaceutical Product Development (PPD), Icon, Charles River, IQVIA, LabCorp/Covance, Wuxi, Evotec etc.

SGS, Bureau Veritas, Intertek, etc.

ALS, SGS, Bureau Veritas, Idexx, etc.

Guardant Health, CareDx, Natera, Exact Sciences, Myriad Genetics, NeoGenomics, Invitae, Genomic Health, Foundation Medicine, LabCorp, Quest, Sonic Healthcare, Synlab, Unilabs, Cerba, etc.

\*Only includes the outsourced part of the market. Estimate to the best of Eurofins' knowledge, based on data available to the Group

\*\*Global Market Insights, August 20, 2019 (2025 market size estimate of USD 350bn converted at 31/12/2019 USD/EUR exchange rate of 0.89)

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

## Testing for Pharma/Biotech/Agrosciences



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

Eurofins position

Total market size estimate\*

~ €6bn

## Food & Feed Testing



**N°1\* worldwide**  
Start 1987

~ €4bn

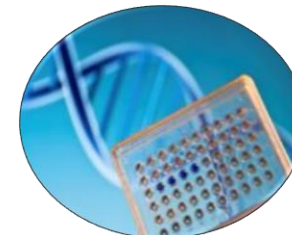
## Environment Testing



**N°1\* worldwide**  
Start 2000

~ €5bn

## Clinical Diagnostics



**Start-Up**  
Start 2014

> €312bn\*\* by 2025  
Eurofins' focus Genomics/Esoteric Testing:  
~ €5-10bn\*

### Eurofins ranking

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 Benelux  
N° 1 in the UK & Ireland  
N° 1 in Spain  
N° 1 in Brazil  
N° 1 in Agro Testing EU

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 Spain  
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.

\*Only includes the outsourced part of the market. Estimate to the best of Eurofins' knowledge, based on data available to the Group

\*\*Global Market Insights, August 20, 2019 (2025 market size estimate of USD 350bn converted at 31/12/2019 USD/EUR exchange rate of 0.89)

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

U.S. listed peers

IDT/Danaher

Charles River

Catalent, Charles River, Icon, IQVIA, LabCorp, PRA Healthcare, Syneos Health

Charles River, Icon, IQVIA, LabCorp, PRA Healthcare, Quest, Syneos Health

Cambrex, Catalent, Charles River

Charles River

Other peers

Genewiz, Abcam, etc.

Evotec, Abcam, Albany Molecular Research, etc.

Evotec, Parexel, PPD, etc.

Albany Molecular Research, PPD, etc.

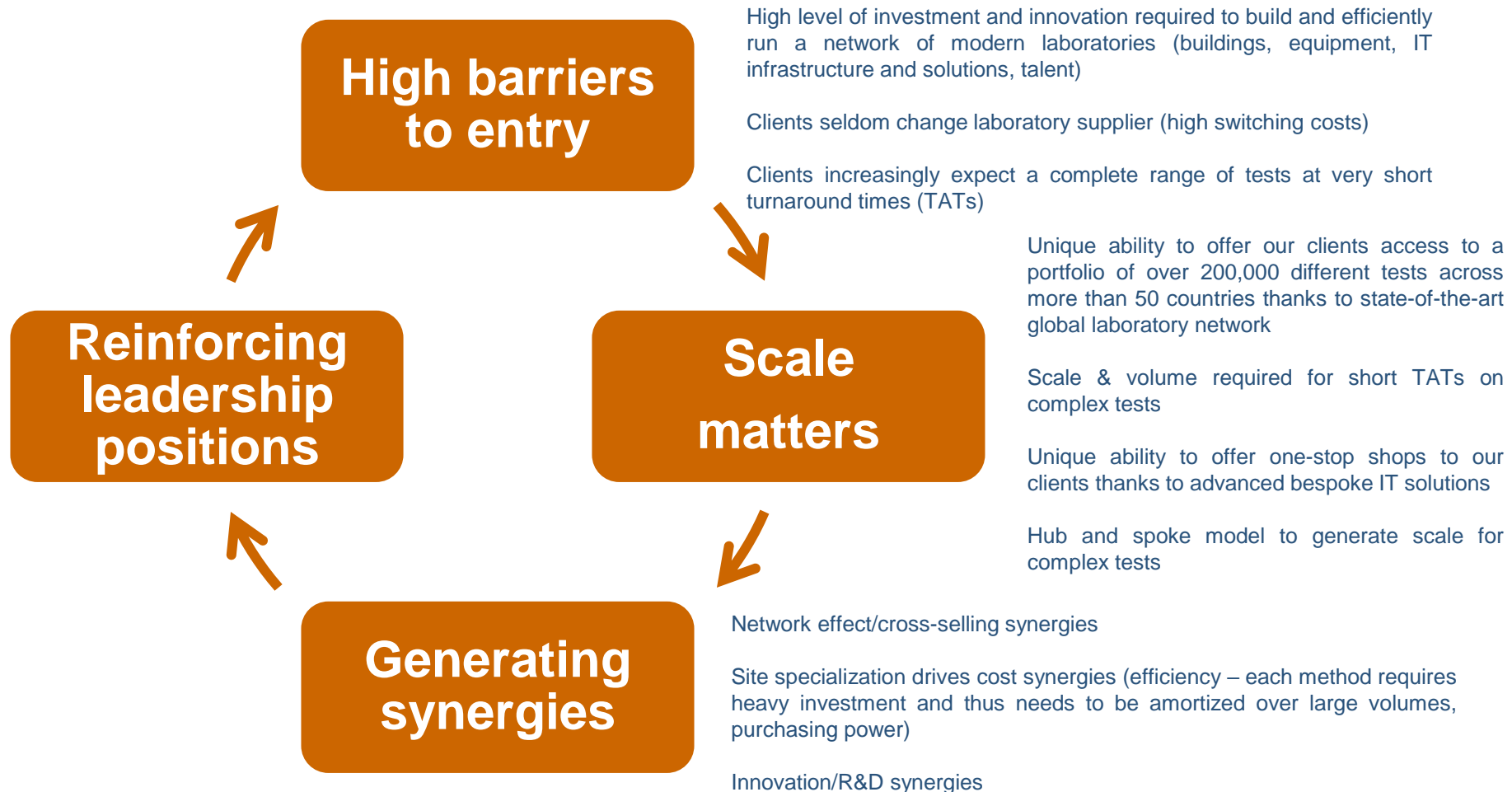
Albany Molecular Research, Lonza, etc.

PPD, SGS, Wu Xi App Tec, etc.



New line of business (CDMO)

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



➡ 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.

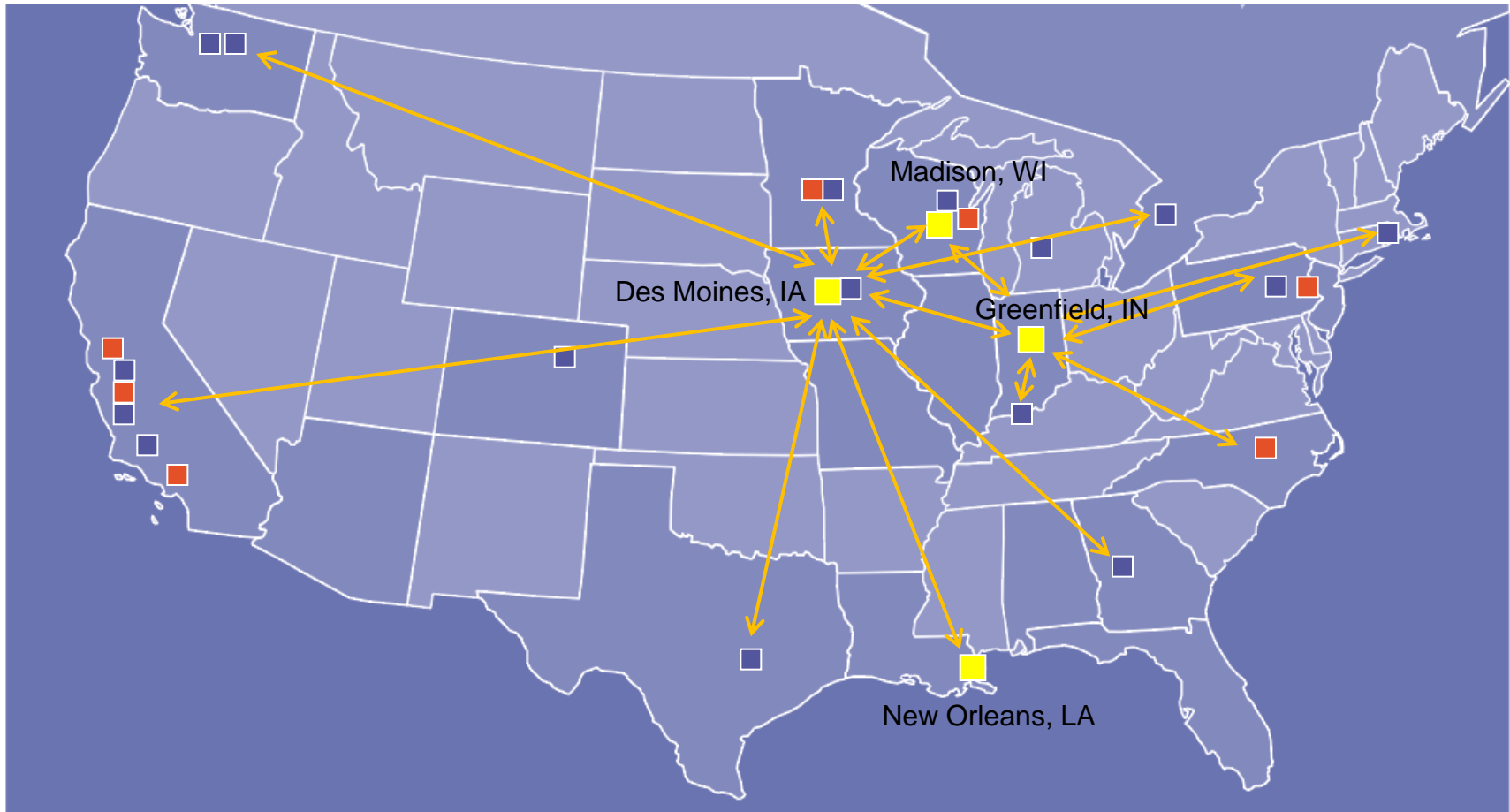
**Eurofins' 2020 growth plan, aimed at building a leading one of a kind global laboratories platform in its chosen high growth markets, is well underway**

- 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 high quality testing results



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



■ = Chemistry hub/campus

■ = Specialty laboratory (Milk or Nutraceuticals)

■ = Microbiology laboratory

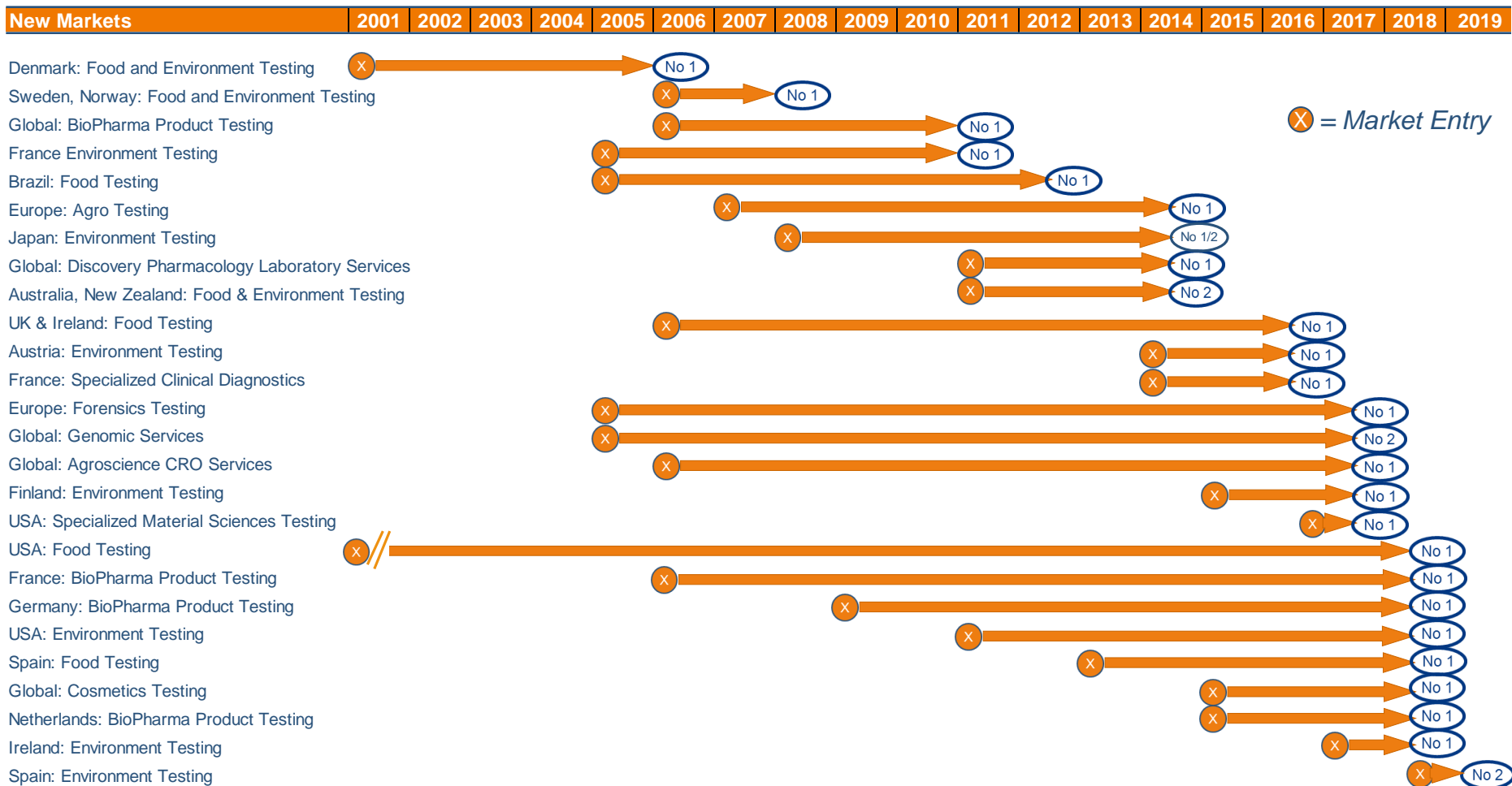
# Building the Platform – Eurofins 2012 - Eurofins 2020

## Progress to Date



	2012	2015	2019	2012-2019 $\Delta$ +7 years
Revenues (€ m)	1,044	1,950	4,563	23% CAGR
Employees (average FTE)	10,890	18,382	43,320	22% CAGR
Number of laboratories (year-end)	170	225	>800	Over 4x
Number of countries	34	39	>50	>16
Number of business lines with global leadership	4 Food and feed testing Environment testing BioPharma product testing Drug discovery services	4 Food and feed testing Environment testing BioPharma product testing Drug discovery services	7 Food and feed testing Environment testing BioPharma product testing Drug discovery services Agroscience CRO services Specialised Material Sciences testing Cosmetics Testing	+3
Number of future oriented business lines	1 Genomic services	2 Genomic services Clinical Genetics	5 Genomic services (#2 globally) Forensics (#1 in Europe) Clinical Genetics Pharma CDMO Eurofins Technologies	+4

# 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

**Overall, a large majority of Eurofins' revenues come from markets where the Group has established global leadership positions**



Business Line	Global leadership position
Food & Feed testing	✓
Environment testing	✓
Clinical Diagnostics	
BioPharma Product Testing (BPT)	✓
Consumer Product Testing	
Early Development & Central Laboratory	
Agroscience CRO Services	✓
Specialised Materials Science testing	✓
Discovery Pharmacology Laboratory Services	✓
Genomics & Forensics	
Technology Services	
Cosmetic Product Testing	✓
Total % of 2019 proforma revenues by business lines with global leadership positions	>69%

- These global leadership positions are the basis to create high barriers to entry, significant network effects and competitive advantage for Eurofins

# Eurofins is already present in countries generating over 86% of the world's GDP... but still has lots of room to grow



Source: International Monetary Fund (Estimates as of October 2019)			Eurofins market presence (To the best of Eurofins' knowledge, based on data available to the Group)				
Country	GDP (\$tn)	% of world's GDP	Eurofins presence	Food testing	Environment testing	Biopharma services	Clinical Diagnostics
EU			✓	#1	#1	#1	✓
USA	22.3	24.7%	✓	#1	#1	#1*	✓
China	15.3	16.9%	✓	✓		✓	
Japan	5.4	6.0%	✓	✓	#1/2	✓	✓
Germany	4.0	4.4%	✓	#1	#1	#1	✓
India	3.2	3.5%	✓	✓	✓	✓	✓
France	2.8	3.1%	✓	#1	#1	#1	#1**
UK	2.7	3.0%	✓	#1	✓	✓	✓
Italy	2.0	2.2%	✓	✓		#1*	✓
Brazil	1.9	2.1%	✓	#1	✓		✓
Canada	1.8	2.0%	✓	✓	✓	✓	
Russia	1.7	1.8%					
South Korea	1.6	1.8%	✓	✓	✓		
Spain	1.4	1.6%	✓	#1	#2	#1*	✓
Australia	1.4	1.5%	✓	✓	#2	#1*	
Mexico	1.3	1.5%					
Indonesia	1.2	1.3%					
Netherlands	0.9	1.0%	✓	#1	#1	#1	✓
Turkey	0.8	0.9%	✓	✓	✓		
Saudi Arabia	0.8	0.9%					
Switzerland	0.7	0.8%	✓	✓		✓	
Poland	0.6	0.7%	✓	✓	✓		
Taiwan	0.6	0.7%	✓	✓	✓	✓	
Thailand	0.6	0.6%	✓	✓	✓		
Sweden	0.5	0.6%	✓	#1	#1	#1	
Belgium	0.5	0.6%	✓	✓	#1	✓	✓
<b>Total top 25</b>	<b>76.1</b>	<b>84.4%</b>	<b>21</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>11</b>

Eurofins present in 21 countries of world's top 25:

+ other countries

Eurofins present in more than 50 countries:

71.2 78.9%  
6.7 7.4%  
77.8 86.3%

#1 = Eurofins is market leader  
\* = in BioPharma Products Testing (BPT)  
\*\* = in Specialized Clinical Testing

...and penetrates the world's Top 25 economies with more and more of its services !

# 1987 – 2019: In only 32 years we built a unique global network

1987

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

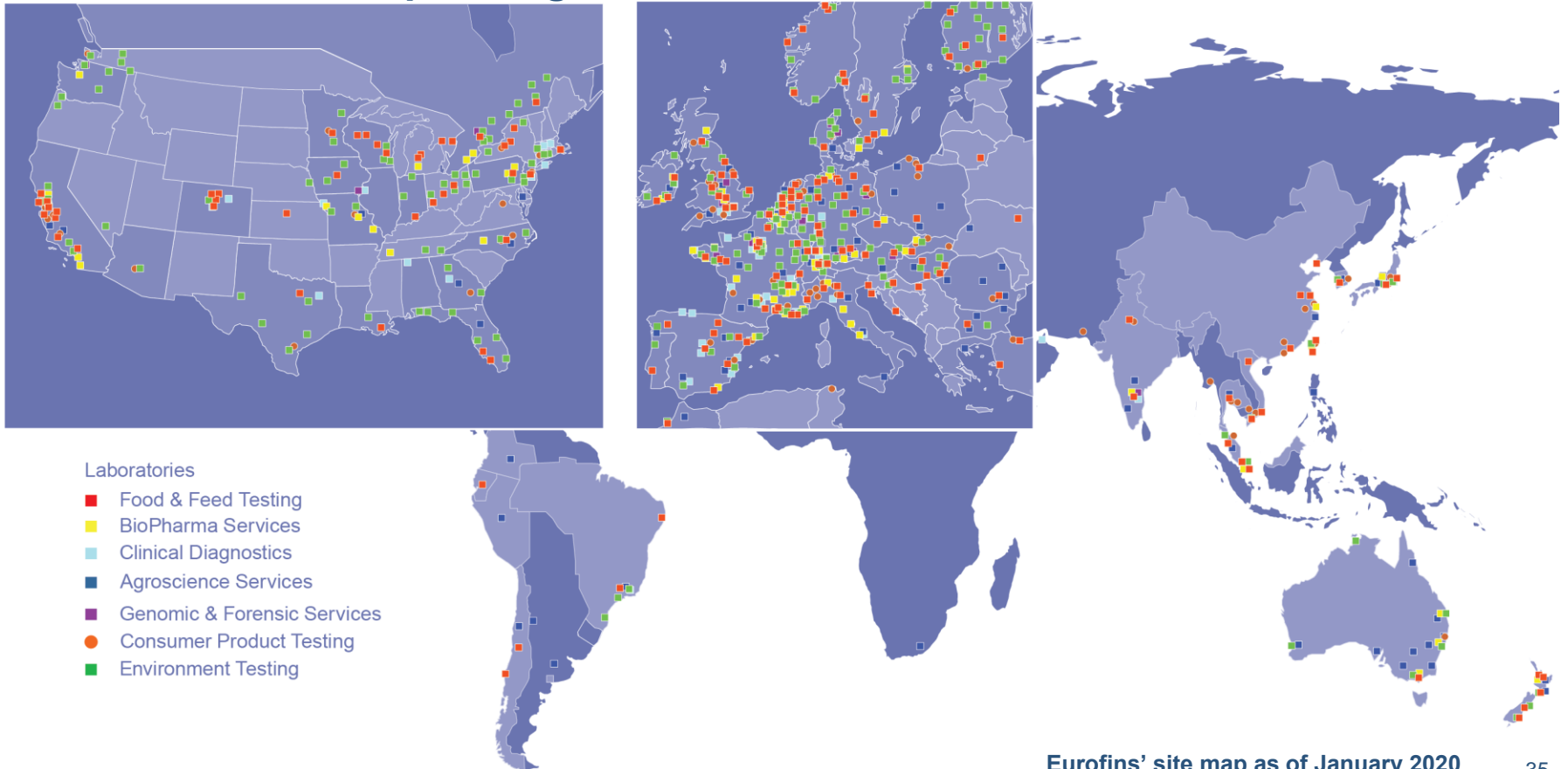
2019

4  
employees

... to more than **800** laboratories around the world in 2019!

over 47,000  
employees

... now operating in over **50** countries!



- Strongly regulated markets (EU, U.S.) are still amending and adding regulations
- Eastern European countries catching up with EU regulations
- 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

- **U.S. increasing government evaluations of organ procurement organizations aimed at increasing the number of organ transplants**
- **EU new regulations on testing medical devices**
- **European REACH directive**
- **US Country of Origin Labelling (COOL) law**
- **PRC Food Safety Law in China**
- **Food Safety Modernization Act (FSMA) in the U.S.**
- **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)

## Outsourcing adds to market growth

### Examples of laboratories outsourced to Eurofins



Company	Outsourced Activity	Country
Axéreal & Terrena	Galys agricultural laboratories	France
Signify	Materials Analysis and Reliability	The Netherlands
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	U.S.
MWH Global	Environmental, water-testing	U.S.
TÜV SÜD	Dioxin Analysis	Germany
Cranswick plc	Food testing	UK
Danone	Infant and clinical nutrition analysis	Germany

# 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>2019</b>							
November	LGC	Cinven and Astorg	UK	525	3,519	6.7x	17.1x
July	Genomic Health	Exact Sciences	US	507	2,816	5.6x	25.0x
July	Quotient Sciences	Permira	UK	129	705	5.5x	17.0x
July	Just Biotherapeutics	Evotec	US	18	80	4.5x	N/A
April	Paragon	Catalent	US	178	1,067	6.0x	21.4x
<b>AVERAGE</b>						<b>5.7x</b>	<b>20.1x</b>
<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

# 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 operating across more than 50 countries
- Vast technological portfolio with more than 200,000 validated methods
- Over 400 million tests performed per year
- But one contact person for each customer at their local laboratory

## 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

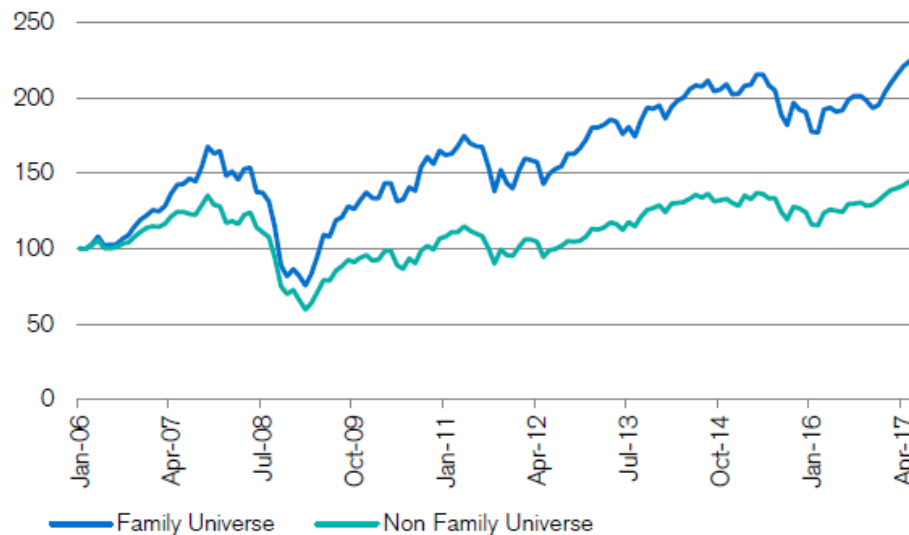
## Pure-play laboratory operator

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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

# 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.

- Executive Summary
- **Market & Strategic Positioning**
  - Biopharma Testing Services
  - Food Testing
  - Environment Testing
  - Clinical Diagnostics
  - Other
- Financial review
- ESG
- Outlook
- Summarised Financial Statements
- Appendix

**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**

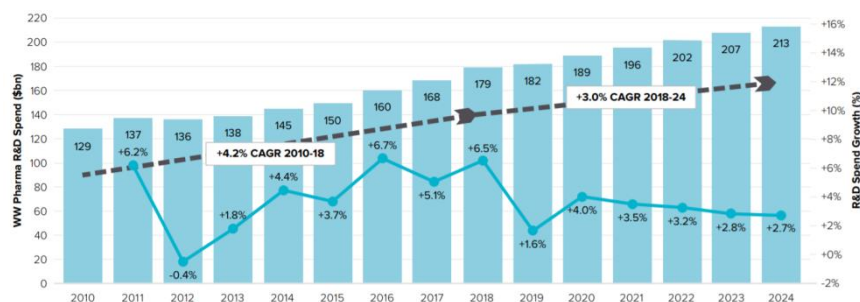


**Greater trial complexity & size will increase likelihood of using CROs**



# Underlying trends are intact for continued growth

## Worldwide Drug R&D Spending (\$ bn)



Source: EvaluatePharma, May, 2019

- Pharmaceutical and biotechnology R&D spending is expected to rise to \$182bn in 2019
- In 2019 the FDA approved 48 novel drugs\*
- In 2019 the FDA approved 10 new biosimilars\*
  - As patents for biologics expire in the U.S., we can expect many more biosimilars to be submitted for approval\*
  - Drug approvals fuel reinvestment across the R&D value chain
- Record cash on biotech balance sheets provides R&D funding through 2020



- **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

- **R&D outsourcing rising rapidly:**

- In 2018 drug sponsors spent ca.\$86bn on outsourced R&D services surpassing spend on internal staff and infrastructure by ca.\$20bn, suggesting over 56% of R&D services are now outsourced by drug sponsors
- According to the Tufts Center for the Study of Drug Development, study initiation cycle time is 77 days faster for CROs identifying and managing new investigative sites, compared to studies managed directly by drug sponsors
- R&D pipelines continue to grow and a growing number of smaller pharma/biotech companies are entering the market

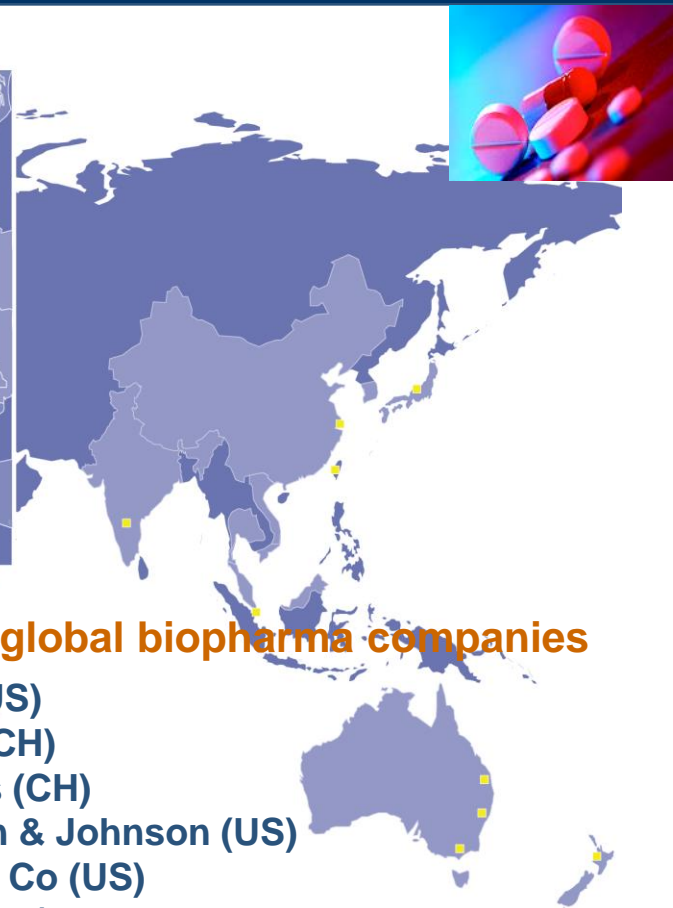
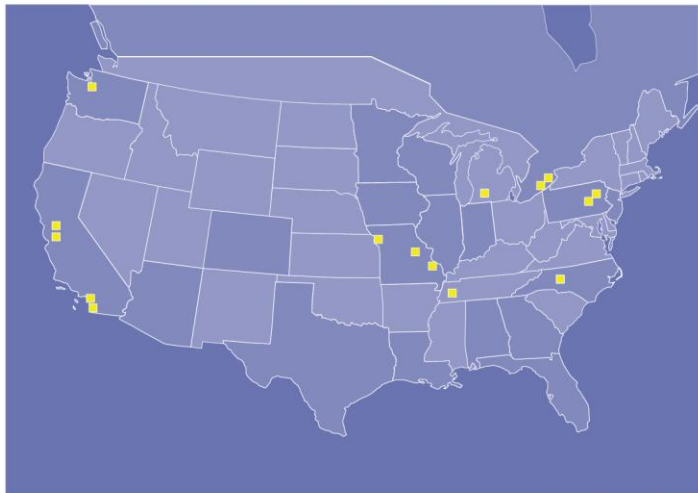
Source: Tufts Center for the Study of Drug Development (Tufts CSDD), 5 Mar, 2019

\* <https://www.fda.gov/drugs/new-drugs-fda-cders-new-molecular-entities-and-new-therapeutic-biological-products/new-drug-therapy-approvals-2019>

# More than 90% of the top 20 largest global biopharma companies are clients of Eurofins

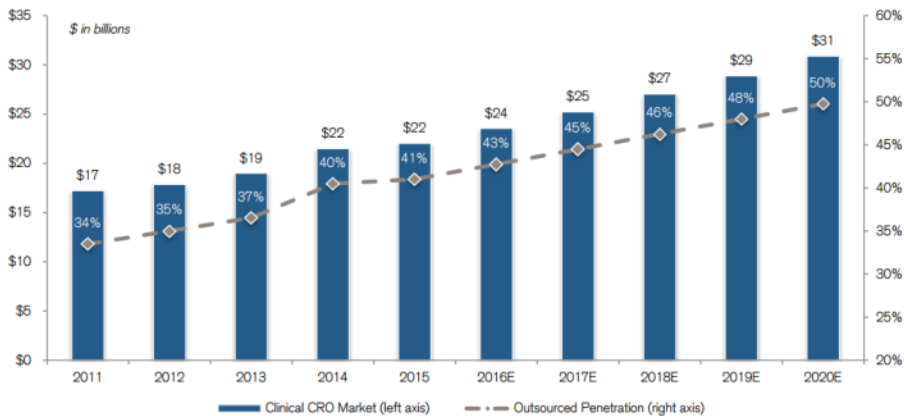


## Eurofins biopharma locations



## 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 global biopharma companies

- Pfizer (US)
- Roche (CH)
- Novartis (CH)
- Johnson & Johnson (US)
- Merck & Co (US)
- Sanofi (FR)
- AbbVie (US)
- GlaxoSmithKline (UK)
- Amgen (US)
- Gilead Sciences (US)

Source: EvaluatePharma®, May 2019, Evaluate Ltd

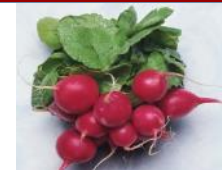
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**Food scares and crises, widely covered in the media**

**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**

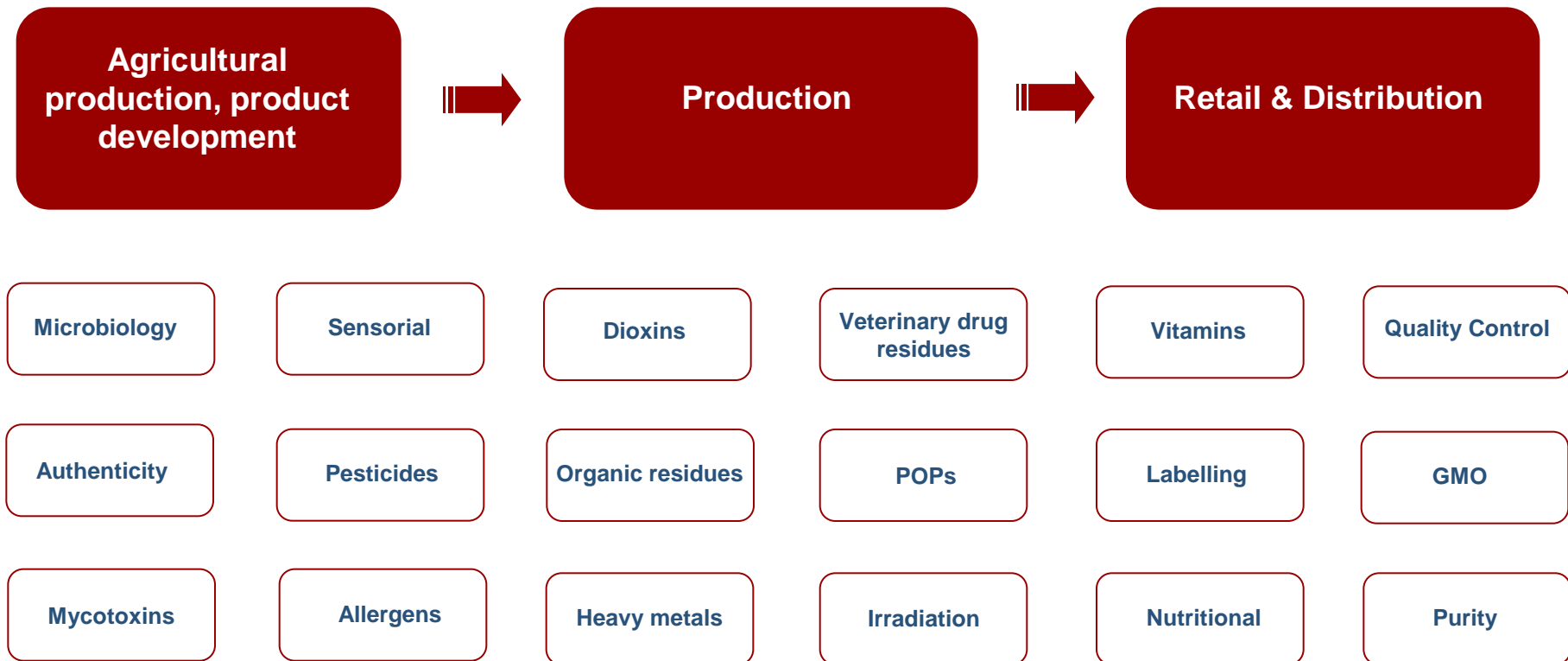


- **Compels industry to strengthen its testing programs**
- **New products (GMOs, new packaging, etc.) create need for new tests**
- **Governments increase regulations on food control**
- **Brands have become more global and vulnerable to contaminations**
- **Transparency and traceability are becoming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

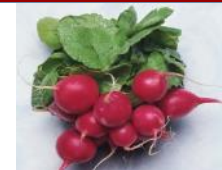


# High profile food scares have expensive consequences for producers...

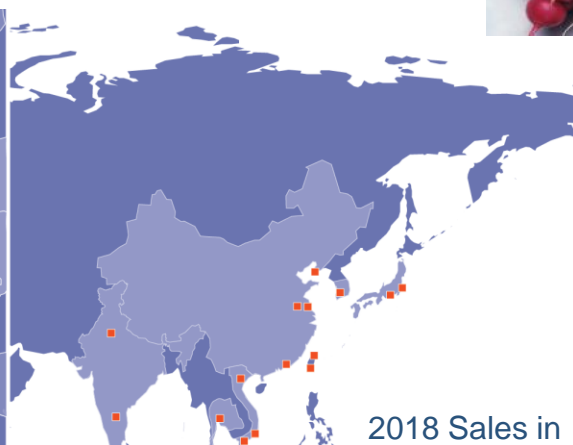
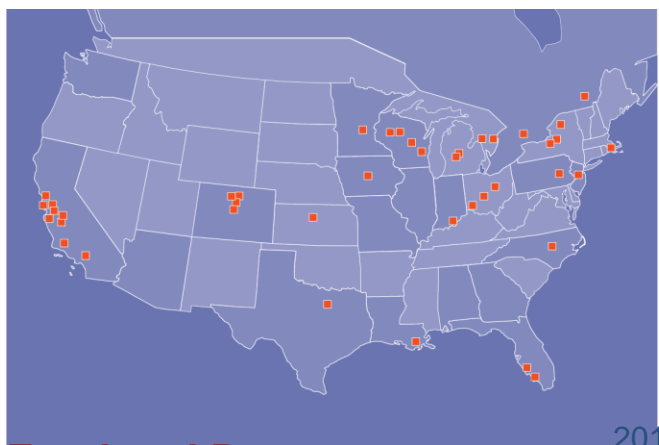


Year	Brand / Country	Contamination	Impact	Cost	Source
2019	Wilke Waldecker Fleisch- und Wurstwaren	Listeria outbreak contaminating meat products	Over 1,000 items recalled across European retailers/supermarkets  5 deaths after contracting listeria infections	Unquantified	Food Safety News / The Brussels Times
2018	USA JBS Tolleson	Listeria and salmonella in ready-to-eat salads and premade food items	About 6.5 million pounds of beef was recalled by Arizona-based meat producer JBS Tolleson. Millions of pounds of ready-to-eat salads and premade food items at several big name retailers such as Harris Teeter, Kroger, Whole Foods, 7-Eleven, Trader Joe's and Walmart have been recalled due to the potential risk of listeria and salmonella contamination.	Unquantified	USA Today
2017	Europe	Fipronil in European eggs	Farms shut down in the Netherlands, Belgium, Germany and France. Supermarkets have also withdrawn millions of eggs from sale	Unquantified	BBC news
2015	USA Chipotle	E. coli outbreak at restaurants in multiple states	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	CNN
2013	Europe	Beef products contaminated with horse meat	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	~ €360m  Market value lost for Tesco	The Guardian
2011	Germany	Dioxins in eggs, poultry and pork	About 3,000 tons of feed contaminated with oil intended for use in bio-fuels, 4700 farms closed, revenues lost, tightening regulation	Unquantified	BBC News
2009	Nestlé	E. coli in cookie dough	70 people sick, 25 people hospitalized, job losses, withdrawal of 86 million "cookies-worth", court proceedings initiated	Unquantified	CNN Health
2008	Kellogg's, Unilever, General Mills	Salmonella in peanut butter	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	Bloomberg
2008	Irish pork	Dioxins	Recall of Irish pork products, job losses, destruction of 100,000 pigs	> €300m	Irish Exporters Association
2008	Sanlu/ Fronterra + global brands	Melamine in dairy products	50,000 infants ill, 6 deaths, global recall of dairy and related products, criminal charges in China	Unquantified	BBC News

# 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

Company	Country	2018 Sales in € billion
Nestlé	Switzerland	81
PepsiCo	USA	56
Unilever	UK /Netherlands	51
Mars*	USA	30
Coca-Cola	USA	28
Danone	France	25
Kraft Heinz	USA	23
McDonalds	USA	18
Kelloggs	USA	12
Pernod Ricard	France	9

## Retailers

Company	Country	2018 Sales in € billion
Wal-Mart Stores	USA	435
CostCo	USA	123
Kroger	USA	107
Lidl*	Germany	104
Aldi*	Germany	77
Carrefour	France	76
Tesco	UK	57
ITM Enterprises*	France	40
Metro AG*	Germany	37
Casino Guichard	France	37

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

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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\*



*Consulting and sampling companies are natural partners*

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

## 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*

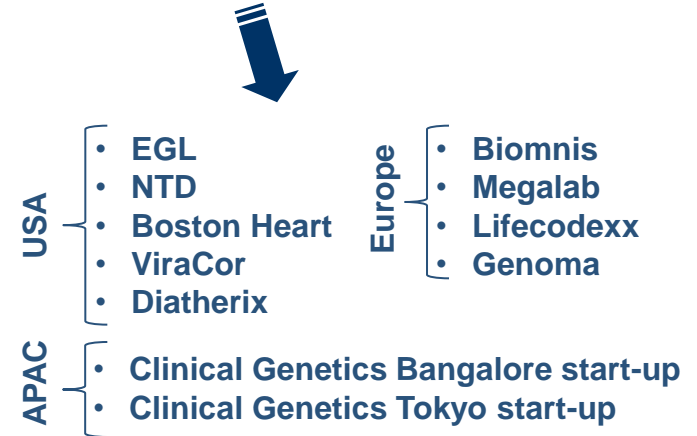
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# Eurofins is setting up a global network of clinical genetics laboratories

- 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.

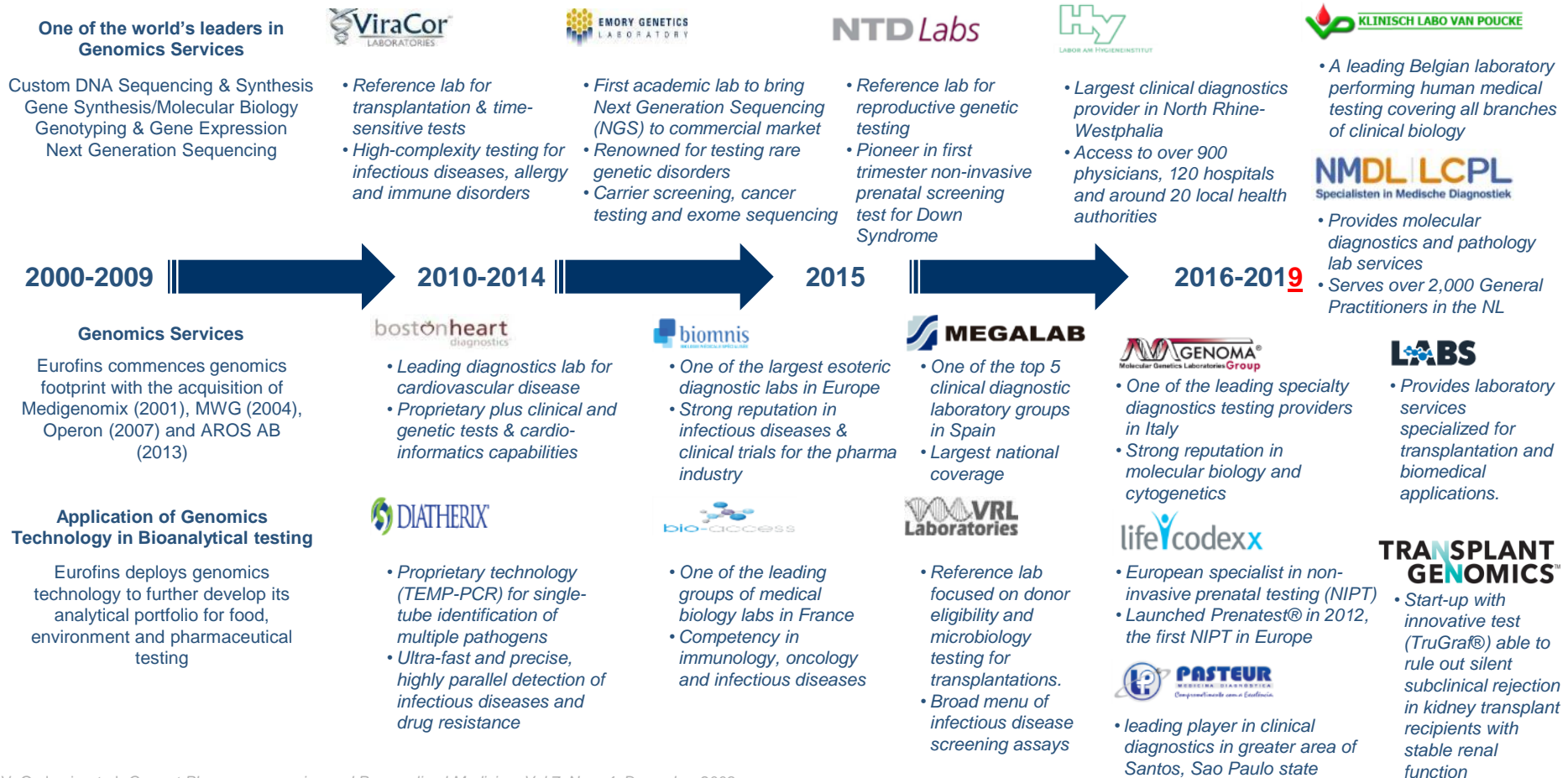
Eurofins NIPTs are very reliable (>99% of conclusive results), fast (turnaround time under 2 weeks, qPCR assays only take 2-3 days) and simple (only a small blood sample required). Eurofins is the first provider to offer the aforementioned novel NIPT tests, GeneSafe™ and qPCR-based NIPT, to the market.

# 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**



V. Ozdemir, et al. *Current Pharmacogenomics and Personalized Medicine*, Vol 7, Num 4, December 2009

# Eurofins Specialized Clinical Diagnostic Footprint



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



## Eurofins has built a valuable portfolio of Routine and Specialized Clinical Diagnostics Laboratories in France



- Eurofins Clinical Diagnostics operations in France amount to ca. €400m of revenues.
- These €400m revenues were acquired over the last 4 years for ca. €600-700m, representing an average EV / revenue acquisition multiple of 1.5x to 1.75x.
- Over the last three years, Clinical Diagnostics companies in France have, on average, been acquired at over 3x target revenues.

### Comparable M&A transactions in Clinical Diagnostics in France:

Date	Target	Acquirer	EV in €m	EV / target revenues
March 2018	BIO7	Cerba	500	4.5x
January 2017	Cerba	PSP, Partners Group	1,800	2.9x

# Half-year 2019 Growth of U.S. listed Specialized Clinical Diagnostics companies



(Figures in \$ m)	H1 2019 Revenues	H1 2018 Revenues	Total Growth	Organic growth*
Myriad Genetics	432.0	377.0	14.6%	0.7%
Exact Sciences	361.9	193.2	87.3%	87.3%
Genomic Health	222.9	188.2	18.4%	18.4%
NeoGenomics	197.3	131.2	50.4%	18.0%
Natera	141.2	125.4	12.6%	12.6%
Invitae	94.0	65.0	44.7%	44.7%
Guardant Health	90.6	36.1	151.2%	151.2%
Veracyte	59.7	42.8	39.4%	39.4%
CareDx	57.4	31.9	80.2%	76.7%
Castle Biosciences	19.5	7.6	154.7%	154.7%
Psychemedics	19.1	21.7	-12.0%	-12.0%
Interpace Diagnostics	12.3	10.3	19.1%	19.1%
<b>Total</b>	<b>1,707.9</b>	<b>1,230.4</b>	<b>38.8%</b>	<b>28.8%</b>

Source: Company Publications

YTD share price growth**	Enterprise Value (EV)**	EV / FY18 Sales	EV / FY18 EBITDA
-1%	2,185	2.9	12.4
47%	11,672	25.7	NA
7%	2,404	6.1	65.7
52%	2,030	7.3	63.9
140%	2,433	9.4	NA
73%	1,716	11.6	NA
66%	5,100	56.3	NA
82%	948	10.3	NA
1%	1,041	13.6	NA
16%	397	17.4	NA
-42%	47	1.1	4.4
0%	30	1.4	NA
<b>Average</b>	<b>37%</b>	<b>13.6</b>	<b>36.6</b>

Source: Bloomberg

\*Organic (pro-forma) growth after adjustments for acquisitions, estimated based on publicly available data.

\*\*Based on 03/10/2019 closing share prices

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# Eurofins has also established global leadership positions in 5 high potential niche markets



## Genomic Services



**N°2\***  
Worldwide  
**N°1\***  
In Europe  
Start 2004

## Agroscience CRO\*\* Services



**N°1\***  
worldwide  
Start 2006

## Discovery Pharmacology



**N°1\***  
worldwide  
Start 2010

## Cosmetics Testing



**N°1\***  
worldwide  
Start 2014

## Advanced Materials Sciences



**N°1\***  
worldwide  
Start 2017

Eurofins position

Business line description

Global network of state-of-the-art laboratories offering the most advanced technologies for genetic analysis of all kinds of samples and fast DNA-synthesis service. Provides opportunities to replace traditional analytical methods by genomics methods that offer process improvements and economies of scale (e.g. Pathogen testing in food and environment)

Eurofins Agroscience CRO Services has the broadest global footprint of all CROs, offering a unique portfolio of expertise including analytical, regulatory and field support to plant breeders, agrochemical, biopesticide, biocide and fine chemical manufacturers.

Eurofins Pharma Discovery Services is recognized as the industry leader for providing drug discovery researchers the largest and most diverse portfolio of standard and custom in vitro safety & pharmacology assays and panels for drug screening and profiling. Eurofins also offers a broad portfolio of over 3,500 drug discovery services and 1,800 products.

Network of laboratories offering a full range of services to retailers and cosmetic manufacturers from raw materials suppliers to finished products producers. Services include: consulting, physico-chemical analysis, microbiology, in-vitro studies, clinical studies and consumer research.

Eurofins EAG laboratories is a scientific leader helping clients understand the physical structure, chemical properties and composition of their materials. EAG offers the most comprehensive portfolio of analytical techniques including: advanced microscopy, chemical analysis, compositional analysis, metallurgical analysis, contaminant identification, reformulation, trace elemental analysis, etc.

Listed or larger peers

IDT/Danaher, Genewiz, etc.

SGS

Evotec, Albany Molecular Research, Charles River, etc.

SGS

Exponent, Element Materials, etc.

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

\*\*CRO: Contract Research Organization

# Eurofins is developing high Barriers to Entry around its businesses



## Offering a premium quality service ...

- **Portfolio:** over 200,000 analytical 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 more than 50 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

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## Positive trends drive solid operating results

In €m except otherwise stated	FY 2019 (including IFRS 16)			FY 2018			+/- % Adjusted Results	+/- % Reported Results
	Adjusted <sup>1</sup> Results*	Separately disclosed items <sup>2</sup>	Reported Results	Adjusted Results	Separately disclosed items	Reported Results		
<b>Revenues</b>	4,562.8	-	4,562.8	3,781.1	-	3,781.1	20.7%	20.7%
<b>EBITDA</b>	930.7	-97.8	833.0	719.8	-68.4	651.4	29.3%	27.9%
<b>EBITDA Margin (%)</b>	20.4%		18.3%	19.0%		17.2%	+140bps	+110bps
<b>EBITAS</b>	573.5	-136.5	437.0	520.8	-93.1	427.7	10.1%	2.2%
<b>Net Profit</b>	359.4	-164.1	195.2	355.8	-131.9	223.9	+1.0%	-12.8%
<b>Basic EPS (€)</b>	20.19	-9.22	10.97	20.11	-7.45	12.65	+0.4%	-13.3%
<b>Operating Cash Flow</b>			677.9			543.9		24.6%
<b>Free Cash Flow to the Firm</b>			258.2			182.5		41.4%
<b>Net capex</b>			419.7			361.4		16.1%
<b>Net debt</b>			3,244.7			2,651.0		22.4%

\*Not corrected for missing revenues and margin related to the cyber-attack

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

<sup>2</sup>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.

# FY 2019 comparable adjusted results excluding IFRS 16 and cyber-attack impacts



- 2019 reported results are not easily comparable as a result of the major impact of the 02 June 2019 cyber-attack on Eurofins' operations and of the implementation of IFRS 16 on Eurofins' accounts. The table below attempts to facilitate comparison.
- Due to the difficulty of determining what results would have been achieved should Eurofins not have been hit by the cyber-attack, the numbers presented are only estimates.
- In fact several of Eurofins' businesses continued to be impacted in H2 2019 by the reverberation of the attack on quality of service. Neither this, nor the time lost by Eurofins' leadership on remedial actions as opposed to focusing on the growth of the business can be evaluated.

In €m except otherwise stated	FY 2019				Adjusted Results	FY 2018	+/- % Comparable Adjusted Results
	Comparable Adjusted Results (excluding IFRS 16 and corrected for estimated cyber-attack impact)	IFRS 16 impact	Estimated Cyber-attack impact	IFRS 16 and cyber-attack impacts already included in SDI		Adjusted Results	
<b>Revenues</b>	4,632.1		-69.3	-	4,562.8	3,781.1	22.5%
<b>EBITDA</b>	882.7	130.8	-75.2	-7.6	930.7	719.8	22.6%
<b>EBITDA Margin (%)</b>	19.1%				20.4%	19.0%	+10bps
<b>Depreciation and amortisation</b>	-256.5	-110.8	-	10.0	-357.2	-199.1	28.8%
<b>EBITAS</b>	626.2	20.0	-75.2	2.5	573.5	520.8	20.3%
<b>Net Profit</b>	417.4	-5.2	-55.4	2.5	359.4	355.8	17.3%
<b>Basic EPS (€)</b>	23.45		-3.26		20.19	20.11	16.6%
<b>Net debt</b>	2,721.0				3,244.7	2,651.0	
<b>Leverage ratio (net debt / EBITDA basis)</b>	3.08x				3.49x*	3.68x	-0.6x

\*Corrected for the estimated cyber-attack impact on adj. EBITDA leverage ratio = 3.24x

**Investments linked to Eurofins' 2016-2020 investment plan should provide long-term returns once the Group has reached the optimal footprint in its markets and geographies**



**In 2019 Eurofins continued to deploy capital to become the leading and most competitive player in its markets:**

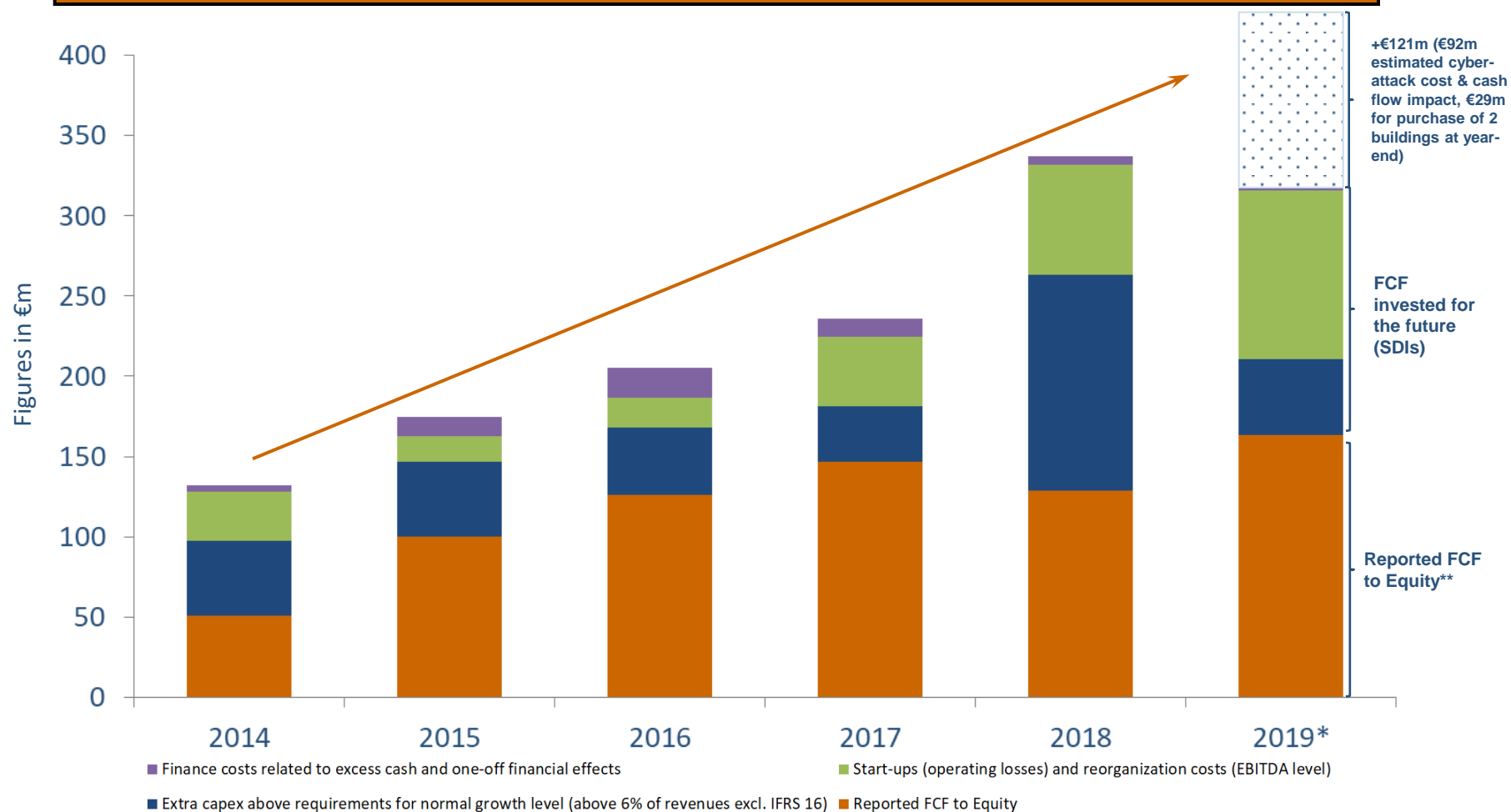
- €171m in selective acquisitions to reach new leadership positions in the largest testing markets globally, build scale, expand the testing portfolio and access new clients**
- €321m (excl. IFRS 16) in infrastructure, laboratory buildings and equipment, and bespoke IT solutions**
- €98m in separately disclosed items (SDIs) linked to start-ups and site-reorganizations to reach the optimal footprint**

Two groups of SDI with EBITDA impact:

- **One-off costs from integrations, reorganisations and discontinued operations, and other non-recurring income and costs**
  - Amounted to EUR 48.0m in 2019 (vs. EUR 29.6m in 2018)
  - One-off expenses linked to restructuring and site reorganisations across various geographies and business lines, including:
    - Lease abandonment at Boston Heart Diagnostics (EUR 7m)
    - Site rationalisation at TestAmerica and Covance Madison in the U.S. and of Alp with Eurofins sites in France
- **Temporary losses and other costs related to network expansion, start-ups and new acquisitions in significant restructuring**
  - Amounted to EUR 49.8m in 2019 (vs. EUR 38.7m in 2018)
  - Increase mainly driven by losses at Boston Heart Diagnostics (EUR 12m) and the integration of companies in reorganisation such as Covance Sensory in the U.S. and Alpa/Euro Services Labo in France
  - Operational losses from most recent startup laboratories of programme 3
- **Total losses and one-off costs related to Boston Heart Diagnostics amounted to ca. EUR 19m in 2019**

# Eurofins has been allocating a significant part of its free cash flow to equity towards building its leading global platform

Cashflow expansion levers: cash investments impacting cashflows

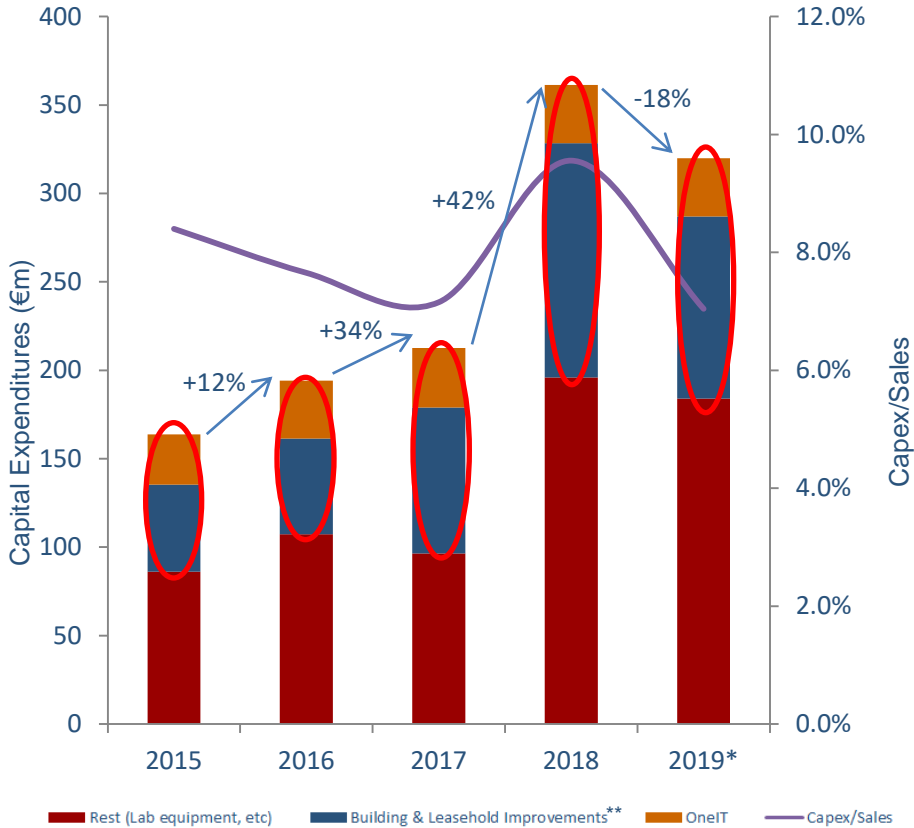


\*Excluding IFRS 16 impact

\*\*Reported Free Cash Flow to Equity - Net cash provided by operating activities, 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

# Investments to build optimal global laboratory footprint

## Capex remains driven by network expansion investments

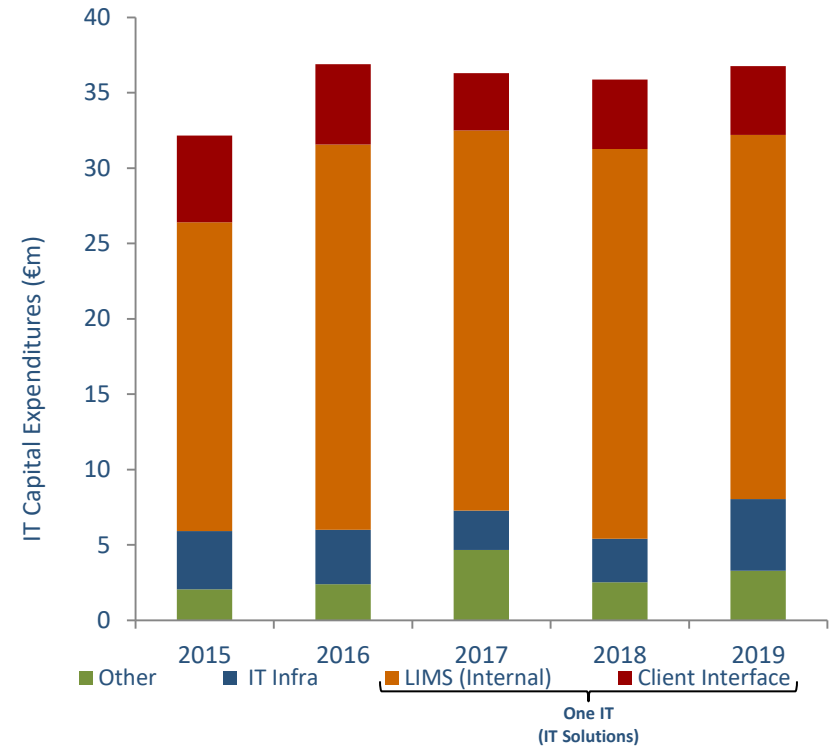


\*Excluding IFRS 16 impact

\*\*Including leasehold improvements on existing buildings

Modern state lab surface added m <sup>2</sup>	2015	2016	2017	2018	2019
	55,000	46,000	53,000	64,000	65,000

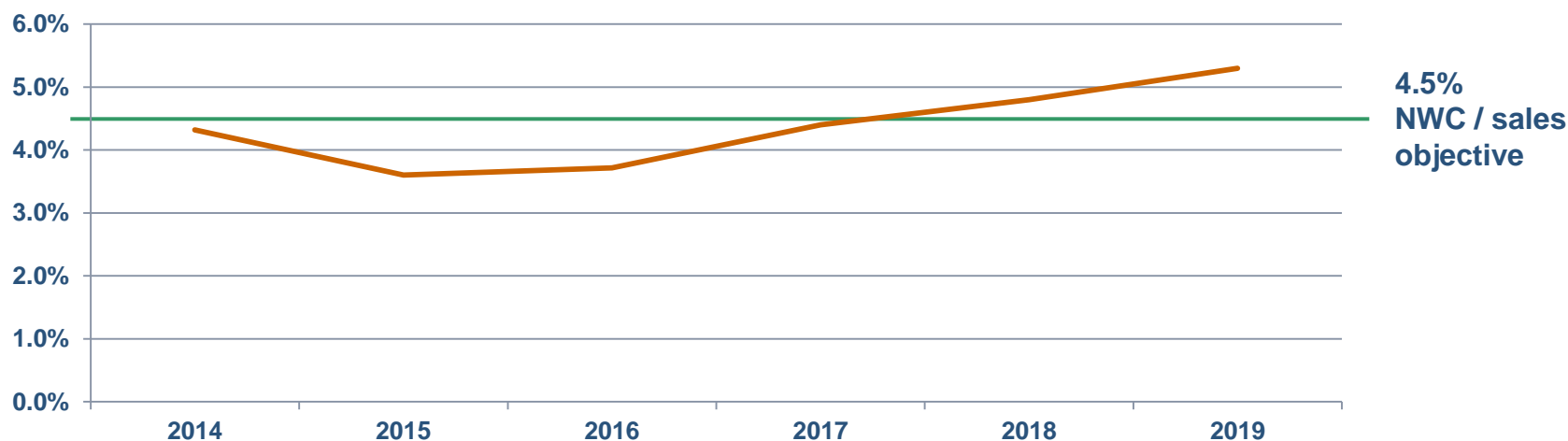
## Continuous investments in state-of-the-art IT solutions



- First Generation One IT deployed in ca. 85% of Food and Environment laboratories
- New Generation Genomics and Agrosience IT systems deployment phase I completed
- New Generation Biopharma Product Testing system deployed to over 90% of our FTEs
- Eurofins On Line (EOL) almost fully deployed in Food and Environment business lines
  - Coupa purchasing platform rollout progressing well and to be completed by the end of Q2 2020
  - Career pages and SmartRecruiters 99% deployed, offering a global platform with full transparency on all job openings offered worldwide, enabling mobility, information and best practices sharing as well as improving employer branding

- 4.5% net working capital (NWC) to sales objective in line with past performance
- 2017 and especially 2018 negatively impacted by large acquisitions with longer collection times
- 2019 negatively impacted by the cyber-attack (on billing and dunning systems and clients reaction to slower testing times)

### NWC / sales



**Objectives to reach €1.1bn and €1.25bn adj. EBITDA and €500m and €600m Free Cash Flow to the Firm in 2020 and 2021 respectively, and to bring leverage back to ca. 2.5x by end of 2021**



**Eurofins Cashflow Expansion Levers**

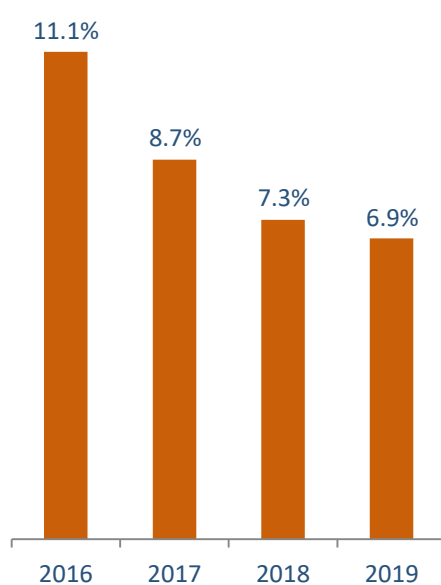
**In spite of 20 start-ups per year (average past 5 years) Separately Disclosed Items (SDI) costs should reduce as % of Adjusted EBITDA and as a proportion of sales as Eurofins 5 years infrastructure programme tails off**

Objectives\*:

- €500m Free cash Flow to the Firm\*\* objective in 2020
- €600m Free cash Flow to the Firm\*\* objective in 2021
- Self-imposed limit of €700m for combined capex and M&A spend in both 2020 and 2021 (incl. IFRS 16)

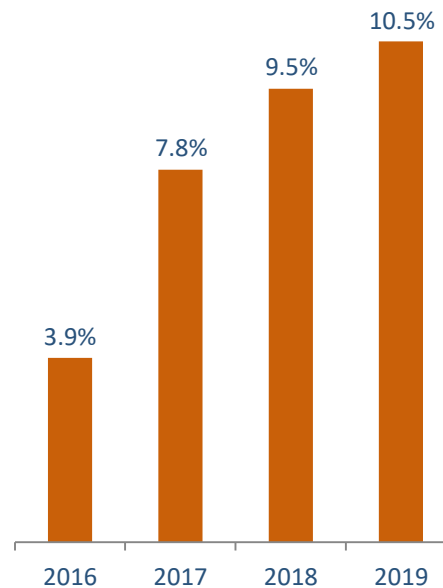
**Start-ups & businesses in significant restructuring significantly decreasing relative to size of the Group**

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



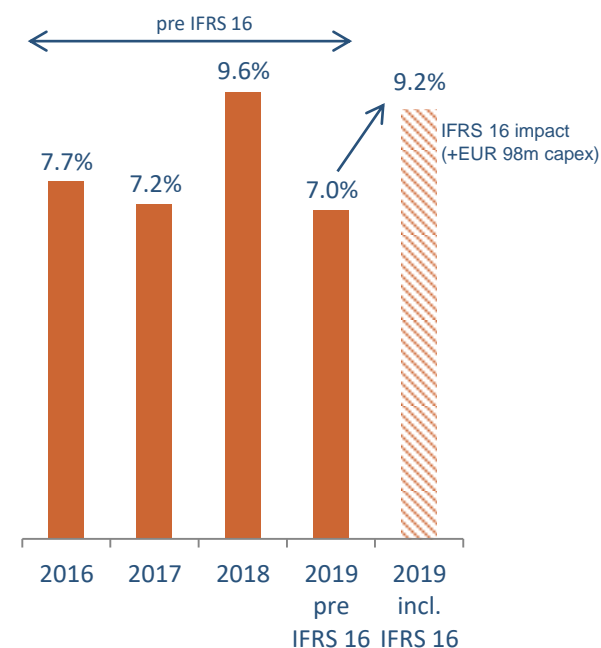
**SDI should reduce again relative to EBITDA of mature companies after completing 2016-2020 programme**

SDI costs as % of Group Adj. EBITDA



**Capex should gradually normalise back to 6% of sales (excl. IFRS 16), further unlocking cashflow**

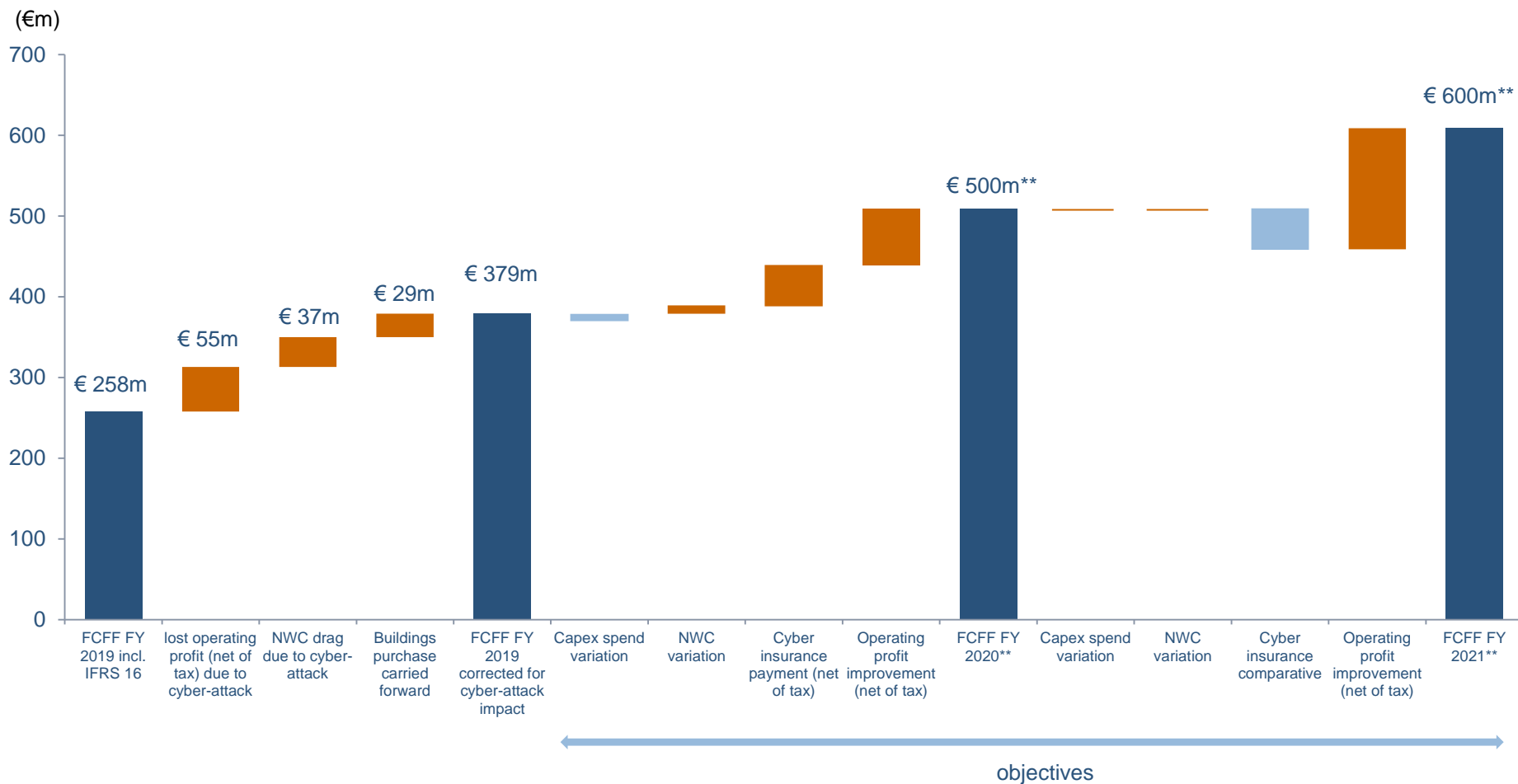
CAPEX as % of Group sales



\*2020 and 2021 objectives include 5% organic growth and €200m annual revenues from acquisitions consolidated at mid-year in each of 2020 and 2021 (all objectives include IFRS 16 and are set at constant average 2019 FX rates).

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

# Free Cash Flow to the Firm\* (FCFF): objectives 2020 - 2021



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

\*\* Objectives

	(EURm)	2016	2017	2018	2019
Average capital employed at the end of each quarter		2,399	2,803	4,521	5,851 <sup>3</sup>
Average capital employed excluding Goodwill at the end of each quarter		657	785	1,080	1,472
Adjusted EBITAS <sup>2</sup>		358	400	521	626
<b>ROCE<sup>1</sup> (return on capital employed)</b>		<b>14.9%</b>	<b>14.3%</b>	<b>11.5%</b>	<b>10.7%</b>
ROCE <sup>1</sup> (return on capital employed) excluding Goodwill		54.4%	50.9%	48.2%	42.5%

- Heavy investment phase during 2016-2019 for:
  - Laboratory extensions of existing sites – many new sites in 2018 and 2019 not yet highly utilised
  - Start-up laboratories resulting in early operating losses (part of SDI's) included in capital employed but not contributing profits
  - IT infrastructure set up, development and deployment of new generation IT solutions not yet generating positive impact on efficiency and margins
  - M&A with over 110 acquisitions in 2017 and 2018 not yet fully integrated
  - Restructuring of acquired laboratory network (part of SDI's) to fit with hub-and-spoke model
- Resulting in dilution of ROCE short-term
- Hurdle rate of 12% ROCE (pre-tax) by Year 3
- ROCE should start increasing again when investment phase is completed and Eurofins is reaping the benefits from past investments

<sup>1</sup> ROCE = adjusted EBITAS / average capital employed over previous 4 quarters

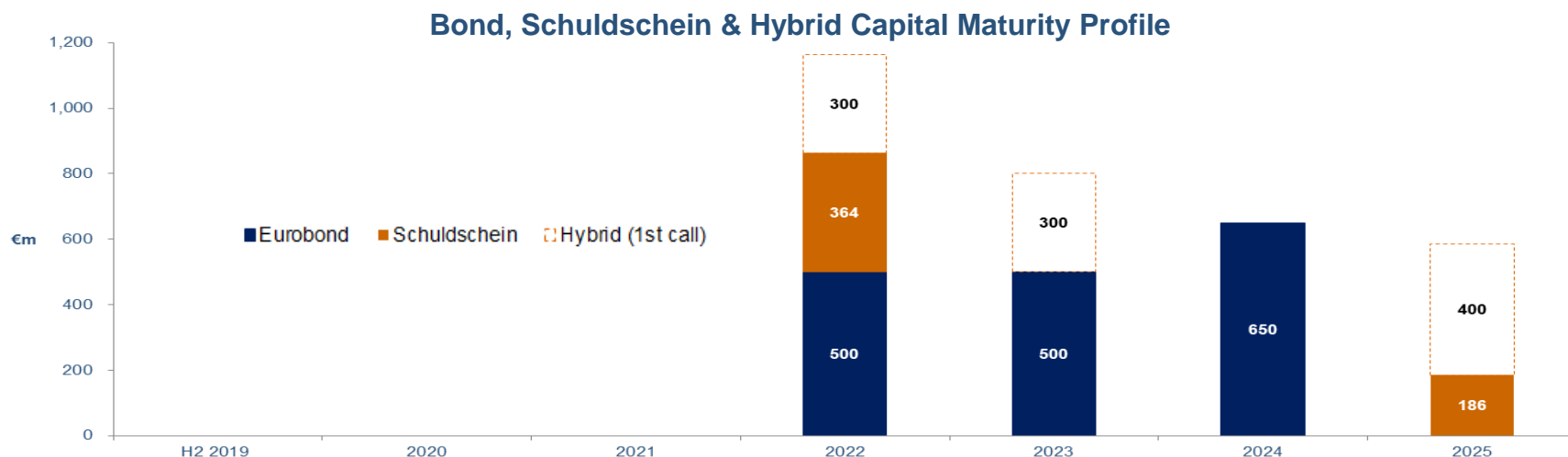
<sup>2</sup> Comparable adjusted EBITAS (excl. IFRS 16 and corrected for estimated cyber-attack impact) for FY 2019

<sup>3</sup> 2019 capital includes full impact of acquisitions of Covance Food Solutions, Amatsi and TestAmerica which are not fully integrated yet

# Eurofins is well financed for the mid-term and has strong liquidity



## 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 Eurofins' 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 repayment of its expensive 3.125% €300m bond in November 2018, the **average interest** rate on **senior debt** is now **below 2%\***.
- Following the successful redemption of its 7% €300m hybrid bond and the issuance of a new 2.875% €300m hybrid bond in September 2019, the **average cost** of dividend coupons on **Hybrid capital** has been **reduced** from 4.86% **to below 3.7%**.
- Eurofins remains well capitalised with **very high interest coverage** (8.7x reported EBITDA / net finance costs in FY 2019).
- As of 31<sup>st</sup> December 2019, Eurofins had **access to over €500m committed mid-term bilateral bank credit lines, with an average remaining life greater than three years. This is in addition to those drawn or used to back commercial paper drawings.**

\*At Parent Company level (representing over 95% of Group's total debt)

## Eurofins has ample liquidity to run its business with access to several funding sources to optimize costs



- Eurofins has neither a bond maturity due nor a hybrid capital first call date prior to January 2022:

Type	Amount (EURm)	Coupon (%)	Maturity/ First Call Date
Eurobond	500	2.250	27/01/2022
Eurobond	500	3.375	30/01/2023
Eurobond	650	2.125	25/07/2024
Schuldschein	550	1.38*	2022 / 2025
Hybrid capital**	300	2.875	11/08/2022
Hybrid capital**	300	4.875	29/04/2023
Hybrid capital**	400	3.250	13/11/2025

\*Calculated on the fixed tranches

\*\*Hybrid capital issued by Eurofins contains no equity rights or warrants

- Over the last two years Eurofins has significantly optimized its financing strategy. Thanks to large amounts of committed midterm (3 to 5 years) bilateral bank credit lines, Eurofins does no longer have to hold a lot of cash on its balance sheet to meet its variable investment needs through the use of commercial paper (CP) instruments and drawings under credit lines. This reduces significantly our funding cost as CP bears negative interest rates and European banks now charge clients to keep large cash balances.
- As of 31 December 2019, Eurofins had:
  - 1) EUR 297m cash and cash equivalents
  - 2) EUR 317m of credit lines held in reserve to back up the same amount of outstanding CP
  - 3) EUR 405m of short-term drawings on its bank credit lines
  - 4) In addition to the amounts drawn on bank lines (3) or held in reserve to back its outstanding CP (2), Eurofins still had over EUR 500m of undrawn and available bank credit lines with an average remaining life greater than three years.

(in €m)	Dec 2019 incl. IFRS 16*	Dec 2019 excl. IFRS 16*	Dec 2018
▪ Net Debt/ Comparable <sup>1</sup> Adjusted EBITDA	3.24x	3.08x	3.68x
▪ Net Debt/ Comparable <sup>1</sup> proforma Adjusted EBITDA	3.23x	3.08x	3.38x
▪ Net Debt	3,245	2,721	2,651
▪ Total Equity	2,898	2,925	2,722
▪ Cash + cash equivalents	297	297	506
▪ Net finance costs	96	69	55
▪ Interest coverage (reported EBITDA/net finance costs)	8.7x	10.2x	11.9x

<b>Net Debt calculation</b>	<b>Short-term borrowings</b>
	<b>+ Long-term borrowings</b>
	<b>- Cash &amp; cash equivalents</b>
	<b>= NET DEBT</b>

## Hybrid

- €300m hybrid issued in September 2019, callable at par by Eurofins in August/September 2022. Bears a fixed coupon of 2.875% until first call, Euribor 3m + 605.8 bp thereafter if not called
- €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
- €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 structured for optimum equity qualification by rating agencies

## Eurobond

- €500m Eurobond issued in Jan 2015, 7-yr maturity (Jan 2022) at an annual interest of 2.25%
- €500m Eurobond issued in Jul 2015, 7.5-yr maturity (Jan 2023) at an annual interest of 3.375%
- €650m Eurobond issued in Jul 2017, 7-yr maturity (Jul 2024) at an annual interest of 2.125%

## Schuldschein

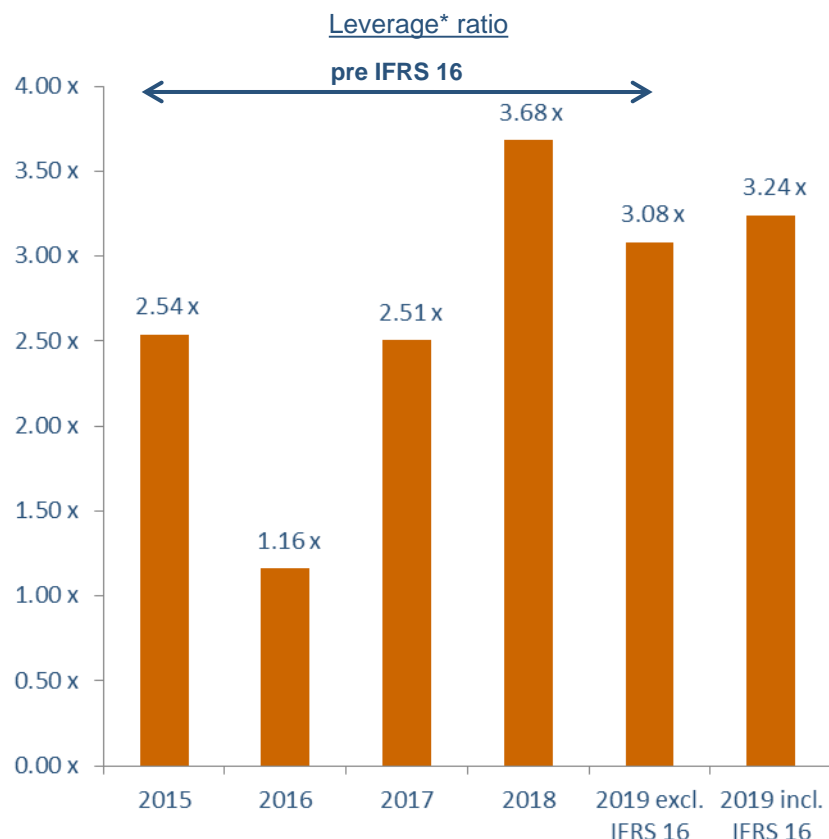
- €550m Schuldschein loan issued in Jul 2018 offering a blended interest rate of 1.38%\*\*\* with an average maturity of 5 years. Schuldschein was structured with maturities of 4-yr (Jul 2022) and 7-yr (Jul 2025) with both fixed and variable rates

\* Corrected for estimated cyber-attack impact

\*\* Margin depends on Eurofins' rating scenario: 517bp 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 31 December 2019



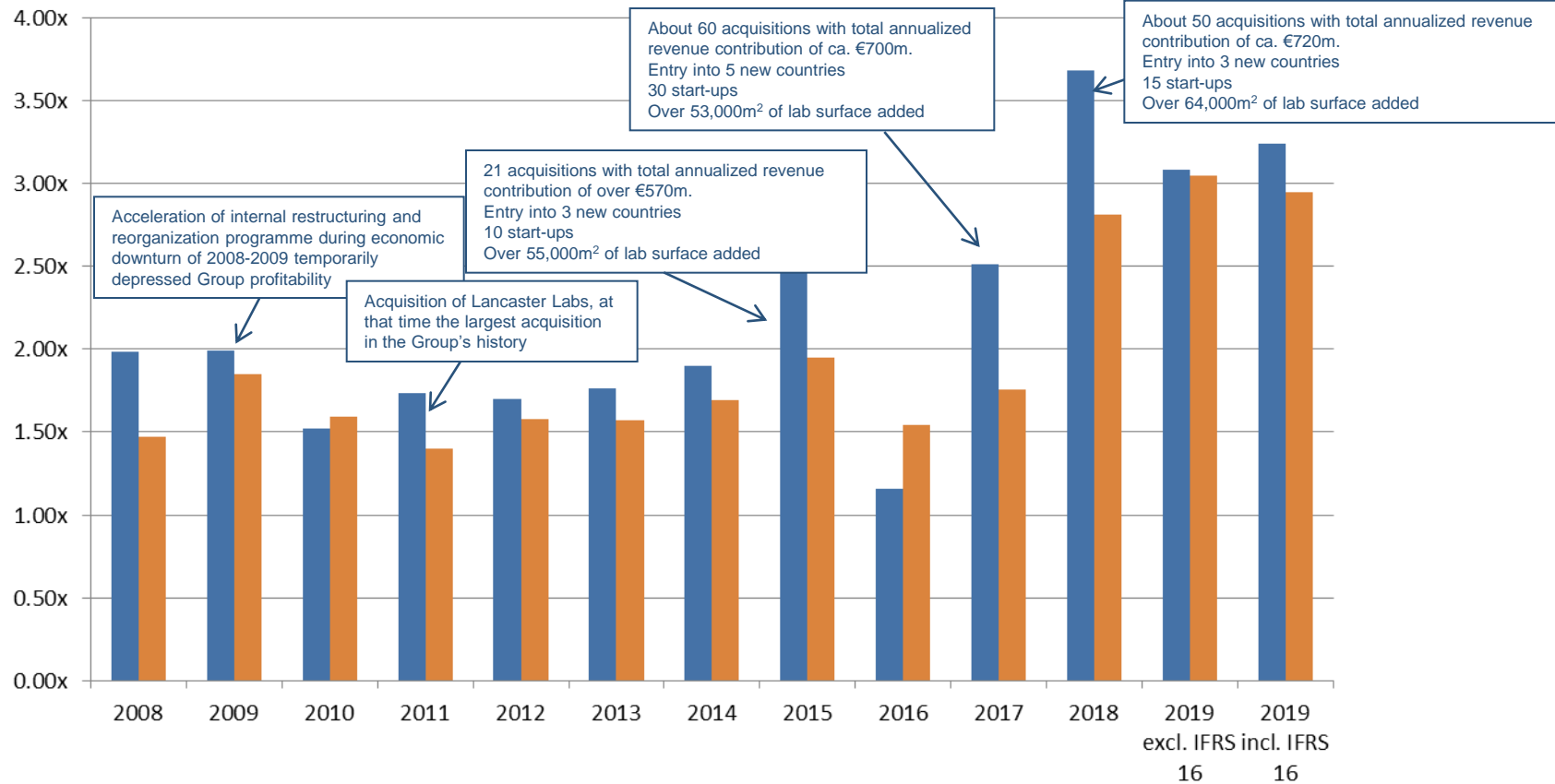
- **Leverage\* ratio back below historical self-imposed limit of 3.5x**
- **Large financial flexibility with fairly long financing maturity**
  - Hybrid capital of €300m; perpetual, callable 2022
  - €500m Eurobond issued in 2015; maturing 2022
  - €500m Eurobond issued in 2015; maturing 2023
  - Hybrid capital of €300m; perpetual, callable 2023
  - €650m Eurobond issued in 2017; maturing 2024
  - Hybrid capital of €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 below its self-imposed leverage limit and maintain significant balance sheet headroom and financial war chest**

\*Leverage = Net Debt / adjusted EBITDA

For FY 2019 adjusted EBITDA has also been corrected for the estimated cyber-attack impact

# Strong financial discipline at all times

## Leverage\*



■ Year-end net debt/proforma adjusted EBITDA

■ Average net debt\*\*/L12M adjusted EBITDA

\*Leverage = Net Debt / proforma adjusted EBITDA  
 For FY 2019 adjusted EBITDA has also been corrected for the estimated cyber-attack impact

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

- In 2019, the AGM appointed Deloitte Audit as new auditor resulting in improved audit coverage by Tier 1 and Tier 2 auditors
- All Luxembourg holding companies will be audited by Deloitte for 2019<sup>(3)</sup>

	FY 2019 accounts		FY 2018 accounts	
	Deloitte Audit coverage for Consolidated Financial Statements <sup>1</sup>	Tier 1 & Tier 2 auditors coverage for voluntary additional statutory audits <sup>2,3</sup>	PwC coverage for Consolidated Financial Statements <sup>1</sup>	Tier 1 & Tier 2 auditors coverage for voluntary additional statutory audits <sup>2</sup>
<b>External Sales</b>	<b>70%</b>	<b>92%</b>	<b>59%</b>	<b>87%</b>
<b>EBITDA</b>	<b>84%</b>	<b>99%</b>	<b>68%</b>	<b>93%</b>
<b>Total assets</b>	<b>85%</b>	<b>97%</b>	<b>80%</b>	<b>93%</b>

<sup>(1)</sup> Including review by Deloitte Audit (for 2019 accounts) and PwC (for 2018 accounts) of component auditors works

<sup>(2)</sup> Tier 1 (PwC, Deloitte, EY, KPMG), Tier 2 (RSM, Grant Thornton, BDO, Mazars, Moore Stephens, Crowe, Baker Tilly)

<sup>(3)</sup> Statutory audits are generally not required by law but requested by Eurofins as a voluntary extra layer of audit

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# Eurofins' business is aligned with 15 of the 17 United Nations Sustainable Development Goals

**Eurofins' Mission:** To contribute to a safer and healthier world by providing its customers with innovative and high quality laboratory, research and advisory services whilst creating opportunities for its employees and generating sustainable shareholder value.

➤ Eurofins' directly and indirectly supports 15 out of the



➤ The core of Eurofins' business is to help all its clients to ensure the safety of their products and services, which in turn benefit consumers' access to even healthier food products, more innovative pharmaceutical products and a clean environment

<sup>1</sup> Source: <https://www.un.org/sustainabledevelopment/>

- **Key Governance document additions including:**
  - Anti-Bribery Policy, Fair Competition Policy, Modern Slavery Statement, Equal Opportunities and Fair Employment Policy, Health and Safety Policy, Whistleblowing Policy, Supplier Code of Ethics, Privacy Policy
  
- **Disclosure of Remuneration Policy and benchmarks for Group Operating Council and Board of Directors**
  - Policy in line with best practice
  - Introduction of financial performance criteria for long-term incentives
  - Mandating minimum stock ownership requirement for executive management
  
- **Additional disclosures on number and attendance of Board and Committee meetings**
  
- **Proposal to appoint at least one new Independent Non-executive Director at the upcoming AGM (23 April 2020)**

## Related Party Transactions: Robust Audited Process to ensure Arms' Length Terms



- Corporate Governance (CG) Committee ensures that rentals with related parties are complying with best governance practice, especially with regards to:
  - Non-implication from related parties in the internal decision making
  - Arms' length terms and conditions, documented via independent third party reports (CBRE, C&W)
  - Independent audit by Grant Thornton on the works of the CG Committee
- At the end of 2019, Eurofins occupies more than 1,400 sites throughout the world, representing ca. 1.35million m<sup>2</sup> of total net floor area, of which more than 1million m<sup>2</sup> for laboratories:
  - 63% (ca. 850,000 m<sup>2</sup>) rented from third party landlords
  - 20% (ca. 270,000 m<sup>2</sup>) owned by Eurofins
  - 17% (ca. 230,000 m<sup>2</sup>) rented from related parties (ABSCA subsidiaries)
- For sites rented in 2019, annualised rent was the following:

€/m <sup>2</sup>	All sites worldwide	Labs & offices in countries with leases with 3 <sup>rd</sup> & related parties*
Third parties	130	139
Related parties	135	134

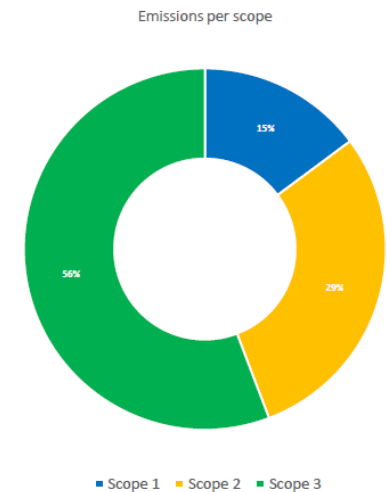
*\*covers 95% of the surfaces rented from related parties*

- Independent reports from BDO dated March 2019 confirmed that:
  - Sites owned by ABSCA subsidiaries and sold back to the market after Eurofins vacated the premises were overall sold below book value, generating a negative IRR for ABSCA of -1.85%
  - Pricing for lease extensions by Eurofins beyond the original term (approx. 10 years) resulted into an average 17% rent decrease

- **Carbon emissions for Eurofins Group estimated for the first time** (disclosure on methodology and outcome on next slide)
  
- **Carbon footprint reduction measures**
  - A number of programmes running across the Group
  
- **Carbon Compensation Programme 2019**
  - **Offset of 53,000 t** of CO2 via purchase and retirement of carbon credits in 2019
  - In 2019, via the provider **EcoAct**<sup>1</sup>, Eurofins supported projects managed by NGOs that not only absorb CO2 but also empower local populations through education as well as sustainable economic and social initiatives
  
- **Carbon Offset Programme 2020 and beyond**
  - Eurofins joined the Impact Fund “Livelihoods Funds” which implement CO2 sequestration or reduction programmes with high social and development impact.
  - Eurofins will receive and retire carbon credits from investment projects over fund term (20 years)
    - For more information, refer to slide on “Livelihoods Funds” programmes
  
- **Carbon Neutrality 2025 objective**
  - Eurofins objective to achieve **carbon neutrality by 2025**
  - Combination of reduction efforts and offsetting
  
- **Eurofins recognises the vital importance of managing its carbon footprint and has the clear objective to becoming carbon neutral mid-term**

<sup>1</sup> <https://eco-act.com/>

- **CO2 emissions calculation**
  - Calculation of Eurofins' carbon footprint
  - Performed by specialised external advisor, CO2logic<sup>1</sup> conforming with ISO 14064 and European Emissions Trading Scheme
  - Based on 8 Eurofins laboratories in North America and Europe covering 4,799 FTE's and assumed to be representative of our footprint and activity
  - Calculation for scopes 1, 2, and 3<sup>2</sup>
  - Estimated emissions calculated between **5.2 t and 11.2 t co2 equivalent per FTE depending on site**
- Eurofins recognises the vital importance of managing its carbon footprint and has the objective to becoming carbon neutral within 5 years



<sup>1</sup> <https://www.co2logic.com/>

<sup>2</sup> Defined as:

scope 1: direct emissions from owned or controlled sources

scope 2: indirect emissions from the generation of purchased energy – electricity and heat

scope 3: all indirect emissions (excl. scope 2) that occur in the value chain of the reporting company i.e. commuting, business travel, materials in (chemicals and paper use), freight and waste

## ➤ Investment

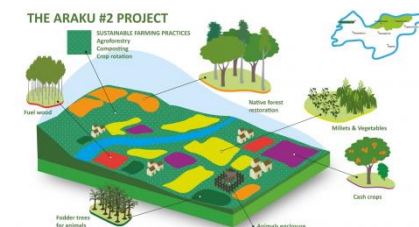
- Livelihoods Carbon Fund (LCF), an impact investment fund supporting the restoration and conservation of natural ecosystems in developing countries while improving the lives of the local communities
- **12 million tons of CO2** to be sequestered over 20 years
- Financed by 10 European corporates including Credit Agricole, Danone, La Poste, Michelin, and SAP

## ➤ Fund Investments (examples)

- Araku Valley, India: tree planting for food, biodiversity and economic growth
- Mangroves, Indonesia: 10,500 hectares restored to revitalize the coastal villages and create income generating opportunities for the local

## ➤ Commitment

- Commitment by Eurofins to invest **EUR 3 million over fund term**
- Part of **EUR 100m total investment volume**



### ➤ Social Highlights

- Over 20 laboratories with more than 1,000 FTE workforce are voluntarily accredited by ISO 45001 / OHSAS 18001 (occupational health and safety)
- Eurofins tracks TRIR<sup>1</sup> for more than 10,000 employees in the USA. TRIR in 2019 stood at 1.5 (unchanged vs 2018)
- Eurofins expanded its eLearning platform to employees across the Group. The first groupwide training on IT Security was successfully completed by more than 90%.

### ➤ Diversity

- Named one of Top 700 “FT Diversity Leaders 2020“ by Financial Times from 10,000 companies covered
- More than 25% female leaders for business unit managers and above, and over 50% for all leadership levels across the Group<sup>2</sup>
- About 55% female workforce across Eurofins
- 50% of women on Eurofins Board of Directors
- Eurofins Equality Driving Excellence Initiative
  - Equality Ambassador Council drives global diversity and equality initiatives
  - Using Women’s Empowerment Principles<sup>3</sup> as guidance

<sup>1</sup> TRIR = total recordable incidence rate = number of incidents requiring medical treatment per 200,000 hours worked (equivalent to 100 workers)

<sup>2</sup> Level 4 = Business Unit

Leadership includes all levels with at least one direct report

<sup>3</sup> Women’s Empowerment Principles established by UN Women and United Nations Global Compact

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# 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***

\*2020 and 2021 objectives include 5% organic growth and €200m annual revenues from acquisitions consolidated at mid-year in each of 2020 and 2021 (all objectives include IFRS 16 and are set at constant average 2019 FX rates).

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

## Conclusion: our sustainable competitive advantage



Best in class technology and quality give best brand protection

N° 1 or 2 worldwide in most business lines

Operating in more than 50 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; 5% - 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 10.7% and ROE\*\* of 11.6% in 2019 despite significant future-orientated investments and one-off restructuring costs. ROCE\* excluding goodwill of over 42%
- 5-year CAGR (FY 2014 - FY 2019): Revenues 26%, Net Operating Cash Flow 26% (including IFRS 16 impact in FY 2019)
- Large potential to roll out business model in fast growing economies
- Following past intense investment cycles Eurofins' network of laboratories is well positioned for the Group to achieve €5bn revenues in 2020 and €5.45bn revenues in 2021\*\*\* 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 (both ROCE & ROE excl. IFRS 16 and are corrected for estimated cyber-attack impact in FY 2019)

\*\*\*2020 and 2021 objectives include 5% organic growth and €200m annual revenues from acquisitions consolidated at mid-year in each of 2020 and 2021 (all objectives include IFRS 16 and are set at constant average 2019 FX rates).

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# Consolidated Income Statement



## Consolidated Income Statement (2019 figures include IFRS 16 impact)

For the year ended 31 December 2019

EUR Millions	2019			2018		
	Adjusted results	Separately disclosed items	Reported results	Adjusted results	Separately disclosed items	Reported results
<b>Revenues</b>	<b>4,562.8</b>		<b>4,562.8</b>	<b>3,781.1</b>	-	<b>3,781.1</b>
Operating costs, net	-3,632.1	-97.8	-3,729.8	-3,061.3	-68.4	-3,129.7
<b>EBITDA</b>	<b>930.7</b>	<b>-97.8</b>	<b>833.0</b>	<b>719.8</b>	<b>-68.4</b>	<b>651.4</b>
Depreciation and amortisation	-357.2	-38.7	-395.9	-199.1	-24.7	-223.7
<b>EBITAS</b>	<b>573.5</b>	<b>-136.5</b>	<b>437.0</b>	<b>520.8</b>	<b>-93.1</b>	<b>427.7</b>
Share-based payment charge and acquisition-related expenses, net	-	-70.5	-70.5	-	-83.7	-83.7
EBIT	573.5	-206.9	366.6	520.8	-176.8	344.0
Finance income	1.9	3.3	5.2	2.2	11.5	13.7
Finance costs	-98.8	-2.0	-100.9	-62.3	-5.9	-68.2
Share of profit of associates	0.6		0.6	0.4	-	0.4
Profit before income taxes	477.2	-205.6	271.5	461.0	-171.2	289.8
Income tax expense	-116.9	40.6	-76.3	-105.0	38.7	-66.3
<b>Net profit for the year</b>	<b>360.3</b>	<b>-165.0</b>	<b>195.3</b>	<b>356.1</b>	<b>-132.5</b>	<b>223.6</b>
<b>Attributable to:</b>						
Equity holders of the Company and hybrid capital investors	<b>359.4</b>	<b>-164.1</b>	<b>195.2</b>	<b>355.8</b>	<b>-131.9</b>	<b>223.9</b>
Non-controlling interests	0.9	-0.9	-	0.3	-0.6	-0.4
Earnings per share (basic) in EUR						
- Total	20.19	-9.22	10.97	20.11	-7.45	12.65
- Attributable to hybrid capital investors	2.70	0.09	2.79	2.45	0.29	2.75
- Attributable to equity holders of the Company	17.49	-9.31	8.18	17.65	-7.74	9.91
Earnings per share (diluted) in EUR						
- Total	19.27	-8.80	10.47	19.44	-7.20	12.24
- Attributable to hybrid capital investors	2.58	0.09	2.66	2.37	0.28	2.66
- Attributable to equity holders of the Company	16.69	-8.89	7.81	17.07	-7.49	9.58
Weighted average shares outstanding (basic) - in millions	17.8		17.8	17.7		17.7
Weighted average shares outstanding (diluted) - in millions	18.6		18.6	18.3		18.3

# Consolidated Balance Sheet



## Consolidated Balance Sheet (2019 figures include IFRS 16 impact)

EUR Millions	31 December 2019	31 December 2018
Cash		
Property, plant and equipment	1,593.5	1,018.0
Goodwill	3,608.8	3,418.3
Other intangible assets	918.2	946.9
Investments in associates	5.3	5.1
Financial assets and other receivables	49.2	67.6
Deferred tax assets	44.0	44.2
<b>Total non-current assets</b>	<b>6,218.9</b>	<b>5,500.0</b>
Inventories	79.3	66.4
Trade receivables and contract assets	1,001.2	864.9
Prepaid expenses and other current assets	153.0	148.0
Current income tax assets	73.4	73.1
Derivative financial instruments assets	0.3	46.8
Cash and cash equivalents	297.0	506.2
<b>Total current assets</b>	<b>1,604.1</b>	<b>1,705.4</b>
<b>Total assets</b>	<b>7,823.1</b>	<b>7,205.4</b>
Share capital	1.8	1.8
Treasury Shares	-0.2	-0.2
Hybrid capital	1,000.0	1,000.0
Other reserves	978.2	954.8
Retained earnings	718.9	659.2
Currency translation reserve	139.8	53.6
Total attributable to equity holders of the Company	2,838.6	2,669.2
Non-controlling interests	59.5	53.0
<b>Total shareholders' equity</b>	<b>2,898.1</b>	<b>2,722.2</b>
Borrowings	3,086.9	2,766.2
Derivative financial instruments liabilities	-	-
Deferred tax liabilities	124.5	138.6
Amounts due for business acquisitions	51.7	57.8
Employee benefit obligations	75.3	64.1
Provisions	5.1	6.0
<b>Total non-current liabilities</b>	<b>3,343.4</b>	<b>3,032.6</b>
Borrowings	454.8	391.1
Interest and earnings due on hybrid capital	50.0	66.0
Trade accounts payable	409.8	373.0
Contract liabilities	116.4	102.7
Current income tax liabilities	20.7	39.4
Amounts due for business acquisitions	62.2	66.0
Provisions	22.0	16.3
Other current liabilities	445.6	396.2
<b>Total current liabilities</b>	<b>1,581.6</b>	<b>1,450.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,823.1</b>	<b>7,205.4</b>

# Consolidated Cash Flow Statement



## Consolidated Cash Flow Statement (2019 figures include IFRS 16 impact)

For the year ended 31 December 2019

EUR Millions	2019	2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	271.5	289.8
Adjustments for:		
Depreciation and amortisation	395.9	223.7
Share-based payment charge and acquisition-related expenses, net	70.5	83.7
Other non-cash effects	4.6	1.6
Financial income and expense, net	96.1	52.1
Share of profit from associates	-0.6	-0.4
Transactions costs and income related to acquisitions	-8.3	-17.5
Increase/ decrease in provisions, employee benefit obligations	7.3	-0.6
Change in net working capital	-64.2	-20.8
<b>Cash generated from operations</b>	<b>772.9</b>	<b>611.7</b>
Income taxes paid	-95.0	-67.8
<b>Net cash provided by operating activities</b>	<b>677.9</b>	<b>543.9</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-380.8	-322.2
Purchase, capitalisation of intangible assets	-44.3	-42.2
Proceeds from sale of property, plant and equipment	5.4	3.1
<i>Net capex</i>	<i>-419.7</i>	<i>-361.4</i>
<i>Free Cash Flow to the Firm<sup>1</sup></i>	<i>258.2</i>	<i>182.5</i>
Acquisition of subsidiaries net of cash acquired and proceeds from disposals of subsidiaries	-171.0	-1,254.3
Change in investments, financial assets and derivative financial instrument, net	47.6	53.9
Interest received	2.9	4.3
<b>Net cash used in investing activities</b>	<b>-540.2</b>	<b>-1,557.4</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	23.4	20.0
Proceeds from borrowings	294.8	1,189.4
Repayments of borrowings	-445.0	-367.0
Proceeds from issuance of hybrid capital	297.6	-
Change in hybrid capital	-300.0	-0.1
Dividends paid to shareholders and non-controlling interests	-51.4	-42.6
Earnings paid to hybrid capital investors	-68.4	-48.6
Interest paid	-93.3	-60.0
<b>Net cash provided by financing activities</b>	<b>-342.2</b>	<b>691.1</b>
Net effect of currency translation on cash and cash equivalents and bank overdrafts	4.1	1.5
<b>Net increase (decrease) in cash equivalents and bank overdrafts</b>	<b>-200.5</b>	<b>-321.0</b>
Cash and cash equivalents and bank overdrafts at beginning of period	495.0	816.0
<b>Cash and cash equivalents and bank overdrafts at end of period</b>	<b>294.5</b>	<b>495.0</b>

<sup>1</sup>Free Cash Flow to the Firm – Net cash provided by operating activities, less net capex.

# IFRS 16 impact on Income Statement

	FY 2019 excluding IFRS 16	IFRS 16 impact	FY 2019 Reported Results	FY 2018 Reported Results
<i>In EUR m</i>				
Revenues	4,562.8	-	4,562.8	3,781.1
Operating costs, net	-3,860.6	130.8	-3,729.8	-3,129.7
<b>EBITDA</b>	702.2	130.8	833.0	651.4
Depreciation and amortisation	-285.1	-110.8	-395.9	-223.7
<b>EBITAS</b>	417.0	20.0	437.0	427.7
Share-based payment charge and acquisition-related expenses, net	-70.5	-	-70.5	-83.7
<b>EBIT</b>	346.6	20.0	366.6	344.0
Finance income	5.2	-	5.2	13.7
Finance costs	-73.7	-27.1	-100.9	-68.2
Share of profit of associates	0.6	-	0.6	0.4
Profit before income taxes	278.7	-7.1	271.5	289.8
Income tax expense	-78.3	2.0	-76.3	-66.3
<b>Net profit for the year</b>	200.4	-5.1	195.3	223.6
<b>Attributable to:</b>				
Equity holders of the Company and hybrid capital investors	200.4	-5.2	195.2	223.9
Non-controlling interests	0.0	-	0.0	-0.4
Earnings per share (basic) in EUR				
- Total	11.26	-0.29	10.97	12.65
- Attributable to hybrid capital investors	2.79	-	2.79	2.75
- Attributable to equity holders of the Company	8.47	-0.29	8.18	9.91
Earnings per share (diluted) in EUR				
- Total	10.75	-0.28	10.47	12.24
- Attributable to hybrid capital investors	2.66	-	2.66	2.66
- Attributable to equity holders of the Company	8.08	-0.27	7.81	9.58
Weighted average shares outstanding (basic) - in millions				
	17.8		17.8	17.7
Weighted average shares outstanding (diluted) - in millions				
	18.6		18.6	18.3

# IFRS 16 impact on Balance Sheet

In EUR m	FY 2019 excluding IFRS 16	IFRS 16 impact	FY 2019 Reported Results	FY 2018 Reported Results
Property, plant and equipment	1,106.2	487.3	1,593.5	1,018.0
Goodwill	3,608.8		3,608.8	3,418.3
Other intangible assets	918.2		918.2	946.9
Investments in associates	5.3		5.3	5.1
Financial assets and other receivables	49.2		49.2	67.6
Deferred tax assets	34.3	9.7	44.0	44.2
<b>Total non-current assets</b>	<b>5,722.0</b>	<b>496.9</b>	<b>6,218.9</b>	<b>5,500.0</b>
Inventories	79.3		79.3	66.4
Trade receivables and contract assets	1,001.2		1,001.2	864.9
Prepaid expenses and other current assets	153.0		153.0	148.0
Current income tax assets	73.4		73.4	73.1
Derivative financial instruments assets	0.3		0.3	46.8
Cash and cash equivalents	297.0		297.0	506.2
<b>Total current assets</b>	<b>1,604.1</b>		<b>1,604.1</b>	<b>1,705.4</b>
<b>Total assets</b>	<b>7,326.2</b>	<b>496.9</b>	<b>7,823.1</b>	<b>7,205.4</b>
Share capital	1.8		1.8	1.8
Treasury shares	-0.2		-0.2	-0.2
Hybrid capital	1,000.0		1,000.0	1,000.0
Other reserves	978.2		978.2	954.8
Retained earnings	745.7	-26.8	718.9	659.2
Currency translation reserve	139.8		139.8	53.6
Total attributable to equity holders of the Company	2,865.4	-26.8	2,838.6	2,669.2
Non-controlling interests	59.5		59.5	53.0
<b>Total shareholders' equity</b>	<b>2,924.9</b>	<b>-26.8</b>	<b>2,898.1</b>	<b>2,722.2</b>
Borrowings	2,680.7	406.1	3,086.9	2,766.2
Derivative financial instruments liabilities	-		-	-
Deferred tax liabilities	124.5		124.5	138.6
Amounts due for business acquisitions	51.7		51.7	57.8
Employee benefit obligations	75.3		75.3	64.1
Provisions	5.1		5.1	6.0
<b>Total non-current liabilities</b>	<b>2,937.3</b>	<b>406.1</b>	<b>3,343.4</b>	<b>3,032.6</b>
Borrowings	337.2	117.6	454.8	391.1
Interest and earnings due on hybrid capital	50.0		50.0	66.0
Trade accounts payable	409.8		409.8	373.0
Contract liabilities	116.4		116.4	102.7
Current income tax liabilities	20.7		20.7	39.4
Amounts due for business acquisitions	62.2		62.2	66.0
Provisions	22.0		22.0	16.3
Other current liabilities	445.6		445.6	396.2
<b>Total current liabilities</b>	<b>1,464.0</b>	<b>117.6</b>	<b>1,581.6</b>	<b>1,450.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,326.2</b>	<b>496.9</b>	<b>7,823.1</b>	<b>7,205.4</b>

# IFRS 16 impact on Cash Flow Statement

<i>In EUR m</i>	FY 2019 excluding IFRS 16	IFRS 16 Impact	FY 2019 Reported	FY 2018 Reported
<b>Cash flows from operating activities</b>				
Profit before income taxes	278.7	-7.2	271.5	289.8
Adjustments for:				
Depreciation and amortisation	285.1	110.8	395.9	223.7
Share-based payment charge and acquisition-related expenses, net	70.5		70.5	83.7
Other non-cash effects	5.2	-0.5	4.6	1.6
Financial income and expense, net	68.9	27.1	96.1	52.1
Share of profit from associates	-0.6		-0.6	-0.4
Transactions costs and income related to acquisitions	-8.3		-8.3	-17.5
Increase/decrease in provisions, employee benefit obligations	7.3		7.3	-0.6
Change in net working capital	-64.2		-64.2	-20.8
<b>Cash generated from operations</b>	<b>642.6</b>	<b>130.3</b>	<b>772.9</b>	<b>611.7</b>
Income taxes paid	-95.0		-95.0	-67.8
<b>Net cash provided by operating activities</b>	<b>547.6</b>	<b>130.3</b>	<b>677.9</b>	<b>543.9</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	-280.2	-100.6	-380.8	-322.2
Purchase, capitalisation of intangible assets	-44.3		-44.3	-42.2
Proceeds from sale of property, plant and equipment	3.2	2.2	5.4	3.1
<i>Net capex</i>	<i>-321.4</i>	<i>-98.3</i>	<i>-419.7</i>	<i>-361.4</i>
Free cash Flow to the Firm <sup>1</sup>	226.2	31.9	258.2	182.5
Acquisitions of subsidiaries net of cash acquired and proceeds from disposals of subsidiaries	-171.0		-171.0	-1,254.3
Change in investments, financial assets and derivative financial instruments, net	47.6		47.6	53.9
Interest received	2.9		2.9	4.3
<b>Net cash used in investing activities</b>	<b>-441.9</b>	<b>-98.3</b>	<b>-540.2</b>	<b>-1,557.4</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital	23.4		23.4	19.9
Proceeds from borrowings	194.7	100.1	294.8	1,189.4
Repayments of borrowings	-340.1	-104.9	-445.0	-367.0
Proceeds from issuance of hybrid capital	297.6		297.6	
Change in hybrid capital	-300.0		-300.0	-0.1
Dividends paid to shareholders and non-controlling interests	-51.4		-51.4	-42.6
Earnings paid to hybrid capital investors	-68.4		-68.4	-48.6
Interest paid	-66.1	-27.1	-93.3	-60.0
<b>Net cash provided by financing activities</b>	<b>-310.3</b>	<b>-31.9</b>	<b>-342.2</b>	<b>691.1</b>
Net effect of currency translation on cash and cash equivalents and bank overdrafts	4.1		4.1	1.5
<b>Net increase (decrease) in cash and cash equivalents and bank overdrafts</b>	<b>-200.5</b>		<b>-200.5</b>	<b>-321.0</b>
Cash and cash equivalents and bank overdrafts at beginning of period	495.0		495.0	816.0
<b>Cash and cash equivalents and bank overdrafts at end of period</b>	<b>294.5</b>		<b>294.5</b>	<b>495.0</b>

<sup>1</sup>Free Cash Flow to the Firm – Net cash provided by operating activities, less net capex.

- Executive Summary
- Market & Strategic Positioning
- Financial review
- ESG
- Outlook
- Summarised Financial Statements
- **Appendix**

# Eurofins legal structure is very straightforward, aligned with its leadership structure by country and area of activity and set up to foster entrepreneurship



- Eurofins' structure fosters entrepreneurship:
  - Small, agile legal entities → 1 managing director / president in charge of each entity with full profit & loss and balance sheet responsibility
  - Companies are focused on one market and one activity. Support functions (accounting, treasury, finance reporting and financial controlling) are handled by teams in the National Service Centres (NSCs) independent of leaders of operating companies (reporting to Group CFO)
  - Whenever justified by size, a central competence centre (hub) is created
  - Clear focus of responsibilities and performance empowers leaders and speeds up decision making
    - As a result, Eurofins consistently delivers better organic growth than its peers
- Simple legal structure:
  - 1 holding company per country and market. Under this holding company all operational companies operating in that market in one country. Separate entities by nature: operational (by business line), real estate and finance/reporting
- Changes to align acquired companies with Eurofins' target legal structure is in part a consequence of its M&A history:
  - Large number of acquisitions since IPO
  - Companies acquired are usually too diversified and are often split post acquisition or some of the activities transferred to other legal entities to achieve the desired clean Eurofins structure, aligned with Eurofins' hub and spoke model. This process can last several years
  - If the transfer takes place more than a year after the acquisition, we then typically must conduct a revaluation to comply with local fiscal rules (the seller must sell assets at fair value - which may come with a profit or a loss for the seller compared to the original book value of assets to be transferred). For this, we apply valuation formulas which are reviewed by local auditors
  - Those transactions are part of an internal reorganisation and given that the buyer and seller are both fully consolidated in the Group accounts, any resulting profit or loss generated locally is eliminated at Group level and doesn't have any impact on Eurofins Group's consolidated financial statements
  - Any profit or loss made by the seller is not reflected at the seller's parent level either since the parent isn't a party to the transaction

## Companies acquired are usually too diversified and their activities need to be transferred to the respective legal entities post-acquisition

*Example: Eurofins acquisition of Exova in 2016*



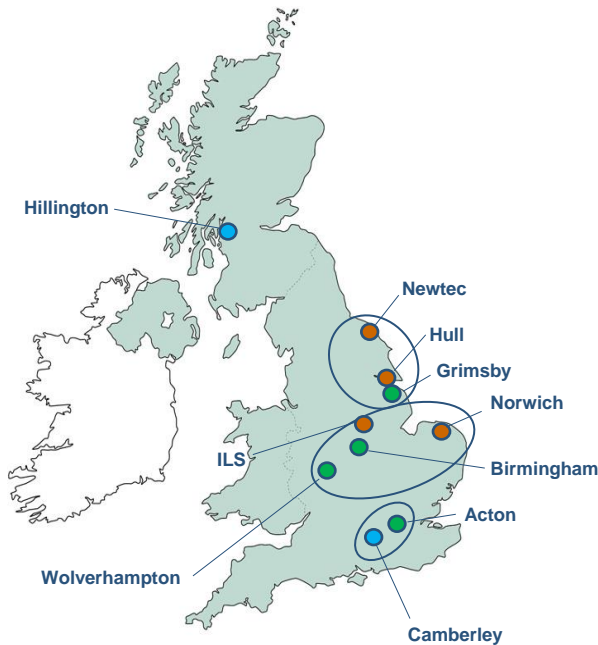
- Exova 2016 Limited was acquired by Eurofins Food Testing LUX Holding in 2016
- Exova 2016 Limited was servicing 5 different markets, organised across 6 different laboratory sites:
  - Grimsby site (Food and Water Testing)
  - Birmingham site (Food and Water Testing)
  - Hillington site (Water Testing)
  - Camberley site (Water Testing)
  - Cork site (Food Testing Ireland) – set up as a separate legal entity in Ireland post-acquisition
  - Edinburgh site (BioPharma Product Testing)
- Post-acquisition these businesses were transferred to the respective legal entities to align the structure with Eurofins hub and spoke model
  - Food Testing activities (Grimsby and Birmingham) were sold to Eurofins Food Testing UK Limited
  - Water Hygiene Testing activities (Grimsby, Hillington, Wolverhampton and Camberley) were sold to Eurofins Acton Limited which was then renamed Eurofins Water Hygiene Testing UK Limited
  - Once all aforementioned transactions were completed, BioPharma Product Testing was the sole remaining business from the acquisition of Exova 2016 Ltd. and the legal entity was renamed Eurofins BioPharma Product Testing UK Limited

# Site Footprint Evolution from 2016 to 2019 – Food and Water Testing UK including Exova

## Illustrative example

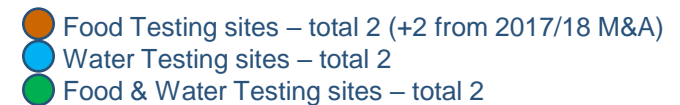
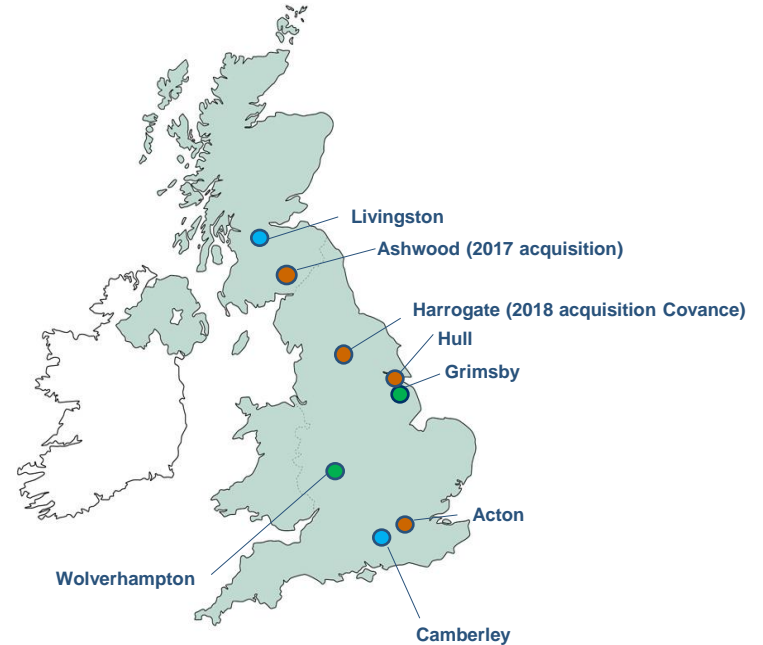
### Before reorganisation

2016



### After reorganisation to optimise footprint

2019



- Companies acquired often operate in multiple diversified sectors and have inefficient or competing footprints
- Post-acquisition Eurofins transfers activities and sites to achieve the desired Eurofins structure, aligned with its hub and spoke model. This process can last several years.

# Eurofins legal structure in the U.K.

## Food and BioPharma Product Testing example

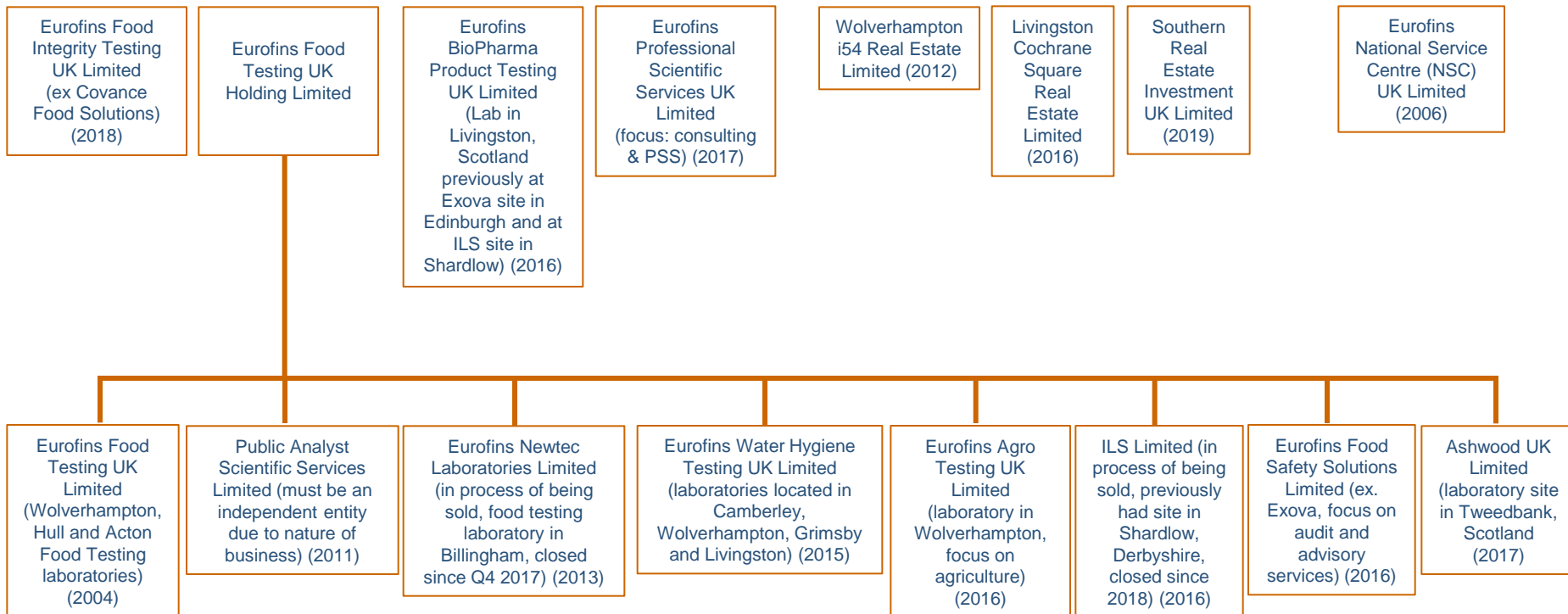


### Food Testing

### BioPharma Product Testing



### Real Estate Entities

### Administration Entities



\*year in parenthesis = year company entered Eurofins' scope

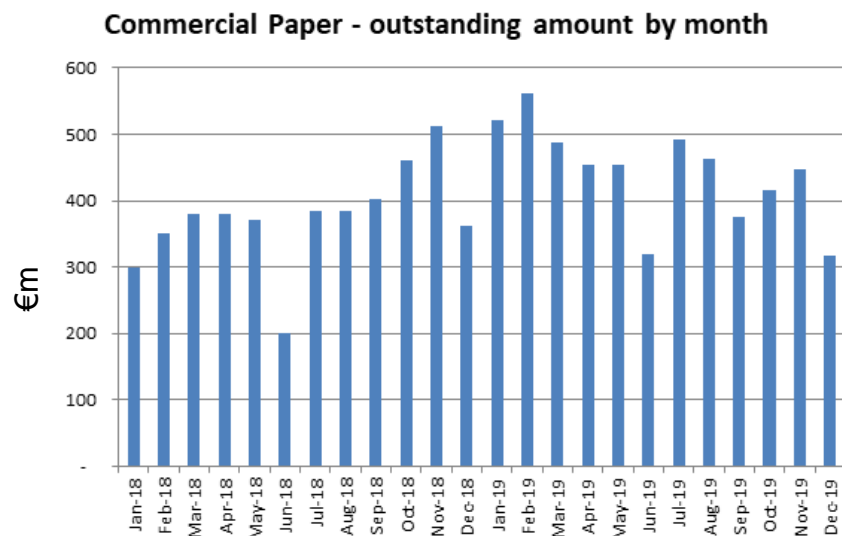
- Impairments at the local level are not automatically reflected in the Group's consolidated accounts for the following main reasons:

	<u>Local Statutory Accounts</u>	<u>Consolidated Accounts</u>	
<b>Accounting Rules</b>	<b>Local GAAP</b> (applicable legislation for preparing the local statutory accounts)	<b>IFRS standards</b> (applicable legislation for preparing the Group consolidated accounts)	 These may differ
<b>Scope and Materiality level</b>	Impairment test done at local level and according to the relevant local materiality threshold	Impairment test done at a higher level, cash generating units (defined in accordance with IFRS and reviewed by auditors)	 These may differ

- Activities are often transferred within a large scope and many operational subcontracting relationships between Group companies exist

- **Eurofins Scientific S.E. has had access to the French NEU-CP market since September 2017**
  - 2<sup>nd</sup> Commercial Paper (CP) market in Europe, 3<sup>rd</sup> worldwide – most favourable to Eurofins as an unrated issuer
  - Market is highly transparent thanks to daily, weekly and monthly data published by Banque de France on all issuers\*
  
- **Utilisation of the French NEU-CP market by Eurofins**
  - Frequent issuer under its EUR 750m program, maturity of CP between 1 month and 6 months; all at negative interest rates
  - 100% issued CP amount backed by undrawn & available bilateral committed mid-term (3 to 5 years) bank lines
  - Main objective: optimise short-term financing utilising negative interest rates, secured by long-term credit facilities

## Eurofins NEU-CP - Outstanding amount by month

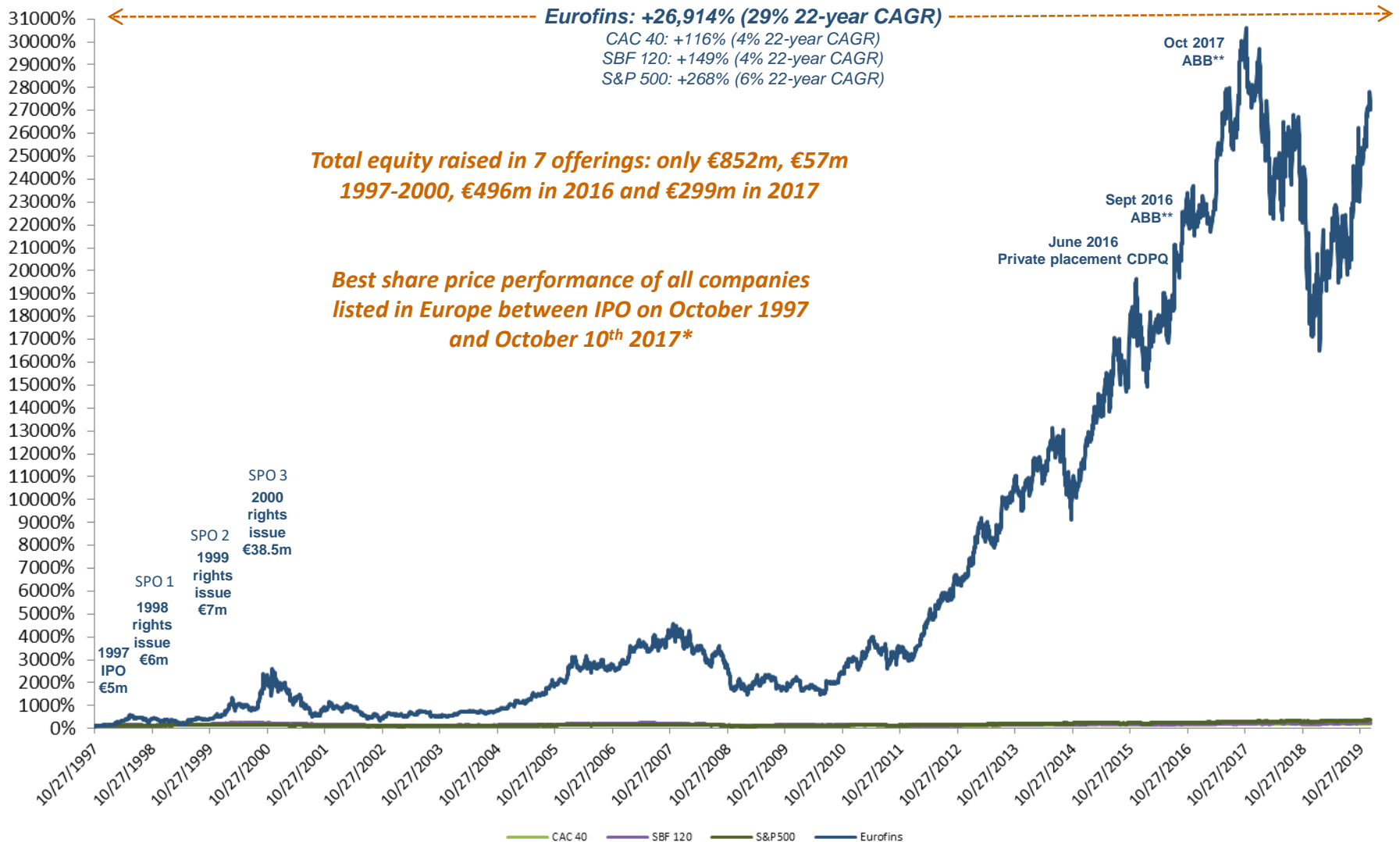


## □ Variation intra-year of outstanding amounts

- Week-on-week amounts are marginally impacted by seasonality of Eurofins cash-flow
- Traditionally, maturing CP is rolled for the same amount, same maturity
- However, at end of quarter (and more importantly at end of semester) outstanding amounts are driven by investors' demand, which falls at those dates (reporting dates for them)
- CP demand strongly resumes at the beginning of each semester; Eurofins meets non-rolled CP with a mix of available cash and drawings on its committed midterm bank credit lines that were used as back-up for the corresponding CP

# Eurofins has vastly outperformed the market since its IPO

(based on share price of €494.20 as of 31 December 2019)



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

\*\*ABB: Accelerated Book Building

# Shareholder Returns: TICS & Clinical Diagnostics Companies



Shareholder Returns (based on share prices as of close 31.12.2019)																		
	Based on share prices									Total Shareholder Returns (Assumes all dividends re-invested)								
	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Eurofins	100.0	217.5	348.8	376.4	571.4	719.0	901.1	578.7	877.3	100.0	219.5	354.4	384.6	586.6	741.4	933.0	602.2	919.5
SGS	100.0	130.3	132.0	131.5	122.9	133.2	163.4	142.1	170.5	100.0	135.3	140.4	144.3	139.7	156.6	198.5	178.1	220.4
Intertek	100.0	152.3	154.7	114.7	136.5	171.1	255.0	235.9	287.6	100.0	154.3	158.8	119.8	145.3	185.1	280.2	263.3	327.3
BV	100.0	150.4	150.9	130.1	130.7	130.8	162.7	126.4	165.3	100.0	153.1	156.9	138.3	142.2	146.1	185.7	148.9	199.7
ALS	100.0	110.2	91.2	55.6	41.3	66.2	76.6	74.3	100.6	100.0	115.6	100.7	64.3	49.5	80.9	99.6	99.5	139.4
Quest Diagnostics	100.0	100.4	92.2	115.5	122.5	158.3	169.6	143.4	183.9	100.0	101.5	95.2	121.9	132.0	174.1	190.1	163.8	214.8
Sonic Healthcare	100.0	118.2	147.0	164.0	158.4	189.7	202.7	196.0	254.9	100.0	123.9	160.7	186.4	186.5	231.6	267.1	267.7	360.6
Charles River	100.0	137.1	194.1	232.9	294.1	278.8	400.5	414.1	558.9	100.0	137.1	194.1	232.9	294.1	278.8	400.5	414.1	558.9
Neogen	100.0	147.9	223.7	242.8	276.7	323.1	402.5	372.1	426.0	100.0	147.9	223.7	242.8	276.7	323.1	402.5	372.1	426.0
Opko	100.0	98.2	172.2	203.9	205.1	189.8	100.0	61.4	30.0	100.0	98.2	172.2	203.9	205.1	189.8	100.0	61.4	30.0
Labcorp	100.0	100.8	106.3	125.5	143.8	149.3	185.5	147.0	196.8	100.0	100.8	106.3	125.5	143.8	149.3	185.5	147.0	196.8
Idexx	100.0	120.6	138.2	192.7	189.5	304.8	406.4	483.4	678.6	100.0	120.6	138.2	192.7	189.5	304.8	406.4	483.4	678.6
FTSE100	100.0	105.8	121.1	117.8	112.0	128.2	138.0	120.7	135.4	100.0	110.0	130.5	131.5	129.7	154.5	173.0	157.8	185.0
DAX	100.0	129.1	161.9	166.2	182.1	194.6	219.0	179.0	224.6	100.0	129.1	161.9	166.2	182.1	194.6	219.0	179.0	224.6
S&P500	100.0	113.4	147.0	163.7	162.5	178.0	212.6	199.3	256.9	100.0	116.0	153.5	174.5	176.9	198.1	241.3	230.7	303.4
CAC40	100.0	115.2	136.0	135.2	146.8	153.9	169.0	149.7	189.2	100.0	120.4	147.1	150.8	168.9	183.7	206.8	190.0	247.8

Figure 1 Share price evolution 2011-2019

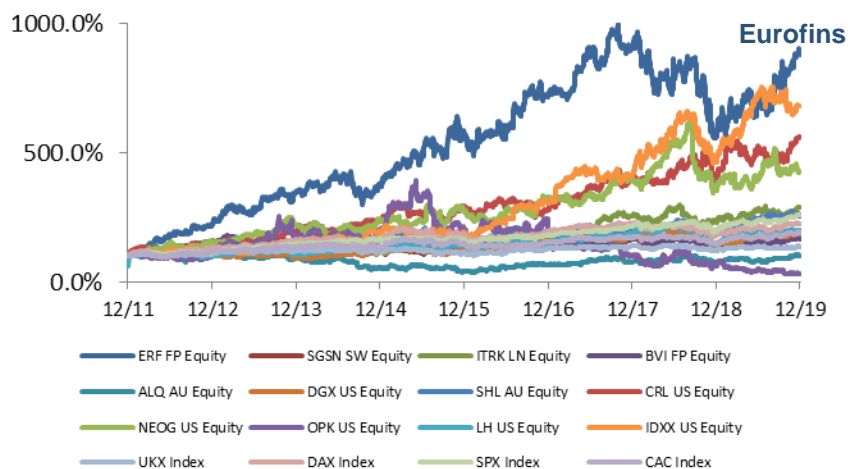
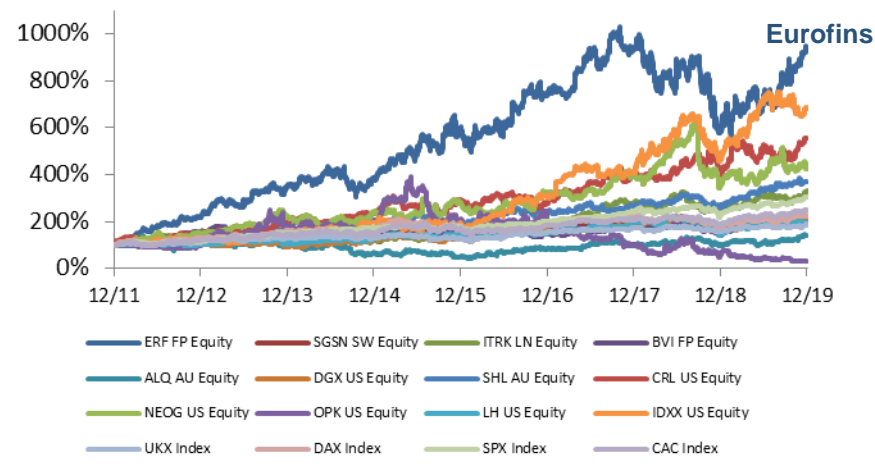


Figure 2 Total Shareholder Returns 2011-2019 (Assumes all dividends re-invested)



# Shareholder Returns: TICS & Clinical Diagnostics Companies



	Historical Share Price Development (Y vs Y-1)								Compounded Growth				
	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	5Y Growth	2 Y 2018- 2019	3Y 2017- 2019	4 Y 2016- 2019	5Y 2015- 2019	
Eurofins	60.4%	7.9%	51.8%	25.8%	25.3%	-35.8%	51.6%	133.1%	-1%	7%	11%	18%	
SGS	1.3%	-0.3%	-6.6%	8.4%	22.6%	-13.0%	20.0%	29.6%	2%	9%	9%	5%	
Intertek	1.6%	-25.9%	19.0%	25.4%	49.1%	-7.5%	21.9%	150.7%	6%	19%	20%	20%	
BV	0.4%	-13.8%	0.4%	0.1%	24.4%	-22.3%	30.7%	27.0%	1%	8%	6%	5%	
ALS	-17.2%	-39.0%	-25.7%	60.2%	15.7%	-3.0%	35.4%	80.9%	15%	15%	25%	13%	
Quest Diagnostics	-8.1%	25.3%	6.1%	29.2%	7.2%	-15.5%	28.2%	59.2%	4%	5%	11%	10%	
Sonic Healthcare	24.4%	11.6%	-3.4%	19.8%	6.8%	-3.3%	30.0%	55.4%	12%	10%	13%	9%	
Charles River	41.6%	20.0%	26.3%	-5.2%	43.7%	3.4%	35.0%	140.0%	18%	26%	17%	19%	
Neogen	51.3%	8.5%	14.0%	16.8%	24.6%	-7.6%	14.5%	75.5%	3%	10%	11%	12%	
Opko	75.5%	18.4%	0.6%	-7.5%	-47.3%	-38.6%	-51.2%	-85.3%	-45%	-46%	-38%	-32%	
Labcorp	5.5%	18.1%	14.6%	3.8%	24.2%	-20.8%	33.9%	56.8%	3%	10%	8%	9%	
Idexx	14.6%	39.4%	-1.6%	60.8%	33.4%	19.0%	40.4%	252.2%	29%	31%	38%	29%	
FTSE100	14.4%	-2.7%	-4.9%	14.4%	7.6%	-12.5%	12.1%	14.9%	-1%	2%	5%	3%	
DAX	25.5%	2.7%	9.6%	6.9%	12.5%	-18.3%	25.5%	35.1%	1%	5%	5%	6%	
S&P500	29.6%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	56.9%	10%	13%	12%	9%	
CAC40	18.0%	-0.5%	8.5%	4.9%	9.8%	-11.4%	26.4%	39.9%	6%	7%	7%	7%	

Source: Bloomberg

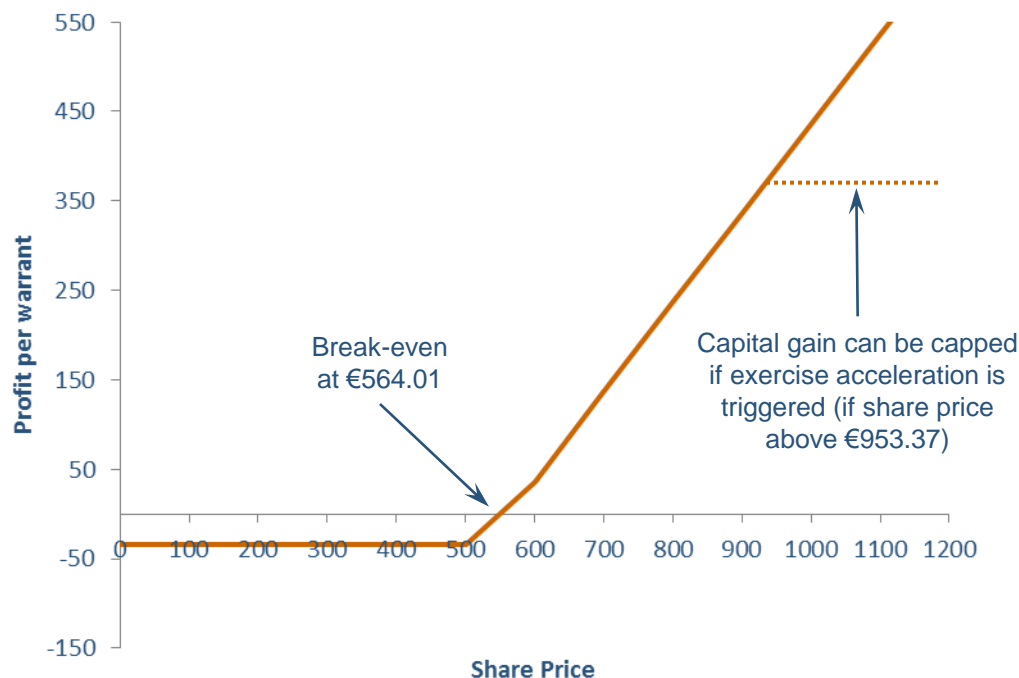
Based on share prices at close of 31 December of each year

Long term (since IPO) Eurofins performance track record (Compounded Annual Growth Rates)										
	6Y CAGR IPO 27/10/1997 - 31/12/2004	Eurofins Outperformance Factor	5Y CAGR 01/01/2005- 31/12/2008	Eurofins Outperformance Factor	5Y CAGR 01/01/2009- 31/12/2013	Eurofins Outperformance Factor	6Y CAGR 01/01/2014- 31/12/2019	Eurofins Outperformance Factor	<b>22Y CAGR 27.10.1997- 31/12/2019</b>	Eurofins Outperformance Factor
Eurofins	44.6%		15.6%		40.8%		16.6%		<b>29.0%</b>	
FTSE100	-0.1%	N/A	-1.6%	N/A	8.8%	4.7x	1.9%	8.9x	<b>2.0%</b>	14.2x
DAX	1.6%	28.6x	2.3%	6.8x	14.7%	2.8x	5.6%	3.0x	<b>5.7%</b>	5.0x
S&P500	5.5%	8.1x	-5.6%	N/A	15.4%	2.7x	9.8%	1.7x	<b>6.1%</b>	4.7x
CAC40	5.5%	8.1x	-3.6%	N/A	5.9%	6.9x	5.7%	2.9x	<b>3.6%</b>	8.1x

Source: Bloomberg

# 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.

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



## Network Investments

- **€1.78 bn total investments in laboratory network over the last 10 years 2009-2019**
- **160 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
  - 15 in 2018
  - 15 in 2019
- **Typically losses in years 1 and 2 of about €1-2m p.a. per start-up**
- **Initial Capex €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)**
  - + €10m 2010 vs 2005
  - + €41m 2015 vs 2010
  - + €69m 2019 vs 2015\*

\*Includes cyber-attack remediation costs

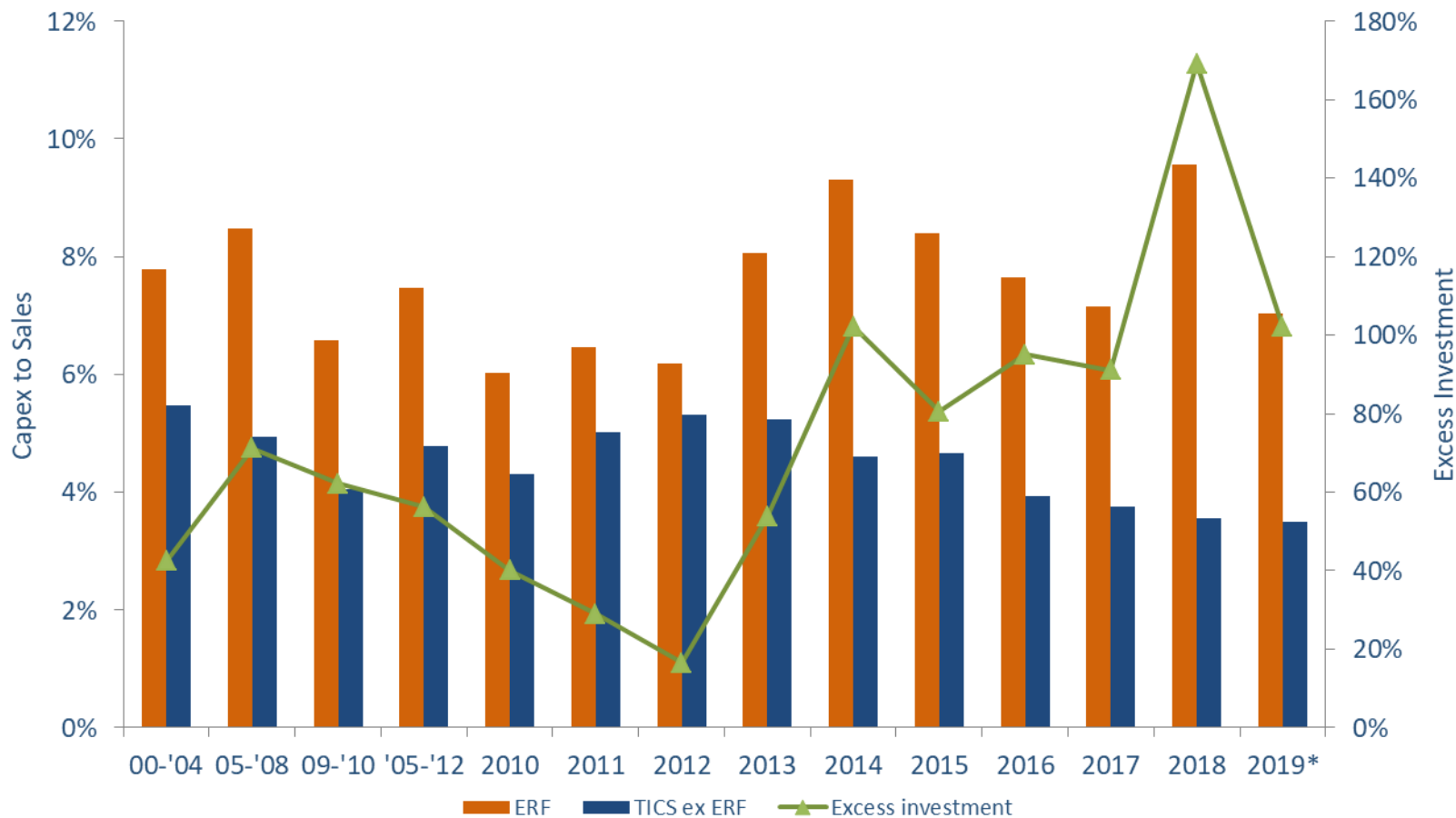
## Bringing recently acquired laboratories to group standards

- **Deploy proprietary IT systems**  
eLIMS, eCommerce (EOL)
- **Best practice laboratory organisation & processes**
- **Consolidation into large, world-class sites and set up hub and spoke structure**
- **Standardised testing procedures**
- **Invest in state-of-the-art technology and R&D to develop new tests and IT solutions**

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



**Eurofins has been consistently investing more than its peers (average if more than 1 year)**



Source: Eurofins, Company websites

TICS ex ERF = SGS, Intertek, Bureau Veritas

\*2019 capex figures exclude IFRS 16 impact for Eurofins but include IFRS 16 impact for SGS, Intertek and Bureau Veritas

- 26 bolt-on acquisitions in FY 2019, with total spend of EUR 171m, well below the Group's annual objective to spend up to EUR 300m on M&A
- In 2019, these 26 companies generated revenues in excess of EUR 130m
- Highlights on:

### TRANSPLANT GENOMICS™

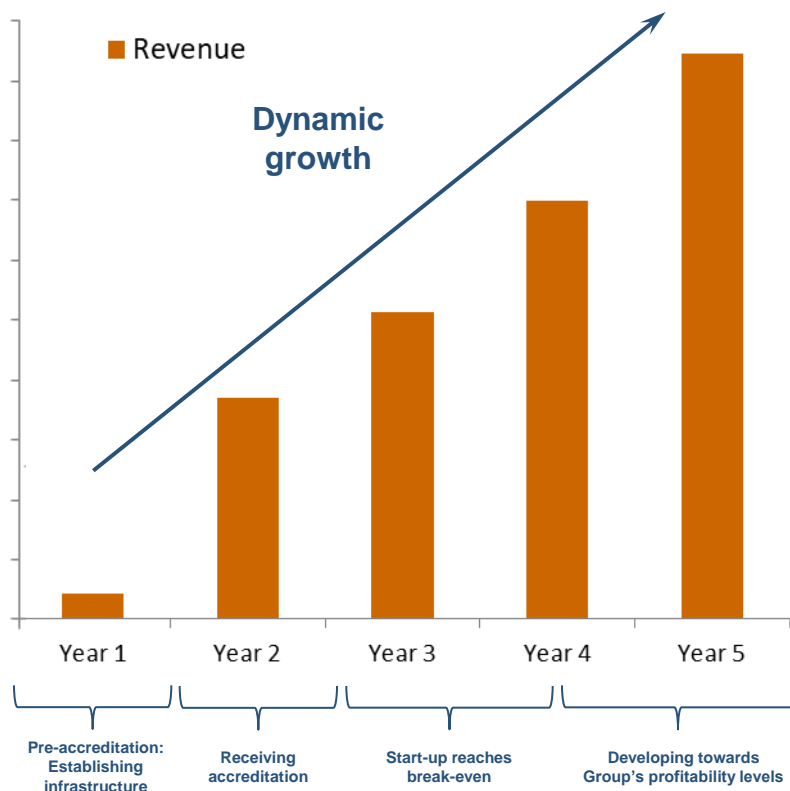
Business line	Advanced Technologies for Transplant Diagnostics Services
Location	U.S.
Target's market position	Start-up with innovative test (TruGraf®) able to rule out silent subclinical rejection in kidney transplant recipients with stable renal function
Eurofins' market position	<p>Eurofins VRL – U.S. leader in pre-transplant services, serving organ procurement organizations</p> <p>Eurofins Viracor – the largest specialty post-transplant clinical laboratory in the U.S., currently serving approx. 70% of all transplant programmes in the U.S., focusing on post-transplant infectious disease and immune status monitoring services</p>
Growth drivers	<p>Molecular Diagnostics Services (MoIDX) Program developed by Palmetto GBA has set TruGraf® reimbursement at \$2,840.75, per test performed</p> <p>Increasing patient and clinician preferences for non-invasive alternatives to costly and invasive surveillance biopsies</p> <p>Transplant Genomics' TruGraf® technology is also expected to be useful in other transplanted organ types for both subclinical and clinical rejection</p> <p>U.S. government is expanding its evaluations of organ procurement organizations aimed at increasing the number of organ transplants – testing allows to improve transplant outcomes across organs helping to reduce costs for health providers</p>
Comparable/Peer companies	CareDx Natera

# Start-ups expected to break-even on Year 3 and typically reach Group's profitability objectives in the following years

## Illustration

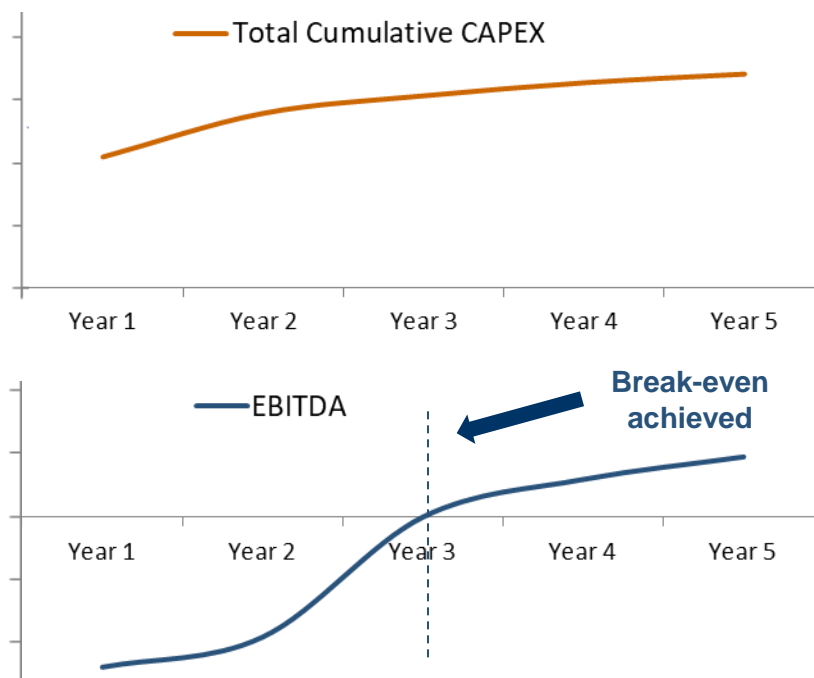
### Example of a typical Eurofins' start-up:

#### Start-up A

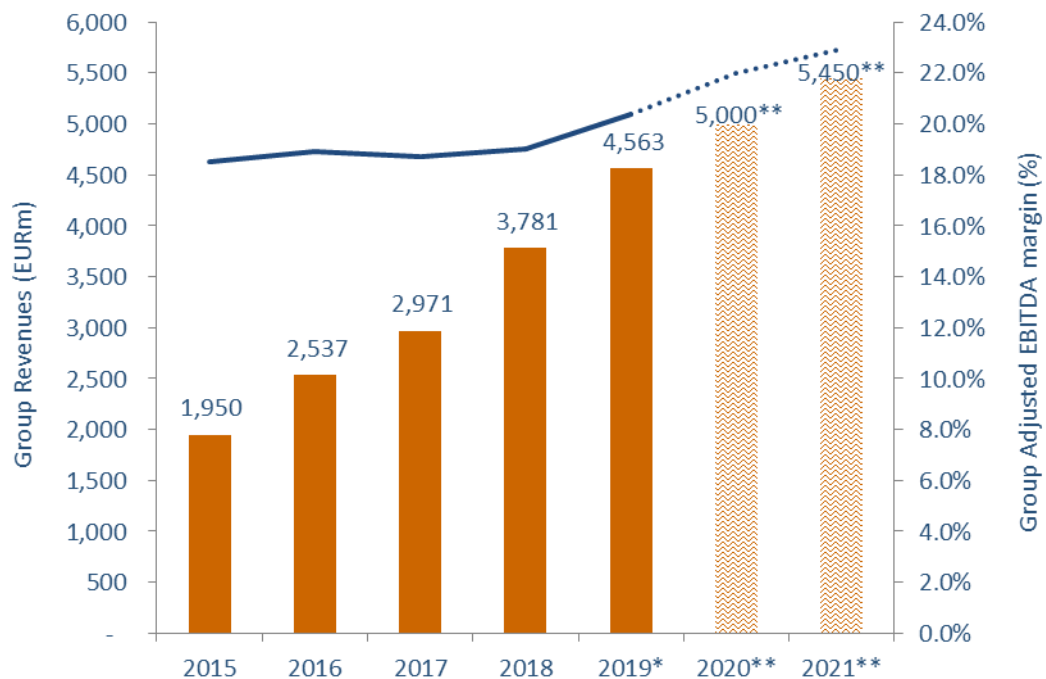


### Start-ups development:

- 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



## Group Profitability Objectives



- Operating margin developing towards mid-term profitability objective
  1. Start of profit contribution from start-ups
  2. Investments in large industrialized laboratories unlock operational leverage
- A target “cruising altitude” of >20% adjusted EBITDA margin, in addition to top line growth should ensure continued value creation
- Hurdle rate of 12% ROCE\*\* in year 3 for any capital allocation decision, whether organic or inorganic

\*Adjusted EBITDA in 2019 includes IFRS 16 impact but is not corrected for the estimated cyber-attack impact  
 \*\*2020 and 2021 objectives include 5% organic growth and €200m annual revenues from acquisitions consolidated at mid-year in each of 2020 and 2021 (all objectives include IFRS 16 and are set at constant average 2019 FX rates)

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