



9M 2023 Trading Update

Eurofins’ Core Business organic revenue momentum improves in Q3 2023 to 7.6%

24 October 2023



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Eurofins provides various alternative performance measures (APM) in its interim condensed consolidated financial statements. These measures exclude certain items because of the nature of these items and the impact they have on the analysis of the underlying business performance and trends. Management believes that presenting these APMs enhances investors' understanding of the Group's core operating results and future prospects, consistent with internal reporting used by management to measure and forecast the Group's performance. This information should be considered in addition to, but not in lieu of, the Group's operating results as reported in accordance with IFRS. These APMs are described in further detail in Notes 1.20 and 1.21 of the Group's consolidated financial statements as of and for the year ended 31 December 2022.

Key financial and operational highlights



Reported Revenues

9M 2023	Q3 2023
€4,821m	€1,611m

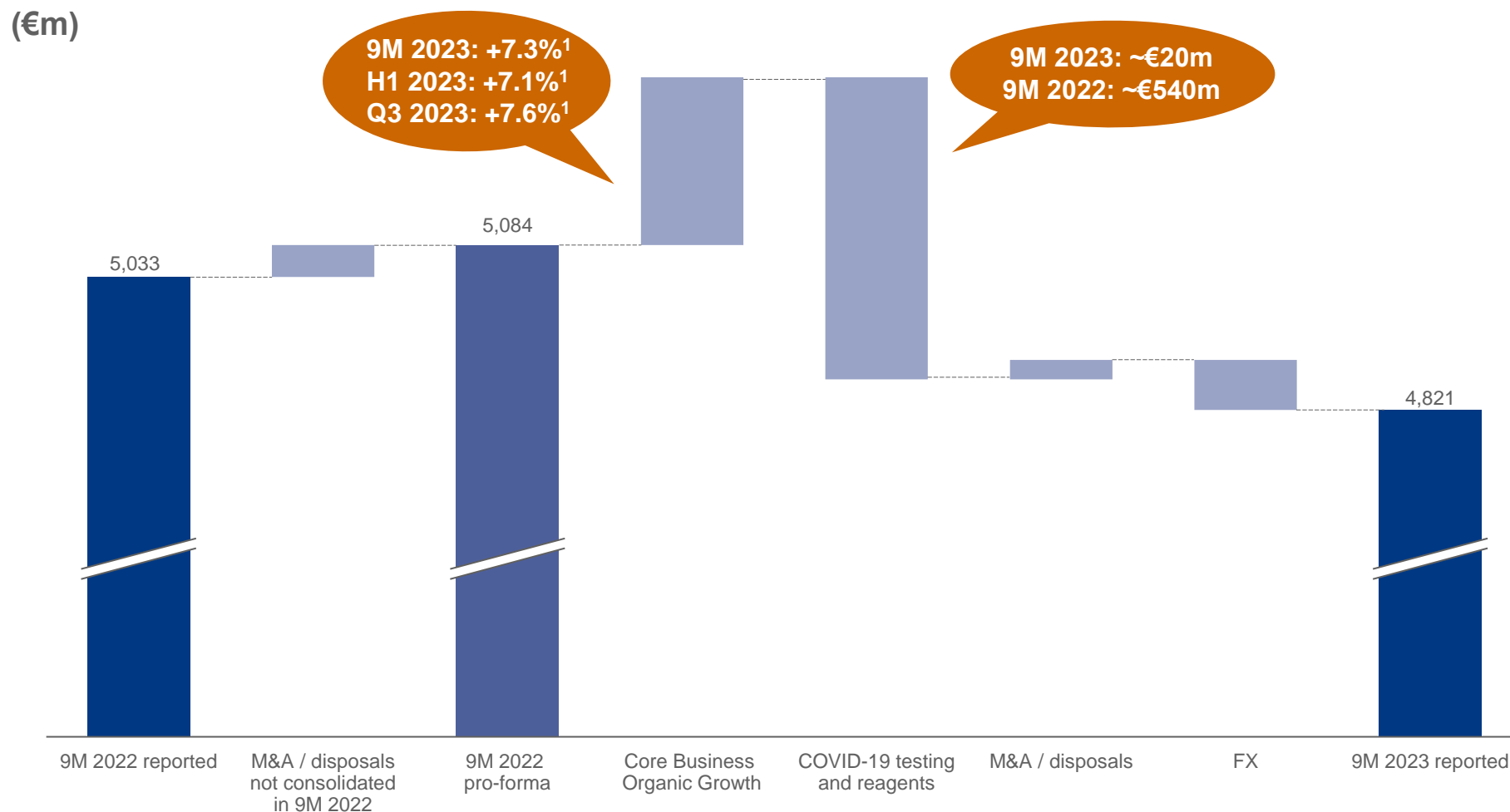
Core Business² Org. Growth¹

+7.6% ▲ Q3 2023 vs Q3 2022
+7.3% ▲ 9M 2023 vs 9M 2022

Key Highlights

- Reported revenues in 9M 2023 reached €4,821m, -4.2% vs 9M 2022 due to the sharp year-on-year decrease in revenues from COVID-19 testing and reagents (around €20m in 9M 2023 vs close to €540m in 9M 2022), a negative FX impact (-1.6%) and 1 less public working day in 9M 2023.
- Adjusted for 1 less public working day in 9M 2023 (vs 9M 2022) and Q3 2023 (vs Q3 2022), organic revenue growth¹ in the Core Business² was 7.3% in 9M 2023 and 7.6% in Q3 2023:
 - Q3 2023 marks the first quarter since the onset of the COVID-19 pandemic where, adjusted for the negative FX impact (€1,592m without 2023 acquisitions in Q3 2023 vs €1,561m in Q3 2022), the year-on-year increase in Core Business revenues more than compensated for the year-on-year revenue decline from COVID-19 testing and reagents.
 - Improving organic growth¹ in Europe (9M 2023: 5.8%, Q3 2023: 6.9%) was led by Environment Testing and a gradual improvement in Food Testing.
 - Organic growth¹ in North America (9M 2023: 9.5%, Q3 2023: 9.4%) stayed resilient, supported by the continued strong development of Environment Testing, Food Testing and Biopharma Product Testing.
 - Organic growth¹ in Rest of the World (9M 2023: 5.2%, Q3 2023: 5.2%) remained at a solid level, led by diverse activities such as BioPharma Services in India and new laboratories in Australia and New Zealand.
 - Start-ups contributed 0.7% to organic growth¹ in 9M 2023, with 34 new start-up laboratories and 30 blood collection points opened in the period.
- In view of the uncertain economic and geopolitical outlook, Eurofins is approaching acquisitions even more carefully than before and focusses on bolt-on deals with appropriate accretion to return on capital employed.

Revenue bridge



- Strong Core Business organic growth (+7.3% in 9M 2023) with improved momentum in Q3 2023
- Q3 2023 marks the first quarter since the onset of the COVID-19 where, adjusted for the negative FX impact, the year-on-year increase in Core Business revenues more than compensated for the year-on-year revenue decline from COVID-19 testing and reagents
- Significant FX headwind, particularly in Q3 2023
- Smaller M&A contribution due to focus on reasonably valued bolt-on acquisitions

- Clinical study of Peekaboo™ Early Gender DNA Test confirms 99% accuracy at just 6 weeks of pregnancy
 - Based on the outcomes of a multicenter clinical trial¹, DNA Diagnostics Center's prenatal DNA test was shown to accurately determine fetal sex as early as 6 weeks of gestation, empowering parents with the earliest gender insight available and revolutionising the prenatal experience.
- Utility of SAFETYscan®47 showcased in recent case study
 - According to a recent study² published in the Society of Toxicology, Eurofins Discovery's new SAFETYscan®47 platform has proven its effectiveness as an alternative *in vitro* solution to traditional animal *in vivo* risk assessments that fail to fully replicate human *in vivo* mechanistic-related adverse events. The platform addresses these issues by delivering human-relevant, functional data with higher throughput and at lower costs.
- DiscoveryAI™ accelerates drug discovery through artificial intelligence
 - Leveraging Eurofins Discovery's high-quality proprietary dataset of >2,500 compounds and >1m records collected over 10+ years, the DiscoveryAI™ tool provides valuable data analytics to its clients with the potential to reduce drug-to-market time by at least 20%.

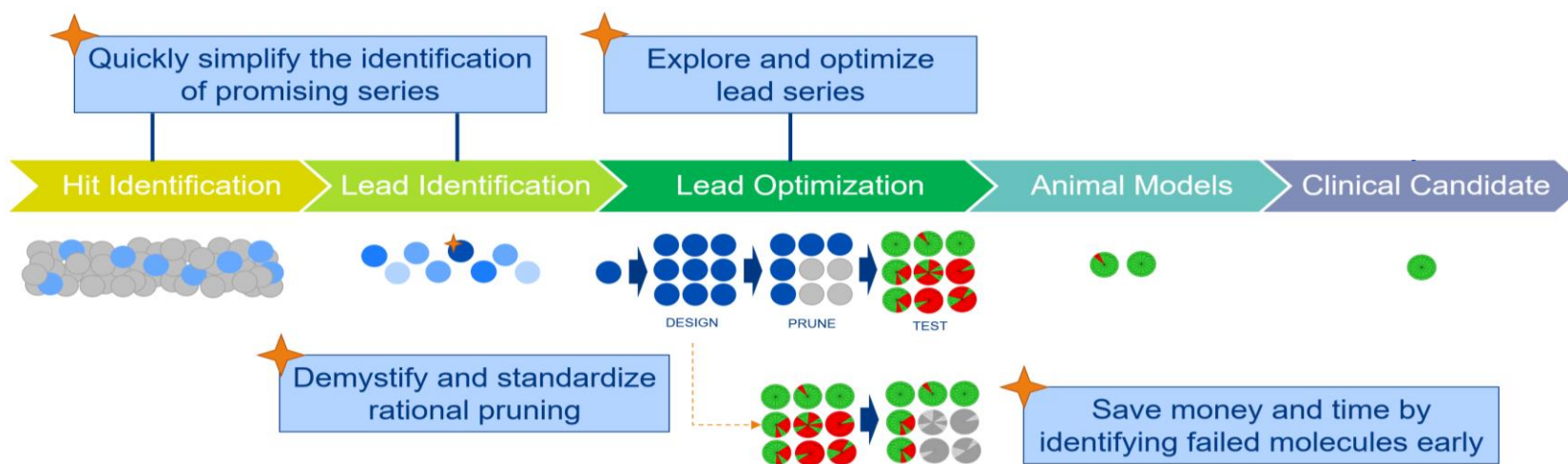


DiscoveryAI™

Accelerating drug discovery through artificial intelligence



DiscoveryAI™ can be used to add value throughout the early drug discovery stages



DiscoveryAI potential

Drug-to-market time: **reduced by >20%**
Predictive accuracy: **75%**

- Integrated into all Eurofins Integrated Drug Discovery projects

Our competitive advantage

- High-quality proprietary datasets used to train superior Machine Learning models
- Sizeable dataset (2,500 compounds with 400 attributes and over 1M records)
- Covers a comprehensive chemical space

2023 to 2027 Objectives confirmed

(€m)	FY 2023	<u>Mid-term objectives</u>	FY 2027
Revenues	€6.45bn – €6.55bn	+6.5% organic growth p.a. €250m revenues added from M&A p.a.	Approaching €10bn
Adj. EBITDA ¹	€1.32bn – €1.37bn	Continued growth investments in: Ownership of strategic sites Start-up programme Bespoke proprietary IT solutions	Margin: 24%
FCFF before investment in owned sites ¹	€670m – €720m		Approaching €1.5bn

- The FY 2023 objective assumes exchange rates prevailing for H1 2023 are constant for the remainder of the year, implying a year-on-year headwind from foreign currency translation of ca. €115m. It also assumes revenues from acquisitions of ca. €90m on a consolidated basis and ca. €200m on a full-year proforma basis.
- The FY 2027 objective assumes exchange rates are stable vs 2022 average and zero contribution from COVID-19 testing and reagents. To 2027, Eurofins targets average organic growth of 6.5% p.a. and potential average revenues from acquisitions of €250m p.a. over the period.
- Continued growth investments in the ownership of large strategic sites, transfer of activities therein, start-ups and bespoke proprietary IT solutions are expected to drive increased profitability and cash generation over the mid-term horizon.
- With the aim of launching many new start-up laboratories (50 in FY 2022, 34 in 9M 2023) and several new BCPs (18 in FY 2022, 30 in 9M 2023) in FY 2023, Eurofins expects Separately Disclosed Items at the EBITDA level to be about €100m in FY 2023 and decline thereafter towards less than 0.5% of revenues.
- Capital allocation priorities in FY 2023 and in the mid-term will continue to include site ownership of high-throughput campuses to complete Eurofins' global hub and spoke network, start-ups in high growth areas, development and deployment of sector-leading proprietary IT solutions, and acquisitions. Investments in these areas are key to our long-term value creation strategy. From FY 2023, investment in owned sites is assumed to be around €200m p.a., while net operating capex is expected to be ca. €400m p.a. (total net capex of €600m p.a.).
- Eurofins targets to maintain a financial leverage of 1.5-2.5x throughout the period and less than 1.5x by FY 2027.
- The speed of improvement toward the 2027 adjusted EBITDA margin objective will depend on the timing of the bottoming out of the food and consumer product end markets and how fast pricing can be aligned to cost inflation as well as the speed of execution of innovation, productivity improvement measures, digitalisation and automation initiatives.



Q&A



Appendix

Breakdown of Revenue by Operating Segment



€m	9M 2023	As % of total	9M 2022	As % of total	Y-o-Y variation %	Organic growth ¹ in the Core Business ^{**}
Europe	2,435	50.5%	2,651	52.7%	-8.2%*	5.8%
North America	1,870	38.8%	1,851	36.8%	1.1%***	9.5%
Rest of the World	515	10.7%	531	10.6%	-3.0%	5.2%
Total	4,821	100%	5,033	100%	-4.2%	7.3%

€m	Q3 2023	As % of total	Q3 2022	As % of total	Y-o-Y variation %	Organic growth ¹ in the Core Business ^{**}
Europe	813	50.4%	796	49.1%	2.1%*	6.9%
North America	628	39.0%	645	39.8%	-2.7%***	9.4%
Rest of the World	171	10.6%	180	11.1%	-5.3%	5.2%
Total	1,611	100%	1,622	100%	-0.6%	7.6%

* Segment most impacted by the sharp decline in revenues from COVID-19 testing and reagents

** Excluding COVID-19 related clinical testing and reagent revenues

*** Most impacted by negative FX effect

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Organic Growth Calculation and Revenue Reconciliation

	<i>In €m except otherwise stated</i>
9M 2022 reported revenues	5,033
+ 2022 acquisitions - revenue part not consolidated in 9M 2022 at 9M 2022 FX	115
- 9M 2022 revenues of discontinued activities / disposals	-64
= 9M 2022 pro-forma revenues (at 9M 2022 FX rates)	5,084
+ 9M 2023 FX impact on 9M 2022 pro-forma revenues	-80
= 9M 2022 pro-forma revenues (at 9M 2023 FX rates) (a)	5,005
9M 2023 organic scope* revenues (at 9M 2023 FX rates) (b)	4,784
9M 2023 organic growth rate (b/a-1)	-4.4%
2023 acquisitions - revenue part consolidated in 9M 2023 at 9M 2023 FX	34
9M 2023 revenues of discontinued activities / disposals	3
9M 2023 reported revenues	4,821

	<i>In €m except otherwise stated</i>
Q3 2022 reported revenues	1,622
+ 2022 acquisitions - revenue part not consolidated in Q3 2022 at Q3 2022 FX	22
- Q3 2022 revenues of discontinued activities / disposals	-19
= Q3 2022 pro-forma revenues (at Q3 2022 FX rates)	1,624
+ Q3 2023 FX impact on Q3 2022 pro-forma revenues	-63
= Q3 2022 pro-forma revenues (at Q3 2023 FX rates) (a)	1,561
Q3 2023 organic scope* revenues (at Q3 2023 FX rates) (b)	1,592
Q3 2023 organic growth rate (b/a-1)	2.0%
2023 acquisitions - revenue part consolidated in Q3 2023 at Q3 2023 FX	18
Q3 2023 revenues of discontinued activities / disposals	1
Q3 2023 reported revenues	1,611

Definitions / Alternative Performance Measures (APMs)



APMs used in this presentation

Adjusted results – reflect the ongoing performance of the mature and recurring activities excluding “separately disclosed items”.

Separately disclosed items (SDI) – include:

- one-off costs from integration and reorganisation;
- discontinued operations;
- 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;
- acquisition-related expenses, net – impairment of goodwill, amortisation/impairment of acquired intangible assets, negative goodwill, transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions;
- gain and loss on disposal of subsidiaries, net;
- net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income);
- net finance costs related to hybrid capital;
- and the related tax effects.

EBITDA – Earnings before interest, taxes, depreciation and amortisation, share-based payment charge, acquisition-related expenses, net and gain and loss on disposal of subsidiaries, net.

Net capex – Purchase, capitalisation of intangible assets, purchase of property, plant and equipment, less proceeds from disposals of such assets less capex trade payables change of the period.

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

Free Cash Flow to the Firm before investment in owned sites – Free Cash Flow to the Firm less Net capex spent on purchase of land, buildings and investments to purchase, build or modernise owned sites/buildings (excludes laboratory equipment and IT).

Organic growth for a given period (Q1, Q2, Q3, Half Year, Nine Months or Full Year) – non-IFRS measure calculating the growth in revenues during that period between 2 successive years for the same scope of businesses using the same exchange rates (of year Y) but excluding discontinued operations. For the purpose of organic growth calculation for year Y, the relevant scope used is the scope of businesses that have been consolidated in the Group's income statement of the previous financial year (Y-1). Revenue contribution from companies acquired in the course of Y-1 but not consolidated for the full year are adjusted as if they had been consolidated as of 1st January Y-1. All revenues from businesses acquired since 1st January Y are excluded from the calculation.

Discontinued activities / divestments: discontinued operations are a component of the Group's Core Business or product lines that have been disposed of, or liquidated; or a specific business unit or a branch of a business unit that has been shut down or terminated, and is reported separately from continued operations. For more information, please refer to Note 2.26 of the Consolidated Financial Statements for the year ended 31 December 2022 and to Note 2.6 of the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023.

Mature scope: excludes start-ups and acquisitions in significant restructuring. A business will generally be considered mature when: i) The Group's systems, structure and processes have been deployed; ii) It has been audited, accredited and qualified and used by the relevant regulatory bodies and the targeted client base; iii) It no longer requires above-average annual capital expenditures, exceptional restructuring or abnormally large costs with respect to current revenues for deploying new Group IT systems. The list of entities classified as mature is reviewed at the beginning of each year and is relevant for the whole year.