Eurofins posts record revenues of €3,412m and overall results well in excess of its objectives in H1 2022 and increases its objectives for H2 and FY 2022

27 July 2022

- Revenues increased to a record level of €3,412m in H1 2022, up 4.3% vs. H1 2021, driven by good growth of Eurofins' Core Business (excluding COVID-19 related clinical testing and reagents revenues) and continued demand for COVID-19 testing and reagents well in excess of its objectives previously increased on 21 April 2022 (over €470m in H1 2022).
- The Core Business realized healthy organic growth[13] in H1 2022 (5.3% year-on-year) against record comparables boosted by COVID-19 vaccine clinical trials work in 2021 and despite impacts from COVID-19 lockdowns in China as well as disruptions in Europe related to the war in Ukraine in 2022.
- Once again COVID-19 testing has provided a hedge to compensate for disruptions. While organic growth in the Core Business in H1 2022 was approximately €35m below its mid-term objective of 6.5% (increased from 5% on 22 February 2022 before the start of the war in Ukraine) due to the aforementioned reasons, Eurofins was able to more than compensate for this by generating in excess of €135m of revenues from COVID-19 related testing in Q2 2022 alone. This is €100m above its objectives for COVID-19 testing in Q2 2022 and three times the €35m gap to its objectives due to current market disruptions.
- The outlook for Eurofins Core Business growth is stronger for H2 2022 with easier comparables, price increases implemented recently in the face of lasting inflation and COVID-19 programs in BioPharma being gradually replaced by other studies. In addition, Eurofins expects that demand for its COVID-19 testing services will continue to provide a hedge against potential business uncertainties in H2 2022. In addition, it seems more likely today that some permanent level of COVID-19 testing will continue in 2023 and beyond. It is too early to estimate the exact volume at this time though.
- Eurofins delivered strong overall results in H1 2022, above its objectives:
    - Adjusted[1] EBITDA[3] at €829m
    - Adjusted EBITDA margin of 24.3%
    - Free cash flow before investment in owned sites[16] of €277m
    - Adjusted Basic EPS[8] of €2.07
- Eurofins companies' agility and dedication enabled them to make numerous meaningful contributions to Eurofins' mission to contribute to a safer and healthier world:
    - The Group's network continues to maintain testing capacity to help combat the COVID-19 pandemic, from conducting PCR testing to supporting our BioPharma customers in the development and manufacturing of vaccines, treatments and therapies. Should a new significant wave or another more pathogenic variant arise, Eurofins stands ready to assist governments and health authorities with innovative tests and solutions.
    - In the U.S., our laboratories are assisting regulatory authorities with their efforts to solve the ongoing shortage of baby formula. Eurofins provides testing services to help its clients make sure that the labels on the back of baby formula cans are correct and that there are no harmful bacteria that could cause an infant to fall ill.
    - Eurofins Viracor entered into an exclusive license agreement with Cornell University to commercialize several ground-breaking and novel assays aimed at transforming the clinical management of COVID-19 and transplant patients impacted from tissue damage and infections. Additionally, Eurofins Viracor entered an exclusive license with Stanford University to commercialize testing of certain biomarkers for the prediction of severe outcomes in patients with infections.

- The Group continues to invest in expanding and enhancing its physical and technological presence:
  - 33 acquisitions were closed in H1 2022 to augment Eurofins' technological capabilities and global footprint. These acquisitions contributed €47m in consolidated revenues in H1 2022 and generated revenues of €133m in FY 2021. The cost of these acquisitions was €197m, equivalent to 1.5x of their FY 2021 revenues.
  - Investments in owned sites amounted to €86m in H1 2022 (vs. €41m in H1 2021).
  - More than 36,000 m^2 of new or expanded sites have been added to the Group's portfolio and 10,000 m^2 of existing sites were renovated to bring them to the highest standards.
  - In the strategically important areas of BioPharma and IVD, Eurofins further invested in its own buildings in line with its program to develop more capacity and capabilities to meet growing customer demand, including sites in San Diego, Horsham and Lenexa in the U.S., Bangalore in India, Tamworth in the UK and Toronto in Canada.
  - In the strategically important region of Asia, new facilities have been inaugurated or existing ones expanded to provide capacity to serve growing demand, such as for environment testing in Japan and consumer product testing in China and Vietnam.
  - Eurofins continues to deploy next generation versions of its leading LIMS (laboratory information management system) platform across geographies in its global network.
  - The Group also works to increase the deployment of digital technologies, such as robotic and automation equipment at workstations to lower costs, increase productivity and reduce turnaround times. These technologies are being piloted at numerous laboratories in Europe for Food Testing, Environment Testing and BioPharma services.

- Healthy cash generation allowed the Group to make the aforementioned investments while sustaining a resilient balance sheet:
  - Growth and operational excellence delivered net cash provided by operating activities of €468m.
  - The successful refinancing of existing hybrid bonds with a new issuance of senior bonds in June 2022 demonstrated again investor confidence in Eurofins despite a difficult market environment.
  - Net debt at the end of June 2022 was €2,627m, an increase of €388m vs. the level at the end of December 2021 that is mostly associated with the aforementioned refinancing of hybrid bonds (which are recognised as equity) by senior bonds recognised as debt.
  - With a resulting financial leverage (net debt/last 12 months proforma adjusted EBITDA) of 1.5x, the Group remains at the lower end of its 1.5-2.5x target range.
  - Moody's changed the outlook of Eurofins to positive from stable and concurrently affirmed Eurofins' Baa3 long-term issuer rating, while Fitch Ratings affirmed Eurofins' BBB- investment grade credit rating with a stable outlook.

Outlook and financial objectives

- Due to the uncertainty resulting from the war in Ukraine, inflation, interest rates and the evolution of foreign exchange rates, at this time, Eurofins is only updating its objectives for 2022.
- In view of the positive outlook discussed above, Eurofins is increasing its objectives for 2022 by about 5% while continuing to target an adjusted EBITDA margin of about 24%.
- As usual, objectives are set as rounded numbers and small differences in resulting percentages for FY or H2 2022 should not be interpreted as indicating any directional change of objectives.

€m	**New FY 2022**	***Previous FY 2022***
Revenues	6,700 (incl. €600m COVID revenues)	*6,325 (incl. €400m COVID revenues)*
Adjusted EBITDA	1,600	*1,525*
FCFF before investment in owned sites[16]	900	*865*

- The updated FY 2022 objectives were set assuming H1 2022 average FX rates continue in H2 2022, 6.5% organic growth in the Core Business, €250m in revenues from acquisitions in FY 2022 consolidated at mid-year and €600m revenues from COVID-19 testing and reagents in FY 2022 (raised from €400m).
- Future contributions from COVID-19 testing and reagents revenues are uncertain but, given the constant stream of new Variants of Interest or Concern and the increase in travelling and social interactions, they could represent an upside risk to current objectives if testing reaches significant levels again.
- Objectives for 2023 and 2024 have not been updated at this stage. Eurofins plans to review these when publishing its FY 2022 results when better estimates, especially for the USD/EUR exchange rate and ongoing/permanent COVID-19 testing, can be made. The outlook for Eurofins Core Business activity in 2023 and beyond remains very positive.

Comments from the CEO, Dr. Gilles Martin:

"The results of the first half of 2022 clearly demonstrate the resilience of Eurofins, a leading provider of vital testing services across a diverse range of Business Lines and geographies. From sustained growth in our Core Business to our ongoing response to the COVID-19 pandemic, which exceeded our expectations, Eurofins' teams continue to demonstrate the robustness of our business and organization.

As the world still deals with the impact of the COVID-19 pandemic and, moreover, inflationary pressures and the ongoing war in Ukraine, uncertainty continues to grow and impact the global economy. This has disrupted supply chains and pushed up energy prices – as a result, inflation has now reached very high levels in many countries and appears more permanent than could be judged after Q1 2022. In this environment, Eurofins' companies are working diligently on pricing initiatives and productivity measures to mitigate inflation's negative impacts while aiming to continue providing the best quality of services to their clients.

Over the last 35 years, Eurofins has always come out stronger from any crises the world has faced and gained in relative strength compared to its competitors. Just as in the past, I am confident that we will emerge from the current challenges an even more resilient, innovative and effective group of companies. As always with the focus on the long-term success and sustainability of its companies, Eurofins is ramping up its investments in facilities, digitalization, automation, start-ups and network expansion."

Conference Call

Eurofins will hold a conference call with analysts and investors today at 15:00 CET to discuss the results and the performance of Eurofins, as well as its outlook, and will be followed by a questions and answers (Q&A) session.

Click here to Join Call >>

No need to dial in. From any device, click the link above to join the conference call. Alternatively, you may dial-in to the conference call via telephone using one of the numbers below:

UK: +44 330 165 4027
US: +1 323 794 2551
FR: +33 176 772 274
BE: +32 240 406 59
DE: +49 692 222 134 20
DK: +45 351 580 49

Business Review

The following figures are extracts from the Condensed Interim Consolidated Financial Statements and should be read in conjunction with the Condensed Interim Consolidated Financial Statements and Notes for the period ended 30 June 2022. The First Half Year 2022 Report can be found on Eurofins' website at the following location: https://www.eurofins.com/investors/reports-and-presentations/

Table 1: Half Year 2022 Results Summary

	H1 2022			H1 2021			+/- % Adj. Results	+/- % Rep. Results
In €m except otherwise stated	**Adjusted[1] Results**	Separately disclosed items[2]	Reported Results	**Adjusted[1] Results**	Separately disclosed items[2]	Reported Results		
Revenues	3,412	-	3,412	3,272	-	3,272	*+4%*	*+4%*
EBITDA[3]	829	-29	800	1,008	-19	989	*-18%*	*-19%*
EBITDA margin (%)	*24.3%*	-	*23.4%*	*30.8%*		*30.2%*	*-650bps*	*-680bps*
EBITAS[4]	602	-42	560	813	-29	785	*-26%*	*-29%*
Net profit[7]	396	-88	308	583	-167	416	*-32%*	*-26%*
Basic EPS (€)[8]	2.07	-0.46	1.61	3.05	-0.87	2.17	*-32%*	*-26%*
Net cash provided by operating activities			468			709		*-34%*
Net capex[9]			277			220		*+26%*
Net operating capex			191			179		*+7%*
Net capex for purchase and development of owned sites			86			41		*+110%*
Free cash Flow to the Firm before investment in owned sites[16]			277			530		*-48%*
M&A spend			197			58		*+240%*
Net debt[11]			2,627			2,015		*+30%*
Leverage ratio (net debt/pro-forma adjusted EBITDA)			1.5x			1.0x		*+0.5x*

Note: Definitions of the alternative performance measures used can be found at the end of this press release

Revenues grew by 4.3% year-on-year to €3,412m in H1 2022. The Group's Core Business (excluding COVID-19 related clinical testing and reagents revenues) realized 5.3% organic growth in H1 2022 against record comparables and despite impacts from COVID-19 lockdowns in China as well as disruptions due to the war in Ukraine. Though organic growth was slightly below the Group's recently increased mid-term objective of 6.5% due to the aforementioned reasons, Eurofins was able to more than compensate for this by generating COVID-19 revenues well ahead of its previous objective for Q2 2022 and at over €470m in H1 2022, even well beyond the objective for the full year 2022 already increased to €400m in April 2022.

Table 2: Organic Growth Calculation and Revenue Reconciliation

	In €m except otherwise stated
H1 2021 reported revenues	**3,272**
+ H1 2021 acquisitions - revenue part not consolidated in H1 2021 at H1 2021 FX rates	129
- H1 2021 revenues of discontinued activities / disposals[15]	0
= H1 2021 pro-forma revenues (at H1 2021 FX rates)	3,401
+ H1 2022 FX impact on H1 2021 pro-forma revenues	111
= H1 2021 pro-forma revenues (at H1 2022 FX rates) (a)	**3,512**
H1 2022 organic scope* revenues (at H1 2022 FX rates) (b)	**3,365**
H1 2022 organic growth rate (b/a-1)	**-4.2%**
H1 2022 acquisitions - revenue part consolidated in H1 2022 at H1 2022 FX rates	47
H1 2022 revenues of discontinued activities / disposals[15]	0
H1 2022 reported revenues	**3,412**

** Organic scope consists of all companies that were part of the Group as at 01/01/2022. This corresponds to 2021 pro-forma scope.*

Table 3: Breakdown of Revenue by Operating Segment

€m	**H1 2022**	**As % of total**	**H1 2021**	**As % of total**	***Growth %***
Europe	1,855	54%	2,005	61%	-7%
North America	1,206	35%	1,008	31%	20%
Rest of the World	351	10%	259	8%	35%
Total	**3,412**	**100%**	**3,272**	**100%**	**4%**

Europe

- Reported revenues decreased by €150m, mostly due to record comparables related to COVID-19 testing and reagents revenues. Excluding these, revenues were up over 8% vs. H1 2021.
- The BioPharma services business in Europe enjoyed further robust growth in the first half of 2022 across all activities including early development, bioanalysis, drug discovery, product testing and professional scientific services insourcing solutions. Investments in adding and expanding facilities continue to quickly progress with a focus on Italy, Germany and Spain. In parallel, Eurofins is investing to increase digitalization in its laboratories, including the addition of robotic equipment at workstations to improve productivity and turnaround time. Some acquisitions also occurred in the period, including Lunaria in the Czech Republic, a laboratory for testing small molecule finished products, and Inpac Medizintechnik in Germany, a company serving the medical device, biotech and pharma industries.
- Eurofins' Food Testing business in Europe faced a challenging environment in H1 2022 affected by inflationary pressures as well as effects linked to the war in Ukraine, driving up energy costs and restricting availabilities of raw materials for some of its clients. This has caused many food companies to reduce the breadth of their offerings and investments in product development. In response to the situation, Eurofins is adapting its cost and pricing policies as well as opportunistically pursuing acquisitions to further consolidate the industry. In terms of innovation, Eurofins has brought online several automation projects in Germany, France and the Nordics to lower costs and improve quality.
- Eurofins' Environment Testing business continued to grow faster than its underlying markets, led by new and innovative speciality tests for PFAS and specialty tests for asbestos. These customer-centric efforts have strengthened our market position, in particular in France, Belgium, Spain and the Nordics. Acquisitions closed in the period also bolstered Eurofins' market presence in Germany, the Netherlands

and Poland. Additionally, Eurofins entered the Italian environment testing market through the acquisition of Environ-Lab Srl.

- The Clinical Diagnostics business achieved good growth in H1 2022 in many geographies despite strong comparables for COVID-19 revenues. Outside of COVID-19 testing, business in Germany and France faced headwinds due to price cuts or delayed officialization of new tests reimbursements into H2 2022. In contrast, our forensics services posted double-digit organic growth.

North America

- Reported revenues increased year-on-year by €197m, supported by the appreciation of the U.S. Dollar vs. the Euro as well as strong organic growth. COVID-19 related activities represented less than 10% of revenues in H1 2022, stable in value vs H1 2021.
- Strong market demand remains supportive to Eurofins' BioPharma business in North America, where the Group is especially well positioned with a comprehensive portfolio to support the development of biologics, including all modalities of advanced therapy medicinal products (ATMPs). Medium and large pharmaceutical players remain strongly focused on research and development in these areas. To meet this demand, Eurofins continues to invest in capacities and capabilities at our Lancaster, Columbia and San Diego sites.
- The Food Testing business in North America continued to grow faster than the market in its core chemistry and microbiology activities, setting a monthly sales record in H1 2022. Additionally, new volumes for infant formula testing made a positive contribution to growth as Eurofins supported all major infant formula providers in their efforts to ensure safety and expand capacity to combat the ongoing shortage. In terms of investments during the period, Eurofins opened and took first orders at its new supplements testing laboratory in Utah, the biggest in its industry, and concluded the acquisition of Barrow-Agee, a specialist in feed chemistry testing based in Memphis. Additional start-up laboratories are expected to become operational in H2 2022. Our capabilities have also been enhanced, such as the ability to provide whole genome sequencing services and the testing via supercritical fluid extraction, both at our flagship hub in Madison.
- The Environment Testing business in North America grew resiliently based on strong market dynamics related to construction activity, investments to improving infrastructure and the increased focus across state and federal regulators to monitor PFAS in environment and drinking water applications. In particular, the U.S. Environmental Protection Agency recently issued its first test order under its National PFAS Testing Strategy, which aims to deepen the understanding of the impacts of PFAS, including potential hazards to human health and the environment. As one of the first commercial laboratories to receive accreditation for draft EPA method 1633 for all 40 PFAS compounds for water, solids and tissue matrices, Eurofins is well positioned to benefit from this effort. As an additional response to this market demand, Eurofins is significantly expanding its investments in PFAS testing capacity in its specialty testing hubs in Lancaster and Sacramento. It has also launched innovative home tests that allow consumers to test for PFAS exposure using self-collection kits. In terms of market expansion, 2 acquisitions were completed in Florida and Virginia while a start-up in Texas was commissioned.
- Innovation remains the primary growth driver behind Eurofins' Clinical Diagnostics business in North America. Business activity for Transplant Genomics stayed on its growth path, more than doubling its kidney rejection testing sales in H1 2022 versus H2 2021. This performance was enhanced by an increase in its commercial team during the period, including the launch of the first transplant biomarker dedicated phlebotomy team, which substantially enhances engagement with patients. It also marked the halfway completion point of its TRULO study, the first study to provide long-term data, beyond 2 years post-transplant, regarding the benefits of non-invasive surveillance of stable kidney transplant recipients to rule out silent subclinical rejection. Moreover, Eurofins Viracor and Eurofins Viracor BioPharma inaugurated a new state-of-the-art facility, of which part is purpose-built, specialized PCR cleanroom space for a dedicated, multi-year outsourcing programme for a large BioPharma client.

Rest of the World

- Reported revenues increased year-on-year by €92m, driven by organic growth, recent acquisitions and the depreciation of the Euro vs. most currencies in the region (except the Japanese Yen). COVID-19 activities represented less than 10% of revenues in H1 2022, stable in value vs. H1 2021.

- Most parts of the Core Business delivered dynamic organic growth. However, the business lines Consumer Product Testing and Material Sciences were meaningfully impacted by government-imposed lockdowns in China.
- Beyond the COVID-19 lockdown impact in China, growth in Asia maintained its positive momentum. Demand for clinical diagnostics testing has progressively increased while the BioPharma services business in India and China remains a beneficiary of increasing outsourcing of analytical testing by customers in the region. Food Testing is enjoying good growth as new regulations (i.e., packaged food testing in India and China) come into effect. To serve this demand, Eurofins has expanded the scope of its food testing services in China and India. Likewise, environmental regulations are also becoming more stringent, such as tightening asbestos regulations in Japan. Eurofins' will soon open a new facility with additional capacity in Japan to address this demand. Additionally, as the global leader in advanced materials testing services, Eurofins is well positioned to benefit from the ongoing significant investments in the semiconductor industry.
- Outside of Asia, Eurofins further expanded its footprint in the Middle East by acquiring a majority stake in Ajal for Laboratories, a leading food, tobacco and pharmaceutical testing laboratory based in Riyadh, Kingdom of Saudi Arabia.

Infrastructure Programme

In the first six months of 2022, Eurofins has added more than 36,000 m² of laboratory, office and storage space through the delivery of building projects, as well as acquisitions, new leases and consolidation of sites. Furthermore, 10,000 m² of its current sites were renovated to bring them to the highest standard.

The Group continued to focus on growth in Asia in H1 2022, through the acquisition of 4,800 m² of office space in South Bengaluru, India, for Eurofins IT Delivery Center India and Eurofins Digital Testing India, which is almost completely renovated and ready for use. Furthermore, a new asbestos laboratory building construction for Eurofins Earth Consul in Toyama, Japan is nearing completion. This new building will allow Eurofins to solve capacity issues at the current building arising as a result of the rapidly increasing asbestos testing market in Japan. Also, Eurofins Technology Service (Qingdao) Co., Ltd. engaged in a new lease for 3,800 m² of laboratory space in Qingdao, China, the fit-out of which will be completed in Q3 2022. Eurofins Consumer Product Testing and Eurofins Modern Testing Services plan to acquire a new building in Ho Chi Minh City, Vietnam, to house both businesses under one roof in a 4,000 m² building.

In Girraween, Sydney, Australia, a Eurofins campus was created on an 8,100 m² plot that was purchased in early 2020 to establish a central location to house existing and future business units in Environment Testing, BioPharma Product Testing, Agroscience and Food testing. The build and fit-out of the 3,100 m² campus is now complete.

In the U.S., following the purchase of a plot of land in 2020 in Lenexa, a 10,200 m² building has been constructed to consolidate all of Eurofins Viracor's activities in one location. This consolidation has resulted in a saving of almost €1m of annual rent costs, while improving efficiency levels and optimising workflows.

Eurofins Food & Feed Testing Benelux has also just completed the construction of a brand-new building in Heerenveen, The Netherlands, which is a state-of-the-art Chemistry Testing building of 2,600 m², located next to the existing Microbiology laboratory.

In the U.S., Eurofins Eaton Analytical will exit a 2,900 m² leased building in Monrovia and move into a new building in Pomona. The internal outfitting is ongoing with plans for completion by the end of the year.

Eurofins Hydrologie Centre Est (EHCE) and Eurofins Laboratoire de Microbiologie Rhône-Alpes (ELMRA) will consolidate in a central location with high market potential in Lyon, France, where a 1,300 m² building was purchased at the end of June 2022. Outfitting should be completed in Q4 2022.

The construction of new facilities for Eurofins Iproma, S.L.U. in Castellon de la Plana, Spain, will be completed in Q3 2022 and the building should be operational towards the end of this year.

For the remainder of 2022 and for 2023, Eurofins is planning to add 90,000 m² of laboratory and operational space through building projects, acquisitions, new leases and consolidation of sites, as well as completing the renovation of 36,000 m² of its current sites to bring them to the highest standard.

Financial Review

Adjusted EBITDA was €829m in H1 2022 (-17.8% year-on-year) representing a 24.3% adjusted EBITDA margin for the period, in line with our full year objectives.

Table 4: Separately Disclosed Items[2]

€m	H1 2022	H1 2021
One-off costs from integrations, reorganisations and discontinued operations, and other non-recurring income and costs	-6	-12
Temporary losses and other costs related to network expansion, start-ups and new acquisitions in significant restructuring	-23	-7
EBITDA impact	-29	-19

Separately Disclosed Items (SDI) at the EBITDA level increased to €29m, with one-off costs of €6m linked to ongoing integration and reorganization primarily in the U.S. and UK. Temporary losses from start-ups and acquisitions in restructuring amounted to €23m, following the strong increase in the number of start-ups launches made in the past quarters and the need to expand Eurofins Technologies' product offering and distribution channels in line with our strategic growth initiative towards IVD, BioPharma and Asia.

Reported EBITDA decreased 19% year-on-year to €800m in H1 2022, due to the strong decrease of accretive COVID-19 related revenues in the first half of 2022 vs. H1 2021. Nevertheless, the reported EBITDA stood at 23.4% of revenues, confirming the strong resilience of Eurofins' model.

Table 5: Breakdown of Reported EBITDA by Operating Segment

€m	H1 2022	EBITDA margin %	H1 2021	EBITDA margin %	*Growth %*
Europe	432	23.3%	652	32.5%	-34%
North America	320	26.5%	304	30.1%	5%
Rest of the World	79	22.4%	77	29.6%	2%
Other*	-30		-44		-31%
Total	**800**	**23.4%**	**989**	**30.2%**	**-19%**

*Other corresponds to Group Service Centres

EBITDA in Europe was most affected by the decrease in COVID-19 revenues due to lower testing volumes for COVID-19, reimbursement price cuts on PCR tests and network ramp down costs. Nevertheless, the region was able to generate reported EBITDA of €432m, equivalent to 23.3% of its revenues. North America posted a strong EBITDA of €320m, equivalent to 26.5% of its revenues over the period. The Rest of the World posted an EBITDA of €79m, equivalent to 22.4% of its revenues, confirming that it is less and less margin dilutive to the Group despite strong investments in the region.

Depreciation and amortisation (D&A), including expenses related to IFRS 16, increased by 17% year-on-year to €240m. As a percentage of revenues, D&A stood at 7.0% of Group revenues in H1 2022 vs. 6.2% in H1 2021, an 80bps increase year-on-year. This increase is in line with accelerated investments to expand the Group's network, particularly towards Asia, BioPharma, IVD, Life Sciences and technology-driven activities as well as digitalisation, automation and cyber security.

Net finance costs amounted to €71m in H1 2022, a sizable decline compared to €147m H1 2021. The finance costs for the six months ended 30 June 2021 included a one-off cost of €92m from the early repayment of our 2022, 2023, 2024 and 2026 bonds, while the finance costs for H1 2022 were negatively impacted by a currency translation impact on cash pools. Overall, interest expense on borrowings excluding leases in H1 2022 decreased by €10m vs H1 2021.

Income tax expense decreased to €116m in H1 2022 vs. €163m in H1 2021 implying an income tax rate of 27.3% vs. 28.1% last year.

Reported net profit attributable to owners of the Company and hybrid capital investors stood at €310m (9.1% of revenues, -26% compared to €416m in H1 2021), resulting in a basic EPS of €1.61 (vs. €2.17 in H1 2021) and an adjusted basic EPS of €2.07.

Cash Flow and Financing

Table 6: Cash Flow Reconciliation

€m	**H1 2022 reported**	**H1 2021 reported**	***Y-o-Y variation***	***Y-o-Y variation %***
Net Cash from Operations	468	709	-241	-34%
Net capex (i)	-277	-220	-57	26%
Net operating capex (includes LHI)	-191	-179	-12	7%
Net capex for purchase and development of owned sites	-86	-41	-45	110%
Free Cash Flow to the Firm before investment in owned sites[16]	277	530	-253	-48%
Free Cash Flow to the Firm	191	489	-298	-61%
Acquisitions spend and other investments (ii)	-197	-58	-139	238%
Net Cash from Investing (i) + (ii)	-475	-277	-198	72%
Net Cash from Financing	168	-719	+887	-123%
Net increase / (decrease) in Cash and cash equivalents and bank overdrafts	201	-272	+473	-174%
Cash and cash equivalents at end of period and bank overdrafts	716	639	+77	12%

Net cash provided by operating activities declined in H1 2022 to €468m vs. €709m in H1 2021. Net working capital[12] stood at 6.5% of the Group's revenues at the end of June 2022 vs. 6.6% at the end of June 2021 (calculated as a percentage of last quarter revenues times four).

The cash generation more than adequately financed net capex for the period of €277m vs. €220m in H1 2021. The increase was primarily related to investments as part of Eurofins' programmes to own its laboratory sites, which was €86m in H1 2022 vs. €41m in H1 2021. Taking this into account, Free Cash Flow to the Firm before investment in owned sites was €277m vs. €530m in H1 2021.

In June 2022, Eurofins successfully raised €600m in a senior unsecured Euro-denominated public bond issuance. The bonds have a 7-year maturity (due on 6 July 2029) and bear an annual fixed rate coupon of 4%. The proceeds were used to proactively manage the repurchase of its €300m hybrid capital (ISIN: XS2051471105) issued on 11 September 2019 with a first call date in August 2022 and its €300m hybrid capital (ISIN: XS1224953882) issued on 29 April 2015 with a first call date in April 2023. In total, Eurofins purchased €308m of its existing hybrid capital.

The combination of free cash flow to the firm and the aforementioned refinancing activities resulted in a net debt[11] figure of €2,627m at the end of June 2022, an increase of €388m vs. the level at the end of December 2021 (primarily due to hybrid capital being recognised as equity). The corresponding leverage (net debt/last 12 months proforma adjusted EBITDA) was 1.5x, at the lower end of our 1.5x-2.5x target range.

In May 2022, Moody's changed the outlook of Eurofins to positive from stable and concurrently affirmed Eurofins' Baa3 long-term issuer rating. Also in May 2022, Fitch Ratings affirmed its investment grade credit rating of BBB- with a stable outlook to Eurofins.

Start-up Programme

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

In the first half of 2022, the Group opened 30 new start-ups and decided to refocus, transform and reorganize its Eurofins Technologies business, starting up many new activities to significantly expand its product offering and distribution channels in line with Eurofins' strategic growth initiative toward IVD, BioPharma and Asia. This shift did not have a material impact to the adjusted results of the Group nor the contribution of start-ups to organic growth.

The total number of start-ups that the Group has launched since 2000 now amounts to 257, of which about 50% are located in Europe, 17% in North America and 34% in the Rest of the World (mostly in Asia). These start-ups have been launched in all key areas of activities of the Group, i.e., Food and Feed testing, Pharma/Biotech/Agroscience services, Environment testing, IVD and Clinical Diagnostics.

They contributed by ca. 90bps to the organic growth of the first half of 2022 but remained dilutive to the Group's EBITDA margin.

Acquisitions

During the first six months of 2022, the Group completed 33 acquisitions of which 6 were asset deals. These companies/activities have been fully consolidated from the date the Group took control over these entities. Prior to their acquisition, these entities generated revenues of about €133m for the year ended 31 December 2021 and employed approximately 800 employees.

Furthermore, Eurofins signed in May 2022 an outsourcing agreement of Stichting PAMM Laboratoria voor Pathologie en Medische Microbiologie ("PAMM"), a medical microbiology and pathology laboratory diagnostics company in The Netherlands. PAMM employs over 265 employees and pathologists.

In March 2022, Eurofins acquired INPAC Medizintechnik (Inpac), a German firm serving the medical device, biotech and pharma industries, located in Birkenfeld with over 170 staff and over €17m turnover in 2021.

At the end of May 2022, Eurofins completed the acquisition of a majority stake (55%) in Repertoire Genesis Inc. ("RG") in Japan. RG owns a unique and proprietary analytical platform, TCR/BCR (T Cell Receptor/B Cell Receptor) repertoire profiling that enables scientists to determine the specific pathophysiological status of immune responses derived from cancer, autoimmune diseases, transplants and infectious diseases. RG, with over 20 staff based in its laboratory in Osaka, generated ca. €4m of revenue in 2021.

The businesses acquired contributed to Eurofins' consolidated revenues for €47m and to consolidated net profit for €8m from their acquisition date to 30 June 2022. Their contribution to Adjusted EBITDA for the same period amounted to €17m. If these businesses had been acquired as of 1 January 2022, the Group's consolidated revenues would have been increased by an additional €30m, and consolidated net profit by €3.5m. The Adjusted EBITDA would also have been increased by an additional €7m.

Post-Closing Events

Since 1 July 2022, Eurofins has completed 6 acquisitions of which 2 were asset deals, one is located in North America and five in Europe and one minor divestment in France.

The total annual revenues of these acquisitions amounted to over €10m in 2021 for an aggregate acquisition price of over €10m. These acquisitions employ approximately 150 employees.

Summary unaudited interim condensed consolidated financial statements for the period ended 30 June 2022:

Table 7: Summarised Income Statement

For the six months ended 30 June

In €m except otherwise stated	2022 Reported Results	2021 Reported Results
Revenues	3,412	3,272
Operating costs, net	-2,612	-2,283
EBITDA	800	989
EBITDA Margin	*23.4%*	*30.2%*
Depreciation and amortisation	-240	-204
EBITAS	560	785
Share-based payment charge and acquisition-related expenses, net[5]	-65	-60
EBIT[6]	495	725
Finance income	1	1
Finance costs	-72	-148
Share of profit of associates	1	2
Profit before income taxes	424	579
Income tax expense	-116	-163
Net profit for the period	308	416
Attributable to:		
Owners of the Company and hybrid capital investors	310	416
Non-controlling interests	-2	0
Basic earnings per share (€)		
- Total	1.61	2.17
- Attributable to owners of the Company	1.52	2.09
- Attributable to hybrid capital investors	0.09	0.09
Diluted earnings per share (€)		
- Total	1.55	2.07
- Attributable to owners of the Company	1.46	1.99
- Attributable to hybrid capital investors	0.09	0.08
Basic weighted average shares outstanding - in millions	192	191
Diluted weighted average shares outstanding - in millions	200	201

Table 8: Summarised Balance Sheet

In €m except otherwise stated	**30 June 2022** Reported Results	**31 December 2021** Reported Results
Property, plant and equipment	1,976	1,830
Goodwill	4,454	4,115
Other intangible assets	971	896
Investments in associates	5	6
Non-current financial assets	78	76
Deferred tax assets	71	91
Total non-current assets	**7,554**	**7,013**
Inventories	159	154
Trade receivables	1,084	1,052
Contract assets	387	337
Prepaid expenses and other current assets	232	183
Current income tax assets	123	77
Derivative financial instruments assets	3	1
Cash and cash equivalents	719	515
Total current assets	**2,707**	**2,319**
Total assets	**10,261**	**9,332**
Share capital	2	2
Treasury shares	-12	-4
Hybrid capital	692	1,000
Other reserves	1,586	1,578
Retained earnings	2,027	1,964
Currency translation reserve	402	107
Total attributable to owners of the Company	*4,698*	4,648
Non-controlling interests	70	30
Total shareholders' equity	**4,767**	**4,677**
Borrowings	3,085	2,500
Deferred tax liabilities	162	124
Amounts due for business acquisitions	137	84
Employee benefit obligations	59	76
Provisions	19	16
Total non-current liabilities	**3,461**	**2,799**
Borrowings	261	254
Interest due on borrowings and earnings due on hybrid capital	39	31
Trade accounts payable	590	628
Contract liabilities	249	163
Current income tax liabilities	47	86
Amounts due for business acquisitions	29	57
Provisions	30	29
Other current liabilities	786	608
Total current liabilities	**2,032**	**1,856**
Total liabilities and shareholders' equity	**10,261**	**9,332**

Table 9: Summarised Cash Flow Statement

For the six months ended 30 June

In €m except otherwise stated	**2022** Reported	**2021** Reported
Cash flows from operating activities		
Profit before income taxes	424	579
Depreciation and amortisation	240	204
Share-based payment charge and acquisition-related expenses, net	65	60
Finance income and costs, net	42	144
Share of profit from associates	-1	-2
Transactions costs and income related to acquisitions	-10	-4
Changes in provisions and employee benefit obligations	-6	-7
Other non-cash effects	-5	-
Change in net working capital	-103	-128
Cash generated from operations	**648**	**849**
Income taxes paid	-179	-140
Net cash provided by operating activities	**468**	**709**
Cash flows from investing activities		
Purchase of property, plant and equipment	-249	-200
Purchase, capitalisation of intangible assets	-41	-23
Proceeds from sale of property, plant and equipment	13	3
Net capex	-277	-220
Free Cash Flow to the Firm	*191*	*489*
Acquisitions of subsidiaries net of cash acquired and proceeds from disposals	-197	-58
Disposals/(acquisition) of investments, financial assets and derivative financial instruments, net	-1	1
Interest received	1	0
Net cash used in investing activities	**-475**	**-277**
Cash flows from financing activities		
Proceeds from issuance of share capital	8	13
Proceeds from borrowings	605	743
Repayment of borrowings	-16	-1,249
Repayment of lease liabilities	-78	-74
Repayment of hybrid capital	-308	-
Purchase of treasury shares, net of gains	-8	-
Dividends paid to shareholders and non-controlling interests	-	-
Earnings paid to hybrid capital investors	-20	-15
Interests and premium paid	-15	-136
Net cash (used in)/provided by financing activities	**168**	**-719**
Net effect of currency translation on cash and cash equivalents and bank overdrafts	39	15
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**201**	**-272**
Cash and cash equivalents and bank overdrafts at beginning of period	515	911
Cash and cash equivalents and bank overdrafts at end of period	**716**	**639**

1 Adjusted results – reflect the ongoing performance of the mature[14] and recurring activities excluding "separately disclosed items".

2 Separately disclosed items – 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, impairment of goodwill, amortisation of acquired intangible assets and negative goodwill, gains/losses on disposal of businesses 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), net finance costs related to hybrid capital and the related tax effects.

3 EBITDA – Earnings before interest, taxes, depreciation and amortisation, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, loss/gain on disposal and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions.

4 EBITAS – EBITDA less depreciation and amortisation.

5 Share-based payment charge and acquisition-related expenses, net – Share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, 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.

6 EBIT – EBITAS less Share-based payment charge and acquisition-related expenses, net.

7 Net Profit – Net profit for equity holders before non-controlling interests and payment to Hybrid capital holders.

8 Basic EPS – basic earnings per share attributable to equity holders of the Company (Owners of the Company and hybrid capital investors).

9 Net capex – Purchase of intangible assets, property, plant and equipment, less proceeds from the disposal of such assets.

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

11 Net debt – Current and non-current borrowings, less cash and cash equivalents.

12 Net working capital – Inventories, trade receivables and contract assets, prepaid expenses and other current assets less trade accounts payable, contract liabilities and other current liabilities excluding accrued interest receivable and payable.

13 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.

14 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.

15 Discontinued activities / disposals: 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 2021.

16 FCFF before investment in owned sites: FCFF less Net capex spent on purchase of land, buildings and investments to purchase, build or modernise owned sites/buildings (excludes laboratory equipment and IT).

Notes to Editors:

For more information, please visit www.eurofins.com or contact:

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About Eurofins – the global leader in bio-analysis

Eurofins is Testing for Life. Eurofins is the global leader in food, environment, pharmaceutical and cosmetic product testing, and in discovery pharmacology, forensics, advanced material sciences and agroscience Contract Research services. Eurofins is also a market leader in certain testing and laboratory services for genomics, and in the support of clinical studies, as well as in BioPharma Contract Development and Manufacturing. The Group also has a rapidly developing presence in highly specialised and molecular clinical diagnostic testing and in-vitro diagnostic products.

With over 61,000 staff across a decentralised and entrepreneurial network of 940 laboratories in 59 countries, Eurofins offers a portfolio of over 200,000 analytical methods to evaluate the safety, identity, composition, authenticity, origin, traceability and purity of a wide range of products, as well as providing innovative clinical diagnostic testing services and in-vitro diagnostic products.

The Group's objective is to provide its customers with high-quality services, innovative solutions and accurate results on time. Eurofins is ideally positioned to support its clients' increasingly stringent quality and safety standards and the increasing demands of regulatory authorities as well as the requirements of healthcare practitioners around the world.

In 2020 and 2021, Eurofins reacted quickly to meet the global challenge of COVID-19, by creating the capacity to help over 20 million patients monthly who may have been impacted by the pandemic with our testing products and our services and directly supporting healthcare professionals working on the front line to fight the virus. The Group has established widespread PCR testing capabilities and has carried out over 40 million tests in its own laboratories, is supporting the development of a number of vaccines and has established its SAFER@WORK™ testing, monitoring and consulting programmes to help ensure safer environments, travel and events during COVID-19.

Eurofins has grown very strongly since its inception and its strategy is to continue expanding its technology portfolio and its geographic reach. Through R&D and acquisitions, the Group draws on the latest developments in the field of biotechnology and analytical chemistry to offer its clients unique analytical solutions.

Shares in Eurofins Scientific are listed on the Euronext Paris Stock Exchange (ISIN FR0014000MR3, Reuters EUFI.PA, Bloomberg ERF FP).

Until it has been lawfully made public widely by Eurofins through approved distribution channels, this document contains inside information for the purpose of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended.

Important disclaimer:

This press release contains forward-looking statements and estimates that involve risks and uncertainties. The forward-looking statements and estimates contained herein represent the judgment of Eurofins Scientific's management as of the date of this release. These forward-looking statements are not guarantees for future performance, and the forward-looking events discussed in this release may not occur. Eurofins Scientific disclaims any intent or obligation to update any of these forward-looking statements and estimates. All statements and estimates are made based on the information available to the Company's management as of the date of publication, but no guarantees can be made as to their completeness or validity.