

Eurofins Core Business exceeds its organic growth objective in Q1 2023 at 7.1%

26 April 2023

Eurofins commenced the year with a solid performance in Q1 2023:

- Revenues reached €1,574m, -10.5% vs Q1 2022 despite the sharp year-on-year decrease in revenues from COVID-19 testing and reagents (just below €10m in Q1 2023 vs over €300m in Q1 2022), while FX had a slight positive impact (+0.9%)
- Organic revenue growth⁶ of 7.1% in the Core Business (excluding COVID-19 related clinical testing and reagent revenues) was above Eurofins' objective of 6.5% p.a. on average for 2023 and the mid-term:
 - Solid organic growth in Europe (6.0%) led by Environment Testing and some recovery in Food Testing in March
 - Resilient demand trends in North America supported strong organic growth (9.1%), in particular in Environment Testing, Food Testing and Biopharma Product Testing
 - Organic growth in Rest of the World (6.0%) was driven by Asia, in particular in Japan and India
 - Start-ups contributed 0.9% to organic growth in Q1 2023, with 5 new start-up laboratories and 12 blood collection points opened in the period
- Since the start of 2023, Eurofins companies have made further innovative and valuable contributions to Testing for Life, including:
 - DNA Diagnostics Center (DDC), a global leader in genetic relationship and consumer testing, and part of the Eurofins network of companies, announced the launch of Peekaboo™ Click, an exceptionally accurate (99.5%) test utilising a comfortable and simple at-home collection device that enables expecting parents to discover their baby's gender very early in pregnancy
 - Scientists from within the Eurofins Environment Testing network of companies in the U.S. co-authored a soon-to-be-published study in the American Chemical Society's Environmental Science and Technology journal demonstrating the viability of Eurofins' blood self-collection tool for assessing human exposure to PFAS and opening the door for bigger-scale PFAS exposure assessment efforts

Objectives

- Eurofins is confirming its objectives for FY 2023 to FY 2027 as announced at the FY 2022 results presentation on 01 March 2023:

€m	FY 2023	FY 2027
Revenues	€6.6bn – €6.7bn	Approaching €10bn
Adjusted ¹ EBITDA ³	€1.35bn – €1.4bn	Margin: 24%
FCFF before investment in owned sites ⁸	€700m - €750m	Approaching €1.5bn

- The objectives assume organic growth of 6.5% p.a. on average and potential consolidated revenues from acquisitions of €250m p.a.
- These objectives also assume exchange rates are stable vs 2022 average and zero contribution from COVID-19 testing and reagents.

Comments from the CEO, Dr Gilles Martin:

“Thanks to the hard work of the Eurofins team and in spite of the challenges presented by the global economy, we started the year in a strong way and delivered organic growth exceeding our objective. While we continue to be cautious in the current uncertain economic climate, we remain confident in our long-term strategy of further investing in our unique laboratory network, innovating and improving services to our clients. In the near term, our focus is very much on continuing our digitalisation initiatives and implementing measures to combat the impact of inflation, in particular aligning prices with inflation and productivity improvements.”

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 (full list of dial-in numbers available [here](#)):

UK: + 44 330 165 4027

US: + 1 323 701 0225

FR: + 33 176 772 274

BE: + 32 240 406 59

DE: + 49 6966 102 480

Confirmation Code: 8377599

Table 1: Organic Growth Calculation and Revenue Reconciliation

	<i>In €m except otherwise stated</i>
Q1 2022 reported revenues	1,760
+ 2022 acquisitions - revenue part not consolidated in Q1 2022 at Q1 2022 FX	53
- Q1 2022 revenues of discontinued activities / disposals ⁷	-22
= Q1 2022 pro-forma revenues (at Q1 2022 FX rates)	1,791
+ Q1 2023 FX impact on Q1 2022 pro-forma revenues	16
= Q1 2022 pro-forma revenues (at Q1 2023 FX rates) (a)	1,807
Q1 2023 organic scope* revenues (at Q1 2023 FX rates) (b)	1,571
Q1 2023 organic growth rate (b/a-1)	-13.1%
Q1 2023 acquisitions - revenue part consolidated in Q1 2023 at Q1 2023 FX	3
Q1 2023 revenues of discontinued activities / disposals ⁷	0
Q1 2023 reported revenues	1,574

* Organic scope consists of all companies that were part of the Group as at 01/01/2023. This corresponds to 2022 pro-forma scope.

Table 2: Breakdown of Revenue by Operating Segment

€m	Q1 2023	As % of total	Q1 2022	As % of total	Y-o-Y variation %	Organic growth ⁶ in the Core Business**
Europe	797	50.6%	1,000	56.8%	-20.3%*	+6.0%
North America	607	38.5%	584	33.2%	+4.0%	+9.1%
Rest of the World	170	10.8%	176	10.0%	-3.3%*	+6.0%
Total	1,574	100%	1,760	100%	-10.5%	+7.1%

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

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

- ¹ Adjusted results – reflect the ongoing performance of the mature¹⁴ 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 charge⁵, 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, acquisition-related expenses, net and gain and loss on disposal of subsidiaries, net.
- ⁴ Net capex – Purchase of intangible assets, property, plant and equipment, less proceeds from the disposal of such assets and less capex trade payables change of the period.
- ⁵ Free Cash Flow to the Firm (FCFF) – Net cash provided by operating activities, less Net capex.
- ⁶ 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.
- ⁷ 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 2022.
- ⁸ 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:

Investor Relations
Eurofins Scientific SE
Phone: +32 2 766 1620
E-mail: ir@eurofins.com

About Eurofins – the global leader in bio-analysis

Eurofins is Testing for Life. The Eurofins network of companies believes that it is the global leader in food, environment, pharmaceutical and cosmetic product testing and in discovery pharmacology, forensics, advanced material sciences and agrosience contract research services. It is also one of the market leaders in certain testing and laboratory services for genomics, and in the support of clinical studies, as well as in biopharma contract development and manufacturing. It 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 ca. 900 laboratories in 61 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.

Eurofins companies' broad range of services are important for the health and safety of people and our planet. The ongoing investment to become fully digital and maintain the best network of state-of-the-art laboratories and equipment supports our objective to provide our customers with high-quality services, innovative solutions and accurate results in the best possible turnaround time (TAT). Eurofins companies are well positioned to support clients' increasingly stringent quality and safety standards and the increasing demands of regulatory authorities as well as the evolving requirements of healthcare practitioners around the world.

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.