Eurofins exceeds its recently-upgraded 2017 objectives on a strong growth momentum and raises its objectives for 2018

06 March 2018

- Close to 6% organic growth[10] for the full year 2017 (FY 2017), above the Group's annual objective of 5%. Adjusted for public working days impact, sustained organic growth above 7% in Q4 and above 6.5% for the FY 2017.
- Adjusted[1] EBITDA[3] of EUR 557m in FY 2017, above the Group's objectives (EUR 550m), resulting in a margin of 18.7%. On a pro-forma basis, the adjusted EBITDA margin stands at 18.8% thanks to accretive acquisitions in 2017.
- Record M&A activity, with about 60 acquisitions closed during the year, and representing annual revenues of ca. EUR 700m in 2017 with an annual EBITDA margin of ca. 19%, for a total investment of about EUR 1.5bn.
- Massive acceleration of our laboratories start-up programme with a record 30 in the year 2017 alone, bringing the total number of start-ups opened since 2014 to 87 and to 130 since the year 2000. These start-ups had an accretive effect of more than 40bp on our organic growth in the FY 2017. In terms of profitability, the start-ups from the first two programmes (2000-2009, 2010-2013) were slightly above Group's average in FY 2017, while the 87 ones from our third programme (opened since 2014) were as a whole very dilutive. They represent significant investments for the future.
- Strong increase of the net profit[5] in FY 2017 (+25% at EUR 217m) thanks to lower finance costs and reduced income tax expenses (following the US tax reform).
- Free cash flow to equity[9] of EUR 147m, +17% vs. last year, in line with the revenue growth for the year in spite of investment in start-ups and cost of extra cash on the balance sheet for future growth.
- Strong uplift of 21% in basic earnings per share attributable to equity holders at EUR 10.49, despite these dilutive investments for the future and the equity and hybrid issuances of the last 18 months.
- Strong balance sheet with a 2.14x pro-forma net debt/adjusted EBITDA leverage, well below the Group's covenant of 3.50x.
- Proposal to increase the annual dividend for 2017 by 20%, (10th consecutive yearly increase representing a +37.4% 10-year CAGR), to EUR 2.40 per share.
- Outlook: on the back of strong FY 2017 revenues (EUR 2.97bn, +17.1% vs. previous year, EUR 3.44bn on a pro-forma basis), Eurofins' management is increasing its 2018 revenue objective to EUR 3.7bn, and setting a EUR 700m Adjusted EBITDA objective for 2018 (at 2017 currency exchange rates).

Comments from Dr. Gilles Martin, CEO

"I am pleased to report another set of strong results for Eurofins in 2017, the second year of its 5 years growth acceleration programme. In 2017 Eurofins made very good progress towards its operational objectives for 2020 of building an unmatched state-of-the-art global laboratory infrastructure in its markets. A record number of acquisitions were also completed throughout the year. Thanks to this and continued strong organic growth above peers, Eurofins has exceeded its recently-upgraded 2017 objectives of delivering reported revenues in excess of EUR 2.9bn and EUR 3.35bn on a pro-forma basis.

2017 was a record year for Eurofins with about 60 acquisitions closed, representing annual revenues of ca. EUR 700m, and 30 start-up laboratories launched. We have substantially surpassed our annual M&A revenue objective of EUR 200m and our initial plan to open 20 laboratories in 2017. Overall the acquisitions closed in 2017 are margin accretive, contributing with a ca. 19% EBITDA margin to FY 2017 pro-forma consolidated accounts. The acceleration in the Group's M&A activity widens the portfolio of services we offer to our clients and should expand the margins of newly acquired firms that gain access to Eurofins' fast growing portfolio of competencies, logistics and clients.

Eurofins has achieved four new leadership positions in its markets in 2017. With the acquisitions of Villapharma and DiscoverX, Eurofins further enhanced its global leadership position in discovery pharmacology. Through the acquisition of GATC, one of Europe's specialists in DNA sequencing, Eurofins strengthened its market position as a global leader in genomics services. The acquisitions of JACC and Ecopro provided an entry into the Japanese agroscience market, which together with the takeover of EAG Laboratories, the largest acquisition in Eurofins' history, helped the Group achieve a global leadership position in agroscience services. Finally, the acquisition of LGC Forensics provided Eurofins with a European leadership position in forensics services.

Additionally, Eurofins has also created three new significant business lines in 2017. With the acquisitions of Advinus, Amatsigroup and Alphora, Eurofins entered the dynamic and growing contract development and manufacturing organization (CDMO) market. The acquisition of EAG Laboratories provided Eurofins with a strong entry in the growing advanced materials sciences market, where EAG is already a leader in its core markets. The acquisitions of Genoma and LifeCodexx, two pioneers of non-invasive prenatal testing (NIPT) in Europe, significantly reinforced Eurofins' position in the clinical genetics market.

This year's record investment of about EUR 1.5bn in acquisitions, demonstrates Eurofins' sustained commitment to expand its portfolio of state-of-the-art analytical services and its geographic reach by acquiring leading laboratories. During the year, with about 60 acquisitions, Eurofins continued to increase the quality and breadth of services offered to its clients, and expanded into 5 new countries: Argentina, Estonia, Lithuania, Slovenia and South Korea. Strong FY 2017 performance, combined with increasing successful efforts to lead consolidation in our markets, make Eurofins' management confident of achieving its recently-upgraded mid-term objective of delivering EUR 4bn revenues by 2019.

In conjunction with the acceleration of the Group's M&A activity and its start-up programme, we have made important progress towards optimizing our balance sheet position and ensuring that we maintain access to future funding at attractive conditions. In 2017, Eurofins issued a EUR 650m 7-year senior bond and a PerpNC8 EUR 400m hybrid instrument, at the lowest ever coupons in Eurofins' history (2.125% and 3.25% respectively). Furthermore, November's EUR 400m hybrid issue was structured for optimum equity qualification by rating agencies should the company opt for a credit rating in the next 3 years. As a result, the Group had a significant 21.7% reduction in finance costs vs. FY 2016, and enjoys significant headroom for future investments with EUR 820.4m cash and cash equivalents at year-end. In spite of all its investments, the Group continues to maintain financial flexibility with a pro-forma net debt/adjusted EBITDA leverage of 2.14x (3.5x debt covenant limit), allowing Eurofins to continue to fund its growth opportunities above and beyond its EUR 4bn revenues objective for 2019."

Table 1: Full Year 2017 Results Highlights

	FY 2017			FY 2016			+/- %
In EUR m except otherwise stated	**Adjusted[1] Results**	Separately disclosed items[2]	Statutory Results	Adjusted Results	Separately disclosed items	*Statutory Results*	**Adjusted Results**
Revenues	2,971.4	-	2,971.4	2,536.6	-	2,536.6	17.1%
EBITDA[3]	556.7	-43.5	513.2	479.6	-18.5	461.1	16.1%
EBITDA Margin (%)	18.7%		17.3%	18.9%		18.2%	
EBITAS[4]	399.6	-62.0	337.5	357.6	-38.2	319.4	11.7%
EBITAS Margin (%)	13.4%		11.4%	14.1%		12.6%	
Net Profit[5]	299.1	-82.4	216.8	221.6	-47.6	174.0	35.0%
Basic EPS[6] (EUR)	17.49	-4.82	12.68	13.86	-2.98	10.88	26.2%
							+/- % Reported Results
Operating Cash Flow[7]			405.1			371.8	9.0%
Free Cash Flow to the Firm[8]			192.5			177.7	8.3%
Net capex			212.6			194.1	9.5%
Net capex as % of revenues			7.2%			7.7%	-50 bp
Net Debt			1,395.4			557.8	
Leverage Ratio (net debt/adjusted EBITDA)			2.51x			1.16x	
Leverage Ratio (net debt/pro-forma adjusted EBITDA)			2.14x			1.13x	

N.B. H2 2017 results can be found in Table 3 below

Revenues

Revenues grew 20.6% (+24.6% at constant currency rates) to EUR 843.5m in the fourth quarter, bringing revenues for the full year 2017 to EUR 2,971.4m, representing a year-on-year increase of 17% (+18% at constant currency rates). Organic growth was close to 6% in 2017, adjusted for public working days impact, organic growth was above 7% in Q4 and above 6.5% for the FY 2017. Market share gains in most geographies, increased customer penetration, as well as continued growth in the markets where Eurofins operates support the robust growth across the Group. Currency translation had a limited impact on revenues of -0.8% during the year. Taking the annualized revenues of all the acquisitions completed during the year, 2017 pro-forma revenues would have been EUR 3.44bn. Thus, the Group has exceeded its latest 2017 objectives, upgraded on the 24th October 2017, to deliver EUR 2.9bn revenues and EUR 3.35bn revenues on a pro-forma basis.

Table 2: Geographical Revenue Breakdown

(EUR m)	**2017**	***As % of total***	**2016**	***As % of total***
North America	902.8	30.4%	803.6	31.7%
France	677.8	22.8%	625.9	24.7%
Germany	342.5	11.5%	279.4	11.0%
Benelux	214.8	7.2%	191.2	7.5%
Nordic Countries	212.4	7.1%	172.4	6.8%
UK & Ireland	161.6	5.4%	122.0	4.8%
Others	459.5	15.6%	342.1	13.5%
Total	**2,971.4**	100 %	**2,536.6**	100 %

Positive trends continue to drive the growth in Eurofins' businesses in North America, where revenues increased 12.3% to EUR 903m, amounting to over 30% of total Group revenues. Organic growth for FY 2017 in North America was above the Group average. In the US, Eurofins laboratories active in BioPharma services delivered outstanding organic growth during the year. 2017 was a record year in the number of novel drug approvals by the US Food and Drug Administration (FDA). Eurofins Pharma Discovery Services launched a new website providing customers worldwide with a single fully integrated e-commerce platform that hosts its entire assay catalog. Regulatory catch-up remains a strong growth driver for the food testing market. The Food and Drug Administration's (FDA) Food Safety and Modernization Act (FSMA) continues to influence the food safety testing decisions of the largest US food manufacturers with increasingly stringent regulations. Eurofins' strong commitment towards expanding its technology portfolio through R&D and acquisitions, increasing the number and quality of analytical tests offered to its clients, should strengthen its position as a laboratory of choice for its customers. The Group continues to expand its presence in BioPharma services in the US, where Eurofins Central Laboratory had a record year of new bookings while improving the diversification of its client base. Eurofins Central Laboratory has also built new relationships with some of the largest players in the veterinary drug industry, significantly enlarging its testing portfolio for medicated animal feed assays.

In France, Eurofins' second largest market with nearly 23% of total Group sales, revenues increased 8.3% to EUR 678m. Organic growth was below Group average in France in 2017 mainly resulting from the French clinical diagnostics market where total laboratory spend is capped by healthcare authorities. However, despite this constraint, Eurofins has continued to improve its margin and significantly increased its revenues on prenatal diagnostics tests in France in 2017 reflecting successful cross-selling efforts following the acquisitions of Genoma and LifeCodexx. In 2017, Eurofins laboratories active in Food testing services were awarded a new European project focusing on testing and breeding for sustainability and resilience in crops. During the year, Eurofins Microbiology testing France implemented its new real-time PCR Kit BACGene Listeria, the first multiplex assay for parallel detection of Listeria monocytogenes and Listeria spp., an effective new test for the quality assurance of food. Eurofins Environment testing laboratories in France have been selected as the main laboratory to conduct environmental analyses on waste materials for 9 out of the 11 main work packages that constitute the first testing phase of the EUR 30bn Grand Paris Project. They were also selected as the preferred analytical partner for most of the engineering firms working on the Grand Paris Project. Eurofins' genomics services business had robust organic growth above the Group's objectives.

Revenue contribution from Germany, which makes up 12% of Group revenues, was EUR 343m in 2017, representing robust growth of 23% with double-digit organic growth in Q4 2017. The food testing business continues its strong growth. In Germany, Eurofins laboratories active in BioPharma services delivered strong revenue growth during the year, all of which was organic. In Genomics services, Eurofins achieved double digit organic growth during the year significantly developing its market position by expanding its technological portfolio and offering overnight sequencing services, leading to the acquisition of many new customers including contracts with five new hospitals.

The Group's laboratories in the Benelux achieved revenues of EUR 215m, representing 7% of total Group revenues, and an increase of 12% compared to 2016. In 2017, Eurofins' Carbohydrate Competence Centre (CCC) in The Netherlands announced availability of the analytical method necessary to conform to the national standard of the People's Republic of China for the determination of fructan in foods, CCC's test has received ISO 17025 accreditation. Eurofins' laboratories in the Nordic Region grew 23% to EUR 212m of revenues in 2017, making up 7.1% of total sales. Eurofins became in 2017 the market leader for environmental testing in Finland. Revenues from the UK & Ireland grew 32% to EUR 162m. In the first quarter of 2018, Eurofins Environment testing is implementing the Irish Water Framework for laboratories for potable water and waste water testing. Eurofins Clinical Diagnostics had a 100% success rate in the Irish National Health Service (HSE) and in private hospital procurement tenders during 2017, featuring a 5 year agreement with Ireland's largest private hospital group, to provide specialized testing to their hospitals, and a 7 year contract with one of the world's leading providers of renal care services. In Q3 2017, Eurofins Biomnis Ireland was awarded a flexible scope of accreditation according to ISO 15189 standard for its clinical diagnostics testing portfolio.

Eurofins continues to expand its operations and footprint in emerging markets and Asia Pacific, which contributed revenues of EUR 272m, an increase of 19% versus 2016. Eurofins' food testing laboratory in Bangalore obtained Export Inspection Council (EIC) approval opening up two major opportunities, sea food testing for exports and testing of milk products for exports. Eurofins Agroscience Services (EAS) expanded to Malaysia. Field activities in Malaysia will further strengthen Eurofins' Asian residue testing network in, for example, palm oil. In 2017, EAS hired a nematode specialist in Thailand. Nematodes affect many crops in the tropics, and in South East Asia, vegetables and sugarcane yields can be significantly reduced by the presence of nematodes. EAS Thailand can now offer high quality and reliable expertise for testing new solutions against this important pest complex. Consumer Product Testing in India started its operations in March 2017 and acquired ISO 17025 accreditation in November.

During the year, Eurofins expanded its market presence into five new geographies, launching operations in Argentina, Estonia, Lithuania, Slovenia and South Korea. As a result, Eurofins has significantly strengthened its portfolio of services in Central and Eastern Europe, where government regulation is developing fast in with the objective to catch-up with the EU regulatory environment. It is also gradually expanding its footprint in Latin America and Asia Pacific.

Overall, the Group delivered strong revenue growth across all geographic areas and businesses, supported by the Group's investments to build the best laboratory network infrastructure in its markets through acquisitions and start-up laboratories. The strong results achieved in 2017 reflect Eurofins' commitment towards securing leadership and strengthening its market presence in each of its areas of competence.

Profitability

Group adjusted EBITDA increased 16% to EUR 557m thanks to a strong revenue growth from our mature businesses, our start-up laboratories, and the acquisitions made during the year (slightly above EUR 200m of revenues consolidated in 2017 representing a full year pro-forma basis of ca. EUR 700m). The slight margin contraction (-20bp vs. previous year) is due to a small dilution impact from 2016 acquisitions. The mature businesses of the Group (excluding start-ups and acquisitions in significant restructuring) generated revenues of EUR 2,714m during the period with an EBITDA margin of 20.5%, slightly lower than the previous year due to a dilutive impact from the 2016 acquisitions. Start-ups and businesses in restructuring or reorganization generated EUR 258m of revenues, which means that these businesses now account for only 8.7% of the Group's total revenues, compared to 11.1% in the previous year.

Start-up losses and restructuring costs as disclosed in the separately disclosed items[2] (SDI) amounted to EUR 43.5m, representing 7.8% of the total EBITDA generated by the mature businesses of the Group. These were mostly linked to the losses incurred via the massive acceleration of our start-up programme (30 new start-ups in 2017 alone), while restructuring and one-off costs linked to reorganization and discontinuations reduced slightly vs. the previous year. Overall our reported EBITDA amounted to EUR 513m, a +11% increase vs. the previous year.

Adjusted EBITAS[4] amounted to EUR 400m, +12% vs. the previous year, despite an increase in depreciation and amortization (EUR 176m, 5.9% of our revenues) related to the elevated capital expenditures realized in recent years in order to build a hard to replicate global laboratories platform. Shared-based payment charges and net acquisition-related expenses decreased by 10bp vs. our revenues to 1.4% and EUR 41m, enabling us to generate a reported EBIT of EUR 297m.

Finance costs decreased by 22% to EUR 55m, thanks to the early repayment of expensive debt instruments in the previous year and the issuance of a EUR 650m 7-year senior bond in July 2017 at the lowest coupon in the Group's history (2.125%).

The income tax expense for the FY 2017 is particularly low at EUR 31m, namely 12.5% of the profit before tax, mostly thanks to the one-time effect of fiscal reforms in the US and France, which created one-time adjustments on deferred tax liabilities. Income tax paid was EUR 79m in 2017, a year-on-year increase of 8%. The reduction of income tax rates in the US and France should also be beneficial to Eurofins' cash paid taxes in the future.

Net profit[5] increased by ca. 25% to EUR 217m in the FY 2017. As a consequence, the basic reported earnings per share[6] (EPS) increased to EUR 12.68, a +16.5% year-on-year increase, and the basic reported EPS attributable to equity holders increased by over 21% to EUR 10.49.

Cash Flow and Financing

Operating cash flow[7] in the year 2017 grew by 9% to EUR 405m. Our net working capital represented 4.4% of the 2017 revenues, an increase of 70bp vs. the previous year, due to higher net working capital of companies acquired in 2017. On a like-for-like basis, our net working capital improved to 3.3% of our revenues in 2017.

Capital expenditures for 2017 amounted to EUR 213m, whereas net capex/sales ratio has decreased by 50bp to 7.2% of 2017 revenues due to the sale of one unneeded building obtained from an acquisition in prior years. Overall the Group objective remains to bring down its capex ratio to 6% of sales by 2020 after it completes its 2016-2020 global growth plan. Capital expenditures during the year were, among others, related to over 53,000m^2 of additional state-of-the-art laboratory surface, the launch of 30 new start-up laboratories, as well as continued development and deployment of the Group's new generation of IT solutions. The Group's high levels of capital spending in recent years are consistent with its commitment to strengthen its long-term competitive advantage by building a global state-of-the-art laboratory network and bespoke IT solutions.

Strong revenue and profit growth offset the increase in net capex, allowing Eurofins to generate robust cash flows in 2017, with free cash flow to the firm[8] (before interest paid) increasing by 8.3% to EUR 192m, and free cash flow to equity (after interest paid) increasing by 16.6% to EUR 147m.

The Group significantly strengthened its capital structure in 2017 with the issuance of EUR 299m new shares at a zero discount vs the 1-month volume weighted average price (VWAP) in early November at EUR 543 per share and the issuance of a EUR 400m Hybrid instrument, structured for optimum equity qualification by rating agencies, bearing the lowest-ever hybrid coupon achieved by Eurofins (3.25%), shortly there-after.

At the end of December 2017, the Group's leverage ratio stood at 2.14x net debt/pro-forma adjusted EBITDA, with a net debt of EUR 1,395m, well below its debt covenant limit of 3.5x. The Group closed the year with a strong liquidity position, with EUR 820m of cash and cash equivalents on its balance sheet, and significant undrawn credit facilities, providing Eurofins with ample financial flexibility to respond to future attractive M&A opportunities, even above and beyond those included in its objectives to reach EUR 4bn revenues by 2019.

Business Developments

Acquisitions & Outsourcing

In 2017, Eurofins completed about 60 acquisitions to strengthen its leadership in existing markets, to further develop the Group's footprint in new geographies, and to enter new market segments within the Group's areas of competency. Some of Eurofins' acquisitions during the year are discussed below.

In February, Eurofins acquired Ahma Ymparisto Oy, the second-largest environment testing laboratory in Finland.In the same month, Eurofins closed the acquisition of Villapharma in Spain, a provider of organic synthesis and medicinal chemistry services for the discovery and optimization of potential new drug candidates, reinforcing the Group's footprint in discovery pharmacology.

In March, Eurofins acquired Mechem Laboratories in Singapore, expanding the Group's food and environment testing footprints in Asia Pacific. In the same month, Eurofins acquired VBM Laboratoriet A/S, one of the leading laboratories for testing for the environment and construction materials sectors in Denmark, strengthening Eurofins' leadership in the Danish environmental testing market. Also, Eurofins acquired Gözlem Gýda Kontrol ve Araþtýrma Laboratuvarlarý ("Gözlem"), one of the leading food testing laboratories in Turkey. Gözlem provided Eurofins with a strong platform to accelerate the roll-out of its capabilities to serve the thriving food and beverage industry in Turkey.

In April, Eurofins acquired the analytical laboratory business of Ramboll Group, the environment testing market leader in Finland, comprising 5 laboratories specialized in environment testing. In May, Eurofins acquired Nab Labs Group Oy, one of the largest independent environment testing laboratories in Finland. As a result, together with the prior acquisitions of Ahma and the analytical businesses of Ramboll Group, Eurofins achieved a solid market leadership position in environment testing in Finland.

In June, Eurofins acquired Alphora Research Inc., a full service contract research, development and manufacturing organization (CRDMO) for complex and niche small molecule active pharmaceutical ingredients (APIs), based in Ontario, Canada. This transaction provided Eurofins with an entry into the dynamic and growing CDMO market and expanded Eurofins' leadership in biopharmaceutical services. In July, Eurofins acquired MVZ für Laboratoriumsmedizin am Hygiene-Institut GmbH, one of the largest clinical diagnostic providers in North Rhine-Westphalia, Germany. This acquisition provided Eurofins with an entry into the clinical diagnostic testing market in Germany. In the same month, Eurofins acquired Genoma Group Srl, one of the leading clinical genetics testing providers in Italy, strengthening Eurofins' specialty clinical diagnostics footprint. Moreover, Eurofins acquired GATC Biotech AG, one of Europe's main specialists in DNA sequencing. This transaction included the acquisition of the shares owned by GATC in LifeCodexx AG, Europe's first non-invasive prenatal testing (NIPT) provider. The acquisitions of Genoma and LifeCodexx, two pioneers of NIPT in Europe, reinforced Eurofins' significant emerging global market position in Clinical Genetics.

In August, Eurofins acquired DiscoverX, a leader in drug discovery products and services across all stages of discovery from target identification and lead discovery to preclinical and beyond. Together with the acquisition of Villapharma in February, DiscoverX helped Eurofins achieve a leadership position in Discovery Pharmacology, a market that is experiencing a growing outsourcing trend.

In September, Eurofins completed the acquisition of Amatsigroup, a leading international contract development and manufacturing organization (CDMO) providing preclinical and clinical phase services for the development of human and veterinary drugs. The acquisition of Amatsigroup further expanded Eurofins' leadership in biopharmaceutical services.

In October, Eurofins acquired Advinus, a leading preclinical and clinical phase contract research company serving diverse industries including Biotech, Pharmaceuticals, Biologics, Agrochemicals, Nutraceuticals and Cosmetics. This transaction provides Eurofins with an entry into the Pharma and Agroscience testing markets in India. The acquisitions of Alphora in June, Amatsigroup in September and Advinus in October, led to the creation of a new business line for Eurofins: Pharma Contract Development and Manufacturing Organization (CDMO). Also in October, Eurofins acquired the Forensics and Security division of LGC ("LGC Forensics"), the largest player in the UK forensics market. LGC Forensics provides the most comprehensive range of forensic science services including casework, DNA testing, digital forensics, drugs and toxicology and firearms. As a result of this transaction, Eurofins achieved a leadership position in the European forensics market.

In November, Eurofins acquired Spectro Analytical Labs Ltd. ("Spectro"), a leading environment, analytical product testing and inspection company in India. The acquisition of Spectro provided Eurofins with a strong entry into the environment testing market in India.

In December, Eurofins successfully completed the acquisition of EAG Laboratories ("EAG") for USD 780m, the largest acquisition in Eurofins' history. EAG believes it is the largest independent US-centric platform in the testing, inspection and certification (TIC) market, and is a highly differentiated player in high-science analytical testing and consulting solutions. EAG serves three main markets, namely Material and Engineering Sciences, Agroscience and Biopharmaceuticals. The acquisition of EAG provides Eurofins an entry into the dynamic and growing Materials Sciences market, where EAG is number one in its core markets. Eurofins and EAG have almost no geographic overlap, and EAG has an EBITDA margin close to 30%. Therefore, the transaction is margin accretive for Eurofins.

End of December, Eurofins acquired Selcia Limited, a contract research provider of radiolabeling services in the UK and MET Laboratories, Inc., an independent National Recognized Testing Laboratory (NTRL) providing electrical testing, certifications, listing and labeling mark in the US (Baltimore, Santa Clara, Austin, Union City), China (Shenzhen), Taiwan (Taipei) and Korea (Seoul).

Total acquisition spend in 2017 was about EUR 1.5bn for combined total annualized revenues of ca. EUR 700m, with an annual EBITDA margin of ca. 19%.

As stated above, all acquisitions completed in 2017 taken as a whole should be immediately accretive to the Group's EBITDA margin.

Post-closing events

In January 2018, Eurofins completed 3 further acquisitions: Tsing Hua, one of the leading players in environment testing in Taiwan, Food Analytica, a leading group of food testing laboratories in Hungary, and Craft Technologies, a leading contract laboratory providing analysis of nutrients, vitamins, carotenoids, bioflavonoids and phytochemicals in the US.

In February 2018, Eurofins completed 3 further acquisitions: Labo Van Poucke, a leading Belgian laboratory performing human medical testing covering all branches of clinical biology, City Analysts Ltd., a leading provider of accredited water chemistry and microbiological testing in Ireland, and NMDL-LCPL, a specialized medical testing business providing molecular diagnostics and pathology laboratory services in the Netherlands.

Infrastructure

Between 2005 and 2017, Eurofins has added or brought to the most modern standards over 430,000m^2 of laboratory space. In 2017 only, Eurofins delivered over 53,000m^2 of new state-of-the-art laboratory surface, exceeding its objective to deliver 49,000m^2. This is a clear demonstration of Eurofins' commitment to continue to invest significantly in new buildings, extensions and renovations to build the largest and most efficient state-of-the-art laboratory network in its industry. Eurofins has planned an additional ca. 99,000m^2 of expansion and modernization of its laboratory network for 2018 and another ca. 90,000m^2 in 2019. This should finalize the upgrade/extension of its historic perimeter.

In-line with the positive outlook in the US Biopharmaceutical testing market, plans to further expand Eurofins' laboratory campus in Lancaster are well underway. A new building with 15,500m^2 of surface area is expected to be completed by November 2018. A strategic expansion of Eurofins' global network of data centres is underway with two additional US locations planned to come on line in Atlanta, Georgia. These new data centers will bring better connectivity, enhanced scalability and capacity to accommodate the network demands of Eurofins American businesses. Additionally, in 2017, two

Eurofins Microbiology sites were opened in Dallas (Texas) and North Kingstown (Rhode Island), Eurofins Food Microbiology expanded to Quebec (Canada), construction commenced for Eurofins Microbiology laboratories in Atlanta (Georgia), Fresno (California) and Colorado (Denver), and for a new dairy and contaminants laboratory in Fresno (California).

Eurofins Agroscience Services opened a new field base facility in the O'Higgins region of Chile; the new facility is located in a prime position to offer trials on the region's most significant agricultural crops. Expansion is underway to build a service delivery centre in San Jose, Costa Rica, to deliver offshore IT services for North and South America. This will be Eurofins' third service delivery centre, following one in Bangalore (India) and one in Penang (Malaysia).

Following the acquisition of Gözlem in March, all of Eurofins' operations in Turkey were transferred to Gözlem's food control laboratory in Istanbul. This move to consolidate several small sites in Turkey has united all of Eurofins Turkey sales capabilities under one roof, with the objective to increase Eurofins' penetration into the Turkish food testing market.

Eurofins successfully completed the relocation of its main Chinese food testing laboratory in Suzhou to a new site with over 3,600m^2 of surface area. The new laboratory was designed using the Group's lean concepts which are applied across its modernized laboratory network. Moreover, Eurofins also completed the expansion of its product testing laboratory in Hangzhou, China.

In India, Eurofins Advinus has ambitious expansion plans, planning a new bio-analysis laboratory of 1,400m^2 to double their existing capacity, as well as an expansion of its chemistry and manufacturing control services laboratory and an expansion of its agro chemical services analytical R&D laboratory.

In Australia and New Zealand, Eurofins successfully opened an air toxics laboratory to expand the Group's portfolio of environment testing services in this geography by transferring proprietary technologies from its US operations. Eurofins also opened a new Asbestos testing laboratory in Q4 2017 in Christchurch, New Zealand. In October 2017, Eurofins has begun the construction project of a new laboratory in Melbourne, Australia, which will become Eurofins' largest campus in Australia and New Zealand. In Q4 2018, this new 6,000m^2 laboratory will consolidate, under one roof, all of Eurofins' food and environment testing businesses in Melbourne. The campus can potentially be expanded to 12,500m^2. Eurofins Agrotesting in New Zealand is undergoing redesign efforts of its laboratories in Katikati and Te Puke. Three water testing satellite laboratories were opened in New Zealand, in Auckland, Christchurch and Dunedin. Finally, all of Eurofins' animal health businesses in the region were consolidated into one single entity in Australia, becoming the premier contract research organization (CRO) entirely dedicated to veterinary projects.

In the UK & Ireland, Eurofins opened a new pharmaceutical chemistry, microbiology and water microbiology facility in Livingston, Scotland, following a GBP 4m investment. The testing capacity and capabilities of Eurofins' Grimsby food facility, acquired from Exova in 2016, underwent a significant expansion in 2017. Furthermore, Eurofins York, acquired earlier this year in July, officially opened in December its brand new state-of-the-art testing laboratory in Castleford near Leeds. Eurofins Biomnis expanded its clinical diagnostics operations in the UK, with the development of a new laboratory that will be located in the existing Eurofins site in Camberley. Finally, consolidation efforts led to Eurofins' Birmingham activities being transferred to the large site in Wolverhampton.

In Belgium, Ghent forensics activities have been successfully transferred to our main forensics laboratory in Bruges. In France, Eurofins inaugurated a 9,500m^2 extension to its first-ever laboratory in Nantes, bringing total size of the campus to 23,640m^2 making it the largest independent food testing laboratory site in Europe and one of the largest worldwide alongside Eurofins Hamburg. The new laboratory layout is expected to significantly improve efficiency, scalability and turn-around-times, as well as increase the breadth of service offerings in Nantes.

Start-ups

Start-ups or green-field laboratories are generally undertaken in new markets, and in particular emerging markets, where there are often limited viable options for acquisitions or in developed markets when Eurofins transfers technology developed by its R&D and Competence Centers abroad or expands geographically.

Eurofins made record investments in 2017 in its laboratories start-up programme with 30 new start-ups launched in the year 2017 alone, bringing the total number of start-up laboratories opened since 2014 to 87 and to 130 since the year 2000.

These start-up laboratories had a strong accretive effect of more than 40bp on Eurofins' organic growth in 2017, representing a revenue contribution of almost EUR 190m ie. more than 6% of the Group's consolidated revenue.

During their ramp-up phase, start-up activities go through various stages of development before reaching optimal efficiency levels. 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. The development process includes the creation or construction of the laboratory, hiring the appropriate staff, obtaining relevant accreditations and clients' approval, deployment of the Group's proprietary IT infrastructure and dedicated IT solutions, developing the sales and marketing channels, and building up volumes and the revenue base.

Consequently, in terms of profitability, the start-ups from the first two programmes (2000-2009, 2010-2013) were slightly above the Group's average in 2017, while the ones from our third programme (2014-2017) were very dilutive.

From Eurofins third start-up programme, out of the 87 start-up laboratories opened since 2014:

- 24 were opened in Asia Pacific (Australia, China, India, New Zealand, Singapore, Taiwan to name a few), 40 in Europe (France, Belgium, Netherlands, Hungary, Poland, Turkey, Ukraine etc.), 4 in Latin America (Brazil, Chile, Argentina) and 19 in North America (US, Canada);
- 35 were opened to enhance Eurofins Food testing capabilities across all geographies, 27 in Environment testing, 12 in Biopharma, Agroscience and Genomics services and 13 in other business lines such as Clinical diagnostics and Consumer Product testing services.

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. However these long-term oriented investments complement the Group's acquisition strategy in high-growth markets or where acquisition prices are too high for acquisitions to provide appropriate returns.

Outlook

Eurofins' management raises once again its objectives for 2018, which were already raised once in October 2017, from annual revenues of EUR 3.6bn to EUR 3.7bn, and sets its adjusted EBITDA objective to EUR 700m in 2018, at 2017 currency exchange rates, assuming the Group reaches its objectives of generating 5% organic growth and EUR 200m annual revenues from new acquisitions (on an annual pro-forma basis, only partially consolidated in 2018, at mid-year on average).

Underlying trends remain positive across the Group's businesses, and Eurofins' management believes that the Group is on track to achieve its recently-upgraded mid-term objective of reaching EUR 4bn revenues by 2019. Should this be achieved, Eurofins would have doubled in size once again in only 4 years.

Table 3: H2 2017 Results Highlights

In EUR m except otherwise stated	H2 2017 Adjusted[1] Results	H2 2017 Separately disclosed items[2]	H2 2017 Statutory Results	H2 2016 Adjusted Results	H2 2016 Separately disclosed items	H2 2016 Statutory Results	+/- % Adjusted Results
Revenues	1,574.5	-	1,574.5	1,328.2	-	1,328.2	18.5%
EBITDA[3]	306.6	-12.4	294.2	263.0	-13.0	250.1	16.6%
EBITDA Margin (%)	19.5%		18.7%	19.8%		18.8%	
EBITAS[4]	220.4	-17.9	202.5	199.5	-24.0	175.5	10.5%
EBITAS Margin (%)	14.0%		12.9%	15.0%		13.2%	
Net Profit[5]	185.0	-42.7	142.3	128.2	-15.1	113.2	44.2%
Basic EPS[6]	10.76	-2.48	8.29	7.80	-0.87	6.93	38.0%

Table 4: Separately disclosed items

FY & HY Separately disclosed items[2]:	H1 2017	H2 2017	**FY 2017**	H1 2016	H2 2016	**FY 2016**
One-off costs from integrations, reorganizations and discontinued operations, and other non-recurring costs	10.9	1.4	**12.4**	5.4	9.3	**14.7**
Temporary losses related to network expansion, Start-ups and new acquisitions in significant restructuring	20.1	11.0	**31.1**	0.2	3.6	**3.8**
EBITDA[3] impact	31.0	12.4	**43.5**	5.6	13.0	**18.5**
Depreciation costs specific to start-ups and new acquisitions in significant restructuring	13.1	5.5	**18.6**	8.7	11.0	**19.7**
EBITAS[4] impact	44.1	17.9	**62.0**	14.2	24.0	**38.2**
Share-based payment charge and acquisition-related expenses	14.3	26.4	**40.7**	17.6	19.8	**37.4**
Net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income)	-8.2	12.2	**4.0**	6.0	-15.4	**-9.4**
Tax effect from the adjustment of all separately disclosed items	-9.5	-13.7	**-23.2**	-4.6	-11.7	**-16.3**
Non controlling interest on separately disclosed items	-1.0	-0.1	**-1.1**	-0.7	-1.6	**-2.3**
Total impact on Net Profit attributable to equity holders[5]	39.7	42.7	**82.4**	32.6	15.1	**47.6**
Impact on Basic EPS[6]	2.34	2.48	**4.82**	2.11	0.87	**2.98**

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

2 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, discontinued activities, 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 and the related tax effects. (Details in Note 2.3 of the 2017 Consolidated Financial Statements).

3 EBITDA – Earnings before interest, taxes, depreciation and amortisation, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, discontinued activities, 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 – Earnings before interest, taxes, share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, discontinued activities, 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.

5 Net Profit – Net profit for equity holders after non-controlling interests but before payment to Hybrid capital holders

6 Basic EPS – earnings per share (basic) total (to equity holders before payment of dividends to Hybrid capital holders)

7 Operating Cash Flow – Net cash provided by operating activities (after tax)

8 Free Cash Flow to the Firm –Operating Cash Flow, less Net capex

9 Free Cash Flow to equity – Free Cash Flow to the Firm, less Change in investments and financial assets, net and, interest paid net of interest received

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

For details of the FY 2017 results, including consolidated financial statements and related notes, please visit:
https://www.eurofins.com/investor-relations/reports-presentations/

For more information, please visit www.eurofins.com or contact:
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Notes for the editor:

Eurofins – a global leader in bio-analysis

Eurofins Scientific through its subsidiaries (hereinafter sometimes "Eurofins" or "the Group") believes it is the world leader in food, environment and pharmaceutical products testing and in agroscience CRO services. It is also one of the global independent market leaders in certain testing and laboratory services for genomics, discovery pharmacology, forensics, CDMO, advanced material sciences and for supporting clinical studies. In addition, Eurofins is one of the key emerging players in specialty clinical diagnostic testing in Europe and the USA. With over 35,000 staff in more than 400 laboratories across 44 countries, Eurofins offers a portfolio of over 150,000 analytical methods for evaluating the safety, identity, composition, authenticity, origin and purity of biological substances and products, as well as for innovative clinical diagnostic. The Group objective is to provide its customers with high-quality services, accurate results on time and expert advice by its highly qualified staff.

Eurofins is committed to pursuing its dynamic growth strategy by expanding both 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 and the most comprehensive range of testing methods.

As one of the most innovative and quality oriented international players in its industry, Eurofins is ideally positioned to support its clients' increasingly stringent quality and safety standards and the expanding demands of regulatory authorities around the world.

The shares of Eurofins Scientific are listed on the Euronext Paris Stock Exchange (ISIN FR0000038259, Reuters EUFI.PA, Bloomberg ERF FP).

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 guarantee can be made as to their validity.

Eurofins provides in the Income Statement certain alternative performance measures (non-IFRS information such as "Adjusted Results and Separately Disclosed Items") that exclude certain items because of the nature of these items and the impact they have on the analysis of underlying business performance and trends. (Refer to description of Separately Disclosed Items).

In addition, Eurofins shows the following two earnings measures in the Income Statement with the objective to be close and consistent with the information used in internal Group reporting to measure the performance of Group companies and information published by other companies in the sector: EBITDA[3] & EBITAS[4] and provides as non-IFRS measure the Organic growth[10], the Free cash flow to the Firm[8], the Free cash flow to equity[9] for a given period.

Management believes that providing these alternative performance measures enhances investors' understanding of the company's core operating results and future prospects, consistent with how management measures and forecasts the company's performance, especially when comparing such results to previous periods or forecasts and to the performance of our competitors. This information should be considered in addition to, but not in lieu of, information prepared in accordance with IFRS.