

## Reuters Summit-UPDATE 1-Eurofins to beat organic market growth

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\* Eurofins sees organic sales growth above market's 5-7 pct \* Operating margin seen at 14.5 to 15 percent \* Needs takeovers to reach 2011 sales of 1 billion euros

By Caroline Jacobs and Noelle Mennella

PARIS, June 4 (Reuters) - Eurofins Scientific ([EUFI.PA](#)), a bioanalytical testing company, expects underlying sales growth to beat the market this year when it focuses on integrating past takeovers into the group and keeps its 10 percent growth target.

The financial crisis has not yet affected the French group's activity as the composition, safety, or purity of products for the drug, food and environmental sectors still needed testing and growth opportunities were plenty in emerging markets.

"Our activities continue as usual, with our laboratories turning at full speed," Finance Director Hugues Vaussy told Reuters. He declined to give a forecast for 2009, but said Eurofins should outperform the market's 5 to 7 percent growth.

"Our growth in 2009 will be mainly organic, we have said our target was 10 percent every year," Vaussy said at the Reuters biotech summit on Thursday.

Over the past years Eurofins has been on a takeover spree but is slowing down its external growth plans for now to work on integrating its past acquisitions and restructure new start-ups in fast-growing countries like India, China and Brazil.

Nevertheless, acquisition opportunities were still on the radar screen and Eurofins was taking a wait-and-see attitude with prices of possible targets still going down, including in the United States and Britain.

### CASH AND PATIENCE

"We have the cash and we have time, we hold all the cards," Vaussy said, adding the group's cash pile totalled 100 million euros (\$141.8 million) end of March. He pointed at the North American market as a region where the company could expand its environmental analysis. "During Bush there was a lack of political stimulus for testing but things could evolve favourably in the next months and years in the United States in the environmental area," Vaussy said.

Unlike his predecessor George W. Bush, U.S. President Barack Obama has made cleaning up the environment one of the administration's priorities, aiming to cut greenhouse emissions and stimulating the use of biofuels.

Vaussy confirmed sales should grow to 1 billion euros by 2011, which would entail acquisitions of laboratories with annual sales of 150 million to 200 million euros. The operating margin target was still for 14.5 to 15 percent this year for 80 percent of its laboratories.

Founded in 1987, Nantes-based Eurofins runs 150 laboratories in about 30 countries and has 25,000 analysing methods in its portfolio. As such, it is also betting on outsourcing as an increasingly important source of income.

It currently has about 20 of these contracts. Companies could save money by transferring testing to specialists, paying for the requested services only rather than having fixed costs of a laboratory in-house, he said.

In emerging markets like China and India, Eurofins could in the longer term grab an important share of the testing market as quality controls there become increasingly important, but it was still early days, Vaussy said.

Eurofin's drug unit, which analyses blood samples or tissue of patients, could benefit from more and more drugmakers choosing to hold their clinical trial tests on humans in the world's most populated countries.

The opening up of a food testing laboratory in Suzhou, China earlier this year offered prospects. Vaussy said Eurofins was the country's only independent food testing laboratory providing an international standard service from start to finish.

Eurofins shares rose nearly 1 percent to 39.28 euros by 0931 GMT, giving the company a stock market value of 556 million euros. The stock has increased almost 11 percent this year.

Its rivals include Alcontrol [AGRUPA.UL].

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