



# Samuel Weber

Founder and Portfolio Manager,  
Samuel S. Weber Vermögensverwaltung





[https://upload.wikimedia.org/wikipedia/commons/a/ae/Eurofins\\_Scientific\\_Logo.svg](https://upload.wikimedia.org/wikipedia/commons/a/ae/Eurofins_Scientific_Logo.svg)

# Eurofins Scientific

2022: Review of Past Ideas

2021: Lanxess

2020: Swatch Group

2018: Holcim

2017: Deutsche Bank

# Disclaimer

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# Past Ideas

- 2017: Deutsche Bank, trading around EUR 15
  - Now trades around EUR 10
  - Flat since announcement of new strategy in mid 2018
- 2018: Holcim, trading around CHF 45
  - Now trades at around CHF 60
  - Tax-free dividend yield of around 5%
- 2020: Swatch Group, trading around CHF 210
  - Now trades around CHF 230
  - Erratic dividend policy
- 2021: Lanxess, trading around EUR 60
  - Now trades around EUR 20
  - Dividend yield of around 3% after tax

# Deutsche Bank

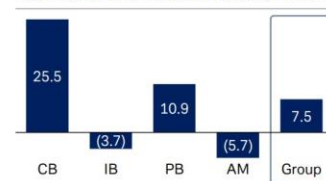
- Significant improvements in profitability, 2025 financial targets in sight

## Key performance indicators

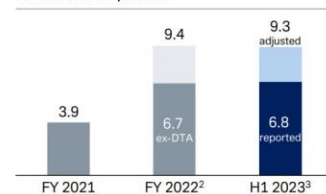
In %

- Continued business momentum driven by interest environment, offset by normalizing markets
- Cost/income ratio (CIR) and return on tangible equity (RoTE) impacted by restructuring costs and higher litigation provisions
- Strong CET1 ratio step-off allowing absorption of regulatory headwinds, capital distributions and franchise growth
- Sound liquidity and funding base, with LCR at 137% and NSFR at 119% in Q2

Revenue CAGR<sup>1</sup> H1 2023 LTM vs FY 2021



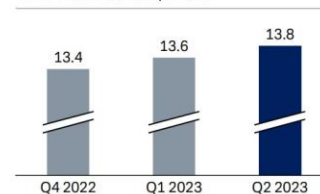
RoTE development



CIR development



CET1 ratio development



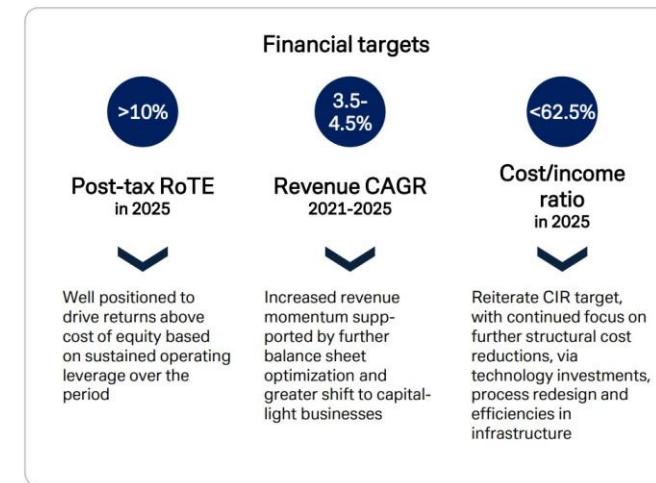
Notes: LCR – liquidity coverage ratio; NSFR – net stable funding ratio; for footnotes refer to slides 40 and 41

Deutsche Bank  
Investor Relations

Q2 2023 results  
July 26, 2023

7

## 2025 financial targets and capital objectives



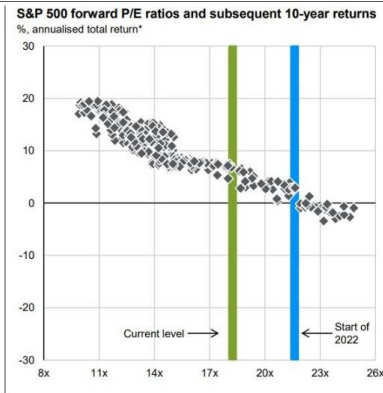
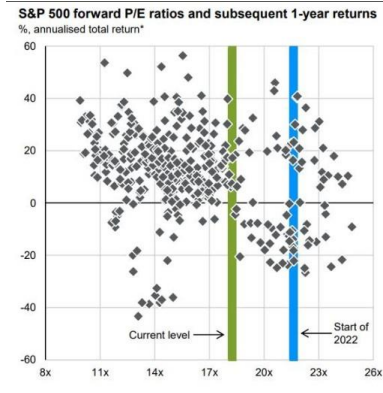
Notes: MDA - maximum distributable amount; € 8bn anticipated cumulative payout in respect of FY 2021-25 (including distributions in respect of 2025, payable in 2026) subject to meeting strategic targets and German corporate law requirements, AGM authorization and regulatory approvals

Deutsche Bank  
Investor Relations

Q2 2023 results  
July 26, 2023

21

# Deutsche Bank trades cheaply – why?



## Systemische Relevanz von Banken → alarmierendes Niveau

Oktober 2022

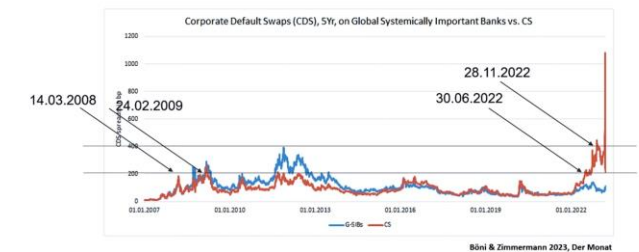
	SRISK%	SRISK Mio\$	Marg SRISK	MES%	Beta	Lev (E+D/E)
BNP Paribas SA	9.86	110597	25628.74	46.81	1.24	51.12
Credit Agricole SA*	7.97	105640	12022.49	46.06	1.21	79.8
HSBC Holdings PLC	7.18	95185.1	38608.89	39.88	1	28.22
Barclays PLC	6.77	89609.9	13170	52.66	1.46	69.81
Societe Generale SA	5.68	75282.8	9056.44	49.13	1.32	79.91
Banco Santander SA	5.45	72192	20809.01	50.6	1.38	39.65
Deutsche Bank AG	5.13	68005.5	9735.89	52.21	1.45	71.88
Lloyds Banking Group PLC	3.08	40775.3	15140.76	49.42	1.33	32.56
Standard Chartered PLC	2.63	34830.6	7908.82	48.46	1.3	46.52
Netwest Group PLC	2.63	34768.6	12129.22	50.14	1.36	33.87
Credit Suisse Group AG	2.56	31987.3	7691.41	50.8	2.67	61.89
Unicredit SpA	2.5	33143.3	9433.01	39.8	0.99	35.37
London Stock Exchange Group PLC	2.48	32827.2	16644.98	40.28	1.01	24.91
Intesa Sanpaolo SpA	2.44	32309.2	14775.97	43.19	1.11	26.99
ING Groep NV	2.34	30969.2	16946.97	48	1.28	25.01
UBS Group AG	2.31	30642.2	25446.56	48.14	1.29	19.87
Commerzbank AG	1.71	22667.8	4573.32	47.91	1.28	50.75

27. Oktober: neue CS-Strategie

Hariz Zimmermann, Universität Basel



## Kreditausfallrisiken (CDS spreads) → dringender Handlungsbedarf!



Hariz Zimmermann, Universität Basel

Folie 17

Source: (All charts) IBES, Refinitiv Datastream, S&P Global, J.P. Morgan Asset Management. \*Dots represent monthly data points since 1988, which is earliest available. Forward P/E ratio is price to 12-month forward earnings, calculated using IBES earnings estimates. Past performance is not a reliable indicator of current and future results. Guide to the Markets - Europe. Data as of 31 March 2023.

J.P.Morgan  
ASSET MANAGEMENT

## Kurs-Buchwert-Verhältnis

### Aktuelles KBV

Bank	
ING	0,93
HSBC	0,90
Unicredit	0,70
BNP Paribas	0,64
Santander	0,62
Commerzbank	0,46
Deutsche Bank	0,33

HANDELSBLATT

Quelle: Bloomberg

## Deutsche Bank AG

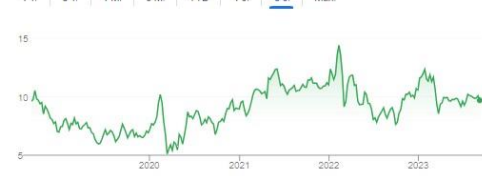
ETR: DBK

Marktbericht > Deutsche Bank AG

9.67 EUR  
+0.05 (0.53%) in den letzten 5 Jahren

8. Sept., 09:03 MESZ - Haftungsausschluss

1 T. 5 J. Max.



## Unicredit

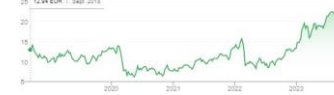
BIT: UCG

Marktbericht > Unicredit

22.04 EUR  
+8.10 (36.29%) in den letzten 5 Jahren

5. Sep., 17:27 MESZ - Haftungsausschluss

1 T. 5 J. Max.



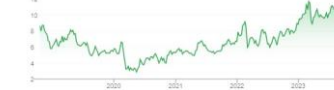
## Commerzbank

10.29 EUR

+1.63 (18.82%) in den letzten 5 Jahren

12. Okt., 17:29 MESZ - Haftungsausschluss

1 T. 5 J. Max.



## Deutsche Bank CDS 5-Yr

DBCD5:Exchange

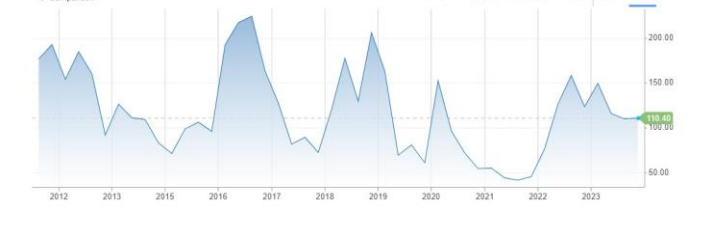
RT Quote | USD

Last | 4:00 AM EDT

110.40 ▼ -0.66 (-0.60%)

1D 5D 1M 3M 6M YTD 1Y 5Y ALL

+ Comparison



October 18, 2023

European Investing Summit 2023  
MOI Global

Samuel S. Weber, M.A. SIM-HSG  
Independent Wealth Manager

# Lanxess

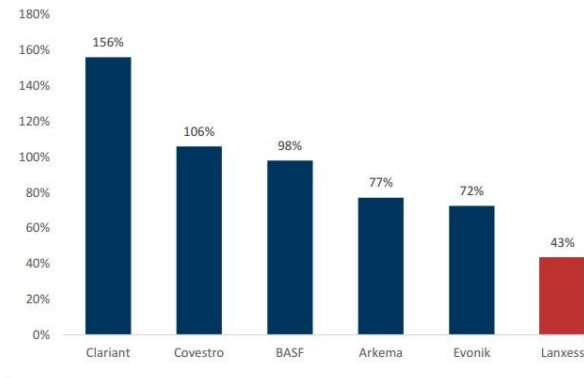
- Capable, committed and trustworthy leadership team implementing an ambitious transformation agenda
- Lack of Free Cashflow
- Valued very cheaply
- Disappointing results in 2023

## Key Data by Region

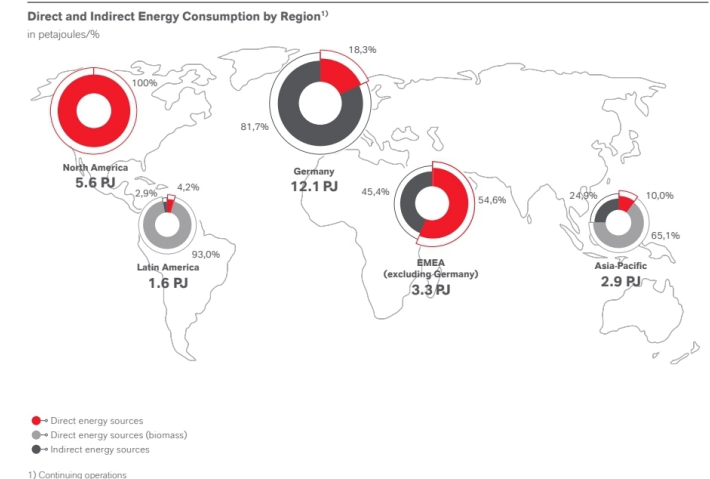
	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
€ million	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
External sales by market	1,846	2,364	1,043	1,366	1,546	2,254	285	440	1,381	1,664	6,101	8,088
Non-current segment assets	805	941	1,496	1,445	2,563	3,354	82	93	266	281	5,212	6,114
Segment acquisitions	390	267	39	3	578	783	8	12	1	106	1,016	1,171
Segment capital expenditures	51	74	341	220	110	122	10	9	29	22	541	447
Employees – as of Dec. 31	1,353	1,306	7,013	7,099	2,123	2,224	749	751	1,713	1,746	12,951	13,126

Prior-year figures restated.

**Exhibit 6: ... and the shares have already priced a very negative scenario, trading at a >50% discount to book value**  
FY24E price/book ratios for Diversified Chemicals



Source: Goldman Sachs Global Investment Research

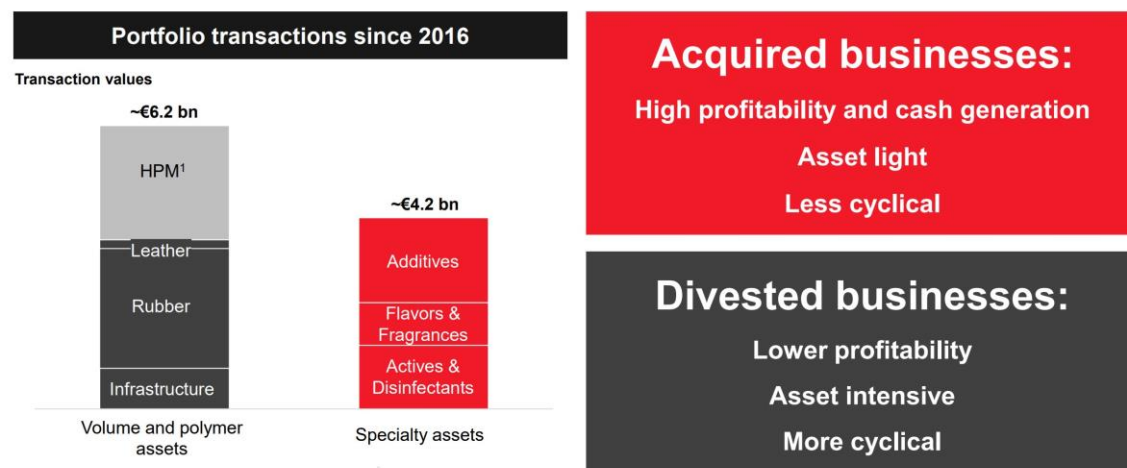


- “Chemistry is still the third largest industry in Germany with around 500,000 employees. It sometimes pays the highest wages and therefore the highest payroll taxes. The current chemical crisis is therefore a problem for the entire country. Energy costs are extremely high in Germany, demand from China, for example, has fallen sharply and the regulatory pressure from Brussels is insane. This is a toxic environment for our industry...” Matthias Zachert, CEO Lanxess, September 2023
- „The de-industrialization of Germany has already begun. I have been working in the industry for 30 years: I have never seen so many companies issue a profit warning at the same time as has been seen in the last few months. The first companies – including us – are closing plants. I am deeply worried. Germany is losing massively in competitiveness for energy-intensive companies.” Matthias Zachert, CEO Lanxess, September 2023

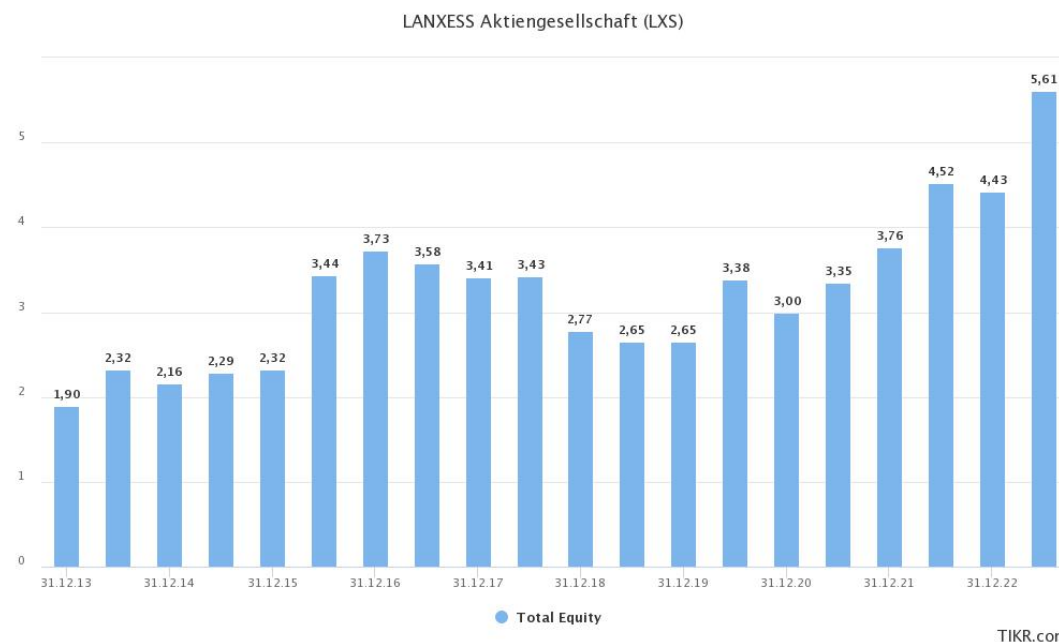
# Lanxess

- Book value development since current CEO started in 2013

LANXESS portfolio transformed towards a true specialty chemicals player

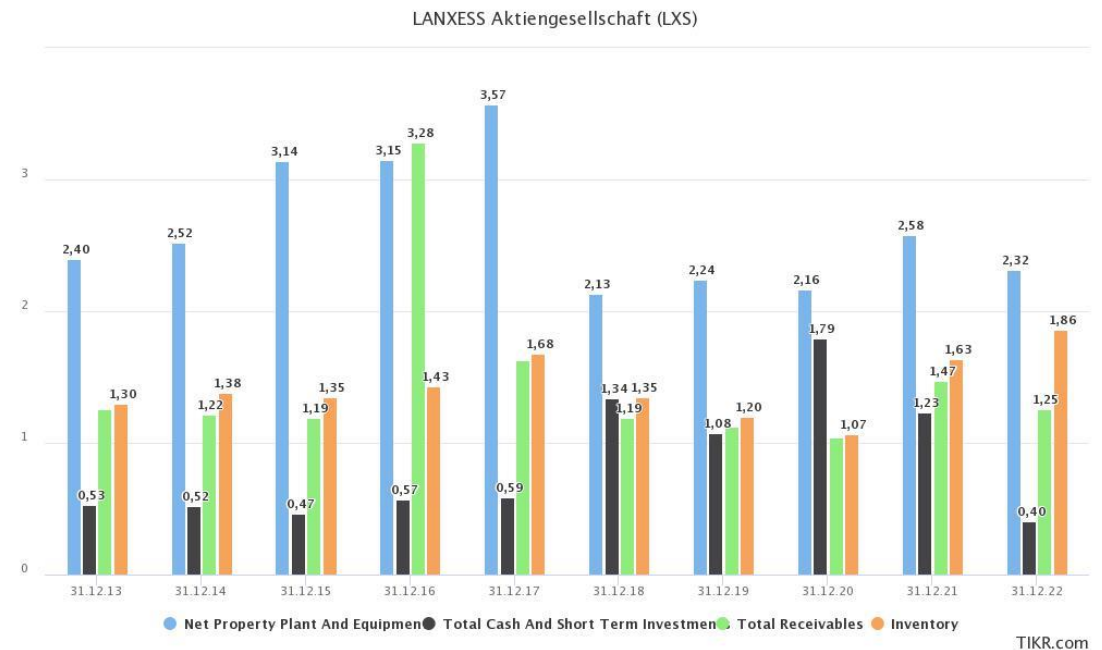
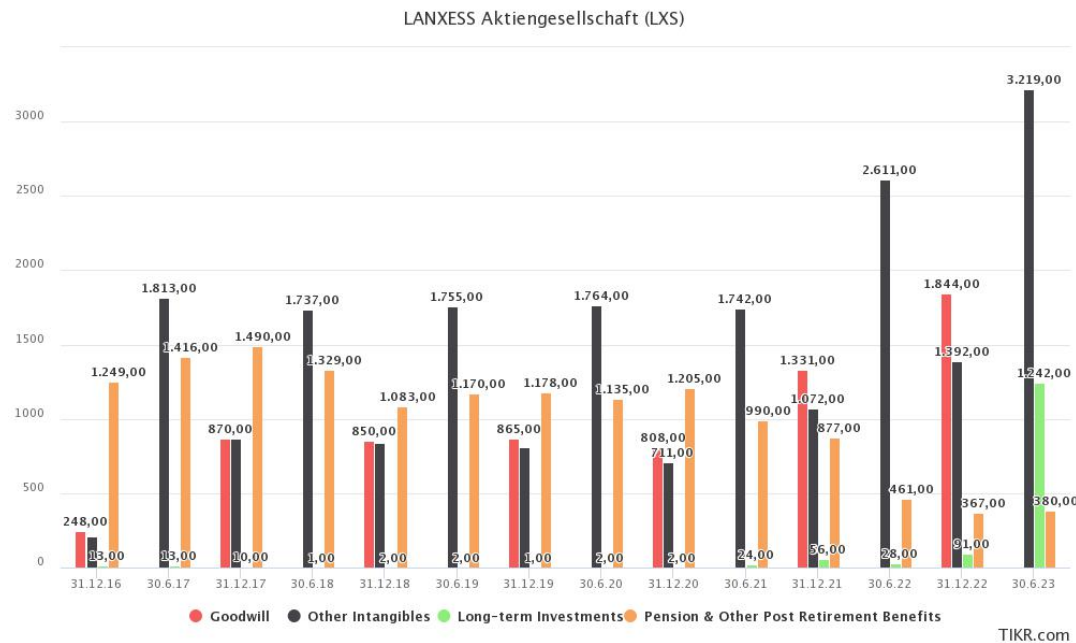


17 <sup>1</sup> HPM: High performance materials business (Polyamid); to be transferred to JV with Advent, closing April 1 2023



# Lanxess

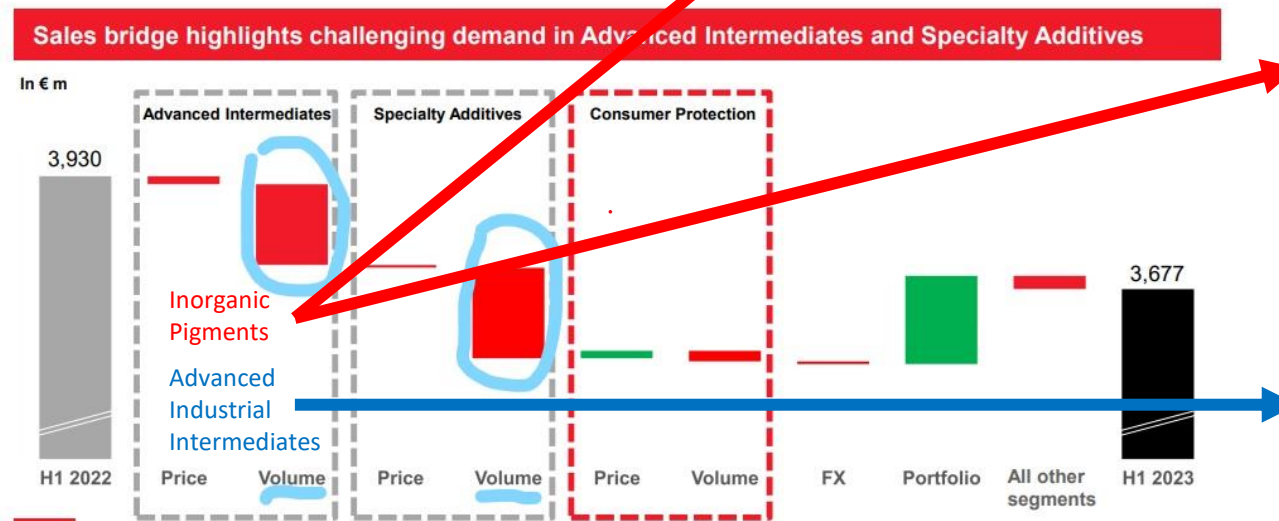
- Book value analysis: Most of the increase in book value comes from intangibles and long term investments, while inventory and pensions also contributed



# Lanxess

- Declining volumes led to disappointing operational development:

Consumer Protection comparably less impacted by challenging environment



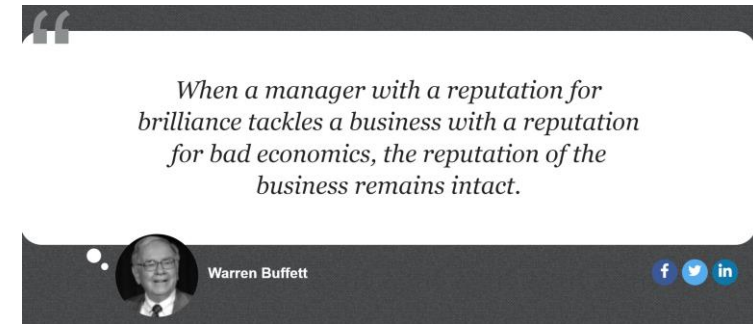
The 2023 Kavalier Award was presented to Matthias Zachert at a black tie dinner ceremony on Tuesday, April 18, 2023, at the historic Metropolitan Club of New York, in New York City.

"I am extremely honored to be recognized with the Kavalier Award, especially since nominations are made by the leading minds and connoisseurs of chemistry," said Matthias Zachert, LANXESS CEO. "I dedicate this award to our entire LANXESS team. We are very proud of the journey we have made with LANXESS in recent years towards becoming a true specialty chemicals company. We are all the more pleased when our efforts are also recognized in our industry."

To select the winner, the 125-year-old Chemists' Club invited a large and diverse array of chemical industry leaders around the world to vote from a ballot of 16 nominees. These nominees were selected based on a wide range of criteria, including organic growth, innovation, diversity and inclusivity, safety and health, operational excellence, share price performance and M&A activity. There was also a special focus on ESG actions that have been meaningful and visible both from within the industry and more broadly in society. Matthias Zachert was nominated and selected based on excelling against this set of criteria.

"His selection is extremely well deserved, and we are proud to honor him as the 2023 Kavalier Award winner," said Dr. Roland Stefandl, President of The Chemist' Club.

"Matthias has massively transformed the company in a very short time - away from being an undifferentiated mass producer and towards the higher end of the specialty spectrum. Even in the dynamic chemical industry, the speed and dimension of this transformation is exceptional. LANXESS has a completely different profile today than when he took office," noted Ariel Levin, a Managing Director in Piper's Chemicals team.



<https://www.forbes.com/quotes/9638/>

"I clearly would like to say that our entire Advanced Industrial Intermediates business is structurally strong, because we do a variety of synthesis steps in this organization. So we clearly think that this business will come back. There might be still other plants and value chains where we have to trim capacities, where we have to tighten the belt, but the core of Advanced Industrial Intermediates and TI especially referred to the aromatics is internationally a strong player. The business will come back. I'm pretty sure about that." CEO of Lanxess in August of 2023

# Swatch Group

- Operational improvements, but capital allocation remains a concern



## HALF-YEAR REPORT

### Group Key Figures

(CHF million)	1st half 2023	1st half 2022	Change in % at constant rates	currency effect	Total
<b>Net sales</b>	<b>4 019</b>	3 612	18.0%	-6.7%	<b>11.3%</b>
<b>Operating result</b>	<b>686</b>	503			<b>36.4%</b>
– in % of net sales	17.1%	13.9%			
<b>Net result</b>	<b>498</b>	320			<b>55.6%</b>
– in % of net sales	12.4%	8.9%			
Investments in non-current assets	379	158			
Equity, 30 June	12 063	11 699			
Market capitalization, 30 June	13 302	11 516			
<b>Basic earnings per share in CHF</b>					
– Registered shares	1.88	1.20			
– Bearer shares	9.38	6.00			

Unaudited figures



## HALF-YEAR FINANCIAL STATEMENTS

### Consolidated Statement of Cash Flows

(CHF million)	1st half 2023	1st half 2022
<b>Operating activities</b>		
Net result	498	320
Share of result from associated companies and joint ventures	4	22
Income taxes	155	123
Depreciation on non-current assets	192	205
Impairment	0	1
Changes in provisions and retirement benefit obligations	17	-18
Gains/losses on sale of non-current assets	-2	0
Fair value gains/losses on marketable securities	-2	24
Expenses for employee stock option plan	5	6
Other non-cash items	47	7
Changes in net working capital:		
– Trade receivables	-111	-29
– Inventories	-432	-264
– Other current assets, prepayments and accrued income	-35	45
– Trade payables	-11	-11
– Other liabilities and accrued expenses	81	35
Dividends received from associated companies and joint ventures	1	1
Income taxes paid	-126	-180
<b>Cash flow from operating activities</b>	<b>281</b>	<b>287</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	-347	-127
Proceeds from sale of property, plant and equipment	18	3
Investments in intangible assets	-26	-26
Proceeds from sale of intangible assets	3	3
Investments in other non-current assets	-9	-5
Proceeds from other non-current assets	4	4
Acquisition of subsidiaries – net of cash	-2	0
Investments in current financial assets and securities	-363	-733
Proceeds from current financial assets and securities	371	748
<b>Cash flow from investing activities</b>	<b>-350</b>	<b>-133</b>

## HALF-YEAR FINANCIAL STATEMENTS

### Consolidated Balance Sheet

	30.06.2023 CHF million	%	31.12.2022 CHF million	%
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Financial debts and derivative financial instruments	25	0.2	8	0.1
Trade payables	279	2.0	298	2.1
Other liabilities	163	1.1	193	1.4
Provisions	106	0.7	94	0.7
Accrued expenses	654	4.7	533	3.8
<b>Total current liabilities</b>	<b>1 227</b>	<b>8.7</b>	<b>1 126</b>	<b>8.1</b>
<b>Non-current liabilities</b>				
Financial debts	2	0.0	2	0.0
Deferred tax liabilities	493	3.5	459	3.3
Retirement benefit obligations	43	0.3	43	0.3
Provisions	60	0.5	61	0.5
Accrued expenses	141	1.0	151	1.1
<b>Total non-current liabilities</b>	<b>739</b>	<b>5.3</b>	<b>716</b>	<b>5.2</b>
<b>Total liabilities</b>	<b>1 966</b>	<b>14.0</b>	<b>1 842</b>	<b>13.3</b>
<b>Equity</b>				
Share capital	118		118	
Capital reserves	-973		-971	
Treasury shares	-116		-123	
Goodwill recognized	-1 352		-1 350	
Translation differences	-707		-547	
Retained earnings	15 033		14 858	
<b>Equity of The Swatch Group Ltd shareholders</b>	<b>12 003</b>	<b>85.6</b>	<b>11 985</b>	<b>86.2</b>
Non-controlling interests	60	0.4	66	0.5
<b>Total equity</b>	<b>12 063</b>	<b>86.0</b>	<b>12 051</b>	<b>86.7</b>
<b>Total equity and liabilities</b>	<b>14 029</b>	<b>100.0</b>	<b>13 893</b>	<b>100.0</b>

Unaudited figures

# Holcim

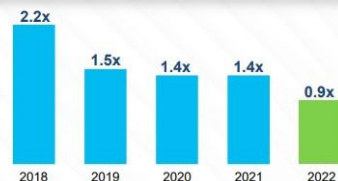
- Delivering results

## 2022 RESULTS RECORD PERFORMANCE

### NET SALES



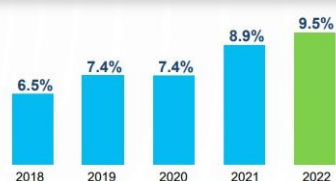
### NET DEBT LEVERAGE



### RECURRING EBIT



### ROIC



## 2022 FREE CASH FLOW RECORD FREE CASH FLOW OF CHF 3.5 BN<sup>1</sup>

CHF m	2021	2022	CHANGE
<b>RECURRING EBITDA after leases</b>	6'562	6'554	-7
Right of use assets	370	358	-12
Change in net working capital	-40	-325	-285
Income taxes paid	-828	-802	25
Net financial expenses paid & FX	-423	-424	-1
Share of profit of JVs, net of dividends received	-209	46	255
Others incl. employee benefits	-388	-66	322
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>5'045</b>	<b>5'341</b>	<b>296</b>
CAPEX net	-1'420	-1'435	-15
Repayment of long-term lease liabilities	-362	-362	0
<b>FREE CASH FLOW after leases (excl. DOJ)</b>	<b>3'264</b>	<b>3'544</b>	<b>280</b>
Resolution with DOJ		-779	-779
<b>FREE CASH FLOW after leases</b>	<b>3'264</b>	<b>2'765</b>	<b>-499</b>

<sup>1</sup> Before resolution with DOJ

4 2018 pre-IFRS16

29

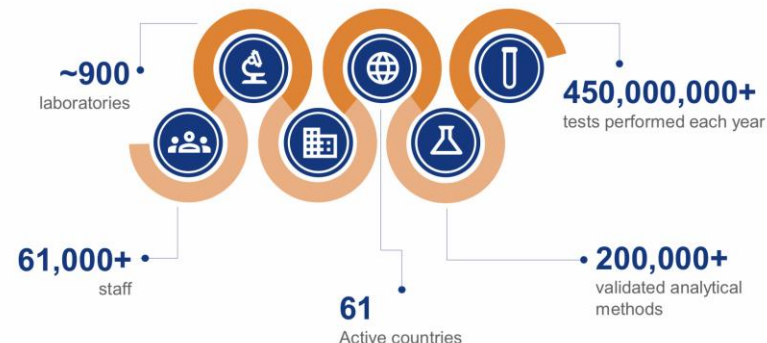
# Eurofins Scientific

- TIC industry: highly fragmented & structurally growing for many reasons
- Martin Family owns 33% of the company
- „We ... could grow our total revenues by 10% per annum by a mix of organic and acquisition“  
Gilles Martin, founder and CEO, 2022
- „Increasing our organic growth objective from 5% to 6,5%..“ Gilles Martin, founder and CEO, 2022

## Eurofins: The World Leader in Testing for Life



### Key Figures



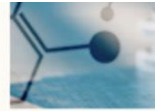
### 35 years of value creation

- Long-term track record of turning investments into growth, productivity, margin expansion and Return on Capital Employed
- Competitive advantages based on scale and one-of-a-kind fully digital 'hub and spoke' laboratory network infrastructure
- Well positioned for the future in terms of technological capabilities, scientific expertise and innovation power
- Committed to sustainability and ESG

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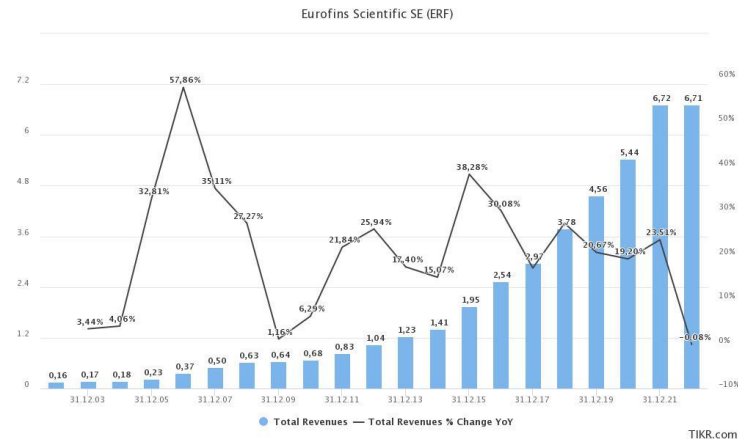
## Our success, in numbers, over the years



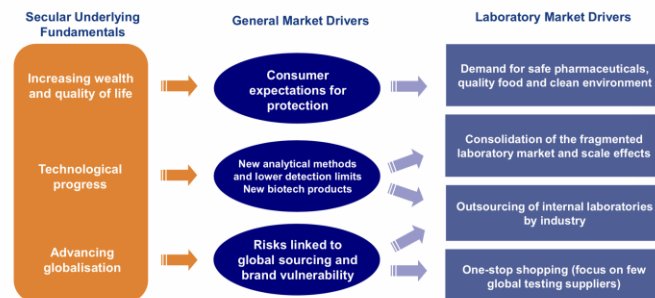
The test of any business model is its effectiveness. We are proud to say that in over 30 years in business we have been successful, by any measure.

- We've grown from 1 entrepreneur and 3 employees to over 61,000 employees and leaders and more are joining us every day.
- We've expanded from 1 laboratory in Nantes, France, to ca. 900 laboratories in 61 countries across 6 continents
- Eurofins has been one of the fastest growing listed European companies. Since its IPO on the Paris stock exchange in 1997, Eurofins' revenues have increased by 32% each year (in compound average) to reach €6.7 billion in 2022. Furthermore, between the Initial Public Offering on 24 October 1997 (€0.183) and 30 December 2022 (€67.06), Eurofins' share price has multiplied by 366 times, an annual average increase of 27% (against 4% for the SBF 120, 3% for the CAC 40, 6% for the S&P 500 and 8% for the NASDAQ over the same period).
- We work for the world's leading food retailers, food producers and pharmaceutical companies.
- We've grown fast organically and also by acquiring over 490 companies over the past 25 years – each one bringing its own unique history and bedrock of knowledge into Eurofins.
- We perform more than 450 million tests each year and offer over 200,000 different tests

# Revenue Growth & Stock Price Performance



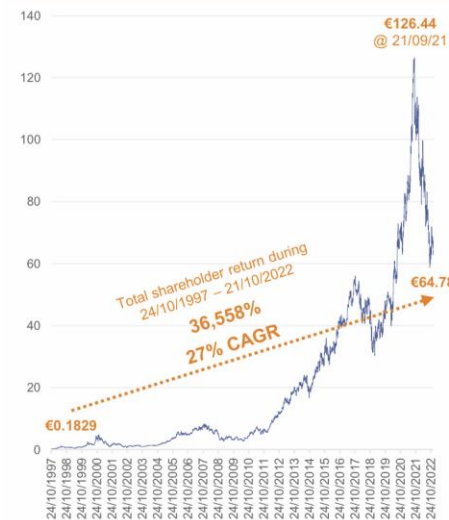
Drivers for long-term market growth above GDP



Eurofins has been among the best in the world in terms of Total Shareholder Return<sup>1</sup> since its 1997 IPO



Superior performance



Best among peers

Table 2: Total peer returns since 1997

	Total Return	CAGR
Eurofins	36,558%	27%
LabCorp	3,225%	15%
SGS Group	591%	8%

Source: Analyst Hire based on market data from October 24 1997 – October 21 2022

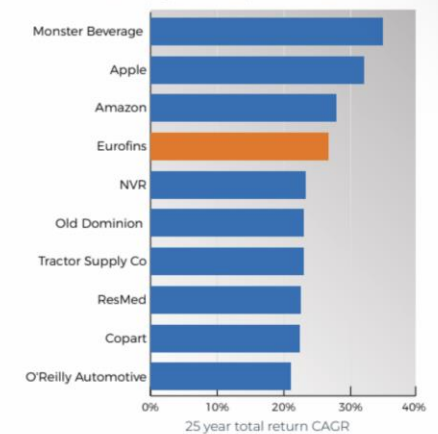
Table 3: Peer performance since 2009

Company	Total return	CAGR
Eurofins	2,116%	26.5%
Intertek	260%	10.3%
Bureau Veritas	243%	9.9%
LabCorp	199%	8.8%
SGS	129%	6.6%

Source: Analyst Hire based on market data from October 24 2009 to October 21 2022

Among the best in the world

Chart 6: Top global companies TSR CAGR



Source: Analyst Hire based on market data from October 24 1997 – October 21 2022





<sup>1</sup>Total shareholder return is calculated assuming dividends are reinvested. Eurofins started distributing dividends in 2007, pausing only in 2020 during the COVID-19 pandemic.

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# Business Segments

Leading global and local market positions in attractive high-growth markets\*



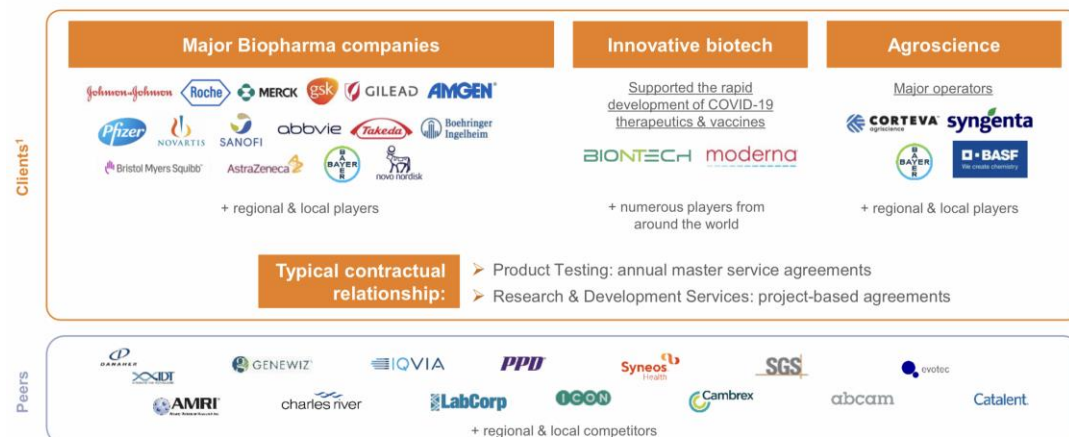
	 Testing for Pharma/Biotech/Agrosciences	 Food & Feed Testing	 Environment Testing	 Clinical Diagnostics
Eurofins position*	<b>N°1 to N°3 worldwide</b> Started 2000-2005	<b>N°1 worldwide</b> Started 1987	<b>N°1 worldwide</b> Started 2000	<b>Start-Up</b> Started 2014
Total market size estimate*	~ €6bn	~ €4bn	~ €5bn	~ \$561bn** by 2031 Eurofins' focus Genomics/Specialised Testing: ~ €5-10bn
Segment description	From compound discovery and clinical research through manufacture and release of pharmaceutical product and post-approval/marketing, the Eurofins BioPharma Services network of companies is a first-class biopharmaceutical outsourcing services partner.	Ensuring food quality and preventing contamination and foodborne illnesses caused by pathogens and other harmful substances. We offer the broadest portfolio of food and feed testing laboratories with over 130,000 analytical methods assessing the safety, purity, composition, authenticity, and traceability of food products and ingredients.	Services comprise testing of water and wastewater, air, soil, waste, tissue, biologics, building materials and constituents of the built environment, biofuels and other products to assess contaminant levels and impacts on human health and the environment.	Contribute to every stage of patient care: from genetic predisposition to prevention, diagnosis, treatment monitoring and even prognosis. Our laboratories strive to ensure that every patient has access to the most specialised and innovative techniques for diagnosis, monitoring and therapeutic decisions. Our approach to clinical diagnostics is entirely focused on excellence. Innovation and technological investment and we offer testing services in all medical specialties.
Key clients	Major biopharma companies, innovative biotech players, agroscience firms, medical device firms	Global food and beverage producers, global agriculture players, retailers, restaurants & caterers	Engineering, consulting, industry, manufacturing & construction firms, soil & hazardous waste firms, governments, universities & non-profits	Doctors, hospitals, health insurers, patients
Listed peers or large peers	PPD (Thermo Fisher), SGS, Charles River and WuXi AppTec, etc.	ALS, Bureau Veritas, SGS, Intertek, etc.	SGS, Bureau Veritas, ALS and Montrose Environmental Group, etc.	Synlab, Cerba, Unilabs, LabCorp, Quest Diagnostics, Sonic Healthcare, Myriad Genetics, Exact Sciences, Opko, Genomic Health, NeoGenomics, Natera, Invitae, Guardant Health, Veracyte, CareDx, etc.

\*Only includes the outsourced part of the market. Estimate to the best of Eurofins' knowledge, based on data available to the Group  
 \*\*Transparency Market Research (2022). Clinical Laboratory Services Market [link](#)

- Life (Food & Feed and Environment Testing): 40% of revenues and ca. 20% global market share, global market leader
- Biopharma: 30% of revenues and ca. 20% global market share, Nr. 1 to 3 market position
- Diagnostic Services: 20% of revenues and much lower market share than in the other two segments, not a market leader

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## BioPharma Clients & Peers



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<sup>1</sup> Examples of typical clients shown for illustrative purposes only

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## Our leading Environment Testing market position is underpinned by the trust of our customers



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<sup>1</sup> Examples of typical customers shown for illustrative purposes only

<sup>2</sup> Internal market estimates to the best of Eurofins' knowledge

October 18, 2023

## Our leading Food & Feed Testing market position is underpinned by the trust of our customers



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## Building the Platform – Eurofins 2012 - Eurofins 2022



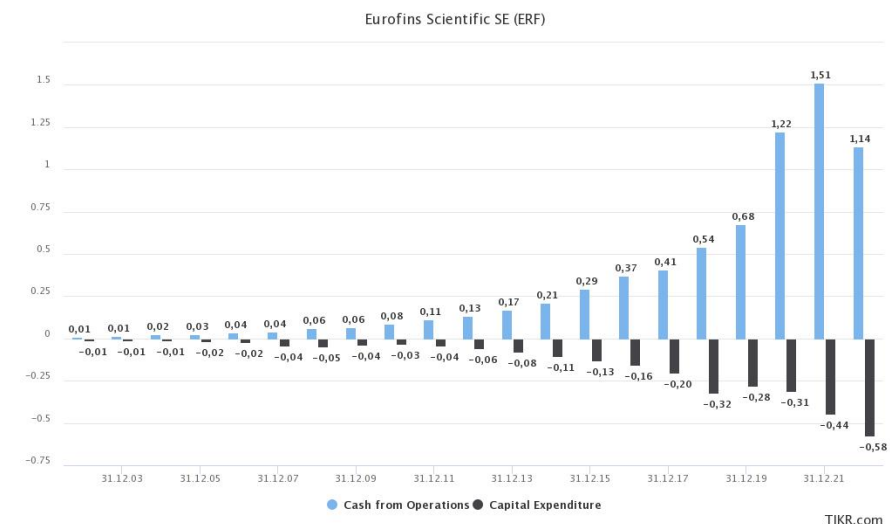
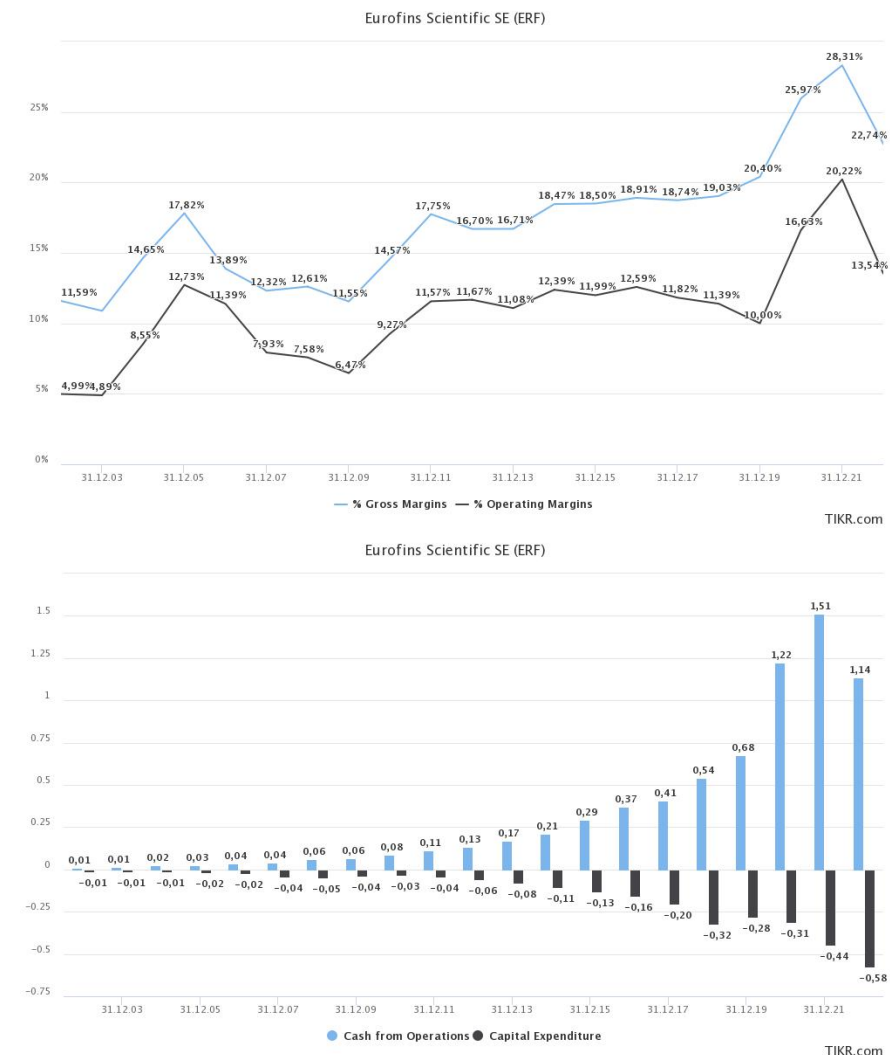
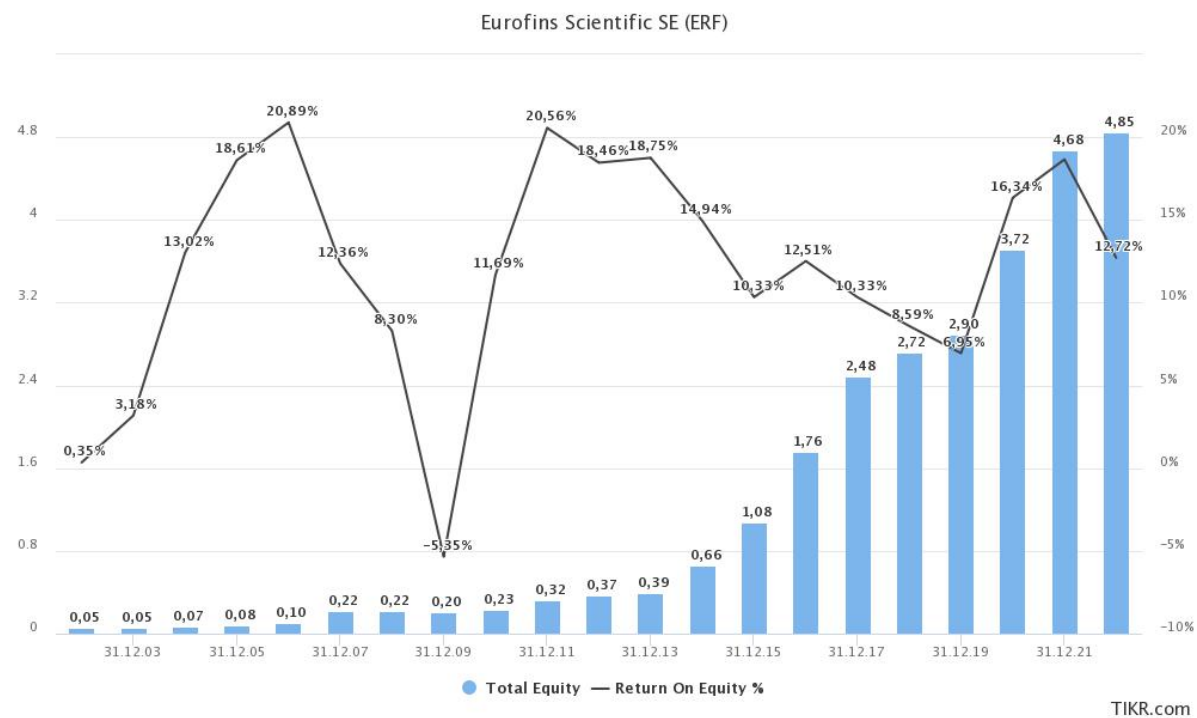
	2012	2015	2019	2020	2021	2022	2012-2022 Δ
Revenues (€ m)	1,044	1,950	4,563	5,439	6,718	6,712	20% CAGR
Employees (total headcount)	10,890	18,382	43,320	50,000	58,000	61,000	19% CAGR
Number of laboratories	170	225	>800	>800	900	900	+730
Number of countries	34	39	>50	>50	54	61	+27
Number of business lines with global leadership	4 (Food and feed, Environment, BioPharma product testing, Drug discovery services)	4 (Food and feed, Environment, BioPharma product testing, Drug discovery services)	7 (Food and feed, Environment, BioPharma product testing, Drug discovery services, Agroscience CRO services, Specialised Material Sciences testing, Cosmetics Testing)	7 (Food and feed, Environment, BioPharma product testing, Drug discovery services, Agroscience CRO services, Specialised Material Sciences testing, Cosmetics Testing)	7 (Food and feed, Environment, BioPharma product testing, Drug discovery services, Agroscience CRO services, Specialised Material Sciences testing, Cosmetics Testing)	7 (Food and feed, Environment, BioPharma product testing, Drug discovery services, Agroscience CRO services, Specialised Material Sciences testing, Cosmetics Testing)	+3
Number of future-oriented business lines	1 (Genomics)	2 (Genomics, Clinical Genetics)	5 (Genomics (#2 globally), Forensics (#1 in Europe), Clinical Genetics, Pharma CDMO, Eurofins Technologies)	5 (Genomics (#2 globally), Forensics (#1 in Europe), Clinical Genetics, Pharma CDMO, Eurofins Technologies)	5 (Genomics (#2 globally), Forensics (#1 in Europe), Clinical Genetics, Pharma CDMO, Eurofins Technologies)	5 (Genomics (#2 globally), Forensics (#1 in Europe), Clinical Genetics, Pharma CDMO, Eurofins Technologies)	+4

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European Investing Summit 2023  
MOI Global

Samuel S. Weber, M.A. SIM-HSG  
Independent Wealth Manager

# Historic Business Performance



# Competitive Advantages

Eurofins' strategy aims at building long-lasting competitive advantage in very attractive markets

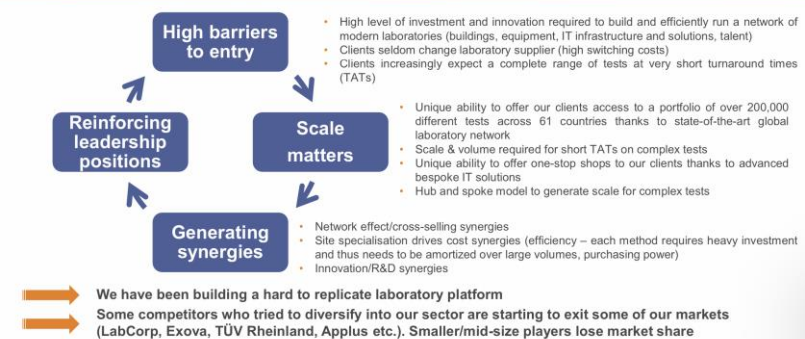


Leading technology	Quality of customer service
<ul style="list-style-type: none"> <li>Competence Centres &amp; R&amp;D activities</li> <li>Proprietary technologies (e.g. proof of origin, virus syndromic panels, authenticity testing, etc.)</li> <li>Continuous development/acquisition of advanced technologies</li> <li>Best-in-class state of the art laboratories</li> </ul>	<ul style="list-style-type: none"> <li>Extensive expertise in local regulations for all major markets, and one-stop contact for compliance in multiple countries</li> <li>Globally reliable standards of high quality and consistency</li> <li>International key accounts management</li> <li>Internet-based transactions and access to testing results</li> </ul>
One stop shop	Pure-play laboratory operator
<ul style="list-style-type: none"> <li>International network operating across 61 countries</li> <li>Vast technological portfolio with more than 200,000 validated methods</li> <li>Over 450 million tests performed per year</li> <li>Single contact person for each customer at their local laboratory</li> </ul>	<ul style="list-style-type: none"> <li>Industrialised processes, bespoke IT solutions</li> <li>Unrivalled expertise accessible to all customers</li> <li>Continually expanding geographical coverage</li> <li>Proven operating model that can be rolled out in various/multiple markets</li> </ul>

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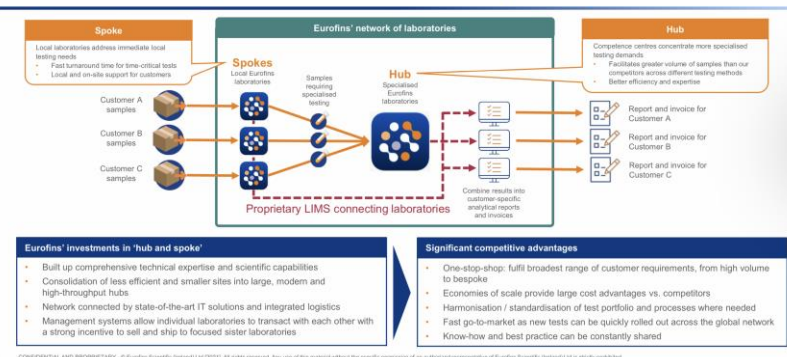
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Building leadership positions in an industry with significant network effects and competitive advantage for the market leader



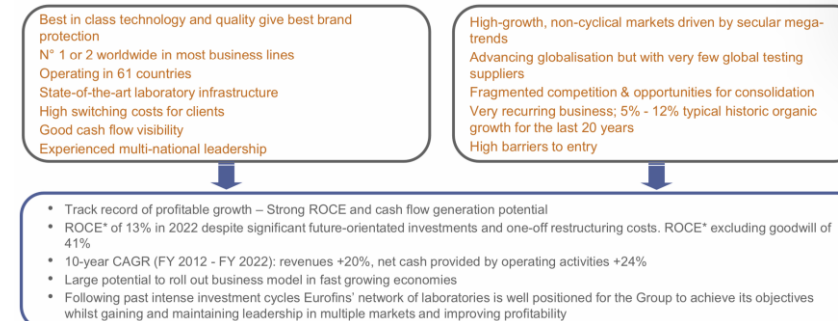
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One-of-a-kind 'hub and spoke' laboratory network infrastructure is our platform for market leadership



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Conclusion: our sustainable competitive advantage

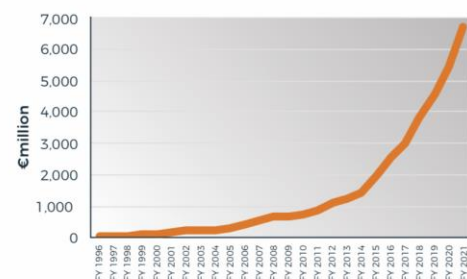


\*ROCE = Adjusted EBITDA / Average Capital Employed over previous 4 quarters

## Historic performance

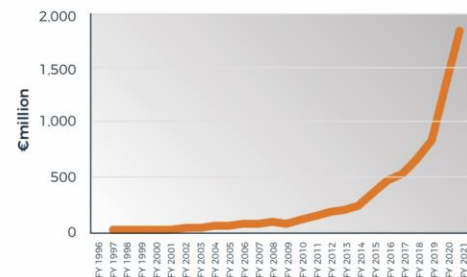
Eurofins has generated a massive 101,700% increase in revenue (to December 2021) since its IPO, Chart 7. Operational performance is reflected in EBITDA (earnings before interest, tax, depreciation and amortisation).<sup>10</sup> EBITDA margins increased from 14% in 2012 to 17% in 2019 and rose further due to COVID-19 testing reaching 27.4% in 2021. EBITDA is shown in Chart 8.

Chart 7: Revenue growth



Source: Analyst Hire based on Eurofins reports

Chart 8: EBITDA growth



Source: Analyst Hire based on Eurofins reports

<sup>10</sup> Eurofins also reports adjusted EBITDA but we cite the standard investment definition as reported.

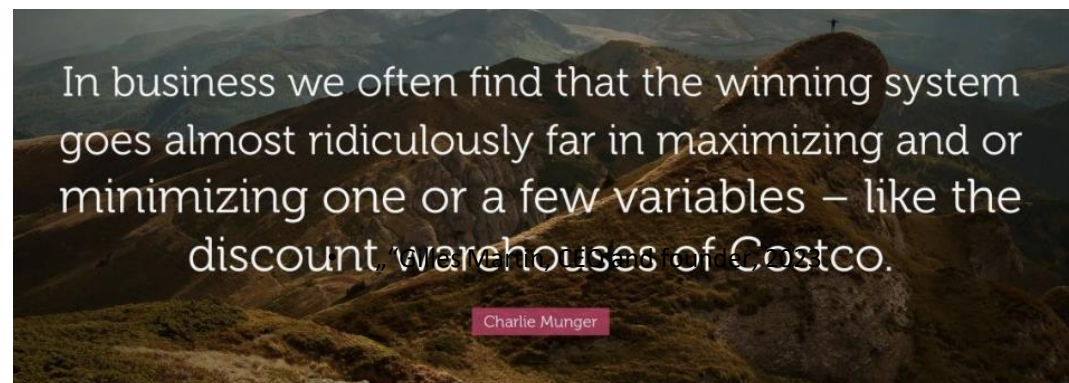
Historically, growth was solid until the 2008 economic slowdown which resulted in low 2009 growth of 1.2% to €640m in revenue. Eurofins was already re-appraising its business model at that time. The methodical process of optimising testing into laboratories, called the “hub and spoke” model, was initiated to gain scale. This created higher test throughput in individual laboratories. A laboratory is, in effect, a fixed cost due to the facilities, equipment and staff required. Tests usually have low variable costs. Consequently, maximising volumes and revenues gives consistent coverage of fixed costs and so generates better economic returns.

## Business Model

Fundamentally, Eurofins’ success is built around its core focus on fast turnaround times (TAT): efficient delivery of results to clients through its 940 strong laboratory network and offering of over 200,000 test modalities. It is segmented by:

- four main businesses: pharma and agrosiences, food testing, environment testing and clinical diagnostics;
- differing types of test modalities (for example, chemical, clinical, genomic, and biological);
- varied methods from longstanding technologies to the latest, innovative developments;
- diverse geography (50+ countries and global down to local); and
- depending on the market, varying regulations and environmental priorities.

The Company benefits from society’s growing need for testing due to demands for better health, cleaner environments, and safer pharmaceuticals, food and other products. These factors comprise an attractive market environment giving Eurofins multiple growth opportunities.



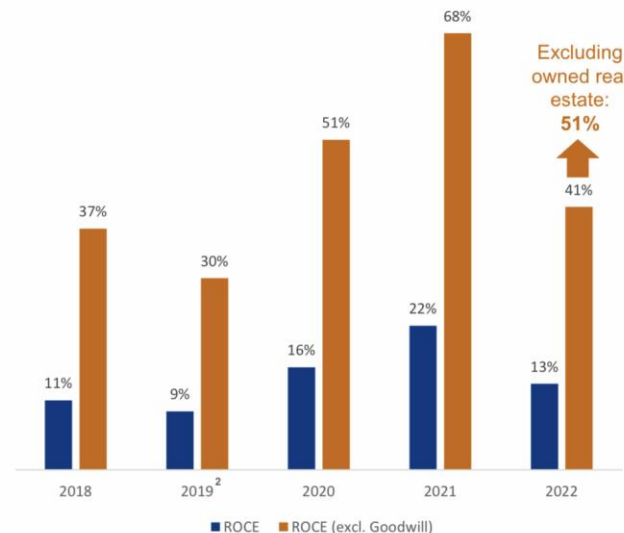
- „Eurofins is all about innovation. It was founded based on innovation. And one of the reasons that we grew so fast is that we were investing, over time, in developing new tests, developing new modalities to offer these tests... investing in automation, investing in IT and artificial intelligence and we continue along those lines...” Gilles Martin, CEO and founder, 2022
- „In laboratory testing, scale matters. So having large campuses, large hubs, where we concentrate for each continent large number of tests of each kind is a good way to increase margins, to be efficient.” Gilles Martin, CEO and founder, 2022

# Return on Capital Employed (ROCE)

## Return on Capital Employed (ROCE)



**ROCE & ROCE excluding Goodwill<sup>1</sup>**

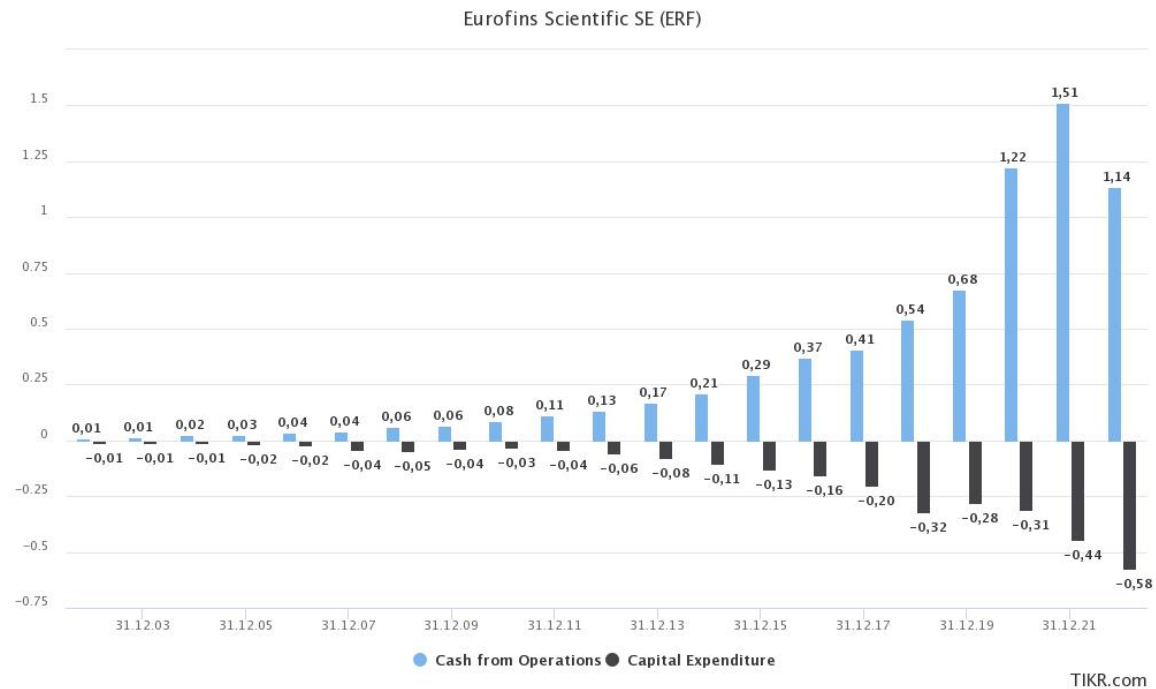


- ROCE development affected by the following factors in 2022:
  - Lower EBITAS due to decline in accretive COVID-19 testing, unexpectedly high inflation and growth-oriented investments
  - Increase in Capital Employed related to higher net capex to support strategic initiatives for accelerating growth, including:
    - Start-ups (€39m in 2022 for programmes 4 & 5)
    - IT (€115m in 2022)
    - Owned sites (€186m in 2022 and >€500m during 2018-2022)
- Capital Employed also increased due to goodwill from M&A (+€409m in 2022)
- Hurdle rate of 12% ROCE (pre-tax) by Year 3 raised to 16% for assessing both M&A and organic opportunities
- 41% ROCE excluding goodwill in 2022 despite significant decrease in COVID-19 contribution, cost inflation and consequences of the war in Ukraine
- 51% ROCE excluding goodwill and owned real estate in 2022 (assuming rental savings of €68m and net book value of owned real estate of €635m)

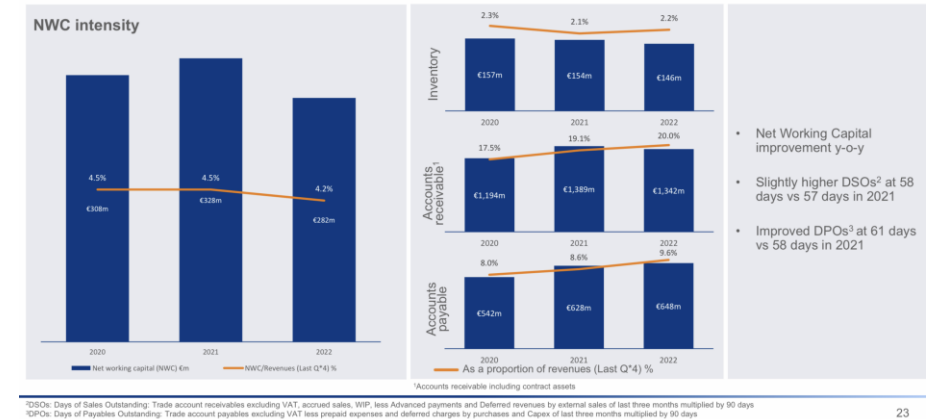
<sup>1</sup>ROCE = Adjusted EBITAS / Average Capital Employed over previous 4 quarters (2018 figures adjusted to include IFRS 16 application)

<sup>2</sup>Affected by 2 June 2019 cyber-attack

# ROCE continued



## Net working capital



## Increased net capex in 2022 to support strategic initiatives



Strategic investment initiatives for accelerating growth					
(€m)	2018	2019	2020	2021	2022
Leasehold improvements (LHI) & others	95	55	71	117	146
% of revenues	2.5%	1.2%	1.3%	1.7%	2.2%
Machinery & laboratory equipment	139	137	132	166	198
% of revenues	3.7%	3.0%	2.4%	2.5%	2.9%
IT	64	64	64	88	115
% of revenues	1.7%	1.4%	1.2%	1.3%	1.7%
Net capex excluding investments in owned sites	297	256	267	370	459
% of revenues	7.9%	5.6%	4.9%	5.5%	6.8%
Real estate investments in owned sites	64	63	83	112	186
% of revenues	1.7%	1.4%	1.5%	1.7%	2.8%
Total net capex	361	319	350	482	645
% of revenues	9.6%	7.0%	6.4%	7.2%	9.6%

**Owned sites to complete hub and spoke network**

- Ownership of strategic sites in high growth markets and regions
- Discretionary capital allocation of >€500m since 2018. Cash could have mostly been distributed as dividend if sites were leased

**Start-ups**

- Capex of ~€39m in active start-ups (programmes 4 and 5), including 50 new start-ups and 18 BCPs<sup>1</sup> established in 2022
- New growth activities in Eurofins Technologies & Genomics geared toward IVD, BioPharma and Asia

**IT**

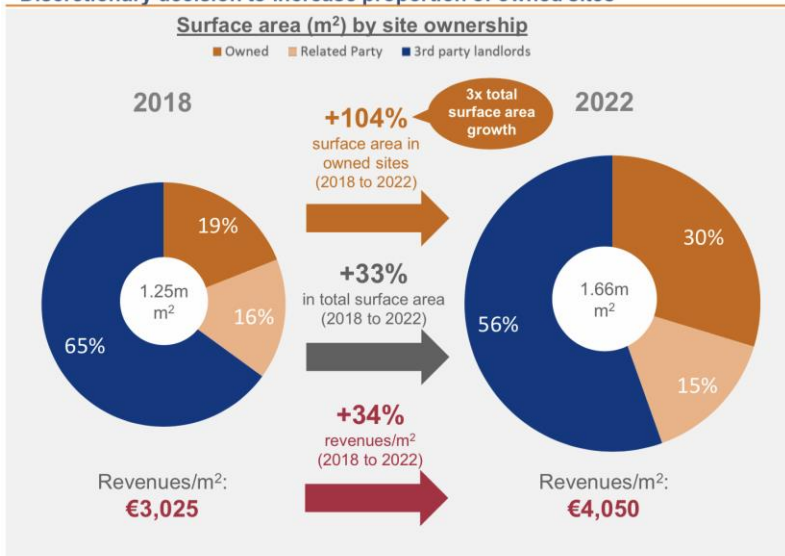
- Further development & deployment of own LIMS and bespoke software suites by business line
- Ramp-up of AI, Automation and Cyber-security

# Capex - PPE

Increasing site ownership creates significant long-term value



## Discretionary decision to increase proportion of owned sites



## Site ownership has high strategic value

Site ownership is key to expanding **high-throughput laboratory campuses**:

- Unlock **economies of scale** (revenues/m² +34% between 2018 and 2022)
- **Custom built** facilities optimised for **productivity**
- Able to make **environmentally-friendly investments** in owned sites (solar panels, insulation, etc.)
- Includes potential for **future expansions** without the need for revalidation, reaccreditation or recalibration

Overproportional increase of **site ownership** in **high growth regions and markets**:

- 21% of surface area added in 2022 in **Asia Pacific** region vs 9.5% of revenues in the region

- „We’ve expanded the percentage of sites that we own to 31%... We want to go to anywhere something like 50% of our sites owned...” Gilles Martin, CEO and founder, 2023
- „We’ve had a lot of capex in buildings because we repositioned the whole business. We constructed it on a different footprint along this hub and spoke model, as opposed to a lot of labs that we bought that were doing a bit of everything” Gilles Martin, CEO and founder, 2023, speaking of the lab buildout in the food and environment testing segments.
- „Once we have a new footprint, we don’t need to invest so much in buildings.” Gilles Martin, founder and CEO, 2023
- „ We have a much larger ownership of our laboratory campuses and this is something we intent to continue. Renting offices is fine. We can move out. We don’t put a lot of capex... but there are positive things once we own them. Although the return on capital employed on those buildings is lower than on our laboratory activities, it is not negligible. There is no more inflation on the cost of utilizing this building... the return today is around 11% on the capital we have deployed. It is also a stock of value. In times of real need, you can borrow cash against them. The value of those buildings is higher than the cost on our books. But more importantly, it prevents disruptions if we have to move at the end of the lease. We’ve had many many situations over the years, where the owner asked for significant rent increases.” Gilles Martin, founder and CEO, 2022

# Capex – M&A

Eurofins has a good track record of successfully integrating acquired businesses



Good pipeline of M&A opportunities



- „In the next 5 years, we'll continue to build our network organically and through M&A. Of course, the cost of M&A will adjust at some point with the valuation in public markets. And if profitabilities of smaller companies are more affected because they can't compete with the more efficient larger players like Eurofins, that will give more opportunities for consolidation.“ Gilles Martin, CEO and founder, 2022
- „ Over the last 5 years, these are massive investments. It's really building a global group from scratch and refocusing many of the companies we have acquired to fit this hub-and-spoke model, which enables us to be faster in delivering the services that our clients want and more efficient. So we can't just always buy the companies and leave them where they are or exactly organized as they were with the portfolio of tests they used to have. They are often too diversified. We need to reorganize them and put them in the right network“ Gilles Martin, founder and CEO, 2022

# Capex – Start-ups

Investments in start-ups are integral to long-term growth and value creation



Long track record			Strategic rationale	Contributions by start-ups in FY 2022
Number of start-ups created			<b>Complements M&amp;A strategy:</b> <ul style="list-style-type: none"> <li>When acquisitions are too expensive or unavailable</li> <li>High growth markets often lack reasonably-priced acquisition targets</li> <li>Right locations for national hub &amp; spoke network</li> </ul> <b>Upfront investment but attractive long-term returns:</b> <ul style="list-style-type: none"> <li>~€39m of capex invested in 2022 for active start-ups established since 2019 (programmes 4 and 5)</li> <li>~€47m of temporary losses related to start-ups included in 2022 SDIs<sup>2</sup></li> <li>Can achieve higher returns from year 3 and beyond (no goodwill)</li> </ul>	<b>Organic growth contribution</b> <b>+100 bps</b> <small>From developing start-ups</small> <b>Revenues</b> <b>&gt;€500m</b> <small>Contribution from all start-ups created since 2000</small> <b>&gt;45% ROCE</b> <small>Mature start-ups created in programmes 2-4 generated &gt;45% ROCE on revenues of €239m</small>
Programme	Total	Per year		
1 2000-2009:	25	3		
2 2010-2013:	18	5		
3 2014-2018:	102	20		
4 2019-2021:	56	19		
5 2022:	50 + 18 BCPs <sup>1</sup>			
2023 plan:	30 + several BCPs <sup>1</sup>			
<b>➤ Total of 251 start-ups and 18 BCPs launched since 2000</b>				

- „We feel we have opportunities to complement the M&A strategy that we’ve carried out for the last 20 years with the strategy of opening startups. We are really increasing the number of start-ups because that’s where, after 3 or 4 years, we get the best return on capital employed because it’s all organic. It takes longer, it’s dilutive initially in cash and returns. But overall, Eurofins is always run with a long-term strategy in mind.“ Gilles Martin, founder and CEO, 2022
- „Sometimes we have difficulties to acquire a company in the right place or with the right technology or we want to transfer technology from one country to another... Over the last 20 years, we have learned to do our own startups. And doing start-ups is risky. They don’t always work... And overall, they lose a lot of cash in the beginning... but overall, we see that mature startups provide a very good return on capital employed.“ Gilles Martin, founder and CEO, 2022
- „We will be massively expanding our BioPharma footprint over the next 3 years. We already had on an investment program ... over the last 5 years. But it looks like they could be full within 2 or 3 years. So, we have to now start planning additional capabilities. And as you know, building and qualifying BioPharma laboratories, our CDMO side, takes time. So, we’ve decided to open quite a few startups, especially in Asia.“ Gilles Martin, CEO and founder, 2022

# ROCE – Net Capex Rationale

Eurofins is dedicated to long-term value creation



<u>Our capital allocation priorities</u>	<u>Rationale</u>
1 Infrastructure programme building best-in-class hub and spoke laboratory network including ownership of strategic sites in high growth regions & markets	<ul style="list-style-type: none"><li>• Unlocks economies of scale</li><li>• Custom built for purpose to improve productivity</li><li>• Reduces risk of rent increases at lease renewal</li><li>• Ability to expand sites over time and not lose LHI investments when moving out of rented sites</li></ul>
2 Accelerated start-up programme	<ul style="list-style-type: none"><li>• Good alternative in high growth markets where acquisitions are too expensive or unavailable</li><li>• Located exactly where national hub &amp; spoke network requires</li><li>• Upfront investments as well as initial margin and FCF dilution but attractive long-term returns</li><li>• Mature start-ups created in programmes 2-4 generated &gt;45% ROCE on revenues of €239m in FY 2022</li></ul>
3 Bespoke proprietary IT	<ul style="list-style-type: none"><li>• Enables economies of scale – more cost-effective in the long term</li><li>• Ensures adoption of Eurofins' proprietary best practices and processes</li><li>• Cost of ownership and further development roadmap are within own control</li><li>• Ensure best-in-class service, turnaround time and cyber-security to clients</li></ul>

- „By before 2027, we'll have finalized our hub-and-spoke laboratory network pretty much everywhere. So that will be certainly beneficial. We'll also have finalized our IT solutions before that and that's why we are also confident on the margin side before 2027, we will achieve the target margins of 24% that we have set. And then we'll continue to benefit from the size and scale effects that we have been building.“ Gilles Martin, founder and CEO, 2022
- „We will start to benefit more and more from all those investments we've made in capex, automation, modern laboratories, rationalizing our network of labs in a fit-for-purpose urban spoke network. We have the right footprint in many, many countries now.“ Gilles Martin, founder and CEO, 2023
- „We do very massive investment in digitalization, much more than any other company we know about... And all of that, we strongly believe will make us stand out more and more as the premium and best provider in our markets. And that should have, over time, the impacts we are looking for in terms of margins and cash flows.“ Gilles Martin, founder and CEO, 2023

# A Diverse Set of Cash Flow Numbers

## H1 2023 capital allocation overview

	H1 2023 €m
<b>EBITDA</b>	<b>589</b>
Repayments of lease liabilities	-85
Income taxes paid	-89
Interest and hybrid coupons	-23
Change in net working capital	-154
Payments on risk accruals	-11
<b>Cash before net capex</b>	<b>227</b>
Maintenance capex (2% of external sales)	-64
<b>Cash before expansion capex and growth investment</b>	<b>163</b>
Expansion capex	-84
IFRS 16 on LHI	-60
Investments to own sites	-51
M&A	-78
<b>Total growth investments</b>	<b>-273</b>
<b>Cash change of the period</b>	<b>-110</b>
Treasury shares, net	-29
Hybrid issuance & repayment	411
Other non cash	-21
<b>Change in net debt</b>	<b>251</b>

<sup>1</sup>Alternative Performance Measures (APMs) are defined at the end of this presentation

<sup>2</sup>Financial leverage – net debt<sup>1</sup> to adjusted<sup>1</sup> pro-forma EBITDA<sup>1</sup>

## H1 2023 cash flow overview



	H1 2023 €m	H1 2022 €m	Δ%
Change in net working capital <sup>1</sup>	-154	-102	51%
Net cash provided by operating activities	333	498	-33%
Net capex <sup>1</sup>	-259	-278	-7%
Net operating capex	-208	-192	8%
Net capex for purchase and development of owned sites	-51	-86	-41%
Free cash flow to the firm <sup>1</sup>	74	220	-66%
Free cash flow to the firm before investment in owned sites <sup>1</sup>	125	306	-60%
Net increase in cash and cash equivalents and bank overdrafts	198	201	-1%
Cash and cash equivalents and bank overdrafts at end of period	682	716	-5%

### Key Highlights

- Continued investments geared towards capacity expansion, start-ups and the development of bespoke IT solutions
- Lower change in net working capital in H1 2022 due to advanced customer receipts related to COVID-19 testing activities
- Financial leverage<sup>2</sup> of 1.9x, stable vs end of 2022 and within our targeted range of 1.5-2.5x

<sup>1</sup>Alternative Performance Measures (APMs) are defined at the end of this presentation

<sup>2</sup>Financial leverage – net debt<sup>1</sup> to adjusted<sup>1</sup> pro-forma EBITDA<sup>1</sup>

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### Eurofins resilience to potential crises

- Eurofins core business very strong performance with continued organic growth through the 2007-2009 global recession and the 2020, 2021 COVID crisis showed the strong resilience of Eurofins activities, also in times of crisis
- In addition, all of Eurofins M&A spend is discretionary and maintenance capex represents only 2% or 3% of revenues or potentially less as our network has been very well invested over the last 10 years. Significant cash flow could in such case be redirected to further debt reduction
- Beyond its strong balance sheets, low leverage and significant undrawn credit lines, Eurofins also owns 387,000 m<sup>2</sup> of laboratories and offices that could be sold and leased back if needed and ancillary or new venture activities that could be monetised if required

# Mid-term Objectives & Valuation

## 2023 to 2027 Objectives



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

- The updated FY 2023 objective assumes exchange rates prevailing for H1 2023 are constant for the remainder of the year, implying a year-on-year headwind from foreign currency translation of ca. €115m. It also assumes a reduced M&A activity in FY 2023 that would contribute revenues of ca. €90m on a consolidated basis and ca. €200m on a full-year proforma basis (instead of €125m and €250m, respectively).
- The aforementioned factors reducing the FY2023 objective by €150m in consolidated revenues translate to a €30m decrease of the FY 2023 adjusted EBITDA and FCFF before investment in owned sites objective.
- FY 2027 objective assumes exchange rates are stable vs 2022 average and zero contribution from COVID-19 testing and reagents. To 2027, Eurofins targets average organic growth of 6.5% p.a. and potential average revenues from acquisitions of €250m p.a. over the period.
- Continued growth investments in the ownership of large strategic sites, transfer of activities therein, start-ups and bespoke proprietary IT solutions are expected to drive increased profitability and cash generation over the mid-term horizon.
- With the aim of launching 30 new start-up laboratories (50 in FY 2022, 20 in H1 2023) and several new BCPs (18 in FY 2022, 29 in H1 2023) in FY 2023, Eurofins expects Separately Disclosed Items at the EBITDA level to be about €100m in FY 2023 and decline thereafter towards less than 0.5% of revenues.
- Capital allocation priorities in FY 2023 and in the mid-term will continue to include site ownership of high-throughput campuses to complete Eurofins' global hub and spoke network, start-ups in high growth areas, development and deployment of sector-leading proprietary IT solutions, and acquisitions. Investments in these areas are key to our long-term value creation strategy. From FY 2023, investment in owned sites is assumed to be around €200m p.a., while net operating capex is expected to be ca. €400m p.a. (total net capex of €600m p.a.).
- Eurofins targets to maintain a financial leverage of 1.5-2.5x throughout the period and less than 1.5x by FY 2027.
- The speed of improvement toward the 2027 adjusted EBITDA margin objective will depend on the timing of the bottoming out of the food and consumer product end markets and how fast pricing can be aligned to cost inflation as well as the speed of execution of innovation, productivity improvement measures, digitalisation and automation initiatives.

Alternative Performance Measures (APMs) are defined at the end of this presentation

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Owner Earnings versus Free Cashflow in EUR millions	H1 2023	2022	2021	2020	2019	2018	2017
External sales	3.210	6.712	6.718	5.439	4.563	3.781	2.971
EBITDA	589	1.415	1.840	1.351	833	651	513
Repayments of lease liabilities*	-85	-166	-153	-151	-142	-130	-120
Income taxes paid	-89	-296	-297	-94	-95	-68	-79
Interest and hybrid coupons	-23	-85	-205	-104	-131	-109	-82
Change in net working capital	-154	31	-19	-48	-64	-21	-11
Payments on risk accruals	-11	0	0	0	0	0	0
Maintenance capex (2% of external sales)	-64	-134	-134	-109	-91	-76	-59
Owner earnings	163	765	1.032	845	309	247	162
Free cashflow to the firm before investments in owned sites	74	677	1.142	873	359	183	192
Excess of owner earnings over fcf before investments in owned sites	89	88	-110	-28	-50	64	-30
in %	120%	13%	-10%	-3%	-14%	35%	-16%
Average from 2017-2022	1%						
* Repayments of lease liabilities for the years 2018 and 2017 have been estimated							

# What could go wrong?

- „Anything could go wrong.“ Gilles Martin, founder and CEO, 2022
- „The biggest factor that has been difficult for us so far has been shortage of labor... it hasn't been recession or anything. The biggest hurdle towards our objectives is more that we can't find the people to do basically all the things we want to do.“ Gilles Martin, founder and CEO, 2022
- Continued growth investments despite unattractive return profile, i.e. will the company manage to implement a shift from reinvestment to payout at the appropriate time?

Thank you for listening!

Any Questions?