



# 2008 Results

March 16, 2009



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## ▶ 2008 Business Review

Financial Results

Objectives

Questions and Answers



# 2008: an effective business model and strong sales growth

## ▶ Targets met and strong cash flow generated

- ▼ Growth in sales:
  - up **7.5%** like-for-like
  - up **9.8%** including recent business development agreements
- ▼ Operating margin before non-recurring items: **16.8%** of sales
- ▼ Free cash flow \*: up **19%**

***Robust business model***

## ▶ Sustained investments

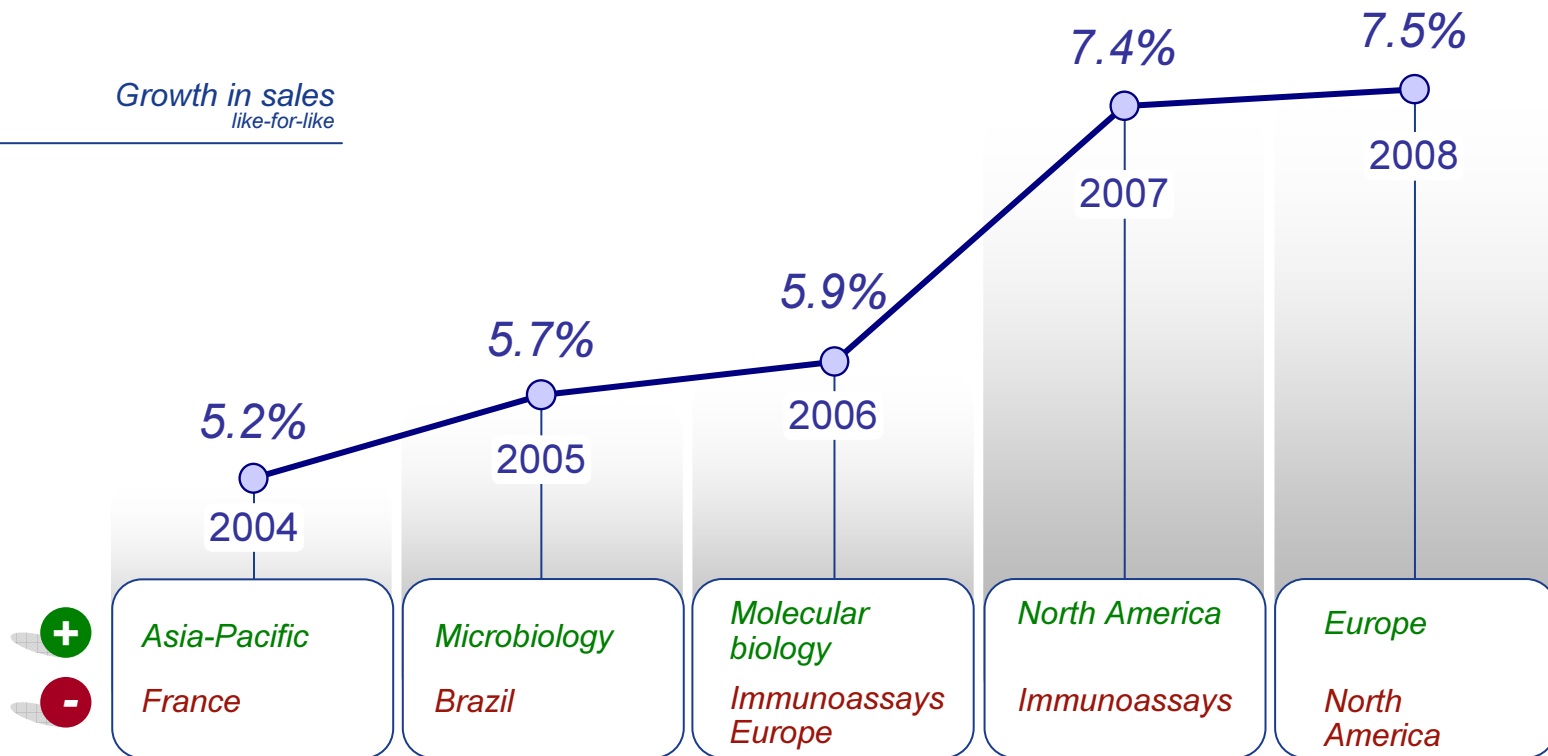
- ▼ 3 strategic acquisitions
- ▼ R&D expenditure: €133m
- ▼ Industrial investment: €55m

***Building for the future***

## ▶ Dedicated, highly involved employees

# bioMérieux in 2008: demonstrating the power of the business model

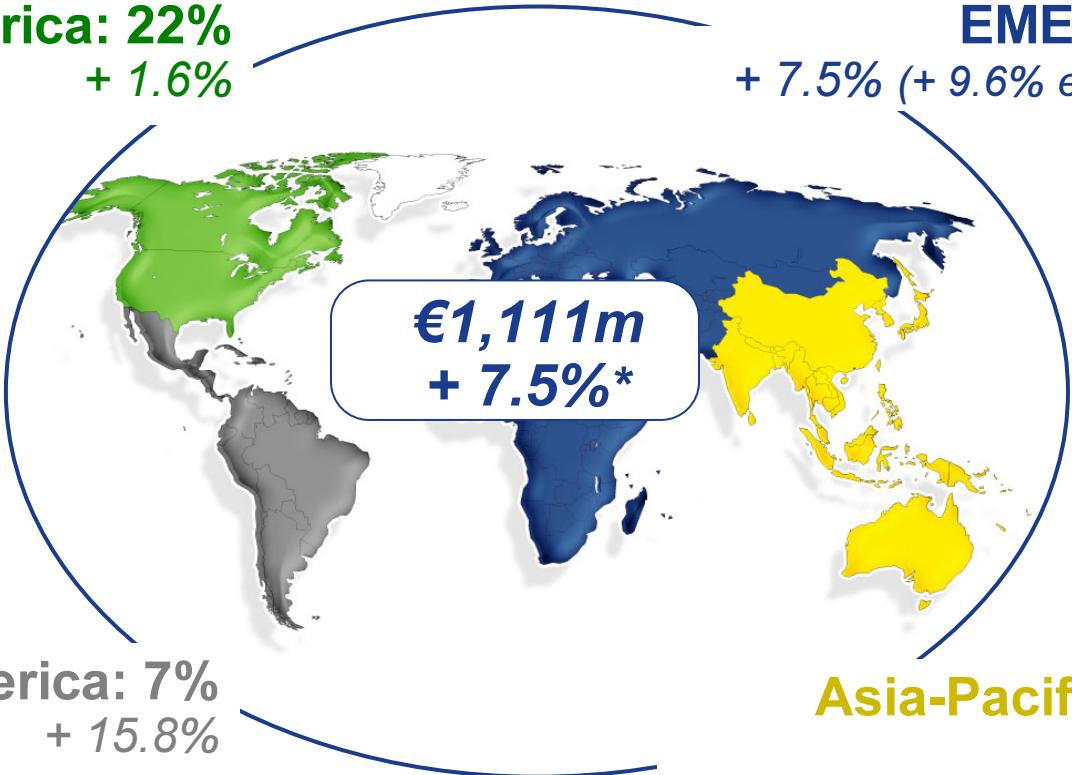
- ▶ Recurring reagent sales
- ▶ A diversified product portfolio in 4 different areas
- ▶ A global player with operations in the 4 main regions



# Sales by region

**North America: 22%**  
+ 1.6%

**EMEA \*\*: 60%**  
+ 7.5% (+ 9.6% excl. France)



**Latin America: 7%**  
+ 15.8%

**Asia-Pacific: 11%**  
+ 15.2%

⇒ + 9.8% - At constant exchange rates, including business development

\* Growth rates are like-for-like

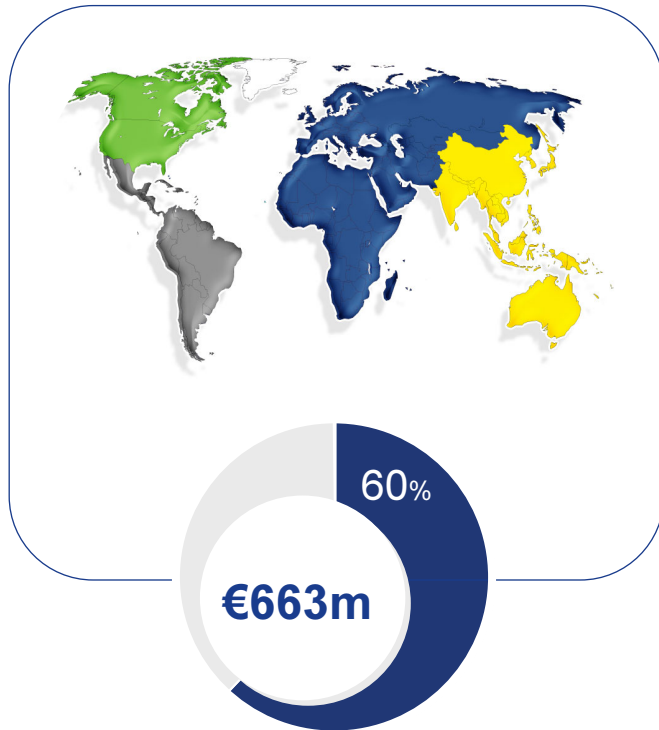
\*\* EMEA: Europe, Middle East and Africa

# Europe – Middle East – Africa

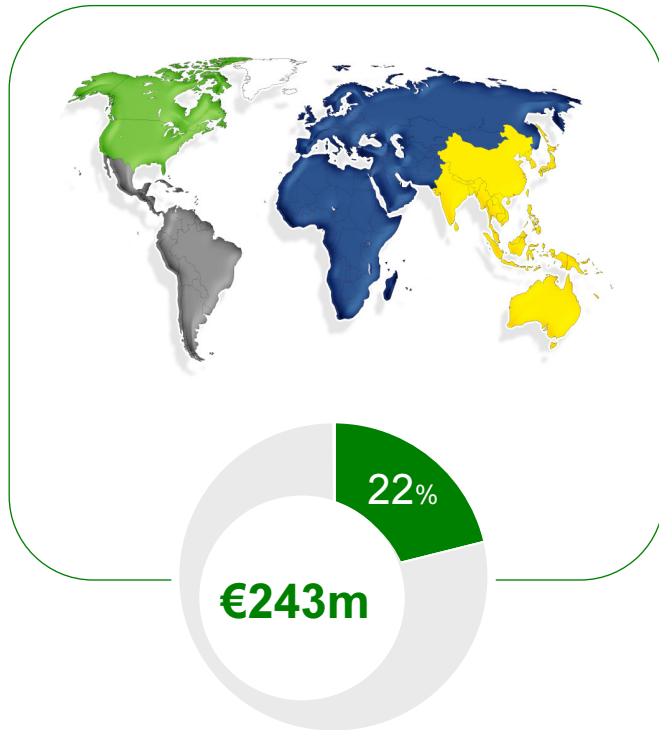
EMEA: up 7.5%

EMEA outside France: up 9.6%

- ▶ Sales in France up 2.2%
  - ▼ Growth in line with the market
  - ▼ Laboratories hesitant: Ballereau Report
- ▶ Robust growth in Europe outside France:
  - ▼ Germany: up 12%
  - ▼ Spain: up 8%
  - ▼ UK: up 7%
- ▶ South African subsidiary off to a good start
  - ▼ HIV test contract renewed for a year
- ▶ Growth led by VITEK<sup>®</sup> 2, VIDAS<sup>®</sup> reagents and molecular biology
- ▶ Industrial applications up 8%
  - ▼ Exposed to the economic environment



*Growth rates are like-for-like*



## North America: up 1.6%

- ▶ Reagent sales up 6%
- ▶ Mainly private-sector customers
- ▶ Labs already extensively automated
- ▶ Weak instrument sales, down 20%
  - ▼ Postponed purchases of new systems



Asia-Pacific: up 15.2%

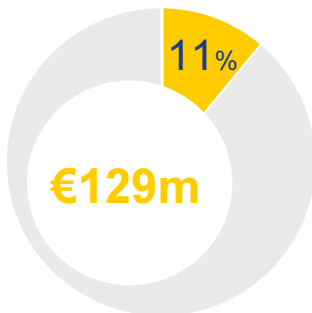
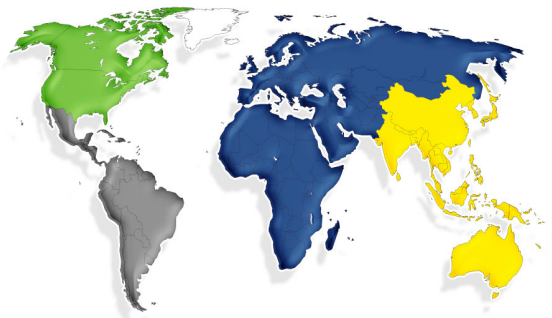
▶ Robust growth:

- ▶ China: up 24%
- ▶ South Korea: up 16%
- ▶ India: up 27%

▶ Strong sales in microbiology and the VIDAS® range

▶ Industrial applications up 22%

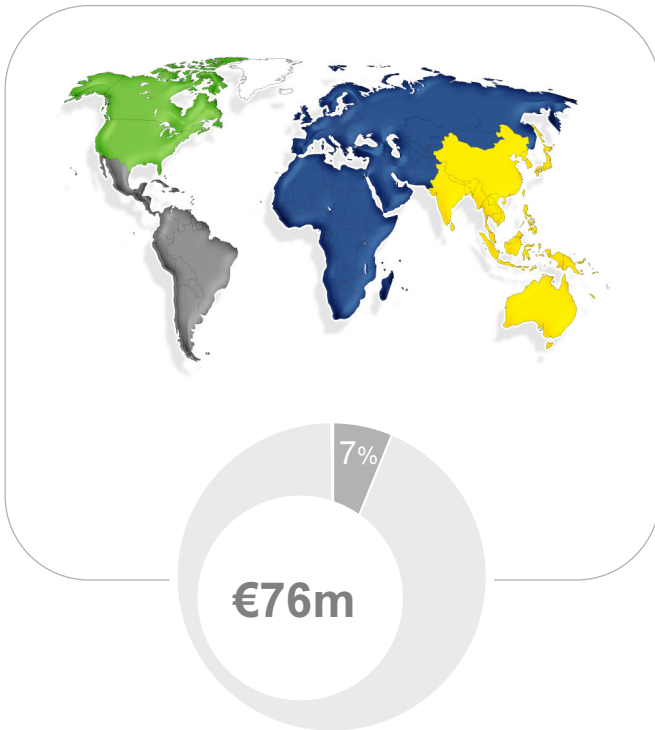
▶ Start-up of the Sysmex joint-venture in Japan on April 1, 2008



*Growth rates are like-for-like*

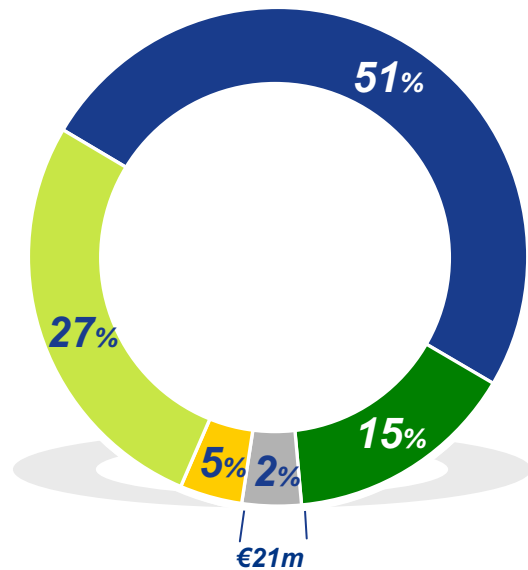
## Latin America up 15.8%

- ▶ Strong momentum across the region
- ▶ Brazil: up 9%
- ▶ Solid growth in microbiology
- ▶ Satisfactory growth in microplates
- ▶ Rapid expansion in Industrial applications



*Growth rates are like-for-like*

# Sales by technology



- Microbiology
- Immunoassays
- Industry
- Molecular biology
- Other

## ▶ Clinical applications

▼ Microbiology

▼ Immunoassays

▼ Molecular biology

€944m

€562m

€304m

€57m

## ▶ Industrial applications

€167m

**TOTAL**

**€1,111m**

2008  
vs. 2007\*

+ 7.2%

+ 6.9%

+ 5.7%

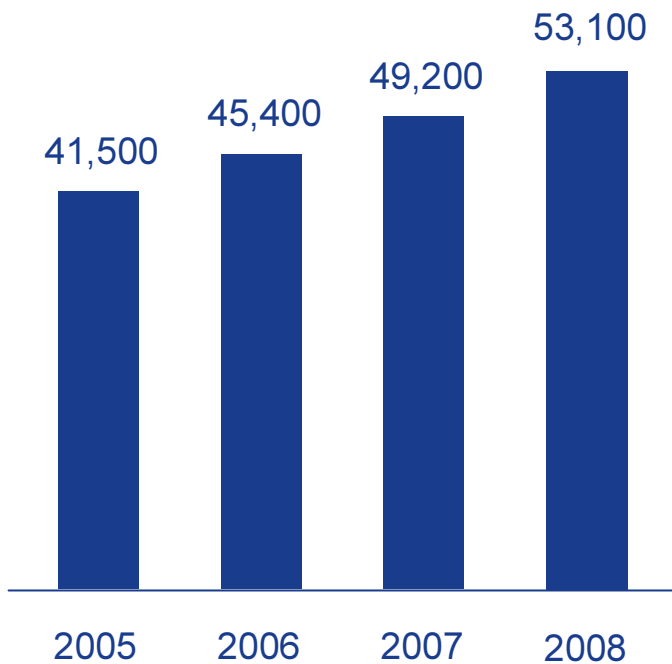
+ 17.6%

+ 9.7%

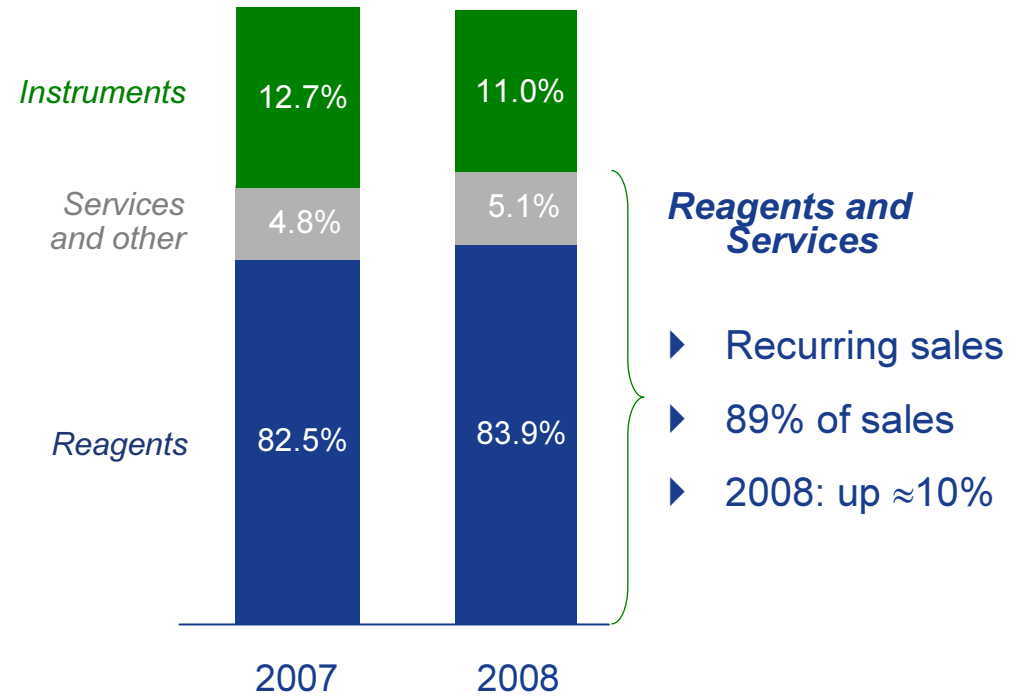
**+ 7.5%**

\* Growth rates are like-for-like

*Installed base at Dec. 31 - Number of instruments*



*2008 – Breakdown of sales*



*Growth rates are like-for-like*

# Strategic vision: deployment by technology

2008 developments	Micro-biology	Industrial applications	Immuno-assays	Molecular biology	Theranostics
<b>Menus &amp; ranges</b>	VITEK® ANC card PolyVitex Chocolate PPM room temperature	TEMPO®: STA / LAB / YM VIDAS® UP chromID™ Sakazakii / Vibrio	In the US: VIDAS® NT-proBNP Cd A&B Oncology	In the US: PNA FISH™	
<b>New software</b>	VITEK® 2 4.01 VITEK® 2 5.01	TANGO™			
<b>New platforms</b>	FMLA™ PREVI™ Isola PREVI™ Color Gram				
<b>Acquisitions</b>	AB BIODISK PML Microbiologicals			AviaraDx	
<b>Partnerships</b>	Hitachi High-Tech Corp. University of Sunderland		Quidel Annexin 3	Hitachi High-Tech Corp. ADNA	

# Strategic vision: cross-business deployment

2008  
developments

Micro-  
biology

Industrial  
applications

Immuno-  
assays

Molecular  
biology

Theranostics

*Subsidiaries*

2 joint ventures: Japan (Sysmex) and China (Shanghai Kehua Bio-engineering)  
2 new subsidiaries: Singapore and Dubai

*Capital  
expenditure*

Saint Louis

Marcy

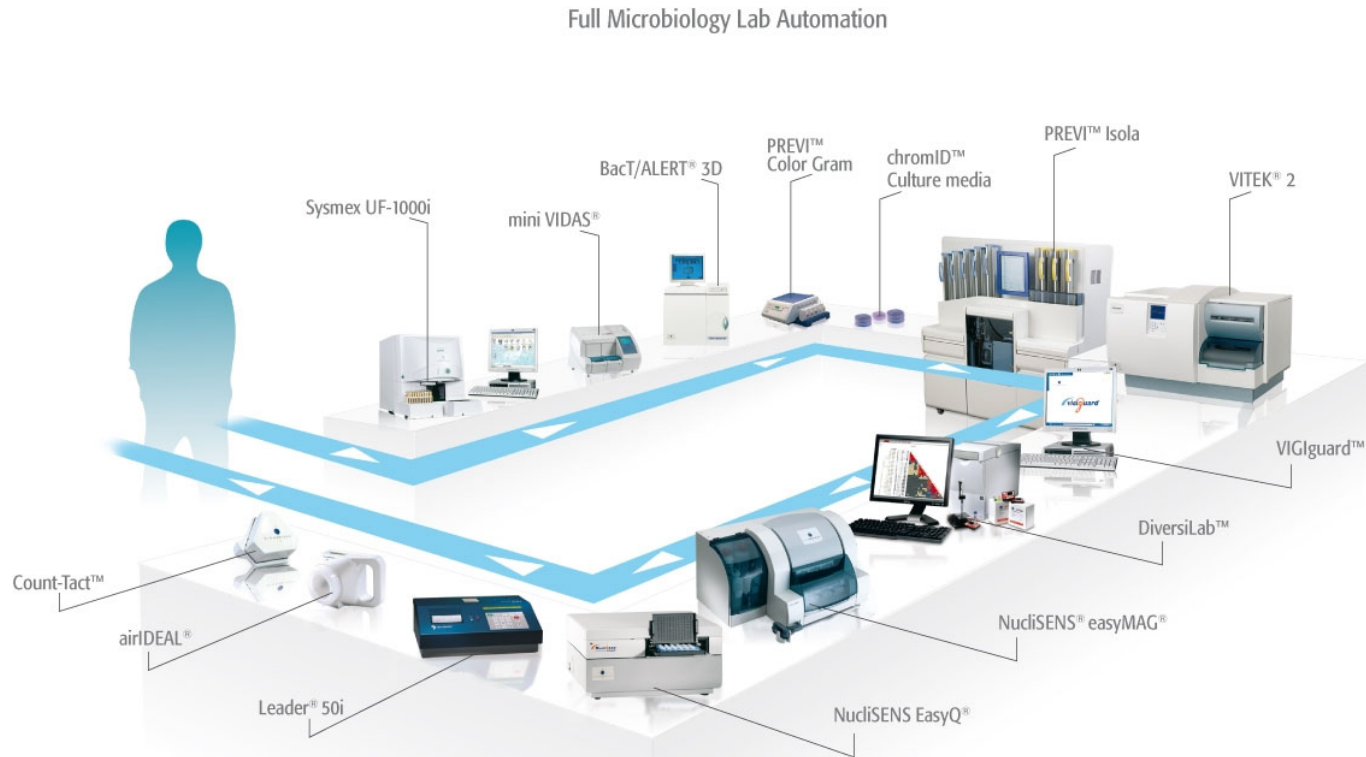
Grenoble

*Projects*

Global ERP: SAP  
Public health: collaborative program with FIND  
Sustainable development: “bioMérieux Goes Green”  
Human resources: “bioMérieux University”; hiring the “best talent”

# Microbiology: Full Microbiology Lab Automation™

Become the uncontested leader  
through full microbiology lab automation



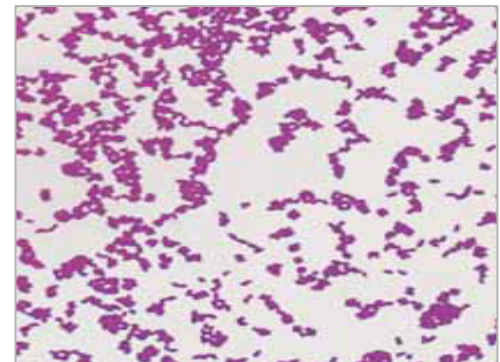
<http://www.biomerieux-diagnostics.com/fmla>

- ▶ Automates pre-analytical processing
- ▶ Automates specimen inoculation
  - ▼ Standardized plate inoculation
    - Up to 180 plates/hour
  - ▼ No cross contamination
  - ▼ Traceability with automated barcode labeling
  - ▼ Optimized colony isolation
- ▶ Market launch
  - ▼ Pre-launched in 2008 in the Netherlands, Germany and the US
  - ▼ Gradual rollout to other regions in 2009





- ▶ Automates pre-analytical processing
- ▶ Automates gram staining
  - ▼ Standardized processes
    - Slides dry and ready in 3-5 minutes
  - ▼ Optimized reagent use
    - Less waste
    - User safety
  - ▼ Accurate results
    - Spray nozzles
    - No cross contamination
- ▶ Market launch
  - ▼ Pre-launch in about 10 European countries in 2008
  - ▼ Global launch scheduled for end-2009



# TEMPO<sup>®</sup>: major innovations

## ▶ Faster development in 2008

- ▼ Reagent sales up  $\approx$  75%
- ▼ Sharp increase in the installed base



## ▶ Enhanced TEMPO<sup>®</sup> menu

- ▼ *Staphylococcus aureus*, lactic acid bacteria, yeast and molds  
⇒ Most of the required indicators

## ▶ TANGO<sup>™</sup>: single LIMS\* interface for VIDAS<sup>®</sup> and TEMPO<sup>®</sup>

- ▼ Making data management easier, safer and faster

## 3 strategic acquisitions

High medical-value tests in oncology, theranostics, etc.: new sources of growth

**bioTheranostics  
(AviaraDx)**

DIVERSILAB

BTF

**AB BIODISK**

**PML Microbiologicals**

BIOMEDICS

Infectious diseases: bioMérieux's core competency

# AB BIODISK: strong synergies

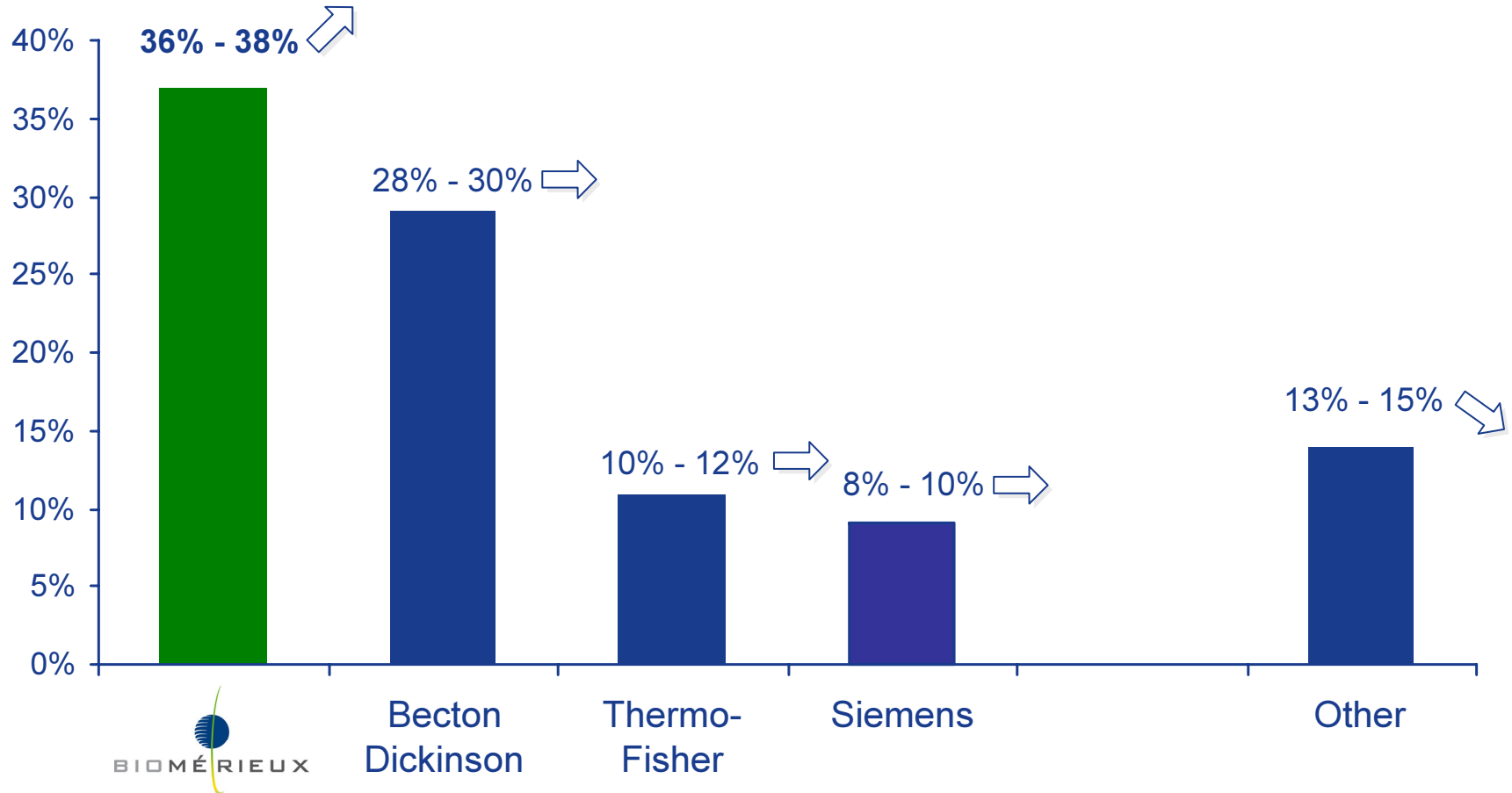
- ▶ Etest<sup>®</sup>: a reference in microbiology labs
  - ▼ Used to determine the exact Minimum Inhibitory Concentration (MIC) of antibiotics, antifungal agents and antimycobacterial agents
  - ▼ Over 100 antibiotics available in the test menu
- ▶ Very complementary to bioMérieux's range
  - ▼ VITEK<sup>®</sup> and culture media
- ▶ 2008 sales up  $\approx 7\%^*$ 
  - ▼ Direct distribution in 13 countries, including France and the United States
- ▶ January 2009: decision to close the Solna plant - Sweden
  - ▼ Lease expired
  - ▼ Operations to be transferred in June 2010 to La Balme, France (API<sup>®</sup> strips manufacturing plant )
  - ▼  $\approx 40$  FTE employees



- ▶ A reagent company that holds proprietary technologies
  - ▼ Based in Portland, Oregon US and Toronto, Canada
  - ▼ 2008 sales: \$25m
  - ▼ 172 employees
- ▶ Strengthens microbiology positions in North America
  - ▼ Microbiological control testing for the US pharmaceuticals industry
  - ▼ Canada's leading provider of PPM
- ▶ 6th acquisition since 2007



# Clinical microbiology: 2008 market share \*



bioMérieux is the market leader in microbiology

\*bioMérieux estimates based on company reports, financial research and internal analysis  
€/ \$ = 1.47 in 2008

# AviaraDx, renamed bioTheranostics

## ▶ A strategic acquisition

- ▶ Strengthens bioMérieux's positioning as a provider of high medical-value diagnostics
- ▶ Strengthens bioMérieux's position in oncology and theranostics
  - Tissue testing capabilities

## ▶ An experienced team

- ▶ Based in San Diego, California - US
- ▶ High complexity CLIA\* certified service lab
- ▶ 19 employees (at acquisition date)

## ▶ A portfolio of two products on the market

- ▶ Theros CancerTYPE ID® for metastatic cancers of unknown primary
  - Molecular classification of cancers
  - An RT-PCR test of 92 genes
- ▶ Theros Breast Cancer IndexSM
  - Optimization of breast cancer therapeutic options
  - Combination of two proprietary tests



NY Times March 10, 2009 Page D1  
Herald Tribune March 12, 2009 Page 8



\*Clinical Laboratory Improvement Amendments

## ▶ New organization

- ▼ Richard Ding - Chief Executive Officer
- ▼ Run as stand-alone company ⇔ entrepreneurial mindset and flexibility
- ▼ Expanded sales force for nationwide coverage in the US
- ▼ Penetrating market for metastatic cancers of unknown primary testing

## ▶ December 2008: publication of three important studies

- ▼ Demonstration of the effectiveness of the Theros Breast Cancer Index<sup>SM</sup> test in patients with ER\*- positive, lymph node-negative breast cancer
- ▼ Study by Massachusetts General Hospital:
  - Better risk stratification of patients in “grey zone” than with Oncotype Dx test
  - New information for oncologists to empower treatment decision





# ADNA to develop personalized medicine

## Advanced Diagnostics for New therapeutic Approaches

- ▶ Project coordinated by Mériex Alliance and supported by OSEO the French public agency for research and innovation aid
- ▶ Main partners
  - ▼ Diagnostics: bioMérieux and GenoSafe
  - ▼ Immunotherapy: Généthon and Transgene
- ▶ Convergence of diagnostics and therapy
  - ▼ New detection and tracking tools
  - ▼ New vaccines and gene therapies
- ▶ Parallel development of diagnostic platforms, biomarkers and new gene therapy concepts
- ▶ October 2008
  - ▼ European Commission approved state research and innovation aid
  - ▼ €42.5m awarded to bioMérieux over ten years: €23.1m in reimbursable loans  
€19.4m in grants

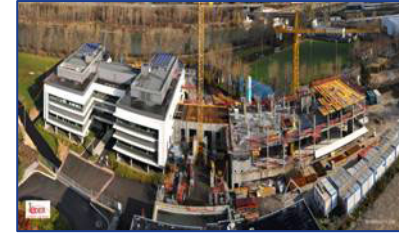


bioMérieux will maintain R&D spending at 12 to 13% of net sales

# Substantial capital expenditure

## *Main capex projects in 2008*

- ▶ Grenoble: €18m
  - Transfer of Boxtel operations
    - ▼ Construction of manufacturing facilities, labs and engineering offices, installation of new equipment
- ▶ Saint Louis, MO US: €6m
  - ▼ New building to replace leased R&D facility
- ▶ Marcy l'Etoile - Industry: €4m
  - ▼ Industry: new building
- ▶ Marcy l'Etoile - VIDAS®: €5m
  - ▼ Renovation and extension of the raw materials building
  - ▼ Increase in strips production capacity



# Ambitious internal projects to build the future

## ▶ Global ERP - SAP

- ▶ Objective: meet the Group's operating needs and speed decision-making
- ▶ Implementation
  - Standard, harmonized business processes
  - An experienced, dedicated team

## ▶ bioMérieux Goes Green

- ▶ Objective: build environmental issues into the decision making process
- ▶ Implementation
  - September 2008: Communication – *Action Plan*
  - Ambitious targets for every site



[www.biomerieux.com/goesgreen](http://www.biomerieux.com/goesgreen)

## ▶ bioMérieux University

- ▶ Objective: develop expertise and excellence in our businesses to further our goals
- ▶ Implementation
  - Three-year courses of study
  - Gradual deployment worldwide

2008 Business Review

▶ **Financial Results**

Objectives

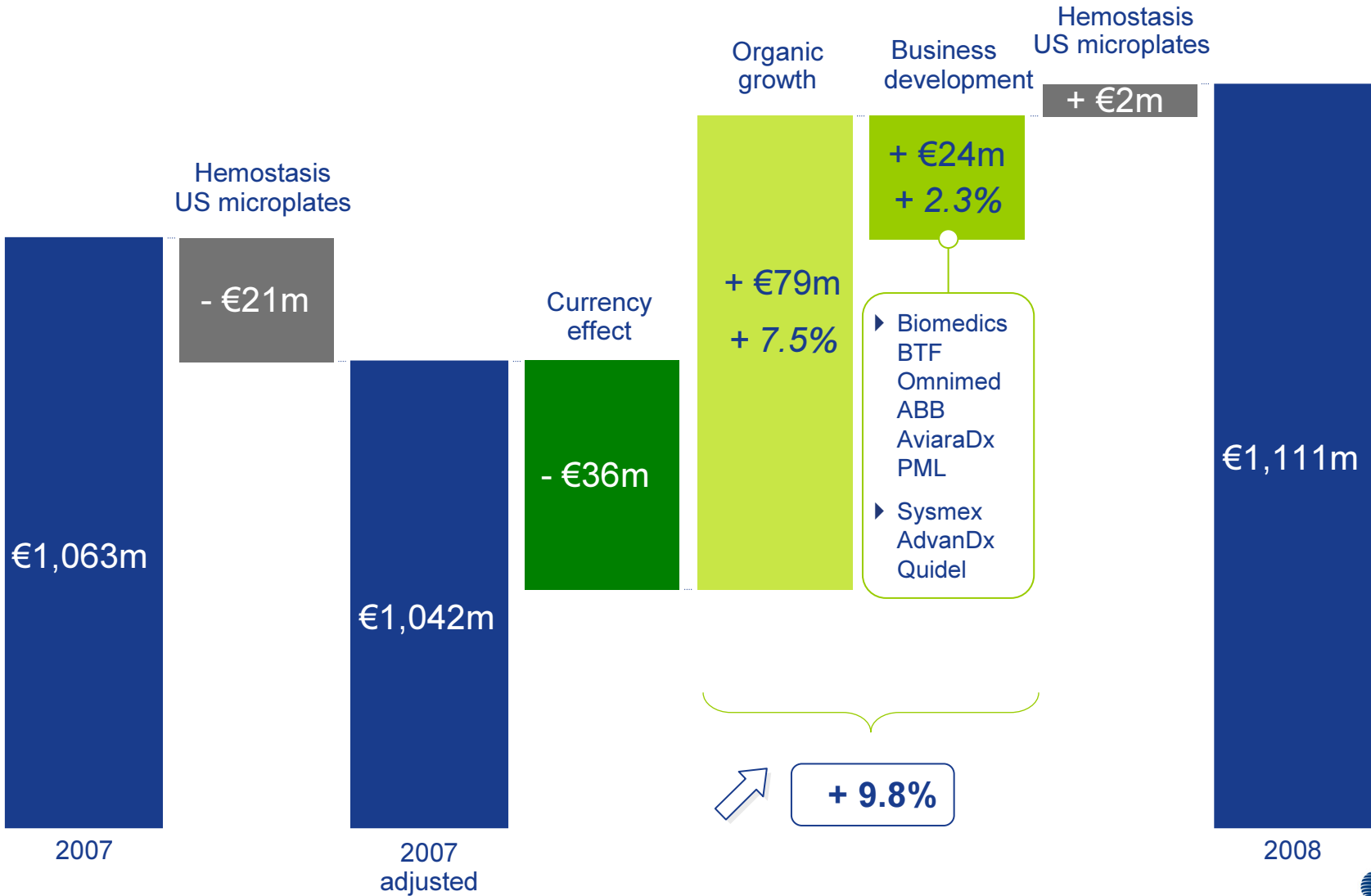
Questions and Answers

# Consolidated income statement

<i>in € millions</i>	2008	2007	% change
Net sales	1,111	1,063	+ 4.5%*
Operating income before non-recurring items <i>As a % sales</i>	187 16.8%	167 15.7%	+ 12%
Operating income <i>As a % sales</i>	186 16.8%	150 14.1%	+ 24%
Net income <i>As a % sales</i>	130 11.7%	98 9.2%	+ 33%

\* + 7.5% like-for-like

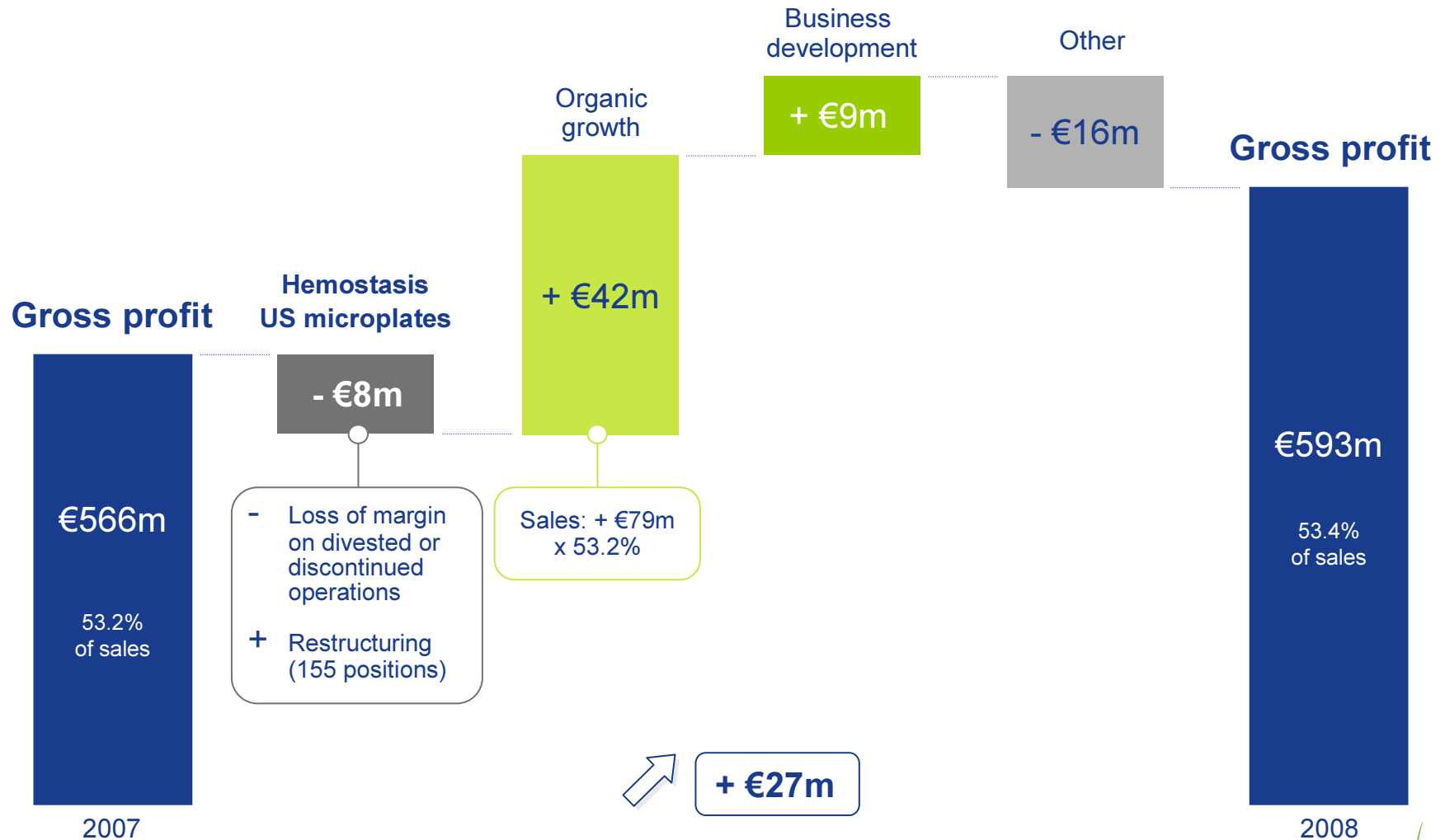
# Net sales



# Growth in gross profit

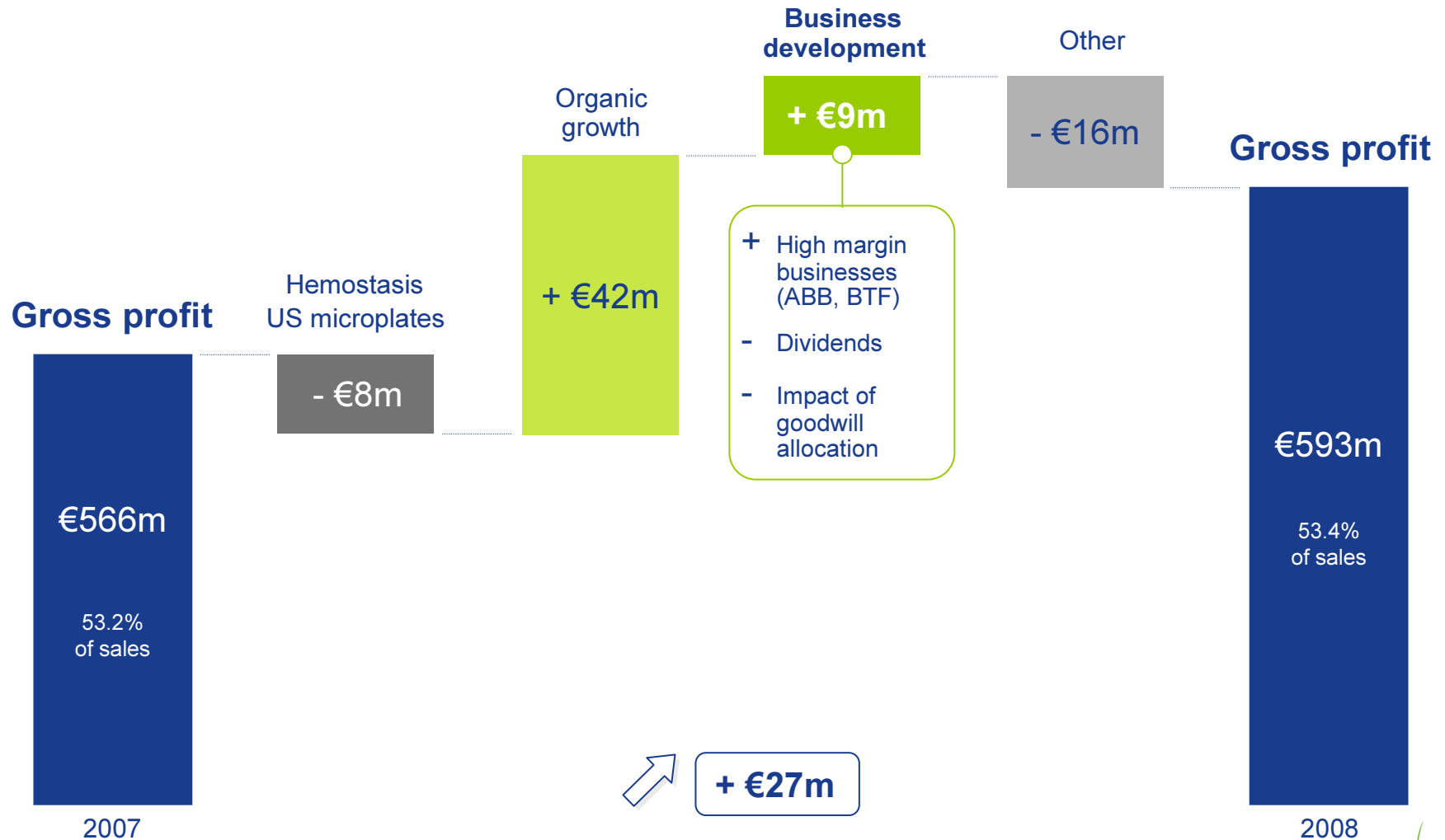


# Growth in gross profit

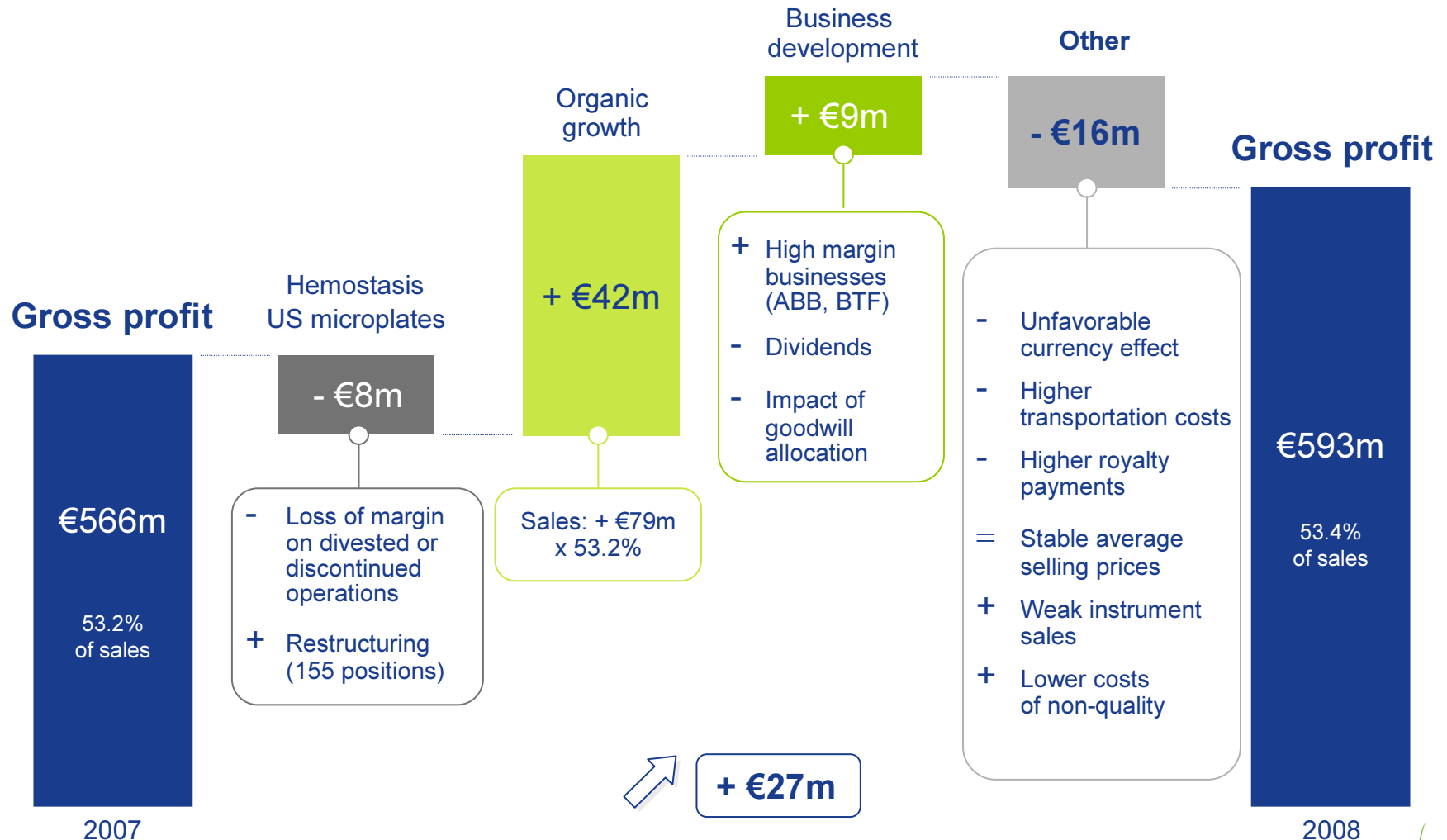




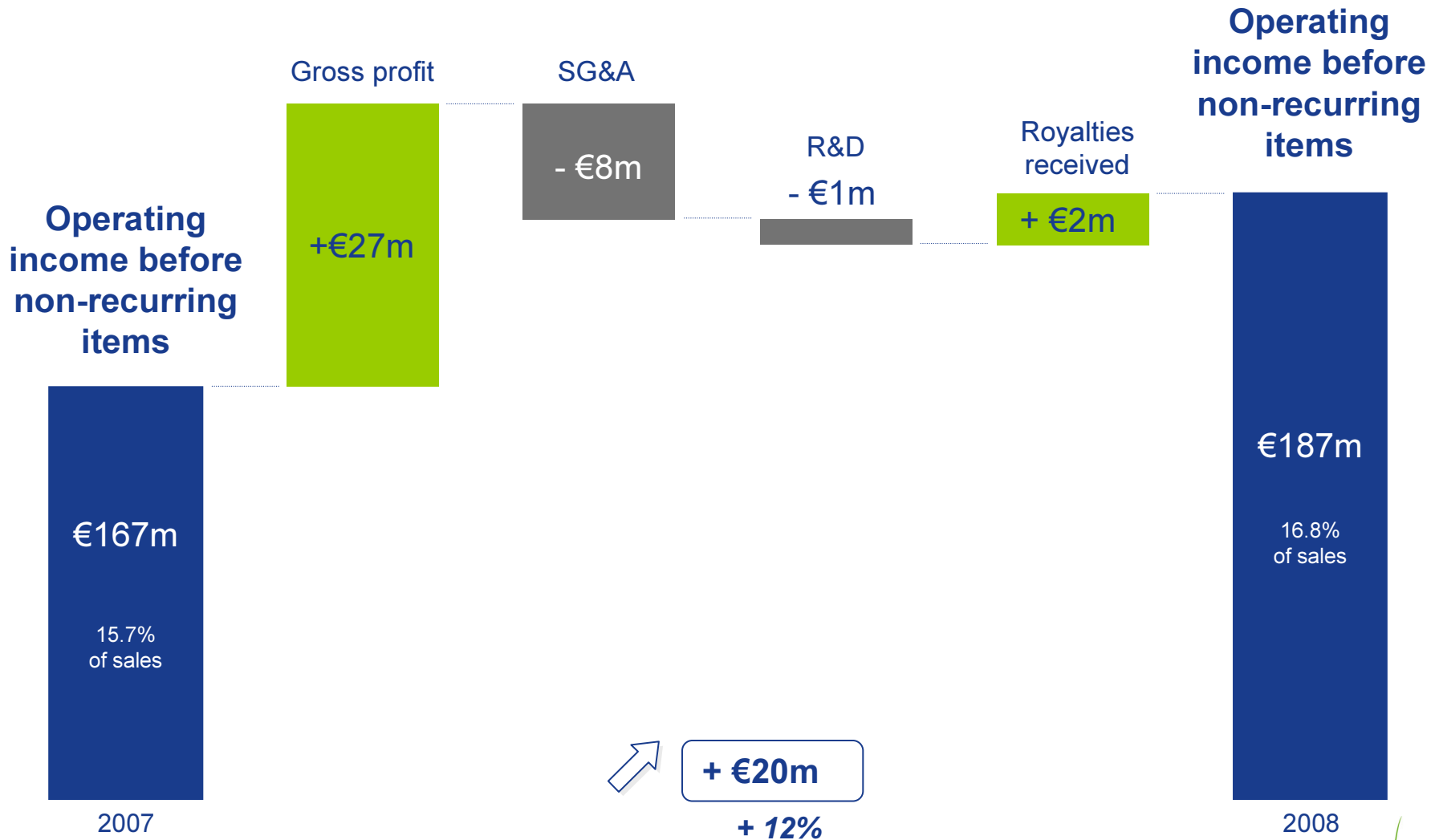
# Growth in gross profit



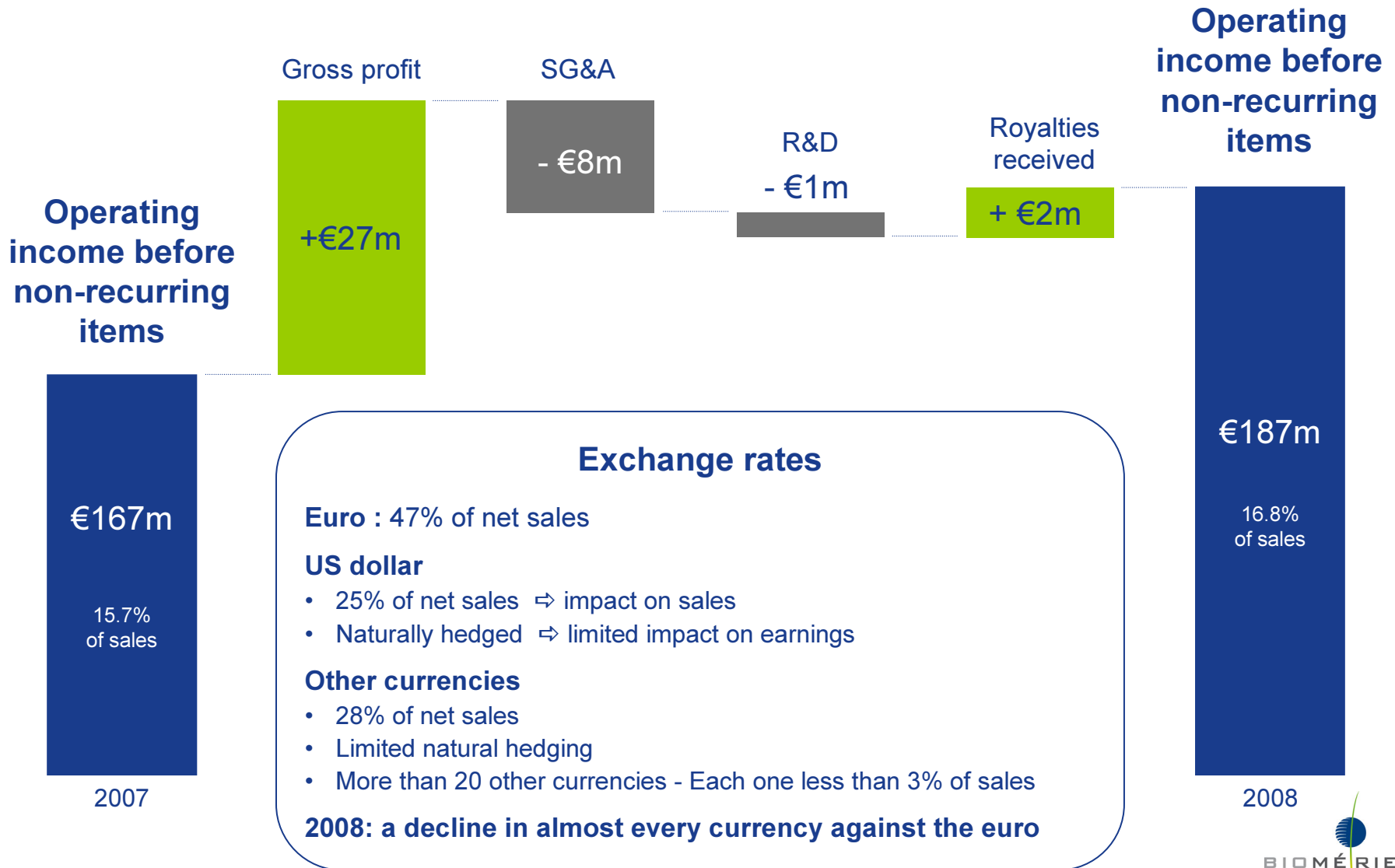
# Growth in gross profit



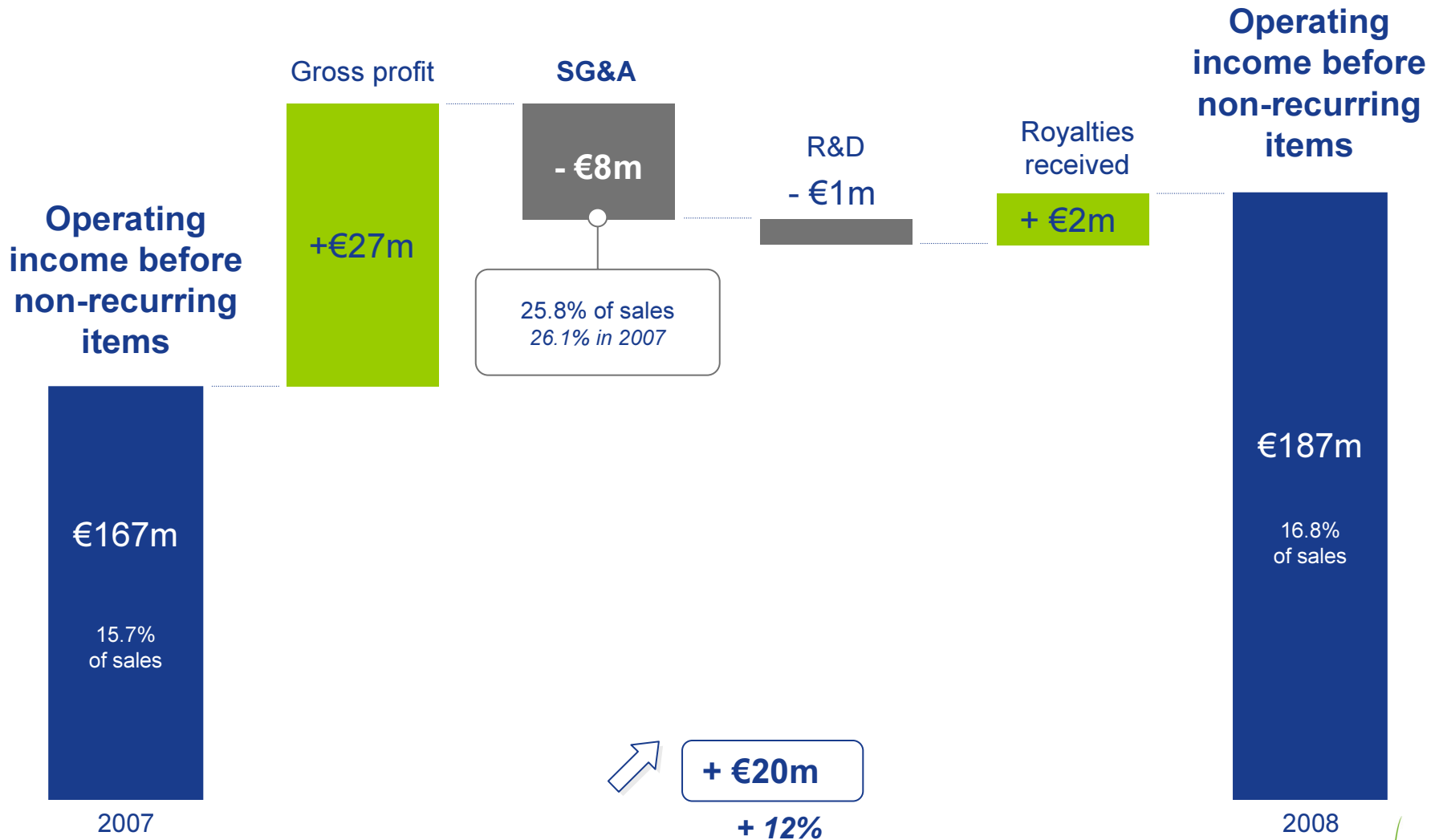
# Growth in operating income before non-recurring items



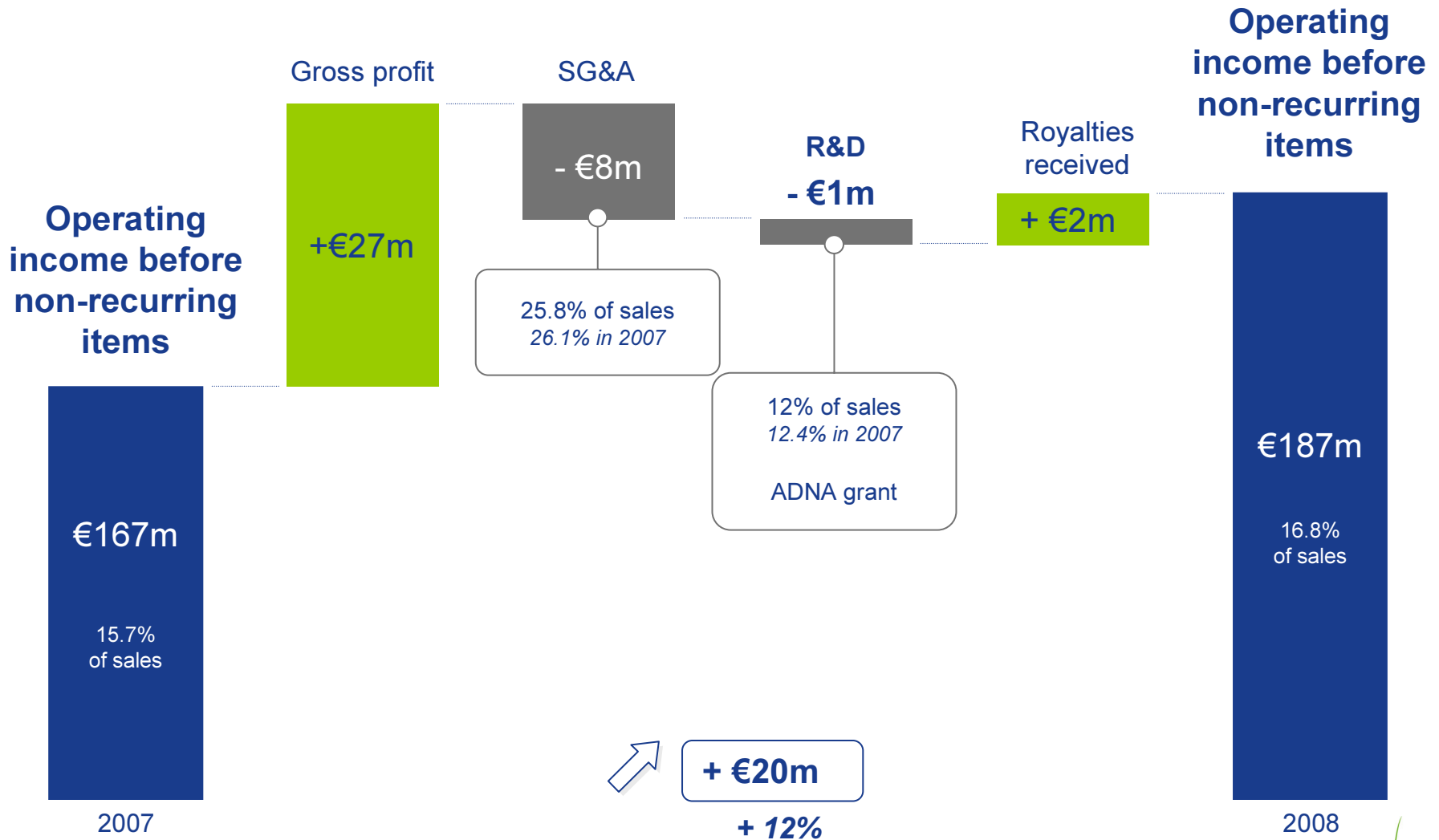
# Growth in operating income before non-recurring items



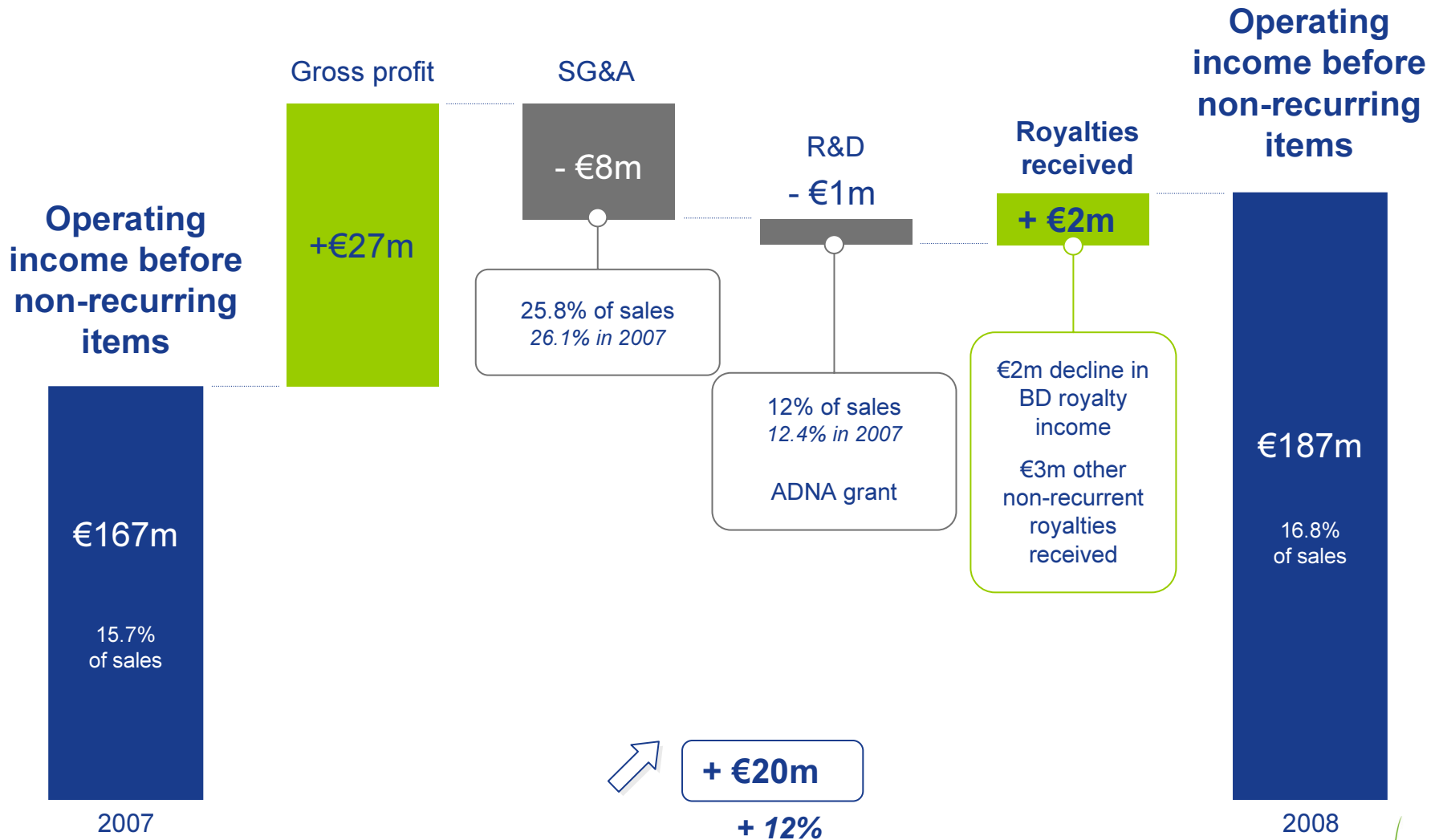
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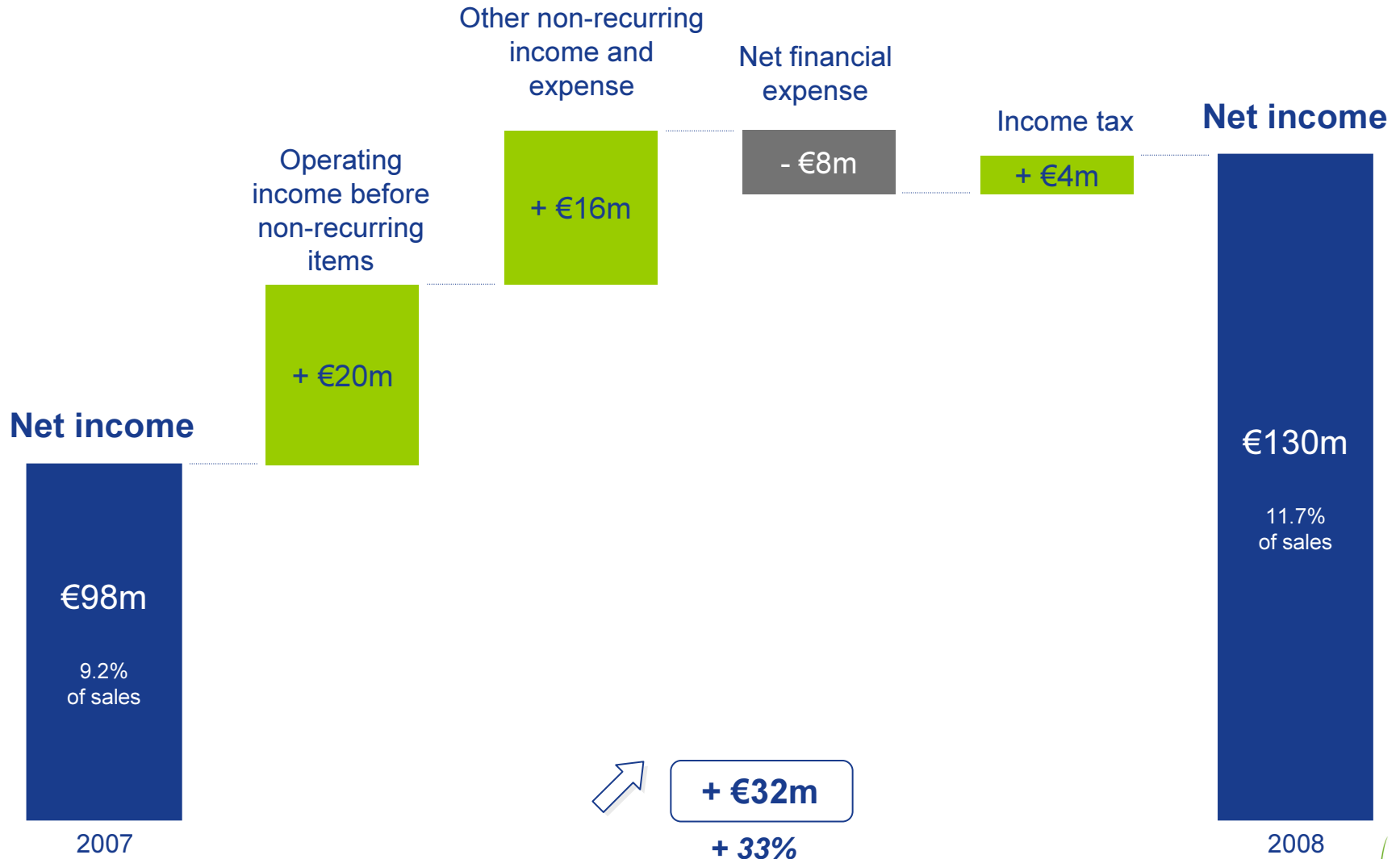
# Growth in operating income before non-recurring items



# Growth in operating income before non-recurring items

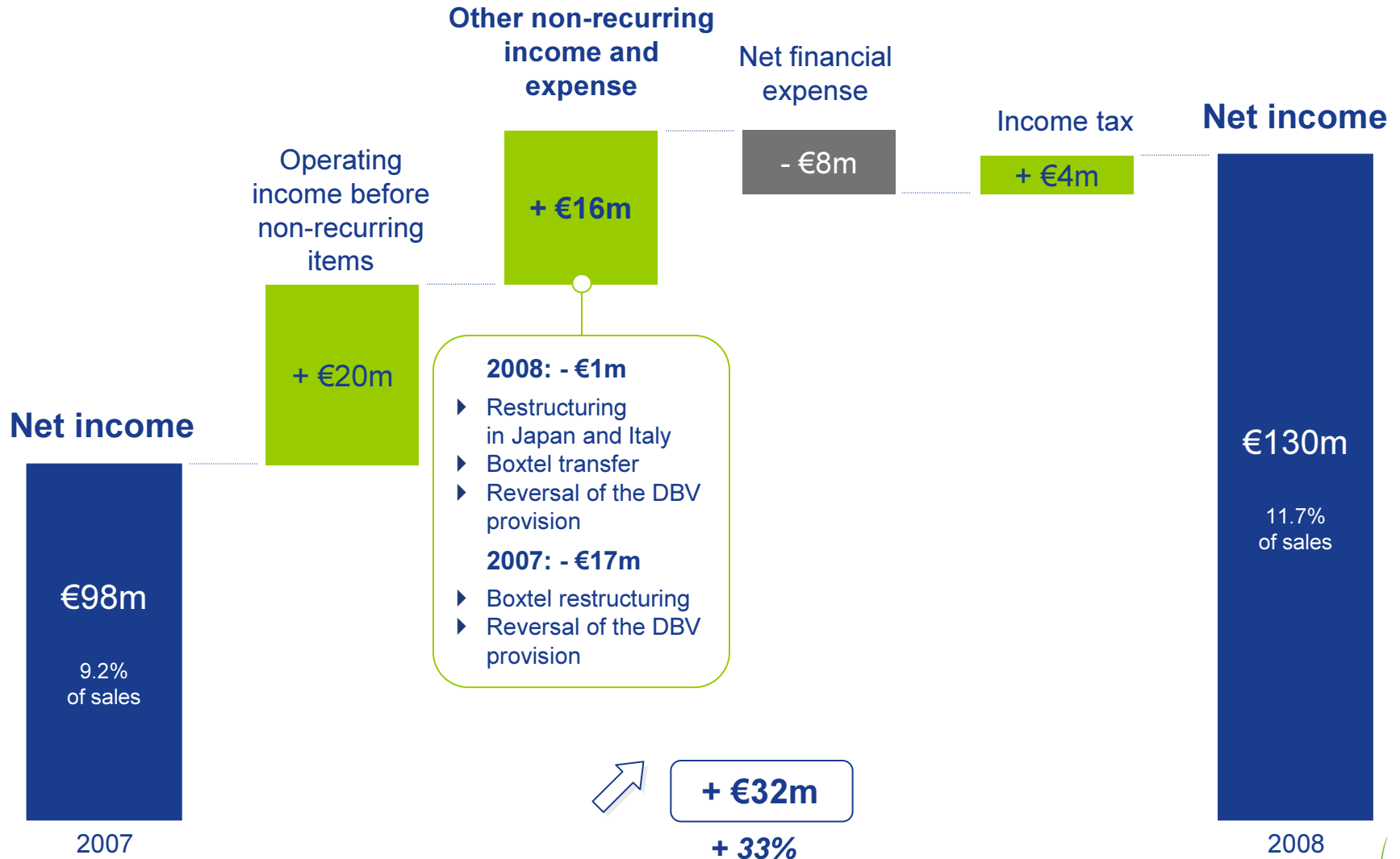


# Strong growth in net income

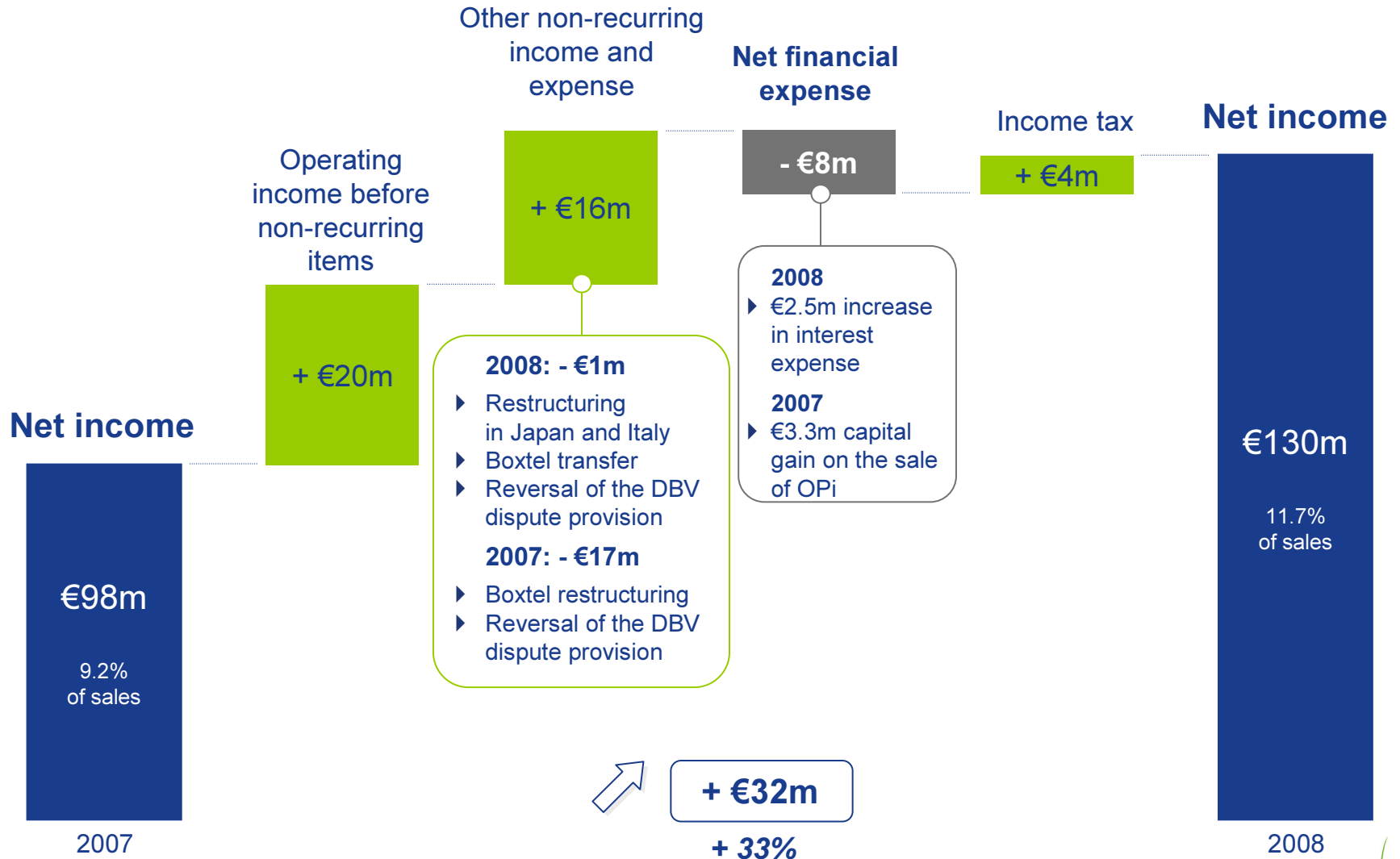




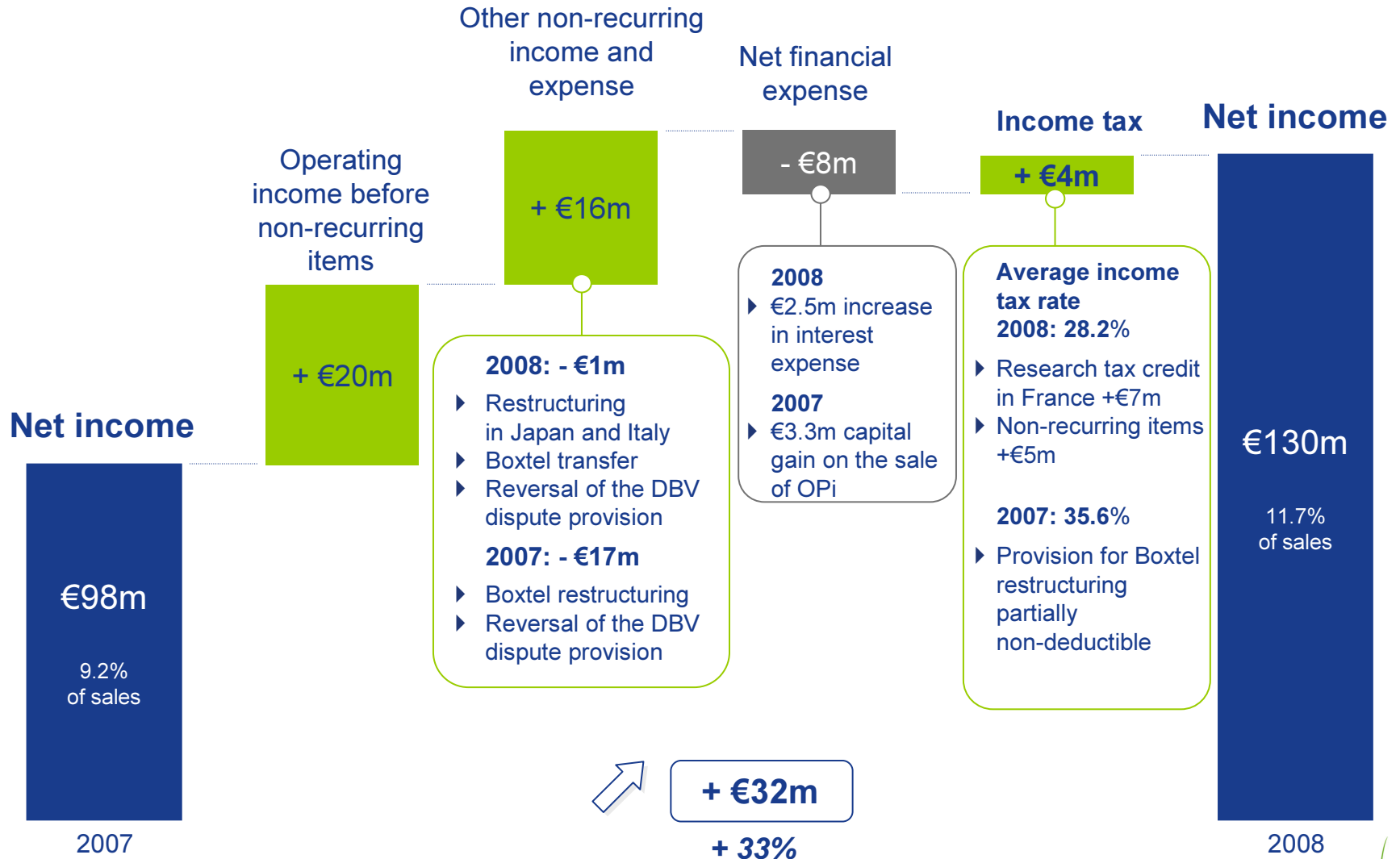
# Strong growth in net income



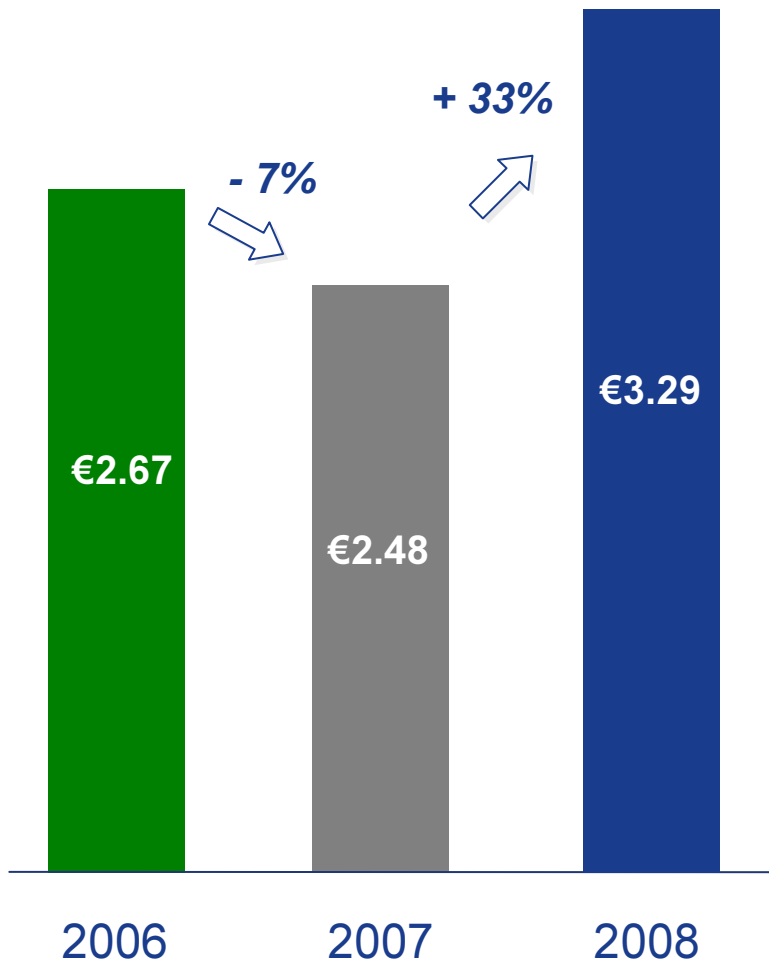
# Strong growth in net income



# Strong growth in net income



# Earnings per share



Recommended dividend  
**€0.81/share (€32m)**

## ► Strong Free Cash Flow generation

<i>in € millions</i>	2008	2007	% Change
EBITDA <sup>(1)</sup>	262	239	+ 23
Provisions and other	(3)	(1)	(2)
<b>Cash flow</b> before tax and interest expense	<b>259</b>	<b>238</b>	<b>+ 21</b>
Income tax and financial expense	(60)	(56)	(4)
Operating working capital requirement	(4)	(8)	+ 4
Acquisition of PPE and intangible assets <sup>(2)</sup>	(92)	(90)	(2)
Other	(3)	0	(3)
<b>Free Cash Flow</b>	<b>100</b>	<b>84</b>	<b>16</b>
Acquisition of shares <sup>(3)</sup>	(136)	(28)	(108)
Hemostasis / OPi	2	7	(5)
Dividends	(30)	(30)	0
<b>Net cash flow</b>	<b>(64)</b>	<b>33</b>	<b>(97)</b>

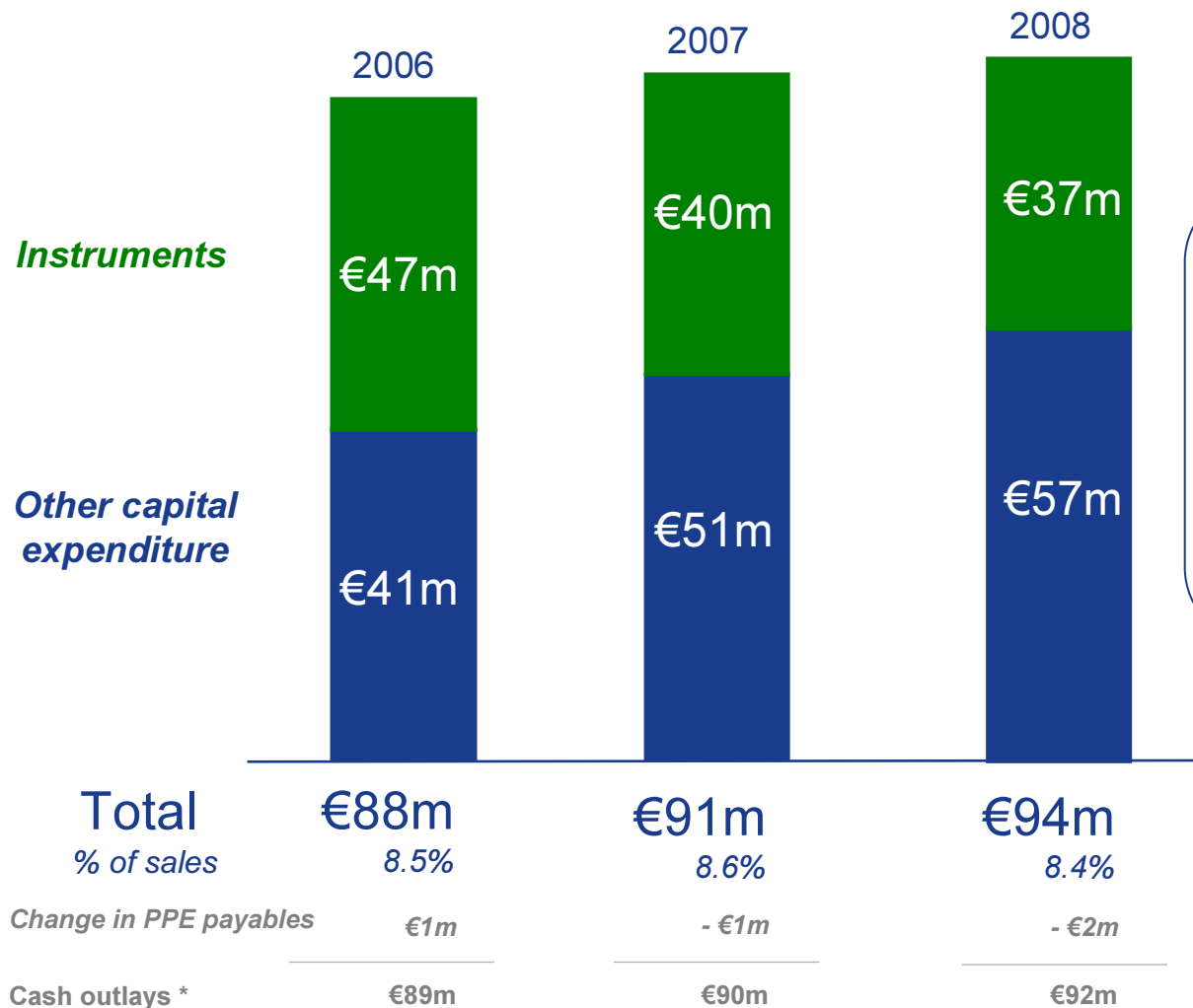
(1) Operating income before non-recurring items (2008: €187m and 2007: €167m), depreciation and amortization (2008: €75m and 2007: €72m)

(2) Capital expenditure outlays, including change in PPE payables

(3) Acquisition cost net of acquired cash at date of acquisition

(2008: Omnimed, ABB, AviaraDx, PML, BBI - 2007: Biomedics, BTF, BBI, LabTech, AdvanDx)

## ► Strong capital expenditure

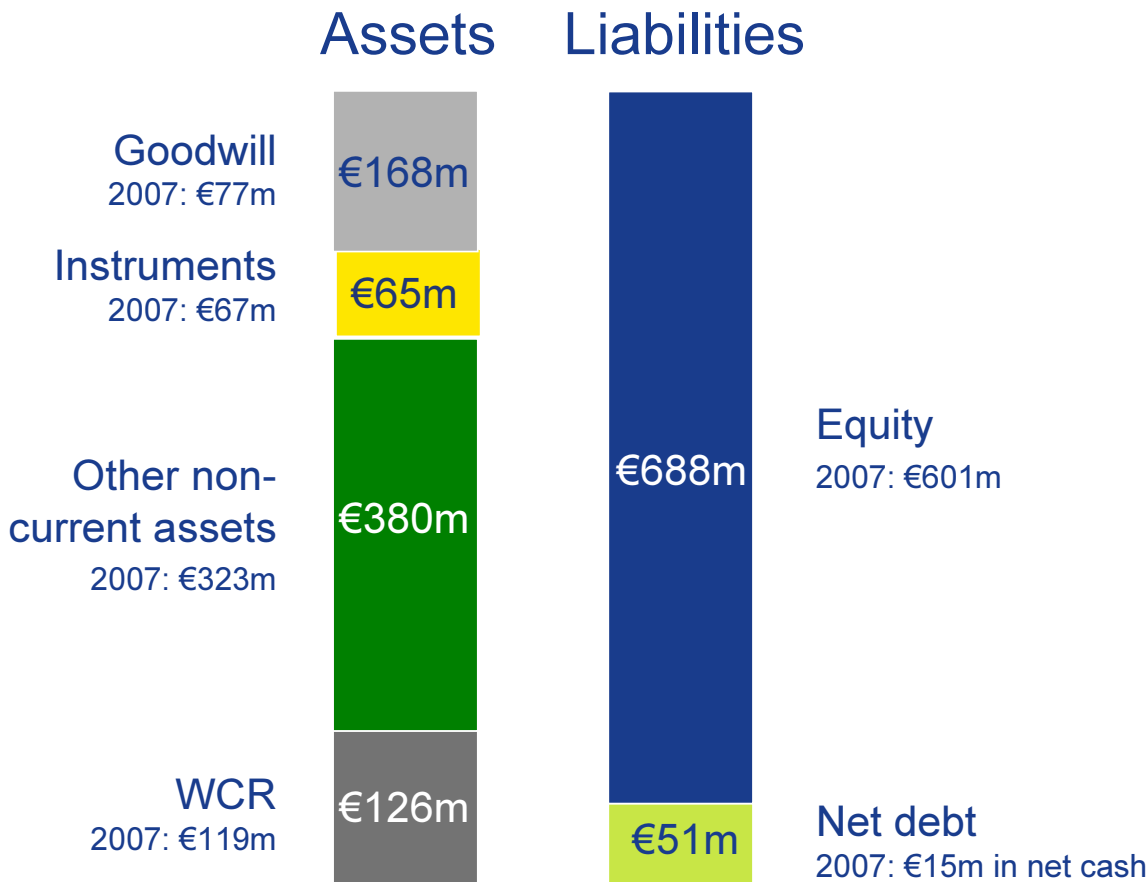


**2009 - 2010:**  
Capex expected to increase by €30m a year

- Capacity needs
- Global ERP
- Transfers of operations related to the Boxtel closure

# Summarized balance sheet

- ▶ A strong balance sheet, providing financial flexibility



- ▶ Operating WCR under control:
  - ▼ 20.6% of sales vs. 21.1% in 2007
- ▶ Syndicated line of credit:
  - ▼ €260m available until January 2013
  - ▼ €65m in drawdowns as of December 31, 2008
- ▶ Net debt to equity: 7%

2008 Business Review

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▶ Objectives

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# 2009 objectives: operating margin before non-recurring items

- ▶ Operating margin before non-recurring items: about 16% - at 2008 exchange rates
  - ▼ Including lower royalties received - Becton Dickinson and other non-recurring sources
  - ▼ Including bioTheranostics' operating losses
  - ▼ Excluding the cost of closing the Boxtel facility

Confirmation of the 2012 strategic plan objectives for sales and operating income before non-recurring items

- ▶ Diagnostics: a high potential market
  - ▼ Play a critical role in addressing the challenges of personalized medicine
  - ▼ Many medical needs are still unmet in infectious diseases and oncology
- ▶ bioMérieux: solid fundamentals
  - ▼ Innovation driven
  - ▼ Sustained investments in R&D, infrastructures and acquisitions
  - ▼ High-quality teams
  - ▼ Solid financial structure
  - ▼ Mérieux family's commitment

High confidence in the effectiveness of our business model



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