



Meikang Biotech Acquisition
January 2010



Disclaimer

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Strategic plan

Staying ahead of a changing market

From a strategy focused on the laboratory

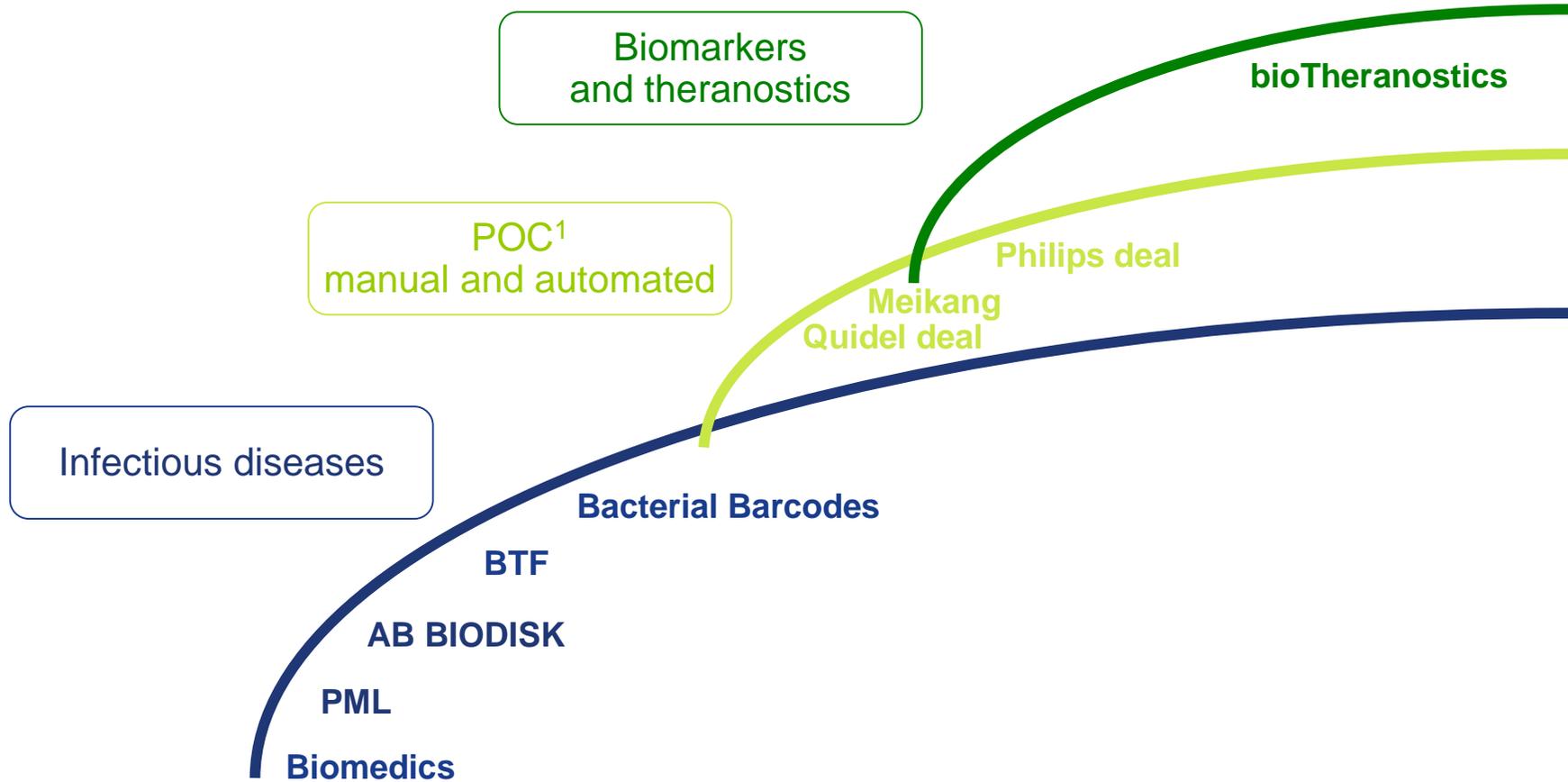
- Infectious diseases, oncology and cardiology
- Industrial applications

To a strategy focused on pathologies and clinicians' needs

- Infectious agents: clinical and industrial applications
- Tests delivering high medical value
 - › Oncology
 - › Cardiology
 - › Point-of-care tests
 - › Theragnostics: therapeutic + diagnostics

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New sources of growth



Point of Care, a major growth driver

- ▶ Point of Care - POC test: definition
 - ▼ Performed and interpreted in close proximity to the patient (≠ in a centralized lab)
 - ▼ Used by a physician or a nurse (≠ a laboratory specialist)

- ▶ An estimated market¹ of ≈ \$4b
 - ▼ U.S. ≈ 65% of the market
 - ▼ Average growth rate ≈ 10% a year

- ▶ bioMérieux POC strategy
 - ▼ Manual rapid tests
 - QuickVue® tests: distribution agreement with Quidel
 - Meikang Biotech rapid tests following acquisition
 - ▼ Handheld diagnostic solution - Partnership with Philips

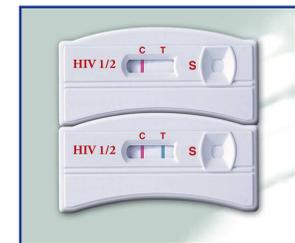
- ▶ A critical capability for theranostics (used by physicians)

Launch

2008

2010

2013



Meikang Biotech, an acquisition achieving 2 strategic objectives at once

- ▶ Access to a **POC manual product range** with R&D and manufacturing capabilities
- ▶ A strategic foothold in **China**
 - ▼ A large site and a strong team
 - ▼ China becomes bioMérieux's 3rd corporate pillar
 - Marcy l'Etoile, France
 - Cambridge, U.S.
 - Shanghai, China

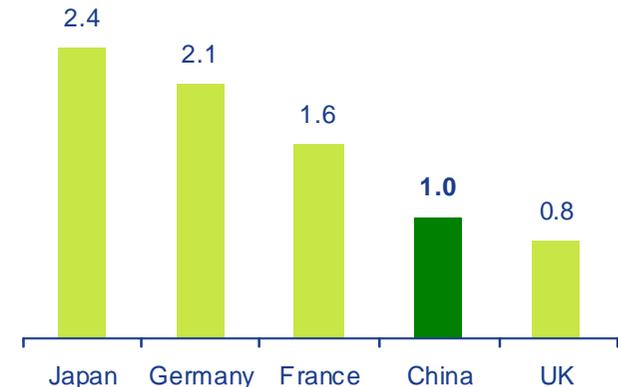
China: a strategic country



▶ IVD: a key market

- ▼ 2008: €1b approx.
 - 2nd largest market in Asia-Pacific after Japan
 - Very fast growth: 15 - 20% annually
- ▼ Strong potential
 - Population: 1.3 billion
 - Healthcare costs: 5 - 6% GDP
 - Healthcare reform: by 2020, a basic healthcare system planned
 - Food safety

IVD market (in € b)***



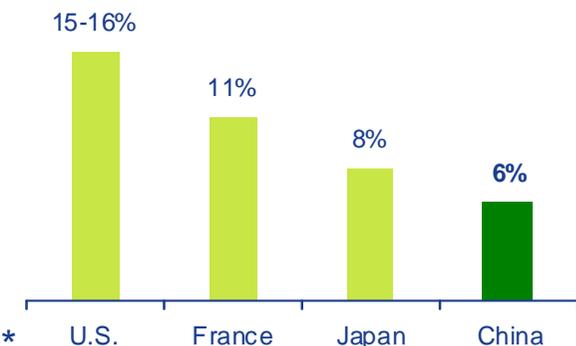
▶ 1st step in development: manufacturing capabilities and costs

- ▼ Dominant position in mass production
- ▼ Main exporter of high-tech products

▶ 2nd step in development: R&D capabilities

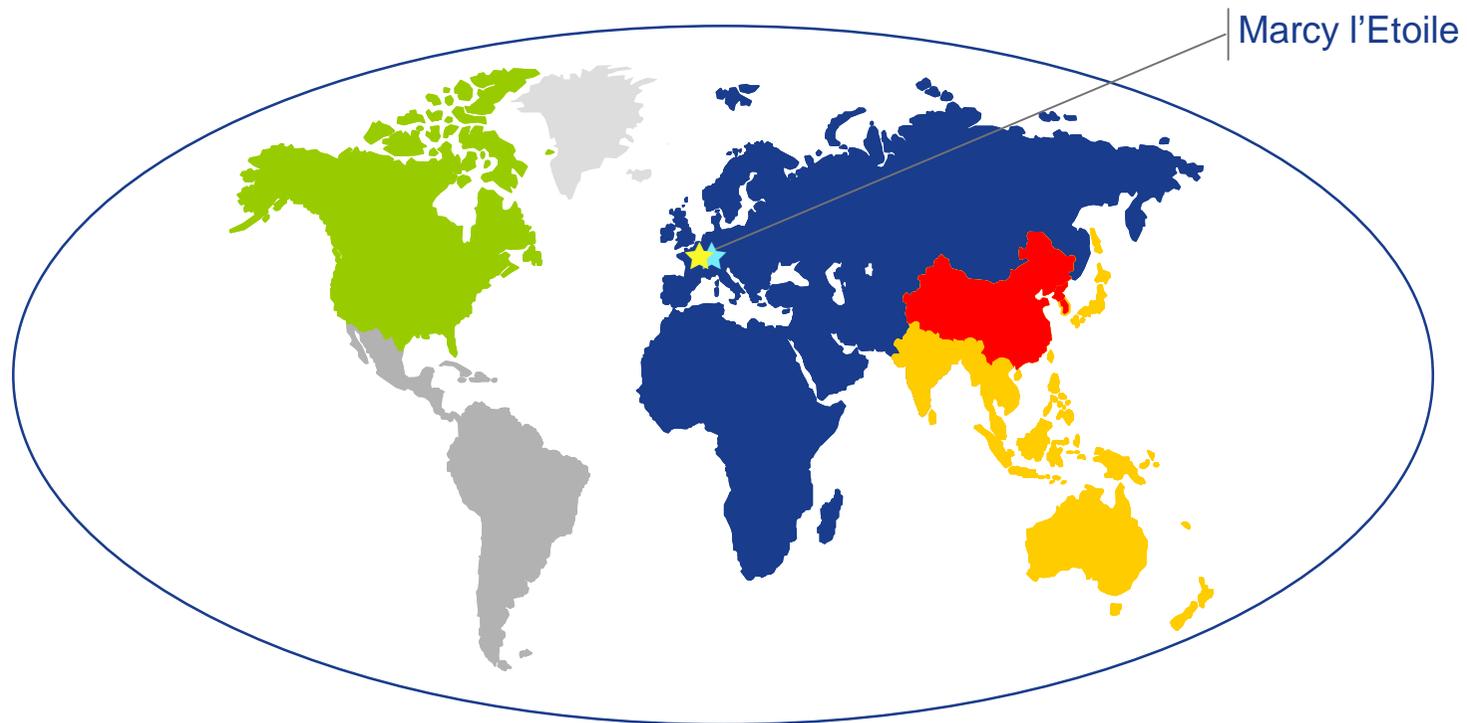
- ▼ 400,000* overseas students, with 140,000* returnees
- ▼ R&D spending: up 17% annually over the past 12 years**
- ▼ From “made in China” to “created in China”

Healthcare costs in % GDP



Our global scope picking up considerable speed since 2007

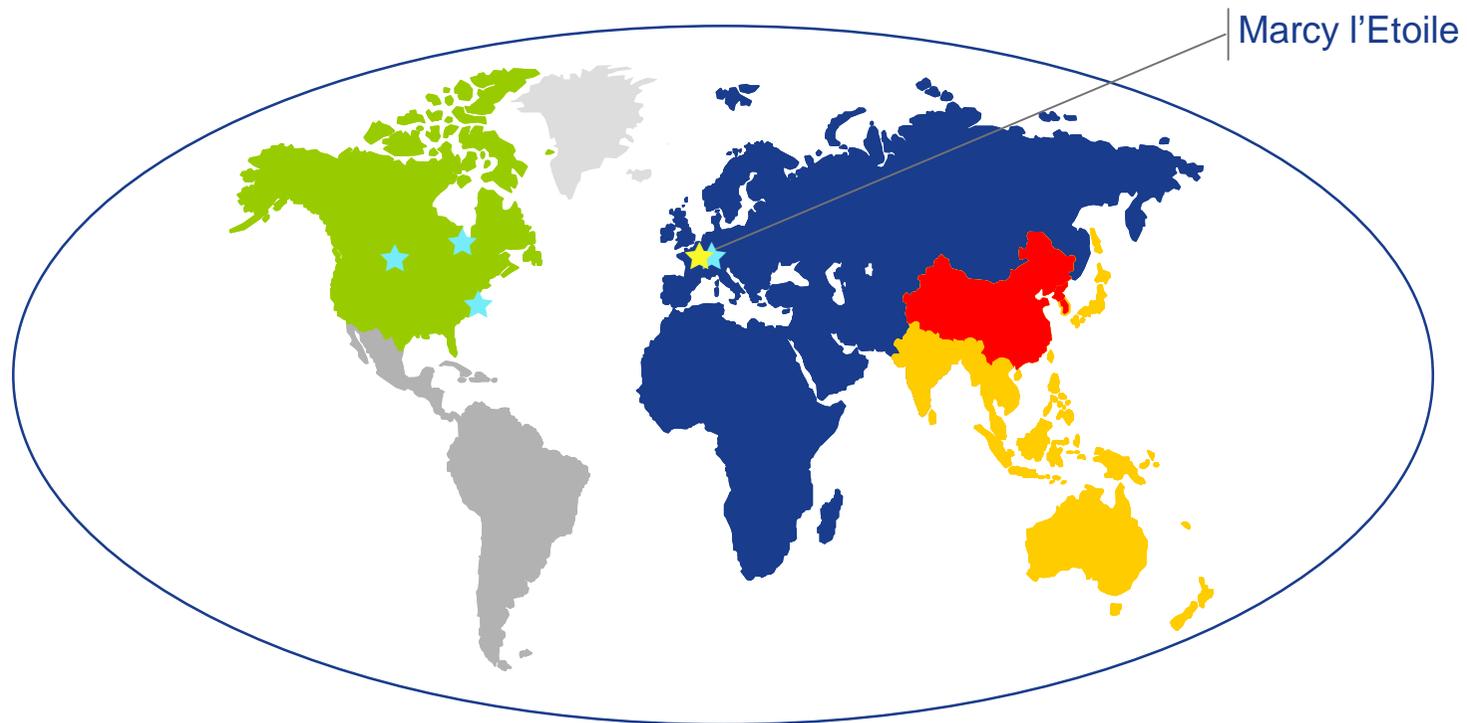
From 1963 to 1988, over **25 years**



- ▶ Corporate office: France
- ▶ Manufacturing and R&D: France

Our global scope picking up considerable speed since 2007

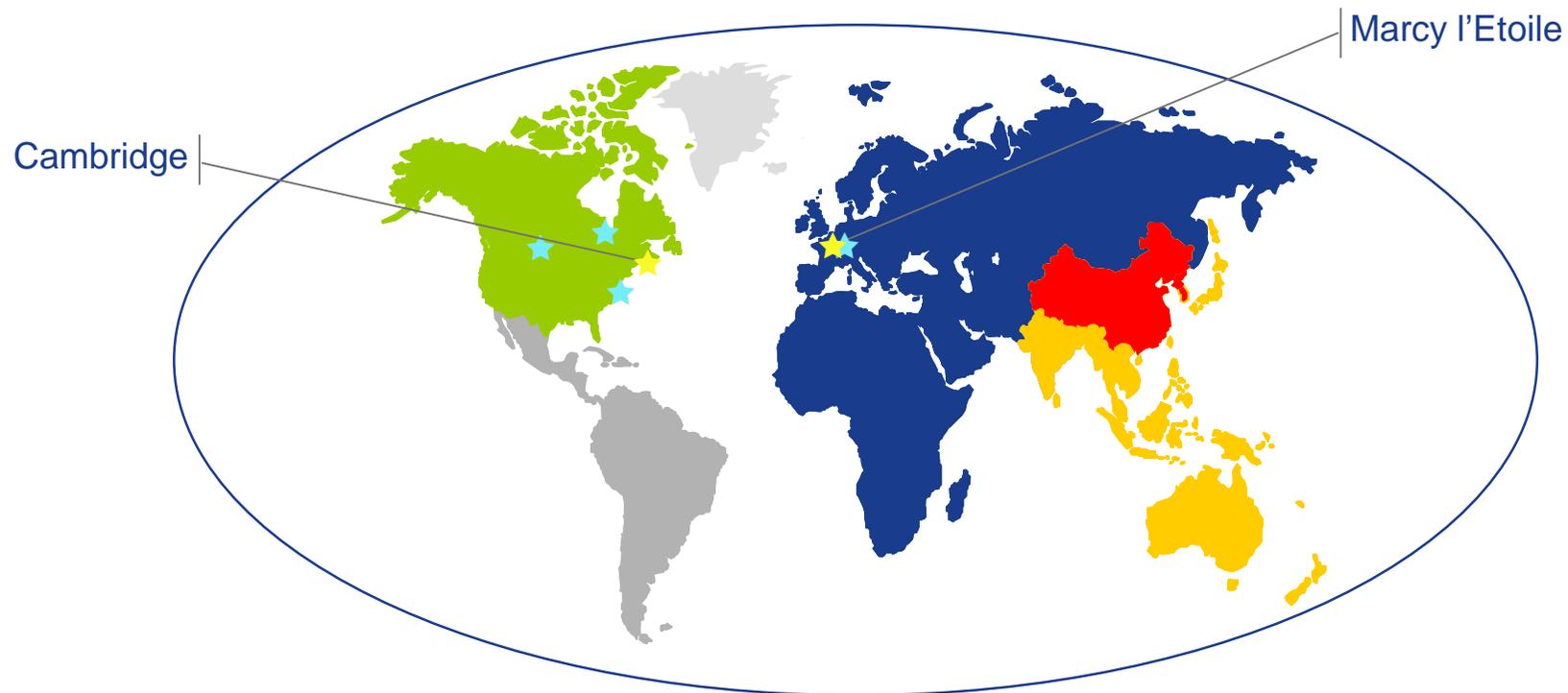
From 1988 to 2007, over **19 years**



- ▶ Corporate office: France
- ▶ Manufacturing and R&D: France and U.S.

Our global scope picking up considerable speed since 2007

From 2007 to 2010, over 3 years

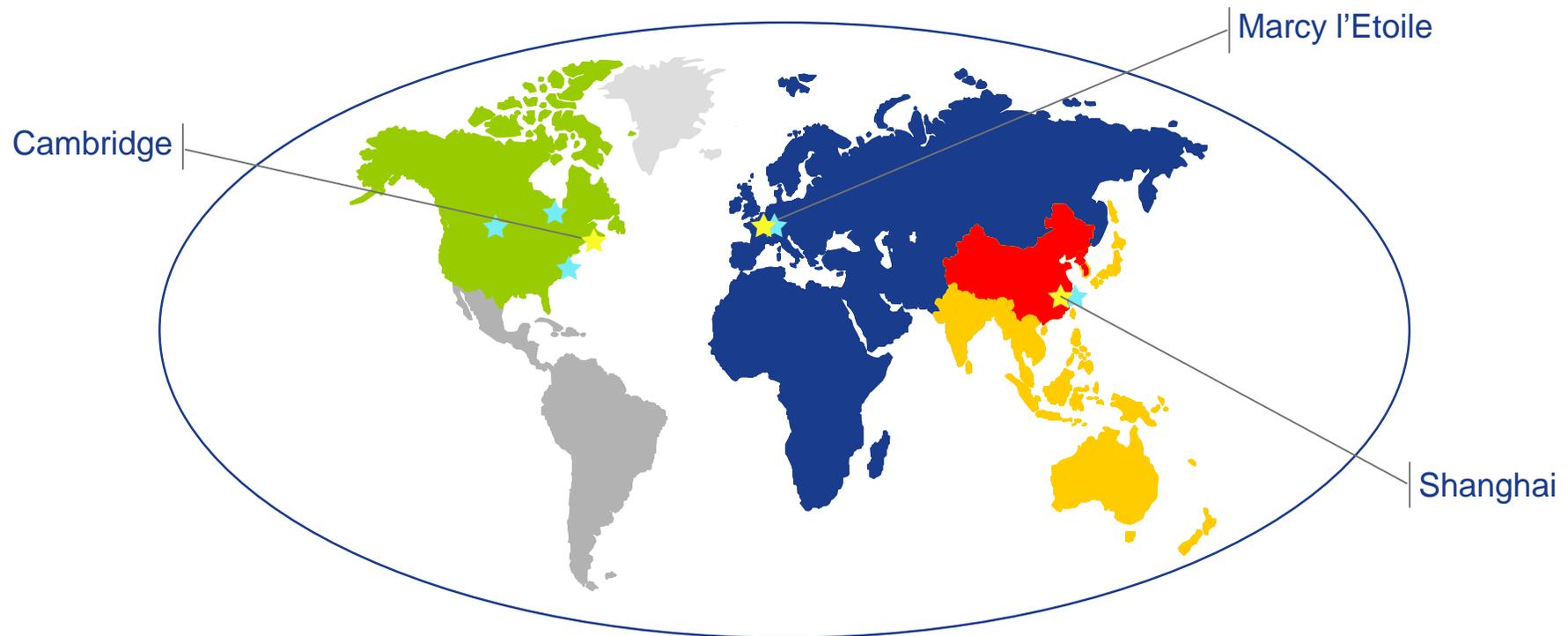


- ▶ Corporate offices: France and U.S.
- ▶ Manufacturing and R&D: France and U.S.

Our global scope

picking up considerable speed since 2007

From 2010 on



- ▶ Corporate offices: France, U.S. and China
- ▶ Manufacturing and R&D: France, U.S. and China



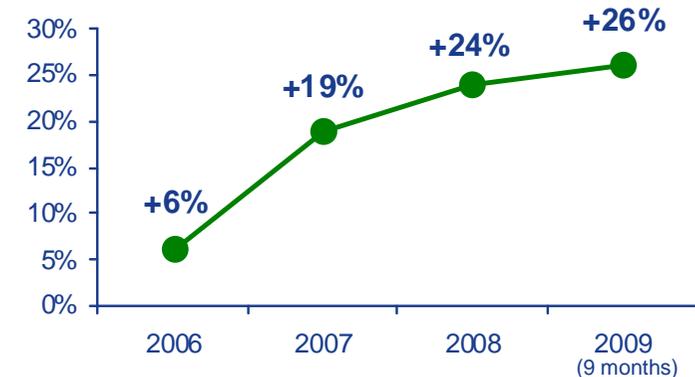
An important transformation

bioMérieux in China today

- ▶ A long-standing presence
 - ▼ Alain Mérieux and Institut Mérieux since 1978
 - ▼ 1992: bioMérieux in Hong Kong
 - ▼ 2005: Headquarters moved to Shanghai
 - ▼ 2009:
 - 5 offices and more than 100 FTE
 - A large distributor network
- ▶ A very loyal team, with a long-term commitment
- ▶ Objective: one of our top 3 subsidiaries
 - ▼ Sales increase 2.5-fold by 2015
- ▶ Sustained high growth rate
 - ▼ 2009 first-nine month sales: €31m
 - ▼ bioMérieux n°6 subsidiary (ahead of UK)
 - ▼ High instrument sales: $\approx 30\%$



Improving high growth rate¹

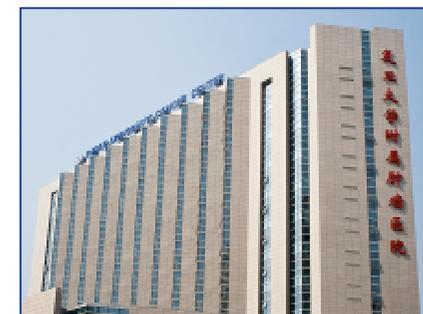


bioMérieux in China: a strong position

- ▶ Products adapted to the Chinese market
 - ▼ Significant medical needs in infectious diseases
 - ▼ Microbiology: FMLA™
 - ▼ VIDAS®: flexible, robust, large menu and easy to use
 - ▼ Molecular biology: HIV viral load and extraction system
 - ▼ Industrial applications: Silliker and bioMérieux, 2 world leaders in food safety
 - ▼ Microplates: production ramp-up underway
- ▶ Other assets
 - ▼ A large distributor network
 - ▼ Close working relationship with the Chinese Ministry of Health
 - ▼ A local research team
- ▶ Several collaboration agreements
 - ▼ bioMérieux research team in Fudan University Cancer Hospital in Shanghai - since August 2006
 - ▼ Joint-venture with Shanghai Kehua Bio-engineering
Production of microplates in immunoassays



VIDAS®甲状腺试验



Meikang Biotech: leveraging and accelerating our expansion in China

- ▶ A well-established company, founded by Dr. Shungho Chang in 1992
 - ▼ About 150 employees and 100 contractors
 - ▼ Sales about €5m
 - ▼ A wide product range: rapid tests - lateral flow
 - Infectious diseases
 - Cardiovascular and oncology
 - Drugs of abuse
 - Pregnancy and hormone testing

- ▶ A fully-owned manufacturing site (opened 2007) in Shanghai
 - ▼ 9,000 m² manufacturing and administrative facility on 2 hectares (4^{1/2} acres) of land
 - ▼ 30 million tests per year
 - ▼ Certifications:
 - GMP, ISO 9001, ISO 13485, Manufacturing license class III (Shanghai FDA)
 - Many CE marked products
 - A few 510k approved products
 - 2 products cleared for Chinese registration

An ideally located site between downtown Shanghai and the international airport

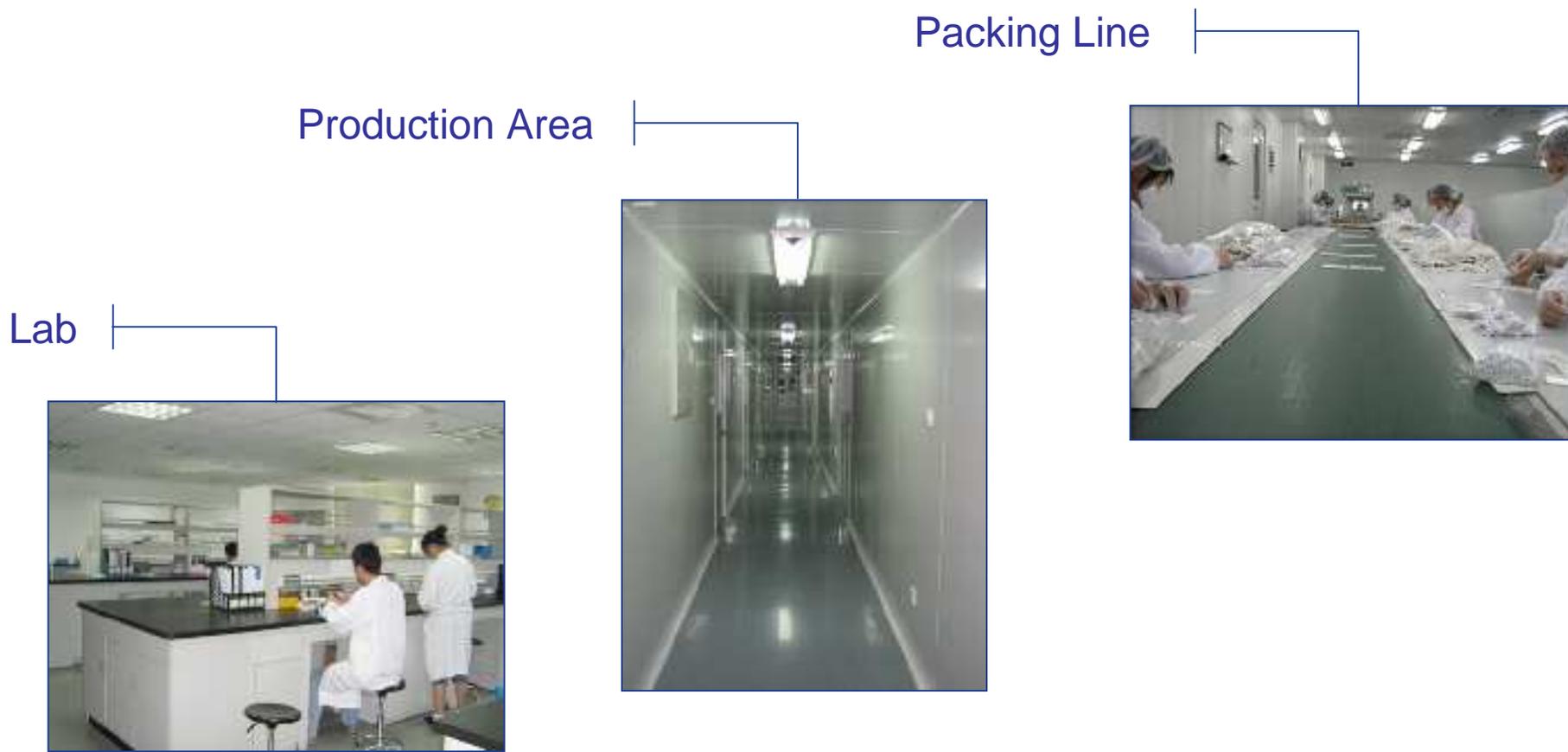


Meikang Biotech, new facility since November 2007



Manufacturing facility

Administration offices



Acquisition of Meikang Biotech

Higher ambitions for the Group

Reinforced manufacturing and R&D capabilities

- ▶ To support business growth in China
 - ▼ Rapid tests ideally complementing bioMérieux's product offering, mainly for infectious diseases
 - ▼ In the coming years: additional production capacities
- ▶ To optimize cost structure of products for developing countries
- ▶ To leverage R&D expertise and develop innovative products
 - ▼ Additional immunoassay R&D capabilities for new rapid tests
 - ▼ A beachhead for the rapid diagnostics and POC markets
- ▶ Greater China headquarters, Asia-Pacific and corporate offices
- ▶ Asia-Pacific training center

▶ POC strategy

- ▼ Manual rapid tests
- ▼ Philips partnership



**A solid player in a fast growing market
≈ 10% per year**

▶ 2 objectives achieved with Meikang Biotech acquisition

- ▼ Strengthened manual rapid test business
- ▼ Manufacturing capabilities and site in China

▶ Global scope

- ▼ Corporate hubs in Marcy l'Etoile, Cambridge and Shanghai