

PRESS RELEASE

# bioMérieux Business Review for the nine months ended September 30, 2010

- Nine-month sales up 4.3%<sup>\*</sup> (5.5%<sup>\*</sup> excluding the H1N1 impact)
- Continued deterioration of the healthcare environment in Western Europe and North America
- Very strong growth drivers\*
  - "Emerging 7" up 26%, excluding the H1N1 impact
  - Clinical microbiology up 6.3%
  - VIDAS® up 8.8%
  - . Industrial applications up 8%
- Confirmation of the 2010 target for operating margin before non-recurring items

MARCY L'ETOILE (FRANCE), October 22, 2010 – bioMérieux, a world leader in *in vitro* diagnostics, today released its business review for the nine months ended September 30, 2010.

Net sales for the first nine months of 2010 amounted to €984 million, representing a 4.3% year-on-year increase at constant exchange rates and scope of consolidation (like-for-like). In a context that was more challenging in Europe and North America than the Group had anticipated, third quarter sales were up slightly from the year-earlier period, which saw particularly strong growth.

Sales by Region In € millions	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	% Change As Reported	% Change Like-for-Like	
Europe (1)	531	506	+5.0%	+2.1%	
North America	234	215	+8.8%	+3.2%	
Asia-Pacific	140	109	+28.0%	+15.3%	
Latin America	79	65	+20.4%	+6.2%	
TOTAL	984	895	+9.8%	+4.3%	

Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	% Change As Reported	% Change Like-for-Like
173.7	167.5	+3.7%	+0.9%
79.4	73.0	+8.8%	-2.8%
51.8	40.9	+26.4%	+9.9%
28.1	24.5	+15.0%	-0.7%
333.0	305.9	+8.9%	+1.1%

"The healthcare environment in Western Europe and North America has continued to deteriorate," said Stéphane Bancel, Chief Executive Officer. "In light of this, we expect to achieve organic growth of about 4.5% in 2010. Nevertheless, our well-managed cost structure enables us to confirm our 2010 target for operating margin before non-recurring items. Our long-standing presence in emerging markets, the VIDAS® repositioning strategy initiated in 2007 and our leadership in clinical microbiology and industrial applications are significant assets in the current environment. Driven by innovation, we are more than ever focused on our mid- to long-term ambitions."

<sup>&</sup>lt;sup>(1)</sup> Including the Middle East and Africa

<sup>\*</sup> At constant exchange rates and scope of consolidation

## **SALES**

Reported sales in euros rose by 9.8% in the first nine months of 2010:

Analysis of sales In € millions		
Sales - Nine Months Ended September 30, 2009	895	
Currency Effect	+42	
Organic Growth (like-for-like)	+38	+4.3%
Meikang Biotech and Dima Acquisitions	+9	+0.9% +5.29
Sales - Nine Months Ended September 30, 2010	984	

Sales for the nine months ended September 30, 2010 grew 5.2% at constant exchange rates, including the acquisition of China-based Meikang Biotech\* and of Dima GmbH, the company that distributes Meikang Biotech's products, primarily in Germany.

Organic growth, which was impacted by slower-than-expected sales in September, stood at 4.3%. The 2009 H1N1 pandemic had an impact on period-on-period growth of 120 basis points for the first nine months. Excluding this effect, organic growth would have stood at 5.5% for the nine months ended September 30, 2010. It would have reached 3.8% for the third quarter, adjusted for the effect of early deliveries in June 2010 due to the global ERP deployment and excluding the 2009 H1N1 impact.

Although the healthcare environment was challenging in Western Europe and North America, the Group was able to capitalize on vigorous demand in emerging countries. In the "Emerging 7\*\*" in particular, organic growth excluding the H1N1 effect was close to 26%.

Geographically, like-for-like sales for the first nine months of 2010 may be analyzed as follows:

- Sales in the **Europe Middle East Africa** region (which accounted for 54% of the consolidated total) rose by 2.1%, reflecting sharp contrasts in performance:
  - Sales in Western Europe (46% of the consolidated total) remained stable during the period, with solid gains in certain countries offsetting difficulties in others.
    - Italy continued to enjoy strong momentum. After a challenging first quarter, growth picked up in Germany, led by microbiology and VIDAS<sup>®</sup> immunoassay reagents.
    - The situation remained difficult in the United Kingdom, Spain and Greece, and business declined in certain markets, including the Nordic countries, the Netherlands and Portugal.
    - Sales in France (13% of the consolidated total) dipped 2.3% due to the impact of laboratory consolidation, which has gained momentum since the enabling legislation for the Ballereau Report came into force. This new legislation has made accreditation mandatory for medical laboratories and has stimulated interest for increased lab automation. bioMérieux's microbiology offering is well-adapted to meet this demand. However, sales of routine VIDAS® tests have been adversely affected. Furthermore, the Ministry of Health has issued a decree permitting HIV diagnoses to be made using a single, fourth-generation reagent rather than two tests.
  - By contrast, sales in Turkey, Russia, the Middle East and Africa continued to increase sharply. Growth exceeded 16% despite a decline in South Africa, where deliveries of quantitative HIV reagents under the National Health Laboratory Services contract ended during the third quarter. In Russia, growth reached 23%, lifted by robust sales in microbiology.
- Sales in **North America** (24% of the consolidated total) rose 3.2% over the first nine months. The third quarter was impacted by the delivery in June of certain orders originally scheduled for July, in connection with the Global ERP system's deployment. The growth rate for the quarter was also adversely affected by the impact of the 2009 H1N1 pandemic. Excluding these impacts, third-quarter sales increased slightly in a still-fragile economic environment. Sales continued to be hindered by ongoing uncertainty in the healthcare industry, the most recent example being the US Congress's decision not to extend the COBRA\*\*\* Federal subsidy beyond June 1<sup>st</sup> for dismissed employees. Decisions of this kind reduce visits to the doctor, affecting the volume of tests in both hospital and commercial laboratories.

In this context of uncertainty, reagent sales grew slightly over the first nine months of the year. Instrument sales were up nearly 9% over the period, while the third quarter growth rate was impacted by the high prior-year basis of comparison.

<sup>\*</sup> Renamed bioMérieux Shanghai Biotech

<sup>\*\*</sup> Emerging 7: Brazil, China, India, Indonesia, Mexico, Russia and Turkey

<sup>\*\*\*</sup> COBRA: Consolidated Omnibus Budget Reconciliation Act, 1985

The **Asia-Pacific** region (14% of the consolidated total) saw a more than 15% increase in sales (18% excluding the H1N1 effect). Third-quarter performance was impacted by the basis of comparison in the prior-year period due to the H1N1 pandemic. Present in the region for many years now, the Group has ramped up its development since 2008 by constantly strengthening local commercial teams and making two acquisitions in China at the beginning of 2010. These investments have enabled bioMérieux to harness the region's rapid development. Growth was particularly robust in China (29%), India (33%) and South Korea (18%). In particular, sales of the VIDAS® line in China continued to grow rapidly, rising by more than 50%.

Led by brisk instrument sales, demand for clinical applications was robust, particularly for microbiology products and VIDAS<sup>®</sup> immunoassays, as well as for industrial applications.

■ In Latin America (8% of the consolidated total) sales were up 6.2% for the period, reflecting the high basis of comparison in the prior-year period due to the H1N1 pandemic, which fuelled particularly strong demand in Mexico. Excluding the H1N1 impact, growth stood at 18%, with operations in Brazil, Mexico and Argentina reporting significant gains.

In clinical applications, business was held back by the decline in demand for rapid tests due to the H1N1 impact, but benefited from robust sales in clinical microbiology and VIDAS<sup>®</sup> immunoassays. Industrial applications enjoyed fast growth in most countries in the region.

Like-for-like sales for the first nine months of 2010 may be analyzed by application as follows:

Sales by Application In € millions	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	% Change As Reported	% Change Like-for-Like
Clinical Applications	829	758	+9.3%	+3.6%
Industrial Applications	155	137	+13.1%	+8.0%
TOTAL	984	895	+9.8%	+4.3%

■ Sales of **clinical applications** increased by 3.6% during the first nine months.

Growth was impacted by the end of the H1N1 pandemic and the difficult healthcare environment in Western Europe and North America. In addition, the end of the quantitative HIV reagent contract in South Africa affected the molecular biology business, which dipped by 8% compared with 2009.

On the other hand, the Group benefited from solid microbiology sales, up 6.3% over the nine-month period. In particular, sales of VITEK® cards in the EMEA\* region increased by over 7%, even though some European laboratories are using mass spectrometry-based microbial identification systems. In addition, sales of the VIDAS® range remained particularly strong, rising by nearly 9% over the prior-year period.

- Industrial application sales rose 8% over the nine-month period, led by robust demand in Italy, Germany, Poland and Turkey, the Asia-Pacific region and Latin America.
- Sales of **reagents** and **services** accounted for close to 90% of the consolidated total. Impacted by the fall-off in demand for rapid tests following the end of the H1N1 pandemic, sales rose by close to 3%. Reagent prices remained stable over the first nine months of the year, despite growing pressure from government authorities on healthcare industry players in developed countries.
- Instrument sales increased by over 17%, thanks to a good first half and the continued vigor of the "Emerging 7". They were nevertheless held back by the slower-than-expected uptake of instruments in the Full Microbiology Lab Automation (FMLA™) range due to healthcare budget constraints and significant implications on laboratory organization.

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<sup>\*</sup> Europe - Middle East - Africa

#### THIRD-QUARTER FINANCIAL HIGHLIGHTS

#### Consolidated income statement

Responding to an environment in Western Europe and North America that was more challenging than it expected, the Group continued its efforts to limit growth in **headcount** and **operating expenses**, while maintaining its R&D investments.

#### Consolidated balance sheet

- During the first nine months, the Group notably paid for acquisitions carried out at the beginning of the year as well as dividends. At September 30, 2010, it had no **net debt**, whereas net debt stood at €22 million at September 30, 2009.
- **Day sales outstanding** for public sector customers continued to trend upwards in Southern Europe, particularly in Greece, Spain and Portugal.

#### Human resources

The Group had 6,285 full-time-equivalent **employees** as of September 30, 2010, following the consolidation of Meikang Biotech, Dima and Zenka (for a total of 112 employees) and the closure of the Toronto facility in Canada, the Solna facility in Sweden and the Boxtel facility in the Netherlands (for a total of 138 employees). There were 6,300 employees as of December 31, 2009.

#### THIRD-QUARTER OPERATING HIGHLIGHTS

#### Commercial offer

bioMérieux has launched ten new products since the beginning of the year.

During the third quarter, the Company launched two new software applications that deliver faster and more complete results on VITEK® 2, its automated identification and susceptibility testing system.

Hyglos GmbH received the 2010 Food Safety Innovation Award for the technology used in bioMérieux's **VIDAS**® **UP** *E. coli* **O157 (Including H7)** test. For the first time, a phage protein has replaced antibodies in a commercially available assay that is able to detect even low levels of contamination by *E. coli* **O157:H7**, a strain of *Escherichia coli* that has caused many food poisoning outbreaks in the United States, Canada, Japan and Europe.

bioMérieux's **BacT/ALERT**® **3D** system was chosen by the National Health Service Blood and Transplant (NHSBT) for bacterial screening of platelets in England and North Wales.

### Research and Development

Work continued on research and development projects during the period, with the market launch of **Myla**<sup>™</sup> and the **mass spectrometry** offering scheduled for the fourth quarter of 2010.

## Optimizing the production base

The **Boxtel** facility in the Netherlands, whose production team only comprised around 40 people, was closed definitively at the end of September.

# **OBJECTIVES**

In light of the difficult healthcare environment in Western Europe and North America, bioMérieux plans to achieve organic sales growth of about 4.5% in 2010.

With a well-managed cost structure, the Company confirms its full-year target of achieving an **operating** margin before non-recurring items of between 17% and 18%, at constant exchange rates.

#### **INVESTOR CALENDAR**

January 19, 2011: Fourth-quarter 2010 sales - After the close of trading

The above forward-looking statements are based, entirely or partially, on assessments or judgments that may change or be modified, due to uncertainties and risks related to the Company's economic, financial, regulatory and competitive environment, notably those described in the 2009 Reference Document. Accordingly, the Company cannot give any assurance nor make any representation as to whether the above objectives will be met. The Company does not undertake to update or otherwise revise any forecasts or objectives presented herein, except in compliance with the disclosure obligations applicable to companies whose shares are listed on a stock exchange.

#### **ABOUT BIOMERIEUX**

Advancing Diagnostics to Improve Public Health

A world leader in the field of *in vitro* diagnostics for over 45 years, bioMérieux is present in more than 150 countries through 39 subsidiaries and a large network of distributors. In 2009, revenues totaled €1,223 million with 85% of sales outside of France.

bioMérieux provides diagnostic solutions (reagents, instruments, software) which determine the source of disease and contamination to improve patient health and ensure consumer safety. Its products are used for diagnosing infectious diseases and providing high medical value results for cancer screening and monitoring and cardiovascular emergencies. They are also used for detecting microorganisms in agri-food, pharmaceutical and cosmetic products.

bioMérieux is listed on the NYSE Euronext Paris market (Symbol: BIM - ISIN: FR0010096479). Other information can be found at www.biomerieux.com.

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# **Appendix: Quarterly Sales Data**

Sales by Region In € millions										
First Quarter Second Quarter First Half Third Quarter 9 Months										onths
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Europe (1)	173.3	166.9	183.7	171.1	357.0	338.0	173.7	167.5	530.7	505.5
North America	69.7	70.6	85.0	71.5	154.7	142.1	79.4	73.0	234.1	215.1
Asia-Pacific	40.8	31.4	47.5	37.1	88.3	68.5	51.8	40.9	140.1	109.4
Latin America	22.8	17.1	27.8	23.8	50.6	40.9	28.1	24.5	78.7	65.4
TOTAL	306.6	286.0	344.0	303.5	650.6	589.5	333.0	305.9	983.6	895.4

Change in Sales by Region In %										
	First C	(uarter	Second Quarter		First Half		Third Quarter		9 Months	
	In euros	LfL <sup>(2)</sup>	In euros	LfL <sup>(2)</sup>	In euros	LfL <sup>(2)</sup>	In euros	LfL <sup>(2)</sup>	In euros	LfL <sup>(2)</sup>
Europe (1)	+3.9	+2.7	+7.3	+2.8	+5.6	+2.7	+3.7	+0.9	+5.0	+2.1
North America	-1.2	+2.8	+18.8	+9.9	+8.8	+6.5	+8.8	-2.8	+8.8	+3.2
Asia-Pacific	+29.8	+24.6	+28.2	+14.2	+28.9	+18.8	+26.4	+9.9	+28.0	+15.3
Latin America	+33.4	+23.5	+16.7	+0.8	+23.7	+10.2	+15.0	-0.7	+20.4	+6.2
TOTAL	+7.2	+6.4	+13.3	+5.8	+10.4	+6.0	+8.9	+1.1	+9.8	+4.3

<sup>(1)</sup> Including the Middle East and Africa
(2) Like-for-Like (at constant exchange rates and scope of consolidation)