

## *First-Half 2007 Results*

*June 30, 2007*



# Disclaimer



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## ► First-Half Performance

Financial Results

2007 News and Objectives

Questions and Answers



## ► First-Half Performance

### ▷ Sales and the installed base

Business development

Other highlights

Financial Results

2007 News and Objectives

Questions and Answers

# First-half: bioMérieux - a solid and dynamic group



## ▶ A fast changing environment

- ▷ Repositioning of the leading players
- ▷ Extensive M&A at high prices

## ▶ Higher sales and earnings

### ▷ Sales

€518m vs € 516m

Up 6.7% like-for-like\*

### ▷ Operating margin before non-recurring items

€78m Up 5% vs 30 june 2006

15.1% of sales

14.6%, excl. currency effect on sales

### ▷ Net income

€53m vs €55m

Up 7.7% excl. capital gains on sale in 2006 and 2007

## ▶ Growth in both applications

- ▷ Clinical: Up 6%\*\*
- ▷ Industrial: Up 10.9%\*\*

## ▶ A large number of business development agreements

\* Excluding divestment of the hemostasis business, phase-out of the microplate business in North America and the consolidation of Bacterial Barcodes Inc. and Biomedics

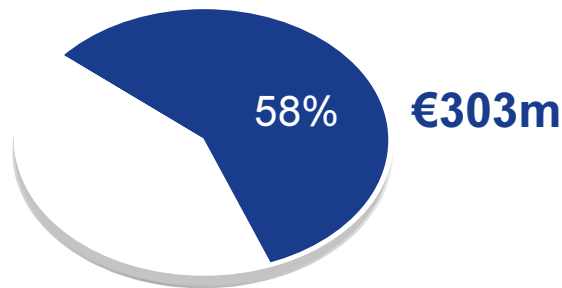
\*\* Like-for-like

# Europe – Middle East – Africa



Sales: Up 5.7%\*  
Up 7.7%\* excl. France

- ▶ Strong growth in Germany, Spain, the United Kingdom and the Middle East
- ▶ Slight increase in France
- ▶ Growth led by VITEK<sup>®</sup> 2 and molecular biology lines
- ▶ Lower sales of VIDAS<sup>®</sup> routine tests and difficult up take of VIDIA<sup>®</sup>
- ▶ Sales of industrial applications up 8.2%



# North America

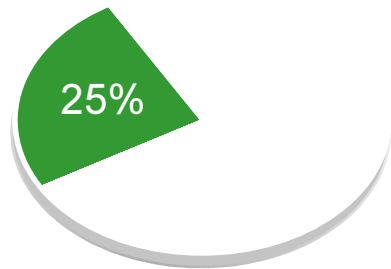


Sales: Up 9.8%\*

- ▶ Strong performance in VITEK<sup>®</sup>2 Compact and BacT/ALERT<sup>®</sup> lines
- ▶ Launch of TEMPO<sup>®</sup> and USDA contract
- ▶ More aggressive competition for the VIDAS<sup>®</sup> D-Dimer
- ▶ Preparation for launch of PCT test (H2 2007) and proBNP test (2008) on VIDAS
- ▶ VP Global Commercial Operations based in the United States (beginning in summer 2007)

€129m

25%

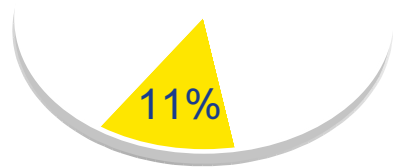


# Asia Pacific



Sales: Up 9.5%\*

- ▷ China: No.1 in the region in sales and earnings contributions
- ▷ Japan: Persistently challenging market  
BML contract (Q3 2007)
- ▷ South Korea and India: Strong growth



€55m



# Latin America



Sales: Down 0.6%\*

- ▷ Brazil: Decline in
  - Molecular biology (HIV viral load)
  - Immunoassays (microplates)
- ▷ Mexico and Argentina: Faster growth

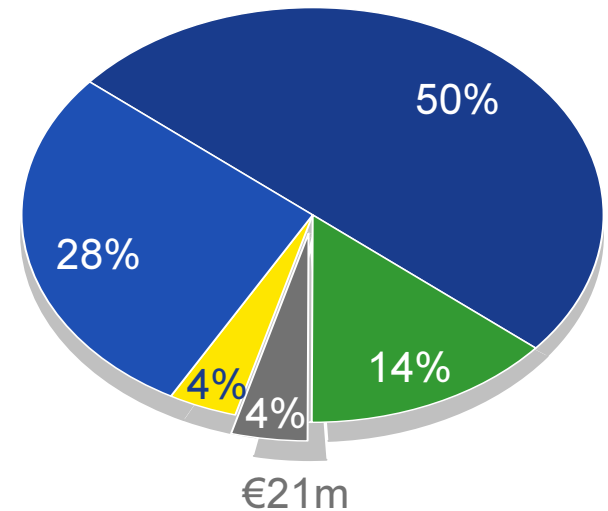
31 M€



# Sales by technology



▶ <b>Clinical applications:</b>	<b>€445m</b>	<b>+ 6.0%</b>
▷ Microbiology:	€259m	+ 8.8%
▷ Immunoassays*:	€143m	+ 1.0%
▷ Molecular biology:	€22m	+ 11.2%
▶ <b>Industrial applications:</b>	<b>€73m</b>	<b>+ 10.9%</b>

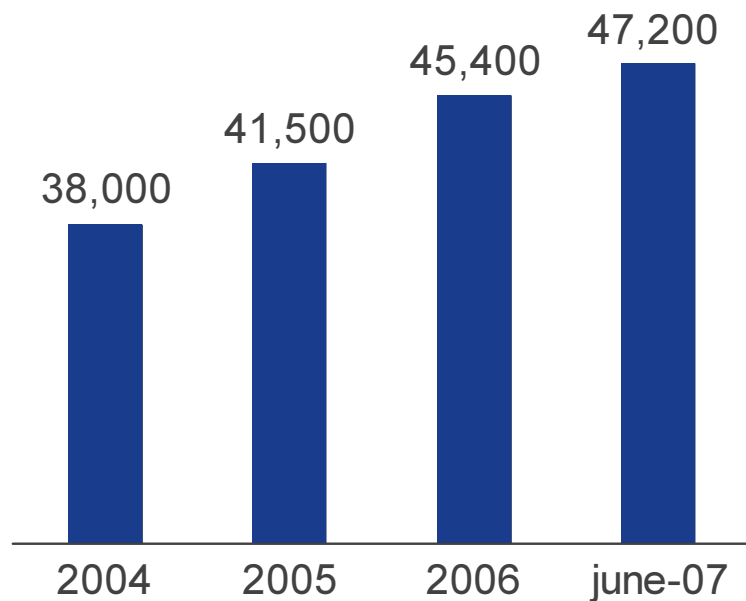


\*Including the VIDAS / VIDIA lines, microplates and manual tests  
Growth rates are like-for-like

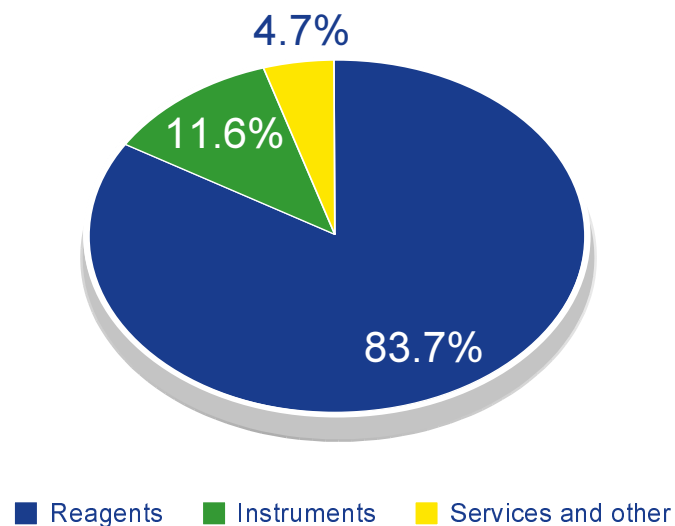
# Installed base



Installed base: number of instruments



Breakdown of sales



- ▶ Approximately 1,800 new instruments installed during the half

# First-half product launches



		Bacteriology	Molecular Biology	Immunoassays
12 reagents, including	Clinical	VITEK®2 Fungal ChromID™ VRE ChromID™ ESBL	Nuclisens EasyQ® HPV	VIDAS® BRAHMS PCT VIKIA® HIV 1/2
	Industrial	PPM CampyFood ID E Swab collection		VIDAS® ICS2 VIDAS® Campylobacter
2 software programs, including		VITEK®2 PC Industry		
1 instrument			DiversiLab™ (Europe)	

All key products launched on schedule



## ▶ Three trends:

- ▶ Routine:
  - › Developed countries ↘
  - › Developing countries ↗
- ▶ High medical-value tests ↗

## ▶ Leverage of the installed base: Menu extension

- ▶ Launches:
  - › PCT test (CE) on March 30 and *C. difficile* Toxin A&B (CE) on July 24
  - › Second half: NT-proBNP (CE) and PCT (United States, FDA 510k)
  - › Launches in the United States delayed around 6 months (FDA 510k)
- ▶ Development of high medical-value tests thanks to new markers
  - › Internally: Stroke, Fudan research laboratory in Shanghai, etc.
  - › Externally: Three key steps (agreements, marker validation and test development)



## ▶ Emergency

- ▶ Support in diagnosing severe bacterial infections
- ▶ Early patient triage
- ▶ Aid in prescribing antibiotics
- ▶ Shorter hospital stays
- ▶ Help in combating bacterial resistance

## ▶ Intensive Care

- ▶ Prognostics support
- ▶ Management of antibiotherapy for severe bacterial infections



## ► First-Half Performance

Sales and the installed base

### ▷ Business development

Other events

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# Microbiology laboratory automation: Urinary screening



*BacT/ALERT® PPM / ChromID™*



*VITEK®2*



*AES™*

Blood sample



Blood culture

Gram+ / Gram-

Culture

Identification and/or  
antibiogram

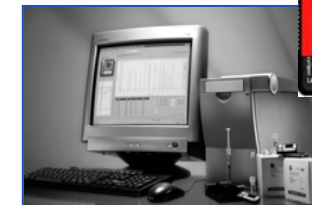
Interpretation  
of findings

Urine sample



Slides

Typing



*DiversiLab®*



*Sysmex UF-1000i*



BIOMÉRIEUX



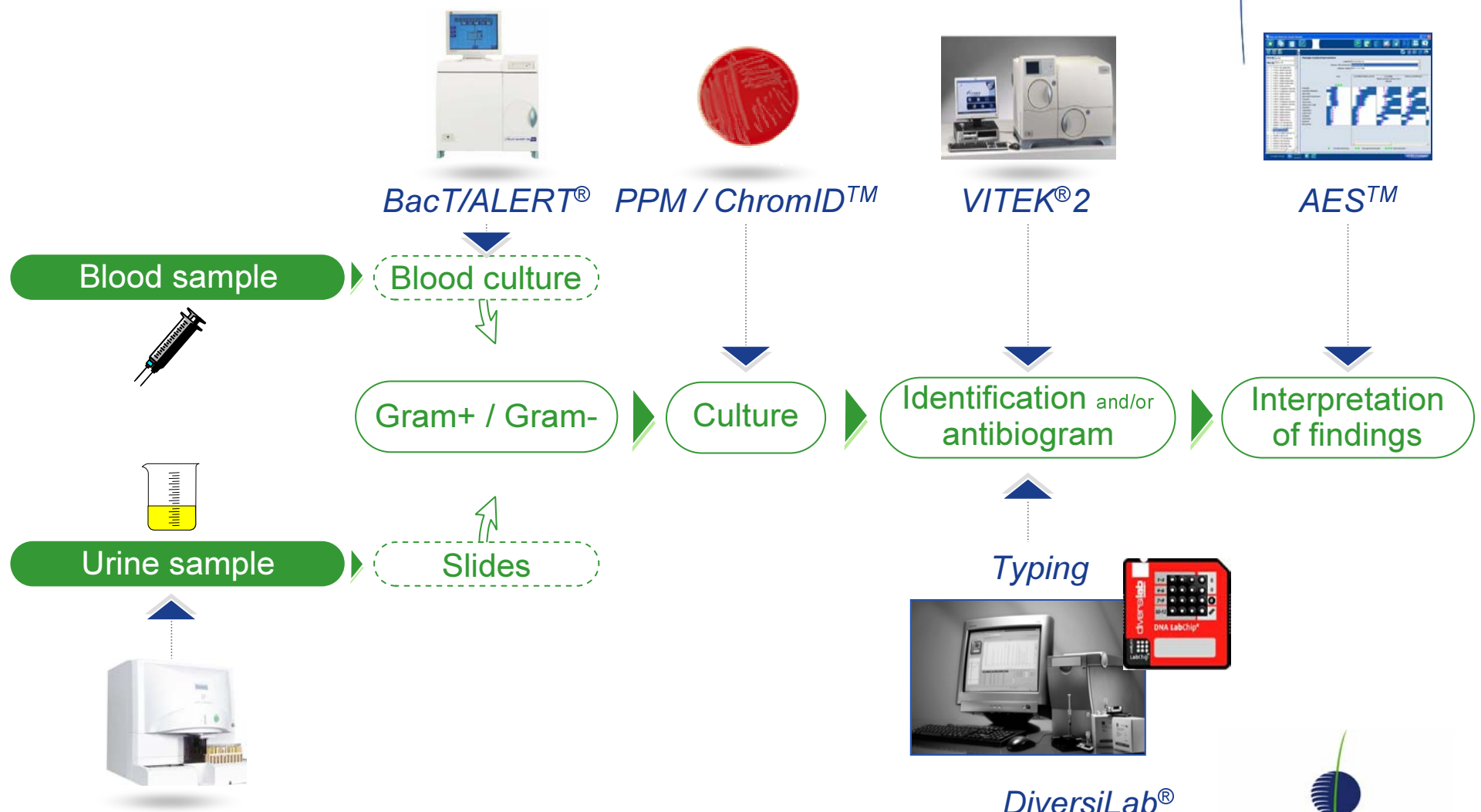
# Sysmex: UF-1000i automated urine analyzer



- ▶ **Sysmex:**  
the world leader in automated urine analyzer systems
- ▶ Global agreement for distribution of the UF-1000i system in microbiology laboratories
- ▶ Extends bioMérieux's portfolio of microbiology laboratory automation solutions
- ▶ **Meets customer demand for:**
  - ▷ Standardization
  - ▷ Time-savings
  - ▷ Traceability
- ▶ **Launch:**
  - ▷ Major European markets in September 2007
  - ▷ United States in 2008 (FDA 510k approval in May 2007)



# Culture: A key step for microbiology laboratories



*BacT/ALERT®*



*PPM / ChromID™*



*VITEK®2*



*AES™*

Blood sample

Blood culture

Gram+ / Gram-

Culture

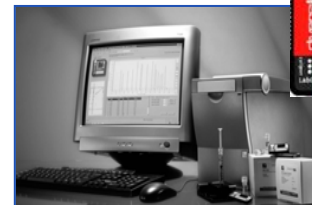
Identification and/or  
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of findings

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Typing



*DiversiLab®*

*Sysmex UF-1000i*



# Culture media: Strengthening the portfolio



## ▶ Culture:

- ▶ Key step in the microbiology laboratory's analysis process
- ▶ Aligned with the VITEK® range
- ▶ Recurring sales (standing orders)

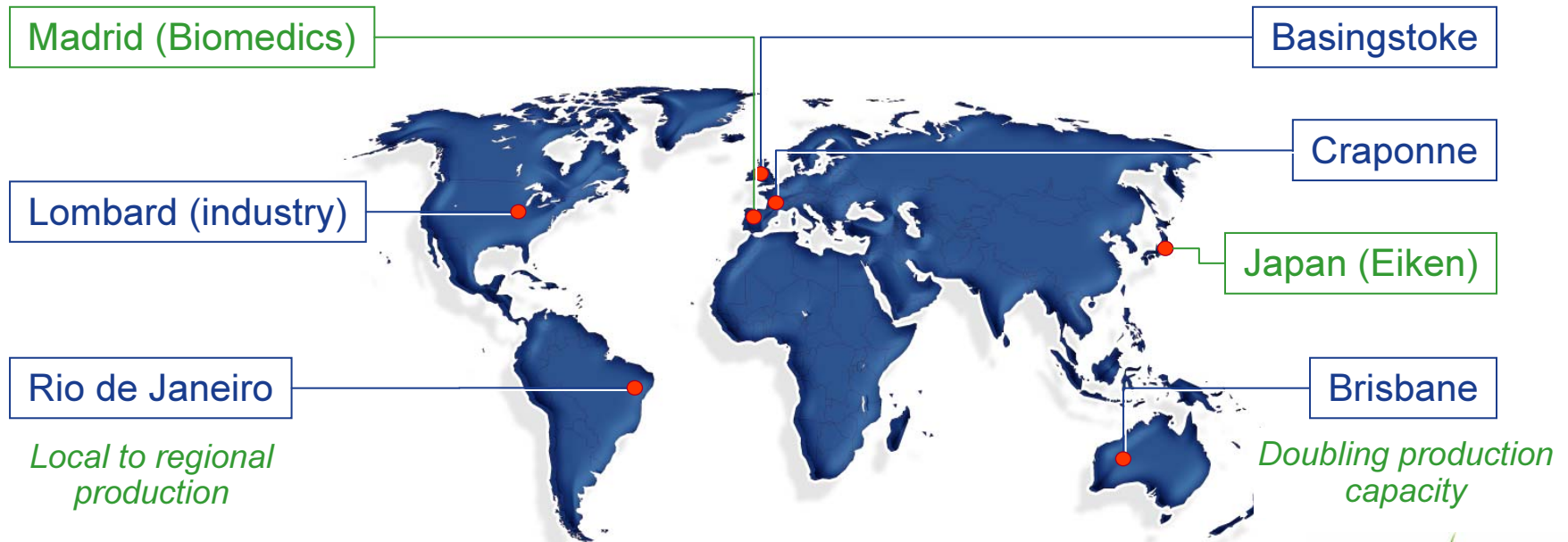
## ▶ Real potential for technological innovation:

- ▶ Chromogenic media: e.g. ChromID™ MRSA, VRE and ESBL for hospital-acquired infections
- ▶ Longer shelf life
- ▶ Room temperature storage

# Culture media: Stronger geographical coverage



- ▶ Culture media: the only products in the portfolio requiring regional production
  - ▷ Shipping costs and customs duties
  - ▷ Short shelf life



# Microbiology laboratory automation: A pre-poured media streaker



*BacT/ALERT® PPM / ChromID™*



*VITEK®2*



*AES™*

Blood sample

Blood culture



Gram+ / Gram-

Culture

Identification and/or  
antibiogram

Interpretation  
of findings



Urine sample

Slides

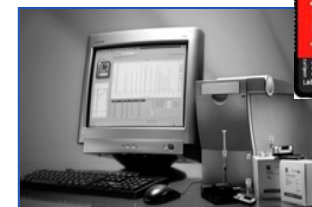
Culture

Identification and/or  
antibiogram

Typing



*MicroStreak®*



*DiversiLab®*

*Sysmex UF-1000i*



# LabTech: MicroStreak®



- ▶ Exclusive worldwide license agreement for an innovative, automated pre-poured media streaker
  
- ▶ New phase in microbiology automation:
  - ▷ Simplifies techniques and protocols
  - ▷ Rationalizes routine agar plate processing
  - ▷ Improves results quality
  
- ▶ Launch in 2008



# Microbiology laboratory automation: Extending the offer to small laboratories



*BacT/ALERT® PPM / ChromID™*



*VITEK® 2*



*AES™*

Blood sample

Blood culture



Gram+ / Gram-

Culture

Identification and/or  
antibiogram

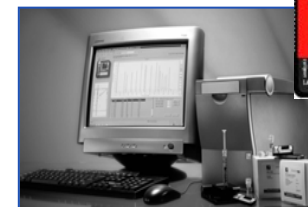
Interpretation  
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Urine sample

Slides

Typing



*MicroStreak®*

*DiversiLab®*

*Sysmex UF-1000i*



# VITEK<sup>®</sup>2 Compact 15



- ▶ Extends the portfolio of automated microbial identification and antibiotic susceptibility testing (ID/AST) solutions
- ▶ Provides small laboratories with access to VITEK<sup>®</sup>2 technology
- ▶ Rationalizes the product lineup
- ▶ Project start-up: First-quarter 2007
- ▶ Launch: Fourth-quarter 2007





# Other business development agreements



## ► Molecular biology

- ▷ ExonHit: Ongoing collaboration
- ▷ Cepheid: Agreement to co-develop sepsis assays, with bioMérieux to distribute them on an exclusive worldwide basis
- ▷ AdvanDx: Exclusive agreement for US distribution of PNA FISH diagnostic tests for sepsis

## ► Industry

- ▷ Copan: Distribution agreement for a sterile collection swab



## ► First-Half Performance

Sales and the Installed base

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### ▷ Other events

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## ► Feasibility study for closing the Boxtel plant

- ▷ June 7, 2007: Announcement of a study to determine the feasibility of gradually closing the Boxtel plant in the Netherlands
- ▷ July 13, 2007: “Request for advice” submitted to the Work Council
- ▷ Mid-August 2007: Questions received from the Work Council
- ▷ Early September 2007: Questions answered

## ► Developments in the dispute with DBV

- ▷ June 13, 2007: Favorable ruling by the Paris Appeals Court
- ▷ August 17, 2007: DBV appeals the French supreme court against the ruling



First-Half Performance

## ► Financial Results

▷ Statement of income

Statement of cash flows and balance sheet

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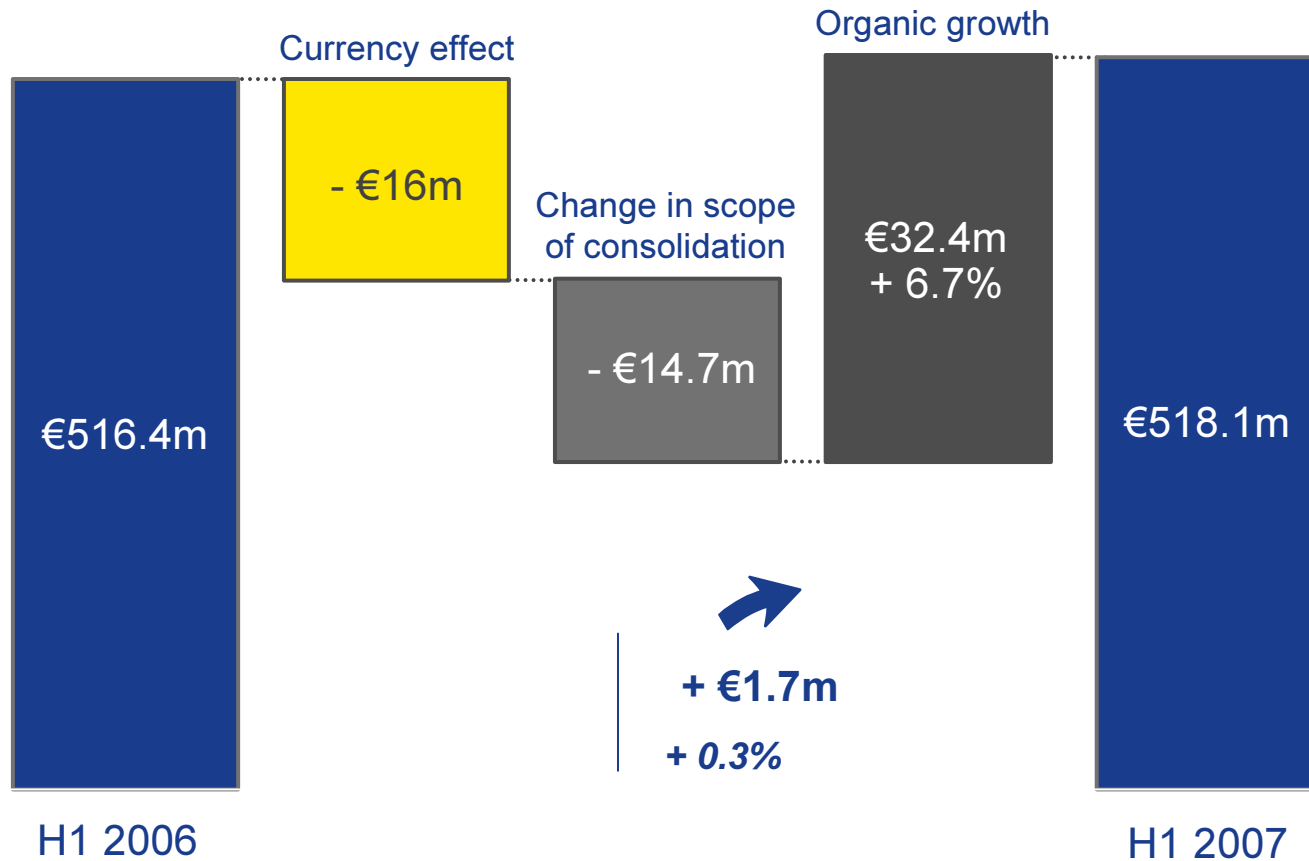
# Consolidated income statement



in € millions	H1 2007	H1 2006	% change
Net sales	518	516	+ 0%
Operating income before non-recurring items <i>As a % of sales</i>	78 15.1%	74 14.4%	+ 5%
Net income <i>As a % of sales</i>	53 10.3%	55 10.7%	- 3%

- ▶ Sales up 6.7% like-for-like
- ▶ Operating margin before non-recurring items of 14.6% excluding the currency effect on sales
- ▶ Net income up 7.7% (excluding capital gains in 2006 and 2007)

# Analysis of growth in net sales



# Exposure to currency risk



## ▶ US dollar:

- ▶ Sales: strong exposure (more than 25% of sales denominated in USD)
- ▶ Major expenses denominated in USD: production, R&D, etc.
- ▶ Major impact on sales, but limited impact on net income
- ▶ Effect on operating margin because of the impact on sales

## ▶ Other currencies:

- ▶ Approximately 20 currencies representing around 25% of sales
- ▶ Impact on sales
- ▶ Exposure on local gross margin (limited local expenses)

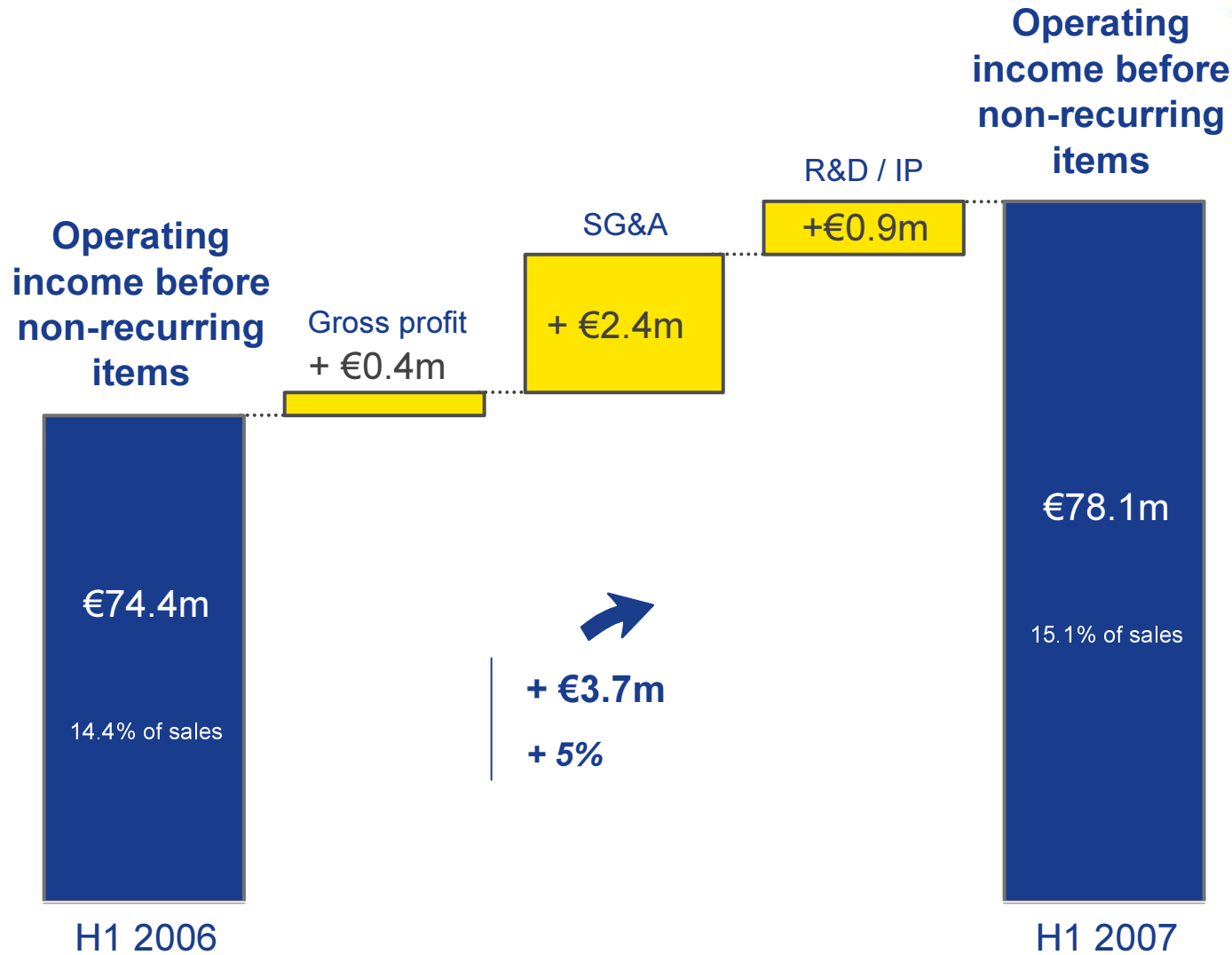
## ▶ Hedging objectives:

- ▶ Protect consolidated net income vs. budget
- ▶ Hedge account balances

## ▶ Residual risks:

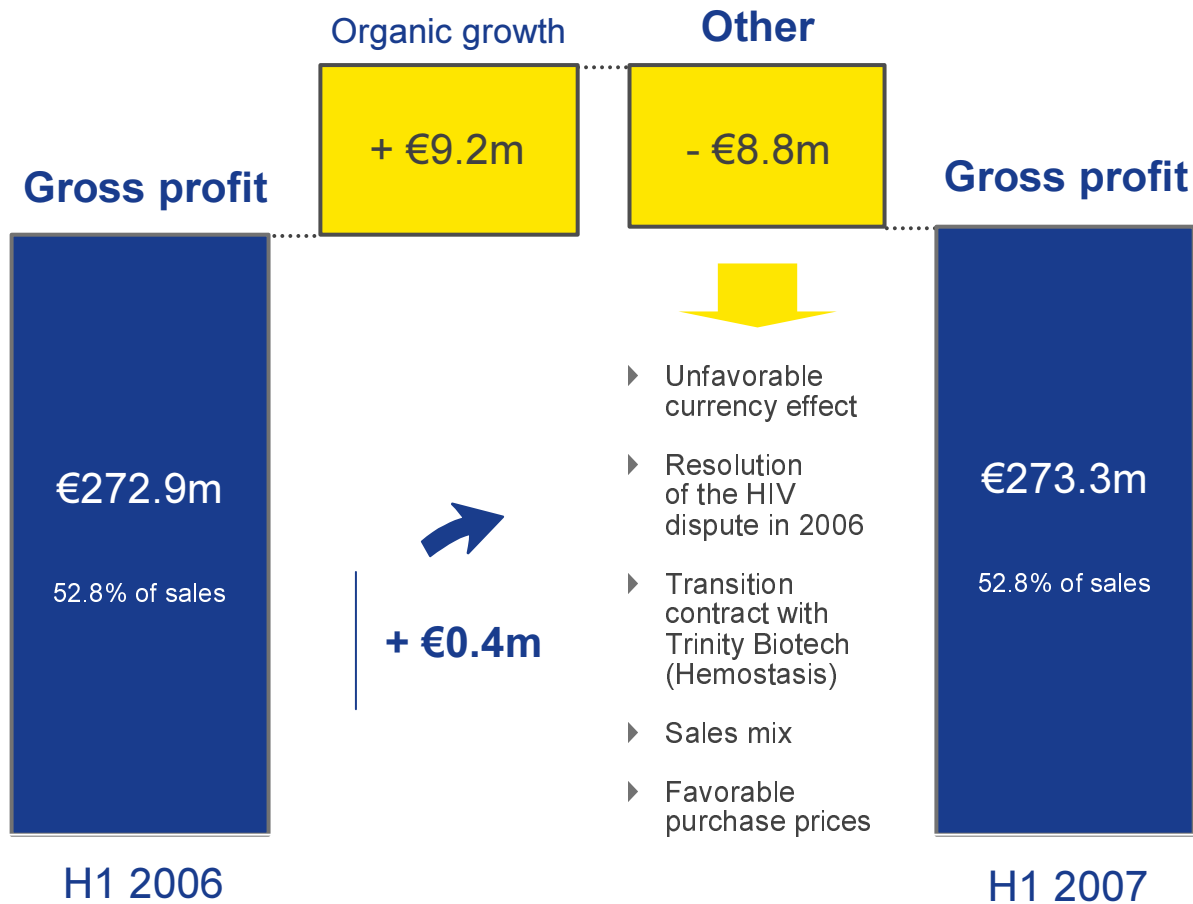
- ▶ Loss (or gain) of cost/price competitiveness
- ▶ Unhedged exposures (prohibitive costs, budget variances)
- ▶ Net investment in foreign operations not hedged

# Analysis of growth in operating income before non-recurring items

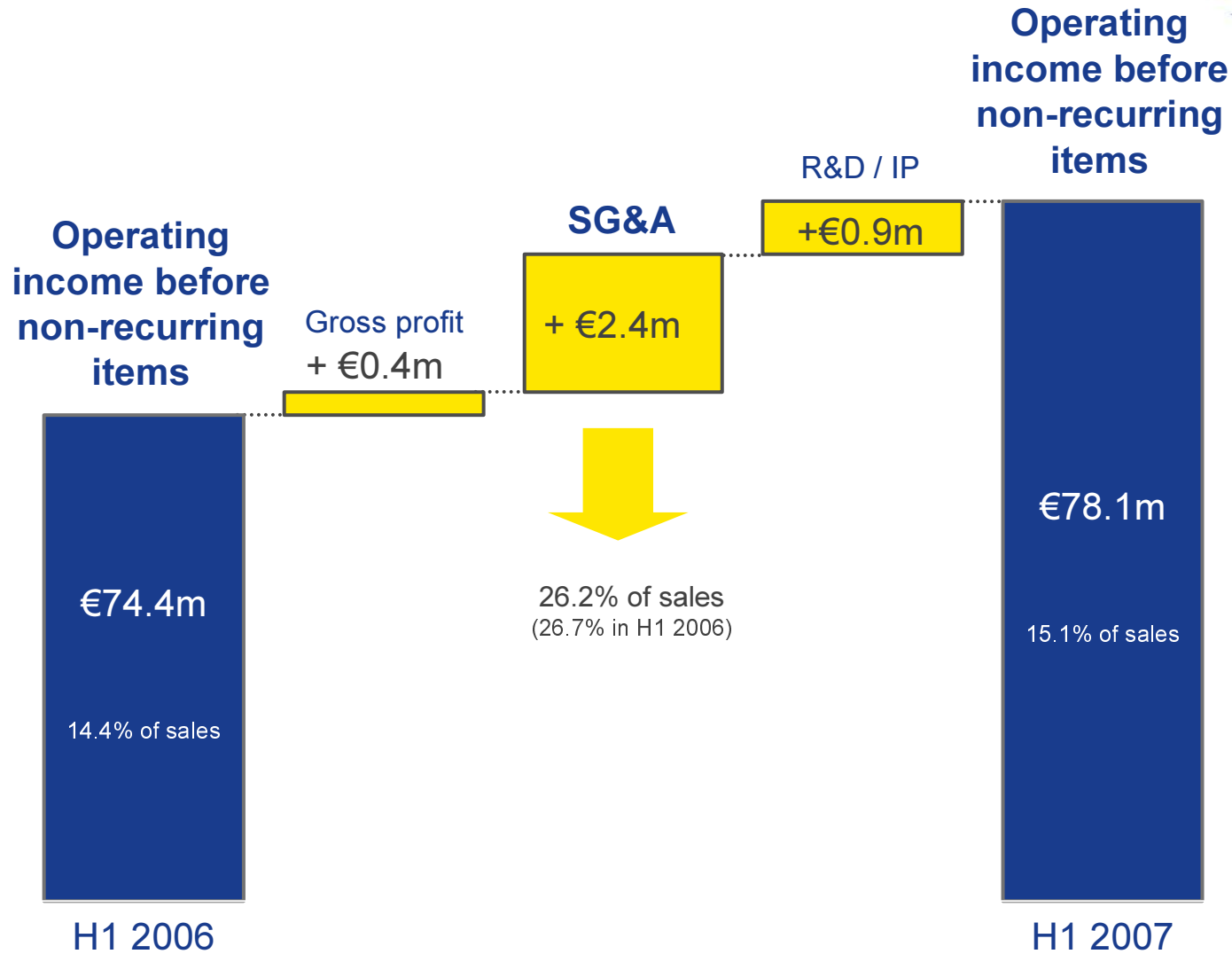




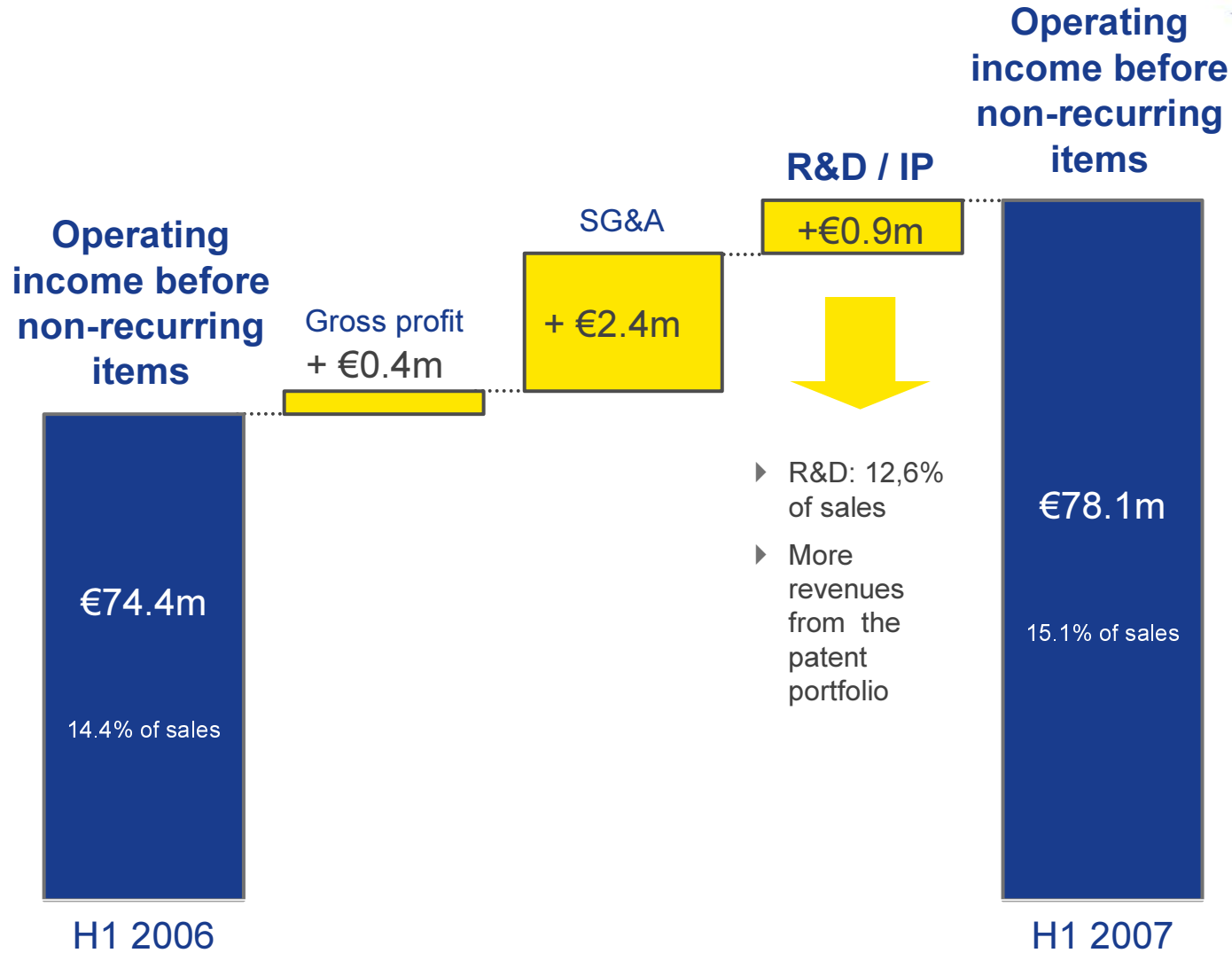
# Gross margin unchanged



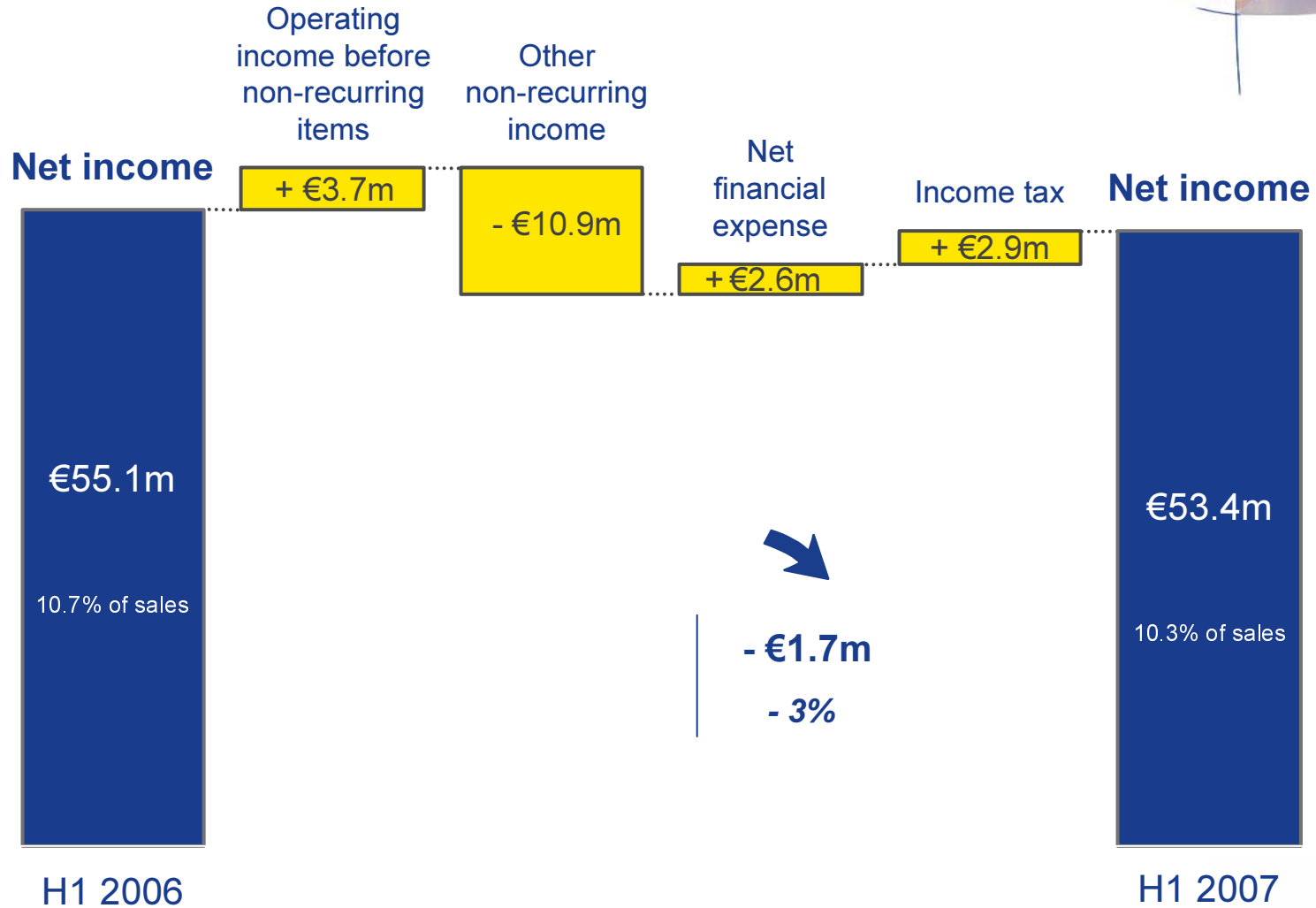
# Selling, general and administrative expense



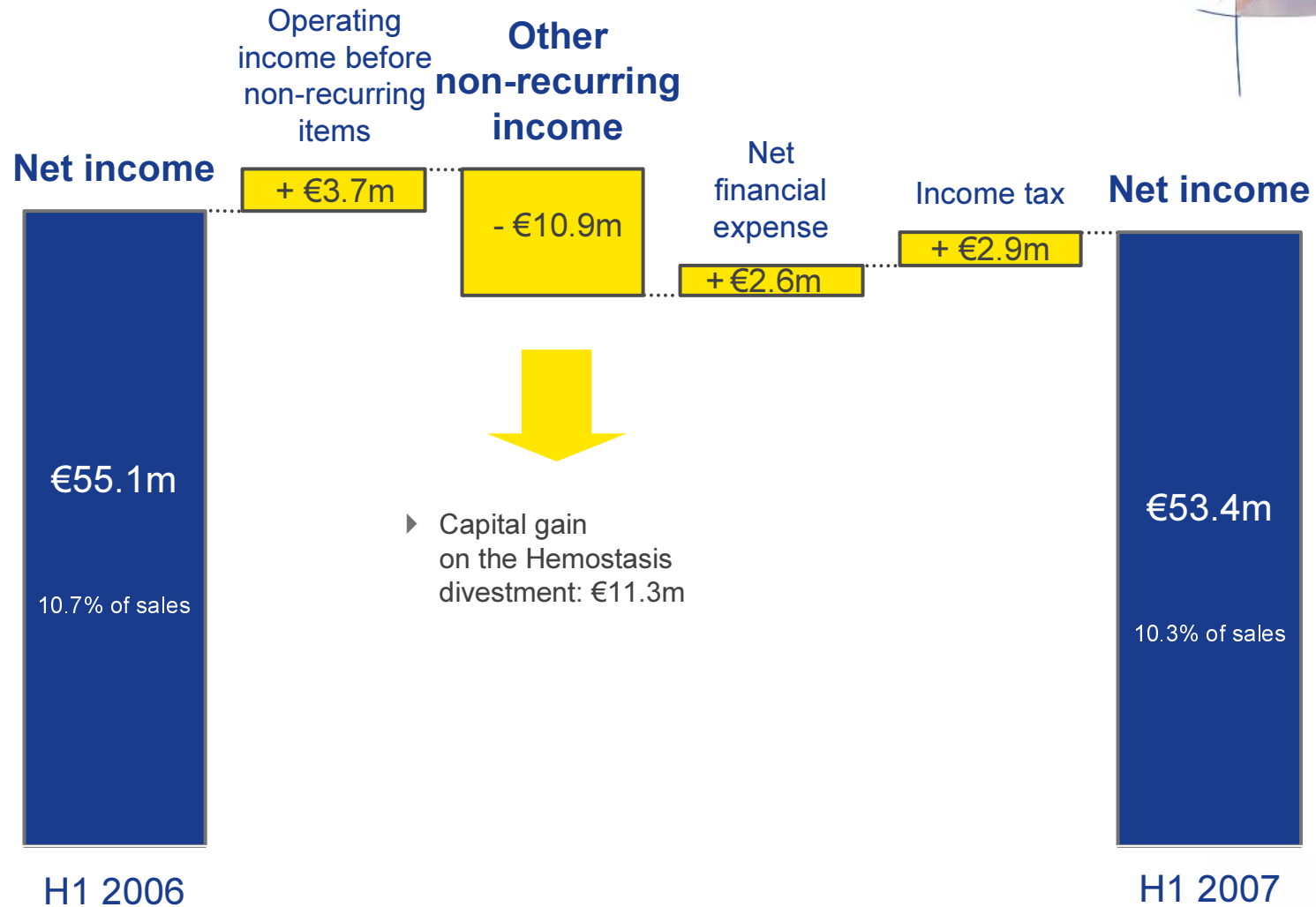
# R&D expenditure



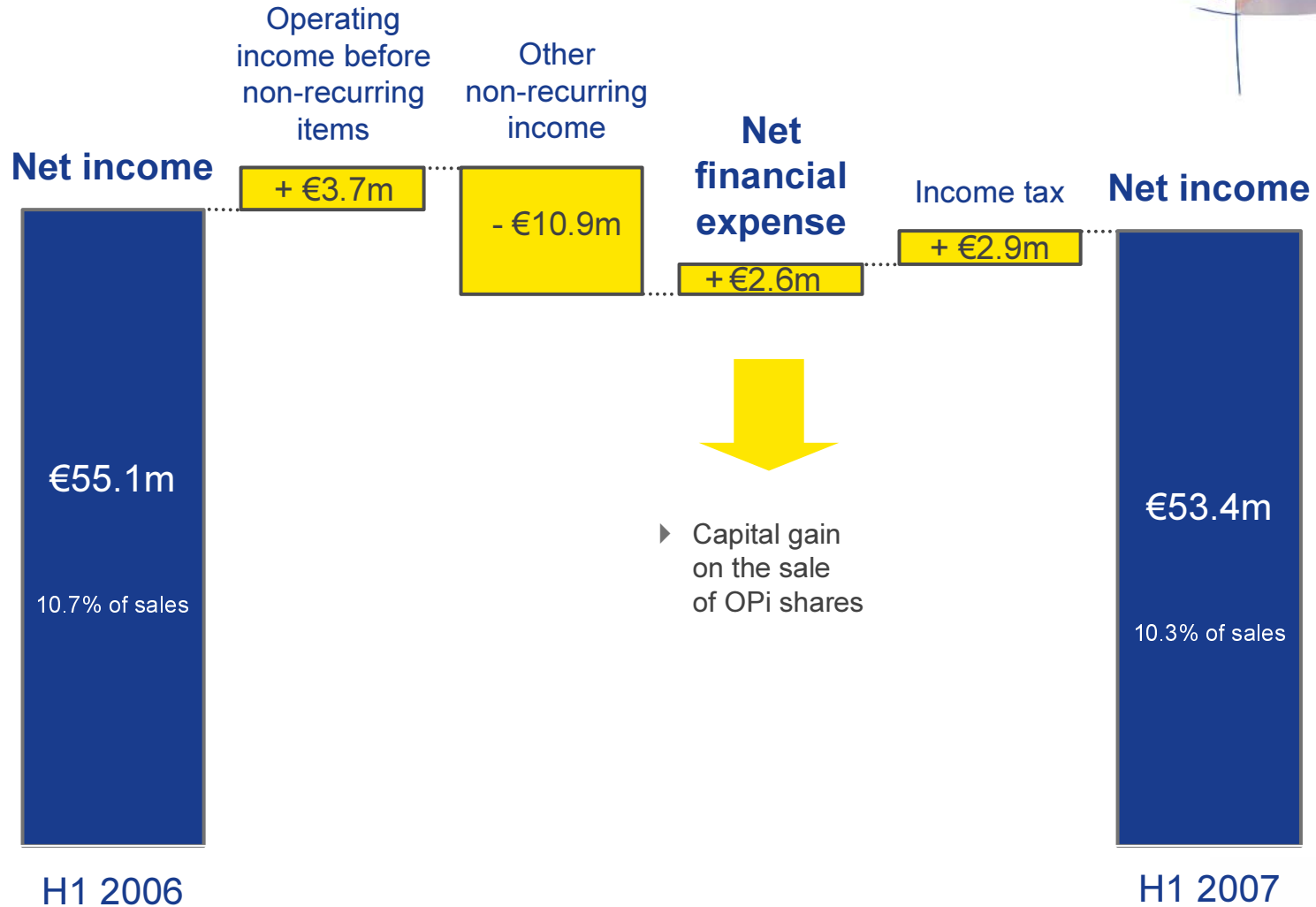
# Analysis of growth in net income



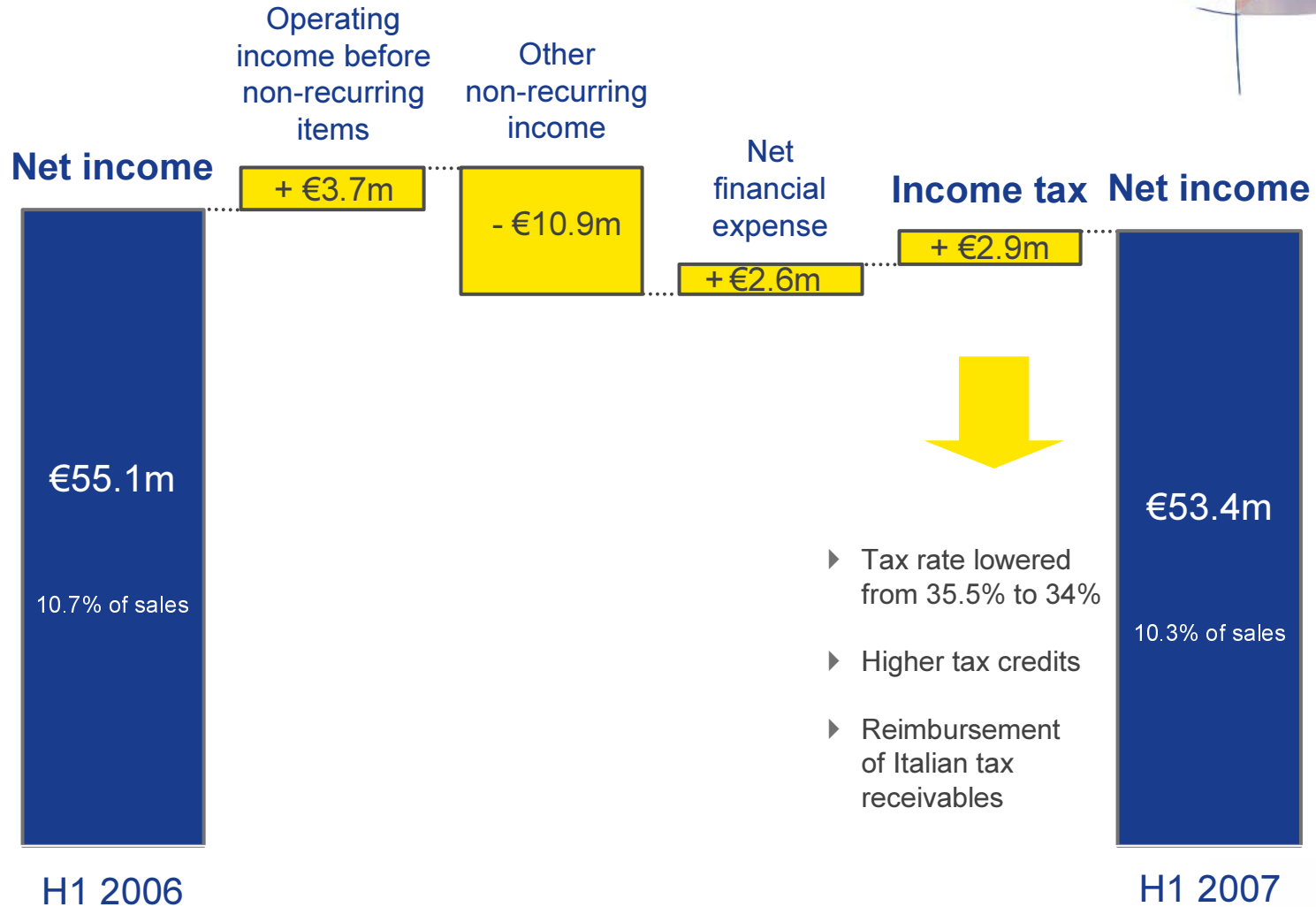
# Other non-recurring income



# Net financial expense



# Income tax



- ▶ Tax rate lowered from 35.5% to 34%
- ▶ Higher tax credits
- ▶ Reimbursement of Italian tax receivables



First-Half Performance

## ▶ Financial Results

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▶ Statement of cash flows and balance sheet

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# Free cash flow

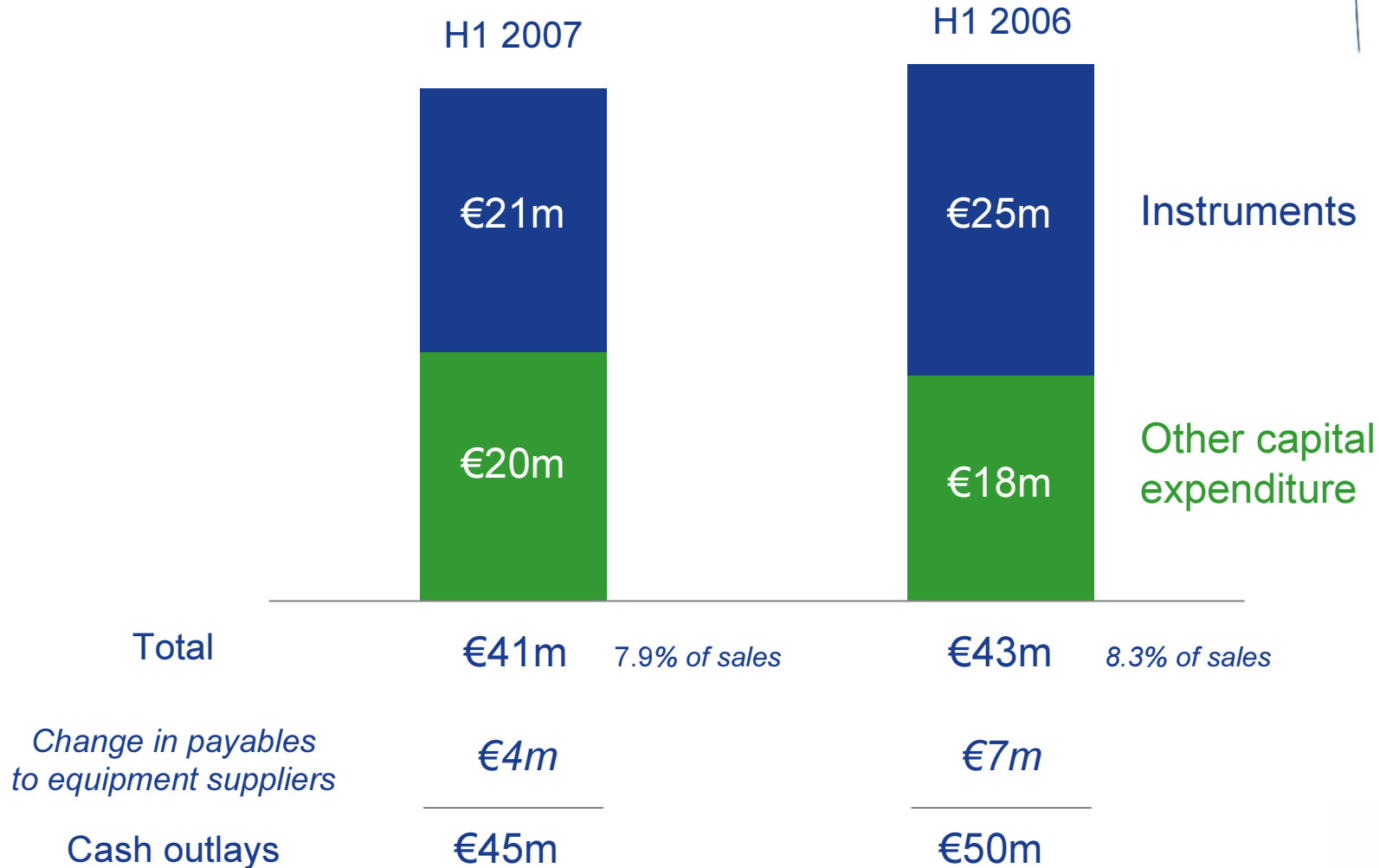


in € millions	H1 2007	H1 2006	% change
EBITDA <sup>(1)</sup>	113	110	3
Provisions and other	4	(11)	15
<b>Cash flow before tax and interest expense</b>	<b>117</b>	<b>99</b>	<b>18</b>
Operating working capital requirement	(32)	(32)	0
Income tax and financial expense	(23)	(29)	6
Capital expenditure <sup>(2)</sup>	(45)	(50)	5
Acquisition of shares in subsidiaries / hemostasis	(8)	23	(31)
Other	4	3	1
<b>Free cash flow</b>	<b>13</b>	<b>14</b>	<b>(1)</b>
Dividends	(30)	(18)	
<b>Cash flow net</b>	<b>(17)</b>	<b>(4)</b>	

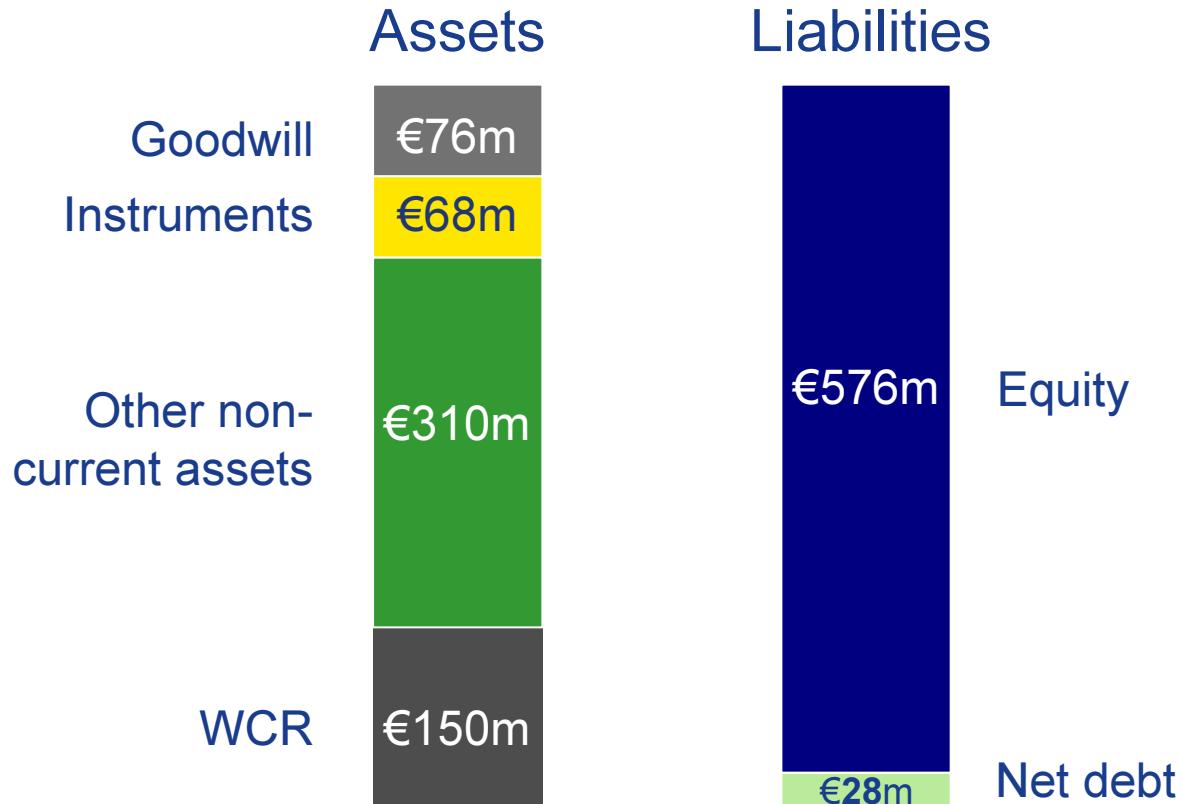
<sup>(1)</sup> Operating income before non-recurring items (H1 2007: €78m and H1 2006: €74m) and depreciation (H1 2007: €35m and H1 2006: €36m)

<sup>(2)</sup> Including change in payables to equipment suppliers

# Capital expenditure



# Balance sheet



Operating WCR: 24% of sales



First-Half Performance

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► **2007 News and Objectives**

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## ▶ Settlement with Becton Dickinson (GeneOhm Sciences Canada):

- ▶ Methicillin-resistant *Staphylococcus aureus* (MRSA) detection
- ▶ Stronger international property rights

## ▶ Acquisition of BTF

- ▶ Privately held Australian company
- ▶ 2006 sales of AUD 4 million
- ▶ 24 employees
- ▶ Develops and markets the world's most precise quantitative reference standards for microbiological testing (patented proprietary technology)



# bioMérieux: a solid and dynamic group



- ▶ **A solid first half in a year of transition**
  - ▷ Growth in sales
  - ▷ Improved operating margin
- ▶ **Excellent momentum in microbiology, our core business**
- ▶ **A group-wide dedication to faster growth**
  - ▷ Stronger marketing focus on the United States: Sales up 9.8%
  - ▷ Optimization of production resources
  - ▷ R&D: Ongoing investments and improving time-to-market
  - ▷ Large number of business development agreements
  - ▷ Long-term investments: office in Boston, Theragnostics Business Unit, etc.
- ▶ **A tight and responsive management team**



First-Half Performance

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▶ Questions and Answers