



bioMérieux 2010 First-Half Review

September 6, 2010



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▶ 2010 First-Half Performance

2010 First-Half Financial Results

Objectives and Conclusion



2010 First-Half Performance

▶ **2010 First-Half Highlights**

2010 First-Half Financial Results

Objectives and Conclusion



First-half 2010: Solid performance in a challenging environment

▶ Growth in sales and earnings

- ▼ Sales €651m + 7.0%* including business development
- ▼ Operating income before non-recurring items €108m + 10.8% / 16.6% of sales

▶ Substantial growth opportunities...

- ▼ Clinical and industrial microbiology leadership and unique positioning of VIDAS®
- ▼ Long presence in emerging countries
- ▼ Strong R&D pipeline, with major platform launches in 2012 and 2013

... in a challenging context:

- ▼ End of the H1N1 pandemic and low incidence of seasonal flu
- ▼ A series of austerity plans in Europe and soft demand for testing in the U.S.

A diversified business model,
well adapted to the redistribution of economic growth



First-half 2010: Strong achievements

▶ Operational achievements

- ▶ Acquisitions of Meikang Biotech and Zenka - R&D + manufacturing capabilities in China
- ▶ Decision to stop VIDIA® to focus immunoassays team and resources on VIDAS® and POCT*
- ▶ Appointment of a new executive VP, North American Commercial Operations
- ▶ Successful launch of the “Global ERP” in North America, UK and Germany
- ▶ Production site optimization

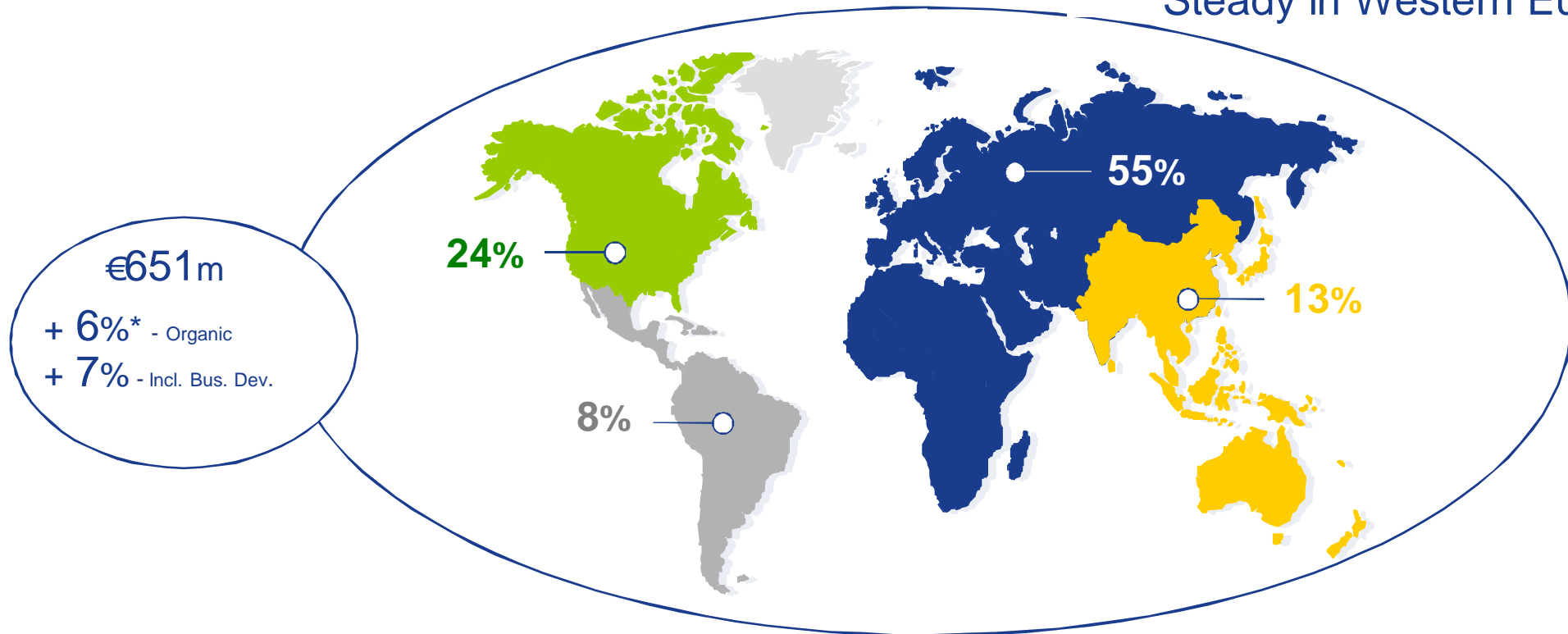
▶ Focus on innovation

- ▶ Preliminary launch of Myla™
 - ▶ Agreements with Shimadzu & AnagnosTec
 - ▶ Partnership with Philips
 - ▶ 2nd collaboration with GlaxoSmithKline
 - ▶ Agreement with Knome
 - ▶ Agreement with BG Medicine
- ⇒ Innovative middleware for microbiology labs
 - ⇒ Mass spectrometry solution
 - ⇒ New handheld solution for POCT
 - ⇒ Development of a theranostic test
 - ⇒ Genome sequencing technology to IVD
 - ⇒ Galectin-3 in bioMérieux systems

2010 first-half sales: Reflecting redistribution of economic growth

North America: + 6.5%*

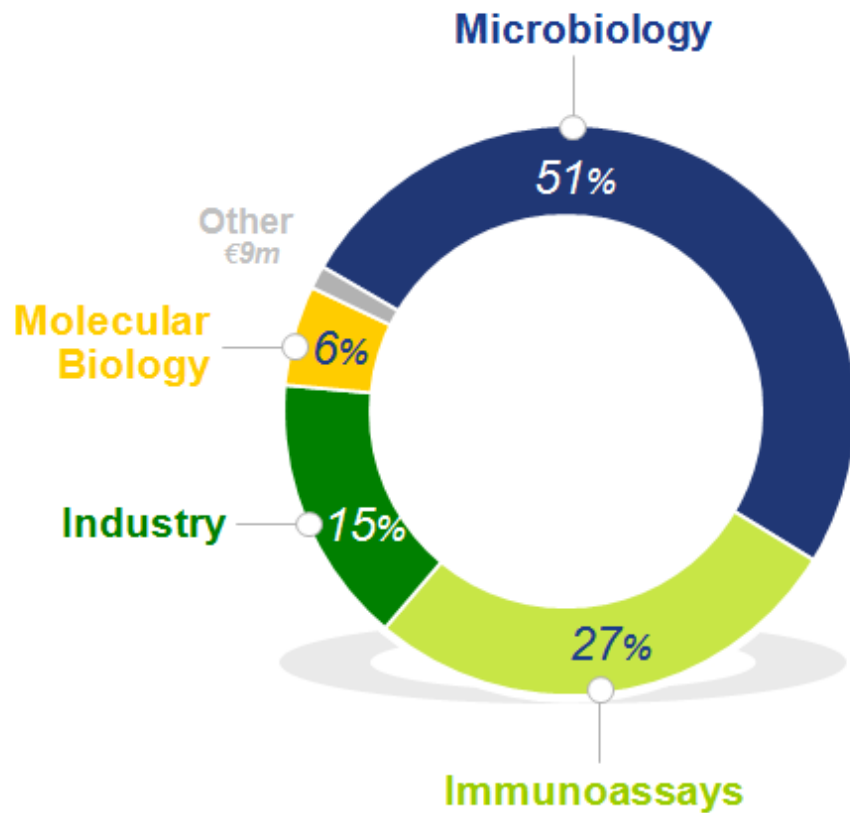
EMEA**: + 2.7%*
Steady in Western Europe



Latin America: + 10.2%*
w/o H1N1 impact: + 22%

Asia-Pacific: + 18.8%*

Sales by technology: good performance of clinical / industrial microbiology and VIDAS®

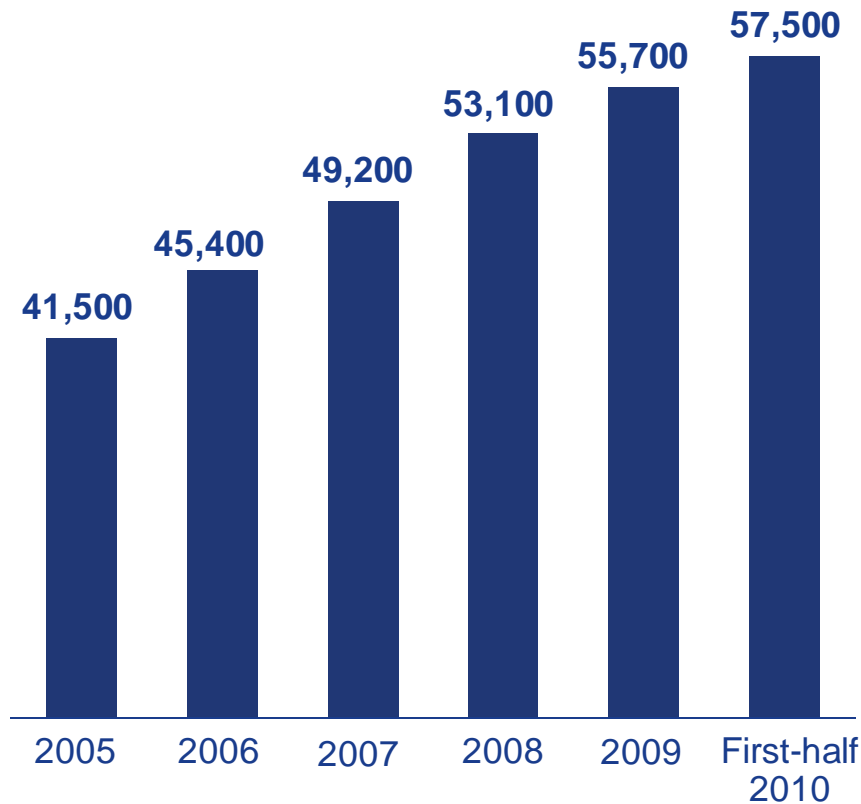


	H1 2010	% Change
Clinical Applications	€551m	+ 5.5%
▼ Microbiology	€330m	+ 8.0%
▼ Immunoassays	€176m	+ 2.8%*
▼ Molecular Biology	€36m	+ 0.5%
Industrial Applications	€100m	+ 8.9%
TOTAL	€651m	+ 6.0%

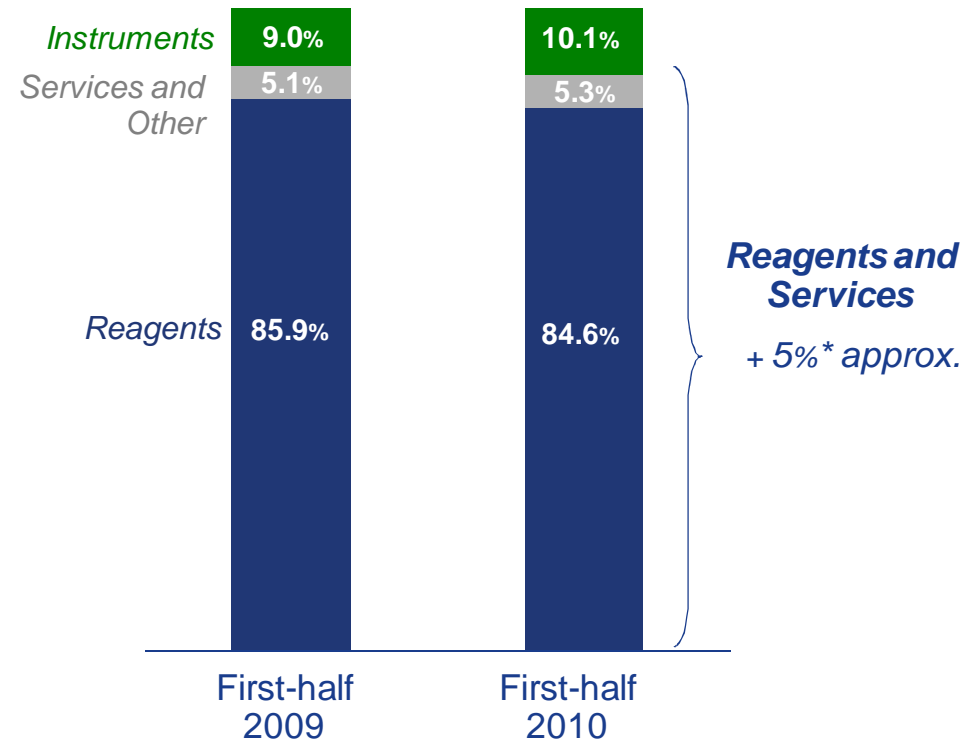
* Including VIDAS®: + 8.1%

Installed base

Installed base - number of instruments



Analysis of first-half sales



- ▶ Net installations: up 1,800 instruments - record VITEK® 2 XL installations
- ▶ Recurring sales of reagents & services: around 90% of sales

2010 First-Half Performance

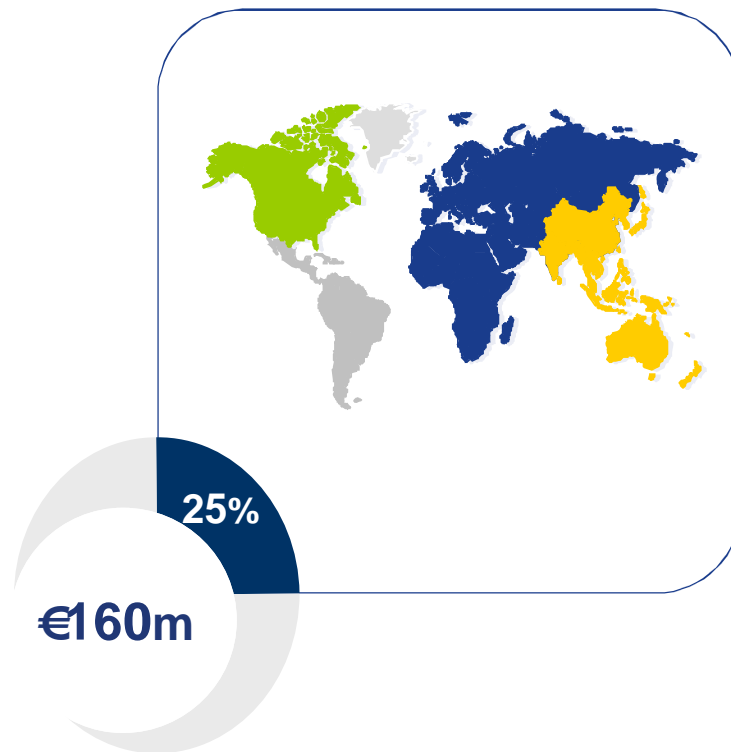
▶ **Emerging Countries**

2010 First-Half Financial Results

Objectives and Conclusion



Emerging countries: A significant growth driver



- ▶ ~ 80%* of the world's population
- ▶ IVD market: growing 10%* + annually
- ▶ Thriving economies
- ▶ Favorable demographic trends
- ▶ Long presence of bioMérieux
- ▶ Focus on Emerging 7**
 - ▼ 12% of Group's sales
 - ▼ + 30% (like-for-like) excluding the H1N1 effect

* Except OECD countries - Source: 2010 IVD Summit

** Emerging 7: Brazil, China, India, Indonesia, Mexico, Russia, Turkey

China: A booming market

► Overview

- ▼ Market: \$1.5b, growing annually at 20% +
- ▼ 20,000 hospitals
- ▼ Healthcare security system funded mainly by government and households (who pay a high proportion)



► Opportunities

- ▼ A major healthcare spending program: \$124b in 2009 - 2011
- ▼ Minimum health insurance to cover 90% of both urban and rural populations in 2011
 - Creation or upgrade of ~ 6,000 community / county hospitals
- ▼ Laboratories: high profitability and technological disparity
- ▼ Food safety initiatives

► Challenges

- ▼ More cumbersome registration process with the SFDA
- ▼ Increasing local competition
 - ~ 200 local manufacturers
 - Some becoming multinational: Mindray Medical International Ltd.



China: A booming market

▶ bioMérieux in **China** - since 1991

- ▶ Run rate FY 2010 net sales: €60m
- ▶ More than 250 employees
- ▶ 5 regional offices handling distributors and opening of 4 “SOHO*” in 2010

▶ bioMérieux assets

- ▶ Automated ID/AST**: leadership, + 40% as of June 2010
- ▶ VIDAS®: perfectly adapted, + 50% as of June 2010
 - An expanding menu of registered tests
 - Shanghai Health Bureau study in Community and County Healthcare Centers
- ▶ R&D and production capabilities
 - Microplates, highly competitive products
 - PPM and rapid tests, additional growth relays
- ▶ Transfer of Corporate functions



Our ambition: the Group's 3rd subsidiary by 2015

India: A rapidly growing market

▶ Overview

- ▼ Market: \$0.3b, growing at 15%
- ▼ 40,000 laboratories: 6,000 automated or interested in automation
- ▼ Healthcare: 80% private (essentially cash market)



▶ Opportunities

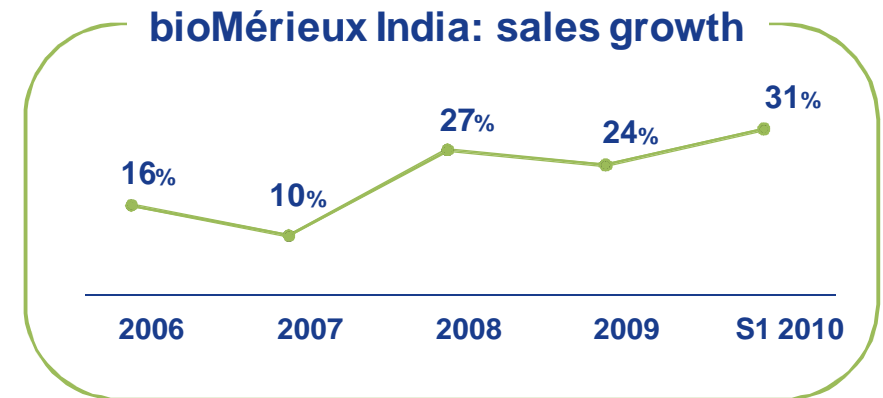
- ▼ Large disparity in quality and services among laboratories
- ▼ High demand for automation, especially for smaller and faster devices
- ▼ New food law to be implemented with Food Safety Standards

▶ Challenges

- ▼ A cost and price sensitive market
- ▼ Need for greater acceptance of new methods and scientific knowledge among healthcare professionals
- ▼ Stringent regulatory process

India: A rapidly growing market

- ▶ bioMérieux in **India** - since 1998
 - ▼ Run rate FY 2010 net sales: €20m
 - ▼ More than 100 employees
 - ▼ Headquarters in New Delhi and 6 regional offices
 - ▼ Active support to Sri Lanka, Bangladesh, Nepal and Bhutan



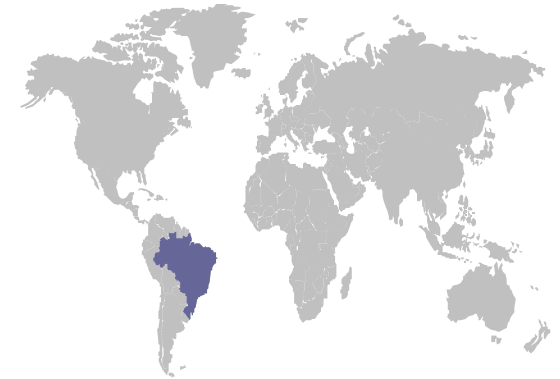
- ▶ bioMérieux assets
 - ▼ Large geographic coverage
 - ▼ Diversified product range - leadership in microbiology* and key position in immunoassays*
 - VIDAS®: the main franchise with 40% of net sales
 - ▼ Reputation for quality products and high level of customer service
 - ▼ Affordable solutions
 - Refurbished VIDAS® instruments

Our ambition: be the driver of laboratory modernization

Brazil: Increasingly promising market

▶ Overview

- ▼ Market: \$0.7b, growing at 10%
- ▼ 3,000 main laboratories
- ▼ A national healthcare system, with private health insurance for about 20% + of the population



▶ Opportunities

- ▼ Still a small fraction of the population consuming IVD tests
- ▼ Large commercial lab chains with substantial investment capacities
- ▼ Development needs in microbiology
- ▼ Food exporter and 10th pharmaceutical market

▶ Challenges

- ▼ Fastidious registration process for IVD products
- ▼ Strong competition from large international IVD players
- ▼ High level of automation, especially in immunoassays

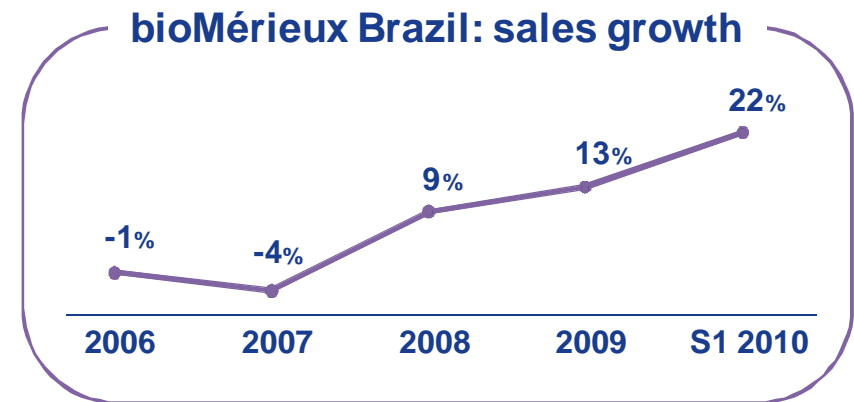
Brazil: Increasingly promising market

▶ bioMérieux in **Brazil** - since 1973

- ▼ Run rate FY 2010 net sales: €40m
- ▼ Around 150 employees
- ▼ Headquarters in Rio de Janeiro

▶ bioMérieux assets

- ▼ R&D and manufacturing capabilities
- ▼ A large product offering
 - For both clinical and industrial applications
 - Including FMLA™, blood bank tests and VIDAS® (+ 14% as of June 2010)
- ▼ A strong direct sales network, reinforced through 14 distributors



Our ambition: leverage trend of broader access to IVD
for the general population

Russia: Ongoing healthcare needs

▶ Overview

- ▶ Market: \$0.3b, that should grow 2.5 x over the next 5 years
- ▶ 4,000 + main laboratories
- ▶ Russian constitution = right to free healthcare

▶ Opportunities

- ▶ New “national program” to improve healthcare
- ▶ Prevalence of tuberculosis, HIV infections and increasing proportion of cancer
- ▶ Need for equipment at hospitals, especially in microbiology - Federal government tenders

▶ Challenges

- ▶ Bureaucracy and registration process
- ▶ Covering the territory

▶ bioMérieux in **Russia** - since 1996

- ▶ Run rate FY 2010 net sales: €10m - like-for-like growth rate: 24%, as of June 2010
- ▶ More than 20 employees
- ▶ Headquarters in Moscow and 2 offices: Yekaterinburg (Ural) & Saint Petersburg (North West)



Our ambition: become a major IVD player in modern Russia



2010 First-Half Performance



R&D Pipeline

2010 First-Half Financial Results

Objectives and Conclusion

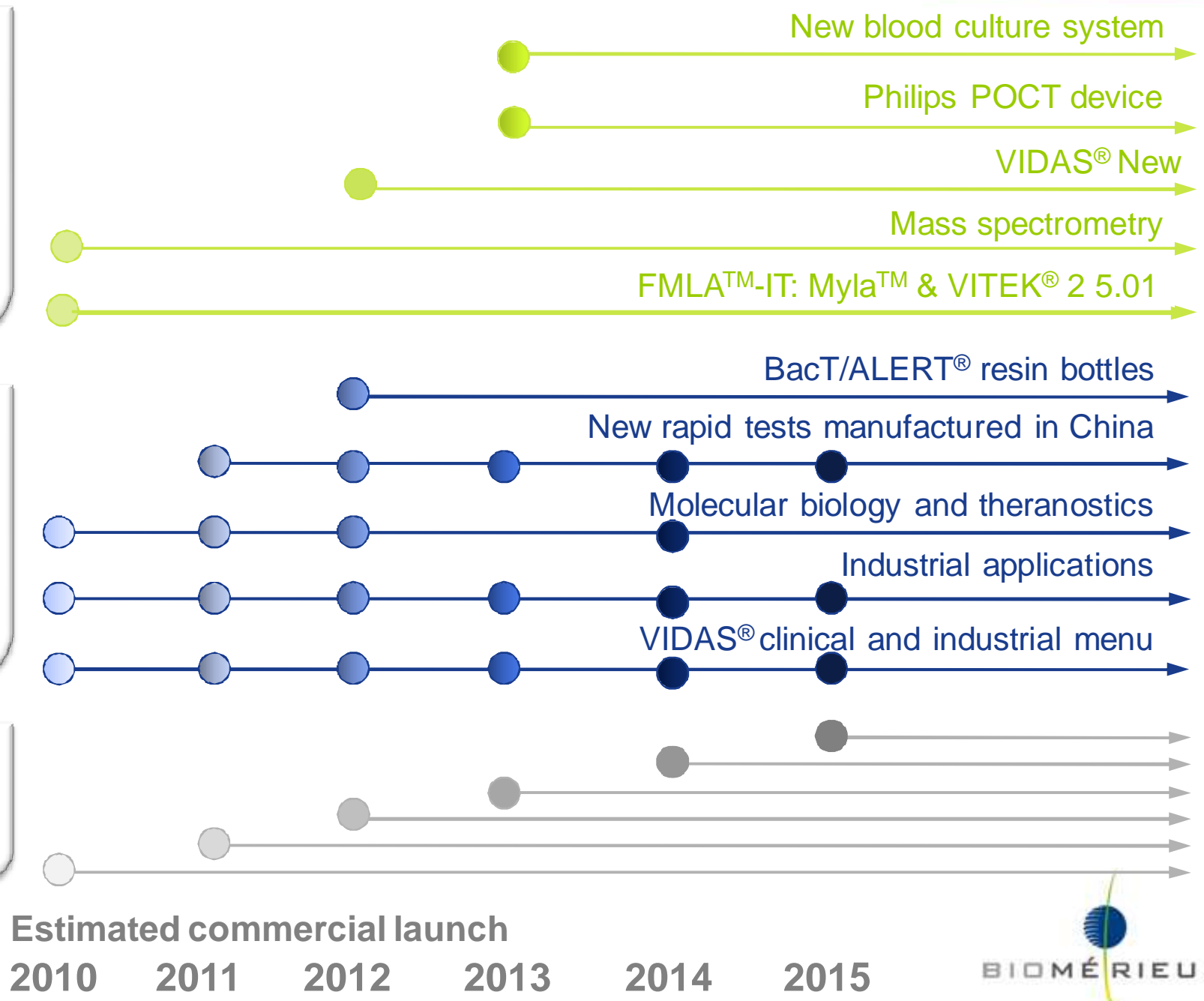


A strong pipeline of systems under development

New systems under development

Continuous development and launch of menus for all lines

Continuous launch of new services



Estimated commercial launch

2010 2011 2012 2013 2014 2015



Microbiology laboratory transformation

- ▶ Context
 - ▼ Economic context and scarcity of skilled technicians
 - ▼ Exigent regulatory compliance and patient care guidelines
 - ▼ An ever more demanding healthcare environment: shorter time-to results,...
- ▶ bioMérieux's answer: FMLA™ and FMLA™-IT
- ▶ Myla™, an innovative software developed using web 2.0 tool
 - ▼ Connectivity between lab instruments and other information systems
 - ▼ Workflow management and recaptured time: active dashboards and real-time notification of processing delays
 - ▼ Information management: real-time consolidated patient results
 - ▼ Launch: H2 2010



An innovative middleware to improve operational efficiency
and convert results into actionable information

▶ MALDI-TOF* mass spectrometry

▼ Microbial identification (ID) by measuring the molecular mass of samples

▼ Advantages

- Faster ID
- Broad ID menu
- Cost-effective solution for large laboratories

▼ Limitations

- MALDI-TOF does not deliver AST results
- Expensive system
- U.S. FDA approval required

▶ bioMérieux's unique solution: an integrated offer for microbiology labs

▼ Mass spectrometer (partnership with Shimadzu)

▼ Mass spectra database for microbial ID (assets acquisition from AnagnosTec)

▼ Available in Q4 2010, IVD/CE marked in Q1 2011

▼ Key features

- Rich connectivity with VITEK® 2 and other laboratory systems through Myla™
- Improved traceability of samples and workflow

Sole global supplier with a complete offer for ID/AST
incorporating mass spectrometry



VIDAS® New: A major growth driver

▶ Context

- ▼ VIDAS®: the small volume testing expert
- ▼ **World's largest installed base:** > 24,000 VIDAS® and mini VIDAS® in clinical labs
- ▼ Extensive line of reagents with 91 clinical parameters
- ▼ **Successful positioning**
 - Routine tests: perfectly adapted to emerging markets and small laboratories
 - Specialty or high medical value tests for all laboratories: D-Dimer, PCT, *C. difficile* toxin A&B, proBNP, EBV,...

▶ bioMérieux's answer: **VIDAS® New**

- ▼ Improving the VIDAS® system
 - Upgrade to work directly with primary tubes
 - Strip and SPR traceability
- ▼ Same assays
- ▼ A redesigned intuitive software integrating the latest technology and features

Philips and bioMérieux: Diagnostic solutions for hospital-based point-of-care

- ▶ Context: *in vitro* diagnostics market moving toward POC testing
 - ▼ Estimated long-term growth rate: 10% +

- ▶ bioMérieux and Philips' answer
 - ▼ Leveraging bioMérieux's VIDAS® biology expertise and Philips' engineering capabilities
 - ▼ Access to Philips' Magnotech biosensor platform for immunoassay testing
 - Potential to match the analytical performance of laboratory systems
 - Fully automated handheld diagnostic system
 - Optimized production cost: 99% less antibodies used per test compared to current VIDAS®
 - ▼ First menu targeted: emergency markers (incl. cardiac)

- ▶ An ambitious development and launch program
 - ▼ First technical milestone: H2 2010
 - ▼ Distribution
 - Co-branded commercial solutions by Philips and bioMérieux
 - bioMérieux: exclusive distributor worldwide

▶ Context

- ▼ Need for more automation to improve productivity and quality of results: FMLA™
- ▼ Need for faster results for microbiologists, clinicians and patients: Fast Microbiology
- ▼ BacT/ALERT® 3D
 - Most compact, modular and flexible blood culture system available
 - Wide range of pathological organisms: bacteria, yeasts and mycobacteria
 - Proprietary polycarbonate culture bottles ensuring added safety to the user

▶ bioMérieux's answer: a new blood culture system

- ▼ Step change in laboratory workflow
- ▼ Enhanced software and full connectivity with Myla™
- ▼ Customer centric design and development process

2010 First-Half Performance

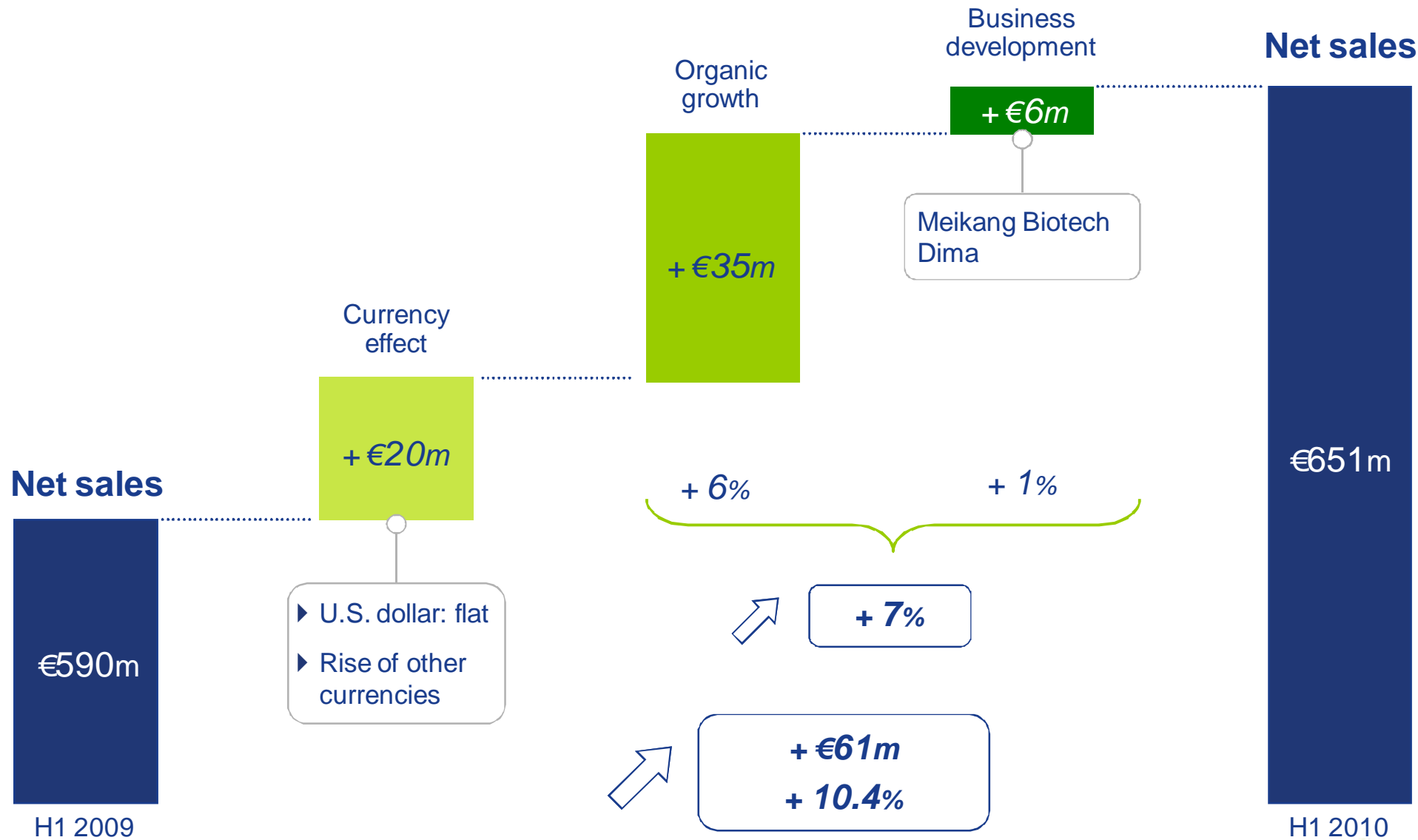
▶ **2010 First-Half Financial Results**

Objectives and Conclusion

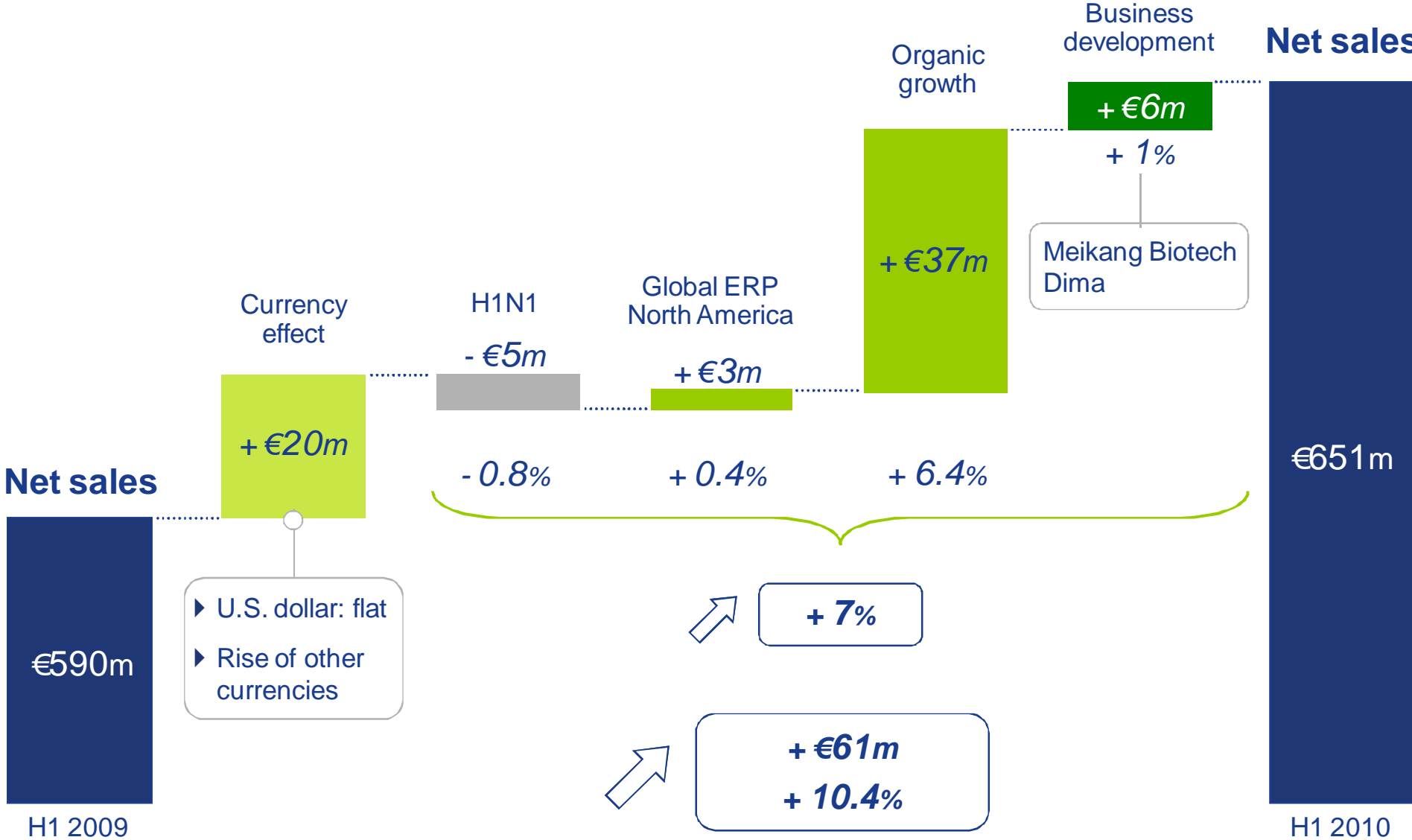


Consolidated income statement

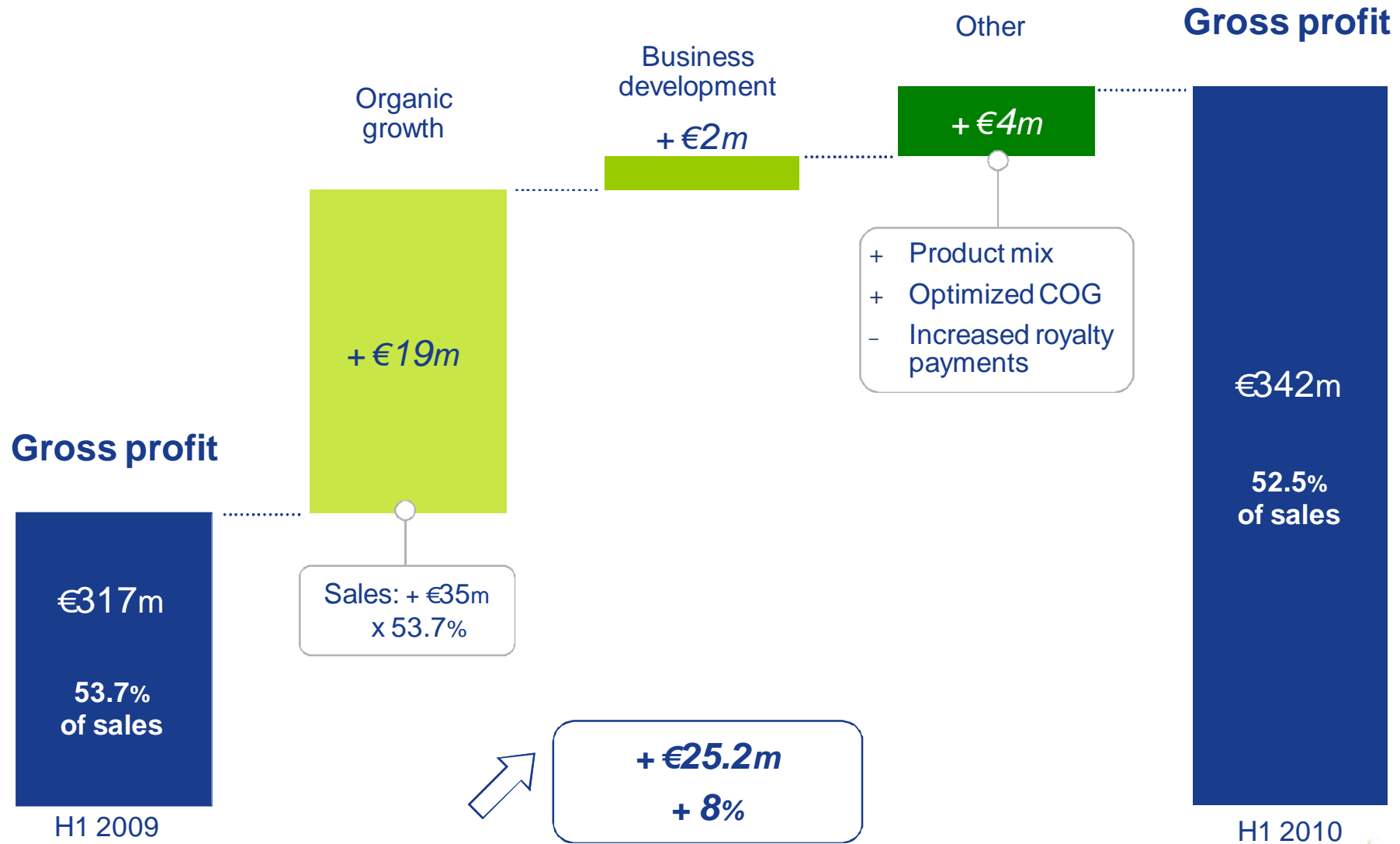
<i>In € millions</i>	H1 2010	H1 2009	% Change
Net sales	651	590	+ 10.4%*
Operating income before non-recurring items <i>As a % of sales</i>	108 16.6%	97 16.5%	+ 10.8%
Operating income <i>As a % of sales</i>	103 15.9%	93 15.7%	+ 11.7%
Net income <i>As a % of sales</i>	72 11.1%	63 10.7%	+ 13.7%



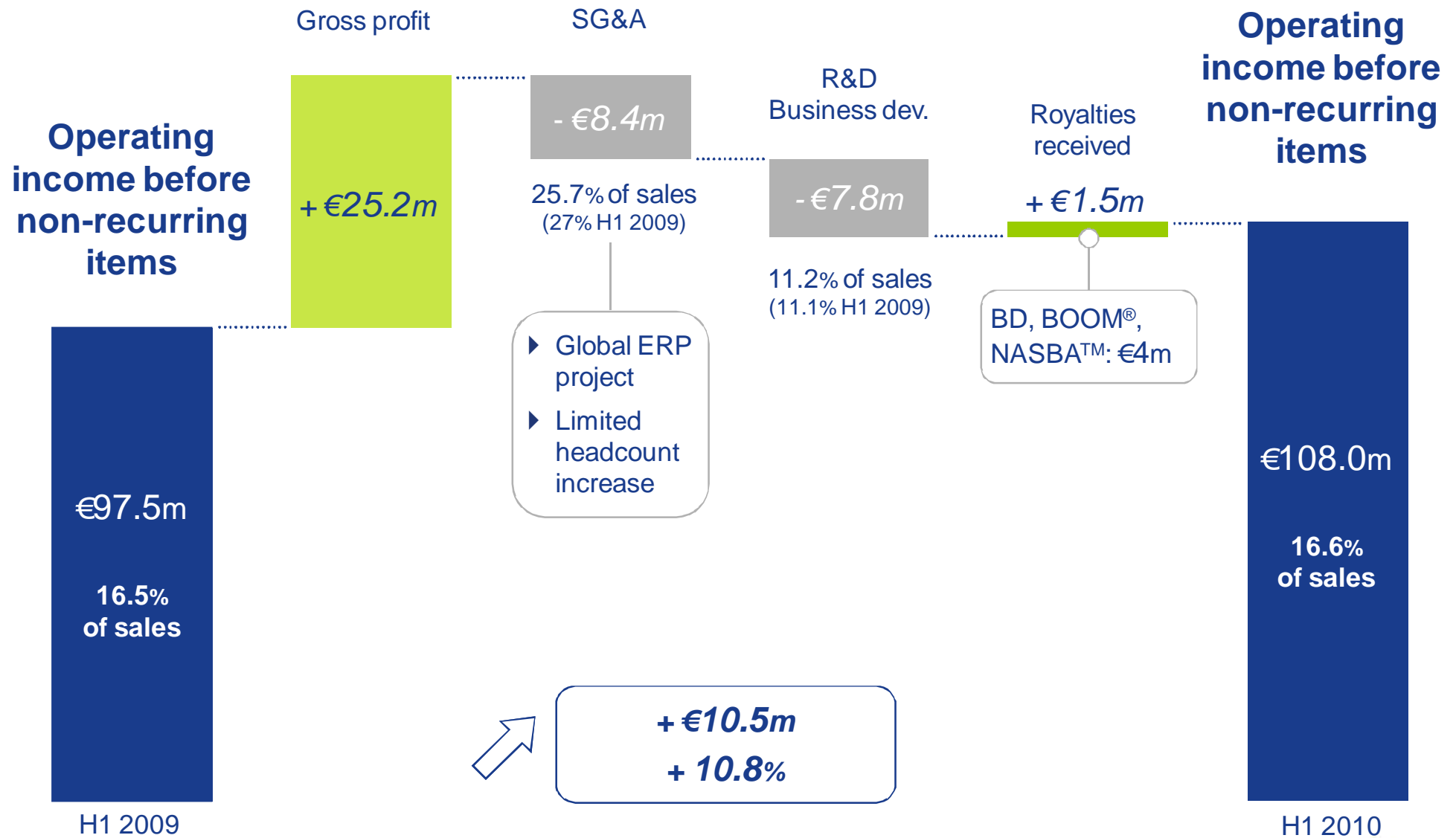
Net sales



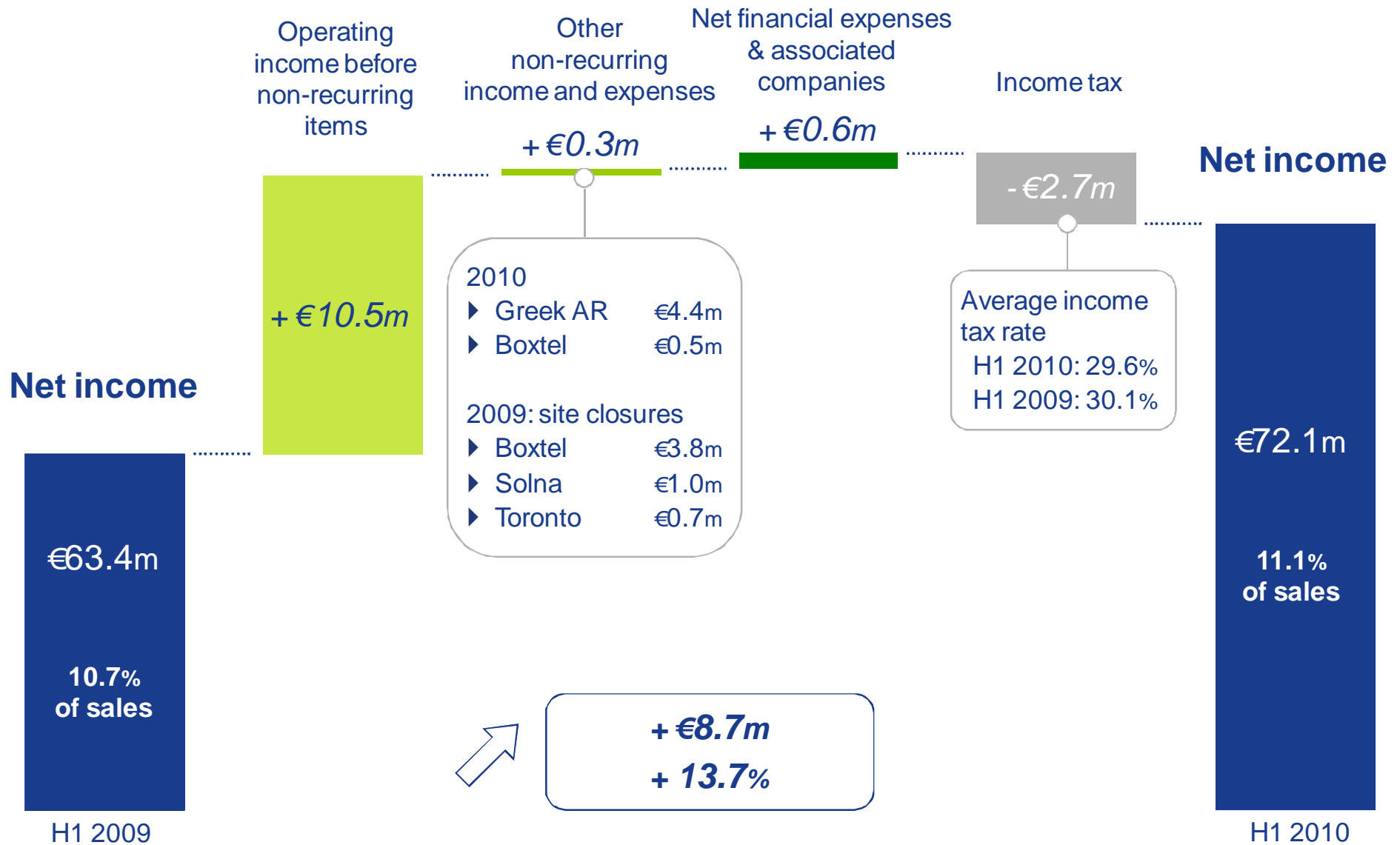
Gross profit



Operating income before non-recurring items



Net income



Cash flow statement

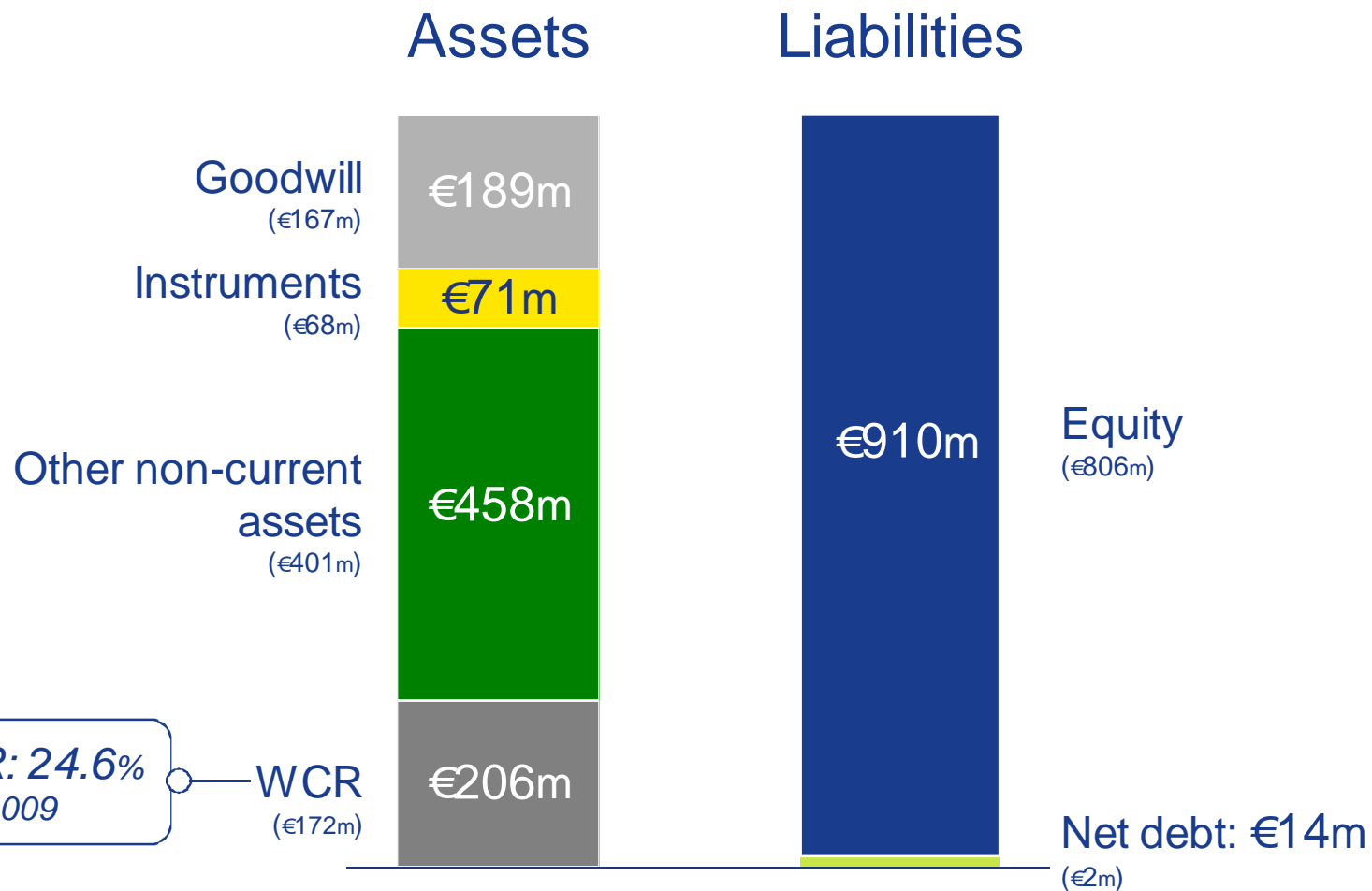
<i>In € millions</i>	H1 2010	H1 2009	Change
EBITDA ⁽¹⁾	147	133	+ 14
Income tax and financial expense	(24)	(29)	+ 5
Operating working capital requirement	(39)	(34)	- 5
Capital expenditure ⁽²⁾	(50)	(57)	+ 7
Other	(4)	16	- 20
Free cash flow	30	29	+ 1
Acquisition of shares ⁽³⁾	(16)	0	- 16
Dividends	(36)	(32)	- 4
Net cash flow	(22)	(3)	- 19

(1) Operating income before non-recurring items (H1 2010: €108m and H1 2009: €97m), depreciation and amortization (H1 2010: €39m and H1 2009: €36m)

(2) Capital expenditure outlays, including change in PPE payables (H1 2010: €0m and H1 2009: €7m)

(3) Acquisition cost (net of acquired cash at date of acquisition) and equity stakes:
Meikang Biotech, Dima, Zenka, Knome & Mexico minority shares in H1 2010

Summarized balance sheet



2010 First-Half Performance

2010 First-Half Financial Results

▶ Objectives and Conclusion

2010 Objectives

- ▶ In the current European market context
2010 organic* sales growth objective
a challenging comparison with Q3 '09 Around 6%

- ▶ 2010 operating margin** objective 17%-18%

- ▶ Ability to adapt to a changing environment
 - ▼ Redistribution of economic growth around the world
 - ▼ New technologies
 - ▼ Emerging diseases (like NDM-1 bacteria today) - customers seek our expertise

- ▶ Strategic advances...
 - ▼ Strengthened teams in high-growth emerging markets
 - ▼ Solid R&D pipeline with key systems for bioMérieux's future
 - ▼ Significant achievements to transform the Company

- ▶ ...bolstered by key strengths
 - ▼ Highly diversified business model with leadership positions
 - ▼ Strong balance sheet
 - ▼ Culture of excellence

Our strategy is as ambitious as ever



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