

First-Half 2006 Results

September 2006



BIOMÉRIEUX

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▶ Introduction

A Strong First Half in a Changing Market

Financial Review

2006 Outlook



Introduction

- ▶ **A Strong First Half in a Changing Market**
 - ▷ Operating Highlights
 - Other Events

Financial Review

2006 Outlook

A strong first half



- ▶ **Sustained growth and higher earnings**
 - ▷ Net sales **up 6.1%***
 - ▷ Operating income before non-recurring items **up 18.2%**
 - ▷ Operating income **up 37.5%**
 - ▷ Net income **up 41.1%** (up 21% excluding sale of the hemostasis business)

- ▶ **Refocusing on the strategic ranges**

- ▶ **Continued implementation of quality systems improvement plans**

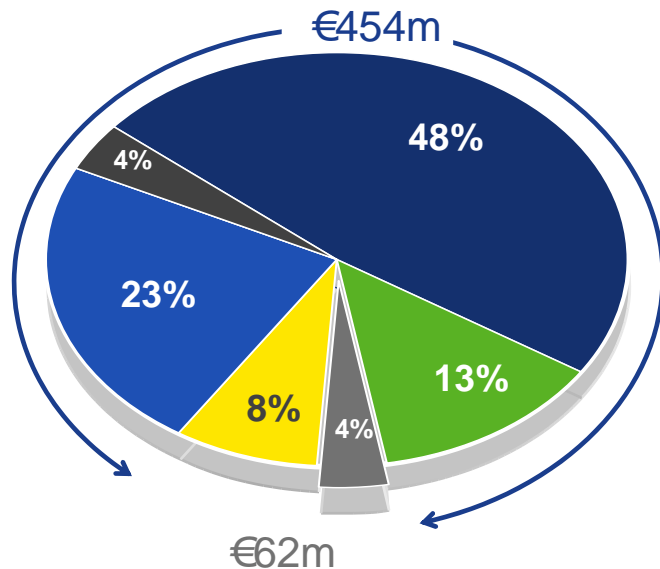
- ▶ **An attractive, yet constantly changing industry**
 - ▷ Faster consolidation confirms the industry's attractiveness
 - ▷ Aggressive competition in certain segments (central labs, diabetes)

* At constant exchange rates

Strong growth in the strategic ranges



Strategic ranges: up 7.6%



Other ranges: down 3.9%

- Bacteriology
- Immunoassays (VIDAS)
- Industry
- Molecular biology
- Hemostasis
- Other

- ▶ **Clinical applications: €448m + 5.3%**
 - ▷ Bacteriology: €245m + 7.6%
 - ▷ Immunoassays (VIDAS): €121m + 0.1%
 - ▷ Molecular biology: €20m + 64.5%

- ▶ **Industrial applications: €68m + 11.8%**

Growth rates calculated at constant exchange rates

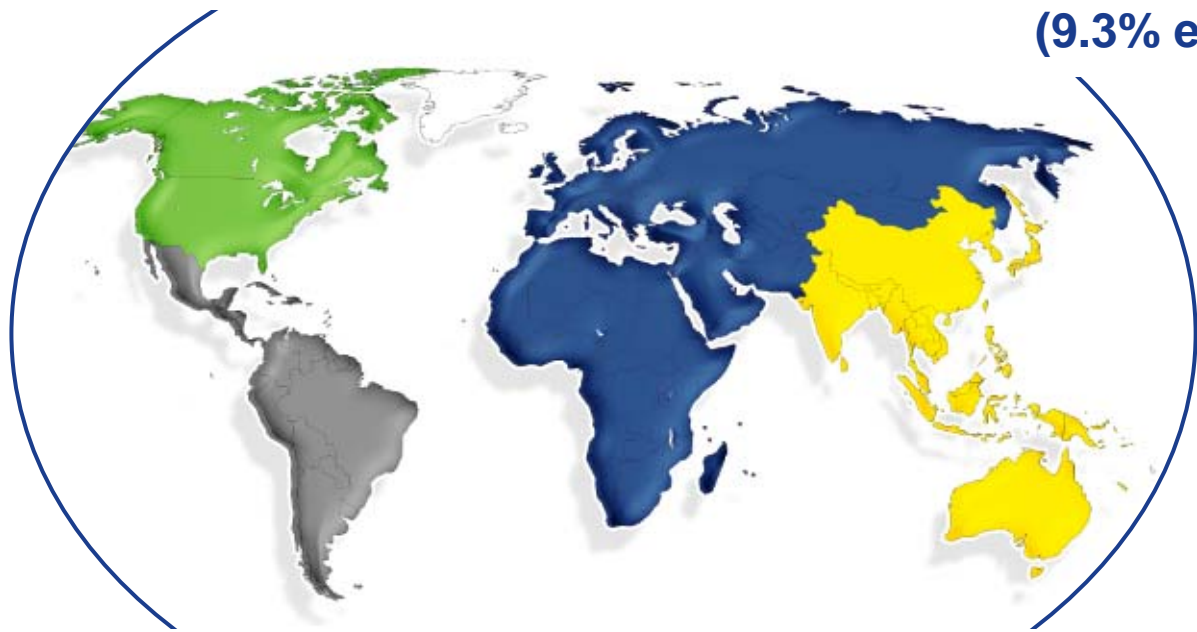


Growing sales in every region



North America: up 7.1%

EMEA*: up 5.0%
(9.3% excl. France)



Latin America: up 5.6%

Asia-Pacific: up 10.4%

** EMEA: Europe. Middle East. Africa*

Growth rates calculated at constant exchange rates



Growing sales in every region

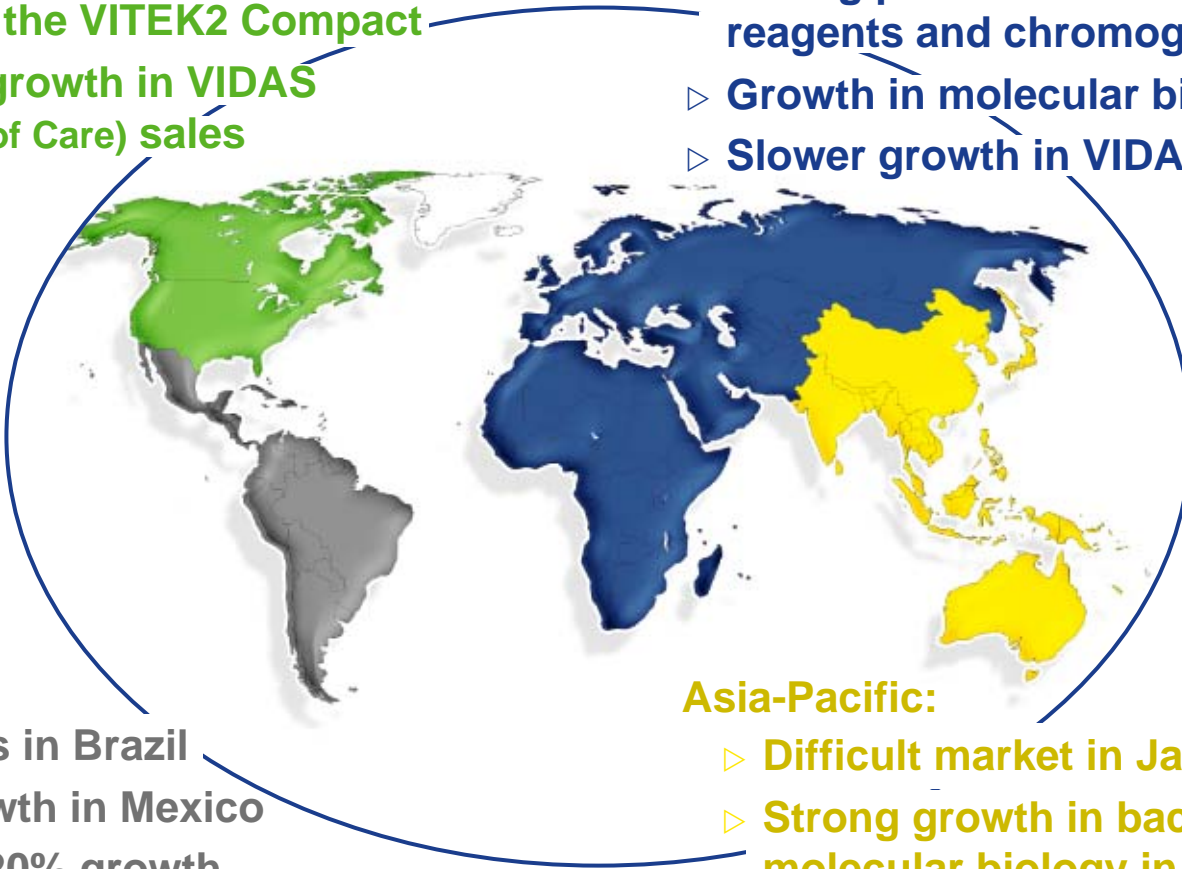


North America:

- ▷ Success of the VITEK2 Compact
- ▷ Sustained growth in VIDAS POC (Point of Care) sales
- ▷ Growth in molecular biology

EMEA:

- ▷ Strong performances by VITEK2 reagents and chromogenic media
- ▷ Growth in molecular biology
- ▷ Slower growth in VIDAS routine tests



Latin America:

- ▷ Lower sales in Brazil
- ▷ Strong growth in Mexico
- ▷ More than 20% growth in the strategic ranges

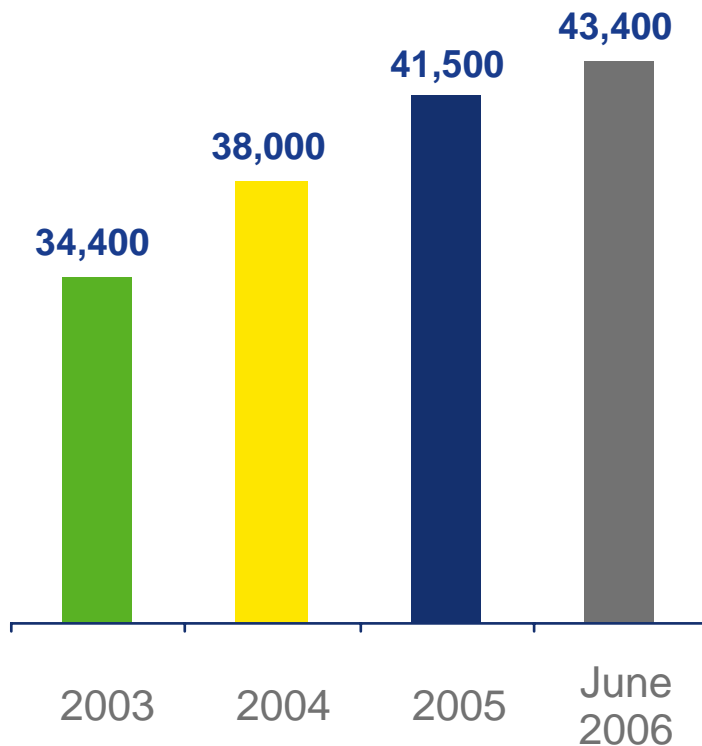
Asia-Pacific:

- ▷ Difficult market in Japan
- ▷ Strong growth in bacteriology and molecular biology in the other countries

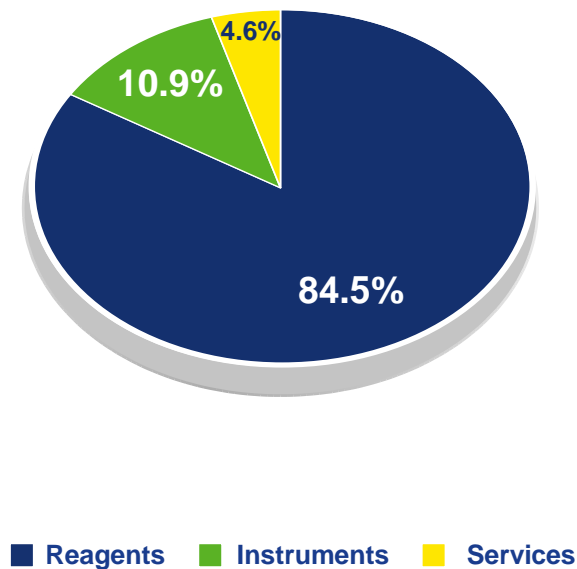
Further growth in the installed base



*Installed base - Number of instruments**



Breakdown of sales



- ▶ Around 1,900 new instruments installed during the period
- ▶ No change in the instruments sold/instruments placed mix

* Excluding hemostasis instruments



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Refocusing on the strategic ranges



Sale of the hemostasis range

▶ Sold to Trinity Biotech plc

- ▶ 2005 revenue: €45 million
- ▶ No. 4 in the global hemostasis market
- ▶ MDA®, MTX® and Thrombolyzer® platforms and a comprehensive reagents menu
- ▶ bioMérieux will continue to produce the range for 12 months

▶ Financial impact

- ▶ Proceeds: nearly \$60 million - covering sold assets, receivables and a \$5.5 million earn-out payment
- ▶ At June 30, 2006, recognition of:
 - › €30 million in proceeds
 - › €11 million capital gain

Other highlights of the period



- ▶ **Acquisition of 100% of Bacterial Barcodes. Inc.**
 - ▷ US molecular biotechnology company, owning proprietary Diversilab® system for automated microbial genotyping
 - ▷ Fostering in infectious control: identification of multi-drug resistant bacteria in hospital and industrial environments

- ▶ **Acquisition of a 15% stake in ReLIA (\$8 M)**
 - ▷ California start-up specialized in the Point-Of-Care segment
 - ▷ bioMérieux will distribute the ReLIA platform in certain countries

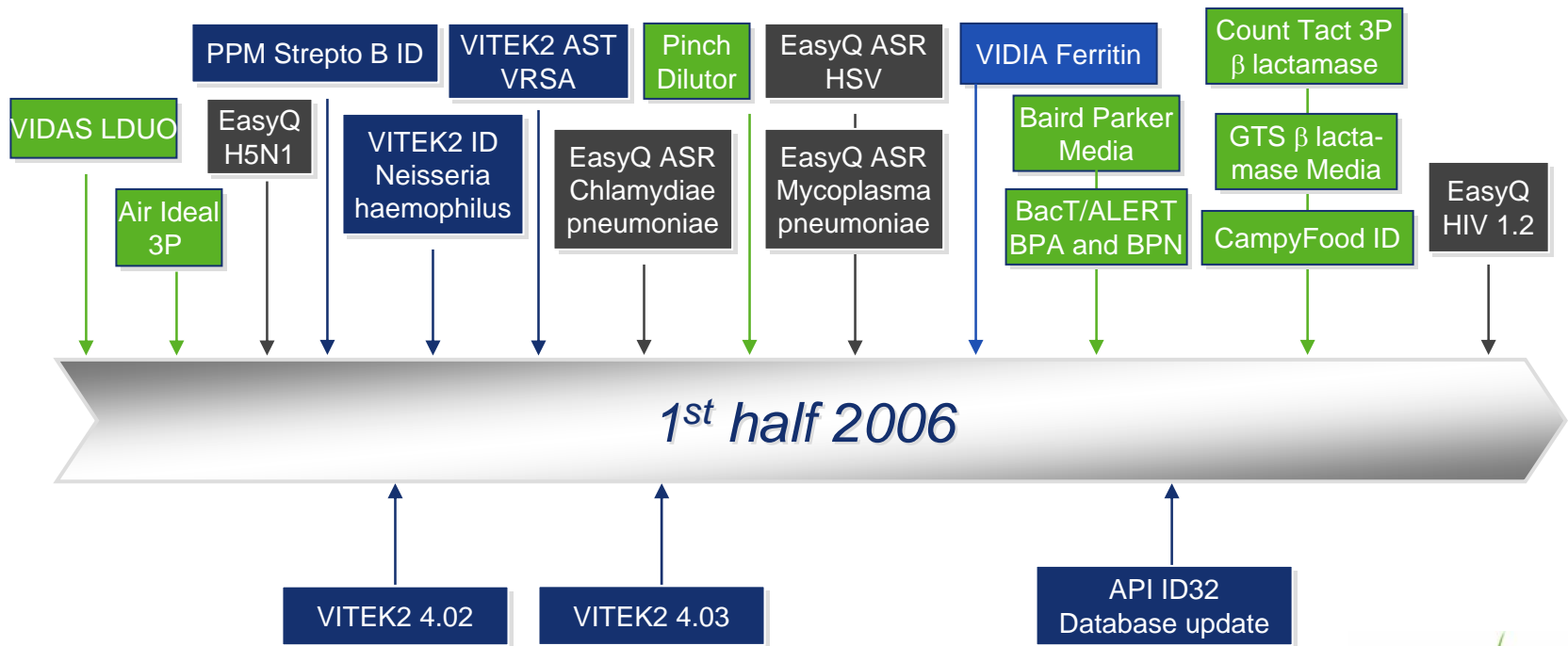
- ▶ **Agreement with Profos AG**
 - ▷ Innovative sample preparation solutions for the detection of pathogenic agents for the food industry and service labs
 - ▷ Enhanced food safety

- ▶ **Agreement with Fudan University Cancer Hospital**
 - ▷ Creation of a laboratory in Shanghai: research on tumor markers, in particular for colon and breast cancer

New product launches



- ▶ In 1st half 2006:
17 reagents and **3 software applications** launched





Introduction

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▶ **Financial Review**

▶ **Income Statement**

Cash Flow Statement and Balance Sheet

2006 Outlook

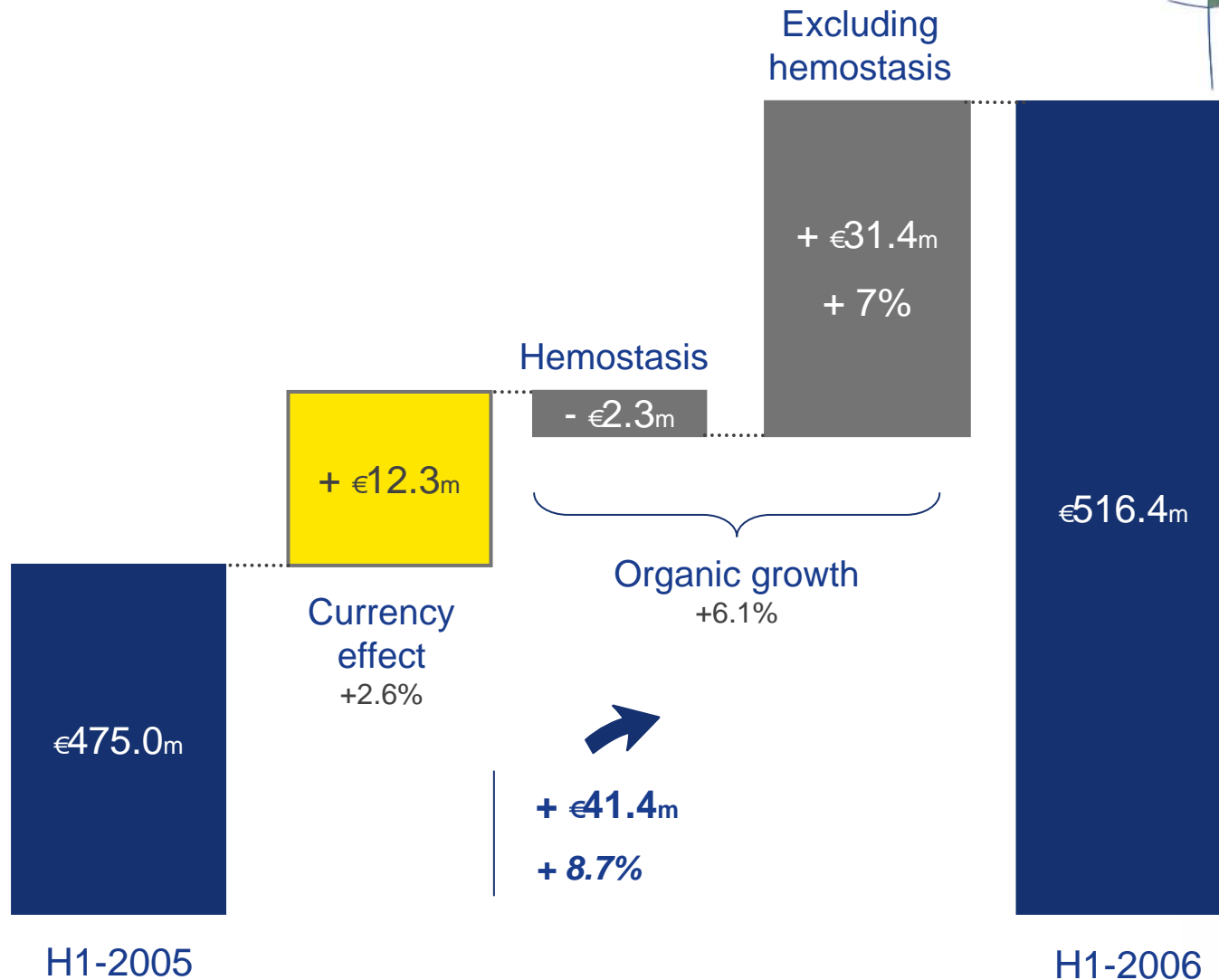
Consolidated income statement



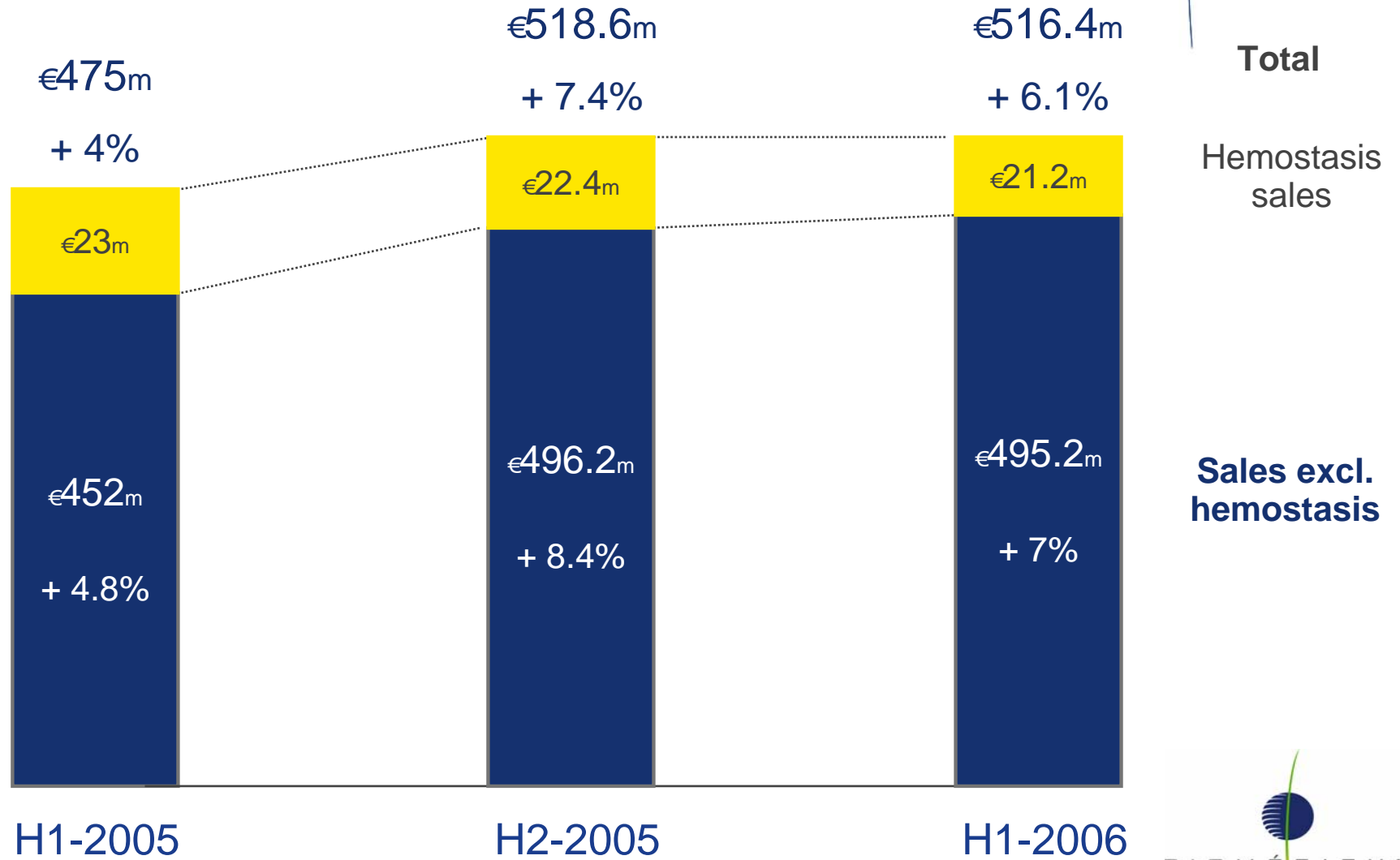
in € millions	H1-2006	H1-2005	% Change
Net sales	516.4	475.0	+ 9%*
Operating income before non-recurring items <i>as a % of sales</i>	74.4 14.4%	62.9 13.2%	+ 18%
Operating income <i>as a % of sales</i>	85.6 16.6%	62.2 13.1%	+ 38%
Net income <i>as a % of sales</i>	55.1 10.7%	39.0 8.2%	+ 41%

* + 6.1% at constant exchange rates

Analysis of growth in net sales



Net sales excluding hemostasis



Consolidated income statement



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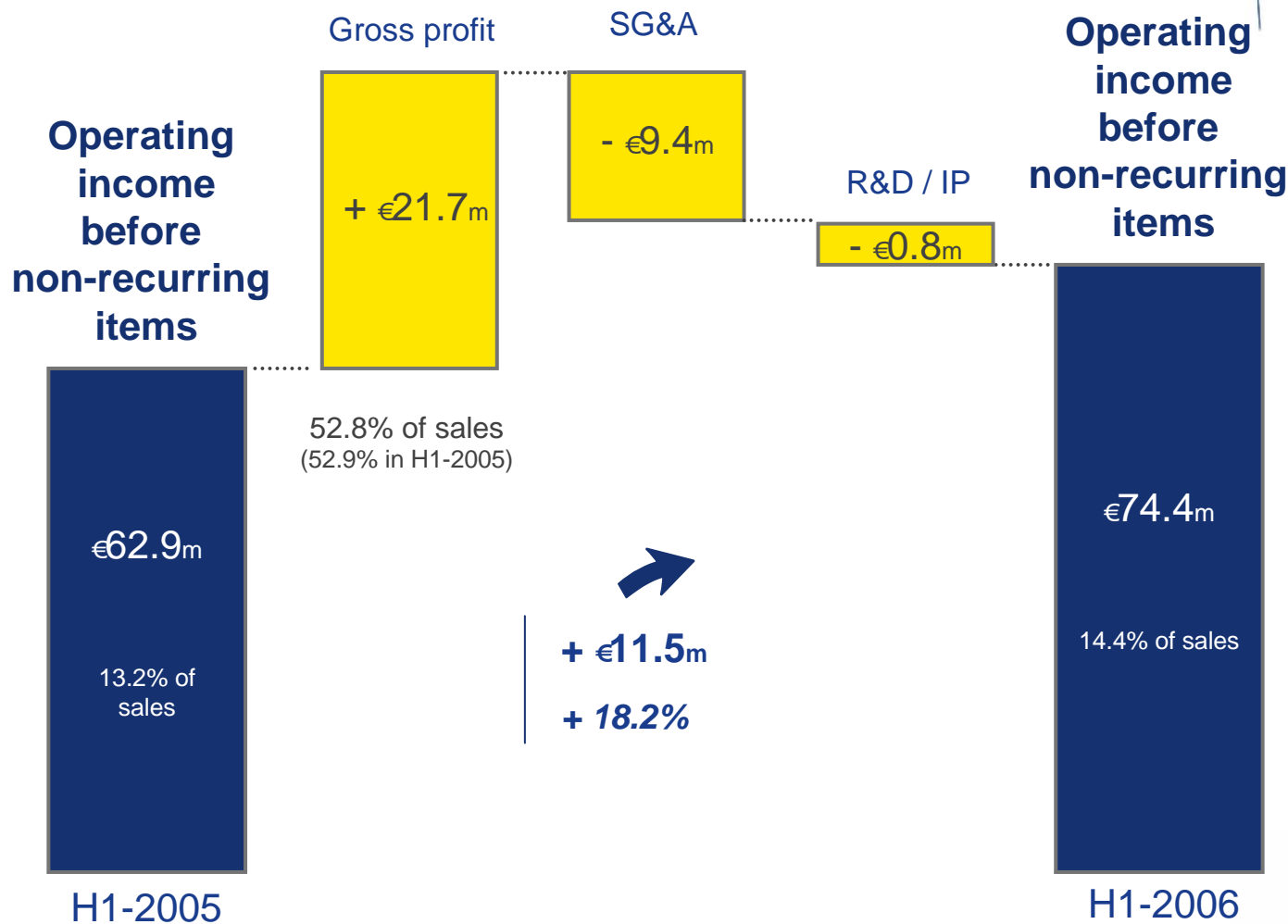
Consolidated income statement



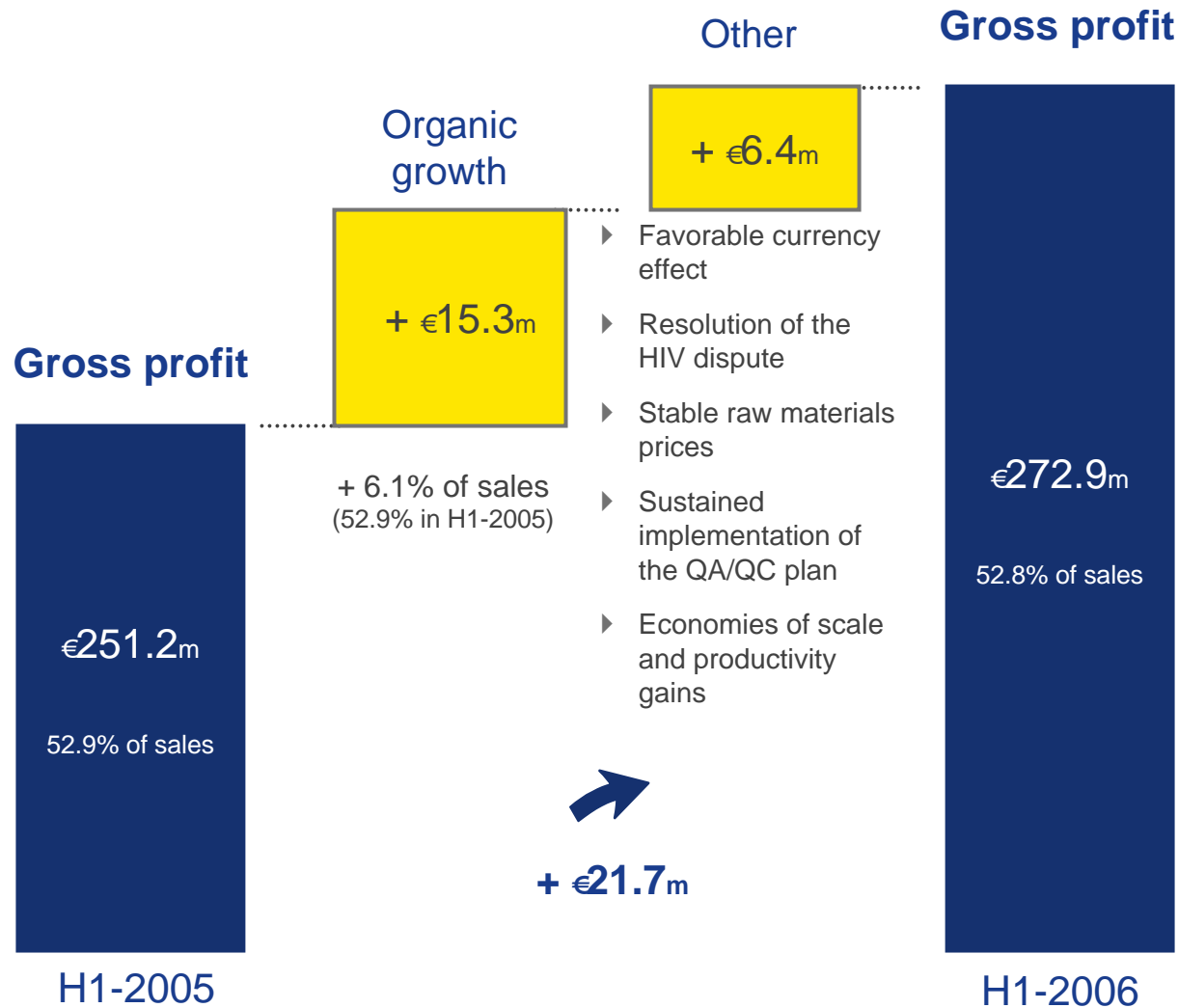
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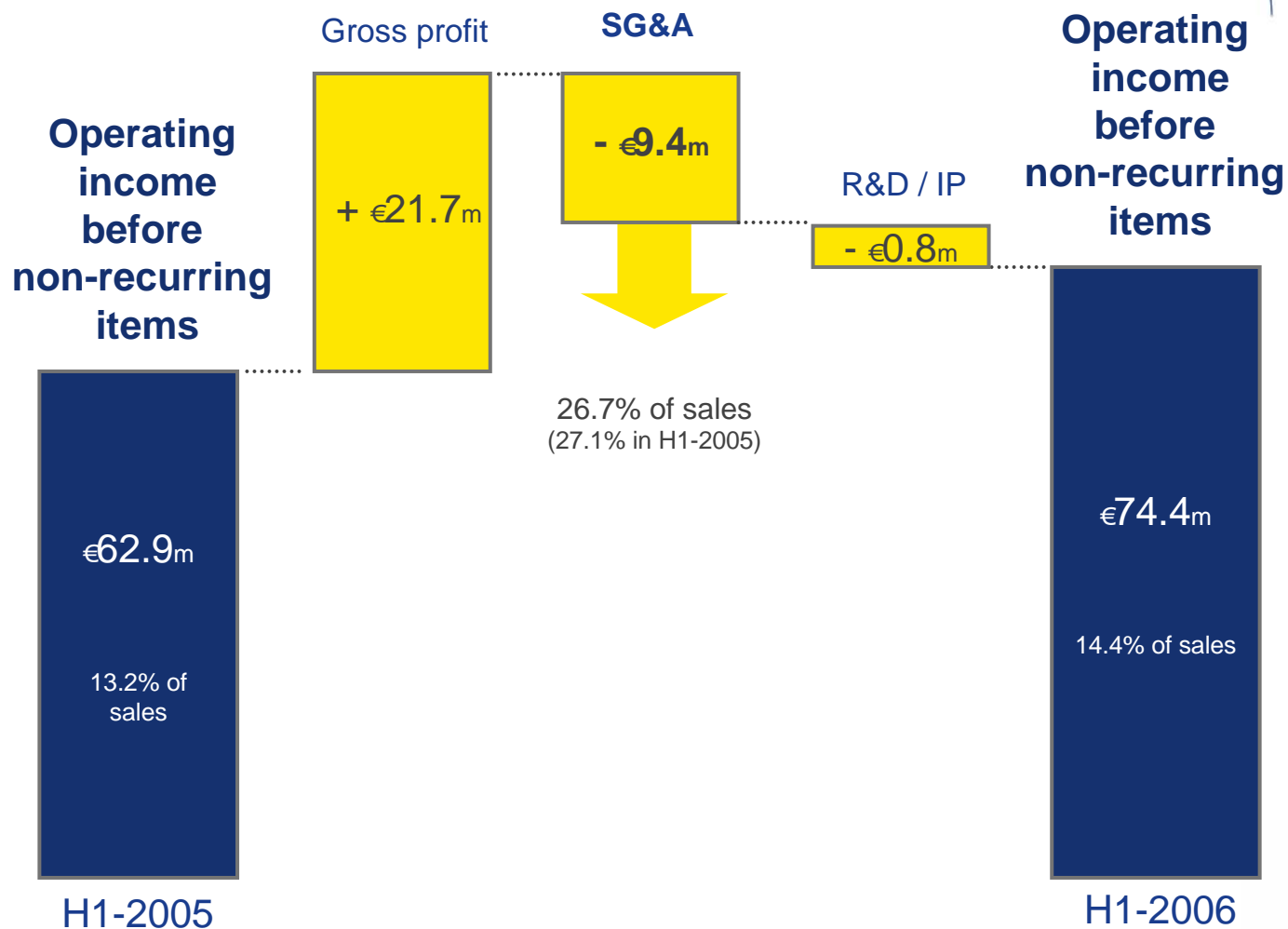
Analysis of growth in operating income before non-recurring items



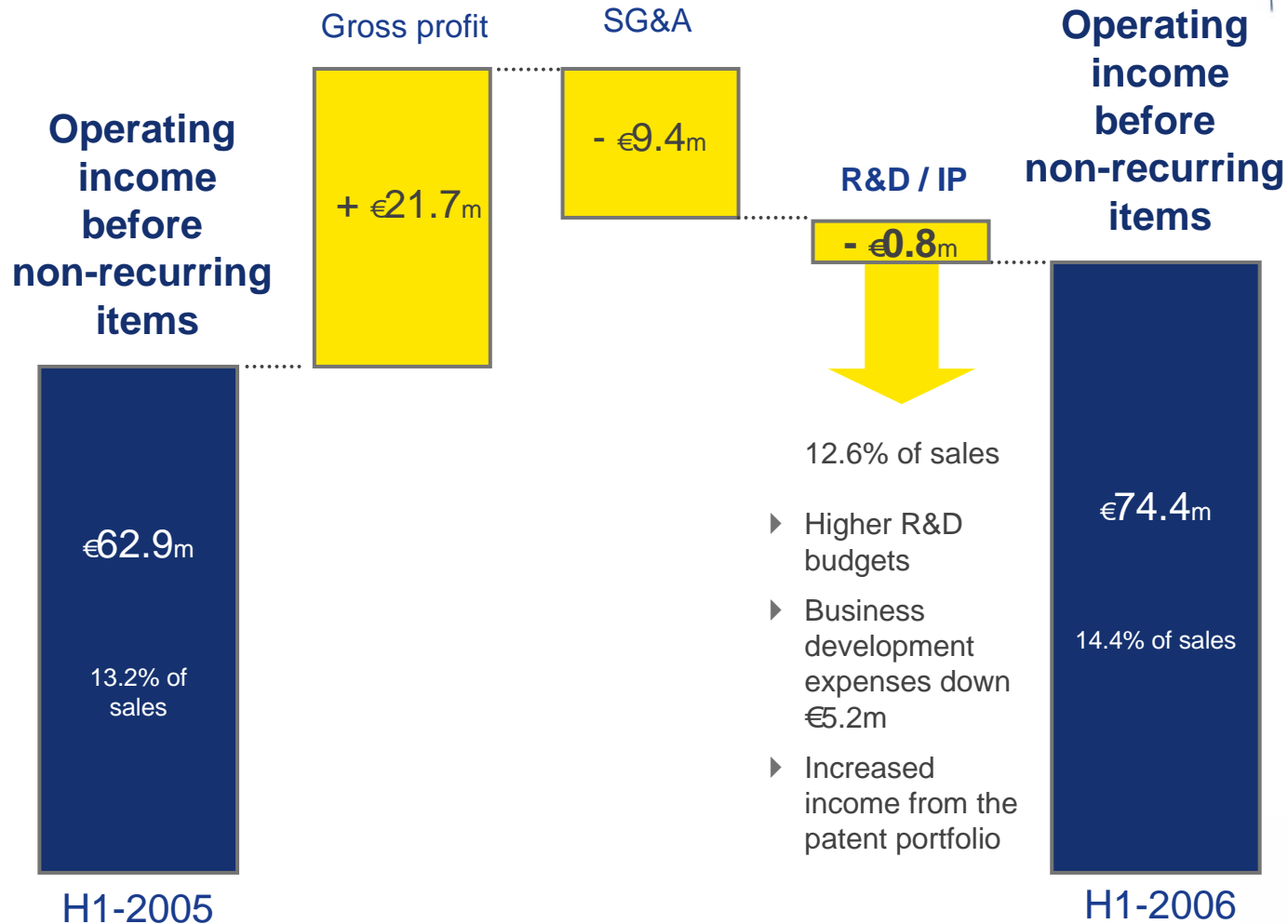
Gross profit



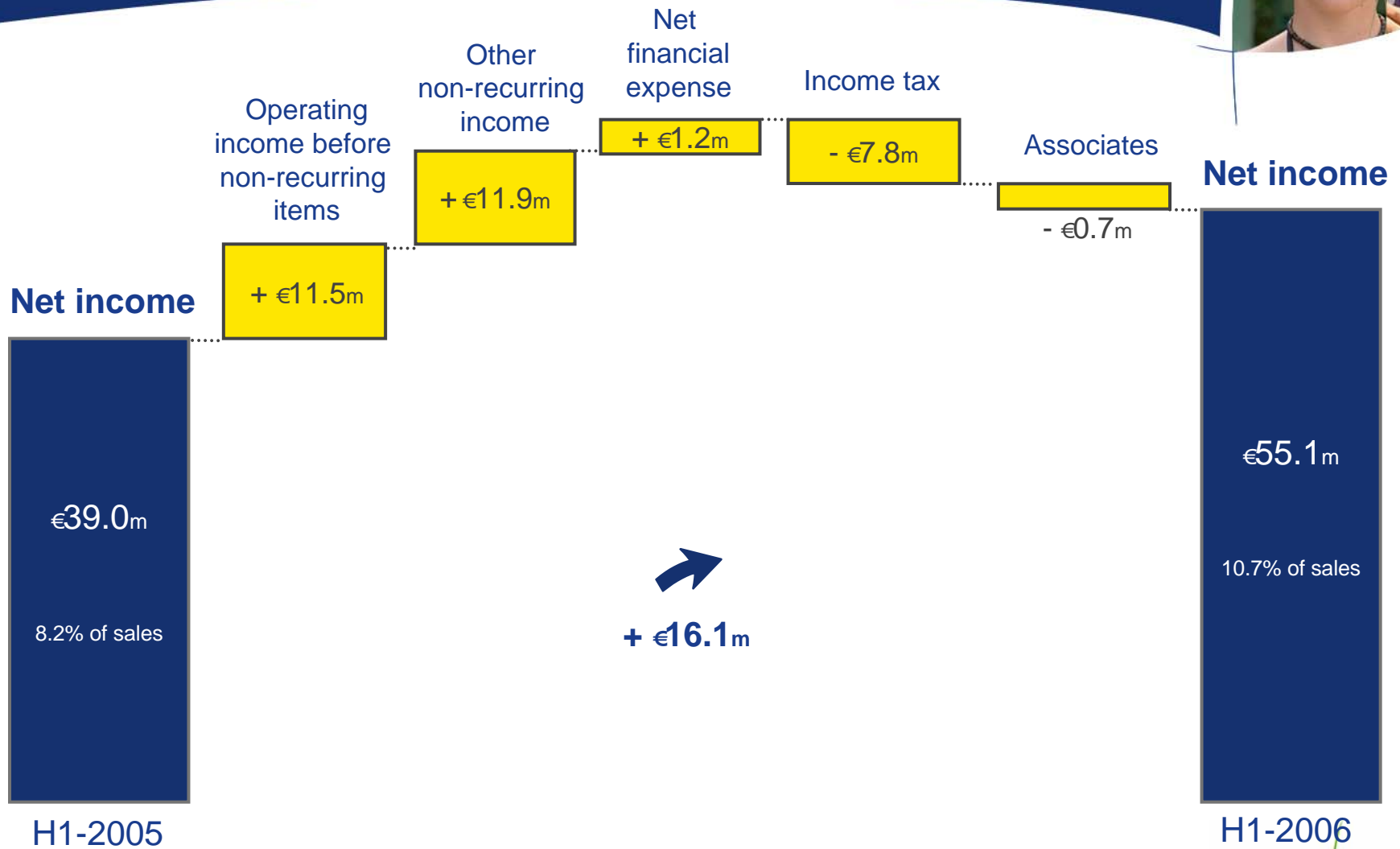
Selling, general and administrative expense



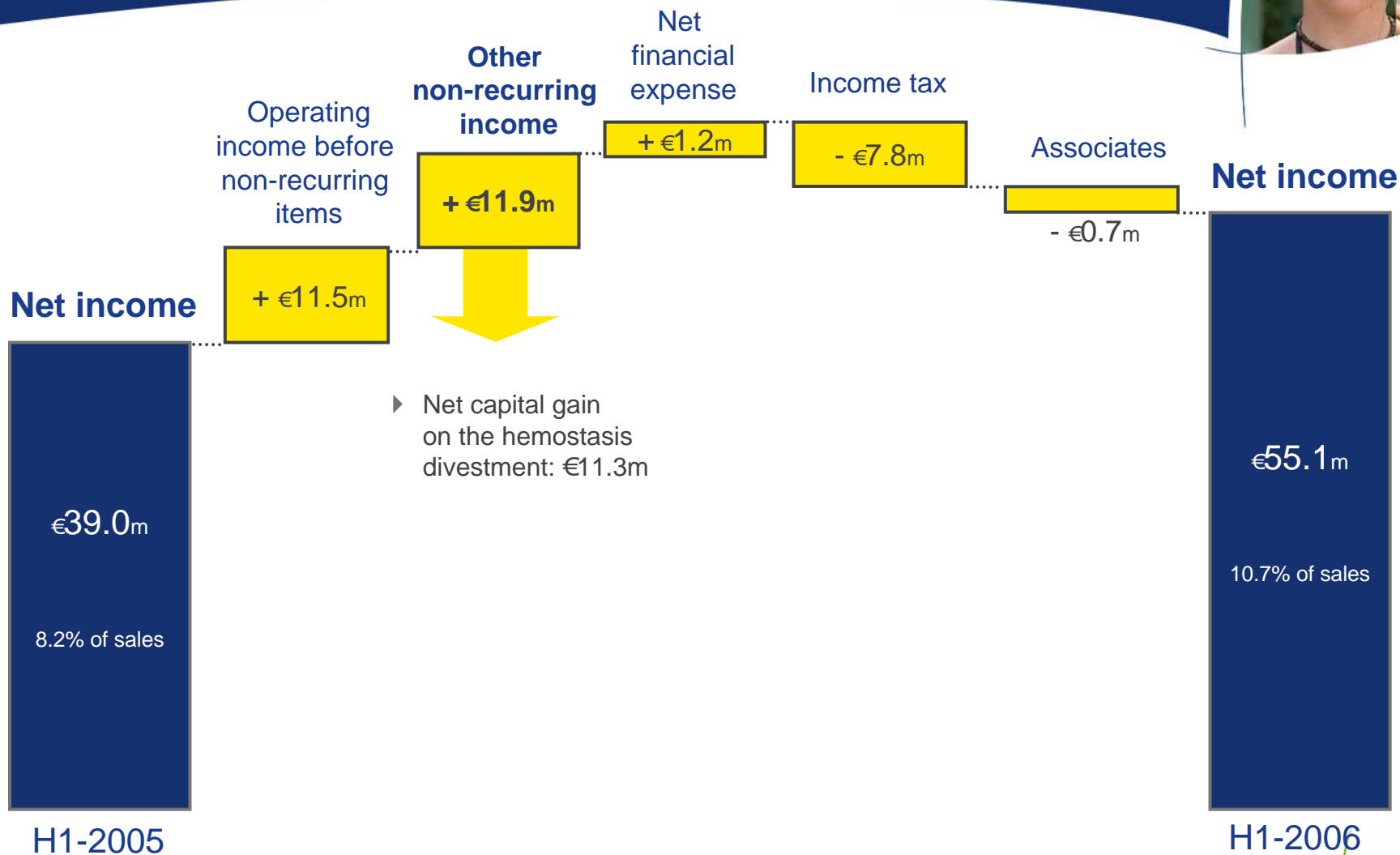
Stable R&D expenditure



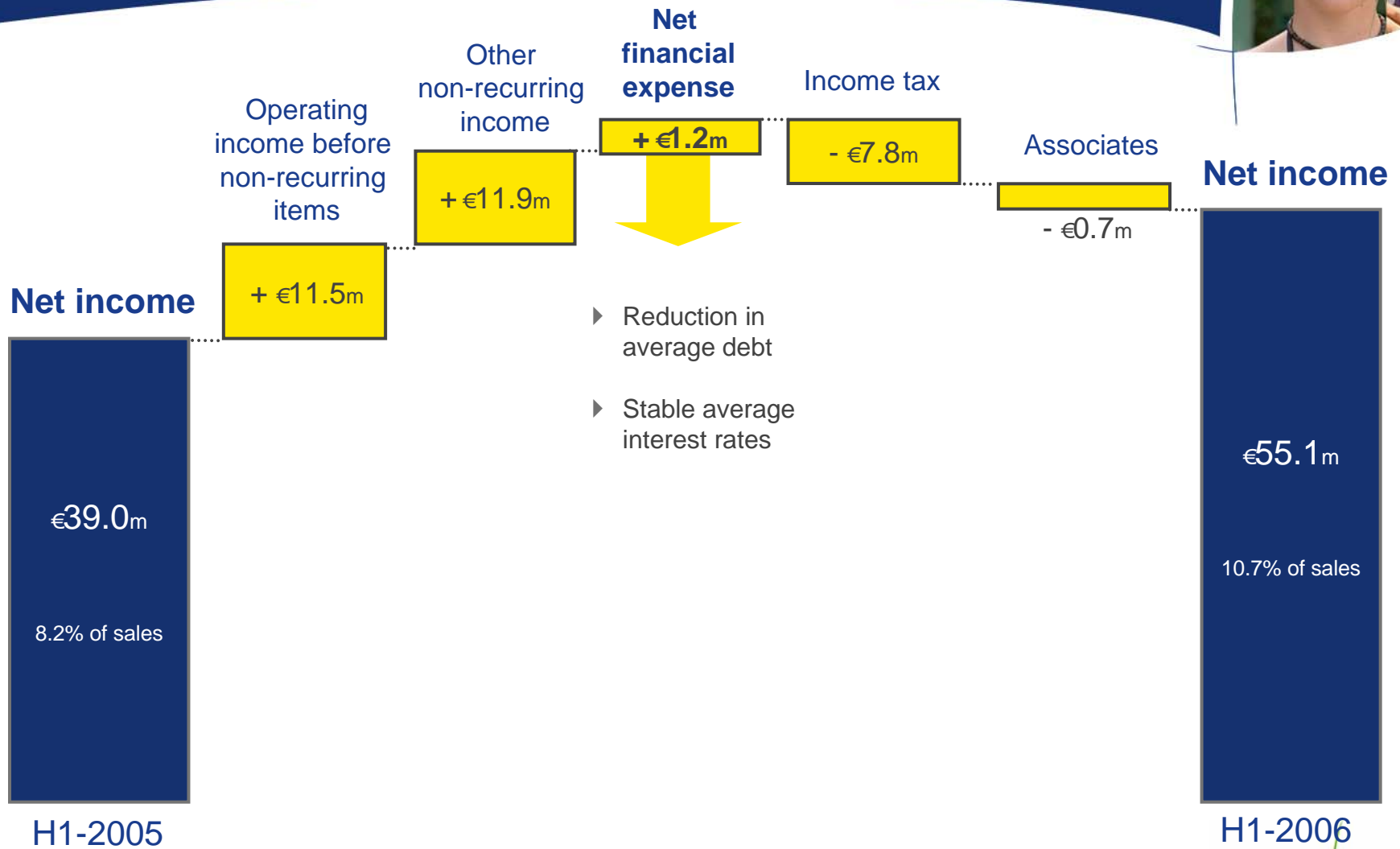
Analysis of growth in net income



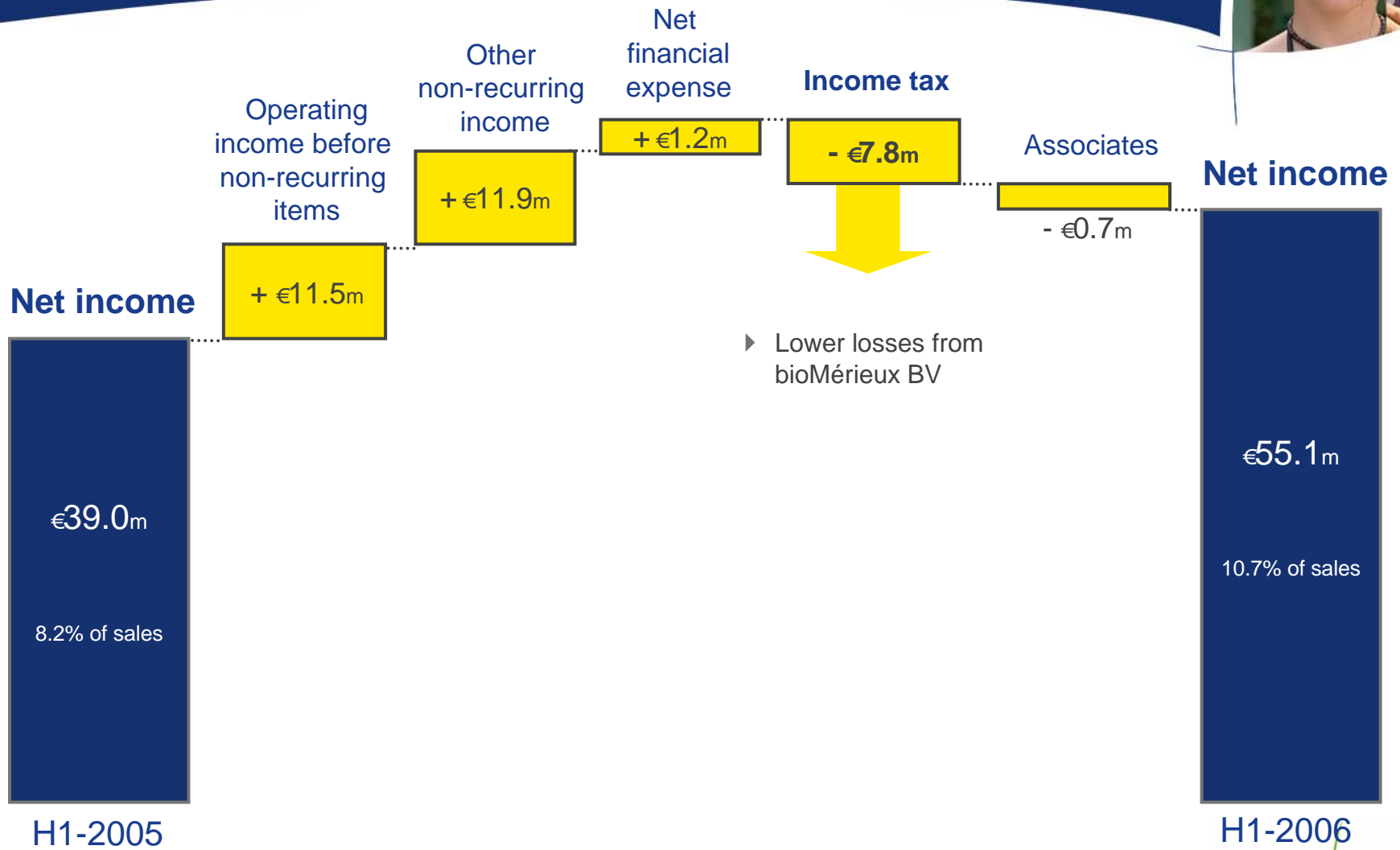
Divestment of the hemostasis line



Improvement in net financial income



Tax rate: 35.5%





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Free cash flow of €14m

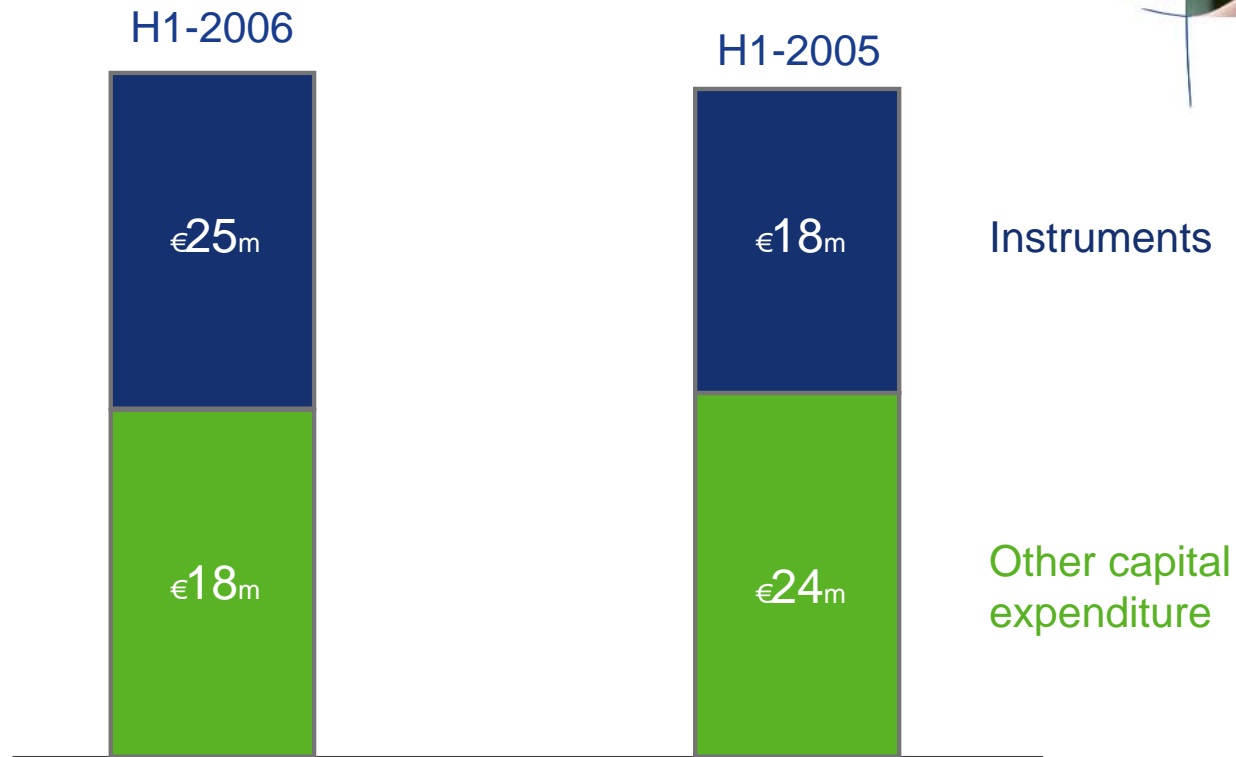


in € millions	H1-06	H1-05	Change
EBITDA ⁽¹⁾	110	97	13
Provisions and other	-11	0	-11
Cash flow before cost of debt and income tax	99	97	2
Operating working capital requirement	-32	-16	-16
Income tax and financial expense	-29	-16	-13
Capital expenditure ⁽²⁾	-50	-43	-7
Hemostasis sale	30		30
Other	-4	2	-6
Free cash flow	14	24	-10
Dividends	-18	-16	
Currency effect	-4	1	
(Increase)/decrease in debt	-8	9	

⁽¹⁾ Operating income before non-recurring items (resp. €74m and €63m) plus depreciation (resp. €36m and €34m)

⁽²⁾ Cash outlays, including change in payables to PPE suppliers

Sustained capital expenditure



Total

€43m 8.4% of sales

€42m 8.8% of sales

Change in payables to PPE suppliers

+ €7m

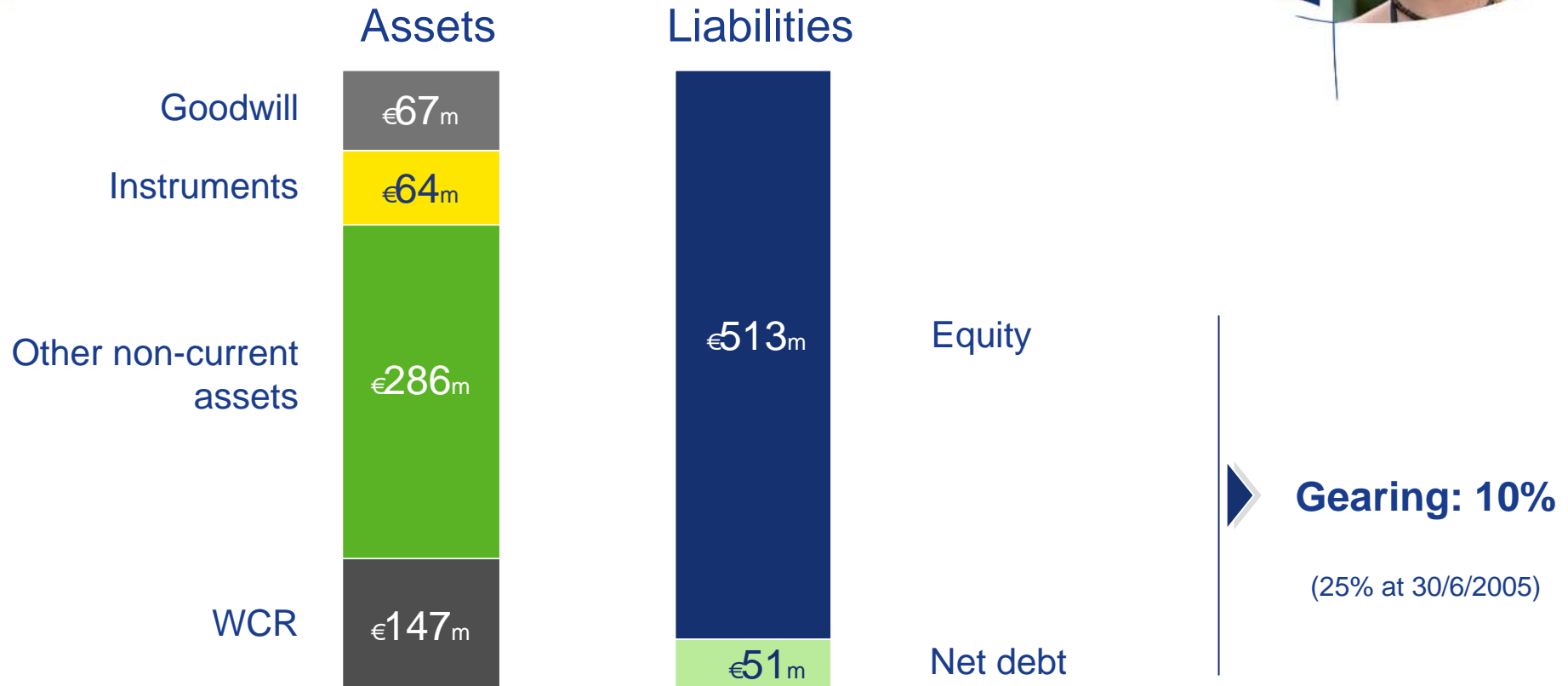
+ €1m

Cash outlays

€50m

€43m

A solid balance sheet



Syndicated loan in stand-by

- ▶ €260m
- ▶ Due in 2013



Introduction

A Good First Half in a Changing Market

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▶ Sales:

- ▷ Growth in sales
- ▷ Sustained deployment of the new platforms and enriched reagent menus
- ▷ Refocusing on the strategic ranges

➔ ***Growth in net sales at the high end of the 5% to 6% range****

▶ Operating income before non-recurring items:

- ▷ Further economies of scale and action plans to offset quality management costs and higher raw materials prices
- ▷ Contained operating costs while maintaining sustained R&D budgets

➔ ***First-half operating margin before non-recurring items should be maintained over the full year***

**At constant exchange rates and scope of consolidation*