



PRESS RELEASE – For immediate release

bioMérieux Announces 23% Increase in First-Half 2004 Operating Income and Net Income

MARCY-L'ÉTOILE, FRANCE – October 1, 2004 — bioMérieux, a global leader in the field of *in vitro* diagnostics, today announces a **significant increase** in its financial results for the six months ended June 30, 2004.

Consolidated data (in € millions)	June 30, 2004 (6 months)	June 30, 2003 (6 months)	Dec. 31, 2003 (12 months)
Net sales	460.6	447.2	914.5
Gross profit	246.9	232.1	474.5
R&D expenses	62.1	58.7	131.1
Operating income	60.4	49.0	102.1
Net income	31.7	25.7	55.1

BUSINESS REVIEW

- bioMérieux reported **sales of €461 million** in the first half of 2004, a **year-on-year increase of 6.9% at constant exchange rates and scope of consolidation**.

The euro's performance against most other currencies, especially the dollar, continued to weigh on reported sales, **which were up 3% for the period**.

All of the regions contributed to growth, with sales at constant exchange rates rising 4.5% in Europe, 8.9% in North America and more than 10% in the other regions. Excluding the currency effect, sales of strategic product lines rose an aggregate 8%, with clinical applications gaining 6.1% and industrial applications 12.3%.

The installed base continued to expand during the period, with more than 1,900 instruments installed with customers.

The first-half increase in sales also reflected the unusual breakdown of 2003 sales, which were especially weak in the first half and significantly stronger in the second.

- 19 new products (reagents, instruments and software) were launched during the first half, including the MiniMag™ extraction system in the area of molecular biology.

Positions in bacteriology were strengthened in Europe, thanks in particular to VITEK®2, the introduction of blood culture plastic bottles and rising demand for the culture media introduced in 2003. In addition, business in Germany recovered in the first half, following a difficult 2003.

In the United States, bioMérieux deepened its presence in immunoassays (VIDAS®), particularly in Physician Office Labs and in emergency units with its VIDAS D-DIMER test. The Company also pursued its development in bacteriology, expanding its VITEK®2 menu and developing the BacT/Alert® application to monitor bacteriological sterility of platelets in blood banks.

In the Asia-Pacific region, the Company decided to consolidate in Shanghai its head office for China and for the region. This decision reflected the Company's commitment to strengthening its presence in China, where it is enjoying strong growth in the areas of bacteriology and immunoassays (in particular HIV tests for blood banks).

FINANCIAL REVIEW

◆ Statement of income

- **Gross profit** totaled €246.9 million, representing 53.6% of sales, compared with €232.1 million and 51.9% at June 30, 2003. The 6.4% increase was driven by higher sales, the restructuring of US facilities in 2003 and ongoing measures to improve productivity, as well as currency effects.
- **Research and development expenses** amounted to 13.5% of sales. This expenditure, which was in line with forecasts, funded programs undertaken to develop new platforms and reagent menus.
- **Selling, marketing and general and administrative expenses** (excluding the €2.8 million portion of IPO-related costs recognized at June 30, 2004) rose by only 2.6% during the first half, in spite of the costs incurred in preparing for the new platform launches.
- **Operating income** rose by 23% to €60.4 million from €49 million in first-half 2003. Operating margin stood at 13.1%, compared with 11% for the prior-year period.
- Despite the decline in average debt and interest rates, **net financial expenses** increased slightly because of other non-recurring financial costs.
- **Income tax** amounted to 39% of pretax income, versus 37.7% at June 30, 2003. The increase reflected the fact that no deferred tax assets were recognized on the tax losses from unprofitable companies (notably bioMérieux BV and bioMérieux Japan). Excluding the unprofitable companies, the tax rate would have been 34.8%.

- As a result, **net income** increased by 23% to €31.7 million in the first half, or 6.9% of net sales.

◆ Balance sheet

- During the first half, the increase in income and the disciplined management of capital expenditure helped to generate €20.4 million in **free cash flow** before payment of the exceptional €30 million dividend approved by the shareholders' meeting on April 16, 2004.
- **Net debt** amounted to €183.5 million at June 30, 2004. Gearing stood at 52%, compared with 62% at June 30, 2003 and 51% at December 31, 2003.

NB: Within the frame of the listing of the Company in July 2004, the employee offering resulted in the issue of 542,350 new shares, for total proceeds of €13 million. After the ten-for-one stock split, shares outstanding now total 39,453,740.

FIRST-HALF OPERATING HIGHLIGHTS

■ Capital expenditure

To support its development and prepare for new platform launches, the Company pursued its capital spending program during the half, in particular at facilities in:

- Grenoble, where the French molecular biology operations will be consolidated.
- Lyon area, with the expansion of the Petri dish production unit in Craponne, and the creation of a European instrument logistics center in La Balme.
- Durham, North Carolina, where a dedicated center will be created, in particular to develop the GeneXpert platform.

■ Food and Drug Administration

- In late July, following an inspection of the Boxtel facility in the Netherlands, the US Food and Drug Administration (FDA) has made several observations that were notified to the Company through a "483 Form". An action plan was prepared and sent to the FDA on August 20, 2004.

In the US, the Durham, North Carolina action plan is proceeding in a timely manner. Lastly, the inspection conducted at the St. Louis, Missouri facility has been concluded with a satisfactory outcome.

- An extension of the indication for use has been granted for two important tests for the VIDAS® product range in the United States:
 - VIDAS D-DIMER ("510k" - Class II device) for the exclusion of pulmonary embolism. VIDAS D-DIMER Exclusion becomes the only test currently available in the USA for this type of indication.
 - VIDAS TPSA ("PMA" - Class III device) for the aid of the detection of prostate cancer in men 50 years and over.

■ Litigation

The legal proceedings between bioMérieux BV and the University of Amsterdam was finally resolved with the signing of a transactional agreement on August 3, 2004. Concerning the ongoing litigation with Bio-Rad and DBV, there has been no change in the treatment of related provisions.

OUTLOOK

Business should remain sustained throughout 2004, with an increase in sales (excluding the currency effect) in line with that of the past two years.

Despite the costs related to forthcoming product launches, the first half's solid results support the prospect of a significant improvement in full-year operating margin.

"While maintaining its research commitment, bioMérieux is continuing its international expansion," noted Alain Mérieux, Chairman of bioMérieux, "especially in its strategic infectious disease diagnostics business."

"We are satisfied with the 23% increase in operating income for the first half," added Executive Vice President Benoît Adelus. "It reflects the robust development of our business as well as ongoing measures to improve productivity. These good results support our confidence with regard to our profitability targets."

INVESTOR CALENDAR

October 20, 2004: Third-quarter 2004 sales released

January 19, 2005: Full-year 2004 sales released

ABOUT bioMérieux

bioMérieux is a leading international diagnostics group that specialises in the field of *in vitro* diagnostics for clinical and industrial applications. bioMérieux designs, develops, manufactures and markets systems (i.e. reagents, instruments and softwares) used in:

Clinical applications: the diagnosis of infectious diseases such as hepatitis, HIV, tuberculosis and respiratory illnesses, as well as pathologies such as cardiovascular diseases and cancer, based on the analysis of biological samples (such as blood, saliva or urine); and

Industrial applications: the microbiological analysis of food, environments (such as water and air), surfaces and pharmaceutical and cosmetic products, based on the analysis of product or environmental samples. bioMérieux has pioneered this business and is world leader.

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DISCLAIMER

The present release contains information, assumptions and estimates that were used to determine these objectives. They are subject to change or modification due to economic, financial and competitive uncertainties in France or in other countries. Further information regarding these assumptions, risks and estimates are described in the documents registered with the "Autorité des Marchés Financiers". The forward-looking statements contained in the present release should only apply up to date. Accordingly, the company cannot give any assurance as to whether it will achieve the objectives described in this section, and makes no commitment or undertaking to update or otherwise revise such information.

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CONSOLIDATED INCOME STATEMENT

<i>In millions of Euros</i>	Jan 04-June 04 6 months	Jan 03-June 03 6 months (1)	Jan 03-Dec 03 12 months
NET SALES	460,6	447,2	914,5
COST OF SALES	-213,7	-215,1	-440,0
GROSS PROFIT	246,9	232,1	474,5
SELLING AND MARKETING EXPENSES	-86,6	-84,3	-164,3
GENERAL AND ADMINISTRATIVE EXPENSES	-40,7	-37,0	-72,7
RESEARCH AND DEVELOPMENT EXPENSES	-62,1	-58,7	-131,1
TOTAL OPERATING EXPENSES	-189,4	-180,0	-368,1
ROYALTIES RECEIVED	3,9	3,2	7,4
RESTRUCTURING COSTS	-1,0	-6,3	-11,7
OPERATING INCOME	60,4	49,0	102,1
FINANCIAL EXPENSES (NET)	-4,7	-4,0	-5,9
EXCEPTIONAL INCOME (LOSS)	-0,3	0,9	-0,3
INCOME TAX	-21,6	-17,3	-34,7
NET INCOME BEFORE GOODWILL AMORTIZATION	33,8	28,6	61,2
AMORTIZATION OF GOODWILL	-2,2	-2,9	-6,2
NET INCOME BEFORE MINORITY INTERESTS	31,6	25,7	55,0
MINORITY INTERESTS	0,1	0,0	0,1
NET INCOME	31,7	25,7	55,1
NET INCOME PER SHARE	0,82	0,66	1,41

(1) Not reviewed by the statutory auditors

(2) In the absence of dilutive instruments, diluted net income per share is identical to basic net income per share.

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CONSOLIDATED BALANCE SHEET

<u>ASSETS</u> <i>In millions of Euros</i>	NET 30/06/2004	NET 30/06/2003 (1)	NET 31/12/2003
<u>FIXED ASSETS</u>			
. Intangible assets	24,2	27,5	25,2
. Goodwill	65,9	73,2	67,3
. Tangible assets	251,8	257,0	251,5
. Financial assets	38,6	28,1	29,8
TOTAL	380,5	385,8	373,8
<u>CURRENT ASSETS</u>			
. Inventories and work in progress	134,3	137,5	121,9
. Accounts receivable	262,8	260,8	257,9
. Other operating receivables	20,5	24,1	19,1
. Non-operating receivables	23,5	34,5	36,5
. Deferred tax assets	24,8	19,7	21,8
. Cash and cash equivalents	15,5	17,3	50,6
TOTAL	481,4	493,9	507,8
TOTAL ASSETS	861,9	879,7	881,6
LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/2004	30/06/2003 (1)	31/12/2003
<u>SHAREHOLDERS' EQUITY</u>			
. share capital	11,9	11,9	11,9
. Additional paid-in capital	51,2	51,2	51,2
. Retained earnings	292,3	298,1	270,4
. Translation reserve	-33,6	-23,8	-40,5
. Net income for the year	31,7	25,7	55,1
TOTAL SHAREHOLDERS' EQUITY	353,5	363,1	348,1
MINORITY INTERESTS	0,7	0,8	0,7
PROVISIONS FOR RISKS AND CHARGES	83,0	62,1	78,5
<u>LIABILITIES</u>			
. Financial indebtedness	199,0	243,6	229,4
. Accounts payables	89,9	78,9	90,9
. Other operating liabilities	115,3	105,4	107,4
. Non-operating liabilities	20,5	25,8	26,6
<u>TOTAL</u>	424,7	453,7	454,3
TOTAL PASSIF	861,9	879,7	881,6

(1) Not reviewed by the statutory auditors

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CONSOLIDATED STATEMENT OF CHANGE IN NET INDEBTEDNESS

<i>In millions of euros</i>	Jan 04-June 04 6 months	Jan 03-June 03 6 months (1)	Jan 03-Dec 03 12 months
Net income before minority interests	31,6	25,7	55,0
Depreciation, amortization and provisions, net	41,5	37,8	83,6
Net realized capital gains (losses)	0,3	0,0	1,5
Cash flow from operating activities	73,4	63,5	140,1
Decrease (increase) in inventories	-12,5	-11,5	1,6
Decrease (increase) in accounts receivable	-5,7	-7,4	-12,8
Increase (decrease) in accounts payable and other operating working capital requirements	-1,4	-7,2	22,3
Decrease (increase) in working capital requirements	-19,6	-26,1	11,1
Increase (decrease) in income tax payable	3,4	-7,6	-3,7
Other	-0,2	-1,9	-2,5
Decrease (increase) in working capital requirements	-16,4	-35,6	4,9
Net cash flow from operations	57,0	27,9	145,0
Capital expenditure	-32,3	-35,5	-81,2
Sale of property, plant and equipment	2,2	1,5	4,3
Change in net payables related to fixed assets	-5,5	-0,4	2,1
Sale of investment securities			3,3
Impact of changes in the scope of consolidation	-1,7 (3)		-1,0 (4)
Repayment by TSGH	7,8 (5)		
Loan to NBMA		16,8	8,7
Changes in other financial fixed assets	-1,0	-2,0	-7,1
Net cash flow from (used in) investment activities	-30,5	-19,6	-70,9
Dividends to bioMérieux SA shareholders	-29,9 (6)	-1,0	-19,0
Net cash flow from (used in) shareholders' equity	-29,9	-1,0	-19,0
CHANGE IN NET INDEBTEDNESS (Excluding exchange rate effects)	-3,4	7,3	55,1
ANALYSIS OF CHANGE IN NET INDEBTEDNESS			
Net indebtedness at the beginning of the year	178,8	237,1	237,1
Impact of currency changes on net indebtedness	1,3	-3,5	-3,2
Change in net indebtedness	3,4	-7,3	-55,1
- Confirmed facilities	-60,7	-43,0	-45,5
- Cash and other bank deposits	64,1	35,7	-9,6
Net indebtedness at the end of the year	183,5	226,3	178,8

(1) Not reviewed by the statutory auditors

(2) Including capitalized instruments : 30/06/04 : 18 M€ - 30/06/03 : 18,6 M€ - 31/12/2003 : 39,6 M€

(3) In 2004, net cash position of NBMA at the date of its merger with bioMérieux SA (transaction made before the initial public offer)

(4) In 2003, net cash position of ABL at date of sale

(5) Transaction made before the initial public offer

(6) Extraordinary distribution of dividends according to the General Shareholders meeting 16/04/04 (transaction made before the initial public offer)