

Press release

Regulated information | Consolidated results for the first half of 2011

Waregem (Belgium) / Rotterdam (the Netherlands)¹, 5 August 2011

REBITDA, EBITDA, EBIT AND NET PROFIT INCREASE DOUBLE DIGIT AND FASTER THAN TURNOVER

MANAGEMENT REITERATES EXPECTATIONS FOR 2011

Key points of the first half of 2011:

- **Turnover increased by 13.7% to € 232.7 million**
- **REBITDA increased by 15.2% to € 32.9 million**
- **EBIT increased by 22.1% to € 20.2 million**
- **Net profit increased by 33.0% to € 14.0 million**
- **Cash flow from operational activities: +15.1% to € 19.6 million**
- **Outlook for 2011: Turnover growth between 14% and 18%, organic turnover growth between 3% and 6% and profitability that is expected to grow faster than turnover**

Ger van Jeveren, CEO of Arseus: "Since our independence in October 2007, despite the difficult economic conditions, Arseus has developed into a leading company with a strong focus on innovative products and concepts with added value. It is satisfying to note that Arseus' profitability has evolved in a similar way. In the first half of 2011, the REBITDA, EBITDA, EBIT and net profit once again increased faster than turnover growth. This excellent result was driven by the strong performance of Fagron, Arseus Medical, Corilus and Arseus Dental Technology. The results of Arseus Dental Solutions were below expectations. The management has taken the necessary measures to improve the results of Arseus Dental Solutions and is fully confident that it will also succeed in this.

In line with earlier forecasts, for 2011 we expect turnover growth of between 14% and 18%, organic turnover growth of between 3% and 6% and profitability that is expected to grow faster than turnover."

¹ This press release was sent out by Arseus NV and Arseus BV.



| Income statement (x 1,000 euros) | H1 2011 | H1 2010 | Evolution |
|--|---------------|---------------|---------------|
| Net sales | 232,734 | 204,678 | +13.7% |
| Gross margin | 113,825 | 97,937 | +16.2% |
| <i>As % of net sales</i> | <i>48.9%</i> | <i>47.8%</i> | |
| Operating costs | -80,886 | -69,332 | +16.7% |
| EBITDA before corporate costs and non-recurrent result | 32,939 | 28,605 | +15.2% |
| <i>As % of net sales</i> | <i>14.2%</i> | <i>14.0%</i> | |
| Corporate costs | -3,072 | -2,865 | +7.2% |
| EBITDA before non-recurrent result | 29,867 | 25,739 | +16.0% |
| <i>As % of net sales</i> | <i>12.8%</i> | <i>12.6%</i> | |
| Non-recurrent result | -2,253 | -3,361 | -33.0% |
| EBITDA | 27,613 | 22,378 | +23.4% |
| <i>As % of net sales</i> | <i>11.9%</i> | <i>10.9%</i> | |
| Depreciation and amortization | -7,414 | -5,831 | +27.2% |
| EBIT | 20,199 | 16,548 | +22.1% |
| <i>As % of net sales</i> | <i>8.7%</i> | <i>8.1%</i> | |
| Financial result, excluding revaluation of financial derivatives | -4,379 | -2,958 | +48.1% |
| Revaluation of financial derivatives | 1,693 | -1,023 | -265.5% |
| Profit before taxes | 17,513 | 12,567 | +39.4% |
| Taxes | -3,472 | -2,011 | +72.6% |
| Net profit | 14,041 | 10,555 | +33.0% |
| Recurrent net profit ² | 14,411 | 14,163 | +1.8% |
| Net profit per share (in euros) | 0.46 | 0.35 | +31.4% |
| Recurrent net profit per share (in euros) | 0.48 | 0.47 | +2.1% |
| Average number of shares | 30,050,851 | 30,100,683 | -0.2% |

| Balance sheet (x 1,000 euros) | 30-06-'11 | 31-12-'10 |
|-------------------------------|-----------|-----------|
| Intangible assets | 310,983 | 284,498 |
| Property, plant and equipment | 51,667 | 48,862 |
| Deferred tax assets | 21,128 | 20,785 |
| Other non current assets | 1,658 | 1,665 |
| | | |
| Operational working capital | 76,859 | 71,517 |
| Other working capital | -46,807 | -39,572 |
| | | |
| Equity | 210,959 | 208,122 |
| Provisions | 4,269 | 4,251 |
| Financial instruments | 3,237 | 4,931 |
| Deferred tax liabilities | 4,445 | 4,363 |
| Net financial debt | 192,577 | 166,089 |

² Recurrent net profit is defined as the profit before non-recurrent items and the revaluation of financial derivatives, after taxes based on the effective tax rate for the group.

Notes to the consolidated interim financial statements

Income statement

The **consolidated turnover** for the first half of 2011 amounted to € 232.7 million, an increase of 13.7% compared to the first half of 2010. Organic growth was 2.9%. More detailed information on the development of turnover can be found in the press release of 8 July 2011, which can be found at www.arseus.com.

The **gross margin** increased by 16.2% to € 113.8 million. Compared to the first half of 2010, the gross margin as a percentage of the turnover increased by 1.1 percentage points to 48.9%, despite a slight decline at Arseus Dental Solutions.

The **operating costs** as a percentage of turnover increased by 0.9 percentage point during the first half of 2011, to 34.8%. This increase is due on the one hand to the extra efforts which resulted in an increase in the gross margin and on the other to lower than anticipated turnover at Arseus Medical, Corilus and Arseus Dental Solutions.

The **REBITDA**³ increased faster than turnover, by 15.2% to € 32.9 million.

The **corporate costs** as a percentage of turnover decreased by 0.1 percentage point during the first half of 2011, to 1.3%.

The **non-recurrent result** amounted to -€ 2.3 million, a decrease of 33.0% compared to the first half of 2010. This result primarily consists of acquisition costs and integration costs.

The **EBITDA** increased in the first half of 2011 by 23.4% to € 27.6 million. The operational margin (EBITDA as a percentage of turnover) increased by 1.0 percentage point to 11.9%.

Depreciation and amortization amounted to € 7.4 million, an increase of € 1.6 million compared to the same period in 2010. In the first half of 2011 € 0.5 million extra was written off on accounts receivable and stock, particularly at Arseus Dental.

The **EBIT** amounted to € 20.2 million, an increase of 22.1% compared to the first half of 2010. The EBIT increased significantly faster than the turnover.

The **financial result**, excluding the revaluation of the financial derivatives, amounted to -€ 4.4 million, an increase of 48.1% compared to the first half of 2010. This increase was due to an increase in the net financial debt and an increase in interest rates.

The **revaluation of the financial derivatives** amounted to € 1.7 million. This positive revaluation reflects a rising trend in the interest base. This interest rate hedge does not qualify for hedge accounting according to IAS 39. As a non-cash item, it had been deducted from the financial result and is shown separately in the income statement.

³ EBITDA before corporate costs and non-recurrent result.

The **effective tax rate**, as a percentage of the profit before taxes, was 19.8% compared to 16.0% in the same period last year. The higher tax rate is due to the contribution to the profit of the American company Gallipot, acquired in 2010, and the Brazilian company DEG, also acquired in 2010. The effective tax rate is expected to exceed 20% after the consolidation of the Brazilian company Pharma Nostra.

In the first half of 2011, **net profit** increased by 33.0% to € 14.0 million, despite the higher tax rate. The net profit per share amounted to € 0.46.

Balance sheet

On the level of the balance sheet, the most important changes can be summarised as follows.

Intangible assets increased by € 26.4 million. This increase was due to the inclusion of goodwill as a result of the R&D activities of Corilus and Arseus Dental Technology and the acquisition of the Belgian company CMS and a Dutch compounding pharmacy.

Property, plant and equipment increased by € 2.8 million. This increase was mainly due to assets from acquisitions and the construction of a new head office and distribution centre for Fagron Nederland reported earlier.

Operational working capital⁴ increased by 7.5% to € 76.9 million. With turnover growth of 13.7%, the accounts receivable decreased by 2.3% and the stock increased by just 7.1%.

Net financial debt⁵ increased by € 26.5 million to € 192.6 million in the first half of 2011. This increase is due to acquisitions and investments, while the cash flow from operational activities grew. At the end of June 2011 the net financial debt / annualised REBITDA ratio was 2.96 and therefore satisfied the covenant under the credit facility, which sets a maximum ratio of 3.25.

Net operational capex⁶ amounted to € 7.8 million or 3.3% of the turnover in the first half of 2011. The capex consists of, among other things, investments in R&D, IT and the investment in a new head office and distribution centre for Fagron Nederland already mentioned. Excluding this last investment, the net operational capex was 2.8% of the turnover.

⁴ The operational working capital is defined as the sum of stock and trade receivables less the trade payables.

⁵ The net financial debt is the sum of long-term and short-term financial borrowings (excluding financial instruments) less cash and cash equivalents.

⁶ The net operational capex is defined as the acquired and produced intangible assets and property, plant and equipment (excluding acquisitions) less the assets sold.

KEY FIGURES PER DIVISION

Fagron

| (x 1,000 euros) | H1 2011 | H1 2010 | Evolution |
|-----------------|---------|---------|-----------|
| Turnover | 108,804 | 85,076 | +27.9% |
| REBITDA | 22,406 | 16,771 | +33.6% |
| REBITDA margin | 20.6% | 19.7% | |

Fagron managed to exceed the good results of 2009 and 2010 in the first half of 2011. Turnover grew by 27.9% to € 108.8 million while the REBITDA increased by 33.6% to € 22.4 million. These strong results confirm the success of Fagron's strategy which focuses on revitalising pharmaceutical compounding. As part of this strategy, Fagron continuously introduces new products and concepts on the market in order to meet the growing worldwide need for tailor-made medication. Thanks to the excellent track record and quality of the Fagron organisation and its employees, Brazilian DEG, acquired in December 2010, was quickly and smoothly integrated.

In the first half of the year, Fagron signed an agreement in principle for the acquisition of Brazilian Pharma Nostra, a leading supplier of raw materials for pharmaceutical compounding to pharmacies in Brazil. Detailed information on the Brazilian company Pharma Nostra can be found in the press release of 11 July 2011, which can be found at www.arseus.com.

Fagron will further consolidate its market leadership on the rapidly growing market for pharmaceutical compounding via an active buy-and-build strategy, starting up greenfields, such as Fagron Argentina, and robust organic growth. The emphasis is on acquisitions in markets we are currently active in, and in Scandinavia and Central and Eastern Europe.

Arseus Dental

| (x 1,000 euros) | H1 2011 | H1 2010 | Evolution |
|-----------------|---------|---------|-----------|
| Turnover | 81,607 | 79,697 | +2.4% |
| REBITDA | 3,601 | 5,724 | -37.1% |
| REBITDA margin | 4.4% | 7.2% | |

Arseus Dental Technology did very well in the first half of 2011. After a weak start of 2011, organic turnover growth of 9% was realised in the second quarter. The introduction of innovative products and concepts has resulted in an increase of the gross margin as a percentage of turnover in the first half of 2011. Arseus Dental Technology is expected to continue to see these strong results in the second half of 2011.

Arseus Dental Solutions (the distribution activities focused on dental practices) had a weak half year. Turnover was lower than expected while the gross margin as a percentage of turnover decreased. In response to the difficult market conditions, measures were taken to stimulate organic growth and improve the organisation's efficiency. Important focal points at Arseus Dental Solutions are optimising the product range and further improving quality, service and customer orientation.

Arseus Medical

| (x 1,000 euros) | H1 2011 | H1 2010 | Evolution |
|-----------------|---------|---------|-----------|
| Turnover | 25,817 | 25,122 | +2.8% |
| REBITDA | 2,693 | 2,153 | +25.1% |
| REBITDA margin | 10.4% | 8.6% | |

The REBITDA of Arseus Medical increased no less than 25.1% to € 2.7 million in the first half of 2011, despite somewhat lower than expected turnover. The REBITDA margin increased by 180 basis points to 10.4%, its highest level ever. This excellent result is a clear confirmation that Arseus Medical's business model works. The business model builds on a clear strategy which focuses on a simple and recognisable market approach, a range of products and concepts that add value, strict management of costs and the development of a solid pipeline of innovative solutions. Examples of this are the Arseus Medication Management Solution, the Surgery to Sterilization concept and the AED concept. In the second half of 2011, the focus at Arseus Medical will be on realising organic turnover growth in Belgium and the Netherlands.

Corilus

| (x 1,000 euros) | H1 2011 | H1 2010 | Evolution |
|-----------------|---------|---------|-----------|
| Turnover | 16,507 | 14,783 | +11.7% |
| REBITDA | 4,239 | 3,956 | +7.2% |
| REBITDA margin | 25.7% | 26.8% | |

In the first half of 2011, Corilus' turnover increased by 11.7% to € 16.5 million while REBITDA increased by 7.2% to € 4.2 million. The decrease in the REBITDA margin by 110 basis points was mainly due to a temporary shortage in technical personnel, which resulted in fewer installations being carried out in the second quarter than planned. This caused turnover in the first half of 2011 to be lower than forecast. The management expects that the personnel problems will be resolved in the second half of 2011. Belgian CMS, which provides software to Residential and Care Centres in Belgium and which was acquired in the first quarter, was successfully integrated and achieved a significantly better result than before inclusion in the consolidation scope.

The strategy for the second half of 2011 is aimed at further increasing Corilus's leading market positions in Belgium through organic growth and acquisitions, and at introducing the innovative ICT total solutions for medical specialists in other European countries.

Detailed information on the Belgian company CMS can be found in the press release of 8 April 2011, which can be found at www.arseus.com.

Ruling in dispute between Fagron Ibérica and Abbott GmbH & Co. KG

In the prospectus and the 2007, 2008, 2009 and 2010 annual reports, Arseus NV reported that Fagron Ibérica, one of the subsidiaries of Arseus NV, had been awarded a contested claim of € 12.953 million from Abbott GmbH & Co. KG. The court of first instance in Barcelona (Spain) had ruled in favour of Fagron Ibérica on 11 March 2005. Abbott GmbH & Co. KG filed an appeal against this decision. In 2008 the court once again found that Fagron Ibérica was not required to pay any damages, which once again prompted an appeal by Abbott GmbH & Co. KG. On 31 May

2011 the court once again decided in favour of Fagron Ibérica and rejected the full claim from Abbott GmbH & Co. KG. This decision is not open to any further appeal.

Outlook⁷

Based on the current view and the existing portfolio of Arseus, the management confirms the expectations that were expressed following the acquisition of the Brazilian Pharma Nostra. For 2011, the management expects turnover growth of between 14% and 18%, organic growth in turnover of between 3% and 6%, and profitability that is expected to grow faster than turnover.

Statement from the statutory auditor

For the complete interim financial information in accordance with IAS 34 and the corresponding statement from the statutory auditor, which is a statement without any particular comments, see the annex to this press release.

Conference call

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the results for the first half of 2011 during a conference call scheduled for today. The conference call starts at 9:30 CET. You can join from 9:15 onwards by calling +31 10 713 72 95 (the Netherlands) or +32 24 04 03 34 (Belgium).

From 10:30 onwards the conference call may be listened to by calling telephone number +31 20 713 34 87 and typing in access code 371956#. From Monday, 8 August 2011 the conference call may be listened to or downloaded from the corporate website of Arseus (www.arseus.com).

Financial calendar

The trading update on the third quarter of 2011 will be published at 7:30 CET on 10 October 2011. Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on this trading update in a conference call on 10 October. The conference call starts at 9:30 CET.

In the event of any discrepancy between the English translation and the original Dutch version of this press release, the latter shall prevail.

For more information:

Constantijn van Rietschoten
Director of Corporate Communications
+31 88 33 11 222 (office)
+31 6 536 91 585 (mobile)
constantijn.van.rietschoten@arseus.com

⁷ This press release contains data on the future based on the current internal estimates and forecasts, in addition to market forecasts. The statements concerning the future contain inherent risks and are only applicable on the date on which they are issued. There may be substantial differences between the actual results and the results cited in the statements about the future.

Arseus profile

Arseus is a multinational group of companies that supplies products, services and concepts to professionals and institutions in the healthcare sector in Europe, the US and Brazil. Arseus is subdivided into four divisions and operates in the markets for pharmaceutical compounding for pharmacies, dental products, medical and surgical products, and medical ICT-solutions.

The Belgian company Arseus NV is located in Waregem, and is listed on NYSE Euronext Brussels and NYSE Euronext Amsterdam. The operational activities of the Arseus group are driven by the Dutch company Arseus BV. The head office of Arseus BV is located in Rotterdam.