Press Release

Regulated information | Consolidated results for the financial year 2011

Waregem (Belgium) / Rotterdam (the Netherlands)[1], 7 February 2012

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

OPERATIONAL CASH FLOW INCREASES 71% TO € 72 MILLION

Key points 2011:

- **Turnover growth of 16.1% to € 492.3 million**
- **REBITDA increases 20.7% to € 72.9 million**
- **EBITDA increases 24.8% to € 60.8 million**
- **EBIT increases 28.4% to € 46.3 million**
- **Net profit increases 25.2% to € 28.1 million**
- **Operational working capital decreases 18.3% to € 58.4 million**
- **Operational cash flow: +71.3% to € 72.1 million**
- **Dividend proposal 2011: € 0.50 per share, 14% higher than in 2010**
- **Gross dividend based on the 2011 closing price amounted to 4.5%**

Ger van Jeveren, CEO of Arseus: '2011 was an excellent year for Arseus. As a result of a consistent execution of the strategy and the continuing professionalisation of the organisation, REBITDA, EBITDA, EBIT and net profit grew faster than turnover once again in 2011.
The focus on own brands, innovative concepts and solutions with substantial added value ensured that Arseus suffered little from the constantly changing economic conditions.
Thanks to Arseus's strong results and the excellent management of the working capital, we were able to grow the operational cash flow by more than 71% to € 72.1 million. The current net financial debt/REBITDA ratio of 2.48 combined with the significantly improved operational cash flow gives us adequate room to finance our well-filled acquisition pipeline and also pay out a nice dividend to our shareholders.
For 2012 we expect healthy organic growth and profitability that is expected to once again grow faster than turnover.'

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

Income Statement (x 1,000 euros)	H2 2011	H2 2010	2011	2010	Change
Net sales	259,596	219,378	492,330	424,056	+16.1%
Gross margin	128,236	103,908	242,061	201,845	+19.9%
As % of net sales	*49.4%*	*47.4%*	*49.2%*	*47.6%*	
Operating costs	-88,247	-72,102	-169,133	-141,434	+19.6%
As % of net sales	*34.0%*	*32.9%*	*34.4%*	*33.4%*	
EBITDA before corporate costs and non-recurrent result	**39,989**	**31,807**	**72,928**	**60,412**	**+20.7%**
As % of net sales	*15.4%*	*14.5%*	*14.8%*	*14.2%*	
Corporate costs	-3,178	-2,860	-6,250	-5,725	+9.2%
EBITDA before non-recurrent result	36,811	28,948	66,678	54,687	+21.9%
As % of net sales	*14.2%*	*13.2%*	*13.5%*	*12.9%*	
Non-recurrent result	-3,637	-2,637	-5,890	-5,998	-1.8%
EBITDA	**33,175**	**26,311**	**60,788**	**48,689**	**+24.8%**
As % of net sales	*12.8%*	*12.0%*	*12.3%*	*11.5%*	
Depreciation and amortisation	-7,117	-6,841	-14,531	-12,672	+14.7%
EBIT	**26,058**	**19,469**	**46,257**	**36,017**	**+28.4%**
As % of net sales	*10.0%*	*8.9%*	*9.4%*	*8.5%*	
Financial result, excluding revaluation of financial derivatives	-6,278	-3,384	-10,657	-6,342	+68.0%
Revaluation of financial derivatives	-215	1,405	1,478	382	+287.3%
Profit before taxes	19,565	17,489	37,078	30,056	+23.4%
Taxes	-5,466	-3,246	-8,938	-5,257	+70.0%
Settlement of dispute with fiscal administration		-2,320		-2,320	
Net profit	**14,099**	**11,924**	**28,140**	**22,479**	**+25.2%**
Recurrent net profit[2]	17,085	15,148	31,496	29,311	+7.5%
Net profit per share (in €)	0.48	0.40	0.94	0.75	+25.3%
Recurrent net profit per share (in €)	0.57	0.51	1.05	0.98	+7.1%
Average number of shares	30,050,851	29,889,716	30,082,477	29,995,199	

Balance sheet (x 1,000 euros)	31-12-'11	31-12-'10
Intangible assets	367,069	284,498
Property, plant and equipment	57,150	48,862
Deferred tax assets	20,368	20,785
Other non-current assets	1,788	1,665
Operational working capital	58,405	71,517
Other working capital	-85,452	-39,572
Equity	220,452	208,122
Provisions	4,935	4,251
Financial instruments	3,452	4,931
Deferred tax liabilities	1,932	4,363
Net financial debt	188,557	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 financial statements 2011

Income statement

The **consolidated turnover** in 2011 amounted to € 492.3 million, an increase of 16.1% compared with 2010. Organic growth was 2.0% (2.7% at constant exchange rates). More detailed information on the development of turnover per division is given below in this press release.

Gross margin increased by 19.9% to € 242.1 million. Compared with 2010, gross margin as a percentage of turnover was 1.6 percentage points higher at 49.2%. The gross margin was 49.4% in the second half of 2011, 2.0 percentage points higher than in the same period of 2010.

Operating costs as a percentage of turnover increased by 1.0 percentage point in 2011 to 34.4%.

REBITDA[3] increased faster than turnover, by 20.7% to € 72.9 million.

Corporate costs as a percentage of turnover decreased by 0.1 percentage point in 2011 to 1.3%.

The **non-recurrent result** amounted to -€ 5.9 million. This result mainly consists of acquisition costs, integration costs, and reorganisation costs at Arseus Dental.

EBITDA increased in 2011 by 24.8% to € 60.8 million. The operating margin (EBITDA as a percentage of turnover) increased from 11.5% in 2010 to 12.3% in 2011.

Depreciation and amortisation amounted to -€ 14.5 million, an increase of € 1.9 million compared with 2010.

EBIT amounted to € 46.3 million, an increase of 28.4% in comparison with 2010. The EBIT increased substantially faster than the growth in turnover of 16.1%.

The **financial result**, excluding the revaluation of the financial derivatives, amounted to -€ 10.7 million, an increase of 68.0% compared with 2010. This rise was due to an increase in the net financial debt and interest rates that were higher on average.

The **revaluation of financial derivatives** amounted to € 1.5 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.

The **effective tax rate**, as a percentage of the profit before taxes, was 24.1% in 2011, compared with 17.5% in 2010. The higher tax rate is due to the contribution to the profit of American Gallipot, acquired in 2010, Brazilian DEG, also acquired in 2010, and Brazilian Pharma Nostra, acquired in 2011.

Net profit increased 25.2% to € 28.1 million in 2011, despite the higher tax rate and higher financial result. The net profit per share amounted to € 0.94.

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[3] EBITDA before corporate costs and non-recurrent result.

Balance sheet

The main changes at balance-sheet level can be summarised as follows.

The **intangible assets** increased by € 82.6 million. This increase was largely due to the recognition of goodwill relating to the acquisitions of Brazilian Pharma Nostra, Belgian CMS and a Dutch compounding pharmacy, and the R&D activities of Corilus and Arseus Dental Technology.

The **property, plant and equipment** increased by € 8.3 million. This increase was due to assets from acquisitions and the completion in December 2011 of the new head office and distribution centre for Fagron Nederland.

The **operational working capital**[4] decreased by 18.3% to € 58.4 million in 2011. Thanks to strict management, the accounts receivable decreased by 12.0% in 2011, while turnover increased by 16.1% in the same period. Stock increased by 16.0% in 2011. This increase was mainly due to Brazilian Pharma Nostra, acquired in 2011. The stock would only have increased by 3.0% without the impact of Pharma Nostra.

Net financial debt[5] increased in 2011 by € 22.5 million to € 188.6 million. Acquisitions, investments and the payment of dividend in 2011 could be financed almost entirely autonomously thanks to the strong improvement in the operational cash flow. At year-end 2011, the net financial debt/annualised REBITDA ratio was 2.48, fully in compliance with the covenant under the credit facility, which sets a maximum ratio of 3.25.

The **net operational capex**[6] amounted to € 17.3 million, representing 3.5% of turnover in 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.

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[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 BY DIVISION

Fagron

(x 1,000 euros)	H2 2011	H2 2010	Change	2011	2010	Change
Turnover	134,134	94,263	+42.3%	242,938	179,339	+35.5%
REBITDA	27,097	19,241	+40.8%	49,503	36,012	+37.5%
REBITDA margin	20.2%	20.4%		20.4%	20.1%	

2011 was an excellent year for Fagron. Turnover grew by 35.5% (+37.4% at constant exchange rates) to € 242.9 million while REBITDA increased by 37.5% to € 49.5 million. Organic growth in turnover was 6.3% (+7.8% at constant exchange rates). The sustainable strong results confirm the success of Fagron's strategy aimed at revitalising pharmaceutical compounding worldwide. As part of the strategy, Fagron continuously introduces new products and concepts in the market in order to meet globally growing demand for tailor-made medication. In 2011 Fagron created the Fagron Academy. The Fagron Academy has the aim to inform prescribers and pharmacists about the usefulness and importance of pharmaceutical compounding for their patients. Training programmes are also offered to pharmacists in order to increase their proficiency in the pharmaceutical compounding of tailor-made medication. The Fagron Academy will be introduced worldwide in 2012.

In 2011 we took important strategic steps to accelerate the expansion of Fagron's global market leadership in the rapidly growing niche market of pharmaceutical compounding. Following the acquisition of Brazilian company Pharma Nostra and a specialized compounding pharmacy in the Netherlands, the start-up of a greenfield in Argentina, the partnership entered into Serbia and the acquisition of Polish company Pharma Cosmetic, Fagron is now active in 24 countries on three continents. In 2012, Fagron will further strengthen its market leadership in the rapidly growing market for pharmaceutical compounding through an active buy-and-build strategy, starting up greenfields and robust organic growth. The emphasis lies on acquisitions in Europe and North and South America.

Detailed information on the acquisitions of Brazilian Pharma Nostra and Polish Pharma Cosmetic is given in the press releases of 11 July 2011 and 27 December 2011, respectively. These press releases can be consulted at www.arseus.com.

Arseus Dental

(x 1,000 euros)	H2 2011	H2 2010	Change	2011	2010	Change
Turnover	81,617	81,760	0.0%	163,224	161,457	+1.1%
REBITDA	3,686	4,301	-14.3%	7,287	10,025	-27.3%
REBITDA margin	4.5%	5.3%		4.5%	6.2%	

In 2011 the turnover of Arseus Dental increased by 1.1% to € 163.2 million. Organic turnover growth was -1.4%. The REBITDA margin was 1.7 percentage points lower than in 2010.

Arseus Dental Technology (Swiss Hader and the French Julie-Owandy) achieved excellent organic growth in 2011. The growth of Julie-Owandy was driven by the introduction of the I-Max Touch 3D (digital 3-dimensional dental imaging equipment) and the further consolidation of the market leadership of Julie, the software for dentists, in France. Hader was successful in 2011 in the development and introduction to the market of orthopaedic and dental concepts.

Arseus Dental's activities focused on dental laboratories saw healthy growth in 2011. The product range of Ceka-Preciline attachments was further expanded at the beginning of 2011 and the Selexion quality brand was introduced in Europe. Selexion includes a broad range of products that are used daily by dental laboratories. Arseus Dental introduced a distinctive CAD/CAM concept for dental laboratories in 2011 under the name Novux. Ceka-Preciline, Selexion and Novux are own brands of Arseus Dental.

Arseus Dental Solutions (the distribution activities focused on dental practices) had a difficult year. In the course of 2011, better operational structures were implemented, the product range was optimised and a number of changes to management were made. A number of processes were also started up to further improve service, quality and customer-orientation. These initiatives resulted in an increase in the gross margin and nice turnover growth in the fourth quarter. This trend is expected to continue in 2012.

Arseus Medical

(x 1,000 euros)	H2 2011	H2 2010	Change	2011	2010	Change
Turnover	26,033	27,081	-3.9%	51,850	52,203	-0.7%
REBITDA	3,372	3,072	+9.8%	6,065	5,225	+16.1%
REBITDA margin	13.0%	11.3%		11.7%	10.0%	

In 2011 Arseus Medical's REBITDA increased by 16.1% to € 6.1 million, despite the lower turnover. Arseus Medical's REBITDA margin increased by no less than 7.6 percentage points to 11.7% in the 2006-2011 period, despite the challenging market conditions. This is a clear confirmation that Arseus Medical's strategy works. In line with the strategy, new medical solutions and concepts were successfully introduced in 2011. The organic turnover growth of -4.9% in 2011 was mainly caused by the phasing out of a number of non-strategic distributions in the second semester.

Corilus

(x 1,000 euros)	H2 2011	H2 2010	Change	2011	2010	Change
Turnover	17,811	16,274	+9.4%	34,318	31,057	+10.5%
REBITDA	5,835	5,194	+12.3%	10,074	9,150	+10.1%
REBITDA margin	32.8%	31.9%		29.4%	29.5%	

Corilus's turnover grew by 10.5% to € 34.3 million in 2011. Organic growth was 1.3%. The REBITDA margin remained high at 29.4%, despite the lower growth in turnover. The organic turnover growth came under some pressure because of a temporary shortage of technical personnel, which resulted in fewer installations in 2011 than planned. Belgian CMS, a supplier of software to Residential and Care Centres in Belgium acquired early 2011, was successfully integrated.

Agreements were concluded with four Belgian pharmacy chains in 2011 to install the innovative pharmacy software Greenock Pharmacy in their Belgian pharmacies. This is a clear confirmation of the high quality of Greenock. In 2011, 140 Belgian pharmacies converted to Greenock.

The strategy for 2012 is aimed at further expanding Corilus's market positions in Belgium through organic growth and acquisitions and at introducing the innovative total ICT solutions for medical specialists in other European countries.

Information on the acquisition of Belgian CMS can be found in the press release of 8 April 2011. This press release can be consulted at www.arseus.com.

Dividend

A gross dividend of € 0.50 per share will be proposed to the annual general meeting of shareholders. This represents an increase of 13.6% compared to € 0.44 per share in 2010. On the basis of the 2011 closing price, the gross dividend yield amounted to 4.5%.

Outlook[7]

Based on the current view and the existing Arseus portfolio, for 2012 as a whole the management is expecting healthy organic growth and profitability that is expected to once again grow faster than turnover.

Statement by the statutory auditor

The statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren bcvba represented by Peter Opsomer, has confirmed that the audit of the consolidated balance sheet and income statement, which is substantially complete, has to date not revealed any material misstatements. The auditor also confirmed that the accounting data reported in the press release is consistent, in all material respects, with the consolidated balance sheet and income statement from which it has been derived.

Conference call

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the 2011 results today in a conference call. The conference call starts at 09:30 hours CET. You can join from 09:15 CET onwards by calling +31 10 713 72 95 (Netherlands) or +32 2 404 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 387948#. From Wednesday, 8 February, the conference call may be listened to or downloaded from the corporate website of Arseus (www.arseus.com).

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[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.

Financial calendar 2012

10 April	Trading update, first quarter 2012
14 May	General Meeting of Shareholders
6 August	Half year figures 2012
12 October	Trading update, third quarter 2012

Results and trading updates will be published at 07:30 hours.

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

For further information, please contact:

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

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, Brazil and Argentina. 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.

Consolidated income statement

x 1,000 euros	2011	2010
Operating income	**493,582**	**425,262**
Turnover	492,330	424,056
Other operating income	1,252	1,206
Operating expenses	**(447,325)**	**(389,246)**
Trade goods	(250,269)	(222,210)
Services and other goods	(75,865)	(63,208)
Employee benefit expenses	(101,163)	(89,606)
Depreciation and amortisation	(14,531)	(12,672)
Other operating expenses	(5,498)	(1,549)
Operating result	**46,257**	**36,017**
Financial income	1,269	477
Financial expense	(10,448)	(6,437)
Profit before income tax	**37,078**	**30,056**
Taxes	(8,938)	(7,578)
Profit after income tax	**28,140**	**22,479**
Attributable to:		
Equity holders of the company (net profit)	**28,147**	**22,357**
Non-controlling interests	(7)	122
Profit for the period	**28,140**	**22,479**
Earnings per share (in euro)	0.94	0.75
Diluted earnings per share (in euro)	0.92	0.75
Recurring earnings per share (in euro)	1.05	0.98
Diluted recurring earnings per share (in euro)	1.03	0.97

Consolidated balance sheet

x 1,000 euros	2011	2010
Non current assets	**446,376**	**355,810**
Intangible assets	367,069	284,498
Property, plant and equipment	57,150	48,862
Financial assets	819	818
Deferred tax assets	20,368	20,785
Other non current assets	969	846
Current assets	**233,856**	**217,782**
Stock	76,643	66,059
Trade receivables	75,956	86,303
Other current assets	11,407	14,234
Cash and cash equivalents	69,850	51,186
Total assets	**680,232**	**573,592**
Equity	**220,452**	**208,122**
Shareholder's equity (parent)	225,676	216,654
Treasury shares	(9,004)	(10,816)
Non-controlling interest	3,780	2,284
Non current liabilities	**12,735**	**225,747**
Provisions	1,051	975
Pension obligations	3,884	3,276
Deferred tax liabilities	1,932	4,363
Borrowings	4,350	214,960
Financial instruments	1,517	2,172
Current liabilities	**447,045**	**139,723**
Borrowings	254,057	2,315
Financial instruments	1,935	2,758
Trade payables	94,194	80,845
Taxes, remuneration and social security	37,338	27,000
Other current payables	59,521	26,806
Total equity and liabilities	**680,232**	**573,592**

Consolidated statement of changes in equity

x 1,000 euros	Share capital & share premium	Other reserves	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 31 December 2009	**317,302**	**(195,876)**	**(7,881)**	**80,761**	**194,306**	**2,046**	**196,352**
Currency translation adjustments		2,836			2,836	116	2,952
Profit for the period				22,357	22,357	122	22,479
Total recognised income for the period	**317,302**	**(193,040)**	**(7,881)**	**103,118**	**219,499**	**2,284**	**221,783**
Purchase of treasury shares			(2,935)		(2,935)		(2,935)
Dividends relating to 2009 result				(10,880)	(10,880)		(10,880)
Share-based payments		154			154		154
Purchase participation non-controlling interest							
Balance as at 31 December 2010	**317,302**	**(192,887)**	**(10,816)**	**92,238**	**205,838**	**2,284**	**208,122**
Currency translation adjustments		(4,669)			(4,669)	(69)	(4,738)
Profit for the period				28,147	28,147	(7)	28,140
Total recognised income for the period	**317,302**	**(197,555)**	**(10,816)**	**120,385**	**229,317**	**2,207**	**231,524**
Capital increase	224				224		224
Purchase of treasury shares			1,812		1,812		1,812
Dividends relating to 2010 result				(13,154)	(13,154)		(13,154)
Share-based payments		45			45		45
Purchase participation non-controlling interest		(1,575)			(1,575)	1,575	
Balance as at 31 December 2011	**317,527**	**(199,085)**	**(9,004)**	**107,232**	**216,670**	**3,783**	**220,452**

Consolidated cash flow statement

(x 1,000 euros)	2011	2010
Operating activities		
Profit before income taxes	37,078	30,056
Taxes paid	(8,281)	(7,803)
Adjustment for financial elements	9,179	5,960
Total adjustment for non-cash items	14,985	11,642
Total changes in working capital	19,185	2,269
Total cash flow from operating activities	**72,147**	**42,126**
Investment activities		
Capital expenditure	(17,330)	(19,159)
Investments in existing shareholdings (subsequent payments) and in new holdings	(45,023)	(53,486)
Total cash flow from investing activities	**(62,353)**	**(72,645)**
Financing activities		
Capital increase	224	
Purchase of treasury shares		(3,152)
Dividends paid	(13,176)	(10,812)
New borrowings	62,241	69,443
Reimbursement of borrowings	(28,407)	(1,979)
Interest received (paid)	(10,416)	(6,385)
Total cash flow from financing activities	**10,467**	**47,116**
Total net cash flow for the period	**20,260**	**16,596**
Cash and cash equivalents – start of the period	51,186	34,284
Gains or losses on exchange of liquid assets	(1,596)	306
Cash and cash equivalents – end of the period	69,850	51,186
Change in cash and cash equivalents	**20,260**	**16,596**