

Press release

Regulated information | Consolidated results for the first half of 2012

Waregem (Belgium) / Rotterdam (the Netherlands)¹, 6 August 2012

ARSEUS ANNOUNCES RECORD RESULTS

ORGANIC GROWTH OF 5.0% IN FIRST HALF OF 2012

Key points of the first half of 2012:

- **Turnover increased by 15.3% to € 268.3 million**
- **Organic growth of 5.0%**
- **Recurrent EBITDA increased by 17.9% to € 38.8 million**
- **EBITDA increased by 18.9% to € 32.8 million**
- **EBIT increased by 21.1% to € 24.5 million**
- **Operational working capital decreased by 20.3% compared to 30 June 2011**
- **Cash flow from operational activities increased by 17.4% to € 23.0 million**
- **Outlook for 2012: Healthy organic turnover growth and profitability that is expected to grow faster than turnover**

Ger van Jeveren, CEO of Arseus: “The results for the first half of 2012 are convincing. In the first half of 2012, the recurrent EBITDA, EBITDA and EBIT once again increased faster than turnover. Thanks to the constant focus on innovative total concepts and products, Arseus was able to increase the gross margin as a percentage of turnover in the first half of 2012. The commitment to consistently follow an innovation strategy during many years and a focus on operational excellence enable Arseus to adapt quickly to continuously changing and challenging market conditions.

All of Arseus' divisions achieved organic turnover growth in the second quarter of 2012. The organic growth realised by Fagron was adjusted due to the decision to phase out a total of € 14 million in industrial turnover with a lower margin. The introduction from 1 January 2012 of a limited trial period during which dentists in the Netherlands are free to set their own fees has led to considerable uncertainty and unrest on the Dutch dental market. With many dentists and dental laboratories consequently opting to delay investments, the turnover of Arseus Dental in the second quarter of 2012 was lower than originally budgeted.

We look to the future with confidence and consequently confirm the expectations for 2012 that we announced earlier.”

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

Statement of income (x 1,000 euros)	H1 2012	H1 2011	Evolution
Net sales	268,272	232,734	15.3%
Gross margin	131,449	113,825	15.5%
<i>As % of net sales</i>	<i>49.0%</i>	<i>48.9%</i>	
Operating costs	-92,629	-80,886	14.5%
EBITDA before corporate costs and non-recurrent result	38,820	32,939	17.9%
<i>As % of net sales</i>	<i>14.5%</i>	<i>14.2%</i>	
Corporate costs	-3,447	-3,072	12.2%
EBITDA before non-recurrent result	35,373	29,867	18.4%
<i>As % of net sales</i>	<i>13.2%</i>	<i>12.8%</i>	
Non-recurrent result	-2,549	-2,253	13.1%
EBITDA	32,824	27,613	18.9%
<i>As % of net sales</i>	<i>12.2%</i>	<i>11.9%</i>	
Depreciation and amortization	-8,362	-7,414	12.8%
EBIT	24,462	20,199	21.1%
<i>As % of net sales</i>	<i>9.1%</i>	<i>8.7%</i>	
Financial result, excluding revaluation of financial derivatives	-5,288	-4,379	20.8%
Revaluation of financial derivatives	781	1,693	-53.9%
Profit before taxes	19,955	17,513	13.9%
Taxes	-4,675	-3,472	34.6%
Net profit	15,280	14,041	8.8%
Recurrent net profit ²	16,633	14,411	15.4%
Net profit per share (in euros)	0.50	0.46	8.7%
Recurrent net profit per share (in euros)	0.55	0.48	14.6%
Average number of shares	30,374,461	30,050,851	

Balance sheet (x 1,000 euros)	30-06-'12	31-12-'11
Intangible assets	393,377	367,069
Property, plant and equipment	58,244	57,150
Deferred tax assets	22,220	20,368
Other non-current assets	1,859	1,788
Operational working capital	61,255	58,405
Other working capital	-68,409	-85,452
Equity	221,761	220,452
Provisions	4,921	4,935
Financial instruments	2,687	3,452
Deferred tax liabilities	2,481	1,932
Net financial debt	236,697	188,557

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 2012 amounted to € 268.3 million, an increase of 15.3% compared to the first half of 2011. Organic growth in the first half of the year amounted to 5.0% (4.8% at constant exchange rates). The consolidated turnover in the second quarter of 2012 increased by 13.0% (13.5%) to € 137.2 million. Organic growth in the second quarter was 3.9% (4.4%).

The **gross margin** increased by 15.5% to € 131.4 million. Compared to the first half of 2011, the gross margin as a percentage of the turnover increased by 0.1 percentage points to 49.0%.

The **operating costs**, as a percentage of turnover, decreased by 0.3 percentage point during the first half of 2012.

The **recurrent EBITDA**³ increased faster than turnover, by 17.9% to € 38.8 million.

The **corporate costs** as a percentage of turnover remain unchanged at 1.3%.

The **non-recurrent result** amounted to -€ 2.5 million, an increase of 13.1% compared to the first half of 2011. This result primarily consists of acquisition costs and integration costs.

The **EBITDA** increased in the first half of 2012 by 18.9% to € 32.8 million. The operational margin (EBITDA as a percentage of turnover) increased by 0.3 percentage point to 12.2%.

The **depreciation and amortization** amounted to € 8.4 million, an increase of € 0.9 million or 12.8% compared to the same period in 2011.

The **EBIT** amounted to € 24.5 million, an increase of 21.1% compared to the first half of 2011. The EBIT increased substantially faster than the turnover, just as the recurrent EBITDA and EBITDA.

The **financial result**, excluding the revaluation of the financial derivatives, amounted to -€ 5.3 million, an increase of 20.8% compared to the first half of 2011. This increase was due to an increase in the net financial debt, while on the other hand there was a decrease in interest rates.

The **revaluation of the financial derivatives** amounted to € 0.8 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 has been deducted from the financial result and is shown separately on the statement of income.

The **effective tax rate**, as a percentage of the profit before taxes, was 23.4% in the first half of 2012, compared to 19.8% in the same period last year. The higher tax rate is due to the contribution to the profit of Arseus' activities in the US and Brazil.

³ EBITDA before corporate costs and non-recurrent result.

In the first half of 2012, the **net profit** increased by 8.8% to € 15.3 million, despite the higher tax rate. The net profit per share amounted to € 0.50.

Balance sheet

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

The **intangible assets** increased by € 26.3 million. This increase was largely due to the recognition of goodwill relating to the acquisition of Polish Pharma Cosmetic and the R&D activities of Corilus and Arseus Dental Technology.

The **property, plant and equipment** increased by € 1.1 million. This increase was mainly due to the last investments in the new head office and distribution centre for Fagron Netherlands.

The **operational working capital**⁴ decreased by 20.3% to € 61.3 million compared to 30 June 2011. With turnover growth of 15.3%, the accounts receivable decreased by 13.5% and the stock increased by 16.6%. The increase in the stock was caused mainly by the impact of Brazilian Pharma Nostra, which was acquired in 2011, and Polish Pharma Cosmetic, which was acquired in early 2012.

The **net financial debt**⁵ increased by € 48.1 million to € 236.7 million in the first half of 2012. This increase is due to the acquisition of Polish Pharma Cosmetic, a subsequent payment for Brazilian Pharma Nostra, which was acquired in 2011, and investments in R&D and automation, among other things. At the end of June 2012, the net financial debt / annualised recurrent EBITDA ratio was 3.06, due in part to dividend payments and acquisitions, and therefore satisfied the covenant under the credit facility, which sets a maximum ratio of 3.25. It is expected that this ratio will decrease substantially towards the end of the year, making it possible to continue Arseus' buy-and-build strategy.

The **net operational capex**⁶ amounted to € 9.9 million or 3.7% of the turnover in the first half of 2012. The capex consists of, among other things, investments in R&D, automation and the investment in a new head office and distribution centre for Fagron Netherlands already mentioned. Excluding the investments at Corilus, the net operational capex was 2.5% 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 2012	H1 2011	Evolution
Turnover	141,065	108,804	29.7%
Recurrent EBITDA	29,051	22,406	29.7%
Recurrent EBITDA margin	20.6%	20.6%	
	Q2 2012	Q2 2011	Evolution
Turnover	72,450	57,481	26.0%

In the first half of 2012, Fagron further strengthened its leading market position as a one-stop shop for pharmaceutical compounding in Europe as well as North and South America. Turnover increased by 29.7% (+29.4% at constant exchange rates) to € 141.1 million. Organic turnover growth amounted to 7.2% (+6.9%). Fagron's turnover increased by 26.0% (27.1%) in the second quarter. Organic turnover growth in the second quarter was 6.3% (7.2%).

As part of Fagron's strategy, which focuses on the global revitalisation of pharmaceutical compounding, it was decided to phase out a total of € 14 million in industrial turnover with a lower margin. € 2 million of this was realised in the second quarter of 2012. The remaining € 12 million will be gradually phased out in the period from 1 July 2012 to 30 June 2013.

Thanks to the excellent track record and quality of the Fagron organisation and its employees, Polish Pharma Cosmetic, which was acquired at the end of 2011, was quickly and smoothly integrated during the first half of 2012. In this process, attention was expressly devoted to the considerable advantages of synergy and scale in relation to procurement, analysis and production and the cross-selling of products and concepts. In the second half of 2012, the name 'Pharma Cosmetic' will be changed to 'Fagron Poland'.

In 2012, 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, and robust organic growth.

Detailed information on the acquisition of Polish Pharma Cosmetic can be found in the press release of 27 December 2011, which can be found at www.arseus.com.

Arseus Dental

(x 1,000 euros)	H1 2012	H1 2011	Evolution
Turnover	83,611	81,607	2.5%
Recurrent EBITDA	2,446	3,601	-32.1%
Recurrent EBITDA margin	2.9%	4.4%	
	Q2 2012	Q2 2011	Evolution
Turnover	42,333	42,292	0.1%

The introduction from 1 January 2012 of a trial period during which dentists in the Netherlands are free to set their own fees has led to considerable uncertainty and unrest on the Dutch dental market. With many dentists and dental laboratories consequently opting to delay investments, the turnover of Arseus Dental in the first half of 2012, in particular in the second quarter, was lower than originally budgeted. Arseus Dental's turnover grew in the first half of 2012 by 2.5% to € 83.6 million, and the recurrent EBITDA decreased by 32.1% to € 2.4 million. While the trial with deregulated dental charges in the Netherlands will be discontinued from 1 January 2013, it is unclear what the impact will be on the turnover of Arseus Dental in the second half of 2012. Arseus Dental Technologies' Swiss production facilities suffered from the very strong Swiss franc during the first half of 2012 and this has adversely affected the international competitive position.

In the first half of 2012, significant steps were taken at Arseus Dental to achieve profitable growth. The operational structures were further simplified and innovative total concepts designed to increase efficiency were added to the product range. The quality of the services to and communication with dentists and dental technicians was optimised by well-trained sales teams.

Arseus Medical

(x 1,000 euros)	H1 2012	H1 2011	Evolution
Turnover	25,744	25,817	-0.3%
Recurrent EBITDA	2,701	2,693	0.3%
Recurrent EBITDA margin	10.5%	10.4%	
	Q2 2012	Q2 2011	Evolution
Turnover	13,568	13,315	1.9%

In the first half of 2012, the turnover of Arseus Medical decreased by 0.3% to € 25.7 million, while the recurrent EBITDA increased by 0.3% to € 2.7 million. In spite of the effects of the phasing out of a number of non-strategic distributions in the second half of 2011, Arseus Medical was nonetheless able to realise organic turnover growth of 1.9% in the second quarter of 2012. The activities focused on ophthalmologists, bandagers, hospitals and surgeons had a strong half-year.

The optimum market strategy pursued by Arseus Medical enables it to continuously introduce successful new medical products and concepts. In June, Arseus Medical obtained exclusive distribution rights in Belgium as well as the Netherlands for the AirLife range of respiratory

products of CareFusion. In line with the innovation strategy, surgical products of ConMed, Lotus, OCTO Port and Chex will be introduced into the market in the second half of 2012.

Corilus

(x 1,000 euros)	H1 2012	H1 2011	Evolution
Turnover	17,853	16,507	8.2%
Recurrent EBITDA	4,622	4,239	9.0%
Recurrent EBITDA margin	25.9%	25.7%	
	Q2 2012	Q2 2011	Evolution
Turnover	8,877	8,302	6.9%

In the first half of 2012, Corilus saw its turnover grow organically by no less than 8.2% to € 17.9 million while recurrent EBITDA increased by 9.0% to € 4.6 million. In the first half of 2012, Corilus further strengthened its leading market position as a supplier of ICT total solutions for medical specialists in Belgium, France and the Netherlands.

Corilus concluded an agreement with De Voorzorg, a group of 12 pharmacies, for the installation of Greenock, the leading software for pharmacies developed by Corilus. During the second half of 2012, one pharmacy will be converted to Greenock each day in Belgium. Emergentis, software for midwives which was launched in May, has been very well received by the market. More than 160 midwives have already registered for this software developed by Corilus. Early July saw the first installations of Morion, software for opticians, which was similarly developed by Corilus. There were also notable successes outside Belgium. Following the successful introduction of Softalmo in France in 2011, this industry-leading software for ophthalmologists was installed during the first half of 2012 at the Central Military Hospital in Utrecht and the VieCuri Medical Centre in Venray and Venlo.

Development of treasury shares and exercise of warrants and stock options

On 13 March 2012, Arseus transferred 337,240 treasury shares at a price of € 11.8610 per share as part payment for the acquisition of Brazilian Pharma Nostra in 2011. As a consequence of this transfer, the number of shares held by Arseus dropped below the disclosure threshold of 3%. Detailed information can be found in the press release by Arseus of 16 March 2012, which can be found at www.arseus.com.

On 4 May 2012, 127,250 stock options were exercised by employees of Arseus at an exercise price of € 8.5214. As a consequence of this exercise, the number of shares held by Arseus decreased to 611,247.

On 15 June 2012, Arseus issued 61,626 new shares as a result of the exercise of warrants. Following the issue of these new shares, the number of Arseus shares with voting rights increased to 31,278,514. The total number of voting rights (denominator) is 31,278,514. The share capital is € 320,601,893.93. Detailed information can be found in the press release by Arseus of 15 June 2012, which can be found at www.arseus.com.

Outlook⁷

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 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 2012 during a conference call scheduled for today. The conference call starts at 9:30 am CET. You can join from 9:15 am onwards by calling +31 10 713 72 95 (the Netherlands) or +32 24 01 53 07 (Belgium).

From 10:30 am onwards the conference call may be listened to by calling telephone number +31 20 713 34 87 and typing in access code 404102#. From Tuesday, 7 August 2012 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 2012 will be published at 7:30 CET on 12 October 2012. Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on this trading update in a conference call on 12 October. The conference call starts at 9:30 CET.

For more information:

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

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

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.

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.