



Regulated information
Consolidated results for the first half of 2010



REBITDA AND NET PROFIT INCREASE DOUBLE DIGIT AND FASTER THAN TURNOVER

STRONG GROWTH IN PROFITABILITY OF FAGRON, ARSEUS MEDICAL AND CORILUS

STRONG INCREASE IN OPERATIONAL CASH FLOW (+68%)

Waregem (Belgium) / Rotterdam (the Netherlands)¹, 20 August 2010 - Arseus publishes its results for the first half of 2010 today in a separate document which is attached to this press release and has been posted at www.arseus.com. This press release contains the key figures and an explanation.

Key points of the first half of 2010:

- Turnover growth of 7.6% to € 204.7 million
- REBITDA increases by 12.5% to € 28.6 million
- Net profit increases by 12.3% to € 10.6 million
- Operational working capital decreases by 7.0% compared to 30 June 2009
- Cash flow from operating activities: +68.4% to € 17.0 million
- Reconfirmation of outlook for 2010: Turnover growth of between 5% and 10% and a REBITDA that is expected to grow faster than turnover

Ger van Jeveren, CEO of Arseus: "Arseus had a good first half of 2010. Turnover increased by 7.6% to € 204.7 million while the REBITDA increased by 12.5% to € 28.6 million. These results are in line with the previously issued outlook for 2010, which expected the REBITDA to grow faster than turnover. The continuous focus on operational cash flow has resulted in an increase of no less than 68%.

Fagron, Arseus Medical and Corilus achieved the best first half-year results ever. Arseus Dental in contrast suffered from the difficult economic conditions and the effects that accompany a restructuring. We expect that the cost-saving measures will result in a better result for Arseus Dental in the second half of 2010.

In line with earlier forecasts, for 2010 we expect turnover growth of between 5% and 10%. REBITDA 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 2010	H1 2009	Evolution
Net sales	204,678	190,173	+7.6%
Gross margin	97,937	90,108	+8.7%
<i>Gross margin as % of net sales</i>	47.8%	47.4%	
Operating costs	-69,332	-64,687	+7.2%
EBITDA before corporate costs and non-recurring result	28,605	25,421	+12.5%
<i>As % of net sales</i>	14.0%	13.4%	
Corporate costs	-2,865	-2,662	+7.6%
EBITDA before non-recurring result	25,739	22,758	+13.1%
<i>As % of net sales</i>	12.6%	12.0%	
Non-recurring result	-3,361	-1,807	+86.0%
EBITDA	22,378	20,951	+6.8%
<i>As % of net sales</i>	10.9%	11.0%	
Depreciation and amortization	-5,831	-5,642	+3.3%
EBIT	16,548	15,309	+8.1%
<i>As % of net sales</i>	8.1%	8.1%	
Financial result excl. revaluation of financial derivatives	-2,958	-3,021	-2.1%
Revaluation of financial derivatives	-1,023	-1,345	-23.9%
Profit before taxes	12,567	10,943	+14.8%
Taxes	-2,011	-1,548	+29.9%
Net profit	10,555	9,396	+12.3%
Recurring net profit ²	14,163	12,102	+17.0%
Net profit per share (in €)	0.35	0.31	+12.9%
Recurring net profit per share (in €)	0.47	0.40	+17.5%
Average number of shares	30,100,683	30,208,308	

BALANCE SHEET (x 1,000 euros)	30-06-2010	31-12-2009
Intangible assets	244,296	229,455
Property, plant and equipment	41,446	38,631
Deferred tax assets	20,936	19,205
Other non current assets	2,196	2,241
Operational working capital	67,282	63,336
Other working capital	-25,691	-28,827
Equity	194,913	196,352
Provisions	4,024	4,222
Financial instruments	6,335	5,312
Deferred tax liabilities	4,411	4,232
Net financial debt	140,783	113,923

² Recurring net profit is defined as the net profit before non-recurring items and the revaluation of financial derivatives, after taxes at the group's effective tax rate.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

The consolidated **turnover** for the first half of 2010 amounted to € 204.7 million, an increase of 7.6% compared to the first half of 2009. Organic growth was 2.7%. More detailed information on the development of turnover is given in the press release dated 14 July 2010. This press release can be found at www.arseus.com.

The **gross margin** increased by 8.7% to € 97.9 million. In comparison to the first half of 2009, despite a significant decrease at Arseus Dental, the gross margin as a percentage of turnover increased 47 basis points to 47.8%; the highest level ever. This improvement is the result of Arseus' strategy of focusing on value-added total solutions in healthcare.

The **REBITDA**³ grew faster than turnover, adding 12.5% to € 28.6 million.

The **corporate costs** as a percentage of turnover remained unchanged at 1.4%.

The **non-recurring result** amounted to -€ 3.4 million, consisting mainly of restructuring costs, particularly at Arseus Dental, where the workforce has been reduced by 56 FTEs since the beginning of 2010.

The **EBITDA** increased in the first half of 2010 by 6.8% or € 1.4 million to € 22.4 million.

The **depreciation and amortization** amounted to € 5.8 million in the first half of 2010, an increase of € 0.2 million with respect to the first half of 2009.

The **EBIT** amounted to € 16.5 million, an increase of 8.1% compared to the first half of 2009. Despite the increase in the non-recurring costs, the EBIT increased faster than turnover.

The **financial result**, excluding the revaluation of the financial derivatives, was unchanged and amounted to -€ 3.0 million. This was due to a further decrease in the interest rates while, on the other hand, net financial debt increased.

The **revaluation of financial derivatives** amounted to -€ 1.0 million and reflects the lower market value of interest-rate hedges that do not qualify for hedge accounting in accordance with 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, amounted to 16.0% in the first half of 2010.

The **net profit** amounted to € 10.6 million, an increase of 12.3% compared to the first half of 2009. The **recurring net profit** amounted to € 14.2 million, an increase of 17.0% compared to the same period in 2009. The recurring net profit per share amounted to € 0.47.

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 € 14.8 million. This increase was mainly due to the inclusion of goodwill as the result of the acquisition of US-based Gallipot and the R&D activities of Corilus and Arseus Dental.

The **property, plant and equipment** increased by € 2.8 million, due to, amongst other things, the construction of a new office building for Fagron Nederland and the installation of a pick robot in the central warehouse of Fagron Nederland.

The **operational working capital**⁴ decreased, despite the increase in turnover of 7.6%, by 7.0% to € 67.3 million compared with 30 June 2009.

The **net financial debt**⁵ increased by € 26.9 million to € 140.8 million in the first half of 2010. This evolution was due to acquisitions, investments, the payment of dividend and the purchase of treasury shares, balanced out by a strong increase in the cash flow from operating activities. At the end of June 2010 the net financial debt / annualised recurrent EBITDA ratio was 2.47.

The **net operational capex**⁶ amounted to € 7.4 million or 3.6% of the turnover in the first half of 2010. The capex is comprised of the investments in R&D, IT, a pick robot for Fagron Nederland and a new office building for Fagron Nederland. As indicated earlier, Arseus expects net operational capex for 2010 to be approximately 4% of 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 less cash (excluding financial instruments) 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 2010	H1 2009	Evolution
Turnover	85,076	73,342	+16.0%
REBITDA ⁷	16,771	13,101	+28.0%
REBITDA margin	19.7%	17.9%	

Fagron managed to exceed the excellent results of 2009 in the first half of 2010. Turnover grew by 16.0% to € 85.1 million while the REBITDA increased by 28.0% to € 16.8 million. The increase in the REBITDA margin by 180 basis points to 19.7% is an exceptional result given the start-up loss at the greenfield in Poland. Organic growth amounted to 8.5%. The sustainable strong results of Fagron can be explained by the successful revitalisation of pharmaceutical compounding to fulfil the globally growing need for tailor-made medication.

In the first half of the year, Fagron acquired US-based Gallipot; the first step by Fagron as global consolidator in the niche market of pharmaceutical compounding. Fagron wants to further reinforce its leading market positions through robust organic growth and a focused buy-and-build strategy. The emphasis in Europe is on acquisitions in the existing markets and in Scandinavia and Central and Eastern Europe. Fagron is also seeking acquisitions outside Europe in order to consolidate its position in the United States, Canada and Latin America.

ARSEUS DENTAL

(x 1,000 euros)	H1 2010	H1 2009	Evolution
Turnover	79,697	79,586	+0.1%
REBITDA ⁷	5,724	7,174	-20.2%
REBITDA margin	7.2%	9.0%	

A strategic reorientation was carried out at the end of 2009. As a result of this, Arseus Dental slimmed down its organisational structure at the beginning of 2010 from five separate country organisations to a business-oriented organisation. A start was also made on bringing all European activities together under the name of Arseus Dental. The new organisational structure enables Arseus Dental to better anticipate the demand from the market, further standardise the business processes, optimally utilise the knowledge present, reduce the working capital and improve profitability.

Because of the difficult economic circumstances, a cost-saving programme of € 4 million was also launched at the beginning of 2010. Part of this involves a structural reduction of Arseus Dental's workforce by 75 FTEs (11%) in 2010. The number of FTEs was already reduced by 56 in the first half, a decrease of 8% compared with 2009 year-end. The cost-saving programme will be continued in the second half. Parallel to the implementation of the new organisational structure and the cost-saving programme, the composition of the senior management in France was changed. All these initiatives are aimed at structurally bringing the REBITDA margin to at least 10% in the medium to long term.

⁷ EBITDA before corporate costs and non-recurrent result.

In the first half of 2010 the REBITDA margin decreased by 1.8 percentage points in comparison to the first half of 2009, but increased by 0.1 percentage point in comparison to the second half of 2009. The decrease in comparison to the first half of 2009 was primarily due to a decrease in the gross margin caused by price competition, lower turnover than expected and the effects accompanying restructuring.

The order portfolio of Swiss Hader is well filled and the activities involving dental laboratories are showing cautious recovery. The management expects that the result in the second half will be better, partly thanks to initiatives started up in the first half year.

ARSEUS MEDICAL

(x 1,000 euros)	H1 2010	H1 2009	Evolution
Turnover	25,122	23,157	+8.5%
REBITDA ⁸	2,153	1,430	+50.6%
REBITDA margin	8.6%	6.2%	

Arseus Medical is reaping the rewards of the growth strategy, launched in 2009 and consistently pursued, whereby the focus is on value-added total solutions in healthcare. As part of this strategy, activities with a low gross margin have been ceased and new activities with a high gross margin have been added to Arseus Medical's product range. With the introduction of Berger surgical instruments and the Medartis Osteosynthesis products and implants, new portfolios have been expanded in the area of surgery that have contributed significantly to the 20% improvement of margin in this department. Growth of 53% was also realised in the Diagnostics, Monitoring and Therapy department thanks to the introduction of Carefusion emergency ventilation and Schiller monitoring. With the Arseus Medication Management Solution introduced in December 2009, Arseus Medical realised growth of 70% within the medication distribution and management segment. All these newly expanded activities fit in with the transition to a business with a strong added value for our customers and better margins.

The significant increase to the gross margin and strict cost control has resulted in explosive growth in the REBITDA. In the first half of 2010, the REBITDA increased by no less than 50.6% to € 2.2 million. The REBITDA margin increased by 240 basis points to 8.6%; the highest level ever.

CORILUS

(x 1,000 euros)	H1 2010	H1 2009	Evolution
Turnover	14,783	14,088	+4.9%
REBITDA ⁸	3,956	3,715	+6.5%
REBITDA margin	26.8%	26.4%	

Corilus' turnover increased by 4.9% to € 14.8 million while REBITDA increased by 6.5% to € 4.0 million. The continuous growth confirms the success of the strategy introduced by Corilus in 2009 whereby the focus lies on the development and launch of customer-oriented innovative software applications and the European roll-out of these. The management expects that Corilus will continue to see these strong results in the second half of 2010.

⁸ EBITDA before corporate costs and non-recurrent result.

In Belgium a new version of the dentists' software package Baltes was successfully introduced onto the market. Major successes were also achieved internationally. Softalmo was successfully implemented at four hospitals and four private clinics in France. At the moment, 160 French ophthalmologists are already working with Softalmo. Agreements were signed with three health centres in Paris for the supply and implementation of the new module Julie Santé. Corilus also entered into a partnership with HD Medi to sell the Multidose software for the fractionation of medicines by pharmacies in Spain. A first customer has started in the meantime and three new customers have already signed a contract.

STATEMENT BY THE STATUTORY AUDITOR

Full interim financial information in accordance with IAS 34 and the unqualified statement by the statutory auditor can be found at www.arseus.com.

OUTLOOK⁹

Based on the current view and the existing Arseus portfolio, Arseus' management is expecting turnover growth of between 5% and 10% in 2010 and a REBITDA that is expected to grow faster than turnover.

ACQUISITION OF TREASURY SHARES

During the period of 2 March to 22 June, Arseus purchased 349,635 treasury shares at an average price of € 9.0138 per share. At 30 June 2010, Arseus owned 1,323,550 treasury shares. This represents 4.24% of the total number of outstanding shares.

CONFERENCE CALL

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the results for the first half of 2010 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 2 404 03 34 (Belgium).

FINANCIAL CALENDAR

The trading update for the third quarter of 2010 will be published at 7:30 on 15 October.

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⁹ Disclaimer: 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 European healthcare sector. Arseus is subdivided into four divisions and operates in the markets for pharmaceutical compounding for pharmacies, dental products, medical and surgical products, and medical IT-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.

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