ARSEUS
Driving superior care

Press Release

Regulated information / Consolidated results for the financial year 2010
Waregem (Belgium) / Rotterdam (the Netherlands)[1], 16 February 2011

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

STRONG PERFORMANCE BY FAGRON, ARSEUS MEDICAL & CORILUS

Key points 2010:

- **Turnover growth of 8.4% to € 424.1 million**
- **REBITDA increases 14.7% to € 60.4 million**
- **EBIT increases 17.9% to € 36.0 million**
- **Recurrent net profit per share increases 21.0% to € 0.98**
- **Dividend proposal 2010: € 0.44 per share, 22% higher than in 2009**
- **Outlook for 2011: Turnover growth of between 8% and 12%, organic turnover growth of between 3% and 6% and a REBITDA that is expected to grow faster than turnover**

Ger van Jeveren, CEO of Arseus: '2010 was once again an excellent year for Arseus. As a result of the continuing professionalisation of the organisation and the widely communicated cost awareness, the recurrent EBITDA, the EBIT and net profit grew faster than turnover in 2010.
In the operational field, a firm foundation was laid in 2010 for the future growth of Arseus and its four divisions. With acquisitions in the US and Brazil, Fagron became the global market leader in pharmaceutical compounding. The operational and financial developments at Arseus Medical were impressive. Corilus introduced its software with success in new markets. This is a confirmation of the quality of the organisation as well as the software of Corilus. With the successful restructuring and the cost-saving programme, Arseus Dental has laid a foundation for growth in 2011.

In line with forecasts announced earlier, we expect turnover growth in 2011 of between 8% and 12%, organic growth of between 3% and 6% and a REBITDA that grows faster than turnover.'

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

Income statement (x 1,000 euros)	H2 2010	H2 2009	2010	2009	Change
Net sales	219,378	201,142	424,056	391,315	8.4%
Gross margin	103,908	95,806	201,845	185,914	8.6%
As % of net sales	*47.4%*	*47.6%*	*47.6%*	*47.5%*	
Operating costs	-72,102	-68,559	-141,434	-133,246	6.1%
As % of net sales	*32.9%*	*34.1%*	*33.4%*	*34.1%*	
EBITDA before corporate costs and non-recurrent result	**31,807**	**27,247**	**60,412**	**52,668**	**14.7%**
As % of net sales	*14.5%*	*13.5%*	*14.2%*	*13.5%*	
Corporate costs	-2,860	-2,993	-5,725	-5,655	1.2%
EBITDA before non-recurrent result	28,948	24,255	54,687	47,013	16.3%
As % of net sales	*13.2%*	*12.1%*	*12.9%*	*12.0%*	
Non-recurrent result	-2,637	-2,681	-5,998	-4,488	33.6%
EBITDA	**26,311**	**21,574**	**48,689**	**42,525**	**14.5%**
As % of net sales	*12.0%*	*10.7%*	*11.5%*	*10.9%*	
Depreciation and amortisation	-6,841	-6,341	-12,672	-11,983	5.8%
EBIT	**19,469**	**15,233**	**36,017**	**30,542**	**17.9%**
As % of net sales	*8.9%*	*7.6%*	*8.5%*	*7.8%*	
Financial result, excluding revaluation of financial derivatives	-3,384	-3,064	-6,342	-6,085	4.2%
Revaluation of financial derivatives	1,405	-6	382	-1,351	-128.3%
Profit before taxes	17,489	12,164	30,056	23,107	30.1%
Taxes	-3,246	-1,920	-5,257	-3,468	51.6%
Settlement of dispute with fiscal administration	-2,320		-2,320		
Net profit	**11,924**	**10,243**	**22,479**	**19,639**	**14.5%**
Recurrent net profit[2]	15,148	12,414	29,311	24,516	19.6%
Net profit per share (in euro)	0.40	0.34	0.75	0.65	15.4%
Recurrent net profit per share (in euro)	0.51	0.41	0.98	0.81	21.0%
Average number of shares	29,889,716	30,221,206	29,995,199	30,214,757	

Balance sheet (x 1,000 euros)	31-12-‘10	31-12-‘09
Intangible assets	284,498	229,455
Property, plant and equipment	48,862	38,631
Deferred tax assets	20,785	19,205
Other non current assets	1,665	2,241
Operational working capital	71,517	63,336
Other working capital	-39,572	-28,827
Equity	208,122	196,352
Provisions	4,251	4,222
Financial instruments	4,931	5,312
Deferred tax liabilities	4,363	4,232
Net financial debt	166,089	113,923

[2] Recurrent net profit is defined as the profit before non-recurrent items and the revaluation of financial derivatives, after taxes based at the group’s effective tax rate.

Notes to the consolidated financial statements 2010

Income statement

Consolidated turnover in 2010 amounted to € 424.1 million, an increase of 8.4% compared with 2009. Organic growth was 2.7%. More detailed information on the development of turnover is given in the press release dated 10 January 2011, which can be found at www.arseus.com.

Gross margin grew 8.6% to € 201.8 million. Compared with 2009, gross margin as a percentage of turnover was 0.1 percentage point higher at 47.6%, despite a significant decrease at Arseus Dental.

Operating costs as a percentage of turnover decreased by 0.7 percentage points in 2010 to 33.4%. This percentage was 1.2 percentage points lower in the second semester of 2010 than in the same period of 2009.

REBITDA[3] grew faster than turnover, by 14.7% to € 60.4 million.

Corporate costs increased by only 1.2%, despite the turnover growth of 8.4%. This is a clear sign that the cost-saving programme was also successful here. Corporate costs were more than 4% lower in the second semester of the year.

The **non-recurrent result** was € 6.0 million negative, consisting mainly of restructuring costs at Arseus Dental, where the workforce was reduced by 75 FTEs in 2010. As in 2009, an additional provision of € 0.75 million has been made owing to a 2002 conflict with a customer regarding the payment of delivered products. With this additional provision, this case is now closed.

EBITDA increased in 2010 by 14.5% to € 48.7 million. The operating margin (EBITDA as a percentage of turnover) increased from 10.9% in 2009 to 11.5% in 2010.

Depreciation and amortisation amounted to € 12.7 million, an increase compared with 2009 of € 0.7 million.

EBIT amounted to € 36.0 million, an increase of 17.9% in comparison with 2009. Despite the increase in non-recurrent costs, EBIT increased substantially faster than turnover.

The **financial result**, excluding the revaluation of financial derivatives, amounted to € 6.3 million negative, an increase of 4.2% compared with 2009, mainly reflecting an increase in the net financial debt, while interest rates were lower.

The **revaluation of financial derivatives** amounted to € 0.4 million. This positive revaluation reflects a rising trend in the interest base. This interest-rate hedge does not qualify for hedge

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

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 17.5% in 2010.
In the prospectus and the annual reports for 2007, 2008 and 2009, Arseus reported that Corilus Wallonië (a subsidiairy of Arseus) was involved in a dispute with the Belgian tax authority regarding the fiscal treatment of the 2003 to 2007 financial years. The total tax demands for these years amount to approximately € 11.2 million. In early 2011, Corilus contracted a settlement of the dispute with the tax authority for a total sum of € 2.3 million. Because Corilus had already made past payments totalling € 2.5 million, it will receive € 0.3 million, including interest, from the Belgian tax authority.

Net profit increased 14.5% to € 22.5 million in 2010, despite the non-recurrent tax of € 2.3 million.
Recurrent net profit amounted to € 29.3 million, an increase of 19.6% in comparison with 2009.
Recurrent net profit per share amounted to € 0.98.

Balance sheet

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

Intangible assets increased by € 55.0 million, mainly due to the recognition of goodwill relating to acquisitions of the American Gallipot, the Brazilian DEG and the Belgian Devroe Instruments and the R&D activities of Corilus and Arseus Dental.

Property, plant and equipment increased € 10.2 million, partly through the construction of a new head office and distribution centre for Fagron Netherlands and the installation of a pick robot in its central warehouse

Operational working capital[4] increased 12.9% to € 71.5 million. This increase is caused by the acquisitions made by Arseus in 2010. Without the impact of the acquisitions, the operational working capital would have decreased in 2010.

Net financial debt[5] increased in 2010 by € 52.2 million to 166.1 million. The increase is attributable to investments, the acquisitions of Gallipot, DEG and two local dental dealers in France and the payment for a compounding pharmacy acquired in the Netherlands at year-end 2009. At year-end 2010, the net financial debt/annualised REBITDA ratio was 2.49, fully in compliance with the covenant under the credit facility, which sets a maximum ratio of 3.25.

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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.

The **net operational capex**[6] amounted to € 19.2 million, representing 4.5% of turnover in 2010. The main component is an investment of € 7.9 million in a new head office and distribution centre for Fagron Netherlands. The capex also comprises investments in R&D, IT and a pick robot for Fagron Netherlands. If an abstraction is made of the investment in the new head office and distribution centre for Fagron Netherlands, the net operational capex decreased 30%, in comparison with 2009, to 2.7% of annual turnover.

KEY FIGURES PER DIVISION

Fagron

(x 1,000 euros)	H2 2010	H2 2009	Change	2010	2009	Change
Turnover	94,263	77,399	21.8%	179,339	150,741	19.0%
REBITDA	19,241	14,988	28.4%	36,012	28,089	28.2%
REBITDA margin	20.4%	19.4%		20.1%	18.6%	

2010 was an excellent year in every way for Fagron. Turnover increased by 19.0% to € 179.3 million while the REBITDA increased 28.2% to € 36.0 million. Organic turnover growth amounted to 7.8%. These strong results confirm the success of Fagron's strategy focusing on revitalisation of pharmaceutical compounding. As part of the strategy, Fagron continually introduces new products and concepts in the market in order to meet the globally growing need for tailor-made medication.

With the strategic acquisition in May of the American Gallipot, which has already been fully integrated, and the acquisition in December of the Brazilian DEG, within one year Fagron became the global market leader in pharmaceutical compounding. Thanks to its outstanding track record and the quality of the organisation and its staff, Fagron is able to integrate acquisitions quickly and smoothly, explicitly considering the existing synergies and scale benefits.

In 2011, Fagron wants to further strengthen its market leadership in the rapidly growing market for pharmaceutical compounding through robust organic growth and a focused buy-and-build strategy. The emphasis in Europe is on acquisitions in existing markets, Scandinavia and in Central and Eastern Europe. Fagron is also looking for acquisition possibilities in North America and Latin America in order to further strengthen its market positions in these regions.

Detailed information on the acquisitions of Gallipot and DEG is given in the press releases of 10 May 2010 and 20 December 2010 respectively. These press releases can be viewed at www.arseus.com.

[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.

Arseus Dental

(x 1,000 euros)	H2 2010	H2 2009	Change	2010	2009	Change
Turnover	81,760	81,668	0.1%	161,457	161,254	0.1%
REBITDA	4,301	5,775	-25.5%	10,025	12,949	-22.6%
REBITDA margin	5.3%	7.1%		6.2%	8.0%	

Despite the cost-saving programme and weaker market conditions for the sale of equipment, Arseus Dental proved able to maintain turnover at the 2009 level during 2010. Arseus Dental's technological activities (Arseus Dental Lab, the Swiss Hader and the French Julie-Owandy) achieved good organic growth in 2010. Even though Arseus Dental was well-represented at the dental trade fairs in Brussels and Paris, the turnover for their distribution activities was lower than expected.

The REBITDA margin was 1.8 percentage points lower in 2010 than in 2009. This decrease was due primarily to a diminution in the gross margin by 2.2 percentage points as a result of weaker market conditions, lower than expected turnover for distribution activities and the effects associated with restructuring.

In 2011, the focus in the distribution activities will lie on the offer of integrated total solutions with added value, which improve the efficiency of dental practices. The emphasis in Arseus Dental's technological activities lies on strengthening innovation to enable new, added value products and concepts to be continually introduced via existing and new channels in the market. Further improvements in quality, service and customer-orientation at Arseus Dental play a vital role here. All these initiatives should result in the growth of Arseus Dental's turnover and profitability during 2011.

Arseus Medical

(x 1,000 euros)	H2 2010	H2 2009	Change	2010	2009	Change
Turnover	27,081	27,369	-1.1%	52,203	50,526	3.3%
REBITDA	3,072	2,053	49.6%	5,225	3,483	50.0%
REBITDA margin	11.3%	7.5%		10.0%	6.9%	

Arseus Medical simplified its market approach, optimised its product range and improved its quality of service with great success in 2010. In 2010 the REBITDA increased by as much as 50.0% to € 5.2 million. The REBITDA margin increased by an impressive 3.1 percentage points to 10.0%.

Through the strategic repositioning of the product offering, activities with low gross margins were phased out (annual turnover of approximately € 7.5 million). New products and concepts with added value, such as the Arseus Medication Management Solution and the Surgery to Sterilization concept were added to the product range. With the acquisition of Devroe Instruments in December 2010, Arseus Medical substantially strengthened its position in surgery and sterilisation in the Benelux region.

Detailed information on the acquisition of Devroe Instruments is given in the press release dated 23 December 2010, which can be found at www.arseus.com.

Corilus

(x 1,000 euros)	H2 2010	H2 2009	Change	2010	2009	Change
Turnover	16,274	14,707	10.7%	31,057	28,795	7.9%
REBITDA	5,194	4,433	17.2%	9,150	8,148	12.3%
REBITDA margin	31.9%	30.1%		29.5%	28.3%	

Corilus can look back on an excellent year. New customers, an increase in the number of maintenance contracts and the further rollout of software packages in France and Spain, all contributed to the division’s annual turnover growth by 7.9% to € 31,1 million. This growth was achieved with almost the same number of FTEs. As in 2008 and 2009, profitability consequently increased faster than turnover. REBITDA increased 12.3% to € 9.2 million.

The strategy for 2011 is aimed at further expanding Corilus’s market positions in Belgium through organic growth and acquisitions and at introducing the innovative total IT solutions for medical professionals in other European countries. Corilus also aims to accelerate synergies with Arseus Dental and Arseus Medical.

Dividend

A gross dividend of € 0.44 per share will be proposed to the annual general meeting of shareholders. This represents an increase of 22.2% compared to € 0.36 per share in 2009. On the basis of the 2010 closing price, the gross dividend yield amounted to 3.9%.

Outlook[7]

Based on the current view and the existing Arseus portfolio, Arseus’ management is expecting turnover growth of between 8% and 12% in 2011, organic turnover growth of between 3% and 6% and a recurring EBITDA that is expected to grow faster than turnover for the fifth year in succession.

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.

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[7] 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.

Conference call

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the 2010 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).

Financial calendar

8 April	Trading update first quarter 2011
8 July	Trading update second quarter 2011
5 August	Half year figures 2011
10 October	Trading update third quarter 2011

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

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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 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.

Consolidated income statement

x 1,000 euros	2010	2009
Operating income	**425,262**	**393,624**
Turnover	424,056	391,315
Other operating income	1,206	2,309
Operating expenses	**(389,246)**	**(363,082)**
Trade goods	(222,210)	(205,401)
Services and other goods	(63,208)	(62,026)
Employee benefit expenses	(89,606)	(82,030)
Depreciation and amortization	(12,672)	(11,983)
Other operating expenses	(1,549)	(1,641)
Operating profit	**36,017**	**30,542**
Financial income	477	554
Financial expenses	(6,437)	(7,990)
Profit before income tax	**30,056**	**23,107**
Income tax expenses	(7,578)	(3,468)
Profit after income tax	**22,479**	**19,639**
Attributable to:		
Equity holders of the company (net result)	**22,357**	**19,553**
Non-controlling interest	122	85
Profit for the period	**22,479**	**19,639**
Earnings per share (in euro)	0.75	0.65
Diluted earnings per share (in euro)	0.75	0.65
Recurring earnings per share (in euro)	0.98	0.81
Diluted recurring earnings per share (in euro)	0.97	0.81

Consolidated balance sheet

x 1,000 euros	2010	2009
Non current assets	**355,810**	**289,532**
Intangible assets	284,498	229,455
Property, plant and equipment	48,862	38,631
Financial assets	818	1,228
Deferred tax assets	20,785	19,205
Other non current assets	846	1,014
Current assets	**217,782**	**182,628**
Stock	66,059	60,771
Trade receivables	86,303	70,170
Other current assets	14,234	17,403
Cash and cash equivalents	51,186	34,284
Total assets	**573,592**	**472,160**
Equity	**208,122**	**196,352**
Shareholder's equity (parent)	216,654	202,187
Treasury shares	(10,816)	(7,881)
Non controlling interest	2,284	2,046
Non current liabilities	**225,747**	**157,097**
Provisions	975	857
Pension obligations	3,276	3,365
Deferred tax liabilities	4,363	4,232
Borrowings	214,960	146,305
Financial instruments	2,172	2,339
Current liabilities	**139,723**	**118,711**
Borrowings	2,315	1,902
Financial instruments	2,758	2,974
Trade payables	80,845	67,605
Taxes, remuneration and social security	27,000	24,337
Other current payables	26,806	21,893
Total equity and liabilities	**573,592**	**472,160**

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 at 31 December 2008	**317,302**	**(195,917)**	**(8,120)**	**70,281**	**183,546**	**1,984**	**185,530**
Currency translation adjustments		(104)			(104)	31	(73)
Profit for the period				19,553	19,553	85	19,639
Total recognised income for the period	**317,302**	**(196,021)**	**(8,120)**	**89,834**	**202,996**	**2,100**	**205,096**
Treasury shares			239		239		239
Dividends relating to 2008 result				(9,073)	(9,073)		(9,073)
Share-based payments		145			145		145
Purchase participation non-controlling interest						(54)	(54)
Balance 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**
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 at 31 December 2010	**317,302**	**(192,887)**	**(10,816)**	**92,238**	**205,838**	**2,284**	**208,122**

Consolidated cash flow statement

x 1,000 euros	2010	2009
Operating activities		
Profit before income tax	30,056	23,107
Taxes paid	(7,803)	(5,436)
Adjustment for financial items	5,960	7,436
Total adjustment for non-cash items	11,642	11,662
Total changes in working capital	2,269	2,727
Total cash flow from operating activities	**42,126**	**39,496**
Investment activities		
Capital expenditures	(19,159)	(16,322)
Investments in existing shareholdings (subsequent payments) and in new holdings	(53,486)	(15,862)
Total cash flow from investing activities	**(72,645)**	**(32,184)**
Financing activities		
Purchase of treasury shares	(3,152)	-
Dividends paid	(10,812)	(9,073)
New borrowings	69,443	26,031
Reimbursement of borrowings	(1,979)	(2,589)
Interest received (paid)	(6,385)	(5,922)
Total cash flow from financing activities	**47,116**	**8,447**
Total net cash flow of the period	**16,596**	**15,758**
Cash and cash equivalents – start of the period	34,284	18,503
Gains or losses on exchange on liquid assets	306	23
Cash and cash equivalents – end of the period	51,186	34,284
Change in cash and cash equivalents	**16,596**	**15,758**