MEDIQ

Date
28 April 2010

Press release

Mediq Q1 2010: substantial growth operating and net result

Financial highlights

Net sales : down 4% due to disposal of Belgian pharmacy activities (- 8%) partly compensated by organic growth (2%) and currency effect (2%).

Operating result : up 28%; operating result from ordinary activities rose 6%, partly due to continuing growth Direct & Institutional.

Net result : up by € 6.2 million to € 20.5 million.

Operational highlights

Direct & Institutional
- Sales growth of 4%.
- Growth of operating result of 15%; increase result international activities.
- Small acquisitions in the Netherlands and Denmark completed.

Pharmacies Netherlands
- Good progress centralisation of repeat medication.
- Expansion assortment private label products.
- Positive development of result under the influence of cost savings.
- Reorganisation on track.

Pharmacies International
- Sales decrease due to sale of Belgian activities and organic decline of wholesaling sales.
- Sales growth at pharmacies outpaces the market.
- Operating result lower due to start-up costs new distribution centre.

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Net sales	628.4	656.4	- 4%
Operating result from ordinary activities *	25.2	23.8	6%
Operating result	29.7	23.2	28%
Operating margin	4.7%	3.5%	
Finance income and costs	- 2.0	- 3.8	
Results of associates	0.2	0.4	
Income tax expense	- 6.7	- 5.1	
Profit after income tax attributable to:	21.2	14.7	44%
− shareholders **(net result)**	20.5	14.3	43%
− minority interests	0.7	0.4	
Net earnings per share (X € 1)	0.35	0.24	43%

* Adjusted for non-operational items (see table on page 3)

Marc van Gelder, CEO:
"After a slow start in the first two months, March brought a significant recovery and we therefore had a good first quarter. We achieved substantial growth of both operating result and net result from ordinary activities. Steady growth at Direct & Institutional continued, especially also internationally. We are seeing the start of a cautious recovery at Pharmacies Netherlands following the cost savings from the reorganisation. We are maintaining the outlook announced with the 2009 full-year results, of organic sales growth of 3 to 5%."

Financial performance of Mediq NV

Net sales

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Mediq	628.4	656.4	- 4%
Direct & Institutional	221.9	212.7	4%
Pharmacies Netherlands	272.7	257.2	6%
Pharmacies International	136.1	189.2	- 28%
Other and eliminations	- 2.3	- 2.7	15%

Net sales declined 4%. This was caused by the disposal of our pharmaceutical activities in Belgium (- 8%), partly compensated by the appreciation of the Polish zloty (2%); sales grew organically by 2%. Net sales at Direct & Institutional increased by 4%, of which 3% on an organic basis. Net sales at Pharmacies Netherlands increased 6%, partly due to the addition of a number of new customers for wholesaling. Sales in Poland (Pharmacies International) decreased by 8% in local currency, partly due to the margin improvement programme and tightened credit policy introduced in the course of last year in wholesaling, and relatively low of the pharmacy market.

Operating result

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Mediq	29.7	23.2	28%
Direct & Institutional	19.2	16.7	15%
Pharmacies Netherlands	5.2	4.9	6%
Pharmacies International	1.7	2.4	- 29%
Other	3.6	- 0.8	> 100%

Operating result increased by € 6.5 million, of which € 5.1 million was attributable to non-operational items. Direct & Institutional's operating result rose by 15% on a fully organic basis. Result at Pharmacies International decreased due to the disposal of the activities in Belgium in the third quarter of 2009. The increase at Other was due to a book gain on the sale of a building and land in Belgium and the increase in the share price of Anzag.

Operating margin was 4.7%. After adjustment for non-operational items, operating margin was 4.0%, versus 3.5% a year ago and 3.8% in the fourth quarter of 2009. The improvement compared to a year ago was mainly attributable to a higher margin at Direct & Institutional and the higher share of Direct & Institutional in total sales.

Finance costs were € 1.8 million lower due to the effect of the lower average net debt position and lower interest, and positive effects of forward currency contracts.

Taxation was higher, mainly due to the higher operating result. The effective tax burden was slightly below the nominal weighted average this quarter.

Net result improved by € 6.2 million to € 20.5 million due to the higher operating result and lower finance costs.

We further strengthened our **balance sheet**. Net debt decreased by € 4 million to € 171 million. Debt cover was unchanged at 1.3 and interest cover rose to 9.5.

Operating result and net result excluding non-operational items

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Operating result	29.7	23.2	28%
less: release of provision for legal claims [1]	0.6		
less: book gain on property sale in Belgium [2]	2.4		
less: result of Anzag [2]	1.5	- 0.6	
Operating result from ordinary activities	25.2	23.8	6%
Net result	20.5	14.3	43%
less: above adjustments after income tax expense	- 3.6	- 0.6	
Net result from ordinary activities	16.9	14.9	13%

1 Pharmacies International – see page 6 for more information on this item
2 Other – see page 6 for more information on these items

Cash flow statement

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Cash flow from operating activities	12.2	- 4.2	> 100%
Cash flow from investing activities	- 5.2	- 3.8	- 37%
Cash flow from financing activities	- 3.0	- 0.5	> - 100%
Net cash flow	4.0	- 8.5	> 100%

Cash flow from operating activities was € 12.2 million, partly due to a higher operational result. In addition, underlying average operational working capital as a percentage of net sales was lower than last year; working capital at the end of the quarter was however higher than at year-end 2009.

Cash flow from investing activities was € 5.2 million negative. On the acquisitions of Medisource in the Netherlands, Opco in Denmark and eight pharmacies in Poland a total of € 9.7 million was spent. At € 2.7 million, capital expenditure was € 3.3 million lower. Disposals of non-current assets resulted in positive cash flow of € 5.7 million. This related to the sale of the remaining property in Belgium that we still held in connection with the pharmaceutical activities that have now been sold. Other cash flows from investing activities consisted mainly of dividend and interest income and amounted to € 1.5 million.

Financial performance by segment

Direct & Institutional

- Sales growth of 4%, achieved mainly in direct activities in the Netherlands.
- Operating result up 15%; increase result international activities.
- Small acquisitions in the Netherlands and Denmark completed.

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Direct sales in the Netherlands	74.9	64.9	15%
Direct sales outside the Netherlands	62.5	63.9	- 2%
Institutional sales in the Netherlands	67.2	66.9	0%
Institutional sales outside the Netherlands	21.0	19.5	8%
Eliminations	- 3.7	- 2.6	48%
Net sales	221.9	212.7	4%
Operating result	19.2	16.7	15%
Operating margin	8.6%	7.9%	
Cash flow from operating activities	12.8	0.9	> 100%
Acquisitions	5.8	0.1	> 100%
Capital expenditure	0.7	1.5	- 55%

Sales increased 4%, of which 3% on an organic basis and 1% from acquisitions. The currency effect was negligible. International activities contributed significantly to the segment sales, as 38% of sales were achieved outside the Netherlands.

At ‘Direct sales in the Netherlands’, sales grew for deliveries of both medical supplies and pharmaceuticals in home healthcare settings. All product groups contributed to the growth recorded for medical supplies. Growth for pharmaceuticals resulted in part from admendments of a number of existing contracts in the third and fourth quarters of 2009 following which the value of the goods is reported as sales instead of a fee for the services rendered.

The decrease in sales in the direct channel outside the Netherlands was caused by the change in regulations in the German market in the summer of 2009. The shift in the business model from depots at prescribers to a combination of direct mail and small outlets led to a one- off reduction of sales in the third quarter of 2009. This was compensated to some extent by sales growth at all other group companies, particularly in Denmark and in the United States. The sales growth of 6% in the United States, where all product groups except diabetes recorded strong growth, was however largely offset by a weaker dollar compared to the first quarter of 2009.

Growth in sales of supplies to hospitals and other care institutions in the Netherlands was limited. While supplies of pharmaceuticals to hospitals increased, deliveries of medical supplies (Medeco) declined slightly. The higher institutional sales outside the Netherlands were attributable to higher sales in Denmark.

Operating result increased by 15% to € 19.2 million. The increase of € 2.5 million was achieved mainly in Denmark and at Medeco, where the first effects of the reorganisation were visible.

Operating margin was 8.6%, 0.7% higher than in the first quarter of 2009. This improvement was largely due to a higher margin in Denmark and at the Dutch institutional activities.

The total amount paid for acquisitions of € 5.8 million related to Medisource in the Netherlands and Opco in Denmark.

Pharmacies Netherlands

- Good progress centralisation of repeat medication.
- Expansion assortment private label products.
- Positive development of result under influence of cost savings.
- Reorganisation on track.

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Wholesaling sales	215.6	203.4	6%
Pharmacy sales	153.6	152.9	0%
Eliminations *	- 96.5	- 99.1	
Net sales	272.2	257.2	6%
Operating result	5.2	4.9	6%
Operating margin	1.9%	1.9%	
Cash flow from operating activities	- 14.1	- 0.6	> - 100%
Acquisitions	-	-	-
Capital expenditure	1.4	2.9	- 52%

* Relates to supplies by wholesaling to group-owned pharmacies

Sales of our wholesaling activities increased by 6%. The substantial additions to the customer base in the fourth quarter of 2009 more than offset the fierce price competition and price decreases due to the preference policy.

Sales at a pharmacy level were virtually unchanged. Price decreases due to the preference policy and the Pharmaceuticals Price Act were compensated for by an increase in the number of prescription lines and a higher dispensing fee.

Gross margin was impacted by fierce competition on price in the wholesaling activities. Operating result nonetheless increased by 6% due to cost savings.

The changed market conditions entail consequences for the way in which we organise our operations. The implementation of the second and third phases of the reorganisation process, which together are to achieve a workforce reduction of 200 FTEs, is on track. Currently 65 pharmacies, of which 35 are group-owned pharmacies, have most of their repeat medications processed by Mediq Central Filling Apotheek. A further 100 pharmacies can switch over to this procedure in the second quarter. All of our pharmacies have in the meantime outsourced their compounding activities to one external partner.

In the first quarter we introduced 13 new private label products, including ibuprofen and melatonine, increasing the total assortment private label products to 48.

The number of pharmacies totalled 226 (of which 218 consolidated) at the end of the quarter. The number of Mediq pharmacy franchises has increased to 17 (an increase by 1 compared to the end of 2009).

Pharmacies International

- Sales down due to disposal of Belgian activities and decrease at Polish wholesaling activities.
- Organic growth of Polish pharmacies outstrips market average.
- Lower operating result due to start-up costs new distribution centre.

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Wholesaling sales Poland	119.9	117.8	2%
Wholesaling sales Belgium[1]	-	57.6	> - 100%
Pharmacy sales Poland	40.1	33.4	20%
Pharmacy sales Belgium[2]	-	1.8	> - 100%
Eliminations	- 23.8	- 21.3	
Net sales	136.1	189.2	- 28%
Operating result	1.7	2.4	- 29%
Operating margin	1.2%	1.3%	
Cash flow from operating activities	- 1.7	- 1.3	
Acquisitions	3.9	-	
Capital expenditure	0.4	1.2	

1 Sold as of 1 October 2009
2 Sold as of 1 August 2009

The segment's net sales decreased by 28%. This decrease was attributable to the disposal of our activities in Belgium (- 31%). There was also a sales decrease of 10% on an organic basis in Poland, compensated by the appreciation of the Polish zloty (12%) and an acquisition effect of 2%.

Wholesaling sales decreased by 10% in local currency due to the effects of the tightened credit policy and the margin improvement programme started in 2009.

Sales at our pharmacy chain rose 7% in local currency due to organic growth (2%) and acquisitions (5%). Organic growth outpaced the market as it benefited from the further roll-out of the Mediq Pharmacy formula.

Operating result adjusted for non-operational items declined by € 1.3 million. This was attributable to the disposal of the activities in Belgium and higher costs in Poland due to the start-up costs of the new distribution centre.

The non-operational items in the quarter under review of € 0.6 million related to the release of a provision for legal proceedings in Poland.

We acquired eight new pharmacies in the first quarter through the acquisition of the Corda pharmacy chain, strengthening a number of regional positions. This brought the number of pharmacies to 200. The number of Mediq pharmacies increased by three to 129 in the past quarter.

Other

(X € 1,000,000)	1st quarter 2010	1st quarter 2009	Increase/ decrease
Net sales (including eliminations)	- 2.3	- 2.7	- 15%
Operating result	3.6	- 0.8	> 100%
Capital expenditure	0.3	0.4	- 25%

Income on activities not allocated to segments is reported under 'Other'. Operating result increased by € 4.4 million, partly because the increase in the share price lifted the result from our 6% interest in the German pharmaceutical wholesaler Andreae-Noris Zahn A.G (Anzag) by € 2.1 million compared to the same period of last year. In addition the disposal of the remaining property in Belgium, which we still held in connection with the pharmaceutical activities there that we sold in 2009, led to a book gain of € 2.4 million.

Outlook for 2010

The outlook is unchanged from that announced together with the full-year results for 2009.

For Mediq as whole

- Organic sales growth of 3 to 5%.
- Capital expenditure of some € 25 million.

Specifically for operating result of Pharmacies Netherlands

- Negative effect of € 16 million on operating result compared to 2009 due to expansion of the preference policy and price adjustments under the Pharmaceuticals Price Act.
- Positive effect of € 9 million due to the increase of the dispensing fee.
- Positive effect of € 10 million due to cost savings as a result of the reorganisation. This is € 2 million higher than announced at the publication of the full-year results for 2009, because the reorganisation provision to be recognised has been reduced from € 5 million to € 3 million. This provision will be recognised in the second quarter.

Conference call

A conference call for investors, analysts and the press will be hosted today at 10.00 a.m. (Central European Time). The access number is + 31 10 294 42 24 or + 44 203 365 32 07. The call can also be followed via a webcast on www.mediq.com.

Financial calendar

The results for the second quarter of 2010 will be published on 29 July 2010 at 7.30 a.m. (Central European Time).

Note for the editor/not to be published

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Mediq is an international company delivering pharmaceuticals, medical supplies and related care services. The patient is at the heart of everything we do. Mediq delivers via three channels: direct to people's homes, if required with nursing care (Mediq Direct), via hospitals and nursing homes (Mediq Institutional) and via Mediq Pharmacies. Mediq is the market leader in the Netherlands and also has operations in Poland, the United States, Denmark, Germany, Norway, Hungary, Switzerland and Belgium. Its head office is located in Utrecht, the Netherlands. The company was founded in 1899 and has around 7,800 employees. Mediq is listed on Euronext Amsterdam. For more information see www.mediq.com.

Consolidated income statement

(X € 1,000,000)	1st quarter 2010	1st quarter 2009
Net sales	628.4	656.4
Cost of sales	492.9	521.0
Gross profit	**135.5**	**135.4**
Other income	**6.0**	**0.2**
Personnel costs	70.1	70.2
Depreciation and amortisation	6.9	6.3
Other operating expenses	34.8	35.9
Total operating expenses	**111.8**	**112.4**
Operating result	**29.7**	**23.2**
Finance income	0.4	-
Finance costs	- 2.4	- 3.8
Results of associates	0.2	0.4
Profit before income tax	**27.9**	**19.8**
Income tax expense	- 6.7	- 5.1
Profit after income tax	**21.2**	**14.7**
Attributable to:		
Shareholders **(Net result)**	**20.5**	**14.3**
Minority interests	0.7	0.4
Total	21.2	14.7
(X € 1)		
Net earnings per share	0.35	0.24
Diluted net earnings per share	0.35	0.24

Consolidated balance sheet

Unaudited

(X € 1,000,000)	31 March 2010	31 December 2009
Non-current assets		
Property, plant and equipment	123.0	123.9
Investment property	2.1	2.2
Goodwill	309.2	293.5
Other intangible assets	34.7	34.6
Investments in associates	7.2	7.2
Pension benefit surplus	-	5.4
Deferred tax	32.7	25.9
Receivables	6.0	5.8
Financial assets at fair value through profit or loss	17.4	16.7
	532.2	**515.2**
Current assets		
Inventories	207.4	210.6
Trade receivables	284.8	263.7
Corporate income tax	1.5	1.2
Other receivables	36.8	32.9
Derivative financial instruments	-	-
Cash and cash equivalents	113.9	109.7
	644.4	**621.3**
Non-current assets held for sale	0.4	2.9
	644.8	**624.2**
Total assets	**1,177.0**	**1,139.4**
Equity		
Share capital and share premium	107.2	107.2
Reserves	332.1	331.4
Total	**439.2**	**438.6**
Minority interests	16.3	15.5
Total equity	**455.5**	**454.1**
Non-current liabilities		
Borrowings	202.3	195.5
Derivative financial instruments	6.8	8.9
Deferred tax	13.4	14.4
Retirement benefit obligations	28.5	2.4
Other provisions	2.0	1.7
	253.1	**222.9**
Current liabilities		
Credit institutions	1.0	1.7
Borrowings due within one year	82.0	82.0
Derivative financial instruments	0.2	1.3
Trade payables and other current liabilities	331.4	329.9
Corporate income tax	10.7	9.8
Other taxes and social security charges	26.1	20.7
Other provisions	17.0	17.0
	468.4	**462.4**
Total equity and liabilities	**1,177.0**	**1,139.4**
Net debt	171.2	175.1

Consolidated cash flow statement

(X € 1,000,000)	1st quarter 2010	1st quarter 2009
Operating result	29.7	23.2
Adjusted for:		
Depreciation of non-current assets	4.8	4.4
Amortisation of intangible assets	2.2	2.0
Profit on sale of non-current assets	- 2.6	0.0
Profit on investments	- 1.5	0.6
Movements in provisions	- 0.8	- 2.0
Movements in inventories	6.8	24.9
Movements in current receivables	- 18.4	- 18.6
Movements in current liabilities	0.9	- 24.7
Operating cash flow	**21.1**	**9.8**
Finance costs paid	- 3.1	- 4.1
Tax paid on operating result	- 5.8	- 9.9
Cash flow from operating activities	**12.2**	**- 4.2**
Additions to non-current assets	- 2.7	- 6.1
Acquisitions less cash and cash equivalents	- 9.7	- 0.1
Finance income received	0.4	0.0
Dividends received	1.0	1.2
Disposals of non-current assets	5.7	0.1
Loans granted	- 0.5	0.0
Payments received on loans	0.7	1.2
Tax paid on investing activities	0.0	0.0
Cash flow from investing activities	**- 5.2**	**- 3.8**
Proceeds from share issues	-	1.3
Treasury shares	-	- 0.5
Dividends paid	-	0.0
Proceeds from borrowings	-	0.3
Repayments of borrowings	- 2.3	- 0.8
Movements in minority shareholders	- 0.7	- 0.8
Cash flow from financing activities	**- 3.0**	**- 0.5**
Net cash flow	**4.0**	**- 8.5**
Reconciliation with the balance sheet		
Net cash flow	4.0	- 8.5
Foreign exchange differences in net short-term debt	0.9	- 1.6
Sub-total	**4.9**	**- 10.1**
Net short-term debt at beginning of period:		
Cash and cash equivalents	109.7	28.4
Credit institutions	1.7	25.4
	108.0	**- 2.9**
Net short-term debt at end of period:		
Cash and cash equivalents	113.9	18.8
Credit institutions	1.0	26.0
	112.9	**7.2**
Movement net short-term debt on balance	**4.9**	**- 10.1**

Segment reporting - results per segment

	Direct & Institutional		Pharmacies Netherlands		Pharmacies International		Total operating segments		Holding & Eliminations		Consolidated	
(X € 1,000,000)	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Net sales, third parties	219.8	210.3	272.5	257.0	136.1	189.0	628.4	656.3	-	0.1	628.4	656.4
Net sales, intercompany	2.1	2.4	0.2	0.2	0.0	0.2	2.3	2.8	- 2.3	- 2.8	-	-
Total net sales	221.9	212.7	272.7	257.2	136.1	189.2	630.7	659.1	- 2.3	- 2.7	628.4	656.4
Cost of sales plus operating expenses	- 202.7	- 196.0	- 267.5	- 252.3	- 134.4	- 186.8	- 604.6	- 635.1	5.9	1.9	- 598.7	- 633.2
Operating result	19.2	16.7	5.2	4.9	1.7	2.4	26.1	24.0	3.6	- 0.8	29.7	23.2
Finance income and costs	0.5	- 0.5	- 1.7	- 4.5	- 0.4	- 0.4	- 1.6	- 5.5	- 0.4	1.7	- 2.0	- 3.8
Results of associates	-	-	0.3	0.4	0.0	0.0	0.2	0.4	-	-	0.2	0.4
Profit before income tax	19.7	16.2	3.8	0.8	1.2	2.0	24.7	18.9	3.2	0.9	27.9	19.8
Total assets	342.5	363.5	504.0	396.0	188.2	214.8	1,034.8	974.4	142.3	118.4	1,177.0	1,092.8
- of which income tax	7.5	11.7	22.0	13.4	1.9	1.7	31.4	26.8	2.7	- 3.2	34.1	23.6
Total liabilities	326.3	346.8	570.8	574.3	138.7	138.9	1,035.8	1,060.5	- 314.3	- 365.4	721.5	695.1
- of which income tax	14.2	13.7	11.7	10.9	2.6	3.1	28.4	27.7	- 4.3	- 12.2	24.1	15.5
Total investments in associates	-	-	7.0	6.5	-	0.3	7.0	6.8	0.2	0.1	7.2	6.9
Acquisitions	5.8	0.1	0.0	0.0	3.9	0.0	9.7	0.1	-	-	9.7	0.1
Additions to non-current assets	0.7	1.5	1.4	2.9	0.4	1.2	2.4	5.7	0.3	0.4	2.7	6.1
Amortisation of intangible assets	1.6	1.5	0.5	0.4	0.1	0.1	2.1	1.9	-	0.1	2.2	2.0
Depreciation of property, plant and equipment	0.9	1.0	2.8	2.6	0.6	0.5	4.3	4.1	0.4	0.2	4.8	4.3
Operating margin	8.6%	7.9%	1.9%	1.9%	1.2%	1.3%					4.7%	3.5%
Capital employed	223.2	250.5	347.3	348.9	114.7	106.1	685.2	705.2	9.8	16.5	695.0	721.7
Return on average capital employed	34.5%	33.4%	6.3%	5.6%	6.0%	8.3%					17.3%	9.9%

* Eliminations between Pharmacies Netherlands and Pharmacies International are not reported separately.

Segment reporting - results per country

	Netherlands		Poland		Belgium		Germany		Denmark		United States		Other		Consolidated	
(X € 1,000,000)	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Net sales	409.4	383.0	136.1	131.1	-	59.4	15.8	18.3	24.2	22.9	28.4	28.2	14.5	13.5	628.4	656.4
Capital employed	383.9	397.7	114.7	87.7	-	18.4	45.0	44.3	38.8	38.8	100.3	108.6	12.3	26.0	695.0	721.7
Total assets	603.2	511.5	216.9	169.1	-	61.8	103.1	102.8	69.9	63.3	122.4	122.3	61.5	62.0	1,177.0	1,092.8
Acquisitions	2.5	0.0	3.9	0.0	-	-	0.8	-	2.5	-	-	0.1	-	-	9.7	0.1
Additions to non-current assets	2.2	4.3	0.4	1.1	-	0.1	-	0.2	0.0	0.1	0.1	0.2	-	0.1	2.7	6.1