

# 2008 - HALF-YEAR RESULTS



**BOIRON**



# 2008 - HALF-YEAR RESULTS

## **HALF-YEAR FINANCIAL REPORT**

Half-year closed June 30, 2008

**(L. 451-1-2 III of the French Monetary and Financial Code.  
Article 222-4 et seq. of the French Securities and Exchange  
Commission [AMF] Regulations)**

This half-year financial report is for the six months ended June 30, 2008, and was prepared in line with the Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 et seq. of the AMF Regulations.

It was published in line with the Article 221-3 of the AMF Regulations. It is available on the Company's website: [www.boiron.com](http://www.boiron.com).

## **DECLARATION BY THE PERSON RESPONSIBLE FOR THIS REPORT**

I declare that to the best of my knowledge, the condensed half-year financial statements, have been prepared according to the applicable accounting standards and provide a fair view of the businesses, financial position and income of all entities in the company's scope of consolidation.

I also declare that to the best of my knowledge, the half year report provides a true and fair view of the highlights of the first six months, their impact on the financial statements, the main related party transactions as well as a description of the main risks and main uncertainties for the remaining six months of the fiscal year.

August 29, 2008

Thierry Boiron

Chief Executive Officer



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## KEY EVENTS DURING THE FIRST HALF OF 2008

The following key events occurred during the first half of the 2008 fiscal year:

### In France:

- Since January 1, 2008, a €0.50 excess applies to every box of reimbursed medicine, up to the annual sum of €50 per person covered by French National Health Insurance.
- The Chatel Act of January 3, 2008, designed to stimulate competition amongst distributors serving consumers led Boiron to adapt its commercial relationships with its customers.
- The Decree of June 30, 2008 provided direct access, in pharmacy, to some OTC Specialties.

To date, eight Boiron medicines are involved: Arnigel®, Camilia®, Zénalia®, Vérrulia®, Sporténine®, Homéoptique®, Stodal®, and Sédatif PC®. Additional medicines may be added to this list.

- On June 11, 2008, Boiron was granted certification for its medical visit network under the framework published by the French Health Authority.

- On May 15, 2008, the Ordinary Shareholders' Meeting resolved to distribute a dividend of €0.55 per share in respect of 2007 earnings, an 83.3% increase.

- On June 30, 2008, Boiron paid off the current account balance (€2 million) to Pierre Fabre Ltd Company, as per the contractual maturity date.

- On the half-year, Boiron bought back 213,038 shares within the framework of the share buyback program authorized by the Ordinary Shareholders' Meeting of May 15, 2008.

- On **Reunion** and in the **Caribbean**, following the application of the decree on reimbursement medicines in the French Overseas Departments and Territories, the sales public prices of these subsidiaries fell 3%.

### In Switzerland:

- Following a decision of the Extraordinary Shareholders' Meeting of April 10, 2008, Boiron Switzerland's shareholders' equity was increased by CHF2,250,476 via the capitalization of Boiron France's current account.

### In Italy:

- In April and May, Euphrasia® became the leading eye drops sold in the country.

### In Belgium:

- The expansion works began on the future head office and regional distribution laboratory of UNDA in Brussels.

## 2008 - HALF-YEAR RESULTS

### 1. BUSINESS ACTIVITIES

Half-year sales rose 6.9% with respectively 7.7% in the first quarter and 6.0% in the second quarter of 2008.

- **In Metropolitan France**, sales fell by 0.9%: sales of Non-proprietary Medicines fell 2.5%, impacted by the new regulations on reimbursement of magistral preparations while sales of OTC Specialties grew 5.9%, essentially on Oscillococcinum®.

- **International** sales grew 19.7%.

**Europe area** (excluding France) grew by 24.8% mainly in :

- **Russia**, where sales amounted to €9,593 thousand, primarily due to the growth of Oscillococcinum®, but also Stodal®, Coryzalia® and Homéovox®.

- **Poland**, where sales rose 25.8%, primarily in OTC specialties.

- **Hungary**, with 41.3% growth, both in Non-proprietary Medicines and OTC Specialties.

- **The Czech Republic**, with 64.2% growth.

**North America area**, with 1.5% growth at current exchange rates, rose 12.1% at constant exchange rates:

- The rise of sales, in US dollar, in the **United States** was 13.9%, 6.4% in Non-proprietary Medicines and 21.1% in OTC Specialties.

- In **Canada**, the rise of sales, in Canadian dollar, was 12.5%, 8.6% in Non-proprietary Medicines and 16.6% in OTC Specialties.



# 2008 - HALF-YEAR RESULTS

## 2. RESULTS

The Group's **current operating income** amounted to €18,445 thousand compared to €8,714 thousand as of June 30, 2007.

This represented 8.6% of half-year sales (4.3% in 2007).

- The **gross margin** increased by 7.8%, reflecting sales increase and the fall of the ratio of production costs as a percentage of sales.

- **Distribution and preparation costs** declined 6.5%.

The closing of regional laboratories in Italy and Belgium translated into €1,854 thousand in cost savings in the first half of 2007, and generates this year a decrease in personnel and leasing costs.

Furthermore, decline of activity led by new regulations on magistral preparations in France caused a very important reduction of temporary and fixed-term work contracts.

- **Marketing costs** rose 6.6% and amounted to €50,253 thousand in 2008.

This variation was due to development of the sales network in Russia and by increasing actions with the distributors in France, in Poland, and in the United States. Mass Market promotion costs also increased because of the marketing campaigns led notably in Russia.

- The 78.7% rise in **research costs** to €4,554 thousand is in line with the Group's strategic directions.

- The costs of **regulatory affairs** rose 19.2% to €2,156 thousand due to workforce increases.

- **Support function** costs amounted to €27,957 thousand compared to €26,385 thousand in 2007. This rise was primarily due to workforce increases in France and to the development of the Russian subsidiary.

**Financial result** rose €657 thousand due to the improvement in the Group's cash position and the rise in rates of remuneration.

The **tax rate** as of June 30, 2008 was 37.4% (taking into account the projected rates at the end of the year compared to 38.2% in 2007).

As a consequence, **net result** amounted to €12,630 thousand compared to €5,452 thousand in 2007.

## RECENT DEVELOPMENTS AND OUTLOOK

The institution of the medical excess, the amending of magistral preparations reimbursement, the recent provision of direct access, in pharmacy, to some OTC specialties led the Group to look very closely at the effects of these measures on the evolution of its distribution and marketing activities in France.

On international stage, it should be noted that since July 2008, distribution in Russia is now handled directly by the local subsidiary.

For fiscal year 2008, the Group confirms its forecast of a further increase in sales and results.



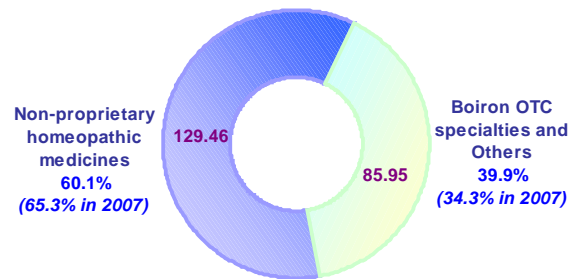
# 2008 - HALF-YEAR RESULTS

In millions of euros

## BREAKDOWN OF GROUP SALES

Consolidated data (audited figures)	1 <sup>st</sup> quarter 2007	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> half 2007	1 <sup>st</sup> half 2008	Change 1 <sup>st</sup> half 2008 / 2007
France and Others	66.09	65.73	125.77	124.80	- 0.8%
International	42.47	51.15	75.69	90.61	+ 19.7%
Incl. Europe excluding France	33.22	41.35	58.87	73.47	+ 24.8%
Incl. North America	7.94	8.44	14.39	14.60	+ 1.5%
Incl. Other countries	1.31	1.36	2.43	2.54	+ 4.5%
<b>Group Total</b>	<b>108.56</b>	<b>116.88</b>	<b>201.46</b>	<b>215.41</b>	<b>+ 6.9%</b>

## SALES BY PRODUCT CATEGORY



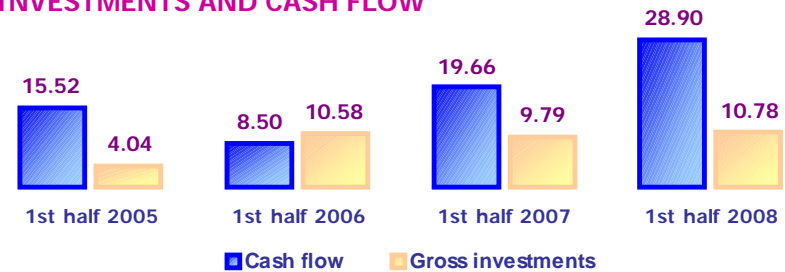
## SIMPLIFIED BALANCE SHEET

ASSETS		LIABILITIES	
Non-currents assets	228.56	Shareholders' equity (Group share)	246.88
Current assets	189.81	Minority interests	0.34
		Non-current liabilities	63.10
		Current liabilities	108.05

## SIMPLIFIED INCOME STATEMENT

Consolidated data (audited figures)	1 <sup>st</sup> half 2007	1 <sup>st</sup> half 2008	Change 1 <sup>st</sup> half 2008 / 2007
Sales	201.46	215.41	+ 6.9%
Current operating income	8.71	18.44	+ 111.7%
Net income - Group share	5.45	12.63	+ 13.2%
Net cash position	38.82	45.87	+ 18.2%

## INVESTMENTS AND CASH FLOW



## SHARE PRICE PERFORMANCE INEUROS

