

# Annual Report



2 0 0 5



from diagnosis,  
the seeds of better health





**35**  
subsidiaries  
throughout  
the world

**9**  
research and  
development  
centers

**11**  
production  
sites

# President's Message



bioMérieux has continued to make significant progress in a rapidly changing global environment; an environment with an increasing number of constraints, including stiffer competition and tighter controls, but also an environment that has opened up new opportunities for our long-term growth, such as scientific advances in molecular biology along with micro and nanotechnologies, and the expansion of Asian markets.

In 2005, our business activity increased by 5.7%\*, propelling our net sales to 994 million euros and showing earnings of 90 million euros, up 13% from last year. While pursuing a major investment program, we have continued to reduce the company's debt and can now set our sights on new development opportunities.

We have confirmed our commitment in our main area of specialization, infectious diseases, which today represents 80% of our business activities, in both clinical and industrial applications.

These results can be largely attributed to the successful launch of new systems, such as VITEK® 2 Compact, NucliSENS® easyMAG™ and TEMPO®. They also reflect Dr. Christophe Mérieux's, Vice President Research & Development, sustained innovation policy, with more than 13% of sales invested in Research and Development. The major milestones in this field in 2005 were the opening of a new research center in Grenoble, dedicated to molecular biology and microsystems, and the initiation of a partnership with the Chinese Academy of Medical Sciences for the creation of a joint research laboratory in Beijing to study emerging pathogens. We have also established new partnerships and licensing agreements in the fields of infectious diseases, as well as cancer and cardiovascular diseases, that will lead to the development of new diagnostic markers.

We have extended our international commitment with 82% of our sales outside France, sound performances in Europe and rapid growth in Asia, particularly in China and India. Two new companies were set up in Europe in 2005 – in Hungary and in the Czech Republic – bringing the number of our subsidiaries throughout the world to 35.

In 2005, through the professionalism and unified efforts of our teams under the leadership of Benoît Adelus, Executive Vice President, we were able to consolidate the foundations of our future development and ensure the means to finance it. Through our strengthened innovation potential and our commitment to initiate new partnerships, today we are creating tomorrow's diagnostics.

Alain Mérieux

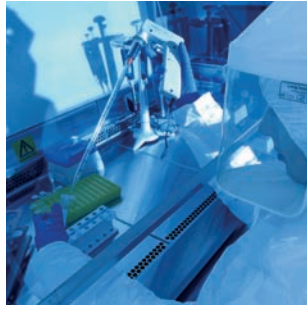
\* On a constant currency basis

Contributing to the improvement  
of public health worldwide

# Our mission

bioMérieux, a company specialized in  
*in vitro* diagnostics, contributes to  
the improvement of global public health  
through its two main areas of activity.





## Clinical diagnostics (87.1% of sales)

The quality of *in vitro* diagnostics provides the basis for medical diagnosis, patient treatment and therapy monitoring.



## Industrial microbiological quality control food, cosmetics, pharmaceuticals (12.9% of sales)

Our health depends on the quality of the foods we eat, of drugs and vaccines, and of their production environments.

bioMérieux contributes to the fields of infectious diseases, cancer and cardiovascular diseases through three technologies:

- bacteriology
- immunoassays
- molecular biology

and designs, develops, produces and markets diagnostic systems comprising:

- instruments used for automated biological testing
- reagents required to detect, identify and quantify agents that cause disease
- software designed to process and interpret test results, in conjunction with patient therapy management tools

Based on these products, bioMérieux provides services (maintenance, training), which allow it to provide turnkey solutions fully adapted to its customers' needs.

## Clinical Diagnostics From the detection of pathogenic agents to therapy monitoring

*In vitro* diagnostics consists of analyzing a biological sample (urine, saliva, blood) to detect the presence of disease-causing agents (bacteria, viruses) or substances secreted by the body in response to the presence of an infectious or cardiovascular disease or a cancer, to determine their characteristics and to quantify them.

The physician's choice of treatment options is therefore highly dependent on the quality of the biological analysis.

## Industrial Microbiology Ensuring safety

By analyzing a sample (food, drug, air), manufacturers can monitor and confirm the quality of their entire production process, from raw materials through to the finished product, including the manufacturing environment. This is a major advantage in today's world where consumer demands in relation to product, food and environmental safety increase from day to day.



## The Global Market for *In Vitro* Diagnostics

### Developing our presence in emerging countries



Currently, 85% of the market for *in vitro* diagnostics is concentrated in developed countries. This market was estimated at 23 billion euros in 2005, with an average global growth rate of between 4 and 5%. It is mainly limited to the 20% of the world population living in the most industrialized countries (North America, Europe, Japan). The facilities that perform *in vitro* diagnostics vary considerably from one region to another in developed countries, although they are generally hospital-based or public medical laboratories and blood transfusion centers. For industrial diagnostics, these facilities are generally laboratories working within agri-food, pharmaceutical and cosmetic companies.

Within the current framework of globalization and economic change, emerging countries with their dense populations, their exposure to a wide range of diseases and their public health needs, require a specific approach.

To meet this challenge, bioMérieux can rely on:

- a solid tradition and 40 years of experience in biology with a focus on infectious diseases, a key public health issue in these regions of the world;
- an innovation policy at the core of company strategy, supported by major investments in Research and Development (approximately 13% of sales), proprietary technologies and licensing agreements;
- a wide range of products giving customers a choice among traditional as well as cutting-edge technologies;
- a strong global presence bringing us close to our customers;
- scientific partnerships and alliances;
- a policy of targeted acquisitions.

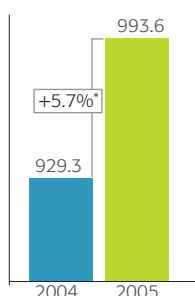
These are the considerable advantages that have earned bioMérieux a place as the eighth leading diagnostics company worldwide, with sales of 994 million euros.

# 2005 Results

## Honoring our commitments to our financial partners

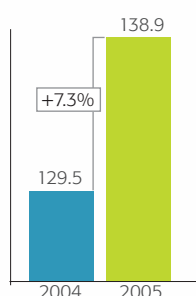
"2005 was a good year for bioMérieux. We reinforced our presence in our main areas of specialization, thanks to the successful launch of new platforms and sustained activity growth, particularly in Europe and Asia. We showed total earnings of 90 million euros, up 13% from last year, while continuing to pursue our Research and Development goals and our investment programs".

Benoît Adelus, Executive Vice President



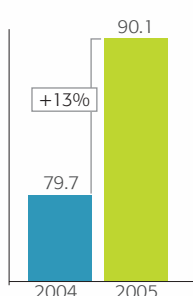
### Net Sales and Growth Rates

With a 5.7%\* increase, net sales reached 994 million euros, proof once again of the company's steady growth.



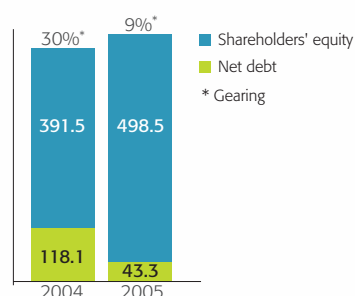
### Operating Income

Operating income increased by 7.3%, amounting to 14% of sales.



### Net Income

Net income grew by 13% due to improved operating income and financial results. Earnings per share increased by 12% in 2005, from €2.04 to €2.28.



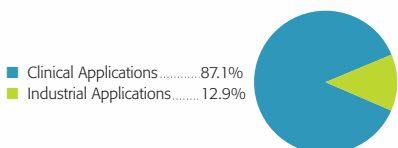
### Financial Situation

While maintaining a high level of investment, we continued to deleverage the company and achieved a net debt to shareholder's equity ratio of 9% at December 31, 2005.



### Breakdown of Sales by Region

Our activity increased in all of the regions and particularly in Europe and Asia, within a highly competitive environment.



### Breakdown of Sales by Application

Clinical applications increased by 5.3%\*, while industrial applications grew by 8.3%\*.

After a stock market listing welcomed by the market in 2004, bioMérieux honored its commitments with an increase in its net income and the continued reduction of its debt. The marketing success of its new platforms, particularly VITEK® 2 Compact and NucliSENS® easyMAG™, bodes well for the future. With a share price of €44.57 (on December 31, 2005), compared to the initial price of €30 when it was first listed, a net earning per share of €2.28 and a dividend per share up from 2004 (€0.46 compared to €0.40), bioMérieux has fulfilled its commitment. The visibility of its activity is due to an installed base of approximately 42,000 instruments enabling the company to ensure continuity in its reagent sales. Reagent sales account for approximately 84%\* of its total sales, 70% of which are linked to instruments.

\* On a constant currency basis

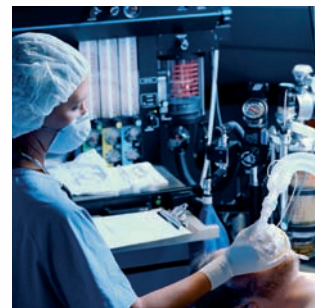
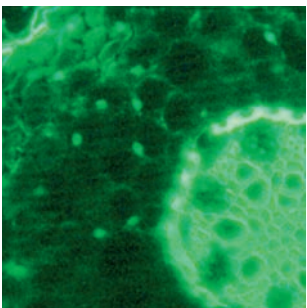
Providing innovative  
and targeted solutions to public health problems

# Our areas of expertise

A constantly changing global  
public health environment requires  
fully adapted solutions.







The aging of populations in developing countries is leading to an increase in the incidence of chronic and/or age-related illness, such as cardiovascular and respiratory diseases or cancer. Diseases connected with contemporary lifestyles and the globalization of eating habits, such as obesity and food allergies, are on the rise. Finally, we are seeing an increase in the risk of infection due to the emergence of new antibiotic-resistant bacteria, as well as new diseases resulting from the increased rate of international exchanges.

These trends, combined with a new economic environment that advocates the rationalization, control and optimization of healthcare expenses, call for an early diagnosis of disease and more effective disease management.

At the same time, diseases that were thought to be eradicated are on the rise and new diseases are emerging. This leads to an increasing demand from these countries for diagnostics, particularly for infectious diseases.

Given this new context, professionals in the diagnostics sector must be innovative and versatile to rapidly provide their customers with solutions carefully designed for their needs.





## Clinical Diagnostics

### Infectious diseases remain our priority

The history of bioMérieux is directly linked to the fight against infectious diseases. In a global environment conducive to the emergence and rapid transmission of new diseases (SARS, avian flu, etc.), infectious disease diagnostics remain a priority in bioMérieux's development strategy.

Viruses and bacteria know no borders, so bioMérieux works constantly to push back the frontiers of disease detection by dedicating the majority of its activities to the prevention and diagnosis of infection risk.

#### ■ At the forefront of the fight against AIDS

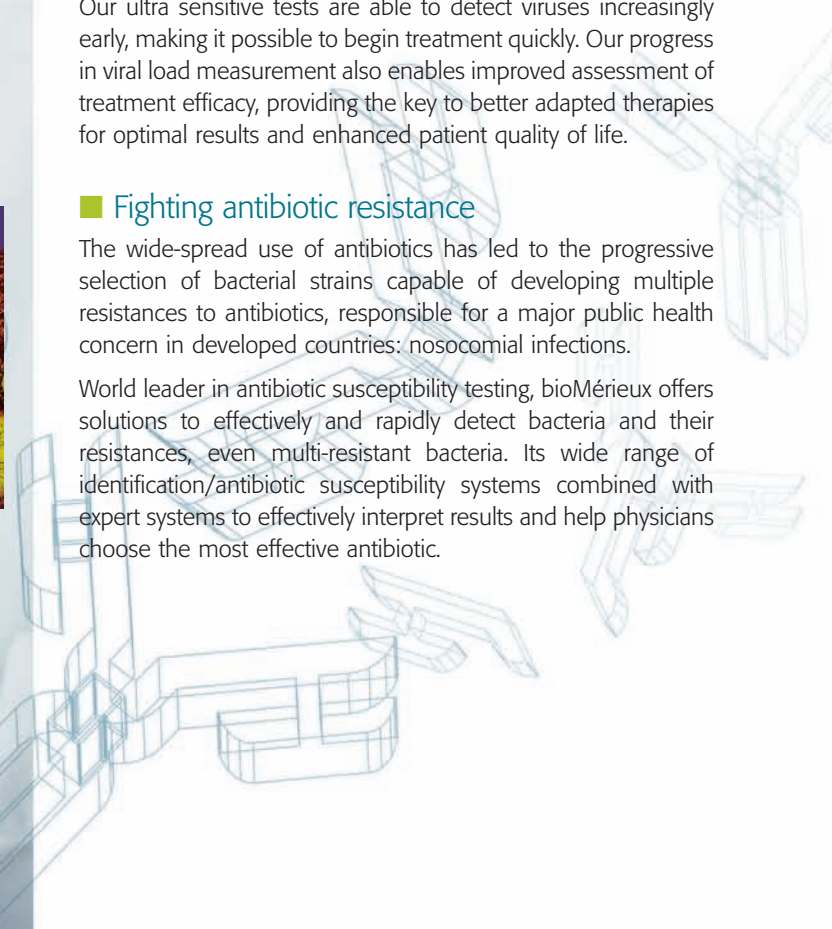
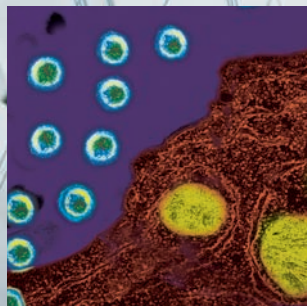
For 20 years, bioMérieux has participated in the fight against AIDS that claims a rising toll of victims, particularly in developing countries where the number of officially declared patients represents only part of the reality.

Our ultra sensitive tests are able to detect viruses increasingly early, making it possible to begin treatment quickly. Our progress in viral load measurement also enables improved assessment of treatment efficacy, providing the key to better adapted therapies for optimal results and enhanced patient quality of life.

#### ■ Fighting antibiotic resistance

The wide-spread use of antibiotics has led to the progressive selection of bacterial strains capable of developing multiple resistances to antibiotics, responsible for a major public health concern in developed countries: nosocomial infections.

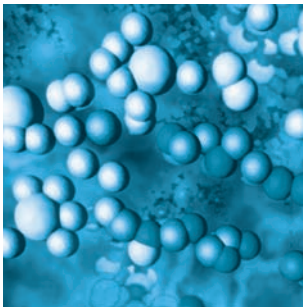
World leader in antibiotic susceptibility testing, bioMérieux offers solutions to effectively and rapidly detect bacteria and their resistances, even multi-resistant bacteria. Its wide range of identification/antibiotic susceptibility systems combined with expert systems to effectively interpret results and help physicians choose the most effective antibiotic.





### ■ Helping control septicemia

This reaction of the organism to a bacterial or fungal infection can rapidly affect the patient's vital prognosis and often requires the immediate intervention of medical teams, especially because infected patients are already in a weakened state (1% of patients in intensive care are victims of septicemia). With its diagnostic systems and solutions adapted to medical emergencies, bioMérieux plays a key role in the detection and rapid treatment of septicemia. The BacT/ALERT® 3D platform enables detection of septicemia through direct culture of the blood sample, and offers an extensive panel of blood culture tests.



### ■ At the forefront of the fight against emerging pathogens

bioMérieux has designed research programs for emerging diseases such as SARS, avian flu and West Nile Virus. This long-term vision, coupled with our experience and technologies, enables us to respond rapidly in the face of our customers' urgent needs.

### ■ Cardiovascular diseases: solutions for emergency diagnostics

Tests developed by bioMérieux enable the early detection of myocardial infarction, venous thrombosis, phlebitis and pulmonary embolism. Our solutions, especially designed for emergency diagnostics, enable medical teams to rapidly establish differential diagnostics (pulmonary embolism or deep vein thrombosis) and to determine adapted courses of action. The VIDAS® D-Dimer Exclusion™ assay, recognized as the reference test, enables safe, reliable exclusion of deep vein thrombosis or pulmonary embolism.



Our research in the area of new cardiac markers, in addition to our expertise in immunoassays and molecular biology, should enable us to be able to determine a genetic predisposition to certain cardiovascular diseases, thereby helping to implement effective prevention strategies.

### ■ Cancer: from detection to the identification of genetic predispositions

Through the products in its VIDAS® range, in particular, bioMérieux offers tools for the detection of certain forms of cancer. In the field of molecular biology, our active search for new markers and different licensing agreements should enable us to contribute to both the detection and identification of genetic predispositions to certain forms of cancer (breast, colon, prostate). Another field of application is already being studied – pharmacogenomics - that will make it possible to anticipate the patient's reaction to available therapies in order to prescribe the best treatment.



### ■ *In vitro* diagnostics: contributing to keeping healthcare expenses under control

Constantly establishing new detection limits for agents that cause disease, identifying genetic predispositions to certain chronic diseases and anticipating reactions to applied therapies - these are just some of the key elements that enable personalized, appropriate and effective treatment to be provided for every patient. Rapid detection of disease and implementation of adapted therapies reduces not only direct treatment costs by decreasing the amount of time spent in the hospital and the risk of treatment failure, but indirect costs as well. Optimized patient management actually has a positive impact on social and economic costs incurred by loss of work days and a decrease in productivity.



bioMérieux intends to position *in vitro* diagnostics as an indispensable link in the healthcare chain and a key factor for decreasing public health costs.





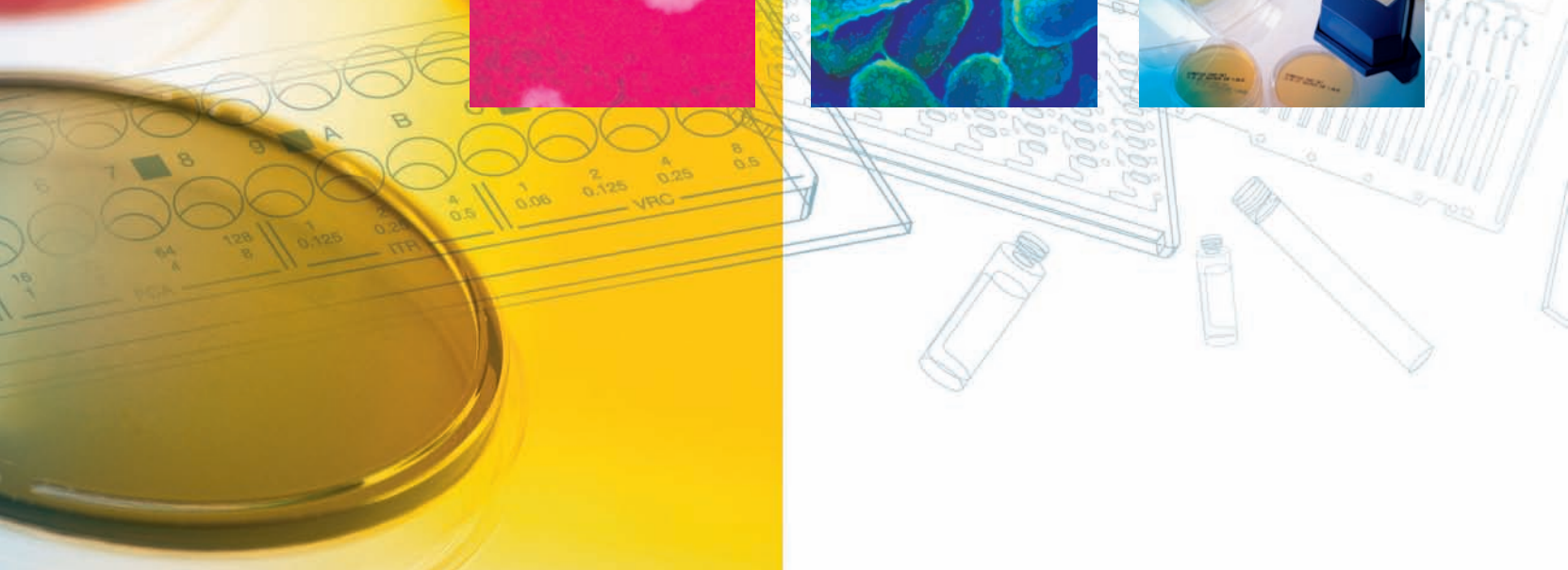
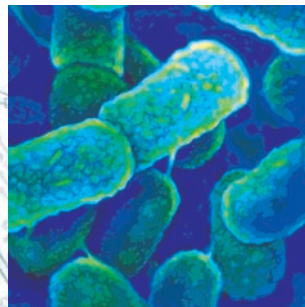
## Industrial Microbiology

Our health also depends on the food we eat, the air we breathe and the water we drink, as well as the pharmaceutical products we consume.

With every day that passes, consumers are more acutely aware of product quality and origin, of food contamination risks (*Salmonella*, *Listeria*, etc.) and the degradation of our environment (air and water pollution).

Professionals in industry are each day faced with increasingly strict regulations.

For all of these reasons, drawing upon the company's experience and know-how in the medical field, bioMérieux offers solutions (platforms/reagents/software) to major agri-food, pharmaceutical and cosmetic companies and microbiology laboratories. These solutions are specifically designed to detect and identify bacteria, to quantify micro flora and to monitor air and surface quality.





### ■ In the pharmaceutical and cosmetic sectors

bioMérieux's API® range allows manual identification of all of the bacteria groups found in industrial microbiology laboratories. The API® range is the reference for manual identification worldwide. With APIWEB™, bioMérieux offers a tool for interpreting tests at any given time and place.

With its VITEK®/VITEK® 2 Compact range, bioMérieux provides its pharmaceutical industry customers with a reliable solution for identifying microorganisms responsible for contamination in the production environment through to the finished product, including control of the different production stages.



### ■ In the area of environmental control

With air IDEAL® 3P and Count-Tact™, bioMérieux offers its customers air and surface contamination control systems which carry out tests in total compliance with current standards and recommendations.

### ■ To monitor sterility in blood transfusion centers

bioMérieux proposes its BacT/ALERT® 3D product line to monitor the sterility of platelet concentrates when regulations so require, ensuring transfusion safety.

### ■ In the agri-food sector

bioMérieux plays a role in both food safety and quality:

- For the detection of pathogenic bacteria. Our VIDAS® and mini VIDAS® product lines and ready-to-use culture media, especially the chromogenic media family, are used to detect pathogens in raw materials (foods, ingredients), the production environment and finished product. VIDAS® Next Day in particular offers a solution for detecting *Salmonella*, *Listeria* and *E.coli*.

- For the microbiological quality control of food products, with TEMPO®, an innovative tool.



### Industrial quality at the right TEMPO®

Once a pioneer and now the leader in the field of industrial microbiology control, bioMérieux proposes TEMPO®, a truly innovative tool, and the first entirely automated system for the enumeration of microorganisms, a major technological breakthrough in the microbiological control of the quality of food and finished products.

TEMPO® offers an optimized solution to enumerate quality indicators, particularly: total flora, total coliforms and *E.coli*. This fully automated solution not only makes it possible to improve test accuracy and speed, but also saves time and reduces costs. It represents a revolutionary change in the organization of industrial microbiology laboratories.

With an 8.3%\* increase in 2005 industrial microbiology sales, bioMérieux intends to strengthen its position in this area which has a tremendous development potential.



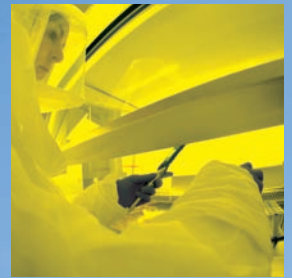
\* On a constant currency basis



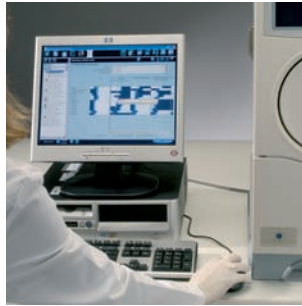
Pushing back technological frontiers  
for more effective biological solutions

# High-potential applications

Thanks to our constantly evolving product lines, adapted to the needs of busy hospital centers as well as those of small medical laboratories, bioMérieux offers state-of-the-art solutions for high-performance biology, accessible to all.



At the core of bioMérieux's activities are three technologies for which we hold strategic intellectual property rights and know-how.



## ■ Bacteriology

Using a biological sample (blood, urine, saliva) that is cultured to allow bacteria to multiply, our manual or automated solutions enable the detection of these bacteria, their characterization and the determination of their sensitivity to antibiotics, in order to pinpoint the most effective therapy.

bioMérieux is one of the two world leaders in this area of technology with the API® reference range, mini API®, the automated VITEK® systems, the BacT/ALERT® platform for blood culture and chromogenic culture media. Bacteriology lies at the heart of the history of the company's fight against infectious diseases.

## ■ Immunoassays

This technology is used to detect and quantify the presence of infectious agents (parasites, bacteria, viruses, fungi), tumor and cardiac markers and hormones based on an antigen-antibody reaction.

It is used for the VIDAS® and mini VIDAS® range, which meet the needs of small- and medium-sized laboratories, as well as competing on niche markets such as emergency diagnostics and fertility centers. Its complete flexibility makes VIDAS® the second most widely installed immunoassay system worldwide.

In 2005, bioMérieux extended this range of products with VIDIA®, an instrument adapted to the needs of medium-sized facilities and hospitals in particular. Our global offer also includes VIKIA® rapid tests and DA VINCI®, an automated analyzer designed for blood banks. bioMérieux thus offers immunoassay technology to all professionals in the diagnostics sector.





## ■ Molecular Biology

This recent, cutting-edge technology is based on the extraction, amplification and detection of DNA and RNA sequences characteristic of bacteria, viruses or cells. On the basis of our proprietary BOOM® and NASBA® extraction and amplification technologies, bioMérieux has developed and commercialized the NucliSENS® miniMAG™, NucliSENS® easyMAG™ and NucliSENS EasyQ® platforms. The NucliSENS® range enables the automated extraction, amplification and detection of genetic sequences.

Our expertise in molecular diagnostics enables us to continually lower the detection limits of virus, bacteria and tumor markers, leading to early and optimized patient treatment.

### **Revolutionizing the traditional diagnostics market with molecular biology**

For almost ten years, bioMérieux has been working to make this revolutionary technology, a valuable addition to traditional diagnostic techniques, available to all professionals working in industrial and clinical diagnostics.

Molecular biology brings decisive advantages:

- faster diagnostic results, totally adapted to emergency diagnostics (intensive care, nosocomial infections, life-threatening emergencies);
- increased detection sensitivity enabling the identification of pathogens inadequately detected by traditional diagnostic techniques and early patient treatment;
- enhanced diagnostic specificity, making it possible to characterize pathogens and implement the best-adapted treatment.





Through molecular diagnostics, bioMérieux provides its customers with solutions integrating state-of-the-art technologies for applications in different areas.

## 1. Infectious Diseases

(AIDS, respiratory and digestive infections, etc.)

bioMérieux was the first company to offer a real-time HIV viral load detection test (NucliSENS EasyQ®). This test keeps medical teams directly informed of disease progression, but also allows them, indirectly, to monitor patient response to different types of treatment.



## 2. Cancer and Cardiovascular Diseases

The objective of molecular diagnostics in these fields is to enable the detection of a patient's predisposition to different forms of cancer (breast, colon, prostate) and cardiovascular diseases through the study of human genetics, and to help determine subsequent treatment by anticipating resistance to available therapeutics using molecular tumor typing.



## 3. Industrial Microbiology

The FoodExpert-ID® DNA chip, based on Affymetrix technology, uses genetic information from a food sample to rapidly and reliably identify different animal species present in industrial food products.

bioMérieux has enhanced its solutions by adding data processing software and expert interpretation and patient therapy management systems to its reagent/automated systems product line.

Through its proprietary technologies and licensing agreements with companies such as Affymetrix and Cepheid (GeneXpert® system), bioMérieux is breaking down the barriers between complex technologies and practical applications to bring biology and personalized medical care within everyone's reach.



Opened in 2005, the Grenoble site, the center of excellence for bioMérieux' molecular biology and microsystems activities, will enable us to strengthen our position in this strategic area of activity and propose ever more targeted and innovative solutions to our customers.



# 2005: An eventful year

## VITEK® 2 Compact

A foreseeable  
success story



## TEMPO®

A new beat  
for industrial microbiology



## VIDIA®

Extending our immunoassay  
product line



## NucliSENS® easyMAG™

Our latest innovation  
for the extraction  
of nucleic acids



## MRSA ID

A new solution  
in the fight against  
hospital-acquired  
infections



After an enthusiastic reception at its launch in 2004, VITEK® 2 Compact, particularly well adapted to the needs of medium- and small-sized laboratories, confirmed its success in clinical as well as industrial microbiology.

---

The launch of the first automated platform designed for food quality control represents a major breakthrough in the organization of industrial microbiology laboratories: rapidity, traceability, analysis time and cost management are just some of its advantages. To facilitate the integration of this change in laboratory practices, bioMérieux has developed a support strategy for this revolutionary approach to industrial microbiology.

---

With VIDIA®, the new immunoassay platform, bioMérieux proposes a product adapted to the rapid pace of hospital centers and thus extends its VIDAS® range. These two complementary systems offer enhanced flexibility for easier management of routine and emergency tests.

---

With NucliSENS® easyMAG™, bioMérieux significantly strengthens its position in molecular biology, fulfilling the needs of biologists with an entirely automated DNA and RNA extraction platform. This new platform brings progress in extraction quality as well as in throughput (240 extractions per day).

---

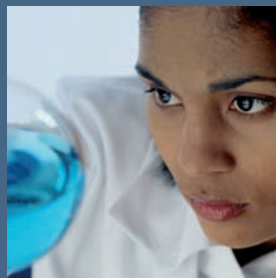
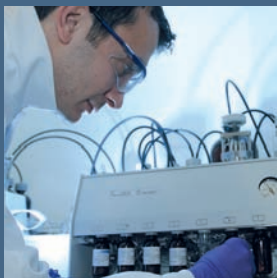
With this new chromogenic culture media that makes it possible to identify patients carrying methicillin-resistant *Staphylococcus aureus*, bioMérieux brings new momentum to the field of bacteriology. This new area of activity reaffirms bioMérieux's commitment to microbiology and its dedication to decreasing public healthcare costs.





The core of our activity  
**Innovation**

Innovation has always been at the core of our company strategy. bioMérieux is dedicated to providing all healthcare professionals with increasingly effective solutions adapted to their daily activities.





To accomplish this, bioMérieux invests a significant share of its sales (13.1%) in Research and Development.

This investment is devoted to research programs focused on developing the potential of our three flagship technologies, new reagents, our instrument range, as well as new data processing software and expert management systems.

We support our vision of biology by providing our customers with integrated and effective solutions, adapted to their needs. bioMérieux Research and Development is divided into three biology departments (bacteriology, immunoassays and molecular biology), an instrumentation department and a department specialized in software and expert system development. The molecular biology department includes Marketing and Research and Development. Industrial microbiology has its own Research and Development department that develops innovative solutions and capitalizes on synergies between clinical and industrial applications.

Research and Development focuses on the following objectives:

- Reinforce our offer in bacteriology.
- In immunoassays, capitalize on the success of VIDAS® by proposing new parameters and new platforms such as VIDIA® to meet the needs of a broad range of laboratories for both stat and routine testing.
- Identify new markers, particularly for emerging pathogens, as well as for cancer and cardiovascular diseases.
- Succeed in molecular biology, the technology of the future, to maintain our lead in the diagnostics sector and propose new platforms, adapted to different segments in a changing market.
- Develop increasingly automated and integrated platforms.

We also plan to increase our research activities in areas such as human genetics, pharmacogenomics, proteomics and bioinformatics.

Moreover, this Research and Development effort will give us the control of patent properties essential to maintaining our independence. Our strategy relies not only on the in-house development of innovative technologies but on high added value partnerships and the acquisition of new expertise through external growth.



## Global Research and Development

Our Research and Development is multidisciplinary and global with the ambition of creating an international network built on knowledge and skills. In-house Research and Development teams work in nine specialized centers in the United States (Durham and Saint Louis), France (Marcy l'Étoile, Craponne, La Balme and Grenoble), Italy (Florence), the Netherlands (Boxtel) and Brazil. Most of these centers are integrated into our production sites.

## International Partnerships for Biology without Borders

Our commitment to providing our customers with increasingly innovative solutions is reflected in a range of facilities and scientific and strategic partnerships with entities as diverse as French public research institutes (CEA, CNRS, INSERM, etc.), universities, hospital centers and biotechnical companies (Affymetrix, Cepheid, etc.).

### ■ BRAHMS and bioMérieux for Bacterial Infections

In March 2005, bioMérieux signed a non-exclusive agreement with B.R.A.H.M.S. AG on the use of Procalcitonin as a diagnostic marker for severe bacterial infections. This enabled us to develop, manufacture and market a quantitative Procalcitonin assay test on the VIDAS® system.

Detection of this sensitive and specific marker enables bioMérieux to strengthen its position in early detection and therapy monitoring of severe bacterial infections (*septicemia*).

### ■ Affymetrix and bioMérieux for Cancer

In March 2005, Affymetrix and bioMérieux strengthened their partnership with the signature of a new agreement. This agreement grants us long-term and comprehensive access to its GeneChip® technology to develop and market *in vitro* diagnostic tests for breast cancer, in addition to an option to expand the agreement into other cancer areas.

### ■ ExonHit Therapeutics and bioMérieux for Cancer

In October 2005, bioMérieux and ExonHit Therapeutics extended their collaboration to include the discovery and development of novel, very early cancer detection tests from blood samples. This partnership, initiated in 2000 to develop novel diagnostic tests for breast cancer, is now extended to other cancers (i.e. colon, prostate and lungs).

### ■ Roche and bioMérieux for Cardiovascular Disease

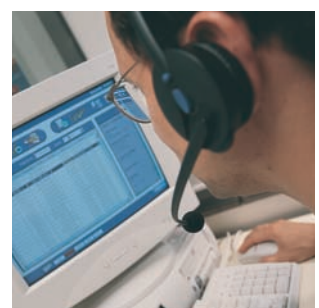
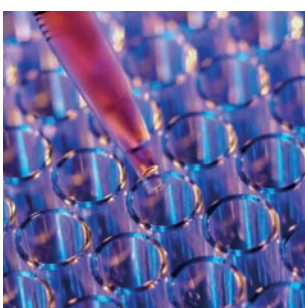
In April 2005, Roche Diagnostics and bioMérieux announced an agreement on NT-proBNP cardiac markers. This agreement grants bioMérieux the possibility to develop, manufacture and market immunoassays that detect a key marker for the diagnosis of congestive heart failure.

This test will extend our Cardiovascular Emergency panel, which already includes cardiac markers, and the VIDAS® D-Dimer Exclusion™ for the exclusion of pulmonary embolism and venous thrombosis.

### ■ diagnoSwiss and bioMérieux for a New Generation of Miniaturized Platforms

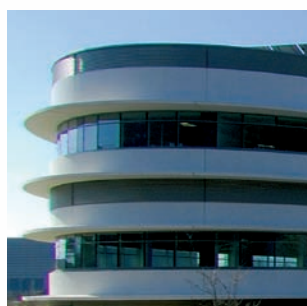
In July 2005, diagnoSwiss granted bioMérieux patent rights related to the development, manufacturing and marketing of electrochemical microchips in the field of human *in vitro* diagnostics. This agreement goes hand-in-hand with a cooperation contract to jointly develop these microsystems into a new generation of miniaturized platforms capable of satisfying market demand, especially in the field of immunoassays.

These partnerships are invaluable tools for maintaining our lead on the diagnostics market in a fiercely competitive technological environment.



## 2005, Spotlight on Grenoble...

In order to reinforce our goals in molecular biology, bioMérieux chose to invest in applied micro and nanotechnologies in this field. This ambitious project came to fruition with the opening of the Molecular Biology and Microsystems Center for research in Grenoble, France on September 1, 2005. This new facility, the backbone of our molecular biology activities, is home to multidisciplinary teams.



## ...and on China

In 2005, bioMérieux celebrated its 20th year in China by inaugurating a new Chinese subsidiary in Shanghai. Our presence in China was strengthened by the signature of a contract with the Chinese Academy of Medical Sciences for the creation of a research laboratory in Beijing specialized in emerging pathogens.

This agreement is historically and strategically significant since it is the first agreement between a Chinese institution and a foreign company, and since it will enable bioMérieux to conduct field research on an issue with enormous future implications.

This agreement owes a great deal to our 20-year presence in the country and to our primacy in the detection of infectious diseases. With this partnership, our company is poised to anticipate future public health challenges and respond to problems arising from potential global pandemics.



## Research and Development Key Figures

- 13.1% of sales
- More than 400 families of patents
- Approximately 850 people
- 9 specialized centers, often integrated with production sites
- Industrial partnership agreements with many biotechnology companies (ExonHit, Gen-Probe, Affymetrix, Cepheid, etc.)
- Scientific partnership agreements with major French public research institutes (CNRS, INSERM, CEA, etc.) and universities.



Expressing our values  
and know-how

# Worldwide

2005 was definitely under the sign of global activity, with sales on the increase in all regions of the world.

In Europe, we opened two new subsidiaries: Hungary and the Czech Republic. We also celebrated our 20-year presence in Italy and our 25 years in Spain. While in Asia, we celebrated our 20 years in China.

In a rapidly changing environment, bioMérieux has chosen to broaden its horizons while enhancing its efforts, breaking down geographic borders to be ever closer to customer needs.





## Europe – Middle East - Africa: a Key Market for our Company

In 2005, the Europe – Middle East – Africa zone, which has more than 1,000 employees, represented almost 57% of bioMérieux's sales. This zone forms a mosaic where mature markets with healthcare expense control policies (France, Italy, Germany, Benelux, Portugal, Spain, Great Britain, etc.), coexist with more rapidly expanding markets (Scandinavian countries, Austria, Eastern European countries, Africa, the Middle East), characterized by double-digit growth. Among them, Turkey, was at the top with extraordinary 47%\* growth in 2005.

bioMérieux proved equal to the challenge of growing 5.8%\* in 2005. We continued to expand in the fields of molecular biology, identification, antibiotic susceptibility testing as well as in blood culture where we already had considerable market shares.

Our success is primarily due to the density of our network in 22 countries, including two newcomers (Hungary and the Czech Republic), and more than 100 distributors located in Eastern Europe (Ukraine, Romania, Bulgaria, the Baltic States, etc.), and the Middle East (Iran) and Africa (Algeria, South Africa, etc.).

2005 confirmed our leadership in Europe in the field of bacteriology (+10%\* growth, far superior to that of the market), facilitated by our customers' overwhelming reception of the MRSA ID culture media and the success of VITEK® 2 Compact. In the area of immunoassays, installation of our new VIDIA® platform in France, Portugal and Belgium will be followed by its expansion into the entire zone in 2006. Following our success with viral load measurement in South Africa, 2005 growth in molecular biology confirms our ambition in this segment.

In the field of industrial microbiology, TEMPO® was installed for the first time in 2005.

Within this true mosaic where there are many variables (laboratory organization, healthcare access systems, public/private healthcare facility networks, etc.), bioMérieux's success continues to be based on the density and excellence of our marketing network to always meet customer expectations.



## In North America: Capitalizing on Expert Systems

In this region that represents approximately 26% of our activity, with its highly automated laboratories, we are strengthening our position in automated microbiology and in the field of cardiovascular diagnostics with VIDAS® D-Dimer Exclusion™. We are also focusing on innovation by offering our customers integrated solutions combined with patient therapy management systems such as STELLARA®, software that makes it possible to send patient results to physicians in real-time by a mobile application. Our positioning is focused on solutions with high clinical added value and a strong impact on the relevance of clinical advice and the economics of patient treatment (decreased hospitalization, the most effective therapy strategy, etc.). We have also significantly strengthened our presence in the physician's office segment with our mini VIDAS®.

## Latin America:

We showed strong performance in Argentina (13%\* growth). In this region, we are strengthening our position in an economically stabilized market, leveraging our involvement with local health authorities, our historical presence in the field of infectious diseases and our scientific and industrial presence in Brazil. The bacteriology sector represents a major development potential at this time with high growth.

\* On a constant currency basis



## The Asia-Pacific Region: at the Center of our Development Prospects

bioMérieux has facilities in Japan, China, Thailand, Korea, Australia, Indonesia, Vietnam and the Philippines. This high-potential region represents close to 11% of our sales.

Sales increased by more than 19%\* in the area of industrial microbiology in 2005.

In Japan, after the closure of the Saitama production site, 2005 saw a return to economic balance with 3%\* growth, obvious progress for this difficult market where health cost reduction policy is the most drastic. China, with over 20%\* growth, represents a major development potential not only in the field of infectious diseases (AIDS and tuberculosis) but in the field of industrial microbiology as well, since food safety is now a national priority for the Chinese government. Development of our activity was facilitated by the establishment of our Chinese headquarters in Shanghai, a strategic move that enables us to cover all provinces, even the most distant. The agreement with the Chinese Academy of Medical Sciences in Beijing opens access to the country's major hospital network and facilitates collaboration with its authorities, decision-makers and opinion leaders

Other countries in the region also stand out by their dynamism. In Korea, our development in bacteriology and in immunoassays combined with the emergence of emergency diagnostic markets led to 27%\* growth in 2005. Thailand, where the safety of agri-food industries is a major strategic issue, recorded 40%\* growth bolstered by the blood bank sector and industrial microbiology.

In India, the launch of our industrial microbiology activity and molecular biology activities plus VIDAS® sales procured a growth of 23%\*. This country has one of the most tremendous development potentials in the region, both in terms of activity development and scientific partnership possibilities. An example is our agreement with Avesthagen in the field of tuberculosis.

### Our Network

- 35 subsidiaries
- 5,570 employees, 60% outside of France
- More than 100 distributors present in over 150 countries
- 11 production sites
- 9 Research and Development sites
- More than 80% of sales from export

## Motivated and Committed Teams...

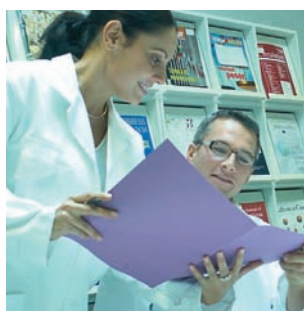
bioMérieux's success lies primarily on the mobilization of our teams. Our 5,570 employees are present throughout the world on a daily basis, attentive to our customers' needs and true ambassadors of our ethics and standards.

We cultivate diversity as a key factor in the success of our teams. Multicultural and multidisciplinary, they are able to adapt to the specific needs of each customer, each market and geographic region. Active in the field, our employees are constantly in contact with our customers, decision-makers, opinion leaders and local populations. They are a major vector for promoting our global ambitions and maintaining close relationships with our customers.

### Training and Mobility at the Core of our Performance

Our reactivity and wide range of skills must be constantly improved to achieve our goals. The development of personal, technical, behavioral and cross-functional skills through training is essential, earning our engineers, biologists, research scientists and computer specialists well-deserved recognition as experts in their fields who are in touch with the realities of our market and ready to respond to our customers' demands. Through geographic mobility this diversified culture touches our partners, enabling bioMérieux to successfully coordinate its activities worldwide, keenly attuned to local public health issues and practices.

Each year since 2001, bioMérieux has devoted 2% of its total payroll to training in the three countries where we have the largest workforce (France, the United States and the Netherlands).



## ...Serving our Customers...

Through our intensive employee training policy, bioMérieux strives to constantly improve the service that we provide to our customers.

Every bioMérieux subsidiary and distributor has its own Customer Service department. Generally segmented by product line, its purpose is not only to provide customer training for bioMérieux products but also preventive and corrective maintenance of our systems. This upstream support service revolves around field specialists and telephone assistance; it is supplemented by the Global Customer Service (GCS), whose role is to provide responses to customers' questions and complaints downstream.

The GCS consists of seven "knowledge centers", located in the immediate vicinity of our production and Research & Development facilities in France, the United States and the Netherlands. The centers are specialized in major product lines and also provide bioMérieux employees with product training. More than 200 training sessions are organized every year for over 1,500 colleagues in France and the United States. In addition to quality products, providing the best possible service to our customers is a major objective, differentiating us from competitors.

Our commitment to improving the services we provide is reinforced each year.

\* On a constant currency basis



## ...and Quality

Because healthcare is an area subject to many regulatory requirements and because professionalism is the guarantee of our future success, bioMérieux teams are involved in a continuous quality improvement project within the company.

### ■ Process Quality

The nature of our work, our global structure, our multicultural identity, the expansion of our sites and teams and the number of our suppliers all require us to implement in-house and external procedures for the detailed description of our operating processes, thus ensuring the quality of the products we commercialize.

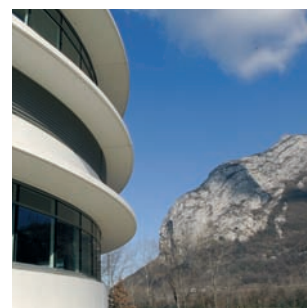
This Quality approach satisfies extremely specific regulatory requirements. It involves not only managers but also all those who contribute to the development of our products. This approach is well established at bioMérieux today and is reflected in decreased production cycle times, reduced nonconformity of delivered products and an optimized supply chain. Products can thus be launched rapidly on the market to satisfy our customers.

### ■ Site Quality

We adhere to the strictest international quality standards; site Quality is therefore essential to satisfying the requirements of regulatory (U.S. Food & Drug Administration - FDA, AFSSAPS, etc.) and certification agencies (ISO, etc.).

Our Durham site was audited by the FDA in 2005. Improvements suggested by the auditors led us to implement actions tailored to each recommendation: modified reporting procedures, increased training efforts, strengthened quality teams. No observations were made by the FDA during the audit of our Marcy l'Étoile site in France.

All of our production sites, as well as our 26 subsidiaries, have received ISO 9001 certification. In 2005, G-MED, the official French agency for ISO 13485 quality management system certification in the fields of medical devices and healthcare, visited our Marcy l'Étoile and Craponne sites in France. These visits brought to light some real strengths in our system.



### ■ Global Project Management Quality

A great diversity of expertise (technological innovation, product development, marketing...) goes into delivering the comprehensive solutions that we offer our customers. A cross-functional Project Management Process orchestrates the interactions between Research and Development, Industrial Operations and Marketing.

Our enhanced Project Management is the cornerstone of our success in delivering innovative, high value-added products to our customers in a highly competitive market.

## Management ■

### a Necessary Cultural Mutation

Our stock market introduction in 2004 contributed to strengthening bioMérieux's visibility in a market primarily composed of American companies. The transition from a private to a public company means meeting the demands of investors and requires management changes, while maintaining the intrinsic company values to which our employees are so deeply attached.

Turnover is very low at bioMérieux. In this period of change, total wages have been maintained and the individual fulfillment of our employees has continued to be a priority.

Thanks to this dynamic, we are ready to face our future challenges and adapt to a constantly changing market.

### Management at bioMérieux

- A sex equality policy enabling everyone to aspire to positions of responsibility
- Skill development through an ongoing training policy
- A continuous recruitment effort
- A compensation policy recognizing performance

A global vision of biology  
with accessible healthcare for all

# True to our commitment

True to our commitment to contributing to the improvement of public health worldwide, bioMérieux devotes almost 2 million euros a year to corporate sponsorship linked to its activity. Therefore bioMérieux commits itself to supporting biomedical research, breaking down social barriers and providing access to biology for all.



In 2005, bioMérieux allocated 1.4 million euros to support initiatives undertaken by the Mérieux and Rodolphe Mérieux Foundations that work to combat infectious diseases in the most underprivileged countries of the globe, particularly in Haiti, Cambodia and Mali.



In 2005, bioMérieux also devoted a total of 200,000 euros to support foundation initiatives to rebuild medical biology infrastructures destroyed by the tsunami in South East Asia, making it possible to carry out programs in Indonesia, in the province of Banda Aceh.

In India, bioMérieux has also helped to fund the initiatives of SOS Children's Villages that provide homes and healthcare centers for orphaned children within a village community.

In addition to financial support, bioMérieux supports the commitment of volunteers who wish to undertake humanitarian missions within the framework of the Mérieux and Rodolphe Mérieux Foundations.





bioMérieux has been a member of the Global Compact since 2003, a global initiative sponsored by the United Nations, whose purpose is to remedy problems generated by globalization.

Global Compact members commit to respecting its ten basic principles, which revolve around respect for human rights.

After devoting itself to sustainable development, bioMérieux now focuses on infectious diseases in developing countries.

Through its global presence and its proximity to the needs of populations worldwide, bioMérieux, a world company in its own right, honors its commitment to biology without borders.

## bioMérieux works with different international organizations:

- The Bill Clinton Foundation  
(viral load in developing countries)
- The Bill and Melinda Gates Foundation,  
(through international tenders)
- The United Nations (Global Compact)
- The World Bank  
(financing initiatives for international programs  
PAHO – PNUD...)
- The European Commission  
(fundraising initiative: tuberculosis)



# Glossary



A

## Antibiotic susceptibility testing

Determines the growth of a bacterium in the presence of antibiotics and classifies it as susceptible, resistant or intermediate.



B

## Bacteriology

Culturing biological fluids in a medium that allows any bacteria that are present to grow. The bacteria are then identified and their susceptibility to antibiotics is tested.



C

## Chromogen

Molecule that gives off a color under certain conditions. When incorporated into a culture medium, it reveals the presence of an enzyme, thereby indicating the name of the bacteria that is cultured.



D

## DNA chips

Chips containing multiple factors for analyzing genetic sequences.



E

## Embolism

Sudden obstruction of a blood vessel by a foreign object (bubble of air, fat tissue, blood clot, etc.) carried by the bloodstream. Embolisms may cause heart attacks, strokes, etc.



G

## Genomics

A science that studies the structure and functioning of genomes and, in particular, genes.

## Genome

All the genetic information (DNA - RNA) of a living organism contained in each of its cells.



i

## Immunoassays

Detection and measurement of infectious agents (bacteria, viruses, parasites) and pathogen markers based on an antigen/antibody reaction.

## In vitro diagnostics

Examination based on the analysis of biological samples (urine, blood, saliva, etc.) and performed outside the human body.



M

## Microbiology

Study of microorganisms, a discipline that includes bacteriology (bacteria), virology (viruses), mycology (fungi) and parasitology (parasites).

## Molecular biology

New technology based on the detection of DNA or RNA genetic sequences that are specific to a bacterium, a virus, a protein, or a cell.



N

## Mycobacteria

Mycobacteria form a group of pathogens that cause infections in humans and animals, especially tuberculosis and leprosy in humans. Mycobacterial infections are on the rise, in particular in conjunction with AIDS epidemics since they develop more easily when a patient's immune system is weakened.

## Myocardium

Heart muscle that allows the heart to contract. One of the main risks for someone with heart disease is myocardial infarction.

## Nanotechnologies

A set of theories and techniques used to produce and handle extremely small objects of the size of an atom. These techniques require high precision tools.

## Nosocomial

A disease contracted in a hospital setting – or a healthcare institute – by a patient who did not have this disease upon admission.



O

## Oncology

Synonym of cancerology: the study of malignant tumors and processes.



P

## Pathogen

That which causes or can cause disease.

## Pharmacogenomics

A recent discipline that focuses on the genetic mechanisms involved in different responses to treatment by different individuals, used for new drugs or to improve existing drugs.

## Proteomics

A recent science that studies the proteins expressed by a genome: their role, structure, location, interaction. By comparing all the proteins in healthy and diseased tissues, it is possible to deduce which are specific to a given disease.



S

## Septicemia

The presence of microbes (bacteria, toxins) in the blood causing a widespread infection and deterioration of the patient's general condition, as well as fever.



T

## Tumor markers

Biochemical substances used to monitor the development of cancer (monitoring of treatment and metastases) and in some cases to detect the disease.

# Corporate governance

## Board of Directors

At December 31, 2005, the Board of Directors is comprised of 9 members:

- **Alain Mérieux (Chairman of the Board of Directors and President),**
- **Dr. Christophe Mérieux (Vice Chairman of the Board of Directors),**
- **Alexandre Mérieux,**
- **Michel Angé,**
- **Groupe Industriel Marcel Dassault, represented by Benoît Habert,**
- **Georges Hibon,**
- **Michele Palladino,**
- **TSGH, represented by Philippe Archinard,**
- **Philippe Villet.**

The Board of Directors met four times in 2005.

## Committees of the Board of Directors

### Audit Committee

At December 31, 2005, the Audit Committee is comprised of three members:

- **Michel Angé,**
- **Benoît Habert,**
- **Philippe Villet.**

This committee met twice in 2005.

### Remuneration Committee

At December 31, 2005, the Remuneration Committee is comprised of three members:

- **Georges Hibon,**
- **Dr. Christophe Mérieux,**
- **Michele Palladino.**

This committee met three times in 2005.

### Strategy Committee

Chaired by **Alain Mérieux**, Président  
Its other members are:

- **Benoît Adelus,**
- **Dr Christophe Mérieux,**
- **Jean Le Dain,**
- **Dominique Takizawa.**

This committee met four times in 2005.

## Management Committee



From left to right: Jocelyne Latour, Alexandre Mérieux, Philippe Sans, Jean-François de Lavison, Dominique Takizawa, Jean-François Carmier, Henri Thomasson, Peter Kaspar, Alain Mérieux, Benoît Adelus, Thierry Bernard, Frédérique Saint Olive, Marc Mackowiak, Valérie Wittlin Asti and Dr. Christophe Mérieux.

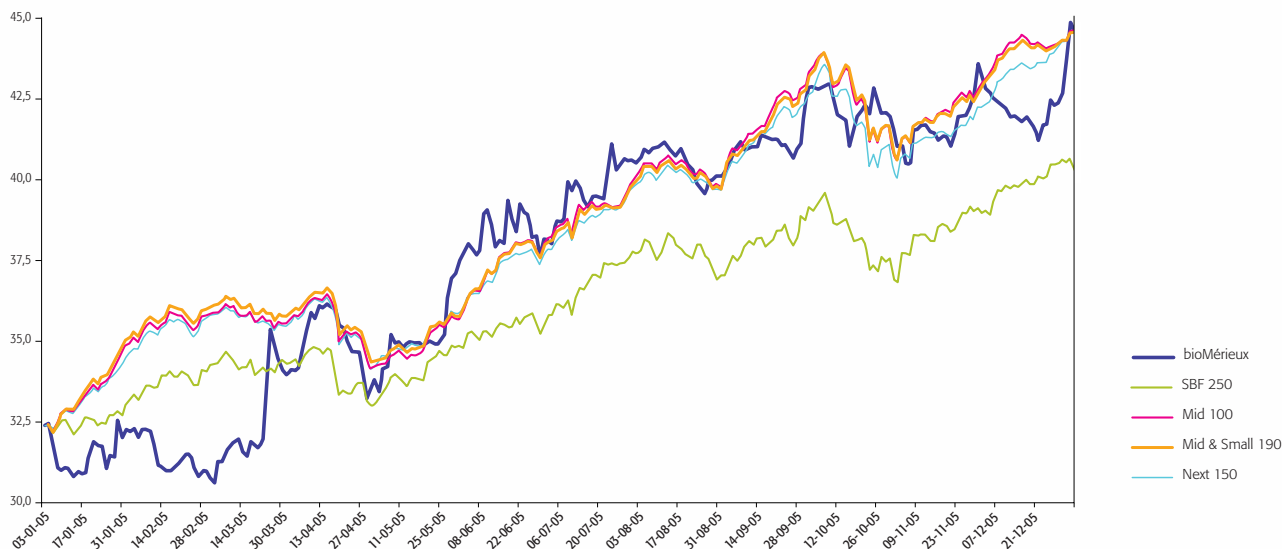
The Management Committee, chaired by Benoît Adelus, meets monthly. It is comprised of:

- **Benoît Adelus**, Executive Vice President
- **Dr. Christophe Mérieux**, Senior Corporate Vice President, Research & Development and Medical Affairs
- **Thierry Bernard**, Corporate Vice President, Europe, Middle East, Africa and Customer Service
- **Jean-François Carmier**, Corporate Vice President, Global Quality and Operations
- **Peter Kaspar**, Corporate Vice President, Molecular Biology
- **Jocelyne Latour**, Corporate Vice President, Quality Assurance and Regulatory Affairs
- **Jean-François de Lavison**, Corporate Vice President, Public and International Affairs
- **Marc Mackowiak**, Corporate Vice President, Research & Development
- **Alexandre Mérieux**, Corporate Vice President, Industrial Microbiology
- **Frédérique Saint Olive**, Corporate Vice President, Human Resources
- **Philippe Sans**, Senior Corporate Vice President, North America, Latin America, Asia-Pacific and Business Development
- **Dominique Takizawa**, Senior Vice President, Corporate Affairs
- **Henri Thomasson**, Corporate Vice President, Finance
- **Valérie Wittlin Asti**, Corporate Vice President, Communications

# bioMérieux on the stock exchange

The bioMérieux share was listed on the Eurolist by Euronext Paris on July 6, 2004 at an offer price of 30 euros.

## Share Price Performance on the Eurolist by Euronext in 2005



## The bioMérieux Share

In euros	2005	Since 6/07/2004
Highest*	44.90	44.90
Lowest*	30.60	26.00
As at 30/12/2005*	44.57	

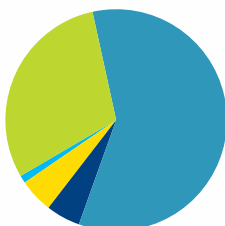
\*Closing price

- Number of shares: 39,453,740
- Market capitalization (as at 31/12/05): 1,758 M€
- Average daily trading volume in 2005: approximately 40,000 shares, for a value of 1.5 M€

- The bioMérieux share is part of the following indexes: SBF 250, CAC Mid 100, CAC Mid & Small 190, Next 150. It became eligible for the Deferred Settlement Service (SRD) on March 28, 2006.

## Breakdown of Capital as at December 31, 2005

■ Mérieux Alliance	58.9%
■ GIMD	5.1%
■ Banque de Vizille*	4.9%
■ Employees	1.0%
■ Free Float	30.1%



\*Banque de Vizille, CIC Lyonnaise de Participations and Apicil Prévoyance

## 2006 Calendar of Events

- **January 19<sup>th</sup>**: 2005 Q4 sales
- **January 24<sup>th</sup>**: Investor Day
- **March 20<sup>th</sup>**: 2005 results
- **April 20<sup>th</sup>**: 2006 Q1 sales
- **June 8<sup>th</sup>**: Shareholders' Annual Meeting
- **July 18<sup>th</sup>**: 2006 Q2 sales
- **September 18<sup>th</sup>**: 2006 first half results
- **October 19<sup>th</sup>**: 2006 Q3 sales

## Investor Relations Contacts

- Dominique Takizawa/Hervé Laurent
- Phone: 33 (0)4 78 87 22 37
- Email: [investor.relations@eu.biomerieux.com](mailto:investor.relations@eu.biomerieux.com)
- The Reference Document approved by the AMF is available upon request or on our Web site: [www.biomerieux.com](http://www.biomerieux.com) – Finance section

## Share Characteristics

- Market: Eurolist by Euronext
- Stock symbol: BIM
- ISIN code: FR 0010096479
- Reuters code: BIOX.PA
- Bloomberg code: BIM.FP

**bioMérieux sa**  
69280 Marcy l'Etoile  
**France**  
**Tél.: 33 (0)4 78 87 20 00**  
**Fax: 33 (0)4 78 87 20 90**

**[www.biomerieux.com](http://www.biomerieux.com)**

bioMérieux Argentina  
bioMérieux Australia  
bioMérieux Austria  
bioMérieux Belgium  
bioMérieux Brazil  
bioMérieux Canada  
bioMérieux Chile  
bioMérieux China  
bioMérieux Czech Republic  
bioMérieux Columbia  
bioMérieux Denmark  
bioMérieux Germany  
bioMérieux Greece  
bioMérieux Finland  
bioMérieux Hungary  
bioMérieux Inc. (USA)  
bioMérieux India  
bioMérieux Italy  
bioMérieux Japan  
bioMérieux Korea  
bioMérieux Mexico  
bioMérieux New Zealand  
bioMérieux Norway  
bioMérieux Poland  
bioMérieux Portugal  
bioMérieux Russia  
bioMérieux Spain  
bioMérieux Sweden  
bioMérieux Switzerland  
bioMérieux Thailand  
bioMérieux The Netherlands  
bioMérieux BV (The Netherlands)  
bioMérieux Turkey  
bioMérieux United Kingdom  
bioMérieux West Africa

### **Communications Contact**

Valérie Wittlin Asti  
Tel.: 33 (0)4 78 87 51 97  
[valerie.wittlin-asti@eu.biomerieux.com](mailto:valerie.wittlin-asti@eu.biomerieux.com)

This report is also available in French  
and can be downloaded from  
our Web site: [www.biomerieux.com](http://www.biomerieux.com)

