

Press Release

Boehringer Ingelheim continues to outpace the market - boosts headcount Boehringer Ingelheim GmbH

Strong growth in sales and income in 2004

Ingelheim, Germany, 6 April 2005 – Boehringer Ingelheim posted strong growth once again last year. Sales rose in 2004 by 10.5 % to 8.2 billion euros. As a result of strong sales growth, special efforts to increase productivity and the figure for the previous year being burdened by massive investments in the future, operating income was up by more than 50 % to almost 1.4 billion euros.

"We are very satisfied with the business year 2004," commented Dr Alessandro Banchi, Chairman of the Board and responsible for the Marketing and Sales Division, at the presentation of the business results in Ingelheim. "We have taken another major step forward in the last financial year." For the fifth time in succession, Boehringer Ingelheim outpaced the average growth for pharmaceutical companies.

In 2004 again, the strength of the euro had considerable impact on sales figures. Adjusted to account for exchange rates, growth would have even topped 16 %. The marked increase in the company's earnings potential is reflected in the return figures. The operating return (operating income / net sales) was well up on 2003 at 16.8 %.

"Our dynamic growth already makes us a frontrunner, but in terms of profitability too we are on the way to joining the leading group of international pharmaceutical companies", explained Dr Banchi. He expects the current business year to see sales development of a similar magnitude to 2004 after adjustment for foreign exchange effects.

Employees - the most important source of success

In the 120-year history of Boehringer Ingelheim as an independent family-owned company, the employees have always been "the most important source of success," remarked Professor Marbod Muff, responsible for Corporate Board Division Finance and Human Resources. "It is people who

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make the difference." The company is proud of the many national and international awards confirming Boehringer Ingelheim as an outstanding employer.

In 2004, the number of employees increased almost 4 % worldwide to total 35,500. Germany saw an increase of 420 (plus 4.3 % to 10,300), while the headcount in the USA was up by 860 (plus 13.2 % to around 7,400). There was also a sharp, almost 7 %, increase to 660 in the number of trainees in Germany. (In the last five years, Boehringer Ingelheim has recruited around 8,200 new employees worldwide, around 2,500 of these in Germany and about 2,200 in the USA.

USA – the engine of growth

The development of our headcount also reflects the significance of the two major Boehringer Ingelheim countries. The USA is assuming an increasingly important role as the driver of business development. Germany, although it continues to play a central role in terms of research and production, primarily for the company's foreign business, is, on the other hand, witnessing rapidly declining significance as a market.

The US business with prescription medicines posted 18 % growth in 2004 (after currency adjustment as much, as 30 %), while business in Germany began to stagnate as a result of compulsory payments to the national health insurance in the order of 55 million euros; this had a dramatic effect on operating income. While the USA earned some 2.7 billion euros in 2004 (44 % of sales of this business segment), Germany posted a mere 370 million euros (6 %). Professor Muff fears that "a continued policy of this nature will drive further significant activities of the research-based pharmaceutical industry out of Germany, or prevent their establishment or expansion in Germany."

Investment in new drugs

Boehringer Ingelheim is a research-based pharmaceutical company that achieves its sales in the business segments Prescription Medicines (76 % of net sales), Consumer Health Care (12%), Animal Health (4%) and Contract Manufacture" (8%). All of the business segments showed excellent development in their markets in 2004. The strongest growth was posted by the biopharmaceutical business (manufacturing for third parties, particularly large American companies), with sales up by 40 % to almost 400 million euros. The Animal Health business also improved markedly on the previous year, growing almost 6% to 335 million euros. The most important business area, Prescription Medicines, improved by 12 % to 6.2 billion euros.

In 2004, Boehringer Ingelheim invested almost 1.2 billion euros, or over 15 % of net sales, in the research and development of new drugs. Investment in tangible assets on the other hand was down in 2004 (-17 % to 430 million euros), as major projects, such as the new biopharmaceutical production in Biberach and the active ingredients plant in Ingelheim, were completed in the previous year.

Excellent showing by international comparison

According to the market research institute IMS, whose figures are used by all pharmaceutical companies, Boehringer Ingelheim achieved growth of 14.3 % in Prescription Medicines in 2004 (compared with 6.7% market growth), taking second place among the top 20 international pharmaceutical companies in terms of growth. Boehringer Ingelheim was thus able to increase its international market share by 0.2 % points to 1.7 % and is currently in 15th position in the market.

The company takes 8th position in the Consumer Health Care segment. According to the IMS, it holds a market share of 2.5 %. Although Boehringer Ingelheim, with +1.2 % growth, was below the market average in 2004 (+ 2.1 %), this was solely a result of the stagnating Japanese market, where Boehringer Ingelheim has a strong presence through its subsidiary SSP. Excluding Japan, sales grew slightly ahead of the market at +2.5 %.

The company's Animal Health business also successfully maintained its position. According to figures from the market research organisation Wood Mackenzie, the company was distinctly the market leader in 2004 (over 17% market share). It holds an international market share of 3 %, putting it in 10th position in the market.

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