



## **Owens & Minor Posts Revenue Gains, Strong Operating Earnings, & Positive Cash Flow for 3rd Quarter 2009**

RICHMOND, Va.--(BUSINESS WIRE)--Oct. 26, 2009-- Owens & Minor (NYSE:OMI) today reported financial results for the third quarter ended September 30, 2009, including record quarterly revenue of \$2.03 billion, increased 13.9% when compared to revenue of \$1.79 billion in the third quarter of 2008. Income from continuing operations for the quarter was \$34.7 million, or \$0.83 per diluted share, increased 36.8% when compared to \$25.3 million, or \$0.61 per diluted share, in the same period last year. Net income for the third quarter was \$34.7 million, or \$0.83 per diluted share, increased 37.2% when compared to net income in the same quarter of 2008.

In the third quarter of 2009, the company reported gross margin of \$204.3 million, or 10.04% of revenues, compared to \$178.7 million, or 10.00% of revenues, for the third quarter of 2008. The increase in gross margin dollars for the third quarter 2009 was the result of an increase in revenues. Also during the third quarter, gross margin benefitted from the overall positive impact of supplier price changes. As expected, one of the company's suppliers significantly reduced its prices on a certain set of products, resulting in a credit for the provision for last-in, first-out (LIFO) inventory valuation of \$11.5 million, net of the effect of other suppliers' price increases.

"As we enter the home stretch of 2009, we are pleased with revenue gains, operating earnings improvement, and positive cash flows, but recognize that we are challenged with lower profitability from some of our new and acquired customers," said Craig R. Smith, president & chief executive officer of Owens & Minor. "As we have done before, we will work with these new customers to improve operating margins. Looking ahead, we will continue to focus on achieving the potential of the Burrows acquisition, while building out our strategic initiatives, which are designed to broaden our reach and position our company to capture growth opportunities in healthcare."

### **Year-to-Date Results**

For the nine months ended September 30, 2009, revenue was \$6.00 billion, improved 13.5% from revenue of \$5.29 billion in the same period last year. Income from continuing operations for the first nine months of the year was \$84.8 million, or \$2.03 per diluted share, compared favorably to income from continuing operations of \$73.8 million, or \$1.78 per diluted share, for the comparable period last year. Net income for the first nine months of 2009 was \$72.3 million, or \$1.73 per diluted share, decreased from net income of \$73.1 million, or \$1.76 per diluted share in the same period last year. For comparative purposes, results for the first nine months of 2009 reflect the January 2009 sale of certain assets of the company's direct-to-consumer diabetes supply (DTC) business, shown as discontinued operations for all periods presented. Therefore, year-to-date results reflect a loss from discontinued operations of \$12.5 million, or \$0.30 per diluted share, resulting primarily from pre-tax charges associated with exiting the DTC business. Results for the first nine months of 2009 also reflect the impact of transitioning the business acquired in The Burrows Company transaction.

### **Asset Management**

For the year-to-date period 2009, operating cash flow from continuing operations was \$161.5 million, increased when compared to \$119.1 million last year in the same period. Cash provided by discontinued operations for the same period was \$73.6 million, including \$63 million received in January 2009 from the sale of certain assets of the DTC business. Long-term debt as of the end of the third quarter 2009 was \$208 million, consistent with the third quarter last year. Days sales outstanding (DSO) as of September 30, 2009, continued on a strong trend at 23.0 days, improved slightly when compared to DSO of 23.2 days in the same period last year. Inventory turns of 10.5 for the third quarter of 2009 were improved from turns of 10.3 in the prior year third quarter.

### **2009 Outlook**

"As we approach the end of 2009, we continue to target revenue growth for the year in the upper end of a range of 8% to 12%, and income per diluted share from continuing operations in the range of \$2.55 to \$2.70, excluding the positive effect of the third quarter LIFO provision," said Smith.

The 2009 outlook is based on certain assumptions that are subject to the risk factors discussed in the company's filings with the Securities & Exchange Commission.

## Upcoming Investor Events

- On Thursday, November 5, 2009, Owens & Minor will hold an Open House & Facility Tour at its distribution center in Richmond, Virginia, for Wall Street analysts and professional investors. The event will focus on operations and will feature tours of the 165,000 square-foot facility, the specialized SurgiTrack<sup>SM</sup> area, and demonstrations of the company's newly installed voice-pick technology and automation equipment. The event is scheduled to begin at 9:30 a.m. ET and conclude at approximately 2:00 p.m. ET.
- On Thursday, December 10, 2009, Owens & Minor will host a 2010 Financial Outlook Meeting in New York City. Owens & Minor's President & Chief Executive Officer Craig R. Smith and Chief Financial Officer James L. Bierman are scheduled to speak at the event, discussing progress on strategic initiatives and providing the company's financial outlook for 2010. The meeting is scheduled to begin at 8:30 a.m. ET and conclude at approximately 10:30 a.m. ET. A live, listen-only webcast of the briefing can be accessed on the company website at [www.owens-minor.com](http://www.owens-minor.com) under the Investor Relations Section. A webcast replay of the event will also be available on the company website.

## Safe Harbor Statement

Except for historical information, the matters discussed in this press release may constitute forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected. These risk factors are discussed in reports filed by the company with the Securities & Exchange Commission. All of this information is available at [www.owens-minor.com](http://www.owens-minor.com). The company assumes no obligation, and expressly disclaims any such obligation, to update or alter information, whether as a result of new information, future events, or otherwise.

**Owens & Minor, Inc.**, (NYSE: OMI) a *FORTUNE* 500 company headquartered in Richmond, Virginia, is a leading distributor of national name-brand medical and surgical supplies and a healthcare supply-chain management company. Owens & Minor is also a member of the Russell 2000<sup>®</sup> Index, which measures the performance of the small-cap segment of the U.S. equity universe, as well as the S&P MidCap 400, which includes companies with a market capitalization of \$750 million to \$3.3 billion that meet certain financial standards. With a diverse product and service offering and distribution centers throughout the United States, the company serves hospitals, integrated healthcare systems, alternate care locations, group purchasing organizations, and the federal government. Owens & Minor provides technology and consulting programs that improve inventory management and streamline logistics across the entire medical supply chain--from origin of product to patient bedside. For news releases, or for more information about Owens & Minor, visit the company Web site at [www.owens-minor.com](http://www.owens-minor.com).

## Investors Conference Call & Supplemental Material

**Conference Call:** Owens & Minor will conduct a conference call for investors on Tuesday, October 27, 2009, at 8:30 a.m. ET. **Participants may access the call** at 877-748-0043 with access code #34676277. The international dial-in number is 706-758-5871 with access code #34676277. **Webcast: Replay:** A replay of the call will be available for three weeks by dialing 800-642-1687, using access code #34676277. A listen-only **webcast of the call**, along with supplemental information, will be available on [www.owens-minor.com](http://www.owens-minor.com) under "Investor Relations." Owens & Minor uses its Web site as a channel of distribution for material company information, including news releases, investor presentations and financial information. This information is routinely posted and accessible under the Investor Relations section.



Source: Owens & Minor, Inc.

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