



Owens & Minor Releases 2nd Quarter 2010 Financial Results; Reports Improvement in Earnings

Medical & Surgical Supply Distributor Reports 6.6% Improvement in Quarterly Operating Earnings

RICHMOND, Va., Jul 26, 2010 (BUSINESS WIRE) --

Owens & Minor, Inc., (NYSE:OMI) today reported financial results for the second quarter ended June 30, 2010, including quarterly revenue of \$2.02 billion, improved slightly from revenue of \$2.01 billion for the second quarter last year. Income from continuing operations for the quarter was \$29.5 million, or \$0.46 per diluted share, increased 6.1% when compared to income from continuing operations of \$27.8 million, or \$0.44 per diluted share, in the second quarter of 2009. Net income for the second quarter was \$29.5 million, or \$0.46 per diluted share, improved 24.6% from \$23.6 million, or \$0.38 per diluted share, for the comparable period last year. For the second quarter 2009, the company recorded a loss from discontinued operations of \$4.1 million, or \$0.06 per diluted share, resulting primarily from pre-tax charges associated with exiting the direct-to-consumer diabetes supply business (DTC).

Operating earnings for the second quarter of 2010 were \$52.2 million, or 2.58% of revenues, which were improved by 6.6% when compared to operating earnings of \$48.9 million, or 2.43% of revenues, in the second quarter last year. The improvement in quarterly operating earnings was driven primarily by a reduction in selling, general & administrative expense (SG&A) of approximately \$10 million partially offset by a \$5.5 million reduction in gross margin.

"We believe that lingering high unemployment, with associated deferrals of healthcare services by cautious consumers, continues to affect overall utilization of healthcare services and, consequently, our financial results," said Craig R. Smith, president & chief executive officer of Owens & Minor. "As we look ahead, we believe that the on-boarding of signed new business over the remaining months of this year will positively impact our 2011 operating results."

Year-to-Date Results

For the six months ended June 30, 2010, revenue was \$3.99 billion, increased nearly \$30 million, when compared to revenue of \$3.96 billion for the first six months of 2009. Income from continuing operations for the year-to-date period was \$57.3 million, or \$0.91 per diluted share, an increase of 14.3% when compared to \$50.1 million, or \$0.80 per diluted share, in the comparable period of 2009. For the first half of 2009, the company recorded a loss from discontinued operations of \$12.5 million, or \$0.20 per diluted share, resulting primarily from pre-tax charges associated with exiting the DTC business. Net income for the first six months of 2010 was \$57.3 million, or \$0.91 per diluted share, improved 52.3% when compared to net income of \$37.6 million, or \$0.60 per diluted share, in the same period last year.

Asset Management

For the first six months of 2010, operating cash flow from continuing operations was \$183 million, compared to \$123 million in the same period of 2009. Cash used by discontinued operations was less than one million dollars in the first six months of 2010, while cash provided by discontinued operations in the same period last year was \$75 million, including \$63 million received from the sale of certain assets of the DTC business. The balance of cash and cash equivalents was \$157.6 million at June 30, 2010, increased from \$146.4 million at March 31, 2010, and increased significantly from \$14.7 million at June 30, 2009. Long-term debt as of June 30, 2010, was \$208 million, unchanged when compared to the same period last year. Days sales outstanding (DSO) were a record 19.8 days, which compared favorably to DSO of 22.6 at the end of the prior year's second quarter. Inventory turns were 10.6 improved from turns of 10.4 for the same period last year.

2010 Outlook

"During the first half of this year, our business felt the impact of lower than expected utilization of healthcare services," said Smith. "Assuming there is no meaningful change to current economic conditions, we now believe that our full-year revenue results will improve slightly when compared to the prior year. And, we believe that our earnings per diluted share will likely be at the lower end of the previously stated range of \$1.93 to \$2.03."

The 2010 outlook is based on certain assumptions that are subject to the risk factors discussed in the company's filings with the Securities & Exchange Commission.

Recent Highlights

- Effective June 7, 2010, Owens & Minor entered into a new, three-year, \$350 million revolving credit facility agreement, securing an important component of its capital structure prior to the expiration of the previous credit facility.
- During the third quarter, Owens & Minor intends to participate in the following investor conferences:
 - Robert W. Baird 2010 Healthcare Conference - September 15, 2010, New York
 - Stifel, Nicolaus & Company Healthcare Conference - September 16, 2010, Boston

Investors' Conference Call & Supplemental Material

Owens & Minor management will conduct a conference call to discuss the second quarter financial results on Tuesday, July 27, 2010, at 8:30 a.m. EDT. The access code for the conference call, international dial-in, and replay is #86701821. Participants may access the call at 877-748-0043. The international dial-in number is 706-758-5871. A replay of the call will be available for three weeks by dialing 800-642-1687. A webcast of the call, along with supplemental information, will be available on www.owens-minor.com under "Investor Relations."

Information on www.Owens-Minor.com

Owens & Minor uses its Web site, www.owens-minor.com, 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.

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. 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[®] 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 site 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.

