**bioMérieux SA**

French joint stock company (*société anonyme*) with share capital of €12,029,370
Registered office: Marcy l'Etoile (Rhône department), France
Registered in Lyon, France under number 673 620 399

# INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2018

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# A – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## AT JUNE 30, 2018

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2018

# CONSOLIDATED INCOME STATEMENT

| *In millions of euros* | Notes | Jun. 30, 2018 | Dec. 31, 2017 | Jun. 30, 2017 |
|---|---|---|---|---|
| **SALES** | | **1,169.2** | **2,288.2** | **1,134.3** |
| Cost of sales | | (534.9) | (1,076.4) | (529.3) |
| **GROSS PROFIT** | | **634.4** | **1,211.8** | **605.0** |
| **OTHER OPERATING INCOME AND EXPENSES** | 12 | **12.0** | **31.2** | **15.1** |
| Selling and marketing expenses | | (226.5) | (447.5) | (220.9) |
| General and administrative expenses | | (79.1) | (156.4) | (78.3) |
| Research and development expenses | | (156.2) | (304.4) | (148.5) |
| **TOTAL OPERATING EXPENSES** | | **(461.7)** | **(908.3)** | **(447.7)** |
| **CONTRIBUTIVE OPERATING INCOME BEFORE NON-RECURRING ITEMS** | | **184.6** | **334.7** | **172.4** |
| BioFire acquisition fees and depreciation costs (a) | 13 | (8.5) | (18.2) | (9.5) |
| **OPERATING INCOME BEFORE NON-RECURRING ITEMS** | | **176.1** | **316.5** | **162.9** |
| Other non-recurring income and expenses from operations | 14 | 0.1 | (1.6) | 0.0 |
| **OPERATING INCOME** | | **176.2** | **314.9** | **162.8** |
| Cost of net debt | 15.2 | (8.1) | (16.2) | (11.3) |
| Other financial income and expenses, net | 15.3 | (2.0) | (6.2) | (2.2) |
| Income tax | 16 | (31.7) | (54.5) | (48.1) |
| Share in earnings (losses) of equity-accounted companies | | 0.0 | (0.4) | (0.1) |
| **NET INCOME OF CONSOLIDATED COMPANIES** | | **134.3** | **237.6** | **101.2** |
| Non-controlling interests | | (0.1) | (0.6) | 0.1 |
| **ATTRIBUTABLE TO OWNERS OF THE PARENT** | | **134.4** | **238.1** | **101.1** |
| Basic earnings per share | | 1.14 € | 2.02 € | 2.57 € |
| Diluted earnings per share | | 1.14 € | 2.02 € | 2.57 € |

(a) In order to improve the understanding of operating income and in view of BioFire's size, the amortisation of the assets acquired and valued during the purchase price allocation, are presented on a separate line of operating income before non-recurring items.

# STATEMENT OF COMPREHENSIVE INCOME

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 restated [b] | Jun. 30, 2017 restated [b] |
|---|---|---|---|
| **Net income for the period** | **134.3** | **237.6** | **101.2** |
| **Items to be reclassified to income** | **7.7** | **(80.0)** | **(46.0)** |
| Fair value gains (losses) on financial hedging instruments | (2.4) | 2.4 | 3.4 |
| Tax effect | 0.7 | (0.9) | (1.3) |
| Movements in cumulative translation adjustments | 9.4 | (81.5) | (48.0) |
| **Items not to be reclassified to income** | **(2.6)** | **(0.5)** | **0.2** |
| Fair value gains (losses) on financial assets [a] | (8.7) | 6.9 | 1.4 |
| Tax effect | 0.0 | 0.4 | 0.2 |
| Remeasurement of employee benefits | 8.0 | 2.6 | (2.3) |
| Tax effect | (1.9) | (10.4) | 0.9 |
| **TOTAL OTHER COMPREHENSIVE INCOME** | **5.2** | **(80.6)** | **(45.8)** |
| **TOTAL COMPREHENSIVE INCOME** | **139.4** | **157.0** | **55.4** |
| Non-controlling interests | (0.1) | (0.6) | 0.0 |
| **ATTRIBUTABLE TO OWNERS OF THE PARENT** | **139.5** | **157.5** | **55.4** |

(a) Changes in the fair value of financial instruments concern shares in non-consolidated companies for which the Group has opted for a change in the fair value in other comprehensive income not recyclable in profit and loss (see Note 4.3).

(b) The Group has applied IFRS 9 since January 1, 2018 (see Note 2.1 to the condensed interim consolidated financial statements). The application has not had an impact on consolidated net income, but on other components of comprehensive income. The statement of comprehensive income above presents the impact of the retrospective application of the standard on the classification of changes in fair value of non-consolidated equity investments in non-recyclable components.

# CONSOLIDATED BALANCE SHEET

### ASSETS

| *In millions of euros* | Notes | Jun. 30, 2018 | Dec. 31, 2017 | Jun. 30, 2017 |
|---|---|---|---|---|
| Intangible assets | 3 | 458.1 | 430.7 | 454.8 |
| Goodwill | 3.3 | 476.1 | 442.7 | 454.8 |
| Property, plant and equipment | 4.1 | 743.8 | 711.4 | 712.3 |
| Non-current financial assets | 4.3 | 59.1 | 57.9 | 46.6 |
| Share in earnings (losses) of equity-accounted companies | | 0.0 | 0.1 | 0.3 |
| Other non-current assets | | 15.2 | 14.1 | 16.7 |
| Deferred tax assets | | 65.0 | 51.6 | 79.5 |
| **NON-CURRENT ASSETS** | | **1,817.3** | **1,708.5** | **1,765.2** |
| Inventories and work-in progress | | 408.7 | 380.3 | 404.4 |
| Trade receivables | 6 | 446.1 | 460.1 | 435.4 |
| Other operating receivables | | 98.0 | 75.1 | 100.5 |
| Current tax receivables | | 32.8 | 36.1 | 12.1 |
| Non-operating receivables | | 10.0 | 15.7 | 23.3 |
| Cash and cash equivalents | | 194.3 | 312.1 | 182.2 |
| **CURRENT ASSETS** | | **1,189.8** | **1,279.4** | **1,158.0** |
| **ASSETS HELD FOR SALE** | 5 | **0.5** | **2.1** | **0.0** |
| **TOTAL ASSETS** | | **3,007.6** | **2,990.0** | **2,923.1** |

### SHAREHOLDERS' EQUITY AND LIABILITIES

| *In millions of euros* | Notes | Jun. 30, 2018 | Dec. 31, 2017 | Jun. 30, 2017 |
|---|---|---|---|---|
| Share capital | 8.1 | 12.0 | 12.0 | 12.0 |
| additional paid-in capital and reserves | 8.2 | 1,692.2 | 1,487.5 | 1,524.5 |
| Attributable net income for the period | | 134.4 | 238.1 | 101.1 |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | **1,838.6** | **1,737.6** | **1,637.6** |
| **NON-CONTROLLING INTERESTS** | | **0.0** | **(0.9)** | **2.1** |
| **TOTAL EQUITY** | | **1,838.6** | **1,736.7** | **1,639.7** |
| Long-term borrowings and debt | 10 | 398.6 | 391.1 | 376.8 |
| Deferred tax liabilities | | 117.4 | 103.8 | 153.5 |
| Impairment | 9 | 53.7 | 106.7 | 116.2 |
| **NON-CURRENT LIABILITIES** | | **569.7** | **601.5** | **646.5** |
| Short-term borrowings and debt | 10 | 56.8 | 76.9 | 85.7 |
| Impairment | 9 | 35.6 | 34.1 | 33.4 |
| Trade payables | | 156.7 | 161.3 | 152.3 |
| Other operating payables | | 289.7 | 300.7 | 296.3 |
| Current tax payables | | 22.6 | 24.2 | 17.8 |
| Non-operating payables | | 38.0 | 54.6 | 51.4 |
| **CURRENT LIABILITIES** | | **599.3** | **651.8** | **636.9** |
| **LIABILITIES RELATED TO ASSETS HELD FOR SALE** | | **0.0** | **0.0** | **0.0** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **3,007.6** | **2,990.0** | **2,923.1** |

The first application of IFRS 9 has not had an impact on the consolidated balance sheet.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | Six months ended June 30, 2017 |
|---|---|---|---|
| **Net income for the period** | **134.3** | **237.5** | **101.2** |
| - Investments in associates | 0.0 | 0.4 | 0.1 |
| - Cost of net financial debt | 8.1 | 16.2 | 11.3 |
| - Other financial income and expenses, net | 2.0 | 6.2 | 2.2 |
| - Income tax expense | 31.7 | 54.5 | 48.1 |
| - Net depreciation, amortisation and provisions of non-current assets | 72.8 | 140.5 | 70.1 |
| - Non-recurring items and BioFire acquisition fees and depreciation costs | 8.4 | 19.9 | 9.5 |
| **EBITDA (before non-recurring items)** | **257.4** | **475.2** | **242.5** |
| Other non-recurring income and expenses from operations, net *(excluding net additions to non-recurring provisions and capital gains or losses on disposals of non-current assets)* | 0.1 | (1.2) | 0.0 |
| Other financial income and expenses, net *(excluding provisions and disposals of non-current financial assets)* | (2.0) | (6.1) | (2.0) |
| Net additions to operating provisions for contingencies and losses | (44.0) | 5.6 | 1.3 |
| Fair value gains (losses) on financial instruments | (0.7) | 2.3 | 0.0 |
| Share-based payment | 2.8 | 7.5 | 3.2 |
| **Elimination of other non-cash/non-operating income and expenses** | **(43.8)** | **8.1** | **2.5** |
| Change in inventories | (22.5) | (4.3) | (18.5) |
| Change in trade receivables | 12.8 | (25.6) | 14.0 |
| Change in trade payables | (5.4) | (4.1) | (18.6) |
| Change in other operating working capital | (21.8) | (3.8) | (34.0) |
| **Change in operating working capital** [(a)] | **(36.9)** | **(37.8)** | **(57.1)** |
| Other non-operating working capital | 0.2 | 1.5 | 12.1 |
| Change in non-current non-financial assets and liabilities | (0.8) | 2.0 | 1.5 |
| **Change in working capital requirement** | **(37.5)** | **(34.3)** | **(43.5)** |
| **Income tax paid** | **(33.0)** | **(91.5)** | **(56.1)** |
| **NET CASH FROM OPERATING ACTIVITIES** | **143.1** | **357.5** | **145.4** |
| Purchases of property, plant and equipment and intangible assets | (104.2) | (183.5) | (96.9) |
| Proceeds from disposals of property, plant and equipment and intangible assets | 2.1 | 7.9 | 3.5 |
| Purchases/proceeds from acquisitions of non-current financial assets | 0.1 | (14.1) | (8.1) |
| Impact of changes in Group structure | (85.2) | 9.3 | 3.7 |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(187.2)** | **(180.4)** | **(97.8)** |
| Purchases and sales of treasury shares | (0.3) | (0.9) | (1.1) |
| Dividends paid to owners | (40.2) | (39.4) | (39.4) |
| Dividends paid to non-controlling interests | (0.1) | (0.1) | (0.1) |
| Cost of net debt | (8.2) | (16.2) | (11.3) |
| Change in committed debt | 30.3 | (0.6) | 18.9 |
| Change in interests without gain or loss of controlling interest | 0.0 | (11.5) | 0.0 |
| **NET CASH USED IN FINANCING ACTIVITIES** | **(18.5)** | **(68.7)** | **(33.0)** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **(62.6)** | **108.4** | **14.6** |
| **NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **260.4** | **146.6** | **146.7** |
| Impact of currency changes on net cash and cash equivalents | (11.2) | 5.4 | (4.3) |
| **NET CASH AND CASH EQUIVALENTS AT END OF YEAR** | **186.6** | **260.4** | **157.0** |

[(a)] Including additions to and reversals of short-term provisions.

The first application of IFRS 9 has not had an impact on the consolidated statement of cash flows.

Comments on changes in consolidated net cash and cash equivalents are provided in Note 10.

# STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| | Attributable to owners of the parent | | | | | | | | | | Non-controlling interests |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | Share capital | Additional paid-in capital and consolidated reserves [a] | Cumulative translation adjustments | Changes in fair value of financial instruments | Actuarial gains and losses | Treasury shares | Share-based payment | Total additional paid-in capital and reserves | Net income | **Total** | **Total** |
| **EQUITY AT DECEMBER 31, 2016** | **12.0** | **1,423.6** | **49.0** | **7.4** | **(46.3)** | **(14.2)** | **8.5** | **1,428.0** | **179.1** | **1,619.1** | **2.2** |
| Total comprehensive income for the period | | (0.0) | (48.0) | 3.7 | (1.4) | | | (45.7) | 101.1 | **55.4** | **0.0** |
| Appropriation of prior-period net income | | 179.1 | | | | | | 179.1 | (179.1) | **0.0** | |
| Dividends paid | | (39.4) | | | | | | (39.4) | | **(39.4)** | **(0.1)** |
| Treasury shares | | (2.0) | | | | 1.3 | | (0.7) | | **(0.7)** | |
| Share-based payment | | | | | | | 3.2 | 3.2 | | **3.2** | |
| Changes in ownership interests | | 0.0 | | | | | | 0.0 | | **0.0** | **0.0** |
| **EQUITY AT JUNE 30, 2017** | **12.0** | **1,561.3** | **1.0** | **11.1** | **(47.7)** | **(12.9)** | **11.7** | **1,524.5** | **101.1** | **1,637.7** | **2.1** |

| *In millions of euros* | Share capital | Additional paid-in capital and consolidated reserves [a] | Cumulative translation adjustments | Changes in fair value of financial instruments[b] | Actuarial gains and losses[c] | Treasury shares | Share-based payment | Total additional paid-in capital and reserves | Net income | **Total** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Attributable to owners of the parent** | | | | | | | | | | **Non-controlling interests** |
| **EQUITY AT DECEMBER 31, 2016** | **12.0** | **1,423.6** | **49.0** | **7.4** | **(46.3)** | **(14.2)** | **8.5** | **1,428.0** | **179.1** | **1,619.1** | **2.2** |
| Total comprehensive income for the period | | | (81.5) | 8.7 | (7.7) | | | (80.6) | 238.1 | **157.5** | **(0.6)** |
| Appropriation of prior-period net income | | 179.1 | | | | | | 179.1 | (179.1) | **0.0** | |
| Dividends paid (d) | | (39.4) | | | | | | (39.4) | | **(39.4)** | **(0.1)** |
| Treasury shares | | (1.4) | | | | 3.3 | | 1.9 | | **1.9** | |
| Share-based payment (e) | | | | | | | 7.5 | 7.5 | | **7.5** | |
| Changes in ownership interests (f) | | (9.1) | | | | | | (9.1) | | **(9.1)** | **(2.4)** |
| Other changes (g) | | 5.5 | | | | | (5.5) | 0.0 | | **0.0** | |
| **EQUITY AT DECEMBER 31, 2017** | **12.0** | **1,558.4** | **(32.5)** | **16.1** | **(54.0)** | **(10.9)** | **10.5** | **1,487.5** | **238.1** | **1,737.6** | **(0.9)** |
| Total comprehensive income for the period | | 0.0 | 9.4 | (10.4) | 6.1 | | | 5.2 | 134.4 | **139.5** | **(0.1)** |
| Appropriation of prior-period net income | | 238.1 | | | | | | 238.1 | (238.1) | **0.0** | |
| Dividends paid (d) | | (40.2) | | | | | | (40.2) | | **(40.2)** | **0.0** |
| Treasury shares | | 0.2 | | | | (0.2) | | 0.1 | | **0.1** | |
| Share-based payment (e) | | | | | | | 2.8 | 2.8 | | **2.8** | |
| Changes in ownership interests (f) | | (0.9) | | | | | | (0.9) | | **(0.9)** | **1.0** |
| **EQUITY AT JUNE 30, 2018** | **12.0** | **1,755.7** [h] | **(23.2)** [i] | **5.7** | **(47.9)** | **(11.1)** | **13.2** | **1,692.2** | **134.4** | **1,838.6** [h] | **0.0** [j] |

(a) Including €63.7 million in additional paid-in capital.
(b) Including changes in the fair value of Quanterix, Labtech and Geneuro shares and hedging instruments.
(c) Actuarial gains and losses on employee benefit obligations arising since the effective date of the revised IAS 19R.
(d) Dividends per share: €0.34 in 2018 and €1 in 2017 (before stock split). Shares not qualifying for dividends amounted to 235,090 at June 30, 2018 compared with 234,074 at December 31, 2017.
(e) The fair value of benefits related to share grants is being recognised over the vesting period.
(f) The change in ownership interests corresponds to the repurchase of bioMérieux Japan shares from Sysmex in 2017 and the repurchase of RAS Lifesciences shares from minority shareholders in 2018.
(g) Corresponds to the reclassification as reserves of amounts linked to free shares definitively allocated.
(h) Of which bioMérieux SA distributable reserves, including net income for the financial year: €958.8 million.
(i) See Note 8.2 Cumulative translation adjustments.
(j) There are no longer any minority shareholders following the repurchase of RAS Lifesciences shares in 2018 and bioMérieux Japan shares in 2017.

The first application of IFRS 9 has not had an impact on the statement of changes in consolidated equity.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2018

bioMérieux is a leading international diagnostics group that specialises in the field of *in vitro* diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets diagnostic systems (reagents, instruments and services). bioMérieux is present in more than 150 countries through 42 subsidiaries and a large network of distributors.

The parent company, bioMérieux, is a French joint stock company (*société anonyme*), whose registered office is located in Marcy l'Etoile (69280) and whose shares are admitted for trading on Compartment A of NYSE Euronext Paris.

These condensed interim consolidated financial statements were approved by the Board of Directors on September 4, 2018. They are presented in millions of euros. They have been subject to a review by the Statutory Auditors.

The risk factors applicable to bioMérieux Group are described in section 2 of the 2017 Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 14, 2018.

## 1 SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION FOR THE HALF-YEAR

### 1.1 SIGNIFICANT EVENTS OF FIRST-HALF

#### 1.1.1 Acquisition of Astute Medical Inc.

On April 4, 2018, bioMérieux acquired 100% of the shares in Astute Medical Inc., based in San Diego (USA). Astute is a company specialising in the identification and validation of biomarkers.

This acquisition follows an initial agreement signed in 2014 to develop and market the NephroCheck® test (identification of Acute Kidney Injury) for the VIDAS® platform.

The acquisition was carried out for an amount of €75.2 million in cash. The subsidiary was consolidated by the full consolidation method from the takeover date, giving mainly rise to the recognition of the technologies net of deferred tax liabilities for €25.9 million, deferred tax assets of €14 million and provisional goodwill of €30.6 million. This goodwill reflects the human capital acquired as well as the specific synergies expected by bioMérieux.

Since the acquisition date, Astute has generated an operating loss of €4.1 million including the depreciation of the technologies recognised during the purchase price allocation work.

#### 1.1.2 Exceptional contribution to the US retirement plan

During the first half of 2018, bioMérieux Inc. carried out an exceptional payment of $67 million (€56 million) to the American post-employment benefit obligations hedging fund. The liability was thus reduced from €56.2 million at December 31, 2017 to €3.9 million at June 30, 2018. The tax treatment of this payment generated a tax saving of €5.4 million recorded over the first half of the year.

### 1.2 SUMMARY OF SIGNIFICANT EVENTS IN 2017

The significant events of the 2017 financial year did not have a significant impact on the financial statements for the first half of 2018.

### 1.3 CHANGES IN THE SCOPE OF CONSOLIDATION

No changes in the scope of consolidation occurred in the first half of 2018, other than the consolidation of Astute Medical Inc. (see Note 1.1.1).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

### 2.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS

The 2018 interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including all standards, amendments and interpretations adopted by the European Commission at June 30, 2018. These standards, amendments and interpretations are available on the European Commission website (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr).

The interim consolidated financial statements were prepared and are presented in accordance with IAS 34 "Interim Financial Reporting". Accordingly, the notes to the financial statements are presented in condensed format.

Information provided in the notes only relates to material items, transactions and events whose disclosure provides for a better understanding of changes in the bioMérieux Group's financial position and performance.

The accounting principles and calculation methods used to prepare the interim consolidated financial statements for the six months ended June 30, 2018 and June 30, 2017 are identical to those used to prepare the annual financial statements for the year ended December 31, 2017 and described in detail in the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 14, 2018, with the exception of the standards, amendments and interpretations that came into force in 2018. In some cases, these rules have been adapted to the specific nature of interim financial statements, in accordance with IAS 34.

The new standards, amendments and interpretations adopted by the European Commission and applicable from January 1, 2018 are presented below.

The Group has retrospectively applied IFRS 15 including the amendments “Clarifications to IFRS 15 - Revenue from contracts with customers”.

The standard establishes the principles for recognising revenue on the basis of a five-step analysis:

- identification of the agreement;
- the identification of the different performance obligations, i.e. the list of separate goods and services that the seller has undertaken to provide to the buyer;
- the determination of the overall price of the agreement;
- the allocation of the overall price of each performance obligation;
- the recognition of the sales and related expenses when a performance obligation is satisfied.

The analysis carried out by the Group has not had an impact on the consolidated revenue, net income or consolidated equity. The analysis led to special attention being paid to the treatment of contracts for the provision of equipment when they are related to other services (provision of reagents, maintenance services, extended product warranties). For example, the Group studied the impacts of the standard on the criteria used for distinguishing contracts regarding the provision of equipment that have the characteristics of lease contracts. The application of the standard led to the statement in the notes to the consolidated financial statements of a breakdown of sales based on the various components of a multiple-element arrangement (reagent sales, implicit rent, etc.), without having to change the amount of revenue.

The breakdown of revenue as well as a reminder of the rules applied in terms of recognition of sales according to contract types (disposals, provision, rental), are indicated in Note 11 of the notes to the consolidated financial statements.

The other specific points of IFRS 15 have not had a material impact.

Consequently, bringing the Group into compliance with IFRS 15 has not had a material impact on the aggregates of the consolidated financial statements.

The analysis of IFRS 15 also led to the re-examination of the expected useful life of equipment provided, which in practice turns out to be significantly longer than the term of the contract which has the characteristics of a rental. The increased expected useful life was recognised prospectively in 2018 (see Note 4.1 hereafter).

bioMérieux also applied IFRS 9 “Financial instruments” from January 1, 2018. The standard was applied retrospectively.

Application of the standard led the Group to reallocate shares in non-consolidated companies from the “Assets available-for-sale” category, not taken up by IFRS 9, to the category of securities whose fair value is recognised in other comprehensive income not recyclable in profit and loss (see Note 18.3). This reclassification on January 1, 2017 was carried out without an impact on net income and consolidated equity. The reconciliation between the adjusted financial statements presented for comparison in the financial statements and the published financial statements is indicated in Note 4.3.

IFRS 9 did not have any other impacts. The analysis carried out did not lead to the recognition of any additional impairment of trade receivables in respect of expected losses (see Note 6), hedging contracts in the form of options are not significant, and the Company has not carried out any restructuring of borrowings.

The other amendments and interpretations applicable from January 1, 2018 for the financial years from January 1, 2018 have not had a significant impact on the consolidated financial statements or are not applicable. They mainly concern:

- Amendments to IFRS 2 - “Classification and measurement of share-based payment transactions”;
- IFRIC 22 - “Foreign currency transactions and advance consideration”;
- 2014-2016 annual improvements cycle (amendments to IFRS 1, IFRS 12 and IAS 28 “Long-term interests in associates and joint ventures”).

bioMérieux did not opt for the early application of the standards, amendments and interpretations adopted or awaiting adoption by the European Union, which will become effective after December 31, 2018 but which could have been applied early. They mainly concern:

- IFRS 16 “Leases”;
- 2015-2017 annual improvements cycle;
- Amendments to IFRS 9 – “Prepayment features with negative compensation”;
- Amendments to IAS 19 – “Employee benefits - plan amendment, curtailment or settlement”.

These amendments and interpretations are applicable for financial years from January 1, 2019, subject to their adoption by the European Union.

Lastly, the Group has continued its analysis of the impact of IFRS 16 “Leases”, approved by the IASB and adopted by the European Commission on November 9, 2017. This standard will be effective for the first time for periods beginning on or after January 1, 2019. This analysis does not make it possible to give quantified information about the expected impacts, given that important explanations are pending on defining points (term of lease, etc.). The application of this standard should lead to the recognition of an asset in respect of the right to use assets offset by borrowings. The rental expense will be cancelled and replaced by an amortisation and depreciation and a financial expense. The impact on consolidated net income and consolidated equity should not be very significant.

For information, the amount of leases recognised in expenses and commitments payable is disclosed in Note 28.3.1 to the annual consolidated financial statements. At this stage, the Group has not yet chosen the transition method.

The Group is not expecting the other standards, amendments and interpretations to have a material impact on the Group's consolidated financial statements.

There are no standards, amendments and interpretations published by the IASB, with mandatory application for the financial years opened on January 1, 2018, but not yet approved at the European level (and for which early application is not possible on a European level), which would have had a significant impact on the financial statements for this half-year.

The financial statements of consolidated Group companies that are prepared in accordance with local accounting principles are restated to comply with the principles used for the consolidated financial statements.

### 2.2 JUDGMENTS AND ESTIMATES

The rules used for judgments and estimates are not materially different from those used at June 30, 2017 and December 31, 2017 (see Note 2 to the consolidated financial statements for the year ended December 31, 2017). These rules were applied in particular for the measurement and impairment of intangible and financial assets and deferred taxes, and for the measurement of post-employment benefit obligations.

In addition, for profit-sharing, incentives and performance-related bonuses, the amounts were estimated based on the extent to which targets had been reached according to the data at June 30, 2018.

### 2.3 PRESENTATION OF THE CONSOLIDATED INCOME STATEMENT

The Group's key financial performance indicator is contributive operating income before non-recurring items. It corresponds to recurring income less recurring expenses. It does not include non-recurring income and expenses or amortisation of the assets acquired and valued in connection with the BioFire purchase price allocation (see Note 3.3 to the consolidated financial statements for the year ended December 31, 2017).

### 2.4 SEASONALITY OF OPERATIONS

Given the significance of its respiratory panel, FilmArray sales are heavily influenced by changes in the date of occurrence and in the intensity of seasonal flu epidemics in North America. The sensitivity of the Group's other businesses to seasonal fluctuations is not significant. Sales and operating income before non-recurring items tend to be slightly higher in the second half of the year.

## 3 CHANGES IN INTANGIBLE ASSETS AND AMORTISATION

### 3.1 ACCOUNTING PRINCIPLES

#### 3.1.1 Impairment tests on non-current assets

For each year-end closing, the Group systematically carries out impairment tests on goodwill and on intangible assets with an indefinite useful life, as indicated in Note 5.2 to the consolidated financial statements for the year ended December 31, 2017. Similarly, property, plant and equipment and intangible assets with a finite useful life are tested for impairment whenever there is an indication that they may be impaired, in accordance with the methods described in the aforementioned note.

For the interim financial statements, impairment tests are only carried out for material assets or groups of assets where there is an indication that they may be impaired at the current or previous reporting date. The financial statements for the first half of 2018 reflect the results of these analyses.

## 3.2 Changes in intangible assets and amortisation

Intangible assets mainly comprise patents and technologies.

| **Gross value**<br>*In millions of euros* | Patents<br>Technologies | Software | Other | Total |
|---|---|---|---|---|
| **DECEMBER 31, 2016** | **588.3** | **170.9** | **24.2** | **783.5** |
| Translation adjustments | (49.9) | (7.3) | (2.0) | (59.1) |
| Acquisitions/Increases | 1.4 | 3.8 | 18.4 | 23.6 |
| Changes in Group structure | (0.0) | 0.0 | 0.0 | 0.0 |
| Disposals/Decreases | 0.0 | 0.1 | (0.2) | (0.0) |
| Reclassifications | (1.0) | 11.8 | (7.4) | 3.4 |
| **DECEMBER 31, 2017** | **538.8** | **179.4** | **33.1** | **751.3** |
| Translation adjustments | 11.8 | 0.8 | 0.6 | 13.2 |
| Acquisitions/Increases | 0.5 | 3.3 | 9.7 | 13.5 |
| Changes in Group structure | 34.5 | 0.0 | 0.0 | 34.5 |
| Disposals/Decreases | (13.5) | (0.3) | (0.8) | (14.6) |
| Reclassifications | 0.0 | 11.0 | (10.1) | 0.9 |
| **JUNE 30, 2018** | **572.2** | **194.2** | **32.5** | **798.8** |

| **Accumulated depreciation and impairments**<br>*In millions of euros* | Patents<br>Technologies | Software | Other | Total |
|---|---|---|---|---|
| **DECEMBER 31, 2016** | **176.5** | **111.6** | **2.8** | **291.0** |
| Translation adjustments | (14.4) | (5.1) | 0.1 | (19.4) |
| Additions | 29.6 | 18.5 | 1.0 | 49.1 |
| Changes in scope of consolidation | 0.0 | 0.0 | 0.0 | 0.0 |
| Reversals/Disposals | 0.0 | (0.1) | 0.0 | (0.1) |
| Reclassifications | 0.0 | 0.0 | 0.1 | 0.1 |
| **DECEMBER 31, 2017** | **191.8** | **125.0** | **3.9** | **320.7** |
| Translation adjustments | 3.3 | 0.8 | 0.1 | 4.1 |
| Additions | 20.8 | 9.4 | 0.4 | 30.7 |
| Changes in scope of consolidation | 0.0 | 0.0 | 0.0 | 0.0 |
| Reversals/Disposals | (13.5) | (0.4) | (0.8) | (14.7) |
| Reclassifications | 0.0 | 0.0 | 0.0 | 0.0 |
| **JUNE 30, 2018 (b)** | **202.3** | **134.9** | **3.6** | **340.8** |

| **Carrying amount**<br>*In millions of euros* | Patents<br>Technologies | Software | Other | Total |
|---|---|---|---|---|
| **DECEMBER 31, 2016** | **411.8** | **59.4** | **21.5** | **492.6** |
| **DECEMBER 31, 2017** | **347.1** | **54.4** | **29.2** | **430.7** |
| **JUNE 30, 2018** | **369.9** | **59.3** | **29.0** | **458.1** |

The "Other" column includes the gross value of the intangible assets under construction which represent €28 million at June 30, 2018 compared to €26.5 million at December 31, 2017, and which mainly concern IT or research and development projects.

The review of the impairment indicators for the assets with finite useful lives, as defined in Note 3.1.1, led the Group to recognise depreciation of €6.5 million on technological assets.

### 3.3 CHANGES IN GOODWILL

| *In millions of euros* | Carrying amount |
|---|---|
| **DECEMBER 31, 2016** | **470.6** |
| Translation adjustments | (26.2) |
| Changes in scope of consolidation | |
| Reclassifications | (1.7) |
| **DECEMBER 31, 2017** | **442.7** |
| Translation adjustments | 2.8 |
| Changes in Group structure (a) | 30.6 |
| **JUNE 30, 2018** | **476.1** |

(a) Due to the acquisition of Astute Medical Inc. Goodwill considered to be provisional at June 30, 2018.

No changes in goodwill impairment were recognised as a result of the impairment tests carried out (see Note 3.1.1).

## 4 CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

### 4.1 ACCOUNTING PRINCIPLES

As indicated in Note 6.1 in the notes to the annual financial statements, the useful lives of items of property, plant and equipment are reviewed periodically. In 2018, this review led the Group to extend the depreciation periods on instruments from durations of between three and ten years to durations of between five and ten years. The impact of this change is a reduction in the depreciation expense for instruments of around €5.4 million over the first half of the year.

## 4.2 CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| **GROSS VALUE**<br>*In millions of euros* | Land | Buildings | Machinery and equipment | Capitalised instruments | Other assets | Assets under construction | **Total** |
|---|---|---|---|---|---|---|---|
| **DECEMBER 31, 2016** | **39.9** | **456.6** | **380.5** | **360.1** | **158.2** | **196.4** | **1,591.7** |
| Translation adjustments | (1.4) | (23.8) | (24.0) | (15.4) | (10.0) | (13.5) | **(88.2)** |
| Changes in Group structure | | | 0.0 | | (0.0) | | **0.0** |
| Acquisitions/Increases | 1.6 | 17.2 | 18.6 | 50.7 | 11.6 | 57.3 | **157.0** |
| Disposals/Decreases | (0.1) | (8.1) | (3.8) | (30.9) | (6.7) | (0.3) | **(49.9)** |
| Reclassifications | 0.7 | 107.2 | 54.8 | (9.6) | 4.8 | (173.9) | **(16.0)** |
| **DECEMBER 31, 2017** | **40.6** | **549.2** | **426.1** | **354.8** | **157.9** | **65.9** | **1,594.5** |
| Translation adjustments | 0.3 | 5.0 | 5.8 | (0.8) | 1.5 | 1.6 | **13.4** |
| Changes in scope of consolidation | | | | | 2.5 | | **2.5** |
| Acquisitions/Increases | | 1.7 | 14.4 | 25.0 | 3.0 | 31.6 | **75.7** |
| Disposals/Decreases | 0.0 | (4.2) | (2.3) | (12.8) | (6.9) | | **(26.2)** |
| Reclassifications | 0.4 | 8.0 | 7.2 | (0.0) | 2.0 | (17.9) | **(0.3)** |
| **JUNE 30, 2018** | **41.2** | **559.7** | **451.3** | **366.2** | **160.0** | **81.1** | **1,659.6** |

| **DEPRECIATION AND IMPAIRMENT**<br>*In millions of euros* | Land | Buildings | Machinery and equipment | Capitalised instruments | Other assets | Assets under construction | **Total** |
|---|---|---|---|---|---|---|---|
| **DECEMBER 31, 2016** | **1.8** | **233.3** | **248.1** | **263.4** | **110.6** | | **857.1** |
| Translation adjustments | (0.1) | (10.0) | (13.5) | (10.1) | (6.6) | | **(40.3)** |
| Changes in scope of consolidation | | | 0.0 | | (0.0) | | **0.0** |
| Additions | 0.2 | 29.5 | 34.4 | 32.1 | 13.5 | | **109.7** |
| Disposals/Decreases | | (4.8) | (3.2) | (26.9) | (6.7) | | **(41.5)** |
| Reclassifications | | (0.0) | (1.5) | 0.1 | (0.4) | | **(1.8)** |
| **DECEMBER 31, 2017** | **1.8** | **247.9** | **264.3** | **258.6** | **110.4** | | **883.1** |
| Translation adjustments | 0.0 | 1.7 | 3.0 | (0.9) | 0.9 | | **4.8** |
| Changes in scope of consolidation | | | | | 2.2 | | **2.2** |
| Additions | 0.1 | 14.5 | 16.6 | 11.0 | 6.9 | | **49.1** |
| Disposals/Decreases | 0.0 | (3.9) | (2.2) | (11.1) | (6.8) | | **(24.0)** |
| Reclassifications | | | 0.7 | 0.0 | (0.2) | | **0.6** |
| **JUNE 30, 2018** | **2.0** | **260.3** | **282.3** | **257.7** | **113.4** | | **915.7** |

| **CARRYING AMOUNT**<br>*In millions of euros* | Land | Buildings | Machinery and equipment | Capitalised instruments | Other assets | Assets under construction | **Total** |
|---|---|---|---|---|---|---|---|
| **DECEMBER 31, 2016** | **38.1** | **223.3** | **132.4** | **96.6** | **47.7** | **196.4** | **734.6** |
| **DECEMBER 31, 2017** | **38.7** | **301.2** | **161.8** | **96.2** | **47.5** | **65.9** | **711.4** |
| **JUNE 30, 2018** | **39.3** | **299.5** | **169.0** | **108.5** | **46.6** | **81.1** | **743.8** |

Assets under construction mainly concern the purchase of a new site at Salt Lake City for the construction of a new warehouse.

No changes in impairment were recognised for the first half of 2018 as a result of the impairment tests described in Note 3.1.1.

## 4.3 CHANGES IN NON-CURRENT FINANCIAL ASSETS

| *In millions of euros* | Gross value | Change in fair value | Impairment | Carrying amount |
|---|---|---|---|---|
| **DECEMBER 31, 2016** | **44.0** | **8.1** | **(15.2)** | **36.9** |
| Translation adjustments | (14.0) | | 13.4 | (0.6) |
| Acquisitions/Increases | 15.1 | | (0.2) | 14.9 |
| Disposals/Decreases | (1.9) | | 0.9 | (1.0) |
| Reclassifications | 0.7 | | | |
| Changes in fair value of financial instruments | | 6.9 | | 7.6 |
| **DECEMBER 31, 2017** | **44.0** | **14.9** | **(1.0)** | **57.9** |
| Translation adjustments | 2.8 | | (2.8) | (0.0) |
| Acquisitions/Increases | 10.5 | | 0.0 | 10.5 |
| Disposals/Decreases | (0.5) | | 0.0 | (0.5) |
| Changes in fair value of financial instruments | | (8.7) | | (8.7) |
| **JUNE 30, 2018** | **56.8** | **6.2** | **(3.8)** | **59.1** |

The change in fair value recorded in other comprehensive income mainly concerns Quanterix, Geneuro and Labtech securities.

The implementation of IFRS 9 led to the disappearance of the concepts of financial assets available-for-sale and financial assets held-to-maturity. No financial asset was previously allocated to this latter category.

IFRS 9 led to the identification of three categories of shares in non-consolidated companies:

- financial assets assessed at amortised cost;
- financial assets assessed at fair value, with recognition in other comprehensive income recyclable in profit and loss of the changes in fair value;
- financial assets assessed at fair value, with recognition in profit and loss of the changes in fair value.

The standard stipulates for securities not held for transaction purposes, to opt irrevocably for the recognition of changes in fair value of financial instruments in other comprehensive income, not recyclable in profit and loss.

The table below presents the impacts of IFRS 9 on the statement of other comprehensive income over comparable financial years:

| *In millions of euros* | 12/31/2017 restated | 12/31/2017 reported | 06/30/2017 restated | 06/30/2017 reported |
|---|---|---|---|---|
| **Items to be reclassified to income** | **(80.0)** | **(72.8)** | **(46.0)** | **(44.3)** |
| Fair value gains (losses) on financial hedging instruments | 2.4 | 9.3 | 3.4 | 4.8 |
| Tax effect | (0.9) | (0.6) | (1.3) | (1.1) |
| Movements in cumulative translation adjustments | (81.5) | (81.5) | (48.0) | (48.0) |
| **Items not to be reclassified to income** | **(0.5)** | **(7.7)** | **0.2** | **(1.4)** |
| Fair value gains (losses) on financial assets | 6.9 | | 1.4 | |
| Tax effect | 0.4 | | 0.2 | |
| Remeasurement of employee benefits | 2.6 | 2.6 | (2.3) | (2.3) |
| Tax effect | (10.4) | (10.4) | 0.9 | 0.9 |
| **TOTAL OTHER COMPREHENSIVE INCOME** | **(80.6)** | **(80.6)** | **(45.8)** | **(45.8)** |

In the published financial statements, the change in the fair value of financial assets was brought together in the item “Changes in the fair value of financial hedging instruments” (the associated tax was processed in the same way).

The analysis carried out did not lead to the recognition of securities in the category of changes in fair value recognised in other comprehensive income recyclable in profit and loss.

Consequently, the Group reviewed all shares in non-consolidated companies, in order to define for each one the applicable recognition method. This analysis is presented in the table below:

| *In millions of euros* | **Category according to IAS 39**<br>**Definition** | **Category according to IFRS 9**<br>**Definition** |
|---|---|---|
| Quanterix | Available-for-sale financial assets assessed at fair value against other comprehensive income | Financial assets assessed at fair value against other comprehensive income |
| Labtech | Available-for-sale financial assets assessed at fair value against by other comprehensive income | Financial assets assessed at fair value against other comprehensive income |
| Geneuro | Available-for-sale financial assets assessed at fair value against other comprehensive income | Financial assets assessed at fair value against other comprehensive income |
| Qvella | Available-for-sale financial assets assessed at cost through profit and loss | Financial assets assessed at fair value against other comprehensive income (a) |
| Banyan Biomarkers | Available-for-sale financial assets assessed at cost through profit and loss | Financial assets assessed at fair value against other comprehensive income (a) |
| Other securities | Available-for-sale financial assets assessed at cost through profit and loss | Financial assets assessed at fair value through profit and loss (a) |

(a) In the exceptional cases provided by the standard (absence of recent and/or reliable information, estimated range of values too broad), the Group has selected the cost as the most appropriate estimate of fair value.

In the cases provided by IFRS 9 (securities not held for transaction purposes), the option for the recognition of changes in fair value not recyclable in profit and loss was irrevocably taken on January 1, 2017.
The retrospective application of IFRS 9 has not had an impact on consolidated net income and consolidated equity as the changes in the fair value of shares in non-consolidated companies were already mainly recorded in other comprehensive income, and no significant disposals were made after January 1, 2017. As indicated in the summary table below, the share of changes recorded in profit and loss was not significant.

| | **Jan. 01, 2017** | | | **Dec. 31, 2017** | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | **NBV** | ***Of which change in JV through profit and loss*** | ***Of which change in JV through OCI*** | **NBV** | ***Of which change in JV through profit and loss*** | ***Of which change in JV through OCI*** |
| Quanterix | 17.9 | | | 27.6 | | 9.7 |
| Labtech | 2.4 | | 1.7 | 1.2 | | (1.2) |
| Geneuro | 7.2 | | 7.1 | 5.4 | | (1.8) |
| Qvella | | | | 6.0 | | |
| Banyan Biomarkers | | | | 6.4 | | |
| Other securities | 3.3 | (0.9) | | 4.3 | (0.1) | |
| **TOTAL** | **30.7** | **(0.9)** | **8.8** | **50.9** | **(0.1)** | **6.8** |

## 5 CHANGES IN ASSETS HELD FOR SALE

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 |
|---|---|---|
| **Assets held for sale** | **0.5** | **2.1** |
| including goodwill | 0.0 | 1.7 |
| **Liabilities related to assets held for sale** | **0.0** | **0.0** |

Since December 2017, the Group has studied the possibility of disposing of one of its production and marketing businesses in Australia. The goodwill associated with these activities was fully depreciated over the period.

## 6 TRADE RECEIVABLES AND OTHER ASSETS RELATED TO CONTRACTS WITH CUSTOMERS

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | une 30, 2017 |
|---|---|---|---|
| Gross trade receivables | 459.4 | 473.7 | 451.6 |
| Impairment losses | (13.3) | (13.6) | (16.1) |
| **CARRYING AMOUNT** | **446.1** | **460.1** | **435.4** |

Trade receivables include the current portion of finance lease receivables.

| RECEIVABLES AND ASSETS RELATED TO CONTRACTS WITH CUSTOMERS | Dec. 31, 2017 | Changes in Group structure | Change in gross values | Change in provisions | Currency impact | Jun. 30, 2018 |
|---|---|---|---|---|---|---|
| Long-term finance lease receivables | 14.1 | | 0.8 | | 0.3 | 15.2 |
| **NON-CURRENT ASSETS** | **14.1** | | **0.8** | **0.0** | **0.3** | **15.2** |
| Finance lease receivables | 10.4 | | (0.8) | 0.1 | 0.2 | 9.9 |
| Gross trade receivables | 449.7 | 0.3 | (11.9) | 0.1 | (1.9) | 436.2 |
| Other assets related to contracts with custor | 0.0 | | | | | 0.0 |
| **CURRENT ASSETS** | **460.1** | **0.3** | **(12.7)** | **0.1** | **(1.7)** | **446.1** |

As indicated in Note 2.1, the first application of IFRS 9 did not have an impact on the impairment of trade receivables, as the analysis carried out did not lead to the recognition of additional impairment in respect of expected losses. There are no recognised assets related to the incremental costs incurred in obtaining a contract and the costs incurred to fulfil a contract.

# 7 LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

Liabilities related to contracts with customers mainly concern the advance invoicing of service contracts. The associated revenue is recognised in income over the period that the service is rendered.

| LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS | Dec. 31, 2017 | Changes in Group structure | Change in gross values | Change in provisions | Currency impact | Jun. 30, 2018 |
|---|---|---|---|---|---|---|
| Provisions for long-term guarantee | 1.3 | | | 0.1 | (0.0) | 1.4 |
| **NON-CURRENT LIABILITIES** | **1.3** | **0.0** | **0.0** | **0.1** | **(0.0)** | **1.4** |
| Provisions for short-term guarantee | 5.1 | | | 0.5 | 0.1 | 5.7 |
| Advances received on trade receivables | 6.5 | | 0.4 | | (0.1) | 6.7 |
| Credit note to be issued | 1.4 | | (0.5) | | (0.0) | 0.9 |
| Income invoiced in advance | 53.3 | | 5.3 | | 0.8 | 59.4 |
| Other liabilities related to contracts with customers | 0.0 | | | | | 0.0 |
| **CURRENT LIABILITIES** | **66.3** | **0.0** | **5.2** | **0.5** | **0.8** | **72.8** |

# 8 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

## 8.1 SHARE CAPITAL

The Company's share capital amounted to €12,029,370 at June 30, 2018 and was divided into 118,361,220 shares, of which 78,757,392 carried double voting rights. Following a decision taken by the General Meeting of March 19, 2001, the Company's bylaws no longer refer to a par value for its shares. No rights or securities with a dilutive impact on capital were outstanding at June 30, 2018.

There were no changes in the number of outstanding shares during the period.

At June 30, 2018, the parent company held 19,823 of its own shares in connection with a liquidity agreement entered into with a third party for market-making purposes. In the first six months of the year, the Company purchased 436,325 and sold 421,493 of its own shares.

During the first half of the year, the Company definitively allocated 13,490 free shares to employees. At June 30, 2018, the Company held 215,667 treasury shares intended for grants of free shares authorised by the General Meeting.

The liability recorded for the first half in respect of share-based payment schemes totalled €2.8 million. This corresponds to the accrued portion of the estimated liability recognised over the vesting period. It was €3.2 million for the first half of 2017.

## 8.2 CUMULATIVE TRANSLATION ADJUSTMENTS

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | June 30, 2017 |
|---|---|---|---|
| Dollars (a) | 16.3 | (2.3) | 23.9 |
| Latin America | (12.9) | (11.0) | (8.7) |
| Europe - Middle East - Africa | (30.4) | (23.5) | (20.3) |
| Other countries | 3.7 | 4.2 | 6.0 |
| **TOTAL** | **(23.2)** | **(32.6)** | **1.0** |

(a) U.S. and Hong Kong dollars.

## 8.3 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the period (excluding shares intended for allocation under free share grants and treasury shares held for market-making purposes).

Diluted (net) earnings per share are calculated from the number of shares defined in the basic earnings increased by the weighted average number of potential shares to be issued and which would have a dilutive effect on net income.

# 9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

## 9.1 ACCOUNTING PRINCIPLES

### 9.1.1 Impairment

The recognition and measurement criteria for provisions are identical to those used at December 31, 2017 (see Note 14.1 to the consolidated financial statements for the year ended December 31, 2017).

Additions to and reversals of provisions are recognised in full based on the situation at June 30, 2018.

### 9.1.2 Post-employment benefits

In accordance with the amended IAS 19, the general principles applied are as follows:

Post-employment benefit obligations are presented in the balance sheet for their total amount less the fair value of plan assets. The calculation of the benefit obligation and the fair value of plan assets are identical to the calculation method used at December 31, 2017 (see Note 14.3 to the consolidated financial statements for the year ended December 31, 2017).

In accordance with the provisions of IAS 34, post-employment benefits were not calculated in full at June 30, 2018 or June 30, 2017.

Changes in net obligations were estimated as follows:

- interest cost and service cost were estimated by extrapolating the total benefit obligation as calculated at December 31, 2017;
- in view of the changes in interest rates over the first half of the year, the discount rates were revised on June 30, 2018. the impact of changes in the discount rate was calculated at June 30, 2018;
- other actuarial assumptions related to the total benefit obligation (including the salary increase and employee turnover rates) showed no changes at June 30, 2018 that were likely to have a material impact. accordingly, other actuarial gains and losses arising on changes in actuarial assumptions were not recalculated;
- other actuarial gains and losses related to experience adjustments were not recalculated due to their non-material impact during previous years and to the fact that no material changes were expected this year;
- benefits provided were determined on the basis of departures announced during the period;
- contributions to plan assets and benefits paid for retired employees during the first half were taken into account in full;
- the expected return on plan assets was determined based on the discount rate used to measure post-employment benefit obligations.

No changes in plans took place over the period.

During the first half of 2018, bioMérieux Inc. carried out an exceptional payment of $67.1 million (€55.4 million) to the US post-employment benefit obligation hedging fund (see Note 1.1.2). The net post-employment benefit commitment in the United States now represents €3.9 million compared to €56.2 million at December 31, 2017.

Changes in the total net benefit obligation are set out in Note 9.3.

## 9.2 MOVEMENTS IN PROVISIONS

| | Pension and other employee benefit obligations | Product warranties | Restructuring | Disputes | Other contingencies and losses | Total |
|---|---|---|---|---|---|---|
| **DECEMBER 31, 2016** | **112.2** | **4.8** | **0.6** | **9.6** | **24.6** | **151.8** |
| Additions | 13.7 | 10.2 | 0.2 | 2.6 | 6.4 | 33.1 |
| Reversals (utilisations) | (13.2) | (5.9) | (0.2) | (3.0) | (5.1) | (27.4) |
| Reversals (surplus) | (0.3) | (2.2) | (0.4) | (0.7) | (0.6) | (4.2) |
| Net additions (reversals) | 0.2 | 2.1 | (0.4) | (1.1) | 0.7 | 1.5 |
| Actuarial (gains) losses | (2.6) | 0.0 | 0.0 | 0.0 | 0.0 | (2.6) |
| Changes in scope of consolidation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other changes | 0.0 | 0.0 | 0.0 | 0.0 | (0.1) | (0.1) |
| Translation adjustments | (8.3) | (0.5) | 0.0 | (0.5) | (0.5) | (9.8) |
| **DECEMBER 31, 2017** | **101.5** | **6.4** | **0.2** | **8.0** | **24.7** | **140.8** |
| Additions | 11.7 | 7.3 | 0.0 | 0.2 | 5.5 | 24.7 |
| Reversals (utilisations) | (57.5) | (4.5) | (0.2) | (2.0) | (1.9) | (66.1) |
| Reversals (surplus) | (0.1) | (2.2) | 0.0 | (0.4) | (0.1) | (2.8) |
| Net additions (reversals) | (45.9) | 0.6 | (0.2) | (2.2) | 3.5 | (44.2) |
| Actuarial (gains) losses | (8.0) | 0.0 | 0.0 | 0.0 | 0.0 | (8.0) |
| Changes in scope of consolidation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other changes | 0.1 | 0.0 | 0.0 | 0.0 | 1.1 | 1.2 |
| Translation adjustments | (0.6) | 0.1 | 0.0 | 0.0 | (0.1) | (0.6) |
| **JUNE 30, 2018** | **47.1** | **7.1** | **0.0** | **5.8** | **29.3** | **89.3** |

The total amount of provisions of €89.3 million includes current provisions for €35.6 million at June 30, 2018. Current provisions represented €34.1 million at December 31, 2017.

Net reversals of provisions over the first half of 2018 amounted to €44.2 million in recurring income, and mainly reflect the exceptional contribution made to the American post-employment benefit fund (see Note 1.1.2).

## 9.3 CHANGES IN POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

The net obligation at June 30, 2018 amounted to €47.1 million, comprising mainly the provision for post-employment benefits (€33.4 million), as well as the provision for long-service awards (€13.6 million).

Changes in the post-employment obligation can be summarised as follows:

| *In millions of euros* | Present value of obligation | Fair value of plan assets (a) | Provision s for pensions | Post employment health insurance | Total provisions for post-employment benefits |
|---|---|---|---|---|---|
| **DECEMBER 31, 2017** | **234.0** | **(150.0)** | **84.0** | **2.6** | **86.6** |
| Current service cost | 3.5 | | 3.5 | 0.0 | 3.5 |
| Interest cost | 3.7 | (2.9) | 0.9 | 0.1 | 0.9 |
| Retirements | (3.8) | 3.2 | (0.6) | (0.1) | (0.7) |
| Change in plan | 0.0 | | 0.0 | | 0.0 |
| Contributions | 0.0 | (48.3) | (48.3) | | (48.3) |
| **Impact on operating income** | **3.4** | **(48.0)** | **(44.5)** | **0.0** | **(44.5)** |
| **Actuarial gains and losses (Other comprehensive incor** | **(9.9)** | **1.9** | **(8.0)** | 0.0 | **(8.0)** |
| Other movements (incl. impact of exchange rates) | 4.7 | (5.4) | **(0.7)** | 0.1 | **(0.6)** |
| **JUNE 30, 2018** | **232.2** | **(201.5)** | **30.7** | **2.7** | **33.4** |

(a) Plan assets or scheduled payments.

The discount rate for commitments for Euro zone countries is between 1.5% and 2.0% at June 30, 2018 depending on the duration of the plans, compared to 1.75% at December 31, 2017.

The discount rate applied to bioMérieux Inc.'s obligations was 4.1% at June 30, 2018, versus 3.8% at December 31, 2017.

## 9.4 PROVISIONS FOR TAX DISPUTES AND LITIGATION

As disclosed in Notes 14.4.1 and 14.4.2 to the 2017 consolidated financial statements, the Group is involved in various tax disputes and litigation. No significant changes occurred in these disputes and litigation during the first half of 2018. These provisions were updated on June 30, 2018.

## 9.5 OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES

Manovra Sanità

This bill, which was passed in Italy in August 2015, requires healthcare providers to cover 40% of the difference between the health budget of each province and the actual expenditure incurred. No implementing decree has yet been adopted. However, a provision for risk was recognised in 2016 in line with local practice. This provision was updated on the basis of the same assumptions as in 2017 and at June 30, 2018.

Other provisions for contingencies and losses

These concern the risks associated with the discontinuation of certain products, or the risks associated with equipment maintenance. These provisions were updated on June 30, 2018.

## 9.6 CONTINGENT ASSETS AND LIABILITIES

Diagnostic tests for Lyme disease

As indicated in Note 14.5 in the notes to the 2017 consolidated financial statements, bioMérieux, like other laboratories, was summoned before the Tribunal de Grande Instance de Paris by 65 patients seeking compensation for anxiety allegedly "generated by a lack of reliability of serodiagnostic tests" for Lyme disease.

At this stage of the proceedings, it is impossible to reliably estimate the risk facing the Group. No significant changes occurred in this dispute during the first half of 2018.

# 10 NET DEBT – NET CASH AND CASH EQUIVALENTS

## 10.1 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is broadly presented in accordance with ANC recommendation 2013-03 issued on November 7, 2013.

It lists separately:

- cash flows from operating activities;
- cash flows from investing activities;
- cash flows from financing activities.

Cash flows from investing activities include the amount of net cash of companies acquired or sold on the date of their first-time consolidation or their derecognition, as well as amounts due to suppliers of non-current assets and amounts receivable on disposals of non-current assets.

Net cash and cash equivalents correspond to the Group's net debit and credit cash positions.

The consolidated statement of cash flows shows the Group's EBITDA. EBITDA is not defined under IFRS and may be calculated differently by different companies. EBITDA as presented by bioMérieux is equal to the sum of operating income before non-recurring items and net additions to depreciation and amortisation.

| *In millions of euros* | **Jun. 30, 2018** | **Dec. 31, 2017** | **Six months ended June 30, 2017** |
|---|---|---|---|
| **Additive method** | | | |
| • Net income | 134.3 | 237.5 | 101.2 |
| • Non-recurring items and BioFire acquisition fees and depreciation costs | 8.4 | 19.9 | 9.5 |
| • Cost of net debt | 8.1 | 16.2 | 11.3 |
| • Other financial income and expenses, net | 2.0 | 6.2 | 2.2 |
| • Income tax expense | 31.7 | 54.5 | 48.1 |
| • Share in earnings (losses) of equity-accounted companies | 0.0 | 0.4 | 0.1 |
| • Net depreciation, amortisation and provisions of non-current assets | 72.8 | 140.5 | 70.1 |
| **EBITDA** | **257.4** | **475.2** | **242.5** |
| **Simplified additive method** | | | |
| • Contributive operating income before non-recurring items | 184.6 | 334.7 | 172.4 |
| • Depreciation and amortisation | 72.8 | 140.5 | 70.1 |
| **EBITDA** | **257.4** | **475.2** | **242.5** |

During the first half of 2018, EBITDA rose by 6% to €257 million, from €242 million for the first half of 2017, reflecting the strong growth in contributive operating income before non-recurring items.

The operating working capital requirement increased by €37 million, due to the sustained growth in the Group's business over the period. This change reflects the following factors:

- inventories increased by €23 million during the first half of the year, against the backdrop of business growth described above. The change reflects the slight increase in inventory rotation periods due to the reconstitution of inventories for the BIOFIRE® FILMARRAY range after the flu season;
- trade receivables were down €13 million, thanks to the four-day improvement in the average payment collection period compared to December 31, 2017;

- trade payables decreased by €5 million in the first half of 2018, thanks to the slight decrease in the average payment period (DPO) compared to December 31, 2017;

- the other items of the operating working capital requirement increased by €22 million, due notably to the reduction in accrued payroll and other taxes.

Income tax paid stood at €33 million, a sharp decrease on the €56 million paid the previous year, due to the implementation of the United States tax reform which reduced the federal income tax rate from 35% to 21%.

Capital expenditure outlays stood at €104 million (8.9% of revenue) compared to €97 million (8.5% of revenue) for the first half of 2017.

Lastly, the first half of 2018 was marked by an exceptional payment to the American post-employment benefit fund for €56 million (see Note 1.1.2).

## 10.2 MOVEMENTS IN NET DEBT

At June 30, 2018, after the €40.2 million dividend payout to bioMérieux SA shareholders, the Group's net debt stood at €261.1 million and mainly comprised the bond issue described below.

In October 2013, bioMérieux issued €300 million worth of seven-year bonds to institutional investors, redeemable at par on maturity. The bonds pay interest at an annual rate of 2.875%.

The bond issue is shown on the balance sheet at amortised cost calculated using the effective interest rate method for an amount of €298.9 million, reflecting the issue price net of issue fees and premiums. Interest costs were calculated by applying the effective interest rate including issue fees and premiums.

bioMérieux SA also has an unused syndicated revolving credit facility for €500 million, which matures on January 26, 2023.

## 10.3 MATURITIES OF BORROWINGS

The maturities schedule indicates the net liabilities or net cash and cash equivalents. This non-standardised schedule corresponds to the sum of cash and cash equivalents with a maturity of less than three months, less committed debt and bank overdrafts and other uncommitted borrowings.

The maturity schedule below refers to balance sheet amounts.

| In millions of euros | Dec. 31, 2017 | Change | Changes in Group structure | Change in statement of cash flows | Translation adjustments | Jun. 30, 2018 | |
|---|---|---|---|---|---|---|---|
| Cash at bank and in hand | 214.4 | (69.6) | 3.4 | (66.2) | 0.0 | 148.2 | |
| Short-term investments | 97.7 | (51.5) | 0.0 | (51.5) | (0.1) | 46.1 | (a) |
| **Cash and cash equivalents** | **312.1** | **(121.1)** | **3.4** | **(117.7)** | **(0.1)** | **194.3** | |
| **Bank overdrafts and other uncommitted debt** | **(51.7)** | **55.1** | **0.0** | **55.2** | **(11.2)** | **(7.7)** | (b) |
| **Net cash and cash equivalents (A)** | **260.4** | **(66.0)** | **3.4** | **(62.6)** | **(11.2)** | **186.6** | |
| **Committed debt (B)** | **416.3** | **30.3** | **0.0** | **30.3** | **1.1** | **447.7** | |
| *o/w due beyond 5 years* | *23.2* | | | | | *25.8* | (c) |
| *due in 1 to 5 years* | *367.9* | | | | | *372.8* | (d) |
| *due within 1 year* | *25.2* | | | | | *49.1* | (e) |
| **Net debt (B) - (A)** | **155.9** | **96.3** | **(3.4)** | **92.8** | **12.4** | **261.1** | |

At June 30, 2018, the share of borrowings due beyond five years mainly comprised the share due beyond five years of the debt relating to finance leases for €19.9 million in France. Borrowings due in one to five years include the €298.8 million in bonds issued to fund the acquisition of BioFire (net of issue fees and premiums calculated using the amortised cost method) and the finance lease liabilities in France for €14.7 million. Borrowings due within one year mainly include €20 million in commercial paper and current finance lease liabilities in France totalling €3.6 million.

In addition, borrowings due in one to five years also include a liability towards bioMérieux Inc. and BioFire employees under a medium-term bonus scheme index-linked to the bioMérieux share price. This commitment totalled €43.0 million at June 30, 2018, compared to €33 million at December 31, 2017.

At the end of the financial year, the Group had not breached any of its repayment schedules.

No loan agreement was signed prior to June 30, 2018 concerning loans to be set up in the second half of 2018.

## 10.4 DEBT COVENANTS

In the event of a change of control of the Company as defined in the issue notice, bondholders may ask for their bonds to be redeemed.

The syndicated credit facility is subject to the single ratio: “net debt / operating income before non-recurring items, accumulated depreciation and acquisition-related costs”, which was modified by the addendum of May 2014, not to exceed 3.5. The Group complied with this ratio at June 30, 2018.

Moreover, in January 2018, bioMérieux SA renegotiated this syndicated credit facility, taking the amount to €500 million with a bullet repayment due in 2023.

The Group’s other term borrowings at June 30, 2018 primarily correspond to commercial paper and finance lease liabilities related to assets in France. None of these borrowings are subject to covenants.

## 10.5 INTEREST RATES

Before hedging, 66.8% of the Group’s borrowings are at fixed rates (€298.9 million) and the remainder is at floating rates (€148.8 million).

Fixed-rate borrowings comprise the €298.9 million bond issue maturing in 2020 and paying a coupon of 2.875%. An interest rate swap was taken out converting the interest on half of the bond issue into a floating rate from the beginning, capped at 1.20% and with a floor of 0.30%. In April 2017, in view of a probable increase in interest rates, a new swap contract was taken out to set this variable rate at 0.094% as from July 18, 2018.

Floating-rate borrowings are essentially based on the currency’s interest rate plus a margin.

## 10.6 LOAN GUARANTEES

None of the Group’s assets have been pledged as collateral to a bank.

For subsidiaries using external funding, bioMérieux SA may be required to issue a first call guarantee to banks granting these facilities.

Hedging agreements are discussed in Note 18.

## 11 SALES

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported under "sales" in the consolidated income statement.

Revenue from the sale of reagents is recorded under sales when the Company has transferred the control of the goods, which, in practice, corresponds to the shipping date.

Revenue from the sale of equipment is recorded under sales when the Company has transferred the control of the goods, which, in practice, corresponds to the delivery date or installation date depending on the complexity of the equipment.

Some contracts include a mandatory guarantee. Given its characteristics, this guarantee is recorded according to IAS 37 (see Note 9.2).

In the case of services (training, technical support, etc.), revenue is recognised only after the services have been rendered. Revenue from instrument maintenance contracts is deferred and recognised on the basis of the elapsed portion of the service contract.

When the Group provides goods to third parties under leases with terms equivalent to a sale, the goods concerned are accounted for as if they had been sold, as prescribed by IAS 17 "Leases" (see Note 6). Otherwise, revenue is broken down into sales of reagents and lease of equipment. The table below presents the breakdown of sales according to the different revenue categories, in accordance with IFRS 15.

| *In millions of euros* | Jun. 30, 2018 | Jun. 30, 2017 *Adjusted* |
|---|---|---|
| Sales of equipment | 97.2 | 98.7 |
| Sales of reagents | 969.9 | 938.7 |
| Sales of services | 74.3 | 73.4 |
| Equipment rental [(a)] | 17.4 | 15.4 |
| Other revenue | 10.5 | 8.2 |
| **Sales** | **1,169.2** | **1,134.3** |

(a) Lease of equipment includes rent and the share of revenue due to the sale of the reagents reclassified as rent.

Instrument leases are recognised as revenue over the contract term.

Sales are measured at the fair value of the consideration received or receivable, net of any discounts and rebates granted to customers. Sales taxes and value-added taxes are not included in sales.

## 12 OTHER OPERATING INCOME AND EXPENSES

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | Six months ended June 30, 2017 |
|---|---|---|---|
| Net royalties received | 1.7 | 4.5 | 2.8 |
| Research tax credits | 11.2 | 21.9 | 11.5 |
| Research grants | 0.6 | 2.0 | 0.9 |
| Other | (1.5) | 2.9 | (0.2) |
| **TOTAL** | **12.0** | **31.2** | **15.1** |

In accordance with IAS 20, bioMérieux presents research tax credits as a subsidy within other operating income.

## 13 BIOFIRE ACQUISITION FEES AND AMORTISATION EXPENSE

At June 30, 2018, the amortisation expense on the BioFire acquisition price amounted to €8.5 million. This amount corresponds to the amortisation expense of assets revalued at the acquisition date.

This amount was €9.5 million at June 30, 2017, corresponding in totality to the amortisation of assets revalued at the acquisition date.

## 14 OTHER NON-RECURRING INCOME AND EXPENSES FROM OPERATIONS

### 14.1 ACCOUNTING PRINCIPLES

Other non-recurring income and expenses from operations for the period (net gains/losses on disposals of assets, restructuring costs, etc.) were recognised in full at June 30, 2018.

### 14.2 CHANGES IN OTHER NON-RECURRING INCOME AND EXPENSES FROM OPERATIONS

No significant transactions were recorded in other non-recurring income and expenses from operations as at June 30, 2018 and as at June 30, 2017.

## 15 NET FINANCIAL EXPENSE

### 15.1 ACCOUNTING PRINCIPLES

Financial income and expenses are shown on two separate lines:

- "Cost of net debt", which includes interest expense, fees and foreign exchange gains and losses arising on borrowings, as well as income generated by cash and cash equivalents;
- "Other financial income and expenses, net", which includes interest income on instruments sold under finance lease arrangements, the impact of disposals and writedowns of investments in non-consolidated companies, late-payment interest charged to customers, discounting gains and losses, and the ineffective portion of currency hedges on commercial transactions.

### 15.2 COST OF NET DEBT

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | Six months ended June 30, 2017 |
|---|---|---|---|
| Finance costs | (6.8) | (16.1) | (8.8) |
| Interest rate hedging derivatives (a) | (1.7) | (0.1) | (0.5) |
| Foreign exchange gains (losses) | 0.3 | 0.0 | (2.0) |
| **TOTAL** | **(8.1)** | **(16.2)** | **(11.3)** |

(a) Corresponds to fair value gains and losses on interest rate hedging instruments taken out in connection with the BioFire acquisition (see Note 10.5).

At June 30, 2018, the cost of net debt chiefly includes interest in respect of the bond issue.

### 15.3 OTHER FINANCIAL INCOME AND EXPENSES

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | Six months ended June 30, 2017 |
|---|---|---|---|
| Interest income on leased assets | 0.5 | 1.2 | 0.7 |
| Impairment and disposals of shares in non-consolidated | 0.0 | (0.2) | (0.1) |
| Currency hedging derivatives | (3.2) | (8.1) | (3.0) |
| Other | 0.6 | 0.8 | 0.3 |
| **TOTAL** | **(2.0)** | **(6.2)** | **(2.2)** |

## 16 INCOME TAXES

### 16.1 ACCOUNTING PRINCIPLES

The income tax expense for first-half is calculated individually for each entity by applying the estimated average tax rate for the year to pre-tax income for the period. The tax charge for the Group's largest entities, bioMérieux SA and bioMérieux Inc., was calculated in greater detail, resulting in an income tax expense close to the estimated average annual tax rate.

Research tax credits are presented in other operating income in the income statement and in other operating receivables in the balance sheet.

The CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*) contribution is presented in operating income before non-recurring items.

In accordance with IAS 19, tax credits for competition and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi* – CICE) are presented as a deduction from personnel costs.

Research and CICE tax credits are estimated based on the underlying expenses incurred rather than the average annual effective tax rate.

Deferred taxes are recognised taking into account statutory changes in tax rates, particularly in France.

With the exception of Astute Medical Inc., no new deferred tax assets were recognised on tax loss carryforwards in the first half of 2018. Deferred tax assets on losses carried forward at June 30, 2018 are not significant.

### 16.2 CHANGES IN INCOME TAX

At June 30, 2018, the effective tax rate stood at 19.1% of pre-tax income, versus 32.2% at June 30, 2017.

The decrease in the effective tax rate is mainly due to the impact of the tax reform in the USA which had not yet been voted at end June 2017 (rate reduction from 35% to 21% from January 1, 2018) as well as the tax effects of the exceptional contribution to the post-employment benefit fund carried out in the United States (see Note 1.1.2).

| *In millions of euros* | 2018 Tax | 2018 Rate | 2017 Tax | 2017 Rate |
|---|---|---|---|---|
| **Theoretical tax at standard French tax rate** | **57.1** | **34.4%** | **51.4** | **34.4%** |
| Impact of income tax at reduced tax rates and foreign tax rates | (20.5) | -12.3% | (1.8) | -1.2% |
| Impact of permanent differences | 0.2 | 0.1% | 1.0 | 0.7% |
| Impact of tax on the payment of dividends | 0.7 | 0.4% | 2.3 | 1.5% |
| Deferred tax assets not recognised on tax losses carried forward | (0.4) | -0.2% | 0.6 | 0.4% |
| Impact of research and CICE tax credits presented in operating income | (4.6) | -2.7% | (4.8) | -3.2% |
| Tax credits (other than research tax credits) | (0.8) | -0.5% | (0.6) | -0.4% |
| Use of prior-period deferred tax assets | 0.0 | 0.0% | 0.0 | 0.0% |
| **ACTUAL INCOME TAX EXPENSE** | **31.7** | **19.1%** | **48.1** | **32.2%** |

# 17 INFORMATION BY GEOGRAPHIC AREA, TECHNOLOGY AND APPLICATION

## 17.1 ACCOUNTING PRINCIPLES

Pursuant to IFRS 8 “Operating segments”, the Group has identified only one operating segment (the *in vitro* diagnostics segment).

In accordance with IFRS 8, in Note 17.2 the Group discloses information on sales and assets broken down by geographic area which has been prepared using the same accounting principles as those applied to prepare the consolidated annual financial statements.

## 17.2 INFORMATION BY GEOGRAPHIC AREA

The information by geographic area shown in the tables below has been prepared in accordance with the accounting principles used to prepare the consolidated financial statements.

**JUNE 30, 2018**

| *In millions of euros* | Americas | EMEA | Aspac | Corporate | Group |
|---|---|---|---|---|---|
| **Consolidated sales** | **517.3** | **444.9** | **202.3** | **4.7** | **1,169.2** |
| Cost of sales | (193.5) | (205.9) | (97.0) | (38.4) | (534.8) |
| **Gross profit** | **323.8** | **239.0** | **105.3** | **(33.7)** | **634.4** |
| *% of sales* | *0.6* | *0.5* | *0.5* | | |
| Other operating income and expenses | (113.7) | (77.5) | (39.5) | (219.0) | (449.8) |
| **CONTRIBUTIVE OPERATING INCOME BEFORE NON-RE** | **210.1** | **161.5** | **65.8** | **(252.7)** | **184.6** |
| *% of sales* | *41%* | *36%* | *33%* | | |

**JUNE 30, 2018**

| *In millions of euros* | Americas | EMEA | Aspac | Corporate | Group |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Intangible assets | 17.7 | 36.8 | 4.7 | 398.9 | 458.1 |
| Goodwill | | | | 476.1 | 476.1 |
| Property, plant and equipment | 313.3 | 219.5 | 30.0 | 181.0 | 743.8 |
| **Current assets** | | | | | |
| Inventories and work-in progress | 178.1 | 176.9 | 53.6 | | 408.7 |
| Trade receivables | 148.5 | 249.6 | 48.0 | | 446.1 |
| **Assets held for sale** | | | **0.5** | | **0.5** |

The changes in operating margin are affected by exchange rate movements, particularly in the Americas region, due to the appreciation of the dollar, and by the appreciation of certain emerging currencies, such as the Brazilian real.

**JUNE 30, 2017**

| *In millions of euros* | Americas | EMEA | Aspac | Corporate | Group |
|---|---|---|---|---|---|
| **Consolidated sales** | **514.0** | **431.8** | **184.8** | **3.8** | **1,134.3** |
| Cost of sales | (198.3) | (209.9) | (88.0) | (33.2) | (529.3) |
| **Gross profit** | **315.8** | **221.9** | **96.8** | **(29.4)** | **605.0** |
| *% of sales* | *61%* | *51%* | *52%* | | |
| Other operating income and expenses | (114.7) | (74.3) | (39.5) | (204.2) | (432.7) |
| **CONTRIBUTIVE OPERATING INCOME BEFORE NON-RE** | **201.1** | **147.6** | **57.3** | **(233.6)** | **172.4** |
| *% of sales* | *39%* | *34%* | *31%* | | |

**JUNE 30, 2017**

| *In millions of euros* | Americas | EMEA | Aspac | Corporate | Group |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Intangible assets | 12.6 | 35.0 | 5.1 | 402.2 | 454.9 |
| Goodwill | | | | 454.8 | 454.8 |
| Property, plant and equipment | 298.0 | 216.0 | 33.8 | 164.5 | 712.3 |
| **Current assets** | | | | | |
| Inventories and work-in progress | 185.6 | 168.1 | 50.7 | | 404.4 |
| Trade receivables | 149.0 | 239.0 | 47.4 | | 435.4 |
| **Assets held for sale** | | | | | **0.0** |

Regional data include commercial activities, corresponding mainly to sales in each of the above geographic areas, the related cost of sales and the operating expenses necessary for these commercial activities. Regional data also include costs not included in the calculation of the cost price (e.g. projects) of production sites located in those areas.

Corporate data mainly include the research and development costs incurred by the Clinic and Industry units, as well as the costs incurred by the Group's corporate functions.

Revenue related to the co-research and co-development of companion tests is presented in Corporate data as revenue from the Clinic and Industry units.

### 17.3 INFORMATION BY TECHNOLOGY AND APPLICATION

The table below provides a breakdown of sales by technology:

| *In millions of euros* | Jun. 30, 2018 | Dec. 31, 2017 | Jun. 30, 2017 |
|---|---|---|---|
| **Clinical applications** | **945.4** | **1,850.1** | **917.2** |
| Microbiology | 459.2 | 946.4 | 464.0 |
| Immunoassays | 222.1 | 457.2 | 232.5 |
| Molecular biology | 263.3 | 440.4 | 218.0 |
| Other lines | 0.8 | 6.1 | 2.7 |
| **Industrial applications** | **208.6** | **411.8** | **202.4** |
| **TOTAL PER APPLICATION** | **1,154.0** | **2,261.9** | **1,119.6** |
| BioFire Defense | 10.9 | 19.7 | 1.2 |
| Applied Maths | 1.4 | 3.4 | 11.3 |
| Revenue from joint development programs | 2.9 | 3.1 | 2.2 |
| **TOTAL** | **1,169.2** | **2,288.2** | **1,134.3** |

## 18 EXCHANGE RATE AND MARKET RISK MANAGEMENT

Exchange rate, credit and market risks are respectively described in Notes 27.1, 27.2 and 27.4 to the consolidated financial statements for the year ended December 31, 2017.

## 18.1 HEDGING INSTRUMENTS

The table below shows currency hedging instruments in effect at June 30, 2018 that were set up as part of the currency hedging policy described in Note 27.1.1 to the consolidated financial statements for the year ended December 31, 2017:

| **Currency hedges at June 30, 2018**<br>*In millions of euros* | **Expiration date 2018**<br>**<1 year** | <br>**. to 5 year** | **Market value 2018 (a)** |
|---|---|---|---|
| Hedges of existing commercial transactions | | | |
| - currency forward contracts | 144.8 | 0.0 | 0.2 |
| - options | 6.9 | 0.0 | 0.1 |
| **TOTAL** | **151.6** | **0.0** | **0.3** |
| Hedges of future commercial transactions | | | |
| - currency forward contracts | 102.3 | 2.5 | -1.2 |
| - options | 12.3 | 0.0 | 0.1 |
| **TOTAL** | **114.6** | **2.5** | **-1.1** |

(a) Difference between the hedging rate and the market rate at June 30, 2018, including premiums paid or received.

All of the currency forward contracts and options outstanding at June 30, 2018 had maturities of less than 12 months.

## 18.2 LIQUIDITY RISK

Financial liabilities due in less than one year and in more than one year are classified in the balance sheet as current and non-current liabilities, respectively.

The Group is not exposed to liquidity risk on its current financial assets and liabilities since its total current financial assets far exceed its total current financial liabilities.

Accordingly, the only maturity schedule disclosed pertains to net debt (see Note 10.3).

The table below shows projected cash flows from the bond issue and the hedges related to contractual redemption of the principal at par and to contractual interest payments at June 30, 2018:

| *In millions of euros* | Due within 1 year | Due in 1 to 5 years | Due beyond 5 years |
|---|---|---|---|
| Bonds (a) | (8.6) | (317.3) | 0.0 |
| Cross currency swap | (11.0) | (14.3) | 0.0 |
| Options (b) | (0.4) | 0.0 | 0.0 |
| Interest rate swap (b) | 2.5 | 3.4 | 0.0 |

(a) Contractual flows of principal and interest.
(b) Based on the IRS yield curve at June 30, 2018.

## 18.3 FINANCIAL INSTRUMENTS: FINANCIAL ASSETS AND LIABILITIES

The table below shows a breakdown by category of financial assets and liabilities (excluding accrued and receivable payroll and other taxes), as prescribed by IFRS 9 “Financial instruments: recognition and measurement” (see Note 26.1 to the consolidated financial statements for the year ended December 31, 2017), and provides a comparison between their carrying amount and fair value:

| | JUNE 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| *In millions of euros* | Financial assets at fair value through income (excl. derivatives) | Shares in non-consolidated companies | Receivables and borrowings at amortised cost | Derivative instruments | Carrying amount | Fair value | Level |
| **Financial assets** | | | | | | | |
| Other shares in non-consolidated companies | | 42.3 | | | 42.3 | 42.3 | 1 - 3 |
| Other non-current financial assets | | | 16.8 | | 16.8 | 16.8 | - |
| Other non-current assets | | | 15.2 | | 15.2 | 15.2 | |
| Derivative instruments (positive fair value) | | | | 9.2 | 9.2 | 9.2 | 2 |
| Trade receivables | | | 446.1 | | 446.1 | 446.1 | - |
| Finance lease receivables | | | | | 0.0 | 0.0 | - |
| Other receivables | | | 5.7 | | 5.7 | 5.7 | - |
| Cash and cash equivalents | 194.3 | | | | 194.3 | 194.3 | 1 |
| **TOTAL FINANCIAL ASSETS** | **194.3** | **42.3** | **483.8** | **9.2** | **729.6** | **729.6** | |
| **Financial liabilities** | | | | | | | |
| Bonds (a) | | | 298.9 | | 298.9 | 318.8 | 1 |
| Other financing facilities | | | 99.7 | | 99.7 | 99.7 | 2 |
| Derivative instruments (negative fair value) | | | | 25.5 | 25.5 | 25.5 | 2 |
| Borrowings - current portion | | | 56.8 | | 56.8 | 56.8 | 2 |
| Trade payables | | | 156.7 | | 156.7 | 156.7 | - |
| Other current liabilities | | | 36.3 | | 36.3 | 36.3 | - |
| **TOTAL FINANCIAL LIABILITIES** | **-** | **-** | **648.4** | **25.5** | **673.9** | **693.8** | |

(a) The carrying amount of the bond issue is shown net of issue fees and premiums.

Levels 1 to 3 correspond to the fair value hierarchy as defined by IFRS 13 (see Note 26.1 to the consolidated financial statements for the year ended December 31, 2017).

In practice, financial assets and liabilities at fair value essentially concern certain securities, cash investments and derivative instruments. In other cases, fair value is shown in the table above for information purposes only.
Assets available for sale are carried at fair value, except where fair value cannot be reliably determined (see Note 26.1.4 to the consolidated financial statements for the year ended December 31, 2017).

No level in the fair value hierarchy is shown when the carrying amount approximates fair value.

No inter-category reclassifications were made during the first half of 2018.

At December 31, 2017, the breakdown of assets and liabilities was as follows:

| *In millions of euros* | December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Financial assets at fair value through income (excl. derivatives) | Shares in non-consolidated companies | Receivables and borrowings at amortised cost | Derivative instruments | Carrying amount | Fair value | Level |
| **Financial assets** | | | | | | | |
| Other shares in non-consolidated companies | | 50.9 | | | 50.9 | 50.9 | 1 - 3 |
| Other non-current financial assets | | | 7.0 | | 7.0 | 7.0 | - |
| Other non-current assets | | | 14.1 | | 14.1 | 14.1 | |
| Derivative instruments (positive fair value) | | | | 15.3 | 15.3 | 15.3 | 2 |
| Trade receivables | | | 460.1 | | 460.1 | 460.1 | - |
| Finance lease receivables | | | | | 0.0 | 0.0 | - |
| Other receivables | | | 6.7 | | 6.7 | 6.7 | - |
| Cash and cash equivalents | 312.1 | | | | 312.1 | 312.1 | 1 |
| **TOTAL FINANCIAL ASSETS** | **312.1** | **50.9** | **487.9** | **15.3** | **866.2** | **866.2** | |
| **Financial liabilities** | | | | | | | |
| Bonds (a) | | | 298.6 | | 298.6 | 318.8 | 1 |
| Other financing facilities | | | 92.5 | | 92.5 | 92.5 | 2 |
| Derivative instruments (negative fair value) | | | | 27.1 | 27.1 | 27.1 | 2 |
| Borrowings - current portion | | | 76.9 | | 76.9 | 76.9 | 2 |
| Trade payables | | | 161.3 | | 161.3 | 161.3 | - |
| Other current liabilities | | | 51.9 | | 51.9 | 51.9 | - |
| **TOTAL FINANCIAL LIABILITIES** | **-** | **-** | **681.2** | **27.1** | **708.3** | **728.5** | |

(a) The carrying amount of the bond issue is shown net of issue fees and premiums.

At June 30, 2018, movements in financial instruments whose fair value was determined using Level 3 inputs under IFRS 13 (see Note 26.1.5 to the consolidated financial statements for the year ended December 31, 2017) were as follows:

| *In millions of euros* | **Shares in non-consolidated companies** |
|---|---|
| **DECEMBER 31, 2016** | 30.7 |
| Change of level 3 to 1 | (9.5) |
| Change in fair value in profit and loss | 0.7 |
| Change in fair value in other comprehensive income not recyclable in profit and loss | 9.8 |
| Acquisitions | 13.8 |
| Disposals | (0.9) |
| Changes in Group structure, translation adjustments and | (0.3) |
| **DECEMBER 31, 2017** | **44.3** |
| Change in fair value in profit and loss | 0.0 |
| Change in fair value in other comprehensive income not recyclable in profit and loss | (8.7) |
| Acquisitions | 0.1 |
| Disposals | 0.0 |
| Changes in Group structure, translation adjustments and | 0.1 |
| **JUNE 30, 2018** | **35.8** |

## 18.4 COUNTRY RISK

The Group is not exposed to significant country risk.

## 19 OFF-BALANCE SHEET COMMITMENTS

There were no significant changes in off-balance sheet commitments compared with December 31, 2017 (see Note 28 to the consolidated financial statements for the year ended December 31, 2017).

For commitments related to derivative instruments, see Note 10.5.

## 20 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties continued on the same basis as in 2017 without any significant developments (see Note 29 to the consolidated financial statements for the year ended December 31, 2017).

## 21 SUBSEQUENT EVENTS

In July 2018, bioMérieux acquired a non-controlling interest in Suzhou Hybiome Biomedical Engineering Co. Ltd. Based in Suzhou (China), the company specialises in automated immunoassay analysers.

# B – INTERIM MANAGEMENT REPORT

## AT JUNE 30, 2018

# INTERIM MANAGEMENT REPORT

# AT JUNE 30, 2018

## 1. Financial summary

| **Consolidated data**<br>In € millions | **First-half 2018** | First-half 2017 | % change<br>as reported |
|---|---|---|---|
| **Sales** | **1,169** | **1,134** | **+3.1%** |
| Contributive operating income before non-recurring items* | 185 | 172 | +7.1% |
| *% sales* | *15.8%* | *15.2%* | |
| Operating income** | 176 | 163 | +8.2% |
| **Net income of consolidated companies** | **134** | **101** | **+32.8%** |
| Earnings per share (in €) | €1.14 | €0.86 | |

* Contributive operating income before non-recurring items corresponds to operating income before non-recurring BioFire acquisition and integration costs and before accounting entries relating to the company's purchase price allocation.

** Operating income is the sum of contributive operating income before non-recurring items, BioFire acquisition fees and purchase price amortization expense and "material, extraordinary and non-recurring items" recognized in "Other non-recurring income and expenses from operations, net".

## 2. Management report

### 2.1. Sales

bioMérieux's consolidated sales amounted to €1,169 million for the first six months of 2018, versus €1,134 million for the same period one year earlier. Sales grew by 10.4% year-on-year at constant exchange rates and scope of consolidation. As expected, reported growth was once again impacted by a negative currency effect of around €83 million to stand at 3.1%.

**Analysis of sales**
In € millions

| **SALES – SIX MONTHS ENDED JUNE 30, 2017** | **1,134** | |
|---|---|---|
| Currency effect | (83) | -7.4% |
| Changes in scope of consolidation[1] | 0 | 0.0% |
| Organic growth<br>(at constant exchange rates and scope of consolidation) | +118 | +10.4% |
| **SALES – SIX MONTHS ENDED JUNE 30, 2018** | **1,169** | **+3.1%** |

NB: A definition of the currency effect and of changes in the scope of consolidation is provided at the end of this press release.
[1] Acquisition of Astute Medical Inc. on April 4, 2018.

**Change in sales by geographic area**

| **Sales by Region**<br>In € millions | **Q2 2018** | Q2 2017 | % change as reported | **% change** at CER* and scope of consolidation | **H1 2018** | H1 2017 | % change as reported | **% change** at CER* and scope of consolidation |
|---|---|---|---|---|---|---|---|---|
| Europe[1] | **227.2** | 216.3 | +5.0% | **+6.8%** | **449.4** | 435.0 | +3.3% | **+4.8%** |
| Americas | **246.9** | 246.3 | +0.0% | **+9.1%** | **517.6** | 514.5 | +0.6% | **+12.9%** |
| North America | **211.2** | 208.0 | +1.5% | **+9.4%** | **451.7** | 439.2 | +2.9% | **+14.9%** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Latin America | **35.7** | 38.8 | -7.8% | **+7.1%** | **65.8** | 75.3 | -12.6% | **+1.5%** |
| Asia Pacific | **108.1** | 103.2 | +4.7% | **+9.9%** | **202.3** | 184.8 | +9.5% | **+16.6%** |
| **TOTAL CONSOLIDATED SALES** | **582.2** | 566.4 | +2.8% | **+8.4%** | **1,169.2** | 1,134.3 | +3.1% | **+10.4%** |

(1) Including the Middle East and Africa.
* CER: constant exchange rate

- In the **Americas** (44% of the consolidated total), after a particularly dynamic first quarter, sales continued to grow at a solid pace of 9% year-on-year, coming in at €247 million for the second quarter of 2018. Sales ended the first half at €518 million, up 13% on the same period in 2017.
  - In **North America** (39% of the consolidated total), sales growth was driven by the development of the BIOFIRE® FILMARRAY® molecular biology line and by a solid performance from the BACT/ALERT® microbiology line for blood cultures. Sales for the VIDAS® immunoassay line continued to slow during the quarter under the weight of price pressure, while volumes continued to grow.
  - In **Latin America**, strong sales momentum led to 7% growth, despite the impact of a major transportation strike in Brazil during the quarter.

- In the **Europe – Middle East – Africa** region (38% of the consolidated total), business accelerated in the second quarter of the year, with growth of 6.8% and sales of €227 million. As a result, first-half sales came to €449 million, up 4.8% year-on-year.
  - In **Europe** (32% of the consolidated total), second-quarter growth was primarily boosted by sales of industrial applications, particularly in France and Northern Europe. In clinical applications, the main growth drivers were Spain, the Benelux countries and Scandinavia, thanks to solid performances in the microbiology lines.
  - Sales in the **Russia – Middle East – Africa** region rose by around 18% in the second quarter, led by increased momentum in Africa, particularly South Africa thanks to the development of BIOFIRE® FILMARRAY®, and by further robust sales growth in Turkey.

- In the **Asia Pacific** region (17% of the consolidated total), sales came to €108 million in the second quarter of 2018, up by nearly 10% on the same period in 2017. The region's main growth driver was **China**, where sales rose by around 15% on the back of solid performances in reagent sales for both clinical and industrial microbiology applications. At the end of the first half, sales in the Asia Pacific region totaled €202 million, representing strong year-on-year growth of nearly 17%.

### Change in sales by application

| **Sales by Application**<br>In € millions | **Q2 2018** | Q2 2017 | % change<br>as reported | **% change**<br>at CER* and scope of consolidation | **H1 2018** | H1 2017 | % change<br>as reported | **% change**<br>at CER* and scope of consolidation |
|---|---|---|---|---|---|---|---|---|
| **Clinical Applications** | **474.4** | 464.0 | +2.2% | **+7.8%** | **960.6** | 931.6 | +3.1% | **+10.6%** |
| Microbiology | **236.6** | 234.9 | +0.7% | **+6.0%** | **459.2** | 464.0 | -1.0% | **+5.3%** |
| Immunoassays | **113.9** | 120.8 | -5.7% | **-1.4%** | **221.8** | 232.6 | -4.6% | **+0.8%** |
| Molecular biology | **115.1** | 99.4 | +15.8% | **+23.5%** | **263.3** | 218.0 | +20.8% | **+33.0%** |
| Other lines(1) | **8.8** | 8.9 | -0.5% | **+6.9%** | **16.3** | 17.0 | -4.0% | **+3.0%** |
| **Industrial Applications(2)** | **107.9** | 102.4 | +5.3% | **+10.7%** | **208.6** | 202.7 | +2.9% | **+9.3%** |
| **TOTAL CONSOLIDATED SALES** | **582.2** | 566.4 | +2.8% | **+8.4%** | **1,169.2** | 1,134.3 | +3.1% | **+10.4%** |

(1) Including Applied Maths, BioFire Defense, and R&D-related revenue arising on clinical applications.
(2) Including R&D-related revenue arising on industrial applications.
* CER: constant exchange rate

- **Clinical application** sales, which accounted for approximately 82% of the consolidated total, rose by 7.8% year-on-year to €474 million for the quarter, and by 10.6% to €961 million for the first half.
  - **Microbiology** benefited from robust growth in sales of reagents and instruments in the BACT/ALERT® line, notably in China, and from sales of microbiology lab automation systems in North America and Europe.
  - In **immunoassays**, the impact of price pressure on procalcitonin assay sales in the United States was partly offset by the development of the VIDAS® line in the Asia Pacific, Latin America, Middle East and Africa regions.
  - In **molecular biology**, after a first quarter boosted by a particularly intense flu season, the BIOFIRE® FILMARRAY® line recorded a very satisfactory performance in the second quarter, with growth of more than 30%. The increase was driven by the United States and by the rapid development of international sales, in countries as varied as France, South Africa, Chile and the United Kingdom.

- **Industrial application** sales, which represent around 18% of the consolidated total, increased 10.7% like-for-like to €108 million in the second quarter and 9.3% like-for-like to €209 million for the first half. The significant gains achieved in the second quarter were fueled by strong sales growth in microbiology lines for pharmaceutical clients and by sales of immunoassay and molecular biology solutions for agri-food applications.

- In the second quarter of 2018, sales of **reagents** and **services** accounted for approximately 89% of the consolidated total, representing a year-on-year increase of 8%. This percentage of consolidated sales takes into account the reclassification of approximately €4 million of reagents sales within instruments, to reflect the implicit rentals recognized on instrument placement contracts following the first-time application of IFRS 15 on revenue recognition.

## 2.2. Financial highlights

CONSOLIDATED INCOME STATEMENT

- **Gross profit**

Gross profit for the first six months of the year came to €634 million or 54.3% of sales, up from 53.3% in the prior-year period. Gross margin benefited from strong sales growth and an improvement in the product mix, with the BIOFIRE® FILMARRAY® product line making a growing contribution. It was also lifted by the €5.4 million reduction in depreciation charged against the installed base of placed instruments to more accurately reflect their service lives. These items more than offset the negative currency effect.

- **Contributive operating income before non-recurring items**

Contributive operating income before non-recurring items stood at €185 million for the period, a year-on-year gain of 7.1%. It represented 15.8% of sales, versus 15.2% in first-half 2017, despite a negative €31 million currency effect and a €4 million loss recognized on the consolidation of Astute Medical Inc. following its acquisition in April 2018.

  - **Selling, general and administrative expenses** amounted to €306 million in first-half 2018, up 7.7% at constant exchange rates and scope of consolidation (up 2.1% as reported). This rise reflects investments in the BioFire sales teams and in the change of distribution model in Japan.
  - **R&D expenses** came to €156 million, or 13.4% of sales, an increase of 9.8% at constant exchange rates and scope of consolidation on the €149 million and 13.1% reported for first-half 2017. As announced, the increase reflected the ramp-up of research and development initiatives undertaken to boost the BIOFIRE® FILMARRAY® and microbiology lines.
  - **Other operating income** amounted to €12 million, down from €15 million in first-half 2017. As anticipated by the Company, net income from royalties declined in the period, primarily because certain patents licensed to third parties expired.

- **Operating income**

BioFire acquisition expenses were virtually stable year-on-year at €9 million in the first six months of 2018, corresponding to depreciation/amortization charged against assets valued at the acquisition date. As a result, interim **operating income** came out at €176 million, up 8.2% from €163 million in first-half 2017. The Group's operating margin stood at 15.1%, versus 14.4% in the prior-year period.

### Net income

**Net financial expense** amounted to €10 million for the period, compared with €13 million in first-half 2017. This decrease primarily reflects a reduction in the **cost of net debt** owing to foreign exchange gains and lower Group financing costs.

The Group's **effective tax rate** at June 30, 2018 stood at 19.1% versus 32.2% at the end of first-half 2017. This improvement reflects the positive impact of the U.S. tax reform implemented on January 1, 2018 and income of around €6 million related to a non-recurring contribution to the U.S. pension plan, which qualified for a tax deduction.

In all, **net income of consolidated companies** ended the period at €134 million, up a strong 33% on the €101 million recorded in first-half 2017.

## CASH MANAGEMENT AND FINANCE

### Free cash flow

**EBITDA**[1] amounted to €257 million for the first half of the year, up 6% compared with €242 million in first-half 2017, reflecting the strong growth in contributive operating income before non-recurring items.

**Working capital requirement** rose by €37 million, lifted by sustained growth in Group sales over the period, primarily as a result of the following factors:

- Inventories increased by €23 million in the first half against the backdrop of sales growth described above, reflecting a slight improvement in inventory turnover as BIOFIRE® FILMARRAY® product line inventories were rebuilt after the flu season.
- Trade receivables fell by €13 million as the payment collection period improved by four days compared with December 31, 2017.
- Trade payables declined by €5 million in first-half 2018, thanks to a dip in average settlement periods from end-2017.
- Other operating working capital requirement items rose by €22 million, notably due to a decrease in payroll and other taxes.

**Income tax paid** amounted to €33 million, a sharp drop from the €56 million paid in the prior year, following the implementation of the U.S. tax reform, which lowered federal tax rates from 35% to 21%.

**Capital expenditure** outlays totaled €104 million, or 8.9% of sales, compared with €97 million and 8.5% in the prior-year period.

Lastly, first-half 2018 was marked by a one-off €56 million payment to the U.S. pension fund. Excluding this non-recurring event, **free cash flow**[2] for the period came in at €89 million, versus €39 million in first-half 2017.

### Change in net debt

**Purchases of non-current financial assets**, net of disposals, amounted to €85 million, versus €4 million in the prior-year period, and mainly corresponded to the acquisition of Astute Medical Inc.

In addition, a total of €40 million was paid out in **dividends** in June 2018, up slightly from the previous year.

As a result, **consolidated net debt** came to €261 million at June 30, 2018, versus €156 million at December 31, 2017.

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1 EBITDA corresponds to the aggregate of contributive operating income before non-recurring items, and operating depreciation and amortization.
2 Free cash flow corresponds to cash generated from operations, net of cash used in investing activities.

## 3. Significant events of first-half

### Commercial offer

Since the beginning of the year, bioMérieux has enhanced its commercial offer in several areas:

- In **microbiology**, the expanded VITEK® MS database received the CE mark. This innovative solution further improves the performance of the VITEK® MS system by adding 272 new species to its database, including 217 bacteria species and 55 fungal species, such as *Brucella*, *Candida auris* and *Elizabethkingia anophelis*. The VITEK® MS database now contains 16,000 strains.
- In **immunoassay**, the VIKIA® anti-HCV screening test was launched. The test can detect the six major genotypes of the hepatitis C virus in just 10 minutes with a sample volume of just one drop of whole blood, serum or plasma. It has been approved for near-patient testing, including by healthcare professionals outside the laboratory environment.
- In **molecular biology**, the new BIOFIRE FILMARRAY® Pneumonia Panel was submitted to the FDA. The panel can identify 33 targets in several types of samples, such as bronchoalveolar lavage fluids and sputum (including endotracheal aspirate). The target list includes 18 bacteria, 8 viruses and 7 antibiotic resistance genes. For bacterial targets, 15 tests will provide information about the abundance of microorganisms in a given sample.
- In **industrial microbiological control**, the innovative ENDOZYME® II GO test was launched for the detection of endotoxins in pharmaceutical microbiology control. Based on recombinant horseshoe crab Factor C (rFC), this new assay enables endotoxin testing in pharmaceutical grade water, injectable drugs and other pharmaceutical products. It is the result of the combined expertise of bioMérieux in microbiology and Hyglos GmbH, acquired by bioMérieux in 2016 and specialized in endotoxin detection.

### Business development

On April 4, 2018, bioMérieux announced the acquisition of Astute Medical Inc. for $90 million. Based in San Diego, United States, Astute Medical Inc. has notably developed the NEPHROCHECK® test, a CE-marked test cleared by the U.S. authorities for the early risk assessment of acute kidney injuries based on the level of two biomarkers, IGFBP-7 (Insulin-like Growth Factor-Binding Protein-7) and TIMP-2 (Tissue Inhibitor Metalloproteinases-2).

During the second quarter, the biomarkers in the NEPHROCHECK® test were included in guidelines issued by the ERAS® Cardiac Surgery Society and in consensus recommendations published by the Acute Dialysis Quality Initiative (ADQI), an international organization that brings together more than 150 members who specialize in the diagnosis and management of acute kidney injury (AKI) and other conditions that require dialysis.

## 4. Subsequent events

- **Entry of bioMérieux into the share capital of HYBIOME (China)**

  In July 2018, bioMérieux acquired a non-controlling interest in Suzhou Hybiome Biomedical Engineering Co. Ltd and could potentially increase its share in the future. Based in Suzhou (China), the company specialises in automated immunoassay tests. Founded in 2009, it develops, produces and markets a comprehensive range of diagnostic solutions (reagents, instruments, software) that have been cleared by the China Food and Drug Administration.

  Completion of the transaction remains subject to the customary closing conditions.

## 5. Principal risks and uncertainties

The principal risks and uncertainties to which the Company could be exposed in the second half of 2018 are set out in Chapters 2 and 6 of the 2017 Registration Document (Note 27 to the consolidated financial statements for the year ended December 31, 2017) and in Notes 9 (Provisions – Contingent assets and liabilities) and 18 (Exchange rate and market risk management) to the interim consolidated financial statements in Appendix A of this Interim Financial Report. However, other risks and uncertainties of which bioMérieux is not aware at this time or which it considers not material could also adversely affect its business.

## 6. Principal transactions with related parties

Transactions with related parties continued on the same basis as 2017 without any significant developments (see Note 29 to the consolidated financial statements for the year ended December 31, 2017, Chapter 6 of the 2017 Registration Document and Note 20 to the interim consolidated financial statements in Appendix A of this Interim Financial Report). No new transactions between related parties had a material impact on the Company's financial position or earnings.

## 7. Outlook

In light of the robust organic growth reported in the first half, bioMérieux is now targeting organic sales growth for the full year of **around 9.5%**.
Given the good performance in the first half and the revised target for full-year organic sales growth, bioMérieux is now aiming to deliver full-year contributive operating income before non-recurring items of between **€340 million and €350 million** at current exchange rates. This new target takes into account the additional expense related to the acquisition of Astute Medical Inc. and the Group’s ongoing efforts in sales and innovation as part of a long-term strategy, and is based on current exchange rates.

## C – STATEMENT BY THE PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

STATEMENT BY THE PERSON RESPONSIBLE FOR
THE INTERIM FINANCIAL REPORT

We hereby certify that, to the best of our knowledge, the condensed interim consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the consolidated Group as a whole, and that the interim management report on page 38 *et seq.* above provides a fair view of the significant events that took place during the first six months of the financial year, their impact on the interim consolidated financial statements and the principal transactions with related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Marcy l'Etoile, September 4, 2018

Chairman and Chief Executive Officer
Alexandre Mérieux

## D – STATUTORY AUDITORS' REPORT

*"Statutory Auditors' review report on the interim financial information"*

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the review on the interim financial information. This review was considered for the purpose of issuing report on the interim financial information taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the interim financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

GRANT THORNTON
*French member of Grant Thornton International*

ERNST & YOUNG et Autres

**bioMérieux**

Six months ended June 30, 2018

Statutory Auditors' review report on the interim financial information

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association of Versailles

**bioMérieux**
Six months ended June 30, 2018

**Statutory Auditors' review report on the interim financial information**

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of bioMérieux for the six months ended June 30, 2018;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Group's Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## 1. Conclusion on the financial statements

We conducted our work in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less extensive than an audit conducted in accordance with professional standards applicable in France. Consequently, unlike a full audit, a review only provides moderate assurance that the financial statements, taken as a whole, are free from material misstatement.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Without challenging the conclusion expressed above, we would like to draw your attention to note 2.1 "Standards, amendments and interpretations" of the notes to the condensed interim consolidated financial statements which provides the impacts of the change in accounting method resulting from the application from January 1, 2018 of IFRS 9 and IFRS 15.

## 2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Lyon, September 4, 2018

The Statutory Auditors

| GRANT THORNTON | ERNST & YOUNG et Autres |
|---|---|
| *French member of Grant Thornton International* | |
| Françoise Mechin | Nicolas Perlier |