bioMérieux Half Year 2026 Results

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Operator: Hello, and welcome to the bioMérieux Half Year 2026 Financial Performance Call. Please note this webcast is being recorded, and for the first part, participants' lines will be in listen-only mode. You will have the opportunity to ask questions at the end of the presentation. This can be done by pressing pound key five on your telephone keypad.

I will now hand the conference over to Aymeric Fichet, Head of Investor Relations.

Aymeric Fichet: Thank you. Hello, everyone. Good afternoon, and thank you for joining this call. I am with Pierre Boulud, CEO, together with Guillaume Bouhours, CFO.

Please note that this conference call will include forward-looking statements that may change or be modified due to uncertainties and risks related to the company's environment. Accordingly, we cannot give any assurance as to whether we will achieve these objectives. I also remind you that today's call is being recorded and that a replay will be available on our website, www.biomerieux-finance.com.

I will now hand the call over to Pierre, and then we will open the call to questions. Pierre?

Pierre Boulud: Hello, everyone. Good afternoon. A couple of words on the agenda first. I will first of all share a few highlights on the business for the first half of the year, and then hand over to Guillaume, who will go into more details around the financial performance and 2026 outlook. I will finish the call with a few words on ambitions for 2027 and 2028. You have heard the disclaimers from Aymeric.

Moving on the H1 highlights. As you have seen, we are reporting a sales growth that accelerated in Q2, plus 5%, 7.3% excluding respiratory panel sales, that is compensating a lower Q1 that was at 3.9% of decline, significantly impacted by the low respiratory epidemiology.

Our CEBIT at the end of H1 declined by 5% organically, reflecting especially the modest sales evolution that we had in Q1. We kept a sustained focus on innovation, I will come back to that, with multiple product launches in H1 [inaudible] [00:02:32].

Cash flow generation. Almost €300 million of free cash flow generated in H1, growing 76% versus H1 2025. Guillaume again will share more details on this cash flow generation.

To give you a bit more colour on the financial performance. I would like to give a bit more qualitative comments on the different pillars of the GO•28 initiatives. I have already mentioned multiple launches. Q2 was heavy actually in terms of innovation. We have filed in June a revised panel for BIOFIRE gastrointestinal panel that improves its performance and its relevance in the market.

With regards to point of care, we are accelerating with the filing of vaginitis panel, to the FDA and to the European authorities. We are very happy to get the approval in June of SPINCHIP, the first test on SPINCHIP, the immunoassays platform that we acquired last year for high-sensitive troponin.

Finally, in industry, a couple of launches I would like to highlight. GENE-UP TYPER for salmonella, a very common contamination that we see in the food industry that allows to better identify the source of the contamination. ACCELLIX acquisition that is further strengthening our offering in the pharma quality control.

With regards to GO Simple, making also good progress in Q2. Headcount evolution is very much under control. We actually have 200 headcounts less at the end of June versus end of December, so managing our cost efficiently. Especially, we have implemented a reduction of workforce in China following a difficult 2025 that we have gone through, and also decided to accelerate the closing of the San Jose site by one quarter.

We are progressing also on SG&A efficiency and implementing the different operating model that we have engineered.

With regards to COGS improvement, I would like to highlight two elements. Automation for BIOFIRE. We are now at 60% of BIOFIRE purchase intake, 100% automated. With regards to procurement, additional savings above €10 million. With regards to GO Stronger, we have conducted a Voice of Employee, and we are for the third year in a row within the top 25% of the healthcare industry in terms of engagement.

With regards to our sustainability objective, we are very much on track with CSR ambition. At the end of June, we have reduced by 31% our greenhouse gas absolute emissions.

Moving into business highlights. I would like to highlight Q2 performance. As I said, very strong performance actually in Q2. GO•28 growth drivers have grown 8.5% in Q2. If you allow me to start with BIOFIRE non-respiratory, we have grown 7% in Q2 with a further increase of our install base. We keep increasing the number of instruments that are in the markets and leveraging a cross-selling strategy.

With regards to SPOTFIRE, very strong performance. If I look at reagents' sales only in Q2, we have grown 40% in the context of low epidemiology, and 400 instruments installed in Q2 with no specific one-off, neither in Japan nor in the US. It is actually our strongest Q2 since launch, further demonstrating a good commercial uptake. We are now at 7,200 instruments, so our install base is 60% bigger than it was in June 2025.

In Microbiology, very much in line with our 2026 guidance. We have seen improvements in China. We have also seen improvements in instrument sales, as you know, were slow in Q1, and very solid dynamics in blood culture.

Finally, Industrial Applications, very strong, 9% sales growth with very strong performance for reagents, growing double digits with price increase and strong dynamics in the pharma segment.

BIOFIRE respiratory panels have been declining 6%, little bit of price erosion, very similar to what we have experienced in the past, 2 percentage points to 3 percentage points. Even though it impacts us less than in Q1, a couple of points, but lower respiratory epidemiology. Immunoassays, almost flat, with good dynamics on VIDAS KUBE.

Now, with this, I wanted to highlight Q2, but I am handing over to Guillaume to share with you performance for H1.

Guillaume Bouhours: Thank you, Pierre. Hello, everyone. Let us look at the H1 organic growth overall, plus 0.2% organic, thanks to the 5% in Q2 that Pierre just highlighted.

Overall, in H1, we see the following trends. BIOFIRE non-RP at plus 5.5% with, again, low epidemiology impacting pneumonia there in Q1 and a solid 7% in Q2.

BIOFIRE RP, we discussed it on much lower epidemiology than last year.

It is important to highlight reagents overall in H1 plus 35%, despite, as you all know, a much lower epidemiology in H1 2026 than H1 2025.

Microbiology, overall, plus 4% in H1. Notably, very strong dynamic on BACT/ALERT, our blood culture reagents. Pierre mentioned the positive price increase that we are able to deliver in microbiology.

Immunoassays, minus 3%, but actually when we exclude, and we know the trends of China and procalcitonin, PCT. We exclude those two, we are on a slight growth path, positive.

Industrial Applications continuing to deliver well, as Pierre mentioned, with acceleration even in Q2, plus 7% overall in H1, with reagents' sales up double-digit, including also there some price increases between 1% and 2%.

If we turn now to the view of H1 by geography, a few comments there. North America, overall minus 1%. Of course, it is a region that is most exposed in our portfolio to respiratory with BIOFIRE RP and SPOTFIRE. Yet we saw, in the region, solid growth in Industrial Applications, in non-respiratory panels, and in Microbiology.

Latin America continued on a super good dynamic, overall plus 11% organic in H1, and actually solid on all product lines in LATAM.

EMEA, as you can see, plus 2% organic. Notably, good growth on BIOFIRE non-RP, Industrial Applications, and Microbiology.

Asia Pacific delivered minus 3%, that is actually a very contrasted picture inside Asia-Pacific, where China was down 6% overall in H1. I remind you of the bulk of it is Microbiology. For us, we also had a negative trend in Japan that is a bit new, that was mainly due to changes expected in the regulatory coverage population for SPOTFIRE in Japan.

On the other hand, in Asia Pacific, we saw very strong growth in India and a very good level of growth in South Korea, balancing China and Japan overall.

With that, let us look to our income statement. I will comment mainly on the organic. It is called a change like-for-like on the right column. As said, we said up 0.2% organic. We delivered the gross profit slightly down, minus 1%, and actually margin on an organic basis, minus 70 basis points. This is due to a slightly unfavourable product mix, of course, with a lower share of BIOFIRE RP, one of our high-profit products.

Also an increase in our manufacturing projects spend and the impact of the Middle East events, twofold. One that you can expect on the transport cost of our products from the oil prices, but also some raw materials that are plastic-based that also saw some increase.

Important to note, in terms of tariffs. I am talking about the US tariffs. They were quite neutral year-on-year from H1 2025 to H1 2026. As we have the new tariffs applied in H1 2026, which were not in place in H1 2026, but these were offset by the fact that we were able to apply for reimbursement of 2025 extra tariffs, the ones that were rebuffed by the Supreme Court, and that we received the reimbursements for more or less similar amounts to the tariffs we pay for H1.

Moving to SG&A, so our sales, general, and administrative costs were overall, as you can see, down 2% in H1 due to lower variable compensation for our teams and also the effect of GO•28 efficiency initiatives and additional new cost measures, we will come back to that, to adapt to the slightly lower slower growth.

R&D expenses, plus 5% in H1, leading to 13% of R&D over sales. Overall, as Pierre said, CEBIT is down 5% on a like-for-like basis with a margin of 15.9%. The margin itself is down 100 basis points on an organic basis. When we talk [inaudible] [00:13:33] for impact, negative minus €35 million, and the effect of change of scope acquisitions of minus €5 million.

With that, we can have a look at the income statement below CEBIT. First, the line of amortisation of acquired intangibles came back to a normalised level at minus €14 million for H1, after a very significant impact last year, which was a partial impairment of Specific Reveal technology.

Our net financial expense moved to minus €5 million in H1. The slight move compared to last year is due to the evolution of foreign exchange on our cash pooling positions. Income tax on the P&L is pretty stable in terms of effective tax rate, 23.4%. Overall, delivering an adjusted EPS that is down minus 4% organic, so pretty similar to the evolution organic of CEBIT, and minus 17% in terms of reported, also similar to the reported CEBIT evolution.

We can move to the cash flow. bioMérieux delivered a very strong cash flow in H1. From an EBITDA of €440 million, slightly down, we had actually a cash generation from working capital, thanks to a good management of receivables, with notably a good cash collection from customers in the US.

Inventories actually down, so that is positive, thanks to raw material optimisation in terms of inventory. The other key element in the cash flow is definitely tax payments. Just to remind you that the US tax reform, where it has no specific impact in the P&L but has a cash impact, so a timing impact, very favourable for bioMérieux. That is what you see in the downturn of cash payments from €123 million last year H1 to €28 million this year H1.

CAPEX at 7% of sales, very slightly down in million euros. Two-thirds of it is manufacturing, mainly for capacity automation, but one-third for placement of new instruments, mainly SPOTFIRE for our customers. Overall, a free cash flow at a very nice level of almost €300 million compared to €170 million last year and puts bioMérieux balance sheet at a strong position of a net cash of €236 million on the balance sheet at the end of June.

With that, a few words on our 2026 outlook that we actually would like to reiterate and confirm. Based on the solid Q2 2026 that Pierre has detailed, we must highlight a lower comp basis in H2 last year, which was at 3% versus plus 9% in H1 last year. We confirm the 2026 sales guidance for plus 3% to plus 5% organic sales evolution in 2026, and CEBIT guidance of 0% to 10% organic growth of CEBIT.

That being said, I would like to maybe pre-empt, and I am sure you have the usual question on what is the underlying assumption on the respiratory season. Basically, if Q4 2026 respiratory season is in line with Q4 2025, which itself was 10% below Q4 2024. We would expect full-year 2026 sales growth to stand more towards the bottom of the annual guidance range.

On the opposite, if there is a strong epidemiology in Q4, this would have a positive impact on respiratory panels, SPOTFIRE sales and pneumonia panel sales.

On CEBIT, it is important to mention that we see a slight improvement in the prospects of foreign exchange impact for the year, but now we revise to minus €40 to minus €50 million. I remind you that we had an impact of minus €35 million in H1. We took the bulk of it in H1.

CAPEX, we also revised it slightly down from initially 9% of sales to more around 8% of sales.

With that, I would like to hand over back to Pierre for the outlook of 2027 and 2028.

Pierre Boulud: Thank you, Guillaume. Let us move now towards the mid-term outlook. What we wanted to share with you is what we see is that, since 2024, the world has changed. We have seen a worsening of geopolitical environment that translates into a higher focus on defence and military spend. That comes in many countries at the expense of the healthcare budget, and that translates into financial pressure on our clients.

These evolutions make GO•28 plan even more relevant since we target to be more agile, more customer-focused, more efficient in order to better serve our customers. Q1, as we shared, was heavily impacted by the epidemiology and the respiratory season. This impact has now faded into Q2. We have now a clearer understanding of the dynamics into our different businesses.

To reflect this new environment, and now that we are seeing better situation following the epidemiology impact of Q1, and we think this environment will stay in the next three years, we have decided to adjust our financial perspectives for 2027 and 2028.

With regards to sales growth, we now aim at 3% to 6% annual sales growth at constant exchange rate and scope for 2027 and 2028, with the very same focus on the growth driver that we are identifying for GO•28. I will come back to that. We also continue the implementation of all the initiatives that we had in the GO Simple plan for the plan. From a profitability perspective, we now aim to grow our CEBIT higher than the organic sales growth that we have just revised for 2027 and 2028 at constant exchange rate and scope.

With regards to going stronger and going responsible, we have actually kept the objectives unchanged.

If we go into the Go for Growth and respective growth drivers, this is a summary slide of what we support this revised objective of 3% to 6% annual organic sales growth in 2027 and 2028.

With regards to high-plex, actually the assumption that we have made at the end of 2023, beginning of 2024, with regards to pricing erosion, market share evolution, are very consistent with what we are saying now, and actually they are very much in line with the plan. We have adjusted to a market growth that is slower than what we expected. Especially for non-respiratory, we are expecting a market to grow 10% to 15%, in that very dynamic market to grow 10%. We are seeing the market growing slower than that because of the financial constraints. In that slower market growth, our new ambition is to grow from 4% to 8%.

SPOTFIRE, we have adjusted to take into account the fact that we are giving an objective in euros, but at 2023 euro exchange rate, and also take into account the fact that with the success of SPOTFIRE, we are now more dependent on the respiratory season, and Guillaume was mentioning it for 2026. It is actually a very similar objective to the objective that we had, but we give it in terms of percentage of growth in 2027 and 2028. That goes between 25% to 40% growth versus what we have seen in 2026.

Microbiology, the adjustment relates to China. When we communicated the plan in early 2024, we did not expect China to decline close to 15% in 2025. Guillaume said it is progressing a bit with a sales decline of 6% in H1. Still, since China stands for 10% of global Microbiology sales, we have kept all the other assumptions unchanged actually, in terms of price evolution, market share evolution, but that translates into a Microbiology sales growth evolution of 3% to 5%, even though it stays very similar to what we were sharing until now.

Industrial Applications is actually the same.

If we go one by one on the different segments. For non-respiratory panels, we still believe, in spite of the competitive announcement that we have the best-in-class solutions, be it in terms of time to result. There is no better solution in the market today, even though they were more recently launched in terms of time to result. We still have the largest menu in the market.

With Fireworks, we are actually capable to give epidemiology data to our clients on a very regular basis. By the way, the cyclosporiasis outbreak in the US is a clear demonstration that having cyclosporiasis into the high-plex panel allows to do real-time surveillance of what is happening in the US in terms of outbreak.

The fourth element I would like to mention is we are still growing our installed base. Since [inaudible] [00:24:13] installed base by 3,000 units in two years, between end of 2023 and the end of 2025. We increased the installed base by close to 12%, that is further supporting the sales growth in terms of reagents, and very high-level customer service that is highly acknowledged and recognised by the customers.

Together with these best-in-class solutions, we keep bringing up-to-date panels. GI Mid was launched in 2025. We have just communicated that we are updating a GI Panel. To make it even more competitive, we are planning to launch a new meningitis panel in 2027 to keep up to speed in terms of performance.

SPOTFIRE. As I said, very similar ambition versus what we were sharing earlier. We are uniquely positioned with 100% of the assays that were launched that are CLIA waived, which really truly allows us to address the point-of-care market. We have still the fastest time to results and most comprehensive respiratory menu. As I shared, very strong traction and dynamic. 7,200 instruments since launch. 400 additional instruments in Q2 only. It is very exciting. We are starting to expand the SPOTFIRE menu outside of the respiratory infections with the vaginitis panel launch in Q2 2026, as we committed to in 2024.

We are also preparing for STI launch in 2028 and meningitis panel launch in 2028. That will allow to further expand SPOTFIRE success beyond respiratory disease.

Microbiology. Maybe a few highlights here. First, blood culture practice is normalising after the challenges from a major competitor with regards to bottle supply. We are seeing very dynamic sales in blood culture in 2026 that will further support the growth in the years to come. We are the only player that is capable to have a fully integrated offer from identification to antibiogram, and the only one that is capable to provide fast identification with BIOFIRE BCID, but also fast antibiogram with VITEK REVEAL.

We keep bringing innovation. We have already launched the small VITEK replacement, VITEK COMPACT PRO. We are ramping up VITEK REVEAL. We are going to launch VITEK PRO, which is a big VITEK in 2027, and planning to launch the small Virtuo BACT/ALERT in 2028.

As I said, China is a big deal in Microbiology, 10% of the microbiology sales. As we are not expecting the market to grow as it used to be, we are localising manufacturing for instruments to make sure that we can tap into the Chinese market evolution in the years to come.

Industrial Applications. As I said, we have kept the ambition similar to what we said at beginning of 2024. We are seeing a strong need for quality control, both in food and in pharma. Strong traction in pharma, especially with regards to cell and gene therapy. We have launched GENE-UP for Mycoplasma. We are launching SPOTFIRE for Mycoplasma for the pharma quality control.

We have just invested into ACCELLIX, that is an additional cytometry solution for pharma quality control. We are seeing a strong traction that we are planning to keep in the years to come.

The two additional segments that are not growth driver, but obviously have an impact on our total sales evolution are BIOFIRE respiratory panel and Immunoassays. BIOFIRE respiratory panel, what we are seeing, as I said, is this high-plex market to not grow as fast as we expected. It used to be a flat sales for respiratory. We are now expecting minus 5%, which is a combination of a slow price erosion in the range of what we have been seeing in the last couple of years, 1% to 3%, and a bit of reduction of volumes.

Knowing that, of course, what is the main driver for RP sales is epidemiology. We have seen it in Q1 2024, very strong sales growth. We have seen it, unfortunately, in Q1 2026, with very strong decline. That is the main driver for the evolution of RP panel.

Immunoassays, very similar evolution. The only addition here is that we include into immunoassay evolution, the launch of SPINCHIP, and we will come back to you when we are closer to launch, possibly Q4. Launch is now expected in Europe in September.

That is for the Go for Growth drivers for the next two years. With regards to GO Simple, a couple of comments here. First of all, in 2024 and 2025, we have actually overdelivered in terms of CEBIT improvement. We have demonstrated that the different initiatives were actually translating into actual improvement and operational leverage.

Now in the context of a sales growth that we expect to be a bit slower than we initially ambitioned, we are looking into adding, accelerating some initiatives, and adding some new ones to make sure that we are capable to bring our CEBIT to a growth that is higher than organic sales growth. It will take additional effort for the organisation that we are working on for 2027 and 2028.

The last two dimensions of the plan, Going Stronger. We are still very active. This is a very important topic for us that relates to deployment of core behaviours, core processes, simplification. We still aim to be in the first quartile. We have been there in the last three years, and we are still working to make sure that we continue to strengthen team members' engagement.

The last dimension of the GO•28 plan is the sustainability dimension and CSR roadmap. We have updated this roadmap at the beginning actually of 2026. We have kept it unchanged. What is probably most noticeable is we have added an ambition to decline our Scope 3 emissions by 35% in 2034. The teams are actively working on this, and so far, we are very much in line with the target.

Now closing the call before we get into the Q&A. Key takeaways to share. As you have heard, we are seeing a solid Q2 2026 performance, posting 5% organic sales growth. That allows us to confirm the 2026 guidance. Sales expected to grow between 3% and 5%. CEBIT expected to grow between 0% and 10%. Slight positive adjustment on FX impact, €40 million to €50 million. Most of it has impacted, unfortunately, H1.

We are taking the opportunity of this Q2 communication and the stabilisation of our performance to update and adjust 2027 and 2028 financial perspective. We now plan an organic sales growth to be between 3% and 6%, and a CEBIT growth to be higher than organic sales growth. While we are doing this, we keep investing into the future. That translates into the hopefully soon approval of SPOTFIRE vaginitis, BIOFIRE GI, a new version of panel, the launch of SPINCHIP, and new instruments in microbiology as well as the update of the industrial application solutions with GENE-UP TYPER.

With this, I think we go for Q&A.

Questions and Answers

Odysseas Manesiotis (Exane BNP Paribas): Firstly, on your new 2027-2028 targets. They imply pretty material deceleration in growth from what the midpoint of your 2026 guide implies for H2. You are essentially going from around 7% to 8% to around 4.5%. Could you touch on areas where you may have been particularly conservative, and is there anything else other than market-wide factors that you mentioned on spending that are driving this in terms of competition, price pressure, even Cepheid's upcoming high-plex launch? That is the first question.

The second one, regarding what backs your growth ambitions after 2028. You have touched on a few drivers here with SPOTFIRE STI, SPINCHIP, the smaller Virtuo instrument. Should we be thinking about a re-acceleration after 2028? Is this a bit of a time where you would not be taking as many product launches as usual, or should we be viewing that 2028 post growth trend similar to what we are seeing to 2028?

Pierre Boulud: Thank you, Odysseas. Let me take your two questions in order. The first one that relates to sales growth ambition for 2027-2028. The right way to look at it is, if you want to triangulate this ambition, I would triangulate with Q2.

Obviously, Q1 was, as I said, very much impacted by epidemiology. We still have a low epidemiology in Q2, but it feels like a more solid basis. In Q2, our sales growth is 5%. It is actually very close to the midpoint of our long-term guidance. That is the way I would look at the next few years. Not in a spirit of deceleration, but more in a spirit of continuing the trajectory that we have seen in Q2. Of course, there are upsides and downsides versus Q2. A lot of things will happen. It is a solid guidance in a context where we are capable to generate 5% sales growth in Q2.

Your second question relates to evolution of our sales after 2028. Well, that would be the object probably of a new Capital Markets Day. Today, we really want to focus on giving you better perspectives on how we are seeing 2027 and 2028. Of course, the investment that we make in innovation in 2026 to 2028 will have an impact, hopefully, in the years to come. Too early to say how we translate in terms of sales dynamics, but the idea is to continue to grow faster than the market in the years to come.

Aisyah Noor (Morgan Stanley): I would love to start with SPOTFIRE. Your new guidance of 25% to 40% using 2026 as the jump-off point, would imply something like €400 million to €410 million or so of sales by 2028 versus your prior target of €450 million. Would be great to know what the main drivers of this change are. Is it just flu, or do you see the need to embed more pricing and competition from newcomers to the market?

My second question is on instrument sales. In the last quarter, you called out multiple headwinds from geopolitical uncertainty, pressure on hospital budgets, delays in capital investment decisions. Do you think that the instrument purchasing this quarter was somewhat of a release of that pent-up or pressure demand last quarter, and we are still in a weak demand environment? If you could give us an update on the instrument outlook embedded in your guide, that would be great.

Guillaume Bouhours: Maybe I can start with the equipment sales. Thank you, Aisyah. Equipment sales. Actually, we saw a good pickup in Q2 at plus 5% overall on equipment sales, which still leads to an overall H1 equipment sales at minus 7.5%. Because, again, as you rightly pointed, Q1 was very much down. Yes, it is improving.

It is also one of the elements that helps, among others, of course, as Pierre mentioned, to see clearer things on the base of Q2 for the market trend in the future.

To come back to your first question on SPOTFIRE. You are right to say that when you apply the midpoint more or less based on a 2026 target, that it serves for a little bit more than €400 million, €410 million in 2028. The main difference is actually exchange rate impact, which as we kept saying in the last couple of years, the euro has been devaluated. It was the only guidance that we are giving in euros. It was starting to be a bit misleading to give a euro target based on 2023 exchange rates.

To make it simpler and easier to forecast for you guys, we give a progression in percentage like we are doing for the other product ranges.

Aisyah Noor: Perfect. Understood. If I could just follow-up, could you elaborate a little bit on this change in Japan reimbursement, or policy change and whether that is a one-off quarter dynamic, or do you expect it to continue in the second half?

Pierre Boulud: I can take it. It is actually very illustrative of the worsening of the market conditions I was talking about. We are very successful with SPOTFIRE and BIOFIRE in Japan. By the way, very limited competition from other high-plex competitors. It is not a market share challenge. Actually the Japanese authorities are restricting the use of SPOTFIRE panel, have decided to restrict the use of SPOTFIRE respiratory panel to "high-risk patients."

It limits the use of this very valuable panels to a smaller patient population, hence having an impact. It is unfortunately structural on one hand. On the other hand, the authorities together with the clinical associations are still in the process of defining what a high-risk patient means. There was a preliminary understanding that was, for instance, it is only children under five years of age, but it is not specified in the guidance.

Actually, there are high-risk patients. The paediatric association is actually claiming that there are high-risk patients that are above five years that should be taken into account. There is a bit of a wait and see period that is impacted short-term sales evolution in Japan that will hopefully be clarified in the coming months.

The bad news is still there. There is a more restrictive use and coverage of SPOTFIRE panels in Japan. By the way, while we were seeing this, overall SPOTFIRE reagents sales have grown 40%. It was a negative, but overall, we still have very strong performance on SPOTFIRE overall.

Kavya Deshpande (UBS): My first was on the 2026 guidance for respiratory panels. If I heard correct, Guillaume, I think you said the bottom end of the range is likely if the Q4 season this year is in line with last year. From the outpatient data we have, it looks like volumes are still below last year, even as the comparatives have become a lot weaker in the past few weeks. Is that something that you are seeing in your specific inpatient data that is giving you confidence that the Q4 flu season will be at least in line or grow versus last year.

My second question was around the non-respiratory guidance for this year. It seems to now imply an acceleration from about 5.5% in the first half to over 10% in H2. It is obviously also a lot stronger than your medium-term guidance for this franchise. Just curious to know what is driving that and whether that is the new GI panel or something else giving you that confidence there?

Guillaume Bouhours: Thank you, Kavya. Maybe coming back on the 2026 guidance on RP, just to repeat. You are right, it is an important point. If Q4 or the season at the end of the year, Q4 2026 is at the same level as Q4 2025, we would expect our sales to be at the bottom end of the guidance. It is an important precision overall on the range. I do not think there is always this debate on the data during the summer, especially southern hemisphere, etc.

We do not believe that much can be actually derived from summer data in any way to the winter season. We more look at it in, how should I say, simple way and taking assumptions. Again, that is why we give you, if it is at the same level of last year, which was by the way special as well. Last year was actually low October, November, super high December. Overall, that is Q4 overall, and that is the colour we can give. We will see altogether if the epidemiology becomes average or stronger by the end of the year. At this stage, we do not know.

Non-RP. You are right. I think your calculation is correct. Maybe a bit lower than 10% for H2. We have seen this acceleration from Q1 to Q2. Q2 was pretty solid at 7%. Yes, you are right. It does imply a slight acceleration below 7%. We want to be at this level.

Pierre Boulud: It is worth mentioning on non-RP that the cyclospora outbreak in the US is actually detected with a high-plex panel, not with mid-plex panels available in the market. We are seeing a very significant uptick. We do not know for how long. In the US, we are seeing a very strong evolution of the GI panel. Of course, non-RP is also depending upon circulation of parasites, bacteria and viruses. Just to give a little bit of colour of what we are seeing in July.

Guillaume Bouhours: Just to let everyone know that cyclospora is a pretty severe gastro syndrome, parasite, which currently, as Pierre mentioned, is an outbreak in the US. They are talking about more than 5,000 cases now, 5,000 to 10,000, which is the highest outbreak of this kind for many years. Again, as Pierre said, high-plex is helping to diagnose this, not low-plex.

Kavya Deshpande: Understood.

Charles Pitman-King (Barclays): Two, if I may. Firstly, maybe just with respect to the FY2027, 2028. Thank you very much for the divisional breakdown in the presentation. I am just wondering if you could give us a little bit more detail on how you think about the gross margin mix development over the period, given these new growth mix and tariff expectations, just how you think about that directionally.

Then just on SPOTFIRE, a couple of just quick clarifications. Can you just confirm there were no one-offs for SPOTFIRE in 2Q supporting these 400 installations? Can you confirm that the meningitis is coming in 2028 versus what I understood was a 2027 launch? Just any further comments you can give on the LIAISON NES, any impact from launch initially, given this was a concern of investors after their launch in April.

Pierre Boulud: I can take the SPOTFIRE questions. Guillaume, you answer on the gross margin.

SPOTFIRE. First question. Yes, confirmation that there is no one-off in the 400 installations. As you know, we commented a little bit in Q1, we had significant one-offs in Japan and in the US with bigger deals. In Q2, none of this. The 400 net installations in Q2 2026 is a normalised number.

Meningitis, good pick. We are now looking into 2028 versus 2027. To be honest, it is still tentative. Maybe it can be accelerated, maybe it can be a bit delayed. That is why we give overall years. The main test is ready. What is generating the uncertainty is the speed of the clinical trial. A bit early, but the latest plan we have is more launch in 2028.

With regards to the competition of LIAISON NES, what we said when it was announced is it is a pretty crowded market already. There are multiple competitors. We have low market share. Of course, a lot of respect for the launch of this new system. It does not dramatically change the competitive environment. Actually Q2 is proving. We are still seeing SPOTFIRE as a very competitive solution. There is definitely room for every solution in the market, hopefully a little bit more for SPOTFIRE. For the gross margin?

Guillaume Bouhours: For the gross margin, thank you, Charles, for the question. I do not think we, at this stage, give details on the line by line. What I can say, it is important to restate what Pierre has already mentioned, is our commitment to deliver on the cost side, to have these new guidelines of CEBIT growing organically faster than sales growth.

For that, we commit to deliver on GO•28 initiatives and to launch new efficiency and cost initiatives. We are looking, as we speak, on different fronts. As you can understand, some will impact gross margin, some will impact sales and marketing, G&A, and even pretty likely some will impact R&D. It is difficult yet to say, at this stage, exactly, depending on choices, how gross margin specifically will evolve. The most important is our global commitment.

David Westenberg (Piper Sandler): I want to talk about SPOTFIRE, and how it did in Q2. Can you talk about maybe new customer wins versus cannibalisation? What characteristics do you think it is going to make it better than competitors in the coming quarters? Where is the lowest fruit and how should we think about instruments in 2026 and the impact on 2027 and 2028 guidance, if you can hear me.

Guillaume Bouhours: If I understand your question, it is on SPOTFIRE evolution of install base. There is no cannibalisation, as you know, because we are primarily in the point-of-care segment. We are not seeing any cannibalisation with BIOFIRE product range in the hospital setting. It is all new customers. It is also all competitive wins. Because in most, 99% of the cases, those clients were already equipped with a point-of-care solution. That is for Q2 and H1.

We do not give guidance on the evolution number of instruments. Usually, actually, what we see is it is really the very end of Q3, it is really September, and actually the big quarter for us in terms of installation, but it is a market dynamics. It is more in Q4, preparation for the following respiratory season. We do expect a very similar trend to what we have seen.

David Westenberg: Got it. Just on the follow-up on the 2027-2028 guide, you mentioned you do expect a gross EBITDA higher than revenue. You have been growing R&D, but you have been cutting on the SG&A front in the near-term. What levers do you have? Theoretically, if you are coming in at the lower end of the guidance in terms of 2027-2028, what kind of levers do you think you would use on the OPEX line to make sure that you still can grow EBITDA above revenue?

Guillaume Bouhours: Yes, at the lower end of the sales guidance, to answer rapidly your question. It probably would take more time to go into details, but if we are at the lower end of the section, it is still 3% to 4% sales growth. We believe at 3% to 4% sales growth, we still have operating leverage that we can deploy and that will allow to grow profitability faster than sales.

As we are going to prepare for 2027 budget and 2028, maybe we will give a little bit more colour into what we are planning to do for 2027. We believe, and that is the reason why we communicated this guidance, that even at the low end of the guidance in terms of sales growth, we are capable to bring profitability improvements together with lower sales growth.

Jan Koch (Deutsche Bank): My first one is on Microbiology. Could you speak about the improvements you have seen in China? Have hospitals started to use more blood culture products again? What are your expectations for China for H2 here?

Secondly, on BIOFIRE. Danaher announced plans to enter the high-plex market with its third-generation system. Given the large installed base, how do you view the competitive risk, and have you included that in your new 2027, 2028 targets?

Finally, one clarification on tariffs. Sorry if I missed that. Does your H1 CEBIT include any positive impact from tariff refunds?

Guillaume Bouhours: Thank you, Jan. It is Guillaume. I will take the last one first on tariffs. Yes, to clarify, we did apply for reimbursement of the 2025 tariffs that became, I think they say, non-constitutional in the US. We did apply, and we got the reimbursement, actually cash wise. And P&L wise as well, we have about €13 million of positive impact in our H1 P&L. Yet, I mentioned it is neutral if you compare to 2025, because in H1 2025, the tariffs were not yet in place, and we paid in H1 2026, the 15%, mainly the 15% on imports, mainly from Europe into the US.

Between the H1 2026 paid and the H2 2025 reimbursed, it was overall neutral and neutral compared to last year 2025.

I just remind everyone, talking about tariffs, that we actually manufacture in the US about 85% of what we sell in the US, which of course gives a relative low exposure of bioMérieux to US tariffs.

With that, maybe, Pierre, on China you want to.

Pierre Boulud: Yes. Maybe China, to give a bit of colour. Guillaume highlighted we had a decline of sales by 6%, which is still negative, and yet much better than 2025, as you pointed out.

Two elements. The first one is a bit of, and we said it when we commented 2025. It was not so much pricing or market share. It was very much a market deceleration. We have seen a lot of stock reduction at hospital and distributors level that are a bit of one-offs. Now, it is part of the improvement. We do not have that additional effect that we had in 2025.

The other element is the localisation of instrument is working. We have localised the manufacturing of the two BACT/ALERT that are available. We are planning to have Virtuo very soon approved in terms of localisation in 2026. We also have localised the VITEK COMPACT PRO in China, and we already manufacture locally blood culture bottles. All of this together has also helped to recover better and be more dynamic in the market.

We are very much in line with the plan that was mid-single-digit decline in China. That is what we have seen in H1. That is what we expect in H2 2026.

Your second question relates to BIOFIRE, the announcement from Danaher Cepheid on their new system. First of all, it demonstrates the value of high-plex testing in the eyes of Danaher Cepheid. We are very happy to see that having high-plex molecular solution is totally recognised by a big player like Danaher. They have announced a new system actually to be able to launch high-plex solution.

We still need to see beyond the system what are the panels, with which performance and targets they plan to have. They have not communicated, as far as I know, beyond the system, any new panel launch. When we know better from them, we will be able to give you more colour on how we plan to be competitive against this new system.

Philip Omnou (JP Morgan): Just on your 2026 guidance for your organic growth for 3% to 5%, that assumes a pretty big step-up in the second half to around 8%. Firstly, are you able to share whether you expect Q3 to be within that 3% to 5%, or could it be higher, and therefore, how back-end loaded are you assuming this, the phasing of the organic growth for the year to be?

Secondly, when it comes to your confidence or your visibility in the rest of the business outside of respiratory, how much confidence or visibility do you have in order to hit the low end if flu was below or at the same level as 2025?

Then just a quick clarification on the tariff refunds, please. Can you confirm that the benefit that you saw in this quarter is the full amount that you paid in 2025, and therefore we should not expect any more tariff refunds to come through in Q3 or Q4?

Guillaume Bouhours: Yes. Maybe I will start with the tariffs. Yes, it is almost a full amount of reimbursement. There is a very small amount of below €2 million that is left to be reimbursed, probably in H2. We hope for that. The bulk of it, as I mentioned, €13 million was actually reimbursed and paid and recognised in the P&L in H1 for the US tariffs of 2025.

Then if we move to the 2026 sales guidance. Again, the most important is to restate what I said again. We are mainly on the trend of the Q2 solid performance. That is what gives us confidence on the way we will deliver in H2.

Respiratory, which of course is a main uncertainty, if we factor a Q4 2026 at the similar level of epidemiology as Q4 2025, we would be around the bottom of the guidance. Let us see where it gets. It can also be stronger. Again, stronger would mean for us an uptick on respiratory panels, but also pneumonia and also SPOTFIRE, obviously.

Aymeric Fichet: Okay. I am going to read the question from Anna from Royal Bank of Scotland because she has an issue with her headset. She would like to have an update comment on your view on competitive positioning on both BIOFIRE and SPOTFIRE. Across both technologies, it seems like competition is increasing.

Second question is, looking beyond 2028, specifically for SPOTFIRE, how do you see the balance of increasing competition versus your non-RP launches driving an acceleration in growth?

The last question is, for the mid-term CEBIT downgrade [inaudible] [01:02:26] from inflation, oil prices, that will be at high levels for the mid-term.

Pierre Boulud: Okay. Let me start with the first one, competitive positioning. I guess then I talk about the beyond 2028, and Guillaume will take the CEBIT evolution.

Competitive positioning, it is a broad question. Let me say it this way. What we are seeing for BIOFIRE, and I said it a little bit when we were sharing the perspective, was that we are not seeing a significant degradation of the market share in respiratory panels or in non-respiratory panels. We are seeing a price erosion.

We are seeing the market share erosion, but the assumption that we had in 2024 are actually proving to be very correct at the end of June 2026. I know it has been a very regular question and challenge raised by, in the context of competitive launches. We are actually seeing a very decent performance.

Actually, what drives the evolution of our sales is very much related to epidemiology for respiratory, more than competitive challenges. That is what I would say for BIOFIRE. Of course, we have tried to integrate the evolution of the competition in the revised guidance. It is a best estimate of what we are saying.

For non-RP, we are still expecting to grow 4% to 8% in the years to come, given what we believe is a superior system in the market with the broadest menu and a very strong installed base that, by the way, keeps increasing in H1 2026.

With regards to SPOTFIRE, again, very different picture because in this case, we do not have a high market share to protect. We are actually taking share. As I said, the competitive environment is a little bit less sensitive to us because we are more in a market share uptake. As I said, we are very much in line with the plan. As you pointed out, there are new competitors in the market, but it is a huge market, with maybe in the region of €3 billion to €4 billion market.

We are still a very marginal player in this market. We believe there is ample room for growth in this market, with the caveat of we are getting more and more depending upon the respiratory season because it is mostly respiratory disease.

Which is a good segue to your second question, post 2028. Probably it would be, if and when we do a new Capital Markets Day, it would be a good topic. As we said, until 2028, the impact of vaginitis, STI and meningitis is included in the guidance for 2028, but it is not very significant yet. Of course, as we move forward, and we believe and we aim to bring very differentiated solutions for vaginitis, for STI, for meningitis. We hope to take share in this point-of-care market. That is aiming at taking de-risking, if you wish, ourselves from respiratory season on SPOTFIRE in the years to come. I am not in a situation to give you now any order of magnitude of number beyond the 2028.

Mid-term CEBIT evolution, Guillaume?

Guillaume Bouhours: On the CEBIT evolution, lower than the previous targets of the plan. Top line is definitely a major impact, of course, especially in a high margin business as we have. Of course, 3% to 6% growth has a major impact on CEBIT compared to above average 7% CAGR.

You are right that, as we mentioned, the macro environment is not the same as it was back in 2024. Tariffs, just to mention tariffs, in the US of 15% were not present at the time. We base our case on the current, and that is very difficult, the current oil price, which is slightly below $100 per barrel. It was absolutely not the same environment before that.

We can mention on inflation also the chips, electronics. We say crisis, which is actually the drag of AI data centres on the whole world of chips, which makes it more difficult to source and much more expensive to source as well for our own equipment. I can continue like that.

Our new guidance takes into account this new context as we know it today. Of course, we do not factor any new macro environment or new war or anything like that, but at least the environment as we know it today, that is so different, as I just mentioned on the cost side as well, from what we saw and we had back in early 2024.

Aymeric Fichet: Anna has just one follow-up question for 2026. For the 0% to 10% CEBIT evolution in 2026, are you able to comment on what will drive you closer to the upper or lower end of the range? How much will it be dependent on operating leverage, mix or respiratory season?

Pierre Boulud: The main dependency as usual at this stage of the year is definitely on the strengths of the respiratory season. This is how we explain what drives the top line in the range, and definitely that is what will drive the bottom line. If you do the mathematical calculation, which obviously is a bit limited but still not irrelevant. If H2 equals Q2, i.e., if we grow 5% in H2, we would be at 3% sales growth for the full year. That builds a bit the bottom of the guidance, if you wish.

To Guillaume's point, then, of course, we are very dependent upon the respiratory season. As we said, respiratory season 2026 Q4 equals respiratory season Q4 2025 would give us 3%.

Guillaume Bouhours: To take one written question. One question from Christophe-Raphaël Ganet on the price. The question is on Industrial Applications, but I will be a bit broader maybe to recap on pricing effects.

Industrial Applications, to your question, was able to increase price by slightly less than 2% in H1. We also are able to increase price in Microbiology by around 2%, which actually makes price increases in about 50% of our overall portfolio and sales. Whereas on the BIOFIRE, we decreased about 1% prices on non-respiratory overall, and slightly less than 3% price erosion on respiratory panels on BIOFIRE. Again, 50% with price increases, about 40% of the portfolio with slight price decreases.

By the way, when you look at the whole overall price effect on bioMérieux, it is therefore pretty neutral in H1.

Aymeric Fichet: Okay, let us go for maybe three extra written questions. The first question is, is the 3% to 6% annual growth a target or an ambition?

Pierre Boulud: It is important to restate what is actually, the way we wrote it in the press release, that we are aiming at delivering 3% to 6% organic annual growth. That is our wording. Yes.

Aymeric Fichet: Maybe one question from Arnaud Cadart from CIC. As you mentioned, with the revised guidance for 2027 and 2028, the market is less responsive to innovation. Why maintaining intact the R&D initiatives?

Pierre Boulud: Actually, we do not keep them intact. We keep reviewing R&D portfolio to make sure that we adjust the innovation that we launch to the market conditions. Our objective is clearly to reach by the end of 2028, very much in line with the GO•28 plan, 12% sales in research and development.

Now it is more what is it that we bring in terms of innovation that will resonate best in terms of market acceptance. Affordability in the market is obviously a big topic for us, and of course, we are looking at a portfolio of innovation taking into account this new environment.

Aymeric Fichet: Maybe just a second question from Arnaud. Could you update us on the launch of SPOTFIRE in France?

Pierre Boulud: Yes. As you know, in France, there is not a point-of-care market that is formally organised. What we are capable to do is to launch SPOTFIRE in the hospital environment, so it is mostly available to emergency departments. There are two new news. The first one is we have actually got the approval for Europe of the low-plex SPOTFIRE for respiratory that was not available in Europe yet, was launched in Q2. We expect it to further expand in Europe and of course in France.

The second new news that relates to France is there was a decree that allows to do [inaudible] [01:12:46] like elderly houses or maison de santé in French. I do not know how to say it in English. The decree is out, but there is no funding. As we speak, we are working together with authorities to see how we can organise for a proper reimbursement for that kind of solutions outside of the hospital setting.

Aymeric Fichet: Maybe the very last question from Thibaut Voglimacci from Allinvest. Should investors expect bioMérieux to play a more active role in industry consolidation in order to strengthen its medium-term growth profile?

Pierre Boulud: Our view on M&A stays unchanged. One, we keep looking at what we call bolt-on opportunities to further strengthen our portfolio of solutions in the core strategic segments where we operate. ACCELLIX or SPINCHIP or Neoprospecta are recent illustrations of what we do from an M&A perspective.

Of course, if and when we see adjacencies, additional segments where we believe we can acquire strong position, this is something that we keep exploring, but they need to be strategically and financially reasonable. No pressure that relates to this evolution of mid-term guidance.

Aymeric Fichet: Okay. Thanks a lot. Thanks for your questions and your participation to this call. Our next touch point will be on 30th October for our Q3 sales performance.

Pierre Boulud: Thank you, everyone. Have a good day.

Aymeric Fichet: Bye-bye.

Pierre Boulud: Have a good summer break.

[END OF TRANSCRIPT]