THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

BIM.PA - Q1 2020 Biomerieux SA Corporate Sales Call

EVENT DATE/TIME: APRIL 16, 2020 / 1:00PM GMT

THOMSON REUTERS

CORPORATE PARTICIPANTS

Sylvain Morgeau *bioMérieux SA - Manager of IR*

Alexandre Mérieux *bioMérieux SA - Chairman & CEO*

Guillaume Bouhours *bioMérieux SA - EVP & CFO*

CONFERENCE CALL PARTICIPANTS

Catherine Tennyson *BofA Merrill Lynch - Analyst*

Maja Pataki *Kepler Cheuvreux - Analyst*

Hugo Solvet *BNP Paribas - Analyst*

Peter Welford *Jefferies LLC - Analyst*

Del Le Louët *Societe Generale - Analyst*

Louise Boyer *MainFirst Bank - Analyst*

Scott Bardo *Berenberg Bank - Analyst*

Alex Cogut *Kampen & Co. - Analyst*

Christophe Ganet *Oddo Securities - Analyst*

PRESENTATION

Editor

Good day and welcome to the bioMérieux first-quarter 2020 business review conference call. Today's conference is being recorded. At this time I would like to turn the conference over to Sylvain Morgeau. Please go ahead, sir.

Sylvain Morgeau - *bioMérieux SA - Manager of IR*

Thank you, Mary. Good afternoon and thank you for joining us to review our Q1 2020 activity. As usual I am online with Alexandre Mérieux, Chairman and CEO, as well as Guillaume Bouhours, our CFO.

Before I leave the call over to Alexandre for preliminary remarks, please note that this conference call will include forward-looking statements. I would like to remind you of the usual disclaimer saying that forward-looking statements are based entirely or partially on adjustments or judgments that may change or be modified due to uncertainties and risk related to the Company's environment and, notably, those that are described in 2019 universal registration documents.

Those uncertainties include but are not limited to economic conditions, financial exposure to current exchange situations, change in government policies or regulation, third-party reimbursement policies, competition and obviously currency [circulating impactions].

I also remind you that today's call is being recorded and that a replay will be available in the Investors section of our website, www.bioMérieux.com. I will now hand the call over to Alexandre Mérieux and then we will open the call to discussion to questions.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Thank you, Sylvain, and a good day to everyone. I hope you and your family are well. So as you know, (inaudible) industry is playing a very important role in the current context. And all of us at bioMérieux are fully engaged towards bringing the right diagnostic solutions to the hospitals, the doctors, the patients and the customers. We focus on [operating] safety and also business continuity.

When look at Q1, so bioMérieux had a very good performance in Q1 mostly driven by a sharp increase of (inaudible) [ranges] and linked to the current health crisis. We recorded also good performance in (inaudible) and industry on the [weaker one] immunoassay.

It is for Q1 that we think we have not seen yet the negative impacts of the reduction of patient traffic in hospitals. And I will not come back with more details on the performance of each product line or each region in Q1, but rather focus on more general comments about the current situation with COVID-19 and how it may influence bioMérieux.

On the business front, demand for SARS-CoV-2 testing is soaring. BioMérieux's portfolio in infectious disease proved to be very valuable in this context, particularly with DNA extraction and respiratory panels. We have implemented [exceptional] measures to increase our production capacities for all of the product lines that can be useful to improve patient care in case of COVID-19 infections.

However, we are facing demand but exceeded our current production capacity which is also the case of the entire [IVD] industry. A strong focus is put on ensuring the supply of raw materials in the tense environment as we are ramping up our capacities.

From the onset of the epidemic, bioMérieux initiatives are in the works on broad diagnostic tests that physically detect this new coronavirus. Thus, mid-March, we released the first test based on the ARGENE technology.

This test called R-GENE SARS-CoV-2 requires a preliminary extraction of the genetic material of the virus and is running an open platform available on the market for amplification and detection. It allows us to test patients by batch in about 4 to 5 hours. This test is now CE marked since about a week and we are also planning to submit to an EUA from the US FDA.

End of March we received from the FDA the EUA for a second test, the BIOFIRE COVID-19. This test is a fully automated solution running in 45 minutes on a [similar] system to detect specifically the SARS-CoV-2. It was developed in partnership with the US Department of Defense.

We are also working on upgrading our BIOFIRE respiratory panel to have SARS-CoV-2 on top of the 21 targets that are already detected in about 45 minutes. This test will be called RP2.1 and we have accelerated the development timeline for this test. While we initially communicated on its ability in Q3, today we think that RP2.1 will be submitted to the FDA in the coming weeks.

This is for (inaudible) detection through molecular technology, but in parallel we have initiated R&D works to develop immunoassay tests to detect antibodies against SARS-CoV-2 also called serology tests. Serology tests will give important information on the epidemiology of the coronavirus infection and will allow other potentially useful applications in the future. This test should be ready before summer time and we'll give more information, more news when ready.

At the same time, while demand for SARS-CoV-2 testing continues to soar, this health crisis is also leading to a decline in other kinds of routine testing as patients delay visits to doctors and elective procedures. We expect these headwinds to materialize in the months to come. In the first quarter we saw only the first impacts of the slowdown notably in China.

So, forecasting precisely the scale of these headwinds and tailwinds is challenging. You see the reason why we decided to withdraw our objectives for the CFO now. As a word of completion, bioMérieux is truly mobilized to respond to the urgency of this health crisis, I'm also extremely proud of our teams which remain focused to develop, produce and ship tests and also supporting our customers in a very difficult environment. With this I propose to switch to the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Catherine Tennyson.

Catherine Tennyson - *BofA Merrill Lynch - Analyst*

I have three if I may. My first one is on the large number of BIOFIRE installations in the quarter. Could you just give us a little more color on the measures that you put in place to meet this elevated demand and subsequently how we should think about that impact on the H1 margin?

My second question would be I appreciate its early days in the launch of your PCR R-GENE test, but can you give us an idea of what sort of capacity you feel you will be able to quickly accelerate to by the end of this month and subsequently in Q2?

And then finally, on the APAC business, can you just help us understand the level of recovery, if any, that you've been seeing in China now that we've seen a slight easing of restrictions in that region? Thank you.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Okay, I guess regarding your question on production capacity, what we said today that we are ramping up our capacity potential. We communicated around the product that we can produce a few hundred thousand tests for a couple months of (inaudible) [for ranges] and we are increasing this capacity.

I think that's all I have to share at least at this stage. It is ongoing work, it is in progress. It depends also on the -- we do everything we can come also depending on the raw materials that are involved in this.

Your question on Asia Pacific, I would say that in Q1, this is where we have seen maybe an impact in China from COVID. I would say, yes, business is starting to get back to normal. But still I would say the traffic in the hospital is not at a level where it used to be. So, it is just still being monitored.

On the first question which was on the BIOFIRE installations, so you have noted a really, really high number of installations over the quarter as compared to last year. The measures we have taken to meet that demand are actually twofold. We used our inventory of equipment which should decrease strongly and of course we ramped up production of equipment as well.

In terms of margins, the first thing to note is that actually this installation partly is [placed] and partly is sold. The percentage of placement was a bit higher than usual, around 40%. We were on the (inaudible) usually. So, a bit more placement.

And again, I said last year it's not an issue for us at all. These patients are worth it, are worth the investment. And for the rest, we have -- the rest is sold and, of course as usual, equipment with lower margin and reagents.

Operator

(Operator Instructions). Maja Pataki, Kepler.

Maja Pataki - *Kepler Cheuvreux - Analyst*

I have a question with regards to capacity. Without giving us any exact numbers you mentioned that right now the constraint is really on the raw materials. So just to understand, how should we think about that in a longer-term process?

So, once you can actually get a hold of the raw material that you need, how much ability would you have to increase capacity from a pure manufacturing side? Would you need maybe the instruments to manufacture the labor or personnel to do that?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

We do everything, we ship (inaudible) on business. It's a bit mix of everything; capacity, it's people, it's time shift, it's also focusing maybe also sometime how you[fought on some wages] instead of others. So, to be frank with you, we do the most on that front. So, I don't see other capacity production because it's going to evolve with time as we increase capacity. [We do the max].

Operator

Hugo Solvet, BNP Paribas.

Hugo Solvet - *BNP Paribas - Analyst*

I have two. First, thanks for the timeline for the launch of the serological tests you are working on. Can you confirm it will be running on VIDAS?

And also in terms of manufacturing capacity probably on a monthly basis, I understand it might be early to share at this stage, but ballpark or current average production capacity for high-volume tests would be helpful.

And on molecular, based on the demand you initially anticipated for the respiratory panel, how much of sales have been effectively driven by COVID-19? Thank you.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

So regarding VIDAS, at this stage I would say it is R&D work, it is R&D work under the plan for us to progress. I believe we would like to have a test by summertime. Capacity wise, we'll do the [max] also. I cannot say more. [You know] we have many, many [permittable] VIDAS (inaudible), but will do the maximum depending on the demand. I already forgot the question about (inaudible)?

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

So, (inaudible) about the increase linked to COVID-19. So, the first thing to re-highlight is that we had no sales linked to the COVID test in Q1. They were launched right at the end of Q1 actually. And so, we'll have sales from Q2 in terms of sales of COVID tests.

But as you understood, of course the respiratory panels and tests have been used to triage and to select respiratory issues. And basically you can see that 67% [organ] growth of molecular. The bulk of the -- the acceleration of growth as compared to our usual trend of 2019 is fully coming from respiratory and pneumonia panels. There are two panels that are helping in the diagnostics around COVID.

Hugo Solvet - *BNP Paribas - Analyst*

Okay, thank you. And one follow-up, if I may, on the immunoassay and the portfolio. What trends do you see for routine testing volumes as opposed to high value-added tests? Thanks.

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

We believe that routine testing will be the one which might be more impacted by less (inaudible) in the [months to go]. It's difficult to estimate. Hence, this is the fact that we don't give guidance. But (inaudible) impacted.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

It will be impacted. We will measure it better in Q2 because in -- for in Q1 again the most advanced was obviously China. But also with this lag effect as we explained on (inaudible) China. We sell through distributors, so the sellout from the distributors was (inaudible) has been impacted. Not yet so far the sell-in from bioMérieux to distributors. But as I also mentioned, it would be significantly -- potentially significantly impacted.

Operator

Peter Welford, Jefferies.

Peter Welford - *Jefferies LLC - Analyst*

I've got three, I believe, please. Firstly, just on BIOFIRE, I wonder if you could please provide a sales number like you sometimes do for the FILMARRAY business this quarter. And if possible an approximate proportion of that business that came from ex-US regions.

Secondly then, just on microbiology, obviously we anticipate a significant routine -- significant decrease, sorry, in the routine immunoassay business given the footfall in hospitals. Should we still anticipate that there will be a relatively more benign decrease in routine microbiology testing given obviously the number of patients actually staying in hospitals is presumably at all-time highs?

Or are you after your trends that you're seeing so far in Europe and the US, if they are also just due to the physical constraints on staff, decrease in routine microbiology tests at the moment as far as you are aware within hospitals?

And then thirdly, just on costs, obviously significant investment required in capacity to be able to increase manufacturing on that side. What about efforts with regards to staff costs in terms of sales and marketing and other staff? And is bioMérieux at all furloughing any staff in France on the marketing side or other parts of the business? Or is headcount being maintained throughout the period at the moment during the lockdown in France? Thank you.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Okay I will take the microbiology question. (inaudible) tests to be followed, I don't know what will be the impact on the less (inaudible) in the hospital. At the same time, it's true that when people are confined (inaudible) less to the hospital. But the patients also which are in hospital, sometimes they do sepsis, sometimes they do organ failure. So I'm sure there will be a need for the microbiology testing.

But we monitor -- there will be a specific impact on some ranges in microbiology. I'm not sure about your last question around the cost for production [and all]. To be frank, at this stage we are focusing on delivering the solution on the ---.

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

Yes, (inaudible) on the costs yes, the elements that we see, that we have, like everyone, transport is somehow challenged, so probably a bit higher cost on the supply chain logistics and transport. But I think you probably see that in many, many industries.

In terms of staff cost, we maintain compensation for all our staff. So, we are not using at this stage any of the government help or things like that. So, no specific elements on the staff costs. And of course we -- I think as everyone, we see more savings on the travel and things like that due to the lockdown.

Coming to your first question about the BIOFIRE sales number, or the sales number is EUR265 million for the quarter. And the proportion of non-US is pretty [significant] to last year with 20% -- roughly 20% non-US.

Operator

Del Le Louët, Societe Generale.

Del Le Louët - *Societe Generale - Analyst*

Could you clarify, please, the CapEx strategy that you have put in place from now on? This is the first question in terms of region and also in terms of value.

Second question, could we have your feedback regarding the massive increase in North America of the business compared to Europe, meaning that Europe was a bit ahead regarding the [pandemic]? Is it just a question of timing or is it more a question of client base and relationship with your clients? Sorry because I didn't catch -- I mean the line was poor. So, you confirm that the serological tests will be on VIDAS by summertime. When I hear Summer do I have to hear June or a bit later?

And finally regarding the BIOFIRE, so you confirmed the fact that we have quite a stabilization for the existing business, I would say [non-ex for] COVID for all the other panels and we don't have any massive decline, for instance, in G.I. or other panels in BIOFIRE?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Yes, so to go back on VIDAS, yes, we said still R&D work, but a goal for us would be to move test on VIDAS, COVID test on VIDAS for the summer, which is June 21. I will let you know -- (inaudible) will let you know before [or I'll start with that], that's the plan. But still R&D work (inaudible) but we are working hard on this one.

Your second question on the mix. I think it's more client based regarding reading the FILMARRAY. Your question around the CapEx, to be frank, we do what is needed today. I don't see a big change on this. Although to be frank, I shouldn't say that maybe. But we do what is good to increase our production. This is what matters.

Del Le Louët - *Societe Generale - Analyst*

Probably a follow-up on the serological test. Which immunoglobulin are you targeting? Are you -- [HGGM]? Which one are you going to go for? [6G]?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

[G] or [GMM], we'll see. It's R&D work at this stage.

Operator

Louise Boyer, MainFirst.

Louise Boyer - *MainFirst Bank - Analyst*

I have four if I may. The first one is, you mentioned that during the last week of the quarter, you've seen a clear inflection in the demand of non-routine tests. Can you tell us a bit more about what happened during that last week of the quarter, which kind of decline are we talking about?

The second one is on BioFire defense and the increase of other lines in the clinical application. Shall we see that as a one-off because it was the first test of COVID that was given to (inaudible) continue during the Q2?

The third one is concerning the cost of this production line shift. And you mentioned already many times that you're not expecting any big CapEx change. Shall we think about staff bonuses or some kind of staff cost increase for this exceptional period? Some groups are talking about that.

And the fourth one is about the dividend. You postponed it [beside] a quarter that is way above the expectation and balance sheet that is not under pressure. Shall we expect a cut or is it just a push back?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

It is a pushback. At this stage I think we would give the date of June 30 (multiple speakers).

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

For the [general assembly] (multiple speakers).

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

It gives us time maybe to assess what we will do. The other question, the cuts COVID-19 (inaudible) in Q2, yes, we will keep on producing and selling COVID-19 from defense in Q2. And costs --?

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

On the costs, I'm not sure about all the parts of your question, but CapEx change, we confirm that there is no major CapEx change. We had already invested for some time about the increase of capacity of BIOFIRE and the new let's say plant is coming actually right on time in the coming months. And staff bonus, no specific element actually to share. No specific change.

And we mentioned -- your first point was about the end of March subjects and changes on the routine. And yes, that's why we communicated clearly on the fact that we expect some of the end of March negative effects. We mentioned no routine -- some parts of microbiology that are more routine that will be impacted, not yet in our figures at the end of March but clearly will be. We expect to be in the figures in Q2.

So, as it Alexander mentioned, the mix of headwinds, molecular and tailwinds on some of the more routine [accounts] in the future with a net effect between headwinds and tailwinds that is not easy to measure at this stage.

Operator

Scott Bardo, Berenberg.

Scott Bardo - *Berenberg Bank - Analyst*

So, first question please, we understand that clearly there's been a lot of triage and rule-out testing in North America for upper respiratory testing amid this initial presentation of the COVID-19 symptoms, which presumably has led to this very strong dynamic you see this first quarter. We're hearing anecdotes now that given that the flu season has finished, ended or significantly reduced, there's much more focus now on this COVID testing both clinically and politically.

So, what I wonder actually is are you expecting a continued strong performance from your upper respiratory testing panel prior to your incorporation of the COVID pathogen? Or would you expect this now to decline and shift towards your COVID testing single organism panel? So, that's question number one please.

The second question, pleasing to hear the uptake of the pneumonia panel, which of course seems very relevant in this current environment. It has been a very slow start initially for this uptake of this solution. So, can you give us some sense now in the performance in Q1 what proportion of that was pneumonia? And do you think that this recent experience has changed the trajectory of that particular test? So, I'll pause there, please, and then I have a couple of follow-ups. Thanks.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

I think -- I'm watching my colleagues. I think (inaudible) did quite well in Q1. I think there was (inaudible) to the increase of testing around the respiratory. Also it's a (inaudible) around the promotion and the recognition of the value of this highly [valued] test.

Regarding your question on COVID and respiratory, first I think (inaudible) 2.1 is coming soon, so that will become a very important part of our (inaudible) solution including coronavirus. So, for the rest I expect (inaudible) which are linked to respiratory disease will have good momentum.

Scott Bardo - *Berenberg Bank - Analyst*

I'm sorry, I don't think I heard you. Did you say that the pneumonia panel was still a smaller part of your revenue development in Q1 or was this a more significant part?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

It was a good increase compared to the last year. I see an increase more than the share of (inaudible). But that's included, I would say, in our respiratory portfolio of solutions.

Scott Bardo - *Berenberg Bank - Analyst*

Understood. And Alexandre, I appreciate these are testing times and bioMérieux has done incredibly well reinventing itself and trying to meet these needs and challenges that everyone faces. But can you give us some feeling, please, because clearly your opinion is better than most at this point, as to whether you expect the strong demand in molecular to outweigh the near-term negative pressures to routine?

I mean, do you expect this BIOFIRE performance to maintain or even expand from these current levels into the coming quarter? Clearly we all got it wrong this quarter, so it would be helpful to have some perspective into the next.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

To be (inaudible) when I said if we withdraw our guidance also to say that in the face of uncertainty. So, we don't know for sure, we'll do our best. We follow demand and we work hard to produce and we work hard in R&D to develop the best solutions for diagnostic testing of COVID. But difficult to project ourselves. Hence this is why we have decided to withdraw (inaudible) for this year.

Scott Bardo - *Berenberg Bank - Analyst*

But on balance you would probably say that the organization can still have positive growth in the second quarter, is that a fair assessment?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

I cannot comment on this one. We are working hard.

Scott Bardo - *Berenberg Bank - Analyst*

working hard, I appreciate. Okay. And maybe last couple questions please. And sorry, did you call out what percentage of your immunoassay business and microbiology business you would classify as routine? Sorry if I missed this.

And second question please, in North America again, it seems that the payer, CMS, for at least outpatient testing, has increased funding for high volume testing. All of the larger competitors that you face are getting more preferential reimbursement terms as compared to lower volume testing. Would you say this is an unfair status -- reimbursement status for your solution? And will you be discriminated against in these sorts of laboratories now for COVID testing?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

(multiple speakers) I don't know -- plus -- right now we have (inaudible) we have [212] testing [per family], so I think we can still be part of this high testing laboratory. So, I didn't follow -- I don't have any specific comment on this to say, but we might be part of it, I don't know. [We are working on it].

Scott Bardo - *Berenberg Bank - Analyst*

Okay, understood. And the routine testing, the rough proportion would say of both microbiology and immunoassay?

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

It's always difficult to classify (inaudible). But to give you a ballpark idea, we think that immunoassay, we could say about half of immunoassay can be classified as routine. The rest being a mix of high medical value and -- emergency and high medical value.

In terms of microbiology it's more difficult. Blood culture is often used in emergency situation. IDSTs are a mix of routine and emergency, so no figure but it's a mix also in microbiology that will either benefit or be impacted.

Operator

Alex Cogut, Kempen.

Alex Cogut - *Kampen & Co. - Analyst*

Appreciating it's early days, but how do you currently foresee the serological market for SARS-CoV-2 to develop through the year? And do you expect that to essentially fizzle out as of 2021 or 2022? What's your mid-term and long-term expectation?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

I think that as soon as there is a good offer, it will be highly recommended (inaudible) for epidemiology reasons. So, no, I believe there would be a real market a real opportunity for (inaudible) in addition (inaudible).

Alex Cogut - *Kampen & Co. - Analyst*

And any sense how large that is in some kind of quantitative measure?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

I know there are already some (inaudible) on this. On my front I don't know the figures. Just (inaudible) for quite some time.

Operator

(Operator Instructions). Christophe Ganet, Oddo.

Christophe Ganet - *Oddo Securities - Analyst*

So, two questions actually. One on the serological tests. Do you think could be the differentiation that's happening in the immunoglobulin to be tested? What would be the differentiation of the tests compared to what is already existing in the market? First.

And secondly, do you see in Europe differently in different countries where you are present? Do you see a shift during the pandemia of usage of tests? Is there tests that are used at the beginning of the pandemia and new families or emerging families of tests that are used? Can you help us to understand correctly the practices of the professionals and the biologists, please?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

I would say there is still soaring demand for PCR tests. I think the demand is still increasing on (inaudible). So, I think (inaudible) result. At the same time, there is a (inaudible) need for surgical tests, everybody talks about it. The differentiation (inaudible). Then again (inaudible) R&D work at this stage. That's the plan to launch (inaudible) differentiation.

Usually when we launch a product it has a good performance, and there are many good specificity and this is what is expected in the case of serological test. I know there will be many players on that floor, but the need would be so big that it's important. One differentiation is that the (technical difficulty) all around the world. It's got a high throughput platform, but it's robust. It's in a lot of laboratories and we'll do our best to develop a good test.

Operator

There are no further questions -- we have a follow-up question from Scott Bardo of Berenberg.

Scott Bardo - *Berenberg Bank - Analyst*

One slightly bigger picture question and, Alexander, I wonder whether you could brave sharing some views on this, because obviously these are all sort of uncertain times. But we're in a situation where there is a very high degree of testing across the world for COVID, both molecular testing and the expectation for serology testing. And that I think is trying to, if you like, deal with this outbreak which is reaching near-term peaks in a lot of regions.

Can you share some thoughts for us, please, about the duration of this sort of pace of molecular diagnostic testing? Do you expect this to continue all throughout the year into next year? And also maybe share thoughts on serology. Is this going to be a short-term testing phenomenon in 2020 or something more entrenched and established for years to come? So, can you share some thoughts about where we are for the duration of these sorts of testings? That will be helpful.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

I'm, not an epidemiologist, but my product COVID-19 is here to stay in one form or another. I hope not always under these peak circumstances, but we need to test for COVID for the months or years to come. Hopefully not in such a high demand, but we have monitor.

I think what matters for me, but it's too early to talk about this, is what influences we have on the healthcare system on the way we do diagnostic -- centralized, decentralized, some type of question we would ask ourselves after. But there is nothing positive [out of] this crisis.

But I'm pleased the value of diagnostic is more and more recognized first to avoid the pandemic strain, and then to monitor. So, I think it's also a good recognition of the work that needs to be done in the field of diagnostic and/or infectious disease.

Scott Bardo - *Berenberg Bank - Analyst*

Thank you very much. And maybe just lastly, a lot of hospitals are under quite a bit of financial strain, particularly in North America now as the most lucrative areas, being elected procedures have been delayed and postponed. But both [your] tests are quite expensive, but maybe not considering the considerable clinical value that they add.

But my question is are you seeing any reluctance or pressure from hospitals with respect to price at the moment given the very high volumes that they are using and mirrored with their quite deep financial constraints? Is there any evidence that the proposition has changed from a pricing perspective in this environment?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Not to my knowledge. But as you said, it's also a [value based] play. Not to my knowledge (inaudible). And we are monitoring of course credit subject and heads of our customers. I would say that probably North America is where we see the least issues. We understand that a number of emergency funds have been released by the US to help actually hospitals funding. So, that's where probably we see, at this stage, less problems.

Operator

And we have a follow-up question from Christophe Ganet of Oddo.

Christophe Ganet - *Oddo Securities - Analyst*

Yes, (technical difficulty)?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Can you repeat, Christophe?

Christophe Ganet - *Oddo Securities - Analyst*

(Technical difficulty) to the US? Are you aware of the projects that could look like a health passport or E passport for health for any non-US citizen that could come on the territory? Or could you be involved or would you be a part of the bargain of such a project?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

At this stage not aware, not involved.

Christophe Ganet - *Oddo Securities - Analyst*

Do you think that it's something interesting and that could be on the table for the US government, which is always cautious with the non-US citizens?

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

To be fair, I don't know (inaudible), I have no -- I'd like to read and think before -- I don't know -- I don't know, sorry.

Operator

There are no further questions at this time. Please continue.

Alexandre Mérieux - *bioMérieux SA - Chairman & CEO*

Thank you, Mary. I don't think we don't have any more questions. So, thank you very much, everyone, for the discussion and questions. And we look forward to speaking to you during the next virtual conference and virtual meeting that we will have over the next weeks or months. Thank you, bye-bye.

Guillaume Bouhours - *bioMérieux SA - EVP & CFO*

Take care.

Operator

This concludes today's call. Thank you for your participation. You may now disconnect.