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PRESENTATION

Operator

Good day, and welcome to the bioMérieux Half Year 2021 Earnings Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Franck Admant. Please go ahead, sir.

Franck Admant - *bioMérieux S.A. - Director of IR*

Thank you. Thank you, Anita. Good day, everyone, and thank you for joining the review performance of the bioMérieux half year performance. Before leaving the floor to Alexandre Merieux, Chairman and CEO; and Guillaume Bouhours, CFO, I will just make a very short introduction to provide you with a couple of information.

First of all, our press release was released this morning at 7:00 a.m. This press release can be found on our Investors section of our website. And promptly after the end of the meeting, the webcast, the slides and the call will be available in replay in our website.

Now going to the presentation contents, after reviewing the performance of the 6 months of 2021 we will hold the Q&A session. Questions can come from the conference call and from the chat of the webcast. (Operator Instructions)

A very last word concerning the presentation, starting with the presentation, we have the usual disclaimer, I recommend you to take a note that it contains, that reminds the usual disclaimer about the forward-looking statements. You can see on the first slide, display on the screen.

Now I hand the call over to Alexandre Merieux. Thank you.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Thank you, Franck. Good afternoon, and good day to everyone. Thank you for joining this webcast related to our H1 results that we announced this morning. So I will start directly with the performance of bioMérieux in H1. I believe there's been a solid performance. When you look at the sales, we have been in line with what we have announced showing an organic growth of plus 12%. Also important to notice a very nice improvement of the stability of the contributive EBITDA showing -- being close to 44%. Also, worth noticing that if you see the free cash flow and the leverage, bioMérieux is almost a debt-free company.

When you look more into around the business trend, but you can see that in (inaudible), we had to different parts of the year because of (inaudible) to the succession -- success in the U.S., so we saw less demand for RP panel in the U.S. in Q2, even the signals, I would say, start to be back to stronger and stronger demand.

Microbiology performed very well, thanks for immunoassay, I would say, and the [industry] business. So if you look at BIOFIRE, as mentioned, so now we are -- our installed base is important. We have more than 20,000 units sold and placed -- and installed worldwide. What we saw in H1, contrasting between Q1 and Q2 is a growth of 7% in H1. We're also seeing also that the non-RP panel are now back to ratio growing at 30% and being now 34% of the total sales of the FILMARRAY panels.

This first half of the year also has been quite rich in terms of launching of new products, new systems in microbiology, we see MALDI our new mass spectrometry platform called VITEK MS PRIME, which is under controlled launch. And we have also recently find co distribution agreement with the company [Specific Diagnostics] for the European market in the field of Rapid AST. Molecular BIOFIRE (inaudible). In U.S., before BIOFIRE was the first one to be a De Novo approved panel. And we also recently launched a [genomic] solution with EPISEQ SARS-COV-2 for the detection of the variants.

immunoassay, we've been quite busy and successful launching new parameters on the range, and we started with NEPHROCHECK by that for acute kidney injury. We also launched TB IGRA for detection of latent TB. As well as, dengue, VIDAS, also, which is an important IGRA virus.

So if I come back on to microbiology, in H1, plus [13%] organic sales growth, and we are better than the intended growth, so growing better than the pre-pandemic level. This performance was led by automated [IDHT], but for sure, particularly in North America and Asia-Pac, as I mentioned, controlled launch of the VITEK MS PRIME, which is very nice proprietary and a differentiated platform for the identification of bacteria.

(inaudible) was a close to 30% organic sales growth. So the growth was fueled also back by the factor, going back to better, I would say, clinical and business condition in Q2, but also fueled by our COVID-19-related parameters and such, of course, as VIDAS SARS-COV-2 test, but also parameters such as D-dimer and (inaudible).

Good launches of our solution, as I mentioned, and also a good pipeline. And also, we have announced the acquisition of a company, Banyan. We had partnership and investment in this company and see the company having the market for traumatic brain injury. One reserve is maybe the trend around PCT, which continues to be under pressure in the U.S., both in terms of volume and [ASP].

Industrial applications performing very well at a 17% growth in H1. I would say it's maybe more than a recovery with strong growth, both in systems and reagents and we see this growth both in food and biopharma applications.

With this short introduction, I will now leave the floor to Guillaume Bouhours for the financial results for H1?

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Thank you, Alexandre. Hello, everyone. So first, you have here a full view of the H1 sales by year range. So Alexandre already commented and gave you some color on the industry on immunoassays on microbiology. Molecular, just to mention that we have BIOFIRE at plus 7, the whole molecular ranges at plus 3. So the other molecular decrease coming back to -- based on a super higher level of 2020 and coming back more to -- closer to their pre-pandemic level on other molecular. I think for the rest, we have already commented. A bit more details on the BIOFIRE on some elements. So you see here the installed base that grew from about 10,000 to 20,000 in a span of 18 months. So pretty strong extraordinary increase in the first semester, so the 2,800 additional net units, we have about 60% in the U.S. and 40% outside of the U.S. And as you can see the big majority were actually sold systems. Interesting to note that in the U.S., 40% of H1 installations were with new customers, so still gaining new customers, even in the U.S., and of course, a lot outside of the U.S.

We wanted to show you a bit of the monthly trend at the bottom of this page. The way to read it is that you have the monthly respiratory panel sales in the U.S., in green for '21; and in white for 2020. So you see, of course, in green, what we have discussed together quite a lot, which was

pretty strong decrease of demand in March, back in March that we discussed together in April from the January, February levels. The second element is that the demand stabilized from the March level. You can see that April, May, June are somehow equal to March level on a monthly basis.

And as Alexandre said, we can also share with you, and I think it's been widely commented as well that U.S. testing is going back up again in -- since maybe 6 weeks or so. Hospitalization rates back up again also in the U.S. And we have seen, as a consequence, recently, but a clear ramp-up of demand on end of July and August for respiratory panels in the U.S.

Moving to our sales by geography. So America is still, of course, our first region overall with 46% of sales. So the 5% growth is a bit contrasted between very positives on the performance, from the performance of microbiology, industry, nonrespiratory-BIOFIRE panels, growing fast. Also a very good dynamic of Latin America. And of course, some less positives, the slowdown of respirator, which I just commented in details, but also, as Alexandre mentioned, competitive pressure on our procalcitonin VIDAS, say, in the U.S.

EMEA, very strong, 18% growth. Of course, very strong, but on the lower comp basis for Q2 last year on the non-BIOFIRE ranges. So very solid in all key ranges on BIOFIRE on the other ranges. And third one is Asia Pacific, also a very strong growth at plus 25%, strong momentum. Also of a recovery from a low comp from last year, especially strong, if we can mention in India, we have a good positioning of VIDAS immunoassay business in India that was very much used for the diagnosis of COVID-related patients in the first 6 months.

And as well also to mention a pretty big success of BIOFIRE in Japan, becoming one of our big countries outside of the U.S. now, for this range. Moving to the global sales. You see here the -- let's say, the bridge, so we've already discussed plus 12% organic. The total reported is plus 6.6% with, let's say, the usual FX impact. U.S. dollar was moving quite a lot compared to last year H1, and also some devaluations, especially Latin America, of currencies.

Now we can comment on the profit and loss. So again, the way to read is that you have the comparable like-for-like change on the last column. So the plus 12% for sales translated into plus 18% for gross profit. You see that gross profit improved from 55.3% last year to 58% in H1 this year. Thanks to a positive mix effect, as well as, of course, higher volume and the related effect on the gross margin.

Before commenting on SG&A and R&D, just taking a step back together to remind everyone that we have this phantom share plans that most of you know very well, but these were bonus plans for retention purposes for our U.S. teams, put in place 3, 4 years ago, but that were indexed, paid in cash, but indexed to the bioMérieux, so quite some volatility depending on the share price change in our P&L.

For the phantom shares, we had a EUR 42 million expense in H1 2020 coming down to only a EUR 2 million expense in H1 this year. So a big improvement. Also to mention that they are now over, meaning that we have, let's say, settled and paid the last tranche of phantom shares to our U.S. teams in April. These elements are actually split in the different functions. So you have some in sales and marketing, in G&A, in R&D. So that also is important when we look at our different lines.

So commenting now on SG&A, you see a plus 3% increase on a like-for-like basis, which actually includes lower phantom share expense, as I just mentioned. And on the opposite, a pretty important expense for our employee ownership plan called MyShare that we do every 2 years. That was a big success this year and EUR 10 million expense in our P&L in H1.

Still, I want to mention that these levels of SG&A are very low in terms of travel, very low in terms of marketing, congress spend, of course, and not at a recurring level. R&D seems to be at minus 6% on a like-for-like basis, but again, includes this decrease of piece of expense, that was also, of course, for R&D teams. So if we take out this phantom shares effect, R&D expenses are actually stable year-on-year. Overall, as Alexandre already presented, contributed operating income, EUR 374 million, almost 24% of sales. So a record level, up 59% versus last year.

Moving now below EBIT. So we have our usual BIOFIRE acquisition-related costs, so the amortization of intangible assets linked to the acquisition, flat apart from currency impact. Important to note, a pretty significant reduction in our net financial expense. So you see moving from minus 13 to minus 7 for H1. This is linked to a lower debt level. We will see that in a minute with the cash flow and also a lower cost of debt, thanks to a good -- let's say, successful refinancing of some of our debt last year in June '20, where we see now the results.

Income tax at a 23% effective tax rate, no major exceptions, would just comment that we have an uncertainty like a lot of companies present in the U.S. Looking forward, based on the U.S. tax reform, terms and timing that could come later. So overall, net income at EUR 277 million, up 60% year-on-year. I propose that we move to the cash flow statement. So in line with EBIT that I just commented, EBITDA is significantly up. We have a working capital consumption in this H1 of minus 86% -- minus EUR 86 million, sorry. A significant part is from inventory. So just to remind everyone, BIOFIRE range was under allocation or back order, back in December. So of course, very low inventory.

We came out of back order in March, which meant we were able to rebuild our inventory of finished products and equipment, which is good news in terms of serving our customers. But of course, is visible in our cash flow. Payables and receivables moved, let's say, in line with the activity. And in the social and tax debts, we have a pretty significant impact. Some that are very recurring, the seasonality of yearly bonus payments, yearly profit sharing payments and another one, which is more a one-off, which is this phantom shares last tranche payout to our U.S. teams for EUR 35 million in April out of this amount.

Capital expenditure to comment is 9% of sales, a bit up compared to last year with, among others, some capacity investments in our facilities and plants in Salt Lake City as well as automation for BIOFIRE and also in China, plants in Suzhou. So overall, free cash flow of EUR 145 million, exactly in line with last year, but at a high level, actually, that helped to decrease again the debt position to EUR 32 million debt, so almost neutral.

And that includes EUR 100 million of IFRS 16 lease debt. And with that, I hand over back to Alexandre on the outlook.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Thank you, Guillaume. So I would say that based on this, the solid performance that we gave in H1, based also on the current dynamics. And even if, as we say, it's evolving and sometimes unpredictable environment into a link to COVID, now we can really confirm, I would say, our objectives for the year to have a sales growth between [4.5%] to [5%] -- to around 5% and also under the (inaudible) should be in line with last year's performance. So with this being said, if this is okay with you, we can start with the Q&A session. Anita?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll take the first question from Maja Pataki with Kepler.

Maja Pataki - *Kepler Cheuvreux, Research Division - Head of Med Tech Devices Sector*

I would like to start with 3. The first one, and apologies if I have missed that, but Alexandre, could you give us an indication of the percentage of respiratory of BIOFIRE in the U.S. and out of the U.S. The slides were moving too fast so I couldn't really follow track if you have given that?

My second question is, given the many dynamics that we're seeing in your immunoassay portfolio, can you remind us how big the U.S. PCT market is as a percentage of immunoassays sales, so just give us a rough idea of how much it is?

And the last question is with regards to your balance sheet and your appetite for acquisitions. Is that something that has gotten increased attention again from the company? Or is that something where you take a very pragmatic approach saying if something comes along, we'll take it. If not, we'll find the way we are.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

So I won't take your question in the order. So I'll start with the last one. Balance sheet. Yes, as we said, we are a debt-free company. So I would say it gives us a room of maneuver. But will be -- when -- I don't know if we'll be pragmatic, but we'll be strategic. What is interest for us. It's everything

which is linked to technologies or which can have an impact for the benefit of the patient or for the consumers looking at industrial application. So we remain active in that space now following our strategy around medical value differentiation. So we stay receptive on this front in terms of scrutiny and on screening.

I would say your first question, I'm not sure I have the answer. It's the split mainly for the U.S. What I've shown on the slide that we see an increase of non-RP in H1. So 30% of the regent is non-RP. The international split for FilmArray, 70% U.S., 30% outside of the U.S. More specifically for the U.S., what, I think, was your question. I'm not sure I have the answer, but maybe Guillaume, you have it.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

No, we don't enter into the cross, let's say, details. So again, 34% non-RP in H1. And as I exactly said, 30-70 for U.S., non-U.S., which is actually a pretty high level for the non-U.S. and probably the highest in recent years.

The last question was on PCT. So all we know what I can say that PCT is about overall 30% of the VIDAS business. Then I don't think we entered in the details of the U.S. part, but you know the share of U.S. and of course, in PCT, it's a bit higher than our global share of U.S.

Operator

We'll take our next question from Michael Jungling with Morgan Stanley.

Michael Klaus Jungling - *Morgan Stanley, Research Division - MD, Head of MedTech & Services and Analyst*

I have a few, please. So hopefully, this is okay. Firstly, when it comes to BIOFIRE, you mentioned that the nonrespiratory panels continue to accelerate growth in the quarter. Can you comment on whether this is very much sort of an impact from the vaccination effect, people going back to normal ways of testing? Or is there a sort of definitive trend where customers are trying to fill the void of COVID testing, and therefore, trying to drive the utilization of the machine to a higher level. That would be interesting.

Secondly, on Luminex, do you have a feeling about their masking technology helping to reduce lab costs. Is this something that you would like to introduce in your offering?

And then thirdly, on gross margin of 58% in the first half, seriously impressive. What do you think is the likely scenario in the second half? Is 58% margin too high? What are some of the puts and takes that would prevent you from getting a margin close to 58% also in the second half?

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Okay. I will take your first question. The fact that we saw an increase on the non-RP panel in Q2 signal that vaccination campaign worked, in fact, and that maybe also that there is more than one virus scrutiny and it's true that, I believe, went back also to hospitals and not being only COVID. So I think it's a good trend, it's maybe interesting what or it was maybe, a more normalized trend that we do to that in Q2.

Your question on Luminex who has a masking approach. No, that's something we want to do or we want to promote, the duty of the FilmArray to offer this exhaustive view and that we believe full syndromic approach is the one with the best benefit for the patient. So I don't see why we will not provide the relevant information if it is available. The last question...

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Yes. On the last question -- thank you for the question on gross margin. As you see, we guide on the contributive EBIT, and we don't guide line-by-line, yet I can make a few comments. But the gross margin is very, of course, pretty dependent on the product mix. Obviously, we have a slightly different

levels of margins by product range. We don't give the exact figures, but we -- as we usually say, BIOFIRE and VIDAS are actually among the highest in gross margin. So you see that these are also the 2 that are pretty dependent and evolving fast, linked to COVID. So it's difficult to, let's say, to predict if those are going to be accelerating or decelerating fast. It changes almost from 1 month to the next. So highly dependent on product mix in H2.

Michael Klaus Jungling - *Morgan Stanley, Research Division - MD, Head of MedTech & Services and Analyst*

Okay. And can I please follow up on the masking technology. I appreciate that the whole idea is to provide as much information as possible. But if the lab operator would like to have masking, is it not their choice if they want to invoke it or not? I mean providing them with the flexibility, is there not something that could potentially be detrimental to your offering if you did not have it?

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

I don't think so. I think the duty and the value of FimArray that this exhaustive approach and why not giving the full information if we have it. So it would be that choice. But I believe the technology of FilmArray is meant to provide comprehensive and relevant information. This is what we defend.

Operator

We'll take our next question from Hugo Solvet with BNP Paribas.

Hugo Solvet - *Exane BNP Paribas, Research Division - Research Analyst*

First, on the TB test that you have launched in Europe earlier this year. Can you maybe share with us some feedback that you're getting in the controlled launch phase urine? Second, a quick follow-up on the gross margins in H1. Can you give us a sense of the evolution of the gross margin in Q1 and Q2. I know you don't usually get into that much details, but that would help us understand the evolution for the -- for H2 and maybe how much of the gains that you have had in H1. You've -- you think are sustainable into next year? And lastly, on the CapEx in China, can you remember us please what projects these are into?

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

I can take the last one in -- CapEx in China, I think this is linked to our projects, (inaudible) in long time, our strategy is to be more and more Chinese in China. So we have a manufacturing an R&D project in China, 2 of them are in Suzhou. One is related to Hybiome production of immunoassay. And the second one is linked to the production of blood culture bottles in China. So these are the 2 main projects that we have there.

Your first question on TB IGRA, which is a (inaudible) CE mark and to control launch, but now for first good feedback. I would say -- The key features around the test [side], it's around the performance and the second month around the automation. So first, a good feedback on this initial launch and same good feedback also on the VITEK MS for the controlled launch.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

On gross margin, as you said, we don't -- and turning to the details of the margin in Q1, Q2. Yes, there's no big swing, I would say, so -- It was probably your concern.

Hugo Solvet - *Exane BNP Paribas, Research Division - Research Analyst*

Yes. Okay. And one quick follow-up, if I may, on the instrument placements slowing down sequentially and coming back to pre-COVID level. Any other factors we should have in mind aside from hospitals and your clients having already bought a lot of instrument last year.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

No. As you exactly said, it's a level that is similar to the level of quarterly new installations that we had pre-COVID, which is a good level. I don't think that there is any obvious effect at this stage to highlight.

Operator

We'll take our next question from Del Le Louet with Societe Generale.

Delphine Le Louet - *Societe Generale Cross Asset Research - Equity Analyst*

A quick follow-up on this one regarding BIOFIRE installation. When I look at the historical pricing and revenue for BIOFIRE, we were running in the range of EUR 65,000 to EUR 72,000 equivalent for -- on a yearly basis. We had a clear [rupture] here in H1. So I try to understand what's the pricing issue on the back, if there is any more comments to have? Is it depending on the panels sold? Can you elaborate a bit more on what we should keep in mind regarding the pricing on the various panel and any comment will be very appreciable.

Regarding industrial application, again, it's growing largely above a simple V-shaped recovery. So any comments, what's new? How we should look forward? We have a very comparable -- favorable comparable base in H2 coming up? So can we get any comments on this one. Alexandre, you rapidly mentioned your positive impact regarding VITEK MS. Can you say a bit more regarding the launch and client perception?

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Okay. So VITEK MS (inaudible) control [launch is fixed], which goes well. No, what I can tell you on VITEK MS, I think it is now a proprietary platform. It's important and we made a few nice improvement in terms of features, I would say, the database. I would say, the time to result, serviceability also around the instrument. It's bench at also. So this is, I would say, early days are quite promising, but this is the as far (inaudible).

Regarding industry application, we see a base effect positive one maybe on the food side, compared to Q2 last year where restaurants and food (inaudible) were close.

But still, pharma is still doing very, very well. So not of the trend, I would say the trend is good. There is some base effect, I believe, on the food side, but pharma, I believe I don't remember all the figures than last year was also a good year for pharma. We're well positioned on the pharma industry with quality control. And also, there are many, many new biotech companies and maybe more vaccines also being produced where we -- so I think this is a good trend on this application. First question was on finance...

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Yes. Sorry, the first question, we're not sure we understood the pricing, we can comment that there is no significant change or move on our average selling price on the -- yes, of the reagents. So we are not sure exactly of your...

Delphine Le Louet - *Societe Generale Cross Asset Research - Equity Analyst*

And regarding the instrument -- yes, regarding the instrument pricing, how is the breakdown?

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

No changes. As I mentioned, 80% was sold in H1 and 20% placement, which, of course, is maybe to be factored in your model. I'm not sure. But no significant change. No issue. Which was your question.

Operator

We'll take the next question from Peter Welford with Jefferies.

Peter James Welford - *Jefferies LLC, Research Division - Senior Equity Analyst & European Pharmaceuticals Analyst*

So a few. First of all, just sticking with the pricing theme. I appreciate that there's not been any significant change so far. Can I just ask if you're hearing any early signs with regards to your negotiations with hospitals at the moment for future contracts going into the winter months. Are you seeing any signs of any increased competitive presence and pricing impact there? Or are discussions very much focused still on the properties of the instrument and the relative menus and really price is not yet a factor for any of the discussions that you're having with customers.

Secondly, just curious on your views for the current wave of COVID on the low-plex versus multiplex split. I think, obviously, there was (inaudible) for all sort of methodologies during the last wave. But now that, I guess, capacities have increased across the spectrum. And what are you seeing at the moment with regards to which customers are using a lowplex versus a multiplex approach over the recent weeks for COVID testing.

Thirdly then, just on OpEx. I wonder if you could just talk a little bit about what potential costs were avoided in the first half due to COVID. I guess I'm just thinking, given the contributed EBIT outlook, is reiterated despite the strong margin in first half. And other factors we should be considering with regards to costs in the second half that perhaps were mitigated in the first half as now that the world is coming back to normal or new normal.

And then finally, I wondered if you could give us some sort of visibility on the overall COVID related, I appreciate it's a difficult concept, but overall COVID-related sales for bioMérieux in the first half, a number of your competitors talk about non-COVID and COVID sales? Or perhaps otherwise could you perhaps give us some insight into what your immunoassay COVID sales were in that line, if possible. You mentioned a number of COVID related products that you have within immunoassays.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

It's a good list of questions. Guillaume, if you want to...

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Maybe if I start with the OpEx in no order, so yes, your question is about cost avoided in H1. So the nature of cost avoided is around, of course, travel costs, marketing also, meaning marketing, promotion, congress costs, so quite a lot in sales and marketing. And it's really significant cost savings probably several tens of millions in the different lines of the P&L compared to what would be a non-COVID, not compared to last year because last year was also very big savings for the same reason. So I hope that answers your question. Of course, a question mark for H2. There are some countries, regions where we can start, at least in the U.S., of course. But even in Africa, in other regions, we can start to retravel, to resee our customers, to have these kind of activities that will drive of course, higher cost, but for growth.

Your last question was on COVID-related sales. So it's a bit tricky for us, and that's why we don't actually follow COVID-related sales or report it that way. And I'm going to explain why. Again, I have 2 examples, immunoassay and BIOFIRE. So on BIOFIRE, RP2.1, as you know, is a test for 27 pathogens, of which COVID is one. Of course, it existed before COVID with RP2, which was a huge sales. So in a way, it's -- of course, it's COVID related, but it's not all COVID. It will not disappear in any way. Even if COVID was to, which is not realistic, of course, disappears tomorrow.

Second example is on immunoassays. We have about 55% of our sales on high medical value, which includes in this category for us, procalcitonin, of course, dedicated to COVID SARS-COV-2 serology. Some parameters that Alexandre mentioned are used for COVID patients, diagnostics or full monitoring like D-dimer for thrombosis (inaudible).

So a bit of the same, meaning that all these are -- a number of these are COVID related. But except the pure SARS-COV-2 serology, they are not totally linked to COVID. They are also treating other emergency patients, they were before and they are continuing to, so -- and the baseline is not so obvious to measure. I hope it answers your question, even though it's not exactly a percentage, like some of our competitors do. But again, if you have -- we don't have a lowplex single test for COVID or antigen for COVID that in this case would be exactly COVID-related sales.

COVID low and multiplex split, I must say it's difficult. There is no follow-up in the industry. Do you have a view, Alexandre. I'm not sure we can...

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

No, as we said time, there is room for singleplex for [multiplex] and for syndromic. But basically, what we currently see in the U.S. with the rate of vaccination increasing and the demand for BIOFIRE increasing, we believe it's a market for everything, but it's also well adapted to the situation and also to the medical relevant situations. What was the first question that I missed.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

First question was on pricing. Do we have advanced signals of negotiation with hospital, increased competition. So we mentioned increased competition, but it's not new at all on PCT, a bit stronger than last year, we must say, on volume and price in the U.S., of course -- in the U.S. But apart from that, most of the ranges, there is no change.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Regarding (inaudible). The competitors that we had before are still there and now part of the bigger group, but we don't see an acceleration of the pressure there. There's also a question -- a written question. Maybe I can read it or you can read.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Yes.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Have you seen any increase in returns of BIOFIRE instrument as the vaccination rates have trended higher? No, not to my knowledge.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

We lose some customers, but I would say, overall, net-net, we continue to gain more customers than we potentially use even in the U.S. itself. So that's a normal trend positive.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

And for the bone and -- maybe let's take the question and we'll read them. Do we have more questions?

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Anita, go ahead.

Operator

We'll take our next question from Scott Bardo with Berenberg.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

So the first question, a very specific technical one, please. Could you please quantify what BIOFIRE sales were for Q2? And also give us the revenue number, please, for the comparable year. I know that was a bit of a funny year because you had that defense contract. So I'd just like to understand actually what your sales were because I think you haven't explicitly pulled it out or sorry if I've missed that.

The second question, please, just relates to some of your assumptions underpinning your full year guidance this year. I think you note a trend of increasing demand for respiratory panels amid this escalating COVID crisis. Would you say you have factored that uptick in within your reiterated sales guidance or not? So I pause there, if possible.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Quantification of panel sales in Q2 this year compared to Q2 last year. That's the first question?

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Not so sure it's relevant because Q2 '20, we have not launched -- fully launched our solution with COVID-19, so I'm not sure about the relevance of doing this, but we have the numbers. It was EUR 180 million.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Yes, EUR 180 million in Q2.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

EUR 180 million, Q2. Okay, this quarter. Yes. Okay. And the question then about what is embedded within your -- your reiterated guidance, your sort of COVID assumption, if you like, given this current dynamic.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

What we do, we look at the H1 results and the current dynamic. It's quite difficult now to predict what will happen next. But I would say at this stage, this is the guidance we are comfortable with. I don't think I can say more at this stage.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Yes. And as you've seen with a range that is pretty -- a bit wide with -- that corresponds to the evolving situation. Again, as we mentioned, pretty good signals up in July, August. But as we have seen earlier this year, it can also go in the other direction very fast.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

No, I understand.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Sorry, Scott, the one EUR 180 million was reagents only, if you want with everything, it's EUR 194 million, including equipment and everything.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Very good. Yes, so the nature of the guidance question was this really, I mean, you've made the observation that COVID is at least starting to surge again and lead to extra demand. I just wanted to understand whether it would be a wrong conclusion that, were it not for this Delta variant, you wouldn't have achieved this current revenue guidance, 0% to 5%. Is the COVID spike helping you obtain your guidance? Or do you see this sort of upside to your previously communicated guidance before...

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

I can answer. Between [neutral] to 5%. So it's also quite a reasonable maneuver. I think this is important because there is a volatility on today, so it's suffice to say that the trend is good because it means that situation is not good on the (inaudible) front, but we don't know for sure what to expect in the weeks or the months to come. So that's the best guidance on the (inaudible) we can give you at this stage.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

No, understood. And just maybe last one on guidance before I jump back in the queue. Obviously, you've seen excellent margins in H1, 23.8%. If I'm -- my calculations are correct, your reiterated guidance implies 15.5% margin in H2 on the contributed EBIT level, which is, obviously, a very sharp contraction indeed from what we've just witnessed.

So I guess the nature of the question again, is this a degree of conservatism. And if not, what better informs next year or indeed the future of bioMérieux. Is it the 15.5% or is it the 23.8%?

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Scott, again, we won't give guidance on next year. As you know, it's not at all our habit, and it's even more difficult in these current fast-evolving environment. But your comment on H2 is, of course, very relevant. But just to mention that, of course, the range of sales is a key element that can make the difference on the percentage as well between the top and the bottom of our guidance. We also have usually accelerated spend in some areas in our company.

Typically R&D expense tends to accelerate in the second half for internal reasons. And the third element, which I mentioned earlier with I think Peter's question is, that we had a lot of, of course, huge cost avoidance in H1 as well as last year. They are restarting activities now in some regions, in some countries, as I said earlier, be it travel, be it also sales and marketing activities that we were not able -- or customer-facing activities that we were not able to do earlier. Yes. And maybe a final point is also depending on the performance. There is also the adjustment in H2 usually of all the performance-related compensation, be it sales commission and everything.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes, that's very clear. So it sounds to me through your description that the H2 margin is more normalized or more representative. Would you agree with that?

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

What I would agree with is that the H1 margins are not normalized at all. And I said that when I highlighted that the SG&A on a very low basis, which are not recurring because we still have embedded high savings that we will not -- we don't intend actually to sustain in the medium run. So it's another way to say it, but I think quite similar that at least the 24% is not normalized for sure.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

We have a written question from (inaudible) from EverPoint regarding [face fees] and gene success in Q1 and Q2? And do we think that low plex will continue to take some share from higher (inaudible) season? (inaudible) has planned to launch low plex on the (inaudible). Would you ever do the same? So difficult for me to comment on the completion. As we said, I think there is room for singleplex and multiplex and we will remain with FilmArray on the Multiplex front, it's a better way to serve the technology and it's a better way to serve the patient in our view. But I think there is room for everyone on what we mentioned. What we see in the best, and there is also a demand for (inaudible).

There is a question, second one, on pneumonia panels to be fact. I'm not sure I have the answer on this one. So Guillaume, you have the...

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Yes, just to mention that, yes, the pneumonia, a very, very good growth actually in line or above the non-RP growth that Alexandre mentioned. So 30% plus, which is continuing to develop as a stronger medical added value of panel in our range. And linked to that, there was a question on the FDA approval for joint infection, it's called [now], the new panel. So we can just say it's under FDA filing, and we would not want to comment on the timing that the FDA will need to go to approval. So no concern. It's under the FDA review.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Okay. Another question on the -- in the light of this ratio of BIOFIRE sales as implemented in cost-saving measures. No, we are monitoring. We are working in pragmatic ways. So we do -- I would say nothing specific to report. We don't put the long term in danger, and we are pleased that, and again, BIOFIRE is not the solution only for COVID. It's the solution for (inaudible) disease and that we have many, many more panels. So we will keep on investing in this range, both in our (inaudible) and manufacturing. But we believe we operate the company in a way, a nice proper way and solution way.

The other question is what success have you achieved, if any, trying to get customer related BIOFIRE for RP to purchase non-RP panels. Yes, it's going in right direction, that's the plan. The market was only around COVID and respiratory that the nature of the game for us is to increase the extent of finance and it goes in the right direction.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

We can mention -- do you remember that our KPI is more on the customers that actually consume one panel versus the consumers that are 2 and more multipanel consumers or buyers, I should say. And this percentage of multipanel customers increased from 53% last year to 56% in H1. So I would say it's a factual measure of what Alexandre just mentioned. And it's clearly part of our strategy.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

That's the same question maybe.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

So the last written question is that we are increasing our guidance despite a much better-than-expected H1 results. Does that mean that we expect the worst performance in H2. Again, I think I already answered especially when answering to Scott on the different elements, being the sales volume and range for the H2 accelerated spend, especially in R&D, but not only, and restarting customer-facing activities.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Let's come back Anita to the -- any questions over the phone.

Operator

(Operator Instructions) We have a follow-up question from Maja Pataki with Kepler.

Maja Pataki - *Kepler Cheuvreux, Research Division - Head of Med Tech Devices Sector*

I have 2, please. Going back to the operational costs that you expect in H2 and going forward, I understand you don't want to give us an indication on how to think about margins going forward. But a lot of companies have been revisiting how they're doing marketing events and travel-related costs and many companies come out saying, well, we don't think we're going to go back to where we were pre-COVID. We're actually seeing some structural savings coming though that will be sustainable going forward. Is that something that you're seeing as well? Or is your business model just not suited to having some more fancy marketing events.

And the second question, Alexandre, I was wondering if you could give us some thoughts on the partnership with Specific Diagnostics. I was always under the impression that current available technologies are not really what you are looking for. So it would be good to consolidate why you're trying -- why you're doing this exclusive distribution agreement in Europe. And how does that change your view on the long term?

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Thank you. I will take your first question. Yes, like everybody, we'll be thinking about working a bit differently when it's best in a marketing approach. So it's actually -- until (inaudible) we've been a bit forced to work like this, but there is good into some of the natural activities working differently. So we'll keep [searching], and we are like -- I believe we that our marketing approach and expenses to hopefully possibly well.

Your second question? We always said that we were interested for this. We believe there is a lot still lots of unmet needs in the field of microbiology and mainly in the field of fast AMR and [CE-makable resistance]. We found in Specific Diagnostics, a company, which has an interesting technology, which is clearly addressing this need to reduce time-to-result, mainly for affected patients, and this is after blood culture identification. So the idea to partner with them because it's a new technology that's recently been CE-marked and the idea is to work with them, help them or the technology working with KOLs and see if it works well because they are on the right topic, and it was an interesting technology. So I believe will work jointly with them to seize and evaluate the potential of technology.

Operator

And we have another follow-up question from Scott Bardo with Berenberg.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Some bigger picture questions for me, please. Alexandre, bioMérieux is a global leader in molecular diagnostics, but you serve the market quite heavily then with syndromic testing, which is still a small component of that industry. Could you please share some more strategic thoughts about the necessity or potential to expand into other categories of the molecular diagnostic market, be it lowplex, multiplex -- lowplex, singleplex or even indeed, how important next-generation sequencing is as a consideration for the company in the future. So big picture question, but I would appreciate.

And the second question, please. Again, just trying to get some of your industry perspective, please, Alexandre. When I look to the diagnostics industry over the second quarter, a lot of companies have seen robust recovery in the otherwise normal routine businesses. And actually, some of the performances we've seen, by and large, have been relatively strong growth or healthy growth on the 2019 year, an undisrupted 2019 year. So things back to the business.

When I see bioMérieux recovery, it's pleasing to see but it is, in a sense, just closing the gap to the absolute levels you already reported. So no growth on an undisrupted number, 2 years ago. I guess my question is, is there anything peculiar about your end market product portfolio, which means that your recovery wouldn't have been more significant than what we've seen in the second quarter for your routine business.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

I take your question, but I'm not sure I agree. I think we are anticipating quite good numbers in H1, also mostly seen in Q2. In microbiology, we are both prepandemic levels. You may want to say that plus [30%]. [In H1] plus 17%. I believe it's a good ratio and good numbers. And we're not sure who to compare, who you compare us with. But also -- so to frank, I think it's a nice recovery, but it's I believe also a little bit more than a recovery. But then again, we have to be prudent because the primary problem in all over the world, and not the whole world is back to a normal situation.

Your first question around molecular syndromic is the niche, but a nice and growing niche where we have a leadership positioning and I believe it will keep on growing. Otherwise, we wouldn't have seen all this movement in terms of acquisitions in the first half of the year. We don't have -- we not only have a syndromic, we also have solutions with our genome and Argene, which provide a singleplex testing. We also have the extraction. So I think there will always be interesting to complement the range. But so far, with what we have, we are also able to deliver quite a nice growth. And I think there is a bright future ahead for the syndromic project.

Scott Bardo - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes, that's very good. And next-generation sequencing, sorry, have you any thoughts about the relevance and importance of that within your infection control?

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Yes, (inaudible) it has -- for me, it's listing. It has the potential to enter into the space of infectious disease. Today, it's mainly for oncology. To enter more widely in the space of infectious disease, I think, time-to-result, cost and flexibility still need to improve. I think it goes in the right direction. Today, the way we see it is mainly for detection of virus, which is a very good use of sequencing. But clearly, sequencing same as mass spectrometry, the technology we are -- that is pretty nice to see to see the potential, but I still believe that it's difficult to predict that a molecular is still the right solution to tackle the current needs of our infectious disease testing.

Operator

It appears there are no further questions at this time. Mr. Admant, I'd like to turn the call back to you for any additional or closing remarks.

Franck Admant - *bioMérieux S.A. - Director of IR*

So I would like to thank you all -- everyone for their participation. Just for your information, our next communication will be on October 21 for the Q3 results. And so far, I'm available for any more questions. Thank you all. Have a good day, good afternoon, good morning.

Alexandre Merieux - *bioMérieux S.A. - Chairman & CEO*

Thank you.

Guillaume Bouhours - *bioMérieux S.A. - Executive VP of Purchasing and Information Systems & CFO*

Bye-bye. Thank you.