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BIOX.PA - Q1 2022 Biomerieux SA Business Results Call

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

**Mark Miller** *bioMérieux S.A. - Executive VP & Chief Medical Officer*

## CONFERENCE CALL PARTICIPANTS

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

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

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

## PRESENTATION

**Operator**

Ladies and gentlemen, please stand by. Good day, and welcome to the bioMérieux First Quarter 2022 Sales Results Conference Call. Today's conference is being recorded. And now at this time, I would like to turn the conference over to Franck Admant. Please go ahead.

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

Thank you. Good afternoon, and thank you for joining us to review bioMérieux performance for this first quarter of 2022. As usual, I am online with Alexandre Merieux, Chairman and CEO; as well as Guillaume Bouhours, CFO.

Before handing 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 assessments or judgments that may change or be modified due to uncertainties and risks related to the company's environment, notably who described in the 2021 Universal Registration Documents, including but not limited to economic conditions, financial exposure to currency exchange fluctuations, change in government policies or regulations, third-party reimbursement policies, timing of the onset, length and severity of flu season and competition.

Accordingly, we cannot give any assurance as to whether we will achieve these objectives. I will also add that Mark Miller, our Chief Medical Officer will join us on the call today. I also remind you that today's call is being recorded and that a replay will be available on our website. I now hand over the call to Alexandre Merieux, and then we will open the call to discussion and questions. Alexandre?

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

Thank you, Franck. Thank you. Thank you, everyone, for joining this call. So I will start with a quick review of the activity for the first quarter, and then we'll take time, of course, to go through the [tenets] made today on the acquisition of Specific Diagnostics.

So if I start with Q1, so we recorded sales of EUR 837 million as compared to EUR 845 million a year before, which represents an organic evolution of minus 4.5% and the reported evolution was minus 0.9%, mainly due to USD currency fluctuations year-on-year. This evolution has been driven by a solid performance, both in industry applications at plus 6% and in clinical microbiology at plus 5%. While the BIOFIRE's panel sales have been stable as expected, and our immunoassay franchise has been affected by the headwind that we mentioned in our call 1 month ago, referring to the lower COVID related assay demand versus last year in the first quarter.

Now let's dig more into more details for each range of products. I will start with -- on the molecular front. So BIOFIRE FILMARRAY panel sales have been stable at EUR 273 million booked over the quarter, and the respiratory panels demand remained strong in Q1. However, due to impacts from COVID and the essential workforce in January and February, we were unable to completely fulfill the backlog. Respiratory Panels, representing a significant part of our sales at 70% were still increasing mid-single digit versus last year first quarter. This growth has been compensated by an exceptionally high basis of comparison for non-ASP panel last year. This one was still increasing in Europe, Middle East, AsPac and Latin America, while Respiratory Panels registered also a strong increase in Asia Pacific and Lat Am.

Instrument sales have been decreasing as expected and still our installed base kept on growing with plus 500 units, 40% of them outside of the U.S., mainly in AsPac and Europe and the total installed base amounts now to a solid 22,500 units worldwide.

To conclude on this molecular chapter, other molecular ranges, including the G&A RNA extraction and ARGENE ranges have stepped back, but versus also exceptionally high volumes in the previous year. No surprise on the industry front, I remember commenting on last year performance. We mentioned tailwinds linked to COVID-related assays such as D-dimer and (inaudible) and all those tailwinds are creating a very high basis of comparison that explained mainly the decrease registered this quarter.

The other factor affecting also the immunoassay is the continued erosion in the U.S. of the PCT test. We remain confident for the rest of the year regarding immunoassay. We have a healthy pipeline of new solutions, which have been launched. (inaudible) test should be launched as expected. And also, we are still forecasting a CE marked submission of the [TBI] and the new VIDAS platform.

In (inaudible) we showed a very solid performance at about 5% growth. And this growth was fueled by a robust reagent sales growth in the ranges such as VITEK and (inaudible) ranges. And I would say, in all the regions for bioMérieux. And in Q1, the equipment sales have been lower than the one we had in Q1 '21.

Lastly, the industry unit demonstrated a strong start of the year with a plus 6% growth versus first quarter '21. And here, again, the growth was fueled by very robust reagent sales, above single digits, especially in the U.S. And the performance has been solid in both food and health care businesses.

As a conclusion, at the start of the year is well aligned with our expectations and still there are uncertainties in the world remaining to COVID evolution. For example, in Asia, we have also a question mark around inflation and geopolitics. But at this stage, we maintain our '22 outlook as stated in our March communication on both sales and [savings].

With this short introduction coming on the Q1 result, I propose now that we move into big topic, which is the acquisition of Specific Diagnostics that we have just announced, and I will start by giving you a snapshot, a review on Specific Diagnostics. So I think everybody need to open the slides. So it's a company which was founded 11 years ago. This is based in California in the San Jose area. It's a company which was funded and developed by Paul Rhodes, a scientific and entrepreneur which has been focusing on developing a fast and smart solution for fast detection of antibiotic susceptibility testing. It's a company that we know well because we joined, we invested in this company in 2019. And last year also, we started a core distribution agreement in Europe between bioMérieux and Specific Diagnostics. It's a company that we know quite well, and we're very, very pleased that we have been able to have Specific joining bioMérieux.

Because as you know, they are addressing an important topic, very important, I would say, clinical unmet need, which is a fast results for antibiotic susceptibility testing. We know that AMR, antimicrobial resistance is a key public health topic. So it's a flagship fight for bioMérieux since the inception of the company, and we recall AMR being the silent pandemic and having fast result for AST is key. Timing is of essence when you are fighting sepsis, which is linked to severe blood infections.

So this company has developed a very interesting and promising system called a SPECIFIC REVEAL, which is really, I would say, providing actionable results for at this stage, gram-negative bacteria, giving (inaudible) results in an average of 5 hours. So basically providing fast results for positive blood culture, actionable results, giving the right information to the biologists and to the physician to action the right antibiotic treatment.

And also, this is also a platform solution which is very -- lots of ease of use.

So this is specific as a proprietary technology based on small molecule sensors with each sensor generating color metric -- color change reaction to the metabolite volatiles released by organism during the growth. So this is a smart, innovative and proprietary technology, giving, I would say, accurate information. Maybe Guillaume, I can leave you the floor to discuss the key terms of the transaction.

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

Yes, with pleasure. Hello everyone. So I'm very pleased to explain the key terms of this core acquisition. The acquisition price is for 100% of the company is $425 million. I'd say 100% because you know that we have a minority stake. We will pay the acquisition price mostly in cash, but also partly in shares. The reason for partly in shares is that the founder, Mr. Paul Rhodes, asked to have a share, actually, which is probably a proof of his confidence in the future and synergies between Specific and bioMérieux. The approximately 1% share dilution from this payment in shares. We intend to offset for existing shareholders through a share buyback and (inaudible) program that we will launch, of course, after closing of the acquisition.

In terms of revenues to give you a ballpark, also, of course, it's minimal revenues today. But we expect to ramp up revenues probably above $60 million in year 5, so 2022 being year 1. As the company is in a product launch stage, I remind you that it's a CE marked, not yet FDA approved. So still a product launch stage and mainly focused on R&D. It will be a dilutive impact on our operating income. We estimate about $10 million impact for 2022, about $15 million impact in 2023. And then to become a positive contribution accretive from 2025. All these figures are before any PPA or purchase price accounting impact.

And final point, we still have some work because it's signing. We expect to close the acquisition in Q2 of this year. And with that, I hand over to Mark Miller, our Chief Medical Officer, on the key elements of this -- that this technology brings.

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**Mark Miller** - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

Thank you very much, Guillaume. Hello, everybody. So I'm pleased and excited to tell you why SPECIFIC REVEAL is so important to bioMérieux and also to patients and the medical value that it brings to the medical health care community and to patients themselves.

So when you look at blood cultures, the current methodology in most labs, which is unoptimized, gives results in about 60 hours. That's about 2.5 days to wait for an AST or an antibiotic susceptibility results. When you look at what bioMérieux can add to this, we reduced this time for gram positives. So excluding the SPECIFIC REVEAL right now, but for gram-positive organisms with the VIRTUO system, which already is the fastest blood culture system on the market, we can reduce time with the VIRTUO blood culture system and then adding on mass spectrometry and VITEK 2, we can bring this down to about 42 hours, which is good, but we are always looking for faster AST results in order to really direct specific patient care to fight drug-resistant infections.

So if you look at what we can do with SPECIFIC REVEAL and gram-negative organisms, again, the faster blood cultures on the VIRTUO system, then we add in the -- our gram staining and our molecular solution with BIOFIRE BCID for identification and the SPECIFIC REVEAL, which can give results in about 5 to 6 hours and we can now bring down results to the same day within the same shift in most instances, almost all instances. This means that from the time of a positive blood culture, the clinician knows exactly which antibiotics to give same day, same shift in order to either escalate or to de-escalate, both of which are very important for patient care. And now I hand it over back to Alexandre.

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

Thank you, Mark. Just to tell you that we are very, very pleased with this acquisition, it perfectly fits, I would say, the strategic agenda of bioMérieux and as stated also by Mark, it could provide very important medical outcome for the patient. And with this acquisition, I would say that we are reinforcing our leadership in microbiology as you see the full portfolio of solutions. This is very complementary to our ranges. And also, again, we are there to reinforce the leadership also in the fight against anti-microbial resistance, which is a key public health issue where timing is of essence and that we are very, very pleased to have also the team of Specific joining bioMérieux, it's a team of talented people dedicated also to public health and to science.

So with this being said, now we are in the early days. So we'll keep up, I would say, pushing the collaboration we have in Europe. And as mentioned by Guillaume, and the product is not still FDA approved, but the clinical trials have started. And we know well the technology, we know well the people and it's a technology with lots of potential and promises, I would say, for the benefit of the patients and the fight against antimicrobial resistance. So with this being said, maybe Franck, we can open the floor to questions.

## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) We will begin with Maja Pataki with Kepler.

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

I have several as usual. I would like to start with the Q1 results. I think the biggest surprise with Q1 was obviously the close to 16% decline in immunoassay. You have flagged that there is this COVID headwind coming in that business. But can you help us understand how much are the individual product groups. I understand that you can't say whether D-dimer is being used with COVID patients or not. But it would be helpful to get a bit of a split of the immunoassay franchise in PCT U.S. or PCT in general, then D-dimer and (inaudible) just to have an idea how we can model that going forward?

And then my second question with regards to Specific Diagnostics. It doesn't really come probably much of a surprise that you've integrated the company. But what I'm trying to understand is if I look at the total number of sepsis patients admitted to hospitals in the U.S., but also in Europe annually, and if I look at the hospital labs in the U.S. and in rest of the world, your $60 million revenue in 5 years seems to be not very exciting. And I'm sure it has a big impact on patient lives. But just from a financial perspective, is it the typical bioMérieux conservatism that you're applying here? Or are there obvious things that we need to keep in mind like which will slow down the uptake or have an impact on the financials? And then lastly, I mean FDA approval, when do you think this would come through?

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

Okay. I can start with Specific. First, I think it's -- at this stage, this is the CE mark. We believe that the FDA submission will be done in H2 and then we have to wait for the FDA feedback. I don't know, otherwise, you have to say that we are bioMérieux and we are staying cautious as usual. We believe it's -- there's a strong clinical demand for this solution. And that we'll need some time to do the ramp-up. But yes, we might have better surprises, I would say, but as I said we prefer at this stage to mention that we'll be able to reach to be above $60 million in 2026. That's all what we prefer to say at this stage because this is early on even if we know that, I would say, the expectations coming from the physicians and the patients will be important. Your first question was on immuno, you want to take it, Guillaume?

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

Yes, of course. So you were asking, I think, a bit more -- this is about the split of the immuno portfolio. So I think we mentioned a number of times that the PCT roughly 1/3 of the reagents portfolio. And if we take all the, let's say, COVID-related parameters, so it means SARS-CoV-2 and D-dimer and a few others that were used as emergency for COVID-related patients monitoring, it's about 15%, 20% of the portfolio this year. But this part is, of course, the part that is a significant decrease versus last year when we had a very strong demand in Q1 and Q2 last year, specifically for these COVID-related immunoassay parameters. (inaudible).

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

Alexandre, can I just quickly ask, since you have been distributing Specific in Europe now for a couple of months, can you talk about what the feedback is from the labs and how this is -- how often is it integrated so when people try it, is it really every time integrated? Or how should we think about that?

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

Yes. I think the feedback is obviously very, very positive from the hospital and on the labs. So this is also why we are doing this acquisition. And I would say, yes, the performance of the test in terms of the nice coverage we have for gram-negative plus the time to result. That's really also, we knew this company. The feedback is very positive from the users, I would say, and this is also what motivated us to go to go further. I think most of the -- still, I would say, in evaluation mode, but the feedback is positive. And again, I think this solution is answering a very important clinical unmet need. And the platform is ease of use is there. So I think what I would say checks many of the boxes that we were looking forward to address (inaudible) positive feedback, which led us to move further.

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**Operator**

We'll now move to our caller, which will be Hugo Solvet with BNP Paribas.

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

I have a few. First, on the sales for BIOFIRE that are being held back by COVID impacting employees in production. Can you give us please an idea of the amount of sales that have been held back and should we think that it's just delayed bookings slipping into Q2 or just missed sales opportunity for you?

Second, on the placement trend for BIOFIRE instruments back to 500, which is similar to pre-COVID level. Is it just that hospitals, urgent care centers are putting investment into new products on pause or an increased competitive environment? And on the competitive environment, can you please give us a bit more detail on whether or not you're seeing pricing pressure at the moment or just more competition on the -- against you? That would be all for now.

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

Okay. Maybe I can take the first one on BIOFIRE and Guillaume, you can take the next one.

So regarding BIOFIRE sales, it was a (inaudible) of more than 500 units in Q1. To be frank, for me the numbers are okay. It means that we have doubled the installed base these last 2 years. And as we said, we hope to enter into an endemic world of COVID. Now the challenge, but I would say rather the opportunity for us is now that we have doubled the installed base to be able to promote the nonrespiratory panels that we have such as GI, (inaudible), BCID and (inaudible).

And regarding competition, no specific moves or pressure to report linked to the acquisition movement that we have seen last year. I believe that everybody has been busy satisfying that the market and the demand and nothing to report regarding, I would say, price pressure today on the respiratory panels. Guillaume, I can let you answer on the sales held back.

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

Yes, of course. So coming back, the event is that the COVID wave itself impacted our manufacturing teams in Salt Lake City, end of December, January and even some part of February, which then, of course, impacted our capacity to produce an overall buildup. So we were on allocations

from mid- to end of January on back orders. We definitely missed sales. The valuation is at least several tens of millions of dollars of missed sales, probably potentially above $50 million. It's always difficult to assess because we see orders. But again, between orders that are for consumption or for inventory buildup, it's difficult to say. But that's our estimate, and we are very cautious on that. Let's say, to be conservative, it's probably missed sales. Yes, and we are very cautious on the backlog or the back order conversion potential.

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

Okay. And just one quick follow-up on the price increase topic. Can you please give us more details on how many price increases will you be passing or trying to pass this year in total? And how much would that be compared to what you have historically been doing?

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

Yes. So price increases, it's not so much waves of price increases like I don't know, companies maybe with more catalog approach would potentially do. It's more that we go customer by customer and segment per segment. So we are definitely in this approach to see where we can pass through some of the inflation that we have actually in our [salary] and in our raw material. And that's going on through the year. It's not -- again, it's not a specific way. Also due to the fact that we have, as you understand, the contracts that are multiyear contracts with or without inflation close and that needs to be adapted.

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**Operator**

Now moving to our next caller, and we'll hear from Delphine Le Louet with Societe Generale.

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

Can you hear me well?

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

Yes.

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

Yes, perfect. Yes, I have a question on the long term and to a more strategic question for you, Alexandre. When you think about the next 5 years, so you've been activated on the -- let's say, on the corporate side, which is, to my point of view, a very good news with Specific Diagnostics. It's effectively, as Maja said, very tiny part of the revenue in 5 years, you saw 1% or 1.2% of future revenue in 5 years from now on. How should we think about the acquisition strategy going forward, both in terms of volume, meaning price and how much you can put on the table and also in terms of accretion to the revenue. Do we have to [satisfy] of 1% to 2% on a yearly basis? Is it really spot on, meaning that as traditionally speaking, doing some acquisition very sporadically? Or can we see more of external integration coming up in the future? First thing.

And second thing, dealing specifically with the sepsis. Can you tell us or give us the idea of how big today is sepsis within the VITEK, VIDAS and BIOFIRE? And how much should that be in the 5-year time given the $60 million additional revenue?

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

Good question. But when you look at -- first thing first, we are very pleased to this acquisition because it's what we like to do. It's a strategic acquisition. We acquired key technology for the long term. We bring onboard talented teams, scientific, entrepreneur and experts. So I would say

this is quite in the DNA of bioMérieux. And when we do something like this, it's for the long term. And I believe that this solution will have a great [future] in the portfolio of bioMérieux. Then you can say we are cautious or not. But I think this solution is here to stay for the long term. It's a very nice compared to our other solution.

When I look at the long term of the growth or bioMérieux, we stay open to strategic acquisitions and partnerships. It's something we have always done. But also, you have to know that you know that, that we invest in R&D close to 13% (inaudible) so that our internal pipeline of solutions is quite nice, quite busy, and we still have those. We want to reinforce our leadership in microbiology and Specific will be a key component of this strategy. BIOFIRE is still therefore, for the long-term growth of bioMérieux. You know also that we have announced that we did the FDA filing of a new decentralized solution for BIOFIRE and this also will help us to fuel the growth of the company. So we say the pipeline will be the first market of growth for us. And also, by the way, also, we announced last month that we have VITEK MS, which has been FDA approved.

And then again, this is, I would say, highly differentiated mass spectrometry instrument, which is there for the long term. So it will be a combination of I would say, healthy pipeline with key attributes in terms of performance and medical value, and we'll stay open also to strategic acquisition and partnership for the long term. So the story that's a bit of my answer, which is -- but that's -- we remain ambitious, I would say, to keep on leading the rest in microbiology and also in the syndromic approach.

Regarding sepsis, sepsis for us, it's part of the AMR strategy that we have. It's difficult for me to tell you what is the specific revenue we do with the sepsis application. But this is a key component of our strategy against AMR. And certainly if I take VIDAS or BIOFIRE, I would say it's the full range of bioMérieux solution, which is aiming at tackling this issue. But I don't have specific numbers for sepsis. We know sepsis is a key -- is of key importance because this is where you need to action fast results. But that's embedded, I would say, in our AMR strategy.

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**Operator**

And we have a follow-up from Maja Pataki with Kepler.

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

Back again with questions. I have 3 this time, I think. The first is -- so we're tackling now gram-negative bacteria. How difficult is it to replicate that for gram-positive bacteria? Second of all, I think one obvious question, obviously, is what is the cannibalization effect of Specific Diagnostics of your existing portfolio? And then the third question is with regards to the continuous bleeding on your PCT franchise. Can you help us understand, is it a question of pricing pressure, a question of volume decline because competitors are more aggressive on pricing? Or is it a question of the fact that your VIDAS is still not -- is still a low throughput instrument. And therefore, as the PCT acceptance is growing in the market, you just are not offering a sufficient throughput to satisfy the market?

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

I will maybe answer to PCT. And maybe Mark after, maybe if you want to take the one on the gram-negative bacteria. Yes. So PCT, we are seeing continued pressure on price and volume, maybe not to the same level that we saw maybe 3 years ago when all the key players arrived. But yes, the limitation is due to the fact that there are more players that PCT is becoming, I would say, more relevant as an indication and that is moving to higher throughput platform. But then again, VIDAS, this is where we see an impact in developed settings where the market is quite centralized, but in areas which are developing settings, where VIDAS is still quite adapted to the throughput of the (inaudible) there is still potential there.

Mark, are you okay to talk about the importance of gram-negative bacteria?

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**Mark Miller** - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

Sure, sure. So it's very important to notice the difference between gram-positive and gram-negative in terms of their resistance and the implications for patients. So for gram-positive bacteria, and this explains why the prioritization was on gram-negatives by Specific and why we will continue in that direction.

So gram-positive organisms, there's only about 3 or 4 mechanisms of resistance and they can be detected by other methods quite easily, either molecular methods or other methods and they don't pose the same difficulty in treatment to clinicians as gram-negatives. Gram-negative organisms on the other hand have hundreds of different mechanisms of resistance. It is very difficult based on gene analysis or molecular methods to determine the exact sensitivity or resistance of gram negatives. And that's why phenotypic or growth-based AST is so important.

And hence, that's why Specific and we agree has prioritized gram-negative organisms for the REVEAL system. It doesn't mean that gram positives don't work on this system. It just means that the prioritization has been for gram negatives because of the incredible medical value that it brings to the clinicians and to the patients because they're so difficult to treat and much more difficult than gram-positives. And so that explains why the focus right now has been on gram negatives. There's still -- gram-negative infections are still 50% to 60% of all positive blood cultures. So this is very significant, and they are the most difficult to treat by far.

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

Okay. Understood. Sorry, Alexandre, yes?

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

Yes. So sorry, Maja, to answer your question on cannibalization, which I think we did not answer. One of the strength of this acquisition is actually cannibalization is not a big topic. The reason for that is that the vast majority of samples on VITEK are not blood samples. Blood samples are probably around 10% of the samples. And then as Mark just said, then on top of that, inside the blood sample about Mark said, maybe 30%, 40% are gram-positive. So you see all in today, the gram-negative REVEAL is applicable for, let's say, 5%, 6% of the volumes that would go to VITEK. And the beauty that this is 5%, 6% are the ones where the time -- the fast time to result, the fast AST has the biggest medical value, as Mark just explained.

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

Understood. Just quickly a follow-up, Alexandre. On the PCT, does the launch of the new VIDAS modular system, do you think that's going to have an impact on the growth going forward or the deterioration of PCT market shares going forward?

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

It will be a revamping of the VIDAS platform. It won't be specifically addressing, I would say, PCT. So you have to see that the next platform of VIDAS as is smart, I would say, life cycle management of the instrument, but I cannot say if it will have a positive impact on PCT.

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

We have 2 questions online that maybe we can take from Lawrence. We indicated mid-single-digit growth in RP BIOFIRE sales. Question is on the total BIOFIRE panel sales in Q1 and the decline in instrument sales.

So total panel sales was stable -- were stable in Q1. And the decline in instrument sales was pretty strong. It's about minus 60% of instrument revenues, but you remember that last year, at the beginning of the year, it was still a very high increase in the equipment phase for the labs.

And the second question is as Specific teams to leverage the BIOFIRE system, should the addition of Specific strengthen BIOFIRE overall customer proposition.

I would say, but maybe Alexandre wants to add that actually strengthened our whole portfolio, which as you understand, is strengthen the microbiology offering as well as the VITEK MS Prime as well as the BIOFIRE fast ID for blood culture. So it's very, very complementary to our portfolio.

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

Yes, you said it right.

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**Operator**

We do have another phone question. We have a follow-up from Hugo Solvet with BNP Paribas.

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

Sorry, Guillaume to make you repeat, line broke on the last question. Can you repeat the split versus the respiratory and nonrespiratory panel test sales and the growth trend for them?

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

Yes. So what I mentioned is that the overall reagent sales are stable in Q1 with, as Alexandre mentioned, a mid-single-digit growth in respiratory and about roughly 10% decrease in nonrespiratory. The 10% decrease might seem a bit unusual, and it is. And the reason is not that the trend didn't change. It's mainly the high comp basis because last year, when we got out of back order for BIOFIRE in March, we suddenly had a very strong catch-up effect on nonrespiratory back order, actually. So we sold a lot of nonrespiratory in March last year. So the Q1 basis is a bit, let's say, inflated by this effect on nonrespiratory last year, but we are still very confident on the non-RP trend overall. And I mentioned, I don't know if the line broke, the question was on equipment BIOFIRE sales in H1, which were down 60% in Q1 -- sorry, Q1.

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

Okay. That's helpful. And just if you can speak on the percentage of reagent sales between RP and non-RP in Q1. Can you share that number, please?

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

Yes, of course, in Q1, respiratory was 70% of reagent sales. Remember, this figure last year was 72%, and this figure pre-pandemic was 56% of the reagent sales from [Artis].

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**Operator**

And we do have another follow-up from Delphine Le Louet with Societe Generale.

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

Have you seen any change in orders regarding the order book at the end of the quarter compared to the beginning of the quarter? And if yes, can you specify it on a regional basis, please?

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

Regarding respiratory panels?

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

Yes. And ordering pattern, year-ends.

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

We see that the demand remains quite important at this stage. Remember that last year, I think we saw a sharper decrease drop in demand in March, I believe. But now we still see that the demand remains quite strong.

**Operator**

And at this time, we do not have any additional questions in our queue. I will turn the call back to your host for any additional or closing remarks.

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

Sorry, we have a question on the line regarding the valuation of the deal. Why doing it now instead of waiting for FDA approval? And then the other question follows with the total addressable market that could be expected. And if the negative impact on EBIT included in the guidance. So maybe I can take part of that.

So of course, it's always a balance of timing for an acquisition, not too early to make sure that new technology, let's say, proven and its market access also is kind of demonstrated, but also not too late so that the price remains, let's say, reasonable. So we believe we have found the right balance because we are at the moment where the technology is proven. We've been able to test it, even to test it with customers, as Alexandre explained, we have customer feedback. We know the company for 2, 3 years. So we believe it's a very good timing and FDA approval is not that far away, as mentioned already.

The negative impact on CEBIT is not included in our guidance. we will see. But at this stage, we don't change the guidance. We will see throughout the year. But obviously, it was not included in the guidance of 2, 3 months ago.

So at this stage, there is no more question on the chart, neither on the phone. Could you confirm?

**Operator**

Actually, we did have another question come back in the queue. We have Maja back in the queue with Kepler.

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

Last question. On the 500 instruments that you placed or roughly 500 instruments, can you give us a split, how much is with new customers and how much is with existing customers, if there are any existing customers who want to continue to place additional instruments?

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

Yes. Thank you. And sorry for that because we -- as you understand, we advanced the Q1 sales release compared to our usual timing. So actually, at this stage, we don't have this precise information. I believe the trend is quite similar to the trend of that we have discussed for the end of last year, but I don't have the precise figures. And again, we advance the release also so that we could announce the Specific acquisition at the same time.

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**Operator**

And now confirming no more questions in the queue on the phone.

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

Okay. Thank you. So well, thanks to all for your participation to this call and for your questions. Just to remind you that our next formal release will be on August 31 with a webcast to present bioMérieux half year results covering both sales review and financial performance. By then, we remain at your disposal if you have any more questions. Thank you very much.

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

Thank you. Bye-bye.

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**Operator**

Thank you. Ladies and gentlemen, this will conclude your conference for today. Thank you for your participation, and you may now disconnect.

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