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PRESENTATION

Operator

Good day, and welcome to the bioMérieux First Half Earnings Release Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Franck Admant. Please go ahead.

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

Thank you, Mary. Good day, everyone, and thank you for joining us to review bioMérieux performance for the first half 2022. 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 home page of our website.

In addition, please note that the slides of this meeting will be also available after the call on the page of our website or can be downloaded directly from the webcast. Promptly, after the end of the meeting, the webcast and the call will be available in replay on our website.

Now going to the presentation contents. After reviewing the performance, we will hold a Q&A session. Questions can come from the conference call on and from the chat of the webcast. If you will wish to ask a question, please make sure to identify yourself, name and company. The very last word before starting the presentation. I will not read to the slide which is currently projected, but I recommend you to take note of its content that remind the usual disclaimer about the forward-looking statements.

I now hand the call over to Alexandre Merieux.

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

Hello, everyone. Thank you for joining this webcast related to our H1 results for 2022. So I will start by giving you a few numbers getting the performance or by major, some key highlights of H1. So all in all, the sales are stable compared to last year, and that we have good solid performance in terms of a contributive EBITDA, which is a solid overall performance. And when we look at the context and also in line with the guidance that we issued earlier on this year. And it's worth noticing also that bioMérieux is a debt-free company with I would say, room of maneuver. The key growth driver for the performance in H1 where, of course, the success of BIOFIRE, good performance of microbiology and also from industrial applications.

Important move for us during H1 was the acquisition of Specific Diagnostics, which is really reinforcing the portfolio of bioMérieux on our commitment to fight antimicrobial resistance. We're stating also and we displayed in the slide that we have a reinforced portfolio of solutions, which were recently on or which are being prepared for future launch.

If I look now at BIOFIRE results. And I would say that in H1 BIOFIRE demonstrated with (inaudible) levels relevance of syndromic approach in time of pandemic but same time of non-pandemic. We're talking also that we see a nice increase of the non-respiratory panels, growing double digits in every region in the world. This is the plan. You know that we have almost doubled the install base of BIOFIRE systems during the last 2 years. And the objective for us is to increase the consumption of different panels per instrument. We were also pleased to be able to have the FDA approval of the new panel being a joint infection, which was approved early on this year.

So we are extending our leadership into the new testing. We introduced the SPOTFIRE platform during the AACC as may be discussed with you during the last call, BIOFIRE SPOTFIRE system is a new platform, aiming at entering the near patient testing, so the decentralized space. We are preparing the launch of the respiratory and softwood panel.

And I would say the key attributes of this platform, but it will be clear wave. And also the results will be performed in less than 20 minutes, which is a condition to enter into the space of near patient testing. Microbiology, solid performance this first 6 months with good performance, I would say, all over the world on the platform, such as ID/AST and also blood culture, even despite the lockdowns in China and the news around the VITEK MS (inaudible) marked in '21 was FDA cleared in '22 with a good start of the commercial traction of this new and well-performing platform.

So major acquisitions for us in H1 integration of Specific Diagnostics company based in the U.S. Really topic for us is to strengthen our portfolio, but mainly to come to the market to provide to the labs and the physician with the solution addressing a major unmet need, which is roughly the AST for the Specific Diagnostics and the review platforms we are aiming at having actionable results are on the average of 5.5 hours after positive blood culture. It will be going through FDA filing in Q4 with the breakthrough device designation. So showing that is truly, I would say, a solution that is aiming at improving health care.

And we are currently, I would say, supporting the preparation of FDA filing. The department in Europe are also integrating the company and working on the manufacturing scaling up. (inaudible), the first 6 months have been quite challenging. Some of this was expected because we had a strong base effect from last year linked to the surge of COVID, mainly in India. So we are expecting a base effect on this. And we also, I would say, suffered a bit from the lockdown in China, which were quite strong in Q2. We were expecting the pressure to continue on PCT.

But all in all, I would say this is a challenging first half for (inaudible) of course, we are still focusing on developing the portfolio by Dr. Chikungunya with CE mark. By that network check for activity in (inaudible) was FDA cleared. We are preparing the launch of a new platform. And VIDAS TBI should be launched in H1 2023.

We're also stating that we are facing some issues with the recently launched test TB-IGRA, where we are facing an expected level of false positive. So we are currently going away from the current commercialization to assess what is the issue or the current issue that we are solving on TB-IGRA.

Industry, good performance, both on the food market and also the health care market, quite even, I would say, food market is being boosted by the molecular solutions, while for pharma application, but this is, I would say, pushed by all our quality control monitoring solution that we are -- that we have. And we have a healthy pipeline also. We are launching what we call food and pharma application, the 3P solution for control and a big range of (inaudible) linked to the Invisible Sentinel range company that we acquired 2 years ago.

With this being said, I will now leave the floor to Guillaume to give us an update on the results.

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

Thank you, Alexandre. Hello, everyone. So let's look at, let's say, the financial view on what Alexandre already presented in terms of trends. So you have here the view by ranges. So overall, you can see that molecular ranges still represent the first range with 38% of group sales, up 8% as already

explained. As you might have seen in the press release, a very strong dynamic of plus 30% in Q2. And as already commented, the syndromic solution, so BIOFIRE at a very strong pace. U.S., very strong, but also important to note, nonrespiratory growing double digits.

Microbiology, our core positions performed very well at 5% growth, explained by Alexandre, 1/3 of group sales. In already developed at minus 21%. I can mention that in the decrease, about half of the decrease is coming from this, let's say, base effect or slowdown of demand for COVID-related parameters, -- about 1/3 is coming from the PCT continued decrease from the competition in the U.S. And then we have other factors such as China lockdowns in Q2. And industry just presented by Alexandre as well as 5%, both segments. And we can mention that reagents growth is pretty strong at plus 9%, whereas on instruments, we had a very high base of comparison last year.

Moving to the view by geography of our stable organic growth. This is all in organic growth, of course. So Americas lead at plus 4%. Of course, a strong performance in North America with this demand for respiratory panels that was maintained pretty high and as well for non-respiratory panel, very satisfying performance in Latin America as well. We can mention specifically Mexico, Argentina, Colombia level of growth. And balanced, especially between microbiology and molecular in Latin America.

Now turning to EMEA, our second biggest region, so very slightly negative. In Europe, we have the negative effect of slowdown of COVID demand, that impacts in Europe, both the COVID parameters in the immunoassay portfolio as well as the demand for respiratory BIOFIRE panel. But in front of that, we are able to grow very nicely in non-respiratory syndrome in Europe in microbiology as well as in industrial applications.

Finally, Asia Pacific, minus 6% and very contrasted inside Asia Pacific, of course, Japan, very strong performance in Japan. You remember that Japan became our second country for BIOFIRE sales and actually demand continues to be pretty solid and steady in Japan for BIOFIRE, good performance in Korea and Australia as well. And of course, the first half was impacted for (inaudible) by the slowdown lockdown and as a consequent slowdown of demand in China, especially in Q2.

Now turning to the P&L. So the first thing to explain is our slight change of presentation for the P&L. So let me come back to that. We are talking about one thing, which is the way we present the amortization of purchase price of acquisition and related transaction costs of acquisition. We basically had 2 ways historically to report this amortization of acquisition. One way for BIOFIRE, which as you can see in this first column H1 2021 published was in a specific line just for BIOFIRE acquisition amortization between contributive operating income and operating income, that's a minus 8% that you see for the last year published for 1 half.

And for all the other acquisitions, let's say, the smaller ones like Hybiome, like Invisible Sentinel, we had actually the amortization embedded mainly in cost of sales and above gross margin. So very -- 2 different for historical reasons, let's say, and the acquisition of Specific Diagnostics trigger a discussion and thinking of how to treat it because specific, as you know, is about the size of BIOFIRE in terms of acquisition price. And we decided together with our auditors and our Board to regroup all the amortization in a homogeneous way in one line which is also what we see, let's say, most comparables are doing.

So we now have all the historical acquisitions as well as Specific Diagnostics, of course, in this line of amortization between contributive operating income and operating income. So we hope it's more easy to read and also easier maybe to compare if we be with other companies in the space. So that being said, let's look more in the content of our first half P&L.

So net sales, we already commented vastly on the like-for-like 0%, so stable sales. Important to note that, of course, we have a very favorable foreign exchange in terms of sales, and I will comment later on operating profit. As you all know, euro is very weak against the dollar. Very visible. But also against many of our currencies where we distribute. So actually plus 5% in terms of reported sales growth.

Second element here is gross profit. Definitely, we had a decrease of gross profit percentage from 58.5% last year to 56.6% this year. The first major impact is the transport cost increase. You know that the unitary air freight, unitary fee freight costs are really -- extremely high compared to 1 year or 2 years ago. So that definitely is visible in the gross margin. And then, of course, we have other inflationary costs, some effects on raw material and some effects on salaries that are more in the manufacturing and logistics part.

Turning below gross profit, SG&A, up 11% on a like-for-like basis. The main effect here is really on sales and marketing and the expected. We have already discussed that together, expected return a progressive return to normal to fill sales and marketing activities. Practically, it means that we are restarting marketing activities with customers, Congress, promotional activities that were forced to be stopped in 2020 and 2021.

But for us, it's a very important way to fuel and to promote our products and to fuel our future growth, as well, of course, in this line, an element of salary increases. R&D is up 8%. We also have the acceleration of activities, especially clinical studies that also were slowed down in the pandemic and now restarting and some salary increase. So all in, EUR 322 million of contributive operating income, 9.4% of sales and down 20% on a like-for-like basis.

Now if we turn below cEBIT, so now you find this line that was already there, but only for BIOFIRE now amortization of all acquisitions at minus EUR 25 million. The major difference between last year and this year on this line are the transaction costs of Specific Diagnostics, so lawyer fees, bank fees, et cetera. Net financial expense is almost stable, slightly improving. Our tax rate, same, almost stable, slightly improving actually the lower French corporate income tax help. And overall, net income down 18% at EUR 228 million.

If we turn now to the cash flows, we have an EBITDA of EUR 413 million, which is down in line with EBIT. Working capital was negative EUR 106 million in the first half. The major, let's say, business effects are here. Inventory review, we ended up, of course, 2021 with very low inventory. You remember that the super high demand, especially BIOFIRE in November, December. And then coming into back order in end of January, February. So actually we are rebuilding this inventory, and that's healthy for our business and to serve our customers. We have some, let's say, moves inline with activity for receivable AR and payables.

And as usual, we have the payment of the seasonal payments, the annual payment of bonuses in H1 which were, of course, pretty strong based on strong '21 results. The second line is important to comment is income tax. We are paying cash wise, very high income tax based on our exceptional 2021 results. So you can see the increase from EUR 1 million or EUR 2 million last year to EUR 148 million in first half this year. CapEx remained at 9% of sales with major investments being the capacity in the U.S. for BIOFIRE for vaccine the blood culture and also automation of our processes, especially for the BIOFIRE part. And as you know, we are investing in 2 Chinese plants also to increase our footprint in China.

So overall, the free cash flow of EUR 60 million in H1 down versus EUR 145 million last year. And we invested EUR 334 million for the acquisition of Specific Diagnostics that includes the part that we paid cash to shareholders, Specific Diagnostics as well as the part that we paid to shareholders specific in share and where we have been buying our own shares to compensate the dilution for our shareholders.

So that's all included in the 3 -- 3, 4 dividends in H1 and overall, a closing net debt position of EUR 67 million. So we are no more in net cash, but still a very low level of net debt. So a very comfortable balance sheet position.

We have added a slide on the foreign exchange, a big topic this year that you had already seen precedent years. It's really to help those following us on the top line, first column and on the operating income, second column, to try to have a measure of our exposure. So in H1, the foreign exchange effect written here, EUR 84 million in sales, EUR 70 million positive in contributive operating income, and we'll discuss later on the overall positive effects for the year in the outlook.

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

Thank you, Guillaume. The next slide will show you the progress we are making on our CSR road map. You know that we have ambitions with targets for 2025 and then for 2030. So this slide showing the price we're making on the pillar. The first one is big is, of course, regarding health, which is the public health mission of bioMérieux regarding the number of states, the tuition that we support through our antimicrobial solutions.

Second objective around energy consumption or reduction where we are progressing also there with big plans to further improve in the years to come. The impact we have on the health care ecosystem, working more closely with the patient associations, objective regarding our people, our employees regarding incident rates that we want to decrease, of course.

We're also working on the diversity, both in gender and nationality. And also focus we have on the extended company through our philanthropic actions and also working also on the coverage of our other distributors. So with this, we have issued also -- we've slightly adjusted upward our guidance for the year with the projection of the sales being lending between minus 3% and minus 6%. We keep the same trend, except maybe for immunoassay more to be -- to have negative mid-teens. And also in our projection, also, we foresee a decrease of FDA panel based on the strong base effect last year and hoping that it's moving into -- COVID is really moving into an endemic phase.

Regarding the cEBIT, so we adjusted to expect to land between EUR 580 million to EUR 625 million.

Maybe, Guillaume, I will let you maybe function a bit more the guidance adjusted for the EBIT. Yes.

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

With pleasure maybe coming back on the sales, just to mention that we included also because this is at current rates. So the foreign exchange effect, which probably for the year could be around EUR 150 million to EUR 200 million. We will see, but that's included. And then as Alexandre said, the major elements compared to the first guidance our immunoassay change from stable to negative mid-teens as well as RP panels where the COVID-related decrease, I think we had said about as an assumption earlier in the year (inaudible) this is assumption today, but again, with a lot of uncertainty in the last 4 months, could be around minus 15%.

On cEBIT, so of course, this guidance is stated on the new cEBIT definition. When I say new cEBIT, I mean, this slight change of amortization of purchase price of acquisitions. So we, of course, restated very transparently the guidance at the beginning of the year of EUR 530 million, EUR 610 million, with the change of cEBIT definition it's very mathematically becoming EUR 542 million, EUR 622 million. So that's a base of comparison of March, and we increased to EUR 580 million, EUR 625 million. In this increase from these 2 range. The -- basically, the inflation or the additional inflation that we were not foreseeing back in February, March on the freight cost on raw material, on salary increases in the current environment, we estimate about EUR 40 million negative impact. The integration of Specific Diagnostics, of course, was not included in our February, March guidance. We have not acquired the company. You remember, we guided the time we said very clearly at acquisition time. The impact for this year will be about EUR 10 million of operating loss, mainly in H2. So we have minus EUR 40 million on all these inflationary factors, minus EUR 10 million on the integration of Specific Diagnostics.

We have, of course, a very positive foreign exchange impact. At the beginning of the year, we thought probably minus EUR 10 million, EUR 15 million, now probably plus EUR 40 million in EBIT at the end of the year. So the change is about EUR 50 million positive. And overall, FX, EUR 50 million compound sales if you want, inflationary negative and integration of Specific Diagnostics operating loss. So with those compensating the, let's say, increased guidance, about EUR 20 million increase for the midpoint is linked to all the rest for the improvement in sales and performance overall out of this effect.

And with that, I think we can open the floor to the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll take our first question now from Maja Pataki from Kepler.

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

I will start with 2. And one to you, Alexandre. I mean it's great results that you had with BIOFIRE in Q2. Do you have a bit of visibility to what has been driving that? Because if we look at hospitalization rates in the U.S., and they were not pronounced with regard -- I mean COVID hospitalization,

there were not pronounced yet you managed to deliver very strong results. So I was wondering what your take is on that? Do you think there is some stocking impact that has been helping Q2? Or just some more details would be great.

And then the second question to you may be great for -- thanks very much for the visibility on the moving parts of the guidance increase and compensating impact from FX for inflation and everything. But I was still wondering what is it that you believe is underlying going to improve in the second half of the year to generate a stronger EBIT versus H1 if we look at the H2 sales performance, which is still expected to be quite negative. Those are the first 2 questions.

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

Okay, maybe we'll take -- I'll start the question on BIOFIRE in Q2. So we are going to (inaudible) the BIOFIRE resilience. It's too that we didn't see much more cadence in terms of utilization, but COVID was still here, maybe at a certain level depending on the country, but it's in pipeline in the U.S. So I think -- to your question, I think it's showing the resilience of the syndromic approach in a hospital setting when people, doctors want to know more about the potential (inaudible) of infection.

But to note also that on the plan that we see a nice increase of the non-RP panels because all of them are growing at more than double digit. And this is also showing that in a time when there is a less COVID, we see maybe more pathologies or infections coming. And I was in line, I believe, with what we wanted, what we are pushing out to have more the use of more than 2 panels per instrument, and this is also the good performance is also explained by the ramp-up of the non-RP panels. That's my take for Q2.

And remember also that in Q1, we were not able to fully deliver the market because we have some back orders, I would say, in January and February. On cEBIT. So your question was about H2 versus H1. Actually, the H2 is very much in line with the H1 performance. There are even these effects that I mentioned on inflation effects actually ramping up because salary increases and certain measures, we have to we have to continue, and they were only partially in H1. The inflationary effect on the raw material largely more ramping up than down.

So all this is taken into account, but that doesn't -- from the guidance is not on a better H2 than H1, and it's very much aligned in terms of trends. So some of the better the increase in guidance is also some of the better performance in H1 that will include in our revised, slightly up well, slightly for the year.

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

Okay. And maybe just quickly a follow-up on the SPOTFIRE. Can you just share some initial feedback that you were receiving while you were showcasing the new offer?

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

Yes, it's very primary because it's under NPA. Feedback for people trust the BIOFIRE existing platforms that we're happy to see that we have been investing in a new platform that we're able also to target a new market with the decentralized setting. And I would say, positive feedback, it was really some review of the platform. But I would say the time to result what was really maybe the key attributes, which was well noted or I would say, appreciated by the potential future customers.

Operator

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

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

First, a quick follow-up on the tuberculosis test, which Alexandre you mentioned you were holding back on commercial develop deployment. Can you maybe give us more detail on when would you expect the issues you are seeing to be resolved, what time lines? Second, maybe more for Guillaume. At the beginning of the year, you mentioned EUR 100 million of incremental costs for 2022. Just wondering how you are tracking against this as of this year. And lastly, on margins. Should we think about the implied margin of H2 2022 as a good starting point for 2023. If you can give us any idea or color on what are the moving parts for the cost base in 2023, that would be helpful.

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

Okay. So I will take the first one. So yes, regarding the TB test, I sure that we noticed that we had high positive rate in the results, which maybe would appear to be too high. So we have decided to stop the commercialization to further study we basically get more, I would say, on the R&D and the (inaudible) front. What will cause it at that. Too soon to tell you, it's under review at this stage. This is something which happened, but it was good to react sooner than as soon as we saw that maybe the numbers were a bit higher. But too soon to tell you when it will be sold.

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

Coming on the incremental cost for 2022. So definitely, the trend, as everyone remembers, is, of course, a return to normal to have more activity, especially on the commercial side, but (inaudible), some part of R&D. I just want to correct that I don't think I was so precise at EUR 100 million. I gave you an idea, but no worries. That's all included in the earlier guidance. So the update on this is that definitely, we are returning to more normal commercial activities, a more normal trend of clinical studies. So we see that in our P&L, as I commented earlier, we see that also in our guidance, where the team was slightly different is actually the inflationary factors, as I mentioned, especially transport costs, very visible and impacting at this stage. Salary increases, obviously, to compensate our teams, our employees, our managers with a higher cost of living in many countries.

And the third is raw material. And I will say raw material has a bit of a lag effect also due to inventory. But clearly, it's going to be -- it is a strong effect but not yet so visible in the H1 P&L. Clearly, we'll be more ramping up in H2 already included in the updated gains and probably in 2023 as well. Impact margin for H2 versus 2023. As you know, it's our policy not to give mid, long-term guidance. So I don't think we want to yet comment on 2023. It's a complex environment for sure. we are working on our growth perspectives on our cost management, cost structure, cost trend prospect as well for 2023. And of course, we'll come back to all of you in due time.

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

Just a quick follow-up, if I may, in terms of pricing and given your leadership in the multiplexing space. Have you been able to increase -- past price increase in molecular diagnostics in H1?

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

No, not on the BIOFIRE range. We have a leadership, but we have competition also. And this is not the range where we have many work today, so hard to -- we work on everything out to increase our ASP and this is an ongoing work being done by the teams. But no, we don't see an impact on ASP in H1 on BIOFIRE. And I'm not sure this will be the range where we'll be able to pass a price increase.

There is a question on the web from Steven (inaudible). What is pressure for immunoassays.

So for sure immunoassay -- so we have PCT, of course, and it's been there for a while. So we were #1 in PCT, the #1 analog in PCT and we keep on seeing the pressure on the PCT test. I don't believe we have seen the end of the competition or we have not reached the plateau yet opportunity in the U.S. The rest of the competition, I would say, it's a classic. So we are fighting also with bigger higher throughput system that we're not competing with them, but sometimes when the labs are consolidating, they move to higher throughput platforms. Other things I can comment, there is no specific, I would say, different session regarding the competition on immunoassay. What happened in -- maybe we'll answer the next

question. What happened in H1. Some of this was expected. We had high increase -- we had a high base of sales in H1, mainly in India and other countries linked to the COVID situation, which will happen this year, which was expected to slow down. PCT, what else? Also China -- China, yes. We didn't I believe we plan for the base effect and for PCT. We didn't plan for the China impact from Q2.

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

There is a question on the webcast on how much the PCT test has normalized. So as Alexandre just said, we have not normalized. We have not reached a plateau. And in H1, it was slightly below EUR 60 million. So actually, the ballpark of EUR 100 million is still valid.

There is another question on the downturn of immunoassay revenues and the split. So I said it earlier, but I can repeat to make -- to clarify on the downturn of immunoassay by 21%, you can basically consider that half of it is linked to the slowdown of demand for COVID-related parameters. And when we say COVID-related, remember that a part of immunoassays has a major effect were used last year for the monitoring of COVID patient, for example, D-dimer, which is a parameter for kind of decrease that we see. And this effect is about 50%, half of the decrease. Second, the PCT U.S. pressure and loss of volume is about 1/3 of the loss and then the rest, China and other factors. Any question over the phone?

Operator

Yes, we can take our next question now from (inaudible) of Bernberg.

Unidentified Analyst

Another follow-up on PCT testing, if I may. I mean you just mentioned PCT testing takes about 20% to 30% of your immunoassay sales. And as you clearly communicated, has been the drug for the division for quite a while. So is there a floor to that pressure? How should we think about it? Would let's say, 10% of sales of immunoassay sales be a reasonable level for this franchise to remain stable? And then I have a follow-up.

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

Sorry, I'm not trying to understood the question about the exposure of PCT sales to...

Unidentified Analyst

So no, I'm not asking whether there's a floor on the pressure on PCT testing as in would 10% of sales be a reasonable level for this franchise to plateau, let's say, 10% of immunoassay sales?

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

How much -- so we have been watching each other. We don't have the answer so again, PCT is about, as I said, in H1 is about slightly less than EUR 60 million in terms of sales. So that's the overall exposure, not just U.S. overall PCT in the world out of almost EUR 200 million. So it's 1/3 of our immunoassay sales, PCT, not just U.S. The decrease was actually in line. If you zoom just on PCT was in line with the immunoassay about 20 -- 20-ish-percent decrease in H1. And then the other element, as Alexandre said, is that we have no -- we are not future plateau. It will likely continue, and we cannot give you at this stage view on the level at which it might stabilize if that's the question, sorry.

Unidentified Analyst

Okay. No, that's right. And another one on your BIOFIRE franchise. So do you have any automation projects ongoing to simplify your BIOFIRE towards workflow? And do you expect QIAGEN's QIAstat-Dx Rise launched to affect your commercial traction here?

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

No, we have -- the big plan is to fight and launch the SPOTFIRE to go towards more decentralized testing. But now with the (inaudible) we have up to 12 units, and we believe this is enough today to meet the needs of a midsized or throughput laboratory. So no plan to increase, I would say, the throughput on the existing spot we keep on working on the menu and the next platform will be mainly going decentralized because it will be clear.

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

There's a question from Louise at Stifel on the guidance coming from EUR 542 million. I don't know if you everyone read -- adding the EUR 40 million positive FX, the EUR 10 million of (inaudible) which is right on the building disposal in the U.S. that only in H1, minus 40% inflation, minus EUR 10 million Specific Diagnostics. Why is the new guidance, not EUR 540 million, but actually because we have a number of other factors that improved. We have taken into account some better performance in H1. Yes, so that's what I mentioned already in the bridge between the midpoint that basically the midpoint of guidance improves by EUR 20 million with -- in the way I see it, FX improvement of EUR 50 million that compensates inflation, EUR 40 million and Specific Diagnostics EUR 10 million. The rest of the -- so basically compensating each other. So the EUR 20 million increase in guidance is really on the sales performance and other factors. The (inaudible) is right for H1. But just to mention, H1 visible positive, but there are some one-off negatives. For example, we closed a very small site in the U.S. It's a EUR 5 million restructuring in our P&L in H1. So all in, we don't see -- we see the different one-offs of H1 more or less offsetting each other. So part, yes.

Next question is on the BIOFIRE. Indication of respiratory region growth in H2 outlook for '23.

So basically, as you see, we have a respiratory region growing 15% in H1. I mentioned maybe too quickly, but in the guidance, that respiratory for the year would be around -- and again, with a big uncertainty on the last 4 months, around minus 15 for the year, so the H2, maybe you can do the math or is a lot of negative months on a very high comp basis in H2 last year, that will move the full growth from plus 15 end of June to minus 15 end of December, make it simple.

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

If we don't see another balance.

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

Yes. And of course, with a lot of caveats and uncertainty on demand for the last 4 years, 4 months a little bit.

Yes, there is a question on the split between RP and non-RP. So pretty simple, we are 2/3, 1/3 for for each one. 2/3, respiratory panels, 1/3, nonrespiratory panel revenues.

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

Let's come back to the -- any question over the phone?

Operator

Yes, we can take our next question now from Peter Welford of Jefferies.

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

I've got a couple. Firstly, just returning to the capital gain, just to understand. So the EUR 10 million or so, I think it's a bit more than that, that would be for the U.S. building sale. Is that -- the charges to offset that with the U.S. site closure and other sort of one-offs. And then also, just to be clear, in the other operating income line, are those booked across a variety of different OpEx lines. Just to think about that. Could you also just on the accounting, give us what should we think about as the annual amortization charge for specific diagnostics? I guess I'm thinking if we take that EUR 10 million that you said was the sort of charge of transaction fees in the first half. What should we be assuming in the second half is a good number for that line when we've got obviously the general amortization running through that. Thirdly, could you just give us the actual syndromic testing sales in euros possibly for the first quarter and the second quarter just to help it moderate. Because obviously, you've given the CER, and that's helpful, but I guess given the U.S. to build, particularly the U.S.-centric business, it would be helpful, could we possibly have the actual euro sales for first quarter and second quarter.

And then just finally, more generally, just on BIOTECH NF, is it possible to give us any feedback on how that launch is going? Obviously, sort of an area you've been in, but through a partner and now going in alone. Any feedback you've had on that and how you're competing in, I guess, the market that is already, to some extent, established that you can leverage, I imagine your relationships.

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

Okay. I will take the one on (inaudible). So as I mentioned, it was CE mark last year. It has just been LGC, FDA clear. So for a while, we have been under a pilot tranches on the hyper care. But note that there is good traction I believe that so far, I'm looking at (inaudible), we have closed up to 100 systems, which were installed since the launch. So it's a good -- that's what we call a good function. We had to do some hypercare in the beginning for every new instruments. But it's on track, and this is when the well received by the customers.

Maybe, Guillaume, for the other questions.

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

So for the other question, thank you for the precise question. So capital gains -- it's actually exactly EUR 9 million. The capital gain. It's definitely in the line -- the P&L line called other income and just below gross margin. So definitely, it's a one-off capital gain. And to be more precise, what I mentioned is that there are other one-offs of several millions negative. And when I look -- when I look at the different one-offs, this positive and a few negatives, I mentioned among the negatives, a simple one, which is a restructuring provision for one small site that we will close in the U.S. I believe that they are set on the plus and minus. That's why I did not mention the capital gain that I understand you are looking at, did not mention it in the change of guidance because there are others that compensate.

And the other, it was your question, the negatives are in different lines. Actually, when you do restructuring, I think it's -- it depends on the department people are working in where we put the provision so it's in different lines. Your question was then about the annual amortization of specific diagnostics. So the annual on the full year basis, pure amortization is estimated around EUR 12 million. Knowing that in H1, H1 was very special because we had only month of amortization. So amortization is the long-term amortization of the purchase price accounting. But we had on top the one-off in this line of the, as I said earlier, the transaction costs, lawyers, investment bank due diligence for about EUR 8 million.

So in H1, we had probably something like 8 transaction costs plus 1 amortization for specific diagnostics. On a normal full year basis, without transaction costs, it will be EUR 12 million -- around EUR 12 million per year.

And you had a question about syndromic it said, I'm not sure if -- sorry, maybe I noted fast. The share of U.S. sales for syndromic is 75% maybe we have said already. But maybe your question was more on Q1, Q2 figures, no?

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

Yes, it was just a simple -- given that U.S., it would be really helpful if you could just give us the euro sales for BIOFIRE syndromic testing in first quarter and second quarter because I guess given the U.S. business, obviously, if we just take your CER figures, the FX is obviously much greater on BIOFIRE than it is in some of the other lines. So could you just give us the actual euros first quarter and second quarter, it would help from the BIOFIRE syndromic business.

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

Yes, I will do that. Let's move -- I'll come back to it in 5 minutes just time to plug it out. No. So we'll get back to you, then we will take the question.

Operator

Yes, we have a follow-up question from Maja Pataki of Kepler.

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

Alexandre, I was -- 2 questions. First of all, how should we think about the impact from -- of the 3P launch in the second half of the year? Is it something that takes a lot of market education? Or is that something that you believe you should fairly easy see sales coming through? And the second question -- does the breakthrough the emission from the FDA for the specific diagnostics actually have an impact on financials? Or is it more like a flag effect to the market? Or how should we read that?

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

I didn't catch your second question, Maja, sorry, can you (inaudible).

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

With regards to the FDA approval of the Specific Diagnostics offering. I was wondering if there was -- if there is anything that has an impact on financials. So whether that's just more a signal effect to the market like to your customers?

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

I think for me, it's more a signal effect that this is addressing an important medical need (inaudible) because I'm not sure it's going to stem the time to result for the approval. So this is more a signal that this type of solution is expected on I would say the public health front. Regarding your question on 3P launch, I don't think we should expect it will take some time because the 3P is like -- it's a big system, in fact, it's an instrument for automating the reading of the culture media with the specific media associated to software. So it's kind of a project mode, a bit equity with the lab automation project. So this is something which will be mainly dedicated to big pharma companies and this is ongoing because I think the official launch is just right now happen maybe end of June. So that's something for the years to come. But I don't think we can believe a specific impact on the growth of bioMérieux this year or even next year.

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

Okay. And maybe just to...

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

Not the cost of industry, but it's more project mode to customers.

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

Okay. And then just quickly a follow-up. I'm not sure whether you can provide some visibility, but it would be very helpful to understand how you see trends in BIOFIRE developed in July and August. Given the fact that Q2 -- Q3 last year was such a strong quarter. How much of a fall off are you already seeing? And how much is anticipated to happen towards the end of the third quarter?

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

Yes. So pretty simply, the trend that we see in July and August is very similar to the trend that we've seen in May and June, pretty solid demand, which is, let's say, surprising compared to the past for spring and summer, much higher than usual for this time of year. But similar, there's no acceleration, no deceleration in July, August compared to May, June. And of course, this is where we took into account this what we have in our end today into the figures that we gave you and the range for the full year. I was saying earlier that the main uncertainty for us is the last 4 months demand, which is always a pretty important period for respiratory demand. So we have to see.

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

Yes. to meat, it's very difficult to read because some countries are still under COVID waves, some in Asia Pacific and some are not, which we saw in some countries flu coming. So very, very difficult to read the side but that the demand has remained quite steady.

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

I come back to the other question on -- I'll come back to the earlier question on the syndromic for Q1, Q2. So very simple. It's extremely similar. EUR 290-ish million in Q1 and EUR 290 million in Q2, making EUR 580 million and a few million euro -- EUR 580 million and a few million in H1. So I hope that answers your question earlier.

We have a question from Christophe-Raphael Ganet on the inflation on raw material logistics energy, how much is fixed and how much more already negotiated for 2023, how much is not.

I mean (inaudible) I can tell you it's a pretty big low and incredible situations for our teams to manage with our suppliers with news every day on energy. I think you all see that about electricity in Europe, of course. Logistics is a bit more stable at a high level in the last few months. And raw material, we have news every day, yes, changing. So there is a lot to -- I don't think there's mature actually fixed for next year. It's quite -- actually the time of year for many of our materials where suppliers come back with the with their view with their need for (inaudible).

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

There's a question also on immunoassay. What are the expected launches that can offset the PCT?

So we have a healthy pipeline recently we have been (inaudible) last year. We have (inaudible) . So we have a fence now to unbias for detection of arboviruses. So we BI to be back on track. We have just FDA clearance of VIDAS NEPHROCHECK, and we are preparing for next year the launch of traumatic brain injury. So this pipe, we believe should offset in the course of time and the decline of PCT.

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

We have (inaudible) earlier comment price increase, actually no price increase for BIOFIRE results. And of course, it's a big topic, price increases to offset all these -- so of course, the question is about the other divisions, the other product range and divisions. So basically, we believe where we can have a bit more possibilities are clearly in the industrial applications as well as microbiology. That being said, it's very general. It's, of course, very dependent on the country per country basis. Depending on our position, depending on our competition. And of course, the length of the contracts, be it public on multiyear contracts subject to tender or private, of course, customers.

So we are working on that with our team. Already some -- especially on the industrial applications in H1, we need to follow that. But again, very different on the -- depending on the situation per customer, per country, per (inaudible). Any other question on the phone?

Operator

Yes, we can take our next question now from Delphine Louet of Societe Generale.

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

Just to be back on the price increase, if I hear you well, Guillaume and Alexandre, it sounds like there is no real price increase seen in H1 regarding microbial and industrial application? And secondly, regarding the molecular biology, are we talking about a slight erosion in the range of 1% to 5%, am I correct when I think about that? And I have also other question regarding how much was the salary increase in H1 broadly for bioMérieux.

Also, I tried to in regarding BIOFIRE and specifically the GI panel, how big is the GI panel within the non-RP panel? Are we also talking about a 2/3, 1/3 breakdown?

And finally, I was wondering, have you noticed any change in terms of pattern usage on the client side for BIOFIRE. Do we see also a normalization in terms of usage, in terms of the number of units, in terms of number of labs are the same labs doing the same panels as the one you've seen last year or not?

And finally, more broadly, I think the industrial application performance is a bit weak. Of course, we had a very good H1 last year. But how could we think of that and especially when I see all the issues that the food industry is going through right now. So can you let me know what sort of growth you're targeting. At the beginning, I mean, 2, 3 years ago, prior to the COVID, you were thinking about 7% to 8% annual growth. It sounds to be too high right now where we are more in the range of 5%. What sort of comment, what sort of acceleration can we see within the industrial application?

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

Okay. You had many questions. I'll try to remember them all. The whole industry. Yes, H1 was at 5%, but I think instrument good was a bit back by instruments. No other thing on the -- if you know, I don't like to give too much long-term guidance, but I believe industry could be -- could still, I would say, reach the high single-digit growth because there is a good pipeline because the pharma industry is booming and they need quality control, quality monitoring. And regarding the food, I believe our molecular ranges also are set for future growth. So I remain quite confident on the other potential of the industrial applications.

Your question around the use of FILMARRAY, difficult to note in (inaudible) no. What I said, the good thing with FILMARRAY that now we see our customers are using more and more panels. And you have seen also that installed base has not increased so much in H1. This is normal, I would say, just 3 years where it doubled. So the trend is the rise of non-RP panel. It's also linked to the slowdown of COVID, but this is what we can expect to see if it's becoming endemic. This is what we can expect to come for the months to come.

The other question, I'm sorry, maybe you had -- the price increases -- price increases basically in H1, overall, we are kind of table in clinical applications and growing, as I said, are increasing prices in industrial applications, so stable in clinical increasing in industry all applications. But with the action plans that are launching and ramping up with the time line of the contract, et cetera, that we already mentioned in the clinical application part. But not overall on a year level.

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

But clearly, everybody is working on it.

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

(inaudible) Tariff increases.

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

Yes, tariff increases, I think we are around 5% or slightly above 5% overall for this year -- for this year, yes. Including we have some ways of, of course, normal annual sale increases early in the year, and we had to add some measures for the lower salaries in a number of countries, especially U.S., France, with other as well. Trying to help offset the additional cost of living for our (inaudible) in those countries.

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

Any platform or salary increase this year?

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

We have to be -- frankly, we're adapting to the situation depending on the countries. When it did, we are working on it. I don't have the productions to make, but we're keeping -- making sure that our employees have a decent lifestyle is important to us. So we're addressing the need when -- the latest measures were really this summer. So we can expect that the next will be the annual one early next year, hopefully. And GI remains definitely the major one, the nonrespiratory offer.

And maybe we are...

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

Still somebody on the phone?

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

If we can take one last question is asking people available.

Operator

Yes, we have our final question from the phone from Hugo Solvet of BNP Paribas.

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

A quick follow-up. We've recently seen in microbiology, one of the competitors of Specific Diagnostics striking commercialization deal with a large diagnostic company. Does that change anything for you guys in terms of the rollout of specific diagnostics just curious to hear your thoughts -- to have your thoughts on that.

And lastly, Alexandre, you mentioned in your prepared remarks that you have some room to maneuver in terms of M&A. Just after closed the specific diagnostic deal or bigger are you for -- to do additional deals?

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

We remember open, but I would say it has to be pragmatic at the right value, and it has to be strategic. So we keep on looking at things also in the current time, it's important to make sure that we have to see also the marketing. We keep on adding some (inaudible) on potential new technologies, but nothing specific to announce, of course.

On the (inaudible) Accelerate, no impact was accelerated as the year before. We believe we are quite differentiated to (inaudible) Accelerate, but it's -- I think it would be may be a good support to Accelerate to partner with somebody bigger, but I don't think it has an impact. We are very, very specific and innovative features compared to Accelerate. So we don't see that as a -- we'll see, but we don't see that today looking factor for us to increase the penetration of Specific.

Any more questions?

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

No. Okay. Thank you.

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

So Thank you very much for your attention and participation. I'll just remind you that our next communication will be on October 26 for the Q3 sales performance release. And with that, we wish you all the best for this afternoon and see you soon. Bye-bye.

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

Thank you. Thank you.

Operator

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