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PRESENTATION

Operator

Good day, and welcome to the bioMérieux Fiscal Year 2022 Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. Franck Admant. Please go ahead.

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

Thank you, Jennifer. Good day, everyone, and thank you for joining us to review bioMérieux's performance for 2022 and our objectives for 2023. Before leaving the floor to Alexandre Merieux, Chairman and CEO; Pierre Boulud, Chief Operating Officer, Clinical Operations; 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 published 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 on the home page and you will also be able to download them directly from the webcast. Promptly, after the meeting, the webcast and the call will be available in replay on our website.

Now going to the presentation contents. After reviewing our 2022 performance, we will go -- we will have a focus on clinical business, and then we will end with 2023 outlook and finishing with the Q&A session as usual. Questions can come from the conference call and from the chat of the webcast. If you wish to ask a question, please make sure to identify yourself, name and company.

A very last word before starting the presentation. I will not read the slide which is currently projected, but I recommend you to take note of its contents 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*

Thank you, Franck. Thank you, everyone. Thank you for joining this webcast. So as discussed, we displayed this morning our results for '22 and our objectives for '23. So we'll just comment a few first slides coming back on the key numbers for '22.

As you saw, it was a solid year for bioMérieux in terms of performance as we reached sales close to EUR 3.6 billion. So flattish but still positive growth, with also contributive EBIT of 18.5%.

And as you know, as you saw this year, we revised upward our guidance during the year. It's worth to say also that, of course, in terms of CEBIT, we are below 21%, which was an exceptional year because of COVID and less investment due to COVID. But I think this number of 18.5% can be compared to the figures we had in 2019 at 15.3% CEBIT.

So it was a solid performance. The year also was marked by an important acquisition in terms of strategy, was the acquisition of Specific Diagnostic which was there also to reinforce our commitment and focus on the fight against antimicrobial resistance, and we are starting to start the sales of Specific Diagnostic in Europe and are preparing the filing for the FDA.

All in all, also, we have strengthened our leadership in microbiology and syndromic testing. And I think what is also quite interesting that we have very healthy pipeline of new solutions, systems of menu which will be able to help us to fill the growth for the upcoming years.

So if we take a look now at BIOFIRE. So BIOFIRE has proven also to be quite resilient. The RP, respiratory side has been quite resilient in '22 in a year of, let's say, post-COVID or transition also. RP panel also has proven to be very valuable in Q4 during the high season of flu, RSV and still some COVID. Good performance there. I think the most interesting maybe regarding the BIOFIRE range is to see that we have been able to grow the non-RP panel at close to 20%, and this has been the trend in most of the regions, and this is really important because this is in line with our objectives to really have a complete menu, very differentiated on BIOFIRE.

And now the install base is amounting to more than 23,000 units on a worldwide basis. And of course, we are quite proud with the news that -- to have BIOFIRE SPOTFIRE, our new instrument, which has just been recently FDA cleared. So I will talk more about that. And BIOFIRE SPOTFIRE, it's a way for us to enter into the field of a decentralized testing. This is CLIA-waived. It means that it can be used outside of the hospital. And it has some key, very important, I would say, technical features. The main one being time to result in around 15 minutes, which is really a performance and this is also an entry door to go to decentralized testing. Of course, we target first the U.S. market.

If I go now on microbiology, it was also a good, robust performance in microbiology with growth of 5% in '22 and a solid growth on the reagents side at 7%. So it means also that on this front, we are keeping -- reinforcing our leadership position with good success of BACT/ALERT platform, the nice takeoff of our new mass spectrometry solution called VITEK MS PRIME. SPECIFIC REVEAL, I talked about it, and we are preparing the filing for the FDA, expecting maybe more to have sales in the U.S. in '24 with SPECIFIC REVEAL.

Immunoassays, this is the product range where it was more challenging, with a decrease of 15% compared to '21 with some explanation linked to the base effect linked to COVID-related product where there was a strong demand in '21, but also a continuous trend around the pressure we get on procalcitonin on VIDAS PCT, both in terms of pressure on price and on volume. Also major news there also is the fact that we are launching a new platform, more and more focusing on the developing settings. And we have the new VIDAS called VIDAS KUBE being recently CE-Marked and should be launched quite soon in Europe and other parts of the world.

If we look now at the Industrial Applications, which represent 15% of the revenue of bioMérieux. As anticipated, also it is in our plan, the plan is to keep on bringing pushing industry business at a high single-digit growth. This is what we have done in '22 with a growth of close to 7%, with both -- good traction both in food applications and health care which is also that health care, we see a nice momentum with the right solutions we have also to tackle the opportunities in the field of bioproduction and cell and gene therapies.

One slide -- one word around our CSR roadmap that we formalized 2 years ago. So as you know, I hope you know these 5 pillars are on health, planet, healthcare ecosystem, employees and extended company. So we are making good progress on the different KPIs that we are following.

And as you know also, we have the yearly objectives but also objectives for '25 and 2030. And in '22, on the (inaudible) so we'll bring maybe a more specific attention to CO2 consumption and also to diversity that we need to push further all around the bioMérieux organization.

So with this being said, I will now leave the floor to Guillaume Bouhours to tell us about the financial performance of bioMérieux in '22.

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

Thank you, Alexandre. Hello, everyone.

So financial performance. First, we can look at the financial -- the sales and the organic growth by range. Actually, I won't repeat -- Alexandre has already explained, molecular 3%, including a very strong nonrespiratory growth at 19%. Microbiology, a solid plus 5%. The transition year, let's say, for immunoassays at minus 15%. And industry, the third growth driver with micro and non-RP at plus 7%.

Let's look at the sales by geography. So the split of the 0.2% organic growth is minus 1% for Americas. In North America, we had a very nice growth of non-respiratory panels plus 15%; and microbiology, but which were offset by the pressure, as we said already, on the competitive pressure on procalcitonin as well as the slight slowdown on the respiratory panel sales in the U.S. Latin America remains super dynamic for us, remarkable, plus 12% growth in 2022.

Switching to EMEA, almost flat, slightly positive. We had a very nice growth uptake of nonrespiratory, close to 30% in Europe, very impressive performance that more than compensated the, let's say, slowdown of the demand for respiratory panels. And also to mention in this region, the very solid growth of industry, even though overall in major markets.

Asia Pacific, plus 3%, but with, let's say, contrasted inside the region. Japan continues on a very nice success of BIOFIRE in the country. I remind you, it's now, of course, far from the U.S. with the second market for BIOFIRE in the world, a nice growth in India and in ASEAN. And of course, China, which is our second market in revenues for bioMérieux was slowing down overall minus 6%, impacted, of course, by the zero-COVID policy last year, the lockdowns in the different cities.

Now moving to the 2022 P&L. So gross profit. Gross margin was down from 59% in '21 to 56% in 2022. The major explanation of this percentage decrease is the product mix, which was actually a slightly negative effect as well as the inflation factors, transport costs, which were very strongly up for us. Raw materials as well as salaries which we increased above gross margin and below for our teams to compensate part of the inflation.

In SG&A, you can see an increase on a like-for-like basis of 11%. Two effects there. The first is a return to normal on the sales and marketing activities after a low level of activities and therefore, spend in 2020 and '21. So basically, it means new congress, customer events, travel. The second effect is the overall salaries and compensation, I mean also the sales commissions, increasing in the SG&A line. So overall -- sorry, R&D, a comment on R&D, increasing 6%. We are coming at 12.4% R&D over sales, which is back in line with the usual range for bioMérieux, investing in its internal innovation.

So overall, as Alexandre said, we posted contributive operating income of 18.5%, which is very much down compared to 2021, and I will come back to that, but significantly above the pre-COVID level of 15.3% in 2019. Just to re-explain to everyone that the decrease of 2022 compared to '21 is linked to the fact that 2021 cost spend -- I hope you can still hear me. There seems to be some technical disruption.

(technical difficulty)

So just to mention that the decrease of our operating profit in '22 compared to '21 is, of course, linked to the fact that in '21, we had a very low spend linked to COVID, especially on the sales and marketing activities, but also on the clinical trials. So they were abnormally low in '21, and we are coming back to more the normal level.

With that, I switch to the P&L below CEBIT, yes. So below CEBIT, we have now this line of amortization of acquired intangible assets of EUR 77 million that gather, you remember this is a change of accounting that we did in 2022, together in this line, all the acquisitions, BIOFIRE, the historical

acquisitions as well as the newcomer of Specific Diagnostics acquisition. This line also includes, worth to mention, in 2022, a partial asset impairment on our Chinese immunoassay, Hybiome, and we can come back to that.

Net financial expense is improving in 2022 at minus EUR 7 million compared to minus EUR 10 million in 2021. Income tax is pretty similar. We have a 24% tax rate with a few one-offs that make it slightly above the recurring tax rate. And overall, net income, that is down 25%, but again, on exceptional '21 levels at EUR 452 million. I now move to the cash flow statement with a free cash flow close to EUR 200 million. EBITDA Is slightly down in a similar way as our operating profit. We had a pretty significant increase in working capital requirement explained mainly by inventories and account receivables.

On the inventory side, we rebuilt some of our inventory for raw materials as well as, let's say, feeding the inventory to prepare the platform launches. We have, as Alexandre highlighted, and Pierre will come back to that, a number of new platform launches that, of course, require preparation there as well. Also, of course, some inflationary effects on the raw material prices inside this inventory figure.

Second effect on the working capital are the receivables, a pretty strong increase primarily linked to the fact that the last quarter was very strong this year, as you have seen, with a 6% growth in Q4. I can mention on the cash flow as well, the tax line, where there is a special effect cash-wise, that the U.S. administration has decided that R&D expenses in the U.S. need to be capitalized and then amortized over 5 years from a tax point of view, which we fully expense from an accounting point of view. And that, when it comes into place, is a massive cash acceleration for the U.S. government.

Investments at EUR 280 million, 8% of sales for CapEx. And not surprisingly, we continue to invest as the major ones in Salt Lake City on our BIOFIRE capacity and automation as well as in China, especially the new plant for blood culture bottles localized in China.

Below the free cash flow, you can see the financing activities with the Specific Diagnostics acquisition. I remind you that was close to EUR 400 million. And overall, we have for bioMérieux at the end of '22, a net cash position of EUR 47 million. That even includes EUR 100 million of IFRS 16 lease accounting.

And with that, I'm pleased to hand over to Pierre Boulud, Head of Clinical Operations.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

Hello, everybody. And good to give you an update on where we stand with regards to clinical operations at bioMérieux. So first of all, a word on the unmet medical need we are focusing on within clinical operations, resistance to antibiotics. 3 main comments to make here. The first one is the level of awareness that relates to antibiotics resistance is growing and getting higher and higher every year.

And you know that in 2022, for the first time, there was a publication in the Lancet journals that estimated the number of deaths related to antimicrobial resistance to 1.3 million people. And this is an independent assessment of the death toll of resistance to antibiotics, which is an eye opener in the medical community.

The second element which is important is that, unfortunately, this public health impact is growing and is expected to reach 10 million deaths if nothing happens by 2050, and by far, being the major public health challenge that we have to deal with in the next few years.

Finally, the importance of diagnostics. Obviously, it's not the only topic that allows to address antimicrobial resistance, but diagnostics is a very important topic, very well illustrated by sepsis which is a subset of antimicrobial resistance, infections of the blood, where every hour counts and the importance and relevance of accurate diagnostics is crucial for the good treatment of the patients.

So in this market, we are actually fortunate to have the most comprehensive portfolio of solutions to deal with it.

Guillaume and Alexandre talked about the different ranges of products, be it immunoassays with procalcitonin, be it molecular syndromic solution that allows to a fast rapid identification of the pathogen, be it microbiology that allows to give to the clinicians an antibiogram to be able to

de-escalate antibiotic treatment. We have the most comprehensive and relevant solution in this market which, by the way, is shown in our market shares, and probably you already know those numbers. Automated ID/AST, we are the global market leader. In blood culture, we are back to market leadership. And syndromic molecular testing, we are also by far the undisputed leader.

So all of this is where we stand today. So piece of good news that Alexandre was mentioning, actually, in his introduction is that in the time frame of 18 to 24 months, depending on the geographies, we're actually in a position to launch significant new systems in each of the different ranges that we have that are in itself, each and every one, an opportunity for generating sales growth for bioMérieux and further strengthening our position in the market. So I'm going to share with you a little bit of what are those launches and where and why we believe there are opportunities for bioMérieux moving forward.

First of all, in microbiology, which is a historical segment for bioMérieux. VITEK MS PRIME was already launched actually. It is cleared in Europe, so which is not science fiction, and it's in the market. It's already cleared in the U.S. by the FDA. There are a number of differentiation from this new system in the field of mass spectrometry. The first one is it's a very easy-to-use instrument for the lab. It's a load-and-go kind of instrument that allows for the lab to optimize the time of the laboratory technicians.

The second element, which is a key differentiation is the capacity to prioritize urgent samples which allows, when you have a patient which is susceptible, which is susceptible of sepsis, for instance, to make sure that we have the results even if the sample was loaded afterwards. So a key benefit for the labs and also for the clinician and obviously for the patients.

With VITEK MS PRIME, we actually expect to become the leader in the market. We are not at the moment. We are behind the competition. The very positive news that we are getting is that -- since we are in the market, as we speak, we have the winning rate that we measure into a CRM system, which is above 50% so with the new system.

So we are very, very confident that with this new system, we'll be able to achieve this leadership position and even open new segments of the market. So for instance, we know that the veterinary business for the lab is an interesting segment for mass spectrometry and that we're starting to target with our new system. So a very promising launch and hopefully, looking forward to more results in the next few months and years.

The second innovation that we're launching in the field of microbiology and again, it was mentioned by Guillaume and by Alexandre, it relates to the acquisition of Specific Diagnostics in May 2022. So we are now rebranding the SPECIFIC REVEAL instruments into VITEK REVEAL that will be communicated at ECCMID in April.

This is the first, biggest unmet need that is coming from the lab. They have actually good solutions now for fast identification, be it with mass spectrometry or be it with molecular technology. There is no -- on the market, there is not a good solution for fast AST being capable to provide in the same shift an antibiogram to the patients who require antibiotic treatments.

So VITEK REVEAL will be a great opportunity to bring this to the clients for gram negative positive blood culture. We'll be able to provide this in less than 6 hours. It is very modular, so it allows to scale according to the needs of the lab. It is already, as it was mentioned earlier, cleared in Europe and we're starting the commercial promotion. The filing in the U.S. is imminent. So we're finalizing the filing, and we'll hopefully be in a position to come with good news for the U.S. very soon.

What is it that we expect? VITEK REVEAL to help and support us, but definitely by establishing the standard of care in fast AST. We're already the market leader in AST, but in fast AST, we're still creating this segment of the market. It's -- we believe this is the best solution in the market as we speak. It's fully integrated into a sepsis solution. I'll come back to that. We expect -- it was already communicated at the time of the acquisition, I believe, $60 million sales in 2027.

If we move to the next slide, an important element for you to have in mind is that we now have in the field of sepsis and fast AST, the best and most comprehensive portfolio of solutions available in the market, starting with BACT/ALERT and VIRTUO to be able to have positive blood culture. Then fast identification with BIOFIRE BCID2 and VITEK MS PRIME. Then we move to fast AST with VITEK REVEAL, and we can do routine testing and

confirmation testing with VITEK 2. All those systems are fully integrated from a software perspective and we're launching a new version of a software that is called MAESTRIA that allows the labs and the clinicians to fully leverage the complementarity of all the solutions.

So we believe we have now in this field, not only a very competitive solution, but a nondisputed solution to be able to provide good diagnostic results to patients that are susceptible of sepsis and we're very excited to share this with our clients in the next few months as the systems will be available and cleared into their respective geographies.

Moving to molecular biology, which has been obviously a game changer for us in the last few years with BIOFIRE. First of all, before talking about the new system, sharing with you what is it that we are doing to generate sales growth with the BIOFIRE product range. There are 2 big areas of growth. The first one is we still believe that with TORCH and the BIOFIRE solution that we have, there is a significant opportunity to further strengthen syndromic testing and expand the use of syndromic testing into the different countries.

It's the case in the U.S. where there is still a significant share of the labs who don't use syndromic testing, and we need to expand that. Outside of the U.S., it was a key focus in the last few years for us to work on making sure that as many labs as possible were accessing syndromic testing. We have very solid success stories in Japan. I was in Latin America last week. Colombia is a beautiful success story, middle East. In some geographies, we've doubled our sales of BIOFIRE by working on making sure that syndromic testing is fully understood and reimbursed in those different geographies.

Beyond that, when we have the installed base that we have that was very much strengthened by the COVID-19 crisis, we believe that with the installed base, we can leverage that installed base by selling all the panels that are nonrespiratory panels. And as you know, we have the most comprehensive portfolio of panels available on syndromic testing platform. And we're working actively on this commercial efforts, medical efforts to make sure that the instrument that is in the lab is used by as many clinicians as possible that they can prescribe the different panels that we have, meningitis, gastrointestinal panel, BCID2, joint infection, all of them.

And finally, and that's the last piece of good news. We are in the process of launching a new generation of syndromic testing with SPOTFIRE, which will allow to move towards more decentralized new patient settings. So if we move to the next slide with SPOTFIRE. What we expect to reach in terms of growth opportunities are 2 main areas. First of all, point-of-care setting. And as you know, point of care has been massively developed in the context of COVID-19. So this is a segment of the market that is very interesting to us, and where we want to be actively present and consolidate the presence that we have in the labs.

So SPOTFIRE, I'll come back to that was designed for point-of-care setting. So easy to use, CLIA-waived, very small footprint, very short time to result. So that's an area of growth. The other one is with SPOTFIRE, we are going to enter the market of low plex frontline testing. And we believe that the SPOTFIRE opportunity will allow us to have a differentiated solution in the field of low plex, which is a big market in most countries, and that is -- will generate another growth opportunity for us with the BIOFIRE product range.

So if we move to the next slide, SPOTFIRE in a few words. So CLIA-waived, which means it doesn't need to be used by a technician of the lab to be operated. Below 20 minutes, we're talking around 15 minutes to get time to results, just to give an order of magnitude, cepheid today is around 30 minutes. Our RP panel is 45 minutes. QIAGEN, with their RP panel is 1 hour and 15 minutes. So with 15 minutes, it's a very significant acceleration of the time to result for the lab, for the clinicians and for the patients. Very small footprint, A4 sheet, basically, that fits on the table of clinician. And that will allow to bring both full syndromic panel 15 plex but also low plex panel that we call RP Mini 5 parameters.

Next slide I was sharing with you. We are excited by this launch because it will allow us to get into the point-of-care markets, especially in the U.S., where it's a significant market. It will also strengthen our overall BIOFIRE franchise and what we have in mind in terms of sales production is to be able to reach EUR 400 million by 2027 with this new platform.

So this was a molecular product range. Now if we move to immunoassays, the new news, and again, it was commented by Alexandre a few minutes ago, we are launching a new VIDAS system that we call VIDAS KUBE that is mostly targeting the developing countries where we use VIDAS for routine testing. It's a system that builds on the key features that has made the success of VIDAS in the past, easy to use, reliable.

But beyond that, it's -- we've strengthened the easiness of use for the laboratory technicians with a new computer, it uses touch screen. It's using lower energy, it's flexible, the calibration of the instrument is also easier. And the whole menu of VIDAS will be available on VIDAS KUBE.

So it's really an instrument of the 21st century. That we believe will further consolidate immunoassay franchise outside of France and in developing countries. It's IVD cleared. We are, as we speak, preparing for a full-scale launch. It's already in the control launch mode in 3 countries, Dominican Republic, Italy and India.

In terms of impacts, obviously, it's an opportunity to sustain the growth that we've seen with routine testing. Guillaume was mentioning the fact that in 2022, we struggled with recovering from the quality issue that we had at the very end of 2021. So that will allow to get the immunoassay VIDAS back into a more positive setting with an instrument that is adapted to the needs of this century, and that will further help to drive the adoption of innovative biomarkers.

So this is basically what I wanted to share with you in terms of innovation. We are in a big market that is growing. We have market leadership positions. And for the first time of bioMérieux history, we are going to launch in a time frame of 18, 24 months, multiple new systems that will consolidate our position and allow us to tackle new business opportunities.

So we're very excited. Obviously, it's not only about having the products. It's about being capable to execute the strategy. So I have 2 slides on business transformation.

The first one relates to North America. In North America, we have, in the last couple of years, consolidated our organization. It's, by far, the biggest organization for us globally. We had 2 teams that we've consolidated, BIOFIRE and bioMérieux. So now one single team that is dealing with customers with one brand, one leadership. We have recruited a new leader for the U.S., Jennifer Zinn who is coming from Siemens, who has a significant experience in the point of care market, which obviously makes a lot of sense for us in the context of the launch of SPOTFIRE. So we are working towards making sure that we execute the strategy that we have in the best possible way in the bigger geographies for the group.

The second element I wanted to share with you in terms of executing the strategy. I could spend hours on it, so I will only spend 2 minutes is the strengthening of medical affairs components. Obviously, it's an important topic for us because everything that we do from a technology perspective is targeting an unmet medical need, which is resistance for antibiotics. So it takes a lot of medical affairs dimension and support to be able to make sure that we have the right prescription from the clinicians, for the right products, for the right patients.

We have invested in the last few years in building this medical affairs network that is supporting the teams. It's helped a lot in terms of raising awareness and benefits. It was, for instance, the key components to be able to achieve reimbursement in Japan. It's very significant to be able to deliver medical value because it allows with this team to go and visit clinicians with the model of the sales reps in pharma to convince the clinicians to prescribe the diagnostic solution that we have. It's ease in market access and reimbursement. And it's obviously an opportunity for training our teams and making sure that we medicalize our activities.

And with this, I hand over back to Alexandre.

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

Okay. Thank you, Pierre. Thank you very much. Just a few words, one slide, in fact, around the '23 outlook, which is in line with what we preguided in December. So as you recall, we keep the objective to have overall growth for bioMérieux between 4% to 6%. And as I've said, we also communicated our growth outside of respiratory, not outside of COVID like some others do. And the idea is to be outside the respiratory to have a growth -- organic growth between 8% to 10%. And it's true that the respiratory, it also depends a bit on the intensity and the start of the potential flu season.

In our guidance, we seek also to have the non-RP panels growing at double-digit growth. Microbiology to keep on reinforcing our leadership to have immunoassay flat for this year after a challenging year in '22 and keeping on having industry growing at a high single digit growth. The CEBIT objective should be between EUR 600 million and EUR 630 million. We expect and we'll be working on to make sure that the sales growth and the price increases will almost offset the cost inflation.

And in our guidance, we took into [our expectations] that we should have a negative impact around EUR 40 million on the CEBIT. Negative impact coming from ForEx. CapEx, we keep on, as usual, investing for the future with the CapEx to be close to around 10%, and this is in line with our willingness to increase capacity and also working on the automation projects.

So with this being said, I think we can open the floor to the question to myself and also to Guillaume and Pierre Boulud.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll go first to Maja Pataki with Kepler.

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

I have 3. I would like to start first with the data that you've provided on SPOTFIRE and also the sales indications you've provided for SPOTFIRE for 2027. Could you give us some color on how you think about cannibalization risk of SPOTFIRE versus the traditional BIOFIRE instruments? Are you incorporating -- are you anticipating that there is going to be a significant cannibalization? That will be my first question.

Then my second question relates to your -- to the stake that you've taken in Proxim Diagnostics, the 20% stake that you hold. First, could you let us -- could you give us an indication who holds the other 80%? Second, are the products already in the market? And would the offering, which seems to be really a low-cost offering for point-of-care testing, be something that you could be potentially distributing globally? Or would that be more for developing countries? And my last question, on financials, Guillaume, could you help us by understanding how much did the close to EUR 200 million decrease in EBIT relates to normalization of costs, cost inflation and currency impact?

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

Thank you. Maybe we'll take the first question on SPOTFIRE , and Pierre feel free to complement.

Yes. So we gave you the objective of the expectation we have with SPOTFIRE to be above EUR 200 million in [5]. Not so much cannibalization in our plan because I think what was expressed by myself, I think Pierre also, is that the fact that it's mainly targeting a new market for us, which is decentralized testing/point of care. And we believe that it's an extension of our reach -- extension of the reach also to -- sometimes to inpatients, but mainly to outpatients. So we believe it will be mainly, say, growth opportunity for the whole syndromic molecular range. I don't know (inaudible) probably should answer.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

Yes, no just to say 5 plex for flu will not cannibalize because the front line testing is already done with low plex. So it's purely additional testing that is not today addressed with full syndromic solution that we have and very much, to build on Alexandre's point, the point-of-care segment is a market where we have a very marginal presence. So it's -- we are working on making sure that these are additional sales and not cannibalization sales.

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

You have question on Proxim? Maybe I missed one part of the question. So why did we invest in Proxim?

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

No, no, no.

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

The other 80% is the founder...

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

Is the founder. We have also -- it's still a platform in development. We are supporting also the research and development work of this company. It's not so much about low cost, it's the fact that we believe in point of care. As you see our move with the molecular solution. And I think in the field -- there is also an opportunity in the field of immunoassay.

But still, we believe that technologies needs to improve a bit in terms of performance to be truly point of care. So this is why we have invested in this company, which is quite promising, but still early days for the development of Proxim.

But point of care [standard of] testing, we believe it's a trend and we want to investigate.

Maybe the last question is for you, Guillaume, on the financials.

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

Yes, of course. So thank you for the question on the bridge between 2021 CEBIT and 2022 contributive operating income, which, yes, is a decrease of -- actually, if we adjust for FX is a bit more than EUR 200 million. So we have a number of effects of normalization as well as inflation. So inflation impacts overall on the cost base, just to wrap up on 2022. We have about EUR 90 million overall in terms of compensation topics, which means salary, merit increase of about 6% as well as all the variable compensation, which also increased due to inflation as well as overperformance, sales commission, bonus, et cetera.

On top of that, we have the transport cost which we discussed together during the year, which overall ended about -- with an inflation effect of about EUR 30 million for the sea freight and air freight, as you know, very high levels in '22. And the last effect in terms of inflationary elements really on the more -- the raw material and electricity, which is around EUR 25 million, EUR 30 million additional impact of inflation in '22.

The part that is linked to more -- back to normal, when we think about sales and marketing activities, about R&D and clinical trials is roughly EUR 50 million, EUR 60 million of acceleration of costs.

Operator

We'll move next to Aisyah Noor with Morgan Stanley.

Aisyah Noor - *Morgan Stanley, Research Division - Equity Analyst*

My questions are on the quarter itself. First one is on the microbiology business. I'm a bit surprised to see the growth slowdown in Q4, given that this tends to be the strongest quarter of the year for you and you're delivering very strong momentum in the previous quarter, could you provide some color here. as to the drivers of this -- you mentioned an equipment slowdown? Is it just tougher comps, competition or market weakness? Some color there would be helpful.

And then the second question is on China. So your peers have been very vocal that this only moves into positive growth territory in the second half of the year. Could you provide the growth rate for China? And also, the APAC region was also quite strong in the quarter. So what are you seeing -- what did you see in Q4 for China? And then what are you seeing in Q1 so far?

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

Okay. Catch the one on microbiology maybe, (inaudible).

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

Microbiology, it's very simple. In Q4 2021, we had a very big one-off deal for equipment, actually Eastern Europe. So that's high comps, nothing more than that. So it's a base effect on the special deal in Q4 '21.

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

Maybe I'll make one comment on Q4, which is not your question. But all in all, in Q4, bioMérieux, we had growth. And I think this is also worth noticing because again we compare also to other companies in the field of IVD. We have not been so impacted by the slowdown of COVID. And it was a good performance showing the resilience of the portfolio. Just a comment I wanted to make.

On China, I'm not sure I catch all the questions. We are overall minus 6% in China in 2022 with a lot of, let's say, ups and downs linked to the lockdowns of one city and lockdown in another city, et cetera, which were really decelerating and then restarting business overall in the year. What is probably more important in your question is what we see. We see a progressive, possible, let's say, normalization of business activity, but maybe a bit too early to say at this stage. I don't know, Pierre, if you want to add.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

Yes. I mean you are asking about the dynamics of the Chinese market the last few months, in fact, it's recovering. As it was explained, it was a very tough 2020, at least for us, but because of the lockdowns, activity in the hospitals, the beginning of the year is actually looking very much like it's recovering. So no warning signal on our side.

Operator

We'll go next to Odysseas Manesiotis with Berenberg.

Odysseas Manesiotis - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

I mean a quick follow-up from Maja's question. Assuming that some cannibalization does take place on your FilmArray franchise, at least on the safety in pathogen panel. In terms of margin, would your consumables be higher margin than the FilmArray franchise here? And my second question, so I understand you're much more dependent on the inpatient side of the U.S. market. But has the MolDX local coverage determination in April 2022, which implied the limited coverage for expanded panels, had an impact on your sales yet? Or has the outpatient part of the U.S. market become a significant part of this part of your business?

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

Yes, on SPOTFIRE, I think the question on the margin is really on the pricing for the -- basically the indication that we can give is that the 15 plex being a high plex will be at a pretty similar pricing to our current respiratory in the U.S., whereas for the RP Mini 5 Plex, you understand we enter,

as Pierre said, in a very big market where there are already some players. And we will have, of course, competitive pricing versus other competitor offerings. So slightly lower, of course, in the current high plex respiratory.

MolDX and inpatient, outpatient impact? You can see so much pressure because we are still quite impatient. But no, no, if we look at '22 in general, we don't see so much pressure on the ASP of FilmArray. So I think nothing special to report there, to my knowledge.

Operator

We'll go next to Delphine Le Louet with Societe Generale.

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

Okay. I have a series of questions and thank you very much for this energetic presentation. It was very interesting. Can you come back into the pricing evolution for the RP and non-RP panel at BIOFIRE over the course of '22? First question. .

Second question regarding the size of the low plex markets in SPOTFIRE, how would you compare that to the, let's say, to the high throughput. So what is your target? In fact, can we think of a doubling of -- or equivalent size of the market, I would say, a doubling in terms of revenue for all BIOFIRE due to the SPOTFIRE. Or is it too large?

Third question, a bit more broad for you, Guillaume and Alexandre. All the companies recovered had a lot of difficulties in maintaining their gross margin over the course of '22 for many, many reasons, pricing, supply chain, difficulties in getting the raw materials and blah, blah, blah. When we think about your gross margin evolution, you had a tremendous accretion over the year '22 versus where we are pre-COVID.

So like in the range of 180 basis points to 200 basis points. So what is the factor that drove you there? And how should we think in terms of investment, in terms of Salt Lake City, what do you put on the back of that? Should we think about your gross margin as continuing and progressing over the next year to come? Or are you okay so far with the current level you are in roughly around 56% or something in that. So can you let us know your thoughts on that?

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

Okay. Maybe I can start with some part of -- from your last question, the difference between '19 and '22. Just the company is bigger, but we have also much more sales with BIOFIRE, which is having quite a good margin. So there's a big product mix impact also in our -- when you compare our CEBIT. To tell you, are we satisfied with the margin, yes, it's good. We keep on working. We said we'll keep on working to steadily increase our CEBIT.

As you mentioned, it's true that we have some -- like everybody, we have some headwinds in terms of supply chain and inflation, but we are working on this. But to your main question, the impact is mainly the change of product mix that we have. And the complements?

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

It's very clear. And on the complement, I would say that in 2023, the challenge, of course, that we are working on is to increase prices in some of our segments to compensate for the inflation and to protect our gross margin as much as possible, as we said.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

It's a good segue to your first question, actually, on the pricing evolution for RP and non-RP, Pierre Boulud speaking. So non-RP, it's actually okay. We have significantly less competition, obviously. And by the way, it's not only that the price evolution is comfortable and flat, it's also that we

benefit from higher prices. So that's one of the reasons why we are pushing for non-RP panels improving the product mix. For RP, we are suffering. We have price erosion. We've shared the (inaudible), do we show number of [price erosion]?

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

Yes, yes, we can share. It's Like 2%, 3% price erosion. So it's not massive either, but we have some.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

And we are seeing it to be transparent globally. Obviously, in the U.S., but -- and we're actually -- it's probably the price of the competition of -- on RP, we are not losing much market share. We are actually pleasantly surprised, I shouldn't say this in front of my teams, but we are actually doing a very good job at keeping a high level market share. But it's at the cost of a bit of an effort in pricing. So that's the answer to your first question, I hope. And your second question was market size. And if I remember correctly, low plex, high plex market?

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

SPOTFIRE, yes, absolutely.

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

Right. It's first of all, what you need to know is the low plex markets is actually the main frontline testing market today. So it's a massive -- it's a very big market where you'll find the usual players, right, cepheid, Liat with Roche, ID Now Abott. This is what is mostly used in frontline testing. So it's -- again, it's massive, very competitive, obviously, but the size of the market is significantly bigger than low plex markets. And for instance, if you look at the market in 2021, which is obviously impacted by COVID, it's 1 to 4 the order of magnitude of what we're talking about.

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

In dollars or in euros?

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

In dollars. And as you're going through...

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

For the low plex? Are we okay?

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

Yes, for the low plex.

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

4 for the low plex and 1 for the high plex? Okay.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

Yes. So that's a significantly bigger market. At the same time, and it's part of the uncertainty we're dealing with. There is a big question. And obviously, we are moving from a market where we enjoy 70% market share, which is relatively small, to a much bigger market where we have 0 market share. So the update for us is a big question mark, but we -- as I said, we generally believe we have a very competitive differentiated innovative solution. So we are hopeful we'll make an impact, but we share the ambition, which is EUR 400 million by 2027.

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

And the pricing? Same as -- how is it? (inaudible)

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

And the pricing...

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

(inaudible) for pricing, as we said a few minutes ago, on the 15 plex, so the high plex version of respiratory on SPOTFIRE , it will be similar to the current respiratory panel because it's high plex. On the RP Mini 5 Plex, we will need to be in line with competition. So and of course, prices of cepheid-like competition is below the high plex.

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

Let's wait for the relaunch when we have the FDA clearance. We'll give more details at this stage.

Operator

We'll move next to Peter Welford with Jefferies.

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

I've got, I think 4 left. Firstly, just so coming back and staying with the SPOTFIRE a minute. Could I just understand with regards to the manufacturing of the panels, presumably even the 15 plex will be a different cartridge and a different manufacturing to the existing multiplex panel. Can you just talk a little bit about the investment you've done in that and the sort of capacity you have for the -- both the mini 5 and also the 15 plex and how much, I guess, synergy there is with the existing BIOFIRE (inaudible) manufacturing that you have?

Secondly, then just on the VITEK REVEAL, just trying to figure out how conservative potentially the 60 million sales forecast for '27 could be? I mean given -- I think you said before that the gram-negative positive blood culture opportunities is probably about similar size to the gram positive, if not bigger. So I guess just trying to understand, given the frequency of gram-negative, why perhaps such a relatively small proportion, do you think at that time, would be using the rapid AST testing.

Thirdly then, I wonder if you could just give us an update on tuberculosis. Have you managed to rectify the issues with that or at least are you on the sort of root cause analysis to get that back potentially to market. And then finally, I just wondered if you could give us a geographic split at all of the roughly 23,500 instruments that you have placed now for FilmArray BIOFIRE and how we should think about that.

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

Okay. Maybe I will take the first, not in the right order, tuberculosis. So yes, we are identifying the root cause, but we are still working on the industrialization plan to recover. So still working on this. It will take some time. So no date to announce today to when we will be back on the market with [TBI work] because we have to do our tools, but now we have to put it in place the right industrialization processes.

Your question on SPOTFIRE manufacturing. Now, the SPOTFIRE purchase, it's same type of -- different chemistry, but it will be also produced on the same manufacturing lines that we have in Salt Lake City. So we have the capacity already to produce these lines.

There was a question on...

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

VITEK REVEAL? VITEK REVEAL, I can -- you want to -- okay, so again, Pierre speaking. Thank you for the question. It's -- I should start by saying we plan to sell VITEK REVEAL reagents at a significantly higher price than the VITEK got. So for the lab, the way we market it is really to make sure that the patients who are absolutely in need of rapid AST are going to be exposed. So it's not -- in other plants, we don't plan to have all gram-negative positive blood cultures. It's really the gram-negative patients who have an urgent need for a rapid AST. So that's a subset of the patient population. Now we are creating a standard in the market, right?

So I mean, if the solution is really good, it may be expanded. But the primary target is this one, and that's the reason why. The other element is gram-negative is the bulk of the market because this is where the antibiotic treatment is most complicated, as you know. And for gram positive, with BCID2, as you know, we have resistance markers that give a pretty good sense for the clinicians of what antibiotic treatment to use. So gram negative, we believe is 70% ,80% of the market for VITEK REVEAL. So it's really the core of it.

So even when we develop gram positive, it's going to be important. It will complement a solution offering. And it will allow us to have better answer to the tenders, but the bulk of the market is with gram-negative positive blood culture for patients that are in emergency at night with the risk of sepsis shock. That's the reason why you may feel that the sales is a bit conservative. That's the reason why.

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

And for your first question, which was a geographical split of the installed base of BIOFIRE, 23,000. So overall, the install base is about 70% U.S., 30% outside of U.S. with Europe, Japan, the major ones, of course, outside of U.S. And if we look at the added installed base of 2022, it's about 50% U.S. and 50% outside of U.S., which is quite logical. Of course, we accelerate more or we add more customers and units outside of U.S.

Operator

We'll go next to Hugo Solvet with BNP Paribas.

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

I have 3. First one on SPOTFIRE. Just to clarify on the margin profile. Can you maybe talk to -- given the different -- getting more decentralized, can you talk to the commercial investment only to put behind SPOTFIRE and before reaching the EUR 400 million and when this will become accretive to group margin?

Second, on China, can you talk maybe to the impairment that you have done and how your business plan in the region has changed. And third on the guidance, given all the moving parts in 2023, especially in Q1, how should we think about the guidance that you've laid out for 2023. Are you more comfortable with the low end, the mid range or the high end, given that all of the new products that you presented also are not expected to be main contributors for this year.

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

Maybe I will start with your last question. We just gave the guidance this morning. So we're not going to give ranges in the guidance between 4% to 6% and/or 8% to 10% outside of respiratory. And what can I say that Q1, we still had a strong [season of flu] in January but there was a bigger drop, I would say, of cases of flu end of January, beginning of February. But all in all, we have, I would say, a robust and diversified portfolio. So there is nothing to indicate regarding the impact on Q1 or even less on the full year guidance.

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

On margin profile for SPOTFIRE.

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

Commercial setup.

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

Commercial setup. So as we speak, we are actually building up a commercial organization that is going to be capable to launch in point of care. When we have the limiting factor in the short term will be the number of instruments that we can ship into the market. So when we have the full capacity from an instrument perspective, we'll probably move towards having distributors in the U.S. And especially, I'm not sure we said it, but the 5 plex that we're talking about is going to be targeting the U.S. as the only geography for the moment, so that we can really focus on this one. So this is the kind of investment we are looking at. The other investment is that in the point-of-care market, both instruments are placed, 100% of them are placed. So it shows into amortization and CapEx.

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

China, China question on the impairment. So I remind you that we invested in a local immunoassay company called Hybiome that we own 67% of this company for the last 4 years. It's a very small contribution because it's less than EUR 30 million sales. So definitely a tough market immunoassay in China that I would say, the local players are becoming -- or became stronger. The regulation also is pretty stringent. So the business plan changed for this local immunoassay company that we control. And we took an impairment of about EUR 30 million, including in this line of amortization of acquired intangibles. And this represents about 15% of the full value of the company.

Operator

We'll go next to Rajesh Kumar with HSBC.

Rajesh Kumar - *HSBC, Research Division - Analyst*

Can you help us understand the R&D tax implication you've mentioned earlier. How does that actually work through your cash flow and P&L? Coming back on the full year guidance this year, how are you seeing the weighting between the first half and the second half of the year in terms of growth and margins both? If you could give us some color based on what you've seen in terms of momentum so far, that would really help us do the first half, second half split.

And finally, on the working capital, accounts receivable, I get the inventory -- why inventory might have moved that way. You did say there were some receivables delay as well. Could we understand that a bit better?

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

Okay. Thank you. This is Guillaume. So all questions for me. R&D tax implications. So I just summarize in terms of policy, we expense all our costs of R&D in the year. And what changed is that from a tax point of view, the U.S. administration and Congress decided that U.S. R&D should now be -- is very new, should now be capitalized and from a tax point of view, amortized over 5 years, which means that in -- I mean in 5 years, it will not make any difference. We will would have capitalization amortization. But the year -- and the first year of change, it makes a very big difference because we start to capitalize, and we have little amortization from a tax point of view.

So it's -- if you want, if I summarize, it's an acceleration of cash inflow for the U.S. government, it's more a timing effect. But it's pretty massive, and it represents about $70 million cash-wise because we have a very big R&D base in the U.S. Hope it's clear.

Guidance in terms of phasing, basically, the major effect of phasing is very simple is that we assume in our guidance that in Q4 this year '23, the, let's say, overall flu RSV season will be what we try to measure as a medium season compared to what was a very high and very strong season in Q4 2022. So the main difference is really the last quarter of the year which would be, in our guidance, negative.

Whereas for the rest, I mean, it's pretty similar overall throughout, let's say, Q2, Q3. Working capital, so accounts receivable, the major effect is really seasonality effect. We have a very strong Q4. And even in Q4, very strong especially November months, which actually drives this high receivables at the end of the year. We have no worry on the quality of the accounts receivable. It's more a timing effect. And when we look country per country, there is no, let's say, a deviation of DSO that we should be worried about.

Rajesh Kumar - *HSBC, Research Division - Analyst*

No, very clear. Just -- I'm assuming that if it was a timing effect, you would have already collected that cash in Q1. That would be a fair assumption.

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

Yes, we will collect in Q1, yes. Exactly.

Rajesh Kumar - *HSBC, Research Division - Analyst*

Okay. And on the seasonality, you were very helpful in giving for the growth. For the margin, I'm assuming it would be a similar pattern given that the drop-through margins would filter through. But I'm assuming inflation filters through at a different timing in different lines. So if you could help us with the margin first half, second half?

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

No, honestly, a bit more difficult on the margin because there are quite a number of effects on the margin. Of course, there's all the salary effects that come into play more in -- from Q2. We also have, of course, all the inflation, especially material inflation that will flow from inventory into our cost of goods in the P&L.

There will be the volume effect of, as I mentioned, probably Q4 being the lower growth of the year or maybe negative in Q4 in our assumptions. It's a bit more difficult to give you guidance on the split of margin or difference on margin H1, H2, Sorry, for that.

Operator

We'll go next to Maya Pataki with Kepler.

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

Two on SPOTFIRE, please. You've mentioned throughout the call that you believe you have a very competitive offering with the SPOTFIRE Mini -- respiratory mini that will come to the market at some point in time. Can you talk a bit about what you consider being the main differentiating factors of what you will bring to the market to currently what is in the market?

The second question is around the placement of instruments. So you mentioned that the low plex market is a pure placement market. Is that then similarly tied to multiyear contracts? Or is it more a lower loyalty swap around market where you maybe have -- you place an instrument, you have a contract for a year and then you need to see whether you can extend that.

Pierre Boulud - *bioMérieux S.A. - COO of Clinical Operations*

So I answer your 2 questions, Pierre speaking. First of all, differentiation. There are 2 and a half, let's say. So the first one is time to result versus cepheid, clearly, around 15 minutes versus around 30 minutes, versus Liat and ID Now, it's the plexing because we are bringing 5 plex versus 2 to 3. So that's significantly better, obviously, versus -- we will also be the only ones with 5 plex, which, as you know, the reimbursement is for 3 to 5 plex. So we maximize the value of the reimbursement with 5 plex. That's the reason why we did it.

And the menu, if you -- the 5 parameters are going to be flu A , flu B, COVID-19, RSV and enterovirus, rhinovirus, we don't differentiate, but it allows to identify them all. So it gives a diagnosis yield, as we call it, meaning that if you run the 5 plex, you have a very high chance that you don't have I don't know kind of answer from the clinician. You're capable to confirm if your patient has a cold, if he's got a bacterial infection, flu, RSV or COVID-19. So that's -- for us, it's a very big differentiation.

So the first 2 are time to result and 5 plex. And the 2 together makes it very powerful.

The half, if you wish, is we also work and we want to develop a menu on SPOTFIRE. I think it was showing in the slide, so that obviously, the holy grail is for those points of care settings that they don't have too many instruments for each test they want to do. So we want to expand the reach of panel.

It's too early now to say on what panels we are working on, but we really want to be able to promote the SPOTFIRE instruments as the go-to instruments when we go into point-of-care testing.

Your second question. Pure placement. Yes, so yes. I'm reminding it now. Yes, it's multiyear contracts, exactly as you say. So you place in exchange of a minimum volume of tests being performed. And usually, it depends but usually, you have options to take the instruments back. If the number of tests is not performed. So obviously, it takes a significant follow-up from the [deals]. But that's the usual business model that we have in the U.S.

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

Brilliant. Can I just place a follow-up question on that? I mean I believe to understand that you've been working on SPOTFIRE for a couple of years now. And I understand that you don't want to give us an indication when we can expect to see additional menus coming from SPOTFIRE or what it will be. But can you just maybe help us understand, was the complexity in developing SPOTFIRE to get the time to results down significantly. And therefore, any developments that happened on the menu side will be less complicated.

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

I'm not the technical expert here, but I don't think there is -- obviously, the time to result is a big topic, but I don't think it's related to technical complexity. Honestly, it's more bandwidth from our teams to be able to develop the test that we want to develop.

It's a combination. It's a joint work that is done by our strategic marketing teams. What are the areas and the segments where we believe the SPOTFIRE technology, again, time-to-market and plexing can bring a significant differentiation versus what exists in the market. So we're looking at the market size, we are looking at the competition and we are looking at how a very unique technology allow us to bring a differentiated value.

We don't want to launch a (inaudible). So that's the project we had for respiratory, that's the project we want to have for the future panels. And then it's the time to develop the right level of performance, but I'm not aware of any specific technological challenge. It's more a matter of focusing the resources on the right areas.

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

Great. And then really just last follow-up question here. The target that you provided, yes, I'll go back to the queue if I have anything else. The target that you're providing, the more than EUR 400 million revenues for 2027, is that for what you have announced today, like your Respiratory mini that you financed recently? Or does that already include additional launches?

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

I'm watching my CFO and my COO. Mainly respiratory in the target. But until '27, we will be adding new tests, but too early to -- so the additional panels that we would launch if I'm rephrasing it, would be marginally -- not too big an impact on the (inaudible).

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

The bulk of it will be respiratory, but we expect to have a...

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

But we hope to launch something new before 2027. That's the question.

I'm just careful of time because of the constraints we have with -- Jennifer, do you have somebody?

Operator

At this time, there are no further questions.

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

Okay. So I think we will -- nothing on the web? There is no -- there is no question on the web. So I'd give one more minute, but we've exhausted it. Maybe we wait to see if there is one more question. So if not -- thank you. Thank you very much indeed. So the next press release will be on April 26 for the Q1 sales results. So thank you very much for your attendance. Bye-bye. Have a good afternoon. Thank you very much.

Operator

This does conclude today's conference. We thank you for your participation.
