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## PRESENTATION

### Operator

Good day, and welcome to the bioMérieux H1 2023 Financial Performance Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Aymeric Fichet. Please go ahead.

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### Aymeric Fichet

Thanks a lot, Kelly. So hello, everyone. Good afternoon, good morning, and thank you for joining us to review bioMérieux's performance for the first half of 2023. I'm on line with Pierre Boulud, CEO; and Guillaume Bouhours, CFO.

Before handing the call over to Pierre for preliminary remarks, please note that this conference call will include forward-looking statements. I would like to remind you of the usual disclaimer saying that forward-looking statements are based entirely or partially on assessments or judgments that may change or be modified due to uncertainties and risks related to the company's environment. I also remind you that today's call is being recorded and that a replay will be available on our website, [www.biomerieux-finance.com](http://www.biomerieux-finance.com). I will now hand the call over to Pierre Boulud, and then we will open the call to discussion and questions. Pierre?

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### Pierre Boulud - bioMérieux S.A. - CEO

Thank you, Aymeric. Good morning, good afternoon, everybody. So I'm Pierre. As you know, it was announced in June, I was appointed Chief Executive Officer as of 1st of July. So it's first opportunity for me to share with you financial performance for the first half of 2023, and welcome to the call.

So I'll start with sharing a few business highlights, and then Guillaume will hand over with more detailed financial performance update. And I'll close the call with an update on CSR road map and confirmed guidance.

So moving on to key performance indicators. We -- we are very glad to say that we display a strong commercial performance in the first half of 2023, as you could read, growing 8.3%. This 8.3% we'll go into the detail, but there is one element that I'd like to highlight, which is there is a 2% price increase. That shows the capacity for the organization to translate some of the inflation costs that we have to our customers.

The second element I would like to highlight is a very strong performance excluding RP, because in the first half of the year, we've been able to grow our sales, excluding the RP panel from BIOFIRE 11% in the first half of the year.

Contribution and profitability reached 16.5% of sales, EUR 291 million. And as you know, a very strong balance sheet with very, very, very small debt that is showing the strength of the balance sheet of the company. So based on that, I will share with you for the major franchises and applications of bioMérieux commercial performance in the first half.

So let me start with BIOFIRE. So BIOFIRE, as you can see, we've been growing in the first half, 8%. The first element that is driving this growth is, as you can read, nonrespiratory panel, 27% -- amazing 27% growth in the first half of the year. Very much driven by the commercial efforts for the organization. We are leveraging the installed base that was created in the context of COVID, making sure that we have as many customers as possible using different panels beyond the respiratory panel. And we are actually very satisfied on all panels, be it gastrointestinal, pneumonia, meningitis. They are all performing very well, and they are performing very well in all geographies. So very consistent strong performance from non-RP.

The other element, which I think is worth highlighting is the 0% growth on RP that optically, it doesn't look very exciting. But as you know, the 2022 vanished in January 2023. We had a very limited COVID and very low flu season mostly in the U.S. The fact that we've been able to keep our sales for the RP panel flat, versus the first half of 2022, is actually demonstrating the medical value of syndromic respiratory testing using BIOFIRE versus pure COVID or flu A, flu B kind of testing. So very, very impressive performance for RP, and we are very happy with that in the context of the very low flu season that we had.

The third element that we'd like to highlight is beyond this good performance, we believe we still have room for further growth in the next few months. In the first half, we've kept growing our installed base. As you can see, 800 instruments installed in H1 that will further feed the growth for reagents in the future.

We still have, even though the sales of BIOFIRE outside of the U.S. are growing faster than in the U.S. is still 75% of sales that are coming from the U.S. So significant opportunity for growth outside of the U.S. And finally, we still believe there is opportunity for further demonstrating cross-selling. We are growing, as you can see, moving from 70% to 74% of the customers using at least 2 panels, excluding point of care obviously. But there is still room for growth there. And for customers using more than 2, 3, 4, 5 until 6 panels, because we have the largest menu available.

Next slide is about SPOTFIRE launch. It's a big element for H1. Obviously, it doesn't show too much yet in terms of financial numbers. However, it's a big news for us in the first half. We are now live in the U.S. We got the regulatory approval in the first half. We have started the first shipment in -- on June 8. We have installed in a month, 100 instruments. We also got good news in Japan in August, with also a positive approval from regulatory authorities in Japan that will allow us to start the commercialization in Japan in the second half of the year.

So what we have today, just to remind everybody with SPOTFIRE, we believe we have a very differentiated point-of-care solution. Fastest time to result, 15 minutes, 2 panels, Mini, which is 5 pathogens, which is already very good and a broader panel 15-plex. CLIA waived so that it can be used point of care, and we're obviously working on expanding the menu in the next few years. So that's the good news for SPOTFIRE.

If we move to the next slide, the other important franchise and highlights of the commercial performance in the first half is microbiology. We are very -- I am very proud of this performance, 15%, 15% growth in the first half of the year. It's obviously connected to all the efforts that we are doing with regards to raising awareness against antibiotic resistance, making sure that diagnostic is used to reduce the use of antibiotics. It also comes together and Guillaume will further explain on that on a very good pricing power in microbiology, that we've demonstrated in the first half of the year.

And finally, it confirms in my eyes, the very differentiated broad offering that we have in Microbiology. As you know, we are in the process of launching 2 systems VITEK MS PRIME for fast identification. VITEK REVEAL, which is the rebranding of the Specific Diagnostics products that we acquired last year, that allows fast antibiogram susceptibility testing. So we have a very comprehensive offering that gives us a very strong impact in the market and that is showing into a good sales traction in the first half of the year.

Immunoassays, we are very much in line with expectations on immunoassays, minus 2%, almost flat. As you know, it's a bit of double-edged work. On the one hand, we are losing on PCT procalcitonin, where we've lost the exclusivity. So we are suffering on price and volume. And this loss in sales is more or less compensated by the growth of routine parameters, mostly in emerging countries. So it very much in line with the expectations, the one balancing the other.

The good news of the first half, and it's really early days, but the uptake is in line with expectations. We are launching a new system on VIDAS, VIDAS KUBE. Very much driven towards developing countries, so that will support the growth for the routine parameters. On this system, the whole menu is available for the routine parameters, and it's in our minds and in our view, a very good way to support the sales performance for those routine parameters for the future.

Moving forward. The other highlight of the first half is industrial application. Very strong performance at plus 9%. Again, good pricing performance. And again, Guillaume will further expand on that.

Within industrial applications, as you know, we have 2 segments, Healthcare and Food. Health care has been very strongly driving the performance, with particularly good performance in the cell and gene therapy segment, which is a booming segment in the pharma industry and where we have a very good offering in terms of quality control. So we are benefiting from this very strong positioning.

And that's pretty much what I wanted to share with you with regards to commercial performance. I'll hand over to Guillaume, and obviously, we'll be able to answer your questions when we finish the presentation.

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

So hello, everyone. Let's look at our financial performance. So on this slide, you have a recap of what Pierre has already explained by franchise or by technology, so I won't repeat, of course. Overall, just a comment on the -- as part of the 8% organic growth, Pierre mentioned price increases of 2% overall. We are glad and satisfied that especially in Microbiology, we were able to deliver price increases of 4%, and in industrial applications, more than 5% of price increase. So definitely, pricing power in these areas helping us to pass through some of the big inflation, of course, that we have on our cost base.

Now on geographical view of the sales. Overall, North America is positive and growing, thanks to nonrespiratory performance, as well as microbiology. A super performance in Latin America. It's a small region for us overall, relatively, but very dynamic, as you can read, +19%. Now turning to Europe, Middle East, Africa, overall, an excellent performance in Europe, especially double-digit growth in Microbiology, which is really the performance in markets that obviously are major markets. Also a very strong performance on the nonrespiratory BIOFIRE panel. So cross-selling only installed base in Europe as well, and a very good performance of Industry as well in Europe. This zone is only, let's say, suffering more from the, of course, the Russia situation, where we still, let's say, operate, but of course, it's getting more and more difficult with different sanctions to deliver.

Asia Pacific now a bit less than 20% of group sales. A solid growth of plus 15%. As part of that, there is, let's say, a nonrecurring high-growth in China, but very good in terms of recovery of our Chinese business, back to, let's say, normal levels comparing to, of course, a low basis. You know that in H1 2022, China was very much in local lockdowns, which were impacting the ability of patients to go to hospitals.

India is also an excellent growth with a very good performance in H1. And Japan, which we concurred with BIOFIRE RP, quite strongly in the past 2 years, of course, slowed down significantly, but just due to, of course, the COVID slowdown there. But we have good expectations, as Pierre mentioned, on entering with the SPOTFIRE in Japan.

Now turning to the P&L. So you have here '23 versus '22, and I'll comment mainly on the like-for-like change. I can comment also on the FX and scope effects. So the last column is the like-for-like. So as you can see, with 8% organic growth of the sales, we were able to deliver slightly more, 9% organic growth of the gross profit. Meaning that we actually excluding scope and change, we increased gross margin by approximately 0.5 percentage point. This is due to efficiency and the favorable evolution of the transport cost, which, as you know, in the market are decreasing, especially on the sea trade.

Below gross profit, we have a pretty strong growth of the SG&A expenses. So in there, the first effect, as expected, is that we are comparing sales and marketing expenses to first half of 2022, which was still at the time, impacted by COVID, restriction of travel and the non-ability for us at that time to be as much with our customer and customer events as normal. So it's a normalization of sales and marketing activities that we had already explained, that of course, comes with events and travel cost, but it's absolutely necessary for us and our teams to speak to our customers about our products, our differentiated offerings as well as our innovation.

In terms of SG&A in this line, one thing to mention is that we have a EUR 10 million impact from the MyShare employee shareholding program. So it's a program that we do every 2 years, which had a lot of success. We basically propose to bioMérieux employees to -- in a sense of belong, to invest more in bioMérieux shares, with a discount on the share. We had 5,600 employees out of 14,000, subscribed to this plan. But about EUR 10 million impact in terms of expense for the company.

Excluding this impact, the G&A grew by 6%, which is, let's say, good performance. And as you can see, R&D is on a, let's say, normal trend of 5% and 12.8% of sales, similar to our usual standard benchmark.

Overall, with that, contributing operating income is almost stable at -- on a like-for-like basis, minus 1.5%. And which is very much in line with our full year guidance and fully in line with our expectations, our internal expectations. Just to mention that we have FX and scope impact. So FX is actually negative about EUR 13 million, with the euro being in a more appreciation trend, versus a lot of currency right now.

In terms of scope, we have the integration of Specific Diagnostics acquisition, which was only in H1 last year for 1 month, and weighed for about EUR 11 million losses in the first half compared to last year.

Now turning to below the contributive operating income. So we have this line of amortization of, let's say, the cost of acquisitions, that you know well, that has a very special effect and nonrecurring effect of an impairment. An impairment on Chinese entity Hybiome for a bit more than EUR 60 million.

So let me explain the context again. So I just want to really emphasize that we have a major bioMérieux activity in China, that is about 10x bigger than Hybiome. Hybiome is a small part of our China business. It's a company that we invested in 5 years ago. We have 67%. So not in full control with the minority shareholders. The company is in immunoassay, high throughput in China, which is a very competitive segment. And probably became even more competitive throughout the COVID period. And we realized in H1 that the recovery that could be expected post-COVID was difficult for the company, and was not performing in line with our expectations.

As a consequence of, let's say, this performance and plans, we reviewed the valuation of the asset by a bit more than EUR 60 million in this line. We are also -- I think it's important to mention that we're also considering, let's say, the possible strategic options for this participation in this Chinese entity.

With that, other comments on the P&L below operating income. So we have good improvement of the financial part, net financial expense, which is moving from minus 6 to neutral. There, the -- of course, the macro environment return on our cash. Income tax, the minus 33% of effective tax rate is just impacted by this nondeductible impairment of the Hybiome entity. Apart from this one-off effect, we have an effective tax rate of 25.6%, very similar to our usual levels. And so we have a net income published, which is down minus 29%. If you take out the Hybiome impairment, obviously, a major one-off, as well as the FX effect and scope effect that I mentioned earlier, the net income would be down approximately 4%.

Now turning to the cash flow generation. So EBITDA is slightly down, in line with my explanations on contributive operating income. Working capital is quite significant in terms of consumption. We have some seasonal effect there that can be expected, especially on receivables, which is

a collection. We collect a lot in H1 from the sales of Q4, which you remember with the (inaudible) were super strong last year Q4. We also have the seasonality payment of variable compensation bonuses, usually around March, April, as usual. And on top of that, obviously, more than usual, we have a pretty strong increase in inventory that explains this cash negative on the working capital.

Some elements to explain this inventory increase. First, we ended the year 2022 in remember, backorder allocation, we say, for BIOFIRE respiratory, so very low inventory. We took the first half to rebuild inventory for BIOFIRE respiratory reagents, which, of course, we definitely need to prepare the next winter season in a few maybe weeks now.

The other effect that is important in the inventory that we have a lot of new product platform launches right now, thanks to our innovation, and we definitely need to build up inventory for these instruments. For example, SPOTFIRE, for example, VIDAS KUBE, so that we can deliver customers with these ramp-ups.

That being said, tax, no major comments. We had some one-offs last year that are not there this year. CapEx remains at, let's say, the usual bioMérieux level for H1, it's 8% of sales, especially investing in Salt Lake City. So BIOFIRE manufacturing and automation, as well as in China and the studio plant.

And so overall, we have a free cash flow slightly down versus last year at plus 1 versus plus 16, but the balance sheet that remains, even after the payment of dividends, very solid, EUR 68 million of net debt. So really a lot of, let's say, headroom for investments as we needed.

The next slide is pretty technical, but just to give the analysts and some investors a view on our foreign exchange exposure. So it's more a sensitivity of the conversion of bioMérieux. Yes, different currency exposure. You see also on the slide that the H1, foreign exchange effects, were EUR 25 million on sales and EUR 13 million on CEBIT negative. For the full year, we have said we expect EUR 40 million on the CEBIT, which we confirm. The top line effect should be probably much stronger than that, around EUR 150 million in the current possible estimates on sales.

And with that, I hand over to Pierre.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Yes. Thank you, Guillaume. So I'll say a word on corporate social responsibility. We -- 2 years ago, the company shared the road map and the ambition that we have with regards to 6, sorry, 5 different pillars that we have on this ambition. So this is the update and of the different KPIs that we've communicated externally. On the ambition that we have, I don't think I need to comment each and every one of them.

Maybe I'll just highlight the greenhouse gas emissions. We have a very ambitious plan to reduce, in absolute terms, by 50% by 2030. And as you can see, when we compare with 2019, with all the growth that was generated by the company and the very recent 8.3% growth in 2023, we still managed to reduce the emissions by 7%. So a very solid performance, which as you can imagine, doesn't happen by chance. So a long way to go to reach the 50% that we have by 2030, but really moving in the right direction. So I'm very proud to share this with you.

And the last slide that will probably be a good segue to the questions. We confirm with those results that, as you can see, a very solid first half of 2023. We guided on a growth, excluding respiratory, between 8% and 10%. And we -- what we see in the first half and what we see coming in the second half, makes us very comfortable that we can confirm that.

And the CEBIT was guided between EUR 600 million and EUR 630 million, and more of the same, we are confident we can reach these targets. So basically, today, with the communication of first half results, we confirm the guidance for the full year.

And with this, I hand over to Katie.

**Aymeric Fichet**

We can open the Q&A session.

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**QUESTIONS AND ANSWERS**

**Operator**

(Operator Instructions) We'll go first to my Maja Pataki with Kepler.

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

I have a few actually, and I'll just fire them at you. Again, with regards to the pricing impact that you've had for the group to 2% on group, but then the 5% in industrial and 4% in microbiology. Could you remind me, please, when you started to increase prices and how long we should see the tailwind from a pricing perspective? That will be #1.

Then just to clarify the 100 instruments that you referred to for the SPOTFIRE that's not included in the BIOFIRE 300 instruments, right?

And then lastly, maybe if we look at H1 performance on the EBIT line and then look at your guidance, look at the still significant impact from FX that you're expecting in the second half to come through. Could you talk us through the layers that are going to be supportive of your margin improvement in the second half of the year?

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

Okay. Thank you, Maja. Thank you very much. Pricing impact. So when did we start to increase prices? It was actually throughout (inaudible) but mid and maybe a bit earlier for industry, but mid-'22 and second half '22 for more -- a bit further for (inaudible).

So yes. I confirm that the SPOTFIRE are not included in the plus 300 Q2 or plus 800 H1. It's on top, in terms of installed base. And then the margins, again, we are very much in line with -- the margin for H2, it's the same, let's say, trends as H1. What is changing is definitely the basis of comparison, because in H2 last year, we were already more on normal, let's say, sales and marketing pace.

And of course, the volume effect potentially that is stronger in H2 than H1, traditionally.

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

Right. But has there been anything, specifically, with regards to the product launches that you've introduced in June, like SPOTFIRE or the VITEK MS PRIME? Has there anything been that is more heavily -- that is more in H1 that shouldn't come through in H2 anymore? Or is it just pretty much same business?

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

No. In cost, I don't think there's a difference. Actually, it's not stopping. There's no one-off of product launches, and it's a cost that we need to add and events that we need to pursue. I would more say on the nonsales and marketing. Typically, the MyShare employee shareholding program was a 10 million hit that you understand in H1 that, of course, we typically, we don't have in H2, either next year because it's every -- we do these type of programs every 2 years.

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

Okay. And before I disappear back in the queue, could you please talk a bit about BIOFIRE pricing? I mean you've talked about group and everything, but how did prices develop on BIOFIRE?

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

Yes, I was expecting this one, of course. So BIOFIRE, we are almost stable, very slightly down, mainly due -- only due actually to the fact that we decreased very slightly the prices on respiratory in the U.S., in front of customer requests that are looking at how they manage their portfolio. Not only in front of multiplex competition, but also the way they manage the testing with also low plex possibilities. So we adjust when needed.

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

And when you say slightly, are we talking 2%, 3%? Are we talking 5%?

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

No, exactly slightly means around 2%, 3% (inaudible).

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**Operator**

We'll go next to from Aisyah Noor with Morgan Stanley.

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

Pierre, Guillaume and Aymeric, first one was on SPOTFIRE, which customer segments are you getting the most traction with? And are you able to disclose what proportion of your SPOTFIRE placements are from customers who already own a BIOFIRE FILMARRAY system? Just trying to get a sense of who your customers are.

And then the second question was a clarification one. I didn't quite catch what you said around industrial sales being supported by the healthcare market. Did you mention the therapies involved in the pharma industry that was supporting this demand? If you could repeat that part of the comment, because it wasn't in the press release.

And then the third question was on the sales guidance for 2023 by segment. If I remember correctly, your guidance for Microbiology for the full year was 8% and nonrespiratory panels was per or 15%. So you're clearly trending far above that for the first half. Is this just conservatism on your part? Or are you -- do you expect these segments to slow or possibly decline in the second half?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Okay. Thank you for your questions. I'll start answering, and Guillaume will complement.

SPOTFIRE customer segment. So as you understand, my answer will be focused on the U.S. because it's too early to say for Japan. In the U.S., we are looking at not only the pure point of care segment, but also the IDNs and (inaudible), where they are also using point-of-care systems, even though they are not in a point-of-care environment.



And to answer your question, it's too early to say where we have more traction, but we definitely get traction on both. We see a strong interest for the SPOTFIRE solution in the very point-of-care setting. We are also seeing a significant level of interest from integrated distribution network that are interested into acquiring point-of-care solutions for their decentralized labs.

So again, a little bit early and I hope that in the next few months, we'll be able to give a little bit more color on that. But we are targeting those 2 segments and those 2 segments are showing traction.

To your second question, so sorry if I was not clear. So industrial applications, we have 2 segments: healthcare industry and food industry. What I was trying to say was that the healthcare industry was significantly more dynamic than the food industry in the first half of the year, especially from a volume perspective. Because on both segments, we've actually done very good on pricing.

And within the healthcare industry, the segment that is growing fastest is the cell and gene therapy segment, where we are seeing a very good development of our sales for those specific clients.

I hope it's clear. Otherwise, let me know. And finally, sales guidance. Guillaume, do you want to give it the first shot?

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

Yes, first shot, and we can do it together. So on the sales guidance, yes, of course, you're very right. It's a very good question. You might see in the presentation that actually, we tweaked very slightly the guidance by segment. You mentioned that non-RP, we're guiding around 15%. Now you see that what we have written is above 15%.

Microbiology was around 8%. Now we put a little sign above 8%. And same for industry, which means that, yes, we are ahead of our guidance, excluding RP at H1. We are at plus 11% for against 8% to 10%. H2 yet will be a bit more difficult in a way that the basis of compare of H2 last year is higher than the basis of H1, due to the growth, especially. So there is a normal effect of probably H2 percentage growth, slightly lower than H1 percentage growth. Yet we see these segments a bit stronger potentially in terms of lending, as compared to what we said 6 months ago. And of course, that being said, for the overall guidance, for the overall guidance, it will depend a lot, and that's a big uncertainty on the respiratory season, winter season from September, October. But today, we have no specific signs to know how strong or mild it could be.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

I would maybe just add a qualitative comment on everything that Guillaume said. The fact that we have a very strong performance on non-respiratory products is, to me, actually, a very strong signal of capacity to generate good sales performance, beyond what happens with respiratory season.

So as Guillaume was highlighting, we are entering months where our sales performance is very depending upon the magnitude of the respiratory season, especially in the U.S. What I think is important in the performance from H1 is that it's showing that we have growth pillars that are not depending upon the respiratory season, that are performing very well.

So there is a level of uncertainty on the respiratory season, that, I mean, it's still at the level of uncertainty that doesn't justify to review the guidance. And that's the only actual comment I would make.

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**Operator**

We'll take our next question from Odysseas Manesiotis with Berenberg.

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

Firstly, on SPOTFIRE, on these 100 placements, could you please share a rough portion of how many of these placements were new customers and how many were existing BIOFIRE customers? And a second follow-up to that, what areas are you thinking to expand your menu here in the near term? And do you have any time lines at this point surrounding that?

And last one, just to have a view of how to think on pricing here on, is at around for industrial and microbiology that is? Is a 1 to 2 price increase close to your average? And should we expect an above or in line with average price increase next year, given the current data you have at hand?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

I'll start with SPOTFIRE question, and I'll let Guillaume answer the other 2 questions. So a proportion of new customers, I don't have the exact number, but very clearly, we are not targeting existing customers. As you know, we are entering the point-of-care segment. So the point-of-care clients, we had very few of them with the RP solution, and we are very much targeting new customers. And when we are dealing with IDNs, integrated distribution network, it may well be that we have already sales in their existing customers. But those clients, in most cases, don't use BIOFIRE solution for frontline testing. So if we're selling SPOTFIRE, especially the 5 plex, it would be additional sales to the same clients.

So I mean, I guess the underlying question behind your question is cannibalization effect and of cannibalization risk for those questions. At this stage, we see it as very limited, and it's definitely the commercial strategy that the SPOTFIRE launch is an expansion of business on the respiratory field.

Second question, on menu you want me to say, well I mean, for obvious reasons, we don't disclose the menu plans and exact timing that we have. We -- what we said and that we keep saying is we are working actively. As you know, we have very efficient, productive and competent R&D teams in Salt Lake City, working on expanding the minion BIOFIRE. They are now working full speed on providing new panels for SPOTFIRE. When we feel we can share the news, we'll share them. But for obvious reasons, we don't give more details at this stage.

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

On pricing, back to your question, I'm not sure I fully understood, but I try to answer, you can correct. So the first part was kind of is the 2% in line with our historical average. That's the way I understood. Our historical average is way below in the past year through COVID, we were at 0 price increase and pre-COVID, I would say that we were up to 1%.

So the 2% global is very significantly above what we are used to, which is normal, because it's very -- of course, it's in a very different environment of cost inflation.

And you were asking about the pricing for next year. But first, we don't give a guidance for next year. And second, I think it's too early. They are -- inflation is moving around. We see -- typically, I mentioned transport costs are going down, which, of course, yes, is one direction. Yet, salary inflation seems to be continuing to be potentially pretty strong. So we are right now working on how we set that for next year for our own teams, and that can be a driver on how we move on the external customer pricing.

So probably to be rediscussed in due time in the next 6 months.

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

I was thinking of the 1% to 2% price increase, I was talking about just microbiology and industrial, whether this 1%, 2% is closer to what you do in an average year? Is that a right estimate?

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

Yes. So yes, this year, we are doing 4% on micro and 5%, 5.5% on the industry H1. Yes, if you refer to the past, 1% to 2% on these segments is probably the historical broad range, yes.

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**Operator**

We'll go next to Louise Boyer with Stifel.

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**Louise Boyer Graebeldinger** - *Stifel, Nicolaus & Company, Incorporated, Research Division - Research Analyst*

I have a couple, if I may. The first one concerns the BIOFIRE installed base. I was wondering if you had an indication on the utilization rate of the equipment at your clients? You mentioned cross-selling and so on, but I was wondering if you had some that as on the utilization rate?

The second one is about more concerned the respiratory pattern. And to qualify the intensity of the flu season you've seen in Australia so far. What do you think of it?

And the last one concerns the margin, basically, you say that 16.5% is kind of the normalization of the cost, if I add 1.5% of margin linked to the employee share program, does that mean that a normalized margin for bioMérieux is close to 18%?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Okay. I'll start with -- I'll start with the first question, BIOFIRE installed base and utilization rate. Actually, the way it works from a lab perspective is the dimension, their installed base on the big demand. So they need to have the number of modules that allow them to address the needs when they are at the max of the need right? Because they don't want to delay the results to the customer.

So utilization rate is not something we monitor on a regular basis. And usually, when we have clients asking for new modules, it relates more to the big use of the instrument and to the average use of the instruments. That would be my answer to your first question.

Your second question was the flu season in the Southern Hemisphere. Very normal, average. We haven't seen anything special. And by the way, it's not always a good proxy for what happens in the Northern Hemisphere, afterwards. So we would love to have a model, and I'm sure I would be richer if we had the model to predict the flu season we -- yes, we don't know is the answer to your question, I guess.

The third question was on the margin. Sorry, I was recalculating, I'm sure, but your calculation for me, the EUR 10 million is about 0.5% in terms of margins, so that if you normalize that, which definitely can be done, to be around 17% for the year, where we don't do this employee shareholding program. All other things being equal. And yes, the 17% definitely makes sense, and it's very much in line with our full year full year guidance, which is around this level.

For the future, we -- as you know, we don't give a target apart from the fact that we will continue to improve, and this is a target.

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**Louise Boyer Graebeldinger** - *Stifel, Nicolaus & Company, Incorporated, Research Division - Research Analyst*

Okay. I'm just adding one, if I may. Could you comment a bit the current role of Alexandre Mérieux, now that he has taken a bit of a step back. How is he implied in the strategy or day-to-day life?

**Pierre Boulud** - *bioMérieux S.A. - CEO*

Okay. I can say a couple of things. Probably a good question for more for him than for me. But we had the Board actually earlier this week, he was chairing the Board as the Chairman of the Board, he is as you're saying, taking a step back from daily operations and the drive and the operations from the company. But very much aware of everything that is going on and very, I would say, very active and willing to help and support the company's development into his new role.

So as we shared during the communication, it's actually a pretty classical governance model, right, where you have the President and the CEO. So we're -- it's been 2 months, but so far, we have been working very well together, and to be transparent with you, discussing almost on a weekly basis together on the company's performance and moving forward, what needs to be done.

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**Operator**

We'll go next to Peter Welford with Jefferies.

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

I've got 4 left, if I can, please. Firstly, just returning to microbiology, just on the VITEK IS and the lab (inaudible) system placements. Just curious if you can talk, how much do you think of the strong demand you've seen during the first half of this year is due to, I guess, the lag effect from sort of COVID, if you like, and now labs returning. And then equally, the sort of launch effect, where some of the sort of first adopters want this system.

So I guess what I'm really asking is how much of this is sort of pent-up demand that you've placed during the first half of the year, do you think, for these systems versus, on the other hand, a sort of sustainable installation rate for these systems?

Secondly, then just on BIOFIRE. Curious if you have any thoughts on, given the increasing awareness of RSV because of vaccines, the media, et cetera, do you think that potentially has a positive implication for both low and high plex systems, because it's less just about flu? And I guess curious if you've had any questions or any requests about that, given that perhaps there's more awareness now that winter season isn't just flu disease.

Thirdly then, just on gross margin. Just thinking about first half versus second half, you mentioned lower transport costs clearly, inflation is moderating. Are there any factors we should consider that make gross margin tougher in the second half versus the first half of the year? Because I would imagine volumes are higher. There's a lot of factors that would seem to suggest second half gross margin should be better.

And then just finally, on China. I wonder if you could talk about there, some of the impacts from the anticorruption crackdown that we're seeing, both for the consumables, but also for instruments?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Thank you, Peter. So let's go one by one. The first one, microbiology dynamics. I mean, we could spend an hour for this one. First of all, as you know, 75% of the business is driven by reagents. So the dynamics of new installations, be it VITEK MS Prime, automation system like (inaudible) is not massively impacted. We are seeing good dynamics from an instrument perspective, but we're also seeing very good dynamic from a reagent perspective.

There is a little bit, you're totally right, of the catch-up post-COVID in terms of testing, which to be honest with you is heterogeneous by geography. For instance, it doesn't show in the U.S. We're seeing a little bit more in Europe. And the third element is, we genuinely believe that beyond the market uptake, we're taking share in the microbiology segments, in value and in volume, thanks to the very strong offering that we have. So I mean, 15% is very good, right? I won't tell you that 15% is sustainable forever, but it's definitely not solely driven by a bit of a catch-up post-COVID.

The second question, that is a good question actually, which is now available. I mean, our perspective is that it will strengthen awareness and actually make the testing for RSV even more relevant moving forward. We see it, by the way, with flu vaccine, flu testing, we see it with COVID vaccine, COVID testing. We see it with RSV, it's very relevant to be tested even if and when there is a vaccine. And if any impact, I think it's a positive impact because, again, it increases awareness, but juries are not right because the vaccine is getting available as we speak. So we'll say it, but that would be my take.

Gross margin evolution.

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

Gross margin H2 versus H1. They are -- it's a good question as well, of course, but there are factors in one way or another. And particularly, for example, the one way I mentioned transport costs, they are going down so that should continue and probably have even more effect in H2 versus H1 a bit more. But we also have inflation of salaries, which usually, we increased the salaries around April. So you have only a quarter effect in H1 versus a full semester effect in H2. There's a bit of volume effect.

So all that to say that there are some plus, there are some minus all in. I mean, ballpark. I cannot predict by, I don't know, 0.2, but ballpark, it should be relatively similar. And of course, I did not mention, but there's a mix effect, which is a very strong impact. So depending on, again, BIOFIRE respiratory, you all know that BIOFIRE is amongst -- not the only one, but amongst the top range relative to others in terms of gross margin. So of course, the mix effect can be strong depending on especially respiratory strong or a bit stronger in H2, yes.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Thank you, Guillaume. And moving on to your fourth question with regards to China. And by the way, I will complement my answer on the microbiology underlying dynamics, because definitely, China is one of these countries where we've seen a catch-up post-COVID, from a microbiology perspective. We are seeing a very strong growth in microbiology in China, which is clearly based on the fact that 2022 was very low. We have, again, a very competitive offering, and we're by far the market leader in China in microbiology. But the performance, especially in Q2, is connected to the fact that Q2 last year was very low.

With regards to the [antihybr] campaign, I think the way we see it, there are 2 kind of impacts. The first one is very short term, a little bit of a slowdown, because it generates a little bit of anxiety in the system, and maybe some purchasing processes are taking a little bit longer, because we're seeing a little bit more caution and the willingness to document the purchasing process, which is perfectly fair, but it slows down the installation and purchasing processes.

The positive element is in this market, is that it will further reinforce the players that have very strong compliance constraints and guidelines. And as you can imagine, we have very rigid and diligent processes. So for the longer term, it's a very good news for the Chinese market and for bioMérieux. We are very much supporting any initiative that goes in the direction of having a very fair and balanced trading process in the healthcare system in China, of course. I hope that answers your questions, Peter.

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**Operator**

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

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

Three left question, please. Can we have a bit of your feedback regarding the U.S. situation, because we have quite of a slowdown there, which is nothing compared to the historical level of growth that -- what we had. So we have a 3% growth organic in Q2. So any particular comment on any type of the business or any explanation would be very much useful?

Back for a question for Guillaume regarding the depreciation of the goodwill. And how should we think, firstly, about the acquisition that you've been doing? And so what sort of any change in the future or any lesson taken from this depreciation to keep in mind in the future? And how should we think, of course, about H2 and especially if you consider to have a strategic review of Hybiome? So what's left in terms of value of Hybiome in the goodwill?

And finally, probably not for both of you, but I'm sure you talk about us at your latest Board, regarding the dividend policy? And how should we think about the dividend going forward? So can you give us any sight on how should we think about an envelope? How should we think about the payout, which was boosted by the post-COVID, let's say, '22. So should we think about the normalization of the dividend level in the coming years?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Thank you, Delphine. So I'll start with your first question on the U.S. situation. The evolution of the sales in the U.S. is very much impacted by the flu season. As you know, in the first half of 2022, and I think I shared before, the (inaudible) basically vanished in January. And what was a very strong Q4 demand in the U.S., transformed into a very low demand in Q1 and Q2. So the rest of the performance is actually strong, be it microbiology, be it non-RP. I mentioned non-RP to gastrointestinal panel is performing very well in the U.S.

So we have relatively strong dynamics actually, but to add a little bit to your point, when you're looking at the overall results impacted by the fact that the respiratory season was very low. And especially when you compare with 2022, we are -- on top of that, you had the COVID-related sales.

The other element to be comprehensive in my answer is we still have in the U.S., the impact of losing a little bit procalcitonin sales. As you know, we have lost exclusivity. We are competing on price and throughput. So we are seeing PCT sales reducing, but very much as expected. So no bad news on this front. And respiratory season, as we highlighted a couple of times already, very much depending on epidemiology situation.

The second question, Guillaume.

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

Was on the impairment of Hybiome and the view on the value. We -- yes, we review strategic options. At this stage, we believe that the valuation that we set for in our books is compatible with different strategic options. So let's see how it's -- what we decide and how it goes. There are still pretty significant book value, which is above EUR 100 million, actually EUR 130 million, overall in our books for Hybiome. And this is a value for 100%, as we have 67% we have a full consolidation.

Dividend policy, not discussed at the last Board, because it's not the right time, but it will be discussed. Actually, the company, you've seen that we are now around 20% payout, and we -- I think the Board believes that it's a relevant level for bioMérieux to, at the same time, let's say, have some returns to the shareholders, as well as pursue investments in the company and the company growth.

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**Operator**

We'll take our next question from Shubhangi Gupta with HSBC.

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**Shubhangi Gupta** - *HSBC, Research Division - Equity Analyst*

I just have one, please, regarding situation in China. So many life sciences companies have flat softness in the China market, whereas you have seen like good growth in China. So could you please share which business segment is this growth coming from? And also whether the pent-up demand has been absorbed or there is still some potential in H2 for the pent-up demand?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

So what I understand is you're asking where the -- what's our perspective on the growth for China and where the growth is coming from. Is that right?

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**Shubhangi Gupta** - *HSBC, Research Division - Equity Analyst*

Yes. Correct.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

And so basically, most of our growth is coming from the microbiology franchise in China. This is by far the biggest segment that we have. The Immunoassay segment is, which is for bioMérieux China smaller is suffering. By the way, along the lines that we're seeing Hybiome suffering, so where we expect to grow in China for the future is mostly by consolidating and offering in Microbiology. That's where we expect the market to grow.

There is still significant pent-up market opportunity in terms of use of instruments, in terms of use of diagnostics into Grade 2 segments. So good momentum in H1. But in the context that I shared, which was we had a very low comparison basis from 2022 and good growth perspective in China on this very specific segment. I hope it answers your question.

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**Operator**

We'll take a follow-up from Maja Pataki with Kepler.

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

And just a more strategic question. We've seen in June, the new policy brief by the WHO on the agenda for anti-micro resistance combat. And there seems to be like new CDC guidelines on how to deal with sepsis in the hospital patients, in both its flag that Diagnostics has quite a significant part to play and WHO Brief actually looks specifically at syndromic testing and point-of-care testing. How should we think about such a brief, such a guideline coming out and impacting the sales trajectory for your company, if there is any impact to come at all?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

No, it's a very good question. Thank you, Maja. It's an excellent question actually.

So first of all, I should say this is great news, and this is actually -- I mean, I'd like to make 2 comments on it. The first one is, it's good news for the patients, that the role of diagnosis is more and more acknowledged and recognized in the fight against antibiotic resistance and sepsis cases. It's -- I think it's good news for the patient, first of all.

And two, it further confirms the relevance of the strategic positioning of bioMérieux in the investments we are making, be it R&D, be it Specific Diagnostics last year, I mean, merger and acquisitions. It makes a lot of sense, and it's -- and it shows that this antimicrobial stewardship unmet medical need, antimicrobial resistance is going to be for the next few years, a very important topic. We are totally convinced of that, and it's a very strong underlying market trends that we want to build on.

Having said that, to your more kind of specific question, what does it mean from a sales trajectory. I guess it's positive. It's complicated to fully incorporate it into a projection. It's a good news from a market perspective, but obviously, it's on us to make sure that we take a fair market share

on this growing need. So it's, I guess, operational performance and complicated for me to give you a straight answer on what it means for our sales trajectory.

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

Fully understood, but is it something that you take that -- you specifically go to your clients and you start talking about processes, does that give you some firing power in your discussions? Or is it just nice to have, it confirms our trends as that's more the question.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Yes. Okay. I got you. So no, it's -- I mean, it's the former, and not the latter. We definitely use it. It's -- I mean, when we're talking about WHO, it's -- as you know, it's important, especially in developing countries, where the need for growing awareness on antibiotic resistance is very important. So it's definitely something that we use.

For you to know, we're also working with corporations like [Flemming] funds, NGOs that drive actually installations of microbiology solutions or diagnostic solutions in 2 emerging countries. They found them. So we also work with NGOs so that they can support this, which is not only -- I mean, from a pure business perspective, helpful, but it's also an excellent way to build reference centers in those countries, further spread the value of diagnostics in those countries and further expand beyond that.

So we have -- this is definitely something that we use. Possibly -- I mean, we definitely need to work on maximizing the value of it, but it's something that we try to leverage as much as we can. And the level of (inaudible) of WHO guidelines is important actually in many countries.

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

Okay. Great. And Guillaume, just quickly a follow-up for you. I've been going back to my notes when you come to the Specific Diagnostics acquisition. And back then, you guys were guiding for a negative EUR 10 million impact on EBIT in '22 and EUR 15 million in '23.

Now last year, we were, I think, with EUR 14 million above that guidance. How shall we think about the headwinds from Specific this year? Are we -- are the EUR 15 million still valid? So the H2 impact? Any thoughts around that would be great.

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

Yes, of course, absolutely right. Definitely, we mentioned minus EUR 15 million for this year. And I think definitely with about EUR 11 million lost in H1, we should be more around EUR 20 million, probably between EUR 20 million and EUR 25 million in terms of impact this year, that we feel we can absorb overall, we took that into account. When we say we can't count the guidance, it means we have a process internally to take into account all the plus and minus. This is a minus.

The reason also for the slightly heavier losses is that the FDA approval and therefore, launch in the U.S. has been slightly delayed, obviously, by probably 1 or 2 quarters. And the ramp-up in Europe is going well, but it's proving a bit slower in terms of converting customers from sales evaluation to actual sales and actual ramp-up, a bit slower than expected, which is often the case in our field for, let's say, hospitals and doctors to change their habits and get innovation on board.

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

But do you still confirm the breakeven timing of 2025? Or is that also pushed out?



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

Yes. I think at this stage, we should still target for that.

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**Operator**

(Operator Instructions) We'll go next to Christophe Ganet. I'm sorry, go ahead.

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

We'll take Christophe Ganet and after that we take maybe questions from the chat.

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**Operator**

Understood. We'll take Christophe Ganet with ODDO.

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**Christophe-Raphael Ganet** - *ODDO BHF Corporate & Markets, Research Division - Head of Equity Research*

Can you hear me, correctly?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Yes.

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

Yes.

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**Christophe-Raphael Ganet** - *ODDO BHF Corporate & Markets, Research Division - Head of Equity Research*

Actually, 3. Sorry, I couldn't get connected earlier. So maybe I will reask, but let me check a few points. First, what you said about China and the growth prospects, can you be more precise in your vision of this figures when talking about the future growth? Do you think that it could maintain at the previous level? I mean in terms of pre-COVID pace of growth. So if you can elaborate a bit more.

The second one is on price, on pricing power. Do you think that we should expect the same pace of price going forward, given the inertia, given the pace of standards and so on?

And last question is about your comments on the new platforms. You talked about a good start, a good pent up. Is it possible regarding KUBE, VITEK MS, VITEK REVEAL and so on? Is it possible to provide some figures or more qualitative details about this good start, please?

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Okay. Maybe I'll start with China. Guillaume, you hand over on pricing power. So China, maybe 3 answers to your question. The first one is you can definitely not extrapolate H1 to the rest because -- and probably you missed it, but H1 2022 was extremely low for us overall, because especially Shanghai was in full lockdown, the whole country was blocked. So we have a performance in Q2, particularly but overall in H1, which is very good, very positive, which is showing a very strong recovery. You cannot extrapolate.

Moving forward, the dynamics around performance in Microbiology are very good and very strong. We are seeing -- and back to Maja's point earlier, a very strong level of awareness, WHO impact and increased use for diagnostics, especially in the field of antibiotic resistance that is supporting, obviously, our business.

The adverse effect is we're also seeing the immunoassay business more and more Chinese, more and more in the hands of large Chinese players, and where we are struggling more and more to compete. So we have those 2 dynamics moving forward for China.

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**Christophe-Raphael Ganet** - ODDO BHF Corporate & Markets, Research Division - Head of Equity Research

I understand, but do you -- can you put on this -- those pace of growth going forward? .

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**Pierre Boulud** - bioMérieux S.A. - CEO

Sorry, you got cut. What do we do?

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**Christophe-Raphael Ganet** - ODDO BHF Corporate & Markets, Research Division - Head of Equity Research

Sorry, would you put figures on those trajectories?

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**Pierre Boulud** - bioMérieux S.A. - CEO

No, we don't give projections.

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

Maybe back to pricing power. So we discussed already, but no problem to rehearse on the -- I mean, of course, for 2024, it depends overall on the cost inflation environment. Some topics are slowing down or even getting better, like the transport cost, typically that we already see. So that's something to take into account.

Some others are continuing to grow at a pretty strong pace. Typically, the overall salary inflation or salary increases still we see today to be seen in the coming months, we will have discussions as still a pretty solid dynamic for next year. So I'm talking on the cost side because, of course, this is what will drive can drive justification to our customers for price increases and our ability to pass through some of those.

Yes. So again, we are also budget discussion and have to take into account the macro environment, we'll probably have more clarity to give in the next 3, 6 months on this one.

New platform and some figures. Pierre, you want to?

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**Pierre Boulud** - bioMérieux S.A. - CEO

Yes, I don't know what kind of numbers we share. I can give you a blend of qualitative comments and numbers. VITEK MS Prime. VITEK MS Prime, where -- which is the first new system that we launched is progressing very well. We have -- the numbers I have is we have more than 250 systems already installed and active.

Qualitatively, we have a very positive feedback from the market versus competition. We are taking share, and we have a high demand. I would say we have a good problem with VITEK MS Prime, which is the demand is probably higher than our capacity to deliver, as we speak. So we are working actively with a supplier, and also we are actually having our own teams going to the supplier to help and support the teams from the supplier.

The success is so good that we're also looking at internalizing the manufacturing of these instruments. As you know, the model for bioMérieux is more to manufacture our sales system. It was not the case for this one. So given the success, we are going to accelerate the internalization. So very good dynamics. And if there is one point of attention, it's capacity to actually install and deliver at the pace that the customers want.

VIDAS KUBE, very early days. We've launched in 16 countries, as I said, it's more dedicated towards developing countries. As we speak, we have already shipped in the region of 150 instruments, which is significant. They are not all yet installed. We're in the process of installing them. But again, very strong traction and hopefully, a good opportunity to make sure that we have a good dynamic with regards to reagent consumption in VIDAS.

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

Okay. We'll take a few questions that we have on the chat. I have one also for those. First one was a bit technical. The reason for the minority interest down in our P&L to move from EUR 1.8 million to EUR 22 million, EUR 23 million in H1. The reason is that we own 67% of Hybiome. So we do a full consolidation at 100%.

Meaning that when we take the impairment, we take the full value of the impairment, 100% of the impaired value in the line amortization of acquired intangibles, and we take the 33% of minority share of this impairment in the line minority interest, which obviously is this EUR 20-plus million.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

I can take the second one. SPOTFIRE during the summer. And are we able to sell some of them. So we are -- I mean, we talked about the 100 installations on SPOTFIRE, but we have a very busy pipeline of opportunities that are being discussed with the clients. So that we are building since June 8, which -- so we are already building the pipeline of commercial opportunities, not only for the end of 2023, but already for 2024.

Are we able to sell some of them, that allows me to make a comment on the previous question, which was segments of customers because, as I said, we are not only targeting the pure point-of-care setting. We are also targeting integrated distribution network that are interested in SPOTFIRE for their decentralized settings. And the point-of-care segment is purely a placement segment. You don't sell instrument there. So you have to play the instruments and then make your money on the reagents.

The benefit of getting also the IDNs is that not -- they don't always systematically ask for placement. They also, in some cases, prefer to buy. So it means that we have some capital sales in these segments that allow us to sell, to your question. The other benefit of this segment is, for obvious reasons, they see more patients. So the use of reagents in this setting is also better. So that's the reason why it's a segment that we are definitely looking at carefully, and targeting as much as the pure point-of-care segment.

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

Complementary to that was a question on the SPOTFIRE unit cost for the customer. So again, I'm not giving you a list price, but just a ballpark. We're talking about around \$25,000 for control station and modules. Maybe to stay on SPOTFIRE, an update on the commercial agreement for the distribution of SPOTFIRE.

**Pierre Boulud** - *bioMérieux S.A. - CEO*

So we're in discussion with distributors. The commercial agreements are not finalized, but we are in active discussions. And the same way, we're seeing a level of -- a high level of interest from the customers. We're also seeing a high level of interest from distributors, especially in the U.S. So work in progress.

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

There was a question that I think we answered already on specific diagnostics referring to Maja's question earlier, and the impact in '23.

There's another question on the level of normalized operating margin that we shared earlier, we could see normalized in H1 at around 17%. And again, it's fully aligned with our guidance for the full year.

And back to this question, yes, of course, we have a volume effect and mix effects. If BIOFIRE respiratory is super strong, it should be an upside. And if it's super weak, it should be a downside. Obviously, yes.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Fortunately and unfortunately, depending on how it goes.

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

That's it for the questions online. Of course, the presentation will be online right after the call, in a few minutes.

Are there any other questions online? I mean voice?

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**Operator**

There are no additional questions in queue at this time.

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**Pierre Boulud** - *bioMérieux S.A. - CEO*

Okay. So thank you very much. Thank you, everybody. I'm looking forward to meet some of you in the next interactions. Thank you.

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

Thank you. Bye-bye.

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**Operator**

That will conclude today's call. We appreciate your participation.

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