REFINITIV STREETEVENTS

EDITED TRANSCRIPT

BIOX.PA - Q1 2024 Biomerieux SA Corporate Sales Call and Capital Markets Day

EVENT DATE/TIME: APRIL 09, 2024 / 6:30AM GMT

REFINITIV

CORPORATE PARTICIPANTS

Celine Roger-Dalbert *bioMérieux S.A. - EVP of Research & Development*

Charles K. Cooper *bioMérieux S.A. - Executive VP & Chief Medical Officer*

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

Jennifer Zinn *bioMérieux S.A. - EVP of Clinical Operations*

Pierre Boulud *bioMérieux S.A. - CEO*

Yasha Mitrotti *bioMérieux S.A. - EVP of Industrial Applications*

CONFERENCE CALL PARTICIPANTS

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

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

PRESENTATION

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

So good morning, everybody. I'm Pierre Boulud. I'm the CEO for bioMerieux. And I'm very pleased, very excited to be with you here today to share our strategic plan for the years to come.

I'd like to start by thinking more specifically the investors and analysts that are attending this meeting. More than 100, close to 150 either here or through the webcast. Thank you for attending this call. I hope you will find the presentation interesting and insightful.

A special word also for the Board members, who are giving us the pleasure of being with us today. A very warm thank you for your very supportive presence here today with us. I go through -- I'll go through the usual disclaimer slide. Maybe it's a usual one, but it's worth spending a minute on it because today, we are going to share a number of forward-looking statements. We are going to share with you financial targets, business objectives, and they are all very relevant. Yet for obvious reasons, we don't control what is outside of our control zone. There are many events that could happen, geopolitical tensions, world economic crisis, disruption supply chain that are totally out of our control zone.

So for those reasons, those statements cannot be considered as a guarantee or an assurance that will materialize. We shared with you a best perspective and please take them for what it's worth with this disclaimer.

Now moving on into the presentation. So our plan, I'm very excited to share with you our plan for the next 5 years that we call GO.28. So we'll go today, in the next 2 hours, together for me, together with the team into the details on this plan and the different dimensions, the 4 different dimensions of the plan that we want to share with you. At the end of this presentation, at the end of those 2 hours, we'll have 1 hour for Q&A. So right after the presentation. I ask the team to join me on stage, and we'll have the opportunity -- you will have the opportunity to raise your questions, be it in the room or be it online.

Now I'll start by giving you the 15 minutes kind of summary of what is this plan all about before we go into the details. But before we start with the plan, I want to answer your question, which is why. Why is bioMerieux organizing the Capital Markets Day? Why now? And there are 3 major reasons that I would like to share with you. The first one relates to the COVID environment. We have been with COVID in a situation where the whole industry, the whole world has been changing. Us, the industry has been massively disrupted by COVID-19. During the COVID crisis, our performance had been very much impacted by the wave of COVID-19 coming back in force.

But beyond those changes during the COVID period, there are significant disruptions in other markets that will stay. The IVD industry is not going to be the same after COVID and before COVID. Some of the changes that we've seen have been accelerated or enhanced by COVID. So I won't go through the detail of the impact that's shown in the slides, but I would like to highlight a few of them.

First of all, the value of diagnostics, the medical value of diagnostics is now fully acknowledged by all the different stakeholders and the different health care system. The best way to fight against infectious disease starts by having a good diagnosis solution. The second big element that I would like to share is there was a point-of-care segment before COVID. With COVID, having decentralized testing, having the opportunity to do testing as close as possible to the patient has demonstrated to be extremely relevant. And it's a segment, we'll come back to that, that has grown with COVID and will stay a significant segment for the years to come.

Molecular diagnostics. Everybody now knows what PCR is all about. Five years ago, we had no clue, right? Molecular testing is a significant technology for the diagnosis of infectious disease and will stay. So when we think about the post-COVID era, it's actually a perfect moment for us, bioMerieux, as a leading IVD industry player to take a step back and think about what -- how does it impact us? What is it from a strategic perspective that we need to do to seize those opportunities moving forward? What is it in this market that we can do to unlock the full potential of bioMerieux in the future given this new market environment post COVID-19 era?

That's the first reason why we wanted to do a Capital Markets Day today. The second reason is more inward driven. Again, COVID has massively changed the numbers for all IVD companies between 2019 and 2023. But if we compare pre-COVID 2019, there was no COVID. The word didn't exist. With 2023, where COVID has faded away, and the impact of COVID significantly lower than it used to be. If we compare 2019 and 2023 for bioMerieux, we're in a much stronger and better position than we used to be. 2019-2023, EUR 1 billion more sales from EUR 2.7 billion to EUR 3.8 billion.

Profitability-wise, we've increased our profitability from EUR 400 million to EUR 600 million, 50% growth of our profitability between pre-COVID, post-COVID. Faster growth than ourselves. But even more importantly, we leveraged the COVID period to significantly increase our installed base. We have now more than doubled the installed base of TORCH for BIOFIRE, which is significant, of course, because the installed base is the driver for future growth. It's because we have a high installed base that we can generate more reagent sales.

So it's not only that from a top line perspective and a bottom line perspective, we're in a better position, we have also built the foundations for having strong growth in the future. So that's the second reason for taking a step back and looking at our strategic plan moving forward. We're in a stronger position that we were, what do we need to do to write the next chapter of growth for bioMerieux in this new COVID environment. Second reason.

The third reason is around the governance. In 2023, as Alexandre Merieux was saying COVID fading away, was saying bioMerieux getting out of the COVID period in a stronger position. He decided to evolve the governance so that the organization gets prepared for this new chapter of growth for bioMerieux. So I was appointed CEO in June 2023. It was also the opportunity to renew the Executive Committee, and we have new members, being in the leadership team of bioMerieux with whom we have worked together to prepare the plan that we're going to share today. So let me introduce them, the ones that are with us today.

I'll start with Audrey, the first one to join us in June. Maybe you stand up. She's our Chief Legal Officer, Secretary to the Board. Jennifer Zinn. She is here today. She joined us in June 2023. She joined the Executive Committee in June 2023, July. She's in charge of commercial operations for clinical activities. She is coming from Ortho Diagnostics. She then went to Roche where she was in charge of launching the point-of-care solution of Roche Diagnostics. And then last position before joining bioMerieux, she was the Head of Siemens Diagnostics in the U.S.

Chuck Cooper joined us in January 2024. Chuck is a medical doctor. He's the Chief Medical Officer. He started his career at FDA. Very good knowledge and intimacy with a very important regulatory body for us. Then he moved to Becton Dickinson, where he was Chief Medical Officer for BD. And his last position before joining bioMerieux was Chief Medical Officer globally for Siemens Diagnostics.

And finally, Celine Roger-Dalbert. She is the last 1 joining the Executive Committee in March. She was in charge of clinical affairs and regulatory affairs at bioMerieux for the last 2 years. But before that, she spent 20 years at Becton Dickinson for the molecular R&D programs, so she is bringing to bioMerieux a huge level of expertise with regards to bringing strong molecular knowledge and know-how to help us to lead the R&D projects.

Together with those new members, we have team members that are also going to share with me the presentation. Yasha Mitrotti is in charge of our Industrial Applications. He cannot be with us today. He is a Colombian. He is actually in Singapore for the biggest congress for food applications.

So with clients and -- but he has recorded a video to share with us our perspective on the industry applications. And finally, Guillaume Bouhours that most of you know is our CFO. He is in charge of IS department as well as Purchasing. He will also come on stage later today to share with me and help me with the presentation of our strategic plan, GO.28.

So those are the 3 reasons. Post-COVID era, significantly stronger bioMerieux at the end of COVID and a significantly renewed team that has been working diligently in the last few months to put together a plan that will write the next chapter of growth for bioMerieux. This plan, first of all, is fully embedded into the mission and purpose of bioMerieux. As you know, we have majority shareholders, Merieux family actuaries that owns 59% of our shares. It's for 60 years, we've been in this business. There is a legacy of bioMerieux being a strong IVD player, 60 years of expertise in infectious disease diagnostics, 60 years of bringing innovation into the market.

So the plan that we put together today is very much in the context of the legacy that we inherit to make sure that we keep deploying this ambition, this sense of purpose for the next few years. The plan that we have today is called GO.28. So we're talking about the next 5 years, and we are going to share with you 4 major dimensions of the plan. First of all, top line, Go for Growth. The second one is Go Simple that will have an impact on the bottom line. The third one relates to our teams and it's called Go Stronger. The first one is everything that we are doing comes together with a corporate social responsibility, and we want a corporate social responsibility to be fully embedded into a GO.28 plan. So we'll talk about going responsible for sustainability purpose.

Now I'm going to go into -- in 1 slide into each and every dimension before we deep dive into the details. First of all, Go for Growth. We'll grow organically 7% year-on-year until 2028. How are we going to do this? Four growth drivers will help us to achieve this high ambition. First of all, we'll keep expanding BIOFIRE franchise with nonrespiratory panels. Nonrespiratory panels today, 40% of our sales, will keep growing nonrespiratory panels in the year to come, and we'll explain to you how we are going to do it.

We expands the BIOFIRE franchise in the point-of-care segment, which is a new segment for bioMerieux with SPOTFIRE. SPOTFIRE will be the second growth driver that we'll work on, again, we'll share with you the details of our plans for SPOTFIRE. The third growth driver relates to microbiology franchise. We have a very strong position in microbiology. We are the market leader. We have the most recent platforms launched in the segment, and we'll keep working on them and will deploy new systems in the year to come.

Four, industrial applications. As you know, we are using a diagnostic solution and expertise to provide diagnostic solutions to the food industry, to the pharma industry. We have very strong positions in this segment, we will accelerate growth in the next 5 years, building on the strong position that we have.

The second dimension is to Go Simple. We will reach 20% CEBIT at constant exchange rates in 2028. How are we going to get there? We'll work on simplifying organization and our processes to make sure we clear processes for value-added activities that further support the growth ambition that we have. We will work on different cost buckets. Guillaume will share the details of that in a minute. We'll talk about manufacturing costs. We will talk about our commercial costs. We'll talk about our G&A, and we'll show you a very ambitious plan to make sure that our growth comes together with profitability. 20% CEBIT at constant exchange rate by 2028.

The third dimension of the plan is coming with our team. We want to go stronger. We will build not only a shining organization from a performance perspective, but we also want to tackle how we get there. we will build a superior operating model that will allow us to strengthen the team's engagement and unlock the full potential of our teams. That will help us to achieve the Go for Growth and Go Simple. So the operating model is part of the ambition that we have for GO.28.

The final dimension that I want to share with you relates to a CSA ambition. As you know, it's in the DNA of the company to be a good citizen in the countries where we are. In a few years ago, a couple of years ago, we've actually shared a road map for our corporate social responsibility ambition. And we have defined 5 pillars on which we are working. Health, to bring innovative diagnostic solutions to the market, that's our core business. Planet, preserving the planet. Health care ecosystem, making sure that our diagnostic solutions are available to as many patients as possible working with different stakeholders. Employees, supporting the well-being, safety, diversity of our employees. And finally, extended company. This is about leveraging the geographic footprint that we have, 45 countries, to make a positive impact in the local communities where we operate.

This ambition that we have is unchanged and is fully embedded in our GO.28 plan. So we still are going to deploy this together with the ambition that we have on top line and bottom line. So in a nutshell, what we want to deliver is profitable growth in the next 5 years, 7% organic growth year-on-year, reaching 20% CEBIT at constant exchange rate in 2028. The objective of this plan is to create value for all our shareholders and also to make sure that it gives us further potential opportunities for potential acquisitions.

So this is a plan that makes us extremely excited when we look at what is ahead of us. Again, we exit the COVID-19 period in a stronger position. We believe we have everything that it takes to make this plan a reality in the years to come.

Now if we move to the third pillar, which is Go for Growth. Before handing over to the team, I would like to share with you the overall comprehensive portfolio of solutions that we have. This graph shows 100% of bioMerieux sales in 2023. So as you can see, the BIOFIRE franchise is representing a significant share of our sales. We'll keep growing our BIOFIRE franchise. We'll keep growing it for RP by maximizing, leveraging the amazing installed base that we have of TORCH instruments with BIOFIRE. We'll accelerate and support growth with a comprehensive menu that we built and that we keep complementing nonrespiratory panels will be a very strong growth driver for the years to come.

And as I was sharing earlier, SPOTFIRE bringing syndromic testing as close as possible to the patient, allowing us to enter this segment of point-of-care will be a significant growth engine in the years to come. Microbiology, which is 35% of our sales, will keep growing faster than the market because we have the best solutions offering in the market, the most comprehensive solutions offering with all IVD systems that we launch and new systems that we will launch.

The immunoassays franchise, mostly with VIDAS, it's 10% of our business. We have an amazing installed base of VIDAS instruments all over the world. We will keep leveraging this installed base to maximize the value of the immunoassays franchise.

And finally, industrial applications that represent 16% of our sales, very complementary business to the rest of the clinical applications, leveraging the resources, the know-how, the footprint of bioMerieux. Thanks to the very strong position that we've established in the last few years, we will keep expanding our presence in the 5 years to come.

Now what we are going to do for each of those segments and more particularly for the growth drivers, and we'll go into more details of what is our plan all about. Chuck, Jennifer and Celine will come on stage and will follow the same structure for each segment. Chuck will share with you as the Chief Medical Officer, the medical need, the medical perspective, the patient need. What is the use of the diagnostic solutions that we provide for the patients? Then Jennifer will share with you the market opportunity from a business perspective and how is it that we win in this segment, and we are going to win tomorrow. And finally, Celine, leading our R&D efforts, will come and explain the future pipeline for each of those segments that you have a full perspective of what's going to happen by 2028.

So if we move to BIOFIRE, I will ask Chuck to join me on stage. Welcome, Chuck.

Charles K. Cooper - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

Thank you, Pierre. So a syndrome is an illness that's defined by a combination of certain symptoms and physical exam findings. And an infection-related syndrome may be caused by a large number of different pathogens. So how does the clinician know which pathogen to treat? Well, in the past, it wasn't always so easy. They had access to limited diagnostic information. And oftentimes, that diagnostic information would arrive in a delayed fashion. And so clinicians were left having to rely on something called empiric therapy, which was a form of educated guessing.

And this oftentimes resulted in somewhat less than optimal care for the patient. In some cases, patients were overtreated. In other cases, patients may have been undertreated. Today, however, we have syndromic testing, which allows us to test for a large number of pathogens quickly and with high sensitivity. So this gives physicians a better understanding with more certainty what they're treating, and this allows them to provide more accurate and effective care for their patients.

Next slide. So the concept of syndromic testing can be scaled based on the actual clinical need. For example, in an outpatient setting at the point-of-care, a lesser number -- a lesser amount of multiplexing, detecting fewer pathogens is actually oftentimes sufficient because patients are

less severely ill. But with the higher severity of illness, there's a need for a higher level of multiplexing because there's a much broader range of relevant pathogens that need to be assessed.

So this actually -- this kind of syndromic testing, if we introduce it at the point-of-care, significantly advances and expands bioMérieux's ability to address a number of needs for health care providers and patients. By making this kind of testing available across the spectrum of care, including settings such as of physicians' offices, pediatrics offices, family practice as well as urgent care and maybe even retail settings as well.

So now I will turn the presentation over to Jennifer, who will talk about this market space and how we fit in it.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Well, thank you, Chuck. Thank you very much, and good morning, everyone. Thank you so much for joining us today.

Clearly, Chuck set the context of the power of syndromic testing. So let's start where we should, with the most severely ill patients who benefit from high-plex molecular testing. Now through 2023, this particular market segment was valued at just over EUR 1.7 billion, 65% of which is respiratory testing. Now respiratory testing specifically or RP was accelerated significantly by COVID-19, especially with high-plex molecular testing for severely ill patients. And frankly, we see this trend continuing. This is in contrast with low-plex molecular testing, which also saw a huge acceleration during the pandemic driven in large part by COVID-19 screening.

Now the nonrespiratory segment in high-plex molecular testing is also going to benefit significant growth, as you see here over the next 5 years. In fact, we believe it will range in growth from 10% to 15% CAGR, which would result in non-RP holding 50% of this market segment in 2028. We at bioMerieux are very proud to bring this significant diagnostic innovation to market. Through the acquisition of the BIOFIRE technology launched in 2010, acquired by us in 2014, we have seen immense commercial success as evidenced by our ability to reach the EUR 1 billion revenue mark in 10 years, and at the same time, become the undisputed market leader with 75% share.

Today, this leading market share position, coupled with the significant growth expected by non-RP is driven by our TORCH system as we provide our customers and the patients they serve with the fastest results available in high-plex testing in as little as 45 minutes. In addition, we offer the broadest portfolio of panels across 6 disease areas while at the same time, offering our customers the ability to scale their TORCH system as their patient severity mix and volume evolves.

Now this is clearly demonstrated here on this slide with our sales of both RP and non-RP over the 5-year period, the previous 5-year period, resulting in a 22% CAGR over the time frame. At the same time, in the same time frame, we more than doubled our installed base, as Pierre said earlier, to 25,000 units installed in 120 countries around the globe. And as Pierre stated, we see this very large installed base as a key ingredient for continued growth in our TORCH business, and we see further opportunity to expand our base around the world.

So why do we believe this to be the case? Well, as we know, COVID drove the acceleration and placement of instruments across all molecular competitors, but our data shows that our post-pandemic resilience in RP testing is alive and well, as evidenced by the fact that 95% of the new customers we acquired during COVID have remained with us and continue to use our comprehensive RP panel. Within that 95%, 60% of those customers have expanded their TORCH utilization by adopting at least 1 more non-RP panel.

Now during this time frame, we also acknowledge some level of pricing pressure and tightening reimbursement policies that will marginally affect our RP sales. However, we expect this business to remain stable over the next 5 years. And going forward, we know that the acquisition of new customers for respiratory testing on TORCH remains largely outside the United States where the maturity of syndromic testing usage is at varying levels around the world.

Clearly, growth will come from nonrespiratory panels. In fact, we believe that non-RP provides a 10% year-on-year growth opportunity through 2028. And we are committed to driving this growth in 3 ways: first, we will drive it through demand generation by ensuring there is robust actionable evidence that supports the adoption of these panels. Second, as you see here, we will continue to focus on growing our current customer share

of wallet. As today, 75% of our current customers use at least 2 of our panels, while slightly less than 50% use 3 of our panels and about 25% of our current customers use 4 of the 6 panels we have available. So clearly, room to grow there.

Third, we will drive incremental growth in the markets outside of the U.S. As today, this represents 37% of our TORCH installed base, which accounts for 27% of our total sales. We are dedicated to ensuring that customers around the globe, take full advantage of the innovation of high-plex molecular testing, RP and non-RP, to provide the diagnostic answers that patients deserve.

So to do this, we are committed to further menu innovation in this area. And to describe our plan, I'll invite Celine to the stage. Celine?

Celine Roger-Dalbert - *bioMérieux S.A. - EVP of Research & Development*

Thank you, Jennifer. I'm extremely excited to share with you the expansion of the menu we consider as well as the improvement of the existing menu we have and also the adjacency we are looking at.

So to start with, we'll release in 2025, 2 new panels. One will be the tropical fever panel. This one is for patients with febrile illness and with no suspected infection, for instance, of Dengue or chikungunya as examples. As you may know, the WHO recently considered that dengue is (inaudible) making more than 100 countries worldwide.

The gastrointestinal panel is an interesting opportunity that we have to leverage our existing panel design, our chemistry, but addressing a different patient population with which is less several -- with illness that is less severe, like Chuck explained previously, for instance and a patient that may be more outpatient. So we'll have a panel with 11 targets.

The last one is the meningitis panel. We already have a product on market. This one will be a refresh. We improved the time to results. We are adding new targets, and we improve the performance of existing targets. At the same time, that's a very nice example of the surveillance program we have ongoing on our existing panel. As you know, we have 6 panels on market. We detect more than 100 targets, genomic targets in all of them, which, at the end of the day, if you take just bacteria as an example, it's more than 695 bacterial species that we identify. So we have to constantly monitor the genetic markers we are using to look for changes in prevalence, changes in species and sometimes viruses as well as you know. So the meningitis panel is 1 example where we upgrade significantly the performance of our essays.

I want to highlight also the data and IT that we have with the BIOFIRE platform. We have 2 cloud-hosted application, one is FIREWORKS and the second one is Trends. FIREWORKS is the way for the lab to centralize the data coming from decentralized testing, to improve the workflow efficiency to release the results in a timely manner for the clinician to act. Syndromic Trends is a little bit of a different application. It helps to collect data from a multitude of customers into 1 application and then you can monitor at the local level, at the regional level and even at the global level, Trends in terms of prevalence of microorganisms or prevalence of resistance markers.

These 2 applications will merge into 1 unique application for the customer, and we update these applications with new features on a very regular basis.

I want now to move to some exciting adjacencies that we are looking at. So because of the versatility of the platform, this platform can be used outside the IVD market. One of the first applications we are looking at is an equine respiratory panel. We will leverage our knowledge in respiratory diseases and apply it to horses. The second one is what we call Watchfire. It's about wastewater testing. During COVID, you may have seen there was a lot of publications showing that if you monitor the quality of water, you can assess the risk of epidemics, for instance, in the population living around.

So we'll leverage our respiratory and our gastrointestinal panel for such application. The last one in 2027 is a forensic panel. It's for sexual assault detection. Because of the multiplexing capabilities that we have with our BIOFIRE solution, we can test multiple samples and evaluate the presence of body fluid or male or female markers. And that will be the latest 1 that we will investigate overall in these adjacencies.

That being said, I will move to Chuck, who will discuss the need for point-of-care testing for patient management.

Charles K. Cooper - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

Thank you, Celine. So what is the value of point-of-care testing? It's well understood that point-of-care testing is convenient. You get a result without having to wait while the patient is even still in the office. By design, point-of-care testing is easy to operate. The acceptance of point-of-care testing amongst physicians, health care providers, patients has increased over the years in a way that parallels the ongoing but decentralization of health care.

And this has only been accelerated as a result of our recent experience with COVID-19. But the value of point-of-care testing extends far beyond just convenience and ease of use and acceptance. Because point-of-care testing can actually improve the quality of care by providing actionable diagnostic information at the time of clinical decision-making. This allows clinicians to make better decisions about how they treat patients.

Now altogether, this demonstrates that there's significant value for point-of-care tests. And now I will turn the presentation over to Jennifer, who will explain how that value translates into market opportunity.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Thank you, Chuck. Such a clear picture of why this market represents such a huge opportunity for us moving forward. Historically, the molecular point-of-care market was focused on respiratory. And it saw explosive growth during the pandemic. As it grew from the market in 2019, as you see here, just shy of EUR 500 million, so EUR 400 million in 2019 to a peak, you don't even see on this slide, of EUR 7 billion at the end of 2022.

Now we fully expect this to normalize around the EUR 3 billion mark moving forward, but let's acknowledge that, that is still 7x where we started before the pandemic began. So over the next few years as well, we see expected growth in this segment with nonrespiratory testing as well. As new disease opportunities emerge, like sexually transmitted infections or STI, vaginitis or gastrointestinal testing. And of course, these disease areas will benefit from the advantage of decentralized testing, as Chuck mentioned, moving the testing closer to the patient.

We believe this non-RP testing segment will reach over a, bless you, will reach over EUR 1 billion, sorry, it's how I was raised, will reach over EUR 1 billion by 2028 and we expect this growth trajectory to continue past this period. As we have little to no share in this point-of-care molecular segment today, we see this as a critical component of growth in our GO.28 plan.

SPOTFIRE brings the power of BIOFIRE technology to the point-of-care and provides customers and the patients they serve, superior innovation beyond what is available in this space today. Innovation like a turnaround time in just 15 minutes, which means a patient can receive answers while they're in the visit with their clinician. And as Chuck said, this is critical. The ability to bring plexing flexibility to the point-of-care from 5 plex to 15 plex, allowing clinicians the greatest depth of diagnostic answers depending on the patient's severity and need, a system that is easy to use by non-lab technicians.

And of course, connectivity that allows clinicians to access actionable insights from multiple sites of care that follow the patient along their journey. We have seen a steady uptake of the SPOTFIRE solution since our launch last year. In fact, today, we have 1,200 units installed and reporting results in 7 countries around the globe. And of those 1,200, 400 were installed just in the first quarter of this year alone.

So to maximize our reach in the U.S. We will leverage our strategic partnership with McKesson in order to take full advantage of the largest point-of-care market in the world. So clearly, for us, SPOTFIRE represents a tremendous opportunity for us to grow our market share position outside of the core lab in hospitals where TORCH serves the high-plex market today.

So as part of our GO.28 growth plan, we are committed to driving EUR 450 million of sales with SPOTFIRE over the next 5 years. So how will we achieve this? Simply put, we will drive growth in all segments and all markets where SPOTFIRE can bring value. In the U.S. we will target decentralized testing sites in both integrated delivery networks or IDNs and large independent hospitals with our direct sales team as they already visit these customer sites today as we are already accessing these customers in their core labs.

And the new opportunity in these integrated delivery networks and large hospitals is to access what we call outpatient settings like emergency departments or affiliated outpatient clinics within the scope of these IDNs. For independent point-of-care settings like physician offices, urgent care, retail clinics and pharmacies, we will fully leverage our partnership with McKesson to address this specific segment.

Now outside the U.S., we see a similar opportunity, although the point-of-care testing setting outside the hospital is emerging at different rates around the world. But let's take a look at 1 example like Japan, where we have already seen 200 SPOTFIRE units up, running and reporting results in physician offices. And we see tremendous growth opportunity here and in other markets around the world.

In summary, we are the new player in this space, and SPOTFIRE will allow us to take market share with our advanced innovation in point-of-care molecular testing. Now as we grow our installed base, it will allow us to take advantage of further menu growth as we continue to bring new panels to the market, such like what we did last week when we gained FDA clearance for our high-plex respiratory sore throat panel in the U.S. And of course, I'll invite Celine to talk about further menu growth in SPOTFIRE.

Celine Roger-Dalbert - *bioMérieux S.A. - EVP of Research & Development*

Thank you, Jennifer. So as Jennifer just said, we got the clearance for our R/ST panel and CLIA-waiver in the U.S. Just want to highlight, it's the only product on market enabling both claims, respiratory samples as well as [soft fraud]. We are also about to submit the R/ST mini version of that panel to FDA before the end of the month. And we also submitted earlier this month, the IVDR package to get the IVDR labeling in Europe, knowing that the product is already available under IVDD. But as Jennifer said, and also Chuck explained, respiratory is only 1 piece of the point-of-care market. And so we are focusing on broadening the range of products, one with women's health application and sexually transmitted infections.

The first panel we will release in 2026 is the vaginitis panel. Many women will be either undiagnosed or not treated appropriately for vaginitis or vaginosis infection. There are a lot of co-infection, and that's the value of a high multiplex panel because you can detect all these co-infection as well as some resistance markers. And you will eliminate the need for repeat visits and get the appropriate treatment for the first time.

For the sexually transmitted infection, the ECDC, the European CDC recently published some statistics about the increased rate of gonorrhea in 2022 and in chlamydia, respectively, 48% and 16%. It just shows the value of having testing at the closest possible to the patients.

Going to the OBG/GYN or the STI clinics and getting your results in 15 minutes, inclusive of resistance markers. Again, here, we differentiate ourselves because we have the capability to include resistance markers that will help to track resistant strains and give the appropriate treatment at the first visits.

The 2 other panels of high interest is the meningitis that we will release in 2027 and the last one will be the gastrointestinal panel in 2028. For meningitis, I don't think I need to explain the need here, the fastest you get the results, the better it is. So we want to democratize the testing of meningitis outside the clinical lab and get it closer to where the patient will be in the urgency care or emergency room and you can get your results at the same time when you complete the visit.

For gastrointestinal, a similar story. Just imagine yourself at the pediatrician clinic trying to understand why your child has a huge diarrhea, being able in 15 minutes to know that it's only viral. It doesn't need antibiotics. And you can even tell the [daycare], which type of infection he has, will definitively help the standard of care for patients.

For all these panels, because we use the exact same technology, the same assay design, we leverage the same surveillance program. So we verify that the sequence, the genomic sequence we use are relevant and up-to-date to the evolution of viruses and bacteria.

Like the BIOFIRE TORCH instrument, the SPOTFIRE will also work with FIREWORKS and Syndromic Trends. So we have the exact same IT data solution that then you can compare around your different instruments and different care settings.

So that's for the SPOTFIRE menu. Now we'll move to Chuck, who will do an introduction of our second growth driver, which is the microbiology.

Charles K. Cooper - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

Thank you, Celine. So antimicrobial resistance is a silent deadly pandemic. Last year alone, it was estimated to result in the death of 1.3 million people around the world. And this number is actually increasing every year. And it's been estimated that by the year 2050, it will account for as many as 10 million deaths, which is really a staggering number.

Sepsis is a great example of the danger of antimicrobial resistance. Sepsis is a very severe, potentially fatal infection. WHO estimates that there were around 49 million cases of sepsis every year. One thing about sepsis that's well understood is that delays to effective antibiotic therapy significantly increase patient mortality. And some estimates even suggest that for every hour of delay to effective antibiotic therapy, there is as much as almost an 8% increase in mortality. And diagnostics are critically important in the fight against antimicrobial resistance and in the treatment of sepsis because they help clinicians understand which antibiotics are going to be most effective against the infecting pathogen.

And they also help prevent the unnecessary use of overly powerful antibiotics that may be unnecessary. And that's really important because the unnecessary use of excessively powerful antibiotics actually can drive further resistance and result in side effects for the patient that can harm the patient. The other thing that's important to know is over the past several years, there have been a number of landmark clinical trials that have shown that rapid, accurate diagnostics by themselves are not enough. We need to have solutions that actually make that information available and maximally accessible to the clinicians who need to act on it. And that's where informatics plays a critical role.

I will now turn the presentation over to Jennifer, who will share more information about this market space.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Thank you, Chuck. So when we think about the challenge of antimicrobial resistance, and the opportunity for diagnostics to play a role, it's important that we recognize the market that we're playing in. This market represents EUR 3.3 billion in revenue, and one that is expected to grow 4% to 6% CAGR over the next period. Addressing this growing issue of antimicrobial resistance and addressing the need for automated solutions and the need to bring these solutions to developing markets around the globe. bioMerieux has been dedicated to the fight against antimicrobial resistance since the start of our company.

And as a result, we are the overall market share leader standing at just 40% and at the same time, we are the market leader in 2 of the 3 segments where the largest volume of microbiology testing occurs today. With the launch of VITEK MS PRIME, we intend to become the leader in mass spectrometryas today, we hold the #2 position. And with the launch of VITEK REVEAL, we intend to become the leader in the emerging fast AST, antibiotic susceptibility testing segment, where we plan to establish our leadership, leveraging the breadth of our sepsis solution.

We believe we are uniquely positioned to deliver this given the depth and breadth of our microbiology portfolio. So as you can see here, we have the broadest portfolio in microbiology available on the market, one that supports our customers with the optimal workflow for all types of samples and patient conditions. Our portfolio of products provides diagnostic answers at every stage of the patient journey, from culture or blood culture to identification, to antibiotic susceptibility testing or AST, we continue to bring new innovation to our customers through both instrumentation and reagents. While at the same time, we are committed to constantly refreshing our legacy platforms to ensure our customers have the latest technology available to them.

For routine microbiology samples, we offer the combination of culture media, automation solution, fast ID on mass spectrometrywith AST or antibiotic susceptibility testing on our VITEK II platform, which provides the most efficient workflow with the largest bug drug coverage. For blood infections, bloodstream infections, where, as you heard Chuck say, every minute counts. We offer the combination of virtual blood culture ID on our TORCH platform, coupled with the VITEK REVEAL will provide the fastest ID and AST results for the management with patients who are at risk for sepsis or septic shock.

We are confident that this broad and deep portfolio will continue to deliver growth. In fact, we are committed to driving a 6% to 8% growth in our microbiology franchise business over the next 5 years as part of our GO.28 plan. We will do this first by driving increased share of wallet with our

current customer base, ensuring they take full advantage of our portfolio and our solutions. And as I previously mentioned, our goal is to drive towards market leadership in both mass spectrometry as well as the emerging fast AST segment leveraging our new innovation of VITEK MS PRIME and VITEK REVEAL.

And of course, we will continue to extract the value of our microbiology solution by driving a positive mix effect through price. We saw tremendous momentum in this area in 2023, and we are committed to continuing this throughout GO.28 plan.

In summary, we are committed to reducing the threat of antimicrobial resistance and ensuring our customers have the tools that they need to drive antimicrobial stewardship solutions. Of course, this commitment will be measured in our ability to continue to bring innovation to this market.

And of course, Celine will describe how we will do this.

Charles K. Cooper - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

Thanks. So starting with our menu for VITEK REVEAL. As Jennifer explained, rapid AST after positive blood culture is one of our focus, and the VITEK REVEAL is our latest acquisition. We have a Gram-negative blood culture panel already available in Europe, and we will be soon have the same claims in the U.S. We are working on a Gram-positive panel that we plan to get on the market by 2027.

We -- on the VITEK side and ETEST, which are our susceptibility testing reagents, we also, thanks to the partnership we have with pharma company, we develop every year about 1 new drug for each of these platforms. We also, and we are generally ahead of our competitors in that front, we update what we call the breakpoint. It's the concentration at which an antibiotic is suspected to be sensitive or resistant for a given bacteria. And we have every year publication of new guidelines from the CLSI of EUCAST, and we implement these guidelines for our platforms, especially VITEK II and ETEST as well.

We are also #1 in micro for a reason. We are the only one who systematically reengineer most of our platforms. You see here VITEK Compact Pro, VITEK Pro. We have redeveloped our platform to improve the ease of use, the lab workflow, the reliability as well. Taking into account also some ecodesign principles. And we are always on top of what are the latest requirements in terms of cybersecurity or electrical testing as examples. With the same mindset, we'll release in 2027, a new generation of our Alert BACT/ALERT, the smaller sized instrument with less automation for developing settings, but also developed settings for which you have testing that can be done more in a hub-and-spoke model.

So meaning that you have small labs that will then move the bottle to the larger lab. And in microbiology, even though we work on time to results and accuracy of our results, without the right data and IT solutions as Chuck explained, if you don't get the results to the clinician, there is very limited value. So we have a suite of solutions that you will see on the next slide.

The first, we call it the VISION SUITE. So basically, this IT data solution will combine together all the data coming from our different instruments in the lab as well as sometimes some competitors' instrument as well. And we have 3 layers, if you want, of solutions. MAESTRIA [First] is a middleware system that will help the lab to organize their workflow, to release their results, but also to look at analytics and quality of the results they deliver. CLARION is a cloud-based application. And in this case, it's more about monitoring. Monitoring the trends in organism prevalence as well as resistant markers or resistance patterns within your hospital.

And the latest 1 addition to this suite is LUMED, an acquisition that we have done very recently. So LUMED is what we call a clinical diagnostic solution, sorry, that helps to alert and guide the Antimicrobials Stewardship Committee on antibiotics, dosage, antibiotic usage and how to improve the patient treatment in specific cases within the hospital. One of the best examples is 1 hospital in Canada, who has been using the solution for 6 years in a row. And they have seen a drop in antimicrobial use by 24%, but also a decrease in the total cost of antimicrobial spending. And a reduction in length of stay for the patients.

So that's for the microbiology portfolio. Moving on, we'll go with the immunoassays with Jennifer that will introduce our strategy.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Thank you, Celine. So we recognize that immunoassay plays a very important role in the overall in vitro diagnostics market and bioMerieux is committed to remaining a niche player in this space. And we will do this by driving a particular two-pronged strategic approach. First, we will focus on what we call developed settings or consolidated labs that drive a large volume of immunoassay testing.

Now in developed settings, we believe that VIDAS is a perfect complementary platform to drive the uptake of what we call high medical value markers or assays that may not be available on their large throughput core lab immunoassay analyzers. The first example of high medical value assay that we can bring with VIDAS is our recently launched TBI or traumatic brain injury test. This test is typically run in stat labs.

The other example of high medical value markers on VIDAS is TB-IGRA that detects tuberculosis infection. And with the launch or relaunch of this test, we see the opportunity for customers to perform this testing in their lab, thus avoiding the expense of sending it out to a reference lab. The second part of our two-pronged strategy is to focus on the developing settings or the nonconsolidated labs that are driving a lower volume of immunoassay testing. And here, we see that VIDAS is an ideal platform for routine use in labs that are growing their volume and are seeking to enter the automated immunoassay space.

Now to accomplish this expected growth in these developing settings, we are committed to enriching our comprehensive routine panel such as with the introduction of B12 later this year. So we believe this two-pronged strategy in developed and developing settings will enable us to overcome the decline that we see in our PCT or procalcitonin business as we continue to see that volume shifting to the high-throughput immunoassay players.

So now hopefully, you've seen through our discussion of BIOFIRE technology on both TORCH and SPOTFIRE, our explanation of growth in microbiology to address antimicrobial resistance and our commitment to remain a niche player in the immunoassay space, that the clinical operations business is deeply embedded in our growth ambition as part of GO.28.

And with that, I will turn it back to Pierre. Pierre?

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

Thank you, Jennifer. Thank you, Chuck. Thank you, Celine. So we've completed the clinical activities parts. Now we move on to industrial applications. As I shared, Yasha could not be with us. He is in Singapore as the most important congress of the year for the food industry, quality control solutions. So we've recorded a video to share our perspective on industrial applications.

Yasha Mitrotti - *bioMérieux S.A. - EVP of Industrial Applications*

Hello, everyone. My name is Yasha Mitrotti. I'm in charge of the Industrial Applications business unit. I'm really sorry not to be able to be with you because I'm here in Singapore in a food conference.

So Industrial Applications represent 16% of bioMerieux's total turnover, with a second business unit that have been growing steadily at 9% over the last 3 years. And we're very pretty happy about that result. We actually have served 2 different segments within the same Industrial Applications business unit. The first one is the food market, where we have all the food processors around the world across external labs that do some testing. And obviously, the pharma market where we have all the big pharmas that you know addressing that market. What we basically do is we provide testing solution to those customers, so they are able to produce their products and make sure that at the end, they're providing a safer product to the patient that is going to take that or to the consumer, which is eating those products. This is what we do.

Another very nice story about what we have is that we are taking advantage of the synergies, 70% of our portfolio comes from the clinical operations, whether it's instruments, reagents, services, software. We're taking advantage of that, while we provide specific customer-facing people, whether it's in sales, marketing and customer service to really address our customers, we meet their needs and make sure that we understand how we can help them to make this world a healthier world.

BioMerieux's position on higher traction, whether it's on the food business on the pharma business. Our macro trend is that we make us believe what you're saying here. There is aging population. There is obviously new regulations coming in, in different countries. There is also scarcity of workforce that make our customers look for productivity gains, efficiency gains, and that will be done through automation. And we have all that. Those 2 markets, whether it's the food market grow at 5% and the pharma market is growing faster because of the new technology at 11%. We believe that we are very well positioned to take advantage of those growing markets. Food safety and quality strategy relies on 3 pillars: the first one is to customer acquisition by leveraging our [GENE-UP] installed base. We have more than 1,000 instruments installed and we are today making customer assets to address untapped market needs. The second is on data engines. We believe we have a key role to play. Our customers make lot of tests or still have recalls. So we believe that data is going to be a game changer and bioMerieux wants to be in that market because we believe that we can basically take our customers from the detect to prevent and predict.

And last but not least, there are adjacent markets that we're not addressing today, whether it's allergens, contaminants, mycotoxins, those are things that we believe we have the technology to address those market needs. The pharma quality control strategy is also on 3 pillars: the first one is we want to leverage our existing technologies in new developing markets. We have seen the tremendous growth on the mRNA vaccine and also the cell and gene therapy, which is a market which is booming. We already are present, and we can continue to grow with our existing technologies there. This is high medical value segment. We believe our products can make a difference.

The second pillar relies on being the best-in-class supplier on the environmental control monitoring. This is today a very manual process through manual products. We believe that we're bringing automation and digitization that allow our customers to have a better control process and to be able to basically make sure that their production is safe. Last but not least, we want to enter or we have entered actually new market adjacencies like, for instance, mycoplasma testing and endotoxin testing where we believe we can actually grow faster with the new technologies that we're implementing. So we believe we have great ways to have tremendous market growth on the pharma sector.

So as you can see, bioMerieux applications has solid foundations. There is a market which is growing, whether it's on the food side or on the pharma side. We have the solutions that need to address those market needs. And we are prepared to basically take advantage and grasp laid opportunities in that field. So we believe that we have a bright future ahead of us and we'll take advantage of that. Thank you very much. Hope to see you soon.

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

So here we go with the industrial application presentation. Now there is one last part for the Go for Growth dimension of our plan that we'd like to share with you. We are an innovation-driven organization. Our growth is going to come from more innovation in the years to come. So our duty, our mission is to make sure that we maximize the value of the investment that we do for innovation, that we maximize the value of the 12% investment that we do on ourselves to make sure that we keep bringing innovation to support patient care and customer safety. So we ask Celine to share with us the plans with regards to innovation powerhouse.

Celine Roger-Dalbert - *bioMérieux S.A. - EVP of Research & Development*

So at bioMerieux, we said that R&D is part of our DNA. And as Pierre just said, we invest 12% of our revenue in R&D, while most of our peers will invest between 6% to 12%. When you look at the distribution of our cost in R&D, we have 90% that are spent on the growth engines that Jennifer and Yasha presented previously. We also invest 10% to 13% in this slide on what we call breakthrough innovation, which is really the upstream research to feed the portfolio of tomorrow. But we cannot do that just by ourselves. One piece that is very important for us is community of partners that we are working with. We work with university hospitals. We work with a government agency as well like BARDA in the U.S. We work with pharma companies, as I said previously.

And it's the only way for us to really understand the trends when it comes to customer needs, but also patient needs and regulatory bodies' needs actually. Our R&D centers are also based all around the world and for a reason as well. We want to be close to the biotechnology hubs where you have startups, when you have pharma, when you have other R&D centers. It's a way as well to stay connected with talents, skill sets that are coming up and making sure we get access to these new technologies early on.

There are a few indicators that we look at in our organization. One is the balance of skill set we have. We have a very multidisciplinary teams of engineers, system engineers. We have research scientists. We have MD in medical affairs, we have PhDs. And they all work globally to develop the products we want to launch. There are a few indicators as well that we tend to look at over the years. One is the number of patents we file every year. We are in average at 20, which is generally higher than our peers as well.

Even internally, we publish up to 75 scientific articles, not necessarily on our products, but on technology every year. While our products will generate more than 1,000 publications every year that we also have to analyze ourselves for post markets activities as well. So the key question I think that Pierre asked me is, but is it enough? Or do we need to do more? And we definitively want to do more. We really think that we need to level up our capabilities in order to increase our return on the investment we do in R&D. Making sure as well that we increase our proficiency and productivity as an R&D organization.

So the first thing that we will be doing is focusing on innovation that brings unique targeted clinical value for patient care, but also to help with lab efficiency. It will always be the balance between the clinical value and the cost for the lab. More than ever, we know that if we bring new innovation to market, we need to demonstrate the clinical evidence and the economic value of these products.

In the IVD and especially in diagnostic companies, we are not necessarily used like pharma company to do a lot of clinical value evidence or market evidence. We will invest more in this area in order to generate the data that will convince the payer, that will convince the clinical lab to adopt these innovative solutions that may be first to market and have no predicate device.

I said earlier, we spend around 10% of our R&D budget or more for breakthrough innovation. The goal here is really to ring fence, both the human and the financial resources to support these activities. And one of the reason is that we need to assess very fast new technology. We need to fare fast as well and making sure that when we think we are ready to move into product development, we go as fast as possible as well.

The last piece is about the way we are organized. You can look at it from 2 different lenses. If you want to gain efficiency, generally, you go with a centralization of your resources. If you want to go for innovation, products and be customer centric, you need to go to decentralized. What we will be doing in R&D is actually both of the models. For functions that are more core skill sets like clinical affairs, regulatory affairs, but also program management, we will evaluate the need to centralize the resources in order to gain in efficiency and to get the scale effect, if you want, on these resources and the flexibility and the agility on the distribution of them.

When it comes to various specific scientific and technology-driven activities, we will focus on the technology, the products. And in that case, we will centralize the team. The last piece we are considering is about outsourcing. How can we get better in our R&D activities by outsourcing some of our activities? The first focus will be on when we need to acquire new skill sets, either these skill sets are rare or it's a domain that is moving so fast that you are better to go from the outside to acquire these competencies.

The second aspect is when you have tasks that have -- will create less value overall as a business, it's better to externalize these activities while you keep your high knowledgeable resources to the high clinical value projects. So that some of the actions we'll be taking.

We always also monitor the value we create. So again, I will not go through everything that has been said previously. But in the last 5 years, we launched a very high number of new systems, new reagents as well and IT data solution. It's a little bit of backroom rear-mirror view. Now if we look forward and we're looking in the coming 4 to 5 years, we have more or less the same picture. A lot of new instruments, new reagents as well, especially in molecular, but also in microbiology in immunoassays and industrial applications.

But as an R&D leader, if I just focus on for next year, I will be missing what's coming next and what may be our next future engines of growth. So what we are looking at is what are the evolution of the health care system today and we have seen a lot of evolution in the last few years, again, due to the COVID crisis, but not only, that has led as well to the evolution of technology. So let's spend a few minutes on the evolution of health care.

The first one, and I think Chuck said it earlier, we have an aging population. We have an increase of ACT as well, which ultimately drive an increase in chronic diseases like cardiac diseases, also increase on cancer and liver fibrosis increase. We see more and more immunosuppressed patients.

It's also due to an increase in immune disease, autoimmune diseases. And when you take all these factors, what does it drive? It drives more infection and it drives potentially more sepsis cases as well, which for us means more testing and patient monitoring.

Another trend that we have observed, especially in the U.S. since COVID, there is a lot of at-home hospitalization. There is a decentralization of the hospitalization. What does it mean for us? Again is that you have a lot of patient monitoring done at home or collection of clinical specimens at home for future testing. We discussed at length, I think the point-of-care needs and the fact that it's a growing market and that we have a bifurcation basically of testing between central lab and point-of-care. But the last piece that is also interesting, and I will put that more in the tailwind, if you want, is that there is more and more an awareness of diagnostic and the impact to patients.

And so we moved to a personalized and precision medicine, where, when you look at a patient, you just don't look at the symptoms of today, you are looking at his lifestyle. You are looking at his genetic background and markers, hereditary markers as well. And you try to personalize the approach to the patients. Now what all these trends has driven in terms of the evolution of technology?

Immuno point-of-care I just discussed it with at home hospitalization with the decentralization of care, there is definitively a need for immuno testing for blood diseases, for instance, and cardiac markers. And as a result, you may have seen the investment we have done with Proxima and SpinChip recently. That's one area that we closely monitor for sure.

Next-gen sequencing, I think in the last 10 years, everyone was speaking about next-gen sequencing for the human genomes Also, we see more and more application in oncology, for instance. We recently signed a partnership with Oxford Nanopore. Next-gen sequencing is already used for infectious disease, but more in a format of lab developed tests. The key question is who will be the first one to get to market with an IVD product. And we want to believe we'll play a role in that.

The other technology around NGS that we look at our metagenomics and proteomics as well where we see more and more application in infectious diseases. Liquid biopsy is a sample type that is noninvasive and it's used more and more in oncology, for instance. And something that we know we have some of the technology that can work with such samples. So we need to look at what does it mean for us.

AI is the buzzword these days, but just for you to know, we already have a lot of artificial intelligence in our current products. We have it in the VITEK MS PRIME data basis, for instance, or VITEK II as well. We see here AI in the 2 flavors. One is how it can help us to develop faster some of the diagnostic tests that we plan to push to market. The second one is what type of solution we can help the lab with, especially when we see the progress with digital pathology tools that can take into consideration multiple factors in order to help for the diagnosis and the treatment prediction.

So all these trends lead us to look at what our future will pan for us. Obviously, as an R&D leader, I'm extremely excited to help with the transformation of this R&D organization that is really engaged of making the world a healthier place and more will come with that. So Pierre?

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

Thank you, Celine. So this is this for Go for Growth dimension. I hope you are as excited as I am. There are significant market opportunities out there. We have the solutions, the capabilities, the teams that will be -- that will make it possible for us to seize those opportunities and with a fully aligned leadership team, commercial, marketing, medical affairs, R&D, working hand-in-hand to be able to be leading in those segments to get significant market positions. That's the Go for Growth dimension.

And I will ask Guillaume to join me on stage to talk about Go Simple.

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

So hello, everyone. Let's look together at our second pillar of the plan, Go Simple. As part of Go Simple, we have actually gone through an extensive exercise with our teams. Actually, we put together 5 cross-functional teams from the top bioMerieux managers over 4 months to work from 9 different departments with an external consulting company as a support and to build this part of the plan. We have selected more than 50 initiatives

from a much broader base of ideas and opportunities. And this 50 or a bit more than 50 initiatives make up for this new efficiency framework for bioMerieux.

As you can see in the efficiency firework, there are 2 transversal topics, the first one being the way we want to simplify our organization. What we mean by that is that we will notably look at reducing the layers in our management structure as well as better empowering our middle managers to take decisions closer to operations. From a process point of view, we want to continue to push to simplify our processes to gain time and efficiency in the way we work and make decisions.

Then the efficiency framework is organized around 3 more specific topics on the COGS, on the commercial operations and on the support functions. Let's start together at reviewing the #1 pillar on the COGS. So actually, we have in this 5 types of initiatives that I would like to explain. The first one being purchasing and resourcing which is, of course, something we already do with our purchasing team, together with manufacturing, sometimes with R&D. But here, we want to put even more focus, more emphasis on the way we find alternative source of supply, either for direct materials, but as well for indirect purchase.

Second lever is what we call internalization or Make Or Buy and I will give you in a minute, a very practical example in this field. The third pillar is the way we optimize our indirect structure. We think we can better optimize our overheads. And here, we are talking on the manufacturing, supply chain and quality functions. The fourth pillar, obviously, is productivity and cost, how we improve our cost base? This is, let's say, of course, something we already do, but we will put even more emphasis in the coming years as part of on these topics. And we expect also that volume growth will help us improve on this front.

Fifth pillar and not the least is automation. And here, we are talking manufacturing automation. Some of you know that on the BIOFIRE part, we are looking this year at validating a fully automated manufacturing line for the second part of the manufacturing process that is still manual today. And from there, from next year, we expect them to deploy and ramp up this automated, fully automated manufacturing lines for BIOFIRE.

Now coming to one of the examples, coming back to internalization or what we call Make or Buy. The example here is the way we internalize the manufacturing of one of our key enzymes that serves some of our reagents. This enzyme we used to purchase, so it was fully outsourced. We decided to invest in our own production line for this enzyme with a target of 75% internal while keeping an external source, always very key in our business, to secure the supply. The nice thing is that we will reduce cost on the internal by 85%, generating recurring savings of about EUR 3 million per year.

On top, we secure our supply with 2 sources, and we reduce our carbon footprint with, of course, internal manufacturing.

With that, I propose that we move to the second pillar of the efficiency and talk about commercial operations. The first topic here is about sales force efficiency. What we tend to do here is to save time from our sales rep and sales force, especially their time on admin work. And actually have them better focused on value-added activity, which means, in this case, of course, customer-facing activities. On top of this, in also sales force efficiency, we want to work on the way we focus our sales on the priority customers and, at the same time, deploy digital tools, taking e-commerce to serve all of our customers.

Now turning to pricing optimization. You heard it from Jennifer who said it, we want to build on a very strong dynamic in terms of pricing in 2023. Not exactly at the same level, but continue to push where we can where we have strong market position where it makes sense to adapt pricing to relevant situations.

Customer service efficiency is the third and key topic, and I want to give you a specific example in this field. We also want to optimize our commercial model. What we mean there is that we will look at where it makes sense our direct versus indirect distribution model with our distribution partners. We will also look in the commercial model at the way we are organized between sometimes global teams, regional teams, local teams and the way they work and allocate tasks and responsibilities.

Finally, here, it's about marketing automation and deploying digital tools to improve our commercial leads and the way we qualify leads for the sales teams. Let's turn to a very practical concrete example. It's an initiative that is already ongoing that is called Service in Motion. So here, what

is service? What we call customer service, our teams, be it in call centers or field service, the teams that go on the field with our customers that's actually either support could for support with customer issues or go on the field to repair or implement preventive maintenance on our instruments.

The idea is to deploy tools basically to improve first in call centers, the triage that we have and the support so that we have a better first time resolution and avoid unnecessary field visits. We also want with better tools to improve our dispatch, so that the visits are better organized and take less time from our teams. Overall, these initiatives that have already started is expected to generate EUR 5 million of cost avoidance, and it's also a recurring topic. And on top of efficiency, we'll also improve customer satisfaction when I said first-time resolution. So it's a faster resolution from a customer point of view as well.

Now let's turn to the third efficiency pillar, which is our support functions. Again, 5 types of initiatives with more actions behind, of course. The first 1 is the leverage of our shared service centers. At bioMerieux, we have 2 running shared service centers, one in Warsaw, Poland and one in Buenos Aires, Argentina. That already have the right infrastructure and teams working very well, especially for Europe and for Latin America. We believe we can expand, potentially expand on a functional scope these infrastructures.

We also think that we can smartly optimize our service level. So service has a different meaning here. We are talking about the way the support functions. So HR, finance, legal, are actually serving the rest of the organization. We believe we can relook at what we provide. We can look maybe in sometimes at reducing some nice to have, some workup books of our teams and therefore, be more efficient.

Process automation and digital, we have worked in the past years on this path, but we believe there are still avenues for improvement and for efficiency gains through digital in our processes, in support functions. Outsourcing and nearshoring, fourth pillar, I will give you also here a concrete practical example. And the last one is smarter spend. What we mean there is that I think we are quite used and we are a very good purchasing team to support the support functions on what they buy, to buy it the best possible way, sometimes the cheapest possible way.

What we are not doing so much and that we like to start is actually trying to challenge the needs and what we need to buy externally. So that's what we call smarter spend.

Now turning to a practical example on outsourcing, nearshoring. It's about IT nearshoring. The way bioMerieux organized on the IT today is a lot of external support, which gives us a lot of flexibility and also finding the right skills. Practically, it means 40% of our IT resources for our systems actually coming from suppliers, and suppliers and teams from the suppliers, mainly in France and the U.S.

We have seen an opportunity as these suppliers have ramped up their own skills in new countries, in Europe or close to the U.S. And we believe we can deploy. Actually, we have started 2023 to get these resources from, again, nearshore. To give you an example, it would mean maybe IT developers in Portugal to serve France. We have successfully started in 2023. It works for some roles and the idea is to deploy more broadly to more roles and more topics with a target to generate EUR 2 million of, again, recurring savings over the plan.

You see overall with the example that I gave, that there is no magic bullet. It's not 1 or 2 big topics. And I mentioned more than 50 initiatives. The plan, the efficiency plan, is really made of a lot of initiatives that may be at the size of bioMerieux, EUR 2 million, EUR 3 million might seem small, but it's the sum of all these initiatives that we have prepared that we have already worked on that will make the whole efficiency plan.

As a result, and you heard it already, we aim to reach 20% CEBIT margin in 2028. Again, I said it several times, but at constant exchange rates, we can come back to FX in the Q&A, I'm sure. Then if you look at the bridge of the margin improvements, First, it's important to note that depreciation will actually have a negative impact, so will actually increase in terms of percentage of sales. Some of you might expect that we are investing, investing in our manufacturing capacity, but also investing in our placements, the instruments that we place with our customers, especially with the deployment of the SPOTFIRE instrument and this new model of point-of-care.

Then the 3 pillars that I described will have a balanced contribution, as you can see, from the COGS, from the commercial operations and the support functions to all bring us to this 20% target in 2028. As an additional commitment, we aim to increase every year, our CEBIT by at least 10% on an organic basis. I'd say additional because you understand 20% is the final target, but the 10% gives you also an idea of what we will do every

year. Of course, the first years '24, '25, we will have some implementation costs. We will have also only the start of the savings. So we can expect to have an acceleration of the margin improvement from 2026.

And with that, I hand over back to Pierre.

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

Thank you, Guillaume. So as you can see, as you've heard, we have a very solid, detailed, bottom-up plan to drive profitable growth. Now what I'm going to share with you is the third dimension of the plan, Go Stronger.

So Go Stronger is a very important dimension of the plan because we've talked about the top line. We've talked about the bottom line, but to be able to deliver this, we need an operating model that will support the changes, the acceleration that we want to see. So after many years of growth and acquisition, we felt together with the team that now was a great opportunity to enhance our operating model, to extract and maximize the value of our teams.

The first dimension we are going to work on and Guillaume alluded to it, is stronger delegation to make sure that decisions are made in the company as close as possible to our clients, as close as possible to the field. That will allow to accelerate and improve decision-making. The second component comes together with accountability. Making sure that the roles and responsibility in decisions that are, by nature, extremely cross-functional are clear that we can operate in a simpler way. Finally, we also alluded to it, we will simplify our core processes to free up resources on value-added activities. We want to have a superior operating model to be able to execute the ambition that we shared with you.

That will be further supported by the deployment of 5 core behaviors that we selected together with the Executive Committee because we feel we need to enhance those behaviors across the whole organization, with our managers, with our employees, again, in the spirit of executing the plan that we shared with you.

Moving on to the next dimension of the plan, Go Responsible. So as I said at the beginning of this presentation, corporate social responsibility strategy is fully articulated around 5 pillars that are fully connected with our vision and mission in our plan GO.28. For each pillar, it was 2 years ago now, we have communicated internally and externally targets on which we report back on a regular basis every 6 months to show where we are in the execution of the plan. So far, we are on track.

I just would like to highlight the planet ambition and the reduction of 50% of greenhouse gas emission in absolute value, that we want to keep executing while we expect to grow 7% year-on-year in the next few years. So I just want to highlight the level of the ambition because the 50% is easily said, it actually translates in a massive amount of work to be able to reduce this. And by the way, as we speak, if we compare with 2019, we are already minus 3%. And you remember, we increased our sales by EUR 1 billion between 2019 and 2023 by reducing greenhouse gas emission. So it is working. Still going to 50%, while we grow 7% year-on-year is a significant challenge.

Now I would like to highlight maybe and give you concrete examples of what we've been doing in the last few months. So these are real numbers that show the quality of the deployment that we are doing. So on the planet side, again, one number I would like to highlight is 68% of the regions that we ship over the world are actually shipped by sea, which has a significant impact in terms of greenhouse gas emission because the alternative is planes. It's also, by the way, significantly cheaper. The only downside is part of our stocks are on the sea. They are not sold. So while they are on the boat, until now, the boats don't go as fast as the planes, but 68% is a significant improvement if you compare with 2019, which was 48%. 21% of the energy we consume at bioMerieux is already coming from renewable energy. We need to keep pushing, but we're improving.

If we look at extended company, we are working with suppliers who have adopted science-based targets, 40% of our targeted emissions come from suppliers who have adopted SBTi. It was 28% in 2022. The final example I would like to give is we're working with EcoVadis. We want our suppliers to be EcoVadis rated. We've reached a number of 62% of our purchasing expenditure that is coming from suppliers that have elected EcoVadis.

So significant progress, significant efforts. And for us, it's critically important to make sure that the GO.28 plan is fully embedded into this corporate social responsibility strategy because that's also the DNA of bioMerieux.

Now bringing it all together, you've seen Go for Growth. You've seen Go Simple in the efficiency measure. You've seen what we want to do from an operating model perspective to execute this. You've seen what we want to do from a sales perspective. So we'll ask Guillaume to come back on stage and give us a bit of a ramp-up of what it looks like.

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

So let's bring it all together. What you heard from Yasha and Jennifer together with Celine and Chuck and of course, Pierre. If we look at the growth first, we look at the different pillars. And here, it's about the organic average annual growth from '24 to '28. And I say that because we have already provided guidance, I remind all of you, on 2024 for the group and by range, this is on top, of course, from '24 to '28.

So you heard most of the figures, but of course, on our 4 growth engines. BIOFIRE Nonrespiratory, we expect to grow 10% in average per year to 2028. SPOTFIRE, we expect to reach EUR 450 million revenues in 2028. Microbiology, 6% to 8% growth in average to 2028. So this is slightly slower than we did last year and this year, but still above market growth, even as a strong leader, above market growth of microbiology. Industrial Application continues to grow at a high single-digit level at 7% to 9%. On top of that, BIOFIRE Respiratory, we expect a contribution that is flat growth, with, of course, some upside on strong respiratory seasons, potentially. This is for average seasons. And Immunoassays, flat growth throughout the period.

So overall, that comes to the 7% that we commit to as an average growth to 2028, again, organic, of course. So you saw that and for the first time, profitable growth, 7%, bringing to 20%, but I want to state 20% while continuing to invest, to invest in our manufacturing footprint, to invest in our commercial levers, to invest in our installed base and of course, to invest in R&D in innovation. One thing we have not said that when you compound 7% organic with a margin that moved from 16.6% to 20%, excluding any exchange rate FX impacts, CEBIT growth in absolute value by 70% from 2023 to 2028, 70%, 7-0 increase in our CEBIT value.

Now looking at also cash flow and balance sheet. We expect to continue also to strengthen our cash flow generation. EBITDA will actually outpace a bit in terms of improvement the CEBIT margin due to the depreciation element that I mentioned earlier. So to 27% of sales organic again, in 2028, while we commit to have a CapEx between 8% and 10% of sales throughout the period. Again, I remind you that CapEx is on, of course, what you think about manufacturing capacity, also some CSR investments. This is important for the road map that Pierre has presented and also super important, our placement, meaning the instruments that we place with our customers but remain in our ownership when it's placement, so it's CapEx as well, especially again for SPOTFIRE business model in the point-of-care segment.

We also have a very strong balance sheet with almost debt free, EUR 160 million, 0.2x leverage, which gives us a lot of headroom to invest as we need. And talking about investments, as part of GO.28, we have also sort and redefined our acquisitions strategy going forward. So first, we will continue to look at filling some gaps in our portfolio, strengthening our core segments and our core technologies with potential external technologies. On top of that, we will look, and that's new, of course, we will also look at adjacencies, adjacent segments where we will believe that we have the ability to win, the capacity to win and with very clear criteria to look at these adjacencies.

Leadership positions, sustainable growth, profitable companies and segments and as well synergies, possibly revenue synergies or cost synergies within bioMerieux. From a financial point of view, we will think and execute our acquisition strategy, looking at maintaining an investment-grade profile for the company. We are not rated, but investment-grade profile and, of course, create value, midterm value for our shareholders.

With that, I propose we turn to a summary of our capital allocation policy for the group. We can summarize with 3 pillars. The first pillar for bioMerieux very clearly is to reinvest in the business. With a long-term view supported by our controlling shareholder and our Board, especially when we say we invest in the business, we mentioned maintaining R&D at 12% of sales. By the way, 12% already includes some efficiency. We are today at 12.5%. Celine presented a lot of efficiency levers and improvements, but still 12% of sales on the higher end of the peers. CapEx at 8% to 10% of sales.

Second pillar, and we want to clarify our dividend policy, actually, for the first time, with a target around 25% of payout ratio, which means the dividend compared to the group net income, it's a level that is slightly above the payout level of the past few years for bioMerieux.

Finally, we just mentioned it, but also a third pillar, which is looking at and possibly executing on value-creative M&A while maintaining an investment-grade profile for the group.

And with that, I hand over back to Pierre.

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

Thank you. So this is it. Thank you, Guillaume. We've shared with you the plan. I have 1 more slide to share with you, but I hope you're as excited as I am. This is a great one. We have -- I'm extremely proud of the work that has been done in the last few months with the leadership team. We have very clear growth drivers. We have very clear efficiency measures. We have very clear efficiency measures that will help us execute this plan. We have been working on improving our operating model. We are embedding a corporate social responsibility into the plan. We have an exciting plan to keep making the difference and being a game changer in this industry.

Now I started by talking about why, why we are doing a Capital Markets Day today? I hope you felt it was a good moment to do it. I would like to close this presentation with the reasons why I'm feeling extremely confident in our collective capacity at bioMerieux to deliver this plan.

The first reason comes when we're talking about growth with the fact that the growth drivers that we are talking about, yes, they're aspirational, but they're actually very real. They are in the market as we speak. SPOTFIRE is launched. VIDAS II is launched. We've got the approval for panel last week. We have VITEK MS PRIME in the market. We are actually delivering this growth trajectory.

By the way, we've communicated our Q1 performance this morning, 10% -- close to 10% sales growth in Q1 for bioMerieux. So our growth drivers are up and running. That makes me confident in the future perspective for bioMerieux.

The second element of confidence comes together with the fact this ambition, this plan that we're sharing with you is not only ambitious, it's also grounded. This is not a presentation that we put together to please the financial markets. We've worked extensively in the last few months together with the leadership team, more than 70 senior leaders of the organization, to articulate where we are going to go, to articulate how we are going to make this growth profitable growth? It's addressing both top line and bottom line. It's ambitious and grounded.

The third reason why I'm feeling confident is we have an amazing leadership team. We have the perfect blend of senior leaders of bioMerieux, who have spent years at bioMerieux, who know the company inside out, who know the values, we know the clients, we know who we are, together with newcomers that bring new expertise, fresh perspective, different ways and best-in-class practices that they can bring to bioMerieux and further unlock the full potential of bioMerieux. We have an engaged team. We shared this plan with our top 200 leaders. They are on fire to execute this plan.

The fourth reason why I'm confident is I said this morning, we have Board members here with us today. Obviously, the whole plan was shared extensively with our Board. We discussed, reviewed. We got the full support from our Board to make sure that not only the ambition that we have, but the way we are going to execute this plan is fully supported and endorsed by our Board of Directors. This is critically important to make sure that we execute the plan rightfully, to make sure that we create long-term value for our shareholders.

And last, but not least, what I'd like to share is that we feel so proud and privileged, because this is a 60-year entrepreneurial journey. That was created 60 years ago by Mr. Merieux. Now the company is led, is presided by Alexandre Merieux. We feel this plan is going to continue to write the bioMerieux story, to continue to make a positive impact for public health. Together with 15,000 employees at bioMerieux, we believe we have what it takes to write the next chapter of profitable growth for bioMerieux.

And with this, we are going to close the presentation. We have 10 seconds to put the chairs on the stage, and we can open the Q&A session. Thank you.

QUESTIONS AND ANSWERS

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

I guess we'll start by taking questions in the room. I know it's possible to post questions. So Aymeric will take the question that are posted later on, but maybe we'll start with questions in the room. If you don't mind standing up, maybe everybody.

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

Louise Boyer from Stifel. Thanks for this very comprehensive presentation. I would like to focus maybe on the SPOTFIRE potential. We haven't seen yet at Q1, the impact of the McKesson deal and the distribution in the U.S. I would like to know what are your expectations on it? And what kind of deal exactly did you sign with them?

The second one will be also on SPOTFIRE about the number of clients you actually signed because my understanding is that it was 1,200 modules. So how many clients does that mean? And how much of those clients are new clients that you entered and contracted, thanks to this new offer?

And maybe a last one about the panels and the R&D project you have on that front. We've noted that you don't have BCI joint infection and pneumonia, for example. Which part of the current sales of TORCH are made out of the panels you decided not to go to for SPOTFIRE?

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

Maybe Jennifer, you on McKesson.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Happy to. Thank you for the question. First, we signed an agreement with McKesson and let's keep in mind that their fiscal year is slightly different from ours. So we signed it late in our fourth quarter last year, their third quarter. So their fiscal year is just ending. So it's a bit of a timing challenge. The way McKesson works, and I've worked with them for years is that they start from a pilot perspective in the largest point-of-care market in the world. And so they put a certain amount of their reps on to this new product to test it out. And then as they enter into their new fiscal year, they go full steam ahead with the new solution.

So we expect much more pickup from McKesson as we get further into this year, we've agreed on a mutual revenue target, which we won't share today. And we're looking forward to working with them the coming respiratory season later this year.

As it relates to the 1,200 units and the specific number of questions, what I can tell you is that the majority of these placements are in non-current customers as they are focused in outpatient customer sites, which, again, is, you heard me say the bulk of our respiratory business, in particular, sits in our TORCH base. 75% of the installations through March are in these outpatient sites with pediatric offices clearly leading, which speaks to the urgent need here. We've got about 450 running customers in the U.S. with close to 1,000 modules. Again, this is the largest market in the world. And 14% of the total modules are installed at what we call integrated delivery networks or IDN affiliated customer sites. These can be both hospital and outpatient settings at the end of 2023. So I hope that helps clarify the first 2 questions.

And Celine, I'll let you speak to the R&D portion.

Celine Roger-Dalbert - *bioMérieux S.A. - EVP of Research & Development*

Yes. So what we presented is our view between 2024 to 2028. It doesn't mean we are not considering other panels for the future. They were not just within this road map.

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

Aisyah Noor from Morgan Stanley. I had 3 questions, 2 big ones and 1 more technical one. The first 1 was on the growth targets in the context of BIOFIRE. So you've guided to 7% growth in total group sales and then 9% for the molecular franchise. If I understand correctly from your presentation, you're going to be doubling the panel offering in BIOFIRE and SPOTFIRE. Could the growth be conservative, I guess, in that context? Are you embedding some conservatism? Is it just bioMÃ©rieux being conservative? Are you expecting more competitive pricing in the context of your peers also coming into this market?

And actually, in line with that, could you give a little bit more color on the viability of the -- some of these new segments that you mentioned, for example, Tropical, that will be quite interesting. Are you creating new markets or are there kind of existing market leaders incumbents that you think you could kind of displace? The second question was on M&A, which I think had less of a spotlight in the presentation as compared to kind of R&D, which is a very, very clear focus on reinvesting into R&D, very, very busy slides on what the innovation pipeline is.

Clearly, your peers are also innovating and are heavily investing into R&D to capture these opportunities. And that's in the context of some very large players in the market who have double, triple the R&D resources and scale that you have. Do you think there is a rationale for market consolidation and could bioMÃ©rieux participate in that to kind of further the -- improve the R&D returns in the organization? Or do you think you can well execute as a stand-alone basis?

And then the last kind of more technical question is just on the margin profile of these -- clearly, these distribution partnerships like McKesson are very helpful for you and if they become quite successful, if they become a bigger kind of portion of your placement growth over the future, would this come at a lower margin profile? Or do you think that the volume benefit will offset that?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So I'll start, if I could, from a growth perspective with the non-RP. So just to make sure that we're all grounded on the fact we're calling for a 10% year-on-year growth in non-RP over the GO28 plan. And we don't see this as conservative. We see it as appropriately aggressive. Obviously, we continue to see the increase in adoption of these panels as more and more evidence comes forward and this evidence supports the clinical use of these panels. So we believe that's appropriate from a BIOFIRE perspective.

On the area of SPOTFIRE, frankly, it's too early to call, right? We're not even in the first year of launch. And obviously, right now, on SPOTFIRE, we're talking about respiratory, and we all know the ups and downs of respiratory seasons. And of course, as we mentioned, we intend to go non-RP on SPOTFIRE later in the plan. So just too early to call.

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

Maybe I can take the question on M&A. So the way we see it is GO28 is -- should be the first focus for the management team. This is what we control and what we can do. And the more successful we are with the execution and delivery with GO28, the more options we have, if you wish, to participate to merger and acquisition and potential consolidation opportunities. So for obvious reasons, there is no point in sharing deeply in detail an M&A pipeline, but our first focus is executing on a stand-alone basis.

I think we have again, a very exciting plan being on a stand-alone basis, if and when there are M&A opportunities, being successful with GO28, will just make it easier, better, stronger and make us more relevant to participate in this.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

And I'll take a bit the margin piece, although I'm sure Guillaume, you'll jump in. So please feel free. Of course, the margin is affected when you're going through distribution. That said, you hit the point perfectly, clearly, given that we have little to no share in this space, this is a market share and volume play. And as we mentioned, it's important to get that installed base up and running as we plan on bringing non-RP panels as well. And so the key to that growth is having the boxes out there. Guillaume, anything you would add?

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

Thank you. What I can add is that just to -- to clarify that SPOTFIRE is the same COGS as BIOFIRE, similar approach on the similar lines. So what we usually explain to investors that we -- of course, we sell it slightly lower. It's more around $70, whereas BIOFIRE would be around $100 to make it simple. So then taking a step back, BIOFIRE reagent margins are among the best in the group. So they are above average in the group. SPOTFIRE even at a slightly lower margin will be, let's say, close to the average of the group. So again, it's going to be accretive in terms of volume and additional CEBIT brought to the group.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

And it's important to note there with that example, I could, Guillaume, that there is a mini panel as Celine noted, that's more around the $70 mark. And there's a high-plex panel, the R15, which is closer in fact to the high-plex on BIOFIRE.

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

And maybe finally, because it was a long question, on non-IVD panels. Because you mentioned the non-IVD panels. I would not call it conservatism. We don't expect for those panel massive market opportunity. But I think we take them with pinch of salt because we are entering new segments for us. (inaudible) respiratory panels, it's a new market for us. Wastewater was well described by Celine, new market for us. Forensic, new market for us. They are coming relatively late into the plan. So we don't see the full value of these extensions into a 10% growth for those reasons. So we don't want to overpromise on segments that to be fair and honest, we are entering with those panels.

Unidentified Analyst

Victoria Campion from Veran Capital Partners. Just a question on incentives. So with the new plan that you have in place and with the new focus on efficiency, has anything changed in the way that you manage kind of incentives, both at the top level and maybe further down the organization?

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

Can I take it? Yes. So it's -- thank you for the question. It's a very important question. It's one of the benefits of having this plan fully articulated, deployed and shared. Actually, today, as we are speaking to you, we are broadcasting the plan to 15,000 employees to make sure that everybody is on board. Of course, objectives for 2024 already take into account the GO28 deployment because we had a little bit of preview, if you wish, and we knew what was going to come. So the objective for the entire organization are going to be aligned together with those GO28 strategic objectives.

Unidentified Analyst

Jan Koch from Deutsche Bank. I have 2 on your margins -- margin guidance. The first one is on the group margin. How can you make sure that the currency headwind will not offset the margin expansion you're planning? Do you consider to exit certain markets? Or are you able to lower your exposure to those currencies by maybe changing the currency of certain products?

And then secondly, on the margin expansion, maybe on the 2 segments. Do you expect a similar margin expansion in both segments, clinical and industrial or could industrial show a higher margin expansion given that they are coming from a lower base? And then lastly, on the latent TB test, great to see that, that has been relaunched. How do you see your competitive position here, given that you only -- or that you don't have a high throughput system? And how much contribution of this test is included in your guidance?

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

So shall I start with FX?

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

Yes.

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

So foreign exchange impact. Thank you very much for the question, definitely important because we don't discuss it in the presentation, and we have significant impacts right now. I just remind everyone why do we have significant impacts because bioMÃ©rieux is mainly an exporter from U.S. and France, where we have our main base of manufacturing and R&D and global functions to the rest of the world. So of course, it makes us with significant exposure to any non-EURO, non-U.S. dollar currencies. Basically, when we look at our FX exposure and the actions that we can have, so we have pretty significant impacts in '23 and in '24. There are several levers.

The first one is on hyper-inflation countries. So there, we are talking about Argentina, Turkey, Egypt. There, we already do increase our prices to offset the devaluation of currencies or go with it the local inflation. So we increased our prices in Argentina, like 100% last year to offset the devaluation of the peso, which means that the -- we have -- sorry, it's a bit technical, but in the top line, we have a positive impact. If you look organic basis, you only have the price increase. And in the bottom line, you have a negative impact on the FX impact, but the 2 offset, okay? So that we already do.

Then there are countries of a different type, like, let's say, Japan, which devaluated quite significantly in the last 2 years, China and other countries, where there the lever that we have to look at is really to improve our profitability globally and locally, be it through prices, but not as fast as the devaluation. It's a bit different dynamic, but also our cost base. So that's the key one.

Third lever that we have, it's a smaller lever, but it's actually to localize costs. The best example we have of doing that is when we build up in the past 3 years, a new plant that is up and running since '23 in China for blood culture bottles that would be produced in China. So renminbi cost base for China. Now if I take a step back or if we take a step back, when we look at the past, we look actually, we just did DNAs in the past 7 years. If we take aside the hyperinflation countries, the one where we are able to offset because it's so massive. All the countries is on the inflation trend.

When we take that out, the regular average impact on our CEBIT of FX is about 2% every year, 2% of the FX, not 2% margin on sales, 2% of the CEBIT, 2% of the CEBIT being a negative impact. So that cannot say for the future. We don't have a crystal ball, of course, but it gives an idea of the magnitude of what we are, let's say, somehow exposed to.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

And on the TB-IGRA question, let me first clarify that we are not relaunching yet in the U.S. We are focused and committed to moving towards that. What's important to note about our test is that it brings further automation to this test. And so we believe this will drive tremendous value at the -- in the clinician's hands to be able to provide that important answer about whether or not tuberculosis infection is present. And obviously, with our large VIDAS installed base in the countries where we are relaunching, it will be an important component of our high medical value two-pronged strategy that I described earlier.

The question about head-to-head is we fundamentally believe that there's a distinct advantage with the automation that this test brings, and we look forward to entering into that space.

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

If I come back to margins on your question about clinical operations versus industry on margin improvement. So if you think about the levers that I described, efficiency lever on COGS, on commercial operations, on support functions, they actually serve both clinical operations and industries. So in principle, we should have the same, let's say, range of margin improvement on both. The only difference I would highlight is that, obviously, industry is much less exposed on BIOFIRE. It's a very -- there is 1 product that is extremely small in the industry portfolio.

So all the levers and margin improvements and cost efficiency that we can have on BIOFIRE will not benefit the industry. That's the only, let's say, nuance.

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

Next question?

Unidentified Analyst

Just sort of related to the topic of margins. I guess how are you taking into account a slightly different mix versus in the past? You mentioned BIOFIRE and I guess, molecular maybe being slightly higher margin than some of your other segments. And obviously, all those different components that you've laid out have different growth expectations. So how do you expect that to impact the bottom line and margins, if at all, just from the mix?

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

So it's taken into account. But maybe, Guillaume, you want to expand a bit on it.

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

Yes, we usually say. So of course, we don't give gross margin exact per product, but we give a kind of a ranking which I can re-explain. I mentioned a minute ago that BIOFIRE reagents were some of the top contributors in terms of gross margin profile. We can mention that immunoassays is also a very strong profitability contribution percentage-wise. Inside microbiology, there's a diversity, for example, VITEK, the most ID, AST instruments and reagents are very profitable. Some other parts of microbiology are less profitable. And industrial applications is close to the group average actually. So it gives you an idea.

Then as Pierre said, without going into a full, let's say, model, as Pierre said, we took into account in our plan, in our projections, the different drivers and growth trends and the mix effects in our projections. So it's part of the plan. We don't want to give, let's say, detailed plan on -- so we give a target and a clear commitment on CEBIT. We don't want to go line by line. It's our overall, let's say, commitment to the 20%.

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

There is also another reason for not sharing that level of detail, which some customers not want to see the full comprehensive portfolio of solutions. Sometimes you're okay to take a lower margin on the product range, if you can actually generate higher margin on another product range. So from a commercial client, customer-focused perspective, it's important that we are capable to leverage all the different solutions that we bring to the clients.

Unidentified Analyst

So I still have some questions on SPOTFIRE. So the first one, is the EUR 400 million -- above EUR 400 million sales target that you had for 2027 still valid? Or is it just -- you just moved to 2028 to line? The second question I had was the opportunity that you have with SPOTFIRE on the pharmacy chains or pharmacies overall in the U.S. Do you have any targets for pharmacy sales in the 2028 target for SPOTFIRE? Or do you think this is a further opportunity down the road? And then last question I had was on costs. Should we expect some implementation costs for the plan that you had? Is it going to be split between 2024, 2025 or is it just going to be not in the exceptional line but in the margin?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So as it relates to the EUR 450 million, we do believe it's valid. And obviously, we have a lot to learn. We're in the first year of the launch, ramping up both the distribution in the U.S. along with the direct sales team, and we are deploying at an appropriate rate around the globe. And you know there's a mix of factors over the next 5 years, the strength of the respiratory season, the adoption rate, consumption rate, et cetera. Today, we sit and feel very confident based on the scenario planning that we've done, that EUR 450 million is valid.

Number two, as it relates to retail clinics, thank you for highlighting that. That continues to be an emerging area of growth in the U.S. market, although in some countries around the world, we continue to see the adoption of near patient testing in the retail setting, thanks in large part to all of us wiping our noses in COVID-19 and looking for any opportunity to do that where it was available. Today, there are more than 1,500 retail pharmacy clinics in the United States. They typically make standardized solutions. It's interesting. It's a split market. Basically the 2 large change CVS and Walgreens, they have a bit of a different model.

But absolutely, we see the opportunity to provide the value of our solution if it is appropriate within their protocol to do so. So certainly an area for us to learn about and continue to explore as we bring SPOTFIRE to market.

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

And just maybe to specifically answer your question, the EUR 427 million, it's actually the continuation of the EUR 400 million, so we confirm the EUR 400 million. I mean with all the uncertainties that Jennifer was talking about. We're still in the launch phase. There are still plenty to demonstrate it (inaudible) burn rate and so on and so forth. But the idea was to confirm EUR 400 million and push it since we're sharing a plan for 2028, push it to what does it mean for 2028 starting with the EUR 400 million. So we confirm the EUR 400 million.

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

Back on the implementation costs, thank you for the question. So I mentioned, yes, of course, there will be implementation cost, but it's not a massive restructuring. We are not talking about massive restructuring. We have the luxury and chance to have growth. So actually, we can absorb a lot of this efficiency without letting go people. So no massive restructuring. We are talking more about costs. For example, I mentioned service in motion. You remember this project about customer service efficiency. Several times, I mentioned digital tools to better triage, to better dispatch. So typically, they are costs.

I can also mention when I said a shared service center functional coverage, for example, expansion. It means that when you build that, you need to have the 2 at the same time, your former infrastructure, you build your new teams and you recruit and the processes. And then, of course, you can move. So for some time, we have a double costing when we will do that. So these costs, we expect to have a bit in '24, mainly in '25 and probably a bit in 2026. The important thing is that we include that in this, I call it, additional commitment that we gave of still growing the CEBIT by 10% minimum annual throughout the plan, which, of course, will be more challenging in the first 2 years, you understood that. And then will be an acceleration because we'll have more savings and less implementation costs.

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

Do we have questions online?

Unidentified Company Representative

Yes. We do have questions, a lot of questions on BIOFIRE. The first one is, how are you thinking about competition entering the U.S.? What makes you confident you will not see market share losses? And the one that is quite related, what are your thoughts around the BIOFIRE instrument. Competition claims the BIOFIRE system is outdated. And the last one, still on BIOFIRE. Whom do you see as #2 and #3 main competitors?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

For BIOFIRE. Okay. Great. So I won't comment on the outdated comment. We'll let them have their opinion of our 25,000 installed base around the globe. That's fine. What I will say is from a competition standpoint, let's go back to the facts. We have 75% market share. The next closest competitor globally as I think about it, is most likely GenMark or ePlex with around 8% and then QIAstat or QIAGEN somewhere around 6%. So 8%, 6% to 75%. Of course, we are their growth engine. So they're targeting us because of our significant market share, and we continue to watch that very carefully.

And of course, we look to differentiate ourselves and continue to differentiate ourselves with our non-RP panels across 6 disease state areas, and we see this as a clear indication of our strength and not being outdated. So that would be first. And again, they are #2 and #3. Was there something else that I missed on BIOFIRE?

Unidentified Analyst

No. Do you expect any market share losses, especially in the U.S. with those competitors entering the market with new panels?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So I'm the commercial leader. I'm never going to say out loud, that I expect market share losses, my teams would respond. Obviously, this is a highly competitive space. And we will do everything that we can to ensure our customers can realize the latest and greatest technology and the broadest portfolio of panels available in the [HyFlex] syndromic testing molecular market today.

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

Maybe a couple of complementary comments to bring a bit of facts into this, what we have into the included into the plan is a slight price erosion with regards to non-RP panel, which is what we're seeing for RP, like 1% to 2%. And where we have, for instance, in Europe, where we have competitors with 3 panels or in the U.S. with GenMark, we have competitors with 3 panels. What we are seeing on the more competitive panels is that kind of price erosion. So this is included in our 10% target for non-RP panels.

So we are already assuming a bit of an erosion and by the way, we've grown 24%, non-RP panels in 2023. So from 25% to 10% for the next 5 years, we've taken into account the fact that the competition would be enhanced and the fact that there will be some level of price erosion. The other element I would comment either on the -- whether the TORCH instrument is outdated or not, but just reminding that in 2023, 1,900 new instruments, whereas it was 1,500 in 2022. So we actually -- I'm not talking about history, installed base in terms of customers deciding to equip themselves with new instruments that sold accelerated in 2023 versus '22 without just to give -- I think the market.

Unidentified Analyst

Another 1 for me. Just on the criteria you look for when you're looking to launch a new non-RP, given that sand and wastewater maybe coming a bit out of left field. For me at least, could you just remind us what criteria specifically you look for, whether it's kind of quantitative or more if you think that you're the only ones in the market or specifically early. Just a reminder of kind of how you make that selection.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Medical value is first and foremost. Unaddressed need that we feel we can contribute to with our technology and obviously, adjacencies where we see the opportunity to provide synergy utilizing our installed base. Outside of IVD, these are clear areas of interest i.e., Sexual assault, we feel that's our obligation to utilize technology to look at areas such as this as well as our obligation to look at areas such as wastewater, given the role that it played in the pandemic.

And clearly, equine is a very interesting and growing market and a place where we feel our technology can play a key role.

Anything else that you would add, Chuck or Celine?

Charles K. Cooper - *bioMérieux S.A. - Executive VP & Chief Medical Officer*

I don't think so.

Unidentified Analyst

If I may, I also have a follow-up on your comment you answered to me that there is around 450 customers in the U.S. for SPOTFIRE. I was wondering which kind of penetration rate that gives you on the market you think is reachable right now? And what is embedded in the plan right now in -- by 2028 as a penetration rate?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So clearly, just getting started in the U.S., we started late last year. So I don't really want to comment on the current penetration rate. As we think about 2028 and market share gain, as I recall, we are looking for a high single-digit market share acquisition over the period. So that we would come out in the high single digits of market share by 2028 in the area of respiratory testing with SPOTFIRE.

Unidentified Analyst

And just maybe 1 related question to -- with SPOTFIRE, could you talk about the competition?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So clearly, the competition has been quite busy in this space, as I mentioned, particularly in the low plex respiratory testing that as I said, absolutely exploded over the course of COVID and now you are hearing from competitors that contraction because most of that testing was driven off of COVID screening during the pandemic. But they are the core players. We're talking about Cepheid and GeneXpert, Abbott, ID Now, Roche, Liat that provide single tests or low-level multiplexing up to 4 tests when we're talking about Cepheid. SPOTFIRE offers 5 tests on their RP mini panel.

We decided to bring the rhinovirus or the common cold as part of the panel because frankly, it's the #1 reason why patients show up with the symptoms that we heard a little bit today, sneezing, clearing of throat, et cetera. And so we want to be able to provide a 15-minute answer in the

patient's office, whether or not, hey, you just have a cold, go home and love up your child. Or is there something more present that we need to address like COVID, flu, et cetera.

Unidentified Analyst

On M&A, 2 questions. The first one, can you provide an example of what will be an opportunity in adjacent profile of targets? The other 1 is, is there a minimal growth profile you would look at, sorry, for a target?

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

Yes. Maybe I can take it. So no, we're not going to give specific examples of segments we are looking at. But again, I will just remind the criteria that we've shared. We feel we have an opportunity to leverage our very strong existing positions to expand into new segments, into those adjacencies. So it needs to come together with a solid position, sustainable growth, an interesting profile from a profitability perspective. So those are the criteria. There are not that many actually companies out there that feel that profile, but these are for us the criteria that we would follow to look at M&A opportunities. And they need to make strategic sense, but also financial sense that what we that we wanted to highlight. The second part of your question was?

Unidentified Analyst

The growth profile of potential target.

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

I mean no specific elements as long as it's still supporting making us a stronger player in this field.

Unidentified Analyst

I still have some 1 -- more questions. Another one, you answered partially on BIOFIRE, but more globally. What are your price assumptions in your 7% growth guidance to 2028?

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

So we -- I can take that maybe we mentioned that we took into account some price erosion, 1%, 2% on the BIOFIRE side. We also mentioned pricing optimization, especially, of course, where we can in microbiology and applications. So overall, we expect to have a pricing effect that is pretty modest over the plan with, again, this negative BIOFIRE positive on some other ranges. But overall, pretty small.

Unidentified Analyst

Go ahead. On the margin, can you provide an approximate split for the margin uplift between mix, actual cost savings and operating leverage?

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

Okay. No, actually, the -- I think the most illustrative is the bridge, if you refer to this slide with the bridge where we can't give exact figures. But again, the key messages there were the fact that the depreciations has a negative impact because with our CapEx, with our installed base placements, depreciation percentage in sit contribution to CEBIT will increase. So negative impact from depreciation increase. Then we also had a very clear

message that the 3 pillars: efficiency on COGS, efficiency on commercial operations, efficiency on support functions will have very, let's say, similar contributions in terms of margin improvement overall.

So pretty balanced between the 3. There is also in this bridge line other which includes a number of other elements. Mix effect is part of it, but we mentioned it's not huge. I mentioned also that Celine presented efficiency for R&D with the innovation powerhouse. And we can see that we are at 12.5%. We commit to 12% of R&D on sales, still a very strong commitment, but with some efficiency embedded.

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

And just to complement the answer. I think it's not that -- we don't have the details to share between operational activeness, cost measures, product mix, but it's going to be 5 years, a lot will happen. And we'll need -- I mean, even though we have a plan now every year, we'll need to review it together with the team, make sure we make the best choices. To keep delivering 10% growth of our bit year-on-year. So we'll need to adjust between what's happening. There could be less price erosion, more price erosion, more product mix impact, less product mix impact.

So we prefer to give you a commitment that is coming on the bottom line, and we will navigate the next 5 years and the uncertainty of the next 5 years, playing with the different levers that we have.

Unidentified Analyst

Coming back -- sorry, (inaudible) . BNP Paribas. Coming back to the SPOTFIRE topic. I just wanted to know, could you talk a little bit about your international expansion plans and maybe some of the challenges in the time line there? And also, do you have any inclination to go into a lower plex test to compete more directly with the existing products on the market?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So I'll answer the second question first and Celine, please jump in. So 5-plex , we believe is low plex, and we believe the incremental target that we have, as I said, with the rhinovirus is the right clinical decision that we've made for our tests. So there are no plans to go lower than that.

As it relates to SPOTFIRE outside the U.S., the biggest consideration is the rate of adoption of point-of-care molecular testing outside of the hospital around the globe. We see varying levels of uptake in this area. So I'll talk about Europe since we're here right now. I believe we're here. I'm still jet lagged, got in yesterday.

I am in France, I know that. It's much slower in Europe. We see pockets of Europe that are adopting this innovation like Germany, but we also see pockets of Europe that are hesitant to take this on and are slower to bring it forward despite all of the acceleration of point of care during the pandemic.

So it's an area we need to watch, and we want to enter these markets thoughtfully understanding and taking into account the reimbursement, the value, the medical value of adopting a point-of-care molecular and make decisions accordingly.

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

Your question was on SPOTFIRE or the rest of the...

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

SPOTFIRE.

Unidentified Analyst

(inaudible). I have 2 questions. So 1 concerning competition in the microbiology and the second 1 will be maybe an update on your investment in Oxford nanopore.

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

You take competition in microbiology?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Sure. Is there a specific question about competition in microbiology?

Unidentified Analyst

Yes, the question is still to our poly market, it's change in that, but we can expect (inaudible) has been a market may be a surprise us positively, so maybe a little bit better number and expect that we can see the future that duopoly will continue like better, any change we can expect.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Of course. Thank you for clarifying. So there are different segments of the microbiology market. As I mentioned, we're the market leader in 2 of the 3 that drive the greatest volume ID, AST and culture. There is also emerging markets, rapid AST, where we've got a few players already there, accelerate quantum metrics. We have every intention of entering this market. We've entered in certain geographies and becoming the market leader. And then in mass spectrometry, we're talking about Bruker, who today is the market leader. They work very closely with BD. That's an open collaboration.

And again, our intent is to utilize the advanced innovation of VITEK MS PRIME to become the market leader in that space. So as you roll up microbiology, you have to look at it within microbiology and the patient journey, culture or blood culture identification or AST testing, and assess each of those segments. And as I said, 2 out of the 3 were the market leader. The third one, mass spec, where we intend to be the market leader. I hope that helps.

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

And the Oxford question. So we are very excited actually with the partnership we signed with Oxford a year ago. We strongly believe that, and Celine mentioned it, there is an opportunity for introducing sequencing into the diagnostics, routine use of sequencing for infectious disease. We are doing very good progress with Oxford Nanopore, both Celine and Chuck are involved into this R&D partnership. It's a long-term investment for us. So there is no specific or very significant launch that we -- that will move the top line in the next few months, but this is an important technology for us. And what we feel is a partnership with Oxford is really bringing the opportunity to put together the right capabilities to bring sequencing in the field of infectious disease.

Oxford Nanopore brings technology, sequencing technology, and we selected them because we feel their sequencing technology fits very well with the needs for infectious disease. On the other hand, bioMérieux, we have the infection disease expertise. We know IVD. We know what it takes to get a regulatory approval for clinical use office solution. So if and when we manage to work very well together and putting those capabilities together, we believe we are in the best possible position to bring sequencing into clinical use for infectious disease. But it's a bit of a long-term investment for us.

Any more questions? I'm looking at the room, if there is anybody. Yes, there is one.

Unidentified Analyst

Yes, quick follow-up also, again, on the split of sales, I would like to know which part is made out of software suites or IT data solution versus the pure business of equipment and reagent. And also on BIOFIRE and SPOTFIRE, could you split the part of reagents versus equipment sold versus equipment leased?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So from an IT data IT sales perspective, I'll start by saying that we see it as a key enabler to supporting our growth plan. Frankly, customers expect to have access to this actionable insights that come from a variety of data sources in order for them to make the appropriate clinical decisions. We don't see it as a core revenue driver, although we are continuing to watch how the data IT component of the diagnostics market continues to emerge. And obviously, with bringing on LUMED, we see a unique opportunity to bring clinical decision support to customers, which we do see as a revenue generator, although certainly not at the scale of instruments and reagents.

As it relates to placed versus sold, you have a bit of a difference in the dynamic between BIOFIRE and SPOTFIRE. SPOTFIRE will largely be a placed instrument, hence, the discussion that Guillaume had from a margin perspective as we will continue to own the instruments, and they will depreciate. That said, there are certain markets in the world where they are sold. So it's small compared to the numbers that will be placed, but we absolutely expect that there will be a small percentage that will be sold.

BIOFIRE is a bit of a mix of placed and sold. So in large markets like the U.S., it could be 30%, 35% that are sold. The rest are placed in other markets in the world. It could be quite different. So it's a bit of a different mix. Guillaume, would you add anything?

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

I mean just to build on the answer from Jennifer in terms of business model. More and more, we are seeing our business moving towards with equipment, reagents services and software. And it's a full comprehensive solution that we bring to the customer. So it's kind of embedded sometimes in the package of offerings that we do, because they expect us to bring us -- to bring to them the capabilities to use the data that our systems provide. So we're seeing our business model as equipment, reagent, services, which are also important in software.

Unidentified Analyst

(inaudible) from Cadco Capital. Just 1 question on your dividend. You said that you expect a 25% payout ratio. Just in terms of as a proportion of free cash flow that you expect, could you give us a percentage? First question. And then the second question, which is kind of related, which is on M&A. It seems like this is going to be an important part of your business plan going forward as well. Could you maybe remind us of how you're organized internally to actually source deals and how you work on your pipeline of M&A? Are people on the ground incentivized to provide you with ideas? Has it always been the case? Or is there anything new in the way you're actually looking for acquisitions?

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

So maybe starting with the dividend payout. So as you've seen, we don't give free cash flow guidance. We mentioned that we will strengthen cash flow generation. We gave a pretty clear guidance on EBITDA, on CapEx. We have not given the complete view. I can mention that on tax, we expect to be at the same levels of about 23%, 24% of profit before tax, so effective tax rate.

Working capital, we expect to, let's say, manage to support the growth, first support the growth in terms of receivables, in terms of inventory yet there might be upside to, let's say, better manage and improve also the levers and the ratio. But again, it's more an idea. It's not a commitment, including in the plan. It's a difference to the other topics where we commit.

So back to dividend, sorry, with this longer, back to dividends. If you look at it, I don't give a precise number, but if you look historically, our cash -- free cash flow is slightly lower due to CapEx and the rest slightly lower than net income. So it's -- the 25% of net income is actually a higher share, probably as long as we grow and invest in our growth, a higher share of our free cash flow.

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

And business development organization. So First of all, it's not new at bioMérieux, we've been doing acquisitions on a very regular basis in the last few years. And actually, most of the growth drivers we're talking about are the result of acquisitions that we have done in the past. So it's part of the history and the DNA. And when we're talking about innovation, it's yes, a lot of organic innovation and working with the items, but also getting access to new technologies, new companies. So M&A is an integrated part of our innovation strategy, and it will keep being the same.

We have a dedicated team working on this topic with actually people in different regions. So we have people in the U.S., people in Europe, even people in Asia that clean, identify opportunities for complementary technologies, companies that are intriguing to us. So it's a very dedicated activity. The only comment I could make in terms of changes is that since I took the job, I decided to have the M&A team reporting directly to me.

So this team is reporting to the CEO of the company because I feel it's important that we have -- it's a very cross-functional kind of activity. It's immediately when we have an opportunity goes into the hands of legal, financial, commercial, R&D, medical affairs. So it's a perfect segue, if you wish to make sure that we have the right discussion at the right level, if and when we see an opportunity. Does it answer your question?

Unidentified Company Representative

Yes. On immunoassays, 2 different questions. The first 1 is could you please remind everyone of your objectives in the point of care immunoassay market. Do you intend to develop an instrument in-house or simply rely on your stakes in SpinChip or Proxim? And the other one, which is on TBI, not TB-IGRA. What is your view on -- traumatic brain injury. What is your view on the recent Abbott approval? Could we see in the long term and introduction of this test outside of the hospital such as sporting events, for example? So the question is Abbott approval, right?

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

I can start, then you complement.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

Sure.

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

So yes, we're saying -- I mean we've entered the point-of-care market with SPOTFIRE. We are not in this segment. Jennifer described it very well. It's a huge segment. We were not there. We are entering with SPOTFIRE. We believe we have a very differentiated solution from a molecular perspective, 5-plex, fast turnaround time. I won't come back to that. We believe there is an interest in complementing our portfolio of solutions in the point of care setting. And it's not going to be only molecular. There are some interesting immuno assays point-of-care solution that could very well complement solution that we have with molecular.

But of course, it needs to be the way we're looking at it. It's not to come with a me too kind of immunoassays solution. So we are looking at immunoassays solutions that bring a quality of information that is similar to what you can get into a laboratory, right? So we are looking at -- we've made 2 investments in SpinChip recently. In Proxim, a little bit earlier. So we are looking at those startups to -- with a specific investment in them. And yes, we're interested to see if they can deliver the promise that they have. It's still very early stage.

But if and when there is a realization and there is a technical demonstration of their capacity, yes, it's an area that we are interested to look into, to complement our solutions in the point of care setting. Jennifer, Celine?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

And then just to quickly comment on traumatic brain injury. It's great to see that the market recognizes that this is an unmet medical need. And certainly, I think it would be a huge advancement to be able to provide quick answers in an acute situation perhaps at a sport event whereby you could determine if a traumatic brain injury is really what's going on. So I think this is exactly why we are looking at high medical value assays that may or may not be available on large throughput immunoassay systems in the core lab, and we see VIDAS as a perfect complement to that. Anything else you would add, Chuck or Celine?

Celine Roger-Dalbert - *bioMérieux S.A. - EVP of Research & Development*

Not necessarily just that the combination of a TBI test and an immuno point-of-care solution would be just that. Exactly, we have a test. We don't have a platform, but working on both angles.

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

Maybe 1 last question. There is 1 there.

Unidentified Analyst

Just had a quick (inaudible) management. So just on the -- some of the points that you were making earlier like equipment and reagents, are you seeing rooms for improving utilization on top of the like strong instrument placing orders that you've seen in the previous years and maybe any initiatives or what are some of the areas that you're doing to improve that? And then just in terms of the contract nature, as I understand that those are usually long-term reagent contracts and a good amount of those maybe were signed during COVID, and will be phasing off '25, '26 onwards. Any sort of comments that you might be able to make on that and how to manage that risk?

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So it depends on the business we're talking about as it relates to reagent contracts. Not all of our businesses actually have that. So some are just the instrument placement and the ordering of reagents. So there isn't necessarily a contract end in some of our businesses. So it really is very business-specific. And then I -- could I get a further clarification on your first question, what you were asking?

Unidentified Analyst

In terms of any trends that you're seeing monetization rate improving that could we see that as an additional area...

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

So from the standpoint of current trends, what we see is a normalization certainly, of respiratory testing if we just go into that area for the moment, sort of the lowering of just COVID focus. COVID is just part of the norm now in infectious disease testing. So we definitely see the normalization. And as I talked about, we see that in the market as well going from this peak of EUR 7 billion to now to what we would call the normal state of affairs at EUR 3 billion, which is still 7x more than it was in 2019. I think what's changing for us is how in the area of molecular is how we shift our customers' thinking to fully leverage all of the panels that we have available. So that's a significant shift.

In microbiology, we see the same opportunity as well, making sure that our current customer base, which is quite large, is taking full advantage of the full portfolio of solutions that we have in the area of microbiology. And as Pierre said, making sure that we underscore the equipment, the reagent, the services and the software to give our customers the greatest opportunity to address antimicrobial resistance.

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

And maybe just 1 element of -- to complement what you said with regards to a microbiology offering. Chuck was sharing the level of awareness with regards to antimicrobial stewardship and having more antimicrobial susceptibility testing that is done. In many emerging countries the level of awareness is low. We are making significant efforts together with the medical affairs team that are led by Chuck to make sure that there is a good level of awareness from the clinicians. So that they prescribe actually that kind of test to make sure they have the right antibiotic treatment for their patients.

It's actually sad to see sometimes hospitals in emerging countries that are very well equipped with bioMérieux instruments that are underutilized because there is not enough prescriptions and awareness of the importance of microbiologic testing for their patients. So honestly, the opportunity for better utilizing the installed base that we have in microbiology, immense in those countries because antibiotic resistance, health threat is immense, too. So definitely room for growth there. It's going to take time because we are really raising awareness together with other stakeholders in this segment. Last question.

Unidentified Analyst

Okay. Maybe last question from me. So Martin (inaudible) from Baron Capital part. So still on microbiology. So you did a significant acquisition 2022. So Specific Diagnostics. Can you give another update about that? What is bringing to the group? And are you satisfied of this acquisition?

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

Okay, you want...

Unidentified Company Representative

Just, Pierre, to complement on this one. Can you clarify the guidance for specific level?

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

Yes. So I'll start and you guys will complement. So we are very -- first of all, we are very happy with the integration of the Specific Diagnostics solution into a microbiology offering. We -- it was shared by Jennifer and Celine, but we genuinely believe that we are opening a new segment in the market, fast AST that doesn't -- that did not exist. We are pioneering as we did with syndromic testing with BIOFIRE, we are creating this new market segment. Beyond creating this new market segment, the level of synergies with the rest of the microbiology offering of bioMérieux is fantastic, right? Because they are leveraging VIDAS, they're leveraging BCID to VITEK (inaudible) to get to AST results.

So there is a halo effect on our microbiology performance that is coming from VITEK. The second positive element is that when we are deploying the solutions with our clients, is they confirmed the excellent performance of the solution, and the fact that they need fast AST for their patients when they are in critical need for fast antibiogram, right? So that's also confirmed by the first month of launch.

Now 2 pieces of bad news, and I'll come back to the guidance, 2 pieces of bad news. The first piece of bad news is, one, we are late in launch in the U.S. and versus -- not versus what we explained to the market earlier, but versus what we said when we did the acquisition. And the hard truth is we actually, when we integrated Specific Diagnostics, it was a start-up. And there was a significant amount of work that was required to bring the Specific Diagnostics solution to the level of quality that you would expect from a bioMérieux solution.

So quality management system. In many regards, we needed to invest and spend money and resources to make sure that we were catching up again, in a spirit where it was not Specific Diagnostics that was making an FDA. It was bioMérieux that we had the quality standard that our clients expect from us. Now bad news in terms of post-merger integration. But this -- the amount of work was probably underestimated, and it took us a little bit more time than we expected. So simply put, we are delayed into the launch in the U.S. We have very active discussions with FDA as we speak.

Dossier is filed, very positive discussions. We are answering the questions with FDA. We are confident we are going to make the product available in 2024 in the U.S., but it's a huge market for fastest, and we have a delay on the first piece of bad news. The second piece of bad news and maybe Jennifer and you complement. But what we're seeing in the European market as we are entering this segment is the funding from the labs is not secured. So they love a solution and they don't buy or they don't buy as fast as we would like. So actually, we have to navigate together with our clients to make sure they secure the funding.

For instance, in France, to be able to buy a specific (inaudible) solution. You have -- we had to change the way the tenders was done. So there was a line for fast testing because there was no line before for fast testing. So the clients were telling us. I would be happy to buy, it doesn't show into the tender. So that kind of things, it's taking time. It's a bit of a slower process.

It takes for the lab to adapt the workflow to those critical patients where they need those solutions, very positive feedback, very excited clients and a slow uptake. So building on that, our guidance, I'm speaking under the control of Guillaume and Emre, we said EUR 60 million in which year, '27, now 1 year -- pushing it 1 year in 2028. To reflect this delay in the U.S. launch and the slow ramp-up in Europe, yes.

Jennifer Zinn - *bioMérieux S.A. - EVP of Clinical Operations*

The only other addition or additional comment that I would make is the slow ramp-up in Europe is also customers adjusting to this new category of testing, as Pierre said, they're adjusting. And they're adjusting because it requires strong coordination between the lab, the clinician and the pharmacy as you're getting the antibiotic susceptibility testing results much sooner than what they're getting today. And so as a result, decision should come. So it changes the workflow around this critically ill patient.

So there's some adjustment to be made on just the operational efficiency inside a hospital. And then the only other piece that I would add is typically this is a capital placement. This is a cash deal. And so to Pierre's point, you've got a new instrument coming in and you have to secure the capital funding. And sometimes we miss that cycle, which is a bit of what we saw in Europe.

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

So thank you very much. It was a bit of a long session for us. It's just a pleasure to be with you for those of you who are with us today, we still have access to the instruments. There is a cocktail. So if you want to spend a little bit of time and based on the presentation that we made, you have more questions for the team to look at the instruments, please don't hesitate. We really wanted to give you the opportunity to have access to our solutions that you can materialize a little bit what we are talking about.

And thank you very much for your presence and listening.