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PRESENTATION

Operator

Today, and welcome to the Biomerieux first quarter sales call. Today's conference is being recorded. At this time, I would like to turn the conference over to Aymeric Fichet. Please go ahead.

Aymeric Fichet - Biomerieux SA - Investor Relations

Thanks. Good afternoon, everyone, and thank you for joining us to review, the Q1 2025 Biomerieux performance. I'm on online with Pierre, CEO; together with Guillaume, CFO. Please note that this conference call will include forward-looking statements that may change or be modified due to uncertainties and risks related to the company's environment. Accordingly, we cannot give any assurance as to whether we will achieve this objective. I also remind you that today's call is being recorded and that the reply will be available on our website www.biomerieux.com.

I will now hand the call over to Pierre and then we will open the call to discussion and questions. Pierre?

Pierre Boulud - Biomerieux SA - Chief Executive Officer, Member of the Executive Board

Thank you, Aymeric. Good morning. Good afternoon, everyone. So I'm going to start before handing over to Guillaume. I'm going to start with three main topics, a quick overview of commercial traction for Q1, a word on a GO•28 plan deployments, and then I'll say a few words on [CEBIT], before handing over to Guillaume.

So as you could see Q1 2025, we achieved close to EUR1.1 billion 13% organic growth, so a very positive one performance, a little bit contrasted by franchise. So let me, go a little bit more in details through this. First piece of good news that we had in Q1, very strong RP sales up 21%, definitely supported by -- unfortunately a strong flu season, strong epidemiology.

Illustrating very well the medical value of the solution we are seeing more than ever that the adoption of syndromic testing for respiratory testing is definitely taking action. Also illustrating the competitiveness of BIOFIRE solution when there is demand, we're seeing the use of BIOFIRE system very systematic in the systems in the market. So that's the first element, a strong performance on RP.

Second element is SPOTFIRE with the record installations actually since launch, we have over 1,400 instruments installed in one quarter, very much reflecting the fact that we believe we have the most comprehensive respiratory panel on the market, fastest time results, probably the best solution in the market for Point of Care testing in respiratory. And very strong partnership with, so good dynamics in the US, especially for what we call the true Point of Care testing and also very significant acceleration in Japan thanks to government subsidies, we're seeing the solution being more and more adopted in Japan, so excellent news for the months to come.

The third element with regards to sales is BIOFIRE non-respiratory, which is growing a little bit above the target, 11%, very solid traction again in the spirit of implementing a cross-selling strategy.

Final highlights on a strong sales performance is industrial applications growing 9% in Q1, very solid demand, very solid performance, especially in Pharma with a cell and the gene therapies clients. And we're seeing some clients moving from R&D products that are being actually marketed. So obviously as their product gets approved, the number of batches and the importance of manufacturing gets higher, so we also increase ourselves to a very strong and sustainable performance in the Pharma segments.

So that's the highlight of the again very strong performance for Q1.

A world on GO-28 deployment. First, a world on what we call an innovation powerhouse in Q1, we have launched three innovations in 3 out of 4 growth drivers from the GO-28 plan. First of all, non-RP. We got the approval of what we call a Gastrointestinal midplex panel that allows to address a new segment in the US of patients that are covered between 5 to 11 targets. So with this midplex panel that is aimed at maximizing the diagnostic field for the highest level of reimbursement, we expect to grow the patient population that will benefit from syndromic testing.

The second innovation is in Microbiology. We've launched a new VITEK COMPACT PRO system that is very much targeted for emerging countries, so lower throughput expectations where actually the antimicrobial stewardship challenge is the highest. So we're excited with this launch together with the approval of a LUMED solution that was marked in Europe.

Third innovation that we launched for industrial application for food testing, we launched a GENE-UP Typer. It's a molecular solution that allows to do genomics analysis, very powerful for the food clients when they are exposed to Listeria contaminations, to help them identify the source of the contamination and manage the challenge. So we are excited also with this launch in one of the GO-28 growth drivers.

With regards to BIOFIRE, as and as we communicated last month, we had a very strong profitability improvement organic by 20% in 2024. We continued the Q1 '25 to work on the simplification and the efficiency of Biomerieux at the same pace in 2024. Numerous actions ongoing we keep talking about BIOFIRE automation but also working diligently on head counts, purchasing efforts, supply chain optimization, sorry, we're also working together with the R&D team following the integration of SpinChip to arbitrate R&D projects to make sure that the SpinChip R&D costs are fully embedded into a 12% of sales. So very good progress in the first quarter, very much in line with GO-28 ambition that we have to BIOFIRE.

The third element I wanted to share with you, in this call is obviously an update on tariffs, the most, the hottest topic, across all industries, but also obviously within IVD. Of course we acknowledge it's a super volatile environment, tariffs, foreign exchange rate, we'll come back to that. So it's a very fast moving situation with changes almost every day.

So we have a specific task force that is continuously working on monitoring the situation first and building mitigation plans. So of course we're looking at optimizing the stock management in this context. Negotiating with the suppliers, we're starting to look into price increases to mitigate the cost of tariffs. Having said all of that, tariffs are not going to break a good quality business. We have now a new geopolitical environment and we need to be able to adapt with agility to deal with this new geopolitical environment.

So what we wanted to say during this call and as we're communicating a Q1 sales is given what we know we are very confident on the 2025 guidance with at least 7% sales growth in 2025 and at least plus 10% sales growth at constant exchange rate.

And with this, I hand over to Guillaume who will give you a little bit more details on the different elements.

Guillaume Bouhours - Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee

Thank you, Pierre. So let me provide you a bit more color and details on Q1, so again, sales of EUR1.1 billion organic growth of 13% on the top line. Of note, as you've seen, a positive currency effect on the sales EUR11 million, mainly driven that the US dollar was pretty strong in January and February. That has completely reversed since then, and we'll come back to that on full year impact.

Second element, so as you've seen, a very strong BIOFIRE respiratory panel sales, up 21% on an organic basis, driven mainly by the very strong respiratory season, even qualified by some as historic high season, especially in North America and LATAM. Our GO-28 for growth drivers are up 12% organic overall. We start with BIOFIRE non-respiratory super robust performance at 11% organic in line or as Pierre said very slightly above our 2025 full year guidance.

We mentioned that, in the EMEA despite the competition that is not new in this region, we have a very strong dynamic with the double digit growth or non-RP in EMEA in the quarter. Overall, globally, the pricing for the non-RP has been flat, so stable pricing in Q1 '25 versus last year Q1, and non-RP represents 35% of the reagent sales during the quarter.

We studied, the IB expansion has been very positive in Q1, with plus 600 net units. I remind you net installed, with our customers. I take this opportunity about the idea of BIOFIRE to let you know that we will stop communicating this BIOFIRE install base number on a quarterly basis.

There are several reasons for that. First, on such a large install base, we believe the quarterly numbers are not so much install base. We are on 20 -- more than 27,000 instruments on our install base. We also, I must say, received a number of feedback from investors to stop giving this figures knowing that last year we all for those who followed by that it created unjustified volatility on the quarter on quarter and last point, when you look at comparables on syndromic actually nobody of our comparable players reports IB of syndromic on a quarterly basis. And again, this is due to also to the maturity of this product, remind you, we don't report on every quarter of VITEK, or, [BT or vias, IP].

Now turning to SPOTFIRE, EUR54 million sales in Q1, up more than 160% organic growth, as Pierre said already, a very strong acceleration of our instruments installation plus 1,400. This performance on the IB up 45% in only one quarter. This performance is driven by the continued expansion in the US. Pierre mentioned a very good partnership, a very efficient partnership with McKesson, and also a strong acceleration. We qualified a one-off in Japan thanks to a very specific government subsidy that ended at the end of March that was pushing for the customers to get equipped.

In details, by the way, the US installations were themselves, similar in Q1 '25 as they were in Q4 '24. So we believe we are very much in line to reach our target for this year which we said is the doubling sales for SPOTFIRE at EUR190 million for 2025.

Turning to microbiology, 4% organic growth, which is slightly lower than expectations. The performance is impacted by China, with a pretty strong pressure on the overall healthcare spend in hospitals in the country. And a pretty high comparable effect last year. We have another effect on the blood culture specifically inside microbiology which is linked to our competitor supply issue last year you might remember it was broadly discussed. So these supply issues from competition last year have had the effect that customers have adapted their use of blood culture bottles with less consumption in the past few months.

And we see that as a market effect also impacting us, excluding China, still, overall the VITEK and BACT sales are up 7%, with about 2 percentage-points price increase.

Finally, industrial applications, very good performance, 9% organic, fully in line with our guidance for the year. Reagent sales are up double digits and as Pierre already highlighted, the Pharma segment, which is about half of the overall industrial applications, is particularly dynamic. And it is nice to mention that after softness in instrument sales last year, we see instrument sales back into positive growth territory.

In immunoassays, the negative performance, it continues to be driven by the global acceleration in procalcitonin cell decline, more than 20% decline that still represents about 20% of our immunoassays sales. We also see a strong effect of China on VIDAS and on [IO]. It's still pretty small for bioMérieux, but this specific segment is under significant pressure on the price and competition. Overall, a very dynamic quarter that makes us very confident in achieving our 2025 top line guidance of at least 7% growth.

Before moving to the Q&A, some details on the very volatile environment that Pierre mentioned. So China, I mentioned already, there is the impact on immunoassays a linked to volume-based pricing extension and there is also this impact on microbiology, which is not volume based pricing but more a global policy in China to pressure the hospitals on their spend, which we definitely see on healthcare spend broadly, not specific to Biomerieux.

Tariffs, so it's probably worth explaining the exposure of Biomerieux on tariffs. It's basically threefold exposure. As we already mentioned, Biomerieux, the sales of Biomerieux in the US come from products that are about 85% produced in the US, which is a pretty good footprint in the current environment. Yes, the first exposure is that 15% of the products we sell in the US are not -- are coming from outside of the US, especially from France and a bit from Italy, so 15% of US state.

Second exposure, I would say like any US player, and we are very much a US player in the US, we import some raw materials for our manufacturing in the US. We import raw materials and components from China, from Europe, mainly, and this is, of course, the second exposure to tariffs.

Third exposure is our exposure to China. I would say counter tariff if I may. So China represents 5% of Biomerieux sales. Vast majority of what we sell in China is actually imports from the US, mainly on microbiology products. We are monitoring very closely the situation as you can expect. It's not easy as the rules are changing every day in the past 7, 8 days.

While the growth impact could be significant for Biomerieux, there are a number of short term actions that we are investigating or for some already taking to mitigate impacts. I can mention that for example the shipping of instruments into China before the tariff escalation days. We start to negotiate with our suppliers as well. We have built and let's say started in China a plan for black tea bottles, blood culture bottles that we are ramping up, accelerating in terms of ramp up. We are trying to maximize the use of raw materials that are already in the US. These are more short term actions, and we will work on medium term actions in case the tariffs were to be maintained at those levels.

I would like also to explain the foreign exchange even though the US dollar, as you saw, was pretty strong in January, February, weakened very much in the past few weeks. So the Euro has a very strong appreciation against many currencies, not just US dollar, but most currencies over the last few weeks.

The good news is that we have, as we have a policy to hedge, most of our currency for a significant part of our currency exposure for the year, and this is pretty effective, so we still have an impact, but that is not so material. We review our currency effect on contributive habits for the year to be around minus EUR35 million to minus EUR40 million from around minus EUR30 million a month and a half ago.

Overall, we will monitor the situation on tariffs and ethics notably, but we are confident at this stage to reach the 2025 annual guidance for at least 10% organic growth of CEBIT.

With that, I propose we move to the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Odysseas Manesiotis, BNP Paribas.

Odysseas Manesiotis - BNP Paribas Exane - Analyst

Hi, thanks for taking my question. Firstly, on the US raw materials that you're importing from China, could we get an approximation of how much of the costs, this account and then networks. Thanks.

Guillaume Bouhours - Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee

Thank you for the question. So at this stage we try to give the -- I would say the broad exposure with the 3 levers that I've explained, but we, again, as things have not stabilized yet, we will avoid to give super detailed on the exposure. Again, the tariffs themselves are changing every day, our own actions on how we can mitigate.

The tariffs are also in the build and some are being triggered, but again I think our exposure, the most important is that our exposure as a US manufacturer is probably quite likely similar to other US players. As we try to find a supply where we find the best ratio of the -- best ratio of quality and cost on our different supplies, which sometimes comes from Europe.

Odysseas Manesiotis - BNP Paribas Exane - Analyst

Got it. And on the production ramp up in China for the bottles, could you give us a sense of, where that would take you in terms of imports from the US? Would it say that it couldn't move you to essentially producing the majority locally of what you're making in China?

Guillaume Bouhours - Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee

The target is [50] and that was already the target, so we are glad to have this plan that we have built over the past 3 years. The target is to produce in China back tea bottles for China. And when I say that, it means 100% of the market, China market bottles coming from our [Suzhou] plants. Then of course we are in a ramp up. This is the second year, in the current environment we intend to accelerate the ramp up and also to accelerate potential localization of raw materials in China as well.

Operator

Kavya Deshpande, UBS.

Kavya Deshpande - UBS - Analyst

Afternoon, thank you for taking my questions. I've got two please. My first was just on, the BIOFIRE non-RP sales. Could you clarify for us whether all regions are growing at least in line with the GO•28 guidance for 10% growth for this franchise please.

And then the second was on SPOTFIRE obviously a very strong quarter for installations, could you just give us a bit more color on whether installations are still largely competitive displacements and whether that's a similar dynamic both in the US and Japan.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Yeah, thank you. Maybe I can take it. So, non-RP sales growth, it's growing in every region. I'm not sure I can confirm that every region is growing above 10%. There is a bit of a mix, maybe to give a little bit of color on -- within the because you can grow at a level of granularity by type of panel, what we've seen in every region is BCID sales, so the sales that are actually related to positive microbiology blood culture results are growing a little bit less in this first quarter.

And we see it as a very direct impact of the micro budget market that is slowing down a little bit in developed countries. So in the US and Europe, BCID was a little bit lower, but overall very much in line with our plan area and very confident with the 10% sales growth that we communicated for 2025 guidance.

Your second question on SPOTFIRE competitiveness displacement, totally confirming what we said until now that is, in the US it's 100% of replacements. In Japan, there is a significant Point of Care market, maybe not exactly the same competitors, but we are very happy to see that the Japanese authorities see SPOTFIRE as a very competitive and an opportunity actually to strengthen point of care testing for respiratory syndromes. So it's installed into GP offices or pediatric offices where there is a need for and already Point of Care taking.

Operator

Maja Pataki, Kepler.

Maja Pataki - *Kepler Cheuvreux - Analyst*

Yeah, hi, thanks for taking my question. I have actually a few, so I'll just go through them. Pierre, if we look at the, GO-28 plan. And we look at microbiology, particularly in Q1 due to softness in China. You're a bit off from the target that you set for yourself over the plan, but how are you thinking about China for the rest of the year in microbiology? Do you believe that there is going to be an acceleration in growth, or do you expect the softness in China to persist throughout the year?

The second question is on the immunoassays franchise down 9% in Q1, quite far away from flattish revenues. How shall we think about the franchise going forward and does that pose a risk to, more than 7% growth or the 7% growth target for the period.

Just a housekeeping question, could you tell us how much the special one-off effect was of instrument placements in Japan in the quarter? And how shall we think about the SPOTFIRE phasing, Q2, Q3, because I recall last year in Q2 we were all a bit disappointed about SPOTFIRE revenues and placements just to avoid that, how shall we think about that?

And my last question for now is there has been the announcement about the partnership between Oxford Nanopore and [Cess8], and I was wondering, you know what your views are on this partnership given the fact that you are competing with Cess8 in the Point of Care market. And you have a stake in Oxford Nanopore. How do we square that circle?

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

I go in order from the first one, microbiology and especially evolution in China. So to be transparent with you a little bit, surprised by the decline in microbiology because there is no price reduction in microbiology. There is no volume-based pricing in microbiology, and what we're seeing is the general environment in the Chinese hospitals market. A huge level of cost constraints that is spreading beyond the kind of obvious targets that were immunoassays immunochemistry. So it's a little bit of a lateral impact that we are experiencing in microbiology.

We -- it's complicated to tell you what's going to happen in China, but we see it as a bit of a one-off and short term impact. It may last for a few more months, but we don't see it as a long term impact for microbiology, as microbiology has been developing a lot in China in the last few years we are by far the market leader.

We're a little bit less exposed to China competition in microbiology and in immunoassays, so we still see it as an opportunity for growth. Hence the manufacturing plan that Guillaume was talking about that is aiming at manufacturing in China 100% for supply for tea bottles. So complicated to give you a full estimate on what's going to happen for microbiology in China, but there is a little bit of an impact of the principally an impact of the overall cost constraints on the healthcare system in China.

On your second question on immunoassays or maybe just a word on microbiology because you mentioned the gap in Q1 versus GO-28 guidance just to remind you we had actually a very strong performance in 2024 ahead of the targets and we guide for 6% to 8% of the target of the plan. So it may be that this year we're a little bit below a little bit higher, but we're still very confident in the capacity to achieve the GO-28 targets for the years to come.

immunoassays a slower number very much impacted by China, by the way, again, the strong Q1. I would tend to say this, I mean, even though there is a more kind of structural element for us in immunoassays with procalcitonin. We are actually, very close to, what we were expecting from in terms of expectations from a budget perspective for immunoassays. So too early to say that you are right to say it's a slow start unlike RP which is a big start but too early to say that we want to change our target or guidance we're still aiming at stabilizing the sales for immunoassays we still have some elements to believe that we can recover so lower at the end of Q1 and you know if and when we see that we have been used to integrate, we integrate but we confirm the overall guidance at 7% growth for 2025.

One-off in Japan, so Guillaume said a word about actually, I mean, the two big countries that generate most of the intelligences are the US and Japan. We are seeing very continued traction in the US, so, it's only good news actually to have the acceleration in Japan. You're right to point out that, Q4 and Q1 are stronger quarters in terms of installation, so we expect Q2 to be lower, so to, in the spirit of managing expectations to your points, and we had a little bit of volatility.

Last year when we communicated Q2 numbers, we expect Q2 to be lower because at the end of the respiratory season, there is significantly less clients that want to equip themselves with a Point of Care system for respiratory. So we're seeing Q2 much lower to be transparent with you. The biggest part of Q3 is also lower. We're really seeing August and actually September getting better and then two big quarters that are Q4 and Q1. So that's the pattern that we've seen that we expect to see again in 2025.

Finally, partnership with Oxford Nanopore, but first of all, we -- it's also a question for Oxford Nanopore. We don't have a, we didn't say an exclusivity partnership with Oxford Nanopore. So they have the right to select different partners, in a way, safe selecting a long range sequencing solution for infectious disease is a confirmation that we are -- that you know it's a good technology to deal with infectious disease.

Our plan is to still launch on the (inaudible) solution that was by the way, displayed at the congress in the next few weeks and that will be a very innovative sequencing solution in partnership with Oxford for diagnosing multi-resistant tuberculosis.

Operator

Aisyah Noor, Morgan Stanley.

Aisyah Noor - Morgan Stanley - Analyst

Hi, good afternoon. Thanks for taking my question. My first one is on a tariffs for Guillaume, I guess. What are you assuming happens for now if you could kind of elaborate? You mentioned that the gross impact could be significant. By your assessment, how big is this gross impact before any mitigating efforts? Are you, would it be in the double or triple digit million magnitude here? And would you, can you clarify whether you could qualify for any exemptions like the Nairobi protocol that some of the other companies are talking about?

And then my second question was like a quick follow up for SPOTFIRE. Do you still intend to report the quarterly install base for SPOTFIRE, if not BIOFIRE, given the largest player in low plex testing is still reporting this KPI?

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

So yes, it's the base of Spotfire we intend of SPOTFIRE. We intend to continue to report on a quarterly basis. The difference is that it's a product that is still recent and that therefore the quarterly figures help everyone understand the, I would say the ramp up of the product itself, whereas again it's not the same arguments on BIOFIRE, which is a very major product launched more than a decade ago. So yes, we will report quarterly IB of SPOTFIRE.

So coming back to tariffs. So we do not qualify for the exemption. Thank you for the question. It's good to mention because I -- of course all this is moving all the time. We understand there is a temporary exemption for some pharma companies, but Medtech are not part of this temporary exemption, not today, again, the rules change every day, so no exemption, no specific exemption. The growth impact, and sorry, I repeated growth, I think you understood, but for everyone, I'm not talking growth of the sales. I'm talking growth impact on the CEBIT on the cost, would be, yes, very significant, probably a triple digit if we were to do nothing and have no no impact and no and on a full year basis.

Again, it's very difficult at this stage to assess. We took assumptions in our guidance that the US and China tariffs will stay exactly the same for the next nine months, which probably is not quite likely again as they change all the time, but this is what we assumed we'll see how they they stabilize, and we also took into account that again we will not be impacted by the gross amount because we have a number of levers I mentioned some of them. That we are already working on and so the net impact will be much more limited, especially in 2025, which makes us at the end confident to be able to confirm our guidance of at least 10% organic growth and of course this very strong Q1 helps us also to be to be confident on this full year.

Operator

Dylan Van Haaften, Stifel.

Dylan Van Haaften - *Stifel Europe - Analyst*

Hey guys, thanks for taking my question. So just firstly, just on SPOTFIRE, if we kind of compare to the prior year, which is obviously early, but, the installed base is roughly 3 times higher and revenues are 2 times higher roughly. Should we kind of think that with the high install based additions that the per unit installed base -- sorry the per unit reagent consumption is a bit lower and how should we be thinking about the 2Q and 3Q here. Before sort of the respiratory season kind of kicks in again just on a modeling basis any color would be super helpful and then I have a follow up.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Okay, so I'll start answering Dylan. Thank you for the question. So you're right to say, as we grow the install base and we grow into this point of care setting, there is less patient traffic. Sorry for it's a bad word, but we have less tests per machine.

We also have -- as on Spotify, we sell 15 targets and 5 targets at a different price and the point of care setting we're also selling more 5 targets than 15 targets. So there is a volume thing. There is also a mixed impact that plays against the burn rate. So that's one element.

Having said that, what we're seeing is a significant increase when we compare Q1, 2025 with Q1, 2024. So when you compare from one year to another, we have more than doubled the sales. And as you know or remember our guidance for 2025 is to double. Our sales performance in 2025 versus 2024.

So we see -- and by the way, we've increased by 1,400, we've increased the installation by 45% in just one quarter into [1] 2025. So we are seeing both an acceleration of an improvement in terms of new instruments. And you're right to say a level of burn rate which is a little bit lower. The combination of the two makes us very comfortable to achieve this doubling of sales in 2025.

Dylan Van Haaften - *Stifel Europe - Analyst*

Excellent. Thanks. That helps a lot. And maybe just to kind of understand, so like if we go back and maybe think about the first 12 months of let's say the first adopters of SPOTFIRE, could you give us sort of an indication of what kind of ramp -- they are sort of what kind of level we should kind of envisage that the new vintage should be running at on a relative basis. Obvious it's not like for like and it's a but in broad terms.

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

I think it's difficult to, sorry, it's difficult to provide such level of details. Yes, there is a ramp up, but I think the most important impact is this mixed effect that Pierre mentioned that as we grow more on the pure point of care or traditional point of care outside of the hospitals, we see the average consumption per unit, lower on that segment than the hospital segment.

And again, please remember that we -- by your -- you have been in this, specific segment only 18 months, so I'm not sure we are yet, super experts of the ramp up and on the consumption of the different types of settings. Sorry.

Dylan Van Haaften - *Stifel Europe - Analyst*

Understood. And maybe just one final one also on SPOTFIRE. So we obviously had McKesson kicking in in the third quarter and then we had this one off in Japan and maybe just on Japan, could you quantify that for us a little bit and also just on McKesson, should we kind of envisage that it's going to keep rolling, or should there be sort of a slowdown, let's say when the McKesson distribution sort of gets re-comed in the third quarter.

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

Sorry, you said third quarter, but Mason really started last year April 1. It was the start of their fiscal year. Of course they started at a time where the market itself is not the most active in terms of new installations, but they were in the market with us.

You probably mentioned soft quarter because again that's where the market was more on the bicycle and we were together successful, so no, if I just said the partnership is ongoing for a year now it's, we are very pleased and we understand they are as well, and we take market share, which is our ambition with [Praya].

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

And as you understand we are far from saturating the market, so there is -- we don't see good reasons, to be honest, to see a slowdown with. And as we said, Japan is a huge point of care market, so we benefited from this specific subsidies, for (inaudible) few months, which was great news because it allows to accelerate the installation, but we still aim at installing the SPOTFIRE in Japan. So we are very far, we are very small market actually from an install perspective. So we are very far from having saturated the market -- in [India].

Dylan Van Haaften - *Stifel Europe - Analyst*

Understood. So we shouldn't be thinking that this is sort of a flash in the pan, let's say this 1,400 number that this is a pretty good starting point obviously and installs are going to be weaker in the second quarter sequentially, but it's not going to be sort of in the hundreds in the low hundreds.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Yeah, we don't give forecasts per quarter, but we wanted to highlight the fact that, I mean, we're extremely happy with the Q1 number and there is an element of bids, Q1 is a high amount for installationsbi that we benefited from the Japan specific subsidies program. It's probably on the high side of what so we expect Q2 to be lower, yes.

Dylan Van Haaften - *Stifel Europe - Analyst*

Understood. Thanks, guys.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Thank you.

Operator

Marianne Bulot, Bank of America.

Marianne Bulot - *BofA Global Research - Analyst*

Thank you for taking my questions on SPOTFIRE as well. Could you maybe further explain a little bit the Japan government subsidies and how it worked? Will the hospitals also receive some subsidies for the test and consumables, or was it just for the equipment part?

And the second question on SPOTFIRE as well. So the install base, has grown quite significantly this quarter and based on your comments from the previous questions as well, could the [EUR190 million] guidance be a bit conservative for this year, or do you feel that there is a risk maybe that this Japan installations are a bit less utilized as the government funding boosted some of the placements? Thank you.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Yeah, thank you, Marianne. So the subsidies plan in Japan, so what I understand is the plan from the Japanese authorities is to actually help the point of care setting to get equipped with the instruments. In Japan, you cannot place. You you need to remember that in the US we place the instruments so there is absolutely no cost.

In the point of care setting for having a spot for instruments and then they have the rolling use of the reagents in Japan by law you cannot play. You have to sell. So to help in the point of care settings, the doctors who have access to respiratory testing, they have decided, kudos to them to help the point of care settings to equip themselves with instruments. So it's great news for us. Because it accelerates the installation of SPOTFIRE instruments.

It doesn't come together as far as I know with the subsidy to diagnose more, but it helps them to have the most updated, most recent instruments into their offices to be able to diagnose better Japanese patients. That's rational for the test, for the subsidy in Japan. And there was a deadline which was the end of last -- so it may happen again, by the way, we don't know and teams are looking into it, but for now it's -- we know it will not happen after the respiratory.

With regards to your question on the target. I mean we've just a month and a half ago which was to double the sales. We are very happy with the strong performance in Q1 which is more than doubling the sales rate were to say we are going to be above the target at this stage we confirm the target, which is [EUR190 million] for 2025.

Marianne Bulot - *BofA Global Research - Analyst*

Okay, thank you very much.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Thank you, Marianne.

Operator

Shubhangi Gupta, HSBC.

Shubhangi Gupta - *HSBC - Analyst*

Hi, thanks for taking my question. So my first question is, you had a very strong performance in America. So do you think, especially on the respiratory, I understand it is due to strong flu season, but do you also think there's a pull forward of revenues ahead of the tariff uncertainty in Q1?

And second, I understand there has been a pause on tariffs in China, 90 day pause. So ahead of that some companies might want to like build up the inventory. So could you comment where does your inventory level sit quarter on quarter or year on year level some color there?

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

So maybe on the first, one which was if I understand your question was about the potential pull forward effect into Q1, we are not found. It's difficult to measure for us, but we have no specific signal of any of that. So no. We have not seen anything on the -- that would be a pull forward. Second part, I was not sure.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Your question was in China, right? Your second question?

Shubhangi Gupta - *HSBC - Analyst*

Second question is on your inventory levels. Can you get some color on your inventory levels?

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

Inventory level, so we report on the half year basis, but as we said earlier, we intend to continue to manage it in a good way. I mean, the seasonality effect is usually that we have increasing inventory to end of Q3 to prepare for the winter season, especially on the respiratory, and then we kind of decrease, especially with a strong Q1, you can be sure that our inventories are lower at the end of Q1. It's probably the lowest point of the year, that's normal seasonal effects.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

And maybe to complement because we talked about stock management in the context of tariffs, we have a bit of a higher stock in China from an instrument perspective because the teams have managed to import in China before the tariffs were raised. I think between 6 months and 1 year of instrument consumption.

So that kind of reduces significantly the impact on instruments coming from the US in the Chinese market. So we are kind of managing the stocks in this geopolitical environment in a way, as I said earlier, so building stock where we believe it will actually allow us to minimize potential additional cost for Biomerieux.

Shubhangi Gupta - *HSBC - Analyst*

Just a quick follow up. So related to your -- yeah, so you mentioned you have high stock in China. So similarly, do you also have like higher stock in US because I understand right now there is no additional tariff. It's China from US. So at least from US, if you have to import from other countries, ex China, so some companies might want to stock up there. So could you also give some color on your US stocks?

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

But we have significantly levels of inventory in the US for US plants and for the US market as well, so I'm thinking raw material and some finished goods which we found -- again we mentioned earlier. For the normal safety stock and then the cycle stock coverage for our products, but it will definitely help us in this period to mitigate some of the at least for temporary parts mitigate some of the effects of the tariffs definitely.

Shubhangi Gupta - *HSBC - Analyst*

Okay. Thank you.

Aymeric Fichet - *Biomerieux SA - Investor Relations*

We can maybe take some questions that are -- by writing. Here has a question on an update on the specific diagnostics, meaning the performance of reveal specific reveal.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Yes, so what we shared, I don't know if we shared it in a call, but we shared on a regular basis. We are just launching in the US, so in the very first few weeks and months of commercialization. So I think it will take to have a few months of commercialization in the US to be able to come back to the market and give you an update on where we stand with regards to ramp up in the US, acknowledging that this is a new category in the market, [TSC], the very, very limited offering until now.

So very much growing as we did successfully with the syndromic testing with molecular. We are aiming at growing the category. So in the US, is definitely a market of interest in that regard. So I suppose that, based on 2025 performance we'll be able to give you a little bit more color on (inaudible) launch.

Aymeric Fichet - *Biomerieux SA - Investor Relations*

There's also a written question on the update on the development and commercialization of latent TB test, which we call the TBIR for the US market.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Yeah, so in the US, we are in the process of doing the clinical trials. So in active discussions with the FDA even possible that we started the trial or we're on the verge of starting. So we have a plan to get a TBI test latent TB test available in the US as soon as we have completed the trials and it's been reviewed by the LDA. No change. No change to the plan. Not this year. I know, not this year. It takes a bit of time to do unfortunately.

Aymeric Fichet - *Biomerieux SA - Investor Relations*

That's it for the written questions. Maybe we can take questions from the call.

Operator

Natalia Webster, RBC.

Natalia Webster - *RBC Capital Markets - Analyst*

Hi there, thanks for taking my questions. Firstly, following up on a previous question on microbiology, you seem to be comfortable with the GO-28 guidance of 6% to 8%, but I wanted to confirm if you're now expecting to come in a bit below the 7% segmental guidance that was provided in March for this full year 2025. You commented on China, but you're able to quantify how much of microbiology is being impacted by the weakness in blood culture that you mentioned.

Next, I just wanted to ask a more broader question on microbiology since your growth was still quite strong in North America. Are you able to comment on the progression of your market share here given your midterm strategy to become number one across all segments?

Then finally on Biofire. Given the very strong performance in Q1, do you see the prior full year guidance for respiratory cells to be flat this year as conservative, or was this largely baked into your guidance provided in March? Thank you.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Thank you. So I will actually put together your question one and your question four, because you're right, we're starting a little bit slow here in microbiology and we're starting a little bit higher here with regards to respiratory panel.

So I mean it's only one quarter 25% of the year. There are a number of actions that are being taken by the teams to maximize the growth perspective from the sales perspective for the remaining of the year. So only too early to revise any subtargets if we see a very strong evolution one way or another. Obviously we would, but what we see very clearly is that between potential risks and opportunities of the guidance.

We are very confident to confirm the 7% increase. At least 7% increase in sales for 2025. So that answers your microbiology question and your FP questions. More specifically China microbiology, we have -- it's -- I tried to answer it a little bit earlier. We're seeing a bit of a slowdown in the first quarter which is mostly related to macroeconomic environment, the healthcare system in China, complicated to say when and how fast we will recover.

A medium term perspective is there is a need for more microbials in China very strongly. There is a strong level of recognition for microbial solutions. We have a strong market share in China. So it's more a matter of when than a matter of if it will recover.

We -- the situation on a daily basis, the teams are super active. The very fact that we have local manufacturing in China should help also to navigate those challenges, but I can't give you an exact answer on when the market will recover.

The third question on market share in the US. We are seeing actually a good traction in the US, very happy with the evolution. Again, in microbiology, we benefit from different elements. The first one is we have a very comprehensive offering, be it the identification with Vitech MS Prime, with be it the antibiogram with Vitech. Now fast with we have very comprehensive offering.

The second element is versus the competition we have the most updated systems, the most recent systems launch. It's true every category. It's true for [Mitov] with MS Prime. It's true for Emoculture with virtue. It's true for ASC with. So we believe we are very well positioned to capture share. And the third element is, we have a capacity to link and to cross sell between the different solutions as we successfully did with Bio Fire for the different clients.

So, yeah, very confident with the capacity to grow share in in microbiology, in the years to come and most importantly in the US market. I answer your question.

Natalia Webster - RBC Capital Markets - Analyst

Yeah, just a quick follow up on the microbiology in terms of the change in customer behavior following the supply chain issues on the blood culture side. How much are you seeing that impact your sales and how much do you expect that to continue?

Pierre Boulud - Biomerieux SA - Chief Executive Officer, Member of the Executive Board

That's a very good question. I'd love to have a precise answer. What we are seeing is a very -- I mean, you have to remember that our clients, especially with Emoculture, they are usually mono supplier. So when they see a challenge in terms of supply chain, they start to be very cautious with the use of the bottles.

And as we've managed to protect all our clients who are not in a backorder situation, but we're also in a very special situation in terms of supply. So the whole market, I think is a little bit cautious. Our clients are a little bit cautious with the use of blood culture, reviewing, making sure that they are using it only if and when it's absolutely necessary for critical care patients, which is very healthy.

As the supplies to the market will normalize, we expect to get back to normal. Unfortunately, we're getting over the respiratory now, but we expect the situation to recover in the in the next few months as we're capable to all the players in the market are able to reassure the customers that we're capable to secure supply.

Natalia Webster - RBC Capital Markets - Analyst

Great, thank you.

Pierre Boulud - Biomerieux SA - Chief Executive Officer, Member of the Executive Board

Thank you.

Operator

Jan Ko, Deutsche Bank.

Jan Koch - Deutsche Bank - Analyst

Good afternoon. Thanks for taking my questions. I have two. The first one is on the expected currency impact on earnings. Which currencies are responsible for the high expected headwind? And in relation to this, have you made further progress in reducing future negative impacts coming from currency fluctuations?

And then secondly on [onar] again, how confident are you in passing on those additional costs to your Chinese customers given that you mentioned that there's a huge level of cost constraint in that market at the moment?

Guillaume Bouhours - Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee

Yes, thank you very much. So on a fix, the main currencies where we see impacts. So first the high inflation, hyperinflation, and hyper devaluation countries such as Argentina and Turkey, but we have others like, Mexico, Colombia, India, as you can see where the exposure is -- could seem less, but actually the variation in the currency are very significant.

Fortunately on some of those, for example, India, the rupee, we were hedged. So we actually offset some of the 2025 impact with our hedging in place. Yeah, so that gives you -- I would say some color on where we see the the major impacts.

And I should mention, of course, the USD just to remember again to everyone that our global exposure on the USD currency is not major as we have of course a very high base of sales and profits, but also a gross profit and also a high base of manufacturing and R&D.

And functions in the US, so net net, currency wise, the USD exposure is not huge, it's not zero either, and the USD, of course, I mean the projection that we had at the end of February was actually with a stronger dollar or positive effect. Today it's a much weaker dollar, more a slightly negative effect in the new production.

Pierre Boulud - Biomerieux SA - Chief Executive Officer, Member of the Executive Board

Impact on pricing. I can say one if you wish. Impact on tariffs -- tariffs impact on pricing. So a little bit too early to say. As the measures that have been taken have 90 -- 90 days, sorry, kind of, so we are not going to increase prices for 90 days. We have usually longer term contracts. So we need to see where it goes.

The second element I would mention is you're right that, our customers have a limit to what they can take in terms of price increase. We also want to make sure that we manage this in a careful manner. The third element is, I think we've demonstrated during the hyperinflation years that we're capable actually to increase prices. So this is a muscle if you wish that we have exercised in the last few years. So if we come back to a permanent inflation evolution, those discussions we need to have them together with our clients, of course.

Understood. Thank you.

Operator

Maja Pataki, Kepler Cheuvreux.

Maja Pataki - Kepler Cheuvreux - Analyst

Yes, thank you for taking my follow up question. Apologies for that, but by now I think I'm totally confused about what is included in your tariff calculation. When you indicate on the gross impact of a triple digit amount on profits.

Are you -- are we -- are you taking into account that there is this 145 tariffs from China and that we have Europe at 10% now, but then it's going to go to 20% or what is included in this triple digit gross amount that you're going to balance out that would be very helpful to understand that. Thank you.

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

Yes, of course, Maya. No problem. Sorry if it was not so clear. So today, in all as simulations, we take the current US tariffs on China, US tariffs on Europe at 10%, and the China tariffs on the US at 125% as if they were to stay medium term.

And we -- when I say growth, I mean again the very basic impact on the full year full year flows, but of course this is not the reality as again first this year is not a full year. Second, the flows of a normal year are not the flows that we will manage in the future because as you heard, we are already triggering actions on the flows themselves. So localizing more in China for China maybe more localizing more in the US for US negotiating with our suppliers, et cetera.

So the most important is not so much the growth, but when we have visibility will be the net at this stage we took our own assumptions on what could be the net, and with those assumptions. Meaning our actions and the impact of our actions in front of the tariffs, we are -- let's say pleased to be able to confirm the 10% growth of the -- for '25.

Maja Pataki - *Kepler Cheuvreux - Analyst*

And may I just ask why you didn't assume that there might be a tariff on Europe of 20% after the 90 days?

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

Because honestly, we change our stimulation and calculation. I think 7 times in the last 7 days. Not because our calculation was wrong, but because as you all read every day, every morning, every evening, the rules are changing every day, even on Saturday and Sunday. So we had to take an assumption.

I don't think any one of us knows what's going to happen. It changes all the time. Maybe the 10%, you're right, might become 20%. Maybe they are going to negotiate going be 5%, maybe it's going to be 40%. We don't know.

So I just share with you, I would say in the most transparent manner what we took and we'll be very pleased to update that when things stabilize, I would say which we believe is the most important. First, when the tariffs stabilize, which is probably not yet the case, and we have -- when we have also good clarity on our side on the -- on our own actions and the effects they have.

Maja Pataki - *Kepler Cheuvreux - Analyst*

Great. Thanks a lot. Very helpful.

Operator

Marianne Bulot, Bank of America.

Thank you very much for taking my quick follow up. Just on the biofire and then respiratory cells into Q1, could you just comment on the growth you saw in the US and if it was 10% or more? Thank you.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Your question is on respiratory, non-respiratory.

Non-respiratory in the US.

Yeah, we don't -- I mean, sorry, we don't give, because otherwise we need to give it by agents. We have four agents actually, NOAM, LATAM, EMEA, Asia Pacific with significant sales growth. What we said, I think, Guillaume said.

For us, the growth that we saw in EMEA is a good illustration of because it's a question on a capacity to grow significantly in a market where we have significant competition. In this case, it's [ca] with which is very present in Europe.

In -- but we don't disclose specific numbers for all regions because otherwise it will generate a level of complexity in reporting and honestly monitoring of the performance that will be a little bit complicated, but we are growing very nicely in the US and very much in line with the plan. So very consistently together to deploy an overall 10% sales growth by the end of the year.

Okay. No problem. I understand. Thank you very much.

Operator

And there are no further questions at this time. I will turn the conference back over to today's speakers for any additional or closing remarks.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

I think, we're good. Yes, thanks a lot and talk to you soon during conferences that we will attend over the next few weeks.

Guillaume Bouhours - *Biomerieux SA - Chief Financial Officer, Executive Vice President - Purchasing and Information Systems, Member of the Executive Committee*

Thank you, everyone. Bye, bye.

Pierre Boulud - *Biomerieux SA - Chief Executive Officer, Member of the Executive Board*

Bye, bye.

Operator

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

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