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bioMérieux Half Year 2025 Results

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Operator: Hello, and welcome to the bioMérieux H1 2025 Financial Performance Call. Please note this webcast is being recorded, and for the first part, participants lines will be in listen-only mode. You will have the opportunity to ask questions at the end of the presentation. This can be done by pressing pound key five on your telephone keypad.

I will now hand the conference over to Aymeric Fichet, Head of Investor Relations.

Aymeric Fichet: Hello, everyone. Good afternoon, and thank you for joining this call. I'm in line with Pierre Boulud, CEO, together with Guillaume Bouhours, 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 these objectives.

I also remind you that today's call is being recorded and that a replay will be available on our website, www.biomerieux-finance.com.

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

Pierre Boulud: Hello, everyone. Good morning. Good afternoon. I'm going to share with you, first of all, key highlights for this first half of the year, and then I'll follow up with business highlights. Then I will hand over to Guillaume, who will share with you an extensive update on the financial performance. Then will hand over to me to discuss about guidance that we issued for the full year 2025, and we'll open for Q&A.

Key highlights. If we look at the key numbers for the first half of 2025, very strong 9.4% sales growth, which we see as a very solid performance in the market, mostly driven by double-digit growth in both, in all of the GO-28 growth drivers, together with strong performance for respiratory panels.

What we believe remarkable in the first half of the year is that together with this 9.4% sales growth, we've managed to achieve close to 24% like-for-like increase in profitability. So we are now moving from profitability that was 16.4% at the end of ’23 to 18.2% at the end of June 2025. So very solid performance.

Finally, and you know it was a topic that we were working on in the context of our GO-28 plan, generation of cash flow. We have more than tripled our free cash flow generation, to €170 million in the first half of 2025 versus the first half of 2024.

Now, if we go into the different levers and dimensions of a GO-28 plan that we shared with you at the beginning of 2024, GO for growth. I'll come back in detail on the sales growth drivers. But beyond those GO growth drivers, it's worth mentioning that the first half was very busy with new launches that’s obviously instrumental for future success and sales growth.

We've also strengthened our R&D portfolio with two acquisitions in the first half, point of care immunoassay solutions with the acquisition of SpinChip and the acquisition of next generation sequencing with a US company based in Boston, Day Zero assets. All of that is embedded into a 12% of sales invested into R&D for now and for the years to come.

GO-SIMPLE, we'll come back to that in detail. Guillaume will also share with you. Very, very glad with very strong success. You've seen the 24% improvement of EBIT. Obviously, the

result of those efforts on many dimensions, be it procurement, be it manufacturing, be it G&A improvements, very satisfactory. And definitely a little bit faster than our expectations.

GO STRONGER relates to the engagement of the employees. We are also ahead of the plan. Last year, the Voice of Employee showed we were on the top 25 companies, now in top 5%, in terms of engagement from the employees of bioMérieux.

Finally, GO RESPONSIBLE. We are very much on track with the CSR ambition. Just would like to highlight 27% reduction in greenhouse gas absolute reductions. While as you can see, we're growing very strongly.

Moving on to the business performance. I'll start, as usual, with the four growth drivers that were identified with GO-28. First of all, BIOFIRE non-respiratory panel. We continue the expansion. We have launched two new panels in the first half of 2025. A Mid plex GI panel, that is targeting 11 pathogens associated with gastroenteritis, and that allows to address segment of the market where the reimbursement and coverage, especially in the US, goes from five to 11 parameters. So that allows to maximise the level of coverage while maximising the diagnostics efficiency.

We are continuing the deployment of a commercial levers cross-selling strategy. I would like to highlight a very satisfactory performance on - now we have a majority of customers that are using at least three panels. And as we're broadening the menu of panels, obviously it will help and support, but 3 additional percentage points since H1.

The other element, which is also more for the future years and quarters, relates to our install base. You already know we have the largest installed base in the market with more than 27,000 units. We don't give any more because the market is mature, the quarterly installations for BIOFIRE TORCH.

However, very happy to share with you that when we look at H1 the number of net new installations between the losses and the gains, the new installations are actually stronger in H1 ’25 than in ’24. So we're not only increasing our installed base, we are accelerating the increase of the installed base.

Growth driver number two is SPOTFIRE. SPOTFIRE, I won't come back to the very competitive features of the solution. Maybe mentioning the very recent FDA approval of Nasal Swab for RP mini. Until now, we needed a nasopharyngeal swab that we have all experienced in the context of COVID. Now with Nasal Swab, we have a less invasive, especially very relevant for paediatric patients that will hopefully help and support continued growth of our SPOTFIRE solution.

We have a number of installations in Q2 that is a bit slower because it's a very low respiratory season. We'll come back to that. But overall very strong increase in H1 of our install base, 1,600 additional instruments and very much in line with our plan. We are growing 143%. So very much in line with our target for the end of the year to double our sales.

Growth driver number three is probably a problem child for this first half. We are below our expectations, to be honest. It's mostly related to China. So 3.3% sales growth, with a very, strong impact of Chinese decline and the market decline in China that has continued in Q1 and Q2. We'll come back to that when we come back to the guidance. Excluding China, it's interesting to see that we're still growing very nicely, 6%, and taking share. It's more or less a duopoly this market, and we are seeing the competition actually with negative sales.

So we have a very strong dynamics in instruments. We believe a competitive position is strong. But obviously, because of China, below our expectations.

It's worthwhile saying to the credit of the commercial team, that even though the inflation is now very low, we've managed to increase prices by 2 points in H1 versus H1 '24.

The fourth growth driver, very positive at 10% on Industrial Applications. So actually a little bit above our ambition. We are seeing very strong dynamics, very much driven by Pharma Quality Control with reagent sales up 15%. What is very nice in this growth and very satisfying is that it's very much driven by the innovation that we've launched in the last few years. I will mention three.

The first one is BIOFIRE Mycoplasma. We have industrial application using BIOFIRE platform for pharma customers. Very strong growth of sales in H1 and very strong dynamics.

GENE-UP is also a molecular solution, mostly used for food, but we're seeing very strong dynamics also on this new system.

And finally, we have environmental monitoring, a new solution called 3P ENTERPRISE that is showing very, very good promise and also a very strong drivers, not only for H1 but for the future.

Still, even though the markets obviously are more complicated with inflation, we managed to increase pricing by 2 points.

Now to give you the full perspective of the product portfolio. I need to mention BIOFIRE respiratory panel. We've been growing actually 12%. Q2 was lower, plus 1%, very much driven by a very low epidemiology. Also worth saying Q1 last year we are growing 17%. So very strong basis. We've managed to actually not reduce the sales, in spite of the lower epidemiology. We're seeing limited price erosion. So overall a strong performance in H1.

Immunoassays. Again, this one is the other problem child that we have, with a bit of a more disappointing performance in H1, very much driven by China. The positive note on immunoassays is the new system that we launch on VIDAS, VIDAS KUBE is actually we now have 2,600 instruments installed and 700 only in H1 2025. So we're starting to see a good ramp up of new installations for VIDAS KUBE, which is also a good factor for the future.

With this, I hand over to Guillaume, who will go through more details on our financial performance.

Guillaume Bouhours: Thank you, Pierre. Hello, everyone. This is a wrap up of what Pierre presented. You see the full sales of the Group by product range and the different overall drivers of our 9.4% organic growth, obviously Molecular as a whole with BIOFIRE RP, non-RP, and SPOTFIRE is a very strong driver. Taken all together, it's actually plus 18% organic growth on Molecular, and Industrial Applications as already mentioned is also a very nice growth driver.

Overall, it's important to state that with 9.4% organic, such a strong performance is probably one of the best in the overall diagnostics market if you look at the other players.

Looking at the sales by geography, you see that the main source of growth this H1 was coming from North America at 15% organic and Latin America at 17% organic. Notably, Molecular in the US was very strong from BIOFIRE And SPOTFIRE.

EMEA was softer at plus 4%, despite a solid growth in BIOFIRE non-RP and blood culture reagents. The Asia-Pacific performance was very contrasted, with China we mentioned already overall down 17%, while actually Japan had a very strong growth, boosted by the success of SPOTFIRE in Japan.

India continues to grow double-digit, notably on VIDAS immunoassay. Overall, 2% in Asia-Pacific, more than offsetting China in the region.

Now, if we move to the overall P&L view, and I will comment on the right column on a like-for-like basis. You see that with 9.4% growth of sales, we generated 11% organic growth of gross profits, so an improvement of 80 basis points of the gross margin. Thanks to a favourable product mix on the equipment reagents, but also the BIOFIRE share, which, as you know, is high margin in the overall mix of reagents, as well as a part of our GO-28 GO-SIMPLE pillar with a continued rise in manufacturing cost and lower transportation costs in H1.

SG&A costs were up 7.7% in H1, with let's say a significant one-off to mention in this line, which is the MyShare programme, this employee shareholder plan with favourable conditions for employees to buy shares, which costed, accounting wise, €8 million in this line in H1. Excluding MyShare, we are even growing, let's say, only 6% on SG&A, which reflects as well the GO-28 initiatives on simplification and efficiency. I will come back to it in a minute.

R&D up 3% at 12.2%. As Pierre mentioned, this includes on the 12.2% the SpinChip running costs that are mostly in this R&D line.

Overall, thanks to GO-28, you can see an improved operating leverage with 24% organic growth on CEBIT, while we grow sales by 9.4%.

Last comment on this page is FX, foreign exchange, which was neutral on CEBIT in H1 despite the euro appreciation over Q2, and thanks to our hedging policy in place.

Let's zoom together on GO-SIMPLE. Pierre already mentioned the progress. As a reminder, GO-SIMPLE is not a few landmark big initiatives, but quite the opposite. It's actually more than 50 different actions being rolled out and delivering on efficiency. Here we want to give some examples.

In the COGS category, cost of goods sold, we can mention that we successfully internalised the manufacturing of our mass spectrometry instrument, VITEK MS Prime, in the US and in Italy, with a significant reduction in the cost of the instrument from purchased last year to actually now internally manufactured.

On automation, we are continuing to make progress on the automation of the BIOFIRE reagent manufacturing, now at 30% of the volume, on fully automated lines.

Third example on COGS. A major progress on purchasing or procurement with successful negotiation and also sometimes resourcing, delivering savings on sometimes direct materials among these figures, but also on indirect services I mentioned earlier in the P&L, lower transportation cost. This is partly due to purchasing efforts.

In support functions, we are working on the new HR operating model that has been finalised in terms of design, and we also implemented actually a simplified budget and performance monitoring in finance for the company.

In commercial operations, I want to mention the ongoing transformation of a global customer service department, as well as the finalisation of design for the new marketing operating model. As you can hear, when it's about finalising design, it means that we will deploy in the future these initiatives. We are also preparing for additional efficiency in the next three years of GO-28.

Overall, these examples and other initiatives translate into, notably, limited headcount evolution. We are at about 2% increase in headcount to be compared to the 9% top line increase. And as you saw in the P&L, controlled SG&A increase.

Now turning to the P&L, profit and loss, below contributive EBIT. There is this line about amortisation of acquired intangibles, which this H1, has a very significant one-off with the impairment of the REVEAL technology. As a reminder, REVEAL is a fast AST, anti-susceptibility testing technology that we acquired in 2022. The company is Specific Diagnostics. We obtained FDA approval in mid-2024, and we launched commercial in the US in H2 2024.

We see today that this market segment, the market segment itself of fast AST is developing slower, much more slower than our expectations, and therefore our own commercial ramp up on REVEAL is below expectations and below our plans. As a consequence, we have revised our plans and we recognised in H1 a partial impairment of €146 million of these assets. It's about two thirds of the value that is being tested. So about €80 million roughly is still in the books.

We still believe actually strongly in this technology and in the high medical value that it brings for the most critical sepsis patients.

Below in the profit and loss, you see that net financial income improved versus last year, thanks to exchange gains on mainly cash positions and hedging. Tax is relatively stable at 24.7%, effective tax rate, actually 24.1 on a recurring basis. Overall, net income is down 25% due to this one-off REVEAL impairment, but is actually up 45% year-on-year excluding this one-off REVEAL impact.

Now moving to free cash flow. A very strong free cash flow overall compared to last year, more than triple at €170 million. You can see that the first explanation is that our improvement in EBITDA, which is pretty nice. Working capital requirement was also less negative than last year. We have inventories up €25 million in H1. One of the key elements was as part of what I explained earlier, internalising the manufacturing of our VITEK MS Prime instrument, we took over all the inventory from our external supplier that was part of H1 effort and also replenished our BACT/ALERT raw material. You remember the story of BACT bottles last year.

Also to mention in working capital a really nice, let's say, improvement on the receivables with an efficient cash collection, notably in the US in H1. CAPEX are pretty stable in a month at 7.5% with investment, especially on the US manufacturing side, capacity automation, as well in CAPEX as the investment in our installed base with placement in some markets such as SPOTFIRE in the US.

The €170 million of free cash flow were notably spent on business development, with SpinChip and Day Zero, that Pierre already mentioned. Overall, the Group's balance sheet is very strong, with a net debt of only €126 million, 0.1 times 12 months EBITDA.

We can now turn to the outlook for 2025, and I will start by giving you some updated tariffs exposure, from of course what the tariffs have been announced today. We have basically a

threefold exposure to tariffs, the main ones on the US side. 85% roughly of what we sell in the US is manufactured in the US, so we have an exposure on the 15% of finished products that we import into the US from mainly Europe and for a small part, Australia.

Second exposure are the import for our US plant of raw materials and components from outside of the US, mainly Europe, sometimes China or Mexico. Then the third one is the import into China of Microbiology instruments and VITEK reagents.

Overall, taking all that together, trying to update our calculation, we believe we should have an impact, but that you will see embedded in the guidance of about €5 million to €10 million on CEBIT in 2025. So it's mainly an H2 impact, not much in H1.

Our first estimate is complex, for 2026 would be a gross impact of about €35 million. When I say gross, it means it's before mitigation actions such as procurement or negotiating with the supplier or resourcing supply chain or commercial, of course.

With that, I hand over to Pierre.

Pierre Boulud: Yes. The final slide on the revised guidance. As you can see, we have revised guidance because of China. The major impact of the revision sales guidance is China. It shows on two lines, actually, Microbiology, where a significant share of sales in China, and immunoassays where we don't believe it's relevant to maintain the guidance that we had before. The rest of the guidance is actually very similar and very much in line with what we shared, BIOFIRE non-RP at plus 10%, SPOTFIRE doubling sales, Industrial Applications around 9%.

And BIOFIRE respiratory panels flat. Assuming a medium flu season, and I just want to highlight here that we've given a bracket 6% to 7.5% to reflect the uncertainty of the respiratory season. Of course, as you know, actually, the end of Q4 ’24 was stronger from a respiratory system perspective. So for respiratory panels, even though we show today a sales growth, we kind of expect an impact based on the epidemiology.

That's for sales. With regards to CEBIT, based on a very strong performance of H1 as a 24%, we are now in a position to review our guidance upwards, between 12% to 18% of organic EBIT improvement. We've also revised a little bit of FX impact. Guillaume was sharing a neutral impact in H1. We still expect to see, unfortunately, an impact in H2. But for the full year that would be €25 million, where we actually guided on 35 to 40 initially.

The last slight update to the guidance is CAPEX, which we now see coming up to 9% of our consolidated sales versus, 10%, 11% that we mentioned at the beginning of the year.

That's pretty much it for us. Aymeric, I think you will handle the Q&A.

Questions and Answers

Aymeric Fichet Yes. We can now open the Q&A session. We will have a first question from Anchal Verma from JP Morgan.

Operator: The next question comes from Anchal Verma from JP Morgan. Please go ahead.

Anchal Verma (JP Morgan): Hi. Good morning. Two questions for me, please. Firstly, can you elaborate a bit more on what you're seeing on the ground in Microbiology in China, given that you've upgraded guidance for the full year? But when do you expect any improvement in the market and what sort of visibility do you have?

Then the second one is, can you help us understand the drivers of H2 margins a bit better? Can we expect gross margins to improve year-over-year in H2, perhaps at a similar magnitude to H1? And how sustainable do you think the H1 margin momentum is? Essentially, trying to understand what gives you confidence in your upgraded EBIT growth guidance. Thank you.

Pierre Boulud: Okay, so I'll start with the first question on the dynamics in China, and Guillaume will try to give a bit of colour on H2 financial performance.

With regards to Microbiology in China, what we are seeing is a very strong cost containment plan in the Chinese healthcare system that is impacting Microbiology, among other categories. In Microbiology, where it's really a reduction of stock, reduction of use of bottles, it's a massive and drastic effort to reduce the cost in the healthcare system that impacts Microbiology. We're not seeing volume-based pricing happening in Microbiology. We're not seeing spectacular competition move. It's really driven by the market decline. Hope that answers your question.

Honestly, I mean, for the rest of the year, we are kind of assuming that it will stay like this. We are not seeing the light at the end of the tunnel for the rest of the year. Hence, our revised guidance, with a bracket 6% to 7.5% sales growth.

Guillaume, you want to give some elements?

Guillaume Bouhours: Yes, some stability going forward. Again, as Pierre said, we factor the very strong H1 as well the prospects for H2, including, as Pierre mentioned, respiratory panel, which should be lower, especially in our assumption of a medium season, means lower in Q4 than in Q4 2024. That will have an impact on gross margin, on profitability overall.

But overall, on the trends of OPEX, we expect to pursue, of course, the GO-28 efficiency trend that we are seeing and delivering, with continued operating leverage, as we deliver. So we factor all this into this, let's say, 12% to 18% range for the year. Again, I would say like the top line, the main variability on the bottom line is linked to actually top line RP season effects.

Operator: The next question comes from Kavya Deshpande from UBS. Please go ahead.

Kavya Deshpande (UBS): Good afternoon. Thank you for taking my questions. I just had a couple on SPOTFIRE, please. The first one was just around placement. I completely understand Q2 is the seasonally weakest quarter, and maybe this time there was a bit of additional pull forward from Japan. But considering all of this sort of phasing effect, would it be reasonable to expect in Q3 that you can do a bit better than last year's Q3, so maybe like 650 placements?

Then just to follow up. I saw that the SPOTFIRE 15 plex panel had obtained a new PLA code in the US as of 1st July. Do you think this provides a reimbursement tailwind for that particular panel in the US in H2? Thank you.

Pierre Boulud: Thank you, Kavya, for your questions on SPOTFIRE. First question, I mean, I don't want to give a specific projections on Q3, Q4. What we know by experience now, is that Q4 and Q1 are the big quarters in terms of placement, because that's when the respiratory season happens. Q2 is usually lower. We don't give specific guidance for placement in Q3 or Q4 or even the full year. But what we're seeing, which we feel very healthy, is that we keep doubling our sales every quarter, so very much in line. Even if there is less epidemiology, we are getting the traction that we need to get, based on the install base that we have.

And remember that we had a Q1 that was - I think we said it, Q1 was extremely higher. It was related to the one-off in Japan. Definitely difficult to compare Q1 with Q2.

With regards to your next question on PLA change or market access reimbursement, the short answer to your question is the coverage of point-of-care respiratory panels in the US is very dependent also by states. So they are depending of the states, some states reimburse very well 15 plex, some much lower. Depends on the conditions.

The same for the five plex. The way I will answer to your question is we are definitely not seeing any headwind with regards to reimbursement as we speak. But no specific tailwind either related to the PLA that you're mentioning that is phasing out on 1st July.

Kavya Deshpande: Sure. Thank you very much.

Pierre Boulud: Thank you, Kavya.

Operator: The next question comes from Aisyah Noor from MS. Please go ahead.

Aisyah Noor (Morgan Stanley): Hi. Good afternoon. Thanks for taking my question. I have two as well. My first one is on the BIOFIRE placements, which I understand you no longer provide. But could you comment on whether your US installed base for BIOFIRE grew year-on-year? And what trends are you observing in the US, given your number two competitor has been talking about winning a lot of US business in the first half?

Then my second question is for Guillaume on the CEBIT development. Your new guidance implies around 18% margin, which is a big step up versus 2024. If I understand correctly, this is driven by your GO-SIMPLE programme, which is ahead of schedule, but also positive mix from Molecular being stronger and then micro and immuno being weaker. So if you look into 2026, is there a potential that you see a reversal of this dynamic. So your GO-SIMPLE benefits are weaker than this year and your mix normalises to more micro and immuno. Is there a chance here where your margin also takes a step down? Not asking for guidance for ’26, but just want your thoughts on the potential for a slower CEBIT growth in 2026. Thank you.

Pierre Boulud: Okay. That's a good question. That's a long question for Guillaume, but I'll start with the first one on BIOFIRE placements.

Maybe to remind you and the whole team, but I'm sure you have it in mind. When we communicated our guidance for GO-28 plan, we actually knew the competition and we embedded into a flat sales for RP and 10% sales growth for non-RP, the fact that will be a little bit more intense competition.

Market share erosion and a bit of price erosion. It's fully embedded into our guidance for our plan GO-28 but obviously also for ’25.

What we're seeing is very much in line with the plan that we have. And we strongly believe that - actually, it's a big market, especially in non-RP, the market that will keep growing. So there is room for all players. In this big market, we still expect to grow 10%. That's what I can say on the competitive dynamics.

And as I mentioned earlier, we had placements actually in H1 that were better than in H1 ’24. In the US, we are also seeing a positive improvement in terms of install base. I mean, don't take me wrong, I would love to have less competition, but at this stage we're seeing the competition performance very compatible with what we're seeing for our own plans.

CEBIT-wise?

Guillaume Bouhours: Yes, going to CEBIT and going for PAT[?] [00:35:19]. First, thank you very much to recognise that you've seen the figures what we had, let's say, promised and put forward with GO-SIMPLE efficiency, which definitely is visible and probably ahead. So the initiatives as well as the mix, you're very right.

Reversal, I don't see how we could have a reversal. I mean, the mix. Again, it's quite relatively obvious that molecular is growing faster than microbiology and immunoassay, even going forward in the guidance that we have given already on GO-28 trends overall, average trends. So I don't see this in any way reversal or would reverse.

And then GO-SIMPLE initiatives. As we mentioned, we have initiatives that have already delivering that you see in the figures that we tried to give you some examples. We already also have some that are in the making when I say design, operating model, etc., that will deliver over the coming quarters and years. So more to come as well. I don't see a way that it would reverse actually.

Aisyah Noor: Okay. Yes, that's very helpful. Thank you. If I can just follow up quickly with Guillaume as well on the tariffs, can we annualise the €5 million to €10 million number you're expecting this year to about €10 million to €20 million for next year. Or do you expect some mitigation factors to come into play?

Pierre Boulud: Yes. Thank you for your question on tariffs. Actually what I mentioned is that the annualization, we did the calculation. We see €35 million gross impacts in 2026. We already have some actions that we have been working on to mitigate some of it. We need to continue to work on it. It's still a very recent, but we believe it's manageable in our GO-28 plan, this €35 million impact. It's significant, but manageable.

Aisyah Noor: Thank you very much. The next question comes from Maja Stephanie Pataki from Kepler. Please go ahead.

Maja Stephanie Pataki (Kepler Cheuvreux): Hi. Good afternoon. I have a couple of questions, and I'll take them one by one. First of all, can we circle back to China, please? Can you remind us how big China is as a total of Group and what it represents of micro and immuno at this point in time?

Then also, how big is the risk that China might just not return to growth? We've seen a couple of companies that have talked about softness in China before you. And those companies continue to struggle. So China going ex-growth, what would that do to your GO-28 guidance? And then I'll have another one after that.

Pierre Boulud: Okay. I'll speak under the control of Guillaume and Aymeric on the share of sales. I think it's 5% as we speak. 6% of the Group sales are in China in H1 ’25. Microbiology, I would say 10-ish of sales in Microbiology. That's where it's having an impact.

I mean, what we're seeing is beyond a decline - it's actually, yeah, a very strong decline. It's not even flat. So what we're seeing is for the rest of the year, and that led to the revised guidance. We don't see the situation improving. We are kind of assuming it will keep declining at the same pace.

I think Guillaume mentioned minus 17% in H1. So we are projecting something of that nature between - it's mostly microbiology but microbiology and immunoassays. And of course we need to work on 2026 impact. I mean, at some point it will not reduce by 20% every year. The challenge in '25 is that we are going from a very solid growth to a very solid decline. So it's a very brutal change of dynamics. I'm not sure it's sustainable for the Chinese healthcare market to decline by 20% every year, but definitely something that we need to refine and work on with the teams as we prepare for 2026.

Maja Stephanie Pataki: Got it. Then my second question. Congrats on the strong RP sales for H1, despite the fact that you had a very tough comparison base. If we compare the non-RP versus the RP performance of BIOFIRE, it might be a bit surprising that the RP continues to do better than the non-RP. I was trying to understand what the dynamics are there? Because obviously, there's probably lower penetration in the non-RP patient population. Is it just that it takes longer until those panels are being used? Or is it because competition has increased that now everyone is eating part of the cake?

Pierre Boulud: Yeah, it's a very good question, Maja. Thank you. Maybe three answers. The first one is when you compare RP with non-RP and their relative performance in H1 2025, first of all, we had a very strong epidemiology in Q1, very, very strong, probably the strongest we've seen in many years.

So we have a very strong dynamics on RP, which to your point, we love and we enjoy. But you don't benefit that kind of epidemiology boost on non-RP. Non-RP, it's more growing and educating the market. And to your point it takes a bit of time.

You don't have the ups and downs of RP seasons on non-RP, which by the way for the manufacturing team, the supply chain teams and for our results, good news. But when you compare the two, you have to take into account that Q1 was super strong, especially for RP.

The second element that you need to have in mind is I talked about the base effect of Q1 in H1 '24. Non-RP was extremely strong in '24. It was growing 19%, well above the expectation. We had very, very high basis on which to grow. What we're seeing is very much in line with our plan and the 10% sales growth.

Finally, to your point, it's a market that takes a little bit of time to grow. And actually probably the only area where having competition is not necessarily bad because there are more companies making noise. I strongly believe that be it meningitis, be it BCID, be it GI. Actually, there is a benefit in growing the market, and having more players in the market makes more noise and is growing the market. So it takes a bit of time and we're working on it, but progressing as we planned.

Maja Stephanie Pataki: Okay. Then quickly, the last question. Maybe it's a bit of a philosophical question, something that you can't answer at that point in time. But what do you make out of the developments in the US? The debates about vaccinations, the changes at the CDC, the uncertainty that is rising. What are the internal discussions? Are you popping champagne already or, are you expecting this to be rather neutral for the Group?

Pierre Boulud: I mean, I have a general comment and a more specific comment. My general comment is, obviously, having a lower vaccination rate is not positive for fighting against the

spread of infectious disease outside. It's unfortunately a scientific data. I think it's bad news for the US as we speak.

If I take a very selfish bioMérieux perspective, the challenge is if there is a big spread of a pathogen and the population is very poorly vaccinated, it will generate more people in hospitals. Unfortunately, it's very short term. That would be good news. But I genuinely believe that would not be a positive development for the country.

Maja Stephanie Pataki: Okay. Thank you very much.

Aymeric Fichet: Okay. We have some online questions. The first one from Marco Soleimani[?] [00:44:32]. What potential mid-term outside the US or Europe, Middle East, etc. for BIOFIRE and SPOTFIRE?

Pierre Boulud: Okay. Thank you, Marco. So probably take two answers. BIOFIRE, what we've kept saying since Capital Markets Day is that, overall, a good 50% of the IV market is outside of US. We should see, I don't know when, but at some point, sales of BIOFIRE being split between the US and ex-US. And today, I think we're at 72%.

The room for growth outside of the US is immense for BIOFIRE, and we keep working on it. By the way, that's still where we grow faster our install base, even if we keep growing installed base in the US.

On SPOTFIRE, very different story, because on SPOTFIRE, our plan to be transparent with you is US and Japan mostly. That's where we expect core of the immense majority of the sales to come from. There may be evolutions for SPOTFIRE as point of care testing is being developed by the healthcare market in the world. But as you know, in Europe, it's still very patchy.

We are working on it. And these are topics of discussion that we have with public authorities on a regular basis. But the development of the point of care market in Europe is still very nascent, and it's not assumed to develop in our GO-28 plan.

Aymeric Fichet: Okay. Another question from Arnaud Cadart, CIC. Congrats for the H1. One question on M&A. What are your thoughts on large players like Becton, Dickinson and Thermo Fisher selling or looking for selling some IBD assets? Would you be interested in some of them? Or are you purely looking at acquisition in emerging technologies like you did in the past?

Pierre Boulud: Okay. Of course, I mean, Thermo Fisher is still in the process, but for BD, we've obviously witnessed in the transaction with Waters. It's a significant change for BD. So we expect a little bit of disruptions between selling closing, but we're watching.

Waters is not expensively present into the segments where we are. So we're not seeing obvious synergies on the topics that we're looking at, mostly microbiology. But, of course, we'll be looking at the development of the situation as we see. And as I said, until now, H1, we had very competitive position.

Aymeric Fichet: Okay. We'll come back to live question.

Operator: The next question comes from Jan Koch from Deutsche Bank. Please go ahead.

Jan Koch (Deutsche Bank): Good afternoon. Thanks for taking my questions. I would also like to start with BIOFIRE. With a competitor launching a high throughput multiplex instrument, I'm interested in your assessment of the market size for such a solution. Could you elaborate

on the current utilisation levels of your BIOFIRE instruments within large reference laboratories in the US?

Then secondly, regarding VITEK REVEAL. Could you provide an update on your 2028 sales targets? Given that this business segment is probably still quite loss-making, are you planning to implement any kind of cost management measures?

And then finally, on Industrial Applications. Given that reagent sales grew by 9%, while the overall Industrial segment grew by 11%, that implies about 20% growth in instruments. Could you provide further comments or colour on the dynamics contributing to this strong growth?

Pierre Boulud: Okay. Thank you for your good questions. Let's start with BIOFIRE high-throughput system launched by the competition. It actually already exists exist in Europe, which has been recently approved in the US. So we know it. It's a level of automation, actually, especially for the loading of the reagents. We see it as an interesting development, but very targeted for very few clients.

I mean, to go into that level of automation, you need to be very high level user of the solutions. It's just been recently launched. So we will be looking at the impact on the market, and of course, we will play with what is coming.

The second question on VITEK REVEAL. We had two sub questions actually. 2028 target. So what we've actually decided to do is to - the 2028 target for REVEAL was already embedded into Microbiology sales. It was not on top of. Instead of giving you a target and reviewing, we don't do it for any other microbiology project is we'll keep 6% to 8% target for Microbiology in the GO-28 plan, which we believe is very relevant target, including, a lower number for VITEK REVEAL.

It doesn't have a massive impact to the total sales of VITEK REVEAL on the total sales for the Group. So we think it's still manageable.

Maybe two comments on your third questions because - sorry, on your sub questions on cost management. On the top line, just want to highlight the fact that beyond and when you do the impairment test, I think under the control of Guillaume, who overlook the impairment test process, we look at the assets in isolation.

But the improvement that it brings to the overall offering of bioMérieux in Microbiology, and the capacity to show that we are leaders, that we bring innovation, even if VITEK REVEAL doesn't bring as much as we expected initially, it's still very valuable. And it shows in the discussion that we have with the microbiology labs every day.

As Guillaume said, we'll keep working on developing it. We see it as a very strategic offering that brings significant medical value. So we are working very diligently to make it a success. It has already a positive impact on the perspective of bioMérieux offering in microbiology.

Now, you're rightly raising the point of managing costs in a context where the sales are not at the level we expect. We've already made a decision to accelerate the integration of the Specific Diagnostics company that was at the origin of VITEK REVEAL into bioMérieux. And the R&D organisation of VITEK REVEAL is now reporting into the microbiology team of bioMérieux, so that we fully leverage the expertise, the capabilities, and we generate some efficiencies on working together. So that's the very first step to better manage the cost in the context of a top line, which is not where we wanted it to be.

Finally, Industrial Applications. A very fair point. We are actually growing faster on instruments and non-reagents. It actually echoes the comment I was making that, what's very positive in the growth of Industrial Applications is that our new solutions are very successful. So it comes together with successful new installations, new systems that will pave the way for future growth in reagents. So very healthy sales growth. That, to your point, is not only coming from reagents, also from a very nice increase of install base of our new systems.

Jan Koch: Great. Thank you.

Pierre Boulud: Thank you, Jan.

Operator: The next question comes from Natalia Webster from RBC. Please go ahead.

Natalia Webster (RBC): Hi. Thank you for taking my questions. Just a couple of follow ups on the Microbiology outlook, please. Firstly, just outside of China, you previously talked around some issues around the demand for blood culture also in other regions, including the US in Q1. Just curious to see if this has improved in Q2. And if you'd say that this market has now normalised ex-China.

Secondly, just following up on that question around the GO-28 targets, you seem to still be happy with a 6% to 8% for microbiology as a whole, despite the downgrade to 3% this year. So are you just able to comment a bit more about how your other launches are going and what you really expect to drive this in ’26 to ’28, given the lower expectations for VITEK REVEAL?

And then finally, just a confirmation around the CEBIT guidance. Just wanted to check that the tariff impacts will be included within the underlying CEBIT guidance for the full year and also for the mid-term? Thank you.

Pierre Boulud: I mean, that’s the easiest one. You can start with the last one. Guillaume?

Guillaume Bouhours: Yes, on the last one, CEBIT guidance. Yes, we confirm that we include in the 2025 upward revised guidance the tariff impact that we estimate €5 million to €10 million. So that's included. Again, our message on the mid-term is that we believe that the €35 million growth is significant but manageable with mitigation actions and inside the overall targets of GO-28.

Pierre Boulud: On your questions for Microbiology. As you said very rightly, outside of China, Microbiology is growing 6%, which is a very decent sales growth. It's at the bottom end of our 6% to 8% GO-28 target. So it's a very reasonable. You have to remember that 2024 was actually very strong. We are actually above the top, above 8%. I mean, unfortunately, I would love to be in control of the market evolution, but there will be stronger year and lower year. Really, for us, it's very much in the spirit of the GO-28 targets. And this year will be a little bit slower because of China.

The other element is you were coming back to the blood culture kind of crisis. I would not say the market is fully normalised yet. What we're seeing is it's very much depending on the geographies because a competitor got into backorder, not in every country at once. So some countries were more impacted than others. In the countries that were impacted, even though the supply is now normalised from the competitor, as you know, there was no backorder on either side. There are still a bit of restrictive use of bottles. I would call it this way.

We are seeing clients being a little bit careful, making sure that they use the minimum level of bottles to not put themselves into danger. I think it will take probably a few quarters to get back to a full normal use. Again, we were building on actually a very dynamic 2024. There is also a point of comparison for '25, which was a bit higher.

Your question on VITEK REVEAL. No specific question on VITEK REVEAL.

Aymeric Fichet: No. Some question online. Some question from Christophe-Raphaël from ODDO on the headcount. How long do we expect to limit the increase in FTEs or in headcount? India, can we get an update on the market share, percentage of sales, level of profitability?

I think we don't disclose those details on a country basis.

And BIOFIRE, can we have the split between RP and non-RP for H1?

Pierre Boulud: I can start with the headcount evolution. Because, as you know, actually, when we published 2024, we communicated 0% additional headcount in 2024. This first half, we are at around 2%. There is no plan actually to limit it. It's not ask that is made to the teams. What we're doing, and Guillaume alluded to that in the GO-SIMPLE description is we're working on improving efficiency.

When we get more efficient, but we do not need to recruit more people because you manage to actually absorb the workload of the additional work with the people that you have.

When we need to recruit, when we want, when and where we want to increase our capabilities, we do. There are some areas where we actually invest and have more people, but some of the areas that were reducing. An obvious one is Guillaume alluded to automation of BIOFIRE.

Well, when you automate the manufacturing of BIOFIRE reagents, you reduce quite significantly, actually the number of people that are employed on the lines. It has an impact also on the total evolution of headcount.

It's not an objective, but it's definitely an indicator of efficiency in my mind that shows into the improvement of the profitability.

And RP, non-RP?

Guillaume Bouhours: Yes. So actually 60% of our RP, non-RP BIOFIRE panels sales overall in H1.

Aymeric Fichet: We have one question from Ed Paul[?] [00:59:25]. So you have now impaired Specific Diagnostic, but not fully. Is there an idea we could see further impairment down the line. And what are the criteria here? So maybe for you, Guillaume.

Guillaume Bouhours: Yes. To remind everyone, it's a partial impairment, about two thirds of the value that is tested. The goodwill is not tested. The goodwill is part of the overall Microbiology goodwill. So the value that is left remaining on the books is about €80 million. And of course, the criteria for further impairment would be to have another, let's say, slower or lower than planned performance in the coming years.

Aymeric Fichet: Another question from Ed was, the margin progress was quite stellar. Can you break down the 200 bps improvement? How much was pricing? How much was mixed? And how much is efficiency from operating leverage from SG&A?

Guillaume Bouhours: Thank you very much for the recognition of the stellar margin improvement. In terms of mix, we try to give you the different elements on time. Not exactly as a split of the 200, but yet on the price, we mentioned about 2% price improvement on Microbiology and on the Industrial Applications and a small erosion of price on the respiratory panels, flat for the rest. And on the mix, we mentioned that it's a significant part of the 80 bps of gross margin improvement in H1.

Aymeric Fichet: And that's it. Yeah, maybe one last question from Edouard Bruton[?] [01:01:17]. Do you expect to benefit from the One Big Beautiful Bill in the US and the R&D and CAPEX side? Do you expect any temporary tailwind to P&L tax rate, cash tax outflows?

Guillaume Bouhours: Thank you for the question. Indeed, we don't expect much on the R&D CAPEX side. It's except there is some cut on the R&D tax credit in the US, but not very significant for bioMérieux. Overall, it's manageable.

What is very positive is more the cash side of tax, which, not to make it too complex, but drives for an expense in tax, an expense of the R&D year-on-year. Whereas US administration previously was on a capitalisation depreciation of R&D expense, which will basically with the transition have possibly a very positive impact in terms of cash outflow, tax outflow, very positive impact in 2025 and 2026. So we'll come back to that in the full year. But we should expect a very positive inflow there.

Pierre Boulud: Okay. Thank you, Guillaume. With that, if there is no more questions, we can close the call. Talk to you soon. And most probably for all of you on 3rd November for the presentation of the Q3 financial performance.

Guillaume Bouhours: Thank you very much.

Pierre Boulud: Thank you. Bye.

Guillaume Bouhours: Have a good day. Good afternoon. Bye-bye.

[END OF TRANSCRIPT]