



# 2013 First-Half Review BioFire Diagnostics Acquisition

Paris - September 4, 2013



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## ► Introduction

First-Half 2013 Sales

First-Half 2013 Financial Results

BioFire Diagnostics Acquisition

Objectives and Conclusion



# First-half 2013: effective management of our performance in a challenging environment

- ▶ Sales €754m, up 2.1%\*, lifted by a robust 4%\* growth in Q2
- ▶ Operating income before non-recurring items €125m, or 16.6% of net sales

Resilient

- ▶ Preparation for our future
  - ▼ 11 new products launched
  - ▼ VIDAS® 3 CE-marked and launched in Europe
  - ▼ Virtuo™, trade name revealed
  - ▼ Incubator integrating imaging technologies presented to European microbiology labs

Innovative

- ▶ New organization of the Management Committee

2013 is a building year and  
bioMérieux is delivering its 2012 - 2015 strategic roadmap



# Overview

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► **First-Half 2013 Sales**

First-Half 2013 Financial Results

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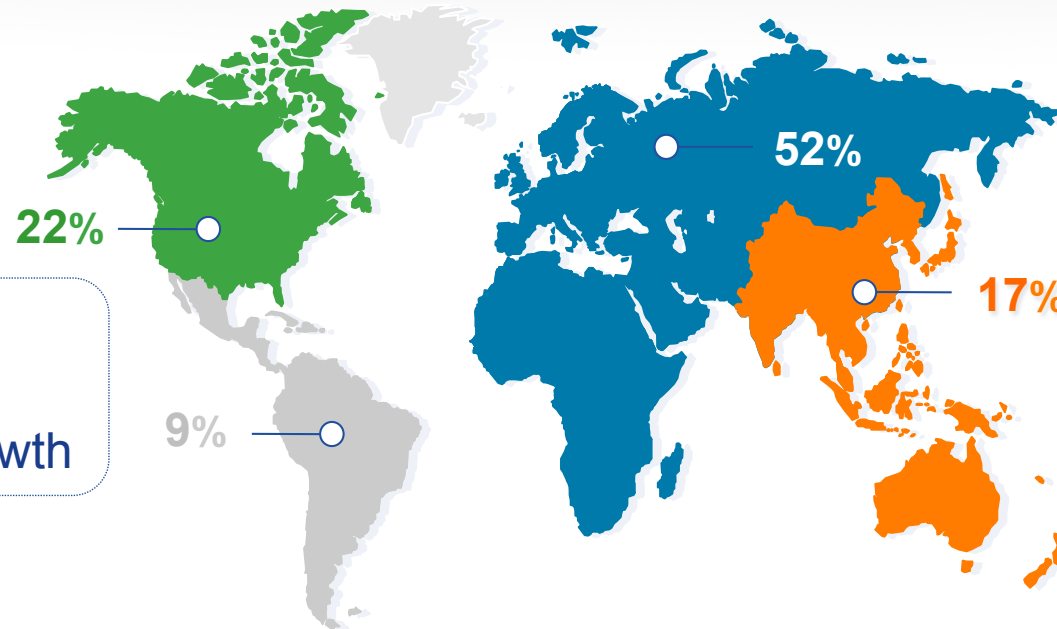
Objectives and Conclusion

# A complete geographic footprint to rapidly seize sales growth opportunities

North America: + 1.9%

Europe, Middle East & Africa: - 0.7%

Europe: - 3%  
Metera\*: + 14%



H1 2013 sales  
€754m  
+ 2.1%, organic growth

Latin America: + 7.3%

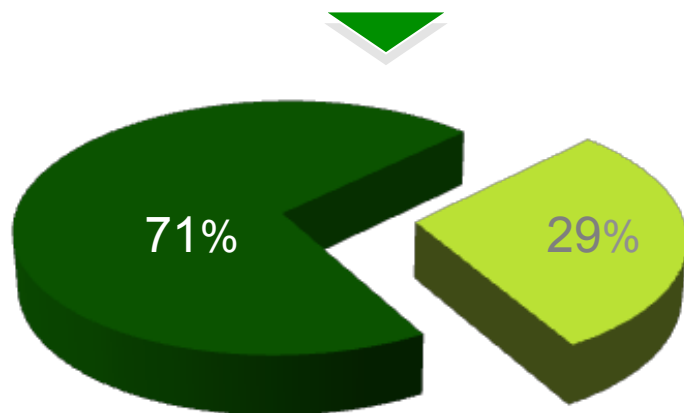
Asia-Pacific: + 8.7%

Organic growth accelerated during Q2 (+ 4%),  
driven by industrial applications and emerging countries

# Expanding presence in emerging markets

Emerging countries:  
29% of bioMérieux's sales and  
~ 20%\* of global IVD market

Rapid organic growth:  
+ 11% in first-half 2013



■ Mature markets ■ Emerging countries

	2009	First-half 2013
% of sales	23%	29%

A major sales growth driver

- ▶ ~ 80%\*\* of the world's population
- ▶ Healthcare reforms
- ▶ Food safety programs
- ▶ Local population untapped needs
- ▶ Long presence of bioMérieux
  - ▼ Focus on infectious diseases
  - ▼ Multidisciplinary teams

Emerging countries to reach ~ 35% of bioMérieux's sales by 2015  
at current business base

\* Based on internal analysis

\*\* UN News Centre - June 2013

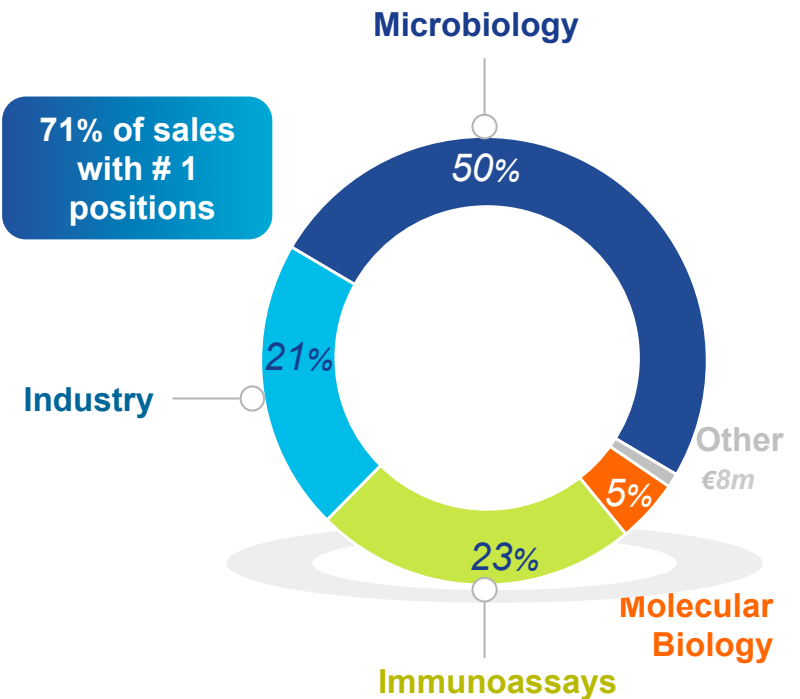
# Sales per technology

## A unique competitive position

► Strong focus on **infectious diseases**

	H1 2013 (€m)	% Change	Highlights
Clinical Microbiology	377	+ 1.5%	Reagents: + 4%
Industrial Applications	157	+ 4.5%	Q2 sales: +11%
Immunoassays	175	+ 0.9%	VIDAS®: +3%
Molecular Biology	37	+ 7.3%	ARGENE: +31%
<b>TOTAL</b>	<b>754</b>	<b>+ 2.1%</b>	

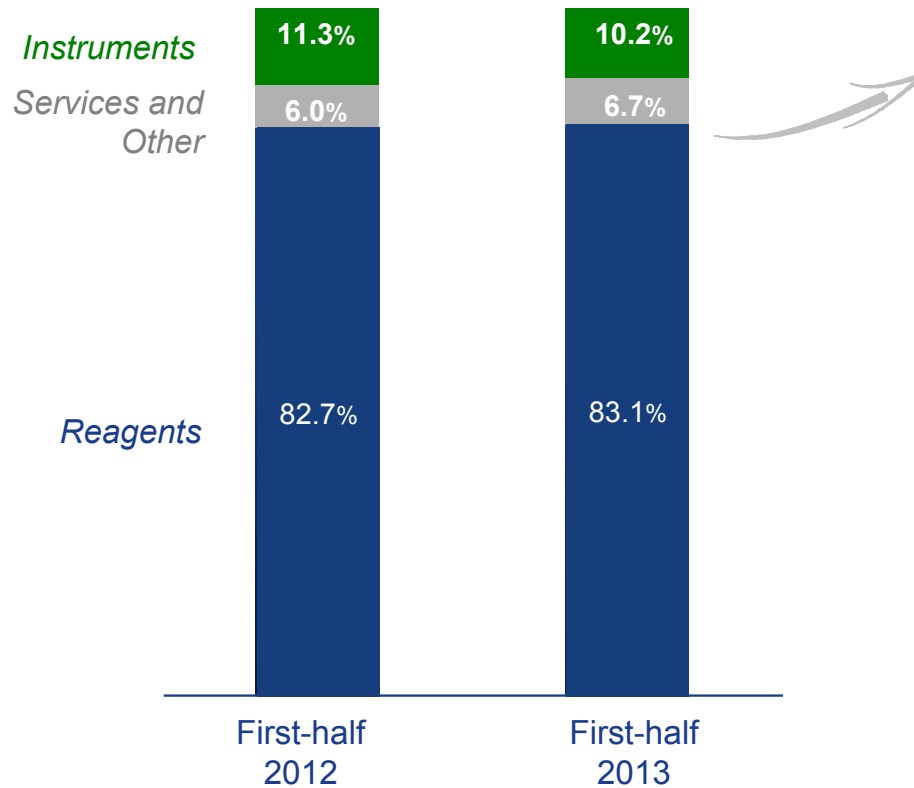
71% of sales with # 1 positions



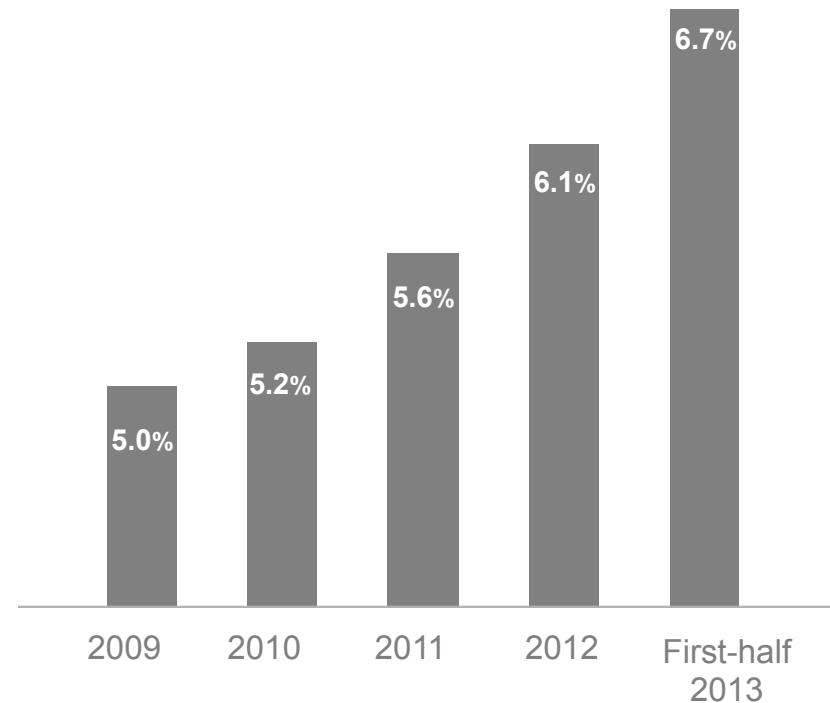
A robust portfolio of technologies with leadership positions



# Reagents and services driving our activity



*Rapid development of our service offer*



Reagents and services: ~ 90% of sales  
 Mainly driven by our global installed base  
 of 71,000 instruments

Objective of our service offer:  
 Support lab efforts to reinforce high quality  
 healthcare while optimizing costs  
 ⇒ perfectly adapted to customer needs

Reagents and services drive sales growth



# Overview



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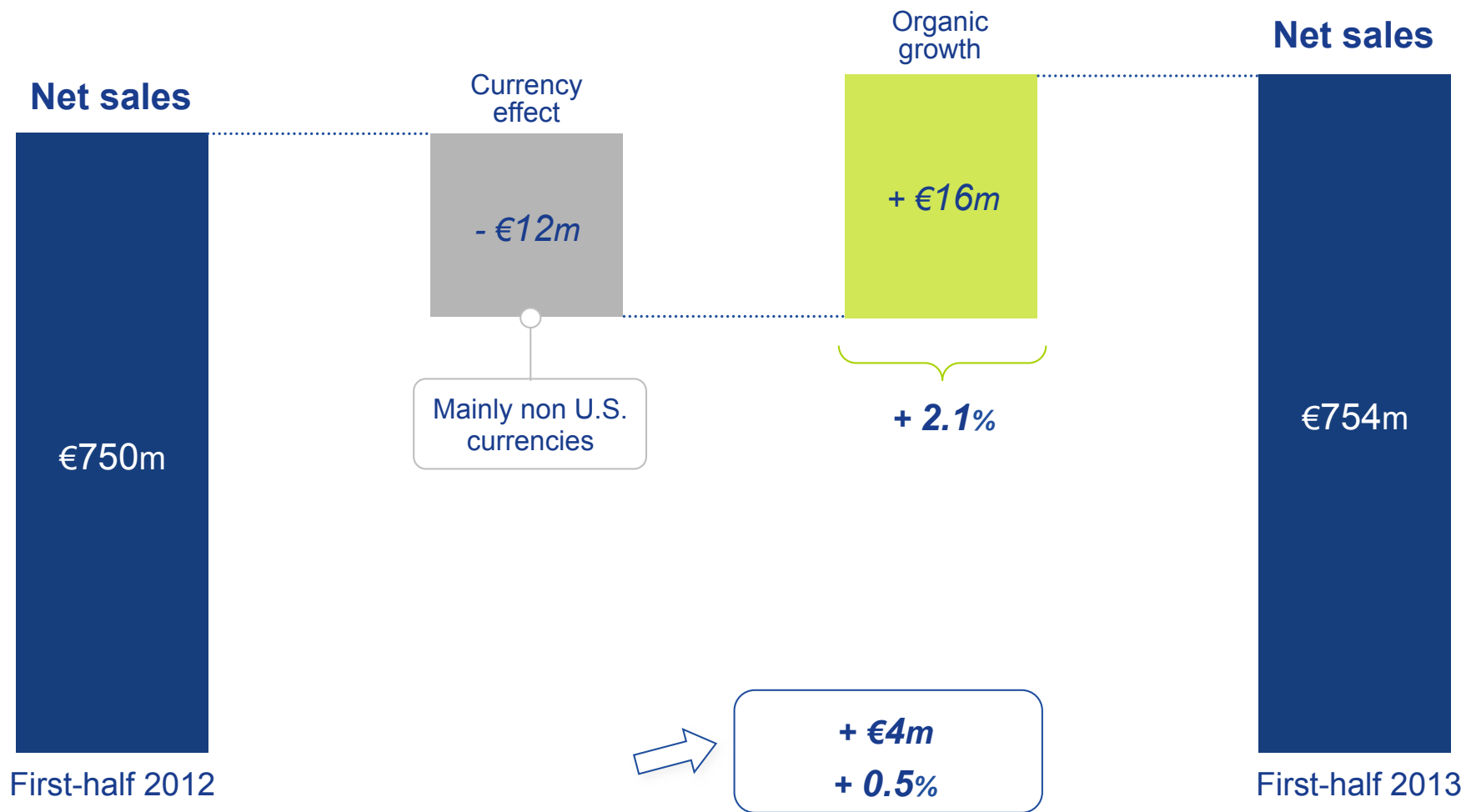
Objectives and Conclusion

## Consolidated P&L (in € millions)

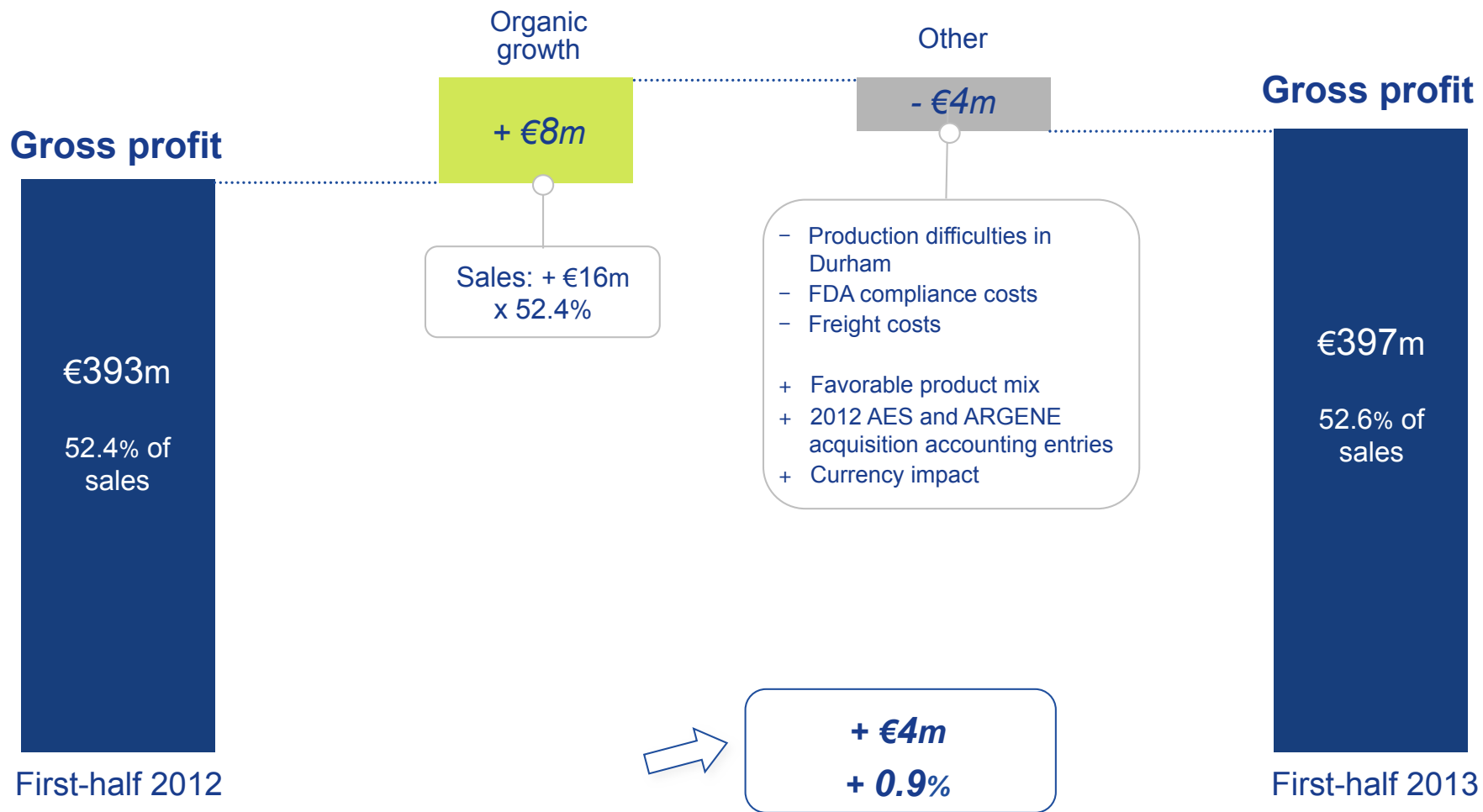
<i>In €m</i>	H1 2013	<i>As a % of sales</i>	H1 2012	<i>As a % of sales</i>	<i>% Change</i>
Net sales	754	100%	750	100%	+ 0.5%*
Gross profit	397	52.6%	393	52.4%	+ 0.9%
Operating income before non- recurring items	125	16.6%	128	17.0%	- 2.0%
Operating income	124	16.4%	125	16.6%	- 0.6%
Net income	80	10.6%	80	10.6%	+ 0.5%

\* Organic growth: + 2.1%

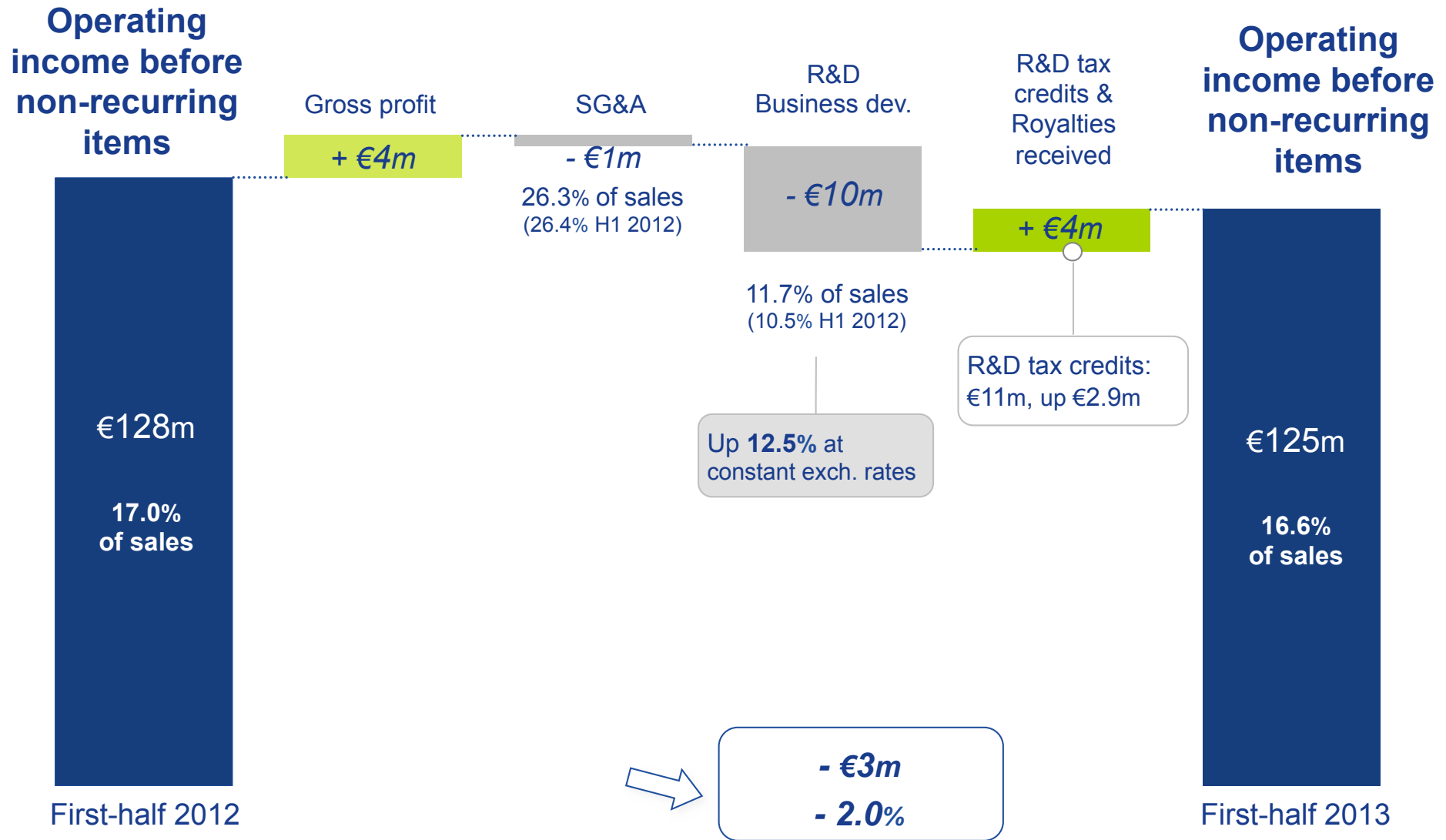
# Net sales



# Gross profit



# Operating income before non-recurring items



## Net result (in € millions)

<i>In €m</i>	H1 2013	<i>As a % of sales</i>	H1 2012	<i>As a % of sales</i>	<i>% Change</i>
Operating income before non- recurring items	125	16.6%	128	17.0%	- 2.0%
Non-recurring items	- 1	- 0.2%	- 3	- 0.4%	
<b>Operating income</b>	<b>124</b>	<b>16.4%</b>	<b>125</b>	<b>16.6%</b>	<b>- 0.6%</b>
Net financial expense	- 5	- 0.7%	- 5	- 0.6%	
Income tax ( <i>tax rate</i> )	- 39	32.6%	- 40	33.4%	
<b>Net income</b>	<b>80</b>	<b>10.6%</b>	<b>80</b>	<b>10.6%</b>	<b>+ 0.5%</b>

# Cash flow statement (in € millions)

<i>In €m</i>	H1 2013	H1 2012	Change
EBITDA <sup>(1)</sup>	169	172	- 3
Operating working capital requirement	- 55	- 11 <sup>(2)</sup>	- 44
Income tax and financial expense	- 19	- 39	+ 20
Capital expenditure <sup>(3)</sup>	- 60	- 54	- 6
Other	7	1	+ 6
<b>Free cash flow</b>	<b>42</b>	<b>69</b>	<b>- 27</b>
Acquisition of shares <sup>(4)</sup>		3	- 3
Dividends	- 39	- 39	
<b>Net cash flow</b>	<b>3</b>	<b>33</b>	<b>- 30</b>

(1) Operating income before non-recurring items (H1 2013: €125m and H1 2012: €128m), depreciation and amortization (H1 2013: €44m and H1 2012: €44m)

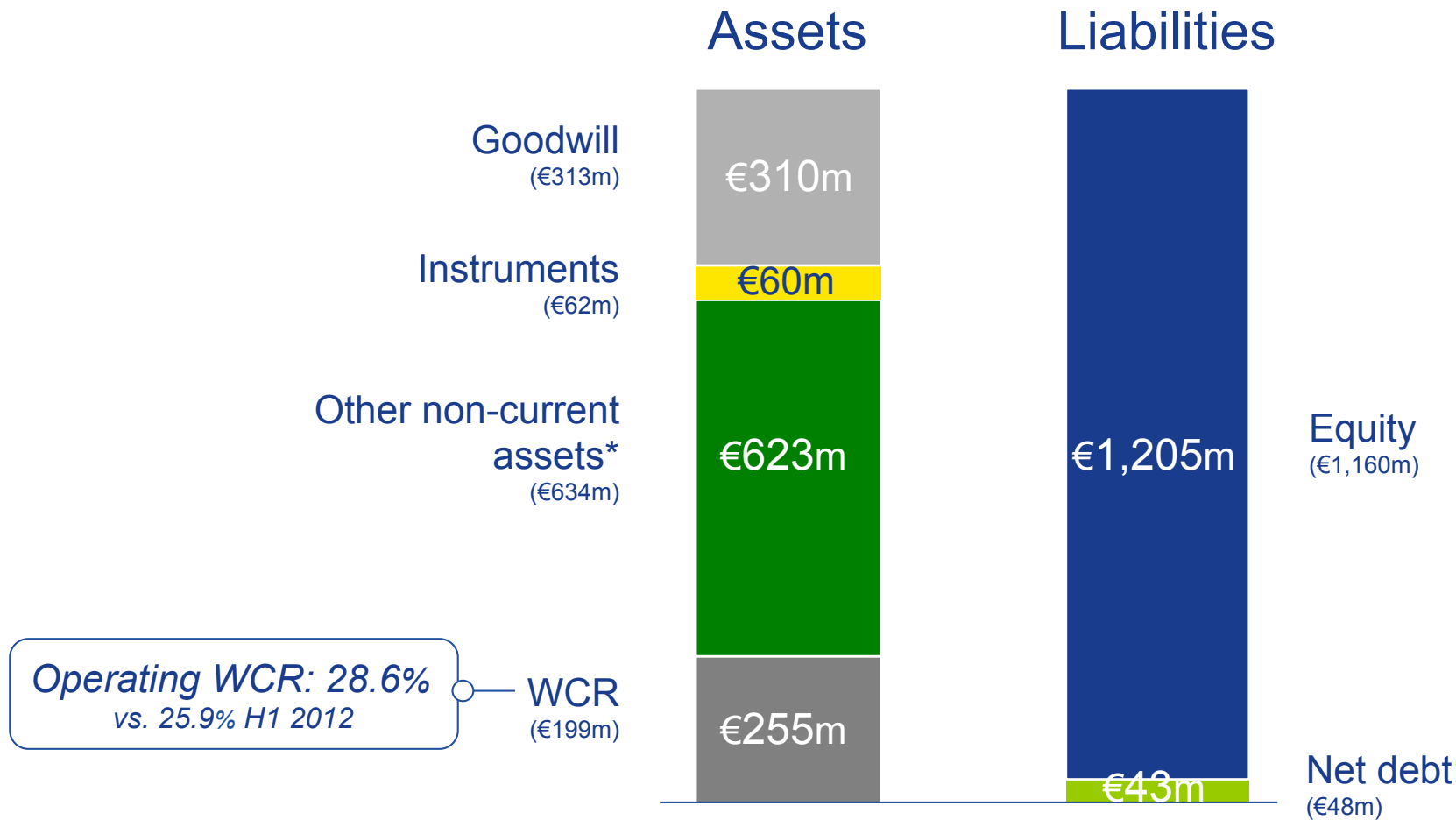
(2) - €40m excluding payments from Spanish provinces

(3) Capital expenditure outlays, including change in PPE payables

(4) Divestiture of Dima



# Summarized balance sheet



# Overview

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▶ **BioFire Diagnostics Acquisition**

Objectives and Conclusion



# Overview

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**BioFire Diagnostics Acquisition**



**Strengthening our Position as a Major Player in Infectious Disease Diagnostics and our Leadership in Clinical Microbiology**

Objectives and Conclusion

# A new ground for our infectious disease franchise

- ▶ FilmArray®: a game-changing technology developed by BioFire Diagnostics
  - ▼ For a syndromic approach to infectious diseases
  - ▼ Enhancing medical value of diagnostics
  - ▼ Optimizing workflows in medical laboratories

## ▶ Perfect strategic fit



- ▼ Grow our infectious disease franchise
- ▼ Reinforce our differentiated molecular biology positioning on added value solutions
- ▼ Increase our PCR knowledge and expertise
- ▼ Solidify our leadership position in clinical microbiology
- ▼ Reinforce our presence in the U.S. molecular biology market



- ▼ Accelerate FilmArray® penetration thanks to bioMérieux's commercial network
- ▼ Further automate manufacturing processes and optimize production costs
- ▼ Join forces in R&D to expand the menu of FilmArray®
- ▼ Be the Group's hub for molecular biology expansion

- ▶ Purchase price: \$450m, plus net existing financial debt
  - ▼ Funded by bioMérieux general purpose revolver credit facility
  - ▼ Estimated closing date: end of FY2013 to early FY2014
  - ▼ 2015 - 2017 organic sales growth contribution: 100 to 200 additional bp per year

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▶ BioFire Competitive Positioning

Objectives and Conclusion

# BioFire Diagnostics: a highly innovative molecular biology company

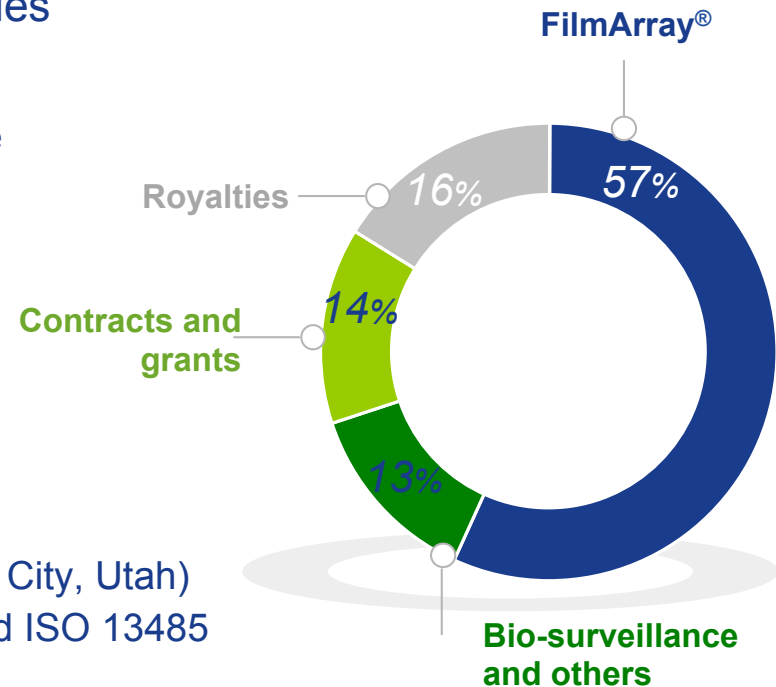
## ▶ An expert in **molecular biology**

- ▶ Over **20 years** of experience in PCR\*
- ▶ For the healthcare and bio-surveillance industries
- ▶ With a strong focus on **innovation** to:
  - Speed up medical results and improve patient care
  - Lower healthcare costs
- ▶ > 90 domestic and international patents

## ▶ A groundbreaking technical team

- ▶ BioFire Diagnostics' campus
  - In the **University of Utah** Research Park (Salt Lake City, Utah)
  - Compliant with: FDA 21 CFR Part 820 (CGMP) and ISO 13485
- ▶ Strong **FDA** regulatory expertise
- ▶ > **500 employees**: R&D, manufacturing and SG&A functions

2013 estimated sales  
\$70m\*\*



“Combat disease through product innovation”

# FilmArray<sup>®</sup> is rapid and easy-to-use

- ▶ User-friendly sample-to-answer multiplex PCR system for rapid molecular detection of pathogens
  - ▼ Self-contained reagent and sample preparation cartridge **simplify process**
  - ▼ Automated **simple readout**
  - ▼ **No special training** or personnel required
- ▶ Designed for rapid results in a **hospital** setting
- ▶ **Lower overall cost** versus centralized lab testing model
  - ▼ Faster results
  - ▼ Shorter hospital and emergency department stays
  - ▼ Labor savings
- ▶ **~ 400 systems** already installed in less than 2 years

An integrated PCR system



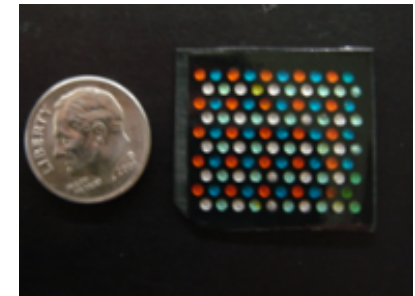
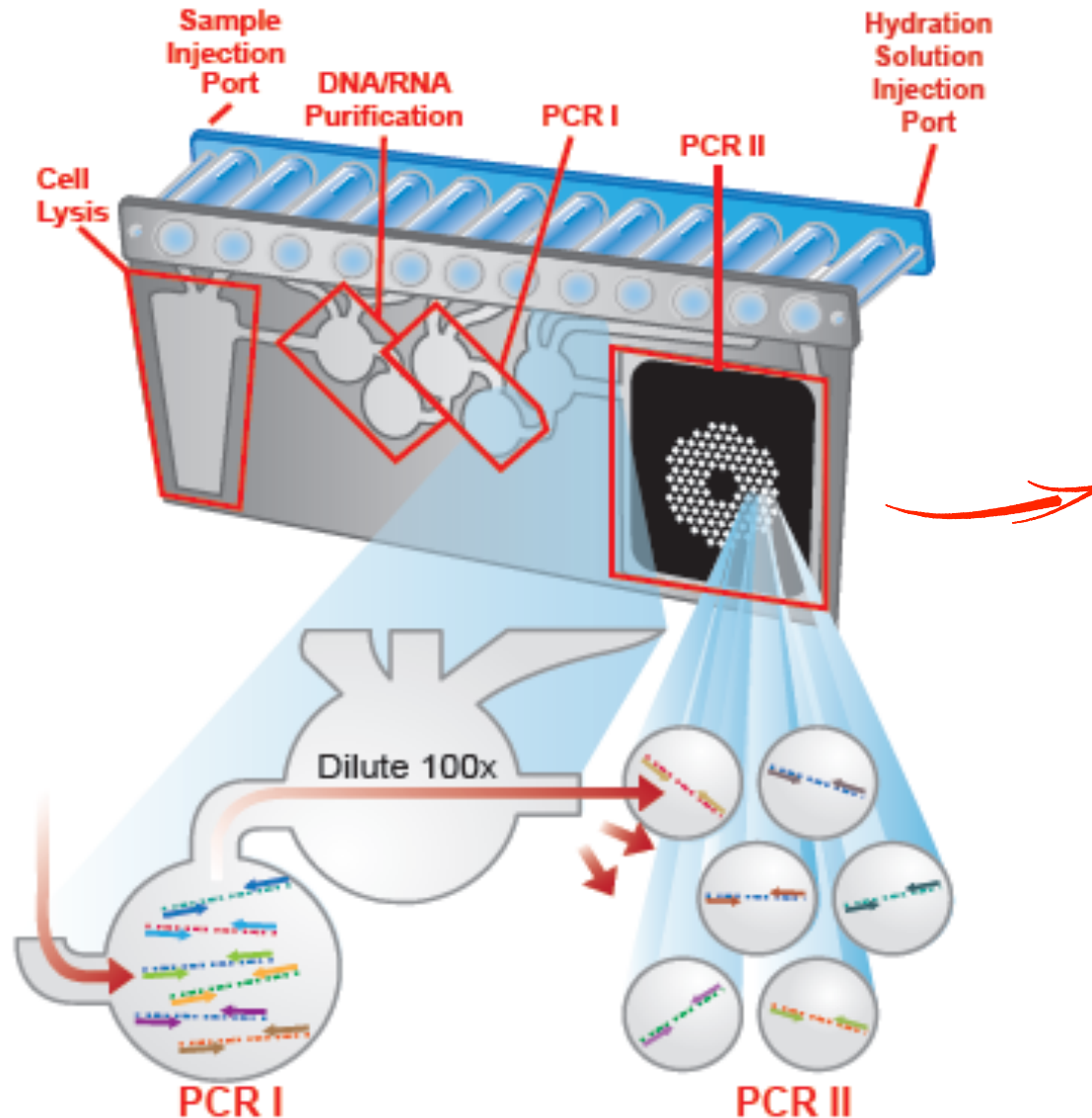
Today's **hospital lab organization** in molecular biology\*

- ▶ 20% of U.S. hospitals with molecular labs  
⇒ **80% of U.S. hospitals send samples to reference labs**
- ▶ Testing is **time consuming** and **costly**

FilmArray<sup>®</sup> is adapted to strong market need for just-in-time and syndromic molecular testing

\* Source: BioFire analysis

# FilmArray<sup>®</sup> is an entire molecular laboratory in a palm-size pouch and small instrument

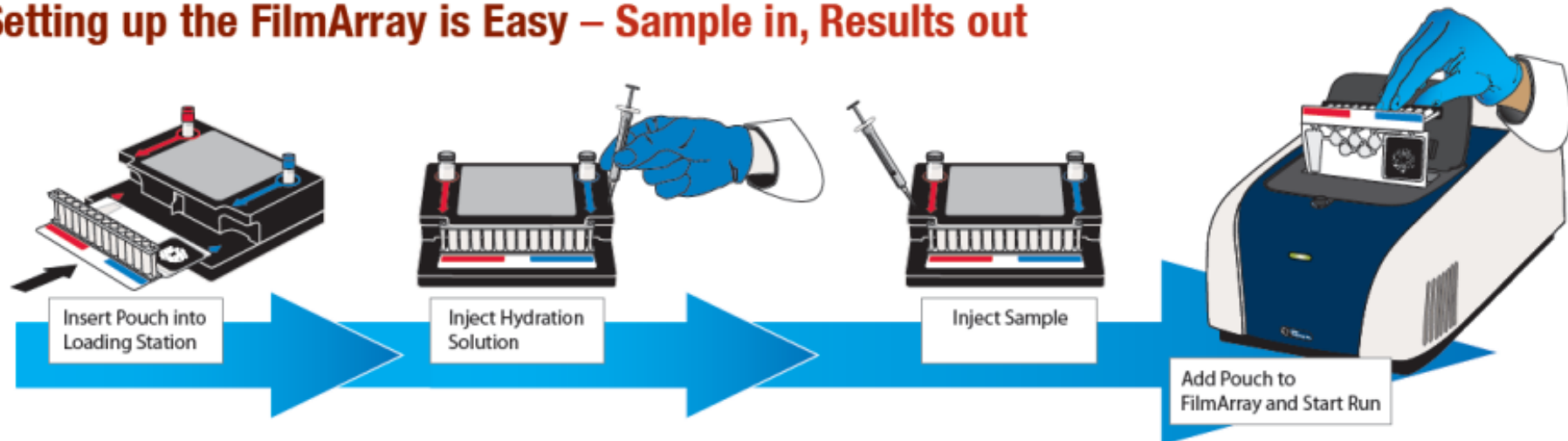




# FilmArray<sup>®</sup> is a simple-to-use, CLIA-moderate complexity system

- ▶ Set it up in 2 minutes and get results in about an hour

## Setting up the FilmArray is Easy – Sample in, Results out



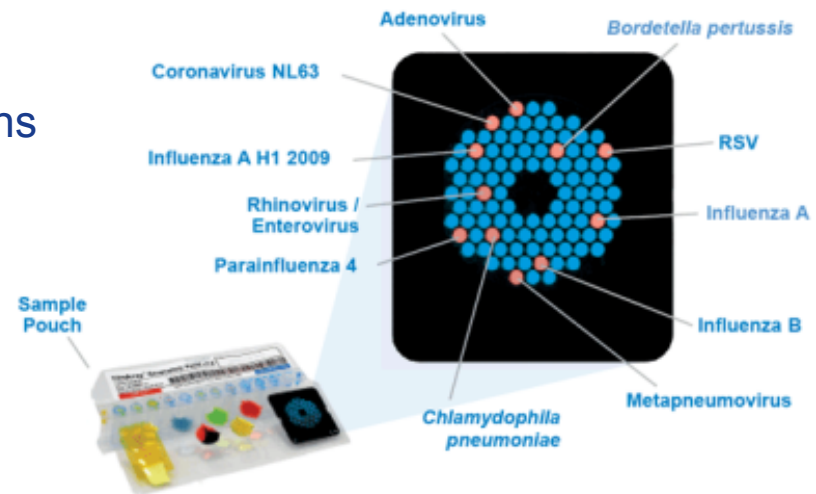
With FDA clearance of the revolutionary FilmArray<sup>®</sup> system, BioFire has set a new standard in molecular diagnostics of infectious diseases

# The FDA-cleared FilmArray<sup>®</sup> respiratory panel

- ▶ A respiratory tract infection could be the result of many viral or bacterial pathogens with symptoms that are nearly indistinguishable
- ⇒ Necessary to **improve diagnosis** by testing for multiple viruses and bacteria
- ▶ FilmArray<sup>®</sup> Respiratory Panel for **20 viral and bacterial targets**

## ⇒ Syndromic approach

- ▼ A **comprehensive list** of respiratory pathogens
- ▼ **No other competitive panel** combining viral and bacterial targets
- ▼ **Easy-to-use**: one simple system including sample preparation, amplification, detection and analysis
- ▼ **Faster, more accurate results**








A new standard to improve patient management,  
limit the spread of disease, and reduce overall healthcare costs

# FilmArray® can be used in a variety of diagnostics applications

- ▶ The FilmArray® Blood Culture ID Panel (BCID)
  - ▼ To test positive aerobic blood cultures
  - ▼ For 24 pathogens and 3 antibiotic resistance genes associated with bloodstream infections
  - ▼ Potential: reducing the standard time required to identify a pathogen from days to hours
  - ▼ CE-marked and FDA approved (end of June 2013)
- ▶ Other panels under development
  - ▼ The FilmArray® gastrointestinal (GI) Panel
    - To test for 23 GI bacterial, viral, and parasitic targets
    - Potential: reducing the time and labor for detecting bacteria, viruses and parasites in a single test (replaces complex stool culture, ova & parasite exams and viral assays)
  - ▼ Also currently in development - Meningitis Panel

Our ambition is to be able to detect 70+ pathogens by 2016

# FilmArray<sup>®</sup> competitive landscape

	 BIO FIRE <sup>®</sup>	 Nanosphere	 GenMark Dx <sup>®</sup>	 <b>Luminex</b>	 Cepheid <sup>®</sup>
Product name	FilmArray <sup>®</sup>	Verigene <sup>®</sup>	eSensor <sup>®</sup>	xTAG <sup>®</sup>	GeneXpert <sup>®</sup>
Ease of use	High	Medium	Low	Low	High
Sample-to-answer	✓	No	No	No	✓
Complete panels	✓	✓	✓	✓	No
Hands on time	2 minutes	10-15 min.	55 minutes	45 minutes	2 minutes
Total time-to-result	1 hour	2.5 hours	8 hours	6 hours	1 hour
# viral pathogens	17	7	14	8	3
# bacteria	3	0	0	0	0
Throughput / shift	8 / slot	N/A	21	21	6-8 / slot

FilmArray<sup>®</sup> is the best in class instrument

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▶ **BioFire Diagnostics Acquisition  
A Major Move**

Objectives and Conclusion

# A deal fully aligned with our strategy of targeted acquisitions and partnerships

- ▶ Since July 2011: 4 important milestones achieved
  - ▼ AES acquisition      Reinforces our leadership in industrial applications
  - ▼ ARGENE acquisition      Expands our infectious disease offering in molecular biology
  - ▼ Quanterix partnership      Consolidates our role as a specialized player in immunoassays with a groundbreaking technology
  - ▼ BioFire acquisition      Strengthens our infectious disease franchise and consolidates our leadership in clinical microbiology

On all our markets, a portfolio of very innovative technologies to:

- ▼ Optimize workflows in medical laboratories
- ▼ Enhance medical value of diagnostics

# FilmArray<sup>®</sup> is a high medical value test

- ▶ The FilmArray<sup>®</sup> test follows the same syndromic approach as the doctor
- ▶ Medical value of the FilmArray<sup>®</sup> Respiratory Panel in the emergency room setting
  - ▼ Rapidly determine the cause of a febrile respiratory syndrome, whatever the agent
  - ▼ Quick and targeted therapy of the infectious agent
  - ▼ More efficient infection prevention and control to prevent spread
  - ▼ Reduced need for hospital admission
  - ▼ Decreased overall medical costs



“The sensitivity, simplicity and random-access platform make FilmArray<sup>®</sup> respiratory virus panel an excellent choice for laboratory on-demand service...”\*

# FilmArray<sup>®</sup>: a complementary offer adding a new dimension to our infectious disease franchise

- ▶ Strategic objective: boost FilmArray<sup>®</sup> system sales and further develop its menu

FilmArray<sup>®</sup>: a major, new dimension for our microbiology leadership



Transforming microbiology with rapid diagnosis for targeted treatments

FilmArray<sup>®</sup>: the basis on which to successfully develop our molecular biology business & image



Enabling molecular diagnostics for the majority of hospitals that currently send samples to reference laboratories



## Other upsides

- ▶ FilmArray® will benefit from bioMérieux's strong commercial network
  - ▼ Strategic objective: make FilmArray® rapidly available to hospitals
  - ▼ In particular in the U.S: 4,800 additional hospitals could do rapid molecular testing
- ▶ BioFire will benefit from bioMérieux's capabilities in manufacturing and supply chain
  - ▼ Potential upside: optimize production costs
- ▶ BioFire's and bioMérieux's R&D teams will join forces to deliver new innovative solutions
  - ▼ Potential upside: drive technological and medical changes in molecular microbiology

Integration process will preserve BioFire's entrepreneurial mindset

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Financials

Objectives and Conclusion



# Purchase price

- ▶ Purchase price: \$450m, plus net existing financial debt
  - ▼ EV / Revenues (Dec-2014): 5.2x
  - ▼ Consistent with listed peers' valuation and recent significant transactions in molecular diagnostics
  - ▼ Reflecting
    - FilmArray® growth momentum
    - BioFire's operational excellence and expertise
    - The strong strategic fit of both companies
  
- ▶ Estimated closing date: end of FY2013 to early FY2014
  
- ▶ Funded by bioMérieux's general purpose revolver credit facility (totaling €500m)

# Sales growth and EBIT

- ▶ No significant impact on bioMérieux's 2013 sales and EBIT\*
- ▶ Acquisition costs estimated at €6m, classified as non-recurring items
- ▶ bioMérieux's 2014 - 2017 financial statements
  - ▶ 2014 external sales growth: ~ \$80m (excl. royalty income), on a full-year basis
  - ▶ 2015 - 2017 organic sales growth contribution: ~100 to 200 additional bp per year
  - ▶ EBIT dilutive during the first 2 years
  - ▶ Financing costs estimated at about €10m per year



- ▶ bioMérieux's financial structure
  - ▶ Leverage\*\* (Net financial debt / EBITDA): 1.1X
  - ▶ Gearing\*\* (Net financial debt / Equity): 0.3X
  - ⇒ bioMérieux targets a quick deleveraging through a sound financial discipline

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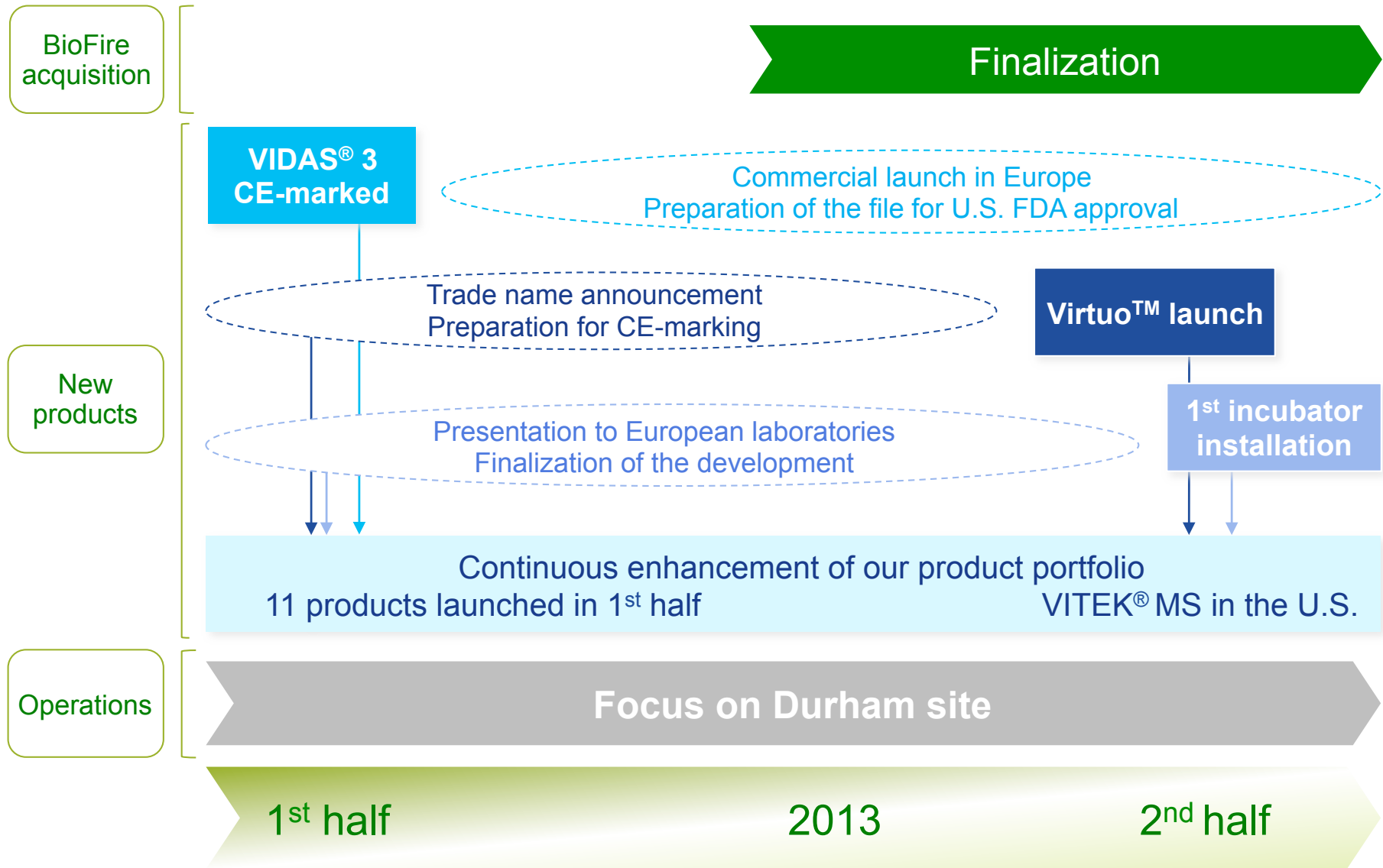
First-Half 2013 Financial Results

BioFire Diagnostics Acquisition

▶ Objectives and Conclusion



# An ambitious schedule in 2<sup>nd</sup> half



# 2013 Objectives

- ▶ 2013
  - An investment year
  - 3 systems to be brought to market
  - International expansion, particularly in emerging countries
- ▶ 2013 sales growth objective
  - between 3 - 5%
  - at constant exchange rates and scope of consolidation
- ▶ 2013 operating result before non-recurring items
  - between €255 - 270m

# Conclusion: a resilient and attractive business model

- ▶ **First-half 2013 performance in line with expectations**
  - ▼ Solid sales in priority geographies
  - ▼ **Stable results** (operating & net) and **cash generation** (excl. Spain June 2012 extraordinary settlement)
  - ▼ VIDAS® 3 launched in Europe
- ▶ **Reservoirs of growth in place**
  - ▼ Resilient leadership positions in > 70% of our sales
  - ▼ A long-term, innovation-focused vision
    - Quanterix partnership in immunoassays
    - FilmArray® technology in molecular biology
  - ▼ A large international presence, focusing on greatest opportunities around the globe



First half 2013 and recent developments demonstrate  
bioMérieux's solid fundamentals,  
rooted in 50 years of human adventure

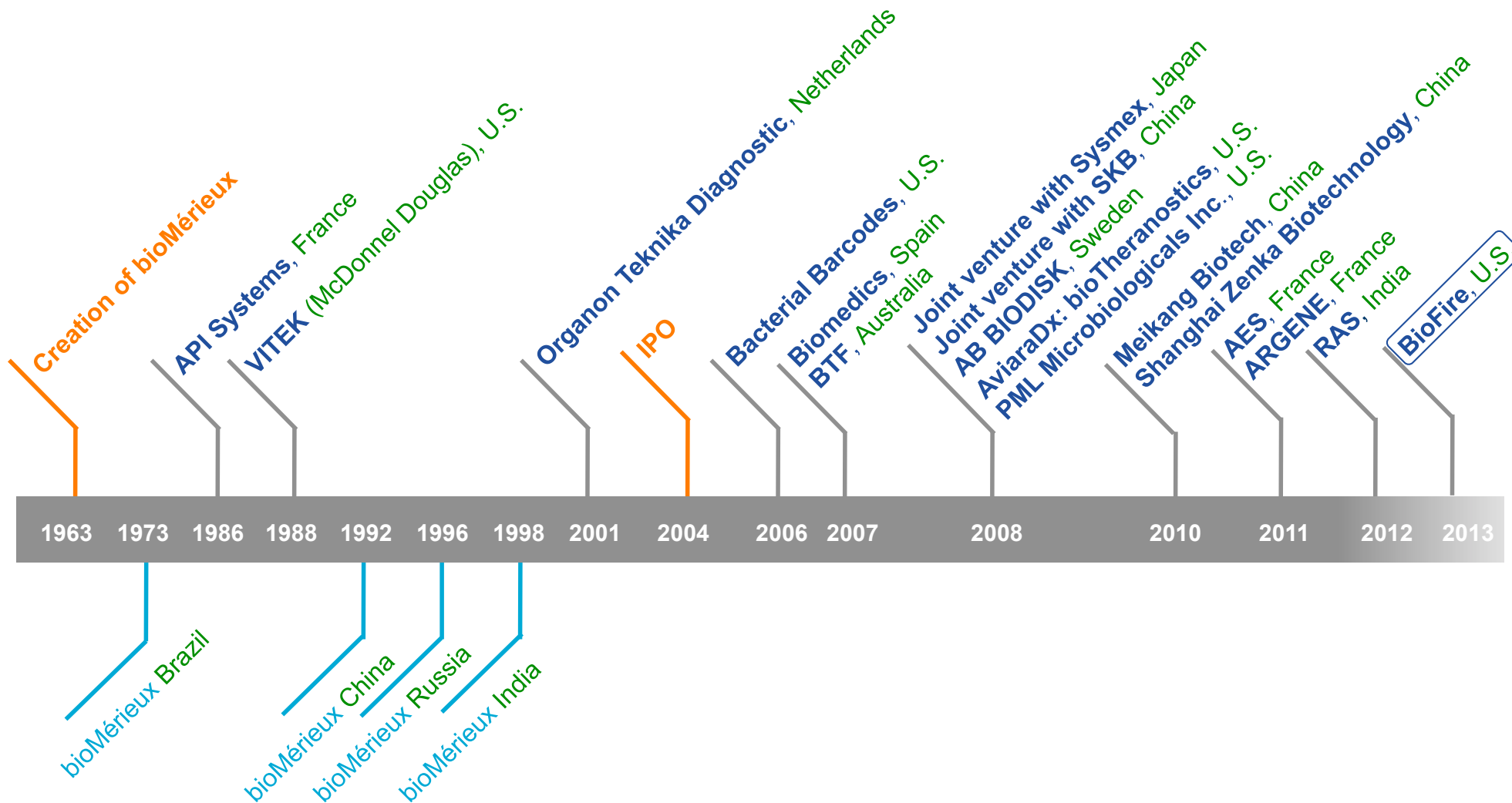


# Appendices

## BioFire Diagnostics Acquisition



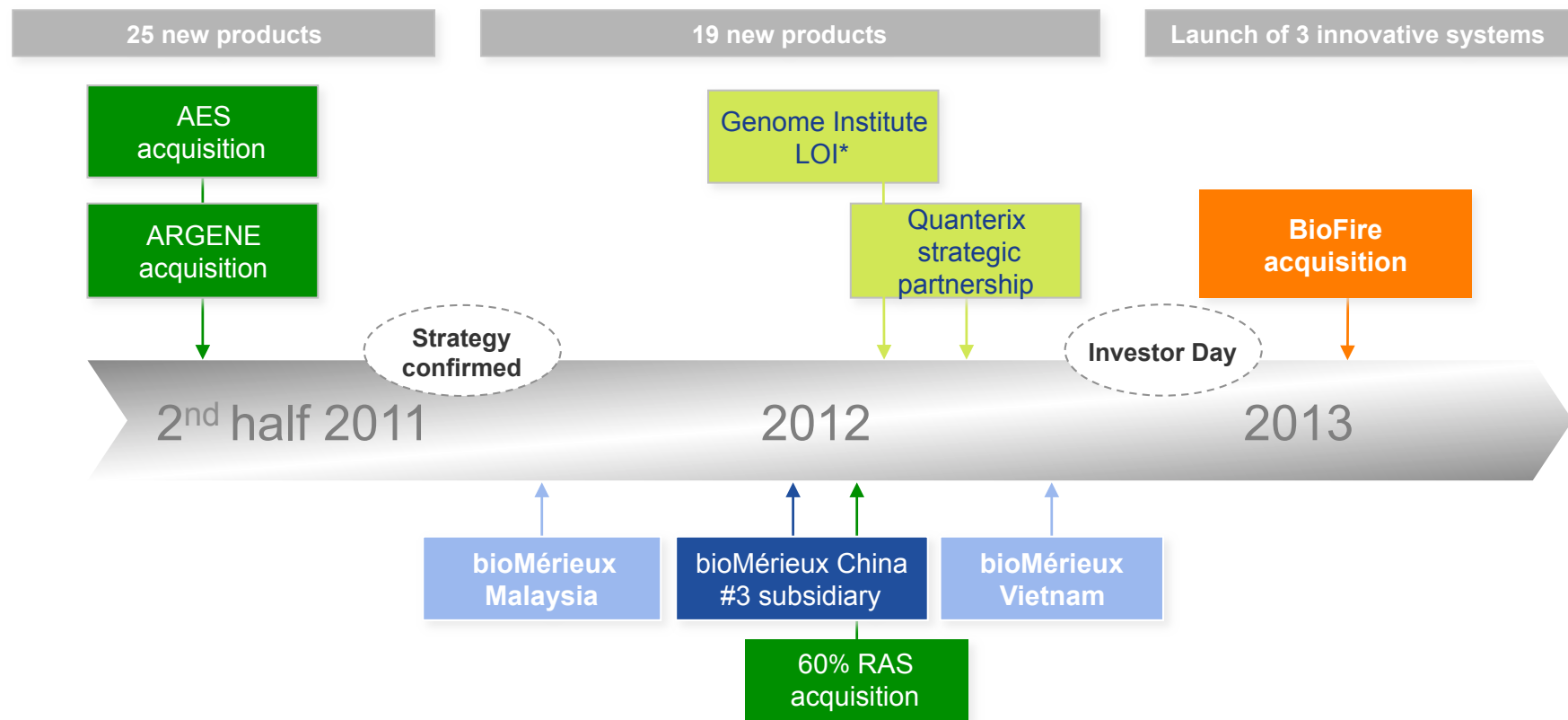
# Key dates in the development of bioMérieux



50-year expertise in *in vitro* diagnostics

# Reinforced focus on our key areas of specialization

## ► Innovation and strategic deals



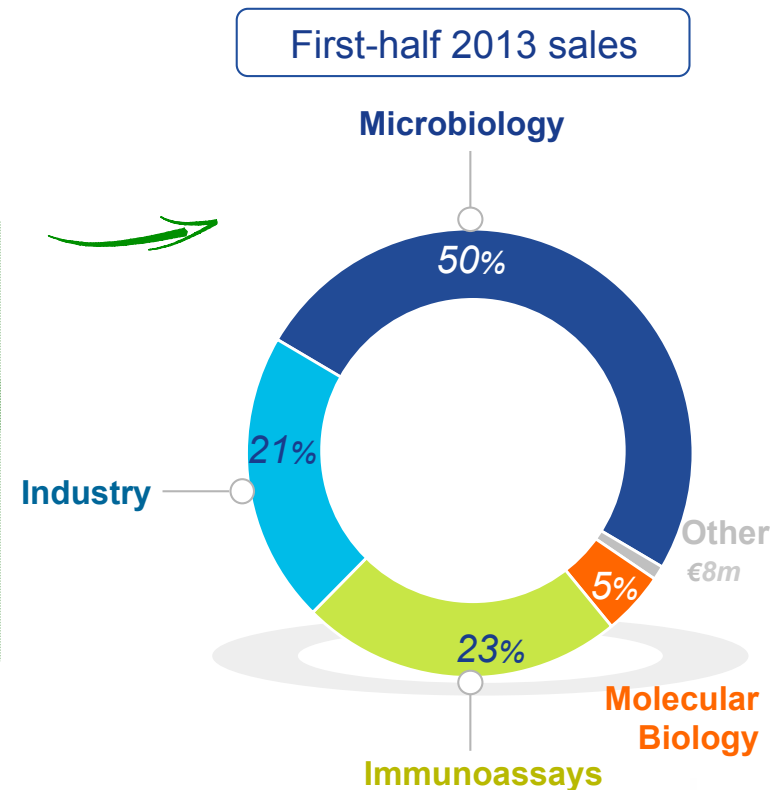
## ► Geographic expansion, via internal growth & external acquisitions

Major steps in our focused strategy lay the foundations for our future

# bioMérieux's unique positioning

- ▶ bioMérieux, a Group dedicated to *in vitro* diagnostics
- ▶ Major specialization: **infectious diseases**
  - ▼ Infectious diseases represent ~ 85%\* of clinical application sales
  - ▼ 3 complementary **core technologies**

Applications	Microbiology	Immunoassays	Molecular Biology
<b>Clinical applications:</b>			
Infectious diseases	✓	✓	✓
Cardiovascular diseases		✓	✓
Cancers		✓	✓
<b>Industrial applications:</b>			
	✓	✓	✓



- ▶ A unique expertise in PCR\* technology used in molecular diagnostics

- ▶ PCR player of the first hour

1990



Air Thermocycler<sup>®</sup>

- ▼ LightCycler<sup>®</sup>:  
1<sup>st</sup> real time PCR instrument with Roche Diagnostics

1996



LightCycler<sup>®</sup>

- ▼ R.A.P.I.D.<sup>®</sup> System:  
Developed with U.S. Air Force

1999



R.A.P.I.D.<sup>®</sup>

- ▼ RAZOR<sup>®</sup>:  
For biodetection (field screening and forward operations)

2004



RAZOR<sup>®</sup>

- ▼ FilmArray<sup>®</sup>:  
User-friendly multiplex PCR system

2011



FilmArray<sup>®</sup>

- ▶ A highly-experienced team

- ▼ > 500 employees: R&D, manufacturing, and SG&A functions
- ▼ A passionate team awarded on several occasions



# bioMérieux + BioFire: a specialized molecular diagnostic player with added value solutions



- ▶ **easyMAG<sup>®</sup> and ARGENE**
  - ▼ Modular, workflow efficiency
  - ▼ Easily “integratable” to the existing lab structure
  - ▼ Adapted to large and flexible batches

- ▶ **FilmArray<sup>®</sup>**
  - ▼ Small footprint
  - ▼ Ease-of-use
  - ▼ Shorter time-to-result
  - ▼ Accuracy



# BioFire Diagnostics: Financial outlook (in \$ millions)

<i>In \$m</i>	2013*	<i>As a % of sales</i>	2012	<i>As a % of sales</i>	<i>% Change 2013 / 2012</i>
FilmArray® sales	40		13		
<u>Other**</u>	<u>30</u>		<u>38</u>		
Total sales	70	100%	51	100%	+ 37%
Gross profit	34	48%	26	51%	+ 31%
Operating income before non- recurring items	- 7	- 10%	- 3	- 6%	<i>Incl. R&amp;D: 2013 \$18m 2012 \$7m</i>
EBITDA <i>in \$m</i>	- 4		- 1		