

11th January 2016

Healthcare

**QIAGEN**

Price EUR23.95

**Preliminary FY2015 short of ests. 2016 outlook excludes operating leverage**

**Fair Value Under Review**

**UNDER REVIEW**

Bloomberg	QIA GR
Reuters	QGEN.DE
12-month High / Low (EUR)	26.0 / 19.4
Market Cap (EURm)	5,740
Avg. 6m daily volume (000)	348.9

	1 M	3 M	6 M	31/12/14
Absolute perf.	-2.9%	5.7%	6.5%	23.7%
Healthcare	-3.1%	2.2%	-3.5%	10.6%
DJ Stoxx 600	-7.0%	-4.0%	-7.0%	1.2%

  

	2014	2015e	2016e	2017e
P/E	26.0x	23.9x	22.0x	19.9x
Div yield (%)	NM	NM	NM	NM

#### ANALYSIS

- QIAGEN pre-announced FY2015 revenues with sales growing at 3% CER, -5% at actual rates affected by a negative 8pp FX impact. Net sales for FY2015 are USD1,280m. This comes short of both guidance and consensus which stood at 4% CER growth and USD1291m respectively. Looking into the fourth quarter performance, sales rose 3% CER while the company guided for 5% CER growth. This translates into a 3% decline at actual rates (6pp negative FX impact). While the performance of the Enzymatics NGS portfolio and BIOBASE (acquired in Dec. and April 2014 respectively) contributed to 2pp of CER growth, the rest of the business added only 1pp in Q4. We believe that alongside a weaker than expected contribution from companion diagnostics' sales, the APAC region remained weak (19% of sales). Although US-HPV created a 1pp headwind on the Q4 2015 results and 3pp for FY2015 we would expect 2015 to be the last year during which this division should handicap the group's performance with a contribution to the group's net sales to be below 4% in 2016 onwards.
- The company expects adj. diluted EPS to be in the USD1.05-1.06 range, slightly below consensus estimates which stood at USD1.07. For Q4, EPS is expected to come in at USD0.33-0.34 or 4% below Q4 guidance (USD0.35). QIAGEN did not provide any granularity between sales and EPS.
- 2016 guidance does not leave room for operating leverage with sales expected to rise 6% CER while consensus was more in the 6.5% region and EPS is expected to rise in line with sales. For FY2016, currencies are expected to affect QIAGEN's sales by 2pp. This should lead to a 6% cut in 2016 EPS by consensus. Investments in sales to support the GeneReader launch and back-end loaded effect from the internalisation of QUANTIferon-latent TB test, which should be effective in 2017, are the main reasons in our view.

#### VALUATION

- We would expect the share price to be under pressure today following the disappointing FY2015 sales as well as conservatism on the FY2016 outlook which does not leave space for operating leverage.

#### NEXT CATALYSTS

- January 12<sup>th</sup>, 2016: conference call
- February 2<sup>nd</sup>, 2016 (at market close) : FY2015

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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