

bioMérieux

Price EUR101.30

FY2015 sales beat expectations, FY2016 guidance underlines strong momentum

Fair Value EUR121 (+19%)

BUY

Bloomberg	BIM FP
Reuters	BIOX.PA
12-month High / Low (EUR)	110.3 / 88.6
Market Cap (EURm)	3,997
Ev (BG Estimates) (EURm)	4,283
Avg. 6m daily volume (000)	33.10
3y EPS CAGR	12.7%

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.1%	0.2%	-6.1%	-7.8%
Healthcare	-8.0%	-6.4%	-17.6%	-9.7%
DJ Stoxx 600	-10.8%	-11.1%	-20.8%	-11.9%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	1,698	1,844	1,970	2,088
% change		8.6%	6.8%	6.0%
EBITDA	337	380	416	455
EBIT	226.8	260.0	287.6	319.5
% change		14.6%	10.6%	11.1%
Net income	134.8	150.8	170.2	192.7
% change		11.9%	12.8%	13.3%

	2014	2015e	2016e	2017e
Operating margin	13.4	14.1	14.6	15.3
Net margin	7.9	8.2	8.6	9.2
ROE	9.7	10.0	10.4	10.9
ROCE	8.9	8.8	9.5	10.3
Gearing	18.0	19.1	13.3	6.9

(EUR)	2014	2015e	2016e	2017e
EPS	3.42	3.82	4.31	4.89
% change	-	11.9%	12.8%	13.3%
P/E	29.6x	26.5x	23.5x	20.7x
FCF yield (%)	3.2%	1.8%	3.2%	3.9%
Dividends (EUR)	1.00	0.96	1.08	1.22
Div yield (%)	1.0%	0.9%	1.1%	1.2%
EV/Sales	2.5x	2.3x	2.1x	2.0x
EV/EBITDA	12.6x	11.3x	10.1x	9.0x
EV/EBIT	18.7x	16.5x	14.7x	12.9x

BioMérieux reports FY2015 sales standing at EUR1965m (7.1% CER, 15.7% reported), 1% above consensus estimates, driven by a good performance of FilmArray despite weak flu season. As a reminder, the company adjusted its organic growth guidance in Q3 from 4.5%-6.5% to 6.5%. 2015Q4 sales stands at EUR553 (4% CER, 10% reported) slightly affected by a high comparison basis. For FY2016, organic growth guidance came at 6%-8% vs. BGe 6%.

bioMérieux (EURm)	FY14	FY15	FY15 cs*	Delta	FY16 guid.	FY 16 BGe
Sales	1698	1965	1946	1,0%		
Organic %	3,8%	7,1%	7,1%	-	6%-8%	6%
Reported %	8,7%	15,7%	14,6%	-		

*bioMérieux's internal consensus

ANALYSIS

- **EMEA sales for the full year grew 2.1% CER (EUR843m, 43% of sales) with Q4 sales progressing 0.3% CER.** The good performance in Western and Northern Europe alongside the continuous recovery from southern Europe exc. Greece offset negative effect from the consolidation of Labs in France (mainly immunoassays with VIDAS) which was exacerbated in Q4. BioMérieux plans to launch a new lab automation solution to answer evolving needs as soon as 2016. We are pleased to see a progressing in Eastern Europe despite volatile. **North American sales (EUR749m, 32% of sales) are growing 19% CER driven by FilmArray sales** with an installed base of 2,100 instruments at year-end and 4 panels now approved and sold. BioFire sales amount for >20% of NA sales.
- **In the emerging markets, APAC's sales (EUR347m, 18% of sales) progressed 3.3% CER highlighted by a passive/lifeless growth in China (~8% of BIM turnover)** with sales growing 2.1% and weak environment for instrument sales offset by reagent sales (VIDAS and FilmArray). Reorganisation of distributor in the region enabled to open new clients in the private sector. **Sales are dynamic in every LatAm countries but Brazil (EUR137m, 7% of sales, 7.4% CER).**
- **Clinical Applications performed well** accounting for 79% of the company's turnover (EUR1552m, 7.1% CER). In Microbiology (EUR879m, 45% of sales, 3% CER) instrument sales are stabilizing and new fully automated instrument allowed for aggressive commercial strategy. Dynamism in Immunoassays (EUR435m, 22% of sales) with a 5.8% CER growth is boosted by reagent's sales pinpointing a higher utilization rate, mainly on VIDAS (+8.2%). Molecular diagnostic continues to be the group's main contributor to growth (300bp). The respiratory panel continues to account for the majority of sales (% not disclosed). FY2016 guidance implies to a strong performance of the US and Molecular Diagnostic in 2016 with group's sales expected to group 6%-8% on an organic basis. We would remind that pure players in the MDx field have margins north of 20% which could trigger further operating leverage (see below). Ramp-up of the GI and ME panels as well as FilmArray torch (in H2 2016) should fuel growth in 2016. **Industrial applications (EUR362m, 18% of sales) grew 4.4% CER.**
- The FDA inspected the Durham site in December and although bioMérieux answered all of the remarks made in 2012, the regulator makes new ones. We do not expect the latter to impact the production.

VALUATION

- We do not change our estimates at the moment as our 2016 ests. are within the company's guidance for the year and would wait for detailed indication on the structure of Biofire's sales. However, we do not rule out that BioFire's strong momentum in 2016 might trigger further operating leverage with operating income before non-recurring items which might come above our estimates of 14.6% of sales pointing to a 50bp gain.

NEXT CATALYSTS

- Today 3.00pm: conference call (FR +33 1 76 77 22 23; Europe +44 20 3427 1911; US +1 646 254 3388; Access code 4270970) [Click here to download document](#)



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BUY ratings 72%

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