

10th February 2016

Healthcare

**Orpea**

Price EUR66.87

**FY 2015 revenue: Sustained growth**

**Fair Value EUR76 (+14%)**

**BUY**

Bloomberg	ORP.FP
Reuters	ORP.PA
12-month High / Low (EUR)	74.5 / 57.5
Market Cap (EURm)	4,016
Avg. 6m daily volume (000)	109.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	-8.7%	-6.1%	-2.9%	-9.4%
Healthcare	-12.4%	-16.5%	-21.7%	-16.8%
DJ Stoxx 600	-9.4%	-17.7%	-22.1%	-15.4%

	2014	2015e	2016e	2017e
P/E	22.7x	24.3x	21.3x	18.5x
Div yield (%)	1.2%	1.4%	1.6%	1.9%

#### ANALYSIS

- **Slightly better than anticipated:** The group unveiled its FY 2015 revenue, up 22.8% on a reported basis at EUR2,393m with LFL growth of 5.4% (5.1% in Q4). This was slightly ahead of consensus (consensus at EUR2,386m and our estimate of EUR2,390m) and group guidance of EUR2,380m which was twice revised in 2015.
- **Growth remains robust in France, but largely driven by International:** France (67% of consolidated revenue vs 77% in 2014 and 89% in 2011), reported revenue up 6.5% (+4.8% in Q4) with LFL revenue growth of 5.1% (4.4% in Q4), but revenue growth was largely driven by **International** up 77.2% on reported (+68.2% in Q4) with LFL revenue growth of 6.1% (7.1% in Q4). Regarding International, LFL best performances comes from **Switzerland** (5.4% of consolidated revenue) up 13.1% (+12.7% in Q4) and **Germany** (12% of consolidated revenue) up 8% (+10% in Q4). Belgium was up 0.7% LFL, Spain 5.8% and Italy 7.5%.
- **2016 well on track to be another year of solid revenue growth:** With ongoing sustained LFL revenue growth and taking into account the full-year consolidation of acquisitions in **Germany** i.e. (Residenz Gruppe Bremen, Vitalis, Celenus Kliniken) and in **Poland** (MEDI-System), **management expects to reach total revenue of EUR2,720m (+13.7%)**. As usual, that guidance doesn't take into account new developments and implies LFL revenue growth of around 4%. We are confirming our forecast of EUR2,759m, up 15.5% with LFL revenue growth of 5.6%, bearing in mind that the group plans to add c.3,000 beds in 2016 vs. around 2,000 in 2015.

#### VALUATION

- At the current share price, the stock is trading 13.5x and 12.0x EV/EBITDA 2016e and 2017e respectively which compares with historical average of 13.1x and a CAGR 2014-2017 of 13.7%.

#### NEXT CATALYSTS

- FY 2015 results on 30<sup>th</sup> March
- Q1 2015 revenue on 4<sup>th</sup> May

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## Distribution of stock ratings

BUY ratings 61,2%

NEUTRAL ratings 29,9%

SELL ratings 9%

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