

21st April 2016

Healthcare

bioMérieux

Price EUR107.50

Strong start to the year

Fair Value EUR115 (+7%)

BUY

Bloomberg	BIM FP
Reuters	BIOX.PA
12-month High / Low (EUR)	118.7 / 92.2
Market Cap (EURm)	4,241
Ev (BG Estimates) (EURm)	4,633
Avg. 6m daily volume (000)	49.20
3y EPS CAGR	26.8%

BioMérieux reported Q1 sales up 11.5% CER. Impacted by a 240bp FX impact, net sales stands at EUR489m. BioFire performed well despite high comparison basis and weak flu season. Main point of interest was China which returned to double-digit growth rate while management expected high-single digit growth rate within a 2 year timeframe.

BIM (EURm)	Q1 2015	Q1 2016	Q1 2016 cs	Delta
Sales	448	489	473	3,4%
% CER	8,7%	11,5%	6,1%	540bp
% growth	20,8%	9,1%	5,7%	

Source : Company Data; BioMérieux' Internal consensus.

	1 M	3 M	6 M	31/12/15
Absolute perf.	8.4%	6.1%	6.4%	-2.2%
Healthcare	6.3%	2.2%	-4.4%	-7.8%
DJ Stoxx 600	2.6%	8.8%	-3.3%	-4.1%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,965	2,061	2,191	2,320
% change		4.9%	6.3%	5.9%
EBITDA	388	418	460	516
EBIT	260.0	284.4	317.7	365.4
% change		9.4%	11.7%	15.0%
Net income	110.3	161.9	191.5	225.0
% change		46.7%	18.3%	17.5%

	2015	2016e	2017e	2018e
Operating margin	13.2	13.8	14.5	15.8
Net margin	5.6	7.9	8.7	9.7
ROE	7.3	10.0	10.8	11.6
ROCE	8.2	8.5	9.1	10.3
Gearing	14.9	24.1	19.0	11.0

(EUR)	2015	2016e	2017e	2018e
EPS	2.80	4.10	4.85	5.70
% change	-	46.7%	18.3%	17.5%
P/E	38.5x	26.2x	22.1x	18.8x
FCF yield (%)	1.7%	NM	2.8%	4.5%
Dividends (EUR)	1.00	1.03	1.21	1.43
Div yield (%)	0.9%	1.0%	1.1%	1.3%
EV/Sales	2.3x	2.2x	2.1x	1.9x
EV/EBITDA	11.5x	11.1x	9.9x	8.6x
EV/EBIT	17.2x	16.3x	14.4x	12.2x

ANALYSIS

- BioMérieux reported **sales up 11.5% CER for the first quarter**. Impacted by a 240bp negative FX impact, net sales stands at EUR489m (+9.1% reported). **Performance was lead by BioFire in North America where sales rose 24% CER** (26.4% reported). FilmArray (EUR61m) contributed to more than half of the region's performance (see below), while other lines grew 11% yoy. In Latin America sales growth was dynamic at 15.9% CER (-6% reported) despite economic uncertainties. EMEA sales grew 2.4% CER (+1.4% reported) to EUR207m. Continuous recovery in South Europe offset consolidation of laboratories in France (-4% reported) currently addressed by bioMérieux which is streamlining its offering and weaker than anticipated North European. All in all Western European sales (85% of EMEA sales) are stable. Agreements with national governments boosted Middle-East sales. EE & MEA sales grew 20%. Important to note, APAC grew 10.7% CER to EUR67m (8.9% reported) with **China returning to double-digit growth**. This is good news as management stated on FY2015 conference call that it would expect to return to high single-digit levels within a +/-2 years timeframe.
- Microbiology sales accelerated to 6.7% CER (EUR207m) compared to 2015 levels (+3% CER FY2015 and 4.8% Q1 2015)** with new products allowing for more aggressive commercial strategy. Molecular biology sales once again drove overall performance with sales amounting to EUR80m (37.1% CER). **FilmArray sales rose 55% yoy to EUR61m**. Considering that the respiratory panel continued to represent the vast majority of sales and that the flu season is exceptionally weak so far, strong growth for the quarter was primarily driven by instrument placement in our view. Going forward, the launch of FilmArray Torch alongside the ramp-up of other panels should support this growth trend. International sales now represents 8% of FilmArray sales. Industrial applications grew 6.1% CER to EUR86m.
- While bioMérieux' profitability guidance disappointed (2016 EBIT expected within the EUR265-290m range vs. BGe EUR284m), we would note that sales of reagent/services sales (92% of sales) grew above group's level at 12.4% CER and that MDx now represents 16% of group's sales.

VALUATION

- We reiterate our BUY rating and EUR115 Fair Value.

NEXT CATALYSTS

- Today 3.00pm CET : conference call on Q1 sales (France: +33 1 76 77 22 27 Europe: +44 203 4271903 USA: +1 212 444 0412 access code 826 5564)

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Distribution of stock ratings

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