

4th May 2016

Healthcare

Orpea

Price EUR72.80

Q1 2016 revenue (contact): higher than expected reported figures with strong lfl growth

Fair Value EUR79 (+9%)

BUY

Bloomberg	ORP.FP
Reuters	ORP.PA
12-month High / Low (EUR)	76.7 / 59.0
Market Cap (EURm)	4,373
Avg. 6m daily volume (000)	114.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.5%	-1.6%	0.6%	-1.3%
Healthcare	3.3%	-3.3%	-10.9%	-10.5%
DJ Stoxx 600	2.4%	2.0%	-9.4%	-6.7%

	2015	2016e	2017e	2018e
P/E	30.1x	25.2x	22.4x	20.0x
Div yield (%)	1.2%	1.4%	1.6%	1.8%

ANALYSIS

- **Strong revenue growth driven by acquisitions made in 2015....:** Total revenue reached EUR680.5m, up 26.5% on a reported basis and higher than our forecast and the consensus figure (EUR666m and EUR669m respectively). This took into account the consolidation of companies acquired during 2015 adding EUR110m in consolidated revenue in Q1 (**Senevita** in Austria consolidated since Q2 2015, **Celenius + RGB** and **Vitalis** in Germany since Q3 2015, 1st September 2015 and 1st January 2016 respectively, and **Medi-System** in Poland).
- **...and sustained organic growth: lfl revenue growth was robust at 5.9%** benefiting notably from the positive impact of the leap year in 2016 (additional revenue of over EUR6m). **Excluding this extra day, lfl revenue growth would have been 4.7%** (sustained demand with a positive ramp-up at recently opened facilities and despite price decrease in clinics in France). By geography, **France** turned in a strong performance, up 4.1% excluding calendar effects and taking into account a price decrease of 2.5% in clinics. **International** business was up 6.2%, notably with **Germany** up 9.4%, **Switzerland** up 12.7%, **Belgium** up 1.2%, **Spain** +2.9% and **Italy** broadly flat.
- **FY guidance confirmed:** Following Q1 revenue, management confidently confirmed its FY 2016 guidance of EUR2,720m, up 13.7% in reported terms excluding new additional developments. We are confirming our forecast for consolidated revenue of EUR2,772m, up 5.3% on a lfl basis.

VALUATION

- At the current share price, the stock is trading on 2016e and 2017e EV/EBITDA multiples of 15.5x and 14.1x respectively, compared with the historical average 12m FWD of 13.1x and an EBITDA CAGR over 2015-2018 of 11.4%

NEXT CATALYSTS

- H1 2016 revenue on 20th July

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