

27th June 2016

Healthcare

Fresenius SE

Price EUR63.64

CFO appointed as CEO following departure of Ulf Mark Schneider

Fair Value EUR73 (+15%)

BUY-Top Picks

Bloomberg	FRE GR
Reuters	FREG.DE
12-month High / Low (EUR)	69.8 / 53.1
Market Cap (EURm)	34,756
Avg. 6m daily volume (000)	1 265

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.7%	3.0%	-1.8%	-3.5%
Healthcare	-2.9%	3.1%	-9.5%	-10.4%
DJ Stoxx 600	-6.4%	-3.9%	-12.1%	-12.0%

	2015	2016e	2017e	2018e
P/E	24.3x	22.0x	20.6x	18.8x
Div yield (%)	2.7%	2.9%	3.1%	3.4%

ANALYSIS

- Stephan Sturm (CFO) will succeed to Ulf Mark Schneider (CEO) who is to leave the company to “pursue another opportunity” effective on 30th June. While this comes as a surprise since Ulf Mark Schneider was CEO of the company since 2003, we would highlight that the change does not cloud the company’s visibility and strategy in our view. Note that Stephan Sturm was appointed CFO of Fresenius SE in January 2005 and was key in the transformation of Fresenius over recent years with the acquisition of Helios Kliniken (2005), APP pharma (2008) and Rhoen Klinikum (2013). Hence we would expect the transition to be seamless with no operative shake-up.
- All short and midterm targets are reiterated. Constant currency growth of 6-8% in sales and 8-12% in net income for 2016. EUR36-40bn in sales by 2019.

VALUATION

- We reiterate our BUY rating and EUR73 Fair Value. Fresenius SE is in our Top Pick list and any weakness at opening would be an opportunity to add. Fundamentals intact.

NEXT CATALYSTS

- 27th July: H1 results

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