

1st June 2016

Healthcare

bioMérieux

Price EUR117.00

Bolt-on acquisition in industrial microbiology

Fair Value EUR122 (+4%)

BUY

Bloomberg	BIM FP
Reuters	BIOX.PA
12-month High / Low (EUR)	120.3 / 93.7
Market Cap (EURm)	4,616
Avg. 6m daily volume (000)	48.90

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.9%	-0.2%	7.7%	6.5%
Healthcare	5.4%	5.3%	-7.4%	-5.6%
DJ Stoxx 600	2.5%	4.9%	-9.2%	-4.3%

	2015	2016e	2017e	2018e
P/E	41.8x	28.2x	23.7x	20.1x
Div yield (%)	0.9%	0.9%	1.1%	1.2%

ANALYSIS

- BioMérieux has announced the acquisition of Hyglos, a company specialised in the detection of endotoxins (component of the outer surface of gram-positive bacteria) that could be found in active pharmaceutical ingredients as well as some medical devices with screening of the latter recommended by authorities as it can cause high fevers when in contact with the bloodstream. While BioMérieux should spread the EUR24m payment related to the full acquisition of Hyglos over a three-year period, it will consolidate the company as of 1st June. As such, H1 numbers are likely to suffer little if any impact on profitability.
- The detection of endotoxin is a dynamic market valued at around EUR250m and growing north of 10% per annum. In the long run, this small bolt-on acquisition should help to strengthen the company's Industrial Application division (18% of sales growing 4.5% CER in 2016, BGe) as bioMérieux adds to its portfolio a solution for clients already addressed. Hyglos automated technology platform uses recombinant proteins in the detection of endotoxins overcoming the limitations of traditional methods 1/ featuring manual steps and 2/ relying on the use of reagents derived from blood taken from protected horseshoe crab species.

VALUATION

- This acquisition has no impact on our Fair Value.
- We would question some profit taking as the share price has recovered to peak historical levels increasing by 17% while the STOXX600HC has gained 4% since the beginning of the quarter and the announcement of somewhat disappointing EBIT margin guidance for 2016 (EUR265-290m BGe EUR287m). As a reminder bioMérieux should face strong comp basis in Q2 (China up +10% and FilmArray benefiting from strong flu season in Q2 last year) alongside front-end loaded S&M and R&D expenses in 2016 which should impair H1 profitability.

NEXT CATALYSTS

- 18th July: H1 sales
- 31st August: H1 results

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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