

21st July 2016

Healthcare

**Korian**

Price EUR29.67

Q2 revenue in line with our estimate

Fair Value EUR29 (-2%)

NEUTRAL

Bloomberg	KORI FP
Reuters	KORI.PA
12-month High / Low (EUR)	36.3 / 23.2
Market Cap (EURm)	2,357
Avg. 6m daily volume (000)	114.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.2%	7.1%	-1.1%	-11.9%
Healthcare	7.8%	5.0%	7.3%	-3.1%
DJ Stoxx 600	0.9%	-2.8%	5.7%	-6.8%

	2014	2015e	2016e	2017e
P/E	20.9x	27.7x	21.2x	18.4x
Div yield (%)	2.0%	2.0%	2.0%	2.0%

#### ANALYSIS

- **Better organic growth in Q2 than in Q1, in line with our estimate:** Total revenue reached EUR740.1m more or less in line with anticipations (consensus at EUR734m and our forecast of EUR744m), up 16.4% in reported terms with organic of c.4% after 3.1% in Q1 excluding the 1.1% positive impact of the 2016 leap year. As such, H1 revenue was EUR1,470.4m, up 16.3%, driven by acquisitions with organic growth of 3.5% excluding the H1 2016 calendar effect of 0.5% on H1.
- **Most geographies contributed to the organic improvement in Q2:** organic growth in **France** (52.9% of consolidated revenue in H1) stood at 2.8% in Q2 vs. 2.5% in Q1 excluding calendar effects, mainly driven by better prices in post-acute business, **Germany** (28.5%) was up 8.8% in Q2 after 8.5% in Q1, while **Italy** (10.6%) posted organic growth of 2.3% after 1.8% in Q1. The slight slowdown in **Belgium** (7.9%) reflected organic growth of 5.5% in Q2 after 6.4% in Q1.
- **FY guidance confirmed:** Management has reiterated its FY 2016 guidance with total revenue of around EUR3bn (our forecast is EUR2,994m compared with a consensus at EUR2,974m) up 16% vs. 2015. Management confirmed FY 2016 organic growth of 3-4% (our estimate is 3.7%).

#### VALUATION

- At the current share price, the stock is trading at 11.4x 2016e EV/EBITDA and 10.1x 2017e, which compares with an historical average of 9.3x and a 2015-2016 EBITDA CAGR of 12.2%.

#### NEXT CATALYSTS

- H1 results on 14th September (after market)
- Capital Market day on 15th September (Paris)

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## Distribution of stock ratings

BUY ratings 55,8%

NEUTRAL ratings 34%

SELL ratings 10,2%

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