

bioMérieux

Price EUR120.00

Keeping up with a strong start to the year

Fair Value EUR122 (+2%)

BUY

Bloomberg	BIM FP
Reuters	BIOX.PA
12-month High / Low (EUR)	122.3 / 93.7
Market Cap (EUR)	4,734
Ev (BG Estimates) (EUR)	5,130
Avg. 6m daily volume (000)	47.80
3y EPS CAGR	27.8%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.3%	9.3%	16.2%	9.2%
Healthcare	8.6%	4.9%	5.1%	-4.3%
DJ Stoxx 600	4.4%	-1.4%	2.4%	-7.6%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	1,965	2,078	2,220	2,366
% change		5.8%	6.8%	6.6%
EBITDA	388	422	466	527
EBIT	260.0	286.8	321.9	372.7
% change		10.3%	12.3%	15.8%
Net income	110.3	163.5	194.4	230.0
% change		48.2%	18.9%	18.3%

	2015	2016e	2017e	2018e
Operating margin	13.2	13.8	14.5	15.8
Net margin	5.6	7.9	8.8	9.7
ROE	7.3	10.1	11.0	11.8
ROCE	8.2	8.5	9.2	10.4
Gearing	14.9	24.3	19.3	11.3

(EUR)	2015	2016e	2017e	2018e
EPS	2.80	4.14	4.93	5.83
% change	-	48.2%	18.9%	18.3%
P/E	42.9x	29.0x	24.4x	20.6x
FCF yield (%)	1.5%	NM	2.5%	4.1%
Dividends (EUR)	1.00	1.04	1.23	1.46
Div yield (%)	0.8%	0.9%	1.0%	1.2%
EV/Sales	2.5x	2.5x	2.3x	2.1x
EV/EBITDA	12.8x	12.2x	10.9x	9.4x
EV/EBIT	19.1x	17.9x	15.8x	13.3x



BioMérieux released strong H1 results, 160bp ahead of consensus expectations in terms of CER growth (10.9% CER vs. 9.3% CER expected: EUR1bn). North American sales continues to drive the group's turnover (22.1% CER in H1), boosted by FilmArray and VIDAS BRAHMS sales. Note that BIM is securing market share of the latter instrument ahead of increased competition in H2. APAC sales growth remains steady and could trigger upward revisions. 6-8% CER growth guidance for the year looks more than achievable. With BIM trading above EUR120/share, we do not rule out some profit taking.

BIM (in EURm)	H1 2015	H1 2016	YoY	H1 2016 cs	Delta
Sales	933	1 001	7,3%	1 002	-0,1%
% CER	8,1%	10,9%		9,3%	
% growth	19,5%	7,2%		7,4%	

Source : Company's internal consensus.

ANALYSIS

- BioMérieux released H1 sales up 10.9% CER or 7.2% YoY (EUR1bn)** affected by -2.8% negative FX effect and -0.8% scope effect from the deconsolidation of biotheranostic and consolidation of Applied Math. Organic growth is 160bp ahead of consensus expectations, primarily driven by **North American sales, representing 36% of turnover, up 22.1% CER** (21.8% YoY, EUR355.4m). FilmArray and increasing ramp up of VIDAS BRAHMS PCT test boosted sales in the region. Note that we are pleased to see that BioMérieux is consolidating its market share with the latter instrument before competition kicks-in in H2. **APAC sales further accelerate on a sequential basis to end the first semester at 12.5% CER growth** (9.1% YoY; EUR162.4m; Q1 2016 10.7% CER, Q2 2016 13.9%). China growth remains steady and the uptake in reagent (utilisation rates) makes us think that this could be sustainable. Our 5.1% CER growth rate for the year in the region looks overly conservative and we would look forward to management's communication as it cautiously warned that a minimum of two years before normalization of the situation has to be expected. **European sales are mixed, up 2.1% CER** (+0.5% YoY; EUR417.1m). In western Europe, Strong comp basis affected Nordic sales while Germany regained momentum. Softening MEA (tender effect) led to 1.9% YoY growth. Latin American sales are up 14%, helped by a strong FX effect (-5.8% YoY; EUR62.7m).
- Performance is obviously driven by Molecular Biology sales and **FilmArray which totalled EUR113m in sales in H1 2016, up 69% YoY** (vs. EUR52m in vs EUR61m in Q1 2016, few flu sales and gradual ramp-up of the GI panel explained the sequential contraction). Molecular Biology sales are up 39.4% CER (38.5% YoY; EUR149.5m). We would highlight that 1/ BIM placed the first FilmArray Torch instruments, 2/ O-US are progressing and 3/ GI and M-E panels benefits fast-growing demand. Effect from dedicated sales force likely to be reinforced in the second half of the year. **Immunoassays sales are up 7.2% CER** (4.2%; EUR219m) with VIDAS BRAHMS as a support. Ahead of competitors entrance, BIM's ability to secure market shares and expanded instrument's use (please see [here](#)) is reassuring, in our view. Microbiology sales are up 5.7% CER (2.5% YoY; EUR426.7m) affected by instrument sales which offset >5% reagent sales. All in all, **Clinical App sales are up 10.6% CER** (7.8% YoY; EUR798.2m). **Industrial App sales are up 7.8% CER** (5% YoY; EUR181.5m), accelerating Q2 over Q1. BioFire Defense sales increased two-fold (EUR18 vs EUR8.7m YoY)

VALUATION

- We reiterate our EUR122 fair value and BUY rating.
- FY 6-8% CER guidance looks somewhat conservative and would imply significant deceleration in APAC or underestimated impact from competition in the US (VIDAS BRAHMS, 6% of sales). We are confident in our 8.0% CER growth rate for the year. **Good set of results and limited upside potential on consensus numbers might trigger profit taking above EUR120/share.**

NEXT CATALYSTS

- Today 3.00pm CET: conference call on H1 sales (FR +33 1 76 77 22 44, UK +44 20 3427 1932, US +1 646 254 3387; access code 412 2114)
- August 31st: HY results [Click here to download](#)



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