

13th December 2016

## Healthcare

### QIAGEN

Price EUR26.70

Additional US guidelines on TB diagnostic allows QIAGEN to fire on all fronts

Fair Value EUR30 (+12%)

BUY-Top Picks

Bloomberg	QIA GR
Reuters	QGEN.DE
12-month High / Low (EUR)	26.9 / 17.8
Market Cap (EURm)	6,400
Avg. 6m daily volume (000)	406.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.5%	16.5%	38.6%	6.3%
Healthcare	-0.5%	-5.2%	-5.0%	-13.8%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

  

	2015	2016e	2017e	2018e
P/E	27.0x	25.9x	22.2x	19.8x
Div yield (%)	NM	NM	NM	NM

#### ANALYSIS

- New guidelines published in the *Clinical Infectious Diseases* Journal support the use of IGRA-based tests for TB screening (i.e. QIA's QuantiFERON-TB and OXF's T-SPOT) vs. 120 years old TST. Note that these guidelines were jointly developed by the American Thoracic Society, the Infectious Diseases Society and the CDC. This should contribute to the increasing recognition of QIAGEN's test, especially in the US, which accounts for 50% of QuantiFERON-TB sales (USD77m; BGe) and should witness the highest growth rate towards 2020 (2016-2020 CAGR of 20%). During its investor day, QIAGEN insisted on the outlook for this growth driver for which significant sales force investments were made in H1 2016 and which is expected to represent over 15% of total group sales in 2020 (vs. 12% as of today). Growing QuantiFERON-TB sales should come alongside margin improvement, notably with the re-internalisation of production effective in early 2017. We see a +100bp impact on profitability out of a 230bp margin progression in our estimates (remainder coming from G&A leverage).
- As a reminder, first set of guidelines issued by the USPSTF in early September were complemented by a grade B recommendation (broadening of prescribers to primary care physicians) but did not specifically highlight the benefits of IGRA-based tests over TSD tests (higher specificity and one visit among others).
- Other key positives for the investment case are **1/** the recent resumption of GeneReader sales in the US and **2/** the large SBB programme to be initiated shortly in the form of a reverse stock split with a cash payment.

#### VALUATION

- We reiterate our BUY recommendation and EUR30 Fair Value.
- QIAGEN is on our Q4 Top-Pick list. Since 30th September 2016, the share price has gained 9%, outperforming both the Euro STOXX600 (+3.5%) and the Euro STOXX600 Healthcare (-5%) by 5.5pp and 14pp respectively.

#### NEXT CATALYSTS

- 1st February 2017: Q4/FY 2016 results

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## Distribution of stock ratings

BUY ratings 55.6%

NEUTRAL ratings 34%

SELL ratings 10.5%

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