

## BIOMÉRIEUX

- Healthcare
- Life Sciences Tools & Services

## NEUTRAL

Fair Value	EUR70
Share price	EUR73.95
EPS 3Y Cagr	10.8%

### Phantom share plan likely to weigh on cEBIT in H1 (results out tomorrow)

#### Sequential acceleration of the top line

BioMérieux will report H1 results Wednesday 4<sup>th</sup> September. Our estimates for H1 sales of EUR1,266m growing +5.6%CER are in-line with consensus expectations (EUR1,265m, +5.8%CER). For the second quarter, this implies a +6.9%CER growth rate, up from +3.3%CER in Q1 2019.

We would expect sales to be primarily driven by molecular biology (BGe +16%CER) and Industrial applications (BGe +5%CER) and remain cautious on Immunoassays sales (BGe -3.2%CER) following a weak start to the year (Q1 2019 sales -4.5%CER). We expect Microbiology sales to take a breather (BGe +2.5%CER) on the back of a strong performance in Q2 2018 (+6%CER).

#### Phantom share plan likely to weigh on profitability

We estimate H1 2019 contributive EBIT of EUR199m or 15.7% of sales. This estimate embarks only c. EUR10m from the H1 2018 impact of the phantom shares plan i.e. earn out plan for BioFire's employees whereby provisions need to be made upon share price increase and vice versa.

Management previously commented that a EUR1 share price increase translates into a EUR1.5-1.6m impact on EBIT. As a result, the +27% or EUR15.4 share price increase in H1 2019 should trigger a EUR24m provision impacting H1 2019 contributive EBIT. In our numbers, this would translate into an additional net impact of EUR14m, hence EBIT of EUR185m (14.6% of sales) which would be 6% below consensus expectations of EUR196m.

#### Downside risk reinforced by high valuation levels

We would stay on the sidelines prior to the publication, as we see downside risk from the impact of the above-mentioned plan on H1 2019 results. Considering the high valuation of 32x P/E19, a potential miss on the cEBIT - from non-cash impact or not - could drive an excessive reaction of the share price.

#### H1 Results due tomorrow morning

H1 2019 results are to be reported tomorrow, Wednesday 4<sup>th</sup> September, at 7.00amCET. They should be followed by a conference call to be held at 2.30pm CET.

#### Market Data

Bloomberg / Reuters	BIM FP/BIOX.PA
Market Cap.	EUR8,753m
E.V.	EUR8,909m
Free Float	47,7%
Avg. Daily volume (6m)	96.30
12m high / low	EUR77.9 / EUR53.1
Ytd Perf.	28.6%

EURM	12/17	12/18e	12/19e	12/20e
Sales	2,288	2,412	2,546	2,754
% Change		5.4%	5.6%	8.2%
EBITDA	483.4	509.0	559.2	635.7
% Change		5.3%	9.9%	13.7%
EBIT	334.7	350.5	393.7	456.6
% Change		4.7%	12.3%	16.0%
Net Income	238.1	244.5	271.7	324.2
% Change		2.7%	11.1%	19.3%
ROE	0.14	0.13	0.13	0.14

	12/17	12/18e	12/19e	12/20e
EV/Sales	3.9x	3.7x	3.4x	3.0x
EV/EBITDA	18.4x	17.3x	15.3x	13.1x
EV/EBIT	26.6x	25.1x	21.8x	18.2x
EPS	2.01	2.07	2.30	2.74
% change		2.7%	11.1%	19.3%
P/E	36.8x	35.8x	32.2x	27.0x
Div Yield	0.7%	0.7%	0.8%	0.9%

#### Next Catalyst : Tomorrow H1 results

##### Last rating Change:

2016-7-19, Sales guidance upgrade priced-in, limited upward revision ahead

##### Last FV Change:

2019-1-23, Positive risk-reward ahead of FY18 results

##### Last Reports:

2019-9-3, BIOMÉRIEUX (NEUTRAL, FV EUR70) | Preview H1 : beware of the phantom

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### Stock rating

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NEUTRAL ratings 43,7%

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