

Life Sciences Tools & Services

| Healthcare

Pre-Q1'19 : consensus reflecting high expectations on BIM. In-line quarter for QIA

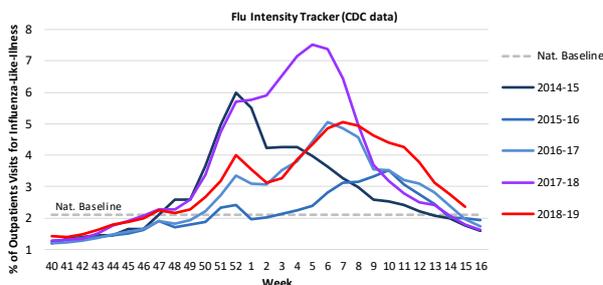
BIM : consensus reflects very high expectations

BioMérieux will report Q1 sales tomorrow at 7:00amCET. We see consensus expectations of 7.4%CER growth for Q1 (EUR644m, 9.6% reported) highly optimistic in the light of a weak flu season and management comments of a tough Q1 (“weaker than in the other quarters”) with back-end loaded ramp-up of organic growth throughout the year. We estimate Q1 organic growth slightly below 5%CER (EUR633m, 7.8% reported).

Despite a long lasting flu season, its intensity was lower to the tune of 30-50% compared to that of 2017-2018 (see chart below). While a weaker flu season is included in the group’s guidance (7.0%-8.5%CER) and its impact on Q1 numbers should not affect the FY19 outlook, we believe it has not been reflected in the consensus numbers ahead of the Q1 reporting.

So far, we have not seen additional Medicare contractors issuing negative decisions the RP or GI panels of FilmArray ([see here](#)). In a real life setting, the decisions issued by Palmetto, CGS and WPS are creating more administrative work for hospitals. It is our understanding that hospitals are not able to discern how to gain better reimbursement from the different levels put in place recently. Once the dust will settle (in H2 2019e), we should start to see a more significant impact on the RP panel for BioMérieux in our view.

Despite a slowdown in the pricing pressure on Immunoassays in Q4 2018, we continue to see a negative impact in in H1 2019 (Q1 2019 -1% organic growth for the business).



QIA : in-line quarter driven by MDx

QIAGEN will report Q1 2019 results on May 6th (post-close). Looking at organic growth, our estimates of 5.5%CER are in-line with that from the consensus of 5.1%CER and within the Q1 guidance 5%-6%CER. In absolute terms, our more conservative assumptions of USD348 vs consensus at USD349m is driven by a higher FX impact of 440bp vs consensus 410bp. Q1 2019 should be a Molecular Diagnostics driven quarter (BGe 7.9%CER, driving roughly two-third of growth). We note the high comparison basis for the Pharma business (Q1 2018 +8%CER) and estimate +4%CER in Q1 2019.

We see Q1 2019 adj. operating income at USD81m (23.2% of sales) growing +72bp as QIAGEN should continue to benefit from its shared service centers (G&A). Down the PnL, our EPS is in-line with that from the consensus at 26cts (guidance including FX 25-26cts)

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BG Coverage

BIOCARTIS | BUY | EUR17

QIAGEN | BUY | EUR37,5

BIOMERIEUX | NEUTRAL | EUR70

Last rating Change:

BIOCARTIS - 29/01/2019

Fully Automated Workflow Driving Double-Digit Growth

QIAGEN - 01/02/2018

FY2017. Strategic acquisition opens a new market for QIA and adds a 6th growth driver

QIAGEN - 29/07/2016

Top to bottom beat! Upgrade to BUY on strong growth prospect now set free

BIOMERIEUX - 19/07/2016

Sales guidance upgrade priced-in, limited upward revision ahead

Last FV Change:

BIOCARTIS - 29/01/2019

Fully Automated Workflow Driving Double-Digit Growth

QIAGEN - 23/01/2019

Cautiously entering 2019

BIOMERIEUX - 08/01/2019

Top Picks - A refocused list to start 2019

QIAGEN - 08/01/2019

Top Picks - A refocused list to start 2019

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