



BRYAN, GARNIER & CO

## DAILY EQUITY RESEARCH UPDATE Wake-up Call

Dow Jones: 26,403.28 ( 13.19% ytd) | CAC40: 5493.04 (16.12% ytd) | Stoxx 600: 380.69(12.75% ytd)

4th September 2019

Please find our Research on Bloomberg BRYG <GO>

### BIOMÉRIEUX | NEUTRAL | EUR70

Q2 growth in-line with expectations, declining profitability  
Growth accelerated in Q2, meeting consensus expectations  
30bp cEBIT margin decline; underlying margin declines 50bp  
Reiterated guidance leaves no room for upside revision

### Headlines:

EDENRED (BUY, FV EUR50) | Successful placement of the OCEANE, at zero coupon and negative rate of return

### Upcoming BG events :

Date	
6th-Sept	SOPRA STERIA   Genève roadshow with IR
10th-Sept	Club Tech   SVOD and the disruptions at work in the TV landscape
23rd-Sept/ 24th-Sept	Annual Consumer Conference
15th-Oct	Roundtable - Silver Economy: Tech & Healthcare

### Recent reports :

Date	
28th-Aug	Distribution   Carrefour and Casino in LatAm: It's a Match!
27th-Aug	VALNEVA   The Clock is Ticking
25th-Jul	CELYAD   New class of medicines into the Oncology Clinic
12th-Jul	KHIRON LIFE SCIENCES   Bold Ambition
12th-Jul	SAP   This is just the beginning...
11th-Jul	HPC   Vers une beauté digitalisée, naturelle et personnalisée
11th-Jul	HPC   A more digitalized, natural and personalized beauty

### 4Q 2019 Top Picks

EIFFAGE (Buy, FV EUR107)  
LVMH (Buy, FV EUR385)  
SOPRA STERIA GROUP (Buy, FV EUR158)  
ALLIANZ (Buy, FV EUR260)  
SAP (Buy, FV EUR153)  
NOVARTIS (Buy, FV CHF106)  
ROCHE HOLDING (Buy, FV CHF340)  
KORIAN (Buy, FV EUR40)  
DBV TECHNOLOGIES (Buy, FV EUR46)  
ASM INTERNATIONAL (Buy, FV EUR80)  
MAISONS DU MONDE (Buy, FV EUR29)

### Last rating Change:

- ↑ 12/08/19, CARLSBERG
- ↓ 07/08/19, MATERIALISE
- ↓ 29/07/19, HEINEKEN
- ↓ 29/07/19, MEDINCELL
- ↑ 26/07/19, SAINT GOBAIN

### Last FV Change:

- ↑ 03/09/19, ESSILORLUXOTTICA
- ↑ 30/08/19, PERNOD RICARD
- ↓ 30/08/19, ILIAD
- ↓ 30/08/19, ILIAD
- ↓ 30/08/19, MEDARTIS

# BIOMÉRIEUX

Healthcare

| Life Sciences Tools & Services

4th September 2019

**NEUTRAL**

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

## Q2 growth in-line with expectations, declining profitability

### Growth accelerated in Q2, meeting consensus expectations

BioMérieux delivered 7.4% CER top-line growth in Q2 2019 (+10.4% reported to EUR643m in sales) a significant yet expected acceleration of growth which comes roughly in-line with consensus expectations of c.8% CER (+9% reported to EUR633m). As a result, H1 2019 growth end-up also in-line with expectations, growing +5.5% CER (+9.1% reported to EUR1,275m) vs consensus +5.8% CER (EUR1,265m).

Molecular biology is the positive surprise of this publication, with sales up 29% CER in Q2 (now 24% of sales), a performance led by the FilmArray product line's sales which sales are up 31%. The sequential slowdown of Microbiology's sales from 4.4% CER to 3.2% CER was less severe than we had anticipated (BGe 2.5% CER), partly thanks to a good performance across all products. The decline in Immunoassays' sales continues (-1.6% CER, 19% of sales) due to pricing pressure in the US and weak volumes in Europe. From a geographical standpoint, we note North American sales are up 9.8% CER as BioFire's good performance was partially offset by pricing pressure in Immunoassays. European sales were also boosted by BioFire with OUS now representing 19% of sales.

### 30bp cEBIT margin decline; underlying margin declines 50bp

cEBIT of EUR198m or 15.5% of sales is in-line with expectations of EUR196m. H1 2019 profitability compares to a 15.8% margin in H1 2018 or a 30bp decline.

H1 2019 profitability was affected by a EUR26m provision linked to the BioFire phantom share plan (EUR10m in H1 2018) and inflated by a EUR17m one-off from a settlement dispute. In all, underlying profitability is at 16.2% of sales compared to 16.7% in H1 2018, a 50bp decline.

### Reiterated guidance leaves no room for upside revision

On the back of these results, all guidance is reiterated with sales and contributive EBIT expected in the ranges of 7.0-8.5% CER growth and EUR385-400m for the FY19 respectively. Looking at expectations for cEBIT, we note that consensus is already positioned in the high-end of the range (EUR397m), leaving little to no room for manoeuvre.

in EURm	18H1	19H1	19H1 CS	Delta	FY19 Group	FY19 CS
Sales	1 169	1 275	1 265	1%		2633
% CER	10,4%	5,5%	5,8%	-30	7.0 - 8.5%	7,3%
% growth	3,1%	9,1%	8,2%			
cEBIT	185	198	196	1%	385 - 400	397
cEBIT %	15,8%	15,5%	15,5%			15,1%
Net Inc.	134	141	n/a			

Biomérieux will hold a conference call today at 2.30pm CET (FR +33 1 70 72 25 50, UK +44 330 336 9125; Access code 938 2320).

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### 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 : today 2.30pm CET confcall**

**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:**

2019-4-24, Very soft start to the year. Downside risk to FY'19 guidance

## Headlines:

### EDENRED (BUY, FV EUR50) | Successful placement of the OCEANE, at zero coupon and negative rate of return

- Successful placement without surprise and under exceptional conditions  
The group has successfully placed an OCEANE maturing in 2024 for a total amount of EUR500m. More surprising, this operation was carried out under very specific conditions with a zero coupon rate, a negative yield (issue price equal to 108% of par, which corresponds to a yield to maturity of -1.53%) and a high conversion premium (nominal value of the bond has been set at EUR61.13) representing a premium of 40% vs. Edenred's share price. The bond will be issued on 6th September, 2019. Finally, such issuance, which currently represents 8,179,290 underlying shares, would lead to a maximum dilution of 3.36%.
- A timely operation which increases firepower for new M&A  
Confirmed by the management, the net proceeds will be used for "general corporate purposes including M&A". As a reminder, having a negative working capital that amounted to EUR3.6bn as of December 31, 2018 o/w EUR2.2bn free, Edenred also had EUR700m of confirmed credit lines undrawn expiring at the end of July 2023.

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## Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

### Stock rating

<b>BUY</b>	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
<b>NEUTRAL</b>	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
<b>SELL</b>	Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

### Distribution of stock ratings

BUY ratings 49.1%

NEUTRAL ratings 43.7%

SELL ratings 7.2%

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**Wake-up Call**

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