

Qiagen

4Q23 First Look: Solid 4Q, FY24 guide for LSD core sales growth below consensus

Maintain Rating: BUY | PO: 57.00 USD | Price: 44.80 USD

4Q sales ahead by 2%, adj. EPS in line with BofAe

QIAGEN (QGEN) reported 4Q23 total sales of \$509mn (+2% y/y reported, +1% constant exchange rate (CER), +1% F/X), vs. our est. of \$500mn (+0.3% CER, no FX) and the Street \$501mn. Non-GAAP gross margin of 65.7% was -30bps below our forecast but the non-GAAP OpM of 28.0% was +80bps above our est. Non-GAAP EPS of \$0.55 reported/CER were in line with BofAe/Street \$0.55/0.54.

+8% core (ex-19) growth, +2% above our estimate

Sales of COVID-related (C19) products were \$38mn vs. our \$40mn est. As such, the upside was driven by non-C19 products, which were \$472mn (+8% y/y CER) vs. our \$460mn (+6% CER) est. By segment, Sample Technologies sales were \$164mn (-5% CER y/y vs. our -6% est); QuantiFERON was up +24% CER y/y (vs. our +20% est); QIAstat was down -2% (vs. our +2% growth est; at the end of FY23 QGEN had an installed base of ~4,000 units); NeuMoDx was down -49% (vs. our -50% est largely due to C19 roll offs); Genomics/NGS (next-generation sequencing) was up +9% (vs. our +10% est); and PCR/Nucleic Acid Amplification was down -1% (vs. our -5% est).

FY24 guide sees another tale of two halves

QGEN's initial FY24 outlook calls for CER sales of "at least" \$2.0bn (reflecting +2% y/y CER growth), below BofAe/Street \$2.03bn (+4% CER) / \$2.06bn. A y/y decline in C19-related products is a -1% headwind, implying +3% CER sales growth for the core business. Like peers, QGEN sees a weaker 1H and a stronger 2H. In 1Q, sales are expected to be "at least" \$455mn, down -6% CER, before improving to mid-single-digit core growth in the second half of the year. Consumables (~85% of sales) will drive much of the growth in FY24 as instruments are expected to remain challenging. Overall, the FY24 sales guide was a bit more cautious than we had expected, but not that different from most peers in terms of pacing.

Non-operational items constrain FY24 EPS guide

Despite the lower sales volume, QGEN still expects to see "at least" 100bps of adj. operating margin improvement y/y. However, after factoring in lower interest income of ~\$26mn in FY24 vs. \$55mn in FY23, as well as a higher tax rate of 19-20% and the impact from the \$300mn synthetic share buyback ([see our note for more details](#)), FY24 adj. EPS are expected to be "at least" \$2.10 CER (vs BofAe/Street \$2.17/2.19). For 1Q, Adj. EPS will be ~\$0.44 CER versus BofAe/ Street \$0.49/0.50.

Conference call Wednesday at 9:00am EST

We think it was a solid finish to FY23 given the challenging market backdrop and fall-off in C19 testing. And while QGEN's initial FY24 guide came in a bit lower than expected, it was similar in tone to peers. QGEN will host a conference call on 02/07/2024 at 9:00am EST, and we look out for mgmt. commentary on guidance assumptions. We maintain our Buy rating as execution, transparency, and expectation management have improved and given QGEN's attractive relative valuation.

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Timestamp: 06 February 2024 07:17PM EST

06 February 2024

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Stock Data

Price (NYS / GER)	44.80 USD / 41.50 EUR
Price Objective	57.00 USD / 53.00 EUR
Date Established	29-Jan-2024 / 29-Jan-2024
Investment Opinion	B-1-9 / B-1-9
52-Week Range	34.77 USD - 50.82 USD
Market Value (mn)	10,021 USD
Free Float	96.2%
Average Daily Value	62.26 USD
Shares Outstanding (mn)	223.7 / 223.7
BofA Ticker / Exchange	QGEN / NYS
BofA Ticker / Exchange	XQGNF / GER
Bloomberg / Reuters	QGEN US / QGEN.N
ROE (2023E)	11.9%
Net Dbt to Eqty (Dec-2022A)	12.8%
ESGMeter™	Medium

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Price objective basis & risk

Qiagen (QGEN / XQGNF)

Our \$57.00/€53 PO is based on about 18x FY25e EV/EBITDA. in-line with LST peers. The company has made progress in revamping its business and the stronger core end-markets.

Downside risks to our PO are lingering covid headwind, execution missteps, competition, changes in customer R&D funding levels or priorities, IP disputes, technology shifts, and F/X swings.

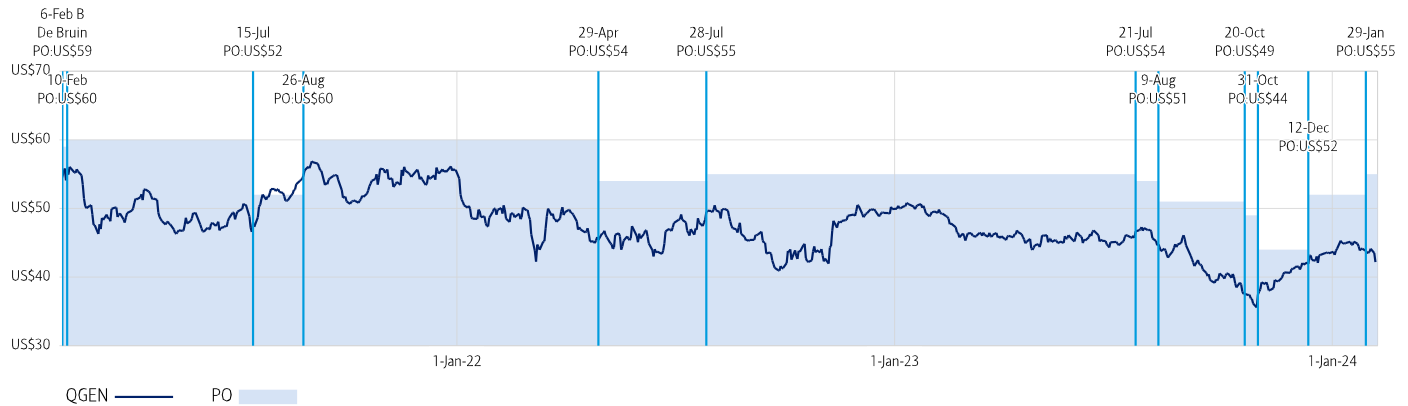
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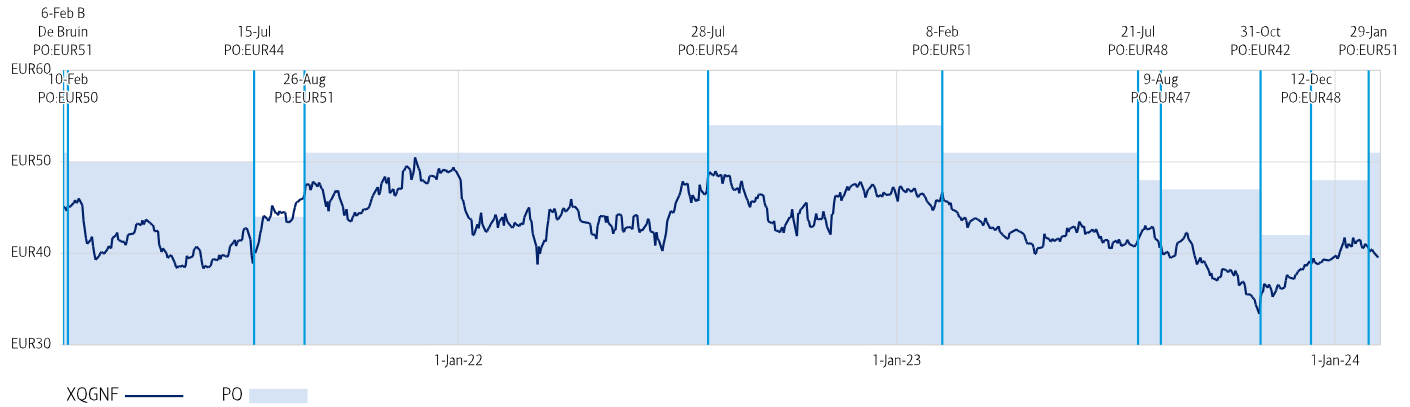
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Qiagen (QGEN) Price Chart



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Qiagen N.V. (XQGNF) Price Chart



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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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