



Bio Rad Laboratories

SMIF STOCK PITCH

About BIO

A market-leading provider of life science products and services with a 55-year history and a global presence.

- \$22 Billion Market Cap
- Primary focus is on life science research and clinical diagnostic products, and it operates via two distinct segments:
 - Life Sciences 47% Q2 2020
 - Clinical Diagnostics 57% Q2 2020
- Produces the majority of revenue in:
 - United States (38%)
 - Europe (33%)
 - Asia (24%)
- Bio's customer base is wide, encompassing
 - Universities
 - Industrial Research Groups
 - Government
 - Pharmaceutical Companies,
 - Food Manufacturers
 - Testing Agencies.

Note about Common Stock

- A Class Common Stock
 - Which means that the common stock outperforms 84% of the stocks in the same industry
 - And a rating of 64, placing it above 64% of all securities.

Strategy

- Sales consist of two main segments:
 - Instruments
 - Lab equipment with high up-front costs
 - Consumables
 - Recurring Products with Low Cost
- Customers typically purchase a small number of instruments but continue to purchase Large quantities of Consumables leading to strong consistent recurring revenue.
- Most of the COVID 19 period sales consist of instruments

Trends

- Sales grew from \$2.1 billion in 2016 to \$2.3 billion in 2019, a 4% CAGR.
- Life Science and Clinical Diagnostics segments These two segments accounted for 38% and 61% of total revenue in 2019, with 7% and 2% CAGRs from 2016 to 2019.
- Analysts expect the business mix to shift as a result of recent Covid-19 disruptions, with the Life Sciences sector continuing to grow faster and acquiring a bigger share of total sales through 2021.

Financials

- Pre-Tax Income Per Share has growth (2016-2019) at a Three Year CAGR of 23%
- Consistent Share Repurchases, Led to Greater Growth in Earnings Compared to Sales
- Due to recent COVID disruptions, Life Sciences are expected to dramatically grow, and capture a greater market.
 - Such change has already started to make way. Q2 2020 LS sales now represent 47% of total revenue, and account for a growing revenue of 19% YoY.

Financials

- The Company has also improved on its operating EBITDA and Free Cash Flow Margins
 - EBITDA margins are now at 20% compared to 14% of 2017
- A reduction in SG&A expenditures has resulted in increased profitability.
 - Supply chain optimization
 - Reduced manufacturing footprint

Ratios & More

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	6/30/2021
FCFF	348.31	211.67	418.69	565.06	669.70	806.91
Current Ratio	3.91	3.93	4.49	2.41	3.39	3.90
Debt To Equity	0.49	0.46	0.40	0.39	0.31	0.30
Cash Ratio	0.97	0.76	0.96	0.73	1.05	1.25
Operating Cash Flow Ratio	0.46	0.21	0.63	0.51	0.91	1.17
Return on Equity	0.01	0.04	0.09	0.31	0.39	0.35
Profit Margin	0.55	0.56	0.54	0.55	0.56	0.57
Operating Profit Margin	6.17%	6.95%	8.25%	10.94%	16.06%	19.98%
Net Profit Margin	1.36%	5.66%	15.97%	76.08%	149.52%	140.48%

EPS

Revenue						EPS					
	Q1	Q2	Q3	Q4	YEAR		Q1	Q2	Q3	Q4	YEAR
2022	E678	E662	E701	E745	E2786	2022	E3.45	E3.49	E2.99	E3.82	E13.75
2021	727	716	E609	E740	E2873	2021	32.38	30.32	E2.50	E3.15	E14.40
2020	572	537	647	790	2546	2020	22.72	32.15	43.64	27.81	126.2
2019	554	573	561	624	2312	2019	28.74	19.86	-8.68	18.32	58.27
2018	552	576	545	617	2289	2018	21.77	8.87	8.89	-27.73	12.1
2017	500	505	534	621	2160	2017	0.41	0.17	0.73	2.74	4.07

Valuation Analysis For BIO. (10/03/2021)



The Future

- The Company is continuing to successfully execute on a long-term business strategy launched in 2017 with the objective of
 - Increasing EBITDA margins
 - Reallocating R&D spending
 - Pursuing attractive acquisitions
 - Returning money to shareholders.

Flexibility

- Following the repayment of maturing debt during 2020. The company now has no funded debt and hence has sufficient flexibility under the rating sensitivities to pursue a more aggressive corporate expansion strategy, including strategic M&A.

Negative Developments

- Was a victim of a cyberattack in December 2019 and was forced to temporarily shut down its services.
- Although vital systems were restored within a few days, the disruption to Bio's operations and capacity to process sales orders via e-commerce channels had a detrimental impact on the company's Life Sciences sales in Asia in Q4, which recovered significantly in H2 2020 due to pent-up demand.