

15th March 2016

Food & Beverages

Campari

Price EUR8.35

Acquisition of Grand Marnier

Fair Value EUR8,4 (+1%)

BUY

Bloomberg	CPR.IM
Reuters	CPR.MI
12-month High / Low (EUR)	8.4 / 6.4
Market Cap (EURm)	4,850
Avg. 6m daily volume (000)	1 705

	1 M	3 M	6 M	31/12/15
Absolute perf.	18.5%	9.3%	20.0%	4.4%
Food & Bev.	4.5%	-0.6%	10.2%	-3.3%
DJ Stoxx 600	10.3%	-1.4%	-2.5%	-5.8%

	2014	2015e	2016e	2017e
P/E	31.5x	27.6x	25.1x	22.0x
Div yield (%)	1.0%	1.1%	1.1%	1.2%

ANALYSIS

- Campari has reached an agreement to acquire the company Société des Produits Marnier Lapostolle (SPML) as follows: 1/ acquisition of 17.19% of the capital owned by the family shareholders and 2/ filing of a tender offer at a price of EUR8,050 per share in cash (i.e. a premium of 60.4% to the current share price) plus an earn-out related to the potential sale of the real estate property in St-Jean-Cap-Ferrat owned by SPML. Excluding the effects of the sale of the real estate property and the related earn-out consideration, the total EV is EUR652m. Based on a pro forma EBITDA of EUR47.4m, the multiple stands at a reasonable 13.7x (sector average: 15.9x).
- Our upgrade to Buy on March 3rd was partly due to the return to an active policy of acquisitions for Campari. SPML will enable the Italian group to strengthen its exposure to the key US spirits market as it generates 60% of its sales in the country. This will also increase the weight of its global priorities brands as the Grand Marnier liquor (85% of the company's sales) should become part of them. Campari said that the deal should have an immediate accretive impact on a pro forma full year basis.

VALUATION

- Based on our current estimates, our Fair Value stands at EUR8.4.

NEXT CATALYSTS

- Conference call at 11am CET

Virginie Roumage, vroumage@bryangarnier.com

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Stock rating

BUY	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.
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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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London	Paris	New York	Geneva	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
Authorised and regulated by the	Financial Conduct Authority (FCA) and		Regulated by the	Fax +91 11 2621 9062
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