

14th June 2016

Food & Beverages

Danone

Price EUR60.47

Danone has revised up its 2016 EBIT guidance

Fair Value EUR70 (+16%)

BUY

ANALYSIS

- This morning, Danone says it now targets 50/60bps LFL improvement in EBIT margin in 2016. Previously, its guidance was for a “solid” improvement, with “solid” meaning higher than in 2015 (+17bps). Our current estimate is for +30bps. The FY objective of organic sales growth between 3% and 5% is unchanged. The group said that given the fast evolving dynamics in some emerging markets, especially China, it is adjusting its pace of line and its investments in these geographies.

VALUATION

- At yesterday's share price, the stock is trading at 20.1x P/E 2016e vs 20.3x for Nestlé and 20.8x for Unilever.

NEXT CATALYSTS

- Conference call at 8h15am CEST
- H1 2016 results due on July 28th

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Bloomberg	BN FP
Reuters	DANO.PA
12-month High / Low (EUR)	66.3 / 53.1
Market Cap (EURm)	39,662
Avg. 6m daily volume (000)	1 541

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.3%	-5.3%	-1.5%	-2.9%
Food & Bev.	-2.2%	-1.7%	-3.9%	-5.3%
DJ Stoxx 600	-2.4%	-4.5%	-8.1%	-10.7%

	2015	2016e	2017e	2018e
P/E	20.6x	20.1x	18.4x	16.7x
Div yield (%)	2.6%	2.7%	3.0%	3.3%

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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