

29th June 2016

Food & Beverages

Danone

Price EUR60.91

In negotiations to acquire an interest in Michel and Augustin

Fair Value EUR71 (+17%)

BUY

ANALYSIS

- Yesterday Danone announced it had entered exclusive negotiations to acquire a minority interest in Michel and Augustin. The project, which remains subject to the consultation of Michel and Augustin's employee representative bodies anticipates a gradual increase in Danone's stake.
- Michel et Augustin generated sales of EUR40m in 2015. The impact at Danone's level would be almost neutral. The company is nevertheless a very interesting target since Michel et Augustin have managed to carve out a solid position in France in just a few years, with a premium portfolio of biscuits, dairy products, fresh desserts and beverages. We assume this has not come without a price. The press release gives no indication on this.

VALUATION

- At yesterday's share price, the stock is trading at 20.1x P/E 2016e vs 21.0 for Nestlé and 21.3x for Unilever.

NEXT CATALYSTS

- H1 2016 results due on 28th July

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Bloomberg	BN FP
Reuters	DANO.PA
12-month High / Low (EUR)	66.3 / 53.1
Market Cap (EUR)	39,950
Avg. 6m daily volume (000)	1 605

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.5%	-1.8%	-2.2%	-2.2%
Food & Bev.	-3.7%	-0.3%	-4.1%	-4.5%
DJ Stoxx 600	-9.4%	-5.5%	-13.1%	-13.4%

	2015	2016e	2017e	2018e
P/E	20.8x	20.1x	18.3x	16.6x
Div yield (%)	2.6%	2.7%	3.0%	3.3%



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BUY ratings 57,1%

NEUTRAL ratings 33,3%

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