

## Sector View

## Food industry

	1 M	3 M	6 M	31/12/15
Food & Bev.	-2.3%	-1.7%	-4.6%	-5.4%
DJ Stoxx 600	-3.3%	-5.1%	-10.0%	-11.5%

\*Stoxx Sector Indices

## Companies covered

DANONE	BUY	EUR71
NESTLE	BUY	CHF80
UNILEVER	NEUTRAL	EUR43
UNILEVER Plc	NEUTRAL	3350p

## What Mead Johnson said at the DB conference?

Yesterday, Mead Johnson attended the DB conference in Paris. The transcript has been released and we think that it provides useful hindsight for baby food players, including Danone which generates 22% of sales and 33% of EBIT in the category.

## ANALYSIS

- Yesterday, Mead Johnson attended the DB conference. Our main takeaways are:
  1. **Slowdown of the market.** Management said that while the category was growing 6-7% five years ago, the growth should not exceed 4-5% over the coming five-year period. This results from a deceleration in China.
  2. **Tightening regulation in China.** Management mentioned 1/ tax hikes covering cross border e-commerce and 2/ a tightening of product testing recently. He also indicated that more regulations will come into play over the next 18 months and the full new regulatory framework will be completed before the beginning of 2018.

## NEXT CATALYSTS

- Danone will release its H1 results on July 28<sup>th</sup>

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Virginie Roumage, [vroumage@bryangarnier.com](mailto:vroumage@bryangarnier.com)

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
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	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
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