

20th September 2016

Food & Beverages

Unilever

Price EUR40.81

Acquisition of Seventh Generation

Fair Value EUR43 (+5%) UNILEVER PLC 3590p

NEUTRAL

ANALYSIS

- **Unilever has announced the acquisition of Seventh Generation, which specialises in “natural” home care and personal products in North America.** Seventh Generation’s turnover exceeded USD200m in 2015 (ie 0.3% of Unilever’s sales) and have grown >10% over the last ten years. The terms of the deal were not disclosed, but a price of USD700m has been mentioned.
- **This acquisition is in line with the group’s informal objective to reduce its exposure to Foods/Refreshments and generate 70% of sales in Personal Care and Home Care products by 2020.** These two categories currently contribute 57% of the group’s sales against 49% in 2010. Between 2010 and 2015, growth in Personal Care and Home Care products was more than twice that of Foods/Refreshments. **Over the past few months, Unilever has announced the acquisition of Dollar Shave Club (male grooming) and Blueair (air purifier).**
- This deal comes just days after Unilever was rumoured to be in talks with the rival of Seventh Generation, The Honest Co, which was founded by Mrs Jessica Alba. It is still unclear if the group would like to continue the negotiations with the intention to corner the market.

VALUATION

- At yesterday’s share price, the stock is trading at 21.9x P/E 2016e and 20.0x P/E 2017e, respectively +1% and -1% vs the peer average.

NEXT CATALYSTS

- Unilever will publish its Q3 sales on October 13th

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Bloomberg	UNA NA
Reuters	UNC.AS
12-month High / Low (EUR)	42.9 / 33.9
Market Cap (EUR)	103,110
Avg. 6m daily volume (000)	3 975

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.7%	7.0%	3.0%	1.7%
Food & Bev.	-1.5%	5.2%	2.6%	-1.0%
DJ Stoxx 600	0.3%	4.8%	-0.1%	-6.7%

	2015	2016e	2017e	2018e
P/E	22.4x	21.9x	20.0x	18.4x
Div yield (%)	3.0%	3.2%	3.5%	3.7%



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NEUTRAL ratings 33,1%

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