

27th October 2016

Food & Beverages

Rémy Cointreau

Price EUR74.40

Plan to acquire *Domaine des Hautes Glaces*

Fair Value EUR84 (+13%)

BUY-Top Picks

Bloomberg	RCO FP
Reuters	RCOP.PA
12-month High / Low (EUR)	80.4 / 58.1
Market Cap (EURm)	3,697
Avg. 6m daily volume (000)	88.80

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.7%	-3.0%	0.3%	12.7%
Food & Bev.	-3.8%	-5.4%	-1.5%	-4.2%
DJ Stoxx 600	0.5%	0.1%	-1.6%	-6.6%
	03/16	03/17e	03/18e	03/19e
P/E	32.8x	30.0x	25.5x	22.4x
Div yield (%)	2.2%	2.2%	2.2%	2.2%

ANALYSIS

- This morning Rémy Cointreau has announced it has entered into exclusive negotiations to acquire the *Domaine des Hautes Glaces* distillery. This company was created in 2009 and produces organic single malt whiskies using renewable and local energy. The price per bottle is between EUR65 and EUR150, in line with the group's strategy.
- This strategy is for exceptional spirits (> USD50) to account for 60-65% of the total sales in 2019/20 vs 49% currently. Consequently, the portfolio is evolving. In October 2015, Rémy Cointreau offloaded the Izarra brand (Basque liqueur) and in October 2016 it formed a joint-venture for Passoa with Luca Bols. Regarding acquisitions, the group has set several criteria: 1/ a retail price higher than USD50 per bottle, 2/ a strong heritage, 3/ a wide distribution network, and 4/ a transaction price lower than EUR60m.

VALUATION

- Our DCF points to a Fair Value of EUR84.

NEXT CATALYSTS

- The group will release its H1 2016/17 results on November 24th

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