

INDEPENDENT RESEARCH
UPDATE

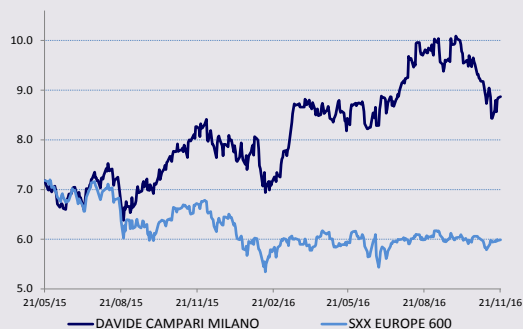
23 novembre 2016

Agro-Alimentaire & Boissons

Bloomberg	CPR IM
Reuters	CPR.MI
+Haut /+Bas 12 mois (EUR)	10,1 / 6,9
Capitalisation Boursière (MEUR)	5 152
Valeur d'Entreprise	6 453
Volume moyen 6 mois (000 actions)	1 209
Flottant	49,0%
TMVA BPA (3 ans)	15,4%
Gearing (12/15)	47%
Rendement (12/16e)	1,01%

Fin Décembre	12/15	12/16e	12/17e	12/18e
C. d'affaires (MEUR)	1 657	1 730	1 917	2 020
EBIT(MEUR)	332,70	355,23	410,04	442,37
BPA Publié (EUR)	0,32	0,35	0,45	0,49
BPA dilué (EUR)	0,32	0,35	0,45	0,49
EV/CA	3,61x	3,73x	3,27x	3,00x
EV/EBITDA	15,7x	15,9x	13,4x	12,1x
EV/EBIT	18,0x	18,2x	15,3x	13,7x
P/E	27,6x	25,0x	19,5x	18,0x
ROCE	7,0	6,7	10,3	11,1

Cours et données arrêtés au 21 novembre



Campari

Spécialités italiennes

Fair Value 10,7EUR (cours 8,87EUR)

ACHAT

Campari continue d'être une de nos valeurs de spiritueux favorites. Non seulement le groupe bénéficie d'un portefeuille bien en phase avec les Y mais sa situation financière pourrait également lui permettre de mener de nouvelles acquisitions à partir de 2017. Nous maintenons notre recommandation à l'Achat et notre Fair Value de 10,7EUR.

■ **Un portefeuille bien positionné.** Nous calculons que 39% des ventes de Campari sont en adéquation avec les goûts de la génération du Millénaire. Cette dernière est à l'origine de la renaissance des amers qui représentent 30% des ventes de la société italienne. Campari et Apérol sont ses deux marques phares. Leurs ventes ont progressé de respectivement 6,1% et 11,8% en 2015 et la tendance s'est accélérée sur les neuf premiers mois de l'année 2016, avec une croissance respective de 8,1% et 19,3%. En outre, Campari est également le seul groupe à disposer d'une marque de bourbon de taille significative (7% de son CA total), ce qui lui confère un avantage clef aux Etats-Unis. Wild Turkey y a enregistré une croissance de ses ventes de 7,3% au 9M, globalement en ligne avec 2015 (+7,6%), mais nettement au-dessus du marché des spiritueux (+4%).

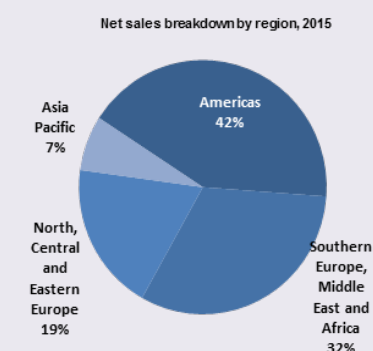
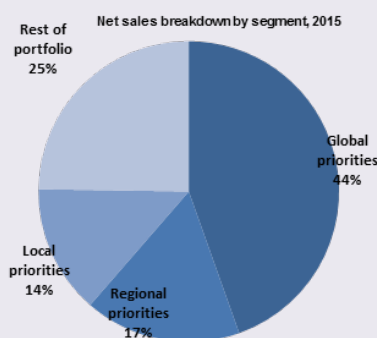
■ **D'autres acquisitions sont à venir.** Campari a toujours eu pour stratégie de générer la moitié de sa croissance via des acquisitions. Nous pensons que le groupe ne souhaite pas dépasser un ratio de dette nette/EBITDA de 3,5x. Il est donc aujourd'hui relativement contraint par l'acquisition de SPML. Nous estimons que la dette nette devrait atteindre 1 302MEUR à la fin 2016, soit un ratio de dette nette/EBITDA de 3,2x. La marge de manœuvre s'accroît en 2017 et 2018. Nous calculons que Campari est en mesure d'acquiescer une cible d'une taille maximum en termes de ventes de 100MEUR la première année et de 300MEUR la seconde.

■ **Achat; Fair Value: 10,7EUR.** Nous maintenons notre recommandation à l'Achat et notre Fair Value de 10,7EUR. Sur les trois derniers mois, le titre a sous-performé le DJ Stoxx de 9%. Au cours d'avant-hier soir, il traite sur un EV/EBIT 2017e de 15.3x, 8% en-dessous de ses pairs.



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Activités

Fondé en 1860, Campari figure à la sixième place de l'industrie mondiale des spiritueux. Le groupe possède plus de 50 marques, aussi bien de spiritueux (son cœur de métier) que de vins et de boissons non-alcoolisées. Ses marques de renommée internationale sont Aperol, Campari, Appleton, Cinzano, SKYY vodka et Wild Turkey.

Simplified Profit & Loss Account (€m)	2013	2014	2015	2016e	2017e	2018e
Net revenues	1 524	1 560	1 657	1 730	1 917	2 020
Change (%)	13,7%	2,4%	6,2%	4,4%	10,8%	5,4%
Gross profit after distribution costs	810	832	917	993	1 104	1 167
Contribution after A&P	561	571	631	684	765	810
EBITDA	339	338	380	407	468	503
Result from recurring operations	300	298	333	355	410	442
Change (%)	-1,6%	-0,5%	11,6%	6,8%	15,4%	7,9%
Net financial income (charges)	-58,9	-60,3	-60,0	-83,0	-35,0	-35,0
Profit before taxes and non-controlling interests	230	194	249	272	375	407
Tax	-79,8	-64,6	-73,4	-73,3	-113	-122
Net profit	151	130	176	171	263	285
Minority interests	-0,60	-0,60	-0,60	0,0	0,0	0,0
Group net profit	150	129	175	171	263	285
Change (%)	-4,3%	-13,9%	36,0%	-2,5%	53,6%	8,6%

Cash Flow Statement (€m)	2013	2014	2015	2016e	2017e	2018e
Operating cash flows	257	290	315	334	389	426
Change in working capital	-36,0	-6,9	-9,6	-23,5	-15,3	-10,7
Capex, net	-58,9	-47,9	-49,1	-49,1	-57,5	-60,6
Financial investments, net	-55,9	-57,5	-56,3	-83,0	-35,0	-35,0
Dividends	-39,8	-46,1	-45,7	-52,0	-52,0	-57,8
Other	-49,1	-21,3	-24,5	-130	-50,0	-50,0
Net debt	853	978	826	1 302	1 122	911
Free Cash flow	106	178	200	178	282	319

Balance Sheet (€m)	2013	2014	2015	2016e	2017e	2018e
Tangible fixed assets	397	436	445	446	442	434
Intangibles assets	1 582	1 872	1 932	1 932	1 932	1 932
Cash & equivalents	444	231	844	339	518	558
current assets	1 258	1 088	1 746	1 276	1 501	1 576
Other assets	65,3	119	101	1 109	1 109	1 109
Total assets	3 303	3 515	4 224	4 763	4 984	5 052
L & ST Debt	1 342	1 267	1 781	2 319	2 319	2 147
Others liabilities	564	667	687	575	677	712
Shareholders' funds	1 396	1 580	1 746	1 869	1 988	2 193
Total Liabilities	1 906	1 933	2 468	2 894	2 996	2 859
Capital employed	2 120	2 444	2 510	2 533	2 548	2 559

Ratios	2013	2014	2015	2016e	2017e	2018e
Gross margin	53,17	53,31	55,35	57,41	57,60	57,80
A&P as % of sales	16,35	16,72	17,28	17,90	17,70	17,70
Contribution after A&P as % of sales	36,82	36,60	38,07	39,51	39,90	40,10
Result from recurring operations	19,66	19,12	20,08	20,53	21,39	21,90
Tax rate	34,65	38,35	29,43	26,91	30,00	30,00
Net margin	9,84	8,27	10,59	9,88	13,70	14,12
ROE (after tax)	10,78	8,20	10,08	9,15	13,21	13,00
ROCE (after tax)	7,10	5,30	7,01	6,75	10,30	11,14
Gearing	61,08	61,93	47,31	69,64	56,45	41,52
Pay out ratio	32,00	30,17	28,00	25,37	22,02	20,27
Number of shares, diluted	590 855	582 346	578 055	578 055	578 055	578 055

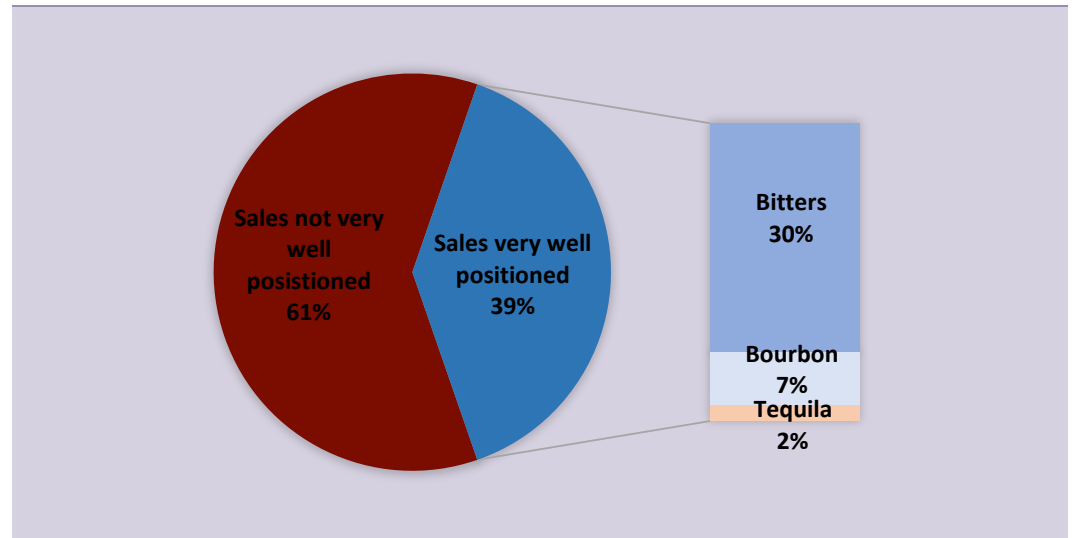
Data per Share (€)	2013	2014	2015	2016e	2017e	2018e
Basic EPS	0,26	0,27	0,32	0,35	0,45	0,49
Diluted EPS	0,25	0,27	0,32	0,35	0,45	0,49
% change	-7,4%	6,1%	21,2%	10,4%	28,0%	8,6%
BVPS	2,36	2,71	3,02	3,23	3,44	3,79
Operating cash flows	0,43	0,50	0,54	0,58	0,67	0,74
Free Cash Flow	0,18	0,31	0,35	0,31	0,49	0,55
Net dividend	0,08	0,08	0,09	0,09	0,10	0,10

Source: Company Data; Bryan, Garnier & Co ests.

1. 39% du portefeuille est bien positionné

Nous calculons que 39% des ventes de Campari sont en adéquation avec les goûts de la génération du Millénaire. Cette dernière est à l'origine de la renaissance des amers qui représentent 30% des ventes de la société italienne. Elle favorise également le bourbon et la tequila qui comptent pour respectivement 7% et 2% du CA.

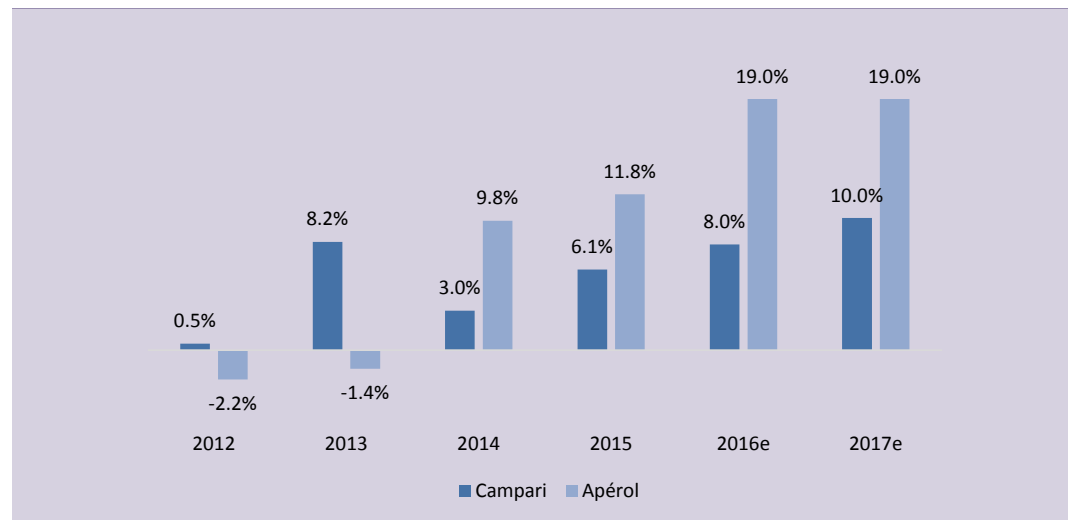
Fig. 1: Le portefeuille de Campari (% de ventes groupe)



Source: Campari, Bryan, Garnier & Co

Campari génère 30% de ses ventes sur les amers. Campari et Apérol sont les deux marques d'amers phares du groupe, représentant chacune 10% du CA. Leurs ventes ont progressé de respectivement 6,1% et 11,8% en 2015 et la tendance s'est accélérée sur les neuf premiers mois de l'année 2016, avec une croissance respective de 8,1% et 19,3%.

Fig. 2: Croissance organique des ventes de Campari et d'Apérol



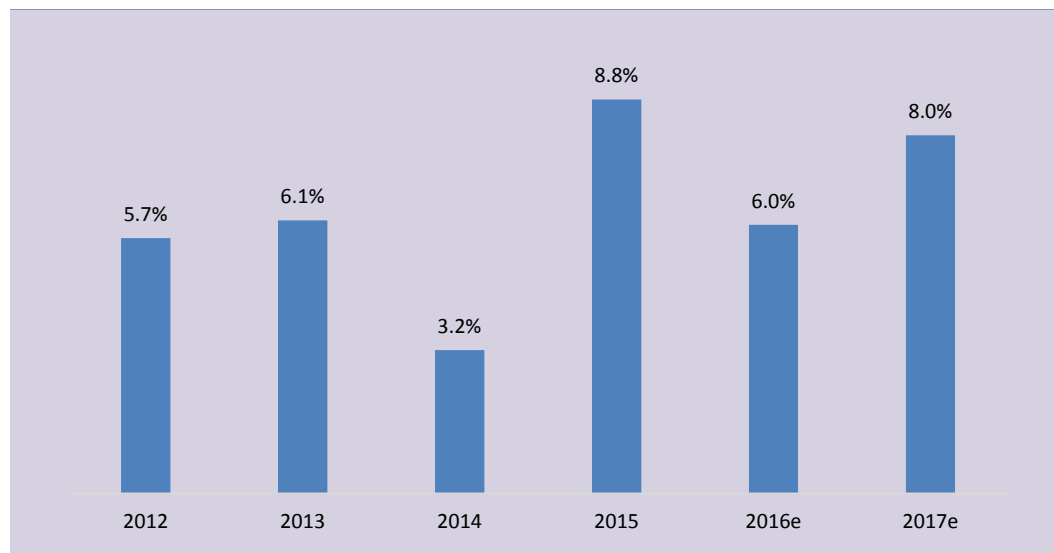
Source: Campari, Bryan, Garnier & Co

Les marchés historiques de Campari et Apérol s'améliorent après plusieurs années difficiles. En Allemagne, Aperol a connu un très grand succès mais au T4 2011 ses ventes ont commencé à décliner, phénomène qui s'est poursuivi sur 2012 et 2013. C'est principalement dû à la concurrence des copies et notamment du Hugo fabriqué à partir de baie de sureau. Les ventes d'Apérol se sont finalement stabilisées en 2015 avant de croître de 13,7% sur les neuf premiers mois de l'année 2016. En Italie, Campari et Apérol ont affiché des croissances respectives de 9,5% et 5,7% au 9M. C'est une nette accélération par rapport à une année 2015 marquée par des progressions de 2,9% et 4,8%, respectivement.

Campari et Aperol connaissent également une croissance exponentielle sur des nouveaux marchés. Aux Etats-Unis, Campari et Apérol ont crû à trois chiffres pendant plusieurs années pour finalement représenter 25% du CA de la société italienne dans le pays. La mode des cocktails classiques a conduit à un engouement pour la catégorie des amers. Campari a ainsi fortement bénéficié de l'intérêt pour le Negroni. Mais l'Apérol Spritz est en train de percer. Les ventes d'Apérol aux Etats-Unis ont ainsi crû de 42% en organique sur les 9M. La marque progresse également très fortement en Europe: en 2015, +96% en France, +119% en Espagne et +233% au Royaume-Uni

Campari est également le seul de nos groupes à disposer d'une marque de bourbon de taille significative (7% de son CA total), ce qui lui confère un avantage sur le marché clef des Etats-Unis. Sa marque Wild Turkey y a enregistré une croissance de 7,3% sur les 9M, globalement en ligne avec 2015 (+7,6%), mais nettement au-dessus du marché des spiritueux (+4%). Nous estimons qu'au niveau mondial les ventes de la marque devraient progresser de 6% en 2016 et de 8% en 2017 sur une base organique.

Fig. 3: Croissance organique des ventes de Wild Turkey



Source: Campari, Bryan, Garnier & Co

Les Millénaires apprécient l'authenticité de la tequila. Campari possède la marque Espolon qui représente 2% du CA total. Elle a enregistré une croissance des ventes de 35% en 2015 et de 43% sur les neuf premiers mois de l'année 2016.

2. D'autres acquisitions sont à venir

Campari a toujours eu pour stratégie de générer la moitié de sa croissance via des acquisitions. La dernière en date est celle de SPML en mars 2016. Le principal objectif de cette acquisition était d'augmenter le poids des Etats-Unis de 22% à 25% du CA. Cette transaction est relative, rajoutant 0,7 point à la marge d'EBITDA 2015 de Campari.

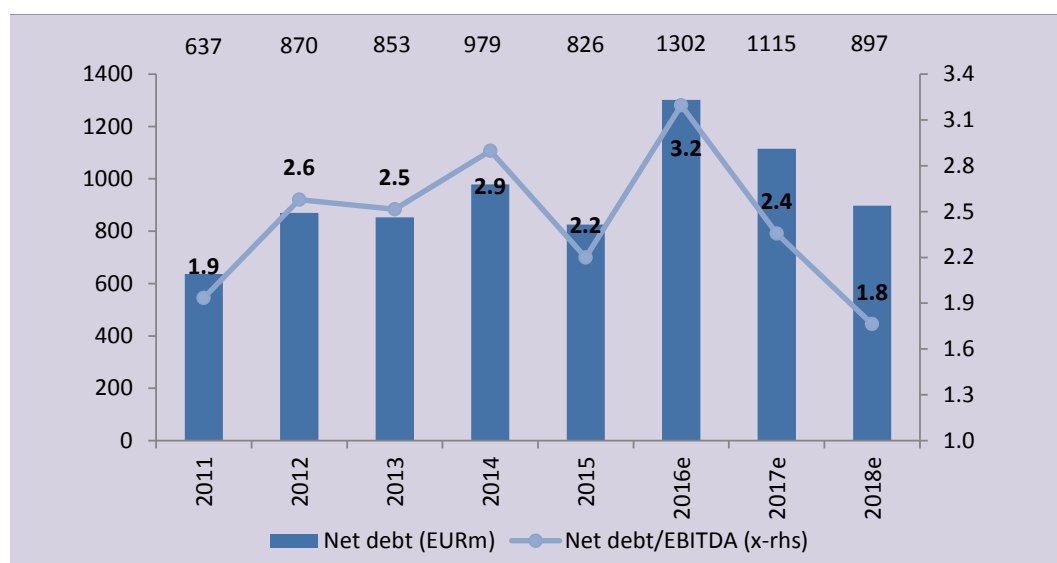
Fig. 4: Les acquisitions du groupe et leurs objectifs

Year	Target	Rationale
2001	Skyy Spirits	Exposure to the US and to the vodka category
2003	Barbero 1891 (Aperol)	Exposure to a medium-alcoholic content spirit (Aperol)
2005	Glen Grant, Braemar brands, Old Smuggler	Exposure to the whisk(e)y category
2007	Cabo Wabo Tequila	Strengthened presence in the US and exposure to tequila
2008	Destiladora San Nicolas	Access to the Mexican market
2009	Wild Turkey	Presence in the bourbon category and basis for its own distribution platform in Australia
2010	Carolans, Frangelico, Irish Mist	Strengthened presence in the US
2011	Sagatiba	Exposure to cachaça and Brazil
2012	Lascelles deMercado	Exposure to rum
2014	Forty Creek Distillery	Exposure to Canadian whisky
2014	Fratelli Averna	Increased critical mass in Central Europe
2016	SPML	Increased critical mass and exposure to on-trade in the US

Source: Campari, Bryan, Garnier & Co

Nous pensons que la société italienne ne souhaite pas dépasser un ratio de dette nette/EBITDA de 3,5x. Elle est donc aujourd'hui relativement contrainte par l'acquisition de SPML. Nous estimons que la dette nette devrait atteindre 1 302MEUR à la fin 2016, soit un ratio de dette nette/EBITDA de 3,2x. Il devrait baisser à 2,4x en 2017, permettant au groupe de revenir à une politique d'acquisitions active.

Fig. 5: La dette nette de Campari



Source: Campari, Bryan, Garnier & Co

La simulation suivante qui ne prend pas en compte d'éventuelles synergies ou des acquisitions sur les segments du vins et des boissons non-alcoolisées montre que les scénarios permettant à Campari de ne pas dépasser un ratio de dette nette/EBITDA de 3,5x sont le 1 et 2 en 2017 et le 1,2, 3 et 4 en 2018. **Le groupe peut donc acquérir une cible d'une taille maximum en termes de ventes de 100MEUR la première année et de 300MEUR la seconde.**

Fig. 6: Simulation de la capacité d'endettement du groupe

EURm	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Assumption of sales	50	100	200	300	400
Average EBITDA margin	25%	25%	25%	25%	25%
EBITDA	12.5	25	50	75	100
2017e					
Sector's average 2016e EV/sales	3.8x				
EV of the target	190	380	760	1140	1520
Net debt (EV of the target + Campari's net debt)	1305	1495	1875	2255	2635
Consolidated EBITDA	486	498	523	548	573
Net debt/EBITDA (x)	2.7	3.0	3.6	4.1	4.6
2018e					
Sector's average 2017e EV/sales	3.5x				
EV of the target	175	350	700	1050	1400
Net debt (EV of the target + Campari's net debt)	1072	1247	1597	1947	2297
Consolidated EBITDA	522	534	559	584	609
Net debt/EBITDA (x)	2.1	2.3	2.9	3.3	3.8

Source: Campari, Bryan, Garnier & Co

Quelles seraient les cibles? Campari a toujours cherché à acquérir des marques qui rentraient dans une des deux catégories:

- Les bijoux cachés, c'est-à-dire des marques qui existent depuis longtemps mais qui sont sous-investies par leurs propriétaires actuels
- Les étoiles montantes qui sont en très forte croissance mais n'ont pas encore atteint leur plein potentiel, que ce soit en termes de couverture géographique ou de reconnaissance de la marque

3. Estimations

Nous estimons une croissance organique des ventes de 5,4% en 2016 qui fait suite à une progression de 3% en 2015. Cette accélération est permise par les marques globales prioritaires qui sont attendues en hausse de 8,5% en 2016 (+6,1% en 2015). SPML est consolidé depuis juillet 2016.

Fig. 7: Ventes

EURm	2015	2016e	2017e	2018e
Group				
Sales	1657	1730	1917	2020
% reported	6.2%	4.4%	10.8%	5.4%
% perimeter	-1.0%	2.0%	4.3%	0.0%
% FX	4.1%	-2.9%	1.1%	0.0%
% organic	3.0%	5.4%	5.4%	5.4%
Americas				
Sales	702	721	811	853
% reported	14.3%	2.8%	12.5%	5.2%
% organic	7.0%	3.2%	4.7%	5.0%
Southern Europe, Middle East and Africa				
Sales	525	542	594	625
% reported	4.0%	3.2%	9.6%	5.2%
% organic	1.9%	3.7%	4.5%	5.2%
North, Central and Eastern Europe				
Sales	314	347	379	401
% reported	-5.6%	10.5%	9.2%	5.8%
% organic	-3.7%	13.0%	8.0%	6.0%
Asia Pacific				
Sales	116	120	133	141
% reported	7.2%	3.7%	10.8%	6.0%
% organic	6.4%	5.4%	6.0%	6.0%

Source: Campari, Bryan, Garnier & Co

La progression de la marge sur les trois prochaines années devraient être tirée par un mix positif provenant de la plus forte croissance des marques globales prioritaires dont la marge brute atteint 70% contre 55% pour la moyenne du groupe. Sur le S2 2016 et le S1 2017, ce mix positif devrait être en partie compensé par une hausse des frais de publicité et surtout de structure, lesquels sont liés à la mise en place d'une filiale en Afrique du Sud et au renforcement des capacités commerciales dans le CHR aux Etats-Unis.

Fig. 8: Résultat opérationnel courant

EURm	2015	2016e	2017e	2018e
Group				
EBIT	333	355	410	442
% reported	11.6%	6.8%	15.5%	7.8%
Margin	20.1%	20.5%	21.4%	21.9%
Variation in bps	97	45	86	51
Americas				
EBIT	135	135	160	173
% reported	33.3%	-0.6%	18.5%	8.1%
Margin	19.3%	18.7%	19.8%	20.4%
Variation in bps	280	-64	118	57
Southern Europe, Middle East and Africa				
EBIT	100	108	125	136
% reported	2.5%	8.6%	15.6%	8.5%
Margin	18.9%	19.9%	21.0%	21.7%
Variation in bps	-30	99	106	66
North, Central and Eastern Europe				
EBIT	82	99	110	117
% reported	-4.4%	21.7%	10.4%	7.0%
Margin	26.0%	28.6%	28.9%	29.1%
Variation in bps	30	262	26	27
Asia Pacific				
EBIT	16	13	15	16
% reported	13.4%	-17.5%	13.2%	8.0%
Margin	13.9%	11.0%	11.2%	11.4%
Variation in bps	80	-283	20	16

Source: Campari, Bryan, Garnier & Co

4. Valorisation

Fig. 9: DCF (1/2)

EURm	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e
Sales	1 917	2 020	2 128	2 242	2 363	2 473	2 572	2 658	2 728	2 781
% change	12.1%	5.4%	5.4%	5.4%	5.4%	4.7%	4.0%	3.3%	2.6%	2.0%
EBIT	410	442	472	504	538	564	586	606	622	634
EBIT margin	21.4%	21.9%	22.2%	22.5%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%
-income taxes	-114	-124	-128	-136	-145	-152	-158	-164	-168	-171
+depreciation	58	61	65	68	72	75	78	81	83	84
as % of sales	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
+change in WC	-12	-10	-21	-22	-24	-25	-26	-27	-27	-28
as % of sales	-0.6%	-0.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Operating cash flows	342	369	388	414	441	462	480	496	509	519
-capex	-58	-61	-65	-68	-72	-75	-78	-81	-83	-84
as % of sales	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%
Free cash flow	284	308	323	346	369	387	402	416	427	435
Discount coefficient	0.94	0.88	0.82	0.77	0.72	0.68	0.64	0.60	0.56	0.52
Discounted FCF	266	270	266	267	267	262	256	248	238	228

Fig. 10: DCF (2/2)

Sum of discounted cash flows	2 568
+Terminal Value	4952
+Financial assets	10
-Net debt	-1 302
-Minorities	-0.3
-Provisions	-22
Equity Value	6 206
Number of shares (m)	578
Fair Value (EUR)	10.7

Source of all tabs: Campari, Bryan, Garnier & Co

Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
SELL	Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

Distribution of stock ratings

BUY ratings 56,1%

NEUTRAL ratings 32,5%

SELL ratings 11,5%

Research Disclosure Legend

1	Bryan Garnier shareholding in Issuer	Bryan Garnier & Co Limited or another company in its group (together, the "Bryan Garnier Group") has a shareholding that, individually or combined, exceeds 5% of the paid up and issued share capital of a company that is the subject of this Report (the "Issuer").	No
2	Issuer shareholding in Bryan Garnier	The Issuer has a shareholding that exceeds 5% of the paid up and issued share capital of one or more members of the Bryan Garnier Group.	No
3	Financial interest	A member of the Bryan Garnier Group holds one or more financial interests in relation to the Issuer which are significant in relation to this report	No
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