

3rd November 2016

Luxury & Consumer Goods

Beiersdorf

Price EUR78.50

Q3 sales grew 2.9%, in line with H1. FY 2016 Margin guidance increased

Fair Value EUR80 (+2%)

NEUTRAL

Bloomberg	BEI.GY
Reuters	BEIG.DE
12-month High / Low (EUR)	90.0 / 76.6
Market Cap (EURm)	17,804
Avg. 6m daily volume (000)	0.60

	1 M	3 M	6 M	31/12/15
Absolute perf.	-7.0%	-7.4%	0.0%	-7.4%
Pers & H/H				
Gds	-4.6%	-4.6%	-1.5%	-2.7%
DJ Stoxx 600	-3.3%	-1.2%	-2.8%	-9.4%
	2015	2016e	2017e	2018e
P/E	27.0x	26.2x	24.5x	23.0x
Div yield (%)	0.9%	1.0%	1.0%	1.0%

ANALYSIS

- Over 9m, the German group reported a 2.9% organic revenue increase to EUR5.03bn (consensus: EUR5bn). This implies a 2.9% organic sales increase in Q3 alone (consensus: +2.5%), following +3.3% in Q2 and +2.8% in H1. **Consumer branch** business (82% of group sales) achieved a 2.8% organic sales increase after +3.3% in Q2. In **Europe**, Consumer sales grew 1.6% over 9m (+2.4% in H1), implying a slowdown in Q3 (stability), partly due to tough comps and in the **Americas**, momentum remained well oriented and even accelerated with a 3.0% increase over 9m (+1.5% in H1). Lastly, in **Asia**, revenues increased 6.1% over 9m in line with the +6.3% in H1. Nivea sales grew 3.6% on 9m. **Tesa** sales grew 1.2% over 9m, implying a 3.2% growth in Q3 alone.
- Management's guidance for 2016 remains unchanged for sales performance and still anticipates a 3-4% organic sales increase both for the Consumer branch and the group. On the other hand, management now expects a "significant" EBIT margin increase for both the group and the Consumer branch vs "slight" previously. The consensus expects a 50bp profitability improvement at 14.9% versus 14.4% in 2015.

VALUATION

- We are making no change to our Neutral recommendation with a EUR80 Fair Value.

NEXT CATALYSTS

- FY 2016 sales to be reported mid-January 2017.

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