

19th December 2016

Food & Beverages

Danone

Price EUR61.24

Danone revises its 2016 guidance on dairy

Fair Value EUR71 (+16%)

NEUTRAL

ANALYSIS

- This morning, Danone has revised its guidance for 2016. LFL sales are now expected to grow slightly below 3% vs in the range of 3-5% previously. The company indicated that in the fourth quarter dairy performance was below expectations due to deteriorated market conditions in Spain and weak results of Activia following its relaunch. However, the EBIT margin increase was adjusted upwards in LFL from 50-60bps to >50-60bps.

VALUATION

- We maintain our Neutral recommendation. We make no changes to our estimates before the conference call at 8h30 am CET. Our Fair Value remains unchanged at EUR71.

NEXT CATALYST

- Danone will release its 2016 results on 15th February

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Bloomberg	BN FP
Reuters	DANO.PA
12-month High / Low (EUR)	70.3 / 58.0
Market Cap (EURm)	40,167
Avg. 6m daily volume (000)	1 726

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.5%	-4.2%	1.6%	-1.7%
Food & Bev.	3.8%	-4.7%	-0.7%	-6.3%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%

	2015	2016e	2017e	2018e
P/E	20.9x	20.0x	17.9x	16.2x
Div yield (%)	2.6%	2.7%	3.1%	3.4%

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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