

2nd December 2016

Food & Beverages

Rémy Cointreau

Price EUR77.31

Acquisition of Westland American single malt whiskey

Fair Value EUR85 (+10%)

BUY-Top Picks

Bloomberg	RCO FP
Reuters	RCOP.PA
12-month High / Low (EUR)	80.4 / 58.1
Market Cap (EURm)	3,842
Avg. 6m daily volume (000)	96.50

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.4%	-0.5%	1.4%	17.1%
Food & Bev.	-5.5%	-11.1%	-9.7%	-11.2%
DJ Stoxx 600	1.6%	-0.8%	-0.9%	-6.8%
	03/16	03/17e	03/18e	03/19e
P/E	34.1x	31.6x	27.3x	23.5x
Div yield (%)	2.1%	2.1%	2.1%	2.1%

ANALYSIS

- Yesterday Rémy Cointreau announced the acquisition of Westland American Single Malt Whiskey for an undisclosed sum. This craft company produces high-end single malt whiskey, in a price range of between USD70 and USD125. The three flagship products are American Single Malt Whiskey, Peated American Single Malt Whiskey and Sherry Wood American Single Malt Whiskey. The transaction is expected to close before the end of the year.
- We see this acquisition as further proof that Rémy Cointreau is completely committed to reaching its 2019/20 strategic objective, which is for exceptional spirits (retail price per bottle higher than USD50) to represent 60-65% of its total sales (49% in 2015/16). The group's portfolio has evolved quickly over the past few months, with the decisions to form a joint-venture for the Passoa brand with Luca Bols and to acquire Domaine des Hautes Glaces (craft whisky based in the Alps). We have always seen whiskies as one of the favourite group's targets, along with champagne and tequila/mezcal. The acquisition of Westland enables the company to strengthen its exposure to the fast-growing single malt segment.

VALUATION

- We maintain our Buy recommendation and our Fair Value of EUR85.

NEXT CATALYSTS

- Pernod Ricard will hold a conference call on the Americas on 6th December that should provide data on the US spirits market.

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