

Breaking News

Vilmorin

Food products

France

Newsflow

Recommendation	Buy (1)
Price (20/05/2008)	123.89 EUR
Target price	116.50 EUR

Reuter:

VILM.PA

Bloomberg:

RIN FP

Multiples

	06/07	06/08e	06/09e	06/10e
P/E	17.0	28.1	25.4	23.0
Net. yield (%)	2.4%	1.5%	1.7%	1.9%
FCF yield (%)	2.2%	3.7%	3.1%	3.8%
EV/Sales	1.4	2.2	2.1	2.0
EV/EBITDA	8.4	10.5	9.9	9.1
EV/EBIT(recur)	16.4	18.6	17.6	16.0

Per share data

EUR	06/07	06/08e	06/09e	06/10e
EPS (AANP)	4.09	4.40	4.87	5.39
%Change	2.3%	7.5%	10.7%	10.7%
EPS (ANP)	4.09	4.55	4.87	5.39
%Change	-10.6%	11.2%	7.0%	10.7%
Dividend	1.66	1.87	2.05	2.32
Book value	45.43	48.32	51.33	54.67

Sale of retail activity

Vilmorin has released details of the sale of its retail activity.

With regards to the principal French subsidiary Oxadis and the Polish subsidiary CNOC Vilmorin, the group is finalising details of the sale to the private seed and horticultural group Plan SAS (sales of €47m), for a total enterprise value of €60m. The divestment should be completed by 30 June 2008. The group is expect to divest the Oxadis business and its retail brands (i.e. Vita etc.) but the professional seeds divisions (Vilmorin, Clause etc.) will remain the property of Vilmorin and be subject to licence contracts.

The sale price (EV of €60m) is in line with our expectations i.e., 0,6x sales (around €100-105m) and 7-7.5x Ebit.

Negotiations for the sale of Flora Frey and Sperling (sales of €14m) are also well advanced and we have just learned that the divestment could take place as early as 30 June 2008 vs. the recent indication (during a visit to the site in Israel in early May), of December 2008.

Lastly, the UK subsidiary (Sutton Seeds, €25m) has had several offers and its sale is planned for the end of the year.

We had expected a total sale price of close to €90m, which is probably too ambitious. Oxadis' sale for €60m is a significant deal for the group. We estimate a sale price to be in the region of €70-80m.

Buy (1) recommendation confirmed and we will probably raise the target price in the near future.

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