

Study

The IAA 80 reflects outperformance of European agri-food stocks



Over the long term, European listed agri-food stocks clearly outperform the European market. Over the last ten years, the IAA 80* gained 6.1% per year on average compared with negative stability of -0.3% for the European market represented by the MSCI Europe index**, which has not yet recouped the losses caused by the 2008 financial crisis. Year after year, underpinned by the growth of its stocks and their increased profitability, the IAA 80 has systematically widened the gap, barring two exceptions in 2013 and 2016.

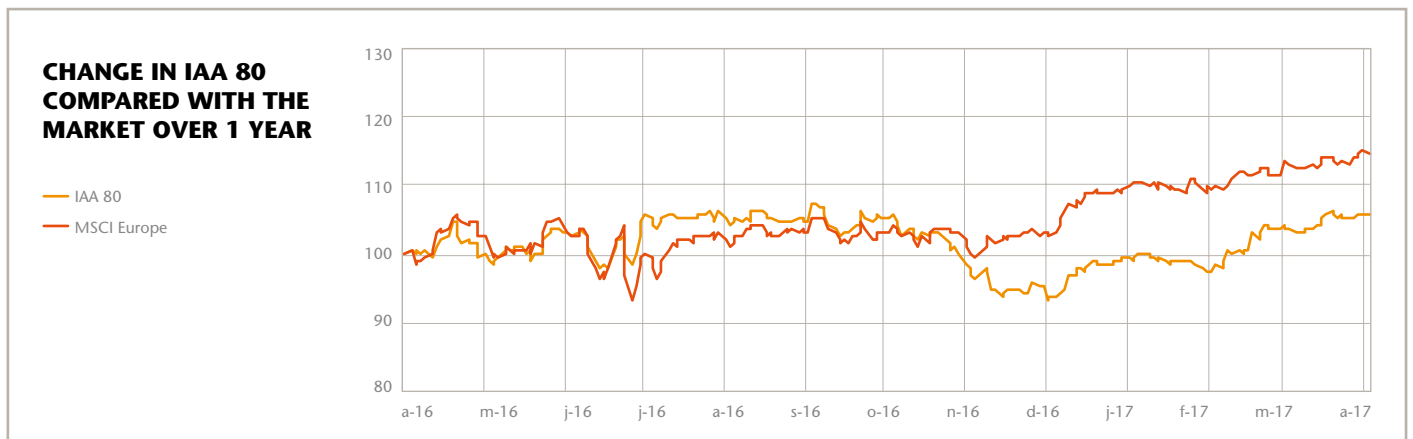


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IAA agri-food index recovered in Q1 2017

Last year, the IAA 80 for once underperformed the European market with a rise of 5.5% compared with 15.0% for the latter. This underperformance results primarily from a decline in the agri-food index in the 4th quarter of 2016: unlike other sectors (construction, banks, energy, etc.), agri-food stocks failed to benefit from Donald Trump's election, as the leading stocks were already on a downward trajectory due to a disappointing third quarter. Concerns about the impact of the election on global trade may well have affected these large caps.

The agri-food index's recovery in the 1st quarter of 2017, buoyed by satisfactory 2016 results, helped erase the losses of the last quarter of 2016 but was not so large that it caught up with the market. A full recovery will depend on the ability of agri-food leaders (the main drivers of the IAA 80) to adapt, among other things, to changes in consumer trends and to the slowdown in emerging markets, and thereby revive their growth.

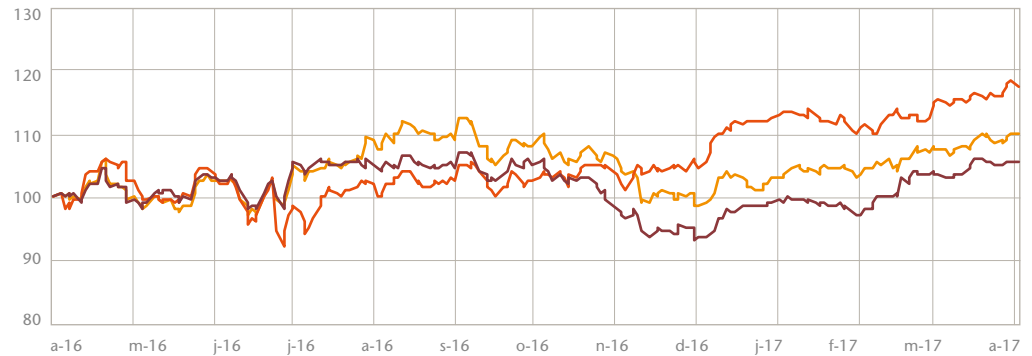


The same holds true for France. Over the long term, the IAA 80's French sub-index, the FR 14 (comprising 14 French-listed agri-food stocks) also outperformed its market, represented by the CAC 40, with average annual growth of 1.7% over ten years compared with a loss of 1.2% for the CAC 40. It can be seen that the French sub-index performs less well than the European index over the long term.

Study

CHANGE IN FRENCH SUB-INDEX OVER 1 YEAR

FR 14
IAA 80
CAC 40



Outperformance of French stocks compared with European stocks over 12 months

By contrast, last year (from 1 April 2016 to 31 March 2017, the period before the French presidential election), the reverse held true: the CAC 40 outperformed the FR 14 with a gain of 18.5% against 10.1%, for the reasons mentioned above (the US presidential election, etc.). The French indicator outperformed the IAA 80, however.

“The majority of French stocks in the IAA 80 recorded stellar performances in the last 12 months”

The majority of French stocks recorded stellar performances in the last 12 months. Eurogerm*** was the best performer, soaring 57.4% thanks to the publication of strong results for the first half of 2016 and the announcement of similar trends for the second half. The company’s sales rose by 7.2% in 2016, driven by both French and international activities, and its results improved across the board. Rémy Cointreau also fared well, up 39.5%, supported both by its very successful 2016-2017, benefiting notably from the recovery of consumption in China (a strong market for the company’s premium cognac) and the announcement of two acquisitions (one in France and one in the United States) in premium single malt whisky, a buoyant segment all over the world.

The top 3 also includes Savencia, which rose 34.6% as a result of the significant improvement in its profitability, attributable to the consolidation of its international positions and to the volume growth of its flagship brands. Over the period, champagne producers were the hardest hit with losses of 12.3% for Laurent Perrier and 8.2% for Vranken. Their UK activities were affected by the fall in the value of sterling, while in France the decrease in Parisian restaurant visits continued to be felt. Marie Brizard recorded the sharpest drop, down 17.6%, penalised following the announcement of a 1.8% fall in 2016 sales and a downward revision of its 2017 EBITDA forecast to €17m from the €20m reaffirmed back in December.

*Created by Unigrains, the IAA 80 indicator is an index consisting of 80 listed agri-food stocks in 13 Western European countries. **MSCI Europe: weighted index made up of 437 listed Western European stocks, in all sectors. ***Unigrains indirectly holds 15% of Eurogerm.

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