

FRANCE/ITALY: Parmalat up on Danone takeover talk

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Shares in Italian dairy firm Parmalat rose in morning trade today (27 May) after reports surfaced in the Italian press that French dairy giant Danone could be mulling a takeover move.

Shares in Parmalat rose to an eight-month high of EUR1.84 at 11.20am (BST), up 6.9%.



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According to a report in financial daily Il Sole 24 Ore, which cited "market experts", Danone could be interested in acquiring Parmalat and Bologna-based dairy company Granarolo.

The report said the possible acquisitions are at a "hypothetical" stage.

Officials at Danone and Parmalat declined to comment on the rumour, which has been fuelled by the announcement yesterday that Danone plans to raise EUR3bn (US\$4.2bn) through a rights issue.

A spokesperson for Danone confirmed that the company intended to use the lion's share of capital raised to paydown debt.

While the news has boosted Parmalat's share price, analysts have been quick to dismiss the suggestion that Danone could be preparing a move on the Italian group.

"This is total nonsense and the most naive and desperate form of stockmarket trader speculation," James Amoroso, director of Amoroso Strategic Insights, told just-food.

Parmalat is not seen as a good fit for Danone because it is too commodity driven, while competition issues in Italy would likely bar any such merger.

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