

Fevertree Drinks

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Blue-chip analysts tell investors to plough into Fevertree after recent sell-off

Fevertree Drinks PLC (LON:FEVR) shares perked up on Friday after analysts at two major investment banks published bullish research notes, soothing investors who have had to nurse chunky losses in recent weeks.

The posh tonic maker was noticeably silent in November, a month when investors have become used to seeing a trading update telling them that full-year results will be well ahead of forecasts.

READ: Deutsche Bank expects Fevertree to lose its fizz in coming years That, coupled with the wider equities sell-off, which has rocked stock markets of late, has seen Fevertree shares plunge from almost 4,000p in September to 2,400p now, wiping out all of 2018's gains.

Morgan Stanley analyst Richard Felton reckons there is "still plenty of scope" for results to come in ahead of forecasts though.

Jefferies' Ed Mundy also remains a fan and thinks the recent slump "offers an entry point into one of the most attractive growth stories in European beverages", noting that management's tone remains "confident".

According to data from consumer insights group Nielsen, Fevertree's growth has been slowing in recent months, although given the rapid growth seen over the past few years, Munday says a normalisation of growth "was always expected".

His calculations suggest sales of Fevertree Drinks in the UK - which accounts for half of all revenue - could grow by up to 40-50% in the second half of this year.

The US will take over the reins as the AIM company's growth driver over the next year or two and Mundy highlights the "good conditions" currently in place across the pond for Fevertree to enjoy a successful Stateside expansion.

The analyst repeated his blockbuster 4,300p price target and 'buy' recommendation.

Fevertree shares added 2.4% in early afternoon trading to 2,397p, still some way off September's highs.

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Price: 2329p

Market Cap: £2704.6M

1 Year Share Price Graph



Share Information

Code: FEVR

Listing:

52 week	High	Low
	4,120.00p	2,106.00p

Sector: General Retailers

Website: www.fever-tree.com

Company Synopsis:

Fever-Tree is the world's leading supplier of premium carbonated mixers for alcoholic spirits by retail sales value, with distribution to approximately 50 countries internationally. Based in the UK, the brand was launched in 2005 by Charles Rolls and Tim Warrillow to provide high quality, natural mixers which could accompany the growing demand for premium spirits.

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