

Sector View

Construction-Concessions

Potential infrastructure contracts with Iran

	1 M	3 M	6 M	31/12/15
Cons & Mat	-4.2%	-4.2%	-6.1%	-5.2%
DJ Stoxx 600	-8.1%	-10.9%	-14.1%	-8.5%

*Stoxx Sector Indices

Companies covered

EIFFAGE	BUY	EUR63
VINCI	NEUTRAL	EUR65

Vinci and ADP have both signed MoUs for the renovation, expansion and operation of airports in Iran. New projects are always positive news, especially regarding infrastructure in a country where economic growth is likely to be promising. However, the size of these projects is too small (so far) to impact share prices today. In addition, the final contracts have yet to be signed.

ANALYSIS

- Vinci has signed a memorandum of understanding for the expansion of two airports in Iran: one in Mashhad (#2 airport in the country with 8.2 million in annual passengers) and another one in Isfahan (#5 with 2.6 million pax). The project is to "renovate, expand and operate" the two assets. Mashhad is a holy city and Isfahan a tourist one.
- Aéroports de Paris, with Bouygues, has signed a MoU for the renovation, expansion and operation of the Iman Khomeini International Airport in Teheran. The current capacity is 6.5 million pax and the aim is to increase this to 34 million pax by 2020.
- Depending on the outcome of the negotiations, final contracts could be finalised in 2016.

VALUATION

- Vinci and Eiffage Fair Values are derived from an SOTP.

NEXT CATALYSTS

- Vinci is to report 2015 results on 4th February post market and ADP on 16th February, post market
- [Click here to download document](#)*

Eric Lemarié, elemarie@bryangarnier.com

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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London	Paris	New York	Geneva	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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