

27th January 2016

Construction & Building Materials

Eiffage

Price EUR61.72

2016 toll increases announced

Fair Value EUR63 (+2%)

BUY

Bloomberg	FGR FP
Reuters	FOUG.PA
12-month High / Low (EUR)	61.7 / 43.0
Market Cap (EURm)	5,890
Avg. 6m daily volume (000)	275.5

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.6%	10.1%	18.6%	3.7%
Cons & Mat	-5.2%	-4.4%	-7.5%	-5.4%
DJ Stoxx 600	-7.4%	-9.8%	-14.0%	-7.3%

	2014	2015e	2016e	2017e
P/E	20.0x	19.1x	16.5x	13.9x
Div yield (%)	1.9%	1.9%	1.9%	1.9%

ANALYSIS

- 2016 toll increases have been announced for APRR and its subsidiary AREA: +1.23% and +1.27%, respectively. This is based on a very modest inflation figure of 0.056%, equivalent to the CPI ex-tobacco at end October 2015. The new tariffs will apply as of 1st February 2016.
- The figures are certainly no surprise, as they are derived from well-known formulas for each key network: e.g. 85%xCPI + 1.18% in the case of APRR, 0.81% of which to compensate the 50% increase in the 2013 council tax ("*redevance domaniale*"). Toll roads will continue to compensate this particular event in 2017 and 2018. From 2019 to 2023, compensation related to the frozen 2015 tariff will apply.
- Although it Vinci has not communicated on 2016 tariffs yet, toll rates should increase by +1.6% for the main ASF networks, +1.2% for ESCOTA and +0.8% for Cofiroute, based on formulas.
- As toll increases in 2016 are directly linked to 2015 negotiations with the French government, we view political risks as more limited today.

VALUATION

- EUR63 FV derived from a SOTP.

NEXT CATALYSTS

- 2015 results to be communicated on 24th February

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BUY ratings 72%

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