

3rd February 2016

Construction & Building Materials

VINCI

Price EUR62.84

A35 western Strasbourg bypass concession contract signed

Fair Value EUR70 (+11%)

BUY

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	63.6 / 48.2
Market Cap (EUR)	37,024
Avg. 6m daily volume (000)	1,807

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.3%	2.2%	7.6%	6.3%
Cons & Mat	-5.5%	-5.5%	-8.7%	-5.5%
DJ Stoxx 600	-8.5%	-11.2%	-15.6%	-8.5%

	2014	2015e	2016e	2017e
P/E	19.5x	19.1x	17.4x	15.3x
Div yield (%)	3.5%	2.8%	3.1%	3.5%

ANALYSIS

- Vinci has signed the 54-year concession contract of the 2x2-lane 24-km Strasbourg bypass. This is not a surprise, as the construction group had been named preferred bidder last October.
- This is a large project and an expensive one: works are expected to be close to EUR500m (EUR480m according to Le Monde) and should start at the end of 2017 (according to the press). The cost per kilometre (EUR20 per km vs EUR8 for a toll road like the A19 of Vinci) is presumably explained by the location.
- Vinci will finance 100% of the project. No subsidies are required here. Like any usual concession, tolls will be set up in order to remunerate the concession company. The bypass is supposed to decongest the A35 around Strasbourg, which is apparently a very busy section.
- This is an attractive project, although the 24 km is modest compared with the 4,386 km of Vinci Autoroutes as a whole in France. As such, we do not expect any impact on valuation here. But this is positive for the market sentiment.

VALUATION

- EUR70 FV derived from a SOTP.

NEXT CATALYSTS

- FY 2015 results to be published Thursday 4th February after trading.

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Eric Lemarié, elemarie@bryangarnier.com

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Distribution of stock ratings

BUY ratings 61.2%

NEUTRAL ratings 29.9%

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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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