

Vicat

Price EUR56.75

Vicat 2015 figures roughly in line. Decent but unsurprising outlook.

Fair Value EUR56 (-1%)

NEUTRAL

Bloomberg	VCT FP
Reuters	VCT.PA
12-month High / Low (EUR)	68.4 / 46.2
Market Cap (EUR)	2,548
Ev (BG Estimates) (EUR)	3,727
Avg. 6m daily volume (000)	22.30
3y EPS CAGR	13.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	17.8%	5.8%	-0.3%	2.5%
Cons & Mat	13.0%	1.6%	1.2%	-2.0%
DJ Stoxx 600	10.3%	-1.4%	-2.5%	-5.8%

YEnd Dec. (EURm)	2014	2015e	2016e	2017e
Sales	2,423	2,458	2,457	2,595
% change		1.4%	0.0%	5.6%
EBITDA	442	442	456	519
EBIT	263.1	255.3	275.3	338.2
% change		-3.0%	7.8%	22.9%
Net income	133.2	132.5	151.1	193.6
% change		-0.5%	14.0%	28.1%

	2014	2015e	2016e	2017e
Operating margin	10.9	10.4	11.2	13.0
Net margin	5.9	6.0	6.9	8.3
ROE	6.1	5.9	6.6	8.0
ROCE	5.6	5.4	5.9	7.2
Gearing	41.6	38.2	33.4	27.0

(EUR)	2014	2015e	2016e	2017e
EPS	3.03	3.01	3.44	4.40
% change	-	-0.5%	14.0%	28.1%
P/E	18.7x	18.8x	16.5x	12.9x
FCF yield (%)	5.9%	5.5%	7.0%	8.5%
Dividends (EUR)	1.50	1.50	1.50	1.50
Div yield (%)	2.6%	2.6%	2.6%	2.6%
EV/Sales	1.6x	1.5x	1.5x	1.4x
EV/EBITDA	8.5x	8.4x	8.0x	6.8x
EV/EBIT	14.3x	14.6x	13.2x	10.4x

Vicat has reported EBITDA at EUR448m, roughly in line with guidance, up 1.5% y/y but down -4.3% on a like-for-like basis. Apart from India and United-States, most of the countries have reported lower EBITDA, penalised in particular by lower volumes (-3.6% for cement). Management expects improving performance in 2016 (but doesn't quantify it) thanks to US, India, Egypt and in a lesser extent France. Flat dividend proposed. Neutral maintained : lack of upside in our current forecast scenario and EM risks have not disappeared yet, although India looks brighter.

2015 sales were already reported, at EUR2458m, up 1.5% y/y but down -4.4% on a like-for-like basis. EBITDA is down -4.3% I-f-I at EUR448m (vs EUR442m estimated). For the cement business only, revenues is down -5.9% like-for-like at EUR1256m, penalised by lower volumes, but EBITDA is slightly up (+0.9% like for like) at EUR362m (c80% of the consolidated EBITDA). By geographical zones, India (better pricing) and US (volumes and prices well-oriented) have very well performed, while Egypt (higher energy costs), Turkey (kiln re-start, lower prices), France and Switzerland (lower volumes and prices for both) have been under pressure.

As far as we are concerned, outlook doesn't look surprising. Vicat expects "further improvements in its performance", thanks in particular further growth in the US and India, "renewed growth" in Egypt (which should be combined with lower energy cost) and a slight improvement for France, knowing that Q4 top line was better here last year and suggest we are close to the trough of the cycle.

2015 performance by zones

	Sales	Split%	EBITDA	y/y%	Split%	Mrg%	y/y bps
France	777	32	113	-16	25	14.5	-158
Europe (Italy, Swiss)	425	17	102	-1	23	24.0	-64
US	342	14	42	147	9	12.3	540
Turkey, India & Kazakhstan	568	23	135	21	30	23.8	264
o/w Turkey	234	10	51	-10	11	21.6	-301
o/w India	268	11	65	88	14	24.1	917
o/w Kazakhstan	65	3	20	-7	4	30.4	40
Africa & Middle-East	346	14	56	-27	13	16.2	-321
o/w Egypt	113	5	9	-64	2	8.1	-1225
o/w West Africa	232	9	47	-9	10	20.2	124
Total	2458	100	448	1	100	18.2	-2

Source : Company Data; Bryan Garnier & Co. ests.

ANALYSIS

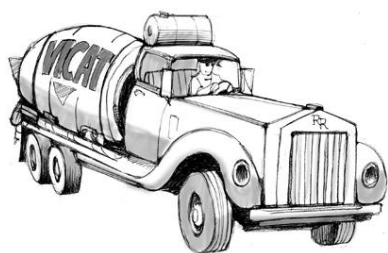
- Although the performance by country can be different to our estimates, consolidated figures are very close to our forecast at the EBITDA level and with the guidance (1.4% above exactly).
- Outlook is decent, with improvement expected in key markets like France, US, Turkey, India and Egypt. In particular, Vicat will benefit from the re-start of one of its kiln in Turkey and lower cost in Egypt following the start-up of two coal grinders.
- Today we are not buyers of Vicat. We think the share price is likely to be penalised by its EM exposure (c70% of the cement capacity is exposed to emerging countries). Having said that, we don't see any alarming comments in the guidance provided by the company. The analysts meeting this morning might give us better understanding of the trends to expect in 2016.
- But on a valuation side, we don't have any upside today in our current scenario (our estimates are 6% lower than IBES consensus EBITDA estimates for 2016e and 2017e).

VALUATION

- EUR56 FV is derived from the application of historical EV/EBITDA (7.5x) to our 2017 estimates, discounted back. 8x EV/EBITDA 2016e, in line with the sector (under coverage).

NEXT CATALYSTS

- Analysts meeting today at 10.00am. Conference call at 3.00pm.



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