

Sector View

Construction-Infrastructures

Decent Bouygues Construction figures in Q1

	1 M	3 M	6 M	31/12/15
Cons & Mat	-0.2%	12.4%	-2.0%	-2.5%
DJ Stoxx 600	-0.5%	6.6%	-10.6%	-8.9%

*Stoxx Sector Indices

Companies covered

EIFFAGE	BUY	EUR73
VINCI	BUY	EUR72

Bouygues has reported decent figures for its Construction division, with a limited 3% lfl y/y revenue decline in Q1. Roadworks in France fared especially well with a 3% top-line decline vs a double-digit decline over the past two years. The order book improved by EUR30bn, flat y/y but up 3% since last December. "First signs of stabilisation in the construction market in France" were seen in Q1, according to Bouygues. This is a positive read-across for Vinci and Eiffage.

ANALYSIS

- Bouygues construction businesses (construction, property, roadworks) have reported a limited 3% (y/y, l-f-l) revenue decline for Q1, better than Vinci (-5.4% excl property) and Eiffage (-3.8%)
- In particular, Colas (roadworks) revenues were down 7% in Q1 slightly better than Vinci roadworks division Eurovia (-8.2%) but much better in France (-3% for Colas vs -10.5% for Eurovia). Eiffage Infrastructures division (roadworks + civil works) reported a 4.5% sales decline in Q1.
- Current EBIT for all construction businesses stood at -EUR116m (vs -EUR146m in Q115), polluted by traditional Q1 losses from Colas. For Bouygues Construction alone, current EBIT margin improved by 40bps to c3%.
- Order book trends were somewhat similar to those of Vinci and Eiffage. On a y/y basis, the order book was flat for Bouygues, up a slight 0.3% for Eiffage and Vinci. YTD, the increase stands at 3% for Bouygues vs 5.5% for Vinci and 2.8% for Eiffage, before any adjustments related to the large high speed train contracts.

NEXT CATALYSTS

- H1 2016 to be released on 29th July (Vinci) and 31st August (Bouygues pre-market, Eiffage post)

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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