

20th May 2016

Business Services

**ELIOR**

Price EUR19.00

**Exclusive negotiations with Autogrill Restauration Service (railway concessions in France)**

**Fair Value EUR23 (+21%)**

**BUY-Top Picks**

Bloomberg	ELIO FP
Reuters	ELIO.PA
12-month High / Low (EUR)	19.8 / 16.3
Market Cap (EURm)	3,273
Avg. 6m daily volume (000)	217.1

#### ANALYSIS

- Management has announced that it has entered into exclusive negotiations with **Autogrill** to buy 100% of **Autogrill Restauration Service**, which manage concessions in railway stations in France. The exclusivity has been granted to Elior by Autogrill until 31<sup>st</sup> July, 2016.
- **Autogrill Restauration Service** generates EUR50m total annual revenue and will reinforce market share of **Elior** significantly. In Railways, City sites & Leisure, **Elior** generated total revenue of c. EUR380m i.e. over 22% of Concession Catering and c.7% of **Elior** 2015 consolidated revenue.
- In **France**, the railway concessions market weighs about EUR350m and is growing around 3% per year and **Elior** is the leader. Remember that at the end of last year the group signed a large contract with SNCF for the management of 34 foodservices outlets in eight train stations o/w Gare du Nord and Lille-Europe, worth an estimated EUR700m over 10 years, with full ramp-up in 2017.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.9%	8.5%	8.6%	-1.6%
Travel&Leisure	-1.6%	-1.5%	-8.5%	-10.5%
DJ Stoxx 600	-4.4%	2.3%	-12.4%	-8.7%
	09/15	09/16e	09/17e	09/18e
P/E	23.9x	16.8x	13.3x	12.2x
Div yield (%)	1.7%	2.1%	2.7%	3.0%

#### VALUATION

- At the current share price, the stock is trading 9.1x EV/EBITDA 2015-16e and 8.2x 2016-17e.

#### NEXT CATALYSTS

- H1 results on 27<sup>th</sup> May (before market).

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### Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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