

31st May 2016

Construction & Building Materials

VINCI

Price EUR68.15

World's longest immersed road and rail tunnel contracts signed by Vinci Consortium

Fair Value EUR72 (+6%)

BUY

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	68.2 / 51.0
Market Cap (EURm)	40,497
Avg. 6m daily volume (000)	1,761

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.5%	6.8%	10.7%	15.2%
Cons & Mat	1.5%	7.0%	-2.2%	1.7%
DJ Stoxx 600	2.5%	4.9%	-9.2%	-4.3%

	2015	2016e	2017e	2018e
P/E	19.0x	17.8x	16.3x	15.5x
Div yield (%)	2.7%	3.0%	3.3%	3.4%

ANALYSIS

- The Femern Link Contractors (FLC) JV has won 3 contracts related to the construction of the world's longest immersed road and rail tunnel between Denmark (in the Lolland Falster region) and Germany (Schleswig Holstein) – 18 km compare with 37km for the rail-only tunnel between France and the UK. These contracts include the construction of the immersed tunnel, the factory for precast tunnel elements and portal structures & ramp. Combined value of these three contracts signed stands at EUR3.4bn.
- Vinci stake in the JV in not provided in the press release (although French newspaper Le Figaro mentions 29%), but we know that Vinci Construction Grands Projets is the lead company for the first two contracts and that Vinci subsidiary Solétanche-Bachy International is part of the JV too.
- This is not a surprise as the FLC JV has been declared preferred bidder last March. Another consortium with in particular Boskalis and Hochtief was preferred bidder for a fourth contract.
- This is positive for Vinci, which is well placed within the consortium for this impressive project.

VALUATION

- EUR72 derived from a SOTP

NEXT CATALYSTS

- H1 2016 results in the 29th July, before market

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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