

22nd June 2016

Construction & Building Materials

VINCI

Price EUR64.73

Top management changes

Fair Value EUR72 (+11%)

BUY

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	68.2 / 51.5
Market Cap (EUR)	38,492
Avg. 6m daily volume (000)	1,737

ANALYSIS

- Chairman and CEO Xavier Huillard is now assisted by three Executive Vice-Presidents (“*Directeurs généraux adjoints*”): Richard Francoli (in charge of contracting), Christian Labeyrie (CFO), both already Executive VPs and now Pierre Coppey (previously COO, “*Directeur général délégué*”).
- Mr Coppey will be in charge of cross-group operations. We understand his new role will be more strategic and a bit less exposed to day-to-day operational duties (he will be in charge of “forward-looking strategic discussion”, notably). He remains Chairman of VINCI Autoroutes and VINCI Stadium and hence will continue to be closely involved in the usual negotiations with the French authorities. Although press rumours in the past stated that Pierre Coppey might succeed Xavier Huillard, his new position looks equivalent to the one of Richard Francoli and Christian Labeyrie now – while we understand he was more a number two previously. Besides, he is not an engineer, which might be seen as a disadvantage in this industry. In any case, it is worth underscoring the fact that the age limit for VINCI’s CEO is 70 and that Xavier Huillard is around 62.
- Additionally, Nicolas Notebaert, previously Chairman of VINCI Airports and hence behind the success of this *relatively* new business of VINCI, is now CEO of VINCI Concessions and part of VINCI’s Executive Committee. We see this nomination as confirmation of the key position of airports in the VINCI business portfolio.

VALUATION

- FV at EUR72 derived from an SOTP

NEXT CATALYSTS

- H1 2016 results on 29th July, before market

Eric Lemarié, elemarie@bryangarnier.com

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.9%	-0.3%	11.8%	9.5%
Cons & Mat	-0.8%	1.2%	1.2%	-1.6%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

	2015	2016e	2017e	2018e
P/E	18.1x	16.9x	15.5x	14.7x
Div yield (%)	2.8%	3.1%	3.4%	3.6%



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NEUTRAL ratings 34%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
Authorised and regulated by the	Financial Conduct Authority (FCA) and the			Geneva
Financial Conduct Authority (FCA)	Autorité de Contrôle prudentiel et de			rue de Grenus 7
	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
				Regulated by the FINMA

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