

21st October 2016

Construction & Building Materials

**Eiffage**

Price EUR67.51

EUR1 more to our FV as APRR traffic assumption is raised after good Q3 performance

Fair Value EUR78 vs. EUR77 (+16%)

**BUY**

**ANALYSIS**

- Eiffage's 50% owned toll road entity has reported Q3 sales at EUR665m, up 4.6%, with traffic up +3.5% (3.6% for light vehicles and 2.7% for heavy vehicles). HVs were penalised by a negative calendar effect in Q3. Top line benefited from the tariff hike last February (approx. 1.25% for cars). YTD sales rose by 5.3% to EUR1782m and traffic by 3.8% (3.6% LV, 4.9% HV).
- Note that the Q1 performance for light vehicles was exceptionally strong, thanks to a positive calendar effect (leap year, Easter week-end). In Q2, heavy vehicle traffic benefited from more working days in May. Mix effect was strong in Q2 on the revenues line, but not in Q3.
- We have upgraded our FY 2016 traffic increase assumptions from 2.5% to 3.5%, which implies a 2.4% increase in Q4. 2017 traffic assumptions unchanged (2.4% fading to 1% on the long term).

APRR quaterly performance	Q115	Q215	Q315	Q415	Q116	Q216	Q316
Light vehicles traffic (y/y %)	1.8	2.7	3.1	2.7	7.1	0.7	3.6
Heavy vehicles traffic (y/y %)	2.0	2.1	3.5	4.1	3.9	8.0	2.7
Total traffic (y/y %)	1.8	2.6	3.1	2.9	6.5	1.8	3.5
Revenues increase (y/y %)	2.4	3.0	3.3	3.3	6.8	4.6	4.6

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

**VALUATION**

- New traffic assumption adds EURO.80 to our EUR77 SOTP, which increases to EUR78 (rounded).

**NEXT CATALYSTS**

- Eiffage Q3 revenues on 7th November 2016

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