

19th December 2016

Business Services

Edenred

Price EUR18.84

Positive arbitration ruling from the ICSID, a first step towards solving the dispute with the Hungarian State

Fair Value EUR22 (+17%)

NEUTRAL

Bloomberg	EDEN FP
Reuters	EDEN.PA
12-month High / Low (EUR)	22.0 / 13.9
Market Cap (EURm)	4,404
Avg. 6m daily volume (000)	803.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.2%	-5.8%	18.8%	8.0%
Travel&Leisure	6.3%	2.8%	5.1%	-11.5%
DJ Stoxx 600	6.4%	6.6%	12.1%	-1.6%

	2015	2016e	2017e	2018e
P/E	21.7x	21.0x	18.1x	16.6x
Div yield (%)	4.5%	4.2%	4.3%	4.7%

ANALYSIS

- In August 2013, following changes in the regulatory and tax framework in Hungary related to issuance conditions for Meal & Food Vouchers (more favourable tax concession granted to domestic enterprises), Edenred filed a claim for arbitration against the Hungarian State with the International Center for Settlement of Investment Disputes (ICSID).
- After more than three years, the ICSID has delivered its decision in favour of Edenred and the Hungarian State has been ordered to pay Edenred an award of around EUR23m, excluding interest.
- This is a first important step towards solving this dispute, but a new one is engaged to implement the ICSID's decision. Wait and see!

VALUATION

- At the current share price, the stock is trading at 14.8x EV/EBIT 2016e and 12.7x 2017e, which compares with a 2015-2018 CAGR EBIT of 9.5x.

NEXT CATALYSTS

- FY results on 23rd February

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Distribution of stock ratings

BUY ratings 72%

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