

5th December 2016

## Construction & Building Materials

# VINCI

Price EUR60.34

## Vinci Energy Investor Day feedback

Fair Value EUR74 (+23%)

**BUY**

### ANALYSIS

- Vinci Energy is a key business within Vinci. It weighs 31% of Contracting Revenues (26% of consolidated figures) and 52% of the Contracting EBIT (15% of group fig.) vs only 31% back in 2010, with almost half of sales outside France. This is a dynamic business (2005-15 CAGR of more than 11% for sales and more than 12% for EBIT) with good EBIT margin (5.6% in 2015 vs 3.4% for Contracting). Vinci Energies is strongly diversified, with businesses in 51 countries, for c100.000 clients (for an average order book of EUR45k). 73% of sales are new construction (o/w two third considered recurring), 23% maintenance and facilities management and 4% design/consulting.
- The group is not a simple electrical installer and service provider any more, but a multi-technical specialist in various markets (infrastructures, industry, buildings, ICT), with exposure to promising ones (energy transition with solar-based energy, cloud infrastructures, industry automatisations...). Vinci is the leader in France with 13% of the market, #2 in Europe (< 3% market share), with further room for consolidation (notably outside of Europe). 180 deals have been closed in the last 10 years, at 7x EBIT on average, while peers trade at 10x. Vinci Energy can generate each year 5% of revenues growth through acquisitions with its FCF. Net debt /EBITDA stands at 0.8x.
- An investor day which was a good reminder that Vinci Energy is, together with Vinci Airports, a key development priority of the group, generating growth with good profitability and limited risks.

### VALUATION

- EUR74 derived from a SOTP, with Vinci Energy valued 10x EBIT.

### NEXT CATALYSTS

- FY results to be released on 7 February 2017.

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Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	69.7 / 56.9
Market Cap (EURm)	36,035
Avg. 6m daily volume (000)	1 515

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.9%	-13.0%	-9.7%	2.0%
Cons & Mat	1.3%	-2.6%	2.5%	3.4%
DJ Stoxx 600	2.4%	-3.2%	-1.4%	-7.2%

	2015	2016e	2017e	2018e
P/E	16.8x	15.5x	14.1x	13.4x
Div yield (%)	3.0%	3.4%	3.8%	4.0%



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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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