

21st December 2016

Construction & Building Materials

**VINCI**

Price EUR64.32

**A new toll road in the portfolio**

**Fair Value EUR74 (+15%)**

**BUY**

Bloomberg	DG FP
Reuters	SGEF.PA
12-month High / Low (EUR)	69.7 / 56.9
Market Cap (EURm)	38,416
Avg. 6m daily volume (000)	1 511

**ANALYSIS**

- Vinci, through Vinci Highways, has acquired 100% of LAMSAC, which holds the concession, to 2049, of a 25 km urban toll roads around Lima in Peru. The deal includes the electronic toll collection operator PEX. This is a large deal, based on a EV for the two entities of EUR1.5bn.
- The deal looks attractive. First, the asset is well located. This is a ring road around Lima, the capital of Peru (the fifth largest city in LatAm) which is a dynamic country (6% GDP growth in the last 10 years). Besides, a new section between the toll road and Callao harbour in the west side of Lima is planned according to Vinci press release. This should support the traffic, which standing at only 139,300 vehicles per day today.
- Secondly, this looks like a significant step for Vinci Highways, which mainly holds the toll roads business of Vinci outside the large motorways in France. Vinci Highways manages 26 concessions in 13 countries. At the end of 2015, the Equity committed in Vinci Highways assets stood at around EUR600m. The Lima toll road looks like a significant step forward for this part of the business then.
- Third, this type of operation underlines the strength of the Vinci model, which is regularly able to expand its concession portfolio, without jeopardizing its financials balance.

**VALUATION**

- EUR74 Fair value based on a SOTP

**NEXT CATALYSTS**

- FY 2016 results due to be released on 7th February 2017

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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