



# Business Services

18th April 2019

## EDENRED

- Business Services
- Food Services

## BUY - Top Picks

Fair Value	EUR47(+11%)
Share price	EUR41.29
EPS 3Y Cagr	21.4%

### Q1 Revenue: Strong positive trend continues

#### Q1 organic revenue ahead of expectation

Consolidated revenue during Q1 reached EUR383m, up 15.3% in reported terms with organic growth of 14.1%. All those numbers are ahead of consensus, which notably expected an organic of 12.1%. Operation revenue at EUR369m was up 15.6% with an organic of 14.2% (consensus at 12% with BG & Co. at 12.1%) while other revenue reached EUR14m up 7.9% in reported terms with organic of 12%. Scope effect contributed 4.1% and currency impacted revenue by 2.7%. So the positive trend continues despite high comps, bearing in mind that organic operating revenue growth in Q1 2018 was up 13.8%.

#### All business lines and all regions contributing to performance

In fact, all the three business lines and all geographies contributed to the positive growth with double digit numbers.

By business, Employee Benefit (64% of consolidated operating revenue) was up 14.5% in organic, Fleet & Mobility (25%) was up 13.7% and Complementary Solutions (11%) improved by 13.5% which illustrated the positive impact from the growth strategy to expand digital tools with multi-channel sales focused on SMEs and new solutions notably in business expense management.

By geography, organic operating revenue growth reached 13.8% in Europe (58% of consolidated operating revenue) despite still lower performance in France (32% of Europe revenue) up 9% which shows nevertheless an improvement compared with previous quarters, 13.9% in Latin America (35%) with Brazil up 11.7% and 20.9% in the RoW

#### FY 2019 guidance confirmed, as expected

Following such results, Management confirmed its guidance for organic operating revenue growth of at least 7% (our estimate is 11.2%), organic operating EBIT growth of 9% minimum (our estimate is 18%) and organic FFO growth of at least 10% (our estimate is 17%).

#### Market Data

Bloomberg / Reuters	EDEN FP/EDEN.PA
Market Cap.	EUR9,879m
E.V.	EUR10,778m
Free Float	100
Avg. Daily volume (6m)	511.4
12m high / low	42.4 / 25.9
Ytd Perf.	28.6%

EURM	12/18	12/19e	12/20e	12/21e
Sales	1,378	1,595	1,757	1,938
% Change		15.8%	10.1%	10.3%
EBITDA	536.0	673.5	762.5	871.9
% Change		25.6%	13.2%	14.3%
EBIT	461.0	555.5	632.4	728.3
% Change		20.5%	13.8%	15.2%
Net Income	254.0	329.2	388.9	454.5
% Change		29.6%	18.1%	16.9%
ROE	-0.16	-0.21	-0.24	-0.28

	12/18	12/19e	12/20e	12/21e
EV/Sales	7.6x	6.9x	6.3x	5.6x
EV/EBITDA	19.7x	16.4x	14.5x	12.3x
EV/EBIT	22.9x	19.9x	17.4x	14.8x
EPS	1.07	1.39	1.64	1.92
% change		29.6%	18.1%	16.9%
P/E	38.4x	29.7x	25.1x	21.5x
Div Yield	2.1%	2.7%	3.2%	3.7%

#### Next Catalyst :

Conference call at 8:20am  
H1 Results on 23<sup>rd</sup> July

#### Last rating Change:

[2018-7-25, Feedback CC: A growth story which sounds far from complete](#)

#### Last FV Change:

[2019-4-3, More bullish scenario in Digital & Payments](#)

#### Last Reports:

[2019-4-3, More bullish scenario in Digital & Payments](#)

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