



## Business Services



### EDENRED (BUY, FV EUR50) | Successful placement of the OCEANE, at zero coupon and negative rate of return

- Successful placement without surprise and under exceptional conditions

The group has successfully placed an OCEANE maturing in 2024 for a total amount of EUR500m. More surprising, this operation was carried out under very specific conditions with a zero coupon rate, a negative yield (issue price equal to 108% of par, which corresponds to a yield to maturity of -1.53%) and a high conversion premium (nominal value of the bond has been set at EUR61.13) representing a premium of 40% vs. Edenred's share price. The bond will be issued on 6th September, 2019. Finally, such issuance, which currently represents 8,179,290 underlying shares, would lead to a maximum dilution of 3.36%.

- A timely operation which increases firepower for new M&A

Confirmed by the management, the net proceeds will be used for "general corporate purposes including M&A". As a reminder, having a negative working capital that amounted to EUR3.6bn as of December 31, 2018 o/w EUR2.2bn free, Edenred also had EUR700m of confirmed credit lines undrawn expiring at the end of July 2023.

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# Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

## Stock rating

- BUY** Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
- NEUTRAL** Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
- SELL** Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.

## Distribution of stock ratings

BUY ratings 49.1%

NEUTRAL ratings 43.7%

SELL ratings 7.2%

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