



## Technology



### VICAT (BUY, FV EUR70) | Resilient EBITDA margin in H1 2019

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- Vicat has reported revenues slightly down -0.6% lfl at EUR1,340m in H1 (+0.3% in Q1 and -1.3% in Q2 according to our calculations), on the back of challenging comparison basis (+9.6% lfl in H118) and difficulties in various countries, in particular in Turkey, while France and the US have been dynamic in H1 (sales up 5.1% and 4.2% lfl, resp.).
- Post IFRS16 H1 EBITDA is down -1.8% lfl at EUR228m, yielding a 17.0% margin. Adjusted from a non-recurring EUR10.6m settlement payment booked in the US last year, the organic growth would have been positive at 3.1% and EBITDA margin would have improved by 30bps y/y. While France and the US have performed well, Turkey EBITDA is down from EUR18m to EUR2m, impacted by the August 2018 devaluation and the manufacturing output slowdown. Note that Egypt EBITDA remains negative while a tepid Switzerland EBITDA (down 6.5% lfl) doesn't help either.
- Apart from a more prudent view on Egypt, which should not benefit this year from the gradual improvement of the market conditions or from Vicat's future self-help measures; most of the guidance looks unchanged. Besides, Vicat expects "a marked improvement in its EBITDA and an increase in net income over the full year" versus "a marked improvement in its profitability" before. This implies a strong rebound in the H2 EBITDA, which sounds challenging but note the comp. basis will be easier, with an EBITDA down 4% lfl in H218, according to our calculations.

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## Distribution of stock ratings

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NEUTRAL ratings 44%

SELL ratings 7,1%

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