



# FPN

One asset property / France

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## Line 16 - Blanc -Mesnil confirmed for 2024

Significant news - 19/02/2018

### Fact

The attraction of the Foncière Paris Nord real estate assets is intimately linked to the realisation of the "Grand Paris Express" transport project and its timing. The under-funding of this very ambitious project to the tune of some €35bn has raised some questions regarding its deployment rate.

The retaking of control over the project by the government has resulted in a first communication which seems to confirm the effective realisation of the project at least as far as Blanc-Mesnil, whose new station is vital to the revaluation of the FPN assets.

The press release (13-02) issued by the Société du Grand Paris Supervisory Board confirmed through an amended budget for 2018 "the notification of the calls to tender including the realisation of the section common to lines 16 and 17. This section includes the part of the line running from the station of Saint-Denis-Pleyel to the Le Bourget-RER, the connection to the Aulnay maintenance centre, the construction of the Le Blanc-Mesnil station and the connection to the Line 14 North (Mairie de Saint-Ouen/Saint-Denis Pleyel link)".

### Analysis

The budget commitments do not constitute a schedule (not specified to date) and much less the project's realisation. However, the confirmation of this priority given to the North Eastern line is good news. Note that the Aulnay maintenance centre mentioned is located after the station of Blanc-Mesnil when traveling from Paris which would appear to secure the project (see map below)



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AlphaValue is contracted by Foncière Paris Nord to provide equity research on Foncière Paris Nord, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

<b>Buy</b>	<b>Upside: 71.7%</b>
Target Price (6 months)	€ 0.08
Share Price	€ 0.05
Market Cap. €M	10.6
Price Momentum	<b>STRONG</b>
Extremes 12Months	0.03 ▶ 0.09
Bloomberg	FPN FP Equity
Reuters	FPN.PA

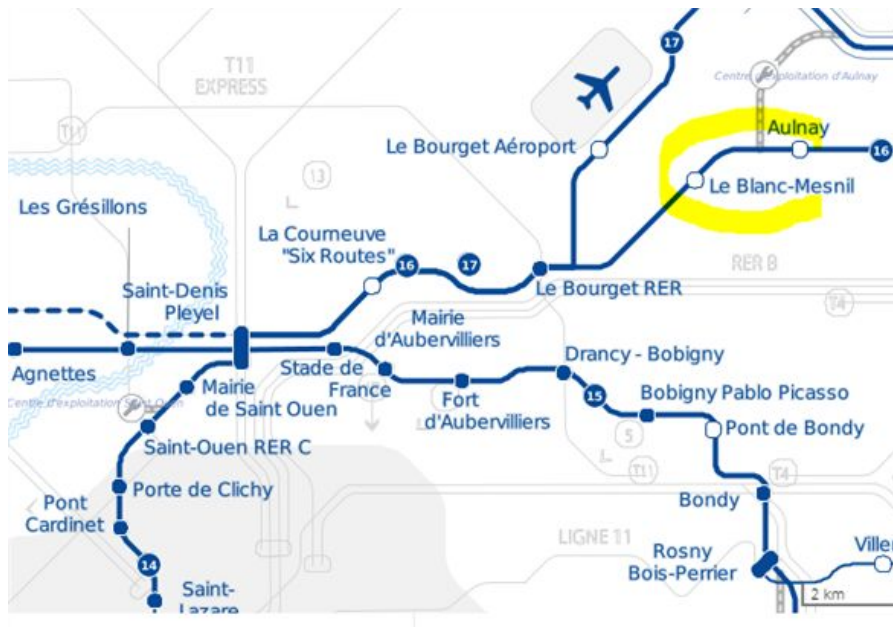
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PERF	1w	1m	3m	12m
Foncière Paris Nord	12.1%	-5.88%	20.0%	20.0%
Property	2.35%	-6.14%	-3.26%	5.60%
STOXX 600	3.26%	-4.36%	-1.12%	2.84%

It is also stipulated that “by adopting this first amended budget for 2018, the government and the Ile de France local authorities enable the Société du Grand Paris to embark on the realisation of the Grand Paris Express lines whose entry into service is planned prior to the 2024 Olympic Games.”

The timing risks thus seem to be contained at this stage even if the value of the FPN project largely depends on the development works being launched early enough to deliver, for example, the housing before these same Olympic Games.

### Line 16-17



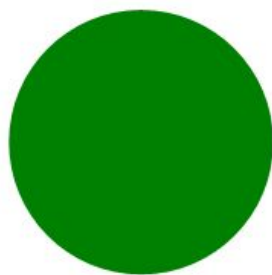
### ■ Impact

No change to our valuation on this confirmation. It is nonetheless an opportunity to reiterate to what point the value of this project is speculative.

Last updated: 27/12/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	28.9	-7.93	-9.43	-5.30
Dividend yield (%)	10,443	21,905	0.00	0.00
EV/EBITDA(R) (x)	-4.43	-3.93	-4.50	-6.75
Adjusted EPS (€)	0.00	-0.01	0.00	-0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	9.00	9.00	0.00	0.00
Sales (€th)	556	496	200	1.00
EBIT margin (%)	ns	ns	ns	ns
Attributable net profit (€th)	1,102	-2,443	-2,720	-5,320
ROE (after tax) (%)	30.6	-97.6	50,085	-120
Gearing (%)		545		34.0

[Company Valuation](#) - [Company Financials](#)

## Sales by Geography



France (100.0%)

## Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€th	496	200	1.00
Change in sales	%	-10.8	-59.7	-99.5
Change in staff costs	%	-5.45	-94.8	3,900
EBITDA	€th	-2,667	-3,000	-4,000
<b>EBITDA(R) margin</b>	%	<b>-538</b>	<b>ns</b>	<b>ns</b>
Depreciation	€th	-772	-500	-500
Underlying operating profit	€th	-2,285	-2,550	-4,350
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-2,285</b>	<b>-2,550</b>	<b>-4,350</b>
Net financial expense	€th	-158	-170	-970
of which related to pensions	€th	0.00	-0.80	-0.81
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	0.00	0.00	0.00
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-2,442</b>	<b>-2,720</b>	<b>-5,320</b>
NOPAT	€th	-1,600	-1,784	-3,044

## Cashflow Statement

EBITDA	€th	-2,667	-3,000	-4,000
Change in WCR	€th	-224	828	1,500
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	0.00	0.00
Exceptional items	€th	0.00		
Other operating cash flows	€th	3,173	2,200	
Total operating cash flows	€th	282	28.0	-2,500
Capital expenditure	€th	-86.0	0.00	-2,100
Total investment flows	€th	-86.0	0.00	-2,100
Net interest expense	€th	-158	-170	-970
Dividends (parent company)	€th	0.00	0.00	0.00
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th		200	17,750
Total financial flows	€th	-194	-262	15,981
Change in cash position	€th	2.00	-234	11,381
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>38.0</b>	<b>-142</b>	<b>-5,570</b>

## Per Share Data

No. of shares net of treas. stock (year...	Th	32,212	81,128	587,141
Number of diluted shares (average)	Th	471,350	579,958	586,965
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.01</b>	<b>0.00</b>	<b>-0.01</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>9.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 0.10	75%	<ul style="list-style-type: none"> <li>● Deutsche Wohnen</li> <li>● Vonovia</li> <li>● Nexity</li> <li>● Foncière des Régio...</li> </ul>
DCF	€ 0.04	25%	
TARGET PRICE	€ 0.08	100%	<ul style="list-style-type: none"> <li>● Gecina</li> <li>● Icade</li> </ul>

[NAV/SOTP Calculation](#)

## Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€th			
Total intangible	€th	0.00	0.00	0.00
Tangible fixed assets	€th	18,800	18,500	20,600
Financial fixed assets	€th	217	200	0.00
WCR	€th	-672	-1,500	-3,000
Other assets	€th		0.00	
Total assets (net of short term liab.)	€th	18,345	17,200	17,600
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>1,407</b>	<b>-1,418</b>	<b>10,265</b>
Quasi Equity & Preferred	€th	0.00	0.00	
Minority interests	€th	0.00	0.00	
Provisions for pensions	€th	53.0	37.7	35.7
Other provisions for risks and liabilities	€th	827	700	1,000
Total provisions for risks and liabilities	€th	880	738	1,036
Tax liabilities	€th	7,454	8,500	8,500
Other liabilities	€th	165	200	
<b>Net debt (cash)</b>	<b>€th</b>	<b>8,439</b>	<b>9,180</b>	<b>-2,201</b>
Total liab. and shareholders' equity	€th	18,345	17,200	17,600

## Capital Employed

Capital employed after depreciation	€th	18,346	17,200	17,600
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>-97.6</b>	<b>50,085</b>	<b>-120</b>
ROCE	%	-8.72	-10.4	-17.3
<b>Gearing (at book value)</b>	%	<b>545</b>	<b>34.0</b>	
Adj. Net debt/EBITDA(R)	x	-3.16	-3.06	0.55
Interest cover (x)	x	-14.5	-15.1	-4.49

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-7.93</b>	<b>-9.43</b>	<b>-5.30</b>
Free cash flow yield	%	2.87	-3.96	-19.8
P/Book	x	0.94	-2.53	2.75
<b>Dividend yield</b>	%	<b>21,905</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th	1,323	3,588	28,183
+ Provisions	€th	880	738	1,036
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	8,439	9,180	-2,201
+ Leases debt equivalent	€th	0.70	0.00	0.00
- Financial fixed assets (fair value)	€th	149		
+ Minority interests (fair value)	€th	0.00		
= EV	€th	10,494	13,506	27,018
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-3.93</b>	<b>-4.50</b>	<b>-6.75</b>
EV/Sales	x	21.2	67.5	ns