

# **Bouygues SA (BOUYF) Q2 2024 Earnings Call Transcript**

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**Body**

Bouygues SA (BOUYF)

Q2 2024 Results Conference Call

July 26, 2024 03:00 AM ET

Company Participants

Olivier Roussat - Chief Executive Officer

Pascal Grange - Deputy CEO & Chief Financial Officer

Benoit Torloting - CEO and Deputy GM Consumer & Pro Market

Jérôme Stubler - President of Equans

Pierre Vanstoflegatte - CEO of Colas

Conference Call Participants

Nicolas Cote-Colisson - HSBC

Nawar Cristini - Morgan Stanley

Jacob Bluestone - BNP Paribas

Nicolas Mora - Morgan Stanley

Eric Ravary - CIC

Mathieu Robilliard - Barclays

Presentation

Operator

Good morning, and welcome to the conference presenting Group Bouygues results for the First Half Year. This conference is recorded and your line will be on mute throughout the presentation. [Operator Instructions]

I'm now going to give the floor to Olivier Roussat, Chief Executive Officer of the Bouygues Group. Mr. Roussat, you have the floor.

Olivier Roussat

Ladies and gentlemen, good morning, and thank you all for joining us for today's presentation of our half yearly results. Unusually, we will be doing this half yearly conference remotely because of the logistics involved in the opening ceremony of the Paris Olympic Games this evening. I'm going to comment these half yearly results alongside Pascal Grange. And at the end of the presentation, we will take your questions with the heads of the various business segments.

I'm going to begin with the landmark events of the first half year. This is Page 4 of your presentation. First to a general point is that we wish to confirm the outlook for the group for 2024. In other words, sales and the current operating profit from activities slightly up on 2023. Let me point out four things concerning our business segments. First of all, the backlog in construction is at a very high level, giving us very good visibility for the future. Second point is that the current COPA, as we call it, margin on COPA of Equans are up over a year and a good reflection of the strategic plan we call Perform.

Thirdly, the commercial dynamics of Bouygues Telecom has continued in fixed lines, and in mobile phones, the market context is highly competitive. Four, the Bouygues Immobilier is adapting to its very difficult market environment. Finally, our financial structure at the end of the first half year is very solid with a big improvement in net debt compared with last year, thanks to the efforts made by our various business segments.

Moving to Page 5. Let's look at the key figures for the first half year. May I remind you that as with every year, the first half year results are not representative of the annual results, mainly because of the seasonality of business at Colas, and to a lesser extent, the seasonality of the business at Equans.

The group's sales figure for the first half year totaled €26.5 billion. That is a 1% increase over last year. The current operating profit from activities in the first half year improved by €20 million over the last 12 months to arrive at €747 million. Net income group share was €186 million, down €39 million over the same figure last year. Pascal Grange will give you more detailed information on that.

Finally, our net debt totaled €8.7 billion at the end of June '24. This is down from €10.6 billion at the 30th of June last year. This is a very significant improvement of close to €1.9 billion. Again, Pascal will elaborate on that later on.

Let's continue on Page 7 with a number of what we call sustainable initiatives taken by the group and its various business segments. In the course of the first half year, the Group Bouygues decided to associate itself with the Solar Impulse Foundation. This 4 year partnership is aimed at identifying, assessing and scaling viable solutions in favor of the environmental and energy transitions. This partnership requires several areas of cooperation, particularly the development of joint initiatives relating to innovation and sustainable development. Now Solar Impulse intends to certify solutions contributing to at least 5 of the 17 sustainable development goals of the UN Sustainable Development Goals. It has already certified 1,572 of these initiatives.

Now of these, 3 are developed by our business segments, particularly Equans and Energy & Services as well as Bouygues Immobilier. These include storage of energy and power supply that's a green hydrogen power supply or optimization of the way we use our buildings.

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I will continue on Page 8, which is 2 initiatives in the construction business. First of all, Colas launched an Environment Day 3 years ago. This is an event aimed at raising awareness in all its operations worldwide. And of course, it goes hand-in-hand with what we do in the field. The themes vary from one year to another. This year, we focused on the circular economy. Colas is involved in recycling and reusing its materials in order to accompany and accelerate the environmental transition of local authorities. And examples would include Easycold, which is an asphalt mix at lower temperatures that can be fully integrated with recycled aggregates. Vegeroad, which is an asphalt mix using a binder and up to 70% recycled aggregates. Recycol, which is an in-place recycling process for degraded or end-of-life road surfaces that uses a cold technique that uses 100% of the existing road surface.

Another initiative was at Bouygues Construction. This is the launch of what we call Scale One. It's a third-place innovation center to aid promoting the environmental and digital transitions in the construction industry. This third-place is an opportunity to test innovations in the sector in order to accelerate change in the world of construction. This helps sustainably improve, and as will debut in 2025. This is under the terms of a partnership with the Ile-de-France region and the French government.

Moving on to Page 9, a few words about carbon shift. Carbon Shift is a consolidation of Equans' know-how in terms of decarbonization. It brings together experts for the low-carbon transition and provides with a focus on the main know-how in terms of decarbonization, the optimization of processes, energy efficiency, automatic control systems, or the installation of heat pumps, management of electric vehicle fleets, access to photovoltaic energy, carbon sequestration, but also geothermal energy, upstream carbon capture solutions, storage of electrical thermal power.

Carbon Shift simplifies the decarbonization process for its customers. It's a single point of energy for customers that has the ability to support global customers in several countries. This is thanks to a dedicated team of 500 experts in a series of countries. Our clients are supported throughout the design, installation, and maintenance of their management, or even during the financing and performance commitment phases.

I now propose to move on to the operational review of our various business lines, beginning with construction. Moving on to Page 12, if I may. First slide concerns the backlog. The backlog of the construction business is at a very high level at €31 billion, which gives us good visibility for our future business. The backlog in France is up over the last year and is a good reflection of how well Bouygues Construction and Colas have performed in France. If you look at the backlog in greater detail, and I'm moving on now to Slide 13 or Page 13.

Beginning with Bouygues Construction, which over the period took in €5.5 billion in orders. Now this is supported by the strong dynamics of the normal course of business, that is these are projects of a total value below €100 million. These normal course of business activities represent 59% of the orders taken in. There have also been a number of larger contracts signed in France and outside of France.

In the second quarter, Bouygues Construction was selected in France to build the second Eastern line of Metro Line 15 in Grand Paris for a total of €570 million. I would also mention the extension of the Victor Dupouy Hospital in Argenteuil for a total of €120 million. These major contracts follow the first quarter, which saw the signing of a number of other major contracts, particularly the building of the hospital in Rabat in Morocco for a total of €460 million, or the cocaine solar farm in Australia for a total of €140 million.

At €15.9 billion, the Bouygues Construction backlog is up by over €500 million over the last year. That's 4% growth. It is driven by Public Works, where the backlog has increased 10%, whereas the Building part of the business is down slightly by about 1%. As a follow-up to previous quarter, Bouygues Immobilier is in a difficult market situation. The upshot is that the backlog is actually down €240 million over the last 12 months. That's a 25% decline or a value of €1 billion.

Net reservations in housing are stable in terms of volume. The increase in block reservations are offsetting the unit reservations, but it's a 6% increase in value over the year. As for commercial billings, the increase or the bookings, I should say, are at a standstill. The beginning of a decline in interest rates we observed in late 2023 led to a significant number of withdrawals in the first half year, which is encouraging, but this needs to be confirmed over time.

Finally, Colas. Colas took in orders for €7.2 billion in the first half year. In Roads, the order book is up slightly in France. It's down slightly outside of France because of the nonrenewal of a number of major projects and a repositioning of business in certain countries. In Railways, the first half year was marked by the signing on of a major contracts, particularly in the Q2, the signing of a contract for the Metro Line 15, East-2 in the Grand Paris for a total of €100 million. Finally, the Colas backlog is stable over the last year at €14.1 billion. In Roads, the backlog is down 9%. In Railways, it's up 25%.

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Let's now move on to the financial performance of our construction business on Page 14, beginning with sales. Construction sales totaled €12.3 billion, up 1% over the last 12 months and up 1% on a like-for-like basis, thanks to Bouygues Construction and Colas. Bouygues Construction sales figure was up 4%, driven largely by Building outside of France. Public Works was stable and Building in France was down growing slightly. The sales figure for Bouygues Immobilier is down 17%. Housing was down 15% over the year and the Commercial Buildings almost at 0, which is a clear reflection of the market which is at a virtual stance. So finally, Colas' sales figure was up 1% over the last year. It has been supported by the Rail business, up 7%. As of Roads, the sales up very slightly in France, North America and the EMEA region, but down in Asia Pacific.

Moving on to current operating performance from activities on Page 15. The COPA for the Construction business stands at minus €21 million. Let me remind you that because of the seasonality of Colas, the numbers for H1 are not representative of annual numbers. Numbers for Bouygues Construction and Colas are up. Bouygues Construction COPA is up at €134 million. COPA margin stands at 2.7%, up 2.2 percentage points over one year. You should point out that COPA margin is related to the nonlinear pace of construction sites. And so a quarterly analysis of this indicator is not really relevant to assess the annual performance on its side.

Colas' COPA stands at minus €119 million, up €8 million over one year. Now that performance is pretty usual for a first half of the year, again, because of the seasonality of business. As to Bouygues Immobilier, it is undergoing change because in the context of lower business, Bouygues Immobilier's COPA for the first half year was minus €36 million, again compared with 0 at H1 2023. Adaptation measures decided in April are being implemented in the first stage of the redundancy plan, giving preference to volunteer departures, and internal mobility is going according to plan. These measures will start kicking in at end 2024, the full effect being expected in the second half of 2025. Noncurrent charges for that were recognized to the tune of €23 million for H1.

Let's move on to Equans on Page 17 in a rather buoyant context, Equans enjoyed strong new orders to the tune of €10.2 billion growth both in France and outside France that include, in H1, significant orders in France as Navy, Nuclear, Transportation and Building, but also outside France for data centers, solar farms, or indeed high-tech plants. Also, order taking took advantage of recurring contracts and maintenance and normal business.

Another point, orders have been improving at end June 2024. Equans' backlog stands at €26.5 billion, stable compared to end 2023, and that reflects our new strategy of selectivity on contracts, but also pulling out of the New Build business in the U.K. Sales for Equans stood at €9.4 billion at H1 2024, up 2%, thanks to a positive momentum on the various geographical areas. And in spite of disposals conducted in end 2023 and the gradual pullout of the New Build business I mentioned earlier, revenue is also driven by significant growth in specialty areas, solar, data centers, and high-tech plants. COPA stands at €300 million. So that's the COPA margin at 3.2%, up 0.5 percentage points compared to H1 2023. This shows that the Perform plan is being implemented properly.

Let's move on to Page 18 on the outlook for 2024. We are confirming the outlook for 2024. The Perform plan is going as planned. The environment is positive, but we gave preference to profitability rather than volume in 2024, which we confirm that sales should be close to that of 2023. On the one hand, it will take onboard the growth of Equans' markets, but also there's a scope effect related to the disposal of -- the discontinuation of asset-based activities at end '23 and the fact that we are being more selective on businesses. Let me remind you that for Equans, as of 2025, we're looking to an acceleration in organic growth for revenue to be in line with the rest of the market. In 2025, the COPA margin should be close to 4%. In 2027, the COPA margin should reach 5%. Equans is also looking to a conversion rate of anywhere between 80% and 100% of COPA-to-cash flow before WCR.

Let's move on to TF1's numbers. This is Page 20. The numbers were published last night. The audiences of Group TF1 have confirmed the success of its editorial strategy. The audience share for women under 50 in charge of purchases is up 1 point at 34.6%, and the audience share for individuals aged between 25 and 49 is up 1.3 percentage points at 31.5%. TF1's sales figure is up 6% at €1.1 billion. Advertising revenue is up 7% over one year, thanks to a good advertising market in the linear part of the business. Good performance of TF1+ in the digital. Advertising revenue of TF1+ is up 40% over one year, confirming the attractiveness of this platform for advertisers.

Newen Studios business is down. This is because there have been no significant deliveries of programs in H1, but this is in line with our expectations for 2024, because we're looking to more programs in Q4. COPA, therefore, is down €24 million over one year at €121 million. The cost of programs is up €55 million over one year. This is related to the Euro football competition. And of course, there's been an uptake of the advertising revenue in 2024, but there are exceptional expenses for launches in H1, in particular, TF1+. COPA from activities stands 1.7%, down 3 points over one year as expected at this point of the year, again, not representative of the rest of the year, of the full year.

Let's move on to the outlook for TF1. I can confirm that TF1 will pursue its growth of digital leaning on the promising launch of TF1+. It will keep a COPA level close to that of 2023, and TF1 will keep generating significant cash, enabling it to look at a growth policy for dividends over the next few years.

Let's move on to Bouygues Telecom. This is Slide 23. At end June, Bouygues Telecom had as many as 15.6 million contract customers, not including machine-to-machine. That means an additional 76,000 customers over the first half year, including 59,000 over the second quarter. This is less than in H1 2023, where Bouygues Telecom was able to get in an additional 109,000 new mobile customers. This reflects the lower growth of the market in terms of volume, but also the environment has become very competitive indeed.

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Mobile ABPU is stable at €19.7. This reflects the constant tensions on purchasing power, which cause customers to move to cheaper contracts. Mobile ABPU is stable, has been for 1 year and since Q4 2023. But if the competitive context continued, that could bring about a lower mobile ABPU by end 2024.

Page 24, growth dynamic in the fiber business. An additional 249,000 new customers on H1, including 115,000 on Q2. Customers with FTTH stand at 3.8 million, accounting for 77% of the total number compared with 69% a year ago. Altogether, the customers in fixed lines, there are 5 million such customers, up 70,000 over the first half year. Fixed ABPU keeps growing. It stands now at €33, up €2.5 over one year, thanks to the deployment of the fiber and the good quality of the network and its fixed equipment.

Now I'm on Page 25, Bouygues Telecom's key figures. Sales billed to customers in H1 was up 5% over one year. The number for services at H1 2024 was up 4% over one year. We are being penalized by lower incoming revenue, but this has no effect on EBITDA after lease. Total sale is down 1% over the period, but this is because of a lower contribution of the Others compartment that includes handsets, accessories, but also works.

EBITDA after Leases stood at €959 million, up 3% over one year. This is driven by growing revenue and more cost control in what has become a very competitive environment, and also higher OpEx in line with the acquisition of new customers in the Fixed business. Operating profit from activities is slightly down, €356 million, because of additional depreciation allowances in line with our CapEx expectations. Finally, gross CapEx, not including frequencies, are in line with the objective at €778 million.

Let's move on to the outlook for Bouygues Telecom. This is Page 26. The outlook for 2024 for Bouygues Telecom remains unchanged. Bouygues Telecom proposes to increase the sales billed to customers, EBITDA after Lease above €2 billion, and gross capital expenditure, excluding frequencies, around €1.5 billion.

If we look at our EBITDA guidance after Lease for the year 2024, let me remind you that as we did in Q1, mobile ABPU has been stable since Q4 2023. The growth of the Mobile market has become very limited indeed, but we keep growing our network into new areas. And because we are in a rental mode for the fixed business, this brings about costs that are recognized as OpEx.

I'll give the floor now to Pascal Grange, who will give a detailed presentation of the numbers.

Pascal Grange

Thank you, Olivier. Good morning to one and all. Just some additional information on the financial statements as of June 30, 2024, concerning the income statement on Page 26. I'm not going to dwell on sales and the COPA, which have already been explained in some detail. First point, in the first half of 2024, we recorded €45 million in amortization of PPA, power purchasing agreements, including €28 million for Equans, all booked under Bouygues SA. Secondly, nonrecurring elements, which are not related to activity totaled €106 million in the first half year. The two landmark events of the first half year are, first of all, Equans, which booked €46 million in nonrecurring expenses, mainly because of the management incentivization plan that we discussed at some length at our Capital Markets Day.

The cost of this plan was booked entirely to the first half of 2024, and is therefore higher than in the first half of 2023, where it only began to be booked in the second quarter. The amount of nonrecurring expenses relating to this plan in 2024 will probably be a little higher than the €80 million initially anticipated. This is because Equans has performed better than expected.

As for Bouygues Immobilier, it has booked a nonrecurring loss of €23 million, mainly due to the cost of adapting its activity. This is a plan that was announced last April. Then at TF1, Bouygues Telecom and Bouygues Construction also booked nonrecurring losses for smaller amounts. The third point is that the cost of net debt is down €117 million. This is an improvement after a cost of €149 million in the first half of last year. This is due to the combined effect of increased liquidities and interest on these liquidities, bearing in mind that our debt is at a fixed rate.

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Fourthly, concerning the lower half of the income statement, we have booked a tax expense of €162 million after €155 million in the first half of last year. The calculation gives us a relatively stable effective rate at 39%. The effective rate of tax in the first half year was due to, let's say, the constraints of international taxation. The fact that we have presence in a very large number of countries, there's a very wide range of retail taxation in each of these countries. Fifth, the share of joint ventures and associates reached €6 million, down from €46 million a year ago.

This was in particular due to the lesser contribution of Tipco. It's a joint venture with Colas in Thailand, including a start-up of activities, which took place later this year. And of course, Bouygues Telecom's joint ventures, which are still in the investment stage. Finally, 100% consolidation of Colas' losses at 100% as opposed to 96.8% in the first half of last year. The result of these different items give us a net profit group share at the end of June of €186 million, down €39 million on the previous year.

As you can see on Page 29. Net debt at the 30th of June 2024 totaled €8.7 billion, up from €6.3 billion at the end of last year. Now this is a variation of €2.5 billion, which is mainly due to the usual seasonal effects on the group's activities. This variation is considerably smaller than the one we observed at the end of 2022 and indeed at the end of the first half 2023, which was a variation of approximately €3.1 billion. This is due to the better development of our operations and working capital requirements in particular.

The variation by comparison with year-end 2023 was mainly due to the net acquisitions/net of disposals for €120 million, including investments in joint ventures by Bouygues Telecom, acquisitions by Colas, and the buyback of TF1 shares, but also due to the variation of share capital or shareholders' equity for €50 million, a cost of €50 million with a view to the cancellation, the exercising stock options, and the liquidity contract. The distribution of the dividend for €811 million, including €718 million paid to Bouygues shareholders, the remainder being paid to minority shareholders in TF1 and Bouygues Telecom. Finally, operations totaled a cost of €1.5 billion.

Let's now take a close look at the variation in this operations. This is Page 30. Beginning with net cash flow, including the repayment of lease obligations totaled €1.3 billion. This is a €200 million increase by comparison with the first half of 2023. Net CapEx, that's not including frequencies, totaled €1.1 billion, which is identical to the amount of CapEx last year. €6 million were also booked for frequencies in the first half year.

Free cash flow before working capital requirements amounted to €205 million. This is a big improvement over the first half of 2023, when the figure was €11 million. The change in operating working capital requirements and others, as every year, affected by the seasonal effect on our operations variation booked at the end of first half year, was €1.7 billion, which is considerably lower than the variation at the same time last year, which was minus €2.1 billion, almost minus €2.2 billion.

Let's now look at the group's financial structure on Page 31. Group's liquidity totaled €13.6 billion at the end of June, which is a very high level indeed. This amount is comprised of €2.4 billion in cash, that's the group's cash, and €11.1 billion in medium and long-term facilities that have not been drawn down. Part of this was set up for the purposes of acquiring La Poste Mobile. Need I remind you that the acquisition price was assessed at €950 million. On the right-hand side, you see the chart, that's the scheduling of payments, which is very balanced over time.

Page 32, you'll see that net debt has improved substantially by comparison situation at June 30 of last year. By comparison with year-end 2023, the variation is because of the seasonality of our business. The gearing was 65% at the end of June 2024, at an improvement of 13 percentage points over the last 12 months. Finally, let me remind you that the rating agencies have given good ratings to the group. Standard & Poor's have given us an A- with a negative outlook. And Moody's have given us and confirmed in June 2024 an A3 rating with stable outlook.

That's the end of my presentation of the accounts. Thank you for your attention. Olivier, I give you back the floor.

Olivier Roussat

Fantastic. All right, well, let's look at the outlook for the group for 2024. This year, Equans will keep improving its performance in line with the performed strategic plan. Weak Immobilier will still be in a challenging market with little visibility for any time of a pickup. And in an uncertain economic and geopolitical environment after a year of growth, Bouygues is looking at revenue and ROCA slightly up compared to 2023.

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And now we are here to take your questions together with Pascal and the heads of the business units.

Question-and-Answer Session

Operator

[Operator Instructions] We'll start off with a question from Nicolas Cote-Colisson from HSBC.

Nicolas Cote-Colisson

I have a first question regarding the macroeconomic and political context in France. I mean, we may end up with a business that is just running current affairs. But with that, might this have a consequence on public orders procurement for construction? What about the U.K.? And finally, Colas has seen a number of major projects not renewed. What's the outlook?

Regarding Bouygues Telecom EBITDA, I heard your comments about the acquisition costs for new customers in the Fixed line business, which is driving down or pulling down EBITDA growth. Is it the leases that are going up? Or are we talking about the acquisition costs such as promotion? I'm trying to see, there's a growth of 8% EBIT, but only 3% growth in EBITDA.

Olivier Roussat

Well, I'll take your question. Benoit will take the other half of the question. First question about the political environment in France, and indeed, the U.K. political environment. You saw that the backlog that we have regarding Roads or the Construction business. We have good backlogs with good visibility. We don't see much coming in the way of that. If we look at the depth of the backlogs, part of 2025 is already inside our books. And so we are not really concerned about that. We're looking at infrastructure projects where this is unlikely to be a concern.

On the property market, that's another issue. Pretty much, it's down. We feel that we've hit rock bottom. So the question is, will there be stimulus measures for that business? We assume that the market is down, but of course, if the market picks up, that's fine, but if not, we can live with that low level of business. The countries where there's nonrenewal of contracts, mostly in North America that for Colas the major products would not renew -- sorry, there was a question about the U.K. U.K., we have nothing to say. The business there on the Road business in U.K. is pretty low. So we're not particularly concerned with developments in the U.K. On Rail, we have contracts that have already been renewed. So there again, we're not particularly concerned. Neither about developments in the U.S. And of course, overall, our level of businesses has been pretty stable irrespective of policies in that country. Benoit, about Bouygues Telecom, maybe?

Benoit Torloting

Yes. So you were asking about the low growth of EBITDA compared to growth in revenue. Well, there are two phenomena here to understand the whole point. Number one, as you point out, growth in sales is driven by the fixed line business. Now in that business, we rent out infrastructure. So these are variable costs. And so the variable margin of Fixed line is lower than in the Mobile business. Then there's another point. In Q2, there's -- we have different developments between Q1 and Q2. We had a revamping in all our offers. So there were costs associated with these new launches. Then as a technical point, you may know that the former workshops are written off as a loss in EBITDA in Q2. I'm talking, sorry, about the treatment of unpaid invoices. We had the opposite phenomenon last year.

Olivier Roussat

Yes, we're all on different sites. The reason we give the floor to -- I say who will be speaking this, because there are two of us in the same room. All the others are in separate sites. So this is why I have to tell you who will take the question, sorry.

Operator

[Operator Instructions] The next question comes from Nawar Cristini from Morgan Stanley.

Nawar Cristini

I have a question about Bouygues Telecom. You published the objectives for Bouygues Telecom at Capital Markets Day in 2021. A lot of things have changed since then, in particular, on the price environment. The cost environment also has changed with the cost of energy. Do we need to revisit the guidance because of that? Second question on the energy costs. It seems to me that the expected increase for 2024 is €80 million. Will you be able to pass on part of these costs to your customers? Because you said that you were trying to cut down on costs. And then will you be able to tell us more about the acquisition of the La Poste business? What visibility have you got on that, about that transaction?

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Olivier Roussat

All right. Benoit will take the first two questions, and I can answer about this post office business. As things stand, we did, in April '24, we signed the deal. We had to see employee representatives. We had to go ahead. And La Poste asked SFR if they wanted to preempt the offer. They didn't. But we just learned that there was a difference between La Poste and SFR on the terms and conditions of the contract. So they have an FBA that has to be revisited or at least that has to be put on hold until such time as SFR and La Poste resolve their differences. We don't know how long it will take, but we have submitted our offer to the Competition Authority on the 12th of July as to the actual timetable. I cannot tell you more because I'm not privy to information about a deal between La Poste and SFR. Benoit, about energy costs.

Benoit Torloting

We had hedged for that up until end 2024. So as of 2025, we will feel the impact of higher energy costs. Plus we've been using more power and more energy because we're developing our network. And so there will be an €80 million impact in 2025 compared to 2023. We're working on costs for operations, but also capital expenditure. You know that we have transferred some operations to Morocco to absorb some of the costs.

On the guidance for 2026, we're looking at €600 million for 2026 and €2.5 billion EBITDA in 2026. That was an objective, but we stand with that figure. That meant that the model for fixed line would remain the same. At this point, we are renting facilities. We might eventually acquire them. So that might cause an adjustment.

We see no further questions for the time being on the French side of questions. I'll leave the floor to the operator for questions in English.

Operator

Our first question will be coming from Jacob Bluestone of BNP Paribas.

Jakob Bluestone

I had a few questions actually. Firstly, just on Equans specifically. You talked about data centers. In fact, you show it in your images as well. I was just interested in understanding a little bit better how significant a driver are data centers in terms of the overall revenue mix of Equans. It's obviously a very high-growth area, but I'm just not sure how big is your exposure to that?

And secondly, could you maybe just give us your latest thoughts on how you see margins evolving in the various construction segments? And then I guess, just thirdly, on the competitive environment in French Mobile. Just interested in understanding, from your point of view, what are your expectations from here? Do you sort of think things have recovered a little bit? It looks like July was a little bit better than June? Or what's your sort of analysis of what's the outlook from here on, on mobile? Is it just going to stay more difficult going forward?

Olivier Roussat

Jerome, on data centers? The data center market for Equans, would you like to take that?

Jerome Stubler

The data center market is a high-growth segment in Europe. It's lower than in North America, but our exposure to the data center market is mainly in three countries in Europe; in England, France, and Italy, and to a lesser extent, Germany. I'm not going to give you the figure for sales and backlog, but it's quite a significant figure in terms of backlog, which enables us to foresee a good percentage of our future growth. Data centers are increasingly important, as we are producing them in stages. So it depends on the speed at which we can produce these data centers.

But it's also the synergy with weak Construction. We are organized in the form of consortiums for the building of these data centers, which, I think, reassure our clients and enable us to complete our projects at the earliest possible date.

Olivier Roussat

Thank you, Jerome. Benoit, would you like to answer the question about telecom, the competitors in mobile phones?

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Benoit Torloting

Well, in mobile phones, as Olivier said during the presentation, there are two things to mention. First of all, the overall growth of the number of subscriptions in France, which has tailed off since the start of the year. So a competitive environment which has become increasingly competitive, particularly since May, June or Q2, if you prefer, and that situation has continued into Q3. Even by adapting our offers, which we did adapt the end of April onwards. But I think we're going to have to continue to adapt our offerings regularly, which will probably lead to a decline in ABPU by comparison with the situation a year ago. It had been stable for the last three quarters, but it's, nonetheless, the highest ABPU in the market, higher than our competitors.

Olivier Roussat

Now Pascal, would you like to take the question on the margins in Construction?

Pascal Grange

Well, business by business, at Bouygues Construction, we see that normalized margins would be in the region of 3%, 3.5%. And we're very close to that level at the moment. With the Colas, given the business mix, it's not just Public Works, but also industrial activities. Because of that, we feel that the normalized margin should be in the region of 4%. And to arrive at 4%, we believe that our growth will be gradual and phased over several years. It will be, again, a very particular situation. Given the context that Olivier Roussat has commented, the first half year had a very, very difficult COPA because we've had to adjust a number of things. We've had to renounce a number of contracts. We've had to book costs to adjust the structure.

So all this should bring us back to a breakeven in time. Certainly not this year. I think we'll be close to breakeven next year, but I'm not sure at what stage of next year. Then hopefully, we will gradually get back to the sector margin of 5% to 6%. So very clearly, we have no visibility as to when the real estate market will pick up. This is not a guidance, by the way, given the incertitudes in the market.

Operator

We do not have any further questions on the English call. We will pass it now back to the French call, where we have a couple more questions.

Olivier Roussat

Maybe people already heading off for the opening ceremony of the Olympic Games, though it's only at, I think, 7:00. So ours is empty at the moment. No more questions in either English or French?

Operator

Another question from Nicolas Mora from Morgan Stanley.

Nicolas Mora

If I could come back for a second to the contracting at Colas. Could you say a few words about what's happening in terms of order intake, the level of activity. We see that the backlog is down 9% year-on-year. I know you've been taking a more selective approach, but you also mentioned a downsizing in certain countries. Could you elaborate on that and tell us what you're doing to manage the margins and volumes of business. Secondly, with Equans, we're currently downsizing in the U.K. Could you help us assess the impact of downsizing activity on the group's growth within the first quarter or the second quarter?

Olivier Roussat

Okay, let's begin with Pierre in the order of the questions. Pierre?

Pierre Vanstoflegatte

For Colas, well, the backlog is up by about 6% in France. The downturns of backlog are mainly in North America. The downturn is in the region of 19% in the U.S.A. This is mainly because in 2022 and 2023, we had a number of major contracts under the Biden Infrastructure Act. Now these are contracts that were not renewed in the first half of 2024, when the downturn in the backlog. That said, Rail is booming pretty much in all countries where we operate. A number of major contracts in the first half year, in particular. In Egypt, it is the Abu Qir Metro line; and across Grand Paris, Line 15 for about €15 million. The downturn is especially in North America; to a lesser extent, Canada. Here again, a number of maintenance contracts that were not renewed earlier in the year.

Olivier Roussat

Jerome, would you like to answer Equans in the U.K. and how the U.K. has developed?

Jerome Stubler

Well, the exit from this business is in the region of €115 million over a full year. New Builds base in community in 2024, we are looking at some €300 million. 2025, the figure will be an additional €100 million or thereabouts. A word about New Builds. We haven't taken on any new contracts. So we're just carrying out the backlog that we have. So this is a business that will be phased out as we complete these contracts. We've decided not to take on any New Build business.

Nicolas Mora

If I may...

Olivier Roussat

Please do. Be my guest.

Nicolas Mora

Concerning Equans, at -- well, improving our margin by 50, 60 basis points a quarter. Is that a trend that you can continue or to extrapolate?

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Olivier Roussat

Well, we've given you guidance already. Jerome, I'm answering for you, but the guidance we gave you is that the first milestone was the end of '23, the second milestone was the end of '25, and there's nothing in between. So it's a straight line, is it? No, no, no, we're somewhere in the middle, in between the two. It's a little disappointing, but that's the way it is. It's somewhere close to 4 that we expect in '25, and the 2.90 that we had at the end of '23. I know it's not very kind of us, but that's what we said. That's the information we gave you before.

Operator

Next question comes from Nicolas Cote-Colisson from HSBC.

Nicolas Cote-Colisson

Brief question. I just had a clarification on Bouygues Telecom. I know you're moving from Asset Base to Fixed in France. What are the conditions required for you to consider what you're planning in the joint venture?

Olivier Roussat

Benoit, would you like to take that?

Benoit Torloting

This is something we analyze regularly. There are windows that open. There's an option that we can exercise in '25 and '26 on a company called [Dalish]. There are two or three windows on another, what we review frequently depending on the volume of clients we have in certain zones. So at a certain point in time, if the volume of clients is sufficient, we can consider this. So potentially, this could be as early as 2025. And the faster it could be when? 2031, that's further down the road. But every quarter, we review the situation, every quarter.

Operator

The next question is from Eric Ravary.

Eric Ravary

Eric Ravary with CIC. I have two remaining questions. Number one, on Colas, you mentioned structure changes, adaptations in certain countries. Could you tell us what the countries are, what has been decided, and why? And then a second question, just to clarify the point about Bouygues Telecom's guidance on EBITDA. You say upwards of €2 billion over the year. Is this still valid? I mean, should there be a decline in mobile ABPU in H2?

Olivier Roussat

Pierre, regarding Colas, I mentioned a geographic repositioning in other words, but maybe Pierre we can clarify this.

Pierre Vanstoflegatte

Yes. Well, we are reducing our exposure to Africa, especially sub-Saharan Africa, we have cut back in a number of countries. Likewise, Britain, our activity was running at a loss structurally. And so we are cutting back in England as well to pull out of what is a nonprofitable market. So small projects outside big cities.

Olivier Roussat

Regarding Bouygues Telecom, we've just confirmed the guidance for 2024. So we're looking at EBITDA after Lease higher than €2 billion, that was Slide 26.

Operator

[Operator Instructions] We have a question from Mathieu Robilliard from Barclays.

Mathieu Robilliard

I have three questions. First, on COPA, I find that losses of Bouygues SA and others are less in H1 2024 than H1 2023. Is that something new trend? Or was that a one-off that occurred either last year or this year to account for this variation? And what are the expectations for the rest of the year? Second question about the Equans. I was trying to understand the revenue trend at Equans. Is this now in line with expectations, slightly better, or not quite as good? This is a new business after all. You're renegotiating many contracts. You are turning down contracts, and the margin is too low. But is the trend in line with expectations is the question?

And then finally, a question on the Mobile business. Why is it you need to respond to SFR as lower prices? Because your NPS, your branding position is pretty good. Were you concerned, when SFR reduced their prices, this lead to customers moving away from you to SFR? What prompted you to adjust your prices?

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Olivier Roussat

Well, people in general, yes, they may have an emotional attachment to their operator, but they also look at the cost. Benoit, about special developments?

Benoit Torloting

No, we are pretty much in line with our expectations. On Equans, let me just give you details about the acquisition of Equans. We said at the Capital Markets Day, we want to improve profit margins; and to focus on profit margins, we said that the priority is profitability rather than volume. And so initially, we might see a low development, low growth in revenue because of that choice. But maybe, yes, well, overall growth stands at about 2%, but in view of the disposals and lower revenue on communities, we are slightly above plan.

So as things stand, we remain very selective on any business we take up. We have decided to cut down on some market segments. I cannot give you specific examples, because we're talking about a large number of small segments, but we are being more selective. And that was already part of the plan and we are ahead of the plan. So as things stand, we find that revenue is slightly higher than expected.

Olivier Roussat

Thank you, Benoit. Yes. On the Mobile market, if you look at the various factors, all our competitors have been reducing prices. Orange with its brand Sosh, they cut down prices at the end of last year, beginning of this year. And so that was even lower than B&YOU and RED. So we have to adjust to that. If we look at our prices, we are still above SFR and indeed B&YOU is higher than RED. So we have to strike the right balance between price and value, but we stick to value and coming out ahead at this point.

Operator

At this point, we see no further questions. I will give the floor to Olivier Roussat, who will speak the closing as well.

Olivier Roussat

If there are no further questions, I wish you a happy holiday and an enjoyable opening ceremony for the Olympics, but we'll see you again in November for the Q3 results. Thank you.

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