

25th January 2016

Construction & Building Materials

LafargeHolcim

Price CHF44.12

CEO interviewed by SonntagsZeitung

Fair Value CHF60 (+36%)

SELL

Bloomberg	HOLN VX
Reuters	HOLZn.VX
12-month High / Low (CHF)	72.9 / 40.7
Market Cap (CHFm)	26,777
Avg. 6m daily volume (000)	1,807

	1 M	3 M	6 M	31/12/15
Absolute perf.	-9.2%	-19.6%	-35.5%	-12.3%
Cons & Mat	-3.3%	-2.7%	-9.1%	-5.7%
DJ Stoxx 600	-5.2%	-8.6%	-15.5%	-7.5%

	2014	2015e	2016e	2017e
P/E	21.4x	21.4x	13.5x	9.7x
Div yield (%)	2.9%	2.9%	2.9%	2.9%

ANALYSIS

- In an interview in the Swiss newspaper SonntagsZeitung, CEO Eric Olsen revisited several issues regarding the LafargeHolcim strategy.
- According to press comments: **1)** Eric Olsen reiterated that LH will try to reduce its capex from CHF2.8-2.9bn to less than CHF2bn as from 2018, combined with CHF3.5bn of disposals.; **2)** he stressed that current world average utilisation rates are close to 66%, with over-capacity in China, Indonesia, Brazil and Greece - and that LafargeHolcim is prepared to close capacity if necessary. **3)** He also explained that he wants rates to be over 80%. In that context, the press article notes that the synergies to be generated are likely to be close to CHF1.5bn, of which CHF1.1bn at the EBITDA level at the end of 2017 – as previously announced.
- Nothing surprising in the various comments picked up by the French-language press (the interview was in German). We don't see any changes compared with the Capital Market Day comments.

VALUATION

- CHF60 derived from the application of historical multiples to our 2017 estimates, discounted back

NEXT CATALYSTS

- 2015 FY results on 17 March 2016

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Distribution of stock ratings

BUY ratings 72%

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