

10th March 2016

Construction & Building Materials

## Saint Gobain

Price EUR37.15

Saint-Gobain/SWH conference call feedback

Fair Value EUR42 (+13%)

BUY

Bloomberg	SGO FP
Reuters	SGOB.PA
12-month High / Low (EUR)	44.5 / 32.1
Market Cap (EUR)	20,836
Avg. 6m daily volume (000)	2,150

	1 M	3 M	6 M	31/12/15
Absolute perf.	14.5%	-4.4%	-10.8%	-6.8%
Cons & Mat	12.5%	-3.3%	-3.1%	-3.6%
DJ Stoxx 600	9.6%	-6.9%	-6.8%	-7.3%

	2014	2015e	2016e	2017e
P/E	18.8x	18.0x	13.9x	11.1x
Div yield (%)	3.3%	3.3%	3.5%	3.8%

### ANALYSIS

- SWH and Saint-Gobain organised a conference call yesterday to re-present the deal rationale.
- Both SGO and the Burkard family have reiterated their commitment to close the deal, whatever the apparent delays. A figure of EUR180m in total synergies was reiterated. Both parties have insisted that the decision to sign the deal was not a last minute one, but reflected a long and thought-out process. From the Burkard family's viewpoint, Saint-Gobain is the right partner and no alternative deal is considered. Besides, both SGO and SWH have stated they are under no pressure. They can wait apparently (knowing that the deal price is fixed at EUR2.3bn), even if possible appeals could add 1 to 1.5 years of delays to the legal process. Actually, no validity date for the current deal between the two parties has been disclosed but Saint-Gobain CFO Guillaume Texier said: "an extension of the calendar will not be an issue for us".
- No real fresh news from the call in our view. The key uncertainty regarding the Zug Court decision on SWH voting rights remains intact (the first instance decision is expected this summer).

### VALUATION

- EUR42 FV from the application of historical EV/EBIT to our 2017 estimates, discounted back

### NEXT CATALYSTS

- Q1 revenues on 27th April 2016, after trading

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## Distribution of stock ratings

BUY ratings 64.4%

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