

13th April 2016

Construction & Building Materials

Saint Gobain

Price EUR38.73

SIKA AGM : SWH voting rights restricted

Fair Value EUR42 (+8%)

BUY

| | |
|----------------------------|-------------|
| Bloomberg | SGO FP |
| Reuters | SGOB.PA |
| 12-month High / Low (EUR) | 44.5 / 32.1 |
| Market Cap (EURm) | 21,725 |
| Avg. 6m daily volume (000) | 2,040 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|----------------|-------|-------|-------|----------|
| Absolute perf. | 2.2% | 5.4% | -1.1% | -2.8% |
| Cons & Mat | -0.2% | 4.1% | 1.1% | -2.5% |
| DJ Stoxx 600 | -2.7% | -2.2% | -8.3% | -9.0% |

| | 2014 | 2015e | 2016e | 2017e |
|---------------|-------|-------|-------|-------|
| P/E | 19.6x | 18.8x | 14.7x | 11.5x |
| Div yield (%) | 3.2% | 3.2% | 3.4% | 3.6% |

ANALYSIS

- Sika AGM was set up yesterday. As widely anticipated, the Board of Directors of Sika has decided to restrict the voting rights of SWH to 5%. The restriction regarded several votes, mainly related to the election of board members. The scenario was similar in the two last EGMs last year.
- Hence, the composition of the Board has not changed and therefore the family has not recovered the control of it. Basically, as underlined by the Sika press release, the *statu quo* is maintained.
- The first decision of the Zug Court on the SHW voting rights is expected this summer. This could be followed by appeals, but Saint-Gobain and the Burkard family have recently extended their deal until June 2017 and SGO has an option for another extension until December 2018.
- The recovery of the voting rights is the first step for the family. Then, SWH will be able to recover the control of the Board and then proceed with the Saint-Gobain deal.
- In any case, the Saint-Gobain share price is unlikely to react to this well-anticipated piece of news.

VALUATION

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

NEXT CATALYSTS

- Q1 2016 sales on 27th April 2016, post market

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| | |
|---------|---|
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Distribution of stock ratings

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