

22nd June 2016

Construction & Building Materials

LafargeHolcim

Price CHF42.24

Press comments regarding Lafarge previous activities in Syria

Fair Value CHF50 (+18%)

BUY

Bloomberg	LHN VX
Reuters	LHN.VX
12-month High / Low (CHF)	71.9 / 34.1
Market Cap (CHFm)	25,636
Avg. 6m daily volume (000)	2,272

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.9%	0.2%	-12.5%	-16.0%
Cons & Mat	-0.8%	1.2%	1.2%	-1.6%
DJ Stoxx 600	0.6%	-0.2%	-4.8%	-7.0%

	2015	2016e	2017e	2018e
P/E	24.4x	17.5x	11.5x	9.8x
Div yield (%)	3.6%	3.9%	4.3%	4.6%

ANALYSIS

- According to French daily, Le Monde, Lafarge attempted to maintain activity at its plant in Jalabiya, Syria, in 2013 and 2014. As such, the French group, now part of LafargeHolcim, would have paid go-betweens in order to access its plant and buy raw materials or energy. Le Monde therefore reports that Lafarge has indirectly financed the Islamic State. The plant is no longer operating today.
- LafargeHolcim has published no press release as yet (an email was sent to Reuters though, underlying that the priority was then the security and safety of staff). We do not know what consequences (if any) could be related to these previous actions on the Lafarge side (if this is confirmed), but we doubt it could impact today's LHN valuation. We cannot rule out various negative comments in the press, though, but, in all, this might have a limited impact on the share price anyway. Actually, LHN was down -0.38% yesterday at CHF42.24, while the news was on the screen around midday.

VALUATION

- CHF50 derived from the application of historical multiples, discounted back.

NEXT CATALYSTS

- 2016 interim on the 5th August, before market.

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