

29th July 2016

Construction & Building Materials

Heidelbergcement

Price EUR73.40

Q2 top-line in line. EBITDA slightly better than consensus. Guidance reiterated.

Fair Value EUR86 (+17%)

BUY

Bloomberg	HEI GY
Reuters	HEIG.F
12-month High / Low (EUR)	79.9 / 60.1
Market Cap (EURm)	13,793
Avg. 6m daily volume (000)	615.7

ANALYSIS

- Stable organic growth for revenues in Q2 (1% after 1% in Q1), 2% below consensus at EUR3575m. EBITDA ("OIBD") was fine at EUR791m (+9% like-for-like after +13% in Q1), in line with our figure but 3% above consensus. EBITDA margin stood at 22.1% (vs 20.7% last year).
- Guidance is apparently unchanged but less precise. HeidelbergCement now expects to report a "moderate to significant increase" (instead of a "high single to double digit increase") in operating income and profit.

VALUATION

- EUR86 derived from the application of historical multiples to our estimates.

NEXT CATALYSTS

- Q3 2016 results on 9th November 2016

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	1 M	3 M	6 M	31/12/15
Absolute perf.	8.5%	-7.1%	10.8%	-2.9%
Cons & Mat	10.4%	-2.1%	5.2%	-0.3%
DJ Stoxx 600	7.2%	-2.7%	1.4%	-7.2%

	2015	2016e	2017e	2018e
P/E	17.2x	15.6x	9.8x	8.2x
Div yield (%)	1.8%	2.3%	4.1%	5.4%

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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