

25th August 2016

Construction & Building Materials

CRH

Price EUR29.05

Again, very strong H1 2016 interim figures

Fair Value EUR30 (+3%)

BUY

ANALYSIS

- H1 2016 sales came in at EUR12.7bn (2% vs consensus), up 8% on a pro-forma basis while H1 2016 EBITDA totalled EUR1120m (7% vs consensus), up 20% on a pro-forma basis, vs recent guidance for EUR1.1bn. The margin stood at 8.8% (9% and up 90bps y/y on a pro-forma basis).
- By zone, the Americas performance was very strong with EBITDA up 39% (PF), while Europe and Asia reported a decent increase (+5% and +7%, respectively). CRH is talking about a “continued positive momentum” in the Americas (particularly in res. and non-res.), which is of course not surprising. In Europe, CRH mentioned the “modest impact of early-stage economic recovery”.
- Outlook: EBITDA guidance is for above EUR3bn this year (IBES is EUR3.1bn). Comparison for the Americas is likely to be tougher, while Europe should continue on the same trend. The impact of Brexit remains unclear, CRH says. Slight increase in dividend per share at EUR18.8cent.

Key figures in H1 2016

EURm	H1 15	H1 15PF	H116e cons.	H116 rep	Δ% vs cons	PF y/y
Sales	12348	11740	12424	12693	2%	8.0%
EBITDA	934	956	1049	1120	7%	20.0%
EBITDA margin	7.6%	8.1%	8.4%	8.8%	-	90bps

Source : Company Data; Bryan Garnier & Co. ests.

VALUATION

- FV EUR30 derived from the application of 10x EV/EBITDA on our 2017 figures, discounted back.

NEXT CATALYSTS

- Interim Management Statement in November

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