

## Sector View

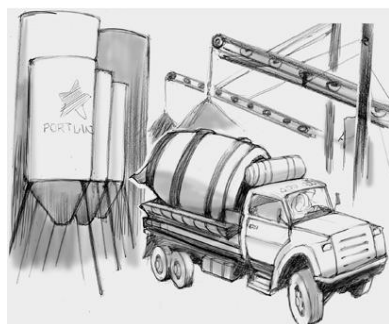
## Building Materials

	1 M	3 M	6 M	31/12/15
Cons & Mat	6.9%	6.4%	16.5%	4.5%
DJ Stoxx 600	1.6%	2.6%	7.2%	-6.1%

\*Stoxx Sector Indices

## Companies covered

Company	BUY	EUR30
<b>CRH</b>	<b>BUY</b>	<b>EUR30</b>
Last Price	EUR29.06	Market Cap. EUR24,112m
<b>HEIDELBERGCEMENT</b>	<b>BUY</b>	<b>EUR86</b>
Last Price	EUR81.14	Market Cap. EUR16,099m
<b>IMERYS</b>	<b>BUY</b>	<b>EUR72</b>
Last Price	EUR64.05	Market Cap. EUR5,097m
<b>LAFARGEHOLCIM</b>	<b>BUY</b>	<b>CHF50</b>
Last Price	CHF51.4	Market Cap. CHF31,195m
<b>SAINT GOBAIN</b>	<b>BUY</b>	<b>EUR46</b>
Last Price	EUR39.035	Market Cap. EUR21,661m
<b>VICAT</b>	<b>NEUTRAL</b>	<b>EUR56</b>
Last Price	EUR57	Market Cap. EUR2,559m



## Wienerberger outlook for 2016 roughly unchanged, except for the UK

While Wienerberger continues to predict positive development in 2016 for the US Construction and a "slightly positive development in European residential construction", with good trends expected in France or Germany, expectations have turned negative for the UK residential market. Renovation in Europe outlook roughly unchanged and still very cautious. Overall, we don't see this publication as a strong positive catalyst for the European building material sector.

## ANALYSIS

- Wienerberger has reported Q2 2016 sales at EUR858m, down -0.5% and EBITDA at EUR138m, down -5.9%, (i.e. 16.1% margin down 93bps) but up 9% l-f-l. Figures were not too far from the (poor) consensus (-1% and -3%, respectively, source ThomsonReuters). EUR405m EBITDA guidance maintained. The group has benefited from decent residential market in Europe, good dynamism in North America but subdued infrastructures markets in Eastern Europe.
- Market outlook comments are contrasted but most of the time positive. Based on housing starts in 2016, views on the US new residential markets is unchanged (+10% expected). In the western part of Europe, views are still positive (but less bullish) for France (+6% vs +8%) or Netherlands (+7% vs +12%) but very clearly more negative in the UK (-5% vs +4%) and still cautious for Switzerland (-6% vs -3%). In Central and Eastern Europe, Wienerberger views are (usually) more optimistic, like in Germany (+3% vs +1%), Poland (+5% vs +2%) or Bulgaria (+10% vs 2%). Renovation market is expected to decline by -3% this year (vs an "ongoing weakness" previously).

%	US	FR	UK	Bel	Netherlands	Germany	Switzerland	Italy	Austria	Poland	Slovakia	Hungary	Romania	Bulgaria
Previous	10	8	4	-6	12	1	-6	-2	1	2	4	13	12	2
New	10	6	-5	-6	7	3	-3	-2	3	5	4	15	6	10

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

- Wienerberger is one of the key producers of clay building materials (bricks, roof tiles) in particular in Europe. The read-across regards Building materials companies the most exposed to Europe in 2015: Saint-Gobain (67% of sales), CRH (46% of sales), Imerys (44% of Sales in Western Europe) and Vicat (49% of sales). The read-across is particularly interesting for groups exposed to the residential segment like Saint-Gobain (15% of sales exposed to Europe new res and 34% est. to Europe renovation), CRH (24% est. of sales exposed to Europe residential) and Imerys (in particular though its clay tile business, which weights 7% of its sales).
- Amongst our coverage, Saint-Gobain is the most exposed to the UK with 12% of its sales.

## NEXT CATALYSTS

- CRH to report interim results on 25 August, Eiffage (Buy, FV EUR73) on 31th August.

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BUY ratings 72%

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SELL ratings 28%

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