

20th October 2016

Construction & Building Materials

## Saint Gobain

Price EUR38.86

Further gradual improvement in the craftsmen business performance in Q3 in France

Fair Value EUR46 (+18%)

BUY

Bloomberg	SGO FP
Reuters	SGOB.PA
12-month High / Low (EUR)	41.8 / 32.1
Market Cap (EURm)	21,563
Avg. 6m daily volume (000)	1,649

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.8%	7.5%	-3.8%	-2.5%
Cons & Mat	2.0%	8.1%	5.0%	6.0%
DJ Stoxx 600	0.7%	1.9%	-1.6%	-6.1%

  

	2015	2016e	2017e	2018e
P/E	18.9x	18.2x	14.2x	11.8x
Div yield (%)	3.2%	3.3%	3.3%	3.3%

### ANALYSIS

- Craftsmen are the main customers of SGO Building Distribution. They generate approximately two thirds (cEUR80bn) of the building segment in France, mostly in renovation (c60% of their sales).
- In Q3 2016, the Craftsmen association CAPEB confirmed the gradual improvement in activity in France. Business increased by 2% y/y in Q3, after 1% in Q1 and Q2, mostly thanks to new-built (+3%), but also to a lesser extent, to a slight improvement in renovation (+1% versus +0.5% only in Q1 and Q2). There are not massive figures of course, but they are another step in the right direction. Actually, for the first time since 2011, craftsmen revenues are likely to grow on a yearly basis.
- The CAPEB confirmed that the craftsmen's order book is improving (+9 days since January) and that, in July, the number of craft businesses willing to hire was higher than those wanting to reduce their staff. However, this is not new as the CAPEB already mentioned it last summer (see our Focus on Saint-Gobain on 7th October 2016).

### VALUATION

- EUR46 FV derived from the application of historical EV/EBIT to our 2018 forecast, discounted back.

### NEXT CATALYSTS

- Q3 2016 revenues will be released on 27th October, post market. We expect EUR9.8bn.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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