



SAINT GOBAIN (NEUTRAL, FV EUR47) | French renovation market under pressure in Q1

- According to the FFB (Fédération Française du Bâtiment), the renovation market has been down 2.1% y/y in volume in Q1 2019, following an already difficult Q4 2018 (-1.8% y/y), on a rolling twelve-month basis. This is a bit mitigated by a positive confidence survey in Q2.
- This looks contradictory with the level of existing-home transactions, currently at very high level in France with 985,000 units at the end of March on 12-month cumulated number, up 2.6% y/y and 25% above the average since 2000. It is true, though, that renovation is not as cyclical as the new build segment.
- In any case, this is not a positive piece of news for Saint-Gobain, which generates 25% of its revenues in France, mostly (around 66%-70%) in renovation for the part of the business exposed to the building construction sector (i.e. approx. 85% of the revenues in France according to our calculations).

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