



# Additional Thoughts on Braas Monier

November 2016

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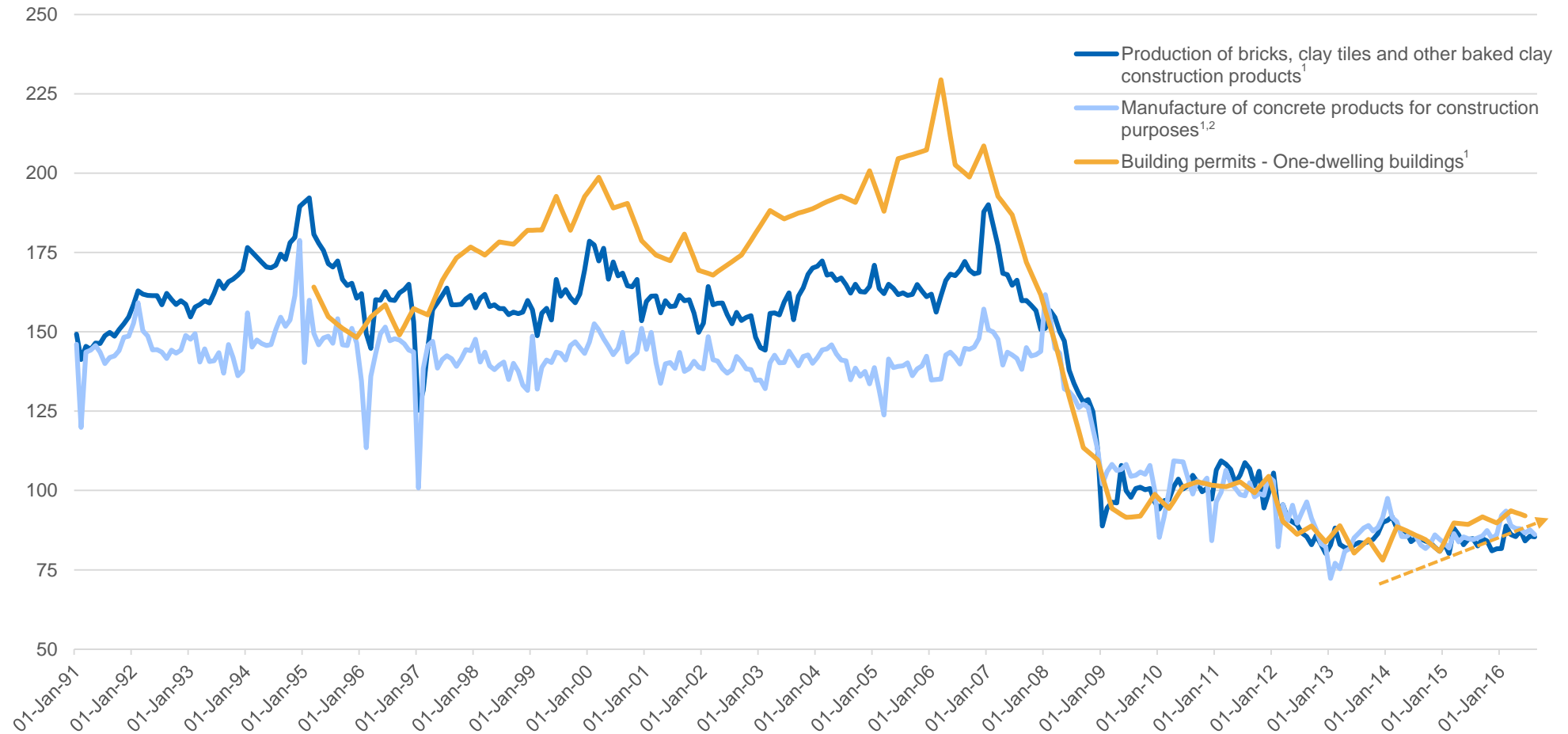
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# Positive outlook in relevant European construction materials markets

First signs of recovery with history pointing to substantial potential upside



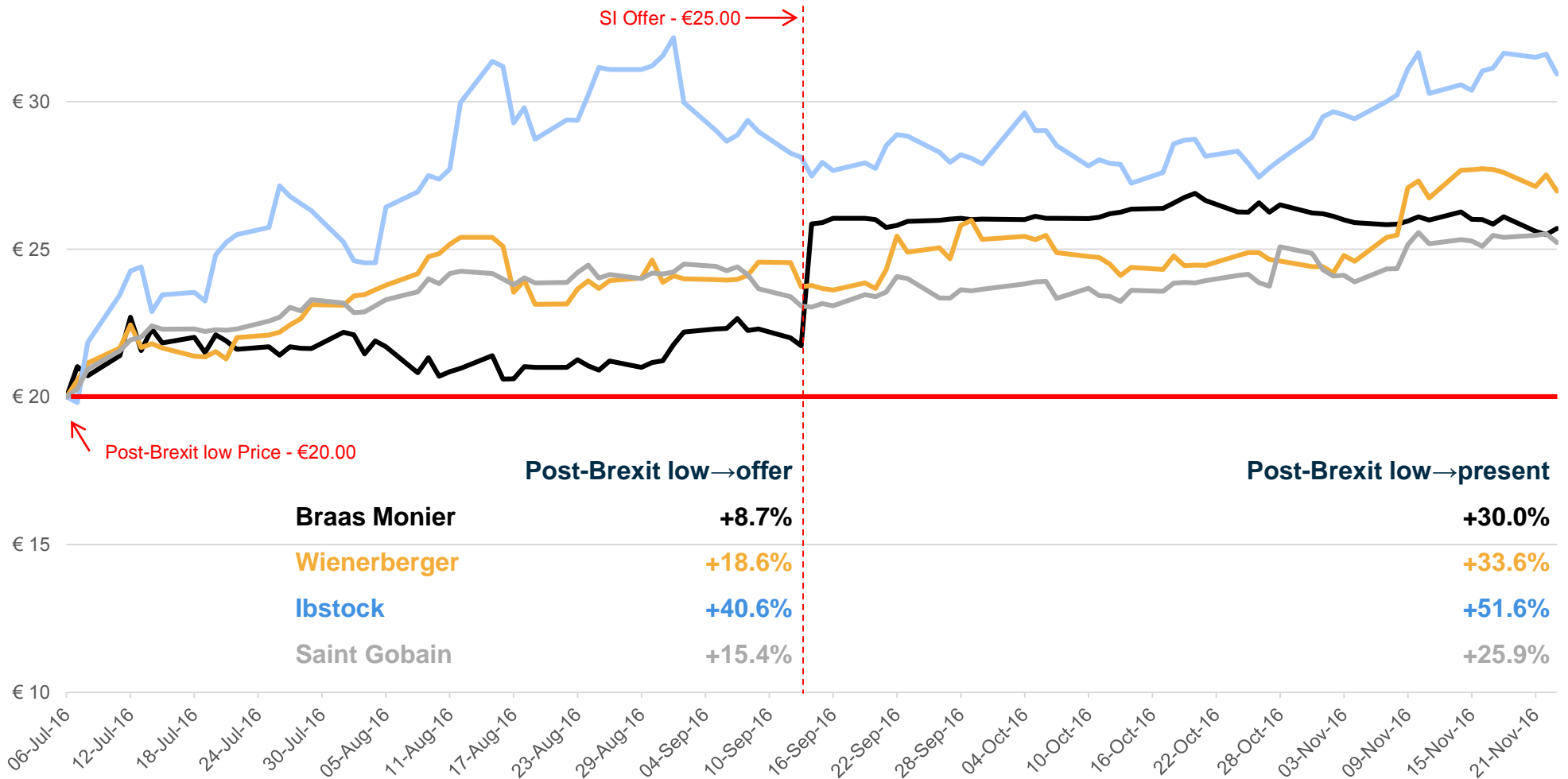
Source: Eurostat monthly production in industry data for bricks, tiles and other baked clay building products; concrete products for construction purposes; and building permits - one-dwelling buildings

1) Data for the "EU15" (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom). Indexed data, 2010 = 100, seasonally and calendar adjusted.

2) Includes precast concrete, cement or artificial stone articles for use in construction (e.g. tiles, flagstones, bricks, boards, sheets, panels, pipes, posts, etc).

# The current bid is an attempt to opportunistically exploit Brexit ...

Braas Monier was the only one of its peers that had not recovered from Brexit at the time of the offer...

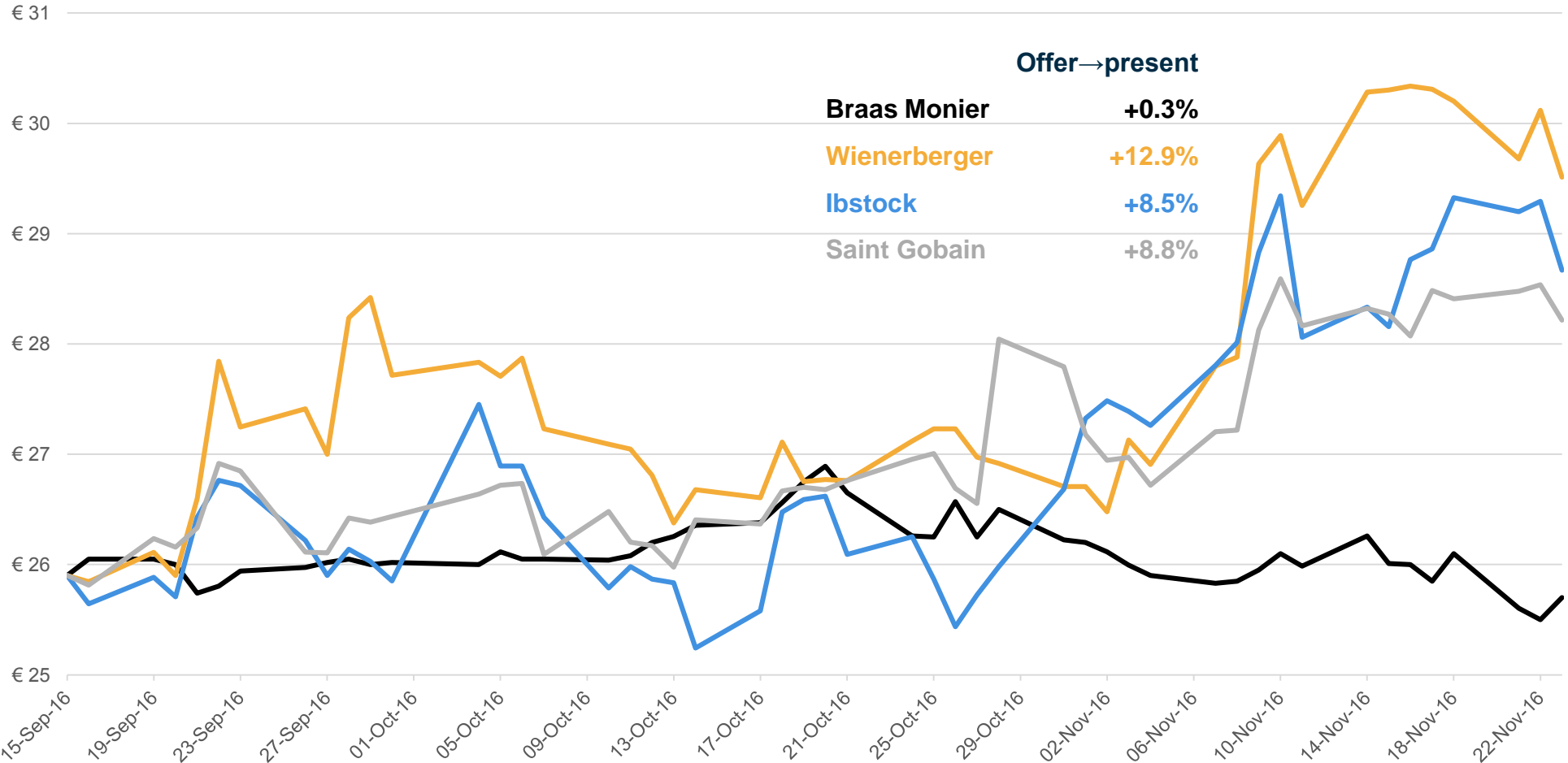


Source: Bloomberg data as of 23 November 2016

Note: Price performance relative to Braas Monier.

# ... in-fact, the offer is holding Braas Monier back!

Braas Monier's performance since the offer date has been muted compared to peers



Source: Bloomberg data as of 23 November 2016

Note: Price performance relative to Braas Monier.

# Thoughts on value

The positive effects of restructurings and synergies<sup>4</sup> mean Braas Monier is worth much more than €25...

|                                      | Braas-Monier      |                     |              |                        |              |              |              |              |              | Public Comp.         | M&A Comps    |              |
|--------------------------------------|-------------------|---------------------|--------------|------------------------|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|--------------|
|                                      | SI Offer          | Current Price Range |              | Potential Offer Prices |              |              |              |              | Wienerberger | Sanitec <sup>2</sup> | Icopal       |              |
| <b>Share price</b>                   | €                 | <b>25.00</b>        | <b>26.00</b> | <b>26.50</b>           | <b>28.00</b> | <b>29.00</b> | <b>30.00</b> | <b>31.00</b> | <b>32.00</b> | <b>16.55</b>         | <b>10.48</b> | <b>n.a.</b>  |
| % delta to offer price               |                   | 0%                  | 4%           | 6%                     | 12%          | 16%          | 20%          | 24%          | 28%          |                      |              |              |
| <b>Market Capitalisation</b>         | €m                | <b>979</b>          | <b>1,018</b> | <b>1,038</b>           | <b>1,097</b> | <b>1,136</b> | <b>1,175</b> | <b>1,214</b> | <b>1,253</b> | <b>1,935</b>         | <b>1,048</b> | <b>270</b>   |
| Adjusted Net debt (incl pensions)    | €m                | 829                 | 829          | 829                    | 829          | 829          | 829          | 829          | 829          | 1,411                | 155          | 736          |
| Pension Adjustment <sup>1</sup>      | €m                | 102                 | 102          | 102                    | 102          | 102          | 102          | 102          | 102          | 68                   | -            | 6            |
| <b>EV</b>                            | €m                | <b>1,808</b>        | <b>1,847</b> | <b>1,867</b>           | <b>1,926</b> | <b>1,965</b> | <b>2,004</b> | <b>2,043</b> | <b>2,082</b> | <b>3,346</b>         | <b>1,202</b> | <b>1,006</b> |
| <b>EV (incl. pension adjustment)</b> | €m                | <b>1,707</b>        | <b>1,746</b> | <b>1,765</b>           | <b>1,824</b> | <b>1,863</b> | <b>1,902</b> | <b>1,942</b> | <b>1,981</b> | <b>3,278</b>         | <b>1,202</b> | <b>1,000</b> |
| <b>EV / EBITDA</b>                   | <b>EBITDA</b>     |                     |              |                        |              |              |              |              |              |                      |              |              |
| <b>LTM</b>                           | € 233 m           | 7.8x                | 7.9x         | 8.0x                   | 8.3x         | 8.4x         | 8.6x         | 8.8x         | 8.9x         | 8.8x                 | 11.6x        | 9.5x         |
| <b>2016E</b>                         | € 236 m           | 7.7x                | 7.8x         | 7.9x                   | 8.2x         | 8.3x         | 8.5x         | 8.7x         | 8.8x         | 8.5x                 |              |              |
| <b>2017E</b>                         | € 250 m           | 7.2x                | 7.4x         | 7.5x                   | 7.7x         | 7.9x         | 8.0x         | 8.2x         | 8.3x         | 8.0x                 |              |              |
| <b>LTM</b>                           |                   | 7.3x                | 7.5x         | 7.6x                   | 7.8x         | 8.0x         | 8.2x         | 8.3x         | 8.5x         | 8.7x                 | 11.6x        | 9.4x         |
| <b>2016E (pension adjusted)</b>      |                   | 7.2x                | 7.4x         | 7.5x                   | 7.7x         | 7.9x         | 8.1x         | 8.2x         | 8.4x         | 8.3x                 |              |              |
| <b>2017E (pension adjusted)</b>      |                   | 6.8x                | 7.0x         | 7.1x                   | 7.3x         | 7.5x         | 7.6x         | 7.8x         | 7.9x         | 7.8x                 |              |              |
| <b>P / E</b>                         | <b>Net Income</b> |                     |              |                        |              |              |              |              |              |                      |              |              |
| <b>2016E (pro-forma)<sup>3</sup></b> | € 90 m            | 10.9x               | 11.3x        | 11.6x                  | 12.2x        | 12.7x        | 13.1x        | 13.5x        | 14.0x        | 20.0x                |              |              |
| <b>2017E</b>                         | € 95 m            | 10.3x               | 10.7x        | 10.9x                  | 11.5x        | 11.9x        | 12.3x        | 12.7x        | 13.1x        | 15.7x                |              |              |
| <b>FCF Yield</b>                     | <b>FCF</b>        |                     |              |                        |              |              |              |              |              |                      |              |              |
| <b>2016E (pro-forma)<sup>3</sup></b> | € 103 m           | 10.5%               | 10.1%        | 9.9%                   | 9.4%         | 9.1%         | 8.8%         | 8.5%         | 8.2%         | 6.0%                 |              |              |
| <b>2017E</b>                         | € 103 m           | 10.5%               | 10.1%        | 9.9%                   | 9.4%         | 9.0%         | 8.7%         | 8.5%         | 8.2%         | 6.9%                 |              |              |
| <b>Management sustainable level</b>  | € 105 m           | 10.7%               | 10.3%        | 10.1%                  | 9.6%         | 9.2%         | 8.9%         | 8.6%         | 8.4%         |                      |              |              |

Source: Company filings, Bloomberg average of analyst estimates and discussions with management

- As German pension liabilities are disproportionately impacted by the abnormally low interest rates seen in Germany, an adjustment based on long-term German interest rates (presently 4.15%) as recommended by German GAAP has been calculated.
- Sanitec offer price has been converted to Euros at the SEK / EUR exchange rate on the offer date, 17 November 2014.
- Figures adjusted to show the benefits of the financial restructuring carried out in June 2016 as though the restructuring (excluding one-off restructuring costs) has been effective for the whole time period. Note the Net Income adjustment includes the amortisation of financing fees of approximately €3m that will cease at the end of five years.
- Synergies are the mid-point of the guidance range of €30-40m provided by management. The Luxembourg effective tax rate of 29.22% has been applied where applicable, as detailed at: <https://dits.deloitte.com/#Jurisdiction/36>.