



2018

# CREATING VALUE IN THE CONSTRUCTION SECTOR

*AVA Research on the main European listed companies*

# Introduction

This research investigates the **European Construction sector** based on a sample of 50 leading European listed companies.

These companies are further classified into the following market subsectors: **Heavy Construction, Building Mat.& Fix., Furnishings.**

Their performance is analyzed using four different approaches. The first is **The Traditional Approach** which examines common indicators such as Sales, EBIT and Profit. The other three approaches: **The EVA® View, The EVA® People-Based View and The Market View** are designed to measure companies' ability to create Value. The **EVA® People-Based View** investigates the issues of productivity and employees' value creation. **The Market View**, on the other hand, focuses on understanding market expectations regarding future company performance in terms of created Value. Thus, it serves as a basic tool to revise business plans and improve incentive schemes to achieve the set objectives.

Finally, Active Value Advisors provides its point of view about some recent "**Hot Topics**" companies need to deal with when they face challenges related to **profitability, efficiency and organizational flexibility** or when they need to take full advantage of **technology (i.e. Big Data, Cloud Computing, Business Intelligence)** in the most profitable way.

Active Value Advisors believes that properly managing and constantly monitoring information through **Business Intelligence & Analytics tools** can contribute significantly to an exceptional performance. Another extremely important driver in this historical context is related to the **organizational dimension** which represents the "real challenge" companies have to face in order to deal effectively with the complexity of the current competitive environment.



# How to measure company performance?

## TRADITIONAL APPROACH

### Analysis of traditional performance indicators and KPIs

Investigating companies' performance we couldn't omit the **analysis of margins and profitability**. Therefore, we initially examined traditional performance indicators such as Sales, EBIT and Net profit.

## EVA® VIEW

### Analysis of Value creation

Sometimes, though, the adoption of a traditional approach might make us short-sighted and unable to detect possible problems related to the performed strategy or to come up with solutions. A methodology based on the actual Value created by a company addresses these issues.

A company generates **Value** when its Return on Invested Capital (**ROIC**) is higher than what investors expect to get by taking on an equally risky investment (**WACC**).

Value creation is assessed using the EVA® formula:

$$\text{EVA}^{\circledR} = (\text{ROIC} - \text{WACC}) * \text{Invested Capital}^1$$

## EVA® PEOPLE BASED

### Human Resources productivity

One of the main features of the EVA® methodology is that it provides some alternative ways of reading the management performance achieved by the company and allows to associate the created **Value** with the determinants that have contributed to generate it.

Indeed, by applying a simple algebraic decomposition to the traditional EVA® formulation we can obtain the EVA® People Based formula, an Economic Profit computed considering **“People” instead of “Capital”**:

$$\text{EVA}^{\circledR} \text{ People Based} = (\text{Labour Productivity} - \text{Average Labour Cost}) * \text{N}^{\circ} \text{Employees}$$

## MARKET VIEW

### Sustaining performance over time

Creating wealth and value through performance improvements is one of the core aspects of “doing business”. Nevertheless, ensuring business Sustainability over time is certainly not less important.

Analyzing current performance is a very good starting point, but it is equally important to understand market expectations about **future performance**:

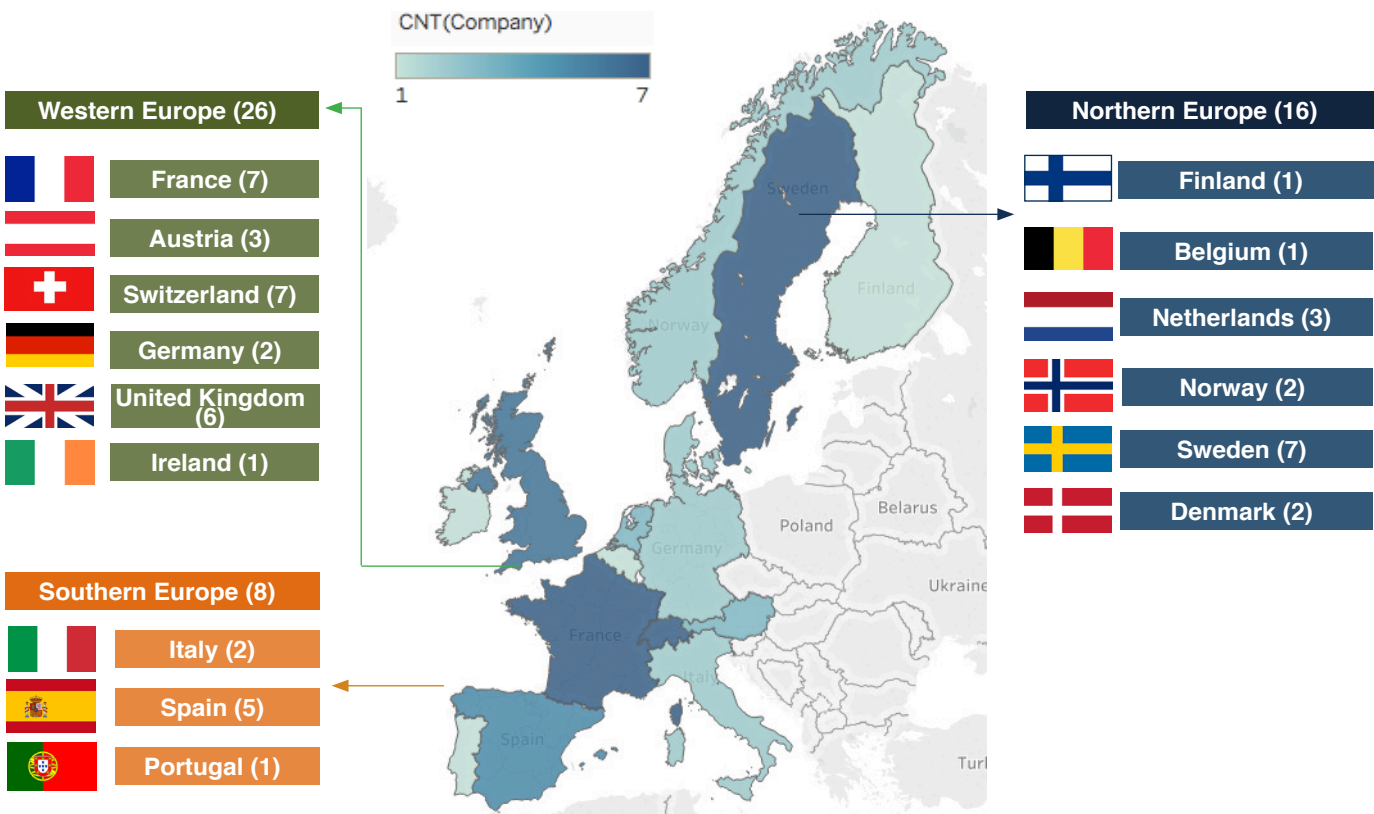
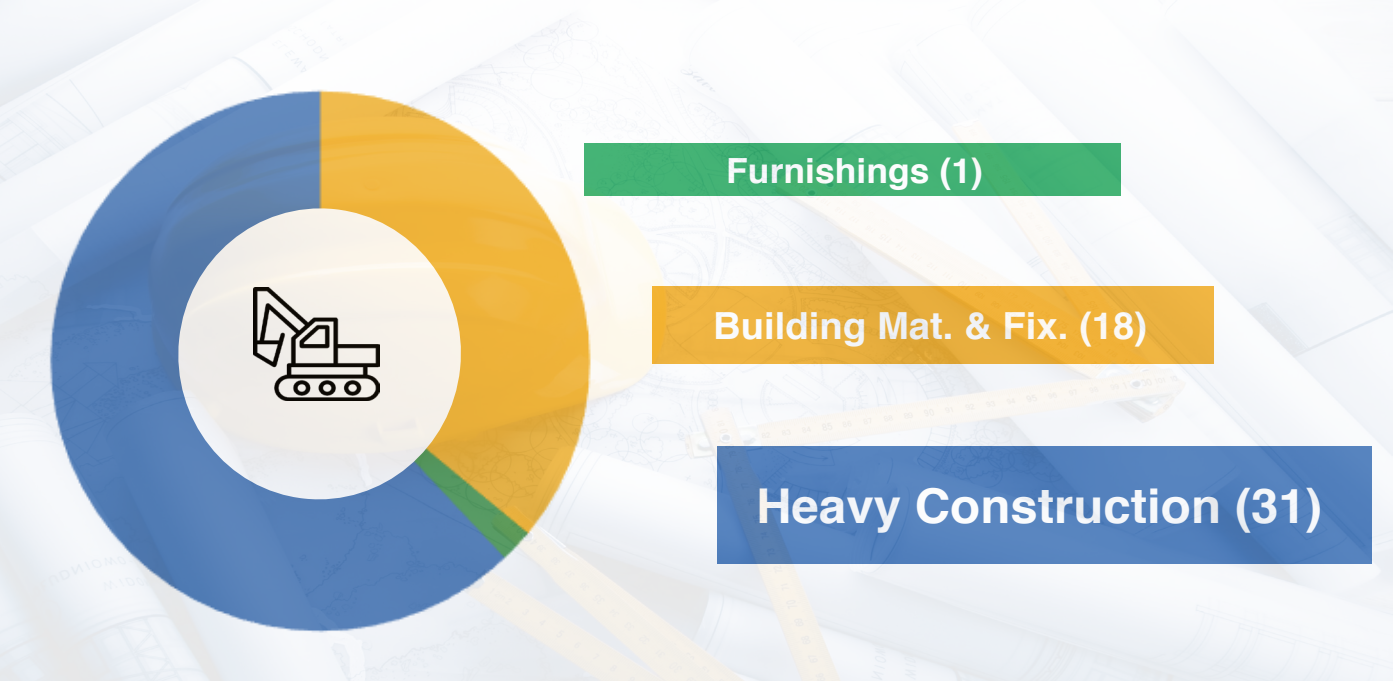
- *Is a positive EVA® performance likely to repeat in the future?*
- *Does the market believe in a possible turnaround for negative EVA® performances?*

<sup>1</sup> AVA advises to use Invested Capital net of goodwill for management purposes and applies this best practice to the EVA® View and EVA® People-Based analyses. The Market View analysis and price decomposition instead is carried out using Invested Capital without netting out goodwill.

# The research sample

This study investigates the performance of the **Construction sector** in 2017 by analyzing a basket of **European listed companies**.

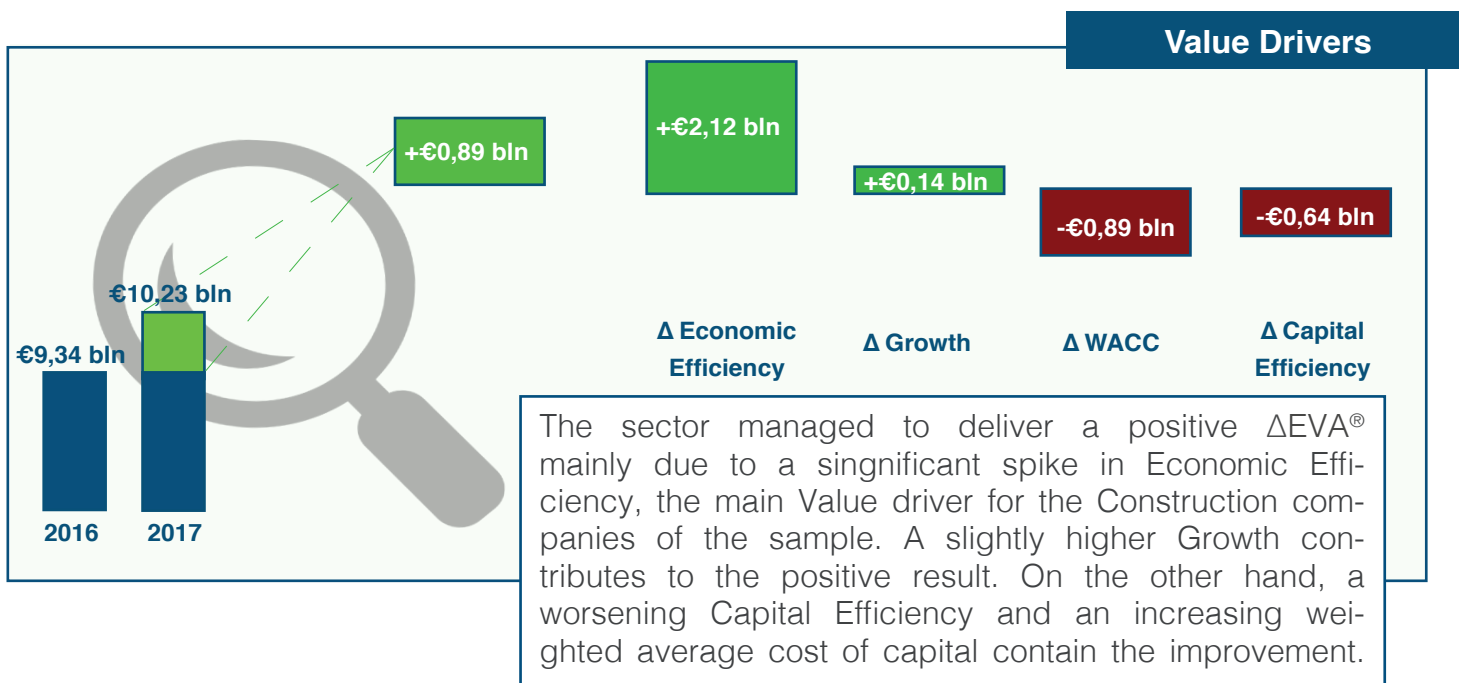
The sample is composed of **50** leading companies listed on the main European exchanges.  
The companies have been further categorized into the following subsectors:



# The Construction sector in a nutshell

Sales for the Construction companies in the sample grew by 4.3% w.r. to 2016 and reached €433.9 bln in 2017. The sector's profitability stagnates instead with profit margins (Profit/Sales) at 3.4% (-0.2 p.p. w.r. to 2016). The **Building Mat.& Fix** subsector excels in this context with an average 4.1% profit margin.

As far as Value creation is concerned, the sector managed to deliver a +9.6% improvement relative to 2016, with EVA® hitting €10.2 bln in 2017. Once again, the **Building Mat.& Fix** subsector stands out with €441.7 mln EVA®/company compared to a €232.6 mln sector average.



**Employee productivity** remains almost constant (+0.8% w.r. to 2016) at €57.6k in 2017. In the same period, the average salary grew by +1.6% and the number of employees of the Construction sector by +2.9%. The prominence of the **Building Mat.& Fix.** subsector is confirmed also in the context of employee productivity with an average €64.3k/employee.

What do the markets tell us about the Construction sector? The picture here is **not particularly optimistic**. The improvement delivered in the last year was insufficient to achieve a positive FGV. What does it mean? A negative sector FGV implies that the expected return implicit in stock prices is now lower than the actual return obtained. In other words, investors do not expect future performance improvements in the Construction sector. This is true for all sub-sectors except Furnishings.











# The Traditional Approach

## TRADITIONAL APPROACH

The table below shows the **Top 10** companies based on the **The Traditional Approach**.

In the three columns we have reported respectively:

- the **differential (%) between 2017 and 2016 Sales**
- the **2017 EBIT/Sales**
- the **2017 Profit/Sales**.

	GEBERIT
	BUZZI UNICEM
	BELIMO HOLDING
	ASSA ABLOY
	SIKA
	BOSSARD
	NIBE INDUSTRIER
	KINGSPAN GROUP
	HEIDELBERGCEMENT
	VINCI

Δ Sales (2017-2016)	EBIT/Sales	Profit/Sales
2%	22%	18%
5%	9%	14%
7%	16%	13%
6%	16%	11%
8%	14%	10%
12%	12%	10%
22%	11%	9%
18%	10%	8%
14%	8%	7%
6%	10%	7%

The Swiss company, **Geberit**, has the highest Profit/Sales margin in the sample.



\*See the complete table at page 15











# Value Creation - The EVA® View



The following table shows the **Top 10** companies based on the **EVA® View**.

In the five columns we have reported respectively:

- the **2017 EVA®/Sales**
- the sign of **EVA®**
- the sign of the **EVA® variation between 2017 and the 2016-2015 mean**
- the sign of the **Sales variation between 2017 and the 2016-2015 mean**
- the **Status**, or the label used by AVA to assess companies' performance.

	EVA®/Sales	EVA® (+/-)	ΔEVA® (+/-)	ΔSales (+/-)	Status
 GEBERIT	19%	+	+	+	Champion
 BELIMO HOLDING	11%	+	+	+	Champion
 ASSA ABLOY	11%	+	+	+	Champion
 SIKA	9%	+	+	+	Champion
 BOSSARD	9%	+	+	+	Champion
 KINGSPAN GROUP	8%	+	+	+	Champion
 NIBE INDUSTRIER	8%	+	+	+	Champion
 LAFARGEHOLCIM	7%	+	+	+	Champion
 BUZZI UNICEM	6%	+	+	+	Champion
 MOTA ENGIL SGPS	5%	+	+	+	Champion



Champion

Companies with an outstanding and improving performance in terms of both sales growth and adopting an EVA® view.

## WHAT IS EVA® ?



EVA® is a residual Income, i.e. the residual value of Sales after deducting the cost of all operating factors, including the opportunity cost of the capital invested by shareholders.

\*See the complete table at page 16



# Value Creation- The People-Based Approach

## EVA® PEOPLE BASED

The following table represents the **Top 10** companies in the sample, for what concerns the **EVA® People Based**.

In the three columns we have reported respectively:

- the **2017 Number of Employees**
- the **2017 Productivity** per employee
- the **2017 EVA®** per employee.

	GEBERIT
	BELIMO HOLDING
	AHLSELL
	SIKA
	BOSSARD
	KINGSPAN GROUP
	LAFARGEHOLCIM
	ASSA ABLOY
	BUZZI UNICEM
	AF GRUPPEN

N° Employees	Productivity/ Employee (€ '000)	EVA®/Employee (€ '000)
11,709	100	42
1,532	133	39
5,106	75	28
18,484	87	28
2,290	92	27
11,133	77	25
81,960	74	19
47,426	66	18
10,157	64	18
3,768	101	18



Swiss companies top the list  
according to the **EVA® People  
Based Approach**.

\*See the complete table at page 17



# The Market: sustaining performance

## MARKET VIEW

Share prices are usually defined “**forward looking**” in that they embed valuable information about a company’s performance expectations. Through daily quotations, the capital market quantifies the expectations of multiple investors about the company’s future performance.

By decomposing a company’s value it is possible to **learn about market expectations** and, most of all, to quantify the company’s performance improvements needed to meet (or exceed) these expectations.

### Market Value Added (MVA)

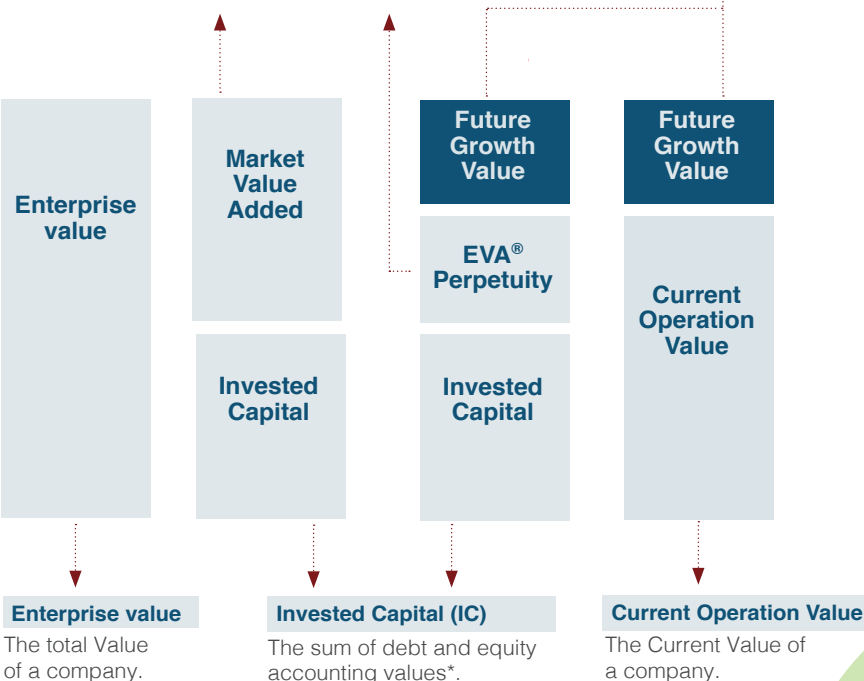
A measure of the Value created by a company. It can be seen as the sum of all the future EVA® performances expected by the market.

### EVA® Perpetuity

The portion of MVA explained by the company’s ability to replicate the achieved results (2017) in the future.

### Future Growth Value

The difference between MVA and EVA® Perpetuity. It quantifies market expectations about a company’s future over (or under) performance. It is the present value of the future  $\Delta$ EVA®s with respect to the last EVA® recorded (EVA® 2017).



### ROIC

ROIC (actual) is the Return generated by the Capital Invested (IC) in the company. It is calculated using accounting values.

### ROIC® (ROIC expected)

ROIC® (expected), implicit in market prices, represents the “theoretical” Return required by investors to meet market expectations.

## WHAT DOES THIS METHODOLOGY MEAN FOR COMPANIES?

The understanding of the expected performance improvements implied in a company’s share price gives companies the opportunity to revise and adjust their business plans. Moreover, it provides the board with information to assist decision-making in areas such as **target setting** and **management incentive schemes**.

A Company with a high FGV needs to deliver positive  $\Delta$ EVA®s to avoid the stock price taking on a downward trend. Similarly, a high FGV company will find it difficult to increase its share price- it would need to outperform its expected EVA® performance. Such a company will have a ROIC® higher than its actual ROIC.











A company with a negative FGV will instead need relatively small improvements to beat market expectations and achieve a higher share price. Such a company will have a ROIC® that is lower than its actual ROIC.

\* AVA advises to use Invested Capital net of goodwill for management purposes and applies this best practice to the EVA® View and EVA® People-Based analyses. The Market View analysis and price decomposition instead is carried out using Invested Capital without netting out goodwill.



# The Market: Prices and Expectations

Accordingly, a company's share price can be decomposed into two elements: the **Current Value Component** and the **Future Value Component**.

The table below shows data on: **Share Prices**, **Price components**, **ROIC** and **ROIC<sup>e</sup>** for the top 10 companies by market capitalization and for the Italian companies in the sample (share prices as of December, 29th 2017).

	Price/share (€)	=	Current Value Component (€)	+	Future Value Component (€)	ROIC	ROIC <sup>e</sup>
 VINCI	85.15	=	115.63	+	-30.48	12%	10%
 LAFARGEHOLCIM	46.96	=	85.53	+	-38.57	10%	6%
 CIE.DE SAINT GOBAIN	46.29	=	83.76	+	-37.47	20%	12%
 CRH	29.93	=	32.55	+	-2.62	12%	11%
 ASSA ABLOY	17.33	=	29.89	+	-12.56	40%	24%
 HEIDELBERGCEMENT	90.50	=	134.11	+	-43.61	8%	6%
 BOUYGUES	43.31	=	-72.68	+	115.99	-13%	10%
 SIKA	110.25	=	91.04	+	19.20	31%	39%
 FERROVIAL	18.59	=	13.97	+	4.62	5%	6%
 GEBERIT	366.72	=	429.62	+	-62.90	75%	64%

## FOCUS ON ITALY

 BUZZI UNICEM	22.50	=	51.55	+	-29.05	9%	4%
 IMPREGILO	3.22	=	-7.87	+	11.09	-6%	5%

\*See the complete table at page 18

# Our “Hot Topics”

## Revenue Management

### A wide range of opportunities to increase Value

The primary aim of Revenue Management is selling the right product to the right customer at the right time for the right price and with the right configuration. The essence of this discipline is understanding customers’ perceptions about Product Value and accurately aligning Product Prices, Placement and Availability for each Customer segment. Revenue Management absorbs a wide range of opportunities to increase Value. Pricing is the most important Revenue Management lever.

#### Why not to use a data-driven strategy to meet these challenges and increase Revenues?

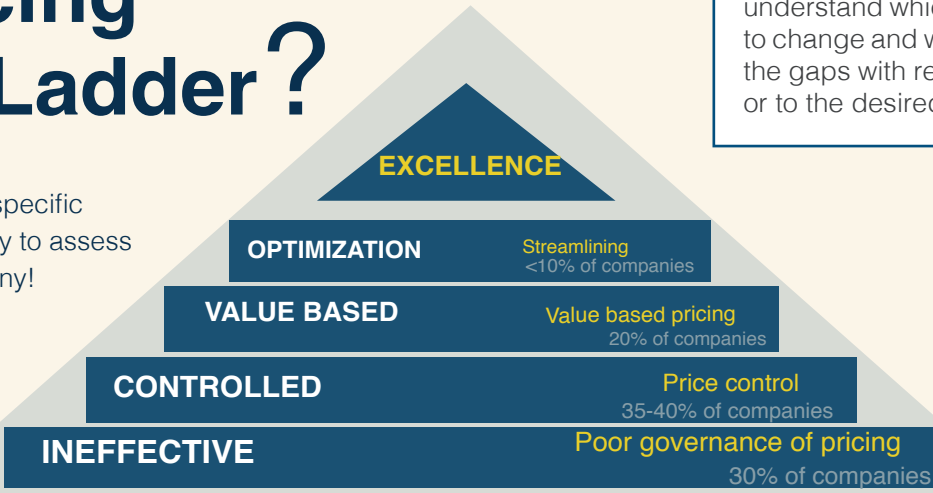
Active Value Advisors approaches the issue of Revenue Management by integrating specialized competences and the use of state-of-the-art Business Intelligence tools.

With Self BI tools like Tableau Software or Qlik, we can provide different solutions and models that are tailored to customer needs and quickly available. Win/Loss models, Price waterfall, Price elasticity, Price corridors, Variance analysis and many others are powerful tools to address operational and decisional mechanisms. The main aim of a Pricing strategy is understanding and “anticipating” the **Value created** for clients and setting prices that allow to capture this Value.



## Where do you rank on the Pricing Ladder?

We have a specific methodology to assess your company!



Many of our Revenue management projects start with a diagnostic activity, quick but well-structured, based on our proprietary methodology. It allows companies to understand which operational mechanisms to change and which tools to adopt to close the gaps with respect to best practice and/or to the desired results.



# Our “Hot Topics”

## Network Analysis and the measure of Cooperation

**Why do many excellent strategies fail or do not deliver the expected results?** While there are numerous potential factors that may help explain it, there is one that is common to (almost) all cases: people. The problem is not their lack of competences or knowledge. Rather, problems arise due to corporate behaviour and the difficulty with which it can be changed and aligned with a company's strategies.


**Cooperation to reduce complexity.** “Business complexity” grew sixfold in the last sixty years.

Traditional solutions are obsolete to deliver the successful organizational change required by today's fast-changing business world. Understanding and continuously and efficiently managing corporate behaviour is therefore a must.

**What does it mean?** That to succeed in a complex and continuously changing business environment, it is necessary to work not only on the “Organizational Skeleton”, but also (and most importantly) on its “Nervous System”, i.e. how people interact and work with each other.

The **SOLUTION:** Embrace new tools to quickly understand how organizations really work (Organizational Network Analysis - ONA), to foster engagement, to promote management's behavioural change (e.g. **continuous feedback**) and to adopt **incentive schemes** designed to induce people to look for **cooperation**.


### How to be sure that the **informal organizational structure** is aligned with the **formal/desired one**?



#### Diagnostic Analysis

A web-based analysis which delivers a snapshot of the organization through diagnostic indicators and different organizational views.

- ✓ Scope and organizational focus definition
- ✓ Web-based survey (4 questions) administration
- ✓ Results analysis
- ✓ Research evidence presentation and detailed report



#### Internal Network Map

Extends some features of the platform to groups of resources in order to support internal processes, facilitate interaction and continuously monitor the organization.

- ✓ Scope and organizational focus definition
- ✓ Open web-based survey for selected groups
- ✓ Profiles and internal expertise collection
- ✓ Launch & Training

#### How to measure the level of Cooperation ?

**HOW-4** is a simple but extremely powerful Organizational Network Analysis tool. It allows to analyze organizational networks and informal relationships in complex and large organizations.

**HOW-4** can be used to map how an organization really works at different levels: company, business unit/team, individual. Specific indicators and different visualizations facilitate the reading of the evidence provided by such an analysis.

**HOW-Targets** is an optional tool that allows to understand how internal resources create groups, to discover each individual's role within such a group and to assess his/her effort and contribution relative to a company's strategic objectives.



**ORGANIZATIONAL NETWORK ANALYSIS**  
activevalue.eu



# Our “Hot Topics”

## Target Setting Outside-In

### What is it about?

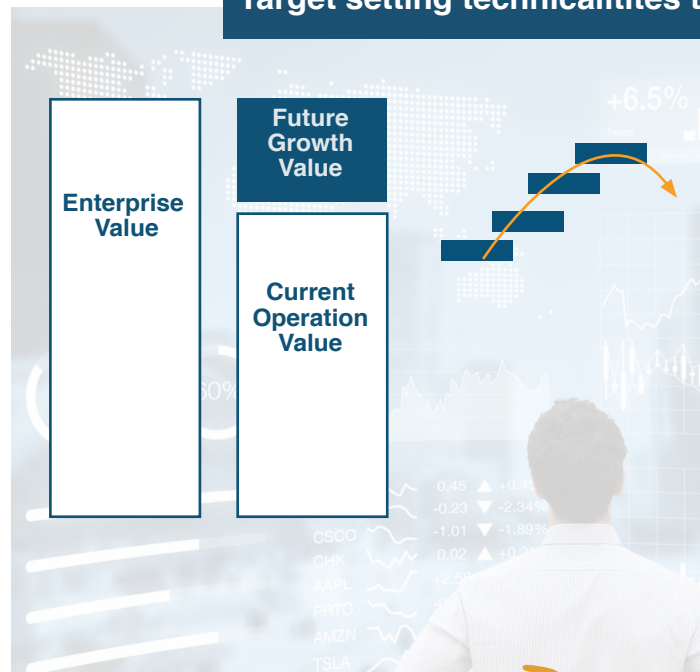
Through Target Setting modeling and simulation, it is possible to tie the expectations implicit in stock market prices to the operating results that represent the fundamental Values of a Company.

“**Target setting Outside-In**” represents the “**reverse engineering approach**” of a traditional equity valuation process. Starting from stock prices and using solid models the fundamentals that are incorporated within these prices are determined. This powerful approach, fully complementary to the traditional planning process, allows to enormously enrich it by taking advantage of all the information included in stock prices.

### What is the objective of Target Setting Outside-In?

- To assess the level of challenge of Business Plans given the ‘true’ Value of a company
- To benchmark market expectations using a group of peer companies
- To define and optimize the relevant managerial levers, with due importance given to external factors
- To enable the implementation of innovative Governance Systems by defining long-term management objectives and coherent incentive schemes BEFORE business plans are drafted.

### Target setting technicalities to define and optimize management objectives



MARKET EXPECTATIONS

Top-Down

vs.



Bottom-Up

BUSINESS PLANS



TARGET SETTING ‘OUTSIDE IN’  
activevalue.eu

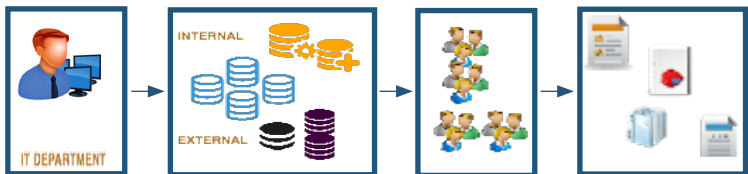
# Our “Hot Topics”

## Business Intelligence & Analytics

Data grow and change rapidly. If collected, analyzed and visualized properly they can be a source of valuable information, insights and competitive advantage. This data availability boom delineates a new role for IT teams.

In such a context, the term “Business Intelligence” is a concept that expresses the need to think beyond the paradigm of data analysis in isolation from business goals. Indeed, through **Self Business Intelligence**, technology and business objectives should blend together into a new configuration, within a solid decision-making framework. Today new technologies, such as Big Data, Analytics, Mobile and Cloud computing are able to capture massive and detailed streams of data, in a relatively **easy and convenient way**.

### Data Management “NOW”

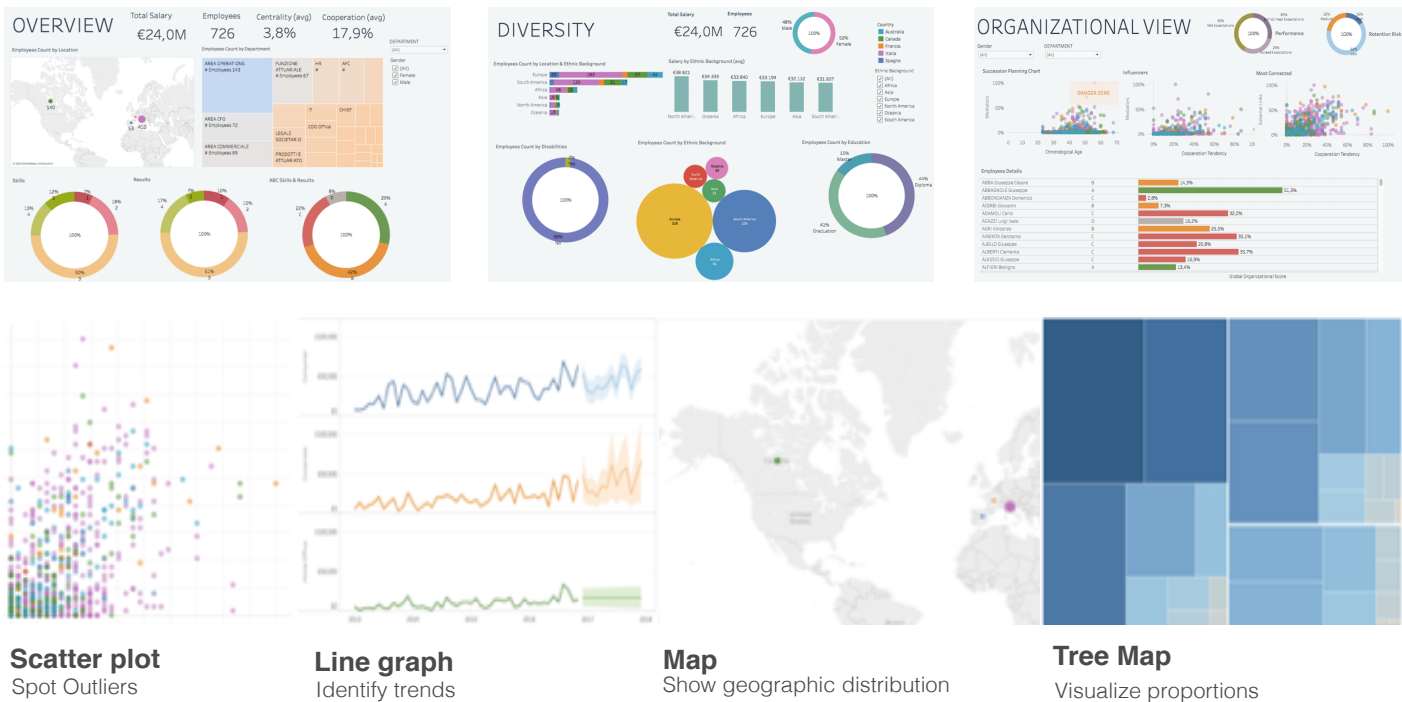


A “dynamic” model in which a Business continuously transforms data and “discovers” information that is useful at a particular point in time, making it easily understandable through data visualization and in which the IT Department acts as “the guardian” of the proper management of data sources.

- ✔ Multitude of data available
- ✔ Data always up-to-date
- ✔ Ease of data analysis
- ✔ Data centralization and uniqueness
- ✔ Reports created by final users
- ✔ Customizable output

But having everything is not always better than having nothing. **The value of data is contingent on being able to extract information.** And, this is not just a matter of tools. The role of Management is **to know what data to look for to address relevant business issues and to maximize the use of data to support strategic decisions.**

### Numerous Graphs and Visualizations to address different needs



# Active Value Advisors

## 3 Competence Centres

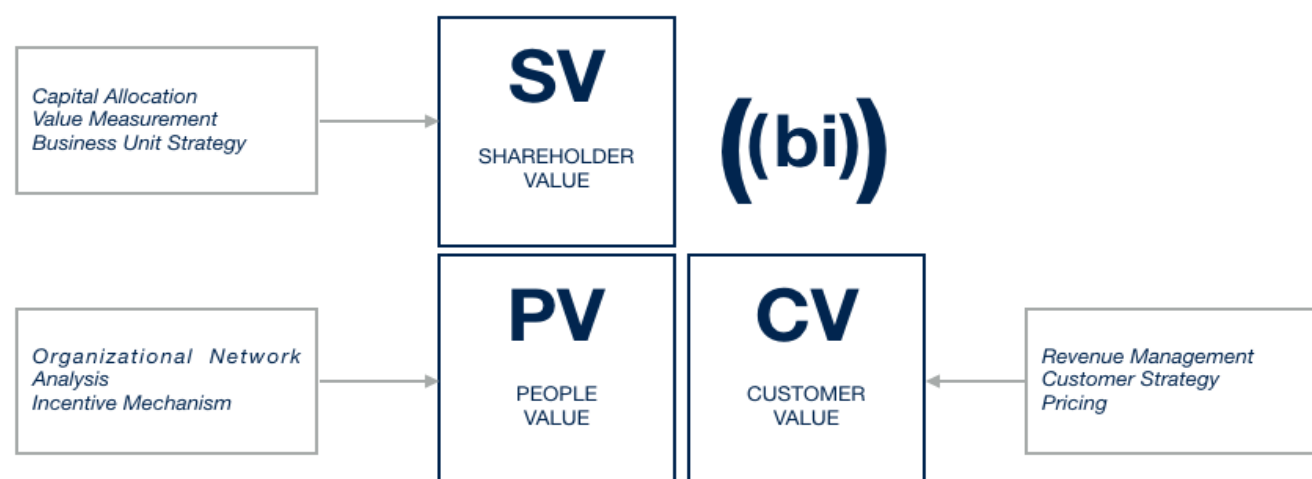
Active Value Advisors is an independent management consulting firm that acts as a partner for Companies that need to strengthen their Governance System and for Companies that want to pursue a path of growth by applying solutions consistent with the objective of creating sustainable Value.

Active Value Advisors assists such companies by leveraging successful techniques and experiences focused on Value-based management systems and by making them available to the top management through **Business Intelligence (BI) tools**.

The professionals of Active Value Advisors have a long experience in assisting major Italian listed groups in the development of Business Plans, in selecting the actions to improve Value performance and in assisting the change process required by the competitive dynamics and market opportunities.

In carrying out these mandates a common Value framework is applied to various management issues: **Shareholder Value**, **Customer Value** and **People Value**. Each competence centre responds to a fundamental dimension of the management system and addresses key stakeholders: Shareholders, Customers and Internal Resources.

Thanks to the collaboration with accredited professionals in the area of Strategic Pricing, Active Value Advisors has enriched its skills and professional methods with innovative models and tools of Value Pricing.



## Disclaimer

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# The Traditional Approach - complete table

Company	Δ Sales (%)	EBIT/Sales	Profit/Sales
AANNEMINGSMAATSCHAP PIJ CFE	10%	4%	6%
ACS ACTIV.CONSTR.Y SERV.	9%	3%	2%
AF GRUPPEN 'A'	14%	6%	5%
AHLSELL	10%	7%	5%
ALLGEM.BAUGES.'A' PORR	26%	-2%	1%
ASSA ABLOY 'B'	6%	16%	11%
BALFOUR BEATTY	-13%	1%	2%
BAM GROEP KON.	-5%	1%	0%
BELIMO HOLDING	7%	16%	13%
BOSKALIS WESTMINSTER	-10%	5%	6%
BOSSARD 'B'	12%	12%	10%
BOUYGUES	4%	-2%	3%
BUZZI UNICEM	5%	9%	14%
CIE.DE SAINT GOBAIN(MIL)	4%	7%	4%
COLAS	6%	-1%	3%
COSTAIN GROUP	-7%	3%	2%
CRH	-7%	8%	6%
EIFFAGE	7%	11%	4%
FERROVIAL	13%	4%	4%
FLSMIDTH & CO.'B'	-1%	6%	0%
FOM.DE CONSTR.C.Y (BRN) CNTR.	-3%	5%	2%
FORBO HDG.	4%	6%	3%
GEBERIT 'R'	2%	22%	18%
HEIDELBERGCEMENT	14%	8%	7%
HOCHTIEF	14%	3%	2%
IMPLENIA 'R'	18%	1%	1%
IMPREGILO	3%	-2%	-2%
KELLER	1%	5%	4%
KIER GROUP	-13%	2%	0%
KINGSPAN GROUP	18%	10%	8%
LAFARGEHOLCIM	-4%	12%	-6%
MORGAN SINDALL GROUP	-5%	2%	2%
MOTA ENGIL SGPS	18%	9%	0%
NCC 'B'	-1%	2%	2%
NIBE INDUSTRIER 'B'	22%	11%	9%
OBRASCON HUARTE LAIN	-17%	-9%	0%
PEAB 'B'	4%	4%	4%
PER AARSLEFF HLDG.B	7%	3%	2%
SACYR	8%	3%	4%
SIKA	8%	14%	10%
SKANSKA 'B'	4%	2%	3%
STRABAG SE	9%	0%	2%
SYSTEMAIR	10%	7%	4%
TARKETT	4%	-1%	-1%
VEIDEKKE	5%	3%	4%
VICAT	4%	8%	6%
VINCI	6%	10%	7%
VOLKERWESSELS	4%	3%	2%
WIENERBERGER	5%	4%	4%
YIT	19%	2%	3%



# Value Creation - complete table

Company	EVA®/ Sales	EVA® +/-	Δ EVA® +/-	Δ Sales +/-	Status
AANNEMINGSMAATSCHAP PIJ CFE	2%	+	-	+	Need for control
ACS ACTIV.CONSTR.Y SERV.	1%	+	+	+	Champion
AF GRUPPEN 'A'	5%	+	-	+	Need for control
AHLSELL	5%	+	+	+	Champion
ALLGEM.BAUGES.'A' PORR	-3%	-	-	+	What after growth?
ASSA ABLOY 'B'	11%	+	+	+	Champion
BALFOUR BEATTY	1%	+	+	-	Focusing
BAM GROEP KON.	0%	-	-	-	Need for rebirth
BELIMO HOLDING	11%	+	+	+	Champion
BOSKALIS WESTMINSTER	1%	+	-	-	Falling Angel
BOSSARD 'B'	9%	+	+	+	Champion
BOUYGUES	-3%	-	+	+	On the right path
BUZZI UNICEM	6%	+	+	+	Champion
CIE.DE SAINT GOBAIN(MIL)	5%	+	+	+	Champion
COLAS	-2%	-	+	+	On the right path
COSTAIN GROUP	2%	+	+	+	Champion
CRH	4%	+	+	-	Focusing
EIFFAGE	5%	+	-	+	Need for control
FERROVIAL	1%	+	-	+	Need for control
FLSMIDTH & CO.'B'	3%	+	-	-	Falling Angel
FOM.DE CONSTR.C.Y (BRN) CNTR.	2%	+	+	-	Focusing
FORBO HDG.	1%	+	-	+	Need for control
GEBERIT 'R'	19%	+	+	+	Champion
HEIDELBERGCEMENT	4%	+	-	+	Need for control
HOCHTIEF	2%	+	+	+	Champion
IMPLENIA 'R'	1%	+	-	+	Need for control
IMPREGILO	-3%	-	-	+	What after growth?
KELLER	3%	+	-	+	Need for control
KIER GROUP	2%	+	-	-	Falling Angel
KINGSPAN GROUP	8%	+	+	+	Champion
LAFARGEHOLCIM	7%	+	+	+	Champion
MORGAN SINDALL GROUP	2%	+	+	-	Focusing
MOTA ENGIL SGPS	5%	+	+	+	Champion
NCC 'B'	2%	+	-	-	Falling Angel
NIBE INDUSTRIER 'B'	8%	+	+	+	Champion
OBRASCON HUARTE LAIN	-15%	-	+	-	Restructuring
PEAB 'B'	3%	+	+	+	Champion
PER AARSLEFF HLDG.B	2%	+	-	+	Need for control
SACYR	-12%	-	+	+	On the right path
SIKA	9%	+	+	+	Champion
SKANSKA 'B'	1%	+	-	+	Need for control
STRABAG SE	-1%	-	+	+	On the right path
SYSTEMAIR	3%	+	+	+	Champion
TARKETT	-3%	-	-	+	What after growth?
VEIDEKKE	2%	+	+	+	Champion
VICAT	1%	+	-	+	Need for control
VINCI	5%	+	+	+	Champion
VOLKERWESSELS	2%	+	NA	+	NA
WIENERBERGER	3%	+	+	+	Champion
YIT	0%	-	-	+	What after growth?



## Need for control

Companies featured by a temporary downturn.



## Champion

Companies with an outstanding and improving performance in terms of both sales growth and adopting an EVA® view.



## Falling Angel

Companies, once Champions, but now facing decreasing performances both in terms of EVA® and Sales. It may thus be necessary to revise the Value Proposition.



## Need for rebirth

Companies with worsening results, affected by heavy difficulties and witnessing a complete Value destruction.



## What after growth?

Companies focused solely on growth. It may be necessary to verify/revise business objectives.



## Focusing

Companies featuring slower growth but higher and more focused Value Creation.



## On the right path

Companies with clearly and correctly defined objectives, featuring performance improvements, though not 'Champions' yet.



## Restructuring

Companies on a path to 'rebirth'.

# The People-Based Approach- complete table

Company	N° Employees	Productivity/ Employee (€'000)	EVA %/ Employee (€'000)
AANNEMINGSMAATSCHAP PIJ CFE	8,689	69	6
ACS ACTIV.CONSTR.Y SERV.	181,527	45	3
AF GRUPPEN 'A'	3,768	101	18
AHLSELL	5,106	75	28
ALLGEM.BAUGES.'A' PORR	17,719	52	-7
ASSA ABLOY 'B'	47,426	66	18
BALFOUR BEATTY	20,238	80	3
BAM GROEP KON.	19,837	64	-1
BELIMO HOLDING	1,532	133	39
BOSKALIS WESTMINSTER	6,410	71	2
BOSSARD 'B'	2,290	92	27
BOUYGUES	119,836	52	-9
BUZZI UNICEM	10,157	64	18
CIE.DE SAINT GOBAIN(MIL)	179,149	56	11
COLAS	55,179	55	-4
COSTAIN GROUP	4,118	82	10
CRH	85,363	73	11
EIFFAGE	64,035	62	11
FERROVIAL	95,978	50	2
FLSMIDTH & CO.'B'	11,579	60	7
FOM.DE CONSTR.C.Y (BRN) CNTR.	56,372	33	2
FORBO HDG.	5,559	63	2
GEBERIT 'R'	11,709	100	42
HEIDELBERGCEMENT	59,054	62	11
HOCHTIEF	53,890	84	8
IMPLENIA 'R'	8,391	113	5
IMPREGILO	31,137	26	-6
KELLER	10,534	62	6
KIER GROUP	17,940	59	5
KINGSPAN GROUP	11,133	77	25
LAFARGEHOLCIM	81,960	74	19
MORGAN SINDALL GROUP	6,409	90	9
MOTA ENGIL SGPS	29,860	23	5
NCC 'B'	17,762	74	5
NIBE INDUSTRIER 'B'	14,271	47	11
OBRASCON HUARTE LAIN	21,568	16	-22
PEAB 'B'	14,344	NA	10
PER AARSLEFF HLDG.B	6,203	74	4
SACYR	32,457	17	-12
SIKA	18,484	87	28
SKANSKA 'B'	40,759	74	4
STRABAG SE	72,904	45	-1
SYSTEMAIR	5,222	44	5
TARKETT	12,764	NA	-6
VEIDEKKE	7,666	97	9
VICAT	8,460	53	2
VINCI	194,428	68	11
VOLKERWESSELS	16,001	80	7
WIENERBERGER	16,297	26	5
YIT	5,427	51	-2

# The Market - complete table (prices as of 29.12.2017)

Company	Price/share (€)		Current Value Component (€)		Future Value Component (€)
AANNEMINGSMAATSCHAP PIJ CFE	121.70	=	129.47	+	-7.77
ACS ACTIV.CONSTR.Y SERV.	31.39	=	61.67	+	-30.28
AF GRUPPEN 'A'	13.59	=	23.38	+	-9.79
AHLSSELL	5.37	=	13.12	+	-7.75
ALLGEM.BAUGES.'A' PORR	27.84	=	-130.43	+	158.27
ASSA ABLOY 'B'	17.33	=	29.89	+	-12.56
BALFOUR BEATTY	3.35	=	2.80	+	0.55
BAM GROEP KON.	3.83	=	-0.52	+	4.36
BELIMO HOLDING	3645.84	=	4417.50	+	-771.65
BOSKALIS WESTMINSTER	30.15	=	20.26	+	9.90
BOSSARD 'B'	196.56	=	414.12	+	-217.56
BOUYGUES	43.31	=	-72.68	+	115.99
BUZZI UNICEM	22.50	=	51.55	+	-29.05
CIE.DE SAINT GOBAIN(MIL)	46.29	=	83.76	+	-37.47
COLAS	181.50	=	-141.53	+	323.03
COSTAIN GROUP	5.27	=	13.21	+	-7.94
CRH	29.93	=	32.55	+	-2.62
EIFFAGE	91.34	=	226.32	+	-134.98
FERROVIAL	18.59	=	13.97	+	4.62
FLSMIDTH & CO.'B'	48.53	=	53.74	+	-5.21
FOM.DE CONSTR.C.Y (BRN) CNTR.	9.23	=	3.81	+	5.42
FORBO HDG.	1286.22	=	468.97	+	817.25
GEBERIT 'R'	366.72	=	429.62	+	-62.90
HEIDELBERGCEMENT	90.50	=	134.11	+	-43.61
HOCHTIEF	145.76	=	273.37	+	-127.61
IMPLENIA 'R'	56.32	=	84.73	+	-28.41
IMPREGILO	3.22	=	-7.87	+	11.09
KELLER	10.96	=	28.07	+	-17.11
KIER GROUP	12.26	=	26.11	+	-13.85
KINGSPAN GROUP	36.41	=	79.57	+	-43.17
LAFARGEHOLCIM	46.96	=	85.53	+	-38.57
MORGAN SINDALL GROUP	16.09	=	49.06	+	-32.97
MOTA ENGIL SGPS	3.66	=	16.08	+	-12.42
NCC 'B'	16.00	=	23.15	+	-7.15
NIBE INDUSTRIER 'B'	7.99	=	10.29	+	-2.30
OBRASCON HUARTE LAIN	4.98	=	-38.40	+	43.38
PEAB 'B'	7.18	=	18.69	+	-11.51
PER AARSLEFF HLDG.B	26.26	=	46.31	+	-20.05
SACYR	2.26	=	-5.55	+	7.82
SIKA	110.25	=	91.04	+	19.20
SKANSKA 'B'	17.29	=	18.63	+	-1.34
STRABAG SE	34.03	=	-3.51	+	37.54
SYSTEMAIR	12.74	=	16.75	+	-4.01
TARKETT	34.98	=	-37.54	+	72.52
VEIDEKKE	9.44	=	19.23	+	-9.79
VICAT	65.79	=	58.78	+	7.01
VINCI	85.15	=	115.63	+	-30.48
VOLKERWESSELS	23.75	=	35.07	+	-11.33
WIENERBERGER	20.17	=	34.42	+	-14.25
YIT	6.37	=	2.70	+	3.67

ROIC	ROIC*
6%	6%
13%	7%
NA	NA
19%	9%
-19%	6%
40%	24%
64%	76%
NA	NA
24%	21%
4%	6%
20%	10%
-13%	10%
9%	4%
20%	12%
-10%	11%
NA	NA
12%	11%
8%	5%
5%	6%
14%	13%
9%	13%
7%	24%
75%	64%
8%	6%
112%	63%
NA	NA
-6%	5%
14%	7%
68%	34%
34%	16%
10%	6%
NA	NA
12%	5%
37%	26%
24%	19%
-6%	3%
15%	6%
11%	6%
1%	8%
31%	39%
10%	9%
-7%	13%
11%	9%
-4%	5%
25%	13%
5%	5%
12%	10%
68%	52%
8%	5%
3%	5%



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