SAINT-GOBAIN TO ACQUIRE CONTINENTAL BUILDING PRODUCTS
13 November 2019
SAINT-GOBAIN’S TRANSFORMATION PLAN TO ENHANCE GROWTH AND PROFITABILITY PROFILE WELL ON-TRACK

A customer-oriented, lean and agile organization

Active and value creating portfolio management
ACQUISITION OF CONTINENTAL BUILDING PRODUCTS IN LINE WITH OUR ACTIVE AND VALUE CREATING PORTFOLIO MANAGEMENT STRATEGY

Purpose of this acquisition: move to the forefront of the North American gypsum and building materials sectors

Emerging countries

~€3.3bn Sales
>€1bn Cash proceeds

DIVESTMENTS

~10x EV/EBITDA
~15x EV/Op. Income

Technologies

ACQUISITIONS

Local Excellence
GYPSUM: A GROWING SECTOR AND A CORE BUSINESS FOR SAINT-GOBAIN

SAINT-GOBAIN’S GLOBAL FOOTPRINT IN GYPSUM
5% CAGR in sales 2013-2018

Northern Europe
Southern Europe - ME & Africa
Americas
Asia-Pacific

A well-established player in many countries but until now, under-represented in the United States
Saint-Gobain’s innovations in gypsum provide a strong platform for growth in line with long term drivers: SUSTAINABILITY, COMFORT, PRODUCTIVITY
We provide comprehensive construction solutions to our North American customers with a unique portfolio for residential and commercial buildings.
U.S. gypsum is a large scale and growing sector underpinned by solid demand fundamentals

Source: UN population data, US Census Bureau (Not seasonally adjusted data)
Note: 2019 housing starts: annualized based on 9-month data to September
COMPELLING RATIONALE DRIVEN BY CONTINENTAL BUILDING PRODUCTS’ KEY ATTRIBUTES

- **A well-established** player in Eastern and Southeastern US
- **Flexible and secured raw material supply**, both gypsum and paper
- **Highly experienced management team** with successful track record
- **Plants strategically located** close to large customer areas
- **Solid revenue growth** of 5.6% annually on average between 2013 and 2018
- **Operational excellence** with Bison Way initiatives
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**Key Figures**

- **$510m** Revenue (2019 consensus)
- **25%** EBITDA Margin (2019 consensus)
- **$130m** EBITDA (2019 consensus)
- **95%** of Sales in the U.S. and 5% in Canada
- **6 Plants**
  - 5 owned facilities
  - 1 JV facility

**Additional Details**

- **25% EBITDA Margin**
- **$130m EBITDA**
- **95% of Sales** in the U.S. and 5% in Canada

**A best-in-class gypsum player in the United States**
CONTINENTAL BUILDING PRODUCTS IS A HIGHLY COMPLEMENTARY ADDITION TO SAINT-GOBAIN IN NORTH AMERICA

Complementary Operating Model and Similar Culture of Excellence

- Best-in-class logistics and customer care, for better customer service and optimized costs
- Access to growing Northeast commercial areas and Florida / Georgia residential areas
- Strong cultural fit
- Leverage Saint-Gobain’s R&D capabilities
- Operational excellence, deploying World Class Manufacturing and Bison Way initiatives

Enhanced asset portfolio and top-notch operational skillset to better serve our combined customers
CONTINENTAL BUILDING PRODUCTS: TRACK RECORD OF OUTSTANDING PERFORMANCE

Strong Revenue growth…
(Reported revenues, in $m)

- 2013: 402
- 2018: 528
- 5.6% CAGR

… led to a significant improvement in Return on Capital Employed…
(Return on Capital Employed\textsuperscript{1})

- 2013: 6.7%
- 2018: 16%

... coupled with increasing EBITDA margins…
(Adjusted EBITDA, in $m)

- 2013: 103
- 2018: 151
- 8.1% CAGR

... as well as solid Cash Generation
(Free Cash-Flow\textsuperscript{2}, $m)

- 2013: 57
- 2018: 100

\textsuperscript{1} Defined as EBIT divided by total assets
\textsuperscript{2} Defined as net cash provided by operating activities - net cash used in investing activities (excluding company acquisitions)
FURTHER IMPROVEMENT OF PRESENCE AND PROFITABILITY IN NORTH AMERICA

**Pro forma Sales**

\[(\text{In $bn})\]

- Pro forma: 4.0
- Run-rate synergies: +0.5
- Pro forma: 4.5

**Pro forma EBITDA**

\[(\text{In $m})\]

- Pro forma EBITDA: 130
- Run-rate synergies: 50
- EBITDA margin: 14%
- EBITDA margin: 16%

Saint-Gobain pro forma EBITDA margin excluding asbestos liability cost
**VALUE CREATION SUPPORTED BY COST SYNERGIES**

<table>
<thead>
<tr>
<th>(In $m)</th>
<th>Total Synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR 1</td>
<td>6</td>
</tr>
<tr>
<td>YEAR 2</td>
<td>24</td>
</tr>
<tr>
<td>YEAR 3</td>
<td>50</td>
</tr>
</tbody>
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**LOGISTICS**
- Freight optimization and improved supply chain
- Logistics network rationalization

**OPERATIONS**
- Economies of scale in purchasing
- Optimized combined production to achieve longer runs and economies of scale

**SG&A**
- Optimization of support functions including elimination of public company costs

**ADDITIONAL SALES SYNERGIES (NOT FACTORED IN)**
- Innovation to meet needs of U.S. marketplace, fostered by Saint-Gobain’s R&D
- Increased commercial reach for Saint-Gobain’s broader product offering, including specialty glass and ceilings

**$50m COST SYNERGIES SECURED BY YEAR 3**
ACQUISITION UNANIMOUSLY APPROVED BY CONTINENTAL BUILDING PRODUCTS
BOARD OF DIRECTORS

**Financial Terms**
- $37.00 per share in cash representing a premium of 34.4% over the 60-day VWAP\(^1\)
- Enterprise value of $1.4bn representing a 11.0x 2019E\(^2\) EBITDA multiple and 7.9x 2019E\(^2\) EBITDA post run-rate synergies
- Strong expected value creation driven by $50m run-rate synergies with ROCE above WACC by year 3, in line with group acquisition criteria

**Financing**
- Large part of the acquisition financed with cash proceeds from divestments
- Current S&P BBB and Moody’s Baa2 credit ratings; we target a stability of our current credit ratings

**Transaction Process**
- Saint-Gobain to acquire Continental Building Products for cash
- Definitive agreement signed, pursuant to which Saint-Gobain will acquire all of the outstanding shares of Continental Building Products
- Closing is subject to Continental Building Products shareholders’ approval, U.S. antitrust approvals and fulfillment of other customary closing conditions with expected closing in 2H 2020

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\(^1\) As of 11 November 2019
\(^2\) 2019 Consensus
Combined group better able to serve customers and better compete

Attractive growth potential in light weight construction

A value-creating acquisition