
PRESS RELEASE

November 26, 2018

SAINT-GOBAIN ACCELERATES ITS TRANSFORMATION BY LAUNCHING THE “TRANSFORM & GROW PROGRAM”

ACCELERATION OF PORTFOLIO ROTATION NEW ORGANIZATIONAL STRUCTURE ENHANCED OPERATING MARGIN

- Acceleration of portfolio rotation in line with our announced objective to divest businesses representing sales of at least €3 billion, with 3 significant processes already launched together representing €2.3 billion of full-year sales, and 17 acquisitions completed over the first nine months of 2018 for €561 million
- New organizational structure with five reporting units to align the business more closely to its markets, to increase agility and empowerment, to enhance synergies through drastic simplification, and to foster growth
- Additional portfolio review to be performed within the framework of the new organization
- Positive impact of the transformation program on operating margin of more than 100 basis points: new organizational structure expected to deliver €250 million savings in addition to the current cost savings program in place; acceleration of portfolio rotation expected to improve operating margin by c.40 basis points
- New management structure as of January 1, 2019: Benoit Bazin will become Chief Operating Officer of the Group. He will in particular be in charge of the transformation of Saint-Gobain and the management of the four regional reporting units. Sreedhar N. will be appointed Chief Financial Officer

Pierre-André de Chalendar commented:

“Saint-Gobain is evolving in a fast changing market environment which can be a source of substantial growth opportunities, provided we are sufficiently close to our markets and sufficiently agile. We are launching an ambitious transformation plan, ‘Transform and Grow’ based on two pillars, an in-depth transformation of the Group’s organizational structure and an accelerated portfolio rotation program.

Much leaner, more integrated, with a strong entrepreneurial spirit and putting digital at the heart, our new organizational structure will allow us to be more aligned with our customers, more agile and more synergistic.”

Benoit Bazin said:

“ ‘Transform and Grow’ will allow us to unlock substantial additional growth and profitability potential. It will put our teams in an ideal situation to fully leverage our portfolio of solutions in each country and our market synergies for the benefit of our customers. We are also setting ourselves ambitious financial targets for this transformation, including €250 million of additional savings thanks to a leaner and more efficient organization contributing to an overall improvement of more than 100 basis points in our operating margin by 2021.”

The new Group organizational structure intends to align the Group more closely with its end markets, taking into account the regional dimension of the majority of our markets and the global nature of our most innovative businesses. The new structure will consist of five reporting units, with four regional businesses and a global High Performance Solutions unit:

- Northern Europe: Nordic countries, United Kingdom, Ireland, Switzerland, Germany, Austria, Eastern Europe, Russia
- Southern Europe, Middle East and Africa: France, Benelux, Mediterranean, Middle-East, Africa
- Americas: North America, Latin America
- Asia-Pacific
- High Performance Solutions: High-Performance Materials (HPM) and Sekurit (automotive glass) businesses

These five reporting units will replace the current three business sectors and fourteen delegations, allowing for a more agile Group leveraging new opportunities from our digital program and with simplified decision making processes which will enhance competitiveness. Tailoring our business models to regional and market specificities will allow us to accelerate profitable growth, and streamlined management structures will result in a leaner organization. In addition, the new organizational structure will allow increased synergies at local, market and global levels, to the benefit of customers.

In line with our culture of social dialogue, the relevant representative bodies will be consulted and informed.

In addition to the organizational review, the Group has accelerated its portfolio rotation, and is on track to divest businesses representing sales of at least €3 billion by the end of 2019 for around €1 billion in value, resulting in a positive impact of around 40 basis points on the operating margin; more than 10 companies of various sizes across all sectors are being actively prepared for divestment and three significant processes have already been launched:

- Divestment of the entities of the Xuzhou Pipe site in China Pipe for c.€200 million (2017 sales: c. €250 million)
- A divestment process has been launched for Building Distribution Germany (2017 sales: c. €1.9 billion)
- A divestment process is underway for the silicon carbide business (part of HPM, with 2017 sales: c. €120 million)

A further exhaustive review of the portfolio will be carried out by each of the new business units in the new organization.

As a result of these strategic initiatives, in particular the new organizational structure and the accelerated portfolio rotation program, the Group expects a positive impact on operating margin of more than 100 basis points:

- Acceleration of portfolio rotation expected to improve operating profit margin by around 40 basis points
- New organizational structure expected to improve operating profit margin by around 60 basis points thanks to new cost savings of €250 million by 2021 (€50 million in 2019, €120 million in 2020) in addition to our existing €1.2 billion cost savings program for 2017-2020

A conference call will be held at 8:00am (Paris time) on November 26, 2018: dial +33 1 72 72 74 03 followed by the code 32678726#. A presentation regarding these announcements will shortly be available on Saint-Gobain's website at: <https://www.saint-gobain.com/en/finance/events-and-financial-results>

NEW SENIOR MANAGEMENT TEAM

Pierre-André de Chalendar, Chairman and CEO

Benoit Bazin, Chief Operating Officer

Laurent Guillot, Senior Vice President, CEO High Performance Solutions

Patrick Dupin, Senior Vice President, CEO Northern Europe Region

Guillaume Texier, Senior Vice President, CEO Southern Europe, Middle East and Africa Region

Thomas Kinisky, Senior Vice-President, Innovation and Chairman North America

Javier Gimeno, Senior Vice-President, CEO Asia-Pacific Region

Claire Pedini, Senior Vice-President, Human Resources and Digital Transformation

Sreedhar N., Chief Financial Officer

Antoine Vignial, Corporate Secretary, in charge of Corporate Social Responsibility

ABOUT SAINT-GOBAIN

Saint-Gobain designs, manufactures and distributes materials and solutions which are key ingredients in the wellbeing of each of us and the future of all. They can be found everywhere in our living places and our daily life: in buildings, transportation, infrastructure and in many industrial applications. They provide comfort, performance and safety while addressing the challenges of sustainable construction, resource efficiency and climate change.

€40.8 billion in sales in 2017

Operates in 67 countries

More than 179,000 employees

www.saint-gobain.com

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