
ACCELERATING THE TRANSFORMATION OF THE GROUP



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- **ACCELERATION OF PORTFOLIO ROTATION**
 - >€3bn sales disposal program well underway
- **NEW ORGANIZATION**
 - Closer to the markets + more agile + leaner
- **ACCELERATED PATH TO NORMATIVE PROFITABILITY TARGETS**
 - €250m new savings in addition to the existing program
 - >100 bps margin improvement in total thanks to the transformation program by 2021



TRANSFORM & GROW



A PLAN STRUCTURED AROUND TWO KEY COMPONENTS



**An active and
value creating
portfolio
management**



**A leaner and more
agile organization**

A PLAN STRUCTURED AROUND TWO KEY COMPONENTS



An active and
value creating
portfolio
management

On track to deliver the objective of >€3bn sales disposed by the end of 2019 with €1bn of proceeds and ~40 bps impact on operating margin

- More than 10 business units targeted for divestment
- Criteria: standalone value, synergies with Saint-Gobain, timing
- 3 processes launched
 - **Pipe China (Xuzhou plant)** sold for ~€200m in November 2018 – 2017 sales ~€250m
 - **Silicon carbide business** (part of HPM): process launched – 2017 sales ~€120m
 - **Building Distribution Germany**: process launched – 2017 sales ~€1.9bn

→ Portfolio to be further revisited without any taboo by each of the new business units of the new organization

A PLAN STRUCTURED AROUND TWO KEY COMPONENTS



**An active and
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management**

**Continuation of our successful
acquisition policy**

- **> €500m per year over 2017-2020**
- **Clear value creation threshold**
 - **ROCE > WACC by year 3**
- **Excellent recent track record**
 - **~100 acquisitions 2013-2017**
 - **<6 x EBITDA after synergies**
- **Priorities**
 - **Bolt-on acquisitions, especially in the regional businesses**
 - **Technological building blocks, especially in High Performance Solutions**
 - **Emerging market platforms**

A PLAN STRUCTURED AROUND TWO KEY COMPONENTS



**A leaner and more
agile organization**



A NEW ORGANIZATION ...

- ... more **aligned** with its markets
- ... more **agile**
- ... more **synergistic**



A NEW ORGANIZATION ...

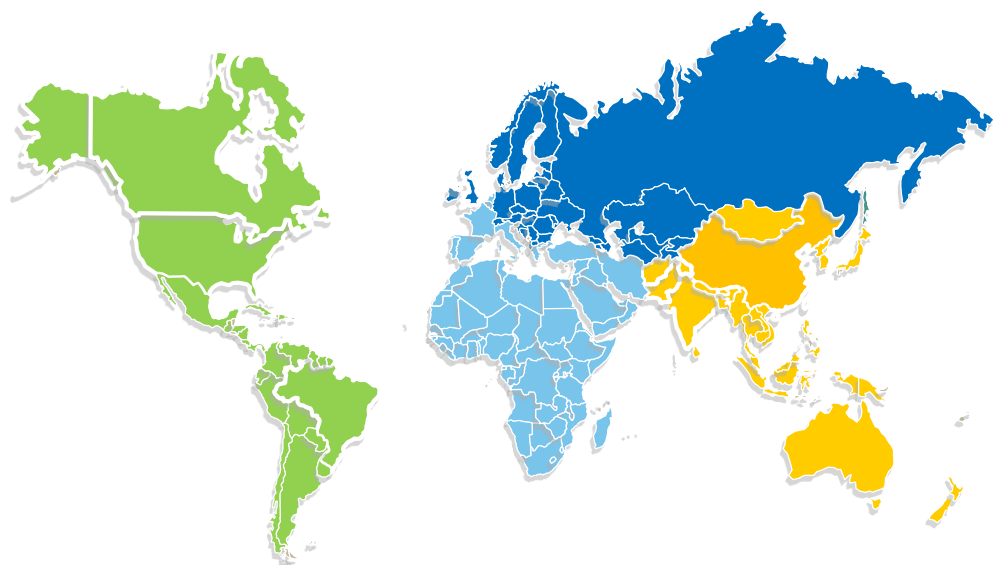
- ... more **aligned** with its markets
- ... more **agile**
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NEW ORGANIZATION OF THE GROUP

- 4 **Regions** in charge of businesses serving **local markets**
 - *Distribution, Construction Products, Architectural Glass*
- A **High Performance Solutions** unit in charge of businesses serving **worldwide markets**
 - *High-Performance Materials, Automotive Glass*



ORGANIZATION BY REGION FOR LOCAL BUSINESSES



Northern Europe
Southern Europe - MEA
Americas
Asia-Pacific

- Products and services travel only short distances and are supplied locally
- Ultra-quick reactivity & logistics are essential to success
- In-depth knowledge of customer (architects, contractors, applicators, distributors, end-users...) and of local market specifics is a must
- Digital is breaking the traditional supply chain silos
 - *Building Information Modelling*
 - *Increased involvement of end-user*

Being organized by country and region is the most efficient way to exploit Saint-Gobain's unique assets

ORGANIZATION BY MARKET FOR GLOBAL BUSINESSES

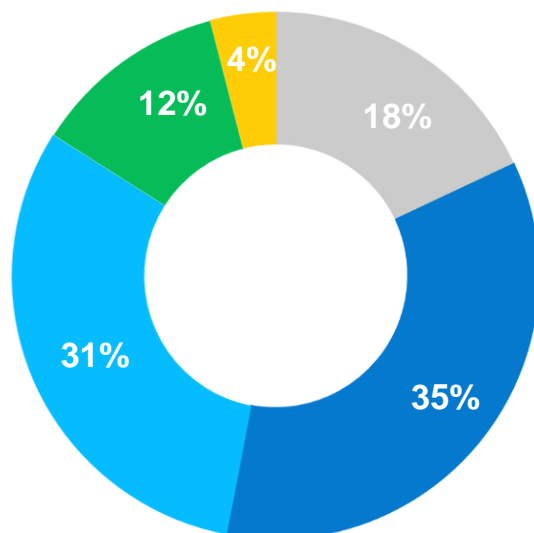


- Products and services are of high unit value and can travel long distances
- Added value based on co-innovation with customer: tailor-made technological solutions
- Intimacy with the application and with the customer is key – digital is reinforcing this need and opening new opportunities
- Worldwide R&D critical mass is a must

Being organized by markets is the most efficient way to exploit Saint-Gobain's unique assets

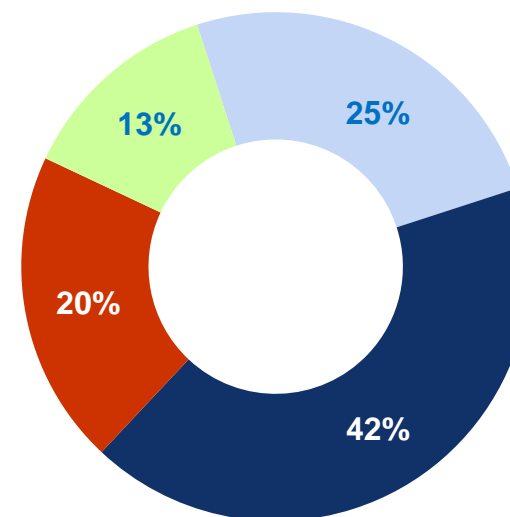
NEW GROUP PRESENTATION: SALES BREAKDOWN

Sales by business



High Performance Solutions
Northern Europe Region
Southern Europe – MEA Region
Americas Region
Asia-Pacific Region

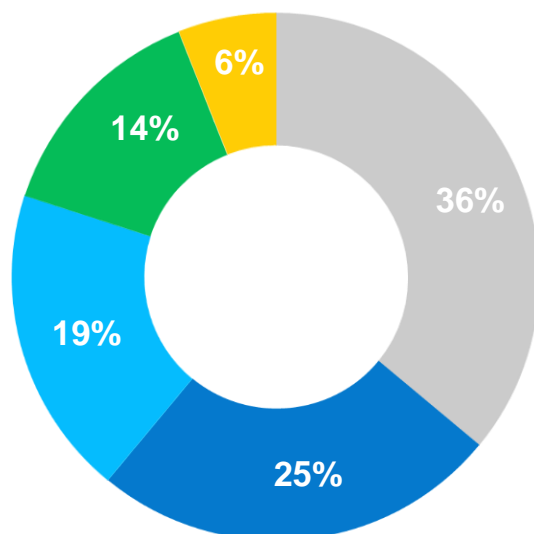
Sales by geographical area



France
Other Western Europe
Emerging markets and Asia
North America

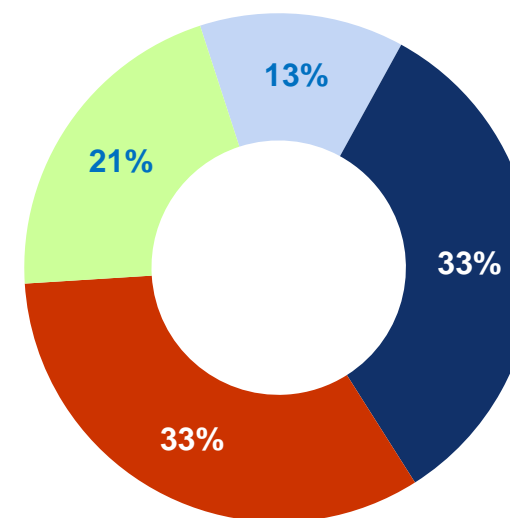
NEW GROUP PRESENTATION: OPERATING INCOME BREAKDOWN

OI by business



High Performance Solutions
Northern Europe Region
Southern Europe – MEA Region
Americas Region
Asia-Pacific Region

OI by geographical area

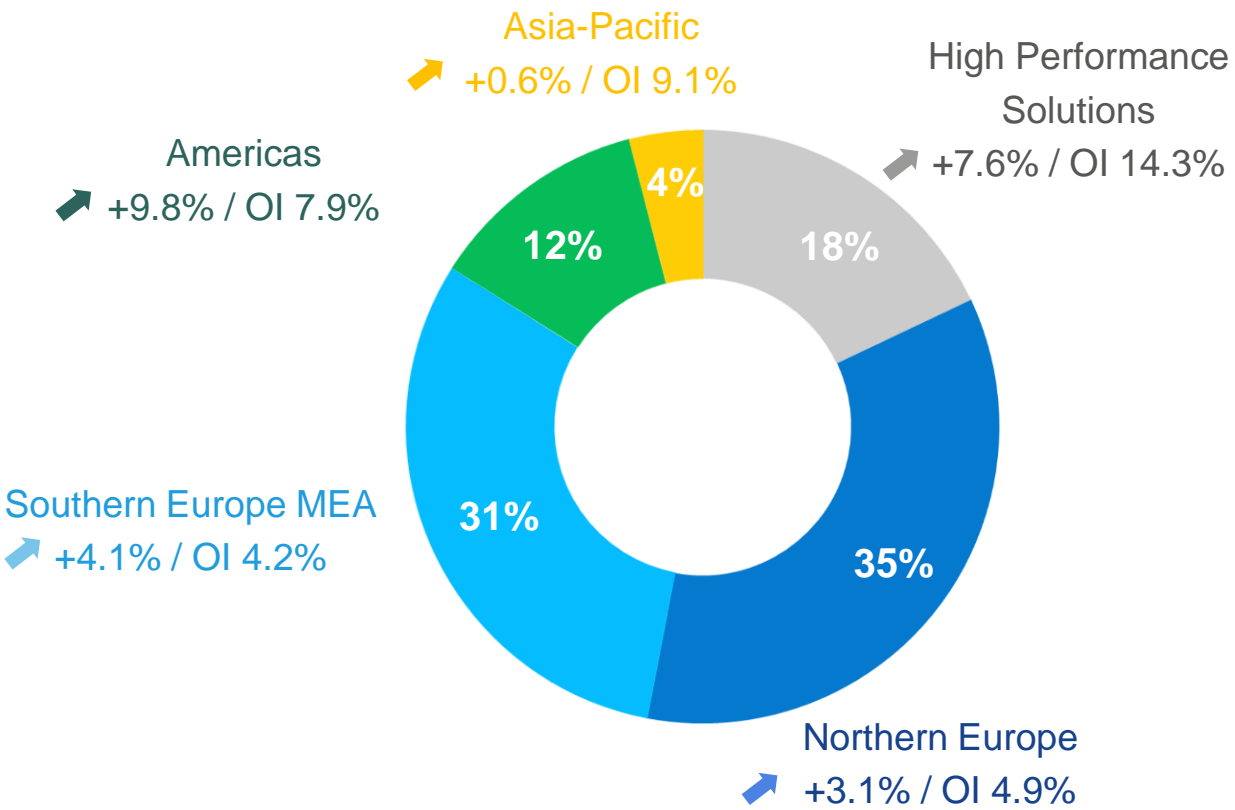


France
Other Western Europe
Emerging markets and Asia
North America

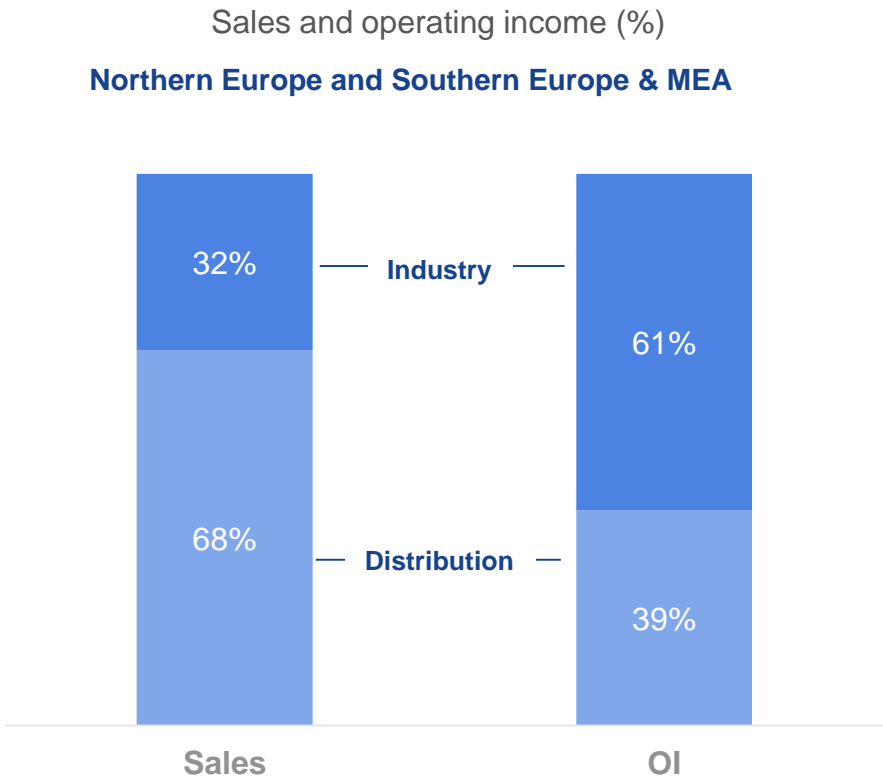


H1 2018 FIGURES ACCORDING TO NEW REPORTING LINES

New organization breakdown



Industry / Distribution breakdown in European Regions

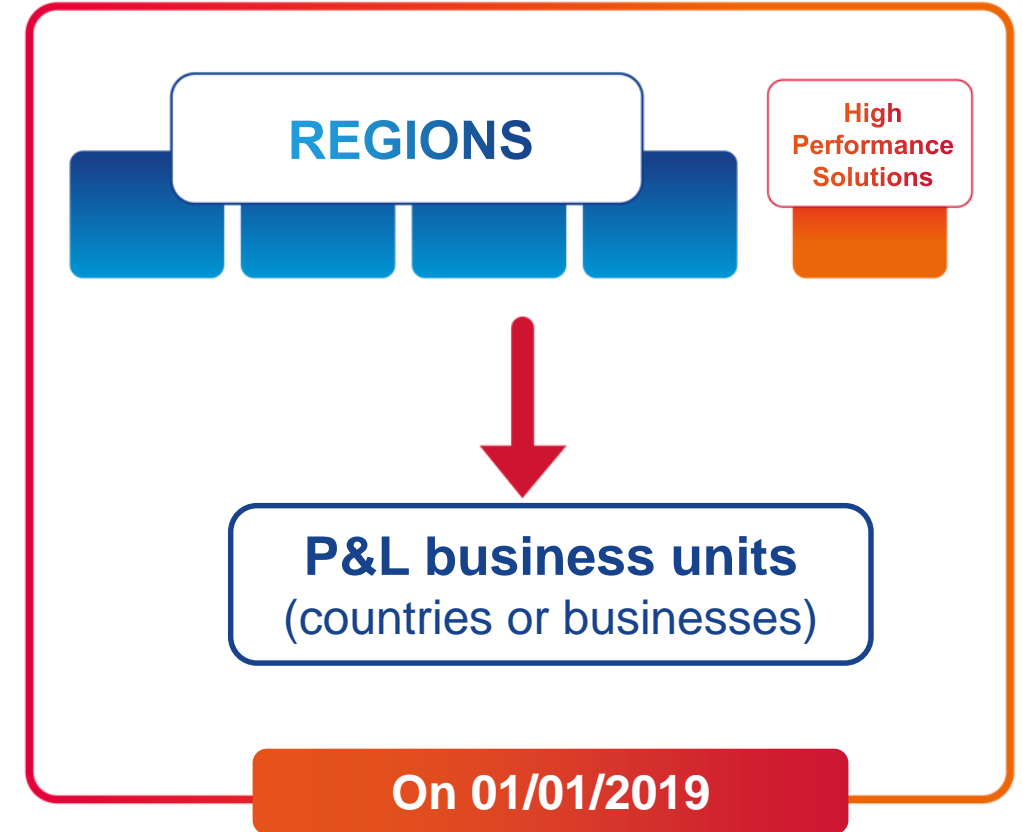
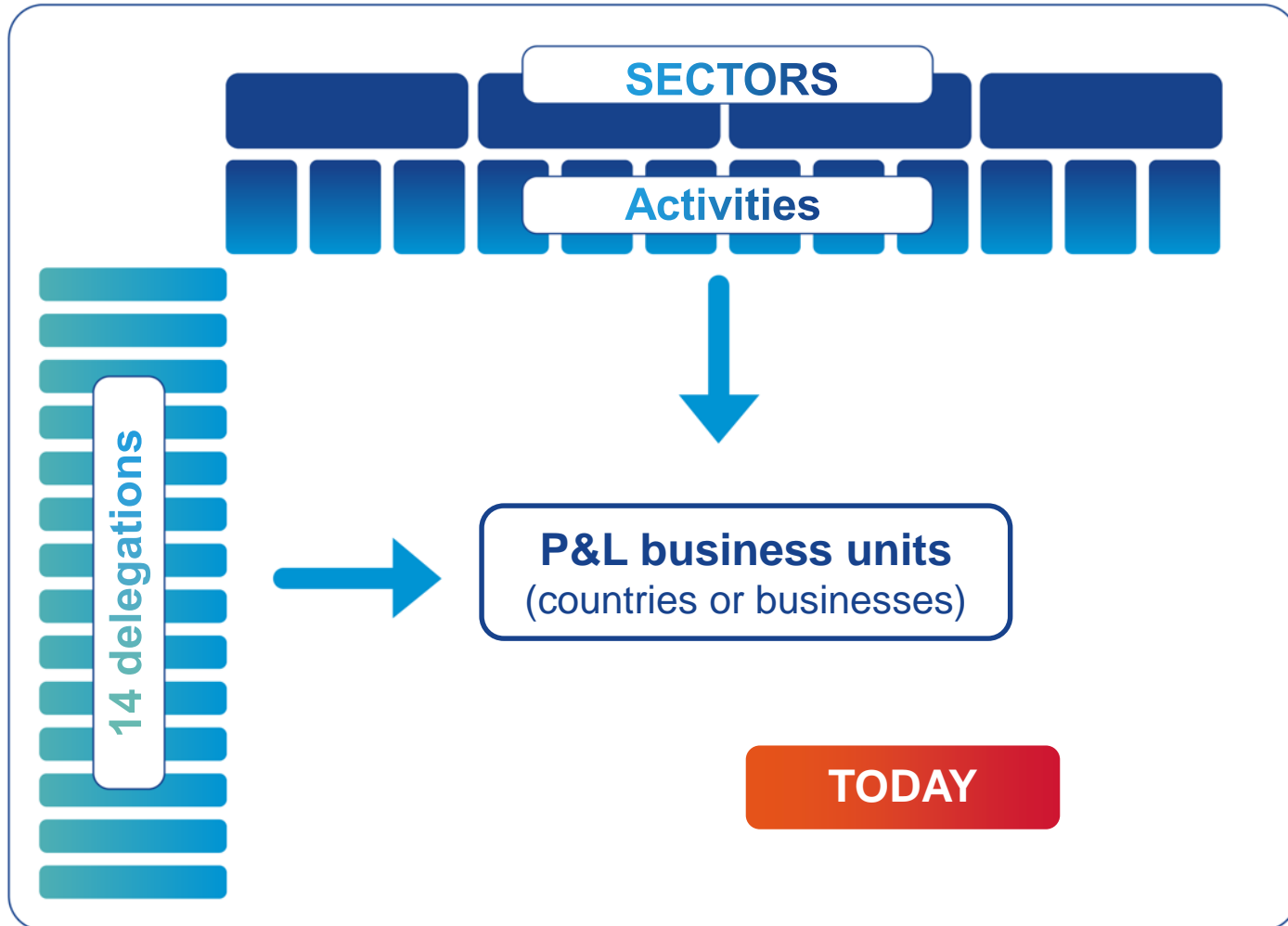




A NEW ORGANIZATION ...

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- ... more **agile**
- ... more **synergistic**

A SIMPLIFIED DECISION MAKING PROCESS



IMMEDIATE AGILITY BENEFITS

■ Quick decision making

→ From 3 levels of approval to 1 for most decisions

■ Business models adapted to market / country specifics

→ From “one size fits all” management to “tailor made” management

■ Reduced management structure

→ From a matrix to a simplified and direct line of management



NEW SENIOR MANAGEMENT TEAM



Claire PEDINI
Senior Vice-President
Human Resources and Digital Transformation



SREEDHAR N.
Chief Financial Officer



Pierre-André de CHALENDAR
Chairman and Chief Executive Officer



Benoît BAZIN
Chief Operating Officer



Antoine VIGNIAL
Corporate Secretary in charge of
Corporate Social Responsibility



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 & MEA Region



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



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



A NEW ORGANIZATION ...

- ... more **aligned** with its markets
- ... more **agile**
- ... more **synergistic**

MORE SYNERGIES TO THE BENEFIT OF OUR CUSTOMERS

For our customers: the same Saint-Gobain offer ...

- Strong brands
- Strict arm's length principle between industry and distribution businesses

... plus much more

- **Better services** → optimized logistics and digital services
- **A better offer** → market knowledge, innovation capability, Saint-Gobain transversal solutions
- **A better visibility** → Saint-Gobain brand

Synergies at 3 levels: local, market, global

LOCAL SYNERGIES OPTIMIZATION

- Leverage the **unique local density** of our businesses across the full Saint-Gobain portfolio
- Seize **growth opportunities** while offering a **seamless customer journey**

ILLUSTRATION: SYNERGIES BETWEEN OUR LOCAL BUSINESSES



UK: Saint-Gobain prefab frame systems in light-weight construction

Entrance into prefab market thanks to cross-businesses engineered solutions



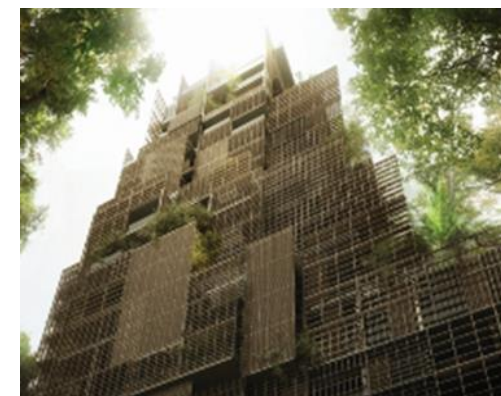
Finland: a unique **customer service**, shared **e-shop** and **common logistics**

More efficient sales forces & more time dedicated to cross-selling and upselling



France: saint-gobain.fr, leveraging our knowledge of distribution and construction products

A complete offer to accompany our end-users in their renovation projects



Brazil: common prescription: Glass, Pipe, Insulation, Cement board, Mortars and Gypsum

An improved customer experience with a common offering

MARKET SYNERGIES

- Better address our global markets to **develop cross-selling**
- Leverage our **global reach** to follow our customers worldwide

ILLUSTRATION: SYNERGIES BETWEEN OUR GLOBAL BUSINESSES



Glass products from Sekurit, Bearings and Seals

Synergies in the Automotive market



Glass cockpit windows and Radomes

Synergies in the Aerospace market



Adhesives, Abrasives and Tapes

Synergies in distribution networks in our industrial markets

GLOBAL SYNERGIES

A central organization for certain key functions...

■ Industrial Performance

- Operational benchmarks & standards, supply chain, excellence programs & Industry 4.0, strategic investments

■ Marketing & Development

- Strategic product management & Saint-Gobain offering, digital roadmap, commercial excellence tools

■ Innovation & R&D

- 8 transversal R&D centers with 3,700 R&D associates

■ Further concentration of shared service centers

- Finance, HR...

■ Central IT

- Global infrastructure, global system delivery center, digital platforms



... to achieve selected identified goals

■ Critical mass

■ Expertise

■ Best practices sharing

■ Powerful roll-out of excellence programs

■ Cost reduction

GLOBAL SYNERGIES

ILLUSTRATION: SUCCESSFUL TRANSFERS AND COLLABORATIONS BETWEEN BUSINESSES IN R&D



Fire-resistant plasterboard developed thanks to Ceramics expertise in high temperature



Sage Glass® Electrochromic Glazing first developed by Sekurit for Ferrari and adapted to building markets

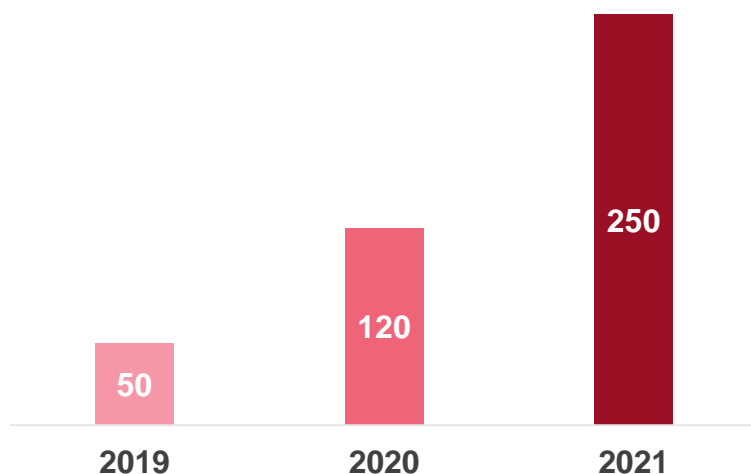


Transversal Program on acoustics:
Insulation, Mortars, Ceiling, Sekurit, Building Glass and Bearings



External Thermal Insulation Composite Systems (ETICS) developed in coordination between Mortars, Gypsum, Insulation and Adfors

€250M ADDITIONAL SAVINGS



New savings (€m)

In addition to ...

New program: €250m by 2021

Levers:

- Streamlining of the central organization
- Synergies between businesses within countries: e.g. logistics, back office...
- Reduction of SG&A and fixed costs
- Accelerated decision making and empowerment

Accelerated implementation starting 1/1/2019

Existing program: ~€300m / year over 2017-2020

Levers:

- Purchasing
- Operational improvement
- Industry 4.0

Reinforced thanks to new central industrial organization

THE TRANSFORMATION WILL ALLOW US TO ACCELERATE OUR PATH TO OUR FINANCIAL TARGETS



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management

A leaner and more
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SUBSTANTIAL GROWTH ACCELERATION

>100 BPS OF ADDITIONAL OPERATING MARGIN BY 2021

AN ACCELERATED IMPLEMENTATION TIMELINE



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