

June 27, 2024



## SAINT-GOBAIN FURTHER STRENGTHENS ITS WORLDWIDE PRESENCE IN CONSTRUCTION CHEMICALS BY SIGNING A DEFINITIVE AGREEMENT TO ACQUIRE FOSROC, A LEADING PLAYER IN ASIA AND EMERGING MARKETS

Saint-Gobain announces that it has **entered into a definitive agreement to acquire FOSROC**, a leading privately owned **global construction chemicals player for \$1,025 million** (approximately €960 million) in cash.

Following the acquisitions of Chryso in 2021, GCP in 2022 and 33 additional acquisitions since 2021, this move is a **new strategic step in establishing Saint-Gobain's worldwide presence in construction chemicals, which will have combined sales of €6.2 billion across 73 countries following the acquisition** (pro forma).

**FOSROC is a global construction chemicals player with a strong geographic footprint in India, the Middle East and Asia-Pacific** in particular. The company is expected to generate **\$487 million of sales and to achieve an EBITDA margin of 18.7%** in 2024E. With 20 manufacturing plants and around 3,000 employees, FOSROC provides a wide range of technical solutions for the construction industry, including admixtures and additives for concrete and cement, adhesives and sealants, waterproofing solutions, concrete repair solutions and flooring.

The purchase price represents an acquisition multiple (before synergies) of approximately 11.3x FOSROC's **2024E EBITDA of \$91 million**, and a **multiple of approximately 7.1x when including run-rate synergies of approximately \$54 million in year 3**.

This acquisition will be fully financed in cash. The Group will maintain a **strong balance sheet** with net debt / EBITDA remaining at the low end of the target range (1.5x to 2.0x) including the recently announced Bailey and CSR Limited acquisitions. Closing of the transaction is subject to customary conditions and is expected in first-half 2025.

### A COMPELLING STRATEGIC RATIONALE

- **A unique opportunity, fully aligned with Saint-Gobain's strategy to strengthen its worldwide presence in construction chemicals**, supported by solid macroeconomic factors including the transition towards low-carbon concrete. It will **complement the Group's worldwide growth platform in construction chemicals**.
- **A highly complementary geographic profile strengthening Saint-Gobain's presence in high-growth emerging markets, notably India and the Middle East**. FOSROC's positions in the Middle East and Asia perfectly complement Chryso's positions mostly in Europe, Turkey and Africa and GCP's in North America, Latin America and Asia-Pacific. FOSROC is a leading player in India, one of the most attractive countries in construction chemicals worldwide with growth supported by an ambitious infrastructure plan for the coming decades.
- **A comprehensive range of solutions with a renowned brand and strong technical competencies**. FOSROC's capabilities are supported by its trusted brand and its recognized technical expertise, entrepreneurial spirit and high level of service.

June 27, 2024



- **A strong track record of highly profitable growth and significant outperformance of its underlying markets.** FOSROC has a strong growth track record with c. 11% sales growth per year (2021-2024E). The company delivers a superior EBITDA margin – more than 18% – thanks to a highly experienced management team with a proven history of success.
- **A value-creative acquisition for Saint-Gobain’s shareholders and customers, with strong synergy potential. \$54 million expected synergies in year 3** following transaction close, **of which \$39 million are cost synergies** which are expected to be captured through economies of scale in purchasing (including on raw materials and vertical integration of polymers production), footprint optimization, SG&A savings and manufacturing and logistics cost optimization. Saint-Gobain expects to benefit from **at least \$15 million of growth synergies** thanks to cross-selling opportunities, combining the Group’s innovation capabilities with Fosroc’s strength in infrastructure, and to its customer relationships. These synergies will be achieved across Saint-Gobain’s worldwide platform in construction chemicals and will leverage Saint-Gobain’s existing strong presence in the wider light and sustainable construction sector in India and the Middle East. The acquisition will **create value by year 3** following the closing of the transaction and will be EPS (Earnings Per Share) accretive from year 1.

The integration will be led by Thierry Bernard, Chief Executive Officer of Construction Chemicals, with the experienced team who developed the Chryso business over many years, managed its integration within Saint-Gobain and who has piloted its successful combination with GCP since 2022, providing a high level of confidence in the integration of FOSROC. It will be consolidated into the High Performance Solutions segment.

**Benoit Bazin, Chairman and Chief Executive Officer of Saint-Gobain, commented:**

*“The acquisition of FOSROC is perfectly aligned with our “Grow & Impact” strategic plan: it is a unique opportunity for Saint-Gobain to further reinforce its worldwide presence in construction chemicals, and to strengthen its presence in high-growth emerging markets, in particular in India and the Middle East. I am very impressed with FOSROC’s leadership, its strategy and its impressive development, as well as the team’s track record of excellent execution and profitable growth. The combination of the two groups will allow us to expand our profitable growth platform in construction chemicals. I am looking forward to warmly welcoming the FOSROC teams into the Group and I am very confident about the combination of our joint forces.”*

**Jim Hay, Chairman of FOSROC, commented:**

*“Today marks the beginning of an exciting new chapter in the history of FOSROC. Our focus on delivering the best solutions and satisfaction to our customers has enabled us to become a leading player in construction chemicals. I want to thank all our teams for their outstanding work over many years.”*

**Rob Bonnici, Chief Executive Officer of FOSROC, added:**

*“The opportunity to join Saint-Gobain, worldwide leader in light and sustainable construction and a global player in construction chemicals is the perfect next step to enhance our offer by leveraging Saint-Gobain’s innovation and technology in construction chemicals. I look forward to continuing our growth journey within Saint-Gobain.”*

June 27, 2024



**Analyst/Investor Conference Call on June 27, 2024 at 8:00 am Paris time**

Dial-in: +33 1 70 91 87 04 or +44 12 1281 8004 or +1 718 705 8796

Please dial in 5 to 10 minutes prior to the scheduled start time.

Replay: +39 02 802 0987 then press 700755# and 755# from 10:00 am Paris time until July 27, 2024.

**A presentation will be available before the conference call on Saint-Gobain's website at:**  
<https://www.saint-gobain.com/en/finance/financial-events>

Morgan Stanley is acting as financial advisor, and Freshfields is acting as legal counsel to Saint-Gobain in connection with the transaction.

**About Saint-Gobain**

Worldwide leader in light and sustainable construction, Saint-Gobain designs, manufactures and distributes materials and services for the construction and industrial markets. Its integrated solutions for the renovation of public and private buildings, light construction and the decarbonization of construction and industry are developed through a continuous innovation process and provide sustainability and performance. The Group's commitment is guided by its purpose, "MAKING THE WORLD A BETTER HOME".

**€47.9 billion in sales in 2023**

**160,000 employees, locations in 76 countries**

**Committed to achieving net zero carbon emissions by 2050**

For more information about Saint-Gobain, visit [www.saint-gobain.com](http://www.saint-gobain.com) and follow us on X [@saintgobain](https://twitter.com/saintgobain)

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