



Picture: Apple Park, Cupertino, California, USA  
Product: RubberGard EPDM, Solar roof

# Acquisition of Firestone Building Products

## A milestone in the transformation of LafargeHolcim

JAN JENISCH  
CEO

January 7, 2021



LafargeHolcim

# AGENDA

## ACQUISITION OF FIRESTONE BUILDING PRODUCTS PRODUCTS

- 01 THE TRANSACTION**
- 02 FIRESTONE BUILDING PRODUCTS**
- 03 FLAT ROOFING SYSTEMS MARKET**
- 04 STRATEGIC RATIONALE & SYNERGIES**
- 05 FINANCIAL IMPACT**
- 06 SUMMARY**
- 07 ANNEX**



*Picture: McLaren Technology Center, UK  
Product: RubberGard EPDM, Fully Adhered system*

## 01 THE TRANSACTION

# ACQUISITION OF FIRESTONE BUILDING PRODUCTS

## A MILESTONE IN THE TRANSFORMATION OF LAFARGEHOLCIM

- A milestone in our ambition to be **“The Global Leader in Innovative and Sustainable Building Materials and Solutions”**
- A new **growth and innovation platform** in the attractive market segment for flat roofing systems
- Establishing a new growth profile in the **most attractive US market with annual sales exceeding USD 6 billion**
- Firestone’s **leading environmental and energy efficient solutions** are a perfect fit to LafargeHolcim’s commitment to a Net Zero future
- The acquisition is **highly synergistic**, synergies of USD 110 million defined, acquisition is **EPS accretive from year 1**
- Our ambition is to become **The Global Leader in Flat Roofing Systems**

# ACQUISITION OF FIRESTONE BUILDING PRODUCTS

## THE TRANSACTION

### Company Overview

- Market and technology leader in flat roofing products and systems in the USA
- 15 Manufacturing facilities, 1'800 Distribution points, 3 R&D laboratories
- 2020F Net Sales of USD 1.8 billion, EBITDA USD 270 million, EBIT USD 238 million, cash conversion 66%

### Financial Parameters

- Enterprise Value of USD 3.4 billion
- Synergies of USD 110 million per year run rate
- Financing of the deal with owned cash and debt issuance

### Key Impacts

- New global growth and innovation platform
- Establishing a new growth profile in the most attractive US market
- EPS Accretive from Year 1 and leverage below 2x maintained

### Execution

- Closing expected in Q2 2021
- Smooth carve out expected, management team stays on board
- Attractive outlook with organic revenue growth at mid-single digits



*Picture: Etihad Museum, UAE  
Product: UltraPly TPO, Mechanically attached system*

## 02 FIRESTONE BUILDING PRODUCTS

# FIRESTONE BUILDING PRODUCTS

LEADER IN ROOFING SYSTEMS IN THE NO.1 BUILDING MATERIALS MARKET



Firestone Building Products is the **market and technology leader** in roofing products and systems in the USA



Core technologies and products are **state of the art roofing systems** including waterproofing membranes, liquid applied waterproofing and insulation products



**Owned by Bridgestone Corporation** since 1989, the world's biggest tire and rubber company stock listed in Japan



Headquartered in **Nashville, Tennessee, USA**

**Firestone**  
**BUILDING PRODUCTS**  
**NOBODY COVERS YOU BETTER.™**

Sales 2020F: **USD 1.8 billion**

EBITDA 2020F: **USD 270 million**

EBIT 2020F: **USD 238 million**

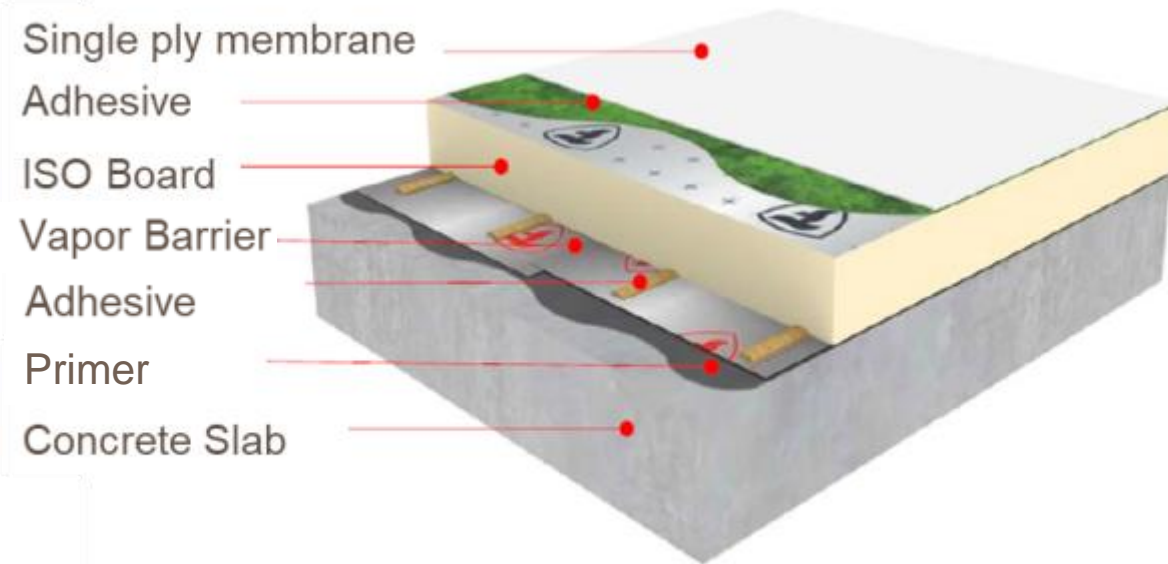
Cash conversion: **66%**

Employees **~2'000**

# FIRESTONE BUILDING PRODUCTS

## THE LEADER IN SYSTEM SELLING

### Example of Flat Roofing System



- Firestone supplies the **full system** from membrane, insulation to adhesives and vapor barriers
- **Specification** and **supply of entire system** is a winning differentiator
- System selling supported by **design specification, approval certifications** and **warranty services**
- Opportunity to integrate **concrete** into roofing specifications



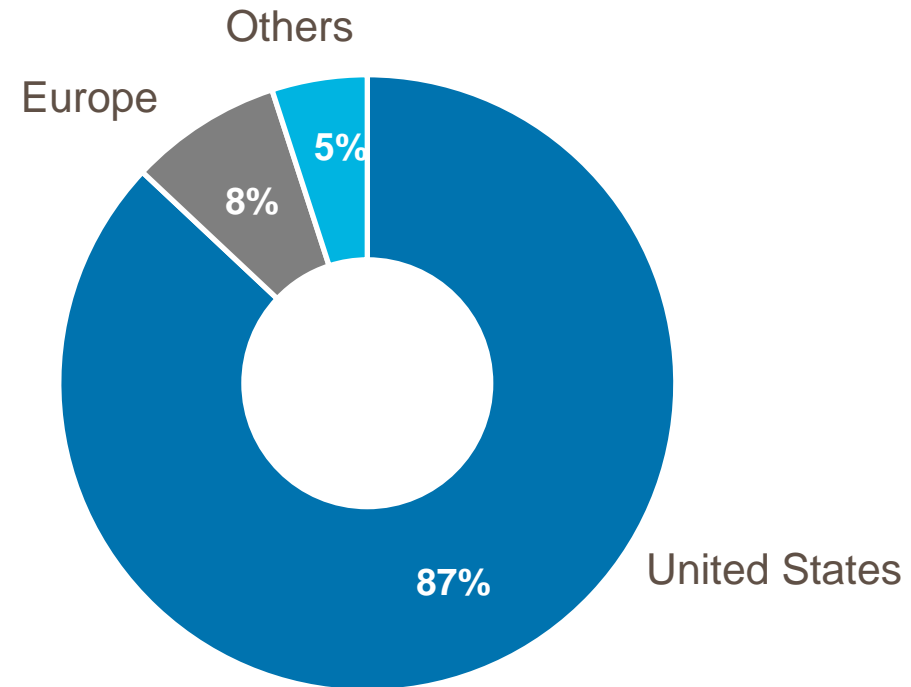
# FIRESTONE BUILDING PRODUCTS

GEOGRAPHIC FOCUS ON US MARKET WITH SIGNIFICANT POTENTIAL TO GLOBALIZE THE BUSINESS



Net Sales 2020F (USD 1.8 billion)

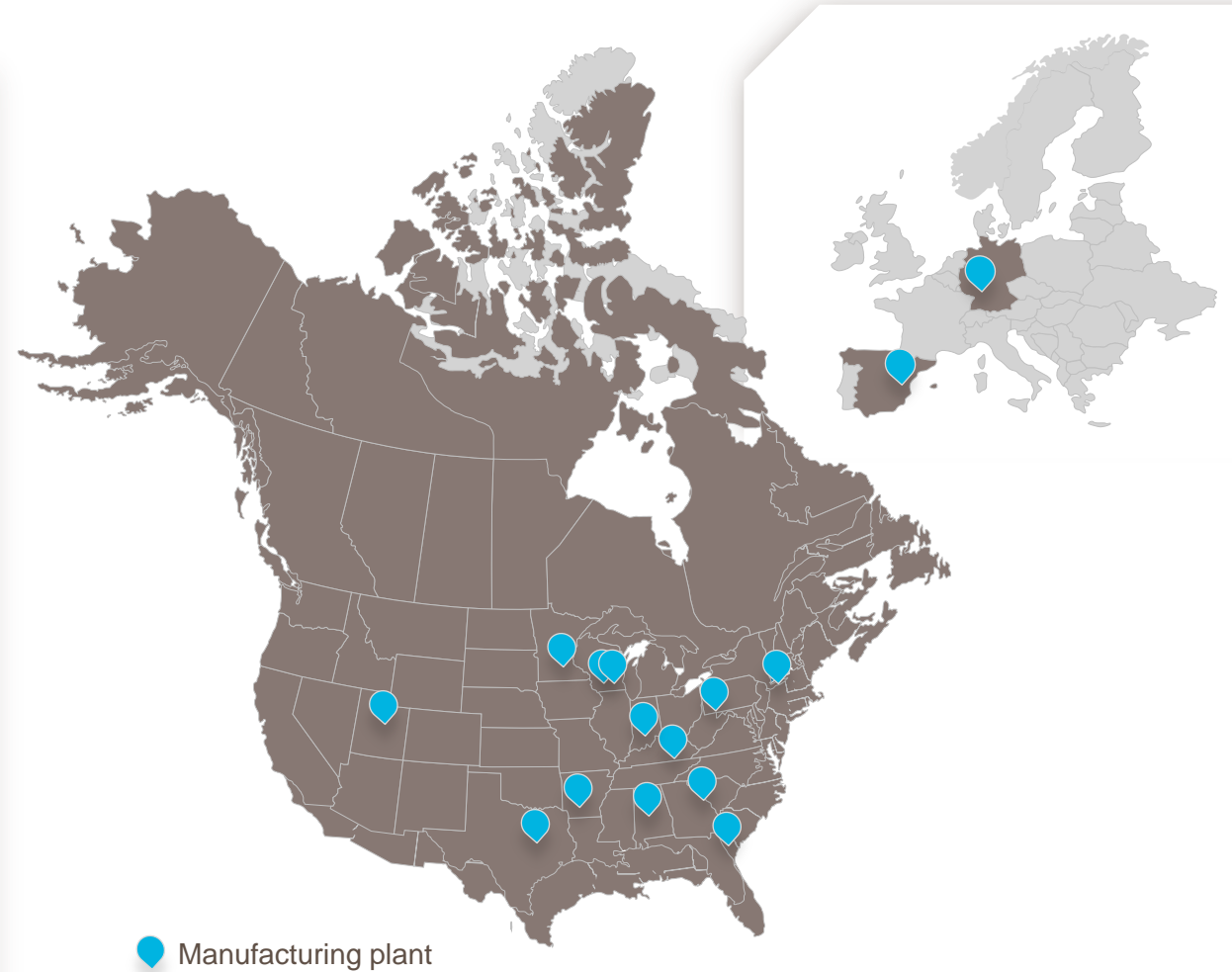
- by region -



# FIRESTONE BUILDING PRODUCTS

## LEADING US PRODUCTION & DISTRIBUTION FOOTPRINT

- **15 state of the art manufacturing facilities** worldwide, 13 in the USA, 2 in Europe
- **4 distribution centers** servicing 1'800 distribution points in the US market
- **Full in-house** manufacturing of waterproofing membranes and insulation systems
- **2 EPDM** membrane manufacturing facilities
- **2 Thermoplastic membrane** manufacturing facilities
- **1 Liquid Applied Waterproofing** manufacturing facility
- **8 Insulation products** manufacturing facilities
- **1 Metal** and **1 Asphalt** manufacturing facilities



# ROOFING MEGA TRENDS

## FIRESTONE'S PRODUCTS MAKING URBAN AREAS AND MEGA CITIES MORE SUSTAINABLE

### Build Greener



Green roof on the Chicago city hall, Chicago has more green roofs than any other US cities

### Build Cooler



Both New York City and Los Angeles promote cool roofs on new buildings through legislation

### Build Solar



San Francisco became the first major city to require solar panels on new buildings

### Build Energy Efficient



Insulation installation during reroofing to save energy costs

### Build Faster



Self Adhered roofing membranes speed up work and addresses issue of lack of skilled labour

### Build to Withstand Weather



Accelerated refurbishment cycles due to increasing pattern of severe weather events

# FIRESTONE BUILDING PRODUCTS

## INDUSTRY LEADING R&D RESOURCES AND INNOVATIONS

- **Industry leading R&D capabilities** with 3 Technical Centers in Waukesha (Wisconsin), Fishers (Indiana) and Brussels (Belgium)
- Latest **breakthrough products** include fully self-adhered membrane systems and fire resistant insulation board systems
- **Industry leader in innovation** with over 40 patents filed in the past 2 years
- Owner of more than **57'000 product approvals and certificates**
- At the forefront of **sustainable roofing solutions** achieving the highest level of **LEED certifications**
- Leading role in **certification** and **standard setting bodies**



Picture: R&D center



Picture: TPO Self Adhered

# FIRESTONE BUILDING PRODUCTS

## LEADER IN ONE OF THE MOST ATTRACTIVE MARKET SEGMENTS

- Focused on the **growing flat roofing systems market**
- **Leading brand** based on innovation, IP, product certifications and warranty systems
- **Sustainability leader** with green, solar and cool roofs
- **60% of sales** in the **resilient repair and refurbishment market**
- **Strong network** of key owners, roofing contractors, distributors and field sales representatives
- Best-in-Class **system and value selling approach**



Picture: Burj Al Arab, Dubai, UAE

Product: RubberGard EPDM, Inverted system



*Picture: Les Trèfles school, Belgium  
Product: UltraPly TPO, Green Roof*

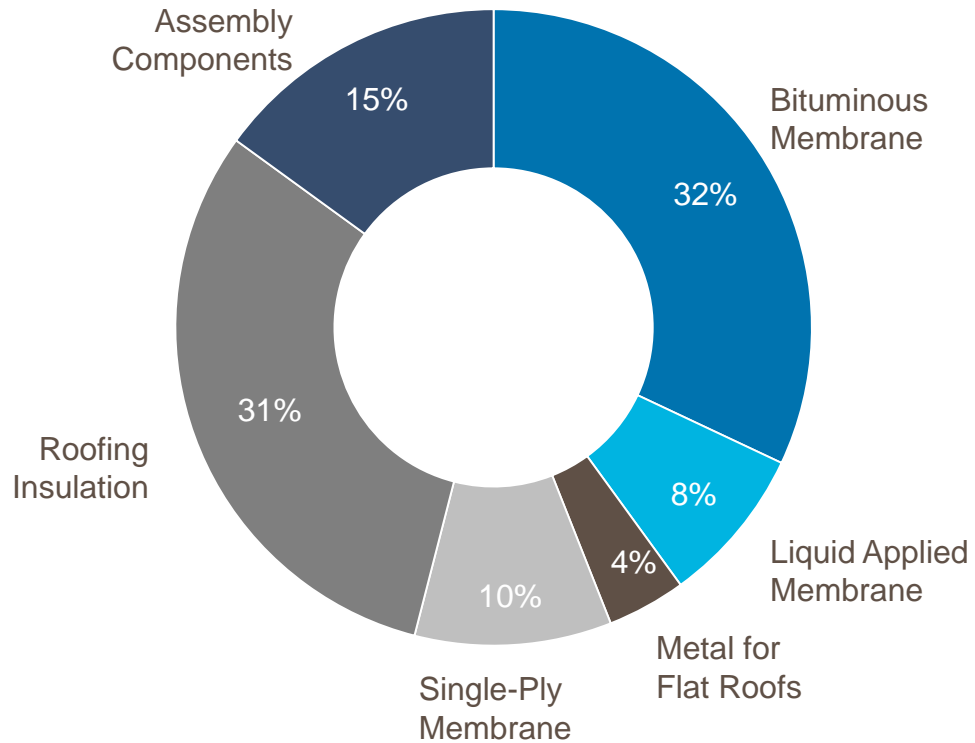
## 03 FLAT ROOFING SYSTEMS MARKET

# FLAT ROOFING SYSTEMS MARKET

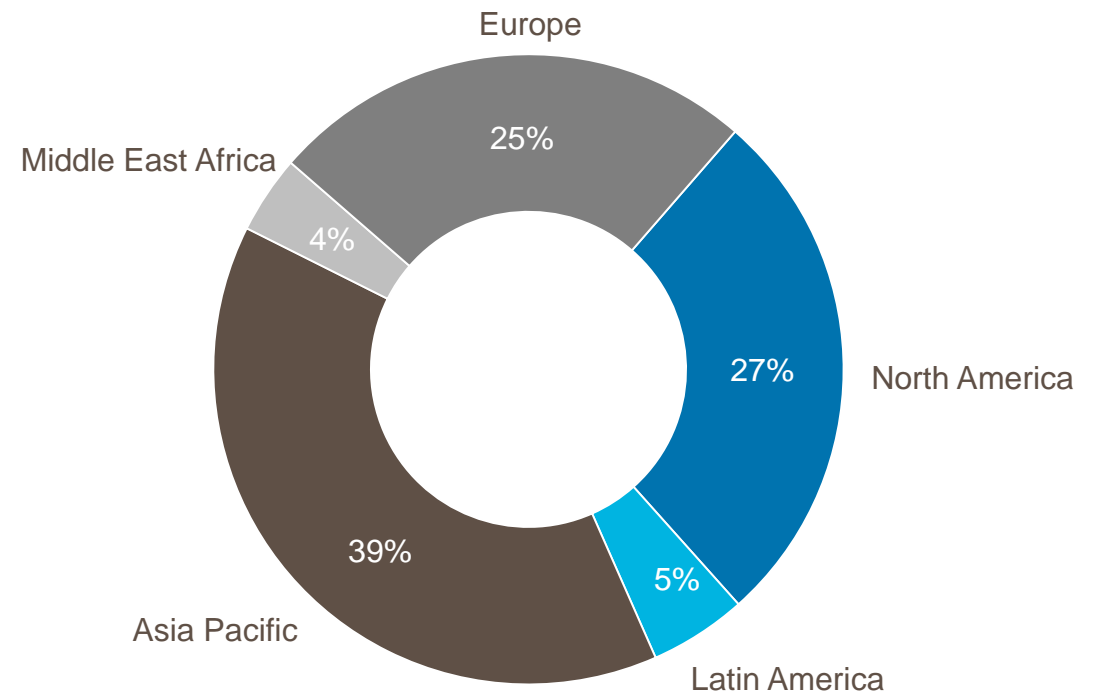
## A USD 50 BILLION ADDRESSABLE MARKET GLOBALLY



**Global market for Flat Roofing Systems**  
- by technology -



**Global market for Flat Roofing Systems**  
- by region -

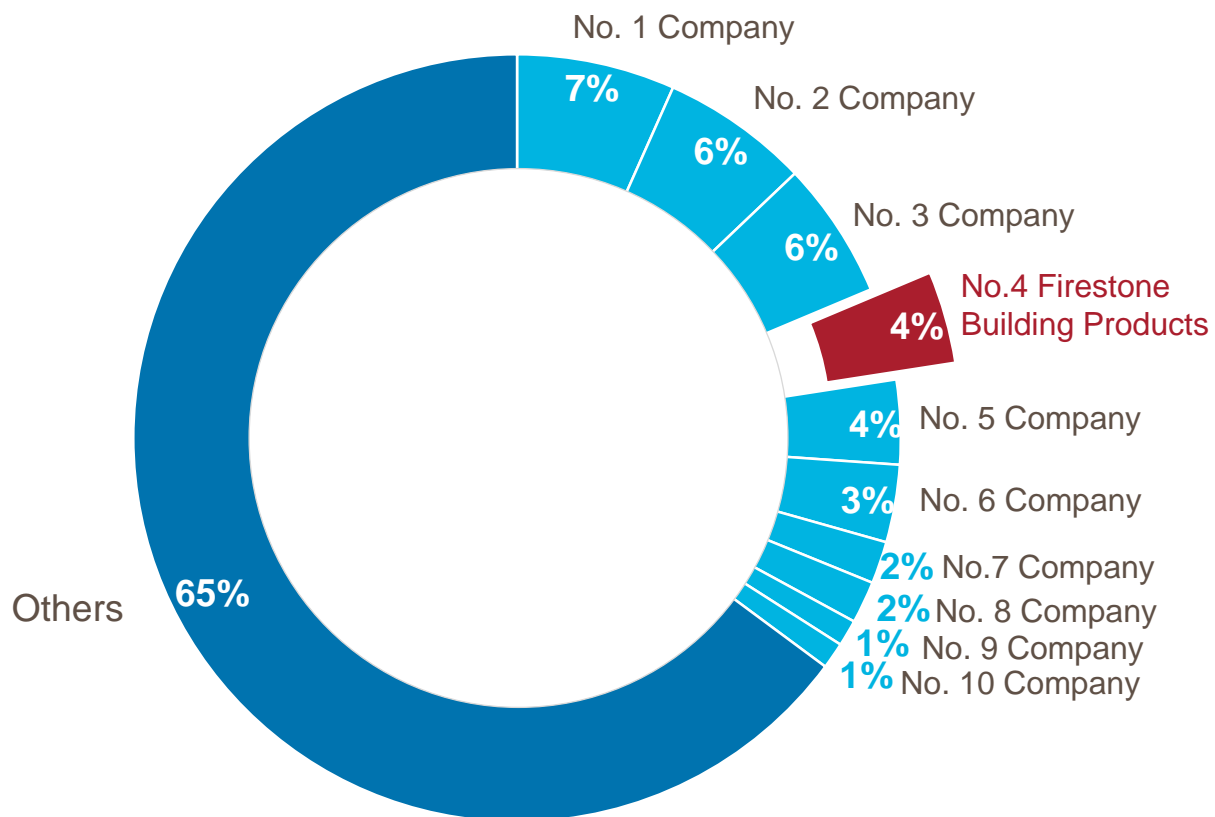


# FLAT ROOFING SYSTEMS MARKET

## A FRAGMENTED MARKET WITH OPPORTUNITIES FOR CONSOLIDATION



### Global market for Flat Roofing Systems - market shares by company -



→ Firestone Building Products is the **market leader** in the USA

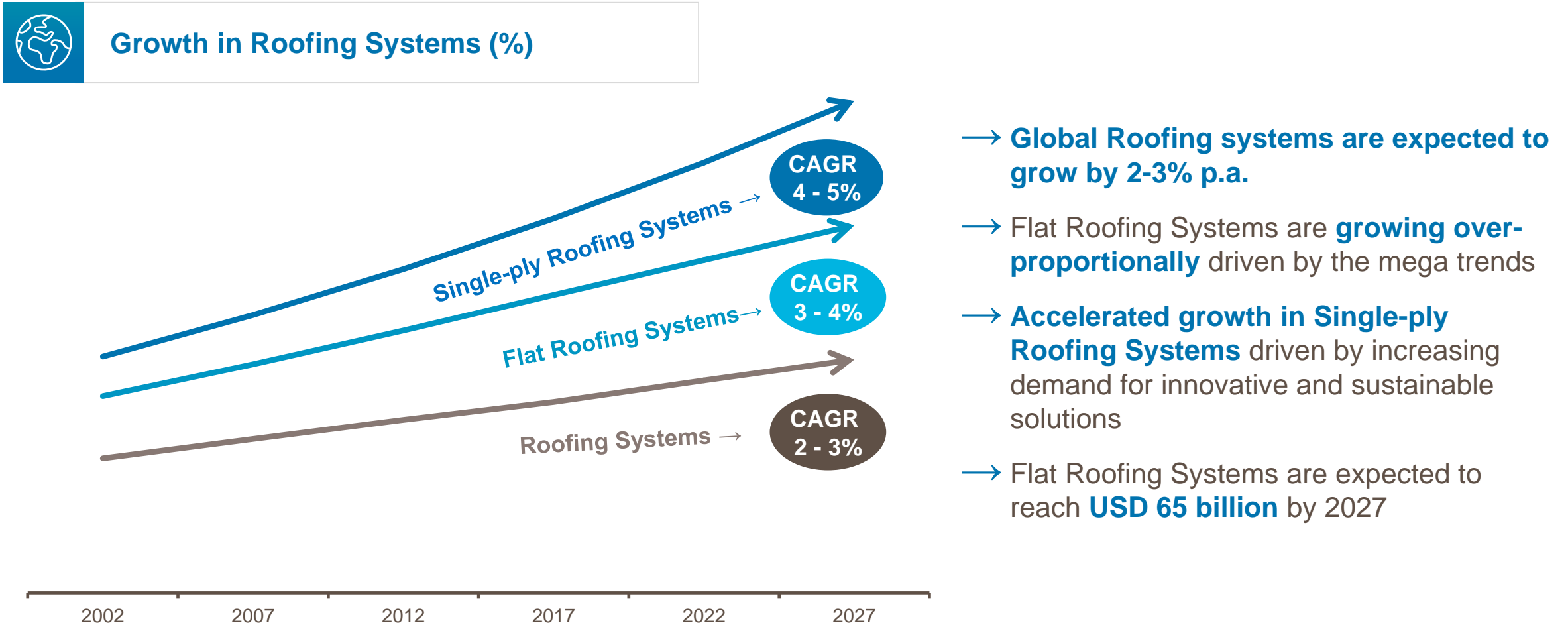
→ Globally **Firestone Building Products** is the **No. 4**

→ The Top 10 players account for **~35% of the market**



# ROOFING SYSTEMS MARKET

## ABOVE MARKET GROWTH IN FLAT & SINGLE-PLY ROOFING SYSTEMS



# FLAT ROOFING SYSTEMS MARKET

## VERY ATTRACTIVE MARKET SEGMENT WITH ABOVE MARKET GROWTH AND STRONG MARGINS

- **Above-market growth** for flat roofing systems through
  - Access to growing and resilient demand in **repair and refurbishment** applications
  - Improved demand and **regulations for thermal performance** and integrated roofing systems
  - Increasing demand for **green** and **solar roofing systems**, and for **LEED certification**
  - Increasing demand in **self adhered solutions** to reduce installation time, cost and address the shortage of skilled labor
  - Increasing demand in **certified installations** and **warranty services**
- **Specification** and **supply of entire system** is a winning differentiator
- **Value selling** through **continuous innovation** and **new products**
- Higher **cash conversion**, **lower capital intensity** and a fragmented market with opportunities for **consolidation**



*Picture: Pamplona Art Museum, Spain  
Product: RubberGard EPDM, Ballasted system*

## 04 STRATEGIC RATIONALE & SYNERGIES

# A MILESTONE IN THE TRANSFORMATION OF LAFARGEHOLCIM

## OUR AMBITION IS TO BECOME THE GLOBAL LEADER IN FLAT ROOFING SYSTEMS

Roofing offers **above market growth** and value selling through continuous innovation, branding, system selling and access to resilient repair and refurbishment markets

Highly **complementary and synergistic; synergies of USD 110 million** defined


A **new growth and innovation platform** in the attractive market segment for flat roofing systems

Firestone's leading **environmental** and **energy efficient solutions** are a perfect fit to LafargeHolcim's commitment to a Net Zero future

Establishing a **new growth profile** in the most attractive US market with annual sales exceeding USD 6 billion

# HIGHLY COMPLEMENTARY AND SYNERGISTIC SYNERGIES OF USD 110 MILLION DEFINED

**USD  
110m of  
EBITDA  
synergies**

  
**Revenue**

  
**Cost**

- Market leaders with **complementary access** to key projects, key owners and specifiers for buildings and infrastructure
  - Complementary **distribution channels** in the US
  - Leverage LafargeHolcim's leadership position in **Europe** for an accelerated expansion
  - Leverage LafargeHolcim's leadership position in **Latin America** to roll out Firestone products
- 
- Operational optimization in **logistics** and **manufacturing**
  - Material Cost opportunities with **joint procurement expertise** and **globalized sourcing**
  - Leverage and combine existing **administrative systems** and **infrastructure**
  - Recycle Firestone's waste within the **LafargeHolcim Circular Economy model**

# HIGHLY COMPLEMENTARY AND SYNERGISTIC SIGNIFICANT REVENUE SYNERGIES IN THE US

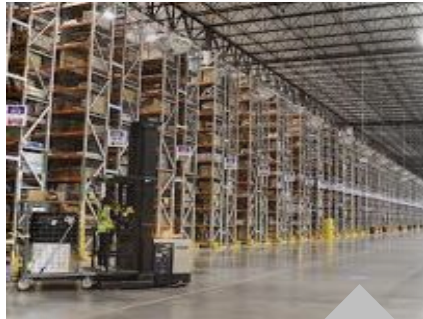
## TWO BUILDING MATERIAL MARKET LEADERS!

#1 in cement



#1 in roofing

VAST CONCRETE  
FLOORS



VAST ROOFS



SUSTAINABLE



SOLUTIONS



## MORE PROJECTS, MORE VALUE !!

- Market leaders with **complementary access** to key projects, key owners and specifiers for buildings and infrastructure
- Firestone with a **high specification rate** and **history of innovative and value added products** allows LafargeHolcim to accelerate in this area
- Firestone & LafargeHolcim can provide a **full system approach** and **sustainable solutions** for owners to reduce their environmental impact
- **Complementary distribution channels** provides growth opportunity

# HIGHLY COMPLEMENTARY AND SYNERGISTIC SIGNIFICANT COST SYNERGIES IN THE US

## TWO BUILDING MATERIAL MARKET LEADERS!

#1 in cement



#1 in roofing



## FOCUSED ON THE CHALLENGES TOGETHER !!

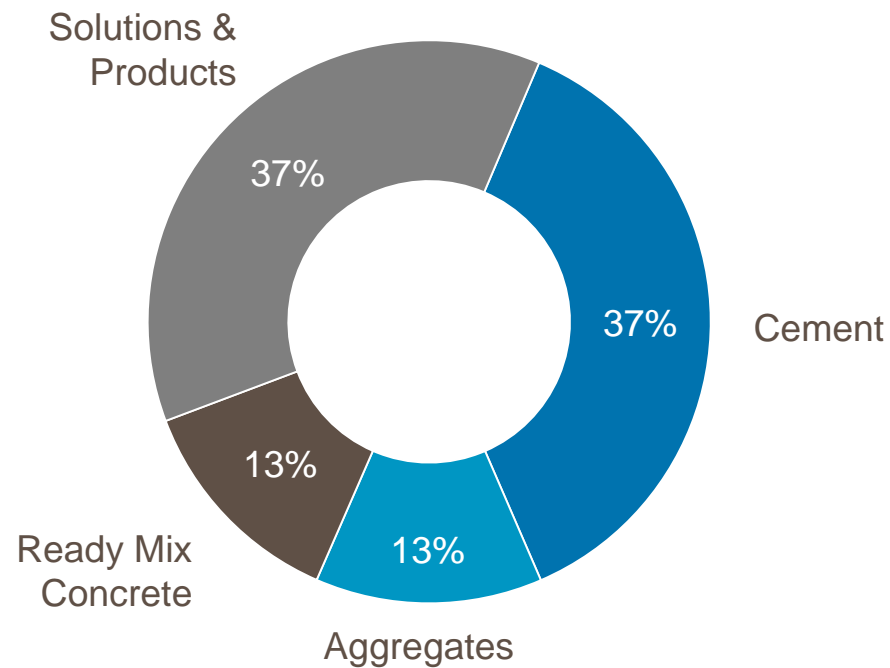
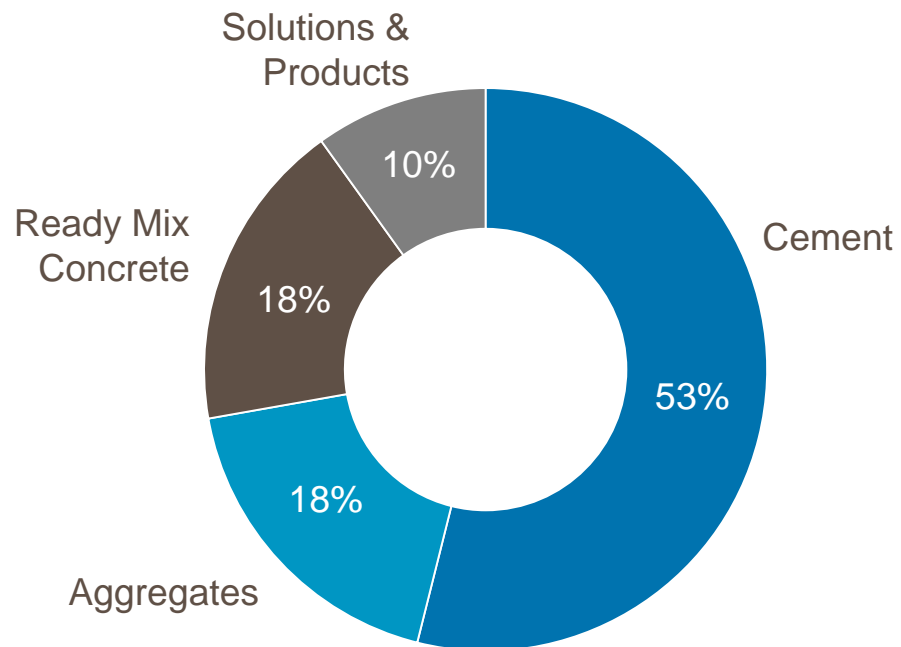
- Significant opportunity for operational **optimization in both manufacturing and logistics** with combined organization
- Material Cost opportunities with **joint procurement expertise** and **globalized sourcing**
- Leverage and combine existing **administrative systems and infrastructure**
- Recycle Firestone's waste within the **LafargeHolcim Circular Economy model**

# A MILESTONE IN THE TRANSFORMATION OF LAFARGEHOLCIM

## A NEW GROWTH PROFILE IN THE MOST ATTRACTIVE US MARKET



### Net Sales – US - by business segments -

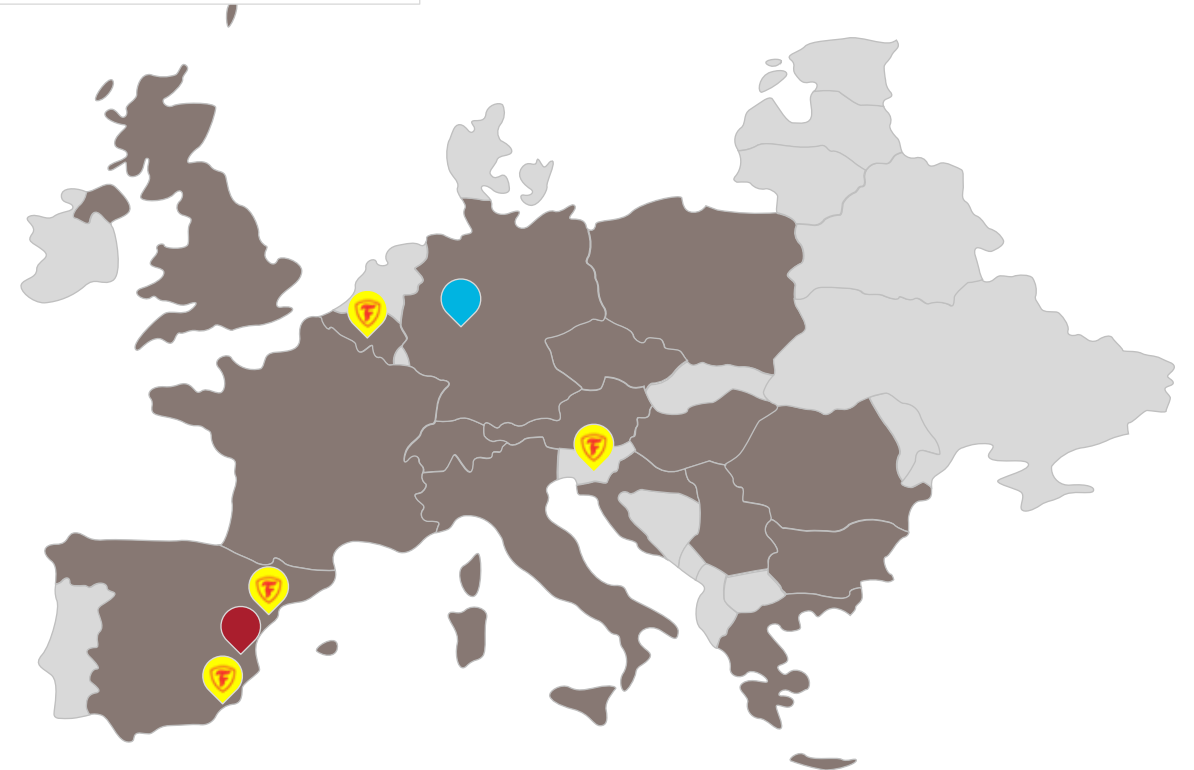
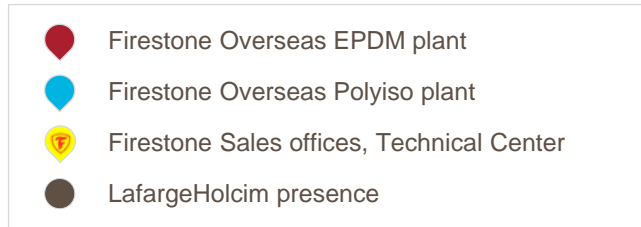




# ACCELERATED EXPANSION IN EUROPE

## LEVERAGE ON LAFARGEHOLCIM'S LEADERSHIP POSITION




- Firestone has limited footprint in Europe **with net sales of USD 139 million** in a market of USD 13 billion
- **LafargeHolcim** has a strong presence in Europe with **net sales of CHF 7.7 billion** and 21'000 employees
- **LafargeHolcim** has a strong presence in **all key roofing markets**
- **Accelerate a growth strategy** including organic investments and acquisitions



# EXPANSION IN LATIN AMERICA

## LEVERAGE ON LAFARGEHOLCIM'S LEADERSHIP POSITION TO ROLL OUT FIRESTONE PRODUCTS



-  Firestone Sales office
-  LafargeHolcim presence
-  Disensa presence

disensa



- Firestone has **an international office in Brazil** only
- Firestone's Liquid applied membrane range of products (GACO) is the **ideal technology** for Latin American countries
- **LafargeHolcim provides excellent access to the distribution market** via the Disensa retail network in 8 of the largest markets
- Disensa retail network in Mexico, Brazil, Colombia, Ecuador, El Salvador, Argentina and Costa Rica with **2'300 points of sale** and **over 3'000 SKUs**
- Good opportunity to **grow membrane business** with our strong local presence



*Picture: Encon, Belgium  
Product: RubberGard EPDM, Green Roof / Ballasted Roof*

## 05 FINANCIAL IMPACT

# ACQUISITION OF FIRESTONE BUILDING PRODUCTS

## KEY TRANSACTION PARAMETERS

### Acquisition Price

- **100% of the business to be acquired**
- **EV Debt free, Cash free, at USD 3.4 billion**
- Payable at closing, no deferred payment

### 2020 EBITDA Multiple

- Estimated 2020 Firestone Buildings Products **EBITDA: USD 270 million**
- **Synergies of USD 110 million** per year run rate
- **EV at 8.9x EBITDA post run-rate synergies**

### Financing

- 100% Cash consideration, financed by debt and cash
- **Leverage remaining below 2x** in 2021
- Current rating expected to remain unchanged

### Financial Impacts

- **EPS accretive from year 1**
- **Positive ROIC impact by 2023**
- **Synergies fully realized in year 2**



*Picture: Eishalle Ice Rink, Germany  
Product: UltraPly TPO , Mechanically attached system*

## 06 SUMMARY

# ACQUISITION OF FIRESTONE BUILDING PRODUCTS

## A MILESTONE IN THE TRANSFORMATION OF LAFARGEHOLCIM

- A milestone in our ambition to be **“The Global Leader in Innovative and Sustainable Building Materials and Solutions”**
- A new **growth and innovation platform** in the attractive market segment for flat roofing systems
- Establishing a new growth profile in the **most attractive US market with annual sales exceeding USD 6 billion**
- Firestone’s **leading environmental and energy efficient solutions** are a perfect fit to LafargeHolcim’s commitment to a Net Zero future
- The acquisition is **highly synergistic**, synergies of USD 110 million defined, acquisition is **EPS accretive from year 1**
- Our ambition is to become **The Global Leader in Flat Roofing Systems**



*Picture: Inner Mongolia Science and Technology Museum  
Product: UltraPly TPO , Mechanically attached system*

# 07 ANNEX

# BUILD ENERGY EFFICIENT

## GROWING DEMAND FOR ENERGY EFFICIENT SOLUTIONS DRIVEN BY INCREASING REGULATION

### Extended Thermal Insulation



#### Benefits For Building Owners

- Reduced energy consumption by minimizing energy loss
- Provides enhanced comfort for better living
- Protect the Buildings from heat, cold and extreme temperatures

#### Benefits For Governing Authorities

- Reduces heat island effect
- Increases energy efficiency
- ⇒ Thermal insulation technology owned by Firestone (Polyisocyanurate) has the best thermal performance among all technologies (e.g. Mineral wool, EPS, XPS)

#### Key Certification





# BUILD GREENER

## INCREASING DEMAND FOR GREEN ROOFING SYSTEMS

### Green Roof



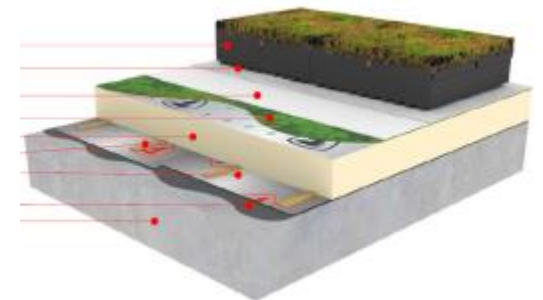
Picture: Ecole "Les Trefles", Anderlecht, Belgium

### Benefits For Building Owners

- Reduced energy consumption by minimizing energy loss
- Cooling Effect (by evaporation of heat)
- Protects waterproofing layer against hazardous weather
- Aesthetic appeal

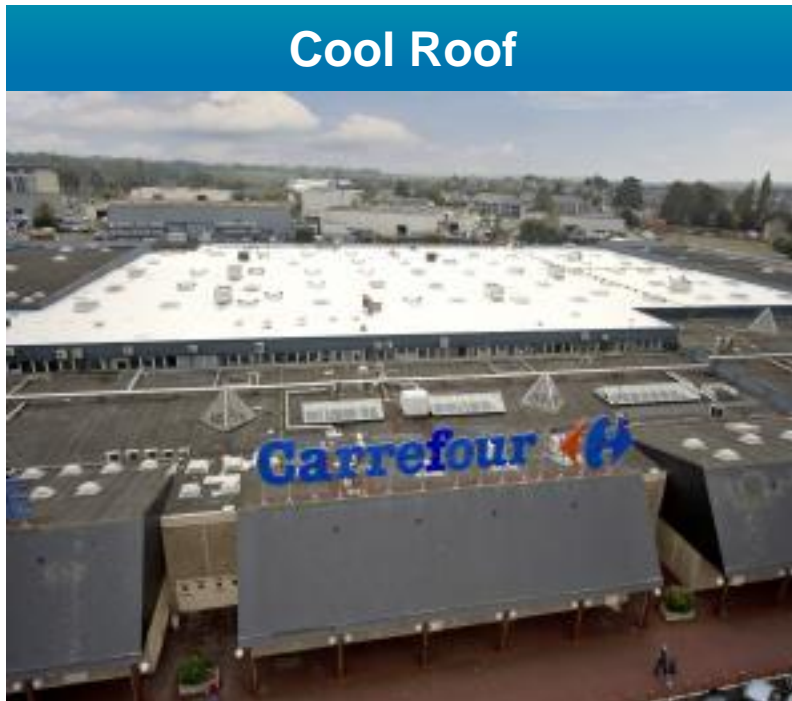
### Benefits For Governing Authorities

- Increases green lung in urban areas
- Reduces Heat Island effect
- Aids water retention management
- Aesthetic appeal



# BUILD COOLER

## INCREASING DEMAND FOR COOL ROOFING SYSTEMS



Picture: Carrefour St- Malo, France

### Benefits For Building Owners

- Reduced energy consumption
- Cooling effect due to lower roof surface temperature
- Extends longevity of membrane

### Benefits For Governing Authorities

- Reduces Heat Island effect



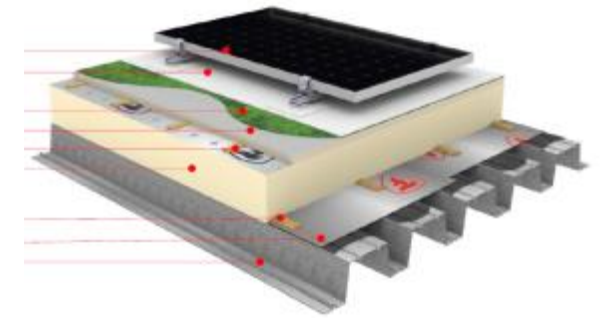
### Solar Roof



Picture: Reynaers Aluminium, Duffel, Belgium

### Benefits For Building Owners

- Use of roof surface for generating renewable energy
- Captive source of electricity



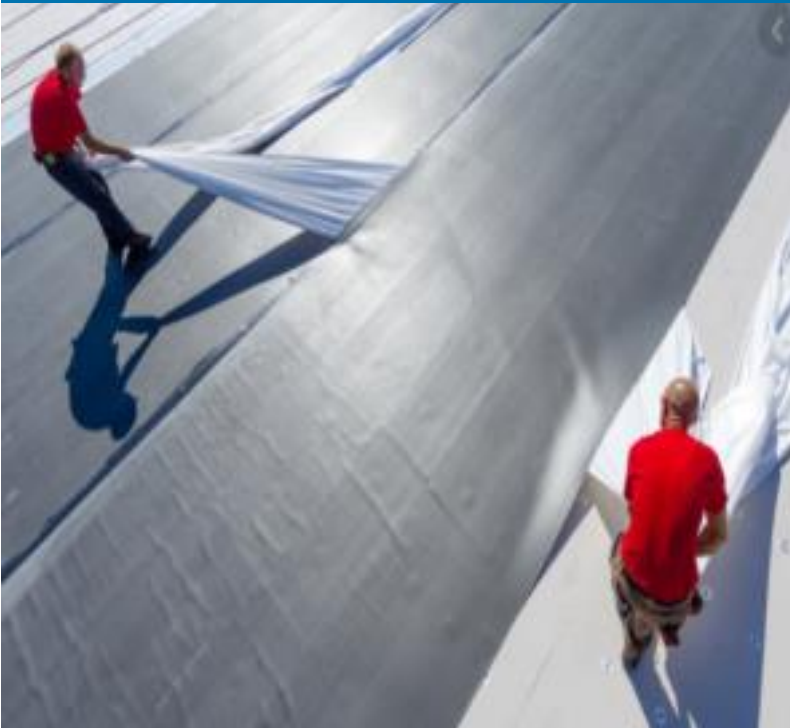
### Benefits For Governing Authorities

- Reduces reliance on traditional power sources
- Reduces peak demand for Power Grid

# BUILD FASTER

## SELF ADHERED SOLUTIONS REDUCE INSTALLATION TIME

### Self Adhered Membrane



### Benefits For Building Owners

- Simplification of installation process
- Fast installation and less workers required (approx. half of conventional method)
- Reduces cost and address the shortage of skilled labor
- Reduced interruption of house operation in progress
- Less noise and less odor during installation

# SUSTAINABILITY CERTIFICATIONS

## FIRESTONE PRODUCTS CONTRIBUTE TO ACHIEVE THE HIGHEST LEVEL OF LEED CERTIFICATIONS

- Leadership in Energy and Environmental Design (LEED) is a green building rating system in the US and other parts of the world
- Firestone's sustainable products and systems contribute towards achieving LEED certification for projects
- Key owners select roofing systems in line with LEED certifications

### 6 KEY CATEGORIES FOR OBTAINING LEED CERTIFICATION



Sustainable Sites



Water Efficiency



Energy & Atmosphere



Material & Resources



Indoor Environmental Quality



Innovation Design

### PRODUCTS AND SYSTEMS OFFERED BY FIRESTONE

RubberGard™ EPDM and UltraPly™ TPO with Secure Bond™ Technology

RubberGard EcoWhite™ EPDM

UltraPly™ TPO

AcyliTop™ Coating

UltraWhite™ Modified Bitumen Granulated Cap sheets

Enverge™ Cavity Wall Products

SkyScape™ Vegetative Roof Systems

SkyPaver™ Composite Roof Pavers

SunWave™ Daylighting System

PondGard™ & GeoGard™ Linings

#### INSULATION PRODUCTS

→ ISO 95+™ Insulation

→ ISOGARD™ Hd Cover Board

→ Resista Polyiso Insulation Board

#### GACO™ WALL FOAM INSULATION

→ GacoProFill™

→ GacoOnePass™

→ GacoFireStop2™

→ Gaco 183M LEED

→ Gaco 052N LEED



**LafargeHolcim**