

LETTER TO No. 91 SHAREHOLDERS

H1 2020 RESULTS

IN THE CONTEXT
OF THE CORONAVIRUS:

RETURN
TO SALES
AND OPERATING
INCOME GROWTH
IN JUNE AFTER
A DECLINE IN SALES
IN THE FIRST HALF

SHARP RISE
IN FREE CASH FLOW
AND SHARP DECREASE
IN NET DEBT

UPBEAT
OUTLOOK DRIVEN
BY THE
GREEN
RECOVERY

SALES

€17.8bn
-12.3%*

OPERATING INCOME

€827m
-49.2%*

FREE CASH FLOW

€1.68bn
+143.2%

* Like-for-like.



H1 2020 RESULTS

PAGE 2

**THE POST-PANDEMIC
WORLD ACCORDING
TO SAINT-GOBAIN**

PAGE 4

A FEW WORDS

FROM PIERRE-ANDRÉ DE CHALENDAR

Chairman and Chief Executive Officer

"In the unprecedented context of the coronavirus pandemic, Saint-Gobain set itself four priorities: protecting the health and safety of all, strengthening its liquidity and balance sheet, adapting costs and preparing for the recovery. Our efforts to preserve cash allowed us to achieve a high level of free cash flow generation in the first half.

In a macroeconomic and health environment which remains affected by uncertainties, our earnings growth in June and outlook for the third quarter suggest that our operating income for second-half 2020 will improve significantly on first-half 2020. Saint-Gobain's medium and long-term outlook remains robust thanks to successful strategic and organizational choices. Our comprehensive portfolio of innovative energy-efficiency solutions, as well as our extensive exposure to the renovation market, ideally position the Group to benefit from national and European stimulus plans supporting the energy transition".

AND FROM BENOIT BAZIN

Chief Operating Officer

"Our new organization has proved extremely effective during this crisis, supported by excellent international coordination and the agility of our country and market CEOs, who quickly took the best local decisions for their customers and teams. By rapidly cutting costs, we achieved savings of €395 million in the first half, with in particular an acceleration of our "Transform & Grow" program, which generated €80 million of net savings in the first half of 2020 and for which we expect to meet our initial €250 million target by the end of 2020, a year earlier than planned. We have also already launched the additional necessary adaptation measures to lower the break-even point wherever the recovery is delayed or more uncertain, with resulting cost savings of €200 million on a full-year basis in 2021, of which €50 million in second-half 2020. Lastly, our portfolio optimization strategy to enhance our growth and profitability profile will be gradually resumed according to market conditions. We firmly believe that the Group will emerge stronger from this crisis and we would like to thank the unwavering commitment of all of our teams".

First-half consolidated sales were **€17,764 million**, down 12.3% like-for-like, with volumes contracting 12.7% and prices holding firm, up 0.4%. On a reported basis, sales fell 18.1%, including a 1.3% negative **currency effect** and a negative 4.5% **Group structure impact** resulting from divestments carried out within the scope of "Transform & Grow" in 2019 and various acquisitions, including Continental Building Products in February 2020.

Consolidated **operating income** fell 49.5% as reported and 49.2% like-for-like, leading to a decline in the operating margin from 7.6% to 4.7%.

Free cash flow jumped 143% to **€1,678 million**, representing three times the percentage of sales in first-half 2019 (9.4% versus 3.2%), with a sharp improvement in the free cash flow conversion ratio at 129% (versus 33% in first-half 2019).

Net debt fell sharply to **€9.8 billion at June 30, 2020** compared to €12.8 billion at end-June 2019, thanks chiefly to proceeds from divestments (mainly Sika for €2.4 billion, generating a net cash gain of €1.5 billion) net of acquisitions, and the reduction in working capital requirement and capital expenditure.

2020 PRIORITIES

- 1) Ensure the health and safety of all** in a health environment which remains uncertain.
- 2) Continue to implement adaptation measures and generate robust free cash flow:**
 - Constant focus on the price-cost spread;
 - Cost reduction thanks to additional post-coronavirus measures: €200 million in full-year savings by 2021, including €50 million in second-half 2020;
 - Success of the cost savings program as part of "Transform & Grow", generating €130 million in additional cost savings in 2020 (of which €50 million in the second half), after €120 million in 2019, enabling the Group to meet its €250 million target a year earlier than planned;
 - Decrease in capital expenditure of more than €500 million in 2020 versus 2019.
- 3) Maintain a strong balance sheet and reach at end-2020 the medium-term objective of a reduction in the number of its shares outstanding to 530 million**, from 542 million at end-2019.
- 4) Leverage opportunities created by stimulus plans:**
 - The Group is ideally positioned on energy-efficient renovation markets;
 - Comprehensive portfolio of innovative solutions to reduce the energy consumption of buildings.

In a macroeconomic and health environment which remains affected by uncertainties, our earnings growth in June and outlook for the third quarter suggest that our operating income for second-half 2020 will improve significantly on first-half 2020.

RESULTS BY SEGMENT

HIGH PERFORMANCE SOLUTIONS

-18.0%
like-for-like

17% of Group sales, o/w:*

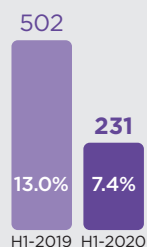
Mobility (6%): **-26.8%**
Other industries (11%): **-12.0%**

SALES

€3,102m

OPERATING INCOME (€m) AND MARGIN (%)

€231m



NORTHERN EUROPE

-8.2%
like-for-like

33% of Group sales, o/w:*

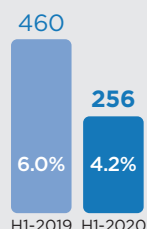
Nordics (15%): **+3.6%**
UK - Ireland (9%): **-27.6%**
Germany - Austria (4%): **-5.8%**

SALES

€6,090m

OPERATING INCOME (€m) AND MARGIN (%)

€256m



SOUTHERN EUROPE - MIDDLE EAST & AFRICA

-16.0%
like-for-like

31% of Group sales, o/w:*

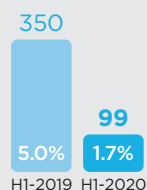
France (23%): **-16.5%**
Spain-Italy (4%): **-18.8%**

SALES

€5,668m

OPERATING INCOME (€m) AND MARGIN (%)

€99m



AMERICAS

-6.5%
like-for-like

15% of Group sales, o/w:*

North America (11%): **-5.5%**
Latin America (4%): **-8.7%**

SALES

€2,670m

OPERATING INCOME (€m) AND MARGIN (%)

€190m



ASIA-PACIFIC

-17.5%
like-for-like

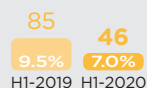
4% of Group sales*

SALES

€655m

OPERATING INCOME (€m) AND MARGIN (%)

€46m



THE POST-PANDEMIC WORLD ACCORDING TO SAINT-GOBAIN

For a business, the common good means acting together to build a better world and placing its values at the heart of its own business model.

For Saint-Gobain, it means developing products and solutions that offer both increased efficiency and a positive environmental impact, and using its influence to help causes greater than itself and relevant to the Group.

Our responsibility as a Group is obviously to lead by example. It is also to inform, raise awareness and rally the entire value chain to our cause.

According to Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain: *"One thing is clear, the post-coronavirus world will be able to be summarized in three words: it will be more sustainable, more digital and more local. These are the three avenues for transformation for Saint-Gobain and will ensure that this change will be ultimately beneficial for the Group."*

1. MORE SUSTAINABLE

The coronavirus pandemic has profoundly disrupted our societies, administering a brutal shock to our social, economic and political lives. However, it has not eliminated the challenges that lie ahead in terms of climate change.

This crisis gives us the opportunity to accelerate the transition to **a more sustainable world** that combines environmental protection with social justice.

The construction and building sector represents almost 40% of global greenhouse gas emissions.

The Saint-Gobain Group has long been aware of this challenge and supports the need to aim for carbon neutrality in industrial production.

The Group has set itself the following ambitious goals:

- **Achieve net zero carbon emissions by 2050;**
- **Reduce the CO₂ emissions released into the atmosphere as a result of its industrial activities by 20% by 2025⁽¹⁾:** replace gas furnaces by cleaner electric furnaces wherever possible;
- **Reduce water discharged by Group companies by 80% by 2025⁽²⁾;**
- **Reduce non-recovered waste by 50% by 2025⁽³⁾; reduce consumption of natural resources.**

In this regard, Saint-Gobain is developing or distributing solutions:

More sustainable



More digital



More local



* Foreign Direct Investments 2020. Source: UNCTAD, June 2020

** % of European building material manufacturers. Source: The Impact of COVID-19 on Construction, USP

- To reduce energy consumption and the environmental footprint of new or renovated buildings, helping to decarbonize the built environment;
- Using insulation of interior or exterior walls, floors or roofing; high-performance glass solutions for double or triple glazing, mechanical ventilation, heat pumps, and more generally, a series of solutions to reduce the energy consumption and greenhouse gas emissions of buildings.

This transition to a sustainable world is to be incorporated within numerous stimulus plans across the globe. Europe's **€750 billion Green Deal⁽²⁾** is expected to aim for a two-fold increase in the annual energy-efficient renovation rate for existing building stock. It reinforces the Group's strategy in several key areas: renovation, the energy

transition, the circular economy and green mobility.

Thanks to its portfolio of unique solutions and its extensive exposure to the renovation market (around 50% of Group sales), Saint-Gobain is ideally placed to benefit from national and European stimulus plans focused on the energy transition, and to accelerate its growth.

2. MORE DIGITAL

In just a few days, we revolutionized our working methods and in particular our relations with customers by swiftly introducing new sales models which are set to become the new normal:

- e-commerce;
- click and collect;

1. At iso-production versus 2010. 2. The European Green Deal refers to a series of political initiatives proposed by the European Commission with the primary aim of making the European Union climate neutral by 2050. https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

- BIM⁽³⁾, which enables joint design and visualization of a virtual building prior to construction;
- in terms of installation, the LEAN by Placo® logistics solutions, for example, enable onsite deliveries of plaster-board adjusted to required dimensions based on plans provided by the customer upon placing its order.

We have therefore reaped the benefits from our past investments in logistics, IT and digital.

This crisis has provided an opportunity to accelerate, but not to completely transform, the development of new customer relationship tools that were already part of our strategy before the crisis hit. In parallel, we need to develop solutions that also enable our customers to save time and be more efficient and productive.

La Plateforme du Bâtiment saw its **online orders increase from 5% before the crisis to 75% at the peak of the lockdown. Today, 10% or more of all orders continue to be placed online.** This will lead to productivity gains and will reduce inefficiencies. Yet despite this accelerated digitalization, trade contractors were

fairly quick to revisit branches for consultations and advice.

This vindicates our view of sales outlets as a social space where professionals can come together and exchange ideas, and also validates our omnichannel strategy.

3. MORE LOCAL

We are seeing a return of governments wishing to play a bigger role in economic matters and in this regard we need to build different international relationships. **The talk is also of relocalization and of reducing certain dependencies.** Although globalization has been extremely beneficial for people across the globe, it has also shown its limits in certain countries, which could introduce more restrictive trade barriers.

At Saint-Gobain, **our multi-local, decentralized model has been a real advantage in managing the crisis: by constantly adapting to changes in the local market, the Group can get closer to its customers.**

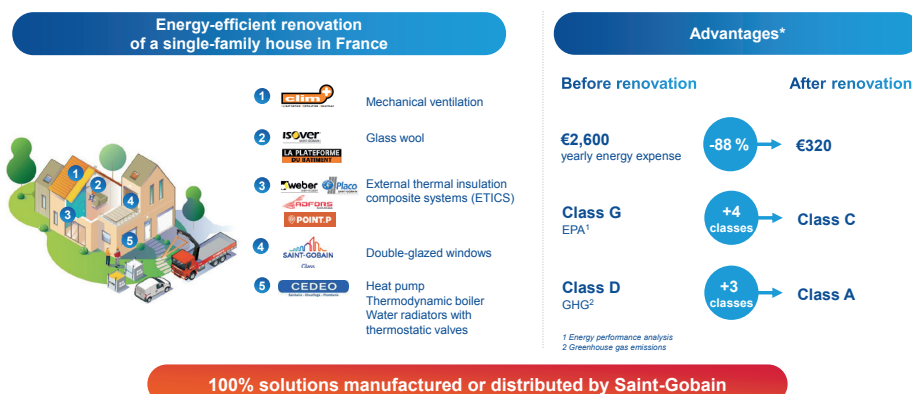
Consumer demand for locally-sourced products and services was already gathering pace before the health crisis. Mindful of these trends, in 2018 we decided to reorganize the Group.

Decision-making was decentralized towards local teams within each country in a bid **to better reflect the day-to-day realities of the construction business: we produce where we sell.** This organization proves its value every day, in making and implementing the right decisions and swiftly adapting to each local situation on the ground. This has allowed us to take each decision to shut down or resume operations in close alignment with the needs of our customers.

The Group's multi-local model, where production takes place in close proximity to the markets, is set to intensify in the face of the aspirations of an emerging "sovereign industry".

Saint-Gobain's medium and long-term outlook remains robust thanks to its successful strategic and organizational choices. Its strategy of differentiation and innovation means that it is ideally placed to benefit from its profitable growth drivers: sustainability and wellbeing, and enhanced customer performance and productivity. ■

SAINT-GOBAIN OFFERS A COMPREHENSIVE RANGE OF SOLUTIONS FOR ENERGY-EFFICIENT RENOVATION



* Calculations for a single-family house built between 1948 and 1974 based on the French report to the European Commission:

"Reports on the long-term strategy for France to mobilize investment in the renovation of private and public residential and commercial buildings in the national building stock".



I am a tireless advocate for environmental protection and the fight against climate change. As a business leader, I have a particular responsibility, which is to ensure sustainable, responsible growth that respects future generations. I firmly believe that in terms of development, while businesses may be part of the problem, they are also and above all part of the solution.

Pierre-André de CHALENDAR

Chairman and Chief Executive Officer of Saint-Gobain



3. BIM, or Building Information Modeling, refers to a series of processes for creating and managing information on a construction project across the project lifecycle.

SAINT-GOBAIN NEWS



INNOVATION INNOVATIVE, COMFORTABLE AND TRANSPARENT MASKS



Since the start of the health crisis, masks have been a major concern, with issues arising as to supply, waste and discomfort. In response to these problems, two SMEs in southeastern France decided to develop **a revolutionary protective and transparent mask. Known as PRECIMASK, the mask has an unlimited lifespan without any loss of effectiveness and will be available on the market at the end of 2020.** The SMEs called on the expertise of Saint-Gobain's research hub in Provence to design the mask's air filtration system, with ceramic foam disks fitted into valves providing the requisite filtration. Bio-compatible and easy-to-clean, they can be upgraded according to needs, from class 1 to FFP3.

All our facial expressions will once again be visible thanks to this transparent mask, which is fitted with a removable shield and made of polycarbonate and silicon for optimum sound, easy breathing and ideal protection. PRECIMASK will be particularly useful for medical staff, helping to protect them and improve their communication with patients thanks to its high-level transparency. PRECIMASK will provide users with top-level protection against the virus, as well as against pollution, allergens and pollens.



INNOVATION MASKS MADE BY SAINT-GOBAIN



Given the steep rise in demand for masks owing to the coronavirus pandemic, **the Saint-Gobain Group decided to start its own production, setting up four lines: in China, France, the United States and Brazil.** Quickly operational, these lines enable the Group to **produce up to four million masks per month for the Group's employees and customers.** These disposable masks, intended for use by the general public, have three polypropylene layers and look similar to surgical masks. Everything has been thought out to ensure that the masks are

produced in an environment meeting the highest health and safety standards. "Our teams can be proud of themselves, of their agility and of their collective efforts to secure the launch of mask production in record time", commented Laurent Guillot, Senior Vice-President, CEO High Performance Solutions.

Saint-Gobain is also engaged in the fight against the coronavirus through its Life Sciences business, **prioritizing components for critical medical devices** (silicone membranes, flexible tubes, filters, connectors and fixings) **used in respirators, ventilators and infusion pumps in particular.**

INNOVATION SAINT-GOBAIN REVOLUTIONIZES WALL LINING



The new **Optimax Habito®** insulating system is the brainchild of Placo® and ISOVER in France, who decided to pool their expertise. It uses **Habito® ultra-strong plasterboard and ISOVER GR30 or GR32 glass wool** containing at least 40% recycled glass and a patented installation kit (supports, connectors, screws). The innovation lies in the **elimination of almost all metal frames.** For installation, the boards no longer need central rails but attach directly to the supports, **reducing the number of screws needed by half.** This new installation method offers unrivaled ease of assembly for trade contractors and an average time saving of 20%, as well as reduced risk of injury from cutting the metal frames. The innovative system also reduces worksite waste and is 100% recoverable through the Placo Recycling® and ISOVER Recycling recovery streams.

INITIATIVES WORKING CLOSER WITH YOUNG TRADE PROFESSIONALS



With its **Pack Jeune Artisan**, POINT.P in France is offering a new service targeting young trade contractors aged under 30.

POINT.P, the French building merchant, has launched **Pack Jeune Artisan** to **help young building trade professionals** aged under 30 **create their own company.** Included in the **Génération Artisans** upskilling program, it provides access to all its services (Solu+, Tolteck, La Maison Saint-Gobain, Renoprim + Direct, etc.), as well as the following five new services completely free of charge:

- Online legal and accounting assistance;
- "Google My Business" support to improve indexing with a professional worksite photoshoot;
- Creation of a logo;
- Sponsored entry in the *Génération Artisans* community to help establish an initial network;
- A personalized coaching session in how to use the loyalty program services and tools.

The aim for this first edition is to assist 500 young trade professionals across France as they take their first steps as entrepreneurs.

**FOR MORE
INFORMATION,
VISIT:**



INVESTMENT A NEW COLLABORATIVE ROBOT TESTED IN SWITZERLAND



For the past few weeks, a cobot has been in operation in ISOVER's plant in Lucens in Switzerland. **Cobots (collaborative robots) are robotized articulated arms that can interact and work alongside human operators.**

The cobots are used in this plant to conduct checks in order to assess the thermal performance of the panels and rolls of glass wool sold by ISOVER. The cobot places the samples to be tested in the machine and removes them on completion of the test.

These quality controls – growing in number by the day – help optimize the density of the raw material used to manufacture a given product and provide a larger volume of more precise information about insulation performance. The ultimate aim is to reduce the quantity of raw material used while maintaining the same thermal performance, thereby cutting production costs.

The Lucens site is the first Saint-Gobain insulation plant to test this prototype. If successful, the cobot could be introduced at other Group sites.

DISTRIBUTION POINT.P PROMOTES BIO-SOURCED INSULATION



In line with its ambitious eco-responsible approach, the French building merchant POINT.P has put together a range of bio-sourced insulation materials. Presented in a special catalogue, this range has been developed in response to new expectations expressed by trade professionals and retail customers. **Manufactured using wood fibers, or cellulose, hemp or cotton wadding**, these products now account for 10% of the insulation market. They provide numerous benefits in terms of thermal comfort, life span and recycling for both renovation projects and new builds.

To provide trade professionals with the best service for these solutions, the brand has included its entire range (1,500 products) in the Solu+ configurator, which is available to all members of its *Génération Artisans* loyalty program. POINT.P also offers training for its employees to ensure they have a comprehensive understanding of these solutions and products. With this training under their belts, the sales teams will guide customers to the best solution for their needs.

FOR MORE INFORMATION, VISIT THE POINT.P WEBSITE (in French only)



ENVIRONMENT CLIMATE TAKES CENTER STAGE IN SAINT-GOBAIN'S UNITED STATES OPERATIONS



Saint-Gobain has signed a **12-year power purchase agreement** to help cut its CO₂ emissions in the United States and support the construction of a wind farm in Illinois.

Under this agreement, Saint-Gobain will significantly reduce the carbon intensity of the power it consumes. The result will be a **21% reduction in Saint-Gobain's CO₂ emissions in the United States** at iso-production versus 2010. Currently under construction, the wind farm should be operational by the end of 2020.

This is the largest carbon-free power purchase agreement ever signed by Saint-Gobain and marks a **key step towards the Company achieving zero carbon emissions by 2050**, a goal announced by Pierre-André de Chalendar, Chairman and Chief Executive Officer, at the UN Climate Action Summit in September 2019.

The agreement comes hard on the heels of **Saint-Gobain's recent recognition as a member of the CDP's Climate Change A List**. The CDP is an international non-profit organization which identifies companies actively involved in fighting climate change. It audits companies and allocates them a score from A to D based on the extent of their reporting and environmental risk awareness and management, and assesses their level of environmental leadership on the basis of the best practices they have implemented, such as setting significant and ambitious targets.



FOR MORE INFORMATION, VISIT:

PROJECT ENJOY THE CITY VIEWS



The Les Terrasses restaurant in the La Villa Florentine Hotel in Lyon, France, has recently been renovated to provide its guests with the opportunity to enjoy French cuisine surrounded by glass, so they can also take in the sublime views over the city of Lyon. The **800 sq.m. of dynamic SageGlass®** chosen for the veranda **tints or clears automatically** to adjust to light levels and prevents heat build-up and glare without having to use blinds or shades. SageGlass® delivers superior thermal and visual comfort to maximize well-being while also reducing energy consumption. On a hot summer day or a cold winter evening, guests will always be able to enjoy the terrace and its stunning views.

FOR MORE INFORMATION ABOUT SAGEGLASS PRODUCTS, VISIT:



FIND OUT MORE IN THE CORPORATE BROCHURE

SHAREHOLDER'S NOTEBOOK

DATES FOR YOUR DIARY

SHAREHOLDER MEETINGS*

chaired by

Pierre-André de Chalendar,
Chairman and Chief Executive
Officer of Saint-Gobain

Friday November 20, 2020 at 3:00pm
Salon Actionaria, Paris (75)

Thursday December 3, 2020 at 6:00pm
Espace Tête d'Or - Lyon (69)

* To be confirmed depending on the prevailing health situation.

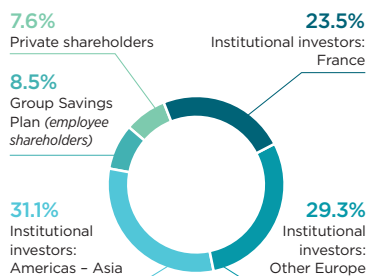
TOTAL NUMBER OF SHARES

(as of mid-August 2020)

541.6 million

OWNERSHIP STRUCTURE

(at June 30, 2020 - %, estimated)



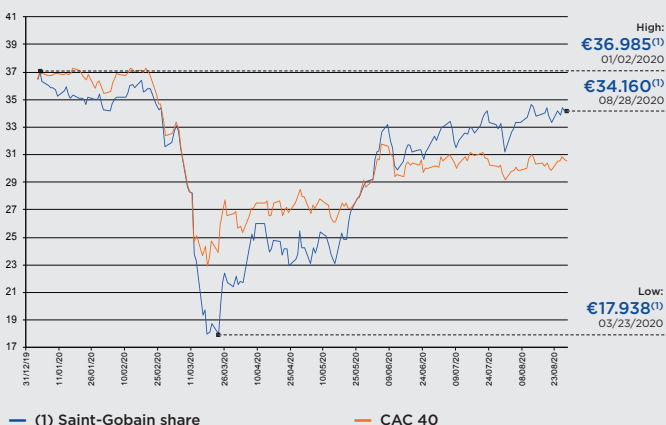
ACTIONARIA TRADE SHOW*

THURSDAY NOVEMBER 19 AND FRIDAY NOVEMBER 20
AT THE PALAIS DES CONGRES IN PARIS

Come and visit our stand to discover the Group's main brands and take part in our shareholder meeting on **Friday at 3:00pm in the Salle Bleue**. The meeting will be chaired by Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, and Sreedhar N., Chief Financial Officer.

SAINT-GOBAIN SHARE PERFORMANCE

01/01/2020 TO 08/28/2020



Recent performance at 08/28/2020 (%)	Saint-Gobain share	CAC 40
Trailing 6 months	+8.1%	-5.8%
Trailing 12 months	+8.9%	-6.8%
Since 01/01/2020	-6.4%	-16.3%

YOUR CONTACTS

Saint-Gobain's Shareholder Relations Department will be pleased to answer any enquiries. Please feel free to contact them:

• By dialing:

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or **+33 1 88 54 05 05** (from outside France)

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