

LETTER TO SHAREHOLDERS

RECORD 2022 RESULTS

SALES

€51.2bn
+15.9%

OPERATING INCOME

€5.3bn
+18.4%
10.4% margin

RECURRING NET INCOME^(*)

€3.3bn
+18.5%

FREE CASH FLOW

€3.8bn
+30.5%

DIVIDEND

€2.00 per share,
up 23%
Payment in cash

Amount to be recommended to the AGM on
June 8, 2023

* Recurring net income: net attributable
income excluding capital gains and losses on
disposals, asset write-downs and material non-
recurring provisions.



**SAINT-GOBAIN'S
COMMITMENT TO
CARBON NEUTRALITY**

PAGES 4 & 5

SAINT-GOBAIN NEWS

PAGES 6 & 7

A FEW WORDS FROM BENOIT BAZIN

Chief Executive Officer of Saint-Gobain

"In an unsettled geopolitical, energy and macroeconomic environment in 2022, the Group once again delivered record results. Over the last four years of its transformation, Saint-Gobain has outperformed, achieving a two-fold increase in its earnings per share, a structural improvement of 240 basis points in its operating margin, and a three-fold increase in its cash flow generation. The Group's profile has been profoundly optimized: one-third of the Group's scope has changed in the past four years and over 60% of our earnings now come from North America, Asia and emerging countries. As the worldwide leader in light and sustainable construction, the Group draws on its innovation capabilities and expertise to provide solutions to the considerable challenges posed by the climate and energy crises, which are structural growth drivers for Saint-Gobain for the coming decades.

I am confident that 2023 will be a good year for Saint-Gobain. Our roadmap is clear: disciplined execution of the "Grow & Impact" strategic priorities, leveraging the strength of our operating model against the backdrop of a slowdown in new construction but good resilience in renovation. I know I can rely on the dedication and talent of our teams, who do everything possible to best serve their customers and who monitor their performance in real time within our organization by country. In this context, in 2023 we are targeting an operating margin of between 9% and 11%, in line with the objectives set out in our "Grow & Impact" plan for 2021-2025."

- **All financial performance indicators at a record high in 2022:** growth, operating income, operating margin, recurring net income, free cash flow, ROCE
- **27% reduction in CO₂ emissions versus 2017** (scopes 1 and 2), -5% in 2022 versus 2021
- **Shareholder return: €1.35bn in 2022** (share buybacks and 2021 dividend). **Dividend of €2.00 (+23%)** recommended for 2022

A NEW RESILIENT GROWTH PROFILE

2018-2022: years of profound transformation for the Group

- **23% increase in sales in a context of a profound change in Group structure**, with **one-third of sales** rotated since 2018: €9 billion in divestments and almost €4 billion in acquisitions;
- **Sharp improvement in the operating margin in 2022 versus 2018** (270 basis points), including a structural gain of 200 basis points in the period – set to rise to **240 basis points** on a full-year basis **after the disposal of the UK distribution business**;
- **Significant efficiency improvements** thanks to our new organization, reflected especially in close proximity to customers, stronger pricing power and an enhanced culture of results-driven accountability for local teams.

2021-2022: successful deployment of the "Grow & Impact" strategic plan

The first two years of the plan successfully met the new financial trajectory set out in "Grow & Impact", with an acceleration in results, cash flow and value creation, exceeding objectives across the board:

- **Strong organic growth of 10% per annum on average⁽¹⁾**, benefiting from an **unrivalled offer of sustainable solutions** accounting for almost **three-quarters of Group sales**;
- **A world leader in construction chemicals, with annual sales of €5.3 billion** (pro forma basis for changes in Group structure in 2022), thanks to strong organic growth and recent acquisitions (Chryso, GCP, Impac in Mexico, Brasprefer and Matchem in Brazil, IDP Chemicals in Egypt, Best Crete in Malaysia, Choksey Chemicals in India, and Urumix in Uruguay);
- **Operating income now well-balanced between the three geographic zones** (pro forma basis for changes in Group structure in 2022): 30% in North America, 32% in Asia and emerging countries and 38% in Western Europe;
- **Record financial results**, with on average over two years: an operating margin of 10.3%, a free cash flow conversion ratio of 56% and strong value creation with a ROCE of 15.7%;
- **Record-high shareholder return: €2.6 billion** over two years through share buybacks and dividend payouts. With over €1 billion in shares bought back over two years, the Group is ahead of its €2 billion buyback target over five years (2021-2025).

Amid a moderate market slowdown, in 2023 Saint-Gobain is targeting an operating margin of between 9% and 11%, in line with the "Grow & Impact" strategic plan target.

(1) Average organic growth in 2021 and 2022: +6.9% in 2021 (+13.8% for 2021/2019 divided by two) and +13.3% in 2022.

RESULTS BY SEGMENT

All segments with double-digit organic growth

NORTHERN EUROPE

31% of Group sales, o/w*:

Nordics (13%):	+10.9%
UK - Ireland (9%):	+9.9%
Germany - Austria (3%):	+16.4%

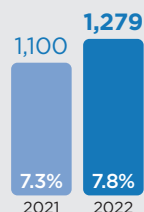
+12.4%
like-for-like (*)

SALES

€16,413m

OPERATING INCOME (€m) AND MARGIN (%)

€1,279m



SOUTHERN EUROPE - ME & AFRICA

29% of Group sales, o/w*:

France (22%):	+9.9%
Spain - Italy (3%):	+23.8%

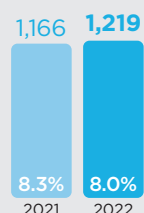
+12.6%
like-for-like (*)

SALES

€15,198m

OPERATING INCOME (€m) AND MARGIN (%)

€1,219m



AMERICAS

17% of Group sales, o/w*:

North America (12%):	+15.0%
Latin America (5%):	+11.0%

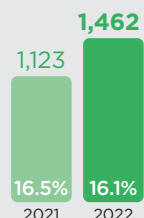
+13.9%
like-for-like (*)

SALES

€9,064m

OPERATING INCOME (€m) AND MARGIN (%)

€1,462m



ASIA-PACIFIC

4% of Group sales

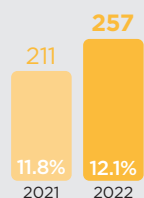
+23.6%
like-for-like (*)

SALES

€2,132m

OPERATING INCOME (€m) AND MARGIN (%)

€257m



HIGH PERFORMANCE SOLUTIONS

19% of Group sales, o/w*:

Construction and Industry (12%):	+13.9%
Mobility (7%):	+14.9%

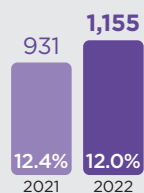
+14.3%
like-for-like (*)

SALES

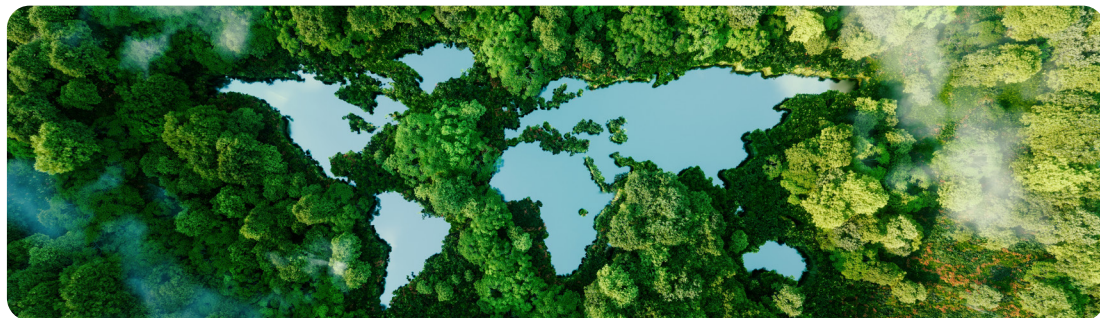
€9,648m

OPERATING INCOME (€m) AND MARGIN (%)

€1,155m



SAINT-GOBAIN'S COMMITMENT TO CARBON NEUTRALITY



For several years now, Saint-Gobain has been working to reduce its energy consumption in the design, production and distribution of its solutions offering sustainability and performance for the new construction, renovation and industry segments, as well as in its day-to-day operations. In both its plants and its offices, this reduced energy consumption is one of the key components of Saint-Gobain's 2050 roadmap to carbon neutrality.

More efficient production processes

In 2022, Saint-Gobain invested €191 million in capex and R&D to reduce its CO₂ emissions across the globe.

The Group's manufacturing processes are systematically scrutinized for potential improvements.

In France at the Aniche site, for example, the 1,600°C-furnace will be fitted with captors of waste heat (i.e., the heat produced by a production site) that will be used to preheat the cullet upstream of the furnace. This initiative will **reduce the energy consumed by the furnace by 10% and reduce CO₂ emissions by 7%**.

Also in France, Isover in Orange has invested to modernize its industrial plant to make it more energy efficient, by using notably **70% or more cullet in the furnace**. Its target is to use at least 80% cullet in all of its glass wools by 2025.

In the US, CertainTeed has invested to introduce a new recycling technology into its plasterboard plant in **Palatka, Florida**. The aim is to **increase the proportion of recycled materials** used in its production lines **by 18,000 tons**.

Data can also help the Group be more efficient in terms of energy consumption. In the **Placo® plant in Chambéry (France)**, analyzing project data allowed engineers to realize that by reducing the temperature of the machines, the gypsum was actually better! This means that **185 tons of CO₂ are not emitted each year, with yearly gas savings of almost €50,000**.

In Sweden, a digital data analysis tool was put in place to identify areas where CO₂ can be saved in Group entities' day-to-day operations.

Three world-firsts in 2022

In France (Aniche) in early May 2022, Saint-Gobain was the first manufacturer in the world to achieve **zero-carbon production**

(scopes 1 and 2) of flat glass using **100% recycled glass (cullet) and 100% green energy** (biogas and decarbonized electricity). [Take a look at the video on zero-carbon production of flat glass for more details.](#)

In Sweden, the Balsta plant achieved a **world-first** in the first half of 2022, **using biogas and 100% green electricity to produce 300,000 sq.m. of plasterboard**. A wide range of products with up to 30% recycled content were manufactured during this zero-carbon campaign. Elsewhere, our **Fredrikstad site in Norway**, the **first zero-carbon (scopes 1 and 2) plasterboard plant in the world**, will start up operations by the end of the first half of 2023.

Isover's Forssa plant **in Finland** recently achieved a milestone: **the world's lowest carbon production (scopes 1 and 2) of glass wool insulation**. This challenge required a significant reduction in CO₂ emissions, primarily by using biogas

as the main source of energy and **increasing cullet to 80%**. As a result of these initiatives and the combination of biogas and green electricity, the Forssa site was able to **reduce its CO₂ emissions by 93%** versus the average on scopes 1 and 2, without modifying product performance.

These achievements underscore Saint-Gobain's technological ability to adapt its manufacturing processes to various sources of renewable energies and to promoting circularity in different local ecosystems.

Renewable energy

The proportion of green energy used by Saint-Gobain was **more than 50% in 2022**, and has more than doubled in just two years. The signature last year of various renewable energy supply agreements (solar, wind power, etc.) will cover **around 60% of the Group's electricity needs** by 2025.

In North America, after signing a renewable wind farm energy supply agreement in 2021 (**Blooming Grove in Illinois**), the Group signed a new contract in 2022 based on solar energy for its 145 industrial facilities in the region, representing a **reduction of 210,000 tons per annum in CO₂ emissions**. These two agreements will cover over **60% of Saint-Gobain's electricity needs in North America by the end of 2024**.

In Poland, Saint-Gobain signed a renewable energy supply agreement based on wind power. This will allow it to **reduce its CO₂ emissions by 135,000 tons per year**, or almost 20% of its scope 1 and 2 emissions in Poland, and to cover around **45% of Saint-Gobain Poland's electricity needs** from 2025.

In Spain, Saint-Gobain signed a second renewable energy supply agreement which will allow it to **reduce its CO₂ emissions by**

almost 39,000 tons per year and to cover **65% of the Group's electricity needs in Spain**.

A broader range of low-carbon solutions

Energy efficiency also involves developing low-carbon solutions. With this in mind, in 2022 Saint-Gobain launched **ORAÉ®**, a new glass substrate with the lowest carbon footprint in the world, estimated at only 7 kg CO₂ eq./m² (for a 4mm substrate), **a reduction of approximately 40%**. In France, the Group also launched **les Engagés** (the Committed), a suite of solutions for professionals who want to make environmentally responsible choices and maximize customer comfort. Led by Saint-Gobain's banners, the **les Engagés** range offers a simple and clear response to the expectations of craftspeople, builders, contractors and project managers in terms of sustainability.

To be included within the les Engagés offer, products must deliver best-in-class performances on at least **one of the four following pillars** of sustainable construction as defined by Saint-Gobain: **Energy & Carbon, Resources & Circularity, Health & Wellbeing on construction sites and Health & Wellbeing of occupants**. The solutions developed by each of the brands in Saint-Gobain's **les Engagés range** enable businesses to significantly reduce a project's carbon emissions, make greater use of alternative materials in their composition, reduce general site waste, promote lighter construction, maximize energy efficiency, improve comfort and reduce fatigue on site.

Some examples of products from this new range include:

- **Isover GR 32** (from 140 mm), an insulating material offering easy cutting and installation;
- PAM Building **Agilium**, a range of lightweight piping and connections offering time and labor savings on-site, easy maintenance and an extended lifespan (70 years under normal conditions of use);
- **Placo® Infini 13**, the first plasterboard in the world made from more than 50% recycled gypsum;
- Saint-Gobain Glass **COOL-LITE® XTREME ORAÉ®**, a range of extremely selective solar control glass on ORAÉ® substrate, the first low-carbon glass;
- **WEBERCOL FLEX ECO**, a multi-functional eco-friendly tile adhesive enabling a 50% reduction in CO₂ emissions compared to **WEBERCOL FLEX** ⁽¹⁾.

The "big little gestures"

Energy efficiency also involves making savings in our offices, sales outlets and logistics centers on a daily basis. **Collective and individual initiatives are being taken throughout the Group**. These "big little gestures" consist of limiting the use of heating in winter and air conditioning in summer, encouraging all employees to be vigilant about their energy consumption in the workplace, limiting their business travel and organizing carpooling.

- **Adfors Novelio® Classic EasyGlue**, a range of pre-painted and pregled fiber glass wall coverings;

(1) Comparaison basée sur des Fiches de Déclaration Environnementale et Sanitaire (FDES) vérifiées par tierce partie et publiées sur la base INIES.

SAINT-GOBAIN NEWS



STRATEGY

SAINT-GOBAIN TO ENTER THE GLASS WOOL INSULATION MARKET IN INDIA

Saint-Gobain has entered into an agreement to acquire **U.P. Twiga Fiberglass Ltd.** (UP Twiga), **the leader on the glass wool insulation market in India.**

UP Twiga operates **two manufacturing facilities** close to Delhi and Mumbai. The company has been a **licensee of Saint-Gobain technology since 2005** for the manufacture of glass wool and its solutions offer a wide range of applications.

Together with the recent acquisition of Rockwool India Pvt Ltd. in stone wool and Saint-Gobain's number 1 positions in plasterboard and glass, UP Twiga **consolidates Saint-Gobain's positioning in interior and façade solutions in India**, set to benefit from stricter building performance requirements and the strong need for acoustic and thermal comfort as well as energy-efficient solutions.

Saint-Gobain is a **leader in promoting green buildings** in India with its comprehensive range of solutions for light and sustainable construction, its market- and customer-led innovation, and its strong brand recognition. The Group currently operates 33 manufacturing sites across India and has been significantly investing for growth in the country in recent years.

INNOVATION

QUB: THE ENERGY PERFORMANCE GUARANTEE



Using the power of data, the teams from Saint-Gobain in the UK and Saint-Gobain Recherche Paris have developed QUB, **a solution to accurately measure the insulation of a building shell.** An immediate challenge for the UK which, within the context of new legislation introducing an obligation to guarantee energy performance for new housing as from 2025, proves the importance of thermal renovation in the fight against climate disruption.

This smartphone application is being developed and will accompany the launch of the solution on the UK market in 2023.

CHALLENGES

SAINT-GOBAIN GLASS RECYCLING, A NETWORK OF COLLECTORS AND HANDLERS OF BUILDING WASTE



In France, Saint-Gobain has launched Saint-Gobain Glass Recycling, **its new banner identifying a network of building waste treatment professionals**, united around a common goal: to promote closed-loop recycling for flat glass. This recycling business, based on the principles of the circular economy, responds to two critical challenges: **protecting natural resources and decarbonizing glass manufacture.** The Saint-Gobain Glass Recycling banner groups together **31 companies** and already covers much of the French market.

CHALLENGES

SAINT-GOBAIN IN THE BLOOMBERG GENDER-EQUALITY INDEX



For the fifth consecutive time, Saint-Gobain has been included in the Bloomberg Gender-Equality Index (GEI), which this year comprises 484 companies representing 45 countries. **The index measures companies' gender-equality performance** on the basis of five criteria: leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies and brand image.

INITIATIVE

IT ALL STARTS WITH SUPPLIERS



First held in 2021, the Supplier's Green Day reflects Saint-Gobain's wish to **engage its suppliers in the decarbonization of their activities.** Raising awareness is all the more crucial as suppliers are one of the future drivers for action that **will enable the Group to achieve its objective of carbon neutrality by 2050.** The second edition of this event was attended by around 100 people, from Group suppliers and members of Purchasing, Sustainable Development and Innovation departments, to the ADEME, the French Agency for the Ecological Transition.

MARKETS AND CUSTOMERS

BUILDING WITH EARTH

Saint-Gobain is bringing **excavated earth** back into fashion with the launch in France of its “*Construire en Terre*” (Build in Earth) program. This age-old material is ideal for constructing buildings capable of offering greater comfort in both summer and winter, as well as greater humidity regulation and sound insulation. These performances are derived from traditional construction methods, which are highly sought-after to adapt modern construction to rising global temperatures.

By combining its research forces, its industrial capacities and its Point.P materials distribution network, **Saint-Gobain has developed several processes for using excavated earth in construction:** from production of the binding earth mixture, non-structural earth concrete formwork⁽¹⁾ set in a wood or concrete frame and a mix of earth, biosourced plant fiber and a patented low-carbon hydraulic binder, produced on site and projected directly into a wood-frame building; to new training programs for trade professionals and assistance on their first earth construction site. This solution complements the know-how of trade professionals and is designed for the traditional building industry.



INNOVATION

A LAB-TESTED ZERO-CARBON HOME

In the UK, Saint-Gobain was involved in building **eHome2, a house capable of operating without emitting CO₂**. Under this unique project, the different parts were first assembled in the factory before being delivered on-site, saving both time and money. eHome2 was also tested under extreme laboratory conditions for nine months to measure its performance (in all weather conditions – rain, snow, wind), with temperatures ranging from -20°C to +40°C). This test will allow Saint-Gobain and Barratt Homes to reinforce their understanding and expertise in building **zero-carbon prefabricated housing at scale and developing light and sustainable construction solutions.**



MARKETS AND CUSTOMERS

BRAZIL AND EGYPT: THE ALCHEMY OF SUCCESS



By **successfully integrating Chryso in 2021 and GCP in 2022, Saint-Gobain has become one of the world leaders in construction chemicals.** With the acquisition of Matchem in Brazil and IDP Chemicals in Egypt, **the Group is activating a new lever in its strategy of conquest: taking strong positions in markets with strong potential for growth, synergies and value creation, in line with its “Grow & Impact” strategy.**

In Brazil, its strengths are added to those of Quartzolit, the local branch of Weber, leader in mortars; TekBond, sealant and adhesive specialist; and the recently acquired GCP, allowing Saint-Gobain to offer its customers tailor-made solutions and optimized logistics.

MARKETS AND CUSTOMERS

For the second year in a row, Saint-Gobain Distribution Bâtiment France took part in the EcoVadis questionnaire, **an external platform for assessing Corporate Social Responsibility (CSR).** Large companies, by having their sustainability commitment recognized, are at the same time pushing their business partners to go beyond mere compliance. A virtuous and transparent approach based on a questionnaire covering the **main CSR themes, divided into four parts: social issues and human rights; the environment; responsible purchases; and ethics.** Questions are adapted to the industry sector and scale of each participant.

The result: **a gold medal for Saint-Gobain** that demonstrates the value of our collective commitment and that enables Saint-Gobain to demonstrate its CSR commitments and progress in 2022.



(1) Formwork is primarily used to shutter the concrete walls (generally reinforced); this is then known as shuttered concrete.

SHAREHOLDER'S NOTEBOOK

DATES FOR YOUR DIARY

FINANCIAL AGENDA

First-quarter sales:

April 27, 2023 after close of trading on the Paris stock market

Annual General Meeting:

3:00pm on June 8, 2023
Salle Pleyel, 75008 Paris

First-half results:

July 26, 2023 after close of trading on the Paris stock market

Nine-month sales:

October 26, 2023 after close of trading on the Paris stock market

TOTAL NUMBER OF SHARES

(at December 31, 2022)

511 million

OWNERSHIP STRUCTURE

(at December 31, 2022 -%, estimated)

7.4%

Private shareholders

8.8%

Group Savings Plan (employee shareholders)

28.6%

Institutional investors: Americas - Asia

23.2%

Institutional investors: France

32.0%

Institutional investors: Other Europe

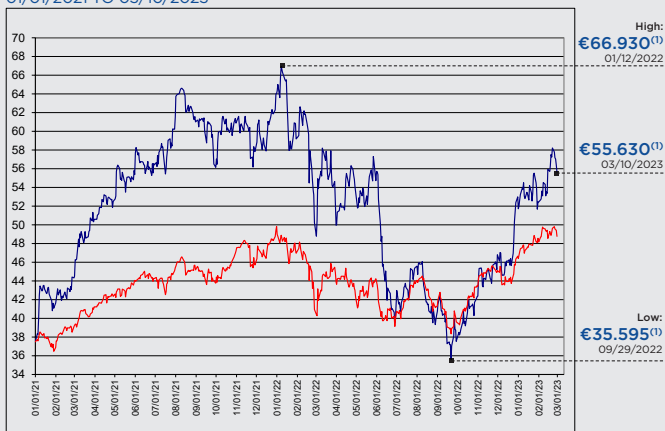
SIGN UP FOR THE E-LETTER TO SHAREHOLDERS

To receive your copy of the Letter to Shareholders and keep abreast of all the latest Saint-Gobain news, sign up for the e-Letter to Shareholders, in the Shareholders section of www.saint-gobain.com or send an e-mail to actionnaires@saint-gobain.com.



SAINT-GOBAIN SHARE PERFORMANCE

01/01/2021 TO 03/10/2023



— (1) Saint-Gobain share

— CAC 40

Recent performance at 03/10/2023 (%)

	Saint-Gobain share	CAC 40
Performance since 01/01/2021	+48.3%	+30.1%
Performance since 01/01/2023	+21.9%	+11.5%

YOUR CONTACTS

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

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