



JULY 31, 2020

H1 2020 RESULTS AND OUTLOOK





01

HIGHLIGHTS

02

CRISIS MANAGEMENT

03

H1 2020 RESULTS

04

OUTLOOK

H1 2020 KEY FIGURES

Sales
€17.8bn

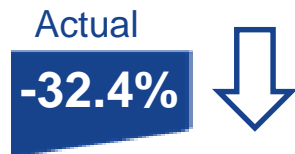


Operating income
€827m



EBITDA
€1,635m

EBITDA margin: **9.2%**, **-200bps**



Recurring net income
€272m
EPS: €0.51, **-70.7%**

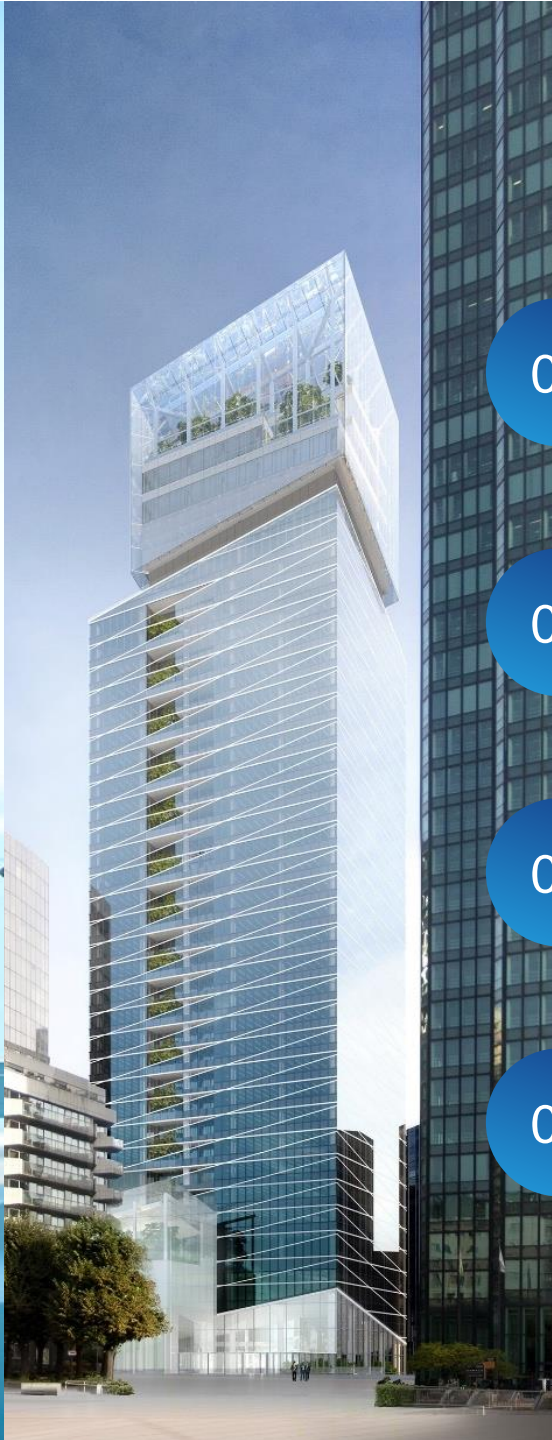


Net debt
€9,841m



HIGHLIGHTS

- » **First-half sales down 12.3%** like-for-like
 - » **Operating income of €827m**, down 49.2% like-for-like, resulting in a decline in the operating margin from **7.6% to 4.7%**
 - » **Growth** in like-for-like **sales and operating income in June**
-
- » **Agility** in managing the crisis thanks to the new **“Transform & Grow”** organization
 - » **Clear-cut action on costs with savings of €395 million** in the first half
-
- » **Sharp 143% rise in free cash flow generation** with a conversion ratio of 129%
 - » **Disposal of Sika shares for €2.4bn**, generating a cash gain of €1.5bn
 - » **Sharp reduction in net debt, to €9.8bn** at end-June 2020 from €12.8bn at end-June 2019



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OUTLOOK

OUR PRIORITIES IN MANAGING THE CRISIS

1

**Protect the health
of our teams**

2

**Preserve
liquidity
and financial
strength**

3

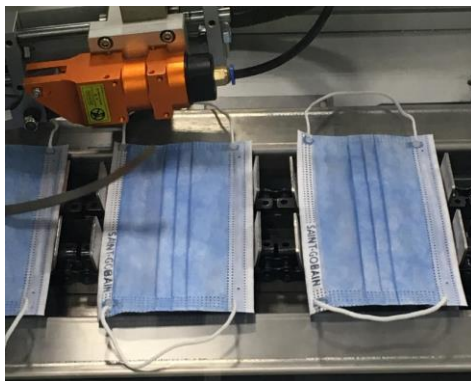
**Accelerate
cost savings**

4

**Make the
most of
the recovery**



PRIORITY 1: PROTECT THE HEALTH OF OUR TEAMS



Local organizations

to manage the crisis according to local health environment



International cooperation

to share best practices and mutualize needs



Customers & teams

at the heart of the recovery

Proactive and highly committed teams

PRIORITY 2: PRESERVE LIQUIDITY AND FINANCIAL STRENGTH



Free cash flow

Secure liquidity

- Daily tracking of cash flows
- Optimized working capital
- Selective reduction in investments



Balance sheet

Strengthen our balance sheet

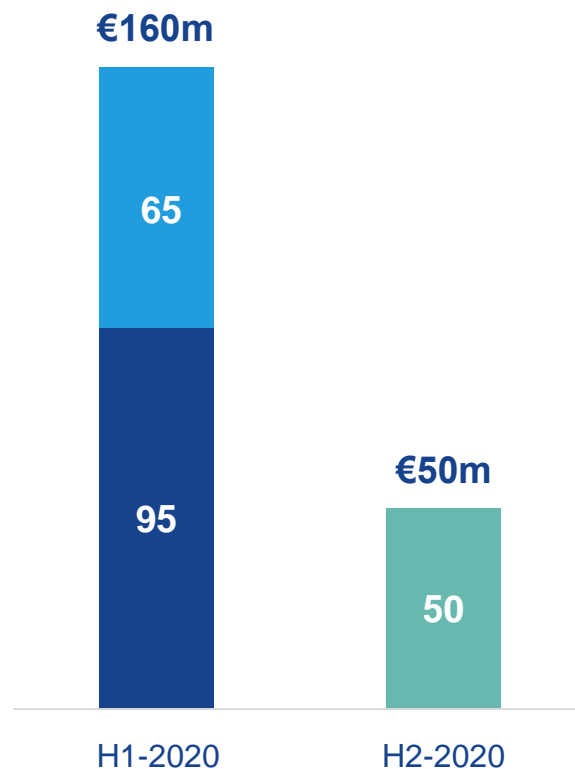
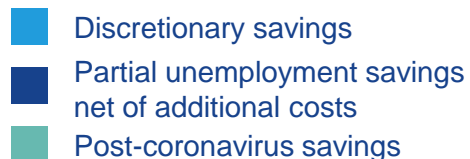
- €1.5bn bond issued March 26, in addition to a new syndicated credit line arranged on March 23
- Disposal of Sika stake: €2.4bn
- Sharp decrease in net debt: -€3bn

A stronger financial position

PRIORITY 3: ACCELERATE COST SAVINGS

Additional adaptation savings €200m in full-year 2021

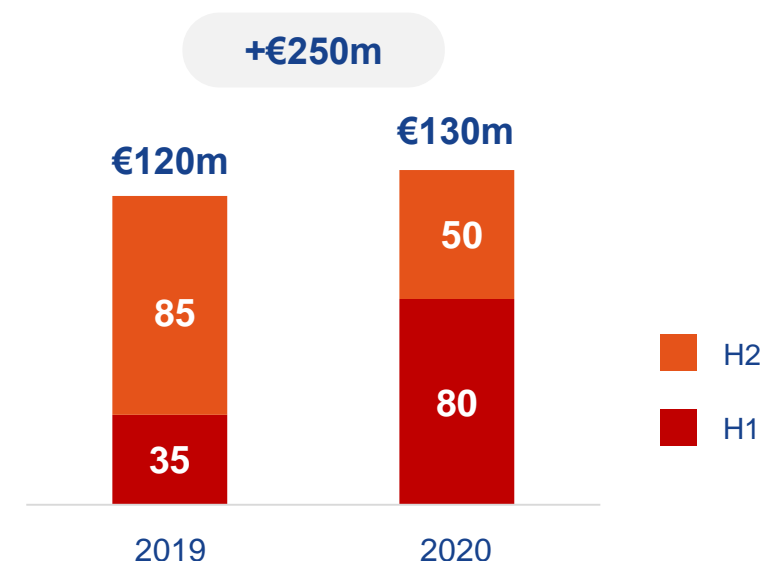
- Reduction in discretionary spending: €65m
- Net impact of partial unemployment: €95m
- Additional savings: €200m in full-year savings by 2021, of which €50m in H2 2020



T&G Savings

€250m achieved one year earlier

- €80m at end-June 2020
- 2020 target raised to €130m



Agile response to the crisis



ONGOING OPTIMIZATION OF GROUP PORTFOLIO



Divestments



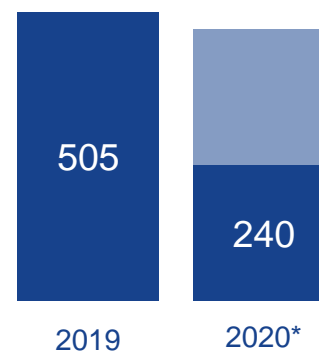
- **Gradual re-start of divestment processes** put on hold during the crisis

Acquisitions

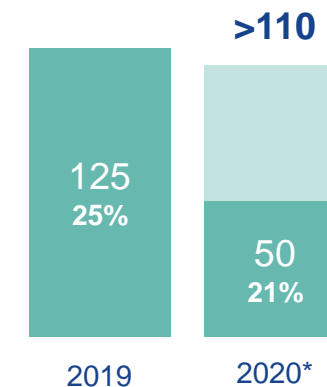
Integration of Continental Building Products

- **Management and teams successfully integrated**
- **Synergies revised upwards for 2020 (>US\$ 15m)**
- **Value creation confirmed in Year 3** despite the coronavirus impact in Q2 2020

Sales (US\$m)



EBITDA incl. synergies (US\$m and %)



* 2020 estimated over 12 months (consolidated over 11 months as from February).

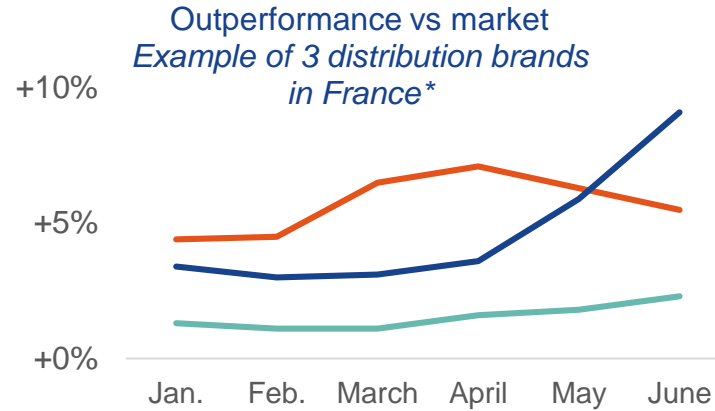
PRIORITY 4: MAKE THE MOST OF THE RECOVERY

By accelerating on digital



- Acceleration in omnichannel sales
- Thousands of customers joining our webinars

By optimizing customer service



- Agile service and inventory management to aid a dynamic recovery
- Launch of innovative products

By preserving skills

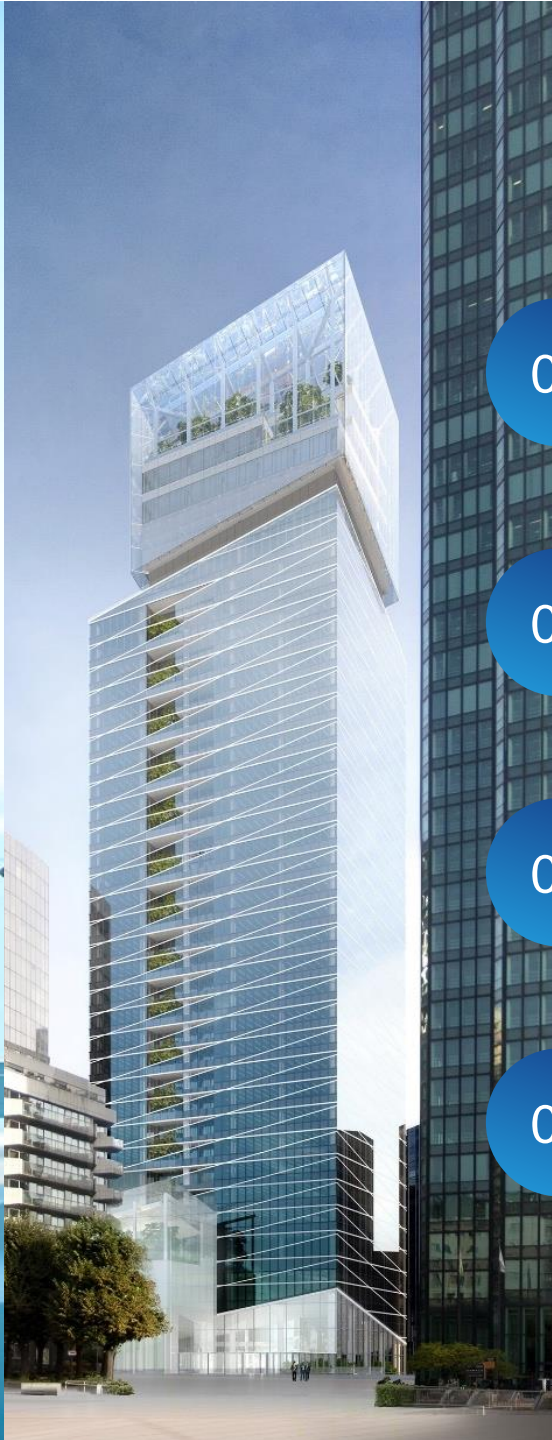


- Continuity of local customer relations
- Industrial excellence throughout the recovery

>100% activity in June
Growth in sales and operating income**

* Growth outperforming the market (12 rolling months)

** Like-for-like



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H1 2020 RESULTS

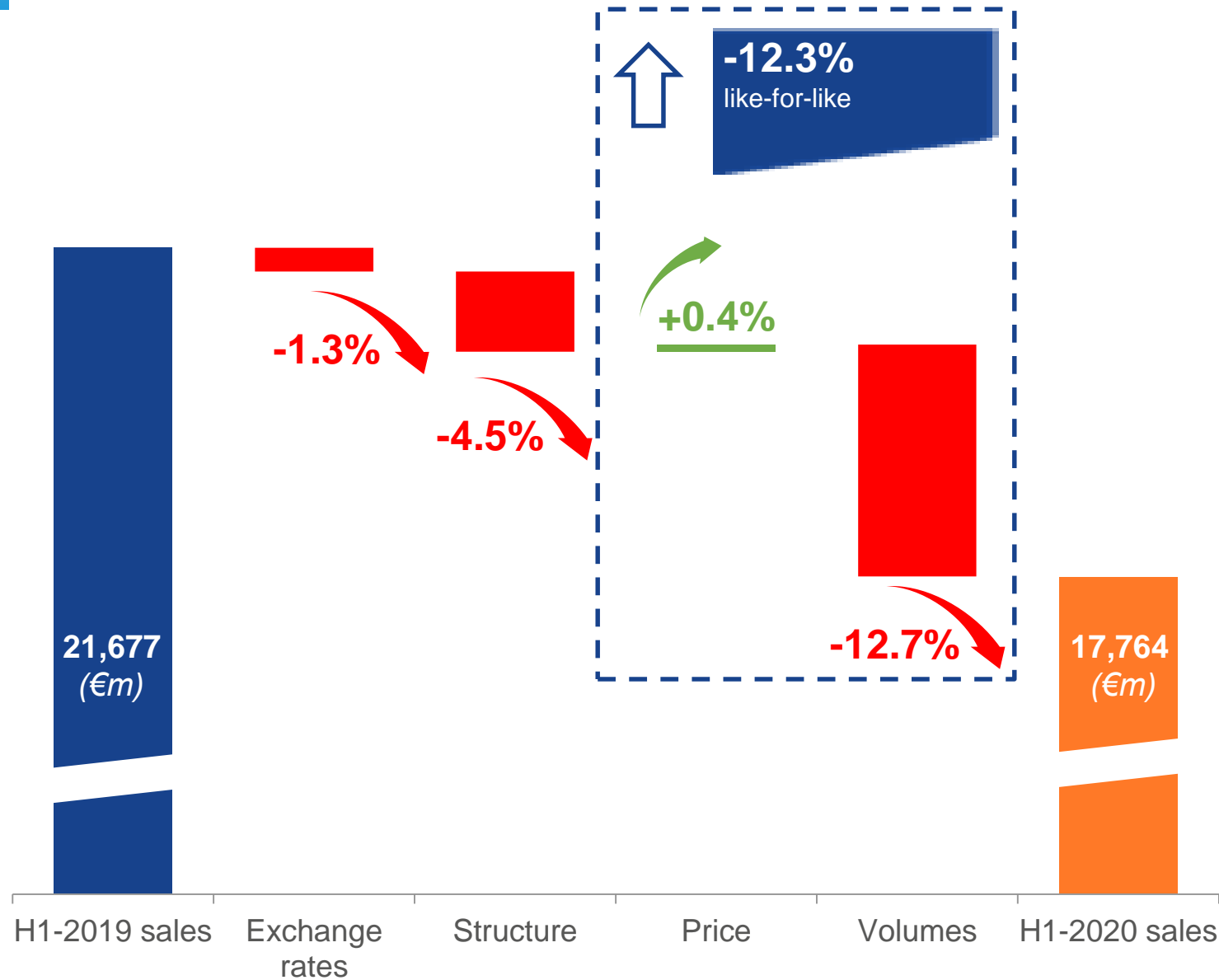
A. GROUP

B. SEGMENTS

04

OUTLOOK

ORGANIC GROWTH

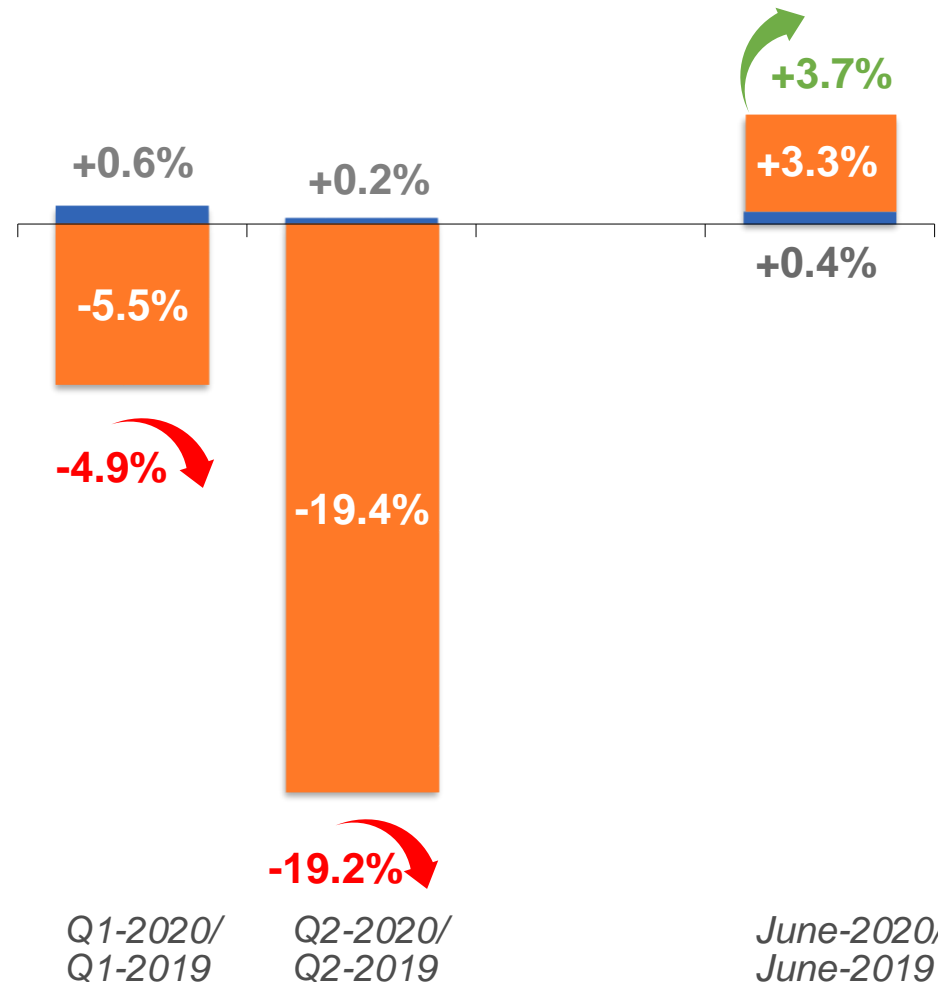


■ **Exchange rates:** depreciation of **Nordic** krona, **Brazilian real** and other **emerging country** currencies

■ **Structure:** divestments in the context of “Transform & Grow” and **acquisition** of Continental Building Products

UPTURN IN VOLUMES IN JUNE

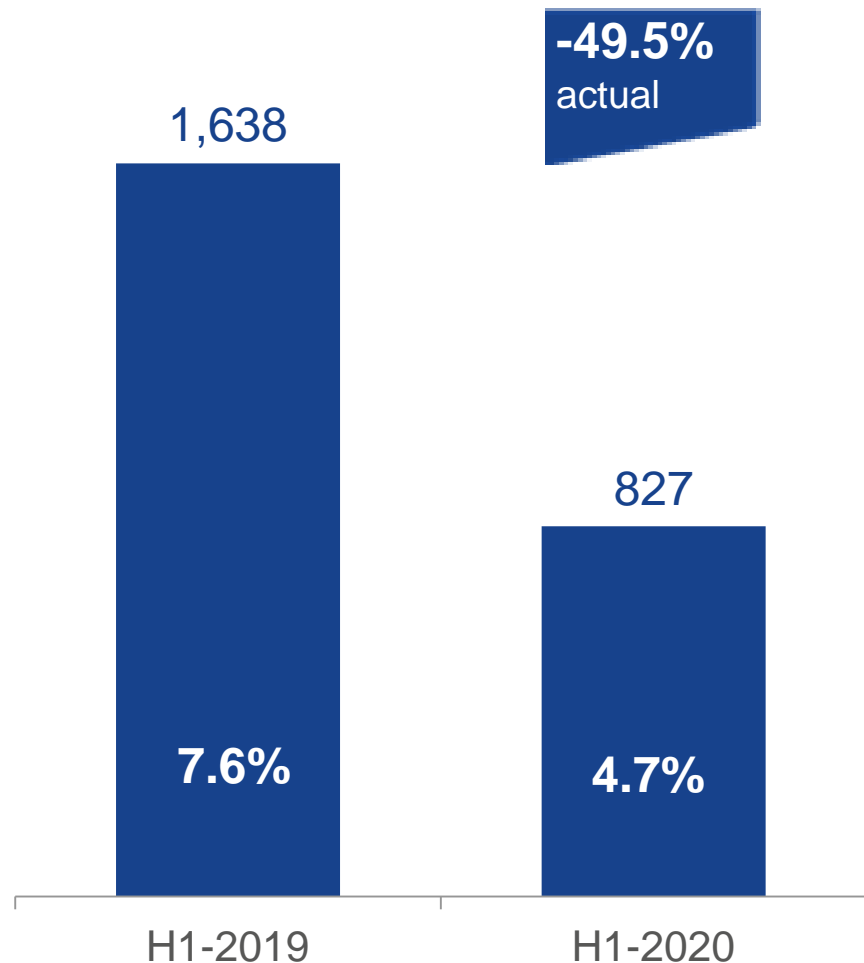
(% change in sales on a like-for-like basis)



- **Volumes** affected by the coronavirus pandemic, with very different situations from one country and market to the next
- **Clear improvement in June, up 3.7%**, benefiting from a positive calendar effect of two days at Group level
- **Prices held firm** in a slightly deflationary environment

OPERATING INCOME IMPACTED BY THE CORONAVIRUS

(Operating income in €m and % of sales)



- Margin held firm for 75% of consolidated sales
- Positive price/cost spread: ~+€50m
- Reduction in discretionary spending and partial employment measures: ~+€160m
- Net recurring cost savings from “Transform & Grow”: ~+€80m
- ~+€155m operational excellence savings to offset wage inflation and other fixed costs

BUSINESS INCOME AND EBITDA

€m

	H1-2019	H1-2020	H1-2020/ H1-2019
Operating income	1,638	827	-49.5%
Non-operating costs	(168)	(142)	
Disposal gains (losses)	(16)	(22)	
Asset write-downs and other	(201)	(712)	
Business income (loss)	1,253	(49)	

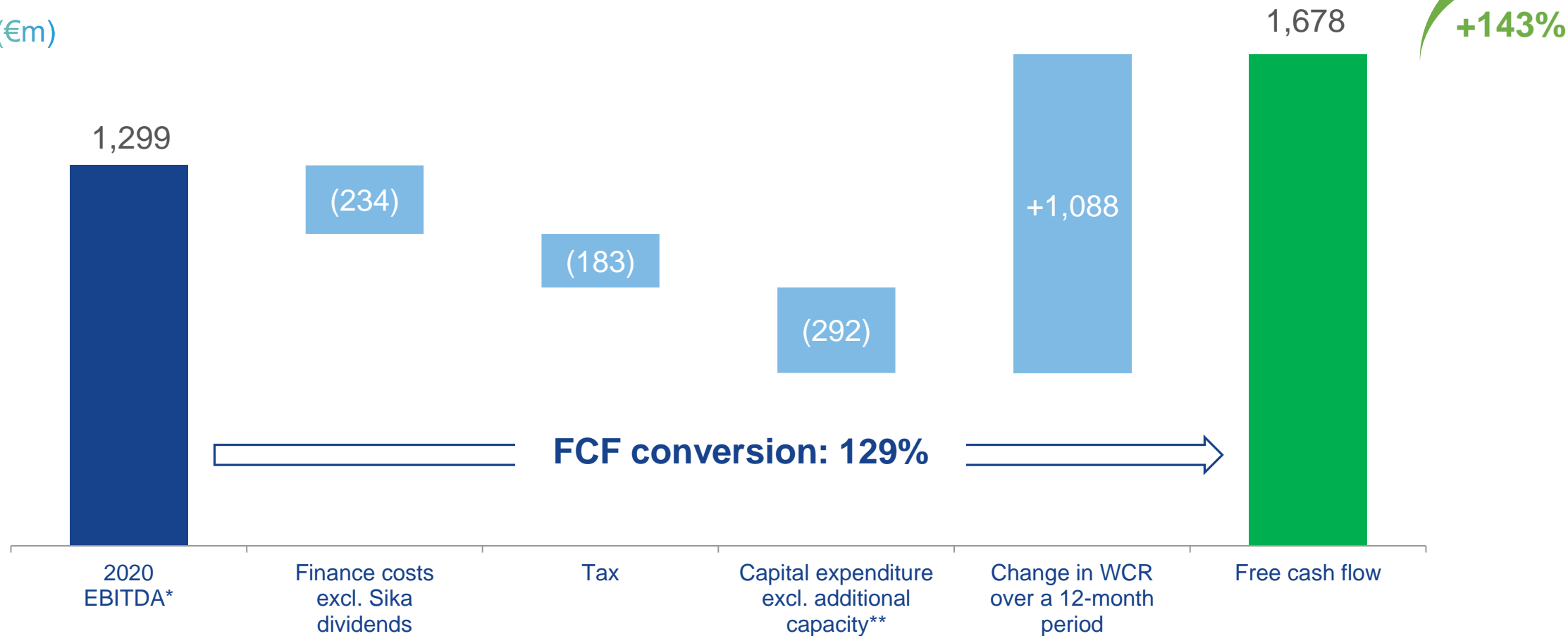
Operating income	1,638	827	-49.5%
Operating depreciation and amortization	947	950	
Non-operating costs	(168)	(142)	
EBITDA	2,417	1,635	-32.4%
EBITDA margin (as a % of sales)	11.2%	9.2%	-2.0 pts

RECURRING NET INCOME AND RECURRING EPS

€m	H1-2019	H1-2020	H1-2020/ H1-2019
Business income (loss)	1,253	(49)	
Net financial expense	(250)	(234)	
<i>Average cost of gross debt (at June 30)</i>	<i>2.2%</i>	<i>2.0%</i>	
Sika dividends	28	34	
Income tax	(318)	(183)	
Net attributable income (loss)	689	(434)	
Recurring net income	944	272	-71.2%
Recurring EPS (€)	1.74	0.51	-70.7%

SHARP 143% INCREASE IN FREE CASH FLOW

(€m)



H1 2019: €2,077m

FCF conversion: 33%

€690m

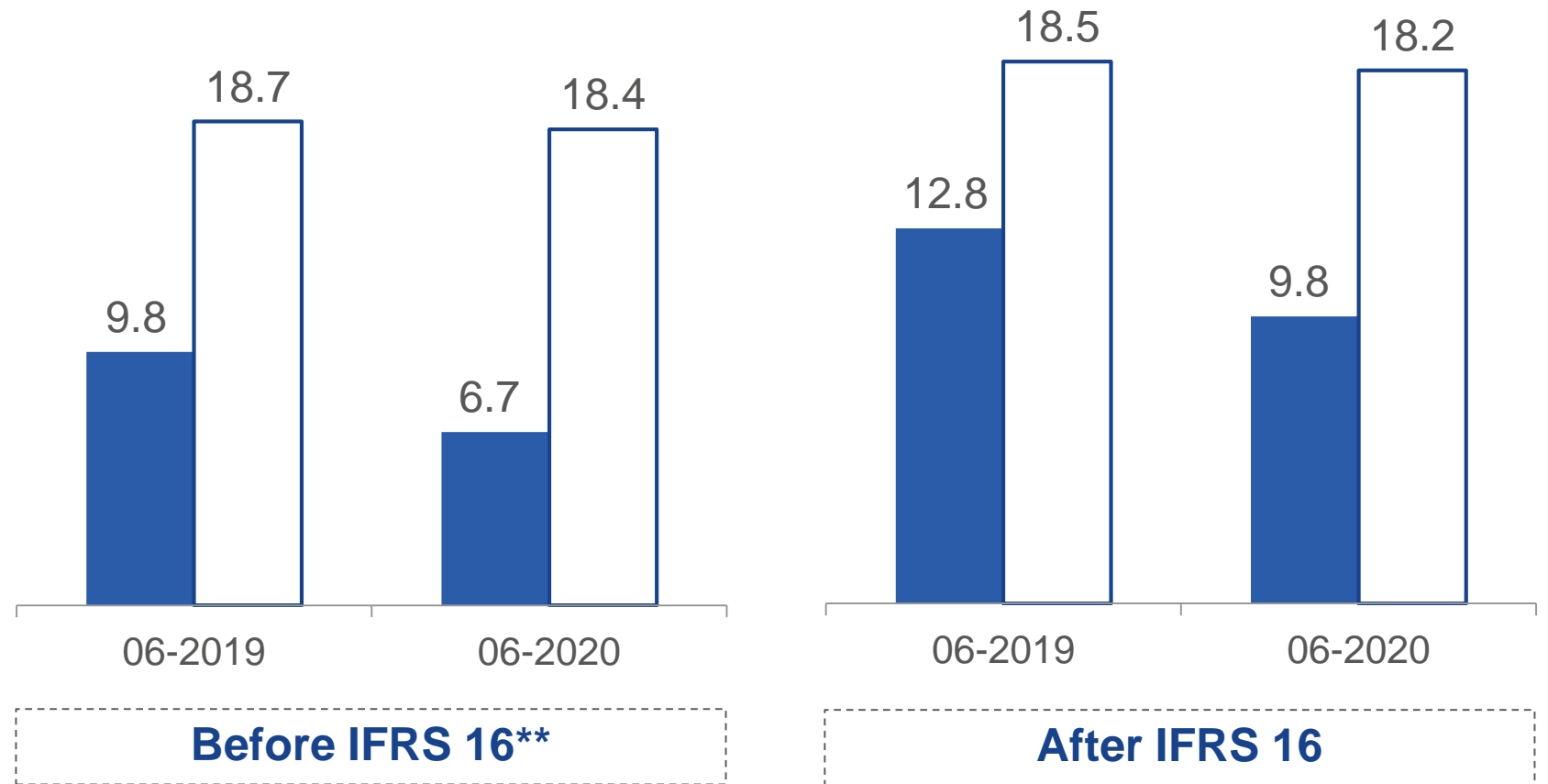
* EBITDA less depreciation of right-of-use assets: €1,635m - €336m = €1,299m (versus €2,077m in H1 2019)

** Capital expenditure = €447m, including €155m in **additional capacity investments linked to organic growth**

DECREASE IN NET DEBT

(€bn)

■ Net debt
□ Shareholders' equity



Net debt/shareholders' equity	52%	36%		69%	54%
Net debt / EBITDA*	2.4	2.0		2.6	2.4

* EBITDA over a 12-month period

** Before IFRS 16: estimates



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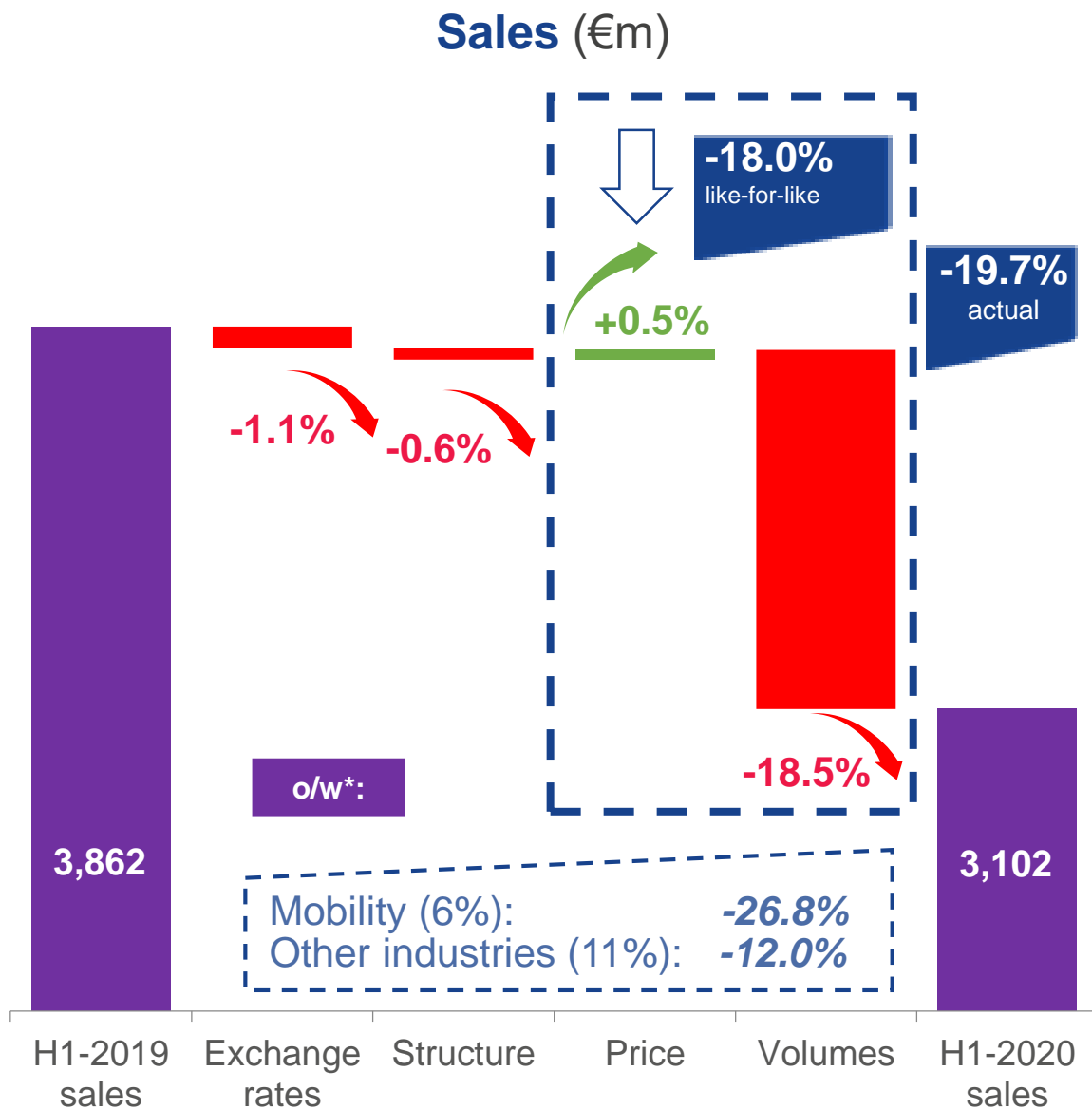
A. GROUP

B. SEGMENTS

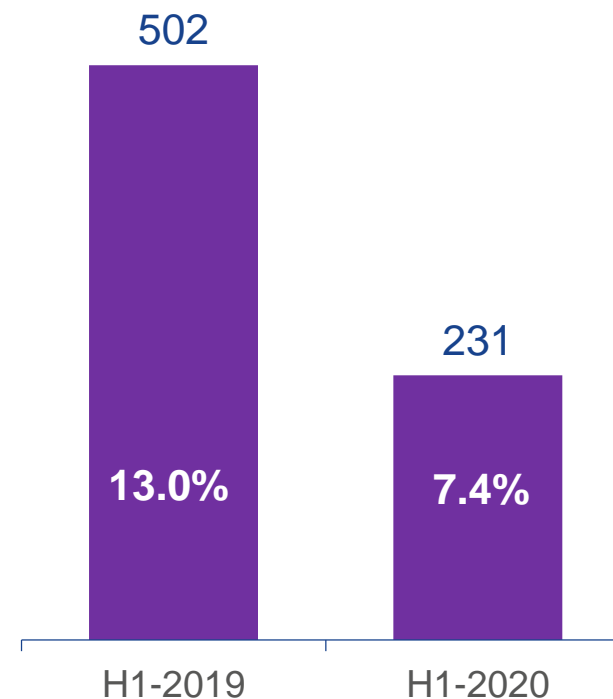
04

OUTLOOK

HIGH PERFORMANCE SOLUTIONS: GRADUAL RECOVERY IN JUNE



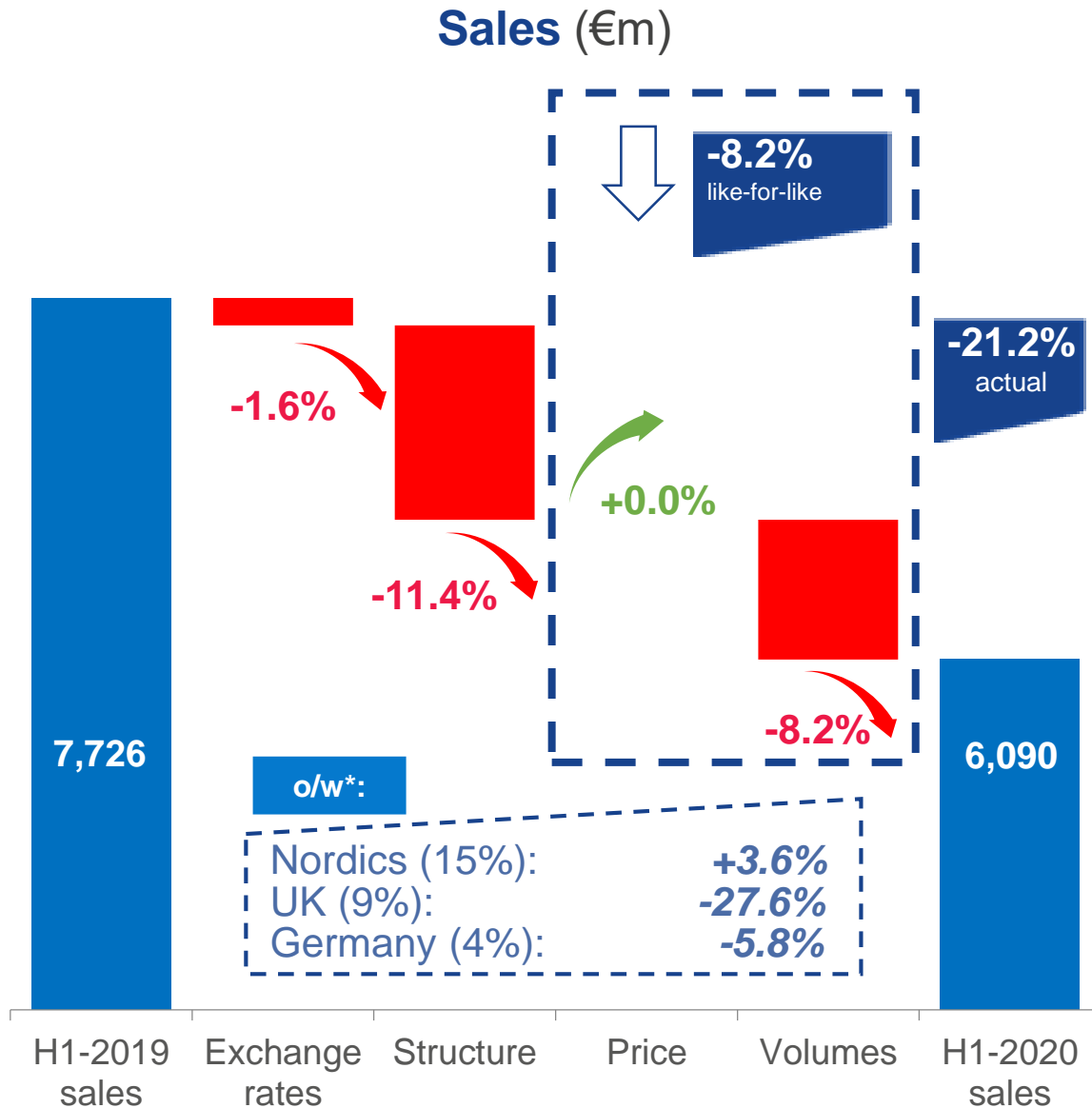
Operating income (€m) and margin (%)



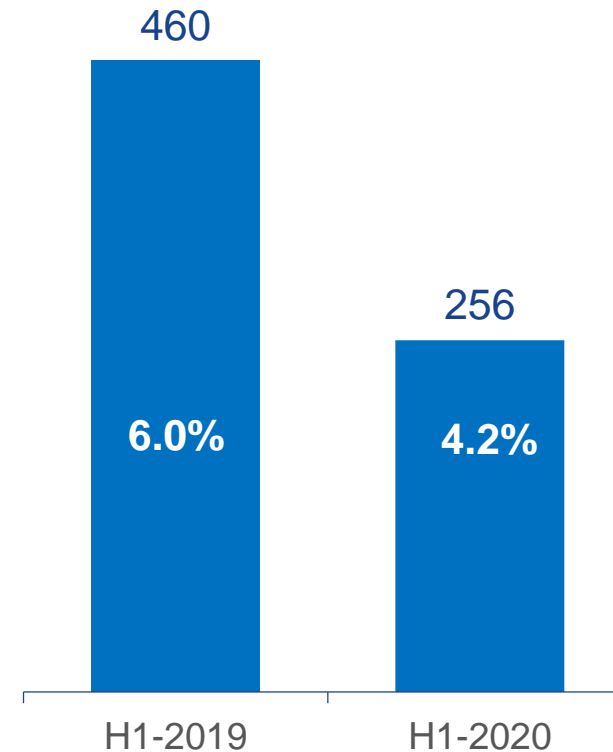
* Sales by segment: as a % of Group total and like-for-like growth

H1 2020 RESULTS PRESENTATION

NORTHERN EUROPE: CLEAR IMPROVEMENT IN JUNE; FIRST-HALF MARGIN GROWTH EXCLUDING THE UK



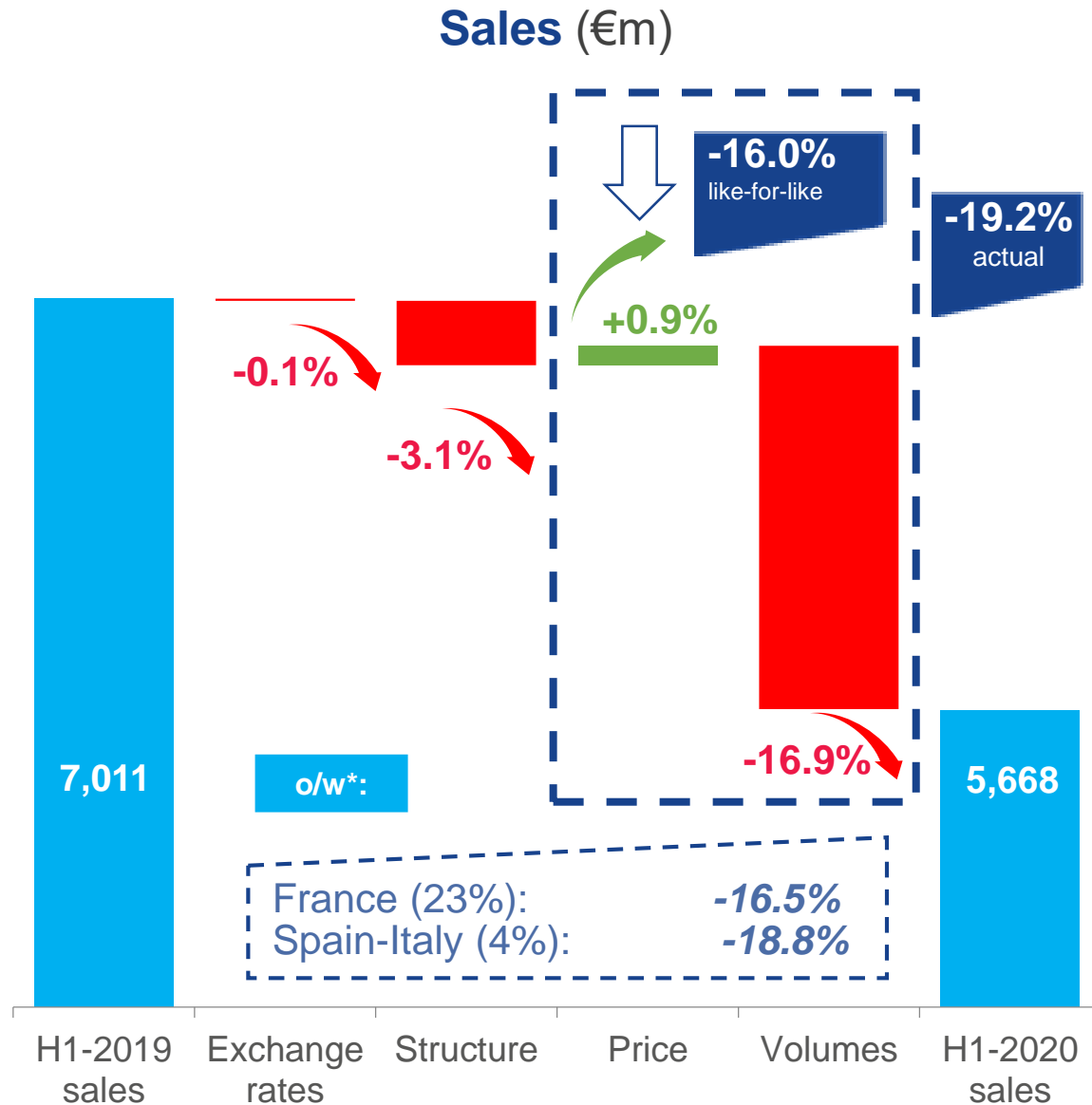
Operating income (€m) and margin (%)



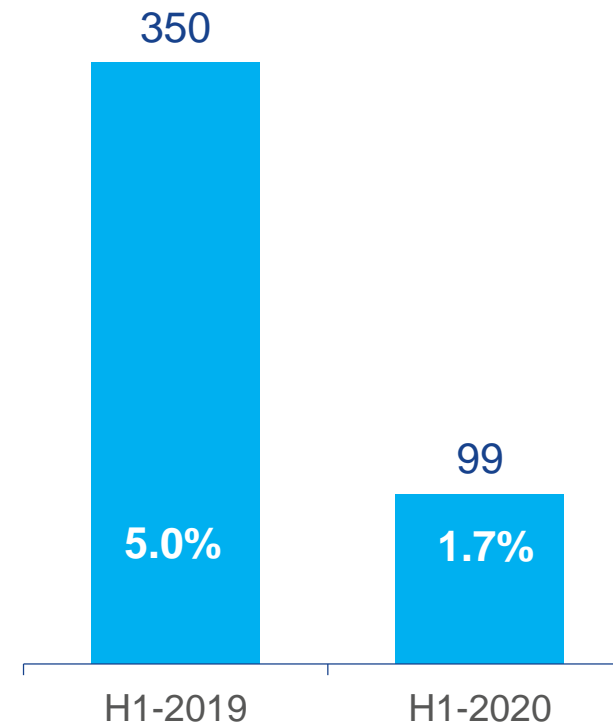
* Sales by country: as a % of Group total and like-for-like growth

H1 2020 RESULTS PRESENTATION

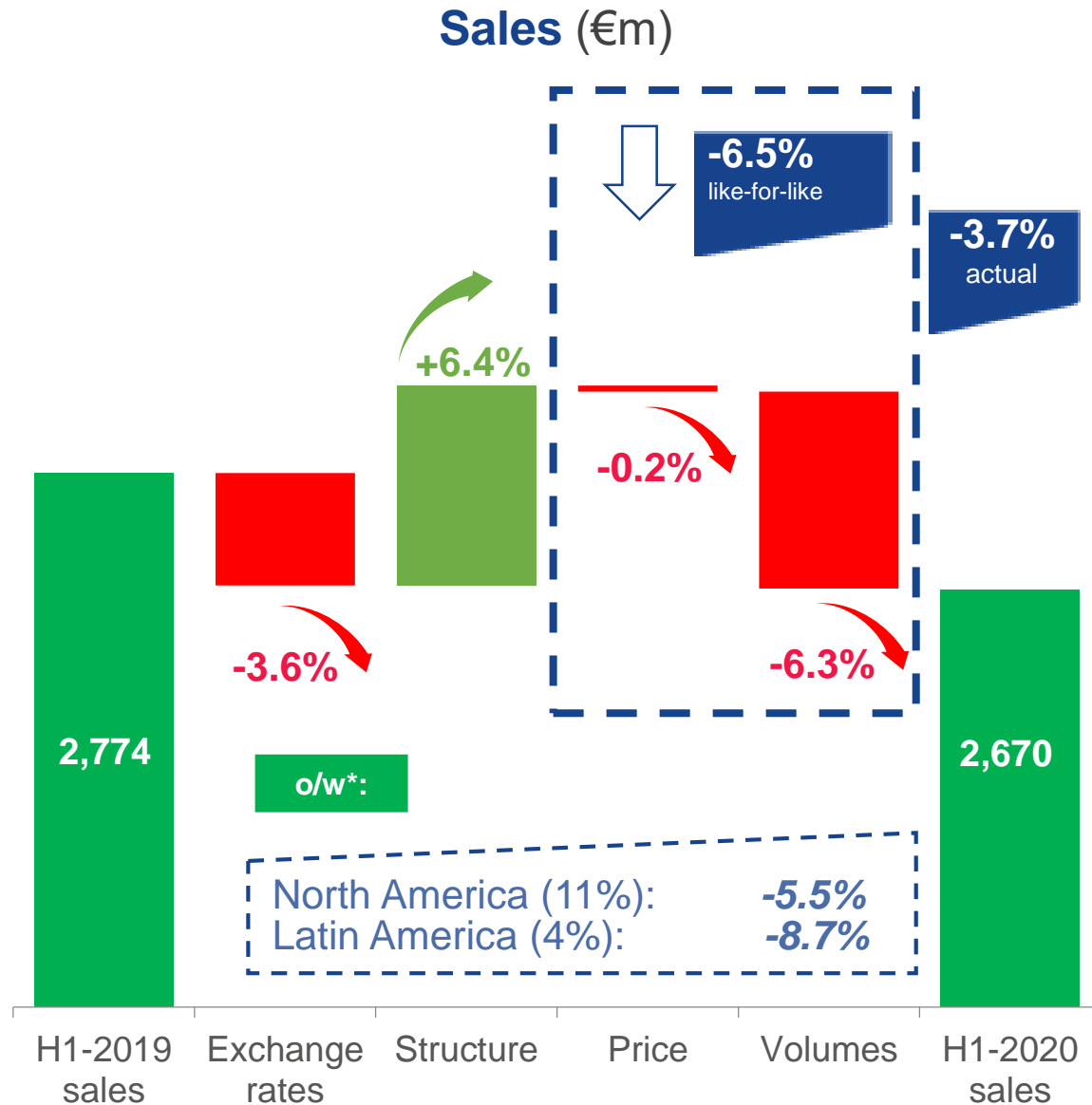
SOUTHERN EUROPE - MIDDLE EAST & AFRICA: SIGNIFICANT UPTURN IN JUNE, ESPECIALLY IN FRANCE



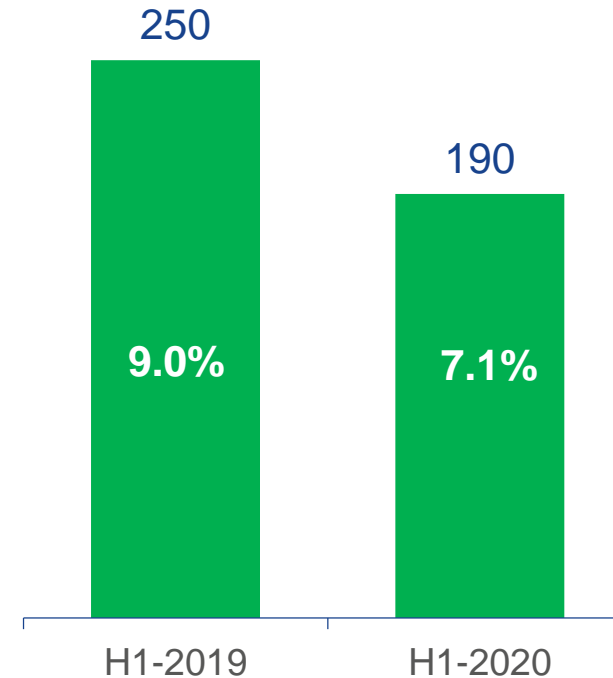
Operating income (€m) and margin (%)



AMERICAS: RETURN TO GROWTH IN JUNE; FIRST-HALF MARGIN GROWTH IN NORTH AMERICA



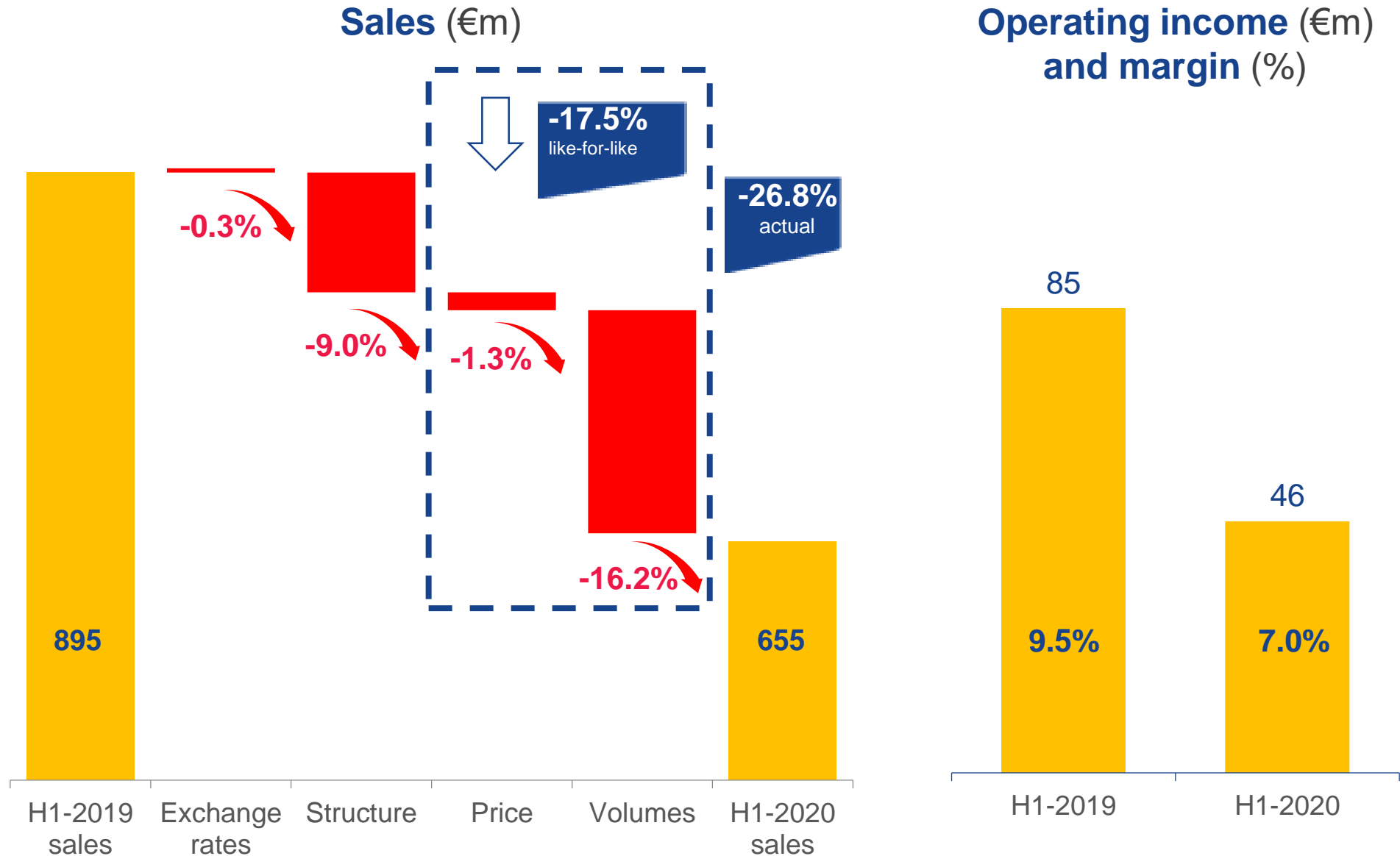
Operating income (€m) and margin (%)

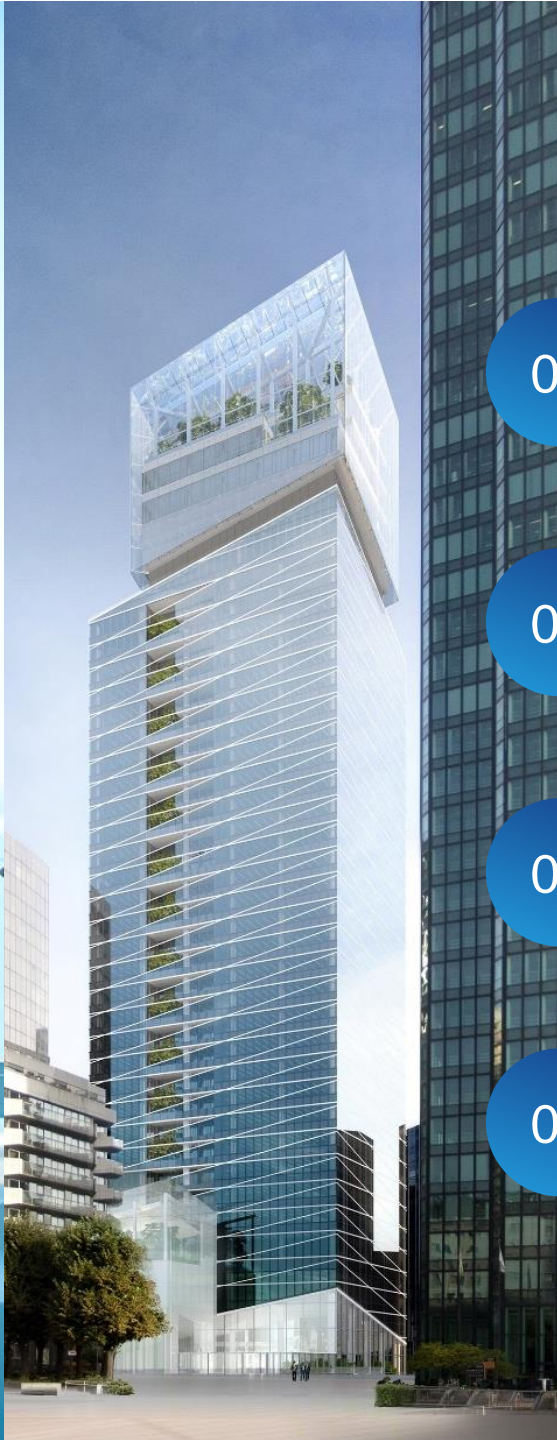


* Sales by sub-region: as a % of Group total and like-for-like growth

H1 2020 RESULTS PRESENTATION

ASIA-PACIFIC: GROWTH IN CHINA IN THE SECOND QUARTER; SHARP RISE IN THE FIRST-HALF MARGIN EXCLUDING INDIA





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H2 2020 OUTLOOK

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

POST-PANDEMIC WORLD

More local



More digital



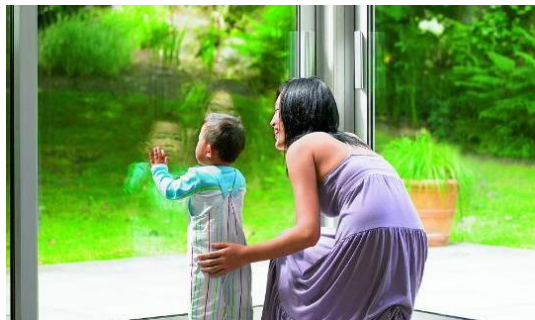
More sustainable



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

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

CORPORATE SOCIAL RESPONSIBILITY AT THE HEART OF OUR BUSINESS MODEL



BUSINESS ETHICS

90% of new managers trained to “Adhere, Comply and Act”



HEALTH & SAFETY

TRAR* of 2.2 en 2019



LOCAL & INCLUSIVE VALUE CREATION

79% employees trained in 2019



INCLUSION & DIVERSITY

24.2% women executives worldwide



CLIMATE CHANGE

-14.5% CO₂ emissions in 2019 (vs 2010)**



CIRCULAR ECONOMY

8.5m tons of natural raw materials avoided

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM


FTSE4Good

 SCIENCE
BASED
TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

 **CDP**
DISCLOSURE INSIGHT ACTION
A LIST
2019

 **top**
EMPLOYER
GLOBAL
2020
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Member 2019/2020
STOXX
ESG LEADERS INDICES

MSCI  2019 Constituent
MSCI ESG
Leaders Indexes

 **SUSTAINABLE
DEVELOPMENT GOALS**

* Total Recordable Accident Rate
(employees, temporary workers and permanent subcontractors)

** At iso-production

SAINT-GOBAIN: OUR SOLUTIONS FOR SUSTAINABILITY

~60%

Sales contributing directly or indirectly to lower CO₂ emissions

~50%

Sales for the renovation market*

+42%

Growth in electric vehicle mobility**

* Estimation
** In 2019



Eclaz Glass

+20% energy efficiency
+10% thermal insulation
+10% solar gain



New glass wool

-40% CO₂ emissions
thanks to energy savings



External thermal insulation

30% heating savings
Gain of up to **3** energy classes
No interior surface lost



Sekurit solutions

Thermally insulating glazing
for greater autonomy of electric vehicles
+30km autonomy

SAINT-GOBAIN AT THE HEART OF THE RECOVERY: ENERGY-EFFICIENT RENOVATION IN THE EUROPEAN UNION



18 jobs

created for every **€1m** invested
in energy-efficient renovation

Source: BPIE



€600bn

spent annually in the EU
on **renovation**
(excluding UK)

Source: Euroconstruct, Oxford
Economics, EECFA, internal estimate



72%

Share of buildings in Europe
to be renovated by 2050

Source: internal estimate



€185bn

Annual investment needs
in energy-efficient renovation

Source: European Commission, June 2020





**Energy-efficient renovation:
Job creation, economic recovery and sustainability**



RENOVATION IN THE EUROPEAN UNION: >€10BN SALES FOR SAINT-GOBAIN

Energy-efficient renovation of a single-family house in France



-  **clim+**
CLIMATISATION VENTILATION CHAUFFAGE
Mechanical ventilation
-  **ISOVER**
SAINT-GOBAIN
**LA PLATEFORME
DU BATIMENT**
Glass wool
-  **weber**
SAINT-GOBAIN
Placo
SAINT-GOBAIN
ADFORS
SAINT-GOBAIN
POINT.P
External thermal insulation
composite systems (ETICS)
-  **SAINT-GOBAIN**
Glass
Double-glazed windows
-  **CEDEO**
Sanitaire - Chauffage - Plomberie
Heat pump
Thermodynamic boiler
Water radiators with
thermostatic valves

Advantages*

Before renovation

After renovation

€2,600
yearly energy expense

-88 % → **€320**

Class G
EPA¹

**+4
classes** → **Class C**

Class D
GHG²

**+3
classes** → **Class A**

¹ Energy performance analysis
² Greenhouse gas emissions

100% solutions manufactured or distributed by Saint-Gobain

* 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"

CONCLUSION AND PRIORITIES

- » **Ensure the health and safety of all** in a health environment which remains uncertain
- » **Continue to implement adaptation measures and generate robust free cash flow**
 - Constant focus on the price-cost spread
 - Acceleration in cost savings: “Transform & Grow” and additional adaptation measures in the context of the pandemic
 - Decrease in capital expenditure of more than €500m in 2020 versus 2019
- » **Maintain a strong balance sheet and reach by the end of 2020 the medium-term objective of a reduction in the number of shares outstanding to 530 million**, from 542 million at December 31, 2019
- » **Leverage opportunities offered 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



JULY 31, 2020

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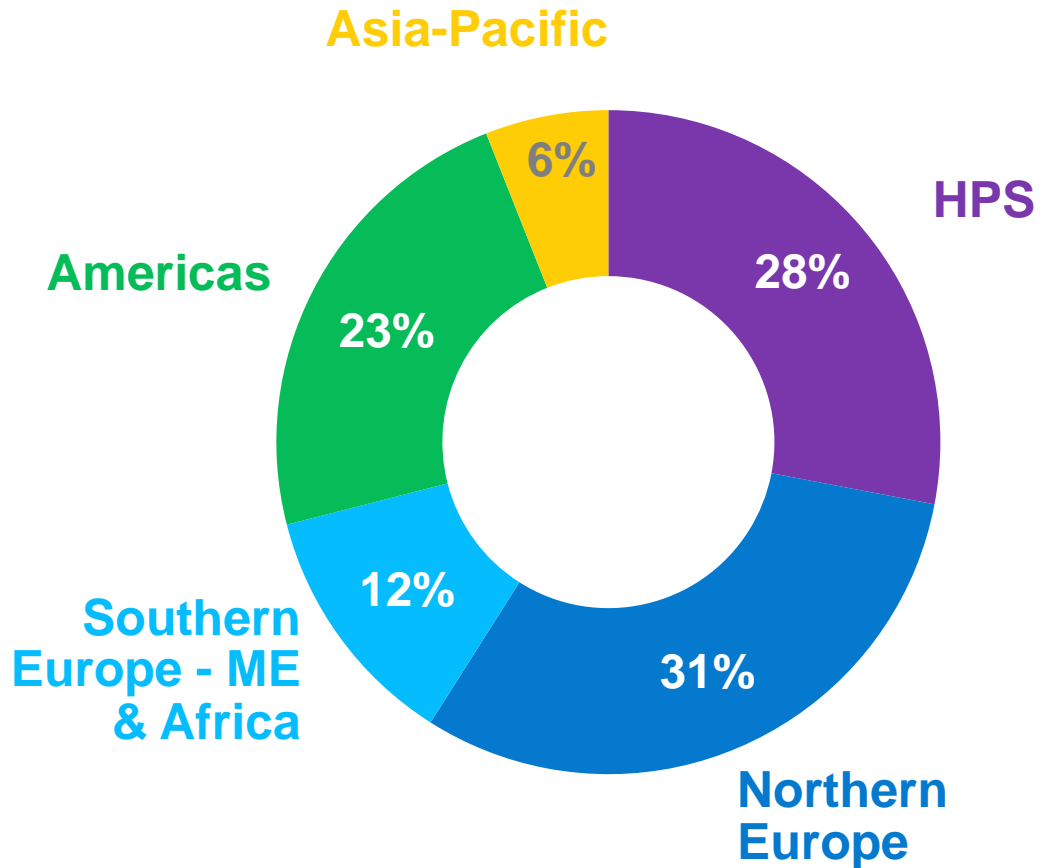


IMPORTANT DISCLAIMER – FORWARD-LOOKING INFORMATION

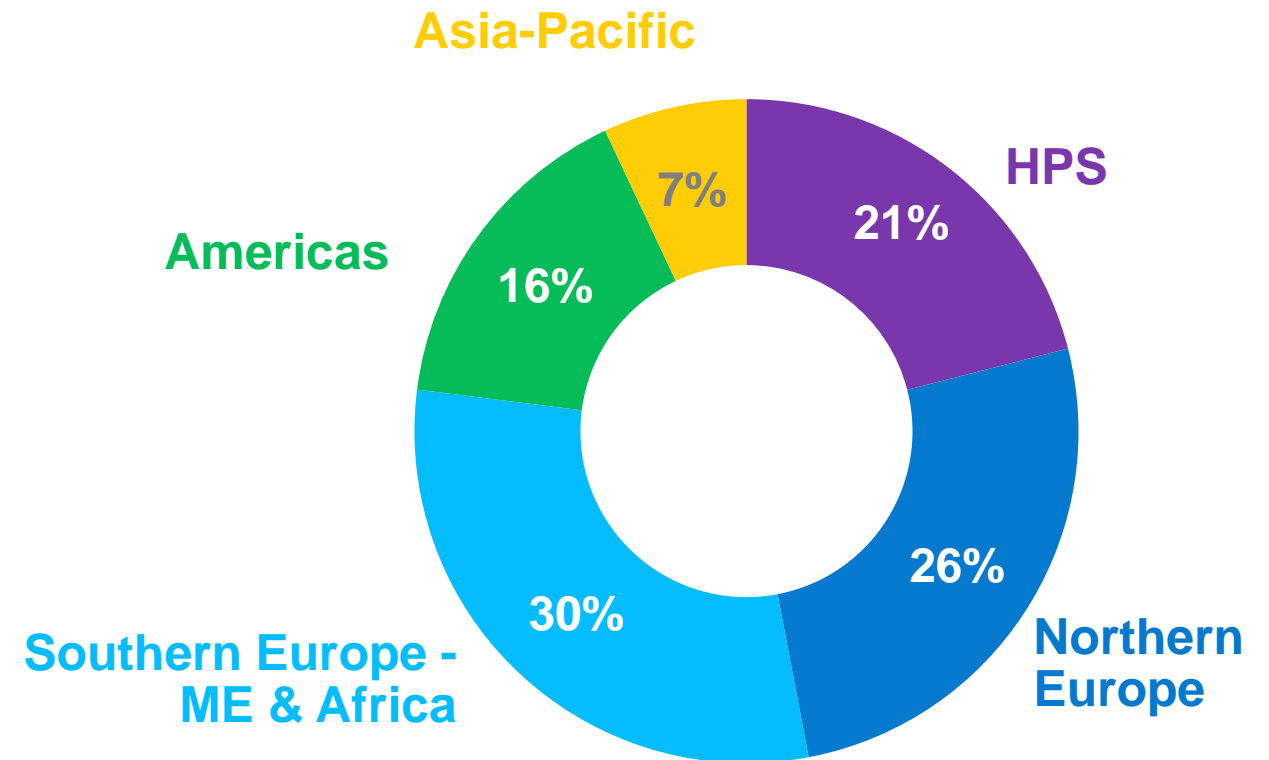
This presentation contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar expressions. Although Saint-Gobain believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of its future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of Saint-Gobain, including but not limited to the risks described in Saint-Gobain's registration document available on its website (www.saint-gobain.com) and the main risks and uncertainties for the second-half 2020, presented within the half-year 2020 financial report. Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Saint-Gobain disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. This presentation does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain. No representation or warranty, express or implied, is made by Saint-Gobain or its managers, corporate officers, employees, contractors, representatives or advisors as to the accuracy or completeness of the information or opinions contained in this presentation.

OPERATING INCOME AND INDUSTRIAL ASSETS BY SEGMENT

Breakdown of H1 2020
Operating income

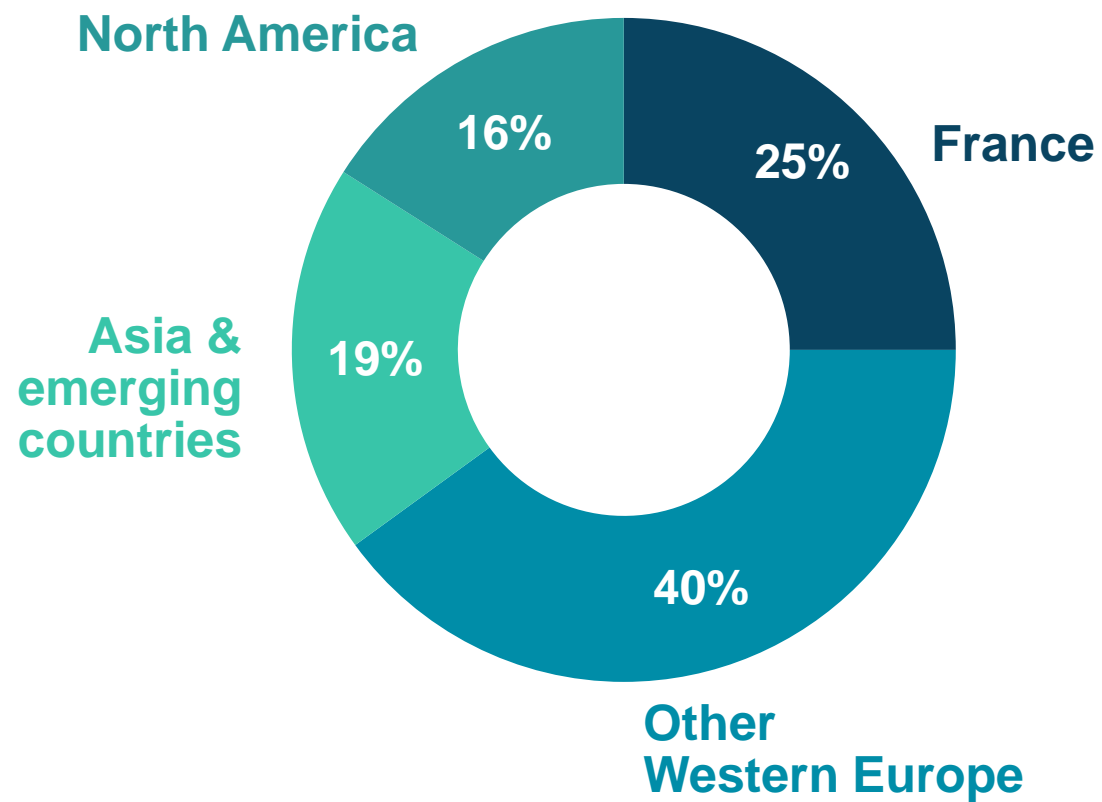


Industrial assets
at June 30, 2020

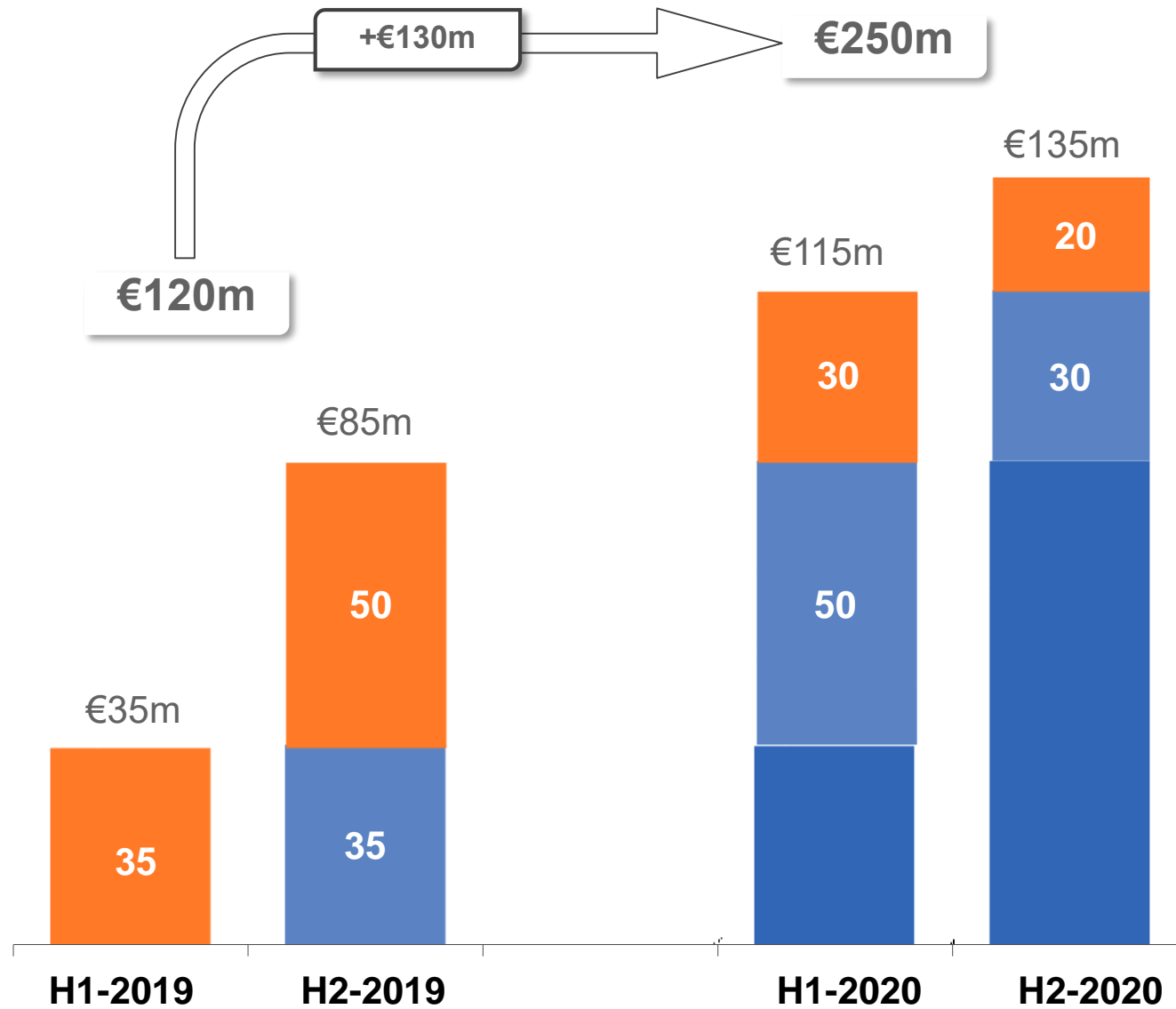


SALES BY GEOGRAPHIC AREA

Breakdown of H1 2020 Sales

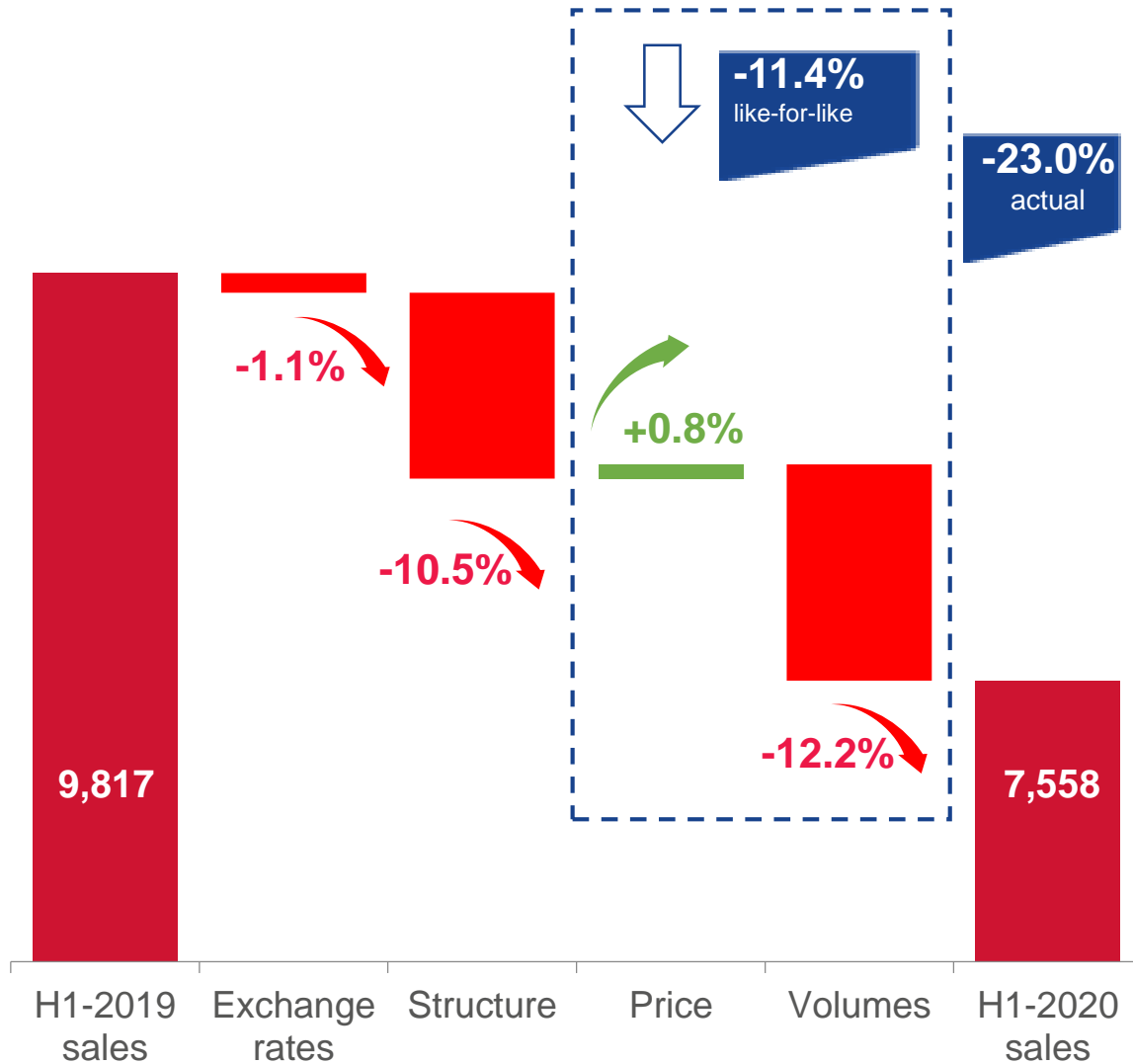


“TRANSFORM & GROW” SAVINGS

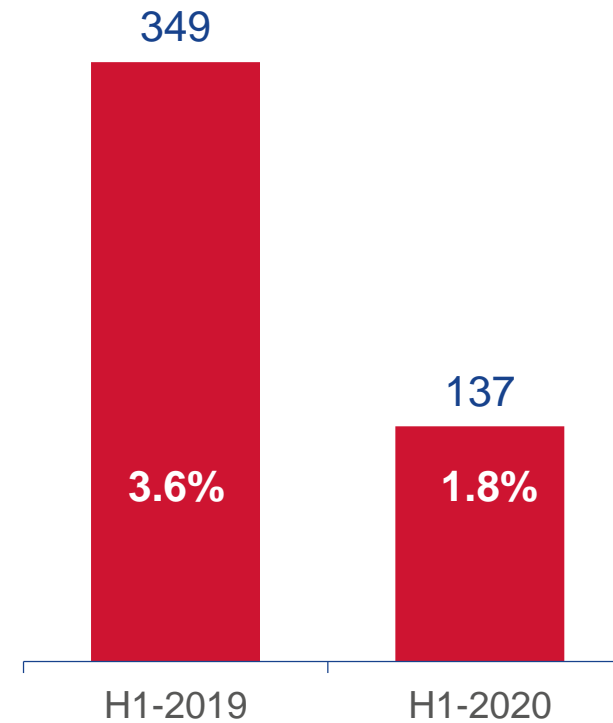


BUILDING DISTRIBUTION EUROPE

Sales (€m)



Operating income (€m)
and margin (%)



END MARKETS*

