

PRESS RELEASE

July 1st, 2019

SAINT-GOBAIN: IMPACT OF IFRS 16 APPLICATION

The Group has chosen to apply IFRS 16 using the full retrospective method at January 1, 2019, with retroactive effect from January 1, 2018. IFRS 16 aligns the accounting treatment of operating leases with that of finance leases (subject to the exemptions set out in the standard). The impact of IFRS 16 on the Group's consolidated financial statements arises chiefly from leases of property assets.

Applying this standard will result in a change in presentation in the consolidated financial statements for the six months ended June 30, 2019, with restatement of first-half 2018:

- In the balance sheet: a liability will be recognized in respect of future lease payments and an asset will be recognized in respect of the right-of-use granted (net value). The difference between these two amounts will be recognized in equity.
- In the income statement: the rental expense previously recognized within operating income will partly be recorded in depreciation and amortization expense, and partly in net financial expense.

Based on the lease contracts analyzed, the Group estimates that the impact at the transition date is €3,011 million on debt and €2,744 million on right-of-use assets.

The full-year 2018 impact is an increase of +€787 million in EBITDA and +€85 million on operating income as detailed below with the new reporting segments following the Group organization change as of January 1, 2019.

Operating income	H1 2018 (€m)	2018 (€m)	H1 2018 (in % of sales)	2018 (in % of sales)
Post IFRS 16				
High Performance Solutions	532	986	14.4%	13.4%
Northern Europe	388	856	5.2%	5.6%
Southern Europe – ME & Africa	293	603	4.4%	4.6%
Americas	235	578	9.1%	11.2%
Asia-Pacific	85	194	9.3%	10.4%
Misc.	-19	-10	---	---
Group total post IFRS 16	1,514	3,207	7.3%	7.7%
Group total pre IFRS 16	1,469	3,122	7.1%	7.5%
Delta IFRS 16	45	85	0.2%	0.2%
Post IFRS 16				
Industry Europe	397	777	7.9%	7.8%
Distribution Europe	284	682	3.0%	3.6%

Disclaimer: the data presented are currently being reviewed by the statutory auditors.

ABOUT SAINT-GOBAIN

Saint-Gobain designs, manufactures and distributes materials and solutions which are key ingredients in the wellbeing of each of us and the future of all. They can be found everywhere in our living places and our daily life: in buildings, transportation, infrastructure and in many industrial applications. They provide comfort, performance and safety while addressing the challenges of sustainable construction, resource efficiency and climate change.

€41.8 billion in sales in 2018

Operates in 68 countries

More than 180,000 employees

To learn more about Saint-Gobain

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