

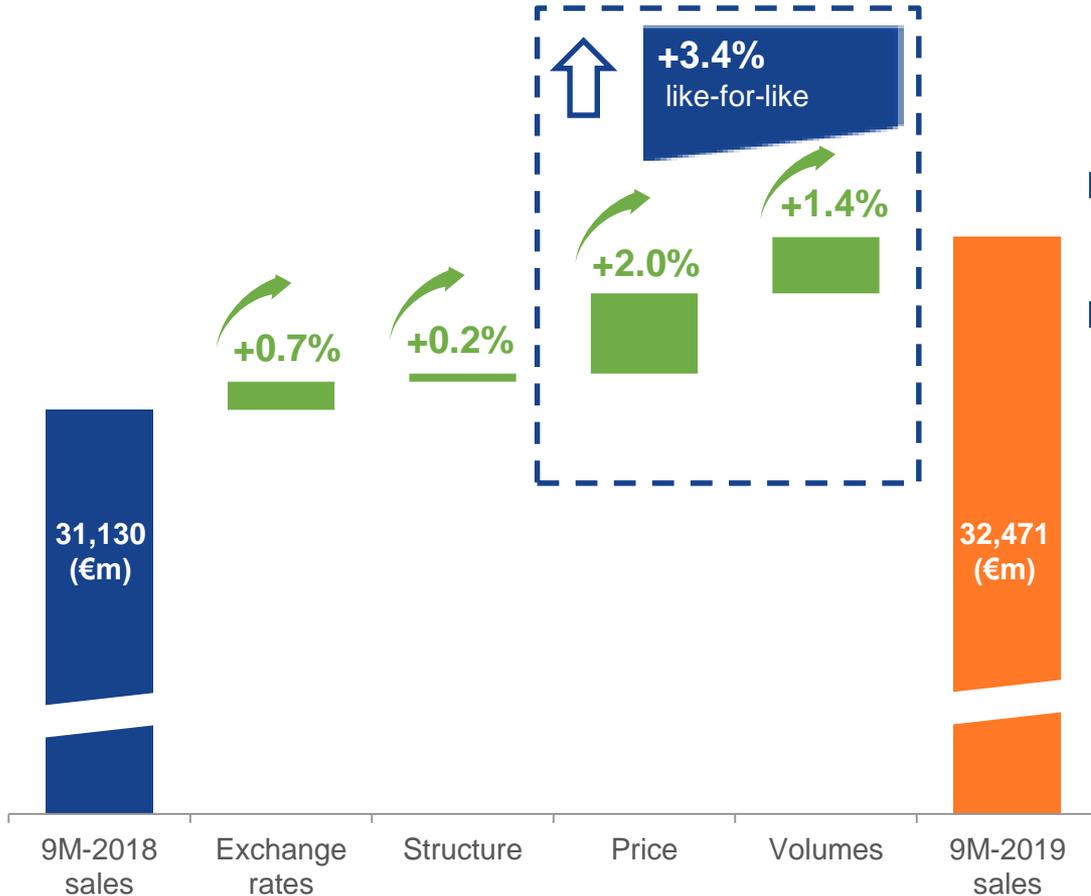
# Recent Results and Outlook

October 2019



- 
- 
1. **NINE-MONTH SALES AND OUTLOOK**
  2. H1 2019 RESULTS
  3. UPDATE ON THE “TRANSFORM & GROW” PROGRAM

# NINE-MONTH SALES: ORGANIC GROWTH AT 3.4%

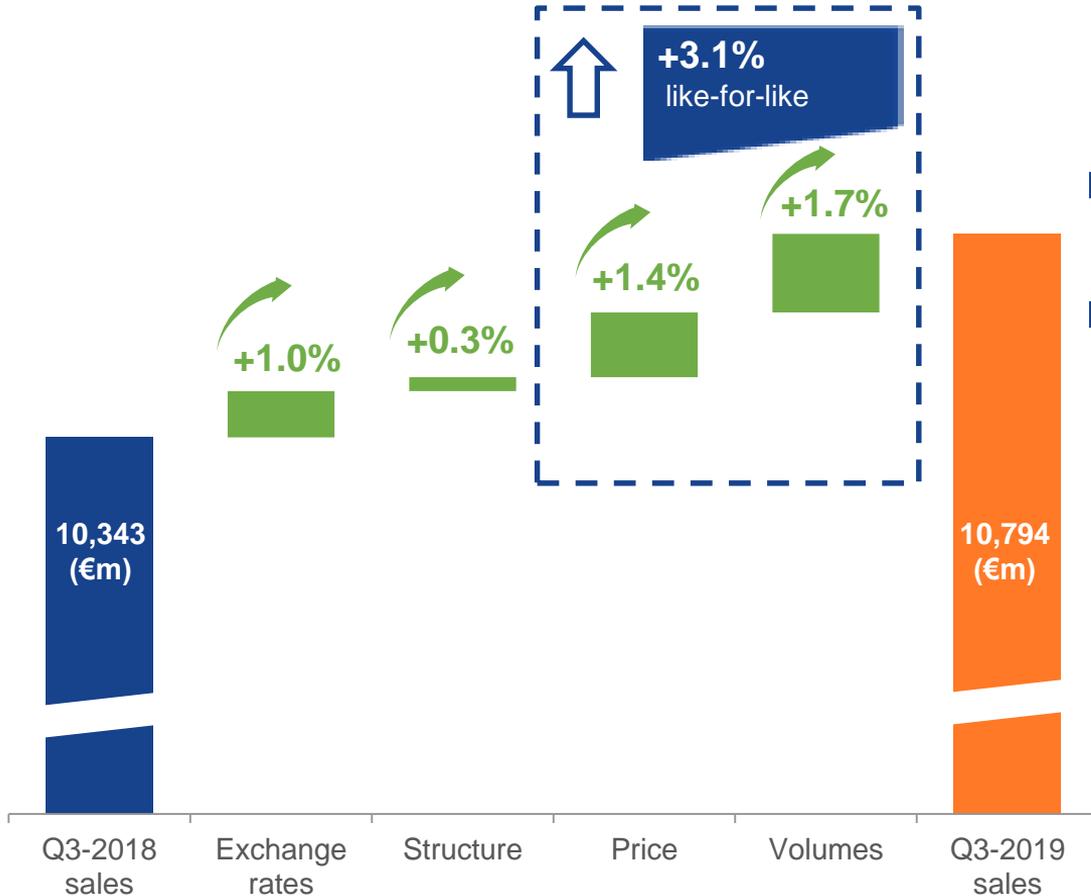


**Group +4.3%**  
actual

- **Exchange rates:** appreciation of **US dollar** but depreciation of **Nordic krona**
- **Structure**
  - Acquisitions:** Join Leader, Kaimann, Hunter Douglas
  - Divestments:** Pipe China (Xuzhou), silicon carbide, glazing installation operations in the UK and glass processing in Sweden and Norway



# THIRD QUARTER: ORGANIC GROWTH AT 3.1%

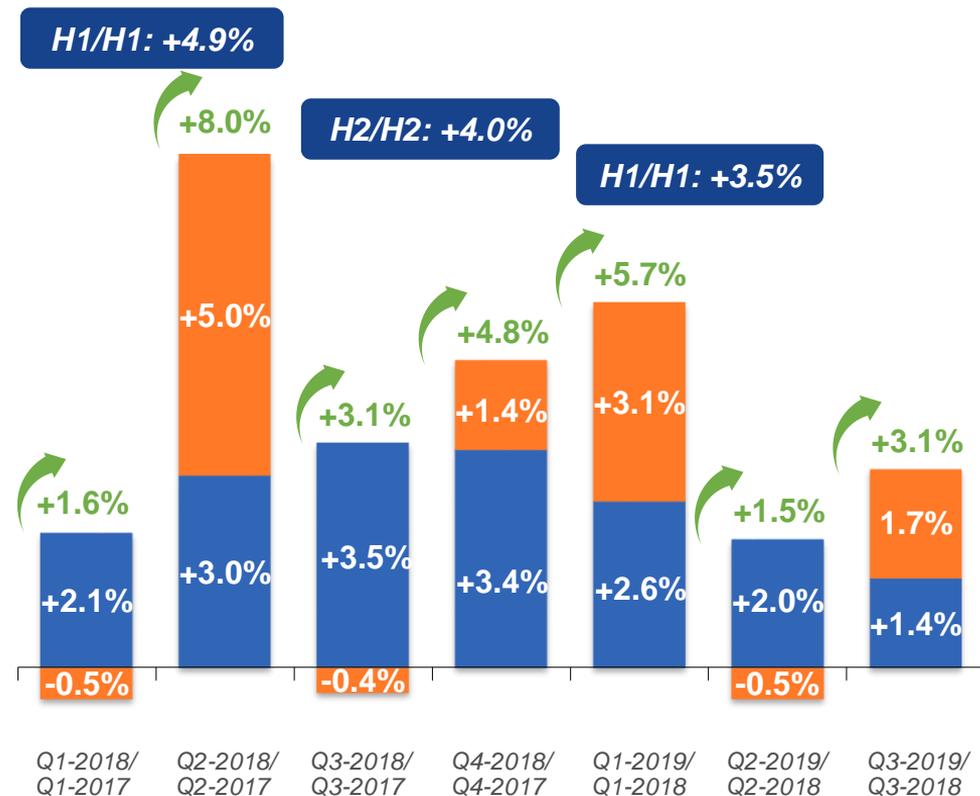


**Group +4.4%**  
actual

- **Exchange rates:** appreciation of **US dollar** but depreciation of **Nordic krona**
- **Structure**
  - Acquisitions:** Join Leader, Kaimann, Hunter Douglas
  - Divestments:** Pipe China (Xuzhou), silicon carbide, glazing installation operations in the UK and glass processing in Sweden and Norway

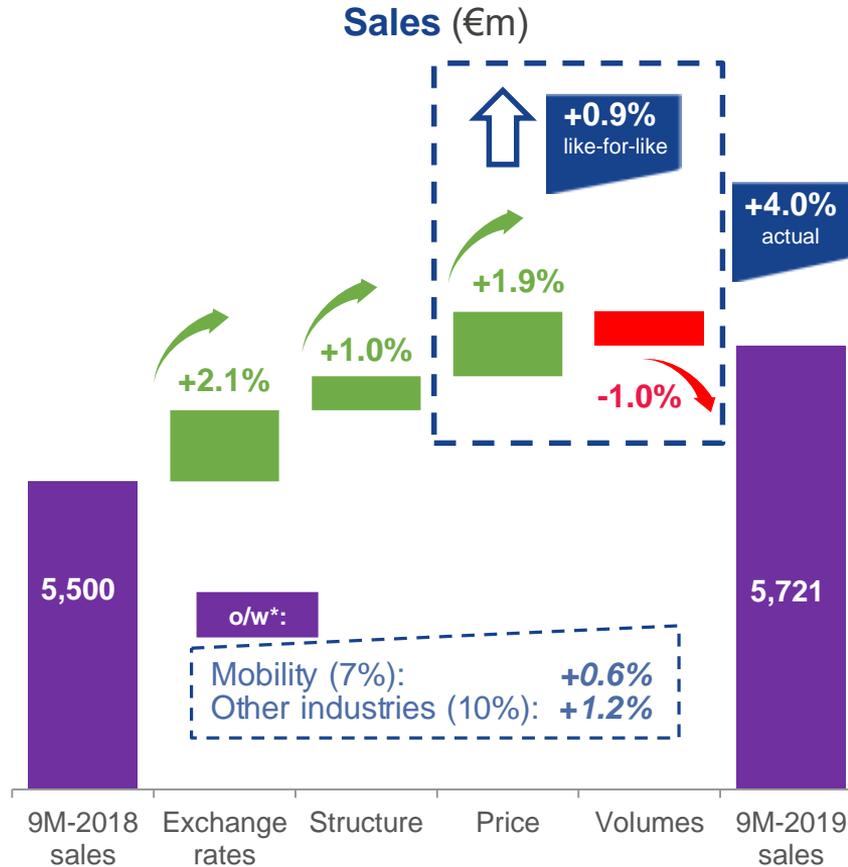
# NINE-MONTHS: PRICES UP 2.0% AND VOLUMES UP 1.4%

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



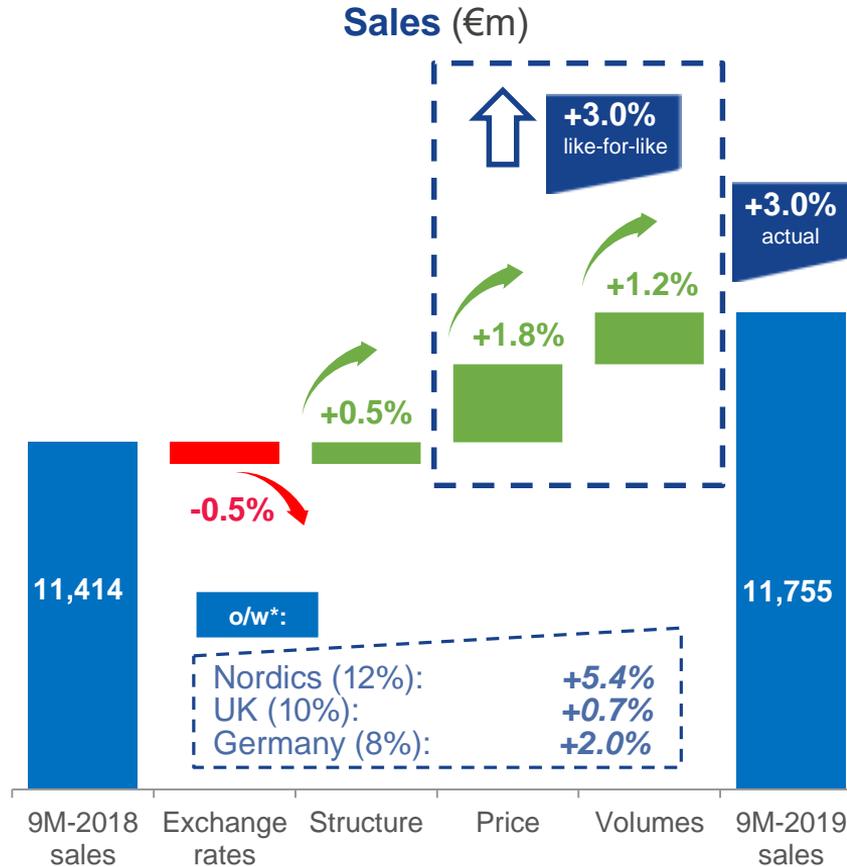
- **Prices held firm** in a less inflationary environment
- **Volumes:** estimated positive 1.5% calendar impact in Q3

# HIGH PERFORMANCE SOLUTIONS: NINE-MONTH SALES



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

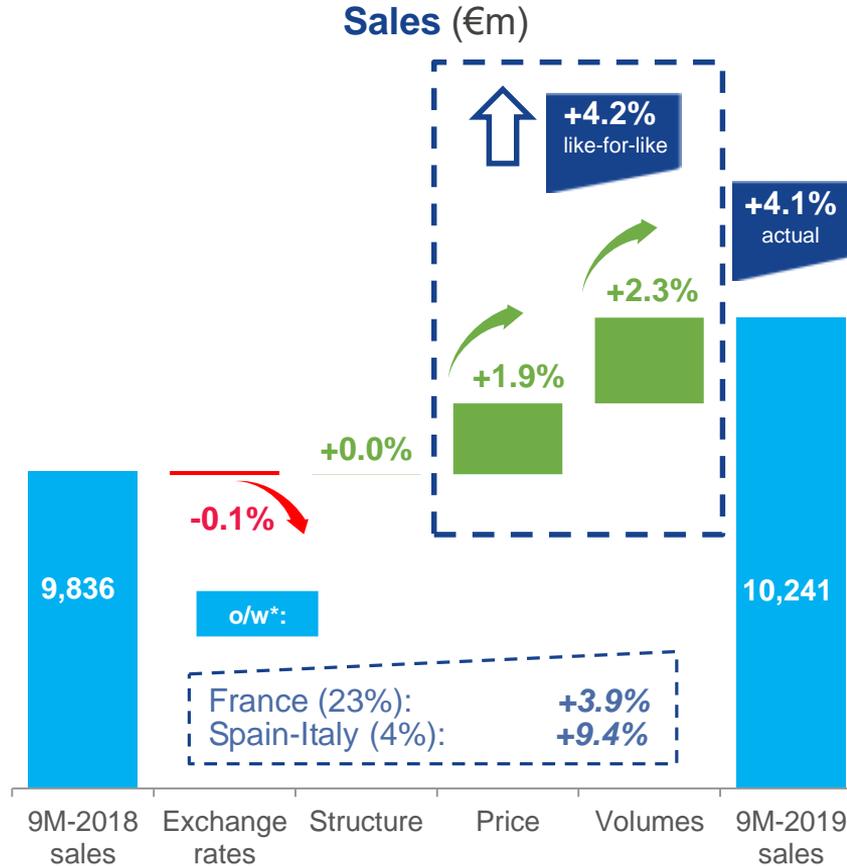
# NORTHERN EUROPE: NINE-MONTH SALES



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



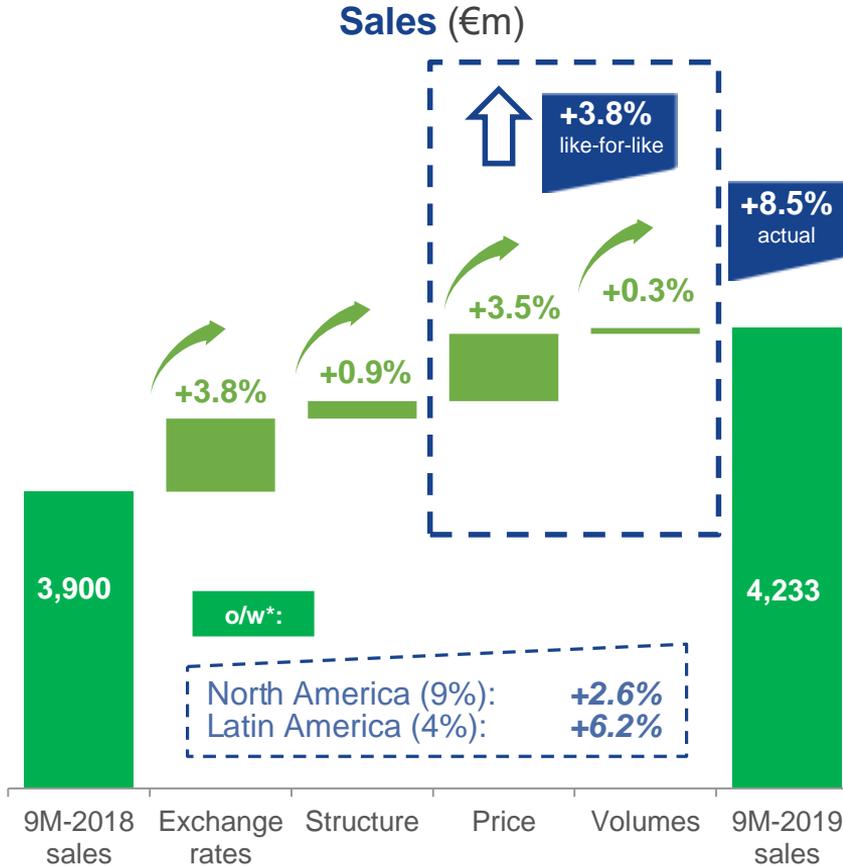
# SOUTHERN EUROPE - ME & AFRICA: NINE-MONTH SALES



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

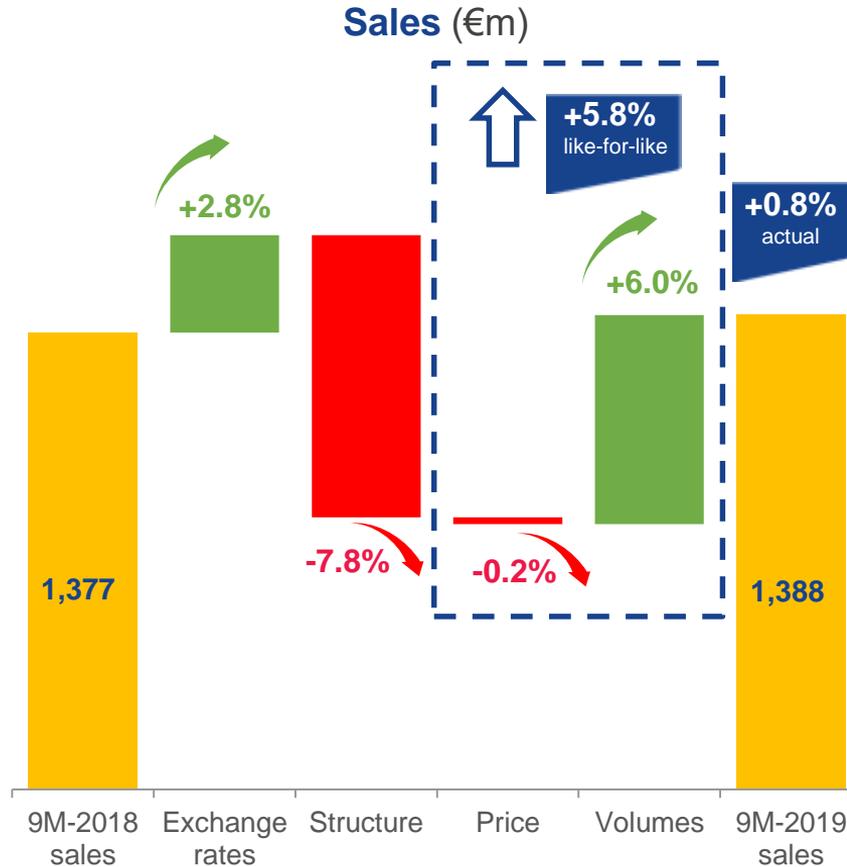


# AMERICAS: NINE-MONTH SALES

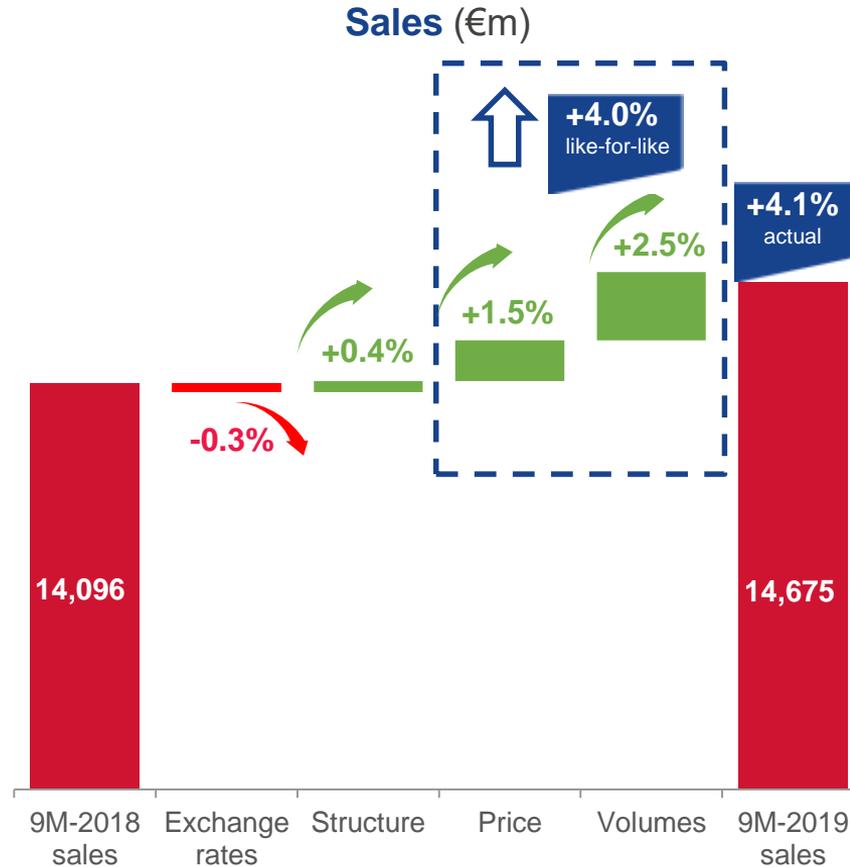


\* Sales by sub-segment: as a % of Group total and like-for-like growth

# ASIA-PACIFIC: NINE-MONTH SALES



# BUILDING DISTRIBUTION EUROPE: NINE-MONTH SALES



## OUTLOOK FOR FOURTH QUARTER

- **High Performance Solutions:** in more hesitant markets, the automotive sector is expected to remain difficult in Europe and China but against an easier comparison basis
- **Northern Europe:** less favorable trends overall, with a particularly difficult environment in the UK; deconsolidation of the Distribution business in Germany
- **Southern Europe - Middle East & Africa:** overall growth expected for the region, with a lower contribution from new construction and a solid renovation market, in particular in France
- **Americas:** stabilization in North America and a more uncertain environment in Latin America
- **Asia:** further growth

## 2019 PRIORITIES

- **Focus on sales prices**
- **Continuation of the cost cutting program, targeting cost savings of around €300m over the year** (calculated on the 2018 cost base), in addition to **more than €80m in 2019** as part of the “Transform & Grow” program
- **Investments in property, plant and equipment and intangible assets** close to the 2018 level, with a focus on growth capex outside Western Europe and also on productivity and continued digital transformation
- **Ongoing commitment to invest in R&D** to support our differentiated, high value-added strategy
- **Focus on high levels of free cash flow generation**

**Saint-Gobain confirms its objectives for full-year 2019 and for the second half expects a like-for-like increase in operating income compared to second-half 2018**

- 
1. NINE-MONTH SALES AND OUTLOOK
  2. **H1 2019 RESULTS**
    1. **GROUP**
    2. SEGMENTS
  3. UPDATE ON THE “TRANSFORM & GROW” PROGRAM

# H1 2019 KEY FIGURES

Sales  
**€21.7bn**



Operating income  
**€1,638m**



Recurring net income  
**€944m**  
EPS: €1.74, +17.6%



EBITDA  
**€2,417m**



Net debt  
**€12,617m**



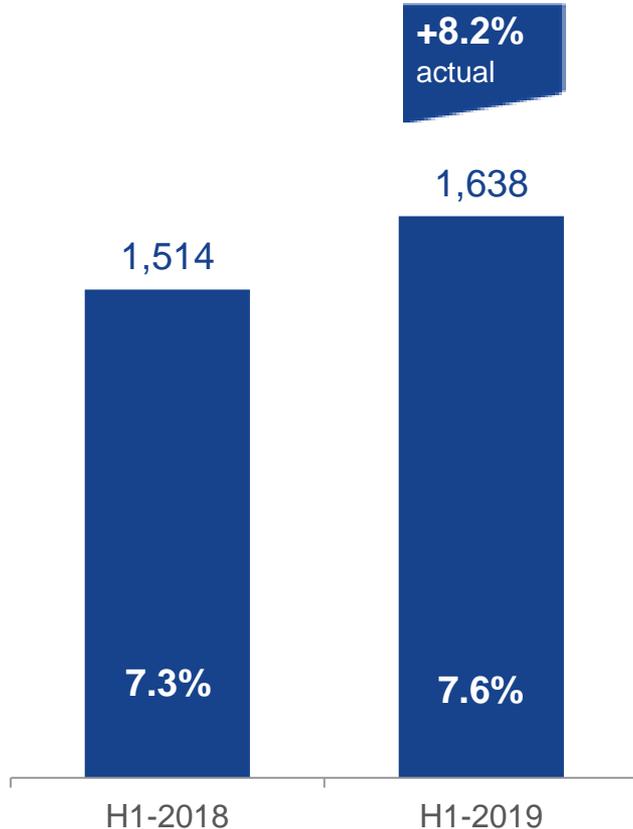
Changes based on H1-19 vs H1-18 restated for IFRS 16

## HIGHLIGHTS

- » **Organic growth at 3.5% with prices up 2.3%**
- » **Strong 8.3% like-for-like increase in operating income. Gain of 30 bp in operating margin to 7.6%**
- » **“Transform & Grow” program ahead of schedule**
  - » **Ahead of our growth synergies:** numerous growth initiatives launched
  - » **Ahead of our savings target:** raised to >€80m in 2019 (versus an initial target of >€50m)
  - » **Ahead of our divestment target:** >€2.8bn sales divested (completed or signed)
- » **Strong increase in free cash flow generation, up 40%**
- » **Steep increase in recurring net income, up 16.7%, and in recurring EPS, up 17.6%**

# OPERATING INCOME UP 8.3% LIKE-FOR-LIKE

(Operating income in €m and % of sales)



- **+30 bp** improvement in operating margin
- **Positive** price/cost spread
- **Positive €35m** impact of “Transform & Grow” cost savings on **operating income**
- **Around €155m** in cost savings generated by the operational excellence program

## BUSINESS INCOME UP 7.5%

€m	H1-2018	H1-2019	H1-2019/ H1-2018
<b>Operating income</b>	<b>1,514</b>	<b>1,638</b>	<b>+8.2%</b>
Non-operating costs	(53)	(168)	
<i>- o/w Sika</i>	180		
Disposal gains (losses)	(27)	(16)	
Asset write-downs and other	(268)	(201)	
<b>Business income</b>	<b>1,166</b>	<b>1,253</b>	<b>+7.5%</b>

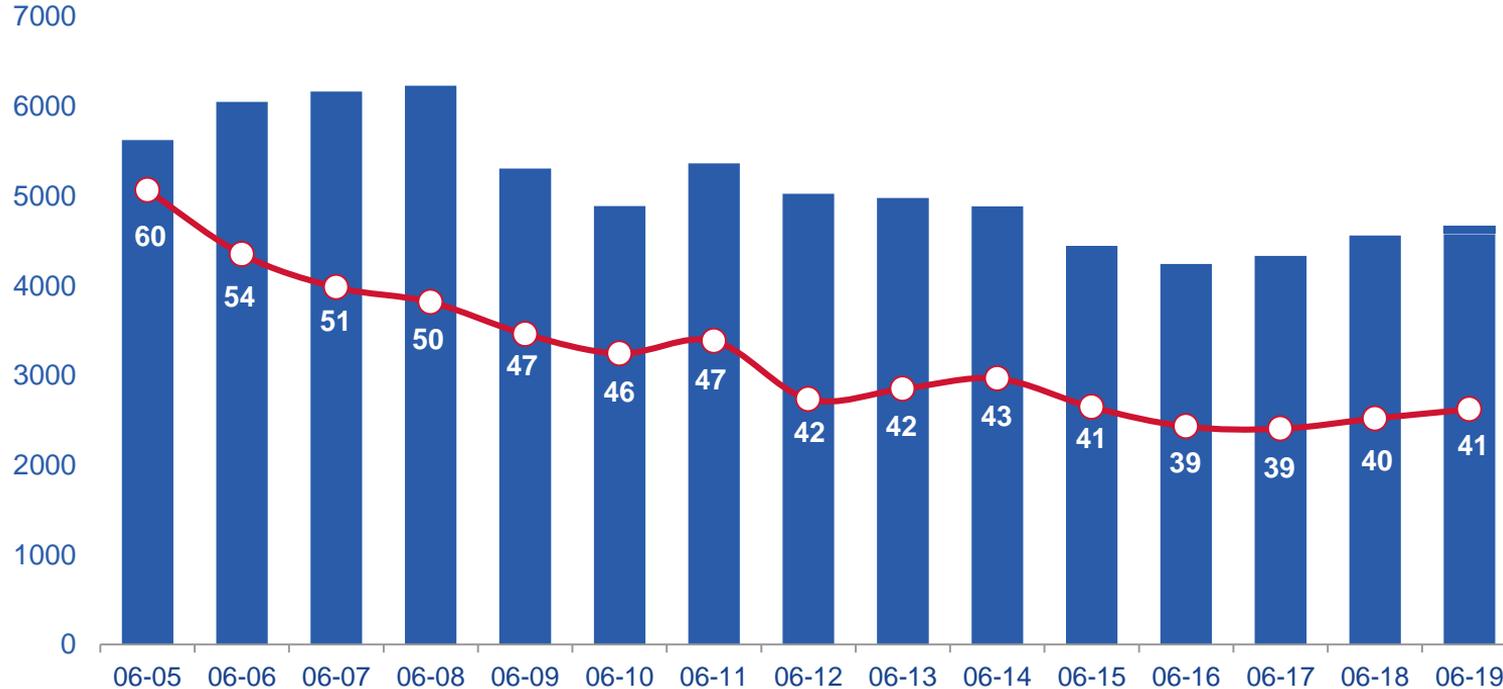
<b>Operating income</b>	<b>1,514</b>	<b>1,638</b>	<b>+8.2%</b>
Operating depreciation and amortization	949	947	
Non-operating costs excl. Sika	(233)	(168)	
<b>EBITDA</b>	<b>2,230</b>	<b>2,417</b>	<b>+8.4%</b>

## RECURRING NET INCOME UP 16.7% AND RECURRING EPS UP 17.6%

€m	H1-2018	H1-2019	H1-2019/ H1-2018
<b>Business income</b>	<b>1,166</b>	<b>1,253</b>	<b>+7.5%</b>
<b>Net financial income (expense)</b>	<b>354</b>	<b>(222)</b>	
- o/w Sika	601	28	
- o/w finance costs	(247)	(250)	
Average cost of gross debt (at June 30)	2.5%	2.2%	
<b>Income tax</b>	<b>(266)</b>	<b>(318)</b>	
Tax rate on recurring net income	25%	25%	
<b>Net attributable income</b>	<b>1,227</b>	<b>689</b>	
<b>Recurring net income</b>	<b>809</b>	<b>944</b>	<b>+16.7%</b>
Recurring EPS (€)	1.48	1.74	+17.6%

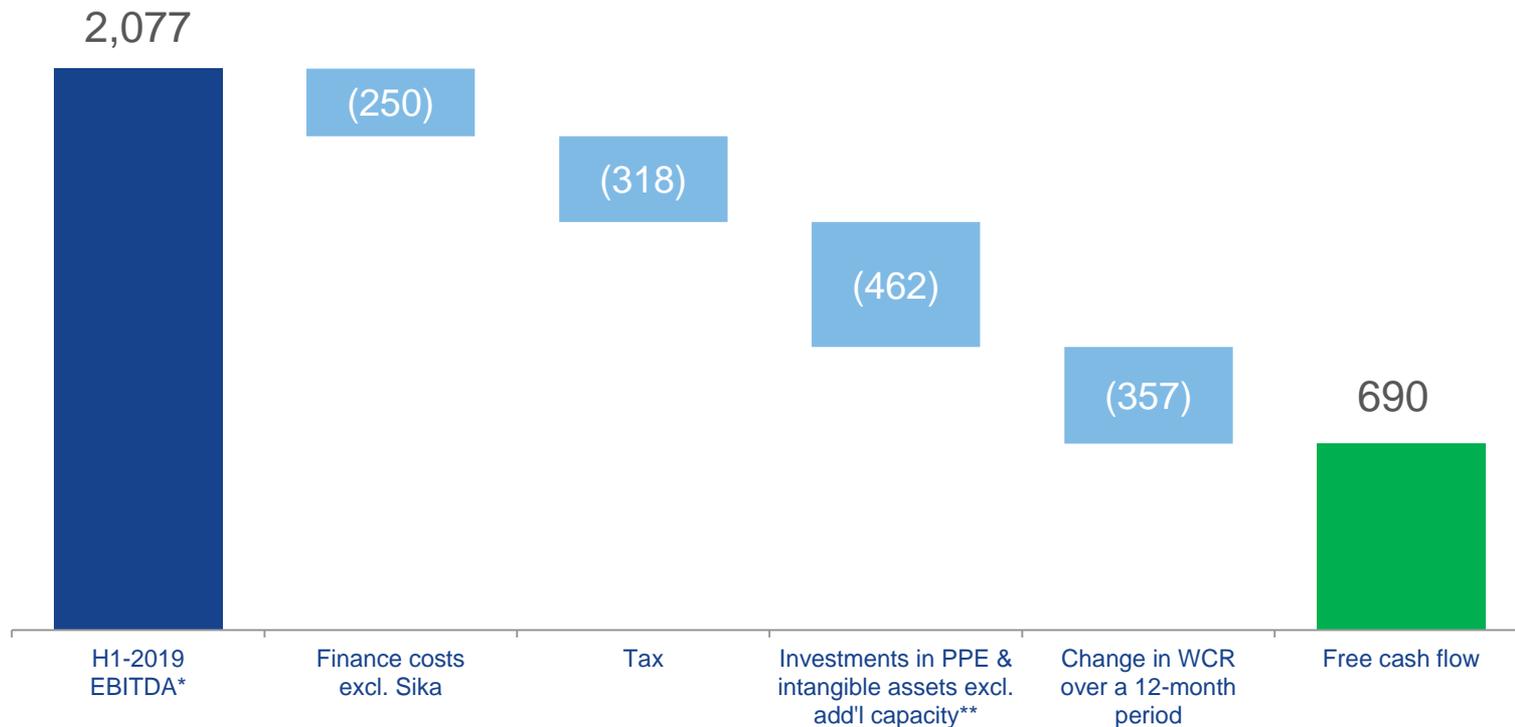
# SLIGHT INCREASE IN OPERATING WORKING CAPITAL, BUT STABLE AT CONSTANT EXCHANGE RATES

(at June 30, €m and no. of days)



# FREE CASH FLOW UP 40% WITH A CASH CONVERSION RATIO OF 33%

(€m)

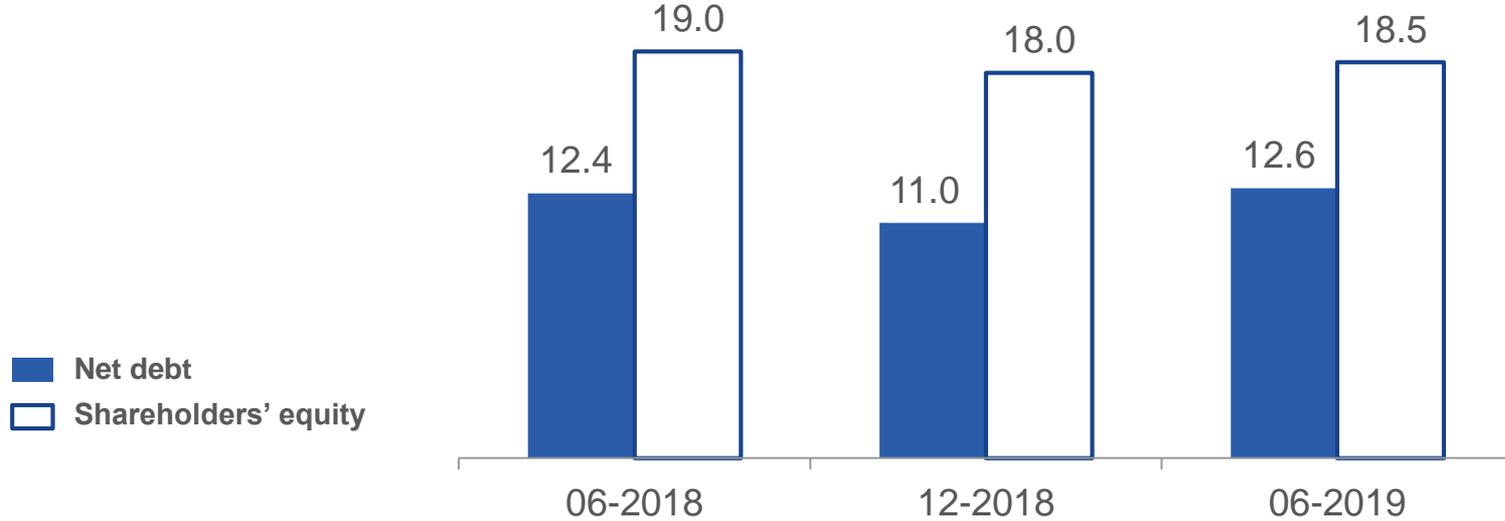


\* EBITDA less depreciation of right-of-use assets: €2,417m - €340m = €2,077m

\*\* Investments in PPE and intangible assets = €682m, including €220m in **additional capacity investments linked to organic growth**

# STABLE CREDIT RATING

(€bn)



Net debt/shareholders' equity	65%	61%	68%
Net debt/EBITDA (*)	2.7	2.4	2.6

**Rating: BBB/Baa2** 

\* EBITDA over a 12-month period  
IFRS 16: estimated restatement at end-June 2018



- 
1. NINE-MONTH SALES AND OUTLOOK
  2. **H1 2019 RESULTS**
    1. GROUP
    2. **SEGMENTS**
  3. UPDATE ON THE “TRANSFORM & GROW” PROGRAM

# NEW REPORTING SEGMENTS ALIGNED WITH THE NEW CUSTOMER-ORIENTED, LEAN AND AGILE ORGANIZATION

High Performance Solutions

Northern Europe

Southern Europe - ME & Africa

Americas

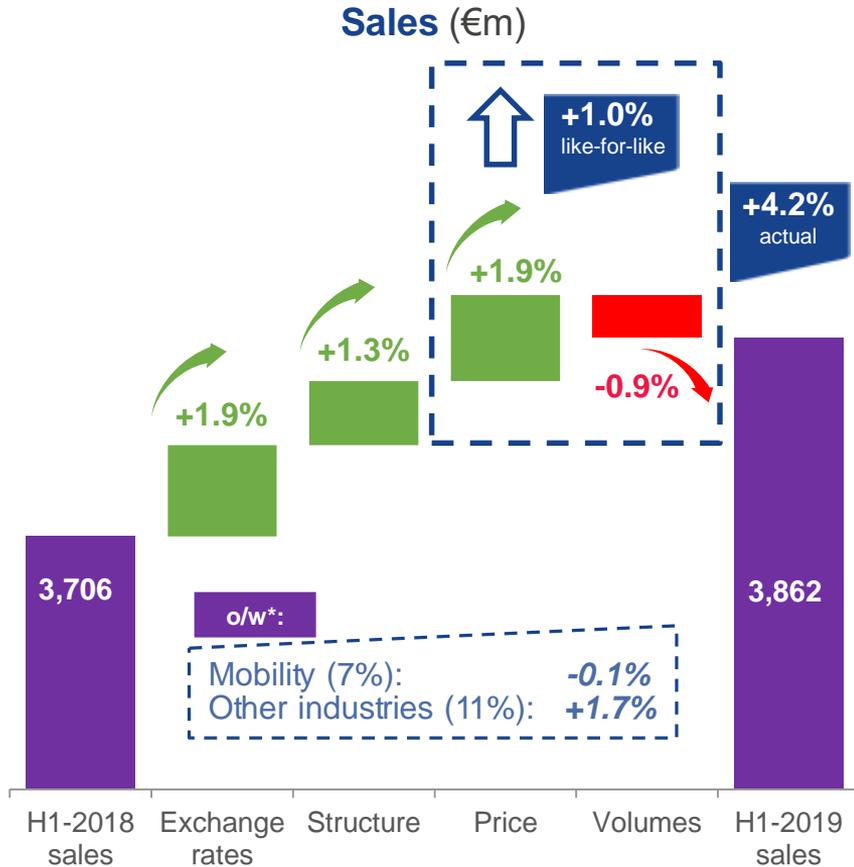
Asia-Pacific



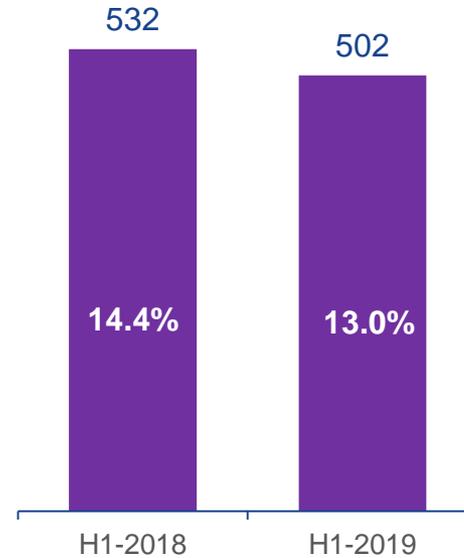
HIGH PERFORMANCE SOLUTIONS  
ORGANIZED BY MARKET FOR GLOBAL  
CUSTOMERS

REGIONAL ORGANIZATION BY COUNTRY FOR LOCAL CONSTRUCTION MARKETS

# HIGH PERFORMANCE SOLUTIONS: SOLID RESULTS

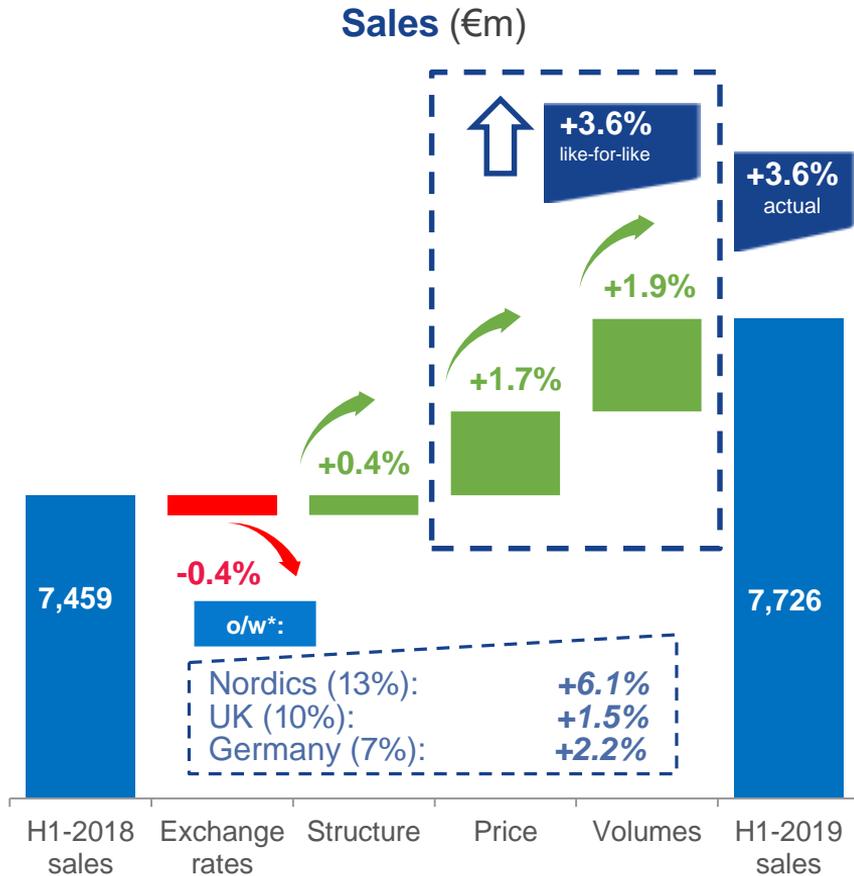


## Operating income (€m) and margin (%)

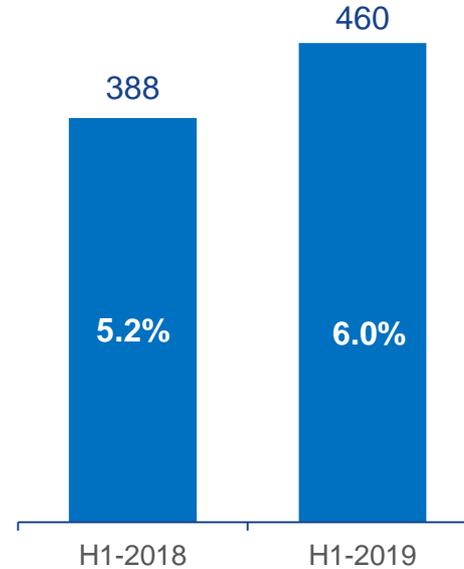


**Operating margin: +60bp**  
versus H2-2018 (12.4%)

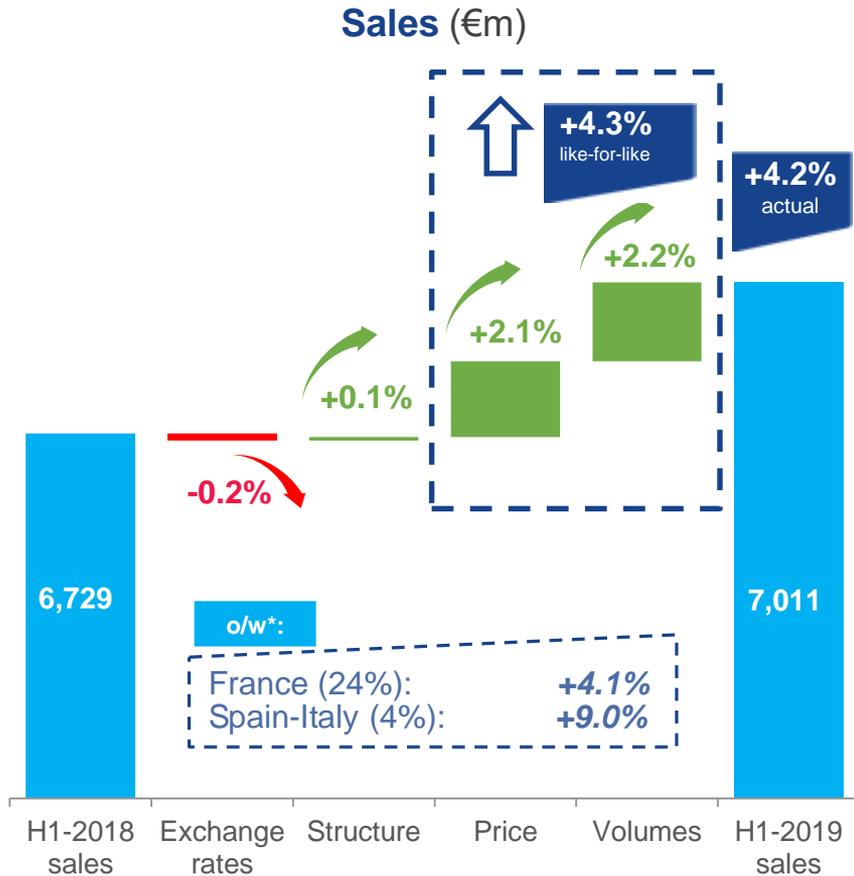
# NORTHERN EUROPE: STRONG MARGIN GROWTH



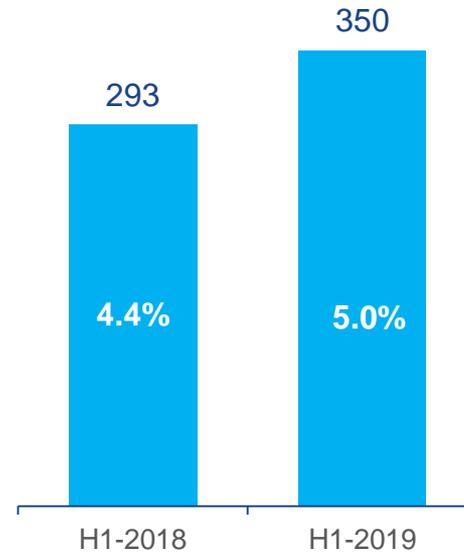
**Operating income (€m) and margin (%)**



# SOUTHERN EUROPE - ME & AFRICA: CLEAR MARGIN GROWTH

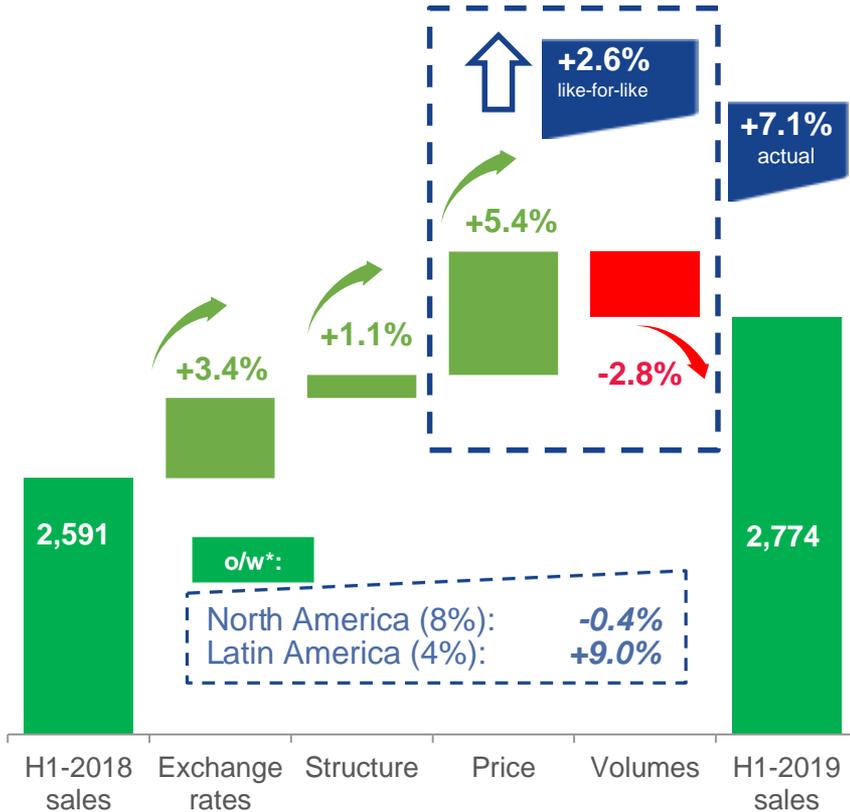


**Operating income (€m)**  
**and margin (%)**

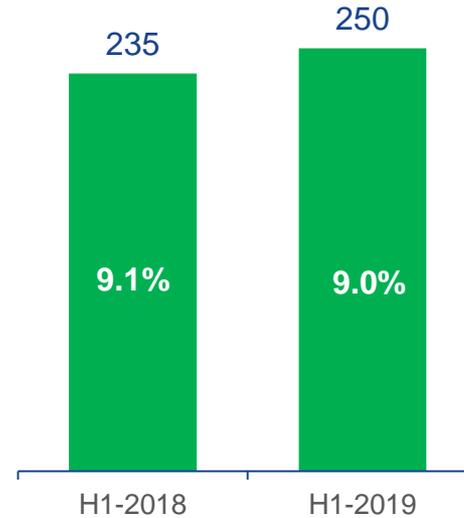


# AMERICAS: STABLE MARGIN

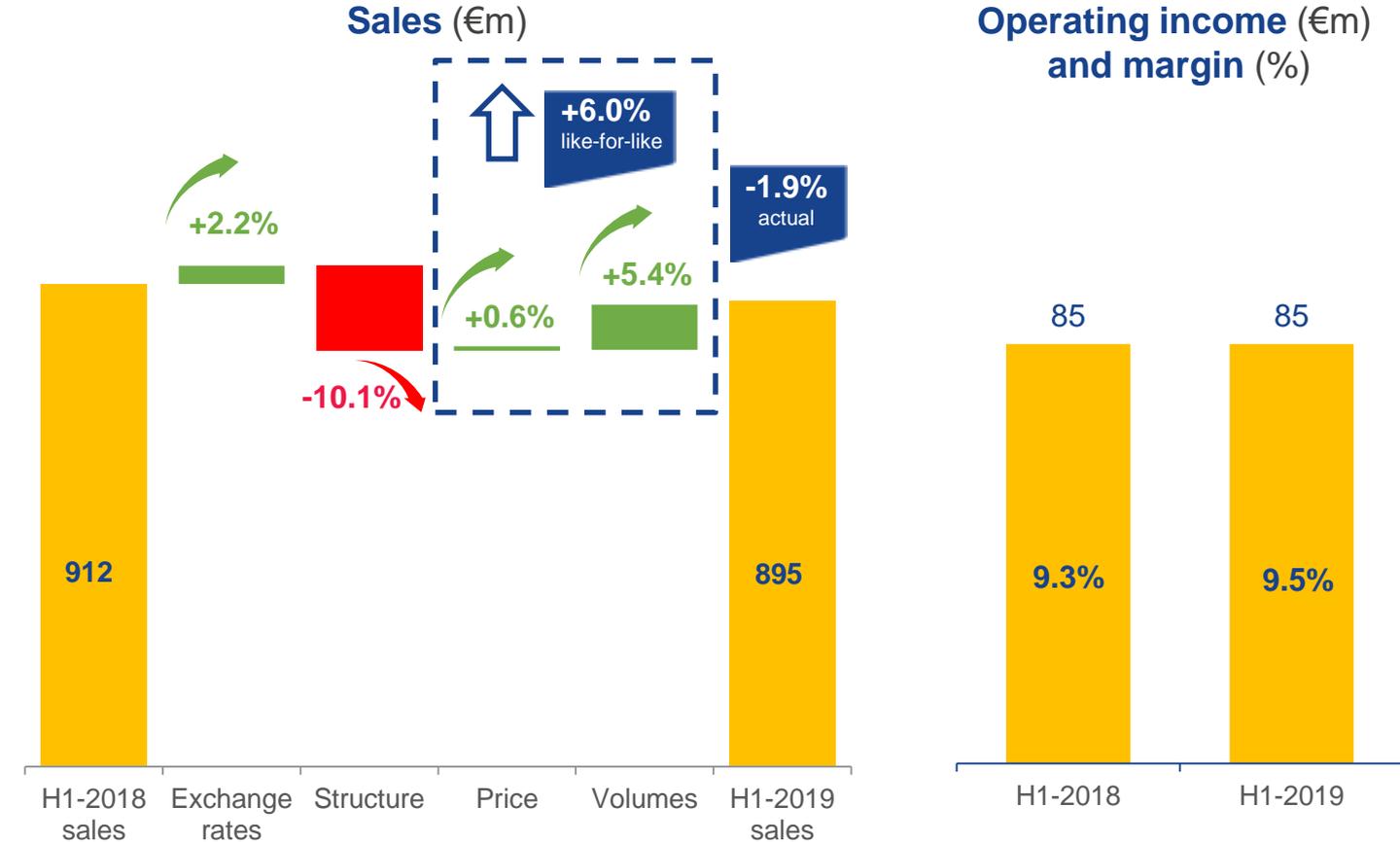
Sales (€m)



Operating income (€m)  
and margin (%)



# ASIA-PACIFIC: SLIGHT MARGIN PROGRESSION



- 
1. NINE-MONTH SALES AND OUTLOOK
  2. H1 2019 RESULTS
  3. **UPDATE ON THE “TRANSFORM & GROW” PROGRAM**

## A PLAN STRUCTURED AROUND TWO PILLARS



**A customer-oriented,  
lean and agile  
organization**

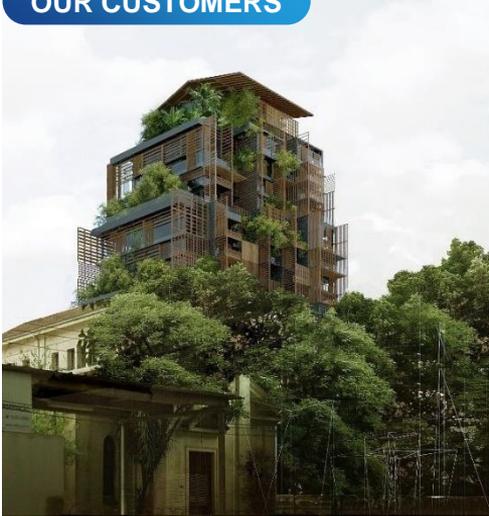


**An active and value-  
creating portfolio  
management**

# SYNERGIES TO ACCELERATE GROWTH

**IMPROVED EFFICIENCY  
TO SERVE**

**OUR CUSTOMERS**

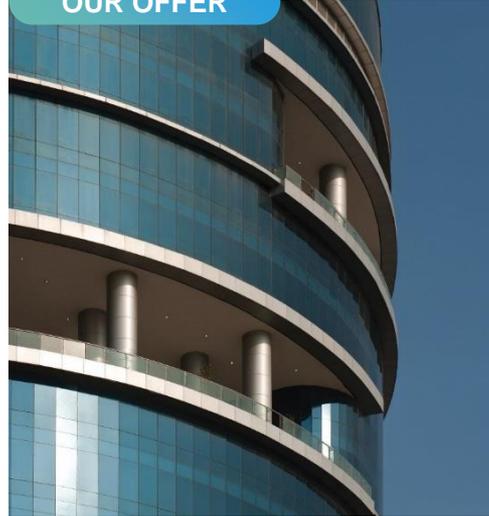


**In Brazil: sales teams for each  
sales channel**



**ACCELERATED  
DEVELOPMENT OF**

**OUR OFFER**



**In India: a leading role for Glass in  
business referrals, benefiting our  
entire offer**



**FURTHER INNOVATION  
& CO-DEVELOPMENT**



**An integrated team  
to serve the aerospace market**



# IN-DEPTH CULTURAL CHANGE

## Committed teams



- ▶ **80%** of CEOs native to their country
- ▶ **Empowering incentives**

## Agile operating processes



- ▶ **Simplification** of internal processes
- ▶ **Quick decisions** close to the field

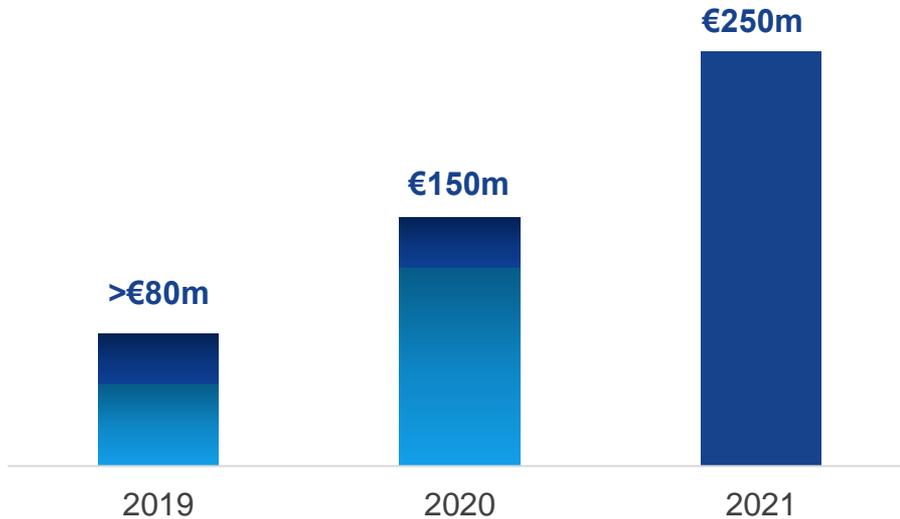
## Strong buy-in



- ▶ **76%** of staff convinced that “Transform & Grow” will bring **more growth and profitability**

# FASTER THAN EXPECTED DEPLOYMENT

## Accelerated “Transform & Grow” savings



- **>€80m in savings in 2019** (>€50m announced) of which €35m at end-June
- **2020 target: €150m** (€120m announced)

## Additional operational levers



**Streamlined** organizations



**Leaner** central and support functions



**Synergies and optimization** within countries and markets

**1,000 operational levers identified**  
(700 in February)

# DIGITAL TRANSFORMATION WELL UNDERWAY



Customer services



Industry 4.0



Digital construction



New ways of working



# AGILE AND EFFECTIVE OPERATIONAL EXCELLENCE PROGRAMS



Sekurit plant in Mexico



Vaujours gypsum plant in France



Brodrene Dahl logistics center in Norway



Express delivery by La Plateforme du Bâtiment in France



## Excellence at the heart of our operations

- Industrial performance
- Logistics efficiency
- Procurement savings

# INVESTMENTS FOCUSED ON GROWTH



New adhesives coating line for electric vehicle batteries in **China**



Extension of an Industry Construction site in **Mexico**



5<sup>th</sup> Mortars plant in **Indonesia**



New facility for the **Life Sciences** market in South Korea



+4 Mortar lines in **Africa** (13 in total) Ethiopia, Angola, Zimbabwe, Ghana



Expansion of the stone wool production line in **Romania**

# SWIFT EXECUTION OF PORTFOLIO MANAGEMENT

## Divestments

>€2.8bn in sales (closed or signed) at end-July



Pipe China,  
Xuzhou plant



Glassolutions  
United Kingdom,  
Sweden-Norway



Silicon carbide



Building  
Distribution  
Germany



DMTP  
France



Optimera  
Denmark

## Acquisitions

10 at end-July



Plaka Comex  
(Mexico)

Aswell  
(Argentina)

Gypsum



Pritex  
(Mobility)



American Seal &  
Engineering Co.  
(Mobility)



Norton Ceilings  
(North America)

## “TRANSFORM & GROW” CONCLUSION

- » Ahead of our growth synergies
- » Ahead of our €250m savings target by 2021:
  - +60 bp operating margin impact
- » Ahead of our divestment target of >€3bn in sales by the end of 2019:
  - already >+40 bp full-year operating margin impact

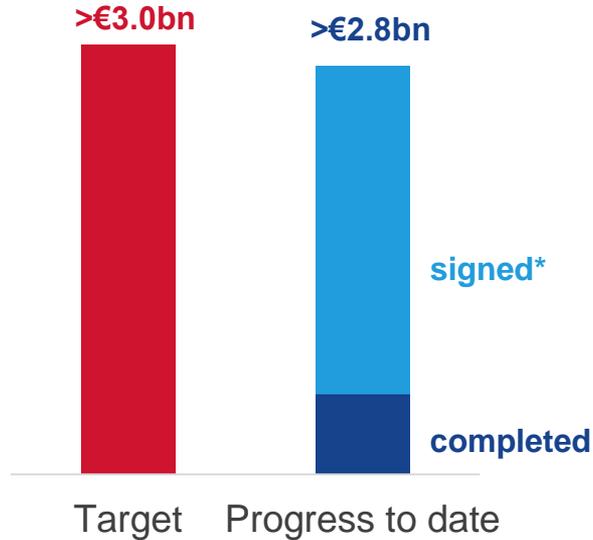


## SIGNIFICANT ACCELERATION IN GROWTH

**>100 BP INCREASE  
IN OPERATING MARGIN BY 2021**

# EXTENDED REVIEW OF OUR PORTFOLIO

## Divestment program



- **Continuation of the strategic review without any taboos** within the scope of the new organization, which will lead to an **additional dynamic of divestments and acquisitions**

*\* Including the start of exclusive negotiations for the sale of DMTP in France*





SAINT-GOBAIN

MATERIALS THAT POWER LIFE



## IMPORTANT DISCLAIMER – FORWARD-LOOKING INFORMATION

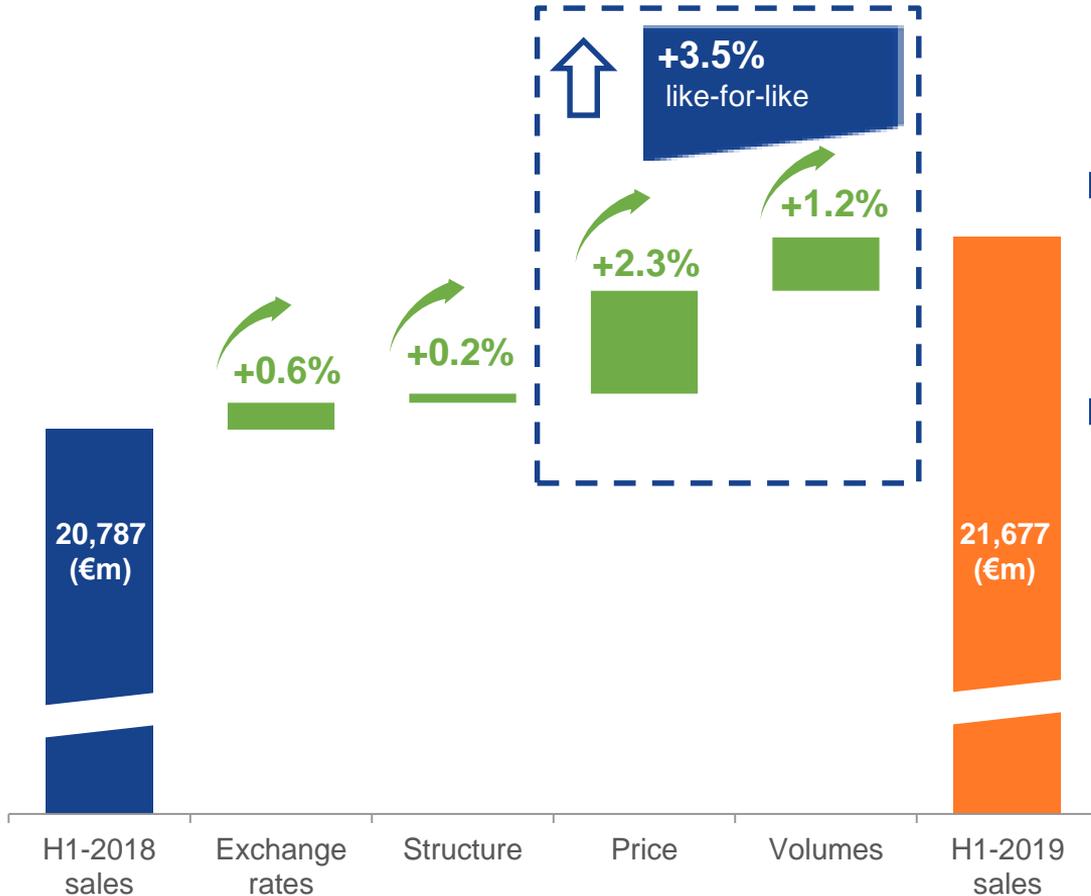
*This presentation contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar 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](http://www.saint-gobain.com)). 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.*



## ADDITIONAL SLIDES

1. H1 2019 RESULTS
2. OTHER

# ORGANIC GROWTH AT 3.5%



**Group +4.3%**  
actual

- **Exchange rates:** appreciation of **US dollar** but depreciation of **Brazilian real**, **Nordic krona** and other **emerging country** currencies
- **Structure**  
**Divestments:** Pipe China (Xuzhou), silicon carbide, glazing installation operations in the UK and glass processing in Sweden and Norway  
**Acquisitions:** Join Leader, Kaimann, Hunter Douglas

# OPERATING INCOME AND INDUSTRIAL ASSETS BY SEGMENT

Breakdown of H1-2019  
Operating income

Industrial assets  
at June 30, 2019

Asia-Pacific

Asia-Pacific

Americas

Americas

HPS

HPS

15%

16%

31%

20%

21%

29%

28%

28%

Southern  
Europe - ME  
& Africa

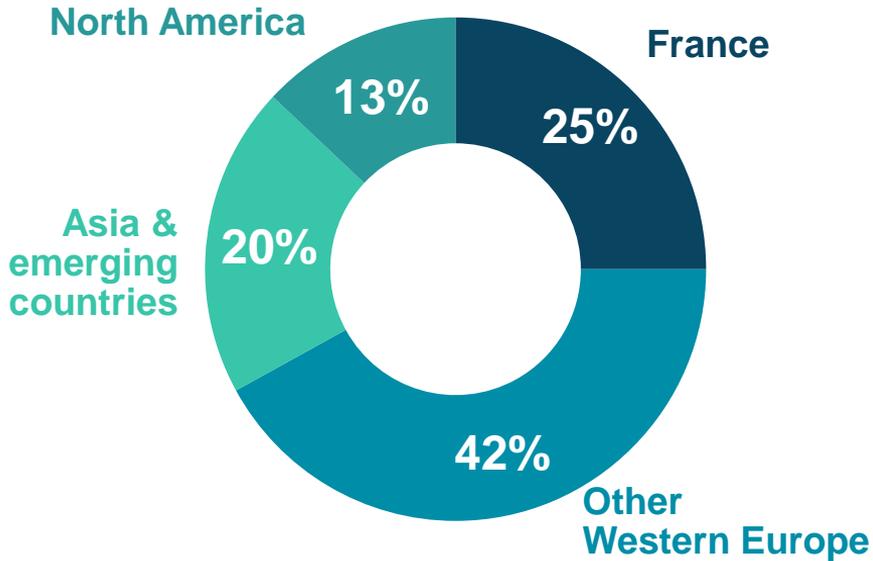
Southern Europe -  
ME & Africa

Northern  
Europe

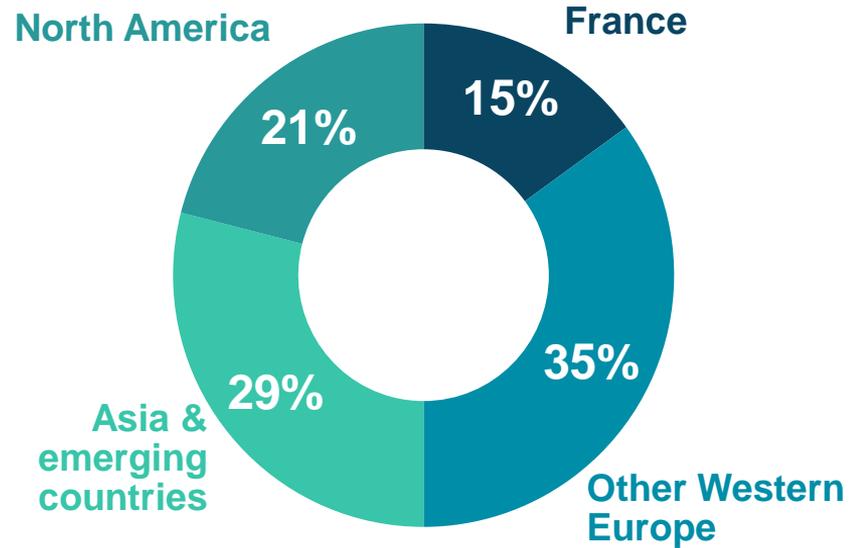
Northern  
Europe

# SALES AND OPERATING INCOME BY GEOGRAPHIC AREA

Breakdown of H1-2019  
Sales

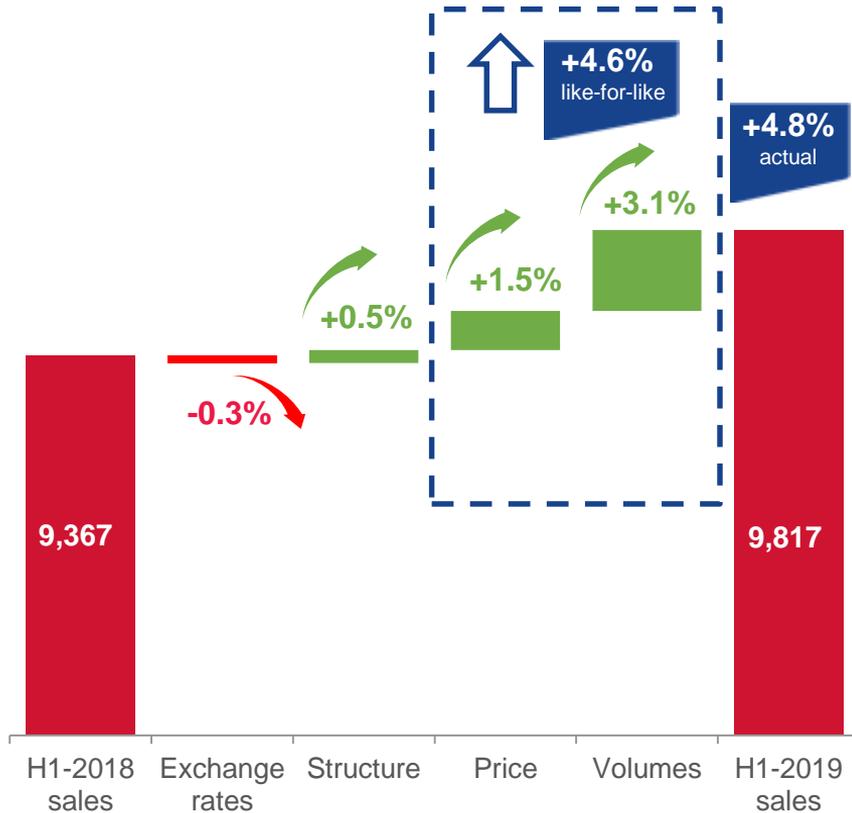


Breakdown of H1-2019  
Operating income

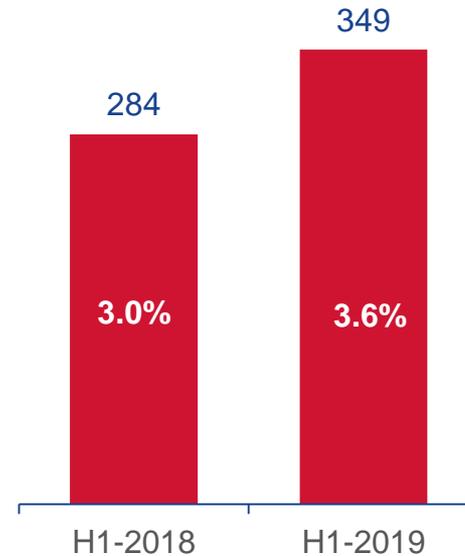


# BUILDING DISTRIBUTION EUROPE

Sales (€m)



Operating income (€m) and margin (%)



# OUTSTANDING CLAIMS

## Abestos-related litigation in the US

- **~US\$ 69m** paid out over the 12 months to end-June 2019 (*versus US\$ 67m at end-2018*)
- **€45m** accrual to the provision in H1 2019, bringing the total balance sheet provision to US\$ 584m at end-June 2019 (*US\$ 568m at end-2018*)

	H1-2018	FY-2018	H1-2019*
New claims	1,300	2,600	1,300
Settled claims	1,500	4,300	1,200
Outstanding claims	34,100	32,600	32,700

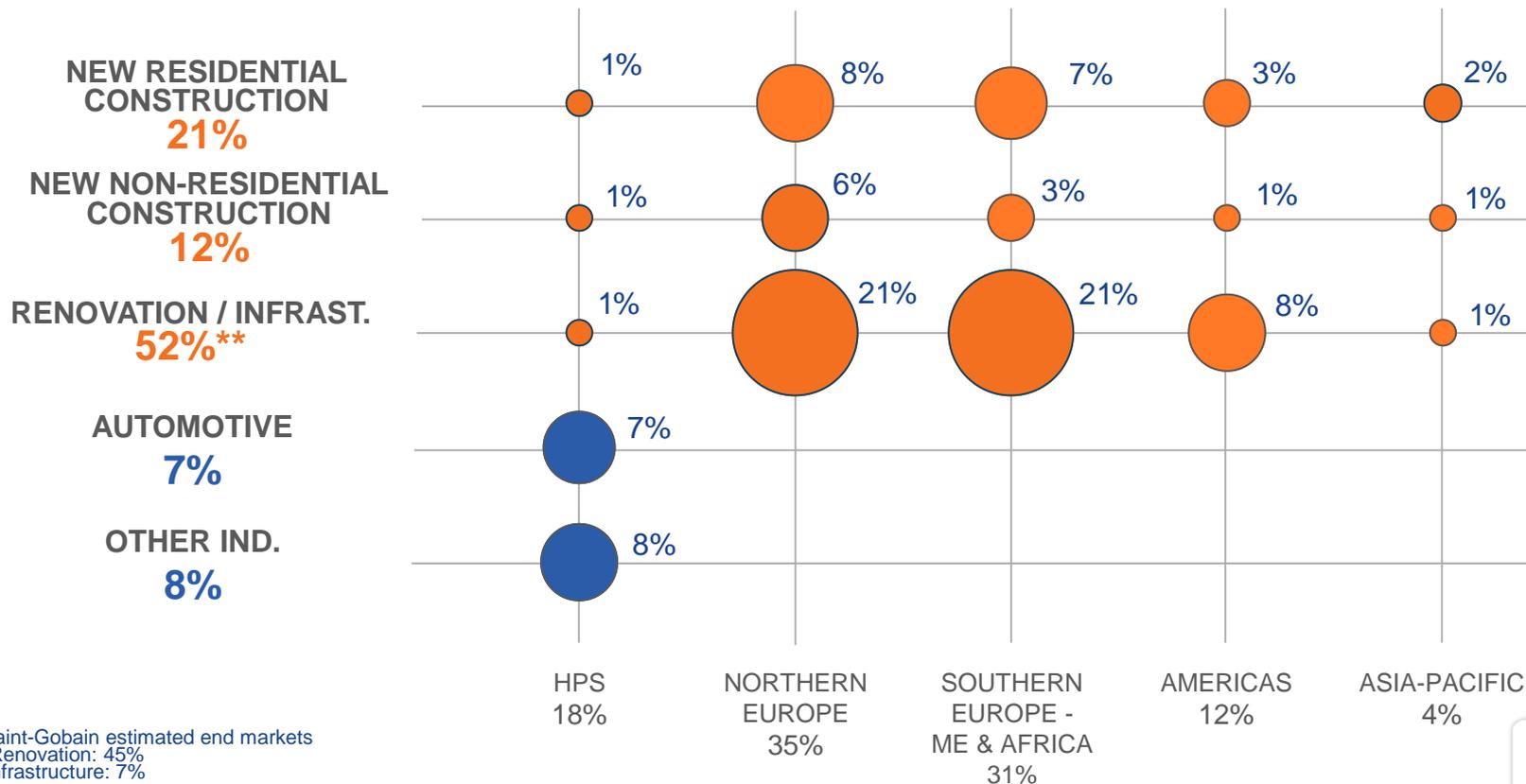
\* estimated



## ADDITIONAL SLIDES

1. H1 2019 RESULTS
2. OTHER

# END MARKETS\*



\* Saint-Gobain estimated end markets

\*\* Renovation: 45%  
Infrastructure: 7%

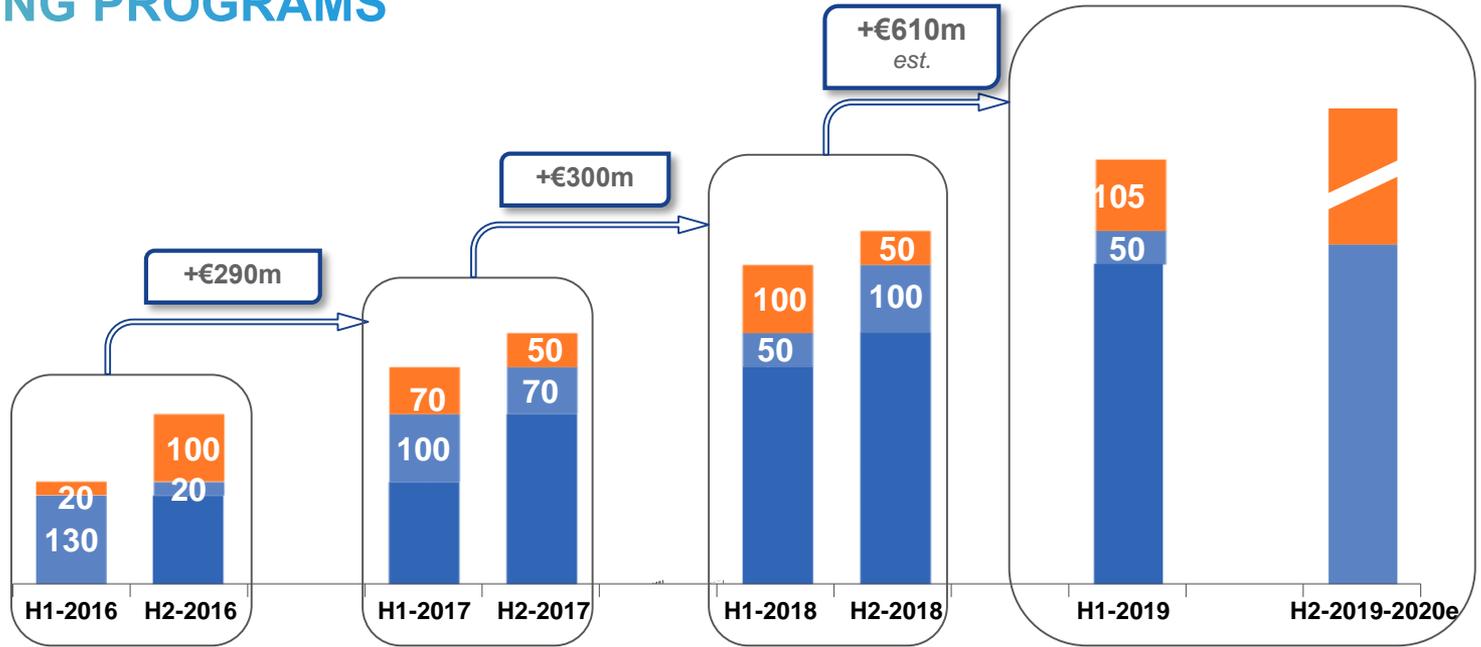


# COST CUTTING PROGRAMS

€1,200m for 2017-2020



€250m for 2019-2021

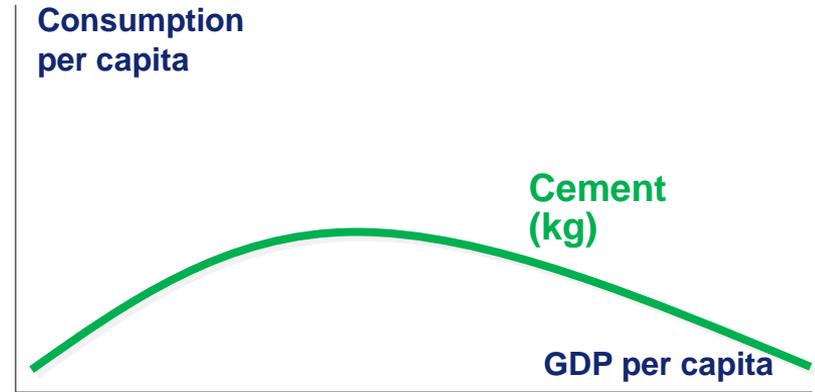
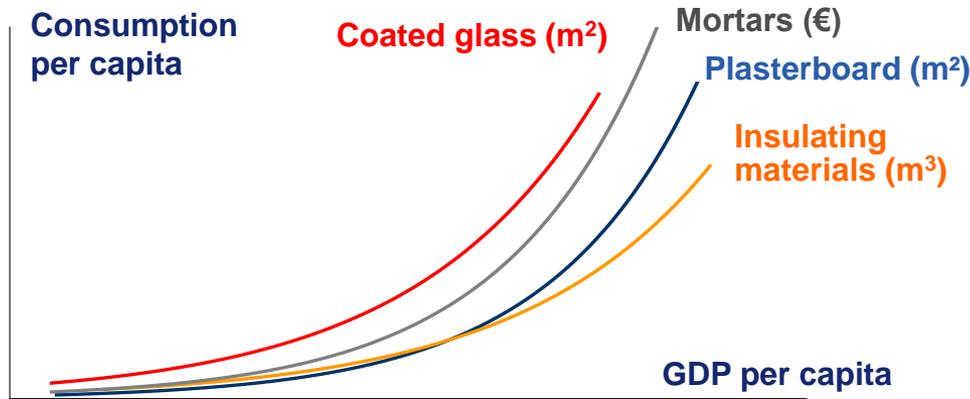


Additional savings of €250m for 2019-2021 resulting from the “Transform & Grow” program

# UNIQUE, ATTRACTIVE POSITIONING GROWING MARKETS

- Technical solutions for tomorrow's homes

## CONSUMPTION PER CAPITA BASED ON WEALTH



- Solutions promising energy efficiency for buildings