



OCTOBER 2020

# RECENT RESULTS AND OUTLOOK





01

**NINE-MONTH SALES AND OUTLOOK**

02

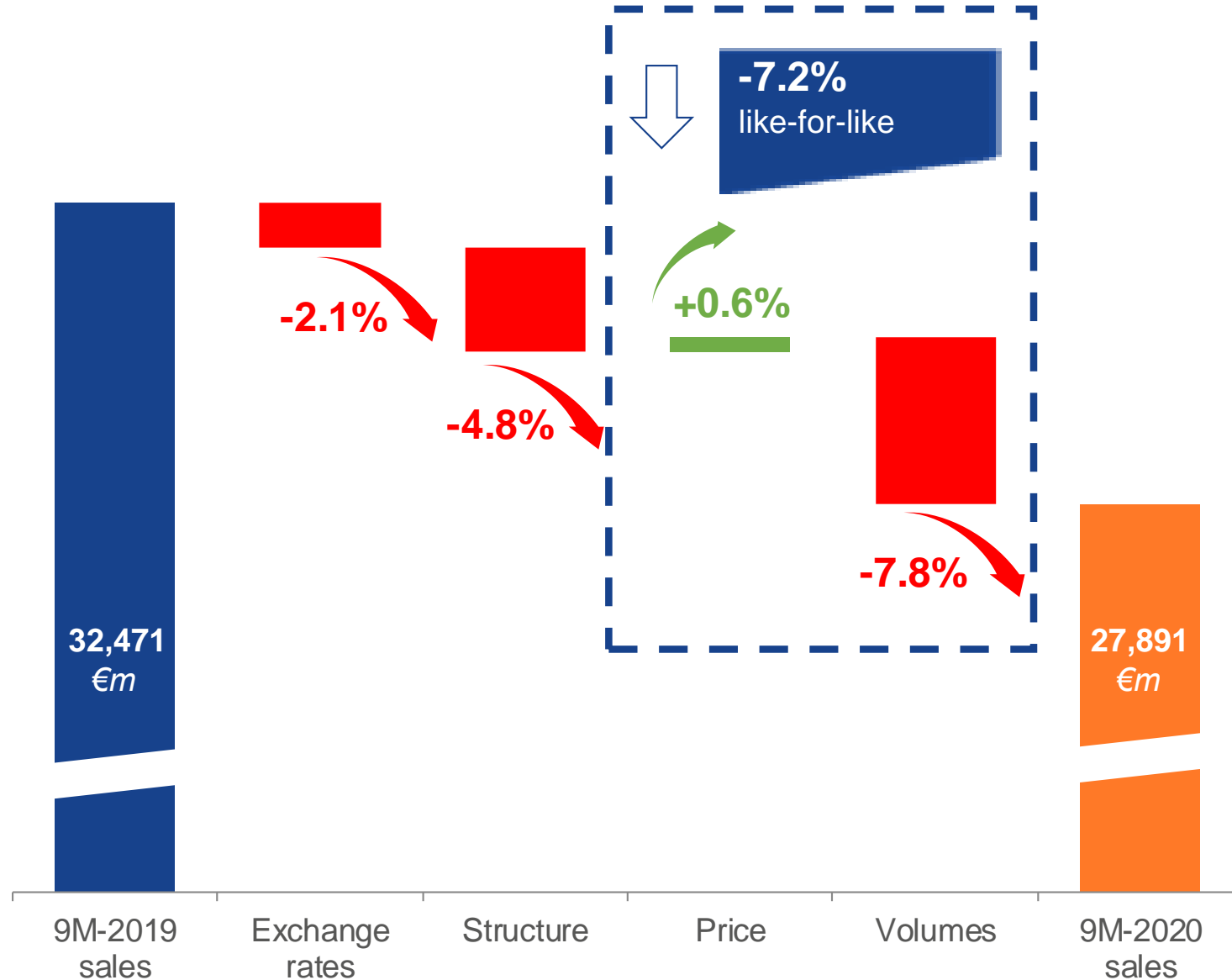
**CRISIS MANAGEMENT AND STRATEGY  
ANNOUNCED IN H1 2020**

03

**H1 2020 RESULTS**

# ORGANIC GROWTH AT END OF SEPTEMBER

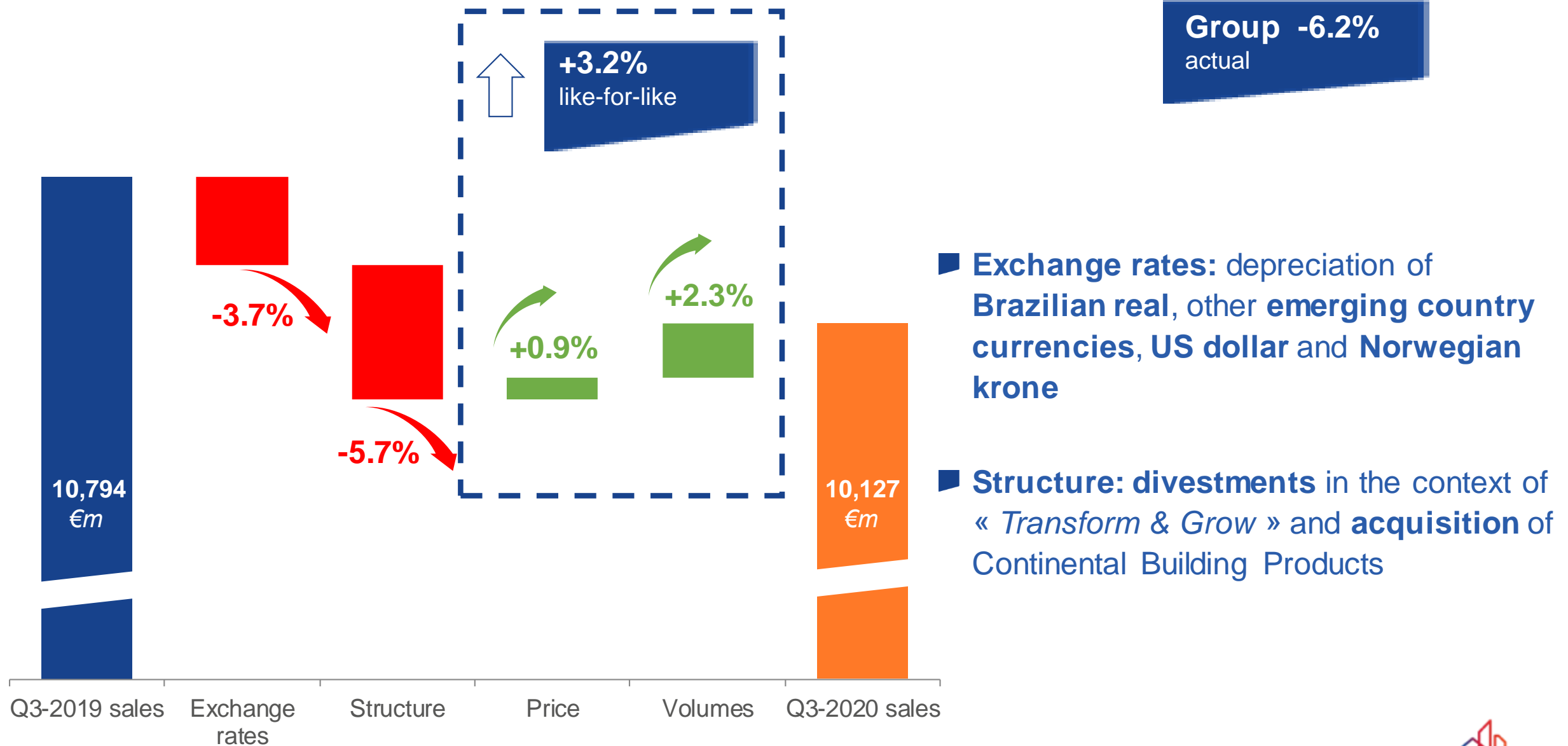
**Group -14.1%**  
actual



■ **Exchange rates:** depreciation of **Brazilian real**, other **emerging country** currencies and **Norwegian krone**

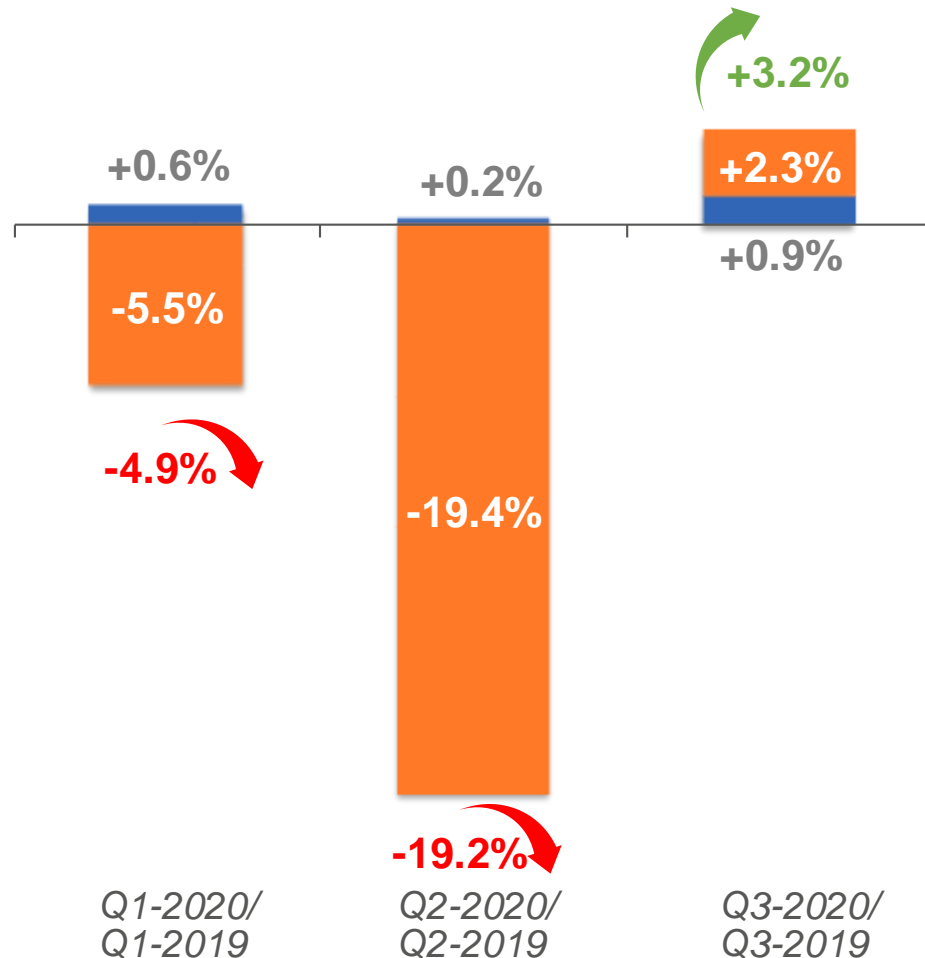
■ **Structure:** divestments in the context of « *Transform & Grow* » and **acquisition** of Continental Building Products

# STRONG RALLY IN ORGANIC GROWTH IN THE THIRD QUARTER



# SALES RETURNING TO NORMAL LEVELS IN THE THIRD QUARTER

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



Prices



Volumes

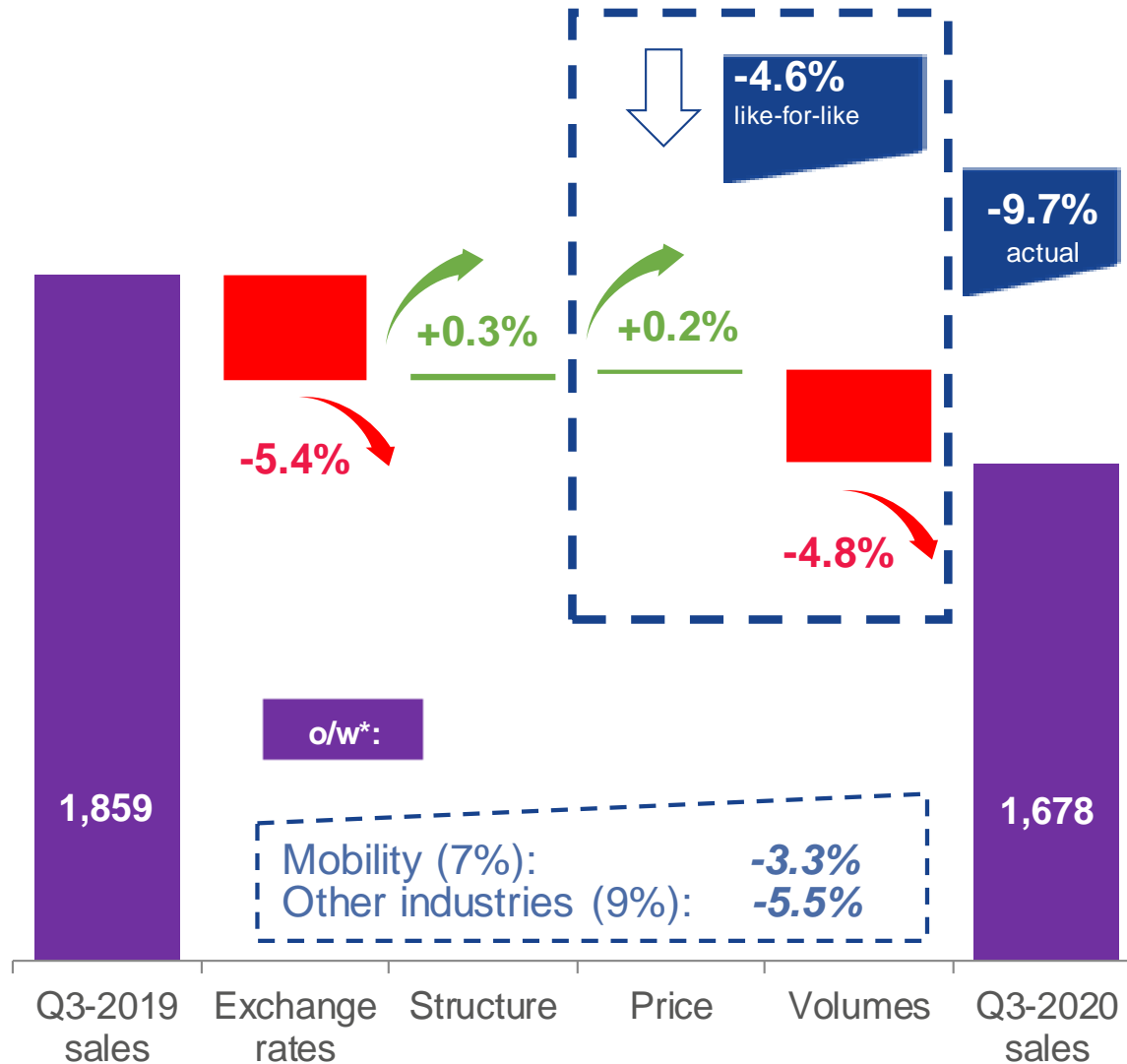


- After hitting a **low in April** at 60% of 2019 levels, Group sales **rallied steadily, returning to normal levels** in most countries in the third quarter
- **Prices up 0.9%** in a slightly deflationary environment for industrial businesses

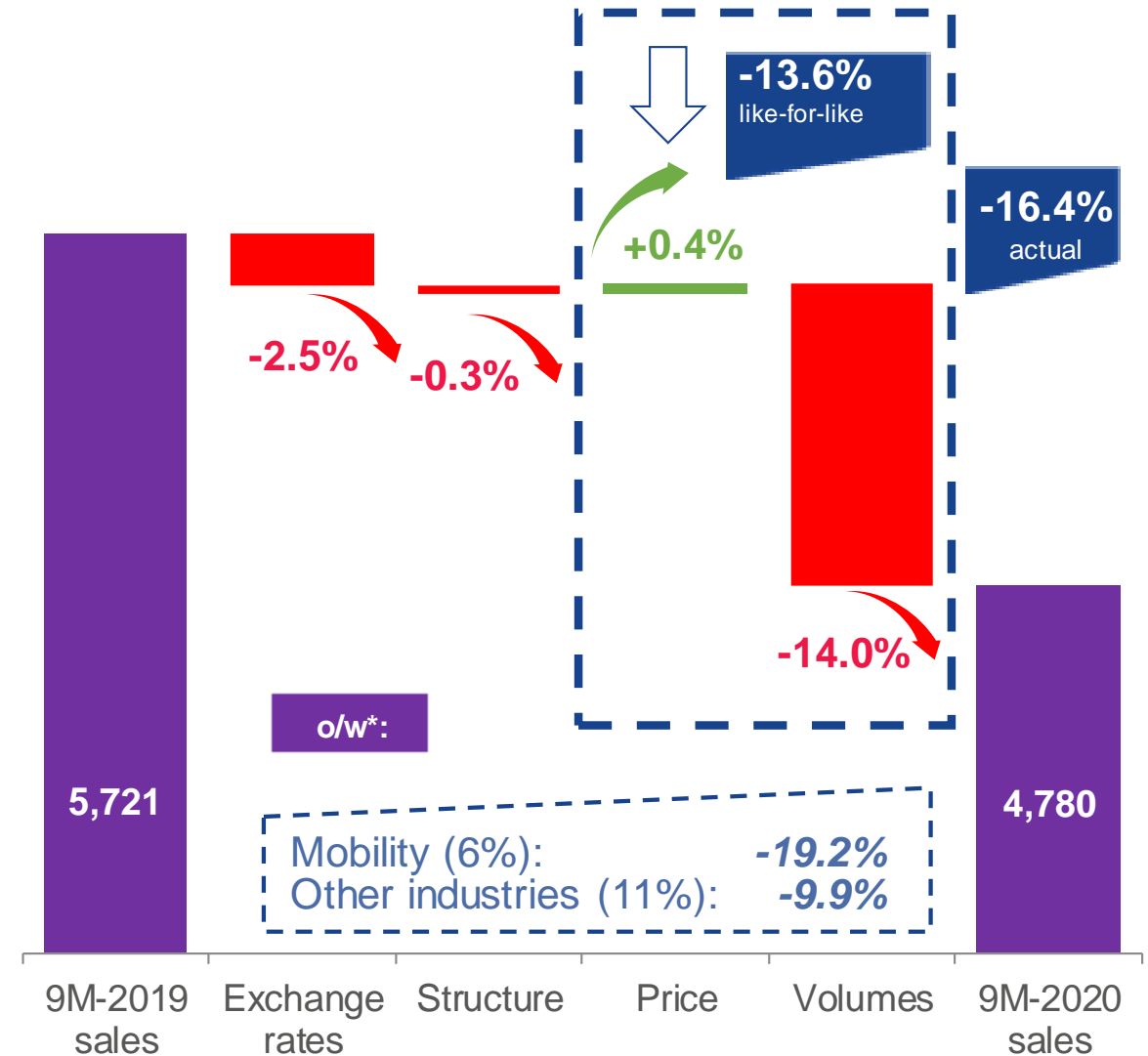


# HIGH PERFORMANCE SOLUTIONS: IMPROVEMENT IN SALES IN THE THIRD QUARTER AT -4.6%

Sales in Q3 (€m)



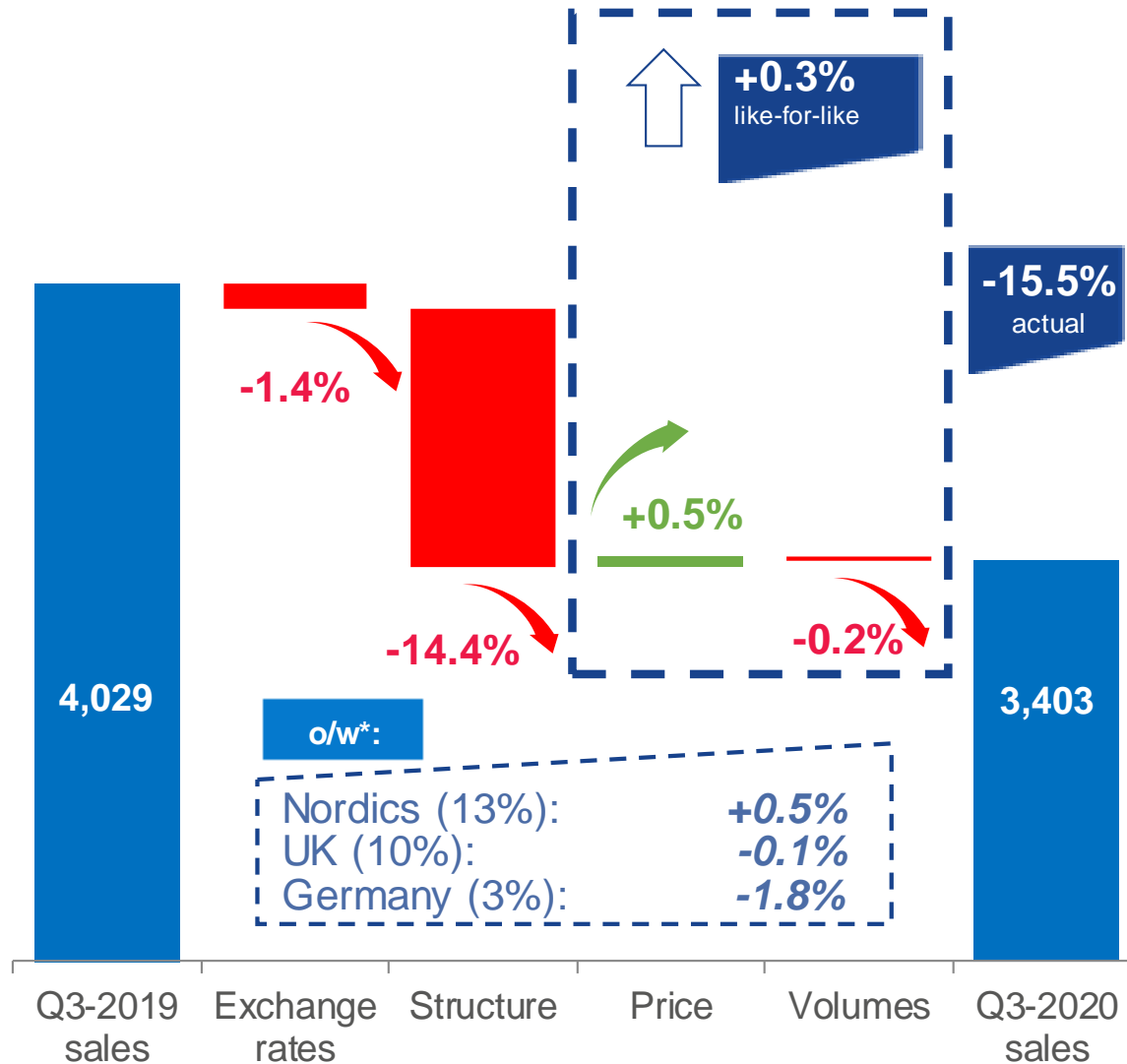
Sales at end of September (€m)



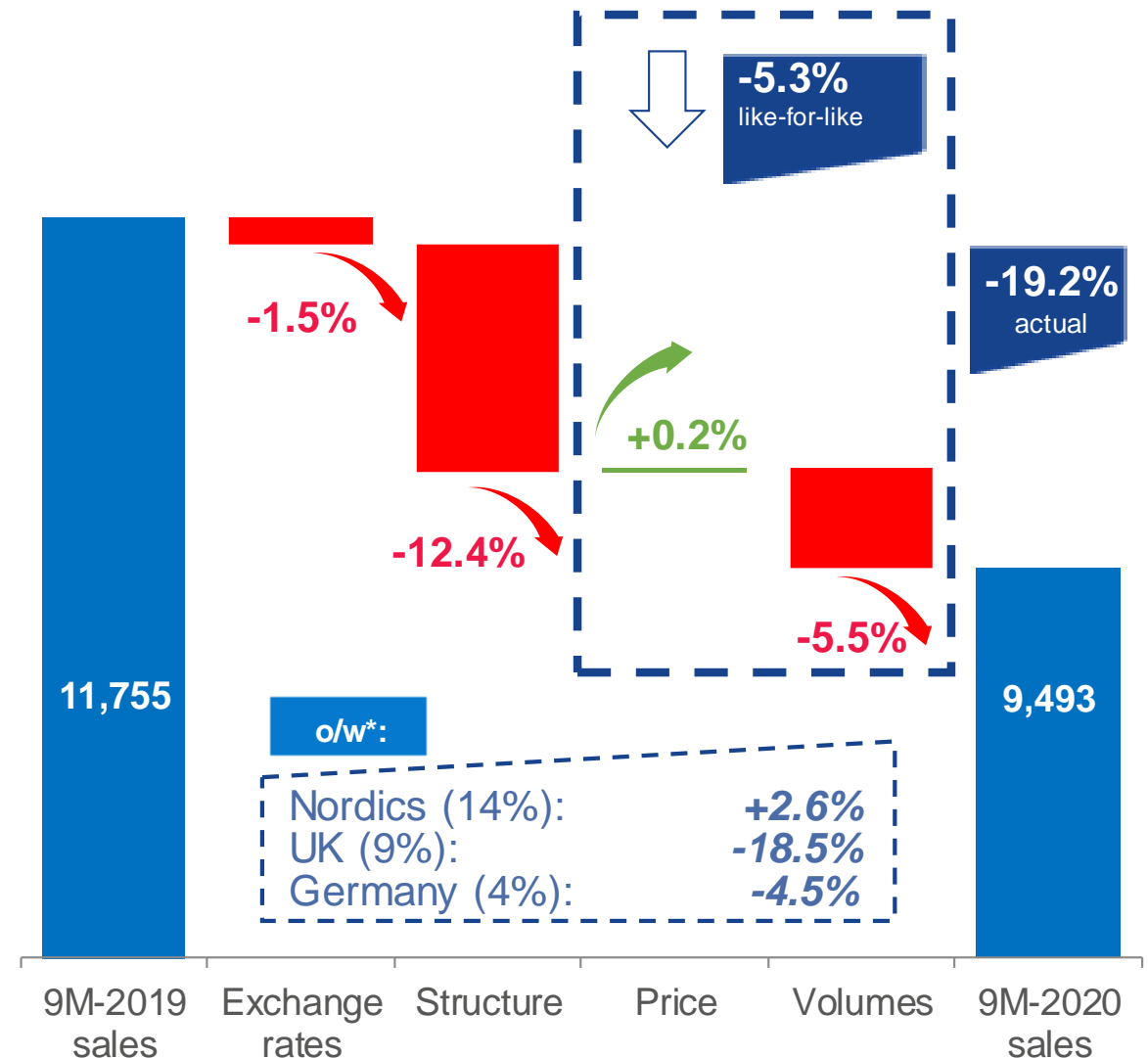
\* Sales by segment: as a % of Group total and like-for-like growth

# NORTHERN EUROPE: TRADING GETTING BACK TO NORMAL AND SLIGHT GROWTH IN SALES IN THE THIRD QUARTER, UP 0.3%

Sales in Q3 (€m)



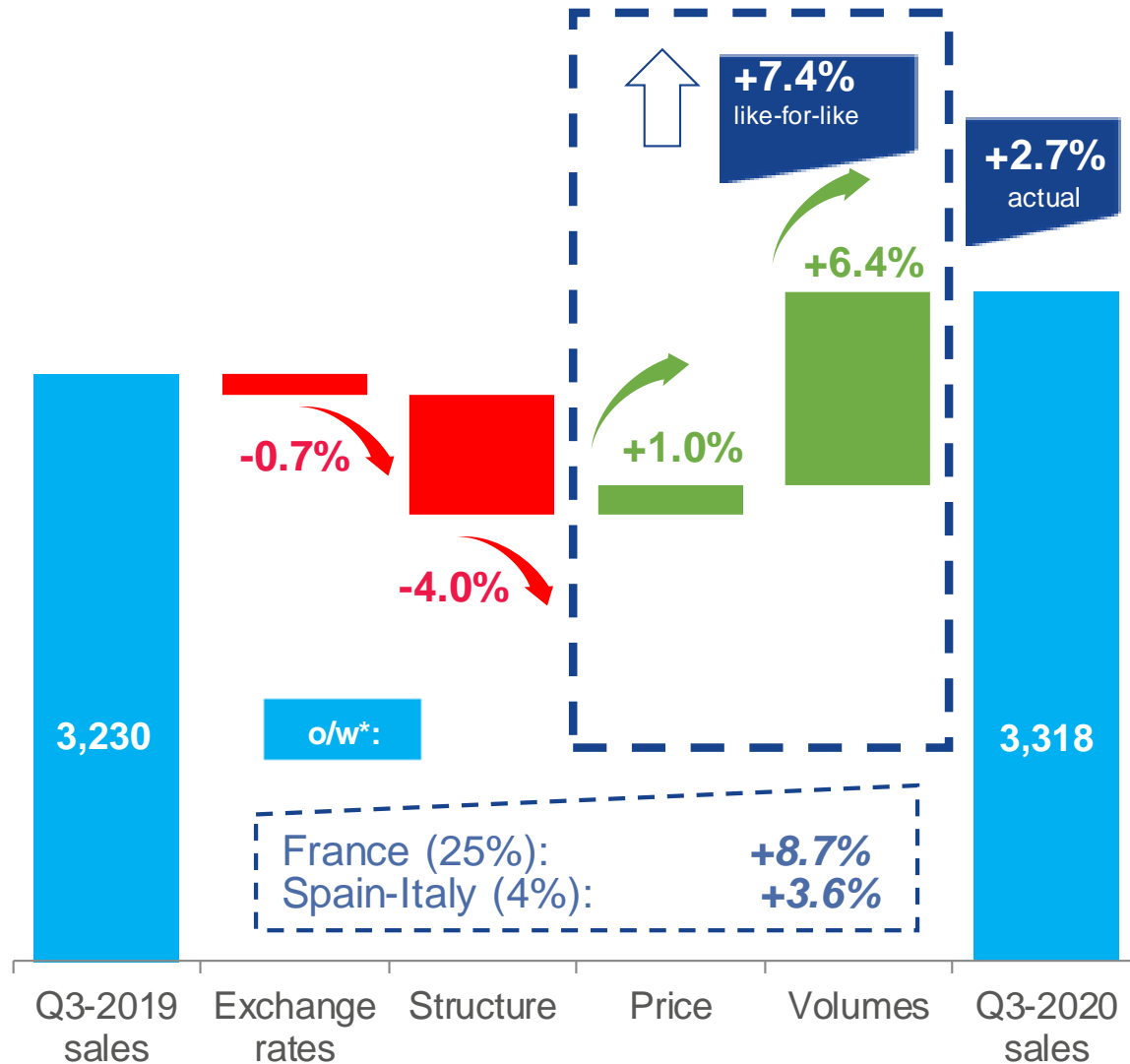
Sales at end of September (€m)



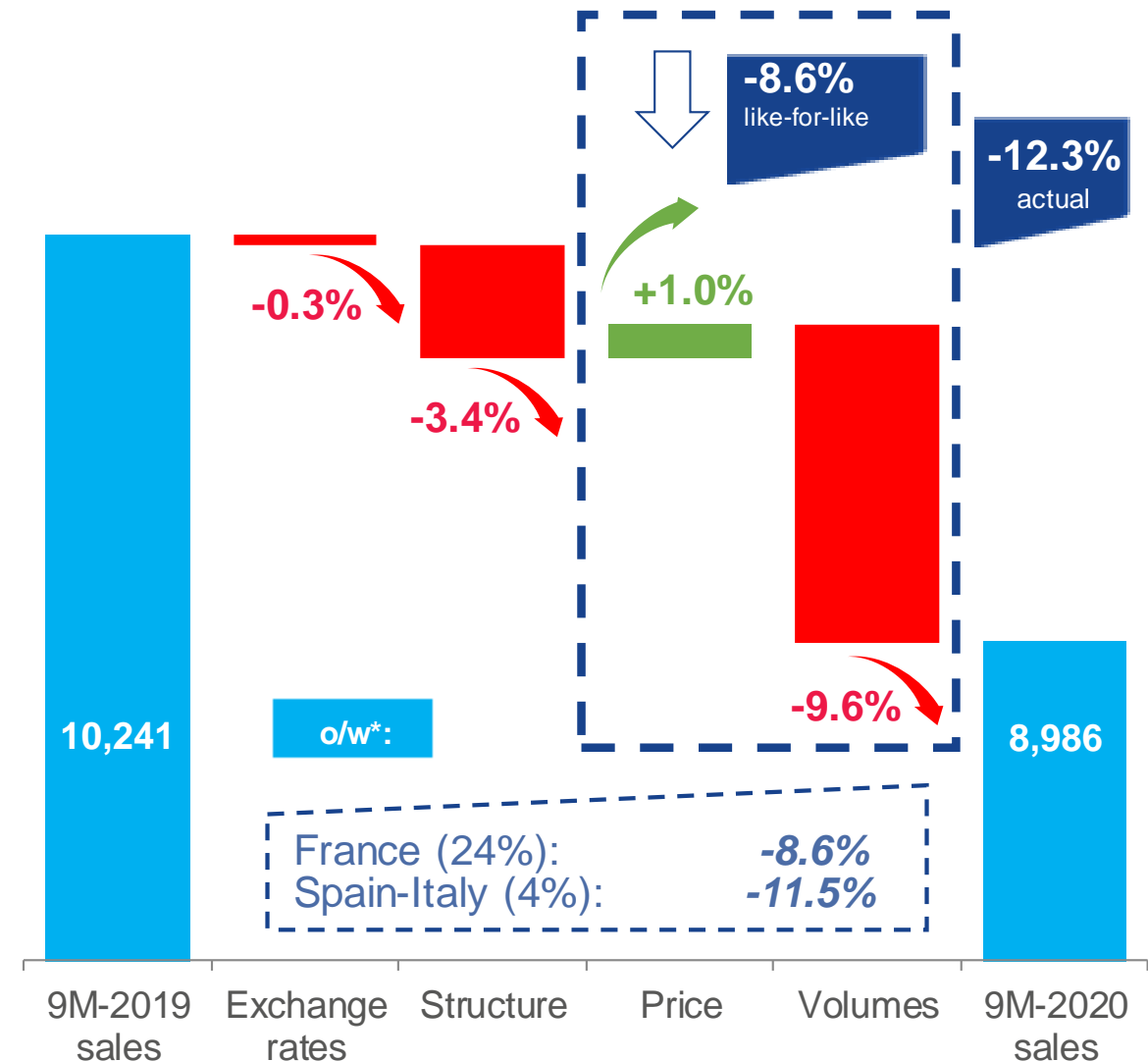
\* Sales by country: as a % of Group total and like-for-like growth

# SOUTHERN EUROPE - ME & AFRICA: CLEAR UPTURN IN SALES IN THE THIRD QUARTER, UP 7.4%

Sales in Q3 (€m)



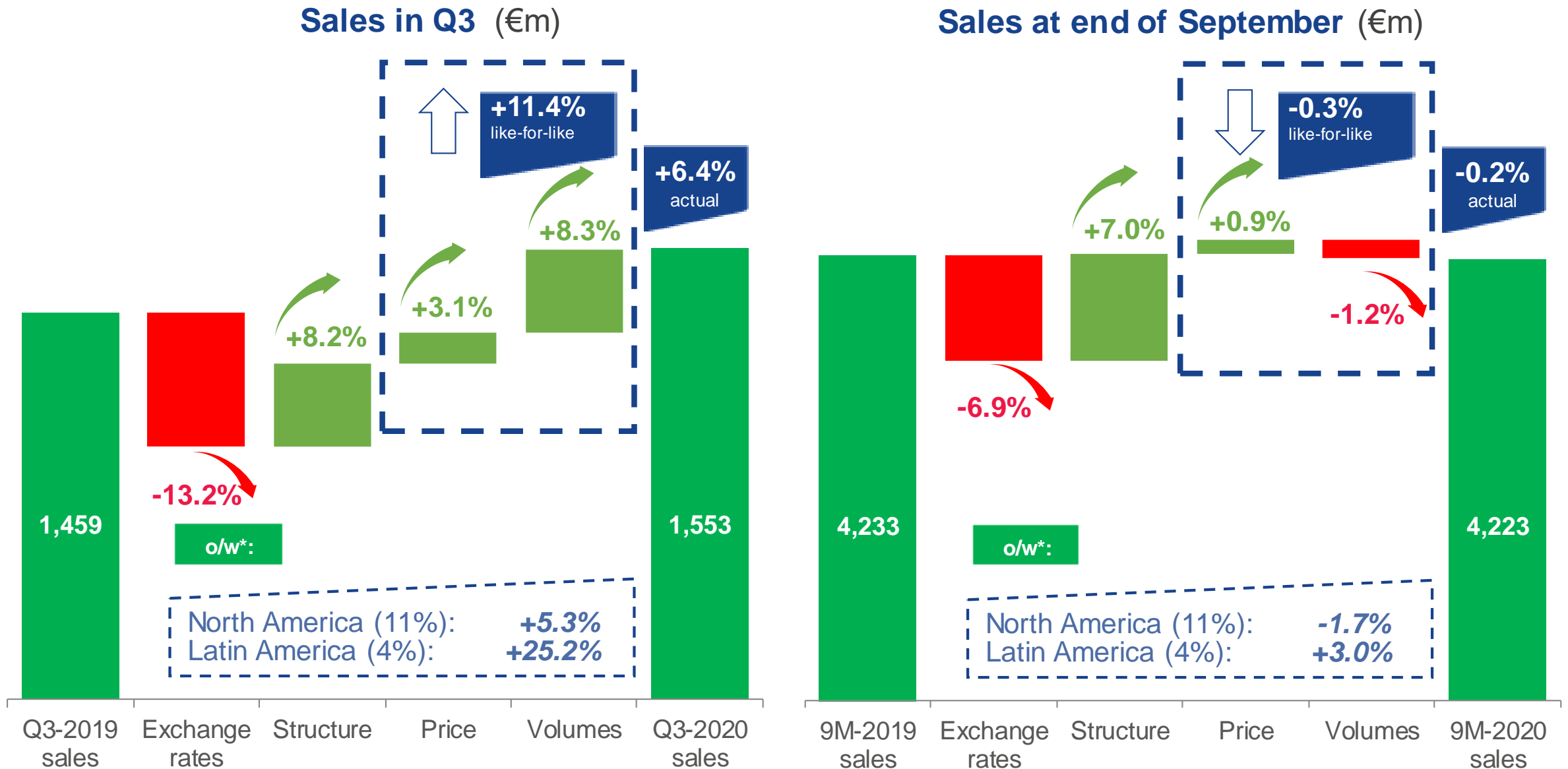
Sales at end of September (€m)



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

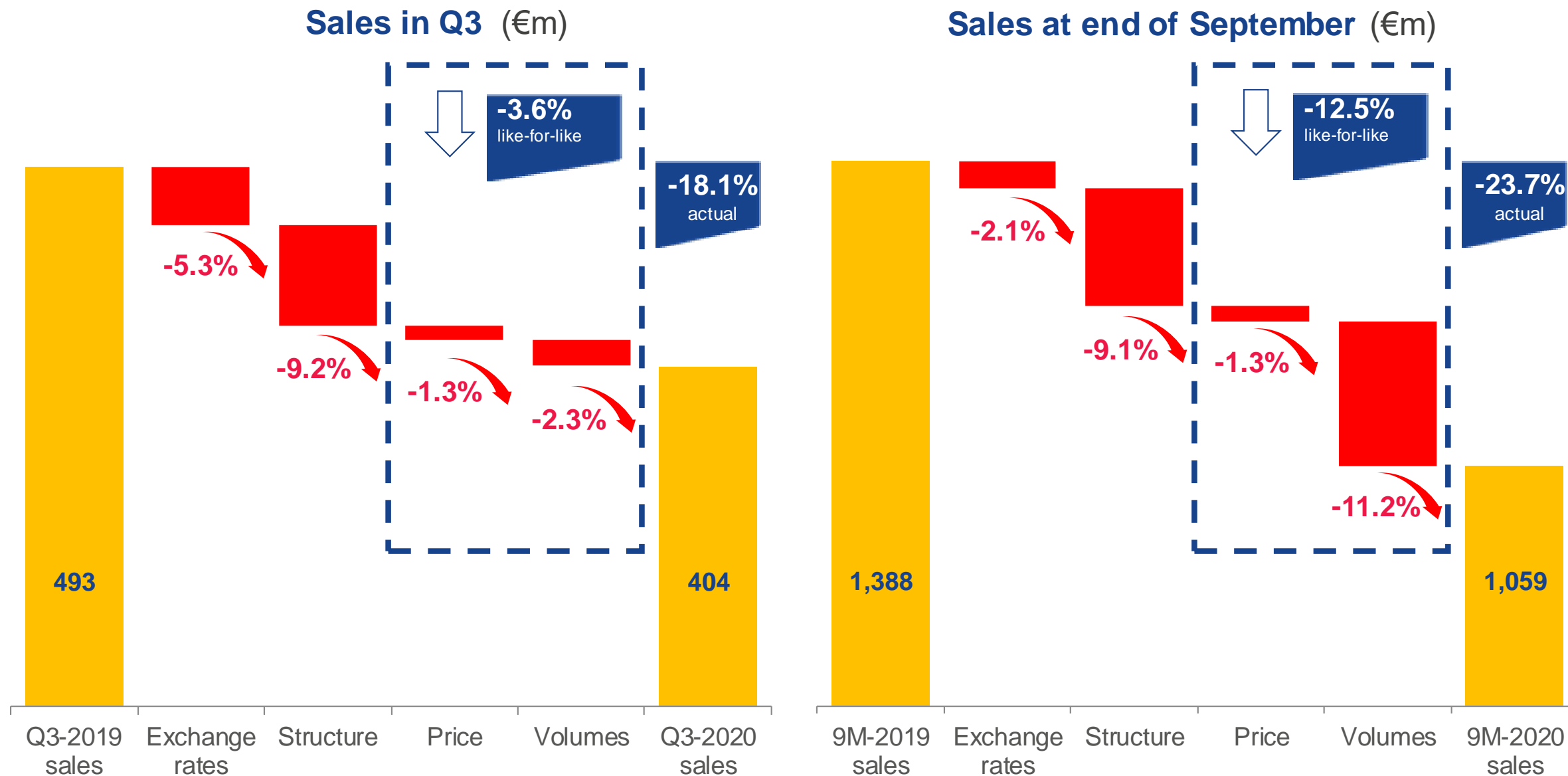


# AMERICAS: STRONG SALES GROWTH WITH A DOUBLE-DIGIT RISE IN THE THIRD QUARTER



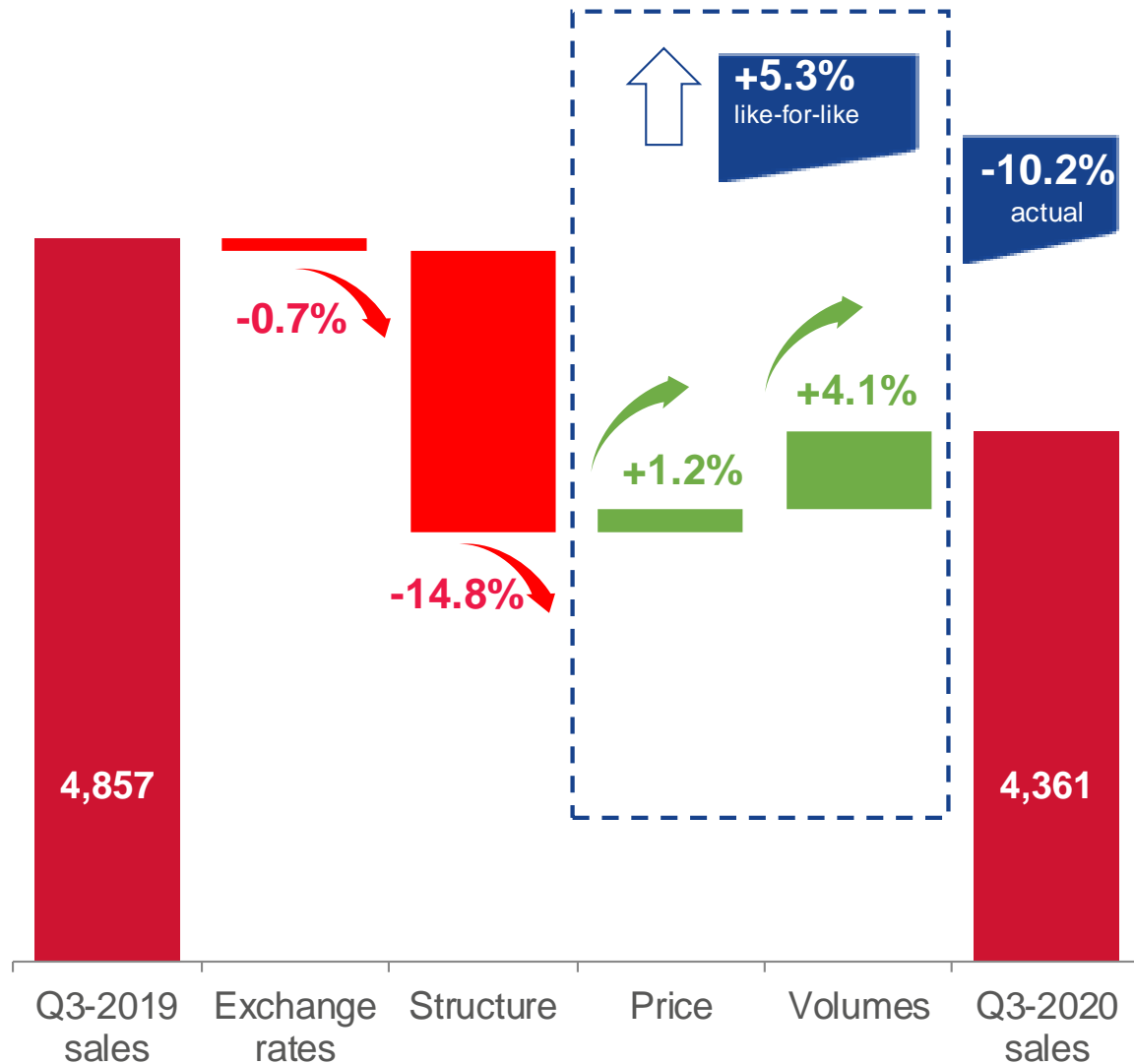
\* Sales by sub-region: as a % of Group total and like-for-like growth

# ASIA-PACIFIC: GRADUAL RALLY WITH SALES GROWTH IN SEPTEMBER

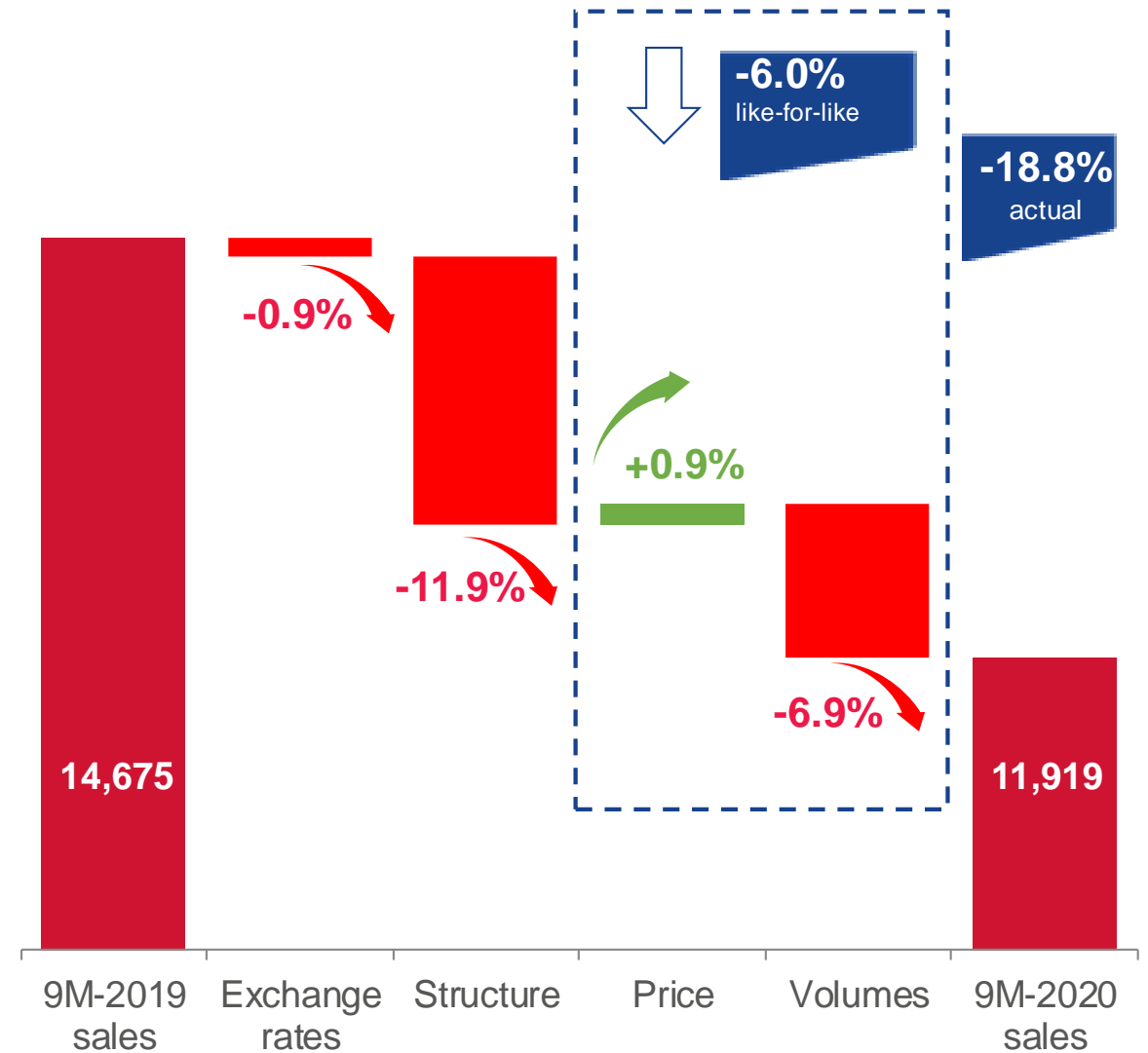


# BUILDING DISTRIBUTION EUROPE: GOOD RECOVERY IN SALES IN THE THIRD QUARTER, UP 5.3%

Sales in Q3 (€m)



Sales at end of September (€m)



# PRIORITIES

- » **Ensure the health and safety of all** in a health environment which remains very challenging
- » **Enhance the Group's profitable and sustainable growth profile**
  - Continuation of its portfolio optimization as part of "Transform & Grow"
  - Strategy of differentiation and innovation with enhanced data, digital and customer productivity, as well as new services to adapt our solutions to the needs of the post-coronavirus world
  - Comprehensive portfolio of green solutions produced or distributed by Saint-Gobain
- » **Continue to implement operational measures to optimize earnings and the operating margin**
  - Unlock sales synergies made possible by the new organisation under "Transform & Grow"
  - Continue to optimize the price-cost spread
  - Reduce costs in the context of additional post-coronavirus adaptation measures: €200m in full-year savings by 2021, including €50m in H2 2020
  - Additional "Transform & Grow" cost savings: €130m in 2020, including €50m in H2 2020, enabling the Group to meet its €250 million target a year earlier than planned
  - Continue the operational excellence program aimed at offsetting wage inflation and other fixed costs: €300m in 2020, including €155m in H1 2020
- » **Increase free cash flow generation**
  - Reducing capital expenditure by more than €500 million in 2020 versus 2019
  - Continuing to optimize working capital requirement
- » **Maintain a strong balance sheet**

## OUTLOOK 2020: TARGETS REVISED UPWARDS

- » **In fourth-quarter 2020**, amid a lack of visibility as to the impact of the coronavirus pandemic:
  - Saint-Gobain should benefit from ongoing favorable trends on most of its markets, particularly renovation, which accounts for around half of the Group's sales and is a market on which the Group is strategically very well positioned
  - The catch-up effect reported in certain countries in the third quarter should however diminish
  - The Group remains cautious as to the outlook for the UK ahead of Brexit, and for industrial markets, which are expected to remain down on 2019
- » **In terms of profitability**, the price increases implemented in the summer should result in an ongoing positive price-cost spread; the adaptation measures taken in the automotive segment in Europe and in the UK are progressing smoothly

**Based on our sales and results growth in the third quarter, the Group now expects a like-for-like increase in operating income for the second half 2020 compared to second-half 2019, excluding a major new impact from the recent health situation deterioration**

# CONCLUSION

- » The Group's extensive exposure to the renovation market means it is ideally placed to benefit from national and European **stimulus plans focused on the energy transition** which should support Saint-Gobain's structural growth
- » **Saint-Gobain's medium and long-term outlook** is robust thanks to its successful strategic and organizational choices: sustainability – thanks to our solutions to protect our planet while offering comfort and wellbeing – and enhanced customer performance. This strategy is perfectly in tune with the Group's purpose:







01

**NINE-MONTH SALES AND OUTLOOK**

02

**CRISIS MANAGEMENT AND STRATEGY  
ANNOUNCED IN H1 2020**

03

**H1 2020 RESULTS**

# OUR PRIORITIES IN MANAGING THE CRISIS

1

**Protect the health  
of our teams**

2

**Preserve  
liquidity  
and financial  
strength**

3

**Accelerate  
cost savings**

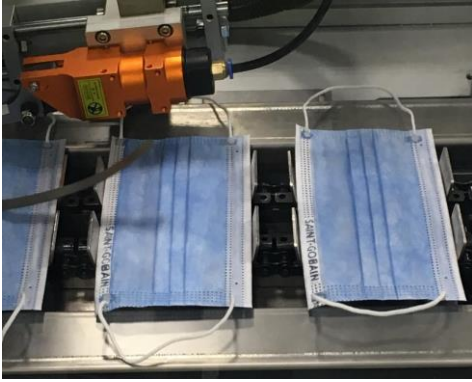
4

**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

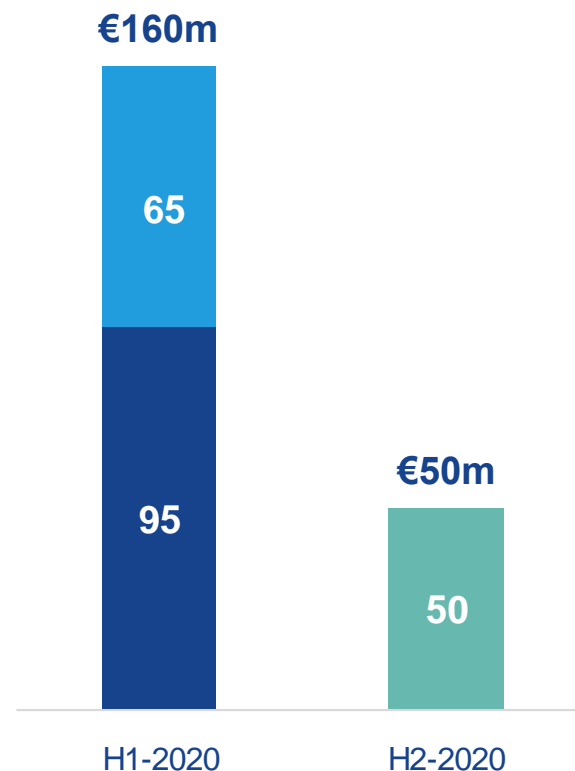
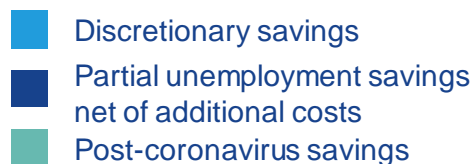
- €1.5bn bond issued March 26, in addition to a new syndicated credit line arranged on March 23
- Disposal of Sika stake: €2.4bn
- Sharp decrease in net debt: -€3bn

**A stronger financial position**

## PRIORITY 3: ACCELERATE COST SAVINGS

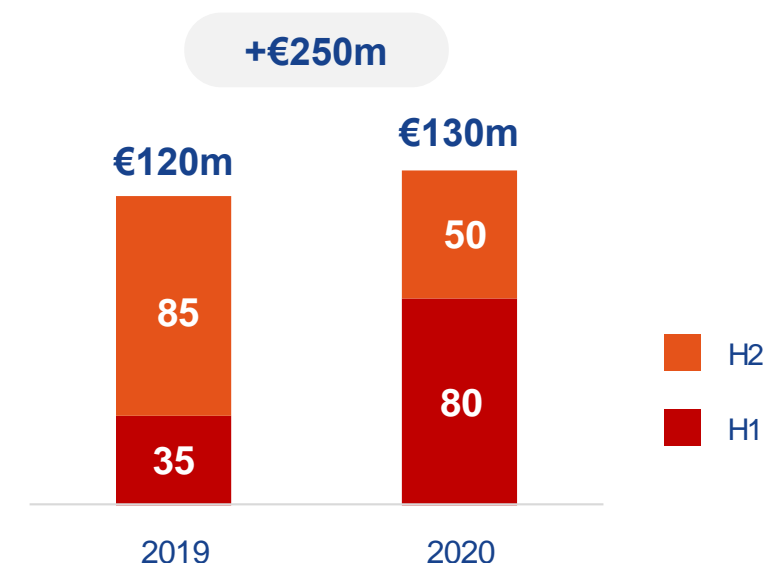
### Additional adaptation savings €200m in full-year 2021

- 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



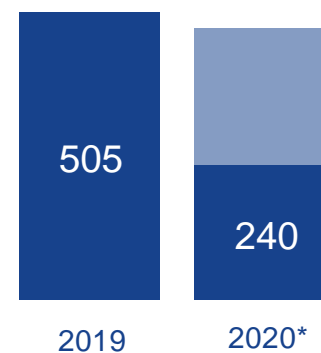
- **Gradual re-start of divestment processes** put on hold during the crisis

## Acquisitions

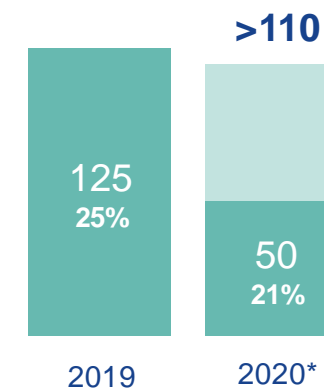
### *Integration of Continental Building Products*

- **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).



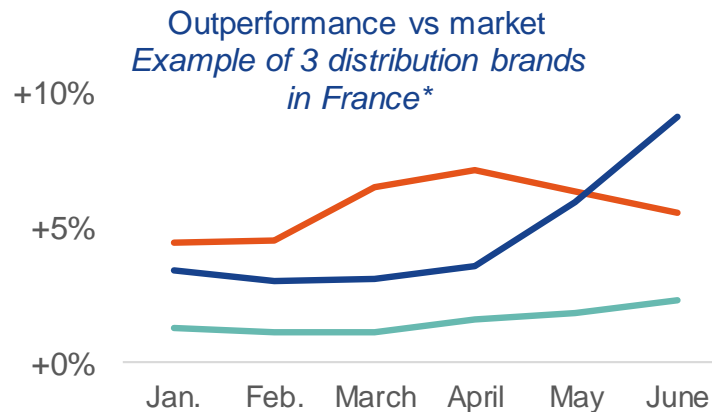
# PRIORITY 4: MAKE THE MOST OF THE RECOVERY

## 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

# 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% CO<sub>2</sub> 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  
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS GLOBAL  
2020

Member 2019/2020  
 **STOXX**  
ESG LEADERS INDICES

 **MSCI**  
2019 Constituent  
MSCI ESG  
Leaders Indexes

 **SUSTAINABLE  
DEVELOPMENT GOALS**

  
**SAINT-GOBAIN**

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

# SAINT-GOBAIN: OUR SOLUTIONS FOR SUSTAINABILITY

~60%

Sales contributing directly or indirectly to lower CO<sub>2</sub> 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% CO<sub>2</sub> 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



-  Mechanical ventilation
-  Glass wool
-  External thermal insulation composite systems (ETICS)
-  Double-glazed windows
-  Heat pump  
Thermodynamic boiler  
Water radiators with  
thermostatic valves

## Advantages\*

### Before renovation

### After renovation

€2,600  
yearly energy expense

-88 % → €320

Class G  
EPA<sup>1</sup>

+4  
classes → Class C

Class D  
GHG<sup>2</sup>

+3  
classes → Class A

<sup>1</sup> Energy performance analysis  
<sup>2</sup> 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"





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**H1 2020 RESULTS**

**A. GROUP**

**B. SEGMENTS**

# H1 2020 KEY FIGURES

Sales  
**€17.8bn**

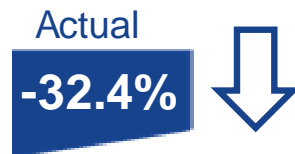


Operating income  
**€827m**



EBITDA  
**€1,635m**

EBITDA margin: 9.2%, -200bps



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



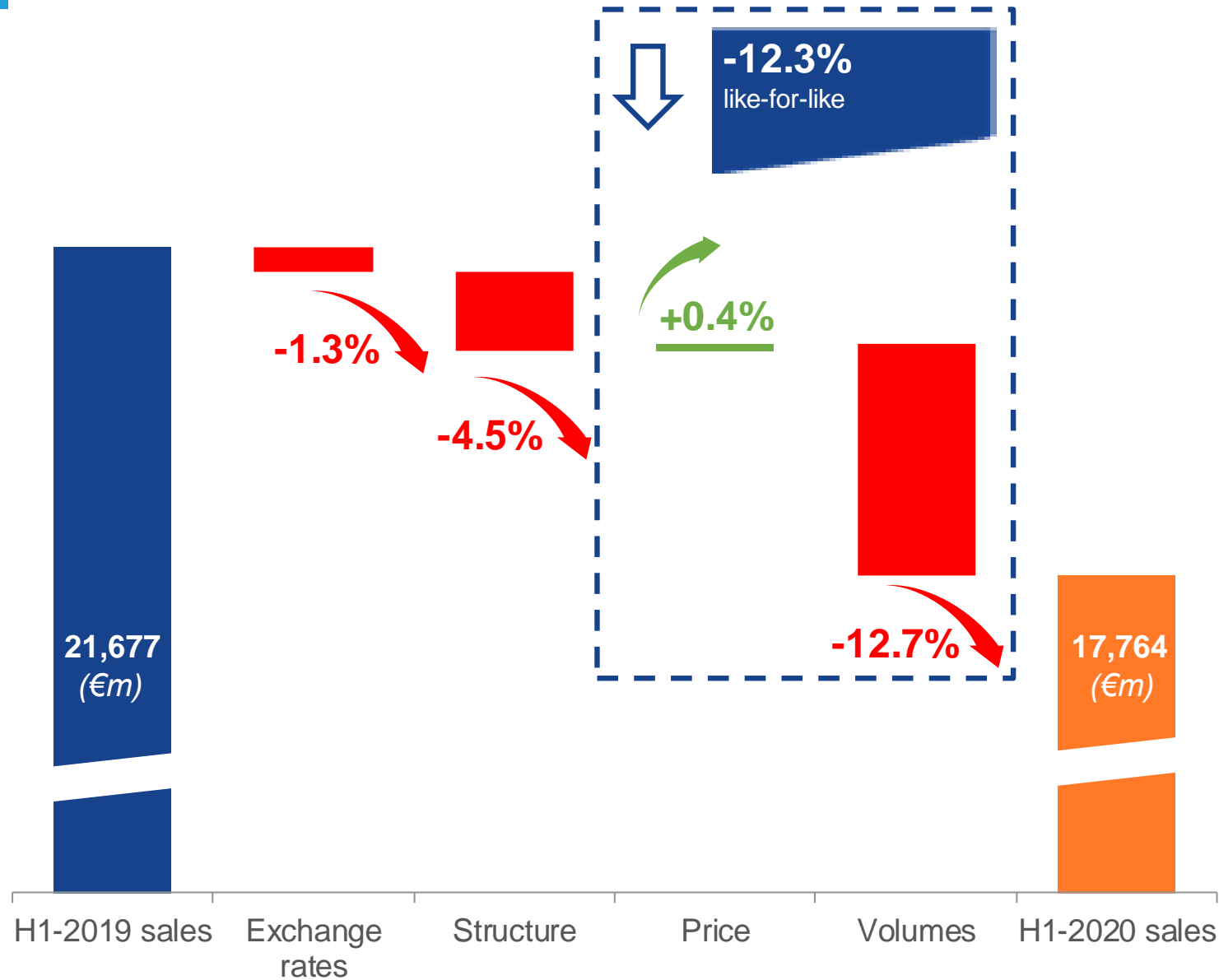
Net debt  
**€9,841m**



# 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

# ORGANIC GROWTH

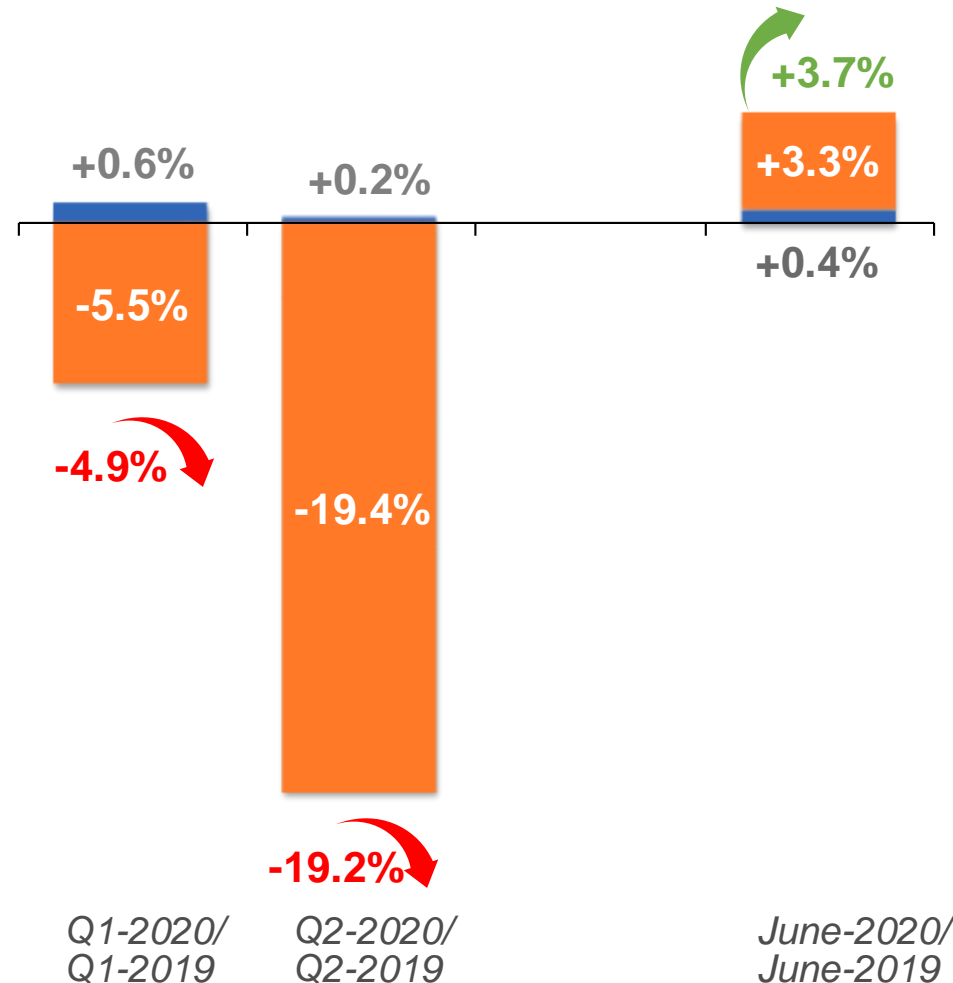


**Group -18.1%**  
actual

- **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

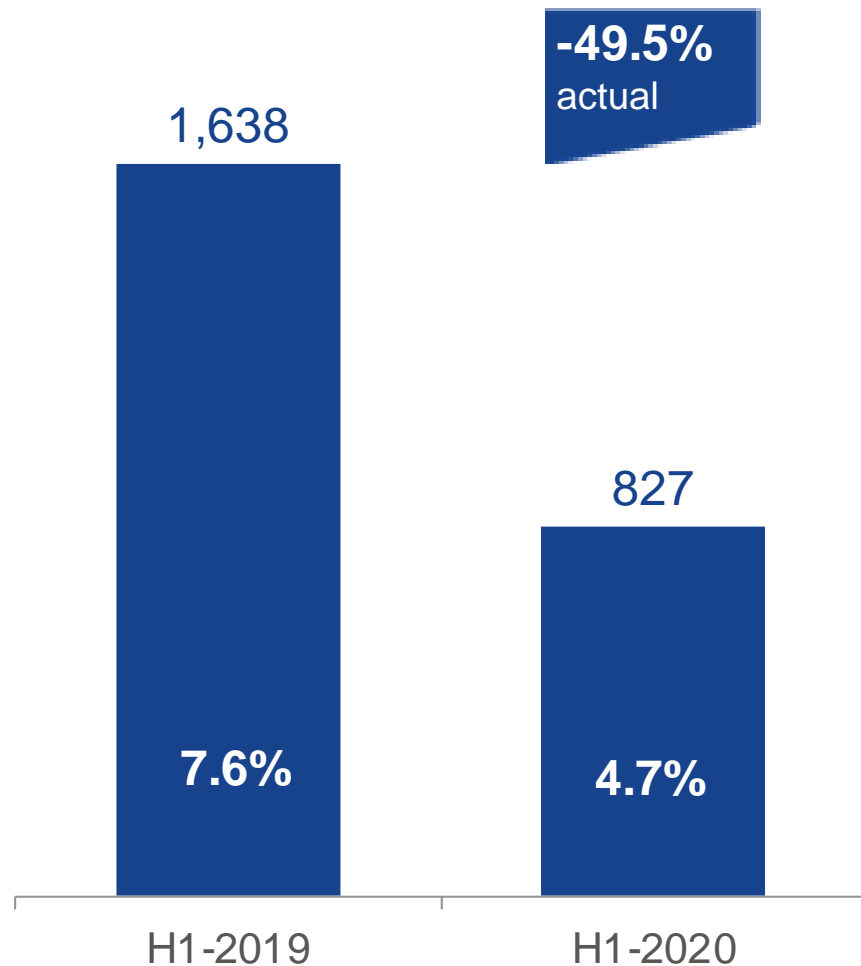
(% change in sales on a like-for-like basis)



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

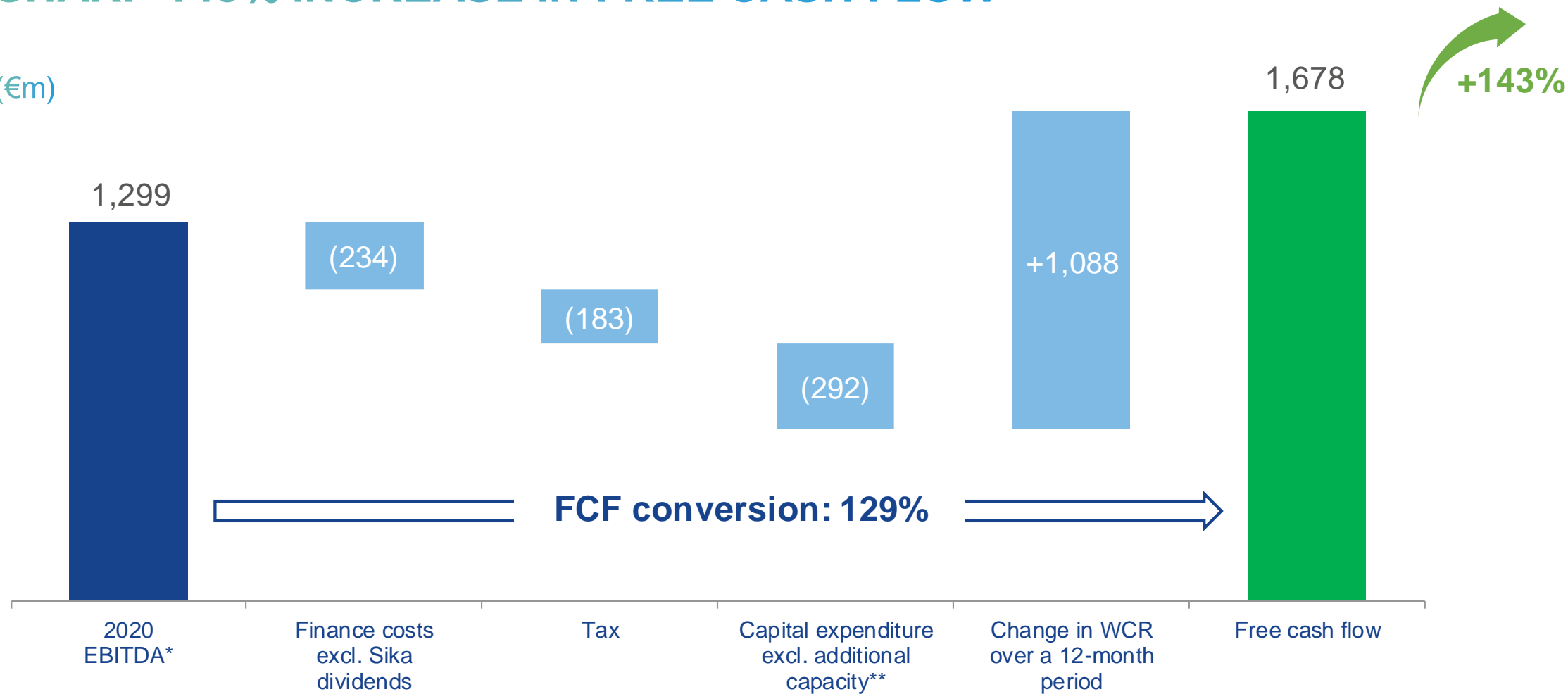
<b>Operating income</b>	<b>1,638</b>	<b>827</b>	<b>-49.5%</b>
Operating depreciation and amortization	947	950	
Non-operating costs	(168)	(142)	
<b>EBITDA</b>	<b>2,417</b>	<b>1,635</b>	<b>-32.4%</b>
<b>EBITDA margin (as a % of sales)</b>	<b>11.2%</b>	<b>9.2%</b>	<b>-2.0 pts</b>

# RECURRING NET INCOME AND RECURRING EPS

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

# SHARP 143% INCREASE IN FREE CASH FLOW

(€m)



H1 2019: €2,077m      FCF conversion: 33%      €690m

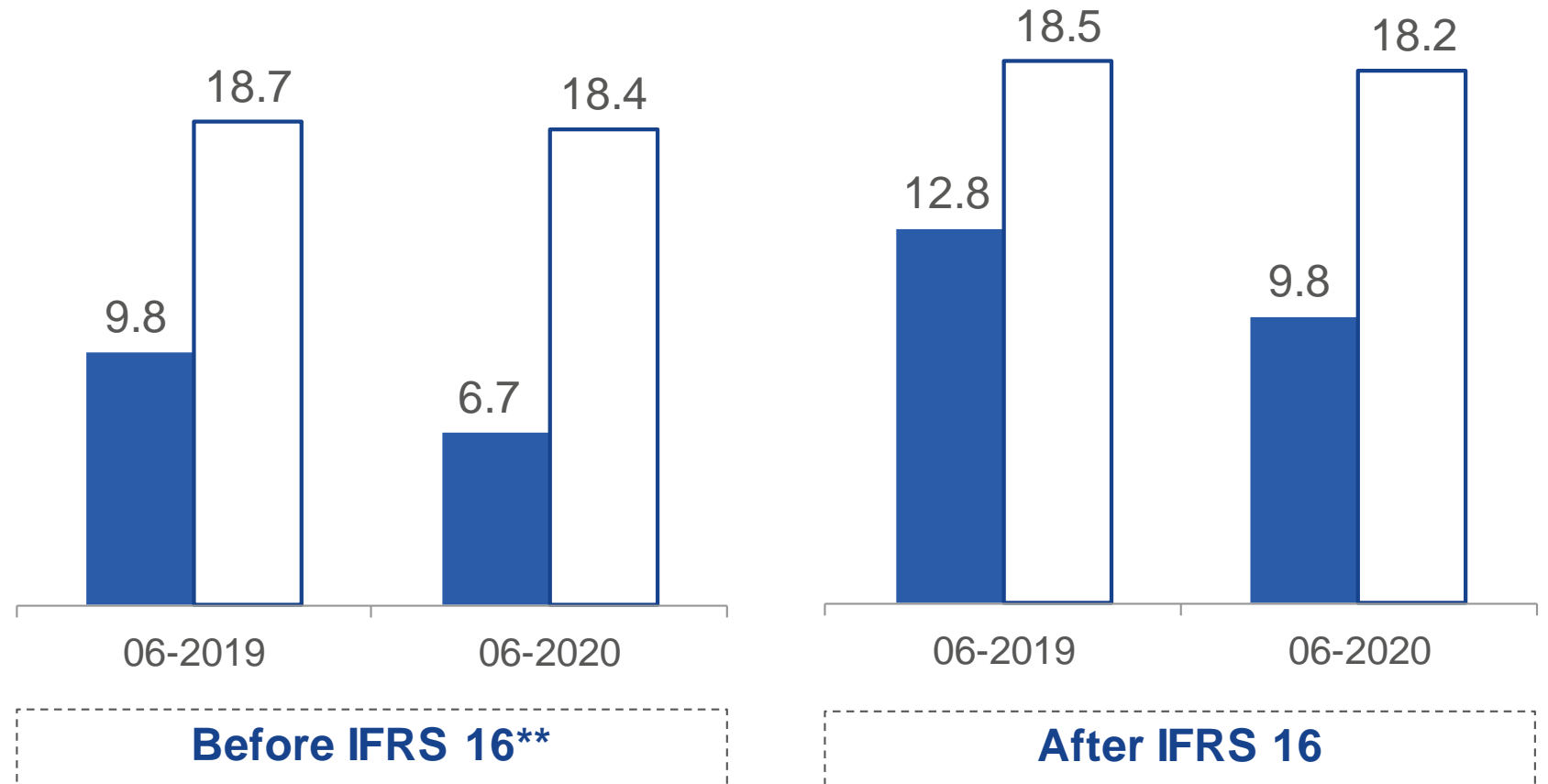
\* EBITDA less depreciation of right-of-use assets: €1,635m - €336m = €1,299m (versus €2,077m in H1 2019)

\*\* 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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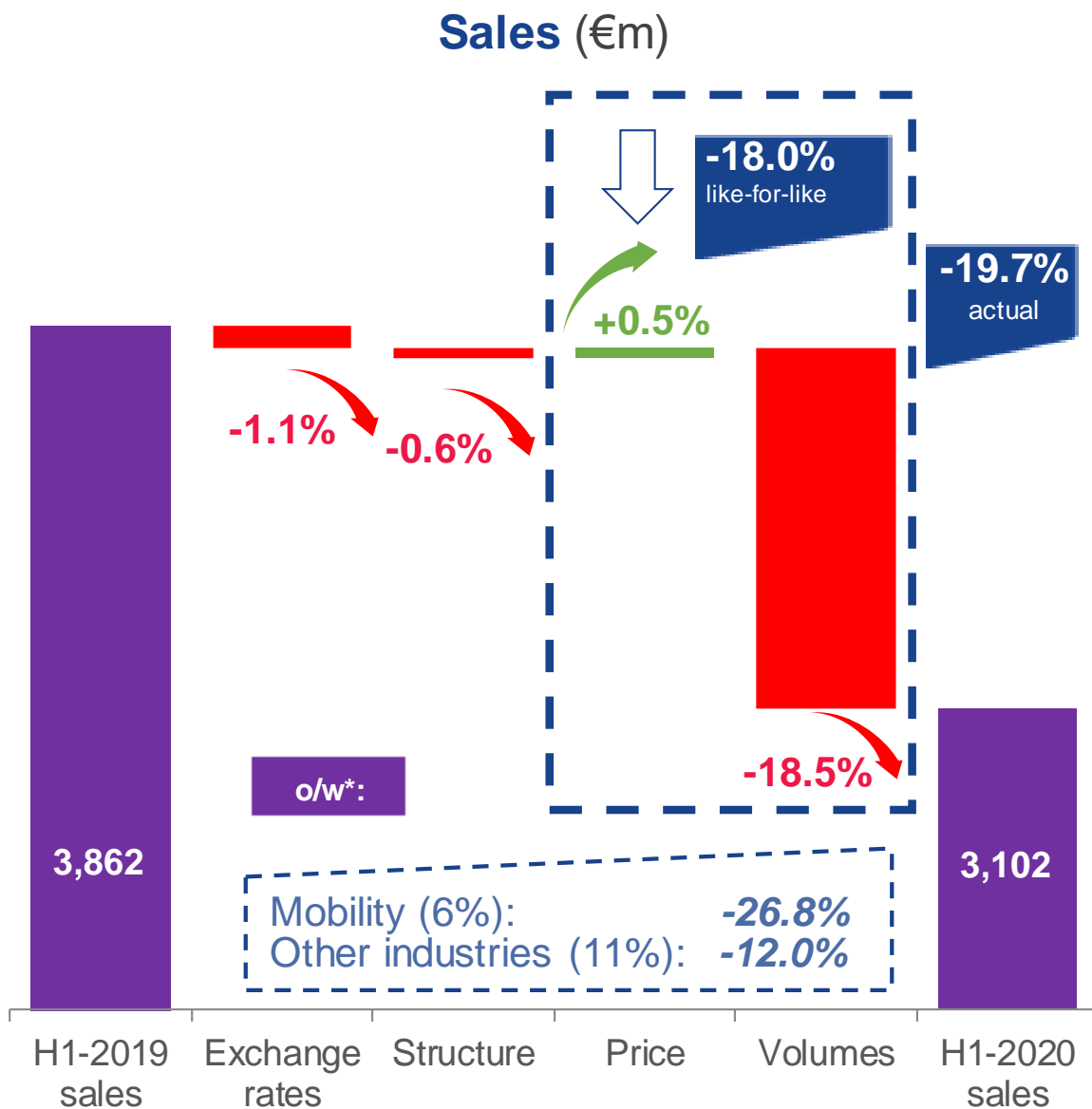
**H1 2020 RESULTS**

A. GROUP

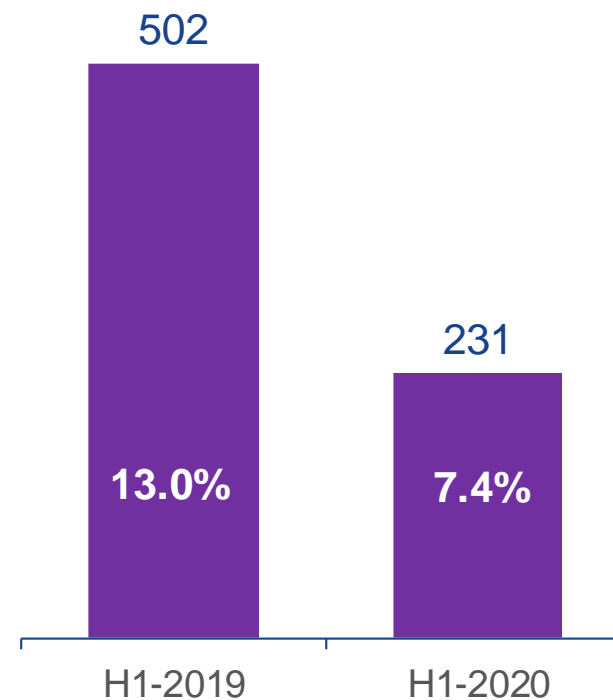
**B. SEGMENTS**



# HIGH PERFORMANCE SOLUTIONS: GRADUAL RECOVERY IN JUNE

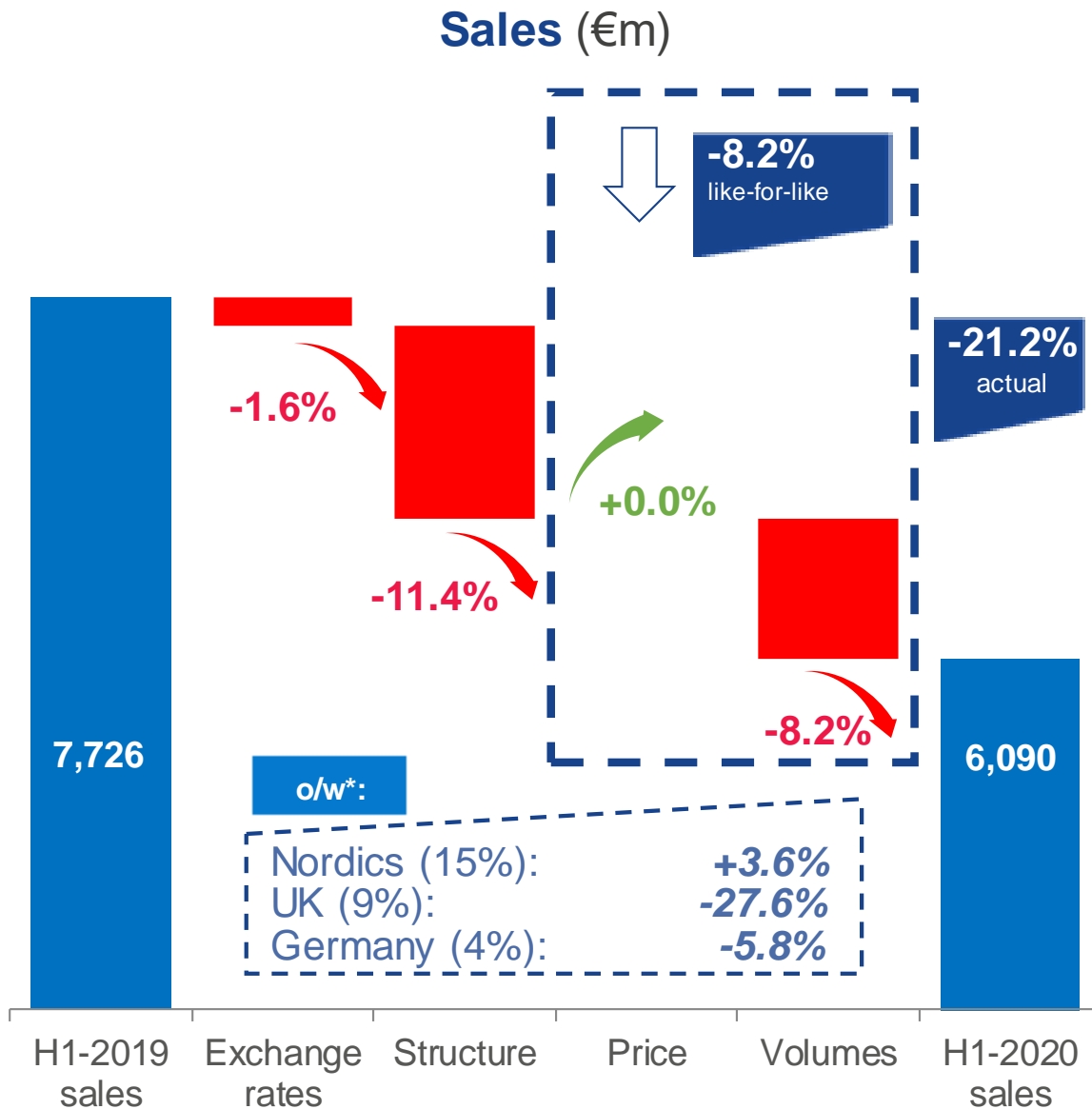


## Operating income (€m) and margin (%)

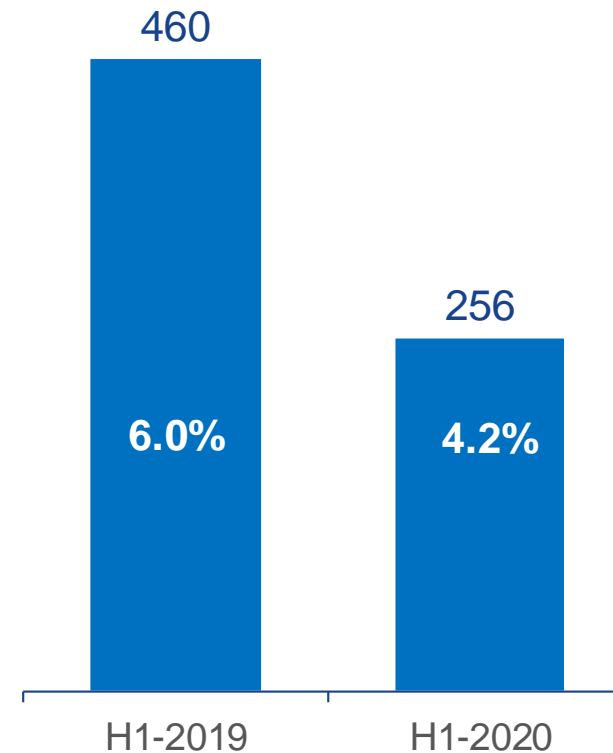


\* Sales by segment: as a % of Group total and like-for-like growth

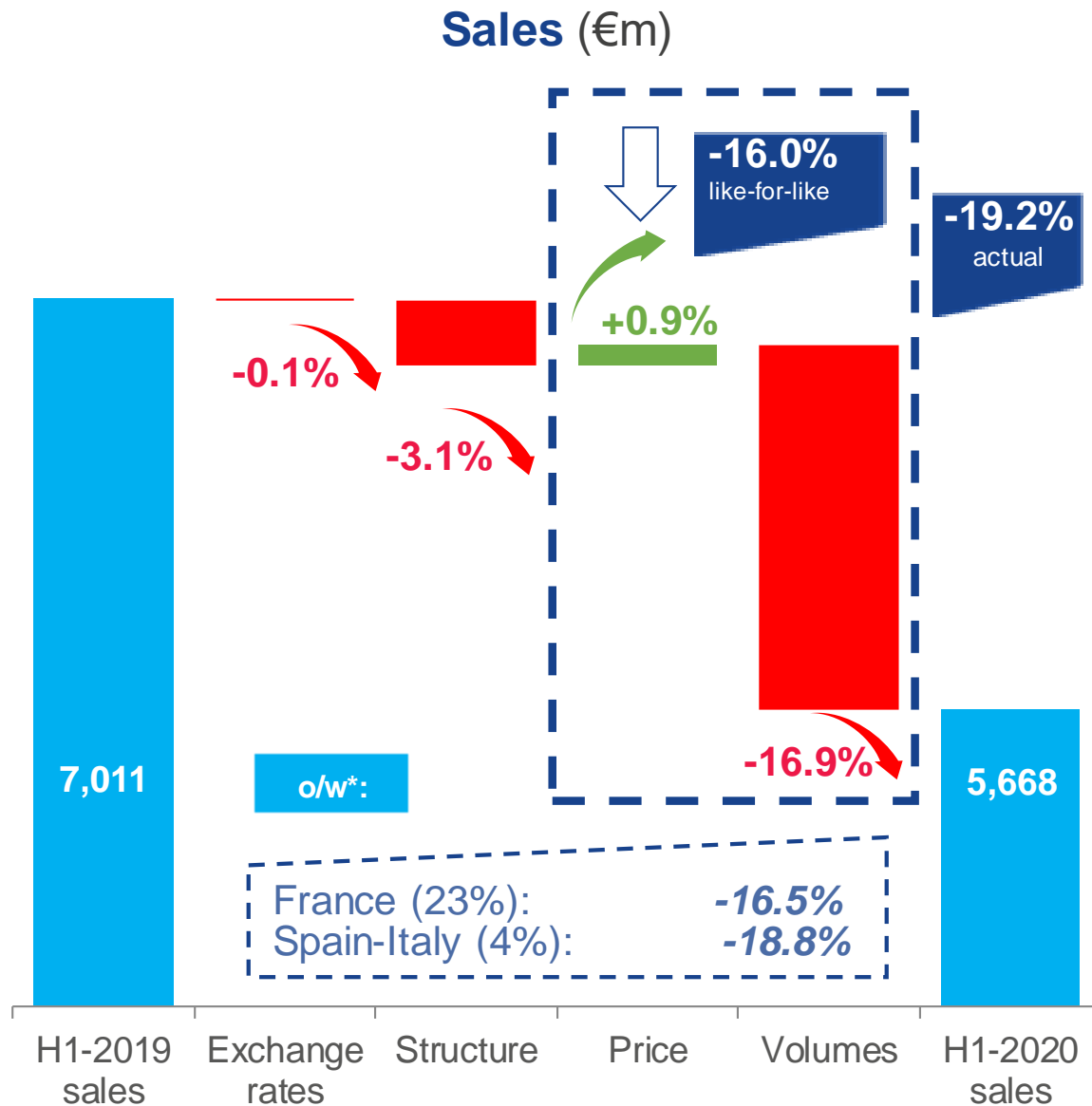
# NORTHERN EUROPE: CLEAR IMPROVEMENT IN JUNE; FIRST-HALF MARGIN GROWTH EXCLUDING THE UK



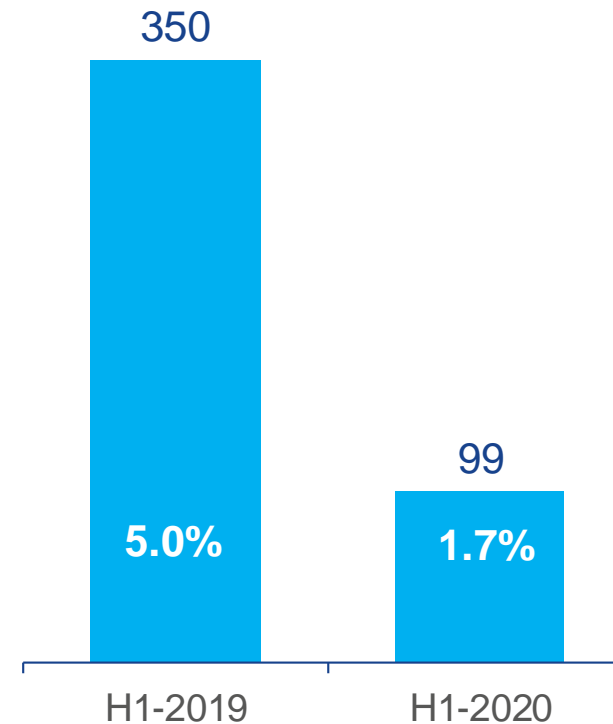
## Operating income (€m) and margin (%)



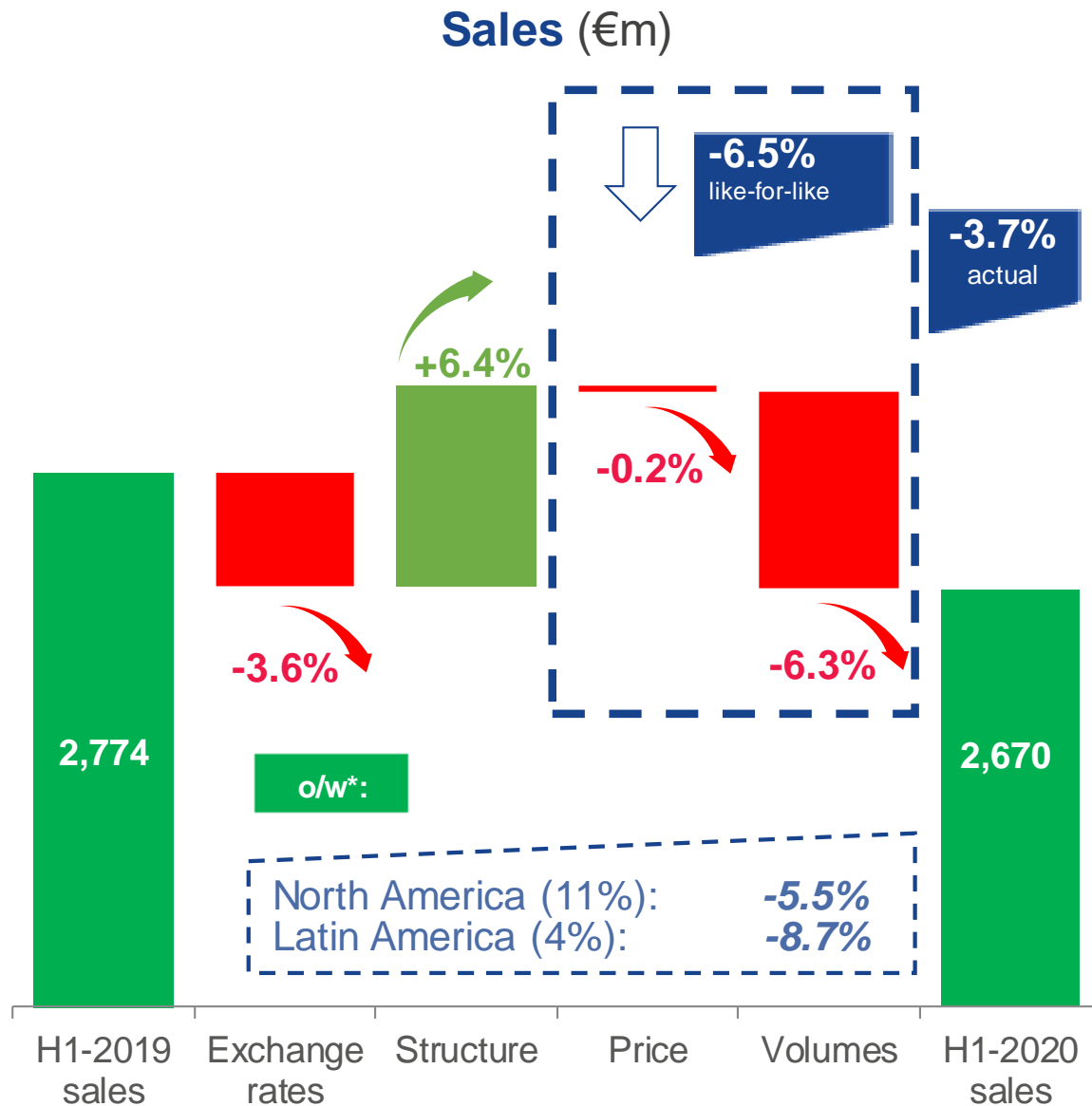
# SOUTHERN EUROPE - MIDDLE EAST & AFRICA: SIGNIFICANT UPTURN IN JUNE, ESPECIALLY IN FRANCE



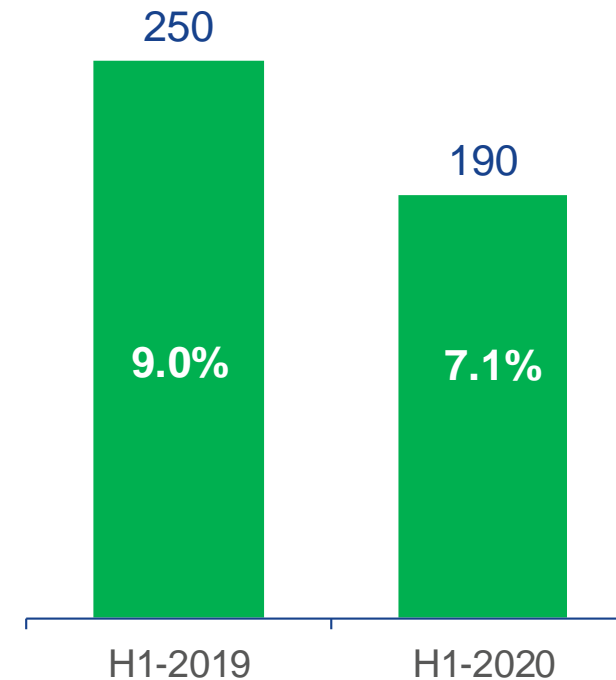
## Operating income (€m) and margin (%)



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

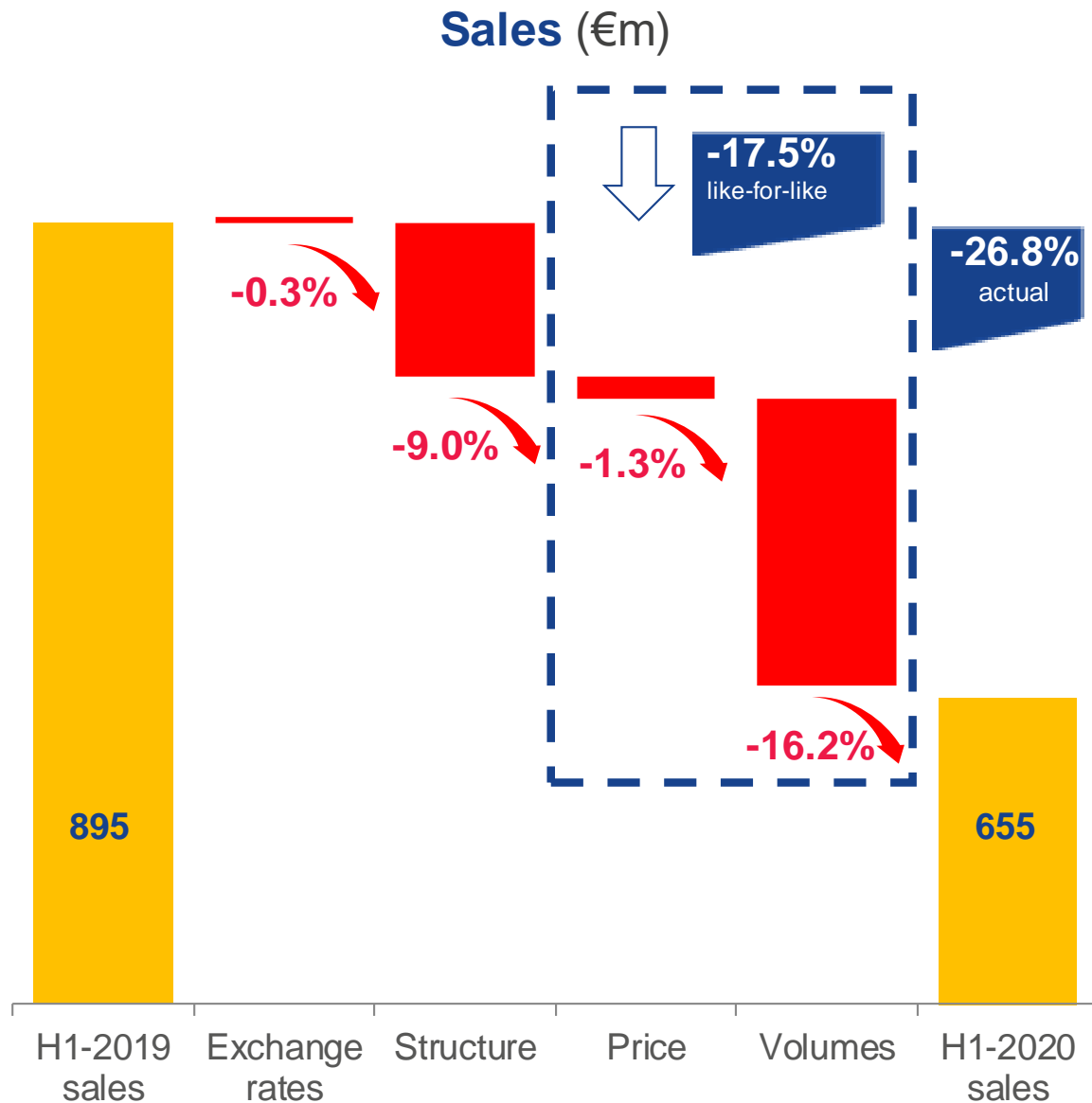


## Operating income (€m) and margin (%)

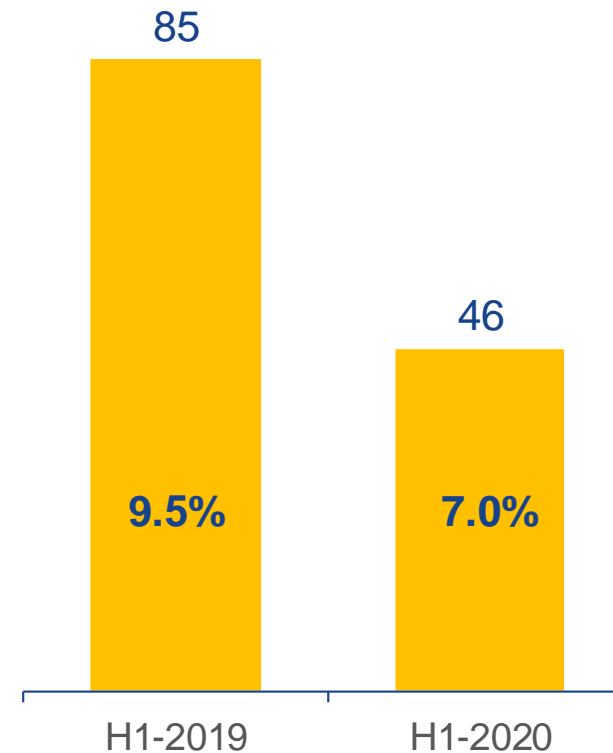


\* Sales by sub-region: as a % of Group total and like-for-like growth

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



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





# 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)) 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.*



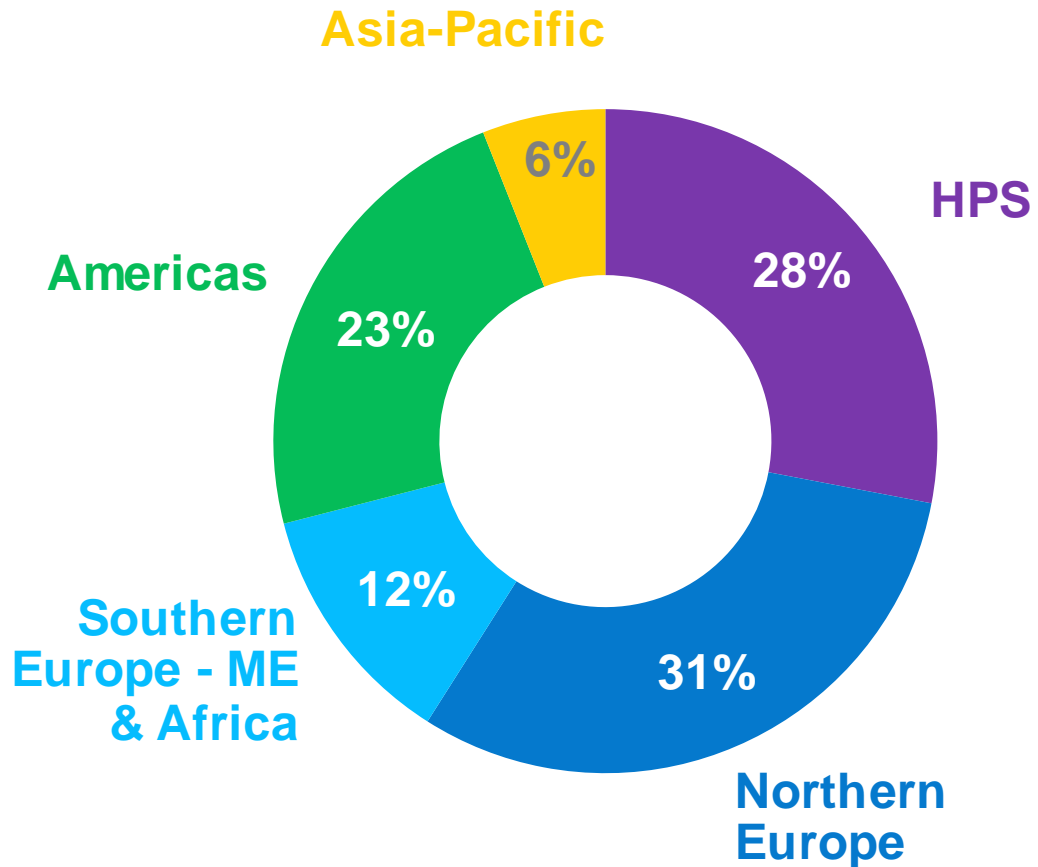
OCTOBRE 2020

# RECENT RESULTS AND OUTLOOK

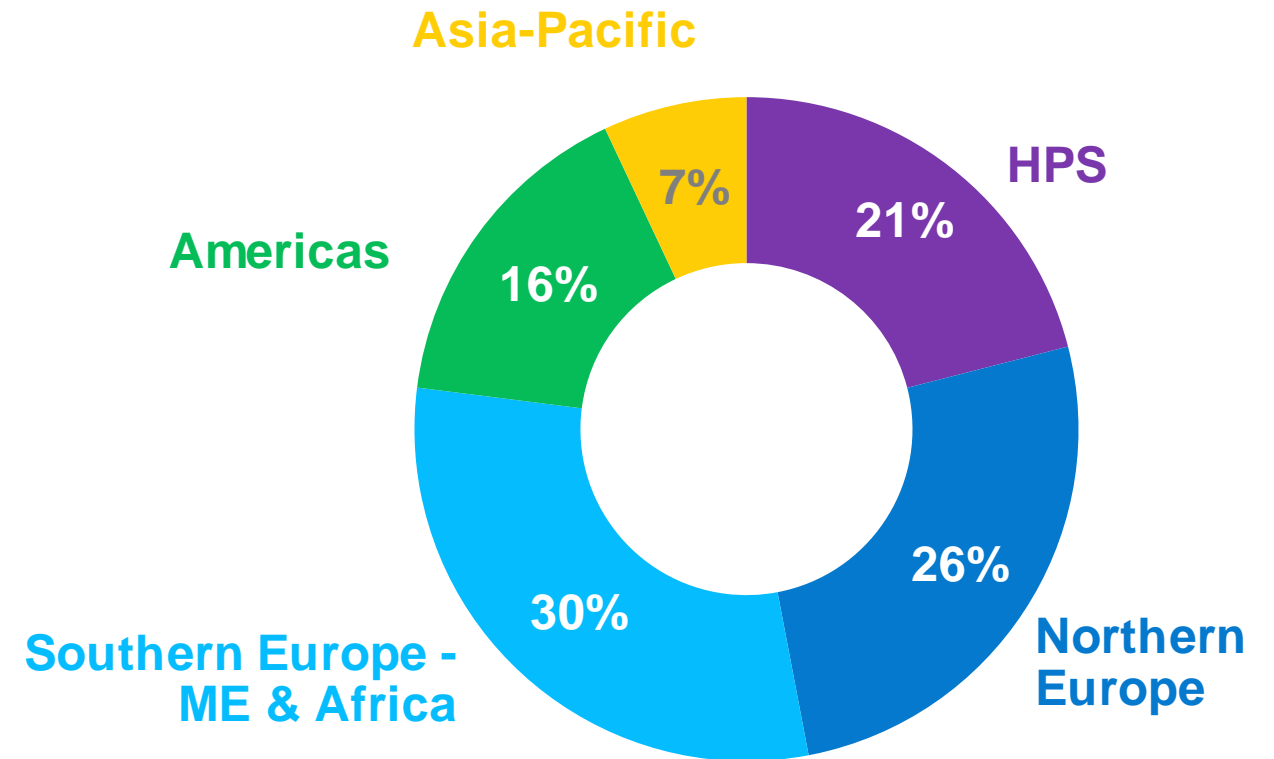


# OPERATING INCOME AND INDUSTRIAL ASSETS BY SEGMENT

Breakdown of H1 2020  
Operating income

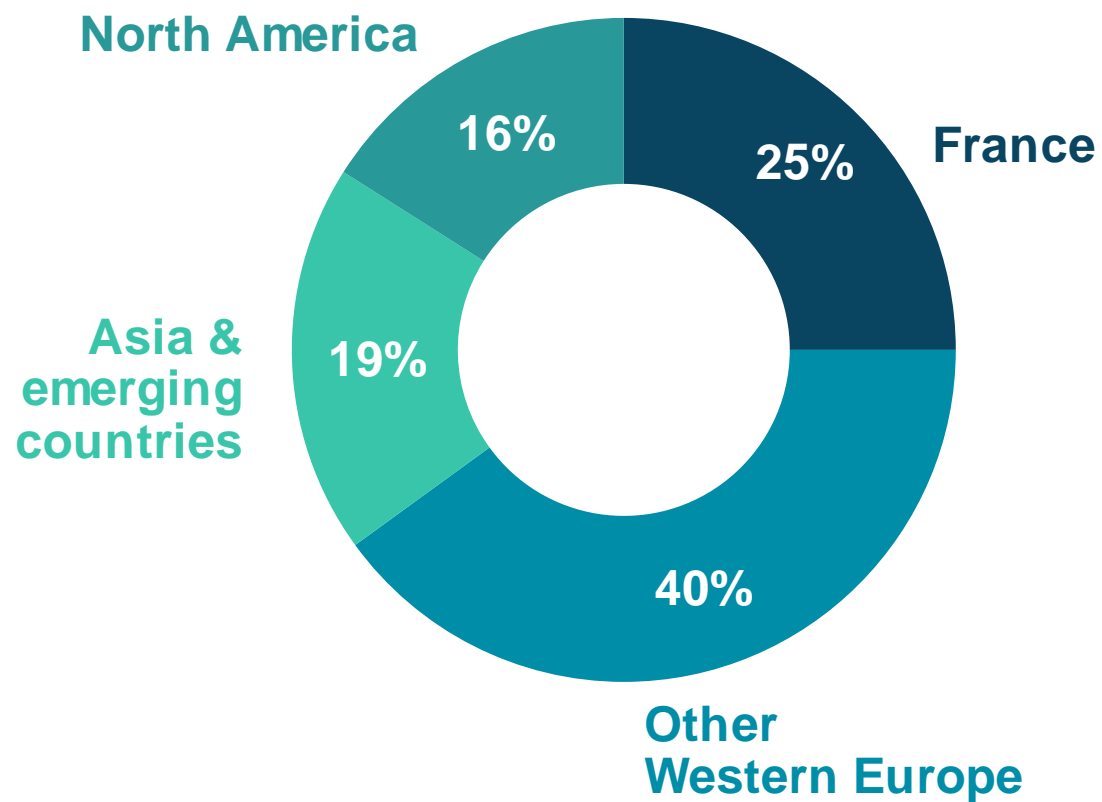


Industrial assets  
at June 30, 2020

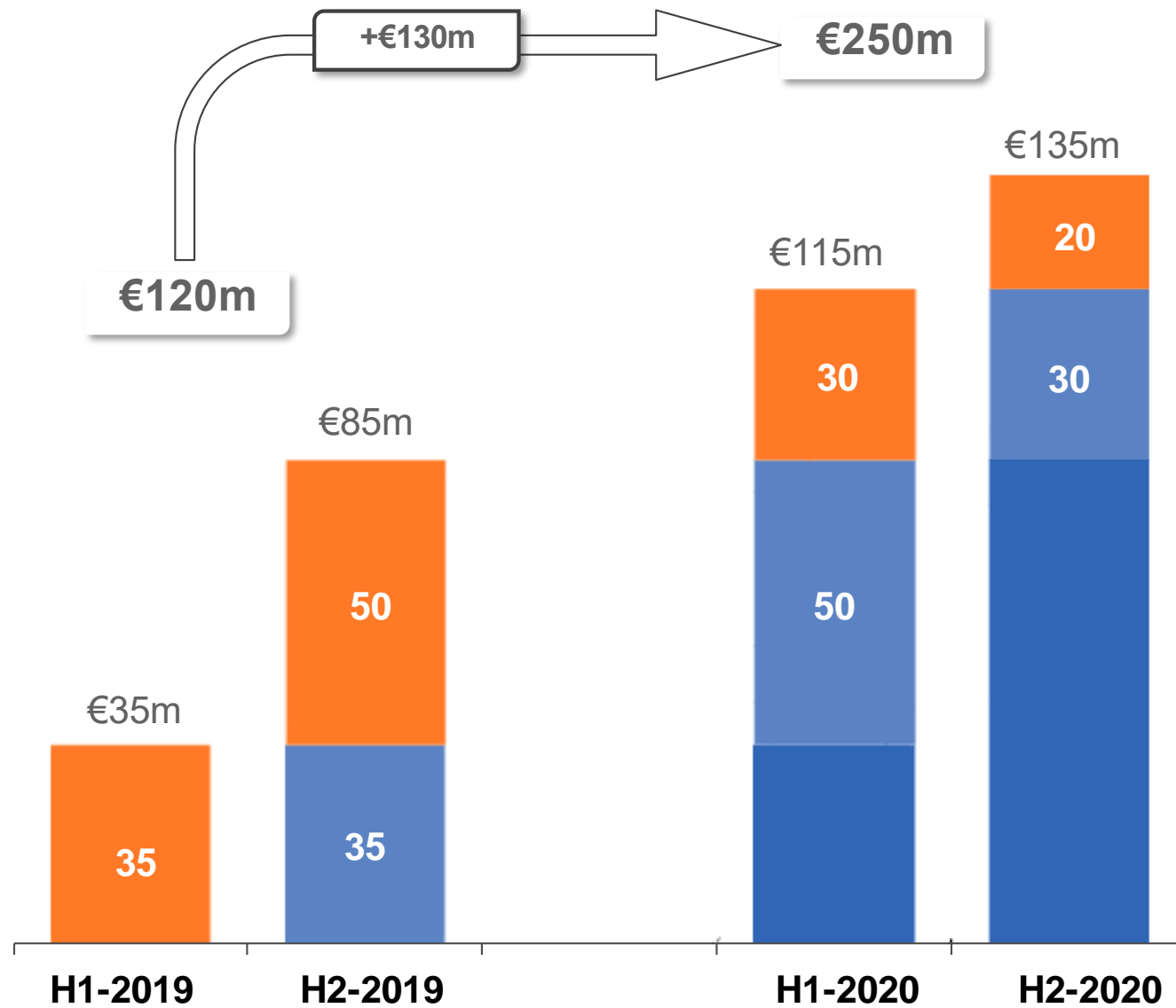


# SALES BY GEOGRAPHIC AREA

## Breakdown of H1 2020 Sales



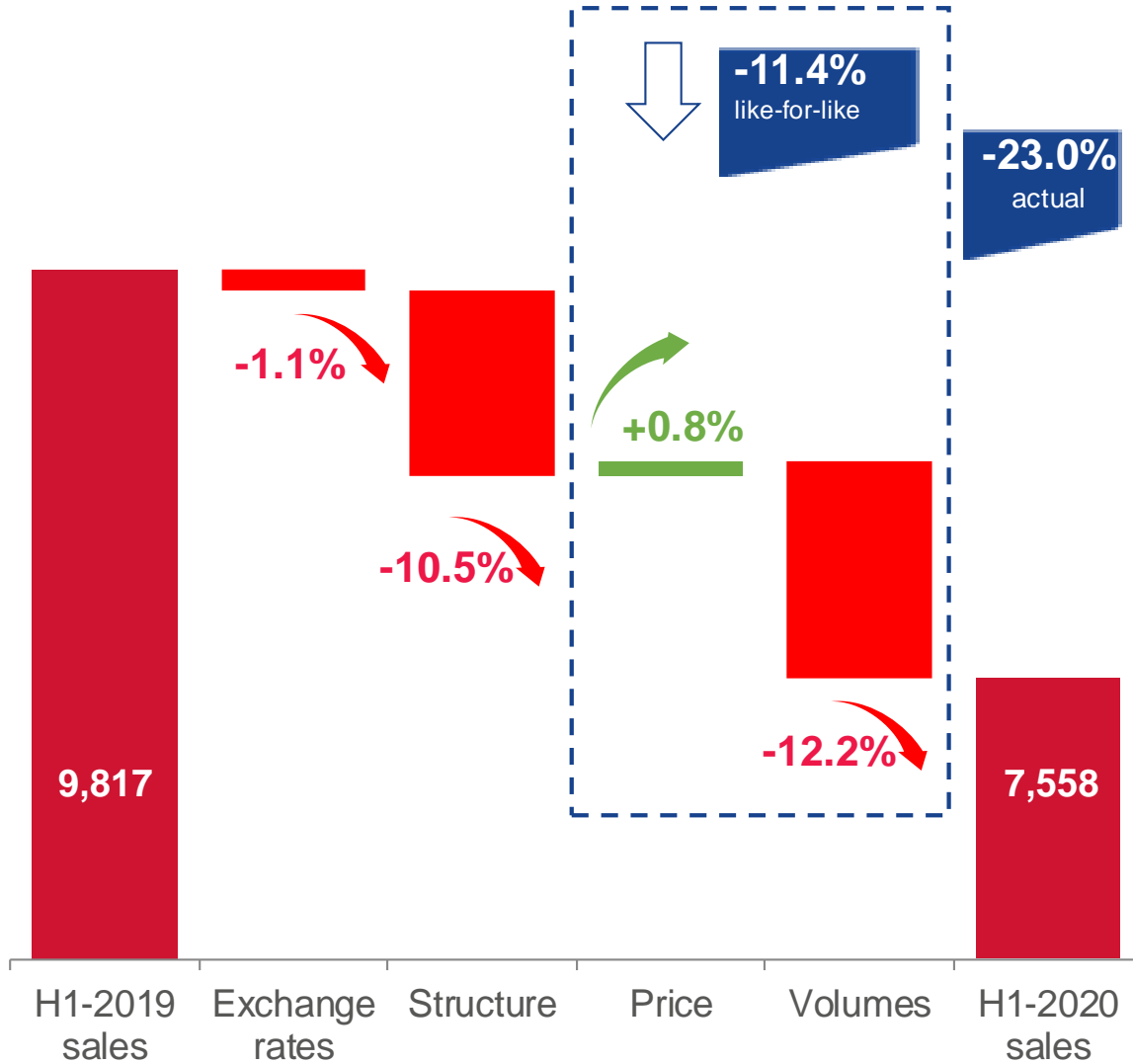
# “TRANSFORM & GROW” SAVINGS



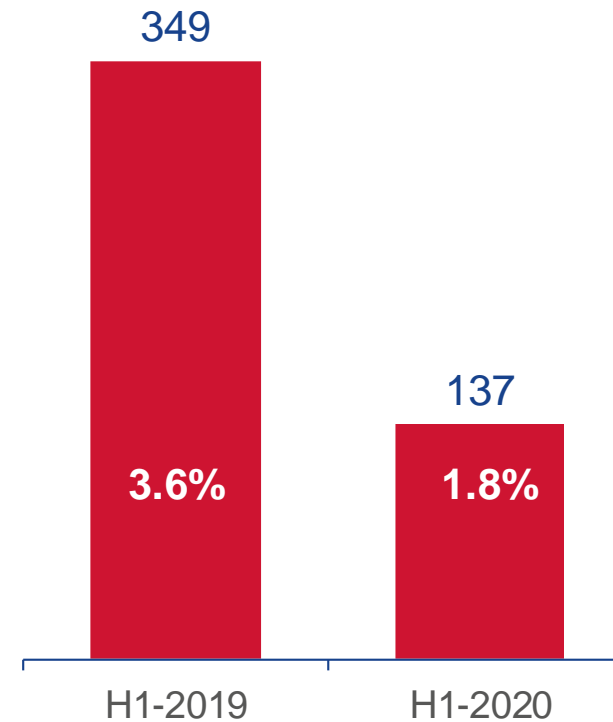


# BUILDING DISTRIBUTION EUROPE

Sales (€m)



Operating income (€m)  
and margin (%)



# END MARKETS\*

