



2019 Results and Outlook

February 28, 2020



- 
- 
1. **2019 HIGHLIGHTS**
 2. 2019 RESULTS
 3. STRATEGY UPDATE
 4. OUTLOOK

2019 KEY FIGURES

Sales
€42.6bn

Actual

+1.9%

Like-for-like

+2.4%



Operating income
€3,390m

Actual

+5.7%

Like-for-like

+4.7%



Operating margin: **8.0%, +30bps**

Recurring net income
€1,915m

EPS: €3.53, +11.0%

Actual

+10.0%



EBITDA
€4,870m

+4.8%



Net debt
€10,491m

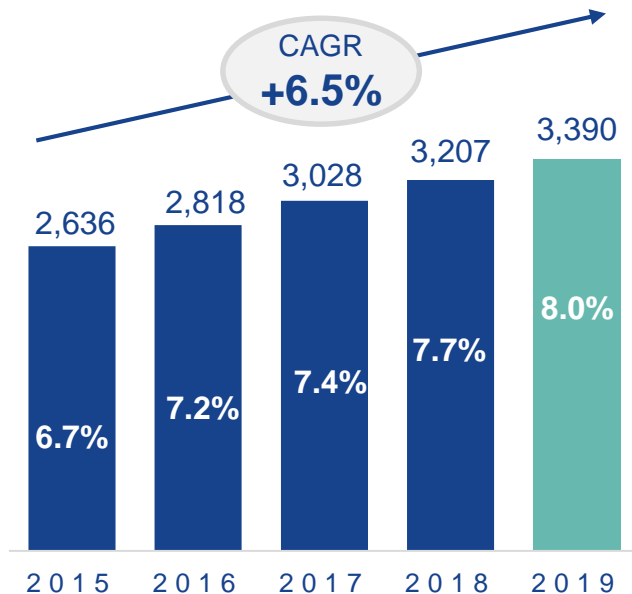
2.2x
EBITDA



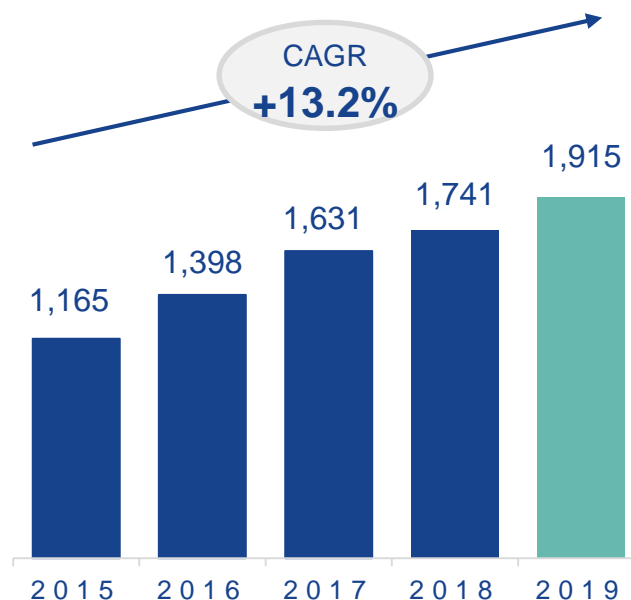
Changes based on 2019 vs 2018 restated for IFRS 16

2019: ANOTHER YEAR OF PROGRESS

Operating income
(€m)



Recurring net income
(€m)



Recurring EPS



2018 and 2019 post IFRS 16

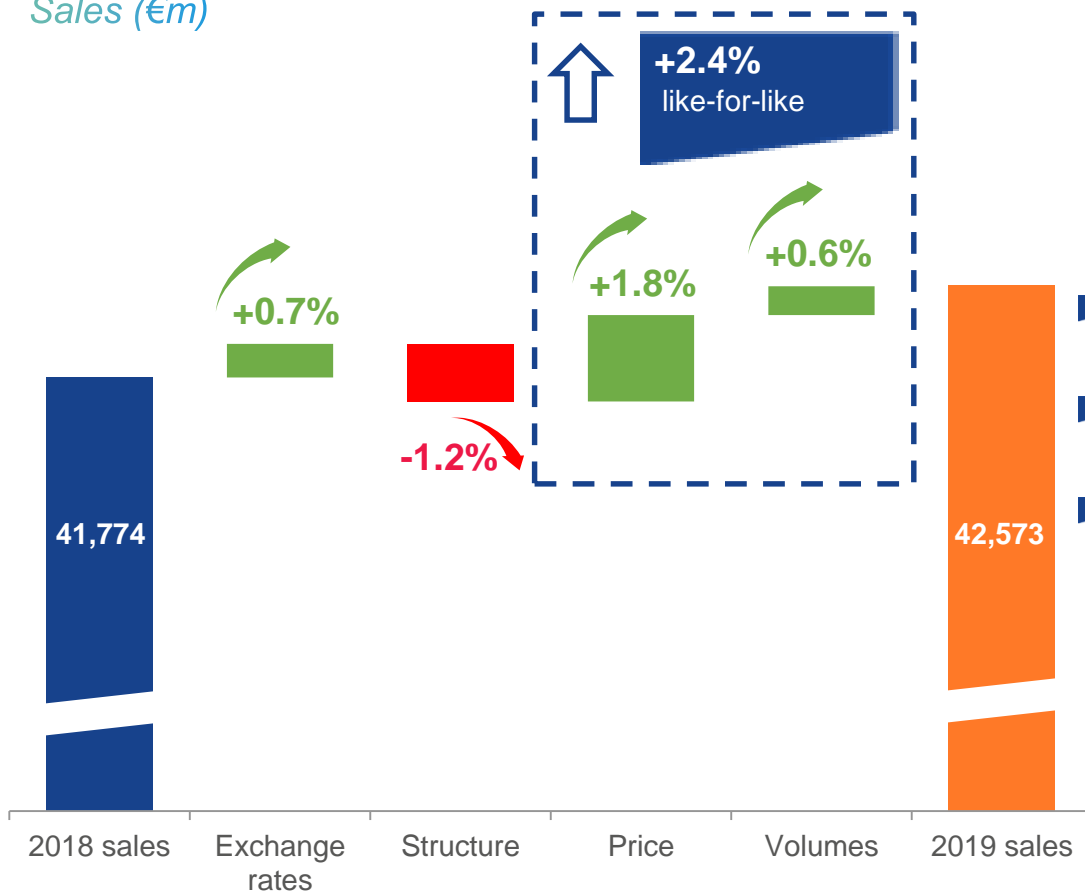
HIGHLIGHTS

- » Organic growth at 2.4%, with prices up 1.8%
- » Further 4.7% like-for-like increase in operating income. 30bps gain in the operating margin at 8.0%
- » “Transform & Grow” program ahead of targets:
 - » Successful roll-out of the new organization
 - » €120m in cost savings (versus >€80m announced at end-July 2019)
 - » Approx. €3.3bn in sales divested
 - » €261m in acquisitions in 2019 and Continental Building Products acquisition closed on February 3, 2020
- » Free cash flow up 50%, with the free cash flow conversion ratio up sharply at 44% versus 31% in 2018: significant improvement in working capital requirement and decrease in non-operating costs
- » Increase of 10.0% in recurring net income and of 11.0% in recurring EPS

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1. 2019 HIGHLIGHTS
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2019: ORGANIC GROWTH AT 2.4%

Sales (€m)

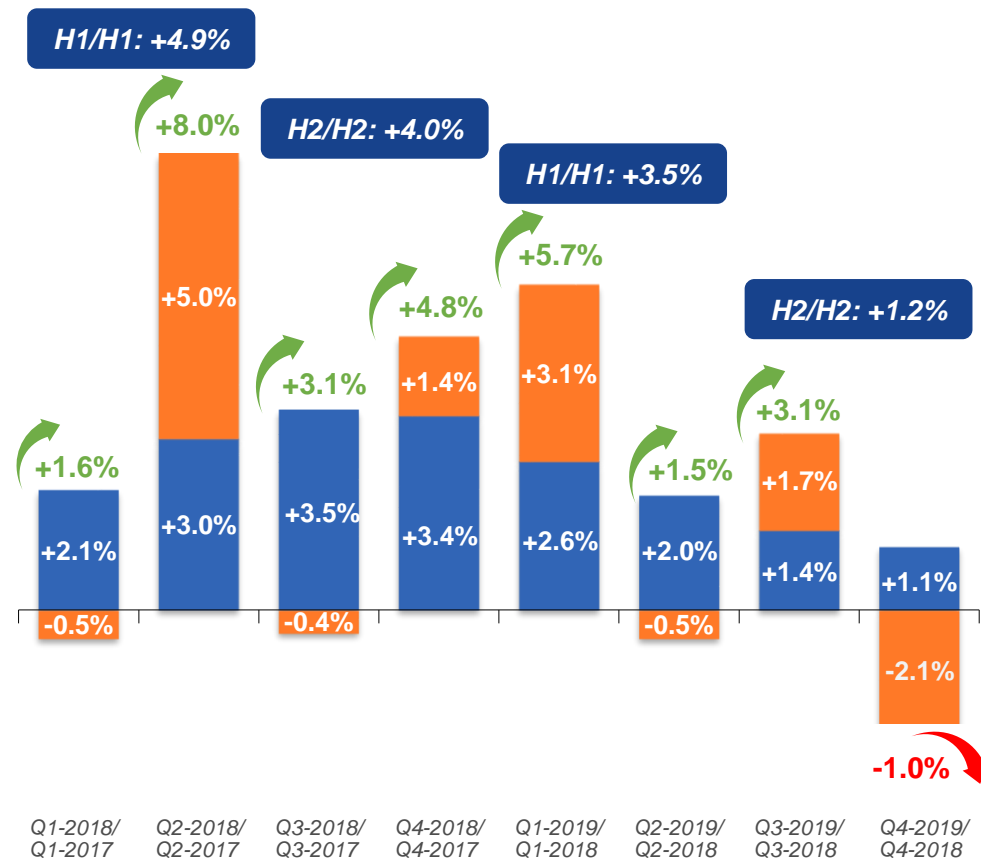


Group +1.9%
actual

- **Exchange rates:** mainly appreciation of the **US dollar**
- **Scope:** acceleration in **divestments in the context of “Transform & Grow”**
- **Organic growth of 2.4%** driven by prices in a less supportive market

PRICES UP 1.8% AND VOLUMES UP 0.6%

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



Prices



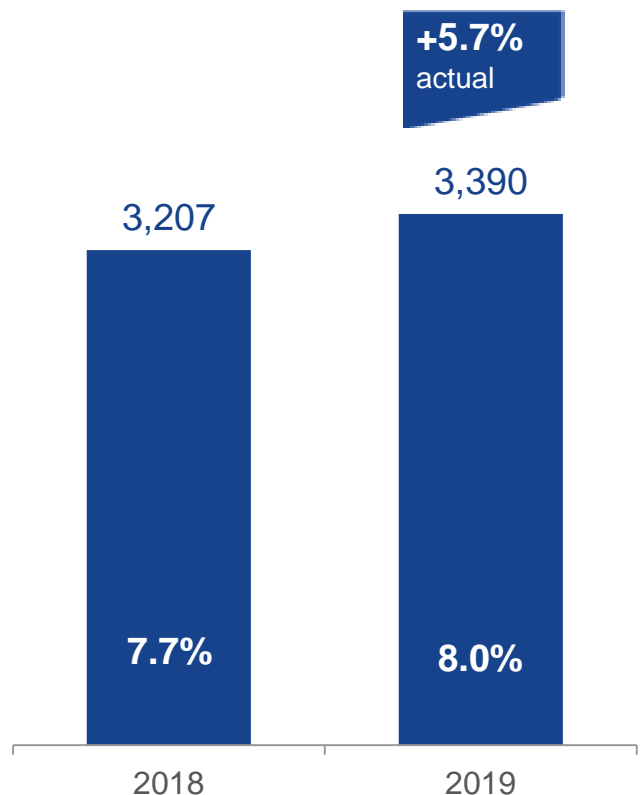
Volumes



- **Prices held firm** in a slightly less inflationary environment
- **Volumes** particularly impacted by a negative calendar effect in Europe in Q4

OPERATING INCOME UP 4.7% like-for-like

(Operating income in €m and % of sales)



- 30bps improvement in operating margin
- €120m impact on operating income from “Transform & Grow” cost savings
- Price-cost spread slightly positive; <€450m input cost inflation in 2019
- €310m in cost savings generated by the **operational excellence** program, aimed at offsetting inflation (excluding raw material and energy costs)

INCREASE IN BUSINESS INCOME AND EBITDA

€m	2018	2019	2019/ 2018
Operating income	3,207	3,390	+5.7%
Non-operating costs excl. Sika	(462)	(421)	
Sika non-operating income	180		
Disposal gains (losses)	(1)	(13)	
Asset write-downs and other	(2,073)	(403)	
Business income	851	2,553	+200%

Operating income	3,207	3,390	+5.7%
Operating depreciation and amortization	1,904	1,901	
Non-operating costs excl. Sika	(462)	(421)	
EBITDA	4,649	4,870	+4.8%

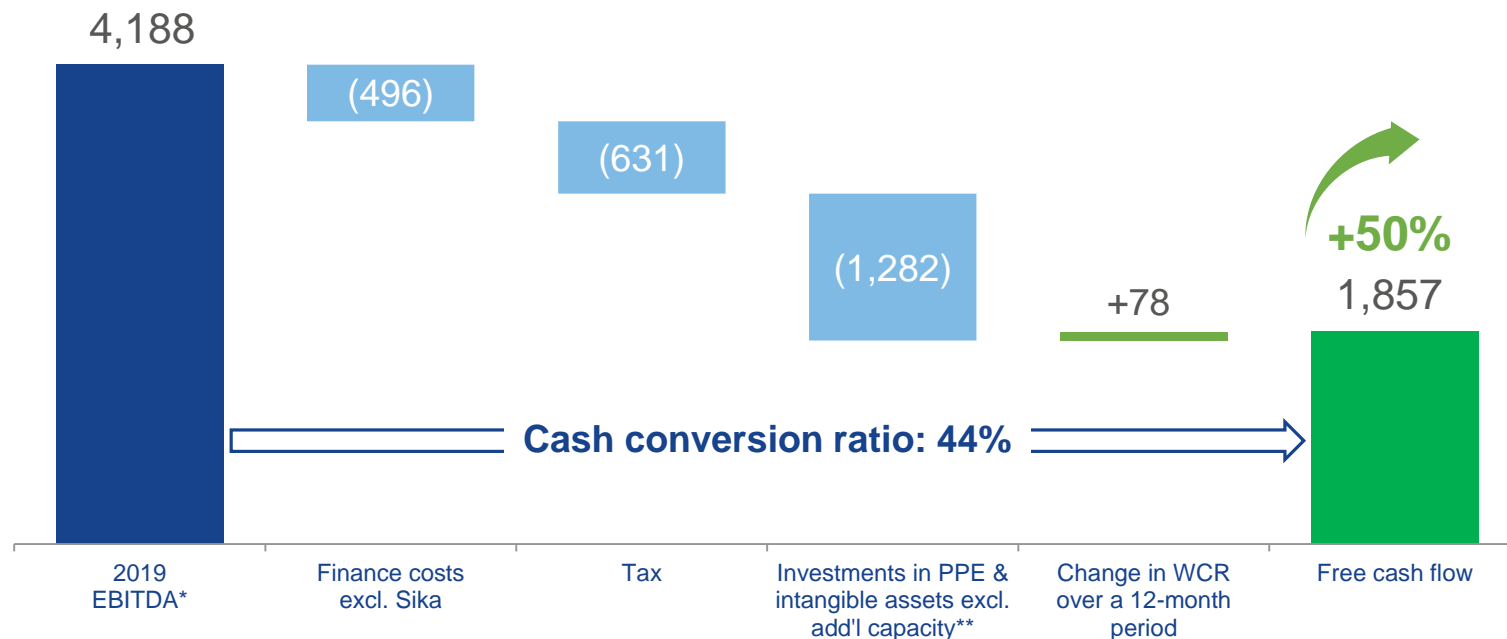
RECURRING NET INCOME UP 10.0% AND RECURRING EPS UP 11.0%

€m	2018	2019	2019/ 2018
Business income	851	2,553	+200%
Net financial income (expense)	115	(468)	
- o/w Sika	601	28	
- o/w finance costs	(486)	(496)	
Average cost of gross debt	2.3%	1.8%	
Income tax	(492)	(631)	
Tax rate on recurring net income	24%	25%	
Net attributable income	397	1,406	
Recurring net income	1,741	1,915	+10.0%
Recurring EPS (€)*	3.18	3.53	+11.0%

* Recurring EPS: calculated based on the weighted average number of shares outstanding

SHARP 50% INCREASE IN FREE CASH FLOW

(€m)



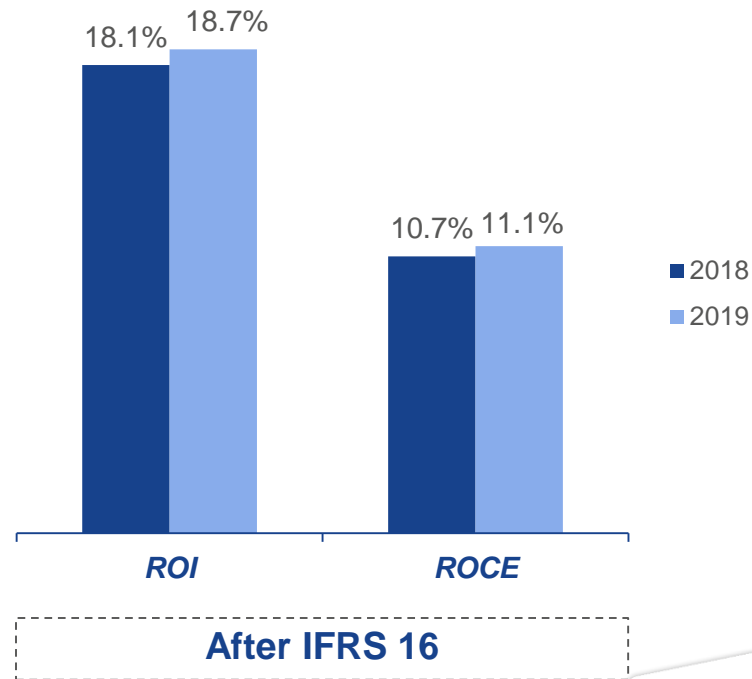
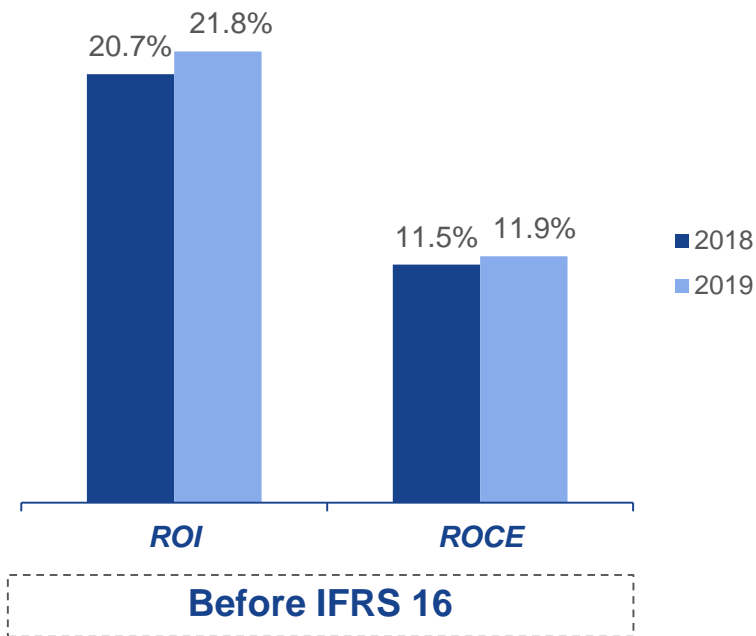
2018: €3,929m **Cash conversion ratio: 31%** €1,236m

* EBITDA less depreciation of right-of-use assets: €4,870m - €682m = €4,188m (versus €3,929m in 2018)

** Investments in PPE and intangible assets = €1,818m, including €536m in **additional capacity investments linked to organic growth**

Improvement in ROI and ROCE

(before tax)

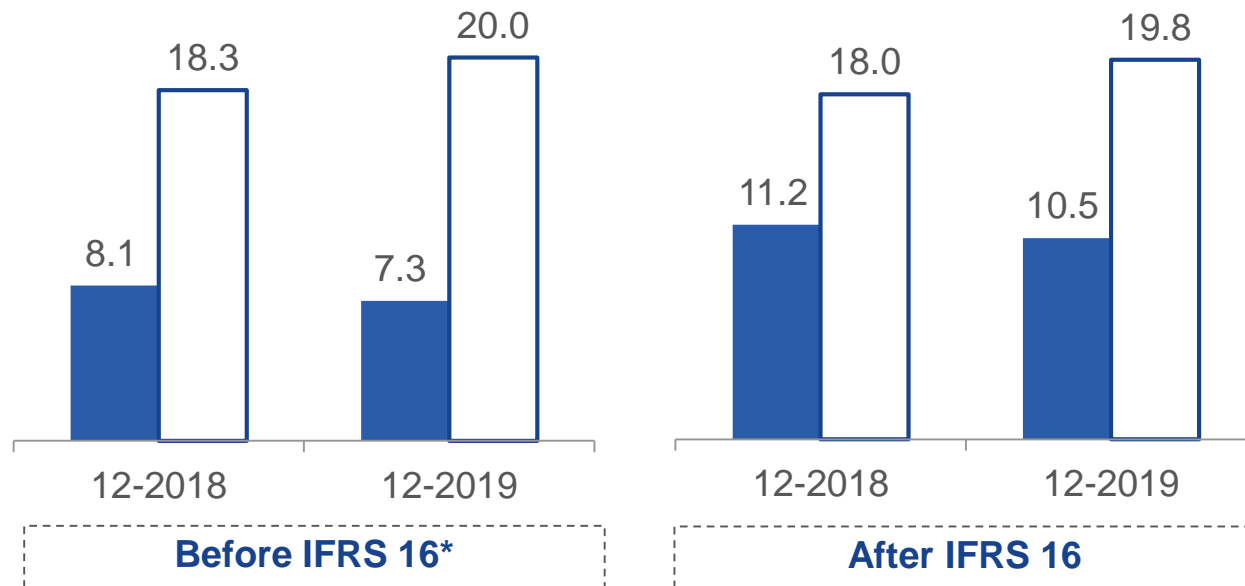


DECREASE IN NET DEBT

(€bn)

■ Net debt
□ Shareholders' equity

Rating: BBB/Baa2



Net debt/shareholders' equity	44%	36%		62%	53%
Net debt/EBITDA	2.1	1.8		2.4	2.2

* Before IFRS 16: 12-2019 estimated

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

High Performance Solutions

Northern Europe

Southern Europe -
ME & Africa

Americas

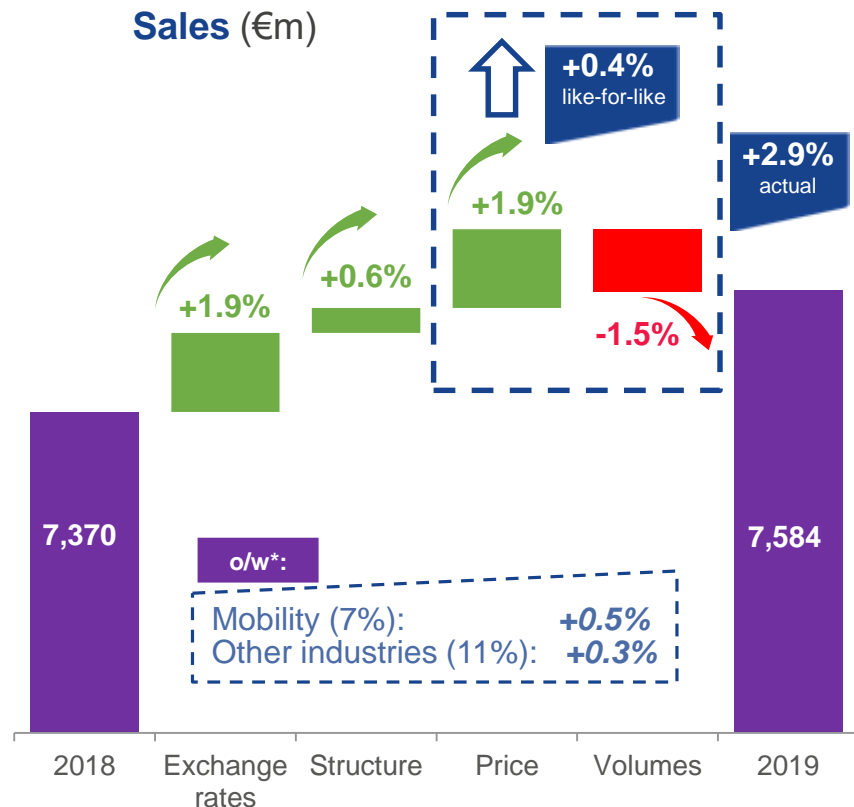
Asia-Pacific



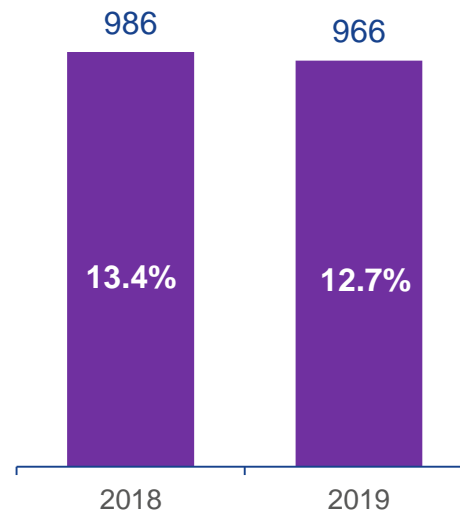
HIGH PERFORMANCE SOLUTIONS
ORGANIZED BY MARKET FOR GLOBAL
CUSTOMERS

REGIONAL ORGANIZATION BY COUNTRY FOR LOCAL CONSTRUCTION MARKETS

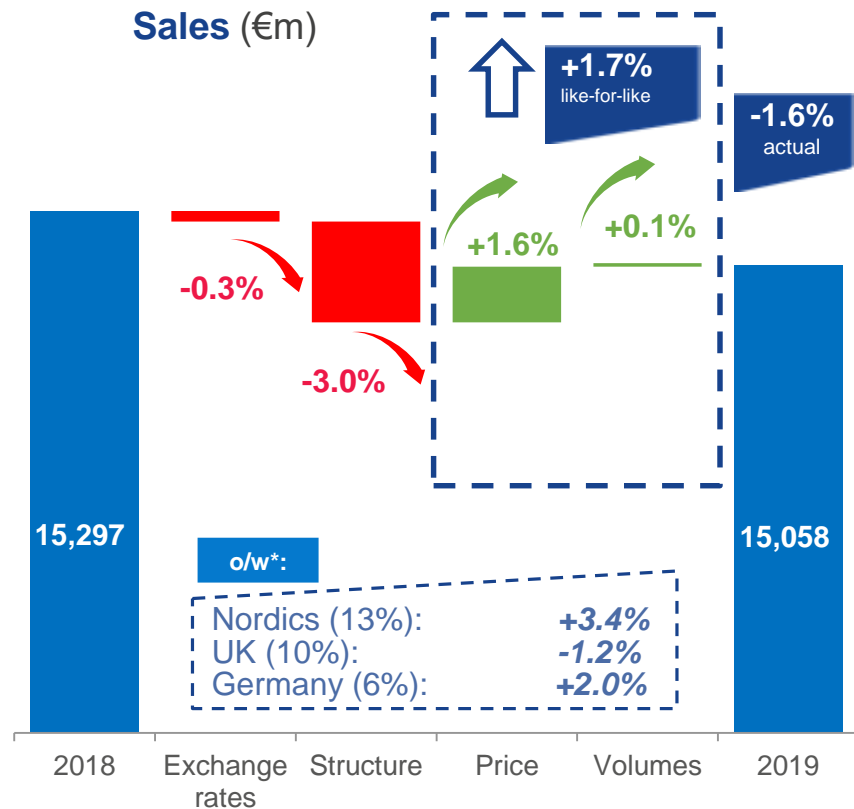
HIGH PERFORMANCE SOLUTIONS: Solid results outperforming peers in a difficult market environment



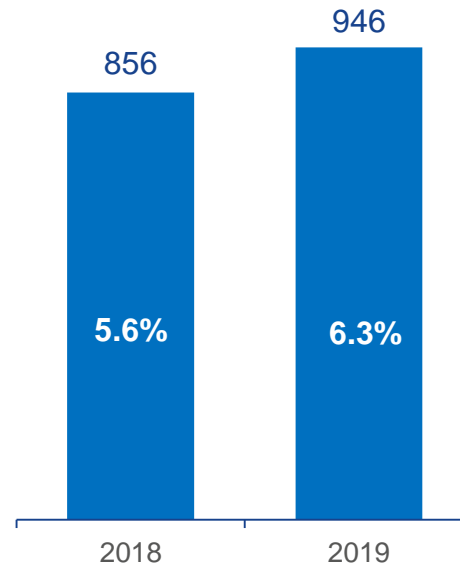
Operating income (€m) and margin (%)



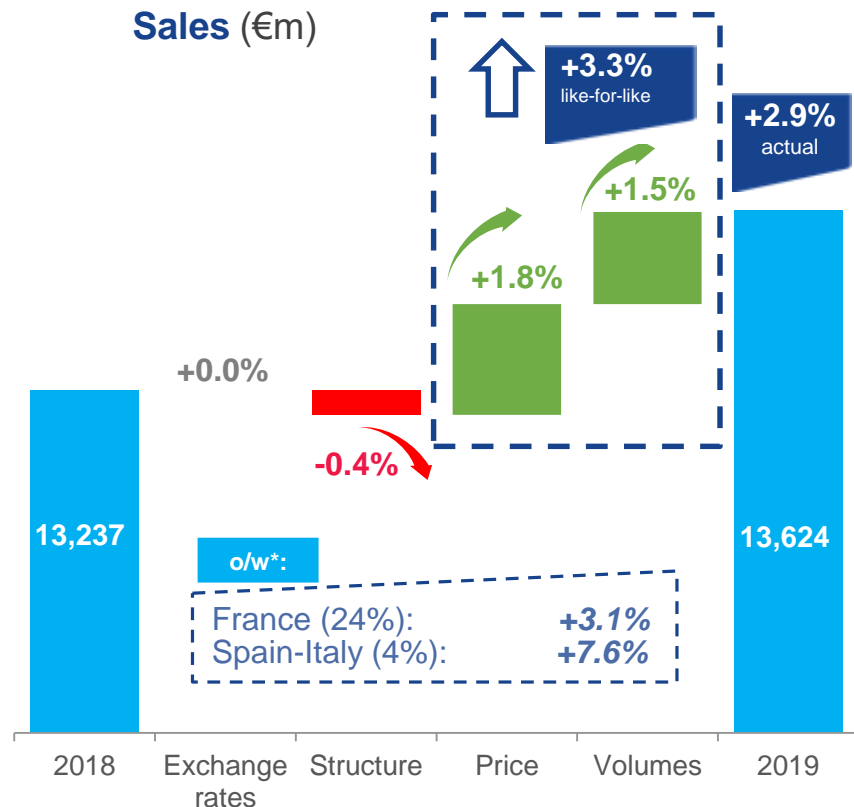
NORTHERN EUROPE: Strong margin growth



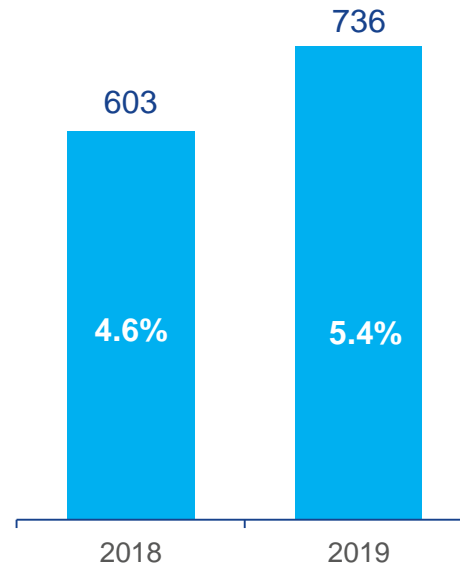
Operating income (€m) and margin (%)



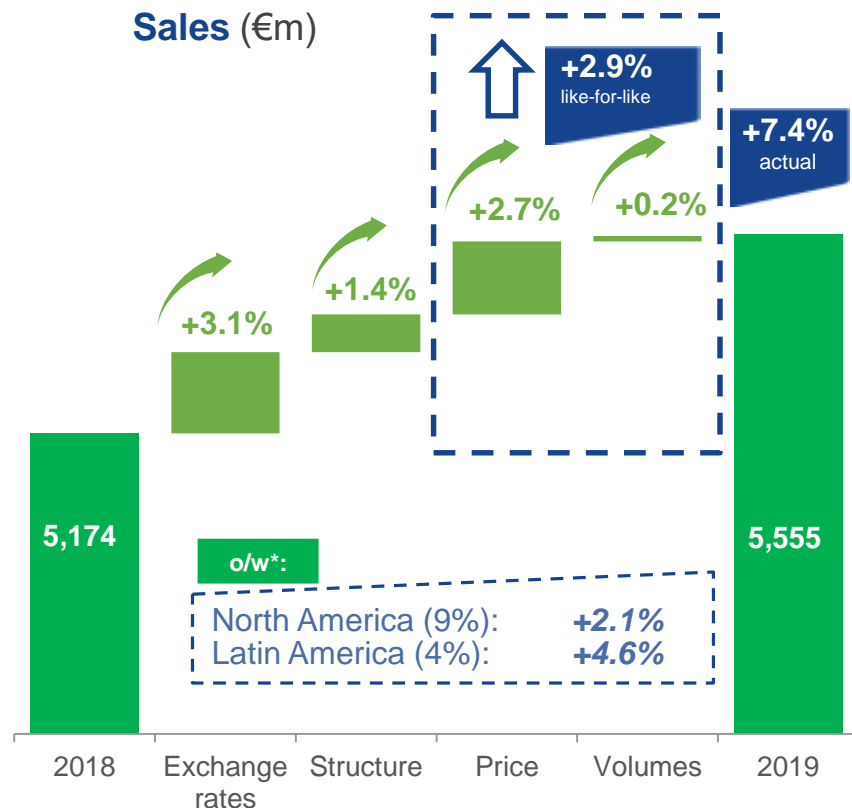
SOUTHERN EUROPE - ME & AFRICA: Good progression in sales and strong margin growth



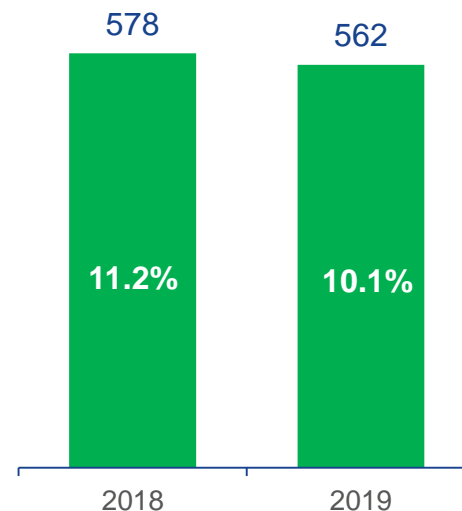
Operating income (€m) and margin (%)



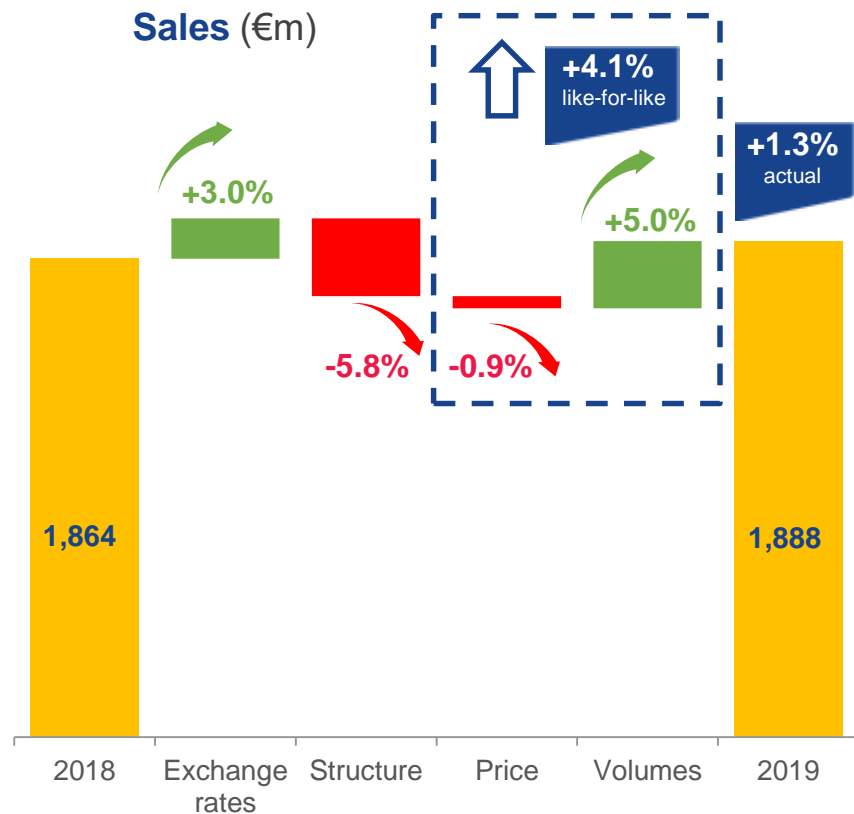
AMERICAS: Solid results in the US and a more difficult environment in Canada and Latin America



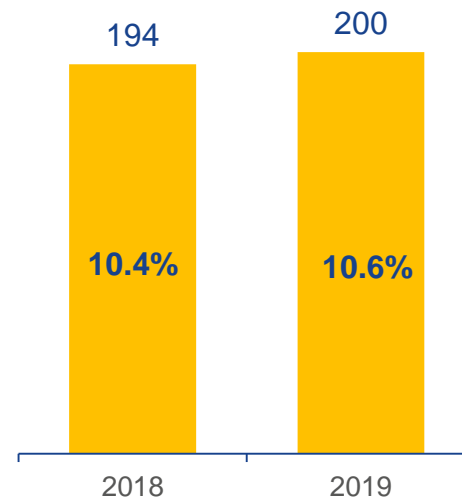
Operating income (€m) and margin (%)



ASIA-PACIFIC: Sales and margin growth



Operating income (€m) and margin (%)



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STRATEGY UPDATE

Well ahead in our transformation plan



Reinforced business profile to capture profitable growth

Well ahead in our transformation plan



Reinforced business profile to capture profitable growth



MAKING SAINT-GOBAIN MUCH STRONGER

A customer-oriented, lean and agile organization

An active and value creating portfolio management

A CULTURE OF ACCOUNTABILITY AND OWNERSHIP

ACCOUNTABILITY

- **New incentives for country / market CEOs**
 - 100% of bonus aligned to country / market performance (doubled vs past)
 - Criteria: cash flow, return on investment, operating income
- **One line of command & simplification of all business processes**
- **Nurturing “Trust, Empowerment, Collaboration” at all levels**

OWNERSHIP

74% of our 165,000 employees answered

79% Saint-Gobain engagement index* **>** **75%** External engagement benchmark

November 2019 employee survey results

* % of respondents who “fully agree” with the 4 engagement questions asked

COMPREHENSIVE SOLUTIONS FOR LOCAL CONSTRUCTION MARKETS

MULTI-PRODUCT SYSTEMS



Off-site Solutions in
Benelux, Nordics and UK

SALES FORCE SYNERGIES



Façade business
in Brazil

NEW MARKETS



Home & Hospitality
business in India

CUSTOMER SERVICE EXCELLENCE



Supply chain & customer
service teams merged in
both Spain & Italy

Above-market growth

Growth & productivity synergies
being delivered within each country

WORLDWIDE SCALE TO SERVE INDUSTRIAL CUSTOMERS

GLOBAL CUSTOMER APPROACH



Capture electric vehicle segment growth, leverage customer relationships, extend product range

GLOBAL MARKET INNOVATION



Life Sciences growth
in the US, Europe, India, China

TRANSVERSAL R&D SCALE



Glasswool in ETICS*
thanks to Adfors innovation in Switzerland

Derwent
Top 100
Global
Innovator
2020

Clarivate
Analytics

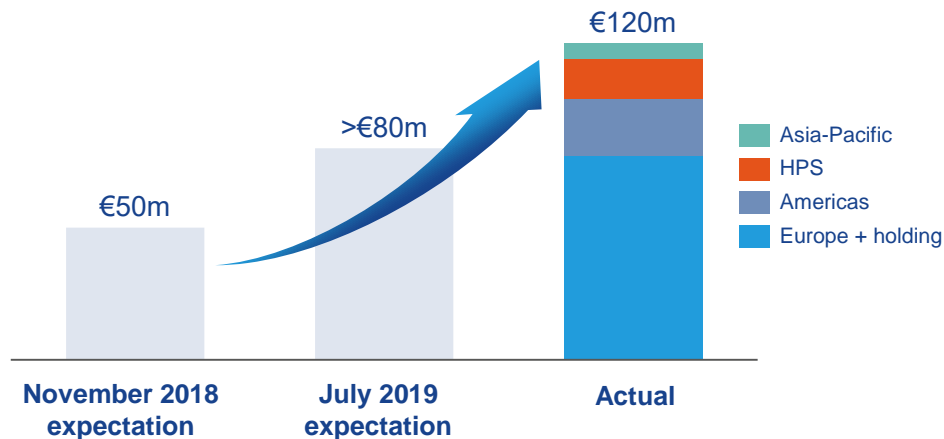
Above-market growth

Outperforming our peers
across our global markets

DELIVERING SAVINGS MUCH FASTER

€120m SAVINGS REALIZED IN 2019

TARGET OF €250m SAVINGS BY 2021 SECURED



- ~80bps operating margin improvement in Europe in 2019 boosted by T&G
- €80m additional savings in 2020



57% of savings

Streamlined organizations



25% of savings

Leaner central and support functions



18% of savings

Synergies and optimization within countries and markets



MAKING SAINT-GOBAIN MUCH STRONGER

A customer-oriented, lean and agile organization

An active and value creating portfolio management

DIVESTMENTS: FAST AND EFFECTIVE EXECUTION

DIVESTMENT CRITERIA



Current performance and outlook
(including cash flow, ROI, operating income, growth prospects)



Contribution to Saint-Gobain
value creation and synergies



Timing and market conditions

KEY FIGURES



~€3.3bn sales divested



>€1bn
Total amount of
divestments

>40bps
Full-year
operating margin
improvement

**Ongoing portfolio review by country / market
will lead to additional targeted divestments**

VALUE-CREATING ACQUISITIONS

ACQUISITION RATIONALE

New
geographies



Technological
niches



Local
excellence



2019 KEY FIGURES

Number of
deals, spend:

18

€261m

Aggregated
financial
figures:

€189m
Sales

€36m
EBITDA

ROCE > WACC in Year 3

Disciplined capital allocation
to strengthen our profitable growth profile

ACQUISITION OF CONTINENTAL BUILDING PRODUCTS: CLOSING COMPLETED, SWIFT INTEGRATION, SYNERGIES CONFIRMED



\$505m
2019 Sales



25%
2019 EBITDA
margin



95%
Of sales in US,
5% in Canada



6 Plants
Of which 5 owned,
1 joint-venture



CONTINENTAL™
BUILDING PRODUCTS

STRENGTHENING OUR LEADERSHIP POSITION

Leadership team and new organization in place since day 1

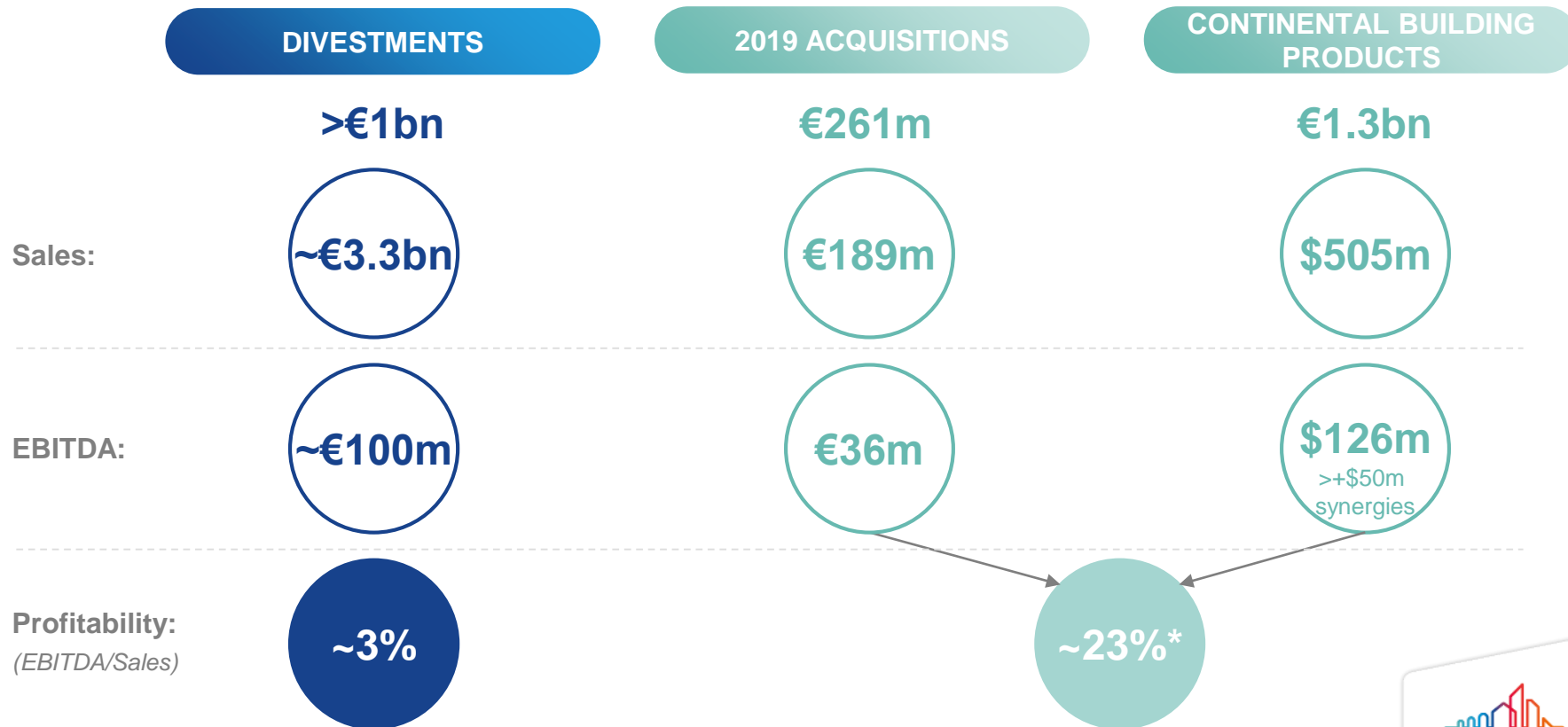
- Priority action plans already being executed

Confident on cost synergies

- **>\$10m in 2020, ahead of initial plan**
 - Logistics: 45%
 - SG&A: 40%
 - Operations: 15%
- **>\$50m in 2022**

ROCE > WACC in Year 3

PORTFOLIO ROTATION ENHANCES GROUP PROFITABILITY



* excluding >+\$50m synergies in 2022

STRATEGY UPDATE

Well ahead in our transformation plan



Reinforced business profile to capture profitable growth

SAINT-GOBAIN VALUE PROPOSITION: UNIQUELY POSITIONED FOR CAPTURING PROFITABLE GROWTH



Saint-Gobain provides the best solutions to achieve:

SUSTAINABILITY

PRODUCTIVITY

WELL-BEING

OUTPERFORMING WITH INNOVATIVE SUSTAINABLE SOLUTIONS

LEADING SUSTAINABLE SOLUTIONS



~60%

of our portfolio
contributes directly
or indirectly to
lower CO₂
emissions

POSITIONED ON FAST-GROWING MARKETS



**Saint-Gobain outperforms its markets by providing
superior solutions & systems for fast growing applications**

PIONEERING ON SUSTAINABILITY

SAINT-GOBAIN COMMITMENTS

CO₂ emissions reduction:

-20%

from 2010 to 2025*



2019 ACHIEVEMENTS

CO₂ emissions reduction:

-14.5%

since 2010*



-2.8% in 2019 vs 2018

*"We have made the commitment today to reach **zero carbon emissions by 2050**.
This long-term goal must guide all our strategic decisions."*

Pledge taken at the United Nations in September 2019

DIFFERENTIATING WITH PRODUCTIVITY AND INNOVATION

PRODUCTIVITY FOR OUR CUSTOMERS & TEAMS



Customized kits
with pre-cut
materials



Client data in
Distribution



Product as a
service

DELIVERED WITH OUR DIGITAL ROADMAP



Customer
experience

- **86%** of relevant sales covered by digital Product Information Management (PIM)



Sales
growth

- **Digital pricing in Distribution**
- **Sales force** effectiveness
- **+16% YoY digital sales** for Distribution (France & Nordics)



Operational
excellence

- **Industry 4.0: >3,400 robots**
- **Robotized** distribution logistic centers

**Saint-Gobain outperforms its markets
by accelerating on digital & operational excellence**



LAUNCH OF NEW INNOVATIVE PRODUCTS AND SOLUTIONS IN 2019



82 Saint-Gobain products used in new HQ with full BIM

Thermal

Visual

Acoustics

Air quality

Sustainability solutions

Productivity solutions

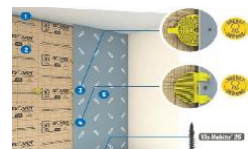
Well-being solutions



End-to-end home renovation platform



Integrated system Glasroc® façade



Productive Optimax® partition system
20% faster installation



Single use tubing
2x higher performance



Smart glass: Harmony SAGE® GLASS



Amplisky by Sekurit® switchable roof



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SHAREHOLDER RETURNS

2019 DIVIDEND *(Board's recommendation to the June 4, 2020 AGM)*

€1.38 PER SHARE *(vs a dividend of €1.33 per share in 2018)*

- » Dividend yield at Dec. 31, 2019: **3.8%**
- » Payout ratio based on recurring net income: **39%**

PAYMENT

- » **In cash**

CALENDAR

- » **June 4, 2020:** AGM
- » **June 8, 2020:** ex-dividend date
- » **June 10, 2020:** payment date

€277m in share buybacks

- » In line with the Group's objectives, buyback of 8.5 million shares
- » Cancellation of 8.2 million shares
- » Reduction in the number of shares outstanding to 542.1 million at end-December 2019

Further reduction in the number of shares in 2020

2020 OUTLOOK

In an environment marked by certain macroeconomic uncertainties, Saint-Gobain should continue to benefit from its attractive positions on the renovation and high value-added solutions markets. The impact of the coronavirus, which is affecting our operations in China (where sales represent around 2% of the Group), is currently difficult to evaluate. In this market environment, Saint-Gobain expects the following trends for its segments:

- **High Performance Solutions:** continued slowdown in industrial markets with an easier comparison basis in the automotive sector
- **Northern Europe:** mixed performance overall, with slight growth expected in Nordic countries but a more uncertain situation in the UK
- **Southern Europe - Middle East & Africa:** overall growth expected for the region. In France, markets should be supported by solid renovation activity, while new construction should see a moderate slowdown
- **Americas:** market growth in both North and Latin America
- **Asia-Pacific:** further growth excluding coronavirus impact

2020 PRIORITIES

- **Improvement in the Group's profitable growth profile**, driven by:
 - **Continuation of portfolio optimization** (divestments and acquisitions); integration of Continental Building Products
 - **Strategy of differentiation and innovation**, to improve our customers' productivity, develop sustainable solutions and contribute to the well-being of all
- **Increased free cash flow generation and further increase in operating margin**, driven by:
 - **Constant focus on price-cost spread** thanks to strong pricing discipline
 - **Continuation of cost savings program** in context of "Transform & Grow", unlocking **additional savings of €80m in 2020** (total savings of €200m over 2019-2020)
 - **Decrease in property, plant and equipment and intangible assets investments** (capital expenditure) to around **€1.6bn**, after an investment peak and thanks to continued optimization of maintenance capital expenditure
 - **Continuation of operational excellence program** aimed at offsetting inflation (excluding that in raw material and energy costs): **around €300m** in additional cost savings in 2020 (calculated on 2019 cost base); continued discipline on cost structure

For 2020, the Group is targeting a further like-for-like increase in operating income with an uncertainty about the impact of the coronavirus



SAINT-GOBAIN

MATERIALS THAT POWER LIFE



IMPORTANT DISCLAIMER – FORWARD-LOOKING INFORMATION

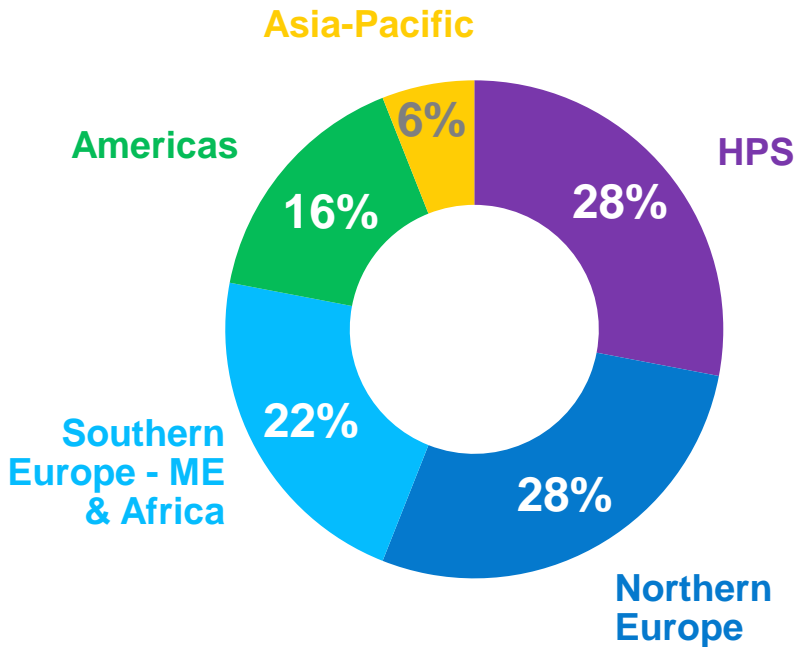
This presentation contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar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



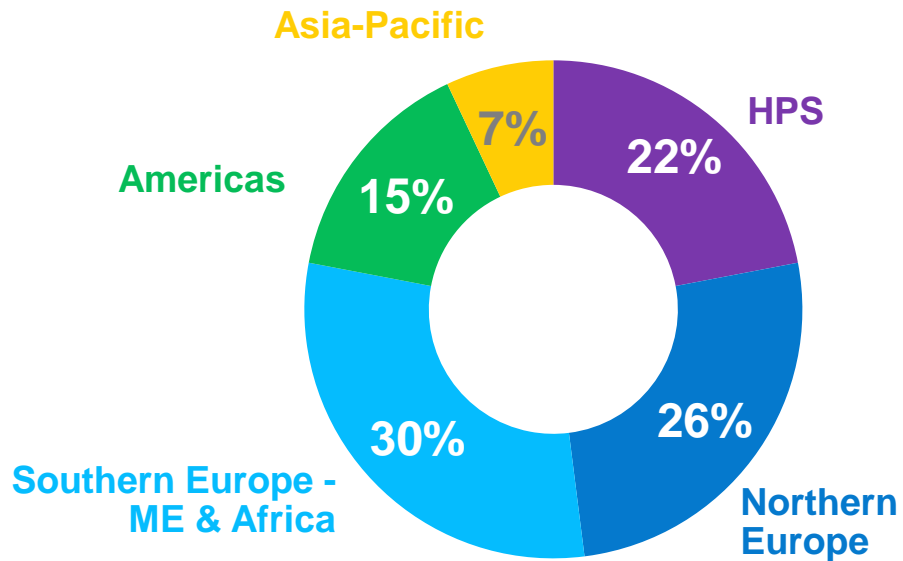
APPENDICES

OPERATING INCOME AND INDUSTRIAL ASSETS BY SEGMENT

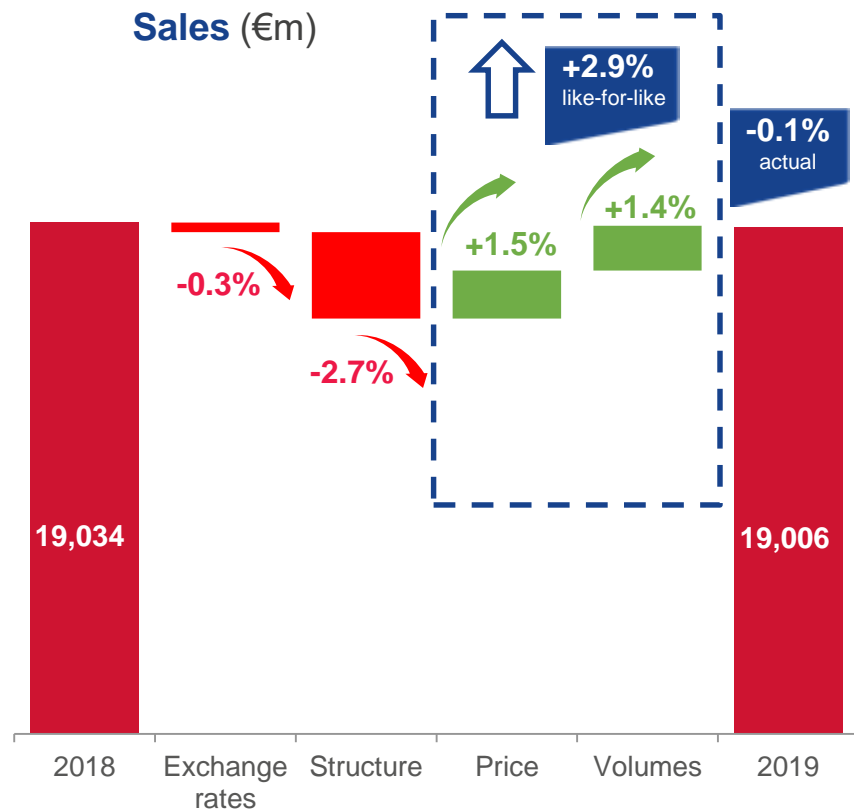
Breakdown of 2019
Operating income



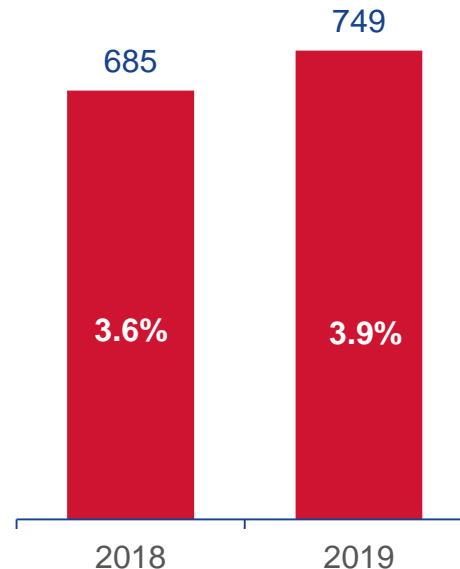
Industrial assets
at December 31, 2019



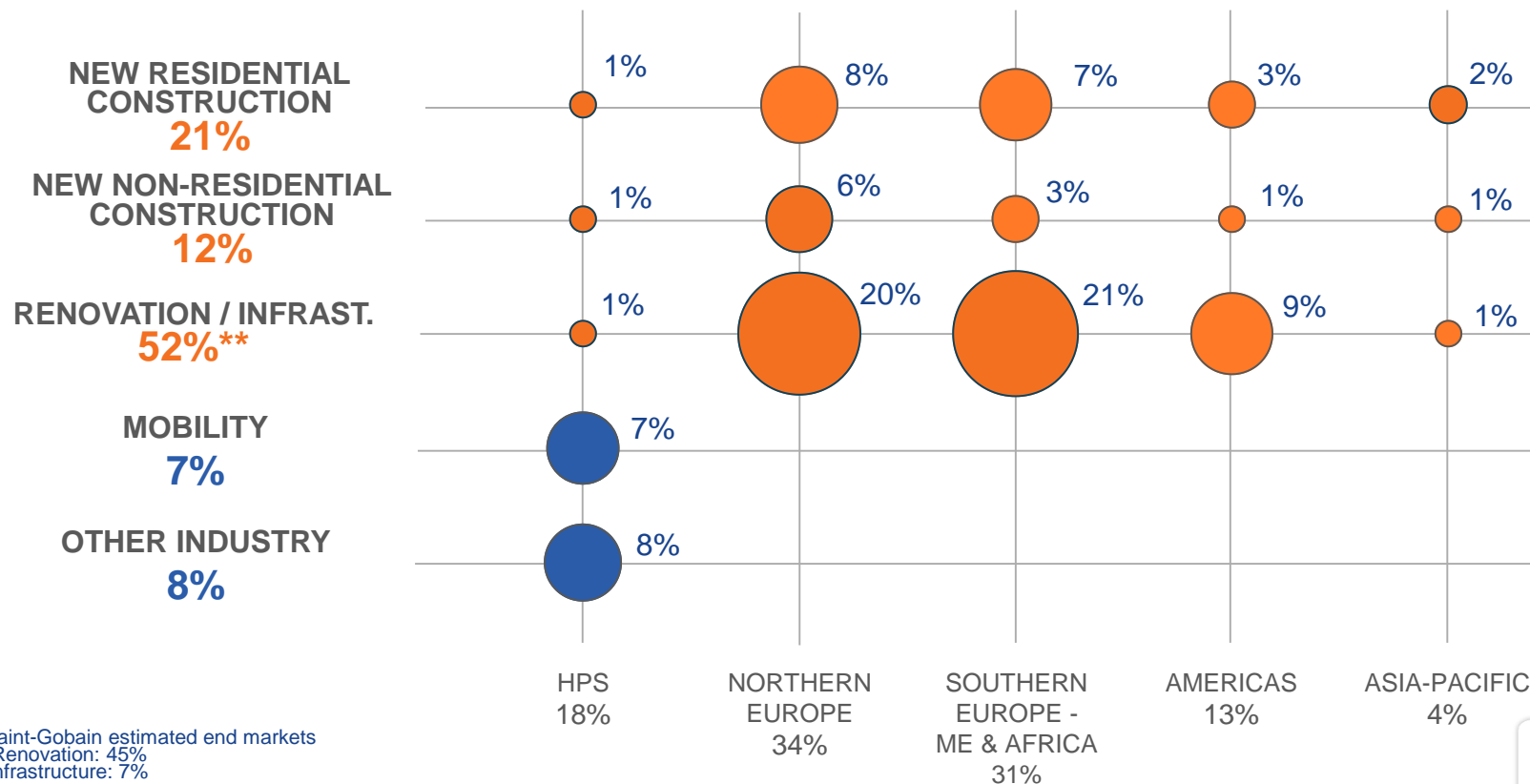
BUILDING DISTRIBUTION EUROPE: Significant margin growth



Operating income (€m) and margin (%)

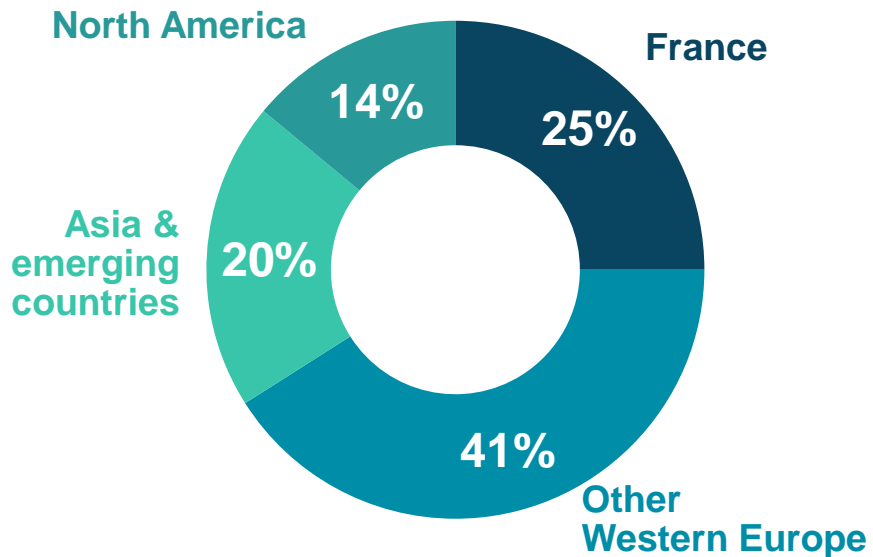


END MARKETS*

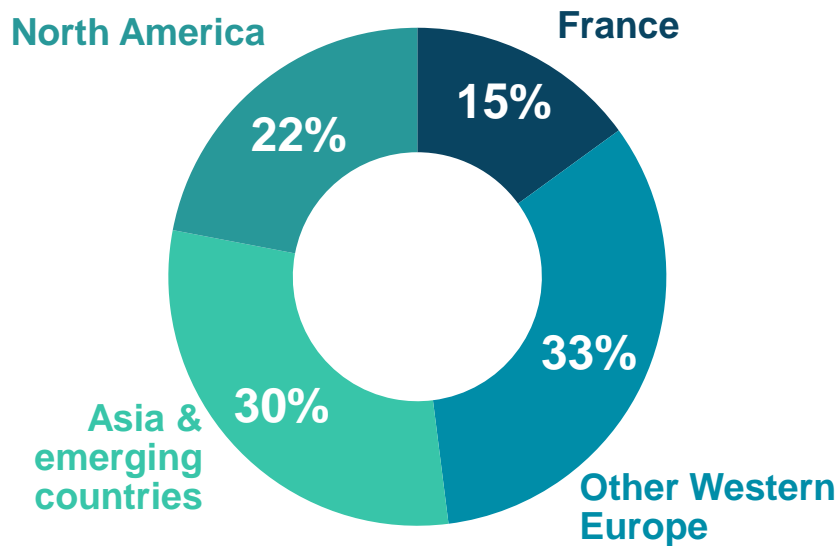


SALES AND OPERATING INCOME BY GEOGRAPHIC AREA

Breakdown of 2019 Sales



Breakdown of 2019 Operating income



ASBESTOS-RELATED LITIGATION IN THE US

- **Around US\$ 59m** paid out in 2019 (*versus US\$ 67m in 2018*)
- €88m accrual to the provision in 2019;
total balance sheet provision: US\$ 576m at end-2019 (*versus US\$ 568m at end-2018*)

	2017	2018	2019
New claims	3,100	2,600	2,600
Settled claims	3,900	4,300	2,500
Outstanding claims	34,300	32,600	32,700

- On **January 23, 2020**, DBMP LLC – which holds the legacy asbestos liabilities of the former CertainTeed Corporation – filed a **voluntary petition for Chapter 11 relief** in the US Bankruptcy Court. This **stays all DBMP LLC asbestos-related litigation and all related costs**, allowing DBMP LLC the necessary time and protection to negotiate an agreement to be approved by all claimants and by the court. As from January 23, 2020, DBMP LLC is no longer consolidated with the Group (together with its subsidiary, annual operating income of around €12m).