

## PRESS RELEASE

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### First-half 2020 results

#### *In the context of the coronavirus:*

- **Return to sales and operating income growth in June after a 12.3% decline in sales over the first half<sup>1</sup>**
  - **Sharp 143% rise in free cash flow<sup>2</sup> to €1,678 million**
- Sales down 12.3% like-for-like in first-half 2020, including a 19.2% decrease in the second quarter owing to the coronavirus pandemic, with very different situations from one country and market to the next
  - Operating income of €827 million, down 49.2% like-for-like, leading to a decline in the operating margin<sup>3</sup> from 7.6% to 4.7%
  - EBITDA down 32.4% to €1,635 million
  - Clear-cut action on costs with savings of €395 million in first-half 2020:
    - (1) €160 million to mitigate the impact of the health crisis during the lockdown period, thanks to the temporary reduction in discretionary spending and partial employment measures, which will not recur beyond the first half;
    - (2) €80 million in net recurring savings under the « Transform & Grow » program, for which we will meet our net savings target of €250 million at the end of 2020, a year earlier than planned;
    - (3) €155 million at end-June relating to the continuation of the operational excellence program, which aims to offset various inflation impacts
  - Launch of additional adaptation measures to lower the break-even point of businesses for which the recovery is delayed or uncertain, representing savings of €50 million in second-half 2020 and €200 million on a full-year basis by 2021
  - Steep 143% rise in free cash flow to €1,678 million; conversion ratio<sup>4</sup> up sharply at 129%
  - Sharp decrease in net debt, to €9.8 billion from €12.8 billion at end-June 2019
  - The Group will reach its medium-term target of a reduction in the number of its shares outstanding to 530 million at end-2020

(€m)	H1 2019	H1 2020	Change	Change like-for-like
<b>Sales</b>	21,677	<b>17,764</b>	<b>-18.1%</b>	<b>-12.3%</b>
<b>EBITDA<sup>5</sup></b>	2,417	<b>1,635</b>	<b>-32.4%</b>	
<b>Operating income</b>	1,638	<b>827</b>	<b>-49.5%</b>	<b>-49.2%</b>
<b>Recurring net income<sup>6</sup></b>	944	<b>272</b>	<b>-71.2%</b>	
<b>Free cash flow</b>	690	<b>1,678</b>	<b>143.2%</b>	

1. Like-for-like.

2. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense excluding Sika dividends, plus income tax, less investments in property, plant and equipment and intangible assets excluding additional capacity investments, plus change in working capital requirement on a rolling 12-month basis.

3. Operating margin = Operating income divided by sales.

4. Free cash flow conversion = Free cash flow divided by EBITDA less depreciation of right-of-use assets.

5. EBITDA = Operating income, plus operating depreciation and amortization, less non-operating costs.

6. Recurring net income = Net attributable income excluding capital gains and losses on disposals, asset write-downs, and material non-recurring provisions.

**Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, commented:**

*“In the unprecedented context of the coronavirus pandemic, Saint-Gobain set itself four priorities: protecting the health and safety of all, strengthening its liquidity and balance sheet, adapting costs and preparing for the recovery. Our efforts to preserve cash allowed us to achieve a high level of free cash flow generation in the first half.*

*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. Saint-Gobain’s medium and long-term outlook remains robust thanks to its successful strategic and organizational choices. Saint-Gobain’s comprehensive portfolio of innovative energy-efficiency solutions, as well as its extensive exposure to the renovation market, ideally position the Group to benefit from national and European stimulus plans supporting the energy transition.”*

**Benoit Bazin, Chief Operating Officer of Saint-Gobain, commented:**

*“Our new organization has proved extremely effective during this crisis, supported by excellent international coordination and the agility of our country and market CEOs, who quickly took the best local decisions for their customers and teams. By rapidly cutting costs, we achieved savings of €395 million in the first half, with in particular an acceleration of our “Transform & Grow” program, which generated €80 million of net savings in the first half of 2020 and for which we expect to meet our initial €250 million target by the end of 2020, a year earlier than planned. We have also already launched the additional necessary adaptation measures to lower the break-even point wherever the recovery is delayed or more uncertain with resulting cost savings of €200 million on a full-year basis in 2021, of which €50 million in second-half 2020. Lastly, our portfolio optimization strategy to enhance our growth and profitability profile will be gradually resumed according to market conditions. We firmly believe that the Group will emerge stronger from this crisis and we would like to thank the unwavering commitment of all of our teams.”*

## Operating performance

First-half consolidated **sales** were **€17,764 million**, down 18.1% on a reported basis and **down 12.3% like-for-like** compared to first-half 2019. After a good start to the year in the European Regions and in the Americas, the effects of the coronavirus spread beyond Asia-Pacific to the rest of the world as from March. Trading for the Group hit a low in April, when it stood at 60% of 2019 levels, and then rallied with a sharp rebound in June, which was up 3.7% like-for-like, also benefitting from two additional working days.

**Volumes** contracted by 12.7% in the first half and by 19.4% in the second quarter (no calendar effect), but **rebounced 3.3% in June**. Prices held up well, increasing 0.4% over the first half in a slightly deflationary environment, resulting in a positive price-cost spread.

**Changes in Group structure** had a negative 4.5% impact on sales, resulting from disposals carried out as part of “Transform & Grow” in 2019, with negative structure impacts of 11.4% in Northern Europe (Distribution in Germany and Optimera in Denmark), 3.1% in Southern Europe - Middle East & Africa (in France with DMTP and K par K in Distribution and with the expanded polystyrene business; in the Netherlands with Glassolutions) and 9.0% in Asia-Pacific (Hankuk Glass Industries in South Korea). The structure impact also reflects acquisitions carried out to consolidate our strong positions (Continental Building Products in North America as from February), develop new niche technologies and services (HTMS), and expand in emerging countries (gypsum and mortars in Latin America). In light of the hyperinflationary environment in Argentina, this country which represents less than 1% of the Group’s consolidated sales, is excluded from the like-for-like analysis.

**The currency effect** reduced sales by 1.3% and chiefly reflects the depreciation of Nordic krona, the Brazilian real and other emerging country currencies.

The Group's operating income was down 49.2% like-for-like. Its **operating margin narrowed, from 7.6% to 4.7%**, due to the downturn in volumes in the second quarter – usually a strong contributor to first-half earnings – owing to pandemic-related disruptions. Overall, cost actions resulted in savings of €395 million in the first half:

- (1) €160 million to mitigate the impact of the health crisis during the lockdown period, thanks to the temporary reduction in discretionary spending and partial employment measures, which will not recur beyond the first half;
- (2) €80 million in net recurring savings under the « Transform & Grow » program, for which we will meet our net savings target of €250 million at the end of 2020, a year earlier than planned;
- (3) €155 million at end-June relating to the continuation of the operational excellence program, which aims to offset wage inflation and other fixed costs.

### **Segment performance** (like-for-like sales)

#### **High Performance Solutions (HPS): gradual recovery in June**

HPS sales fell by 18.0%, and by 27.0% in the second quarter, affected by sometimes full-scale shutdowns lasting several weeks in certain industries (especially automotive) in most regions. In June, the steady rally in all industrial markets limited the fall to 8.2%. In this context, the operating margin came out at 7.4% versus 13.0% in first-half 2019, hit by lower second-quarter volumes in most markets and particularly automotive. However, this was partially offset by swift reductions in costs.

- **Mobility** sales were hit particularly hard by shutdowns of automotive manufacturing plants across the globe as from March. In the second quarter, Mobility sales were down by almost 45% worldwide, particularly in Europe; only China saw an improvement. In June, sales gradually improved, up to around 85% of prior-year levels. Mobility continued to outperform the automotive market in all regions in the first half of the year, thanks mainly to its increasing exposure to high value-added products and electric vehicles.
- Activities serving **Industry** were also affected in the second quarter by the wider slowdown in industrial markets in all regions. In June, trading recovered, up to around 90% of prior-year levels.
- Activities serving the **Construction Industry** held up well in the first half, reporting only a slight decrease in sales, buoyed by gains in market share in the second quarter as well as upbeat trends in external thermal insulation solutions (ETICS).
- **Life Sciences** continued to enjoy a strong growth dynamic in the pharmaceutical and medical sector, benefiting from its recent capacity investments. The business is also engaged in the fight against the coronavirus, prioritizing components for critical medical devices (silicone membranes, flexible tubes, filters, connectors and fixings) used in respirators, ventilators and infusion pumps in particular.

#### **Northern Europe: clear improvement in June; first-half margin growth excluding the UK**

Sales declined 8.2%, including 15.6% in the second quarter after a good start to the year in January and February. Sales rose 4.9% in June.

Nordic countries reported good growth over the first half, particularly in Distribution which continued to increase its market share thanks to past investments in digital and logistics. Sales were also up in the second quarter, with robust growth in June supported by a dynamic renovation market. Germany and Eastern Europe proved resilient over the first half, reporting a moderate fall in sales, despite a greater volume and price impact in the second quarter in the manufacturing base serving Mobility markets. In contrast, UK sales contracted sharply, down by nearly half in the second quarter: all operations were at a virtual standstill throughout April, before slowly restarting in May and picking up somewhat in June.

The Region delivered an impressive operating margin, reporting slight growth excluding the UK. The UK impact alone reduced the margin for the Region as a whole to 4.2% versus 6.0% in first-half 2019, despite a positive raw material and energy price-cost spread in the Region.

### **Southern Europe - Middle East & Africa: significant upturn in June, especially in France**

Like-for-like sales in Southern Europe - Middle East & Africa improved month-by-month over the second quarter, with June up 7% year-on-year. Overall, sales fell 22.7% for the quarter, with a sharp contraction in the manufacturing base serving Mobility markets due to reduced plant utilization. Sales were down 16.0% over the first half, thanks to a very strong start to the year before the coronavirus hit.

The Region's momentum was driven by France, which rallied sharply towards the end of the period: after coming to a total standstill for several days at the end of March, trading improved at 50% of prior-year levels in mid-April, more than 80% in May, and virtually back to normal levels in June at a comparable number of working days. Distribution benefited from past investments in digital and from upbeat momentum in the renovation market; energy efficiency solutions also returned to growth. Spain, Italy, the Middle East and Africa also saw a significant improvement in June, after being hit harder than average for the Region early in the second quarter by lockdown measures. Only in the Netherlands did trading over the first half remain relatively unaffected by the coronavirus. The operating margin for the Region came out at 1.7% versus 5.0% in first-half 2019, hit by weak volumes in most countries in the Region for several weeks in the second quarter – usually a strong contributor to earnings – and despite a positive raw material and energy price-cost spread.

### **Americas: return to growth in June; first-half margin growth in North America**

Sales in the Americas were down 6.5%, including 11.9% in the second quarter after a good start to the year in January and February. The Region rose 6.7% in June, up in both North and South America. North America saw a moderate decline in the first half, chiefly affected by volumes and by lockdown measures in certain States in April which limited trading. The US and Canada posted robust growth in June, despite a still uncertain health situation, driven by exterior solutions and gypsum which delivered double-digit volume growth. Thanks to the successful integration of Continental Building Products, the gypsum business benefited from a volume upturn in June and regained the good momentum observed at the start of the year.

In Latin America, after a good start to the year in January and February, construction markets were severely disrupted in March and April by the quarantine measures introduced in many countries and in Brazilian states, which generally prevented the construction industry from operating. After bottoming out at 40% of 2019 levels in mid-April, trading rebounded sharply, up to 80% of prior-year levels in May and delivering year-on-year growth in June. Over the first half as a whole, Brazil continued to benefit from its channel-driven sales synergies, enabling it to outpace market growth, particularly gypsum which reported a double-digit advance.

The operating margin for the Region came out at 7.1% in first-half 2020 versus 9.0% in first-half 2019, reflecting the downturn in trading in Latin America. North America reported an increase in its operating margin, lifted by extensive productivity efforts, a positive raw material and energy price-cost spread and the seamless integration of Continental Building Products.

### **Asia-Pacific: growth in China in the second quarter; sharp rise in the first-half margin excluding India**

Asia-Pacific sales fell by 17.5% in first-half 2020, and by 21.9% in the second quarter due to lockdown measures in South-East Asia and India. June improved, recording a fall of 7.8%, with double-digit growth in China, a stabilizing situation in South-East Asia and a lower decline in India. As the first country to have been affected by the coronavirus, the Group's activities in China hit a low point in February, before regaining their full production capacity in early March, thanks to which they were able to support the progressive improvement in demand. Sales showed dynamic growth in the second quarter, led by double-digit growth in gypsum on the back of the new plaster plant opened in 2019 which is now operating at full capacity. India delivered double-digit growth in January and February buoyed by productivity solutions (plaster and mortars), but came to a standstill at the end of March with the introduction of strict lockdown measures. These were gradually lifted during May and June although severe disruptions are ongoing. In June, trading was at around 70% of 2019 levels, with clear week-on-week improvements and significant market share gains despite health conditions remaining difficult. Other Asian countries saw varying degrees of disruption in the first half: these were very limited in Japan, but more pronounced in Thailand, while Vietnam reported growth which significantly outperformed the market, illustrating the success of its local strategy in the context of "Transform & Grow".

The operating margin for the Region came out at 7.0% versus 9.5% in first-half 2019, affected by the sharp downturn in India in the second quarter of 2020, despite the strong rise elsewhere.

## Measures put in place to address the coronavirus pandemic

Since the start of the pandemic, Saint-Gobain has taken all necessary steps in real time to limit its impacts. The Group's new organization by country and by market, put in place within the scope of "Transform & Grow", has given it the agility and flexibility it needs to take decisions quickly at the local level. The Group's priorities have been to:

### Ensure employee health and safety:

Since the outbreak of the health crisis in China, the Group has done its utmost to protect the health of its employees and other stakeholders by putting in place strict hygiene measures adapted to its different businesses, encouraging working from home and cooperating with the authorities in each country.

### Strengthen our liquidity and balance sheet:

The Group has a very solid financial position in terms of cash and financing. At June 30, 2020, the Group's cash and cash equivalents represented €7.1 billion, following the repayment of €1 billion on the syndicated credit facility drawn in March and of €1.5 billion in bonds in the first half of the year. The Group reinforced its financing sources during first-half 2020:

- A €1.5 billion bond issued March 26, consisting of €750 million with a 3-year maturity and a 1.75% coupon and €750 million with a 7.5-year maturity and a 2.375% coupon;
- A syndicated credit line totaling €2.5 billion which was arranged in March and reduced to €1.0 billion at end-June 2020, in addition to the confirmed and undrawn back-up credit lines of €4.0 billion;
- Access to the new commercial paper Pandemic Emergency Purchase Program (PEPP) launched by the European Central Bank on March 18, 2020;
- Reduction in capital expenditure, down 34.5% in first-half 2020 to €447 million; targeted reduction for the full year of over €500 million compared to 2019;
- Sharp €1.2 billion decrease in working capital requirement over 12 months thanks to strict monitoring of inventories and daily tracking of customer payments;
- Disposal of Sika shares for €2.4 billion at end-May, generating a net cash gain<sup>1</sup> of €1.5 billion.

### Reduce costs to preserve cash:

- Swiftly adapting production to local demand on a site-by-site basis;
- Cost actions resulted in total savings of €395 million in the first half:
  - (1) €160 million to mitigate the impact of the health crisis during the lockdown period, thanks to the temporary reduction in discretionary spending and partial employment measures, which will not recur beyond the first half;
  - (2) €80 million in net recurring savings under the « Transform & Grow » program, for which we will meet our net savings target of €250 million at the end of 2020, a year earlier than planned;
  - (3) €155 million at end-June relating to the continuation of the operational excellence program, which aims to offset wage inflation and other fixed costs.
- Maintaining strict pricing discipline, generating a positive price-cost spread of €50 million in first-half 2020.

In the context of the pandemic, the countries and markets where the recovery is delayed or is more uncertain have ramped up **adaptation measures**, including capacity adjustments, especially in:

- The UK, with restructurings and closures of Distribution outlets;
- In the manufacturing base serving Mobility markets in Europe and in certain activities serving industrial markets.

These measures will generate additional **full-year savings of €200 million by 2021**, of which €50 million as from second-half 2020.

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<sup>1</sup> Calculated as the cash difference between proceeds collected from the disposals (May 2020 and May 2018), dividends received (€61 million) and the amount paid to acquire the shares in May 2018.

## Analysis of the consolidated financial statements for first-half 2020

The unaudited interim consolidated financial statements for first-half 2020 were subject to a limited review by the statutory auditors and adopted by the Board of Directors on July 30, 2020.

€m	H1 2019 (A)	H1 2020 (B)	% change (B)/(A)
<b>Sales and ancillary revenue</b>	<b>21,677</b>	<b>17,764</b>	<b>-18.1%</b>
<b>Operating income</b>	<b>1,638</b>	<b>827</b>	<b>-49.5%</b>
Operating depreciation and amortization	947	950	0.3%
Non-operating costs	-168	-142	-15.5%
<b>EBITDA</b>	<b>2,417</b>	<b>1,635</b>	<b>-32.4%</b>
Capital gains and losses on disposals, asset write-downs and impact of changes in Group structure	-217	-734	n.s.
<b>Business income (loss)</b>	<b>1,253</b>	<b>-49</b>	<b>-103.9%</b>
Net financial expense	-250	-234	-6.4%
Sika dividends	28	34	21.4%
Income tax	-318	-183	-42.5%
Share in net income (loss) of associates	1	-1	n.s.
<b>Net income (loss) before minority interests</b>	<b>714</b>	<b>-433</b>	<b>-160.6%</b>
Minority interests	25	1	-96.0%
<b>Net attributable income (loss)</b>	<b>689</b>	<b>-434</b>	<b>-163.0%</b>
<b>Earnings (loss) per share<sup>2</sup> (in €)</b>	<b>1.27</b>	<b>-0.81</b>	<b>-163.8%</b>
<b>Recurring net income<sup>1</sup></b>	<b>944</b>	<b>272</b>	<b>-71.2%</b>
<b>Recurring earnings per share<sup>2</sup> (in €)</b>	<b>1.74</b>	<b>0.51</b>	<b>-70.7%</b>
<b>EBITDA</b>	<b>2,417</b>	<b>1,635</b>	<b>-32.4%</b>
Depreciation of right-of-use assets	-340	-336	-1.2%
Net financial expense	-250	-234	-6.4%
Income tax	-318	-183	-42.5%
Capital expenditure	-682	-447	-34.5%
<i>o/w additional capacity investments</i>	220	155	-29.5%
Change in working capital requirement <sup>3</sup>	-357	1,088	-404.8%
<b>Free cash flow<sup>4</sup></b>	<b>690</b>	<b>1,678</b>	<b>143.2%</b>
<b>Free cash flow conversion<sup>5</sup></b>	<b>33.2%</b>	<b>129.2%</b>	
Lease investments	353	409	15.9%
Investments in securities <sup>6</sup>	158	1,256	n.s.
Divestments	227	2,434	n.s.
<b>Consolidated net debt<sup>7</sup></b>	<b>12,799</b>	<b>9,841</b>	<b>-23.1%</b>

1. Recurring net income = Net attributable income (loss) excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
2. Calculated based on the weighted average number of shares outstanding at June 30 (538,242,661 shares in 2020, versus 542,350,708 shares in 2019).
3. Change in working capital requirement: over a 12-month period (see Appendix 4, bottom of "consolidated cash flow statement").
4. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense excluding Sika dividends, plus income tax, less capital expenditure excluding additional capacity investments, plus change in working capital requirement over a 12-month period.
5. Free cash flow conversion = Free cash flow divided by EBITDA less depreciation of right-of-use assets.
6. Investments in securities: €1,256 million in 2020, mainly Continental Building Products.
7. 2019 consolidated net debt restated for the IFRIC's November 2019 decision.

Consolidated **sales** were down 12.3% like-for-like, with volumes contracting 12.7% while prices held firm, up 0.4%. On a reported basis, sales fell 18.1%, including a negative 1.3% **currency effect** and a negative 4.5% **Group structure impact** resulting from divestments carried out within the scope of “Transform & Grow” in 2019 and various acquisitions, including Continental Building Products in February 2020.

Consolidated **operating income** fell 49.5% as reported and 49.2% like-for-like, leading to a decline in the operating margin from 7.6% to 4.7%. **EBITDA** fell 32.4% to €1,635 million, while the EBITDA margin fell to 9.2% from 11.2% in first-half 2019.

**Non-operating costs** fell to €142 million versus €168 million in first-half 2019, mainly due to the discontinuation of the €45 million accrual to the provision for asbestos-related litigation involving CertainTeed in the US. The first-half 2020 amount includes around €30 million in restructuring costs associated with the “Transform & Grow” program and €40 million in restructuring costs related to additional cost savings measures put in place to address the coronavirus crisis.

**The net balance of capital gains and losses on disposals, asset write-downs and the impact of changes in Group structure** represented an expense of €734 million compared to an expense of €217 million in first-half 2019. In the first six months of 2020, this item consists mainly of a €581 million write-down of intangible assets in the UK Distribution business, which is operating in a downbeat environment. The Group has launched a new large-scale cost reduction program which includes shutting down its least profitable outlets. The sale of the Group’s 10.75% stake in Sika for €2.4 billion led to a net cash gain of €1.5 billion, with no resulting disposal gain recognized in the income statement owing to the accounting method adopted (IFRS 9 option to recognize changes in fair value in equity). Following a gain of €781 million recognized in the income statement for first-half 2018, the additional gain gradually recognized directly in equity represents around €640 million. The Group recorded a **business loss** of €49 million.

**Net financial expense** excluding Sika dividends was down slightly, at €234 million versus €250 million in first-half 2019. Dividends received from Sika totaled €34 million.

The income tax rate on recurring net income was 45%, which is not comparable to the income tax rate of 25% recorded in first-half 2019 due to certain exceptional items such as the liability method in the UK, withholding taxes, and losses recorded in certain countries which did not give rise to tax credits. **Income tax** totaled €183 million (€318 million in first-half 2019).

**Recurring net income** (excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions) was €272 million compared to €944 million in first-half 2019. The **net attributable loss** was €434 million.

**Investments in property, plant and equipment and intangible assets (capital expenditure)** declined by 34.5% to €447 million, representing 2.5% of sales compared to 3.1% in first-half 2019. Three-quarters of the decrease is attributable to optimized maintenance capital expenditure. Most planned growth capital expenditure has been maintained and represents €155 million, mainly in the Construction Industry, façade and productivity solutions in emerging countries (Mexico, India and China), and Life Sciences.

**Free cash flow** jumped 143% to €1,678 million, representing three times the percentage of sales in first-half 2019 (9.4% versus 3.2%), with a sharp improvement in the free cash flow conversion ratio at 129% (versus 33% in first-half 2019), thanks mainly to a significant decrease in working capital requirement and capital expenditure. Operating working capital requirement came in at 32 days’ sales at June 30, 2020, compared to 41 days at end-June 2019.

**Investments in securities** totaled €1,256 million (€158 million in first-half 2019) and chiefly included the Continental Building Products acquisition. In the first six months of 2020, Continental Building Products generated USD 240 million in sales and USD 50 million in EBITDA, representing an EBITDA margin of 20.8% despite the impact of the coronavirus. Over 2020 as a whole, EBITDA is expected to exceed USD 110 million (compared to USD 125 million in 2019), buoyed by the ramp-up in synergies that should represent over USD 15 million (of which USD 3 million in first-half 2020). Expectations for value creation in year three are confirmed.

**Divestments** totaled €2,434 million (€227 million in first-half 2019), and mainly consist of the sale of Sika shares.

**Net debt** fell sharply to €9.8 billion at June 30, 2020 compared to €12.8 billion at end-June 2019 (as restated further to the IFRIC's November 2019 decision requiring the revision of the terms adopted for certain leases), thanks chiefly to proceeds from divestments net of acquisitions amounting to around €1.5 billion, along with the reduction in working capital requirement and capital expenditure. Excluding IFRS 16, net debt fell to €6.7 billion at June 30, 2020 from €9.8 billion at end-June 2019. Net debt represents 54% of consolidated equity compared to 69% as restated at June 30, 2019. The **net debt to EBITDA ratio** on a rolling 12-month basis was 2.4 (2.0 excluding IFRS 16) compared to 2.6 (2.4 excluding IFRS 16) at June 30, 2019.

## 2020 outlook

In second-half 2020, despite uncertainties as to the impact of the crisis caused by the coronavirus pandemic and the different patterns of recovery in each country, Saint-Gobain should benefit in the third quarter from a significant improvement in its markets that began at the end of the second quarter. While most industrial markets – especially automotive – should remain down on 2019, construction markets which represent about 85% of the Group's sales are expected to see supportive trends, especially renovation in Europe, which accounts for around half of the Group's sales and is a market on which the Group is strategically very well positioned.

### Priorities:

- 1) **Ensure the health and safety of all in a health environment which remains uncertain.**
- 2) **Continue to implement adaptation measures and generate robust free cash flow,** driven by:
  - **constant focus on the price-cost spread;**
  - **cost reduction thanks to additional post-coronavirus measures,** which should generate €200 million in full-year savings by 2021, including €50 million in second-half 2020;
  - the success of the **cost savings program** as part of “**Transform & Grow**”, generating **€130 million in additional cost savings in 2020** (of which €50 million in the second half), after €120 million in 2019, enabling the Group to meet its €250 million target a year earlier than planned;
  - a **decrease in capital expenditure** of more than **€500 million** in 2020 versus 2019 after an investment peak and thanks to continued optimization of maintenance capital expenditure in the context of the pandemic;
  - ongoing efforts to **optimize working capital requirement;**
  - continuation of the **operational excellence program** aimed at offsetting wage inflation and other fixed costs: around **€300 million** in additional cost savings in 2020 (of which €155 million in the first half) calculated on the 2019 cost base; continued discipline on cost structure.
- 3) **Maintain a strong balance sheet and reach at end-2020 the medium-term objective of a reduction in the number of its shares outstanding to 530 million,** from 542 million at December 31, 2019.
- 4) **Enhance in the Group's profitable growth profile,** driven by:
  - the **continuation of its portfolio optimization** as part of “**Transform & Grow**” (divestments and acquisitions), according to market conditions;
  - the **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;
  - the “**green**” **recovery,** central to Saint-Gobain's strategic positioning on energy-efficient renovation markets thanks to its comprehensive portfolio of innovative solutions to reduce the energy consumption of buildings.

**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.**

Saint-Gobain's medium and long-term outlook are robust thanks to its successful strategic and organizational choices. The strategy of differentiation and innovation puts Saint-Gobain in the best position to benefit from its profitable growth drivers: sustainability and wellbeing, and enhanced customer performance and productivity. 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.

## Financial calendar

- An information meeting for analysts and investors will be held at 8:30am (GMT+1) on *July 31, 2020* and will be broadcast live on:  
[www.saint-gobain.com/](http://www.saint-gobain.com/)

- Sales for the first nine months of 2020: *October 29, 2020*, after close of trading on the Paris Bourse.

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Indicators of **organic growth** and **like-for-like changes in sales/operating income** reflect the Group's underlying performance excluding the impact of:

- changes in Group structure, by calculating indicators for the year under review based on the scope of consolidation of the previous year (Group structure impact);
- changes in foreign exchange rates, by calculating the indicators for the year under review and those for the previous year based on identical foreign exchange rates for the previous year (currency impact);
- changes in applicable accounting policies.

All indicators contained in this press release (not defined in the footnote) are explained in the notes to the financial statements in the interim financial report, available by clicking here: <https://www.saint-gobain.com/fr/finance/information-reglementee/rapport-financier-semestriel>

The glossary below shows the notes of the interim financial report in which you can find an explanation of each indicator.

### Glossary:

EBITDA	Note 4
Net debt	Note 9
Non-operating costs	Note 4
Operating income	Note 4
Net financial expense	Note 9
Recurring net income	Note 4
Business income	Note 4
Working capital requirement	Note 4

### Important disclaimer – forward-looking statements:

This press release 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 Universal 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 press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain.**

For further information, please visit [www.saint-gobain.com](http://www.saint-gobain.com).

## Appendix 1: Results by Segment - First Half

<b>I. SALES</b>	<b>H1 2019 (in €m)</b>	<b>H1 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>Change on a comparable structure basis</b>	<b>Like-for-like change</b>
High Performance Solutions	3,862	3,102	-19.7%	-19.1%	-18.0%
Northern Europe	7,726	6,090	-21.2%	-9.8%	-8.2%
Southern Europe - ME & Africa	7,011	5,668	-19.2%	-16.1%	-16.0%
Americas	2,774	2,670	-3.7%	-10.1%	-6.5%
Asia-Pacific	895	655	-26.8%	-17.8%	-17.5%
<i>Internal sales and misc.</i>	-591	-421	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>Group Total</b>	<b>21,677</b>	<b>17,764</b>	<b>-18.1%</b>	<b>-13.6%</b>	<b>-12.3%</b>

Industry Europe	5,154	4,345	-15.7%	-13.9%	-13.3%
Distribution Europe	9,817	7,558	-23.0%	-12.5%	-11.4%

<b>II. OPERATING INCOME</b>	<b>H1 2019 (in €m)</b>	<b>H1 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2019 (in % of sales)</b>	<b>H1 2020 (in % of sales)</b>
High Performance Solutions	502	231	-54.0%	13.0%	7.4%
Northern Europe	460	256	-44.3%	6.0%	4.2%
Southern Europe - ME & Africa	350	99	-71.7%	5.0%	1.7%
Americas	250	190	-24.0%	9.0%	7.1%
Asia-Pacific	85	46	-45.9%	9.5%	7.0%
Misc.	-9	5	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>Group Total</b>	<b>1,638</b>	<b>827</b>	<b>-49.5%</b>	<b>7.6%</b>	<b>4.7%</b>

Industry Europe	461	218	-52.7%	8.9%	5.0%
Distribution Europe	349	137	-60.7%	3.6%	1.8%

<b>III. BUSINESS INCOME (LOSS)</b>	<b>H1 2019 (in €m)</b>	<b>H1 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2019 (in % of sales)</b>	<b>H1 2020 (in % of sales)</b>
High Performance Solutions	458	160	-65.1%	11.9%	5.2%
Northern Europe	250	-408	-263.2%	3.2%	-6.7%
Southern Europe - ME & Africa	309	70	-77.3%	4.4%	1.2%
Americas <sup>(a)</sup>	174	98	-43.7%	6.3%	3.7%
Asia-Pacific	81	42	-48.1%	9.1%	6.4%
Misc.	-19	-11	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>Group Total</b>	<b>1,253</b>	<b>-49</b>	<b>-103.9%</b>	<b>5.8%</b>	<b>-0.3%</b>

(a) after asbestos-related charge (before tax) of €45m in H1 2019 (compared to €0m in H1 2020)

<b>IV. EBITDA</b>	<b>H1 2019 (in €m)</b>	<b>H1 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2019 (in % of sales)</b>	<b>H1 2020 (in % of sales)</b>
High Performance Solutions	640	352	-45.0%	16.6%	11.3%
Northern Europe	738	507	-31.3%	9.6%	8.3%
Southern Europe - ME & Africa	610	368	-39.7%	8.7%	6.5%
Americas	296	298	+0.7%	10.7%	11.2%
Asia-Pacific	131	88	-32.8%	14.6%	13.4%
Misc.	2	22	n.s.	n.s.	n.s.
<b>Group Total</b>	<b>2,417</b>	<b>1,635</b>	<b>-32.4%</b>	<b>11.2%</b>	<b>9.2%</b>

<b>V. FREE CASH FLOW</b>	<b>H1 2019 (in €m)</b>	<b>H1 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2019 (in % of sales)</b>	<b>H1 2020 (in % of sales)</b>
High Performance Solutions	263	249	-5.3%	6.8%	8.0%
Northern Europe	204	679	+232.8%	2.6%	11.1%
Southern Europe - ME & Africa	221	308	+39.4%	3.2%	5.4%
Americas <sup>(b)</sup>	25	372	+1388.0%	0.9%	13.9%
Asia-Pacific	65	68	+4.6%	7.3%	10.4%
Misc.	-88	2	n.s.	n.s.	n.s.
<b>Group Total</b>	<b>690</b>	<b>1,678</b>	<b>+143.2%</b>	<b>3.2%</b>	<b>9.4%</b>

(b) after asbestos-related charge (before tax) of €33m in H1 2019 (compared to €0m in H1 2020)

<b>VI. INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND IN INTANGIBLE ASSETS</b>	<b>H1 2019 (in €m)</b>	<b>H1 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2019 (in % of sales)</b>	<b>H1 2020 (in % of sales)</b>
High Performance Solutions	165	102	-38.2%	4.3%	3.3%
Northern Europe	169	116	-31.4%	2.2%	1.9%
Southern Europe - ME & Africa	150	79	-47.3%	2.1%	1.4%
Americas	122	96	-21.3%	4.4%	3.6%
Asia-Pacific	58	40	-31.0%	6.5%	6.1%
Misc.	18	14	n.s.	n.s.	n.s.
<b>Group Total</b>	<b>682</b>	<b>447</b>	<b>-34.5%</b>	<b>3.1%</b>	<b>2.5%</b>

## Appendix 2: Sales by Segment - Second Quarter

<b>I. SALES</b>	<b>Q2 2019 (in €m)</b>	<b>Q2 2020 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>Change on a comparable structure basis</b>	<b>Like-for-like change</b>
High Performance Solutions	1,969	1,390	-29.4%	-29.2%	-27.0%
Northern Europe	4,066	2,871	-29.4%	-18.1%	-15.6%
Southern Europe - ME & Africa	3,625	2,685	-25.9%	-23.0%	-22.7%
Americas	1,467	1,300	-11.4%	-17.2%	-11.9%
Asia-Pacific	469	318	-32.2%	-23.4%	-21.9%
<i>Internal sales and misc.</i>	-297	-163	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>Group Total</b>	<b>11,299</b>	<b>8,401</b>	<b>-25.6%</b>	<b>-21.3%</b>	<b>-19.2%</b>
Industry Europe	2,633	1,985	-24.6%	-22.9%	-21.9%
Distribution Europe	5,177	3,632	-29.8%	-19.5%	-17.9%

### Appendix 3: Consolidated Balance Sheet

	Dec 31, 2019	June 30, 2020
<i>in € million</i>		
<b>Assets</b>		
Goodwill	10,029	10,333
Other intangible assets	2,709	2,577
Property, plant and equipment	11,707	11,284
Right-of-use assets	2,954	2,926
Investments in equity-accounted companies	437	455
Deferred tax assets	833	683
Other non-current assets	3,511	937
<b>Non-current assets</b>	<b>32,180</b>	<b>29,195</b>
Inventories	6,200	5,874
Trade accounts receivable	4,813	5,144
Current tax receivable	194	203
Other receivables	1,609	1,406
Cash and cash equivalents	4,987	7,067
<b>Current assets</b>	<b>17,803</b>	<b>19,694</b>
<b>Total assets</b>	<b>49,983</b>	<b>48,889</b>
<b>Equity and Liabilities</b>		
Capital stock	2,179	2,179
Additional paid-in capital and legal reserve	5,551	5,551
Retained earnings and consolidated net income	12,518	12,775
Cumulative translation adjustments	(1,467)	(2,292)
Fair value reserves	743	(72)
Treasury stock	(108)	(289)
<b>Shareholders' equity</b>	<b>19,416</b>	<b>17,852</b>
Minority interests	364	300
<b>Total equity</b>	<b>19,780</b>	<b>18,152</b>
Non-current portion of long-term debt	10,286	10,202
Non-current portion of long-term lease liabilities	2,552	2,521
Provisions for pensions and other employee benefits	2,648	2,636
Deferred tax liabilities	448	367
Other non-current liabilities and provisions	1,126	1,032
<b>Non-current liabilities</b>	<b>17,060</b>	<b>16,758</b>
Current portion of long-term debt	1,751	1,640
Current portion of long-term lease liabilities	665	669
Current portion of other liabilities and provisions	343	337
Trade accounts payable	6,000	5,389
Current tax liabilities	156	142
Other payables	4,004	3,926
Short-term debt and bank overdrafts	224	1,876
<b>Current liabilities</b>	<b>13,143</b>	<b>13,979</b>
<b>Total equity and liabilities</b>	<b>49,983</b>	<b>48,889</b>

## Appendix 4: Consolidated Cash Flow Statement

<i>in € million</i>	<b>H1 2019</b>	<b>H1 2020</b>
<b>Net attributable income (loss)</b>	<b>689</b>	<b>(434)</b>
Minority interests in net income	25	1
Share in net income (loss) of associates, net of dividends received	(10)	0
Depreciation, amortization and impairment of assets	795	1,291
Depreciation and impairment of right-of-use assets	341	359
Gains and losses on disposals of assets	10	(5)
Unrealized gains and losses arising from changes in fair value and share-based payments	13	(12)
Restatement for hyperinflation in Argentina	10	6
Changes in inventories	(370)	129
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(1,142)	(596)
Changes in tax receivable and payable	19	(16)
<b>Changes in WCR</b>	<b>(1,493)</b>	<b>(483)</b>
Changes in deferred taxes and provisions for other liabilities and charges	53	42
<b>Net cash from (used in) operating activities</b>	<b>433</b>	<b>765</b>
Purchases of property, plant and equipment [in H1 2019: (610), in H1 2020: (402)] and intangible assets	(682)	(447)
Purchases of right-of-use assets	(353)	(409)
Increase (decrease) in amounts due to suppliers of fixed assets	(219)	(191)
Acquisitions of shares in consolidated companies [in H1 2019: (137), in H1 2020: (1,224)] net of debt acquired	(134)	(1,332)
Acquisitions of other investments	(17)	(16)
Increase in investment-related liabilities	3	9
Decrease in investment-related liabilities	(14)	(9)
<b>Investments</b>	<b>(1,416)</b>	<b>(2,395)</b>
Disposals of property, plant and equipment and intangible assets	47	89
Disposals of shares in consolidated companies, net of net debt divested	81	(48)
Disposals of other investments	2	2,387
(Increase) decrease in amounts receivable on sales of fixed assets	97	6
<b>Divestments</b>	<b>227</b>	<b>2,434</b>
Increase in loans and deposits	(74)	(49)
Decrease in loans and deposits	26	25
<b>Net cash from (used in) investment and divestment activities</b>	<b>(1,237)</b>	<b>15</b>
Issues of capital stock	154	0
(Increase) decrease in treasury stock	(211)	(184)
Dividends paid	(716)	0
Minority interests' share in capital increases of subsidiaries	31	2
Increase (decrease) in investment-related liabilities (put on minority interests)	(3)	(5)
Acquisitions of minority interests without gain of control	(4)	(15)
Dividends paid to minority shareholders of consolidated subsidiaries	(23)	(33)
Variation in dividends payable	(13)	15
<b>Net cash from (used in) financing activities</b>	<b>(785)</b>	<b>(220)</b>
Net effect of exchange rate changes on net debt	2	136
Net effect of changes in fair value on net debt	(15)	(4)
Net debt classified as assets and liabilities held for sale	(1)	0
Impact of remeasurements of lease liabilities	(7)	(42)
<b>Increase (decrease) in net debt</b>	<b>(1,610)</b>	<b>650</b>
<b>Net debt excluding lease liabilities at beginning of period</b>	<b>(8,114)</b>	<b>(7,274)</b>
<b>Lease liabilities at beginning of period*</b>	<b>(3,075)</b>	<b>(3,217)</b>
<b>Net debt at beginning of period</b>	<b>(11,189)</b>	<b>(10,491)</b>
<b>Net debt excluding lease liabilities at end of period</b>	<b>(9,772)</b>	<b>(6,651)</b>
<b>Lease liabilities at end of period*</b>	<b>(3,027)</b>	<b>(3,190)</b>
<b>Net debt at end of period</b>	<b>(12,799)</b>	<b>(9,841)</b>
a. Change in WCR - H1 Year N-1	(1,588)	(1,493)
b. Change in WCR - H2 Year N-1	1,136	1,571
Change in WCR - Year N-1 = a. + b.	(452)	78
c. Change in WCR - H1 Year N	(1,493)	(483)
<b>Change in WCR from June 30, N-1 to June 30, N = b. + c.</b>	<b>(357)</b>	<b>1,088</b>

\* Net indebtedness 2019 restated for IFRIC November 2019

## Appendix 5: Debt at June 30, 2020

Amounts in €bn		Comments
<b>Amount and structure of net debt</b>		<b>€bn</b>
<b>Gross debt without Lease liabilities</b>	<b>13.7</b>	At end-June 2020
Lease liabilities	3.2	76% of gross debt without lease liabilities was at fixed interest rates and its average cost was 2.0%
Cash & cash equivalents	-7.1	
<b>Net debt</b>	<b>9.8</b>	
<b>Breakdown of gross debt without lease liabilities</b>		<b>13.7</b>
<b>Bond debt and perpetual notes</b>	<b>11.1</b>	
March 2021	0.8	
June 2021	0.7	
March 2022	0.9	
October 2022	0.1	
April 2023	0.8	
September 2023	0.5	
December 2023	0.4	
March 2024	0.7	
June 2024	0.1	
November 2024	0.3	(GBP 0.3bn)
March 2025	0.7	
After 2025	5.1	
<b>Other long-term debt</b>	<b>0.6</b>	(including €0.3bn long-term securitization)
<b>Short-term debt</b>	<b>2.0</b>	(excluding bonds)
Negotiable European Commercial Paper (NEU CP)	1.6	Maximum amount of issuance program: €4bn
Securitization	0.0	
Local debt and accrued interest	0.4	Frequent rollover; many different sources of financing
<b>Credit lines, cash &amp; cash equivalents</b>		<b>12.1</b>
Cash and cash equivalents	7.1	
Back-up credit-lines	4.0	See breakdown below
Short-term credit-line	1.0	See breakdown below
<b>Breakdown of back-up credit lines and short term line</b>		<b>5.0</b>
All lines are confirmed and undrawn, with no Material Adverse Change (MAC) clause		
	<b>Expiry</b>	<b>Covenants</b>
Syndicated line: €2.5bn	December 2024	None
Syndicated line: €1.5bn	December 2024	None
Syndicated line: €1.0bn	March 2021	None

## **Appendix 6: Breakdown of organic sales growth and external sales**

H1 2020, in % of total

	<b>Like-for-like change</b>	<b>% Group</b>
<b>High Performance Solutions</b>	<b>-18.0%</b>	<b>17%</b>
<i>Mobility</i>	-26.8%	6%
<i>Other industries</i>	-12.0%	11%
<b>Northern Europe</b>	<b>-8.2%</b>	<b>33%</b>
<i>Nordics</i>	+3.6%	15%
<i>United Kingdom - Ireland</i>	-27.6%	9%
<i>Germany - Austria</i>	-5.8%	4%
<b>Southern Europe - ME &amp; Africa</b>	<b>-16.0%</b>	<b>31%</b>
<i>France</i>	-16.5%	23%
<i>Spain-Italy</i>	-18.8%	4%
<b>Americas</b>	<b>-6.5%</b>	<b>15%</b>
<i>North America</i>	-5.5%	11%
<i>Latin America</i>	-8.7%	4%
<b>Asia-Pacific</b>	<b>-17.5%</b>	<b>4%</b>
<b>Group Total</b>	<b>-12.3%</b>	<b>100%</b>

## Appendix 7 : Prices and Volumes on organic growth sales by Segment

H1 2020	Like-for-like change	Prices	Volumes
High Performance Solutions	-18.0%	+0.5%	-18.5%
Northern Europe	-8.2%	+0.0%	-8.2%
Southern Europe - ME & Africa	-16.0%	+0.9%	-16.9%
Americas	-6.5%	-0.2%	-6.3%
Asia-Pacific	-17.5%	-1.3%	-16.2%
<b>Group Total</b>	<b>-12.3%</b>	<b>+0.4%</b>	<b>-12.7%</b>