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## PRESS RELEASE

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Paris, October 6, 2021, 8:00am

### SAINT-GOBAIN CAPITAL MARKETS DAY AND NEW STRATEGIC PLAN “GROW & IMPACT”

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- **Saint-Gobain is launching “Grow & Impact”, its new strategic plan designed to accelerate the Group’s profitable growth**
- **The Group is very well positioned on the structural growth markets of light and sustainable construction**
- **Thanks to its comprehensive range of solutions and its performance-driven local operating model, Saint-Gobain should outperform its underlying markets which are accelerating**
- **Saint-Gobain is a key player in the fight against climate change, aiming to maximize the positive impact that the Group brings to its customers while minimizing its own environmental footprint:**
  - Sustainable solutions represent 72% of Group sales
  - Solutions sold by the Group in one year result in the avoidance of around 1,300 million tons of CO<sub>2</sub> emissions over their lifespan
- **The Group is setting new annual financial targets for 2021-2025<sup>1</sup> on average including accelerated profit and cash flow generation and attractive value creation for its shareholders:**
  - Organic sales growth of 3-5%<sup>2</sup>
  - Operating margin of 9-11%
  - Free cash flow conversion ratio above 50%
  - ROCE of 12-15%
  - Annual dividend payout ratio representing 30-50% of recurring net income
  - €2 billion share buyback program over the 2021-2025 period

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Today at 2:00pm CET Saint-Gobain is hosting a meeting for investors and analysts to present the Group's strategy and targets for 2021-2025.

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<sup>1</sup> Assuming no major economic slowdown

<sup>2</sup> Including 2021 organic growth normalized versus 2019

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

*“Together with the Executive Committee, I am pleased to launch a new chapter for Saint-Gobain. Our vision is to become the worldwide leader in light and sustainable construction. In a world moving towards net-zero carbon, Saint-Gobain aims to provide a full range of solutions that address three major issues of our time: drastically reducing the 40% of CO<sub>2</sub> emissions linked to construction, protecting natural resources, and facing the challenge of rapid urbanization in emerging countries. Today we are launching a new strategic plan, “Grow & Impact”, with the ambition to significantly accelerate our profitable growth and the value creation for our shareholders. The Group will build on the success of its new local organization and its “multi-national” culture driven by performance and by proximity to its customers, in order to benefit fully from strong growth on its underlying markets.*

*By capitalizing on innovation and the power of data to enrich our range of solutions, “Grow & Impact” will enable us to outperform our underlying markets and maximize our positive impact in numerous areas: the environment with our decarbonization solutions for construction and industry, well-being and customer satisfaction, value creation for our shareholders and employee engagement, and addressing the concerns of all our stakeholders.”*

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**Update on raw material and energy cost inflation**

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Amid the current context of accelerating inflation in energy costs, Saint-Gobain is now expecting energy and raw material cost inflation of around €1.5 billion in 2021 compared to 2020 (versus its previous estimation for the full-year of €1.1 billion made at the end of July), of which €1.1 billion in second-half 2021 alone. This increase in inflation mainly concerns the cost of energy in Europe, where the Group is currently hedged for natural gas and electricity at 50% for fourth-quarter 2021, 65% for 2022 and 25% for 2023, at levels slightly above 2020.

To offset this inflation over full-year 2021 in its industrial businesses, the Group needs a positive price impact of around 6% over the full year and of 8% in the second half.

In light of its proactive strategy in this regard and the price increases implemented over the past few months, the Group estimates for the third quarter of 2021 a positive price effect of around 8% and a positive volume effect of around 1% compared to 2020 (and up around 3% compared to third-quarter 2019). The Group’s underlying markets continued to see good momentum, despite a high comparison basis in 2020 for the summer period in Europe, when craftsmen took few holidays owing to the coronavirus pandemic. In the current energy price context, and thanks to the new price increases announced over the past few weeks in most countries in Europe and in the US, Saint-Gobain is confident that it will be able to offset raw material and energy cost inflation over full-year 2021.

**Accordingly, Saint-Gobain is confidently reiterating its targets as announced at the publication of the half-year results at end-July 2021: for full-year 2021, the Group is targeting a very strong increase in operating income to a new all-time high, with like-for-like operating income in second-half 2021 close to the previous record of second-half 2020.**

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## **New strategic plan: “Grow & Impact”**

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### **Saint-Gobain is very well positioned on the structural growth markets of light and sustainable construction**

120 countries representing over 70% of global GDP have committed to carbon neutrality. To achieve this, sustainable construction is essential, given that the construction industry is the primary cause of CO<sub>2</sub> emissions, accounting for 40% of emissions around the globe. Saint-Gobain’s solutions for renovation, the building envelope and light construction can tackle at least two-thirds of these emissions. Light construction – where the wood, concrete or metal frame is the only load-bearing element of the building – requires the use of light materials like plasterboard and maximizes the need for glass and insulation, thereby responding to the growing demand for housing thanks to modular construction for example, and contributing to the decarbonization of buildings and to easier dismantling and reutilization.

The Group is attractively positioned on the renovation and light construction markets, where **growth is expected to be structurally faster in a post-Covid economy.**

**Local renovation markets** (around 50% of Group sales) benefit from structural tailwinds which could double their growth rate: stimulus plans for energy-efficient renovation of public and private buildings, upward revision of energy performance standards and changes in building use (working from home, a return to single-family homes).

**The shift to light construction** (around 40% of Group sales) responds to the challenges of decarbonization (time and productivity gains on site) and of resource scarcity (up to 50% reduction in raw materials usage vs. traditional building methods), and brings well-being and comfort benefits for occupants.

Lastly, rapid developments in the need for decarbonization among our **global industrial customers** require accelerated innovation in decarbonization technologies for the construction industry (especially cement and concrete), green mobility (glazing solutions adapted to the challenges of electric mobility) and in specialty materials for the decarbonization of industrial processes (e.g., high performance glass refractories).

### **Saint-Gobain is well-positioned to play a leading role in the fast-changing construction markets**

The world of construction is at a tipping point, with the need for new solutions. The Group is ideally placed to lead these developments and benefit from growth on its underlying markets thanks to its set of solutions meeting the specific needs of its customers along two key axes: sustainability and performance.

**Saint-Gobain is able to offer a comprehensive range of end-to-end solutions**, whether in cross-sell and dedicated channels, services along the value-chain (logistics & kitting, intermediation, aftermarket sales, unmanned stores, recycling, digital solutions and services, etc.) or systems (offsite manufacturing, light façades, partition systems, ETICS – external thermal insulation composite systems, smart glazing, etc.).

**Its broad geographical reach provides it with critical scale** (#1 in renovation in Europe and #1 in construction in North America and certain major emerging countries such as India or Brazil), **and enables broad international deployment** (manufacturing in 70 countries, adapting to local customers’ needs and climates).

**The Group is present across the full value chain**, which allows it to influence all its stakeholders from architects to end-customers, and to build local ecosystems, especially via its distribution network close to hundreds of thousands of craftsmen.

**Saint-Gobain's innovation is focused on customers**, combining numerous technological platforms in the construction and industrial markets. This has enabled the Group to be named a Clarivate Top 100 Global Innovator for the 10<sup>th</sup> consecutive year. **Leveraging ever more digital data** from its multiple customer interactions along the value chain also **allows it to maximize the impact of its solutions**.

### **ESG at the core of Saint-Gobain's business model**

The Group's solutions sold across the globe in one year result in around 1,300 million tons of avoided CO<sub>2</sub> emissions over their lifespan, around 40 times the Group's own total carbon footprint in 2020 (scopes 1, 2 and 3) or more than 100 times its scope 1 and 2 footprint. Saint-Gobain is therefore a key player in the fight against climate change, maximizing its positive impact for its customers whilst minimizing its own footprint as part of its commitment to be carbon neutral by 2050.

**Solutions bringing a sustainability benefit represent 72% of Saint-Gobain's sales**. These solutions benefit either the planet – in terms of CO<sub>2</sub> and energy savings, resources and circularity – or people – in terms of health and safety and well-being: visual, acoustic, thermal and air quality comfort.<sup>3</sup>

Furthermore, Saint-Gobain is able to **measure the impact of its solutions** in use: numerous use cases – some of which will be presented in detail today – illustrate and quantify the benefits for our customers and end-users. In addition to the positive impact brought by its solutions, **Saint-Gobain demonstrates its leadership and accountability across the board on ESG considerations**.

**ESG is embedded into management processes**. It is taken into account in short-term incentive plans (at 10%) and long-term incentive plans (at 20%, up from 15% previously); committees focused on Corporate Social Responsibility themes have been created within the Executive Committee and Board of Directors; diversity is a key priority (25% women managers in the Group, 38% women on the Executive Committee).

**To reach its target of carbon neutrality by 2050, the Group has defined a 2030 roadmap** targeting a reduction in CO<sub>2</sub> emissions of 33% for scopes 1 and 2, and of 16% for scope 3, both in absolute terms versus 2017. **There has been a significant acceleration in the ESG roadmaps in each country where Saint-Gobain is present**: €100 million is allocated each year to capital expenditure and R&D focused on reducing CO<sub>2</sub> emissions. In investment decisions, the internal carbon price has been increased to €75 per ton for capital expenditure (versus €50 previously), and is €150 per ton for R&D projects.

**A new composite Sustainability Progress Indicator has been defined to track the Group's progress towards carbon neutrality**. The indicator consists of four components: scope 1 and 2 CO<sub>2</sub> emissions, virgin raw materials avoided, non-recovered waste and industrial water withdrawal. The current score is 65 from a starting point of 50 in 2017; the 2030 target is 100.

**The Group makes a significant contribution to the acceleration of the industry's ESG agenda** in collaborating with governmental and non-governmental organizations, building ecosystem partnerships and exchanging with start-ups.

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<sup>3</sup> Analysis carried out across all product families across the Group and audited by an independent third-party.

## **A new model of business governance at Saint-Gobain, close to its markets and with a resolutely “multi-national” culture**

Thanks to the success of “Transform & Grow”, Saint-Gobain’s local business model is now well-established. The new organization has enabled a profound cultural shift, with teams’ accountability and performance as well as customer satisfaction being placed at the core. Our new strategic plan “Grow & Impact” is therefore built on solid foundations, accelerating the Group’s profitable growth whilst maximizing the positive impact it brings to all of its stakeholders.

**The Group’s organization and culture have been fundamentally transformed**, with a simplified organization (“one-boss” principle) and 90% of CEOs native to their country, resulting in an employee engagement rate of 82%.

**New remuneration schemes** (bonuses 100% aligned to country or market performance) **are aligned with performance**: focus on cash, ROCE, EBITDA and ESG impact (CO<sub>2</sub>, diversity and safety).

**Investment priorities have been clearly defined**, with a focus on renovation in Europe and on North American and emerging markets. The Group scope will continue to be reviewed regularly, based on performance and strategic alignment for divestments, and strict capital allocation criteria for value-creating acquisitions.

## **Saint-Gobain targets attractive value creation for its shareholders**

The unique positioning on structurally faster-growing markets, the comprehensive solutions offer and a performance-accountable organization will allow the Group to accelerate its growth and outperform its markets, and disciplined capital allocation will also ensure a step-up in value creation for shareholders. As a result, Saint-Gobain is today presenting its annual **financial targets for 2021-2025** on average, assuming no major economic slowdown:

### **Accelerated profit and cash generation**

- Organic sales growth of 3-5%
- Operating margin of 9-11%
- Free cash flow conversion ratio above 50%

### **Disciplined capital allocation**

- ROCE of 12-15%
- Net debt to EBITDA ratio of 1.5-2.0x

### **Attractive shareholder returns policy**

- Annual dividend payout ratio representing 30-50% of recurring net income, paid in cash
- €2 billion share buyback program between 2021 and 2025, equivalent to more than 30 million net share count reduction based on the recent Saint-Gobain share price

The Capital Markets Day will be held both physically and virtually via an immersive platform, already available. The presentation will start at 2:00pm CET and include a Q&A session for analysts and investors. Documentation and webcasts will be available on the Saint-Gobain website at the beginning of the presentation at 2:00pm CET: <https://www.saint-gobain.com/en/finance/investor-days>. The webcast replay will be available on October 7, via the same link above.

## ABOUT SAINT-GOBAIN

Saint-Gobain designs, manufactures and distributes materials and solutions for the construction, mobility, healthcare and other industrial application markets. Developed through a continuous innovation process, they can be found everywhere in our living places and daily life, providing well-being, performance and safety, while addressing the challenges of sustainable construction, resource efficiency and the fight against climate change. This strategy of responsible growth is guided by the Saint-Gobain purpose, "MAKING THE WORLD A BETTER HOME", which responds to the shared ambition of all the women and men in the Group to act every day to make the world a more beautiful and sustainable place to live in.

**€38.1 billion in sales in 2020**

**More than 167,000 employees, located in 70 countries**

**Committed to achieving Carbon Neutrality by 2050**

For more information about Saint-Gobain,

visit [www.saint-gobain.com](http://www.saint-gobain.com) and follow us on Twitter [@saintgobain](https://twitter.com/saintgobain)

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You can also listen in live to the Capital Markets Day via conference call by dialing:

France: +33 1 70 70 07 81

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Event code: 2251919

### Glossary

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

- **Free cash flow** = EBITDA less depreciation of right-of-use assets, plus net financial expense, plus income tax, less capital expenditure excluding additional capacity investments, plus change in working capital requirement over a 12-month period.

- **EBITDA** = operating income plus operating depreciation and amortization less non-operating costs.

- **ESG**: Environment, Social, Governance.

- **Capital expenditure** = investments in tangible and intangible assets.

- **Operating margin** = operating income divided by sales.

- **Share buybacks**: net of offsetting employee share creation.

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

- **ROCE** (Return on Capital Employed) = annualized operating income adjusted for changes in the scope of consolidation (based on 12 months' of operating income for acquired companies and with no operating income taken into account for divested companies), expressed as a percentage of total assets at period-end.

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

All indicators contained in this press release (not defined above or in the footnotes) are explained in the Universal Registration Document including the annual financial report, available by clicking here: <https://www.saint-gobain.com/en/finance/information-reglementee/universal-registration-document-including-annual-financial-report>.

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
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)). 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 press release. 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.

This press release includes information pertaining to Saint-Gobain's markets and competitive positions therein. Such information is based on market data and Saint-Gobain's actual revenues in those markets for the relevant periods. Saint-Gobain obtained this market information from various third-party sources (industry publications, surveys, and forecasts) and its own internal estimates. No representation or warranty, express or implied, is made by Saint-Gobain or its managers, corporate officers, employees, shareholders, contractors, representatives or advisors as to the accuracy or completeness of the information or opinions contained in this press release that have not been independently verified.