SAINT-GOBAIN

Half-year financial report 2021

Including:

- Half-year management Report 2021
- Condensed consolidated Financial Statements as of June 30, 2021
- Statutory Auditors' review report on the 2021 half-year financial information
- Statement by the persons responsible for the 2021 interim financial report

PRESS RELEASE

Paris, July 29, 2021, 6:00pm

First-half 2021 results

New records for all performance indicators

- **+11.9% in organic growth versus first-half 2019 and +27.4% versus first-half 2020:**
  - +7.6% in volumes versus first-half 2019: strong momentum on underlying markets and market share gains
  - +4.3% in prices versus first-half 2019 (+3.9% versus first-half 2020), an acceleration in a far more inflationary environment
- **+53% in like-for-like operating income** versus first-half 2019, to **€2,376 million**
- **10.7% operating margin in first-half 2021** versus 7.6% in first-half 2019
- **Successful conclusion of "Transform & Grow", with objectives significantly exceeded**: 10.4% operating margin on a rolling 12-month basis
- **+34% in EBITDA** versus first-half 2019 to **€3,248 million**, and EBITDA margin at 14.7%
- **+60% in recurring net income** versus first-half 2019 to **€1,506 million**
- **+47% in free cash flow** versus first-half 2020 to **€2,461 million** with a conversion ratio of 84%

2021 operating income target raised: record figure for the full year

Enhanced growth and profitability profile as a leading player in light and sustainable construction

Benoit Bazin, Chief Executive Officer of Saint-Gobain, commented:
"These first-half 2021 record results surpass even our second-half 2020 performance. This success reflects the profound positive changes in our organization from "Transform & Grow" – streamlined, agile and closely aligned with its customers – thanks to our extremely committed teams who have stepped up to the challenge across the globe in this unprecedented period. It also reflects structural changes in our markets, which should show an acceleration in growth over the coming years. With divestitures of €5.3 billion in sales either closed or signed since the end of 2018, the Group continues to optimize its profile. Saint-Gobain is now on a new growth and profitability trajectory and is affirming its position as a leading player in decarbonization solutions for construction and industry, thanks to its comprehensive range of integrated and light solutions providing customers with sustainability and performance.
Against this supportive backdrop, we are targeting a very strong increase in operating income over full-year 2021 to a new all-time high, and for second-half 2021 we are confident in the Group's ability to deliver like-for-like operating income close to the previous record of second-half 2020."

Group operating performance

First-half consolidated sales were **up 11.9% on first-half 2019 on a like-for-like basis** (up 9.0% in the first quarter and 14.7% in the second). This acceleration in organic growth was supported by the Group's comprehensive range of **solutions for sustainability and performance**. It reflects market share gains and very good momentum across our segments, particularly renovation in Europe, and construction in the Americas and in Asia-Pacific. Overall, our main industrial markets continued their sequential improvement, excluding the automotive market in Europe.

Group **volumes** were up by 7.6% on first-half 2019 and the **price** increase accelerated to 4.3% (3.9% versus first-half 2020, of which 2.6% in the first quarter and 5.1% in the second) amid increased energy and raw material cost inflation.

On a reported basis, sales totaled **€22,131 million**, up 24.6% year-on-year and up 2.1% on first-half 2019. The 2.6% negative **currency effect** compared to first-half 2020 mainly reflects the depreciation of the US dollar, Brazilian real and other emerging country currencies.

Changes in Group structure had a negative 0.2% impact compared to first-half 2020, due to the ongoing **optimization of the Group's profile**, with total divestitures of **€5.3 billion** in sales either closed or signed since the end of 2018. The sale of the Pipe business in China was finalized on July 28, while closing of the transaction relating to the sale of Saint-Gobain's Distribution activities in the Netherlands is expected to occur on July 30, 2021.
In terms of acquisitions, the Group has integrated several **companies on targeted fast-growing markets** such as Brüggemann in turnkey modular timber construction solutions in Germany and Strikolith in exterior insulation systems in the Netherlands. Over the first six months of 2021, **Continental Building Products** (plasterboard in the US) generated USD 289 million in sales and USD 82 million in EBITDA (versus USD 50 million in first-half 2020), representing an **EBITDA margin of 28.4%** (20.8% in first-half 2020). Synergies exceeded USD 20 million in the first half of 2021.
Note that 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.

Consolidated operating income hit a new record in first-half 2021, at €2,376 million (after €2,028 million in second-half 2020), a like-for-like rise of 53% on first-half 2019.

The Group's **operating margin hit another all-time high of 10.7% in first-half 2021** (after a record 10.0% in second-half 2020), compared to 7.6% in first-half 2019.

Over the past 12 months, the Group's operating margin was 10.4% (versus 7.7% in 2018), significantly exceeding the objectives set out in "Transform & Grow", and benefiting from:

- **A structural improvement linked to the success of "Transform & Grow"**, with a **60 bps** increase thanks to €250 million in recurring and structural savings in the context of the new organization, and an additional **60 bps** increase linked to the successful optimization of the Group's profile;
- **A structurally improved volume dynamic with a very good leverage effect**, adding around **60 bps** to the margin, thanks in particular to increased demand on the renovation market post-pandemic, which the Group has been able to take full advantage of thanks to its new organization close to customers in each country or market;
- **One-off or temporary impacts adding around 90 bps to the margin**: generation of a positive price-cost spread of around €235 million (€110 million in second-half 2020 and €125 million in first-half 2021), a low level of overhead costs thanks to reduced discretionary spending, and post-coronavirus catch-up effects.

Operating performance by segment (like-for-like sales)

High Performance Solutions (HPS): slight growth in sales versus first-half 2019 and sequential margin improvement
HPS sales were up by 2.0% on first-half 2019, benefiting from the improvement in our main industrial markets excluding European automotive. The operating margin was 13.5% versus 13.0% in first-half 2019 and 14.4% in first-half 2018, continuing its sequential improvement after 11.1% in second-half 2020.

- The **Mobility** business saw strong sales growth against a prior-year comparison basis affected by automotive manufacturing plant shutdowns. However, sales remained around 3% down on the first half of 2019, owing to the contraction in the European market, while sales to the Americas and China were up sharply. Supply chain tensions related to the shortage of semi-conductors weighed on trading in the second quarter to some extent. Mobility continued to outperform the automotive market in the period, thanks to its increasing exposure to electric vehicles and to high value-added products.
- Businesses serving **Industry** also rebounded strongly against a weak first-half 2020 comparison basis and were up slightly on first-half 2019. Surface finishing solutions were notably driven by Do-It-Yourself (DIY) markets. Activities related to our customers' investment cycles continued to report a sequential improvement, but remained down on first-half 2019.
- Businesses serving the **Construction Industry**, little affected by the pandemic in first-half 2020, continued to deliver double-digit growth and to benefit from gains in market share and upbeat trends in textile solutions for external thermal insulation systems (ETICS).
- **Life Sciences**, which was up in first-half 2020, enjoyed double-digit growth with good momentum in the pharmaceutical and medical sector, buoyed by its recent capacity investments.

Northern Europe: growth in sales driven by renovation and a good margin level
Sales in Northern Europe progressed by 9.9% compared to first-half 2019 in a Region in which the UK was the only country to have been severely impacted by the coronavirus pandemic in first-half 2020. All countries in the Region reported growth, due in particular to households reallocating savings towards renovation spending. The operating margin for the Region came in at 7.9% versus 6.0% in first-half 2019, buoyed by good volume trends, an optimized business profile, structural cost reductions and post-coronavirus adaptation measures.

Nordic countries, which were up in first-half 2020, continued to deliver solid growth, particularly thanks to the success of our omnichannel digital strategy in a supportive renovation market. **Germany** enjoyed stronger momentum on dynamic construction markets, and notably in modular timber construction, other light and sustainable construction, and related construction chemicals applications. The **UK** saw an acceleration in growth in the period compared to first-half 2019, led by double-digit growth in the second quarter in sales to trade professionals via Distribution, which benefited from the network optimization carried out in 2019 and 2020. **Eastern Europe** reported robust growth.

Southern Europe - Middle East & Africa: strong sales momentum in the renovation market and record margin

Sales for the Southern Europe - Middle East & Africa Region enjoyed strong momentum, up 13.1% on first-half 2019, reflecting the Group's outperformance on flourishing renovation markets and households prioritizing spending on renovation. The operating margin for the Region came in at a record 9.1% (a clear sequential increase after 8.0% in second-half 2020), up from 5.0% in first-half 2019, thanks to the very good volume dynamic in the renovation market, productivity gains from our teams, and the impact of divestments and structural cost reductions.

France's compelling performance drove the Region's growth, with market share gains and robust demand for renovation work which benefited the Group's energy efficiency solutions both manufactured and sold on a large scale thanks to the unrivalled presence of Saint-Gobain's Distribution network, our digital services for trade professionals and our intermediation platform for end-customers. The full impact of France's household stimulus package *MaPrimeRénov'* for home renovation contributed to the good overall dynamic, with more than 380,000 projects submitted in the first half. In terms of renovation of public buildings, the first effects of the stimulus plan should begin to be felt in late 2021 or early 2022. **Spain** advanced, particularly in light construction solutions and construction chemicals, despite the closure of a flat glass manufacturing plant in 2020 as part of the optimization of our industrial footprint. **Italy** continued to benefit from support for energy-efficient renovation in the form of tax credits, which helped accelerate growth. **Benelux**, which was relatively unaffected by the lockdown measures in first-half 2020, was also up. The acquisition of Strikolith in the Netherlands has enhanced the Group's offering in the fast-growing exterior insulation systems market. **Middle East and African countries** progressed very strongly.

Americas: sharp growth in sales and record margin

After delivering an already strong performance with 15.7% growth in the second half of 2020, sales for the Americas were up 25.2% on first-half 2019 in very dynamic markets. The first-half performance also benefited from double-digit price increases. The operating margin for the Region came in at a record 17.0% versus 9.0% in first-half 2019, mainly supported by double-digit growth in volumes and by a clear positive raw material and energy price-cost spread.

- **North America** progressed by 19.9% versus first-half 2019, driven by particularly strong demand in single-family homes, and by the acceleration in the price increase – in both interior and exterior solutions – in a far more inflationary environment. Sales synergies are bearing fruit and accelerating sales growth. Our extremely agile local organization enabled us to overcome strong tensions on supply chains, leading all businesses to report a clear increase in sales. Light construction continued to deliver an excellent performance, thanks particularly to the successful integration of Continental Building Products.
- **Latin America** achieved further vigorous growth in terms of both volumes and prices, enabling it to manage inflation. Despite a challenging health situation for part of the first half, especially in Brazil, the Region reported impressive growth of 37.1% compared to first-half 2019, driven by façade solutions, construction chemicals applications and interior solutions. Thanks to the local organization and an approach in which the Group's full range of solutions can be offered to customers, Latin America continues to see sales synergies and market share gains.

Asia-Pacific: strong sales and margin growth
The Asia-Pacific Region saw 16.2% organic growth versus first-half 2019, led by China and despite a challenging health situation in India. The operating margin for the Region came in at 11.2%, versus 9.5% in first-half 2019, driven by China and India, despite the challenging health context in the latter.

China reported very dynamic growth, which accelerated in the second quarter versus 2019 thanks to an upbeat market and to market share gains in construction solutions. **India** rebounded sharply compared to first-half 2020, when the pandemic had caused the country to come to a standstill, and was up slightly on first-half 2019 thanks to increased sales prices. After a good first-quarter 2021 with double-digit organic growth compared to pre-Covid levels, the second quarter was penalized by a deteriorating health situation. **South-East Asia** reported a very mixed picture in terms of recovery, buoyed by business growth in Vietnam where we continued to capture market share, but with most other countries still below 2019 levels.

ESG: solid progress in the 2030 roadmap in first-half 2021

A total of 1,000 initiatives have been logged since the launch of the internal Carbon Fund to engage all of the Group's employees on the road to carbon neutrality. First implemented in Northern Europe, it aims to accelerate the reduction of non-industrial CO_2 emissions through the everyday actions of employees and targeted investments in sites. This Carbon Fund is based on Saint-Gobain's internal carbon price and converts part of the CO_2 emissions reductions achieved into financing for projects which themselves seek to reduce the Group's carbon footprint, creating a virtuous circle.

The Group has recently increased its internal carbon prices to €50 per ton for investment decisions and to €150 per ton for R&D investments in disruptive technologies.

Saint-Gobain has also committed to supporting 1,000 complete energy renovation projects from employees eligible for France's new reinforced *MaPrimeRénov'* stimulus package.

Elsewhere, the **Group has signed Power Purchase Agreements (PPA)** which will enable it to achieve almost 40% of green electricity in 2021, double that in 2020. The latest PPA was signed in March for a capacity of 120 megawatts (MW) of a wind farm in the US. The renewable energy certificates related to this agreement represent 40% of the Group's CO_2 emissions from electricity in the US.

Each year through to 2030, the Group will also dedicate a **budget of €100 million to targeted capital expenditure and research and development** to reduce its industrial CO_2 emissions.

As part of this, Saint-Gobain is to invest in Fredrikstad in Norway to create the **world's first carbon-neutral plasterboard plant**. This project will eliminate more than 20,000 tons of CO_2 emissions per year and reduce the site's energy consumption. This investment is a tangible demonstration of Saint-Gobain's commitment to reduce its scope 1 and 2 emissions by 33% by 2030 compared to 2017, as part of its key target to become carbon neutral by 2050.

Lastly, the Group has recently decided to **build a sixth flat glass production plant in India**. The plant will enable Saint-Gobain to **reduce CO_2 emissions by 25% per square meter of flat glass**, thanks in particular to heat recovery, the use of recycled cullet and solar panels.

Analysis of the consolidated financial statements for first-half 2021

The unaudited interim consolidated financial statements for first-half 2021 were subject to a limited review by the statutory auditors and adopted by the Board of Directors on July 29, 2021.

in € million	H1 2019	H1 2020	H1 2021	% change	
				2021/2019	2021/2020
Sales	**21,677**	**17,764**	**22,131**	**2.1%**	**24.6%**
Operating income	**1,638**	**827**	**2,376**	**45.1%**	**187.3%**
Operating depreciation and amortization	947	950	954	0.7%	0.4%
Non-operating costs	-168	-142	-82	51.2%	42.3%
EBITDA	**2,417**	**1,635**	**3,248**	**34.4%**	**98.7%**
Capital gains and losses on disposals, asset write-downs and impact of changes in Group structure	-217	-734	-150	30.9%	79.6%
Business income (loss)	**1,253**	**-49**	**2,144**	**71.1%**	**n.s.**
Net financial expense	-250	-234	-213	14.8%	9.0%
Dividends received from investments	28	34	0	n.s.	n.s.
Income tax	-318	-183	-593	-86.5%	-224.0%
Share in net income (loss) of associates	1	-1	2	n.s.	n.s.
Net income (loss) before non-controlling interests	**714**	**-433**	**1,340**	**87.7%**	**409.5%**
Non-controlling interests	25	1	42	68.0%	n.s.
Net attributable income (loss)	**689**	**-434**	**1,298**	**88.4%**	**399.1%**
Earnings (loss) per share[2] (in €)	1.27	-0.81	2.45	92.9%	402.5%
Recurring net income[1]	**944**	**272**	**1,506**	**59.5%**	**453.7%**
Recurring earnings per share[2] (in €)	1.74	0.51	2.85	63.8%	458.8%
EBITDA	**2,417**	**1,635**	**3,248**	**34.4%**	**98.7%**
Depreciation of right-of-use assets	-340	-336	-333	2.1%	0.9%
Net financial expense	-250	-234	-213	14.8%	9.0%
Income tax	-318	-183	-593	-86.5%	-224.0%
Capital expenditure[3]	-682	-447	-431	-36.8%	-3.6%
o/w additional capacity investments	*220*	*155*	*121*	*-45.0%*	*-21.9%*
Changes in working capital requirement[4]	-357	1,088	662	285.4%	-39.2%
Free cash flow[5]	**690**	**1,678**	**2,461**	**256.7%**	**46.7%**
Free cash flow conversion[6]	**33%**	**129%**	**84%**		
Lease investments	353	409	285	-19.3%	-30.3%
Investments in securities[7]	158	1,256	91	-42.4%	-92.8%
Divestments	227	2,434	-79	-134.8%	-103.2%
Consolidated net debt	**12,799**	**9,841**	**7,584**	**-40.7%**	**-22.9%**

1. Recurring net income = net attributable income 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 (529,188,715 shares in 2021, versus 538,242,661 shares in 2020)
3. Capital expenditure = investments in tangible and intangible assets
4. Change in working capital requirement: over a 12-month period (see Appendix 4, bottom of "Consolidated cash flow statement")
5. 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
6. Free cash flow conversion = free cash flow divided by EBITDA, less depreciation of right-of-use assets
7. Investments in securities: €91 million in first-half 2021, of which €80 million in controlled companies

EBITDA climbed 34.4% versus first-half 2019 **to a record €3,248 million, while the EBITDA margin came in at an all-time high of 14.7%**, up from 11.2% in first-half 2019.

Non-operating costs fell to €82 million versus €142 million in first-half 2020, with a significant drop in restructuring costs, as expected. The net balance of capital gains and losses on disposals, asset write-downs and the impacts of changes in Group structure represented an expense of €150 million (versus an expense of €734 million in first-half 2020), reflecting €97 million in asset write-downs and €53 million in disposal losses and impacts relating to changes in Group structure. Business income was €2,144 million versus a business loss of €49 million in the first half of 2020.

Net financial expense excluding dividends from investments improved, at €213 million versus €234 million in first-half 2020.
The **tax rate** on recurring net income was 24.8%, stable compared to first-half 2019. Income tax was €593 million, including an exceptional €105 million which relates to the deferred tax in the UK (liability method) owing to the rise in the corporate income tax rate from 19% to 25%.

Recurring net income hit an all-time high of €1,506 million (excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions), up from €272 million in first-half 2020 and €944 million in first-half 2019.
Net attributable income amounted to €1,298 million, compared to €689 million in first-half 2019.

Capital expenditure represented €431 million (€447 million in first-half 2020): the abnormally low figure is attributable to availability restrictions due to the coronavirus pandemic. Certain planned growth capex projects – in the Construction Industry and in façade and gypsum solutions in emerging countries (Mexico, India and China) – will be caught up in second-half 2021 and will round out the 13 new plants successfully opened over the past 12 months, mainly to reinforce our leadership on the fast-growing light construction markets in Asia, Africa and Latin America.

Free cash flow jumped 47% versus first-half 2020 to a **record €2,461 million**, or 11.1% of sales (9.4% of sales in first-half 2020 and 3.2% in first-half 2019), with a free cash flow conversion ratio of 84%, buoyed by an almost two-fold increase in EBITDA and very low levels of working capital requirement and capital expenditure. Operating working capital requirement came in at 25 days' sales at June 30, 2021, compared to 32 days at end-June 2020 (and 41 days at end-June 2019), with significant depletion of inventories in order to ensure the best service for our customers. Inventory levels should be built back up in the second half of 2021.

Investments in securities totaled €91 million (versus €1,256 million in first-half 2020, mainly reflecting the acquisition of Continental Building Products).

Divestments represented an outflow of €79 million (versus an inflow of €2,434 million in first-half 2020 mainly reflecting the sale of Sika shares) and mainly related to the sale of Lapeyre (outflow of €193 million), partly offset by other divestments (Distribution in Spain, advance payment for Pipe in China).

Net debt fell sharply to €7.6 billion at June 30, 2021, from €9.8 billion at end-June 2020, thanks to a sharp rise in free cash flow generation. Excluding IFRS 16, net debt fell to €4.5 billion at June 30, 2021, from €6.7 billion at end-June 2020. Net debt represents 39% of consolidated equity compared to 54% at June 30, 2020. The **net debt to EBITDA ratio** on a rolling 12-month basis was 1.3 (0.9 excluding IFRS 16) compared to 2.4 (2.0 excluding IFRS 16) at June 30, 2020.

Outlook

In second-half 2021, against a higher comparison basis and in a macroeconomic and health environment which remains affected by uncertainties, the Group should continue to benefit from strong momentum in its main markets – especially renovation in Europe, as well as construction in the Americas and in Asia-Pacific – and from a solid operating performance. In this environment, and provided there is no new major impact relating to the coronavirus pandemic, Saint-Gobain expects the following trends for its segments:

- **High Performance Solutions**: continued sequential improvement in industrial markets, excluding automotive in Europe. Businesses related to customer investment should rally steadily, although are expected to remain down on the good level recorded in 2018;
- **Europe:** continued outperformance in construction led by renovation and support from stimulus programs, albeit with a high comparison basis for the summer months and in December, when trade professionals are expected to take more holiday than in 2020;
- **Americas**: market growth, particularly residential construction, in both North and Latin America;
- **Asia-Pacific**: market growth with continued good momentum in China, ongoing uncertainty in India and significant health-related disruptions in South-East Asia.

The Group recalls its priorities:

1) **Accelerate growth as leader in light and sustainable construction, offering decarbonization solutions for construction and industry**
   - **Outperformance versus the market** thanks to an agile organization focused on its customers in each country and end market;
   - **A range of integrated, differentiated and innovative solutions** to help our customers decarbonize;
   - **Further progress in ESG**, with the deployment of our 2030 roadmap towards carbon neutrality in 2050;
   - **Continued optimization of the Group's profile** (divestments and acquisitions) and integration of Chryso, a leading global player in construction chemicals.

2) **Continue its initiatives focused on profitability and performance: maintain robust margins and strong free cash flow generation**
   - **Constant focus on the price-cost spread**, thanks to strong pricing discipline, amid strong inflation in raw material and energy costs;
   - **Reduction in costs as part of post-coronavirus adaptation measures** to lower the break-even point of certain businesses, which should generate €150 million in cost savings in 2021 (€100 million in first-half 2021 and €50 million in second-half 2021) compared to 2020, following €50 million in second-half 2020;
   - Reinforcement of the **operational excellence program** aimed at offsetting inflation (excluding raw material and energy costs);
   - Maintaining the **structural improvement in operating working capital requirement** and rebuilding adequate inventories in order to best serve customers;
   - **Capital expenditure** of around **€1.5 billion**, focused strictly on high-growth markets, and ongoing digital transformation;
   - Continued reduction in **non-operating costs**.

For full-year 2021, the Group is now 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.

The Group is ideally placed to assist the growing number of countries committing to carbon-neutrality thanks to its light and sustainable construction solutions, which are crucial for achieving this ambition. It is supported by stimulus plans focused on the energy transition across the globe.

Saint-Gobain's structural medium and long-term outlook is robust thanks to its successful strategic and organizational choices, and to the development of a range of integrated solutions for each country and end market. The strategy of differentiation and innovation means that Saint-Gobain is ideally placed to provide its customers with **solutions for sustainability and performance**. This strategy is perfectly aligned with the Group's purpose of "***Making the World a better Home***".

Main risks and uncertainties

The main risks and uncertainties that the Group could face in the second half of 2021 are those described in Section 1 "Risk factors" of Chapter 6 of the 2020 Universal Registration Document of March 18, 2021, filed in French with the French financial markets authority (*Autorité des Marchés Financiers*) under number D. 21-0152 (the "2020 Universal Registration Document"). There has not been any significant change in these risk factors in the first-half of 2021.

Financial calendar

- An information meeting for analysts and investors will be held on *July 30, 2021 at 8:30am* (GMT+1), and will be streamed live on Saint-Gobain's website:
www.saint-gobain.com/

- **Investor Day: *October 6, 2021***.

- Sales for the first nine months of 2021: *October 28, 2021*, after close of trading on the Paris Bourse.

Analyst/Investor relations		Press relations	
Vivien Dardel	+33 1 88 54 29 77	Patricia Marie	+33 1 88 54 26 83
Floriana Michalowska	+33 1 88 54 19 09	Bénédicte Debusschere	+33 1 88 54 14 75
Christelle Gannage	+33 1 88 54 15 49	Susanne Trabitzsch	+33 1 88 54 27 96

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 half-year 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 half-year period (currency impact)*
- *changes in applicable accounting policies*

*- **EBITDA** = operating income plus operating depreciation and amortization less non-operating costs*
*- **Operating margin** = operating income divided by sales*
*- **Recurring net income** = net attributable income excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*
*- **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*
*- **Free cash flow conversion ratio** = free cash flow divided by EBITDA less depreciation of right-of-use assets*
*- **ESG** = Environment, Social, Governance*

All indicators contained in this press release (not defined above or in the footnotes) are explained in the notes to the financial statements in the interim financial report, available by clicking here: https://www.saint-gobain.com/en/finance/information-reglementee/half-yearly-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*
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 the "Risk Factors" section of Saint-Gobain's Universal 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 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2021

GROUP CONSOLIDATION REPORTING DEPARTMENT

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2021 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(in € millions)	Notes	June 30, 2021	Dec. 31, 2020
ASSETS			
Goodwill	(6.1)	10,234	10,028
Other intangible assets	(6.2)	2,457	2,505
Property, plant and equipment	(6.3)	11,048	11,072
Right-of-use assets	(6.4)	2,844	2,902
Investments in equity-accounted companies		506	462
Deferred tax assets	(11.2)	640	665
Other non-current assets	(7)	977	845
NON-CURRENT ASSETS		**28,706**	**28,479**
Inventories	(4.4)	5,893	5,362
Trade accounts receivable	(4.4)	6,049	4,597
Current tax receivable	(4.4) (11.1)	129	147
Other receivables	(4.4)	1,478	1,269
Assets held for sale	(3.3)	457	329
Cash and cash equivalents	(9.2)	6,604	8,443
CURRENT ASSETS		**20,610**	**20,147**
TOTAL ASSETS		**49,316**	**48,626**
EQUITY AND LIABILITIES			
Shareholders' equity	(10.1)	18,961	17,892
Non-controlling interests		349	311
TOTAL EQUITY		**19,310**	**18,203**
Non-current portion of long-term debt	(9.2)	9,291	10,179
Non-current portion of long-term lease liabilities	(9.2)	2,381	2,442
Provisions for pensions and other employee benefits	(5.1)	2,531	2,629
Deferred tax liabilities	(11.2)	450	360
Other non-current liabilities and provisions	(8.1)	1,013	965
NON-CURRENT LIABILITIES		**15,666**	**16,575**
Current portion of long-term debt	(9.2)	1,220	1,846
Current portion of long-term lease liabilities	(9.2)	665	656
Current portion of other liabilities and provisions	(8.1)	387	361
Trade accounts payable	(4.4)	6,753	5,897
Current tax liabilities	(4.4) (11.1)	235	175
Other payables	(4.4)	4,184	3,911
Liabilities held for sale	(3.3)	265	501
Short-term debt and bank overdrafts	(9.2)	631	501
CURRENT LIABILITIES		**14,340**	**13,848**
TOTAL EQUITY AND LIABILITIES		**49,316**	**48,626**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	First-half 2021	First-half 2020
Sales	(4.1)	22,131	17,764
Cost of sales	(4.1)	(16,048)	(13,590)
General expenses including research	(4.1)	(3,732)	(3,349)
Share in net income of core business equity-accounted companies		25	2
OPERATING INCOME		**2,376**	**827**
Other business income	(4.1)	53	58
Other business expense	(4.1)	(285)	(934)
BUSINESS INCOME (LOSS)		**2,144**	**(49)**
Borrowing costs, gross		(124)	(139)
Income from cash and cash equivalents		1	9
Borrowing costs, net, excluding lease liabilities		(123)	(130)
Interest on lease liabilities		(28)	(31)
Other financial income and expense		(62)	(39)
NET FINANCIAL EXPENSE	**(9.1)**	**(213)**	**(200)**
Share in net income (loss) of non-core business equity-accounted companies		2	(1)
Income taxes	(11.1) (11.2)	(593)	(183)
NET INCOME (LOSS)		**1,340**	**(433)**
GROUP SHARE OF NET INCOME (LOSS)		**1,298**	**(434)**
Non-controlling interests		42	1

	Notes	First-half 2021	First-half 2020
EARNINGS (LOSS) PER SHARE, GROUP SHARE *(in €)*	**(10.2)**	**2.45**	**(0.81)**
Weighted average number of shares in issue		529,188,715	538,242,661
DILUTED EARNINGS (LOSS) PER SHARE, GROUP SHARE *(in €)*	**(10.2)**	**2.43**	**(0.80)**
Weighted average number of shares assuming full dilution		533,084,200	541,942,645

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

(in € millions)	Notes	First-half 2021	First-half 2020
NET INCOME (LOSS)		**1,340**	**(433)**
Items that may be subsequently reclassified to profit or loss			
Translation adjustments		457	(859)
Changes in fair value of financial instruments	(9.4)	15	(16)
Tax on items that may be subsequently reclassified to profit or loss		(5)	4
Items that will not be reclassified to profit or loss			
Changes in actuarial gains and losses	(5.1)	289	43
Tax on items that will not be reclassified to profit or loss	(11.1) (11.2)	(11)	8
Changes in assets at fair value through equity	(7)	6	(159)
OTHER ITEMS OF COMPREHENSIVE INCOME (EXPENSE)		**751**	**(979)**
COMPREHENSIVE INCOME (EXPENSE)		**2,091**	**(1,412)**
Group share		2,044	(1,378)
Non-controlling interests		47	(34)

Translation adjustments in the first half of 2021 primarily concern the pound sterling and US dollar.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	First-half 2021	First-half 2020
NET INCOME (LOSS)		**1,340**	**(433)**
Share in net income (loss) of equity-accounted companies, net of dividends received		(20)	0
Depreciation, amortization and impairment of assets (including right-of-use assets)	(4.1) (6)	1,062	1,650
Gains (losses) on disposals of assets	(4.3)	37	(5)
Unrealized gains and losses arising from changes in fair value and share-based payments		20	(12)
Restatement for hyperinflation		13	6
Changes in inventory	(4.4)	(575)	129
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(4.4)	(483)	(596)
Changes in tax receivable and payable	(4.4)	89	(16)
Changes in deferred taxes and provisions for other liabilities and charges	(8.1) (11.2)	155	42
NET CASH FROM OPERATING ACTIVITIES		**1,638**	**765**
Acquisitions of property, plant & equipment and intangible assets [first-half 2021: (431), first-half 2020: (447)] and changes in amounts due to suppliers of fixed assets	(6) (4.4)	(560)	(638)
Acquisitions of shares in consolidated companies [first-half 2021: (80), first-half 2020: (1,188)], net of cash acquired		(74)	(1,053)
Increase in investment-related liabilities	(8.1)	24	9
Decrease in investment-related liabilities	(8.1)	(4)	(9)
Acquisitions of other investments	(7)	(11)	(52)
Investments		**(625)**	**(1,743)**
Disposals of property, plant and equipment and intangible assets	(6)	69	89
Disposals of shares in controlled companies, net of cash divested	(c)	(244)	(46)
Disposals of other investments	(7)	2	2,388
(Increase) decrease in amounts receivable on sales of fixed assets	(4.4)	14	6
Divestments		**(159)**	**2,437**
Increase in loans and deposits	(7)	(12)	(49)
Decrease in loans and deposits	(7)	88	25
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES		**(708)**	**670**
Issues of capital stock	(a)	199	0
(Increase) decrease in treasury stock	(a)	(448)	(184)
Dividends paid	(a)	(698)	0
Transactions with shareholders of the parent company		**(947)**	**(184)**
Capital increases in non-controlling interests	(a)	2	2
Acquisitions of minority interests without gain of control		0	(15)
Changes in investment-related liabilities following the exercise of put options of minority shareholders	(8.1)	(5)	(5)
Dividends paid to non-controlling interests	(a)	(19)	(33)
Change in dividends payable		1	15
Transactions with non-controlling interests		**(21)**	**(36)**
Increase (decrease) in bank overdrafts and other short-term debt		74	1,655
Increase in long-term debt	(b) (9.2)	8	1,631
Decrease in long-term debt	(b) (9.2)	(1,548)	(1,969)
Decrease in lease liabilities	(b) (9.2)	(376)	(377)
Change in debt		**(1,842)**	**940**
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(2,810)**	**720**
Net effect of exchange rate changes on cash and cash equivalents		19	(79)
Net effect of changes in fair value on cash and cash equivalents		4	4
Cash and cash equivalents classified within assets held for sale		18	0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,839)**	**2,080**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**8,443**	**4,987**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,604**	**7,067**

(a) Please refer to the consolidated statement of changes in equity.

(b) Including bond premiums, prepaid interest, issue costs and interest on lease liabilities.

(c) Of which Lapeyre for a negative €262 million.

In first-half 2021, income tax paid represented €394 million (€203 million in first-half 2020), rental expenses paid €370 million (€376 million in first-half 2020), including €28 million in interest paid on lease liabilities (€31 million in first-half 2020), and interest paid net of interest received €153 million (€146 million in first-half 2020).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Capital stock	Additional paid-in capital and legal reserve	Retained earnings and consolidated net income	Cumulative translation adjustments	Fair value reserves	Treasury stock	Shareholders' equity	Non-controlling interests	Total equity
AT JANUARY 1, 2020	**2,179**	**5,551**	**12,518**	**(1,467)**	**743**	**(108)**	**19,416**	**364**	**19,780**
Income and expense recognized directly in equity	0	0	55	(825)	(174)	0	**(944)**	(35)	**(979)**
Net income for the period			(434)				**(434)**	1	**(433)**
Total income and expense for the period	**0**	**0**	**(379)**	**(825)**	**(174)**	**0**	**(1,378)**	**(34)**	**(1,412)**
Issues of capital stock									
Other							**0**	2	**2**
Dividends paid							**0**	(33)	**(33)**
Shares purchased and sold			(3)			(181)	**(184)**		**(184)**
Reclassification of the fair value reserve to reserves further to the disposal of Sika			641		(641)		**0**		**0**
Share-based payments			6				**6**		**6**
Changes in Group structure and other			(8)				**(8)**	1	**(7)**
AT JUNE 30, 2020	**2,179**	**5,551**	**12,775**	**(2,292)**	**(72)**	**(289)**	**17,852**	**300**	**18,152**
Income and expense recognized directly in equity	0	0	(8)	(565)	14	0	**(559)**	(17)	**(576)**
Net income for the period			890				**890**	32	**922**
Total income and expense for the period	**0**	**0**	**882**	**(565)**	**14**	**0**	**331**	**15**	**346**
Issues of capital stock									
Group Savings Plan	24	115					**139**		**139**
Other							**0**	8	**8**
Dividends paid			0				**0**	(11)	**(11)**
Shares purchased and sold			(4)			(470)	**(474)**		**(474)**
Shares canceled	(72)	(562)				634	**0**		**0**
Reclassification of the fair value reserve to reserves further to the disposal of Sika			(10)		10		**0**		**0**
Share-based payments			26				**26**		**26**
Changes in Group structure and other			18				**18**	(1)	**17**
AT DECEMBER 31, 2020	**2,131**	**5,104**	**13,687**	**(2,857)**	**(48)**	**(125)**	**17,892**	**311**	**18,203**
Income and expenses recognized directly in equity	0	0	273	453	20	0	**746**	5	**751**
Net income for the period			1,298				**1,298**	42	**1,340**
Total income and expense for the period	**0**	**0**	**1,571**	**453**	**20**	**0**	**2,044**	**47**	**2,091**
Issues of capital stock									
Group Savings Plan	22	177					**199**		**199**
Other							**0**	2	**2**
Dividends paid			(698)				**(698)**	(19)	**(717)**
Shares purchased and sold			8			(456)	**(448)**		**(448)**
Treasury stock purchase commitment			(84)				**(84)**		**(84)**
Shares canceled	(23)	(273)				296	**0**		**0**
Share-based payments			41				**41**		**41**
Changes in Group structure and other			15				**15**	8	**23**
AT JUNE 30, 2021	**2,130**	**5,008**	**14,540**	**(2,404)**	**(28)**	**(285)**	**18,961**	**349**	**19,310**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements reflect the accounting position of Compagnie de Saint-Gobain and its subsidiaries ("the Group"), as well as the Group's interests in associate companies and joint ventures. They are expressed in euros rounded to the nearest million.

These consolidated financial statements were adopted on July 29, 2021 by the Board of Directors.

NOTE 1 ACCOUNTING PRINCIPLES AND POLICIES

The interim condensed consolidated financial statements of the Saint-Gobain Group have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed financial statements do not include all the information required for the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020. The consolidated financial statements have been prepared using the historical cost convention, except for certain assets and liabilities that have been measured using the fair value model as explained in these notes.

1.1. Standards applied

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations adopted for use in the European Union at June 30, 2021. These consolidated financial statements have also been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB). Standards adopted by the European Union may be consulted on the European Commission website, at https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/.

The bases for measurement and accounting policies applied are the same as those used by the Group to prepare its consolidated financial statements for the year ended December 31, 2020, with the exception of the standards, interpretations and amendments adopted by the European Union and effective as of January 1, 2021 (see section 1.1.1) and the bases of measurement specific to interim financial reporting (see section 1.2).

1.1.1. Standards, interpretations and amendments to existing standards applicable for reporting periods beginning on or after January 1, 2021

The following standards and amendments, effective since January 1, 2021, were applied where necessary to the consolidated financial statements for the six months ended June 30, 2021:

- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform – Phase 2";
- Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9", applicable to insurers.

These amendments have no material impact on the Group's consolidated financial statements.

- IFRIC agenda decision, "Attributing Benefit to Period of Service" regarding changes to the method of calculating benefit obligations for certain defined-benefit schemes.

The Group is currently analyzing the impacts and practical consequences of applying this decision.

1.1.2. Standards, interpretations and amendments to existing standards available for early adoption in reporting periods beginning on or after January 1, 2021

The new standards, interpretations and amendments to existing standards applicable to accounting periods starting on or after January 1, 2022 were not early adopted by the Group at January 1, 2021. These are:

- Amendment to IFRS 3, "Reference to the Conceptual Framework";
- Amendment to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract";

The annual improvements to IFRSs – 2018-2020 Cycle that are available for early adoption concern the following standards:

- IFRS 9, “Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities”;
- IFRS 16, “Lease Incentives Illustrative Example”.

1.1.3. Standards, interpretations and amendments to existing standards published but not yet applicable

The new standards, interpretations and amendments to existing standards that have been published but are not yet applicable concern:

- Amendment to IAS 1, “Classification of Liabilities as Current or Non-current” (effective date deferred by one year, i.e., to January 1, 2024) along with information on accounting policies;
- Amendment to IAS 16, “Property, Plant and Equipment – Proceeds before Intended Use”;
- Amendment to IFRS 17, “Insurance Contracts”, including amendments published in June 2020.
- Amendment to IAS 8, “Definition of Accounting Estimates”.

The annual improvements to IFRSs – 2018-2020 Cycle not yet applicable at January 1, 2021 concern the following standards:

- Amendment to IFRS 1 introducing an exemption regarding cumulative translation differences;
- Amendment to IFRS 41 dealing with biological assets.

Where applicable to Saint-Gobain, these amendments are currently being analyzed by the Group.

1.2. Estimates and assumptions

The preparation of consolidated financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the balance sheet and the disclosure of contingent assets and liabilities in the notes to the financial statements, as well as the reported amounts of income and expenses during the period. These estimates and assumptions are based on past experience and on various other factors in the prevailing economic and financial environment which makes it difficult to predict future business performance. Actual amounts may differ from those obtained through the use of these estimates and assumptions.

The main estimates and assumptions described in these notes concern the measurement of employee benefit obligations and share-based payment (note 5 "Personnel expenses and employee benefit obligations"), asset impairment tests and the determination of lease terms (note 6 "Intangible assets, property, plant and equipment, and right-of-use assets"), provisions for other liabilities and charges (note 8 "Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the measurement of financial instruments (note 9 "Financing and financial instruments"), and taxes (note 11 "Tax")

The accounting valuation methods applied by the Group in the interim condensed consolidated financial statements are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2020. The specific accounting valuation methods applied relate to income tax (note 11.1) and employee benefits (note 5.1).

Due to the mainly local nature of the Group’s operations, Brexit did not have a direct material impact on the financial statements. However, it does give rise to a degree of macroeconomic uncertainty that could affect business in the United Kingdom and, therefore, Group entities operating in the country.

In the context of the ongoing coronavirus pandemic, the estimates and assumptions used in the first half of 2021 take into account uncertainties as to the development of the health situation going forward. However, these are expected to have a limited impact on the Group’s businesses.

NOTE 2 IMPACTS OF THE COVID-19 PANDEMIC

After being severely affected by the Covid-19 pandemic in the first half of 2020, trading in the second half of the year was almost back to normal levels for most of the Group's businesses.

In a macroeconomic and health environment which remains affected by uncertainties, in first-half 2021 the Group delivered a solid operating performance and enjoyed good momentum in its main markets, especially renovation in Europe and construction in the Americas and in Asia-Pacific.

These trends may change in the coming months depending on how the coronavirus pandemic evolves in terms of duration and magnitude, vaccination progress and available medical treatment, and the resulting consequences for the Group's partners (customers, suppliers, etc.).

- Impact on current operating items

As in 2020, the costs of the measures taken in response to the Covid-19 crisis were included in full within operating income. However, these costs were not material in the first half of 2021.

Operating income includes, as in 2020, business travel cost savings resulting from the reduction in, or cancellation of, business trips in most countries where the Group does business.

- Impairment review in light of the Covid-19 pandemic

No impairment was recognized in connection with the Covid-19 pandemic in first-half 2021.

NOTE 3 SCOPE OF CONSOLIDATION

3.1. Accounting principles related to consolidation

The Group's consolidated financial statements include the accounts of Compagnie de Saint-Gobain and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence.

3.2. Changes in Group structure

Significant changes in the Group's structure during first-half 2021 are presented below.

In the first six months of 2021, the Group acquired eleven consolidated companies for a total purchase price of €75 million. The Group also sold seven consolidated companies in the period.

3.2.1. Acquisitions in first-half 2021

Acquisitions in the first half of 2021 represent full-year sales of around €84 million and €12 million in EBITDA.

The main acquisitions in first-half 2021 are summarized below:

- On February 19, 2021, in accordance with the agreement to strengthen its partnership with El Volcan in Argentina and Peru, Saint-Gobain acquired El Volcan Soluciones Constructivas, which specializes in the production and sale of plasterboard in Peru.

- On March 15, 2021, Saint-Gobain announced that it had acquired a majority stake in Brüggemann, one of Germany's leading companies in the manufacture and installation of turnkey modular timber construction solutions for new construction and renovation in Germany.

The process of identifying and measuring at fair value the assets acquired and liabilities assumed within the scope of the acquisitions carried out in first-half 2021 will be finalized within 12 months of each acquisition date.

3.2.2. Main disposals and deconsolidations in first-half 2021

Disposals represent full-year sales of around €883 million, of which €641 million relates to the disposal of Lapeyre.

The main companies deconsolidated in first-half 2021 are summarized below:

- On February 15, 2021, Saint-Gobain finalized the disposal of Saniplus in Spain to the Spanish group Stonewall Ventures SL with the sale of Saniplast, its civil engineering materials distribution business. This follows the disposal of Sanigrif, its plumbing, heating and sanitary distribution business, at the end of 2020.

- On May 28, 2021, Saint-Gobain sold La Plataforma – its construction materials distribution business in Spain – to the Bigmat group, and finalized the disposal of its Discesur banner to the Jorge Fernandez group.

- On May 31, 2021, Saint-Gobain announced that it had sold Saint-Gobain Glassolutions Objekt-Center, which specializes in glass processing operations as part of the Glassolutions network in Germany, to the German privately-owned Aequita group based in Munich.

- After having entered into exclusive negotiations on November 9, 2020, Saint-Gobain announced on June 1, 2021 that it had finalized the sale of Lapeyre and its subsidiaries in France to Mutares, a company listed in Frankfurt.

3.3. Assets and liabilities held for sale

At June 30, 2021, assets and liabilities held for sale include Saint-Gobain Distribution The Netherlands (SGD NL), PAM China, and Graham, one of the Group's distribution businesses in the United Kingdom.

At December 31, 2020, Saint-Gobain had launched a process to divest the following businesses, the assets and liabilities of which were classified as held for sale at that date:

- Lapeyre: Saint-Gobain entered into exclusive negotiations with the Mutares fund in preparation for the sale of Lapeyre (Southern Europe - ME & Africa segment), its home improvement business in France, on the basis of a firm and binding offer.

- SGD NL: on January 4, 2021, the Group announced that it was in exclusive negotiations with BME (Building Materials Europe) in preparation for the sale of SGD NL (Southern Europe - ME & Africa segment). SGD NL operates in the Netherlands under the Raab Karcher, Tegelgroep Nederland, Galvano and Van Keulen brands.

Since the assets and liabilities held for sale meet the qualifying criteria, the balance sheet accounts of Lapeyre and SGD NL had been combined and measured within assets and liabilities held for sale in the consolidated balance sheet at December 31, 2020, in accordance with IFRS 5. These entities in the process of being sold had not been considered as discontinued operations within the meaning of IFRS 5 as they did not represent a major line of business for the Group.

As the sale of Lapeyre took effect on June 1, 2021, since June 30, 2021 assets and liabilities held for sale have no longer included Lapeyre and its subsidiaries.
However, the assets and liabilities of SGD NL continue to be shown within "Assets and liabilities held for sale" at June 30, 2021, since the sale is expected to be completed in the second half of 2021.

The following items were also included in assets and liabilities held for sale at June 30, 2021:
- PAM China assets and liabilities (SG Pipelines Co. Ltd), further to the signature on April 16, 2021 of an agreement for the sale in second-half 2021 of 67% of its Pipe business in China to a consortium led by local management;
- Graham, the specialist distributor of plumbing, heating and sanitary products in the United Kingdom, in respect of which an agreement for its sale to UK Plumbing Supplies and Wolseley was signed on July 12, 2021, and should be finalized in the second half of the year.

The breakdown of assets and liabilities held for sale at the end of the reporting period is as follows:

(in € millions)	**June 30, 2021**
Intangible assets, property, plant and equipment, right-of-use assets and other non-current assets	159
Inventories, trade accounts receivable and other receivables	298
Cash and cash equivalents	0
ASSETS HELD FOR SALE	**457**
Provisions for pensions and other employee benefits	1
Other current and non-current liabilities and provisions	1
Trade accounts payable, other payables and other current liabilities	184
Debt and bank overdrafts	79
LIABILITIES HELD FOR SALE	**265**
NET ASSETS (LIABILITIES) HELD FOR SALE	**192**

3.4. Changes in the number of consolidated companies

At June 30, 2021, there were 823 companies in the scope of consolidation (831 at December 31, 2020), including 87 equity-accounted companies and joint arrangements (86 at December 31, 2020).

3.5. Off-balance sheet commitments related to companies within the scope of consolidation

Non-cancelable purchase commitments represented €1,109 million at June 30, 2021.

They include the €1,020 million commitment relating to the shares of Chryso, a leading global player in the construction chemicals market, for which Saint-Gobain signed a purchase agreement on May 20, 2021.

Commitments to purchase shares also relate to the French company Panofrance, a specialist distributor of timber and panels for the construction and furnishing industries, in respect of which Saint-Gobain announced it had entered into exclusive negotiations with the Chausson group on May 11, 2021.

Binding purchase commitments also include the agreement signed by Saint-Gobain on May 17, 2021 to acquire Duraziv, a Romanian group specializing in the production of adhesives and other value-added construction chemicals solutions. This agreement follows the agreement to acquire Scientific and Production Company Adhesive LLC in Russia.

These operations are subject to the approval of the competent competition authorities.

NOTE 4 INFORMATION CONCERNING THE GROUP'S OPERATING ACTIVITIES

4.1. Income statement items

4.1.1. Business income

Business income is detailed by type below:

(in € millions)	First-half 2021	First-half 2020
SALES	**22,131**	**17,764**
Personnel expenses:		
Salaries and payroll taxes[(1)]	(4,251)	(3,761)
Share-based payments[(2)]	(59)	(6)
Pensions and employee benefit obligations[(2)]	(113)	(116)
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets[(3)]	(954)	(950)
Share in net income of core business equity-accounted companies	25	2
Other[(4)]	(14,403)	(12,106)
OPERATING INCOME	**2,376**	**827**
Other business income	53	58
Other business expense[(3)]	(285)	(934)
OTHER BUSINESS INCOME AND EXPENSE	**(232)**	**(876)**
BUSINESS INCOME (LOSS)	**2,144**	**(49)**

(1) The increase in salaries and payroll taxes in first-half 2021 compared to first-half 2020 is attributable to the strong level of business during the period, whereas this item was lower in first-half 2020 owing to the use of furlough schemes in response to the Covid-19 pandemic.

(2) Share-based payments (IFRS 2 expenses) and changes in employee benefit expenses are detailed in note 5 "Personnel expenses and employee benefit obligations".

(3) Total depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets, along with amortization charged against intangible assets within the scope of purchase price accounting (PPA), represented €978 million in first-half 2021 versus €972 million in first-half 2020. As from 2020, the "Other business expense" item includes amortization charged against intangible assets within the scope of purchase price accounting (PPA), representing €24 million in first-half 2021, versus €22 million in first-half 2020 (see note 4.1.2).

(4) The "Other" operating income line relates to cost of sales, supplier discounts and selling expenses for Distribution entities, and to transport costs, raw materials costs, and other production costs for the other entities. This item also includes research and development costs recorded under operating expenses, amounting to €219 million in both first-half 2021 and first-half 2020.

Supplier discounts granted to entities in the Distribution business are included in operating income as a reduction of cost of sales. Contractual supplier discounts are customary practice in the industrial goods distribution sector. These discounts are mostly calculated by applying a contractually guaranteed rate by product type to volumes purchased. The calculation is made automatically, based on the supplier invoices. Consequently, little judgment is needed when determining the amounts to be recognized in the income statement for these discounts. Other discounts are calculated based on a step mechanism linked to specified targets, whereby the percentage discount increases as the entity achieves the various targets over a given period. In this case, judgment is required based on historical data, past performance and future trends in order to determine the discount to be recognized in the income statement. Such judgment is exercised in a prudent manner and consistently from one period to the next.

4.1.2. Other business income and expense

Other business income and expense can be analyzed as follows:

(in € millions)	First-half 2021	First-half 2020
Restructuring costs[1]	(31)	(111)
Provisions and expenses relating to claims and litigation	(2)	(2)
Other	(49)	(29)
NON-OPERATING INCOME AND EXPENSE	**(82)**	**(142)**
Impairment of assets and other[2]	(73)	(690)
Amortization of intangible assets related to PPA[3]	(24)	(22)
Other business expense[4]	(106)	(80)
Impairment of assets and other business expenses	**(203)**	**(792)**
Gains on disposals of non-current assets	**53**	**58**
GAINS AND LOSSES ON DISPOSALS, ASSET IMPAIRMENT, IMPACT OF CHANGES IN GROUP STRUCTURE	**(150)**	**(734)**
OTHER BUSINESS INCOME AND EXPENSE	**(232)**	**(876)**

(1) Restructuring costs in the first half of 2021 include €16 million in severance payments (€52 million in the first half of 2020).

(2) The "Impairment of assets and other" line includes the impairment of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, assets held for sale and other assets. In first-half 2021, this item chiefly concerns (i) impairment of assets held for sale in an amount of €84 million versus €678 million in first-half 2020 (essentially relating to intangible assets belonging to the Distribution business in the United Kingdom).

(3) Following the major Continental Building Products acquisition carried out in 2020, amortization charged against brands and customer lists is included on a separate line within "Impairment of assets and other business expenses" together with other gains and losses arising on business combinations which are not taken into account when determining the performance of the Group's operating segments. Amortization charged against brands and customer lists amounted to €24 million in first-half 2021 (€22 million in first-half 2020).

(4) As in first-half 2020, other business expense mainly includes capital losses on assets divested or scrapped, acquisition fees and contingent consideration incurred in connection with business combinations.

4.2. Segment information

In accordance with IFRS 8, segment information reflects the Group's internal organization as presented to management. The Group has chosen to present segment information in line with its internal reporting.

The Group is organized into five reporting units: four regional businesses and a global High Performance Solutions unit. Segment information is presented for:

- High Performance Solutions (HPS), which is organized by market for global customers, i.e., Mobility, Life Sciences, Construction Industry and Industry;

And for four regions, plus the holding companies:

- Northern Europe, comprising the Nordic countries, United Kingdom, Ireland, Switzerland, Germany, Austria, Eastern Europe and Russia;
- Southern Europe – Middle East (ME) & Africa, comprising France, Benelux, Mediterranean, Middle East and Africa;
- Americas, comprising North America and Latin America;
- Asia-Pacific, comprising the Asia region and India
- Other, comprising the Group's various holding companies.

Segment information for the first half of 2021 and 2020 is as follows:

First-half 2021

(in € millions)	High Performance Solutions[2]	Northern Europe	Southern Europe[2] - ME & Africa	Americas[2]	Asia-Pacific	Other[1]	Group Total
Sales	3,679	7,418	7,457	3,260	875	(558)	22,131
Operating income (loss)	496	585	680	555	98	(38)	2,376
Business income (loss)	414	539	604	524	95	(32)	2,144
Share in net income (loss) of equity-accounted companies		5	2	15	4	1	27
Operating depreciation and amortization	161	305	285	130	44	29	954
Impairment of assets		63	19		2		84
EBITDA	596	897	954	672	142	(13)	3,248
Acquisitions of property, plant and equipment and intangible assets[3]	99	117	96	79	35	5	431

(1) "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.
(2) France and United States sales represent €5,921 million and €3,020 million, respectively.
(3) Capital expenditure does not include right-of-use assets.

First-half 2020

(in € millions)	High Performance Solutions[2]	Northern Europe	Southern Europe[2] - ME & Africa	Americas[2]	Asia-Pacific	Other[1]	Group Total
Sales	3,102	6,090	5,668	2,670	655	(421)	17,764
Operating income (loss)	231	256	99	190	46	5	827
Business income (loss)	160	(408)	70	98	42	(11)	(49)
Share in net income (loss) of equity-accounted companies		3	(10)	7	1		1
Operating depreciation and amortization	166	295	291	132	46	20	950
Impairment of assets	21	620	21	16			678
EBITDA	352	507	368	298	88	22	1,635
Acquisitions of property, plant and equipment and intangible assets[3]	102	116	79	96	40	14	447

(1) "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.
(2) France and United States sales represent €4,396 million and €2,693 million, respectively.
(3) Capital expenditure does not include right-of-use assets.

Sales and operating income derived from European operations (Northern Europe and Southern Europe – Middle East and Africa) can be analyzed as follows by Industry and Distribution entities:

First-half 2021

(in € millions)	Sales	Operating income
Industry Europe	5,518	627
Distribution Europe	9,584	638

First-half 2020

(in € millions)	Sales	Operating income
Industry Europe	4,345	218
Distribution Europe	7,558	137

4.3. Performance indicators

4.3.1. EBITDA

EBITDA amounted to €3,248 million in the first half of 2021 (first-half 2020: €1,635 million), calculated as follows:

(in € millions)	**First-half 2021**	**First-half 2020**
Operating income	2,376	827
Depreciation / amortization of property, plant and equipment and intangible assets	621	614
Depreciation of right-of-use assets	333	336
Non-operating income and expense	(82)	(142)
EBITDA	**3,248**	**1,635**

4.3.2. Recurring net income

Recurring net income totaled €1,506 million in first-half 2021 (first-half 2020: €272 million). Based on the weighted average number of shares outstanding at June 30 (529,188,715 shares in 2021 and 538,242,661 shares in 2020), recurring earnings per share amounted to €2.85 in the first half of 2021 and €0.51 in the first half of 2020.

The difference between net income and recurring net income corresponds to the following items:

(in € millions)	**First-half 2021**	**First-half 2020**
GROUP SHARE OF NET INCOME (LOSS)	**1,298**	**(434)**
Less:		
Gains and losses on disposals of assets	(37)	5
Impairment of assets and other	(89)	(717)
Changes in provisions for non-recurring items	1	(31)
Impact of non-controlling interests	(1)	0
Tax on disposal gains and losses, asset impairment, non-recurring provisions and write-downs of deferred taxes on tax loss carry-forwards	(82)	37
GROUP SHARE OF RECURRING NET INCOME	**1,506**	**272**

4.4. Working capital

Working capital can be analyzed as follows:

(in € millions)	**June 30, 2021**	**Dec. 31, 2020**
INVENTORIES, NET	**5,893**	**5,362**
TRADE ACCOUNTS RECEIVABLE, NET	**6,049**	**4,597**
Other operating receivables	1,416	1,206
Other non-operating receivables	62	63
OTHER RECEIVABLES, NET	**1,478**	**1,269**
CURRENT TAX RECEIVABLE	**129**	**147**
TRADE ACCOUNTS PAYABLE	**6,753**	**5,897**
Other operating payables	3,805	3,454
Other non-operating payables	379	457
OTHER PAYABLES	**4,184**	**3,911**
CURRENT TAX LIABILITIES	**235**	**175**
Operating working capital	2,800	1,814
Non-operating working capital (including current tax receivables and liabilities)	(423)	(422)
WORKING CAPITAL	**2,377**	**1,392**

4.4.1. Inventories

At June 30, 2021 and December 31, 2020, inventories were as follows:

(in € millions)	**June 30, 2021**	**Dec. 31, 2020**
Gross value		
Raw materials	1,547	1,368
Work in progress	334	308
Finished goods	4,507	4,170
GROSS INVENTORIES	**6,388**	**5,846**
Provisions for impairment		
Raw materials	(183)	(175)
Work in progress	(16)	(15)
Finished goods	(296)	(294)
TOTAL PROVISIONS FOR IMPAIRMENT	**(495)**	**(484)**
INVENTORIES, NET	**5,893**	**5,362**

The net value of inventories is €5,893 million at June 30, 2021 compared to €5,362 million at December 31, 2020. Impairment losses on inventories recorded in the first half of 2021 totaled €132 million (€101 million in the first half of 2020). Reversals of impairment losses on inventories amounted to €104 million in the first half of 2021 (€76 million in the first half of 2020).

4.4.2. Operating and non-operating receivables and payables

- Trade and other accounts receivable

Trade and other accounts receivable can be analyzed as follows:

(in € millions)	**June 30, 2021**	**Dec. 31, 2020**
Gross value	6,392	4,959
Provisions for impairment	(343)	(362)
TRADE ACCOUNTS RECEIVABLE, NET	**6,049**	**4,597**
Discounts obtained from and advances granted to suppliers	671	566
Prepaid payroll taxes	56	36
Other prepaid and recoverable taxes (other than income tax)	389	350
Miscellaneous operating receivables	305	260
Other non-operating receivables and provisions	63	64
Provisions for impairment of other operating receivables	(5)	(6)
Provisions for impairment of other non-operating receivables	(1)	(1)
OTHER RECEIVABLES, NET	**1,478**	**1,269**

The increase in trade and other accounts receivable at June 30, 2021 is a result of the strong level of business in the first half of the year.

At June 30, 2021, the impact of movements in provisions and bad debt write-offs fell to a negative €28 million versus a negative €70 million at June 30, 2020. At June 30, 2020, provisions and losses on trade accounts receivable had been adversely affected by the consequences of the Covid-19 pandemic.

Trade accounts receivable at June 30, 2021 and December 31, 2020 are analyzed below by maturity:

(in € millions)	Gross value		Impairment		Net value	
	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
TRADE ACCOUNTS RECEIVABLE NOT YET DUE	**5,574**	**4,121**	**(60)**	**(60)**	**5,514**	**4,061**
Less than 1 month	316	330	(24)	(18)	292	312
1-3 months	140	125	(27)	(26)	113	99
More than 3 months	362	383	(232)	(258)	130	125
TRADE ACCOUNTS RECEIVABLE PAST DUE	**818**	**838**	**(283)**	**(302)**	**535**	**536**
TRADE ACCOUNTS RECEIVABLE	**6,392**	**4,959**	**(343)**	**(362)**	**6,049**	**4,597**

- Trade and other accounts payable

Trade and other accounts payable and accrued expenses can be analyzed as follows:

(in € millions)	June 30, 2021	Dec. 31, 2020
TRADE ACCOUNTS PAYABLE	**6,753**	**5,897**
Downpayments received and rebates granted to customers	1,327	1,356
Payables to suppliers of non-current assets	147	274
Grants received	95	99
Accrued personnel expenses	1,288	1,263
Accrued taxes other than on income	574	368
Other operating payables	616	467
Other non-operating payables	137	84
OTHER PAYABLES	**4,184**	**3,911**

4.5. Off-balance sheet commitments related to operating activities

Non-cancelable purchase commitments represent €1,500 million at June 30, 2021 (€1,573 million at December 31, 2020). Changes in non-cancelable purchase commitments chiefly reflect a decrease in energy and raw material purchase commitments.

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.
No material provisions were recognized at June 30, 2021.

There were no material changes in the Group's other commitments.

NOTE 5 PERSONNEL EXPENSES AND EMPLOYEE BENEFIT OBLIGATIONS

5.1. Provisions for pensions and other employee benefits

5.1.1. Description of defined benefit plans

The Group's main defined benefit plans are identical to those set out in the consolidated financial statements at December 31, 2020.

5.1.2. Interest rate assumptions

Assumptions related to mortality, employee turnover and future salary increases take into account the economic conditions specific to each country and Group company. The discount rates are established by region or country based on observed bond rates at June 30, 2021.

For the Eurozone, two discount rates were calculated based on the term of the plans using a yield curve model developed by the consultants Mercer: one rate for plans with a term of 14 years or less and one for plans with a term of over 14 years.

The rates used in first-half 2021 for the Group's main plans are the following:

	France		Eurozone		United Kingdom	United States
(in %)	Short-term plans	Long-term plans	Short-term plans	Long-term plans		
Discount rate	1.03%	1.52%	1.03%	1.52%	1.75%	2.60%
Inflation rate	1.50%		1.40% to 1.60%		2.45%	2.20%

The rates used in 2020 for the Group's main plans were the following:

	France		Eurozone		United Kingdom	United States
(in %)	Short-term plans	Long-term plans	Short-term plans	Long-term plans		
Discount rate	0,70%	1,11%	0,70%	1,11%	1,20%	2,30%
Inflation rate	1,50%		0.90% to 1.60%		2,15%	2,20%

The revised actuarial assumptions, notably the discount and inflation rates, contributed to a decrease in the obligation, and therefore the provision, in an amount of €541 million.

Sensitivity calculations were not updated at June 30, 2021; had they been, the results would not have been materially different from the analyses presented in the 2020 consolidated financial statements (see note 5 "Employees, personnel expenses and employee benefit obligations").

The actual return on plan assets for almost all plans was lower than expected, at €252 million, leading to an increase in the provision of the same amount.

5.1.3. Breakdown of and changes in pension and other post-employment benefit obligations

5.1.3.1. Carrying amount of provisions

Provisions for pension and other employee benefit obligations consist of the following:

(in € millions)	**June 30, 2021**	**Dec. 31, 2020**
Pension obligations	1,733	1,822
Length-of-service awards	390	400
Post-employment healthcare benefits	274	278
TOTAL PROVISIONS FOR PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**2,397**	**2,500**
Healthcare benefits	25	24
Long-term disability benefits	13	11
Other long-term benefits	96	94
PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS	**2,531**	**2,629**

Provisions for all other long-term benefits total €134 million at June 30, 2021 (€129 million at December 31, 2020).

The following table shows net obligations under pensions and other post-employment benefit plans, excluding other long-term benefits:

(in € millions)	**June 30, 2021**	**Dec. 31, 2020**
Provisions for pension and other post-employment benefit obligations – liabilities	2,397	2,500
Pension plan surpluses – assets	(509)	(334)
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**1,888**	**2,166**

5.1.3.2. Changes in pension and other post-employment benefit obligations

Changes in pension and other post-employment benefit obligations excluding other employee benefits are as follows:

(in € millions)	**Net pension and other post-employment benefit obligations**
AT DECEMBER 31, 2020	**2,166**
Changes during the period	
Business expense	101
Past service cost	0
Interest cost/return on plan assets as per calculations	14
Actuarial gains and losses and asset ceiling*	(289)
Pension contributions and benefits paid	(91)
Translation adjustments	(5)
Changes in Group structure and reclassifications	(10)
Liabilities held for sale	2
TOTAL CHANGES	**(278)**
AT JUNE 30, 2021	**1,888**

* This increased equity by €289 million before tax (€218 million net of tax).

5.2. Share-based payments

5.2.1. Group Savings Plan

The Group Savings Plan (*Plan Epargne Group* – PEG) is an employee stock purchase plan open to all Group employees in France and most other countries where the Group is present. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation, and are subject to a mandatory five- or ten-year lock-up, except following the occurrence of certain events. The Board of Directors delegates authorization for setting the subscription price to the Chief Executive Officer of Compagnie de Saint-Gobain. It corresponds to the average of the opening prices for the Saint-Gobain share on Euronext Paris over the 20 trading days preceding the date of the decision, subject to a 20% discount, in accordance with applicable laws, the Shareholders' Meeting resolutions and the deliberations of the Board of Directors. The Group makes a matching contribution to amounts paid in by employees, which is expensed in the consolidated financial statements.

The IFRS 2 expense measuring the benefit granted to employees is calculated in accordance with CNC recommendations (press release dated December 21, 2004 relating to group savings plans, and additional press release dated February 7, 2007). It is measured by reference to the fair value of a discount offered on restricted stock (i.e., stock subject to a lock-up). The cost of the lock-up for the employee is defined as the cost of a two-step strategy that involves first selling the restricted stock forward five or ten years and then purchasing the same number of shares on the spot market and financing the purchase with debt. The borrowing cost is estimated at the rate that would be charged by a bank to an individual with an average risk profile for a general-purpose, five- or ten-year consumer loan repayable at maturity. The cost of the plans is recognized in full at the end of the subscription period.

In 2021, Saint-Gobain implemented a new PEG. The terms of the 2021 PEG are identical to the 2020 PEG and are described below.

In first-half 2021, 5,562,855 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €35.81 (6,099,996 shares at an average price of €23.03 in 2020), representing a share capital increase of €199 million (€139 million in 2020), net of transaction fees.

The IFRS 2 expense relating to this plan recorded in the income statement for first-half 2021 amounted to €13.2 million (€3.7 million in 2020).

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2021 and 2020:

	2021	2020
Plan characteristics		
Date of Shareholders' Meeting	June 6, 2019 (22nd Resolution)	June 6, 2019 (22nd Resolution)
Date of the Chief Executive Officer's decision fixing the subscription price	March 15	June 15
Plan duration (in years)	5 or 10	5 or 10
Reference price (in €)	44.76	28.79
Subscription price (in €)	35.81	23.03
Discount (in %)	20.00%	20.00%
Total discount on the date of the Chief Executive Officer’s decision (in %) **(a)**	25.97%	24.57%
Employee investments (in € millions)	199.2	140.5
Total number of shares subscribed	5,562,855	6,099,996
Valuation assumptions (5-year maturity)		
Interest rate applicable to employees*	3.50%	4.80%
Risk-free interest rate	-0.51%	-0.45%
Repo rate	0.51%	0.29%
Lock-up discount (in %) **(b)**	19.12%	21.77%
Total cost to the Group (in %) **(a-b)**	6.85%	2.80%

* A 0.5-point decline in borrowing costs for the employee would increase the expense as calculated in accordance with IFRS 2 by €3.6 million in first-half 2021.

5.2.2. Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees. No stock options were granted in the first half of 2021.
Under IFRS 2, the expense attributable to the amortization of stock options granted under previous plans totaled €0.2 million in first-half 2021 (€0.4 million in first-half 2020).

5.2.3. Performance shares and performance unit grants

5.2.3.1. Performance share plans

Various performance share plans have been set up by Saint-Gobain since 2009. No new plan was set up in first-half 2021.

The amount expensed in respect of these plans in first-half 2021 was €27.4 million (first-half 2020: €1.7 million).

5.2.3.2. Performance unit plans

Performance unit plans subject to service and performance conditions were set up every year between 2012 and 2015 for certain management-grade employees and senior managers of the Group in France. These plans do not give rise to the delivery of shares but entitle grantees to receive cash compensation deferred over the long-term (exercise period between four and ten years after the grant date), the amount of which will be determined by reference to Saint-Gobain's share price.

No long-term payment plan in the form of performance units was set up in the first half of 2021.
As the last plan expired in 2019, there are no longer any expenses in respect of such plans.

NOTE 6 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

Changes in goodwill, other intangible assets, property, plant and equipment and right-of-use assets at June 30, 2021 and December 31, 2020 can be analyzed as follows:

(in € millions)	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Total
At January 1, 2020					
Gross value	12,495	4,963	32,512	6,904	56,874
Accumulated depreciation, amortization and impairment	(2,466)	(2,254)	(20,805)	(3,950)	(29,475)
Net value	**10,029**	**2,709**	**11,707**	**2,954**	**27,399**
Changes during the period					
Acquisitions		114	1,122	833	2,069
Disposals		(3)	(124)	(77)	(204)
Depreciation and amortization[1]		(181)	(1,092)	(675)	(1,948)
Impairment	(201)	(465)	(95)	(30)	(791)
Translation adjustments and restatement for hyperinflation	(484)	(116)	(692)	(86)	(1,378)
Changes in Group structure and other	719	462	278	49	1,508
Assets held for sale	(35)	(15)	(32)	(66)	(148)
Total changes	**(1)**	**(204)**	**(635)**	**(52)**	**(892)**
At December 31, 2020					
Gross value	12,229	4,417	30,699	6,619	53,964
Accumulated depreciation, amortization and impairment	(2,201)	(1,912)	(19,627)	(3,717)	(27,457)
Net value	**10,028**	**2,505**	**11,072**	**2,902**	**26,507**
Changes during the period					
Acquisitions		39	392	285	716
Disposals		(1)	(29)	(30)	(60)
Depreciation and amortization[1]		(97)	(548)	(333)	(978)
Impairment	(14)	(39)	(16)	(15)	(84)
Translation adjustments and restatement for hyperinflation	175	39	198	38	450
Changes in Group structure and other	31	14	(3)	7	49
Assets held for sale	14	(3)	(18)	(10)	(17)
Total changes	**206**	**(48)**	**(24)**	**(58)**	**76**
At June 30, 2021					
Gross value	12,383	4,529	30,966	6,721	54,599
Accumulated depreciation, amortization and impairment	(2,149)	(2,072)	(19,918)	(3,877)	(28,016)
Net value	**10,234**	**2,457**	**11,048**	**2,844**	**26,583**

(1) The "Depreciation and amortization" line relating to intangible assets includes amortization charged against intangible assets within the scope of purchase price accounting (PPA), representing €24 million in first-half 2021 versus €46 million at December 31, 2020.

6.1. Goodwill

In first-half 2021, changes in Group structure relate mainly to newly consolidated companies resulting from the Brüggemann acquisitions (see note 3.2.1) and to adjustments relating to purchase price accounting (PPA) in progress. Impairment losses recognized against assets held for sale amounted to €14 million (see note 3.3). Translation adjustments primarily reflect the impacts of fluctuations in the US dollar, pound sterling, Norwegian krone, Brazilian real, Thai baht and South African rand.

In 2020, changes in Group structure mainly reflected first-time consolidations following the acquisition of Continental Building Products for €637 million and of MS Techniques and Transluminal. These changes also resulted from acquisitions carried out at the end of 2019 (consolidated in 2020), in particular High Tech Metal Seals (HTMS) and Sonex. Impairment losses amount to €201 million, relating mainly to the United Kingdom Distribution business and assets held for sale. Translation adjustments primarily reflected the impacts of fluctuations in the US dollar, pound sterling, Brazilian real, Norwegian krone, Thai baht and South African rand.

6.2. Other intangible assets

In first-half 2021, changes in Group structure relate mainly to customer relationships acquired as a result of the MS Techniques and Transluminal acquisition for €12 million. Impairment losses were recognized against certain individual assets for a total of €39 million.

In 2020, changes in Group structure related mainly to customer relationships acquired as a result of the Continental Building Products acquisition for €422 million. Impairment losses were recognized for a total of €465 million (see note 6.5 "Impairment review" to the consolidated financial statements at December 31, 2020).

6.3. Property, plant and equipment

At June 30, 2021, translation adjustments and restatement for hyperinflation primarily reflect the impacts of fluctuations in the US dollar, pound sterling, Brazilian real, Chinese yuan / renminbi, Mexican peso and Czech koruna.

In 2020, changes in Group structure related mainly to the first-time consolidation of Continental Building Products. Translation adjustments and restatement for hyperinflation primarily reflected the impacts of fluctuations in the Brazilian real, US dollar, Mexican peso, Indian rupee, pound sterling, Polish zloty, Russian ruble and Argentine peso.

6.4. Right-of-use assets linked to leases

At June 30, 2021, right-of-use assets under leases relate mainly to land and buildings for €2,313 million (€2,367 million at December 31, 2020) and to machinery and equipment for €531 million (€535 million at December 31, 2020).

The amount reported in the "Acquisitions" line for right-of-use assets relates to new lease agreements.

6.5. Impairment review

Property, plant and equipment, right-of-use assets, goodwill and other intangible assets are tested for impairment on a regular basis and at least annually for the December 31 closing. These tests involve comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, calculated by reference to the net present value of the future cash flows expected to be derived from the asset.

For all CGUs, including those identified as sensitive at December 31, 2020, no evidence of impairment or trigger events requiring an impairment test were identified based on an analysis of the first-half 2021 performance. Accordingly, no impairment test was performed.

Impairment losses were taken against certain specific assets and operations held for sale in first-half 2021.

In accordance with the sensitivity analyses, the Group did not identify any material changes compared to the estimates at December 31, 2020.

NOTE 7 OTHER NON-CURRENT ASSETS

Changes in other non-current assets are analyzed below:

(in € millions)	Equity investments and other	Loans, deposits and surety	Pension plan surpluses	Total
At January 1, 2020				
Gross value	2,685	574	288	3,547
Provisions for impairment	(27)	(9)		(36)
NET VALUE	**2,658**	**565**	**288**	**3,511**
Changes during the period				
Increases/(decreases)	(2,376)	(97)	61	(2,412)
Provisions for impairment		(1)		(1)
Translation adjustments and restatement for hyperinflation	(6)	(22)	(15)	(43)
Transfers and other movements		2		2
Changes in Group structure	(49)			(49)
Changes in fair value	(157)			(157)
Assets held for sale		(6)		(6)
TOTAL CHANGES	**(2,588)**	**(124)**	**46**	**(2,666)**
At December 31, 2020				
Gross value	92	446	334	872
Provisions for impairment	(22)	(5)		(27)
NET VALUE	**70**	**441**	**334**	**845**
Changes during the period				
Increases/(decreases)	8	(76)	156	88
Translation adjustments and restatement for hyperinflation	1	5	19	25
Transfers and other movements	11	3		14
Changes in Group structure	(1)			(1)
Changes in fair value	6			6
TOTAL CHANGES	**25**	**(68)**	**175**	**132**
At June 30, 2021				
Gross value	113	377	509	999
Provisions for impairment	(18)	(4)		(22)
NET VALUE	**95**	**373**	**509**	**977**

In first-half 2020, changes in the fair value of equity investments related mainly to Sika shares. The decrease in other non-current assets at June 30, 2021 reflects the sale of those shares (see note 3.2 to the consolidated financial statements at December 31, 2020).

NOTE 8 OTHER CURRENT AND NON-CURRENT LIABILITIES AND PROVISIONS, CONTINGENT LIABILITIES AND LITIGATION

8.1. Provisions for other liabilities and charges

The table below provides a breakdown by type along with details of changes in other provisions and current and non-current liabilities:

(in € millions)	Provisions for claims and litigation	Provisions for environmental risks	Provisions for restructuring costs	Provisions for personnel expenses	Provisions for customer warranties	Provisions for other contingencies	Total provisions for other liabilities	Investment-related liabilities	Total provisions for other liabilities and investment-related liabilities
At January 1, 2020									
Current portion	56	32	54	18	106	65	331	12	343
Non-current portion	517	126	44	83	95	97	962	164	1,126
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**573**	**158**	**98**	**101**	**201**	**162**	**1,293**	**176**	**1,469**
Changes during the period									
Additions	45	20	114	28	84	61	352		352
Reversals	(1)	(6)	(9)	(10)	(13)	(22)	(61)		(61)
Utilizations	(48)	(10)	(72)	(19)	(45)	(44)	(238)		(238)
Changes in Group structure	(500)		(1)			419	(82)		(82)
Translation adjustments and reclassifications	(3)	(2)		(5)	(4)	(52)	(66)	(37)	(103)
Liabilities held for sale			(1)	(2)	(8)		(11)		(11)
TOTAL CHANGES	**(507)**	**2**	**31**	**(8)**	**14**	**362**	**(106)**	**(37)**	**(143)**
At December 31, 2020									
Current portion	32	32	74	22	108	82	350	11	361
Non-current portion	34	128	55	71	107	442	837	128	965
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**66**	**160**	**129**	**93**	**215**	**524**	**1,187**	**139**	**1,326**
Changes during the period									
Additions	56	11	14	25	42	26	174		174
Reversals	(1)	(3)	(6)	(4)	(6)	(9)	(29)		(29)
Utilizations	(9)	(5)	(48)	(18)	(24)	(21)	(125)		(125)
Changes in Group structure					(1)	(1)	(2)		(2)
Translation adjustments and reclassifications	2	1	4	2	1	14	24	31	55
Liabilities held for sale			1				1		1
TOTAL CHANGES	**48**	**4**	**(35)**	**5**	**12**	**9**	**43**	**31**	**74**
At June 30, 2021									
Current portion	79	26	53	25	112	82	377	10	387
Non-current portion	35	138	41	73	115	451	853	160	1,013
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**114**	**164**	**94**	**98**	**227**	**533**	**1,230**	**170**	**1,400**

The decrease in provisions for claims and litigation at December 31, 2020 primarily reflects the deconsolidation of DBMP LLC, which carried on its books the legacy asbestos-related claims against the former CertainTeed Corporation. The offsetting entry for this decrease is a rise in provisions for other risks, which mainly results from the financing commitments undertaken by CertainTeed LLC in favor of DBMP LLC (see note 8.2.2.2 discussing asbestos-related liabilities in the United States).

Provisions for claims and litigation essentially cover PFOA-related proceedings and the anti-trust lawsuit in the distribution sector in Switzerland. These provisions are described in further detail in note 8.2 “Contingent liabilities and litigation”.

8.2. Contingent liabilities and litigation

8.2.1. Antitrust law and related proceedings

8.2.1.1. Investigation by the Swiss Competition Commission in the sanitary products wholesale industry

In November 2011, the Swiss Competition Commission *(Commission suisse de la concurrence)* opened an investigation into anti-competitive practices in the sanitary products wholesale industry. In May 2014, the Commission Secretariat issued a notice of complaints against Sanitas Troesch and other wholesalers in the industry alleging that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The total fine imposed on all companies involved is CHF 80 million. For Sanitas Troesch, the fine is CHF 28.8 million. Sanitas Troesch appealed this decision on May 2, 2016 and continues to firmly refute the claims made. The hearing took place before the Federal Administrative Court on January 21, 2020 and the date on which the Federal Administrative Court will issue its decision is not yet known. However, a provision for claims and litigation was recognized at December 31, 2015 in an amount equivalent to the fine (unchanged at June 30, 2021).

8.2.1.2. Investigation by the French Competition Authority in the building insulation products industry

On July 28, 2014, the French Competition Authority sent a statement of objections to Saint-Gobain Isover and Compagnie de Saint-Gobain (as parent company of the Saint-Gobain Group). A hearing took place on May 11, 2016, whereupon the Competition Authority sent the case back for further investigation in light of the arguments put forward by Saint-Gobain Isover and Compagnie de Saint-Gobain. In October 2018, Saint-Gobain Isover and Compagnie de Saint-Gobain received a second statement of objections, in which the Competition Authority alleges anti-competitive practices in the building insulation products market, between 2001 and 2013.

Saint-Gobain Isover and Compagnie de Saint-Gobain reject the allegations in their response to the second statement of objections which was filed in January 2019.

A new report was sent by the Authority at the end of 2019, which gave rise to comments in response from Saint-Gobain Isover and Compagnie de Saint-Gobain on February 11, 2020.

The hearing before the Competition Authority was held on October 6, 2020. By decision dated January 14, 2021, the French Competition Authority considered that the alleged anti-competitive practices were not established and dismissed all the objections notified.

Actis appealed this decision to the Paris Court of Appeal on February 26, 2021, following which the other parties, including Saint-Gobain Isover and Compagnie de Saint-Gobain, filed incidental appeals.

On the civil law front, Actis served in March 2013 a damages claim on Saint-Gobain Isover, the Centre scientifique et technique du bâtiment, and the FILMM before the Paris Civil Court *(Tribunal judiciaire)* based on the facts being investigated by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority, procedure which remains stayed as of the date of this half-year financial report.

8.2.2. Asbestos-related litigation

Current legal actions related to asbestos are described below.

8.2.2.1. Asbestos-related litigation in France

- Inexcusable fault lawsuits

In France, five further individual lawsuits were filed in the first half of 2021 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases that affect or have affected them. As of June 30, 2021, a total of 842 such lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of June 30, 2021, 805 of these 842 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of “inexcusable fault”.

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled a cumulative amount of approximately €6.4 million as of June 30, 2021.

Concerning the 37 lawsuits outstanding against Everite and Saint-Gobain PAM as of June 30, 2021, the procedures relating to the merits of all the cases were at different stages, with five in the process of being investigated by the French Social Security authorities, 31 pending before the Civil Courts *(Tribunaux judiciaires)* or Appeal Courts and one before the *Cour de Cassation*.

In addition, as of June 30, 2021, 266 similar suits had been filed since the outset of the litigation by current or former employees, or persons claiming through them, of 13 French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who used equipment containing asbestos to protect themselves against heat from furnaces.

As of June 30, 2021, 229 lawsuits had been completed. In 145 of these cases, the employer was held liable for “inexcusable fault”.

Compensation paid by these companies totaled a cumulative amount of approximately 9.7 million as of June 30, 2021.

As regards the 37 suits outstanding as of June 30, 2021, six cases were still being investigated by the French Social Security authorities, 31 were being tried – including 27 pending before the Civil Courts *(Tribunaux judiciaires)*, and four before the Appeal Courts.

- Anxiety claims

Eight of the Group’s French subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, are the subject of damages claims that are different from those described above.

“Facilities classified as containing asbestos” are defined as industrial facilities that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and that are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefit paid to asbestos workers (ACAATA).

As of June 30, 2021, a total of 824 lawsuits had been brought by current or former employees claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 824 suits, 721 have been definitely completed, and the total cumulative amount of compensation paid remains at €7.6 million as of June 30, 2021 (as at December 31, 2020). The remaining 103 lawsuits are pending before the Amiens Appeal Court.

It should be clarified that the above figures do not take into account suits filed against companies that are no longer part of the Group.

The provision related to asbestos-related litigation in France amounted to approximately €5.5 million as of June 30, 2021 (as at December 31, 2020).

8.2.2.2. Situation in the United States

- Action taken to achieve equitable and permanent Resolution of the former CertainTeed Corporation's legacy asbestos liabilities in the United States

DBMP LLC, an affiliate of CertainTeed LLC based in North Carolina, that holds the legacy asbestos liabilities of the former CertainTeed Corporation, filed, on January 23, 2020, a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court for the Western District of North Carolina in Charlotte. The purpose of the filing is to achieve a certain, final and equitable Resolution of all current and future claims arising from asbestos-containing products manufactured and sold by the former CertainTeed Corporation.

DBMP LLC intends to seek court authority to establish a trust under Section 524(g) of the US Bankruptcy Code – a specific provision that is applicable to companies that face substantial numbers of asbestos-related claims – to achieve a fair and equitable Resolution of its asbestos-related liabilities. Upon establishment of the trust, current and future plaintiffs with qualifying claims will be able to receive faster payment of their claims without the delay, stress and uncertainty of litigation in the tort system; at the same time, the creation and funding of such a trust will permanently and finally resolve DBMP LLC's asbestos liability.

During the course of this bankruptcy process, which is expected to take approximately three to eight years, all asbestos litigation will be stayed and all related costs suspended, providing DBMP LLC with the time and protection to negotiate an agreement to be approved on behalf of all claimants and by the court.

This action was taken as a result of the increasing risks presented in the US tort system. Despite the passage of time, the aging of the population and lessening opportunity for claimants to assert legitimate claims of exposure to the asbestos-containing products of the former CertainTeed Corporation, naming practices in the tort system continued to result in a steady volume of claims against DBMP LLC, with no foreseeable end in sight. In addition, there has been, in general, an escalation of settlement demands and verdicts in the tort system.

- Impact on the Group's financial statements

Following the commencement of the proceeding under Chapter 11 of the US Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly-owned subsidiary Millwork & Panel LLC, and in particular the provision for asbestos-related litigation in the United States, are no longer consolidated in the Group's financial statements.

Nonetheless, because of a funding agreement between CertainTeed LLC and DBMP LLC by which CertainTeed LLC has agreed to fund the costs of the Chapter 11 case and, ultimately, the 524(g) trust, in both cases solely to the extent DBMP LLC is unable to do so in full, the Group recorded in its consolidated financial statements a debt against DBMP LLC amounting to $424 million as of June 30, 2021.

The Group's consolidated income for the first half of 2021 is not impacted by the ongoing Chapter 11 proceeding described above.

As a result of this bankruptcy proceeding, all legal costs and indemnity payments related to DBMP LLC’s asbestos tort claims have been suspended, and no further charges in relation to such claims have been taken in the first half of 2021 (as in the first half of 2020).

8.2.2.3. Situation in Brazil

In Brazil, former employees of Brasilit, that once manufactured fiber cement containing asbestos, suffering from asbestos-related occupational illnesses are offered, depending on the case, either financial compensation alone or lifetime medical assistance combined with financial compensation. Around 1,200 contractual instruments have accordingly been signed to date.

Two class actions were initiated against Brasilit in 2017 by two associations defending former employees exposed to asbestos at the São Caetano (São Paulo state) and Recife (Pernambuco state) plants, asking for their medical assistance and compensation to be revised. A first instance decision was rendered in connection with the first suit in July 2020, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the decision. The suit related to Recife is still at an early stage and there is no court decision issued so far.

A third class action was initiated against Brasilit in 2019 in Capivari (State of São Paulo) by the Labor prosecutor asking for health insurance, as well as collective moral damages, in favor of employees, former employees and their respective families, as well as subcontractors who were exposed to asbestos. A first instance decision was rendered in September 2020 partly in favor of the plaintiffs. In particular, collective moral damages were granted to the plaintiffs, for an amount reduced to BRL 5 million (€0.8 million). Brasilit has appealed the decision.

Brasilit is subject to controls by the Ministry of Labor and continues to comply with all of its legal obligations with regard to medical assistance for its current and former employees.

In November 2017, the Supreme Court of Brazil decided to ban asbestos definitively across the country. Brasilit stopped using asbestos voluntarily as early as 2002.

8.2.3. Environmental disputes

- PFOA matters in the United States

Levels of PFOA (perfluorooctanoic acid) in excess of US Environmental Protection Agency (EPA) health advisories or state maximum contaminant levels for drinking water have been found in municipal water systems and private wells near current Saint-Gobain Performance Plastics (SG PPL) facilities in Hoosick Falls (New York) and Merrimack (New Hampshire), and two former facilities in North Bennington (Vermont) in the United States. PFOA and PTFE (polytetrafluorethylene) have never been manufactured by these plants. SG PPL is a processor of PTFE which it purchases from third party suppliers and which in the past contained some PFOA.

SG PPL has voluntarily provided bottled water in all three communities, installed point-of-entry treatment systems to residents and businesses in all three communities, installed carbon filtration systems on the municipal water supply in Hoosick Falls and funded the installation of a carbon filtration system on the Merrimack Valley District’s municipal water supply. In addition, SG PPL has voluntarily funded both completed and on-going construction of water line extensions in certain communities in the Merrimack and Bennington areas. The investigations are on-going and the scope of responsibility for SG PPL arising from environmental remediation and clean-up obligations at these sites has not yet been established. Without admitting liability, SG PPL has signed consent orders with the environmental regulators in New York in 2016, in Vermont in 2017 and 2019 with respect to two different areas, and in New Hampshire in 2018, pursuant to which SG PPL has agreed to complete investigations, implement interim or final remediation measures at its current and former facilities and in the case of Vermont and New Hampshire, fund construction of water lines. Responsibility, if any, is expected to be shared with other parties as regards in particular the Hoosick Falls site.

PFOA-related lawsuits alleging both health-related and economic damages claims have been filed in civil courts in New York, New Hampshire and Vermont, some of which are in the form of proposed or certified class actions. It is difficult to predict the timing or outcome of such litigation, or whether any additional litigation will be brought against SG PPL.

On June 30, 2021, the provision recorded by the Company in respect of this matter amounts to €78 million (compared to €31 million as of December 31, 2020). This provision covers fully the amount of the New York class action settlement filed with the court on July 21, 2021 and estimation by the Company of its exposure in relation to the Vermont class action, as well as various other costs related to PFOA matters.

8.2.4. Other contingent liabilities

- Grenfell Tower fire in the United Kingdom

Celotex provides insulation materials for specific applications for the building and construction industry.

Insulation materials from two Celotex ranges were purchased via distributors and used in refurbishing Grenfell Tower, London in 2015/2016, including as one component of the rainscreen cladding system designed and installed (by third parties) on the tower's external facade.

Following the Grenfell Tower fire on June 14, 2017, a Public Inquiry is underway, which is considering, among other things, the modifications made to the building as part of the refurbishment, the role played by the various construction professionals, and the information provided by the manufacturers of the products used. The Inquiry is conducting its work in two phases: its phase 1 report was published on October 30, 2019 and phase 2 commenced in January 2020 and is expected to continue into 2022. A criminal investigation into the circumstances of the fire is also in progress.

There are a large number of issues and circumstances that need to be explored and the implications for Celotex are unlikely to be known for some time. Civil proceedings in connection with Grenfell Tower brought against Celotex Limited and/or Saint-Gobain Construction Products UK Limited (which respectively held the Celotex business until or after December 31, 2015) and a number of other defendants – who are also core participants in the Public Inquiry – have been issued and have been, or are expected to be, stayed prior to the service of full pleadings, in view of the ongoing Public Inquiry. No figure has yet been put on the quantum claimed.

The extent to which Celotex may incur civil or criminal liability in connection with the production, marketing, supply or use of its products is currently unclear and Celotex Limited and Saint-Gobain Construction Products UK are currently unable to make a reliable estimate of their potential liability in this respect.

NOTE 9 FINANCING AND FINANCIAL INSTRUMENTS

9.1. Net financial income (expense)

Net financial income (expense) includes borrowing and other financing costs, income from cash and cash equivalents, interest on lease liabilities, interest cost for pension and other post-employment benefit plans net of the return on plan assets, and other financial income and expense.

Net financial income (expense) for the first-half 2021 and 2020 includes:

(in € millions)	First-half 2021	First-half 2020
Borrowing costs, gross	(124)	(139)
Income from cash and cash equivalents	1	9
BORROWING COSTS, NET, EXCLUDING LEASE LIABILITIES	**(123)**	**(130)**
Interest on lease liabilities	(28)	(31)
TOTAL BORROWING COSTS, NET	**(151)**	**(161)**
Interest cost – pension and other post-employment benefit obligations	(94)	(120)
Return on plan assets	79	105
INTEREST COST – PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS, NET	**(15)**	**(15)**
Other financial expense	(50)	(63)
Other financial income*	3	39
OTHER FINANCIAL INCOME AND EXPENSE	**(47)**	**(24)**
NET FINANCIAL INCOME (EXPENSE)	**(213)**	**(200)**

* Including €33 million of dividends received from Sika in 2020.

9.2. Net debt

9.2.1. Long- and short-term debt

Long- and short-term debt consists of the following:

(in € millions)	June 30, 2021	Dec. 31, 2020
Bond issues	8,604	9,469
Perpetual bonds and participating securities	203	203
Long-term securitization	280	280
Other long-term financial liabilities	204	227
NON-CURRENT PORTION OF LONG-TERM DEBT	**9,291**	**10,179**
Bond issues	899	1,500
Long-term securitization	220	220
Other long-term financial liabilities	101	126
CURRENT PORTION OF LONG-TERM DEBT	**1,220**	**1,846**
Short-term financing programs (NEU CP, US CP, Euro CP)	0	0
Short-term securitization	317	144
Bank overdrafts and other short-term financial liabilities	314	357
SHORT-TERM DEBT	**631**	**501**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES	**11,142**	**12,526**
Lease liabilities	3,046	3,098
TOTAL GROSS DEBT	**14,188**	**15,624**
Cash at banks	(1,579)	(1,559)
Mutual funds and other marketable securities	(5,025)	(6,884)
CASH AND CASH EQUIVALENTS	**(6,604)**	**(8,443)**
TOTAL NET DEBT	**7,584**	**7,181**

Changes in the Group's long-term debt (excluding lease liabilities) can be analyzed as follows:

(in € millions)	Dec. 31, 2020	Cash impact		No cash impact			June 30, 2021
		Increases	Decreases	Changes in Group structure	Translation adjustments	Other	
Non-current portion of long-term debt	10,179	4	(50)	1	47	(890)	9,291
Current portion of long-term debt	1,846	4	(1,498)	1	0	867	1,220
TOTAL LONG-TERM DEBT	**12,025**	**8**	**(1,548)**	**2**	**47**	**(23)**	**10,511**

The main changes with an impact on cash are described in note 9.2.3. The main change with no cash impact in the "Other" column relates to the reclassification of debt maturing within 12 months in the current portion of long-term debt.

The fair value of gross long-term debt (including the current portion), excluding lease liabilities, managed by Compagnie de Saint-Gobain amounts to €10.7 billion at June 30, 2021 (for an accounting amount of €9.7 billion). The fair value of bonds corresponds to the market price on June 30. For other borrowings, fair value is considered equal to the amount repayable.

9.2.2. Gross debt repayment schedule

The schedule of the Group's total gross debt as of June 30, 2021 is as follows:

(in € millions)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues	EUR	899	4,042	3,924	8,865
	GBP		349	289	638
Perpetual bonds and participating securities	EUR			203	203
Long-term securitization	EUR	220	280		500
Other long-term financial liabilities	All currencies	10	56	148	214
Accrued interest on long-term debt	All currencies	91			91
TOTAL LONG-TERM DEBT		**1,220**	**4,727**	**4,564**	**10,511**
SHORT-TERM DEBT	All currencies	**631**	**0**	**0**	**631**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES		**1,851**	**4,727**	**4,564**	**11,142**
Lease liabilities	All currencies	665	1,568	813	3,046
TOTAL GROSS DEBT		**2,516**	**6,295**	**5,377**	**14,188**

9.2.3. Bonds

Compagnie de Saint-Gobain also redeemed the following instruments at maturity:

- a €750 million private placement paying variable-rate interest at 3-month Euribor +0.35% on March 22, 2021;
- €750 million worth of 3.625% bonds on June 15, 2021.

9.2.4. Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds with a face value of ECU 5,000 (€5,000 today).

A total of 18,496 perpetual bonds have since been bought back and canceled, and 6,504 perpetual bonds are outstanding at June 30, 2021, representing a total face value of €33 million.

The bonds bear interest at a variable rate (average of interbank rates offered by the five reference banks for six-month euro deposits).

The bonds are not redeemable and interest on the bonds is classified as a component of finance costs.

9.2.5. Participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their translation into euros in 1999.

A certain number of these participating securities have been bought back over the years. At June 30, 2021, 606,883 securities are still outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond yield (TMO), based on the Group's consolidated income.

In April 1984, 194,633 non-voting participating securities were issued by Compagnie de Saint-Gobain with a face value of ECU 1,000 (€1,000 today).

A certain number of these participating securities have been bought back over the years. At June 30, 2021, 77,516 securities are still outstanding, with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% paid per year applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the security, which is linked to consolidated net income of the previous year and to the reference six-month Euribor rate +7/8%.

These participating securities are not redeemable and the interest paid on them is reported under financial costs.

9.2.6. Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper).

At June 30, 2021, the state of these programs is as follows:

(in € millions)	**Authorized drawings**	**Authorized limits at June 30, 2021**	**Balance outstanding at June 30, 2021**	**Balance outstanding at Dec. 31, 2020**
Medium Term Notes	any duration	15,000	9,649	11,149
NEU CP	up to 12 months	4,000	0	0
US Commercial Paper	up to 12 months	841 *	0	0
Euro Commercial Paper	up to 12 months	841 *	0	0

* Equivalent of USD 1,000 million based on the exchange rate at June 30, 2021.

In accordance with market practices, Negotiable European Commercial Paper (NEU CP), US Commercial Paper and Euro Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt since they are rolled over at frequent intervals.

9.2.7. Syndicated lines of credit

Compagnie de Saint-Gobain has two syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its NEU CP, US Commercial Paper and Euro Commercial Paper programs):

- a €2.5 billion syndicated line of credit, maturing in December 2024, after the exercise of the two one-year rollover options;
- a second €1.5 billion syndicated line of credit also maturing in December 2024, after the exercise of the two one-year rollover options.

Based on the Group's current credit rating for long-term debt, the two facilities are not subject to any covenants. Neither of these two lines of credit was drawn down at June 30, 2021.

9.2.8. Receivables securitization programs

The Group has set up two receivables securitization programs, one through its French subsidiary Point.P Finances GIE, and the other through its US subsidiary, Saint-Gobain Receivables Corporation.

The French program, covering an amount of up to €500 million, represented €500 million at both June 30, 2021 and December 31, 2020.
Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €280 million of this amount is classified as long term and the remaining balance as current.

The US program, covering an amount of up to USD 400 million, had a countervalue of €317 million at June 30, 2021 compared to €144 million at December 31, 2020.

9.2.9. Collateral

At June 30, 2021, €1 million of Group debt is secured by various non-current assets (real estate and securities).

9.2.10. Factoring

The Group has set up several trade receivables factoring programs. Based on an analysis of the risks and rewards as defined by IFRS 9, the Group has derecognized virtually all of the receivables sold under these programs. A total of €456 million in factored receivables were derecognized at June 30, 2021, compared to €368 million at December 31, 2020.

9.2.11. IBOR reform

The Group analyzed the impact of the reform of interbank offered rates (IBOR) on its financial instruments. No significant impact was identified for the instruments used. However, certain contracts are currently under review and the information systems will need to be adapted accordingly.

9.3. Financial instruments

The Group uses interest rate, foreign exchange, energy, commodity and equity derivatives to hedge its exposure to changes in interest rates, exchange rates, and energy, commodity and equity prices that may arise in the normal course of business.

The following table presents a breakdown of the main derivatives used by the Group:

(in € millions)	Fair value				Nominal amount by maturity			
	Derivatives recorded in assets	**Derivatives recorded in liabilities**	**June 30, 2021**	**Dec. 31, 2020**	**Within 1 year**	**1 to 5 years**	**Beyond 5 years**	**June 30, 2021**
FAIR VALUE HEDGES	**0**	**0**	0	**0**	**0**	**0**	**0**	0
Cash flow hedges								
Currency	5	(2)	3	1	275	0	0	275
Interest rate	0	(70)	(70)	(92)	0	95	371	466
Energy and commodities	5	0	5	0	12	2	0	14
Other risks: equities	12		12	0	4	33	0	37
CASH FLOW HEDGES – TOTAL	**22**	**(72)**	(50)	**(91)**	**291**	**130**	**371**	792
Derivatives not qualifying for hedge accounting mainly contracted by Compagnie de Saint-Gobain								
Currency	13	(3)	10	(4)	2,390	0	0	2,390
Interest rate	0	0	0	0	0	0	0	0
Energy and commodities	0	0	0	0	0	0	0	0
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING – TOTAL	**13**	**(3)**	10	**(4)**	**2,390**	**0**	**0**	2,390
TOTAL	**35**	**(75)**	(40)	**(95)**	**2,681**	**130**	**371**	3,182

9.3.1. Credit value adjustments to derivative instruments

Credit value adjustments to derivative instruments are calculated in accordance with IFRS 13 based on historical probabilities of default derived from calculations performed by a leading rating agency and on the estimated loss given default. At June 30, 2021, credit value adjustments were not material.

9.3.2. Impact on equity of financial instruments qualifying for cash flow hedge accounting

At June 30, 2021, the IFRS cash flow hedge reserve carried in equity has a debit balance of €39 million, consisting mainly of:

- a debit balance of €28 million in relation to cross-currency swaps designated as cash flow hedges that are used to convert a GBP bond issue into euros;
- a debit balance of €19 million corresponding to changes in the fair value of interest rate hedges classified as cash flow hedges;
- a credit balance of €5 million corresponding to changes in fair value of energy hedges qualified as cash flow hedges.
- a credit balance of €3 million corresponding to changes in fair value of currency derivatives qualified as cash flow hedges.

The ineffective portion of cash flow hedge derivatives is not material.

9.3.3. Impact on income of financial instruments not qualifying for hedge accounting

The fair value of derivatives classified as “Financial assets and liabilities at fair value through profit or loss” represents a gain of €10 million in first-half 2021 compared to a loss of €4 million in full-year 2020.

9.3.4. Group debt structure (excluding lease liabilities)

The weighted average interest rate on total gross debt under IFRS and after hedging (interest rate swaps and cross-currency swaps) was 2.0% at June 30, 2021, compared with 2.0% at December 31, 2020.

The table below presents the breakdown by interest rate (fixed or variable) of the Group's gross debt at June 30, 2021, taking into account interest rate and cross-currency swaps.

(in € millions)	Gross debt, excluding lease liabilities		
	Variable rate	Fixed rate	Total
EUR	322	9,190	9,512
Other currencies	778	695	1,473
TOTAL	**1,100**	**9,885**	**10,985**
(in %)	10%	90%	100%
Accrued interest and other			157
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES			**11,142**

9.4. Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 9:

At June 30, 2021

		Financial instruments				Financial instruments at fair value			
(in € millions)	Notes	Fair value through profit or loss	Fair value through the statement of recognized income and expense	Amortized cost	Total financial instruments	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total financial instruments measured at fair value
Trade and other accounts receivable				7,499	**7,499**				**0**
Loans, deposits and surety	(7)			373	**373**				**0**
Equity investments and other	(7)		95		**95**			95	**95**
Derivatives recorded in assets		13	22		**35**		35		**35**
Cash and cash equivalents		5,024		1,579	**6,603**	5,024			**5,024**
TOTAL FINANCIAL ASSETS		**5,037**	**117**	**9,451**	**14,605**	**5,024**	**35**	**95**	**5,154**
Trade and other accounts payable				(10,934)	**(10,934)**				**0**
Long- and short-term debt				(11,076)	**(11,076)**				**0**
Long- and short-term lease liabilities				(3,046)	**(3,046)**				**0**
Derivatives recorded in liabilities		(3)	(72)		**(75)**		(75)		**(75)**
TOTAL FINANCIAL LIABILITIES		**(3)**	**(72)**	**(25,056)**	**(25,132)**	**0**	**(75)**	**0**	**(75)**
FINANCIAL ASSETS AND LIABILITIES - NET		**5,034**	**45**	**(15,605)**	**(10,527)**	**5,024**	**(40)**	**95**	**5,079**

At December 31, 2020

		Financial instruments				Financial instruments at fair value			
(in € millions)	Notes	Fair value through profit or loss	Fair value through the statement of recognized income and expense	Amortized cost	Total financial instruments	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total financial instruments measured at fair value
Trade and other accounts receivable				5,768	**5,768**				**0**
Loans, deposits and surety	(7)			441	**441**				**0**
Equity investments and other	(7)		70		**70**			70	**70**
Derivatives recorded in assets		96	3		**99**		99		**99**
Cash and cash equivalents		6,884		1,559	**8,443**	6,884			**6,884**
TOTAL FINANCIAL ASSETS		**6,980**	**73**	**7,768**	**14,821**	**6,884**	**99**	**70**	**7,053**
Trade and other accounts payable				(9,723)	**(9,723)**				**0**
Long- and short-term debt				(12,418)	**(12,418)**				**0**
Long- and short-term lease liabilities				(3,098)	**(3,098)**				**0**
Derivatives recorded in liabilities		(100)	(94)		**(194)**		(194)		**(194)**
TOTAL FINANCIAL LIABILITIES		**(100)**	**(94)**	**(25,240)**	**(25,433)**	**0**	**(194)**	**0**	**(194)**
FINANCIAL ASSETS AND LIABILITIES - NET		**6,880**	**(21)**	**(17,472)**	**(10,612)**	**6,884**	**(95)**	**70**	**6,859**

NOTE 10 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

10.1. Equity

10.1.1. Equity

As of June 30, 2021, the number of shares composing the capital stock of Compagnie de Saint-Gobain was 532,557,807 shares each with a par value of €4 (532,683,713 shares at December 31, 2020).

10.1.2. Number of shares

	Number of shares	
	Issued	**Outstanding**
NUMBER OF SHARES AT DECEMBER 31, 2019	**544,683,451**	**542,087,728**
Group Savings Plan	6,099,996	6,099,996
Stock subscription option plans	266	266
Shares purchased		(20,733,422)
Shares sold		2,578,937
Shares canceled	(18,100,000)	
NUMBER OF SHARES AT DECEMBER 31, 2020	**532,683,713**	**530,033,505**
Group Savings Plan	5,562,855	5,562,855
Stock subscription option plans	11,239	11,239
Shares purchased		(9,034,947)
Shares sold		801,982
Shares canceled	(5,700,000)	
NUMBER OF SHARES AT JUNE 30, 2021	**532,557,807**	**527,374,634**

10.1.3. Dividends

The Annual Shareholders' Meeting of June 3, 2021 approved the recommended dividend payout for 2020 representing €1.33 per share. The ex-dividend date was June 7 and the dividend was paid on June 9, 2021.

10.2. Earnings per share

10.2.1. Basic earnings per share

Basic earnings per share are as follows:

	First-half 2021	**First-half 2020**
Group share of net income (loss) *(in € millions)*	1,298	(434)
Weighted average number of shares in issue	529,188,715	538,242,661
BASIC EARNINGS (LOSS) PER SHARE, GROUP SHARE *(in €)*	2.45	(0.81)

10.2.2. Diluted earnings per share

Diluted earnings per share are as follows:

	First-half 2021	**First-half 2020**
Group share of net income *(in € millions)*	1,298	(434)
Weighted average number of shares assuming full dilution	533,084,200	541,942,645
DILUTED EARNINGS (LOSS) PER SHARE, GROUP SHARE *(in €)*	2.43	(0.80)

The weighted average number of shares assuming full dilution is calculated based on the weighted average number of shares outstanding, assuming conversion of all dilutive instruments. The Group's dilutive instruments include stock options and performance share grants corresponding to a weighted average of 137,000 and 3,758,485 shares, respectively, at June 30, 2021.

NOTE 11 TAX

11.1. Income taxes

In accordance with IAS 34, the recognized tax expense is determined by reference to the projected effective tax rate at the end of the year restated for the one-off items of the half-year period.

Theoretical tax expense was reconciled with current tax expense using a tax rate of 28.41% in first-half 2021 and of 32.02% in first-half 2020, and can be analyzed as follows:

(in € millions)	First-half 2021	First-half 2020
Net income	1,340	(433)
Less:		
Share in net income of equity-accounted companies	27	1
Income taxes	(593)	(183)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**1,906**	**(251)**
French tax rate	28.41%	32.02%
Theoretical tax expense at French tax rate	(541)	81
Impact of different tax rates	68	(30)
Asset impairment, capital gains and losses on asset disposals	(9)	(56)
Deferred tax assets not recognized and provisions for deferred tax assets	(7)	(73)
Liability method	(105)	(27)
Research tax credit and value-added contribution for businesses (CVAE)	(4)	(8)
Costs related to dividends	(21)	(50)
Other taxes and changes in provisions	26	(20)
TOTAL INCOME TAX EXPENSE	**(593)**	**(183)**

The increase in future tax rates for the United Kingdom from 19% to 25% (applicable as of April 1, 2023) led the Group to recognize a tax expense of €105 million for first-half 2021 in connection with the liability method.

The contribution of countries with low tax rates explains the impact of the different tax rates applicable outside France. The main contributors are the United States, the United Kingdom, Poland, Ireland, the Czech Republic, Switzerland, Norway and Sweden.

11.2. Deferred tax

In the balance sheet, changes in net deferred tax assets and liabilities break down as follows:

(in € millions)	Net deferred tax asset/(liability)
NET VALUE at January 1, 2020	**385**
Deferred tax (expense)/benefit	(7)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	4
Liability method on actuarial gains and losses	16
Translation adjustments and restatement for hyperinflation	(1)
Assets and liabilities held for sale	(3)
Changes in Group structure and other	(89)
NET VALUE at December 31, 2020	**305**
Deferred tax (expense)/benefit	(109)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	(71)
Liability method on actuarial gains and losses*	60
Translation adjustments and restatement for hyperinflation	(2)
Assets and liabilities held for sale	(2)
Changes in Group structure and other	9
NET VALUE at June 30, 2021	**190**

* At June 30, 2021, the liability method on actuarial gains and losses mainly concerns the United Kingdom.

NOTE 12 SUBSEQUENT EVENTS

On July 12, 2021, Saint-Gobain signed an agreement for the sale of Graham, its specialist distributor of plumbing, heating and sanitary products in the United Kingdom (see note 3.3).

The sale of PAM China was completed on July 28, 2021.

The sale of SGD NL is scheduled to be completed on July 30, 2021.

COMPAGNIE DE SAINT-GOBAIN

Statutory auditors' review report
on the half-year financial information

(Period from January 1, 2021 to June 30, 2021)

PricewaterhouseCoopers Audit
Crystal Park
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG Audit
Tour Eqho
2 Avenue Gambetta
CS 60055
92066 Paris La Défense

Statutory auditors' review report
on the half-year financial information

(Period from January 1, 2021 to June 30, 2021)

This is a free translation into English of the statutory auditors' review report issued on the half-yearly financial information in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie de Saint-Gobain
Tour Saint-Gobain
12, place de l'Iris
92400 Courbevoie cedex

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Compagnie de Saint-Gobain for the period from January 1, 2021 to June 30, 2021,
- the verification of information contained in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information given in the half-yearly management report dated July 30, 2021 on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, July 29, 2021

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit	KPMG Audit *Division of KPMG S.A.*	
Edouard Sattler	Pierre-Antoine Duffaud	Bertrand Pruvost

STATEMENT BY THE PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT AS OF JUNE 30, 2021

I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2021 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of Compagnie de Saint-Gobain and its consolidated subsidiaries, and that the interim management report gives a fair description of the material events that occurred in the first six months of the financial year, their impact on the financial statements and the main related-party transactions, and describes the main risks and main uncertainties for the second half of 2021.

Courbevoie, July 29, 2021

Benoit Bazin	Sreedhar N.
Chief Executive Officer	Chief Financial Officer
Compagnie de Saint-Gobain	Compagnie de Saint-Gobain