GROW & IMPACT

SAINT-GOBAIN

The worldwide leader
in light & sustainable construction

Sales at a new record high in first-quarter 2022

- **Very strong 16.4% organic growth on supportive underlying markets**
- **Acceleration in prices, enabling the generation of a positive price-cost spread in the first quarter**
- **Deployment of our solutions for energy efficiency and decarbonization ramped up in all geographies**
- **2022 outlook confirmed**

	Sales Q1 2021 (in €m)	**Sales Q1 2022 (in €m)**	Change on an actual structure basis	Change on a comparable structure basis	**Like-for-like change**
Northern Europe	3,387	4,014	+18.5%	+20.9%	+19.2%
Southern Europe - ME & Africa	3,526	3,725	+5.6%	+14.9%	+15.9%
Americas	1,512	1,920	+27.0%	+26.1%	+16.8%
Asia-Pacific	417	479	+14.9%	+30.6%	+24.6%
High Performance Solutions	1,811	2,191	+21.0%	+14.8%	+10.2%
Internal sales and misc.	*-274*	*-322*	---	---	---
Group Total	**10,379**	**12,007**	**+15.7%**	**+19.0%**	**+16.4%**

Like-for-like sales rose sharply, up 16.4% on first-quarter 2021. This strong performance reflects the Group's positioning as the worldwide leader in light and sustainable construction thanks to its unique range of innovative solutions offering sustainability and performance to maximize the positive impact for its customers. It also reflects good momentum across all our segments, which each reported double-digit organic growth, in acceleration from second-half 2021, driven in particular by renovation in Europe and by construction in the Americas and in Asia. The Group's volumes progressed by 1.9% over the quarter and by 8.3% compared to first-quarter 2019 (pre-Covid comparison basis), continuing their good trends despite a difficult geopolitical environment. Price increases continued to accelerate – up to 14.5% in a far more inflationary raw material and energy cost environment – enabling the Group to generate a positive price-cost spread in the first quarter.

On a reported basis, **sales** came in at a new record high of **€12,007 million**, with a positive 2.6% **currency effect** due mainly to the appreciation of the US dollar, pound sterling, Brazilian real and other emerging country currencies. **Changes in Group structure** reduced sales by 3.3% and resulted from the ongoing **optimization of the Group's profile**, in terms of both divestments – mainly Lapeyre in France, distribution in the Netherlands and Spain, specialist distribution in the United Kingdom, Glassolutions in Germany and Denmark, and pipe in China – and acquisitions, mainly Chryso in construction chemicals and Panofrance, a French specialist in modular timber solutions.
The **acquisition of GCP Applied Technologies** in construction chemicals is expected to be **finalized** by year-end 2022 as planned. GCP shareholders approved the transaction in March and the procedure for obtaining clearance from the competition authorities is proceeding as planned.
The optimization of the portfolio continues country-by-country, now being part of the Group's profitable growth model within the scope of its "Grow & Impact" plan.

Update on inflation and the geopolitical situation

Amid accelerating inflation, Saint-Gobain now expects its energy and raw material costs to increase by around €2.5 billion in 2022 compared to 2021. This inflation concerns in particular energy costs, especially in Europe where the Group has hedged around 80% of its natural gas and electricity purchases for 2022 as a whole. Saint-Gobain's total energy bill amounted to €1.5 billion in 2021, representing 3% of Group sales.

In light of its proactive energy cost hedging policy, the positive price-cost spread in the first quarter, the acceleration in the positive price effect to 14.5% in the first quarter, and the new price increases being announced, Saint-Gobain is confident that it will be able to offset the estimated inflation in raw material and energy costs for 2022 as a whole.

Note that Saint-Gobain has no industrial operations in Ukraine and that Russia represented around 0.5% of its consolidated sales in 2021. All our solutions are manufactured and sold on local construction markets. Since the start of the conflict, all investment projects have been cancelled. Local activities are now operating at a minimum and on a standalone basis.

The countries currently most sensitive to Russian gas supplies for Saint-Gobain are Germany, Poland and the Czech Republic. The Group has drawn up various plans for continuing its operations in these countries enabling it to significantly mitigate the impact of a scenario in which all supplies of Russian gas were terminated. Various levers can be used by the Group such as the classification of priority industries, using alternative energy sources already prepared at certain sites, and increasing the flexibility of its production capacities.

Segment performance (like-for-like sales)

Northern Europe: strong sales growth driven by renovation

Sales in the Northern Europe Region were up by 19.2% in the quarter, an acceleration from second-half 2021, with volumes up 3.1% on structurally supportive renovation markets.

Nordic countries reported further robust growth thanks to their successful presence across the entire trade professional value chain; an omnichannel digital offering; the recent launch of new lightweight and resource-efficient plasterboard solutions; and a renovation market buoyed by energy efficiency projects. The **United Kingdom** – which has been very active recently in optimizing its portfolio – reported good growth driven by façade and interior solutions in a dynamic renovation market. **Germany** also saw growth accelerate on the back of its solid market positions in energy efficiency renovation, with enhanced stimulus measures. **Eastern Europe** reported excellent momentum with market share gains in its main countries, particularly Poland, the Czech Republic and Romania.

Southern Europe - Middle East & Africa: strong sales momentum driven by renovation

Sales for the Southern Europe - Middle East & Africa Region enjoyed good momentum, with sales up 15.9%, an acceleration from second-half 2021, driven by prices in the context of a high comparison basis in March. All countries in the Region reported double-digit organic growth driven by an outperformance on the renovation market, successfully targeted by our comprehensive solutions. Compared to first-quarter 2019 (pre-Covid), volumes were up 7.3%.

France enjoyed further good momentum, driven by structurally supportive renovation markets. *MaPrimeRenov'* – France's household stimulus package encouraging home renovations – remains a success and trade professionals continue to see full order books. The Group's unrivalled presence across the entire value chain – from manufacturing to merchanting and in-store advice – has driven its outperformance, thanks to an optimized service in close alignment with customers' needs and a comprehensive range of sustainable and innovative solutions. For example, Weber Flex Col Eco, our patented low-carbon cement-free mortars, has seen a sharp increase in sales with market share gains. Saint-Gobain also launched a €120 million capital expenditure program for insulation in France, aimed at expanding its production capacities, of which €20 million is earmarked specifically for efforts to decarbonize activities and develop the circular economy. **Spain** and **Benelux** progressed, particularly in light and sustainable construction solutions, along with **Italy**, where the Group has fully leveraged its commercial synergies to meet the strong demand for energy efficient renovation supported by tax credits. In addition, the Group continues to invest to improve its energy mix, for example by installing solar panels in Italy at its Vidalengo insulation plant. **Middle East and Africa** delivered further robust growth, benefiting from the opening of new plants and upbeat markets, particularly in Turkey and Egypt.

Americas: strong sales growth driven by comprehensive light construction solutions

The Americas Region delivered 16.8% organic growth over the quarter, an acceleration from second-half 2021 on the back of a further improvement in prices and despite a high comparison basis for volumes. Compared to first-quarter 2019 (pre-Covid), volumes were up by 15.7%, buoyed by strong demand and market share gains.

- **North America** progressed by 16.3%, driven by the development of a comprehensive range of solutions and by good momentum in light construction – from roofing and siding for the building envelope to interior performance solutions for user comfort and energy efficiency. Our local organization close to customers once again helped us mitigate supply chain tensions along with labor shortages at the start of the year in the context of the coronavirus pandemic. Saint-Gobain has also launched its investments to increase production capacities in plasterboard, roofing and insulation as part of its capital expenditure program of more than USD 400 million over the next two years.

- **Latin America** reported robust 17.9% growth, on a par with second-half 2021, despite a higher comparison basis and a less dynamic macroeconomic environment in Brazil. Growth in all countries of the Region continues to be driven by increased sales prices, an improved mix, newly opened production facilities, and an enhanced geographical footprint and product range thanks to targeted acquisitions country-by-country.

Asia-Pacific: strong sales growth

The Asia-Pacific Region reported 24.6% organic growth over the quarter, representing an acceleration from second-half 2021, with volumes up 7.3%.

India delivered another excellent performance thanks to market share gains and an integrated and innovative range of solutions, particularly for energy- and resource-efficient buildings. The integration of Rockwool India in stone wool insulation was completed as planned in early February, and rounds out the Group's leading positions in façade and interior solutions. Despite a deteriorating health situation as from March, **China** also reported further growth, driven by market share gains in the supportive light construction sector, where recent low-carbon building directives will help accelerate growth. **South-East Asia** had a very good quarter and continues to diversify its offering – particularly in construction chemicals – after a second-half 2021 performance hard hit by the restrictions imposed in light of the coronavirus pandemic.

High Performance Solutions (HPS): clear growth in sales despite a slow recovery in the mobility market

HPS sales were up by 10.2% over the quarter, including a positive 4.7% volume effect, benefiting from the broad market recovery excluding European automotive.

- Businesses serving **global construction customers** reported record sales and outperformed the market with 22.2% growth. They continue to benefit from upbeat trends in textile solutions for external thermal insulation systems (ETICS) thanks to good momentum in sustainable construction. The very strong trends in Chryso sales continued – driven by decarbonization in the construction sector – as integration efforts ramped up.
- The **Mobility** business advanced slightly, up 1.9% on the back of a progression in sales to the Americas and China, particularly in electric vehicles which represent an increasing proportion of sales. The downturn in Europe continued, becoming more pronounced at the end of the period as the geopolitical context and health restrictions in China weighed on value chains and procurement capacities. However, thanks to its very strong positioning in electric vehicles and high value-added products, the Mobility business continued to significantly outperform the automotive market.
- Businesses serving **Industry** progressed by 14.3%, supported by activities relating to investment cycles such as ceramic refractories, which are now trading above 2019 levels and which benefit from innovation in specialty materials and decarbonization technologies for our customers. Against this backdrop, Valoref, a pioneer in ceramic recycling in Europe, now plans to expand operations into North America, China and India.

Outlook and strategic priorities

2022 outlook

Despite a difficult geopolitical environment along with ongoing disruptions to global supply chains, in 2022 the Group should continue to fully leverage the good momentum in its main markets – especially renovation in Europe as well as construction in the Americas and in Asia – and reaffirm its excellent operating performance thanks to a solid and well-aligned organization. In this environment, and provided there is no new major impact related to the coronavirus pandemic and the geopolitical situation, Saint-Gobain expects the following trends for its segments:

- **Europe**: supportive renovation market requiring comprehensive solutions that increase efficiency and save time for customers within each country, albeit with a high comparison basis in the first half;
- **Americas**: upbeat market trends, particularly in residential construction in North America and in Latin America overall, despite a less dynamic environment in Brazil;
- **Asia-Pacific**: market growth with continued good momentum in India and a gradual recovery in South-East Asia; short-term uncertainties in China owing to Covid-related restrictions;
- **High Performance Solutions**: market growth with supportive long-term trends in sustainable construction and a demand for innovation and new materials for industry decarbonization and green mobility, despite uncertainties regarding the automotive market in Europe.

Strategic priorities

Our strategic priorities for 2022 are fully aligned with the medium and long-term structural growth scenario in the "Grow & Impact" plan:

1) Accelerate the Group's growth and impact

- **Outperformance versus our markets**, thanks notably to our comprehensive range of integrated, differentiated and innovative solutions offering sustainability and performance for our customers, developed within the scope of an organization as close to the ground as possible in each country or market;
- **Strengthen our key role in building a carbon-neutral economy thanks to our positive-impact solutions**;
- **Ongoing optimization of the Group's profile**, with the full effect of the Chryso integration and preparation for the GCP acquisition, as part of a vigorous dynamic of targeted and value-creating acquisitions and divestments.

2) Continue our initiatives focused on profitability and performance: maintain a robust margin and strong free cash flow generation

- **Constant focus on the price-cost spread**, with strong pricing proactivity as in 2021;
- Disciplined continuation of our **operational excellence program**;
- Maintaining the **structural improvement in operating working capital requirement** while **rebuilding a good level of inventories** to best serve customers;
- **Capital expenditure** of around **€1.8 billion**, in line with the Group's objective of between 3.5% and 4.5% of sales, with strict allocation to high-growth markets and digital transformation.

In this context, Saint-Gobain confirms that it is targeting a further increase in operating income in 2022 compared to 2021 at constant exchange rates.

Financial calendar

A conference call will be held at 6:30pm (Paris time) on April 28, 2022: +33 1 72 72 74 03 or +44 20 7194 3759, dial-in code: 23231855#

- First-half 2022 results: *Wednesday July 27, 2022*, after close of trading on the Paris Bourse.
- Third-quarter 2022 sales: *Thursday October 27, 2022*, after close of trading on the Paris Bourse.

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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 year (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 year (currency impact);*
- *changes in applicable accounting policies.*

***Operating income**: see Note 5 to the 2021 consolidated financial statements, available by clicking here: https://www.saint-gobain.com/en/news/full-year-2021-results*

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

***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 the past 12 months.*

For further information, please visit www.saint-gobain.com**.**

Appendix 1: Contribution of prices and volumes to organic sales growth by Segment

Q1 2022	Like-for-like change	Prices	Volumes
Northern Europe	+19.2%	+16.1%	+3.1%
Southern Europe - ME & Africa	+15.9%	+15.8%	+0.1%
Americas	+16.8%	+17.7%	-0.9%
Asia-Pacific	+24.6%	+17.3%	+7.3%
High Performance Solutions	+10.2%	+5.5%	+4.7%
Group Total	**+16.4%**	**+14.5%**	**+1.9%**

Appendix 2: Breakdown of organic sales growth and external sales

Q1 2022	Like-for-like change	% Group
Northern Europe	**+19.2%**	**32.4%**
Nordics	*+17.5%*	*13.1%*
United Kingdom - Ireland	*+18.4%*	*9.8%*
Germany - Austria	*+16.9%*	*3.3%*
Southern Europe - ME & Africa	**+15.9%**	**30.1%**
France	*+13.4%*	*23.7%*
Spain - Italy	*+20.4%*	*3.4%*
Americas	**+16.8%**	**15.7%**
North America	*+16.3%*	*11.2%*
Latin America	*+17.9%*	*4.5%*
Asia-Pacific	**+24.6%**	**3.8%**
High Performance Solutions	**+10.2%**	**18.0%**
Construction and industry	*+15.6%*	*11.8%*
Mobility	*+1.9%*	*6.2%*
Group Total	**+16.4%**	**100.0%**