GROW & IMPACT

SAINT-GOBAIN

The worldwide leader
in light & sustainable construction

Solid performance in Q3 2023
New record margin expected in 2023

- **Sequential price stability in Q3 2023, generating a positive price-cost spread**
- **Volumes in Q3 2023 in line with expectations for the year**
- **Further proof of the Group's resilience in a difficult environment**
- **Share buyback of €540m so far this year, ahead of target**
- **2023 outlook: new record operating margin expected in 2023, double-digit for the third consecutive year**

Like-for-like sales were stable over the nine-month period to September 30, 2023 despite a contraction of 3.1% in the third quarter of the year versus third-quarter 2022 given the more difficult pricing comparison basis due to the price increases implemented proactively in the last few years. In a less inflationary environment **prices** rose by 5.9% over the nine-month period and by 1.9% in the third quarter, reflecting **overall sequential price stability** since the start of the year, **generating a positive price-cost spread once again.**

In a difficult macroeconomic environment, the Group continued to **outperform its markets** thanks to the pertinence of its strategic positioning at the heart of **energy and decarbonization challenges** and to the strength of its local organization by country, which enables it to offer **comprehensive solutions to its customers**.

Thanks to its recent acquisitions and investments, the Group has **successfully repositioned** itself on **North America, Asia and emerging countries, and construction chemicals**. These markets with strong growth outlooks now represent **two-thirds of the Group's operating income**. **Construction chemicals** overall posted **organic growth of 3.1% over the nine-month period**.

In line with expectations for the year, **volumes** were down by 5.9% over the nine-month period and by 5.0% over the third quarter (including a negative working day effect of around 2%), with a moderate slowdown in markets reflecting a contrasting situation: a marked decline in new construction but good resilience overall in renovation. **In each local market**, the Group is taking **the proactive commercial and industrial measures necessary to continue to outperform its markets and maintain its excellent operating performance achieved since 2019**.

On a reported basis, sales were down by 4.9% to **€36.5 billion over the nine-month period** and by 10.5% to **€11.6 billion over the third quarter**, with negative **currency effects** of 2.2% over the nine-month period and 3.9% in the third quarter, and negative **Group structure impacts** of 2.7% over the nine-month period and 3.5% in the third quarter.
Group structure impacts result from the ongoing **optimization of the Group's profile**, both in terms of disposals – mainly in distribution (UK, Poland and Denmark), glass processing activities, Crystals & Detectors and ceramics for the steel industry – and in terms of acquisitions, mainly in construction chemicals (**GCP** Applied Technologies "GCP", Impac in Mexico, Matchem in Brazil and Best Crete in Malaysia), exterior products in Canada (**Kaycan** and **Building Products of Canada**) and insulation (U.P. Twiga in India). **The integration of recent acquisitions is progressing well**, helping us to **achieve the expected synergies**.

Segment performance (like-for-like sales)

Northern Europe: limited decline in sales thanks to better resilience in renovation

Sales in the Northern Europe region were **down by 5.0% over the nine-month period** and by 7.6% in the third quarter (including a negative working day effect of around 2%) amid a continued slowdown in new construction, while renovation (around 55% of sales) proved more resilient. After several quarters in which volumes fell sharply, the volume decline eased in the third quarter of 2023 compared to the second against a lower comparison basis. Prices continued to be well managed against a higher comparison basis and in a less inflationary environment.

In **Nordic countries**, the sharp drop in the new construction market, especially in Sweden and Norway, was partly offset by our strong exposure to the renovation market. The world's first carbon-neutral (scope 1 and 2) plasterboard production at the Group's Fredrikstad plant in Norway allowed Saint-Gobain to further differentiate its offer. The **UK** progressed slightly and captured market share thanks to its strong positioning in façade and interior solutions, and also benefited from an optimized portfolio following the divestment of its distribution businesses. **Germany** continued to suffer in a difficult macroeconomic context which weighed on new construction. After a sharp decline in volumes of around 15% in the first half, **Eastern Europe** improved in the third quarter, driven by its comprehensive range of interior and exterior solutions.

Southern Europe - Middle East & Africa: slight growth in sales supported by resilience in renovation

The Southern Europe - Middle East & Africa Region saw a **slight rise of 1.0% in sales over the nine-month period** and a fall of 2.7% in the third quarter (including a negative working day effect of around 2%), thanks to good resilience in renovation (almost 70% of sales), while the new construction market continued to slow. Prices continued to be well managed against a higher comparison basis and in a less inflationary environment.

Saint-Gobain continued to outperform its market in **France**, thanks to its strong exposure to renovation, supported by a favorable regulatory environment. The announcement by the French government in October that it is to double its *MaPrimeRénov'* household renovation stimulus package to €5 billion in 2024, along with its objective of a three-fold increase in the number of complete renovations to 200,000 per year from 2024, illustrate the country's commitment to accelerate energy-efficiency renovation of existing buildings and to reduce CO_2 emissions in the construction sector. The rollout of Saint-Gobain's low-carbon, high value-added solutions for its customers is also accelerating.
In **Spain** and **Italy**, sales were stable in broadly resilient construction markets. **Middle East and Africa** posted strong growth, especially in **Egypt** and **Turkey**.

Americas: slight sales growth driven by North America

The Americas delivered **organic growth at 2.2% over the nine-month period** and at 0.1% in the third quarter, buoyed by the volume increase in North America.

- **North America** progressed by **5.0%** over the nine-month period (**up 11.0% as reported**, with the integration of Kaycan, Building Products of Canada and GCP's waterproofing membranes) and by 4.0% in the third quarter. The price effect gradually lessened due to the high comparison basis but rose sequentially thanks to the price increase in the roofing business this summer. Volumes were stable over the nine-month period but have returned to growth since the second quarter. The Group saw further market share gains thanks to its comprehensive, differentiated range of interior and exterior light construction solutions. The new construction market has stabilized since the start of the year. The integration of GCP and Kaycan is progressing well, helping us to achieve the expected synergies. **We finalized the Building Products of Canada acquisition more quickly than expected**, as of September 1, 2023, allowing Saint-Gobain to reinforce its unique industry-leading position in Canada, with a comprehensive range of interior and exterior solutions. In light of the favorable growth outlook, investments in additional capacity are continuing in North America. In September 2023, the Group signed a new renewable electricity supply agreement, its third since 2021: these three agreements will allow it to cover more than 70% of its electricity requirements in North America by the end of 2024 and to achieve a 70% reduction in its scope 2 emissions (versus 2017).

- **Latin America** was down by 5.5% over the nine-month period and by 10.7% in the third quarter. **Brazil** continues to weigh on sales in a difficult macroeconomic environment, although the Central Bank's interest rate cut as from early August, along with inflation coming under control and the announcement of the "New Growth Acceleration Program" – incorporating a large construction sector component with financing for social housing – point to an improvement as from the end of the year. **Mexico** continued to benefit from the successful integration of Impac in construction chemicals (waterproofing) and its comprehensive solutions offer. The other countries in the Region were driven by an increase in sales prices, an enriched offer and mix, and a geographic footprint and product range extended by bolt-on acquisitions.

Asia-Pacific: good sales momentum

The Asia-Pacific Region reported **organic growth at 5.1% over the nine-month period** and at 3.0% in the third quarter, with good momentum in volumes and a high comparison basis for prices.

India posted another strong performance and captured market share on the back of its global solutions-based approach, its integrated and innovative range of solutions, the successful integration of recent acquisitions in insulation (Rockwool India Pvt Ltd. and U.P. Twiga) and the start-up of new capacity. Through its sustainable construction solutions, Saint-Gobain continues to play a pioneering role in promoting low-carbon buildings in the country. **China** enjoyed further good growth momentum despite a more difficult market, on the back of market share gains in light construction and renovation with the successful start-up of new capacity in the center of the country. **South-East Asia** stabilized against a high comparison basis and in Malaysia benefited from an enriched range of solutions, helping to strengthen its presence on the light construction market.

High Performance Solutions (HPS): good resilience in sales

HPS sales **progressed 3.5% over the nine-month period** and fell 2.1% in the third quarter in slowing markets overall.

- Businesses serving **global construction customers** saw a 40% rise in sales as reported, mainly due to the integration of GCP as of October 1, 2022. The upbeat trends in Chryso and GCP sales continued, spurred by the innovation drive for decarbonization in the construction sector, notably with innovative solutions (for example CO2ST® and EnviroMix®) for developing cement and concrete mixes with a much lighter carbon footprint. **Chryso** reported further **strong growth, up double-digit over the quarter**, led by emerging countries. GCP's margins rallied sharply in line with its integration plan, thanks to the efficiency of the new organization and to global supply chain and industrial optimizations. By the end of the year, Chryso will finalize the acquisition of Adfil (fibers for concrete reinforcement) helping to reduce the concrete's carbon footprint. However, Adfors' reinforcement solutions contracted amid the marked slowdown in new construction in Europe.
- **Mobility** sales progressed, buoyed by both the continued gradual catch-up in sales prices and by an outperformance linked to its strong technological positioning on electric vehicles. The growth dynamic slowed in Europe at the end of the period against a higher comparison basis resulting from the sharp upturn in the same prior-year period, but remained favorable in the Americas and Asia.
- Businesses serving **Industry** held firm in slowing industrial markets, mainly in Europe, thanks to sales prices and to demand for cutting-edge materials and decarbonization technologies.

2023 outlook

In a difficult macroeconomic environment, Saint-Gobain continues to demonstrate its resilience and its strong operating performance, achieved year after year since 2019 thanks to its focused strategy and its proactive commercial and industrial initiatives. The Group continues to focus on developing sustainable and innovative solutions with a positive impact, supported by strong innovation and investments for growth.

2023 will therefore mark another successful year for Saint-Gobain, with the continued implementation of its "Grow & Impact" priorities.

The Group **confirms its assumptions for its markets in 2023**, with contrasting trends: a marked decline in new construction in certain regions but good resilience overall in renovation.

Amid a moderate market slowdown, Saint-Gobain is targeting for full-year 2023 a new record operating margin, double-digit for the third consecutive year.

Financial calendar

A conference call will be held at 6:30pm (Paris time) on October 26, 2023:
please dial +44 12 1281 8004 or +1 718 705 8796 or +33 1 70 91 87 04.

- Site visits for investors and analysts: *November 13 and 14, 2023* in France (Paris region).
- 2023 results: *February 29, 2024*, after close of trading on the Paris stock market.

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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 (impact at constant exchange rates);*
- *changes in applicable accounting policies.*

*- **Operating margin** = operating income divided by sales.*
*- **Share buyback**: amount of shares bought back in 2023, as of October 26, net of offsetting employee share creation*

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

Appendix 1: Sales by Segment

	9m 2022 sales (in €m)	**9m 2023 sales (in €m)**	Change on actual structure basis	Change on a comparable structure basis	**Like-for-like change**
Northern Europe	12,556	9,696	-22.8%	-8.9%	-5.0%
Southern Europe - ME & Africa	11,317	11,337	+0.2%	+0.1%	+1.0%
Americas	6,791	7,264	+7.0%	+1.0%	+2.2%
Asia-Pacific	1,601	1,587	-0.9%	-2.0%	+5.1%
High Performance Solutions	7,085	7,624	+7.6%	+2.1%	+3.5%
Internal sales and misc	*-948*	*-988*	---	---	---
Group Total	**38,402**	**36,520**	**-4.9%**	**-2.2%**	**+0.0%**

	Q3 2022 sales (in €m)	**Q3 2023 sales (in €m)**	Change on actual structure basis	Change on a comparable structure basis	**Like-for-like change**
Northern Europe	4,157	3,022	-27.3%	-12.1%	-7.6%
Southern Europe - ME & Africa	3,491	3,361	-3.7%	-3.8%	-2.7%
Americas	2,514	2,480	-1.4%	-4.9%	+0.1%
Asia-Pacific	588	551	-6.3%	-7.4%	+3.0%
High Performance Solutions	2,485	2,461	-1.0%	-5.7%	-2.1%
Internal sales and misc	*-314*	*-309*	---	---	---
Group Total	**12,921**	**11,566**	**-10.5%**	**-7.0%**	**-3.1%**

Appendix 2: Contribution of prices and volumes to organic sales growth by Segment

9-month 2023	**Like-for-like change**	**Prices**	**Volumes**
Northern Europe	-5.0%	+6.4%	-11.4%
Southern Europe - ME & Africa	+1.0%	+7.7%	-6.7%
Americas	+2.2%	+4.5%	-2.3%
Asia-Pacific	+5.1%	+0.5%	+4.6%
High Performance Solutions	+3.5%	+5.2%	-1.7%
Group Total	**+0.0%**	**+5.9%**	**-5.9%**

Q3 2023	**Like-for-like change**	**Prices**	**Volumes**
Northern Europe	-7.6%	+1.5%	-9.1%
Southern Europe - ME & Africa	-2.7%	+3.6%	-6.3%
Americas	+0.1%	+0.1%	+0.0%
Asia-Pacific	+3.0%	-3.5%	+6.5%
High Performance Solutions	-2.1%	+3.3%	-5.4%
Group Total	**-3.1%**	**+1.9%**	**-5.0%**

Appendix 3: Breakdown of organic sales growth and external sales

9-month 2023, in % of total	Like-for-like change	% Group
Northern Europe	**-5.0%**	**25.5%**
Nordics	*-5.1%*	*11.7%*
United Kingdom - Ireland	*+1.3%*	*4.7%*
Germany - Austria	*-12.5%*	*2.9%*
Southern Europe - ME & Africa	**+1.0%**	**30.3%**
France	*+0.2%*	*23.6%*
Spain - Italy	*+0.8%*	*3.7%*
Americas	**+2.2%**	**19.5%**
North America	*+5.0%*	*14.5%*
Latin America	*-5.5%*	*5.0%*
Asia-Pacific	**+5.1%**	**4.1%**
High Performance Solutions	**+3.5%**	**20.6%**
Construction and industry	*-3.0%*	*13.0%*
Mobility	*+15.2%*	*7.6%*
Group Total	**+0.0%**	**100.0%**

Q3 2023, in % of total	Like-for-like change	% Group
Northern Europe	**-7.6%**	**25.2%**
Nordics	*-7.7%*	*11.6%*
United Kingdom - Ireland	*-2.4%*	*4.0%*
Germany - Austria	*-18.7%*	*3.0%*
Southern Europe - ME & Africa	**-2.7%**	**28.3%**
France	*-3.5%*	*21.8%*
Spain - Italy	*-6.3%*	*3.6%*
Americas	**+0.1%**	**21.0%**
North America	*+4.0%*	*15.6%*
Latin America	*-10.7%*	*5.4%*
Asia-Pacific	**+3.0%**	**4.5%**
High Performance Solutions	**-2.1%**	**21.0%**
Construction and industry	*-7.0%*	*13.0%*
Mobility	*+6.5%*	*8.0%*
Group Total	**-3.1%**	**100.0%**