SAINT-GOBAIN

PRESS RELEASE

Paris, February 27, 2020, at 5:45pm

2019 Results

Sharp 50.2% rise in free cash flow
Recurring earnings per share up 11.0%
Increase in operating margin of 30 basis points

- Organic growth at 2.4%, with prices up 1.8% and volumes up 0.6%
- Increase in operating income to €3,390 million, up 5.7% as reported and 4.7% like-for-like, including a rise of 1.6% in the second half
- 30 basis point gain in the operating margin[1] to 8.0% for the year and 8.4% for the second half
- Further increase of 10.0% in recurring net income[2] and 11.0% in recurring earnings per share
- Sharp 50% rise in free cash flow[3], representing a significant improvement in the free cash flow conversion ratio[4] at 44%
- Reduction in net debt, down to €10.5 billion at end-2019 from €11.2 billion at end-2018
- "Transform & Grow" ahead of targets: (1) divestments representing around €3.3 billion in sales, ahead of the initial target, and continuation of selective acquisitions; (2) cost savings program delivering results faster than initially expected, with savings of €120 million in 2019 compared to savings of over €80 million announced at the end of July
- *2019 dividend up to €1.38 per share, to be paid wholly in cash*

(€m)	2018 Restated[5]	**2019**	**Change**	**Change like-for-like**
Sales	41,774	**42,573**	**1.9%**	**2.4%**
EBITDA[6]	4,649	**4,870**	**4.8%**	
Operating income	3,207	**3,390**	**5.7%**	**4.7%**
Recurring net income[2]	1,741	**1,915**	**10.0%**	
Net attributable income	397	**1,406**	**254.2%**	
Free cash flow[3]	1,236	**1,857**	**50.2%**	

1. Operating margin = operating income divided by sales.
2. Recurring net income = net attributable income excluding capital gains and losses on disposals, asset write-downs, material non-recurring provisions and Sika income.
3. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense excluding Sika, plus income tax, less investments in property, plant and equipment and intangible assets excluding additional capacity investments, plus changes in working capital requirement.
4. Free cash flow conversion ratio = free cash flow divided by EBITDA less depreciation of right-of-use assets.
5. Figures for 2018 have been restated for IFRS 16 with retroactive effect from January 1, 2018.
6. EBITDA = operating income plus operating depreciation, less non-operating costs excluding Sika.

Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, commented:
"Saint-Gobain has delivered another significant improvement in its annual results, despite a less supportive market environment in the second half. Our strategic decisions are paying off, with the Group's positioning in the buoyant markets of energy-efficient renovation and other high value-added segments, and the swift and rigorous execution of our transformation plan. We have exceeded our commitments in terms of disposals, with around €3.3 billion in sales divested at the end of 2019 for over €1 billion. We continue to optimize our portfolio, with both divestments and value-creating acquisitions in the context of the new organization. For 2020, in a more uncertain market environment, Saint-Gobain should continue to benefit from its attractive positioning and from the results of its "Transform & Grow" initiative, and is targeting a further like-for-like increase in operating income with an uncertainty about the impact of the coronavirus."

Benoit Bazin, Chief Operating Officer of Saint-Gobain, commented:
"Our teams worked hard to make the roll-out of the new organization a great success, providing us with added agility and growth, along with increased efficiency for our customers. Thanks to the accelerated implementation of our cost savings plan, we were able to unlock €120 million in 2019 compared to over €80 million as previously announced. The rotation in our portfolio helped enhance the Group's growth and profitability profile, thanks both to the success of our divestment program and the completion of 18 selective acquisitions. The acquisition of Continental Building Products was finalized quickly on February 3, 2020 and the integration plan is already in place. It will strengthen our positioning on the dynamic North American construction market."

2019 performance

The Group's 2019 **sales** totaled **€42,573 million**, up 1.9% on a reported basis and **up 2.4% like-for-like**, with prices up 1.8% in a less inflationary environment for raw material and energy costs. Volumes were up 0.6% in a less supportive market environment overall.

Changes in **Group structure** had a negative 1.2% impact on sales, and a particularly negative impact of 4.7% in the fourth quarter, with negative structure impacts for the year of 5.8% in Asia-Pacific, of 3.0% in Northern Europe and of 0.4% in Southern Europe - Middle East & Africa. In 2019, the Group structure impact also reflects ongoing acquisitions in new niche technologies and services (Kaimann in technical insulation), in Asia and emerging countries (Join Leader in adhesives) and to consolidate our strong positions (Hunter Douglas in specialty ceilings). 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.

Sales growth benefited from a positive 0.7% **currency effect**, resulting mainly from the appreciation of the US dollar against the euro, despite the depreciation of Nordic krona and the Brazilian real.

Operating income rose once again in 2019, up 5.7% as reported and 4.7% like-for-like over the year, including a rise of 1.6% in the second half. The Group's operating margin increased to 8.0% from 7.7% in 2018 (7.5% as reported prior to the IFRS 16 adjustment), with 8.4% in the second half (versus 8.1% in second-half 2018).

Acceleration in the Group's transformation continues apace:

- Divestments completed to date for an amount over €1 billion represent sales of approximately €3.3 billion, exceeding the initial target of more than €3 billion by the end of 2019. The full-year operating margin impact is an improvement of more than 40 basis points, reaching the "Transform & Grow" target. In 2019 alone, the positive operating margin impact was 15 basis points.

- The program to unlock €250 million in additional cost savings over the period 2019-2021 thanks to the new organization is producing results faster than initially expected, with an accelerated timetable: a €120 million impact on operating income in 2019 (versus over €80 million estimated at the end of July), and overall savings of €200 million in 2020 and €250 million in 2021.

The Group also pursued its operational excellence program (outside the scope of "Transform & Grow"), which aims to offset inflation excluding that in raw material and energy costs. This program generated cost savings of €310 million in 2019 compared to 2018.

Segment performance (like-for-like sales)

High Performance Solutions (HPS) sales rose 0.4%, driven by good pricing progression. Volumes were down slightly, affected by the slowdown in industrial markets. Against this backdrop, the operating margin came in at 12.7% compared to 13.4% in 2018, with 12.5% in the second half (compared to 12.4% in second-half 2018).

- **Mobility** sales were up slightly in a global automotive market that remains challenging (market volumes down around 6%), but benefited from a weaker comparison basis in the second half. Despite the ongoing contraction in Europe and China, the differentiating strategy focused on high value-added products, in particular those for electric vehicles, continues to pay off. Our activities in the aerospace market advanced significantly.
- Activities serving **Industry** reported a decline in sales, with a slowdown in industrial markets in most regions in the second half.
- Activities serving the **Construction Industry** saw further growth, buoyed by gains in market share, upbeat trends in external thermal insulation solutions (ETICS) and recent acquisitions.
- **Life Sciences** continued to enjoy a strong growth dynamic in the pharmaceutical and medical sector, aided by recent investments in additional capacity.

Northern Europe reported a 1.7% rise in sales over the year, stabilizing in the second half (-0.2%) with a particularly negative calendar impact in the fourth quarter.
Sales in Nordic countries rose, particularly in Distribution, with the renovation market remaining robust but new construction slowing down. The UK contracted amid a difficult economic environment, particularly in Distribution in the second half. Sales in Germany were up slightly despite a decrease in volumes in the second half with less favorable trends in non-residential; Eastern Europe continued to advance, benefiting from sales synergies within each country under the new organization.
The operating margin for the region rose sharply to 6.3% from 5.6% in 2018, fueled by a positive raw material and energy price-cost spread and the acceleration of "Transform & Grow" in terms of portfolio optimization and cost savings.

Southern Europe - Middle East & Africa saw a 3.3% rise in sales over the year and a 2.3% rise in the second half, despite a particularly negative calendar effect in the fourth quarter. Distribution continued to drive growth; industrial businesses progressed, led by energy efficiency solutions and to a lesser extent, facade solutions (glass and mortars).
France had a good year, buoyed by a construction market where renovation was supportive despite a slowdown in new construction in the second half. The Group's energy efficiency renovation solutions continued to perform strongly, with double-digit growth in insulation. Distribution continued to progress, benefiting from its stronger presence in digital and from training initiatives for trade professionals in the full range of Saint-Gobain solutions. The reorganization of technical sales teams in the context of the new organization is also paying off. Other European countries continued to progress and particularly Spain, driven by sales synergies unlocked by "Transform & Grow" initiatives and market share gains. The Middle East and Africa were down, especially Turkey in a very tough environment. Pipe continued its successful efforts to improve competitiveness in a difficult export market.
The operating margin for the region increased sharply, up to 5.4% from 4.6% in 2018, driven by a sharp improvement in France and the acceleration of cost savings under "Transform & Grow".

The **Americas** reported 2.9% organic growth.
North America was up 2.1% over the year and 4.7% in the second half, buoyed by better volumes in gypsum, where we have an enhanced range of acoustic solutions (specialty ceilings), and in exterior solutions, where roofing and siding sales teams were successfully combined. Insulation reported a good overall performance. After a good start to the year, prices were down slightly in the second half against a high comparison basis in 2018. Canada retreated over the year, affected by a decline in the construction market. Latin America posted 4.6% growth for the year, slowing to 0.5% in the second half, particularly in Brazil in glass amid a still uncertain macroeconomic environment.
The operating margin for the region came in at 10.1% compared to 11.2% in 2018, which had been bolstered by a very strong second-half performance; second-half 2019 (11.2%) improved on the first half (9.0%) despite a more difficult environment in Latin America, due chiefly to an upturn in volumes in North America.

Asia-Pacific delivered 4.1% organic growth, spurred by continued strong momentum in productivity solutions (gypsum and mortars). Glass declined in the second half owing to lower plant utilization rates given the contraction in the automotive market which put pressure on prices. India progressed significantly, especially in gypsum which continued to deliver double-digit growth, and in glass to a lesser extent. The Group has developed a comprehensive integrated offering in residential and customer productivity improvement solutions (combining glass, gypsum and mortars) in the country, targeting new growth niches. Elsewhere in Asia, China reported a good year, notably benefiting from the start-up of a new plaster plant in the first half and strong growth in mortars aided by the combination of marketing and sales teams under the new organization. South-East Asia was driven by higher volumes, notably in Vietnam, but continued to face a fiercely competitive environment which put pressure on sales prices.
The operating margin for the region progressed to 10.6% from 10.4% in 2018, in particular thanks to higher volumes.

Analysis of the 2019 consolidated financial statements

The 2019 consolidated financial statements were approved and adopted by Saint-Gobain's Board of Directors at its meeting of February 27, 2020. The consolidated financial statements were audited and certified by the statutory auditors.

€m	2018 *Restated* (A)	2019 (B)	% change (B)/(A)	2018 *Published*
Sales and ancillary revenue	**41,774**	**42,573**	**1.9%**	**41,774**
Operating income	**3,207**	**3,390**	**5.7%**	**3,122**
Operating depreciation and amortization	1,904	1,901	-0.2%	1,202
Non-operating costs (excl. Sika)	-462	-421	-8.9%	-464
EBITDA	**4,649**	**4,870**	**4.8%**	**3,860**
Sika non-operating costs	180	0	n.m.	180
Capital gains and losses on disposals, asset write-downs, corporate acquisition fees and earn-out payments	-2,074	-416	n.m.	-2,040
Business income	**851**	**2,553**	**200.0%**	**798**
Net financial income (expense)	115	-496	n.m.	189
Sika dividends	0	28	n.m.	0
Income tax	-492	-631	28.3%	-490
Net income before minority interests	**474**	**1,454**	**206.8%**	**497**
Minority interests	77	48	-37.7%	77
Net attributable income	**397**	**1,406**	**254.2%**	**420**
Earnings per share[2] (in €)	0.73	2.59	254.8%	0.77
Recurring net income[1]	**1,741**	**1,915**	**10.0%**	**1,729**
Recurring earnings per share[2] (in €)	3.18	3.53	11.0%	3.16
EBITDA	**4,649**	**4,870**	**4.8%**	**3,860**
Depreciation of right-of-use assets	-720	-682	-5.3%	0
Net financial expense (excluding Sika)	-486	-496	2.1%	-412
Income tax	-492	-631	28.3%	-490
Investments in property, plant and equipment and in intangible assets	-1,855	-1,818	-2.0%	-1,855
o/w additional capacity investments	*592*	*536*	*-9.5%*	*592*
Change in working capital requirements	-452	78	n.m.	-453
Free cash flow[3]	**1,236**	**1,857**	**50.2%**	**1,242**
Free cash flow conversion[4]	**31.5%**	**44.3%**	**n.m.**	**32.2%**
Lease investments	730	955	30.8%	0
Investments in securities[5]	1,699	297	n.m.	1,699
Divestments	148	1,052	n.m.	112
Consolidated net debt	**11,189**	**10,491**	**-6.2%**	**8,193**

1. Recurring net income = net attributable income excluding capital gains and losses on disposals, asset write-downs, material non-recurring provisions and Sika income.
2. Calculated based on the weighted average number of shares outstanding (542,079,771 shares in 2019, versus 547,105,985 shares in 2018).
3. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense excluding Sika, plus income tax, less investments in property, plant and equipment and intangible assets excluding additional capacity investments, plus changes in working capital requirement.
4. Free cash flow conversion ratio = free cash flow divided by EBITDA less depreciation of right-of-use assets.
5. Investments in securities: €297 million in 2019, of which €261 million in consolidated entities or entities in the process of being consolidated.

Consolidated **sales** advanced 2.4% like-for-like, with a positive 1.8% price effect. On a reported basis, sales were 1.9% higher, with a positive 0.7% **currency impact** and a negative 1.2% **Group structure impact** reflecting the acceleration in the divestment program.

Consolidated **operating income** was up 5.7% on a reported basis and 4.7% like-for-like. The operating margin rose to 8.0% of sales from 7.7% in 2018 (7.5% as reported before the IFRS 16 adjustment). **EBITDA** increased by 4.8% to €4,870 million, while the EBITDA margin increased to 11.4% of sales from 11.1% in 2018.

Non-operating costs improved, at €421 million compared to €462 million in 2018 (excluding a one-off gain of €180 million relating to the Sika transaction), despite €130 million in restructuring costs associated with the execution of the "Transform & Grow" initiative. The accrual to the provision for the legacy asbestos liabilities of the former CertainTeed Corporation in the US now carried by DBMP LLC amounted to €88 million in 2019.
The **net balance of capital gains and losses on disposals, asset write-downs and corporate acquisition fees** represented an expense of €416 million compared to an expense of €2,074 million in 2018. In 2019, this item mainly includes write-downs of businesses sold. **Business income** was €2,553 million compared to €851 million in 2018.

Net financial expense excluding Sika remained virtually stable at €496 million versus €486 million in 2018 (excluding a €601 million gain relating to the Sika transaction). Dividends received from Sika totaled €28 million.
The income tax rate on recurring net income was 25% (versus 24% in 2018). **Income tax** totaled €631 million compared to €492 million in 2018.
Recurring net income (excluding capital gains and losses, asset write-downs, material non-recurring provisions and Sika income) increased 10.0% to €1,915 million.
Net attributable income rose sharply to €1,406 million from €397 million in 2018.

Investments in property, plant and equipment and intangible assets (capital expenditure) were down 2.0% to €1,818 million and declined as a percentage of sales, at 4.3% versus 4.4% in 2018. Additional capacity investments for organic growth represented €536 million, mainly in Life Sciences, Construction Industry, energy efficiency solutions (in Europe) and facade solutions (glass in Mexico and India).

Free cash flow increased 50.2% to €1,857 million (4.4% of sales versus 3.0% in 2018), with an increased free cash flow conversion ratio of 44% (versus 31% in 2018), thanks mainly to a significant improvement in working capital requirement and a decrease in non-operating costs. The operating working capital requirement came in at 27 days' sales at December 31, 2019 compared to 29 days at December 31, 2018.

Investments in securities totaled €297 million (€1,699 million in 2018 which included Sika for €933 million) and were made to develop innovative niches (American Seal, HTMS) and the Group's positions in emerging counties (mortars in Peru, plasterboard and ceilings in Latin America), and to consolidate our strong positions (acoustic solutions in the US with Norton Industries).

Divestments represented €1,052 million in 2019 compared to €148 million in 2018, and include the sale of Distribution in Germany, Hankuk Glass Industries in South Korea, Silicon Carbide and DMTP in France.

Net debt fell sharply to €10.5 billion at end-2019 from €11.2 billion at end-2018 as restated for IFRS 16 which increased net debt by €3.1 billion. The Group took into account a retroactive impact as of January 1, 2018 following the IFRIC's November 2019 decision to revise the lease terms for certain contracts (increasing net debt by €182 million). Excluding IFRS 16, the decrease in net debt was even more significant, falling to €7.3 billion at end-2019 from €8.1 billion at end-2018. Acquisitions over the past 12 months represented €297 million and divestments €1,052 million. Net debt represents 53% of consolidated equity compared to 62% as restated at December 31, 2018. The **net debt to EBITDA ratio** was 2.2 (1.8 excluding IFRS 16) compared to 2.4 (2.1 excluding IFRS 16) at December 31, 2018.

Update on asbestos claims in the US

Some 2,600 new claims – now carried by DBMP LLC – were filed against the former CertainTeed Corporation in 2019, stable compared to 2018. At the same time, around 2,500 claims were settled (versus 4,300 claims in 2018), bringing the total number of outstanding claims to around 32,700 at December 31, 2019, compared to 32,600 at December 31, 2018.
A total of USD 59 million in indemnity payments were made in the year to December 31, 2019. The accrual to the provision for asbestos-related litigation and related costs amounted to €88 million in 2019.

DBMP LLC, which holds the legacy asbestos liabilities of the former CertainTeed Corporation, filed a voluntary petition for Chapter 11 relief in the US Bankruptcy Court on January 23, 2020. This stays all DBMP LLC asbestos-related litigation and all related costs, allowing DBMP LLC the necessary time and protection to negotiate an agreement to be approved by all claimants and by the court.
All estimated costs related to the resolution of the bankruptcy process of DBMP LLC have been provisioned in the Group financial statements, at USD 576 million at December 31, 2019.

At this stage of the proceedings, the stay of litigation results in all legal costs and indemnity payments related to DMBP LLC's asbestos-related claims being suspended, and no more annual charges in relation to such claims. As from January 23, 2020, DBMP LLC is no longer consolidated with the Group (together with its subsidiary, annual operating income of around €12 million).

Shareholder policy

In 2019, the Group bought back 8.5 million shares, contributing to the reduction in the number of shares outstanding (542.1 million at December 31, 2019).

At today's meeting, Compagnie de Saint-Gobain's Board of Directors decided to recommend to the June 4, 2020 Shareholders' Meeting to pay in cash an **increased dividend of €1.38 per share**. This dividend represents **39% of recurring net income** and a dividend yield of 3.8% based on the closing share price at December 31, 2019 (€36.50). The ex-dividend date has been set at June 8 and the dividend will be paid on June 10, 2020.

During 2020 the Group will reduce the number of shares outstanding in accordance with its portfolio optimization and its wider capital allocation policy.

Strategic priorities: update on "Transform & Grow"

"Transform & Grow": acceleration in portfolio rotation

- Divestments completed to date represent around €3.3 billion in sales, ahead of the objective set for end-2019: Northern Europe (Distribution in Germany, Optimera in Denmark, glazing installation in the UK and glass processing in Sweden and Norway, expanded polystyrene in Germany); Southern Europe - Middle East & Africa (DMTP, K par K, expanded polystyrene in France, Glassolutions in the Netherlands); Asia-Pacific (Pipe at Xuzhou in China, Hankuk Glass Industries in South Korea); High Performance Solutions (Silicon Carbide). The full-year operating margin impact is over 40 basis points, reaching the "Transform & Grow" objective. The total amount of divestments represents over €1 billion.
- Acquisition of Continental Building Products finalized on February 3, 2020 for a total enterprise value of €1,287 million, with 2019 sales of USD 505 million and 2019 adjusted EBITDA of USD 126 million before synergies of at least USD 50 million on a full-year basis in 2022. The newly integrated team, composed of the most talented employees from the two companies, has already begun to deploy its action plan to unlock the expected synergies.
- 18 acquisitions completed in 2019 for €261 million, representing full-year sales of €189 million and EBITDA of €36 million.
- The strategic review of the business portfolio in the context of the new organization will lead to an additional dynamic of divestments and acquisitions and has already enabled us to identify further opportunities for divestments that are currently at various stages of progress.

“Transform & Grow”: acceleration in the cost savings program
The program to unlock €250 million in additional cost savings by 2021 thanks to the new organization is producing results faster than initially expected, with an accelerated timetable: a €120 million impact in 2019 (versus a previous expectation of over €80 million), overall savings of €200 million in 2020 (versus a previous expectation of €150 million) and overall savings of €250 million in 2021, with a positive impact on the operating margin of around 60 basis points.

2020 outlook

In 2020, in an environment marked by certain macroeconomic uncertainties, Saint-Gobain should continue to benefit from its attractive positions on the renovation and high value-added solutions markets. The impact of the coronavirus, which is affecting our operations in China (where sales represent around 2% of the Group), is currently difficult to evaluate. In this market environment, the Group expects the following trends for its segments:

- **High Performance Solutions**: continued slowdown in industrial markets with an easier comparison basis in the automotive sector;
- **Northern Europe**: mixed performance overall, with slight growth expected in Nordic countries but a more uncertain situation in the UK;
- **Southern Europe - Middle East & Africa**: overall growth expected for the region. In France, markets should be supported by solid renovation activity, while new construction should see a moderate slowdown;
- **Americas**: market growth in both North and Latin America;
- **Asia-Pacific**: further growth excluding coronavirus impact.

2020 priorities:

1) **Improvement in the Group’s profitable growth profile**, driven by:
- the **continuation of its portfolio optimization** (divestments and acquisitions); the integration of Continental Building Products;
- the **strategy of differentiation and innovation**, to improve our customers’ productivity, develop sustainable solutions and contribute to the well-being of all;

2) **Increased free cash flow generation and further increase in operating margin**, driven by:
- **constant focus on the price-cost spread** thanks to strong pricing discipline;
- the continuation of its **cost savings program** in the context of “**Transform & Grow**”, unlocking **additional savings of €80 million in 2020** (representing total savings of €200 million over the 2019-2020 period);
- a **decrease in property, plant and equipment and intangible assets investments** (capital expenditure) to around **€1.6 billion** after an investment peak and thanks to continued optimization of maintenance capital expenditure;
- the continuation of the **operational excellence program**, aimed at offsetting inflation (excluding raw material and energy costs): around **€300 million** in additional cost savings in 2020 (calculated on the 2019 cost base); continued discipline on cost structure.

For 2020, the Group is targeting a further like-for-like increase in operating income with an uncertainty about the impact of the coronavirus.

Financial calendar

- An information meeting for analysts and investors will be held at *8:30am* (GMT+1) on *February 28, 2020* and will be broadcast live on: https://www.saint-gobain.com/en/full-year-2019-results

- Sales for the first quarter of 2020: *April 23, 2020*, after close of trading on the Paris Bourse.
- First-half 2020 results: *July 30, 2020*, after close of trading on the Paris Bourse.

Analyst/Investor relations		Press relations	
Vivien Dardel	+33 1 47 62 44 29	Laurence Pernot	+33 1 47 62 30 10
Floriana Michalowska	+33 1 47 62 35 98	Patricia Marie	+33 1 47 62 51 37
Christelle Gannage	+33 1 47 62 30 93	Susanne Trabitzsch	+33 1 47 62 43 25

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

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

All indicators contained in this press release (not defined in the footnotes) are explained in the notes to the 2019 consolidated financial statements, available by clicking here: https://www.saint-gobain.com/en/full-year-2019-results

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

Glossary:

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

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

SAINT-GOBAIN

Appendix 1: Results by Segment

2018: figures restated for IFRS 16

I. SALES	**2018 (in €m)**	**2019 (in €m)**	**Change on an actual structure basis**	**Change on a comparable structure basis**	**Like-for-like change**
High Performance Solutions	7,370	7,584	+2.9%	+2.3%	+0.4%
Northern Europe	15,297	15,058	-1.6%	+1.4%	+1.7%
Southern Europe - ME & Africa	13,237	13,624	+2.9%	+3.3%	+3.3%
Americas	5,174	5,555	+7.4%	+6.0%	+2.9%
Asia-Pacific	1,864	1,888	+1.3%	+7.1%	+4.1%
Internal sales and misc.	*(1,168)*	*(1,136)*	*n.s.*	*n.s.*	*n.s.*
Group Total	**41,774**	**42,573**	**+1.9%**	**+3.1%**	**+2.4%**
Industry Europe	9,923	10,115	+1.9%	+2.1%	+2.1%
Distribution Europe	19,034	19,006	-0.1%	+2.6%	+2.9%

II. OPERATING INCOME	**2018 *Restated* (in €m)**	**2019 (in €m)**	**Change on an actual structure basis**	**2018 (in % of sales)**	**2019 (in % of sales)**	**2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	986	966	-2.0%	13.4%	12.7%	982	4
Northern Europe	856	946	+10.5%	5.6%	6.3%	817	39
Southern Europe - ME & Africa	603	736	+22.1%	4.6%	5.4%	577	26
Americas	578	562	-2.8%	11.2%	10.1%	564	14
Asia-Pacific	194	200	+3.1%	10.4%	10.6%	193	1
Misc.	(10)	(20)	n.s.	n.s.	n.s.	(11)	1
Group Total	**3,207**	**3,390**	**+5.7%**	**7.7%**	**8.0%**	**3,122**	**85**
Industry Europe	774	933	+20.5%	7.8%	9.2%		
Distribution Europe	685	749	+9.3%	3.6%	3.9%		

III. BUSINESS INCOME	**2018 *Restated* (in €m)**	**2019 (in €m)**	**Change on an actual structure basis**	**2018 (in % of sales)**	**2019 (in % of sales)**	**2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	701	794	+13.3%	9.5%	10.5%	695	6
Northern Europe	(326)	574	n.s.	-2.1%	3.8%	(366)	40
Southern Europe - ME & Africa	(262)	537	n.s.	-2.0%	3.9%	(254)	(8)
Americas [(a)]	386	410	+6.2%	7.5%	7.4%	373	13
Asia-Pacific	204	260	+27.5%	10.9%	13.8%	203	1
Misc.	148	(22)	n.s.	n.s.	n.s.	147	1
Group Total	**851**	**2,553**	**+200.0%**	**2.0%**	**6.0%**	**798**	**53**

[(a)] after asbestos-related charge (before tax) of €90m in 2018 and €88m in 2019

IV. EBITDA	**2018 *Restated* (in €m)**	**2019 (in €m)**	**Change on an actual structure basis**	**2018 (in % of sales)**	**2019 (in % of sales)**	**2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	1,245	1,211	-2.7%	16.9%	16.0%	1,173	72
Northern Europe	1,382	1,455	+5.3%	9.0%	9.7%	1,049	333
Southern Europe - ME & Africa	1,134	1,244	+9.7%	8.6%	9.1%	839	295
Americas	687	666	-3.1%	13.3%	12.0%	622	65
Asia-Pacific	204	292	+43.1%	10.9%	15.5%	189	15
Misc.	(3)	2	n.s.	n.s.	n.s.	(12)	9
Group Total	**4,649**	**4,870**	**+4.8%**	**11.1%**	**11.4%**	**3,860**	**789**

V. FREE CASH FLOW	**2018 *Restated* (in €m)**	**2019 (in €m)**	**Change on an actual structure basis**	**2018 (in % of sales)**	**2019 (in % of sales)**	**2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	502	664	+32.3%	6.8%	8.8%	503	(1)
Northern Europe	488	415	-15.0%	3.2%	2.8%	494	(6)
Southern Europe - ME & Africa	38	222	+484.2%	0.3%	1.6%	38	0
Americas [(b)]	189	417	+120.6%	3.7%	7.5%	189	0
Asia-Pacific	(1)	169	n.s.	-0.1%	9.0%	(1)	0
Misc.	20	(30)	n.s.	n.s.	n.s.	19	1
Group Total	**1,236**	**1,857**	**+50.2%**	**3.0%**	**4.4%**	**1,242**	**(6)**

[(b)] *after asbestos-related charge (after tax) of €67m in 2018 and €65m in 2019*

VI. INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND IN INTANGIBLE ASSETS	**2018 *Restated* (in €m)**	**2019 (in €m)**	**Change on an actual structure basis**	**2018 (in % of sales)**	**2019 (in % of sales)**
High Performance Solutions	399	424	+6.3%	5.4%	5.6%
Northern Europe	494	475	-3.8%	3.2%	3.2%
Southern Europe - ME & Africa	466	418	-10.3%	3.5%	3.1%
Americas	279	316	+13.3%	5.4%	5.7%
Asia-Pacific	166	139	-16.3%	8.9%	7.4%
Misc.	51	46	n.s.	n.s.	n.s.
Group Total	**1,855**	**1,818**	**-2.0%**	**4.4%**	**4.3%**

Appendix 2: Results by Segment - Second Half

2018: figures restated for IFRS 16

I. SALES	**H2 2018 (in €m)**	**H2 2019 (in €m)**	**Change on an actual structure basis**	**Change on a comparable structure basis**	**Like-for-like change**
High Performance Solutions	3,664	3,722	+1.6%	+1.7%	-0.2%
Northern Europe	7,838	7,332	-6.5%	-0.5%	-0.2%
Southern Europe - ME & Africa	6,508	6,613	+1.6%	+2.5%	+2.3%
Americas	2,583	2,781	+7.7%	+5.9%	+3.3%
Asia-Pacific	952	993	+4.3%	+5.9%	+2.2%
Internal sales and misc.	*(558)*	*(545)*	*n.s.*	*n.s.*	*n.s.*
Group Total	**20,987**	**20,896**	**-0.4%**	**+2.0%**	**+1.2%**
Industry Europe	4,896	4,961	+1.3%	+1.3%	+0.9%
Distribution Europe	9,667	9,189	-4.9%	+0.8%	+1.2%

II. OPERATING INCOME	**H2 2018 *Restated* (in €m)**	**H2 2019 (in €m)**	**Change on an actual structure basis**	**H2 2018 (in % of sales)**	**H2 2019 (in % of sales)**	**H2 2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	454	464	+2.2%	12.4%	12.5%	452	2
Northern Europe	468	486	+3.8%	6.0%	6.6%	450	18
Southern Europe - ME & Africa	310	386	+24.5%	4.8%	5.8%	298	12
Americas	343	312	-9.0%	13.3%	11.2%	337	6
Asia-Pacific	109	115	+5.5%	11.4%	11.6%	108	1
Misc.	9	(11)	n.s.	n.s.	n.s.	8	1
Group Total	**1,693**	**1,752**	**+3.5%**	**8.1%**	**8.4%**	**1,653**	**40**
Industry Europe	377	472	+25.2%	7.7%	9.5%		
Distribution Europe	401	400	-0.2%	4.1%	4.4%		

III. BUSINESS INCOME	**H2 2018 *Restated* (in €m)**	**H2 2019 (in €m)**	**Change on an actual structure basis**	**H2 2018 (in % of sales)**	**H2 2019 (in % of sales)**	**H2 2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	218	336	+54.1%	5.9%	9.0%	215	3
Northern Europe	(652)	324	n.s.	-8.3%	4.4%	(671)	19
Southern Europe - ME & Africa	(401)	228	n.s.	-6.2%	3.4%	(378)	(23)
Americas [(a)]	223	236	+5.8%	8.6%	8.5%	217	6
Asia-Pacific	303	179	-40.9%	31.8%	18.0%	303	0
Misc.	(6)	(3)	n.s.	n.s.	n.s.	(7)	1
Group Total	**(315)**	**1,300**	**+512.7%**	**-1.5%**	**6.2%**	**(321)**	**6**

[(a)] *after asbestos-related charge (before tax) of €45m in H2 2018 and €43m in H2 2019*

IV. EBITDA	**H2 2018 *Restated* (in €m)**	**H2 2019 (in €m)**	**Change on an actual structure basis**	**H2 2018 (in % of sales)**	**H2 2019 (in % of sales)**	**H2 2018**	
						Published	**IFRS 16 Impact**
High Performance Solutions	582	571	-1.9%	15.9%	15.3%	546	36
Northern Europe	715	717	+0.3%	9.1%	9.8%	547	168
Southern Europe - ME & Africa	556	634	+14.0%	8.5%	9.6%	410	146
Americas	407	370	-9.1%	15.8%	13.3%	375	32
Asia-Pacific	157	161	+2.5%	16.5%	16.2%	149	8
Misc.	2	0	n.s.	n.s.	n.s.	(3)	5
Group Total	**2,419**	**2,453**	**+1.4%**	**11.5%**	**11.7%**	**2,024**	**395**

V. FREE CASH FLOW	H2 2018 *Restated* (in €m)	H2 2019 (in €m)	Change on an actual structure basis	H2 2018 (in % of sales)	H2 2019 (in % of sales)	H2 2018 *Published*	H2 2018 IFRS 16 Impact
High Performance Solutions	285	399	+40.0%	7.8%	10.7%	285	0
Northern Europe	333	211	-36.6%	4.2%	2.9%	337	(4)
Southern Europe - ME & Africa	57	65	+14.0%	0.9%	1.0%	57	0
Americas [b]	15	392	n.s.	0.6%	14.1%	15	0
Asia-Pacific	36	104	+188.9%	3.8%	10.5%	37	(1)
Misc.	18	(6)	n.s.	n.s.	n.s.	17	1
Group Total	**744**	**1,165**	**+56.6%**	**3.5%**	**5.6%**	**748**	**(4)**

[b] *after asbestos-related charge (after tax) of €33m in H2 2018 and €32m in H2 2019*

VI. INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND IN INTANGIBLE ASSETS	H2 2018 *Restated* (in €m)	H2 2019 (in €m)	Change on an actual structure basis	H2 2018 (in % of sales)	H2 2019 (in % of sales)
High Performance Solutions	249	259	+4.0%	6.8%	7.0%
Northern Europe	315	306	-2.9%	4.0%	4.2%
Southern Europe - ME & Africa	322	268	-16.8%	4.9%	4.1%
Americas	187	194	+3.7%	7.2%	7.0%
Asia-Pacific	113	81	-28.3%	11.9%	8.2%
Misc.	32	28	n.s.	n.s.	n.s.
Group Total	**1,218**	**1,136**	**-6.7%**	**5.8%**	**5.4%**

Appendix 3: Sales by Segment - Fourth Quarter

SALES	**Q4 2018 (in €m)**	**Q4 2019 (in €m)**	**Change on an actual structure basis**	**Change on a comparable structure basis**	**Like-for-like change**
High Performance Solutions	1,870	1,863	-0.4%	+0.3%	-1.2%
Northern Europe	3,883	3,303	-14.9%	-3.3%	-3.4%
Southern Europe - ME & Africa	3,401	3,383	-0.5%	+1.1%	+1.0%
Americas	1,274	1,322	+3.8%	+0.9%	+0.3%
Asia-Pacific	487	500	+2.7%	+3.3%	-0.2%
Internal sales and misc.	*(271)*	*(269)*	*n.s.*	*n.s.*	*n.s.*
Group Total	**10,644**	**10,102**	**-5.1%**	**-0.4%**	**-1.0%**

Industry Europe	2,462	2,451	-0.4%	-0.3%	-0.9%
Distribution Europe	4,938	4,331	-12.3%	-1.4%	-1.3%

Appendix 4: Consolidated Balance Sheet

2018: figures restated for IFRS 16

in € million	Dec 31, 2018 *Restated*	Dec 31, 2019	Dec 31, 2018 *Published*	Dec 31, 2018 IFRS 16 Impact
Assets				
Goodwill	9,990	10,029	9,988	2
Other intangible assets	2,526	2,709	2,526	0
Property, plant and equipment	11,253	11,707	11,335	(82)
Right-of-use assets	2,803	2,954	0	2,803
Investments in equity-accounted companies	412	437	412	0
Deferred tax assets	860	833	837	23
Other non-current assets	2,527	3,511	2,527	0
Non-current assets	**30,371**	**32,180**	**27,625**	**2,746**
Inventories	6,252	6,200	6,252	0
Trade accounts receivable	4,967	4,813	4,968	(1)
Current tax receivable	286	194	286	0
Other receivables	1,608	1,609	1,609	(1)
Assets held for sale	788	0	614	174
Cash and cash equivalents	2,688	4,987	2,688	0
Current assets	**16,589**	**17,803**	**16,417**	**172**
Total assets	**46,960**	**49,983**	**44,042**	**2,918**
Equity and Liabilities				
Capital stock	2,186	2,179	2,186	0
Additional paid-in capital and legal reserve	5,646	5,551	5,646	0
Retained earnings and consolidated net income	11,864	12,518	11,969	(105)
Cumulative translation adjustments	(1,775)	(1,467)	(1,640)	(135)
Fair value reserves	(124)	743	(124)	0
Treasury stock	(106)	(108)	(106)	0
Shareholders' equity	**17,691**	**19,416**	**17,931**	**(240)**
Minority interests	330	364	331	(1)
Total equity	**18,021**	**19,780**	**18,262**	**(241)**
Non-current portion of long-term debt	9,156	10,286	9,218	(62)
Non-current portion of long-term lease liabilities	2,392	2,552	0	2,392
Provisions for pensions and other employee benefits	2,525	2,648	2,525	0
Deferred tax liabilities	449	448	472	(23)
Other non-current liabilities and provisions	1,034	1,126	1,036	(2)
Non-current liabilities	**15,556**	**17,060**	**13,251**	**2,305**
Current portion of long-term debt	1,167	1,751	1,184	(17)
Current portion of long-term lease liabilities	683	665	0	683
Current portion of other liabilities and provisions	455	343	465	(10)
Trade accounts payable	6,150	6,000	6,116	34
Current tax liabilities	104	156	104	0
Other payables	3,842	4,004	3,859	(17)
Liabilities held for sale	503	0	322	181
Short-term debt and bank overdrafts	479	224	479	0
Current liabilities	**13,383**	**13,143**	**12,529**	**854**
Total equity and liabilities	**46,960**	**49,983**	**44,042**	**2,918**

Appendix 5: Consolidated Cash Flow Statement

2018: figures restated for IFRS 16

(in € million)	2018 *Restated*	2019	2018	
			Published	IFRS 16 Impact
Group share of net income	**397**	**1,406**	**420**	**(23)**
Minority interests in net income	77	48	77	
Share in net income of associates, net of dividends received	(19)	(8)	(19)	
Depreciation, amortization and impairment of assets	3,187	1,525	3,205	(18)
Depreciation and impairment of right-of-use assets	756	718	0	756
Gains and losses on disposals of assets	(21)	2	(20)	(1)
Extraordinary net income SWH/Sika	(781)	0	(781)	
Unrealized gains and losses arising from changes in fair value and share-based payments	23	31	23	
Restatement for hyperinflation in Argentina	(4)	20	(4)	
Changes in inventories	(418)	(55)	(418)	
Changes in trade accounts receivable and payable, and other accounts receivable and payable	99	25	98	1
Changes in tax receivable and payable	(133)	108	(133)	
Changes in WCR	**(452)**	**78**	**(453)**	**1**
Changes in deferred taxes and provisions for other liabilities and charges	48	(16)	44	4
Net cash from (used in) operating activities	**3,211**	**3,804**	**2,492**	**719**
Purchases of property, plant and equipment [2018: (1,666), 2019: (1,656)] and intangible assets	(1,855)	(1,818)	(1,855)	
Purchases of right-of-use assets	(730)	(955)	(24)	(706)
Increase (decrease) in amounts due to suppliers of fixed assets	(19)	(30)	(19)	
Acquisitions of shares in consolidated companies [2018: (669), 2019: (200)], net of debt acquired	(728)	(216)	(698)	(30)
Acquisitions of other investments	(937)	(88)	(937)	
Increase in investment-related liabilities	39	11	39	
Decrease in investment-related liabilities	(25)	(18)	(25)	
Investments	**(4,255)**	**(3,114)**	**(3,519)**	**(736)**
Disposals of property, plant and equipment and intangible assets	66	157	30	36
Disposals of shares in consolidated companies, net of net debt divested	187	820	187	
Disposals of other investments	3	1	3	
(Increase) decrease in amounts receivable on sales of fixed assets	(108)	74	(108)	
Divestments	**148**	**1,052**	**112**	**36**
Increase in loans and deposits	(268)	(99)	(268)	
Decrease in loans and deposits	155	157	155	
Net cash from (used in) investment and divestment activities	**(4,220)**	**(2,004)**	**(3,520)**	**(700)**
Issues of capital stock	193	165	193	
(Increase) decrease in treasury stock	(532)	(273)	(532)	
Dividends paid	(707)	(716)	(707)	
Minority interests' share in capital increases of subsidiaries	16	35	16	
Increase (decrease) in investment-related liabilities (put on minority interests)	0	(3)	0	
Acquisitions of minority interests without gain of control	(93)	(9)	(93)	
Dividends paid to minority shareholders of consolidated subsidiaries	(55)	(37)	(55)	
Increase (decrease) in dividends payable	11	(13)	11	
Net cash from (used in) financing activities	**(1,167)**	**(851)**	**(1,167)**	**0**
Net effect of IFRS 9 on net debt	(4)	0	(4)	
Net effect of exchange rate changes on net debt	(17)	(54)	(36)	19
Net effect of changes in fair value on net debt	(17)	10	(17)	
Net debt classified as assets and liabilities held for sale	198	(197)	14	184
Impact of remeasurements of lease liabilities	(25)	(10)	0	(25)
Increase (decrease) in net debt	**(2,041)**	**698**	**(2,238)**	**197**
Net debt excluding lease liabilities at beginning of period	**(5,880)**	**(8,114)**	**(5,955)**	**75**
Lease liabilities at beginning of period	**(3,268)**	**(3,075)**	**0**	**(3,268)**
Net debt at beginning of period	**(9,148)**	**(11,189)**	**(5,955)**	**(3,193)**
Net debt excluding lease liabilities at end of period	**(8,114)**	**(7,274)**	**(8,193)**	**79**
Lease liabilities at end of period	**(3,075)**	**(3,217)**	**0**	**(3,075)**
Net debt at end of period	**(11,189)**	**(10,491)**	**(8,193)**	**(2,996)**

Appendix 6: Debt at December 31, 2019

Amounts in €bn		Comments
Amount and structure of net debt	**€bn**	
Gross debt without lease debt	**12.3**	At end of december 2019 **81%** of gross debt without lease debt was at **fixed interest rates** and its **average cost** was **1.8%**
Lease Debt	3.2	
Cash & cash equivalents	-5.0	
Net debt	**10.5**	
Breakdown of gross debt without lease debt	**12.3**	
Bond debt and perpetual notes	**11.2**	
March 2020	1.0	
June 2020	0.5	
March 2021	0.8	
June 2021	0.7	
March 2022	0.9	
October 2022	0.1	
September 2023	0.5	
December 2023	0.4	
March 2024	0.7	
June 2024	0.1	
November 2024	0.3	(GBP 0.3bn)
After 2024	5.2	
Other long-term debt	**0.6**	(including €0.4bn long-term securitization)
Short-term debt	**0.5**	*(excluding bonds)*
Negotiable European Commercial Paper (NEU CP)	0.0	Maximum amount of issuance program: €3bn
Securitization	0.1	
Local debt and accrued interest	0.4	Frequent rollover; many different sources of financing
Credit lines, cash & cash equivalents	**9.0**	
Cash and cash equivalents	5.0	
Back-up credit-lines	4.0	See breakdown below
Breakdown of back-up credit lines	**4.0**	

All lines are confirmed and **undrawn, with no Material Adverse Change (MAC) clause**

		Expiry	Covenants
Syndicated line:	€2.5bn	December 2024	None
Syndicated line:	€1.5bn	December 2024	None

Appendix 7: External sales by Segment and geographic area

FY 2019, in % of total

	High Performance Solutions	Northern Europe	Southern Europe - ME & Africa	Americas	Asia-Pacific	Total
France	1.5%		23.6%			**25.1%**
Spain - Italy	1.2%		3.6%			**4.8%**
Germany - Austria	1.4%	6.5%				**7.9%**
United Kingdom - Ireland	0.3%	9.8%				**10.1%**
Nordics	0.3%	12.5%				**12.8%**
Other Western European countries	0.5%	2.2%	2.4%			**5.1%**
Eastern Europe	1.8%	3.4%				**5.2%**
Middle East & Africa	0.1%		1.4%			**1.5%**
North America	5.0%			8.6%		**13.6%**
Latin America	2.0%			4.2%		**6.2%**
Asia-Pacific	3.5%				4.2%	**7.7%**
Total	**17.6%**	**34.4%**	**31.0%**	**12.8%**	**4.2%**	**100.0%**

Appendix 8: Breakdown of organic sales growth and external sales

FY 2019, in % of total

	Like-for-like change		% Group	
High Performance Solutions	**+0.4%**		**18%**	
Mobility		*+0.5%*		*7%*
Other industries		*+0.3%*		*11%*
Northern Europe	**+1.7%**		**34%**	
Nordics		*+3.4%*		*13%*
United Kingdom - Ireland		*-1.2%*		*10%*
Germany - Austria		*+2.0%*		*6%*
Southern Europe - ME & Africa	**+3.3%**		**31%**	
France		*+3.1%*		*24%*
Spain-Italy		*+7.6%*		*4%*
Americas	**+2.9%**		**13%**	
North America		*+2.1%*		*9%*
Latin America		*+4.6%*		*4%*
Asia-Pacific	**+4.1%**		**4%**	
Group Total	**+2.4%**		**100%**	

Appendix 9 : Prices and Volumes on organic growth sales by Segment

FY 2019	**Like-for-like change**	**Prices**	**Volumes**
High Performance Solutions	+0.4%	+1.9%	-1.5%
Northern Europe	+1.7%	+1.6%	+0.1%
Southern Europe - ME & Africa	+3.3%	+1.8%	+1.5%
Americas	+2.9%	+2.7%	+0.2%
Asia-Pacific	+4.1%	-0.9%	+5.0%
Group Total	**+2.4%**	**+1.8%**	**+0.6%**